

11 March 2015

BUY
Unchanged

交易增厚公司价值

同方泰德(1206:HK)

Market Data: Mar,9

Closing Price (HK\$)	3.59
Price Target (HK\$)	5.00
HSCEI	11,507
HSCCI	4,554
52-week High/Low (HK\$)	7.09/0.94
Market Cap (US\$m)	297
Market Cap (HK\$m)	2,313
Shares Outstanding (m)	644
Exchange Rate (Rmb-HK\$)	1.27

Price Performance Chart:



Source: Bloomberg

Analyst

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"In the market for efficiency
TECHNOVATOR INTERNATIONAL(1206:HK)"
Mar 10, 2015

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Financial summary and valuation

	2012	2013	2014E	2015E	2016E
Revenue (US\$m)	124	149	186	228	286
YoY (%)	27.4	19.7	24.9	22.6	25.8
Net income (US\$m)	13.4	17.1	22.3	29.5	41.3
YoY (%)	28	28	30	32	40
EPS (US\$)	0.03	0.03	0.03	0.05	0.06
Diluted EPS (US\$)	0.03	0.03	0.03	0.05	0.06
ROE (%)	15.85	17.79	18.48	19.27	20.80
Debt/asset (%)	19.5	22.3	24.2	25.2	26.1
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
PE (x)	17.1	15.4	14.7	10.1	7.2
PB (x)	2.7	2.6	2.5	1.9	1.5
EV/Ebitda (x)	8.7	7.1	6.3	4.5	3.0

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised.

公司宣布出售 Distech Controls。同方泰德（1206 HK）今晨宣布将向 Acuity Brands Inc(AI.N)出售其在加拿大子公司 Distech Controls 的 43.98% 交易对价约 318 百万加币

交易将增厚同方泰德的净资产。我们估算，经净负债（现金）调整后，此次股权交易对价为 337 百万加币，对应 45 倍 2014 年市盈率，大幅高于同方泰德股价所对应的 2014 年 14.7 倍市盈率。此次交易将会产生出售资产资本利得 122 百万加币，扣除资本利得税后净收益为 106 百万加币。我们预计这将增加同方泰德每股净资产约港币 1.25 元。

同方泰德股价大幅低估。此次通过出售 Distech Controls，同方泰德在过去七年内的投资回报率为 16 倍。我们预计交易完成后，公司将获得 148 百万加币（977 百万港币）的净现金。该现金价值相当于目前同方泰德市值的 42%。如果剥离 Distech Controls 贡献的现金和它贡献的净利润（约占 2013 年净利润的 30%），同方泰德除去现金的市盈率为 2014 年的 8.3 倍，2015 年的 6.1 倍，相对于其优质的成长性来说被大幅度低估。

本土增长机会。我们认为政府将更加注重节能环保，控制污染以及能源安全，这将会拉动节能市场的高速发展。整个节能管理合同（EMC）的项目投资额将从 14 年的人民币 901 亿元增长到 2020 年的 18600 亿元，六年复合增长率为 14%。此外，同方泰德正在通过提供更多的工业和城市节能服务来整合整个产业价值链。

维持买入评级。此次交易仍将在交易所和股东大会批复后最终完成。我们暂时保持 DCF 估值所得到的目标价港币 5.0 元不变，对应 14 倍 15 年市盈率和 40% 的上浮空间。此次交易的最终成功将会给公司目标股价带来上行风险。我们维持买入评级不变

Distech disposal, domestic market focus. Technovator announced that it will sell its 43.98%-owned Canadian subsidiary Distech Controls to Acuity Brands, Inc (AYI:US) for a total consideration of C\$318m. The disposal of the subsidiary, through which Technovator operated its overseas businesses (accounting for c.30% of the company's 2013 net profit) is in line with the rising importance of the domestic market as a source of revenue for the company.

Value accretion to Technovator. We calculate a total deal value (factoring in cash, debt and working capital) of C\$337m, implying a 45x 14E PE valuation, which compares with Technovator's current valuation at 14.7x 14E PE. The company expects the transaction to generate a disposal gain of C\$122m, which we forecast will yield c.C\$106m once taxes have been settled. We believe this implies a net asset increase of c.HK\$1.25 per share for Technovator.

Technovator is substantially under-valued. Through the disposal of Distech Controls, Technovator will record a 16x investment return for the seven-year period it has operated the business. Upon completion of the deal, we expect the company to receive net cash of C\$148m, or HK\$977m, equivalent to c.42% of its current market cap of HK\$2.3bn. Adjusting for the cash consideration and net profit contributed by Distech, Technovator stock is currently changing hands for just 8.3x 14E PE or 6.1x 15E PE, which we see as substantially under-valuing the company, given its promising growth outlook.

Growth opportunities at home. We expect government efforts to improve energy efficiency, reduce pollution and ensure the country's energy security will drive rapid growth in the market for energy savings services. Total project investment under energy management contracts (EMC) is set to rise from Rmb90.1bn in 2014 to Rmb1.86tn in 2020, a six-year Cagr of 14%. In addition, Technovator is building up its business higher up the EMC value chain by providing energy savings services to industrial and urban infrastructure clients.

Maintain BUY. The transaction is subject to approval at an extraordinary general meeting (EGM) and by the Stock Exchange of Hong Kong. We maintain our discounted cash flow (DCF)-based target price of HK\$5.00, representing 14x 15E PE. With c.40% upside, we maintain our BUY recommendation for the stock.

APPENDIX

Fig 1: Valuation table of the disposal of Distech Controls

	Mn CA\$	Mn US\$	Mn HK\$
Deal consideration	318	274	2,099
Estimated Net debt/(cash)	-19	-16	-122
Total equity consideration	337	290	2,221
% held by Technovator	43.98%	43.98%	43.98%
Cash received by Technovator	148	128	977
Disposal gain	122	105	805
Tax on capital gain	13.5%	13.5%	13.5%
Net disposal gain	106	91	696
No. of shares, M shares	644	644	644
Net asset accretion per share	0.19	0.16	1.25
2013 PE	59x	59x	59x
2014E PE	45x	45x	45x
Technovator's mkt cap			2,313
Market cap excl. cash			1,008
2014E net profit excl. DistechControls			122
2014E PE excl. cash			8.3x
2015E PE excl. cash			6.1x

Source: Company, SWS Research

Consolidated Income Statement

US\$m	2012	2013	2014E	2015E	2016E
Revenue	124	149	186	228	286
Cost of Sales	(80)	(94)	(116)	(140)	(170)
Gross Profit	45	55	69	88	117
Other Income	1	2	4	5	6
Distribution expenses	(9)	(11)	(14)	(17)	(21)
Administrative expenses	(17)	(20)	(25)	(31)	(39)
EBITDA	24	31	41	54	74
EBIT	20	26	34	45	63
Finance Costs	(1)	(2)	(2)	(2)	(3)
Profit before tax	19	25	32	43	60
Income tax expense	(4)	(6)	(8)	(10)	(14)
Minority interests	2	2	2	3	4
Profit for the year	13	17	22	29	41

Source: Company data, SWS Research

Consolidated Cash Flow Statement

US\$m	2012	2013	2014E	2015E	2016E
ProfitBeforeTaxation	19	25	32	43	60
DeprAndAmortisation	4	5	6	9	12
FinanceCost	1	1	1	1	1
LossesFromInvestments	1	2	0	0	0
ChangeInWorkingCapital	22	18	(8)	(8)	(11)
Others	(4)	(6)	(8)	(10)	(14)
CFFromOperatingActivities	18	12	24	34	47
CAPEX	(10)	(12)	(16)	(19)	(24)
OtherCFFromInvestingActivities	0	(19)	1	1	2
CFFromInvestingActivities	(10)	(32)	(14)	(18)	(22)
EquityFinancing	3	(1)	0	0	0
NetChangeInLiabilities	8	43	5	7	10
DividendAndInterstPaid	0	0	0	0	0
OtherCFFromFinancingActivities	(6)	(9)	0	0	0
CFFromFinancingActivities	5	33	5	7	10
NetCashFlow	12	14	15	23	34
FCFF	39	43	25	37	53
FCFE	25	68	38	51	74

Source: Company data, SWS Research

Consolidated Balance Sheet

US\$m	2012	2013	2014E	2015E	2016E
Current Assets	101	138	172	216	279
Bank balances and cash	41	54	68	91	126
Trade and other receivables	48	66	81	99	122
Inventories	12	16	20	24	29
Long-term investment	7	29	29	29	29
PP&E	7	10	14	18	23
Intangible and other assets	33	37	42	48	55
Total Assets	148	212	255	310	385
Current Liabilities	54	71	90	112	142
Borrowings	15	21	28	37	49
Trade and other payables	44	55	67	80	98
Other current liabilities	2	2	2	2	2
Long-term liabilities	2	38	38	38	38
Total Liabilities	63	115	134	156	186
Minority Interests	7	2	4	7	11
Shareholder Equity	85	96	121	153	198
Share Capital	38	38	38	38	38
Reserves	40	56	79	108	150
Equity attributable	78	95	117	146	188
Total Liabilities and equity	148	212	255	310	385

Source: Company data, SWS Research

Key Financial Ratios

	2012	2013	2014E	2015E	2016E
Ratios per share (USD)					
Earnings per share	0.027	0.033	0.035	0.046	0.064
Operating CF per share	0.036	0.022	0.037	0.053	0.073
Dividend per share	0.00	0.00	0.00	0.00	0.00
Net assets per share	0.17	0.18	0.19	0.24	0.31
Key Operating Ratios(%)					
ROIC	14.64	12.65	13.88	15.65	18.39
ROE	15.85	17.79	18.48	19.27	20.80
Gross profit margin	35.83	37.01	37.34	38.70	40.81
EBITDA Margin	19.06	20.81	21.83	23.57	25.88
EBIT Margin	15.92	17.57	18.36	19.72	21.83
Growth rate of Revenue(YoY)	27.38	19.73	24.92	22.61	25.75
Growth rate of Profit(YoY)	28.21	27.73	30.37	32.26	39.92
Debt-to-asset ratio	19.47	22.26	24.17	25.20	26.11
Turnover rate of net assets	146.99	154.63	153.85	148.58	143.96
Turnover rate of total assets	84.18	70.30	72.80	73.54	74.45
Effective tax rate (%)	20.75	23.51	24.00	24.00	24.00
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
Valuation Ratios (X)					
PE	17.1	15.4	14.7	10.1	7.2
PB	2.7	2.6	2.5	1.9	1.5
EV/Sales	1.7	1.5	1.4	1.1	0.8
EV/Ebitda	8.7	7.1	6.3	4.5	3.0

Source: Company, SWS Research

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Hold: Share price performance is expected to generate between 10% downside to 10% upside over a 12-month period.

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SELL: Share price performance is expected to generate more than 20% downside over a 12-month period.

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