

13 March 2015

**BUY**  
**Unchanged**

**Market Data: Mar,12**

Closing Price (HK\$)	11.38
Price Target (HK\$)	14.6
HSCEI	11,573
HSCCI	4,424
52-week High/Low (HK\$)	12.8/10.0
Market Cap (HK\$m)	3,461
Market Cap (Rmbm)	26,823
Shares Outstanding (m)	2,357
Exchange Rate (Rmb-HK\$)	1.26

**Price Performance Chart:**



Source: Bloomberg

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**Related Reports**

"CAR INC (699:HK) - Bumper to bumper" Feb 9,2015

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## 业绩如期扭亏为盈

### 神州租车 (699:HK)

#### Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (Rmbm)	2,703	3,520	4,731	5,973	7,182
YoY (%)	67.97	30.26	34.40	26.25	20.24
Net income (Rmbm)	(223)	436	698	978	1,252
YoY (%)	-	-	59.94	40.28	27.97
EPS (Rmb)	(0.12)	0.22	0.35	0.49	0.62
Diluted EPS (Rmb)	(0.12)	0.22	0.35	0.49	0.62
ROE (%)	(306.24)	7.80	11.09	13.47	14.70
Debt/asset (%)	98.82	43.21	43.02	42.41	41.42
Dividend yield (%)	-	-	-	-	-
PE (x)	(76.24)	41.93	26.22	18.69	14.60
PB (x)	233.47	3.27	2.91	2.52	2.15
EV/Ebitda (x)	28.79	15.87	12.02	9.37	7.87

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

**业绩超预期。**神州租车公布 2014 财年数据。全年总收入约人民币 35 亿元，同比增长 30%。公司在 2014 年扭亏为盈，从 2013 年净损失人民币 2.2 亿元扭亏至 2014 年净利润人民币 4.4 亿元。受益于规模经济效应和运营效率的提高，公司毛利占租车收入的占比从 2013 年的 28% 上升至 2014 年的 43%，调整后的 EBITDA 占租车收入的占比从 2013 年的 42% 上升至 2014 年的 57%。全年每股净收益为人民币 0.22 元，超过我们预测的人民币 0.19 元。

**短租业务保持强劲增长势头。**公司短租业务收入约人民币 23 亿元，同比增长 34%，占全年总收入的 65%。短租平均日租金率的提高（从 2013 年的人民币 246 元上升至 2014 年的 272 元），车队规模的扩大（2014 年车队数量同比增长 13% 达 37,755 辆）和车队利用率的提高（从 2013 年的 58% 上升至 2014 年的 62%）是全年短租业务收入增长的主要原因。我们认为，休闲旅游需求的强劲增长，驾照“本本族”人数的增多，以及汽车限购令的陆续推出，将会持续推动公司未来短租业务的发展。我们预计公司短租业务在 2014 至 2017 年将实现 26% 的收入复合增长。

**专车业务重磅推出。**神州租车于 1 月底发布公告称，该公司将与优车科技开展业务合作，联手推出“UCAR 神州专车”代驾服务。根据此协议，神州租车将以市场公允的租车价格向优车科技提供短租及长租车辆；而优车科技作为一家独立的第三方专车业务服务供应商，将基于神州租车的车队数量优势和品牌知名度，在国内开展高端专车业务。我们预计专车业务在 2015 至 2017 年将给神州租车贡献约 6% 收入。

**车队利用率提升。**我们认为短租自驾业务有很明显的季节效应；与此相比，专车业务定位于高端客户群，这部分的需求相对稳定，并呈现出需求不断上升的趋势。我们认为“UCAR 神州专车”代驾业务的推出，能够有效提高公司淡季或业务间隔期间，闲置车辆的出租率，从而提升公司整体车队利用率。神州租车的车队利用率目标设定在 60%。鉴于其积极的新车购买政策（主要是由于车牌囤积），我们预计其车队利用率将缓慢提升，预计将从 2014 年的 62% 上升至 2017 年的 64%。

**政策优势。**中国交通运输部在今年 1 月发文，鼓励专车业务的发展但严格禁止私家车运营专车服务业务。目前，虽然打车软件，如滴滴和快的打车已在专车业务上获取一定的市场份额，并宣布即将合并；但滴滴和快的用于投入专车服务的车辆绝大部分来自私家车，按最新的政策要求属于非法运营。通过神州租车的最大汽车租赁规模，成本和经济规模优势以及广泛的业务网点覆盖，我们认为“UCAR 神州专车”有广阔的业务增长前景。

**维持买入评级。**鉴于公司良好的业务增长前景，我们把 2015 年全年盈利预测从人民币 0.33 元上调 6% 至人民币 0.35 元（同比增长 59%），把 2016 年每股盈利预测从人民币 0.48 元上调 2% 至人民币 0.49 元（同比增长 40%），并得出 2017 年每股盈利预测为人民币 0.62 元（同比增长 27%）。最新的股价对应 2015/16/17 年的市盈率分别为 26.2/18.7/14.6 倍。我们维持目标价 14.6 港元。鉴于 28% 的上涨空间，我们维持买入评级不变。

### Investment highlights

**Results exceed expectation.** CAR announced total revenue of Rmb3.5bn (+30% YoY) in 2014. The company turned profitable this year, with net profit of Rmb436m (vs a net loss of Rmb223m in 2013). Driven by economies of scale and enhanced operational efficiency, gross margin climbed from 28% in 2013 to 43% in 2014. Adjusted Ebitda margin widened 15ppts YoY to 57%. Full-year EPS stood at Rmb0.22 in 2014, exceeding our expectation of Rmb0.19.

**Short-term car rentals maintained strong growth momentum.** The company's short-term rental services generated 65% of total revenue at c.Rmb2.3bn (+34% YoY) in 2014, with growth primarily attributable to an increase in average daily rental rate (from Rmb246 in 2013 to Rmb272 in 2014), as well as a 13% YoY expansion in average daily rental fleet size to 37,755 vehicles and a rise in utilisation rate from 58% in 2013 to 62% in 2014. We believe that a growing demand for leisure travel, an increasing number of non-car-owning drivers and the government's restrictions on new vehicle purchases will continue to boost CAR's short-term rental business. We forecast the company's short-term rental services to achieve a c.26% revenue Cagr during 2014-17E.

**Business scope expanded.** In late January, CAR announced plans to cooperate with UCAR, an independent third-party chauffeur service provider, to tap new growth drivers in China's rapidly-growing chauffeur services market. Under the agreement, CAR will provide both short- and long-term rental vehicles to UCAR at fair market prices. By gaining access to CAR's rental fleets, UCAR will provide premium chauffeur services under a co-branding name of "UCAR Shenzhou Private Car". We expect chauffeur services to contribute c.6% of total revenue for CAR in 15-17E.

**Fleet utilisation rate rise.** Car rental business tends to exhibit strong seasonality. We see CAR's cooperation with UCAR as a business-to-business-to-consumer (B2B2C) model. By leveraging chauffeur services with relatively ample and stable demand, we expect CAR to better utilise its rental fleet, particularly idle vehicles during low seasons or business intervals. The company's target utilisation rate is 60%. Given its aggressive new vehicle purchasing policy (due to license plate hoarding), we expect CAR's utilisation rate to rise slowly from c.62% in 2014 to 64% in 17E.

**Policy tailwind.** China's Ministry of Transportation released a note in January 2015, prohibiting privately-owned vehicles to engage in chauffeur services. Though car-hailing service providers Didi and Kuaidi have developed certain business scales and announced to merger in the chauffeur car market, most of their operational cars are owned by private individuals, which is now made illegal. We see high growth potential in CAR and UCAR's chauffeur services, underpinned by CAR's largest car rental fleet size and extensive geographical coverage.

**Maintain BUY.** Given our positive outlook on the company's business growth prospects, we raise our EPS forecast by 6% from Rmb0.33 to Rmb0.35 in 15E (+59% YoY), by 2% from Rmb0.48 to Rmb0.49 in 16E (+40% YoY), and forecast EPS of Rmb0.62 in 17E (+27%). The latest price represents 26.2x 15E PE, 18.7x 16E PE and 14.6x in 17E PE. We maintain our target price at HK\$14.6. With 28% upside, we maintain BUY rating.

# APPENDIX

**Table 1: Consolidated Income Statement**

Rmbm	2013	2014	2015E	2016E	2017E
Revenue	2,703	3,520	4,731	5,973	7,182
Cost of Sales	(2,074)	(2,281)	(2,982)	(3,693)	(4,384)
Gross Profit	629	1,239	1,750	2,281	2,798
Other Income	21	26	27	35	42
Distribution expenses	(153)	(93)	(237)	(299)	(359)
Administrative expenses	(378)	(350)	(379)	(418)	(503)
Ebitda	850	1,497	2,002	2,605	3,146
Ebit	115	788	1,155	1,591	1,970
Finance Costs	(335)	(309)	(341)	(375)	(413)
Profit before tax	(216)	513	821	1,223	1,565
Income tax expense	(7)	(77)	(123)	(245)	(313)
Profit for the year	(223)	436	698	978	1,252
Minority interests	-	-	-	-	-
Equity holders of the parent	(223)	436	698	978	1,252

Source: SWS Research

**Table 2: Consolidated Cash Flow Statement**

Rmbm	2013	2014	2015E	2016E	2017E
<b>Net Profit</b>	(216)	513	821	1,223	1,565
Plus : Depr. and amortisation	720	709	848	1,014	1,176
Finance cost	335	309	341	375	413
Change in working capital	(1,500)	(2,600)	(1,923)	(2,533)	(3,029)
Others	71	38	3	5	7
<b>CF from operating activities</b>	(590)	(1,030)	90	85	132
Capex	(32)	(81)	(43)	(51)	(62)
Other CF from investing activities	50	(1,055)	(9)	(10)	(11)
<b>CF from investing activities</b>	18	(1,136)	(51)	(61)	(73)
Net change in liabilities	667	(200)	361	397	437
Dividend and interest paid	(330)	(316)	(341)	(375)	(413)
Other CF from financing activities	175	3,194	-	-	-
<b>CF from financing activities</b>	513	2,678	20	22	24
<b>Net change of cash flow</b>	(59)	512	58	45	83

Source : SWS Research

**Table 3: Consolidated Balance Sheet**

Rmbm	2013	2014	2015E	2016E	2017E
Current Assets	1,765	3,591	3,629	3,772	3,882
Bank balances and cash	842	1,352	1,412	1,457	1,540
Trade and other receivables	551	892	843	1,064	1,279
Inventories	330	122	245	303	360
Other current assets	42	1,225	1,130	948	703
Long term investments	138	639	718	822	933
PP&E	4,113	5,448	6,506	7,824	9,506
Intangible and other assets	151	164	181	199	219
<b>Total Assets</b>	<b>6,167</b>	<b>9,842</b>	<b>11,034</b>	<b>12,617</b>	<b>14,540</b>
Current Liabilities	4,491	3,369	3,764	4,227	4,730
Borrowings	2,248	2,779	3,057	3,362	3,699
Trade and other payables	331	351	429	531	631
Other current liabilities	1,912	238	278	334	400
Long-term liabilities	1,603	884	983	1,124	1,293
<b>Total Liabilities</b>	<b>6,094</b>	<b>4,253</b>	<b>4,747</b>	<b>5,351</b>	<b>6,022</b>
Share Capital	-	0.145	0.145	0.145	0.145
Reserves	73	5,589	6,287	7,265	8,518
Minority interest	-	-	-	-	-
<b>Total Liabilities and equity</b>	<b>6,167</b>	<b>9,842</b>	<b>11,034</b>	<b>12,617</b>	<b>14,540</b>

Source: SWS Research

**Table 4: Key Financial Ratios**

	2013	2014	2015E	2016E	2017E
<b>Ratios per share (Rmb)</b>					
Earnings per share	(0.12)	0.22	0.35	0.49	0.62
Operating CF per share	(0.32)	(0.51)	0.04	0.04	0.07
Dividend per share	-	-	-	-	-
Net assets per share	0.04	2.79	3.14	3.62	4.25
<b>Key Operating Ratios (%)</b>					
ROE	(306.24)	7.80	11.09	13.47	14.70
Gross profit margin	23.27	35.21	36.98	38.18	38.96
Ebitda Margin	31.45	42.52	42.32	43.62	43.81
Ebit Margin	3.62	22.63	23.98	26.18	26.96
Growth rate of Revenue (YoY)	67.97	30.26	34.40	26.25	20.24
Growth rate of Profit (YoY)	-	-	59.94	40.28	27.97
Debt-to-asset ratio	98.82	43.21	43.02	42.41	41.42
Turnover rate of net assets	37.05	0.63	0.75	0.82	0.84
Turnover rate of total assets	0.44	0.36	0.43	0.47	0.49
Effective tax rate (%)	3.44	(15.04)	(15.00)	(20.00)	(20.00)
Dividend yield (%)	-	-	-	-	-

Source: SWS Research

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