

HANERGY SOLAR 566 HK

REDUCE

UNCHANGED

TARGET PRICE	HKD1.65
CLOSE	HKD6.61
UP/DOWNSIDE	-75.1%
PRIOR TP	HKD0.81
CHANGE IN TP	+104.0%

HOW WE DIFFER FROM CONSENSUS		MARKET RECS	
TARGET PRICE (%)	NM	POSITIVE	1
EPS 2014 (%)	NM	NEUTRAL	0
EPS 2015 (%)	NM	NEGATIVE	2

Simply too expensive

Equipment delivery: more a-si, CIGS delayed again

We expect more deliveries of Hanergy's a-si equipment, as we now factor in demand from third-party buyers. However, its first CIGS equipment, which was due to be delivered by end-2014, has been delayed again; management expects delivery within 2015.

Solar projects: aggressive guidance vs slow actual additions

The company sold 180MW of solar projects at margins as high as 55% in 2014. It is also becoming more aggressive on downstream project development. Management guided to new project additions of 1GW per year, much higher than our estimated pipeline addition of 155MW in 2014 and previous guidance of 400-500MW.

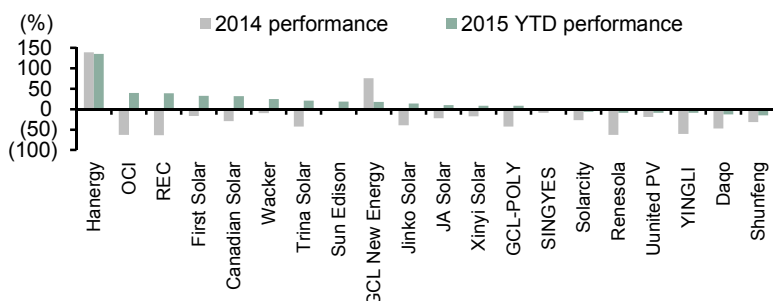
Solar application expansion leads to higher SG&A costs

Hanergy is also very aggressive in downstream solar applications, like mobile chargers and electrical vehicles. It has launched an online B2C shopping portal and introduced an aggressive sales and marketing plan, which we believe will lead to higher SG&A and R&D costs, and initial losses for this segment are highly likely.

Maintain REDUCE with new TP of HKD1.65

We have lifted EPS by 33-117% for 2014-16E, on higher ASP, margin and delivery volumes for a-si equipment, higher volume and margin assumptions for solar project sales, and much higher revenue for solar application sales, partially offset by higher SG&A expenses and equity dilution. The valuation looks demanding, even after our revisions. As higher earnings growth is offset by new share dilution, the EPS CAGR is just 16% over 2013-16E, with 15E P/Eat 60.2x.

Solar player share price performance



Source: Bloomberg



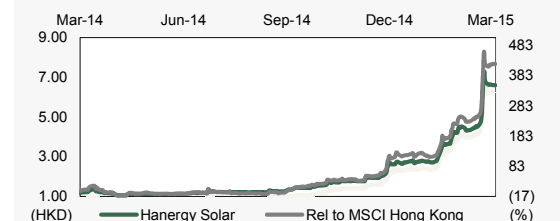
Penny Chen
penny.chen@asia.bnpparibas.com
 +8621 6096 9030

Daisy Zhang, CFA
daisy.zhang@asia.bnpparibas.com
 +8621 6096 9025

Yong Liang Por
yongliang.por@asia.bnpparibas.com
 +852 2825 1877

KEY STOCK DATA

YE Dec (HKD m)	2013A	2014E	2015E	2016E
Revenue	3,274	6,447	14,568	20,145
Rec. net profit	2,069	3,199	4,820	6,686
Recurring EPS (HKD)	0.09	0.10	0.11	0.15
Prior rec. EPS (HKD)	0.09	0.08	0.07	0.07
Chg. In EPS est. (%)	0.0	32.5	63.0	116.5
EPS growth (%)	(4.8)	11.4	5.7	32.0
Recurring P/E (x)	70.8	63.6	60.2	45.6
Dividend yield (%)	0.2	0.1	0.2	0.3
EV/EBITDA (x)	57.4	58.3	49.4	37.8
Price/book (x)	12.0	14.3	12.3	9.4
Net debt/Equity (%)	0.3	1.4	7.2	14.3
ROE (%)	15.1	18.2	21.9	23.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	45.9	152.3	446.3
Relative to country (%)	48.7	151.3	438.1
Next results	March 2015		
Mkt cap (USD m)	35,458		
3m avg daily turnover (USD m)	62.6		
Free float (%)	27		
Major shareholder	Hanergy Group (73%)		
12m high/low (HKD)	7.30/1.06		
3m historic vol. (%)	64.4		
ADR ticker	HNGSF US		
ADR closing price (USD; 13 Mar 2015)	0.837		
Issued shares (m)	41,658		

Sources: Bloomberg consensus; BNP Paribas estimates

Our research is available on Thomson One, Bloomberg, TheMarkets.com, Factset and on <http://eqresearch.bnpparibas.com/index>. Please contact your salesperson for authorisation. Please see the important notice on the back page.



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Investment thesis

We think the company possesses some of the most important qualities for a successful downstream developer, which include access to capital for future growth, strong relationships, proven expertise in power projects development and operation, and innovation in both products application and business models.

However, its aggressive expansion in both downstream solar projects and solar application depends on the successful roll-out of thin-film production at its parent company, while stability for mass production of thin-film solar modules has been a big challenge for the industry for a long time.

We think the company has the potential to be a leader in distributed solar and solar applications, but uncertainties related to its thin film technology and market responses to the solar applications are still very high. A high valuation prompts our REDUCE rating.

Catalyst

Key catalyst is weakening sentiment due to a high valuation.

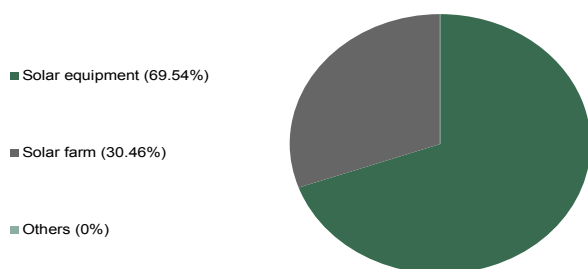
Risks to our call

Key upside risks to our call: higher than expected market sentiment as the company announces new projects/orders; and higher than expected sales from both equipment and solar projects.

Company background

Hanergy Solar offers field-proven turnkey solutions for large-scale thin-film (TF) solar cell production systems. The company acquired global TF leaders MiaSolé and Solibro in September 2013. It is actively seeking investment opportunities in downstream solar projects (solar farms) and moving towards the global photovoltaic power generation market.

Principal activities, revenue split FY14E, BNPP estimates



Key executives

	Age	Joined	Title
Li Hejun	46	2014	Chairman
Mingfang Dai (Frank)	49	2010	Deputy Chairman and CEO

<http://www.hanergysolargroup.com>

Key assumptions

	2014E	2015E	2016E
Equipment delivery (MW)			
a-Si	680	700	900
CIGS	0	480	540
Solar project sales (MW)	180	350	600

Source: BNP Paribas estimates

Earnings sensitivity

		2014E	2015E
CIGS equipment delivery	+100 MW	0.0%	4.5%
a-si equipment delivery	+100 MW	10.6%	7.1%
CIGS gross margin	+ 1ppt	0.0%	0.4%
Solar project sales	+100 MW	25.5%	6.8%

Source: BNP Paribas estimates

- Earnings could increase by 4.5% in 2015E with 100MW additional CIGS equipment sales, all else being equal.
- Earnings could increase by 7.1% in 2015E with 100MW additional a-si equipment sales, all else being equal.
- Earnings could increase by 6.8% in 2015E with 100MW additional solar project sales, all else being equal.

Solar project sales: higher volumes and margins

We have lifted both our sales volume and gross margin assumptions for Hanergy's downstream solar project sales. While we had expected the company to operate most of the projects it developed, as our channel checks with industry players showed little market interest in thin-film solar projects, we were surprised that the company was able to sell its solar projects so quickly and at an ASP and margin so far above the industry average.

The company announced in December 2014 that it successfully sold 180MW of solar projects to an independent third party: Beijing Hongsheng (not listed). Total revenue from the sale was RMB1,421m, and profit was RMB777m, at a gross margin of 55%. This gross margin is much higher than our previous forecast of 17% and industry average of 15-30%. Although at first glance the reported ASP is in line with the industry level, the actual payment was much higher than the industry average. Management confirmed that the buyer will also assume the debt of these projects, apart from considerations paid to acquire the equity from the company, which means the actual ASP for the entire project was as high as RMB11.82-12.31/W, roughly equal to the solar cost level in 2012.

EXHIBIT 1: Details of solar project sales

	Consideration (RMB m)	NAV (RMB m)	Size (MW)	Unit NAV (RMB/W)	Reported ASP (consideration/size) (RMB/W)	Unit cost estimate (RMB/W)	Unit debt (RMB/W)	Estimated Actual ASP For the project (RMB/W)
Jimsar Hanergy	149.4	63.0	20	3.15	7.47	7.50	4.35	11.82
Hami Hanergy	152.4	66.0	20	3.30	7.62	7.50	4.20	11.82
Fuhai Hanergy	172.6	86.5	20	4.33	8.63	8.00	3.67	12.31
Korla Hanergy	158.4	72.0	20	3.60	7.92	7.50	3.90	11.82
Qinghai Hanergy TFP	787.9	355.9	100	3.56	7.88	7.50	3.94	11.82
Total	1,420.7	643.4	180	3.57	7.89	7.60	4.01	11.92

Sources: Company; BNP Paribas estimates

Apart from the sales to Beijing Hongsheng, Hanergy also entered into a framework agreement with Zhongtian New Energy (not listed) for the development, construction and sale of 200MW of distributed solar power projects.

We estimate Hanergy's current solar projects pipeline at 714MW, after we factor in the 200MW new framework contract, of which 400MW is in Ghana. The company is becoming more aggressive in new project development. It targets adding 1GW in pipeline projects each year, including ground-mounted solar projects, distributed solar projects and BIPV projects. The target pipeline addition is much higher than previous guidance of 400-500MW, and our estimated actual increase of around 155MW in 2014.

With Hanergy's higher pipeline addition guidance, recent high-profile marketing campaigns, and China's higher installation target for BIPV projects and agricultural greenhouse projects, in which thin-film modules have an advantage over c-si modules, we have lifted our assumptions for its solar power development. While we previously forecast it would operate the majority of the projects itself, we now assume it will be able to sell all the solar projects it develops.

a-si equipment delivery: higher volume, ASP and gross margin

We previously forecast limited a-si deliveries, based on upgrade demand from its parent's existing plants, as there was no plan by its parent to establish new plants using a-si technology. We now forecast higher delivery volumes, ASP and margins from shipments to third-party players.

The company announced in Feb 2015 that it has signed a sales contract for a 600MW a-si thin film equipment production line with a third party (Shandong Macrolink New Resources (not listed) at an ASP of USD 1.1/W. At the same time, it will issue 1,500m new shares to Shandong Macrolink New Resources at HKD3.64.

The ASP for the a-si equipment is 29% higher than the ASP delivered to its parent company, which was around USD0.85/W in 1H14. As the cost for the a-si equipment has been fairly stable, we expect its gross margin to increase.

The proposed deal offers Hanergy higher future earnings and Shandong Macrolink, investment gains, although it also brings Hanergy equity dilution from new share issuance for other shareholders, and potential share price pressure when the lock-up period for Shandong Macrolink expires.

More aggressive in downstream solar applications

The group launched a marketing campaign for its downstream solar application in Feb 2015. Chairmen Li introduced downstream solar products that include solar-powered mobile chargers, solar-powered electrical vehicles, wearable solar devices, etc. The company recently launched an online B2C shopping portal (<http://www.hanergyshop.com/>), and targets to launch its first iCar (solar-powered electrical vehicle) in 2015.

More modules to be procured from parent company

With this more aggressive downstream expansion in solar projects and solar applications, Hanergy increased its annual module purchase cap from its parent company to 2,280MW per year in 2015-17, from 400-600MW per year in 2012-2014.

While the company did not appear that confident in downstream expansion prospects back in 2014, as it returned 270.6MW a-si modules to its parent company and delayed the delivery of another 346.5MW modules, it seems the company is now much more upbeat on the prospects for downstream solar projects and solar applications.

According to the payment terms from this master agreement, 30% of the purchase cost needs to be paid within 10 business days upon execution of the relevant supply sub-contract, and 20% needs to be paid within five business days upon approval by the Hanergy Group of the placement of the purchase order. This means 50% pre-payment before delivery of the module. With this higher cap, we expect higher pre-payments to its parent, which is likely to put pressure on its balance sheet with higher capex needed for higher downstream project development if it cannot sell solar projects in a timely fashion.

The CIGS module price was set at RMB3.76/W, which is even lower than the current selling price for c-si solar modules from leading players of RMB3.9-4.05/W, although the conversion ratio is lower.

EXHIBIT 2: Module purchase cap from its parent company

Announce date	Type	Contract term	Subject matter	Volume (MW/year)	Selling price (RMB/watt)
18/2/2015	Master Supply Agreement	2015-2017	a-Si/Si-Ge based thin-film solar energy panels	1,500	≤3.3
			BIPV thin-film solar energy panels	530	≤ 13
			CIGS flexible solar energy panels	70	≤4.1
			CIGS solar energy panels	80	≤3.76
			nc-Si thin-film solar energy panels	100	≤3.6
6/3/2015	Supplemental Agreement	2015-2017	CIGS flexible chips and modules	70	≤15.34
Total				2,280	

Source: Company

Higher EPS assumptions, maintain REDUCE

We have lifted our EPS forecasts by 33-117% for 2014-16, mainly due to higher ASP, margin and delivery volume assumptions for a-si equipment, higher volume and margin assumptions for solar project sales, and much higher revenue assumptions for solar application sales, partially offset by higher R&D and SG&A expenses due to its aggressive acquisition of thin-film new technologies and marketing campaign for its solar applications. There will also be equity dilution from the 1,500m new shares to be issued to Shandong Macrolink.

EXHIBIT 3: Changes in assumptions

	2014E	2015E	2016E
a-si equipment delivery (MW)			
Current	680	700	900
Previous	680	380	200
Change (%)	0.0	84.2	350.0
Solar project sales (MW)			
Current	180	350	600
Previous	0	50	250
Change (%)	NA	600.0	140.0
Gross margin for solar project sales (%)			
Current	54.8	54.8	54.8
Previous	NA	16.7	16.7
Change	NA	38.1	38.1
Solar application sales (HKD m)			
Current	186	874	2,186
Previous	186	546	757
Change (%)	0.0	60.0	188.6
SG&A/Sales ratio (%)			
Current	7.8	12.0	12.0
Previous	7.8	5.9	5.0
Change	0.0	6.1	7.0
R&D/sales ratio (%)			
Current	7.5	10.0	10.0
Previous	7.5	7.5	7.5
Change	0.0	2.5	2.5
Net profit (RMB m)			
Current	3,199	4,820	6,686
Previous	2,411	2,890	2,971
Change (%)	32.7	66.8	125.0

Source: BNP Paribas estimates

The stock's valuation still looks demanding, even after our aggressive earnings revisions. As the higher earnings growth is offset by new share dilution, our forecast EPS CAGR is just 16% over 2013-16E, while 15E P/E is 60.2x. We use the same DCF assumptions as before (WACC of 12.7% and terminal growth rate of 3.5%) to derive our new TP of HKD1.65. Our TP implies a generous 2015E P/E of 15.0x, which is at the high end of peer valuations of 5-15x, based on our and Bloomberg consensus estimates. Maintain REDUCE.

EXHIBIT 4: Peer valuation comparison

Company	BBG code	Currency	Price	Mkt. cap	EV/EBITDA			P/E			P/BV			ROE			Div yield			Net debt/equity	EPS CAGR		
					'13E	'14E	'15E	'13E	'14E	'15E	'13E	'14E	'15E	'13E	'14E	'15E	'13E	'14E	'15E			'13E	'14E
		(LC)	(LC)	(USD m)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	(%)	(x)
Hanergy*	566 HK	HKD	6.61	35,441	57.4	58.3	49.4	70.8	63.6	60.2	12.0	14.3	12.3	15.1	18.2	21.9	0.2	0.1	0.2	0.3		8.5	
Global TF equipment suppliers																							
Applied Materials	AMAT US	USD	24.24	29,784	15.1	12.4	10.4	27.5	19.4	15.5	3.7	3.4	3.0	14.0	18.2	20.4	1.7	1.7	1.7	(15.4)		33.1	
Oc Oerlikon	OERL SW	CHF	11.80	3,991	7.4	7.3	6.7	20.0	16.0	14.6	1.8	1.8	1.6	9.7	11.2	11.6	2.5	2.6	3.0	(5.5)		16.9	
Ulvac	6728 JP	JPY	1,944.00	791	7.6	7.9	6.8	8.7	13.4	10.6	1.5	1.5	1.3	21.9	11.4	13.5	0.0	0.4	0.6	45.6		(9.2)	
Mean average					10.0	9.2	7.9	18.8	16.3	13.6	2.3	2.2	2.0	15.2	13.6	15.2	1.4	1.6	1.8	8.2		13.6	
Global TF module makers																							
First Solar	FSLR US	USD	60.60	6,078	6.4	6.8	6.6	15.3	18.1	16.4	1.2	1.2	1.1	8.7	6.6	7.0	0.0	0.0	0.0	(35.3)		(3.5)	
China c-Si module makers																							
Yingli	YGE US	USD	2.09	380	96.9	12.8	7.8	na	na	na	7.7	16.7	na	(151.7)	(431.0)	(385.0)	0.0	0.0	0.0	640.9		(80.6)	
Trina Solar	TSL US	USD	11.40	1,050	23.1	6.4	4.9	15.0	10.7	8.3	1.1	0.8	0.8	7.0	8.5	9.5	0.0	0.0	0.0	73.6		34.7	
Canadian Solar	CSIQ US	USD	32.02	1,758	10.6	5.5	3.3	7.3	8.3	7.1	2.5	1.8	1.4	42.3	25.1	22.2	0.0	0.0	0.0	62.9		1.3	
JA Solar	JASO US	USD	9.21	443	10.1	4.0	3.4	8.1	7.8	6.0	0.5	0.5	0.4	5.9	6.2	7.6	0.0	na	na	31.7		15.5	
Jinkosolar	JKS US	USD	22.59	695	9.8	5.4	4.3	6.5	7.0	5.6	1.3	1.0	0.9	25.2	16.2	16.8	0.0	na	na	83.2		7.1	
Mean average					10.2	5.0	3.7	7.3	7.7	6.3	1.4	1.1	0.9	24.4	15.8	15.5	0.0	0.0	0.0	98.8		7.9	
Other H-share listed solar names																							
GCL Poly*	3800 HK	HKD	2.03	4,047	11.9	7.1	6.4	na	16.4	11.5	1.9	1.8	1.6	(6.7)	11.3	14.6	0.0	1.2	1.7	147.4		na	
Comtec	712 HK	HKD	1.05	188	15.1	8.8	6.3	na	29.2	14.3	0.7	0.7	0.7	(8.5)	2.4	4.8	0.0	1.2	1.9	7.4		na	
Singyes	750 HK	HKD	10.42	934	8.8	6.3	5.0	11.2	8.9	6.8	2.1	1.8	1.5	21.8	22.0	23.7	0.9	1.2	1.4	25.2		27.7	
Xinyi Solar	968 HK	HKD	2.29	1,792	21.6	9.2	6.7	27.2	13.2	10.5	4.2	3.0	2.4	na	26.5	25.7	1.7	2.7	3.4	33.3		61.3	
United PV	686 HK	HKD	0.94	574 (44.2)	6.2	2.8	na	72.3	18.1	2.2	1.2	1.1	(404.4)	2.2	6.3	0.0	na	na	465.3		na		
Mean average					0.3	7.6	5.2	19.2	30.9	12.4	2.3	1.7	1.4	(130.4)	13.3	15.1	0.7	1.7	2.2	132.8		44.5	

Price as at the close of 13 March 2015

Sources: Hanergy and GCL Poly are based on BNP Paribas estimates, others are based on Bloomberg consensus

Financial statements

Hanergy Solar

Profit and Loss (HKD m) Year Ending Dec	2012A	2013A	2014E	2015E	2016E
Revenue	2,756	3,274	6,447	14,568	20,145
Cost of sales ex depreciation	(761)	(578)	(1,677)	(5,962)	(8,365)
Gross profit ex depreciation	1,995	2,696	4,771	8,606	11,779
Other operating income	5	131	86	91	104
Operating costs	(246)	(413)	(875)	(2,805)	(3,733)
Operating EBITDA	1,754	2,415	3,983	5,892	8,150
Depreciation	(28)	(31)	(34)	(38)	(48)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,726	2,384	3,949	5,855	8,103
Net financing costs	(60)	(56)	(43)	(47)	(47)
Associates	0	0	0	0	0
Recurring non operating income	0	0	0	0	0
Non recurring items	0	0	0	0	0
Profit before tax	1,666	2,328	3,906	5,808	8,056
Tax	(350)	(259)	(708)	(987)	(1,369)
Profit after tax	1,316	2,069	3,199	4,820	6,686
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	1,316	2,069	3,199	4,820	6,686
Non recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,316	2,069	3,199	4,820	6,686
Per share (HKD)					
Recurring EPS *	0.10	0.09	0.10	0.11	0.15
Reported EPS	0.10	0.09	0.10	0.11	0.15
DPS	0.00	0.02	0.01	0.01	0.02
Growth					
Revenue (%)	7.5	18.8	96.9	125.9	38.3
Operating EBITDA (%)	64.8	37.7	64.9	48.0	38.3
Operating EBIT (%)	65.0	38.1	65.6	48.3	38.4
Recurring EPS (%)	47.0	(4.8)	11.4	5.7	32.0
Reported EPS (%)	47.9	(4.8)	11.4	5.7	32.0
Operating performance					
Gross margin inc depreciation (%)	71.4	81.4	73.5	58.8	58.2
Operating EBITDA margin (%)	63.6	73.8	61.8	40.4	40.5
Operating EBIT margin (%)	62.6	72.8	61.2	40.2	40.2
Net margin (%)	47.7	63.2	49.6	33.1	33.2
Effective tax rate (%)	21.0	11.1	18.1	17.0	17.0
Dividend payout on recurring profit (%)	0.0	16.1	6.8	11.1	11.7
Interest cover (x)	28.7	42.5	92.8	124.9	172.8
Inventory days	180.0	637.2	350.9	198.3	224.0
Debtor days	442.7	446.4	398.7	336.6	411.6
Creditor days	276.6	546.0	334.2	252.5	315.5
Operating ROIC (%)	65.7	49.8	44.3	40.4	34.7
ROIC (%)	15.5	17.4	21.8	24.8	24.9
ROE (%)	11.9	15.1	18.2	21.9	23.4
ROA (%)	10.6	13.0	15.3	16.3	16.2
*Pre exceptional, pre-goodwill and fully diluted					
Revenue By Division (HKD m)					
Solar equipment	2,756	3,274	4,483	9,846	12,158
Solar farm	0	0	1,964	4,722	7,986

Sources: Hanergy Solar; BNP Paribas estimates

Financial statements

Hanergy Solar

Cash Flow (HKD m) Year Ending Dec	2012A	2013A	2014E	2015E	2016E
Recurring net profit	1,316	2,069	3,199	4,820	6,686
Depreciation	28	31	34	38	48
Associates & minorities	0	0	0	0	0
Other non-cash items	0	0	0	0	0
Recurring cash flow	1,344	2,100	3,233	4,858	6,734
Change in working capital	(14)	(4,211)	(3,903)	(7,084)	(10,615)
Capex - maintenance	0	0	0	0	0
Capex - new investment	(43)	(107)	(102)	(101)	(72)
Free cash flow to equity	1,287	(2,218)	(773)	(2,327)	(3,952)
Net acquisitions & disposals	0	0	0	0	0
Dividends paid	0	0	(429)	(294)	(294)
Non recurring cash flows	(226)	(615)	86	0	0
Net cash flow	1,062	(2,832)	(1,116)	(2,620)	(4,246)
Equity finance	10	1,562	36	73	100
Debt finance	(682)	1,889	195	1,019	1,321
Movement in cash	390	619	(884)	(1,529)	(2,825)
Per share (HKD)					
Recurring cash flow per share	0.10	0.09	0.11	0.11	0.15
FCF to equity per share	0.10	(0.10)	(0.03)	(0.05)	(0.09)
Balance Sheet (HKD m) Year Ending Dec	2012A	2013A	2014E	2015E	2016E
Working capital assets	4,307	8,219	13,633	27,720	41,622
Working capital liabilities	(1,798)	(1,499)	(3,010)	(10,013)	(13,300)
Net working capital	2,509	6,720	10,623	17,707	28,322
Tangible fixed assets	134	210	278	341	365
Operating invested capital	2,643	6,930	10,901	18,048	28,687
Goodwill	0	0	0	0	0
Other intangible assets	0	0	0	0	0
Investments	86	86	0	0	0
Other assets	8,513	9,128	9,128	9,128	9,128
Invested capital	11,242	16,143	20,029	27,176	37,814
Cash & equivalents	(721)	(1,339)	(455)	1,073	3,899
Short term debt	0	1,025	360	360	360
Long term debt *	0	361	361	361	361
Net debt	(721)	47	266	1,795	4,620
Deferred tax	0	0	0	0	0
Other liabilities	251	325	462	627	872
Total equity	11,712	15,772	19,301	24,754	32,322
Minority interests	0	0	0	0	0
Invested capital	11,242	16,144	20,029	27,176	37,814
* includes convertibles and preferred stock which is being treated as debt					
Per share (HKD)					
Book value per share	0.87	0.55	0.46	0.54	0.70
Tangible book value per share	0.87	0.55	0.46	0.54	0.70
Financial strength					
Net debt/equity (%)	(6.2)	0.3	1.4	7.2	14.3
Net debt/total assets (%)	(5.2)	0.2	1.1	5.0	9.8
Current ratio (x)	2.8	3.8	4.2	2.6	2.8
CF interest cover (x)	23.1	(36.6)	(14.8)	(46.5)	(81.8)
Valuation	2012A	2013A	2014E	2015E	2016E
Recurring P/E (x) *	67.5	70.8	63.6	60.2	45.6
Recurring P/E @ target price (x) *	16.8	17.6	15.8	15.0	11.4
Reported P/E (x)	67.5	70.8	63.6	60.2	45.6
Dividend yield (%)	0.0	0.2	0.1	0.2	0.3
P/CF (x)	66.0	69.8	62.9	59.7	45.3
P/FCF (x)	69.0	(66.1)	(263.2)	(124.7)	(77.1)
Price/book (x)	7.6	12.0	14.3	12.3	9.4
Price/tangible book (x)	7.6	12.0	14.3	12.3	9.4
EV/EBITDA (x) **	50.5	57.4	58.3	49.4	37.8
EV/EBITDA @ target price (x) **	12.5	14.2	14.6	12.4	9.7
EV/invested capital (x)	7.8	11.7	13.8	11.3	8.2
* Pre exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Hanergy Solar; BNP Paribas estimates

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Penny Chen, BNP Paribas Securities (Asia) Ltd, +8621 6096 9030, penny.chen@asia.bnpparibas.com.

Daisy Zhang, CFA, BNP Paribas Securities (Asia) Ltd, +8621 6096 9025, daisy.zhang@asia.bnpparibas.com.

Yong Liang Por, BNP Paribas Securities (Asia) Ltd, +852 2825 1877, yongliang.por@asia.bnpparibas.com.

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History of change in investment rating and/or target price

Hanergy Solar (566 HK)



Penny Chen started covering this stock from 12-Jun-2014

Price and TP are in local currency

Valuation and risks: Key upside risks to our DCF-based TP: higher than expected market sentiment as the company announces new projects/orders; and higher than expected sales from both equipment and solar projects.

Sources: Bloomberg; BNP Paribas

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