



Company Report: Huaneng Renewables (00958 HK)

公司报告: 华能新能源 (00958 HK)

Leo Wu 吴逸超
+86 755 23976871
wuyichao@gtjas.com

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FY14 Results Slightly Above Expectation, Maintain "Buy"

14财年业绩略好于预期, 维持“买入”

- **Huaneng Renewables FY14 results review:** Net profit recorded RMB1.12 billion, up 26.3% YoY, with EPS of RMB0.124, up 19.6% YoY, which was 7.7% and 4.4% higher than market consensus and our estimate, respectively.
- **Key information from analyst briefing:** 1) Management expects 2000 hour utilization for wind in 2015; 2) management plans to add 1.8GW wind capacity in 2015, with 0.6GW in 1H15, and targets to add 1.5GW every year after 2015; 3) 2015 YTD wind power production recorded YoY increase: +7.3%/28%/30% YoY for Jan/Feb/Mar 1-13; 4) The wind curtailment rate recorded 7.8% in 2014, and was 19.6% for Jan-Feb in 2015, slightly below the level of 21% in Jan-Feb 2014.
- **Key FY15/16 assumptions adjustments for HNR:** 1) normalized non-curtailed wind utilisation assumption reset to 2,150 hours for 2015 and beyond (previously 2,200 hours), as more capacity located in Zone IV; 2) wind curtailment rate might slightly rebound to 8% in 2015; 3) revise down wind capacity expansion scale for FY15/16 to match management guidance.
- **Maintain "Buy" rating while slightly cut TP to HK\$3.42.** FY15/16 EPS are cut by 16.8%/6.8% to RMB0.170/0.233, mainly because installed capacity and wind utilisation assumptions in FY15-16 are revised down. Introduce FY17 EPS of RMB0.274, representing 3-year CAGR of 30.3%. Slightly cut TP to HK\$3.42, which represents 16.1x/11.8x/10.0x FY15/16/17 PER.
- **华能新能源 14 财业绩回顾:** 净利润录得 11.2 亿人民币, 同比增 26.3%, EPS 为人民币 0.124 元, 同比升 19.6%, 比市场预期高 7.7%, 比我们预期高 4.4%。
- **分析员会关键信息:** 1) 管理层预期 2015 年风电利用小时为 2,000 小时; 2) 管理层计划 2015 年新投产 1.8GW 风电, 其中上半年投 0.6GW, 2015 年后每年计划投 1.5GW; 3) 2015 年初至今风电发电量录得同比增长: 1 月/2 月/3 月前 13 天分别增长 7.3%/28%/30%; 4) 2014 年限电率为 7.8%, 2015 年 1-2 月累计 19.6%, 略低于 2014 年 1-2 月的 21%。
- **15/16 财年华能新能源参数调整:** 1) 随着四类区装机增加, 2015 年及以后不限电风电利用小时假设由 2,200 下调至 2,150; 2) 2015 年限电率可能略微反弹至 8%; 3) 下调了 15/16 财年风电装机扩张规模以匹配管理层指引。
- **维持“买入”评级但略微下调目标价至 3.42 港元。** 15/16 财年 EPS 下调了 16.8%/6.8% 至人民币 0.170/0.233, 主要由于下调了 15-16 财年新增装机假设和利用小时假设。引入 17 财年 EPS 人民币 0.274 元, 对应 3 年复合增长率 30.3%。略微下调目标价至 3.42 港元, 相当于 16.1 倍/11.8 倍/10.0 倍 15/16/17 财年市盈率。

Rating:

Buy

Maintained

评级:

买入 (维持)

6-18m TP 目标价:

HK\$3.42

Revised from 原目标价:

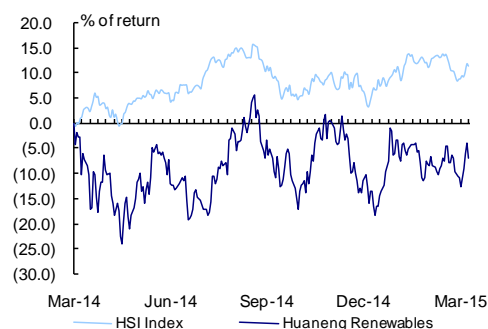
HK\$3.50

Share price 股价:

HK\$2.700

Stock performance

股价表现



Change in Share Price 股价变动	1 M 1 个月	3 M 3 个月	1 Y 1 年
Abs. % 绝对变动 %	3.4	13.9	(6.6)
Rel. % to HS index 相对恒指变动 %	4.9	9.0	(24.9)
Avg. share price(HK\$) 平均股价 (港元)	2.7	2.7	2.6

Source: Bloomberg, Guotai Junan International.

Year End 年结 12/31	Turnover 收入 (RMB m)	Net Profit 股东净利 (RMB m)	EPS 每股净利 (RMB)	EPS 每股净利变动 (Δ%)	PER 市盈率 (x)	BPS 每股净资产 (RMB)	PBR 市净率 (x)	DPS 每股股息 (RMB)	Yield 股息率 (%)	ROE 净资产收益率 (%)
2013A	5,798	888	0.104	57.0	20.3	1.535	1.4	0.020	0.9	6.9
2014A	6,151	1,121	0.124	19.6	17.4	1.655	1.3	0.020	0.9	7.5
2015F	7,863	1,649	0.170	36.8	12.7	1.805	1.2	0.034	1.6	9.8
2016F	9,632	2,264	0.233	37.3	9.3	2.003	1.1	0.047	2.2	12.2
2017F	11,384	2,665	0.274	17.7	7.9	2.231	1.0	0.055	2.5	12.9

Shares in issue (m) 总股数 (m)	9,728.0	Major shareholder 大股东	Huaneng Group 56.9%
Market cap. (HK\$ m) 市值 (HK\$ m)	26,265.6	Free float (%) 自由流通股比率 (%)	37.2
3 month average vol. 3 个月平均成交股数 ('000)	24,337.0	FY15 Net gearing (%) FY15 净负债/股东资金 (%)	276.0
52 Weeks high/low (HK\$) 52 周高低	3.120 / 2.160	FY15 Est. NAV (HK\$) FY15 每股估值 (港元)	5.0

Source: the Company, Guotai Junan International.

Huaneng Renewables (“the Company” or “HNR”) FY14 results review: FY14 revenue recorded RMB6.15 billion, up 6.1% YoY. Net profit recorded RMB1.12 billion, up 26.3% YoY, with EPS of RMB0.124, up 19.6% YoY, which was 7.7% and 4.4% higher than market consensus (RMB0.115) and our estimate (RMB0.119), slightly above expectation. The increase of net profit was mainly driven by the increase of wind capacity (average wind capacity was up by 13.4% YoY), but the decrease of wind utilisation partially offset the increase of earnings (wind utilisation was down by 7.6% YoY). Wind curtailment rate in 2014 was better than expected, down from 10.7% in 2013 to 7.8%, mainly due to: 1) better wind capacity distribution pattern (higher share of wind capacity located in non-curtailment regions), 2) the poor wind resources in 2014 reduced the peak wind electricity production, which was more likely to be curtailed, 3) better wind power handling capacity of power grid. HNR newly added 1,305.5MW wind capacity in 2014, higher than our 1,200MW expectation. However, the newly added 155MW solar capacity in 2014 was below our expected 200MW solar capacity increase.

Table-1: FY14 Results Review

	Actual 2013A	Our Est. 2014F	Actual 2014A	YoY/ppt	Diff.	Comments
Operation Result						
Installed Wind Capacity (MW)	6,221	7,421	7,526	21.0%	1.4%	Added 1,305.5MW in during FY14, beating our 1.2GW expectation
Installed Solar Capacity (MW)	330	530	485	47.0%	-8.5%	Only added 155MW FY14, lower than our 200MW expectation
Wind curtailment rate	10.7%	10.0%	7.8%	-2.9ppt	-2.2ppt	More new wind capacity located in less curtailment areas and poor wind resource in 2014
Wind utilisation hours (hrs)	2,029	1,890	1,875	-7.6%	-0.8%	Poor domestic wind resources throughout 2014
Solar utilisation hours (hrs)	1,421	1,400	1,420	-0.1%	1.4%	
Gross Wind Generation (GWh)	11,142	12,071	11,675	4.8%	-3.3%	Declined wind utilisation partially offset the increase of wind capacity
Gross Solar Generation (GWh)	1	532	503	41845.0%	-5.5%	
Average on-grid tariff (RMB/MWh)	507	516	533	5.0%	3.3%	Solar electricity generation increased, whose tariff was higher
Electricity sales (RMB Mn)	5,440	6,111	6,114	12.4%	0.0%	Solar power sales increased, offset by the decrease from wind power
Financial Result (RMB Mn)						
Revenue	5,798	6,114	6,151	6.1%	0.6%	
Other net income	79	72	168	112.9%	132.1%	Due to increased government grants and one-off penalty income
Service concession construction	(355)	0	(33)	-90.6%	n.a.	
D&A	(1,931)	(2,231)	(2,270)	17.5%	1.8%	Higher unit D&A cost per MW for solar capacity
Personnel costs	(205)	(272)	(260)	26.7%	-4.4%	Unit staff cost increased by 4.7% YoY to roughly RMB29/KW
R&M	(91)	(131)	(86)	-5.3%	-34.2%	
Administration expenses	(146)	(174)	(187)	27.9%	7.8%	
Other operating expenses	(420)	(231)	(136)	-67.6%	-41.1%	Recorded impairment of RMB234m in FY13 while reversed RMB55m in FY14
Operating profit	2,727	3,149	3,346	22.7%	6.3%	
Finance income	211	69	78	-63.3%	11.7%	
Finance expenses	(1,951)	(1,978)	(2,189)	12.2%	10.7%	Interest expenses higher than expected
Profit before taxation	984	1,238	1,232	25.2%	-0.4%	
Income tax	(67)	(134)	(86)	27.6%	-36.3%	Effective tax rate lower than expected
Profit after taxation	917	1,104	1,147	25.0%	3.9%	
Non-controlling interests	29	29	26	-12.6%	-12.1%	
Net Profit	888	1,074	1,121	26.3%	4.4%	
EPS (RMB)	0.1037	0.1187	0.1239	19.6%	4.4%	
Margins & Ratios						
Adjusted EBITDA Margin	84.1%	86.8%	89.0%	4.9ppt	2.3ppt	
Operating margin	47.0%	51.5%	54.4%	7.4ppt	2.9ppt	
PBT margin	15.8%	18.0%	18.6%	2.8ppt	0.6ppt	
Effective Tax Rate	6.8%	10.9%	6.9%	0.1ppt	-3.9ppt	
PAT margin	15.8%	18.0%	18.6%	2.8ppt	0.6ppt	
Net Profit margin	15.3%	17.6%	18.2%	2.9ppt	0.7ppt	

Source: the Company, Guotai Junan International.

Key information from analyst briefing: 1) Management expects 2000 hour utilization for wind in 2015; 2) management plans to add 1.8GW wind capacity in 2015, with every 0.6GW in 1H15, 3Q15 & 4Q15 respectively, and targets to add 1.5GW every year after 2015; 3) 2015 YTD wind power production recorded YoY increase: +7.3%/28%/30% YoY for Jan/Feb/Mar 1-13, showing recovering wind resources; 4) The wind curtailment rate recorded 7.8% for HNR in 2014, and was 11.7%/27.2% in Jan/Feb 2015, with 19.6% for Jan-Feb in 2015, slightly below the level of 21% in Jan-Feb 2014.

Key FY15/16 assumptions adjustments for HNR:

- 1) Normalized non-curtailed wind utilisation assumption reset to 2,150 hours for 2015 and beyond (previously 2,200 hours), as more capacity located in Zone IV.** Based on calculation, non-curtailed wind utilisation recorded 2,230/2,137/2,272/2,034 for FY11/12/13/14, with average of 2,168, much less than the average level in FY08/09/10 (2,380/2,370/2,420 for FY08/09/10, with average of 2,390), which we believe is caused by the increase of the portion of wind capacity located in Zone IV.
- 2) Wind curtailment rate might slightly rebound to 8% in 2015.** The 2014 wind curtailment rate was better than expected (realised 7.8% vs. expected 10%). The ratio of wind capacity located in non-curtailed regions could further go up in 2015. However, the recovery of wind resources would result in a higher wind curtailment rate. As we are expecting a recovery of natural wind resources, and to be cautious, we now forecast HNR's 2015 wind curtailment rate to slightly increase to 8%.
- 3) Revise down wind capacity expansion scale for FY15/16 to match management guidance.** HNR's management provided relatively modest capacity growth guidance for 2015 and beyond: 1.8GW wind plus 0.2GW solar for 2015, and 1.5GW wind plus 0.2GW solar for 2016 and beyond, while we previously assumed HNR would add 2GW/1.6GW wind capacity in 2015/2016.

Table-2: Key adjustments of Huaneng Renewables

	Old forecast			New forecast			Change %/ppt		
	2015F	2016F	2017F	2015F	2016F	2017F	2015F	2016F	2017F
Wind power operations									
Newly installed wind capacity (MW)	2,000	1,600	1,600	1,800	1,500	1,500	-10.0%	-6.3%	-6.3%
Installed wind capacity (MW)	9,421	11,021	12,621	9,326	10,826	12,326	-1.0%	-1.8%	-2.3%
Non-curtailed wind utilisation assumption (hrs)	2,200	2,200	2,200	2,150	2,150	2,150	-2.3%	-2.3%	-2.3%
Wind curtailment rate	9.5%	9.0%	8.5%	8.0%	7.5%	7.0%	-1.5ppt	-1.5ppt	-1.5ppt
Utilization hour of operating wind capacity (hrs)	1,991	2,002	2,013	1,978	1,989	2,000	-0.7%	-0.7%	-0.7%
Wind power generation (MMWh)	15.93	19.33	22.50	15.08	18.40	21.59	-5.4%	-4.8%	-4.1%
Wind power sold (MMWh)	15.20	18.45	21.49	14.46	17.68	20.79	-4.9%	-4.2%	-3.3%
Wind power on-grid tariff (VAT incl.) (RMB/MWh)	595	588	586	596	589	588	0.2%	0.3%	0.3%
Solar power operations									
Newly installed solar capacity (MW)	200	200	200	200	200	200	0.0%	0.0%	0.0%
Installed solar capacity (MW)	730	930	1,130	685	885	1,085	-6.2%	-4.8%	-4.0%
Utilization hour of installed solar capacity (hrs)	1,400	1,400	1,400	1,400	1,400	1,400	0.0%	0.0%	0.0%
Solar power generation (MMWh)	0.81	1.09	1.37	0.75	1.03	1.31	-7.8%	-5.8%	-4.6%
Solar power sold (MMWh)	0.67	0.97	1.25	0.62	0.91	1.19	-7.2%	-5.8%	-4.8%
Solar power on-grid tariff (VAT incl.) (RMB/MWh)	920	920	920	920	920	920	0.0%	0.0%	0.0%
Overall power generation business									
Unit total cost of power sold (RMB/MWh)	386	376	385	411	389	385	6.6%	3.4%	-0.1%
Unit PBT of power sold (RMB/MWh)	135	141	131	110	129	133	-18.1%	-8.5%	1.4%
Unit PBT margin of power sold	25.9%	27.3%	25.4%	21.1%	24.9%	25.7%	-4.7ppt	-2.4ppt	0.3ppt
Financial result (RMB Mn)									
Revenue	8,260	10,039	11,746	7,863	9,632	11,384	-4.8%	-4.1%	-3.1%
Other income	68	65	60	75	72	68	9.7%	10.9%	12.8%
Service concession costs	0	0	0	0	0	0	n.a.	n.a.	n.a.
D&A	(2,847)	(3,309)	(3,886)	(2,779)	(3,254)	(3,760)	-2.4%	-1.6%	-3.2%
Personnel costs	(362)	(440)	(522)	(337)	(408)	(482)	-6.8%	-7.3%	-7.6%
R&M	(175)	(244)	(299)	(113)	(152)	(189)	-35.2%	-37.7%	-36.7%
Administration expenses	(202)	(231)	(258)	(226)	(261)	(282)	12.0%	12.9%	9.2%
Other operating cost	(305)	(370)	(440)	(250)	(304)	(362)	-17.8%	-17.8%	-17.7%
Operating profit	4,438	5,511	6,401	4,231	5,325	6,376	-4.7%	-3.4%	-0.4%
Finance income	71	55	50	86	67	67	22.4%	21.2%	33.0%
Finance expenses	(2,230)	(2,707)	(3,358)	(2,490)	(2,851)	(3,382)	11.6%	5.3%	0.7%
Share of loss of a joint venture	(2)	(2)	(1)	(1)	0	2	-66.3%	-100.0%	-206.5%
PBT	2,276	2,857	3,092	1,827	2,541	3,063	-19.7%	-11.1%	-0.9%
Income tax	(243)	(358)	(459)	(131)	(213)	(315)	-46.1%	-40.7%	-31.3%
PAT	2,033	2,499	2,633	1,696	2,328	2,748	-16.6%	-6.8%	4.4%
Minority interest profit	50	69	89	47	64	83	-6.5%	-6.7%	-6.8%
Net profit	1,983	2,430	2,544	1,649	2,264	2,665	-16.8%	-6.8%	4.8%
EPS	0.204	0.250	0.262	0.170	0.233	0.274	-16.8%	-6.8%	4.8%
DPS	0.041	0.050	0.052	0.034	0.047	0.055	-16.8%	-6.8%	4.8%
EBITDA	7,283	8,817	10,285	7,010	8,580	10,138	-3.8%	-2.7%	-1.4%
Margins and ratios									
Adjusted EBITDA Margin	87.3%	87.2%	87.1%	88.2%	88.3%	88.5%	0.9ppt	1.1ppt	1.4ppt
Effective Tax Rate	10.7%	12.5%	14.8%	7.2%	8.4%	10.3%	-3.5ppt	-4.2ppt	-4.6ppt
Net Profit Margin	24.0%	24.2%	21.7%	21.0%	23.5%	23.4%	-3.0ppt	-0.7ppt	1.8ppt
ROE	11.7%	12.9%	12.1%	9.8%	12.2%	12.9%	-1.9ppt	-0.6ppt	0.8ppt
Net Debt/Equity	256.2%	288.1%	302.4%	276.0%	302.4%	309.7%	19.8ppt	14.3ppt	7.3ppt

Source: the Company, Guotai Junan International.

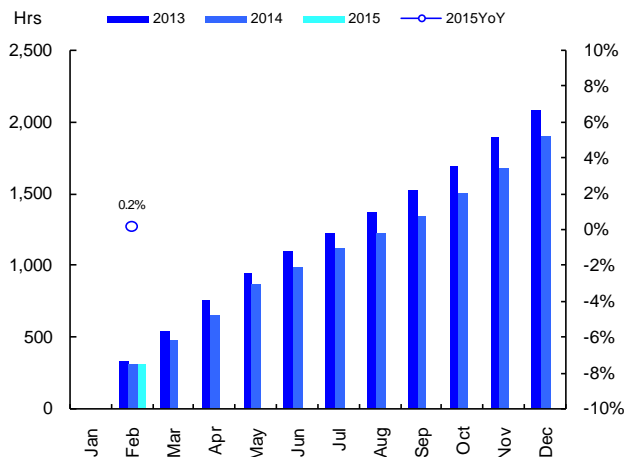
Maintain “Buy” rating while slightly cut TP to HK\$3.42. FY15/16 EPS are cut by 16.8%/6.8% to RMB0.170/0.233, mainly because: 1) revise down the new installed capacity assumptions in FY15-16, 2) slightly revise down the non-curtailed wind utilisation assumption from 2,200 to 2,150, while wind curtailment rate assumption is also revised down by 1.5ppt; but we also made following revision, which partially offset the above issues: 1) average borrowing rate is also revised down given the recent interest cut in Feb 2015; 2) the realised effective tax rate in 2014 was lower than expected and hence we revised down the assumptions for FY15-16. Introduce FY17 EPS of RMB0.274, representing a 3-year EPS CAGR of 30.3%. Maintain “Buy” rating and slightly cut TP to HK\$3.42, representing 16.1x/11.8x/10.0x FY15/16/17 PER.

Table-3: Sensitivity analysis for Huaneng Renewables

EPS Sensitivity Analysis	EPS (RMB)		
	2015F	2016F	2017F
Base Case EPS (RMB)	0.1695	0.2327	0.2740
Base Case Assumptions:			
Non-curtailed wind utilisation	2,150	2,150	2,150
Wind curtailment rate	8.0%	7.5%	7.0%
Solar utilisation hours	1,400	1,400	1,400
Average borrowing rate	5.59%	5.51%	5.51%
EPS (RMB)			
Non-curtailed wind utilisation +50hrs	0.1867	0.2530	0.2971
Wind curtailment rate +0.5ppt	0.1655	0.2280	0.2686
Solar utilisation hours +5%	0.1697	0.2331	0.2744
Average borrowing rate +25bps	0.1586	0.2204	0.2597
EPS change (RMB)			
Non-curtailed wind utilisation +50hrs	0.0172	0.0202	0.0231
Wind curtailment rate +0.5ppt	(0.0040)	(0.0047)	(0.0053)
Solar utilisation hours +5%	0.0002	0.0004	0.0004
Average borrowing rate +25bps	(0.0109)	(0.0124)	(0.0143)
EPS change (%)			
Non-curtailed wind utilisation +50hrs	10.1%	8.7%	8.4%
Wind curtailment rate +0.5ppt	-2.4%	-2.0%	-1.9%
Solar utilisation hours +5%	0.1%	0.2%	0.2%
Average borrowing rate +25bps	-6.4%	-5.3%	-5.2%

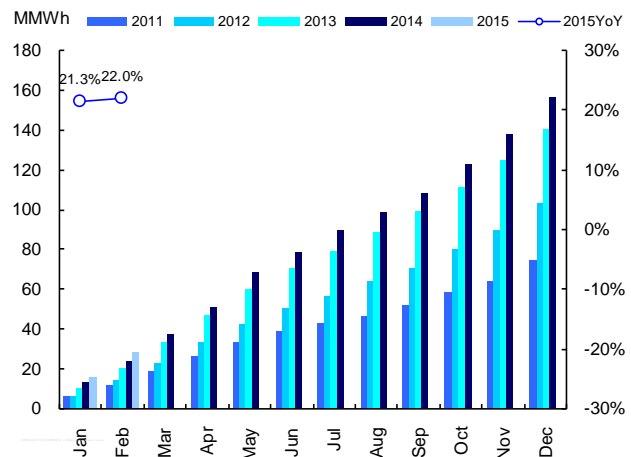
Source: Guotai Junan International.

Figure-1: China's wind utilisation hours recorded flat YoY for Jan.-Feb. 2015



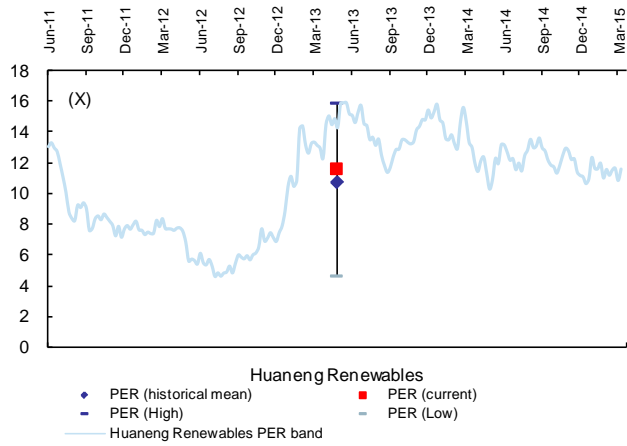
Source: National Energy Administration, Guotai Junan International.

Figure-2: China's wind power generation recorded relatively high growth in Jan.-Feb. 2015



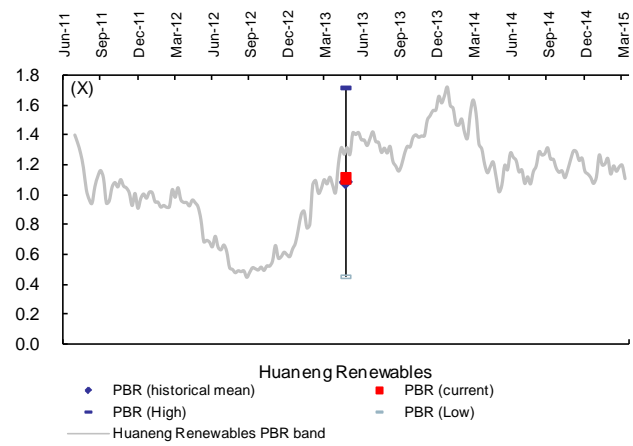
Source: National Energy Administration, Guotai Junan International.

Figure-3: Forward PER Curve of Huaneng Renewables



Source: Bloomberg, Guotai Junan International.

Figure-4: P/B Curve of Huaneng Renewables



Source: Bloomberg, Guotai Junan International.

Financial Statements and Ratios

Income Statement					
Year end Dec (RMB m)	2013A	2014A	2015F	2016F	2017F
Revenue	5,798	6,151	7,863	9,632	11,384
Other net income	79	168	75	72	68
Concession construction costs	(355)	(33)	0	0	0
D&A	(1,931)	(2,270)	(2,779)	(3,254)	(3,760)
Personnel costs	(205)	(260)	(337)	(408)	(482)
R&M	(91)	(86)	(113)	(152)	(189)
Administration expenses	(146)	(187)	(226)	(261)	(282)
Other operating expenses	(420)	(136)	(250)	(304)	(362)
Operating profit	2,727	3,346	4,231	5,325	6,376
Finance income	211	78	86	67	67
Finance expenses	(1,951)	(2,189)	(2,490)	(2,851)	(3,382)
Share of loss of a joint venture	(3)	(2)	(1)	0	2
Profit before taxation	984	1,232	1,827	2,541	3,063
Income tax	(67)	(86)	(131)	(213)	(315)
Profit after taxation	917	1,147	1,696	2,328	2,748
Non-controlling interests	29	26	47	64	83
Net Profit	888	1,121	1,649	2,264	2,665
EPS (RMB)	0.104	0.124	0.170	0.233	0.274
DPS (RMB)	0.020	0.020	0.034	0.047	0.055

Margin and Efficiency					
	2013A	2014A	2015F	2016F	2017F
EBITDA Margin (%)	80.3	91.3	89.1	89.1	89.1
Operating Margin (%)	47.0	54.4	53.8	55.3	56.0
Net Profit Margin (%)	15.3	18.2	21.0	23.5	23.4
Dividend Payout Ratio (%)	19.3	16.1	20.0	20.0	20.0
Inventory Days	17.1	55.6	25.0	30.0	30.0
Receivable Days	195.1	190.0	180.0	175.0	170.0

Growth (%)					
	2013A	2014A	2015F	2016F	2017F
Revenue	44.0	6.1	27.8	22.5	18.2
EBITDA	23.0	20.6	24.8	22.4	18.2
Operating Profit	25.5	22.7	26.5	25.9	19.7
Net Profit	59.1	26.3	47.1	37.3	17.7
Dividend	33.3	0.0	69.5	37.3	17.7

Valuation					
	2013A	2014A	2015F	2016F	2017F
PE (X)	20.3	17.2	12.7	9.3	7.9
EV/EBITDA (X)	10.7	10.8	9.9	9.3	8.7
EV/Sales (X)	8.6	9.8	8.8	8.3	7.7
P/BV (X)	1.4	1.3	1.2	1.1	1.0
ROE (%)	6.9	7.5	9.8	12.2	12.9
ROA (%)	1.6	1.7	2.1	2.5	2.6
ROIC (%)	6.1	5.8	6.0	6.2	6.4

Financial Ratios					
	2013A	2014A	2015F	2016F	2017F
Net Debt/Equity (X)	2.1	2.5	2.8	3.0	3.1
Current Ratio (X)	0.5	0.4	0.3	0.3	0.3
Dividend Yield (%)	0.9	0.9	1.6	2.2	2.5
Interest Coverage (X)	1.4	1.4	1.5	1.7	1.7

Balance Sheet					
Year end Dec (RMB m)	2013A	2014A	2015F	2016F	2017F
PP&E	45,599	57,873	71,320	81,904	91,992
Lease prepayments	138	157	193	222	251
Intangible assets	703	696	677	658	640
Investment in Asso. & JV	82	112	111	111	113
Other non-current assets	3,516	4,153	3,807	4,000	4,605
Deferred tax assets	6	5	4	3	3
Non-current assets	50,044	62,997	76,111	86,899	97,603
Inventories	4	13	8	12	16
Receivables	2,908	3,160	3,875	4,615	5,298
Prepayments and others	403	176	224	140	54
Tax recoverable	3	4	4	6	7
Restricted deposits	170	2	234	175	150
Cash & term deposits	6,265	7,786	5,589	5,678	6,091
Current assets	9,754	11,141	9,934	10,626	11,616
Total assets	59,798	74,138	86,045	97,526	109,219
Current borrowings	10,389	17,306	18,380	22,239	25,459
Finance leases obligations	386	434	502	535	565
Other payables	8,435	7,961	11,900	10,724	11,187
Tax payable	32	40	52	78	111
Current liabilities	19,242	25,741	30,835	33,576	37,321
Non-current borrowings	22,606	26,842	34,135	41,301	47,282
Finance leases obligations	1,883	2,769	1,020	535	0
Retention payables	1,086	1,634	1,416	1,514	1,776
Deferred income	265	248	258	260	259
Deferred tax liabilities	19	19	21	23	27
Non-current liabilities	25,859	31,512	36,850	43,634	49,344
Shareholders' equity	13,861	16,101	17,556	19,490	21,702
Non-controlling interests	836	784	805	827	851
Total liabilities and equity	59,798	74,138	86,045	97,526	109,219
BVPS (RMB)	1.535	1.655	1.805	2.003	2.231

Cash Flow Statement					
	2013A	2014A	2015F	2016F	2017F
PAT	917	1,147	1,696	2,328	2,748
Adjustments:					
D&A	1,931	2,242	2,779	3,254	3,760
Other adjustments	2,021	2,114	2,503	2,960	3,588
WC Change	1,116	(165)	(578)	(617)	(560)
Income tax paid	(68)	(79)	(118)	(185)	(279)
Cash flow of operating	5,918	5,258	6,283	7,740	9,257
Payments for Capex	(7,157)	(10,917)	(13,445)	(14,961)	(13,549)
Other CFI	504	553	(101)	1,135	215
Cash flow of investing	(6,653)	(10,364)	(13,546)	(13,826)	(13,334)
Issuance of shares	1,230	1,374	0	0	0
Net proceeds from borrowings	2,709	8,456	8,367	11,024	9,201
Dividends to shareholders	(127)	(181)	(195)	(330)	(453)
Interest paid	(1,850)	(2,269)	(2,620)	(3,024)	(3,599)
Finance lease payments	(503)	(480)	(507)	(535)	(565)
Other CFF	(95)	(33)	(27)	(41)	(56)
Cash flow of financing	1,364	6,867	5,019	7,095	4,529
Beginning cash and equivalents	3,768	4,318	6,059	3,771	4,736
Foreign exchange changes	(80)	(20)	(43)	(43)	(43)
Ending cash and equivalents	4,318	6,059	3,771	4,736	5,144

Source: the Company, Guotai Junan International.

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance >15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance >5%; or the fundamental outlook of the sector is favorable.
Neutral	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	Relative Performance <-5%; or the fundamental outlook of the sector is unfavorable.

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 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
 Tel.: (852) 2509-9118 Fax: (852) 2509-7793
 Website: www.gtja.com.hk