

23 March, 2015

买入  
维持

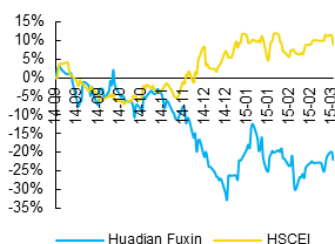
## 价值被低估

华电福新 (816:HK)

### Market Data: Mar,20

Closing Price (HK\$)	3.38
Price Target (HK\$)	4.61
HSCEI	12156
HSCCI	4457
52-week High/Low (HK\$)	4.94/3.08
Market Cap (Rmb Bn)	23.1
Market Cap (HK\$ Bn)	28.4
Shares Outstanding (Mn)	8408
Exchange Rate (RMB-HK\$)	1.23

### Price Performance Chart:



Source: Bloomberg

### Analyst

Vincent Yu

A0230513070005

BAM599

### Contact

Vincent Yu

yuwj@swsresearch.com

(+86) 21 23297818x7301

### Related Reports

"HUADIAN FUXIN ENERGY CORP  
(816:HK) Flux capacity" Mar 9,2015

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### Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (Rmbm)	13,242	13,895	15,548	16,749	18,708
YOY (%)	16.66	4.93	11.89	7.73	11.70
Net income (Rmbm)	1468	1867	2634	3385	4405
YOY (%)	34.29	27.20	41.09	28.47	30.16
EPS (Rmb)	0.19	0.23	0.31	0.40	0.52
Diluted EPS (Rmb)	0.19	0.23	0.31	0.40	0.52
ROE (%)	12.91	13.69	15.93	17.29	19.28
Debt/asset (%)	79.74	79.45	77.82	76.68	74.02
Dividend yield (%)	1.40	1.60	2.30	2.96	3.85
PE (x)	14.1	11.6	8.7	6.8	5.2
PB (x)	1.5	1.2	1.1	1.0	0.8
EV/Ebitda (x)	9.6	9.6	9.2	8.3	7.4

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

### 投资要点:

**电力销售收入和利润超预期。**华电福新 2014 年实现总收入 138.95 亿人民币，同比增速为 4.9%，比我们的预计 140.76 亿人民币少-1.3%。电力销售是公司主营收入，同比增长 7%，比我们预计的 6%高，这意味收入未达预期的部分仅来自于一些服务和其他收入的占比下降，从 2013 年的 5%下降到 14 年的 2.5%。华电福新 2014 年股东应占净利为 18.67 亿人民币，同比增长 27.2%，比我们预计的 17.66 亿人民币高 6%。利润超预期的主要原因是较低的煤炭成本以及高于预期的营业效率。

**产能结构转移，风能领跑，核能业务被低估。**2014 年风电新装机 1.4GW，风电装机总量首次超过公司燃煤装机量。风电板块还有 1.7GW 正在建设和 2.8GW 的批准储量。根据我们保守预估，2015 年新增 1.4GW 风电，风电自 2015 年启将占 40% 以上的权益装机容量，而煤炭在 2014 到 2016 年间权益装机占比将从 32%下降至 24%左右。核电装机占权益装机比率预计将在两年内从 3%左右上升至 8%左右。根据现在 284 亿人民币的市值来计算（14 年 11.6x 市盈率水平），市场几乎没有给公司 15 年的核电业务利润留有任何价值。

**维持保守利用率预测。**福建省 2014 年实现了 GDP 9.9%的增速，电力消费同比增长 9.1%，位华东区第一。14 年燃煤利用小时数为 5018，与我们预期基本一致。虽然我们不相信短期内燃煤利用率会显著下降，但为反映市场对福建产能过剩和燃煤行业的普遍担忧，我们维持保守预估，15 年燃煤利用小时数同比下降 5%，核电第一年利用小时下调至 6000，且包含市场预计的 20 元/千瓦时的燃煤上网电价削减。

**维持买入评级。**基于 14 年的煤炭成本和较高的运营效率，我们将股东应占净利从 23.32 亿人民币升至 26.34 亿人民币（同比上升 41%），16 年从 32.21 亿人民币升至 33.85 亿人民币（同比上升 28%），并引入 17 年预测为 44.05 亿人民币（同比上升 30%）。EPS15 年从 0.28 元提高到 0.31 元，16 年从 0.38 元升至 0.40 元，17 年为 0.52 元。我们加总分部法给出 5.17 港币的估值，基于 8x PE 燃煤业务，12x PE 的水电业务，18x PE 的核电业务和 15x PE 的其他可再生能源业务。但由于市场情绪对福建产能过剩和煤炭长期发展受阻的担心，我们维持目标价 4.61 港元，相当于 15E 11.9x 市盈率水平或 15E 1.53x 市净率水平。股价有 36%的上涨空间，我们维持买入评级。

### Investment Highlights:

**Sales of electricity and profit beat.** Fuxin reported 2014 revenue of Rmb13.9bn, up 4.9% YoY, vs our forecast of Rmb14.08bn. Sales of electricity rose 7% YoY, higher than our 6% YoY expectation, while service concession construction revenue contribution fell from 5% of total revenue in 2013 to 2.5% in 2014. Net profit reached Rmb1.87bn, up 27.2% YoY (vs our forecast of Rmb1.77bn), largely due to lower coal fuel cost and better-than-expected operating margin.

**Capacity mix shifting to focus on wind.** With newly installed wind capacity of 1.4GW in 2014, Fuxin capacity is now dominated by wind rather than of coal for the first time. Fuxin still has 1.7GW of wind capacity under construction and 2.8GW approved for construction. Under our conservative forecast of 1.4GW in new wind capacity installation in 15E, we expect wind to account for more than 40% of attributable capacity in 2015, while coal-fired power will fall from c.32% to c.24% from 2014 to 16E. Nuclear is projected to rise from c.3% to c.8% in the total capacity mix. Under current market cap of HK\$28.4bn, 11.6x 2014 PE, there nearly no valuation left for 15E nuclear segment.

**Remain conservative on utilisation.** Fujian Province achieved 9.9% YoY GDP growth and 9.1% YoY growth in electricity consumption over the previous year, representing the fastest rate of growth among the eastern seaboard provinces. Coal-fired utilisation hours reached 5,018 in 2014, in line with our estimate. We maintain our conservative forecast of 5% YoY decline in coal-fired utilisation hours in 15E although we note the still-heavy reliance on coal power, and forecast nuclear utilisation of 6,000 hours in its first full year of operation. We also factor in a Rmb20/MWh cut in coal-fired tariff, in line with consensus expectation.

**Maintain BUY.** We upgrade our earnings forecasts from Rmb2.33bn to Rmb2.63bn (+41% YoY) in 15E, and from Rmb3.22bn to Rmb3.39bn (+28% YoY) in 16E, and forecast EPS of Rmb4.41bn (+30% YoY) in 17E. Accordingly, we raise our EPS forecasts from Rmb0.28 to Rmb0.31 in 15E, from Rmb0.38 to Rmb0.40 in 16E and forecast EPS of Rmb0.52 in 17E. We note persistent market concerns around the supply-demand situation in the company's home province of Fujian and long-term prospects for the coal-fired power segment, although we believe these are overstated in Fuxin's case, as we argued in our initiation report published 09 March, 2015. We therefore maintain our target price at HK\$4.61, representing 11.9x 15E PE or 1.53x 15E PB. With 36% upside, we maintain BUY rating.

## APPENDIX

### Consolidated Income Statement

Rmbm	2013	2014	2015E	2016E	2017E
<b>Revenue</b>	13,242	13,895	15,548	16,749	18,708
<b>Cost of Sales</b>	4,502	4,272	3,993	3,594	3,594
<b>Gross Profit</b>	8,740	9,623	11,555	13,155	15,115
<b>Other Income</b>	61	237	70	70	70
Repairs and maintenance	440	426	498	566	627
Administrative expenses	415	405	474	539	597
<b>EBITDA</b>	6,667	7,692	9,376	11,242	13,071
<b>EBIT</b>	4,492	5,025	6,434	7,866	9,334
<b>Finance Costs</b>	2,305	2,344	2,699	3,234	3,353
<b>Profit before tax</b>	2,187	2,681	3,736	4,632	5,981
Income tax expense	482	534	710	834	1,017
Minority interests	233	280	391	414	558
<b>Profit for the year</b>	1,468	1,867	2,634	3,385	4,405

Source: SWS Research

### Consolidated Cash Flow Statement

Rmbm	2013	2014	2015E	2016E	2017E
<b>Profit before taxation</b>	2,187	2,681	3,736	4,632	5,981
Plus : Depr. and amortisation	2,175	2,667	2,942	3,376	3,737
Finance cost	2,021	2,670	2,675	3,210	3,329
Losses from investments	-72	-84	-382	-1,003	-1,190
Change in working capital	551	3,067	-6,066	-1,054	-624
Others	-240	-351	-710	-834	-1,017
<b>CF from operating activities</b>	6,622	10,650	2,195	8,328	10,216
CAPEX	-8,753	-14,427	-12,750	-11,071	-9,245
Other CF from investing activities	196	-1,087	171	130	152
<b>CF from investing activities</b>	-8,557	-15,514	-12,579	-10,941	-9,093
Equity financing	68	2,262	0	0	0
Net change in liabilities	3,564	9,830	8,781	7,016	1,914
Dividend and interest paid	-2,593	-3,085	-3,192	-3,867	-4,158
Other CF from financing activities	100	0	0	0	0
<b>CF from financing activities</b>	1,139	9,007	5,589	3,149	-2,244
<b>Net cash flow</b>	-796	4,143	-4,795	536	-1,121

Source : SWS Research

### Consolidated Balance Sheet

Rmbm	2013	2014	2015E	2016E	2017E
<b>Current Assets</b>	6,970	9,749	7,757	8,573	8,024
Bank balances and cash	1,769	3,291	946	1,482	361
Trade and other receivables	3,049	3,492	3,798	4,046	4,589
Inventories	412	427	473	505	534
Other current assets	1,741	2,540	2,540	2,540	2,540

Long-term investment	4,058	4,433	4,822	5,824	7,015
PP&E	52,265	66,074	73,484	81,190	86,705
Intangible and other assets	4,383	5,679	5,644	5,632	5,626
<b>Total Assets</b>	<b>67,676</b>	<b>85,935</b>	<b>91,706</b>	<b>101,220</b>	<b>107,370</b>
Current Liabilities	21,816	26,579	25,188	26,592	26,980
Borrowings	11,617	11,997	16,311	18,489	18,928
Trade and other payables	9,826	14,161	8,448	7,674	7,623
Other current liabilities	373	421	429	429	429
Long-term liabilities	32,149	41,698	46,180	51,019	52,494
<b>Total Liabilities</b>	<b>53,966</b>	<b>68,277</b>	<b>71,368</b>	<b>77,611</b>	<b>79,474</b>
Minority Interests	2,500	2,646	3,037	3,451	4,009
Shareholder Equity	11,211	15,013	17,301	20,159	23,887
Share Capital	7,623	8,408	8,408	8,408	8,408
Reserves	3,588	6,605	8,893	11,751	15,479
Equity attributable	11,211	15,013	17,301	20,159	23,887
<b>Total Liabilities and equity</b>	<b>67,676</b>	<b>85,935</b>	<b>91,706</b>	<b>101,220</b>	<b>107,370</b>

Source: SWS Research

### Key Financial Ratios

	2013	2014	2015E	2016E	2017E
<b>Ratios per share (RMB)</b>					
Earnings per share	0.19	0.23	0.31	0.40	0.52
Diluted earnings per share	0.19	0.23	0.31	0.40	0.52
Operating CF per share	0.87	1.34	0.26	0.99	1.22
Dividend per share	0.04	0.04	0.06	0.08	0.10
Net assets per share	1.80	2.22	2.42	2.81	3.32
<b>Key Operating Ratios(%)</b>					
ROIC	6.48	6.34	6.86	7.43	8.15
ROE	12.91	13.69	15.93	17.29	19.28
Gross profit margin	41.75	42.30	47.30	49.87	52.39
EBITDA Margin	50.35	55.36	60.31	67.12	69.87
EBIT Margin	33.92	36.16	41.38	46.96	49.89
Growth rate of Revenue(YoY)	16.66	4.93	11.89	7.73	11.70
Growth rate of Profit(YoY)	34.29	27.20	41.09	28.47	30.16
Debt-to-asset ratio	79.74	79.45	77.82	76.68	74.02
Turnover rate of net assets	0.5	0.4	0.4	0.4	0.4
Turnover rate of total assets	0.1	0.1	0.1	0.1	0.1
Effective tax rate (%)	22.15	20.00	19.00	18.00	17.00
Dividend yield (%)	1.40	1.60	2.30	2.96	3.85
<b>Valuation Ratios (X)</b>					
P/E	14.1	11.6	8.7	6.8	5.2
P/B	1.5	1.2	1.1	1.0	0.8
EV/Sale	4.9	5.3	5.6	5.6	5.2
EV/EBITDA	9.6	9.6	9.2	8.3	7.4

Source: SWS Research

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