

26 March 2015

Hold
Unchanged

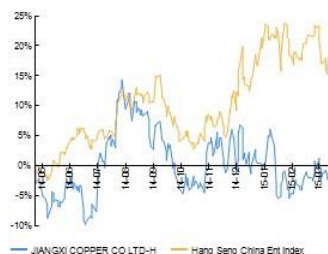
利润疲弱

江西铜业 H (358:HK)

Market Data: Mar 25

Closing Price (HK\$)	13.56
Price Target (HK\$)	13.2
HSCEI	11,969
HSCCI	4,525
52-week High/Low (HK\$)	15.20/11.90
Market Cap (USD Mn)	5,794
Market Cap (HK\$ Mn)	44,946
Shares Outstanding (Mn)	3,463
Exchange Rate (RMB-HK\$)	1.26

Price Performance Chart:



Source: Bloomberg

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Related Reports

"Jiangxi Copper (358HK) - Rise and fall" Oct 29,2014

Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (Rmbm)	175,890.19	198,833	209,783	206,084	203,491
YOY (%)	10.93	13.23	5.50	(1.23)	(1.25)
Net income (Rmbm)	3,523.84	2,851	2,164	2,189	1,976
YOY (%)	(31.99)	(20.52)	(24.09)	1.15	(9.73)
EPS (Rmb)	1.02	0.82	0.63	0.63	0.57
Diluted EPS (Rmb)	1.02	0.82	0.63	0.63	0.57
ROE (%)	8.16	6.32	4.43	4.43	4.23
Debt/asset (%)	48.56	50.02	52.32	53.21	53.22
Dividend Yield (%)	1.69	1.39	1.05	1.17	1.17
PE (x)	10.72	13.42	17.62	17.42	19.32
PB (x)	0.84	0.82	0.80	0.79	0.78
EV/Ebitda (x)	4.44	4.55	7.18	7.29	8.29

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:

利润下滑。集团销售增加 13%至 1988 亿人民币，主要由于产量以及贸易板块业务量上涨所致。净利润下滑 20%至 28.5 亿元。净利润低于我们之前预期 5%。四季度利润为 5.23 亿人民币，环比下滑 54%，主要由于四季度铜价下滑明显。

铜价下跌持续。SHFE 三月铜价 2014 年均价 48,184 元/吨，同比下滑 9%。金价均价去年下滑 11%。江西铜业总体毛利率从 4.2%降至 3.3%。

产量小幅上涨。阴极铜总产量上涨 6.36%至 120 万吨。铜加工产品增加 3.4%至 86 万吨。黄金产量增加 2.36%至 26 吨。其中自产铜产量为 21 万吨。

维持中性。我们下调公司 2015 年盈利预测，最新的预测为 0.63/0.63/0.59 人民币对应 2015/16/17 年。公司目前股价反应 17.6x15 年 PE，我们认为上行空间有限，维持中性评级，目标价 13.2 元港币。

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Declining profit as margin shrinks. Jiangxi Copper reported 2014 sales increased 13% YoY to Rmb198bn, but a decline in net profit of 20% YoY to Rmb2.85bn, 5% below our forecast. Of this, 4Q14 net profit was Rmb523m, down 54% QoQ, largely due to a decline in copper prices.

Cheap copper. The average three-month copper price on the Shanghai Futures Exchange (SHFE) is Rmb48,184/t (-9% YoY). The average gold price on the Shanghai Gold Exchange decreased 11% YoY to Rmb249.12/g in 2014. Jiangxi Copper's overall gross margin declined from 4.2% in 2013 to 3.3% in 2014.

Increasing volume of sales. Copper cathodes production improved 6.36% YoY to 1.2mt. Copper processing product increased 3.4% YoY to 0.86mt. Gold production increased to 2.36% YoY to 26t. Own-mined copper production remained at 210,000t.

Maintain Hold. To factor in the lower price of the company's products, we revise down our earnings forecast from Rmb0.80 to Rmb0.63 in 15E, raise our forecast from Rmb0.58 to Rmb0.63 in 16E, and forecast EPS of Rmb0.59 in 17E. The company's stock is currently trading at 17.6x 15E PE. We maintain our target price of HK\$13.2. With 2.7% downside, we maintain our Hold recommendation for Jiangxi Copper.

APPENDIX

Table 1: Consolidated Income Statement

(Rmbm)	2013	2014	2015E	2016E	2017E
Revenue	175,890	198,833	209,783	206,084	203,491
CostofSales	168,423	192,225	204,433	200,726	198,404
GrossProfit	7,467	6,609	5,349	5,358	5,087
OtherIncome	(281)	(357)	(200)	(200)	(200)
SGAExpenses	1744.00	2248.00	2393.00	2316.00	2156.00
EBITDA	6,488	5,653	4,835	5,043	2,990
EBIT	5,219	4,215	3,234	3,276	2,990
FinanceCosts	157	(6)	121	131	131
ProfitBeforeTax	5,219	4,215	3,234	3,276	2,990
IncomeTaxExpense	5,219	4,215	3,234	3,276	2,990
MinorityInterests	77	(1)	20	20	18
ProfitfortheYear	3,565	2,851	2,164	2,189	1,976

Source: SWS Research

Table 2: Consolidated Cash Flow Statement

(Rmbm)	2013	2014	2015E	2016E	2017E
ProfitBeforeTaxation	4,780	3,864	2,913	2,945	2,659
DeprAndAmortisation	1,269	1,437	1,601	1,767	1,896
FinanceCost	816	1,238	1,027	682	318
LossesFromInvestments	0	0	0	0	0
ChangeInWorkingCapital	(9,314)	(2,925)	15,843	738	329
Others	(1,137)	(131)	(131)	(131)	(65)
CFFFromOperatingActivities	(4,724)	2,469	20,525	5,265	4,472
CAPEX	2,395	2,465	2,557	2,554	2,493
OtherCFFFromInvestingActivities	(1,233)	(1,121)	(8,154)	0	0
CFFFromInvestingActivities	(3,628)	(3,586)	(10,711)	(2,554)	(2,493)
EquityFinancing	77	(1)	20	20	18
NetChangeInLiabilities	9,533	2,512	(8,540)	(1,318)	(974)
DividendAndInterstPaid	(1,257)	(1,394)	(1,294)	(1,414)	(1,024)
OtherCFFFromFinancingActivities	0	0	0	0	0
CFFFromFinancingActivities	8,352	1,117	(9,814)	(2,711)	(1,980)
NetCashFlow	0	0	0	0	0
FCFF	(1,570)	4,178	22,507	7,599	7,043
FCFE	7,147	5,453	12,940	5,600	5,751

Source: SWS Research

Table 3: Consolidated Balance Sheet

(Rmbm)	2013	2014	2015E	2016E	2017E
CurrentAssets	60,755	64,687	39,664	38,456	37,926
BankBalancesAndCash	23,992	9,638	9,638	9,638	9,638
TradeAndOtherReceivables	8,254	19,883	8,978	8,608	8,349
Inventories	22,135	25,271	11,152	10,315	10,044
OtherCurrentAssets	2,361	2,361	2,361	2,361	2,361
LongTermInvestment	5,481	3,874	7,951	7,951	7,951
PPE	18,266	17,658	18,537	19,342	19,983
IntangibleAndOtherAssets	1,357	1,176	1,139	1,105	1,105
TotalAssets	88,767	92,434	72,545	72,454	72,674
CurrentLiabilities	36,299	33,151	15,431	13,644	12,469
Borrowings	10,628	13,041	4,500	3,183	2,209
TradeAndOtherPayables	13,735	16,240	7,060	6,590	6,390
OtherCurrentLiabilities	3,196	3,196	3,196	3,196	3,196
LongTermLiabilities	6,302	6,398	6,241	6,241	6,241
TotalLiabilities	43,127	39,549	21,672	19,885	18,710
MinorityInterests	741	766	806	847	884
ShareholderEquity	44,311	50,174	52,182	54,103	55,346
ShareCapital	3,463	3,463	3,463	3,463	3,463
Reserves	25,075	25,000	25,502	26,977	27,934
EquityAttributable	15,773	21,711	23,217	23,663	23,949
TotalLiabilitiesAndEquity	88,767	92,434	72,545	72,454	72,674

Source: SWS Research

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

Outperform: Share price performance is expected to generate between 10-20% upside over a 12-month period.

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

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