

30 March 2015

Underperform
Unchanged

业绩不及预期 维持减持评级

比亚迪 (1211:HK)

Market Data: Mar, 27

Closing Price (HK\$)	36.80
Price Target (HK\$)	30.1
HSCEI	11,898
HSCCI	4,547
52-week High/Low (HK\$)	57.80/18.70
Market Cap (US\$m)	11,757
Market Cap (HK\$m)	91,117
Shares Outstanding (m)	2,476
Exchange Rate (Rmb-HK\$)	1.26

Price Performance Chart:



Source: Bloomberg

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Running out of power" Feb 25, 2014

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Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (Rmbm)	49,768	55,366	63,834	74,487	88,871
YoY (%)	12.14	11.25	15.29	16.69	19.31
Net income (Rmbm)	776	740	1,321	1,607	1,836
YoY (%)	264.44	(4.64)	78.56	21.63	14.29
EPS (Rmb)	0.23	0.18	0.33	0.40	0.46
Diluted EPS (Rmb)	0.23	0.18	0.33	0.40	0.46
ROE (%)	3.12	2.56	4.34	4.98	5.35
Debt/asset (%)	68.14	69.26	69.60	70.14	71.20
Dividend Yield (%)	-	-	-	-	-
PE (x)	124.32	158.59	88.82	73.03	63.89
PB (x)	2.77	2.38	2.26	2.13	2.00
EV/Ebitda (x)	18.32	15.35	13.22	26.71	24.51

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

业绩低于预期。比亚迪公布 2014 财年数据。总收入同比增长 11.3%，约人民币 554 亿元；净利润同比下滑 4.6%，约人民币 7.4 亿元。由于少数股东权益的增加（同比增长 37.5%），归属母公司的净利润同比下滑 21.6%，约人民币 4.3 亿元。全年每股净利润为人民币 0.18 元，比我们预测的人民币 0.36 元低 50%。

基本面不佳。2014 年，公司汽车业务占了总收入的 48%，约人民币 263 亿元（同比增长 3.9%）；手机配件组装业务占了总收入的 43%，约人民币 241 亿元（同比增长 23.9%）；充电电池业务占了总收入的 9%，约人民币 50 亿元（同比下滑 0.8%）。营业利润同比增长 26%，约人民币 24 亿元。然而，在不考虑政府补贴（同比增长 17.9%，约人民币 8 亿元）以及一次性资产收购和金融投资收益外，营业利润下滑 14%，约人民币 8 亿元。毛利率与去年相比扩大 0.7 个百分点，至 13.8%。扣除政府补贴和一次性收益后的营业利润率从 2013 年的 2% 收窄至 2014 年的 1.5%。我们认为，这主要是由于研发费用的增加（同比增长 46%）所致。

中国新能源汽车行业的领军者。尽管业绩下滑，但比亚迪仍是目前国内新能源汽车市场的领军者，其新能源汽车销量约占国内总销量的 28%。2014 年，比亚迪新能源汽车销量实现 9 倍增长；新能源汽车收入实现 6 倍增长，占了公司汽车整体收入的 28%，约人民币 73 亿元。此外，政府在新能源汽车发展规划中披露，2020 年我国新能源汽车销量目标为 500 万辆（2014-2020 年年化复合增长率为 101%）。在政府的持续政策红利推动下，我们认为新能源汽车将继续保持强劲的销量增长势头。

坡度下滑式的新能源汽车补贴政策。2014 年 12 月底，财政部、科技部、工信部和国家发改委联合发布了 2016-2020 年新能源汽车补贴政策征求意见稿。根据最新提出的方案，2017 年纯电动汽车和插电式混合动力汽车补助标准将在 2016 年基础上下降 10%，2019 年补助标准将在 2017 年基础上再下降 10%。根据我们的测算，此次方案表明政府补贴下滑的幅度将从 2013-2015 年的 5% 下降至当前的 4%。我们认为，虽然此次补贴政策超出市场预期，但受限于电池开发高企的研发费用，以及由于目前充电设施普及率较低造成的需求面不景气，新能源汽车制造商的盈利情况依然令人担忧。

维持减持评级。在政府持续的政策红利推动下，我们看好比亚迪长期的业务发展前景。但鉴于目前公司盈利能力较低，我们把 2015 年每股盈利预测从人民币 0.51 元下调 35% 至人民币 0.33 元（同比增长 79%）；并预测 2016 年每股盈利预测为人民币 0.40 元（同比增长 22%），2017 年每股盈利预测为人民币 0.46 元（同比增长 14%）。比亚迪目前对应 89/73/64 倍 2015/16/17 年市盈率。我们把目标价从港币 31.5 元下调至港币 30.1 元。鉴于 18% 的下跌空间，我们维持减持评级。

Investment Highlights

Results missed. BYD revenue grew 11.3% YoY to Rmb55.4bn in 2014, while net profit dropped -4.6% YoY to Rmb739.9m. Due to a 37.5% YoY increase in minority interest, net profit attributable to the company's shareholders tumbled 21.6% YoY to Rmb433.5m, bringing full-year EPS to Rmb0.18, 50% below our forecast of Rmb0.36.

Weak fundamentals in 2014. BYD has a diversified revenue mix, with its auto business generating 48% of total revenue at Rmb26.3bn (+3.9% YoY), mobile handset and assembly business accounting for 43% of total revenue at Rmb24.1bn (+23.9% YoY) and rechargeable batteries and photovoltaic business contributing 9% of the total at Rmb5.0bn (-0.8% YoY) in 2014. Operating profit improved by +26% YoY to Rmb2.4bn. However, stripping out government grants and subsidies of Rmb798.4m (+17.9% YoY) and other one-off gains from disposal of assets and financial investment income, operating profit fell 14% YoY to Rmb834m in 2014. Gross margin expanded 0.7ppts YoY to 13.8%, while normalised operating margin narrowed from c.2% in 2013 to c.1.5% in 2014, dampened by higher R&D expenses (+46% YoY).

A leader in China's new-energy vehicle market. Despite the low profitability, BYD maintained its leading position (c.28% market share) in the domestic new-energy vehicle market by sales volume. Total new-energy vehicles sold by BYD achieved a 9x YoY growth in 2014 (vs +324% YoY increase in the market), which translated to a six-fold YoY revenue growth and contributed to 28% of total auto revenue at Rmb7.3bn. We believe the strong sales growth momentum may likely continue in future, given the government's ambitious sales target of 5m units of fuel-efficient vehicles by 2020 (c.101% Cagr during 2014-20E).

Supportive policy vs diminishing subsidy. In late December 2014, the Ministry of Finance (MoF), Ministry of Science and Technology (MoST), Ministry of Industry and Information Technology (MIIT) and National Development and Reform Committee (NDRC) jointly issued a preliminary subsidy policy for new-energy vehicles in 2016-20. According to the latest proposal, both EVs and PHEVs are subject to a 10% subsidy cut in 2017 and another 10% cut in 2019, which implies a more moderate annual subsidy phasing-out rate of c.4% (vs c.5% during 2013-15). Although the subsidy reduction surprised the market to the upside, we are still concerned on the profitability of new-energy car makers, given larger R&D expenses on batteries and smaller demand due to low penetration of charging infrastructure facilities.

Maintain Underperform. We believe BYD's long-term growth trajectory remains intact, backed by the government's strong determination to boost the industry's rapid development. However, given its currently low earnings visibility, we remain cautious on the stock. We revise down our EPS forecast by 35% from Rmb0.51 to Rmb0.33 (+79% YoY) in 15E. We forecast EPS of Rmb0.40 in 16E (+22% YoY) and Rmb0.46 in 17E (+14% YoY). BYD is trading at 89x 15E PE, 73x 16E PE and 64x 17E PE. We revise down our target price from HK\$31.5 to HK\$30.1. With 18% downside, we maintain our Underperform rating on the stock.

APPENDIX

Table 1: Consolidated Income Statement

Rmbm	2013	2014	2015E	2016E	2017E
Revenue	49,768	55,366	63,834	74,487	88,871
Cost of Sales	(43,252)	(47,743)	(54,419)	(63,240)	(75,336)
Gross Profit	6,516	7,623	9,416	11,248	13,535
Other Income	456	923	958	745	489
Distribution expenses	(2,012)	(2,229)	(2,553)	(2,979)	(3,555)
Administrative expenses	(2,074)	(2,601)	(3,064)	(3,575)	(4,266)
Ebitda	5,107	6,097	7,080	3,503	3,819
Ebit	1,898	2,393	3,123	3,503	3,819
Finance Costs	(1,017)	(1,397)	(1,425)	(1,453)	(1,482)
Profit before tax	832	874	1,563	1,902	2,173
Income tax expense	(56)	(134)	(242)	(295)	(337)
Profit for the year	776	740	1,321	1,607	1,836
Minority interests	223	306	547	665	760
Equity holders of the parent	553	434	774	942	1,076

Source: SWS Research

Table 2: Consolidated Cash Flow Statement

Rmbm	2013	2014	2015E	2016E	2017E
Profit before taxation	832	874	1,563	1,902	2,173
Plus : Depr. and amortisation	3,209	3,704	3,957	4,330	4,774
Finance cost	1,017	1,397	1,425	1,453	1,482
Change in working capital	(932)	(7,997)	576	(1,010)	(1,256)
Others	(18)	(81)	(172)	(203)	(221)
CF from operating activities	2,436	38	7,349	6,471	6,953
Capex	(488)	(2,232)	(3,192)	(3,724)	(4,444)
Other CF from investing activities	(5,364)	(5,668)	-	-	-
CF from investing activities	(5,851)	(7,901)	(3,192)	(3,724)	(4,444)
Net change in liabilities	6,195	5,328	(410)	(334)	(260)
Dividend and interest paid	(1,017)	(1,397)	(1,425)	(1,453)	(1,482)
Other CF from financing activities	(670)	3,340	-	-	-
CF from financing activities	4,508	7,271	(1,834)	(1,788)	(1,742)
Net change of cash flow	1,093	(592)	2,323	959	767

Source: SWS Research

Table 3: Consolidated Balance Sheet

Rmbm	2013	2014	2015E	2016E	2017E
Current Assets	29,966	40,834	45,873	52,290	60,309
Bank balances and cash	4,511	3,950	6,273	7,233	8,000
Trade and other receivables	13,135	22,435	25,032	29,048	34,305
Inventories	8,221	9,978	10,216	11,766	13,858
Other current assets	8,610	8,421	10,625	11,476	12,146
Long-term investments	1,128	1,764	1,587	1,429	1,286
PP&E	34,147	36,379	39,571	43,296	47,739
Intangible and other assets	12,774	15,031	13,052	11,011	9,943
Total Assets	78,015	94,009	100,084	108,026	119,277
Current Liabilities	43,344	53,022	56,798	62,065	70,298
Borrowings	16,172	19,173	18,214	17,303	16,438
Trade and other payables	22,293	25,851	29,116	33,533	39,494
Other current liabilities	4,879	7,998	9,468	11,228	14,365
Long-term liabilities	9,815	12,092	12,863	13,706	14,631
Total Liabilities	53,158	65,114	69,661	75,771	84,929
Share Capital	2,354	2,476	2,476	2,476	2,476
Reserves	19,238	22,890	24,211	25,818	27,654
Minority interests	3,147	3,529	3,736	3,961	4,218
Total Liabilities and equity	78,015	94,009	100,084	108,026	119,277

Source: SWS Research

Table 4: Key Financial Ratios

	2013	2014	2015E	2016E	2017E
Ratios per share (Rmb)					
Earnings per share	0.23	0.18	0.33	0.40	0.46
Operating CF per share	1.03	0.02	3.12	2.75	2.95
Dividend per share	-	-	-	-	-
Net assets per share	10.56	12.27	12.92	13.70	14.59
Key Operating Ratios (%)					
ROE	3.12	2.56	4.34	4.98	5.35
Gross profit margin	13.09	13.77	14.75	15.10	15.23
Ebitda Margin	10.26	11.01	11.09	4.70	4.30
Ebit Margin	3.81	4.32	4.89	4.70	4.30
Growth rate of Revenue (YoY)	12.14	11.25	15.29	16.69	19.31
Growth rate of Profit (YoY)	264.44	(4.64)	78.56	21.63	14.29
Debt-to-asset ratio	68.14	69.26	69.60	70.14	71.20
Turnover rate of net assets	2.00	1.92	2.10	2.31	2.59
Turnover rate of total assets	0.64	0.59	0.64	0.69	0.75
Effective tax rate (%)	(6.76)	(15.34)	(15.50)	(15.50)	(15.50)
Dividend yield (%)	-	-	-	-	-

Source: SWS Research

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