

## Beijing Enterprises Water

Yieldco listing possible in 2015. Maintain OW

BEW is studying a potential listing of some of its water projects in a yieldco that could raise US\$300MM-500MM at <5% yield. We believe this would be a good way for BEW to lower gearing for more growth without diluting the existing share base. Stay OW on BEW.

- **Yieldco listing in the works.** BEW management said they are actively studying the possibility of spinning off some of their water projects in a yieldco. It may raise US\$300MM-500MM from the first batch of projects at a yield of <5%. This would imply ~10% of BEW's total projects and market cap, and could help it lower net gearing to 85% from 110%, on our estimates.
- **Disposal of under-performing assets:** BEW disposed of 12 sewage/water projects with 700k tons/day of treatment capacity because returns were not satisfactory. Because of this disposal, net capacity growth in 2014 was 3.4MM tons. Total capacity was 20MM tons as of end-2014, up 21% yoy, but slightly lower than our estimate of 21MM tons. BEW aims to add 3MM tons/day of treatment capacity in 2015E.
- **M&A of industrial water cos possible.** BEW is looking to grow into industrial wastewater treatment, possibly via acquisitions of existing treatment operators or membrane companies.
- **Recurring earnings in line.** BEW net profit rose by 65% to HK\$1.8B, partly due to some one-off gains. Stripping off those and stock option expense, BEW recurring earnings were largely in line with our estimates. DPS payout was kept at 38%, in line with our estimates.
- **Maintain OW.** We maintain our OW on BEW with a PT of HK\$6.6 ahead of: 1) potential spinoff of its water projects in a yieldco listing; and 2) privatization of water projects via PPP (public-private partnerships), which will be a key theme in the water space in 2015, in our view.

### Overweight

0371.HK, 371 HK

Price: HK\$5.10

Price Target: HK\$6.60

#### China

#### Utilities

Elaine Wu <sup>AC</sup>

(852) 2800-8575

elaine.wu@jpmorgan.com

Bloomberg JPMA EWU <GO>

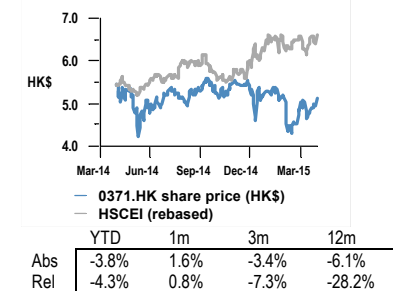
#### Boris Kan

(852) 2800-8573

boris.cw.kan@jpmorgan.com

J.P. Morgan Securities (Asia Pacific) Limited

#### Price Performance



#### Beijing Enterprises Water (Reuters: 0371.HK, Bloomberg: 371 HK)

HK\$ in mn, year-end Dec	FY12A	FY13A	FY14E	FY15E	FY16E
Revenue (HK\$ mn)	3,727	6,406	8,642	11,214	13,542
Net Profit (HK\$ mn)	750	1,084	1,711	2,391	2,959
EPS (HK\$)	0.11	0.14	0.20	0.27	0.34
DPS (HK\$)	0.04	0.05	0.08	0.11	0.13
Revenue growth (%)	40.4%	71.9%	34.9%	29.8%	20.8%
EPS growth (%)	21.5%	28.7%	42.8%	37.6%	23.8%
ROCE	6.3%	6.3%	8.2%	9.6%	10.1%
ROE	9.1%	10.0%	12.4%	15.9%	17.7%
P/E (x)	47.0	36.5	25.5	18.6	15.0
P/BV (x)	4.2	3.0	3.0	2.8	2.5
EV/EBITDA (x)	32.1	23.8	16.4	13.8	12.1
Dividend Yield	0.8%	1.0%	1.5%	2.1%	2.6%

Source: Company data, Bloomberg, J.P. Morgan estimates.

Company Data	
Shares O/S (mn)	8,705
Market Cap (HK\$ mn)	44,395
Market Cap (\$ mn)	5,726
Price (HK\$)	5.10
Date Of Price	30 Mar 15
Free Float(%)	43.0%
3M - Avg daily vol (mn)	23.60
3M - Avg daily val (HK\$ mn)	112.58
3M - Avg daily val (\$ mn)	14.5
HSCEI	1,1898.09
Exchange Rate	7.75
Price Target End Date	30-Jun-15

See page 10 for analyst certification and important disclosures, including non-US analyst disclosures.

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Key catalysts for the stock price:	Upside risks to our view:	Downside risks to our view:
<ul style="list-style-type: none"> <li>Acquisition of water assets and wastewater treatment capacity</li> <li>Stronger government policy support in water treatment sector</li> </ul>	<ul style="list-style-type: none"> <li>Higher-than-expected growth in treatment capacity</li> <li>Improvement in operating margins</li> <li>Lower finance cost</li> </ul>	<ul style="list-style-type: none"> <li>Lower-than-expected addition of treatment capacity</li> <li>Delays in collection of water tariffs or contract sum</li> <li>Delays in receiving water tariff hikes</li> </ul>

Key financial metrics	FY13	FY14E	FY15E	FY16E
Revenues (LC mn)	6,406	8,642	11,214	13,542
Revenue growth (%)	71.9%	34.9%	29.8%	20.8%
EBITDA (LC mn)	2,300	3,551	4,460	5,386
EBITDA margin (%)	35.9%	41.1%	39.8%	39.8%
Tax rate (%)	23%	23%	23%	23%
Net profit (LC mn)	1,084	1,711	2,391	2,959
EPS (LC)	0.140	0.200	0.275	0.340
EPS growth (%)	28.7%	42.8%	37.6%	23.8%

DPS (LC)	0.05	0.08	0.11	0.13
BVPS (LC)	1.71	1.67	1.81	2.02
Operating cash flow (LC mn)	(5,827)	(2,103)	(1,789)	(1,172)
Free cash flow (LC mn)	(5,936)	(2,182)	(1,877)	(1,272)
Interest cover (x)	3	4	4	4
Net margin (%)	16.9%	19.8%	21.3%	21.8%
Sales/assets (X)	0.17	0.20	0.24	0.26
Debt/equity (%)	109.6%	96.7%	112.1%	114.3%
Net debt/equity (%)	89.8%	107.0%	118.6%	124.3%
ROE (%)	10%	12%	16%	18%

Key model assumptions	FY13	FY14E	FY15E	FY16E
Water treatment capacity (tons/day)	16.71	21.19	25.47	29.49
Average water tariff (HK\$/ton)	1.22	1.23	1.24	1.26
Interest rate	5.1%	4.9%	4.9%	4.9%

Source: Company and J.P. Morgan estimates.

Sensitivity analysis	EBITDA	EPS		
Sensitivity to	FY14E	FY15E	FY14E	FY15E
100bps chg in interest cost	-3.7%	-3.0%	-5.5%	-4.0%
500k addition in BOT capacity	4%	3%	6%	4%

Source: J.P. Morgan estimates.

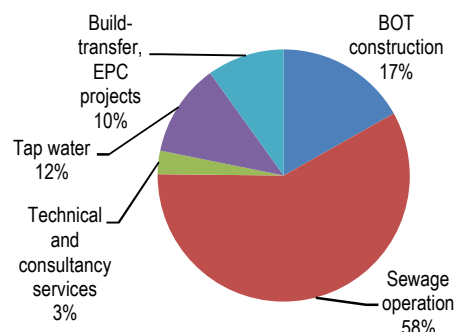
Comparative metrics	Ticker	Mkt Cap \$Mn	P/E (x)		EV/EBITDA (x)		P/BV (x)		YTD Share perf	
			FY14E	FY15E	FY14E	FY15E	FY14E	FY15E		
	BJE Water	371 HK	5,727	25.5	18.6	15.7	9.6	3.0	2.8	-7%
	China Everbright Int'l	257 HK	7,609	31.5	23.0	21.3	14.5	4.0	3.6	8%
	Guangdong Investment	270 HK	7,986	14.4	13.3	8.2	7.7	2.1	2.0	-1%
	Sound Global	967 HK	1,360	13.8	10.8	10.2	8.7	1.8	1.7	-22%
	China Water Affairs	855 HK*	682	15.3	14.1	NA	NA	NA	NA	-2%
	CT Environmental	1363 HK*	1,656	32.3	22.3	23.8	NA	NA	NA	4%
	Tianjin Capital	1065 HK*	2,678	22.9	21.1	22.4	20.5	1.6	1.5	-1%
	China Everbright Water	CEWL SP*	1,728	17.2	27.0	56.4	21.4	1.2	NA	NA
	SIIC Environment	SIIC SP*	1,186	27.4	19.2	29.0	27.5	1.9	1.8	21%
	United Envirotech	UENV SP*	1,153	49.8	28.4	29.6	16.9	4.8	2.3	2%

Source: Bloomberg, J.P. Morgan estimates for covered companies, consensus estimates for not covered companies. \*Not covered. Prices are as of last closing.

#### Valuation and price target basis

Our Jun-15 PT is based on a sum-of-the-parts valuation, using a P/E multiple of 9x to for valuation of the build-transfer segment and DCF with WACC of 8.2% and terminal growth rate of 2% to value the water segment. Our PT implies a FY15E P/E of 24x.

#### Earnings breakdown (2014E)



Source: Bloomberg, Company data and J.P. Morgan estimates.

#### JPM vs. consensus, change in estimates

EPS (LC)	FY14E	FY15E
JPMe old	0.20	0.26
JPMe new	0.20	0.27
% chg	-2%	6%
Consensus	0.19	0.25

Source: Bloomberg, J.P. Morgan estimates.

## Results review

Table 1: BEW P&L

HK\$MM

BEW's P&L	2013	2014	yoy
Revenue	6,406	8,926	39%
Cost of sales	(3,901)	(5,430)	39%
<b>Gross profit</b>	<b>2,506</b>	<b>3,496</b>	40%
Interest income	434	446	3%
Other income	200	608	204%
Administrative expenses	(775)	(1,066)	38%
Other operating expenses, net	(188)	(11)	-94%
<b>Operating profit</b>	<b>2,178</b>	<b>3,473</b>	59%
Finance costs	(788)	(1,084)	38%
Share of results of associates and JCE	108	278	159%
<b>Profit before tax</b>	<b>1,497</b>	<b>2,667</b>	78%
Tax	(352)	(594)	69%
<b>Profit for the year</b>	<b>1,145</b>	<b>2,073</b>	81%
Minority interests	(61)	(279)	356%
<b>Profit attributable to shareholders</b>	<b>1,084</b>	<b>1,794</b>	65%
<b>EPS (HK cents)</b>	<b>13.98</b>	<b>20.76</b>	48%
<b>DPS (HK cents)</b>	<b>5.2</b>	<b>7.8</b>	50%
Dividend payout	37%	38%	0.4 pts
<b>Margin analysis</b>			
Gross margin	39%	39%	0.1 pts
Operating margin	34%	39%	4.9 pts
Net margin	17%	20%	3.2 pts
<b>Cost analysis</b>			
Admin cost (% of rev)	12.1%	11.9%	-0.1 pts
Finance cost	5.1%	5.3%	0.2 pts
Effective tax rate	23.5%	22.3%	-1.2 pts

Source: Company reports and J.P. Morgan estimates.

Table 2: BEW balance sheet

HK\$MM			
BEW's balance sheet	2013	2014	yoy
<b>Non-current assets</b>			
Property, plant and equipment	379	1,243	228%
Goodwill	2,513	2,525	0%
Operating concessions	2,523	2,286	-9%
Other intangible assets	26	28	10%
Interest in an associate/JCE	3,025	3,109	3%
Available-for-sale investments	3	126	4058%
Amounts due from contract customers	5,361	6,817	27%
Service concession receivables	11,779	15,640	33%
Trade receivables	53	799	1405%
Prepayments, deposits and other receivables	3,173	3,855	21%
Deferred tax assets	88	79	-10%
Others	52	56	7%
	<b>28,974</b>	<b>36,563</b>	<b>26%</b>
<b>Current assets</b>			
Land held-for-sale	1,091	80	-93%
Inventories	55	58	4%
Amounts due from customers for contract work	27	40	49%
Trade receivables	3,145	4,196	33%
Deposits & prepayments	5,324	4,310	-19%
Restricted bank balances	57	304	433%
Cash and cash equivalents	5,513	6,091	10%
	<b>15,212</b>	<b>15,078</b>	<b>-1%</b>
<b>Current liabilities</b>			
Trade payables	(2,755)	(3,564)	29%
Other payables and accruals	(4,566)	(3,471)	-24%
Taxes payable	(342)	(440)	29%
Bank and other borrowings	(2,148)	(3,945)	84%
Corporate bonds	(1,833)	-	NA
Finance lease payable	(7)	-	NA
	<b>(11,651)</b>	<b>(11,419)</b>	<b>-2%</b>
<b>Non-current liabilities</b>			
Other payables and accruals	(476)	(340)	-28%
Bank and other borrowings	(8,294)	(12,530)	51%
Bonds	(4,486)	(4,492)	0%
Note payable	(2,523)	(2,524)	0%
Financial lease payable	(6)	-	NA
Provision for major overhauls	(198)	(247)	25%
Deferred income	(67)	(70)	6%
Deferred tax liabilities	(562)	(930)	65%
	<b>(16,611)</b>	<b>(21,133)</b>	<b>27%</b>
<b>Equity</b>			
Share capital	844	871	3%
Reserves	12,454	14,914	20%
Minority interests	2,627	3,304	26%
	<b>15,924</b>	<b>19,089</b>	<b>20%</b>
Net gearing	104%	110%	6.7 ppts

Source: Company reports and J.P. Morgan estimates.

**Table 3: Segmental breakdown**

HK\$MM

<b>Revenue breakdown by segment</b>	<b>2013</b>	<b>2014</b>	<b>yoy</b>
BOT construction	882	2,458	179%
Sewage operation	2,141	3,250	52%
Technical and consultancy services	118	281	139%
Tap water	384	813	112%
Build-transfer/ EPC projects	2,882	2,125	-26%
<b>Total</b>	<b>6,406</b>	<b>8,926</b>	<b>39%</b>
<b>Net profit breakdown by segment</b>	<b>2013</b>	<b>2014</b>	<b>yoy</b>
BOT construction	68	486	615%
Sewage operation	992	1,412	42%
Technical and consultancy services	79	114	45%
Tap water	232	372	60%
Build-transfer, EPC projects	677	583	-14%
Construction income	499	425	-15%
Imputed interest income	178	158	-11%
Others	(964)	(1,172)	22%
<b>Total</b>	<b>1,084</b>	<b>1,794</b>	<b>65%</b>
<b>Gross margins</b>	<b>2013</b>	<b>2014</b>	<b>yoy</b>
BOT construction	11%	24%	13 ppts
Sewage operation			
China	70%	64%	-6 ppts
Overseas	16%	13%	-3 ppts
Technical and consultancy services	85%	70%	-15 ppts
Tap water			
China	66%	59%	-7 ppts
Overseas	26%	26%	0 ppts
Build-transfer/ EPC projects	23%	16%	-7 ppts
<b>Net margins</b>	<b>2013</b>	<b>2014</b>	<b>yoy</b>
BOT construction	8%	20%	12.1 ppts
Sewage operation	46%	43%	-2.9 ppts
Technical and consultancy services	67%	41%	-26.4 ppts
Tap water	61%	46%	-14.8 ppts
Build-transfer/EPC projects	23%	27%	3.9 ppts

Source: Company reports and J.P. Morgan.

## Management call summary

BEW management held a conference call with analysts and investors. Below are our key takeaways.

### **New projects outlook**

In 2014, about 70% of new projects obtained were BOT projects. This will be the same for 2015. Management is targeting capacity growth of 3MM tons in 2015.

### **2015 revenue and profit guidance**

- Total revenue to grow by 40-45% yoy
- Net profit to grow by 30-35% yoy
- Build-transfer water renovation revenue estimated at >HK\$3.5B, ~60% increase yoy
- Sewage operation revenue to grow by ~50% yoy
- Tap water operation revenue to grow by 30-40% yoy

### **Interest cost to remain at 4.6%**

Finance cost averaged at 4.6% in 2014, compared with 4.9% in 1H14. The decline was due to refinancing of high-cost debt from acquired assets. Compared to 2013's finance cost of 4.08%, the finance cost is higher in 2014 because of rising interest rates in HK and overseas, even though mainland rates have been declining. Overall, management expects effective interest rate to stay at 4.6% in 2015.

### **No timetable on upgrades**

About 54% of BEW's sewage projects is under the Standard 1A category and 45% under the Standard 1B category. In 2014, upgrades were completed for four water plants, with total treatment capacity of 280k tons. So far in 2015, it's been confirmed five projects will be upgraded. However, there is no timetable on when the rest of BEW's Standard 1B projects would be upgraded.

### **Tariff hikes for 12 projects**

BEW's 12 water plants received tariff increases in 2014. BEW's average treatment tariff was HK\$1.27 in 2014, up 4% yoy.

### **Net gearing manageable**

Net gearing on total equity was 91% as of end-2014. This is an acceptable level, according to management. Given BEW's cash of HK\$6B, management said it had enough room to fund growth in 2015 without issuing equity.

### **Good privatization opportunities**

Currently, 55% of sewage assets and 70% of tap water assets are government owned. Therefore, management sees good opportunity for privatization of these assets as the central government is promoting PPP.

## Investment Thesis, Valuation and Risks

### Beijing Enterprises Water (Overweight; Price Target: HK\$6.60)

#### Investment Thesis

Beijing Enterprises Water (BEW) is the water subsidiary of Beijing Enterprises Holdings, which owns 49% of BEW. It is predominantly involved in constructing and operating wastewater treatment plants in China. As of the end of 2013, the company had 16M tons of wastewater treatment capacity in its portfolio.

#### Valuation

Our Jun-15 PT is determined based on a sum-of-the-parts valuation, using a P/E multiple of 9.5x (construction contractors' average) to derive the valuation of the build-transfer segment and a DCF with a WACC of 8.2% and a terminal growth rate of 2% to value the remaining water segment. Our PT implies a FY15E P/E of 24x.

	Valuation method	Discount rate/multiple	Terminal growth rate/exit multiple	Valuation (HK\$ M)	NAV per share (HK\$)	% of total
BT segment	P/E multiple	9.5x	NA	2,822	0.32	4.9%
Water segment	DCF	8.2%	2.3%	54,697	6.28	95.1%
<b>Total</b>				<b>57,519</b>	<b>6.61</b>	<b>100.0%</b>

Source: J.P. Morgan estimates.

#### Risks to Rating and Price Target

Downside risks include: Potential equity placement, which may dilute EPS; higher interest rates, which could lower earnings; low utilization rates of projects, which could lower operation revenue; delays in payments from customers, which could result in higher accounts receivable and working capital issues; less supportive government policies for the water sector, which could result in fewer investment opportunities for the company.

## Beijing Enterprises Water: Summary of Financials

Income Statement						Cash flow statement					
HK\$ in millions, year end Dec	FY12	FY13	FY14E	FY15E	FY16E	HK\$ in millions, year end Dec	FY12	FY13	FY14E	FY15E	FY16E
Revenues	3,727	6,406	8,642	11,214	13,542	Pre-tax profit	1,092	1,497	2,363	3,301	4,085
% change Y/Y	40.4%	71.9%	34.9%	29.8%	20.8%	Depr. & amortization	70	122	256	239	225
EBITDA	1,601	2,300	3,551	4,460	5,386	Change in working capital	(1,887)	(7,484)	(4,771)	(5,199)	(5,313)
% change Y/Y	33.4%	43.6%	54.4%	25.6%	20.8%	Taxes	(71)	(317)	(500)	(698)	(864)
EBIT	1,531	2,178	3,295	4,221	5,162	Others	294	450	701	780	958
% change Y/Y	32.8%	42.2%	51.3%	28.1%	22.3%	Cash flow from operations	(773)	(5,827)	(2,103)	(1,789)	(1,172)
EBIT Margin	41.1%	34.0%	38.1%	37.6%	38.1%	Capex	(109)	(109)	(78)	(88)	(100)
Net Interest	(459)	(788)	(952)	(1,053)	(1,199)	Disposal/(purchase)	-	-	-	-	-
Associates	55	108	118	154	162	Free cash flow	(882)	(5,936)	(2,182)	(1,877)	(1,272)
Other Income	(35)	0	(99)	(21)	(39)	Other	(451)	438	502	506	543
Earnings before tax	1,092	1,497	2,363	3,301	4,085	Cash flow from investing	(560)	330	424	418	443
% change Y/Y	26.8%	37.1%	57.8%	39.7%	23.8%	Equity raised/(repaid)	0	2,304	0	0	0
Tax	(225)	(352)	(555)	(776)	(960)	Debt raised/(repaid)	2,619	2,084	281	4,392	5,929
as % of EBT	20.6%	23.5%	23.5%	23.5%	23.5%	Other	351	2,758	(2,281)	(1,074)	(4,494)
Exceptional items	-	-	-	-	-	Dividends paid	(2)	(426)	(672)	(939)	(1,162)
Net income (reported)	750	1,084	1,711	2,391	2,959	Cash flow from financing	2,969	6,720	(2,672)	2,379	273
% change Y/Y	24.9%	44.5%	57.8%	39.7%	23.8%	Beginning cash	1,948	4,291	5,513	1,162	2,170
Shares outstanding	6,909	8,436	8,705	8,705	8,705	Ending cash	4,291	5,513	1,162	2,170	1,714
EPS (reported)	0.11	0.14	0.20	0.27	0.34	DPS	0.04	0.05	0.08	0.11	0.13
% change Y/Y	21.5%	28.7%	42.8%	37.6%	23.8%						
Balance sheet						Ratio Analysis					
HK\$ in millions, year end Dec	FY12	FY13	FY14E	FY15E	FY16E	HK\$ in millions, year end Dec	FY12	FY13	FY14E	FY15E	FY16E
Cash and cash equivalents	4,291	5,513	1,162	2,170	1,714	EBITDA margin	43.0%	35.9%	41.1%	39.8%	39.8%
Accounts receivable	2,768	3,145	2,443	3,022	3,671	Net profit margin	20.1%	16.9%	19.8%	21.3%	21.8%
Inventories	30	55	78	106	134	Sales per share growth	36.6%	53.1%	22.1%	27.8%	20.8%
Others	6,590	6,499	6,025	5,570	5,152	Sales growth	40.4%	71.9%	34.9%	29.8%	20.8%
Current assets	13,679	15,212	9,708	10,867	10,671	Net profit growth	24.9%	44.5%	57.8%	39.7%	23.8%
LT investments	11,754	20,221	25,037	28,811	32,711	EPS growth	21.5%	28.7%	42.8%	37.6%	23.8%
Net fixed assets	528	379	428	485	548	Interest coverage (x)	3.5	2.9	3.7	4.2	4.5
Others	5,329	8,375	9,255	10,322	11,287	Net debt to equity	106.1%	89.8%	107.0%	118.6%	124.3%
Total Assets	31,290	44,187	44,429	50,486	55,217	Sales/assets	0.1	0.2	0.2	0.2	0.3
Liabilities						Assets/equity	3.4	3.5	3.2	3.2	3.2
Short-term loans	2,810	2,148	2,205	3,109	4,328	ROE	9.1%	10.0%	12.4%	15.9%	17.7%
Payables	1,919	2,755	2,755	2,755	2,755	ROCE	6.3%	6.3%	8.2%	9.6%	10.1%
Others	4,529	6,748	6,803	6,881	6,977	ROA	2.7%	2.9%	3.9%	5.0%	5.6%
Total current liabilities	9,258	11,651	11,764	12,745	14,061						
Long-term debt	10,465	15,303	14,297	17,785	19,239						
Other liabilities	836	1,308	1,308	1,308	1,308						
Total Liabilities	20,558	28,262	27,369	31,839	34,607						
Shareholder's equity	8,467	13,298	14,337	15,788	17,585						
BVPS	1.23	1.71	1.67	1.81	2.02						

Source: Company reports and J.P. Morgan estimates.



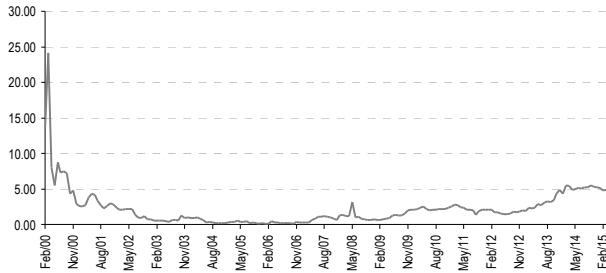
**JPM Q-Profile**

**Beijing Enterprises Water Group Limited (HONG KONG / Utilities)**  
 As Of: 27-Mar-2015

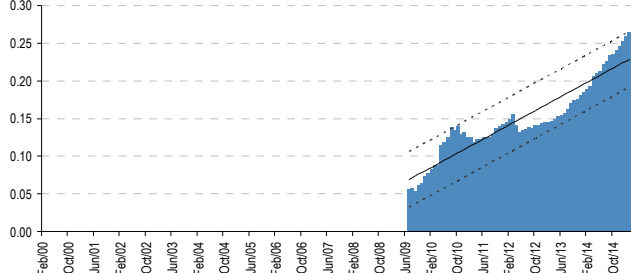


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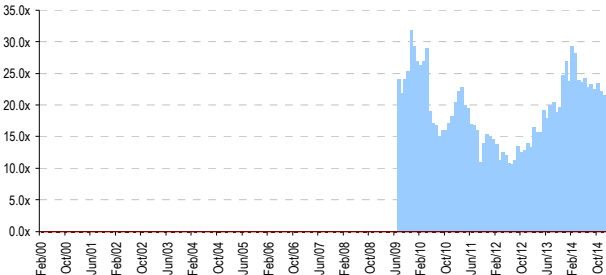
**Local Share Price** Current: **4.89**



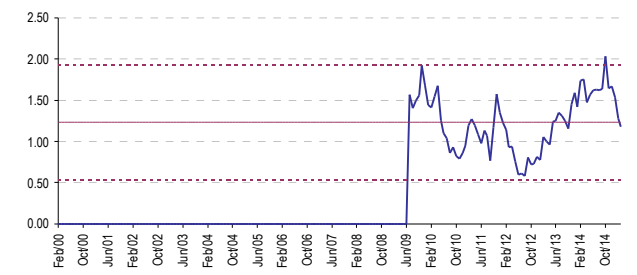
**12 Mth Forward EPS** Current: **0.26**



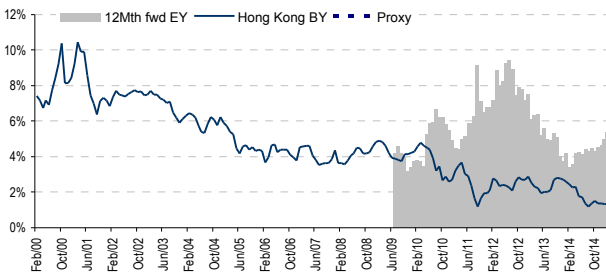
**PE (1Yr Forward)** Current: **18.5x**



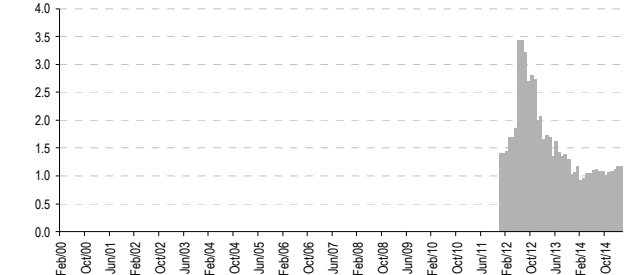
**P/E Relative to Hong Kong Index** Current: **1.18**



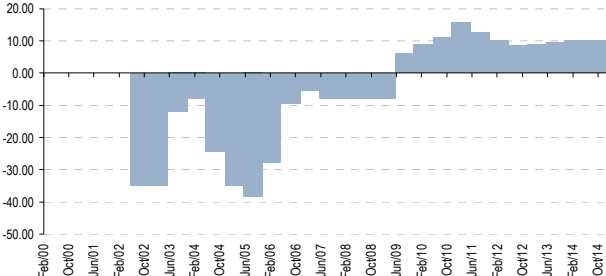
**Earnings Yield (& Local Bond Yield)** Current: **5%**



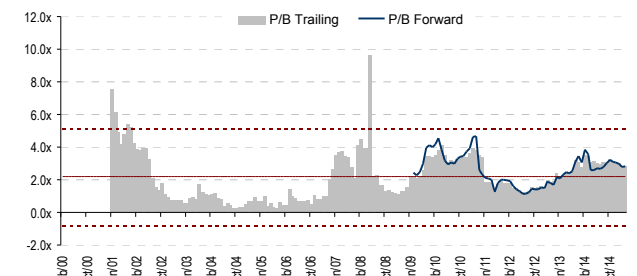
**Dividend Yield (Trailing)** Current: **1.18**



**ROE (Trailing)** Current: **10.19**



**Price/Book (Value)** Current: **2.9x**



**Summary**

<b>Beijing Enterprises Water Group Limited</b>		<b>HONG KONG</b>		<b>TICKER 371 HK</b>		<b>As Of: 27-Mar-15</b>		<b>Local Price: 4.89</b>		<b>EPS: 0.26</b>		
<b>Utilities</b>		<b>Latest</b>	<b>Min</b>	<b>Max</b>	<b>Median</b>	<b>Average</b>	<b>2 S.D.+</b>	<b>2 S.D. -</b>	<b>% to Min</b>	<b>% to Max</b>	<b>% to Med</b>	<b>% to Avg</b>
12mth Forward PE		<b>18.51x</b>										
P/BV (Trailing)		<b>2.87</b>	0.24	9.64	1.85	2.18	5.13	-0.77	-92%	236%	-36%	-24%
Dividend Yield (Trailing)		<b>1.18x</b>	0.00	3.45	0.00	0.38	1.91	-1.14	-100%	192%	-100%	-67%
ROE (Trailing)		<b>10.19</b>	-38.54	15.73	-7.92	-5.57	28.85	-39.99	-478%	54%	-178%	-155%

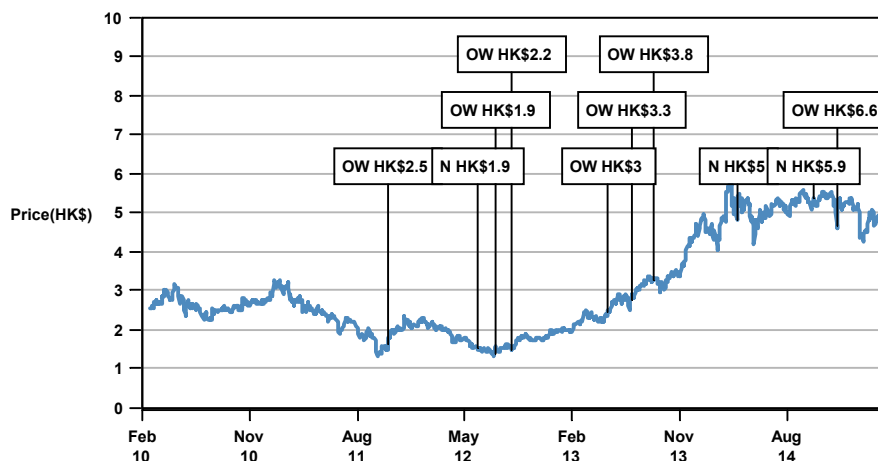
Source: Bloomberg, Reuters Global Fundamentals, IBES CONSENSUS, JPMorgan Quantitative & Derivative Strategy

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Beijing Enterprises Water (0371.HK, 371 HK) Price Chart



Date	Rating	Share Price (HK\$)	Price Target (HK\$)
21-Oct-11	OW	1.63	2.50
05-Jun-12	N	1.54	1.90
19-Jul-12	OW	1.36	1.90
30-Aug-12	OW	1.49	2.20
02-May-13	OW	2.47	3.00
02-Jul-13	OW	2.78	3.30
30-Aug-13	OW	3.30	3.80
28-Mar-14	N	4.82	5.00
09-Oct-14	N	5.39	5.90
10-Dec-14	OW	4.69	6.60

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.  
 Initiated coverage Oct 21, 2011.

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IB clients*	56%	49%	33%
JPMS Equity Research Coverage	45%	48%	7%
IB clients*	75%	67%	52%

\*Percentage of investment banking clients in each rating category.

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Elaine Wu  
(852) 2800-8575  
elaine.wu@jpmorgan.com

Asia Pacific Equity Research  
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