

Wasion Group (3393 HK)

Lift forecasts and TP on strong export sales

On 25th May, Wasion announced that it has won contract for AMI with prepayment function from Egypt and Bangladesh of RMB55m and RMB35m respectively. Since the beginning of this year, the company has already won several large-scale overseas contracts, making a better than expected progress in overseas markets. We adjusted up our turnover projection for FY15/FY16 by 7-8% on stronger than expected export sales. Net profit estimates for FY15/FY16 are also adjusted up by 7%. We rolled over our valuation forward to FY16 to derive our new TP of HK\$14.80, which is based on unchanged PE of 16.3x and 24% above our old TP.

Stronger than expected export sales

Wasion has announced that it has won several large-scale overseas contracts since early this year; further penetrating into Asian, African and Latin American markets. Yesterday, the company announced that it has won contract for AMI with prepayment function from Egypt and Bangladesh of RMB55m and RMB35m. Following the large contract won of c.USD12.4m from Tanzania Electric Supply Company in March and AMI contracts from Brazil and Mexico with contract value of RMB68m and RMB10m in April, winning another large-scale overseas contract signifies the company's recognition from the international market and is in-line with the company's strategy in expanding its geographical reach.

Outstanding FY15 first tender results

On 4th May, Wasion also announced that it has won total contracts value of RMB486m from State Grid's first tender, in which it has won contracts for 1.5m units of smart meters with a value of RMB374m. It also won contracts on data collection terminals and concentrators for 172k units with a contract value of RMB112m. Wasion continue to maintain its dominant position for 3-phase power meter with market share of 46%. A good tender result always bodes well for the sales growth of smart meter as it usually take 3-6 months to book in the revenue.

Strong balance sheet to cultivate further growth

On 4th May, Wasion raised HK\$645m via a public placement of 68m shares at HK\$10.80. On top of that, Wasion is also expected to place 14m shares at the same price to IFC, subject to board approval. With the new funds coming in, the company can further expand its ADO business by building new plant. The company is also looking for potential M&A in relation to ADO such that it is able to penetrate into this segment fast to capitalize on the surging ADO investment in China.

TP raised to HK\$14.80, maintain BUY

We raise our FY15/16 net profit by 7% with higher AMI and ADO sales assumptions. We also roll over our valuation forward to FY16 to derive our new TP of HK\$14.80, which is based on unchanged PE of 16.3x (6-month avg. PE of the sector). The stock is trading at 15x FY15 PE versus peers' average PE of 24x. Maintain BUY.

Figure 1: Financial Summary

Year to Dec 31 (RMBmn)	2013A	2014A	2015E	2016E	2017E
Revenue	2,412	2,812	3,565	4,250	4,998
Reported Profit	401	482	621	752	911
EPS (CNY)	0.427	0.508	0.626	0.731	0.886
EPS growth (%)	19.6	19.0	23.2	16.9	21.2
P/E (x)	21.9	18.4	15.0	12.8	10.6
P/B (x)	3.1	2.7	2.3	2.1	1.8
DPS (CNY)	0.14	0.20	0.25	0.29	0.35
Dividend Yield (%)	1.5	2.1	2.7	3.1	3.8
ROE (%)	14.7	15.8	17.1	17.4	18.3
ROA (%)	8.9	9.3	9.9	10.1	10.5

Source: Guosen Securities(HK)

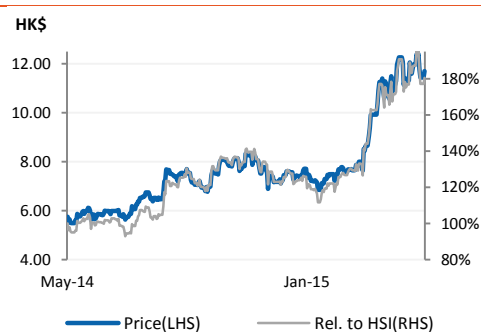
Hong Kong
Industrials
Electrical Equipment

27 May 2015 BUY

Target price	▲ HK\$14.80
Last price (26 May 15)	HK\$11.70
Upside/downside (%)	26.5
HSI	28249.86
Mkt cap (HK\$bn/US\$bn)	11.9/1.5
52 week range (HK\$)	5.40 - 12.50
Avg trading volume daily (US\$mn)	7.18
Free float (%)	43.0%

Source: Bloomberg

Performance



Performance	1M	3M	12M
Absolute (%)	5.0	56.6	103.5
Absolute (US\$, %)	5.0	56.7	103.5
Relative to HSI (%)	4.4	43.2	80.5

Source: Bloomberg

Company background

Wasion Group Holdings Ltd. is a leading energy metering and energy efficiency management expert focusing in providing integrated total solutions in efficient and effective energy management and energy saving.

Source: Bloomberg

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威胜集团 (3393 HK)

上调预测和目标价于强劲的出口销售

威胜在 5 月 25 日宣布公司分别获得埃及和孟加拉 RMB55m 和 RMB35m 的 AMI 合同。自今年年初，公司已经赢得了多次大规模的海外合同，使得在海外市场好于预期的进展。我们分别上调 FY15/FY16 的营业额预期 7%-8% 和净利润预期 7%。我们也进一步根据 FY16 的估值得到了新的目标价 14.80 港元，这是基于 16.3x 的不变市盈率。

超出预期的出口销售

自今年年初，公司已经赢得了多次大规模的海外合同，并渗透到亚洲，非洲和拉美市场。昨天，公司宣布分别获得埃及和孟加拉 RMB55m 和 RMB35m 的 AMI 合同。在三月份获得来自坦桑尼亚国家电网电力供应公司 USD12.4m 的合同，以及四月份获得来自巴西和墨西哥的分别价值为 RMB68m 和 RMB10m 的 AMI 合同后，又一项大规模的海外合同意味着公司获得了国际市场的认同，这和公司扩大地理覆盖的策略一致。

出色的 FY15 第一次招标结果

威胜还在 5 月 4 日宣布公司取得了总价值 RMB486m 的合同，其中包括价值为 RMB374m 的 150 万台智能电表。公司同时还赢得了价值 RMB112m 的 17.2 万台数据采集终端和集中器的合约。威胜以 46% 的市场份额继续保持了它在三相电表市场的领先地位。由于通常公司需要大约 3-6 个月时间来确认收入，出色的招标结果也预示着公司接下来智能电表的销售增长。

雄厚的资产负债表助推未来发展

5 月 4 日，威胜以 10.80 港元之价格公开配售 68,000,000 股现有股份，所得款项净额为 645m 港元。除此之外，如果获得董事会批准，威胜可能将以 10.80 港元之价格向国际金融公司再配售 14,000,000 股股份。随着新的资金流入，公司将能够建造新的工厂以进一步扩大其 ADO 业务。公司还在寻找潜在的 ADO 并购，使得公司能够快速渗透到 ADO 这一细分市场。

上调目标价至 14.80 港元，维持买入

在提高 AMI 和 ADO 销售增长的假设下，我们调高了 FY15 和 FY16 盈利预测 7%。基于 6 个月的平均市盈率 16.3x，我们进一步根据 FY16 的估值得到新的目标价 14.80 港元。威胜目前 FY15 市盈率为 15x，相对于中国同业平均之 24x。维持买入。

Figure 2: 盈利预测

截至 Dec 31 (人民币百万)	2013A	2014A	2015E	2016E	2017E
营业额	2,412	2,812	3,565	4,250	4,998
净利润	401	482	621	752	911
每股盈利 (CNY)	0.427	0.508	0.626	0.731	0.886
每股盈利增长 (%)	19.6	19.0	23.2	16.9	21.2
市盈率 (x)	21.9	18.4	15.0	12.8	10.6
市净率 (x)	3.1	2.7	2.3	2.1	1.8
每股股息 (CNY)	0.14	0.20	0.25	0.29	0.35
股息率 (%)	1.5	2.1	2.7	3.1	3.8
净资产收益率 (%)	14.7	15.8	17.1	17.4	18.3
资产报酬率 (%)	8.9	9.3	9.9	10.1	10.5

资料来源：国信证券(香港)

香港 工业
电气设备

2015 年 5 月 27 日

买入

目标价	▲ HK\$14.80
收盘价 (26 May 15)	HK\$11.70
Upside/downside (%)	26.5
恒生指数	28249.86
总市值 (HK\$/US\$bn)	11.9/1.5
52 周最高/最低 (HK\$)	5.40 - 12.50
日均成交额 (US\$mn)	7.18
流通量 (%)	43.0%

资料来源：彭博

股价表现



股票数据	1M	3M	12M
绝对回报 (%)	5.0	56.6	103.5
绝对回报 (US\$, %)	5.0	56.7	103.5
相对 HSI 回报 (%)	4.4	43.2	80.5

资料来源：彭博

公司简介

威胜集团控股有限公司是中国智能计量、智能配用电与能效管理整体解决方案的领先供应商。

资料来源：彭博

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Figure 3 Peer comparable

Company	Ticker	Mkt cap (US\$m)	PER Hist (x)	PER FY1 (x)	PER FY2 (x)	EPS FY1 YoY%	EPS FY2 YoY%	3-Yr EPS Cagr (%)	Div yld FY1 (%)	P/B FY1 (x)
Wasion Group	3393 HK	1,510	18.4	15	12.8	23.2	16.9	20.2	5.4	0.83
HSI			12	13.7	12.3	-11.9	10.7	2.2	2.9	1.47
CSI300			21.4	18.7	16.4	14.4	14.4	15.2	1.5	2.67
Adjusted sector avg*			34	24.3	24.2	36.2	23.9	20.7	0.9	4.2
Boer Power Holdi	1685 HK	1,597	21	16.1	13.2	30.5	21.4	22.8	2.1	3.78
Shenzhen Clou-A	002121 CH	2,209	90.8	53.8	35.5	68.8	51.4	N/A	N/A	N/A
Jiangsu Linyan-A	601222 CH	3,172	42.1	28.9	22.8	45.7	26.7	22.6	0.8	4.47
Ningbo Sanxing-A	601567 CH	3,245	45.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sieyuan Electr-A	002028 CH	2,150	29	25.9	29.3	12.2	-11.7	16.8	0.5	3.3
Xj Electric-A	000400 CH	5,602	32.6	26.3	20	23.8	31.6	20.5	0.4	5.17

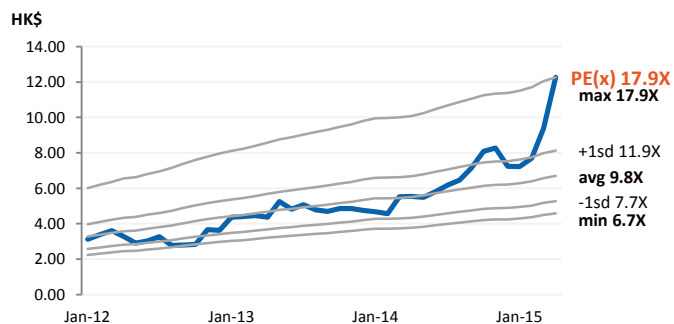
Source: Bloomberg; Guosen Securities(HK) Research

Figure 4 New estimates

	OLD		NEW		% change	
	2015	2016	2015	2016	2015	2016
Turnover	3,346	3,928	3,565	4,250	6.6	8.2
Gross profit	1,165	1,386	1,241	1,499	6.6	8.2
Operating profit	687	834	735	889	7.0	6.7
Net profit	578	704	621	752	7.4	6.8
					ppt change	
Gross margin	34.8	35.3	34.8	35.3	0.0	0.0
Op margin	20.5	21.2	20.6	20.9	0.1	-0.3
Net margin	17.3	17.9	17.4	17.7	0.1	-0.2

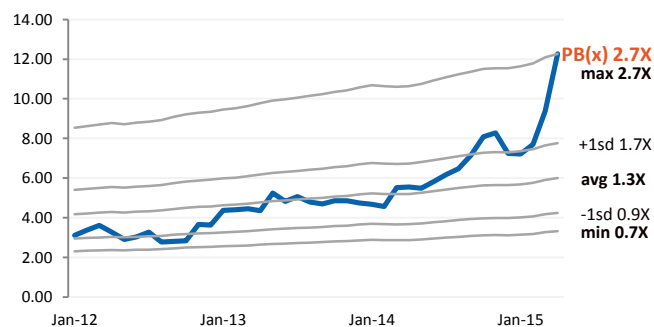
Source: Guosen Securities(HK) Research

Figure 5 12 months forward PE band chart



Source: Bloomberg, Guosen Securities(HK) Research

Figure 6 12 months forward PB band chart



Source: Bloomberg, Guosen Securities(HK) Research

Summary financial statements

Profit & Loss (RMBmn)	2013A	2014A	2015E	2016E	2017E
Revenue	2,412	2,812	3,565	4,250	4,998
Revenue growth (%)	(1.6)	16.6	26.8	19.2	17.6
Cost of sales	(1,566)	(1,849)	(2,324)	(2,751)	(3,180)
Gross profit	847	963	1,241	1,499	1,818
Other income/(expense)	88	105	131	156	183
Operating expenses	(490)	(486)	(637)	(765)	(924)
Operating profit	445	582	735	889	1,077
Operating profit growth (%)	9.0	30.7	26.3	21.1	21.1
Other non operating inc/(exp)	35	(7)	0	0	0
Finance income	0	0	0	0	0
Finance expenses	(33)	(29)	(34)	(44)	(54)
Associates & JCE	(7)	(4)	(4)	(4)	(4)
Profit before taxation	440	542	696	841	1,019
Taxation	(39)	(55)	(71)	(86)	(104)
Non-controlling interests	0	(4)	(4)	(4)	(4)
Net profit	401	482	621	752	911
Other Adjustments on UP	0	0	0	0	0
Underlying Profit	401	482	621	752	911
Underlying profit growth (%)	20.5	20.3	28.8	21.0	21.2
EPS (RMB)	0.427	0.508	0.626	0.731	0.886
Underlying EPS (RMB)	0.427	0.508	0.626	0.731	0.886
Underlying EPS growth (%)	19.6	19.0	23.2	16.9	21.2
DPS (RMB)	0.14	0.20	0.25	0.29	0.35
DPS growth (%)	16.9	40.6	25.8	16.9	21.2

Source: Guosen Research estimates

Balance Sheet (RMBmn)	2013A	2014A	2015E	2016E	2017E
Fixed assets	976	1,340	1,306	1,486	1,676
Associates & JCE	7	3	0	0	0
Others	637	760	683	772	875
Non-current assets	1,620	2,104	1,989	2,258	2,551
Inventories	307	335	424	506	595
Debtors & prepayments	1,718	2,405	3,049	3,634	4,274
Bank deposits & cash	553	327	908	1,087	1,387
Others	543	448	543	543	543
Current assets	3,122	3,515	4,924	5,771	6,800
Bank & other borrowings	453	503	583	683	819
Trade & payables	1,182	1,486	1,867	2,210	2,555
Taxation	46	56	46	46	46
Others	0	0	0	0	0
Current liabilities	1,681	2,045	2,497	2,939	3,420
Bank & other borrowings	173	248	310	399	519
Others	14	20	14	14	14
Non-current liabilities	187	268	323	413	533
Net assets	2,873	3,306	4,093	4,677	5,398
Share capital	9	10	10	10	10
Premium & reserves	2,863	3,236	4,023	4,607	5,328
Shareholders' funds	2,873	3,246	4,032	4,617	5,337
Non-controlling interests	0	61	61	61	61
Total equity	2,873	3,306	4,093	4,677	5,398
BVPS (RMB)	3.1	3.4	4.1	4.5	5.2

Source: Guosen Research estimates

Financial Ratios	2013A	2014A	2015E	2016E	2017E
Gross profit margin (%)	35.1	34.2	34.8	35.3	36.4
Operating profit margin (%)	18.4	20.7	20.6	20.9	21.5
Underlying profit margin (%)	16.6	17.2	17.4	17.7	18.2
Net debt/equity (%)	2.6	13.0	(0.4)	(0.1)	(0.9)
Net debt/total assets (%)	1.6	7.5	(0.2)	(0.1)	(0.5)
Current ratio (%)	186	172	197	196	199
Dividend payout (%)	33.2	39.2	40.0	40.0	40.0
Interest cover (x)	13.6	20.1	21.4	20.3	19.8
Dividend cover (x)	3.0	2.6	2.5	2.5	2.5
Acct. receivable turnover days	236.5	267.6	279.1	287.0	288.8
Acct. payable turnover days	255.5	263.3	263.3	270.5	273.5
Inventory turnover days	73.5	63.4	59.6	61.7	63.2
Cash cycle days	54.5	67.7	75.5	78.2	78.5
Dupont Analysis	2013A	2014A	2015E	2016E	2017E
Tax burden (%)	91.2	89.1	89.3	89.4	89.4
Interest burden (%)	98.8	93.1	94.8	94.6	94.6
Operating profit margin (%)	18.4	20.7	20.6	20.9	21.5
Asset turnover (x)	0.5	0.5	0.6	0.6	0.6
Leverage ratio (x)	1.6	1.7	1.7	1.7	1.7
ROA (%)	8.9	9.3	9.9	10.1	10.5
ROE (%)	14.7	15.8	17.1	17.4	18.3

Source: Guosen Research estimates

Cashflow (RMBmn)	2013A	2014A	2015E	2016E	2017E
EBIT	640	716	976	1,161	1,385
Depreciation & amortization	(100)	(87)	(140)	(160)	(183)
Interest income	(48)	(52)	(49)	(53)	(58)
Change in working capital	(187)	(515)	(298)	(324)	(384)
Tax paid	(35)	(47)	(47)	(59)	(72)
Other operating cashflow	(2)	36	34	44	54
Operating activities	267	50	477	609	742
Purchase of non-current assets (Capex)	(30)	(122)	(170)	(180)	(190)
Free cash flow	237	(72)	307	429	552
Disposal of non-current assets	17	33	0	0	0
Associates & JCE (net)	(68)	(94)	0	0	0
Interest received	28	103	49	53	58
Dividends received	5	5	0	5	5
Other investing cashflow	(119)	(150)	(152)	(152)	(152)
Investing activities	(168)	(225)	(273)	(273)	(279)
New loans raised	868	834	1,178	1,414	1,697
Repayment of loans	(839)	(743)	(1,036)	(1,225)	(1,440)
Dividends paid	(133)	(158)	(249)	(301)	(364)
Other financing cashflow	(28)	16	483	(44)	(54)
Financing activities	(132)	(51)	376	(156)	(162)
Inc/(dec) in cash	(33)	(226)	580	179	301
Cash at beginning of year	586	553	327	908	1,087
Foreign exchange effect	(1)	0	0	0	0
Cash at end of year	552	327	908	1,087	1,388

Source: Guosen Research estimates

Information Disclosures

Stock ratings, sector ratings and related definitions

Stock Ratings:

Buy: A return potential of 10 % or more relative to overall market within 6 – 12 months.

Neutral: A return potential ranging from -10% to 10% relative to overall market within 6 – 12 months.

Sell: A negative return of 10% or more relative to overall market within 6 –12 months.

Sector Ratings:

Overweight: The sector will outperform the overall market by 10% or higher within 6 –12 months.

Neutral: The sector performance will range from -10% to 10% relative to overall market within 6 –12 months.

Underweight: The sector will underperform the overall market by 10% or lower within 6 – 12 months.

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公司评级

买入：我们预计未来 6-12 个月内，个股相对大盘涨幅在 10%以上；

中性：我们预计未来 6-12 个月内，个股相对大盘涨幅介于-10%与 10%之间；

减持：我们预计未来 6-12 个月内，个股相对大盘跌幅大于 10%。

行业评级

超配：我们预计未来 6-12 个月内，行业整体回报高于市场整体水平 10%以上；

中性：我们预计未来 6-12 个月内，行业整体回报介于市场整体水平-10%与 10%之间；

低配：我们预计未来 6-12 个月内，行业整体回报低于市场整体水平 10%以上。

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