

2018年3月5日

买入

维持

年报前瞻

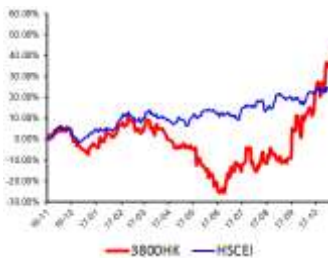
GCL-POLY ENERGY HOLDINGS (3800:HK)

Financial summary and valuation

Market Data: March 2, 2018

Closing Price (HK\$)	1.24
Price Target (HK\$)	1.52
HSCEI	12,204
HSCCI	4,456
52-week High/Low (HK\$)	1.63/0.72
Market Cap (USD Mn)	2,956
Market Cap (HK\$ Mn)	23,055
Shares Outstanding (Mn)	18,592
Exchange Rate (USD-HK\$)	7.83

Price Performance Chart:



Source: Bloomberg

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	2015	2016	2017E	2018E	2019E
Revenue (Rmbm)	21,766	22,025	24,689	26,027	27,129
YOY (%)	(26.91)	1.19	12.10	5.42	4.23
Net income (Rmbm)	2106	2099	2518	2944	3250
YOY (%)	34.65	(0.32)	19.94	16.94	10.39
EPS (Rmb)	0.13	0.11	0.14	0.16	0.18
Diluted EPS (Rmb)	0.13	0.11	0.14	0.16	0.18
ROE (%)	12.92	11.27	11.28	11.76	11.55
Debt/asset (%)	77.97	73.12	73.21	71.00	69.96
Dividend Yield (%)	6.53	0.00	0.00	0.00	0.00
P/E (x)	8.1	9.6	8.0	6.9	6.2
P/B (x)	1.1	1.0	0.9	0.8	0.7
EV/EBITDA (x)	6.3	6.4	5.3	4.4	3.6

我们预计保利协鑫 2017 年收入 247 亿 (同比增长 12.1%)，归母净利润 25.2 亿 (同比增长 19.9%)。考虑到 2017 年下半年行业表现整体高于预期且金刚线改造进程加速带来成本下降，我们上调盈利预测如下：2017 年由 0.12 元上调至 0.14 元 (同比增长 27.3%)，2018 年由 0.13 元上调至 0.16 元 (同比上涨 14.3%) 及 2019 年由 0.15 元上调至 0.18 元 (同比上涨 12.5%)。我们预期 2018 年硅片及硅料价格下跌风险较大，因此下调目标价至 1.52 港币。现价距目标价存在 22.6% 上行空间，维持买入。

金刚线切割改造基本完成。截止 2017 年上半年，公司完成约全部硅料产能的 30% 的金刚线改造，11 月底公司宣布成功实现 B5 机台金刚线改造，标志着公司所有类型硅料机台均从技术上成功实现改造工作。截止 2017 年底，公司改造完成度达到 90% 以上，剩余部分产能主要用于完成之前未完成的部分订单及未来其他厂的委托加工订单。我们认为经过金刚线改造后，每片硅片成本有望下降 0.8 元，且随着熟练程度及产能精细化，未来仍存在成本下降空间。

2018 年新疆产能陆续投产。2018 年保利协鑫将有 4 万吨硅片产能于新疆投产。我们预计第一期 2 万吨将于二季度完工三季度投运，另外 2 万吨将于 2018 年底完工。目前保利协鑫于徐州拥有 7 万吨多晶硅产能，电费约占硅料成本的 40%。7 万吨产能中，大约 3 万吨使用外部供电，对应电价 0.72 元/度；其余约 4 万吨使用自备电厂供电，对应电价 0.32 元/度。新疆产能投产后，对应电价仅略高于 0.2 元/度。我们预计硅料综合成本有望降至 8 美金/千克以下。

硅料价格下跌。过去一个月内硅料价格由月初 143 元/千克下探至目前 120 元/千克。下游隆基股份 (601012—买入) 近日宣布下调硅片价格至 4.55 元/片，一定程度上导致业内其他公司下调产品价格。我们预计 2018 年将会有超过 10 万吨新增硅料产能，而同时下游电站新增装机容量超越 2017 年 53GW 的可能性较小，因此 2018 年供大于求的局面可能持续并加剧，上游产品价格大概率继续下探。

维持买入。我们上调盈利预测如下：2017 年由 0.12 元上调至 0.14 元 (同比增长 27.3%)，2018 年由 0.13 元上调至 0.16 元 (同比上涨 14.3%) 及 2019 年由 0.15 元上调至 0.18 元 (同比上涨 12.5%)。我们预期 2018 年硅片及硅料价格下跌风险较大，因此下调目标价至 1.52 港币。现价距目标价存在 22.6% 上行空间，维持买入

We expect GCL-Poly to report full-year 2017 revenue of Rmb24.7bn (+12.1% YoY) and net profit of Rmb2.5bn (+19.9%YoY). Considering better-than-expected industry performance in 2H17 and cost savings permitted by the firm's switch to diamond wiresaw cutting technology, we revise up our EPS forecasts from Rmb0.12 to Rmb0.14 in 17E (+27.3% YoY), from Rmb0.13 to Rmb0.16 in 18E (+14.3% YoY) and from Rmb0.15 to Rmb0.18 in 19E (+12.5% YoY). However, considering the high risk of polysilicon and wafer price slump within 2018, we revise down our target price from HK\$1.82 to HK\$1.52. With 22.6% upside, we maintain our BUY rating.

Retooling accelerating for 2H17. By mid-2017, GCL-Poly had switched only 30% of its capacity to diamond wiresaw technology, but by end-November, the firm had completed its transition of B5 machines, indicating that all of its wafer machines can now support diamond wiresaw cutting. By end-2017, the completion rate topped 90%, with the remaining capacity used mainly for producing uncompleted orders and some consigned processing orders for other companies in future. Upon completion, we expect an immediate decline in wafer cost of c.Rmb0.8/piece, with further room to decline as proficiency and accuracy ramp up.

Operation of Xinjiang capacity in 2018. GCL-Poly will complete construction of 40,000t of new polysilicon capacity in Xinjiang over 2018E. We expect the construction of first 20,000t capacity will finish by 2Q18E and be put into operation in 3Q18E, and the remaining 20,000t will be completed by end-18E. As the largest part of polysilicon cost, electricity accounts for c.40% of total cost for GCL-Poly's current polysilicon capacity located in Xuzhou. Currently GCL-Poly has 70,000t polysilicon capacity, of which 40,000t records a Rmb0.32/kWh electricity tariff from its in-house power plant and the remaining 30,000t is charged Rmb0.72/kWh. Considering tariffs for the firm's Xinjiang capacity will be only a bit higher than Rmb0.2/kWh, we expect polysilicon cost (include depreciation) will decline to below US\$8/kg after the Xinjiang capacity starts up.

Polysilicon cost slump. The past month polysilicon price slump from Rmb143/kg in early February to Rmb120/kg at present. We attribute the decline to an expansion in supply as producers industrywide switched to diamond wiresaws, compounded by reduced demand from downstream companies. LONGi Green Energy Technology (601012:CH – BUY) recently revised down monocrystalline wafer prices to Rmb4.55/piece, sparking a broader industry wafer price cut. With 100,000t-plus in new polysilicon capacity to start up in China in 18E and our view that new solar installations this year will unlikely top 2017's 53GW, we see wafer prices as highly likely to decline.

Maintain BUY. We lift our EPS forecasts from Rmb0.12 to Rmb0.14 in 17E (+27.3% YoY), from Rmb0.13 to Rmb0.16 in 18E (+14.3% YoY) and from Rmb0.15 to Rmb0.18 in 19E (+12.5% YoY). However, considering the high risk of polysilicon and wafer price slump in 18E, we cut our target price from HK\$1.82 to HK\$1.52 (8.4x 18E PE and 0.9x 18E PB). With 22.6% upside, we maintain BUY.

Appendix

Table 1: Consolidated Income Statement

million RMB	2015	2016	2017E	2018E	2019E
Revenue	21,766	22,025	24,689	26,027	27,129
Cost of Sales	-15,990	-14,980	-17,438	-18,078	-18,489
Gross Profit	5,776	7,044	7,250	7,949	8,640
Other Income	951	926	926	926	926
Repairs and maintenance	-79	-73	-73	-73	-73
Administrative expenses	-1,581	-1,847	-1,808	-1,745	-1,800
EBITDA	8,173	8,399	10,219	11,307	12,169
EBIT	4,976	4,993	5,548	6,271	6,876
Finance Costs	-2,209	-2,149	-2,139	-2,327	-2,567
Profit before tax	2,768	2,844	3,409	3,944	4,309
Income tax expense	-530	-537	-612	-672	-698
Minority interests	132	165	280	327	361
Profit attributable	2,106	2,099	2,518	2,944	3,250

Source : SWS Research

Table 2: Consolidated Cash Flow Statement

million RMB	2015	2016	2017E	2018E	2019E
Profit before taxation	2,768	2,844	3,409	3,944	4,309
Plus: Depr. and amortisation	3,197	3,405	4,671	5,036	5,293
Finance cost	2,209	2,149	2,139	2,327	2,567
Losses from investments	817	1,221	0	0	0
Change in working capital	-6,196	-770	1,386	8	-128
Others	425	-1,065	-612	-672	-698
CF from operating activities	3,218	7,785	10,994	10,643	11,344
CAPEX	-7,968	-9,426	-9,000	-3,750	-2,625
Other CF from investing activities	562	1,276	0	0	0
CF from investing activities	-7,405	-8,150	-9,000	-3,750	-2,625
Equity financing	0	0	0	0	0
Net change in liabilities	12,380	-3,875	4,890	-271	4,379
Dividend and interest paid	-2,625	-2,493	-2,139	-2,327	-2,567
Other CF from financing activities	186	5,136	0	0	0
CF from financing activities	9,941	-1,232	2,751	-2,598	1,812
Net cash flow	5,754	-1,597	4,745	4,295	10,531

Source : SWS Research

Table 3: Consolidated Balance Sheet

million RMB	2015	2016	2017E	2018E	2019E
Current Assets	33,055	27,112	33,534	38,633	49,818
Bank balances and cash	10,260	8,958	13,703	17,998	28,529
Trade and other receivables	14,368	12,285	13,770	14,517	15,132

Inventories	1,387	966	1,124	1,165	1,192
Other current assets	7,041	4,904	4,936	4,952	4,966
Long-term investment	342	1,088	1,088	1,088	1,088
PP&E	41,650	52,462	56,791	55,504	52,836
Intangible and other assets	4,645	6,358	6,358	6,358	6,358
Total Assets	79,691	87,019	97,770	101,583	110,100
Current Liabilities	41,045	34,401	38,529	37,960	39,854
Borrowings	23,898	14,169	15,235	13,853	15,220
Trade and other payables	15,698	17,860	20,791	21,554	22,043
Other current liabilities	1,448	2,372	2,504	2,553	2,591
Long-term liabilities	21,087	29,225	33,049	34,159	37,173
Total Liabilities	62,132	63,625	71,578	72,120	77,027
Minority Interests	1,705	2,573	2,853	3,180	3,541
Shareholder Equity	15,854	20,821	23,339	26,283	29,533
Share Capital	1,372	1,632	1,839	1,839	1,839
Reserves	14,482	19,189	21,499	24,444	27,694
Equity attributable	15,854	20,821	23,339	26,283	29,533
Total Liabilities and equity	79,691	87,019	97,770	101,583	110,100

Source: SWS Research

Table 4: Key Financial Ratios

	2015	2016	2017E	2018E	2019E
Ratios per share (RMB)					
Earnings per share	0.13	0.11	0.14	0.16	0.18
Diluted earnings per share	0.13	0.11	0.14	0.16	0.18
Operating CF per share	0.21	0.42	0.60	0.58	0.62
Dividend per share	0.07	0.00	0.00	0.00	0.00
Net assets per share	1.01	1.13	1.27	1.43	1.61
Key Operating Ratios(%)					
ROIC	7.24	6.55	7.95	8.34	8.53
ROE	12.92	11.27	11.28	11.76	11.55
Gross profit margin	26.54	31.98	29.37	30.54	31.85
EBITDA Margin	37.55	38.13	41.39	43.44	44.86
EBIT Margin	22.86	22.67	22.47	24.09	25.35
Growth rate of Revenue(YoY)	(26.91)	1.19	12.10	5.42	4.23
Growth rate of Profit(YoY)	34.65	(0.32)	19.94	16.94	10.39
Debt-to-asset ratio	77.97	73.12	73.21	71.00	69.96
Turnover rate of net assets	1.3	1.1	1.0	0.9	0.9
Turnover rate of total assets	0.3	0.3	0.3	0.3	0.3
Effective tax rate (%)	(19.13)	(18.89)	(17.94)	(17.05)	(16.19)
Dividend yield (%)	6.53	0.00	0.00	0.00	0.00
Valuation Ratios (X)					
P/E	8.1	9.6	8.0	6.9	6.2
P/B	1.1	1.0	0.9	0.8	0.7
EV/Sale	2.3	2.4	2.2	1.9	1.6
EV/EBITDA	6.3	6.4	5.3	4.4	3.6

Source: SWS Research

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