

2018年5月16日

买入  
维持

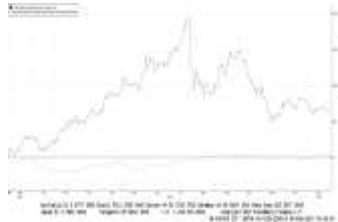
## 人口红利

### 中国枫叶教育集团 (1317:HK)

#### Market Data: 15 May, 2018

Closing Price (HK\$)	12.56
Price Target (HK\$)	15.47
HSCEI	12,440
HSCCI	4,643
52-week High/Low (HK\$)	12.70/5.93
Market Cap (USD Mn)	2,378
Market Cap (HK\$ Mn)	18,463
Shares Outstanding (Mn)	1,470
Exchange Rate (RMB-HK\$)	1.24

#### Price Performance Chart:



Source: Bloomberg

#### Analyst

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#### Related Reports

"China Maple Leaf Educational Systems (1317:HK) –Expansive curriculum" 2 May 2018

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#### Financial summary and valuation

	FY16	FY17	FY18E	FY19E	FY20E
Revenue (Rmbm)	829.77	1,083.18	1,364.42	1,764.48	2,232.82
YOY (%)	27.07	30.54	25.96	29.32	26.54
Net income (Rmbm)	307.56	413.72	514.15	713.40	982.98
YOY (%)	49.63	34.52	24.27	38.75	37.79
EPS (Rmb)	0.23	0.31	0.36	0.48	0.66
Diluted EPS (Rmb)	0.23	0.31	0.36	0.48	0.66
ROE (%)	15.21	16.54	18.82	22.60	26.25
Debt/asset (%)	37.34	43.37	43.63	45.02	46.03
Dividend Yield (%)	0.78	1.00	1.18	1.54	2.13
P/E (x)	43.78	32.81	27.78	21.15	15.35
P/B (x)	6.66	5.43	5.23	4.78	4.03
EV/EBITDA	49.27	36.59	23.35	19.23	14.10

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

枫叶教育将在出生率增长的城市扩张从而享受 K12 教育日益增长的需求。我们维持 18 财年每股盈利预测 0.36 元（同比增长 16.1%），维持 19 财年每股盈利预测 0.48 元（同比增长 33.1%），维持 20 财年每股盈利预测 0.66 元（同比增长 37.5%）。维持目标价 15.47 港币，对应 23.2% 的上升空间，维持买入评级。

**需求强劲。**枫叶的新学校位于人口增长强劲的城市。我们发现枫叶 17 财年以来进入的 12 个城市中有 8 个城市在过去四年的出生率高于 2013 年（二胎政策开放的前一年），2014-17 年出生率平均值比 2013 年高出 0.2 个百分点。受益于过去四年出生率的增加，这些城市的入学人口将从 2017 年增加，并依次促进幼儿园、小学、初高中、以及大学学生入学人数的增加。

**更多新项目。**枫叶教育已宣布在湖北襄阳建新学校，采用轻资产模式，学校和设施租赁自襄阳政府。我们预计襄阳学校土地面积 9.5 万平方米，可容纳 1500 名幼儿园至初中的学生。学校将在 20 财年开始招生。由于当地政府只收取极低的租金（学校满额运营后租金为每年 150 万元），我们预计内部收益率将超 36%。

**利润率提升。**我们预计利用率的提升以及学费涨价将提升公司的利润率。枫叶 19 财年的容量将增加 2500 人，20 财年增加 8500 人，两年复合增长率为 12%。学生人数将增长 16%，超过容量的增速，从而促进利用率从 18 财年的 65% 提升到 20 财年的 70%，带动利润率提升。我们预计利用率每提高 1%，净利润率将上涨 0.3 个百分点。枫叶教育计划上调天津，大连，武汉，重庆，镇江和洛阳 6 个城市学校的学费。我们预计学费涨价将覆盖约 15% 的学生（枫叶的学费上调仅针对新生），预测 19 财年的平均学费将提高 6%。

**维持买入。**我们认为枫叶的学生人数将稳步增长，并在适度扩张中享受利润率的提升。我们维持 18 财年每股盈利预测 0.36 元（同比增长 16.1%），19 财年每股盈利预测 0.48 元（同比增长 33.1%），20 财年每股盈利预测 0.66 元（同比增长 37.5%）。维持目标价 15.47 港币，对应 23.2% 的上升空间，维持买入评级。

We find Maple Leaf's expansion has focused on cities recording high birth rates, positioning it to enjoy strong demand for K-12 schooling services. We maintain our EPS forecasts of Rmb0.36 in FY18E (+16.1% YoY), Rmb0.48 in FY19E (+33.1% YoY) and Rmb0.66 in FY20E (+37.5% YoY). We maintain our target price at HK\$15.47 and, with 23.2% upside, our BUY recommendation.

**Booming demand.** New schools were located in cities with booming population. We found eight out of 12 cities Maple Leaf entered since FY17 experienced increasing birth rates in the past four years with average birth rate exceeding the rate of 2013 (before China loosened its "one-child" policy) by 0.2ppts. As a strong uptick in birth rate in these cities started four years ago, we expect school populations to increase from 2017. The positive impact will first be felt at kindergartens, then by elementary schools and all the way to colleges.

**More projects.** Maple Leaf has announced new projects in Xiangyang, in Hubei Province. The projects will be considered part of the firm's asset-light approach, as Maple Leaf will rent school facilities from the Xiangyang government. We expect the school to accommodate 1,500 K-9 students on 95,000sqm of land. Maple Leaf will start operation of the project in FY20. As the local government will only charge minimal rent (c.Rmb1.5m/year when the school is fully utilised), we expect project internal rate of return (IRR) to exceed 36%.

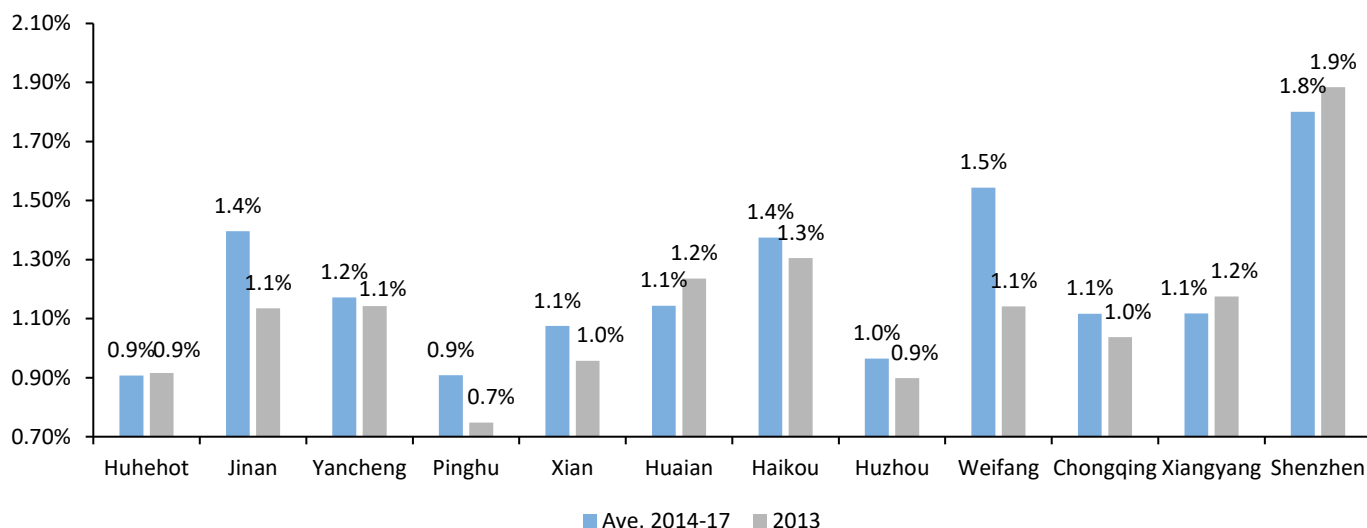
**Margin improvement.** We expect rising utilisation as well as increasing tuition fees to result in higher margins for Maple Leaf. The company will add capacity of 2,500 in FY19 and 8,500 in FY20, a two-year Cagr of 12%. As enrolment growth, at 16% YoY, outpaces capacity growth, we forecast utilisation to increase from 65% in FY18E to 70% in FY20E, resulting in margin expansion. We estimate that every 1% increase in utilisation will drive up net margin by 0.3ppts. Maple Leaf plans to increase tuition fees for schools in six cities: Tianjin, Dalian, Wuhan, Chongqing, Zhenjiang and Luoyang. We expect price increases will cover c.15% of students (the company has only increased tuition fees for new students), and forecast an increase in the average tuition fee of 6% YoY for FY19E.

**Maintain BUY.** We expect Maple Leaf to continue to record robust enrolment growth and enjoy margin expansion amid moderate capacity expansion. We maintain our EPS forecasts of Rmb0.36 in FY18E (+16.1% YoY), Rmb0.48 in FY19E (+33.1% YoY) and Rmb0.66 in FY20E (+37.5% YoY). We maintain our target price at HK\$15.47 and, with 23.2% upside, maintain our BUY recommendation.

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Fig 1: Maple Leaf’s newly entered cities are experiencing booming population (birth rate in %)



Source: CEIC, SWS Research

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## Appendix

Forecast income statement					
Rmbm	FY16A	FY17A	FY18E	FY19E	FY20E
Revenue	830	1,083	1,364	1,764	2,233
Cost of Sales	-428	-543	-621	-783	-926
Gross Profit	402	540	743	982	1,307
Other Income	73	94	35	61	74
Sales expenses	-26	-30	-35	-41	-49
Administrative expenses	-122	-155	-179	-226	-268
EBITDA	377	509	636	847	1,145
EBIT	327	449	564	775	1,064
Finance Costs	0	-8	-14	-11	-11
Profit before tax	326	441	548	760	1,047
Income tax expense	-18	-27	-33	-46	-64
Minority interests	1	0	0	0	0
Profit for the year	308	414	514	713	983

Source: SWS Research

Forecast cash flow statement					
Rmbm	FY16A	FY17A	FY18E	FY19E	FY20E
Profit before taxation	326	441	548	760	1,047
Plus: Depr. and amortisation	49	60	73	74	82
Finance cost	17	24	29	35	48
Losses from investments	0	0	0	0	0
Change in working capital	179	212	403	443	561
Others	17	24	29	35	48
CF from operating activities	554	709	1,019	1,264	1,675
CAPEX	-217	-369	-369	-271	-235
Other CF from investing activities	-58	-98	-98	-72	-63
CF from investing activities	-275	-467	-467	-344	-297
Equity financing	0	0	0	0	0
Net change in liabilities	0	0	0	0	0
Dividend and interest paid	-129	-130	-168	-208	-289
Other CF from financing activities	0	0	0	0	0
CF from financing activities	-129	-130	-168	-208	-289
Net cash flow	150	113	385	713	1,089
FCFF	264	225	540	914	1,373
FCFE	80	251	425	794	1,236

Source: SWS Research

Forecast balance sheet						
Rmbm	FY16A	FY17A	FY18E	FY19E	FY20E	
Current Assets	1,285	1,744	1,735	2,466	3,578	
Bank Balances And Cash	1,238	1,649	1,669	2,382	3,470	
Trade And Other Receivables	0	0	0	0	0	
Inventories	0	0	0	0	0	
Other Current Assets	47	95	66	84	107	
Long Term Investment	12	338	307	166	0	
PPE	1,506	1,814	2,360	2,661	2,902	
Intangible And Other Assets	424	520	450	454	458	
Total Assets	3,226	4,417	4,852	5,747	6,938	
Current Liabilities	1,184	1,566	1,783	2,244	2,828	
Borrowings	0	117	0	0	4	
Trade And Other Payables	381	441	502	605	736	
Other Current Liabilities	803	1,008	1,281	1,639	2,088	
Long Term Liabilities	21	349	334	343	360	
Total Liabilities	1,205	1,915	2,117	2,587	3,193	
Minority Interests	0	72	0	0	0	
Shareholder Equity	2,021	2,501	2,735	3,160	3,745	
Share Capital	8	8	8	8	8	
Reserves	2,013	2,421	2,727	3,148	3,736	
Equity Attributable	0	0	0	1	2	
Total Liabilities And Equity	3,226	4,417	4,852	5,747	6,938	

Source: SWS Research

Key performance indicators						
	FY16A	FY17A	FY18E	FY19E	FY20E	
Ratios per share (Rmb)						
Earnings per share	0.23	0.31	0.36	0.48	0.66	
Operating CF Per Share	0.42	0.53	0.72	0.85	1.12	
Dividend Per Share	0.10	0.13	0.14	0.19	0.27	
Key Operating Ratios (%)						
Net Assets Per Share	1.52	1.87	1.94	2.12	2.51	
ROIC	46.9	49.8	62.0	99.8	248.3	
ROE	15.2	16.5	18.8	22.6	26.3	
Gross Margin	48.4	49.8	54.5	55.6	58.5	
Ebitda Margin	27.1	30.5	26.0	29.3	26.5	
Ebit Margin	49.6	34.5	24.3	38.8	37.8	
Debt To Asset Ratio	37.3	43.4	43.6	45.0	46.0	
Turnover Rate Of Net Assets	41.0	43.3	49.9	55.9	59.6	
Turnover Rate Of Total Assets	25.7	24.5	28.1	30.7	32.2	
Effective tax rate (%)	5.6	6.1	6.1	6.1	6.1	
Dividend Yield	0.8	1.0	1.2	1.5	2.1	
Valuation Ratios (X)						
PE	43.8	32.8	27.8	21.1	15.3	
PB	6.7	5.4	5.2	4.8	4.0	
EV/Sales	17.9	13.7	10.0	8.4	6.7	
EV/Ebitda	49.3	36.6	23.3	19.2	14.1	

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.

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

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

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