

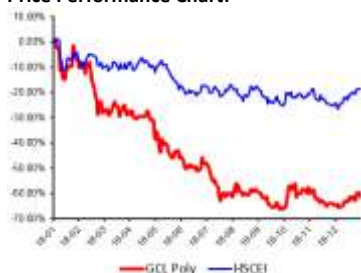
1 April 2019

中性
维持

Market Data: 29 Mar 2019

Closing Price (HK\$)	0.55
Price Target (HK\$)	0.55
HSCEI	11,380
HSCCI	4,679
52-week High/Low (HK\$)	1.05/0.45
Market Cap (Rmbm)	8,930
Market Cap (HK\$m)	10,082
Shares Outstanding (m)	18,330
Exchange Rate (Rmb-HK\$)	1.17

Price Performance Chart:



Source: Bloomberg

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Related Reports

GCL-POLY ENERGY HOLDINGS LTD
(3800HK) "Brighter prospects" 30
Jan 2019

The clients shall have a comprehensive understanding of the disclosure and disclaimer upon the last page.

坚定前行

GCL-POLY ENERGY HOLDINGS (03800:HK)

Financial summary and valuation

	2017	2018	2019E	2020E	2021E
Revenue (Rmbm)	23,794	20,565	19,441	19,900	19,930
YoY (%)	8.04	(13.57)	(5.47)	2.36	0.15
Net income (Rmbm)	1974	(693)	473	574	729
YoY (%)	(2.71)	(135.12)	(168.25)	21.30	27.01
EPS (Rmb)	0.11	(0.04)	0.03	0.03	0.04
Diluted EPS (Rmb)	0.10	(0.04)	0.03	0.03	0.04
ROE (%)	8.97	(1.69)	1.94	2.30	2.85
Debt/asset (%)	74.55	76.15	77.63	81.43	84.83
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00
PE (x)	4.5	(12.6)	18.5	15.3	12.0
PB (x)	0.4	0.4	0.4	0.4	0.4
EV/Ebitda (x)	6.2	7.7	6.8	6.6	6.3

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

保利协鑫 2018 年收入 206 亿元（同比降 13.6%），净亏损 6.9 亿元（同比降 136%）。亏损主要由于 2018 年内财务成本上行及毛利收窄。我们维持 2019 年 EPS 预测 0.03 元，下调 2020 年 EPS 预测至 0.03 元，预期 2021 年 EPS 为 0.04 元。我们维持目标价 0.55 元，维持中性评级。

财务数据。公司毛利率由 2017 年的 34% 降至 2018 年的 24%，主要由于 2018 年内硅片价格下滑。2018 年多晶硅料及硅片不含税价格分别为 78.8 元/kg 及 0.57 元/w，2017 年同期为 104.8 元/kg 及 0.905 元/w。公司 2018 年财务费用同比上升 34.6% 至 34 亿元，主要由于子公司协鑫新能源财务费用大幅上升至 24 亿元所致。

鑫单晶发展可期。保利协鑫计划于 2019 年底将目前全部产能转为鑫单晶生产。年内计划出货鑫单晶 5GW。与传统直拉单晶相比，鑫单晶电池光衰较弱，由鑫单晶生产的 PERC 电池组件功率（72 片）比直拉单晶 PERC 组件约低 5W 左右。

硅料价格下行。近期多晶用料供大于求，价格下行至 70 元/kg 以下。2019 年硅料端新增低成本产能持续扩产，截止 2019 年底，预计低成本产能将达 25 万吨。因此我们预期硅料价格（尤其多晶用料）短期仍存下行压力。

维持中性。我们维持 2019 年 EPS 预测 0.03 元，下调 2020 年 EPS 预测至 0.03 元，预期 2021 年 EPS 为 0.04 元。我们维持目标价 0.55 元，对应 0.4 倍 PB 及 18.5 倍 PE。维持中性评级。

GCL-Poly Energy reported 2018 revenue of Rmb20.6bn (-13.6% YoY) and a net loss of Rmb693.4m (-136% YoY). The loss was mainly due to a sharp increase in financial costs and shrinking gross profit. We slightly increase our 19E diluted EPS forecast from Rmb0.02 to Rmb0.03 (vs -Rmb0.04 in 18A), revise down our 20E forecast from Rmb0.05 to Rmb0.03 (flat YoY), and forecast Rmb0.04 in 21E (+33.3% YoY). We maintain our target price of HK\$0.55, representing 0.4x 19E PB and 18.5x 19E PE. With 0% upside, we maintain our Hold rating.

Financial data. The firm's gross profit margin declined from 34% in 2017 to 24% in 2018, mainly due to the wafer price slump over 2018. The average selling price (tax exclusive) of polysilicon and wafer were c.Rmb78.8/kg and Rmb0.57/W for 2018, respectively, vs Rmb104.8/kg and Rmb0.905/W in 2017. Financial costs rallied by 34.6% YoY to Rmb3.4bn in 2018, mainly attributable to increasing banks' and other borrowings from GNE. Total borrowing costs amounted to Rmb2.4bn in 2018 for GNE, vs Rmb1.8bn in 2017.

Rapid development of cast mono silicon. GCL Poly plans to transfer all its capacity to produce cast mono silicon wafer by end-2019. For 2019, the company plans to sell 5GW of cast mono silicon wafer. Compared with Czochralski (Cz) mono silicon cells, cast mono silicon cells have negligible surface lumen depreciation, and the power efficiency difference between a 72-cell GCL mono PERC cells module and a 72-cell Cz module is less than 5W.

Polysilicon prices slump. Recently, prices of polysilicon used for poly-wafer slumped to less than Rmb70/kg, mainly due to oversupply and the VAT reform. In 2019E, we expect new low-cost polysilicon capacity to further ramp up, and by end-2019, to reach c.250,000t in China. Therefore, we expect the price of polysilicon, especially for poly-wafer, to be under pressure over the course of 2019.

Maintain Hold. We slightly increase our 19E diluted EPS forecast from Rmb0.02 to Rmb0.03 (vs -Rmb0.04 in 18A), revise down our 20E forecast from Rmb0.05 to Rmb0.03 (flat YoY), and forecast Rmb0.04 in 21E (+33.3% YoY). We maintain our target price of HK\$0.55, representing 0.4x 19E PB and 18.5x 19E PE. With 0% upside, we maintain our Hold rating.

Consolidated Income Statement

Rmbm	2017	2018	2019E	2020E	2021E
Revenue	23,794	20,565	19,441	19,900	19,930
Cost of Sales	-15,596	-15,533	-13,178	-13,367	-13,368
Gross Profit	8,199	5,033	6,263	6,533	6,562
Other Income	843	891	891	891	891
Distribution and marketing costs	-119	-113	-107	-110	-110
Administrative expenses	-2,188	-2,020	-1,909	-1,954	-1,957
EBITDA	9,206	8,148	9,913	10,520	11,303
EBIT	5,453	2,908	4,092	4,301	4,342
Finance Costs	-2,541	-3,419	-3,419	-3,419	-3,419
Profit before tax	2,912	-511	673	882	923
Income tax expense	-638	52	-147	-244	-113
Minority interests	377	235	53	64	81
Profit attributable	1,974	-693	473	574	729

Source: Company data, SWS Research

Consolidated Cash Flow Statement

Rmbm	2017	2018	2019E	2020E	2021E
Profit before taxation	2,912	-511	673	882	923
Plus: Depr. and amortisation	3,753	5,240	5,821	6,219	6,961
Finance cost	2,541	3,419	3,419	3,419	3,419
Losses from investments	284	-250	0	0	0
Change in working capital	197	1,862	-1,174	-37	-17
Others	-732	-159	-147	-244	-113
CF from operating activities	8,955	9,601	8,592	10,239	11,173
Capex	-18,278	-10,000	-10,000	-10,000	-10,000
Other CF from investing activities	-497	1,085	0	0	0
CF from investing activities	-18,775	-8,915	-10,000	-10,000	-10,000
Equity financing	0	0	0	0	0
Net change in liabilities	12,607	2,689	11,797	28,883	38,378
Dividend and interest paid	-2,986	-3,419	-3,419	-3,419	-3,419
Other CF from financing activities	2,077	-1,333	0	0	0
CF from financing activities	11,698	-2,063	8,378	25,464	34,959
Net cash flow	1,878	-1,378	6,970	25,703	36,132

Source: Company data, SWS Research

Consolidated Balance Sheet

Rmbm	2017	2018	2019E	2020E	2021E
Current Assets	31,111	26,875	36,847	61,468	97,619
Bank balances and cash	10,673	4,076	16,266	41,969	78,101
Trade and other receivables	14,537	13,309	11,877	12,158	12,176
Inventories	991	992	837	849	849
Other current assets	4,909	8,498	7,866	6,492	6,493
Long-term investment	2,424	3,075	2,984	2,984	2,984
PP&E	63,780	71,000	75,179	78,960	81,999
Intangible and other assets	9,965	11,545	7,308	7,308	7,308

Total Assets	107,280	112,494	122,318	150,720	189,910
Current Liabilities	43,424	49,933	41,570	50,095	61,618
Borrowings	20,817	26,550	22,425	30,681	42,201
Trade and other payables	19,592	20,959	17,782	18,037	18,039
Other current liabilities	3,015	2,423	1,363	1,377	1,378
Long-term liabilities	36,549	35,729	53,389	72,629	99,487
Total Liabilities	79,972	85,661	94,960	122,724	161,104
Minority Interests	4,532	4,967	5,020	5,083	5,164
Shareholder Equity	22,775	21,866	22,339	22,913	23,642
Share Capital	1,632	1,610	1,818	1,818	1,818
Reserves	21,143	20,256	20,521	21,095	21,824
Total Equity	22,775	21,866	22,339	22,913	23,642
Total Liabilities and equity	107,280	112,494	122,318	150,720	189,910

Source: Company data, SWS Research

Key Financial Ratios

	2017	2018	2019E	2020E	2021E
Ratios per share (Rmb)					
Earnings per share	0.11	(0.04)	0.03	0.03	0.04
Diluted earnings per share	0.10	(0.04)	0.03	0.03	0.04
Operating CF per share	0.49	0.53	0.47	0.56	0.61
Dividend per share	0.00	0.00	0.00	0.00	0.00
Net assets per share	1.23	1.20	1.23	1.26	1.30
Key Operating Ratios(%)					
ROIC	5.68	2.74	4.38	3.70	2.89
ROE	8.97	(1.69)	1.94	2.30	2.85
Gross profit margin	34.46	24.47	32.22	32.83	32.93
EBITDA Margin	38.69	39.62	50.99	52.87	56.71
EBIT Margin	22.92	14.14	21.05	21.61	21.79
Growth rate of Revenue(YoY)	8.04	(13.57)	(5.47)	2.36	0.15
Growth rate of Profit(YoY)	(2.71)	(135.12)	(168.25)	21.30	27.01
Debt-to-asset ratio	74.55	76.15	77.63	81.43	84.83
Turnover rate of net assets	0.9	0.8	0.7	0.7	0.7
Turnover rate of total assets	0.2	0.2	0.2	0.1	0.1
Effective tax rate (%)	(21.91)	(10.25)	(21.91)	(20.81)	(19.77)
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
Valuation Ratios (X)					
P/E	4.5	(12.6)	18.5	15.3	12.0
P/B	0.4	0.4	0.4	0.4	0.4
EV/Sale	2.4	3.0	3.5	3.5	3.6
EV/EBITDA	6.2	7.7	6.8	6.6	6.3

Source: Company data, SWS Research

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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.

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