

香港

沽出

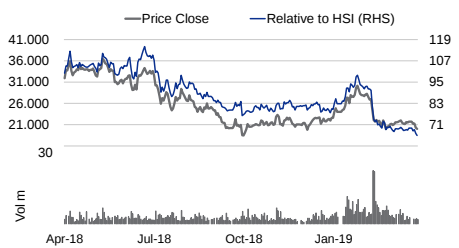
市场共识评级*: 买入 11 持有 2 沽出 0

前收盘价:	HK\$20.00
目标价:	HK\$15.56
此前目标价:	HK\$17.51
上升/下跌空间:	-22.2%
CGS-CIMB/市场共识预测:	na
路透股票代码:	
彭博股票代码:	6869 HK
市值:	US\$3,484m HK\$27,329m
平均每日成交额:	US\$15.10m HK\$118.5m
目前发行在外股数	758m
自由流通量	32.7%

*来源: 彭博

本报告主要变动

- 2019 年及 2020 年收入预测分别下调 8.6% 和 8.1%
- 2019 年和 2020 年净利润预测分别下调 2.3% 和 8.8%



来源: 彭博

股价表现	1M	3M	12M
绝对表现 (%)	0.2	-10.5	-35.5
相对表现 (%)	-3.4	-17.9	-34.1

主要股东	持股百分比
中国华信	23.7
Draka	23.7

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长飞光纤光缆

一季度业绩远逊预期；评级维持沽出

- 长飞光纤光缆（长飞）公布了 2019 年一季度业绩，核心经营业绩远低于我们的预期。我们认为，市场需求弱于预期是导致业绩低于预期的主因。
- 在公司公布弱于预期的一季度业绩后，我们将 2019 年和 2020 年盈利预测分别下调 2.3% 和 8.8%。
- 一些投资者可能会将中国电信近期的光缆产品招标视为行业的正面催化剂，但我们认为这是一把双刃剑。我们仍然认为，目前未是时候趁低吸纳长飞，因为预计市场仍将继续下调盈利预测，且未来几个季度的同比表现或较弱。
- 我们仍然认为，长飞的估值不是十分吸引。我们将目标价从 17.51 港元进一步下调至 15.56 港元，原因是我们将 2019 年盈利预测下调 2.3%，并将目标市盈率下调至 10 倍（之前为 11 倍）。维持「沽出」评级。

2019 年一季度业绩疲弱

长飞公布 2019 年一季度业绩，净利润人民币 2.53 亿元，符合我们预期的人民币 2.603 亿元。然而，长飞的核心经营表现远逊预期。该公司一季度收入同比下降 35% 至人民币 15.99 亿元，低于预期的人民币 23.67 亿元。由于一季度入账了政府补助，长飞的一季度总净利润提升了人民币 1.094 亿元。根据公告，如果撇除政府补助，长飞的净利润从 2018 年一季度的人民币 2.673 亿元同比下降 58.7% 至 2019 年一季度的人民币 1.517 亿元。由于预期光纤和光缆产品价格波动将导致客户需求放缓，长飞的核心经营业绩远逊预期。长飞的毛利率同比下跌 0.9 个百分点至 27.3%，我们认为这反映光纤电缆产品销售下滑是导致收入下降的主因。

中国电信招标是一把双刃剑

行业消息指出中国电信已开始对光纤电缆供应商作出评估，因此市场预计中国电信将很快启动招标流程。中国电信有望采购 5,100 万芯公里光纤电缆产品，与去年相若。我们认为，市场可能将此视为长飞等光纤电缆供应商的催化剂。但是我们认为，投标价是更关键的因素。我们还认为，中国移动的光纤电缆招标结果可能被视为市场价格的基准，而其他参与者包括中国联通和中国电信或会跟随。由于平均售价受压、出货量下降以及 2018 年的基数较高，2019 年上半年的同比表现或会较弱。

还未到趁低吸纳的时候

我们认为，市场或会等待新产品需求获得确认后才重估长飞。我们仍然认为，市场会较看好供需动态和增长前景较佳的设备商。我们认同长飞和其他同业的股价表现分化，但现在还不是重新买进长飞的时候。

下调盈利预测

在审视过公司一季度业绩后，我们将 2019 和 2020 年的收入预测下调 8.6% 和 8.1%。由于下调了收入预测，我们还分别将 2019 和 2020 年净利润预测下调了 3.3% 和 8.8%。

主要财务指标

	Dec-17A	Dec-18A	Dec-19F	Dec-20F
收入 (百万人民币)	10,366	11,360	9,058	10,310
经营 EBITDA (百万人民币)	1,626	1,852	1,246	1,517
净利润 (百万人民币)	1,268	1,484	1,008	1,096
每股核心盈利 (人民币)	1.86	2.06	1.33	1.45
每股核心盈利增长	76.9%	10.8%	(35.5%)	8.8%
全面摊薄市盈率(倍)	9.24	8.33	12.91	11.87
每股派息(人民币)	0.00	0.75	0.27	0.29
股息率	0.00%	4.37%	1.55%	1.68%
EV/EBITDA (倍)	7.01	6.65	10.04	8.91
股价/股权自由现金流(倍)	32.77	NA	17.23	NA
净负债权益比	(10.4%)	(3.0%)	(8.0%)	3.6%
市净率(倍)	2.24	1.71	1.54	1.51
股本回报率	27.0%	23.1%	12.6%	12.9%
每股核心盈利预测的变动				
每股核心盈利/市场共识每股盈利(倍)			0.53	0.53

来源: 中国银河国际证券研究部, 公司, 彭博

Hong Kong
SELL

Consensus ratings*: Buy 11 Hold 2 Sell 0

Current price:	HK\$20.00
Target price:	HK\$15.56
Previous target:	HK\$17.51
Up/downside:	-22.2%
CGS-CIMB / Consensus:	na
Reuters:	
Bloomberg:	6869 HK
Market cap:	US\$3,484m
	HK\$27,329m
Average daily turnover:	US\$15.10m
	HK\$118.5m
Current shares o/s:	758m
Free float:	32.7%
*Source: Bloomberg	

Key changes in this note

- 2019F & 2020F revenue forecasts cut by 8.6% and 8.1% respectively.
- 2019F & 2020F net profit forecasts cut by 2.3% and 8.8% respectively...



Source: Bloomberg

	1M	3M	12M
Price performance			
Absolute (%)	0.2	-10.5	-35.5
Relative (%)	-3.4	-17.9	-34.1

Major shareholders	% held
China Huaxin	23.7
Draka	23.7

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YOFC
Q1 2019 results much weaker than expected. Maintain Sell.

- YOFC reported its Q1 2019 results, and the core operating performance was much weaker than we expected. Weaker-than-expected market demand, in our view, was the reason for the lower-than-expected results.
- We revised down our earnings forecasts for YOFC for 2019 and 2020 by 2.3% and 8.8%, respectively, after the weaker-than-expected Q1 2019 results.
- Some investors may treat China Telecom's recent tender for optical cable products as a positive catalyst for the sector, but we believe it is a two-edged sword.
- We reiterate that it is not yet time for bottom fishing, as we don't see the end of the downward revision in earnings forecasts, and the YoY comparison in the coming quarters remains difficult.
- We still maintain that YOFC's valuation is not particularly attractive. We cut our target price further from HK\$17.51 to HK\$15.56 due to a 2.3% cut in our 2019F earnings forecast and 10x PER (vs. our previous target PER of 11x). Maintain SELL.

Weak Q1 2019 results

YOFC reported its Q1 2019 results, and its net profit was RMB253m, which is in line with our expectation of RMB260.3m. However, YOFC's core operating performance was much weaker than expected. It reported a 35% YoY decline in revenue to RMB1,599m in Q1 2019, lower than expectations of RMB2,367m. YOFC's headline net profit was boosted by RMB109.4m in government grants booked in Q1 2019. According to the announcement, YOFC's net profit dropped 58.7% YoY from RMB267.3m in Q1 2018 to RMB151.7m in Q1 2019 if the government grants are excluded. YOFC's core operating performance was much weaker than expected due to slower demand from customers as a result of expected price fluctuations for optical fiber and cable products. YOFC's gross margin contracted 0.9ppt YoY to 27.3%, which in our view, indicates that the drop in sales of optical fiber cable products was the major reason for the drop in turnover.

China Telecom's tender is a two-edged sword

Industry news flow suggests that China Telecom has started to evaluate the optical fiber cable suppliers, so the market is expecting China Telecom to kick off the tender process shortly. China Telecom is likely to procure 51m fkm of optical fiber cable products, about the same as last year. We believe the market might treat this as a positive catalyst for optical fiber cable suppliers such as YOFC. However, we believe that the tender price is the more critical factor. We also believe that the results of China Mobile's optical fiber cable tender may be treated as a benchmark for the market price, and that other players, such as China Unicom and China Telecom, may follow. Because of ASP pressure, a decline in shipment volume, and a high base in 2018, a YoY comparison may be challenging in 1H 2019.

No bottom fishing yet

We believe that the market might wait for confirmation of demand for new products before re-rating YOFC. We still believe the market will prefer equipment names with better supply-demand dynamics and growth outlook. We share the view that there is a divergence between the share price performance of YOFC and its peers'. But we still maintain that it is not yet time to re-visit YOFC.

Downward earnings revision

We cut our 2019F and 2020F turnover forecasts by 8.6% and 8.1% after the Q1 2019 results revision. We also cut our 2019F and 2020F net profit forecasts by 3.3% and 8.8%, respectively, due to the downward revision of turnover forecasts.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F
Revenue (Rmbm)	10,366	11,360	9,058	10,310
Operating EBITDA (Rmbm)	1,626	1,852	1,246	1,517
Net Profit (Rmbm)	1,268	1,484	1,008	1,096
Core EPS (Rmb)	1.86	2.06	1.33	1.45
Core EPS Growth	76.9%	10.8%	(35.5%)	8.8%
FD Core P/E (x)	9.24	8.33	12.91	11.87
DPS (Rmb)	0.00	0.75	0.27	0.29
Dividend Yield	0.00%	4.37%	1.55%	1.68%
EV/EBITDA (x)	7.01	6.65	10.04	8.91
P/FCFE (x)	32.77	NA	17.23	NA
Net Gearing	(10.4%)	(3.0%)	(8.0%)	3.6%
P/BV (x)	2.24	1.71	1.54	1.51
ROE	27.0%	23.1%	12.6%	12.9%
% Change In Core EPS Estimates				
CIMB/consensus EPS (x)			0.53	0.53

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

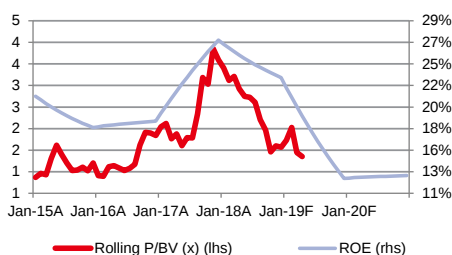
Figure 1: Key assumptions

	2013	2014	2015	2016	2017	2018	2019F	2020F
Turnover (RMBm)								
Optical fibre preforms and fibres	2,722.7	3,229.7	3,756.6	4,073.1	4,702.9	4,691.2	3,799.9	4,514.8
Optical fibre cables	1,817.6	1,989.4	2,643.3	3,580.7	5,034.9	5,726.7	4,410.6	4,862.7
Other products and services	285.6	457.7	331.4	298.4	485.7	534.2	480.8	528.9
Total	4,825.9	5,676.8	6,731.2	7,952.2	10,223.5	10,952.2	8,691.3	9,906.4
YoY Change (%)								
Optical fibre preforms and fibres		18.6	16.3	8.4	15.5	(0.2)	(19.0)	18.8
Optical fibre cables		9.5	32.9	35.5	40.6	13.7	(23.0)	10.3
Other products and services				(9.9)	62.7	10.0	(10.0)	10.0
Total		17.6	18.6	18.1	28.6	7.1	(20.6)	14.0
Gross margin (%)	21.1	19.2	19.4	20.3	26.3	27.9	25.8	26.1
Optical fibre preforms and fibres	27.3	25.3	26.0	27.6	36.7	40.6	37.6	37.6
Optical fibre cables	11.7	9.1	8.5	10.0	16.0	17.9	15.0	15.0
Other products and services	21.4	19.4	30.8	53.7	40.5	45.3	50.9	50.9
Net margin (%)	8.6	8.2	8.5	8.8	12.2	13.1	11.1	10.6
YoY Change (%)								
ASP								
Optical fibre preforms		(7.9)	0	4.0	16.2	0	(10.0)	5.0
Optical fibres		(6.7)	5.0	3.5	0	(0.4)	(10.0)	10.0
Optical fibre cables		(1.3)	(5.1)	8.4	18.0	3.0	(10.0)	5.0
YoY Change (%)								
Volume								
Optical fibre preforms		33.8	20.0	7.0	0	0	(10.0)	10.0
Optical fibres		24.5	8.7	3.0	15.0	0	(10.0)	10.0
Optical fibre cables		10.9	40.0	25.0	19.2	5.0	(10.0)	5.0
Cost (HKDm)								
S,G&A	(548.6)	(565.4)	(714.4)	(861.7)	(1,273.0)	(1,549.0)	(1,392.5)	(1,564.3)
Financial Expenses	(68.0)	(78.0)	(81.3)	(99.2)	(156.4)	(112.2)	(78.2)	(87.6)
YoY Change (%)								
S,G&A		3.1	26.4	20.6	47.7	21.7	(10.1)	12.3
Financial Expenses		14.8	4.2	22.1	57.6	(28.2)	(30.3)	12.0

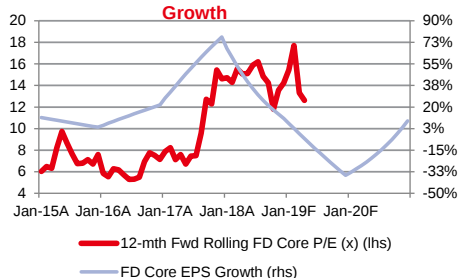
SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(Rmbm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F
Total Net Revenues	10,366	11,360	9,058	10,310
Gross Profit	2,899	3,401	2,639	3,081
Operating EBITDA	1,626	1,852	1,246	1,517
Depreciation And Amortisation	(173)	(235)	(305)	(386)
Operating EBIT	1,453	1,618	941	1,130
Financial Income/(Expense)	(63)	(60)	(49)	(64)
Pretax Income/(Loss) from Assoc.	159	152	122	146
Non-Operating Income/(Expense)	(101)	(46)	114	13
Profit Before Tax (pre-EI)	1,447	1,664	1,128	1,225
Exceptional Items				
Pre-tax Profit	1,447	1,664	1,128	1,225
Taxation	(212)	(181)	(121)	(129)
Exceptional Income - post-tax				
Profit After Tax	1,235	1,482	1,007	1,095
Minority Interests	34	1	1	1
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	1,268	1,484	1,008	1,096
Recurring Net Profit	1,268	1,484	1,008	1,096
Fully Diluted Recurring Net Profit	1,268	1,484	1,008	1,096

Cash Flow

(Rmbm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F
EBITDA	1,626	1,852	1,246	1,517
Cash Flow from Inv. & Assoc.				
Change In Working Capital	(151)	(998)	533	(290)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	263	162	443	225
Net Interest (Paid)/Received	(63)	(60)	(49)	(64)
Tax Paid				
Cashflow From Operations	1,674	957	2,174	1,387
Capex	(161)	(920)	(1,058)	(1,217)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/Investments	(546)	0	0	0
Other Investing Cashflow	165	(1,343)	(304)	(893)
Cash Flow From Investing	(542)	(2,263)	(1,362)	(2,110)
Debt Raised/(repaid)	(774)	117	(56)	30
Proceeds From Issue Of Shares	0	2,024	0	0
Shares Repurchased				
Dividends Paid	(233)	(379)	(189)	(202)
Preferred Dividends				
Other Financing Cashflow	46	(135)	(90)	(97)
Cash Flow From Financing	(961)	1,627	(336)	(268)
Total Cash Generated	171	322	476	(990)
Free Cashflow To Equity	357	(1,188)	755	(692)
Free Cashflow To Firm	1,210	(1,218)	895	(637)

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

BY THE NUMBERS... cont'd

Balance Sheet

(Rmbm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F
Total Cash And Equivalents	1,800	2,116	2,592	1,602
Total Debtors	2,535	3,553	2,833	3,225
Inventories	805	1,088	867	987
Total Other Current Assets	89	163	137	151
Total Current Assets	5,229	6,920	6,429	5,965
Fixed Assets	1,922	2,607	3,360	4,191
Total Investments	0	0	0	0
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	2,017	2,791	2,917	3,049
Total Non-current Assets	3,939	5,398	6,277	7,240
Short-term Debt	748	1,066	1,082	1,101
Current Portion of Long-Term Debt				
Total Creditors	1,705	2,008	1,601	1,822
Other Current Liabilities	495	277	221	251
Total Current Liabilities	2,948	3,350	2,904	3,174
Total Long-term Debt	481	817	817	817
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	170	263	284	306
Total Non-current Liabilities	651	1,080	1,101	1,123
Total Provisions	83	80	88	97
Total Liabilities	3,682	4,510	4,092	4,394
Shareholders' Equity	5,238	7,620	8,426	8,624
Minority Interests	248	188	188	187
Total Equity	5,486	7,808	8,613	8,810

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F
Revenue Growth	27.8%	9.6%	(20.3%)	13.8%
Operating EBITDA Growth	77.5%	13.9%	(32.7%)	21.7%
Operating EBITDA Margin	15.7%	16.3%	13.8%	14.7%
Net Cash Per Share (Rmb)	0.84	0.31	0.91	(0.42)
BVPS (Rmb)	7.68	10.05	11.12	11.38
Gross Interest Cover	18.58	18.48	11.33	13.22
Effective Tax Rate	14.7%	10.9%	10.7%	10.6%
Net Dividend Payout Ratio	NA	38.3%	20.0%	20.0%
Accounts Receivables Days	82.8	97.8	128.7	107.5
Inventory Days	36.63	43.41	55.58	46.94
Accounts Payables Days	75.3	85.1	102.6	86.7
ROIC (%)	34.1%	31.3%	11.9%	13.6%
ROCE (%)	23.4%	19.9%	9.6%	10.7%
Return On Average Assets	15.0%	14.4%	8.4%	9.0%

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

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