

香港
增持 (不变)

市场共识评级*: 买入 15 持有 1 沽出 0

前收盘价:	HK\$9.19
目标价:	HK\$10.37
前目标价:	HK\$8.98
潜在上升/下跌空间:	12.8%
CGI / 市场共识	4.2%
路透股票代码:	0868.HK
彭博股票代码:	868 HK
市值:	US\$4,712m
	HK\$36,882m
平均每日成交额:	US\$7.58m
	HK\$59.44m
目前发行在外股数	3,998m
自由流通量	52.0%
*来源: 彭博	

本报告中的主要变动

- 19 财年和 20 财年收入预测分别上调 8.9% 和 11.6%
- 19 财年和 20 财年净利润预测上调 2.2% 和 2.7%



来源: 彭博

股价表现	1M	3M	12M
绝对表现 (%)	2.7	23.7	10.1
相对表现 (%)	3.4	20.4	9.2

主要股东	持股比例
李贤义	22.1
董清世	10.3

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信义玻璃

房屋竣工面积回升的受益者

- 自 2019 年 8 月中以来, 中国的浮法玻璃价格持续走强, 主要是供需格局变得更为正面。
- 从正面角度看, 19 财年三季度行业库存有所下降, 意味着终端需求增加。在 2019 年 10 月, 一些与房地产相关的指标回升。
- 由于浮法玻璃价格坚挺, 加上信义光能[0968.HK]产生更多贡献, 我们上调了信义玻璃 19 财年和 20 财年的净利润预测。
- 目标价从 8.98 港元上调至 10.37 港元, 基于 12 倍 19 财年市盈率, 低于历史均值。由于供需改善, 我们上调了股份的目标市盈率。
- 中美贸易协议的达成将提振信义玻璃的投资情绪。维持「增持」评级。

浮法玻璃价格走势强劲

自 2019 年 8 月中以来, 浮法玻璃价格持续上涨, 并于 11 月 14 日升至 82.1 元人民币/重箱的年初至今高位, 我们认为这是由于供需格局改善所致。在 11 月初至今, 中国重点城市的浮法玻璃平均价格为 82.0 元人民币/重箱, 较 19 财年三季度的平均价 81.1 元人民币/重箱上涨 1.1%, 亦较 2018 年三季度的平均价 76.3 元人民币/重箱上涨 7.4%, 亦较 19 财年一季度的平均价 75.7 元人民币/重箱上升 8.3%。自 2019 年 6 月以来, 行业库存一直在下降。但是我们注意到, 运营中的产能在 2019 年 9 月下旬回升。我们认为, 浮法玻璃价格坚挺反映终端需求坚挺。固定资产投资、零售额等经济指标的同比增长在 10 月进一步放缓。但是我们指出, 一些指标 (例如房屋新开工面积和竣工面积的同比增长) 在 10 月加快。房屋竣工面积在 2019 年 10 月同比增长 19.2%, 而 2019 年 1-10 月则同比下降 5.5%。房屋新开工面积在 10 月同比增长 23.2%, 也较 1-10 月的 10.0% 同比增长有所改善。竣工和新开工面积同比面积增长, 预计将提振房地产投资后周期的相关公司 (如信义玻璃) 的投资情绪。我们认为, 房屋竣工和新开工进度优于预期将使信义玻璃受惠。

A 股上市同业的业绩发放出正面信号

旗滨集团、耀皮玻璃和中航三鑫等 A 股上市玻璃生产商于 2019 年 10 月公布了 19 财年三季度。这三家 A 股公司的三季度净利润环比增长 411.7%, 符合我们此前已讨论过的浮法玻璃价格上涨的情况。我们认为, 信义玻璃 A 股同业的三季报支持我们认为信义玻璃下半年经营业绩将有改善的观点。此外, 预计在建房屋的强劲增长将在未来几个季度转化为竣工面积, 这对浮法玻璃生产商是有益。

上调盈利预测

尽管近期浮法玻璃产能增加, 但我们仍然认为, 由于冷修有望导致供应减少, 这将使信义玻璃等龙头企业面对更佳的需求格局。信义玻璃在广西和张家港的新浮法玻璃生产基地, 将分别于 2019 年下半年和 2020 年投产。由于自 2019 年 8 月以来浮法玻璃价格坚挺, 我们上调了对公司平均售价和毛利率的假设, 并因而上调了 2019 和 2020 年的净利润预测。目标价从 8.98 港元上调至 10.37 港元, 基于 12 倍 2019 年市盈率, 低于历史平均的 14 倍。

主要财务指标

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
收入 (百万人民币)	14,728	16,014	16,042	17,874	20,017
经营 EBITDA (百万人民币)	4,373	4,382	4,308	4,961	5,695
净利润 (百万人民币)	4,014	4,237	4,101	4,351	5,069
每股核心盈利 (人民币)	1.01	1.06	0.89	1.09	1.27
每股核心盈利增长	22.1%	5.1%	(16.3%)	22.2%	16.5%
全面摊薄市盈率 (倍)	8.99	8.62	10.31	8.46	7.26
每股派息 (人民币)	0.48	0.52	0.50	0.53	0.62
股息率	5.22%	5.66%	5.46%	5.79%	6.74%
EV/EBITDA (倍)	8.30	8.18	7.98	6.84	5.81
股价/股权自由现金流 (倍)	35.81	8.71	9.16	22.25	16.01
净负债权益比	29.6%	28.8%	22.9%	23.9%	23.0%
市净率 (倍)	2.00	1.98	1.88	1.77	1.65
股本回报率	25.6%	23.1%	18.7%	21.6%	23.5%
每股核心盈利预测的变动			0.80%	1.74%	
CGI/市场共识预测每股盈利 (倍)			1.00	0.99	1.02

来源: 中国银河国际证券研究部, 公司, 彭博

Hong Kong
ADD (no change)

Consensus ratings*: Buy 15 Hold 1 Sell 0

Current price:	HK\$9.19
Target price:	HK\$10.37 ▲
Previous target:	HK\$8.98
Up/downside:	12.8%
CGI / Consensus:	4.2%
Reuters:	0868.HK
Bloomberg:	868 HK
Market cap:	US\$4,712m HK\$36,882m
Average daily turnover:	US\$7.58m HK\$59.44m
Current shares o/s:	3,998m
Free float:	52.0%

*Source: Bloomberg

Key changes in this note

- FY19F and FY20F revenue increased by 8.9% and 11.6% respectively.
- FY19F and FY20F net profit increased by 2.2% and 2.7% respectively.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.7	23.7	10.1
Relative (%)	3.4	20.4	9.2

Major shareholders	% held
Mr Lee Yin Yee	22.1
Mr Tung Ching Sai	10.3

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Xinyi Glass

Proxy for pick-up in new property completions

- Float glass prices in China have had a good run since mid-Aug 2019, given more favourable demand/supply dynamics.
- On the positive side, industry inventory fell in 3Q19, which implies that end demand is holding up somewhat. Some property-related macro data points rebounded in Oct 2019.
- Because of firm float glass prices and the higher contribution from Xinyi Solar [0968.HK], we raised our net profit forecasts for 2019F and 2020F.
- We also raise our TP from HK\$8.98 to HK\$10.37, based on 12x 2019F P/E, lower than the historical mean. We use a higher P/E target because of improving supply/demand dynamics.
- The signing of a trade agreement between China and US will boost sentiment on Xinyi Glass. Maintain ADD.

Strong float glass prices movement

Float glass prices have been moving up since mid-Aug 2019, reaching a ytd high of Rmb82.1/DWC on 14 Nov 2019, which in our view, is due to more favourable demand/supply dynamics. The average float glass price in key cities in China was Rmb82.0/DWC mtd in Nov 2019, an increase of 1.1% from an average of Rmb81.1/DWC in 3Q19, 7.4% from an average of Rmb76.3/DWC in 2Q19, and 8.3% from an average of Rmb75.7/DWC in 1Q19. Industry inventory has fallen since Jun 2019. However, we note that operating capacity rebounded in late Sep 2019. The firm float glass prices, in our view, indicate that end stream demand is resilient. YoY growth of economic indicators such as FAI, retail sales and IP moderated further in Oct 2019. However, we would like to highlight that some indicators, such as yoy growth in property new starts and new completions, accelerated in Oct 2019. New property completions reported yoy growth of 19.2% in Oct 2019, compared to a yoy decline of 5.5% in Jan–Oct 2019. New starts in terms of floor area reported yoy growth of 23.2% in Oct, also an improvement from yoy growth of 10.0% in Jan–Oct 2019. The strong yoy growth in new completions and starts is expected to boost sentiment on late property investment cycle names such as Xinyi Glass. We believe that Xinyi Glass is proxy for better-than-expected new home completions and new starts.

Positive indication from the results of its A-share-listed peers

A-share-listed glass manufacturers, including Zhuzhou Kibing, Shanghia Yaohua and AVIC Sanxin, reported their 3Q19 results in Oct 2019. The three A-share companies reported a 441.7% qoq increase in net profit in 3Q19, which was in line with higher float glass prices, which we discussed. We believe the 3Q results of Xinyi Glass's A-share-listed peers supports our view that Xinyi Glass will report a hoh improvement in operating results in 2H19. Also, the strong growth in property under construction is expected to translate into new completions in the coming quarters, which is positive for float glass manufacturers.

Upward earnings revision

Despite the recent increase in operating float glass capacity, we still hold the view that the potential reduction in supply for cold repairs will make the supply/demand situation more favourable for the leading players such as Xinyi Glass. Xinyi Glass's new float glass production bases in Guangxi and Zhangjiagang will come on stream in 2H19 and 2020, respectively. Because of the firm float glass prices starting in Aug 2019, we raised our net profit forecast for Xinyi Glass for 2019F and 2020F, after factoring in higher ASP and gross profit margin assumptions. We also raise our TP from HK\$8.98 to HK\$10.37, based on 12x 2019F P/E, lower than historical mean of 14x.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (HK\$m)	14,728	16,014	16,042	17,874	20,017
Operating EBITDA (HK\$m)	4,373	4,382	4,308	4,961	5,695
Net Profit (HK\$m)	4,014	4,237	4,101	4,351	5,069
Core EPS (HK\$)	1.01	1.06	0.89	1.09	1.27
Core EPS Growth	22.1%	5.1%	(16.3%)	22.2%	16.5%
FD Core P/E (x)	8.99	8.62	10.31	8.46	7.26
DPS (HK\$)	0.48	0.52	0.50	0.53	0.62
Dividend Yield	5.22%	5.66%	5.46%	5.79%	6.74%
EV/EBITDA (x)	8.30	8.18	7.98	6.84	5.81
P/FCFE (x)	35.81	8.71	9.16	22.25	16.01
Net Gearing	29.6%	28.8%	22.9%	23.9%	23.0%
P/BV (x)	2.00	1.98	1.88	1.77	1.65
ROE	25.6%	23.1%	18.7%	21.6%	23.5%
% Change In Core EPS Estimates			0.80%	1.74%	
CGI/consensus EPS (x)			1.00	0.99	1.02

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

Figure 1: Average float glass price in key cities in China

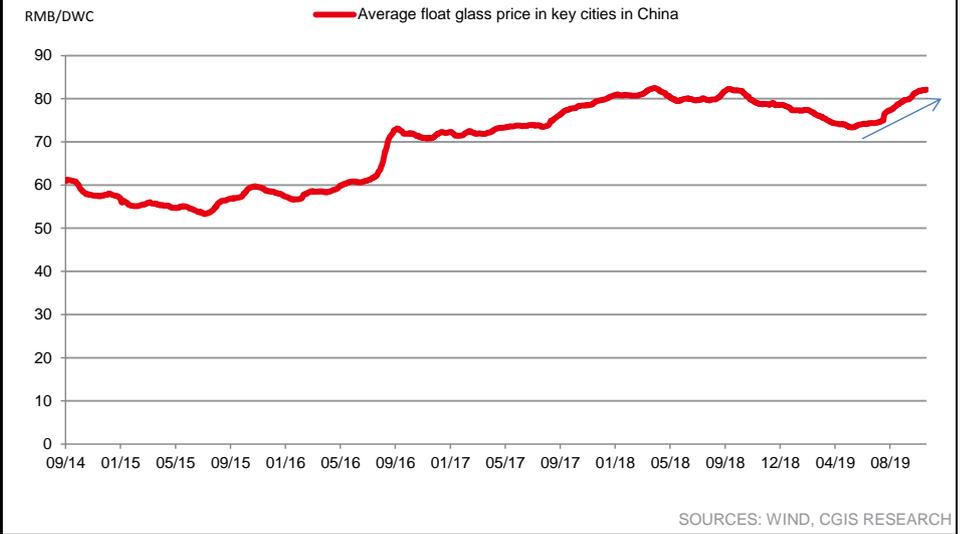


Figure 2: Operating float glass capacity

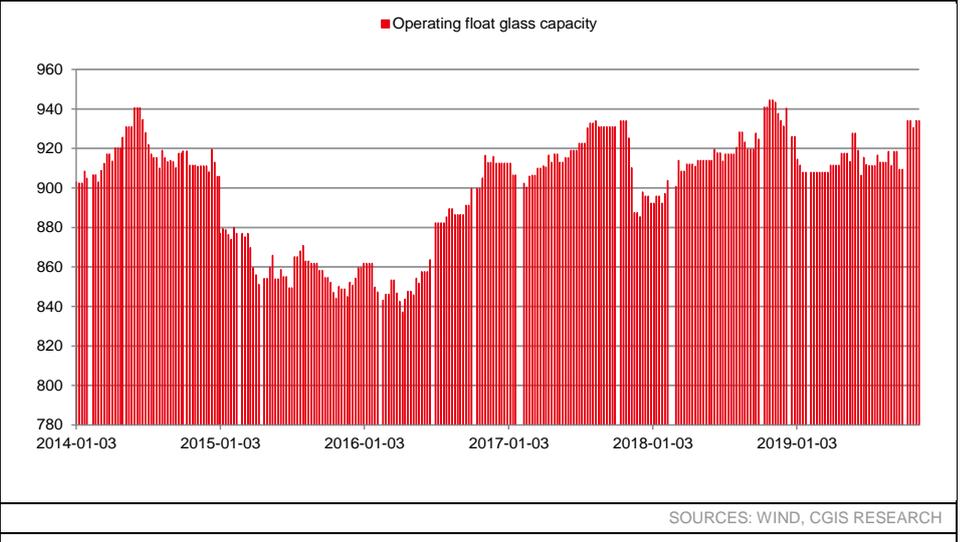
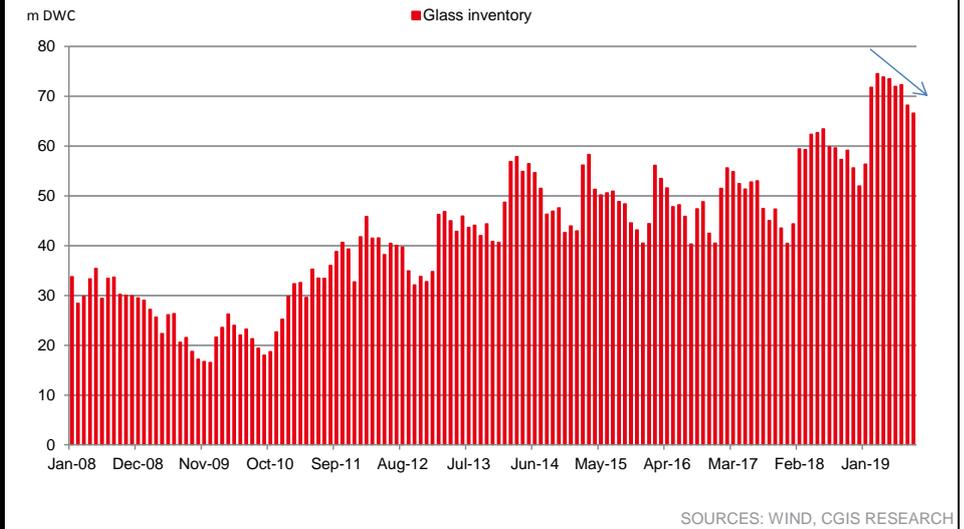


Figure 3: Float glass inventory in China

Figure 4: Key assumptions for Xinyi Glass

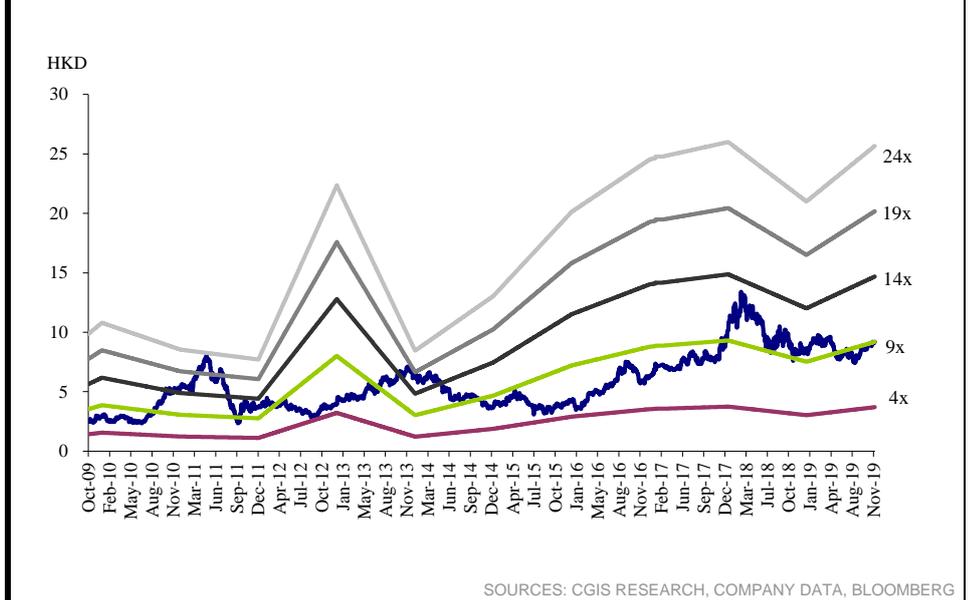
	2012	2013	2014	2015	2016	2017	2018	2019F	2020F	2021F
Turnover (HKDm)										
Automobile glass	3,077.8	3,287.2	3,593.2	3,786.6	3,748.4	3,910.0	4,251.9	4,510.8	4,878.4	5,276.0
Construction glass	1,574.6	2,154.5	2,555.5	2,651.5	2,590.2	2,800.6	3,383.2	3,763.5	4,186.5	4,657.1
Float glass	3,780.6	4,494.3	4,712.4	5,022.2	6,509.8	8,016.9	8,379.4	7,767.7	8,808.6	10,084.1
Total	8,433.0	9,936.1	10,861.1	11,460.3	12,848.4	14,727.5	16,014.5	16,042.0	17,873.5	20,017.2
YoY Change (%)										
Automobile glass		6.8	9.3	5.4	(1.0)	4.3	8.7	6.1	8.1	8.2
Construction glass		36.8	18.6	3.8	(2.3)	8.1	20.8	11.2	11.2	11.2
Float glass		18.9	4.9	6.6	29.6	23.2	4.5	(7.3)	13.4	14.5
Total		17.8	9.3	5.5	12.1	14.6	8.7	0.2	11.4	12.0
Volume										
Automobile (piece)		12,110.0	12,889.0	13,582.8	13,582.8	13,786.6	14,338.0	14,768.2	15,506.6	16,281.9
Construction (sqm)		16,363.0	19,380.0	20,107.5	21,716.1	20,630.3	22,693.3	24,508.8	26,469.5	28,587.1
Float glass (tonne)		2,927.0	3,510.0	3,856.8	4,435.3	4,790.1	4,908.5	5,055.8	5,460.2	5,897.0
YoY Change (%)										
Automobile (piece)			6.4	5.4	0	1.5	4.0	3.0	5.0	5.0
Construction (sqm)			18.4	3.8	8.0	(5.0)	10.0	8.0	8.0	8.0
Float glass (tonne)			19.9	9.9	15.0	8.0	2.5	3.0	8.0	8.0
ASP										
Automobile (HKD/piece)		271.4	278.8	278.8	276.0	278.8	296.5	305.4	314.6	324.0
Construction (HKD per sqm)		131.7	131.9	131.9	119.3	135.8	149.1	153.6	158.2	162.9
Float glass (HKD per tone)		1,535.5	1,342.6	1,302.2	1,467.7	1,673.6	1,707.1	1,536.4	1,613.2	1,710.0
YoY Change (%)										
Automobile (HKD/piece)			2.7	0.0	(1.0)	1.0	6.4	3.0	3.0	3.0
Construction (HKD per sqm)			0.1	0	(9.5)	13.8	9.8	3.0	3.0	3.0
Float glass (HKD per tone)			(12.6)	(3.0)	12.7	14.0	2.0	(10.0)	5.0	6.0
Gross margin (%)										
Automobile glass		42.8	43.3	41.8	44.3	49.0	46.9	43.9	45.9	47.9
Construction glass		37.2	39.9	35.3	33.9	39.9	38.0	37.8	40.3	40.3
Float glass		8.6	19.0	7.0	11.1	27.5	31.7	32.6	29.1	31.1
Blended		26.4	31.6	25.2	27.3	36.3	37.0	36.7	36.4	37.6
Net margin (%)		14.1	35.4	12.6	18.4	25.0	27.3	26.5	25.6	25.6
Cost (HKDm)										
S,G&A	(1,056.7)	(1,250.9)	(1,638.0)	(1,614.5)	(1,822.4)	(2,045.1)	(2,407.0)	(2,507.4)	(2,793.7)	(3,068.7)
Financial Expenses	(57.3)	(59.7)	(38.1)	(50.2)	(76.8)	(106.5)	(142.5)	(251.7)	(222.9)	(230.3)
YoY Change (%)										
S,G&A		18.4	30.9	(1.4)	12.9	12.2	17.7	4.2	11.4	9.8
Financial Expenses		4.2	(36.2)	32.0	53.0	38.6	33.8	76.6	(11.4)	3.3
CAPEX (HKDm)	1,435.3	3,752.3	2,092.0	1,701.4	1,756.5	3,195.4	2,453.0	2,500.0	2,500.0	2,500.0
Net Gearing (%)	35.8	33.6	42.0	37.2	37.3	29.7	29.0	23.0	24.0	23.1

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

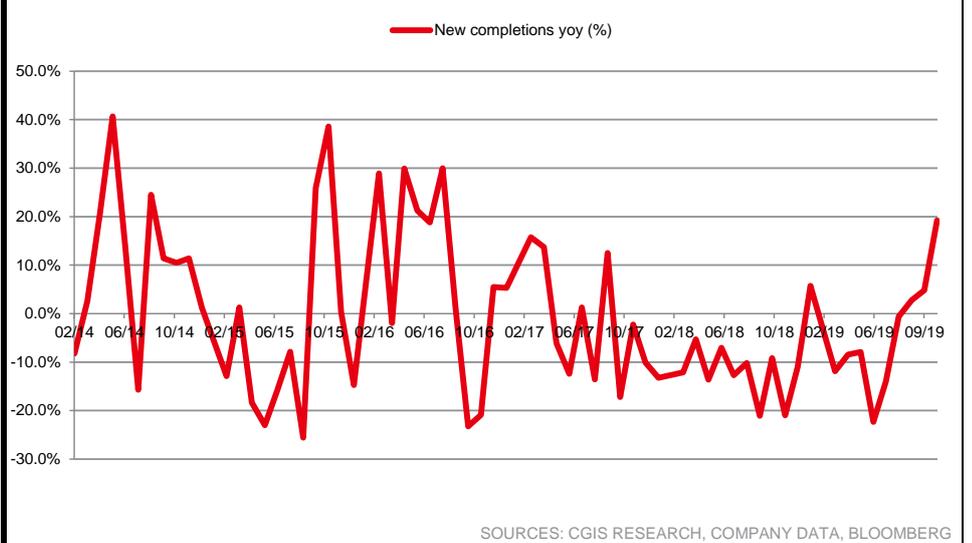
Figure 5: Forecasts revision

Revision (HKD m)	2019F forecasts			2020F forecasts		
	Old	New	change	Old	New	change
Revenue	14,728	16,042	8.9%	16,014	17,874	11.6%
Cost of sales and services	(9,283)	(10,196)	9.8%	(10,139)	(11,161)	10.1%
Gross profit	5,444	5,846	7.4%	5,875	6,713	14.2%
Other income and other gains and losses	749	1,143	52.6%	1,150	589	-48.8%
Distribution and selling expenses	(675)	(870)	28.8%	(772)	(969)	25.5%
Administrative expenses	(1,370)	(1,638)	19.5%	(1,835)	(1,825)	11.6%
Finance costs	(151)	(323)	113.6%	(214)	(323)	51.1%
JV & Associates	700	653	-6.7%	566	919	62.5%
Profit before tax	4,696	4,812	2.5%	4,970	5,104	2.7%
Income tax expense	(682)	(699)	2.5%	(723)	(742)	2.7%
MI	(0)	(11)	4123.5%	(11)	(11)	0.0%
Profit for the period	4,014	4,101	2.2%	4,237	4,351	2.7%
			ppt			ppt
Gross margin (%)	37.0	36.4	(0.5)	36.7	37.6	0.9
Operating margin (%)	32.9	32.0	(0.9)	32.4	30.4	(2.0)
Net Margin (%)	27.3	25.6	(1.7)	26.5	24.3	(2.1)
Turnover by products (HKDm)						
Automobile glass	4,511	4,511	0.0%	4,878	4,878	0.0%
Construction glass	3,764	3,764	0.0%	4,187	4,187	0.0%
Float glass	7,521	7,768	3.3%	8,529	8,809	3.3%
Gross margin by products (%)			ppt			ppt
Automobile glass	45.9	45.9	0.0	46.9	46.9	0.0
Construction glass	40.3	40.3	0.0	40.3	40.3	0.0
Float glass	29.1	29.1	0.0	31.1	31.1	0.0

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

Figure 6: Xinyi Glass P/E band


SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

Figure 7: Property new completions yoy (%)


SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

Figure 8: Property new starts yoy (%)

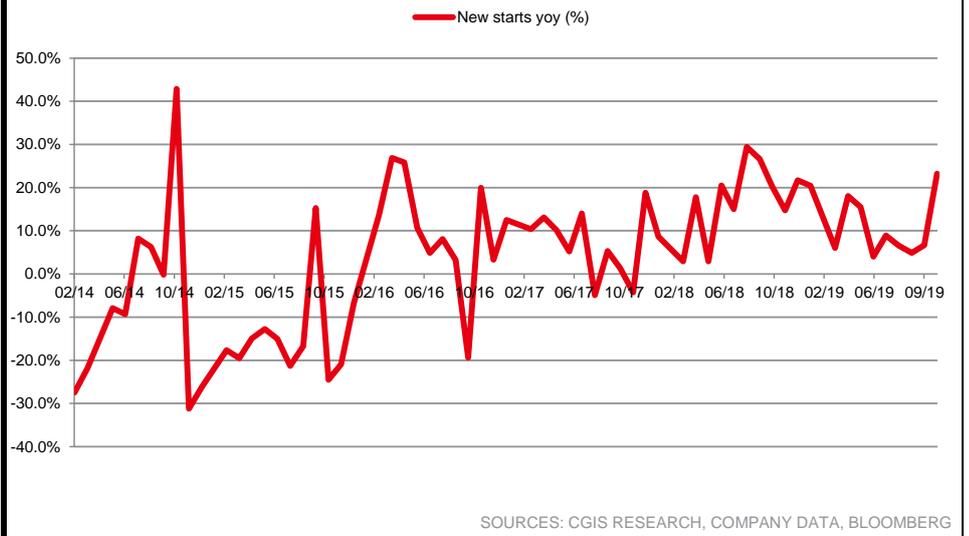


Figure 9: Property under construction yoy (%)

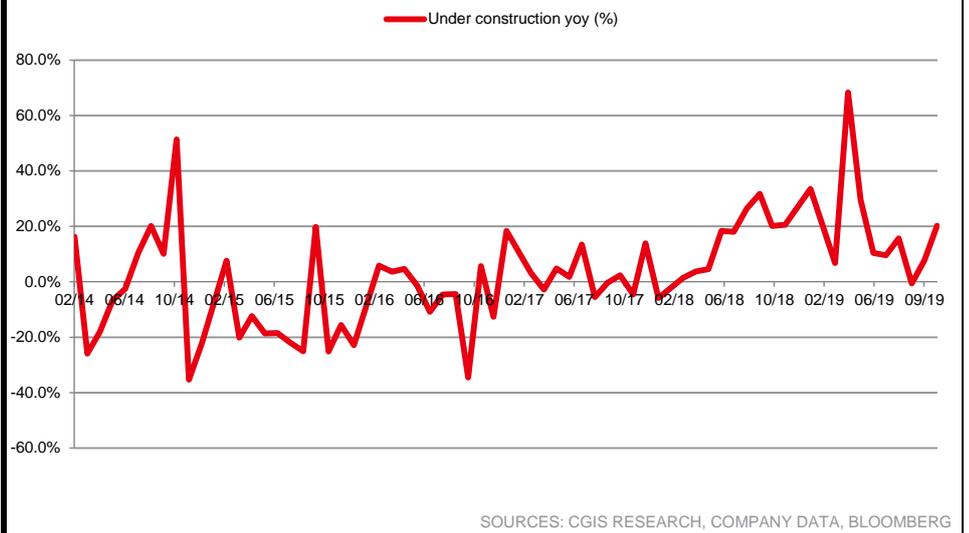
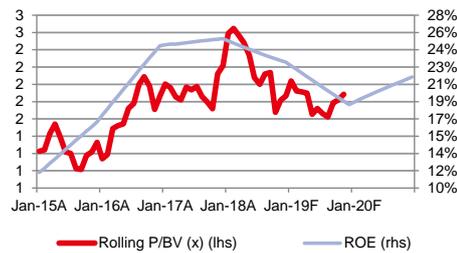
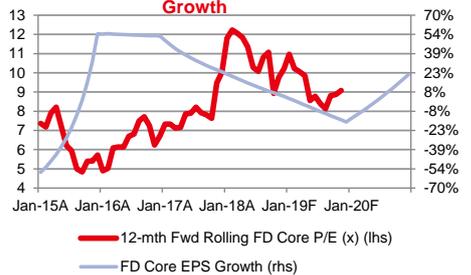


Figure 10: Peer comparison

Ticker	Company	Price Lcy	Market Cap US\$m	PE		EV/EBITDA		P/B		ROE		ROA		Div yield		Share Price Performance			
				2019F x	2020F x	2019F x	2020F x	2018 x	2019F x	2018 %	2019F %	2018 %	2019F %	2018 %	2019F %	1M %	3M %	6M %	12M %
868 HK	Xinyi Glass Holdings Ltd	9.19	4711.0	10.3	8.5	8.2	8.0	2.0	1.9	23.1	18.7	14.0	10.8	5.7	5.5	2.7	23.7	9.7	10.1
968 HK	Xinyi Solar Holdings Ltd	4.5	4645.2	15.4	12.2	11.5	9.1	2.7	2.5	18.1	18.5	5.9	9.0	2.2	3.1	-1.3	9.5	2.7	46.6
8328 HK	Xinyi Automobile Glass Hong	1.1	90.2	n.a.	n.a.	n.a.	n.a.	1.8	n.a.	23.6	n.a.	13.4	n.a.	0.0	n.a.	-12.8	-12.1	-39.1	-42.6
3300 HK	China Glass Holdings Ltd	0.4	92.5	n.a.	n.a.	n.a.	n.a.	0.3	n.a.	4.7	n.a.	1.5	n.a.	0.0	n.a.	-1.2	-0.1	-26.4	-25.0
1108 HK	Luoyang Glass Company Ltd-H	2.2	647.0	n.a.	n.a.	n.a.	n.a.	0.9	n.a.	1.3	n.a.	1.3	n.a.	0.0	n.a.	36.2	40.5	0.5	-5.9
3606 HK	Fuyao Glass Industry Group-H	23.9	7859.3	16.7	14.5	10.7	9.2	2.7	2.5	21.0	15.7	10.0	9.1	3.5	3.9	7.4	16.3	-4.2	-6.1
6865 HK	Flat Glass Group Co Ltd-H	3.8	2120.3	9.8	7.0	14.7	10.6	1.6	0.9	11.8	15.9	6.3	9.3	n.a.	1.7	1.6	-5.0	-10.2	79.2
Average				14.0	11.2	12.3	9.6	1.7	2.0	13.4	16.7	6.4	9.1	1.1	2.9	5.0	8.2	-12.8	7.7
600660 CH	Fuyao Glass Industry Group-A	22.1	7859.3	16.8	14.7	10.7	9.2	2.7	2.6	21.0	15.3	8.4	9.1	n.a.	3.7	1.5	5.0	-5.5	-2.4
000012 CH	Csg Holding Co Ltd- A	4.3	1557.4	23.1	18.5	6.8	5.9	1.4	1.3	5.2	6.4	2.8	2.3	n.a.	0.5	-3.8	11.1	1.8	6.5
601636 CH	Zhuzhou Kibing Group Co Lt-A	4.2	1610.0	8.8	7.8	5.6	5.3	1.4	1.4	16.5	16.0	9.1	9.8	n.a.	7.5	3.5	9.7	-8.3	6.8
002163 CH	Avic Sanxin Co Ltd-A	4.5	516.9	n.a.	n.a.	n.a.	n.a.	5.3	n.a.	4.9	n.a.	1.5	n.a.	n.a.	n.a.	-6.8	-2.6	-15.7	-3.2
600819 CH	Shanghai Yaohua Pilkington-A	4.4	549.8	n.a.	n.a.	n.a.	n.a.	1.3	n.a.	3.0	n.a.	1.9	n.a.	n.a.	n.a.	-1.1	3.3	-12.1	6.3
600876 CH	Luoyang Glass Company Ltd-A	13.0	647.0	n.a.	n.a.	n.a.	n.a.	5.7	n.a.	1.3	n.a.	1.3	n.a.	0.0	n.a.	24.2	29.9	8.4	1.6
Average				16.2	13.7	7.7	6.8	3.0	1.8	8.6	12.6	4.2	7.1	0.0	3.9	2.9	9.4	-5.2	2.6
1802 TT	Taiwan Glass Ind Corp	11.55	1100.5	n.a.	n.a.	n.a.	n.a.	0.8	n.a.	2.4	n.a.	-1.3	n.a.	n.a.	n.a.	-0.4	-0.9	-4.5	-14.4
SISE TI	Turk Sise Ve Cam Fabrikalari	4.47	1745.3	5.3	5.1	4.9	4.2	0.7	0.7	20.6	12.7	4.9	7.9	n.a.	5.3	6.4	5.7	-16.9	-12.5
TRKCM TI	Trakya Cam Sanayii As	3.06	663.8	4.9	3.3	4.2	3.5	0.6	0.6	20.6	13.1	5.7	7.1	n.a.	4.2	3.4	25.9	3.0	-2.9
APOG US	Apogee Enterprises Inc	37.89	1006.2	12.5	10.6	7.9	6.9	2.0	n.a.	15.8	n.a.	4.0	n.a.	1.8	1.8	2.4	6.7	-5.5	1.3
5201 JP	Asahi Glass Co Ltd	3920.00	8208.2	17.0	11.7	6.2	5.7	0.8	0.8	7.7	4.6	2.4	3.4	n.a.	3.1	13.8	31.6	8.9	2.9
5214 JP	Nippon Electric Glass Co Ltd	2412.00	2210.0	33.6	18.2	5.0	4.8	0.5	0.5	2.9	1.4	0.9	2.0	n.a.	4.6	-0.5	10.1	-11.6	-17.7
4044 JP	Central Glass Co Ltd	2744.00	1085.7	15.2	14.1	7.1	6.7	0.7	0.7	1.7	4.4	1.9	3.4	n.a.	2.7	5.7	13.5	-4.0	-3.7
5202 JP	Nippon Sheet Glass Co Ltd	652.00	543.9	6.0	5.6	7.3	6.9	0.9	0.7	4.9	11.4	0.8	20.4	n.a.	3.1	-2.5	9.2	-15.5	-33.3
SGO FP	Compagnie De Saint Gobain	37.00	22284.0	10.9	10.1	6.6	6.5	1.1	1.1	2.3	10.2	-0.2	4.0	n.a.	3.8	-2.4	17.7	8.7	17.1
PPG US	Ppg Industries Inc	129.75	30681.1	20.8	18.9	13.9	13.0	5.8	5.7	26.3	30.7	7.0	8.7	1.5	1.5	9.8	18.4	15.9	21.2
GLW US	Coming Inc	28.95	22265.7	16.7	15.6	9.0	8.7	2.1	2.0	7.8	12.1	4.5	5.2	3.4	2.8	-2.0	6.7	-4.4	-9.7
Average				14.3	11.3	7.2	6.7	1.5	1.4	10.3	11.2	2.8	6.9	2.2	3.3	3.1	13.2	-2.4	-4.7
914 HK	Anhui Conch Cement Co Ltd-H	47.45	32206.0	7.0	7.4	4.2	4.6	1.8	1.7	29.6	25.9	21.6	n.a.	n.a.	4.8	1.3	10.3	4.2	10.3
3323 HK	China National Building Ma-H	6.91	7444.8	4.9	5.1	6.6	6.8	0.7	0.6	11.8	13.0	2.4	2.9	4.5	4.1	-0.6	9.0	7.8	9.3
1313 HK	China Resources Cement	8.73	7786.7	7.7	7.8	4.8	5.0	1.6	1.4	23.5	19.7	13.1	13.1	4.8	6.2	5.9	27.8	24.7	17.7
2009 HK	Bomg Corp-H	2.07	4364.7	4.3	4.3	11.7	11.7	0.4	0.3	7.8	8.0	1.4	n.a.	n.a.	4.3	-11.2	-2.4	-15.2	-14.1
743 HK	Asia Cement China Holdings	9.71	1943.3	4.3	4.2	2.4	2.4	1.0	1.0	22.0	24.3	14.6	n.a.	7.1	10.1	-5.4	4.7	1.3	50.1
Average				5.6	5.8	6.0	6.1	1.1	1.0	18.9	18.2	10.6	8.0	5.5	5.9	-2.0	9.9	4.6	14.7
2128 HK	China Lesso Group Holdings L	8.76	3471.4	8.4	7.4	6.4	5.7	1.6	1.4	17.6	18.6	7.9	n.a.	2.8	4.0	10.5	29.6	65.0	112.6
358 HK	Jiangxi Copper Co Ltd-H	9.04	5739.8	10.9	10.1	9.2	8.7	0.6	0.5	5.0	5.2	2.1	n.a.	4.9	2.6	1.7	2.0	-5.0	-1.7
2600 HK	Aluminum Corp Of China Ltd-H	2.37	7368.1	26.2	16.5	10.0	9.6	0.7	0.6	1.7	2.2	0.4	n.a.	0.0	0.0	-6.0	6.3	-15.4	-19.7
1088 HK	China Shenhua Energy Co-H	15.18	46338.0	6.2	6.4	3.9	4.0	0.8	0.8	13.9	12.8	7.3	7.4	n.a.	6.6	-5.2	-0.7	-8.8	-17.9
1898 HK	China Coal Energy Co-H	3.04	7664.1	5.7	6.3	6.2	6.3	0.4	0.4	3.8	7.1	1.8	2.5	2.9	5.0	-5.0	9.4	-4.4	-10.9
1171 HK	Yanzhou Coal Mining Co-H	6.69	5969.8	3.3	3.7	5.6	5.9	0.5	0.5	17.6	17.0	5.2	n.a.	9.0	17.7	-4.0	25.1	0.4	1.0
347 HK	Angang Steel Co Ltd-H	2.63	3780.4	7.6	6.6	5.5	5.2	0.4	0.4	15.3	5.0	4.1	n.a.	n.a.	3.8	-5.1	-2.2	-29.5	-49.0
323 HK	Maanshan Iron & Steel-H	2.78	2777.2	7.3	7.2	6.1	5.9	0.7	0.7	22.8	9.4	2.4	n.a.	n.a.	5.3	-5.8	-6.4	-18.7	-34.1
2689 HK	Nine Dragons Paper Holdings	7.68	4603.0	7.9	6.4	6.7	6.4	0.9	0.8	23.9	10.1	4.9	n.a.	4.1	4.2	11.5	36.7	8.8	3.9
2314 HK	Lee & Man Paper	5.07	2832.4	7.0	7.5	6.2	6.2	0.9	0.9	21.7	13.0	7.8	n.a.	5.5	4.8	15.0	23.1	-7.1	-26.3
1812 HK	Shandong Chenming Paper-H	3.18	1608.0	6.2	4.0	9.9	9.7	0.5	0.4	8.4	7.7	1.1	n.a.	n.a.	4.4	-3.6	0.3	-15.0	-34.4
Average				8.8	7.5	6.9	6.7	0.7	0.7	13.8	9.8	4.1	4.9	4.2	5.3	0.4	11.2	-2.7	-7.0
HSI Index	Hang Seng Index															-0.7	3.3	-6.9	0.9
HSCEI Index	Hang Seng China Ent Indx															-0.7	5.3	-3.5	-1.2
SHCOMP Index	Shanghai Se Composite															-3.3	2.7	-1.6	8.4
MXCN Index	Msci China															0.8	7.1	-2.6	5.5

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

(HK\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	14,728	16,014	16,042	17,874	20,017
Gross Profit	6,418	6,789	6,816	7,755	8,764
Operating EBITDA	4,373	4,382	4,308	4,961	5,695
Depreciation And Amortisation	(974)	(914)	(970)	(1,043)	(1,125)
Operating EBIT	3,399	3,468	3,338	3,919	4,570
Financial Income/(Expense)	(107)	(142)	(252)	(223)	(230)
Pretax Income/(Loss) from Assoc.	700	566	653	919	1,057
Non-Operating Income/(Expense)	704	1,078	439	489	547
Profit Before Tax (pre-EI)	4,696	4,970	4,178	5,104	5,944
Exceptional Items			633		
Pre-tax Profit	4,696	4,970	4,812	5,104	5,944
Taxation	(682)	(723)	(699)	(742)	(864)
Exceptional Income - post-tax	(0)	(11)	(11)	(11)	(11)
Profit After Tax	4,014	4,237	4,101	4,351	5,069
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	4,014	4,237	4,101	4,351	5,069
Recurring Net Profit	4,014	4,248	3,571	4,362	5,080
Fully Diluted Recurring Net Profit	4,014	4,248	3,571	4,362	5,080

Cash Flow

(HK\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	4,373	4,382	4,308	4,961	5,695
Cash Flow from Inv. & Assoc.					
Change In Working Capital	(329)	259	837	(66)	(83)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	216	772	148	227	286
Net Interest (Paid)/Received	(151)	(214)	(323)	(323)	(323)
Tax Paid	(574)	(556)	(699)	(742)	(864)
Cashflow From Operations	3,535	4,643	4,270	4,058	4,711
Capex	(3,195)	(2,453)	(2,500)	(2,500)	(2,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(124)	512	1,249	100	93
Cash Flow From Investing	(3,320)	(1,941)	(1,251)	(2,400)	(2,407)
Debt Raised/(repaid)	792	1,503	1,000	0	0
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,905)	(2,079)	(2,012)	(2,135)	(2,487)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(1,113)	(576)	(1,012)	(2,135)	(2,487)
Total Cash Generated	(898)	2,126	2,007	(477)	(184)
Free Cashflow To Equity	1,007	4,204	4,019	1,658	2,303
Free Cashflow To Firm	366	2,915	3,342	1,981	2,626

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

BY THE NUMBERS... cont'd

Balance Sheet

(HK\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	3,049	4,599	6,454	5,977	5,793
Total Debtors	3,072	2,676	2,943	3,222	3,573
Inventories	1,698	1,755	2,115	2,315	2,568
Total Other Current Assets	107	94	94	94	94
Total Current Assets	7,926	9,123	11,606	11,608	12,028
Fixed Assets	12,929	13,080	13,417	14,096	14,693
Total Investments	9,074	10,100	10,849	11,779	12,848
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	370	298	307	304	301
Total Non-current Assets	22,373	23,477	24,572	26,179	27,841
Short-term Debt	2,068	3,094	5,094	5,094	5,094
Current Portion of Long-Term Debt					
Total Creditors	2,554	2,897	4,362	4,775	5,295
Other Current Liabilities	535	611	611	611	611
Total Current Liabilities	5,157	6,603	10,068	10,480	11,001
Total Long-term Debt	6,399	6,875	5,875	5,875	5,875
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	108	82	82	82	82
Total Non-current Liabilities	6,507	6,957	5,957	5,957	5,957
Total Provisions	335	418	418	418	418
Total Liabilities	11,999	13,977	16,442	16,855	17,375
Shareholders' Equity	18,231	18,545	19,648	20,833	22,384
Minority Interests	69	78	88	99	110
Total Equity	18,300	18,623	19,737	20,932	22,494

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	14.6%	8.7%	0.2%	11.4%	12.0%
Operating EBITDA Growth	19.5%	0.2%	(1.7%)	15.2%	14.8%
Operating EBITDA Margin	29.7%	27.4%	26.9%	27.8%	28.5%
Net Cash Per Share (HK\$)	(1.37)	(1.34)	(1.13)	(1.24)	(1.29)
BVPS (HK\$)	4.59	4.64	4.90	5.19	5.58
Gross Interest Cover	22.49	16.23	10.34	12.14	14.15
Effective Tax Rate	14.5%	14.5%	14.5%	14.5%	14.5%
Net Dividend Payout Ratio	47.5%	48.9%	57.8%	48.9%	49.0%
Accounts Receivables Days	67.52	65.50	63.93	63.12	61.95
Inventory Days	66.28	68.29	76.55	80.13	79.20
Accounts Payables Days	106.5	107.8	143.6	165.2	163.3
ROIC (%)	25.3%	23.0%	23.2%	28.2%	31.2%
ROCE (%)	14.3%	12.6%	11.3%	12.7%	14.1%
Return On Average Assets	15.2%	14.0%	10.8%	12.4%	13.7%

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

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