

23 July 2019

**BUY**  
Unchanged

## 业绩潜能大，明年会更好

### SPT Energy Group (01251:HK)

#### Financial summary and valuation

	2017	2018	2019E	2020E	2021E
Revenue (Rmbm)	1,137	1,443	2,097	2,676	3,020
YoY (%)	39.01	26.86	45.35	27.59	12.88
Net income (Rmbm)	6	82	157	314	426
YoY (%)	-	1,376.23	91.90	99.72	35.73
EPS (Rmb)	0.00	0.05	0.09	0.17	0.23
Diluted EPS (Rmb)	0.00	0.05	0.09	0.17	0.23
ROE (%)	0.33	6.12	11.37	18.48	20.04
Debt/asset (%)	50.84	49.13	46.63	43.85	39.54
Dividend Yield (%)	-	-	-	-	-
PE (x)	177.73	13.93	7.53	3.77	2.78
PB (x)	1.12	0.96	0.86	0.70	0.56
EV/Ebitda (x)	13.70	9.60	5.77	3.52	2.76

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

截至 19 年 6 月底，相较 19 年 3 月中旬的 18 亿元，华油能源录得在手订单 21 亿元。在华油新疆作业区域内，19 年上半年钻井价格至少同比增长了 10%。由于工作量增长和价格回升，我们预计华油能源在 19 年上半年将实现净利润约 5000 万元。我们维持 19 年摊铺每股收益预测人民币 0.09 元。受四川页岩气油服市场景气度加速上行拉动，我们将公司 20 年摊铺每股收益预测由人民币 0.15 元上调至人民币 0.17 元，21 年摊铺每股收益预测由人民币 0.21 元上调至人民币 0.23 元。我们维持当前目标价港币 1.02 元，对应 19 年 10.0 倍市盈率。现价距目标价有 32% 的上行空间，维持买入评级。

**在手订单充沛。**截至 19 年 6 月底，相较 19 年 3 月中旬的 18 亿元，华油能源录得在手订单 21 亿元，国内在手订单稳步增长 11.1% 至 12 亿元；海外在手订单增长 15.5% 至 8.7 亿元。在华油新疆作业区域内，19 年上半年钻井价格至少同比增长了 10%。由于工作量增长和价格回升，相较于 18 年中期的 5.35 亿元，我们预计华油能源在 19 年上半年将录得收入 7-7.5 亿元。实现净利润约 5000 万元（同比增长 154%）。

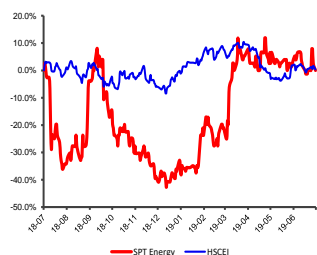
**四川页岩气机遇。**“十三五”页岩气规划收官之年日益迫近，受能源安全主题催化，四川页岩气油服市场景气度加速上行。基于产量计划，我们预计中石油主力长宁产区 19 年完钻 110 口、20 年增至 212 口，投资额由 19 年 106 亿元进一步增至 20 年 136 亿元。华油当下有 6 台钻机投放于四川长宁市场，20 年将进一步增至 8-10 台，在中性情景下，我们预计 20 年华油在四川市场收入将创历史新高，达 12 亿元，相当于 18 年总收入的 83%。旺盛的市场需求给进一步提价打下了基础，我们预计公司经营利润率将由 18 年 9% 提升至 20 年 17%。基于此，我们将公司 20 年摊铺每股收益预测由人民币 0.15 元上调至人民币 0.17 元，21 年摊铺每股收益预测由人民币 0.21 元上调至人民币 0.23 元。

**聚焦未来。**公司宣布与领先的人工智能公司第四范式达成战略合作，协同进军上游油田信息化服务市场。我们对公司这一战略合作前景表示乐观，一方面，国内油田信息服务为蓝海市场，潜在市场空间巨大；另一方面，市场景气度受上游油公司资本支出影响小，长期价值创造可期。

#### Market Data: June 23, 2019

Closing Price (HK\$)	0.77
Price Target (HK\$)	1.02
HSCEI	10,810
HSCCI	4,409
52-week High/Low (HK\$)	0.91/0.44
Market Cap (RMB Mn)	1,188
Market Cap (HK\$m)	1,425
Shares Outstanding (m)	1,851
Exchange Rate (Rmb-HK\$)	1.20

#### Price Performance Chart:



Source: Bloomberg

#### Analyst

**Vincent Yu**  
A0230513070005  
BAM599  
yuwj@swsresearch.com

#### Contact

**Frank Fan**  
fancj@swsresearch.com  
(+86) 21 2329 7703

#### Related Reports

“SPT Energy Group (01251:HK) – Steady improvement” 27 March 2019

“SPT Energy Group (01251:HK) – Oil price tumble” 4 January 2019

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

**维持买入评级。**我们维持 19 年摊铺每股收益预测人民币 0.09 元。受四川页岩气油服市场景气度加速上行拉动，我们将公司 20 年摊铺每股收益预测由人民币 0.15 元上调至人民币 0.17 元，21 年摊铺每股收益预测由人民币 0.21 元上调至人民币 0.23 元。我们维持当前目标价港币 1.02 元，对应 19 年 10.0 倍市盈率。现价距目标价有 32% 的上行空间，维持买入评级。

SPT Energy's orders on hand totalled Rmb2.1bn as of end-June, vs Rmb1.8bn in mid-March. Drilling prices in the firm's operating area in Xinjiang Province rose 10%-plus in 1H19. Given the increasing workload and recovering prices, we expect the company to record 1H19E net profit of Rmb50m (+154% YoY). We maintain our 19E EPS forecast of Rmb0.09 (+80.0% YoY) and, given promising shale gas opportunities in Sichuan, raise our forecasts from Rmb0.15 to Rmb0.17 in 20E (+88.9% YoY) and from Rmb0.21 to Rmb0.23 in 21E (+35.3% YoY). Our target price is unchanged at HK\$1.02 (10x 19E PE). With 32% upside, we maintain our BUY rating.

**Robust orders on hand.** SPT Energy's orders on hand totalled Rmb2.1bn as of end-June, vs Rmb1.8bn in mid-March. Domestic orders on hand rose 11.1% to Rmb1.2bn between mid-June and end-June, while overseas orders on hand increased 15.5% to Rmb870m. Drilling prices in the firm's operating area in Xinjiang rose 10%-plus in 1H19, indicating strong demand. Given the increasing workload and recovering prices, we expect SPT Energy to post 1H19E revenue of Rmb700-750m, vs Rmb535m in 1H18. As a result, we expect the company to record 1H19E net profit of Rmb50m (+154% YoY).

**Shale gas opportunities.** Amid China's growing concerns about energy independence, the upstream Capex upcycle is accelerating in Sichuan as the 2020 deadline approaches. Based on the latest production plan, we expect PetroChina Changning to drill 110 wells in 19E (increasing to 212 wells in 20E). The company currently has 6 drilling rigs in Changning, and plans to increase to 8-10 drilling rigs in 2020. In our base case scenario, we forecast Rmb1.2bn of revenue generated in Sichuan in 20E, accounting for 83% of 2018 revenue. As prices increase on the back of solid demand, we expect SPT Energy's operating margin to further improve from 9% in 18A to 17% in 20E. As such, we raise our EPS forecast from Rmb0.15 to Rmb0.17 in 20E.

**Technology services.** The firm announced a strategic partnership with technology company Fourth Paradigm to cooperate on oil & gas field exploration and production technology services. We are positive on the collaboration given potential large market size, and a lesser dependence on oil companies' Capex decisions, thus smoothing out the company's cash flows and increasing its long-term value.

**Maintain BUY.** We maintain our 19E EPS forecast of Rmb0.09 (+80.0% YoY) and, given promising shale gas opportunities in Sichuan, raise our forecasts from Rmb0.15 to Rmb0.17 in 20E (+88.9% YoY) and from Rmb0.21 to Rmb0.23 in 21E (+35.3% YoY). Our target price is unchanged at HK\$1.02 (10x 19E PE). With 32% upside, we maintain our BUY rating.

## Appendix

### Consolidated Income Statement

(Rmbm)	2017	2018	2019E	2020E	2021E
<b>Revenues</b>	<b>1,137</b>	<b>1,443</b>	<b>2,097</b>	<b>2,676</b>	<b>3,020</b>
Material Costs	(235)	(304)	(432)	(580)	(655)
Salary Exp	(367)	(409)	(584)	(602)	(602)
Rental Costs	(69)	(88)	(144)	(184)	(208)
Transportation Costs	(19)	(28)	(63)	(80)	(91)
Service Costs	(188)	(219)	(273)	(348)	(393)
Impairments	23	(18)	(20)	(19)	(18)
Others Operating Costs	(143)	(178)	(252)	(321)	(362)
<b>EBITDA</b>	<b>139</b>	<b>198</b>	<b>330</b>	<b>541</b>	<b>691</b>
EBIT	47	127	254	464	613
Finance Costs	(30)	(31)	(43)	(43)	(41)
<b>Profit Before Tax</b>	<b>17</b>	<b>96</b>	<b>211</b>	<b>421</b>	<b>572</b>
Income Tax Expense	(14)	(19)	(42)	(84)	(114)
Minority interests	2	(5)	(12)	(24)	(32)
<b>Profit for the year</b>	<b>6</b>	<b>82</b>	<b>157</b>	<b>314</b>	<b>426</b>

Source: Company data, SWS Research

### Consolidated Cash Flow Statement

(Rmbm)	2017	2018	2019E	2020E	2021E
<b>Profit before taxation</b>	<b>17</b>	<b>96</b>	<b>211</b>	<b>421</b>	<b>572</b>
Plus: Depr. and amortisation	92	75	76	77	78
Finance cost	30	31	43	43	42
Losses from investments	0	0	0	0	1
Change in working capital	(17)	(127)	(116)	(250)	(191)
Others	(45)	(58)	(97)	(153)	(86)
<b>CF from operating activities</b>	<b>78</b>	<b>17</b>	<b>117</b>	<b>139</b>	<b>310</b>
Capex	(35)	(80)	(80)	(80)	(80)
Other CF from investing activities	1	(1)	0	4	7
<b>CF from investing activities</b>	<b>(34)</b>	<b>(81)</b>	<b>(80)</b>	<b>(76)</b>	<b>(73)</b>
Equity financing	0	190	0	0	0
Net change in liabilities	(101)	128	40	0	0
Dividend and interest paid	12	9	13	13	13
Other CF from financing activities	(89)	327	53	13	13
<b>CF from financing activities</b>	<b>(54)</b>	<b>57</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Net cash flow</b>	<b>(99)</b>	<b>321</b>	<b>90</b>	<b>76</b>	<b>251</b>
FCFF	73	81	91	119	99
FCFE	3	234	155	153	133

Source: Company data, SWS Research

### Consolidated Balance Sheet

(Rmbm)	2017	2018	2019E	2020E	2021E
Current Assets	1,431	1,939	2,199	2,654	3,171
Cash and cash equivalents	147	354	556	636	895
Trade & notes receivables	683	891	912	1,163	1,313
Other receivables	262	314	349	446	503
Inventories	337	373	360	386	437
Other current assets	3	7	22	22	23
PP&E	349	334	349	349	349
Intangible assets	23	14	33	37	42
Other non-current assets	186	168	200	201	201
<b>Total Assets</b>	<b>1,990</b>	<b>2,460</b>	<b>2,782</b>	<b>3,246</b>	<b>3,773</b>
Current Liabilities	972	1,047	1,125	1,250	1,317
Borrowings	263	155	300	300	300
Trade and other payables	517	702	614	737	802
Other current liabilities	192	190	211	213	215
Long-term liabilities	39	162	172	172	172
<b>Total Liabilities</b>	<b>1,012</b>	<b>1,209</b>	<b>1,297</b>	<b>1,422</b>	<b>1,489</b>
Minority Interests	98	93	116	140	172
<b>Shareholder Equity</b>	<b>880</b>	<b>1,158</b>	<b>1,369</b>	<b>1,684</b>	<b>2,112</b>
Share Capital	1	1	1	2	3
Reserves	1,336	1,612	1,768	2,081	2,507
Forex Difference	(457)	(455)	(400)	(399)	(398)
<b>Total Liabilities and equity</b>	<b>1,990</b>	<b>2,460</b>	<b>2,782</b>	<b>3,246</b>	<b>3,773</b>

Source: Company data, SWS Research

### Key Financial Ratios

	2017	2018	2019E	2020E	2021E
<b>Ratios per share (Rmb)</b>					
Earnings per share	0.00	0.05	0.09	0.17	0.23
Diluted EPS	0.00	0.05	0.09	0.17	0.23
Operating CF per share	0.05	0.01	0.06	0.08	0.17
Dividend per share	0.00	0.00	0.00	0.00	0.00
Net assets per share	0.57	0.67	0.74	0.91	1.15
<b>Key Operating Ratios (%)</b>					
ROIC	-2.06	3.73	8.22	15.33	17.42
ROE	0.33	6.12	11.37	18.48	20.04
Ebitda Margin	12.22	13.75	15.74	20.23	22.87
Ebit Margin	4.12	8.80	12.12	17.36	20.30
Growth rate of Revenue(YoY)	39.01	26.86	45.35	27.59	12.88
Growth rate of Profit(YoY)	-	1,376.23	91.90	99.72	35.73
Debt-to-asset ratio	50.84	49.13	46.63	43.85	39.54
Turnover rate of net assets	1.16	1.15	1.41	1.47	1.32
Turnover rate of total assets	0.57	0.59	0.75	0.83	0.80
Effective tax rate (%)	80.97	20.26	20.00	20.00	20.00
Dividend yield (%)	-	-	-	-	-

Source: Company data, SWS Research

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