

25 March 2019

买入
维持

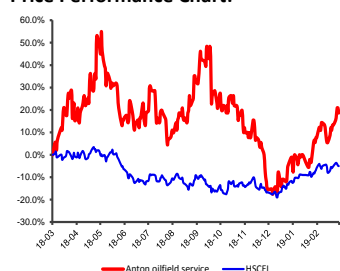
未来属于安东

Anton Oilfield Service Group (03337:HK)

Market Data: March 22, 2018

Closing Price (HK\$)	1.08
Price Target (HK\$)	1.92
HSCEI	11,517
HSCCI	4,546
52-week High/Low (HK\$)	1.44/0.74
Market Cap (RMB Mn)	2,703
Market Cap (HK\$m)	3,244
Shares Outstanding (m)	3,003
Exchange Rate (Rmb-HK\$)	1.20

Price Performance Chart:



Source: Bloomberg

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Related Reports

"Anton Oilfield Service Group (03337:HK) – Money Orders" 28 August 2018

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

Financial summary and valuation

	2017	2018	2019E	2020E	2021E
Revenue (Rmbm)	2,203	2,936	3,492	3,948	4,465
YoY (%)	36.16	33.29	18.93	13.06	13.11
Net income (Rmbm)	54.50	222.42	453.00	591.21	676.84
YoY (%)	-	308.15	103.67	30.51	14.48
EPS (Rmb)	0.02	0.08	0.16	0.21	0.24
Diluted EPS (Rmb)	0.02	0.08	0.16	0.21	0.24
ROE (%)	6.96	7.89	13.26	15.01	14.80
Debt/asset (%)	61.96	62.82	55.11	52.89	50.78
Dividend Yield (%)	0.00	0.01	0.00	0.00	0.00
PE (x)	43.96	10.77	5.29	4.05	3.54
PB (x)	0.98	1.07	0.79	0.68	0.59
EV/Ebitda (x)	11.92	8.79	5.94	4.29	3.39

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

投资要点:

安东油田服务 18 年录得收入人民币 29.36 亿元，同比增加 33.2%，符合预期；税后利润同比增长 46.4% 至人民币 2.51 亿元，符合预期。值得强调的是，公司在成本控制与财务纪律方面的执行力超过我们预期，让我们对公司未来的发展充满期待。为了反映我们对公司未来发展的正面看法，我们将 19/20 年的摊薄每股收益预测由人民币 0.11/0.19 元上调至 0.16/0.21 元，并预测 21 年摊薄每股收益为人民币 0.24 元。我们将目标价由港币 1.49 元上调至港币 1.92 元，对应 19 年 10.0 倍市盈率。现价距目标价有 77.8% 的上涨空间，我们维持公司买入评级。

发展前景稳。 受益于油价回升后上游勘探作业增多，公司钻井板块收入同比增长 39.7% 至人民币 13.4 亿元，EBITDA 率同比由 41.8% 提升至 46.6%，拉动 EBITDA 同比增长 35%。海外收入同比增长 31.5% 至人民币 18.5 亿元，达到 18 年总收入的 63.1%。截止至 18 年年底，海外在手订单金额相当于 18 年海外总收入的 1.73 倍，充沛的海外在手订单增加了业绩增长的可见性，为公司下一步发展打下了基础。

财务纪律严。 归功于卓有成效的内部管理体制变革，18 年销售管理费率降至 13% 以下，这是自公司上市以来的最低值，拉动公司经营利润率进一步由 17 年的 21.5% 提升至 18 年 21.9%。经营性现金流同比增长 115% 至人民币 4.2 亿元，拉动经营利润覆盖率由 17 年的 41% 提升至 65%，增强了公司流动性。资本开支被严格控制，18 年同比减少 89%，拉动自由现金流自 15 年以后首次由负转正，财务状况进一步改善。

国内机遇好。 在政府加大上游油气开发的号召下，19 年中石油的上游资本支出预计同比增加 16%，较 18 年进一步提升 4 个百分点。考虑到安东在四川和新疆地区的市场领先地位，我们认为公司是中石油增加资本开支的关键受益者之一。截止至 18 年年底，国内在手订单金额达到人民币 10.1 亿元，相当于 18 年国内总收入的 94%。

维持买入评级。 整体上游油气开采市场景气度提升，公司管理效率高，为了反映我们对公司未来发展的正面看法，我们将 19/20 年的摊薄每股收益预测由人民币 0.11/0.19 元上调至 0.16/0.21 元，并预测 21 年摊薄每股收益为人民币 0.24 元。我们将目标价由港币 1.49 元上调至港币 1.92 元，对应 19 年 10.0 倍市盈率。现价距目标价有 77.8% 的上涨空间，我们维持公司买入评级。

Anton Oilfield Services reported 2018 revenue of Rmb2.9bn (+33% YoY; vs our forecast: Rmb3.0bn) and profit after tax of Rmb250.7m (+46% YoY; vs our forecast: Rmb242.9m), both in line with our expectations. We highlight the company's superior cost control and financial discipline, the extent of which is exceeding our expectations. As a result, we raise our EPS forecasts from Rmb0.11 to Rmb0.16 in 19E (+100.0% YoY) and from Rmb0.19 to Rmb0.21 in 20E (+31.3% YoY), and forecast Rmb0.24 in 21E (+14.3% YoY). We also lift our target price from HK\$1.49 to HK\$1.92 (10.0x 19E PE). With 77.8% upside, we maintain our BUY rating.

Solid top-line expansion. Backed by increasing E&P activities amid oil price recovery, drilling segment recorded revenue of Rmb1.3bn in 2018 (+39.7% YoY), with EBITDA margin up from 41.8% to 46.6%, driving 35.0% YoY increase in EBITDA. Overseas revenue increased 31.5% YoY to Rmb1.8bn, accounting for 63.1% of total revenue in 2018. As of the end of 2018, overseas in-hand order amounted to 173% of 2018 overseas revenue, enhancing the growth visibility of the company, further laying the solid foundation for top-line expansion.

Superior financial discipline. Thanks to productive internal strategic changes, the selling, general, and administrative expenses are subdued under 13% of the total revenue, which hit the historical low since the company got listed, expanding the operating margin from 21.5% to 21.9%. The operating cash flow increased 115% YoY to Rmb420mn, covering 65% of the operating profit in 2018, compared to 41% in 2017. Capex is strictly control, which decreased 89% YoY, leading to the first turnaround of free cash flow since 2015.

China opportunities. We note Petrochina (857HK:NTR) plan to increase its upstream capex 16% YoY in 19E, 4pts up from 2018 in response to the government call. We believe Anton will be the key beneficiary given its leading market position in Sichuan and Xinjiang province. As of the end of 2018, domestic in-hand order amounted to Rmb1.0bn, equivalent to 94% of 2018 domestic revenue.

Maintain BUY. We highlight the company's superior cost control and financial discipline, the extent of which is exceeding our expectations. As a result, we raise our EPS forecasts from Rmb0.11 to Rmb0.16 in 19E (+100.0% YoY) and from Rmb0.19 to Rmb0.21 in 20E (+31.3% YoY), and forecast Rmb0.24 in 21E (+14.3% YoY). We also lift our target price from HK\$1.49 to HK\$1.92 (10.0x 19E PE). With 77.8% upside, we maintain our BUY rating.

Appendix

Consolidated Income Statement

Rmbm	2017	2018	2019E	2020E	2021E
Revenue	2,203	2,936	3,492	3,948	4,465
Cost of Sales	(1,373)	(1,822)	(2,200)	(2,487)	(2,813)
Gross Profit	830	1,114	1,292	1,461	1,652
Other Income	10	(63)	46	52	59
Selling expenses	(153)	(171)	(227)	(257)	(290)
Administrative expenses	(175)	(197)	(262)	(296)	(335)
EBITDA	432	621	791	964	1,070
EBIT	474	644	783	877	983
Finance Costs	(268)	(297)	(217)	(138)	(137)
Profit before tax	205	347	566	739	846
Income tax expense	(34)	(96)	(113)	(148)	(169)
Minority interests	(117)	(28)	0	0	0
Profit for the year	54	222	453	591	677

Source: Company data, SWS Research

Consolidated Cash Flow Statement

Rmbm	2017	2018	2019E	2020E	2021E
Profit before taxation	205	347	566	739	846
Plus: Depr. and amortisation	227	225	225	224	224
Finance cost	(268)	(297)	(217)	(138)	(137)
Losses from investments	0	0	0	0	0
Change in working capital	566	424	(39)	36	170
Others	9	0	0	0	0
CF from operating activities	196	420	941	925	876
Capex	(170)	(220)	(220)	(220)	(222)
Other CF from investing activities	(230)	122	0	0	0
CF from investing activities	(400)	(98)	(220)	(220)	(222)
Equity financing	(30)	0	0	0	0
Net change in liabilities	829	(357)	(102)	15	1
Dividend and interest paid	44	(160)	0	0	0
Other CF from financing activities	863	(796)	(326)	(130)	(144)
CF from financing activities	0	0	0	0	0
Net cash flow	659	(474)	395	574	510
FCFF	(69)	177	713	403	300
FCFE	(2341)	(2407)	(1107)	(858)	(451)

Source: Company data, SWS Research

Consolidated Balance Sheet

Rmbm	2017	2018	2019E	2020E	2021E
Current Assets	4,380	4,244	4,919	5,796	6,786
Bank balances and cash	1,607	1,191	1,555	2,129	2,639
Trade & notes receivables	1,284	1,298	1,760	1,839	2,200
Other receivables	158	381	415	398	440
Inventories	597	774	723	681	771
Other current assets	0	0	0	1	2
PP&E	2,332	2,256	2,202	2,196	2,191
Intangible and other assets	544	570	502	503	507
Other non-current assets	492	176	492	492	492
Total Assets	7,747	7,247	8,115	8,988	9,977
Current Liabilities	2,868	2,247	2,440	2,707	3,018
Borrowings	1,483	976	880	880	880
Trade and other payables	1,343	1,169	1,519	1,785	2,096
Other current liabilities	41	63	41	41	41
Non-current Liabilities	1,933	2,305	2,032	2,047	2,048
Total Liabilities	4,800	4,552	4,472	4,754	5,066
Minority Interests	389	49	389	389	389
Shareholder Equity	2,558	2,646	3,254	3,845	4,522
Share Capital	246	276	246	246	246
Reserves	2,312	2,370	3,008	3,599	4,276
Forex Difference	0	0	0	0	0
Total Liabilities and equity	7,747	7,247	8,115	8,988	9,977

Source: Company data, SWS Research

Key Financial Ratios

	2017	2018	2019E	2020E	2021E
Ratios per share (Rmbm)					
Earnings per share	0.02	0.08	0.16	0.21	0.24
Diluted EPS	0.02	0.08	0.16	0.21	0.24
Operating CF per share	0.07	0.15	0.34	0.33	0.31
Dividend per share	0.00	0.00	0.00	0.00	0.00
Net assets per share					
Key Operating Ratios (%)					
ROIC	7.38	9.26	10.88	10.79	10.94
ROE	6.96	7.89	13.26	15.01	14.80
Gross profit margin	37.67	37.95	37.00	37.00	37.00
Ebitda Margin	19.61	21.14	22.65	24.42	23.96
Ebit Margin	21.51	21.94	22.42	22.22	22.02
Growth rate of Revenue(YoY)	36.16	33.29	18.93	13.06	13.11
Growth rate of Profit(YoY)	-	308.15	103.67	30.51	14.48
Debt-to-asset ratio	61.96	62.82	55.11	52.89	50.78
Turnover rate of net assets	0.75	1.09	0.96	0.93	0.91
Turnover rate of total assets	0.28	0.41	0.43	0.44	0.45
Effective tax rate (%)	16.42	27.78	-20.00	-20.00	-20.00
Dividend yield (%)	0.00	0.01	0.00	0.00	0.00
Valuation Ratios (x)					
PE	43.96	10.77	5.29	4.05	3.54
PB	0.98	1.07	0.79	0.68	0.59
EV/Sale	2.34	1.86	1.34	1.05	0.81

Source: Company data, SWS Research

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