

13 August 2019

买入
维持

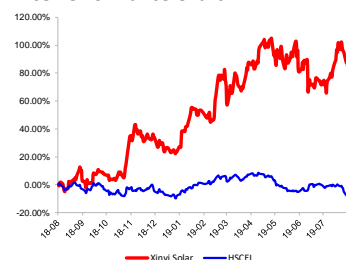
中场调整

Xinyi Solar Holdings (00968.HK)

Market Data: 7 August 2019

Closing Price (HK\$)	4.00
Price Target (HK\$)	4.85
HSCEI	9,993
HSCCI	4,083
52-week High/Low (HK\$)	4.56/2.01
Market Cap (Rmbm)	28.273
Market Cap (HK\$m)	32,231
Shares Outstanding (m)	8,058
Exchange Rate (Rmb-HK\$)	1.14

Price Performance Chart:



Source: Bloomberg

Analyst

Vincent Yu
A0230513070005
BAM599
yuwj@swsresearch.com

Related Reports

Xinyi Solar Holdings
(00968.HK) "Solid Fundamentals"
21 June 2019

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 (HK\$m)	9,527.0	7,671.6	8,600.9	11,758.3	13,716.9
YOY (%)	58.6	-19.5	12.1	36.7	16.7
Net income (HK\$m)	2,332.0	1,863.1	2,424.4	3,146.1	3,688.1
YOY (%)	17.4	-20.1	30.1	29.8	17.2
EPS (HK\$)	0.33	0.25	0.32	0.42	0.49
Diluted EPS (HK\$)	0.33	0.25	0.32	0.42	0.49
ROE (%)	28.5	18.1	21.7	24.5	24.8
Debt/asset (%)	34.8	36.7	36.4	34.0	32.3
Dividend Yield (%)	3.8	3.1	3.2	4.2	4.9
P/E (x)	12.3	16.1	12.4	9.5	8.1
P/B (x)	2.4	2.5	2.2	1.9	1.6
EV/EBITDA (x)	10.4	12.1	10.0	8.1	7.1

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

信义光能公布 2019 年中期业绩：实现营收 40 亿港元，同比-4.3%，归母净利 9.5 亿港元，同比-21.5%。公司拟派每股中期股息 5.5 港仙。考虑到公司充足的现金流，计划投产的四条产线以及信义能源的分拆，我们下调 19 年 EPS 至 0.32 港元，上调 20 年 EPS 至 0.42 港元，21 年 EPS 至 0.49 港元。我们将目标价由 4.55 港元上调至 4.85 港元，对应 2.6 倍 19 年 PB 以及 15 倍 19 年 PE。维持买入评级。

经营业绩。公司 19 年上半年实现营收 40 亿港元，同比-4.3%，其中光伏玻璃板块营收 29.2 亿港元，同比-5.9%，光伏发电板块营收 10.2 亿港元，同比+8.4%。光伏玻璃板块实现毛利 8.0 亿港元，同比-23.0%，毛利率 27.3%（去年同期 33.4%），主要由于光伏玻璃售价下滑以及能源成本上升。光伏发电板块录得毛利 7.6 亿港元，同比+7.8%，毛利率 74.5%，较去年同期轻微下滑，主要由于发电量下滑以及一季度不利天气的影响。公司录得归母净利 9.5 亿港元，同比-21.5%，主要由于光伏玻璃价格下滑。此外，信义能源分拆上市使公司的权益比例由 75%下降至 52.7%，融资成本由 18 年末的 3.85%上升至目前的 4.1%，对净利均有影响。

稳健的资产负债表。信义能源分拆上市后，公司的净负债率由 66.2%大幅降至 20.2%。上半年经营活动现金净流入 4.9 亿港元，公司目前持有现金 43.5 亿港元。据管理层披露，公司于 7 月收到政府补贴 3.1 亿人民币。

光伏玻璃板块前景光明。公司计划新增四条 1,000 吨/日的产线，产能扩充计划如下：19 年 3 季度达 7,800 吨/日，20 年上半年达 9,800 吨/日，20 年下半年达 11,800 吨/日。广西北海两条新增产线预期分别在 2020 年一季度和二季度投产，安徽芜湖两条产线预期 2020 年下半年投产。此外，为更好地控制原材料成本上涨、确保原材料长期稳定供应，公司收购广西北海一座低铁硅砂矿，该矿场预期 2020 年年初开始运营。行业层面，国内竞价项目落地，美国取消对双玻组件 25%的 201 关税，政策边际改善将刺激 19 年下半年的光伏装机需求，从而利好子行业光伏玻璃板块。我们认为双玻组件渗透率提高将利好公司。

维持买入。我们下调 19 年 EPS 至 0.32 港元，上调 20 年 EPS 至 0.42 港元，21 年 EPS 至 0.49 港元。我们将目标价由 4.55 港元上调至 4.85 港元，对应 2.6 倍 19 年 PB 以及 15 倍 19 年 PE。维持买入评级。

Xinyi Solar Holdings reported 1H19 revenue of HK\$4.0bn (-4.3% YoY) and net profit of HK\$952.7m (-21.5% YoY). The company declared a HK\$5.5 cents per share cash dividend. Given its adequate cash flow, expanding capacity and the spin-off of Xinyi Energy, we revise down our 19E diluted EPS forecast from HK\$0.33 to HK\$0.32 (+30.1% YoY), lift our forecasts from HK\$0.40 to HK\$0.42 in 20E (+29.8% YoY), and from HK\$0.45 to HK\$0.49 in 21E (+17.2% YoY). We revise up our target price from HK\$4.55 to HK\$4.85 (2.6x 19E PB and 15.0x 19E PE), and with 21% upside, we maintain our BUY rating.

Operating results. The company reported 1H19 revenue of HK\$4.0bn (-4.3% YoY), with the solar glass segment generating revenue of HK\$2.9bn (-5.9% YoY) and solar farm business posting HK\$1.0bn (+8.4% YoY). The solar glass segment recorded gross profit of HK\$798.8m (-23% YoY) and a gross margin of 27.3% (vs 33.4% in 1H18), mainly due to a decreasing average selling price (ASP) and increasing energy costs. The solar farm business recorded gross profit of HK\$763.6m (+7.8% YoY) and a gross margin of 74.5% (vs 74.9% in 1H18), mainly due to lower power generation in 1Q19 and unfavorable weather conditions. The company recorded net profit of HK\$952.7m (-21.5%) in 1H19 due to the solar glass price slump. Furthermore, the spin-off of Xinyi Energy resulted a smaller company interest in XYE, from 75% to 52.7%, lowering XYE's earnings contribution to the company's statement. In addition, average financing cost has increased from 3.85% in 2018 to 4.1% in 1H19.

Strong balance sheet. The spin-off of Xinyi Energy lowered the company's gearing ratio from 66.2% in 2018 to 20.2% in 1H19. Operating net cash inflow amounted to HK\$488.4m and the company has HK\$4.4bn cash on hand currently. According to management, the company received Rmb308.6m in subsidies from the government in July 2019.

Promising solar glass. The company will accelerate solar glass production capacity to 7,800 tons/day in 3Q19, 9,800 tons/day in 1H20, and 11,800 tons/day in 2H20 by adding four new production lines with 1,000 tons/day capacity each. The two production lines in Beihai are scheduled to commence operations in 1Q20 and 2Q20 respectively, and the other two in Wuhu will come on line in 2H20. In addition, the company acquired a low-iron silicon sand mine in Beihai to better control rising raw material costs and ensure a long-term stable raw material supply. The mine is expected to begin operations in early 2020. The finalised policy on domestic bidding projects and the US exclusions for bifacial solar modules from Section 201 will boost demand for solar installation and hence the related solar glass segment. We believe the increasing penetration rate of bifacial solar modules will be favorable to the company.

Maintain BUY. We revise down our 19E diluted EPS forecast from HK\$0.33 to HK\$0.32 (+30.1% YoY), lift our forecasts from HK\$0.40 to HK\$0.42 in 20E (+29.8% YoY), and from HK\$0.45 to HK\$0.49 in 21E (+17.2% YoY). We revise up our target price from HK\$4.55 to HK\$4.85 (2.6x 19E PB and 15.0x 19E PE), and with 21% upside, we maintain our BUY rating.

Consolidated Income Statement

HKD million	2017	2018	2019E	2020E	2021E
Revenue	9,527	7,672	8,601	11,758	13,717
Cost of Sales	-6,122	-4,711	-4,886	-6,802	-7,887
Gross Profit	3,405	2,960	3,715	4,957	5,830
Other Income	181	176	176	176	176
Distribution and marketing costs	-239	-271	-304	-416	-485
Administrative expenses	-433	-413	-463	-633	-738
EBITDA	3,512	3,202	3,950	5,015	5,782
EBIT	2,968	2,502	3,173	4,154	4,865
Finance Costs	-179	-256	-287	-392	-458
Profit before tax	2,789	2,246	2,886	3,761	4,407
Income tax expense	-265	-205	-229	-314	-366
Minority interests	192	179	232	301	353
Profit attributable	2,332	1,863	2,424	3,146	3,688

Source: Company data, SWS Research

Consolidated Cash Flow Statement

HKD million	2017	2018	2019E	2020E	2021E
Profit before taxation	2,789	2,246	2,886	3,761	4,407
Plus: Depr. and amortisation	542	700	777	861	917
Finance cost	179	256	287	392	458
Losses from investments	-50	-51	0	0	0
Change in working capital	-1,740	-358	69	329	7,215
Others	-422	-483	-2,267	-3,025	-6,910
CF from operating activities	1,298	2,310	1,751	2,319	6,087
Capex	-2,511	-2,366	-2,500	-2,000	-2,000
Other CF from investing activities	21	28	-45	-62	-72
CF from investing activities	-2,490	-2,338	-2,545	-2,062	-2,072
Equity financing	0	24	0	0	0
Net change in liabilities	1,235	808	924	739	739
Dividend and interest paid	-1,039	-1,686	-970	-1,258	-1,475
Other CF from financing activities	1,507	0	0	0	0
CF from financing activities	1,703	-855	-46	-519	-736
Net cash flow	511	-596	-840	-262	3,278

Source: Company data, SWS Research

Consolidated Balance Sheet

HKD million	2017	2018	2019E	2020E	2021E
Current Assets	7,467	6,804	7,749	10,607	13,398
Bank balances and cash	1,381	784	(56)	(318)	2,960
Trade and other receivables	4,167	4,154	5,965	8,733	8,413
Inventories	374	430	404	756	589
Other current assets	1,545	1,436	1,436	1,436	1,436
Long-term investment	717	965	1,010	1,072	1,145
PP&E	14,240	15,804	17,528	18,667	19,749

Intangible and other assets	344	320	320	320	320
Total Assets	22,767	23,893	26,607	30,666	34,612
Current Liabilities					
Borrowings	3,145	3,773	4,461	5,115	5,812
Trade and other payables	2,941	2,780	2,883	4,014	4,655
Other current liabilities	54	102	102	102	102
Long-term liabilities	4,947	5,178	5,414	5,500	5,542
Total Liabilities	11,087	11,834	12,861	14,731	16,110
Minority Interests	1,559	1,625	1,857	2,159	2,512
Shareholder Equity					
Share Capital	742	766	766	766	766
Reserves	9,379	9,668	11,122	13,010	15,223
Total Equity	11,680	12,059	13,746	15,935	18,501
Total Liabilities and equity	22,767	23,893	26,606	30,666	34,612

Source: Company data, SWS Research

Key Financial Ratios

	2017	2018	2019E	2020E	2021E
Ratios per share (HK\$)					
Earnings per share	0.33	0.25	0.32	0.42	0.49
Diluted earnings per share	0.33	0.25	0.32	0.42	0.49
Operating CF per share	0.18	0.35	0.23	0.31	0.81
Dividend per share	0.15	0.12	0.13	0.17	0.20
Net assets per share	1.63	1.61	1.83	2.13	2.47
Key Operating Ratios(%)					
ROIC	16.04	11.36	13.30	15.42	16.06
ROE	28.55	18.13	21.72	24.52	24.78
Gross profit margin	35.74	38.59	43.20	42.15	42.50
EBITDA Margin	36.86	41.74	45.92	42.65	42.15
EBIT Margin	31.15	32.62	36.89	35.32	35.47
Growth rate of Revenue(YoY)	58.60	-19.48	12.11	36.71	16.66
Growth rate of Profit(YoY)	17.45	-20.11	30.12	29.77	17.23
Debt-to-asset ratio	34.84	36.70	36.43	34.02	32.28
Turnover rate of net assets	99.72	64.63	66.66	79.23	79.67
Turnover rate of total assets	48.17	32.88	34.06	41.06	42.03
Effective tax rate (%)	9.51	9.11	7.95	8.34	8.30
Dividend yield (%)	3.75	3.05	3.23	4.19	4.91
Valuation Ratios (X)					
P/E	12.27	16.09	12.36	9.53	8.13
P/B	2.45	2.49	2.18	1.88	1.62
EV/Sale	3.84	5.05	4.61	3.44	3.00
EV/EBITDA	10.40	12.10	10.04	8.06	7.12

Source: Company data, SWS Research

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