

## 中国

### 增持 (不变)

市场共识评级\*: 买入 29 持有 9 沽出 2

前收盘价:	US\$32.75
目标价	US\$42.50
此前目标价:	US\$41.50
上升/下跌空间:	29.8%
CGI / 市场共识:	2.5%
路透股票代码:	CTRP.OQ
彭博股票代码:	TCOM US
市值:	US\$19,271m
	US\$19,271m
平均每日成交额:	US\$155.4m
	US\$155.4m
目前发行在外股数:	71,346m
自由流通量:	70.0%

\*来源: 彭博

#### 本报告中的主要变动

- 19 财年每股盈利预测下调 15.1%
- 20 财年每股盈利预测上调 4.9%.
- 21 财年每股盈利预测上调 6.2%.



来源: 彭博

股价表现	1M	3M	12M
绝对表现 (%)	7.1	-2.1	29.6
相对表现 (%)	3	-7.8	16

#### 主要股东

	持股百分比
百度	21.1
The Priceline Group Inc.	8.9

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## 携程

### 利润率扩张将抵消行业弱势的影响

- 19 财年三季度公司实现非 GAAP 净利润 14.69 亿人民币, 略高于预期, 主要受惠于经营利润率上升。
- 但是根据公司指引, 19 财年四季度收入料仅同比增长 8-13%, 反映香港社会事件和宏观经济疲弱均拖累表现。
- 我们预计中期而言, 公司提升和国际相关业务的强劲增长可以抵消上述弱势。
- 维持「增持」评级, 最新贴现现金流目标价 42.5 美元。

#### 19 财年三季度非 GAAP 营业利润高于预期, 因利润率较预期高

19 财年三季度, 携程总收入同比增长 11.7% 至 104.99 亿元人民币。这增速略低于我们预期, 并且接近公司之前指引的范围 (10-15%) 的下限。这或是由于香港和台湾地区的社会事件拖累了出境旅行市场的表现。但是, 由于运营效率提高, 尤其是公司严控营销费用, 期内非 GAAP 营业利润率同比上升 5.1 个百分点至 25.1%, 导致非 GAAP 营业利润同比增长 40.1% 至 26.35 亿元人民币。这业绩略高于我们的预期。

#### 利润率提升, 或可抵消香港市场进一步转弱

由于香港社会事件升温, 管理层最新对 19 财年四季度的指引更为审慎。公司预计季度收入将同比增长 8-13%, 反映近期宏观和行业不利因素会带来 600-700 个基点的负面影响。这一负面影响大于 19 财年三季度的幅度, 后者估计接近 400-500 个基点。考虑到这一最新指引, 我们现时预计收入在 19 财年四季度和 20 财年分别同比增长 11% 和 15%。尽管如此, 我们预计携程将在 19 财年四季度和 20 财年继续录得进一步利润率扩张。在短期内, 携程可能会继续受益于 18 财年的改革。例如, 改革提升携程的营销成效, 并带来交叉销售的机会, 从而在营销费用没有大增的情况下实现了更佳收入增长。我们还预期携程的产品开发支出将下降。我们现时预计, 非 GAAP 营业利润率在 19 财年和 20 财年分别同比增长 4.7 个 / 0.9 个百分点至 18.6% 和 19.5%。

#### 专注高端市场以应对国内竞争

除了与香港市场有关的负面因素外, 市场一直担心国内市场竞争加剧。例如, 美团点评 (3690.HK, 未评级) 在低线城市低星级酒店提供更多折扣。面对这种情况, 携程将继续在这市场中保持进取的定价模式。我们预计, 公司将通过专注高端市场来应对挑战 (高端市场的价格敏感度较低)。在这策略中, 专注于国际业务将是策略的一部分。除了与 TripAdvisor 采取战略合作外, 我们预计其国际业务平台 (例如天巡和 Trip.com) 在 20 财年的收入增速将达到 10%-20% 水平。我们预计在未来 2-3 年内, 来自海外和国际业务的收入占比将从目前的 35% 升至 40-50%。

#### 在面对不利因素后盈利前景仍正面 维持增持评级

虽然我们将 19 财年每股盈利预测下调了 15.1%, 以反映一次性项目的影响 (主要是 19 财年一季度的股票证券投资公允价值变动 33.48 亿人民币), 但我们将 20/21 财年的每股盈利预测上调 4.9% / 6.2%, 以反映: (1) 往香港的出境游表现疲弱, 导致该分部收入增长减弱; (2) 利润率扩张好于预期。我们将贴现现金流目标价轻微上调至 42.5 美元 (加权平均资本成本: 10.1%), 这相当于 23.0 倍 20 财年市盈率。主要下行风险方面, 包括中国市场竞争加剧, 以及地缘政治风险进一步升级导致出境游减少。

主要财务指标	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
收入 (百万美元)	26,993	31,104	35,803	41,271	48,236
经营 EBITDA (百万美元)	2,943	2,605	4,859	6,194	8,088
净利润 (百万美元)	1,272	130	4,462	5,645	6,797
每股核心盈利 (美元)	5.86	8.22	8.97	12.90	14.55
每股核心盈利增长	96.5%	40.4%	9.1%	43.9%	12.7%
全面摊薄市盈率 (倍)	42.51	32.93	29.89	20.57	18.07
每股派息 (美元)	-	-	-	-	-
股息率	0%	0%	0%	0%	0%
EV/EBITDA (倍)	32.47	37.62	19.03	13.79	9.48
股价/股权自由现金流 (倍)	145.6	17.5	21.8	19.5	16.6
净负债权益比	(3.0%)	(3.4%)	(10.3%)	(17.2%)	(24.1%)
市净率 (倍)	1.44	1.45	1.39	1.31	1.24
股本回报率	3.98%	5.25%	5.61%	7.68%	8.19%
每股核心盈利预测的变动	-	-	(12.1%)	5.1%	(4.1%)
CGI/市场共识预测每股盈利 (倍)	-	-	1.06	1.12	1.02

来源: 中国银河国际证券研究部, 公司, 彭博

**China**
**ADD** (no change)

Consensus ratings\*: Buy 29 Hold 9 Sell 2

Current price: US\$32.75  
 Target price:  US\$42.50  
 Previous target: US\$41.50  
 Up/downside: 29.8%  
 CGI / Consensus: 2.5%

Reuters: CTRP.OQ  
 Bloomberg: TCOM US  
 Market cap: US\$19,271m  
 Average daily turnover: US\$155.4m  
 Current shares o/s: 71,346m  
 Free float: 70.0%  
 \*Source: Bloomberg

**Key changes in this note**

- FY19F EPS decreased by 15.1%.
- FY20F EPS increased by 4.9%.
- FY21F EPS increased by 6.2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.1	-2.1	29.6
Relative (%)	3	-7.8	16

Major shareholders	% held
Baidu Holdings Limited	21.1
The Priceline Group Inc.	8.9

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# Trip.com

## Margin expansion to offset industry weakness

- 3Q19 non-GAAP NP of Rmb1,469m was slightly above expectations because of better operating margins.
- But guidance for 4Q19F revenue yoy growth was only 8–13%, reflecting weakness because of the social unrest in Hong Kong and macro weakness.
- In the medium term, we expect this weakness to be offset by efficiency gains and robust growth in international-related business.
- Maintain ADD with an updated DCF-based TP of US\$42.5.

### 3Q19 non-GAAP operating profit above expectations on margins

Trip.com's 3Q19 total revenue was up 11.7% yoy to Rmb10,499m. The growth rate was slightly lower than our previous expectation and was close to the low end of previous guidance of a 10–15% yoy increase. This could be attributed to the social unrest in Hong Kong and Taiwan, as it dragged down the performance of outbound travel. But with an improvement in operating efficiency, especially in some savings in marketing expenses, non-GAAP OPM expanded by 5.1 ppt yoy to 25.1%, leading to non-GAAP OP growth of 40.1% yoy to Rmb2,635m. These results were slightly above our expectations.

### Further weakness in HK may be offset by margin improvement

As the social unrest in Hong Kong continues to worsen, management's latest guidance on 4Q19F was even more cautious. It expects quarterly revenue to grow by 8–13% yoy, reflecting a 600–700 bps negative impact related to recent macro and industry headwinds. This impact is greater than the headwinds faced in 3Q19, which were estimated to be near 400–500 bps. Factoring in this latest guidance, we now expect revenue to grow by 11% yoy in 4Q19F and 15% yoy in FY19F. Despite this, we expect Trip.com to continue to enjoy further margin expansion in 4Q19F and FY20F. In the near term, Trip.com may continue to enjoy further benefits resulting from the reforms carried out in FY18. For example, the reforms allowed Trip.com to have a better marketing impact and cross-selling opportunities, resulting in stronger revenue growth without spending too much on marketing. We also expect Trip.com to moderate its spending on product development. We now expect non-GAAP OPM to expand by 4.7ppt/0.9ppt yoy to 18.6% and 19.5% in FY19F and FY20F, respectively.

### Countering domestic competition by focusing on high-end markets

Aside from the weakness related to HK, the market has been concerned about intensifying competition in the domestic market. Specifically, Meituan Dianping (3690.HK, NR) has been offering more discounts in low-star hotels in lower-tier cities. In the face of this, Trip.com will continue to maintain its aggressive pricing model in this market. We expect the drag to be countered partly by its focus on the high-end market, which is less price sensitive. Focusing on international business will be part of this strategy. In addition to its strategic co-operation with TripAdvisor, we expect its international business platforms, such as Skyscanner and Trip.com, to see teen-level revenue growth in FY20F. We expect the revenue contribution from outbound and international business to increase 40–50% from the current 35% in the next 2–3 years.

### Maintain ADD as earnings growth is still solid after headwinds

While our FY19F EPS is lowered by 15.1% to reflect one-off items (mainly fair value changes in equity security investments of Rmb3,348m in 1QFY19), we revised up our FY20F/21F EPS by 4.9%/6.2% to reflect: (1) weaker revenue growth resulting from weaker outbound travel to Hong Kong, and (2) better-than-expected margin expansion. Our DCF-based TP is slightly revised up to US\$42.5 (WACC: 10.1%), which is equivalent to 23.0x FY20F P/E. Key downside risks include more aggressive competition in China and further escalation of geopolitical risks, resulting in less outbound travel.

**Financial Summary**

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (Rmbm)	26,993	31,104	35,803	41,271	48,236
Operating EBITDA (Rmbm)	2,943	2,605	4,859	6,194	8,088
Net Profit (Rmbm)	1,272	130	4,462	5,645	6,797
Core EPADS (Rmb)	5.86	8.22	8.97	12.90	14.55
Core EPS Growth	96.5%	40.4%	9.1%	43.9%	12.7%
FD Core P/E (x)	42.51	32.93	29.89	20.57	18.07
DPADS (Rmb)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	32.47	37.62	19.03	13.79	9.48
P/FCFE (x)	145.6	17.5	21.8	19.5	16.6
Net Gearing	(3.0%)	(3.4%)	(10.3%)	(17.2%)	(24.1%)
P/BV (x)	1.44	1.45	1.39	1.31	1.24
ROE	3.98%	5.25%	5.61%	7.68%	8.19%
% Change In Core EPADS Estimates			(12.1%)	5.1%	(4.1%)
CGI/consensus EPADS (x)			1.06	1.12	1.02

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

# Margin expansion to offset industry weakness

Figure 1: Earnings revisions

(Rmb m)	FY19F			FY20F			FY21F		
	Old	New	% change	Old	New	% change	Old	New	% change
Net revenue	36,838	35,749	-3.0%	43,549	41,210	-5.4%	50,890	48,164	-5.4%
GP margin	78.9%	79.1%	0.1 ppts	79.5%	79.7%	0.2 ppts	79.8%	80.0%	0.2 ppts
Operating margin (Non-GAAP)	16.1%	18.6%	2.5 ppts	17.3%	19.5%	2.2 ppts	18.2%	20.7%	2.5 ppts
Net income (GAAP)	4,483	5,025	12.1%	5,496	6,224	13.2%	6,489	7,394	13.9%
Net income (non-GAAP)	6,616	5,617	-15.1%	7,694	8,070	4.9%	8,753	9,296	6.2%
EPS (non-GAAP)	11.74	9.97	-15.1%	13.25	13.90	4.9%	14.64	15.55	6.2%

SOURCES: CGIS RESEARCH, COMPANY REPORTS

Figure 2: Trip.com's quarterly results breakdown

(Rmb m)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19F	3Q19	4Q19F	FY18	FY19F
Accommodation reservation	2,487.0	2,810.0	3,627.0	2,656.0	3,019.0	3,410.0	4,117.0	2,991.4	11,580.0	13,537.4
Transportation ticketing	2,888.0	3,024.0	3,621.0	3,414.0	3,354.0	3,407.0	3,721.0	3,475.2	12,947.0	13,957.2
Packaged tour	834.0	839.0	1,378.0	721.0	1,045.0	1,051.0	1,638.0	849.0	3,772.0	4,583.0
Corporate Travel	180.0	255.0	267.0	279.0	238.0	309.0	335.0	344.3	981.0	1,226.3
Others	377.0	429.0	503.0	515.0	517.0	524.0	688.0	769.9	1,824.0	2,498.9
<b>Total Revenue</b>	<b>6,766.0</b>	<b>7,357.0</b>	<b>9,396.0</b>	<b>7,585.0</b>	<b>8,173.0</b>	<b>8,701.0</b>	<b>10,499.0</b>	<b>8,429.7</b>	<b>31,104.0</b>	<b>35,802.7</b>
Business Tax and Related Surcharge	(35.0)	(38.0)	(41.0)	(25.0)	(9.0)	(10.0)	(23.0)	(11.7)	(139.0)	(53.7)
<b>Net Revenue</b>	<b>6,731.0</b>	<b>7,319.0</b>	<b>9,355.0</b>	<b>7,560.0</b>	<b>8,164.0</b>	<b>8,691.0</b>	<b>10,476.0</b>	<b>8,418.0</b>	<b>30,965.0</b>	<b>35,749.0</b>
<b>YoY growth %</b>	<b>11.3%</b>	<b>13.3%</b>	<b>15.2%</b>	<b>22.5%</b>	<b>21.3%</b>	<b>18.7%</b>	<b>12.0%</b>	<b>11.3%</b>	<b>15.6%</b>	<b>15.4%</b>
Cost of Revenue	(1,244.0)	(1,469.0)	(1,991.0)	(1,620.0)	(1,689.0)	(1,798.0)	(2,157.0)	(1,842.7)	(6,324.0)	(7,486.7)
<b>Gross Profit</b>	<b>5,487.0</b>	<b>5,850.0</b>	<b>7,364.0</b>	<b>5,940.0</b>	<b>6,475.0</b>	<b>6,893.0</b>	<b>8,319.0</b>	<b>6,575.3</b>	<b>24,641.0</b>	<b>28,262.3</b>
<b>GPM</b>	<b>81.5%</b>	<b>79.9%</b>	<b>78.7%</b>	<b>78.6%</b>	<b>79.3%</b>	<b>79.3%</b>	<b>79.4%</b>	<b>78.1%</b>	<b>79.6%</b>	<b>79.1%</b>
Product development	(1,950.0)	(1,983.0)	(2,274.0)	(2,479.0)	(2,293.0)	(2,427.0)	(2,577.0)	(2,051.7)	(8,686.0)	(9,348.7)
As % of revenue	-29.0%	-27.1%	-24.3%	-32.8%	-28.1%	-27.9%	-24.6%	-24.4%	-28.1%	-26.2%
Sales and marketing	(2,056.0)	(2,147.0)	(2,669.0)	(2,568.0)	(2,184.0)	(2,074.0)	(2,444.0)	(3,088.2)	(9,440.0)	(9,790.2)
As % of revenue	-30.5%	-29.3%	-28.5%	-34.0%	-26.8%	-23.9%	-23.3%	-36.7%	-30.5%	-27.4%
General and administrative	(515.0)	(516.0)	(540.0)	(632.0)	(628.0)	(666.0)	(663.0)	(514.9)	(2,203.0)	(2,471.9)
As % of revenue	-7.7%	-7.1%	-5.8%	-8.4%	-7.7%	-7.7%	-6.3%	-6.1%	-7.1%	-6.9%
<b>Income/(loss) from operations (Non-GAAP)</b>	<b>966.0</b>	<b>1,204.0</b>	<b>1,881.0</b>	<b>261.0</b>	<b>1,370.0</b>	<b>1,726.0</b>	<b>2,635.0</b>	<b>920.5</b>	<b>4312</b>	<b>6,651.5</b>
<b>EBIT margin (Non-GAAP)</b>	<b>14.4%</b>	<b>16.5%</b>	<b>20.1%</b>	<b>3.5%</b>	<b>16.8%</b>	<b>19.9%</b>	<b>25.2%</b>	<b>10.9%</b>	<b>13.9%</b>	<b>18.6%</b>
Interest Income	480.0	324.0	521.0	574.0	487.0	562.0	509.0	741.0	1,899.0	2,299.0
Interest Expense	(322.0)	(371.0)	(393.0)	(422.0)	(441.0)	(426.0)	(423.0)	(688.0)	(1,508.0)	(1,978.0)
Other (expense)/income	397.0	2,256.0	(2,625.0)	(1,103.0)	4,616.0	(1,412.0)	(1,349.0)	(55.0)	(1,075.0)	1,800.0
<b>Income/(loss) before income tax expense and equity income</b>	<b>1,145.0</b>	<b>2,933.0</b>	<b>(1,017.0)</b>	<b>(1,140.0)</b>	<b>5,547.0</b>	<b>57.0</b>	<b>979.0</b>	<b>397.2</b>	<b>1921</b>	<b>6,980.2</b>
Income tax (expense)/benefit	(179.0)	(322.0)	(257.0)	(35.0)	(677.0)	(336.0)	(365.0)	(227.4)	(793.0)	(1,605.4)
Equity income of affiliates	78.0	(213.0)	169.0	(66.0)	(283.0)	(123.0)	206.0	(150.0)	(32.0)	(350.0)
Less: Net loss attributable to noncontrolling interests	16.0	(17.0)	(34.0)	51.0	26.0	(1.0)	(27.0)	2.0	16.0	-
<b>Net income attributable to Trip.com's shareholders (GAAP)</b>	<b>1,060.0</b>	<b>2,381.0</b>	<b>(1,139.0)</b>	<b>(1,190.0)</b>	<b>4,613.0</b>	<b>(403.0)</b>	<b>793.0</b>	<b>21.7</b>	<b>1112</b>	<b>5,024.7</b>
Share-based compensation	376.0	480.0	401.0	450.0	485.0	393.0	393.0	521.4	1,707.0	1,792.4
Fair value changes of equity security investments, net of tax	688.0	(1,750.0)	2,470.0	1,253.0	(3,348.0)	-	-	2,148.0	2,661.0	(1,200.0)
<b>Net income attributable to Trip.com's shareholders (Non-GAAP)</b>	<b>2,124.0</b>	<b>1,111.0</b>	<b>1,732.0</b>	<b>513.0</b>	<b>1,750.0</b>	<b>(10.0)</b>	<b>1,186.0</b>	<b>2,691.1</b>	<b>5,480.0</b>	<b>5,617.1</b>
Net profit margin (Non-GAAP)	31.6%	15.2%	18.5%	6.8%	21.4%	-0.1%	11.3%	32.0%	17.7%	15.7%

SOURCES: CGIS RESEARCH, COMPANY REPORTS

**Figure 3: Trip.com's 3Q19 review**

(Rmb m)	3Q18	3Q19	yoy %	Prev. 3Q19F
Accommodation reservation	3,627.0	4,117.0	13.5%	4,388.7
Transportation ticketing	3,621.0	3,721.0	2.8%	4,146.0
Packaged tour	1,378.0	1,638.0	18.9%	1,694.9
Corporate Travel	267.0	335.0	25.5%	313.7
Others	503.0	688.0	36.8%	583.5
<b>Total Revenue</b>	<b>9,396.0</b>	<b>10,499.0</b>	<b>11.7%</b>	<b>11,126.9</b>
Business Tax and Related Surcharge	(41.0)	(23.0)	-43.9%	(16.7)
<b>Net Revenue</b>	<b>9,355.0</b>	<b>10,476.0</b>	<b>12.0%</b>	<b>11,110.2</b>
Cost of Revenue	(1,991.0)	(2,157.0)	8.3%	(2,342.2)
<b>Gross Profit</b>	<b>7,364.0</b>	<b>8,319.0</b>	<b>13.0%</b>	<b>8,768.0</b>
<b>GPM</b>	<b>78.7%</b>	<b>79.4%</b>	<b>0.7% pts</b>	<b>78.8%</b>
Product development	(2,274.0)	(2,577.0)	13.3%	(2,645.1)
As % of revenue	-24.3%	-24.6%	-0.3% pts	-23.8%
Sales and marketing	(2,669.0)	(2,444.0)	-8.4%	(2,947.5)
As % of revenue	-28.5%	-23.3%	5.2% pts	-26.5%
General and administrative	(540.0)	(663.0)	22.8%	(641.3)
As % of revenue	-5.8%	-6.3%	-0.6% pts	-5.8%
<b>Income/(loss) from operations (Non-GAAP)</b>	<b>1,881.0</b>	<b>2,635.0</b>	<b>40.1%</b>	<b>2,534.0</b>
<b>EBIT margin (Non-GAAP)</b>	<b>20.1%</b>	<b>25.2%</b>	<b>5.0% pts</b>	<b>22.8%</b>
Interest Income	521.0	509.0	-2.3%	487.0
Interest Expense	(393.0)	(423.0)	7.6%	(441.0)
Other (expense)/income	(2,625.0)	(1,349.0)	-48.6%	100.0
<b>Income/(loss) before income tax expense and equity income</b>	<b>(1,017.0)</b>	<b>979.0</b>	<b>-196.3%</b>	<b>2,267.0</b>
Income tax (expense)/benefit	(257.0)	(365.0)	42.0%	(340.0)
Equity income of affiliates	169.0	206.0	21.9%	125.0
Less: Net loss attributable to noncontrolling interests	(34.0)	(27.0)	-20.6%	-
<b>Net income attributable to Ctrip's shareholders (GAAP)</b>	<b>(1,139.0)</b>	<b>793.0</b>	<b>-169.6%</b>	<b>2,051.9</b>
Share-based compensation	401.0	393.0	-2.0%	413.0
Fair value changes of equity security investments, net of tax	2,470.0	-	na	-
<b>Net income attributable to Ctrip's shareholders (Non-GAAP)</b>	<b>1,732.0</b>	<b>1,186.0</b>	<b>-31.5%</b>	<b>2,465.0</b>
<b>Net profit margin (Non-GAAP)</b>	<b>18.5%</b>	<b>11.3%</b>	<b>-7.2% pts</b>	<b>22.2%</b>

SOURCES: CGIS RESEARCH, COMPANY REPORTS

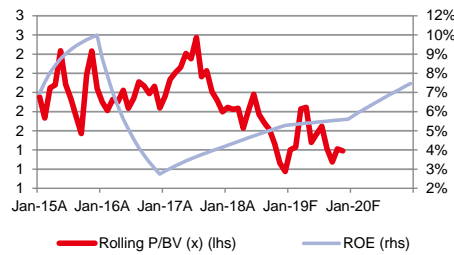
**Figure 4: DCF valuation**

DCF valuation (Rmb m)	FY18F	FY19F	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F
<b>EBIT (non-GAAP)</b>	<b>4,312.0</b>	<b>6,651.5</b>	<b>8,040.6</b>	<b>9,989.3</b>	<b>11,801.2</b>	<b>13,795.7</b>	<b>15,956.6</b>	<b>18,258.5</b>	<b>20,666.4</b>	<b>23,136.1</b>	<b>25,614.7</b>	<b>28,041.7</b>	<b>30,351.7</b>	<b>32,476.3</b>
Taxes	-793.0	-1,605.4	-2,041.4	-2,464.7	-2,911.8	-3,403.9	-3,937.0	-4,505.0	-5,099.1	-5,708.5	-6,320.0	-6,918.8	-7,488.8	-8,013.0
<b>NOPAT</b>	<b>3,519.0</b>	<b>5,046.1</b>	<b>5,999.2</b>	<b>7,524.6</b>	<b>8,889.5</b>	<b>10,391.9</b>	<b>12,019.6</b>	<b>13,753.5</b>	<b>15,567.3</b>	<b>17,427.7</b>	<b>19,294.7</b>	<b>21,122.9</b>	<b>22,862.9</b>	<b>24,463.3</b>
<b>NOPAT growth</b>		<b>43.4%</b>	<b>18.9%</b>	<b>25.4%</b>	<b>18.1%</b>	<b>16.9%</b>	<b>15.7%</b>	<b>14.4%</b>	<b>13.2%</b>	<b>12.0%</b>	<b>10.7%</b>	<b>9.5%</b>	<b>8.2%</b>	<b>7.0%</b>
D&A	546.0	562.4	579.3	596.6	608.6	620.7	633.1	645.8	658.7	671.9	685.3	699.0	713.0	727.3
<b>Funds from operation</b>	<b>4,065.0</b>	<b>5,608.5</b>	<b>6,578.5</b>	<b>8,121.2</b>	<b>9,498.0</b>	<b>11,012.6</b>	<b>12,652.7</b>	<b>14,399.3</b>	<b>16,226.0</b>	<b>18,099.6</b>	<b>19,980.0</b>	<b>21,821.9</b>	<b>23,575.9</b>	<b>25,190.6</b>
Change in net working Capital	2,123.0	2,637.5	3,077.1	3,599.9	3,653.9	3,708.7	3,764.3	3,820.8	3,878.1	3,936.3	3,995.3	4,055.2	4,116.1	4,177.8
<b>Cash flow from operation</b>	<b>6,188.0</b>	<b>8,246.0</b>	<b>9,655.6</b>	<b>11,721.1</b>	<b>13,151.9</b>	<b>14,721.3</b>	<b>16,417.0</b>	<b>18,220.1</b>	<b>20,104.1</b>	<b>22,035.8</b>	<b>23,975.3</b>	<b>25,877.2</b>	<b>27,692.0</b>	<b>29,368.4</b>
Capex	-673.0	-738.5	-760.7	-783.5	-807.0	-831.2	-856.2	-881.9	-908.3	-935.6	-963.6	-992.5	-1,022.3	-1,053.0
<b>Free cash flow from operation</b>	<b>5,515.0</b>	<b>7,507.4</b>	<b>8,894.9</b>	<b>10,937.6</b>	<b>12,344.9</b>	<b>13,890.0</b>	<b>15,560.9</b>	<b>17,338.2</b>	<b>19,195.8</b>	<b>21,100.3</b>	<b>23,011.7</b>	<b>24,884.6</b>	<b>26,669.7</b>	<b>28,315.4</b>
<b>FCF growth</b>		<b>36.1%</b>	<b>18.5%</b>	<b>23.0%</b>	<b>12.9%</b>	<b>12.5%</b>	<b>12.0%</b>	<b>11.4%</b>	<b>10.7%</b>	<b>9.9%</b>	<b>9.1%</b>	<b>8.1%</b>	<b>7.2%</b>	<b>6.2%</b>
Terminal free cash flow	409,803.2													
Total discounted free cash flow	110,257.5													
Present value of terminal free cash flow	118,974.6													
<b>Total present value of forecasted free cash flows</b>	<b>229,232.2</b>													
Less: Net Debt	33,775.0													
<b>Equity Value</b>	<b>195,457.2</b>													
No. of ADS (millions)	657.1													
<b>Per ADS Equity Value (Rmb)</b>	<b>297.40</b>													
Exchange rate	7.00													
<b>Target price (US\$)</b>	<b>42.50</b>													

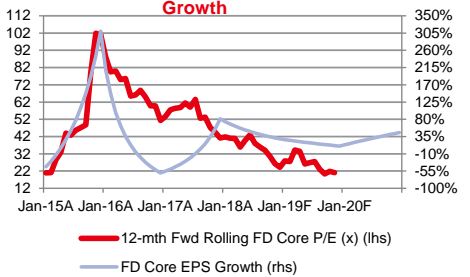
SOURCES: CGIS RESEARCH, COMPANY REPORTS

## 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	Dec-21F
<b>Total Net Revenues</b>	<b>26,796</b>	<b>30,965</b>	<b>35,749</b>	<b>41,210</b>	<b>48,164</b>
<b>Gross Profit</b>	<b>22,118</b>	<b>24,641</b>	<b>28,262</b>	<b>32,829</b>	<b>38,527</b>
<b>Operating EBITDA</b>	<b>2,943</b>	<b>2,605</b>	<b>4,859</b>	<b>6,194</b>	<b>8,088</b>
Depreciation And Amortisation	(883)	(982)	(562)	(579)	(597)
<b>Operating EBIT</b>	<b>2,060</b>	<b>1,623</b>	<b>4,297</b>	<b>5,615</b>	<b>7,491</b>
Financial Income/(Expense)	(299)	391	321	671	771
Pretax Income/(Loss) from Assoc.	(65)	(32)	(350)	100	0
Non-Operating Income/(Expense)	880	(1,075)	1,800	1,300	1,000
<b>Profit Before Tax (pre-EI)</b>	<b>2,575</b>	<b>907</b>	<b>6,068</b>	<b>7,686</b>	<b>9,262</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>2,575</b>	<b>907</b>	<b>6,068</b>	<b>7,686</b>	<b>9,262</b>
Taxation	(1,285)	(793)	(1,605)	(2,041)	(2,465)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,291</b>	<b>114</b>	<b>4,462</b>	<b>5,645</b>	<b>6,797</b>
Minority Interests	(19)	16	0	0	0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>1,272</b>	<b>130</b>	<b>4,462</b>	<b>5,645</b>	<b>6,797</b>
Recurring Net Profit	3,106	4,498	5,055	7,491	8,699
<b>Fully Diluted Recurring Net Profit</b>	<b>3,106</b>	<b>4,498</b>	<b>5,055</b>	<b>7,491</b>	<b>8,699</b>

### Cash Flow

(Rmbm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>EBITDA</b>	<b>2,943</b>	<b>2,605</b>	<b>4,859</b>	<b>6,194</b>	<b>8,088</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	2,197	2,123	2,638	3,077	3,600
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	3,214	3,895	4,848	4,283	3,732
Net Interest (Paid)/Received	(1,286)	(1,508)	(1,978)	(1,928)	(1,928)
Tax Paid					
<b>Cashflow From Operations</b>	<b>7,069</b>	<b>7,115</b>	<b>10,367</b>	<b>11,627</b>	<b>13,492</b>
Capex	(471)	(673)	(739)	(761)	(784)
Disposals Of FAs/subsidiaries	1,052	(173)	0	0	0
Acq. Of Subsidiaries/investments	(15,785)	(13,197)	(2,687)	(2,956)	(3,252)
Other Investing Cashflow	(27)	(35)	0	0	0
<b>Cash Flow From Investing</b>	<b>(15,232)</b>	<b>(14,078)</b>	<b>(3,426)</b>	<b>(3,717)</b>	<b>(4,035)</b>
Debt Raised/(repaid)	9,070	15,418	0	0	0
Proceeds From Issue Of Shares	0	0	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	0	0	0	0	0
Preferred Dividends					
Other Financing Cashflow	(1,051)	(3,492)	0	0	0
<b>Cash Flow From Financing</b>	<b>8,019</b>	<b>11,926</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Cash Generated	(144)	4,963	6,941	7,910	9,457
<b>Free Cashflow To Equity</b>	<b>907</b>	<b>8,455</b>	<b>6,941</b>	<b>7,910</b>	<b>9,457</b>
<b>Free Cashflow To Firm</b>	<b>(6,877)</b>	<b>(5,455)</b>	<b>8,919</b>	<b>9,838</b>	<b>11,385</b>

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG



## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	48,122	62,527	69,468	77,378	86,835
Total Debtors	4,559	5,668	6,518	7,496	8,620
Inventories					
Total Other Current Assets	6,546	11,199	11,423	11,651	11,884
<b>Total Current Assets</b>	<b>59,227</b>	<b>79,394</b>	<b>87,409</b>	<b>96,525</b>	<b>107,339</b>
Fixed Assets	5,616	5,872	6,048	6,230	6,416
Total Investments	25,574	26,874	29,561	32,518	35,769
Intangible Assets	69,996	71,749	71,749	71,749	71,749
Total Other Non-Current Assets	1,636	1,941	1,956	1,972	1,988
<b>Total Non-current Assets</b>	<b>102,822</b>	<b>106,436</b>	<b>109,315</b>	<b>112,468</b>	<b>115,923</b>
Short-term Debt	16,316	35,403	35,403	35,403	35,403
Current Portion of Long-Term Debt					
Total Creditors	19,401	25,408	28,409	31,912	36,011
Other Current Liabilities	6,443	7,973	8,699	9,495	10,369
<b>Total Current Liabilities</b>	<b>42,160</b>	<b>68,784</b>	<b>72,511</b>	<b>76,810</b>	<b>81,783</b>
Total Long-term Debt	29,220	24,146	24,146	24,146	24,146
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4,195	4,167	4,167	4,167	4,167
<b>Total Non-current Liabilities</b>	<b>33,416</b>	<b>28,313</b>	<b>28,313</b>	<b>28,313</b>	<b>28,313</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>75,575</b>	<b>97,097</b>	<b>100,824</b>	<b>105,123</b>	<b>110,096</b>
Shareholders' Equity	84,694	86,715	93,532	101,602	110,898
Minority Interests	1,779	2,018	2,368	2,268	2,268
<b>Total Equity</b>	<b>86,473</b>	<b>88,733</b>	<b>95,900</b>	<b>103,870</b>	<b>113,166</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	36.4%	15.2%	15.1%	15.3%	16.9%
Operating EBITDA Growth	N/A	(11.5%)	86.5%	27.5%	30.6%
Operating EBITDA Margin	10.9%	8.4%	13.6%	15.0%	16.8%
Net Cash Per ADS (Rmb)	4.87	5.44	17.60	30.71	45.63
BVPADS (Rmb)	159.7	158.5	165.9	175.0	185.5
Gross Interest Cover	1.60	1.08	2.17	2.91	3.89
Effective Tax Rate	49.9%	87.4%	26.5%	26.6%	26.6%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	62.09	60.01	62.12	62.14	60.98
Inventory Days	-	-	-	-	-
Accounts Payables Days	575.0	553.3	628.2	675.3	702.8
ROIC (%)	3.1%	2.6%	6.8%	9.3%	13.0%
ROCE (%)	2.45%	2.51%	4.34%	5.15%	6.06%
Return On Average Assets	1.04%	(0.16%)	2.17%	2.45%	2.79%

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

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## 评级指标

- 增持：预计股份未来12个月的总回报超过10%
- 减持：预计股份未来12个月的总回报为0%或以下
- 持有：预计股份未来12个月的总回报为0%至10%

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