

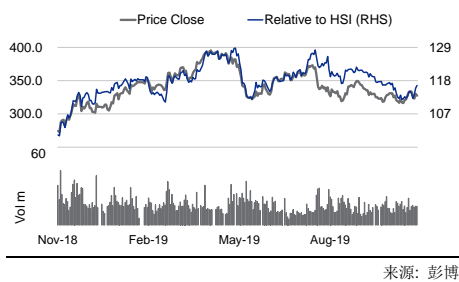
**香港**
**增持** (不变)

市场共识评级\*: 买入 50 持有 8 沽出 0

|                |                |
|----------------|----------------|
| 前收盘价:          | HK\$327.4      |
| 目标价:           | HK\$389.8      |
| 此前目标价:         | HK\$397.1      |
| 潜在上升/下跌空间:     | 19.0%          |
| CGI / 市场共识目标价: | -5.5%          |
| 路透股票代码:        | 0700.HK        |
| 彭博股票代码:        | 700 HK         |
| 市值:            | US\$399,281m   |
|                | HK\$3,127,412m |
| 平均每日成交额:       | US\$642.1m     |
|                | HK\$5,034m     |
| 目前发行在外股数       | 9,575m         |
| 自由流通量          | 59.9%          |
| *来源: 彭博        |                |

**本报告中的主要变动**

- 19 财年、20 财年及 21 财年收入预测分别下调 0.6%、0.8% 和 0.9%
- 19 财年、20 财年及 21 财年净利润预测分别下调 6.1%、5.7% 和 13.6%



| 股价表现     | 1M   | 3M   | 12M  |
|----------|------|------|------|
| 绝对表现 (%) | 0.8  | -2   | 19.3 |
| 相对表现 (%) | -0.2 | -7.1 | 16.3 |

| 主要股东        | 持股百分比 |
|-------------|-------|
| Naspers Ltd | 31.2  |
| 马化腾         | 8.6   |

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# 腾讯控股

## 19 财年三季度报: 收入符合预期, 惟净利润较预期弱

- 腾讯的 19 财年三季度业绩低于预期, 主要是由于其他收益下降, 但非国际财务报告准则业绩则符合预期。增值服务、网络广告以及金融科技及企业服务业务的收入增长基本符合预期。
- 预计在未来几个季度, 增值服务和金融科技及企业服务的收入增长将保持稳定。
- 预计网络广告业务短期前景仍然艰巨, 这是由于: a) 宏观经济放缓; b) 政府对电视剧实施监管; c) 竞争加剧。
- 我们认为, 三季度网络广告业务偏弱这一因素已得到反映。我们仍对公司持正面看法。我们将 2019、2020 和 2021 年的净利润预测分别下调 6.1%、5.7% 和 13.6%。维持「增持」评级, 贴现现金流目标价由 397.1 港元下调至 389.8 港元, 主要是由于下调了盈利下降; 我们亦计入了近期人民币走强的因素。

### 19 财年三季度业绩摘要

期内腾讯的总收入为 972 亿元人民币, 同比增长 21%, 较我们预期低 0.9%。以下是 19 财年三季度各业务的表现: a) 社交网络收入同比增长 21% 至 220 亿人民币; b) 网络游戏收入总额同比增长 11% (19 财年一季度: 同比下降 1%; 19 财年二季度: 同比增长 8%) 至 286 亿人民币, 主要受助于手机游戏收入同比增长 25% 至 243 亿人民币, 但个人电脑客户端游戏收入仍然疲弱, 同比下降 7% 至 115 亿人民币; c) 广告总收入同比增长 13% (19 财年一季度: 同比增长 25%; 19 财年二季度: 同比增长 16%) 至 184 亿人民币, 主要是受累于媒体广告收入同比下降 28% (19 财年一季度: 同比增长 4.9%; 19 财年二季度: 同比下降 7%)。社交及其他广告业务收入同比增长 32% 至 147 亿元人民币; d) 金融科技和企业服务收入在 19 财年三季度增长 36%, 达到 268 亿人民币。腾讯的毛利率在 19 财年三季度同比下降 1.7 个百分点至 43.7%, 而同期净利润同比下降 13% 至 203.82 亿人民币, 低于我们预期的 2,720.7 万人民币, 主要是由于其他收益下降。若撇除其他收益, 腾讯 19 财年三季度核心经营业绩符合我们预期。

### 网络广告表现欠佳, 但大致属预期之内

网络广告市场在 2019 下半年的前景仍然艰巨, 主要由于汽车、房地产和金融等在线广告市场中的主要行业的经济活动放缓、市场竞争加剧 (广告库存过多) 以及政府作出管制。我们仍然预计, 在未来几个季度, 腾讯的网络广告收入将录得约 15% 增长。鉴于一些在今年初发布的游戏 (例如《和平精英》) 和新游戏 (例如《英雄联盟》手机版) 产生贡献, 预计移动游戏收入的增长势头将持续。未来几年, 金融科技和企业服务仍将是腾讯的主要收入增长动力, 但管理层仍然未有透露太多细节。我们预计 19 财年四季度增值服务收入 (网络游戏和社交网络) 同比增长 16.7%。我们还预计 19 财年四季度网络广告收入将同比增长 14.8%。

### 下调净利润预测

我们将 2019、2020 和 2021 年的净利润预测分别下调 6.1%、5.7% 和 13.6%。此次下调主要是由于降低了其他收益的预测。目标价为 389.8 港元, 基于 35 倍目标市盈率, 与股份的历史均值一致。

| 主要财务指标              | Dec-17A | Dec-18A | Dec-19F | Dec-20F | Dec-21F |
|---------------------|---------|---------|---------|---------|---------|
| 收入 (百万人民币)          | 237,760 | 312,694 | 375,671 | 482,924 | 601,043 |
| 经营 EBITDA (百万人民币)   | 71,510  | 78,457  | 96,412  | 114,259 | 142,668 |
| 净利润 (百万人民币)         | 7.53    | 8.19    | 9.99    | 11.78   | 14.68   |
| 每股核心盈利 (人民币)        | 73.5%   | 8.8%    | 21.9%   | 17.9%   | 24.6%   |
| 每股核心盈利增长            | 38.97   | 35.82   | 29.38   | 24.91   | 20.00   |
| 全面摊薄市盈率 (倍)         | 11.72   | 8.99    | 7.54    | 5.89    | 4.75    |
| 每股派息 (人民币)          | 0.88    | 0.82    | 0.82    | 0.82    | 0.82    |
| 股息率                 | 0.300%  | 0.281%  | 0.281%  | 0.281%  | 0.281%  |
| EV/EBITDA (倍)       | 28.48   | 24.15   | 19.59   | 15.14   | 11.37   |
| 股价/股权自由现金流 (倍)      | 71.90   | 46.02   | 37.22   | 23.45   | 19.10   |
| 净负债权益比              | (2.9%)  | 4.6%    | (13.1%) | (33.5%) | (48.4%) |
| 市净率 (倍)             | 10.91   | 8.73    | 6.89    | 5.51    | 4.37    |
| 股本回报率               | 33.2%   | 27.1%   | 26.2%   | 24.6%   | 24.4%   |
| 每股核心盈利预测的变动         |         |         | (5.48%) | (4.80%) | (5.80%) |
| 每股核心盈利/市场共识每股盈利 (倍) |         |         | 1.00    | 0.98    | 1.02    |

来源: 中国银河国际证券研究部, 公司, 彭博

**Hong Kong**
**ADD** (no change)

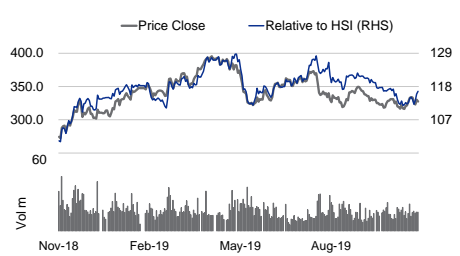
Consensus ratings\*: Buy 50 Hold 8 Sell 0

|                         |                |
|-------------------------|----------------|
| Current price:          | HK\$327.4      |
| Target price:           | HK\$389.8      |
| Previous target:        | HK\$397.1      |
| Up/downside:            | 19.0%          |
| CGI / Consensus:        | -5.5%          |
| Reuters:                | 0700.HK        |
| Bloomberg:              | 700 HK         |
| Market cap:             | US\$399,281m   |
|                         | HK\$3,127,412m |
| Average daily turnover: | US\$642.1m     |
|                         | HK\$5,034m     |
| Current shares o/s:     | 9,575m         |
| Free float:             | 59.9%          |

\*Source: Bloomberg

**Key changes in this note**

- FY19F, FY20F and FY21F revenue decreased by 0.6%, 0.8% and 0.9%, respectively.
- FY19F, FY20F and FY21F net profit decreased by 6.1%, 5.7% and 13.6%, respectively.



| Price performance | 1M   | 3M   | 12M  |
|-------------------|------|------|------|
| Absolute (%)      | 0.8  | -2   | 19.3 |
| Relative (%)      | -0.2 | -7.1 | 16.3 |

| Major shareholders | % held |
|--------------------|--------|
| Naspers Ltd        | 31.2   |
| Ma Huateng         | 8.6    |

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# Tencent

## 3Q19 results: top line in line, but bottom line miss because of lower other gains

- Tencent's 3Q19 results were lower than expected, mainly because of lower other gains, but the non-IFRS results were in line with expectations. Top-line growth of the VAS, online advertising and FinTech & business services divisions was pretty much in line.
- VAS and FinTech & business services growth is expected to remain solid in the coming quarters.
- Online advertising is expected to remain challenging in the near term because of: a) the macro slowdown, b) government regulations on drama series, and c) increasing competition.
- We believe that the softer performance of the online advertising segment in 3Q19 has been factored in. We still hold a constructive view of the Company. We revised down our net profit forecasts for 2019F, 2020F and 2021F by 6.1%, 5.7% and 13.6%, respectively. Maintain ADD with a new DCF-based target price of HK\$389.8, adjusted downward from HK\$397.1 mainly because of an earnings cut; we also factored in recent RMB strength.

### 3Q19 results highlights

Tencent reported total revenue of Rmb97.2bn, up 21% yoy and 0.9% lower than our expectation. Regarding sub-segment performance in 3Q19: a) social network revenue was up 21% yoy to Rmb22.0bn, b) total online game revenue was up 11% yoy (1Q19: down 1% yoy; 2Q19: up 8% yoy) to Rmb28.6bn because of a 25% yoy increase in mobile game revenue to Rmb24.3bn, but PC game revenue remained soft, down 7% yoy to Rmb11.5bn; c) total advertising revenue grew 13% yoy (1Q19: up 25% yoy; 2Q19: up 16% yoy) to Rmb18.4bn, dragged down mainly by a 28% yoy decline in media ad revenue (1Q19: up 4.9% yoy; 2Q19: down 7% yoy). Social media and other ad revenue was up 32% yoy to Rmb14.7bn; and d) FinTech and business services revenue grew 36% to Rmb26.8bn in 2Q19. Tencent's gross margin was down 1.7ppts yoy to 43.7% in 3Q19, and 3Q19 net profit was down 13% yoy to Rmb20,382m, lower than our expectation of Rmb27,207m mainly because of lower other gains. Excluding other gains, Tencent's core operating performance in 3Q19 was in line with our expectations.

### Soft performance for online ads, but somewhat expected

The 2H19 outlook for the online advertising segment remains challenging, given the slowdown in economic activity in key industries in the online advertising market, including the automobile, property and financial sectors, increasing competition (oversupply of ad inventory), and government controls. We still expect Tencent's online advertising revenue to grow in the mid-teens in the coming quarters. Growth momentum of mobile game revenue is expected to continue, given the contribution from games released earlier this year, such as Peacekeeper Elite, and new titles, such as LoL Mobile. The FinTech and business services segment will remain a top-line growth driver for Tencent in the coming years, but again, management released few details. We expect VAS revenue (online games and social networks) to grow 16.7% yoy in 4Q19. We also expect online advertising revenue to report yoy growth of 14.8% in 4Q19.

### Downward revision in net profit forecasts

We revised down our net profit forecasts for 2019F, 2020F and 2021F by 6.1%, 5.7% and 13.6%, respectively. The downward revision is mainly due to lower other gains. Our target price of HK\$389.8 implies a target P/E of 35x, which is in line with the historical mean for Tencent.

| Financial Summary                    | Dec-17A | Dec-18A | Dec-19F | Dec-20F | Dec-21F |
|--------------------------------------|---------|---------|---------|---------|---------|
| Revenue (Rmbm)                       | 237,760 | 312,694 | 375,671 | 482,924 | 601,043 |
| Net Profit (Rmbm)                    | 71,510  | 78,457  | 96,412  | 114,259 | 142,668 |
| Normalised EPS (Rmb)                 | 7.53    | 8.19    | 9.99    | 11.78   | 14.68   |
| Normalised EPS Growth                | 73.5%   | 8.8%    | 21.9%   | 17.9%   | 24.6%   |
| FD Normalised P/E (x)                | 38.97   | 35.82   | 29.38   | 24.91   | 20.00   |
| Price To Sales (x)                   | 11.72   | 8.99    | 7.54    | 5.89    | 4.75    |
| DPS (Rmb)                            | 0.88    | 0.82    | 0.82    | 0.82    | 0.82    |
| Dividend Yield                       | 0.300%  | 0.281%  | 0.281%  | 0.281%  | 0.281%  |
| EV/EBITDA (x)                        | 28.48   | 24.15   | 19.59   | 15.14   | 11.37   |
| P/FCFE (x)                           | 71.90   | 46.02   | 37.22   | 23.45   | 19.10   |
| Net Gearing                          | (2.9%)  | 4.6%    | (13.1%) | (33.5%) | (48.4%) |
| P/BV (x)                             | 10.91   | 8.73    | 6.89    | 5.51    | 4.37    |
| ROE                                  | 33.2%   | 27.1%   | 26.2%   | 24.6%   | 24.4%   |
| % Change In Normalised EPS Estimates |         |         | (5.48%) | (4.80%) | (5.80%) |
| Normalised EPS/consensus EPS (x)     |         |         | 1.00    | 0.98    | 1.02    |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

**Figure 1: Quarterly P&L**

| RMBm                           | 1Q 2018  | 2Q 2018  | 3Q 2018  | 4Q 2018  | 1Q 2019  | 2Q 2019  | 3Q 2019  | 4Q 2019F |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| Revenue                        | 73,528   | 73,675   | 80,595   | 84,896   | 85,465   | 88,821   | 97,236   | 104,148  |
| VAS                            | 46,877   | 42,069   | 44,049   | 43,651   | 48,974   | 48,080   | 50,629   | 50,946   |
| -online games                  | 28,778   | 25,202   | 25,813   | 25,813   | 30,123   | 29,119   | 28,603   | 29,446   |
| -social network                | 18,099   | 16,867   | 18,236   | 17,838   | 18,851   | 18,961   | 22,026   | 21,500   |
| Online advertising             | 10,689   | 14,110   | 16,247   | 17,033   | 13,377   | 16,409   | 18,366   | 19,547   |
| e-Commerce                     |          |          |          |          |          |          |          |          |
| Others                         | 15,962   | 17,496   | 20,299   | 24,212   | 23,114   | 24,332   | 28,241   | 33,655   |
| Total Revenue                  | 73,528   | 73,675   | 80,595   | 84,896   | 85,465   | 88,821   | 97,236   | 104,148  |
| YoY <i>ch</i>                  | 48.4%    | 30.2%    | 23.6%    | 27.9%    | 16.2%    | 20.6%    | 20.6%    | 22.7%    |
| QoQ <i>ch</i>                  | 10.7%    | 0.2%     | 9.4%     | 5.3%     | 0.7%     | 3.9%     | 9.5%     | 7.1%     |
| Cost of Revenue                |          |          |          |          |          |          |          |          |
| VAS                            | 17,220   | 17,253   | 19,158   | 20,330   | 20,781   | 22,783   | 24,402   | 22,926   |
| Online advertising             | 7,356    | 8,838    | 10,279   | 10,800   | 7,776    | 8,432    | 9,411    | 9,773    |
| e-Commerce                     |          |          |          |          |          |          |          |          |
| Others                         | 11,910   | 13,138   | 15,678   | 18,614   | 17,088   | 18,480   | 20,944   | 24,904   |
| Total Cost of revenue          | 36,486   | 39,229   | 45,115   | 49,744   | 45,645   | 49,695   | 54,757   | 57,604   |
| Gross profit                   | 37,042   | 34,446   | 35,480   | 35,152   | 39,820   | 39,126   | 42,479   | 46,544   |
| gross margin                   | 50.4%    | 46.8%    | 44.0%    | 41.4%    | 46.6%    | 44.1%    | 43.7%    | 44.7%    |
| gross profit growth            | 45.6%    | 21.7%    | 12.0%    | 11.6%    | 7.5%     | 13.6%    |          |          |
| Interest Income                | 1065     | 1072     | 1082     | 1350     | 1408     | 1652     | 1674     | 1937     |
| Selling & mktg                 | (5,570)  | (6,360)  | (6,573)  | (5,730)  | (4,244)  | (4,718)  | (5,722)  | (5,532)  |
| Gen & Admin                    | (9,430)  | (9,857)  | (10,890) | (11,345) | (11,331) | (12,577) | (13,536) | (14,747) |
| Other incmoe                   | 7,585    | 2,506    | 8,762    | -2,139   | 11,089   | 4,038    | 932      | 3,551    |
| Total operating exp            | (6350)   | (12639)  | (7619)   | (17864)  | (3078)   | (11605)  | (16652)  | (14791)  |
| Operating income(loss)         | 30692.0  | 21807.0  | 27861.0  | 17288.0  | 36742.0  | 27521.0  | 25827.0  | 31752.8  |
| Finance costs                  | (654.0)  | (1151.0) | (1492.0) | (1372.0) | (1117.0) | (1982.0) | (1747.0) | (1747.0) |
| Share of Results of Associates | (319)    | 1,526    | 264      | 16       | -2,957   | 2,370    | 234      | -120     |
| Pretax profit                  | 29719    | 22182    | 26633    | 15932    | 32668    | 27909    | 24314    | 29886    |
| Tax                            | (5746.0) | (3602.0) | (3228.0) | (1906.0) | (4812.0) | (3225.0) | (3338.0) | (4482.9) |
| Effective tax rate             | 19.0%    | 19.0%    | 12.1%    | 12.0%    | 14.7%    | 11.6%    | 13.7%    | 15.0%    |
| Minorities                     | (683)    | (713)    | 72       | (203)    | (646)    | (548)    | (594)    | (719)    |
| Profit after tax               | 23290    | 17867    | 23333    | 14229    | 27210    | 24136    | 20382    | 24684    |
| net margin                     | 31.7%    | 24.3%    | 29.0%    | 16.8%    | 31.8%    | 27.2%    | 21.0%    | 23.7%    |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

**Figure 2: Key assumptions**

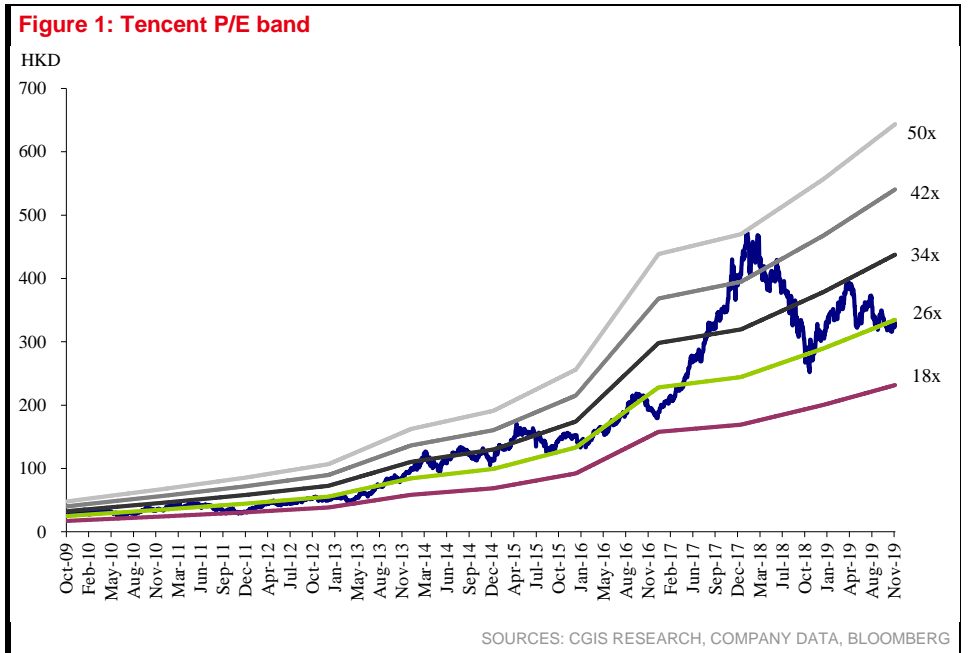
| Turnover (Rmbm)    | 2015       | 2016       | 2017       | 2018       | 2019F      | 2020F      | 2021F      |
|--------------------|------------|------------|------------|------------|------------|------------|------------|
| VAS                | 80,669.0   | 107,810.0  | 153,983.0  | 176,646.0  | 198,629.2  | 234,288.1  | 274,108.3  |
| -online games      | 56,587.0   | 70,844.0   | 97,883.0   | 105,606.0  | 117,291.2  | 140,749.5  | 161,861.9  |
| -social network    | 24,082.0   | 36,966.0   | 56,100.0   | 71,040.0   | 81,337.9   | 93,538.6   | 112,246.4  |
| Online advertising | 5,033.9    | 8,308.0    | 17,468.0   | 26,970.0   | 40,439.0   | 58,079.0   | 67,698.7   |
| Others             | 4,726.0    | 17,158.0   | 43,338.0   | 77,969.0   | 109,341.7  | 164,012.5  | 229,617.5  |
| YoY Change (%)     |            |            |            |            |            |            |            |
| VAS                |            | 33.6       | 42.8       | 14.7       | 12.4       | 18.0       | 17.0       |
| -online games      |            | 25.2       | 38.2       | 7.9        | 11.1       | 20.0       | 15.0       |
| -social network    |            | 53.5       | 51.8       | 26.6       | 14.5       | 15.0       | 20.0       |
| Online advertising |            | 65.0       | 110.3      | 54.4       | 49.9       | 43.6       | 16.6       |
| Others             |            | 263.1      | 152.6      | 79.9       | 40.2       | 50.0       | 40.0       |
| Cost of revenue    |            |            |            |            |            |            |            |
| VAS                | 28,422.0   | 37,622.0   | 61,389.0   | 73,961.0   | 90,891.8   | 122,703.9  | 153,379.9  |
| Online advertising | 8,941.0    | 15,396.0   | 25,586.0   | 37,273.0   | 35,392.3   | 47,779.7   | 59,724.6   |
| Others             | 4,268.0    | 14,421.0   | 33,860.0   | 59,340.0   | 81,416.5   | 109,912.2  | 137,390.3  |
| YoY Change (%)     |            |            |            |            |            |            |            |
| VAS                |            | 32.4       | 63.2       | 20.5       | 22.9       | 35.0       | 25.0       |
| Online advertising |            | 72.2       | 66.2       | 45.7       | (5.0)      | 35.0       | 25.0       |
| Others             |            | 237.9      | 134.8      | 75.3       | 37.2       | 35.0       | 25.0       |
| Gross margin (%)   | 59.5       | 55.6       | 49.2       | 45.5       | 44.7       | 41.9       | 41.7       |
| Net margin (%)     | 28.0       | 27.0       | 30.1       | 25.1       | 25.7       | 23.7       | 23.7       |
| Cost (Rmbm)        |            |            |            |            |            |            |            |
| S,G&A              | (24,818.0) | (34,595.0) | (50,703.0) | (65,754.6) | (72,407.5) | (79,682.3) | (90,156.2) |
| Financial Expenses | (1,618.0)  | (1,955.0)  | (2,908.0)  | (4,669.0)  | (6,593.0)  | (7,252.3)  | (7,977.5)  |
| YoY Change (%)     |            |            |            |            |            |            |            |
| S,G&A              |            | 39.4       | 46.6       | 29.7       | 10.1       | 10.0       | 13.1       |
| Financial Expenses |            | 20.8       | 48.7       | 60.6       | 41.2       | 10.0       | 10.0       |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

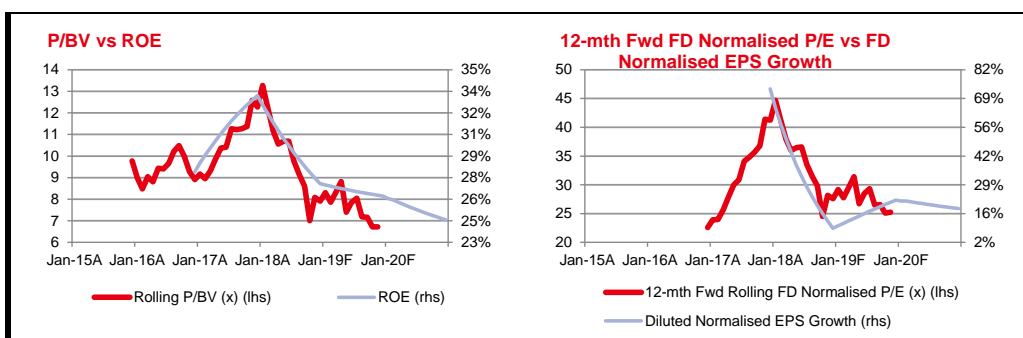
**Figure 3: DCF Valuation**

| RMB (m)                                    | 2017A    | 2018A        | 2019E    | 2020E    | 2021E    | 2022E     |
|--|----------|--------------|----------|----------|----------|-----------|
| Operating Profit                           | 90,302   | 97,648       | 121,844  | 147,286  | 184,811  | 239,168   |
| Interest Income                            | (3,940)  | (4,569)      | (6,671)  | (4,829)  | (4,808)  | (6,034)   |
| Other gains                                | (20,140) | (16,714)     | (19,610) | (19,610) | (19,610) | (19,610)  |
| Depreciation                               | 4,850    | 8,233        | 10,575   | 12,621   | 13,952   | 14,820    |
| Amortization                               | 18,622   | 18,622       | 18,622   | 18,622   | 18,622   | 18,622    |
| Share-based compensation                   | 6,253    | 6,253        | 6,253    | 6,253    | 6,253    | 6,253     |
| EBITDA                                     | 95,947   | 109,474      | 131,012  | 160,342  | 199,220  | 253,219   |
| Change in WC                               | (23,663) | (14,813)     | (22,556) | (44,336) | (48,059) | (54,578)  |
| Capex                                      | (14,643) | (14,944)     | (16,438) | (16,438) | (16,438) | (18,082)  |
| Tax  | (15,744) | (14,482)     | (15,858) | (22,330) | (29,981) | (43,836)  |
| FCF  | 41,897   | 65,235       | 76,161   | 77,238   | 104,741  | 136,724   |
| NPV of FCF                                 |          |              | 340,522  | 288,273  | 230,123  | 262,106   |
| Discounted value                           |          |              | 318,410  | 247,194  | 180,919  | 188,926   |
| Terminal value                             |          |              |          |          |          | 3,025,071 |
| Explicit Forecasts                         |          | 318,410      |          |          |          |           |
| Terminal Valuation                         |          |              |          |          |          | 3,025,071 |
| Total Expected Operating Value             |          |              |          |          |          | 3,343,480 |
| Bank & Other Debt                          |          | 153,768      |          |          |          |           |
| Minorities                                 |          | 35,204       |          |          |          |           |
| Total Value Attributable to Equity Holders |          |              |          |          |          | 3,373,723 |
| Value Per Share (HK\$)                     |          | <b>389.8</b> |          |          |          |           |
| Risk free rate                             |          | 3.7%         |          |          |          |           |
| Beta                                       |          | 1.27         |          |          |          |           |
| Risk Premium                               |          | 7.1%         |          |          |          |           |
| Cost of equity                             |          | 12.7%        |          |          |          |           |
| Cost of debt                               |          | 4.3%         |          |          |          |           |
| WACC                                       |          | 9.0%         |          |          |          |           |
| Terminal growth rate                       |          | 2.8%         |          |          |          |           |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG



## BY THE NUMBERS



### Profit & Loss

| (Rmbm)                                 | Dec-17A        | Dec-18A        | Dec-19F        | Dec-20F        | Dec-21F        |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Total Net Revenues</b>              | <b>237,760</b> | <b>312,694</b> | <b>375,671</b> | <b>482,924</b> | <b>601,043</b> |
| <b>Gross Profit</b>                    | <b>140,536</b> | <b>169,084</b> | <b>197,276</b> | <b>233,880</b> | <b>283,232</b> |
| <b>Operating EBITDA</b>                | <b>89,833</b>  | <b>103,330</b> | <b>124,868</b> | <b>154,198</b> | <b>193,076</b> |
| Depreciation And Amortisation          | (23,611)       | (26,964)       | (29,306)       | (31,352)       | (32,683)       |
| <b>Operating EBIT</b>                  | <b>66,222</b>  | <b>76,365</b>  | <b>95,563</b>  | <b>122,846</b> | <b>160,392</b> |
| Financial Income/(Expense)             | 1,032          | (100)          | 78             | (2,423)        | (3,169)        |
| Pretax Income/(Loss) from Assoc.       | 821            | 1,487          | (473)          | (473)          | (473)          |
| Non-Operating Income/(Expense)         | 20,140         | 16,714         | 19,610         | 19,610         | 19,610         |
| <b>Profit Before Tax (pre-EI)</b>      | <b>88,215</b>  | <b>94,466</b>  | <b>114,778</b> | <b>139,560</b> | <b>176,360</b> |
| Exceptional Items                      |                |                |                |                |                |
| <b>Pre-tax Profit</b>                  | <b>88,215</b>  | <b>94,466</b>  | <b>114,778</b> | <b>139,560</b> | <b>176,360</b> |
| Taxation                               | (15,744)       | (14,482)       | (15,858)       | (22,330)       | (29,981)       |
| Exceptional Income - post-tax          |                |                |                |                |                |
| <b>Profit After Tax</b>                | <b>72,471</b>  | <b>79,984</b>  | <b>98,920</b>  | <b>117,231</b> | <b>146,379</b> |
| Minority Interests                     | (961)          | (1,527)        | (2,507)        | (2,971)        | (3,710)        |
| Preferred Dividends                    |                |                |                |                |                |
| FX Gain/(Loss) - post tax              |                |                |                |                |                |
| Other Adjustments - post-tax           |                |                |                |                |                |
| Preference Dividends (Australia)       |                |                |                |                |                |
| <b>Net Profit</b>                      | <b>71,510</b>  | <b>78,457</b>  | <b>96,412</b>  | <b>114,259</b> | <b>142,668</b> |
| Normalised Net Profit                  | 72,471         | 79,984         | 98,920         | 117,231        | 146,379        |
| <b>Fully Diluted Normalised Profit</b> | <b>71,510</b>  | <b>78,457</b>  | <b>96,412</b>  | <b>114,259</b> | <b>142,668</b> |

### Cash Flow

| (Rmbm)  | Dec-17A         | Dec-18A         | Dec-19F          | Dec-20F          | Dec-21F          |
|---|-----------------|-----------------|------------------|------------------|------------------|
| <b>EBITDA</b>   | <b>89,833</b>   | <b>103,330</b>  | <b>124,868</b>   | <b>154,198</b>   | <b>193,076</b>   |
| Cash Flow from Inv. & Assoc.                              |                 |                 |                  |                  |                  |
| Change In Working Capital (Incr)/Decr in Total Provisions | 23,663          | 14,813          | 22,556           | 44,336           | 48,059           |
| Other Non-Cash (Income)/Expense                           |                 |                 |                  |                  |                  |
| Other Operating Cashflow                                  | (6,330)         | 10,631          | 18,057           | 21,949           | 26,462           |
| Net Interest (Paid)/Received                              | (2,908)         | (4,669)         | (6,593)          | (7,252)          | (7,978)          |
| Tax Paid  | 1,882           | 7,579           | 970              | 4,563            | 5,394            |
| <b>Cashflow From Operations</b>                           | <b>106,140</b>  | <b>131,684</b>  | <b>159,858</b>   | <b>217,793</b>   | <b>265,014</b>   |
| Capex   | (12,154)        | (14,944)        | (16,438)         | (16,438)         | (16,438)         |
| Disposals Of FAs/subsidiaries                             |                 |                 |                  |                  |                  |
| Acq. Of Subsidiaries/investments                          | (84,238)        | (81,123)        | (93,108)         | (123,917)        | (147,548)        |
| Other Investing Cashflow                                  |                 |                 |                  |                  |                  |
| <b>Cash Flow From Investing</b>                           | <b>(96,392)</b> | <b>(96,066)</b> | <b>(109,546)</b> | <b>(140,355)</b> | <b>(163,986)</b> |
| Debt Raised/(repaid)                                      | 29,012          | 25,449          | 25,777           | 43,901           | 48,348           |
| Proceeds From Issue Of Shares                             | 171             | 0               | 0                | 0                | 0                |
| Shares Repurchased  |                 |                 |                  |                  |                  |
| Dividends Paid  | (5,998)         | (7,943)         | (7,980)          | (8,019)          | (8,019)          |
| Preferred Dividends                                       |                 |                 |                  |                  |                  |
| Other Financing Cashflow                                  | 3,413           | 0               | 0                | 0                | 0                |
| <b>Cash Flow From Financing</b>                           | <b>26,598</b>   | <b>17,506</b>   | <b>17,797</b>    | <b>35,882</b>    | <b>40,329</b>    |
| Total Cash Generated                                      | 36,346          | 53,123          | 68,109           | 113,320          | 141,356          |
| <b>Free Cashflow To Equity</b>                            | <b>38,760</b>   | <b>61,066</b>   | <b>76,090</b>    | <b>121,339</b>   | <b>149,375</b>   |
| <b>Free Cashflow To Firm</b>                              | <b>12,656</b>   | <b>40,286</b>   | <b>56,905</b>    | <b>84,690</b>    | <b>109,005</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           | 105,697        | 97,814         | 195,881        | 362,994        | 555,786        |
| Total Debtors                        | 16,549         | 28,427         | 34,152         | 43,902         | 49,176         |
| Inventories                          | 295            | 324            | 395            | 533            | 666            |
| Total Other Current Assets           | 55,905         | 90,515         | 94,239         | 100,582        | 107,568        |
| <b>Total Current Assets</b>          | <b>178,446</b> | <b>217,080</b> | <b>324,666</b> | <b>508,011</b> | <b>713,196</b> |
| Fixed Assets                         | 23,597         | 30,307         | 36,170         | 39,987         | 42,473         |
| Total Investments                    | 241,797        | 363,358        | 363,358        | 363,358        | 363,358        |
| Intangible Assets                    | 102,558        | 104,204        | 129,757        | 154,363        | 193,736        |
| Total Other Non-Current Assets       | 8,274          | 8,572          | 8,870          | 9,209          | 9,594          |
| <b>Total Non-current Assets</b>      | <b>376,226</b> | <b>506,441</b> | <b>538,156</b> | <b>566,918</b> | <b>609,160</b> |
| Short-term Debt                      | 15,696         | 26,834         | 32,238         | 41,442         | 51,579         |
| Current Portion of Long-Term Debt    |                |                |                |                |                |
| Total Creditors                      | 50,085         | 73,735         | 89,784         | 121,208        | 151,510        |
| Other Current Liabilities            | 85,959         | 101,866        | 121,626        | 160,038        | 200,765        |
| <b>Total Current Liabilities</b>     | <b>151,740</b> | <b>202,435</b> | <b>243,648</b> | <b>322,688</b> | <b>403,854</b> |
| Total Long-term Debt                 | 82,094         | 87,437         | 105,047        | 135,038        | 168,067        |
| Hybrid Debt - Debt Component         |                |                |                |                |                |
| Total Other Non-Current Liabilities  | 37,770         | 66,478         | 54,975         | 43,940         | 33,020         |
| <b>Total Non-current Liabilities</b> | <b>119,864</b> | <b>153,915</b> | <b>160,022</b> | <b>178,977</b> | <b>201,086</b> |
| Total Provisions                     | 5,975          | 10,964         | 12,006         | 16,905         | 22,698         |
| <b>Total Liabilities</b>             | <b>277,579</b> | <b>367,314</b> | <b>415,675</b> | <b>518,571</b> | <b>627,638</b> |
| Shareholders' Equity                 | 256,074        | 323,510        | 411,942        | 518,182        | 652,832        |
| Minority Interests                   | 21,019         | 32,697         | 35,204         | 38,176         | 41,886         |
| <b>Total Equity</b>                  | <b>277,093</b> | <b>356,207</b> | <b>447,147</b> | <b>556,358</b> | <b>694,718</b> |

### Key Ratios

|                           | Dec-17A | Dec-18A | Dec-19F | Dec-20F | Dec-21F |
|---------------------------|---------|---------|---------|---------|---------|
| Revenue Growth            | 56.5%   | 31.5%   | 20.1%   | 28.5%   | 24.5%   |
| Operating EBITDA Growth   | 43.4%   | 15.0%   | 20.8%   | 23.5%   | 25.2%   |
| Operating EBITDA Margin   | 37.8%   | 33.0%   | 33.2%   | 31.9%   | 32.1%   |
| Net Cash Per Share (Rmb)  | 0.83    | (1.71)  | 6.06    | 19.19   | 34.58   |
| BVPS (Rmb)                | 26.90   | 33.60   | 42.59   | 53.31   | 67.16   |
| Gross Interest Cover      | 22.77   | 16.36   | 14.49   | 16.94   | 20.11   |
| Effective Tax Rate        | 17.8%   | 15.3%   | 13.8%   | 16.0%   | 17.0%   |
| Net Dividend Payout Ratio | 11.7%   | 10.1%   | 8.3%    | 7.0%    | 5.6%    |
| Accounts Receivables Days | 20.50   | 26.25   | 30.40   | 29.58   | 28.26   |
| Inventory Days            | 1.05    | 0.79    | 0.74    | 0.68    | 0.69    |
| Accounts Payables Days    | 145.5   | 157.4   | 167.3   | 155.0   | 156.6   |
| ROIC (%)                  | 82%     | 107%    | 110%    | 133%    | 238%    |
| ROCE (%)                  | 21.9%   | 18.8%   | 19.0%   | 19.0%   | 19.6%   |
| Return On Average Assets  | 15.0%   | 12.5%   | 12.5%   | 12.3%   | 12.5%   |

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

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