

28 March 2019

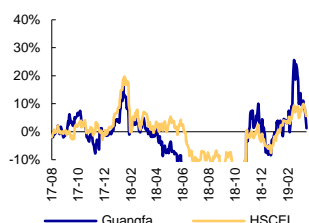
增持

维持

Market Data: March 26

Closing Price (HK\$)	11.30
Price Target (HK\$)	13.39
HSCEI	11,232
HSCCI	4,494
52-week High/Low (HK\$)	15.00/8.57
Market Cap (USD Mn)	16,277
Market Cap (HK\$ Mn)	127,750
Shares Outstanding (Mn)	7,621
Exchange Rate (RMB-HK\$)	1.18

Price Performance Chart:



Source: Bloomberg

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Related Reports

Eyes forward, Dec 4, 2018

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

结构影响

广发证券 (01776 HK)

Financial summary and valuation

	2017	2018	2019E	2020E	2021E
Revenue (Rmbm)	28,316	21,033	22,737	24,452	26,448
YoY (%)	2.10	(25.72)	8.10	7.54	8.16
Net income (Rmbm)	8,595	4,300	4,848	6,209	7,339
YoY (%)	7.04	(49.97)	12.74	28.06	18.20
EPS (Rmb)	1.13	0.56	0.64	0.81	0.96
Diluted EPS (Rmb)	1.13	0.56	0.64	0.81	0.96
ROE (%)	10.11	4.85	5.34	6.52	7.31
Debt/asset (%)	75.17	77.22	78.66	79.27	79.69
Dividend Yield (%)	3.16	1.61	1.81	2.29	2.69
P/E (x)	8.52	17.02	15.10	11.79	9.97
P/B (x)	0.86	0.86	0.82	0.78	0.74

广发证券公布 2018 年业绩，收入同比下降 20.3%至人民币 228 亿元，净利润同比下降 50.0%至人民币 43 亿元。公司的加权平均净资产收益率同比下降 5.48 个百分点至 5.07%。鉴于该公司 2018 年业绩低于预期，我们下调每股盈利预测，将 2019 的人民币 0.95 元下调至人民币 0.64 元（同比增长 12.7%），将 2020 的人民币 1.11 元下调至人民币 0.81 元（同比增长 28.1%），并引入 2021 年每股盈利预测为人民币 0.96 元（同比增长 18.2%）。我们将目标价从 14.2 港币下调至 13.39 港元（1.02 倍 2019 年 PB）。我们维持增持评级，目标价对应股价 18.5%的上涨空间。

财富管理逆市增长。由于市场环境恶化和佣金率下降，2018 年 A 股市场日均成交量同比下降 20%，至 3689 亿元人民币。尽管市场成交量有所下降，但财富管理业务实现营收 117 亿元人民币（同比增长 3.72%）。公司股票基金成交量 8.3 万亿元（同比下降 19.2%）。公司代理买卖证券业务实现手续费及佣金收入 26 亿元人民币（同比下降 25.5%）。而代销金融产品业务实现手续费及佣金收入 1.51 亿元人民币（同比增长 22.6%）。2018 年公司融资融券业务余额为 399 亿元人民币（同比下降 28.8%），市场份额为 5.28%，实现融资融券利息收入 38 亿元人民币（同比下降 7.4%）。公司通过自有资金开展场内股票质押式回购业务余额为 223 亿元人民币（同比下降 16.1%），实现回购交易业务利息收入为 16 亿元人民币（同比增长 35.7%）。

投行业务战略承压。交易及机构业务板块实现营收 53 亿元人民币（同比下降 25%）。公司股票和衍生品交易业务实现投资收益净额 2.19 亿元人民币。固定收益销售及交易业务实现投资收益净额 46 亿元人民币（同比增长 21.70%）。投资管理业务实现营收 39 亿元人民币（同比下降 42.8%）。资产管理业务实现管理费收入 12 亿元人民币。截至 18 年底，广发资产管理的集合资产管理计划规模、定向资产管理计划规模、专项资产管理计划规模分别比 17 年底和总规模同比下降 25.88%、下降 31.52%和上升 12.73%，总规模同比下降 27.1%。投资银行业务实现营收 12 亿元人民币（同比下降 55.6%），2018 年股权融资向大型客户集中对本公司以中小企业为主的服务模式相对不利，但 2019 年有望受益于一级市场回暖。

维持增持。鉴于该公司 2018 年业绩低于预期，我们下调每股盈利预测，将 2019 的人民币 0.95 元下调至人民币 0.64 元（同比增长 12.7%），将 2020 的人民币 1.11 元下调至人民币 0.81 元（同比增长 28.1%），并引入 2021 年每股盈利预测为人民币 0.96 元（同比增长 18.2%）。我们将目标价从 14.2 港币下调至 13.39 港元（1.02 倍 2019 年 PB）。我们维持增持评级，目标价对应股价 18.5%的上涨空间。

GF Securities announced 2018 results, with revenue down 20.3% YoY to Rmb22.8bn and net profit falling 50.0% YoY to Rmb4.3bn. The firm's weighted return on average equity (ROAE) decreased by 5.48ppts YoY to 5.07%. Given the lacklustre 2018 results, we revise down our EPS forecasts from Rmb0.95 in 19E to Rmb0.64 (+12.7% YoY), from Rmb1.11 to Rmb0.81 in 20E (+28.1% YoY), and introduce 21E EPS of Rmb0.96 (+18.2% YoY). We revise our target price from HK\$14.20 to HK\$13.39 (1.02x 19E PB). With 18.5% upside, we maintain our Outperform rating.

Customer focused. Due to a deteriorating market environment and declining commission rates, the A-share market's average daily turnover (ADT) declined 20% YoY to Rmb368.9bn in 2018. Despite decreasing market turnover, revenue from the wealth management business segment was Rmb11.7bn (+3.72% YoY). The turnover of stock funds of the company was Rmb8.3tn (-19.2% YoY). The company recorded commission and fee income from the securities business of Rmb2.6bn (-25.5% YoY). While it recorded financial products agency sales commission income of Rmb151m (+22.6% YoY). The company's balance of margin financing and securities lending business was Rmb39.9bn (-28.8% YoY) in 2018, with a market share of 5.28%. It recorded interest income from the margin financing and securities lending business of Rmb3.8bn (-7.4% YoY). The balance of the exchange traded stock pledged repo through its owned funds was Rmb22.3bn (-16.1% YoY), with interest income of Rmb1.6bn (+35.7% YoY).

Strategic impact. Revenue from the trading and institutional business segment was Rmb5.3bn (-25% YoY). The company recorded net investment loss from the equity and derivatives trading business of Rmb219m. Net investment gains from fixed income sales and trading business was Rmb4.6bn (+21.70% YoY). Investment management business revenue was Rmb3.9bn (-42.8% YoY), while fee income from the asset management business reached Rmb1.2bn. By end-18, the scale of collective asset management schemes, targeted asset management schemes and specific asset management schemes of GF Asset Management decreased by 25.88%, 31.52% and increased by 12.73% respectively as compared to end-17 and the total scale decreased 27.1% YoY. Investment banking business revenue was Rmb1.2bn (-55.6% YoY) due to business restructuring in the company's traditional customer groups.

Maintain Outperform. Given the firm's lacklustre 2018 results, we revise down our EPS forecasts from Rmb0.95 in 19E to Rmb0.64 (+12.7% YoY), from Rmb1.11 to Rmb0.81 in 20E (+28.1% YoY), and introduce 21E EPS forecast of Rmb0.96 (+18.2% YoY). We revise our target price from HK\$14.20 to HK\$13.39 (1.02x 19E PB). With 18.5% upside, we maintain our Outperform rating.

Appendix

Figure 1: Income statement forecast

Rmbm	2017	2018	2019E	2020E	2021E
Revenue					
Commission and fee income	11564.48	8912.40	12324.60	13380.05	14604.10
Interest income	8017.63	11938.70	7520.24	7880.32	8358.41
Net investment gains	8733.92	181.57	2892.06	3191.80	3485.00
Total revenue	28316.03	21032.67	22736.90	24452.17	26447.51
Other income and gains	298.30	1784.33	1041.32	1412.82	1227.07
Total revenue and other income	28614.33	22817.00	23778.22	25864.99	27674.58
Depreciation and amortization	-312.45	-340.05	-260.99	-267.58	-264.28
Staff costs	-6836.37	-4763.02	-7111.55	-7076.19	-7093.87
Commission and fee expenses	-336.26	-293.78	-361.44	-365.38	-363.41
Interest expenses	-7064.05	-7866.38	-6529.13	-6557.80	-6543.47
Other operating expenses	-2483.88	-3869.16	-3032.33	-3032.81	-3032.57
Impairment losses	-398.27	-303.32	-344.90	-359.70	-352.30
Total expenses	-17431.27	-17435.71	-17602.10	-17954.14	-18313.22
Share of result of an associate	460.97	623.05	486.00	517.93	539.82
Profit before income tax	11644.03	6004.34	6662.12	8428.78	9901.18
Income tax expense	-2560.66	-1372.29	-1465.67	-1854.33	-2178.26
Profit for the year	9083.37	4632.05	5196.46	6574.44	7722.92
Attributable to:					
Owners of the Company	8595.40	4300.13	4847.94	6208.50	7338.68
Non-controlling interests	487.97	331.92	348.51	365.94	384.24
Basic EPS	1.13	0.56	0.64	0.81	0.96
Diluted EPS	1.13	0.56	0.64	0.81	0.96

Source: Company data, SWS Research

Figure 2: Balance sheet forecast

Rmbm	2017	2018	2019E	2020E	2021E
Non-current assets					
Property and equipment	2128.22	2429.81	2551.30	2678.87	2812.81
Prepaid lease payments	298.46	288.83	293.65	291.24	292.44
Investment properties	21.80	20.07	20.94	20.50	20.72
Goodwill	2.17	2.27	2.22	2.25	2.23
Other intangible assets	285.00	261.81	274.90	288.64	303.07
Investments in associates	3444.73	4078.06	4893.68	5872.41	7046.89
Investments in joint ventures	931.96	1342.06	1409.16	1479.62	1553.60
Available-for-sale financial assets	18139.30	0.00	0.00	0.00	0.00
Loan and receivable investments	55.73	0.00	0.00	0.00	0.00
Advances to customers	354.49	170.72	179.25	188.22	197.63
Other accounts receivables, other receivables and prepayments	44.31	0.00	22.15	11.08	16.62
Financial leasing receivables	2818.43	2900.62	2900.62	2900.62	2900.62
Financial assets held under resale agreements	8846.11	6555.97	7539.36	8670.27	9970.80
Pledged/restricted bank deposits	0.00	0.00	0.00	0.00	0.00
Deferred tax assets	428.50	1085.53	1085.53	1085.53	1085.53
Total non-current assets	39078.85	38752.87	42751.59	47225.96	52313.37
Current assets					
Prepaid lease payments	9.63	9.63	9.63	9.63	9.63
Available-for-sale financial assets	74455.10	0.00	0.00	0.00	0.00

Loan and receivable investments	2423.41	0.00	1211.70	605.85	908.78
Advances to customers	61395.70	45184.59	57097.01	62685.10	68832.00
Accounts receivable	3492.55	4271.89	4485.49	4709.76	4945.25
Other accounts receivables, other receivables and prepayments	3300.46	765.40	2032.93	1399.17	1716.05
Financial leasing receivables	1276.26	1940.90	1940.90	1940.90	1940.90
Amounts due from associates	17.12	25.50	21.31	23.41	22.36
Financial assets held under resale agreements	24821.30	30257.10	34795.67	40015.02	46017.27
Financial assets at fair value through profit or loss	61919.06	81677.39	89845.13	98829.64	108712.60
Derivative financial assets	5450.74	17536.66	18413.49	19334.16	20300.87
Deposits with exchanges and non-bank financial institutions	4700.75	6285.00	6913.50	7604.85	8365.33
Clearing settlement funds	17652.95	17899.89	18794.88	19734.63	20721.36
Pledged/restricted bank deposits	164.55	0.00	0.00	0.00	0.00
Bank balances	56746.21	60436.04	69517.51	73470.73	76218.50
Total current assets	317825.79	350353.08	393345.39	423042.40	456024.43
Total assets	356904.64	389105.95	436096.99	470268.36	508337.80
Current liabilities					
Borrowings	7349.54	5504.52	6427.03	5965.77	6196.40
Short-term financing payables	25101.45	24049.74	25252.23	26514.84	27840.58
Financial liabilities at fair value through profit or loss	1994.57	107.98	107.98	107.98	107.98
Due to banks and other financial institutions	4953.66	11667.62	12251.00	12863.55	13506.73
Accounts payable to brokerage clients	65026.12	58445.15	64289.66	70718.63	77790.49
Accounts payable to underwriting clients	54.00	0.00	0.00	0.00	0.00
Accrued staff costs	4452.91	2847.69	3650.30	3248.99	3449.65
Other accounts payable, other payables and accruals	5142.64	4783.06	5022.21	5273.32	5536.99
Provisions	33.36	33.36	33.36	33.36	33.36
Current tax liabilities	806.08	515.20	660.64	587.92	624.28
Other liabilities	11638.55	8639.52	9071.49	9525.07	10001.32
Derivative financial liabilities	5439.11	19879.03	20872.98	21916.63	23012.46
Financial assets sold under repurchase agreements	55475.16	85993.80	92481.60	101422.66	111257.83
Bonds payable	10524.84	24374.25	26811.67	29492.84	32442.12
Long-term loans	747.38	3534.97	3534.97	3534.97	3534.97
Total current liabilities	198863.46	250717.13	291774.14	318954.15	348319.50
Capital and reserves					
Share capital	7621.09	7621.09	7621.09	7621.09	7621.09
Capital reserve	31864.82	31864.82	31864.82	31864.82	31864.82
Investment revaluation reserve	2200.56	387.20	1293.88	840.54	1067.21
Translation reserve	43.98	294.82	169.40	232.11	200.75
General reserves	17355.90	18814.88	20026.86	21578.99	23413.66
Retained profits	25767.86	26035.22	28281.56	31379.00	34910.68
Equity attributable to owners of the Company	84854.20	85018.02	89257.60	93516.54	99078.20
Non-controlling interests	3771.38	3611.16	3791.72	3981.30	4180.37
Total equity	88625.58	88629.17	93049.32	97497.84	103258.57
Total equity & Liabilities	158041.18	138388.82	147447.40	156756.59	167984.38

Source: Company data, SWS Research

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BUY: Share price performance is expected to generate more than 20% upside over a 12-month period.

Outperform: Share price performance is expected to generate between 10-20% upside over a 12-month period.

Hold: Share price performance is expected to generate between 10% downside to 10% upside over a 12-month period.

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