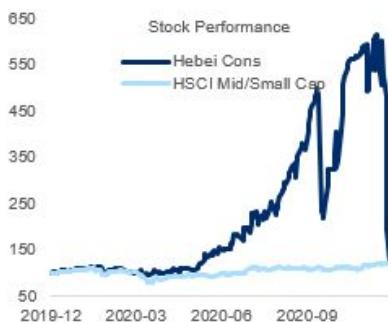


河北建设

基本面完好，股票遭错杀，维持目标价49

Company Update

Ticker	1727 HK/1727.HK
Name	Hebei Construction
GICS Sector	Industrials
Rating	STRONG BUY
Target Price	49.00
Current Price	5.74
Upside (downside)	+754%
MarketCap (\$m)	1,304
Total Shares (m)	1,761



我们相信股价在未来15天内将反弹。

近期股价的下跌与公司H股全流通计划流产有关。最近有报道指出，公司于今年5月24日向中国证监会呈交H股流通计划申请后已遭否决，因此市场对此计划进展不及预期或反应过度，股票在恐慌中被错杀。从基本面看，公司运营和H股全流通受挫毫无关系。

我们估算公司19年至22年的营收复合增长率将达45%，当前股价极具吸引力，对应3.8倍20年市盈率。维持“强力买入”评级以及49元目标价。我们认为市场将消化H股全流通消息，重新看好河北建设，因此估计股价在未来15天内反弹拉升的概率达95%。

公司近期持续获得订单，基本面完好。长期看公司坐拥京津冀地区，作为区域规模最大的民营建设集团，有望在雄安新区获取大量订单，特别是钢结构装配式建筑。公司近日公布中标若干项目，其中包括雄安新区东容片区安置房以及污水处理项目，符合我们对雄安项目提速带来的订单增长预期。京津冀外，公司与内蒙古自治区政府合作成立建投集团，或将成为另一项重要的长期增长引擎。近期公司中标呼和浩特新机场飞行区场道工程，预计将进入内蒙古订单爆发期。因此我们认为市场对H股全流通进展不及预期反应过度。

Research Department

大同投顾 研究部

Email: research@dztresearch.com

Financial Snapshot	FY2018	FY2019	FY2020E	FY2021E	FY2022E
Revenue (RMB m)	47,859	41,077	69,927	101,891	124,680
EBIT (RMB m)	2,204	1,426	3,566	6,623	8,977
Net Profit (RMB m)	1,169	763	2,238	4,924	6,699
EPS (RMB / share)	0.66	0.43	1.27	2.80	3.80
Revenue Growth (%)	16%	-14%	70%	46%	22%
Net Profit Growth (%)	11%	-35%	193%	120%	36%
ROE (%)	22%	13%	29%	41%	41%
P/E (x)	7.0	11.2	3.8	1.7	1.3
EV/EBITDA (x)	3.0	3.8	1.6	0.9	0.6
P/B (x)	1.5	1.5	1.1	0.7	0.5
Div Yield (%)	6.2%	2.9%	7.8%	25.8%	39.0%
Net Gearing (%)	-56.7%	-43.2%	-53.4%	-60.6%	-50.6%

Appendix: Company Financials

Income Statement (RMB m)	FY2018	FY2019	FY2020E	FY2021E	FY2022E
Revenue	47,859	41,077	69,927	101,891	124,680
Cost of good sold	(45,109)	(39,024)	(65,662)	(94,351)	(114,705)
Gross Profit	2,750	2,053	4,266	7,540	9,974
SG&A Expenses	(586)	(721)	(769)	(1,019)	(1,122)
Other Op Income	41	93	70	102	125
Operating Income	2,204	1,426	3,566	6,623	8,977
Net interest income/expense	(162)	(264)	(231)	(84)	(73)
Associate Income	(165)	9	5	27	28
Other non-op income/expense	(243)	44	0	0	0
Profit Before Tax (PBT)	1,635	1,215	3,341	6,566	8,932
Tax expense	(466)	(446)	(1,102)	(1,641)	(2,233)
Profit After Tax (PAT)	1,169	763	2,238	4,924	6,699
Minority Interest	0	0	0	0	0
Net Profit	1,169	763	2,238	4,924	6,699

Balance Sheet (RMB m)	FY2018	FY2019	FY2020E	FY2021E	FY2022E
Asset					
Cash, Bank deposit	6,688	7,045	8,060	9,811	10,854
S/T investment	730	1,263	1,608	6,113	7,481
Account Receivable	43,761	44,980	55,802	56,040	61,093
Inventory	2,172	241	657	944	1,147
Other current asset	5,571	3,898	5,594	9,170	11,845
Current Asset	58,922	57,427	71,721	82,078	92,419
Net PP&E	612	394	450	917	1,350
Investment in associate	873	530	535	562	590
Intangibles and goodwills	36	36	36	36	36
Other non-operating asset	1,997	2,540	3,258	3,679	3,958
Non-Current Asset	3,519	3,499	4,279	5,194	5,934
Total Asset	62,440	60,926	76,000	87,272	98,353
Liability					
S/T loan	1,853	2,631	2,251	1,432	1,432
Account Payable	38,956	35,946	44,650	47,176	49,323
Other current liability	14,225	14,551	19,580	25,473	29,923
Current Liability	55,035	53,129	66,480	74,080	80,678
L/T loan	1,473	1,864	1,595	1,014	1,014
Other non-current liability	0	30	30	30	30
Non-Current liability	1,473	1,894	1,625	1,044	1,044
Total Liability	56,508	55,023	68,105	75,124	81,722
Equity					
Shareholder Equity	5,406	5,721	7,712	11,965	16,448
Non-controlling interest	526	183	183	183	183
Equity - Total	5,932	5,904	7,895	12,148	16,631

CF - Operation (RMB m)	FY2018	FY2019	FY2020E	FY2021E	FY2022E
Profit Before Tax	1,607	1,215	3,341	6,566	8,932
Depreciation/Amortization	48	45	44	33	67
Non Cash item	372	(9)	(5)	(27)	(28)
Interest adjustment	126	0	0	0	0
Less Change in WC	(792)	798	799	4,318	(1,333)
Income tax payment	(421)	(1,043)	(1,102)	(1,641)	(2,233)
Others	(0)	0	0	0	0
Cash flows from operation	940	1,005	3,075	9,248	5,405
CF- Investment					
Capital expenditure	(246)	(39)	(100)	(500)	(500)
Investment into subsidiaries	(39)	(902)	0	0	0
Changes in S/T Investment	367	246	(346)	(4,505)	(1,367)
Other investment item	178	127	(718)	(421)	(279)
Cash flow from Investment	261	(568)	(1,164)	(5,426)	(2,146)
CF - Financing					
Changes in Borrowings	(89)	408	(650)	(1,400)	0
Dividend payment	0	(760)	(247)	(671)	(2,216)
Equity raising	93	0	0	0	0
Other financing activities	197	277	0	0	0
Cash flow from Financing	200	(75)	(896)	(2,071)	(2,216)
Net increase/(decrease) in cash	1,401	362	1,015	1,751	1,043
Cash at beginning of the year	5,288	6,688	7,045	8,060	9,811
Changes in FX	(1)	(5)	0	0	0
Cash at end of the year	6,688	7,045	8,060	9,811	10,854

Key Ratios	FY2018	FY2019	FY2020E	FY2021E	FY2022E
Ratio - Growth					
Revenue - YoY	16%	-14%	70%	46%	22%
Gross Profit - YoY	23%	-25%	108%	77%	32%
Profit After Tax and Minority Interes	11%	-35%	193%	120%	36%
Ratio - Margin					
Gross Margin	5.7%	5.0%	6.1%	7.4%	8.0%
EBITDA Margin	3.9%	3.7%	5.2%	6.6%	7.3%
EBIT Margin	4.6%	3.5%	5.1%	6.5%	7.2%
Net Margin	2.4%	1.9%	3.2%	4.8%	5.4%
Ratio - Liquidity					
Current ratio	1.07	1.08	1.08	1.11	1.15
Ratio - Cash management					
Inventory days	18	2	4	4	4
Receivable days	334	400	291	201	179
Payable days	315	336	248	183	157
Cash cycle	36	66	47	22	26
Ratio - Investment returns					
ROA	1.9%	1.3%	2.9%	5.6%	6.8%
ROE	21.6%	13.3%	29.0%	41.2%	40.7%
ROIC	11.9%	6.6%	13.4%	24.9%	25.7%
Du Pont Analysos					
Asset Turnover (Sales/Asset)	0.77	0.67	0.92	1.17	1.27
Net Margin (Net profit/Sales)	2.4%	1.9%	3.2%	4.8%	5.4%
Leverage (Asset/Equity)	10.5	10.3	9.6	7.2	5.9
Ratio - Valuation					
P/E	7.0	11.2	3.8	1.7	1.3
P/B	1.52	1.50	1.11	0.72	0.52
EV/EBITDA	2.98	3.77	1.59	0.86	0.63
Dividend Yield	6.2%	2.9%	7.8%	25.8%	39.0%
BPS (CNY)	3.07	3.25	4.38	6.79	9.34
EPS (CNY)	0.66	0.43	1.27	2.80	3.80

Explanation of Rating

STRONG BUY: The analyst expects the absolute return of the stock in the next 12 months to be no less than 40%.

BUY: The analyst expects the absolute return of the stock in the next 12 months to be within 15%~40%.

HOLD: The analyst expects the absolute return of the stock in the next 12 months to be within -15%~15%.

SELL: The analyst expects the absolute return of the stock in the next 12 months to be within -40%~-15%.

STRONG SELL: The analyst expects the absolute return of the stock in the next 12 months to be no more than -40%.

Not rated: Stocks are not covered by regular research. Investors should not expect continuing or additional information from DZT Research relating to such securities.

Disclaimer

This report is produced by subsidiaries and affiliates of DZT Research Pte Ltd (hereafter DZT). This report may contain material that is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject DZT to any registration or licensing requirement within such jurisdiction. All material presented in this report, unless specifically indicated otherwise, is under copyright to DZT. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of DZT. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of DZT or its affiliates.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. DZT may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. DZT will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. DZT does not advise on the tax consequences of investments and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change. Information and opinions presented in this report have been obtained or derived from sources believed by DZT to be reliable, but DZT makes no representation as to their accuracy or completeness. DZT accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to DZT. This report is not to be relied upon in substitution for the exercise of independent judgment.

The information contained in this report has been compiled by the Research Department of DZT from sources that it believes to be reliable but no representation, warranty or guarantee is made or given

Disclaimer: This research report is intended for general circulation and is not made with regard to the specific investment objectives, financial situation and the particular needs of any person who may receive the report. This research report should not be viewed as investment advice. 该中文报告系翻译自英文报告。报告内容以及免责声明请以英文原版为准。

by DZT or any other person as to its accuracy or completeness. All opinions and estimates expressed in this report are (unless otherwise indicated) entirely those of DZT as of the date of this report only and are subject to change without notice. DZT may have issued, and may in the future issue, other communications that are inconsistent with, and reach different conclusions from, the information presented in this report. Those communications reflect the different assumptions, views and analytical methods of the analysts who prepared them and DZT is under no obligation to ensure that such other communications are brought to the attention of any recipient of this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by DZT and are subject to change without notice.

The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk. Some investments discussed in this report may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realised. Those losses may equal your original investment. Indeed, in the case of some investments the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support those losses. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realisable and it may be difficult to sell or realise those investments, similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed.

This report may provide the addresses of, or contain hyperlinks to websites. Except to the extent to which the report refers to website material of DZT, DZT has not reviewed any such site and takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to DZT's own website material) is provided solely for your convenience and information and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or AR's website shall be at your own risk.

DZT and their respective officers, directors, employees, including persons involved in the preparation or issuance of this report, clients and prospective clients, may from time to time (1) have positions in, and buy or sell, the securities of companies referred to in this report (or related investments); (2) have a consulting, investment banking or broking relationship with any company referred to in this report; and (3) to the extent permitted under applicable law, have acted upon or used the information contained or referred to in this report including effecting transactions for their own account in an investment (or related investment) in respect of any company referred to in this report, prior to or immediately following its publication.