

9 Jan 2019

增持  
维持

## 稳定增长

### CGN POWER CO LTD-H (1816 HK)

#### Market Data: Jan 9, 2018

Closing Price (HK\$)	1.92
Price Target (HK\$)	2.30
HSCEI	10,358
HSCCI	4,230
52-week High/Low (HK\$)	2.21/1.67
Market Cap (US\$m)	11,130
Market Cap (HK\$m)	87,262
Shares Outstanding (m)	45,449
Exchange Rate (Rmb-HK\$)	1.14

#### Price Performance Chart:



Source: Bloomberg

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#### Related Reports

"CGN POWER (1816:HK)  
Shrinking profit" Aug 22, 2018

#### Financial summary and valuation

	2016	2017	2018E	2019E	2020E
Revenue (Rmbm)	32,890	45,616	49,443	54,628	57,292
YoY (%)	41.4	38.7	8.4	10.5	4.9
Net income (Rmbm)	7286.9	9500.3	8480.0	9688.0	10505.4
YoY (%)	10.5	30.4	(10.7)	14.2	8.4
EPS (Rmb)	0.16	0.21	0.19	0.21	0.23
Diluted EPS (Rmb)	0.16	0.21	0.19	0.21	0.23
ROE (%)	11.1	13.6	12.6	13.1	12.6
Debt/asset (%)	71.5	71.5	70.0	68.2	66.2
Dividend Yield (%)	3.1	4.1	3.7	4.3	4.6
PE (x)	10.5	8.1	9.2	8.2	7.8
PB (x)	1.4	1.2	1.1	1.0	0.9
EV/Ebitda (x)	14.5	11.7	11.1	10.1	10.0

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

作为我国最大的核电运营商，中广核电力 2018 年全年发电量达 157TWh，同比增 14%，符合我们此前预期。我们维持 EPS 预测如下：2018 年 0.19 元（同比减少 9.5%），2019 年 0.21 元（同比增 10.5%），2020 年 0.23 元（同比增 9.5%）。我们维持目标价 2.3 港币。现价距目标价存在 19.8%上行空间，维持增持评级。

**运营稳定。**截止 2018 年底，公司在运机组 22 台，在建机组 6 台。2018 年期间，公司新投运阳江 5 号和台山 1 号两台机组，在运装机容量达 24.3GW。在建机组中，阳江 6 号机组及台山 2 号机组有望于 2019 年期间投运

**利用率回升。**2018 年，公司开展 14 次换料大修，其中 13 次已经完成。2018 年换料大修时间 524 天，比 2017 年 600 天同比减少 76 天。扣除换料大修影响，装机量同比增 5%，而同期发电量同比增速为 14%，反应机组利用率有所提升。2018 年公司核电机组平均利用小时数达 7554 小时，2017 年同期为 6906 小时。来自红沿河机组及宁德机组发电量同比增速分别为 29.3%及 11.5%，主要得益于 2018 年电力外送通道逐渐打通，消纳情况好转

**市场电量增长，折扣收窄。**2018 年，市场交易电量占总发电占比 32.6%（包括广东省），去年同期约为 14.4%，交易电量占比大幅上升。同时平均市场电交易电价由 2017 年 0.347 元/度上升至 2018 年 0.354 元/度，缓冲了一部分由占比提升带来的业绩影响。

**维持增持。**我们维持 EPS 预测如下：2018 年 0.19 元（同比减少 9.5%），2019 年 0.21 元（同比增 10.5%），2020 年 0.23 元（同比增 9.5%）。我们维持目标价 2.3 港币，对应 10 倍 19 年 PE 和 1.2 倍 19 年 PB。现价距目标价存在 19.8%上行空间，维持增持评级。

China's largest nuclear power operator CGN Power announced 2018 gross power generation of 157TWh, representing 14% YoY increase, in line with our expectation. We maintain our EPS forecasts of Rmb0.19 in 18E (-9.5% YoY), Rmb0.21 in 19E (+10.5% YoY), and Rmb0.23 in 20E (+9.5% YoY). We maintain our target price unchanged at HK\$2.30 (10x 19E PE) and with 19.8% upside, we maintain our Outperform rating.

**Stable operations.** As of end-2018, the company operated 22 units with six under construction. During 2018, two new units commenced commercial operation, Yangjiang Unit 5 and Taishan Unit 1. The company's total operating capacity amounted to 24.3GW by end-2018. Of the six units currently under construction, we expect Yangjiang Unit 6 and Taishan Unit 2 to be put into commercial operation over the course of 2019.

**Utilisation improvement.** In 2018, the company conducted 14 refueling outages, with 13 completions. Compared with 600 outage days in 2017, the number in 2018 declined to 524. Excluding refueling outages, capacity increased by c.5% YoY while the on-grid power output grew by 14%, reflecting an improving utilisation rate in 2018. Average utilisation hours amounted to 7,554 hours in 2018 (versus 6,906 in 2017). We note that power generation from Hongyanhe units and Ningde units increased by 29.3% YoY and 11.5% YoY respectively, mainly due to improvements in the delivery of electricity to other provinces in 2018.

**DPS increase, but tariff discount declines.** For 2018, direct power supply (DPS) accounted for 32.6% of CGN Power's total power output, including Guangdong Province, which introduced liberalised trading of nuclear power during the year. In 2017, DPS accounted for 14.4% of the company's total power output. The average DPS tariff increased from Rmb0.347/kwh in 2017 to Rmb0.354/kwh in 2018, partly offsetting the impact of increasing volume. Guangdong and Fujian provinces have released DPS plans for 2019, and while the total volume is relatively stable the tariff discount may narrow compared with 2018.

**Maintain Outperform.** We maintain our EPS forecasts of Rmb0.19 in 18E (-9.5% YoY), Rmb0.21 in 19E (+10.5% YoY), and Rmb0.23 in 20E (+9.5% YoY). We maintain our target price unchanged at HK\$2.30 (10x 19E PE, 1.2x 19E PB) and with 19.8% upside, we maintain our Outperform rating.

### Consolidated Income Statement

Rmbm	2016	2017	2018E	2019E	2020E
<b>Revenue</b>	32,890	45,616	49,443	54,628	55,732
<b>Cost of Sales</b>	18,096	25,406	26,433	28,960	29,972
<b>Gross Profit</b>	14,357	19,583	22,288	24,871	24,947
<b>Other Income</b>	1,658	1,757	1,841	1,872	1,871
Distribution expenses	100	91	91	91	91
Selling/General/Admin Expenses	2,259	2,332	2,453	2,630	2,603
Ebitda	18,388	27,315	29,232	32,419	33,888
Ebit	13,661	20,129	21,902	24,340	25,395
Finance Costs	4,083	6,287	6,971	6,977	6,212
<b>Profit before tax</b>	9,578	13,842	14,931	17,362	19,183
Income tax expense	653	1,327	1,302	1,665	2,436
Minority interests	1,638	3,015	5,149	6,009	6,242
<b>Profit for the year</b>	7,287	9,500	8,480	9,688	10,505

Source: Company data, SWS Research

### Consolidated Cash Flow Statement

Rmbm	2016	2017	2018E	2019E	2020E
<b>Profit before taxation</b>	9,578	13,841	14,931	17,362	19,183
Plus: Depr. and amortisation	4,727	7,186	7,330	8,079	8,493
Finance cost	4,083	6,287	6,971	6,977	6,212
Losses from investments	-1,077	-2,867	-1,330	-1,039	-1,270
Change in working capital	1,260	3,974	8,560	-337	-68
Others	1,232	1,581	581	222	353
<b>CF from operating activities</b>	16,753	26,797	42,062	29,600	30,467
Capex	-4,564	-15,067	-26,252	-21,646	-21,646
Other CF from investing activities	-14,679	-9,460	-619	-619	-619
<b>CF from investing activities</b>	-19,243	-24,527	-26,872	-22,265	-22,265
Equity financing	1,142	1,103	-1,256	0	0
Net change in liabilities	10,388	8,075	4,492	1,434	566
Dividend and interest paid	-4,684	-4,669	-2,798	-3,197	-3,467
Other CF from financing activities	-7,434	-9,759	-6,971	-6,977	-6,212
<b>CF from financing activities</b>	-588	-250	-6,533	-8,740	-9,113
<b>Net cash flow</b>	-3,078	2,020	8,657	-1,406	-912
FCFF	13,426	14,366	9,630	8,101	8,949
FCFE	19,099	13,816	7,867	144	639

Source: Company data, SWS Research

### Consolidated Balance Sheet

Rmbm	2016	2017	2018E	2019E	2020E
<b>Current Assets</b>	43825	56369	54211	55960	57179
Bank balances and cash	8457	10316	18973	17567	16655
Trade and other receivables	14722	17362	9627	10467	10899
Inventories	13138	19739	23478	25793	27492
Other current assets	7508	8952	2133	2133	2133
Long-term investment	12037	8364	9715	10776	12068

PP&E	216509	277284	296250	309893	323155
Intangible and other assets	15263	17091	17666	18210	18721
<b>Total Assets</b>	<b>287634</b>	<b>359527</b>	<b>378262</b>	<b>395258</b>	<b>411542</b>
Current Liabilities	65168	60654	48279	51448	53990
Borrowings	20807	21904	10022	10243	10363
Trade and other payables	27377	27208	31795	34634	36718
Other current liabilities	16984	11542	6462	6570	6909
Long-term liabilities	140567	196339	216620	217946	218407
<b>Total Liabilities</b>	<b>205735</b>	<b>256994</b>	<b>264899</b>	<b>269394</b>	<b>272397</b>
Minority Interests	25364	36695	41845	47853	54095
Shareholder Equity	56535	65838	71519	78010	85049
Share Capital	45449	45449	45449	45449	45449
Reserves	11086	20389	26071	32561	39600
Total Equity	56535	65838	71519	78010	85049
<b>Total Liabilities and equity</b>	<b>287634</b>	<b>359527</b>	<b>378262</b>	<b>395258</b>	<b>411542</b>

Source: Company data, SWS Research

### Key Financial Ratios

	2016	2017	2018E	2019E	2020E
<b>Ratios per share (Rmb)</b>					
Earnings per share	0.16	0.21	0.19	0.21	0.23
Diluted EPS	0.16	0.21	0.19	0.21	0.23
Operating CF per share	0.42	0.54	0.59	0.49	0.49
Dividend per share	0.05	0.07	0.06	0.07	0.08
Net assets per share	1.24	1.45	1.57	1.72	1.87
<b>Key Operating Ratios (%)</b>					
ROIC	5.2	6.3	6.0	6.3	6.1
ROE	11.1	13.6	12.6	13.1	12.6
Gross profit margin	43.7	42.9	45.1	45.5	44.9
Ebitda Margin	55.9	59.9	59.1	59.3	59.1
Ebit Margin	41.5	44.1	44.3	44.6	44.3
Growth rate of Revenue(YoY)	41.4	38.7	8.4	10.5	4.9
Growth rate of Profit(YoY)	10.5	30.4	(10.7)	14.2	8.4
Debt-to-asset ratio	71.5	71.5	70.0	68.2	66.2
Turnover rate of net assets	0.4	0.4	0.4	0.4	0.4
Turnover rate of total assets	0.1	0.1	0.1	0.1	0.1
Effective tax rate (%)	12.1	9.2	8.7	9.6	12.7
Dividend yield (%)	3.1	4.1	3.7	4.3	4.6
<b>Valuation Ratios (x)</b>					
PE	10.5	8.1	9.2	8.2	7.8
PB	1.4	1.2	1.1	1.0	0.9
EV/Sale	8.1	7.0	6.5	6.0	5.9

Source: Company data, SWS Research

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