



Company Report: Haitian International (01882 HK)

公司报告: 海天国际 (01882 HK)

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Uptrend in Demand Is Expected to Last in 2021, "Accumulate"

需求上行周期有望在2021年延续,"收集"

- Global manufacturing boom will continue in 2021. In December 2020, global manufacturing PMI stayed at a 2-year high of 53.8 given an all-round boom in major economies. We believe that the recent slowdown in domestic manufacturing rebound was mainly due to shortage of power and fuel rather than demand issues.
- Demand for large PIMMs is expected to further rebound under the support of a robust automobile sector. Given our bullish outlook on the automobile sector in 2021, we believe that demand for large PIMMs will embrace a stronger rebound in 2021. The surge in steel price may also promote broader applications of plastic parts and components in vehicles and other products.
- We have fine-tuned our EPS forecasts for 2020/ 2021/ 2022 by -1.1%/ +3.5%/ +3.7%, respectively. We have raised both ASP and sales volume assumptions to reflect brighter demand outlook of large PIMMs. We have also lifted unit cost assumptions on potential negative effect of surge in steel price.
- Raise TP to HK\$29.80 and maintain "Accumulate". We expect that the booming global manufacturing will drive demand for PIMMs and rebound of large PIMMs will outperform. We believe that the Company will fully benefit from the overall uptrend of demand with its updated 3rd gen models. Our latest TP represents 18.6x/ 17.1x/ 15.9x 2020-2022 PE ratio and 2.5x 2021 PB ratio.
- 全球制造业的高景气将在 2021 年延续。2020 年 12 月,在主要经济体全面景气的情况下, 全球制造业 PMI 保持在 53.8 的两年高位。我们认为近期国内制造业反弹的放缓主要是由 于电力和燃料的短缺而非需求问题。
- **在汽车行业的强劲支撑下,大型注塑机需求有望进一步回升。**鉴于我们看好 2021 年汽车 行业的前景,我们认为大型注塑机的需求将在 2021 年迎来更强劲的反弹。钢价的飙升也 或将促进塑料零部件在汽车和其他产品中更广泛的应用。
- 我们将 2020/ 2021/ 2022 年的每股盈利预测分别微调-1.1%/ +3.5%/ +3.7%。我们提高了销售均价和销量的假设,以反映大型机更光明的需求前景。我们还基于钢价大涨的潜在负面影响,上调了单位成本假设。
- 上调目标价至 29.80 港元并维持"收集"。我们预计全球制造业的繁荣将拉动注塑机需求,而大型注塑机的反弹将较为突出。我们认为公司凭借其更新换代后的三代机将充分受益于整体需求的上升趋势。我们最新的目标价对应 18.6 倍/17.1 倍/15.9 倍的 2020-2022 年市盈率和 2.5 倍的 2021 年市净率。

Rating:	Accumulate
	Maintained

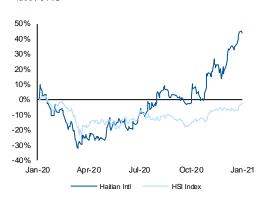
评级: **收集** (维持)

6-18m TP 目标价: **HK\$29.80**Revised from 原目标价: HK\$26.40

Share price 股价: HK\$26.650

Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3个月	1年
Abs. % 绝对变动 %	20.3	48.1	37.8
Rel. % to HS Index 相对恒指变动 %	17.3	31.7	40.6
Avg. Share price (HK\$) 平均股价(港元)	24.9	22.1	18.0

Source: Bloomberg, Guotai Junan International

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(△ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2018A	10,851	1,917	1.201	(4.5)	19.5	7.469	3.1	0.384	1.6	17.1
2019A	9,810	1,751	1.097	(8.7)	21.7	8.220	2.9	0.360	1.5	14.0
2020F	11,145	2,199	1.378	25.6	16.4	9.212	2.4	0.455	2.0	15.8
2021F	12,135	2,395	1.501	8.9	15.0	10.238	2.2	0.495	2.2	15.4
2022F	12,775	2,574	1.613	7.5	14.0	11.339	2.0	0.532	2.4	14.9

2022F	12,775	2,574	1.613	7.5	14.0	11.339	2.0	0.532	2.4	14.9
Shares in issu	ıe (m) 总股数 (m	1)		1,596.0	Major sh	nareholder 大股	东	Sky Treasu	re Capital Limi	ted 27.2%
Market cap. (I	HK\$ m) 市值 (Hk	(\$ m)		42,533.4	Free floa	at (%) 自由流通	比率 (%)			40.6
3 month avera	age vol. 3 个月平:	均成交股数 ('00	00)	2,077.6	FY21 Ne	et gearing (%) F	Y21 净负债//	股东资金 (%)		Net cash
52 Weeks hig	h/low (HK\$) 52 周	周高/低 (HK\$)	2	27.500 / 12.080	FY21 Es	st. NAV (HK\$) F	/21 每股估值	I (港元)		33.1

Source: the Company, Guotai Junan International.

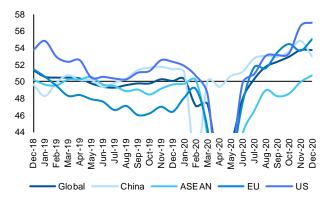


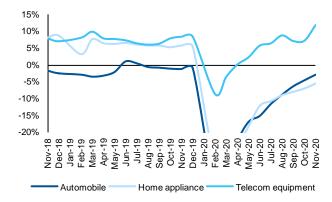
Global manufacturing boom will continue in 2021. In December 2020, global manufacturing PMI stayed at a 2-year high of 53.8 given an all-round boom in major economies including ASEAN, which had been continuously bearish in previous months. China's Markit manufacturing PMI in December fell by 1.9 to 53.0 and missed market expectation, which we believe was mainly due to power shortage. Both coal price and gas price have surged during the cold winter, and as residential demand was put at first priority, some industrial manufacturers were short of electricity and fuel supply. Thus, we believe that the recent slowdown of domestic manufacturing rebound was more likely due to supply issues rather than demand issues. We maintain the expectation that the global manufacturing boom will continue in 2021 thanks to solid ongoing demand recovery.

Demand for large PIMMs is expected to further rebound under the support of a robust automobile sector. In 2H20, we believe that demand for mid-to-large plastic injection molding machines (PIMM) has benefited from steady recovery of both the automobile sector and home appliances sector in China. As the home appliances sector has recovered stronger than the automobile sector in terms of industry value added and fixed asset investment, we believe that demand for medium PIMMs outperformed that for large PIMMs in 2H20. However, given our bullish outlook on the automobile sector in 2021, especially on the boom of new energy vehicles with higher plastic consumption per vehicle, we believe that demand for large PIMMs will embrace a stronger rebound in 2021. The surge in steel price may also promote broader applications of plastic parts and components in vehicles and other products.

Figure-1: Manufacturing PMIs in Haitian's Major Markets

Figure-2: Retail Sales YTD Growth of Major Downstream **Enterprises (above Designated Size) in China**



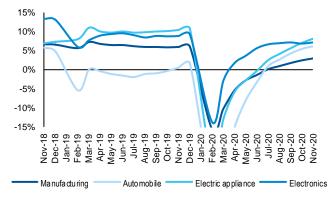


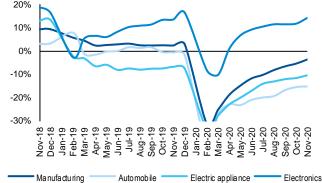
Source: IHS Markit, Guotai Junan International,

Source: National Bureau of Statistics of China, Guotai Junan International.

Figure-3: Industry Value Added YTD Growth of Major **Downstream Sectors in China**

Figure-4: Fixed Asset Investment YTD Growth of Major **Downstream Sectors in China** 20%





Source: National Bureau of Statistics of China, Guotai Junan International.

Source: National Bureau of Statistics of China, Guotai Junan International.



EARNINGS FORECASTS

We have fine-tuned our EPS forecasts for 2020/ 2021/ 2022 by -1.1%/ +3.5%/ +3.7%, respectively. Main revisions are as follows:

- We have raised both ASP and sales volume assumptions to reflect brighter demand outlook of large PIMMs.
- We have lifted our unit cost assumptions on potential negative effect of surge in steel price.

Table-1: Changes in Key Assumptions for Financial Forecasts

		New			Old			Change	
	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
PIMMs									
Sales volume (units)	38,230	38,415	38,580	38,205	38,276	38,399	+0.1%	+0.4%	+0.5%
ASP (RMB '000)	282	305	320	281	299	311	+0.3%	+2.2%	+2.7%
Parts									
Sales (RMB mn)	369	402	435	364	396	427	+1.4%	+1.6%	+1.8%
Key financial data (RMB mn)									
Revenue	11,145	12,135	12,775	11,100	11,830	12,384	+0.4%	+2.6%	+3.2%
Gross profit	3,694	4,073	4,343	3,726	3,991	4,264	-0.9%	+2.0%	+1.9%
Shareholders' profit	2,199	2,395	2,574	2,224	2,329	2,510	-1.1%	+2.8%	+2.6%
EPS (RMB)	1.378	1.501	1.613	1.394	1.459	1.572	-1.1%	+2.8%	+2.6%

Source: Guotai Junan International.

Figure-5: Haitian's PIMMs Sales Mix by Product Series

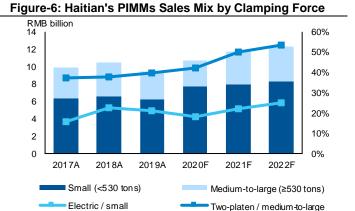
2019A

■ MA (energy-saving) ■ Zhafir (electric) ■ JU (two-platen) ■ Others

2020F

2021F

2022F



RMB billion

Source: the Company, Guotai Junan International.

2018A

Source: the Company, Guotai Junan International.

VALUATION

12

10

8

6

4

2

0

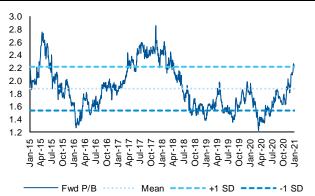
2017A

Raise target price to HK\$29.80 and maintain "Accumulate". Fair value derived from our DCF model is HK\$33.12 per share. We expect that booming global manufacturing will drive demand for PIMMs and rebound of large PIMMs will outperform. We believe that the Company will fully benefit from the overall uptrend of demand with its updated 3rd gen models. Our target price of HK\$29.80 represents 18.6x/ 17.1x/ 15.9x 2020-2022 PE ratio and 2.5x 2021 PB ratio. We maintain our investment rating of "Accumulate".

Figure-7: Haitian's 12-Month Forward PE Ratio







Source: Bloomberg, Guotai Junan International.

Source: Bloomberg, Guotai Junan International.

Table-2: Peers Comparison

Campany	Charle On d	C	Look Date:	Market Cap	PE (fiscal year)					PB (fi	scal year	r)	ROE(%)	D/Y(%)	EV/EBITDA
Company	Stock Code	Currency	Last Price	(HKD mn)	19A	20F	21F	22F	19A	20F	21F	22F	20F	20F	20F
Hong Kong Listed Peers															
Haitian International Hldgs	1882 HK	HKD	26.650	42,533	21.4	17.3	15.4	14.2	2.9	2.5	2.3	2.1	14.6	1.9	12.5
Chen Hsong Holdings	57 HK	HKD	2.310	1,457	16.2	15.5	n.a.	n.a.	0.5	0.5	n.a.	n.a.	3.5	4.1	0.9
L.K. Technology Holdings Ltd	558 HK	HKD	1.860	2,216	11.6	620.0*	n.a.	n.a.	1.0	1.1	n.a.	n.a.	0.2	0.0	5.2
Cosmos Machinery	118 HK	HKD	0.510	440	27.9	n.a.	n.a.	n.a.	0.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TK Group Holdings Ltd	2283 HK	HKD	2.500	2,083	6.9	9.6	6.6	5.4	1.7	1.5	1.3	1.2	17.1	4.4	n.a.
Johnson Electric Holdings	179 HK	HKD	19.500	17,602	7.7	n.a.	10.6	8.5	0.9	1.2	1.1	1.0	-22.9	1.4	2.7
Impro Precision Industries Ltd	1286 HK	HKD	2.600	4,897	8.2	15.3	11.8	9.0	1.2	1.2	1.1	1.0	7.8	1.5	n.a.
Precision Tsugami China Corp	1651 HK	HKD	7.500	2,857	6.7	16.3	9.1	7.2	1.7	1.8	1.5	1.3	10.8	5.4	7.1
CIMC Enric Holdings Ltd	3899 HK	HKD	4.920	9,892	9.3	12.3	9.5	8.0	1.2	1.1	1.0	0.9	9.2	3.4	6.1
AviChina Industry & Tech-H	2357 HK	HKD	6.840	52,746	27.4	23.2	21.2	19.9	2.1	1.9	1.7	1.5	8.2	0.7	11.9
Simple Average					14.3	15.6	12.0	10.3	1.4	1.4	1.4	1.3	5.4	2.5	6.6
Weighted Average					19.9	18.9	16.2	14.8	2.0	1.9	1.7	1.6	6.2	1.6	10.0
A-share Peers															
Guangdong Yizumi Precision-A	300415 CH	CNY	14.220	7,430	31.6	22.1	17.0	14.6	4.8	4.1	3.5	3.0	18.5	1.6	n.a.
KraussMaffei Co Ltd-A	600579 CH	CNY	4.800	4,228	n.a.	n.a.	n.a.	n.a.	0.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tederic Machinery Co Ltd-A	603289 CH	CNY	8.050	2,576	18.7	n.a.	n.a.	n.a.	2.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ningbo Haitian Precision Machinery-A	601882 CH	CNY	12.290	7,696	81.9	45.5	32.3	n.a.	5.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shenzhen Changhong Technology-A	300151 CH	CNY	29.180	17,589	243.2	n.a.	n.a.	n.a.	16.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ningbo Techmation Co Ltd-A	603015 CH	CNY	6.170	2,992	77.1	n.a.	n.a.	n.a.	2.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Guangdong Jinming Machinery-A	300281 CH	CNY	6.010	3,020	100.2	n.a.	n.a.	n.a.	2.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ningbo Henghe Mould Co Ltd-A	300539 CH	CNY	7.470	1,989	186.8	n.a.	n.a.	n.a.	3.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Simple Average					105.6	33.8	24.7	14.6	4.6	4.1	3.5	3.0	18.5	1.6	n.a.
Weighted Average					140.8	34.0	24.8	14.6	8.3	4.1	3.5	3.0	18.5	1.6	n.a.
Global Peers															
Sumitomo Heavy Industries	6302 JP	JPY	2,556.000	23,680	6.9	9.5	15.6	11.4	0.7	0.7	0.7	0.6	7.1	4.7	3.6
Nissei Plastic Industrial Co	6293 JP	JPY	892.000	1,498	6.9	27.6	n.a.	n.a.	0.5	0.5	n.a.	n.a.	1.9	2.2	9.3
Toyo Machinery & Metal Co	6210 JP	JPY	406.000	634	5.7	9.4	n.a.	n.a.	0.5	0.5	n.a.	n.a.	5.1	3.7	2.2
Fuji Seiki Co Ltd	6400 JP	JPY	1,355.000	925	36.3	n.a.	n.a.	n.a.	6.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Altech Co Ltd	9972 JP	JPY	301.000	439	10.0	n.a.	n.a.	n.a.	0.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Syncmold Enterprise Corp	1582 TT	TWD	87.100	2,984	11.4	10.7	9.5	n.a.	2.0	n.a.	n.a.	n.a.	16.6	n.a.	n.a.
Fu Chun Shin Machinery Manufacture	6603 TT	TWD	12.900	531	129.0	n.a.	n.a.	n.a.	1.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Woojin Plaimm Co Ltd	049800 KS	KRW	5,790.000	412	n.a.	n.a.	n.a.	n.a.	1.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Simple Average					29.5	14.3	12.6	11.4	1.6	0.6	0.7	0.6	7.7	3.5	5.0
Weighted Average					10.3	10.6	15.0	11.4	1.0	0.7	0.7	0.6	7.8	4.5	3.9

Source: Bloomberg, Guotai Junan International. Note: * Excluded as outliers from average calculation.

Financial Statements and Ratios

	Income St	Balance Sheet									
ear end 31 Dec (RMB m)	2018A	2019A	2020F	2021F	2022F	Year end 31 Dec (RMB m)	2018A	2019A	2020F	2021F	2022F
otal revenue	10,851	9,810	11,145	12,135	12,775	Property, plant and equipment	3,553	3,668	3,749	3,804	3,842
Cost of sales	(7,425)	(6,711)	(7,451)	(8,062)	(8,432)	Right-of-use assets	487	481	472	461	451
Gross profit	3,426	3,099	3,694	4,073	4,343	Tern deposits	50	995	2,100	2,100	2,100
						Others non-current assets	303	1,462	866	929	994
Other income & gains	317	486	396	387	418	Total non-current assets	4,393	6,605	7,187	7,295	7,387
Selling and marketing costs	(811)	(752)	(799)	(889)	(933)						
Administrative expenses	(694)	(689)	(649)	(689)	(735)	Inventories	2,708	2,371	2,885	3,038	3,171
Operating profit	2,237	2,143	2,641	2,882	3,093	Trade & other receivables	3,039	2,681	3,158	3,504	3,734
						Financial assets at FVPL	0	5,664	4,933	6,905	7,177
inance costs	123	39	72	72	82	Cash & cash equivalents	3,770	1,538	2,996	2,497	3,721
Share of results of associates	2	2	22	24	26	Other current assets	4,883	443	426	445	458
Profit before tax	2,362	2,184	2,735	2,978	3,201	Total current assets	14,400	12,698	14,398	16,390	18,261
ncome tax	(446)	(434)	(535)	(583)	(627)						
Profit after tax	1,916	1,751	2,199	2,395	2,574	Total assets	18,793	19,303	21,585	23,685	25,648
Non-controlling interest	1	(0)	(0)	(0)	(0)	Trade & other payables	4,472	4,729	5,140	5,456	5,583
Shareholders' profit / loss	1,917	1,751	2,199	2,395	2,574	ST borrowings	1,009	1,022	1,191	1,191	1,163
·						Other current liabilities	1,161	101	134	203	246
Basic EPS	1.201	1.097	1.378	1.501	1.613	Total current liabilities	6,643	5,852	6,466	6,851	6,992
						Deferred income tax liabilities	192	279	369	450	519
	Cash Flow S	Statement				Other non-current liabilities	30	47	41	37	33
	Cash Flow S	Statement				Other non-current liabilities Total non-current liabilities	30 223	47 326	41 410	37 487	
/ear end 31 Dec (RMB m)	Cash Flow S	2019A	2020F	2021F	2022F						
/ear end 31 Dec (RMB m) Profit before tax			2020F 2,735	2021F 2,978	2022F 3,201						552
, ,	2018A	2019A				Total non-current liabilities	223	326	410	487	552
Profit before tax	2018A 2,362	2019A 2,184	2,735	2,978	3,201	Total non-current liabilities	223 6,865	326 6,178 161	410 6,876 161	487 7,337 161	552 7,545 161
Profit before tax Depreciation & amortization	2018A 2,362 265	2019A 2,184 292	2,735 294	2,978 296	3,201 297	Total non-current liabilities Total liabilities Share capital Reserves	223 6,865	326 6,178	410 6,876	487 7,337	552 7,545 161
Profit before tax Depreciation & amortization Changes in working capital	2018A 2,362 265 (299)	2019A 2,184 292 1,087	2,735 294 (479)	2,978 296 (207)	3,201 297 (251)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity	223 6,865 161 11,760 11,921	326 6,178 161 12,959 13,119	410 6,876 161 14,541 14,702	487 7,337 161 16,180 16,341	33 552 7,545 161 17,936 18,097
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid	2018A 2,362 265 (299) (454)	2019A 2,184 292 1,087 (636)	2,735 294 (479) (463)	2,978 296 (207) (501)	3,201 297 (251) (583)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest	223 6,865 161 11,760 11,921 7	326 6,178 161 12,959 13,119 7	410 6,876 161 14,541 14,702	487 7,337 161 16,180 16,341 7	7,545 161 17,936 18,097
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid Other adjustments	2018A 2,362 265 (299) (454) (326)	2019A 2,184 292 1,087 (636) (197)	2,735 294 (479) (463) (345)	2,978 296 (207) (501) (359)	3,201 297 (251) (583) (354)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity	223 6,865 161 11,760 11,921	326 6,178 161 12,959 13,119	410 6,876 161 14,541 14,702	487 7,337 161 16,180 16,341	7,545 161 17,936 18,097
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid Other adjustments	2018A 2,362 265 (299) (454) (326)	2019A 2,184 292 1,087 (636) (197)	2,735 294 (479) (463) (345)	2,978 296 (207) (501) (359)	3,201 297 (251) (583) (354)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity	223 6,865 161 11,760 11,921 7 11,927	326 6,178 161 12,959 13,119 7 13,126	410 6,876 161 14,541 14,702 7 14,709	487 7,337 161 16,180 16,341 7 16,348	7,545 7,545 161 17,936 18,097 7
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid Other adjustments Cash from operating activities Capital expenditure Let changes in financial assets	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667	2019A 2,184 292 1,087 (636) (197) 2,730	2,735 294 (479) (463) (345) 1,742	2,978 296 (207) (501) (359) 2,207 (379) (1,709)	3,201 297 (251) (583) (354) 2,310 (360) (26)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest	223 6,865 161 11,760 11,921 7	326 6,178 161 12,959 13,119 7	410 6,876 161 14,541 14,702	487 7,337 161 16,180 16,341 7	7,545 161 17,936 18,097
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid Other adjustments Cash from operating activities Capital expenditure Net changes in financial assets Other investing activities	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667	2019A 2,184 292 1,087 (636) (197) 2,730	2,735 294 (479) (463) (345) 1,742	2,978 296 (207) (501) (359) 2,207	3,201 297 (251) (583) (354) 2,310 (360) (26) 149	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity	223 6,865 161 11,760 11,921 7 11,927	326 6,178 161 12,959 13,119 7 13,126	410 6,876 161 14,541 14,702 7 14,709	487 7,337 161 16,180 16,341 7 16,348	7,545 7,545 161 17,936 18,097 7
Profit before tax Depreciation & amortization Changes in working capital Income tax and interest paid Other adjustments Cash from operating activities Capital expenditure Let changes in financial assets Other investing activities	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667	2019A 2,184 292 1,087 (636) (197) 2,730 (463) (1,121)	2,735 294 (479) (463) (345) 1,742 (407) 983	2,978 296 (207) (501) (359) 2,207 (379) (1,709)	3,201 297 (251) (583) (354) 2,310 (360) (26)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity	223 6,865 161 11,760 11,921 7 11,927	326 6,178 161 12,959 13,119 7 13,126	410 6,876 161 14,541 14,702 7 14,709	487 7,337 161 16,180 16,341 7 16,348	7,545 7,545 161 17,936 18,097 7
Profit before tax Depreciation & amortization Changes in working capital Income tax and interest paid Other adjustments Cash from operating activities Capital expenditure Net changes in financial assets Other investing activities Cash from investing activities Cash from investing activities	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667 17 46	2019A 2,184 292 1,087 (636) (197) 2,730 (463) (1,121) (1,985) (3,569)	2,735 294 (479) (463) (345) 1,742 (407) 983 (412)	2,978 296 (207) (501) (359) 2,207 (379) (1,709) 141 (1,948)	3,201 297 (251) (583) (354) 2,310 (360) (26) 149 (238)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity	223 6,865 161 11,760 11,921 7 11,927	326 6,178 161 12,959 13,119 7 13,126	410 6,876 161 14,541 14,702 7 14,709	487 7,337 161 16,180 16,341 7 16,348	7,545 7,545 161 17,936 18,097 7
Profit before tax Depreciation & amortization Changes in working capital Income tax and interest paid Other adjustments Cash from operating activities Capital expenditure Let changes in financial assets Other investing activities Cash from investing activities Let changes in borrowings and CB	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667 17 46	2019A 2,184 292 1,087 (636) (197) 2,730 (463) (1,121) (1,985) (3,569)	2,735 294 (479) (463) (345) 1,742 (407) 983 (412) 164	2,978 296 (207) (501) (359) 2,207 (379) (1,709) 141 (1,948)	3,201 297 (251) (583) (354) 2,310 (360) (26) 149 (238)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity	223 6,865 161 11,760 11,921 7 11,927 18,793	326 6,178 161 12,959 13,119 7 13,126 19,303	410 6,876 161 14,541 14,702 7 14,709 21,585	487 7,337 161 16,180 16,341 7 16,348 23,685	7,545 161 17,936 18,097 7 18,104 25,648
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid Other adjustments Cash from operating activities Capital expenditure Net changes in financial assets Other investing activities Cash from investing activities Cash from investing activities Cash from investing activities Cash from investing activities Other changes in borrowings and CB Orividends paid	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667 17 46 (158) (703)	2019A 2,184 292 1,087 (636) (197) 2,730 (463) (1,121) (1,985) (3,569) (830) (561)	2,735 294 (479) (463) (345) 1,742 (407) 983 (412) 164	2,978 296 (207) (501) (359) 2,207 (379) (1,709) 141 (1,948)	3,201 297 (251) (583) (354) 2,310 (360) (26) 149 (238) (28) (818)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity Total equity & liabilities	223 6,865 161 11,760 11,921 7 11,927 18,793 Financia	326 6,178 161 12,959 13,119 7 13,126 19,303	410 6,876 161 14,541 14,702 7 14,709 21,585	487 7,337 161 16,180 16,341 7 16,348 23,685	552 7,545 161 17,936 18,097 7 18,104 25,648
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid Other adjustments Cash from operating activities Capital expenditure Net changes in financial assets Other investing activities Cash from investing activities Other investing activities Other investing activities Other financing activities Other financing activities	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667 17 46 (158) (703) 7	2019A 2,184 292 1,087 (636) (197) 2,730 (463) (1,121) (1,985) (3,569) (830) (561) (2)	2,735 294 (479) (463) (345) 1,742 (407) 983 (412) 164 170 (616) (2)	2,978 296 (207) (501) (359) 2,207 (379) (1,709) 141 (1,948) 0 (756) (2)	3,201 297 (251) (583) (354) 2,310 (360) (26) 149 (238) (28) (818) (2)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity Total equity Gross margin (%)	223 6,865 161 11,760 11,921 7 11,927 18,793 Financial	326 6,178 161 12,959 13,119 7 13,126 19,303	410 6,876 161 14,541 14,702 7 14,709 21,585	487 7,337 161 16,180 16,341 7 16,348 23,685	552 7,545 161 17,936 18,097 7 18,104 25,648
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid Other adjustments Cash from operating activities Capital expenditure Net changes in financial assets Other investing activities Cash from investing activities Cash from investing activities Cash from investing activities Cash from investing activities Other changes in borrowings and CB Orividends paid	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667 17 46 (158) (703)	2019A 2,184 292 1,087 (636) (197) 2,730 (463) (1,121) (1,985) (3,569) (830) (561)	2,735 294 (479) (463) (345) 1,742 (407) 983 (412) 164	2,978 296 (207) (501) (359) 2,207 (379) (1,709) 141 (1,948)	3,201 297 (251) (583) (354) 2,310 (360) (26) 149 (238) (28) (818)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity Total equity Gross margin (%) EBITDA margin (%)	223 6,865 161 11,760 11,921 7 11,927 18,793 Financia 2018A 31.6 23.1	326 6,178 161 12,959 13,119 7 13,126 19,303	410 6,876 161 14,541 14,702 7 14,709 21,585	487 7,337 161 16,180 16,341 7 16,348 23,685	552 7,545 161 17,936 18,097 7 18,104 25,648 2022F 34.0 26.8
Profit before tax Depreciation & amortization Changes in working capital Income tax and interest paid Other adjustments Cash from operating activities Capital expenditure Net changes in financial assets Other investing activities Cash from investing activities Other investing activities Other investing activities Other financing activities Cash from financing activities Cash from financing activities Cash from financing activities	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667 17 46 (158) (703) 7 (854)	2019A 2,184 292 1,087 (636) (197) 2,730 (463) (1,121) (1,985) (3,569) (830) (561) (2) (1,392)	2,735 294 (479) (463) (345) 1,742 (407) 983 (412) 164 170 (616) (2) (449)	2,978 296 (207) (501) (359) 2,207 (379) (1,709) 141 (1,948) 0 (756) (2) (758)	3,201 297 (251) (583) (354) 2,310 (360) (26) 149 (238) (28) (818) (2) (848)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity Total equity Gross margin (%) EBITDA margin (%) Operating margin (%)	223 6,865 161 11,760 11,921 7 11,927 18,793 Financia 2018A 31.6 23.1 20.6	326 6,178 161 12,959 13,119 7 13,126 19,303 I Ratios 2019A 31.6 25.0 21.8	410 6,876 161 14,541 14,702 7 14,709 21,585	487 7,337 161 16,180 16,341 7 16,348 23,685 2021F 33.6 26.5 23.8	552 7,545 161 17,936 18,097 7 18,104 25,648 2022F 34.0 26.8 24.2
Profit before tax Depreciation & amortization Changes in working capital ncome tax and interest paid Other adjustments Cash from operating activities Capital expenditure Net changes in financial assets Other investing activities Cash from investing activities Other investing activities Other investing activities Other financing activities Other financing activities	2018A 2,362 265 (299) (454) (326) 1,548 (638) 667 17 46 (158) (703) 7	2019A 2,184 292 1,087 (636) (197) 2,730 (463) (1,121) (1,985) (3,569) (830) (561) (2)	2,735 294 (479) (463) (345) 1,742 (407) 983 (412) 164 170 (616) (2)	2,978 296 (207) (501) (359) 2,207 (379) (1,709) 141 (1,948) 0 (756) (2)	3,201 297 (251) (583) (354) 2,310 (360) (26) 149 (238) (28) (818) (2)	Total non-current liabilities Total liabilities Share capital Reserves Total shareholders' equity Minority interest Total equity Total equity Gross margin (%) EBITDA margin (%)	223 6,865 161 11,760 11,921 7 11,927 18,793 Financia 2018A 31.6 23.1	326 6,178 161 12,959 13,119 7 13,126 19,303	410 6,876 161 14,541 14,702 7 14,709 21,585	487 7,337 161 16,180 16,341 7 16,348 23,685	552 7,545 161 17,936 18,097 7 18,104 25,648

Source: the Company, Guotai Junan International.

company Report



Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance>15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance>5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance<-5%; or the fundamental outlook of the sector is unfavorable.

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