

CHINA PTL.& CHM.CORP.

Industry: Energy
Sector: Oil Equipment & Services

CNY 6.03

Analysis of **28-Jan-2017**
Closing price of **27-Jan-2017**



CHINA PTL.& CHM.CORP. is downgraded to slightly positive due to increased risk

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CHINA PTL.& CHM.CORP.

CNE0000018G1 | 600028 | China

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CNY 6.03

CHINA PTL.& CHM.CORP. active in the sector «Oil Equipment & Services», belongs to the industry group «Energy».

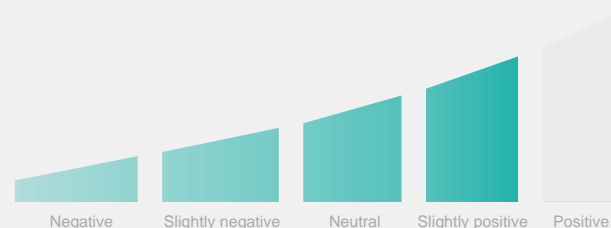
Its market capitalization of USD 104.20 bn. ranks it among large-cap stocks.

Since September 30, 2016 this stock has reached a high of CNY 6.06 and a low of CNY 4.86; its current price of CNY 6.03 places it near its 52 week high and 24.1% above its bottom (bi-weekly closing).

Performance since September 30, 2016: CHINA PTL.& CHM.CORP.: 24.1%, Energy: 10.6%, Shanghai A: 5.2%

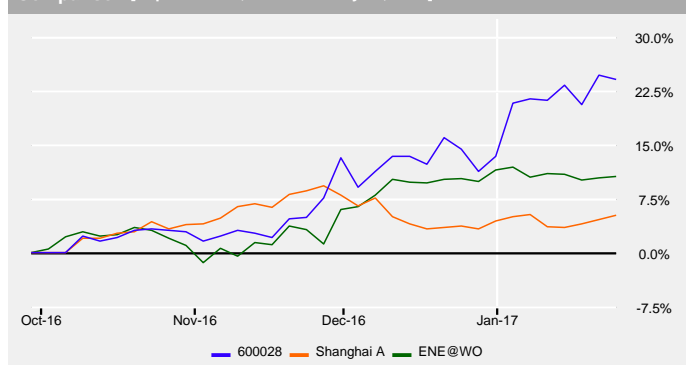
General evaluation

Slightly positive



Company Name	Price	Perf YtD	Mkt Cap in \$bn	Stars	Risk Zone	Nb of Stocks	7wk EPS Rev	LT P/E	LT Growth	Div	4wk Rel Perf
CHINA PTL.& CHM.CORP.	6.03	11.5%	104.20	★★★★★			11.3%	11.7	18.2%	3.1%	7.0%
Energy (WO)	138.00	0.6%	5,004.05	★★★★★		384	3.1%	13.9	41.6%	3.6%	-1.9%
Shanghai A	3,308.00	1.8%	3,570.36	★★★★★		399	2.1%	10.2	11.6%	2.7%	1.4%

Comparison [September 30, 2016 - January 27, 2017]



The four-week relative performance against the reference index Shanghai A is 7.0%. The technical trend is also positive, which validates this overperformance and confirms the investors' interest in this stock.

The four-week relative performance of its reference group («Energy») is negative.

Dividend

The 12-month indicated dividend yield is 3.1%. This estimated dividend represents 36.7% of the estimated earnings. Consequently, the dividend is easily covered, and very likely to prove sustainable.

Summary of the fundamental and technical analysis

1. The positive driving earnings revisions trend is in line with the positive climate of the sector.
2. In terms of valuation, the stock has good potential.
3. The technical trend is positive in a positive environment.
4. The stock showed a relative overperformance in a negative environment «Energy».

Fundamental and Technical Analysis

Price level analysis

In order to assess whether CHINA PTL.& CHM.CORP. is currently fairly priced, we focus on the Peter Lynch's broadly accepted methodology which compares the projected earnings growth and dividend with the estimated PE ratio. Based on this,

- CHINA PTL.& CHM.CORP. is fundamentally undervalued compared to its theoretical fair price.
- its valuation is less attractive than the World «Energy» aggregate.

The "Forecasted Growth + Estimated Dividend Yield/ Estimated Price Earnings" ratio higher than 1.6 often suggests the projected growth is a result of a base effect, meaning the company can often be in a turn around situation. In this case, the estimated PE is a better indicator of a stock's expected growth than the Long Term Growth (LT Growth).

The fundamental price potential for CHINA PTL.& CHM.CORP. is good, even if other stocks in the same industry group present an even better valuation. Note that the projected earnings growth to the estimated PE ratio is very high (1.81), which indicates a base effect, a sign that the past earnings experienced a strong decline before shooting upward again.

Earnings revisions

CHINA PTL.& CHM.CORP. is strongly followed by financial analysts, as over the last three months an average of 15 analysts provided earnings estimate forecasts up until the year 2018.

Currently, these analysts are positively revising their earnings growth estimates by 11.3% compared with seven weeks ago. This positive pressure confirms the positive technical trend.

The positioning of CHINA PTL.& CHM.CORP. vs. its reference sector («Energy») accentuates that the clearly positive trend of earnings revisions fits in the general context because its environment is also being positively revised.

Technical trend and relative performance

Since October 11, 2016, the medium-term technical trend is positive, at a price of CNY 4.97. Its adjusted technical reverse point is CNY 5.51, or 8.7% under the current price.

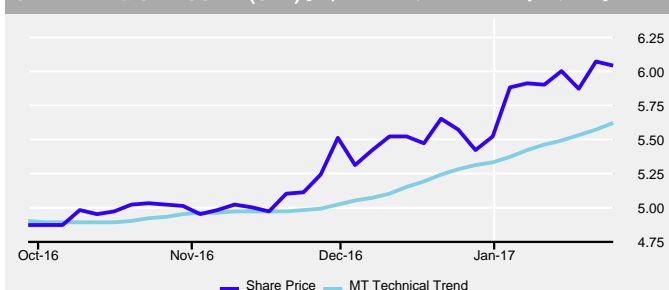
Checklist

Global Evaluation		Downgrade from positive to slightly positive the 27-Jan-2017.
Stars	★★★★★	Very strong interest since 20-Jan-2017.
Earnings Rev Trend		Analysts positive since 20-Jan-2017
Valuation Rating		Moderately undervalued
MT Tech Trend		Trend positive since 11-Oct-2016
4wk Rel Perf	7.0%	vs. Shanghai A
Risk Zone		Increase from low to medium the 27-Jan-2017.
Bear Mkt Factor		Average risk positioning during market declines
Bad News Factor		Slight market sanction in case of specific pressure

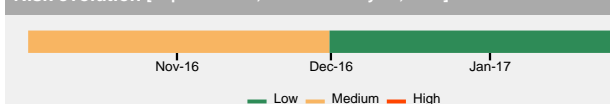
CHINA PTL.& CHM.CORP. - Sector and/or Group comparison

Company Name	Symbol	Market	Price	Perf YTD	Mkt Cap in \$bn	Stars	Risk Zone	G/PE Ratio	LT P/E	LT Growth	Div	Volatility 1M	Global Evaluation
CHINA PTL.& CHM.CORP.	600028	CN	6.03	11.5%	104.20	★★★★★		1.81	11.7	18.2%	3.1%	26.7%	
SINOPEC SHAI.PETROCH.	600688	CN	6.80	5.6%	9.39	★★★★★		0.43	13.6	3.5%	2.4%	24.4%	
OFFS.OIL ENGR.CO.LTD.	600583	CN	7.95	7.7%	5.11	★★★★★		1.07	15.7	15.4%	1.4%	16.8%	
YANTAI JEREH OLSR.GCTD.	002353	CN	20.58	1.4%	2.87	★★★★★		2.15	33.4	71.4%	0.4%	31.3%	
SCHLUMBERGER LTD.	SLB	US	84.50	0.7%	117.58	★★★★★		2.34	21.4	47.3%	2.6%	16.5%	
HALLIBURTON CO.	HAL	US	58.21	7.6%	50.32	★★★★★		42.50	17.9	760.5%	1.4%	22.2%	
BAKER HUGHES INCO.	BHI	US	63.09	-2.9%	26.67	★★★★★		4.64	28.2	129.7%	1.2%	16.3%	
NAT.OILWELL VARCO INCO.	NOV	US	38.87	3.8%	14.68	★★★★★		1.85	53.8	98.8%	0.6%	22.5%	
ULTRAPAR PARTP.SA	UGPA3	BR	67.10	-2.0%	11.85	★★★★★		1.13	18.5	17.8%	3.1%	9.5%	
HELMERICH & PAYNE INCO.	HP	US	72.68	-6.1%	7.89	★★★★★		0.53	1,123.2	594.3%	4.2%	42.1%	
PLAINS GP HOLDINGS LP.	PAGP	US	32.46	-6.4%	7.83	★★★★★		0.63	22.2	6.8%	7.3%	27.7%	

CHINA PTL.& CHM.CORP. (CNY) [September 30, 2016 - January 27, 2017]



Risk evolution [September 30, 2016 - January 27, 2017]



Risk Analysis * within the asset class equity

Beta, Correlation and Volatility

Beta is often used as a measure of risk. Where a Beta is greater than 100, the stock is more volatile and therefore more risky. A Beta of 0.73 indicates that for 1% of index variation, CHINA PTL.& CHM.CORP. varies on average by 0.73%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index. CHINA PTL.& CHM.CORP. has a correlation rate of 0.58. This indicates that 58% of the stock's movements are explained by index variations. CHINA PTL.& CHM.CORP. is fairly correlated to Shanghai A.

The volatility is also used as a risk factor. It measures the magnitude of the high and low movements of a stock or index. The higher the volatility, the more risky a stock is considered to be. The 1 month annualized volatility of CHINA PTL.& CHM.CORP. is : 26.7%, that of the index Shanghai A is 8.1% and that of the world aggregate for the group Energy is 8.4%. By comparison, the average volatility of the stocks that make up the reference index is slightly lower at 22.0%.

The risk factor in bear markets

The "Bear Market Factor" measures the behavior of a stock in declining markets. In this context, CHINA PTL.& CHM.CORP. has a tendency to drop in the same proportion as the index Shanghai A. This behavior provides an average risk positioning during market declines.

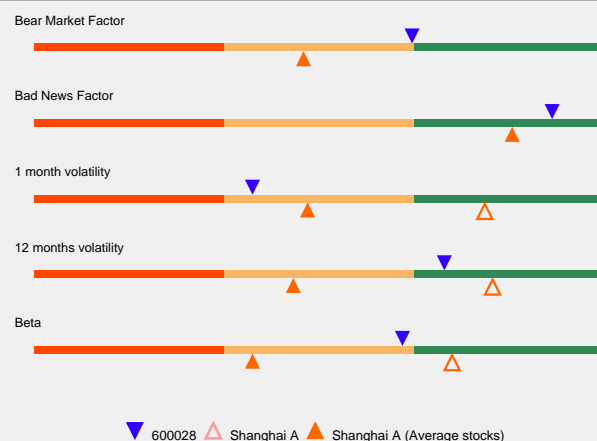
The risk factor in rising markets

The "Bad News Factor" measures the behavior of a stock in rising markets. This behavior shows that in the case of specific pressure, CHINA PTL.& CHM.CORP. is slightly sanctioned by the market. When the stock goes down in a rising environment, its average deviation is -1.39%.

Summary of the risk analysis

Globally, the risk the investor takes on with CHINA PTL.& CHM.CORP. can be considered average and this since January 27, 2017.

Risk profile



Conclusion

At the analysis date of January 27, 2017, the general impression that the fundamental and technical elements (valuation, earnings revisions, group benchmarking, technical factors) give is positive.

Moreover, the combination of the different criteria of risk appreciation (volatility, correlation coefficient, Beta, Bear Market Factor, Bad News Factor) leads to a general qualification of medium risk.

By combining the positive fundamental and technical analysis, with the medium risk, the general evaluation seems slightly positive.

Key figures

Annualized estimate for current year to	2018
Estimated PE (LT PE) for 2018	11.7
Projected earnings growth (LT Growth)	18.2%
Dividend	3.1%
Number of analysts	15
First analysis date	30-Sep-2016

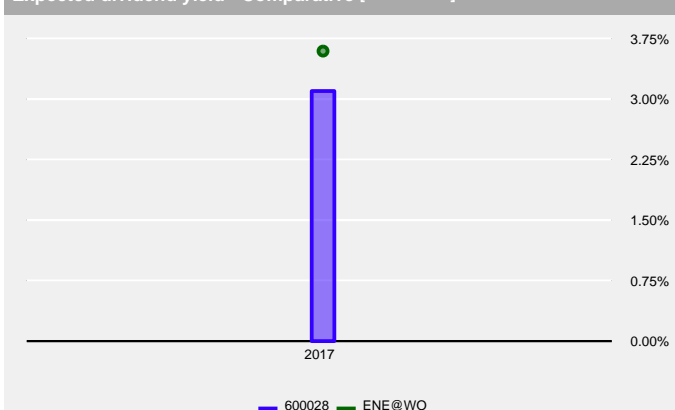
Price changes [September 30, 2016 - January 27, 2017]



Price changes since September 30, 2016 **

The volatility channel shows a stock's average fluctuations since September 30, 2016 **. During this period, the high of CNY 6.06 was reached on January 2017 and the low of CNY 4.86 in the month of October 2016. The price development is generally in the volatility channel whose upper and lower limits are presented here. Crossing one of these limits is an exceptional situation accompanied by strong increases in short-term volatility.

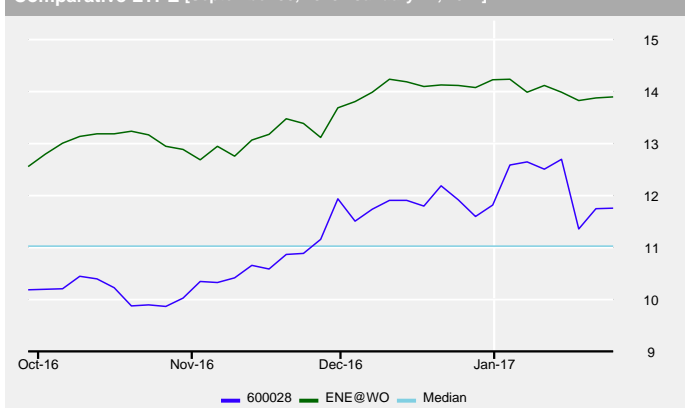
Expected dividend yield - Comparative [2017 - 2017]



Comparative evolution of this year's expected dividend yield

The 12-month indicative dividend yield is 3.1%, less than the 3.6% average of the industry group of CHINA PTL. & CHM.CORP.. Reminder, this estimated dividend represents 36.7% of the estimated earnings; it is therefore largely covered, and its payment almost guaranteed.

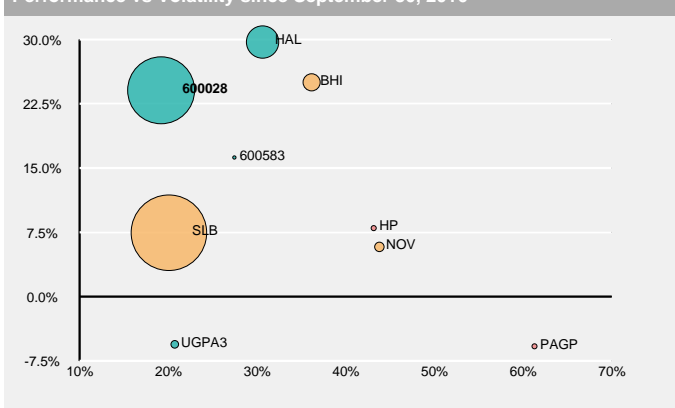
Comparative LTPE [September 30, 2016 - January 27, 2017]



Comparative evolution of the LTPE since September 30, 2016 **

While the projected forward PE of the stock CHINA PTL. & CHM.CORP. is 11.74, the PE of the group Energy is slightly higher (13.88); this indicates that the stock is trading at a discount, when compared to its own group. On the other hand, historically speaking, this stock is currently trading above its median value of 11.01.

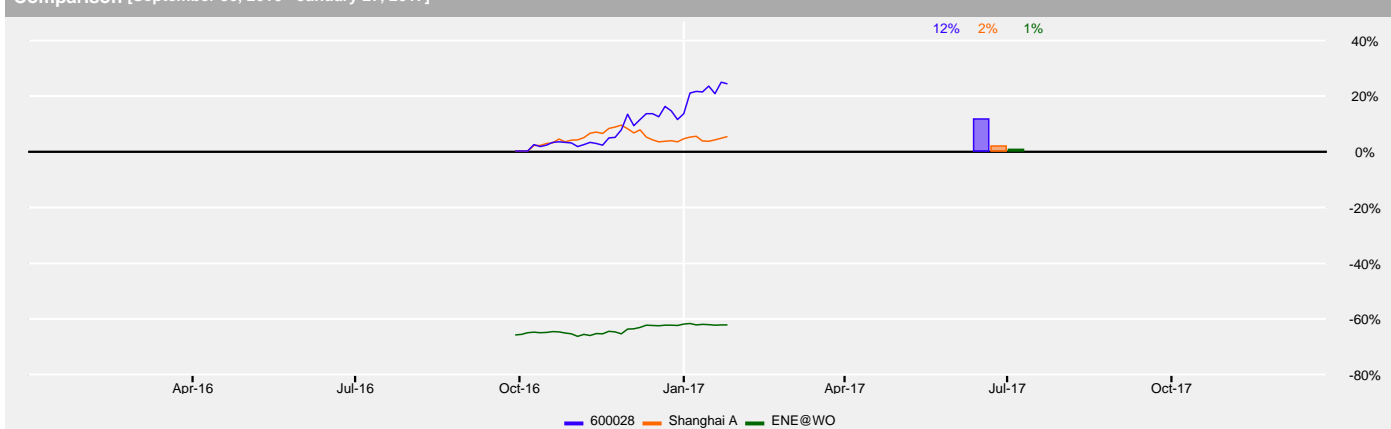
Performance vs Volatility since September 30, 2016



Performance and Volatility

The vertical axis measures the performance since the first analysis date September 30, 2016 of the 10 stocks presented in the table on page 2, while the horizontal axis measures the 12 month annualized volatility. The bubbles are sized according to market capitalization, and their colors indicate the overall rating (Global Valuation).

Comparison [September 30, 2016 - January 27, 2017]

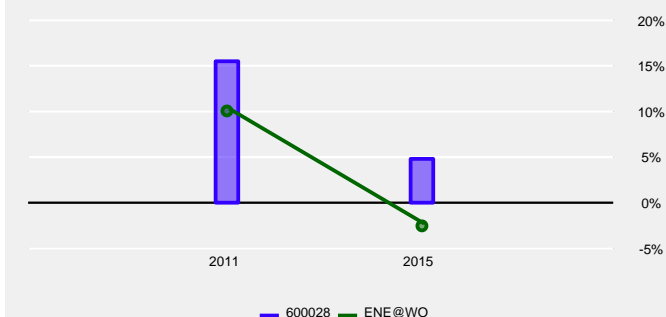


Comparative performance since September 30, 2016 **

Since September 30, 2016, the performance of the stock CHINA PTL. & CHM.CORP. is 24.1%, vs. 5.2% for the Shanghai A and 10.6% for the group Energy (ENE@WO).

**The stock is followed by theScreener since September 30, 2016. The historical graphs are shorter than the usual period of 5 years.

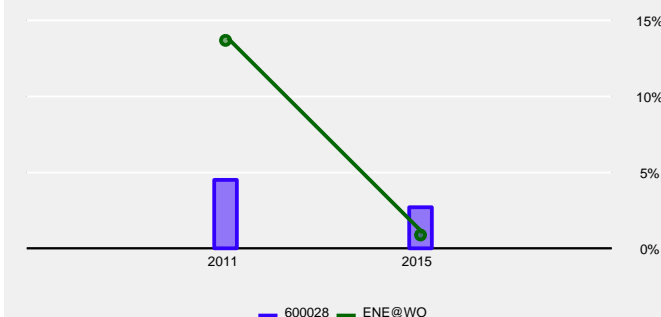
Return on Equity



The return on equity (eng. ROE or Return on Equity) is the ratio between the profits made and own funds provided by the shareholders. The figure varies greatly from industry to industry. In CHINA PTL.& CHM.CORP. the average ROE is 10%, above the industry average of 4%, which indicates an efficient capital use.

The last publicized return on equity of 5% is below the long term average of 10%.

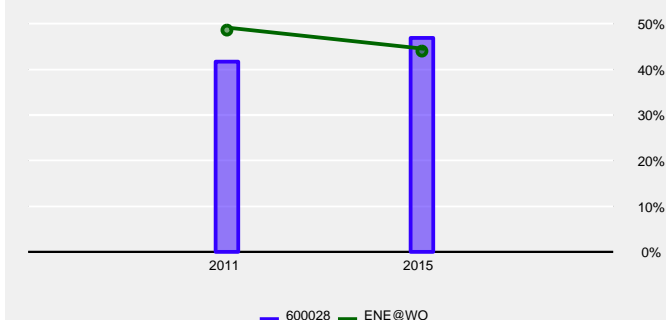
Earnings Before Interest & Taxes



The operating margin (EBIT) of CHINA PTL.& CHM.CORP. is located in the historic resources at 4%. This is below average for the industry. The competitors achieved a higher on average EBIT margin of 7%.

The last reported 3% are below the historical average of 4%.

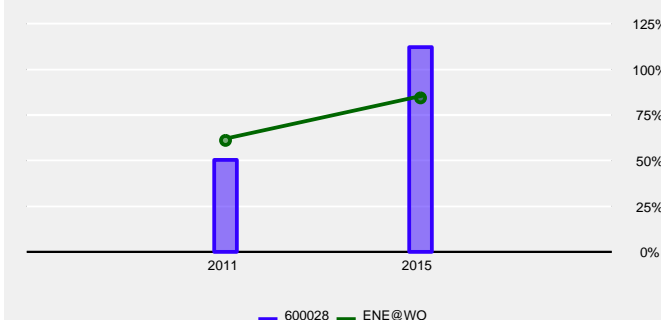
Equity on Assets



The graph shows the share of own funds in relation to the total assets. The higher the value, the more conservative the company's finances. CHINA PTL.& CHM.CORP. has an average equity ratio of 44%, therefore comparable to the industry average of 46%.

The current capital share of 47% is close to the historical average of 44%.

Book Value on Price



The book value of the company is shown in relation to the stock's value. The larger the ratio, the more asset value is obtained relative to the market price. The indicator is subject to strong sectoral differences. The average value of CHINA PTL.& CHM.CORP. is with 81% above the industry average of 73%.

With 112% the current value is above the historical average of 81%.

Balanced sheet		2015	
		31-Dec	
Currency 'mio		CNY	
Cash & Short Term Invest	76,432	5%	
Receivables	110,475	8%	
Inventories	145,498	10%	
Total Current Assets	332,405	23%	
Properties & Equipment	884,853	62%	
Intangible	6,271	0%	
Total Assets	1,435,660	100%	
Account Payable	134,012	9%	
Short Term Debt	115,446	8%	
Total Current Liabilities	462,642	32%	
Long Term Debt	139,746	10%	
Total Liabilities	1,435,660	100%	

Annual Statement		2015	
		31-Dec	
Currency 'mio		CNY	
Total Revenue	2,018,877	100%	
Cost	1,517,767	75%	
Gross Income	404,742	20%	
General Cost & Administration	103,444	5%	
Amortization	96,368	5%	
Operating Income	57,036	3%	
Research & Development	-	-	
Net Income Before Extra Items	32,438	2%	
Net Income Before Taxes	55,248	3%	
Dividend	18,160	1%	
Net Income	32,438	2%	

Key Figures & Ratios		2015
Current Ratio		0.7
Long Term Debt		9.7%
Revenues on Assets		140.6%
Cash Flow on Revenues		6.4%
Book Value		5.57
Shares Outstanding ('000)		121,071,000
NB of Employees		351,019

Number of Stocks

The number of stocks in the index that can be analyzed.

Mkt Cap in \$bn

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

Valuation Rating

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- stock price
- projected earnings
- projected earnings growth
- dividends

We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued 🟢 to strongly overvalued 🔴.

Stars

theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.

In this easy-to-use rating system, stars are earned for each element specified below:

- Earnings Rev Trend 🟢 = ★★★★★
- Valuation Rating 🟢, 🟢, 🟢 = ★★★★★
- MT Tech Trend 🟢 = ★★★★★
- 4 week Relative Performance > 1% = ★★★★★

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative 🔴
- Valuation Rating becomes negative 🔴, 🔴
- MT Tech Trend becomes negative 🔴
- 4 week Relative Performance drops below -1% (<-1%)

Div

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend

The symbol 🟢 shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol 🔴 indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).

When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral 🟡.

The symbol 🟢 indicates that the last significant revisions have been trending positive.

The symbol 🔴 indicates that the last significant revisions have been negative.

7wk EPS Rev

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

G/PE Ratio

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

LT PE

This is the relationship between the price (P) and the estimated long-term future earnings (E LT).

LT Growth

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

MT Tech Trend

The MT Tech Trend indicates the current trend, positive 🟢 or negative 🔴, and the Tech Reverse indicates up to which price this trend will remain valid.

When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral 🟡.

Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.

The symbol 🟢 indicates that the previous MT Tech Trend was positive.

The symbol 🔴 indicates that the previous MT Tech Trend was negative.

4wk (Rel) Perf.

This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

Bad News Factor

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news.

The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

Bear Market Factor

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period.

The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

Risk Zone

The price developments of stocks are generally volatile and contain high risks that can result in a total loss. Based on a their historical behavior, stocks are classified by risk levels. These risk levels have to be considered solely in relative historic comparison to other stocks. Please note that even "Low Risk" stocks are equities and therefore high risk investments that can lose up to all of their value, and that based on the past no firm conclusions can be taken into the future.

Risk zones are determined by measuring the "Bear Market Factor" and the "Bad News Factor" against a world reference.

There are three types of risk ratings:

- Low Risk: The risk indicators fall below the world reference average.
- Medium Risk: The risk indicators are situated higher than the world reference average, but lower than one standard deviation.
- High Risk: The risk indicators are at levels higher than one standard deviation.

Volatility 12 M

Volatility is also used as a risk factor. It measures the magnitude of the high and low movements of a stock or index. The higher the volatility, the more risky a stock is considered to be.

% of Stocks in Uptrend

This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

Beta

Beta is often used as a measure of risk. Where a Beta is greater than 100, the stock is more volatile than its reference index and therefore more risky.

Correlation

Correlation is the degree of similarity (in %) in which a stock fluctuates in relation to its reference index.

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More information: www.thescreener.com/en/wc/methodology.htm

Earnings forecasts provided by THOMSON REUTERS.