

評級:

買入

- 2014 年上半年公司實現收入 38.15 億港元，同比增長 38%，實現毛利 15.96 億港元，同比增長 44%，毛利率 41.8%，較去年同期略有提升。實現歸屬於股東的淨利潤 7.14 億港元，同比增長 39%。每股盈利 8.31 仙，業績增長的速度超過了我們的預期。
- 國內項目中，公司截至 2014 年上半年末總設計能力達到 1798 萬噸/天，較 2013 年末增加 133.4 萬噸/天。其中已投入運營的規模 1153 萬噸/天，2014 年上半年投入運營的規模增加 210.4 萬噸/天，增長速度為 22%，我們預期公司未來三年都可以保持 30% 以上的運營項目增速。未投入運營項目為 645 萬噸/天，減少 77 萬噸/天，主要是因為大量項目已投入運營。公司 12 月 8 日宣佈簽署 10 個新專案合同，規模合計為 104.5 萬噸/天。加上 10 月 30 日前的 276 萬噸/天的新項目，本年度共獲得新項目 380 萬噸/天。預計公司未來每年獲取新項目都將超過 300 萬噸/天。
- 公司的污水處理運營業務在上半年獲得收入 14.8 億港元，同比大幅增加 74%，而 BOT 專案建設收入 13.6 億港元，同比暴增 240%，公司上半年有 50 個在建項目，公司未來兩年將有大量投入運營的項目。綜合治理專案建造服務收入 4.2 億港元，同比大幅下降 69%，可以看到公司的業務重心放在了 BOT 項目的建設運營中

投資建議

公司是國內水務企業龍頭，受益於國家環保政策，污水處理行業將在未來兩年高速增長，公司的在建項目及新項目都處於較高水準，未來的高速增長可以預期。我們上調公司目標價至 6.45 港元，相當於 2015 年 25 倍預期市盈率，為“買入”評級。

Key Financial Summary

FYE	12/12	12/13	12/14F	12/15F
Operating Profit (HKD 000)	1,531,481	2,177,641	3,259,409	4,343,274
Net Profit, adj. (HKD 000)	750,474	1,084,257	1,646,943	2,264,477
EPS, adj. (HKD)	0.11	0.14	0.19	0.26
P/E (X)	46.6	36.6	27.0	19.7
BVPS (HKD)	1.55	1.71	1.90	2.10
P/B (X)	3.3	3.0	2.7	2.4
DPS (HKD)	0.02	0.05	0.05	0.05
Div. Yield	0.4%	1.0%	1.0%	1.0%

Source: Bloomberg, PSR est.

*All multiples & yields based on current market price

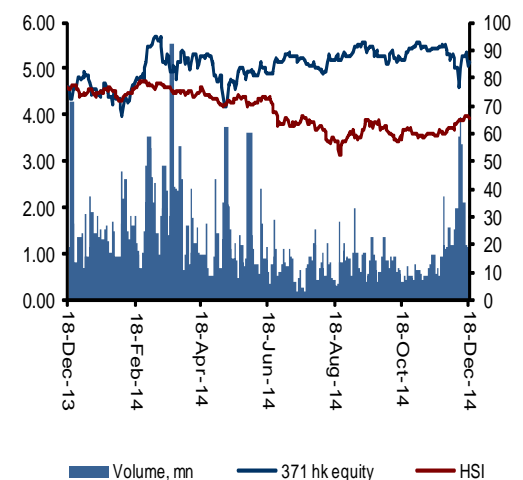
Target Price (HKD)	6.45
Forecast Dividend (HKD)	0.05
Closing Price (HKD)	5.13
Potential Upside	26.7%

Company Description

The company is a water service enterprise led by Beijing Enterprises Group Company Limited, and focuses on core businesses and environmental protection industries such as water supply, sewage treatment, water environment project construction, etc. The company currently has over 90 running water and sewage treatment plants all over the country.

Company Data

Raw Beta (Past 2yrs weekly data)	N/A
Market Cap. (HKD bn)	44,669
Enterprise Value (HKD mn)	N/A
52 week range (HKD)	5.738



Major Shareholders

1. Beijing Enterprises Environmental Construction limited	44.18%
2. Tenson Investment Limited	7.14%

Valuation Method

PE

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業績增長超預期

2014 年上半年公司實現收入 38.15 億港元，同比增長 38%，實現毛利 15.96 億港元，同比增長 44%，毛利率 41.8%，較去年同期略有提升。實現歸屬於股東的淨利潤 7.14 億港元，同比增長 39%。每股盈利 8.31 仙，業績增長的速度超過了我們的預期。

項目增長速度快

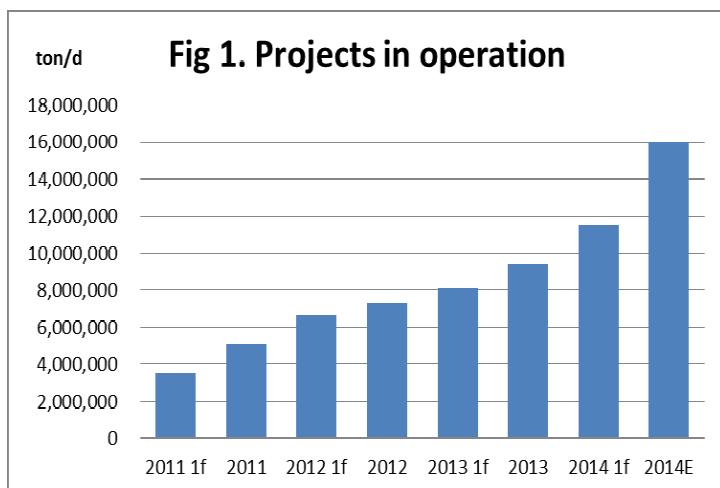
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各業務收入大幅增加

公司的污水處理運營業務在上半年獲得收入 14.8 億港元，同比大幅增加 74%，而 BOT 專案建設收入 13.6 億港元，同比暴增 240%，公司上半年有 50 個在建項目，公司未來兩年將有大量投入運營的項目。綜合治理專案建造服務收入 4.2 億港元，同比大幅下降 69%，可以看到公司的業務重心放在了 BOT 項目的建設運營中。

估值

公司是國內水務企業龍頭，受益於國家環保政策，污水處理行業將在未來兩年高速增長，公司的在建項目及新項目都處於較高水準，未來的高速增長可以預期。我們上調公司目標價至 6.45 港元，相當於 2015 年 25 倍預期市盈率，為“買入”評級。



Source: PSR, Company report

表 1.12 月公司宣佈的新專案

新項目	規模 (萬噸/日)	模式	期限 (年)
安寧	6	BOT	30
日照	4	BOT	30
盱眙	20	BOT	30
永寧	10	BOT	30
屏山	0.5	OM	5
盤錦	10	BOT	30
銀川	5	BOT	30
Alpha Luck Limited	25	收購	-
濟源	15	BOT	30
濟源	9	供水	-
總計	104.5		

Source: PSR, Company report

For Financial Summary at the end of report

FYE	FY11	FY12	FY13	FY14F	FY15F
Valuation Ratios					
P/E (X)	57.0	46.6	36.6	27.0	19.7
P/B (X)	3.5	3.3	3.0	2.7	2.4
Dividend Payout ratio	33.33%	18.18%	35.71%	26.32%	19.23%
Dividend Yield	0.58%	0.39%	0.97%	0.97%	0.97%
Per share data (HKD)					
EPS, reported	0.09	0.11	0.14	0.19	0.26
EPS, adj.	0.09	0.11	0.14	0.19	0.26
DPS	0.03	0.02	0.05	0.05	0.05
BVPS	1.45	1.55	1.71	1.90	2.10
Growth					
Revenue	-58.2%	40.4%	71.9%	41.7%	30.0%
Operating income	24.1%	32.8%	42.2%	49.7%	33.3%
Net Income, adj.	17.2%	24.9%	44.5%	51.9%	37.5%
Key Ratios					
Current ratio	174.71%	147.75%	130.57%	86.35%	68.79%
Gross profit margin	34.22%	38.55%	39.11%	41.00%	42.00%
Net profit margin	22.63%	20.13%	16.92%	18.06%	17.96%
Return on average assets	2.86%	2.68%	2.87%	3.12%	3.02%
Return on average equity	11.54%	10.48%	8.14%	8.82%	8.93%
Liability/asset	60.76%	65.70%	63.96%	65.24%	67.10%
Income statement (thousand HKD)					
Operating revenue	2,654,454	3,727,379	6,406,455	9,080,060	11,804,078
Cost of good sell	(1,746,217)	(2,290,350)	(3,900,867)	(5,357,235)	(6,728,325)
Gross profit	908,237	1,437,029	2,505,588	3,722,825	5,075,753
Other net profit	529,620	661,423	634,154	628,236	628,236
Administrative expenses	(301,221)	(439,575)	(774,576)	(1,076,252)	(1,345,315)
Operating profit	1,153,038	1,531,481	2,177,641	3,259,409	4,343,274
Interest expense	(312,989)	(494,290)	(788,111)	(1,194,067)	(1,492,584)
Profit before tax	860,847	1,091,793	1,497,160	2,148,870	2,934,218
Income tax	(169,861)	(224,643)	(351,762)	(419,030)	(586,844)
Effective income tax rate	19.73%	20.58%	23.50%	19.50%	20.00%
Net profit for the period	690,986	867,150	1,145,398	1,729,840	2,347,374
Minority interest	90,250	116,676	61,141	82,897	82,897
Net profit attributable to equity holders	600,736	750,474	1,084,257	1,646,943	2,264,477
Dividend paid	207,275	151,351	425,852	433,270	433,270
Balance Sheet (thousand HKD)					
Cash or cash equivalent	1,947,768	4,290,866	5,513,035	3,307,821	2,977,039
Account receivable	3,676,549	2,385,500	2,037,987	2,139,886	2,246,881
Inventory	4,583,574	5,395,988	5,323,645	5,323,645	5,323,645
Other current assets	1,446,385	1,606,849	2,337,573	2,571,330	2,828,463
PPE	5,003,117	6,469,498	11,779,143	15,312,886	18,375,463
Intangible assets	2,413,555	2,752,803	5,061,634	5,567,797	5,289,408
Other non-current assets	5,678,794	8,388,376	12,133,653	15,773,749	20,505,874
Total Assets	24,749,742	31,289,880	44,186,670	49,997,114	57,546,773
Cash payable	2,049,236	1,919,238	2,755,396	3,857,554	5,014,821
Short term loan	1,069,609	2,810,313	2,147,521	2,147,521	2,147,521
Other current liability	3,551,931	4,528,732	6,747,911	9,447,075	12,281,198
Long term loan	7,690,538	8,987,954	12,780,476	13,336,571	15,337,057
Other non-current liability	677,547	2,312,150	3,830,924	3,830,924	3,830,924
Total Liabilities	15,038,861	20,558,387	28,262,228	32,619,645	38,611,521
Shareholders' equity	8,081,989	8,467,124	13,297,631	14,750,658	16,308,441
Minority interest	1,628,892	2,264,369	2,626,811	2,626,811	2,626,811
Total shareholders' equity	9,710,881	10,731,493	15,924,442	17,377,469	18,935,252
Total shareholders' equity and liabilities	24,749,742	31,289,880	44,186,670	49,997,114	57,546,773

Source: PSR



PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within \pm 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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