

Xinyi Glass (XYG)

868.HK / 868 HK

China

Auto parts / Construction materials

Earnings top consensus, aggressive plans ahead

XYG results in-line

| | 2H17 | $YoY\Delta$ | $HoH\Delta$ | 2017 | $YoY\Delta$ | Act vs Cons |
|-----------------------|-------|-------------|-------------|--------|-------------|-------------|
| Revenue (HK\$'m) | 8,051 | 15.6% | 20.6% | 14,728 | 12.1% | -0.3% |
| Gross profit (HK\$'m) | 3,015 | 15.2% | 24.1% | 5,444 | 48.7% | -0.1% |
| GPM | 37.4% | -0.1 ppt | 1.1 ppt | 37.0% | 0.7 ppt | 0.1 ppt |
| Net profit (HK\$'m) | 2,378 | 28.9% | 45.4% | 4,014 | 52.1% | 9.5% |
| Basic EPS (HK¢) | 59.2 | 28.9% | 42.2% | 101.1 | 53.6% | 7.8% |
| DPS (HK¢) | 28.0 | 21.7% | 40.0% | 48.0 | 20.0% | 3.0% |

Source: Company data, Bloomberg

- ▶ New auto glass plant in the works XYG unveiled its plan to build an automobile glass production site in Beihai, Guangxi Province, housing 4m pcs of annual capacity. The site is expected to start production in 2019, bringing in at least HK\$300m incremental revenue. The new capacity will serve non-windshield glass parts such as HUD in cars, sun roofs and new orders from overseas automakers.
- ➤ Soda ash prices continue to decline Two factors may contribute to the expected decline in soda ash prices: 1) increasing mining of trona, source of natural soda ash, by miners in the US; 2) float glass production lines continue to downsize or shut down amid environmental policies. We expect soda ash prices to remain around RMB1,600/tonne in 2018.
- ► Property market still strong for now Per table below, the pipeline for new properties remains strong. We estimate float glass price to average around RMB1,630/tonne in 2018.

| In millions of sqm | 2017 | YoY∆ |
|--------------------|-------|-------|
| Works-in progress | 7,815 | 3.0% |
| Works commenced | 1,787 | 7.0% |
| Works completed | 1,015 | -4.4% |
| GFA sold | 1,694 | 7.7% |
| Land bought | 255 | 15.8% |

Source: National Bureau of Statistics

▶ New TP = HK\$13.16, 10% upside - Our new revenue and NP forecasts for 2018/19/20 are HK\$17.3b/19.3b/21.4b and HK\$5.4b/5.80b/6.33b respectively. Our TP is derived from SOTP method (see next page) with a 15% holding discount. On a blended P/E basis, XYG is trading at 9.1x 2018F P/E.

Earnings Forecasts & Valuation Summary

| Year ended 31 Dec | 2016A | 2017A | 2018F | 2019F | 2020F |
|------------------------------|--------|--------|--------|--------|--------|
| Revenue (HK\$m) | 12,848 | 14,728 | 17,276 | 19,301 | 21,432 |
| EBITDA (HK\$m) | 4,165 | 5,014 | 6,436 | 6,958 | 7,493 |
| Net profit (HK\$m) | 3,213 | 4,014 | 5,402 | 5,796 | 6,328 |
| Fully diluted EPS (HK cents) | 81.2 | 99.9 | 131.0 | 140.5 | 153.4 |
| PE (x) | 7.8 | 11.9 | 9.1 | 8.5 | 7.8 |
| EV/EBITDA (x) | 7.2 | 6.0 | 4.7 | 4.3 | 4.0 |
| Yield (%) | 6.31 | 7.57 | 10.58 | 11.37 | 12.41 |
| ROE (%) | 24.4 | 22.0 | 28.3 | 26.7 | 25.6 |
| P/B (x) | 1.9 | 1.4 | 1.3 | 1.2 | 1.0 |

Source: Company data, Sunwah Kingsway Research estimates

LONG

Maintain

HK\$11.94*

Target price: HK\$13.16

Prior TP: HK\$11.86 Upside: 10%

HSI: 31,498.60 *Closing price as at 26 Feb 2018

| Share | Data |
|-------|------|
|-------|------|

| 52week Hi/Lo (HK\$) | 12.80/6.37 |
|-------------------------|------------|
| Avg. daily t/o (US\$m) | 21.1 |
| Market cap. (US\$m) | 6,132 |
| Total issued shares (m) | 4,018.4 |
| Public float (%) * | 52.45% |
| Auditor | PWC |
| Major shareholder: | |
| Mr. Lee Yin Yee | 21.61% |
| Mr. Tung Ching Sai | 9.88% |
| Mr. Tung Ching Bor | 8.25% |
| Mr. Lee Sing Din | 7.81% |
| | |

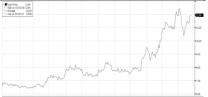
* The conversion of CBs issued to Och-Ziff was not factored in the calculation of public float.

Source: HKEx & Bloomberg

Company Profile

Xinyi is one of the largest glass makers in China. The company produces auto glass, construction glass and float glass.

Share Price Chart



Source: Bloomberg

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Valuation table 2018 earnings excluding XYS operations (HK\$'m) 4,392 Implied EPS (HK¢) 109.4 Multiplied by: P/E ratio of XYG operations 12x XYG operations contribution 13.12 Add: Share of XYS TP 2.36 Standalone value (HK\$) 15.48 Conglomerate discount 15.0% Target price (HK\$) 13.16

Source: Sunwah Kingsway Research estimates

| Earnings revisions | | | |
|------------------------|--------|--------|--------|
| | 2018F | 2019F | 2020F |
| Revenue (HK\$'m) - new | 17,276 | 19,301 | 21,432 |
| old | 17,129 | 19,096 | N/A |
| change | 0.9% | 1.1% | N/A |
| Gross profit (HK\$'m) | 7,494 | 8,157 | 8,846 |
| old | 7,138 | 7,854 | N/A |
| change | 5.0% | 3.9% | N/A |
| Net profit (HK\$'m) | 5,402 | 5,796 | 6,328 |
| old | 4,925 | 5,472 | N/A |
| change | 9.7% | 5.9% | N/A |
| Basic EPS (HK cents) | 134.5 | 144.3 | 157.6 |
| old | 122.6 | 136.2 | N/A |
| change | 9.7% | 6.0% | N/A |

Source: Sunwah Kingsway Research estimates

Our revenue and earnings estimates for 2018 and 2019 are revised upwards based on the following assumption changes:

- 1. 2018 float glass ASP lifted by 2.5% to RMB1,630 per tonne.
- 2. Malaysia float glass capacity for 1H19 and 2H19 to increase by 1,000 tonnes per day each.
- 3. XYS earnings revisions, up 1.4% in 2018 and 3.2% in 2019.

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Average China Soda Ash price since Mar 2016



Source: Wind

National float glass price since Mar 2016



Source: Wind

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| COGS (8,189) Gross Profit 4,659 Other income 342 Other gains, net 159 Selling & marketing costs (620) Admin expense (1,202) Gain on spin-off 0 Operating profit 3,338 Add back: Depreciation Add back: Amortization 827) Finance income 51 Finance costs (128) Share of P/L of assos 563 Profit before tax 3,823 Income tax expense (607) Profit for the year 3,216 Less: MI (3) Net profit 3,213 Basic EPS (HK Cents) 82,78 Diluted EPS (HK Cents) 81.19 Years ended 31 Dec 2016A Cash flow (HK\$"n) 86 Changes in working capital (218) Operating cash 4,032 Taxes paid (342) Interest received 51 CAPEX (1,756) Disposals of assets 18 </th <th>2017 14,728 (9,283) 5,444 377 317 (675) (1,370) 0 4,093 846 75 5,014 (921) 55 (151) 700 4,696 (682) 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525</th> <th>2018F 17,276 (9,782) 7,494 215 0 (753) (1,441) 0 5,515 920 27 (147) 1,010 6,406 (1,003) 5,402 0 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308</th> <th>2019F 19,301 (11,144) 8,157 215 0 (869) (1,610) 0 5,894 1,064 0 6,958 (1,064) 24 (141) 1,175 6,951 (1,155) 5,796 0 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,1520</th> <th>2020F 21,432 (12,586) 8,846 215 0 (964) (1,788) 0 6,308 1,184 23 (132) 1,369 7,568 (1,240) 6,328 0 6,328 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) 5,543</th> <th>Years ended 31 Dec Ratios Gross margin (%) BBITDA margin (%) Net margin (%) Selling & distn'/Sales (%) Admin/Sales (%) Payout ratio (%) Effective tax (%) Total debt/equity (%) Net debt/equity (%) Current ratio (x) Quick ratio (x) Inventory T/O days A/R T/O days A/P T/O days Working capital days Asset turnover (x) Financial leverge (x) EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets AFS financial assets</th> <th>2016 36.3 32.4 25.0 4.8 9.4 15.9 58.2 37.2 1.1 0.9 57 68 98 26 0.53 1.82 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 72</th> <th>2017 37.0 34.0 27.3 4.6 9.3 14.5 46.4 29.7 1.5 1.2 59 68 95 31 0.49 1.66 27.8 1.1 0.85 22.0 2017 3,427 1,2929 1,205 300</th> <th>2018F 43.4 37.3 31.3 4.4 8.3 15.7 38.8 32.2 1.0 0.7 61 80 84 57 0.55 1.64 31.9 1.2 0.84 28.3</th> <th>2019F 42.3 36.0 30.0 4.5 8.3 16.6 36.4 31.7 1.0 0.7 61 80 84 57 0.56 1.60 30.5 1.2 0.83 26.7</th> <th>2020 41.3 35.0 29.8 4.5 8.3 16.4 25.8 21.4 66 88 84 57 0.5 1.5 29.9 25.8 21.4 25.8 21.4 25.8 21.4 25.8 25.8 25.8 25.8 25.8 25.8 25.8 26.8 26.8 26.8 26.8 26.8 26.8 26.8 26</th> | 2017 14,728 (9,283) 5,444 377 317 (675) (1,370) 0 4,093 846 75 5,014 (921) 55 (151) 700 4,696 (682) 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 | 2018F 17,276 (9,782) 7,494 215 0 (753) (1,441) 0 5,515 920 27 (147) 1,010 6,406 (1,003) 5,402 0 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 2019F 19,301 (11,144) 8,157 215 0 (869) (1,610) 0 5,894 1,064 0 6,958 (1,064) 24 (141) 1,175 6,951 (1,155) 5,796 0 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,1520 | 2020F 21,432 (12,586) 8,846 215 0 (964) (1,788) 0 6,308 1,184 23 (132) 1,369 7,568 (1,240) 6,328 0 6,328 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) 5,543 | Years ended 31 Dec Ratios Gross margin (%) BBITDA margin (%) Net margin (%) Selling & distn'/Sales (%) Admin/Sales (%) Payout ratio (%) Effective tax (%) Total debt/equity (%) Net debt/equity (%) Current ratio (x) Quick ratio (x) Inventory T/O days A/R T/O days A/P T/O days Working capital days Asset turnover (x) Financial leverge (x) EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets AFS financial assets | 2016 36.3 32.4 25.0 4.8 9.4 15.9 58.2 37.2 1.1 0.9 57 68 98 26 0.53 1.82 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 72 | 2017 37.0 34.0 27.3 4.6 9.3 14.5 46.4 29.7 1.5 1.2 59 68 95 31 0.49 1.66 27.8 1.1 0.85 22.0 2017 3,427 1,2929 1,205 300 | 2018F 43.4 37.3 31.3 4.4 8.3 15.7 38.8 32.2 1.0 0.7 61 80 84 57 0.55 1.64 31.9 1.2 0.84 28.3 | 2019F 42.3 36.0 30.0 4.5 8.3 16.6 36.4 31.7 1.0 0.7 61 80 84 57 0.56 1.60 30.5 1.2 0.83 26.7 | 2020 41.3 35.0 29.8 4.5 8.3 16.4 25.8 21.4 66 88 84 57 0.5 1.5 29.9 25.8 21.4 25.8 21.4 25.8 21.4 25.8 25.8 25.8 25.8 25.8 25.8 25.8 26.8 26.8 26.8 26.8 26.8 26.8 26.8 26 |
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| BITDA | 5,014 (921) 55 (151) 700 4,696 (682) 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 | 6,436 (920) 27 (147) 1,010 6,406 (1,003) 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 6,958 (1,064) 24 (141) 1,175 6,951 (1,155) 5,796 0 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 7,493 (1,184) 23 (132) 1,369 7,568 (1,240) 6,328 0 6,328 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) | Quick ratio (x) Inventory T/O days A/R T/O days A/P T/O days Working capital days Asset turnover (x) Financial leverge (x) EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 0.9 57 68 98 26 0.53 1.82 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 | 1.2 59 68 95 31 0.49 1.66 27.8 1.1 0.85 22.0 2017 3.427 12,929 1,205 300 | 0.7 61 80 84 57 0.55 1.64 31.9 1.2 0.84 | 0.7 61 80 84 57 0.56 1.60 30.5 1.2 0.83 | 0.4 66 80 82 57 0.50 1.5 29.4 1.1 |
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| Finance income Finance costs Share of P/L of assos Profit before tax Income tax expense | 55 (151) 700 4,696 (682) 4,014 (0) 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 | 27 (147) 1,010 6,406 (1,003) 5,402 0 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 24 (141) 1,175 6,951 (1,155) 5,796 0 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 23 (132) 1,369 7,568 (1,240) 6,328 0 6,328 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) | A/R T/O days A/P T/O days A/P T/O days Working capital days Asset turnover (x) Financial leverge (x) EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepnt for PPE & land use rights Intangible assets | 68 98 26 0.53 1.82 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 | 68 95 31 0.49 1.66 27.8 1.1 0.85 22.0 2017 3.427 12,929 1,205 300 | 80 84 57 0.55 1.64 31.9 1.2 0.84 | 80 84 57 0.56 1.60 30.5 1.2 0.83 | 80 8.5 0.5 1.5 29. 1.0.8 |
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| Share of P/L of assos | 700 4,696 (682) 4,014 (0) 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 | 1,010 6,406 (1,003) 5,402 0 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 1,175 6,951 (1,155) 5,796 0 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 1,369 7,568 (1,240) 6,328 0 6,328 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) | A/PT/O days Working capital days Asset turnover (x) Financial leverge (x) EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepnt for PPE & land use rights Intangible assets | 98 26 0.53 1.82 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 | 95 31 0.49 1.66 27.8 1.1 0.85 22.0 2017 3,427 12,929 1,205 300 | 84 57 0.55 1.64 31.9 1.2 0.84 | 57 0.56 1.60 30.5 1.2 0.83 | 0.56 1.56 29.4 1.2 |
| Income tax expense | (682) 4,014 (0) 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 | (1,003) 5,402 0 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | (1,155) 5,796 0 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | (1,240) 6,328 0 6,328 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) | Asset turnover (x) Financial leverge (x) EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$"m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 0.53 1.82 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 | 0.49 1.66 27.8 1.1 0.85 22.0 2017 3,427 12,929 1,205 300 | 0.55 1.64 31.9 1.2 0.84 | 0.56 1.60 30.5 1.2 0.83 | 0.56 1.56 29.4 1.2 |
| Profit for the year | 4,014 (0) 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 | 5,402 0 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 5,796 0 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 6,328 0 6,328 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) | Financial leverge (x) EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepnt for PPE & land use rights Intangible assets | 1.82 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 | 1.66 27.8 1.1 0.85 22.0 2017 3,427 12,929 1,205 300 | 1.64 31.9 1.2 0.84 | 1.60 30.5 1.2 0.83 | 1.56 29.4 1.2 0.84 |
| Access No. (3) | (0) 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 55 | 0 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 0 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 0 6,328 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) | Financial leverge (x) EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepnt for PPE & land use rights Intangible assets | 1.82 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 | 1.66 27.8 1.1 0.85 22.0 2017 3,427 12,929 1,205 300 | 1.64 31.9 1.2 0.84 | 1.60 30.5 1.2 0.83 | 1.56 29.4 1.2 0.84 |
| Net profit 3,213 | 4,014 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 | 5,402 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 5,796 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 7,493 0 (581) 6,912 (1,237) (132) | EBIT margin (%) Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepnt for PPE & land use rights Intangible assets | 26.0 1.1 0.84 24.4 2016 1,121 11,831 547 608 | 27.8 1.1 0.85 22.0 2017 3,427 12,929 1,205 300 | 31.9 1.2 0.84 | 30.5 1.2 0.83 | 29.4 1.2 0.84 |
| Basic EPS (HK Cents) 82.78 1 | 101.14 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 | 134.51 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 144.31 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 157.57 153.41 2020F 7,493 0 (581) 6,912 (1,237) (132) | Interest burden (x) Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 1.1 0.84 24.4 2016 1,121 11,831 547 608 | 1.1 0.85 22.0 2017 3,427 12,929 1,205 300 | 1.2 0.84 | 1.2 0.83 | 1.2 0.84 |
| Diluted EPS (HK Cents) 81.19 Years ended 31 Dec 2016A Cash flow (HK\$'m) 4,165 BOND-cash adjustments 86 Chances in working capital (218) Operating cash 4,032 Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received 51 CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidial (41) Change in non-demand deposits (47) Advances to associates (47) Dividends from associates (97) Net change in investment proper (97) Others (2,280) FCF 1,285 Net issue/(repurchase) of share (122) Net sissue/(redemption) of debt shet changes in bank loans (1,611) Dividends (1,321) Others 56 | 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 55 | 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 7,493 0 (581) 6,912 (1,237) (132) | Tax burden (x) Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 0.84 24.4 2016 1,121 11,831 547 608 | 22.0 2017 3,427 12,929 1,205 300 | 0.84 | 0.83 | 0.84 |
| Diluted EPS (HK Cents) 81.19 Years ended 31 Dec 2016A Cash flow (HK\$'m) 4,165 BOND-cash adjustments 86 Chances in working capital (218) Operating cash 4,032 Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received 51 CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidial (41) Change in non-demand deposits (47) Advances to associates (47) Dividends from associates (97) Net change in investment proper (97) Others (2,280) FCF 1,285 Net issue/(repurchase) of share (122) Net sissue/(redemption) of debt shet changes in bank loans (1,611) Dividends (1,321) Others 56 | 99.92 2017E 5,014 (18) (758) 4,238 (562) (151) 3,525 55 | 130.96 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 140.51 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 7,493 0 (581) 6,912 (1,237) (132) | Return on equity (%) As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 24.4 2016 1,121 11,831 547 608 | 22.0 2017 3,427 12,929 1,205 300 | | | |
| Years ended 31 Dec 2016A Cash flow (HK\$'m) EBITDA EBITDA 4,165 Non-cash adjustments 86 Changes in working capital (218) Operating cash 4,032 Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received 51 CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidial (618) Change in non-demand deposits (47 Advances to associates (47 Dividends from associates (97) Others (97) (82) (100) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share Net changes in bank loans (1,511) Dividends (1,321) Others 56 | 5,014 (18) (758) 4,238 (562) (151) 3,525 | 2018F 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 2019F 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 2020F 7,493 0 (581) 6,912 (1,237) (132) | As at 31 Dec Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Preprit for PPE & land use rights Intangible assets | 2016 1,121 11,831 547 608 | 3,427 12,929 1,205 300 | 28.3 | 26.7 | 25.0 |
| Cash flow (HK\$'m) 4,165 EBITDA 4,165 Non-cash adjustments 86 Changes in working capital (218) Operating cash 4,032 Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received 51 CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidiar (618) Change in non-demand deposits (47) Advances to associates (47) Dividends from associates 256 Net change in investment proper (97) Others (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debts (122) Net changes in bank loans 0 Dividends (1,321) Others 56 | 5,014 (18) (758) 4,238 (562) (151) 3,525 | 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 7,493 0 (581) 6,912 (1,237) (132) | Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 1,121 11,831 547 608 | 3,427 12,929 1,205 300 | | | |
| Cash flow (HK\$'m) 4,165 EBITDA 4,165 Non-cash adjustments 86 Changes in working capital (218) Operating cash 4,032 Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received 51 CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidiar (618) Change in non-demand deposits (47) Advances to associates (47) Dividends from associates 256 Net change in investment proper (97) Others (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debts (122) Net changes in bank loans 0 Dividends (1,321) Others 56 | 5,014 (18) (758) 4,238 (562) (151) 3,525 | 6,436 0 (805) 5,631 (1,176) (147) 4,308 | 6,958 0 (545) 6,413 (1,152) (141) 5,120 | 7,493 0 (581) 6,912 (1,237) (132) | Balance Sheet (HK\$'m) Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 1,121 11,831 547 608 | 3,427 12,929 1,205 300 | | | |
| EBITDA 4,165 Non-cash adjustments 86 Chances in w orking capital (218) Operating cash (342) Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received (1,756) Disposals of assets Acquisition/disposal of subsidiar Change in non-demand deposits (4) Advances to associates (47) Dividends from associates (47) Dividends from associates (97) Others (97) Others (128) FCF (2,280) FCF (1,285) Net issue/(repurchase) of share Net issue/(redemption) of debt s Net changes in bank loans 1,611 Dividends (1,321) Others 56 | (18) (758) 4,238 (562) (151) 3,525 | 0 (805) 5,631 (1,176) (147) 4,308 | 0 (545) 6,413 (1,152) (141) 5,120 | 0 (581) 6,912 (1,237) (132) | Leasehold land & land use rights PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 11,831 547 608 | 12,929 1,205 300 | | | |
| Non-cash adjustments | (18) (758) 4,238 (562) (151) 3,525 | 0 (805) 5,631 (1,176) (147) 4,308 | 0 (545) 6,413 (1,152) (141) 5,120 | 0 (581) 6,912 (1,237) (132) | PPE Investment properties Prepmt for PPE & land use rights Intangible assets | 11,831 547 608 | 12,929 1,205 300 | | | |
| Changes in working capital (218) Operating cash 4,032 Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received 51 CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidial change in non-demand deposits (4) Advances to associates (47) Dividends from associates (56) Net change in investment proper (97) Others (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debt sheet changes in bank loans (1,611) Dividends (1,321) Others 56 | (758) 4,238 (562) (151) 3,525 | (805) 5,631 (1,176) (147) 4,308 | (545) 6,413 (1,152) (141) 5,120 | (581) 6,912 (1,237) (132) | Investment properties Prepmt for PPE & land use rights Intangible assets | 547 608 | 1,205 300 | | | |
| Operating cash 4,032 Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received 51 CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidial change in non-demand deposits (4) Advances to associates (47) Dividends from associates (256) Net change in investment proper (97) Others (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debt sheet changes in bank loans (122) Dividends 1,321) Dividends (1,321) Others 56 | 4,238 (562) (151) 3,525 | 5,631 (1,176) (147) 4,308 | 6,413 (1,152) (141) 5,120 | 6,912 (1,237) (132) | Prepmt for PPE & land use rights Intangible assets | 608 | 300 | | | |
| Taxes paid (342) Interest paid (126) Net cash from operations 3,565 Interest received 51 CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidiar (618) Change in non-demand deposits (47) Advances to associates 256 Net change in investment proper (97) Others (2,280) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debt sheet changes in bank loans (1,611) Dividends (1,321) Others 56 | (562) (151) 3,525 | (1,176) (147) 4,308 27 | (1,152) (141) 5,120 | (1,237) (132) | Intangible assets | | | | | |
| Interest paid | (151) 3,525 55 | 4,308 | 5,120 | (132) | | | 70 | | | |
| Net cash from operations 3,565 Interest received 51 (1,756) CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidial (618) Change in non-demand deposits (47) Dividends from associates (47) Dividends from associates (47) Dividends from associates (47) Others (97) Others (82) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share (122) Net sissue/(redemption) of debt s Net changes in bank loans 1,611 Dividends (1,321) Others 56 | 3,525 55 | 4,308 27 | 5,120 | | 7 ti O i il la lola la accoto | 39 | 52 | | | |
| Interest received | 55 | 27 | | -, | Investment in asso | 3,258 | 4,416 | | | |
| CAPEX (1,756) Disposals of assets 18 Acquisition/disposal of subsidial Change in non-demand deposits (4) Advances to associates (47) Dividends from associates 256 Net change in investment proper (97) Others (82) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debt shet changes in bank loans (1,611) Dividends (1,321) Others 56 | | | | | Loans to an assp | 49 | 27 | | | |
| Disposals of assets 18 Acquisition/disposal of subsidial (618) Change in non-demand deposits (47) Advances to associates 256 Net change in investment proper (97) Others (82) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share (122) Net issue/(redemption) of debt s Net changes in bank loans 1,611 Dividends (1,321) Others 56 | (0.000) | (2.000) | 24 | 23 | Other non-current assets | 0 | 0 | | | |
| Disposals of assets 18 Acquisition/disposal of subsidial (618) Change in non-demand deposits (47) Advances to associates 256 Net change in investment proper (97) Others (82) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share (122) Net issue/(redemption) of debt s Net changes in bank loans 1,611 Dividends (1,321) Others 56 | (3,366) | (3,000) | (3,000) | (2,500) | Non-current assets | 17,524 | 22,426 | | | |
| Change in non-demand deposits (4) Advances to associates (47) Dividends from associates 256 Net change in investment proper (97) (82) (82) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debt shet changes in bank loans (1,511) Dividends (1,321) Others 56 | 0 | 0 | 0 | 0 | | | • | | | |
| Advances to associates (47) Dividends from associates 256 Net change in investment proper (82) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debt s Net changes in bank loans 1,611 Dividends (1,321) Others 56 | 0 | 0 | 0 | 0 | Inventories | 1,321 | 1,698 | | | |
| Dividends from associates 256 (97) (82) (197) (1 | (4) | 7 | 0 | 0 | Loans to assos + amt due from asso | 33 | 52 | | | |
| Net change in investment proper Others (97) (82) Others (2,280) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debts (122) Net changes in bank loans 1,611 Dividends (1,321) Others 56 | 0 | 0 | 0 | 0 | Trade & other receivables | 2,377 | 3,072 | | | |
| Others (82) Investing cash (2,280) FCF 1,285 Net issue/(repurchase) of share Net issue/(redemption) of debt solet changes in bank loans Net changes in bank loans Dividends (122) Net changes in bank loans Dividends 1,611 Others 56 | 307 | 364 | 432 | 513 | Non-demand deposits | 5 | 9 | | | |
| (2,280) (2,280) (2,280) (2,280) (2,280) (2,280) (2,280) (2,285) (2,2 | 0 | 0 | 0 | 0 | Cash & cash equiv. | 2,763 | 3,049 | | | |
| 1,285 1,285 | 0 | 0 | 0 | 0 | Current assets | 6,499 | 7,879 | | | |
| Net issue/(repurchase) of share (122) Net issue/(redemption) of debt s Net changes in bank loans 1,611 Dividends (1,321) Others 56 | (3,008) | (2,602) | (2,544) | (1,964) | Total accords | 04.000 | 20.005 | | | |
| Net issue/(repurchase) of share 0122) Net issue/(redemption) of debt s 0 1,611 Dividends 1,321 00 Others 56 | 517 | 1,706 | 2,576 | 3,579 | Total assets | 24,022 | 30,305 | | | |
| Net issue/(redemption) of debt s 0 Net changes in bank loans 1,611 Dividends (1,321) Others 56 | 317 | 1,700 | 2,370 | 3,313 | Amt due to asso | 0 | 0 | | | |
| Net issue/(redemption) of debt s 0 Net changes in bank loans 1,611 Dividends (1,321) Others 56 | 175 | 0 | 0 | 0 | Trade & other payables | 2,297 | 2,554 | | | |
| Net changes in bank loans 1,611 Dividends (1,321) Others 56 | (91) | 0 | 0 | 0 | Current tax payable | 538 | 535 | | | |
| Dividends (1,321) Others 56 | 1,412 | (1,072) | 0 | (500) | Bank and other borrowings | 3,165 | 2,068 | | | |
| Others 56 | (1,727) | (2,434) | (2,803) | (3,032) | Current liabilities | 6,000 | 5,157 | | | |
| | 0 | (2,404) | (2,000) | 0,002) | our ent habilities | 0,000 | 0,101 | | | |
| • | (231) | (3,506) | (2,803) | (3,532) | Bank borrow ings | 3,889 | 6,399 | | | |
| | () | (-,) | (=,===) | (-,) | Other borrowings - CBs | 620 | 0 | | | |
| Net change in cash 1,510 | 286 | (1,800) | (227) | 46 | Deferred tax liabilities | 218 | 335 | | | |
| Cash and cash equiv b/f 1,298 | 2,763 | 3,049 | 1,248 | 1,021 | Deferred government grants | 0 | 0 | | | |
| FX adjustments (45) | 0 | 0 | 0 | 0 | Other payables | 48 | 108 | | | |
| Cash and cash equiv c/f 2,763 | 2 0 40 | 1,248 | 1,021 | 1,067 | M | 66 | 69 | | | |
| | 3,049 | | | | Non-current liabilities | 4,841 | 6,911 | | | |
| | 3,049 | | | | | | 18,237 | | | |
| | 3,049 | | | | Total net assets | 13,181 | | | | |
| | 3,049 | | | | Total net assets Shareholders' equity | 13,181 13,181 | 18,237 | | | |
| | 3,049 | | | | | - | 18,237 402 | | | |
| | 3,049 | | | | Shareholders' equity | 13,181 | | | | |

Source: Company data, Sunwah Kingsway Research Estimates

Xinyi Glass | 27 Feb 2018



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