Xinyi Glass Holdings (868 HK)

Target Price	HK$14.10
Current Price	HK$12.18
% Upside	16%

Expecting

Management Remains Upbeat on FY18 Outlook

Summary:

Target Price and Catalyst:

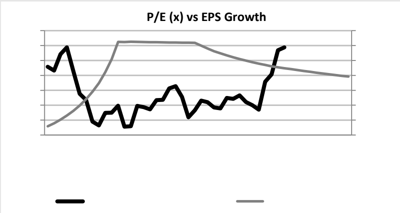
Earnings:

Valuation:

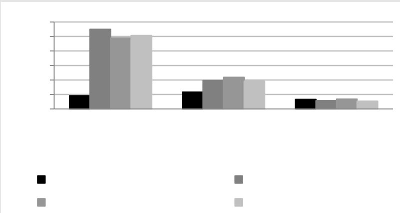
	Dec-16A	Dec-17A	Dec-18E	Dec-19E	Dec-20E	Trend

BUY

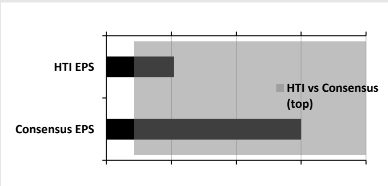
Valuation

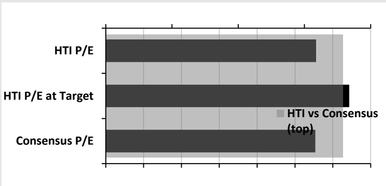


Earnings Trends

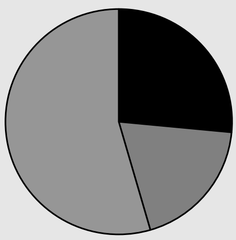


Earnings: HTI vs Consensus

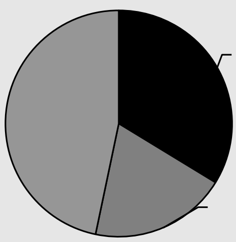




FY17 Sales Breakdown



FY17 GP Breakdown



Investment Thesis

Company Snapshot

Key Investment Metrics

Revenue Growth

Profit Margins

Shareholder Returns

Balance Sheet Risks

[redacted]riers to Entry

International [redacted]eakdown

Our Model Assumptions

Profit & Loss (HK$m)	Dec-16A	Dec-17A	Dec-18E	Dec-19E	Dec-20E
Gross profit	4,659	5,444	6,280	7,355	8,445
Operating profit	3,338	4,093	4,453	5,340	6,149
Depreciation and amortisation	(827)	(701)	(794)	(866)	(925)
Pre-tax profit	3,823	4,696	5,191	6,102	6,931
Net income to ord equity	3,213	4,014	4,407	5,001	5,542

Click For Interactive Model

Our Model Assumptions

Balance Sheet (HK$m)	Dec-16A	Dec-17A	Dec-18E	Dec-19E	Dec-20E
Total current assets	6,537	6,943	7,555	9,201	11,160
Total non-current assets	17,486	19,969	21,717	23,409	25,041
Total assets	24,022	26,912	29,272	32,610	36,201
Total current liabilities	6,000	5,237	5,386	6,101	6,765
Total non-current liabilities	4,775	5,522	5,346	5,222	5,135
Total liabilities	10,775	10,759	10,731	11,323	11,900
Shareholders' equity	13,181	16,080	18,467	21,210	24,222
Total equity	13,247	16,152	18,541	21,287	24,301
Total liabilities & shareholders' equity	24,022	26,912	29,272	32,610	36,201

Click For Interactive Model

Key B/S Takeaway

Our Model Assumptions

Cash Flow (HK$m)	Dec-16A	Dec-17A	Dec-18E	Dec-19E	Dec-20E
Operating profit	3,338	4,093	4,453	5,340	6,149
Operating cash flow	4,032	4,264	5,025	6,023	6,902
Cash flow from operations	3,616	3,485	4,139	4,830	5,442
Cash flow from investing activities	(2,280)	(2,497)	(1,700)	(1,700)	(1,700)
Cash flow from financing activities	169	(1,280)	(2,274)	(2,435)	(2,654)
Total cash generated	1,510	(292)	165	695	1,088
Implied cash at end of period	2,763	2,472	2,637	3,331	4,419
Free cash flow	1,859	985	2,439	3,130	3,742

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Key Cash Flow Takeaway

Our Model Assumptions

Key Driver Takeaway

Per Share Data	Dec-16A	Dec-17A	Dec-18E	Dec-19E	Dec-20E

Key Ratios	Dec-16A	Dec-17A	Dec-18E	Dec-19E	Dec-20E
Valuation Measures					
Growth					
Margins					
Key Ratios					
Credit analysis					

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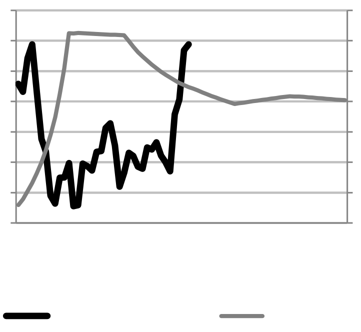
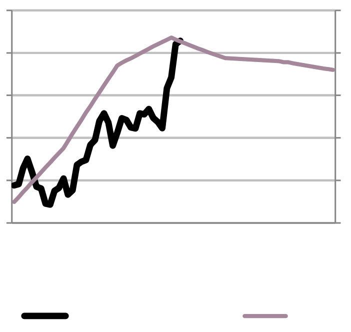
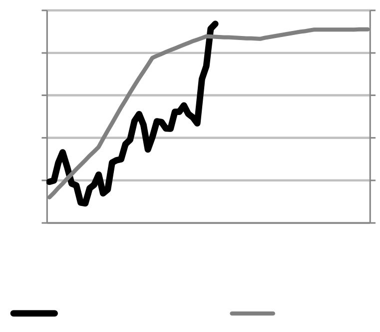
P/E (x) vs EPS Growth (%)



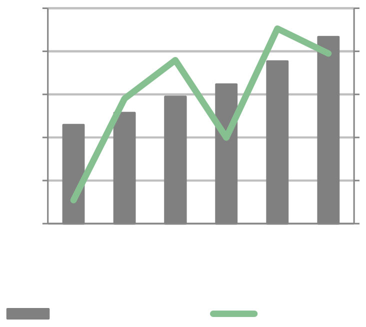
P/B (x) vs ROE



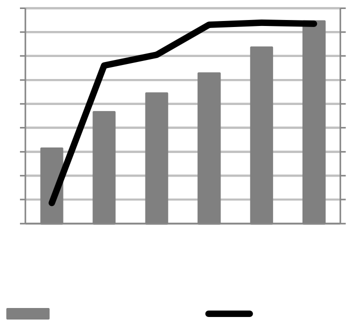
PSR (x) vs OPM (%)



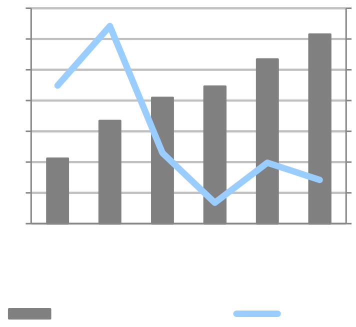
Turnover and Growth



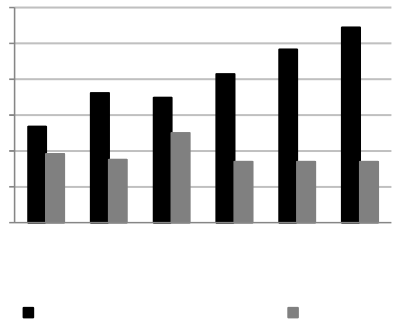
Gross Profit and Margin



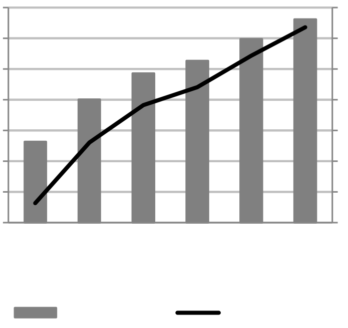
Operating Profit and OP Growth



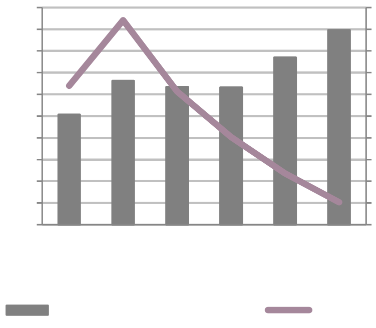
CF from operations vs Capex (HK$m)



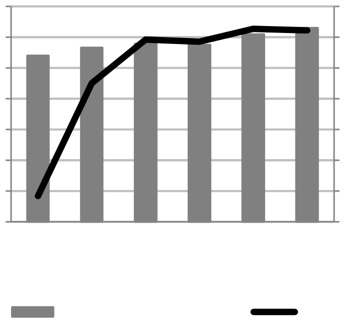
Dividend Payout and Yield (HK$)



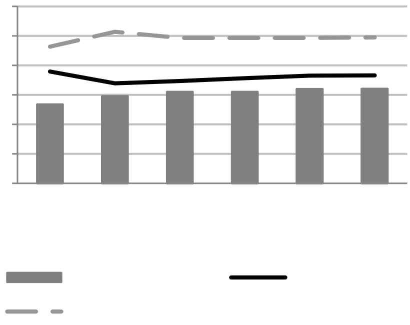
Debt to Equity (%) and Interest Cover (x)



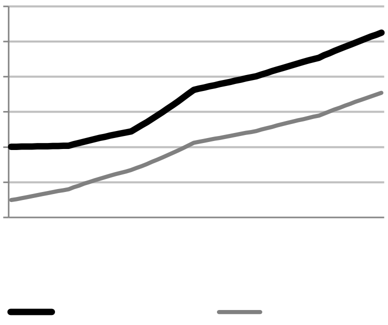
ROA (%) and Asset Turnover (x)



Cash Operating Cycle



Current Ratio (x) vs Quick Ratio (x)



APPENDIX

IMPORTANT DISCLOSURES

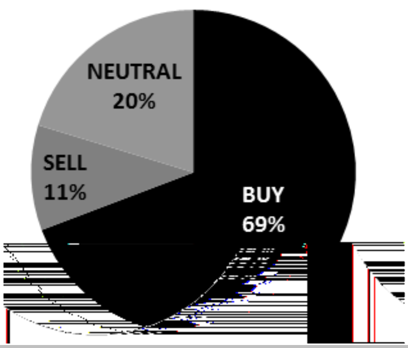
Analyst Certification

Conflict of Interest Disclosures

Ratings Definitions:

Rating Distribution

Most Recent Full Quarter



Prior Full Quarter

[redacted]

Haitong International Equity Research Ratings Distribution, as of December 31, 2017

	BUY	Neutral	SELL

Haitong International Non-Rated Research:

HTI Equity-Style Portfolios:

HTI Themes:

Related SCNet Visits:

Haitong International Coverage of A-Shares:

Haitong International Quality 100 A-share (Q100) Index:

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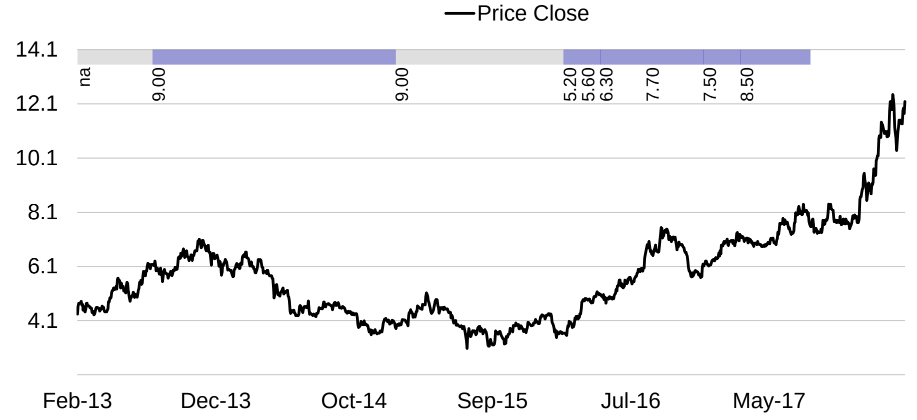
Recommendation Chart: Xinyi Glass Holdings (868 HK)



Date	Recommendation	Target (HK$)	Price (HK$)

Definitions for Key Investment Metrics

Business Growth

Business profit

Shareholder Returns

Balance Sheet Risk

Recommendation Chart: Zhuzhou Kibing Group (601636 CH, BUY, CP: Rmb6.70, TP: Rmb6.50)

Date	Recommendation	Target (Rmb)	Price (Rmb)