

新海能源有限公司 (00342.HK)

海上加油业务将带动 2014 年盈利增长

随着珠海 7 万吨油库启用，新海能源（“新海”或“集团”）的海上加油业务将成为集团 2014 年盈利增长的主要推动力。预期吞吐量将快速增加，并使明年油品业务的利润增加 5 倍。我们上调 2014-2015 年的盈利预测，分别为 1% 和 8%。于 2015，运营效率将全面释放导致更大的增长。维持「买入」评级。

海上加油销售量将大幅增长 在我们的 2014 年基本假设中，集团的海上供油业务销售将增加至 120 万吨，相当于同比增长 60-100%。过去两年香港市场的需求为每年 750 万吨，于 2014 年后集团预期可得到香港海上供油市场最少 20% 的市场份额。而内地的销售将约为 30-60 万吨，使销售量于 2015 年增加至 180-210 万吨。

贡献能有多大？ 在去除油品供应链的中间环节后，海上供油业务的利润率将扩大超过 3 倍至 3.8%-4.8%。于我们的基本假设中，2014 年的油品销售平均价格为每吨 620 美元，而毛利率为 4.0%，即该业务毛利将于 2014 年增加 5 倍至 2.32 亿港元。

香港石油市场小，但利润丰厚 新海能源将在 2013 年底在香港提供瓶装石油气，而对 2014 年作出贡献。集团应该能够夺占该市场约 30% 的占有率（即 27,000 吨）。由于瓶装石油气将从深圳运到香港市场出售，集团整个石油气毛利将扩张 0.5 个点至 9.5%。

估值 我们微调 2014 年的假设，从而调高 2014 年的每股盈利至每股 0.5584 港元而提高该股的目票价至 5.60 港元（基于集团 10 倍的中期循环市盈率）。维持「买入」。

盈利预测及估值

港元百万元	2011	2012	2013E	2014E	2015E
营业额	10,117	12,456	17,881	21,615	27,349
同比增长(%)	19%	23%	44%	21%	27%
净利润	303	813	725	832	1120
同比增长(%)	121%	168%	-11%	15%	35%
每股盈利(元)	0.23	0.62	0.49	0.56	0.75
每股股息(元)	0.02	0.04	0.03	0.03	0.05
市盈率(X)	19.7	7.5	9.5	8.3	6.2
市净率(X)	5.0	2.3	1.7	1.3	1.0
ROE(%)	1%	32%	19%	16%	16%

资料来源：招商证券（香港）预测

买入

(上次：买入)

目标价：HK\$ 5.60

现价：HK\$4.63

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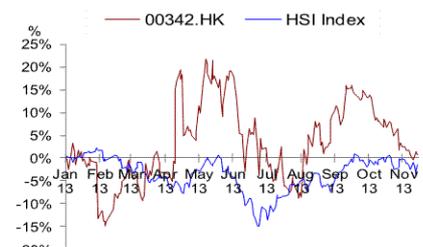
2013 年 11 月 15 日

基础数据

恒生指数	22,649.15
H 股指数	10,391.13
总股数(百万股)	
港股股数(百万股)	1,483.40
港股市值(港元百万)	6,823.63
每股净资产(港元)	1.98
主要股东	持股(%)
Uniocean Investment	33.08%
自由流通股	49.77%
行业	石油燃气设备

股价表现

%	1m	6m	12m
绝对表现	(5.7)	(14.2)	35.7
相对恒指表现	(4.2)	(13.9)	26.9



资料来源：彭博

相关报告

Company Report

NewOcean Energy Ltd. (00342.HK)

Marine fuels to power FY14 earnings growth

NewOcean's marine fuels business is set to become the company's main earnings growth driver during FY14 with the startup of its 70,000tonne oil terminal in Zhuhai. Throughput volumes will ramp up quickly leading to a 5-fold increase in oil product profits next year. We revise up our FY14-15 earnings estimate by 1% and 8%, respectively. FY15 should see even greater growth as operational efficiencies come into full force. Maintain BUY.

Marine fuels sale volume to increase sharply Our FY14 base case is for the company to raise its marine bunker fuel sales to 1.2million tonne, equating to a 60-100%YoY increase. Beyond FY14, the company feels that it can capture at least a 20% share of the Hong Kong marine fuels market, which has equaled 7.5million tonne over the past two years. Annual sales of 300,000-600,000tonne should be booked on the mainland, resulting in sales volume reaching 1.8-2.1million tonne by FY15.

How good can it get? Disintermediation of its oil product supply chain will result in marine fuels margins more than tripling to 3.8%-4.8%. Our base case of US\$620/tonne ASP for marine fuels sold during FY14, with a 4.0%GMP, results in a 5-fold increase in gross profit to HK\$232mn during FY14.

Hong Kong LPG market – small but lucrative NewOcean will begin providing cylinder LPG for the Hong Kong market by the end of 2013, which will contribute to the company's results throughout FY14. NewOcean should be able to penetrate and capture about 30% (i.e. 27,000tonne) of the Hong Kong market with its cheaper LPG shipped from filling facilities in Shenzhen. We calculate that this will lead to a 50bps increase in GPM to 9.5% for the company's LPG division during FY14.

Valuation We fine-tune our base case assumptions and raise our FY14 EPS to HK\$0.5584/share (from HK\$0.5505/share), which we use to derive our new target price of HK\$5.60/share (old: HK\$5.30/share), based on a 10x mid-cycle earnings multiple. Maintain BUY.

Financials

HK\$m	2011	2012	2013E	2014E	2015E
Revenue	10,117	12,456	17,881	21,615	27,349
Growth(%)	19%	23%	44%	21%	27%
Net profit	303	813	725	832	1120
Growth(%)	121%	168%	-11%	15%	35%
EPS(HK\$)	0.23	0.62	0.49	0.56	0.75
DPS(HK\$)	0.02	0.04	0.03	0.03	0.05
P/E(x)	19.7	7.5	9.5	8.3	6.2
P/B(x)	5.0	2.3	1.7	1.3	1.0
ROE(%)	1%	32%	19%	16%	16%

Source: Company data, CMS(HK) estimates

Buy

(Previous: Buy)

Target Price: **HK\$ 5.60**

Current Price HK\$4.63

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15 Nov 2013

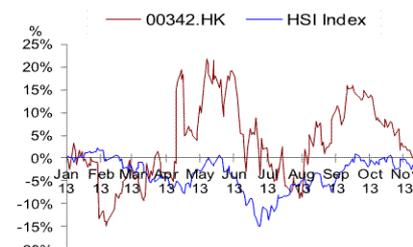
Key data

HSI Index	22,649.15
HSCEI Index	10,391.13
S/O (mn)	1,483.40
Mkt cap (HK\$m)	6,823.63
BVPS (HK\$)	1.98

Major shareholder	Holding (%)
Uniocean	33.08%
Free float	49.77%
Industry	Oil & Gas Equip.

Share performance

%	1m	6m	12m
Absolute	(5.7)	(14.2)	35.7
Relative	(4.2)	(13.9)	26.9



Source: Bloomberg

Related research

Marine fuels sale volume to increase sharply

NewOcean's marine fuels business is set to become the company's main earnings growth driver during FY14 with the startup of its 70,000tonne oil terminal in Zhuhai. The terminal is equipped with 20,000tonne of fuel oil storage, 50,000tonne of clean product (diesel, gasoline) storage with a 50,000DWT berth to receive shipments ranging between 40,000-50,000tonnes. The company has additionally leased 85,000tonne of storage capacity from neighbor, Sinochem, in order to quicken the disintermediation process.

With its oil terminal in operation, NewOcean can quickly ramp up its throughput volumes. Not only will NewOcean be able to capture additional market share in the Hong Kong marine bunker market, but, through its Sinopec-NewOcean JV, will also be one of only five licensed suppliers able to sell and distribute bonded oil products for marine bunkering in the PRC. NewOcean will be targeting bonded marine fuels market at Shenzhen, Zhuhai, Shekou, and Yantian when operations in China start.

The company reported 203,000tonnes of fuel oil was sold during 1H13, with FY13 full-year sales targeted at 600,000-750,000tonne. Our FY14 base case is for the company to raise its marine fuel sales to 1.2million tonne, equating to a 60-100%YoY increase. Beyond FY14, the company feels that it can capture at least a 20% share of the Hong Kong marine fuels market, which based on government statistics, has equaled approximately 7.5million tonne over the past two years. Furthermore, an additional 300,000-600,000tonne of sales should be booked on the mainland p.a., resulting in sales volume reaching 1.8-2.1million tonne by FY15.

How good can it get?

NewOcean previously purchased marine fuels supplied by local terminals in Hong Kong that are operated by oil majors (e.g. ExxonMobil, Sinopec, and Shell) for its marine fuel operations. Prices are normally determined by MOPS (Mean of Platts Singapore) plus a market premium ranging between US\$18-21/tonne. We believe that leaving out the middle-man and buying directly from suppliers in Singapore, will allow NewOcean to pay a smaller premium ranging between US\$3-5/tonne. With 380Cst fuel oil MOPS averaging US\$605/tonne over the past 3months cost savings would be equivalent to a 2-3% increase in gross margins, which would be added to the 1.3% margin that was shown during 1H13.

Other efficiency improvements such as the expected delivery of two new 4,500mt capacity bunker tankers in early 2014 followed by another 2,500mt bunker tanker and a 3,500mt floating bunkering station by late 2014, could add another 0.5% in GPM. Hence, disintermediation of its oil product supply chain will result in segment margins more than tripling to 3.8%-4.8%.

Putting it all together, we have assumed an average selling price of US\$620/tonne for marine fuels sold during FY14, with a 4.0%GMP. This would result in a gross profit of HK\$232mn for the segment, more than a 5-fold increase versus FY13.

A good precedent to build upon

We believe NewOcean has a good precedent to build its marine fuels business upon. We can compare NewOcean's marine fuel business development to another peer, Brightoil (933.HK), which has a longer history of marine bunkering.

Brightoil's marine bunker business began in 2009, which saw sales volume increase from about 800,000tonne to over 2million tonne over a 2year span. Sales were mainly to ocean vessels calling to ports in Hong Kong, Singapore,

and mainland China. During this time, margins for its bunkering business expanded from 6.5% to 13.4% as its business grew and efficiencies in economy of scale increased. Brightoil's bunkering business became less profitable only after it incorporated an international oil trading business at the end of 2010.

Although there are differences between Brightoil's oil bunker business and that of NewOcean's, by examining the success and failures of Brightoil, we believe that NewOcean can map a better and more successful path for its own marine fuel business and eventually excel beyond its peers.

Figure 1: NewOcean's own floating bunkering station in Hong Kong



Source: The Company & CMS(HK)

Hong Kong LPG market – small but lucrative

NewOcean will begin providing cylinder LPG for the Hong Kong market by the end of 2013, which will contribute to the company's results throughout FY14. Currently, the Hong Kong non-auto LPG market is about 90,000tonne per year.

NewOcean should be able to penetrate and capture about 30% (i.e. 27,000tonne) of the Hong Kong market with its cheaper LPG shipped from filling facilities in Shenzhen. Since, these LPG cylinders are filled in the mainland but sold under Hong Kong prices, gross profits margin is around 30%, double that of the mainland. Hence, we calculate that this will lead to a 50bps increase in GPM to 9.5% for the company's LPG division during FY14.

Figure 2: NewOcean's HK LPG cylinder storage facilities in Tuen Mun



Source: The Company & CMS(HK)

Valuation

We estimate FY14 total LPG sales will increase 10%yoy to 2,031,500tonnes (whereby HK market and additional autogas sales contribute increases of 27,000tonne and 40,000tonne, respectively, and the rest from industrial users) while sales of oil product will increase to 1.2million tonne.

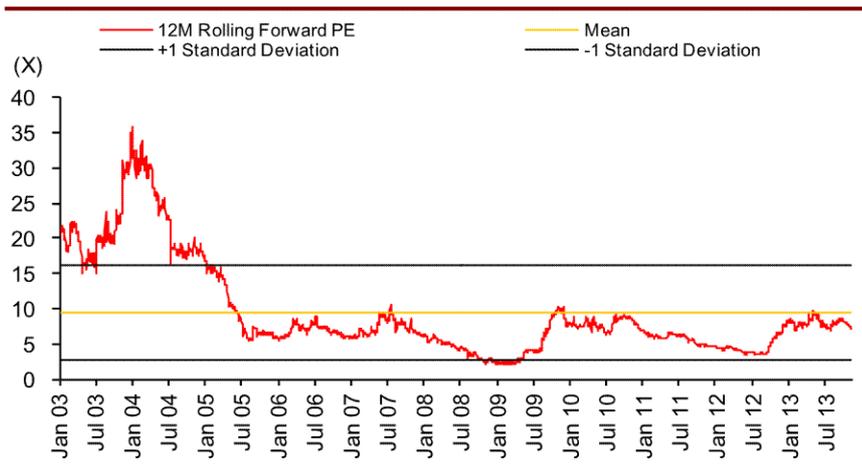
Although we see the company benefiting from the increase in thruput volumes for both LPG and oil products, we are factoring a slight decline in gross margins (FY14:8.0% versus FY13:8.5%) due to the lower margin oil product business.

We fine-tune our FY14-15 base case assumptions, which raises our FY14 EPS to HK\$0.5584/share (from HK\$0.5505/share), and roll over to FY14 earning to derive our new target price of HK\$5.60/share based on a forward P/E of 10x. Maintain Buy.

Figure 3: Revised estimates for FY14-FY15

RMB mn	OLD		NEW	
	FY14E	FY15E	FY14E	FY15E
LGP sales volume ('000tonne)	2031	2262	2031	2262
LPG revenue	15,020	17,465	15,020	17,465
Oil products ('000tonne)	1,000	1,250	1,200	1,800
Oil products revenue	5,545	7,278	5,788	9,117
Revenue	21,372	25,510	21,615	27,349
Gross profit	1,709	2,040	1,729	2,187
Operating expenses	(624)	(745)	(632)	(798)
Operating profit	1,085	1,295	1,097	1,389
Net finance costs	(231)	(222)	(231)	(222)
Profit before taxation	853	1,073	866	1,166
Income-tax expenses	(34)	(42)	(34)	(46)
Net profit	819	1,030	831	1,119
EPS (HK\$)	0.5505	0.6919	0.5584	0.7521

Source: CMS(HK)

Figure 4: NewOcean forward P/E bands


Source: CMS(HK)

Figure 5: Peer Analysis

Company	Stock Code	Share price (HK\$)	Market cap (HK\$m)	Gross margin (%)	Operating margin (%)	Net margin (%)	ROAA (%)	ROAE (%)
ENN Energy Holdings	02688 HK	45.05	48,891	26.9	16.6	8.2	4.7	17.8
China Gas Holdings	00384 HK	8.67	42,874	20.6	13.5	8.3	5.2	16.6
China Resource Gas Group	01193 HK	20.05	44,591	30.7	13.9	8.4	5.0	18.0
China Oil and Gas Group	00603 HK	1.27	6,451	22.5	18.2	7.5	3.8	12.0
China Towngas China Co	01083 HK	7.57	19,858	31.3	14.8	16.2	4.8	9.3
Kunlun Energy Co	00135 HK	12.70	104,974	60.8	33.5	19.8	6.3	15.4
Average				32.1	18.4	11.4	5.0	14.9
NewOcean Energy Holdings	00342 HK	4.63	6,824	8.5	5.8	6.5	8.6	33.8

Company	Free cash flow yield (%)	Div.-payout ratio (%)	Div.-yield (%)	FY1 P/E (X)	FY2 P/E (X)	P/B (X)	FY2 EPS growth (%)	2-yr forward EPS CAGR (%)
ENN Energy Holdings	1.9	25.0	0.9	21.3	17.4	4.3	21.1	(28.3)
China Gas Holdings	N/A	26.3	0.9	19.9	16.7	3.6	19.4	16.7
China Resource Gas Group	1.5	21.3	0.8	20.6	16.8	3.5	22.7	20.7
China Oil and Gas Group	N/A	8.8	0.5	16.1	12.4	2.0	30.0	18.6
China Towngas China Co	(0.9)	18.6	0.8	19.0	15.9	1.7	19.5	18.4
Kunlun Energy Co	N/A	28.4	1.8	14.3	12.5	2.2	14.1	11.5
Average	0.9	21.4	1.0	18.5	15.3	2.9	21.1	9.6
NewOcean Energy Holdings	4.9	11.6	0.8	9.5	8.3	2.3	14.7	1.1

Sources: CMS(HK)

Appendix: Financial summary

Statement of financial position

HK\$m	2011	2012	2013E	2014E	2015E
Current Assets	8433	9856	11897	13796	16706
Cash & equivalents	878	1196	1118	1394	1951
Trading investments	29	7	7	7	7
Trade notes	0	0	0	0	0
Trade receivables	2128	2069	2988	3612	4571
Other receivables	565	1104	1568	1895	2398
Inventories	434	705	1031	1253	1585
Other current assets	4399	4774	5185	5635	6194
Non-current assets	2189	2497	2797	3097	3397
Investment property	0	0	0	0	0
PPE	1203	1604	1904	2204	2504
Intangible assets	96	290	290	290	290
Other non-current assets	890	604	604	604	604
Total assets	10622	12353	14694	16893	20103
Liquid Liabilities	8308	9436	10546	11353	12752
Bank loans	6783	5907	5538	5282	5091
Trade payables	1074	3258	4662	5666	7169
Prepaid Accounts	0	0	0	0	0
Other liquid liabilities	451	271	346	404	491
Long term Liabilities	466	332	332	332	332
Loans	445	187	187	187	187
Others	21	146	146	146	146
Total Liabilities	8775	9768	10878	11685	13084
Issued capital	131	131	131	131	131
Retained Earnings	645	1417	1837	2364	3179
Reserves	1048	1021	1829	2692	3684
NCI	24	17	19	22	27
Parents	1848	2585	3816	5209	7020
Total equity and liabilities	10622	12353	14694	16893	20103

Statement of cash flows

HK\$m	2011	2012	2013E	2014E	2015E
CF from OA	53	1968	560	803	1,011
PBT	333	446	755	866	1,167
D&A	46	96	86	99	113
Finance costs	103	240	209	198	181
Investment income	0	0	0	0	0
Changes of WC	(3)	1,332	(229)	(111)	(204)
Others	(425)	(273)	(260)	(214)	(199)
CF from IA	(326)	(100)	(264)	(266)	(258)
Capital expenditure	(50)	(755)	36	34	42
Other investments	(276)	655	(300)	(300)	(300)
CF from FA	233	(1542)	(374)	(261)	(196)
Borrowings	358	(1261)	(369)	(256)	(191)
Share capital	0	0	0	0	0
Changes of reserves	293	587	(642)	527	815
Dividends	(5)	(5)	(5)	(5)	(5)
Others	(413)	(864)	642	(527)	(815)
Net cash flow	(40)	325	(78)	276	557

Statement of comprehensive income

HK\$m	2011	2012	2013E	2014E	2015E
Revenues	10117	12456	17881	21615	27349
Cost of sales	(9690)	(11399)	(16361)	(19886)	(25161)
Sales taxes	0	0	0	0	0
Op expenses	(99)	(227)	(250)	(303)	(383)
Admin exp	(181)	(202)	(288)	(350)	(443)
Financial costs	(205)	(276)	(245)	(232)	(222)
Impairments	(40)	13	(72)	(86)	(109)
FV changes	8	20	0	0	0
Others	422	59	89	108	137
Op Profit	537	720	1000	1098	1389
Non-op inc	0	0	0	0	0
Non-op exp	0	0	0	0	0
PBT	333	446	755	866	1167
Taxes	(30)	(18)	(30)	(35)	(47)
Net Profit	303	813	725	832	1120
NCI	0	2	0	0	0
Parents	303	811	725	832	1120
EPS - (HK\$)	0.23	0.62	0.49	0.56	0.75

Ratios

	2011	2012	2013E	2014E	2015E
YoY growth rate					
Revenue	19.3%	23.1%	43.6%	20.9%	26.5%
Op profit	103.2%	34.1%	38.7%	9.8%	26.5%
Net profit	120.6%	168.1%	-10.8%	14.7%	34.7%
Profitability					
Gross margin	4.2%	8.5%	8.5%	8.0%	8.0%
NP margin	3.0%	6.5%	4.1%	3.8%	4.1%
ROE	1.3%	31.6%	19.0%	16.0%	16.0%
ROIC	2.5%	8.4%	9.8%	9.7%	10.7%

Liquidity

D/A	68.2%	49.3%	49.3%	39.0%	32.4%
ND/A	53.2%	39.6%	31.3%	24.1%	16.5%
Liquid ratio	0.9	1.0	1.1	1.2	1.3
Quick ratio	0.9	1.0	1.0	1.1	1.2

Operating efficiency

Asset turnover	1.0	1.0	1.0	1.2	1.3
Inventory	16.3	22.6	23.0	23.0	23.0
AR turnover	76.8	60.6	61.0	61.0	61.0
AP turnover	40.5	104.3	104.0	104.0	104.0

Per share ratios(RMB)

EPS	0.23	0.62	0.49	0.56	0.75
CFS	0.00	0.93	0.18	0.34	0.48
BVPS	0.93	1.98	2.74	3.51	4.73
DPS	0.02	0.04	0.03	0.03	0.05

Valuation ratios

PE	19.7	7.5	9.5	8.3	6.2
PB	5.0	2.3	1.7	1.3	1.0
EV/EBITDA	22.6	13.9	10.5	9.1	6.8

Source: Company data, CMS(HK) estimates

RATING DEFINITION & DISCLAIMER

RATING	DEFINITION
BUY	Expected to outperform the market index by >10% over the next twelve months
NEUTRAL	Expected to outperform or underperform the market index by 10% or less over the next twelve months
SELL	Expected to underperform the market index by >10% over the next twelve months

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