

## 信义玻璃 [0868.HK]

### 2017年中期业绩逊预期;维持买入评级

信义玻璃的2017年中期业绩逊于我们预期。虽然浮法玻璃业务和信义光能[0968.HK]表现较好,但被汽车和建筑玻璃业务弱于预期的表现抵消。公司上半年的收入增长主要是受到浮法玻璃产品销售同比增长35.3%带动。汽车玻璃和建筑玻璃产品的销售增长都比预期慢。2017年上半年综合毛利率为36.4%,高于2016年上半年的34.7%,低于2016年下半年的37.6%。管理层公布了浮法玻璃业务的三年扩张计划,目标是到2020年浮法玻璃产能增加50%,以应付中国和海外市场的需求增长。管理层仍然认为,汽车玻璃产品的销售增速将在2017年下半年回升,公司将物色关于建筑玻璃产品的高端项目。管理层重申,扩大全球市场份额是公司未来发展的重点之一,管理层已物色到带来增长的机会。公司将在稍后公布关于扩张计划的细节,如生产设施的位置等等。尽管光伏玻璃价格疲弱,但信义光能并无拖累信义玻璃今年上半年的净利润增长。信义光能的中期业绩反映,尽管市场环境具挑战性,但公司仍能在逆境中实现良好表现。信义光能管理层对今年下半年的前景表示乐观,意味着信义光能在今年下半年应不会对信义玻璃构成拖累。我们仍然认为,信义玻璃是中国推行供给侧改革的主要受益者之一。由于公司业绩逊于预期,其股价可能会受压,但相信这会为投资者带来买入的机会。尽管轻微下调了盈利预测,但信义玻璃目前的2017年市盈率为9.0倍,预测股息收益率为5.5%。我们维持买入评级,目标价为10.13港元(基于11倍2017年市盈率,低于历史平均水平及上市同业的平均)。

### 投资亮点

- 2017年中期业绩亮点:** 期内净利润同比增长19.5%至16.359亿港元,低于我们预期。收入同比增长13.5%至66.768亿港元(2016年上半年为58.85亿港元)。期内的收入增长主要受到浮法玻璃产品销售同比增长35.3%所推动。2017年上半年,建筑玻璃和汽车玻璃的销售分别同比下降2.7%和6.0%。对于汽车玻璃业务,期内受到汇率变动所拖累,于部分新兴市场的销售下滑,同时分拆了信义香港[8328.HK]。期内,浮法玻璃、建筑玻璃和汽车玻璃业务的毛利率分别为30.1%、37.5%和47.8%,而2016年上半年分别为22.3%、39.0%和48.7%。汽车玻璃和建筑玻璃业务毛利率下降,主要是由于投入成本上升(浮法玻璃价格上升)。2017年上半年的综合毛利率为36.4%,高于2016年上半年的34.7%,但低于2016年下半年的37.6%。信义光能并无对信义玻璃的2017年中期净利润增长构成拖累。在2017年上半年,联营公司的贡献同比增长18%,而信义光能已消化光伏玻璃价格下跌的影响。信义玻璃建议就2017年上半年派发中期股息每股0.20港元,高于2016年上半年度的0.17港元;2017年上半年的派息率为48%,与过去相若。
- 浮法玻璃业务将是增长动力。** 管理层对浮法玻璃业务前景保持乐观,预计2017年下半年和2018年的需求将仍然较强。预计浮法玻璃价格将保持坚挺,因为产能将不会在2017年和2018年大增。管理层提到,原材料价格上涨(特别是苏打灰和天然气)的影响已经消褪,而2017年中期业绩亦证明,浮法玻璃价格的涨幅抵消了原材料成本的上涨。公司计划到2020年将浮法玻璃的产能扩大50%(2017年为530万吨)。信义玻璃一直在物色海外市场的机会(包括发展中经济体和发达经济体)。管理层认为,由于公司拥有专业知识,加上产品质量优良,公司将受益于东盟、欧洲和美国对浮法玻璃的巨大需求。信义玻璃将发布有关扩张计划的细节。另外,市场对冷修的需求,有望进一步支持浮法玻璃的价格。正常的浮法玻璃生产线在经过6-8年的运行后必须进行冷修。因此,在上一个投产高峰期(2009 - 2012年)投产的生产线将需要在2017-2019年进行冷修,以保持产品质量和控制排放。市场估计,2017-19年将有47条生产线(约占运营中生产线总数的13%)进入冷修期。现时很难估计这些生产线将在何时关闭及进行冷修,但这对于信义玻璃等龙头企业来说属于正面,因为供需情况将会改善。
- 下调盈利调整。** 我们下调了建筑玻璃和汽车玻璃业务的毛利率预测,以及因应2017年上半年业绩作出盈利预测调整,据此,我们将2017年和2018年的盈利预测分别下调3.7%和3.4%。

主要财务指标 (百万港元)	2014	2015	2016	2017E	2018E
收入	10,861.1	11,460.3	12,848.4	14,346.4	16,008.0
变动(同比 %)	9.3	5.5	12.1	11.7	11.6
毛利润	2,733.4	3,132.7	4,659.3	5,191.2	5,742.9
毛利率(%)	25.2	27.3	36.3	36.2	35.9
净利润	1,364.3	2,113.1	3,213.4	3,606.3	4,031.0
净利润率(%)	12.6	18.4	25.0	25.1	25.2
每股收益(基本)	0.35	0.54	0.83	0.90	1.01
变动(同比 %)	(61.3)	54.9	54.2	8.9	11.8
每股派息	\$0.150	\$0.265	\$0.400	\$0.445	\$0.497
净资产收益率(%)	11.1	16.9	24.8	25.7	25.4
股息收益率(%)	1.86	3.28	4.95	5.51	6.16
市盈率(倍)	23.3	15.0	9.8	9.0	8.0
市净率(倍)	2.6	2.5	2.4	2.2	1.9
自由现金流收益率(%)	-0.58%	3.31%	5.44%	3.05%	7.25%
资本开支(百万元)	(1,729.0)	(1,967.0)	(1,853.0)	(2,500.0)	(1,501.0)
每股自由现金流	(0.0)	0.3	0.4	0.2	0.6
净负债比率(%)	42.0	37.2	37.3	38.3	31.7

来源: 彭博, 中国银河国际证券研究部

中国建筑行业 -

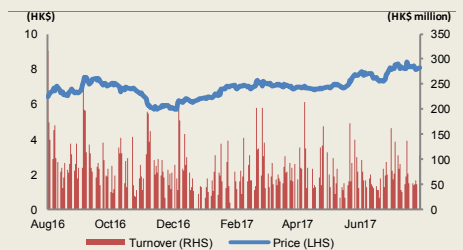
建材

买入

收盘价: 8.08港元 (2017年7月31日)

目标价: 10.13港元 (+25.3%)

股价表现



来源: 彭博, 中国银河国际证券研究部

市值	41.38亿美元
发行在外股数	39.99亿股
核数师	PricewaterhouseCoopers
自由流通量	46.3%
52周交易区间	5.69-8.39港元
三个月日均成交量	890万美
主要股东	李贤义 (20.3%)

来源: 彭博, 中国银河国际证券研究部

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## Xinyi Glass [0868.HK]

### 1H 2017 results lower than expected. Maintain BUY

Xinyi Glass (XYG) reported 1H 2017 results which were lower than we expected. The positives from float glass and Xinyi Solar (XYS) [0968.HK] were offset by the lower-than-expected performance of the automobile and construction glass segments. XYG's top-line growth in 1H17 was driven mainly by a 35.3% YoY increase in sales of float glass products. Sales of both auto glass products and construction glass products were slower than expected. The blended gross margin was 36.4% in 1H 2017, up from 34.7% in 1H 2016 and down from 37.6% in 2H 2016. Management released a three-year expansion plan for the float glass segment, with the target of increasing float glass capacity by 50% by 2020 to capture increasing demand from China and overseas markets. Management reiterated the view that growth in sales of auto glass products is expected to pick in 2H 2017 and that it will be looking for high-end projects for its construction glass products. XYG management reiterated the view that expanding the Company's global footprint is one of the key focuses of XYG going forward, as management has identified growth opportunities. Details of the expansion plan, such as the location of the production facilities, will be released going forward. Despite weak solar glass prices, XYS was not a drag on XYG's bottom-line growth in 1H 2017. XYS's 1H 2017 results showed that it continued to deliver despite a challenging environment. XYS management is confident about the outlook in 2H 2017, which implies that XYS shouldn't be a drag to XYG in 2H 2017. We maintain the view that XYG will be one of the major beneficiaries of supply-side reform in China. XYG's share price may come under pressure, given the lower-than-expected results in 1H 2017, which in our view, offers a good buying opportunity for investors. Despite a low single-digit downward earnings adjustment, XYG is now trading at a 9.0x 2017 PER and an estimated yield of 5.5%. With its undemanding valuation, we maintain our BUY call with a target price of HK\$10.13 (based on a 11x 2017E PER, lower than its historical average and the average of its listed peers).

### Investment Highlights

- 1H 2017 results highlights.** XYG's net profit increased 19.5% YoY to HK\$1,635.9m in 1H 2017, which was lower than we expected. XYG's turnover was HK\$6,676.8m in 1H 2017, up 13.5% YoY from HK\$5,885.0m in 1H 2016. The Company's top-line growth in 1H 2017 was driven by a 35.3% YoY increase in sales of float glass products. Construction glass and automobile glass reported a respective YoY sales decline of 2.7% and 6.0% in 1H 2017. The automobile glass segment, which was affected by unfavourable currency movements, saw a drop in sales in some emerging markets and the spin-off of Xinyi HK [8328.HK]. The gross profit margins for float glass, construction glass and automobile glass were 30.1%, 37.5% and 47.8%, respectively, in 1H 2017 vs. 22.3%, 39.0% and 48.7% in 1H 2016. The drop in the gross margin of automobile glass and construction glass was mainly due to higher input costs (higher float glass prices). The blended gross margin was 36.4% in 1H 2017, up from 34.7% in 1H 2016 but down from 37.6% in 2H 2016. XYS was not a drag on XYG's bottom-line growth in 1H 2017. The contribution at the associate level reported 18% YoY growth in 1H 2017, and XYS has successfully adapted to the impact of falling solar glass prices. XYG proposed an interim dividend of HK\$0.20 in 1H 2017, up from HK\$0.17 in 1H 2016; the payout in 1H 2017 is 48%, which is line with that in the past.
- The float glass division will be the growth engine.** XYG management remains positive on the outlook for the float glass division and expects demand to be resilient in 2H 2017 and 2018. Float glass prices are expected to hold up well, as there will be no major increase in production capacity in 2017 and 2018. Management mentioned that the impact of higher raw material prices, especially soda ash and natural gas, is over and the 1H 2017 results are proof that the increase in float glass prices more than offset the increase in raw material costs. XYG plans to expand its float glass capacity by 50% by 2020 from 5.3mt in 2017. XYG has been looking for opportunities in overseas markets, including both developing and developed economies. Management believes that XYG can capture the potential from the huge demand for float glass from ASEAN, Europe and the US, given its expertise and product quality. XYG will release details on the expansion going forward. The requirement for cold repairing might further support the float glass price. A normal float glass production line must undergo cold repairing after 6-8 years of operation. Therefore, the lines that commenced production during the previous cycle peak in 2009-2012 will require cold repairing in 2017-2019 to maintain product quality and control emissions. The market is estimating that 47 production lines (about 13% of the total operating production lines) will enter the cold repairing period in 2017-2019. It is difficult to estimate when these lines will actually be closed down for cold repairing, but this is positive for the leading players, including XYG, as the supply/demand dynamic will become more favourable.

Key Financials (in HKDm)	2014	2015	2016	2017E	2018E
Revenue	10,861.1	11,460.3	12,848.4	14,346.4	16,008.0
Change (YoY %)	9.3	5.5	12.1	11.7	11.6
Gross Profit	2,733.4	3,132.7	4,659.3	5,191.2	5,742.9
Gross Margin %	25.2	27.3	36.3	36.2	35.9
Net Profit	1,364.3	2,113.1	3,213.4	3,606.3	4,031.0
Net Margin %	12.6	18.4	25.0	25.1	25.2
EPS (Basic)	0.35	0.54	0.83	0.90	1.01
Change (YoY %)	(61.3)	54.9	54.2	8.9	11.8
DPS	\$0.150	\$0.265	\$0.400	\$0.445	\$0.497
ROE (%)	11.1	16.9	24.8	25.7	25.4
Dividend Yield (%)	1.86	3.28	4.95	5.51	6.16
PER (x)	23.3	15.0	9.8	9.0	8.0
PBR (x)	2.6	2.5	2.4	2.2	1.9
FCF Yield (%)	-0.58%	3.31%	5.44%	3.05%	7.25%
Capex (m)	(1,729.0)	(1,967.0)	(1,853.0)	(2,500.0)	(1,501.0)
Free cash flow per share	(0.0)	0.3	0.4	0.2	0.6
Net Gearing (%)	42.0	37.2	37.3	38.3	31.7

Source: Bloomberg, CGIS Research

### China Construction Sector -

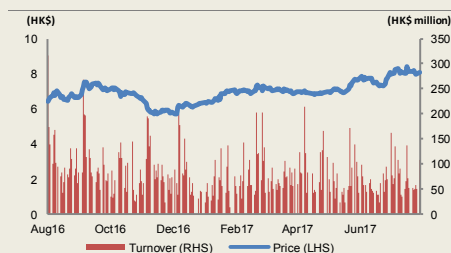
### Building Materials

# BUY

Close: HK\$8.08 (Jul 31, 2017)

Target Price: HK\$10.13 (+25.3%)

### Share Price Performance



Sources: Bloomberg, CGIS Research

Market Cap	US\$4,138m
Shares Outstanding	3,999m
Auditor	Pricewaterhouse-
Free Float	46.3%
52W range	HK\$5.69-8.39
3M average daily T/O	US\$8.9m
Major Shareholder	Mr Lee Yin Yee (20.3%)

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**Figure 1: Results highlights**

Results Highlights (HKD m)	1H 2014	2H 2014	1H 2015	2H 2015	1H 2016	2H 2016	1H 2017	2H 2017E
Revenue	5,034	5,827	5,283	6,177	5,885	6,963	6,677	7,670
Cost of sales and services	-3,697	-4,430	-3,873	-4,455	-3,844	-4,346	-4,248	-4,908
<b>Gross profit</b>	<b>1,337</b>	<b>1,397</b>	<b>1,410</b>	<b>1,723</b>	<b>2,041</b>	<b>2,618</b>	<b>2,429</b>	<b>2,762</b>
Other income and other gains and losses	247	152	287	307	147	236	96	286
Distribution and selling expenses	-268	-340	-312	-367	-351	-269	-334	-359
Administrative expenses	-472	-558	-441	-494	-533	-669	-586	-756
Finance costs	-25	-14	-26	-24	-44	-48	-50	-43
JV & Associates	57	80	161	157	312	250	368	423
<b>Profit before tax</b>	<b>876</b>	<b>716</b>	<b>1,079</b>	<b>1,301</b>	<b>1,572</b>	<b>2,118</b>	<b>1,923</b>	<b>2,314</b>
Income tax expense	-114	-114	-138	-128	-202	-405	-285	-342
MI	-0	-0	-2	1	-0	-2	-2	-2
<b>Profit for the period</b>	<b>762</b>	<b>602</b>	<b>939</b>	<b>1,174</b>	<b>1,369</b>	<b>1,711</b>	<b>1,636</b>	<b>1,970</b>
<b>Gross margin (%)</b>	<b>26.6</b>	<b>24.0</b>	<b>26.7</b>	<b>27.9</b>	<b>34.7</b>	<b>37.6</b>	<b>36.4</b>	<b>36.0</b>
<b>Operating margin (%)</b>	<b>17.9</b>	<b>12.5</b>	<b>20.9</b>	<b>21.4</b>	<b>27.5</b>	<b>31.1</b>	<b>29.6</b>	<b>30.7</b>
<b>Net Margin (%)</b>	<b>15.1</b>	<b>10.3</b>	<b>17.8</b>	<b>19.0</b>	<b>23.3</b>	<b>24.6</b>	<b>24.5</b>	<b>25.7</b>
<b>Turnover by products (HKDm)</b>								
Automobile glass	1,781	1,813	1,897	1,890	1,990	1,758	1,871	2,105
Construction glass	1,079	1,477	1,206	1,445	1,220	1,370	1,186	1,323
Float glass	2,175	2,538	2,180	2,843	2,675	3,835	3,619	4,242
<b>Gross margin by products (%)</b>								
Automobile glass	42.1	41.5	44.1	44.6	48.7	49.3	47.8	48.1
Construction glass	37.0	34.1	31.7	35.6	39.0	40.6	37.5	37.5
Float glass	8.6	5.6	8.7	12.9	22.3	31.2	30.1	29.5

Source: Company, CGIS Research

**Figure 2: Key assumptions for XYG**

	2012	2013	2014	2015	2016	2017F	2018F
<b>Turnover (HKDm)</b>							
Automobile glass	3,077.8	3,287.2	3,593.2	3,786.6	3,748.4	3,975.9	4,189.7
Construction glass	1,574.6	2,154.5	2,555.5	2,651.5	2,590.2	2,509.9	2,739.3
Float glass	3,780.6	4,494.3	4,712.4	5,022.2	6,509.8	7,860.6	9,079.0
<b>Total</b>	<b>8,433.0</b>	<b>9,936.1</b>	<b>10,861.1</b>	<b>11,460.3</b>	<b>12,848.4</b>	<b>14,346.4</b>	<b>16,008.0</b>
<b>YoY Change (%)</b>							
Automobile glass		6.8	9.3	5.4	(1.0)	6.1	5.4
Construction glass		36.8	18.6	3.8	(2.3)	(3.1)	9.1
Float glass		18.9	4.9	6.6	29.6	20.8	15.5
<b>Total</b>		<b>17.8</b>	<b>9.3</b>	<b>5.5</b>	<b>12.1</b>	<b>11.7</b>	<b>11.6</b>
<b>Volume</b>							
Automobile (piece)		12,110.0	12,889.0	13,582.8	13,582.8	14,262.0	14,975.1
Construction (sqm)		16,363.0	19,380.0	20,107.5	21,716.1	20,630.3	22,074.4
Float glass (tonne)		2,927.0	3,510.0	3,856.8	4,435.3	4,657.0	5,122.7
<b>YoY Change (%)</b>							
Automobile (piece)			6.4	5.4	0	5.0	5.0
Construction (sqm)			18.4	3.8	8.0	(5.0)	7.0
Float glass (tonne)			19.9	9.9	15.0	5.0	10.0
<b>ASP</b>							
Automobile (HKD/piece)		271.4	278.8	278.8	276.0	278.8	279.8
Construction (HKD per sqm)		131.7	131.9	131.9	119.3	121.7	124.1
Float glass (HKD per tone)		1,535.5	1,342.6	1,302.2	1,467.7	1,687.9	1,772.3
<b>YoY Change (%)</b>							
Automobile (HKD/piece)			2.7	0.0	(1.0)	1.0	0.4
Construction (HKD per sqm)			0.1	0	(9.5)	2.0	2.0
Float glass (HKD per tone)			(12.6)	(3.0)	12.7	15.0	5.0
<b>Gross margin (%)</b>							
Automobile glass	42.8	43.3	41.8	44.3	49.0	48.0	48.0
Construction glass	37.2	39.9	35.3	33.9	39.9	37.5	37.5
Float glass	8.6	19.0	7.0	11.1	27.5	29.8	29.8
Blended	26.4	31.6	25.2	27.3	36.3	36.2	35.9
<b>Net margin (%)</b>	<b>14.1</b>	<b>35.4</b>	<b>12.6</b>	<b>18.4</b>	<b>25.0</b>	<b>25.1</b>	<b>25.2</b>
<b>Cost (HKDm)</b>							
S,G&A	(1,056.7)	(1,250.9)	(1,638.0)	(1,614.5)	(1,822.4)	(2,034.9)	(2,270.5)
Financial Expenses	(57.3)	(59.7)	(38.1)	(50.2)	(76.8)	(92.2)	(106.8)
<b>YoY Change (%)</b>							
S,G&A		18.4	30.9	(1.4)	12.9	11.7	11.6
Financial Expenses		4.2	(36.2)	32.0	53.0	20.0	15.9
<b>CAPEX (HKDm)</b>	<b>1,435.3</b>	<b>3,752.3</b>	<b>1,729.0</b>	<b>1,967.0</b>	<b>1,853.0</b>	<b>2,500.0</b>	<b>1,501.0</b>
<b>Net Gearing (%)</b>	<b>35.8</b>	<b>33.6</b>	<b>42.0</b>	<b>37.2</b>	<b>37.3</b>	<b>37.8</b>	<b>30.8</b>

Source: Company, CGIS Research

**Figure 3: Earnings projection**

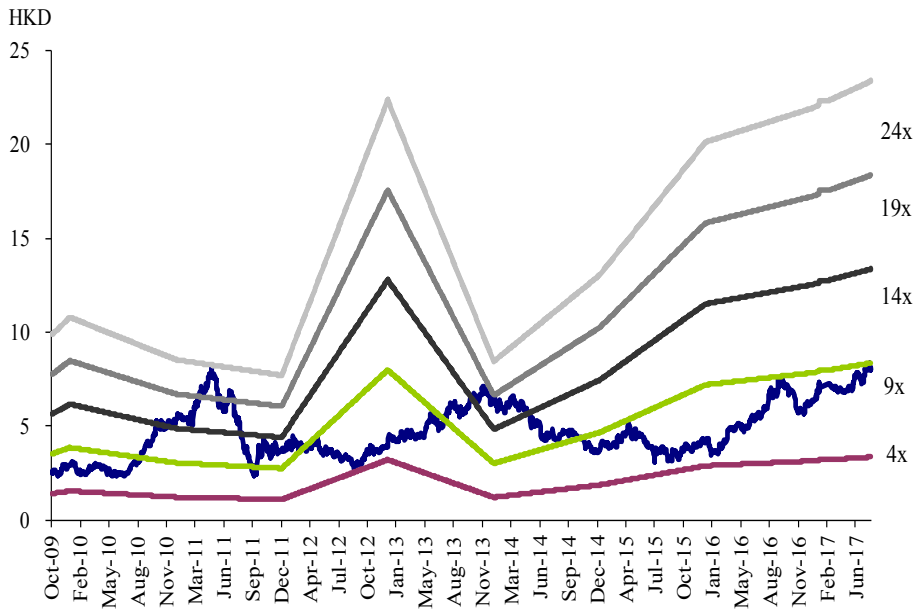
Income Statement (HKDm)						Cash Flow Statement (HKDm)					
	FY2014	FY2015	FY2016	FY2017F	FY2018F		FY2014	FY2015	FY2016	FY2017F	FY2018F
<b>Revenue</b>	<b>10,861</b>	<b>11,460</b>	<b>12,848</b>	<b>14,346</b>	<b>16,008</b>	<b>Net Income</b>	<b>1,227</b>	<b>1,796</b>	<b>2,712</b>	<b>2,819</b>	<b>3,091</b>
Growth yoy%	9.3%	5.5%	12.1%	11.7%	11.6%	Depreciation & Amort.	615	766	808	883	979
<b>Gross Profit</b>	<b>2,733</b>	<b>3,133</b>	<b>4,659</b>	<b>5,191</b>	<b>5,743</b>	Change in Working Capital	(296)	456	40	(216)	(226)
Growth yoy%	(12.9%)	14.6%	48.7%	11.4%	10.6%	<b>Cash from Ops.</b>	<b>1,546</b>	<b>3,018</b>	<b>3,560</b>	<b>3,487</b>	<b>3,844</b>
Selling General & Admin Exp.	(1,638)	(1,615)	(1,822)	(2,035)	(2,271)	Capital Expenditure	(1,729)	(1,967)	(1,853)	(2,500)	(1,501)
Others Operating Expenses/Items	178	215	342	294	328	Sale of Property, Plant, and Equipment	-	-	-	-	-
<b>Operating Income</b>	<b>1,274</b>	<b>1,733</b>	<b>3,179</b>	<b>3,450</b>	<b>3,800</b>	Change in Investing Activities	53	40	51	51	36
Growth yoy%	n.a.	n.a.	n.a.	n.a.	n.a.	<b>Cash from Investing</b>	<b>(1,676)</b>	<b>(1,927)</b>	<b>(1,802)</b>	<b>(2,449)</b>	<b>(1,465)</b>
Interest Expense	(38.1)	(50.2)	(76.8)	(92.2)	(106.8)	Net increase in bank borrowings	873	16	1,646	0	0
Interest and Invest. Income						Issuance of Common Stock	0	0	0	0	0
Income/(Loss) from Affiliates	137.6	317.3	562.6	791.3	944.0	Common Dividends Paid	(590)	(1,043)	(1,552)	(1,780)	(1,989)
Other Non-Operating Inc. (Exp.)	0	0	0	0	0	Special Dividend Paid	-	-	-	-	-
Impairment of Goodwill	0	0	0	0	0	Other Financing Activities	0	0	(400)	0	0
Gain (Loss) On Sale Of Invest.	220	379	159	89	99	<b>Cash from Financing</b>	<b>282</b>	<b>(1,027)</b>	<b>(306)</b>	<b>(1,780)</b>	<b>(1,989)</b>
Gain (Loss) On Sale Of Assets						<b>Net Change in Cash</b>	<b>152</b>	<b>64</b>	<b>1,451</b>	<b>(742)</b>	<b>390</b>
Income Tax Expense	(228)	(266)	(607)	(627)	(701)						
Minority Int. in Earnings	(1)	(0)	(3)	(4)	(4)						
<b>Net Income</b>	<b>1364</b>	<b>2113</b>	<b>3213</b>	<b>3606</b>	<b>4031</b>						
Growth yoy%	(61.3%)	54.9%	52.1%	12.2%	11.8%						

Balance Sheet (HKDm)						Ratios					
	FY2014	FY2015	FY2016	FY2017F	FY2018F		FY2014	FY2015	FY2016	FY2017F	FY2018F
<b>ASSETS</b>						<b>Profitability</b>					
Cash And Equivalents	831	1,298	2,763	1,967	2,357	Return on Assets %	6.7%	10.0%	14.1%	14.4%	14.9%
Receivables	2,487	2,381	2,377	2,657	2,979	Return on Capital %	5.9%	7.9%	13.0%	13.0%	13.2%
Inventory	1,478	1,223	1,321	1,476	1,655	Return on Equity %	11.1%	16.9%	24.8%	25.7%	25.4%
Other Current Assets	9	93	76	76	76	<b>Margin Analysis</b>					
<b>Total Current Assets</b>	<b>4,805</b>	<b>4,995</b>	<b>6,537</b>	<b>6,177</b>	<b>7,068</b>	Gross Margin %	25.2%	27.3%	36.3%	36.2%	35.9%
Net Property, Plant & Equipment	12,581	13,177	12,952	14,571	15,096	SG&A Margin %	15.1%	14.1%	14.2%	14.2%	14.2%
Long-term Investments	-	-	-	-	-	EBIT Margin %	11.7%	15.1%	24.7%	24.0%	23.7%
Other Intangibles	-	-	-	-	-	EBITDA Margin %	17.4%	21.8%	31.0%	30.2%	29.9%
Deferred Tax Assets, LT	-	-	-	-	-	Net Income Margin %	12.6%	18.4%	25.0%	25.1%	25.2%
Other Long-Term Assets	3,649	3,249	4,534	5,267	6,055	<b>Asset Turnover</b>					
Goodwill	-	-	-	-	-	Total Asset Turnover	0.5x	0.5x	0.5x	0.6x	0.6x
Accounts Receivable Long-Term	-	-	-	-	-	Fixed Asset Turnover	0.7x	0.7x	0.7x	0.7x	0.8x
Total Long Term Assets	<b>16,229</b>	<b>16,426</b>	<b>17,486</b>	<b>19,838</b>	<b>21,151</b>	Accounts Receivable Turnover	4.6x	4.7x	5.4x	5.7x	5.7x
<b>Total Assets</b>	<b>21,034</b>	<b>21,422</b>	<b>24,022</b>	<b>26,015</b>	<b>28,219</b>	Inventory Turnover	7.3x	9.4x	9.7x	9.7x	9.7x
<b>LIABILITIES &amp; EQUITY</b>						<b>Liquidity</b>					
Accounts Payable	1,978	2,112	2,297	2,568	2,879	Current Ratio	1.0x	1.0x	1.1x	1.0x	1.1x
Accrued Exp.	-	-	-	-	-	Quick Ratio	0.7x	0.7x	0.9x	0.7x	0.8x
Short-term Borrowings	2,529	2,514	3,165	3,165	3,165	Avg. Days Sales Out.	83.6	75.8	67.5	67.6	67.9
Curr. Port. of LT Debt	-	-	-	-	-	Avg. Days Inventory Out.	49.7	38.9	37.5	37.6	37.7
Curr. Income Taxes Payable	-	-	-	-	-	Avg. Days Payable Out.	83.6	89.6	98.3	97.0	96.8
Unearned Revenue, Current	-	-	-	-	-	Avg. Cash Conversion Cycle	83.5	62.2	61.1	61.1	61.1
Other Current Liabilities	294	333	538	538	538	Net Debt to Equity	42%	37%	37%	38%	32%
<b>Total Current Liabilities</b>	<b>4,801</b>	<b>4,959</b>	<b>6,000</b>	<b>6,271</b>	<b>6,583</b>	<b>Growth Over Prior Year</b>					
Long-Term Debt	3,483	3,514	4,509	4,509	4,509	Total Revenue	9.3%	5.5%	12.1%	11.7%	11.6%
Def. Tax Liability, Non-Curr.	159	159	218	218	218	Net Income	(61.3%)	54.9%	52.1%	12.2%	11.8%
Other Non-Current Liabilities	255	63	48	48	48	Payout Ratio %	43.3%	49.4%	48.3%	49.4%	49.4%
<b>Total Liabilities</b>	<b>8,699</b>	<b>8,696</b>	<b>10,775</b>	<b>11,046</b>	<b>11,358</b>						
Common Stock	5,940	4,277	1,719	3,545	5,587						
Additional Paid In Capital	-	-	-	-	-						
Retained Earnings	6,393	8,442	11,462	11,353	11,200						
Treasury Stock	-	-	-	-	-						
Comprehensive Inc. and Other	-	-	-	-	-						
Minority Interest	2.0	7.2	66.0	70.3	74.6						
<b>Total Equity</b>	<b>12,335</b>	<b>12,726</b>	<b>13,247</b>	<b>14,968</b>	<b>16,861</b>						
<b>Total Liabilities And Equity</b>	<b>21,034</b>	<b>21,422</b>	<b>24,022</b>	<b>26,015</b>	<b>28,219</b>						

Sources: Company, CGIS Research

Figure 4: XYG's PER trend



Sources: Bloomberg, CGIS Research estimates

**Figure 5: Peer comparison**

Ticker	Company	Price Lcy	Market Cap US\$m	PE			EV/EBITDA			P/B		ROE		ROA		Div yield		Share Price Performance				
				2017F x	2018F x	2019F x	2017F x	2018F x	2019F x	2016 x	2017F x	2016 %	2017F %	2016 %	2017F %	2016 %	2017F %	2016 %	2017F %	1M %	3M %	6M %
868 HK	Xinyi Glass Holdings Ltd	8.08	4137.6	9.0	8.0	n.a.	8.6	7.7	n.a.	2.4	2.2	24.8	25.7	14.1	14.8	5.0	5.5	4.5	20.8	18.9	44.3	31.5
968 HK	Xinyi Solar Holdings Ltd	2.5	2338.3	7.6	6.6	6.6	7.1	6.0	5.8	2.7	2.1	26.6	29.9	13.5	12.0	5.7	6.1	10.3	4.6	-5.5	-12.3	0.9
8328 HK	Xinyi Automobile Glass Hong	1.5	105.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.1	n.a.	-7.5	n.a.	0.1	n.a.	0.0	n.a.	0.0	3.4	13.3	15.0	2.0
3300 HK	China Glass Holdings Ltd	0.7	166.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.6	n.a.	-20.0	n.a.	0.4	n.a.	0.0	n.a.	2.9	-17.2	-14.3	-30.1	-12.2
1108 HK	Luoyang Glass Company Ltd-H	4.3	881.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.7	n.a.	-37.1	n.a.	0.9	n.a.	0.0	n.a.	-0.5	-15.5	-17.4	-0.5	-15.5
3606 HK	Fuyao Glass Industry Group-H	26.7	8647.3	16.4	14.6	12.9	10.2	9.0	7.9	3.2	2.9	20.6	18.3	11.5	11.6	3.3	3.7	-10.9	-3.1	15.6	36.0	10.8
6865 HK	Flat Glass Group Co Ltd-H	1.4	313.4	3.8	3.2	n.a.	2.0	1.6	n.a.	0.7	n.a.	20.5	18.7	13.2	18.7	6.1	6.6	-5.6	-20.0	-20.0	7.9	-20.9
<b>Average</b>				<b>9.2</b>	<b>8.1</b>	<b>9.8</b>	<b>6.4</b>	<b>5.5</b>	<b>6.9</b>	<b>3.2</b>	<b>2.5</b>	<b>0.5</b>	<b>22.3</b>	<b>6.6</b>	<b>14.1</b>	<b>2.5</b>	<b>5.4</b>	<b>-0.6</b>	<b>-8.0</b>	<b>-4.7</b>	<b>2.7</b>	<b>-5.8</b>
600660 CH	Fuyao Glass Industry Group-A	23.3	8647.2	16.7	14.8	12.8	10.4	9.0	7.9	3.1	2.9	20.6	18.3	11.5	11.8	n.a.	3.5	-10.7	3.3	23.7	41.5	24.8
000012 CH	Csg Holding Co Ltd-A	8.6	2487.8	23.0	19.6	n.a.	n.a.	n.a.	n.a.	2.6	n.a.	6.7	n.a.	n.a.	n.a.	n.a.	n.a.	6.4	-0.4	-12.7	-8.4	-12.5
601636 CH	Zhuzhou Kibing Group Co Lt-A	5.4	2142.7	13.4	11.5	9.9	8.4	7.5	6.9	2.2	2.0	3.3	15.6	8.1	9.1	n.a.	3.5	-0.4	-3.2	-0.3	9.6	0.3
002163 CH	Avic Sanxin Co Ltd-A	7.8	935.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.8	n.a.	-27.3	n.a.	-0.1	n.a.	n.a.	n.a.	-5.2	-7.0	-15.8	12.0	-18.8
600819 CH	Shanghai Yaohua Pilkington-A	7.2	931.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.2	n.a.	-12.0	n.a.	2.8	n.a.	n.a.	n.a.	7.3	-0.7	-12.3	1.7	-10.8
600876 CH	Luoyang Glass Company Ltd-A	18.1	881.3	29.6	22.3	16.1	n.a.	n.a.	n.a.	18.2	n.a.	-37.1	n.a.	0.9	n.a.	0.0	n.a.	-5.1	-12.0	-29.4	-29.8	-29.4
<b>Average</b>				<b>20.7</b>	<b>17.1</b>	<b>12.9</b>	<b>9.4</b>	<b>8.2</b>	<b>7.4</b>	<b>6.2</b>	<b>2.4</b>	<b>-7.6</b>	<b>16.9</b>	<b>4.6</b>	<b>10.5</b>	<b>0.0</b>	<b>3.5</b>	<b>-1.3</b>	<b>-3.3</b>	<b>-7.8</b>	<b>4.4</b>	<b>-7.7</b>
1802 TT	Taiwan Glass Ind Corp	15.45	1485.9	48.3	n.a.	n.a.	n.a.	n.a.	n.a.	1.1	1.0	-10.2	3.1	-1.5	1.1	n.a.	n.a.	4.7	0.3	17.0	14.9	16.2
SISE TI	Turk Sise Ve Cam Fabrikalari	4.53	2890.6	11.5	11.0	9.4	6.8	6.3	5.2	1.2	1.2	11.0	8.8	5.2	5.1	n.a.	2.6	8.1	11.5	23.1	48.0	29.8
TRKCM TI	Trakya Cam Sanayii As	3.70	1185.7	11.6	10.3	9.6	8.4	7.6	6.7	1.2	1.2	6.1	10.0	9.1	4.9	n.a.	3.7	16.2	30.7	45.5	83.5	58.3
APOG US	Apogee Enterprises Inc	52.28	1508.2	14.6	12.2	10.8	7.3	6.3	5.6	3.1	2.7	13.7	n.a.	11.6	n.a.	1.0	1.1	-8.0	-4.1	-8.4	11.8	-2.4
5201 JP	Asahi Glass Co Ltd	4650.00	9892.1	15.5	15.0	14.1	6.4	6.2	6.0	1.0	1.0	3.9	6.3	3.0	4.3	n.a.	2.1	-1.7	-3.7	10.7	55.8	16.8
5214 JP	Nippon Electric Glass Co Ltd	3910.00	3520.0	21.0	18.8	17.5	6.0	5.9	5.6	0.8	0.8	1.9	3.6	2.6	2.9	n.a.	2.1	-4.3	13.2	20.1	66.4	23.7
4044 JP	Central Glass Co Ltd	485.00	942.7	11.1	9.8	9.2	6.1	5.4	5.1	0.6	0.6	7.2	5.3	3.2	n.a.	n.a.	2.1	1.8	3.5	6.5	28.5	10.5
5202 JP	Nippon Sheet Glass Co Ltd	935.00	764.6	11.1	7.5	5.9	6.6	6.4	6.4	1.0	0.8	1.0	8.5	0.7	n.a.	n.a.	0.0	0.8	7.8	0.5	23.0	9.9
SGO FP	Compagnie De Saint Gobain	47.24	31052.8	15.9	13.8	12.3	7.8	7.1	6.6	1.4	1.3	7.0	8.3	3.4	3.6	n.a.	2.7	1.0	-4.7	3.8	24.6	6.7
PPG US	Ppg Industries Inc	106.03	27194.6	17.3	15.5	14.1	11.4	10.8	10.3	4.8	5.2	27.7	31.6	5.8	9.9	1.5	1.6	-3.6	-3.5	6.0	1.3	11.9
GLW US	Corning Inc	29.25	26418.1	17.1	15.7	14.3	8.8	8.7	8.5	1.7	1.7	6.9	9.9	8.1	5.1	2.0	2.1	-2.7	1.4	10.4	31.6	20.5
<b>Average</b>				<b>17.7</b>	<b>12.9</b>	<b>11.7</b>	<b>7.6</b>	<b>7.1</b>	<b>6.6</b>	<b>1.6</b>	<b>1.6</b>	<b>6.9</b>	<b>9.5</b>	<b>4.7</b>	<b>4.6</b>	<b>1.5</b>	<b>2.0</b>	<b>1.1</b>	<b>4.8</b>	<b>12.3</b>	<b>35.4</b>	<b>18.4</b>
914 HK	Anhui Conch Cement Co Ltd-H	28.90	19237.6	11.1	11.2	10.7	6.4	6.4	6.3	1.7	1.6	11.1	14.5	8.0	n.a.	2.0	2.7	6.4	6.1	14.9	42.0	37.0
3323 HK	China National Building Ma-H	4.77	3297.4	8.8	9.3	8.4	8.6	8.9	8.8	0.5	0.5	2.5	5.1	0.5	0.7	1.0	2.2	2.8	-7.9	4.6	34.0	26.5
1313 HK	China Resources Cement	4.65	3889.5	10.3	9.8	9.5	7.2	7.2	7.1	1.1	1.1	3.7	10.7	3.5	5.7	1.9	4.1	19.8	9.2	28.8	64.9	54.5
2009 HK	Bomb Corp-H	3.94	8740.7	11.2	8.4	7.8	14.2	11.5	10.3	0.8	0.8	5.8	7.3	1.6	n.a.	1.4	1.5	0.0	-5.5	31.3	38.7	47.0
743 HK	Asia Cement China Holdings	2.64	529.6	10.3	9.5	6.5	5.5	5.5	4.8	0.4	0.4	-3.1	3.8	0.8	n.a.	1.3	4.4	14.3	4.8	36.8	68.2	47.5
<b>Average</b>				<b>10.3</b>	<b>9.6</b>	<b>8.6</b>	<b>8.4</b>	<b>7.9</b>	<b>7.5</b>	<b>0.9</b>	<b>0.8</b>	<b>4.0</b>	<b>8.3</b>	<b>2.9</b>	<b>3.2</b>	<b>1.5</b>	<b>3.0</b>	<b>8.7</b>	<b>1.3</b>	<b>23.3</b>	<b>49.6</b>	<b>42.5</b>
2128 HK	China Lesso Group Holdings L	5.51	2188.7	6.8	6.1	5.6	4.6	4.2	3.6	1.3	1.2	17.7	18.1	9.9	n.a.	2.8	3.2	-8.2	-11.1	3.6	25.5	9.5
358 HK	Jiangxi Copper Co Ltd-H	14.26	8927.7	21.3	19.4	14.4	12.6	11.4	8.7	0.9	0.9	1.5	4.4	0.9	n.a.	1.2	1.9	11.2	17.5	5.9	60.4	31.8
2600 HK	Aluminum Corp Of China Ltd-H	4.90	12216.1	24.4	18.3	12.0	10.7	9.7	8.8	1.7	1.5	0.4	6.5	0.2	n.a.	0.0	0.3	22.5	27.9	21.9	96.0	53.1
1088 HK	China Shenhua Energy Co-H	19.46	49557.2	9.7	10.6	10.6	4.9	5.1	4.9	1.0	1.1	5.4	10.6	5.7	6.8	2.7	4.2	12.0	26.1	38.3	54.4	56.7
1898 HK	China Coal Energy Co-H	3.86	10640.5	10.2	12.0	11.3	9.2	9.7	9.9	0.5	0.5	-3.8	5.2	0.7	2.0	1.2	2.9	2.1	2.1	-5.2	-5.6	4.9
1171 HK	Yanzhou Coal Mining Co-H	7.69	8195.9	7.1	9.2	7.9	7.8	10.2	9.6	0.9	0.8	0.4	11.2	1.4	n.a.	1.8	4.2	9.9	14.3	25.9	61.2	45.4
347 HK	Angang Steel Co Ltd-H	6.34	6621.2	15.0	12.7	11.4	8.6	8.0	7.9	0.9	0.8	-10.1	5.7	3.6	n.a.	n.a.	1.9	8.9	21.2	6.0	67.3	37.5
323 HK	Maanshan Iron & Steel-H	3.79	4894.7	10.2	10.4	9.9	7.7	7.6	7.3	1.2	1.1	-23.0	10.8	3.8	n.a.	n.a.	1.0	21.5	44.1	32.5	119.1	67.7
2689 HK	Nine Dragons Paper Holdings	11.64	6966.3	11.4	10.2	9.5	8.0	7.3	6.9	1.7	1.6	5.7	14.6	4.2	n.a.	1.3	2.5	11.9	38.6	29.6	89.8	65.6
2314 HK	Lee & Man Paper	8.33	4817.2	8.8	8.9	8.6	7.8	8.1	7.9	2.3	2.0	13.4	23.4	8.1	n.a.	2.6	3.9	14.9	36.6	18.8	39.3	38.4
1812 HK	Shandong Chenming Paper-H	11.98	4009.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.3	n.a.	6.6	n.a.	2.6	n.a.	5.8	n.a.	21.3	33.9	34.6	84.3	49.9
<b>Average</b>				<b>12.5</b>	<b>11.8</b>	<b>10.1</b>	<b>8.2</b>	<b>8.1</b>	<b>7.6</b>	<b>1.2</b>	<b>1.1</b>	<b>1.3</b>	<b>11.1</b>	<b>3.7</b>	<b>4.4</b>	<b>2.2</b>	<b>2.6</b>	<b>11.6</b>	<b>22.8</b>	<b>19.3</b>	<b>62.9</b>	<b>41.9</b>
HSI Index	Hang Seng Index																	6.1	11.0	17.0	24.8	24.2
HSCEI Index	Hang Seng China Ent Index																	4.5	5.9	10.4	20.9	15.3
SHCOMP Index	Shanghai Se Composite																	2.5	3.8	3.6	9.9	5.5
MXCN Index	Msci China																	7.5	15.2	25.3	36.4	33.9

Sources: Bloomberg, Company, CGIS Research estimates for covered stocks;

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