

Agile Property (3383.HK)

Keeping launching projects in East China

Bloomberg | Reuters | POEMS
3383.HK | 3383.HK | 3383.HK
Sector: Mainland Property

Phillip Securities Research

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Strategic Analysis

Rating : Accumulate Closing Price : 8.17 TP: 9.60

Summary

In the first five months of 2013, Agile realized CNY 12.9 billion of contractual sales with the total contractual sales area reaching 1.1 million square meters, up 18.3% and 7.1% respectively YOY. The average unit price of contractual sales stood at CNY 11,737 per square meter. Till today, Agile has had CNY 4 billion worth of products that have been subscribed but not yet contracted. So Agile has finalized about 40% of its sales target for 2013, which is quite a good result.

In 2013, Agile will launch 13 new projects and 62 projects will be available for sale. According to its plan, Agile will have 6.6 million square meters available in 2013, up 15% YOY. We expect that, as Agile adopts the new tactics of speeding up turnover, the development cycle will be shortened and the sales of newly-launched projects will exceed CNY 10 billion. As far as the 2013 sales target is concerned, we believe the sales prospect is optimistic and Agile will probably finalize its sales target for 2013.

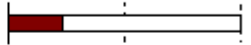
In the first half of 2013, Agile purchased about 1.1 million square meters of land in Shanghai, Nanjing and Yangzhou with the contractual land price at CNY 2.5 billion. Till today, Agile has had 10 residential and commercial projects in East China, evidently showing its strategy of focusing on the region. As its residential projects in Nanjing go on smoothly and its commercial projects in Shanghai are put into operation, Agile will continue to increase the proportion of its operating income in East China.

By June 20, Agile's land reserve has reached 37.56 million square meters with the land price per floor area at CNY 1,185 per square meter. These land plots are mainly in South China, East China, Central China and West China.

By the end of 2012, the total cash in Agile's accounts stood at CNY 9.7 billion, up 32% YOY. And its net debt-equity ratio fell down to 69.8% in the same level as the industry's average. Considering the perpetual bonds issued in 2013, the net debt ratio is expected to further fall down. Besides, the major capital expenditures in 2013 will be about CNY 49 billion, while the cash inflow is expected to exceed CNY 5.3 billion, so the cash pressure in 2013 will be relatively small.

We expect that in 2013 Agile will accelerate the turnover of assets and continue to expand new land reserve, which can enhance its competitiveness. We maintain the "accumulate" rating of Agile that the 12-month target price is HK\$ 9.60, equivalent to 4.7 times of 2013 PE ratio.

Agile

Rating	2.00	Accumulate
- Previous Rating	3.00	Neutral
Target Price (HKD)	9.6	
- Previous Target Price (HKD)	10.1	
Closing Price (HKD)	8.17	
Expected Capital Gains (%)	17.5%	
Expected Dividend Yield (%)	5.6%	
Expected Total Return (%)	23.1%	
Raw Beta (Past 2yrs w weekly data)	1.59	
Market Cap. (HKD mn)	28,165	
Enterprise Value (HKD mn)	57,911	
52 week range (HKD)	8.05-12.82	
Closing Price in 52 week range		



Key Financial Summary

FYE	11A	12A	13E	14A
Revenue (RMB mn)	22,945	30,074	33,670	37,520
Net Profit, adj. (RMB mn)	5,234	5,000	4,971	5,595
EPS, adj. (RMB)	1.184	1.450	1.442	1.623
P/E (X), adj.	4.6	6.0	5.3	4.7
BVPS (RMB)	6.28	7.43	8.84	10.12
P/B (X)	0.87	1.17	0.87	0.76
DPS (RMB)	0.280	0.384	0.370	0.428
Div. Yield (%)	5.10%	4.40%	4.82%	5.25%

Source: Bloomberg, Agile

*All multiples & yields based on current market price

Valuation Method

P/E

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FYE	FY09	FY10	FY11	FY12F	FY13F	FY14F
Valuation Ratios						
P/E (X), adj.	17.9	5.4	4.6	6.0	5.3	4.7
P/B (X)	2.36	1.70	0.87	1.17	0.87	0.76
EV/EBITDA (X), adj.	11.82	6.23	3.65	5.21	4.24	3.82
Dividend Yield (%)	1.73%	2.73%	5.10%	4.40%	4.82%	5.25%
Per share data (RMB)						
EPS, reported	0.518	1.707	1.184	1.450	1.442	1.623
EPS, adj.	0.518	1.707	1.184	1.450	1.442	1.623
DPS	0.160	0.250	0.280	0.384	0.370	0.428
BVPS	3.93	5.38	6.28	7.43	8.84	10.12
Growth & Margins (%)						
Growth						
Revenue	42.94%	53.93%	11.82%	31.07%	11.96%	11.43%
Operating profit	49.46%	189.30%	-0.78%	-2.02%	7.94%	7.76%
EBT	11.21%	201.23%	5.34%	-9.40%	-1.51%	12.47%
Net Income, adj.	-65.88%	220.43%	-12.42%	-4.47%	-0.58%	12.55%
Margins						
Gross profit margin	37.16%	45.76%	53.84%	41.37%	39.72%	37.82%
Operating profit margin	27.91%	52.46%	46.55%	34.80%	33.55%	32.44%
Net profit margin	13.99%	29.12%	22.81%	16.63%	14.76%	14.91%
Key Ratios						
ROE (%)	13.18%	31.73%	18.85%	19.52%	16.31%	16.04%
ROA (%)	4.71%	10.88%	5.41%	5.12%	4.78%	5.89%
Net Debt/(Cash)	7,708	14,276	20,175	18,537	19,280	20,729
Net Gearing (X)	51.14%	49.60%	72.28%	66.40%	65.20%	66.60%
Income Statement (RMB mn)						
Revenue	13,331	20,520	22,945	30,074	33,670	37,520
Cost of sales	(8,377)	(11,131)	(10,590)	(17,632)	(20,296)	(23,330)
Gross profit	4,954	9,389	12,354	12,442	13,374	14,190
Operating profit	3,721	10,765	10,681	10,465	11,296	12,173
EBT	3,663	11,034	11,623	10,531	10,372	11,665
Tax	(1,661)	(4,615)	(6,390)	(5,384)	(5,290)	(5,949)
Tax rate	45.35%	41.83%	54.98%	51.13%	51.00%	51.00%
Profit for the year	2,002	6,419	5,234	5,147	5,082	5,716
Minority interests	(137)	(443)	(1,128)	(146)	(111)	(121)
Net profit	1,865	5,976	5,234	5,000	4,971	5,595
Source: BLOOMBERG, Agile and Phillip Securities						

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