Research Department

Morning Research Focus

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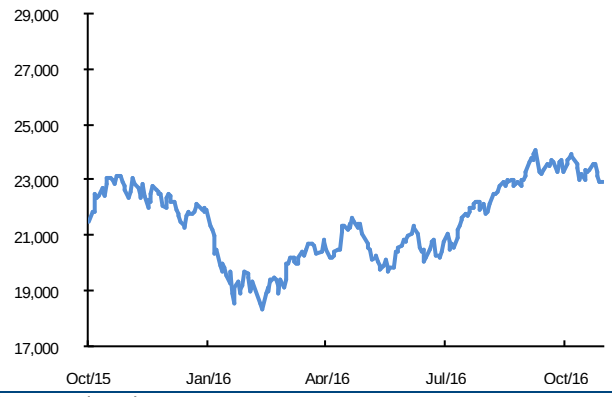
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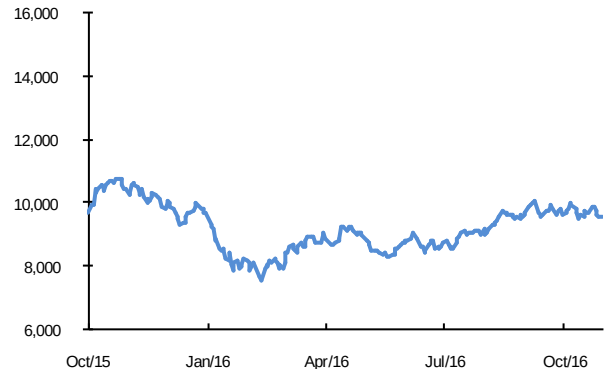
Appendices：Chinese Version of the Industry and Company Focus, Latest Reports.
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HSI Performance



Source: Bloomberg

HSCEI Performance



Source: Bloomberg

Industry and Company Focus

CNBM (03323 HK): 3Q16 Results in-line

Analyst: Sean Xiang

- **What happened:** CNBM ("the Company") announced its 9M16 results:

	9M16 (RMB mn)	9M15 (RMB mn)	YoY%	3Q16 (RMB mn)	3Q15 (RMB mn)	YoY%
Revenue	70,322.0	76,954.5	-8.6%	26,218.3	28,615.4	-8.4%
Gross profit	18,486.3	19,644.3	-5.9%	7,196.8	7,755.8	-7.2%
Shareholder's profit	718.3	755.8	-5.0%	608.5	-35.8	1798.4%
EPS (RMB)	0.133	0.140	-5.0%	0.113	n.a.	1798.4%

Source: the Company.

- **Comments and Views:** CNBM's 9M16 results were in-line with our forecasts. 9M16 revenue recorded RMB70,322.0 million, down by 8.6% YoY and represents 71.8% of our annual forecasts. 9M16 gross profit declined by 5.9% YoY owing to a lower ASP YoY during the first nine months in 2016. Shareholders' net profit was down by 5.0% YoY. CNBM's 9M16 gross profit margin recorded 26.3%, improved by 0.8 ppt compared to the margin in 9M15, while 3Q16 gross profit margin was 27.4%, up by 0.3 ppt YoY.
- **Investment suggestion:** Although CNBM's 9M16 earnings improved as compared with 9M15, we see CNBM's 9M16 gross profit growth was worse than the 1H16 results (9M16 down by 5.9% YoY vs. 1H16 down by 5.0% YoY). While 9M16 and 1H16 revenue growths were roughly identical, the pull back of the growth in gross profit was mainly attributable to the rising coal prices during 3Q16. Specifically, as CNBM has exposures to the Northeastern and Southwestern cement market, where these two markets were relatively weaker as compared with the Eastern and Southern market in terms of cement prices improvements during 3Q16 (which had limited price hikes during 3Q16), the effects of national cement price hikes in 3Q16 to CNBM's consolidated ASP were not able to fully offset the rising coal prices during 3Q16. As such, gross profit growth declined during 3Q16. As we do not expect further notable cement price hikes to occur in Eastern, Northeastern and Southwestern China in the reaming two months in 2016, outlook for CNBM's gross profit growth and margins might not be optimistic in 4Q16. Since the 9M16 earnings were in-line with our annual estimations, we maintain the HK$3.60 TP and the "Neutral" investment rating.

Latest Reports

Nil.

Newly Published Key Economic Data for China, US and Europe
中美欧最新公布的重要经济数据

Country 国家	Indicator 指标名称	Data Period 数据期间	Current Value 当期值	MoM / QoQ 环比变动	YoY 同比变动	Market Consensus 市场一致预期
Europe 欧洲	CPI Estimate (yoy) CPI预测同比增速	October 10月	0.5%	0.1ppts	0.5ppts	0.5%
Europe 欧洲	GDP (yoy) GDP同比增速	3Q 第三季	1.6%	0.0ppt	(0.4)ppts	1.6%

Source: Eurostat, Bloomberg.
数据来源：欧盟统计处、彭博。

Chinese Translation 中文翻译

行业和公司焦点

中国建材（03323 HK）： 2016 年第三季业绩符合预期

分析员：向宇豪

- **事件描述：**中国建材（“公司”）公布了 2016 年前九个月的业绩：

	2016 年首 9 个月 (百万人民币)	2015 年首 9 个月 (百万人民币)	同比%	2016 年三季度 (百万人民币)	2015 年三季度 (百万人民币)	同比%
收入	70,322.0	76,954.5	-8.6%	26,218.3	28,615.4	-8.4%
毛利润	18,486.3	19,644.3	-5.9%	7,196.8	7,755.8	-7.2%
股东净利	718.3	755.8	-5.0%	608.5	-35.8	1798.4%
每股净利 (人民币)	0.133	0.140	-5.0%	0.113	n.a.	1798.4%

数据来源：公司。

- **观点评论：**中国建材 2016 年前 9 个月的业绩符合我们的预期。2016 年前 9 个月收入录得人民币 703.22 亿元，同比下跌 8.6%，相当于我们全年预测的 71.8%。2016 年前 9 个月的毛利同比下跌 5.9%，主要是由于 2016 年前九个月与去年同期相比较低的水泥单位售价所致。股东净利同比下降 5.0%。中国建材 2016 年前 9 个月的毛利率录得 26.3%，与 2015 年前 9 月相比改善 0.8 个百分点，并且 2016 年第三季度单季的毛利率为 27.4%，同比提升 0.3 个百分点。
- **投资建议：**虽然中国建材 2016 年前 9 个月的业绩有所改善，我们看到中国建材在 2016 年前 9 个月的毛利的增速弱于 2016 年上半年(2016 年前 9 个月下降 5.9% vs. 2016 年上半年同比下降 5.0%)。在 2016 年前 9 个月和前 6 个月收入增速大致相同的情况下，毛利增速的回落主要是由于在 2016 年第三季度煤炭价格上涨所致。具体来看，因为中国建材在东北和西南地区有运营，并且这两个地区水泥市场在价格回升方面(第三季度价格上涨有限)与华东及华南地区相比相对较弱，因此在第三季度的全国的水泥价格上调对中国建材的合并单位售价的影响可能并不足以完全抵消煤炭价格在 2016 年第三季度的上涨。因此，毛利的增速在 2016 年第三季度有所回落。由于我们认为在 2016 年余下的两个月华东、东北及西南地区将不会有进一步的显著的水泥价格上调，中国建材在 2016 年第四季度的毛利增速及利润率的展望将不会乐观。由于前 9 个月的盈利与我们的全年预测吻合，我们将维持 3.60 港元的目标价以及“中性”的投资评级。

最新报告

Nil.

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Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index / NASDAQ Composite Index

Time Horizon: 6 to 18 months

Rating	Definition
Buy	Relative Performance >15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index / NASDAQ Composite Index

Time Horizon: 6 to 18 months

Rating	Definition
Outperform	Relative Performance >5%; or the fundamental outlook of the sector is favorable.
Neutral	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	Relative Performance <-5%; or the fundamental outlook of the sector is unfavorable.

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