



Flash Note: Huaneng Power (00902 HK)

快讯: 华能国际 (00902 HK)

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To Issue 365 million New H Shares via Private Placement, with Issue Price of HK\$8.60, Representing 8.3% Discount to the Last Closing Price

定向配售3.65亿新H股，配售价每股8.60港币，较前一日收市价折让8.3%

- **Huaneng Power ('the Company')** announced that it will issue 365 million new H shares via private placement, with issue price of HK\$8.60 per share and the net proceed will amount to HK\$3.094 billion. The issuing share number represents 10.27% of current issued H shares and 2.60% of current total outstanding shares. After the issuing, the share holding of Huaneng Group will decrease from 51.31% to 50.01%.
- **The private placement price represents an 8.3% discount to the last closing price of the H-share (HK\$9.38) and a 2.6% premium to the last closing price of A-shares (RMB6.62).** After this placement we think the Company will be able to lower its interest bearing debt level, interest expenses as well as total debt to asset ratio. Based on our estimates, the net gearing ratio of the Company will decrease from 218% in 1H14 to 187% by the end of 2014, and the total debt to asset ratio will also decrease from 70.4% to 69.7%. After the placement, the change of EPS for FY14 will be minimal, while the EPS for FY15/16 is expected to slightly decrease due to the dilution effect.
- **The placement will have a negative impact on the H share price of the Company in the near term, but reducing the gearing ratio of the Company will facilitate further expansion.** We maintain "Accumulate" rating for the Company and maintain our TP at HK\$10.25.
- 华能国际（“公司”）宣布将配售约 3.65 亿 H 股，每股发行价为 8.60 港元，净募资金额约 30.94 亿港元。发行股数相当于公司现有 H 股数的 10.27% 及总股数的 2.60%。完成发行后，华能集团于公司的持股量将由目前的 51.31% 下降至 50.01%。
- 此次配售发行价格比公司 H 股最新收盘价 9.38 港元有 8.3% 的折让，比 A 股收市价 6.62 元人民币则有大约 2.6% 的溢价。我们认为此次配售后公司将可以减少有息负债水平，进而降低利息开支及资产负债率。根据我们预测，公司的净负债率将由 14 年中的 218% 降至 14 年末的 187%，总资产负债率将由 70.4% 降至 69.7%。配售后，14 财年的 EPS 将基本不变，而 15/16 财年的 EPS 将受到小幅摊薄。
- 我们认为此次配股对公司港股股价有短期的负面影响，但公司负债率的降低将有利于其未来扩张。我们维持对公司的“收集”评级，目标价维持在 10.25 港元。

Company Rating Definition

The Benchmark: Hong Kong Hang Seng 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

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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