

Initiate Coverage

Technovator International

1206 HK

Energy-savings: Watt a deal!

- *Recommend BUY rating at target price of HK\$2.80*
- *Leading domestic provider of building energy management solutions in China with sizable overseas presence*
- *Strong management team and shareholders as well as product quality on par with international players*
- *Expect strong performance from the new energy management contract segment*

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Stock Data (1206 HK)

Rating	BUY
Price (HK\$)	2.27
Target Price (HK\$)	2.80
12m Price Range (HK\$)	0.99-2.94
Market cap. (HK\$m)	1,183.9
Daily t/o (HK\$)	4,729,441.8
Free float (%)	55.4
<i>Source: Bloomberg</i>	

Financial Summary

Year to Dec	13F	14F	15F
Turnover (USDm)	157.9	196.5	240.5
Gross profit (USDm)	55.3	66.7	79.6
Net Profit (USDm)	15.8	18.9	22.2
P/E (x)	8.9	7.5	6.3
P/B (x)	2.1	1.8	1.5
EV/EBITDA (x)	5.5	4.0	3.1
Yield (%)	-	-	-
ROE (%)	20.5	20.9	20.8
ROCE (%)	24.8	25.4	26.3
N. Gear (%)	3.7	14.9	17.6
<i>Source: SBI E2-Capital</i>			

Year to Dec	13F	14F	15F
Consensus EPS (HKD)	0.26	0.34	0.45
Our EPS (HKD)	0.24	0.28	0.33
<i>Source: SBI E2-Capital</i>			

Leading provider of building energy management solutions in China.

Technovator was listed in HK in Oct 2011 at HK\$1.00 and changed its Chinese name to 同方泰德 since Oct 2012. The company primarily engages in the design, manufacturing and distribution of integrated building automation systems (BAS) and energy management systems (EMS) that enhance energy efficiency of building. These two segment contributed 75.7% and 10.5% of revenue in FY12/12A respectively. In addition to the building energy-saving solution, the Group also provides control security and fire alarm systems as supplementary service, which contributed 13.5% and 0.3% of FY12/12A top-line.

Table 1: Revenue by business segments

USDm	FY12/10A	FY12/11A	FY12/12A	GPM (%)
Building energy-saving solutions	65.6	85.2	107.1	
Building automation system	60.0	77.5	94.0	35-40
Energy management system	5.6	7.6	13.0	50-55
Others	8.5	12.4	17.1	
Fire alarm system	0.5	0.3	0.4	10-15
Control security system	7.9	12.1	16.8	5-10

Source: Company data

Solid shareholders and professional management from leading foreign player.

Technovator is a spin-off from A-share listed company **Tsinghua Tongfang (600100 CH, RMB7.99)**. Tsinghua University owns 23.9% equity interest in Tongfang, which in turns holds 33.0% interest in Technovator. Tongfang is a conglomerate affiliated with Tsinghua University and founded in 1997 that engages in consumer electronics, information technology, energy and environment industries. Founder of the company, Seah Hang Leong, is currently COO and holds 12.45% shares. Between 1990 and 2000, Mr Seah served as sales manager covering Greater China at Honeywell.

Current business model of product sales. The sales of Technovator's energy saving products can be placed into three categories with respect to the sales channel: (i) via cooperation with main contractors, or distributors to contractors. Once the contractor wins the bidding in relation to a new building, Technovator provides components of the integrated energy system (which includes software and hardware that control HVAC, lighting, energy and other functions of a building) to the main contractor for installation; (ii) direct sales to end users like banks and hospitals; (iii) sales to manufactures, who will install the components in their own products for energy-saving controls. Technovator's products are very competitive in the international level. Track record includes government office building in Chengdu, Stadium for 16th Asian Games ceremonies, 5-star hotel in Ningbo and new office building of China National TV.

Riding on the growth of the China market. In the domestic market, Technovator competes with famous international brands like Honeywell, Johnson Controls, Schneider and Siemens. However, despite being the largest domestic player, Technovator only controls a low single digit market share (about 2.5% as of 2009) while the top 4 foreign companies dominate about half of the market. As domestic manufacturers gradually improves the quality of their products to match those of the big players, Technovator should also be able to grow at above industry growth rates given: (i) the group's Tsinghua Tongfong background and reputation; (ii) world-class R&D capacity and products under the Distech Controls brand; and (iii) domesticated and flexible production line. Additionally, escalating awareness of energy efficiency and sustained growth of new housing should also support Technovator's expansion.

Global reach of BAS segment providing geographical diversification. Technovator made its entrance into the North America market via its acquisition of 63.8% equity stake in Distech Controls for a consideration of C\$13.4m back in May 2008. Later in 2009 and 2010, the Canadian subsidiary expanded into Europe through further acquisitions. For FY12/12A, China, North America, Europe and other countries made up 62.7%, 22.4%, 9.3% and 5.6% of the total revenue from the energy-saving solution segment. In terms of growth, the YoY changes were 32.5%, 32.8%, -8.5% and 21.2% respectively. We think that North America and Europe have a mature energy-saving products market which offer limited room for Distech Controls to grow. Nevertheless, the recent introduction of strategic investors (including the VC arm of Samsung and CDPQ) into Distech Controls injected C\$18.0m of working capital. This should allow Distech Controls to implement more aggressive penetration into the overseas market, as well as to seize future M&A opportunities. Technovator's interest in Distech Controls was diluted to 44.0% after the aforementioned transaction.

Table 2: Energy-saving segment revenue by geographical locations

USDm	FY12/10A	%	FY12/11A	%	FY12/12A	%
Total revenue	65.6		85.2		107.1	
China	37.1	56.6%	45.9	53.9%	60.8	56.7%
North America	19.7	30.1%	21.0	24.6%	27.8	26.0%
Europe	8.1	12.3%	12.6	14.8%	11.5	10.8%
Other countries	0.7	1.0%	5.8	6.8%	7.0	6.5%

Source: Company data

EMC business model opening up a new door. Technovator is planning to engage in energy management contract (EMC) in China. EMCs are usually retrofit projects in which Technovator provides energy-saving equipments to the building owners and both parties share the amount saved in the utility bills. While terms of EMC vary with size and nature of the project, typically a common EMC is an 8-year contract bringing around mid-teens IRR. The majority of these contracts are sourced from local governments while the authorities seek to promote energy efficiency in the region under the 12th 5-year plan, as demonstrated by Technovator's partnership with Chongqing Municipal Government to reform 2m sqm of public buildings. Despite the heavy upfront costs, we like the prospect of this line of business because: (i) it has limited cannibalism with existing sales of BAS and EMS products; (ii) it captures the national trend of energy efficiency promotion for both old and new buildings; and (iii) it does not require significant increase in marketing efforts as the Group mainly deals with government agencies.

Historical financials. For FY12/12A, Technovator recorded revenue of USD\$124.0m, growing at 27.4% YoY as compared to FY12/11A's 31.6%. Gross profit climbed 22.3% YoY to USD44.5m. GPM decreased by 1.5ppt to 35.8% due to the increased contribution from the price-sensitive China market. Other operating expenses remained relatively stable as a percentage of revenue. As a result, net profit increased 29.8% YoY to USD13.6m, with margin improving slightly from 12.1% to 12.4%. For FY12/12, Technovator has a net cash of USD25.5m and an operating cash inflow of USD17.9m.

Table 3: Simplified Income Statement

USDm	FY12/10A	Growth (%)	FY12/11A	Growth (%)	FY12/12A	Growth (%)
Revenue	74.1	53.6	97.5	31.6	124.2	27.4
Gross profit	25.2	41.1	36.4	44.4	44.5	22.3
Gross profit margin (%)	34.0		37.3		35.8	
Selling and Marketing	(6.7)	56.0	(8.5)	26.8	(9.4)	10.2
General and Administrative	(8.8)	96.1	(11.0)	25.2	(13.4)	21.6
Research and Development	(1.9)	7.0	(3.0)	52.0	(3.1)	6.5
Other income	1.4	2,311.9	1.3	-6.5	1.2	-9.8
EBIT	9.2	25.3	15.1	65.0	19.9	31.7
Net interest expenses	(0.5)	358.4	(0.5)	-1.0	(0.5)	5.5
Tax	(1.5)	-7.4	(2.8)	90.3	(4.0)	43.4
Minority Interest	(0.1)	-70.6	(1.4)	946.6	(1.8)	32.5
Net profit	7.0	36.2	10.4	48.2	13.6	29.8
Net profit margin (%)	9.5		10.7		10.9	

Source: Company data

Basis of forecasts. When we forecast Technovator's financials, our key views are: (i) overseas BAS business will be moderately aided by the latest capital injection into Distech Controls; (ii) the group can gain more market shares in the growing China energy-saving industry; and (iii) non-core segment performance will be largely in line with that of previous years. Primary growth driver for Technovator is the contribution from EMC segment. We expect the growth in such segment to be constrained by (i) the company's cash position and cash inflow and (ii) pace of gearing up, but not so much by market competition (EMC's capital-intensive nature should stop many domestic players from entering) and market size (given policy tailwind and prospect of retrofit projects).

Forecast highlights. We expect the revenue of Technovator to grow at 27.2%, 24.4% and 22.4% in FY12/13F, FY12/14F and FY12/15F. As contribution from China market increases to 70.1% in FY12/15F, gross profit margin is also predicted to drop from FY12/12A's 35.8% to 33.1%. Net profit is forecasted to grow at 18.4% CAGR over the next 3 years. As explained, EMC will tie up capital of the company up front and thus demand a sizable amount of capex, but we do not expect major operating leveraging as revenue is based on energy saved under those contracts. Assuming that capital comes mainly from internal resources and partly from debt financing, we expect the company to move from net cash of USD25.5m for FY12/12A to net debt of USD24.6m (net gearing of 17.6%), though this is primarily driven by preferred shares issued in the recent introduction of strategic investors into Distech Controls. Excluding such effect, Technovator's forecasted net cash is USD12.6m by FY12/15F.

Table 4: Forecasted energy-saving segment revenue by geographical locations

USDm	FY12/13F	%	FY12/14F	%	FY12/15F	%
Total revenue	135.9		168.7		206.3	
China	84.7	62.3%	111.3	66.0%	143.0	69.3%
North America	30.5	22.4%	33.8	20.0%	36.4	17.7%
Europe	12.4	9.1%	13.5	8.0%	14.8	7.2%
Other countries	8.4	6.2%	10.0	6.0%	12.1	5.8%

Source: Company data, SBI E2-Capital

Table 5: Simplified Forecasted Income Statement

USDm	FY12/11A	Growth (%)	FY12/12A	Growth (%)	FY12/13F	Growth (%)	FY12/14F	Growth (%)	FY12/15F	Growth (%)
Revenue	97.5	31.6	124.2	27.4	157.9	27.2	196.5	24.4	240.5	22.4
Gross profit	36.4	44.4	44.5	22.3	55.3	24.1	66.7	20.8	79.6	19.3
Gross profit margin (%)	37.3		35.8		35.0		34.0		33.1	
Selling and Marketing	(8.5)	26.8	(9.4)	10.2	(11.5)	22.8	(13.9)	21.0	(16.8)	20.7
General and Administrative	(11.0)	25.2	(13.4)	21.6	(16.6)	23.8	(20.0)	20.8	(23.8)	18.8
Research and Development	(3.0)	52.0	(3.1)	6.5	(4.4)	40.4	(5.5)	24.4	(6.7)	22.4
Other income	1.2	(15.4)	1.3	10.5	1.2	-9.8	1.2	0.0	1.2	0.0
EBIT	15.1		19.9		23.9	20.2	28.5	19.0	33.5	17.6
Net interest expenses	(0.5)	(1.0)	(0.5)	5.5	(1.0)	78.5	(1.1)	16.5	(1.3)	13.1
Tax	(2.8)	90.3	(4.0)	43.4	(4.8)	20.1	(5.7)	19.0	(6.7)	17.6
Minority Interest	(1.4)	946.6	(1.8)	32.5	(2.3)	28.2	(2.8)	18.9	(3.2)	17.3
Net profit	10.4	48.2	13.6	29.8	15.8	16.8	18.9	19.2	22.2	17.9
Net profit margin (%)	10.7		10.9		10.0		9.6		9.2	

Source: Company data, SBI E2-Capital

Table 6: Simplified Forecasted Balance Sheet

USDm	FY11/12A	FY12/12A	FY12/13F	FY12/14F	FY12/15F
Non-current asset	33.8	46.1	77.8	107.1	136.3
Properties, plants and equipments	3.4	7.2	36.0	62.0	87.7
Intangible assets and goodwill	30.0	33.2	36.0	39.3	42.9
Other non-current asset	0.3	5.7	5.7	5.7	5.7
Current asset	74.4	101.4	118.5	131.3	139.3
Inventory	14.8	12.2	21.1	19.4	30.8
Trade receivable	31.1	47.9	43.0	67.9	69.1
Other current assets	0.5	0.8	0.8	0.8	0.8
Cash and cash equivalent	27.9	40.5	53.6	43.2	38.5
Current liability	31.6	53.7	54.7	73.6	84.0
Trade payable	26.6	44.1	42.5	59.8	68.7
Bank loans	3.6	7.9	10.5	12.1	13.6
other current asset	1.5	1.7	1.7	1.7	1.7
Non-current liability	5.7	9.3	48.8	50.5	52.0
Bank loans	3.4	7.1	9.6	11.2	12.7
Financial liability (preferred shares)	-	-	36.9	36.9	36.9
others	2.3	2.3	2.3	2.4	2.4
Equity	70.7	84.5	92.8	114.2	139.7
Shareholders' equity	65.0	77.9	89.4	103.9	127.5
NCI's equity	5.7	6.6	3.4	10.3	12.2

Source: Company data, SBI E2-Capital

Table 7: Simplified Forecasted Cash Flow Statement

USDm	FY12/11A	FY12/12A	FY12/13F	FY12/14F	FY12/15F
Pre-tax profit	14.6	19.2	22.9	27.3	32.2
Depreciation and amortization	3.6	3.9	11.3	19.3	28.9
Impairment on account receivable	0.2	0.8	0.9	1.4	1.4
Net finance cost	0.5	0.5	1.0	1.1	1.3
Change in inventory	(4.4)	2.6	(8.9)	1.7	(11.4)
Change in account receivable	(6.4)	(22.9)	4.0	(26.3)	(2.6)
Change in account payable	5.2	17.5	(1.6)	17.3	8.9
Other operating cash flow	(0.4)	0.1	0.0	-	-
Income tax paid	(2.4)	(3.8)	(4.8)	(5.7)	(6.7)
Operating cash flow	10.6	17.9	24.9	36.1	51.9
Physical asset capex	(1.2)	(4.6)	(36.6)	(41.2)	(49.8)
Intangible asset capex	(3.5)	(5.7)	(6.3)	(7.4)	(8.3)
Other investing cash flow	(0.0)	0.0	-	-	-
Cash flow from investment	(4.7)	(10.2)	(42.9)	(48.6)	(58.1)
Net loan raised	(2.7)	7.8	5.1	3.2	2.9
Net proceed from issuance of shares	9.6	3.3	-	-	-
Net proceed from issuance of preferred s	-	-	27.0	-	-
Other financing cash flow	(0.7)	(6.3)	(1.0)	(1.2)	(1.3)
Cash flow from financing activities	6.2	4.8	31.1	2.0	1.6

Source: Company data, SBI E2-Capital

Valuation. We initiate a BUY rating at target price of HK\$2.80, representing a 23.2% premium over the current price HK\$2.27. Potential upside factors include (i) government energy-saving subsidies, in particular for retrofit projects; (ii) stronger-than-expected penetration into overseas market with aid from strategic partners; and (iii) market consolidation in domestic EMS provider market in China. Risks include: (i) keen competition in the China EMC market by cash-rich foreign players; and (ii) slowdown in new construction projects in China.

Table 8: Valuation highlights

Target Prices		WACC							Our rating	
		12.5%	13.0%	13.5%	14.0%	14.5%	15.0%	15.5%		
Terminal growth rate	3.2%	3.30	3.07	2.86	2.68	2.51	2.36	2.23	Rating	BUY
	3.6%	3.39	3.15	2.93	2.73	2.56	2.40	2.26	Target price (HK\$)	2.80
	3.8%	3.44	3.19	2.96	2.76	2.59	2.43	2.28	Potential upside (%)	23.3
	4.0%	3.49	3.23	3.00	2.80	2.61	2.45	2.30	FY12/13F forward P/E (x)	9.6
	4.2%	3.54	3.28	3.04	2.83	2.64	2.47	2.32	FY14/13F forward P/E (x)	8.1
	4.4%	3.60	3.32	3.08	2.86	2.67	2.50	2.35	FY15/13F forward P/E (x)	6.9
	4.6%	3.66	3.37	3.12	2.90	2.70	2.53	2.37		

Source: SBI E2-Capital

Peer comparison. Technovator has few comparables. **Boer Power (1685HK, HK\$5.40)** is the closest HK-listed peer, but it mainly manufactures integrated electrical distribution systems, instead of building energy-saving solutions. Other overseas peers either have a much wider business focus (like **Honeywell (HON US)** and **Siemens (SIE GR)**) or are too small to make a decent comparison (like **CBD Energy (CBD AU)** and **Ecosave (ECV)**).

Table 9: Peers comparison

Name	Ticker	Market Cap (HK\$m)	Trailing-12M EV/EBITDA (x)	Historical P/E (x)	Forward P/E (x)	Historical P/B (x)	Return on equity (%)
TECHNOVATOR INTERNATIONAL	1206 HK	1,184	5.7	10.8	9.3	2.0	18.7
BOER POWER HOLDINGS	1685 HK	4,193	7.7	11.1	9.1	1.9	18.1
TOP RESOURCE CONSERVATION	300332 CH	5,138	26.7	39.7	30.5	3.5	11.1
CBD ENERGY	CBD AU	40	n.a.	n.a.	n.a.	0.3	-73.6
ECOSAVE HOLDINGS	ECV AU	295	n.a.	n.a.	n.a.	n.a.	n.a.
HONEYWELL INTERNATIONAL	HON US	514,746	12.7	16.3	17.1	4.8	24.7
JOHNSON CONTROLS	JCI US	218,149	12.6	16.5	15.5	2.3	9.0
SIEMENS AG	SIE GR	759,527	10.1	15.5	15.5	2.7	15.2
SCHNEIDER ELECTRIC SA	SU FP	359,543	10.5	19.2	15.1	2.1	11.0
	Average	206,979	12.3	18.4	16.0	2.5	4.3

Source: SBI E2-Capital, Bloomberg

Appendix I: Info Page

P&L (USDm)	11A	12A	13F	14F	15F
Year to Dec					
Turnover	97.51	124.21	157.95	196.45	240.47
% chg	31.6%	27.4%	27.2%	24.4%	22.4%
Gross profit	36.40	44.51	55.25	66.75	79.63
EBITDA	18.67	23.80	35.20	47.71	62.32
Depre./amort.	(3.57)	(3.90)	(11.29)	(19.25)	(28.86)
EBIT	15.11	19.90	23.91	28.46	33.45
Net int. income/(exp.)	(0.51)	(0.54)	(0.97)	(1.12)	(1.27)
Exceptionals	-	-	-	-	-
Associates	-	-	-	-	-
Jointly-controlled entit.	-	-	-	-	-
Pre-tax profit	14.59	19.19	22.95	27.33	32.18
Tax	(2.78)	(3.98)	(4.78)	(5.69)	(6.69)
Minority interests	(1.37)	(1.82)	(2.33)	(2.77)	(3.25)
Net profit	10.45	13.39	15.84	18.87	22.24
% chg	48.2%	28.2%	18.3%	19.2%	17.9%
Dividends	-	-	-	-	-
Retained earnings	10.45	13.39	15.84	18.87	22.24
EPS (HKD) - Basic	0.212	0.200	0.237	0.282	0.333
EPS (HKD) - F.D.	0.205	0.200	0.237	0.282	0.333
DPS (HKD)	-	-	-	-	-
No. sh.s o/s (m) - W.A.	384.9	521.5	521.5	521.5	521.5
No. sh.s o/s (m) - Y.E.	485.2	521.5	521.5	521.5	521.5
No. sh.s o/s (m) - F.D.	398.3	521.5	521.5	521.5	521.5
Margins (%)					
Gross	37.3%	35.8%	35.0%	34.0%	33.1%
EBITDA	19.1%	19.2%	22.3%	24.3%	25.9%
EBIT	15.5%	16.0%	15.1%	14.5%	13.9%
Pre-tax	15.0%	15.4%	14.5%	13.9%	13.4%
Net	10.7%	10.8%	10.0%	9.6%	9.2%

Balance Sheet (USDm)	11A	12A	13F	14F	15F
Year to Dec					
Fixed assets	3.43	7.16	35.99	62.05	87.65
Intangible assets	30.04	33.21	36.03	39.28	42.95
Other LT assets	0.29	5.75	5.75	5.75	5.75
Cash	27.94	40.51	53.55	43.16	38.54
Accounts receivable	31.14	47.89	42.99	67.92	69.13
Other receivables	0.51	0.82	0.82	0.82	0.82
Inventories	14.81	12.21	21.10	19.36	30.76
Due from related co.s	-	-	-	-	-
Other current assets	-	-	-	-	-
Total assets	108.15	147.55	196.24	238.34	275.61
Accounts payable	(26.56)	(44.05)	(42.50)	(59.81)	(68.68)
Other payable	-	-	-	-	-
Tax payable	(1.06)	(1.52)	(1.52)	(1.52)	(1.52)
Due to related co.s	-	-	-	-	-
ST debts	(3.59)	(7.92)	(10.49)	(12.08)	(13.55)
Other current liab.	(62.85)	(107.21)	(109.22)	(147.04)	(167.73)
LT debts	(3.38)	(7.06)	(46.53)	(48.12)	(49.59)
Other LT liabilities	(2.40)	(2.27)	(2.27)	(2.37)	(2.37)
Total liabilities	(37.42)	(63.04)	(103.52)	(124.11)	(135.93)
Share capital	33.79	38.12	38.12	38.12	38.12
Reserves	31.23	39.78	51.26	65.82	89.40
Shareholders' funds	65.01	77.90	89.38	103.94	127.52
Minority interest	5.72	6.60	3.38	10.28	12.15
Total	70.73	84.50	92.76	114.22	139.68
Capital employed	77.70	99.49	149.78	174.42	202.82
Net (debt)/cash	20.97	25.52	(3.46)	(17.03)	(24.60)

Source: Company data, SBI E2-Capital

Cash Flow (USDm)	11A	12A	13F	14F	15F
Year to Dec					
EBIT	15.11	19.90	23.91	28.46	33.45
Depre./amort.	3.57	3.90	11.29	19.25	28.86
Net int. paid	0.51	0.54	0.97	1.12	1.27
Tax paid	(2.39)	(3.85)	(4.78)	(5.69)	(6.69)
Dividends received	-	-	-	-	-
Gross cashflow	16.80	20.49	31.39	43.15	56.90
Chgs. in working cap.	(5.91)	(3.34)	(6.41)	(7.23)	(5.13)
Operating cashflow	10.89	17.16	24.98	35.91	51.77
Capex	(4.73)	(10.24)	(42.94)	(48.56)	(58.14)
Free cashflow	6.16	6.92	(17.96)	(12.64)	(6.37)
Dividends paid	-	-	-	-	-
Net distribution to MI	-	-	-	-	-
Investments	(4.77)	(16.02)	-	-	-
New shares	9.56	3.26	-	-	-
Change in bank loans	(2.69)	7.81	5.13	3.18	2.95
Others	(0.62)	(0.45)	25.99	(1.16)	(1.31)
Net cashflow	12.70	12.57	13.05	(10.39)	(4.62)
Cash reserve - Beg.	15.24	27.94	40.51	53.55	43.16
Cash reserve - End.	27.94	40.51	53.55	43.16	38.54

Segment Revenue (USDm)	11A	12A	13F	14F	15F
Year to Dec					
By business segment					
Building automation system (BAS)	77.52	94.04	108.64	124.88	142.28
Energy management system (EMS)	7.63	13.03	18.33	24.74	32.66
Energy management contract (EMC)	-	-	8.95	19.07	31.34
Fire alarm system (FAS)	0.27	0.37	0.45	0.55	0.67
Control security system (CSS)	12.09	16.77	21.58	27.22	33.51
Total	97.51	124.21	157.95	196.45	240.47
By geography					
China	58.23	77.90	106.69	139.11	177.22
North America	20.95	27.82	30.50	33.80	36.42
Europe	12.58	11.51	12.40	13.50	14.77
Rest of the world	5.75	6.97	8.37	10.04	12.05
Total	97.51	124.21	157.95	196.45	240.47

Shareholding Structure (as of 26 July 2013)	%
Tsinghua Tongfang	32.98
Zana Fund	12.55
Mr. Seah	5.55
Public	48.92
Total	100.00

Background
Technovator (1206 HK) is a building energy-saving solution provider. The company is a spin-off of Tongfang (600100 CH). Technovator's product can be divided into building automation system (BAS), energy management system (EMS), central security system (CSS) and fire alarm system (FAS). The products are sold mainly to distributors and contractors of property projects. Its sales span China, North America, Europe and others.

Key Ratios	11A	12A	13F	14F	15F
Net gearing (%)	na	na	3.7%	14.9%	17.6%
Net ROE (%)	22.5%	21.8%	20.5%	20.9%	20.8%
EBIT ROCE (%)	22.3%	25.4%	24.8%	25.4%	26.3%
Dividend payout (%)	-	-	-	-	-
Effective tax rate (%)	19.0%	20.7%	20.8%	20.8%	20.8%
Net interest coverage (x)	29.4	36.8	24.8	25.3	26.3
A/R turnover (days)	82.5	101.1	94.0	98.3	91.1
A/P turnover (days)	72.6	90.1	87.1	90.6	86.5
Stock turnover (days)	40.3	36.7	37.1	32.6	36.0

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