

# Geely Auto: Speeding toward its 52 Week High

DIGITAL ENGAGEMENT TEAM

18 NOVEMBER 2020

## TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

### KEY METRICS

Current Price	22.90
Latest Dividend	0.25
Dividend Ex-Date	28/5/2020
Indicated Dividend Yield	1.09%
RSI	74.88
Analysts 12M Target Price	21.23

### REFINITIV STOCKREPORTS+ AVERAGE SCORE

**5/10**

As of 18 November 2020 midday closing

Refer to page 3 for indicator components

### KEY MARKET EVENTS

- 02 Nov**  
China's State Council releases the New Energy Vehicle (NEV) Industry Development Plan for 2021-2035
- 07 Nov**  
Associated Press calls the US Election for Joe Biden
- 20 Nov**  
China Loan Prime Rate Release
- 27 Nov**  
HK Futures Roll Date

## Geely Auto Price Chart



As of 18 November 2020 midday closing

## Hang Seng Index Price Chart



As of 18 November 2020 midday closing

## Market Commentary

- E-vehicle sales in China on track for 20% target (13 Nov, Bloomberg)
  - In the latest electric vehicle (EV) industry plan for 2021-2035, China set a vision for passenger EVs, electric buses and commercial EVs to represent 20% of new vehicle sales by 2025. All sectors combined, hitting the 20% adoption rate would require 5.4 million EVs to be sold annually.
  - China is on track to achieve this with help of strong policy drivers such as fuel economy regulations, NEV credit requirements and city-level restrictions, as well as more models becoming available.
- Earnings optimism may help China autos sustain lofty valuations (11 Nov, Bloomberg)
  - Chinese automakers' valuations extended their surge into October, hitting a new record amid a rosy profit outlook and robust domestic demand. Their rich multiples could have staying power despite fluctuations as shipments keep rising, while electrification may emerge as the new growth catalyst on China's pledge to boost electric-vehicle sales.
- Geely Auto Oct. vehicle sales 140,026 units, +8% y/y (06 Nov, Bloomberg)
  - Citi keeps Geely as its top sector pick, with a buy rating and HK\$41.00 target price on shares.
  - The U.S. bank says while consensus is for China's passenger-vehicle sales in October to remain unchanged from September, Geely's 9.5% month-on-month growth indicates it made inroads and taken a bigger slice of China's car market.

TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
<ul style="list-style-type: none"> <li>• Geely Auto hit its intraday 52 Week high of 22.95, on 18<sup>th</sup> November 2020</li> <li>• Geely's shares are up +19% in the past 5 days and +40% in the past 30 days</li> </ul>	<ul style="list-style-type: none"> <li>• 24.60 (13 Jun 18)</li> <li>• 27.75 (21 Mar 18)</li> </ul>	<ul style="list-style-type: none"> <li>• 22.20 (09 Nov 20)</li> <li>• 20.95 (13 Jul 18)</li> <li>• 19.05 (13 Jul 20)</li> </ul>

# Fundamental Viewpoint

## An Extract from STOCKREPORTS+

**GEELY AUTOMOBILE HOLDINGS (175-HK)**

Automobiles & Auto Parts / Automobiles & Auto Parts / Auto & Truck Manufacturers

REFINITIV **STOCK REPORTS** PLUS

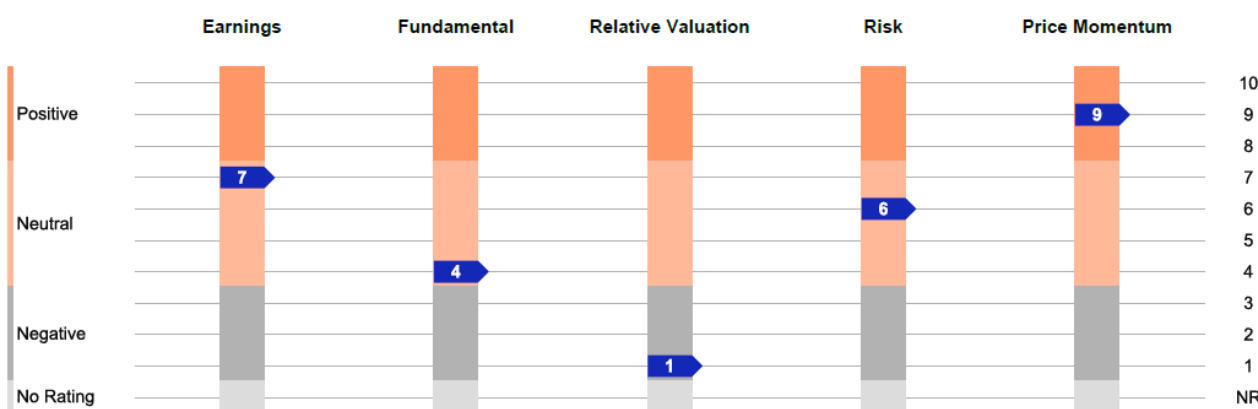
DETAILED STOCK REPORT

Report Date: 17-Nov-2020

### INDICATOR COMPONENTS

**AVERAGE SCORE**  
**5**

The **AVERAGE SCORE** combines the quantitative analysis of five widely-used investment decision making tools: Earnings, Fundamental, Relative Valuation, Risk, and Price Momentum. A simple average of the underlying component ratings is normally distributed to rank stocks on a 1-10 scale (10 being awarded to the most favorable). These factors may be evaluated differently using alternative methodologies and the importance of individual factors varies across industries, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.



## Analyst Price Target and Recommendations

### PRICE TARGET

The chart indicates where analysts predict the stock price will be within the next 12 months, as compared to the current price.



12-Month Price Target	
Mean (CNY)	17.50
High	35.00
Low	6.82
Target vs. Current	-2.0%
# of Analysts	28

### ANALYST RECOMMENDATIONS

I/B/E/S Mean: **Buy (32 Analysts)**

Strong Buy	11
Buy	15
Hold	5
Sell	1
Strong Sell	0

Source: REFINITIV STOCKREPORTS+, extracted 18 November 2020 midday closing

## Hong Kong Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS													Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				VALUATION		FUNDAMENTAL		ANALYSTS			# of Analysts	
		Price (17/11/20)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean		
5	175	21.10	28.7%	34.9%	42.8%	203.1B	19.9	23.0	1.2%	7.5%	13.4%	Buy	31	
5	1211	170.30	31.4%	136.0%	348.7%	166.4B	305.0	100.7	0.0%	1.3%	51.7%	Buy	28	
7	2333	13.20	3.0%	65.8%	111.9%	41.4B	22.6	21.4	2.1%	4.5%	19.0%	Buy	30	
7	1114	6.90	-3.0%	-10.6%	-16.8%	37.0B	4.4	3.8	1.6%	222.3%	7.2%	Buy	25	
6	1585	10.54	-15.7%	53.0%	454.7%	31.7B	53.9	31.9	--	4.6%	--	Strong Buy	2	
6	2238	8.13	14.7%	10.3%	-0.9%	26.3B	10.8	10.5	2.5%	7.0%	12.5%	Buy	29	
7	489	8.06	45.2%	43.4%	4.4%	21.8B	4.6	6.2	4.9%	7.1%	4.5%	Buy	22	
6	1958	3.18	-2.5%	-18.5%	-32.2%	7.9B	5.1	6.6	5.8%	1.8%	9.0%	Hold	21	
6	1122	1.51	7.1%	8.6%	-21.4%	1.8B	9.0	--	11.6%	5.0%	--	--	--	
2	422	0.24	16.1%	-44.0%	8.2%	200M	--	--	--	-16.2%	--	--	--	
5	8123	0.02	70.0%	70.0%	13.3%	139M	--	--	--	-39.2%	--	--	--	
5.6	Average	22.11	17.7%	31.7%	83.0%	48.9B	48.4	25.5	3.7%	18.7%	16.7%	Buy	23.5	

PEER COMPANIES				
1211	Byd Co		489	Dongfeng Motor Group Co
2333	Great Wall Motor Co		1958	BAIC Motor Corp
1114	Brilliance China Automotive		1122	Qingling Motors Co
1585	Yadea Group Holdings		422	Vietnam Manufacturing
2238	Guangzhou Automobile Group Co		8123	Sinofortune Financial

Source: REFINITIV STOCKREPORTS+, extracted 18 November 2020 midday closing

## Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
<b>Average</b>								
		<b>19,056.54</b>	<b>166.64</b>	<b>24.63</b>	<b>16.10</b>	<b>2.66</b>	<b>1.64</b>	<b>2.00</b>
175 HK	GEELY AUTOMOBILE HOLDINGS LT	26,896.41	21.25	25.52	12.42	3.09	2.61	1.18
1114 HK	BRILLIANCE CHINA AUTOMOTIVE	4,548.98	6.99	3.93	6.35	0.77	1.18	1.57
LI US	LI AUTO INC - ADR	29,732.03	35.55	N/A		N/A		N/A
PAH3 GR	PORSCHE AUTOMOBIL HLDG-PRF	20,496.94	56.48	10.20	5.58	0.50	0.51	3.91
1585 HK	YADEA GROUP HOLDINGS LTD	4,133.65	10.70	36.55	16.30	7.90	2.81	0.93
600733 CH	BAIC BLUEPARK NEW ENERGY -A	4,040.08	7.58	N/A		1.82	1.31	N/A
1958 HK	BAIC MOTOR CORP	3,360.14	3.25	7.46	8.19	0.46	0.73	5.74
603787 CH	JIANGSU XINRI E-VEHICLE CO-A	1,049.13	33.71	65.31	54.81	6.46	3.74	0.36
NSU GR	AUDI AG	83,056.65	1630.00	35.28	14.47	2.47	1.42	0.29
FCAU US	FIAT CHRYSLER AUTOMOBILES NV	23,447.50	14.89	12.59	6.85	0.79	0.60	N/A
000800 CH	FAW JIEFANG GROUP	8,860.42	12.62	24.78	19.89	2.37	1.46	N/A

Source: Bloomberg, extracted 18 November 2020 midday closing

## Upgrading Asia ex-Japan

We see a Biden presidency and a divided Congress as favourable for Asian equities, particularly Greater China. Hence, we upgrade our position in Asia ex-Japan equities from Neutral to Overweight

**Eli Lee,**  
Head of Investment Strategy,  
Bank of Singapore

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The US elections have been and continue to dominate headlines globally. With a Biden presidency and a divided Congress, the expectation is that the new administration will be more strongly qualified to manage the Covid-19 pandemic, will enact a new relief aid stimulus package in 1Q2021, and take a more multi-lateral approach towards US-China tensions.

We see this as favourable for Asian equities, particularly Greater China, and upgrade our position in Asia ex-Japan equities from Neutral to Overweight. In terms of valuations, we see Asia ex-Japan as relatively undemanding versus global peers.

We believe that that the initial phase of the post-election equity rally will be led by growth stocks, such as key technology sector. But if the recovery continues, and economic activity normalises with vaccines becoming widely available in the middle of 2021, we expect the rally leadership to rotate into value and cyclical segments. This will benefit Asian equities more, as value and cyclical segments form a larger component of the Asian markets compared to the US, which is more dominated by technology.

### China

We continue to remain constructive on China and believe investors should increase exposure to sectors that will benefit from China's "dual circulation" strategy, which aims to drive domestic consumption, onshore sourcing and import substitution.

While detailed sector guidelines and policies have yet to be announced, we believe the emphasis on the "dual circulation" development strategy to support quality growth, innovation and market reform will benefit sectors like clean and renewable energy, domestic consumption, high-end industrial, internet and "new infrastructure" sectors like data centres, artificial intelligence, 5G applications, internet of things, new energy vehicles, electric vehicle charging piles and ultra-high voltage power transmission projects.

We maintain our preference on autos, internet and insurance. We are getting less negative on Chinese banks and expect it to stage a cyclical rebound in the near term. The latest quarterly results highlighted signs of net interest margin compression pressure stabilising and Chinese banks as a sector trading close to the low-end of their valuation.

**For the full outlook on Equities, click [here](#)**

Source: OCBC Premier Banking Insights, extracted 18 November 2020 midday closing

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