

# Cosco Ship Energy 1138.HK

## Basic Stock Information <sup>Ⓔ</sup>

► [Glossary](#)

Stock Data		Margin	
Market Capitalization (HKD 'mil)	25,315.00	Gross Margin (TTM) (%)	23.86
Common Shares Outstanding ('mil)	4,762.6919	Operating Profit Margin (TTM) (%)	18.48
52 Week High (HKD) (10/05/2021)	4.000	Net Profit Margin (TTM) (%)	16.18
52 Week Low (HKD) (10/08/2021)	2.850		
52 Week Return (%)	-17.877	Dividend <sup>§</sup>	
Average Volume ('mil)	4.3852	Annual Dividend per share (HKD)	0.2427
Beta	0.63	Dividend Yield (TTM) (%)	8.26
		Dividend Yield (Annual) (%)	8.18
Financial strength		Payout Ratio (TTM) (%)	40.00
Current Ratio	0.80	3-Year Growth Rate (%)	59.35
Quick Ratio	0.71		
Long Term Debt to Equity (%)	54.83	Valuation	
Total Debt to Equity (%)	75.20	Historical P/E Ratio	4.72
Interest Coverage Ratio (TTM)	31.59	P/E Ratio (TTM)	4.44
Free Cash Flow to Firm (TTM) (HKD 'mln)	88.93	P/BV (latest interim)	0.34
		BVPS (latest interim) (HKD)	8.7222
		EPS TTM (HKD)	0.6615

## Financial Summary

BRIEF: For the fiscal year ended 31 December 2020, COSCO Shipping Energy Transport Co Ltd revenues increased 19% to RMB16.27B. Net income increased from RMB413.9M to RMB2.38B. Revenues reflect Oil Shipments segment increase of 22% to RMB14.96B, International segment increase of 25% to RMB10.84B, Domestic segment increase of 8% to RMB5.43B. Net income benefited from interest expense on bank loans decrease of 33% to RMB744.3M (expense).

## Summarized Financial Statement

	Annual	Quarter				
		FY2018 Q4	FY2019 Q2	FY2019 Q4	FY2020 Q2	FY2020 Q4
Income Statement						
Total Revenue		7,063.52	7,058.64	6,662.50	9,669.50	6,598.70
Cost of Revenue		(5,711.79)	(5,671.11)	(5,453.91)	(6,001.95)	(6,384.61)
Gross Profit		1,351.73	1,387.53	1,208.59	3,667.55	214.09
Operating Expenses		(424.62)	(284.08)	(605.31)	(305.91)	(569.68)
Operating Income		927.12	1,103.44	603.28	3,361.64	(355.59)
Others, Net		(417.89)	(406.10)	(298.63)	(67.56)	(34.45)
Income before Taxes		509.23	697.34	304.65	3,294.08	(390.04)
Tax		(69.20)	(87.53)	(242.85)	(199.79)	(72.81)
Extraordinary Items and Adjustments		(128.45)	(139.48)	(118.27)	(139.56)	(110.47)
Net Income		311.57	470.33	(56.48)	2,954.74	(573.32)

Standardized in CNY 'mln



## TKL comments

I hold 264,000 shares at an average cost of HK\$ 3.37. It closed on 11 August at \$2.94. I have an unrealized loss of 13%.

This stock reached \$4 on early May. It dropped by 27% over the past three months.

There was an announcement that the profit for the first half of this 2021 is expected to drop by 80% compared to the corresponding period of 2020. However the profit for the earlier period was exceptionally high.

If the full year's profit drops by 80%, the PE ratio is expected to increase to 30 times.

However, I think it will not be that bad. I guess that the PE ratio will be between 10 to 20 times.

The dividend yield is currently 8.26%. I expect the dividend to be maintained. If it is cut by half, the yield will drop to 4.1%, which is still attractive.

The current price is at the lowest level over the past two years.

The price in HK exchange, where I buy the share is at a discount of 52% compared to the price in Shanghai exchange.

Taking the above factors into account, I bought to buy an additional 50,000 shares at HK\$2.96.

**Caution:**

**I am sharing my observation. This is not financial advice. Do not take my view as a recommendation to buy the stock. Do your own research before you invest in it.**

COSCO SHIP ENGY	01138.HK <small>(LON)</small>	2.950	+0.340%	600026.SH <small>(SH)</small>	5.21	+0.774%	-52.900%
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Tan Kin Lian

12 August 2021