

18 Feb 2022

Bamboo Capital (BCG)

AM Briefing: Leverage concerned

AM Briefing

- On Feb 18 analyst meeting, Bamboo Capital Group (BCG) introduced us to the 4Q21 results and their 2022F business plans regarding real estate development and renewable energy strategy.

Solid net profit despite a lackluster revenue

- In 2021, BCG's profit after tax rose 265% yoy to VND973bn on the back of a 40% revenue growth (VND2,589bn), completing their full-year estimates at 48/120%.
- We attribute the headwinds from fallout that suspended the property delivery to the lower revenue completion. However, the company recorded interest income from their business corporation contract (BCC) up to VND1,348bn (+169%yoy) and that prompted a higher fulfillment of profit after tax.
- 2022F guidance has yet been finalized but could be by times higher yoy, per management. In detail, property segment could post a VND5tn revenue and a VND1.2tn net profit driven by the deliveries of Malibu Hoi An and D'or Hoi An.

Heading to a conglomerate with financial arm-length

- Manufacturing segment: BCG aims to list its Nguyen Hoang company in Upcom in 2H22F.
- Property development: BCG acquired an additional 73ha land bank in Binh Dinh, Dac Nong, Quang Ngai in 2022F and eyes for thousands of land bank area in southern west provinces.
- Renewable energy: a total 2 GW capacity is going to be energised until 2025 of which 1.2 GW could be completed in 2H23F, in line with Power Development Plan (PDP 7)

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	1,991	1,113	1,576	1,855	2,589
chg. (% YoY)	N.A	(44.1)	41.5	17.7	39.6
Operating profit (VND bn)	59	61	32	87	456
Net profit (VND bn)	14	(16.0)	114.0	211	606
EPS (VND)	126	(147.0)	1059.0	1,803	0
chg. (% YoY)	N.A	(216.7)	(820.4)	70.3	-100
EBITDA (VND bn)	82	86.0	60.0	169	869
PE (x)	(17.8)	15.3	(2.1)	2.1	7.2
EV/EBITDA (x)	41.7	48.7	80.7	41.2	22.2
PB (x)	2.3	2.4	2.2	2.1	2.0
ROE (%)	1.0	-1.2	7.6	9.2	10.6
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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12M rating **Non-rated**

12M TP **N.A**

Up/Downside *N.A*

Stock Data

VNIndex (18 Feb, pt)	1,505
Stock price (18 Feb, VND)	25,100
Market cap (USD mn)	491
Shares outstanding (mn)	446
52-Week high/low (VND)	26,700/8,835
6M avg. daily turnover (USD mn)	4.73
Free float / Foreign ownership (%)	54.1/1.8
Major shareholders (%)	
Chairman	17.63
Helios Services JSC	6.92

Performance

	1M	6M	12M
Absolute (%)	24.0	94.0	161.0
Relative to VNIndex (%p)	19.4	82.7	131.3

Stock price trend



Source: Bloomberg

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- Financial investment: BCG plans to increase AAA's charter capital from VND1,000bn to VND2,000bn in 2022F. The revenue is set to grow to VND500bn in 2022F, and VND2,000bn in 2024F.
- Infrastructure construction: their subsidiary Tracodi (TCD VN Equity) is going to deploy a VND400bn construction package to build Phan Thiet Terminal and seeking bidding to build a 30km connecting road between Tra Vinh and Soc Trang province. Moreover, TCD is also working to increase their capacity of construction stone mining to 20mn m3 from the 2mn m3 in years ahead.

Concerning receivable and leverage

- BCG maintained a receivable balance up to 50-53% of total assets which partially contributed to their two consecutive years of negative operation cash flow in 2020-21.
- The net debt to equity is geared to 1.55-1.56x in 2020-21, raising concerns about their leverage. The company has yet provided its fund plan but could issue 60mn shares in 2022F to reduce this ratio.

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