

1 Apr 2022

Century Synthetic Fiber (STK)

AGM brief: Stay firm in gale 2022F

The company held an AGM session on March 31st to articulate the business plan, coming out with optimistic business guidance.

Recycled yarn favored consumption

- The company targets a VND2,605.7bn revenue (+27.6% yoy) and a VND300.2bn NPAT (+7.8% yoy) in 2022F. A 15% cash dividend at par will be paid this year. In 1Q22, the company reached VND611.5bn in revenue (+7.7% yoy) and VND76.1bn in NPAT (+8.7% yoy) completing 23.5%/25.3% of 2022G.
- In 2022F, STK plans a private placement of 13.5mn shares and a public offering of 1.5mn treasury shares. The receipt aims to fund subsidiaries or working capital.
- Per management, 2022 strategic initiatives include:
 - Increasing recycled yarn production to 54% sale mix (+4%p yoy)
 - Improving the risks management to respond to the negative impacts such as pandemic
 - Enhancing the R&D and staff performance
- In particular, the driver of STK 2022F revenue growth is backed by:
 - Recycled yarn enjoys a prosperous outlook since well-known brand names have been committing to recycled yarn such as Nike, Uniqlo, Adidas, Walmart, Inditex, IKEA, H&M since 2020.
 - Tax advantages of EVFTA agreement in garment EU export will impulse using Vietnamese yarn raw material as compliance of origin.
 - Benefits to expand the market from the anti-dumping tax imposed on Polyester filament yarn importers such as China (at 3.4%-14.5% anti-dumping tax rate), India (54.9%), Malaysia (21.2%), and Indonesia (21.9%).
- Also, the UNITEX yarn factory project was delayed for 6 months due to national lockdown and is revised to operate in 3Q23F officially.
- Based on guidance of 2022F profit, 12MF PE is 14.9x and 12MF PB is 3.0x, higher than 2-year median of 11.3x and 2x, respectively.

Stock Data

VNIndex (31 Mar, pt)	1,492
Stock price (31 Mar, VND)	81,700
Market cap (USD mn)	1,106
Shares outstanding (mn)	309
52-Week high/low (VND)	81,700/50,800
6M avg. daily turnover (USD mn)	2.10
Free float / Foreign ownership (%)	42.7/49.0
Major shareholders (%)	
Huong Viet Investment Consultant	20.0
Dang My Linh	14.3
Dang Trieu Hoa	13.8
Dang Huong Cuong	8.46
Tang Kien Nghiep	5.2

Performance

	1M	6M	12M
Absolute (%)	7.9	25.3	55.3
Relative to VNIndex (%p)	8.8	13.6	28.6

Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022G
Sales (VND bn)	2,407.7	2,229.0	1,765.7	2,042.4	2,605.7
chg. (% YoY)	21.0	(7.4)	(20.8)	15.7	27.6
Operating profit (VND bn)	245.2	269.3	174.4	275.8	-
Net profit (VND bn)	178.4	214.4	144.4	278.5	300.3
EPS (VND)	5,945.4	7,219.3	2,091.0	4,084.0	3,967.4 (*)
chg. (% YoY)	87.9	21.4	(34.8)	298.1	(2.9)
EBITDA (VND bn)	387.8	405.9	307.4	386.4	-
PE (x)	8.8	7.0	6.8	14.5	14.9
EV/EBITDA (x)	3.6	3.1	3.1	2.0	-
PB (x)	1.2	1.5	1.1	2.5	3.0
ROE (%)	21.1	21.5	13.3	23.7	9.6
Dividend yield (%)	3.7	4.4	1.8	3.5	4.8

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest
We assume the issuance plan could proceed in Jun, 2022F

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