

Company

Brief

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% antidumping 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.

	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

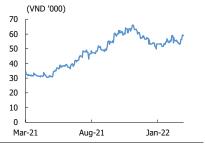
Stock Data

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

Linh Pham

linh.pt@kisvn.vn

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Prepared by: Linh Pham

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