

Thanh Cong Textile (TCM)

AGM brief: Good year, good growth

The company held an AGM session on April 15th to articulate the business plan for 2022, coming out with optimistic business guidance.

New factory is on board

- The company targets a USD178mn revenue, +120% yoy and a VND10.8mn NPAT, +188% yoy in 2022F, 15% stock dividend for 2021, expected to pay in June this year. In 1Q22, the company reached a USD47.3mn revenue, +19% yoy, and a USD3mn NPAT, +17% yoy, fulfilling 26.6%/27.7% full-year estimates.
- In order to realize 2022F target and boost earnings in the following years, the company has been implementing strategic moves, including:
 - Continue completing the construction and installation of equipment and machinery for Sewing Factory No.2 in Vinh Long province. Simultaneously, TCM is focusing on recruiting workers to bring the factory into operation at its soonest, which is expected to run in May 2022. The factory could 1,500 workers and a full capacity of 9mn piece/year, raising the total capacity to 37mn piece/year.
 - Increase factory capacity through M&A and investing Vinh Long factory phase 3 & 4
 - Pursue the strategy of faster production, lower cost combined with sustainable development (ESG), utilize advantages from free trade agreements to expand markets and customers;
 - Coordinate with partners to complete legal procedures as soon as possible to implement the commencement of Thanh Cong Tower project in Tan Phu district, HCMC as planned.
- Per management, 2022F risks are: (1) heavier labour cost regarding the new policy on minimum wage (valid from Jul) which could add an additional USD1mn in 2022F, (2) shortage of labour for the new factory (3) continued high freight cost and (4) strictly requirements from customers to meet ESG.
- Based on the guidance of 2022F profit, 12MF PE is 23.54x and 12MF PB is 3.07x, higher than 2-year median of 16.65x and 2.74x, respectively.

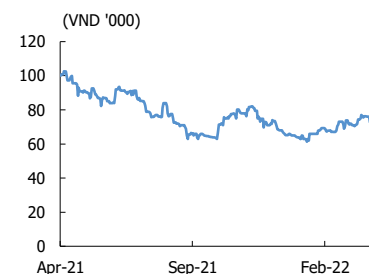
Stock Data

VNIndex (15 Apr, pt)	1,459
Stock price (15 Apr, VND)	78,000
Market cap (USD mn)	243
Shares outstanding (mn)	71
52-Week high/low (VND)	102,609/61,300
6M avg. daily turnover (USD mn)	3.02
Free float / Foreign ownership (%)	40.9/46.6
Major shareholders (%)	
E-Land Asia Holdings Pte., Ltd	44.95
Nguyen Van Nghia	15.65

Performance

	1M	6M	12M
Absolute (%)	9.2	9.4	(22.1)
Relative to VNIndex (%p)	8.8	4.2	(40.4)

Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022G
Sales (VND bn)	3,664.4	3,645.1	3,470.5	3,537.5	4,183.0
chg. (% YoY)	14.2	(0.5)	(4.8)	1.9	18.2
Operating profit (VND bn)	248.5	268.7	340.2	175.7	
Net profit (VND bn)	260.4	216.8	276.2	143.7	253.8
EPS (VND)	4,069.0	3,166.0	3,775.0	1,700.0	3,313.1*
chg. (% YoY)	28.7	(22.2)	19.2	(55.0)	94.9
EBITDA (VND bn)	383.2	407.2	453.4	278.2	
PE (x)	15.7	23.7	16.9	37.6	23.5
EV/EBITDA (x)	13.3	12.6	11.3	21.9	
PB (x)	3.2	3.1	2.9	3.2	3.1
ROE (%)	22.1	16.0	18.0	8.5	
Dividend yield (%)	0.7	0.7	0.7	-	

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