

26 Jul 2022

Quang Ngai Sugar (QNS)

1H22 operational updates

Quang Ngai Sugar (QNS) released some worthy headlines on the first half update business of the company. Here are some key issues worthy of note.

Solid soy milk compensated for the sluggish sugar segment

- In 2Q22, QNS recorded revenue of VND2,201bn (+9.1% yoy) and NPAT of VND365bn (+1.2% yoy), prompting 1H22 revenue to go up 9% yoy to VND4,014bn and 1H22 NPAT climb 4% yoy to VND541bn, fulfilling 50%/54% of guidance.
- Revenue and earnings growth were driven by the soy milk segment. In contrast, the sugar segment was hit by Thailand's sugar imported from other Asian countries.
- In which, soy milk, sugar, and other segment revenue reached VND1,243bn (+5.2% yoy), VND426bn (-7.4% yoy), and VND531bn (+5% yoy), respectively, in 2Q22.
- For 1H22, the revenue of soy milk, sugar, and other segments were VND2,135bn (+12% yoy), VND842bn (-3% yoy), and VND1,037bn (+16.9% yoy), respectively.
- In 1H22, total gross profit jumped by 9.6% yoy to VND1,141bn, leading blended gross profit margin (GM) was flat at 28.4% (vs 28.3% in 1H21).
- Gross profit of soy milk was flat in 1H22 since soy milk GPM subdued by 1.9 %p yoy to 39.5% owing to soaring in soybean input prices.
- Sugar GM dropped 3.7 %p yoy to 12.8% because fierce competition from imported sugar caused lower domestic selling prices and low capacity utilization in 1H22.
- Gross profit from other segments surged by 76% yoy in 1H22 due to a recovery in biomass power profits and solid growth in the mineral water business.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	7,633	8,031	7,681	6,490	7,335
chg. (% YoY)	9.5	5.2	(4.4)	(15.5)	13.0
Operating profit (VND bn)	1,153	1,357	1,457	1,163	1,316
Net profit (VND bn)	1,027	1,240	1,292	1,053	1,254
EPS (VND)	3,925	4,031	3,415	2,827	3,298
chg. (% YoY)	(47.8)	2.7	(15.3)	(17.2)	16.7
EBITDA (VND bn)	1,567	1,850	1,936	1,634	1,789
PE (x)	11.2	10.9	12.9	15.6	13.4
EV/EBITDA (x)	7.0	6.8	7.5	8.8	7.6
PB (x)	2.4	2.4	2.4	2.4	2.2
ROE (%)	24.5	25.2	21.9	16.1	18.3
Dividend yield (%)	3.2	2.5	2.5	5.7	4.8

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

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (25 Jul, pt)	1,189
Stock price (25 Jul, VND)	44,200
Market cap (USD mn)	678
Shares outstanding (mn)	357
52-Week high/low (VND)	53,948/39,089
6M avg. daily turnover (USD mn)	0.78
Free float / Foreign ownership (%)	57.4/18.8
Major shareholders (%)	
Thanh Phat Company	15.56
Vo Thanh Dang	6.68
VinaCapital VN Opportunity Fund Ltd.	6.54
Foremost Worldwide Limited	5.11

Performance

	1M	6M	12M
Absolute (%)	(0.9)	(3.3)	13.5
Relative to VNIndex (%p)	(1.5)	15.6	18.5

Stock price trend



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