

Hoang Anh Gia Lai (HAG)

Non - rated

Clearer business path

3Q22: Non-core income led the earnings growth

- On Oct 26, HAG posted 3Q22 business results with a VND1,441bn revenue (+160% yoy, +17% qoq), and a VND370bn NPAT (+16x yoy, +40% qoq).
- In detail, revenue from fruits were VND577bn (-10% qoq, +162% yoy), followed by pigs with VND540bn (+108% qoq, +195% yoy), and others with VND324bn (-2% qoq, +115% yoy) in 3Q22.
- The 3Q22 gross margin (GM) slid to 19.5% (-12.4%p yoy). In 3Q22, the gross margin from fruits and pigs were 14%/32% respectively.
- In 3Q22, the company reversed the provision for bad debts in the selling expenses with VND220bn and the provision for capital contribution to other entities (in the financial expenses) with VND65bn, respectively.
- Thanks to non-recurring items, the NPAT grew stronger than revenue despite yoy GM contraction in 3Q22. The net margin was 25.7% in 3Q22, + 21.7%p yoy and 4.1%p qoq.
- In 9M22, HAG recorded revenue/NPAT of VND3,471bn (+154% yoy) and VND892bn (+29x yoy), respectively, fulfilling 72%/80% of its full-year guidance.
- In 3Q22, HAG redeemed corporate bonds with a VND600bn value, resulting in a VND693bn bond being due within one year. The net gearing dropped to 1.19x as of end-3Q22 vs 1.75x as of end-2021.

Efforts to deliver products to end buyers

- At the AGM, HAG announced a plan to open 200 meat stores at the end of 2022F and total of 1,000 stores until 2023F. Currently, we have not yet received the data of HAG's number of stores.
- For the food sector, the peak period usually lasts from Dec to Feb. Specially, in 4Q22F, Vietnam will prepare for the 2023 Tet holiday, therefore, we expect the demand for food will increase, then boosting sector's sales.

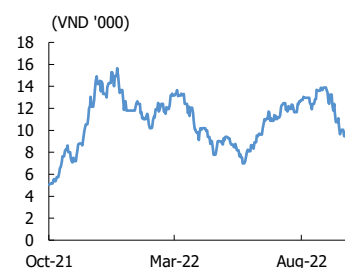
Stock Data

VNIndex (Oct 27, pt)	1,002
Stock price (Oct 27, VND)	8,920
Market cap (USD mn)	333
Shares outstanding (mn)	927
52-Week high/low (VND)	15,650/5,150
6M avg. daily turnover (USD mn)	8.61
Free float / Foreign ownership (%)	64.3/1.9
Major shareholders (%)	
Mr. Chairman	34.50

Performance

	1M	6M	12M
Absolute (%)	(33.7)	(12.5)	77.0
Relative to VNIndex (%p)	(19.7)	12.7	105.6

Stock price trend



Source: Bloomberg

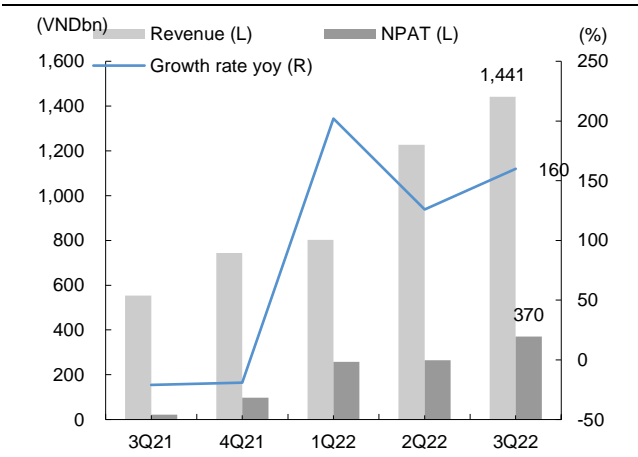
	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	4,841	5,272	2,075	3,177	2,097
chg. (% YoY)	(24.8)	8.9	(60.6)	53.1	(34.0)
Operating profit (VND bn)	880	1,081	-854	-2,000	552
Net profit (VND bn)	70	36	117	(1,256)	203
EPS (VND)	-2	39	126	-1,354	219
chg. (% YoY)	(42.9)	(2,050.0)	223.1	(1,174.6)	(116.2)
EBITDA (VND bn)	1,935	2,218	353	-1,040	1,422
PE (x)	N.A	124.6	31.5	N.A	60.6
EV/EBITDA (x)	17.2	13.3	63.1	N.A	14.6
PB (x)	0.5	0.3	0.5	1.0	2.8
ROE (%)	0.5	0.3	1.1	(19.8)	4.3
Dividend yield (%)	N.A	N.A	N.A	N.A	N.A

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

Ngan Le

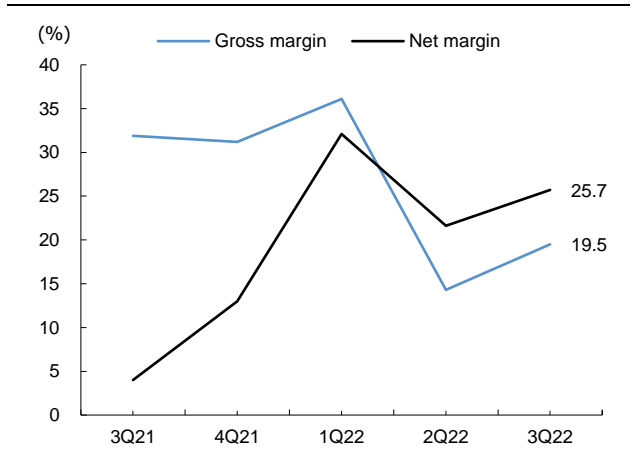
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Figure 1. Revenue and revenue growth rate yoy



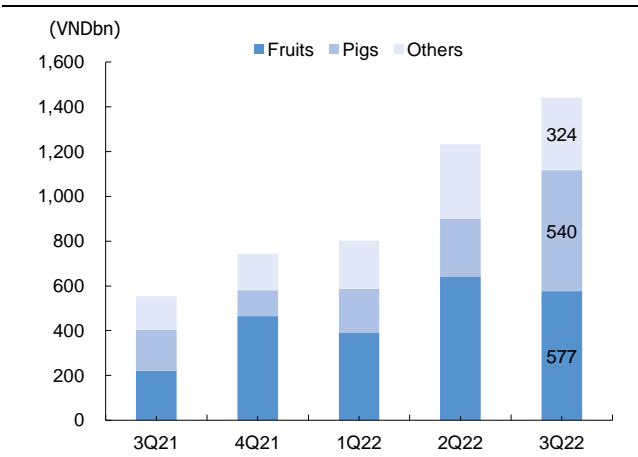
Source: Company data, KIS

Figure 2. Gross margin and Net margin by quarters



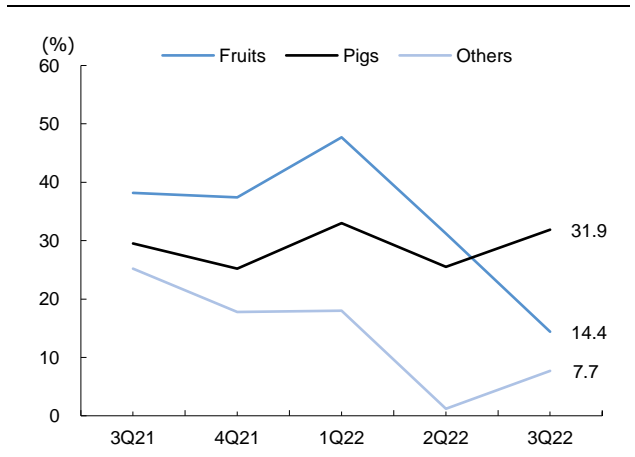
Source: Company data, KIS

Figure 3. Revenue proportion by quarters



Source: Company data, KIS

Figure 4. Gross margin by products



Source: Company data, KIS

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