

31 Oct 2022

Loc Troi Group (LTG)

Non - rated

Opportunities for rice export still exists

Loc Troi Group released 3Q22 results with mixed performance. Although revenue sharply fell 22.9% qoq, net profit significantly improved to VND64bn vs a loss of VND44bn in 2Q22.

3Q22: a decent business result

- In 3Q22, LTG announced a revenue of VND2,736bn (+37.3% yoy, -22.9% qoq) and NPAT of VND64bn (+105.2% yoy), from a loss of VND44bn in 2Q22.
- The rice revenue lost growth momentum with VND1,636bn (+91.9% yoy, -25.9% qoq), while plant protection product revenue stayed flattish with VND984bn (-2% yoy, -3% qoq) in 3Q22.
- The blended gross margin (GM) was 18%, nearly the same as 3Q21, but upped by 7.5%p qoq. The GM from rice segment remained unchanged at 3.3% (+0.4%p yoy, +0.4%p qoq) while GM of plant protection remarkably expanded to 48.4%, (12.5%p yoy, +25.1%p qoq).
- SG&A to sales contracted to 10.6% (-1.4% yoy, +1.5% qoq) in 3Q22. Net margin improved to 2.3% in 3Q22.
- In 9M22, revenue swelled to VND8,629bn (+21% yoy) and NPAT shrank to VND203bn (-23% yoy) owing the foreign exchange loss in 2Q22.

4Q22F favorable landscape granted to the whole sector

- According to the data we collected in Aug 2022, LTG was the only listed company in the top ten rice exporters. LTG export turnover grew 188% yoy in the Aug, with USD9mn. In 8M22, LTG (UPCoM)'s revenue from rice export was about VND992bn (+14% yoy).
- In Oct 2022, Vietnam's rice exports recover from the downturn since Jun 2022 amid global food shortage concerns. We think the industry could sustain the rosy growth in Nov-Dec.

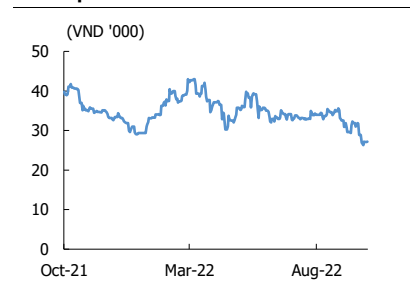
Stock Data

VNIndex (Oct 31, pt)	1,028
Stock price (Oct 31, VND)	27,200
Market cap (USD mn)	88
Shares outstanding (mn)	81
52-Week high/low (VND)	42,977/26,300
6M avg. daily turnover (USD mn)	0.53
Free float / Foreign ownership (%)	94.2/39.7
Major shareholders (%)	
Marina Viet Pte. Ltd	25.21
An Giang People's Committee	24.15

Performance

	1M	6M	12M
Absolute (%)	(16.6)	(27.1)	(31.9)
Relative to VNIndex (%p)	(7.5)	(3.1)	(4.1)

Stock price trend



Source: Bloomberg

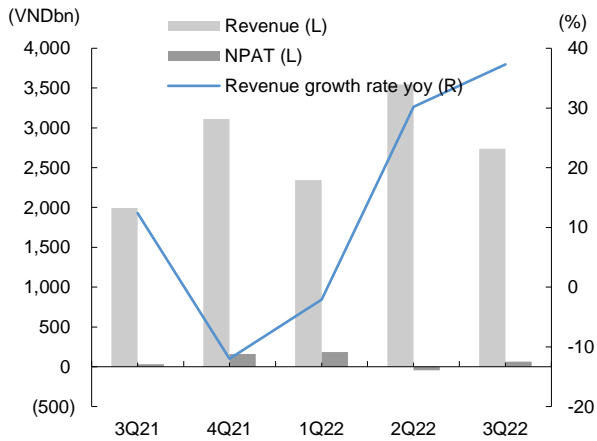
	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	8,687	9,052	8,310	7,506	10,224
chg. (% YoY)	11.6	4.2	(8.2)	(9.7)	36.2
Operating profit (VND bn)	631.0	741.0	642.0	628.0	743.0
Net profit (VND bn)	414.0	412.0	331.0	366.0	418.0
EPS (VND)	4,370.0	4,362.0	3,495.0	3,858.0	4,406.0
chg. (% YoY)	0.5	(0.2)	(19.9)	10.4	14.2
EBITDA (VND bn)	768.0	887.0	799.0	793.0	931.0
PE (x)	6.6	4.8	5.2	6.5	7.6
EV/EBITDA (x)	7.0	6.0	4.0	4.0	5.0
PB (x)	1.0	0.7	0.6	0.7	0.9
ROE (%)	15.9	14.7	11.1	11.5	12.3
Dividend yield (%)	8.7	7.9	8.8	4.0	4.5

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

Ngan Le

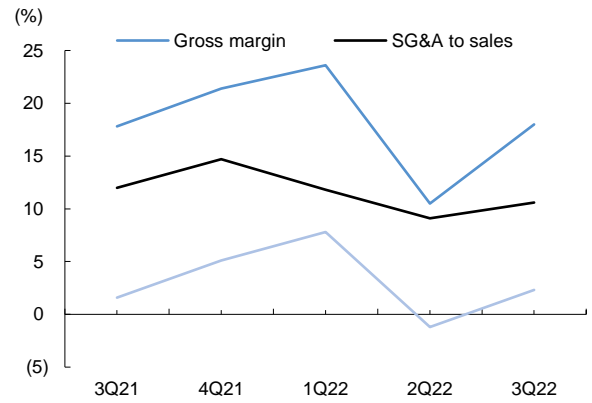
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Figure 1. Revenue and revenue growth rate yoy



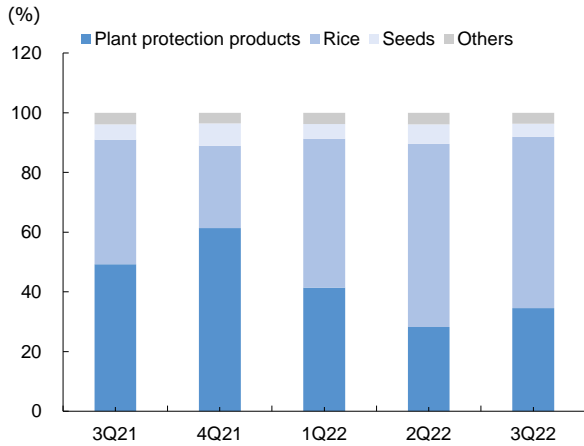
Source: Company data, KIS

Figure 2. Gross margin and Net margin by quarters



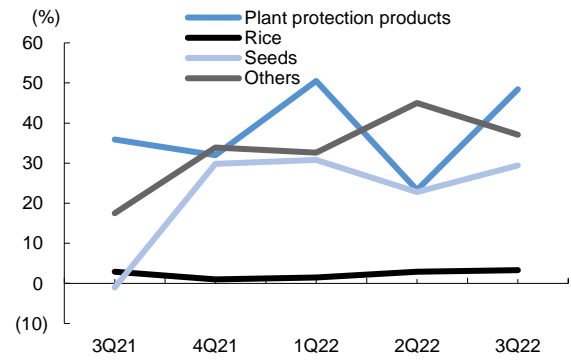
Source: Company data, KIS

Figure 3. Revenue proportion by quarters



Source: Company data, KIS

Figure 4. Gross margin by products by quarters



Source: Company data, KIS

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