

10 Apr 2023

TNG Invt & Trade (TNG)

A glimpse of relief in Mar

Mar revenue growth was bullish; 1Q23 was still skeptical

- TNG publicized their 1Q23 business results on Apr 9. In particular, Mar revenue peaked at VND561bn (+35.8% yoy, + 50% mom).
- The stellar revenue in Mar accounted for 42% of 1Q23 revenue while January and February only posted VND397bn (-10% mom, -22.9% yoy) due to Tet holiday and VND375bn (-6% mom, +13% yoy) respectively.
- Nonetheless, the rosy Mar could not save 1Q23. Specifically, 1Q23 revenue came in at VND1,333bn (+6% yoy but -12% qoq). This was the 2nd consecutive negative growth quarter after the peak of 3Q22. The 1Q23 revenue growth was slower compared with 1Q22 at 38.3%
- Therefore, the company fulfilled 18% of its 2023F planned revenue in 1Q23.

The US led the TNG's 1Q23 growth

- We largely attribute the 1Q23 revenue growth to the US market. The 1Q23 export value to the US market went up to VND637.6bn (+30.7% qoq, +16% yoy), implying the recovery signal in apparel demand.
- The French export market contributed VND235.7bn, -43.7% yoy, -29.1% qoq
- The US remained TNG's biggest export market, accounting for 47.8% of total revenue. Next came France and Canada with 17.7% and 11%, respectively.

Waiting for a confirmative revival

- Since 4Q22, T&G companies experienced a shortage of orders, they have been operating below capacity due to consumers tightened spending on discretionary items like apparel. At the remaining time of the year, we expect the industry will recover in 2H23F thanks to an increase in orders and apparel demand, especially in US and EU markets. We believe that TNG, the leader in the industry will achieve its 2023F guidance (Revenue VND7,500bn and VND337bn).

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	3,613	4,612	4,480	5,444	6,772
chg. (% YoY)	45.2	27.7	(2.9)	21.5	24.4
Operating profit (VND bn)	219	292	201	288	373
Net profit (VND bn)	180	230	154	232	293
EPS (VND)	3,653	3,717	2,254	2,913	2,881
chg. (% YoY)	30.6	1.8	(39.4)	29.2	(1.1)
EBITDA (VND bn)	441	537	462	562	748
PE (x)	6.9	7.2	12.6	12.6	6.3
EV/EBITDA (x)	5.5	5.1	7.6	7.7	5.4
PB (x)	1.5	1.5	1.6	1.5	1.1
ROE (%)	25.3	24.7	13.9	17.8	18.8
Dividend yield (%)	0.0	4.6	4.6	4.6	4.6

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

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12M rating **Non-rated**

12M TP
Up/Downside

Stock Data

VNIndex (10 Apr, pt)	1,065
Stock price (10 Apr, VND)	17,200
Market cap (USD mn)	77
Shares outstanding (mn)	105
52-Week high/low (VND)	36,430/9,334
6M avg. daily turnover (USD mn)	1.39
Free float / Foreign ownership (%)	61.6/13.8
Major shareholders (%)	
Nguyen Van Thoi	18.53

Performance

	1M	6M	12M
Absolute (%)	(6.0)	9.3	(46.2)
Relative to VNIndex (%p)	(7.3)	6.4	(19.3)

Stock price trend

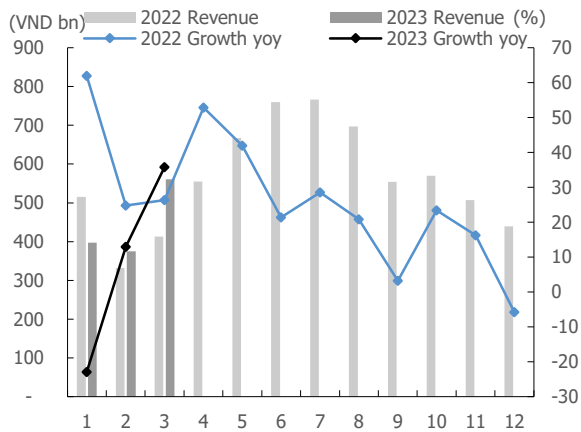


Source: Bloomberg

Research Dept

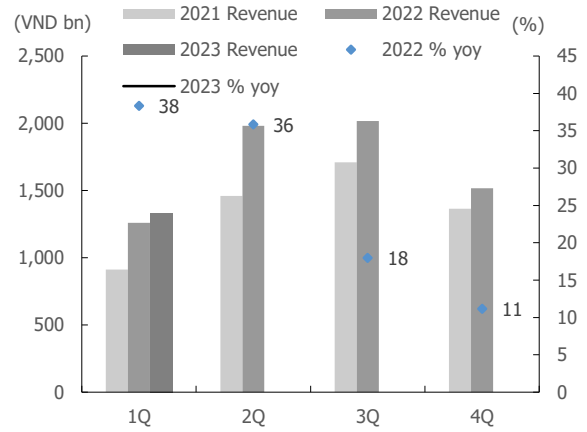
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Figure 1. Monthly revenue: Mar revenue surged



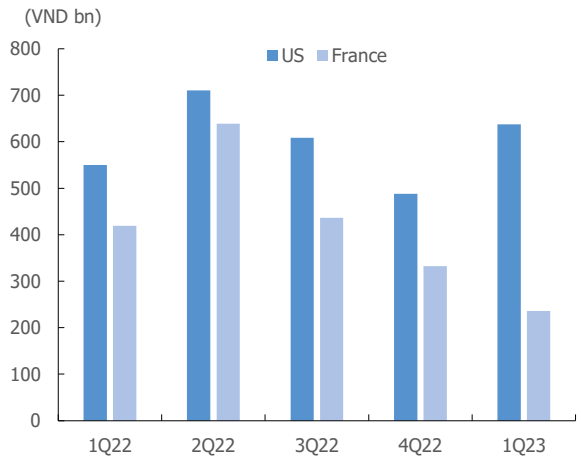
Source: Company data, KIS Vietnam

Figure 2. Quarterly revenue: 1Q23 growth retreated



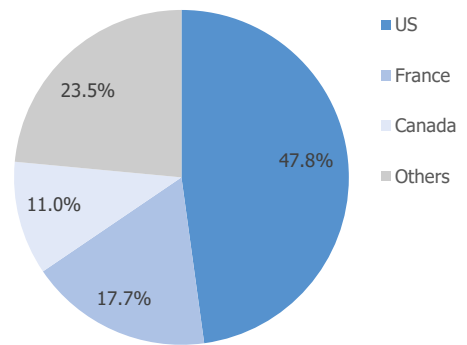
Source: Company data, KIS Vietnam

Figure 3. Two largest importers: US led while France lagged



Source: Tendata, KIS Vietnam

Figure 4. TNG's market share by destination: The US remained the largest importer



Source: Company data, KIS Vietnam

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