

Trung An Rice (TAR)

The long-term investment

In Jun 2023, Trung An Rice (TAR) held AGM for 2022. Here are some noticeable updates.

Profit declined despite of the sale growth in 2022

- TAR reached the net revenue of VND3.7tn in 2022, sharply rose by 22% yoy, exceeded by 8% of 2022 guidance thanks to rising domestic rice sale by 28% yoy, while export value fell by 6% yoy
- However, TAR met only 62% of NPAT guidance due to (1) high material costs, (2) increased logistic costs and (3) surged interest expenses, according to TAR management. India's rice export restriction also made TAR switch to newly deal with Thai partners.
- Investment in 2022:
 - Increase mechanization of planting process with spray machines, rice combine harvesters, etc.
 - 20 drying ovens in Long Xuyen planting zone to decrease transporting time and obsoletes

Keep focusing in high-qualified rice in 2023 onwards

- In 2023, regarding the domestic market, TAR will (1) focus on organic and qualified rice production, (2) focus on current stores and expand a few new stores, (3) keep focus on mid-end and high-end customers, and (4) engage in forward integration with noodles products.
- About exporting, TAR will (1) keep expanding EU, China, Korean and Australian markets, (2) transfer from retail to wholesale to foreign supermarkets, starting from Arab Saudi and Dubai supermarkets.
- On Jun 30th, Phu Yen People's Committee approved the investment plan of 15,000 ha in Phu Yen of TAR. Ministry of Agriculture and Rural Development proposed the project to develop 1 million hectares of high-quality rice in Mekong Delta, in which, TAR operates 100,000 ha.
- Garbage electricity projects in Soc Trang and Phu Yen were approved in Jun-23 and submitted to the MoIT's approval. In which, TAR cooperates with the foreign contractor and electricity sales to EVN will be paid to the contractor in 6 years to settle the initial investment value of USD63mn.

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	7,829	1,973	1,837	2,713	3,120
chg. (% YoY)	92.1	37.0	(6.9)	47.6	15.0
Operating profit (VND bn)	385	84	112	158	170
Net profit (VND bn)	334	35	57	79	89
EPS (VND)	1,751	1,011	1,633	1,871	1,920
chg. (% YoY)	0.9	100.8	61.5	14.6	2.6
EBITDA (VND bn)	696	102	130	188	204
PE (x)	10.6	15.9	9.9	8.6	8.4
EV/EBITDA (x)	6.0	10.9	9.6	7.5	9.2
PB (x)	0.4	1.3	1.2	1.2	1.1
ROE (%)	11.2	9.5	13.2	15.6	15.2
Dividend yield (%)	2.1	0.0	0.0	0.0	0.0

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

NIndex (29 Jun, pt)	1,130
Stock price (29 Jun, VND)	16,100
Market cap (USD mn)	54
Shares outstanding (mn)	78
52-Week high/low (VND)	25,910/8,100
6M avg. daily turnover (USD mn)	0.98
Free float / Foreign ownership (%)	83.0/0
Major shareholders (%)	
Pham Thai Binh	12.77
Truong Kha Tu	2.36
Trinh Phuong Thao	2.2

Performance

	1M	6M	12M
Absolute (%)	2.5	47.7	(33.4)
Relative to VNIndex (%p)	(2.8)	35.0	(27.7)

Stock price trend



Source: Bloomberg

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Prepared by: Research Department

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