

29 Apr 2023

## Bimico (KSB)

### 2Q23 Sales underperformed as expected

- Crushed stone sale reduction caused revenue to shrink.
- Maintain HOLD and earnings are under review

#### Facts: Crushed Stone sales have fallen

KSB's revenue decreased to VND183.7bn (-35.4% yoy, 61.5% qoq) in 2Q23. The main reason came from the drop in product sales, which is VND 43.8bn (-68% yoy) in 2Q23 can be attributed to the temporarily closure of Phuoc Vinh stone mine for license renewal and the closure of Minh Long and Tan Lap kaolin mine. Thankfully, KSB was able to maintain performance in the company Industrial Park segment where revenue only saw a negligible reduction of 5% yoy down to VND139.4bn in 2Q23.

Operating profit was further hampered by interest payment pressure from short-term loan for development of IP land bank. The expense is up to VND45bn in 2Q23 (+25% yoy).

The company NPAT posted VND46.5bn which only downed 18.7%yoy, but surged 244%qoq. The unexpectedly high NPAT was because of an Other Profit of VND20bn.

#### Interest payment pressure from short term loans

KSB's short-term debt has sharply increased to VND1,022bn (+29% yoy) in 2Q23, this amount was mainly used for new land bank investment, which grew to VND75.5bn, raising the total debt to VND1,2tn. All this have raised more interest payment pressure on NPAT, as we have analyzed above.

#### Action: Maintain HOLD

We maintain a HOLD rating on KSB stock based on the company's long-term prospects.

Below	In line	Above
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vs. KIS forecast

12M rating **HOLD (Maintain)**

12M TP *from N/A*

Up/Downside

#### Stock data

VNIndex (28 Jul, pt)	1,208
Stock price (28 Jul, VND)	32,000
Market cap (USD mn)	103
Shares outstanding (mn)	76
52-Week high/low (VND)	32,500/12,500
6M avg. daily turnover (USD mn)	3.02
Free float / Foreign ownership (%)	67.8/3.3
Major shareholders (%)	
DRH	29.88

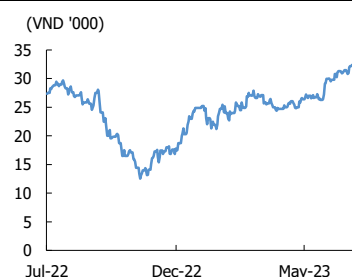
#### Valuation

	2021A	2022A	2023F
PE (x)	13.1	9.4	16.6
PB (x)	1.9	0.7	1.0
ROE (%)	15	8	6
DY (%)	0	0	0
EV/EBITDA (x)	5.7	7.5	8.5
EPS (VND)	2,855	1,502	1,330
BPS (VND)	24,281	25,327	26,657

#### Performance

	1M	6M	12M
Absolute (%)	4.6	38.3	(33.9)
Relative to VNIndex (%p)	5.0	35.6	(12.0)

#### Stock price



Source: Bloomberg

#### Research Dept

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**Table 1. 2Q23 earnings**

(VND bn, %, %p)

	2Q22	3Q22	4Q22	1Q23	2Q23	QoQ	YoY
Sales	283.9	155.9	157.4	113.5	183.3	61.5	(35.4)
OP	72.3	43.4	11.1	21.6	36.3	68.1	(49.8)
OP margin	25.5	27.8	7.1	19.0	19.8	4.1	(22.2)
EBT	72	42.9	16.2	22	56.4	156.4	(21.7)
NP	57.2	40.672	12.4	13.5	46.5	244.4	(18.7)

Source: Company data, KIS

### ■ Company overview

KSB is headquartered in Binh Duong, core businesses in the field of construction materials and IPs. In 2022, KSB ranked second among the largest crushed stone miners in the South with 1.6mn m3 rock, which mined by three mines of Tan My, Phu Giao, and Thien Tan 7.

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Prepared by: Research Dept

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