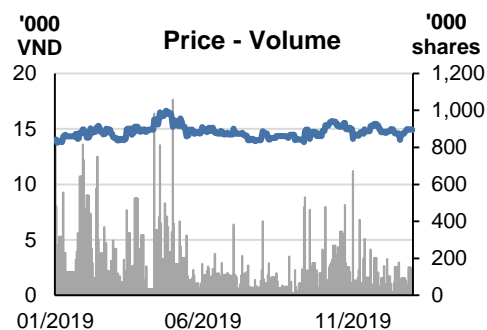


## HT1 (HOSE) 4Q19 performance stays strong

### Building Material/Cement

Market price (VND) **14,950**



### Stock performance (%)

	YTD	1M	3M	12M
Absolute	0%	1%	0%	6%
Relative	-3%	-2%	0%	-4%

Source: Bloomberg, compared to VNIndex

### Stock Statistics 21-Jan-20

52-week range (VND)	13.8k-16.6k
Shares o/s (m)	382
Mkt cap (VND bn.)	5,685
Mkt cap (\$m)	245
% Foreign owned	6.5%
Est. free float (ml. shares)	381.0
3m avg. daily vol. (shares)	148,975
VND/USD	23,171
Index: VN-Index/HNX	986/106

Source: Bloomberg, KIS

### Ownership 21-Jan-20

VICEM	79.7%
Mr. Nguyen Van Chuyen – BoD member	2.8%

Source: Bloomberg

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### 4Q2019 performance stays strong

Ha Tien 1 reported Q4 FY2019 results with revenue of VND2,284bn, up 1.4% YoY and net profit of VND216bn, rose 12.3% YoY. In addition, gross margin stayed high at 19.3% in 4Q2019, compared to 17.8% in 4Q2018. As mentioned in our 4Q2019 Earnings preview, the positive result of Ha Tien 1 came from stronger export to China and lower input cost.

### 2019 business result in expectation

For full year 2019, net revenue was reported at VND8,839bn, fulfilling 99% its target plan and our estimation. NPAT was recorded at VND745bn, completing 102% of target plan and 97% of our estimation.

In overall, 4Q2019 is in line with our 4Q2019 earnings preview so that we make no material change to our projection for Ha Tien 1 in 2020.

VNDbn	4Q18	4Q19	2018	2019	2019 Plan
<b>Net revenue</b>	<b>2,318</b>	<b>2,285</b>	<b>8,378</b>	<b>8,839</b>	<b>8,931</b>
Growth YoY	4.0%	-1.4%	2.0%	5.5%	
Gross profit	412	440	1,403	1,564	
Gross margin	17.8%	19.3%	16.7%	17.7%	
<b>EBIT</b>	<b>320</b>	<b>332</b>	<b>1,080</b>	<b>1,189</b>	
Growth YoY	24.0%	3.7%	5.1%	10.1%	
EBIT margin	13.8%	14.5%	12.9%	13.5%	
Interest expenses	67	57	276	238	
PBT	259	266	812	931	917
PBT margin	11.1%	11.6%	9.7%	10.5%	10.3%
<b>NPAT</b>	<b>192</b>	<b>216</b>	<b>634</b>	<b>745</b>	<b>734</b>
Growth YoY	20.8%	12.5%	32.7%	17.5%	15.8%
NPAT margin	8.3%	9.5%	7.6%	8.4%	8.2%

BMP FINANCIAL MODEL						BS & CF ITEMS (VNDbn)					
Unit: VNDbn	2016	2017	2018	2019	2020E	2016	2017	2018	2019	2020E	
<b>Net Revenue</b>	<b>8,237</b>	<b>8,209</b>	<b>8,376</b>	<b>8,936</b>	<b>8,918</b>	Increase in WC	354	274	-577	245	0
Sales growth (%)	8.3%	-0.3%	2.0%	6.7%	-0.2%	Capex	132	88	91	192	192
PVC	8,136	8,176	8,354	8,914	8,895	Other cash flow items	50	79	69	0	0
HDPE	100	32	23	23	23	<b>Free cash flow</b>	<b>951</b>	<b>764</b>	<b>1,791</b>	<b>1,059</b>	<b>1,337</b>
<b>COGS</b>	<b>6,613</b>	<b>6,866</b>	<b>6,973</b>	<b>7,358</b>	<b>7,330</b>	Share issues	-	-	-	0	0
Gross margin (%)	19.7%	16.4%	16.8%	17.7%	17.8%	Dividends paid	-	381	571	458	458
SG&A	350	315	323	362	379	Increase in net debt	-951	-383	-1,220	-601	-879
<b>EBITDA</b>	<b>1,951</b>	<b>1,747</b>	<b>1,810</b>	<b>1,946</b>	<b>1,939</b>	<b>Net debt, end of year</b>	<b>4,655</b>	<b>4,272</b>	<b>3,052</b>	<b>2,451</b>	<b>1,572</b>
EBITDA margin (%)	23.7%	21.3%	21.6%	21.8%	21.7%	Enterprise value	10,654	10,270	9,050	8,105	7,226
Depr'n & Amort'n	678	719	730	730	730	<b>Total equity</b>	<b>5,189</b>	<b>5,214</b>	<b>5,200</b>	<b>5,404</b>	<b>5,638</b>
<b>Operating profit</b>	<b>1,273</b>	<b>1,028</b>	<b>1,080</b>	<b>1,217</b>	<b>1,209</b>	Minority interests	8	7	7	7	7
Operating margin (%)	15.5%	12.5%	12.9%	13.6%	13.6%	<b>Shareholder's equity</b>	<b>5,181</b>	<b>5,207</b>	<b>5,193</b>	<b>5,398</b>	<b>5,631</b>
Net interest expenses	334	300	263	243	205	BVPS (VND, bonus-adjusted)	13,580	13,649	13,609	14,145	14,756
As % of avg. net debt	6.5%	6.7%	7.2%	8.8%	10.2%	Net debt / equity (%)	90%	82%	59%	45%	28%
Interest cover (x)	3.8	3.4	4.1	5.0	5.9	Net debt / EBITDA (x)	2.4	2.4	1.7	1.3	0.8
Other profit/loss	80	-127	-11	-15	-5	<b>Total assets</b>	<b>11,080</b>	<b>10,656</b>	<b>9,949</b>	<b>9,656</b>	<b>9,119</b>
Tax	210	114	161	191	200	<i>Net debt = debts – cash &amp; equivalent</i>					
Effective tax rate (%)	20.6%	19.1%	20.0%	20.0%	20.0%	<b>Key ratios &amp; Valuation</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020E</b>
<b>Net profit</b>	<b>809</b>	<b>486</b>	<b>645</b>	<b>767</b>	<b>800</b>	ROE (%) (excl minority interest)	15.6%	9.4%	12.4%	14.5%	14.5%
Net margin (%)	9.8%	5.9%	7.7%	8.6%	9.0%	ROA (%)	7.3%	4.6%	6.5%	7.9%	8.8%
Minorities	-	(2)	0	0	0	ROIC (%)	10.4%	7.5%	9.6%	11.9%	12.8%
Net attributable profit	809	488	645	767	800	WACC (%)	10.3%	10.7%	11.6%	12.5%	13.5%
Number of shares (m)	382	382	382	382	382	PER (x)	8.7	14.7	10.7	8.5	8.2
<b>EPS (VND, bonus-adjusted)</b>	<b>1,807</b>	<b>1,066</b>	<b>1,461</b>	<b>1,736</b>	<b>1,811</b>	PBR (x)	1.2	1.2	1.2	1.0	1.0
EPS growth (%)	10.2%	-41.0%	37.0%	18.9%	4.3%	PSR (x)	0.7	0.7	0.7	0.6	0.6
DPS (VND)	0	1,000	1,200	1,200	1,200	EV/EBITDA (x)	5.5	5.9	5.0	4.2	3.7
Payout ratio	0.0%	93.7%	82.2%	69.1%	66.3%	EV/Sales (x)	11.2	13.4	5.1	7.7	5.4
						Dividend yield (%) (bonus-adjusted)	0.0%	6.1%	7.3%	8.1%	8.1%

EBITDA = Net revenue – (COGs -Depr'n&Amort'n)– SG&A expenses

EBIT = EBITDA – Depr'n&Amort'n

Net interest expenses = interest expenses – interest income

Other profit/loss consists of other financial income/expenses, profit share from JVs/associates and other income/loss

Payout ratio = Dividend paid / Net attributable profit

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## Recommendation System

**BUY:** where we believe prospective 12 months VND total return (including dividends) will be 15% or more.

**HOLD:** where we believe it will be -5% to 15%.

**SELL:** where we believe it will be -5% or less.

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