

6 Apr 2020

Masan Group (MSN)

Eyes turn to MEATDeli pork

MML - MEATDeli pork continues to thrive in 2Q20

- On 03 Apr, we made a call to Masan Group's IR to update about its business situation.
- Masan Group estimates Masan Meat Life (MML) revenue to grow 20% yoy in 2020 thanks to sales acceleration of MEATDeli pork, of which 1Q20 revenue is expected at USD10-15mn thanks to stronger nationwide pork brand.
- In 2Q20, MEATDeli revenue may continue to accelerate and is targeted to be USD50-60mn as Masan Meat Life is promoting its pork in Vinmart and Vinmart+ channel. In the whole 2020, MEATDeli pork may reach revenue of USD200mn.
- Animal feed may decelerate as pig feed revenue is expected to post a single-digit growth of 5-10% yoy in 1Q20, mainly because of the slow recovery of Vietnam pig farms in the past quarter.

VCM – Cost cutting is the main focus

- Rising shopping demand at modern grocery stores is benefiting VinCommerce.
- VinCommerce's EBITDA margin is estimated to have enhanced to -6% in 1Q20 and to maintain its improvement trend in next two quarters.
- Cost optimization is core strategy for VinCommerce in 2020, which is now being consulted by Boston Consulting Group.

MCH – Convenience food leads revenue growth

- Masan Consumer Holding expects convenience food to beat its previous estimate to grow 30% yoy in 1Q20, in which instant noodle grows 20% yoy. On the contrary, seasonings and energy drink may record single-digit growths.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	37,621	38,188	37,354	73,740	86,954
chg. (% YoY)	(13.1)	1.5	(2.2)	97.4	17.9
Operating profit (VND bn)	4,429	5,552	4,843	4,170	5,541
Net profit (VND bn)	3,608	5,622	6,365	2,704	4,556
EPS (VND)	2,727	4,561	4,766	2,020	3,403
chg. (% YoY)	10.8	67.2	4.5	(57.6)	68.5
EBITDA (VND bn)	7,039	8,257	7,591	8,903	10,443
PE (x)	26.0	16.1	11.0	25.9	15.4
EV/EBITDA (x)	5.7	5.9	6.3	5.7	5.4
PB (x)	4.1	2.1	1.4	1.3	1.2
ROE (%)	20.6	22.2	15.4	5.4	8.4
Dividend yield (%)	5.7	0.0	0.0	0.0	0.0

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

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12M rating **BUY (Maintain)**

12M TP **72,600** from 73,000

Up/Downside **+41%** (incl 0% cash dividend)

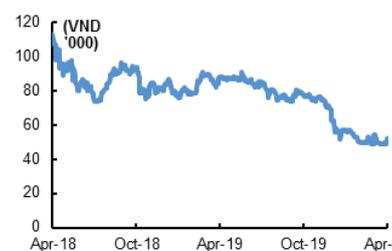
Stock Data

VNIndex (Apr 3, pt)	702
Stock price (Apr 3, VND)	52,300
Market cap (USD mn)	2,596
Shares outstanding (mn)	1,169
52-Week high/low (VND)	91,300/49,000
6M avg. daily turnover (USD mn)	3.08
Free float / Foreign ownership (%)	25.8/36.2
Major shareholders (%)	
Masan JSC	31.2
Sun Flower Construction	13.2
SK Investment Vina	9.4
Ardolis Investment	5.6

Performance

	1M	6M	12M
Absolute (%)	0.1	(0.3)	(0.4)
Relative to VNIndex (%p)	0.3	0.0	(0.1)

Stock price trend



Source: Bloomberg

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