

12 Jun 2020

# Ha Tien 1 (HT1)

## Consistent and stable in 2020

### 2020 AGM

- On 12 June, HT1 held the 2020 AGM.
- Key issues covered were its plan in 2020 and capex in the following years.

### Lower input cost to lift earnings

- Ha Tien 1 plans to sell 7.3mn tonnes, up only 0.5% YoY. Because of weak demand concerns, it sets the target revenue of VND8,534bn, down 2.9% YoY and EBT of VND830bn, down 10.6% YoY.
- Public investment may benefit the overall domestic cement demand but Ha Tien 1 does not expect significant impacts as it expects to maintain the bulk/bagged cement ratio at 31/69 like 2019.
- Lower coal price may lift earnings in 2020. The company estimate that coal cost in 5M20 decreased by nearly 10% YoY.
- Ha Tien 1 is paying more attention in environmental issues such as replacing about 20% of coal consumption by fabric scrap in Kien Luong factory and Binh Phuoc factory and reusing heat emitted during production for electricity generation in Binh Phuoc factory.
- Ha Tien 1 said the largest risk in 2020 is weaker cement consumption in foreign markets, which will put upward pressure on domestic market. However, up to now, foreign markets are quite good as export volume in May and 5M20 increased by 41.1% YoY and 1.6% YoY respectively.

### Large capex from 2022

- In 5-year plan, Ha Tien 1 will invest a grinding station capable of 1 mn tonnes per year and another cement factory in Kien Luong, doubling its total capacity.
- Ha Tien 1 expects to start construction bid of the grinding station in 2Q21. Total capex is VND1.4tn, of which 70% is funded by debt.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	8,209	8,378	8,839	8,501	8,743
chg. (% YoY)	(0.3)	2.1	5.5	(3.8)	2.8
Operating profit (VND bn)	1,028	1,075	1,192	1,140	1,176
Net profit (VND bn)	488	634	746	746	804
EPS (VND)	1,066	1,431	1,685	1,686	1,821
chg. (% YoY)	(41.0)	34.2	17.7	0.1	8.0
EBITDA (VND bn)	1,747	1,804	1,901	1,822	1,857
PE (x)	12.8	9.5	8.1	8.1	7.5
EV/EBITDA (x)	5.4	4.6	4.0	3.7	3.0
PB (x)	1.0	1.0	1.0	0.9	0.9
ROE (%)	9.4	12.3	14.2	13.7	14.2
Dividend yield (%)	7.4	11.0	8.8	8.8	8.8

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

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12M rating **BUY (Maintain)**

12M TP **16,400**

Up/Downside **+18.6%** (incl 8% cash dividend)

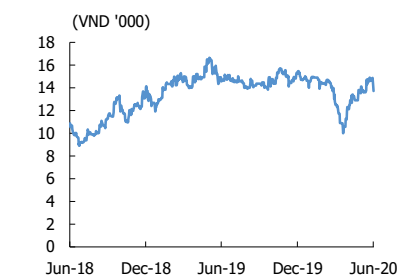
### Stock Data

VNIndex (Jun 12, pt)	864
Stock price (Jun 12, VND)	13,700
Market cap (USD mn)	225
Shares outstanding (mn)	382
52-Week high/low (VND)	15,710/10,000
6M avg. daily turnover (USD mn)	0.09
Free float / Foreign ownership (%)	97./6.5
Major shareholders (%)	
VICEM	79.7
Mr. Nguyen Van Chuyen – BOD member	2.8

### Performance

	1M	6M	12M
Absolute (%)	1.5	(10.2)	(5.9)
Relative to VNIndex (%)	(2.0)	0.1	2.1

### Stock price trend



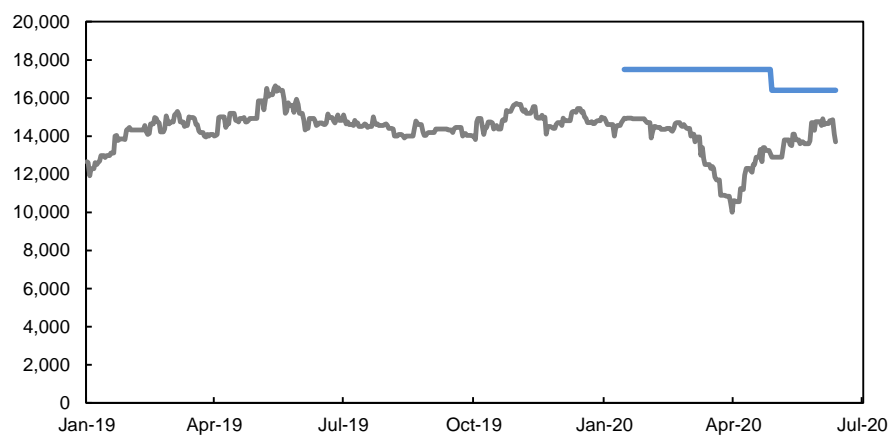
Source: Bloomberg

**Vinh Chu**

vinh.cd@kisvn.vn

**Changes to recommendation and price target**

Company (Code)	Date	Recommendation	Price target	% vs. avg. price	% vs. high (low)
Ha Tien 1 (HT1)	28-Apr-20	BUY	16,400	-	-
	14-Jan-20	BUY	17,500	-	-
	25-Oct-19	HOLD		-	-
	28-Feb-19	HOLD		-	-



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Prepared by: Vinh Chu

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