

22 Jun 2020

# Long Hau Corp (LHG)

## FY2020 AGM: Lure dividend yield

### FY20F AGM key takeaways

- At its AGM on Jun 22, LHG guided for a cautious net profit growth amid a stellar revenue growth

### FY20F Net profit growth set conservatively as always

- In FY20F, LHG targets for a VND122.5bn net profit, - 14% yoy despite a 51.5% completion of net profit guidance in 1Q20 results. The management has not provided specific FY20F revenue guidance, but has articulated (reaffirmed at AGM) comprehensive guidance around VND916bn, + 43%yoy.
- The company attributes a higher cash drain to pay land use fee to authority in the LH3 industrial park (IP) and that could compress the gross margin in FY20F. However, we expect LHG could generate FY20F net profit to VND162bn, +32.2% above LHG's guidance and +13.3% yoy thanks to higher rents from LH3 IP.
- A 19% dividend at par is expected in FY20F, per management.

### FY20F Strong sales momentum in line

- The management remains constructive in leasing demand environment with the expectation of at least 20ha in LH3, +128.5% yoy and a 20% rent growth.

### Contingent liability to Tan Thuan company still incomplete

- The audit claims a VND328.7bn as a contingent liability but also admits no comprehensive basis to record this liability as a cost.

12M rating **BUY (Maintain)**

12M TP **20,000**

Up/Downside 17.1% (include 10.2% cash dividend)

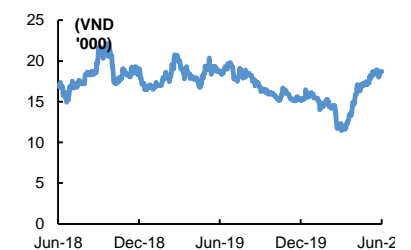
### Stock Data

VNIndex (22 Jun, pt)	871
Stock price (22 Jun, VND)	18,700
Market cap (USD mn)	40
Shares outstanding (mn)	50
52-Week high/low (VND)	19,800/11,450
6M avg. daily turnover (USD mn)	0.16
Free float / Foreign ownership (%)	48.4/7.7
Major shareholders (%)	
Tan Thuan Industrial Park Development	48.6
Indochian Growth Master Fund	4.9

### Performance

	1M	6M	12M
Absolute (%)	8.1	22.2	(0.3)
Relative to VNIndex (%p)	5.9	30.6	7.5

### Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	488	430	599	826	993
chg. (% YoY)	1.6	(11.8)	39.2	38.0	20.2
Operating profit (VND bn)	192	173	145	221	291
Net profit (VND bn)	166	176	143	162	216
EPS (VND)	6,157	3,519	2,854	3,245	4,311
chg. (% YoY)	(3.0)	(42.9)	(18.9)	13.7	32.9
EBITDA (VND bn)	220	204	200	285	358
PE (x)	3.0	5.3	6.6	5.8	4.3
EV/EBITDA (x)	(1.2)	1.8	1.7	1.5	0.8
PB (x)	0.9	0.8	0.8	0.7	0.7
ROE (%)	23.6	19.2	15.3	16.5	20.3
Dividend yield (%)	8.0	8.0	10.2	10.2	10.2

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

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