

4 Jun 2020

Nam Tan Uyen JSC (NTC)

FY20F AGM note: Gone with the wind

FY20F AGM key takeaways

- We attended NTC's AGM meeting on 3 Jun with some following key takeaways of the story.

Conservative growth of FY20F net profit guidance as usual

- In FY20F, NTC set a cautious net profit of VND177bn, - 25.2% yoy despite a stellar revenue growth of 56.3% yoy to VND303.1bn and a 48% completion of net profit guidance in 1Q20 results.
- The company attributes higher cash drain to build the NTU3 industrial park could deliver lower interest income. However, we expect NTC could generate FY20F net profit to VND235bn, + 32% above NTC's guidance but flattish yoy thanks to new contribution of rental income from NTU3 industrial park in FY20F, compensating the interest income contraction.
- A 80% dividend at par is expected in FY20F, per management.

NTU3 industrial park aims to launch in 4Q20F

- The NTU3 industrial park (IP) starts to generate cash in 4Q20F with the first 50ha presales of which 5ha could be booked as one-time recognition, per management. The initial rent in NTU3 IP has gone up significantly by 38.5% the average rent in NTU2 IP to US\$90 psm, offsetting the higher compensation cost to Phuoc Hoa Rubber Company and land using fee to government.

Share issuance and bourse switch to HSX in 2H20F

- The board management aims to list in HSX in 2H20F and issue additional shares at 2:1 to meet the capital requirement for NTU3 IP development.
- The divestment plan of Vietnam Rubber Group in NTC is still incomplete.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	138.6	523.0	184.3	306.8	336.4
chg. (% YoY)	-2.1	277.4	-64.8	66.5	9.6
Operating profit (VND bn)	63.0	438.3	86.4	122.5	130.1
Net profit (VND bn)	142.5	455.6	236.5	235.3	239.4
EPS (VND)	8,905.3	28,476.3	14,781.8	14,705.3	15,234.3
chg. (% YoY)	15.2	219.8	-48.1	-0.5	3.6
EBITDA (VND bn)	101.8	476.1	124.1	160.3	167.8
PE (x)	22.7	7.1	13.7	13.7	13.3
EV/EBITDA (x)	20.1	3.5	9.8	12.6	15.0
PB (x)	8.5	5.5	8.0	6.6	5.6
ROE (%)	42.6	94.1	41.7	44.8	45.7
Dividend yield (%)	0.7	3.0	12.3	4.0	4.0

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

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12M rating **HOLD (Maintain)**

12M TP **175,000**

Up/Downside

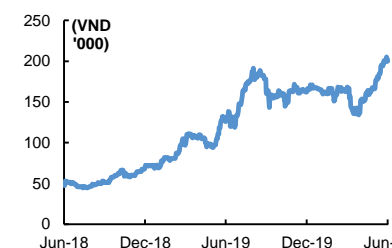
Stock Data

VNIndex (04Jun, pt)	887
Stock price (04 Jun, VND)	200,000
Market cap (USD mn)	138
Shares outstanding (mn)	16
52-Week high/low (VND)	205,000/118,838
6M avg. daily turnover (USD mn)	0.27
Free float / Foreign ownership (%)	24.7/2.1
Major shareholders (%)	
Vietnam Rubber Group	32.9
Phuoc Hoa Rubber	20.0
Saigon VRG JSC	19

Performance

	1M	6M	12M
Absolute (%)	20.5	23.1	57.0
Relative to VNIndex (%p)	4.1	30.6	62.2

Stock price trend



Source: Bloomberg

Nhan Lai

Nhan.It@kisvn.vn

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Prepared by: Nhan Lai

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