

30 Jun 2020

# Masan Group (MSN)

## Masan Group expects positive EPS in 2Q20

### Masan Consumer targets revenue of VND25,000bn in 2020

- On 30 Jun, we joined Masan Group's 2020 AGM to update about its business situation.
- Per management, Masan Group will reach positive EPS in 2Q20, which is mainly driven by robust revenue growth of Masan Consumer and ongoing strong revenue growth of MEATDeli fresh meat.
- Masan Consumer targets to achieve annual revenue growth of over 20% in the period of 2021-2025, coupled with profit margin target of over 20%.
- Masan Group establishes The CrownX JSC, holding 85.71% equity stake in Masan Consumer and 83.74% equity stake in VinCommerce. Masan Group plans to spend almost USD1bn by cash to acquire an additional 15% equity stake of The CrownX, which will be completed in 2Q20 or 3Q20.
- Per management, strategic priorities for The CrownX are:
  - Develop winning store model and supply chain, which are based on enhancing store performance, innovative portfolio and cost-efficient operating model.
  - Develop FMCG like power brand and become top 50 brands in the world.
  - Grow exclusive portfolio up to 40% through strategic partnership with suppliers and scalable retail platform.
- The CrownX has three revenue scenarios for 2025. Corresponding to base case, mid case and high case, The CrownX targets to reach revenue of VND100-150bn, VND150-200bn, VND200-250bn and operating margin of 13%, 14% and 15%, respectively.

### Masan MEATLife to maintain strong growth of fresh meat

- Masan MEATLife targets to reach revenue of VND16,000-18,000bn and normalized NPAT of VND200-500bn in 2020. Meat revenue is targeted to reach 20% total revenue.
- Masan MEATLife believes animal protein will be one of the most explosive categories of modern trade as animal protein revenue via modern trade can reach USD6.5bn in 2025, achieving 12x growth compared to revenue of USD550mn in 2019. Besides pork products, Masan MEATLife will penetrate to Poultry and Aqua segments from 2020.

### VinCommerce to see improvement trend of EBITDA margin

- VinCommerce targets to reach revenue of VND42,000bn in 2020, growing 64% yoy. Management board expects EBITDA margin to continue improvement trend to reach -3%-0% by the end of 2020.
- Per management, VinCommerce has reached EBITDA breakeven point in Ha Noi, but remained loss in Ho Chi Minh City. VinCommerce expects to reach revenue/m2/month of VND8mn in Ha Noi in coming quarters.

12M rating **BUY (Maintain)**

12M TP **77,000** from 77,000

Up/Downside **+44%** (incl 2% cash dividend)

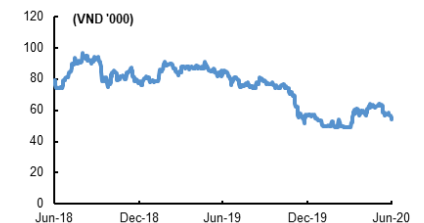
#### Stock Data

VNIndex (30 Jun, pt)	825
Stock price (30 Jun, VND)	54,100
Market cap (USD mn)	2,726
Shares outstanding (mn)	1,169
52-Week high/low (VND)	85,200/49,000
6M avg. daily turnover (USD mn)	3.79
Free float / Foreign ownership (%)	36.4/38.9
Major shareholders (%)	
Masan JSC	31.2
Sun Flower Construction	13.2
GIC	13.0
SK Investment Vina	9.4

#### Performance

	1M	6M	12M
Absolute (%)	(13.7)	(4.2)	(34.8)
Relative to VNIndex (%p)	(9.3)	9.5	(23.1)

#### Stock price trend



Source: Bloomberg

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	<b>2017A</b>	<b>2018A</b>	<b>2019A</b>	<b>2020F</b>	<b>2021F</b>
Sales (VND bn)	37,621	38,188	37,354	75,335	96,034
chg. (% YoY)	(13.1)	1.5	(2.2)	101.7	27.5
Operating profit (VND bn)	4,429	5,552	4,843	4,093	7,207
Net profit (VND bn)	3,103	4,916	5,557	2,380	5,260
EPS (VND)	2,700	4,539	4,766	2,036	4,500
chg. (% YoY)	66.9	68.1	5.0	(57.3)	121.0
EBITDA (VND bn)	7,039	8,257	7,591	8,825	12,109
PE (x)	19.8	11.9	11.4	26.6	12.0
EV/EBITDA (x)	6.0	6.2	6.6	6.0	5.0
PB (x)	4.2	2.1	1.5	1.4	1.3
ROE (%)	20.6	22.2	15.4	5.4	11.0
Dividend yield (%)	5.5	0.0	0.0	1.8	0.0

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

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