

5 Nov 2020

# Masan Group (MSN)

12M rating **Hold (Downgrade)**

## Accelerating earning growth post-2020

### Masan Group can reach NPAT of VND4,000-6,000bn in 2021

- On Nov 03, Masan Group held an analyst meeting to update more information on business results in 2020-2021.
- Masan Group estimates to reach EBITDA of VND10,000bn in 2020, which is mainly based on the extending profit margin improvement of VinCommerce and optimistic results of Masan Consumer in 4Q20.
- In 2021, Masan Group is ambitious to achieve NPAT of VND4,000-6,000bn, lead by the yoy earning growth of all business segments.
- Masan Group plans to reduce Debt/EBITDA ratio to 2.5x-3x in 2021.
- Masan MEATLife targets to expand its integrated meat business by placing footsteps in poultry products via 3F VIET JSC consolidation, focusing on expanding its market share in Vietnam northern market.
- Because of worldwide decrease of tungsten inventory, Masan High-Tech Materials expects tungsten price to extend its recovery trend in 2021 to support for business result of Masan High-Tech Materials.

### VinCommerce to continue its profit margin improvement

- After improving EBITDA margin to -2.8% in 3Q20, Masan Group maintains its target of EBITDA breakeven in 4<sup>th</sup> quarter 2020.
- In 2021, VinCommerce targets to extend its trend of profit margin improvement thanks to:
  - Simplifying product portfolio by increasing the presence of products with high revenue and high profit margins.
  - Promoting price promotion to increase VinCommerce's price competition against its rivals.
  - Achieving yoy widening EBITDA margin, driven by the closure of more than 400 stores (including both Vinmart stores and Vinmart+ stores) with low performance in 2020.

	2017A	2018A	2019A	2020F	2021F
Sales (VND bn)	37,621	38,188	37,354	83,362	92,038
chg. (% YoY)	(13.1)	1.5	(2.2)	123.2	10.4
Operating profit (VND bn)	4,429	5,552	4,843	2,076	3,018
Net profit (VND bn)	3,103	4,916	5,557	1,143	1,946
EPS (VND)	2,700	4,539	4,766	978	1,665
chg. (% YoY)	66.9	68.1	5.0	(79.5)	70.2
EBITDA (VND bn)	7,039	8,257	7,591	6,902	8,020
PE (x)	30.9	18.5	17.7	86.1	50.6
EV/EBITDA (x)	10.9	10.4	11.2	12.3	11.0
PB (x)	6.6	3.3	2.3	2.3	2.2
ROE (%)	20.6	22.2	15.4	2.7	4.4
Dividend yield (%)	3.6	-	-	1.2	-

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

VNIndex (04 Nov, pt)	940
Stock price (04 Nov, VND)	84,200
Market cap (USD mn)	4,267
Shares outstanding (mn)	1,175
52-Week high/low (VND)	87,900/49,000
6M avg. daily turnover (USD mn)	5.28
Free float / Foreign ownership (%)	36.7/35.3
Major shareholders (%)	
Masan JSC	31.2
GIC	13.3
Sun Flower Construction	13.2
SK Investment Vina	9.4

### Performance

	1M	6M	12M
Absolute (%)	55.6	46.9	10.4
Relative to VNIndex (%p)	52.2	22.3	16.7

### Stock price trend



Source: Bloomberg

**Toan Dao**

toan.dp@kisvn.vn

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Prepared by: Toan Dao

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