

3 Feb 2021

# Masan Group (MSN)

## 2021 yoy revenue grow to reach 20 - 40%

### Masan Group sets up ambitious 2021 preliminary guidance

On 02 Feb 2021, we join in Masan Group's analyst meeting to update more details about 2021 business guidance.

Masan Group announced its draft 2021 actual plan, including 20-40% revenue growth, EBITDA margin of 15-20% and net margin of 3-5%, which are driven by:

- **Masan Consumer:** YoY net revenue growth can reach 15-20%, which are led by innovation, food premiumization, scaling up of beverage and home personal care category. Masan Consumer expects to maintain stable EBITDA margin while keep investing in power brands and innovation.
- **Masan MEATLife:** YoY net revenue growth can reach 25-50% thanks to scaling up of meat. Meat is expected to contribute 20-40% of total revenue, driven by both increasing availability of chilled meat (pork & poultry) and expanding processed meat portfolio. Better product mix will improve EBITDA margin of meat segment. Although corn price and soybean price are in the uptrend, Masan MEATLife will attempt to maintain EBITDA margin of animal feed in range of 10-12%.
- **Masan High-Tech Materials:** Accelerating H.C.Starck integration to transform core business to mid-stream segment will remain bright point, which is expected to result in 50-100% yoy net revenue growth in 2021. Second motivation for 2021 revenue growth is the uptrend of commodity prices.
- **VinCommerce:** Revenue growth & store expansion of minimarts and repositioning of supermarket are expected to result in yoy net revenue growth of 15-20%. EBITDA margin will be positive for the whole 2021 thanks to strong revenue growth and total commercial margin that is on par with best-in-class peers.

	2017A	2018A	2019A	2020U	2021F
Sales (VND bn)	37,621	38,188	37,354	77,218	92,030
chg. (% YoY)	(13.1)	1.5	(2.2)	106.7	14.1
Operating profit (VND bn)	4,429	5,552	4,843	1,682	4,656
Net profit (VND bn)	3,103	4,916	5,557	1,395	2,221
EPS (VND)	2,700	4,539	4,766	1,054	1,900
chg. (% YoY)	66.9	68.1	5.0	(77.9)	63.8
EBITDA (VND bn)	7,039	8,257	7,591	4,924	11,402
PE (x)	30.8	18.4	17.6	79.7	43.1
EV/EBITDA (x)	10.9	10.4	11.2	11.0	8.0
PB (x)	6.6	3.3	2.3	6.2	4.0
ROE (%)	20.6	22.2	15.4	4.2	5.0
Dividend yield (%)	3.6	-	-	1.2	-

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

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12M rating **Hold (Maintain)**

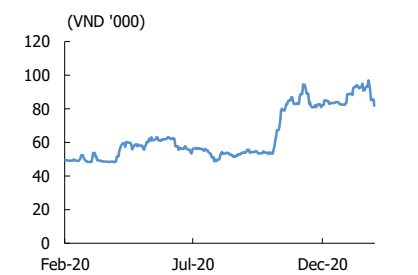
#### Stock Data

VNIndex (03 Feb, pt)	1,076
Stock price (03 Feb, VND)	84,000
Market cap (USD mn)	4,285
Shares outstanding (mn)	1,175
52-Week high/low (VND)	97,000/48,421
6M avg. daily turnover (USD mn)	6.62
Free float / Foreign ownership (%)	36.7/32.1
Major shareholders (%)	
Masan JSC	31.2
Sun Flower Construction	13.2
GIC	10.7
SK Investment Vina	9.4

#### Performance

	1M	6M	12M
Absolute (%)	(5.5)	68.3	69.7
Relative to VNIndex (%p)	(3.0)	32.2	52.6

#### Stock price trend



Source: Bloomberg

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### VinCommerce to step in store expansion phase

To fulfill revenue growth target, VinCommerce will focus on three pillars, including:

- Increasing the presence of fresh foods in both Vinmart+ and Vinmart
- Focusing on the efficiency of sales department and operational department
- Developing fresh food logistic by co-operating with independent partners

In 2021, VinCommerce will accelerate its store count in 2021 after fast store closure in 2020. VinCommerce plans to open 300-700 new Vinmart+ stores in 2021. Instead of opening new Vinmart supermarket, VinCommerce will focus on cost efficiency due the fact that Vinmart chain still maintains core profit-driven factor of the whole VinCommerce.

VinCommerce is developing new Vinmart+ store concept with 02 stores in Ha Noi and 01 store in Ho Chi Minh. New concept sizes at 100-120 m2 and product location is restructured on the path of larger fresh foods exposure for customers (fresh foods accounting for 50% total store area).

According to empirical survey, new concept in Ho Chi Minh has reach more optimistic revenue performance than existing concept with VND40-45mn daily revenue compared to VND22-24mn daily revenue of existing store concept.

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