

31 Mar 2021

An Gia Group (AGG)

AGM Briefing: Solid growth profile

AGM Briefing

- On Mar 31, we attended AGG's 2021 AGM, and the presentation was largely centered on the FY21F guidance, contract sale target, and share issuance plan.

FY21F: To see 20.1% yoy earnings growth

- The company sets a target to post a VND3.6tn revenue, 105.3% yoy driven by a handover of over 2,000 units in the Sky89 (430 units) and The Song (1,650 units) condo projects. Net profit grows slower by 20.1% yoy to VND500bn in FY21F due to the absence of a VND338.7bn goodwill income recorded in FY20.
- Moreover, the company reaffirms its net profit CAGR of 20-25% in FY19-23F.

Rebounding contract sales in FY21F

- AGG aims at VND8tn contract sales, 2 times higher yoy growth in FY21F thanks to the sale launches of 3,600 units. Among the projects launched in FY21F is the Signal 27 (first 600 units), Standard low-rise project (200 units), and a 3ha-Binh Duong project (first 1,000 units).

Potential diluted EPS on right issuance

- To meet the demand for funds in the 3ha-Binh Duong project, AGG is going to issue at par with a ratio 1:1 to existing shareholders. Besides, the company would pay a 10% share dividend in 2H21F.

Land bank centered on Binh Duong province

- In the meeting, we are told that the legal process of acquiring around 43-53ha in Binh Duong province could finish this year. Ho Chi Minh City is still the strategic destination but could not be the most ideal in the prolonged licensing process.

	2017A	2018A	2019A	2020A	2021G
Sales (VND bn)	989	1,125	385	1,754	3,600
chg. (% YoY)	64.1	13.8	(65.8)	355.9	105.3
Operating profit (VND bn)	142	288	147	55	N/A
Net profit (VND bn)	59	293	327	415	500
EPS (VND)	708	15,111	4,602	5,031	6,042
chg. (% YoY)	3,678.3	2,035.3	-69.5	9.3	20.1
EBITDA (VND bn)	145	290	150	59	N/A
PE (x)	7.4	6.4	9.5	8.2	6.8
EV/EBITDA (x)	3.3	6.5	26.9	90.5	N/A
PB (x)	2.5	2.3	2.4	2.0	1.6
ROE (%)	51.1	56.9	28.5	22.0	N/A
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

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

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12M rating **Non-rated**

12M TP **N.A**

Up/Downside *N.A*

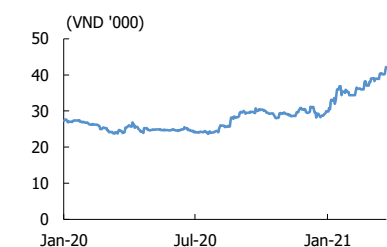
Stock Data

VNIndex (31 Mar, pt)	1,191
Stock price (31 Mar, VND)	42,150
Market cap (USD mn)	151
Shares outstanding (mn)	83
52-Week high/low (VND)	42,150/23,637
6M avg. daily turnover (USD mn)	2.06
Free float / Foreign ownership (%)	52.7/5.9
Major shareholders (%)	
Truong Giang Management	37.67
KITMC	4.46

Performance

	1M	6M	12M
Absolute (%)	10.9	43.1	76.3
Relative to VNIndex (%p)	10.5	10.5	(6.8)

Stock price trend



Source: Bloomberg

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Valuation looks undemanding despite a solid growth outlook

- Per management guidance, FY21F earnings translate into a forward PE of 6.8x and PB of 1.6x, unwarranted with the local peer median of 14x and 2.1x, respectively. We think investors seem to have overreacted to the moderate land bank area of 43-53ha and neglect the solid growth outlook in FY21F-22F.

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