

15 Apr 2021

Sonedazi Chau Duc (SZC)

AGM Briefing: Manifesting its charms

AGM Briefing

- On April 15, SZC held a 2021 AMG briefing for the upcoming business expansion plan. Key issues covered were the FY21F guidance, fund demand for residential property development.

Conservative FY21F guidance as usual

- In FY20F, NTC set a cautious net profit of VND176bn, - 5.3% yoy despite a stellar revenue growth of 31.9% yoy to VND571bn and nearly completion of net profit guidance in 1Q20 results.
- Particularly, the FY21F revenue estimate is comprising of some key contributors: 1) a VND461bn industrial land sales on the back of a 50ha land area transferred 2) a VND90bn residential land sales driven by a handover of 94 shop houses in Huu Phuoc Sonadezi project
- 1Q21 SZC is slated to reach a VND179bn revenue and a VND76.8bn net profit, making up 30.6%/43.6% of the company full-year guidance.
- The company attributes a bigger cash drain to construction of the new industrial land (USD42/ sqm), and that will lead to decline in gross profit margin.
- A cash dividend of 10-15% at par could be paid in FY21F

Aggressive fund demand

- Further information (verification) is required, to fund for the development of a 150ha residential townhouse project in the North, the company is in the need of at least VND3tn investment fund this year either in the form of equity or bond issuances.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside *N.A*

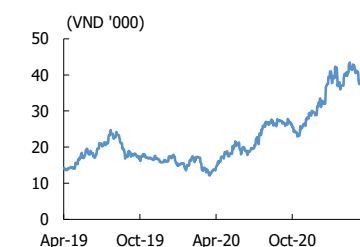
Stock Data

VNIndex (15 Apr, pt)	1,250
Stock price (15 Apr, VND)	37,500
Market cap (USD mn)	163
Shares outstanding (mn)	100
52-Week high/low (VND)	43,400/14,667
6M avg. daily turnover (USD mn)	1.68
Free float / Foreign ownership (%)	42./3.5
Major shareholders (%)	
Industrial Development JSC	46.8
Long Thanh Sonadezi	10.0

Performance

	1M	6M	12M
Absolute (%)	(10.7)	43.1	164.3
Relative to VNIndex (%p)	(16.3)	9.5	100.6

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020A	2021G
Sales (VND bn)	220	290	329	433	571.0
chg. (% YoY)	116.7	32.1	13.5	31.4	31.9
Operating profit (VND bn)	78	111	139	199	N/A
Net profit (VND bn)	73	97	134	186	176
EPS (VND)	657	779	1,140	1,681	1,603
chg. (% YoY)	64.7	18.6	46.3	47.5	-4.6
EBITDA (VND bn)	88	223	249	348	N/A
PE (x)	52.8	39.4	28.6	20.7	23.4
EV/EBITDA (x)	50.9	20.3	18.1	15.5	N/A
PB (x)	3.4	3.3	3.2	3.0	N/A
ROE (%)	6.6	8.6	11.4	15.1	N/A
Dividend yield (%)	1.3	2.1	2.6	0.0	0.0

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

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Rich valuation as growth prospect are over manifested

- Per management guidance, FY21F earnings translate into a forward P/E of 23.4x and P/B of 3x, expensive with the local peer median at 15x and 2.1x, respectively.

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