

8 Jun 2021

Century Synthetic Fiber (STK)

12M rating **Hold (Maintain)**

Modest headwind from U.S. anti-dumping tax

Trivial US anti-dumping tax

- On June 2, US Department of Commerce (DOC) made preliminary conclusions on anti-dumping investigation into Polyester Textured yarn (PTY) products from Vietnam and other countries. According to details given by the Trade Remedies Authority, Vietnamese enterprises were determined to have a dumping margin of between 2.67% and 22.82%. Due to the impact of the COVID-19 pandemic, the DOC will not conduct on-site verification, but will instead require businesses to provide additional information in order to verify data before making a final conclusion due on Oct 9.
- Per management, STK completed providing required information and documentation in 1Q21 and co-operated closely with the investigation agency and the Trade Remedies Authority as a means of ensuring positive results. However, STK believes this action slightly hit its business, given by 1) the US market contributed a VND46bn revenue, accounting about 2.6% in FY20 and could be still minimal in FY21F, and 2) low anti-dumping tax rate is expected by STK.

Bright outlook on demand recovery

- In 1Q21, STK recorded a VND567bn net revenue, (-8% yoy) and a VND112bn gross profit (+18% yoy), assisted by rising yarn price. NPAT also spiked VND70.6bn (+36% yoy) on lower financial expense and operating cost, making up 28.5% company guidance. We believe that STK could complete its full-year net profit target given the healthy recovery on yarn demand. The resumption of textile and garment industry in the EU and US are boosting the demand for yarn in Vietnam which witness a 36% yoy growth in volume to 71,000 tonnes in 1Q21.

	2017A	2018A	2019A	2020A	2021G
Sales (VND bn)	1,989.1	2,407.7	2,229.0	1,765.7	2,358.0
chg. (% YoY)	46.4	21.0	(7.4)	(20.8)	34.0
Operating profit (VND bn)	126.2	245.2	269.3	174.4	-
Net profit (VND bn)	99.6	178.4	214.4	144.4	248.0
EPS (VND)	3,164.8	5,945.4	7,219.3	4,709.7	-
chg. (% YoY)	381.8	87.9	21.4	(34.8)	-
EBITDA (VND bn)	274.0	387.8	405.9	307.4	-
PE (x)	9.0	4.8	4.0	6.1	-
EV/EBITDA (x)	2.5	1.5	1.1	0.5	-
PB (x)	1.0	0.9	0.7	0.7	-
ROE (%)	13.5	21.1	21.5	13.3	-
Dividend yield (%)	2.0	3.7	4.4	1.8	-

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

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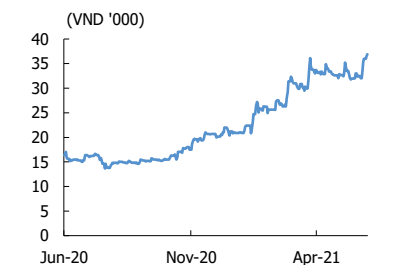
Stock Data

VNIndex (08 Jun, pt)	1,364
Stock price (08 Jun, VND)	36,900
Market cap (USD mn)	110
Shares outstanding (mn)	68
52-Week high/low (VND)	36,900/13,650
6M avg. daily turnover (USD mn)	0.11
Free float / Foreign ownership (%)	56.7/10.5
Major shareholders (%)	
Huong Viet Investment Consultant	20.0
Dang My Linh	14.3
Dang Trieu Hoa	13.8
Dang Huong Cuong	8.46
Tang Kien Nghiep	5.2

Performance

	1M	6M	12M
Absolute (%)	12.8	84.5	124.8
Relative to VNIndex (%p)	2.8	51.1	70.4

Stock price trend



Source: Bloomberg

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