

Licogi 16 (LCG)

AGM brief: Solid results in 2022F

On Apr 16, Licogi 16 (LCG) held the Annual General Meeting. The company presented to us full-year 2021 results as well as the 2022F business plan.

Growth recovers in 2022F

- Due to COVID-19 challenges in 2021 and rising price of input material (steel, sand), many projects were postponed or delayed and LCG's revenue and net profit were remarkably down to VND1,803bn (-49% yoy) and VND181bn (-42% yoy) respectively.
- In 2021, construction sector still made up the largest proportion in total revenue when its revenue was VND1,297bn, equivalent to 71.9% of total revenue. In which, renewable energy achieved the most solid results when it accounted for 49% of construction revenue.
- While revenue is expected to edge up 11% to VND2,005bn in 2022F, net profit will soar up to VND250bn (+38% yoy).
- In 1Q22, the company announced preliminary revenue and PAT are VND177bn (-62% yoy) and VND51bn (-10%), respectively.
- In 1Q22, LCG also collected VND337bn out of VND773bn of receivables from construction business line.
- Revenue from previously signed and ongoing projects in 2021 is expected to reach VND893bn in 2022F. Meanwhile, newly signed projects in 2022F are targeted to bring VND580bn in revenue in 2022F.
- The company will pay 2021's stock dividend at 100:10 and plans to pay 2022F's cash dividend of 12% at par.
- In 2022F, LCG will try to complete its pending real estate projects: Long Tan city 7ha, turn the Nghi Son School into social housing complex.

	2017A	2018A	2019F	2020F	2021F
Sales (VND bn)	1,523	2,502	2,536	3,536	1,803
chg. (% YoY)		64%	1%	39%	-49%
Operating profit (VND bn)	84	233	335	138	328
Net profit (VND bn)	74	165	191	311	182
EPS (VND)	661	1,135	1,257	2,166	1,243
chg. (% YoY)		72%	11%	72%	-43%
EBITDA (VND bn)	120	284	404	244	467
PE (x)	9.3	4.2	4.4	5.3	17.5
PB (x)	0.6	0.5	0.5	0.9	1.6
ROE (%)	7.0	13.4	12.7	19.1	8.8
Dividend yield (%)	7.8	9.9	8.6	5.4	10

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

Stock Data

VNIndex (15 Apr, pt)	1,459
Stock price (15 Apr, VND)	20,750
Market cap (USD mn)	156
Shares outstanding (mn)	172
52-Week high/low (VND)	25,450/8,705
6M avg. daily turnover (USD mn)	6.29
Free float / Foreign ownership (%)	82.1/2.1
Major shareholders (%)	
Nguyen Van Nghia	7.71%
Lucerne Enterprise	4.89%

Performance

	1M	6M	12M
Absolute (%)	1.0	47.4	95.8
Relative to VNIndex (%p)	0.5	42.4	76.7

Stock price trend



Source: Bloomberg

Thuy Nguyen

Thuy.nt@kisvn.vn

Real estate will become new pillar in 2022F-2025F

- From 1 Dec, 2021 to 25 Mar, 2022, the company got VND479bn from new share issuance, lower than the expected VND500bn. In which, VND146bn will be used to finance the 2nd phase of Chu Ngoc solar plants (25 MW) and VND150bn to finance the Long Tan Residential Area.
- LCG set the new prioritized business lines from 2022F-2025F, including: transportation infrastructure, renewable energy and real estate. Real estate will replace Civil-Industrial to become the new pillar of LCG when it expects to own a land bank of 500 ha in the provinces of Ninh Thuan, Thanh Hoa, Lam Dong in 2025F.
- To realize these ambitions, LCG desires a tremendous investment, VND12,000bn for RE and VND8,000bn for real estate sector.

Valuation

- Based on guidance of 2022F profit, 12MF PE is 15.17x and 12MF PB is 1.47x, much higher than the 1-year average of 7.99x and 1.23x, respectively.

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Prepared by: Thuy Nguyen

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