

27 Apr 2022

Sabeco (SAB)

AGM Briefing: Poised for a robust revival

On April 27, we attended SAB's AGM, briefed on its 2022F guidance and long-term prospects.

Material prices hike has not affected 1Q22 earnings yet

- Overall, SAB sets positive 2022F guidance with a VND34,791bn revenue (+32% yoy), and a VND4,581 PAT (+17% yoy).
- Per the management, in late 2021 and early 2022, reopening the economy by stimulating tourism and restaurants, led the beer industry to recover strongly.
- Besides, beer production still faces difficulties owing to scarcity and a spike in raw materials prices. However, SAB has well-prepared input raw materials and ensured enough materials for 2022F due to buying forward contracts and support from ThaiBev.
- Per SAB, competitors had increased selling prices, plus the pressure of input inflation, so it is likely that SAB will increase selling prices in 2022F.
- For long-term strategy, SAB's management believes the company has more room to optimize the costs to improve profit margins.
- Total production capacity is over 2bn liters/year, in the social distancing period, the company operated only 60-80% capacity. SAB has a plan to expand capacity for 3-5 years of strategy.
- The company announced 1Q22 results with revenue of VND7,306bn (+25% yoy) and NPATMI of VND1,170bn (+27% yoy).
- FY2021 cash dividend will be paid at 35% at par and shareholders approved a 35% cash dividend at par for FY2022F.
- SCIC has planned to divest from SAB in 2022F yet.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

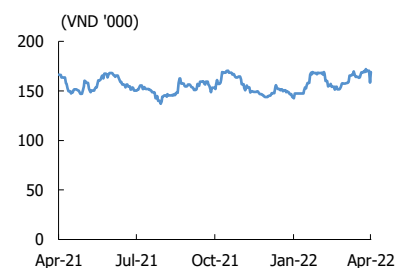
Stock Data

VNIndex (26 Apr, pt)	1,341
Stock price (26 Apr, VND)	169,000
Market cap (USD mn)	4,577
Shares outstanding (mn)	641
52-Week high/low (VND)	172,000/136,978
6M avg. daily turnover (USD mn)	1.13
Free float / Foreign ownership (%)	10.4/62.7
Major shareholders (%)	
Vietnam Beverage Company Limited	53.59
SCIC	36.00

Performance

	1M	6M	12M
Absolute (%)	7.3	4.8	(1.3)
Relative to VNIndex (%p)	17.8	11.7	(10.8)

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	34,193	35,949	37,899	27,961	26,374
chg. (% YoY)	12.2	5.1	5.4	(26.2)	(5.7)
Operating profit (VND bn)	5,118	4,440	5,500	4,940	3,510
Net profit (VND bn)	4,711	4,177	5,053	4,724	3,677
EPS (VND)	7,402	6,563	7,760	7,565	5,767
chg. (% YoY)	9.4	(11.3)	18.2	(2.5)	(23.8)
EBITDA (VND bn)	5,744	5,075	6,147	5,534	4,068
PE (x)	22.8	25.7	21.8	22.3	29.3
EV/EBITDA (x)	0.6	1.6	2.6	2.6	2.6
PB (x)	7.5	6.7	5.4	5.1	4.8
ROE (%)	37.0	28.8	29.7	23.9	17.9
Dividend yield (%)	0.9	3.6	1.0	3.4	1.0

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

Valuation

Based on 2022F guidance, 12MF PE is trading at 25.0x, slightly lower than the 2-year median of 25.5x, and 12MF PB is 4.4x, significantly lower than the 2-year median of 5.5x.

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