

21 Sep 2022

# Thanh Cong Textile Garment (TCM)

## Stellar growth thanks to the low base effect

### Impressive revenue growth in August

- TCM posted impressive business results in August with revenue of USD19.4mn (+85% yoy) and NPAT of USD1.37mn (versus a loss of USD0.28mn in August 2021). The stellar figures were mainly thanks to the low base effect as the Southern region was in a lockdown period in 3Q21.
- Revenue in August 2022 came from 3 main segments, of which garments accounted for the majority of total revenue with 77%. Meanwhile, fabrics and yarn accounted for 15% and 7%, respectively.
- Overall, in 8M22, the company achieved USD127.7mn (+20% yoy) in revenue and USD8.1mn in NPAT (+48% yoy), fulfilling 72% and 75% of its 2022F guidance, respectively.

### The US was the largest importer in August

- TCM exported textile and garment products to many major countries in the world. In August, the Company's exports to Asia accounted for the highest proportion of 56.5%, of which Japan and South Korea accounted for 21.59% and 20.2%, respectively. Next came America with 41%, of which the US as the largest importer accounted for 39.57%. Meanwhile, Europe accounted for only 2.2%, of which the UK was the largest market in the region with 2.06%.

### Optimistic order situation for 4Q22

- Until Mid-September, the Company has received nearly 80% of orders for the revenue target of 4Q22, and starting to receive orders for 1Q23.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	3,209	3,662	3,644	3,470	3,535
chg. (% YoY)	4.5	14.1	(0.5)	(4.8)	1.9
Operating profit (VND bn)	243	305	292	334	159
Net profit (VND bn)	192	259	216	275	143
EPS (VND)	2,996	3,214	2,388	2,997	1,436
chg. (% YoY)	29.0	7.3	(25.7)	25.5	(52.1)
EBITDA (VND bn)	349	383	407	453	278
PE (x)	14.0	13.1	17.6	14.0	29.2
EV/EBITDA (x)	8.8	7.9	7.2	6.0	12.1
PB (x)	2.0	1.8	1.7	1.6	1.8
ROE (%)	19.4	22.2	16.1	18.0	8.6
Dividend yield (%)	1.5	1.1	1.1	1.1	1.0

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 (21 Sep, pt)	1,211
Stock price (21 Sep, VND)	42,000
Market cap (USD mn)	145
Shares outstanding (mn)	82
52-Week high/low (VND)	71,392/41,400
6M avg. daily turnover (USD mn)	1.95
Free float / Foreign ownership (%)	38.9/46.2
Major shareholders (%)	
E-Land Asia Holdings Pte., Ltd	43.3

### Performance

	1M	6M	12M
Absolute (%)	(11.9)	(31.4)	(23.3)
Relative to VNIndex (%p)	(7.4)	(13.1)	(14.9)

### Stock price trend

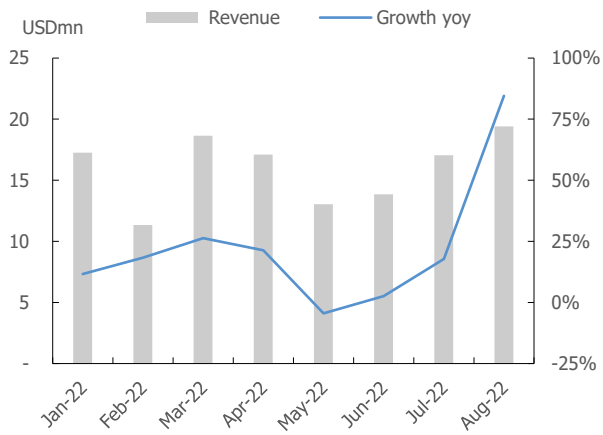


Source: Bloomberg

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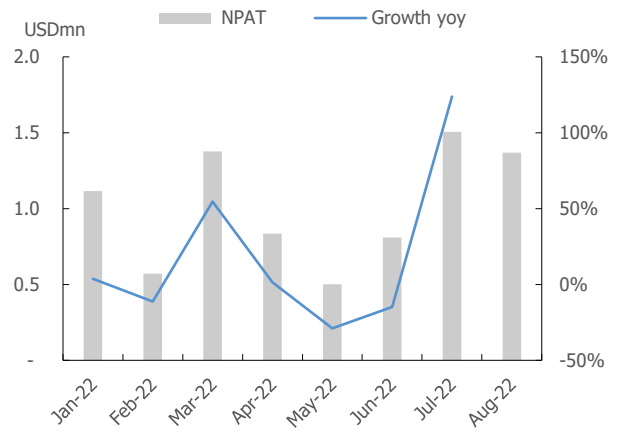
Quy.nt@kisvn.vn

**Figure 1. Revenue growth trend**



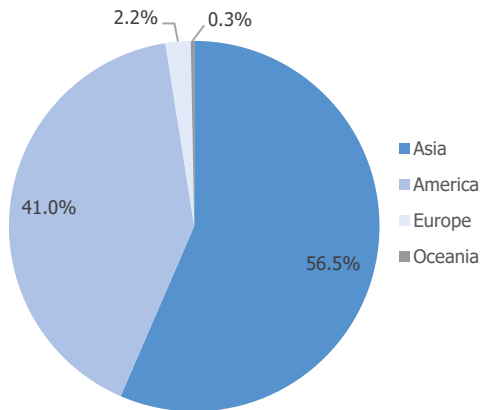
Source: Company data, KIS Vietnam

**Figure 2. NPAT growth trend**



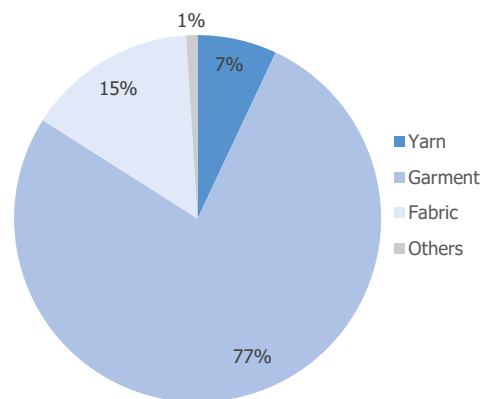
Source: Company data, KIS Vietnam  
 Note: TCM posted a negative NPAT in August 2021

**Figure 3. Exports by continent**



Source: Company data, KIS Vietnam

**Figure 4. Revenue by product item**



Source: Company data, KIS Vietnam

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