

# Thien Long Group (TLG)

## August Brief: Stronger marketing

- On Sep 27th, TLG released the performance report for August 2022. Here are some noticeable updates.

### Performance remained positive in August 2022

- In Aug 2022, TLG revenue escalated 275% yoy to VND300bn, however, decreased 6% mom, as compared to the revenue in Jul 2022 of VND318bn. NPAT in Aug 2022 dropped by 32% mom to VND39bn but stayed positive on the yoy basis as TLG made a loss of VND28bn in Aug 2021.
- TLG's net revenue rose by 48% yoy to VND2.5tn in 8M22. NPAT also grew 137% yoy to VND396bn.
- Increased prices and changes in product mix pushed the gross margin in 8M22 to 44.1%, up 2.7%p compared to 8M21.
- Net profit margin also expanded from 9.8% in 8M21 to 16.2% in 8M22. SG&A on revenue ratio increased by 0.7%p to 25.4% in 8M22 as compared to 7M22, due to high marketing expenses for the early September event.
- Revenue from exporting in 8M21 surged 58% yoy, attributing to 24% revenue of TLG.
- 8M22 results fulfilled 77/141.4% of AGM revenue and net profit guidance.

### Looking forward to new lines' performance

- Back to school season promised to bring fruitful sales to TLG in 3Q22. Not to mention the launch of new modern lines Colorkit and Pazto, which were supported by intense marketing campaigns in August and Sep 2022.
- TLG is trading at 10.9x TTM PE, which is slightly below with 2-year median of 12.1x. According to management's prosperous growth plans in 2022-23F, we think TLG is deserved to trade at a premium valuation.

12M rating **Non-rated**

12M TP **N.A**

Uo/Downside **N.A**

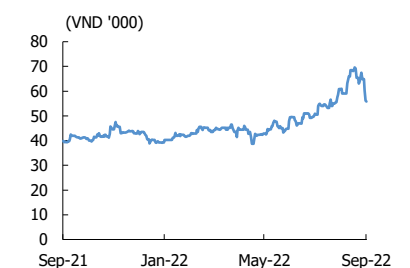
#### Stock Data

VNIndex (28 Sep, pt)	1,156
Stock price (28 Sep, VND)	55,800
Market cap (USD mn)	183
Shares outstanding (mn)	78
52-Week high/low (VND)	69,600/38,716
6M avg. daily turnover (USD mn)	0.50
Free float / Foreign ownership (%)	33.2/17.1
Major shareholders (%)	
Thien Long An Thinh Investment	48.01
NWL Cayman Holdings Ltd	6.75
Co Gia Tho	6.1

#### Performance

	1M	6M	12M
Absolute (%)	(8.2)	26.3	39.8
Relative to VNIndex (%p)	1.6	47.6	52.3

#### Stock price trend



Source: Bloomberg

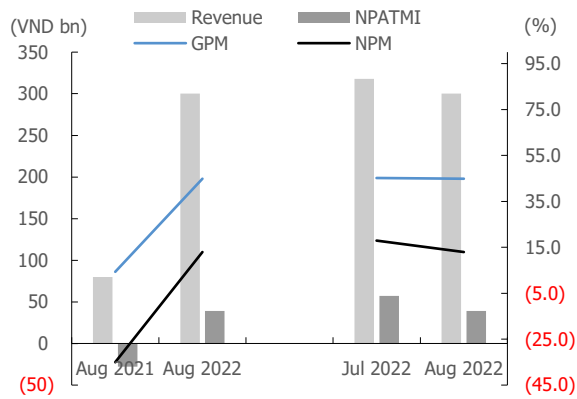
	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	2,520.9	2,881.4	3,298.7	2,738.4	2,686.9
chg. (% YoY)	15.6	14.3	14.5	(17.0)	(1.9)
Operating profit (VND bn)	320.3	357.9	427.9	296.8	355.3
Net profit (VND bn)	268.1	294.4	349.1	239.8	276.7
EPS (VND)	4,833.0	4,031.0	4,084.0	2,775.0	3,201.0
chg. (% YoY)	(12.3)	(15.5)	0.2	(31.3)	15.4
EBITDA (VND bn)	363.57	427.29	489.86	366.63	414.01
PE (x)	12.78	15.13	15.10	21.98	19.06
EV/EBITDA (x)	7.97	9.56	9.75	12.42	10.69
PB (x)	2.91	3.16	2.63	2.71	2.60
ROE (%)	27.0	25.3	22.7	13.5	15.5
Dividend yield (%)	3.3	2.5	3.3	3.3	3.3

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

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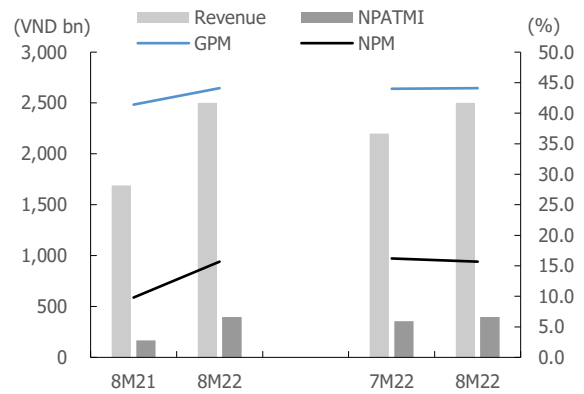
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**Figure 1. Monthly revenue movement**



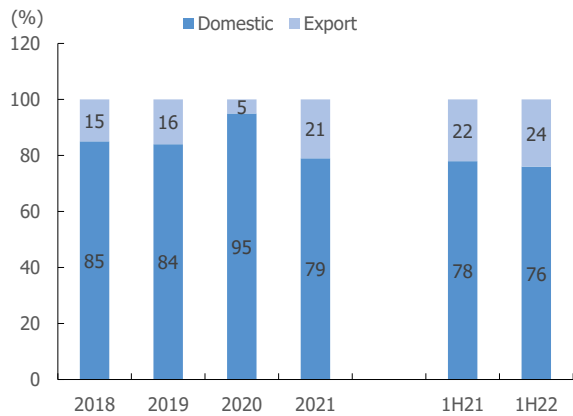
Source: Company data, Finpro

**Figure 2. Accumulated revenue movement**



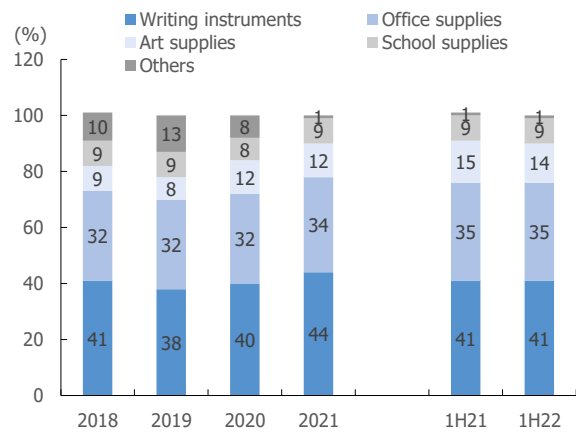
Source: Company data, Finpro

**Figure 3. Domestic and export revenue**



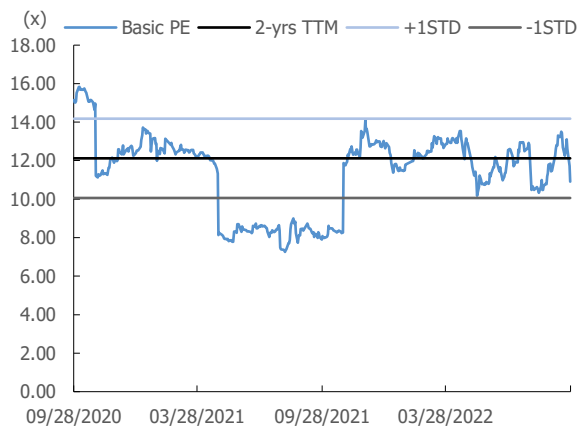
Source: Company data, Finpro

**Figure 4. Revenue by product line**



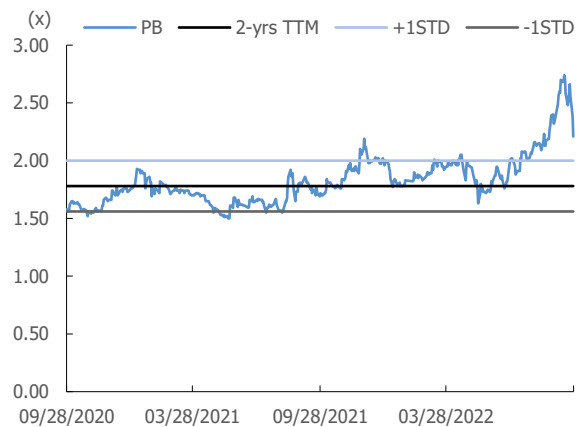
Source: Company data, Finpro

**Figure 5. TLG's 2 years TTM PE**



Source: Company data, Finpro

**Figure 6. TLG's 2 years TTM PB**



Source: Company data, Finpro

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Prepared by: Ngoc Pham

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