

Thanh Cong Textile (TCM)

On course to fulfill 2022F guidance

Net profit recovered impressively in October

- In October, TCM posted solid business results with revenue of USD13.5mn (+17% yoy) and NPAT of USD0.8mn (+917% yoy mainly thanks to better cost management and removal of COVID-19 related cost incurred in Oct 2021).
- Oct revenue came from 3 main segments, of which, garments accounted for 76% of total revenue, followed by fabrics and yarn with 15% and 7%.
- Although the export markets have been negatively affected due to weak global demand (especially in the US and EU markets) in recent months, TCM was less affected compared to peers thanks to diversifying market and secured internal source.
- Overall, in 10M22, the company achieved USD156.4mn (+25% yoy) in revenue and USD9.8mn in NPAT (+99% yoy), fulfilling 88% and 91% of its 2022F guidance, respectively.

Asia accounted for the largest share of total revenue

- TCM exports textile products to many major countries in the world. In Oct, the company's export to Asian nations accounted for the highest proportion of 57%, of which, South Korea and Japan contributed 24.3% and 18.2%, respectively. Next came Americas with 40%, of which the US as the largest importer accounted for 35.3%.

4Q22F orders still sustain

- Until Mid-November, the company received over 85% of orders for the 4Q22F revenue target, and has been receiving orders for 1Q23F.

	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)	15.0	14.0	18.8	15.0	31.3
EV/EBITDA (x)	9.2	8.3	7.6	6.4	12.9
PB (x)	2.2	1.9	1.8	1.7	1.9
ROE (%)	19.4	22.2	16.1	18.0	8.6
Dividend yield (%)	1.4	1.1	1.1	1.1	1.0

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

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (16 Nov, pt)	943
Stock price (16 Nov, VND)	44,950
Market cap (USD mn)	147
Shares outstanding (mn)	82
52-Week high/low (VND)	71,392/40,950
6M avg. daily turnover (USD mn)	1.25
Free float / Foreign ownership (%)	38.9/46.6
Major shareholders (%)	
E-Land Asia Holdings Pte., Ltd	44.96
Nguyen Van Nghia	16.89

Performance

	1M	6M	12M
Absolute (%)	1.2	(15.8)	(36.3)
Relative to VNIndex (p.p)	12.4	5.3	(2.3)

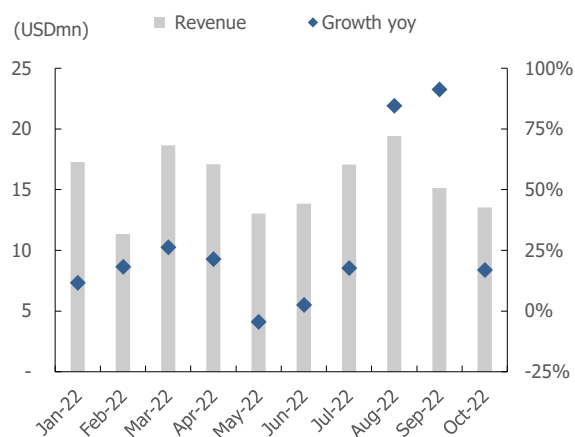
Stock price trend



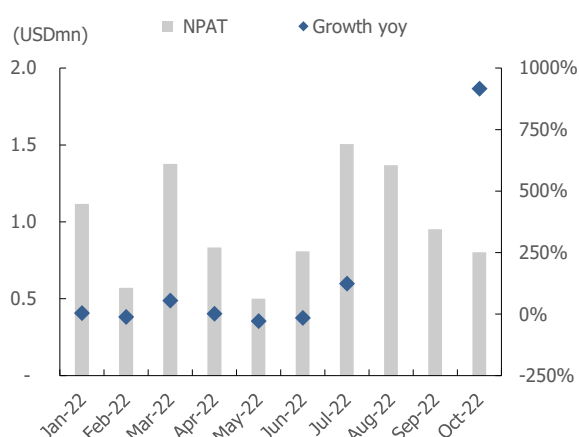
Source: Bloomberg

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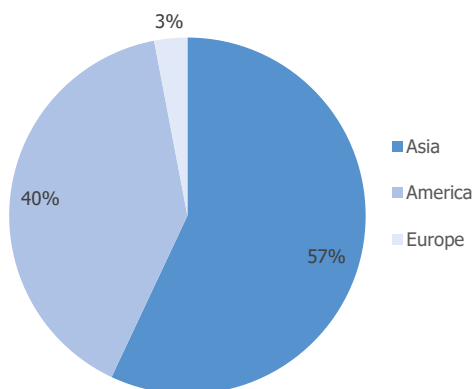
Figure 1. Revenue growth trend


Source: Company data, KIS Vietnam

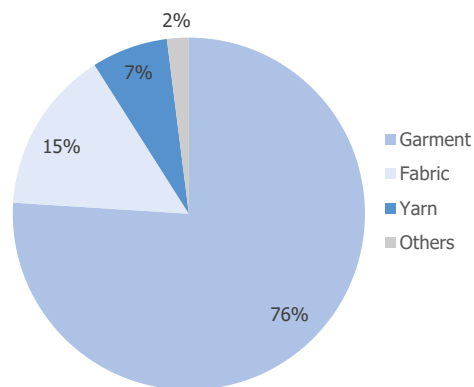
Figure 2. NPAT growth trend


Source: Company data, KIS Vietnam

Note: TCM posted negative NPAT in August and September 2021

Figure 3. Exports by continent in October


Source: Company data, KIS Vietnam

Figure 4. Revenue by product item in October


Source: Company data, KIS Vietnam

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