

26 Dec 2022

Thanh Cong Textile Garment (TCM)

About to cross the finish line

Net profit recovered impressively in Nov

- In November, TCM posted decent business results with revenue of USD13.9mn (+8.4% yoy, +2.3% mom) and NPAT of USD0.8mn (+470% yoy, +0% mom mainly thanks to better cost management and savings on Covid-related expenses compared to November 2021). Besides, net profit margin gained 4.7%p yoy but slightly decreased 0.1%p mom in November.
- November revenue came from 3 main segments, of which garments accounted for the majority of total revenue with 76%. Meanwhile, fabrics and yarn accounted for 15% and 7%, respectively.
- According to the Vietnam Textile and Apparel Association (VITAS), garment exporters saw a fall in orders since July 2022 due to low demand for garment products and high inventory level at U.S. and EU's large retailers. However, thanks to the diversification of export markets and actions to improve labor productivity and reduce costs, TCM still recorded positive results in 11M22.
- Overall, in 11M22, the company achieved USD170.3mn (+23% yoy) in revenue and USD10.6mn (+108% yoy) in NPAT, fulfilling 96% and 99% of its 2022F guidance, respectively. We expect TCM to finish 2022 successfully with revenue and NPAT respectively fulfilling 103% and 107% full-year guidance.

Asia accounted for the largest share of total revenue in Nov

- TCM exports textile products to many major countries in the world. In November, the company's exports to Asia accounted for the highest proportion of 54%, of which South Korea and Japan accounted for 25% and 13%, respectively. Next came America with 41%, of which the US as the largest importer accounted for 36%.

2023F order situation

- As of mid-December, the Company has almost received full orders for 1Q23, and started receiving orders for 2Q23.

	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)	17.3	16.1	21.7	17.3	36.1
EV/EBITDA (x)	10.2	9.3	8.6	7.4	14.6
PB (x)	2.5	2.2	2.1	2.0	2.2
ROE (%)	19.4	22.2	16.1	18.0	8.6
Dividend yield (%)	1.2	0.9	0.9	0.9	0.8

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 (23 Dec, pt)	1,020
Stock price (23 Dec, VND)	51,900
Market cap (USD mn)	180
Shares outstanding (mn)	82
52-Week high/low (VND)	68,696/40,950
6M avg. daily turnover (USD mn)	1.20
Free float / Foreign ownership (%)	39.6/47.2
Major shareholders (%)	
E-Land Asia Holdings Pte., Ltd	44.96
Nguyen Van Nghia	16.89

Performance

	1M	6M	12M
Absolute (%)	15.7	11.4	(12.4)
Relative to VNIndex (%p)	7.6	25.1	18.0

Stock price trend

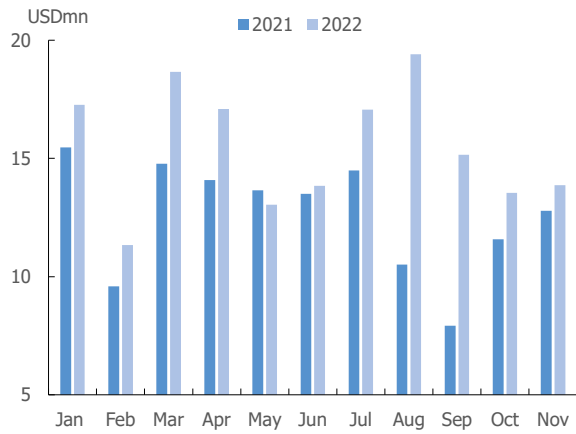


Source: Bloomberg

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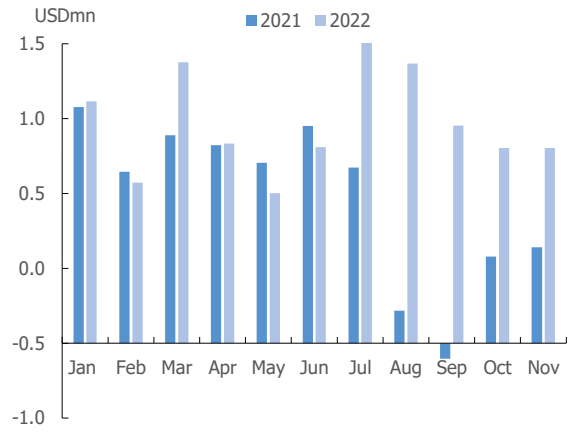
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Figure 1. Revenue continued to grow on a yearly basis in November



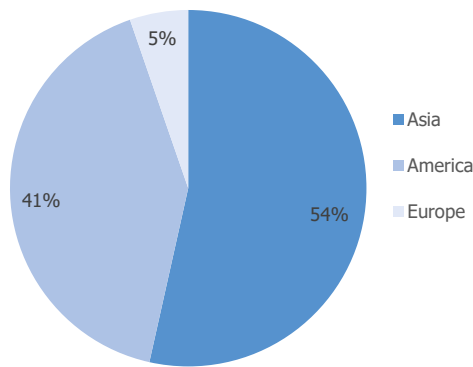
Source: Company data, KIS Vietnam

Figure 2. Nov's NPAT recovered impressively thanks to a low base in 2021



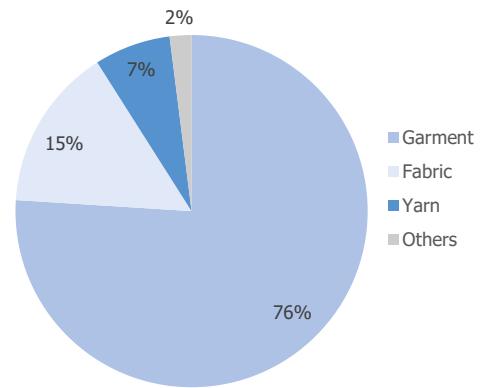
Source: Company data, KIS Vietnam

Figure 3. Asia accounted for the majority of total revenue in Nov



Source: Company data, KIS Vietnam

Figure 4. Nov revenue mostly came from the garment segment



Source: Company data, KIS Vietnam

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