

23 Dec 2022

# TNG Investment & Trading (TNG)

## Exceeded 2022F revenue guidance

### TNG exceeded 2022F revenue guidance after 11M22

- TNG posted a positive November performance with revenue of VND507bn (+16% yoy) and NPAT remained unchanged at VND20.7bn. Although revenue climbed up in November, NPAT stayed flat due to increased financial expenses. Of which, interest expenses spiked 45% yoy from VND11.7bn to VND17bn.
- After benefiting from pent-up demand post-COVID in 1H22, the textile industry has been facing a challenging time since the beginning of 3Q22 due to the tighter consumption spending for non-essential goods arising from inflation concern in main export markets. Despite weak global demand, TNG still secured high value-added orders from premium customers.
- Overall, in 11M22, the company achieved a VND6,336bn revenue (+27% yoy) and a VND277bn NPAT (+29% yoy), fulfilling 106% and 99% of its 2022F guidance, respectively. We expect TNG to finish 2022 successfully with revenue and NPAT respectively fulfill 114% and 106% full-year guidance.

### US remained to be the largest export market

- Regarding revenue structure, exports accounted for the majority of TNG's total revenue in November with 97%, bringing in VND490bn while domestic revenue accounted for only 3% with VND16bn.
- The US remained TNG's largest importer, accounting for 40.1% of total revenue. Next came France and Russia with 28.8% and 7.3%, respectively.

### Orders are slowing down

- According to the Vietnam Textile and Apparel Association (VITAS), customers have shortened the pre-order period from 6 months to 3 months due to high inventory levels and tepid consumers' purchasing power. VITAS also noted that local garment companies had to cut about 10%-15% of their production and many had been forced to cut their workforce. The company reported that 1Q23 orders is slowing down driven by weaker demand in the US and EU.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	2,489	3,613	4,612	4,480	5,444
chg. (% YoY)	31.8	45.2	27.7	(2.9)	21.5
Operating profit (VND bn)	220	328	407	312	398
Net profit (VND bn)	115	180	230	154	232
EPS (VND)	2,664	3,187	2,710	625	2,484
chg. (% YoY)	12.4	19.6	(15.0)	(76.9)	297.4
EBITDA (VND bn)	322	441	537	462	562
PE (x)	5.2	4.3	5.1	22.1	5.6
EV/EBITDA (x)	5.9	4.8	4.1	5.9	6.0
PB (x)	0.9	0.9	0.8	0.9	0.9
ROE (%)	20.0	25.3	24.7	13.9	17.8
Dividend yield (%)	0.0	0.0	0.0	8.0	2.3

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/Dn/Downside **N.A**

### Stock Data

VNIndex (22 Dec, pt)	1,023
Stock price (22 Dec, VND)	13,800
Market cap (USD mn)	61
Shares outstanding (mn)	105
52-Week high/low (VND)	37,470/9,600
6M avg. daily turnover (USD mn)	1.99
Free float / Foreign ownership (%)	62.5/7.5
Major shareholders (%)	
Nguyen Van Thoi	17.16
Nguyen Duc Manh	7.04

### Performance

	1M	6M	12M
Absolute (%)	13.1	(53.1)	(51.8)
Relative to VNIndex (%p)	5.4	(40.0)	(23.0)

### Stock price trend

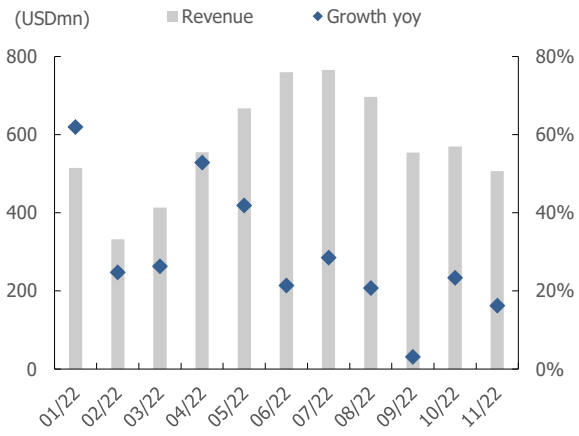


Source: Bloomberg

**Research Dept**

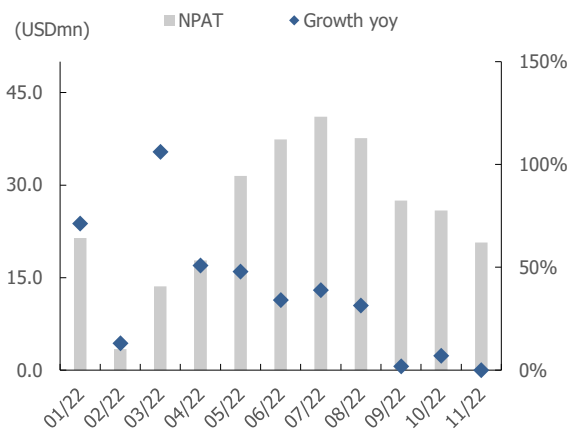
researchdept@kisvn.vn

**Figure 1. Revenue growth is on a downward trend**



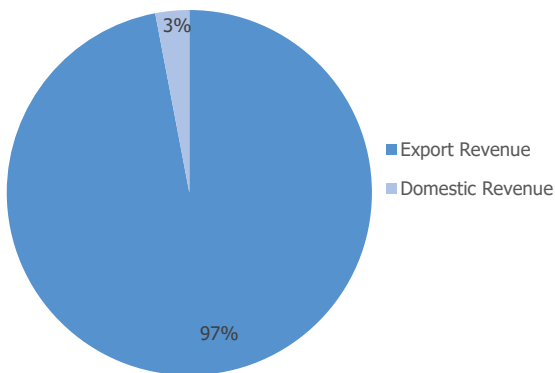
Source: Company data, KIS Vietnam

**Figure 2. NPAT growth is ling after peaking in March**



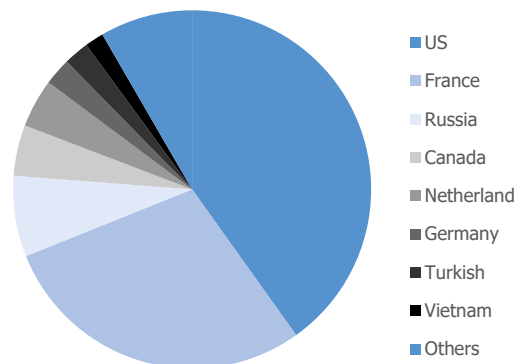
Source: Company data, KIS Vietnam

**Figure 3. Export revenue accounted for the majority of total revenue**



Source: Company data, KIS Vietnam

**Figure 4. The US remained to be the largest importer**



Source: Company data, KIS Vietnam

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