

16 Dec 2022

Vinh Hoan (VHC)

Red flag for 2023F?

Obsolete inventory allowance hit NPAT

In 3Q22, Vinh Hoan posted a VND3,261bn revenue (+46.2% yoy and -22.8% qoq), mainly assisted by a VND1,502bn pangasius revenue (+41% yoy and -24.6% qoq). The gross margin (GM) inched up 0.8%p yoy but narrowed 6.8%p qoq to 19% due to the inventory provision of VND241bn in 3Q22. As such, VHC's Q22 NPAT spiked 79.5% yoy to VND460bn but plunged 41.7% qoq. Overall, 9M22 revenue boomed VND10,755bn (+69.1% yoy) and NPAT flourished VND1,801bn (+177.8% yoy).

4Q22F loses growth momentum

We revise up 2022F revenue and NPAT to VN13,900bn and VND2,290bn, +2.6%/27.3% compared to our previous estimates. 4Q22F revenue could reach to VND3,145bn (-3.6% qoq and +16.8% yoy) assisted by the surge of pangasius export in seasonal demand in most markets, based on our estimates. We forecast the export volume could lessen 13.4% qoq and 28.2% yoy due to weak demand. 4Q22F GM could expand by +3.2%p qoq but -3.4%p yoy since we project Vinh Hoan reverse about VND157bn provision. Hence, the NPAT could come in at VND489bn (+12% qoq and +11% yoy).

Decreasing 2023F EPS by 10%

We adjust downward 2023F revenue/NPAT estimates by -18.8%/-9.5%, to reflect the softer pangasius revenue growth arising from the economic slowdown. Meanwhile, we expect the Collagen & Gelatin, and rice-related products of Sa Giang to accelerate by 14.5%. We peg revenue and NPAT at VND12,126bn, -14.9% yoy/VND1,850bn, -19.2% yoy in 2023F. We also introduce the 2024F forecast with a flattish VND12,481bn revenue/VND1,866bn NPAT. Our core EPS CAGR estimate is -10% in 2022F-24F.

Cost of equity hike, trimming 37% to TP VND77,000

We are now using an 18.6% cost of equity (vs. 12.3%, previously), to reflect the costlier risk-free rate from 3.5% to 5.5% and risk of premium from 8.0% to 11.0%. We also combine the PE comparison multiple beside DCF model with 50:50 weight amid the vulnerable earnings growth landscape in 2023F. Our blended target price reduces from VND121,500 to VND77,000 in response to an expensive cost of capital and weaker earning business. We downgrade our Rating from BUY to HOLD. We consider the stronger-than-expected demand from US market and the slower downward ASP as a potential upside catalyst while weak demand and lofty input price maintained making lower GPM as risks.

| Yr to | Sales | OP | NP | EPS | % chg | EBITDA | PE | EV/EBITDA | PB | ROE | DY |
|-------|----------|----------|----------|--------|--------|----------|------|-----------|-----|------|-----|
| Dec | (VND bn) | (VND bn) | (VND bn) | (VND) | (YoY) | (VND bn) | (x) | (x) | (x) | (%) | (%) |
| 2020A | 7,037 | 683 | 722 | 3,971 | (35.5) | 883 | 18.1 | 13.5 | 2.5 | 14.0 | 2.0 |
| 2021A | 9,054 | 1,196 | 1,121 | 6,162 | 55.2 | 1,482 | 11.7 | 8.0 | 2.3 | 19.4 | 2.0 |
| 2022F | 13,900 | 2,617 | 2,304 | 12,620 | 104.8 | 2,970 | 5.7 | 4.0 | 1.7 | 29.9 | 2.0 |
| 2023F | 12,126 | 2,133 | 1,862 | 10,157 | (19.2) | 2,536 | 7.1 | 4.7 | 1.4 | 20.2 | 2.0 |
| 2024F | 12,481 | 2,067 | 1,878 | 10,247 | 0.9 | 2,522 | 7.0 | 4.7 | 1.2 | 17.5 | 2.0 |

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

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12M rating **HOLD**

12M TP **77,000** from 121,500

Up/Downside N.A

Stock Data

| | |
|------------------------------------|----------------|
| VNIndex (16 Dec, pt) | 1,052 |
| Stock price (16 Dec, VND) | 71,000 |
| Market cap (USD mn) | 553 |
| Shares outstanding (mn) | 183 |
| 52-Week high/low (VND) | 111,526/58,150 |
| 6M avg. daily turnover (USD mn) | 3.02 |
| Free float / Foreign ownership (%) | 50.2/29.9 |
| Major shareholders (%) | |
| Truong Thi Le Khanh | 43.2 |
| Mitsubishi Corp | 6.5 |
| Dragon Capital | 6.9 |

Performance

| | 1M | 6M | 12M |
|-------------------------|--------|--------|------|
| Absolute (%) | (1.4) | (28.5) | 17.7 |
| Relative to VNIndex (%) | (13.2) | (14.4) | 45.4 |

Stock price trend



Source: Bloomberg

Research Dept

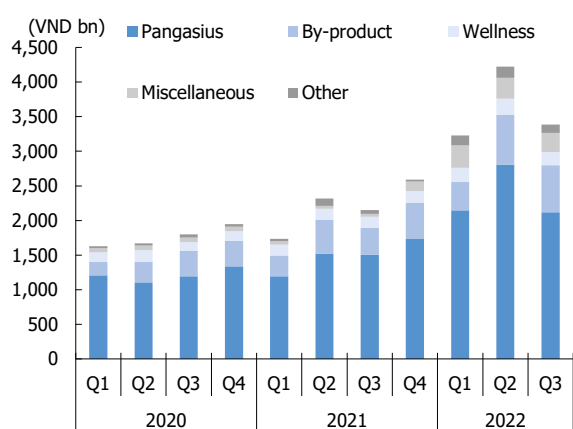
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Sales grew strongly, supported by selling price.

ASP nailed revenue but inventory provision hit NPAT in 3Q22

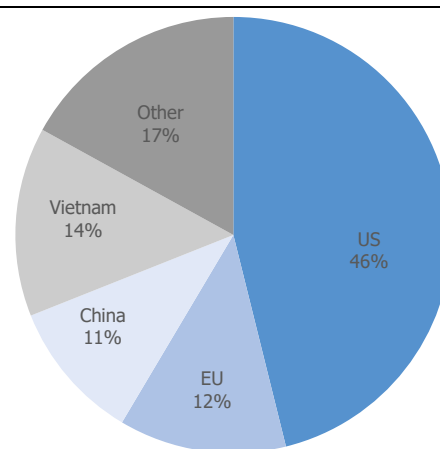
In 3Q22, Vinh Hoan recorded VND3,261bn revenue (+46.2% yoy and -22.8% qoq), mainly assisted by a VND1,502bn pangasius revenue (+41% yoy and -24.6% qoq). While the average selling price (ASP) increased by 33% yoy and 2% qoq, the pangasius demand seems soft as the average export volume reduced by -3.8% yoy and -30.6% qoq. Revenue from Collagen & Gelatin and Sa Giang rice-related products contributed VND188bn (+13.3% yoy and -18.6% qoq) and VND84bn (-15% yoy and +19% qoq), respectively. Of note, Vinh Hoan’s export slowed down in most markets in 3Q22, especially US and EU with -40.6% qoq and -20.5% qoq revenue. Only China export revenue was bullish with 28.3% yoy and 6% qoq.

Figure 1. Wellness and rice-related contributed VHC



Source: Company data, KISVN

Figure 2. US accounted for 37% in 3Q22 revenue

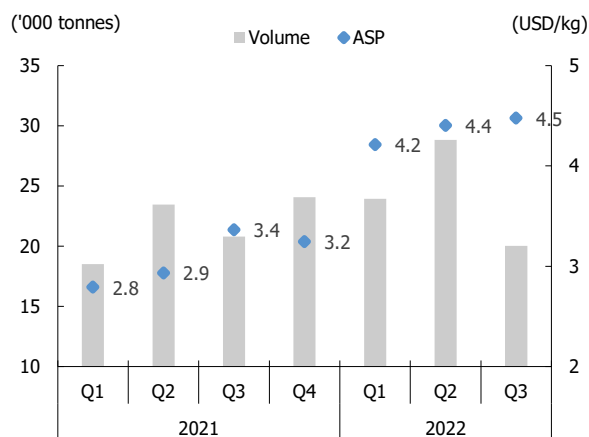


Source: Company data, KISVN

Margins were solid, but qoq contraction was noticeable.

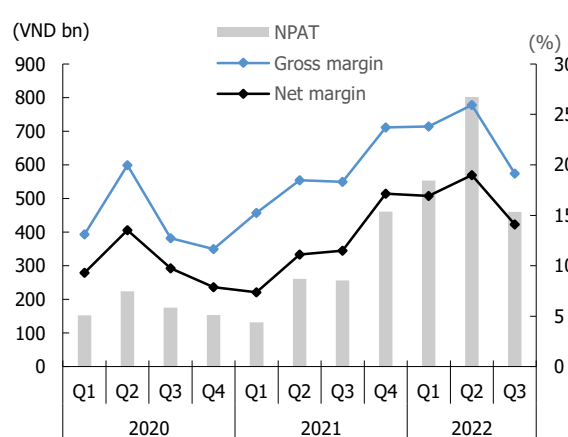
The 3Q22 gross margin (GM) edged up by +0.8%p yoy but narrowed by 6.8%p qoq to 19%, due to the inventory provision of VND241bn. The company attributed the obsolete inventory allowance to the logistics crisis and demand shortage. We note that the company usually estimates to increase inventory provision in the third quarter and reverses it in four quarter. We believe VHC could actively switch to other clients to buy that specific inventory in Oct and that facilitates the inventory reversion. Since the Oct revenue stayed solid with mom growth of 28.8%, we expect VHC could recover the inventory loss.

Figure 4. Export volume suddenly dropped in 3Q22



Source: Agromonitor, KISVN

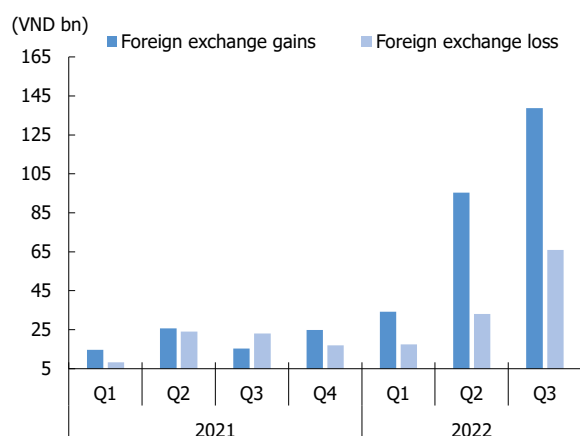
Figure 5. 3Q22 GM hit by high inventory provision



Source: Company data, KISVN

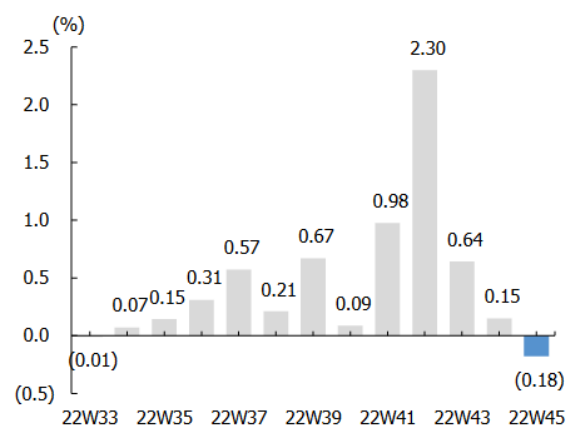
SG&A to sales contracted by 0.6%p yoy, -0.54%p qoq to hover around 4.4% in 3Q22. What triggered the stellar net profit growth was foreign exchange rate gains of VND138.8bn in financial income which boomed by 9.1x yoy and 1.5x qoq, offset by the foreign exchange loss of VND65.8bn, +2.9x yoy, +2.0x qoq in 3Q22. As such, Vinh Hoan 3Q22 NPAT posted VND460bn (+79.5% yoy and -41.7% qoq).

Figure 4. FX gains boosted NPAT growth in 3Q22



Source: Company data, KISVN

Figure 5. Weekly performance of USDVN



Source: SBV, Bloomberg

Overall, 9M22 business result posted revenue VND10,755bn (+69.1% yoy) and NPAT VND1,801bn (+177.8% yoy), fulfilling 84%/113% revenue/NPAT guidance and 80%/108% our estimation since GM was bullish at 23.2%, +5.7%p yoy thanks to a robust selling price hike of 43.9% yoy in 9M22.

The balance sheet remains healthy.

VHC could sustain its strong balance sheet with abundant cash. As of end-3Q22, net debt over equity came in at 6% vs 21% as of end-2021. The turnover ratios of operating performance stayed manageable despite the weak demand from partners in 3Q22. However, we still keep an eye on their operating turnover and debt exposure amid the costlier lending rates.

Table 1. Net gearing remained controllable

(VNDbn, %)

| | 2021 | | | | 2022 | | |
|------------------------|---------|---------|---------|---------|---------|---------|---------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q |
| Cash & cash equivalent | 1,159.9 | 1,262.1 | 1,369.4 | 1,467.0 | 1,403.0 | 1,712.3 | 2,237.1 |
| Total debt | 1,121.4 | 1,710.8 | 1,536.6 | 1,891.4 | 2,777.1 | 2,698.1 | 2,671.3 |
| Net debt | (38.5) | 448.7 | 167.2 | 424.4 | 1,374.1 | 985.8 | 434.2 |
| Net debt to equity | (0.7) | 8.2 | 2.9 | 7.2 | 21.3 | 13.3 | 5.5 |

Source: Company data, KISVN

Raising forecast 2022F but losing growth momentum in 4Q22

In November, Vinh Hoan delivered a preliminary VND893bn revenue, decreasing 10.3% yoy since the pangasius export shrunk by 22.2% yoy. The export volume decreased sharply by 23.2% yoy due to the lessened import of US and China markets. Yet, the average selling price (ASP) by +21% yoy offset the lower volume yoy. Meanwhile, pangasius-related and Collagen and Gelatin products contributed positive growth rate yoy by 29% yoy and 62% yoy, respectively. Besides, the export value to US and China kept a downtrend by 13.9% yoy and 60.1% yoy while revenue continue to increase by 26.1% yoy and 16.8% yoy of EU export and domestic markets. 11M22 revenue increased by 59.6% yoy to VND12,738bn, fulfilling 94% of our 2022F forecast.

In 4Q22F, we expect that Vinh Hoan continue to be stellar yoy, but it keeps losing growth momentum:

- **Not busy as usual holiday seasonal preparation in 4Q22F.** From 2Q22 peak, the export volume growth decreased gradually to stabilize in 3Q22 (-31% qoq and -4% yoy) since the pangasius supply outpaced absorbed consumption, making markets' inventory abundant as of the end-2Q22. We expect low export in 4Q22F will give time for trader to clear the inventory. At the same time, the high inflation in key markets as US and EU could spare the consumer to spend on seafood products. Thereby, we estimate Vinh Hoan export volume in 4Q22F could lessen 13.4% qoq and 28.2% yoy.
- **Gross margin still upholds despite of lower ASP.** We estimate that the selling price could slip down by 13% compared to the 3Q22 peak and increase 23% yoy, while the material price could stay still qoq and increase 22% yoy. Thereby, 4Q22 gross margin (GM) (excluding the impact of material provision) could be thinner by -9%p qoq and -1.7%p yoy to 17%. But we project that Vinh Hoan could reverse VND157bn inventory provision in 4Q22F, prompting 4Q22F GM to 23% (+3.1%p qoq and -1.4% yoy).

Table 2. 4Q22 earnings estimates

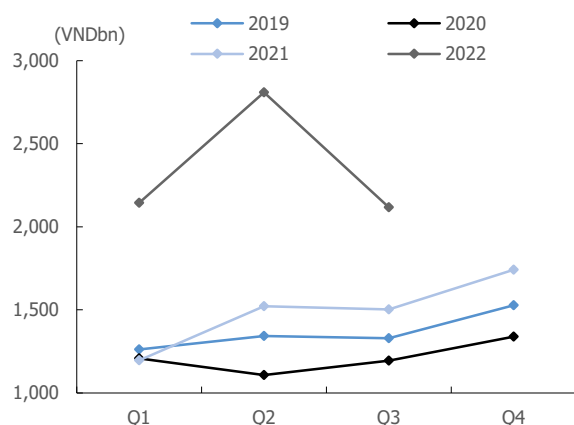
(VNDbn,%)

| | 2021 | | | | 2022F | | | | 4Q22F | |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QF | QoQ | YoY |
| Sales | 1,788 | 2,343 | 2,231 | 2,693 | 3,268 | 4,226 | 3,261 | 3,145 | (3.6) | 16.8 |
| GP | 273 | 433 | 409 | 639 | 778 | 1,097 | 625 | 701 | 12.3 | 9.8 |
| GP margin | 15.2 | 18.5 | 18.3 | 23.7 | 23.8 | 25.9 | 19.2 | 22.3 | 3.1 | (1.4) |
| OP | 152 | 303 | 301 | 535 | 665 | 884 | 536 | 533 | 4.6 | 4.8 |
| OP margin | 8.5 | 12.9 | 13.5 | 19.9 | 20.3 | 20.9 | 16.4 | 16.9 | 1.4 | (2.0) |
| EBT | 152 | 302 | 293 | 542 | 663 | 880 | 546 | 529 | 2.0 | 2.8 |
| NP | 132 | 261 | 256 | 461 | 553 | 788 | 460 | 489 | 12 | 11 |

Source: Company data, KISVN

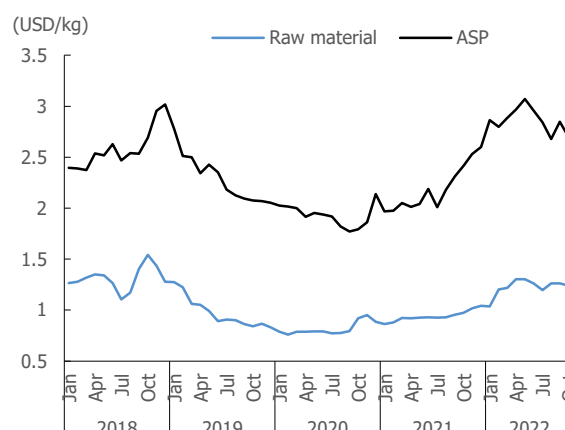
As such we forecast that VHC could post VND3,145bn revenue (-3.6% qoq and +16.8% yoy) and VND489bn NPAT (+12% qoq and +11% yoy) in 4Q22F. Overall, we revise up our estimates of 2022F revenue and NPAT by 2.6% and 27.3% on margin expansion. Our new revenue and net profit forecasts show 53.5%/105.9% yoy to VND13,900bn/VND2,290bn, respectively, setting the record in company history. In 2022F, the ASP could rise by +17% yoy, boosting the blended GM up 3.7%p yoy to 23%.

Figure 6. VHC pangasius fillet products were favorable to purchase in 4Q since 2019



Source: Company data, KISVN

Figure 7. The ASP and raw material are cooling down slowly



Source: Agromonitor, KISVN

Squeezing sales on the weak demand outlook.

Cutting 2023F forecast and introducing 2024F estimate

Despite the optimistic 2022 views, we trim our estimates for 2023 by -18.8% revenue and -9.5% NPAT, mainly backed by our softer pangasius demand growth assumptions. The pangasius export volume could decrease compared to our previous preview since the demand seems to peak in 2022. As the economy is slowing down, our concerns on VHC's sales now switch to the demand side, instead of the supply side. Thereby, we project that the inflation fear could reduce the purchasing power of consumers and 2022 export rally would keep the high stockpile.

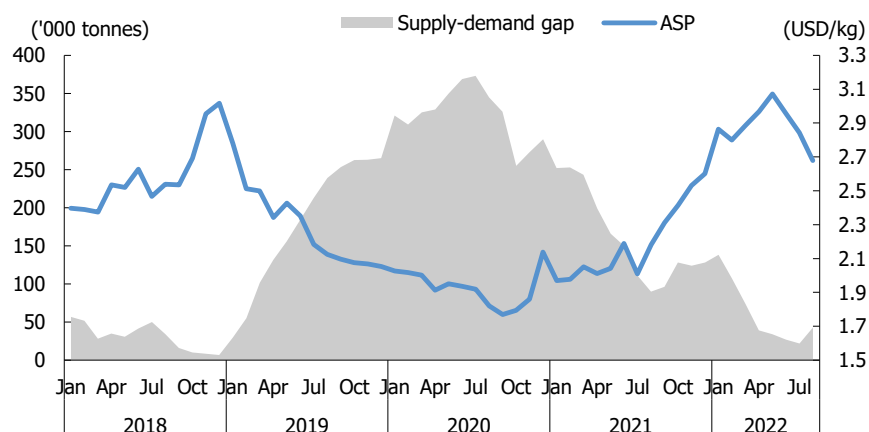
Lowering margins as the supply-demand mechanics shift.

We expect margins to narrow from next year as supply improves while demand drags down. At the same time, the average selling price could decrease due to a combination of 1) the shortage supply could ease soon, and (2) the demand could slow down. Meanwhile, we expect that the revenue of Collagen & Gelatin and rice-related products of Sa Giang segments keep increasing 14.5% yoy and 12.6% yoy in 2023F. The GM could slide by 1.2%p yoy in 2023F.

Steady growth in 2024F horizon.

We do not factor in the abnormally high foreign exchange gains in 2023F as we assume the USDVND could move steadily. However, we are bullish about the stronger interest income growth thanks to attractive deposit rates in 2023F. Overall, our new forecasts feature a -12.8% yoy revenue growth and -19.2% yoy NPAT growth in 2023F. Core EPS comes in at VND10,157 in 2023F.

We introduce the 2024F estimates with revenue growth of 2.9% yoy and unchanged NPAT growth of 0.8% yoy. We think the company could sustain its resilient growth given its footprint on the world export map. The purchasing power of seafood maintains healthy in 2024F on the back of the easing complete demand recovery, in our view. We also anticipate the company could intensify its internal source of supply. The raw material in market could remain abundant and that assists the average selling price to be stable. In conclusion, we expect the company could deliver a core EPS CAGR of -10% in 2022F-24F.

Figure 8. The eased pressure of short supply would make price adjustments referring to historical data

Note: Supply-demand gap = The cumulated Inventory = The beginning Inventory + Harvest volume – Export volume – Domestic sale
 Source: Agromonitor, VASEP, Korea Investment & Securities Estimate

Table 3. Annual earning revision

(VNDbn, %, %p)

| | 2022F | | | 2023F | | | 2024F | | |
|-----------|----------|---------|------|----------|---------|--------|----------|---------|--------|
| | Previous | Revised | Chg. | Previous | Revised | Chg. | Previous | Revised | Chg. |
| Sales | 13,554 | 13,900 | 2.6 | 14,928 | 12,126 | (18.8) | 16,348 | 12,481 | (23.7) |
| GP | 2,974 | 3,201 | 7.6 | 3,284 | 2,642 | (19.5) | 3,584 | 2,591 | (27.7) |
| GP margin | 21.9 | 23.0 | 1.1 | 22.0 | 21.8 | (0.2) | 21.9 | 20.8 | (1.2) |
| OP | 2,229 | 2,617 | 17.4 | 2,537 | 2,133 | (15.9) | 2,766 | 2,067 | (25.3) |
| OP margin | 16.4 | 18.8 | 2.4 | 17.0 | 17.6 | 0.6 | 16.9 | 16.6 | (0.4) |
| EBT | 2,086 | 2,656 | 27.3 | 2,371 | 2,151 | (9.3) | 2,766 | 2,174 | (21.4) |
| NP | 1,799 | 2,290 | 27.3 | 2,044 | 1,850 | (9.5) | 2,284 | 1,866 | (18.3) |

Source: Company, KISVN

Table 4. Annual sales breakdown

(VNDbn)

| | 2020 | 2021 | 2022F | 2023F |
|--------------------|--------------|--------------|---------------|---------------|
| By products | | | | |
| Pangasius-related | 6,465 | 8,065 | 12,616 | 10,676 |
| Wellness | 581 | 642 | 841 | 963 |
| Rice-related | 0 | 384 | 432 | 487 |
| By location | | | | |
| U.S | 2,442 | 3,647 | 6,296 | 4,887 |
| Europe | 1,237 | 1,305 | 1,732 | 1,782 |
| China | 1,208 | 1,350 | 1,364 | 2,061 |
| ROW (incl HK) | 2,150 | 2,632 | 4,508 | 3,395 |
| Total Sale | 7,037 | 9,054 | 13,900 | 12,126 |

Source: Company data, KISVN

Table 5. 2022F-2023F earnings outlook

(VNDbn,%,%p)

| | 2022F | 2023F | Change | Note |
|--------------------|---------------|---------------|---------------|--|
| Sales | 13,900 | 12,126 | (12.8) | We forecast VHC's average selling price would be at USD3.5/kg (-16.8% yoy) since 1) the raw material supply source was recovered from 2021-2022 shortage, and 2) the demand would slow down in US and EU markets that having better price. As such, the pangasius & related revenue could decrease by 18% yoy, lessening 2023F revenue by 12.8% yoy. |
| Gross profit | 3,201 | 2,642 | (17.5) | |
| GM | 23.0 | 21.8 | (1.2) | We assume that the abundant raw material supply would decrease raw material price by 12.2% yoy to VND25,500/kg. The downward average selling price would outpace input price fall, lower 2023F GM by 1.2%p yoy. |
| SG&A expenses | (584) | (509) | (12.8) | We expect that VHC maintain the SG&A expenses/revenue at 4.2% in 2023F |
| OP | 2,617 | 2,133 | (18.5) | |
| OPM | 18.8 | 17.6 | (1.2) | |
| Financial income | 455 | 375 | (17.5) | |
| Financial expenses | (341) | (234) | (31.5) | |
| Others income | 5 | 5 | (12.8) | |
| EBT | 2,656 | 2,151 | (19.0) | |
| Tax | (366) | (301) | (17.7) | |
| NPAT | 2,290 | 1,850 | (19.2) | |
| Net margin | 16.5 | 15.3 | (1.2) | |

Source: Company data, KISVN

Downgrade to HOLD, on new, lowered VND77,000 TP

We are now using an 18.6% cost of equity (vs 12.3%, previously), as a result of an upward revision to our risk-free rate assumption to 5.5% (from 3.5%) across our coverage universe. Our equity risk premium also surges to 11.0%, while our beta is increased to 1.2 (from 1.1). As a result, our WACC comes to 16% (vs. 12.3%, previously).

At the same time, we trimmed our 2023F EPS estimate by 9% due to a relief of selling price and demand in 2023. Since the volatility of earnings and high beta, we apply PE multiple to our valuation, combining with the DCF method with equal weighting. We target PE of 2023F/2024F would be 8x/8.5x.

Our forward PE-based target price is VND84,136 based on a target PE multiple of 8x (equivalent to median PE over 2018-2019 periods) applied to average EPS over the period 2023F-24F. We believe VHC deserves to trade in line with its regional peers given our 2022F-23F ROE projection of 24.3% and 28.6% (vs. peers' averages of 17.8% and 20.0%) based on our projections. Therefore, we applied its regional peers' median 2023-24F PE of 7.9x, which translates into a target 2023F-24F PE multiple of 8x for VHC.

Following earnings cuts and more conservative valuation assumptions, our new TP is cut to VND77,000 (from VND121,500), suggesting an upside of 10.2% from the current market price and valuing VHC at a 1-year rolling fwd PE of 6.6x. Following a 40% fall in the shares in the past three months, VHC now trades on PEs of 4.1x (2022) and 6.1x (2023F), equivalent to a 1-year rolling forward PE of 5.7x; the latter is about 0.5 SD cheap vs its average of 7.0x PE.

On the other side, the stronger-than expected demand from key market despite of high inflation or glommy global economy and the slower downward ASP would be our potential catalyst. Yet, we considered that the weak demand than our expectation of China market and the lofty input price maintained making lower GPM as risks.

Table 6. Valuation

| Metrics | Implied price | Weight | Weight value |
|---|---------------|--------|---------------|
| Price/EPS | 84,136 | 50% | 42,068 |
| DCF | 69,900 | 50% | 34,950 |
| Consensus VHC's target share price (rounded) | | | 77,018 |

Table 7. PE multiple method

| Metrics | FY23F | FY24F | Avg.23F- 24F |
|--------------------------------------|--------|--------|---------------|
| EPS (VND) | 10,198 | 10,288 | 10,198 |
| Regional median multiple (x) | 11.1 | 10.3 | 10.7 |
| Premium (%) | 13.3 | 21.5 | 17.4 |
| Target multiple (x) | 8 | 8.5 | 8.25 |
| Implied value per share (VND) | | | 84,136 |

Table 8. Cash flow summary

| | 2022F | 2023F | 2024F | 2025F | 2026F |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| EBITDA | 2,970 | 2,536 | 2,522 | 2,650 | 2,787 |
| EBIT | 2,617 | 2,133 | 2,067 | 2,140 | 2,221 |
| Tax rate (%) | 13.8 | 14.0 | 14.2 | 14.5 | 14.5 |
| EBIAT (NOPAT) | 2,257 | 1,835 | 1,773 | 1,830 | 1,899 |
| Add: Depreciation | 352 | 403 | 456 | 510 | 566 |
| Less: Increase working capital | 959 | (476) | 139 | 124 | 131 |
| Less: Capex | 1,224 | 713 | 734 | 760 | 789 |
| Free cash flow | 426 | 2,000 | 1,356 | 1,456 | 1,545 |
| PV of FCF | | 2,000 | 1,169 | 1,082 | 990 |

(VNDbn)

Table 9. DCF method

| Cost of equity | | DCF calculation | Value | Note |
|----------------------------|--------------|--|--------------|--|
| Beta (x) | 1.19 | Sum of Present value | 5,242 | Long term growth rate at 4% Implied TV exit EBITDA multiple |
| Risk-free rate (%) | 5.50 | Enterprise value | 13,181 | |
| Equity risk premium (%) | 11.00 | Less: Net debt | 464 | |
| Cost of equity (%) | 18.64 | Equity value | 12,717 | |
| WACC calculation | | Diluted shares outstanding (mn) | 0.2 | |
| Cost of debt (%) | 3.06 | Equity value per share | 69,900 | |
| Target debt to capital (%) | 2.64 | <u>Market premium / (discount) to fair value</u> | <u>-1.5%</u> | |
| Tax rate (%) | 13.77 | | | |
| WACC (%) | 15.98 | | | |

■ Company overview

Vinh Hoan Corporation was established in 1997 in Dong Thap Province. The company specialized in farming, processing and exporting related-pangasius products, Collagen & Gelatin products. Since 2010, VHC has been the leading company in pangaius industry, accounting for 14% of industry shares. The products are available in well-known retail chain and distributing in leading food service companies globally.

Balance sheet

(VND bn)

| FY-ending Dec. | 2020A | 2021A | 2022F | 2023F | 2024F |
|------------------------------|--------------|--------------|---------------|---------------|---------------|
| Current assets | 4,228 | 5,242 | 7,476 | 8,547 | 9,877 |
| Cash & cash equivalents | 1,457 | 1,523 | 2,338 | 4,029 | 5,195 |
| Accounts & other receivables | 1,273 | 1,929 | 2,515 | 2,194 | 2,258 |
| Inventory | 1,498 | 1,790 | 2,623 | 2,325 | 2,424 |
| Non-current assets | 2,237 | 2,932 | 3,803 | 4,113 | 4,392 |
| Fixed assets | 1,887 | 2,329 | 3,244 | 3,597 | 3,919 |
| Investment assets | 350 | 602 | 559 | 516 | 473 |
| Others | 727 | 561 | 561 | 561 | 561 |
| Total assets | 7,192 | 8,734 | 11,840 | 13,222 | 14,830 |
| Advances from customers | 0 | 0 | 0 | 0 | 0 |
| Unearned revenue | 436 | 545 | 848 | 761 | 767 |
| Trade payables | 326 | 337 | 494 | 438 | 456 |
| Others | 94 | 79 | 85 | 89 | 94 |
| ST debt & due bonds | 1,106 | 1,723 | 1,980 | 2,206 | 2,440 |
| LT debt & bonds | 69 | 168 | 634 | 450 | 300 |
| Total liabilities | 2,031 | 2,852 | 4,040 | 3,943 | 4,057 |
| Controlling interest | 5,157 | 5,777 | 7,708 | 9,199 | 10,705 |
| Capital stock | 1,834 | 1,834 | 1,834 | 1,834 | 1,834 |
| Capital surplus | 224 | 224 | 224 | 224 | 224 |
| Other reserves | (114) | (114) | (0) | (0) | (0) |
| Retained earnings | 3,214 | 3,833 | 5,651 | 7,141 | 8,648 |
| Minority interest | 4 | 105 | 92 | 80 | 67 |
| Shareholders' equity | 5,161 | 5,882 | 7,800 | 9,278 | 10,773 |

Cash flow

(VND bn)

| FY-ending Dec. | 2020A | 2021A | 2022F | 2023F | 2024F |
|---------------------|-------|-------|---------|-------|-------|
| C/F from operations | 420 | 640 | 1,684 | 2,728 | 2,182 |
| Net profit | 722 | 1,121 | 2,304 | 1,862 | 1,878 |
| Dep'n & Amort'n | 201 | 285 | 352 | 403 | 456 |
| Net incr. in W/C | (502) | (766) | (972) | 464 | (151) |
| C/F from investing | (311) | (856) | (1,224) | (713) | (734) |
| Capex | (604) | (605) | (1,224) | (713) | (734) |
| Incr. in investment | 293 | (251) | 0 | 0 | 0 |
| C/F from financing | (55) | 421 | 355 | (325) | (282) |
| Incr. in equity | 0 | 63 | 0 | 0 | 0 |
| Incr. in debt | 309 | 717 | 722 | 42 | 85 |
| Dividends | (364) | (359) | (367) | (367) | (367) |
| C/F from others | (177) | (139) | 0 | 0 | 0 |
| Increase in cash | (123) | 66 | 815 | 1,691 | 1,166 |

Income statement

(VND bn)

| FY-ending Dec. | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|-------|-------|--------|--------|--------|
| Sales | 7,037 | 9,054 | 13,900 | 12,126 | 12,481 |
| COGS | 6,036 | 7,302 | 10,699 | 9,483 | 9,890 |
| Gross profit | 1,001 | 1,752 | 3,201 | 2,642 | 2,591 |
| SG&A expenses | 318 | 556 | 584 | 509 | 524 |
| Operating profit | 683 | 1,196 | 2,617 | 2,133 | 2,067 |
| Operating profit (Adj.) | 683 | 1,196 | 2,617 | 2,133 | 2,067 |
| Financial income | 58 | 137 | 251 | 233 | 201 |
| Interest income | 97 | 69 | 193 | 219 | 166 |
| Financial expenses | 107 | 107 | 341 | 234 | 107 |
| Interest expenses | 38 | 35 | 80 | 128 | 115 |
| Other non-operating profit | (18) | (2) | 5 | 5 | 5 |
| Gains (Losses) in associates, subsidiaries and JV | 0 | (0) | 0 | 0 | 0 |
| Earnings before tax | 809 | 1,290 | 2,656 | 2,151 | 2,174 |
| Income taxes | 86 | 178 | 366 | 301 | 309 |
| Net profit | 722 | 1,121 | 2,304 | 1,862 | 1,878 |
| Net profit (Adj.) | 722 | 1,121 | 2,304 | 1,862 | 1,878 |
| Net profit of controlling interest | 722 | 1,112 | 2,290 | 1,850 | 1,866 |
| Exceptional items | 0 | 0 | 0 | 0 | 0 |
| EBITDA | 883 | 1,482 | 2,970 | 2,536 | 2,522 |

Key financial data

| FY-ending Dec. | 2020A | 2021A | 2022F | 2023F | 2024F |
|----------------------------|---------|-------|-------|----------|----------|
| Per-share data (VND, adj.) | | | | | |
| EPS | 3971 | 6162 | 13442 | 9665 | 9687 |
| BPS | 28361 | 31767 | 42874 | 50515 | 58179 |
| DPS | 2000 | 2000 | 2000 | 2000 | 2000 |
| Growth (%) | | | | | |
| Sales growth | (10.5) | 28.7 | 57.4 | (14.9) | 2.9 |
| OP growth | (39.7) | 75.2 | 133.3 | (25.3) | (3.2) |
| NP growth (Adj) | (38.7) | 55.2 | 118.9 | (27.8) | 0.2 |
| EPS growth (Adj) | (35.5) | 55.2 | 118.1 | (27.8) | 0.2 |
| EBITDA growth | (31.9) | 67.7 | 112.1 | (20.8) | (0.6) |
| Profitability (%) | | | | | |
| OP margin (Adj) | 9.7 | 13.2 | 19.6 | 17.2 | 16.2 |
| NP margin (Adj) | 10.3 | 12.4 | 17.2 | 14.6 | 14.2 |
| EBITDA margin | 12.6 | 16.4 | 22.1 | 20.5 | 19.8 |
| ROA | 10.0 | 12.8 | 20.4 | 13.3 | 12.0 |
| ROE | 14.0 | 19.4 | 31.2 | 19.1 | 16.7 |
| Dividend yield | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Dividend payout ratio | 50.4 | 32.0 | 15.0 | 20.7 | 20.6 |
| Stability | | | | | |
| Net debt (VND bn) | (289.0) | 463.5 | 270.8 | (1363.1) | (2354.4) |
| Net debt/equity (%) | (5.6) | 8.0 | 3.4 | (14.7) | (22.1) |
| Valuation (x) | | | | | |
| PE | 18.1 | 11.7 | 5.4 | 7.4 | 7.4 |
| PB | 2.5 | 2.3 | 1.7 | 1.4 | 1.2 |
| EV/EBITDA | 13.5 | 8.0 | 3.8 | 4.8 | 4.8 |

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