

17 Feb 2023

Bamboo Capital (BCG)

AM Briefing: Sighing with relief

AM Briefing

- On Feb 17, we tuned in to the BCG AM covering with their 2022 recap related to business results and operation climate.

Lack of M&A projects; earnings slump is foreseen.

- In 2022, BCG missed the guidance with a VND4.5tn revenue, 75% yoy and a VND546bn NPAT, -45.4% yoy. The fulfillment was 62.5/24.8%. The company blames on the shortage of M&A projects and lending rate hike eroding the EBIT. The leading catalyst growth belonged to real estate segment (VND1,894.2bn, +73.3% yoy, meeting 39.5% of full-year segment guidance).
 - Property development: Hoi An D'or project sold 178/202 in Quang Nam province; King Crown Infinity in Thu Duc district, HCMC booked 360/724 apartments; BCG will complete the projects in progress, and at the same time make efforts to coordinate with the authorities as well as contractors to complete the legal procedures of these unfinished projects.
 - Financials: According to the plan, AAA Insurance will restructure and open 20 more branches across the country to grow at least 200% yoy in 2023. The suspension of capital contribution to AAA Insurance (2:1) was due to prolonged process approved by Ministry of Finance.
 - Construction services: BCG will also focus on participating in infrastructure construction projects as well as transportation projects, receiving the wave of government infrastructure investment, and improving its ability to participate in enormous contracts.
 - Energy: the total power generated a 597.7mn kWh, +18.7% yoy in 2022. The renewable energy sector is likely to be greatly affected because of the uncertainty and lag of policies, per management. The Power Planning Project VIII of the Ministry of Industry and Trade was not approved in the previous year, up to 18 months late.

	2018A	2019A	2020A	2021A	2022P
Sales (VND bn)	1,113.3	1,575.9	1,854.9	2,589.5	4,531.6
chg. (% YoY)	(44.1)	41.5	17.7	39.6	75.0
Operating profit (VND bn)	61.1	31.5	87.4	471.5	616.8
Net profit (VND bn)	(15.8)	114.4	211.3	608.9	343.0
EPS (VND)	(147.0)	1059.0	1803.0	2678.0	643.0
chg. (% YoY)	(216.7)	(820.4)	70.3	48.5	(76.0)
EBITDA (VND bn)	85.6	60.0	169.0	873.0	1,180.1
PE (x)	N.M	6.1	4.1	3.2	10.0
EV/EBITDA (x)	26.3	48.8	26.9	16.7	15.0
PB (x)	0.7	0.6	0.6	0.5	0.5
ROE (%)	(1.2)	7.6	9.2	10.8	3.1
Dividend yield (%)	0.0	0.1	0.1	0.1	0.0

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

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12M rating **Non-rated**

12M TP

Up/Downside

Stock Data

VNIndex (17 Feb, pt)	1,059
Stock price (17 Feb, VND)	6,720
Market cap (USD mn)	151
Shares outstanding (mn)	533
52-Week high/low (VND)	26,180/4,880
6M avg. daily turnover (USD mn)	1.83
Free float / Foreign ownership (%)	57.2/1.9
Major shareholders (%)	
Chairman	15.63
Helios Services JSC	6.92
DOJI Jewelry JSC	3.92

Performance

	1M	6M	12M
Absolute (%)	(8.1)	(57.0)	(69.9)
Relative to VNIndex (%p)	(5.5)	(40.6)	(41.3)

Stock price trend



Source: Bloomberg

Research Dept

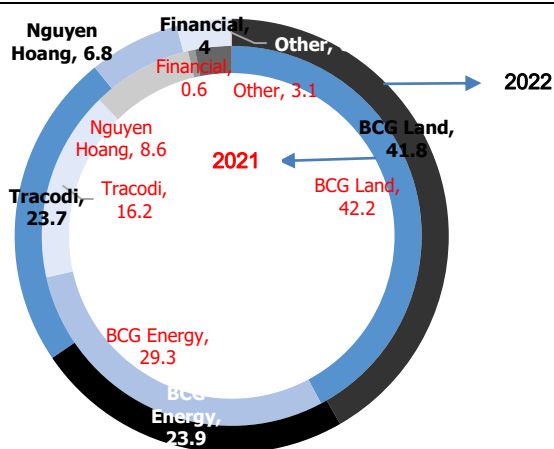
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- Energy: Regarding prices for transition projects, until January 7, 2023, the Ministry of Industry and Trade has just set prices for these projects, and the rest of the Phu My solar power project and 32 downstream projects will be treated the same. The floor will also be renewed in the near future. For those projects that are not transitional do not currently have clear policies. Therefore, in terms of renewable energy project development, the management's view in 2023 is to continue to develop the project in sync with the information on the Government's macro policies as well as the planning of the energy industry. Therefore, BCG will only focus on developing solar/rooftop power projects, and completing connectors of already built projects as well as continuing to prepare for construction for projects already included in master plan VII when the price policy is clearer.

No bond pressure in the short term; leverage eased

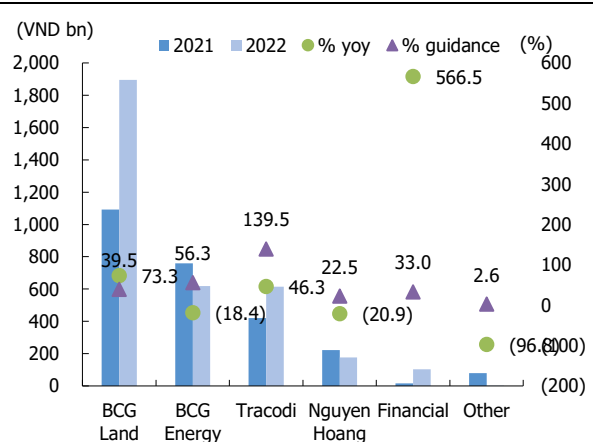
- The company could exercise a series of actions in 2022 to increase its capital but still lagged behind the initial plans:
 - Private placement of 57mn shares in Apr 2022.
 - Stock dividend at 2: 1 ratio
 - ESOP of 5mn shares
- Debt/equity ratio came in at 1.1x as of end-4Q22, lower than peaked 2.5x as of end-2Q21.

Figure 1. Revenue share: BCG Land occupied the largest share



Source: KIS Research, BCG

Figure 2. Revenue growth: BCG Land led the total growth in 2022



Source: KIS Research, BCG

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- BUY: Expected total return will be 15%p or more
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