

1 Feb 2023

# Becamex (BCM)

## Falling shy of the guidance

### Absence of property, earnings erosion is inevitable in 4Q22

- "The giant" released the 4Q22 business result with poor numbers: Revenue steeply plunged by 71.7% yoy, -61.2% qoq while the net profit stayed merely at VND7bn (-97.9% yoy)
- We attribute the lackluster revenue performance to the tepid property segment. Only a VND233bn revenue (-91.1% yoy, -87.4% qoq) was recorded in 4Q22 due to minimum residential/industrial revenue vs the tough comparison yoy /qoq base
- Other segments grew steadily with a VND295bn services revenue (7.7% qoq, 1.4% yoy) and a VND142bn production (+11.5% yoy, 12.5% qoq).
- The blended gross margin contracted by -12.5%p yoy to 34.7%.

### Full-year bottom line erased the hope

- The 4Q22 is expected to see booming revenue growth from a land transfer up to VND3tn revenue to Capital Land and booking of Bau Bang land area rental (33.4ha). Those lagged the schedule and could be moved forward to 2023-24F
- The miss of booking timing in 4Q22 deteriorated the full year performance when only 67.2/59.7% of revenue/NPAT guidance are fulfilled. In context of yoy growth, the company generated stellar results with a VND6,507bn revenue, -6.9% yoy, and a VND1,723.9bn NPAT, +22.7% yoy in 2022.
- The net debt remained unchanged at VND14.6tn, equaling to a 0.82 net gearing to equity. Around VND1.5tn is due in the next 12 months (VND1,213bn is the corporate bond).
- Despite its extravagant footprint in the industrial park development, we don't think 49.5x TTM is justified given the ineffective non-core businesses, and potential conflict of minority interest.

12M rating **Non-rated**

12M TP  
Up/Downside

#### Stock Data

VNIndex (01 Feb, pt)	1,106
Stock price (01 Feb, VND)	84,700
Market cap (USD mn)	3,738
Shares outstanding (mn)	1,035
52-Week high/low (VND)	97,230/58,437
6M avg. daily turnover (USD mn)	0.54
Free float / Foreign ownership (%)	3.3/2.9
Major shareholders (%)	
People Committee of Binh Duong	95.44
Nguyen Hoan Vu	0.03

#### Performance

	1M	6M	12M
Absolute (%)	5.1	13.3	7.8
Relative to VNIndex (%)	(4.8)	22.9	31.9

#### Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	6,537.6	8,213.4	6,504.7	6,989.8	6,507
chg. (% YoY)	(3.9)	25.6	(20.8)	7.5	(6.9)
Operating profit (VND bn)	2,049.0	1,811.9	1,907.6	2,000.1	1,462
Net profit (VND bn)	2,171.0	2,486.9	1,985.6	1,404.6	1,724
EPS (VND)	2,030.0	2,332.0	1,731.0	1,187.0	1,628
chg. (% YoY)	91.7	14.9	(25.8)	(31.4)	37.2
EBITDA (VND bn)	2,272.1	2,037.8	2,145.6	2,186.1	1,613
PE (x)	39.6	35.3	44.2	62.5	49.5
EV/EBITDA (x)	45.3	50.0	47.0	46.4	33.7
PB (x)	7.0	6.0	5.5	5.4	4.7
ROE (%)	17.9	17.0	12.1	8.2	9.9
Dividend yield (%)	0.7	0.5	0.9	2.5	0.9

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

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**Table 1. Earnings summary**

(VND bn, %, % p)

	2021				2022P				2021	2022P	4Q22		Consensus (BB)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QP			QoQ	YoY	
<b>Net sales</b>	<b>1,399</b>	<b>1,693</b>	<b>761</b>	<b>3,111</b>	<b>1,433</b>	<b>1,932</b>	<b>2,263</b>	<b>879</b>	<b>6,990</b>	<b>6,507</b>	<b>(61.2)</b>	<b>(71.7)</b>	N.A
Construction	0	100		27	5	20		168	193	193		522.2	
Property	1,042	1,212	503	2,617	1,057	1,510	1,843	233	4,643	4,643	(87.4)	(91.1)	
Services	214	117	149	291	229	130	274	295	928	928	7.7	1.4	
Production	122	250	97	128	111	248	127	142	628	628	12.5	11.5	
Other	21	14	12	41	31	24	20	41	116	116	105.0	0.0	
<b>Gross profit</b>	<b>580</b>	<b>748</b>	<b>418</b>	<b>1,479</b>	<b>821</b>	<b>961</b>	<b>675</b>	<b>305</b>	<b>3,221</b>	<b>2,762</b>	<b>(54.8)</b>	<b>(79.4)</b>	N.A
Gross margin	46.8	56.5	65.6	47.2	60.5	49.7	29.8	34.7	46.1	42.4	4.9	(12.5)	
SG&A	224	278	235	451	275	198	283	544	1,221	1,300	92.2	20.6	
<b>Operating profit</b>	<b>356</b>	<b>470</b>	<b>183</b>	<b>1028</b>	<b>546</b>	<b>763</b>	<b>392</b>	<b>(239)</b>	<b>2,000</b>	<b>1,462</b>	<b>(161.0)</b>	<b>(123.2)</b>	
Associate's income	275	352	113	270	170	403	17	555	1,022	1,145		105.6	
Financial income	31	12	13	13	22	72	11	12.0	68.7	117.0	1.0	(7.7)	
Financial expense	153	159	163.0	567.8	265.7	223.1	139.6	254.0	874.7	882.4	114.4	(55.3)	
Net other income	(1)	(106)	(94)	(270)	(4.1)	107.0	30.2	(52.0)	471.8	81.1	(82.2)	(80.7)	
EBT	508	568	52.3	473.0	468.3	1076.6	311.0	21.0	1,743.8	1,876.9	(290.0)	(95.6)	
Net profit	468	520	50.3	331.5	391.0	1014.9	259.2	7.0	1,457.3	1,723.9	(252.2)	(97.9)	
<b>NP of controlling interest</b>	<b>457</b>	<b>483</b>	<b>48.6</b>	<b>284.7</b>	<b>424.6</b>	<b>948.9</b>	<b>203.3</b>	<b>56.0</b>	<b>1,404.6</b>	<b>1,684.9</b>	<b>(147.3)</b>	<b>(80.3)</b>	<b>N.A</b>
EBITDA	402	516	233.0	1071.9	589.9	810.7	439.2	(226.8)	2,186.0	1,613.0	(666.0)	(121.2)	
EBITDA margin	28.7	30.5	30.6	34.5	41.2	42.0	19.4	(25.8)	31.3	24.8	(45.2)	(60.3)	
OP margin	25.4	27.8	24.0	33.0	38.1	39.5	17.3	(27.2)	28.6	22.5	(44.5)	(60.2)	

Source: Company data, KIS



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