

10 Feb 2023

Sabeco (SAB)

AM Briefing: Increased shares in 2 affiliated companies

On February 9, we attended SAB's analyst meeting briefing on its 4Q22 business results update and 2023F outlook.

Advertising expenses increase in 4Q22

- SAB recorded a solid revenue of VND10.0tn revenue (+11.4% yoy, +16.1% yoy) due to high demand due to football events such as AFF, World Cup, and the early Lunar new year holiday, and NPAT-MI of VND1.0tn (-20.3% yoy, -22.3 qoq) owing to a sharp increase of selling expenses.
- For 2022, SAB revenue and NPAT-MI increased by 33% yoy and 42% yoy to VND35.2tn and VND5.2tn, respectively, fulfilling 101%/113% of guidance.
- Per management, the company strengthened its market share in mass segments and the Northern market.

Gross margin suppressed continually qoq

- The gross margin of SAB in 4Q22 improved by 0.4p% yoy but it was suppressed by 3.1%p qoq to 28.1% owing to high input prices and lower product mix amid weak consumer spending.
- SG&A/ Revenue ratio expanded by 5.7p% yoy and 2.3%p to 18.1% in 4Q22 due to a sharp increase of Advertising & Promotion expenses when deploying marketing and promotional activities nearly Tet period.
- SAB increased its stake in Saigon Binh Tay Beer and Saigon Packaging companies to let two corporations become SAB's subsidiaries. Management believes this consolidation will improve SAB's profitability from 2024.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

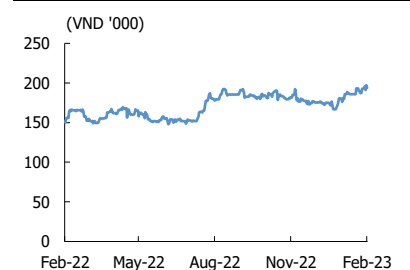
Stock Data

VNIndex (09 Feb, pt)	1,064
Stock price (09 Feb, VND)	193,800
Market cap (USD mn)	5,272
Shares outstanding (mn)	641
52-Week high/low (VND)	197,200/147,858
6M avg. daily turnover (USD mn)	1.22
Free float / Foreign ownership (%)	10.4/62.6
Major shareholders (%)	
Vietnam Beverage Company Limited	53.59
SCIC	36.00

Performance

	1M	6M	12M
Absolute (%)	7.9	8.1	26.4
Relative to VNIndex (%p)	6.9	23.1	54.9

Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022P
Sales (VND bn)	35,949	37,899	27,961	26,374	34,979
chg. (% YoY)	5.1	5.4	(26.2)	(5.7)	32.6
Operating profit (VND bn)	4,440	5,499	4,940	3,510	5,498
Net profit (VND bn)	4,177	5,053	4,723	3,677	5,224
EPS (VND)	6,563	7,760	7,565	5,767	8,154
chg. (% YoY)	(11.3)	18.2	(2.5)	(23.8)	41.4
EBITDA (VND bn)	5,075	6,147	5,534	4,068	6,059
PE (x)	29.5	25.0	25.6	33.6	23.8
EV/EBITDA (x)	2.6	2.6	2.6	2.6	2.6
PB (x)	7.7	6.2	5.9	5.5	5.1
ROE (%)	28.8	29.7	23.9	17.9	23.3
Dividend yield (%)	3.1	0.9	3.0	0.9	1.9

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

Research Dept

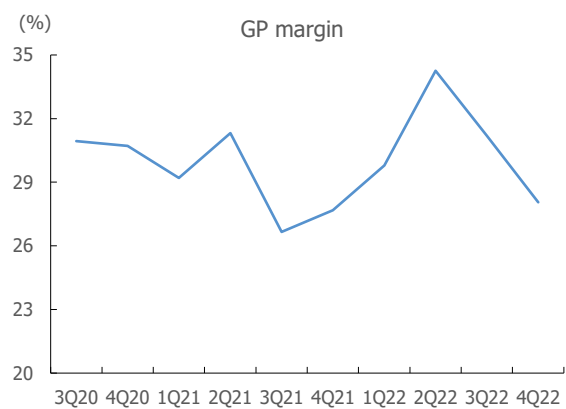
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Table 1. 4Q22 earnings

	4Q21	1Q22	2Q22	3Q22	4Q22	% qoq	% yoy
Sales	9,004	7,306	9,008	8,635	10,029	16.1	11.4
Gross profit	2,492	2,177	3,086	2,694	2,814	4.4	12.9
GP margin	27.7	29.8	34.3	31.2	28.1	(3.1)	0.4
Operating profit	1,374	1,257	1,909	1,331	1,001	(24.8)	(27.2)
OP margin	15.3	17.2	21.2	15.4	10.0	(5.4)	(5.3)
EBT	1,723	1,532	2,205	1,717	1,360	(20.8)	(21.1)
NP	1,314	1,171	1,668	1,342	1,043	(22.3)	(20.6)

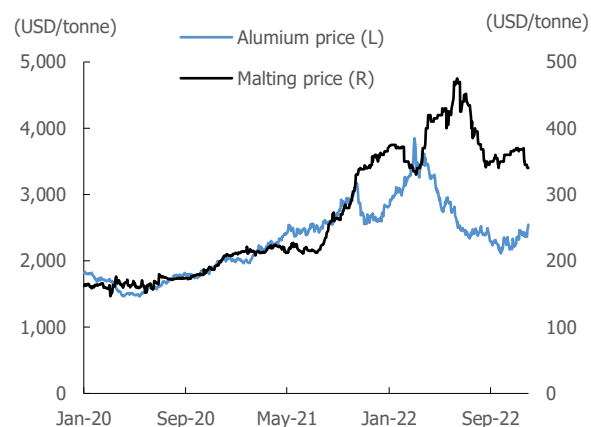
Source: Company data, KIS Research

Figure 1. SAB's gross margin subdued qoq



Source: Bloomberg, KIS Research

Figure 2. Beer's raw material future prices eased



Source: Bloomberg, KIS Research

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Prepared by: Research Dept

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