

# Thien Long Group (TLG)

## A memorable year

### Revenue in 4Q22 saw a fall by 6% yoy

- In 4Q22, TLG posted revenue of VND741bn, downed 6% yoy and made the loss of VND3bn after tax, collapsed from VND97bn in 4Q21 due to high pent-up demand in 4Q21.
- TLG sales in 4Q22 dropped 17% qoq, mainly due to (1) off-peak season (2) weaker demand from retailers due to tightened spending led to 9% qoq fall in domestic sales, and (3) lower exporting to many countries by 24% qoq to VND165bn amid stronger USD.
- TLG witnessed a fall in GPM by 2.6%p yoy and 3.1%p qoq. Attributable to settling of marketing expenses in 4Q22 that drove selling expenses rose by 4% qoq and 48% yoy to VND216bn, TLG made the loss of VND3bn in 4Q22, compared to NPAT of VND97bn in 4Q21 and VND104bn in 3Q22.

### 2022 sales reached the new hike of VND3.5tn

- In 2022, TLG's net revenue rose by 32% yoy to VND3.5tn. NPAT also grew 45% yoy to VND401bn. TLG fulfilled 108% of revenue guidance and 143% of NPAT guidance.
- Export sales climbed by 46% yoy to VND832bn, contributing 24% to TLG's revenue in 2022, upped 3%p of contribution in revenue. Meanwhile, domestic sales in 2022 also surged by 28% yoy to VND2,689bn.
- Both GM and net margin (NM) in 2022 improved respectively by 1%p yoy to 43%/11%, thanks to a better domestic product mix.
- In 2022, TLG recorded a sharply rose by 4 times of financial expenses to VND29bn, mostly the loss from forex difference revaluation of VND19bn, compared to that of VND2bn in 2021.

### Expansion plans completed in 2022

- TLG had completed the construction of the Center warehouse at Le Minh Xuan industrial park and B2 factory.
- TLG invested 25% of shareholder's capital to PEGA to expand the system and established Clever World Ltd., running Clever Box showrooms.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	2,497	2,856	3,253	2,685	2,668
chg. (% YoY)	13.9	14.4	13.9	(17.5)	(0.6)
Operating profit (VND bn)	314	361	412	286	330
Net profit (VND bn)	268	294	349	240	277
EPS (VND)	2,557	4,009	4,480	2,625	3,153
chg. (% YoY)	(53.5)	56.8	11.8	(41.4)	20.1
EBITDA (VND bn)	364	427	490	367	414
PE (x)	20.9	13.3	11.9	20.4	17.0
EV/EBITDA (x)	6.9	8.4	7.6	9.8	8.6
PB (x)	2.6	2.8	2.3	2.4	2.3
ROE (%)	50.6	25.3	22.7	13.5	15.5
Dividend yield (%)	2.1	2.9	4.4	3.7	4.7

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

12M rating **Non-rated**

12M TP **N.A**

Uo/Downside **N.A**

#### Stock Data

VNIndex (02 Feb, pt)	1,078
Stock price (02 Feb, VND)	52,400
Market cap (USD mn)	174
Shares outstanding (mn)	78
52-Week high/low (VND)	67,504/36,080
6M avg. daily turnover (USD mn)	0.80
Free float / Foreign ownership (%)	33.2/20.9
Major shareholders (%)	
Thien Long An Think Investment	48.01
NWL Cayman Holdings Ltd	7.07
Co Gia Tho	6.1

#### Performance

	1M	6M	12M
Absolute (%)	2.7	(1.5)	34.2
Relative to VNIndex (%p)	(4.4)	11.1	60.2

#### Stock price trend



Source: Bloomberg

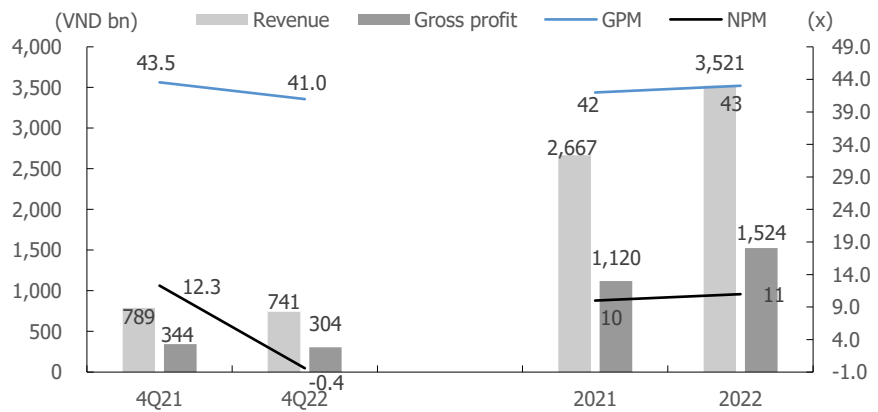
## Research Department

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### Valuation

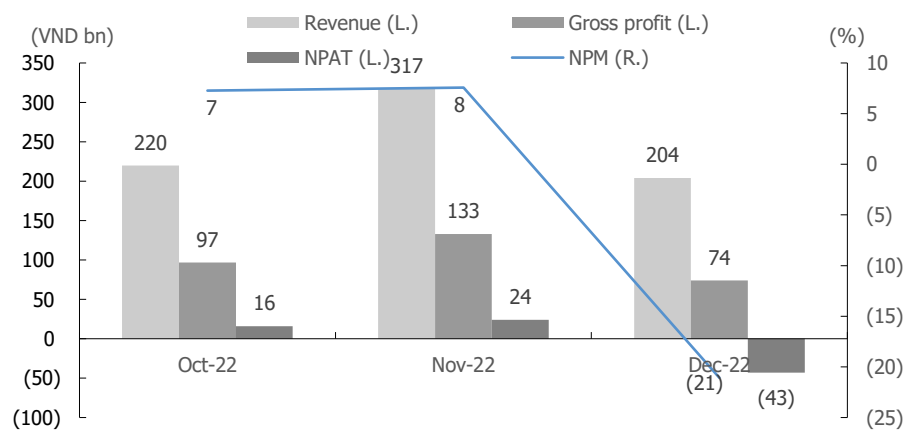
- TLG is trading at 10.2x TTM PE, lower than 3-yrs PE median of 11.2x. Current TTM PB of 2x is slightly higher than the 3-yrs PB median of 1.8x.

**Figure 1. Quarterly & accumulated revenue movement**



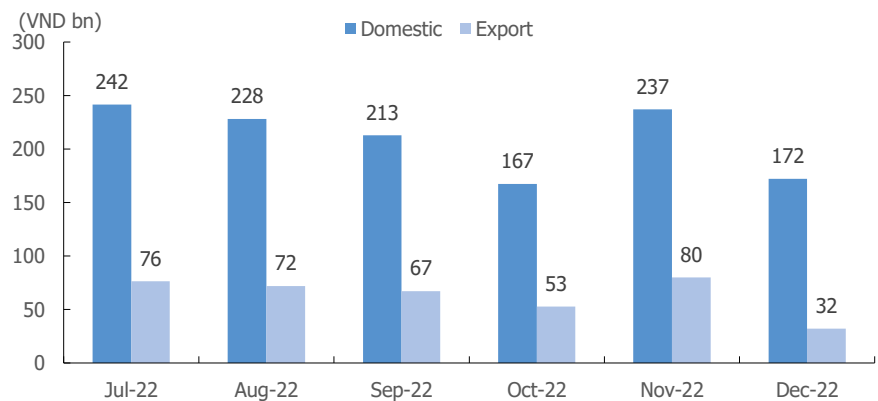
Source: Company data, KIS

**Figure 2. Collapsed NPM in Dec 2022 due to high marketing expenses**



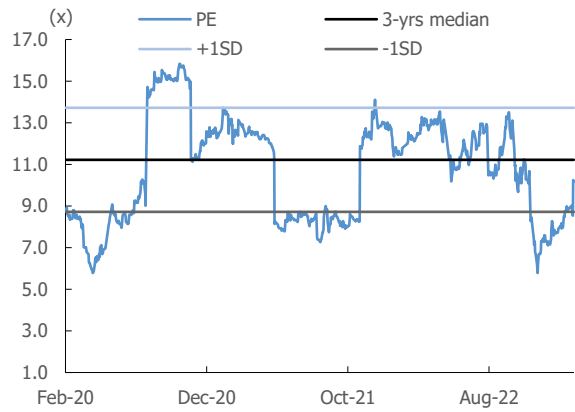
Source: Company data, KIS

**Figure 3. Monthly revenue by market**



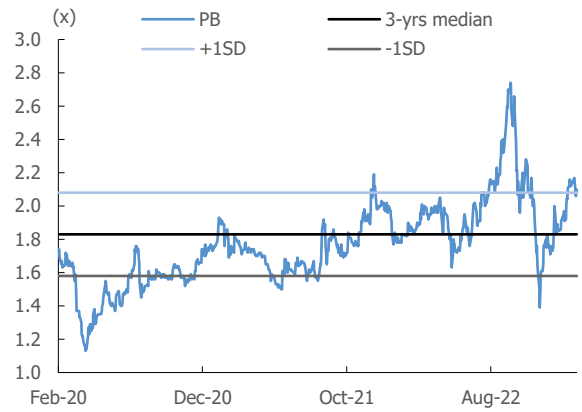
Source: Company data, KIS

**Figure 4. TLG's 3 years TTM PE**



Source: Company data, Finpro

**Figure 5. TLG's 3 years TTM PB**



Source: Company data, Finpro

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