

Sao Ta Foods (FMC)

The sustainable value chain is key

Top 3 position in Vietnamese shrimp exporters

Sao Ta Foods secured in the Top 3 Vietnamese shrimp exporters with USD217.7mn export value (in 2022), equivalent to 5% of shrimp industry shares. FMC has export to key markets including the US, Japan and EU with high-quality products in recent years. Despite the upside down of the Vietnam shrimp industry for years, FMC could maintain a 10% CAGR of revenue from 2011-2022.

Well-prepared for the 2023F storm of top exporters

Although our outlook on the shrimp industry in 2023 would slow down, we believe Sao Ta Foods can keep expanding the Japanese market, and EU market, and increase capacity. Meanwhile, the export to the US market would slow down slightly in 2023. We estimate that FMC could post VND6,028bn revenue (+5.7% yoy) and NPAT VND392bn (+15.9% yoy), EPS VND5,420 (+8.6% yoy) in 2023.

Strongly invest to dive in value chain for long-term

We expect Sao Ta Foods to increase revenue and NPAT by 13% and 16% CAGR, respectively, from 2023F to 2027F. This will be assisted by (1) benefits from positive export shrimp industry growth, (2) capacity expansion to increase quantity and quality of demand, and (3) the optimized margin by self-sufficiency improvement.

Rate BUY with a TP of VND49,100

We initiate our coverage on Sao Ta Foods with a BUY rating and a target price of VND49,100, implying a 17% upside. This is derived by a 50:50 weight of 5-year DCF model (beta of 1.01, risk-free yield of 5.5%, and market risk premium of 8%) and comparison multiple of 9x 2023F PE. We believe FMC deserves to trade at a premium backed by improvements of 2023F earnings, stable EPS growth, and good management strategy. We consider the stronger-than-expected demand from US market as a potential upside catalyst, while challenged entrance to EU market result lower revenue and lofty input price maintained make lower GPM as risks.

	2021A	2022A	2023F	2024F	2025F
Sales (VND bn)	5,199	5,702	6,028	6,791	7,727
OP (VND bn)	265	307	355	406	487
EBT (VND bn)	286	323	377	431	515
NP (VND bn)	324	338	392	444	530
EBITDA (VND bn)	354.7	396.6	406.8	479.2	571.2
Net debt (VND bn)	(184.8)	111.2	129.3	207.5	13.3
OP margin (%)	5.1	5.4	5.9	6.0	6.3
ROE (%)	20.8	17.1	17.0	17.5	17.6
Dividend yield (%)	5.2	6.2	5.7	5.0	4.2
EPS (VND, adj.)	4,688	4,992	5,420	6,193	7,470
chg. (% YoY)	17.5	6.5	8.6	14.3	20.6
BPS (VND, adj.)	19,079	19,079	19,079	19,079	19,079
DPS (VND, adj.)	2,000	2,000	2,000	2,000	2,001
PE (x)	8.2	7.7	8.0	8.5	9.5
PB (x)	2.0	2.0	2.0	2.0	2.0
EV/EBITDA (x)	5.0	4.4	4.3	3.7	3.1

Note: Net profit, EPS and ROE attributed to controlling interest

12M rating **BUY**

12M TP **49,100**

Up/Downside **+21%** (incl 20% cash dividend)

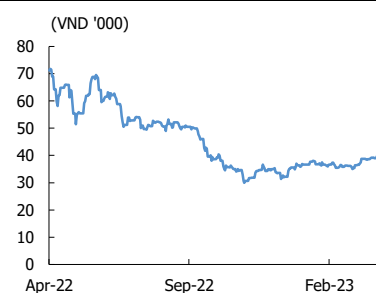
Stock data

VNIndex (17 Apr, pt)	1,053
Stock price (17 Apr, VND)	42,000
Market cap (USD mn)	117
Shares outstanding (mn)	65
52-Week high/low (VND)	71,821/30,000
6M avg. daily turnover (USD mn)	0.08
Free float / Foreign ownership (%)	34.8/31.3
Major shareholders (%)	
PAN Group	37.8
C.P Vietnam	24.9

Performance

	1M	6M	12M
Absolute (%)	15.4	6.9	(40.9)
Relative to VNIndex (%p)	14.5	6.1	(14.3)

Stock price



Source: Bloomberg

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What is the report about?

- Sao Ta Food could increase 5.8% yoy revenue and +16.4% yoy NPAT in 2023
- The capacity increase and farming system expansion would be the long-term drivers
- BUY on stable growth, sustainable strategy in long-term prospect

I. Get through the stormy season in 2023F

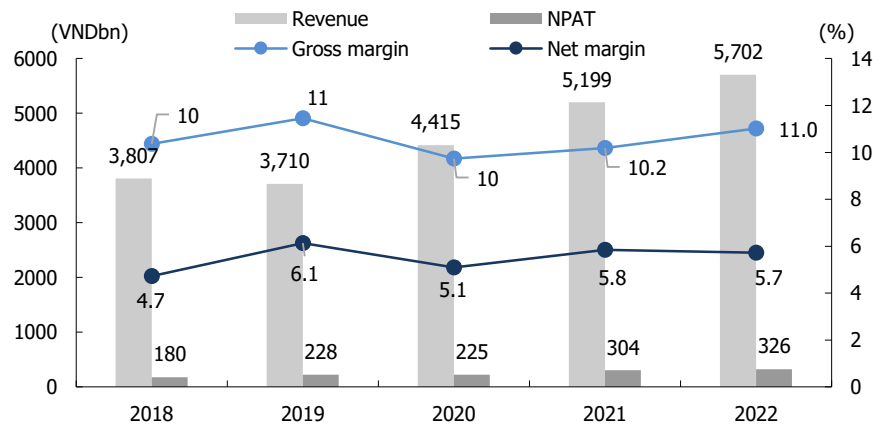
1. Company 2022: boosted by key markets

2022 revenue and NPAT increased about 11% yoy

In 2022, the net revenue rose 10% yoy, since both shrimp and agricultural export values surged 9% yoy and 39% yoy, respectively. The company continued to expand into the Japanese and US markets, contributing 44% and 29% of FMC revenue. As a result, shrimp export increased both in volume and average selling price by +0.6% yoy and 8% yoy.

The gross margin improved by 0.8%p yoy in 2022 since the average selling price of shrimp products could outpace the rising raw material cost of +1%p yoy. However, the burden of SG&A cost/revenue also slightly increased by 0.8%p yoy. As such, the 2022 net margin was at 5.6% (flat yoy), so NPAT VND319.5bn (+11% yoy).

Figure 1. FMC's business result perked up by years

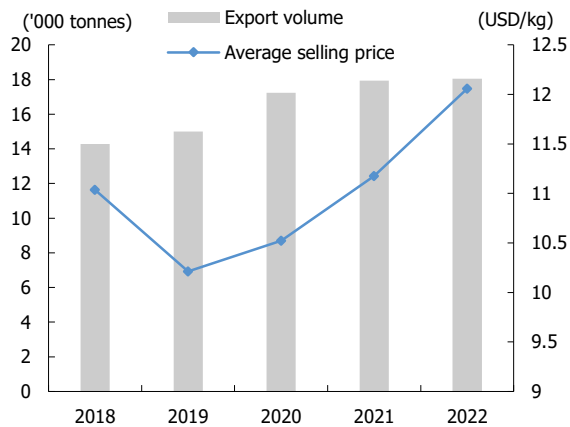


Source: Company Data, Korea Investment & Securities

Tumbled volume export of shrimp products in 4Q22

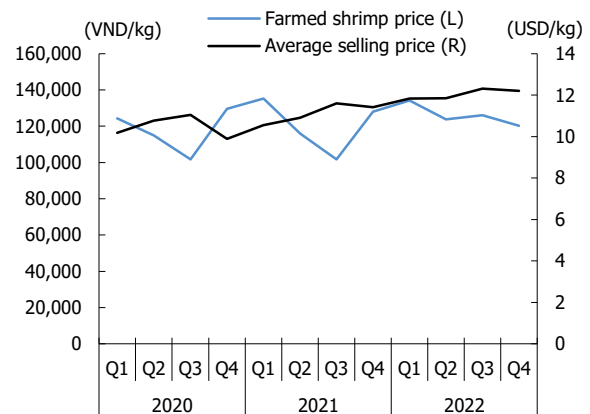
Even though the 2022 business result had a positive growth rate, 4Q22 witnessed a decrease of 16% yoy and 31% qoq revenue. Inflation might negatively impact market consumption, while high stockpiles were estimated in many markets. The tumbled demand in the holiday season slowed down the export volume of shrimp products in the last months of the year, -21% yoy and -38% qoq in 4Q22. Despite the lofty average selling price rally, the raw material also hiked due to unfavorable farming conditions, lowering the gross margin to 12.8% (-1.2 %p yoy and +1.9%p qoq). The company posted VND81.3bn NPAT in 4Q22, -26.3% yoy and +1.9% qoq.

Figure 2. The increases of shrimp volume and ASP boosted FMC revenue in 2022



Source: Company data, Korea Investment & Securities

Figure 3. The export volume decreased in 4Q22



Source: Company data, Undercurrent Data, Korea Investment & Securities

2. Well-prepared for 2023F storm of top exporters

Although our outlook on the shrimp industry in 2023 is gloomy, we believe that Sao Ta Foods could maintain a positive growth rate of business results in 2023. The export to strategic markets and expansion of capacity could increase the shrimp export volume by 15% yoy and offset a -3.5% yoy ASP reduction in 2023, boosting 2023 shrimp revenue by 5.4% yoy. Despite lower ASP in 2023, we estimated that net margin could surge slightly from 0.6%p yoy to 6.5% due to GPM improvement as input price decreases and a higher self-sufficiency rate.

We estimated the revenue could increase slightly by 5.7% yoy to VND6,028bn mainly based on the increase of 5.4% yoy and 9.7% yoy to VND5,793bn and VND234.7bn of shrimp and agricultural products, respectively. We expect that FMC would (1) keep expanding Japan market, and (2) gain more shares in the EU market. Meanwhile, export to US market would slow down slightly by 7.5% yoy.

2.1. Keep expanding Japan market

From 2021-2022, FMC focused on exporting to Japan gradually to offset the negative export growth in EU markets and take advantage of their favor of value-add shrimp products with higher selling prices, and lower logistic costs compared to norms. Thus, FMC increased gradually by 23% yoy in 2021 and 27% yoy export value in 2022. As we assume that Japan's consumption on shrimp products might be positive and shrimp exports of FMC to this market contributed largely by 34% of total revenue in 2022, so we expect that FMC could increase export value to the Japanese market in 2023 by 23.5% yoy.

2.2. Gain more EU and UK shares

Since EVFTA had been effective, FMC targeted the EU (and UK) market as one of the top markets due to the huge benefit of preferential tax from EVFTA and UKFTA. Yet, the low consumption and heavy cost of logistic activities lessened FMC to export activities to the EU market amid COVID-19. From 2020 to 2021, the contribution of FMC export revenue to the EU market narrowed down from 28% to 22%.

We expect that FMC well-prepared to come back to this market in 2023 since FMC completed the Sao Ta Seafood factory with 15,000 tonnes of capacity (compared to total 33,000 tonnes of capacity in 2022) in Jan 2023. This factory was invested to produce outputs that meet EU-standard qualifications and high-quality products as 2019-2020 plans.

As such, we project that FMC could gain a growth rate assisted by (1) the available capacity to produce qualified and quality output meeting EU market requirements (2) gradual deceleration of logistic fee, and (3) the benefit of the preferential tax rate of EVFTA. Yet, as the assumption of shrimp industry export to EU market slows down in 2023, we estimate that FMC only increase the contribution from 22% to 24% of total FMC revenue in 2023, +23.6% yoy export value to this market.

2.3. Export to US market would slow down slightly by 7.5% yoy

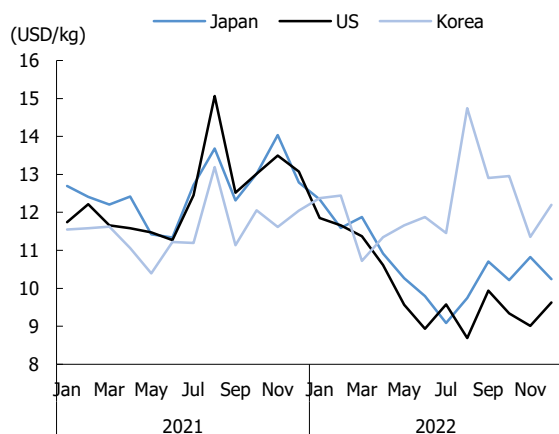
As we considered the high inflation and an abundant inventory of importers would lessen shrimp export to the US market in 2023F, we estimate that FMC export value to this market could decrease by 7.5% yoy.

Table 1. Annual sales breakdown

	2020	2021	2022	2023F
<i>Shrimp products</i>				
Volume (kg)	17,240,950	17,941,430	18,054,110	20,762,507
ASP (USD/kg)	10.5	11.2	12.1	11.6
Sales (VNDbn)	4,230	5,048	5,494	5,793
<i>Agricultural products</i>				
Volume (kg)	1,200,790	1,592,210	1,801,810	1,981,991
ASP (USD/kg)	4.1	3.8	4.7	4.9
Sales (VNDbn)	115	151	214	235
Total Sale (VNDbn)	4,415	5,199	5,702	6,028

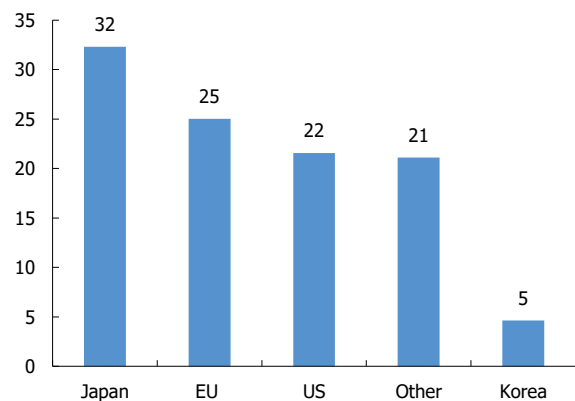
Source: Korea Investment & Securities

Figure 4. Estimated shrimp ASP of FMC in markets



Source: Tendata, Korea Investment & Securities

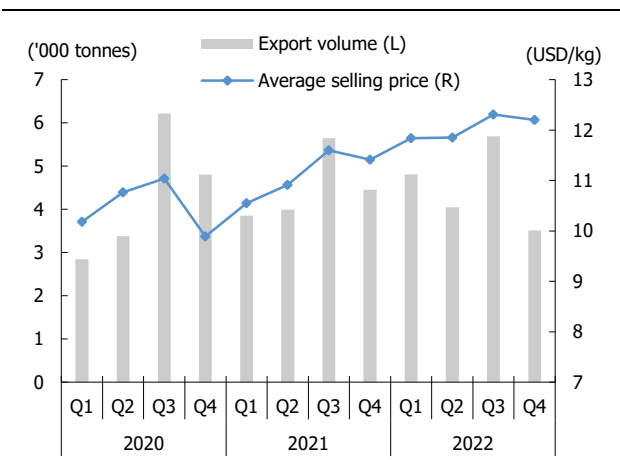
Figure 5. Volume export by shares to key market in 2022



Source: Tendata, Korea Investment & Securities Estimates

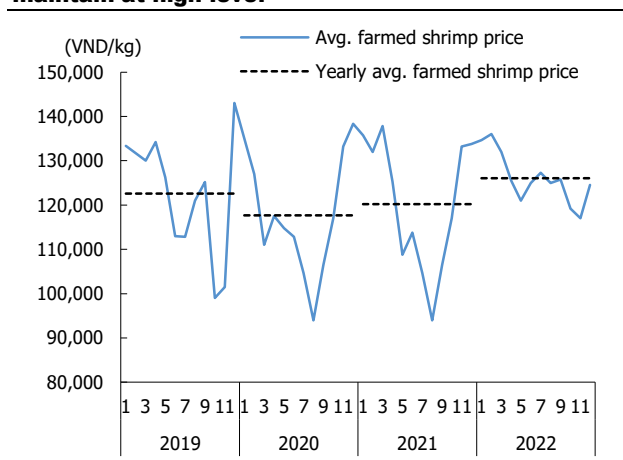
We assume that the average selling price could cool down by 3.5% yoy to 4.5% yoy due to lower demand and high competition. While the shrimp feed (that accounts for 75% of farmed shrimp cost) could slightly cool down in 2023, making farmed shrimp input price decrease by 2% yoy to 3% yoy. Yet, we expect the gross margin to be stabilized at 11.24% in 2023, assisted by the self-sufficiency rate improvement. Per management, FMC plans to increase stocking of all 240 new ponds from 2Q23, bringing a total of 600 ponds of farmed shrimp to improve the self-sufficiency rate of farmed shrimp from 20% to 30%. Meanwhile, we estimate lower SG&A/revenue (-0.2%p yoy) since the logistic cost reduced and lower interest expenses would prompt net margin by 0.6%p yoy to 6.5% in 2023. Thus, we estimate that Sao Ta Foods could post VND392bn (+15.9% yoy) NPAT.

Figure 6. FMC volume and ASP fell gradually in 4Q22



Source: Company Data, Korea Investment & Securities

Figure 7. 2022 average farmed shrimp price maintain at high level



Source: Undercurrent, Data Korea Investment & Securities

Table 2. 2022F-2023F earnings outlook

	2022F	2023F	Change	Note
Sales	5,702	6,028	5.7	We forecast that 1) the lower demand in many markets and 2) the decrease slightly of input price could drag selling price to USD11.6/kg (-3.6% yoy). Meanwhile, FMC focus to export in Japan, Korea and EU markets could increase export volume to 20,960 tonnes (+16.1% yoy).
Gross profit	628	678	7.9	
GM	11.0	11.2	0.2	We assume the increase of self-sufficiency rate by farming area expansion would stabilize the material input cost to improve GPM.
SG&A expenses	(321)	(323)	0.6	
OP	307	355	15.6	
OPM	5.4	5.9	0.5	
Financial income	91	80	(12.8)	
Financial expenses	(74)	(41)	(44.7)	
Others income	(0.5)	(0.5)	0.0	
EBT	323	377	16.5	
Tax	(9)	(10)	11.2	
NPAT	338	392	15.9	
Net margin	5.9	6.5	0.6	The GPM rise and SG&A/revenue fall lifted OPM +0.5%p yoy, increasing net margin 0.6%p in 2023

Source: Korea Investment & Securities

II. Sizable growth for stable earnings onward

We expect Sao Ta Foods to increase 13% and 16% CAGR of revenue and NPAT in 2023F-2027F, assisted by (1) benefits from positive export shrimp industry growth, (2) the capacity expansion to increase quantity and quality of demand, and (3) optimizing the margin by self-sufficiency improvement.

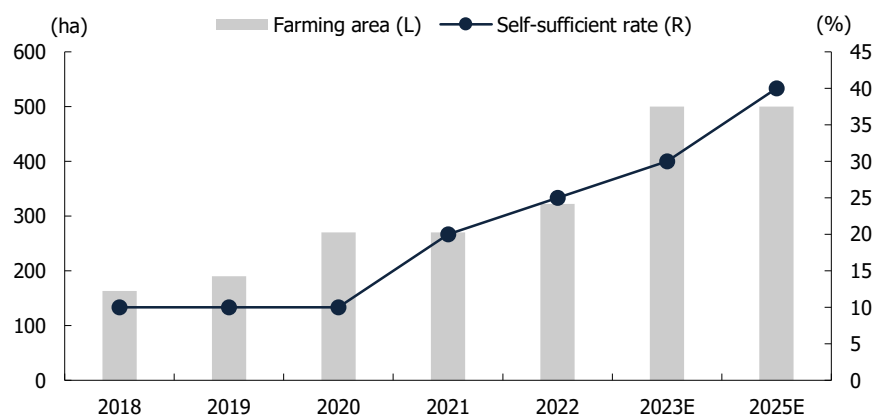
1. Improving the self-sufficiency rate to stabilize the gross margin

Sao Ta Foods invested strongly in the farming area in recent years. In 2021, FMC posted 270ha of farming area, harvesting 7.1 thousand tonnes of raw shrimp. In 2022, FMC increased its farming area by adding up the 52ha farming area of the Khang An subsidiary to a total farming area of 322ha, assumed to harvest 8.9 thousand tonnes of raw shrimp (+25% yoy). It is expected that FMC will expand the 203ha of the farming area of the Vinh Thuan subsidiary, increasing the total farming area to 525ha in 2H23 (600 ponds). In next 3 years, FMC expect to expand more farming area.

As we mentioned in [Shrimp market in-depth report \(2023\)](#), external factors could make highly volatile raw shrimp prices (generated 70% - 80% of input cost) and unstable volume of shrimp harvests. It could fluctuate outsourced volume in short, making the potential to increase input shrimp prices. Thus, to stabilize the volume and price of shrimp input for gross margin improvement, FMC would increase the self-sufficiency rate.

Per management, to increase the self-sufficiency rate, FMC not only expanding the farming area but also invests in farming processes and techniques to increase the survival rate by 85% (higher than the norms by 45%). We assume that FMC could self-supply 12,000 tonnes of shrimp with the existing farming plans, and the self-sufficiency rate could improve from about 25% to 30% in 2023. Till 2025, the company is expected to increase the sufficiency rate to 40%. As such, we projected that the gross profit margin could improve from 11% - 11.7% from 2022-2025.

Figure 8. FMC plans to increase self-sufficiency rate to 40% in 2025



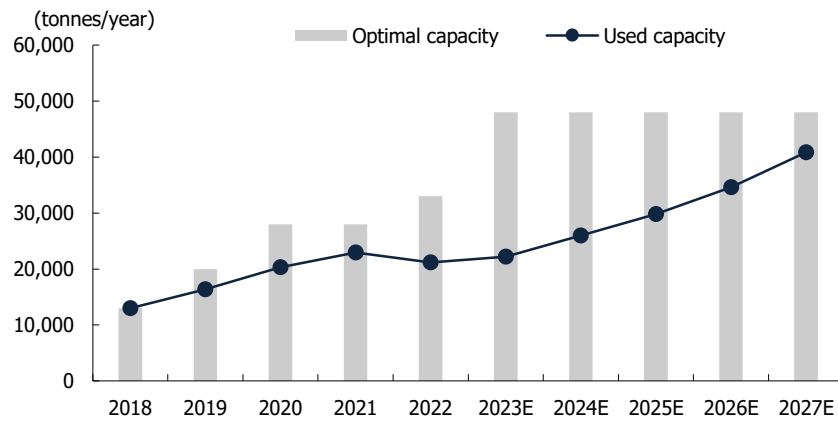
Source: Korea Investment & Securities

2. Expanding capacity to boost sales

In 2021, it is estimated that 4 factories' capacity was 27,000 tonnes per year. In 2022, FMC added 5,000 tonnes of capacity per year with Tam An factory of the Khang An Food subsidiary. Tam An factory is specified to process vegetable products. Besides, FMC invested strongly VND245bn in the Sao Ta Seafood factory with 15,000 tonnes capacity of shrimp products from 2020-2022. This factory began to operate in 2023 with the plan to process shrimp to supply for EU markets.

We expected that FMC could optimize the capacity in 2027F with 45,000 tonnes of products per year. We believe that the capacity expansion would open opportunities for FMC actively to expand markets with varied product categories, especially high-quality products.

Figure 9. FMC invested strongly in processing



Source: Korea Investment & Securities

Table 3. 2022F-2025F earnings outlook

(VNDbn,%,%p)

	2022F	2025F	Change	Note
Sales	5,702	7,727	35.5	
Gross profit	628	901	43.4	
GM	11.0	11.7	0.6	We assume the increase of self-sufficiency rate by farming area expansion would stabilize the material input cost to improve GPM.
SG&A expenses	(321)	(414)	29.0	
OP	307	487	58.6	
OPM	5.4	6.3	0.9	
Financial income	91	102	11.8	
Financial expenses	(74)	(53)	(29.1)	
Others income	(0.5)	(0.5)	0.0	
EBT	323	515	59.4	
Tax	(9)	(18)	102.8	
NPAT	338	513	51.7	
Net margin	5.9	6.6	0.7	

Source: Korea Investment & Securities

III. Valuation and inherit risks

1. Rate BUY with a TP of VND49,100

We initiate our coverage on Sao Ta Foods with a BUY rating and a target price of VND49,100, implying a 17% upside, derived by a 50:50 weight of 5-year DCF model (beta of 1.01, risk-free yield of 5.5%, and market risk premium of 8%) and comparison multiple of 9x 2023F PE. We believe FMC deserves to trade at a premium backed by improvements of 2023F earnings, stable EPS growth, and good management strategy.

On the other side, (1) the stronger-than-expected demand from key market despite of inflation affect or gloomy global economy and (2) the slower downward ASP would be our potential catalyst. Yet, we considered that delaying of EU and Japan expansion resulted in lower export volume and the lofty input price maintained making lower GPM as risks.

Table 4. Valuation

Metrics	Implied price	Weight	Weight value
Price/EPS, 1-yr forward at 8.25.0x	50,139	50%	25,070
DCF	48,000	50%	24,000
Consensus FMC's target share price (rounded)			49,100

Table 5. PE multiple method

Metrics	FY23F	FY24F	Avg.23F- 24F
EPS (VND)	5,420	6,193	5,420
Regional median multiple (x)	6.8	6.2	6.5
Premium (%)	16.2	40.1	27.3
Target multiple (x)	9.0	9.5	9.3
Implied value per share (VND)			50,139

Table 6. Cash flow summary

	2022	2023F	2024F	2025F	2026F
					(VNDbn)
EBITDA	407	479	571	657	755
EBIT	355	406	487	559	643
Tax rate (%)	2.6	3.5	3.5	3.5	3.5
EBIAT (NOPAT)	345	391	469	540	621
Add: Depreciation	52	74	85	97	112
Less: Increase working capital	53	151	117	154	189
Less: Capex	266	300	156	177	202
Free cash flow	79	14	281	306	341
PV of FCF		13	223	216	214

Table 7. DCF method

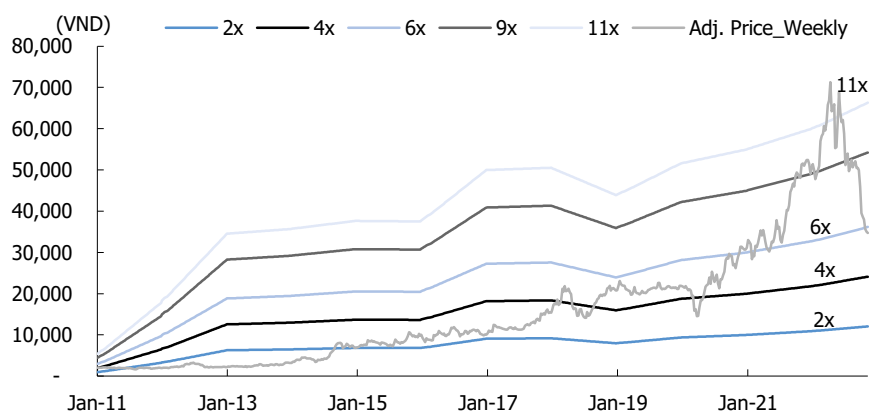
Cost of equity	
Beta (x)	1.01
Risk-free rate (%)	5.50
Equity risk premium (%)	8.00
Cost of equity (%)	13.59
WACC calculation	
Cost of debt (%)	5.35
Target debt to capital (%)	5.21
Tax rate (%)	2.63
WACC (%)	12.34

DCF calculation	Value	Note
Sum of Present value	744	Long term growth rate at 4%
Enterprise value	3,251	
Less: Net debt	111	
Equity value	3,139	
Diluted shares outstanding (mn)	0	
Equity value per share	48,000	
Market premium / (discount) to fair value	14%	

Table 8. Sensitivity analysis

		Long-term growth rate (g):				
		3.0%	3.5%	4.0%	4.5%	5.0%
Rf	48,000					
	7.0%	37,800	39,200	40,800	42,500	44,400
	6.5%	39,700	41,200	43,000	44,900	47,000
	6.0%	41,700	43,400	45,400	47,500	50,000
	5.5%	43,900	45,800	48,000	50,500	53,200
	5.0%	46,300	48,500	51,000	53,700	56,900
	4.5%	49,000	51,500	54,300	57,400	61,100

Figure 10. PE Band



Source: Korea Investment & Securities

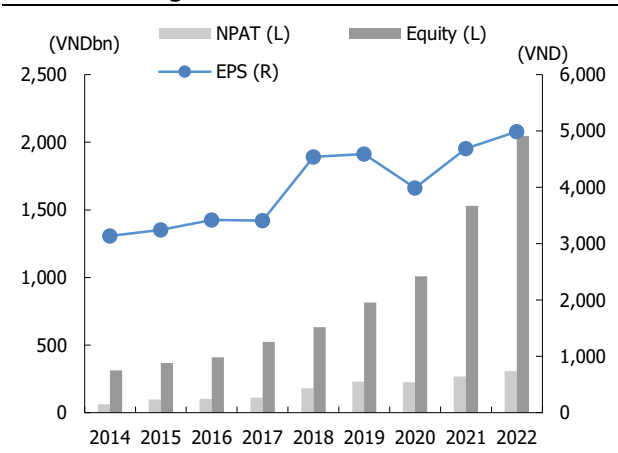
2. Inherit risks

The high inflation rally in key markets. We consider that the lofty inflation rally put a damper on spending consumers including seafood, especially on a higher price range as shrimp products. As the result, the demand on shrimp export could be lesser than our expectations.

The anti-dumping tax issue in the US market. Even though Vietnamese, as well as Sao Ta Foods, is implying 0% of anti-dumping tax on shrimp products from DOC to export to US markets, DOC will maintain the order to review import activities that could lead to dumping price on US market from Vietnam, India, Thailand, and Indonesia suppliers. As such, Vietnamese shrimp exporters have a potential risk to be imposed anti-dumping tax, and lower demand from higher import prices of US importers while they are being one of the biggest clients of the shrimp industry, including FMC.

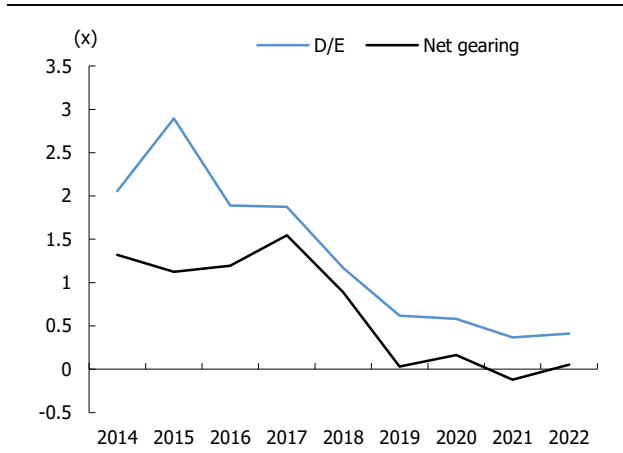
Diluted EPS. From 2014-2017, FMC's activities were mainly funded by short-term debt, resulting in a high D/E ratio of 3.5x - 1.9x. However, in 2019, FMC raised equity to fund investment and operations, particularly in 2021-2022 for COVID-19 operations and investment expansion activities. The significant increase in equity outpaced the increase of NPAT, which resulted in EPS reductions slightly in 2020. As such, the potential risks of diluted EPS could be inherited whether FMC could raise their equity in future.

Figure 11. 2022 average farmed shrimp price maintain at high level



Source: Undercurrent, Data Korea Investment & Securities

Figure 12. FMC reduced D/E by years



Source: Company data, Undercurrent, Data Korea Investment & Securities

Appendix

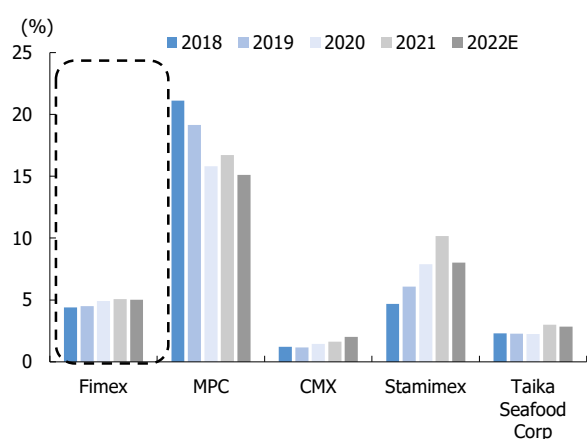
Top 3 largest shrimp exporters

Sao Ta Food, also known as Fimex (FMC), is one of the top three largest shrimp exporters in Vietnam's seafood industry. FMC accounted for approximately 5% of shrimp export value in 2022, following a listed company Minh Phu (MPC) at 15% and an unlisted company Stamimex at 8%.

Strong facility built-in to boost earnings results

In 2022, FMC posted 420 ha farming area, achieving 20% self-sufficient supply and 33,000 tonnes/year shrimp processing capacity of 3 factories. The self-sufficient supply is one of key drive and a competitive advantage of FMC, since even MPC (leader shrimp exporters) posted 10% of self-sufficient rate.

Figure 13. FMC is top 3 shrimp exporter



Source: Tendata, Korea Investment & Securities Estimates

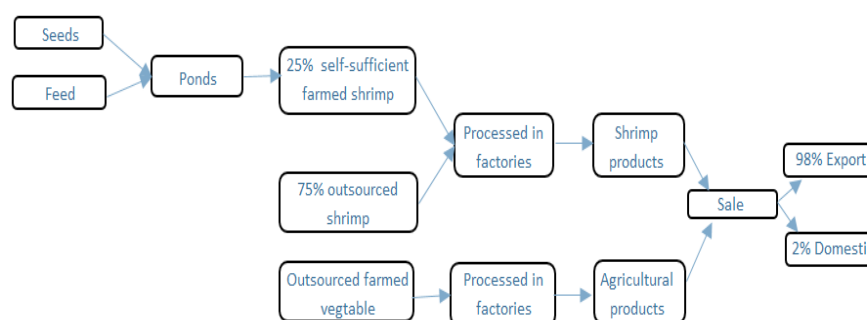
Table 14. FMC invested strongly on value chain

Farming system	Area (ha)	
	2022	2023F
Tana farm	270	270
Khang An Foods farm	52	52
Vinh Thuan farm		203
Total	322	525

Processed factories	Capacity (tonnes/years)	
	2022	2023F
Nam An Seafood	15,000	15,000
Tin An Seafood	3,000	3,000
Khang An Foods	15,000	15,000
Sao Ta Seafood		15,000
Total	33,000	48,000

Source: Company Data, Korea Investment & Securities

Figure 15. FMC exploited the shrimp value add chain to stable margin



Source: Korea Investment & Securities

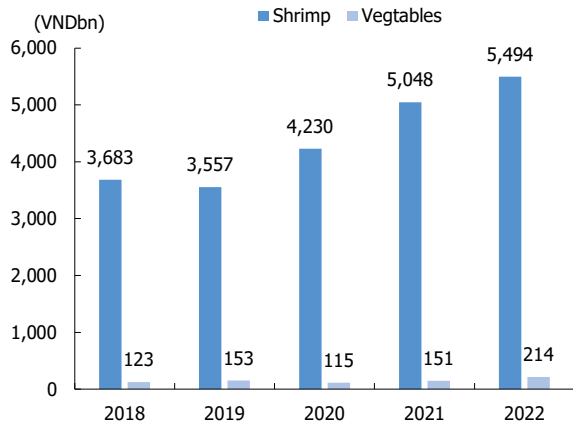
Value-add shrimp is the key product

FMC exports 96% of shrimp value in its revenue structure, including Nobashi, boiled shrimp, raw shrimp, and breaded shrimp products. High average selling prices and fat margins are advantages of high-quality and value-added shrimp, making them key products of FMC, accounting for 80% of shrimp export value, while raw shrimp products make up 20%.

US and Japan market focus

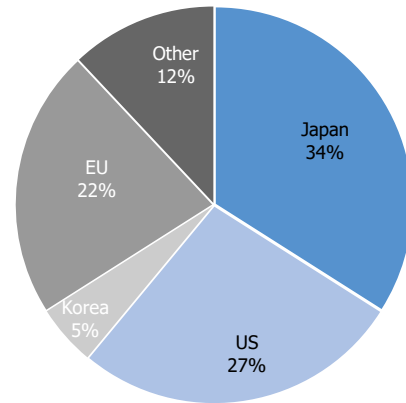
With value-add shrimp products advantages, FMC focuses to exploit Japanese and US markets consumption. In 2018-2022, the CAGR of shrimp export value to Japan increased by 29% and 36%. Whilst exports to the EU (including the UK market) decreased strongly in 2020-2021, mainly due to lower demand, and high logistic costs amid Covid-19 and improved in 2022.

Figure 16. Shrimp is key products



Source: Tendata, Korea Investment & Securities

Figure 17. Japan is the biggest market, recording 34% shares of FMC's export value in 2022

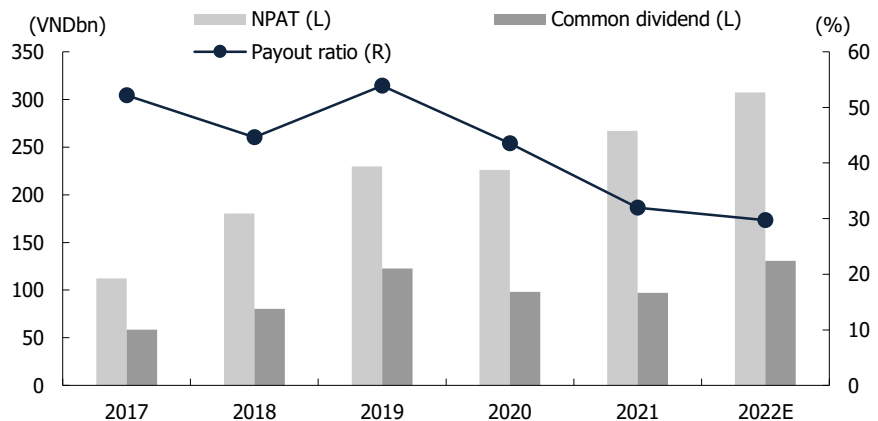


Source: Undercurrent Data Korea Investment & Securities

Regular cash dividend payment annually

FMC has maintained cash dividend payments regularly based on the strong operating cash flow and positive ROE. From 2017-2022, the dividend payout ratios were about 80% - 29.7%. In 2022, FMC pay a cash dividend of 20% as VND2,000 per share.

Figure 18. FMC pay cash dividend by years



Source: Korea Investment & Securities

Strategic shareholders' presence

PAN Group (PAN: HoSE): an investment holding firm in agriculture and foods, parent company of FMC, controls 50.1% FMC's interests, including 37.75% direct stake and 12.4% indirect stake through ABT, a subsidiary of PAN (76.5% PAN ownership).

C.P Vietnam: a subsidiary of C.P Group, Thailand's largest private company in agriculture and food. C.P Vietnam owned 24.9% stake in FMC.

Balance sheet

(VND bn)

FY-ending Dec.	2021A	2022F	2023F	2024F	2025F
Current assets	2,042	1,766	1,765	1,879	2,316
Cash & cash equivalents	794	596	531	491	740
Accounts & other receivables	307	240	254	286	325
Inventory	941	929	980	1,103	1,250
Non-current assets	451	864	1,078	1,304	1,375
Fixed assets	450	862	1,076	1,302	1,374
Investment assets	1	2	2	2	1
Others	207	359	359	359	359
Total assets	2,700	2,988	3,201	3,542	4,050
Advances from customers	0	0	0	0	1
Unearned revenue	198	255	263	259	318
Trade payables	98	63	66	75	85
Others	12	40	40	68	98
ST debt & due bonds	415	515	481	533	605
LT debt & bonds	0	0	0	0	0
Total liabilities	723	874	851	935	1,107
Controlling interest	1,782	1,922	2,171	2,442	2,795
Capital stock	1,248	1,248	1,248	1,248	1,248
Capital surplus	594	594	594	594	594
Other reserves	0	0	0	0	1
Retained earnings	534	675	924	1,194	1,547
Minority interest	195	192	179	165	149
Shareholders' equity	1,977	2,115	2,351	2,607	2,943

Cash flow

(VND bn)

FY-ending Dec.	2021A	2022F	2023F	2024F	2025F
C/F from operations	178	352	366	352	481
Net profit	304	326	379	430	513
Dep'n & Amort'n	90	90	52	74	85
Net incr. in W/C	(215)	(64)	(66)	(151)	(117)
C/F from investing	(233)	(483)	(266)	(300)	(156)
Capex	(277)	(515)	(266)	(300)	(156)
Incr. in investment	45	32	0	0	0
C/F from financing	555	(37)	(165)	(79)	(59)
Incr. in equity	682	(0)	0	0	0
Incr. in debt	(29)	61	(34)	52	72
Dividends	(98)	(97)	(131)	(131)	(131)
C/F from others	0	0	0	0	0
Increase in cash	501	(167)	(65)	(27)	266

Income statement

(VND bn)

FY-ending Dec.	2021A	2022F	2023F	2024F	2025F
Sales	5,199	5,702	6,028	6,791	7,727
COGS	(4,670)	(5,074)	(5,350)	(6,021)	(6,827)
Gross profit	529	628	678	769	901
SG&A expenses	(264)	(321)	(323)	(364)	(414)
Operating profit	265	307	355	406	487
Operating profit (Adj.)	265	307	355	406	487
Financial income	54	91	80	90	102
Interest income	18	20	23	27	0
Financial expenses	(33)	(74)	(41)	(46)	(53)
Interest expenses	(14)	(17)	(16)	(18)	(20)
Other non-operating profit	(0)	(0)	(0)	(0)	(0)
Gains (Losses) in associates, subsidiaries and JV	0	0	0	0	0
Earnings before tax	286	323	377	431	515
Income taxes	(2)	(9)	(10)	(15)	(18)
Net profit	324	338	392	444	530
Net profit (Adj.)	324	338	392	444	530
Net profit of controlling interest	304	326	379	430	513
Exceptional items	0	0	0	0	0
EBITDA	355	397	407	479	571

Key financial data

FY-ending Dec.	2021A	2022F	2023F	2024F	2025F
Per-share data (VND, adj.)					
EPS	4,688	4,992	5,420	6,193	7,470
BPS	19,079	19,079	19,079	19,079	19,079
DPS	2,000	2,000	2,000	2,000	2,000
Growth (%)					
Sales growth	17.8	9.7	5.7	12.7	13.8
OP growth	17.5	15.8	15.6	14.4	19.9
NP growth (Adj)	43.9	4.4	15.9	13.3	19.2
EPS growth (Adj)	17.5	6.5	8.6	14.3	20.6
EBITDA growth	15.7	11.8	2.6	17.8	19.2
Profitability (%)					
OP margin (Adj)	5.1	5.4	5.9	6.0	6.3
NP margin (Adj)	6.2	5.9	6.5	6.5	6.9
EBITDA margin	6.8	7.0	6.7	7.1	7.4
ROA	11.3	10.9	11.9	12.1	12.7
ROE	20.8	17.1	17.0	17.5	17.6
Dividend yield	5.2	6.2	5.7	5.0	4.2
Dividend payout ratio	31.9	29.7	34.5	30.4	25.5
Stability					
Net debt (VND bn)	(184.8)	111.2	129.3	207.5	13.3
Net debt/equity (%)	15.2	(10.4)	5.8	6.0	8.5
Valuation (x)					
PE	8.2	7.7	8.0	8.5	9.5
PB	2.0	2.0	2.0	2.0	2.0
EV/EBITDA	5.0	4.4	4.3	3.7	3.1

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- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
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