

24 Apr 2023

Hang Xanh Motors Service (HAX)

AGM brief: Strongly invest in asset

The company held an AGM session on Apr 22nd to articulate the business plan and guidance.

Flat earnings amid uncertainties in the industry

- The company revealed that 1Q23 NPAT strongly slumped by 81.5% yoy and 78.8% qoq to about VND10bn due to the low consumption of luxury cars. 1Q23 earnings were contributed mainly by services segment.
- Amid the challenging outlook, especially in 2Q23, the company reduced 306 vehicles to 166 vehicles in stock in the end of 1Q23. As such, the short-term debt decreased from VND1,000bn to VND500bn in Apr 2023.
- In 2023, HAX was approved the usages of land plot with 5,798 m2 area (accounting for 47% of total HAX's long-term asset), located in Binh Tan district, Ho Chi Minh city with variety plans including: (1) sell this land with the minimum of earning was VND20mn/m2, referred to VND100mn/m2 of market price, or (2) carry out apartment project. Per management, they considered as lack of experiences in apartment projects deployment, while land sales would facilitate earnings by VND100bn.
- Also, HAX plans to invest in land plot with 15,000 m2 area, located in Phung Hung Street, Ha Noi by acquiring companies and warehouses in this land.
- From Jul 2023, SAIC Motor (the owner of MG cars brand) would directly manage the distribution system of MG cars in Vietnam, replacing Tan Chong SAIC (the general agent of MG Vietnam). HAX management expects the new distribution system would drive the demand of MG cars increases in next few years. In 2022, BOD revealed a loss of VND6-7bn contributed by MG cars.
- In overall, the company targets a VND310bn EBIT (+3% yoy) despite the gloomy outlook of auto industry. A 5% cash dividend at par, 25% stock dividend will be paid at Jul 2023. Meanwhile, HAX was approved to issue 2.1 million ESOP, equivalent to 4.6% of outstanding shares.

Stock Data

VNIndex (24 Apr, pt)	1,042
Stock price (24 Apr, VND)	19,000
Market cap (USD mn)	58
Shares outstanding (mn)	72
52-Week high/low (VND)	26,000/12,800
6M avg. daily turnover (USD mn)	0.36
Free float / Foreign ownership (%)	57.8/13.4
Major shareholders (%)	
Do Tien Dung	21.7
Vu Thi Hanh	11.3

Performance

	1M	6M	12M
Absolute (%)	16.2	(1.6)	(17.2)
Relative to VNIndex (%p)	16.6	(7.9)	6.0

Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	4,756.0	5,152.9	5,569.6	5,551.5	6,775.2
chg. (% YoY)	24.1	8.3	8.1	(0.3)	22.0
Operating profit (VND bn)	26.7	(30.5)	115.6	173.2	259.7
Net profit (VND bn)	98.2	50.7	125.4	159.8	239.7
EPS (VND)	2,815.0	1,389.0	3,397.0	3,233.0	4,204.0
chg. (% YoY)	(22.0)	(50.7)	144.6	(4.8)	30.0
EBITDA (VND bn)	108.7	68.9	192.1	229.5	302.3
PE (x)	6.9	14.0	5.7	6.0	4.6
EV/EBITDA (x)	14.4	22.6	5.9	4.7	7.0
PB (x)	1.5	1.6	1.4	1.4	1.2
ROE (%)	23.4	11.1	24.9	25.7	28.5
Dividend yield (%)	7.7	7.7	-	2.6	-

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

Research Dept

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Prepared by: Research Dept

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