

27 Jul 2023

Viglacera Corporation (VGC)

2Q23 Earnings returned to 2022 peak

In July 27, 2023 VGC released 2Q23 Financial Report, which shed some light on the company performance in 1H23.

Revenue surged on the QoQ basis

- In 2Q23, VGC recorded revenue of VND3.9tn (+42.7% qoq, -8.6% yoy) and a NPAT of VND625.6bn (+312.9% qoq, -10.4% yoy). Despite a revenue decrease, we saw blended gross margin expansion to 31% in 2Q23 (+5%p yoy) from 24% margin in 1Q23.
- Revenue growth was attributed to the below segments:
 - + Industrial Park: revenue grew to VND1.6tn (+48% qoq, +14% yoy), making up 41.1% of total revenue in 2Q23. The gross margin boomed to 41% in 2Q23 (+8%p yoy).
 - + Glass: revenue increased to VND522bn (+18%yoy, -20%yoy). However due to high COGS, this segment has a thin gross margin. The management expects the gross margin could expand thanks to completion of the Phase 2 of the Phu My factory, pending the deadline.
 - + Ceramic Tiles: revenue sustained to VND942.6bn (+54% qoq, +3% yoy), surpassing the 2Q22 high base of VND920bn and accounted for 24% of the company revenue.
 - + Porcelain products: this segment have a healthy gross margin of 34% in 2Q23 (+12%p qoq, -5%p yoy) and revenue of VND235bn (+40%qoq, -14% yoy).
- The account receivable picked up to VND1,006bn (+16% yoy, 21% qoq), primarily from external customer.
- In 6M23, the company recorded a VND6.7tn revenue (-17% yoy), and a VND1,024bn EBT (-41% yoy), completed 42.6%/84.7% company annual guidance.

12M rating **Non-Rated**

12M TP **NA**

Up/Downside **NA**

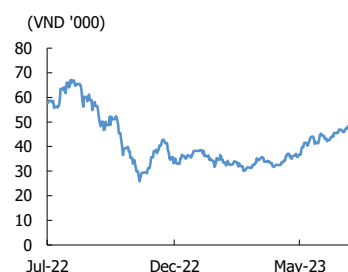
Stock Data

VNIndex (27 Jul, pt)	1,197
Stock price (27 Jul, VND)	46,600
Market cap (USD mn)	883
Shares outstanding (mn)	448
52-Week high/low (VND)	67,091/25,901
6M avg. daily turnover (USD mn)	2.10
Free float / Foreign ownership (%)	18.9/4.7
Major shareholders (%)	
GELEX Infrastructure JSC	50.2
Ministry of Construction	38.6

Performance

	1M	6M	12M
Absolute (%)	8.4	21.3	(19.0)
Relative to VNIndex (%p)	2.7	13.3	(20.9)

Stock price trend



Source: Bloomberg

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	8,812	10,146	9,433	11,194	14,592
chg. (% YoY)	(4.2)	15.1	(7.0)	19.0	30.0
Operating profit (VND bn)	910	1,100	966	1,452	2,390
Net profit (VND bn)	667	759	667	1,279	1,913
EPS (VND)	1,257	1,235	1,015	2,408	2,976
chg. (% YoY)	22.2	(1.8)	(17.8)	137.0	24.0
EBITDA (VND bn)	1,804	1,895	1,661	1,154	1,043
PE (x)	37.8	38.5	46.8	20.0	16.0
EV/EBITDA (x)	1.6	2.6	2.6	2.6	2.6
PB (x)	3.1	3.0	3.0	2.5	2.3
ROE (%)	9.8	10.9	9.5	16.6	21.9
Dividend yield (%)	2.5	2.5	2.7	2.7	5.6

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

Research Department

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Table 1. 2Q23 earnings

(VND bn, %, %p)

	2Q22	3Q22	4Q22	1Q23	2Q23	QoQ	YoY
Sales	4,268.1	3,211.6	3,281.2	2,774.7	3,931.1	42.7	(8.6)
OP	1,311.6	819.3	714.1	665.9	1,218.9	83	(7.6)
OP margin	30.7	25.5	21.8	24	31	29.2	
EBT	848.9	308.0	271.9	220.8	803.9	264.1	(5.6)
NP	690.6	264.5	221.9	151.5	625.6	312.9	(10.4)

Source: Company data, KIS

Figure 1. Revenue by segment: Industrial park dominated 2Q23 earning (VND bn,%)

	3Q22		4Q22		1Q23		2Q23		2Q23 Revenue	
	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit	Revenue	Gross profit	QoQ	YoY
Real Estate	113	16	54	16	43	10	12	79	(72.0)	(96.0)
Glass	741	177	650	102	443	21	522	(1)	18.0	(20.0)
Porcelain	272	100	252	95	168	38	235	80	40.0	(14.0)
Ceramic	1,043	204	1,018	164	614	99	943	156	54.0	2.0
Clay Tiles	372	28	455	48	292	24	330	39	13.0	(27.0)
IP	407	182	579	236	1,094	427	1,615	818	48.0	14.0
Utilities	120	41	130	25	76	20	133	43	75.0	29.0

Source: Company data, KIS

■ Company overview

Viglacera (VGC) is one of Vietnam leading producer of construction material including: glass, ceramic and porcelain tiles. Viglacera is also one of the largest developer of industrial park, with 11 park across Northern and Central region as of 2023. It is 50.2% owned by GELEX Infrastructure and 38.6% owned by Ministry of Construction).

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