

# Quang Ngai Sugar (QNS)

## Revaluation by better sugar segment

### The domination of the Vietnam soy milk market

With dominant market share, soymilk segment achieved a high gross margin of over 40% and contributed 50% revenue and 70% gross profit of QNS, respectively. This segment has passed the stage of heavy capex investment, it brought back operating cash flows of nearly VND1,000bn per year. If any, the next potential Capex might be second phase of the Binh Duong soymilk plant project. Strengthen cash flow in the next years, potentially higher cash dividend for shareholders.

### Sugar segment is stepping into a new chapter

QNS holds the second-largest sugar factory and the largest sugarcane plantation area in Vietnam, one is in Gia Lai province (An Khe factory) with 26,000 ha (could expand to 40,000 ha in future) and yield of 70 tons/ha, the second one is in Quang Ngai (Pho Phong factory) with 2,500 ha and yield of 60 tons/ha. In 1H23, sugar segment of QNS achieved VND2.2tn in revenue (+164% yoy) and VND470bn in NPAT (+488% yoy) as the total sugar consumption reached 120,000 tonnes (+126% yoy) in 1H23.

### Initiate coverage with a BUY recommendation

We initiate our coverage on Quang Ngai Sugar (QNS VN) with a BUY rating and target price of VND65,900, implying a 33.0% upside by using a DCF (50%) and PE (50%) methodology. QNS is our top pick in Vietnam's F&B sector thanks to domination in Vietnam soy milk sector and a strong growth potential based on an expectation of progress in Vietnam sugar sector. The risks of QNS stock comprise smuggled sugar and a drop hard of sugar prices.

	2021A	2022F	2023F	2024F	2025F
Sales (VND bn)	7.335	8.255	10.069	10.058	10.470
OP (VND bn)	1.316	1.359	1.796	1.768	1.911
EBT (VND bn)	1.439	1.505	1.984	1.941	2.096
NP (VND bn)	1.254	1.287	1.684	1.643	1.768
EBITDA (VND bn)	1.789	1.848	2.285	2.264	2.414
Net debt (VND bn)	(2.070)	(2.603)	(3.223)	(3.810)	(4.319)
OP margin (%)	17,9	16,5	17,8	17,6	18,3
ROE (%)	18,3	17,7	21,8	20,0	20,3
Dividend yield (%)	4,3	5,1	15,0	15,4	14,3
EPS (VND, adj.)	3.298	3.519	4.562	4.451	4.790
chg. (% YoY)	16,7	6,8	29,6	(2,4)	7,6
BPS (VND, adj.)	19.877	20.914	22.315	23.682	25.153
DPS (VND, adj.)	2.113	2.533	3.302	3.222	3.468
PE (x)	15,0	14,1	10,9	11,1	10,4
PB (x)	2,5	2,4	2,2	2,1	2,0
EV/EBITDA (x)	8,7	8,2	6,3	6,1	5,5

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

12M rating **BUY (Maintain)**

12M TP **65,900**

Up/Downside **+33.0%** (incl 15% cash dividend)

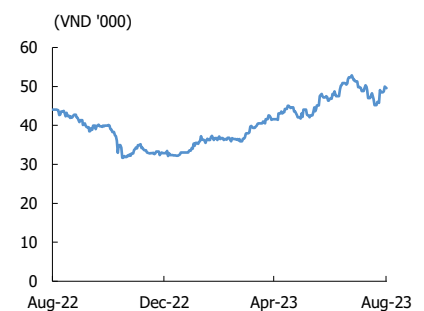
#### Stock data

VNIndex (31 Aug, pt)	1,222
Stock price (31 Aug, VND)	49,600
Market cap (USD mn)	736
Shares outstanding (mn)	357
52-Week high/low (VND)	52,852/31,691
6M avg. daily turnover (USD mn)	1.57
Free float / Foreign ownership (%)	60.7/16.3
Major shareholders (%)	
Thanh Phat Company	15.56
Vo Thanh Dang	6.68
Vina Capital VN Opportunity Fund Ltd.	6.54

#### Performance

	1M	6M	12M
Absolute (%)	(0.4)	34.7	12.6
Relative to VNIndex (%p)	(0.8)	14.2	15.6

#### Stock price



Source: Bloomberg

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## **Company overview**

### What is the report about?

- Soy milk segment supply a cash cow
- Sugar segment steps into the new chapter
- BUY on an attractive valuation

## I. The domination of the Vietnam soy milk market

### 1. Soy milk segment supplies a cash cow

Quang Ngai Sugar (QNS) has 3 milk factories in three regions, Bac Ninh - 180 mn liters in the North, Quang Ngai - 120 mn liters in the Central, and Binh Duong - 90 mn liters the South. The production volume reached about 265 mn litres in 2022, fulfilling nearly 70% of its capacity. The company's SKUs belong to two brands Fami and Vinasoy. Fami contributed about 90% of its sales volume, while Vinasoy is premium brand. QNS has an extensive distribution channel with 150 distributors and 170,000 retailers, equivalent to big F&B players such as Vinamilk, FrieslandCampina or TH True Milk. QNS is leader of the canned soy milk market with capacity of 390 mn liters/year, and accounting for about 87% market share in branded soy milk market (per Nielsen), equivalent to nearly 40% of the total soya milk market. There is still room for growth as the shift from unbranded to branded soymilk consumption continues, however, this trend is not strong.

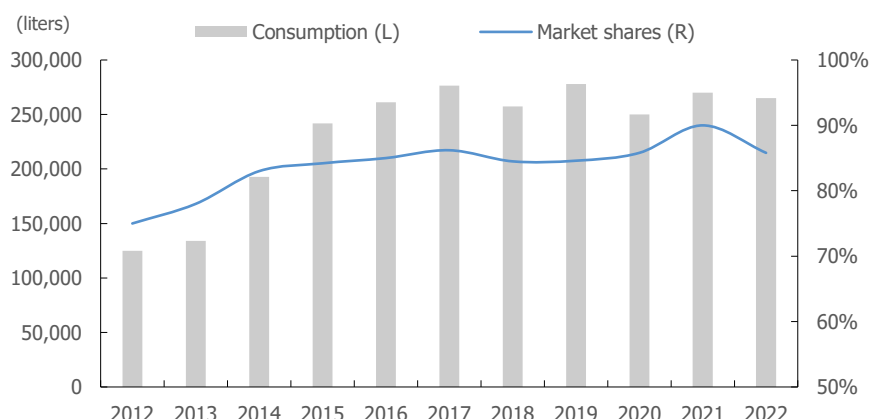
**Extensive distribution channel with 150 distributors and 170,000 retailers**

**Picture 1. QNS's product category**



Source: QNS, Korea Investment & Securities

**Figure 1. Stable soy milk sales volume and market share**



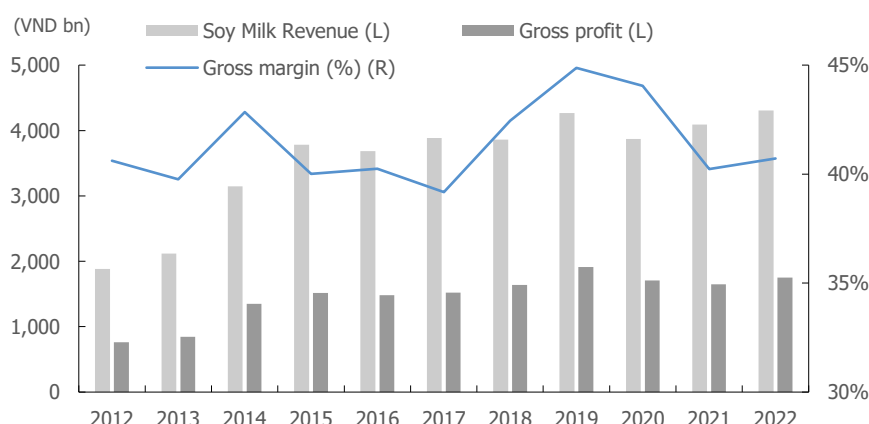
Source: QNS, Korea Investment & Securities

With dominant market share, soymilk segment achieved a high gross margin of over 40% and contributed 50% revenue and 70% gross profit of QNS, respectively. This segment has passed the stage of heavy capex investment, it brought back operating cash flows of nearly VND1,000bn per year. If any, the next potential Capex might be second phase of the Binh Duong soymilk plant project. Strengthen cash flow in the next years, potentially higher cash dividend for shareholders.

## 2. Expanding gross margin expectation

In production cost structure, packaging and soybean materials accounts for above 70% of cost of goods sold, while depreciation, labor cost distributed 15% and 10% of production cost, respectively. QNS uses primarily imported soybean materials and partly from the Central Highlands region. The company collaborates with farmers in investing soybean plantation area, providing soy seeds, technical expertise and automation assistance in order to improve the materials quality.

**Figure 2. Soy milk GM squeezed in 2021-22**



Source: QNS, Korea Investment & Securities

Soybean futures continued their upward trajectory in 1H23, surging to USD15/Lbs, higher than 70% compared to pre-pandemic average due to mainly production cost spikes amidst inflationary environment, strong USD and falling reserves in last three years. The market rally was driven by mounting concerns over crop yields in the United States due to drought conditions, coupled with an

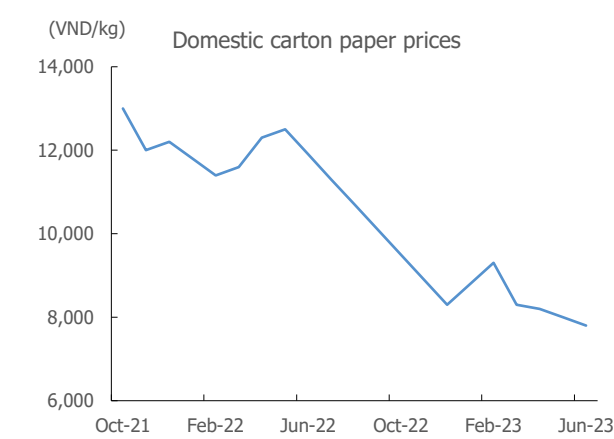
improvement in Chinese demand prospects. We believe that soybean prices could cool down in 2024-25F when improved conditions. Besides, according to the QNS management, the company has conducted ASP hikes in 2021-22, and nearest increase by 5% in 1H23 to offset high soybean input prices. Thus, we forecast QNS's gross margin could expand in FY24-25F due to cooling soybean prices and package costs.

**Figure 3. Soybean price is remaining at a high level**



Source: Bloomberg, Korea Investment & Securities

**Figure 4. Package costs dropped sharply**

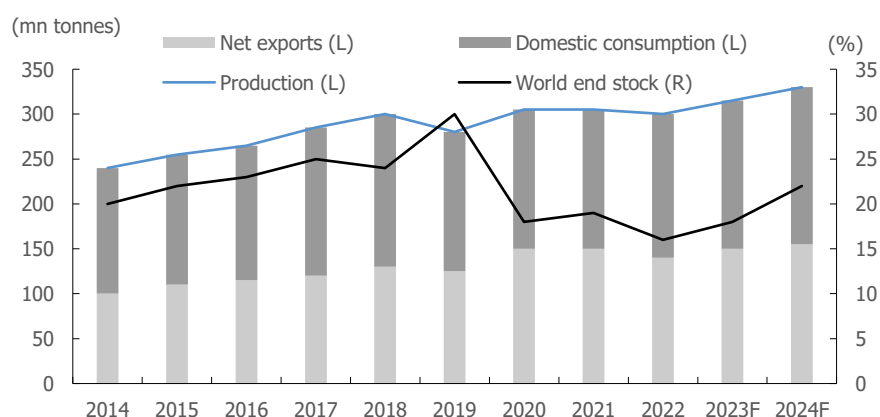


Source: thitruonggiay.com, Korea Investment & Securities

**Potential supply surplus coupled with an improved inventories level could cool down the soybean prices**

Russia-Ukraine war and a worldwide drought in 2021 combined high demand from China made agricultural commodity prices to multi-year highs, including soybean. China is expected to import 96 mn tonnes in 2023, an increase of 4.8% compared to the 2022 season. However, a potential supply surplus resulting from a strong Brazilian harvest in 2023 coupled with an improved inventories level could cool down the soybean prices. Per USDA, world soybean production for the 2022/23 and 2023/24 season are expected to increase 4.7% yoy and 9.6% yoy respectively, from 358 mn tonnes in 2021/22 season. Brazil has been the biggest producer of soybeans and would lead the global production growth, estimates for Brazil crops show a sharp increase of 18.1% yoy and 4.5% yoy in 2022/23 and 2023/24 season respectively, which would reach 163 mn tonnes in 2023/24 season. In addition, ending stocks of the soybean are expected to increase slightly in this year and jump strongly in next year, driven by Brazil and China.

**Figure 5. World soybean end stock is recovering**



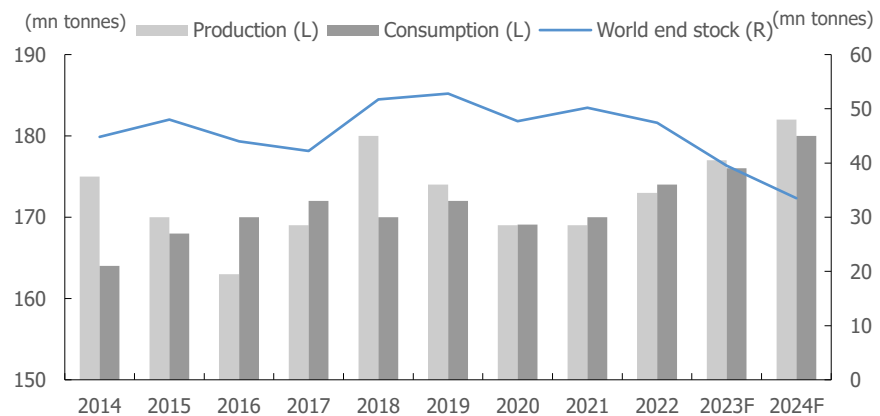
Source: USDA, Korea Investment & Securities

## II. Sugar segment is stepping into a new chapter

### 1. Global and domestic sugar prices both surged sharply

Sugar prices increased sharply in last two years due to higher production cost and high demand of sugarcane ethanol production. Besides, concerning about declining supply and export limitation in Asia countries such as India, Thailand causing by El Nino phenomenon also boost the sugar prices. According to the USDA, global sugar output is projected to increase by 1.6% in 2023F, reaching 183 mn tonnes. Foresees further expansion in production, with an annual growth rate of 2.0-3.0% expected over 2024F-25F.

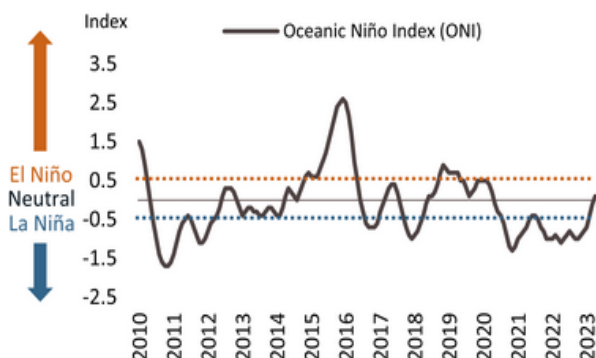
**Figure 6. Global sugar market**



Source: USDA, Korea Investment & Securities

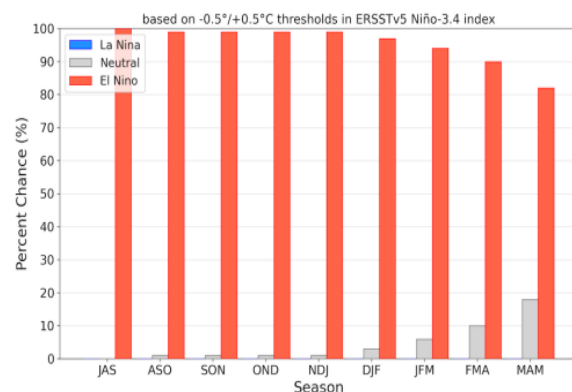
Brazilian sugar production is anticipated to experience a significant surge of 7.3% in 2023F, reaching 35.8 mn tonnes, and it is expected to continue in the slight drop following years. This trend is attributed to favorable weather conditions and increased demand from downstream industries. Sugar consumption is predicted to expand by 0.5-1.5% annually in 2023F-25F, recovering from the impacts of the COVID-19 pandemic.

**Figure 7. Oceanic Indices implies El Nino phenomenon**



Source: National Oceanic, KIS

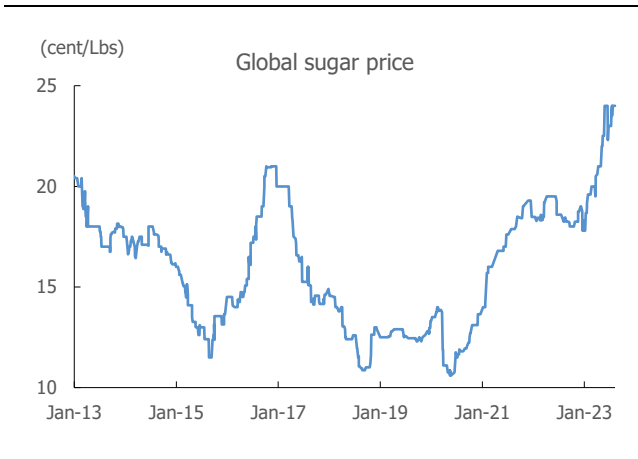
**Figure 8. Official NOAA CPC ENSO Probabilities (Aug-23)**



Source: National Oceanic, KIS

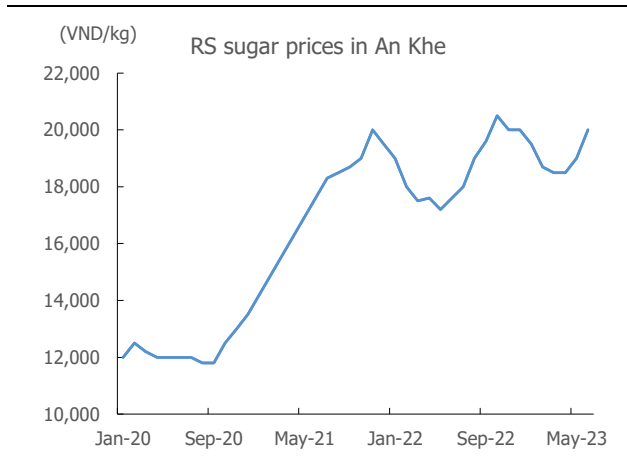
However, despite the rise in consumption, global supply growth is expected to outpace demand, resulting in pressure on sugar prices. Consequently, over the next three years, we expect world raw sugar prices to soften from the decade high, possibly at an average of Cent 16-28 per pound, down from Cent 23 per pound average in 2023F. While domestic sugar prices are expected to remain high, above VND16,000/kg in the next years due to anti-dumping tax.

**Figure 5. Global sugar prices jumped in 1H23**



Source: Bloomberg, KIS

**Figure 6. Domestic sugar prices remained high in 2022-23**



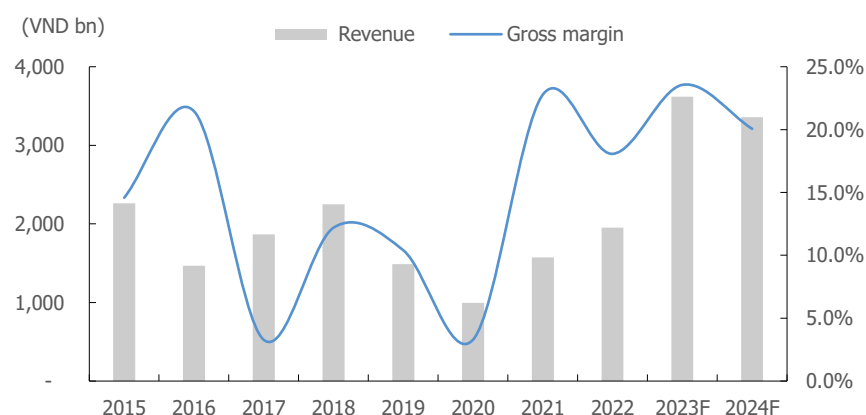
Source: AgroMonitor, KIS

## 2. New import tax for sugar cane businesses to survive

Sugarcane raw material of QNS is supplied from the self-sufficient material area of the plant and from purchased sugarcane from farmers. QNS holds the largest sugarcane plantation area in Vietnam, one is in Gia Lai province (An Khe factory) with 26,000 ha (could expand to 40,000 ha in future) and yield of 70 tons/ha, the second one is in Quang Ngai (Pho Phong factory) with 2,500 ha and yield of 60 tons/ha. The An Khe factory's output is for commercial sales while Pho Phong factory's output is supplied to QNS's soya milk business. Two sugarcane plantation areas are providing approximately 2 mn tons/year of sugarcane, ensuring a sugarcane crushing capacity of 20,000 tons/day, equivalent to 14% of the country's total capacity, and being a second-largest sugarcane enterprise in Vietnam. Besides, QNS operated its refined sugar (RE) production line, capacity of 1,000 tons/day, meeting the demand for strict requirements in products like carbonated soft drinks and premium confectioneries. The production technology utilizes boilers fueled by sugarcane bagasse to generate electricity for the plant and supply to the national power grid.



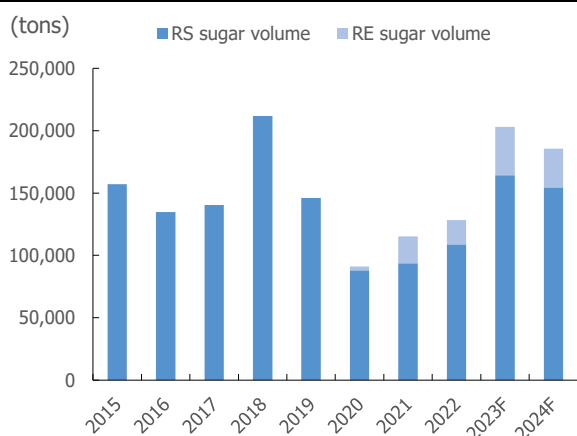
**Figure 7. Sugar revenue would increase sharply in 2023-24F**



Source: QNS, Korea Investment & Securities

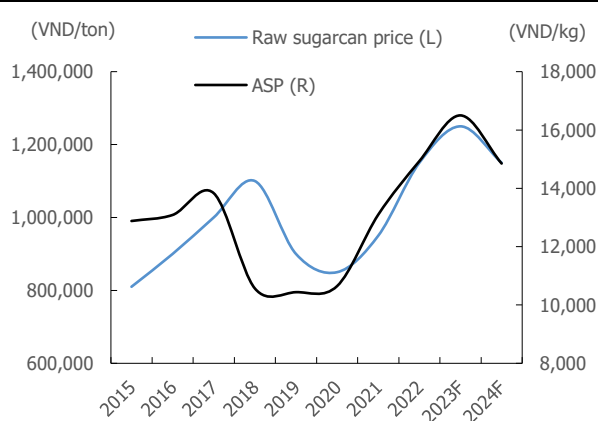
Since Aug-22, the Ministry of Industry and Trade has officially implemented an anti-evasion measure of a 47.64% safeguard tariff on sugarcane products originating from Thailand, which are imported from five ASEAN countries (Indonesia, Malaysia, Cambodia, Laos, Myanmar). This measure has begun to protect the domestic sugar companies and pushed up domestic sugar prices as the volume of sugar imports from Thailand, Laos, and Cambodia has significantly decreased, the total sugar imports declined by 12% yoy in 2022. While the purchasing price of sugarcane from factories has also shown a good recovery, reaching an average of 1,150,000 VND/ton (+21% yoy) in 2022 due to scarce supply. This has provided a premise for encouraging farmers to expand their sugarcane cultivation areas in the coming years.

**Figure 8. Sugar volume of QNS increases in 2023-24F**



Source: Company data, KIS

**Figure 9. Raw sugarcane price and ASP movement**



Source: Company data, KIS

### **Solid sugar segment performance in 1H23**

Sugar segment of QNS achieved VND2.2tn in revenue (+164% yoy) and VND470bn in NPAT (+488% yoy) in the 1H23. The total sugar consumption reached 120,000 tonnes (+126% yoy) in 1H23, QNS's consumption amounted to 40,000 tonnes (+90% yoy) in 1Q23 and 80,000 tonnes (+150% yoy) in 2Q23. In 2Q23, domestic sugar prices reached to VND 20,000/kg (+12% yoy, +10% qoq) as the stockpile of cheaper sugar dwindled in 1Q23, domestic sugar prices began to be influenced by global sugar prices in 2Q23. With the protection afforded by anti-dumping duties, sugar prices are expected to remain high in the coming years, encouraging QNS's farmers to expand their cultivation areas. Additionally, QNS is helping households increase sugarcane productivity.



Therefore, we anticipate that QNS's sugar production will be maintained at a high level, ensuring good selling prices and strong profit margins for QNS in the years ahead.

### 3. Biomass plant to complete a value chain

In 2016, the company invested a biomass power plant with capex of VND1,900tn and capacity of 95MW to utilize bagasse from the An Khe Sugar factory. The plant was operated from the end of 2018, electricity production volume is about 148 mn kWh in 2022, accounting for 60% capacity due to shortage of sugarcane, of which 75% of the output is sold to EVN. Estimated selling price was about 7.03 cents/kWh for heat-electricity cogeneration projects and 8.47 Uscents/kWh for non-heat-electricity cogeneration projects in 2022. Currently, the project was not sufficient with modest contribution to income statement, however the plant could improve revenue and profits due to more sugarcane bagasse in case of expanding sugarcane plantation area or using additionally alternative materials in the next years. In 1H23, increased sugarcane production also contributed to the biomass power segment, generating a PBT of VND55bn.

## III. Flat earnings forecast in 2024F-25F

In 2024-25F, we see a recovering in soymilk demand and a tight Vietnam sugar market. In soymilk segment, we expect soymilk volume to increase from low base in 2023, and gross margin to recover due to easing soybean and package prices. For sugar segment, the volume and gross margin could go flat compared to 2023 high base.

We estimate QNS's revenue will increase by 22.0% yoy to VND10,069bn, the NPATMI went up strongly by 30.6% yoy to VND1,680bn based on following consumptions:

- We expect soymilk revenue to drop by 6%, while sugar revenue surge sharply 85% yoy in 2023F
- Gross margin narrows slightly to 29.2%, -0.6%p yoy in 2023F
- SGA to sales subsidies to 11.4%, -1.9%p yoy in 2023F

**2023F: Revenue grows to VND10,069bn (+22% yoy), NPATMI goes up to VND1,680bn (+30.6% yoy)**

**2024F: Revenue and NPATMI could go flat**

QNS's revenue and NPATMI could go flat to VND10,058bn (-0.1% yoy) and VND1,635bn (-2.7% yoy) backed by the below expectation

- Soymilk revenue increases by 5%, while sugar revenue decreases 7% yoy in 2024F
- Gross margin expansion stays flat at 29.2% in 2024F
- SGA to sales expands to 11.6%, +0.2%p yoy in 2024F

**2025F: Revenue and NPATMI growths are +2.8% yoy and +9.3% yoy respectively**

QNS's revenue and NPATMI growth take a breath in 2025F pegged at VND10,470bn (+4.1% yoy) and VND1,755bn (+7.4% yoy),

- We project 2025F soymilk and sugar revenue could surge to VND4,534 (+7% yoy) and VND 3,422 (+2% yoy) respectively
- Gross margin expansion could be resilient at 30.0% in 2025F
- SGA to sales stays flat at 11.8%

**Table 1. QNS's business results in 2022-27F**

	2022	2023F	2024F	2025F	2026F	2027F
Revenue (VND bn)	8,255	10,069	10,058	10,470	11,149	11,587
<i>Soy milk</i>	4,305	4,029	4,233	4,534	4,856	5,201
<i>Sugar</i>	1,953	3,618	3,357	3,422	3,733	3,778
<i>Other</i>	2,326	2,422	2,467	2,514	2,561	2,609
COGS	5,796	7,131	7,120	7,328	7,770	8,031
Gross Profit	2,459	2,938	2,938	3,142	3,380	3,556
Gross margin (%)	29.8%	29.2%	29.2%	30.0%	30.3%	30.7%
SG&A expense	1,100	1,142	1,170	1,230	1,306	1,373
Financial income	191	265	235	250	267	283
Financial expense	84	121	109	118	128	137
Profit before tax	1,505	1,980	1,933	2,083	2,252	2,368
Profit after tax	1,287	1,680	1,635	1,755	1,891	1,981
NPAT-MI	1,287	1,680	1,635	1,755	1,891	1,981

Source: QNS, KISVN

## IV. Valuation and recommendation

**Rate BUY with TP**  
**VND65,900**

We initiate our coverage on Quang Ngai Sugar (QNS VN) with a BUY rating and target price of VND65,900, implying a 33.0% upside by using a DCF (50%) and PE (50%) methodology. In DCF method, we calculate the fair value of VND78,100/share with implied long-term growth of 2.0%, and WACC of 10.9%, in which, cost of equity of 12.5% (beta of 1.0, risk-free yield of 4.5%, and market risk premium of 8.0%). With PE method, our target price is based on an average 2023-25F P/E of 11.7x, which is also the average PE of QNS in the last 6 listed years. QNS is our top pick in Vietnam's F&B sector thanks to domination in Vietnam soymilk sector and a strong growth potential based on an expectation of progress in Vietnam sugar sector. The risks of QNS stock comprise smuggled sugar and a drop hard of sugar prices.

**Table 2. Cost of equity**

Item	%
Beta	1.0
Risk free rate	4.5
Equity risk premium	8.0
Cost of equity	12.5

Source: Korea Investment &amp; Securities

**Table 3. WACC calculation**

Item	%
Cost of debt	6.0
Target debt to capital	20.6
Tax rate	20.0
<b>WACC</b>	<b>10.9</b>

Source: Korea Investment &amp; Securities

**Table 4. DCF Valuation**

(VNDbn)

FCFF	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
EBIT	1.796	1.768	1.911	2.073	2.183	2.289
less: tax	(299)	(298)	(327)	(361)	(387)	(413)
add: depreciation	490	496	503	510	516	523
less: capex	(290)	(390)	(440)	(340)	(340)	(340)
(increase) / decrease in NWC	(116)	(2)	(86)	(116)	(98)	(73)
<b>Unlevered free cash flow</b>	<b>1.799</b>	<b>1.737</b>	<b>1.746</b>	<b>1.971</b>	<b>2.084</b>	<b>2.212</b>
PV of FCF	1.799	1.737	1.574	1.602	1.527	1.462
<i>Cumulative sum PV of FCF</i>	<i>3.101</i>	<i>4.838</i>	<i>6.413</i>	<i>8.015</i>	<i>9.542</i>	<i>11.004</i>
<i>PV of Terminal value</i>						<i>16.726</i>

Source: Korea Investment &amp; Securities

**Table 5. DCF Valuation**

	FY24F
<b>Total PV of Operations</b>	<b>27,730</b>
Discount factor	<b>10.9%</b>
Plus: Cash	6,026
Less: Debt	(2,844)
Less: Minority Interest	-
Equity Value	<b>27,885</b>
Shares Outstanding, Million	357
<b>Target price</b>	<b>78,124</b>

Source: Korea Investment &amp; Securities

**Table 6. Blended Valuation**

Metrics	Implied price	Weight	Weight value
Price/EPS, 3-yr forward at 11.7x	53,832	50%	26,916
DCF	78,124	50%	39,062
<b>QNS's target share price</b>			<b>65,978</b>

Source: Korea Investment &amp; Securities

**Table 7. Sensitivity analysis of our DCF target price for QNS (VND/share)**

		WACC				
		8,9%	9,9%	10,9%	11,9%	12,9%
Long term growth rate (g)	1.0%	88.919	80.381	73.545	67.943	63.263
	1.5%	92.643	83.184	75.713	69.656	64.642
	2.0%	96.905	86.341	<b>78.124</b>	71.542	66.146
	2.5%	101.832	89.924	80.821	73.629	67.796
	3.0%	107.591	94.026	83.860	75.949	69.611

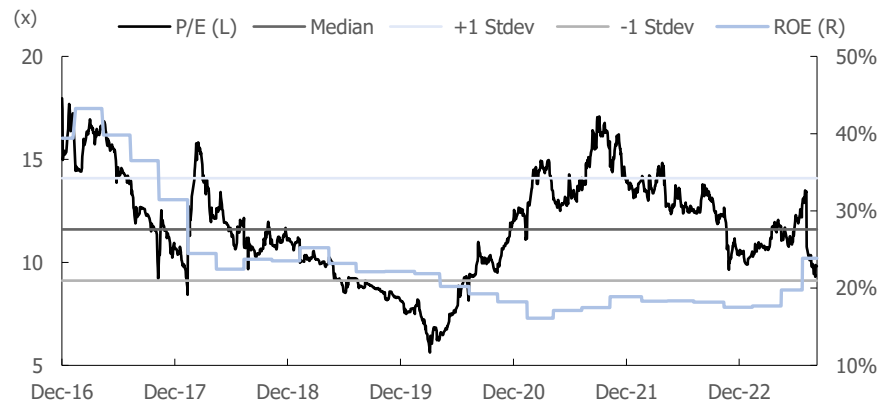
Source: Korea Investment &amp; Securities

**Table 8. Domestic peer valuations**

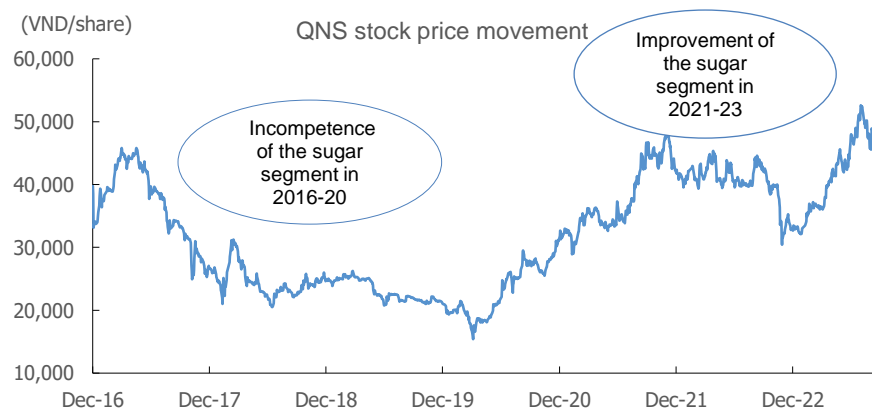
	PE (x)			EV/EBITDA (x)			PB (x)			Dividend yield (%)		
	TTM	2023F	2024F	TTM	2023F	2024F	TTM	2023F	2024F	TTM	2023F	2024F
<b>Milk peers</b>	<b>13.4</b>	<b>19.3</b>	<b>17.5</b>	<b>8.7</b>	<b>12.1</b>	<b>11.0</b>	<b>3.0</b>	<b>5.3</b>	<b>5.2</b>	<b>5.0</b>	<b>5.2</b>	<b>5.6</b>
VNM VN Equity	20.9	19.3	17.5	11.8	12.1	11.0	4.6	5.3	5.2	5.0	5.2	5.6
IDP VN Equity	-	-	-	9.4	-	-	-	-	-	-	-	-
HNM VN Equity	5.8	-	-	4.9	-	-	1.3	-	-	-	-	-
<b>Sugar peers</b>	<b>20.5</b>	<b>16.8</b>	<b>-</b>	<b>6.0</b>	<b>6.4</b>	<b>-</b>	<b>1.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
SBT VN Equity	27.1	16.8	-	9.6	6.4	-	1.3	-	-	-	-	-
SLS VN Equity	4.0	-	-	2.7	-	-	1.8	-	-	-	-	-
LSS VN Equity	46.1	-	-	7.1	-	-	0.6	-	-	-	-	-
KTS VN Equity	4.6	-	-	4.6	-	-	0.9	-	-	-	-	-
<b>QNS VN Equity</b>	<b>11.8</b>	<b>9.3</b>	<b>8.6</b>	<b>4.4</b>	<b>6.2</b>	<b>5.9</b>	<b>2.0</b>	<b>1.9</b>	<b>1.7</b>	<b>6.3</b>	<b>6.3</b>	<b>6.7</b>

Note: As of Aug 31st 23 close

Source: Bloomberg, Korea Investment & Securities

**Figure 9. High correlation between PE and ROE of QNS**

Source: FnGuide, Korea Investment & Securities

**Figure 10. QNS share performance in 2016-23**

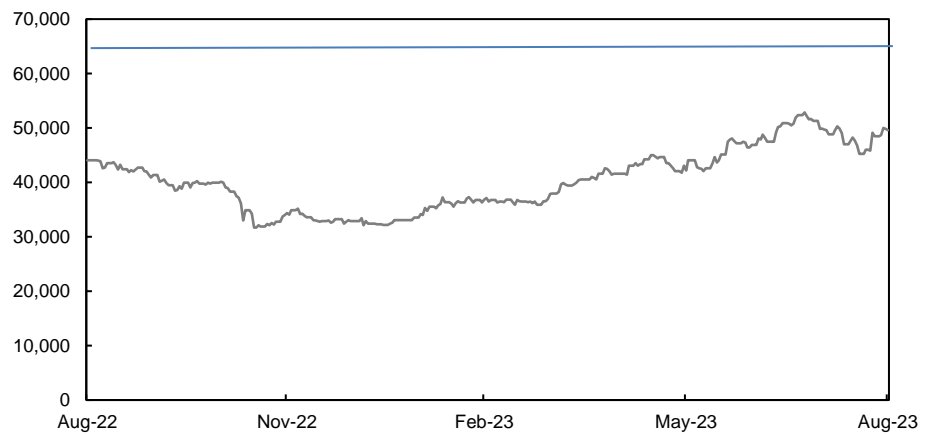
Source: QNS, Korea Investment & Securities

## ■ Company overview

Quang Ngai Sugar corporation (QNS: UPCoM) is the leader in soy milk market and the second-largest sugar producer in Vietnam. QNS also owns biomass power plant run by sugarcane bagasse to generate electricity for its plants and supply to the national power grid.

## Changes to recommendation and target price

Company (code)	Date	Recommendation	Target price	% vs. avg. price	% vs. high (low)
Quang Ngai Sugar (QNS)	05-09-23	BUY	VND65,900	+50.0	+21.2/+96.8



**Balance sheet**

(VND bn)

FY-ending Dec.	2021A	2022A	2023F	2024F	2025F
Current assets	5.323	6.090	7.671	8.256	9.082
Cash & cash equivalents	4.102	4.499	6.026	6.607	7.322
Accounts & other receivables	386	587	626	693	768
Inventory	816	947	977	910	938
Non-current assets	4.552	4.176	3.978	3.873	3.814
Fixed assets	4.285	3.914	3.714	3.607	3.544
Investment assets	47	33	33	33	33
Others	239	286	273	278	291
Total assets	9.876	10.266	11.649	12.129	12.897
Advances from customers	41	32	63	53	54
Unearned revenue	0	0	0	0	0
Trade payables	364	479	417	419	448
Others	343	395	401	407	414
ST debt & due bonds	2.032	1.896	2.803	2.797	3.003
LT debt & bonds	0	0	0	0	0
Total liabilities	2.781	2.802	3.684	3.676	3.918
Controlling interest	7.095	7.465	7.965	8.453	8.978
Capital stock	3.569	3.569	3.569	3.569	3.569
Capital surplus	353	353	353	353	353
Other reserves	638	676	726	776	829
Retained earnings	3.368	3.701	4.150	4.589	5.061
Minority interest	0	0	0	0	0
Shareholders' equity	7.095	7.465	7.965	8.453	8.978

**Income statement**

(VND bn)

FY-ending Dec.	2021A	2022A	2023F	2024F	2025F
Sales	7.335	8.255	10.069	10.058	10.470
COGS	5.073	5.796	7.131	7.120	7.328
Gross profit	2.262	2.459	2.938	2.938	3.142
SG&A expenses	946	1.100	1.142	1.170	1.230
Operating profit	1.316	1.359	1.796	1.768	1.911
Financial income	143	191	265	235	250
Interest income	115	159	230	196	208
Financial expenses	66	84	121	109	118
Interest expenses	66	83	121	109	118
Other non-operating profit	47	39	43	48	52
Gains (Losses) in associates, subsidiaries and JV	0	0	0	0	0
Earnings before tax	1.439	1.505	1.984	1.941	2.096
Income taxes	186	219	300	298	328
Net profit	1.254	1.287	1.684	1.643	1.768
Net profit of controlling interest	1.254	1.287	1.684	1.643	1.768
EBITDA	1.789	1.848	2.285	2.264	2.414

**Cash flow**

(VND bn)

FY-ending Dec.	2021A	2022A	2023F	2024F	2025F
C/F from operations	1.476	1.385	1.859	1.931	1.978
Net profit	1.254	1.287	1.684	1.643	1.768
Dep'n & Amort'n	474	491	490	496	503
Net incr. in W/C	(251)	(392)	(315)	(208)	(294)
C/F from investing	(1.274)	(322)	(360)	(494)	(532)
Capex	(114)	(102)	(290)	(390)	(440)
Incr. in investment	(1.161)	(220)	(70)	(104)	(92)
C/F from financing	(445)	(1.041)	(272)	(1.156)	(1.032)
Incr. in equity	-	-	-	-	-
Incr. in debt	309	(136)	907	(6)	206
Dividends	(754)	(904)	(1.179)	(1.150)	(1.238)
C/F from others	-	-	-	-	-
Increase in cash	(243)	23	1.227	281	414

**Key financial data**

FY-ending Dec.	2021A	2022A	2023F	2024F	2025F
Per-share data (VND, adj.)					
EPS	3.298	3.519	4.562	4.451	4.790
BPS	19.877	20.914	22.315	23.682	25.153
DPS	2.113	2.533	3.302	3.222	3.468
Growth (%)					
Sales growth	13,0	12,5	22,0	(0,1)	4,1
OP growth	13,1	3,3	32,2	(1,6)	8,1
NP growth	19,0	2,6	30,9	(2,4)	7,6
EPS growth	16,7	6,8	29,6	(2,4)	7,6
EBITDA growth	9,5	3,3	23,6	(0,9)	6,6
Profitability (%)					
OP margin	17,9	16,5	17,8	17,6	18,3
NP margin	17,1	15,6	16,7	16,3	16,9
EBITDA margin	24,4	22,4	22,7	22,5	23,1
ROA	13,2	12,8	15,4	13,8	14,1
ROE	18,3	17,7	21,8	20,0	20,3
Dividend yield	4,3	5,1	15,0	15,4	14,3
Dividend payout ratio	64,1	71,9	72,4	72,4	72,4
Stability					
Net debt (VND bn)	(2.069)	(2.602)	(3.223)	(3.810)	(4.318)
Net debt/equity (%)	(29,2)	(34,9)	(40,5)	(45,1)	(48,1)
Valuation (x)					
PE	15,0	14,1	10,9	11,1	10,4
PB	2,5	2,4	2,2	2,1	2,0
EV/EBITDA	8,7	8,2	6,3	6,1	5,5

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