

Thien Long Group (TLG)

2024 AGM: Changes to fight fierce competition

On 23rd Apr, we joined the 2024 Annual General Meeting of Thien Long Group. Here are some notable updates.

2023 Performance: Headwind in domestic & oversea markets

- TLG reported net revenue of VND3,462bn (-1.7% yoy), completing 87% of the year guidance. In which:
 - o Domestic: VND2,689bn (-1.5% yoy). In which net revenue of E-commerce (2% total net revenue) gained the spotlight (+118% yoy) in the overall difficulties of traditional channels.
 - o International: VND813bn (-2.3% yoy), OEM's net revenue¹ (8% of total amount) declined by 38% yoy as the order in US and EU markets dropped due to the weak demand. In contrast, TLG's brands net revenue (16% of total amount) soared by 35%, which came mostly from ASEAN markets.
- NPAT declined to VND356bn (-11.2% yoy), completing 89% of the plan.

2024 Guidance: Challenges still ahead

- TLG sets the net revenue guidance of VND3,800bn (+9.8% yoy) for the year 2024. In which:
 - o Domestic: VND2,800bn (+5.4% yoy), of which changes in the products' design (targeting to young and teenagers) and the art category (oil pastel, fiber pen) are expected to be the key driver amid the weak demand of consumers.
 - o International: VND1,000bn (about +19.1% yoy). TLG also aims to reach VND1,500bn ~ VND2,000bn by 2027 - ASEAN would continue to be the key market.
- NPAT is targeted to climb to VND380bn (+6.7% yoy). Per management, the most important thing in 2024 is to keep the market share against the harsh competition of Chinese products.
- Dividend: TLG plan to pay 35% of par value (25% cash; 10% shares) in form of dividend in 2024.
- ESOP: 1% of total number of shares outstanding if the net revenue is \geq VND4,000bn, which is higher than the company guidance by VND200bn. As questioning by investors, TLG would set the ESOP based on NPAT from next year.

12M rating **Non-rated**

12M TP
Up/Downside

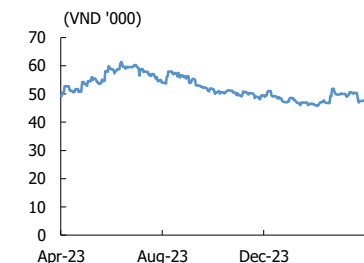
Stock Data

VNIndex (23 Apr, pt)	1,177
Stock price (23 Apr, VND)	47,800
Market cap (USD mn)	148
Shares outstanding (mn)	79
52-Week high/low (VND)	61,400/45,700
6M avg. daily turnover (USD mn)	0.15
Free float / Foreign ownership (%)	33.6/22.5
Major shareholders (%)	
Thien Long An Think Investment	48.0
NWL Cayman Holdings	7.0
Co Gia Tho	6.3

Performance

	1M	6M	12M
Absolute (%)	(4.1)	(7.5)	(2.5)
Relative to VNIndex (%p)	4.0	(15.9)	(17.3)

Stock price trend



Source: Bloomberg

Research Department

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	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	3,299	2,738	2,687	3,550	3,497
chg. (% YoY)	180.4	-17.0	-1.9	32.1	-1.5
Operating profit (VND bn)	428	297	355	499	444
Net profit (VND bn)	349	240	277	401	356
EPS (VND)	4,039	2,775	3,201	5,159	4,567
chg. (% YoY)	0.2	-31.3	15.4	61.2	-11.5
EBITDA (VND bn)	497	374	417	553	520
PE (x)	10.44	14.60	17.62	9.27	10.40
EV/EBITDA (x)	6.8	8.1	9.8	6.5	7.3
PB (x)	1.8	1.8	2.4	1.9	1.8
ROE (%)	22.7	13.5	15.5	21.2	17.6
Dividend yield (%)	4.7	4.9	3.6	7.3	3.2

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

New business aims to strengthen customer relationship

- **Clever Box:** In 2023, TLG rose the store number to 5 stores in HCMC, My Tho and Ba Ria – Vung Tau. Per management, Clever Box was opened to increase the customer touchpoint thereby identifying the change in demand and introducing new TLG's products. They do not have a plan to aggressively open more stores in 2024.
- **ICCO (Malaysia):** Per management, the purchase of 60% shares help TLG to save costs when entering the Malaysia market since TLG don't have to open physical establishment by themselves.

¹ OEM: Thien Long produces the components (such as pen ball) for other pen manufacturers.

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Prepared by: Research Department

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