

Sector note

14 Dec 2022



EXPORT INDUSTRIES: DOWNWARD TRENDING

- Overall export growth will decelerate amid weakening global demand.
- We see gross margin to shrink across the board in 2023F due to FX risks and lower average selling price to attract customers.
- Our stock pick is DGC.

Weakening demand as global economy set to subdue

Vietnam's export turnover grew healthily 17.3% yoy in 9M22 but started slowing down in 3Q22 (-0.5% qoq; +17.2 % yoy). We expect that discretionary demand of Vietnam's top exporting markets such as the U.S., E.U and even China, will soften further into 2023F which will weigh on export-related production, including: textile & garment (T&G), wood & wooden products (W&WP) and basic chemicals.

We expect that GM's export companies will edge down in FY23F

We forecast that input material prices such as yarn, fabrics, plywood will decrease 3%-7% yoy in FY23F due to weak demand. However, with the challenge ahead, we think that T&G and W&WP companies will have to lower the selling price (7%-10% yoy) to attract more customers. Thus, GM's T&G and W&WP companies will edge down 0.8%-1.0% pts yoy in FY23F. While we expect GM's basic chemical companies to remain at high level in 1H23F before slowing down in 2H23F due to weaker demand for electronics and aluminum. We forecast GM's chemical sector to decline 1.5%-2.5% pts yoy in FY23F.

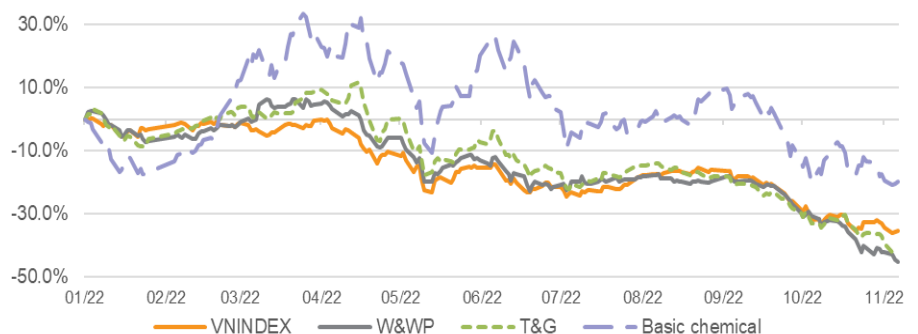
The impact of FX volatility is different among export enterprises

The VND has depreciated ~8.3% to US\$ at end-Oct 22. We believe that businesses with positive net cash and low debt-to-equity ratio will benefit from high interest rates such as DGC, VIF, ACG and GIL. While most of the T&G enterprises will have to face the risk of interest rate increase due to high net debt. In additionally, we see that companies with high US\$ debt ratio such as PTB, MSH, and STK are exposed to FX risks.

Our stock pick is DGC

Against sectoral headwinds, we believe export-related companies that have strong market position, solid balance sheet are able to mitigate the FX and rising cost of debt risks and quickly bounce back once the winds change. We like DGC thanks to 1) DGC had no long-term debt and a net cash/share of VND17,703/share as of 3Q22 and 2) 80% of DGC's revenue is in US\$, while only 40% of its COGS is in US\$ which will support for DGC's GM in FY23F. Investment risks include (1) longer than-expected global recession and (2) the changes exporting tariffs.

Figure 1: Year-to-date price movements of export companies' stocks



Source: Fiinpro, VNDIRECT RESEARCH

Analyst(s):



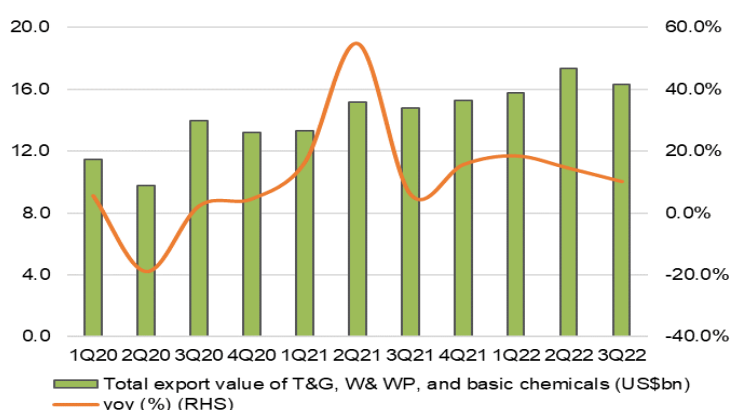
Nguyen Duc Hao

hao.nguyenduc@vndirect.com.vn

Vietnam export industries snapshot in 9M22

The export value of major industries

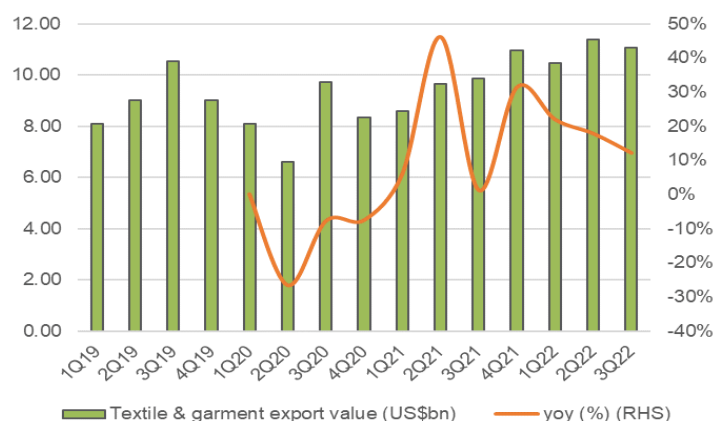
Vietnam's export turnover in 9M22 recorded positive results, reaching US\$282bn (+17.3% yoy) thanks to high contribution from main export industries such as textile and garment, wood and wooden production and basic materials. Total export value of 3 industries achieved US\$46.2bn in 9M22 (+20.2% yoy) thank to 1) pent-up demand in the main export markets such as the U.S., E.U in post-Covid 19 period and 2) shortage of supply leading to sharp increase in chemical prices (phosphorus, DAP fertilizer, caustic soda).



Sources: MOIT, VNDIRECT RESEARCH

Vietnam's textile and garment export value

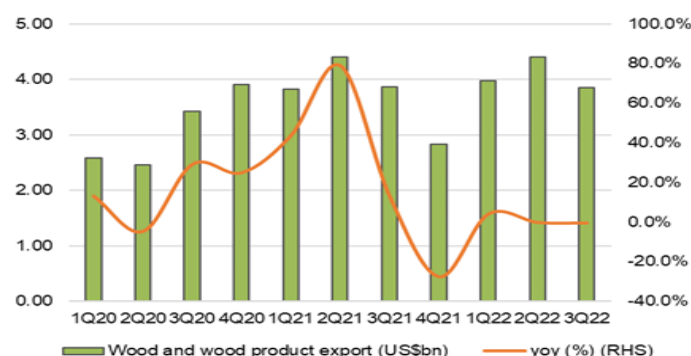
The T&G export turnover remained growth momentum in 3Q22 thanks to low base in 3Q21. Fabrics and garment export value in 3Q22 increased 19.9% yoy to US\$8.8bn. However, fabrics and garment export value in Sep-22 plunged 28.2% mom due to weak demand in the U.S. and EU. While fibre and yarn export value in 3Q22 declined 32.3% yoy due to weak demand in major market (caused by ongoing high inflationary expectation and, and potential economic recession in U.S., E.U). Overall, the total export T&G value in 9M22 increased by 21.6% yoy, to US\$35.3bn, fulfilling 80% of the government's guidance for 2022.



Sources: MOIT, VNDIRECT RESEARCH

Wood and wooden product export value

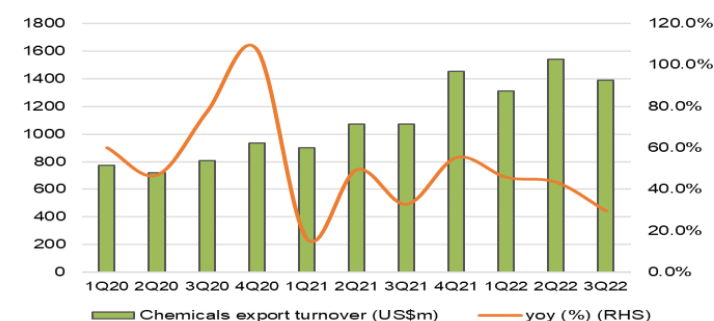
The W&WP export value in 3Q22 decreased 0.5% yoy and 12.2% qoq (3Q21 hit hard by Covid-19), to US\$3.8bn as weak demand in the U.S. market. High home price in the U.S. in 3Q22 affected to the demand of house buying and home furniture. Overall, W&WP export turnover in 9M22 reach US\$12.3bn, fulfilling 74.6% of Vietnam Ministry of Agriculture and Rural Development's guidance for 2022.



Sources: MOIT, VNDIRECT RESEARCH

Basic chemicals export value

Basic chemicals export value in 3Q22 increased 29.5% yoy but decreased 12.2% qoq to US\$1.38bn as prices of key commodities peaked in the 2Q22 such as yellow phosphorus, DAP and caustic soda. Overall, basic chemicals value in 9M22 reach US\$4.2bn (+39.2% yoy).



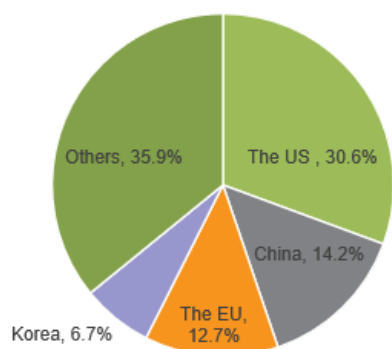
Sources: MOIT, VNDIRECT RESEARCH

Weak global consumption weigh on Vietnam export industries

Fitch's latest Global Economic Outlook forecast consumer spending to grow by 2.5% in 2022 before slowing to 0.9% in 2023F amid global economic downturn. For the U.S. and EU, Vietnam's major trading partner, Fed's aggressive interest rate hikes will increasingly weigh on job growth and consumer spending in 2023F. Several the U.S. technology companies (Twitter, Meta) have recently announced layoffs and other cost-cutting measures, which alerted the rising of jobless claims. Additionally, the U.S.' two largest retailers Amazon and Walmart have posted a weakened 3Q22 results. Amazon reported 3Q22 revenue and net profit to drop 15.4% yoy and 9.6% yoy, respectively while Walmart recorded a net loss of US\$1.7bn in 3Q22.

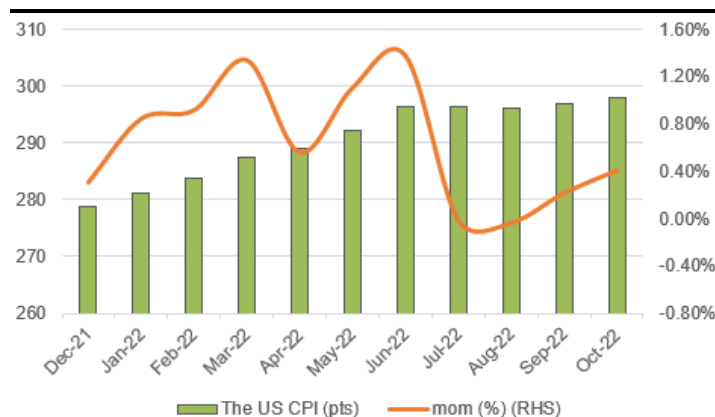
The U.S. Conference Board's Consumer Confidence Index fell to 102.5 in Oct 2022 from 107.8 in the previous month. The actual data in Oct 2022 is also lower than the previous market's expectation of 106.5, showing that U.S. consumers are worrying about stubbornly inflation as well as the U.S. economic outlook.

Figure 2: The U.S. is Vietnam's largest export market in 9M22



Source: MOIT, VNDIRECT RESEARCH

Figure 3: CPI in the U.S. rose 0.4% mom in Oct-22



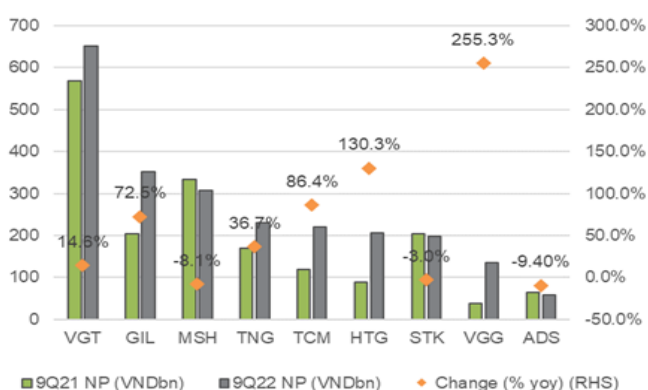
Source: U.S. Bureau of Labor Statistics, VNDIRECT RESEARCH

Textiles & Garment: Waiting the recovery in 2024F

Gross margin was flat yoy even though 3Q21 was hit hard by Covid-19

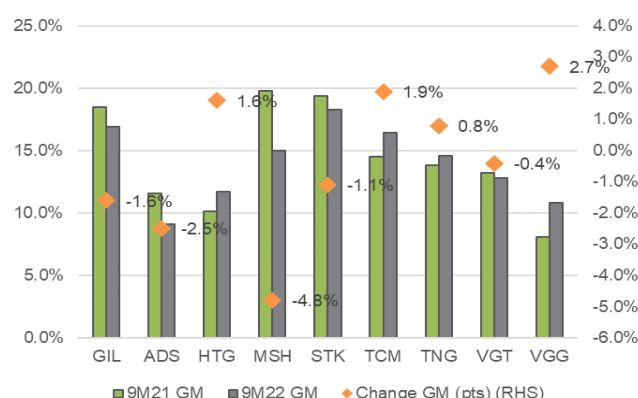
For 3Q22, aggregated revenue of listed T&G companies increased 23.3% yoy thanks to low base in 3Q21 while 3Q22 net profit surged 61.3% yoy, but decreased 32.2% qoq due to the effect by high inflation and recession risk in the major export markets.

Figure 4: The NP growth of T&G companies in 9M22 (unit: VNDbn)



Source: Fiinpro VNDIRECT RESEARCH

Figure 5: Most of T&G companies showed a narrowing GM in 9M22



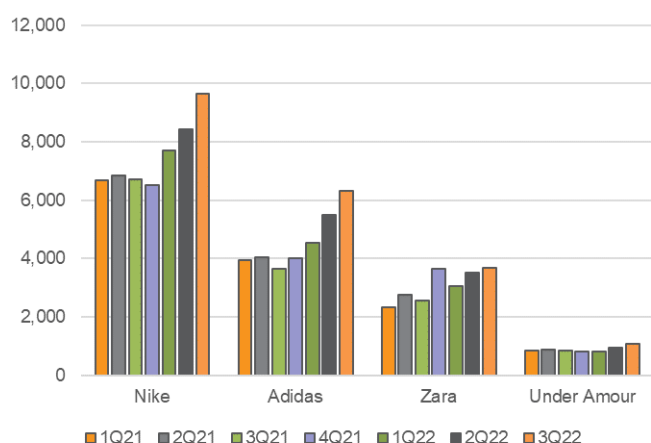
Source: Fiinpro VNDIRECT RESEARCH

Gross margin of T&G enterprises edged up 0.3% pts mainly driven by lower input material price. Besides, financial expenses of T&G companies soared 126.9% yoy due to exchange rate loss from importing raw material and debt in US\$. Overall, sector revenue and net profit in 9M22 rose 23.6% yoy and 41% yoy, respectively. Notably, a few T&G companies recognised a sizeable loss from FX due to the weakness of EUR. Top companies to record strongest 9M22 earnings growth includes: VGG (+255.3% yoy), HTG (+130.3% yoy), and TCM (+86.4% yoy).

Global discretionary demand set to subdued into 2023F

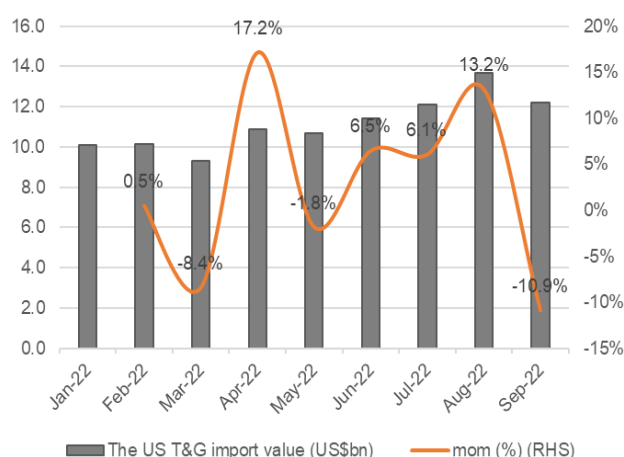
Vietnam's T&G export turnover grew healthily 17.3 % yoy in 9M22 but started slowing down in 3Q22 (-2.9% qoq). We expect that discretionary demand of Vietnam's top exporting markets such as U.S., EU and even China, will soften further into 2023. According to our market research, Vietnam exporters saw a decrease in orders since July 22 due to high inventory at U.S. large retailers, eg: Adidas, Nike, ... According to the latest quarterly report, Adidas and Nike experienced sharp increases of 44% yoy and 35% yoy in inventory due to weak domestic consumption.

Figure 6: Sportswear companies' inventories increased sharply yoy in 3Q22 (unit: US\$m)



Source: Bloomberg, VNDIRECT RESEARCH

Figure 7: The U.S. import value in Sep-22 decreased 10.9% yoy

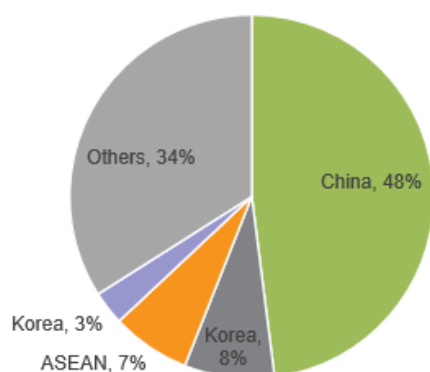


Source: OTEXA, VNDIRECT RESEARCH

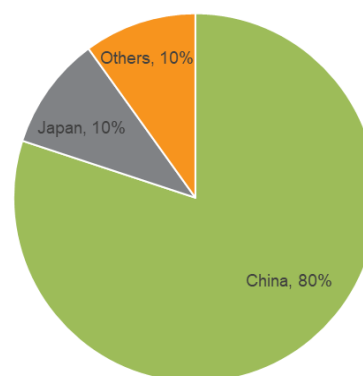
Overall, we forecast that input material price such as cotton yarn polyester yarn will decrease 1%-3% yoy in 2023F due to weak demand and following the slowing down of oil and cotton price. However, with the challenge ahead, we think that T&G companies will shift production to lower value items in the context of high inflation. Thus, GM's T&G companies will edge down 0.8%-1.0% pts yoy in FY23F.

The re-openings of China could be a catalyst

We expect China to reopen its economy soon in 2023F. Accordingly, the yarn industry will tend to recover as China is the main yarn importer of Vietnam, accounting for 48% of the total export value. We believe that yarn manufacturers with a high share of exports to China like Dam San JSC (ADS) will taking advantage.

Figure 8: Fiber and yarn export value by destinations in 2021


Source: MOIT, VNDIRECT RESEARCH

Figure 9: Export share of ADS by market in 2021


Source: ADS, VNDIRECT RESEARCH

EVFTA will cut down the export tariff to EU

Additionally, we expect that the outlook of T&G export to EU will be brighter in 3Q23F as T&G products will be reduced import tax in the EU market in 2023F thanks to the EVFTA. According to Free Trade Agreement (FTA), garment types including B3, B5, B7 will be decreased by 2%-4% export tax in 2023F. European Commission forecasts that inflation in the Eurozone will reach 8.3% in 2022, before falling to 4.3% in 2023F. As a result, we expect that some textile and garment enterprises that export suits, shirts, pants and skirts to Europe such as MSH, M10, VGG, TNG will benefit from the EVFTA.

Figure 10: T&G type will be reduced export tax to the EU market in 2023F

Products	Company's product	Types	Base tax	2021	2022F	2023F
Coats and blazers from polyester yarn	M10, MNB	B5	9.6%	8.0%	6%	4%
Dress from polyester yarn	MSH	B3	9.6%	6.0%	3%	0%
Men's and children's shirts from cotton yarn	TNG, VGG	B7	9.6%	9.0%	7.5%	6%
Garments made of fabrics of heading 5602, 5603, 5903, 5906 or 5907	TCM, MSH	B5	9.6%	8.0%	6%	4%

Source: FTA, VNDIRECT RESEARCH

Wood & Wooden products: The challenges blur the outlook

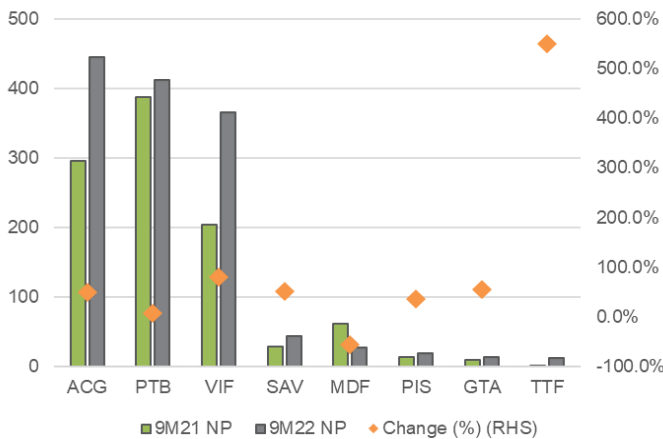
W&WP companies have felt the heat from inflation

Based your estimate, 3Q22 aggregated revenue of listed W&WP companies decreased 10.2% qoq and increased 17.2% yoy from low base in 3Q21 when production and supply chains were disrupted by COVID-19.

GM's sector edged down 0.3% pts as W&WP companies decreased ASP in 3Q22 due to weak demand in the U.S. market. We see the deceleration in NP growth of the export wood company group in 3Q22. In which, GDT and PTB's businesses results was hit hard in 3Q22 due to high inflation in the U.S. and the EU. Whereas, domestic wood producers like ACG, VIF recorded more positive business results in 3Q22 thank to 1) higher selling price and economic of scale and 2) the recognition of profits from joint ventures.

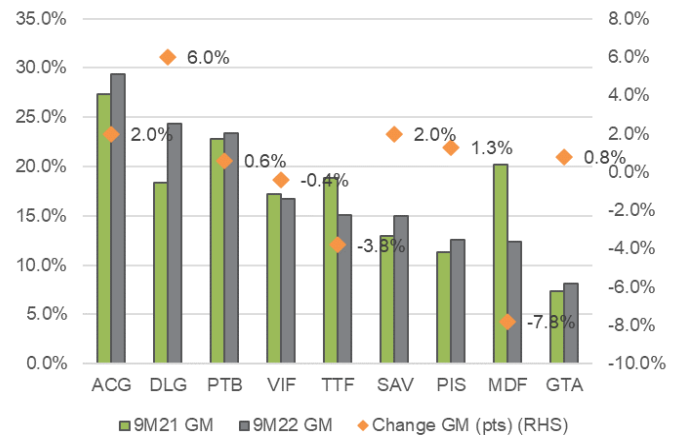
Overall, NP's wood sector in 9M22 lifted 31.5% yoy, outpaced revenue growth (+12.5% yoy) thanks to extraordinary income from VIF's profit from joint venture.

Figure 11: The change NP of W&WP companies in 3Q22 (unit: VNDbn)



Source: Fiinpro VNDIRECT

Figure 12: Most of T&G companies showed an expansion GM in 9M22

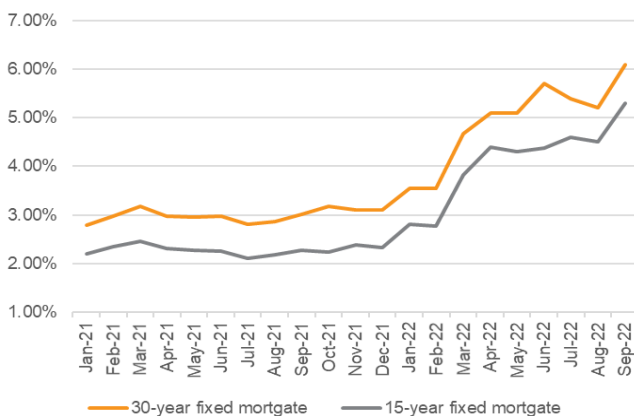


Source: Fiinpro VNDIRECT

U.S. housing demand to cool down amid increasing rates and prices

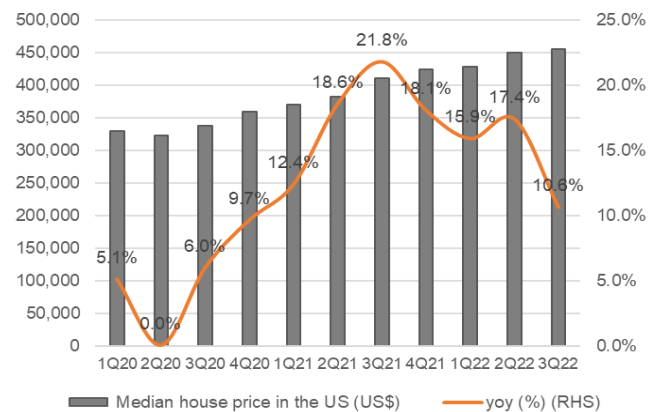
The 30-year fixed mortgage rates in the U.S. now stands at 6.1% - back to their highest level since 2011, while median home price in US\$454,900 rose 10.6% yoy in 3Q22 due to shortfall in supply. We think higher mortgage rates and home prices could dampen demand for homes and furniture in the U.S. in 2023F. We believe that wood exporting companies' revenue such as PTB, TTF, GDT will decelerate in FY23F due to weak demand in the U.S. market.

Figure 13: The 30-year fixed mortgage rates in the US stand at 6.1% in Sep-22



Source: Freddie Mac, VNDIRECT RESEARCH

Figure 14: The median home price reached US\$459,000 in 3Q22



Source: U.S. Bureau of Labor Statistics, VNDIRECT RESEARCH

The plywood price in 3Q22 reached US\$3.9/sheet (-20.2% yoy) due to weak demand in global market. We think that plywood price – main input material of W&WP industry will still remain at low level within US\$3.7/sheet to US\$4.0/sheet as due to uncertain property market. Thus, we forecast plywood price to decrease 5% yoy in FY23F. However, we expect that W&WP companies will have to reduce average selling price to attract more customers. As a result, we forecast the GM of W&WP industry to edge down 0.5%-0.8% pts in FY23F.

Basic chemical: brighter in 4Q22-1H23F

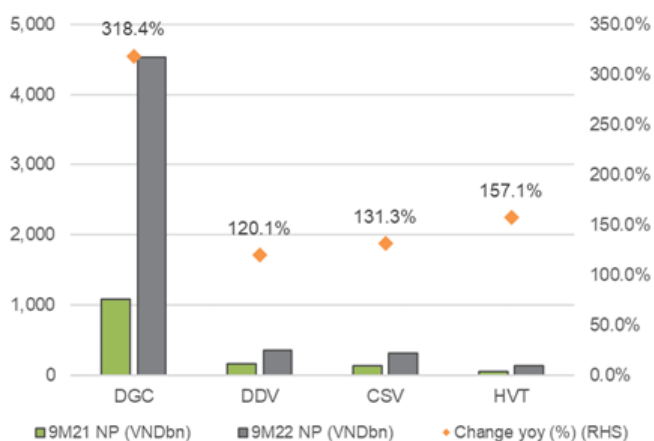
Basic chemical companies' NP growth slowed down in 3Q22 as commodity prices peaked in 2Q22

Prices of some basic chemicals such as phosphorus, DAP fertilizer, caustic soda have cooled down in 3Q22 after peaking in 2Q22. Prices of phosphorus, DAP and caustic soda decreased by 30%, 21%, 20% respectively from the peak, leading to lower business results of basic chemical enterprises in 3Q22.

DGC – Vietnam's leading producer of phosphorus and phosphorus-based products, posted VND3,696bn in net revenue (+75% yoy and -8% qoq). DGC's GM slumped 8.6% pts qoq in 3Q22 due to 1) lower average selling price and 2) DGC conducted maintenance on its phosphorus equipment. Thus, DGC's NP in 3Q22 soared 196% yoy, but decreased 21% qoq, to VND1,414bn.

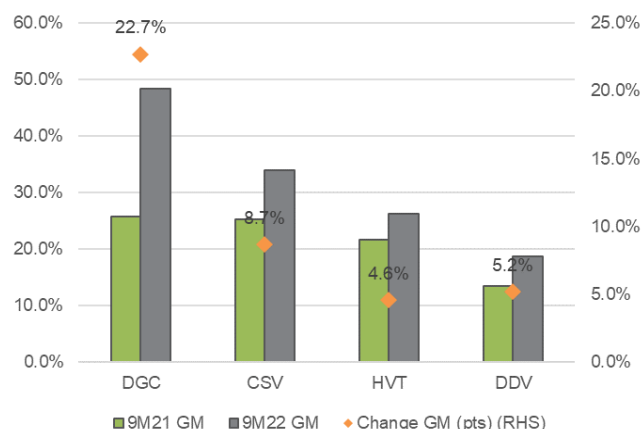
While CSV – one of the largest caustic soda producers in Vietnam recorded VND574bn in 3Q22 net revenue (+61% yoy and 2% qoq). However, CSV's GM reached 31.8% in 3Q22 (+8.9% pts yoy and -2.3% pts qoq) due to lower ASP. As a result, CSV's 3Q22 NP achieved VND101bn (+59% yoy and -11.2% qoq).

Figure 15: Basic chemical companies' NP in 9M22



Source: Fiipro, VNDIRECT RESEARCH

Figure 16: Basic chemical companies' GM increased significantly in 9M22

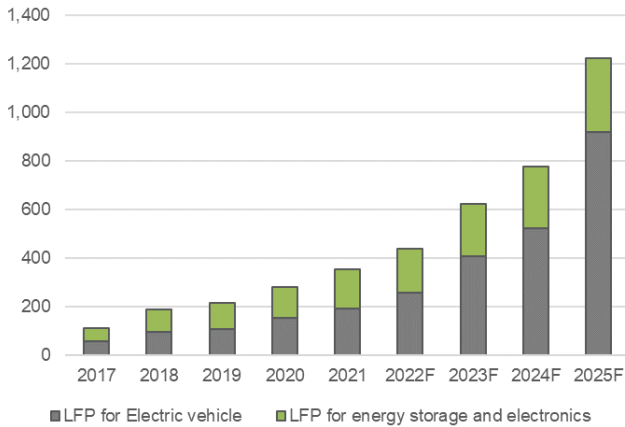


Source: Fiipro, VNDIRECT RESEARCH

Yellow phosphorus price rebound in 4Q22 due to production restriction order from China

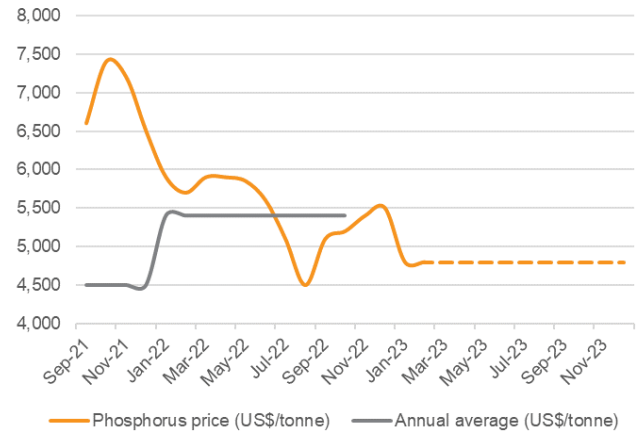
Since Sep-22, yellow phosphorus in China has been subject to control over energy consumption policy. Yunnan - one of the 4 largest yellow phosphorus producing provinces in China has implemented the "Energy Efficiency Management Plan from Sep-22 to May-23 for the energy consumption sector". Accordingly, the yellow phosphorus production enterprises in Yunnan province will reduce and stop production altogether. As of Oct-22, the operating ratio of yellow phosphorus enterprises in Yunnan has dropped to about 41%, down 28% compared to mid-September. While daily output was only 805 tonnes (-41.8% vs mid-Sep). Thus, phosphorus price in Sep-22 increased 15.5% mom, achieving US\$5,200/tonnes. We expect phosphorus prices to continue to increase in 4Q22 and maintain high prices (US\$5,200-US\$5,500/tonne) until 1H23F as 1) Yunnan will limit phosphorus production until the end of May-23 and 2) China promotes development of Lithium Iron Phosphate Batteries. We expect the large phosphorus manufacturers such as DGC taking advantage from the rebound of phosphorus price.

Figure 17: The demand of LFP for electric vehicle reached 10,2% CAGR in 2017-2025F (Units: US\$bn)



Source: Global data, VNDIRECT RESEARCH

Figure 18: We expect phosphorus prices to reach US\$4,800 in 2023 (US\$/tonne)

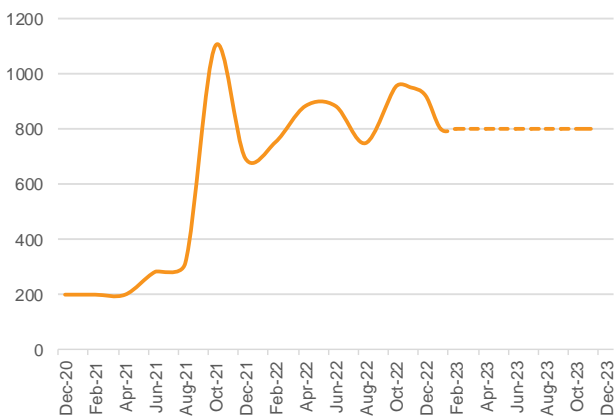


Source: Businesses Analytic, VNDIRECT RESEARCH

We expect caustic soda price to remain at high level in 2023F

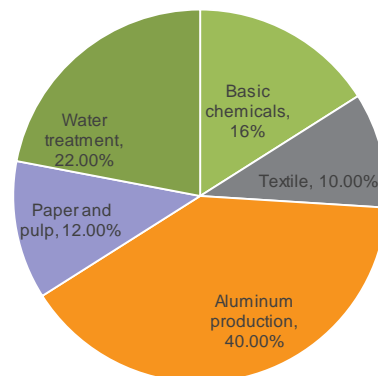
The domestic price of caustic soda is highly dependent on the China because China exports about 40% of the demand for caustic soda in Vietnam. Caustic soda price in China rebound in Sep-22, reaching US\$850/tonne (+13.2% mom) due to the shortage energy and high demand for aluminum in China. We expect caustic soda price to remain at high level until 2Q23F as China continue to implement the Zero-Covid and limit aluminum production in 2023F. We forecast caustic soda price to reach range US\$800-US\$900/tonnes in 4Q22-1H23F before decreasing gradually in 2H23F. We expect domestic caustic soda manufacturers such CSV to maintain high NP in 4Q22-1H23F.

Figure 19: We forecast caustic soda to reach US\$800/tonne in 2023 (Unit: US\$/tonne)



Source: VNDIRECT RESEARCH, COMPANY REPORT

Figure 20: Consumption structure of caustic soda in 2021



Source: General Statistics Office of China, VNDIRECT RESEARCH

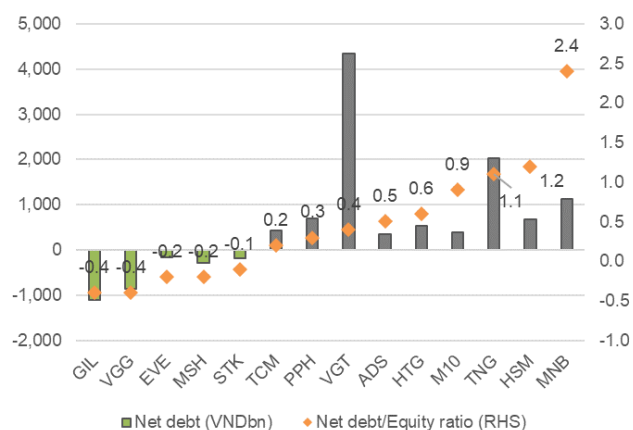
The impact of FX volatility and interest hike are different among export enterprises

The US\$ is strengthening as the FED adopted a hawkish monetary policy stance in response to skyrocketing inflation. The VND has depreciated ~ 8.3% to US\$ at end-Oct 22. We believe that the businesses which are net exporters and has no US\$-debt burden such as DGC and GIL will benefit from the

strengthen of US\$. While businesses with a high proportion of US\$ debt such as PTB, MSH, and STK will suffer from exchange rate losses in FY23F.

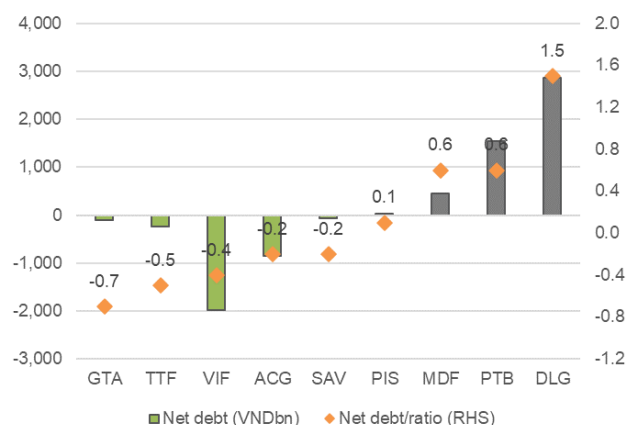
In addition, interest rates on multi-term deposits at banks have increased by an average of 1.5%-2.0%/year vs. the beginning of the year. We expect that the enterprises with positive net cash and low net debt/equity ratio such as DGC, ACG, VIF likely benefit from higher interest income. While bottom lines of VGT, TNG, PTB will be hurt by higher interest payment in FY23F.

Figure 21: Most of the T&G enterprises will have to face the risk of interest rate due to high net debt



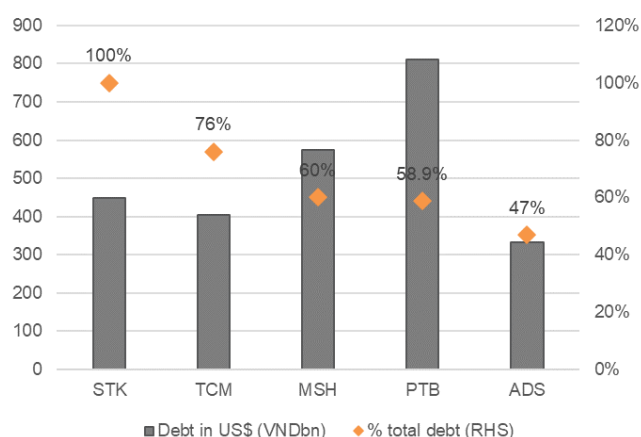
Source: Fiipro, VNDIRECT RESEARCH

Figure 22: Net debt and net debt/ equity ratio of W&WP companies as of Sep-22



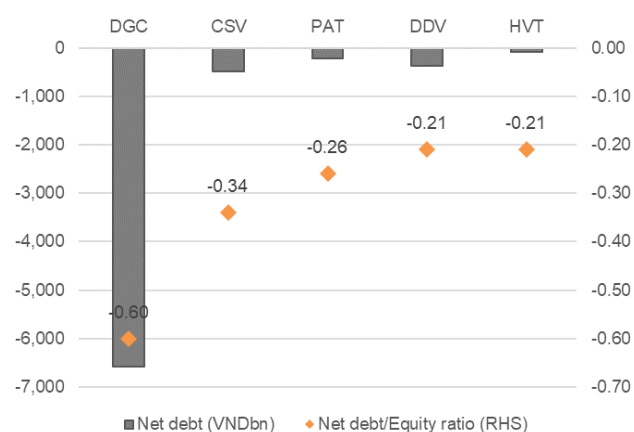
Source: Fiipro, VNDIRECT RESEARCH

Figure 23: Exporting enterprises have high debt value in US\$ as Sep-22



Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 24: Basic chemicals companies have positive net cash as of Sep-22



Source: Fiipro, VNDIRECT RESEARCH


Investment risks

On 02 November, the U.S. Central Bank (FED) continued to raise interest rates to 0.75% pts. This is the 4th interest rate hike, bringing interest rates in the U.S. to the highest level of 3.75 – 4.0% since 08 Jan. Longer-than-expected inflation in the U.S. market will reduce shopping demand for non-essential product. Additionally, changes in domestic and foreign tariffs on phosphorus will reduce phosphorus producers' GM in 2023.

Our stock pick is DGC

We like solid companies against current headwinds of interest rate and exchange rate. Additionally, we also prefer enterprise which have low net debt/equity ratio, low exposure to US\$ and autonomy in input materials. Thus, we like DGC stock pick.

Figure 25: Investment ideas

No	Ticker	1-year TP (VND/share)	Rating	Investment thesis
1	DGC	79,200	ADD	 <p>(1) DGC benefits from both higher deposit rates and US\$/VND exchange rate. DGC had no US\$ debt burden and a net cash/share of VND17,703/share as of 3Q22. We see that DGC can fund its chlor-alkali-vinyl project in FY23F without debt. Moreover, 80% of DGC's revenue is in US\$, while only 40% of its COGS is in US\$ which will support for DGC's GM in FY23F.</p> <p>(2) The Chlor-alkali-vinyl (CAV) project's phase 1 completion in 3Q24F will become the main revenue growth driver; contributing 25% of annual revenue and making DGC's sodium hydroxide factory number 1 in commercial capacity in Vietnam. Given that currently CAV manufacturers in Vietnam are mainly small or non-commercial and it requires large capital investment, we believe that DGC will maintain its leading position in the industry in FY25-28F period.</p> <p>(3) DGC stock price has dropped 33.2% from Aug-22, following the market correction. Currently, DGC is traded at 4.6x FY23F P/E, which is a 54% discount to its 3-year average of 10.3x. We believe this valuation is relatively attractive for leading producer of phosphorus and phosphorus-based products and is planning to expand new products in short term.</p>
2	ACG	69,200	ADD	<p>(1) We see ACG as a solid company against current headwinds of interest rate and exchange rate. ACG's balance sheet is quite solid with low D/E ratio of 36%, low exposure to US\$ as 70% of ACG's material is purchased from domestic partners.</p> <p>(2) We are optimistic about ACG's long-term export revenue prospects (FY23-25F) as in 2Q22, ACG signed a partnership with the U.S. property arm of Sumitomo — a strategic shareholder of ACG — which should help to bolster ACG's exports going forward in FY23-24F.</p> <p>(3) ACG stock price has plunged 37.9% since Oct-22. Currently, ACG is traded at 8.2x TTM PE, which is a 56.6% discount to its 3-year average of 18.9x. We believe this valuation is attractive for a leading company in engineered wood in domestic market and is planning to fully cover 63 provinces in 3Q23F.</p>
3	PTB	58,400	ADD	<p>(1) We forecast a 13.2% CAGR in core EPS (excluding real estate) in FY21-24F backed by a recovery in the wood and stone businesses as well as higher quartz contributions in 2024F.</p> <p>(2) We forecast PTB's NP increase 14.1%/15.4% yoy in FY24/25F, respectively.</p> <p>(3) PTB stock price has dropped 42.2% ytd. Currently, PTB is traded at 5.4x FY23F P/E, which is a 31% discount to its 3-year average of 8.3x. We believe this valuation is relatively attractive for a leading export wood companies with sizeable capacity and proven track record.</p>
4	STK	38,000	ADD	<p>(1) We expect Unitex factory phase 1 to operate commercially in 4Q23F. The total sale volume in FY23F is expected to reach 76,800 tonnes/year to capture the growing demand for recycled yarn in 2024F.</p> <p>(2) We forecast STK's NP in FY23/24F to increase 10.9%/17.2% yoy, respectively.</p> <p>(3) STK stock price plunged 45.5% ytd and currently is traded at 7.8x P/E TTM. We think that the valuation is relatively attractive for one of the largest yarn manufacturers in Vietnam. We expect STK to be the first to recover when global demand rebound.</p>
5	TCM	42,000	HOLD	<p>(1) We expect TCM's NP to increase 10.3% yoy in FY23F thanks to 1) decrease input material price and 2) the higher contribution from Vinh Long 2 factory.</p> <p>(2) TCM stock price plunged 20.8% ytd and currently is traded at 15.1x P/E TTM. We think that the valuation is still too expensive to disburse.</p>

Source: VNDIRECT RESEARCH

Figure 26: FY22-24F earnings forecasts of stocks under coverage

	DGC			ACG			PTB		
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F
Revenue (VNDbn)	15,119	13,689	13,802	4,178	4,575	5,255	6,915	6,518	7,318
% growth	58.0%	-9.5%	0.8%	26.9%	9.5%	14.9%	6.5%	-5.7%	12.3%
Gross margin (%)	44.7%	38.7%	34.2%	28.9%	28.2%	28.6%	23.1%	21.9%	21.9%
EBITDA margin (%)	40.5%	34.6%	28.3%	22.3%	21.4%	21.0%	9.7%	7.3%	7.1%
Net profit (VNDbn)	5,676	4,426	3,820	617	652	758	549	453	517
% growth	136.0%	-22.0%	-13.7%	36.8%	5.7%	16.2%	7.2%	-17.5%	14.1%
EPS (VND/share)	5,982	7,042	8,273	4,253	4,495	5,225	7,777	6,416	7,322
BVPS (VND/share)	30,577	40,233	48,101	30,699	31,414	32,300	37,378	41,751	47,091
Net cash/share (VND/share)	17,300	14,231	13,210	7,363	9,572	8,354	-25,426	-22,639	-23,245
D/E	0.08	0.06	0.20	0.20	0.29	0.22	0.62	0.90	0.72
Dividend yield (%)	5.1%	3.3%	3.3%	6.6%	6.6%	6.6%	2.6%	2.6%	2.6%
ROAE (%)	65.2%	33.7%	23.3%	6.1%	7.6%	7.9%	15.5%	15.4%	17.4%
ROAA (%)	51.4%	27.9%	30.2%	3.3%	4.2%	4.1%	11.8%	11.9%	11.1%

Source: VNDIRECT RESEARCH

Figure 27: FY22-24F earnings forecasts of stocks under coverage

	STK			TCM		
	2022F	2023F	2024F	2022F	2023F	2024F
Revenue (VNDbn)	2,265	2,614	3,569	6,915	6,518	7,318
% growth	4.7%	22.2%	36.5%	15.9%	16.8%	16.8%
Gross margin (%)	19.5%	20.2%	17.9%	15.9%	16.8%	16.8%
EBITDA margin (%)	19.9%	20.7%	20.0%	9.7%	7.3%	7.1%
Net profit (VNDbn)	255	327	394	289	353	362
% growth	-8.5%	28.4%	20.4%	106.0%	22.1%	2.5%
EPS (VND/share)	3,122	3,991	4,813	3,286	4,314	4,415
BVPS (VND/share)	17,694	19,696	22,951	23,219	24,661	26,789
D/E	0.31	0.53	0.64	0.62	0.73	0.48
Dividend yield (%)	5.5%	5.5%	5.5%	2.2%	2.2%	2.2%
ROAE (%)	18.9%	18.0%	18.1%	14.1%	17.4%	16.4%
ROAA (%)	12.4%	11.9%	10.9%	7.1%	8.5%	8.1%

Source: VNDIRECT RESEARCH

Figure 28: Peer comparison in export industries

			Market								3 year-EPS					
			TP	cap	P/E (x)			P/B (x)			growth	ROE (%)		ROA (%)		
Company	Ticker	Recom	LC\$	US\$m	TTM	FY22F	FY23F	Current	FY22F	FY23F	CAGR (%)	FY22F	FY23F	FY22F	FY23F	
Textile & garment																
Thanh Cong Garment JSC	TCM VN	Hold	42,000	179.3	21.7	na	na	1.9	1.7	1.6	-3.4	14.1	17.4	7.1	8.5	
NHA BE Garment Corp-JSC	MNB VN	na	na	67.0	63.6	na	na	0.9	na	na	-35.6	2.1	na	0.4	na	
TNG Investment & Trading JSC	TNG VN	na	na	143.9	5.3	4.0	3.8	0.8	na	na	6.5	19.0	17.9	6.4	5.9	
Mirae JSC	KMR VN	na	na	13.0	12.6	na	na	0.2	na	na	4986.7	2.3	na	1.4	na	
Song Hong Garment JSC	MSH VN	na	na	113.5	6.2	7.9	7.4	1.6	1.5	1.3	20.7	25.5	19.7	12.0	9.4	
Vietnam National Textile & Garment Group	VGT VN	na	na	495.7	7.0	na	na	0.5	na	na	72.8	11.6	na	4.1	na	
Viet Tien Garment Corp	VGG VN	na	na	25.5	31.9	na	na	0.7	na	na	-41.0	3.1	na	1.7	na	
Century Synthetic Fiber Corp	STK VN	Add	38,000	84.0	7.8	7.3	7.0	1.4	1.3	1.2	20.3	18.9	18.0	12.4	11.9	
Average					19.5	6.4	6.1	1.0	1.5	1.4	628.4	12.1	18.2	5.7	8.9	
Median					10.2	7.3	7.0	0.9	1.5	1.3	13.4	12.8	18.0	5.2	9.0	
Wood and wooden products																
Phu Tai JSC	PTB VN	Add	58,400	202	5.9	5.1	4.6	0.9	0.8	0.6	11.8	15.5	15.4	11.8	11.9	
An Cuong Working Wood JSC	ACG VN	Add	68,300	30	7.9	8.4	8.0	1.3	1.2	1.1	na	6.1	7.6	4.2	4.1	
Viet Nam Forestry Corporation JSC	VIF VN	na	na	175	6.5	na	na	0.9	na	na	-28.6	na	na	na	na	
Geruco-Quang Tri Wood JSC	MDF VN	na	na	30	6.9	na	na	0.7	na	na	81.3	na	na	na	na	
Duc Long Gia Lai JSC	DLG VN	na	na	137	7.0	na	na	0.3	na	na	-462.8	na	na	na	na	
Thuan An Wood Processing JSC	GTA VN	na	na	6	6.6	na	na	0.8	na	na	-3.0	na	na	na	na	
Truong Thanh Furniture Corporation	TTF VN	na	na	73	80.2	na	na	2.8	na	na	na	na	na	na	na	
Average					17.3	6.8	6.3	1.1	1.0	0.9	(80.3)	10.8	11.5	8.0	8.0	
Median					6.9	6.8	6.3	0.9	1.0	0.9	(3.0)	10.8	11.5	8.0	8.0	
Basic chemicals																
Duc Giang Chemicals JSC	DGC VN	Add	79,200	855	3.5	3.3	4.2	1.8	1.6	1.4	52.8	65.2	33.7	51.4	27.9	
Viet Tri Chemicals JSC	HVT VN	na	na	19	4.0	na	na	1.3	na	na	8.5	na	na	na	na	
South Basic Chemicals JSC	CSV VN	na	na	37	4.0	na	na	0.9	na	na	-3.2	na	na	na	na	
DAP Vinachem Co Ltd	DDV VN	na	na	45	7.8	na	na	0.7	na	na	na	na	na	na	na	
Average					4.8	3.3	4.2	1.2	1.6	1.4	19.4	65.2	33.7	51.4	27.9	
Median					4.0	3.3	4.2	1.1	1.6	1.4	8.5	65.2	33.7	51.4	27.9	

Source: VNDIRECT RESEARCH, BLOOMBERG (Data as in 14 December 2022)

DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

- Add The stock's total return is expected to reach 15% or higher over the next 12 months.
- Hold The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
- Reduce The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Hien Tran Khanh – Research Director

Email: hien.trankhanh@vndirect.com.vn

Nguyen Duc Hao – Analyst

Email: hao.nguyenduc@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>