

## VINH HOAN CORP (VHC) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND90,900	VND105,600	2.3%	ADD	CONSUMER GOODS

20 May 2022

**Outlook – Short term:** Positive  
**Outlook – Long term:** Positive  
**Valuation:** Positive

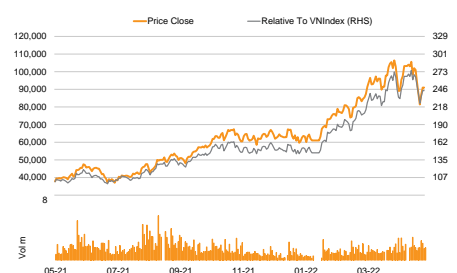
Consensus\*: Add:7 Hold:4 Reduce:0

Target price / Consensus: 15.5%

### Key changes in the report

➤ Revise up FY22/23F EPS by 39.7%/26.5%

### Price performance



Source: VND RESEARCH

### Key statistics

52w high (VND)	106,400
52w low (VND)	35,750
3m Avg daily value (VNDmn)	101,669
Market cap (VND bn)	17,740
Free float (%)	40
TTM P/E (x)	10.9
Current P/B (x)	2.4

### Ownership

Truong Thi Le Khanh	43.5%
Mitsubishi Corp	6.6%
Vo Phu Duc	49.9%

Source: VND RESEARCH

### Analyst(s):



Hang Nguyen Thi Thanh

Hang.nguyenthanh3@vndirect.com.vn

[www.vndirect.com.vn](http://www.vndirect.com.vn)

## Back to buy territory

- VHC's 1Q22 net revenue/net profit surged 82.7%/318.3% yoy, fulfilling 29%/39% of our full-year forecasts, respectively.
- We expect FY22F revenue/NP to grow robustly 52.8%/77.9% yoy, riding on strong export demand and expanding gross margin.
- Upgrade to Add with a higher TP of VND105,600 following a 39.7%/26.5% upward revision of FY22/23F EPS.

### 1Q22 buoyant performance following on demand and ASP surge

VHC's 1Q22 net revenue soared by 82.7% yoy to VND3,267bn on the back of 19% yoy pangasius export volume growth and 51% yoy increase in average selling price (ASP), per our estimate. US market was still the key revenue growth driver with 127% yoy while revenue from China & EU market grew 32.5%/46.4% yoy, respectively. 1Q22 gross margin (GM) expanded 8.5% pts yoy to 23.8% thanks to 1) 51% yoy increase in ASP with strong demand from all markets and the surge production costs on global scale, 2) low-cost raw fish inventory. Thus, 1Q22 NP hiked 318% yoy to VND548bn, stronger than that of 171% yoy in 4Q21.

### We believe VHC will keep shining in FY22

In 2022, we expect VHC to record strong increase of 22.0% yoy in export volume following 1) pent-up demand when the food service keep recovering and inventory in target markets are at low level after the pandemic, 2) there will be no production disruptions like in the 3Q21, and 3) the Vietnamese pangasius can be benefited from the white fish supply gap left by Russia supplier due to the conflict between Russia and Ukraine. In this favorable situation together with the low base in 1H21, we expect the pangasius average selling price (ASP) will soar 30.4% yoy in FY22F. The C&G segment will rebound from the trough FY21 after witnessed a 40% yoy revenue increase in 1Q22 following the recovery of global beauty and healthcare demand.

### Changes to our FY22-23 earnings forecasts

We revise up FY22/23F pangasius revenue by 21.5%/18.5% and other products revenue forecast by 24.9%/15.8% following stronger than expected recovery of demand and ASP in exporting markets. We maintain FY22/23F C&G segment revenue forecast, which increase 55%/35% yoy. Overall, we expect FY22F top line/bottom line to increase 52.8%/77.9% yoy, respectively, then decelerate to +3.9%/-4.3% yoy in FY23F.

### Upgrade to Add with a higher TP of VND105,600

We believe the recent market correction has brought VHC share back to buy territory. We upgrade our rating to Add with higher TP of VND105,600 following a 39.7%/26.5% upward revision of FY22/23F EPS. A re-rating catalyst is the higher-than-expected ASP and stronger demand in target markets. Downside risks include higher-than-expected raw fish price and shipping cost.

Financial summary (VND)	12-20A	12-21A	12-22E	12-23E
Net revenue (bn)	7,037	9,054	13,834	14,372
Revenue growth	(10.5%)	28.7%	52.8%	3.9%
Gross margin	14.2%	19.4%	21.2%	19.2%
EBITDA margin	14.6%	17.8%	19.7%	18.4%
Net profit (bn)	719	1,101	1,959	1,874
Net profit growth	(39.0%)	53.2%	77.9%	(4.3%)
Recurring profit growth	(40.2%)	56.4%	77.8%	(4.3%)
Basic EPS	3,920	6,005	10,683	10,220
Adjusted EPS	3,702	5,896	10,469	10,016
BVPS	28,146	32,076	41,987	50,399
ROAE	14.3%	19.9%	28.8%	22.1% <sup>1</sup>

Source: VND RESEARCH

## BACK TO BUY TERRITORY

### Investment thesis:

We like VHC for:

- In FY22F, we expect the pangasius export industry will have bright outlook and record the impressive figures in both export volume and average selling price (ASP) following 1) pent-up demand when the food service keep recovering and inventory in these markets are at low level after the pandemic, 2) there will be no production disruptions like in the 3Q2, and 3) the Vietnamese pangasius can be benefited from the white fish supply gap left by Russia supplier due to the conflict between Russia and Ukraine.
- As the leading pangasius exporter, we expect VHC to record a robust NP growth of 77.9% yoy in FY22F thanks to 1) strong increase of 22.0% yoy in export volume and 30.4% yoy pangasius ASP soar amid the favorable situation of the whole industry. Despite the surge raw fish price in FY22F due the shortage supply, VHC rode on the increase of ASP with minimal effect and maintained the high blended gross margin (GM) of 23.8% thanks to the 70% self-supply of material and low cost inventory.
- By the end of 1Q22, VHC is the only company that can produce Collagen and Gelatine (C&G) products from pangasius skin with a high GM of 40-60%. We expect the C&G segment will rebound strongly from the trough 2021 after witnessed a 40% yoy increase in 1Q22 following the recovery of global beauty and healthcare demand.
- VHC has retreated 19.7% from its peak in 06 May 22 during recent market correction, bringing the stock back to buy territory, in our view. Currently VHC is traded at 10.9x TTM PE, relatively discount to its peers.

Thus, we upgrade our rating to Add with higher TP of VND105,600 following a 39.7%/26.5% upward revision of FY22/23F EPS. A re-rating catalyst is the higher-than-expected recovery in ASP and stronger demand in target markets. Downside risks include unfavorable changes in target market regulations, prolonged COVID-19 impacts and higher-than-expected raw fish price.

**Figure 1: Blended target price**

Valuation method	Implied value per share (VND)	Weight (%)	Weighted value per share (VND)
DCF	104,254	50%	52,127
P/E (target P/E 10.5x)	107,031	50%	53,516
			-
Fair value			105,643
Target price (rounded down)			105,600

Source: VNDIRECT RESEARCH

**Figure 2: DCF model - key assumption and inputs**

General assumptions (in VND bn, otherwise noted)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2031F	Terminal
EBIT	2,270	2,131	2,099	2,354	2,635	2,983	2,831	2,646	2,795	3,039	2,666	
-Taxes	240	220	211	231	251	277	255	232	238	251	213	
EBIAT	2,030	1,911	1,888	2,124	2,384	2,706	2,575	2,414	2,557	2,789	2,453	
-Changes in working capital	-811	-534	-142	-321	-402	-360	-288	-257	-179	-91	-77	
-Net Capex	-1,573	-1,012	-611	-609	-607	-605	-603	-601	-599	-597	-596	
+Depreciation & Amortisation	444	520	550	611	672	637	657	717	777	807	460	
FCFF	90	885	1,686	1,806	2,047	2,377	2,341	2,273	2,556	2,907	2,240	22,982
PV of FCFF	90	798	1,369	1,321	1,349	1,411	1,252	1,095	1,110	1,137	789	8,100
PV of DCF (10 years)	11,722											
PV of Terminal value	8,100											
Enterprise Value	19,821											
Less: Total debt	(2,117)											
Less: Minority interest	-											
Plus: Cash and Cash equiv.	1,413											
Implied EV	19,118											
No. of o/s shares after selling treasury shares (m)	183											
Implied value per share (VND)	104,254											

Source: VNDIRECT RESEARCH, BLOOMBERG

**Figure 3: Peer comparison (data as of 20 May 2022)**

Company	Ticker	Target price		Recom m.	Mkt cap (US\$m)	P/E (x)		P/B (x)		ROE (%)		ROA (%)		D/E (%)
		Price												
		LC\$	LC\$					TTM	2022F	Current	2022F	TTM	2022F	
Pangasius exporter														
Vinh Hoan Corp	VHC VN	90,900	105,600	ADD	713.5	10.9	8.4	2.6	2.4	26.1	26.5	17.3	16.9	32.1
Nam Viet Corp	ANV VN	42,050	N/A	N/A	230.1	19.7	NA	2.1	NA	11.0	NA	5.5	NA	78.9
Bentre Aquaproduct Import and Export JSC	ABT VN	42,500	N/A	N/A	21.1	19.8	NA	1.1	NA	5.9	NA	4.4	NA	29.7
Cuu Long Fish JSC	ACL VN	23,550	N/A	N/A	50.7	12.6	NA	1.5	NA	12.7	NA	6.0	NA	84.4
International Development & Investment Corp	IDI VN	19,900	N/A	N/A	195.7	14.3	NA	1.4	NA	10.4	NA	4.1	NA	125.4
Average					242.2	15.5		1.8		13.2		7.5		70.1

Source: VNDIRECT RESEARCH, BLOOMBERG

### 1Q22 results exceed our expectation

Figure 4: 1Q22 results comparison

1Q22 results (Unit: VNDbn, otherwise noted)	1Q22	1Q21	% yoy	vs. 2022 forecast	Comment
Pangasius product					In 1Q22, average selling price (ASP) of pangasius kept increasing sharply due to the strong demand from all markets and the shortage of raw fish. ASP is expected to remain high in 1H22 before decrease slightly in 2H22F when the fish crops in 4Q21 will be harvested and solve the current shortage of raw fish.
ASP (US\$/kg)	3.87	2.56	51.2%	113.2%	
Net revenue	3,267	1,788	82.7%	29%	Inline with our expectation
<i>Pangasius product</i>	2,145	1,195	79.5%	31.8%	
<i>Others</i>	775	355	118.3%	27.7%	
<i>Wellness</i>	219	156	40.4%	24%	
<i>Sa Giang</i>	124	82	51.2%	29%	
Gross profit	778	273	185.0%	35%	
Gross profit margin	23.8%	15.3%	+8.5% pts		1Q22 gross margin (GM) expanded 8.5% pts yoy to 23.8% thanks to high ASP and low-cost raw fish inventory. Moreover, with ability of self-supplying 70% of input raw fish need, VHC can minimize the negative effect from the surge in raw fish price.
SG&A expenses	143.0	140	2.1%	22%	VHC's 1Q22 SG&A expenses increased slightly 2.1% yoy because 1) the high base of 1Q21's SG&A cost when supply chain disruption happened and 2) VHC didn't have to sharing shipping costs with customers amid the current favorable high-demand situation in 1Q22.
SG&A expenses/Net revenue	4.4%	7.8%	-3.4% pts		
Pre-tax profit	663	152	336.2%	41.4%	Higher than our expectation.
Net profit	548	131	318.3%	39.1%	Higher than our expectation.

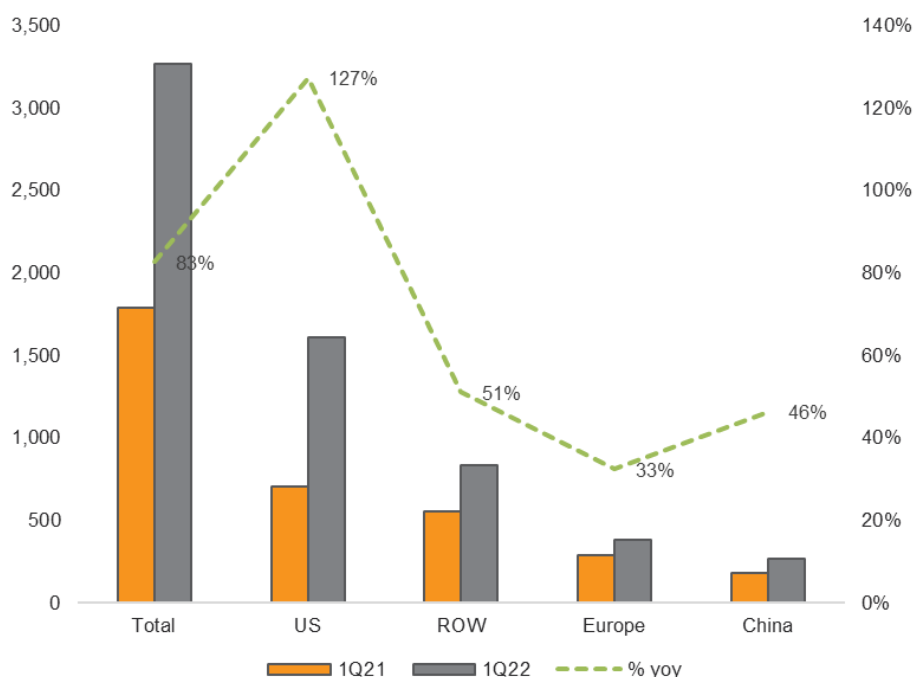
SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

### 1Q22 bouyant performance following strong demand and high ASP from all market

In 1Q22, the pangasius industry kept recovering strongly. According to the General Department of Customs (Ministry of Finance), by the end of 1Q22, Vietnam pangasius exports grew robustly 88% yoy to US\$646m, thanks to: (1) 46% yoy surge in export volume following pent-up demand for pangasius in key markets including: US, China, and the EU and 2) 29% yoy increase in ASP following strong demand from export markets, per our estimate. As a market leader of this industry, VHC also recorded a buoyant results in both top line and bottom line.

VHC's 1Q22 revenue increase 82.7% yoy with:

- VHC's 1Q22 export value to the US increased sharply by 127% yoy, reaching VND1,610bn thanks to the pent-up demand after the pandemic and the low inventory when the whole market's supply that has not yet fully recovered due to the negative impact from Covid-19 wave which made the buyer from this market increase import volume to restock. With ability of self-supplying 70% of input need and large scale inventory, VHC avoided raw fish shortage.
- EU market continued to recovering when the 1Q22 revenue recorded a strong growth of 33% yoy to VND383bn.
- China market revenue posted a strong growth by 46% yoy in 1Q22 to VND419bn due to low-base in 1Q21 when China tightened inspection to trace the SARS-CoV-2 virus on imported fishery and seafood product, causing a slump in export volume in this period.

**Figure 5: VHC's 1Q22 export revenue breakdown by key export markets (Unit: VNDbn)**


\*ROW = Rest of the world

Source: Company reports, VNDIRECT RESEARCH

### Gross margin expanded despite raw fish price surge

VHC's gross margin widened to 23.8% in 1Q22 from 15.3% in 1Q21 thanks to 1) a surge on pangasius ASP (51% yoy, per our estimate) in 1Q22, and 2) VHC's low price input inventory.

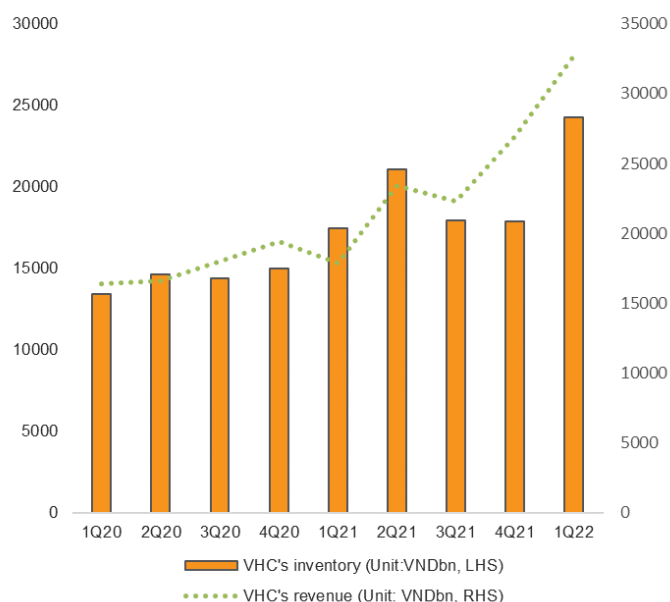
The pangasius export ASP surge 51.2% yoy to about US\$3.87/kg, per our estimate in 1Q22 following 1) strong demand from all markets, 2) the surge of aqua feed, oil price and transportation costs leading to price spike in global scale.

According to the Vietnam Association of Seafood Exporters and Producers (VASEP), the narrowed farming area in 3Q21 caused the raw fish price in the market skyrocketed, reaching VND32,500/kg in 1Q22 which close to the historic peak in 2018 of VND33,000/kg. Thus, compared to the same period last year, the price of raw pangasius in 1Q22 has increased by VND8,000 - VND10,000/kg and by about 20% ytd. As the largest pangasius exporter in the world, VHC rode on the ASP surge with minimal effect over supply shortage thanks to being able to self-supply 70% its input raw fish and high low-cost inventory level from FY21.

In 1Q22, the C&G segment with high GM (40-60%, per VHC's sharing) also posted a strong growth of 40% yoy, reaching VND219bn in revenue. This make VHC's blended GM even inched up 0.1% pts compare to 4Q21 despite the unfavorable market material price.

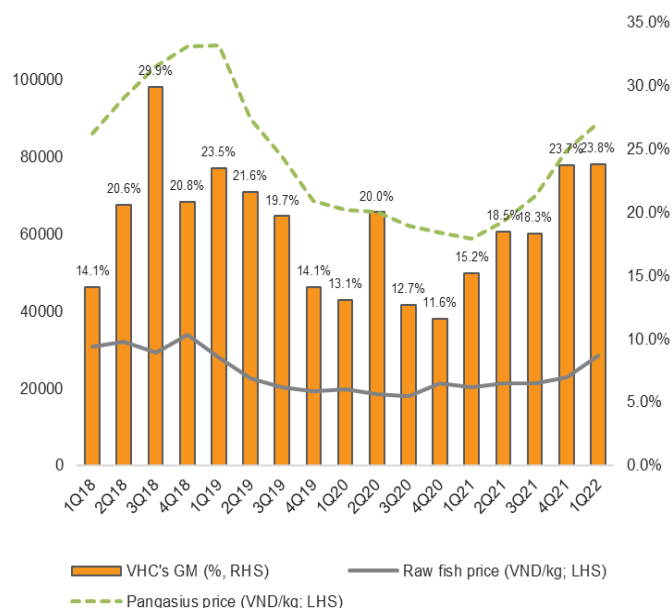


**Figure 6: VHC maintains the high level of inventory from FY21 (Unit: VNDbn)**



Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 7: 1Q22 gross margin recorded the highest figure within 3 years despite the raw fish price surge**



Source: VNDIRECT RESEARCH, COMPANY REPORTS

### FY22-23F outlook: We believe VHC will keep shining in FY22-23F

#### All export market could post a impressive revenue growth in FY22F

We expect FY22/23F revenue of VHC to grow 52.8%/3.9% yoy on the back of:

- 76.1%/11.3% yoy growth of FY22/23F export revenue to China market.

In China, the export value of pangasius to this market has increased again after a difficult time from the Zero COVID policy. Beside, Vietnamese exporters have gradually adapted to the strict Covid-19 epidemic control regulations from the China market. By the end of March 2022, the total export value of pangasius to China increased 163% yoy to US\$183.4m, which show sign of strong recovery in China market in FY22/23F. Thus, we expect VHC's export value to China can surge 76.1%/11.3% yoy in FY22/23F from low base in FY21F after trade barriers with China to be resolved after the pandemic.

- 17.2%/-0.7% yoy growth of FY22/23F export revenue to the EU market.

We assume pangasius export volume and revenue to EU market to keep growing thanks to 1) the EVFTAs's tax reduction, and 2) the EU strong demand after pandemic and 3) the Vietnamese pangasius industry in general and VHC in particular, can be benefited from the white fish supply gap left by Russia due to the conflict between Russia and Ukraine. According VASEP, for the first time after many years of decline, pangasius exports to EU in 1Q22 increased by 86.2% yoy with an export value of US\$46.7m; in which, all major markets have yoy import growth of 2-3 digit figures, specifically Spain increased by 67%, the Netherlands increased by 86%; Germany increased by 97%; Belgium increased 120%. We expect VHC can ride on the favorable conditions to boost export revenue in this market.

- 56.7%/-5.5% yoy growth of FY22/23F export revenue to the US market.

We believe there is still room for VHC to grow in this market because HORECA channel (Hotel/Restaurant/Café) are coming back to pre-

pandemic level. In the US market, VHC has about 60% of its revenue coming from distributors at restaurants and hotels, the remaining 40% coming from retail channels. The surge of 127% yoy in 1Q22 in revenue has proven the need from customers together with the low inventory in this market will still be the key growth driver in 2022.

After the final result of the anti-dumping tax POR17 was announced, VHC maintained the anti-dumping tax rate at 0%, which is considered as a huge advantage over many competitors in the market. However, we assume that the arrival of newcomer – Navico (ANV VN, HOSE) who will also enjoy the 0% anti-dumping tax rate in US market will weigh on the revenue growth of VHC in FY23F.

### **Aggressive investment plan in near future**

Sharing in the 2022 AGM about the investment plan, the company plans to invest VND1,530bn which mainly financed by the undistributed earnings and the proceeds from selling 1.4m treasury stocks in 2022 of which:

- VND100bn to build an aquaculture feed factory;
- VND350bn to build the by-product processing factory and renovate the factory at Thanh Binh Company;
- VND150bn to invest in a Collagen production line and a line for R&D activities and factory renovation at Vinh Hoan Collagen Company;
- VND500bn to invest in Thanh Ngoc fruit processing factory;
- VND280bn to expand 100-150ha farming areas to maintain the raw fish self-supply ratio of 70%.
- VND150bn to invest in renovating Vinh Phuoc, Vinh Hoan and Sa Giang factories.

This investment plan shows that VHC is actively expanding its business lines, saving input costs to maintain a high gross margin level. We expect the aquaculture feed factory which expected to come into operation in late 2022 and the expand farming area plan in 2022 will help VHC's pangasius product GM to land at 18.9%/14.7% in FY23/24F when the ASP in FY23/24F could post a strong slide of 10%/12% yoy. We assume the investment in Collagen production line will assist the strong growth of C&G segment with FY22-24F CAGR of 32.5%. If this investment plan completed on time by the end of 2022, the company's new facilities can be a growth engine for the double-profit plan by 2025F of the management.

### **Change in FY22/23F earnings forecasts**

We revised up bottom line forecasts for FY22/23F by 39.6%/26.5% due to:

- We raise net revenue by 21.5%/18.5% in FY22/23F vs. previous report after revise pangasius ASP by +15%/-6% and revising up export volume by 8%/12%.
- We maintain our C&G revenue forecast in FY22/23F as this segment show strong sign of improvement in 1Q22 and the management will focus on restoring the C&G segment in FY22F.
- We increase blended GM assumption by 1.8% pts/0.2% pts in FY22/23F vs. previous report due to higher-than-expected pangasius ASP on stronger-than-expected demand and the food spike in global scale with the geography political tension. Although the raw fish price also surges, we assume VHC still can well control the material price to maintain high GM in FY22F. We expect in FY23F, ASP will decrease 10% yoy on 12%

yoy decrease of raw fish price, which will narrow down the pangasius product GM to 18.9% from 22.6% in FY22F.

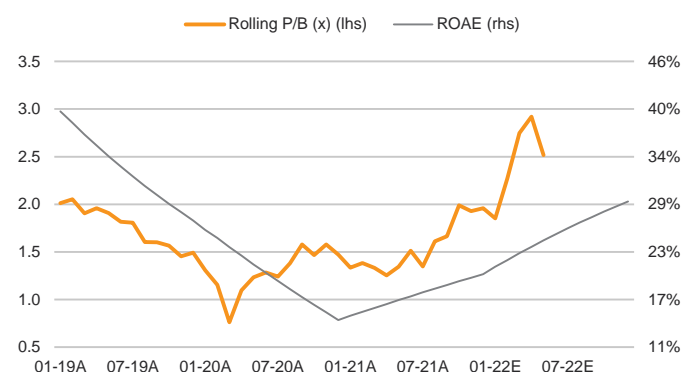
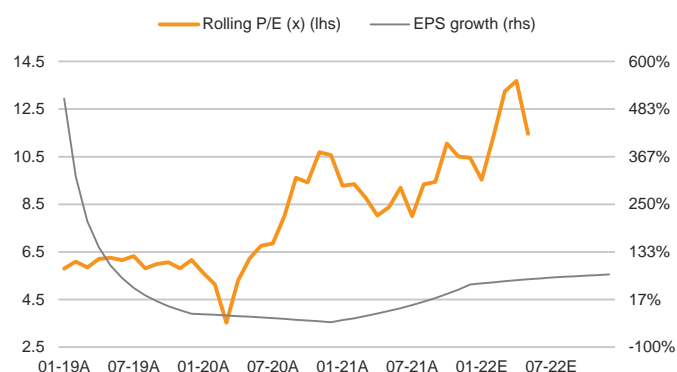
**Figure 8: FY22-23F changes in forecasts**

Unit: VNDbn	FY21		FY22		FY23		
		Old	New	Chg	Old	New	Chg
Net revenue	9,054	11,388	13,834	21.5%	12,127	14,371	18.5%
We revise up FY22F pangasius revenue following 1) raising ASP by 15% and revising up export volume by 8% because of the stronger-than expected export volume and ASP. We assume that there still be a pent-up demand for pangasius in FY22F when all markets will keep growing under favorable condition. ASP will also maintain at high level due to strong customer need in FY22F and tighten supply in upcoming time.							
Pangasius product	5,960	6,688	8,351	24.9%	6,881	7,968	15.8%
Other	2,105	3,281	3,987	21.5%	3,457	4,510	30.5%
We maintain our C&G revenue forecast in FY22/23F as this segment show strong sign of improvement in 1Q22 and the management will focus on restoring the C&G segment in FY22F.							
C&G	642	995	995	0.0%	1,343	1,343	0.0%
We revise up the forecast ASP and sales volume from both domestic and international market recovered more quickly than our last forecast.							
Sa Giang	385	422	491	16.4%	444	549	23.6%
Gross profit	1,752	2,207	2,931	32.8%	2,298	2,754	19.8%
Blended GPM	19.4%	19.4%	21.2%	+1.8% pts	18.9%	19.3%	+0.4% pts
Pangasius product	22.9%	19.1%	22.6%	+3.4% pts	16.9%	18.9%	18.9%
Backed by stronger-than-expected ASP and better control raw fish control material cost of VHC.							
Other	7.2%	10.8%	11.0%	+0.2% pts	11.0%	10.5%	10.5%
C&G	40.0%	48.4%	49.3%	+0.9% pts	48.4%	48.4%	0.0%
Sa Giang	22.0%	21.6%	22.8%	+ 1.2% pts	21.6%	22.8%	1.2% pts
We revise down FY22 SG&A expenses to match with revenue change.							
SG&A expenses	556	687	798	16.2%	652	773	18.6%
SG&A expenses/rev	6.1%	6.0%	5.8%	-0.2% pts	5.4%	5.4%	+0.1% pts
Operating profit	1,290	1,550	2,133	37.6%	1,645	1,980	20.4%
Pre-tax profit	1,288	1,601	2,190	36.8%	1,683	2,089	24.1%
Net profit	1,101	1,403	1,959	39.6%	1,482	1,874	26.5%
Adjusted EPS	6,052	7,494	10,469	39.7%	7,920	10,016	26.5%

SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS



## Valuation



### Income statement

(VNDbn)	12-21A	12-22E	12-23E
Net revenue	9,054	13,834	14,372
Cost of sales	(7,302)	(10,903)	(11,618)
Gen & admin expenses	(212)	(324)	(328)
Selling expenses	(344)	(474)	(446)
<b>Operating profit</b>	<b>1,196</b>	<b>2,133</b>	<b>1,980</b>
Operating EBITDA	1,482	2,593	2,500
<b>Depreciation and amortisation</b>	<b>(285)</b>	<b>(460)</b>	<b>(520)</b>
<b>Operating EBIT</b>	<b>1,196</b>	<b>2,133</b>	<b>1,980</b>
Interest income	201	213	216
Financial expense	(107)	(148)	(99)
Net other income	(2)	(8)	(8)
Income from associates & JVs	0	0	0
<b>Pre-tax profit</b>	<b>1,288</b>	<b>2,190</b>	<b>2,089</b>
Tax expense	(178)	(231)	(215)
Minority interest	(9)	0	0
<b>Net profit</b>	<b>1,101</b>	<b>1,959</b>	<b>1,874</b>
Adj. net profit to ordinary	1,101	1,959	1,874
Ordinary dividends	(359)	(367)	(367)
<b>Retained earnings</b>	<b>743</b>	<b>1,592</b>	<b>1,507</b>

### Balance sheet

(VNDbn)	12-21A	12-22E	12-23E
Cash and equivalents	195	208	957
Short term investments	1,272	1,205	1,210
Accounts receivables	2,134	2,793	3,095
Inventories	1,790	2,252	2,531
Other current assets	150	222	232
<b>Total current assets</b>	<b>5,542</b>	<b>6,680</b>	<b>8,025</b>
Fixed assets	2,070	3,188	3,682
Total investments	16	6	6
Other long-term assets	1,107	1,358	1,405
<b>Total assets</b>	<b>8,734</b>	<b>11,232</b>	<b>13,118</b>
Short-term debt	1,723	1,895	2,014
Accounts payable	337	509	533
Other current liabilities	607	817	850
<b>Total current liabilities</b>	<b>2,667</b>	<b>3,220</b>	<b>3,397</b>
Total long-term debt	168	165	158
Other liabilities	17	148	321
Share capital	1,834	1,835	1,835
Retained earnings reserve	3,833	5,390	6,898
<b>Shareholders' equity</b>	<b>5,882</b>	<b>7,700</b>	<b>9,242</b>
Minority interest	0	0	0
<b>Total liabilities &amp; equity</b>	<b>8,734</b>	<b>11,232</b>	<b>13,118</b>

### Cash flow statement

(VNDbn)	12-21A	12-22E	12-23E
<b>Pretax profit</b>	<b>1,288</b>	<b>2,190</b>	<b>2,089</b>
Depreciation & amortisation	285	460	520
Tax paid	(204)	(231)	(215)
Other adjustments	(118)	(130)	(105)
<b>Change in working capital</b>	<b>(469)</b>	<b>(823)</b>	<b>(567)</b>
<b>Cash flow from operations</b>	<b>783</b>	<b>1,465</b>	<b>1,722</b>
Capex	(606)	(1,576)	(1,014)
Proceeds from assets sales	1	3	2
Others	(251)	210	296
Other non-current assets changes	0	0	0
<b>Cash flow from investing activities</b>	<b>(856)</b>	<b>(1,363)</b>	<b>(716)</b>
New share issuance	63	0	0
Shares buyback	0	143	0
Net borrowings	424	134	110
Other financing cash flow	0	0	0
Dividends paid	(359)	(367)	(367)
<b>Cash flow from financing activities</b>	<b>128</b>	<b>(89)</b>	<b>(257)</b>
Cash and equivalents at beginning of period	141	195	208
<b>Total cash generated</b>	<b>54</b>	<b>13</b>	<b>749</b>
Cash and equivalents at the end of period	195	208	957

### Key ratios

	12-21A	12-22E	12-23E
<b>Dupont</b>			
Net profit margin	12.2%	14.2%	13.0%
Asset turnover	1.13	1.39	1.18
ROAA	13.7%	19.6%	15.4%
Avg assets/avg equity	1.45	1.47	1.44
ROAE	19.9%	28.8%	22.1%
<b>Efficiency</b>			
Days account receivable	77.7	64.1	68.8
Days inventory	89.5	75.4	79.5
Days creditor	16.8	17.0	16.7
Fixed asset turnover	4.67	5.26	4.18
ROIC	14.2%	20.1%	16.4%
<b>Liquidity</b>			
Current ratio	2.1	2.1	2.4
Quick ratio	1.4	1.4	1.6
Cash ratio	0.5	0.4	0.6
Cash cycle	150.4	122.5	131.6
<b>Growth rate (yoy)</b>			
Revenue growth	28.7%	52.8%	3.9%
Operating profit growth	75.2%	78.3%	(7.2%)
Net profit growth	53.2%	77.9%	(4.3%)
EPS growth	53.2%	77.9%	(4.3%)

Source: VND RESEARCH

## 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](mailto:hien.trankhanh@vndirect.com.vn)

**Hang Nguyen – Analyst**

Email: [hang.nguyenthanh3@vndirect.com.vn](mailto:hang.nguyenthanh3@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](mailto:research@vndirect.com.vn)

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