October 2022

CENTURY SYNTHETIC FIBER CORP. (HSX: STK)

Keeping its head above water

(VND bn)	Q2-FY22	Q1-FY22	+/- qoq	Q2-FY21	+/- yoy
Net revenue	530	640	-17.3%	510	3.8%
NPAT-MI	69	76	-9.1%	71	-2.0%
EBIT	86	89	-3.7%	73	16.9%
EBIT margin	16.2%	13.9%	228 bps	14.4%	181 bps

Source: STK, RongViet Securities

1H-FY22– Witnessing muted growth due to subdued consumer demand

- STK reported 1H22 net revenue of VND 1,170 bn/ USD 48 mn (+9% YoY), as higher ASP due to rising PET chip prices outweighed a slight decrease in sales volume. Although net earnings came in 3% higher YoY (VND 146 bn/ USD 6.2 mn), STK recorded an abnormal FX loss of VND 13.5 bn/ USD 0.6 mn in 2Q22 due to the 2% depreciation of the VND against USD. Overall, STK has completed 45%/48% of its net sales/NPAT targets for FY22.
- STK's GPM shrank 100 bps YoY to 18.6% in 6M-FY22 due to (1) a declining order demand from customers followed by a lower contribution of recycled yarn, (2) rising PET chip prices, and (3) STK sold a quantity of substandard yarn to clear inventories in 1Q22.

2H-FY22 outlook – Hurdles ahead with the risk of orders being cut

- STK's indirect customers, whose main output is sportswear and apparel products, are heavily influenced by macro headwinds. Per STK, the delay in direct customer orders following manufacturers' & wholesalers' high inventory levels, will create a tough backdrop for the company in 2H2022 and until 1H2023 if the current situation persists. As a result, STK's plan is to focus on high-value orders to offset the volume decline.
- In our view, we are less enthusiastic about recycled yarn sales in 2022 as recycled yarn volume dropped 10% YoY while virgin yarn witnessed 11% volume growth in 1H22. However, we remain confident in its solid price gap compared to virgin yarn. Hence, we expect 3Q22 net revenue and NPAT-MI to be VND 560 bn/ USD 23 mn (+6%QoQ, +20% YoY) and VND 67 bn / USD 2.8 mn (-3% QoQ, +8% YoY), respectively. For FY22, we expect the proportion of recycled yarn will account for 49% of STK's total revenue (2020: 50%). We forecast STK's net revenue and NPAT-MI to be VND 2,311 bn/ USD 95 mn (+13% YoY) and VND 289 bn/USD 12 mn (+4% YoY), respectively. The correspondent EPS is VND 3,533.

Valuation and recommendation

*The company will experience short-term hiccups driven by lackluster demand. Nevertheless, the strong long-term fundamentals are likely to translate into stronger profitability, due to (1) highly competitive advantages in a well-positioned upstream stage of Vietnam's T&A value chain, (2) a continued shift in sales toward high margin yarn types coupled with capacity expansion. Sales and net income are forecasted to grow at a CAGR of 18.3%/year and 19.9%/year in 2022-2026. We arrive at a one-year target price of **VND 41,600**. With an expected cash dividend of VND1000/share in the next 12 months, this implies a total return of **22%**, based on the closing price of Oct 18th, 2022. Hence, we have a **BUY** rating on STK.*

BUY +22%

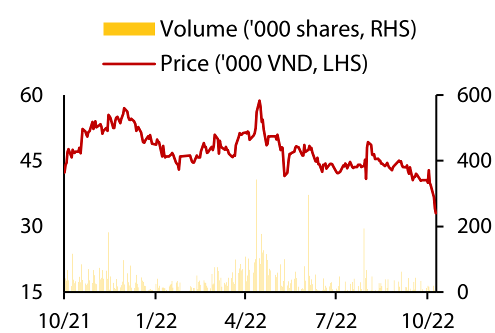
Target price (VND)	41,600
Current market price (VND)	34,000
Cash dividend in next 12 months (VND)	*1,000*

Stock Info

Sector	Textile
Market Cap (VND billion)	2,782
Current Shares O/S (million)	81.8
Avg. Daily Volume (in 20 sessions)	13,300
Free float (%)	55.4
52 weeks High	57,300
52 weeks Low	32,250
Beta	0.8

	FY2021	Current
EPS	3,937	4,185
EPS Growth (%)	88.2	6.3
Diluted EPS	3,937	3,487
P/E	14.0	9.1
P/B	3.1	1.9
EV/EBITDA	10.0	8.3
Cash dividend yield (%)	2.5	3.9
ROE (%)	22.1	19.9

Price performance



Major Shareholders (%)

Huong Viet Investment Consulting	24.9
Dang My Linh	17.8
Dang Trieu Hoa	17.2
Foreign ownership room available (%)	12.9

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Exhibit 1: Q2/FY2022 Results

(VND Bn)	*Q2-FY22*	*Q1-FY22*	*+/- qoq*	*Q2-FY21*	*+/- yoy*
Net revenue	530	640	-17.3%	510	3.8%
Gross profit	105	112	-6.1%	99	6.1%
SG&A	19	23	-15.4%	26	-24.6%
Operating income	86	89	-3.7%	73	16.9%
EBITDA	113	116	-2.5%	100	12.9%
EBIT	86	89	-3.7%	73	16.9%
Financial expenses	15	5	204.6%	0	4622.2%
- Interest Expenses	2	1	27.8%	1	38.8%
Dep. and amortization	28	27	1.5%	27	2.2%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	76	89	-14.4%	75	1.0%
NPATMI	69	76	-9.1%	71	-2.0%
(*) Adjusted PAT	69	76	-9.1%	71	-2.0%

Source: STK, RongViet Securities

Exhibit 2: Q2/FY2022 Performance Analysis

Particulars	*Q2-FY22*	*Q1-FY22*	*+/- qoq*	*Q2-FY21*	*+/- yoy*
Profitability Ratios (%)					
Gross Margin	19.8%	17.5%	236 bps	19.4%	43 bps
EBITDA Margin	21.4%	18.2%	325 bps	19.7%	172 bps
EBIT Margin	16.2%	13.9%	228 bps	14.4%	181 bps
Net Margin	13.1%	11.9%	118 bps	13.9%	-78 bps
Adjusted Net Margin	13.1%	11.9%	118 bps	13.9%	-78 bps
Turnover (x)					
-Inventories	3.8	4.8	-0.97	3.3	0.58
-Receivables	15.9	21.8	-5.90	18.8	-2.97
-Payables	4.2	5.4	-1.28	3.4	0.77
Leverage (%)					
Total Debt/ Equity	62.1%	55.5%	665 bps	77.6%	-1,544 bps

Source: RongViet Securities

Exhibit 3: Q3/FY2022 Performance Forecast

Particulars (VND Bn)	**Q3/FY22**	**+/- qoq**	**+/- yoy**
Revenue	560	6%	19%
Gross profit	103	-2%	16%
EBIT	83	-3%	26%
NPAT	67	-3%	8%

Source: RongViet Securities

Key assumptions:

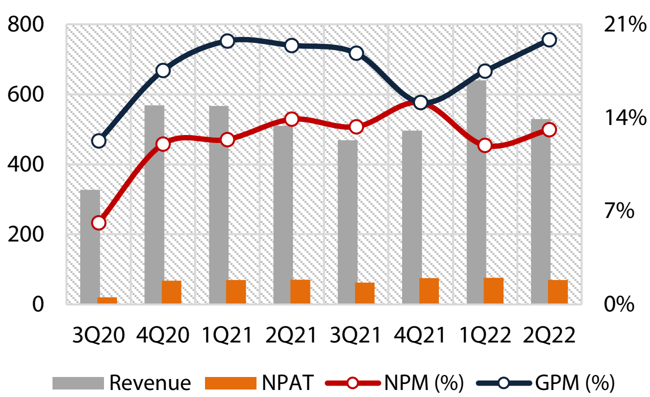
- Due to the negative market impact of high inflation in major T&A exporting countries such as the US & EU, coupled with customers' high inventory, orders for garment products might slow in 3Q2022.
- GPM in Q3 to be 18.3% (-50bsp QoQ). This will be driven by a slightly lower QoQ contribution of recycled yarn to total revenue (~2%) due to the slowdown in customers' orders.

1H FY22 Update: Recycled yarn was still primed for a high price gap despite declining volume growth

In 1H2022, STK recorded net revenue and NPAT-MI of VND 1,170 bn/USD 48 mn (+9% YoY) and VND 146 bn/USD 6 mn (+3% YoY), respectively. Overall, STK has reached 45%/48% of its FY22 sales/NPAT targets. Particularly:

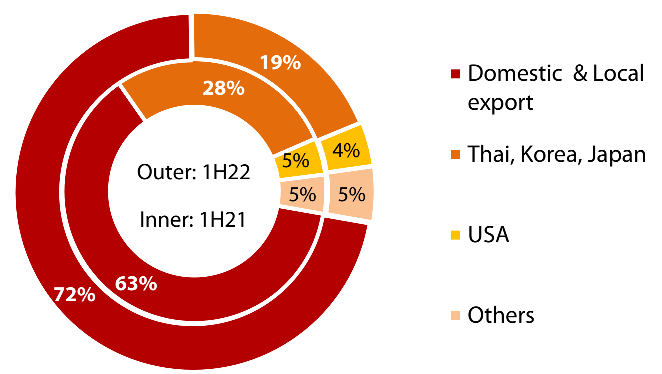
- STK recycled/virgin revenue mix evenly divided in 6M22 compared to 56%/44% in 6M21, resulting a GPM of 18.6 % (-1% YoY). In 2Q-FY22, revenue and NPAT dropped to VND 530 bn (-17.3% QoQ) and VND 69 bn (-9.1% QoQ), respectively. Nevertheless, GPM expanded 236 bps QoQ to 19.8% from 17.5% of Q1, due to (1) higher recycled yarn GPM contribution owing to its rising price gap, and (2) STK sold a quantity yarn of substandard to clear the company's inventories in 1Q22.
- Despite an increase in net earnings, STK recorded an FX loss of VND 17.3 bn/USD 0.7 mn (+220% YoY) from both input material imports and short-term USD debt payments due to the increase in the USD/VND exchange rate in 1H2022. Along with that, STK's direct export revenue accounted for 28% of total revenue in 1H, also down from the level of 37% in 2021 caused by Thailand's declining order demand. Therefore, it is inevitable to mitigate its FX loss.

Figure 1: Quarterly results



Source: STK, RongViet Securities

Figure 2: Revenue structure by market in 1H22 vs 1H21



Source: STK, RongViet Securities

Table 1: 2Q-FY22 and 1H-FY22 Income statement breakdown by segment

VND Bn	2Q-FY22	%YoY	%QoQ	1H-FY22	%YoY	Comments on 1H-FY22
Revenue	**530**	**4%**	**-17%**	**1,170**	**9%**	
Virgin yarn	271	19%	-15%	587	25%	Due to rising PET chip prices and an 11% climbing sales volume.
Recycled yarn	259	-8%	-19%	581	-4%	Mainly by a 10% decrease in sales volume.
Gross profit	**105**	**6%**	**-6%**	**217**	**3%**	
Virgin yarn	21	-26%	-16%	45	-35%	
Recycled yarn	84	19%	-3%	172	22%	
GPM (%)	**19.8%**	**43 bps**	**-240 bps**	**19.6%**	**-106 bps**	
Virgin yarn	7.7%	-461 bps	-10 bps	7.3%	-804 bps	Virgin yarn price gap shrank -9.4% as high-priced virgin PET chips in 1H22 (avg. price gap in 1H22~ VND16,500/ USD 0.7).
Recycled yarn	32.4%	722 bps	540 bps	29.4%	625 bps	Due to an 11% climb in recycled yarn price gap as the contribution of high value recycled yarn (avg. price gap in 1H22~ VND32,100/ USD 1.3).
NPAT	**69**	**-2%**	**-9%**	**146**	**3%**	

Source: STK, RongViet Securities

2H2022-23 Outlook: Clouded by customers' high inventory level and risk of order shortages

Orders for garment products may slowdown in 3Q2022 due to high inflation in major T&A countries such as the US and the EU, combined with customers' high inventories. According to management, revenue and NPAT will be lower than expected in the third quarter. Nevertheless, STK expects that the market situation will gradually improve in Q4.2022 and that revenue and profit results will be comparable to Q1.2022. We are less optimistic about recycled yarn sales in 2022, as recycled yarn volume fell 10% YoY while virgin yarn volume increased 11% in 1H. Despite our confidence in the solid price gap (Table 2). For FY22, we expect STK's net revenue and NPAT-MI to be VND 2,311 bn/ USD 95 mn (+13% YoY) and VND 289 bn/USD 12 mn (+4% YoY), respectively. Of which, 2H22 revenue and NPAT will be VND 1,141 bn/ USD 47 mn (-3 % HoH) and VND 143 bn/USD 5.9 mn (-2% HoH).

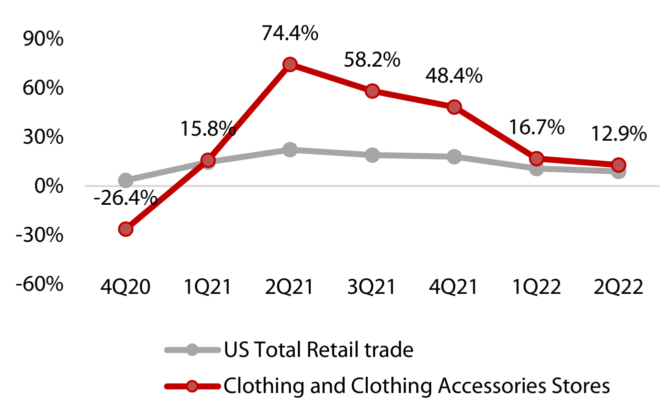
STK's yarn is mostly used in high-end textile, apparel, sportswear, and footwear due to its special characteristics. However, STK's indirect customers which are Adidas, Nike, Puma, Reebok, Decathlon, etc. are heavily influenced by macro headwinds. The FIFA World Cup 2022 in Qatar will not have a material effect in 2H22 because the tournament is the first World cup not held during the normal summer break and is planned to occur in a shorter period than normal. Weakening momentum, high inflation deterring consumer spending, and wholesale exposure made up for an excess of global sportswear inventory.

Table 2: Changes in price gap of recycled & virgin yarn

Period	2019/2018	2020/2019	2021/2020	1H2022/1H2021
Recycled yarn	2.3%	1.9%	5.1%	11.0%
Virgin yarn	-3.7%	-9.2%	18.4%	-9.4%

Source: STK, RongViet Securities

Figure 3: US Retail sales growth YoY (%)

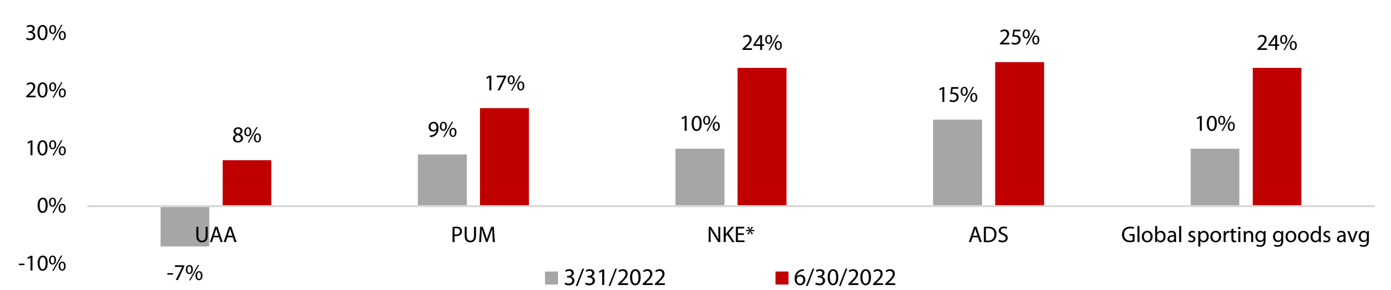


Source: US Census Bureau

Figure 3: US Retail sales growth YoY (%)

Source: UK Census Bureau

Figure 5: Global Sporting Goods Inventory-to-Sales growth (YoY growth)



*Source: Company data. *Note: NKE fiscal quarters end in February & May, not March & June*

While demand has slowed down, retail inventory has gone up. Inevitably, the downward demand cycle and slower inventory rotation will overshadow apparel and footwear orders outlook in 2023, or as early as 2H22.

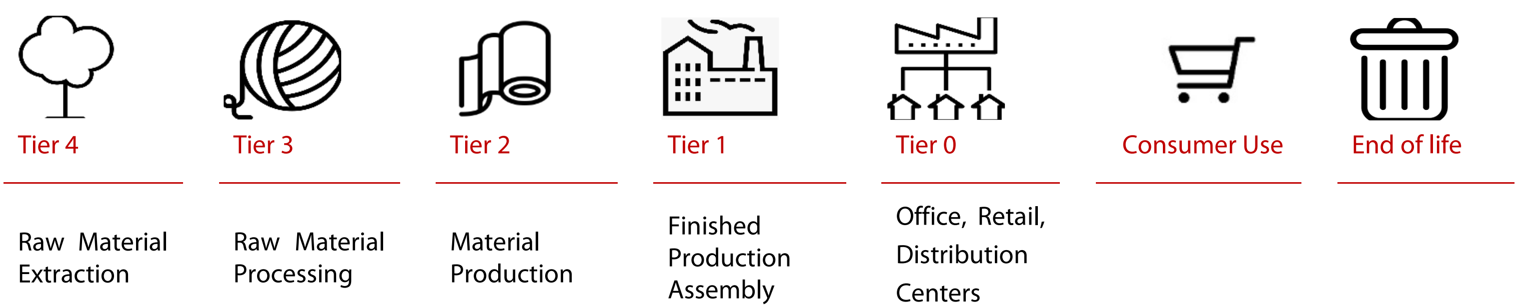
But all is not gloomy: Recycled yarn till verdurous for future growth

The T&A industry is currently undergoing two major trends: (1) a reduction in production lead time, and (2) a shift toward and commitment to ESG to reduce environmental pollution[1].

With the first trend, lead time is reduced (previously six months, now three to four months from yarn to garment). The time it takes from garment to footwear is also cut in half. As a result, brands have higher quality requirements, so they will prioritize choosing brands with quality competitive advantages. As a result, STK will benefit as a high-quality yarn supplier.

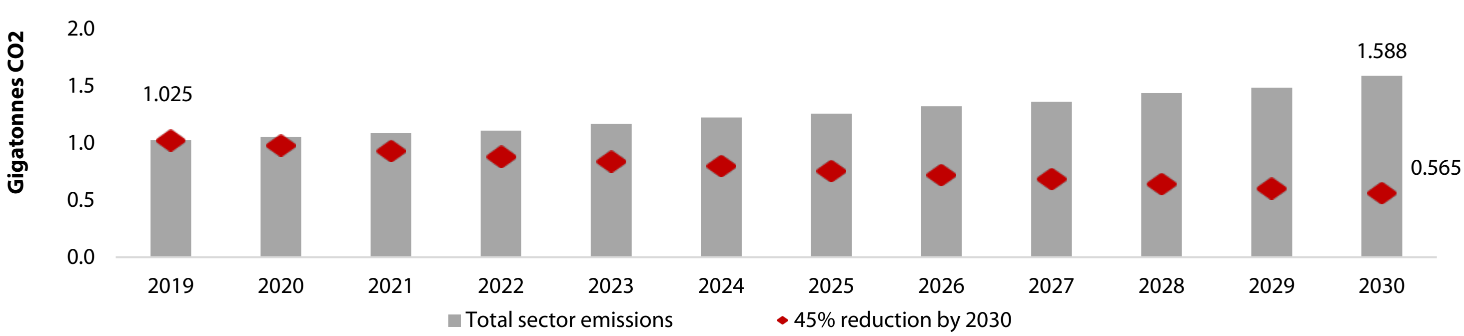
The second trend is that STK's top 20 customers are currently fabric (value chain: raw materials-> fiber->yarn->fabric->garment). Previously, brands were usually only concerned with garments (tier 1), but now they are concerned with both fabric and yarn (tier 2 and tier 3). This is due to their commitment to sustainability, which includes reducing their carbon footprint by 50% by 2023 and reaching net zero emissions by 2050. Their action plan is based on two main pillars: (1) achieving energy efficiency in the supply chain and system, and (2) purchasing primary materials such as recycled polyester, and organic cotton. STK's top 20 customers are all in this supply chain, and their customers are brands that will hire an audit to ensure ESG compliance. In addition, recycled yarn contributes significantly to this goal by lowering the carbon footprint by 33-34% when compared to virgin yarn. Brands will be required to publish an impact report on their commitment yearly (although not required, but an important marketing plan to compete). Hence, STK will benefit not only because the demand for recycled yarn will continue to grow sustainably, but also because of the supply chain connection with its direct customers.

Figure 6: Higg coverage across the value chain



Source: Adapted from the Sustainable Apparel Coalition. The ***Higg Index*** *is an apparel and footwear industry self-assessment standard to rate environmental and social sustainability throughout the supply chain*

Figure 7: Projected greenhouse gas emissions (tier 1 to tier 4) for the Apparel Sector, 2019–2030



Source: WRI authors

[1] *Roadmap to net zero: delivering science-based targets in the apparel sector, World resource institute, 11/2021*

Grasping global market demand, the capacity expansion plan with Unitex factory with the goal of increasing recycled yarn share will help STK have room to grow in the coming years. According to STK, the contribution of recycled yarn will increase further in 2023, when the plant begins operation in 4Q2023. The factory is expected to be completed in May 2023 and commence operation in early 4Q23 (a quarter behind schedule). The construction expense of VND 515 bn will be funded by equity while the machinery expense of VND 1.2 tn will be funded by USD-denominated debt at an annual interest rate of 4%-5%/year. We expect revenue and NPAT in the period 2022-2026 to grow at 18%/year and 20%/year respectively. However, the increase in debt during the Unitex plant investment period, resulting in debt payment obligations, will put pressure on STK's profitability in 2023-2024.

Table 3: Debt and equity projections for 2022F-2025F

VND Bn	2021A	2022F	2023F	2024F	2025F
Total debt	**321**	**332**	**1,212**	**1,457**	**1,203**
Short-term debt	321	353	348	587	580
Long-term debt	-	-	900	900	600
Total equity	**1,259**	**1,572**	**1,722**	**2,039**	**2,439**
D/E (%)	26%	22%	72%	73%	48%
Interest coverage ratio (x)	51.8	16.8	9.2	7.8	9.3
Cash dividend (VND)	1,500	1,500	1,000	1,000	1,500
Dividend payout ratio (%)	38%	43%	29%	20%	25%

Source: RongViet Securities

Table 4: Income statement forecast for 2022F-2026F

VND Bn	2021A	2022F	2023F	2024F	2025F	2026F
Design capacity (tons/year)	63,000	63,000	72,000	99,000	123,000	123,000
Revenue	**2,042**	**2,311**	**2,563**	**3,412**	**4,009**	**4,532**
% YoY growth	15.7%	13.2%	10.9%	33.1%	17.5%	13.1%
% Recycled yarn revenue contribution	49.8%	49.0%	51.2%	53.3%	57.1%	58.8%
Gross profit	**374**	**422**	**444**	**646**	**758**	**861**
% YoY growth	46.7%	12.7%	5.3%	45.3%	17.4%	13.5%
GPM (%)	18.3%	18.3%	17.3%	18.9%	18.9%	19.0%
NPAT	**278**	**289**	**282**	**405**	**488**	**597**
% YoY growth	94.2%	3.8%	-2.5%	43.5%	20.6%	22.4%
Net margin (%)	13.6%	12.5%	11.0%	11.9%	12.2%	13.2%

Source: RongViet Securities

2022 & 2023 Forecast

Table 5: 2022 & 2023 Forecast

VND Bn	2021A	2022F	2023F	%2022 (YoY)	%2023 (YoY)	2022F's assumptions	2023F's assumptions
Revenue	**2,042**	**2,311**	**2,563**	**13.2%**	**9.7%**		
Virgin yarn	1,025	1,178	1,250	14.9%	6.1%	Virgin yarn is expected to contribute 51% to the revenue structure, owing to the high ASP caused by the increase in PET chip prices.	Assuming a slight decrease in revenue contribution due to slow demand growth, as well as STK's plan to switch to recycled yarn to maintain profit margins during low volume growth.
Recycled yarn	1,017	1,133	1,312	11.4%	15.8%	Recycled yarn will contribute about 49% to total revenue, owing to rising ASP because of the wide price gap.	We expect that when the Unitex factory starts in 4Q23 will help increase recycled yarn output while the slightly rising ASP.
Gross profit	**375**	**422**	**444**	**12.5%**	**5.2%**		
Virgin yarn	134	97	137	-27.6%	41.2%		
Recycled yarn	241	325	307	34.9%	-5.5%		
SG&A expenses	-99	-83	-92	-16.2%	10.8%		
EBIT	**276**	**334**	**352**	23.7%	3.2%		
EBITDA	386	452	618	16.9%	36.9%		
Non-operating gain/(loss)	10	-11	-33	210.0%	200.0%	Mainly due to higher FX loss.	Mainly due to higher FX loss.
NPAT	**278**	**289**	**282**	**4.0%**	**-2.4%**		
GPM	18.3%	18.3%	17.3%	10 bps	-100 bps	We expect GPM to remain at the same level in 2021.	Due to high depreciation expense in total cost resulting in a lower GPM.
Virgin yarn GPM	13.1%	8.2%	11.0%	-490bps	280 bps	Driven by a lower price gap in 2022, coupled with the high price of input PET chip prices.	Price gap is expected to return to a stable level, along with the PET chip prices cooling down.
Recycled yarn GPM	23.7%	28.6%	23.4%	490 bps	-520 bps	Thanks to the high recycled yarn price gap, and the input chip PET price is relatively stable when compared to virgin yarn.	Price gap will narrow due to slow orders due to weakening demand in 2023.
EBIT margin	13.5%	14.7%	13.7%	120 bps	-100 bps		
Net margin	13.6%	12.5%	11.0%	-110 bps	-150 bps		

Source: RongViet Securities

Valuation

We calculate a one-year target price of VND 41,600/share using a 60% P/E multiple and a 40% DCF. With a WACC of 14.5%, our intrinsic value using the DCF method is VND 51,000. In terms of peer group, we seek size comparable PFY manufacturers all over the world, with a focus on Asia, where STK's key competitors are located. As a result, we get an average PER of 10.2x.

Table 6: STK's valuation summary

Method	Weight	Valuation (VND/share)
FCFF	40%	20,400
PE 10.2x	60%	21,200
Total	**100%**	**41,600**

Source: RongViet Securities

Table 7: Discounted cash flow

Unit: VND Bn	2022F	2023F	2024F	2025F	2026F
Net income	289	282	405	488	597
(+) Depreciation	110	266	266	367	367
(+) Interest*(1-t)	9	29	54	53	33
(-) Changes in working capital	41	24	77	55	48
(-) CAPEX	150	1,650	700	300	-
FCFF	**232**	**(236)**	**129**	**188**	**226**

Source: RongViet Securities

Table 8: FCFF model

Cost of capital		FCFF	VND bn
Beta	1.0	PV of cumulative FCFF	101
Risk-free rate	4.8%	PV of terminal value	3,998
Equity risk premium	10.8%	(-) Debt	353
Cost of equity	17.8%	(+) Cash and Cash Equivalents	532
After-tax cost of debt	4.8%	Equity value	4,177
D/E	0.3	Number of outstanding shares (mn)	81.8
WACC	**14.5%**	**Target price (VND)**	**51,000**

Source: RongViet Securities

Table 9: Comparable peers

Company name	Ticker	Country	Market cap (USD Mn)	ROE (%)	ROA (%)	P/E (x)	P/B (x)	EV/EBITDA (x)
LAN FA TEXTILE	1459 TT	Taiwan	102	20.5	10.2	30.5	0.9	46.4
SIYARAM SILK MILLS LTD.	SIYA IN	India	266	0.5	0.3	10.0	2.3	6.5
RODA VIVATEX TBK	RDTX IJ	Indonesia	157	6.9	6.4	9.4	0.8	5.3
HONG YI FIBER INDUSTRY CO., LTD	1452 TT	Taiwan	76	13.2	11.8	12.3	0.9	4.6
UNIFI INC	UFI US	United States	185	8.6	5.6	13.4	0.5	5.9
INDO-RAMA SYNTHETICS TBK	INDR IJ	Indonesia	324	20.2	10.1	3.5	0.7	3.2
VARDHMAN TEXTILES LTD.	VTEX IN	India	1,210	6.6	4.4	1.3	0.3	1.7
YI JINN INDUSTRIAL CO.	1457 TT	Taiwan	173	4.4	1.1	4.1	0.8	28.8
THAI TEXTILE INDUSTRY PCL	TTI TB	Thailand	38	2.3	1.4	11.8	0.6	4.4
HYOSUNG TNC CORP	298020 KS	South Korea	851	76.2	21.0	2.7	1.0	2.8
FORMOSA TAFFETA	1434 TT	Taiwan	1,437	3.5	2.7	12.7	0.7	21.3
Average			**438**	**14.8**	**6.8**	**10.2**	**0.9**	**11.9**
STK	**STK VN**	**Vietnam**	**144**	**23.8**	**15.2**	**11.8**	**2.5**	**8.3**

Source: Bloomberg, RongViet Securities

VND Billion

INCOME STATEMENT	FY2020	FY2021	FY2022F	FY2023F
Revenue	**1,766**	**2,042**	**2,311**	**2,563**
COGS	1,510	1,668	1,889	2,119
Gross profit	**255**	**374**	422	444
Selling Expense	24	27	29	33
G&A Expense	57	72	53	59
Financial Income	12	18	8	5
Financial Expense	23	9	20	38
Other profits	-	1	1	1
PBT	**163**	**286**	**329**	**320**
Prov. of Tax	20	7	39	38
Minority's Interest	-	0	0	0
PAT to Equity S/H	**143**	**278**	**289**	**282**
EBIT	174	276	340	353
EBITDA	307	386	450	619

%

FINANCIAL RATIO	FY2020	FY2021	FY2022F	FY2023F
Growth (%)				
Revenue	-20.8	15.7	13.2	10.9
EBITDA	-24.2	25.6	16.6	37.5
Operating Income	-35.2	58.2	23.3	4.0
PAT	-33.2	94.2	3.8	-2.5
Total Assets	-17.7	15.8	16.0	47.1
Equity	-0.1	16.4	24.9	9.6
Profitability (%)				
Gross margin	14.5	18.3	18.3	17.3
EBITDA margin	17.4	18.9	19.5	24.2
EBIT margin	9.9	13.5	14.7	13.8
Net margin	8.1	13.6	12.5	11.0
ROA	8.4	14.1	12.7	8.4
ROE	13.3	22.1	18.4	16.4
Efficiency				(times)
Receivable Turnover	18.1	23.3	16.7	16.7
Inventory Turnover	3.8	3.5	4.5	4.5
Payable Turnover	4.4	4.3	5.6	5.6
Liquidity				(times)
Current	1.1	1.3	1.8	1.2
Quick	0.4	0.7	1.2	0.6
Finance Structure (%)				
Total Debt/Equity	25.3	25.5	22.4	72.5
Current Debt/Equity	20.6	25.5	22.4	20.2
Long-term Debt/Equity	4.8	0.0	0.0	52.3

VND Billion

BALANCE SHEET	FY2020		FY2022F	FY2023F
Cash and cash equivalents	95	366	539	205
Short-term investments	26	0	109	25
Accounts receivable	98	88	139	154
Inventories	401	472	416	466
Other current assets	14	60	33	33
Property, plant & equipment	914	831	871	2,255
Acquired intangible assets	0	0	0	0
Long-term investments	19	6	6	6
Other non-current assets	137	149	164	189
Total assets	**1,703**	**1,972**	**2,270**	**3,356**
Accounts payable	343	386	340	381
Short-term borrowings	223	321	353	348
Long-term borrowings	52	-	0	900
Other non-current liabilities	0	0	0	0
Bonus and Welfare fund	4	5	5	5
Technology-science, dev. fund	-	-	-	-
Total liabilities	**621**	**712**	**698**	**1,634**
Common stock and APIC	742	742	879	879
Treasury stock (enter as -)	(42)	(42)	-42	-42
Retained earnings	381	558	736	886
Other comprehensive income	-	-	-	-
Inv. and Dev. Fund	1	1	-	-
Total equity	**1,082**	**1,259**	**1,572**	**1,722**
Minority Interest	**0**	**0**	**0**	**0**

VALUATION RATIO	FY2020	FY2021	FY2022F	FY2023F
Adjusted EPS(VND)	2,090	4,069	3,533	3,447
P/E (x)	10.3	14.0	8.4	9.9
BV (VND)	15,296	17,800	19,211	21,046
P/B (x)	1.4	3.1	1.8	1.6
DPS (VND/share)	1,500	1,500	1,000	1,000
Dividend yield (%)	2.9	2.9	2.9	2.9

VALUATION MODEL	Price	Weight	Average
FCFF	51,047	40%	21,200
P/E	35,352	60%	20,400
Target price (VND)		**100%**	**41,600**

VALUATION HISTORY	Price*	Recommendation	Period
11/2020	15,700	BUY	1-year
03/2021	26,700	ACCUMULATE	1-year
08/2021	47,000	ACCUMULATE	1-year
10/2022	41,600	BUY	1-year

*Adjusted for stock dividend

RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report. we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information. investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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