

## KIDO GROUP CORP (KDC) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND57,300	VND69,800	2.62%	Add	CONSUMER GOODS

28 Oct 2021

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

Consensus\*: Add:1 Hold:0 Reduce:3

Target price / Consensus: 7.4%

### Key changes in the report

➤ Increase FY22/23F net profit by 1.3%/19.2%

### Price performance



Source: VND RESEARCH

### Key statistics

52w high (₫)	61,780
52w low (₫)	33,120
3m Avg daily value (VNDmn)	113,503
Market cap (VNDbn)	13,222
Free float (%)	50
TTM P/E (x)	25.6
Current P/B (x)	2.2

### Ownership

Tran Le Nguyen	11.1%
PPK One Member Co.,Ltd	7.5%
KIDO Investment Co.,Ltd	8.2%
Others	73.2%

Source: VND RESEARCH

### Analyst(s):



Bach Phan Nhu

bach.phannhu@vndirect.com.vn

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

## Coming back to confectionary business

- KDC posted VND7,444bn (+24.4% yoy) in 9M21 top line and VND458bn (+197% yoy) in bottom, fulfilling 100% our FY21F's forecast.
- KDC launched the new brand "KIDO's Bakery" and a F&B chain stores - Chuk Chuk – in 3Q21, marking its official comeback in confectionery.
- Reiterate ADD rating with higher TP of VND69,800, following an upward revision of 7.5% in P/E valuation and 7.2% in DCF valuation.

### Modest 3Q21 earnings growth due to lower gross margin

KDC's 3Q21 revenue increased 10.4% yoy to VND2,556bn thanks to 9.0% yoy edible oil revenue growth and 14.8% yoy food revenue growth while gross margin (GM) decreased 3.5% pts yoy to 19.2% in 3Q21 due to the rise of input material prices. In 3Q21, KDC's effective tax rate lowered to 12.7% from 21.6% of 3Q20. Meanwhile minority interest/net profit after tax ratio decreased by 5.0% pts yoy to 8.6% thanks to the merge with KDF as at end-FY20. Thus, 3Q21 net profit increased positively 9.8% yoy to VND114bn. For 9M21, KDC's top line and bottom line grew 24.4%/197.0% yoy to reach VND7,444bn and VND458bn, fulfilling 100% our FY21F's forecast.

### Primed for a comeback in confectionary and F&B retail space

On 19 Oct, KDC officially launched "KIDO's Bakery" brand which provide bakery products in its network of 450,000 points of sale. Additionally, KDC set up its own coffee and milk tea brand Chuk Chuk chain stores with the goal of opening 200/1000 stores in FY23/25F. In FY22-23F, we expect KIDO's bakery will contribute 2.3%/2.6% to KDC's revenue and 4.0%/4.4% to KDC's gross profit.

### Change in FY22/23F earnings forecasts

We raise KDC's revenue forecast in FY22/23F by 11.0%/13.4% vs. previous report mainly thanks to a better-than-expected performance of edible oil after restructuring. We also reduce GM assumption in FY22/23F by 2.0% pts/1.3% pts to reflect high pressure on the hike of material price. We also increase SG&A forecast by 8.5%/7.9% and reduce minority interest/NPAT by 6%/6% in FY22/23F to reflect KDC's strategy and the success in restructuring KDC group. As the results, KDC's net profit in FY22/23F increased by 1.3%/19.2%.

### Reiterate ADD rating with higher TP of VND69,800

We raise our 1-year TP by 7.4% to VND69,800 following an upward revision of 7.5% in P/E valuation and 7.2% in DCF valuation. Upside risks include 1) faster-than-expected M&As process, 2) successful joint venture with Vinamilk, KDC's bakery and Chuk Chuk chain store. Downside risks are 1) slower-than-expected M&A process, 2) lower-than-expected growth in KDC's business and 3) higher-than-expected COGS and SG&A.

Financial summary (VND)	12-20A	12-21E	12-22E	12-23E
Net revenue (bn)	8,322	9,751	11,405	12,786
Revenue growth	15.4%	17.2%	17.0%	12.1%
Gross margin	21.2%	19.8%	20.8%	21.6%
EBITDA margin	9.9%	10.7%	10.5%	11.5%
Net profit (bn)	204	547	550	740
Net profit growth	36.0%	168.1%	0.5%	34.5%
Recurring profit growth				
Basic EPS	892	2,391	2,404	3,235
Adjusted EPS	892	2,391	2,404	3,235
BVPS	25,027	26,033	26,968	28,778
ROAE	3.5%	9.4%	9.1%	11.6%

Source: VND RESEARCH<sup>1</sup>

## COMING BACK TO CONFECTIONARY BUSINESS

### Investment thesis

We like KDC for (1) its leading position in the edible oil and ice cream market which helps the company to ride on the growth of F&B industry; (2) the comeback to confectionery business which has been KDC's traditional strength since its establishment; (3) stronger-than-expected 9M21 performance enhance our confidence about the company outlook. We expect KDC' earnings to grow robustly 168.0% yoy in FY21F and CAGR 17.5% over FY22-23F.

**We reiterate ADD rating with higher target price of VND69,800** based on an equal combination of 10-year DCF valuation and P/E valuation.

- We raised P/E valuation by 7.5% to VND70,510 per share following a rollover to average FY22-23F EPS. However, we lower target P/E to 25.0x from previous 30.0x as we believe the multiple valuation should be revised to normal level post several M&As and restructuring process of KDC during FY20-21F.
- We raised DCF valuation by 7.2% to VND68,954 per share based on the rollover to FY22F and increase in 2022F/23F earnings.

**Figure 1: Valuation summary**

Methodology	Price	Weight	Weighted Value
DCF Valuation	68,954	50%	34,477
P/E Valuation (Average EPS FY22-23F)	70,510	50%	35,255
<b>Target price</b>			<b>69,800</b>

Source: VNDIRECT RESEARCH

**Figure 2: Valuation: DCF method**

DCF Method	Amount
PV of FCFF (VNDbn)	8,665
Present value of terminal value (VNDbn)	9,987
Enterprise value (VNDbn)	18,652
Less: Total debt (VNDbn)	3,908
Less: Preferred securities (VNDbn)	-
Less: Noncontrolling interest (VNDbn)	(2,052)
Plus: Cash and Cash Equivalents (VNDbn)	3,908
Implied equity value (VNDbn)	15,773
Outstanding shares (m)	228.7
<b>Equity value per share (VND)</b>	<b>68,954</b>

Source: VNDIRECT Research

**Figure 3: Valuation: Multiples method**

<b>2022F-23F NPAT attribute to common share holder (VNDbn)</b>	<b>645.16</b>
2022F-23F No. of outstanding share (m)	228.7
EPS 2021F-22F	2820.4
Edible oil's average P/E(x)	25.0
Implied price 2021	70,510

Source: VNDIRECT Research

**Potential re-rating catalysts** include 1) a faster-than-expected M&A with VOC and TAC process, 2) better-than-expected growth in edible oil and ice cream revenue, 3) lower-than-expected COGS and SG&A over total revenue, 4) the success in the comeback to confectionery business and Chuk Chuk store chain and 5) the joint venture with Vinamilk implemented faster with a good result.

**Downside risks** to our call are 1) slower-than-expected M&A with VOC and TAC process 2) lower-than-expected growth in edible oil and ice cream revenue and 3) higher-than-expected COGS and SG&A over total revenue.

**Figure 4: Sector comparison**

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS CAGR (%)	P/BV (x)			ROE (%)			ROA (%)		
						TTM	FY22F	FY23F		TTM	FY22F	FY23F	TTM	FY22F	FY23F	TTM	FY22F	FY23F
Wilmar International Ltd	WIL SP	Na	4.38	Na	20,550	12.3	12.8	12.0	9.1%	1.1	1.0	1.0	9.4%	8.2%	8.4%	3.3%	3.1%	3.1%
Fuji Oil Holdings Inc	2607 JT	Na	2,688	Na	Na	19.7	19.8	17.3	-2.4%	1.4	1.4	1.3	7.3%	7.1%	7.6%	3.2%	4.2%	4.7%
D&L Industries Inc	DNL PM	Na	8.32	Na	1,171	23.3	22.2	19.6	-10.8%	3.3	3.1	2.8	14.4%	14.5%	15.2%	9.7%	Na	Na
Agro Tech Foods Ltd	ATFL IN	Na	1,015	Na	329.5	77.0	61.3	50.4	-0.7%	5.7	5.2	4.8	7.4%	8.7%	9.9%	5.9%	na	na
<b>Average</b>						<b>33.1</b>	<b>29.0</b>	<b>24.8</b>	<b>-1.2%</b>	<b>2.9</b>	<b>2.7</b>	<b>2.5</b>	<b>9.6%</b>	<b>9.6%</b>	<b>10.3%</b>	<b>5.5%</b>	<b>3.6%</b>	<b>3.9%</b>
KIDO Group Corp	KDC VN	ADD	57,300	69,800	576.0	25.6	23.8	17.7	84.0%	2.2	2.1	2.0	8.7%	9.1%	11.6%	4.0%	3.9%	4.8%

Data as at 24 Oct 2021

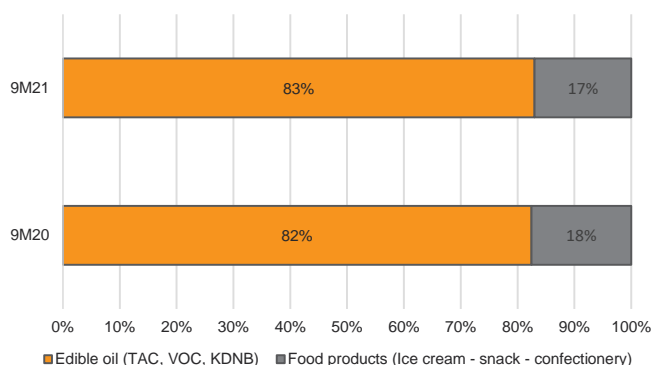
Source: VNDIRECT Research, Bloomberg

### 3Q21: Soft earnings growth due to nationwide lockdown and lower gross margin

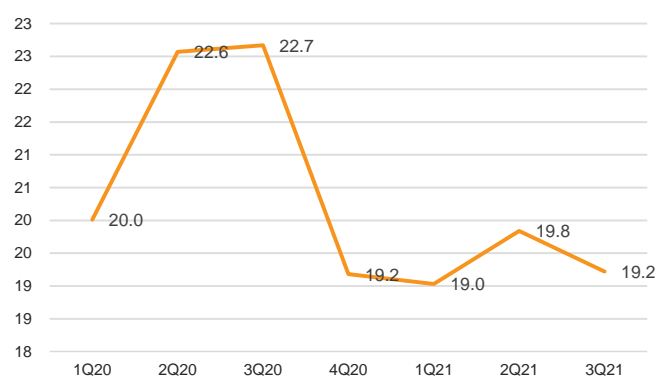
**Figure 5: 9M21 results comparison**

(Unit: VNDbn)	3Q20	3Q21	%yoy	9M20	9M21	%yoy	VND's FY21F forecast	%vs VND's FY21F forecast	Comments
<b>Revenue</b>	<b>2,314.9</b>	<b>2,556.5</b>	<b>10.4%</b>	<b>5,981.7</b>	<b>7,444.2</b>	<b>24.4%</b>	<b>9,345.0</b>	<b>79.7%</b>	<b>In line with our forecast</b>
Food products (Ice cream - KDF, snack, confectionery)	376.9	432.8	14.8%	1,051.1	1,265.5	20.4%	1,894.0	66.8%	Thanks to the snack distribution from 1Q21 and the better distribution system in the ice cream segment, revenue from the Food products segment grew strongly in 3Q21, reaching 14.8% yoy but still under our estimation at 67% due to social distancing in 3Q21, which halt the mooncake sale season
Edible oil (TAC, VOC, KDNB)	1,937.9	2,113.0	9.0%	4,930.6	6,178.7	25.3%	7,451.00	82.9%	TAC's premium products combined with KDC's extensive retail system have helped KDC's edible oil grow 9% yoy in 3Q21
COGS	1,790.0	2,065.1	15.4%	4,666.6	6,011.9	28.8%	7,235.0	83.1%	
<b>Gross profit</b>	<b>524.9</b>	<b>491.4</b>	<b>-6.4%</b>	<b>1,315.2</b>	<b>1,432.3</b>	<b>8.9%</b>	<b>2,110.0</b>	<b>67.9%</b>	Lower than our forecast due to the rise of material price, lead to the compression in KDC's business gross margin by 3.5 pts % in 3Q21 to 19.2%
Food products (Ice cream - snack - confectionery)	219.7	217.0	-1.2%	610.6	673.2	10.3%	944.0	71.3%	
Edible oil (TAC, VOC, KDNB)	305.2	262.4	-14.0%	704.6	759.1	7.7%	1,166.00	65.1%	
Gross profit margin	22.7%	19.2%	-3.5 % pts	22.0%	19.2%	-2.7 % pts	22.6%	-3.3 % pts	
Food products (Ice cream - snack - confectionery)	58.3%	50.1%	-8.2 % pts	58.1%	53.2%	-4.9 % pts	49.8%	3.4 % pts	
Edible oil (TAC, VOC, KDNB)	15.7%	12.4%	-3.3 % pts	14.3%	12.3%	-2.0 % pts	15.6%	-3.4 % pts	
Net financial income	-11.3	38.5	-441.9%	-50.4	20.7	-141.1%	101.7	20.3%	Lower than our forecast
Selling expense	291.9	315.4	8.0%	756.8	875.8	15.7%	1,048.7	83.5%	
G&A expense	97.0	99.3	2.4%	302.0	133.7	-55.8%	418.0	32.0%	
SG&A expense	388.9	414.7	6.6%	1,058.8	1,009.5	-4.7%	1,466.7	68.8%	Better than our forecast due to G&A expense recorded a VND121.5bn reversal provisioning for doubtful receivables in 9M21.
Selling expense / revenue	12.6%	12.3%	-0.3 % pts	12.7%	11.8%	-0.9 % pts	11.2%	0.6 % pts	
G&A expense / revenue	4.2%	3.9%	-0.3 % pts	5.0%	1.8%	-3.3 % pts	4.5%	-2.7 % pts	
SG&A expense / revenue	16.8%	16.2%	-0.6 % pts	17.7%	13.6%	-4.1 % pts	15.7%	-2.1 % pts	
Operating profit	149.92	143.00	-4.6%	329.29	480.66	46.0%	713.9	67.3%	<b>Lower than our forecast</b>
Pretax profit	153.93	143.40	-6.8%	337.18	480.07	42.4%	721.0	66.6%	
Tax rate	21.6%	12.7%	-9.0 % pts	24.7%	-1.6%	-26.3 % pts	20.8%		Better than our expectation due to KDC applied a tax loss carry forward from 2018-20 with an amount of VND326bn to 9M21.
NPAT	120.6	125.2	3.8%	253.8	487.7	92.1%	571.1	85.4%	
MI	16.4	10.8	-34.1%	99.5	29.4	-70.5%	114.3	25.7%	
<b>Net profit</b>	<b>104.2</b>	<b>114.4</b>	<b>9.8%</b>	<b>154.3</b>	<b>458.3</b>	<b>197.0%</b>	<b>456.8</b>	<b>100.3%</b>	<b>Over our forecast thanks to a tax loss carry forward and lower MI/NPAT ratio</b>
MI/NPAT	13.6%	8.6%	-5.0 % pts	39.2%	6.0%	-33.2 % pts	20.0%	-14.0 % pts	KDC merged with Kido frozen food (KDF) in End-2020 and the restructuring of KDC group leading to a lower minority interest / earnings after tax ratio by 33.2 % pts yoy to 6% in 9M21.

Source: VNDIRECT Research, company reports

**Figure 6: KDC's revenue breakdown by business in 9M21 and 9M20**


Source: VNDIRECT Research, company reports, FAO

**Figure 7: Gross profit margin of KDC from Q1/20 to Q3/21 (%)**


Source: VNDIRECT Research, company reports

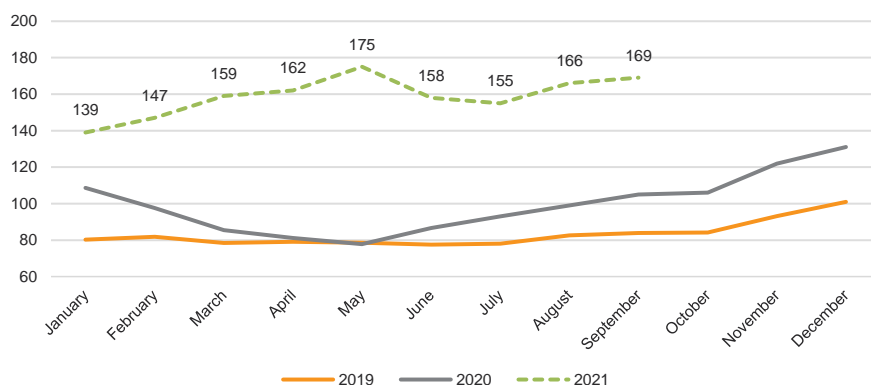
## FY22F – FY23F outlook: Confectionary and F&B chain stores are key growth drivers

### Edible oil: input material price pressure likely to ease in 2022-23F

The vegetable oils index continues to remain high after peaking on May 21, driven by 1) concerns over below-potential production in Malaysia due to persisting migrant labor shortages, and 2) robust global demand, especially from India, the world's top vegetable oil importer. We believe that raw material output will gradually recover since 2022F after being hurt by Covid-19 in 2021 to reduce material price pressure in the period FY22-23F, thereby supporting KDC's edible oil gross margin in FY22-23F higher than FY21.

From Oct 21, the KDC group plans to focus on producing a large amount of edible oil for the 2022 Lunar New Year with the target of increasing sale volume by 30% yoy. As a result, we increased edible oil revenue FY22/23F by 13.7% /16.1% pts compared to our previous report, but lowered gross margin FY22/23F 2.2% pts/ 1.5% pts to 13.4%/14.1% to reflect the impact of higher-than-expected material cost in the period of 2022-23F.

**Figure 8: Vegetable oil price index from 2019-2021**



Source: VNDIRECT Research, company reports, FAO

### Primed for a comeback in confectionary and F&B retail space

On 19 Oct 21, KIDO launched fresh bakery products under KIDO's Bakery brand with three types:

- Traditional bakery (fresh, premium and diverse);
- Snacking (focus in packaging designs, specifications, flavors, more snacking to satisfy consumer demand anytime, anywhere);
- Trendy bread (flavor "trendy", modern, filling with sauce).

KIDO's Bakery also launched 3 new bread products including: Chrysanthemum bread, Salted egg lava pearl cake and Singapore sponge cake, distributed on existing channels of KIDO Group with 450,000 points of sale in general trade, modern trade, online channels, e-commerce platforms, new Chuk Chuk store chains.

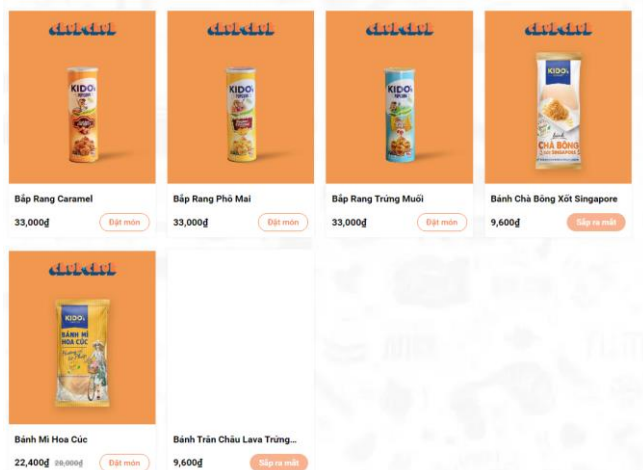
Chuk Chuk is a chain of coffee, milk tea and ice cream shops with distributing products of Kido Group, operating with 3 models: 100-150 sq m outlet stores located in commercial place or main street, 20 sq m kiosks located in malls and 3 sq m trolleys located in densely populated areas, industrial parks...

KIDO has implemented an online business model for Chuk Chuk on platforms since 24 Sep 21 and launched 10 offline signature stores and target 100 stores in HCMC in 2021 to create momentum to reach other key cities and areas such as Hanoi, Da Nang, Nha Trang... in 2022F.



We believe that Chuk Chuk will help KDC complete its distribution chain under the B2C model, targeting customers in order to find growth drivers for the group in the coming period. During difficult times due to pandemic impacts, the implementation of F&B chains is not as expected by the company, we will evaluate the impact of Chuk Chuk chain on KDC's model in upcoming reports when the chain Chuk Chuk stores when initiation stores gradually come into stable operation.

**Figure 9: Kido's bakery products**



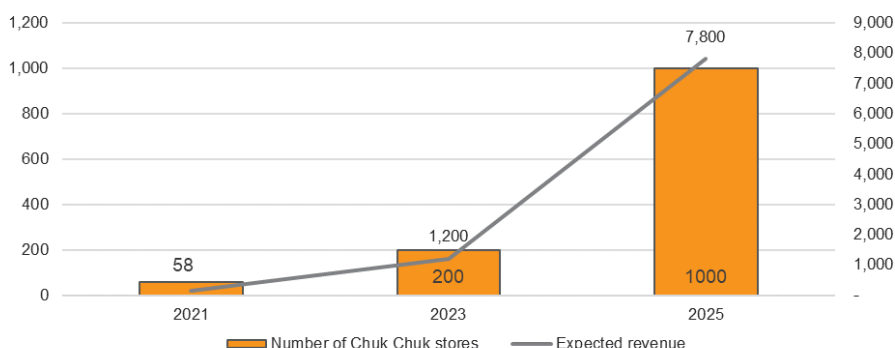
Source: Chuk Chuk website

**Figure 10: Chuk Chuk chain store**



Source: Chuk Chuk website

**Figure 11: Number of Chuk Chuk stores and revenue as KDC's plan in Jun 21**



Source: VNDIRECT Research, company reports

KIDO's Bakery will be the new growth engine for KDC as KDC has strong experience in the confectionery industry and a wide distribution system. In FY22/23F, we expect KIDO's bakery will contribute 2.3%/2.6% to KDC's revenue and 4.0%/4.4% to KDC's gross profit to offset the reduction of 35%/29% in our estimation in mooncake gross profit.

Thus, we increase FY22/23F food products revenue by 0.7%/3.4% compared to the previous report and increase the gross profit margin of this segment by 2.8% pts/2.6% pts as we estimate bread and snack products can achieve a profit margin of 50%, higher than mooncakes (about 30%).

### Changes in FY21-23 earnings forecasts

Based on above outlooks, we change our forecasts for KDC in FY22F/FY23F as follow:

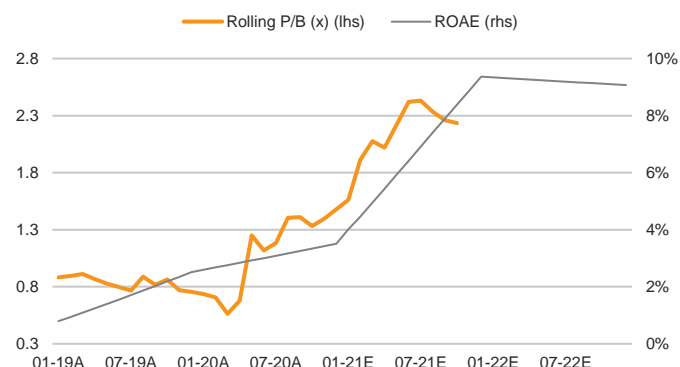
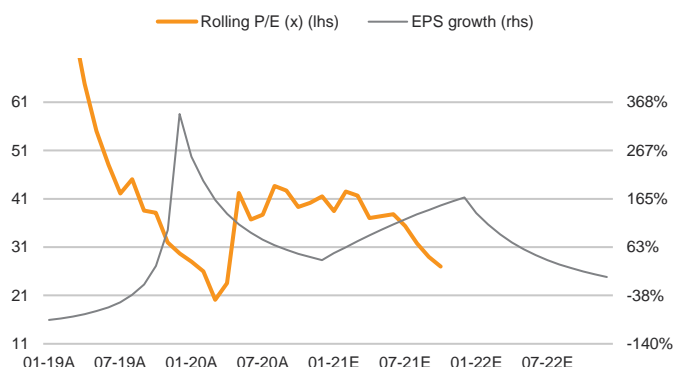
- We raise revenue by 11.0%/13.4% vs. previous report after increasing revenue of edible oil segment by 13.7%/16.1% and revenue of food products by 0.7%/3.4%.
- Gross profit margin decreased by 2.0%/1.3% vs. previous report due to the reduction in edible oil margin by 2.2%/1.5% lead by high material cost conditions.
- Selling expenses increased by 8.5%/7.9% vs. previous report as KDC boost sales in omnichannel and launched new products such as KDC's bakery.
- The MI/NPAT ratio decreased by 6%/6% pts as KDC accelerated restructuring and the efficiency after the merger of KDF from the end of 2020 was better than we previously estimated.
- As a result, KDC's net profit in 2022/23F increased by 1.3%/19.2% vs previous report.

**Figure 12: FY21-23F earnings revision**

Unit: VNDbn	New			Old			Chg%		
	2021F	2022F	2023F	2021F	2022F	2023F	2021F	2022F	2023F
<b>Net revenue</b>	<b>9,751</b>	<b>11,405</b>	<b>12,786</b>	<b>9,345</b>	<b>10,275</b>	<b>11,277</b>	<b>4.3%</b>	<b>11.0%</b>	<b>13.4%</b>
<b>% yoy</b>	<b>17.2%</b>	<b>17.0%</b>	<b>12.1%</b>	<b>12.3%</b>	<b>9.9%</b>	<b>9.7%</b>	<b>4.9%</b>	<b>7.1%</b>	<b>2.4%</b>
Food products (Ice cream - KDF, snack, confectionery)	1,725	2,174	2,519	1,894	2,158	2,435	-8.9%	0.7%	3.4%
Edible oil (TAC, VOC, KDNB)	8,026	9,230	10,268	7,451	8,116	8,841	7.7%	13.7%	16.1%
<b>Gross profit</b>	<b>1,931</b>	<b>2,371</b>	<b>2,760</b>	<b>2,110</b>	<b>2,338</b>	<b>2,585</b>	<b>-8.5%</b>	<b>1.4%</b>	<b>6.8%</b>
Food products (Ice cream - KDF, snack, confectionery)	918	1,137	1,310	944	1,069	1,202	-2.8%	6.4%	9.0%
Edible oil (TAC, VOC, KDNB)	1,013	1,234	1,450	1,166	1,269	1,382	-13.1%	-2.8%	4.9%
<b>Gross profit margin</b>	<b>19.8%</b>	<b>20.8%</b>	<b>21.6%</b>	<b>22.6%</b>	<b>22.8%</b>	<b>22.9%</b>	<b>-2.8% pts</b>	<b>-2.0% pts</b>	<b>-1.3% pts</b>
Food products (Ice cream - KDF, snack, confectionery)	53.2%	52.3%	52.0%	49.8%	49.5%	49.4%	3.4% pts	2.8% pts	2.6% pts
Edible oil (TAC, VOC, KDNB)	12.6%	13.4%	14.1%	15.6%	15.6%	15.6%	-3.0% pts	-2.2% pts	-1.5% pts
<b>SG&amp;A</b>	<b>-1,417</b>	<b>-1,711</b>	<b>-1,830</b>	<b>-1,467</b>	<b>-1,577</b>	<b>-1,696</b>	<b>-3.4%</b>	<b>8.5%</b>	<b>7.9%</b>
SG&A as % revenue	-14.5%	-15.0%	-14.3%	-15.7%	-15.4%	-15.0%	1.2% pts	0.4% pts	0.7% pts
Pretax profit	664.36	723.92	973.86	721.02	770.45	880.70	-7.9%	-6.0%	10.6%
Tax rate	20.0%	20.0%	20.0%	20.8%	20.8%	20.8%	-0.8% pts	-0.8% pts	-0.8% pts
Net profit after tax	596.59	579.14	779.09	571.05	610.20	697.51	4.5%	-5.1%	11.7%
<b>Net profit</b>	<b>549</b>	<b>550</b>	<b>740</b>	<b>457</b>	<b>543</b>	<b>621</b>	<b>20.1%</b>	<b>1.3%</b>	<b>19.2%</b>
MI/NPAT	8.0%	5.0%	5.0%	20.0%	11.0%	11.0%	-12.0% pts	-6.0% pts	-6.0% pts
<b>EPS</b>	<b>2,399</b>	<b>2,405</b>	<b>3,236</b>	<b>1,997</b>	<b>2,374</b>	<b>2,714</b>	<b>20.1%</b>	<b>1.3%</b>	<b>19.2%</b>
<b>% yoy</b>	<b>167.7%</b>	<b>0.2%</b>	<b>34.5%</b>	<b>122.8%</b>	<b>18.9%</b>	<b>14.3%</b>	<b>44.9% pts</b>	<b>-18.7% pts</b>	<b>20.2% pts</b>

Source: VNDIRECT Research

## Valuation



## Income statement

(VNDbn)	12-21E	12-22E	12-23E
Net revenue	9,751	11,405	12,786
Cost of sales	(7,821)	(9,034)	(10,026)
Gen & admin expenses	(1,157)	(1,283)	(1,372)
Selling expenses	(260)	(428)	(457)
<b>Operating profit</b>	<b>513</b>	<b>660</b>	<b>931</b>
Operating EBITDA	778	925	1,196
<b>Depreciation and amortisation</b>	<b>(265)</b>	<b>(265)</b>	<b>(265)</b>
<b>Operating EBIT</b>	<b>513</b>	<b>660</b>	<b>931</b>
Interest income	89	89	89
Financial expense	(118)	(204)	(225)
Net other income	7	7	7
Income from associates & JVs	172	172	172
<b>Pre-tax profit</b>	<b>663</b>	<b>724</b>	<b>974</b>
Tax expense	(68)	(145)	(195)
Minority interest	(48)	(29)	(39)
<b>Net profit</b>	<b>547</b>	<b>550</b>	<b>740</b>
Adj. net profit to ordinary	547	550	740
Ordinary dividends	(366)	(366)	(366)
<b>Retained earnings</b>	<b>181</b>	<b>184</b>	<b>374</b>

## Balance sheet

(VNDbn)	12-21E	12-22E	12-23E
Cash and equivalents	1,758	3,081	3,887
Short term investments	687	687	687
Accounts receivables	2,082	1,595	1,800
Inventories	1,447	1,671	1,855
Other current assets	215	251	281
<b>Total current assets</b>	<b>6,189</b>	<b>7,285</b>	<b>8,510</b>
Fixed assets	2,495	2,313	2,131
Total investments	4,727	4,727	4,727
Other long-term assets	394	407	417
<b>Total assets</b>	<b>13,805</b>	<b>14,732</b>	<b>15,785</b>
Short-term debt	2,487	2,908	3,261
Accounts payable	644	753	844
Other current liabilities	859	1,010	1,163
<b>Total current liabilities</b>	<b>3,990</b>	<b>4,671</b>	<b>5,268</b>
Total long-term debt	1,000	1,000	1,000
Other liabilities	837	840	843
Share capital	2,797	2,798	2,799
Retained earnings reserve	1,072	1,285	1,698
<b>Shareholders' equity</b>	<b>5,955</b>	<b>6,169</b>	<b>6,583</b>
Minority interest	2,023	2,052	2,091
<b>Total liabilities &amp; equity</b>	<b>13,805</b>	<b>14,732</b>	<b>15,785</b>

## Cash flow statement

(VNDbn)	12-21E	12-22E	12-23E
<b>Pretax profit</b>	<b>663</b>	<b>724</b>	<b>974</b>
Depreciation & amortisation	265	265	265
Tax paid	(68)	(145)	(195)
Other adjustments	269	385	(314)
<b>Change in working capital</b>	<b>(231)</b>	<b>(124)</b>	<b>(74)</b>
<b>Cash flow from operations</b>	<b>898</b>	<b>1,105</b>	<b>656</b>
Capex	0	0	0
Proceeds from assets sales	1	2	3
Others	(973)	0	0
Other non-current assets changes	158	158	158
<b>Cash flow from investing activities</b>	<b>(814)</b>	<b>160</b>	<b>161</b>
New share issuance	0	0	0
Shares buyback	1	2	3
Net borrowings	938	422	352
Other financing cash flow	0	0	0
Dividends paid	(366)	(366)	(366)
<b>Cash flow from financing activities</b>	<b>573</b>	<b>58</b>	<b>(11)</b>
Cash and equivalents at beginning of period	1,101	1,758	3,081
<b>Total cash generated</b>	<b>657</b>	<b>1,323</b>	<b>806</b>
Cash and equivalents at the end of period	1,758	3,081	3,887

## Key ratios

	12-21E	12-22E	12-23E
<b>Dupont</b>			
Net profit margin	5.6%	4.8%	5.8%
Asset turnover	0.74	0.80	0.84
ROAA	4.2%	3.9%	4.8%
Avg assets/avg equity	2.24	2.35	2.39
ROAE	9.4%	9.1%	11.6%
<b>Efficiency</b>			
Days account receivable	27.4	27.4	27.4
Days inventory	67.5	67.5	67.5
Days creditor	30.1	30.4	30.7
Fixed asset turnover	3.73	4.74	5.75
ROIC	4.8%	4.5%	5.7%
<b>Liquidity</b>			
Current ratio	1.6	1.6	1.6
Quick ratio	1.2	1.2	1.3
Cash ratio	0.6	0.8	0.9
Cash cycle	64.8	64.5	64.2
<b>Growth rate (yoy)</b>			
Revenue growth	17.2%	17.0%	12.1%
Operating profit growth	68.2%	28.7%	41.1%
Net profit growth	168.1%	0.5%	34.5%
EPS growth	168.1%	0.5%	34.5%

Source: VND RESEARCH

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## 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 – Deputy Head of Research

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

## Bach Phan Nhu – Analyst

Email: [bach.phannhu@vndirect.com.vn](mailto:bach.phannhu@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>