

Masan Group (MSN)

Consumption showed signs of leveling off

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Excluding the animal feed segment, MSN's 9M22 net revenue would increase slightly by 4.8% YoY

Masan Group (MSN) announced 9M22 results with consolidated net revenue down 14.3% from the high base achieved in 9M21 to VND55,546 billion as the firm sold its feed-related business of Masan MEATLife (MML) or MNS Feed to De Heus. Excluding this segment, MSN's net revenue would increase by 4.8% YoY on the growth of Masan High-Tech Materials (MHT) (+21.3% YoY) and Masan Consumer (MCH) (+5.5% YoY).

We revise MCH's 2022-23F revenue down due to negative macroeconomic factors

We see that inflation has affected growth in real income, thus curtailing consumers' purchasing power. This would hamper business results in 2023, so we revise MCH's 2022-23F revenue down by 5% against the previous projection.

The new model WINLife achieved successful initial results right in the pilot phase

In 3Q22, WinCommerce (WCM) converted 30 Winmart+ locations into WIN stores serving essential daily use items. Right in the pilot phase, this model (WINLife) showed positive signals with revenue/m² up 20% and EBIT margin up 60bps to 5.1% per store compared to pre-conversion.

We recommend BUY for MSN with a target price of VND118,100/share

For 2022F, we expect MSN's NPAT to reach VND4,464 billion (-55% YoY, excluding MNS Feed) on net revenue of VND76,636 billion (-13.5% YoY). For 2023F, those figures should be VND5,751 billion (+28.8% YoY) and VND85,795 billion (+11.9% YoY), respectively. Therefore, we maintain our BUY recommendation for MSN stocks with a target price of VND118,100/share, 22.9% higher than the closing price on December 14, 2022.

Buy maintain

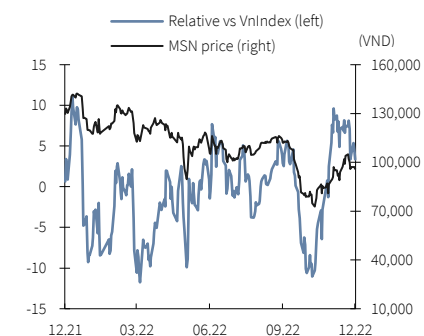
| | |
|------------------------------|--------------------|
| Target price | VND 118,100 |
| Upside/Downside | 22.9% |
| Current price (Dec 14, 2022) | VND 96,000 |
| Market cap (VNDtn/USDbn) | 136/5.7 |

| | |
|------------------------------------|----------------------------|
| Trading data | |
| Free float | 40.0% |
| 3M avg trading value (VNDbn/USDmn) | 174.7/7.4 |
| Foreign ownership | 28.78% |
| Major shareholder | Masan Group (MSN) (31.23%) |

| | | | | |
|--------------------------------|----|-----|-----|-----|
| Share price performance | | | | |
| (%) | 1M | 3M | 6M | 12M |
| Absolute | -1 | -11 | -12 | -25 |
| Relative | -9 | 0 | 0 | 3 |

Forecast earnings & valuation

| FY-end | 2020A | 2021A | 2022F | 2023F |
|--------------------------|--------|--------|--------|--------|
| Net revenue (VNDbn) | 77,218 | 88,629 | 76,636 | 85,795 |
| Operating income (VNDbn) | 1,196 | 11,273 | 5,638 | 7,264 |
| NPAT (VNDbn) | 1,395 | 10,101 | 4,464 | 5,751 |
| EPS (VND) | 1,054 | 7,269 | 3,135 | 4,039 |
| EPS growth (%) | -77.8 | +58.9 | -56.8 | +28 |
| P/E (x) | 84.5 | 23.5 | 36.4 | 28.2 |
| P/B (x) | 7.4 | 8.4 | 3.3 | 3.4 |
| ROE (%) | 9 | 41 | 19 | 23 |
| Dividend yield (%) | 0 | 1.05 | 0 | 0 |



Source: Bloomberg, KB Securities Vietnam

9M22 business performance

Excluding MNS Feed, 9M22 net revenue would increase slightly by 4.8% YoY

Masan Group (MSN) announced 9M22 results with consolidated net revenue down 14.3% from the high base achieved in 9M21 to VND55,546 billion as the firm sold its MNS Feed to De Heus while WCM and MCH no longer benefit from consumer stockpiling during pandemic lockdowns. Excluding the above elements, MSN's net revenue would increase slightly by 4.8% YoY on the growth of MHT (+21.3% YoY) and MCH (+5.5% YoY).

9M22 NPAT Pre-MI (NPATMI) reached VND3,952 billion (+32.5% YoY). Excluding the animal feed segment and unexpected earnings from the revaluation of the investment in Phuc Long Heritage (PLH) in the second quarter, NPAT would record 40% YoY growth after the first nine months of the year, largely from positive earnings growth of MHT and WCM in 2022.

MSN's 3Q22 net revenue narrowed by 17.3% YoY to VND19,523 billion, and NPAT dropped by 47% YoY due to (1) lower NPAT of MML and MHT; (2) unrealized foreign exchange loss from revaluation of USD denominated debt (approximately VND168 billion) derived from exchange rate fluctuations; and (3) lower income from Techcombank (TCB) (down VND101 billion).

Table 1. MSN – 9M22 business results

| | 3Q2022 | 3Q2021 | +/- % YoY | 9M2022 | 9M2021 | +/- % YoY |
|----------------------------|---------------|---------------|----------------|---------------|---------------|---------------|
| Net revenue | 19,523 | 23,605 | -17.29% | 55,546 | 64,801 | -14.3% |
| The CrownX | 14,696 | 16,012 | -8.22% | 40,725 | 41,472 | -1.8% |
| Masan Consumer Holdings | 7,340 | 7,218 | 1.69% | 19,695 | 18,694 | 5.4% |
| WinCommerce | 7,631 | 9,529 | -19.92% | 21,936 | 15,152 | -8.6% |
| Masan MEATLife | 1,291 | 4,920 | -73.76% | 3,232 | 3,330 | -78.7% |
| Phuc Long Heritage | 452 | - | | | | |
| Masan High-Tech Materials | 3,528 | 3,497 | 0.89% | 11,651 | 9,604 | 21.3% |
| Gross profit margin | 27.80% | 25.80% | | 27.90% | 23.50% | |
| The CrownX | 31.10% | 31.50% | | 31% | 29.20% | |
| Masan Consumer Holdings | 39.10% | 43.30% | | 39.80% | 41.10% | |
| WinCommerce | 23.40% | 21.10% | | 22.90% | 19.50% | |
| Masan MEATLife | 9.80% | 13.30% | | 7.30% | 13.00% | |
| Phuc Long Heritage | - | - | | | | |
| Masan High-Tech Materials | 16.10% | 14.30% | | 17.20% | 12.90% | |
| EBITDA margin | 17.90% | 18.90% | | 19.50% | 17.50% | |
| The CrownX | 12.70% | 13.00% | | 12.40% | 11.50% | |
| Masan Consumer Holdings | 22.20% | 28.10% | | 22.70% | 24.50% | |
| WinCommerce | 3.30% | 5.00% | | 2.60% | 3.20% | |
| Masan MEATLife | 1.20% | 8.90% | | -1% | 9% | |
| Phuc Long Heritage | 13.05% | - | | | | |
| Masan High-Tech Materials | 20.60% | 19.30% | | 21.90% | 19.50% | |

Source: Masan Group, KB Securities Vietnam

MCH – Sales rebounded strongly across all categories

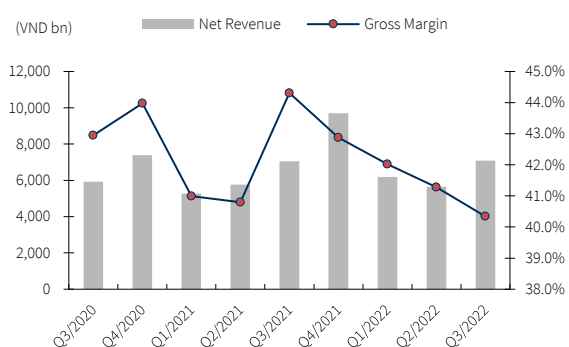
3Q22 sales maintain growth momentum from the high base of 2021

MCH's net revenue grew by 5.4% YoY in 9M22 and 1.7% YoY in 3Q22 from last year's positive results as consumers amassed essential goods during lockdowns. Gross profit margin (GPM) declined in recent quarters, reaching 40.3% in 3Q22 due to inflationary pressures. We believe early hedging efforts and good negotiation ability helped to reduce the negative impacts of rising inflation on GPM of MSN.

Processed meat and beer sales eyed impressive growth while seasonings and convenience foods sales declined due to weaker demand

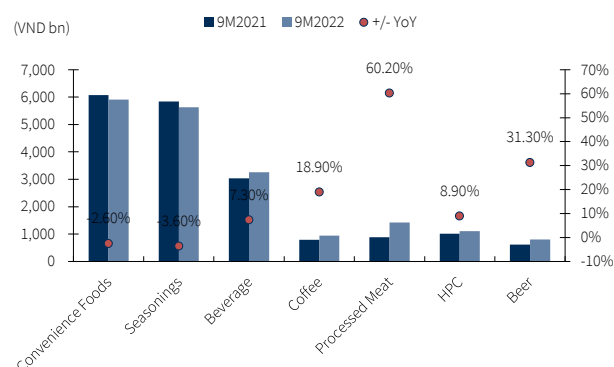
Processed meat saw outstanding growth of 65.8% YoY in 9M22, supported by revenue growth of the Ponnies brand. Coffee and beer also recorded double-digit growth, at 18.9% YoY and 31.9% YoY, respectively. 3Q22 seasonings and convenience foods sales shrank by 9.2% and 17.1% against the high base of 3Q21. Revenue from some high-end products of these two categories decreased in the third quarter as consumers cut their spending. Therefore, MCH has regulated the quantity of goods and pushed back its plan to launch new products in the second quarter of 2022.

Fig 1. MCH – Net revenue, Gross profit margin (VNDbn, %)



Source: MCH, KB Securities Vietnam

Fig 2. MCH – Revenue growth by category (VNDbn, %)



Source: MCH, KB Securities Vietnam

We revise down MCH's 2022-23F revenue due to negative macroeconomic factors

We see that high inflation has changed consumers' spending habits and affected their disposable income when some export businesses in the South had to cut staff and working hours in 3Q22. The slowdown in consumption will dampen 4Q22 and 1H23 results, so we revise MCH's 2022-23F revenue down 5% from our previous projection. MCH's 4Q22 revenue should reach VND9,120 billion (-5.8% YoY) as consumers tend to spend less and save more. MCH's 2023F revenue may touch VND31,790 billion (+13.4% YoY) on the expectation that consumer demand will recover from the third quarter. We are upbeat about MCH's prospect and expect seasonings and convenience foods sales to grow by 10% and processed meat, coffee and beer revenue to maintain 20-25% growth in the 2023-2024 period.

WCM – New model WINLife showed successful initial results

WCM's revenue fell YoY but GPM and EBITDA margin kept improving

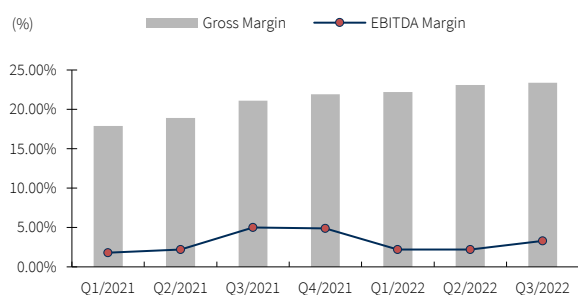
WCM's net revenue decreased by 8.6% YoY in 9M22 and nearly 20% in 3Q22 from the high base of 3Q21 on rising demand for stockpiling in the context of stringent social distancing protocols. Nevertheless, on a normalized basis, revenue would expand by 8.1% in 9M22 and 17.8% YoY in 3Q22. GPM and EBITDA margin increased by 30 bps QoQ and 110 ppts QoQ, respectively, in 3Q22 thanks to improved sales per store and increased traffic.

Winmart, Winmart+ continued to expand market share with improved operational efficiency

WCM opened 176 and 477 Winmart+ (minimarket) stores in 3Q22 and 9M22 respectively, raising market share of Winmart+ from 40% by the end of 2021 to 48% by the end of 3Q22. Per MSN, 76% of WinMart+ stores opened in 3Q22 already achieved positive store-level EBITDA in the first few months of operation. This reflects management's improving new store opening and launching capabilities, proving WCM's capability to scale up profitably.

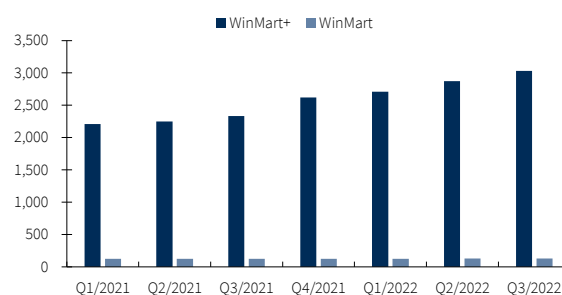
We find that Winmart+ and Winmart are facing stiff competition from other retailers in the South. While revenue per Winmart+ store in Ho Chi Minh City (HCMC) is 5-10% lower than that in Hanoi, revenue/m² in HCMC is 25-30% lower than that in Hanoi. WCM expects the new model WINLife in HCMC to achieve positive results as in Hanoi to accelerate WCM's market penetration into the southern market.

Fig 3. WCM – Gross profit margin, EBITDA margin (%)



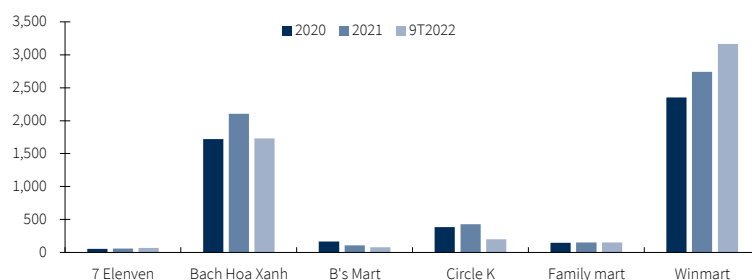
Source: Masan Group, KB Securities Vietnam

Fig 4. MSN – Winmart, Winmart+ store count



Source: Masan Group, KB Securities Vietnam

Fig 5. Vietnam – Store count of some retailers in the South



Source: KB Securities Vietnam

The new model WINLife achieved successful initial results right in the pilot phase

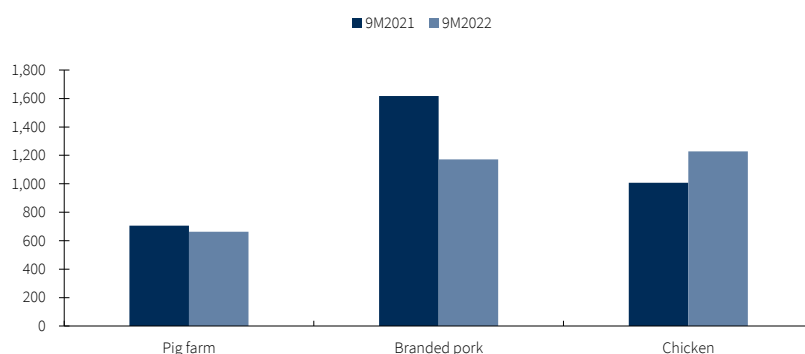
In 3Q22, WCM converted 30 Winmart+ locations into WIN stores serving essential daily use items: Winmart (essentials), Phuc Long (tea and coffee), Dr. WIN (healthcare), Techcombank (financial services) and Reddit (telecommunications services). Right in the pilot phase, WINLife showed positive signals with revenue/m² up 20% and EBIT margin up 60bps to 5.1% per store compared to pre-conversion.

Entering 4Q22, WCM plans to convert another 50-90 Winmart+ stores into the WINLife model and keep monitoring the effectiveness of the WIN Membership program and payment services to enhance the experience and attractiveness of these services for WIN members. We are upbeat about the prospect of WINLife, a one-stop shop ecosystem that provides consumers with a convenient and seamless offline-to-online experience.

PLH closed underperforming kiosks to save on costs and focus on flagship stores

For 9M22, PLH generated VND1,142 billion in revenue, of which flagship stores contributed VND761 billion. Phuc Long kiosks inside the initial 27 WIN stores saw a 116% increase in revenue per day compared to those in other WinMart+ stores. Besides, PLH closed underperforming kiosks to save on costs and focus more on flagship stores. PLH should gain additional profit of VND27 billion following the closure of ineffective kiosks.

Fig 6. Phuc Long Heritage – Business results



Source: Masan Group, KB Securities Vietnam

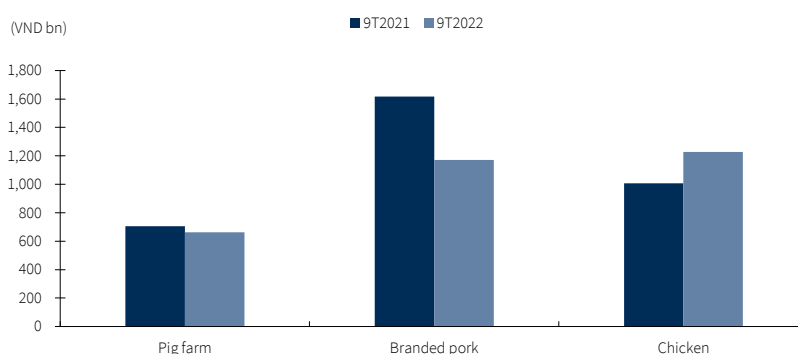
MML – Narrow the price gap and boost sales

MML's sales increased thanks to strong synergy with WCM

Excluding MNS Feed in 2021, 3Q22 revenue of MML would expand by 2.3% YoY thanks to the growth of farm business (+53.8% YoY), branded meat (+35.2% YoY), chicken business (+15.8% YoY). Thanks to the strong synergy between MML and WCM, MML's sales jumped by 35% during the pilot phase of the WINLife model.

GPM and EBITDA margin of the pig farm segment in the third quarter decreased to -4.8% and -27.8% as the company lowered selling prices to narrow the price gap with the traditional market. As a result, sales of this segment increased by more than 31% in 3Q22. Higher chicken prices and volume resulted in VND22 billion in EBITDA of MML's chicken segment in 3Q22.

Fig 7. Masan MEATLife – Business results



Source: Masan Group, KB Securities Vietnam

MHT – Robust growth in 9M22

MHT continued to be a bright spot in 9M22 with net revenue touching VND11,651 billion (+21.3% YoY) and EBITDA margin of VND2,548 billion (+36.3% YoY) thanks to rising commodity prices and growing demand for industrial materials.

Tungsten prices in the third quarter averaged USD340/MTU, 26% higher than the USD266/MTU level of 3Q21. The sales volume fell due to the recent change in the location of the mine from the east pit to the west pit, which takes time to reach deeper deposits and make the quantity mined at a stable level. 3Q22 revenue of fluor spar increased by USD8.3 million YoY thanks to strong market demand. Meanwhile, HSC sales dropped dramatically in 3Q22 on dwindling demand from Chinese businesses.

Techcombank – MSN's financial puzzle

Techcombank, MSN's associated company, contributed VND3,560 billion (up 23.4% YoY) in EBITDA in 9M22. Please refer to the 3Q22 update report on TCB dated November 1, 2022.

The USD600 million syndicated loan

In November 2022, MSN received a 5-year syndicated loan worth USD600 million from international lenders. The loan is priced at 2.9% over the U.S Dollar Secured Overnight Financing Rate, or approximately 6.7% per annum. This is a relatively favorable interest rate for a 5-year loan amidst a high interest rate environment.

In our view, increasing USD loans, for the time being, would lead to the risk of foreign exchange loss. As shared by the Board of Directors, MSN will actively monitor and conduct derivative transactions at an appropriate time to downplay market risks and optimize the cost of capital.

Forecast & Valuation

2022–23F business results

We expect MSN's 2022F NPAT to reach VND4,464 billion (-55% YoY, excluding MNS Feed) on net revenue of VND76,636 billion (-13.5% YoY). For 2023F, those figures should rise to VND5,751 billion (+28.8% YoY) and VND85,795 billion (+11.9% YoY), respectively.

Table 1. MSN – 2022–23F business results

| | 2021A | 2022F | 2023F | Notes |
|-------------------------------------|----------|----------|----------|---|
| Masan Group (MSN) | | | | |
| Net revenue | 88,629 | 76,636 | 85,795 | Rising inflation has begun to affect consumer demand, revenue is forecast to be below the plan set at the beginning of the year. |
| YoY (+/-%) | +14.78% | -13.53% | +11.95% | |
| Masan Consumer Holding (MCH) | | | | |
| Revenue | 27,710 | 28,027 | 31,790 | Lower disposable income due to inflation negatively affected spending habits. Revenue may fall short of expectations in 4Q22 even though 4Q is normally the peak season. This can last until the end of 2Q23. We expect the purchasing power to recover from the end of next year or the start of 2024. |
| YoY (+/-%) | +18.7% | +1.1% | +13.4% | |
| Gross profit margin | 42.47% | 40.20% | 42.17% | GPM is dampened by soaring input prices arising from high inflation. GPM is expected to improve in 2023 thanks to early hedging measures of the company. |
| WinCommerce | | | | |
| Revenue | 30,900 | 28,428 | 31,839 | Revenue fell slightly from last year's high base. We expect the WINLife model to enter into stable operation on a larger scale and Winmart and Winmart+ stores to maintain positive growth momentum, which will be the growth engine of WCM. |
| YoY (+/-%) | | -8% | +12% | |
| Gross profit margin | 21% | 22% | 23% | GPM improved thanks to successful initial results of WINLife. |
| Masan MEATLife | | | | |
| Revenue | 18,891 | 5,158 | 5,777 | Continuing to be distributed in Winmart, Winmart+, WINLife stores |
| YoY (+/-%) | +17% | -80% | +12% | |
| Gross profit margin | 12.02% | 7.30% | 9.60% | |
| Masan High-Tech Materials | | | | |
| Revenue | 13,564 | 15,022 | 16,388 | Promoting deep processing and high value-added tungsten application, key businesses driven by stable demand and good selling prices |
| YoY (+/-%) | +86.0% | +10.8% | +9.1% | |
| Gross profit margin | 16.74% | 17.19% | 18.91% | |
| Selling expense | (11,786) | (10,191) | (11,409) | |
| G&A expense | (4,065) | (3,515) | (3,935) | |
| Profit after tax | 10,101 | 4,464 | 5,751 | |

Source: KB Securities Vietnam

We recommend BUY for MSN with a target price of VND118,100/share

We use the SOTP (Sum-of-the-Parts) valuation method for MSN's subsidiaries. We value MSN at VND118,100/share (Table 2), 22.9% higher than the closing price on December 14, 2022.

For MCH, we use the DCF (discounted cash flow) method. Accordingly, we adjusted the risk-free rate to 5.5% and the market risk premium to 10.8%, given rising interest rates and high-risk investment.

For WCM, PLH and MHT, we keep the valuation unchanged from the previous report.

For TCB, we use the most recent valuation of KBSV as of November 1, 2022.

Table 2. MSN's subsidiaries – SOTP valuation

| Subsidiaries | Method | Equity value (VND Bn) | MSN interest | Equity value to MSN |
|---------------------------|-----------------|--------------------------|--------------|---------------------|
| The CrownX | | 181,089 | 84.9% | 147,768 |
| MCH | DCF | 129,918 | | |
| WCM | P/S | 51,170 | | |
| MML | Market price | 12,987 | 87.9% | 11,403 |
| MSR | DCF & EV/EBITDA | 21,898 | 86.4% | 18,920 |
| Phuc Long Heritage | Deal value | 8,161 | 51.0% | 4,162 |
| TCB | KBSV's forecast | 120,073 | 21.5% | 25,816 |
| Total asset of Masan | | | | 208,069 |
| Debt of parent company | | | | -39,879 |
| Equity value MSN | | | | 168,190 |
| Outstanding shares | | | | 1,423,724,783 |
| Fair price (VND) | | | | 181,100 |

Source: KB Securities Vietnam

MSN – 2020A–2023F financials

| Income statement (VNDbn) | 2020A | 2021A | 2022E | 2023E |
|---|-----------------|---------------|----------------|-----------------|
| Net sales | 77,218 | 88,629 | 76,636 | 85,795 |
| Cost of sales | (59,329) | (66,494) | (56,013) | (62,572) |
| Gross Profit | 17,889 | 22,135 | 20,622 | 23,223 |
| Financial income | 1,431 | 6,800 | 679 | 861 |
| Financial expenses | (4,557) | (5,707) | (6,705) | (7,447) |
| of which: interest expenses | (3,770) | (4,669) | (6,699) | (7,446) |
| Gain/(loss) from joint ventures | 2,640 | 3,897 | 4,748 | 5,971 |
| Selling expenses | (13,166) | (11,786) | (10,191) | (11,409) |
| General & admin expenses | (3,041) | (4,065) | (3,515) | (3,935) |
| Operating profit/(loss) | 1,196 | 11,273 | 5,638 | 7,264 |
| Net other income/(expenses) | 1,129 | 216 | 0 | 0 |
| Pretax profit/(loss) | 2,325 | 11,489 | 5,638 | 7,264 |
| Income tax | (930) | (1,387) | (1,175) | (1,513) |
| Net profit/(loss) | 1,395 | 10,101 | 4,464 | 5,751 |
| Minority interests | 161 | 1,538 | 1,538 | 1,538 |
| Net profit after MI | 1,234 | 8,563 | 2,925 | 4,212 |
| Operating ratios | | | | |
| (%) | 2020A | 2021A | 2022E | 2023E |
| Revenue growth | 107% | 15% | -14% | 12% |
| EBIT growth | -32% | 165% | -24% | 19% |
| EBITDA growth | -64% | 167% | -24% | 16% |
| NP after MI growth | -78% | 594% | -66% | 44% |
| Gross profit margin | 23% | 25% | 27% | 27% |
| EBITDA margin | 8% | 18% | 16% | 17% |
| EBIT margin | 8% | 18% | 16% | 17% |
| Pre-tax profit margin | 8% | 18% | 16% | 17% |
| Net profit margin | 2% | 10% | 4% | 5% |
| Cash flow | | | | |
| (VNDbn) | 2020A | 2021A | 2022E | 2023E |
| Net profit | 2,325 | 11,489 | 5,638 | 7,264 |
| Plus: depreciation & amort | 3,242 | 4,632 | (63) | (71) |
| Plus: investing (profit)/loss | (3,236) | (10,025) | (10,025) | (10,025) |
| Change in working capital | (7) | (3,316) | 2,257 | 1,056 |
| (Inc)/dec - receivables | 176 | (801) | 1,033 | (1,502) |
| (Inc)/dec - inventory | (1,117) | (2,233) | 4,265 | (6,798) |
| (Inc)/dec - other curr assets | 0 | 0 | 0 | 0 |
| Inc/(dec) - payables | 12 | (655) | (4,458) | 8,368 |
| Inc/(dec) - advances | 449 | 373 | 1,417 | 988 |
| Inc/(dec) - other curr liab | 0 | 0 | 0 | 0 |
| Other adj for operations | 0 | 0 | 0 | 0 |
| Operating cash flow | 1,351 | 1,144 | (4,054) | (4,060) |
| ST investments | 0 | 0 | 0 | 0 |
| Capital expenditures | (3,678) | (2,805) | 7,390 | 6,390 |
| Investment properties | 0 | 0 | 0 | 0 |
| Investment in subsidiaries | (27,213) | (5,261) | 0 | 0 |
| Other assets | 0 | 0 | 0 | 0 |
| Other adj for investments | (2,866) | 14,412 | (2,881) | (3,069) |
| Investing cash flow | (33,757) | 6,346 | 4,509 | 3,321 |
| Issuance/(repayment) of debt | 87,379 | 60,086 | 72,632 | 64,881 |
| ST debt | (55,031) | (57,115) | (62,231) | (71,937) |
| Other liabilities | (1) | (20) | 0 | 0 |
| Issuance/(retirement) of equity | 2,386 | 17,364 | 0 | 0 |
| Dividends paid | (1,402) | (3,442) | (4,746) | (4,746) |
| Other adj for financing | 0 | (9,777) | 0 | 0 |
| Financing cash flow | 33,331 | 7,096 | 5,655 | (11,802) |
| Net increase in cash & equivalents | 925 | 14,586 | 6,111 | (12,541) |
| Cash & equivalents - beginning | 6,801 | 7,721 | 22,305 | 28,415 |
| Cash & equivalents - ending | 7,721 | 22,305 | 28,415 | 15,874 |

| Balance sheet (VNDbn) | 2020A | 2021A | 2022E | 2023E |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Total assets | 115,737 | 126,093 | 137,510 | 144,074 |
| Current assets | 29,761 | 43,630 | 50,981 | 50,074 |
| Cash & equivalents | 7,721 | 22,305 | 28,415 | 15,874 |
| ST investments | 447 | 333 | 5,815 | 8,623 |
| Accounts receivable | 2,062 | 2,480 | 1,447 | 2,950 |
| Inventory | 12,730 | 12,948 | 8,683 | 15,481 |
| Other current assets | 6,800 | 5,564 | 6,620 | 7,147 |
| Long-term assets | 85,976 | 82,463 | 86,529 | 94,000 |
| LT trade receivables | 1,592 | 1,878 | 0 | 0 |
| Fixed assets | 34,322 | 31,152 | 30,631 | 30,108 |
| Investment properties | 15 | 810 | 449 | 89 |
| LT incomplete assets | 2,275 | 2,022 | 4,024 | 6,266 |
| LT investments | 20,359 | 24,539 | 25,785 | 28,867 |
| Goodwill | 0 | 0 | 0 | 0 |
| Other LT assets | 27,392 | 21,853 | 25,639 | 28,671 |
| Liabilities | 90,706 | 83,757 | 96,770 | 104,331 |
| Current liabilities | 38,875 | 34,548 | 33,116 | 44,868 |
| Trade accounts payable | 6,833 | 7,970 | 3,512 | 11,880 |
| Advances from customers | 21 | 15 | 19 | 22 |
| ST borrowings | 22,545 | 18,806 | 21,087 | 23,648 |
| Special reserves | 0 | 0 | 0 | 0 |
| Other current liabilities | 9,476 | 7,757 | 8,497 | 9,318 |
| Long-term liabilities | 51,832 | 49,209 | 63,654 | 59,463 |
| LT payables | 0 | 0 | 0 | 0 |
| LT borrowings | 39,466 | 39,372 | 54,710 | 49,471 |
| Other LT liabilities | 12,366 | 9,837 | 8,945 | 9,992 |
| Shareholders' equity | 15,938 | 32,811 | 31,214 | 30,217 |
| Paid-in capital | 11,747 | 11,805 | 11,864 | 11,864 |
| Share premium | 11,084 | 11,084 | 11,084 | 11,084 |
| Treasury stock | 0 | 0 | 0 | 0 |
| Undistributed earnings | 2,182 | 18,796 | 16,654 | 16,657 |
| Reserve & others | (8,564) | (8,388) | (8,388) | (8,388) |
| Minority interests | 9,093 | 9,526 | 9,526 | 9,526 |
| Total liabilities & equity | 115,737 | 126,093 | 137,510 | 144,074 |
| Key ratios | | | | |
| (x, % VND) | 2020A | 2021A | 2022E | 2023E |
| Valuations | | | | |
| P/E | 84.3 | 23.5 | 36.4 | 28.2 |
| P/E diluted | 84.3 | 23.5 | 36.4 | 28.2 |
| P/B | 4.2 | 4.8 | 3.3 | 3.4 |
| P/S | 1.6 | 1.1 | 1.8 | 1.6 |
| EV/EBITDA | 14.8 | 11.4 | 14.8 | 13.1 |
| EV/EBIT | 26.0 | 14.7 | 14.7 | 13.0 |
| EPS | 1,054 | 7,269 | 3,135 | 4,039 |
| DPS (annual, ordinary) | 1,199 | 2,930 | 4,020 | 4,020 |
| Dividend payout ratio (%) | 45% | 35% | 35% | 35% |
| Operating performance | | | | |
| ROE | 9% | 41% | 14% | 19% |
| ROA | 1% | 8% | 3% | 4% |
| ROIC | 2% | 11% | 4% | 6% |
| Financial structure | | | | |
| Total liab/equity | 5.7 | 2.6 | 3.1 | 3.5 |
| Current ratio (x) | 0.8 | 1.3 | 1.5 | 1.1 |
| Interest coverage (x) | 1.6 | 3.5 | 1.8 | 2.0 |
| Activity ratios | | | | |
| Asset turnover | 1.0 | 0.7 | 0.6 | 0.6 |
| Receivables turnover | 23.0 | 39.0 | 39.0 | 39.0 |
| Inventory turnover | 6.5 | 5.2 | 5.2 | 5.2 |
| Payables turnover | 10.0 | 9.0 | 9.0 | 9.0 |

Source: Masan Group, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

| Buy: | Hold: | Sell: |
|--------------|--------------|--------------|
| +15% or more | +15% to -15% | -15% or more |

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

| Positive: | Neutral: | Negative: |
|-----------------------|---------------------------------|-------------------------|
| Outperform the market | Perform in line with the market | Underperform the market |

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