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Retailing & Consumers Analyst
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Masan Group (MSN)

3Q results are in line with 2021 guidance

We attended the Analyst Meeting for 3Q2021 and have noted some key information regarding the business results and prospects for future.

Consolidated results for 9M2021 grew significantly and are on track

- In general, consolidated revenue for the first 9 months of 2021 reached at VND64,801 billion (+16.5% YoY) thanks to growth from almost every segment: MCH (+14.3%), MML (+32.8%) and MHT (+89.3%). Moreover, Wincommerce (WCM) also grew in 3Q2021 (21.2% YoY), accumulating 9M2021's growth of 1.3% YoY.
- Consolidated EBITDA increased by 70.3% YoY, reaching VND11,070 billion. EBITDA margin rises considerably to 17.1% compared to that of 11.7% in 2020, mainly due to improvements of EBITDA margin from WCM (+870 bps), at 3.4%; all segments have stable margin except MML because of effects from commodities price affecting the feed business.
- Net operating profit after tax – post minority interests after 9M2021 increased by 119.5% YoY, at VND2.126 billion. However, considering profit from core operating (excluding profit/loss from mergers), the growth for 9M2021 is quite high, at 1,864% YoY.
- To conclude, the management is quite confident in reaching the targets for this year as stated at AGM. In details, management expects revenue and net cash profit after tax for 4Q2021 are contributing 28% and 33% into the total results of 2021.

All segments are having positive outlook

- WCM (Wincommerce) saw a 1.3% YoY growth in net revenue although the number of points of sale decreased by 200 points compared to that of 2020 thanks to growth of minimart segment, offsetting the negative effects from super-mart segment. WCM recorded the first quarter having profits of VND137 billion. Management is confident of expanding this business in the future and also is working on optimize the online system.
- MCH continued to grow, optimizing the synergies from WCM. All segments have positive revenue growth except for coffee and HPC. Net revenue grew by 14.3% YoY in 9M2021.
- Branded meat MEATDeli of MML (excluding farms, 3F Viet and feed) reached positive NPAT Post-MI for the first time in 3Q2021. Net revenue of 9M2021 increased by 32.8% YoY, mainly due to integrated meat's strong growth. Gross margins of 9M2021 decreased YoY due to effects of commodities price affecting the feed business.
- Net revenue of MHT increased by 89.3% YoY thanks to increased revenue from wolfram after merging HC Starck and higher ammoniac para-wolfram (APT) in 3Q2021. Revenue from fluorite decreased due to lower output capacity (disturbance of machinery); bismuth have gained revenue after the first 6 months not having revenue due to maintenance of production line. In general, the outlook of MHT is quite good since price of all products are higher.

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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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