

Sao Ta Foods JSC (FMC)

Industry	Fishery
Report Date	October 5, 2023
Current Price	VND49,700
Dividend Yield*	4.0%
* Dividend Yield based on 2022 DPS	
Market Cap	USD138.3mn
Foreign Room	USD69.1mn
30D ADTV	USD0.2mn
State Ownership	2.5%
Outstanding Shares	65.4 mn

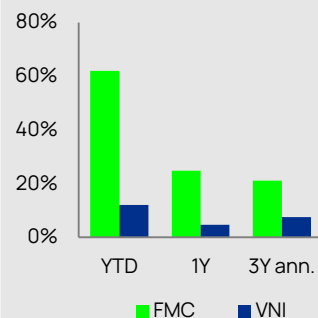
	FMC	Peers*	VNI
P/E (ttm)	12.1x	16.9x	15.8x
P/B (cur.)	1.7x	1.2x	1.7x
ROA	8.8%	4.8%	2.0%
ROE	14.1%	9.1%	12.3%

* Local Peers

Company overview

Established in 1995, FMC specializes in shrimp farming and processing for export, with Japan, Europe and the US as its primary markets.

Share price performance



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	2020	2021	2022
Revenue (VND bn)	4,415	5,199	5,702
Revenue % YoY	19.0%	17.8%	9.7%
NPAT-MI (VND bn)	226	267	309
NPAT-MI % YoY	-1.7%	18.2%	15.7%
EPS % YoY	-13.8%	0.9%	13.9%
GPM	9.7%	10.2%	11.0%
EBITDA margin	7.4%	7.4%	7.6%
OPM	5.3%	5.5%	5.7%
NPM	5.1%	5.1%	5.4%
EV/EBITDA*	8.6x	8.3x	8.0x
P/E*	7.5x	11.9x	10.8x
P/B*	1.4x	1.4x	1.5x
ROE	22.4%	18.7%	16.7%

* Valuations based on historical share prices – except 2022, which is based on current share price and shares outstanding

New farming area to capture global shrimp demand recovery

- Sao Ta Foods JSC (HOSE: FMC) is one of the top three leading shrimp exporters in Vietnam, accounting for 5% of the nation's shrimp export value in 2022.
- In H1 2023, FMC's revenue slumped by 25.5% YoY. However, this outperformed Vietnam's overall shrimp export value, which dropped by 32% YoY. This decline was due to Japan, FMC's largest export market, having more consistent demand compared to other major markets like Europe and the US.
- FMC targets 2023G revenue of VND5.9tn (+3.5% YoY), which we believe is achievable given our outlook for shrimp exports to recover in H2 2023, in addition to FMC expanding its processing and farming capacity.
- FMC is currently trading at a TTM PER of 12.1x – a 28% discount vs our selected peer group median of 16.9x. (see page 13).
- FMC announced it will pay 2023 DPS of at least VND2,000 in cash or 20% in stock.
- Key risks: (1) Possibility of US reimposing antidumping tax; (2) adverse weather conditions and shrimp diseases impacting shrimp farming productivity (see page 13).

The shrimp export market is showing signs of recovery. Vietnam's shrimp export turnover for 9M 2023 amounted to USD2.6bn (-25% YoY). However, the country's shrimp export value increased in 9M 2023, with the exception of a slight 2% drop in July. Major export markets such as the US and China have experienced YoY growth since July 2023. As a result, we expect the Vietnamese shrimp market's prospects will continue to improve as we approach the year-end due to (1) increased consumption demand during the holiday season, (2) low shrimp inventory in Vietnam's two largest shrimp export markets, the EU and the US, and (3) the alleviation of the excessive shrimp supply from the world's two major shrimp suppliers, Ecuador and India.

Improving GPM through expansion of farming area and stockpiling cheap raw shrimp in Q2 2023.

In May 2023, 203 ha of new farming area entered operation, which boosted the company's farming capacity to 15,000 tonnes/year (+40% YoY). At end-July 2023, FMC managed an overall farming area of 525 ha – equivalent to a self-supply rate of 40% vs 30% at end-2022. We believe the increasing self-supply rate should support FMC in ensuring its shrimp quality and improving GPM. Moreover, by actively restocking cheap raw shrimp from local farmers in Q2 2023, FMC should enjoy low production costs against high raw shrimp prices toward year-end, in our view.

Two new factories boost processing capacity.

The inauguration of the new Sao Ta and Tam An factories in 2022 expanded FMC's total designed production capacity from 25,000 tonnes/year to 45,000 tonnes/year. We believe these factories will play a pivotal role in enabling FMC to enhance its production of processed and high-quality products for export to its core Japanese and EU markets.

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Company Overview

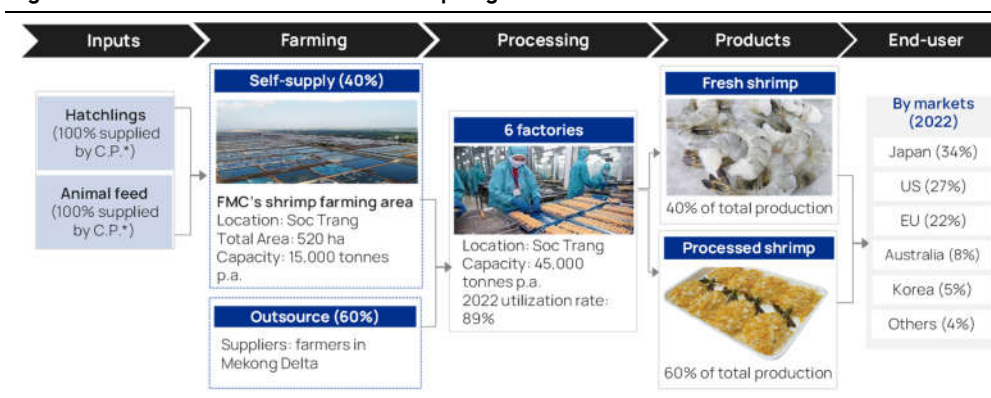
Sao Ta Foods JSC (HOSE: FMC) was established in 1995 as a State-owned enterprise under the Soc Trang Province Administration. In 2002, FMC was transformed into a joint stock company; it has been listed on HOSE since 2006. The company's primary business includes processing and exporting shrimp and vegetables, primarily targeting the US, EU and Japan as its main markets. Shrimp stands out as the leading revenue and gross profit contributor, accounting for 96% of total revenue and 88% of total gross profit in 2022.

One of Vietnam's top three shrimp exporters

With 27 years of operation, FMC has become a top three shrimp exporter in Vietnam in terms of export value. In 2022, the company's total export value was USD217.7mn, accounting for 5% of Vietnam's shrimp export value, according to the Vietnam Association of Seafood Exporters and Producers (VASEP). FMC only ranks below Minh Phu Seafood JSC (HOSE: MPC) and private company Soc Trang Seafood JSC (Stapimex), which accounted for 15% and 8% of Vietnam's shrimp export value in 2022, respectively.

Japan is FMC's largest export market. The proportion of the Japanese market in FMC's total export value jumped from 28% in 2020 to 44% in 2022 (unconsolidated data). According to management, Japan is FMC's highest-margin market due to nation's preference for processed shrimp, which offers higher margins than frozen fresh shrimp. In 2022, processed shrimp accounted for 55% of FMC's export value to Japan, per management.

Figure 1: Business model of FMC's shrimp segment



Source: FMC, Vietcap. *Note: C.P. is the leading agriculture company in Vietnam.

Expanding farming operations. In 2013, FMC started shrimp farming on its own to reduce its reliance on outsourced shrimp and enhance the overall quality of its products. As of end-June 2023, the company had 550 ha of overall shrimp farming area – equivalent to a self-supply rate of 40%. FMC's farming practices meets Best Aquaculture Practices (BAP) and Aquaculture Stewardship Council (ASC) standards, ensuring the high quality required for exports to demanding markets like the EU and Japan. The remaining 60% of FMC's raw shrimp input demand is supplied by smallholder farmers in Vietnam's Mekong Delta region.

Top-notch farming efficiency. Thanks to high-quality hatchlings purchased from leading Vietnamese aquaculture company C.P. Vietnam and the application of probiotic technology in shrimp cultivation, FMC has a shrimp survival rate of 85% – substantially higher than market's average rate of 45%.

Six processing factories in Soc Trang Province. The Tam An and Sao Ta factories entered operation in Q2 2022 and Q1 2023, respectively, more than doubling the company's designed capacity from 24,000-26,000 tonnes/year to approximately 45,000 tonnes/year. The four older factories have operated at full capacity during peak harvesting seasons, which occur from March to July and from September to November. During the other months of the year, these factories

operate at about 70% of their capacity. Management anticipates the new Tam An and Sao Ta factories will achieve respective utilization rates of 20% and 40% in 2023.

Figure 2: FMC's six processing factories

Factory	Date of operation	Designed capacity (tonnes/year)	Utilization rate in 2023G	Products
Sao Ta 1	2003	4,350	Full capacity	Block shrimp, IQF (Individual Quick Freezing) shrimp, stretched shrimp
An San	2008	2,900	Full capacity	Kakiage, mixed vegetables, processed vegetables
Tin An	2018	2,900	Full capacity	Breaded shrimp, tempura
Nam An	2019	14,500	Full capacity	Block shrimp, stretched shrimp, IQF shrimp, breaded shrimp, fried shrimp
Tam An	Q3 2022	5,000	20%	Shrimp and vegetable mix
Sao Ta 2	Q1 2023	15,000	40%	Stretched shrimp: 5,000 tonnes/year Fresh frozen shrimp: 10,000 tonnes/year

Source: FMC, Vietcap

Modest vegetable processing segment

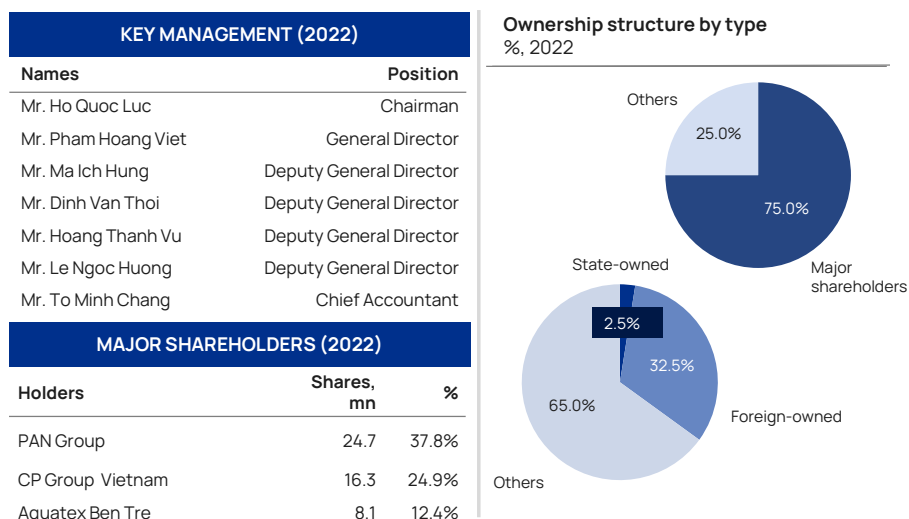
FMC expanded into vegetable processing in 2013; however, the revenue contribution from this segment is relatively small. In 2022, the vegetable processing segment accounted for just 4% of FMC's overall revenue and 12% of its gross profit. The segment's primary products include kakiage and mixed vegetables, with its primary market being Japan, which accounted for 90% of total revenue in 2022. The raw vegetables are purchased entirely from local smallholder farmers. In addition, the vegetable segment possesses a superior GPM, which averaged at 33% in 2018-2022 vs around only 10% for the shrimp segment. Furthermore, the vegetable segment has exhibited a strong growth trajectory, boasting a CAGR of ~13% in 2017-2022. The new Tam An factory, which was inaugurated in Q3 2022, increased the designed capacity of the vegetable segment by 200% from 2,500 tonnes/year to 7,500 tonnes/year.

Corporate and ownership structure

Since 2017, The PAN Group has held majority ownership in FMC, becoming its largest shareholder following Hung Vuong Group's divestment. Currently, The PAN Group owns a 50.2% stake in FMC, with a direct ownership of 37.8% and an indirect ownership of 12.4% through its subsidiary, Aquatex Ben Tre. The PAN Group is one of the biggest conglomerates in Vietnam's agri-food industry. As a subsidiary of The PAN Group, FMC is supported with capital funding and strategic guidance. FMC is also freer to reinvest in expanding its business as opposed to distributing all its earnings as dividends like it did with its previous parent company, Hung Vuong Group. Following The PAN Group's takeover, there have been substantial investments in new processing factories and farming areas.

C.P. Vietnam holds a 24.9% stake and is FMC's second-largest shareholder. C.P. Vietnam is a subsidiary of C.P. Group, which is a leading agricultural company in Thailand. This company is a crucial business partner of FMC, supplying 100% of its shrimp feed and hatchlings for required for FMC's self-farming activities (Figure 3).

Figure 3: FMC's ownership structure

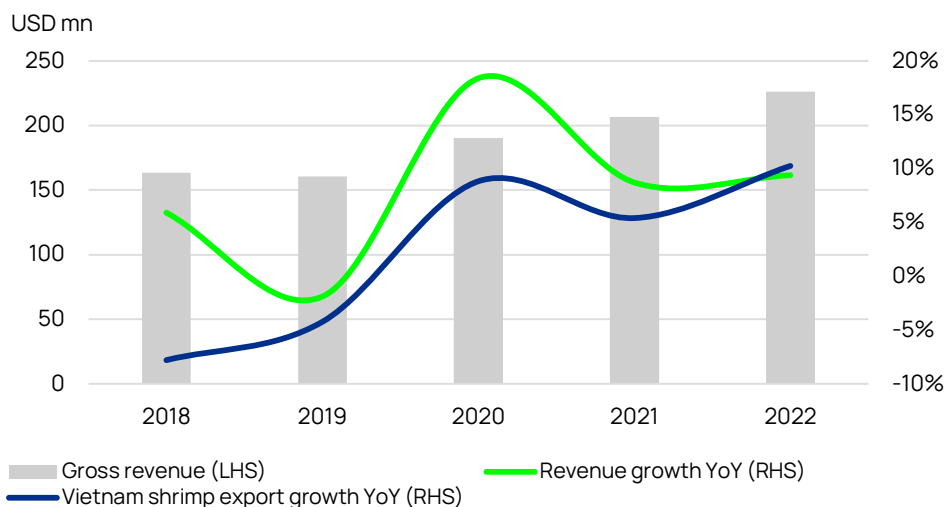


Source: FMC, Vietcap (* Figures may not sum up due to rounding)

Historical performance

2018 – 2022 Recap

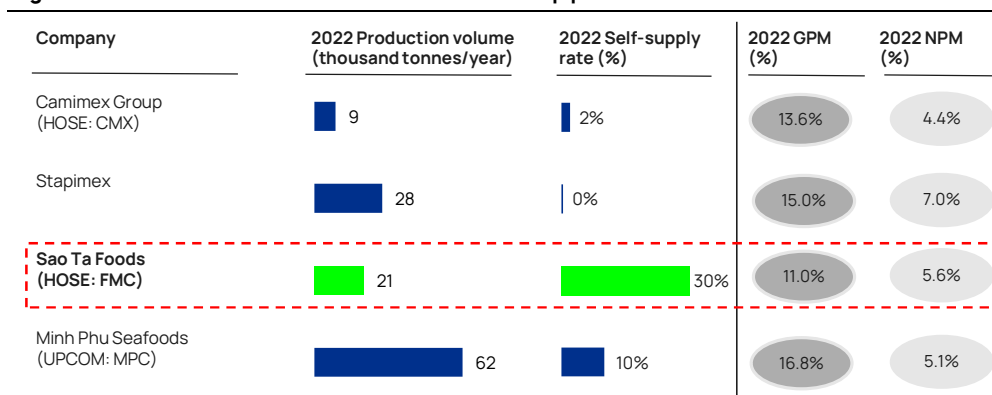
Figure 4: FMC's revenue growth in 2018-2022



Source: FMC, VASEP, Vietcap

Net revenue increased at a CAGR of 10.6% in 2018-2022. FMC's annual revenue growth was higher than growth in Vietnam's shrimp export value, which rose at a CAGR of 5% in 2018-2022. We attribute this outperformance to the company's (1) stronger focus on highly processed products, (2) flexibility in adjusting its export markets, and (3) high self-supply rate. Processed shrimp products, which accounted for 60% of FMC's shrimp export value in 2022, face less competition from major fresh frozen shrimp exporters such as Ecuador and India. FMC is also flexible in shifting adjusting its export destinations to adapt to current market conditions. Lastly, even during COVID-19 and the subsequent disruptions on global supply chains, FMC maintained a stable source of raw shrimp due to its high self-supply rate.

Figure 5: NPM of FMC and other Vietnamese shrimp processors



Source: Company data, Vietcap

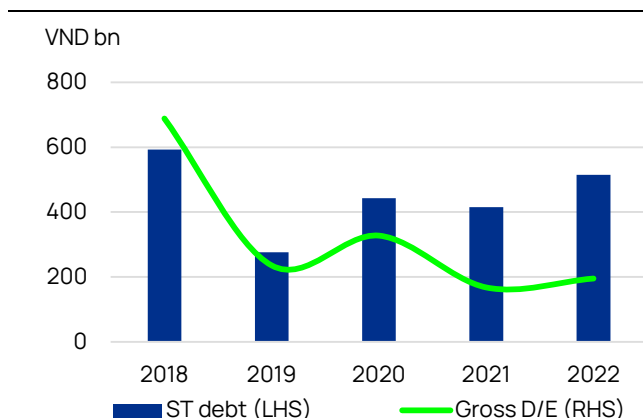
Relatively low GPM despite having a high level of self-supply (Figure 5). FMC's GPM in 2022 was lower compared to its competitors despite its self-supply rate being highest. In our view, this discrepancy is due to FMC's (1) strategy of offering products at lower prices and (2) high dependency on shrimp feed and hatchlings. According to FMC, 100% of its shrimp feed and hatchlings are currently purchased externally, while its competitors such as MPC and CMX can partially self-produce via in-house factories. Typically, shrimp feed and hatchlings account for 75% of total farming costs, as stated by management.

However, FMC boasts a higher NPM compared to most of its peers. The primary reason for this is because Japan is FMC's main export market, accounting for 34% of the company's total export value in 2022. The US is the largest market for MPC and Stapimex, while CMX mainly exports to the EU. Due to Vietnam's proximity to Japan, the transportation costs are lower than exporting to the US and EU markets. In 2022, FMC's selling expense/net revenue was 4% vs ~8% for MPC and Stapimex.

High cash dividend payout. Thanks to a stable stream of revenue and profits, FMC has maintained a high cash dividend payout policy for its shareholders. The company's dividend payout ratio was 43%-63% in 2018-2022.

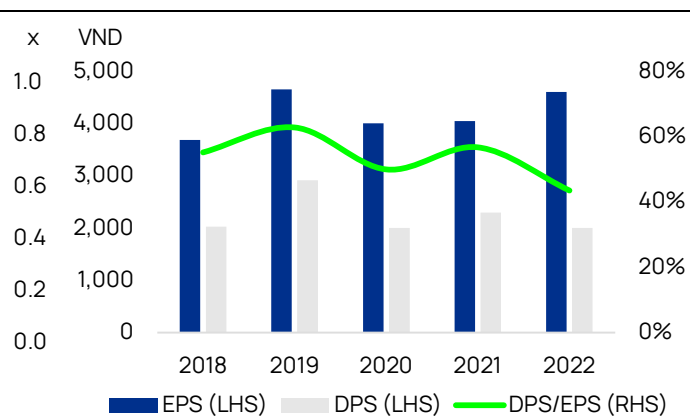
Low financial leverage. FMC has not employed long-term debt and instead has only used short-term debt to finance its working capital requirements. The company's gross D/E ratio dropped significantly from 0.9x in 2018 to 0.2x in 2022. FMC's leverage ratio was also substantially lower than its peers, including 0.7x at MPC and 1.0x at CMX in 2022.

Figure 6: FMC's total debt and gross D/E ratios



Source: FMC, Vietcap

Figure 7: FMC's dividend payout ratios



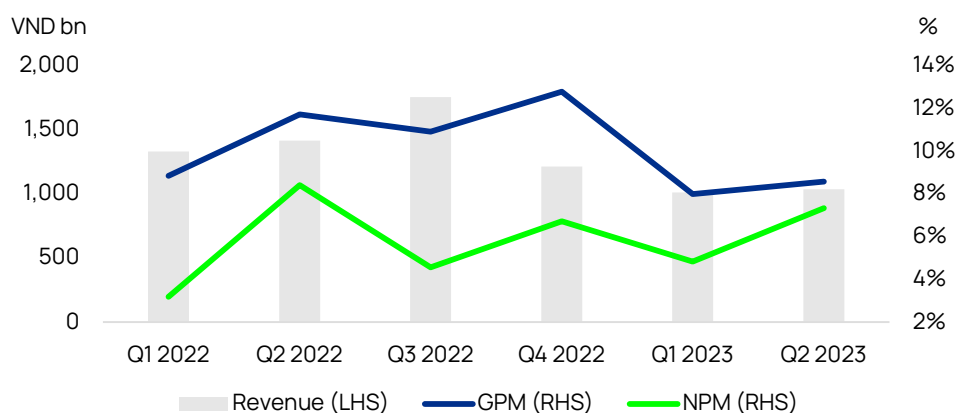
Source: FMC, Vietcap (EPS and DPS are adjusted for ESOP in 2019 and rights issuances in 2019 and 2021)

Revenue dropped in H1 2023 amid sluggish consumption demand

H1 2023 revenue slumped by 26% YoY, but it was still higher than the overall market. FMC's business results were better than the overall industry in Vietnam, which experienced a 32% YoY decrease in export value in H1 2023. The main reason for FMC's resilience is Japan being its largest export market, accounting for 40% of the company's export value. Japan displayed more stable demand compared to other major markets like the EU and US.

GPM dropped in H1 2023, but NPM was slightly higher. FMC's GPM dropped to 8.3% in H1 2023 due to (1) FMC cutting its ASP by 11% in Q2 2023 as a result of low consumption demand and (2) a challenging harvesting season that led to high farming costs. Meanwhile, FMC's NPM margin in Q2 2023 surged to 7.3% due to 32% QoQ lower logistics costs and a refund of VND48bn from an antidumping tax.

Figure 8: FMC's revenue, GPM and NPM

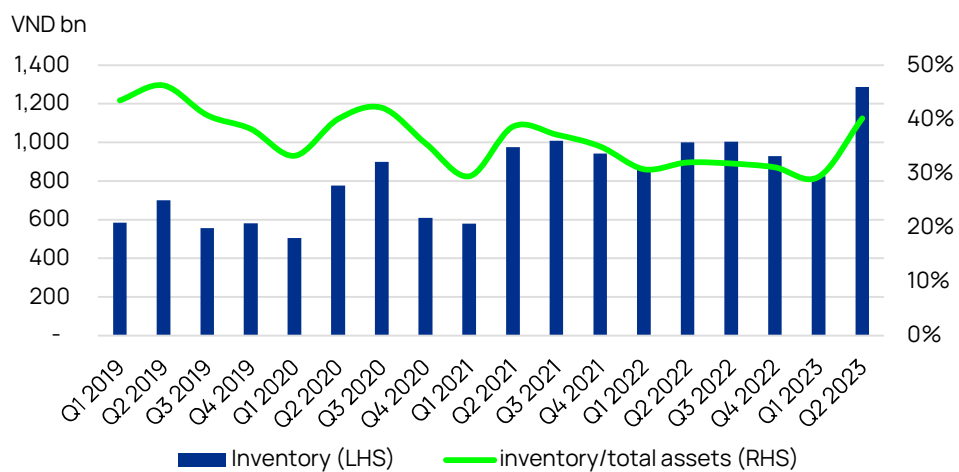


Source: FMC, Vietcap

High inventory balance. FMC's inventory balance in Q2 2023 hit an all-time high of VND356bn, increasing by 38% from the beginning of Q1 2023. The most notable growth was in the raw material balance, which increased by 65% QoQ. In addition, the finished goods balance increased by VND277bn (+17% QoQ) in Q1 2023. We attribute the higher inventory balance to (1) May and June being the peak of the shrimp harvesting season, (2) the new Sao Ta factory raising FMC's production capacity by 17% YoY in Q2 2023, (3) and FMC stockpiling cheap raw shrimp from

smallholder farmers. We believe that the high inventory balance could help FMC to meet the recovery in consumption demand toward the end of the year.

Figure 9: FMC's inventory balance



Source: FMC, Vietcap

Figure 10: FMC's H1 2023 results

VND bn	H1 2022	H1 2023	YoY	Vietcap comments
Net revenue	2,739	2,041	-25.5%	
<i>Shrimp</i>	<i>2,651</i>	<i>1,954</i>	<i>-26.3%</i>	<i>Due to sluggish consumption global demand.</i>
<i>Vegetables</i>	<i>87</i>	<i>88</i>	<i>0.3%</i>	
COGS	-2,456	-1,872	-23.8%	
Gross profit	282	169	-40.2%	
SG&A expense	-133	-52	-61.2%	Due to 70% YoY lower transportation costs.
Operating profit	161	128	-20.8%	
Financial income	35	33	-7.1%	
Financial expense	-23	-22	-3.4%	
Associates	-	-	N.M.	
Other income (expenses)	2	0	-84.3%	
PBT	163	128	-21.6%	
Tax expense	-2	-4	52.2%	
NPAT before MI	161	124	-22.7%	
Minority interest	6	12	103.3%	
NPAT-MI	155	112	-27.5%	
Gross margin	10.3%	8.3%	-2.0 pts	Due to lower ASP and a challenging harvest.
NPAT-MI margin	5.9%	6.1%	+0.2 pts	

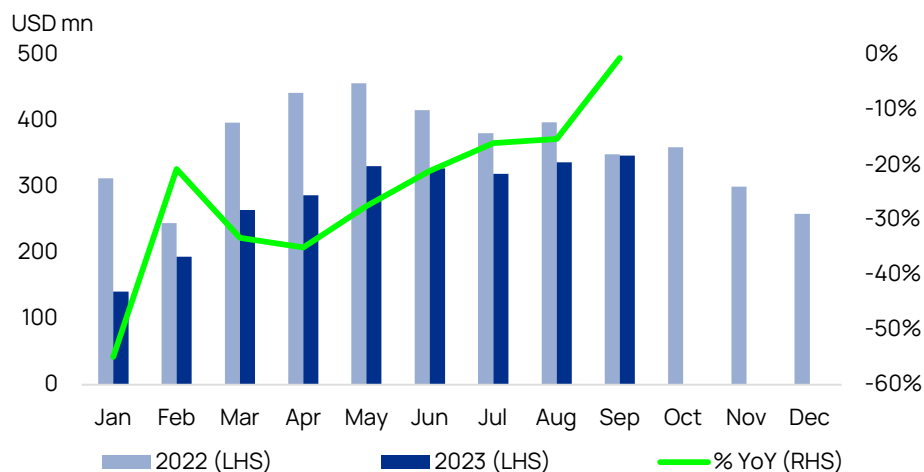
Source: FMC, Vietcap (Figures may not sum up due to rounding)

Outlook

Market Outlook

Shrimp export market is showing signs of a recovery

Figure 11: Vietnam's monthly shrimp export value in 2022-2023



Source: VASEP, Vietcap

Vietnam's shrimp export value in 9M 2023 amounted to USD2.6bn (-25% YoY). However, the shrimp market showed signs of a recovery as monthly YoY growth started to pick up in April 2023. According to the VASEP, the outlook for the shrimp market is improving as we move toward the end of the year due to increased consumer demand during the holiday season and the easing excessive shrimp supply from Ecuador and India. The VASEP anticipates that Vietnam's total shrimp export value will range between USD3.5-3.6bn in 2023, representing a decrease of 16%-18% YoY.

The US, EU and Japan are Vietnam's three largest shrimp export markets, accounting for 48% of total export value in 2022. Vietnam's shrimp export value to the US started to record positive YoY growth in July 2023, increasing by 14% YoY after six consecutive months of negative growth, which averaged -38% YoY in 6M 2023, according to the VASEP. We anticipate the outlook for shrimp exports to the EU and US will improve toward year-end due to (1) a low inventory of shrimp from retailers and (2) the period from August to November being the peak season for shrimp imports in these markets.

Consumption demand remains stable in the Japanese market. According to the Japanese government, consumer spending is expected to grow by 2.2% YoY thanks to the recovery of the tourism sector and rising wages for employees. In addition, there is increased demand for seafood imports following the release of radioactive wastewater from Fukushima into the ocean in August 2023.

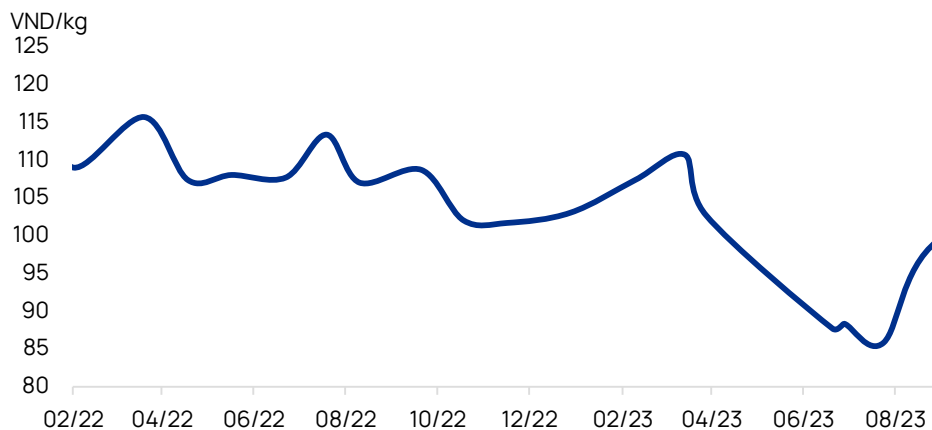
Finished shrimp prices have bottomed

According to the VASEP's assessment, following an average 13% decrease in H1 2023, shrimp prices have reached their lowest point; however, they are expected to rebound toward year-end. The main reasons for this recovery include high consumption demand during the holiday season and a less excessive supply of shrimp globally. Notably, two major shrimp farming countries, India and Ecuador, which accounted for 48% of global shrimp export value in 2022, completed their main harvest in 2023 in March and April. According to multinational banking and financial services company, Rabobank, Indian shrimp export volume will drop by at least 15% YoY in 2023 as farmers have suspended farming operations on 30%-50% of their ponds

for the second crop of the year because of prolonged low selling prices. Additionally, 30% of Ecuador’s shrimp farming areas have been damaged by El Niño weather in 2023.

Unstable domestic raw shrimp supply

Figure 12: Average Vannamei raw shrimp prices in Soc Trang Province



Source: thuy-sanvietnam.com.vn, Vietcap

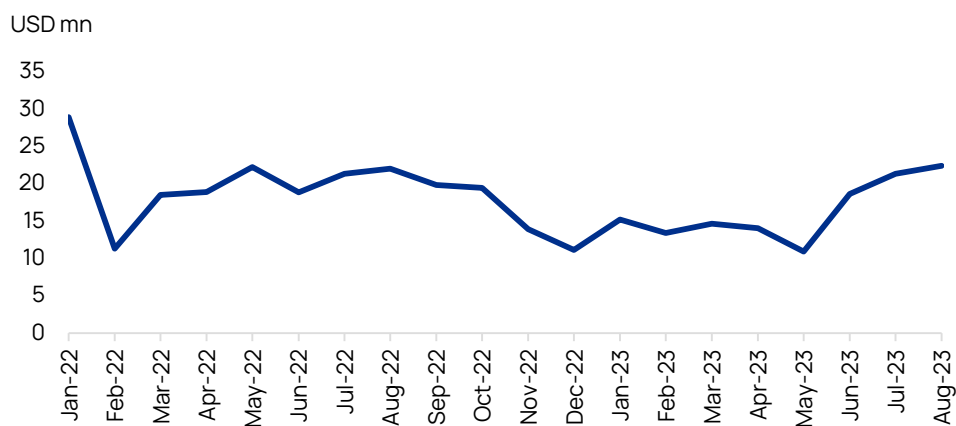
Domestic raw shrimp prices plummeted from March to August 2023. This drop can be attributed to a substantial increase in supply during the peak harvesting season in Q2 2023, coupled with a sluggish export market.

Tightening supply and increasing demand are expected to boost raw shrimp prices toward year-end. According to the VASEP, raw shrimp prices are unlikely to remain low beginning in Q3 2023. The VASEP forecasts the shrimp supply to tighten in H2 2023 and H1 2024 due to farmers being reluctant to restock, primarily driven by low selling prices, high feed costs and the spread of shrimp diseases in early 2023. In addition, the Vietnam Directorate of Fisheries states that only 70,000 out of the total 120,000 ha dedicated to Vannamei shrimp farming have released hatchlings for the second harvest of 2023. Meanwhile, the demand for raw shrimp from processors has been accelerating since Q3 2023, in preparation for the high shrimp consumption expected during the holiday season at the end of the year.

Company Outlook

Revenue to grow in tandem with the recovery of the shrimp market

Figure 13: FMC’s monthly export value



Source: FMC, Vietcap

FMC's business performance has improved, with positive MoM growth in export value since May 2023. We expect this upward trajectory in FMC's revenue will continue toward the end of the year thanks to the recovery of the shrimp export sector and the enhancements made to FMC's processing and farming capacity.

GPM to improve due to new farming area and stockpile of cheap raw shrimp

Greater involvement in the farming stage to increase GPM. In 2021, FMC had 270 ha of farming area, which was just enough to meet around 20% of the company's total demand. Between H2 2022 and H1 2023, FMC added 253 ha of shrimp farming area. As of end-July 2023, FMC had 525 ha of total farming area, which is expected to boost the company's shrimp farming output in 2023 to 15,000 tonnes/year (+40% YoY). Moreover, the company expects its self-supply rate to reach 40% in 2023 vs 30% as of end 2022. We believe that a higher self-supply rate will help FMC to ensure the quality of its shrimp and improve its GPM. According to management, participating in the farming stage will help to improve margins by 8-10 ppts compared to sourcing from third parties.

Actively restocking cheap raw shrimp materials in Q2 2023 to reap benefits in H2 2023. As mentioned earlier, FMC started to restock its raw shrimp supply when prices were low in Q2 2023. Therefore, expect the company to enjoy low production costs despite high raw shrimp prices at the end of the year-end.

Increased processing capacity to be an advantage during the high season in H2 2023

FMC has doubled its production capacity with its new Sao Ta and Tam An factories commencing operation in 2022. These factories have boosted FMC's total designed production capacity from 25,000 tonnes/year to 45,000 tonnes/year. The Tam An factory specializes in processing vegetable and shrimp-vegetable mixed products that are exported to Japan. Meanwhile, the Sao Ta factory focuses on high-quality shrimp products, primarily targeting the EU market. Japan and the EU are critical markets where Vietnamese shrimp dominate the highly processed and high-end segments, benefiting from multiple free trade agreements. Due to sluggish consumption demand in H1 2023 (as mentioned on page 10) and the fact that these factories are still in their trial run phase, management expects anticipates the Tam An and Sao Ta factories will reach 20% and 40% of their designed capacity in 2023, respectively. Management states that these factories are expected to operate at full capacity in 2026.

Company Guidance

Management targets 2023G revenue of VND5.9tn (+3.5% YoY) and PBT of VND400bn (+21.8% YoY). At end-H1 2023, FMC had fulfilled 35% of its revenue target and 32% of its PBT target. As the company has consistently beaten its guidance, coupled with our positive outlook for the shrimp export sector in H2 2023, we believe that FMC's 2023 targets are feasible. Additionally, FMC aims to pay a dividend of at least 20% of par value for 2023.

Figure 14: FMC's guidance for 2023G

	Unit	2023G
Net revenue	VND bn	5,900
%YoY growth	%	3.5%
PBT	VND bn	400
%YoY growth	%	21.8%
Dividend	% par value	20%

Source: FMC, Vietcap

Valuation

We select listed Vietnamese seafood processing and export companies for peer references.

FMC is currently trading at a 28% discount in terms of TTM PER compared with its peer group median. FMC's TTM PER is 12.1x – lower than its peer group median of 16.9x.

Figure 15: Domestic peers

Company	Mkt cap (USD mn)	TTM Net Sales (USD mn)	Y-o-Y (%)	TTM NPAT (USD mn)	Y-o-Y (%)	Net debt/Equity (%)	ROE (%)	ROA (%)	TTM P/E (x)	LQ P/B (x)
MPC Minh Phu Seafood	333	518	-24.9	22	-17.7	63.4	9.0	4.8	15.6	1.4
ANV Nam Viet	215	196	9.1	11	-45.1	69.7	9.1	4.8	18.3	1.7
IDI I.D.I International	132	309	7.2	7	-68.3	122.3	4.8	1.9	20.3	1.0
VHC Vinh Hoan Corp.	630	455	-13.9	57	-35.3	31.8	16.8	10.9	11.4	1.8
ABT Aquatex Bentre	17	24	9.7	3	12.7	4.0	13.4	9.7	6.3	0.8
CMX CAMIMEX Group	50	97	-14.1	4	-13.4	78.8	5.5	2.2	18.2	1.0
Average	229	266	-4.5	17	-27.8	61.7	9.8	5.7	15.0	1.3
Median	173	253	-3.4	9	-26.5	66.5	9.1	4.8	16.9	1.2
FMC Sao Ta Foods	138	213	-13.8	12	-14.7	32.2	14.1	8.8	12.1	1.7

Source: FiinPro, Vietcap (data as of October 4, 2023)

Investment Risks

Possibility of the US reimposing its antidumping tax. In addition to the antidumping tariff that applies for every shrimp product exported to the US, Vietnamese shrimp processors face a separate tariff individually for each exporter. Currently, FMC is eligible for the separate antidumping tariff of 0%. However, this tax rate undergoes annual revisions. We believe the risk of FMC being subjected to a reimposed antidumping tax is minimal as the company always meets the requirements regarding the origin of its raw shrimp materials.

Weather conditions and diseases at shrimp farms could take a toll on productivity. The prevalence of diseases at shrimp farms and the occurrence of El Niño caused FCM to have a challenging harvest in H1 2023. Furthermore, due to a shortage of pathogen-free hatchlings, the stocking at FMC's new farming area, Vinafarm, was delayed from its initial May 2023 schedule and instead began in July 2023. If El Niño continues in H2 2023 and into 2024, we anticipate that high farming costs could negatively impact FMC's GPM.

Financial Statements

P&L (VND bn)	2019	2020	2021	2022
Revenue	3,710	4,415	5,199	5,702
COGS	-3,285	-3,986	-4,670	-5,076
Gross Profit	425	430	529	626
Sales & Marketing exp.	-118	-147	-197	-226
General & Admin exp.	-69	-58	-67	-93
Operating Profit	234	236	286	324
Financial Income	18	33	54	71
Financial Expenses	-21	-23	-33	-54
- o/w Interest Expense	-17	-14	-14	-17
Associates	0	0	0	0
Net Other Income/(Loss)	2	0	3	5
Profit Before Tax	236	237	289	328
Income Tax	-6	-11	-2	-7
NPAT Before MI	230	226	287	321
Minority Interest	0	0	20	12
NPAT Less MI, Reported	230	226	267	309
NPAT Less MI, Adjusted	195	197	231	301
(1) Adjusted for bonus & welfare				
EBITDA	320	327	387	435
EPS Adjusted, VND (2)	4,647	4,007	4,042	4,605
DPS Adjusted, VND (2)	2,918	2,000	2,291	2,000
DPS/EPS (%)	63%	50%	57%	43%

RATIOS	2019	2020	2021	2022
Growth YoY				
Revenue	-2.5%	19.0%	17.8%	9.7%
Op. Profit (EBIT)	21.0%	0.8%	21.0%	13.3%
PBT	21.6%	0.2%	22.2%	13.7%
Reported EPS	26.3%	-13.8%	0.9%	13.9%
Profitability				
Gross Profit Margin	11.4%	9.7%	10.2%	11.0%
Op. Profit, (EBIT) Margin	6.3%	5.3%	5.5%	5.7%
EBITDA Margin	8.6%	7.4%	7.4%	7.6%
NPAT-MI Margin	6.2%	5.1%	5.1%	5.4%
ROE	24.5%	20.9%	14.5%	15.2%
ROA	15.1%	13.2%	10.6%	10.7%
Efficiency				
Days Inventory On Hand	78.6	54.3	60.5	67.2
Days Accts, Receivable	26.1	22.6	24.0	21.0
Days Accts, Payable	7.4	4.1	5.4	6.5
Cash Conversion Days	97.3	72.8	79.1	81.7
Liquidity				
Current Ratio	1.9x	2.0x	3.0x	2.2x
Quick Ratio	0.9x	1.0x	1.7x	1.1x
Cash Ratio	0.4x	0.4x	1.1x	0.7x
Debt / Assets %	18.2%	25.9%	15.4%	17.2%
Debt / Capital %	29.5%	40.9%	21.0%	24.4%
Net Debt / Equity	3.5%	16.1%	-18.0%	-3.3%
Interest Coverage	14.0x	17.0x	19.8x	18.8x
(Figures may not sum up due to rounding)				

B/S (VND bn)	2019	2020	2021	2022
Cash & Equivalents	244	268	770	585
ST Investment	9	10	25	11
Accounts Receivables	242	305	377	280
Inventories	578	608	941	929
Other Current assets	25	30	38	72
Total Current Assets	1,098	1,221	2,150	1,877
Fixed Assets, Gross	847	808	1,025	1,584
- Depreciation	-475	-493	-574	-720
Fixed Assets, Net	372	315	451	864
LT investments	0	0	0	0
LT assets, other	50	175	99	248
Total LT Assets	423	490	550	1,112
Total Assets	1,521	1,711	2,700	2,989
Accounts Payable	40	51	98	83
ST Debt	277	442	415	515
Other ST Liabilities	255	126	200	264
Total Current Liabilities	572	620	713	863
LT Debt	0	0	0	0
Other LT liabilities	10	10	10	10
Total Liabilities	582	630	723	873
Preferred Equity	0	0	0	0
Paid in capital	490	490	654	654
Share premium	191	191	594	594
Retained earnings	258	400	534	676
Other equity	0	0	0	0
Minority interest	0	0	195	192
Total equity	939	1,081	1,977	2,116
Liabilities & equity	1,521	1,711	2,700	2,989
Y/E shares out, mn	49	49	65	65

CASH FLOW (VND bn)	2019	2020	2021	2022
Beginning Cash Balance	27	244	268	770
Net Income	230	226	287	321
Dep. & Amortization	67	77	83	89
Δ in Working Capital	241	-277	-194	14
Other Adjustments	19	17	2	11
Cash from Operations	557	42	178	435
Capital Expenditures,	-152	-70	-277	-438
Investments, Net	1	9	45	-78
Cash from Investments	-151	-61	-233	-515
Dividends Paid	-80	-123	-98	-142
Δ in Share Capital	209	0	682	0
Δ in ST Debt	-317	166	-28	101
Δ in LT Debt	0	0	0	0
Other financing C/F	0	-1	-1	-60
Cash from Financing	-189	42	555	-101
Net Change in Cash	217	24	501	-181
Ending Cash Balance	244	268	770	585

Source: FMC, Vietcap (2 Adjusted for ESOP in 2019 and rights issuances in 2019 and 2021)

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Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, and are not related to market performance.

Equity rating key	Definition
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OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
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Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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