Yuanta Research

Express Note

Vietnam: Consumer **31 January 2020**

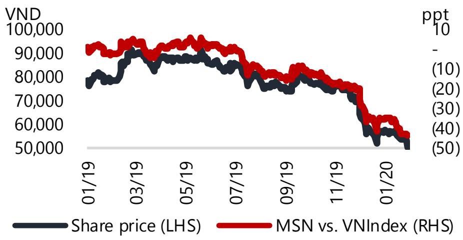
HOLD - OPF

TP upside (downside) +68%

Close 31 Jan 2020

Price	VND 50,100
12M Target	VND 84,100
Previous target	VND 84,100

Share price performance relative to VNIDEX



Market cap (USD bn)	2.6
6M ADT (USD mn)	2.0
Outstanding shares (mn)	1,168.9
Free float (%)	25.8
FINI ownership (%)	39
Major shareholders (%)	44.4
Net debt/equity (x)	0.5
BVPS (VND)	32,949
P/B (x)	1.7
P/E (x)	12.5
EV/EBITDA (x)	6.5

Financial outlook

Year to Dec	2018	2019P	2020E	2021E
Sales (VND bn)	38,188	37,354	42,955	47,211
EPS (VND)	4,561	4,766	4,372	5,377
ROE (%)	20.7	12.9	14.0	15.0
Div. yield (%)	1.4	-	-	-

Source: Company data, Yuanta Vietnam

Note: Fully diluted weighted average EPS is based on weighted average number of shares.

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Masan Group (MSN VN)

FY19 results worse than expectation

Event

Masan published its results prior to the Tet holiday. Revenues missed our forecast, but the bottom-line still beat our expectation.

Our take

Masan Consumer (MCH) was the only subsidiary to post positive FY19 top-line growth (+8.6% YoY). This was slightly below our expectation of a 9.8% YoY increase. Management admitted that their innovations in seasonings and convenience foods in 2019 did not contribute as planned. For FY20, management expects to see 10%-15% YoY top-line growth, driven by beverages (double-digit growth), seasonings and convenience food premiumization, and the new business: home and personal care.

Masan MEATLife (MML) disappointed with a 1.3% YoY decline in sales, compared to our expectation of 5% growth. The key headwind, per management, was African Swine Fever, which dampened pig feed sales (accounting for 50% of total feed sales). As for FY20, management expects to see 20%+ growth with animal feed growing in the high-single to low-double digits. However, management says that fresh meat will be the main driver and should contribute 20%-25% of MML's revenues.

Masan Resources (MSR) saw the worst subsidiary top-line performance with a 31.4% YoY decline, which is worse than our expectation of a 22.5% decline. Soft tungsten prices and difficulties in selling copper were the key reasons. For FY20, management expects 17%-27% YoY growth in sales, with the assumption of average tungsten prices increasing by 11% YoY.

Vin Commerce (VCM) M&A deal: Management expects VCM to poste VND 45-48 tn in sales in 2020, with target EBITDA margin of -3% to breakeven. Investors can find more detail about management's plans for this new business in our VCM deal: Conference call takeaways report.

Core bottom-line increased by 12%, which is better than our expectation of 10%, mainly due to lower-than-expected selling expenses (17% or VND 863 bn lower than our forecast).

Our view: Given the significant changes in MSN's corporate structure, our FY20 forecast is under review. In general, we believe that MSN's post-merger net profit will be reduced by two factors: (1) pre-tax losses from VCM and reduced profit from its core consumer business due to MSN's lower ownership in the business.

Appendix A: Important Disclosures

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