

NOT RATED
Close 29 May 2020
Price 24,200
12M Target N/A

Share price performance relative to VNINDEX


Market cap (USD mn)	56
6M ADT (USD k)	590
Outstanding shares (mn)	54
Free float (%)	69
FINI ownership (%)	9.9
FOL Room (%)	39
Major shareholders (%)	31
1Q20 Net debt/equity (%)	65
1Q20 BVPS (VND)	24,911
TTM P/B (x)	0.9
TTM P/E (x)	3.7
TTM EV/EBITDA (x)	4.4

Financial outlook

Year to Dec	2016A	2017A	2018A	2019A
Sales (VND bn)	850	1094	1169	1314
EPS (VND)	7357	5035	5231	5825
ROE (%)	36.3	40.5	36.8	28.6
Div. yield (%)	13.6	6.8	0	0

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BIMICO (KSB VN)
Potential public investment beneficiary
Event

We attend KSB's AGM today (May 29) in Binh Duong province. KSB operates industrial park and mining businesses. As such, it potentially stands to benefit from the trends of 1) manufacturing diversification and 2) increased public investment.

Key highlights

FY2020 guidance: 2020 revenue guidance of VND1,476bn would be +12.2% higher YoY, while PATMI guidance of VND320bn would be -3.1% lower YoY. KSB's FY2020 mining volume target is 9.5% lower YoY at 5mn cubic meters. The relatively modest full-year guidance is due to the YTD COVID-19 impact, but management expects operational recovery from May onward.

Expanding Industrial park and mining businesses. KSB plans to expand its industrial land bank to 553ha, double that of 2019. In addition, the company plans to expand its Tan My, Phu Giao construction stone quarry and Bo La clay mine, and it has applied to mine at its 18.6ha Tam Lap construction stone quarry.

Stock dividend for 2019. Shareholders at the AGM approved a 10:2 stock dividend for 2019 and an additional 2.5mn shares issuance for ESOPs at VND10,000 per share. It will reserve cash for its planned investments in its industrial parks and mining businesses, which total VND 282bn for 2020 alone.

FY2019 and 1Q20 performance. FY2019 revenue increased by 12.4% YoY to VND 1314bn. Mining revenue accounted for 68% and industrial parks accounted for 25% of total revenue. Gross margin remained unchanged at 48.8%. Net financial expenses increased by 401% YoY to VND44.6bn. PATMI rose by 1% YoY to VND330bn.

1Q20 revenue nearly unchanged at VND 296bn. PATMI decreased by 9.5% YoY to VND50.9bn, thus fulfilling 15.9% of full-year guidance. The profit slowdown was mainly attributable to a 98.1% YoY increase in net financial expenses to VND44.6bn.

Our view

KSB's large construction stone quarry reserve (31.2 mn cubic meters) and expanding industrial land bank potentially position it to benefit from the trends of increased public investment and manufacturing diversification. The company is trading at an attractive valuation of 3.8x TTM PE and 0.9x P/B.

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