

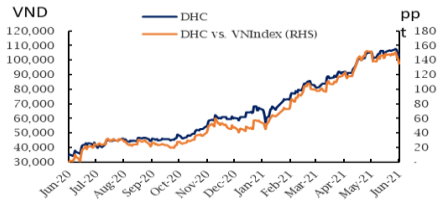
BUY

TP upside (downside) -5.9%

Close 25 June 2021

Price 104,000
12M Target 97,871

Share price performance relative to VNINDEX



Market cap (USD mn)	250
6M ADT (USD mn)	1.1
Outstanding shares (mn)	56
Free float (%)	61
FINI ownership (%)	33.4
FOL Room (%)	15.6
Major shareholders (%)	40.4
2021 Net debt/equity (%)	7.1
2021 BVPS (VND)	28,552
2021 P/B (x)	3.6
2021 P/E (x)	12.5
2021 EV/EBITDA (x)	9.6

Financial outlook

Year to Dec	2019A	2020E	2021E	2022E
Sales (VND bn)	1,430	2,888	3,375	4,149
EPS (VND)	3,178	6,857	8,312	10,858
ROE (%)	18.2	30.6	31.1	34.3
Div. yield (%)	1.9	4.3	4.3	4.3

Sources: Bloomberg, Yuanta Vietnam

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Bloomberg code: YUTA

DOHACO (DHC VN) AGM Takeaways

Event

DHC held its AGM on June 22 in Ben Tre Province. Management disclosed conservative 2021 guidance but strong 5M21 results.

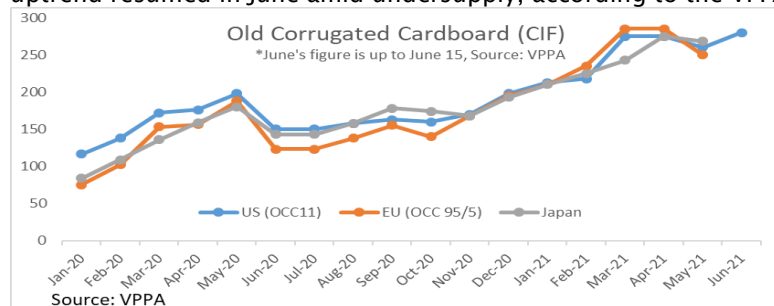
Details

Conservative 2021 guidance. DHC targets 2021E revenue of VND 3.5trn, implying 21% YoY growth; and 2021E profit after tax (PAT) of VND 399bn, implying a 2% YoY increase. The 2021E cash dividend is set at VND 3,500 per share, implying a 3.3% dividend yield, which is lower than our expectation of VND 4500 per share or 4.3% yield.

Strong 5M21 preliminary results. DHC posted 5M21 revenue of VND1,734 bn, a sharp 56.9% YoY increase. Kraft revenue rose by 59.3% YoY to VND 977bn and packaging paper sales increased by 39.7% YoY to VND126bn. 5M21 PAT reached VND 264bn (up 67% YoY) underpinned by expanded margin. Thus, DHC has fulfilled 50% of its revenue target and 66% of its PAT annual guidance.

Low season typically lasts until August. The April to August period is typically DHC’s low season, and ASP in April/May fell by 2% vs 1Q21 just as OCC costs have risen. Management expects growth to resume in September and to persist into yearend. In the long term, paper demand is underpinned by the growth of Vietnam’s exports, the ecommerce business, and urbanization.

OCC price has resumed the uptrend. OCC prices flattened in May after a long rally. For example, average OCC prices rose by 31% YoY (EU), 33% YoY (US), and 49% YoY (Japan) in May. However, the uptrend resumed in June amid undersupply, according to the VPPA.



We see possible upside risk to our 2021E earnings forecast given that DHC has fulfilled 56% of our 2021 PAT forecast in 5M21. However, the seasonal slowdown in sales may dampen ASPs and stock price momentum in the very short term.

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