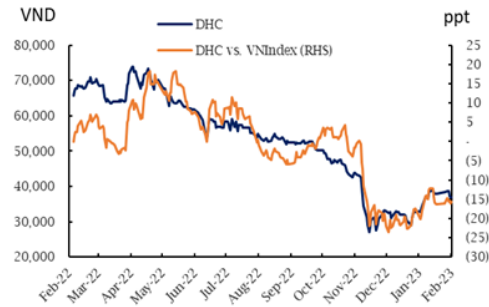


BUY
TP upside (downside) +49.4%
Close 3 Feb 2023

 Price 37,000
 12M Target 55,279

Share price performance relative to VNINDEX


Market cap (USD mn)	127
6M ADT (USD k)	430
Outstanding shares (mn)	70
Free float (%)	53.9
FINI ownership (%)	34.3
FOL Room (%)	17.7
Major shareholders (%)	46.1
2023 Net debt/equity (%)	59.2%
2023 BVPS (VND)	30,340
2023 P/B (x)	1.2
2023 P/E (x)	5.2
2023 EV/EBITDA (x)	5.0

Financial outlook

Year to Dec	2022E	2023E	2024E	2025E
Sales (VND bn)	3,985	3,923	4,770	5,638
EPS (VND)	5,403	7,151	10,529	12,748
ROE (%)	21.9	25.8	32.0	33.2
Div. yield (%)	8.1	10.9	16.1	19.4

Sources: Bloomberg, Company data, Yuanta Vietnam

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DOHACO (DHC VN)
Profit slides on lower ASP
Event

4Q22 PATMI declined by -11.2% YoY, mostly attributable to a 15.4% YoY decrease in revenue.

Details

4Q22 profit after tax declined by -11.2% YoY to VND 82bn, attributable to a -15.4% YoY decline in revenue to VND 946bn.

DHC says that unit sales were stable but ASP declined. In addition, the 4Q22 effective tax rate reached 13%, up from 6% in 4Q21, as the Giao Long 2 paper plant's 0% tax exemption expired and transitioned to a 50% tax reduction.

A positive offset: 4Q22 gross profit margin expanded by 1ppt YoY to reach 12.6%.

As such, 2022 revenue declined -5.3% YoY to VND 3,942bn. 2022 gross profit margin contracted by -80bps YoY to 15.4%. 2022 PAT thus declined by -21.4% YoY to VND 378bn.

Key matrix	4Q21	4Q22	2021	2022
Revenue (VND bn)	1,119	946	4,164	3,942
Revenue growth (% YoY)		-15.4%		-5.3%
Gross margin	11.6%	12.6%	16.2%	15.4%
Gain/Loss from JVs	-0.21	0.33	0.44	0.74
PATMI	92.6	82.2	481	378
Profit growth (% YoY)		-11.2%		-21.4%

Leverage increased. Net debt as at end-2022 rose by +35.7% YoY to reach VND 310 bn. Thus, net debt to equity reached 18%, up from 13% at end-2021. Interest expenses rose by +20.2% YoY to VND 19.9bn.

Our View

DHC fulfilled 100% of our 2022 sales forecast but only 74% of our full-year PAT forecast. This is because ASP did not increase in 4Q22, in contrast to our expectation.

Valuations are cheap. DHC is now trading at 6.8x trailing PER, while the dividend yield remains attractive at 8.1%, based on cash dividend of VND 3000 per share for 2022.

We reiterate BUY with target price of VND 55,279 per share. DHC has advanced +29.7% since our last update in [November](#).

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD-Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD-Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

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