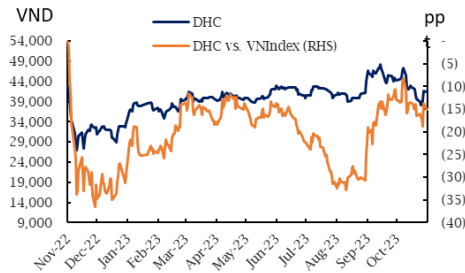


BUY
TP upside (downside) +33.2%
Close 6 November 2023
Price 41,500
12M Target 55,279
Share price performance relative to VNINDEX


Market cap (USD mn)	138
6M ADT (USD k)	430
Outstanding shares (mn)	80.5
Free float (%)	52.3
FINI ownership (%)	35.2
FOL Room (%)	13.8
Major shareholders (%)	47.7
2023E Net debt/equity (%)	19.0%
2023E BVPS (VND)	30,340
2023E P/B (x)	1.5
2023E P/E (x)	6.7
2023E EV/EBITDA (x)	6.0

Financial outlook

Year to Dec	2022A	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 (%)	6.0	7.5	11.0	13.4

Sources: Bloomberg, Company data, Yuanta Vietnam

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DOHACO (DHC VN)

Sluggish demand hit 3Q23 results

Event

DHC reporting a decline in 3Q23 profit on sluggish demand, but with glimmers of light at the end of the tunnel.

Details

4Q23 profit after tax declined by -39.3 QoQ / -13.3% YoY to VND 55.9bn, attributable to sluggish demand and thus a -0.8% QoQ / -18.1% YoY decline in revenue to VND 794bn.

A positive offset: 3Q23 gross profit margin expanded by +0.6ppt YoY to reach 13.5%. We attribute this to management's efforts to cut operating expenses. Specifically, 3Q23 operating expenses declined by -13.9% YoY to reach VND 35.4bn. In addition, financial expenses fell by -18.6% YoY to VND 9.6bn.

9M23 PAT thus declined by -20.9% YoY to VND 234bn, attributable to the -18.5% YoY decline in 9M23 revenue to reach VND 2,443bn and -30 bps YoY contraction in 9M23 GPM to 16.0%.

Key matrix	3Q22	3Q23	9M22	9M23
Revenue (VND bn)	970	794	2,996	2,443
Revenue growth (% YoY)		-18.1%		-18.5%
Gross margin	12.9%	13.5%	16.3%	16.0%
Gain/Loss from JVs	0.02	0.35	0.41	1.92
PATMI	64.5	55.9	296	234
Profit growth (% YoY)		-13.3%		-20.9%

Source: Fiinpro, Yuanta Vietnam

Leverage increased but is within reasonable levels. Net debt as at 3Q23 dropped 28.8% QoQ but rose by +58.2% YoY to reach VND 344 bn. Thus, 3Q23 net debt to equity reached 19%, up from 12% at 3Q22 (but down from 26% in 2Q23). This is all short-term debt.

Our View

Demand is picking up, according to management, and ASP is likewise increasing (although at a modest rate). The demand recovery is in line with the nascent recovery of Vietnam's merchandise exports, in our view.

DHC is a top-5 packaging company nationwide in terms of production capacity, primarily supplying to fisheries exporters and food producers. Thus, DHC offers attractive exposure to the export recovery theme in late 2023 and beyond.

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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