

APH VN

Not Rated
Close 9 November 2023
Price VND 7,570

12M Target N/A

What's new?

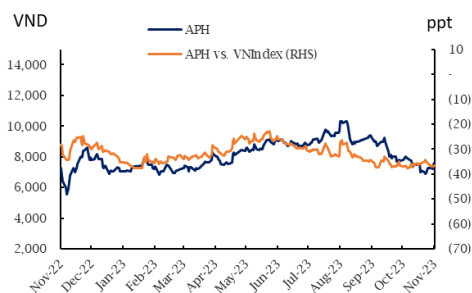
- ▶ We visited management at APH to obtain an update of its business operations and forward strategy.
- ▶ Going green? APH plans to build a factory to produce PBAT, an input for biodegradable & compostable plastics.
- ▶ The YTD business performance has slowed amid sluggish demand.
- ▶ Achieving the company's profit guidance for 2023 looks to be a challenge.

Key inferences

- ▶ Revenue guidance for 2023 appears to be achievable, but the company's PAT target may be out of reach.
- ▶ But longer term, the addition of the PBAT factory could drive growth while helping APH to reduce its production costs by 20–30%.
- ▶ Risks: The PBAT factory may not be completed on schedule (2024). In addition, cost concerns may overrule ecological goals among prospective buyers of biodegradable plastics for now.

Company profile: An Phat Holdings JSC (APH), established in 2002, is the largest company in the field of plastic products manufacturing in Vietnam with 16 factories a production output of more than 8,000 tons/month, and a customer network across over 70 countries and territories. 98% of the company's revenue comes from 3 main segments: Resin trading (accounting for 57%); Packaging & additives manufacturing (28%) and Engineering plastics & construction plastics (13%). APH is the parent company of An Phat Bioplastics JSC (AAA VN, Not Rated) and HaNoi Plastics JSC (NHH VN, Not Rated).

Share price performance relative to VN



An Phat Holdings JSC (APH VN)

Business performance stagnated in cloudy economy

Green plastics is the key story. APH is constructing a Polybutylene Adipate Terephthalate (PBAT) factory with planned capacity of 30,000 tons pa and target completion in 2024. PBAT is a key input for biodegradable plastics. Management expects the new project to 1) lower its manufacturing costs by 20–30% and 2) boost biodegradable packaging sales substantially.

APH is de-emphasizing resin trading as a business focus as it seeks to improve its profitability while focusing on risk management. Separately, subsidiary NHH benefited from new customers and high-margin plastic mold deliveries in 2022.

Weak 9M23 results... Consolidated 9M23 PAT reached VND 123.4bn, down by –44% YoY. This was mainly driven by a –15% YoY drop in revenue to VND 11.3tn amid low demand. 9M23 gross margin contracted by –1ppt YoY to 9%.

...But some glimmer of hope in 3Q23. 3Q23 PAT rose by +730% QoQ/ +54% YoY to VND 78.6bn. This growth was largely attributable to the +22% QoQ / +4% YoY increase in 3Q23 net revenue. 3Q23 selling costs were up +18% QoQ but down –8% YoY, while financial expenses were down –18% QoQ/ –23% YoY). In addition, net debt to equity eased to 67% in 3Q23, down from 74% in 3Q22.

Annual profit guidance may be a challenge. APH has thus achieved 76% of its target 2023 revenue (VND14.9trn, down –14% YoY) but just 29% of its full-year profit guidance of VND 420 bn (+632% YoY).

Is the bad news fully discounted? APH's share price has contracted by 37% since the nearest peak in August, and the stock is now trading at 0.85x PB.

Risks: Construction of the PBAT factory is planned for completion in 2024. But the launch could be delayed and demand for biodegradable plastics may not emerge as rapidly as expected, as cost considerations may trump ecological targets among customers (and their governing regulators) during a potential soft patch for developed market economies.

Market cap	US\$70,3mn
6M avg. Daily turnover	US\$579.8k
Outstanding shares	243.9mn
Free float	65%
FINI ownership	27.99%
Major shareholders	27.5%
TTM P/E	–22.45x
Current P/B	0.9x
Trading platform	HOSE
FOL Room	21.0%

Financial outlook (VND bn)

Year to Dec	2019A	2020A	2021A	2022A
Sales	9,513	8,485	14,794	17,327
Op. Profit	816	225	341	159
PATMI	438	77	59	–19
EPS (VND)	3,433	509	92	–104
EPS chg (%)		–83%	–45%	–127%
P/E (x)	22.9	61.6	24.4	–89.5

Sources: APH, Fiinpro, Yuanta Vietnam

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ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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Company profile

APH is a manufacturer of plastic products and materials. It operates 16 factories with total production capacity of 289,000 MT per annum. The company has a large client base across 70 countries and territories and two R&D centers in Vietnam & Korea.

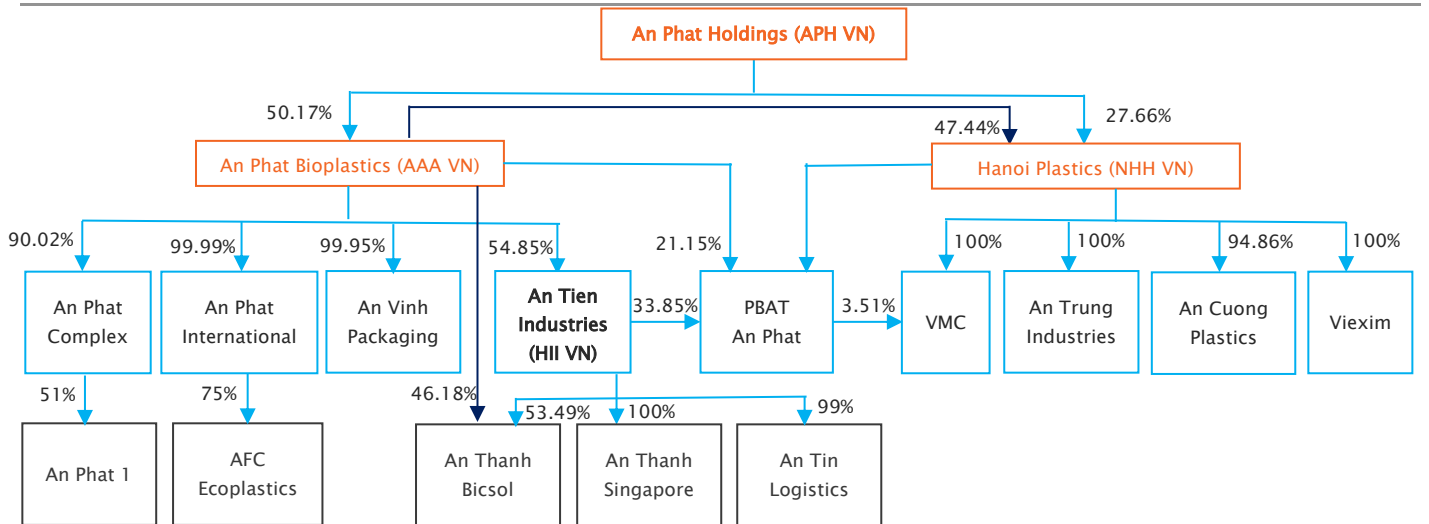
Fig.1: APH's market presence



Source: APH, Yuanta Vietnam

APH is the parent company of An Phat Bioplastics (AAA VN, Not Rated), in which APH owns a 50.17% stake. APH also controls Hanoi Plastics (NHH, Not Rated) via its direct 27.66% stake and AAA's 47.44% ownership. As illustrated in the Fig 2 below, APH's ownership structure comprises group 16 member companies:

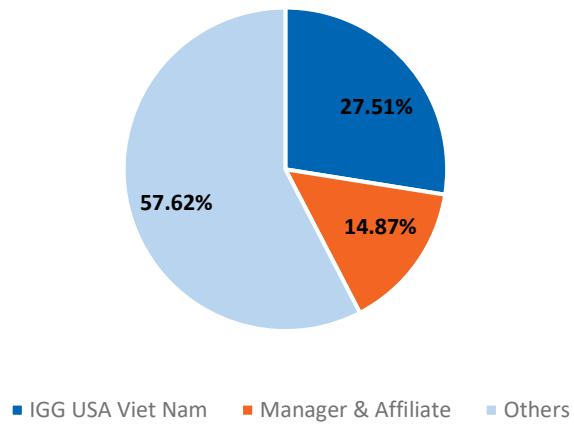
Fig. 2: APH's Ownership structure



Source: APH, Yuanta Vietnam

Shareholder structure. The only major shareholder is IGG USA Viet Nam, which holds 27.51% of APH's outstanding shares as of Nov 8, 2023.

Fig.3: APH's shareholders (%)

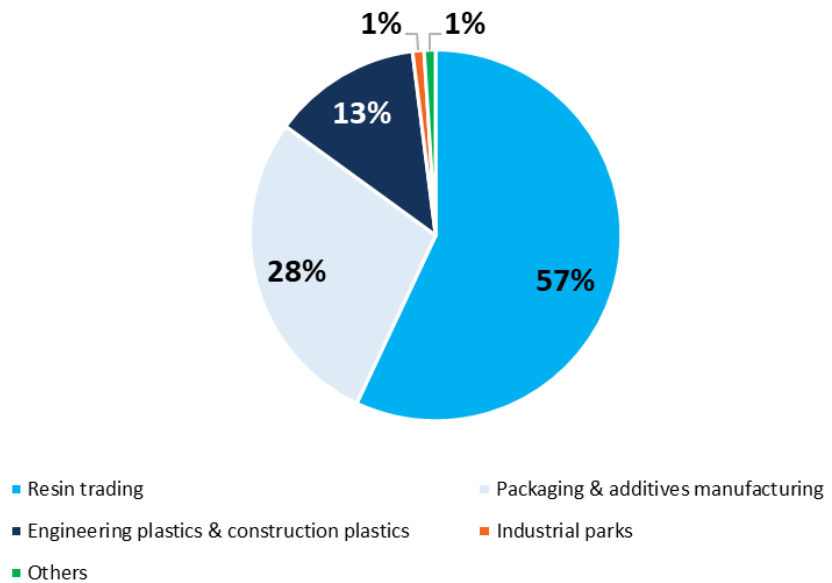


Source: Fiinpro (Data as of Nov 9, 2023), Yuanta Vietnam

Sizeable resin and additives trading revenues

Resin trading accounted for 57% of APH's total revenue in 2022, followed by packaging & additives manufacturing (28%), Engineering plastics & construction plastics (13%), industrial parks (1%), and others (1%).

Fig.4: APH's consolidated revenue mix by segment 2022



Source: APH's Annual Report 2022, Yuanta Vietnam

Plastic materials segment: APH is among Vietnam's top-5 plastic additive manufacturers with an installed capacity of 150,000 tons per year and a top-2 trader of polyethylene (PE) and polypropylene (PP) resins (source: APH's 2022 annual report). Exports account for 90% of the company's total sales.

Resin trading segment: APH also purchases resin (mostly PP and PE resins) from oil refineries (e.g., the Binh Son refinery and foreign refineries) for resale to other plastic manufacturers in Vietnam, as well as for re-exporting to China and the USA.

Fig.5: APH's partners in the resin trading business



Source: APH, Yuanta Vietnam

Packaging segment: APH consider itself to be among Southeast Asia's leading plastic packaging manufacturers. The company produces and exports monolayer traditional, biodegradable, and industrial bags with a total capacity of 120,000 tons pa. APH's main export markets include the EU (45% of revenue), Japan (28% of revenue), and the US (12% of revenue). APH has built a strong and diversified client base among large global retailers, service packaging providers, and manufacturers.

Fig.6: APH's customer & sales by market 2022



Source: APH, Yuanta Vietnam

Bioplastics segment: APH manufactures and trades biodegradable products under the ANECO brand and bioplastic resins: PBAT, PBST, PBS. Its capacity is currently relatively small at 3,500 tons pa. As such, this segment currently only contributes 1–2% of total revenue, but APH expects its contribution to grow strongly in the future. This expectation is based on its yet-to-be-completed PBAT factory and assumes that demand for bioplastics will outpace that for traditional plastics in the future, in line with global consumer preferences and regulations (both at home and abroad).


Fig.7: APH's bioplastic products

Current capacity: 3,500 tons pa

PBAT
(Polybutylene adipate terephthalate)





PBST
(Polybutylene succinate terephthalate)



PBS
(Polybutylene succinate)



Raw materials compounding technology	Biodegradable Applicable Product
<p>Biogenpol 4000 series Compounds for injection molding companies</p>	
<p>Biogenpol 8000 series World's best compounding formulation for films</p>	
<p>APEX PLA 3D Filament</p>	
<p>Biogenpol 5000 Series</p>	

Source: APH, Yuanta Vietnam

Industrial park segment: An Phat has two industrial parks in Hai Duong province: the An Phat Complex and An Phat 1 IP. Both industrial parks are located in the Hanoi–Hai Phong–Quang Ninh Economic Triangle, about 50km from Hai Phong port.

An Phat Complex IP, formerly known as Viet Hoa–Kenmark Industrial Park, had been abandoned by Taiwanese investors for nearly a decade when APH acquired it in 2018 for VND 756bn. The IP has an area of 46 hectares and its occupancy rate is currently 100%.

An Phat 1 IP (AP1) is under the development of An Phat Complex and is not fully complete. The company was estimated to complete it in 2025. However, as of August 8, AP1's 180ha of total commercial land bank had a 65% occupancy rate and company representative said APH expects the remaining 35% to be leased out in 2024, once the construction is completed (i.e. ~1 year earlier than planned).

Fig.8: APH's industrial parks


An Phat Complex IP:

- Area: 46ha
- Current occupied rate: 100%
- Location: Km47, Highway 5, Viet Hoa District, Hai Duong city, Hai Duong Province

An Phat 1 IP

- Area: 180 ha (phase 1)
- Officially launch in 2H23
- Location: Km69, Highway 37, Nam Sach District, Hai Duong Province

~ 90 km to Noi Bai International Airport - 1.5 hour driving
 ~ 60 km to Hanoi CBD - 1 hour driving
 ~ 50 km to Haiphong Port - 50 mins driving



Source: APH, Yuanta Vietnam

Plastic engineering & building materials segment:

APH manufactures engineering components for cars with installed capacity of 15,000 tons pa. It's products include plastic components for motorcycles, household appliances, phones, and electronics. It also manufactures plastic support products such as pallets and plastic crates. This segment's customers include Honda, Vinfast, and Samsung.

APH also manufactures plastic ceiling panels, wall panels, floorings, and interior decoratives. Installed capacity in this segment includes 1mn sqm pa of wall panels and 3mn sqm pa of flooring, and most of its output (90%) is exported to the USA. In addition, APH's customers also include several 4- and 5-star hotel operators in Vietnam, such as Vinpearl.

Fig.9: APH's customers and products



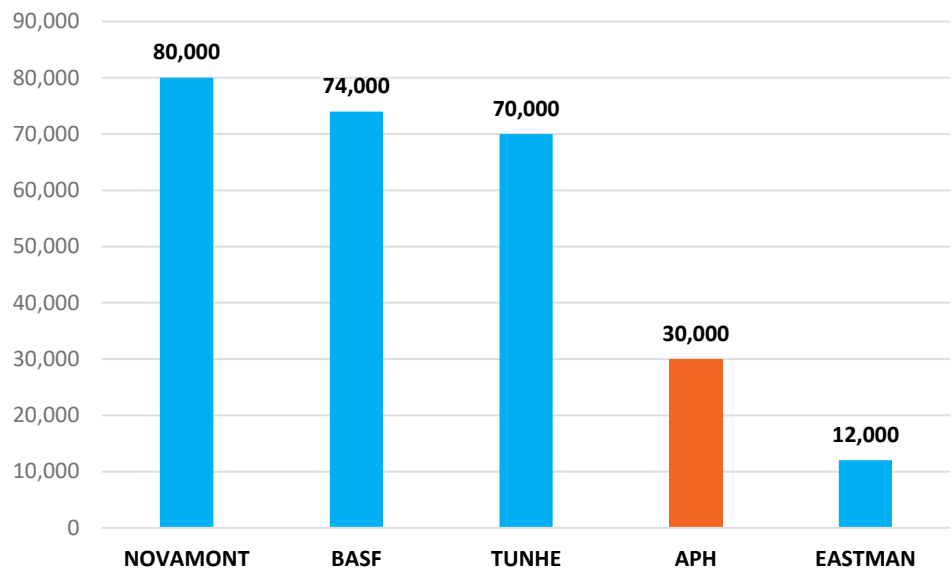
Source: APH, Yuanta Vietnam

New product penetration

Polybutylene Adipate Terephthalate (PBAT) is an input for biodegradable and compostable plastic products that is experiencing increased global demand as an eco-friendly solution to the problem of plastic waste.

APH is constructing a PBAT factory with investment capital of 120 million USD. The project, which is located in Nam Dinh Vu Industrial Park (Hai Phong) and will have a capacity of 30,000 tons pa, is planned for completion in 2024. Following the commercial launch of this facility, APH will be among the world's top 5 PBAT producers, according to the company's data.

Fig.10: World's leading PBAT manufacturers (tpa)



Source: IfBB, Company data

Management expects the factory to reduce their reliance on imports and to improve their ability to penetrate international markets. APH expects this factor to lower its manufacturing costs by 20–30% and to increase its revenues from biodegradable packaging.

Risks. Completion of this project may be delayed. Demand remains sluggish, primarily due to the high cost of biodegradable plastics.

Weak business results YTD, but balance sheet has been improving

A few glimmers of hope in the 3Q23 results. PAT in 3Q23 rose by +730% QoQ/ +54% YoY to VND 78.6bn given 1) Net revenue in 3Q23 rose to VND 3,976bn (+22% QoQ/ +4% YoY); 2) Financial expenses dropped by -18% QoQ/ -23% YoY to VND 73.3bn and 3) Selling expenses slightly decreased by -8% YoY/ but +18% QoQ to VND 166bn in 3Q23.

However, APH's 9M23 business results were soft, which management ascribes to unfavorable macroeconomic conditions. Specifically, consolidated PAT in 9M23 reached VND 123.4bn, down -44% YoY, while the 9M23 PATMI line was a loss of VND 5.1bn. This weakness was mainly attributed to:

- 1) 9M23 net revenue decreased -15% YoY to VND 11,336bn.
- 2) Gross margin fell to 9% from 10% in 9M22 as provisioning for inventories increased by 328% YoY to reach VND 13.6bn (vs. VND 3.2bn in 9M22).

2023 profit guidance appears to be challenging. APH set out 2023E guidance revenue of VND14,900 bn (-14% YoY) and profit after tax of VND 420 bn (+632% YoY). In 9M23, APH's revenue reached VND 11,336bn (76% of full-year guidance) and PAT of VND 123.4bn (29% of its 2023 target). Based on this performance in 9M23, it is not unreasonable to infer that the revenue plan should be achievable, whereas the full-year PAT target may be a challenge.

Fig.11: Profit margin soured in 9M23...

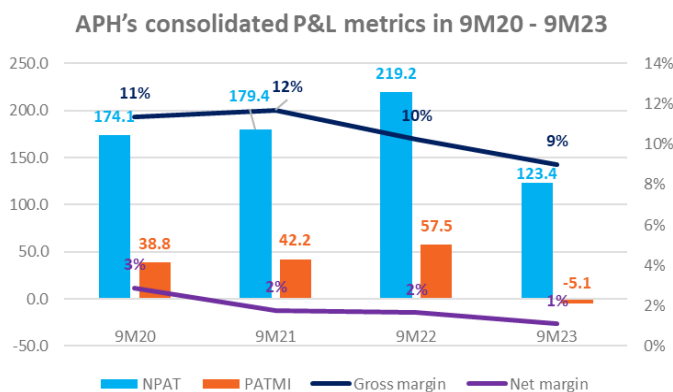
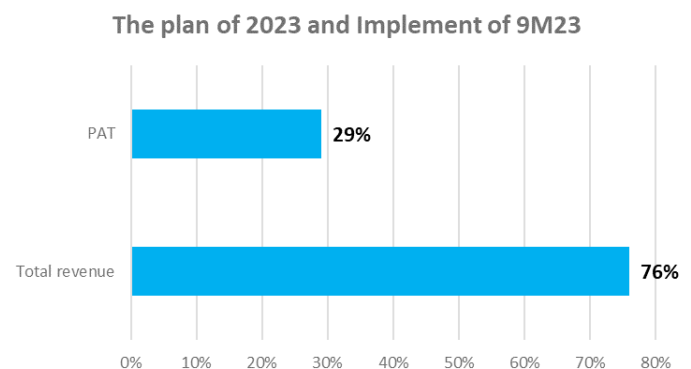


Fig. 12: ... so 9M23 PAT was just 29% of full-year guidance



Source: APH's Financial Statements, Yuanta Vietnam

The good news: Global prices of polyethylene (PE) and polypropylene (PP) resins have begun to recover from their trough in May 2023 amid a nascent increase in demand. This should at least ease some pressure on profit margin in 4Q23, although PAT guidance would still appear to be a stretch at this point.

Fig.13: Polyethylene (PE) and Polypropylene (PP) resins price (CNY/T)



Source: Trading Economics (Data as of Nov 9, 2023)

Balance sheet liquidity appears to be adequate and trending higher. APH’s current ratio stood at 1.7x as at 2022, improving from 1.6x at 2021 and 1.2x at 2020.

APH has marginally reduced its leverage in recent years. Total debt to equity decreased to 67% as at 3Q23, down from 74% in 3Q22. APH reduced its debt/equity ratio to 72% in 2022, down from 83% in 2021 and 109% in 2020. Indeed, leverage has fallen steadily since 2018, as illustrated in the figure below.

Fig.14: Liquidity ratios is sufficient

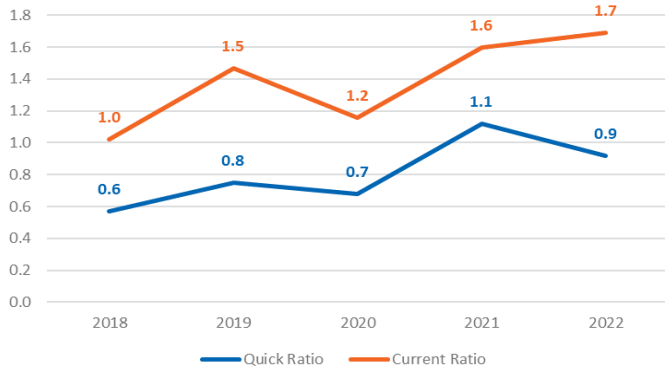
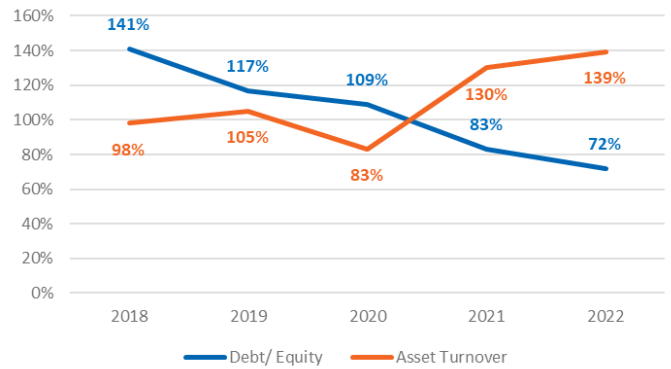


Fig. 15: Reduction in balance sheet leverage



Source: APH’s Financial Statements, Yuanta Vietnam

Cash conversion cycle increased to 53.3 days in 2022, up from 45.6 days in the previous year due to increased inventory days to 41.2 days in 2022, up from 34.8 days in 2021. Management attributes the sluggishness to the overall slowdown in demand.

Fig.16: Days Inventory Outstanding increased in 2022...

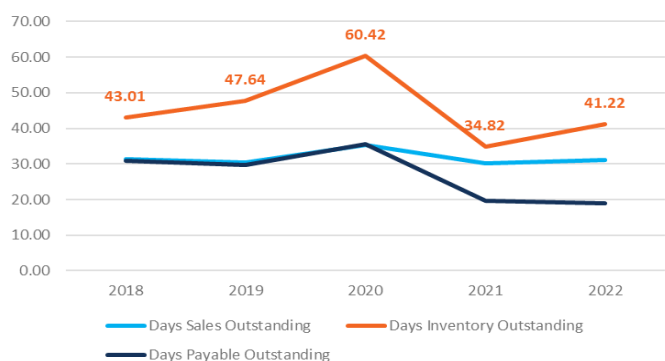
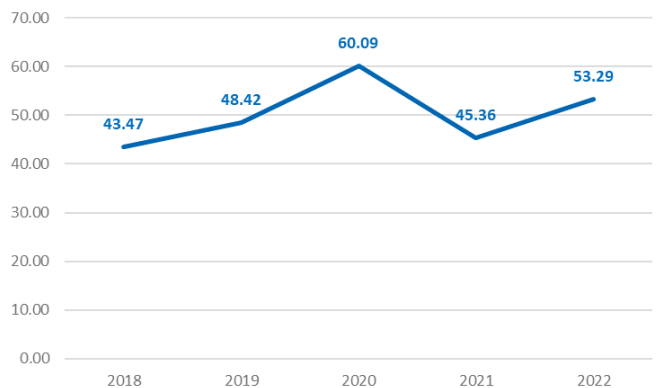


Fig. 17: ...resulting in a longer cash conversion cycle



Source: APH’s Financial Statements, Yuanta Vietnam

Risks

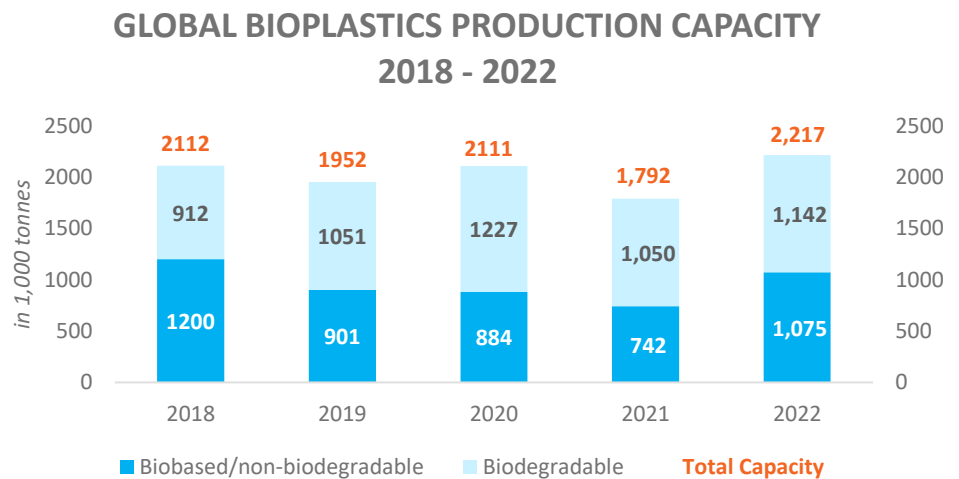
A possibility exists that the PBAT factory may not be completed on schedule (2024), which (if it occurs) would limit expectations for the company's growth in the medium term.

The biodegradable plastic segment's contribution may not develop as rapidly as hoped. APH notes that governments around the world are likely to postpone the implementation of biodegradation regulations amid the economic downturn.

Input cost volatility. Management specifically highlighted the risk of input costs for its margins. Due to the volatility of PBAT input prices, it is difficult to estimate the profitability of the PBAT factory with confidence.

The growth of bioplastic products may be slower than expected. In 2018, APH forecast that the bioplastics sector would develop at a pace of roughly 25% per year. However, the actual growth rate over the past five years has been lower than the company expected. This is surely related to the COVID-19 disruptions, but the current economic outlook remains unclear, and costs of biodegradable plastics are still relatively high, so a surge in global demand may not occur for some time.

Fig.18: Global bioplastics production capacity 2018 – 2022



Source: European Bioplastics

Risk of reduced demand for traditional plastic products. A possible fall in end-consumer spending could result in reduced sales for APH's main clients (manufacturing companies such as Honda, Vinfast, and Samsung), which in turn would impact APH's production and sales.

Monopoly position is threatened. SKC Co. of South Korea is planning to build [PBAT factory](#) in Vietnam. The plant is scheduled to open in 2025 and produce 70,000 tons of PBAT pa. This will be a strong rival of APH in the bioplastics segment.

APH VN's Cash Flow	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Net Income	30,343	437,963	77,331	58,849	(19,476)
Depreciation & Amort., Total	266,437	297,244	374,672	484,380	477,663
Other Non-Cash Adj	124,504	(47,084)	199,604	171,414	77,354
Changes in Non-Cash Capital	51,646	(246,939)	195,923	(153,419)	(156,391)
Cash from Ops.	472,930	441,185	847,530	561,224	379,150
Capital Expenditure	(1,753,193)	(534,423)	(421,476)	(851,185)	(281,437)
Sale of Property, Plant, and Equipn	-	8,263	19,599	6,725	6,701
Cash from Investing	(1,753,193)	(526,160)	(401,877)	(844,460)	(274,737)
Long-Term Debt Issued	8,033,646	8,998,620	7,757,011	10,437,669	8,942,216
Long-Term Debt Repaid	(6,345,334)	(8,402,966)	(8,262,026)	(10,358,627)	(9,414,503)
Total Debt Issued/Repaid	1,688,312	595,654	(505,015)	79,042	(472,287)
Prof. Dividends Paid	(103,340)	(61,874)	(76,391)	(88,554)	(5,958)
Total Dividends Paid	(103,340)	(61,874)	(76,391)	(88,554)	(5,958)
Increase in Capital Stocks	1,431,957	140,232	370,197	1,249,912	764,159
Other Financing Activities	(170.5)	(599.7)	(797.5)	(8,130.4)	21,219.0
Cash from Financing	3,016,758	673,412	(212,007)	1,232,270	307,133
Net Change in Cash	1,736,495	588,437	233,646	949,034	411,546
Supplemental Items					
Cash Interest Paid	127,943	257,933	242,175	245,163	286,235
Cash Taxes Paid	46,143	70,601	66,097	100,358	151,605
Free Cash Flow	(1,280,263)	(93,238)	426,054	(289,960)	97,713
Change in Net Working Capital	51,646	(246,939)	195,923	(153,419)	(156,391)

Source: Bloomberg, Yuanta Vietnam

APH VN's Ratios	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Profitability					
Return on Assets	--	4.8%	0.8%	0.5%	-0.2%
Return on Capital	--	11.8%	5.2%	4.2%	1.5%
Return on Equity	--	27.4%	3.2%	2.2%	-0.7%
Margin Analysis					
Gross Margin	8.4%	11.4%	11.3%	11.5%	8.8%
SG&A Margin	--	--	--	--	--
EBITDA Margin	7.6%	9.7%	8.5%	6.0%	4.1%
EBIT Margin	4.3%	6.6%	4.1%	2.7%	1.4%
Earnings from Cont. Ops Margin	4.3%	6.6%	4.1%	2.7%	1.4%
Net Income Margin	0.4%	4.6%	0.9%	0.4%	-0.1%
Normalized Net Income Margin	0.2%	1.9%	0.5%	0.1%	-0.2%
Free Cash Flow Margin	-15.9%	-1.0%	5.0%	-2.0%	0.6%
Asset Turnover					
Total Asset Turnover	1.0x	1.0x	0.8x	1.3x	1.4x
Fixed Asset Turnover	--	2.9x	2.4x	3.5x	4.0x
Accounts Receivable Turnover	--	2.9x	2.4x	3.5x	4.0x
Inventory Turnover	--	7.7x	6.0x	10.5x	9.1x
Short Term Liquidity					
Current Ratio	1.0x	1.5x	1.2x	1.6x	1.7x
Quick Ratio	0.6x	0.8x	0.7x	1.1x	0.9x
Cash from Ops. To Curr Liab	0.4x	0.4x	0.4x	0.6x	0.7x
Avg. Days Sales Out.	--	46.9x	49.2x	31.5x	33.2x
Avg. Days Inventory Out.	--	47.6x	60.5x	34.7x	40.3x
Avg. Days Payable Out.	--	28.1x	34.5x	18.7x	18.0x
Avg. Cash Conversion Cycle	43.47x	48.42x	60.09x	45.36x	53.29x
Long Term Solvency					
Total Debt/Equity	141.0%	117.3%	108.5%	83.3%	71.7%
Total Debt/Capital	58.5%	54.0%	52.0%	45.4%	41.7%
LT Debt/Equity	116.3%	102.8%	64.2%	75.7%	67.7%
LT Debt/Capital	19.0%	22.9%	15.2%	19.3%	17.5%
Total Liabilities/Total Assets	16.4%	21.5%	15.8%	18.0%	16.4%
EBIT / Interest Exp.	2.68x	2.37x	1.30x	1.57x	0.86x
EBITDA / Interest Exp.	4.74x	3.50x	2.70x	3.47x	2.58x
(EBITDA-CAPEX) / Interest Exp.	-8.82x	1.47x	1.12x	0.13x	1.57x
Total Debt/EBITDA	6.75x	5.17x	6.62x	5.60x	6.24x
Net Debt/EBITDA	4.47x	3.41x	3.96x	2.64x	2.33x

Source: Bloomberg, Yuanta Vietnam

AAA VN's Cash Flow	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Net Income	180,260	460,466	262,241	290,241	152,599
Depreciation & Amort., Total	244,951	258,634	287,129	315,935	311,001
Other Non-Cash Adj	17,458	12,737	15,994	38,542	(74,449)
Changes in Non-Cash Capital	(380,599)	(162,775)	183,100	(55,050)	(208,752)
Cash from Ops.	62,070	569,063	748,464	589,668	180,399
Capital Expenditure	(1,698,518)	(503,895)	(271,434)	(668,611)	(168,326)
Sale of Property, Plant, and Equipn	-	8,263	4,113	6,451	5,988
Cash from Investing	(1,698,518)	(495,632)	(267,321)	(662,161)	(162,338)
Long-Term Debt Issued	7,841,446	8,003,696	6,929,547	8,908,162	7,891,353
Long-Term Debt Repaid	(6,397,797)	(7,889,054)	(7,365,248)	(9,166,084)	(8,114,479)
Total Debt Issued/Repaid	1,443,649	114,642	(435,701)	(257,921)	(223,126)
Pref. Dividends Paid	(136,132)	(97,332)	(108,672)	(148,546)	(152)
Total Dividends Paid	(136,132)	(97,332)	(108,672)	(148,546)	(152)
Increase in Capital Stocks	1,418,242	-	569,962	1,145,712	854,221
Other Financing Activities	(174.4)	(599.0)	(786.2)	(8,021.3)	20,528.6
Cash from Financing	2,725,584	16,711	24,803	731,224	651,471
Net Change in Cash	1,089,136	90,142	505,946	658,731	669,532
Supplemental Items					
Cash Interest Paid	124,096	227,771	199,338	151,211	170,168
Cash Taxes Paid	46,143	69,759	49,595	91,995	115,735
Free Cash Flow	(1,636,448)	65,168	477,031	(78,943)	12,073
Change in Net Working Capital	(380,599)	(162,775)	183,100	(55,050)	(208,752)

Source: Bloomberg, Yuanta Vietnam

AAA VN's Ratios	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Profitability					
Return on Assets	3.0%	5.9%	3.2%	3.1%	1.5%
Return on Capital	5.9%	9.8%	6.3%	5.5%	2.5%
Return on Equity	7.7%	16.7%	8.0%	5.7%	3.0%
Margin Analysis					
Gross Margin	8.4%	11.3%	10.5%	9.9%	7.1%
SG&A Margin	--	--	--	--	--
EBITDA Margin	8.0%	10.1%	8.6%	5.2%	3.2%
EBIT Margin	4.9%	7.3%	4.8%	2.8%	1.1%
Earnings from Cont. Ops Margin	4.9%	7.3%	4.8%	2.8%	1.1%
Net Income Margin	2.3%	5.0%	3.5%	2.2%	1.0%
Normalized Net Income Margin	1.9%	4.8%	3.6%	1.9%	1.0%
Free Cash Flow Margin	-20.4%	0.7%	6.4%	-0.6%	0.1%
Asset Turnover					
Total Asset Turnover	1.3x	1.2x	0.9x	1.4x	1.5x
Fixed Asset Turnover	2.8x	3.1x	2.6x	4.0x	4.5x
Accounts Receivable Turnover	2.8x	3.1x	2.6x	4.0x	4.5x
Inventory Turnover	10.5x	7.9x	6.1x	12.2x	10.2x
Short Term Liquidity					
Current Ratio	1.2x	1.5x	1.2x	1.6x	1.8x
Quick Ratio	0.7x	0.9x	0.6x	1.1x	1.0x
Cash from Ops. To Curr Liab	0.4x	0.5x	0.5x	0.7x	0.7x
Avg. Days Sales Out.	34.9x	44.3x	46.5x	25.5x	28.6x
Avg. Days Inventory Out.	34.8x	46.3x	59.7x	30.0x	35.8x
Avg. Days Payable Out.	27.2x	26.1x	32.9x	17.7x	16.6x
Avg. Cash Conversion Cycle	42.5x	64.5x	73.3x	37.8x	47.8x
Long Term Solvency					
Total Debt/Equity	128.7%	115.9%	88.5%	61.6%	50.7%
Total Debt/Capital	56.3%	53.7%	46.9%	38.1%	33.7%
LT Debt/Equity	52.0%	46.9%	17.2%	24.5%	22.5%
LT Debt/Capital	19.7%	19.5%	8.1%	13.3%	13.4%
Total Liabilities/Total Assets	17.8%	18.7%	9.0%	12.7%	13.1%
EBIT / Interest Exp.	3.12x	3.01x	1.76x	2.43x	0.99x
EBITDA / Interest Exp.	5.06x	4.16x	3.19x	4.51x	2.78x
(EBITDA-CAPEX) / Interest Exp.	-8.42x	1.92x	1.84x	0.10x	1.81x
Total Debt/EBITDA	6.01x	4.02x	5.55x	4.91x	6.47x
Net Debt/EBITDA	3.87x	2.38x	2.87x	1.37x	2.15x

Source: Bloomberg, Yuanta Vietnam

NHH VN's Balance Sheet	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
ASSETS					
Cash And Equivalents	29,560	29,652	75,718	88,933	357,141
Short Term Investments	26,000	46,500	20,000	-	28,206
Total Cash & ST Investments	55,560	76,152	95,718	88,933	385,347
Accounts & Notes Receivable	267,078	236,499	200,609	346,389	368,103
Total Receivables	267,078	236,499	200,609	346,389	368,103
Inventories, Net	77,055	111,334	209,321	332,396	366,595
Inventories	77,540	112,230	210,700	335,830	371,230
Provision for decline in inventor	(490)	(890)	(1,380)	(3,440)	(4,630)
% Change		82%	55%	149%	35%
Other Current Assets	15,445	65,155	79,118	75,810	138,493
Total Current Assets	415,138	489,141	584,767	843,528	1,258,538
Net Property, Plant & Equipment	93,488	459,699	870,306	888,462	845,742
Long-term Investments	-	-	-	-	3,000
Deferred Charges, LT	-	-	-	826	373
Other Long-Term Assets	18,444	202,131	246,989	164,053	279,100
Total Assets	527,071	1,150,970	1,702,063	1,896,869	2,386,753
LIABILITIES					
Accrued Exp.	33,946	29,757	16,325	20,833	29,956
Short-term Borrowings	46,478	273,381	361,294	535,513	542,086
Accounts Payable	84,600	149,109	144,001	165,547	277,698
Curr. Income Taxes Payable	5,143	5,308	2,914	12,011	19,630
Other Current Liabilities	15,406	24,787	60,110	56,778	68,470
Total Current Liabilities	185,573	482,343	584,644	790,682	937,839
Long-Term Debt	-	176,994	334,605	273,004	143,551
Unearned Revenue, Non-Current	-	-	-	-	-
Other Non-Current Liabilities	-	-	144,137	178,490	3,649
Total Liabilities	185,573	659,337	1,063,386	1,242,176	1,085,039
Pref. Stock, Non-Redeem.	-	-	-	-	-
Total Pref. Equity	-	-	-	-	-
Minority Interest	-	-	1,323	1,584	203
Common Stock	65,000	344,400	364,400	364,400	728,800
Additional Paid In Capital	149	75,996	145,867	145,867	327,963
Retained Earnings	185,932	57,821	113,671	129,425	231,332
Treasury Stock	-	-	-	-	-
Comprehensive Inc. and Other	90,417	13,417	13,417	13,417	13,417
Total Equity	341,498	491,634	638,677	654,693	1,301,715
Total Liabilities And Equity	527,071	1,150,970	1,702,063	1,896,869	2,386,753

Source: Bloomberg, Yuanta Vietnam

NHH VN's Income Statement	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Revenue	1,029,381	1,232,539	1,064,156	2,081,209	2,382,501
Other Revenue	-	-	2	2,473	663
Total Revenue	1,029,381	1,232,539	1,064,158	2,083,681	2,383,164
% Change		20%	-14%	96%	14%
Cost Of Goods Sold	892,468	1,073,515	892,474	1,720,760	1,969,409
Gross Profit	136,913	159,023	171,684	362,921	413,755
% Change		16%	8%	111%	14%
Selling General & Admin Exp.	79,704	87,703	71,103	259,314	254,839
Depreciation & Amort.	40,818	30,232	-	93,675	104,676
Other Operating Expense/(Income)	(40,024)	(29,265)	2,021	(91,146)	(101,786)
Operating Expense., Total	80,498	88,670	73,124	261,843	257,728
Operating Income	56,414	70,353	98,560	101,078	156,027
Interest Expense	719	15,388	34,897	48,833	43,547
Interest Income	4,418	16,410	5,425	2,556	11,339
Net Interest Exp.	(3,699)	(1,022)	29,473	46,277	32,209
Currency Exchange (Gains) Loss	(712)	(232)	806	(213)	(8,500)
Other Non-Operating Exp. (Inc)	(13,635)	(17,181)	(62,500)	(37,603)	(24,327)
EBT Excl. Unusual Items	74,460	88,788	130,781	92,616	156,645
Gain (Loss) On Sale Of Assets	(736)	(325)	(14,184)	(248)	183
Legal Settlements	122	805	75	487	1,500
Other Unusual Items	5,032	15,930	19,534	2,317	9,656
EBT Incl. Unusual Items	70,042	72,379	125,356	90,061	145,307
Income Tax Expense	14,208	15,668	12,859	17,880	33,381
Earnings from Cont. Ops.	55,834	56,711	112,497	72,180	111,926
Minority Int. in Earnings	-	64	-	208	20
Net Income	55,834	56,647	112,497	71,972	111,906
Other Adj	-	-	-	-	-
NI to Common Incl Extra Items	55,834	56,647	112,497	71,972	111,906
Abnormal Losses (Gains)	(584)	681	(14,091)	(52,769)	(15,005)
Tax Effect on Abnormal Items	117	(136)	2,818	10,554	3,001
NI to Common Excl. Extra Items	55,367	57,191	101,224	29,757	99,902
Per Share Items					
Basic EPS	2,486	1,253	2,459	1,544	1,944
Diluted EPS	2,486	1,253	2,459	1,544	1,944
Dividends per Share	748.2	755.7	782.0	-	500.0
Payout Ratio %	30.1	60.8	32.4	-	32.6
Supplemental Items					
EBITA	56,675	71,814	100,088	106,973	161,941
EBIT	56,414	70,353	98,560	101,078	156,027
As Reported Total Revenue*	1,029,381	1,232,539	1,064,158	2,083,681	2,383,164
Effective Tax Rate %	20	22	10	20	23
Normalized Net Income	55,367	57,191	101,224	29,757	99,902

NHH VN's Cash Flow	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Net Income	55,834	56,647	112,497	71,972	111,906
Depreciation & Amort., Total	41,079	31,693	(4,626)	99,570	110,590
Other Non-Cash Adj	662	(6,100)	10,940	2,867	4,498
Changes in Non-Cash Capital	(18,254)	(193,746)	99,104	(251,443)	(152,879)
Cash from Ops.	79,321	(111,507)	217,915	(77,034)	74,115
Capital Expenditure	(11,339)	(200,677)	(203,070)	(58,810)	(55,773)
Sale of Property, Plant, and Equipn	736	431	15,486	274	712
Cash from Investing	(10,604)	(200,246)	(187,584)	(58,537)	(55,061)
Long-Term Debt Issued	109,389	658,081	541,244	990,008	878,930
Long-Term Debt Repaid	(96,060)	(303,403)	(605,678)	(921,103)	(1,003,737)
Total Debt Issued/Repaid	13,328	354,678	(64,433)	68,906	(124,808)
Pref. Dividends Paid	(13,000)	(16,794)	(34,426)	(36,412)	(1)
Total Dividends Paid	(13,000)	(16,794)	(34,426)	(36,412)	(1)
Increase in Capital Stocks	-	114,847	89,871	-	546,496
Other Financing Activities	(157.8)	(0.7)	(11.3)	(89.4)	692.6
Cash from Financing	170	452,731	(9,000)	32,404	422,380
Net Change in Cash	68,887	140,978	21,331	(103,166)	441,434
Supplemental Items					
Cash Interest Paid	670	13,914	36,204	52,466	43,472
Cash Taxes Paid	12,185	15,726	16,502	9,298	25,994
Free Cash Flow	67,981	(312,184)	14,844	(135,844)	18,342
Change in Net Working Capital	(18,254)	(193,746)	99,104	(251,443)	(152,879)

Source: Bloomberg, Yuanta Vietnam

NHH VN's Ratios	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
Profitability					
Return on Assets	11.4%	6.8%	7.9%	4.0%	5.2%
Return on Capital	15.6%	10.3%	12.6%	8.0%	8.4%
Return on Equity	17.4%	13.6%	19.9%	11.2%	11.5%
Margin Analysis					
Gross Margin	13.3%	12.9%	16.1%	17.4%	17.4%
SG&A Margin	--	--	--	--	--
EBITDA Margin	9.5%	8.3%	8.8%	9.6%	11.2%
EBIT Margin	5.5%	5.7%	9.3%	4.9%	6.5%
Earnings from Cont. Ops Margin	5.5%	5.7%	9.3%	4.9%	6.5%
Net Income Margin	5.4%	4.6%	10.6%	3.5%	4.7%
Normalized Net Income Margin	5.4%	4.6%	9.5%	1.4%	4.2%
Free Cash Flow Margin	6.6%	-25.3%	1.4%	-6.5%	0.8%
Asset Turnover					
Total Asset Turnover	2.1x	1.5x	0.7x	1.2x	1.1x
Fixed Asset Turnover	9.3x	4.5x	1.6x	2.4x	2.7x
Accounts Receivable Turnover	9.3x	4.5x	1.6x	2.4x	2.7x
Inventory Turnover	11.6x	11.4x	5.6x	6.4x	5.6x
Short Term Liquidity					
Current Ratio	2.2x	1.0x	1.0x	1.1x	1.3x
Quick Ratio	1.7x	0.6x	0.5x	0.6x	0.8x
Cash from Ops. To Curr Liab	0.3x	0.2x	0.2x	0.1x	0.4x
Avg. Days Sales Out.	64.6x	74.6x	75.2x	47.9x	54.7x
Avg. Days Inventory Out.	31.4x	32.0x	65.7x	57.5x	64.8x
Avg. Days Payable Out.	29.3x	38.5x	54.2x	30.6x	40.4x
Avg. Cash Conversion Cycle	66.7x	68.1x	86.8x	74.7x	79.1x
Long Term Solvency					
Total Debt/Equity	13.6%	91.6%	109.0%	123.5%	52.7%
Total Debt/Capital	12.0%	47.8%	52.1%	55.3%	34.5%
LT Debt/Equity	0.0%	36.0%	52.5%	41.8%	11.0%
LT Debt/Capital	0.0%	18.8%	25.1%	18.7%	7.2%
Total Liabilities/Total Assets	0.0%	15.4%	28.1%	23.8%	6.2%
EBIT / Interest Exp.	78.44x	4.57x	2.82x	2.07x	3.58x
EBITDA / Interest Exp.	135.56x	6.63x	2.69x	4.11x	6.12x
(EBITDA-CAPEX) / Interest Exp.	119.80x	-6.41x	-3.13x	2.90x	4.84x
Total Debt/EBITDA	0.48x	4.41x	7.41x	4.03x	2.57x
Net Debt/EBITDA	-0.09x	3.67x	6.39x	3.59x	1.13x

Source: Bloomberg, Yuanta Vietnam

Appendix A: Important Disclosures

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