

24 November 2023

RECOMMENDATION BUY

Fair price	55,300 VND
Current price	41,400 VND
Upside/downside	33%

STOCK INFORMATION

Outstanding shares (mil)	92.6
Free float (mil)	32.4
Market cap. (billion VND)	3,884.46
3m avg. volume (shares)	598,463
Foreign ownership (%)	47.88%
First listing date	15/10/2007

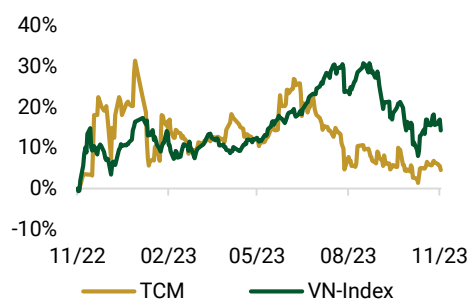
SHAREHOLDER STRUCTURE

E-land Asia Holdings Pte., Ltd	47%
Nguyen Van Nghia	17%
Others	36%

KEY ATTRIBUTES

TTM EPS (VND)	1,833
BVPS (VND)	21,365
Debt/Equity (%)	65%
ROA (%)	5.03%
ROE (%)	8.66%
P/E	22.18
P/B	1.96
Dividend yield (%)	0.00

PRICE PERFORMANCE



COMPANY PROFILE

Thanh Cong Textile Garment Joint Stock Company (TCM) was formerly known as Textile Industry Re-Manufacturing Company founded in 1967. The company officially operated as a joint stock company model since 2006. The company specializes in manufacturing and trading yarns, fabrics, textile clothing, chemicals, dyes, machines and garment materials.

ANALYST(S)

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The cold winter is about to pass

- Net Revenue in 10M2023 decreased by 25.2% YoY to VND 2,793 billion (about USD 117 million), in line with our projections.
- We expect TCM's orders to recover from the beginning of next year, and Net Profit to show strong growth in 2Q2024, partly due to the low base of this year.
- We maintain our **BUY** recommendation for TCM at a fair price of 55,300 VND/share, corresponding to 2024 P/E and P/B forward of 15.5x and 1.7x, respectively.

Business results 10M2023

In 10M2023, TCM recorded Net Revenue equivalent to our expectations, decreasing by 25.2% YoY to VND 2,793 billion (USD 117 million). TCM's Net Profit also declined by 47.9% YoY to VND 122 billion, which is lower than our previous forecast by 30%. This decline is primarily attributed to a small volume of orders, coupled with a 20% - 30% reduction in the unit price.

Revenue from the US contracted despite the stability in retail clothing sales there

In 10M2023, garment segment remained the main driver of TCM's growth. Specifically, the proportion of the garment segment accounted for 76.7% of total revenue, equivalent to nearly VND 2,192 billion (-24% YoY). Revenue from fabrics is estimated to nearly VND 454 billion (-16% YoY), accounting for 15.9% of total revenue.

Meanwhile, the challenging competitiveness of Vietnamese fibers against cheap Chinese fibers is the main reason for the low share of the fiber segment, which accounts for only 6% of the TCM revenue structure, the same as the same period last year but significantly lower than the 11% level in 2021. As of August 2023, the imported cotton price has decreased by 33.7% YoY due to the downward trend in world cotton prices, expected to positively impact the recovery of the fiber segment in the future.

In terms of market structure, the US, South Korea, and Japan remain the three largest export markets for TCM. In 10M2023, the export turnover of Vietnamese textiles to the US decreased by 19.3% YoY to USD 12 billion, due to the pressure of high record-level inventory consumption in 3Q2022, leading to a reduction in orders at textile companies. Consequently, TCM was also affected by this situation, with export revenue to the US estimated to decrease by 36.3% YoY to approximately VND 793 billion. The export turnover of Vietnamese textiles to South Korea recorded a lower decline with a value of USD 2.6 billion (-6.8% YoY). Meanwhile, the export turnover to Japan remained stable at USD 3.3 billion (+0.5% YoY). In 10M2023, TCM recorded a lower decline in export revenue to South Korea and Japan compared to the US, reaching VND 701 billion (-15.8% YoY) and VND 554 billion (-24.9% YoY), respectively. Additionally, TCM's strategic partner, E-land, also helped stabilize some of the orders in South Korea.

Financial Results	3Q23	3Q22	%YoY	9M23	9M22	%YoY
Net Revenue (VND bn)	919	1,229	-25.2%	2,510	3,400	-26.2%
Gross Profit (VND bn)	139	215	-35.5%	369	558	-33.8%
Net Profit (VND bn)	54	92	-41.4%	111	221	-49.7%
Net Profit Margin (%)	5.9%	7.5%	-1.5%	6.5%	4.4%	-2.1%