

**SGN – BUY**

**STOCK INFORMATION**  
(Sep 04<sup>th</sup> 2020)

Stock exchange	HOSE
Market price (VND)	67.400
10-day average trading volume	28.419
Market capital (VND bn)	2.277
Outstanding shares	33.533.591

**EQUITY ANALYST**

**Pham Hong Quan**

phquan@vcbs.com.vn

+84-4 3936 6990 ext 7183

**VCBS's Research**

[www.vcbs.com.vn/vn/Services/AnalysisResearch](http://www.vcbs.com.vn/vn/Services/AnalysisResearch)

**VCBS Bloomberg Page:**

<VCBS><go>

**UPDATE REPORT**

**Business results:** in 6M.2019, SGN recorded revenue of VND 449 billion (-40.4% yoy). Profit after tax recorded a decline of 55.1% over the same period, reaching VND 77 billion.

**Outlook:** The outbreak and spread of Covid-19 seriously affected the operations of aviation businesses, including SGN. SGN's business results in 2020 are expected to decline sharply over the same period. In the long term, SGN maintains a positive growth prospect with the main drivers coming from: (1) Infrastructure in Tan Son Nhat airport is invested, upgraded and increased capacity; (2) Possesses many advantages in growth in market share and (3) Potential to expand business operations at new airports.

**Risk:** (1) The re-operation of international routes witnesses encumbrance; (2) Vietjet operates its own ground service; (3) Risk of market share distribution at airports.

**Recommendation:** We project that SGN's parent company profit to reach VND 118.0 billion in 2020 (-65.9% yoy) due to the impact of Covid-19 epidemic and flight restriction policy. The stock price in the past period has returned to an attractive level considering the corporate position, competitive advantages and great potential from the growth of Vietnam's aviation industry in the long term. We recommend **BUY** for SGN investment opportunity with a target price of **82,393 VND / share**.

Financial ratio	2018	2019	2020F	2021F
Net revenue (billion VND)	1.277	1.585	845	1.513
+/- yoy (%)	15,43%	24,17%	-46,70%	79,08%
Earning available for common shareholders (billion VND)	264	346	118	286
+/- yoy (%)	26,77%	31,04%	-65,90%	142,44%
Equity (billion VND)	696	968	986	1.171
Gross margin (%)	36,08%	37,22%	26,59%	33,06%
Net profit margin (%)	20,69%	21,83%	13,97%	18,91%
ROA – TTM (%)	30,46%	30,20%	10,42%	21,63%
ROE – TTM (%)	42,21%	39,09%	13,22%	26,96%
EPS (VND)	7.488	10.092	3.233	7.838

## APPENDIX

INCOME STATEMENT (billion VND)	2017	2018	2019	2020F	2021F
<b>Revenue</b>	<b>1.106</b>	<b>1.277</b>	<b>1.585</b>	<b>845</b>	<b>1.513</b>
Cost of goods sold	722	816	995	620	1.013
<b>Gross profit</b>	<b>384</b>	<b>461</b>	<b>590</b>	<b>225</b>	<b>500</b>
Sales and marketing exp	0	0	0	0	0
General and administrative exp	99	101	130	76	121
<b>EBIT</b>	<b>285</b>	<b>360</b>	<b>460</b>	<b>149</b>	<b>379</b>
<b>Earning before tax</b>	<b>288</b>	<b>368</b>	<b>474</b>	<b>163</b>	<b>395</b>
Income tax expense	58	75	95	33	79
<b>Net Profit After Tax (NPAT)</b>	<b>230</b>	<b>294</b>	<b>379</b>	<b>130</b>	<b>316</b>
Minority/Non Controlling Interests (Credits)	22	30	32	12	30
<b>Net Income</b>	<b>208</b>	<b>264</b>	<b>346</b>	<b>118</b>	<b>286</b>
Basic Earnings per Share (VND)	6.140	7.488	10.092	3.233	7.838

BALANCE SHEET (billion VND)	2017	2018	2019	2020F	2021F
Cash & equivalents	170	424	251	375	382
Short-term investments	13	3	213	213	213
Accounts & notes receivables	172	195	294	130	234
Inventories	5	10	6	5	8
Other current assets	22	13	17	9	16
<b>Total current assets</b>	<b>383</b>	<b>646</b>	<b>781</b>	<b>733</b>	<b>853</b>
Net fixed assets	312	312	467	511	601
Long-term investments	0	0	0	0	0
Other Long-term assets	3	7	5	5	5
<b>Total Long-term assets</b>	<b>316</b>	<b>319</b>	<b>472</b>	<b>517</b>	<b>607</b>
<b>Total assets</b>	<b>698</b>	<b>965</b>	<b>1.253</b>	<b>1.250</b>	<b>1.460</b>
Accounts payable	50	66	59	39	63
Short-term borrowings	0	0	0	0	0
Other short-term liabilities	141	188	212	212	212
<b>Total Current Liabilities</b>	<b>191</b>	<b>254</b>	<b>271</b>	<b>251</b>	<b>276</b>
Long-term debt	0	0	0	0	0
Other long-term liabilities	13	14	14	14	14
<b>Total Long-Term Liabilities</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Total Liabilities</b>	<b>204</b>	<b>269</b>	<b>285</b>	<b>265</b>	<b>290</b>
<b>Total Equity</b>	<b>494</b>	<b>696</b>	<b>968</b>	<b>986</b>	<b>1.171</b>
<b>Total Liabilities &amp; Equity</b>	<b>698</b>	<b>965</b>	<b>1.253</b>	<b>1.251</b>	<b>1.461</b>

CASH FLOW STATEMENT (billion VND)	2017	2018	2019	2020F	2021F
Cash From Operating Activities	306	381	359	375	326
Cash From Investing Activities	(201)	(59)	(454)	(150)	(219)
Cash from Financing Activities	(63)	(68)	(79)	(101)	(101)
<b>Net Changes in Cash</b>	<b>42</b>	<b>254</b>	<b>-173</b>	<b>125</b>	<b>6</b>
<b>Ending cash</b>	<b>170</b>	<b>424</b>	<b>251</b>	<b>375</b>	<b>382</b>

## DISCLAIMER

This report is designed to provide updated information on the fixed-income, including bonds, interest rates, some other related. The VCBS analysts exert their best efforts to obtain the most accurate and timely information available from various sources, including information pertaining to market prices, yields and rates. All information stated in the report has been collected and assessed as carefully as possible.

It must be stressed that all opinions, judgments, estimations and projections in this report represent independent views of the analyst at the date of publication. Therefore, this report should be best considered a reference and indicative only. It is not an offer or advice to buy or sell or any actions related to any assets. VCBS and/or Departments of VCBS as well as any affiliate of VCBS or affiliate that VCBS belongs to or is related to (thereafter, VCBS), provide no warranty or undertaking of any kind in respect to the information and materials found on, or linked to the report and no obligation to update the information after the report was released. VCBS does not bear any responsibility for the accuracy of the material posted or the information contained therein, or for any consequences arising from its use, and does not invite or accept reliance being placed on any materials or information so provided.

This report may not be copied, reproduced, published or redistributed for any purpose without the written permission of an authorized representative of VCBS. Please cite sources when quoting. Copyright 2012 Vietcombank Securities Company. All rights reserved.

## CONTACT INFORMATION

**Tran Minh Hoang**

Head of Research

tmhoang@vcbs.com.vn

**Mac Dinh Tuan**

Head of Equity team

mdtuan@vcbs.com.vn

**Pham Hong Quan**

Equity Analyst

phquan@vcbs.com.vn

## VIETCOMBANK SECURITIES COMPANY

<http://www.vcbs.com.vn>

<b>Ha Noi Headquarter</b>	Floor 12 <sup>th</sup> & 17 <sup>th</sup> , Vietcombank Tower, 198 Tran Quang Khai Street, Hoan Kiem District, Hanoi Tel: (84-4)-39366990 ext: 140/143/144/149/150/151
<b>Ho Chi Minh Branch</b>	Floor 1 <sup>st</sup> and 7 <sup>th</sup> , Green Star Building, 70 Pham Ngoc Thach Street, Ward 6, District No. 3, Ho Chi Minh City Tel: (84-28)-3820 8116 Ext:104/106
<b>Da Nang Branch</b>	Floor 12 <sup>th</sup> , 135 Nguyen Van Linh Street, Thanh Khe District, Da Nang City Tel: (+84-236) 3888 991 ext: 801/802
<b>Nam Sai Gon Transaction Unit</b>	Floor 3 <sup>rd</sup> , V6 Tower, Plot V, Him Lam Urban Zone, 23 Nguyen Huu Tho Street, Tan Hung Ward, District No. 7, Ho Chi Minh City Tel: (84-28)-54136573
<b>Giang Vo Transaction Unit</b>	Floor 1 <sup>st</sup> , Building C4 Giang Vo, Giang Vo Ward, Ba Dinh District, Hanoi Tel: (+84-24) 3726 5551
<b>Tay Ho Transaction Unit</b>	1st & 3rd Floor, 565 Lac Long Quan Street, Tay Ho District, Hanoi. Tel: (+84-24) 2191048 (ext: 100)
<b>Hoang Mai Transaction Unit</b>	1st Floor Han Viet Building, 203 Minh Khai Street, Hai Ba Trung District, Hanoi. Tel: (+84-24) 3220 2345
<b>Can Tho Representative Office</b>	Floor 1 <sup>st</sup> , Vietcombank Can Tho Building, 7 Hoa Binh Avenue, Ninh Kieu District, Can Tho City Tel: (+84-292) 3750 888
<b>Vung Tau Representative Office</b>	Floor 1 <sup>st</sup> , 27 Le Loi Street, Vung Tau City, Ba Ria - Vung Tau Province Tel: (+84-254) 351 3974/75/76/77/78
<b>An Giang Representative Office</b>	Floor 7 <sup>th</sup> , Vietcombank An Giang Tower, 30-32 Hai Ba Trung, My Long Ward, Long Xuyen City, An Giang Province Tel: (84-76)-3949843
<b>Dong Nai Representative Office</b>	Floor 1 <sup>st</sup> & 2 <sup>nd</sup> , 79 Hung Dao Vuong, Trung Dung Ward, Bien Hoa City, Dong Nai Province Tel: (84-61)-3918815
<b>Hai Phong Representative Office</b>	Floor 2 <sup>nd</sup> , 11 Hoang Dieu Street, Minh Khai Ward, Hong Bang District, Hai Phong City Tel: (+84-225) 382 1630
<b>Binh Duong Representative Office</b>	Floor 3 <sup>th</sup> , 516 Cach Mang Thang Tam Street, Phu Cuong Ward, Thu Dau Mot City, Binh Duong Province. Tel: (+84-274) 3855 771