

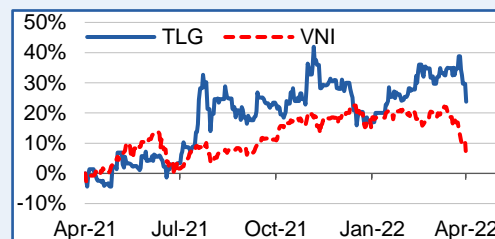


Thien Long Group (TLG)

AGM Note

Industry	Stationery		2021A	2022F	2023F	2024F
Report Date	April 26, 2022					
Current Price	VND45,750	Rev y/y	-0.6%	21.5%	16.7%	16.7%
Target Price*	VND49,500	EPS y/y	15.4%	17.1%	26.3%	21.1%
Upside to TP	+8.2%	GPM	42.2%	41.4%	42.1%	42.6%
Dividend Yield	4.4%	NPM	10.4%	10.0%	10.8%	11.2%
TSR	+12.6%	EV/EBITDA	7.2x	6.2x	4.8x	4.0x
Rating*	OUTPERFORM	P/B	1.9x	1.8x	1.7x	1.6x
		P/E	14.3x	12.2x	9.7x	8.0x
Market Cap	USD154.7mn			TLG	Peers**	VNI
Foreign Room	USD116.7mn	P/E (ttm)		14.3x	10.1x	15.1x
ADTV30D	USD0.1mn	P/B (curr)		1.9x	0.9x	2.3x
State Ownership	0.0%	Net D/E		-30.6%	-24.6%	N/A
Outstanding Shares	77.8 mn	ROE		15.5%	10.1%	15.7%
Fully Diluted Shares	77.8 mn	ROA		11.6%	6.2%	2.6%

* TP and rating last updated February 9, 2022 ** Regional peers



Company Overview

TLG is a leading stationery maker with various products (writing instruments and office, school and art supplies). TLG holds ~60% of the domestic writing instrument market and is expanding globally. TLG has had a partnership with Newell Brands, a leading US-based global consumer goods company, since early 2019.

Vy Nguyen
 Manager

vy.nguyen@vcsc.com.vn
 +8428 3914 3588 ext.147

Conservative 2022 guidance amid elevated expenses

- We attended TLG's annual general meeting (AGM) in HCMC on April 26.
- Shareholders approved management's guidance for 2022 NPAT-MI of VND280bn (USD12.2mn; +1% YoY), which trails our expectation as it is equivalent to 86% of our current forecast of VND322bn (USD14.1mn; +16% YoY).
- Shareholders approved 1) a 2021 dividend of VND2,000/share — the first tranche of VND1,500/share was paid in July 2021 and the second tranche was paid in January 2022 — and 2) a 2022 dividend at 30% on par value — either in cash or in shares. The timeline for the 2022 dividend is not yet available. We currently assume that TLG will pay a VND2,000/share dividend for 2022.
- TLG announced Q1 2022 preliminary results with NPAT-MI of VND115bn (USD5.0mn; +35% YoY and +18% QoQ), which is better than our expectation.
- TLG shared that its major capacity expansion — the Thien Long Long Thanh production plant — is under construction and will go into operation in late 2022. We have incorporated this plant into our valuation for TLG.
- Shareholders voted for the BOD and supervisory board for the 2022-2027 term.

Conservative 2022 guidance amid elevated COGS and marketing expenses. TLG guides for 2022 revenue of VND3.3tn (USD141.3mn; +22% YoY) and NPAT-MI of VND280bn (USD12.2mn; +1% YoY). TLG's 2022 revenue guidance is equivalent to 100% of our current forecast; however, the 2022 NPAT-MI guidance trails our expectation as it is equivalent to 86% of our current forecast of VND324bn (USD14.1mn; +17% YoY). We attribute the discrepancy between TLG's guidance and our forecast for 2022 NPAT-MI to management being conservative regarding 1) the pace of recovery in domestic demand amid the prolonged impact of COVID-19 on consumer spending and 2) high input plastic prices as well as expenses related to promotional activities post-COVID. Details on our 2022 forecasts for TLG can be found in our latest [Update Report](#), dated February 9, 2022.

TLG released upbeat preliminary Q1 2022 results. TLG announced Q1 2022 preliminary results with revenue of VND794bn (USD34.5mn; +17% YoY) and NPAT-MI of VND115bn (USD5.0mn; +35% YoY and +18% QoQ). TLG's Q1 2022 NPAT-MI is better than our expectation as it completed 35% of our full-year forecast and 41% of TLG's full-year guidance.

Shareholders elected new BOD and supervisory board members for the 2022-2027 term. The newly elected BOD includes seven out of nine members from TLG's previous BOD (excluding independent members Mr. Tran Le Nguyen and Mr. Huynh Van Thien). TLG also elected a new supervisory board for the 2022-2027 term with two out of the three members from the previous supervisory board.

VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
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Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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Contacts

Corporate

www.vcsc.com.vn

Head Office

Bitexco Financial Tower, 15th Floor
2 Hai Trieu Street, District 1, HCMC
+84 28 3914 3588

Hanoi Branch

109 Tran Hung Dao
Hoan Kiem District, Hanoi
+84 24 6262 6999

Transaction Office Nguyen Hue

Vinatex Building, 1st & 3rd Floor
10 Nguyen Hue Street, District 1, HCMC
+84 28 3914 3588 (417)

Transaction Office Nguyen Cong Tru

Floor 6B, 236-238 Nguyen Cong Tru Street
District 1, HCMC
+84 28 3914 3588 (400)

Transaction Office Dong Da

9 Nguyen Ngoc Doan
Dong Da District, Hanoi
+84 24 6262 6999

Transaction Office ABS

Sailing Tower, 8th Floor
111A Pasteur Street, District 1, HCMC
+84 28 3914 3588 (403)

Research

Research Team: +84 28 3914 3588
research@vcsc.com.vn

Alastair Macdonald, Head of Research, ext 105
alastair.macdonald@vcsc.com.vn

Banks, Securities and Insurance

Long Ngo, Associate Director, ext 123

- Truc Ngo, Analyst, ext 116
- Ngoc Huynh, Analyst, ext 138
- Nhan Nguyen, Analyst, ext 139

Macro

Luong Hoang, Manager, ext 364

- Nguyen Truong, Senior Analyst, ext 132

Consumer

Nam Hoang, Manager, ext 124

- Ha Dao, Senior Analyst, ext 194
- Ha Huynh, Analyst, ext 185
- Huy Phan, Analyst, ext 173

Oil & Gas and Power

Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Manager, ext 135
- Duc Le, Analyst, ext 196

Real Estate and Infrastructure

Hong Luu, Senior Manager, ext 120

- Dang Thai, Senior Analyst, ext 149
- Duc Pham, Analyst, ext 174

Materials and Industrials

Vy Nguyen, Manager, ext 147

- Vinh Bui, Analyst, ext 149

Retail Client Research

Duc Vu, Senior Manager, ext 363

- Trung Nguyen, Senior Analyst, ext 129
- Anh Tong, Analyst, ext 363
- Ha Bui, Analyst, ext 364

Brokerage and Institutional Sales & Trading

Tuan Nhan

Managing Director, Brokerage & Institutional Sales & Trading

+84 28 3914 3588, ext 107
tuan.nhan@vcsc.com.vn

Quynh Chau

Managing Director Brokerage

+84 28 3914 3588, ext 222
quynh.chau@vcsc.com.vn

Dung Nguyen

Director Institutional Sales & Trading

+84 28 3914 3588, ext 136
dung.nguyen@vcsc.com.vn