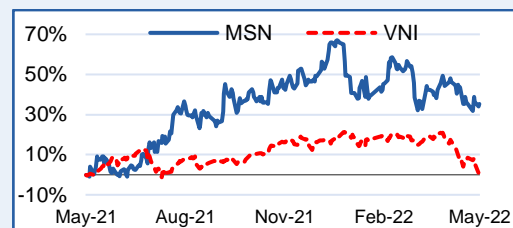




Masan Group (MSN)

Analyst Meeting Note

Industry:	Consumer		2021	2022F	2023F	2024F
Report Date:	May 11, 2022					
Current Price:	VND116,100	Rev y/y	14.8%	2.9%	21.9%	20.4%
Target Price*:	VND158,000	EPS y/y ¹	N.M.	48.3%	57.9%	48.3%
Upside to TP:	36.1%	GPM	25.0%	30.0%	30.9%	31.7%
Dividend Yield:	1.0%	NPM ¹	3.6%	5.2%	6.7%	8.3%
TSR:	37.1%	EV/EBITDA ²	13.1x	11.2x	9.2x	7.6x
Rating*:	BUY	P/CFO	87.5x	65.6x	20.0x	13.1x
		P/E ¹	51.8x	34.9x	22.1x	14.9x



Market Cap:	USD7.2bn		MSN	VNI
Foreign Room:	USD1.5bn	P/E (ttm) ¹	43.2x	14.1x
ADTV30D:	USD5.9mn	P/B (curr)	6.0x	2.2x
State Ownership:	0%	Net D/E	1.7x	N/A
Outstanding Shares:	1.4bn	ROE ¹	18.3%	15.8%
Fully Diluted Shares:	1.4bn	ROA ¹	3.3%	2.6%
3-yr PEG:	0.8	* TP and rating last updated February 28, 2022		

¹ Based on recurring earnings

² EBITDA includes profits from TCB

Company Overview

Masan Group specializes in consumer businesses that span FMCG, retailing and the meat value chain. New initiatives are aimed toward a consumer-tech ecosystem with telecom and fintech products. Other businesses include metal-based materials and an associate stake in Techcombank.

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Businesses heading in the right direction

We attended MSN's analyst meeting on May 10. The agenda included the company's outlook for Q2 2022 and beyond and followed up on the guidance announced at [MSN's AGM](#) on April 28.

- Masan Group (MSN):** Management expects Q2 2022 revenue and NPAT before MI to increase 15%-20% YoY and 25%-30% YoY, respectively. Specifically, in terms of revenue, management expects The CrownX (TCX) to increase 10% YoY, Masan Consumer Holdings (MCH) to increase 25% YoY and WinCommerce (WCM) to increase 5% YoY in Q2 2022. If these Q2 2022 expectations are met, H1 2022 will experience like-for-like (LFL) revenue growth of 15% YoY while H2 2022 will experience NPAT before MI growth of 150%-170% YoY.
- WCM:** Compared to the company's initial target of adding 500-1,400 WinMart+ stores, MSN has rolled out more than 200 stores since the begin of the year and expects to open 300 total stores (WinMart and WinMart+) in Q2 2022. The company is on track to achieve 6% YoY revenue growth in Q2 2022 compared to 1% YoY growth in Q1 2022. New WinMart+ stores are expected to reach an EBIT breakeven level after six to nine months. As of Q1 2022, 59% of 169 WinMart+ stores that were opened in the first nine months of 2021 and 33% of 296 WinMart+ stores opened in Q4 2021 already reached an EBIT breakeven level. In 4M 2022, WinMart+ stores opened before 2021, opened in 2021 and opened in Q1 2022 achieved EBITDA margins of 7.1%, 3.7% and 1.2%, respectively. Management expects to maintain positive EBIT for 2022 and targets to become NPAT positive in 2023. Additionally, management expects to accelerate the rollout of mini malls beginning in Q3 2022.
- Phuc Long & Reddi:** For the Phuc Long tea & coffee chain, MSN aims to achieve daily sales of VND4mn-5mn/kiosk from currently VND2mn/kiosk. The company also plans to accelerate kiosk expansion in tier-2 cities after it optimizes the format and operation of existing Phuc Long kiosks. For the time being, MSN will introduce a new menu at these kiosks. Furthermore, MSN expects to accelerate the rollout of Reddi – a mobile telecom service, in Q3 2022 and fully integrate financial services (e.g., credit cards and debit cards) as well as loyalty program into Reddi in 2022.
- MCH:** Management expects Q2 2022 revenue to increase 20% YoY and be driven by the strength of existing brands and new product launches. Most low-cost input materials used for Q1 2022 sales were stocked in advanced. Management also expects input costs to increase

in Q2 2022, which could slightly hurt gross profit margin. Management expects a slight drop in gross margin for Q2 2022, but gross margin in Q3-Q4 2022 is expected to return to above 40%. Management ensured that FY2022 gross margin stays above 40%.

- **Masan MEATLife (MML):** Branded pork revenue is expected to increase in 2022 due to an expansion of the processed meat portfolio and increased distribution through WCM, which would benefit operating margin. Management expects live hog prices to gradually improve to VND60,000/kg throughout 2022 from approximately VND55,000/kg in recent months. Currently, MML's utilization rate can go up to 20%, with 26% as the facility's breakeven level; management aims to reach 30% by end-2022. 2022 capex for Meat Deli and 3F VIET – a fresh chicken brand, is expected to be VND260bn and VND330bn, respectively.
- **Masan High-Tech Materials (MHT):** MSN expects to increase selling prices of its products to cushion the impact of rising energy prices.



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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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