



# YEG Flash Note

**Tuesday, June 26, 2018**

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## Mr. Trung Tran

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## Company Note

### Recommendation

N/a

HOSE: YEG

Media

250,000

### Listing price (VND)

### Ownership

Nguyen Anh Nhuong Tong	27.11%
Ho Ngoc Tan	14.28%
Anca Asset Limited	12.49%
DFJ Vinacapital	7.14%

### Stock Statistics

26-Jun-18

### Bloomberg code

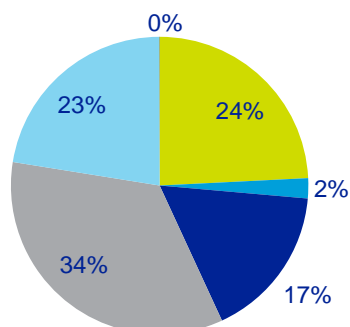
YEG VN

Shares O/S (m) 23.8

Mkt cap (VND bn) 5,950

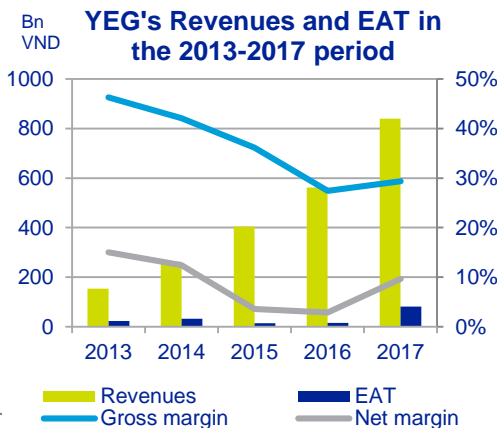
Mkt cap (USD m) 260

### YEG's Revenues by Segments



- Cable TV (Yeah1 Entertainment)
- Cinematic (Yeah1 CMG)
- Advertising & Movie copyrights
- Digital segment - Youtube
- Digital segment - Google
- Other

### YEG's Revenues and EAT in the 2013-2017 period



## YEAH1 GROUP CORPORATION (YEG VN)

YEAH1 Group Corporation is listed on HOSE (HSX: YEG) today, Tuesday, 26<sup>th</sup> of June 2018 with a listing price of VND250,000. Its stock has already surged to its upper limit with large amount of unmatched bidding orders.

The company, founded in 2006, mainly operates in the media sector. Revenues of the company mainly comes from (I) Advertising fees- of the four owned channels owned and 12 others managed, (II) Digital channels (i.e. Youtube, Google), (iii) Others (Copyright fees, service charges, office leasing, etc.).

For the 2013-2017 period, the company achieved a CAGR in revenues and EAT of 52.7% and 36.6% respectively. While revenue has been on a stable growth rate, EAT was volatile in the mentioned period where it dropped significantly in 2015 and 2016 as the company was in the transition period to digital channels. Ending 2017, the Company reported a 49.4% increase in the top line and 402.4% increase in EAT, reaching VND 840bn and VND 81 bn respectively.

For 2018, the company expects a top line of VND 2,285 bn (+172% YoY) and a NPATMI of VND 228 bn (+293% YoY) which is equivalent to an EPS of VND 9,580. With the listing price of VND 250,000, the company will trade at an P/E 2017 of 103x and P/E forward of 26x which, in our opinion, is considerably high considering market's P/E is only around 18x. In addition, while the company aims to maintain CAGRs for the 2014-2020F of 60% for top line and 63.6% for EAT, we have our concerns whether YEG can achieve this target. Our concerns mainly come from the facts that their growth mostly comes from the new digital segment after YEG moved from traditional channels to Digital channels and established its self as a Multi-Channel Network (MCN) and this segment has already showed signs of slowing down with the growth rate of number of views and subscribers significantly reduced in the coming period - according to YEG's forecasts. In addition, competitiveness in this sector is increasing with the newly joined foreign groups such as CJ who is expanding quickly in Vietnam's entertainment market.

	2013	2014	2015	2016	2017
Net Sales (VNDbn)	154	263	404	563	840
Growth (%)	N/A	70%	54%	39%	49%
EBITDA (VNDbn)	37	48	34	29	98
Growth (%)	N/A	31%	-29%	-15%	238%
Net income (VNDbn)	21	30	14	16	58
Growth (%)	N/A	46%	-53%	13%	258%
EPS (VND)	4,591	4,631	1,465	1,610	2,419
Growth (%)	N/A	1%	-68%	10%	50%
ROE (%)	N/A	40.9%	16.1%	16.4%	28.4%
ROIC (%)	N/A	15.3%	8.8%	5.3%	11.1%
Net debt/EBITDA (x)	0.9	1.3	4.2	2.4	0.3
PER (x)	121.0	83.0	170.7	155.3	103.3
EV/EBITDA (x)	0.8	0.6	0.9	1.1	0.3
EV/sales (x)	0.2	0.1	0.1	0.1	0.0
PBR (x)	17.4	19.7	25.7	24.6	19.5
DPS (VND)	0	0	0	0	0
Dividend yield (%)	0%	0%	0%	0%	0%

<b>YEG FINANCIALS MODEL</b>	<b>Price (VND):</b>	<b>250,000</b>	<b>Mkt cap (VND bn):</b>			<b>5,950</b>
<b>(VND bn except where stated)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	
<b>Total Net Sales</b>	<b>154</b>	<b>263</b>	<b>404</b>	<b>563</b>	<b>840</b>	
<i>Sales growth (%)</i>	<i>N/A</i>	<i>70.1%</i>	<i>53.7%</i>	<i>39.3%</i>	<i>49.4%</i>	
CoGS ex-dep'n	81	150	255	407	591	
SG&A	35	61	111	117	138	
<i>SG&amp;A as % of sales</i>	<i>22.7%</i>	<i>23.4%</i>	<i>27.4%</i>	<i>20.8%</i>	<i>16.5%</i>	
<b>EBITDA</b>	<b>37</b>	<b>48</b>	<b>34</b>	<b>29</b>	<b>98</b>	
<i>EBITDA margin (%)</i>	<i>23.9%</i>	<i>18.4%</i>	<i>8.4%</i>	<i>5.1%</i>	<i>11.6%</i>	
Depreciation	2	2	3	1	2	
<b>Operating profit</b>	<b>35</b>	<b>46</b>	<b>31</b>	<b>28</b>	<b>96</b>	
<i>Operating profit margin (%)</i>	<i>22.7%</i>	<i>17.5%</i>	<i>7.8%</i>	<i>5.0%</i>	<i>11.4%</i>	
Other profits/losses	(2)	0	3	(3)	(1)	
Profit/Loss of investments in associates and joint ventures	-	-	-	-	-	
Net interest expense	2	4	15	3	(1)	
<i>as % of avg, net debt</i>	<i>4.8%</i>	<i>8.2%</i>	<i>14.4%</i>	<i>3.0%</i>	<i>-3.0%</i>	
Interest cover (x)	22.4	11.6	2.1	8.6	-64.1	
Tax	8	10	5	6	15	
<i>Effective tax rate (%)</i>	<i>23.7%</i>	<i>23.1%</i>	<i>28.4%</i>	<i>24.2%</i>	<i>15.6%</i>	
Minorities	3	3	0	0	23	
<b>Net profit</b>	<b>21</b>	<b>30</b>	<b>14</b>	<b>16</b>	<b>58</b>	
<i>Net profit margin (%)</i>	<i>13.4%</i>	<i>11.5%</i>	<i>3.5%</i>	<i>2.9%</i>	<i>6.9%</i>	
Cash earnings	23	32	17	17	60	
Number of shares (m)	4.5	6.5	9.750	10	23.8	
<b>EPS (VND)</b>	<b>4,591</b>	<b>4,631</b>	<b>1,465</b>	<b>1,610</b>	<b>2,419</b>	
Bonus factor (x)	0.5	0.7	1.0	1.0	1.0	
<b>Adjusted EPS (VND)</b>	<b>2,067</b>	<b>3,011</b>	<b>1,465</b>	<b>1,610</b>	<b>2,419</b>	
<i>EPS growth (%)</i>	<i>N/A</i>	<i>45.7%</i>	<i>-51.4%</i>	<i>9.9%</i>	<i>50.3%</i>	

KEY CASHFLOW AND BS ITEMS	2013	2014	2015	2016	2017
Increase in working capital	N/A	1	24	18	12
Capex	0	0	0	0	0
Change in investment in affiliates	N/A	0	0	0	0
Other cashflow items	N/A	-63	-74	78	-9
<b>Free cash flow</b>	<b>N/A</b>	<b>-31</b>	<b>-81</b>	<b>76</b>	<b>38</b>
Share issues	0	0	0	0	0
Dividends paid	-	(0)	(0)	(0)	(0)
Increase in net debt	N/A	31	81	-76	-38
<b>Net debt, end of year</b>	<b>33</b>	<b>64</b>	<b>145</b>	<b>69</b>	<b>31</b>
Enterprise value	5,983	6,014	6,095	6,019	5,981
<b>Shareholders' equity</b>	<b>65</b>	<b>82</b>	<b>95</b>	<b>102</b>	<b>305</b>
BVPS (VND)	14,389	12,672	9,711	10,158	12,795
<i>Net debt / equity (%)</i>	50.3%	77.6%	152.9%	67.4%	10.0%
<i>Net debt / EBITDA (x)</i>	0.9	1.3	4.2	2.4	0.3
<b>Total assets</b>	<b>188</b>	<b>245</b>	<b>350</b>	<b>355</b>	<b>657</b>

KEY RETURN AND VALUATION RATIOS	2013	2014	2015	2016	2017
<i>ROE (%)</i>	N/A	40.9%	16.1%	16.4%	28.4%
<i>ROA (%)</i>	N/A	13.9%	4.8%	4.6%	11.4%
<i>ROIC (%)</i>	N/A	15.3%	8.8%	5.3%	11.1%
<i>WACC (%)</i>	11.2%	11.1%	12.5%	9.9%	13.4%
<i>EVA (%)</i>	N/A	4.2%	-3.7%	-4.6%	-2.3%
<i>PER (x)</i>	121.0	83.0	170.7	155.3	103.3
<i>EV/EBITDA (x)</i>	0.8	0.6	0.9	1.1	0.3
<i>EV/FCF (x)</i>	N/A	-1.0	-0.4	0.4	0.8
<i>PBR (x)</i>	17.4	19.7	25.7	24.6	19.5
<i>PSR (x)</i>	38.5	22.6	14.7	10.6	7.1
<i>EV/sales (x)</i>	0.2	0.1	0.1	0.1	0.0
<i>Dividend yield (%)</i>	0%	0%	0%	0%	0%

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### Our Recommendation System

**BUY:** where we believe prospective 12 month VND total return (including dividends) will be 15% or more.

**HOLD:** where we believe it will be -15% to 15%.

**SELL:** where we believe it will be lower than -15%.

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