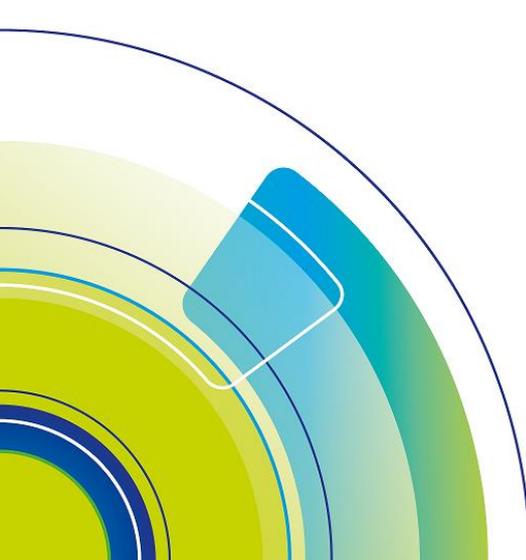




YEG Flash Note

Tuesday, June 26, 2018



Mr. Trung Tran

(+84 8) 3823 4159 - Ext: 351
trungtran@acbs.com.vn

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

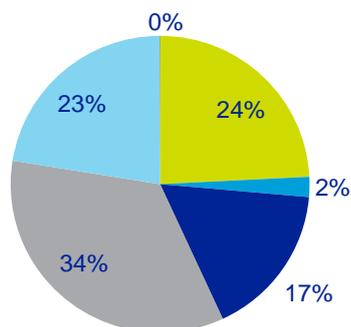
26-Jun-18

Bloomberg code

YEG VN

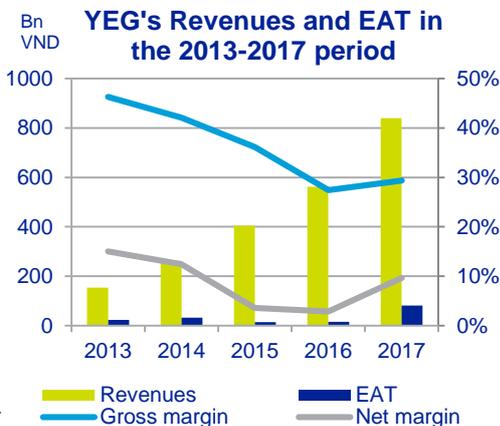
Shares O/S (m)	23.8
Mkt cap (VND bn)	5,950
Mkt cap (USD m)	260

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, 26th 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 in the media sector. Revenues of the company mainly comes from (I) Advertising fees- of the four owned channels 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%

YEG FINANCIALS MODEL	Price (VND): 250,000			Mkt cap (VND bn): 5,950	
(VND bn except where stated)	2013	2014	2015	2016	2017
Total Net Sales	154	263	404	563	840
<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&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>
EBITDA	37	48	34	29	98
<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
Operating profit	35	46	31	28	96
<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
Net profit	21	30	14	16	58
<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
EPS (VND)	4,591	4,631	1,465	1,610	2,419
Bonus factor (x)	0.5	0.7	1.0	1.0	1.0
Adjusted EPS (VND)	2,067	3,011	1,465	1,610	2,419
<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
Free cash flow	N/A	-31	-81	76	38
Share issues	0	0	0	0	0
Dividends paid	-	(0)	(0)	(0)	(0)
Increase in net debt	N/A	31	81	-76	-38
Net debt, end of year	33	64	145	69	31
Enterprise value	5,983	6,014	6,095	6,019	5,981
Shareholders' equity	65	82	95	102	305
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
Total assets	188	245	350	355	657

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%

CONTACTS

Ho Chi Minh City Head Office

41, Mac Dinh Chi, Dist. 1, Ho Chi Minh City

Tel: (+84 28) 3823 4159

Fax: (+84 28) 3823 5060

Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi

Tel: (+84 4) 3942 9395

Fax: (+84 4)3942 9407

RESEARCH DEPARTMENT

Manager – Fundamental Analysis

Giao Nguyen

(+84 28) 3823 4159 (x250)

giaonbt@acbs.com.vn

Associate – Consumer-related, Technology

Chi Luong

(+84 28) 3823 4159 (x327)

chiltk@acbs.com.vn

Associate – Logistics, Agriculture, Power

Yen Tran

(+84 28) 3823 4159 (x326)

yentran@acbs.com.vn

Associate– Property

Truc Pham

(+84 28) 3823 4159 (x303)

trucptt@acbs.com.vn

Analyst – Consumer-related, Technology

Trung Tran

(+84 28) 3823 4159 (x351)

trungtn@acbs.com.vn

Analyst – Steel, Power

Cuong T.Nguyen

(+84 28) 3823 4159 (x218)

cuongnt@acbs.com.vn

Analyst – Oil & Gas

Hung Phan

(+84 28) 3823 4159 (x354)

hungpv@acbs.com.vn

Analyst – Logistic, Plastic

Minh Trinh Viet

(+84 28) 3823 4159 (x352)

minh.tvh@acbs.com.vn

Analyst – Macro, Fixed Income

Vi PhucTran

(+84 28) 3823 4159 (x250)

phuocvt@acbs.com.vn

Analyst – Technical

Phuoc Luong

(+84 28) 3823 4159 (x250)

phuocld@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director - Head of Institutional Client

Tyler Cheung

(+84 28) 54 043 070

tyler@acbs.com.vn

Manager - Trading

Hanh Huynh

(+84 28) 5404 6632

hanhhtm@acbs.com.vn

Senior Associate Institutional Client

Diep Phan

(+84 28) 3823 4159 (x307)

diepph@acbs.com.vn

Trader

Hang Nguyen

(+84 28) 38234160

hangnx@acbs.com.vn

Trader

Thanh Tran

(+84 28) 54046626

thanhtt@acbs.com.vn

Trader

Dung Ly

(+84 28) 54046630

dungln.hso@acbs.com.vn

DISCLAIMER

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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