

[Foods - Beverages]

**GTN FOODS JSC**

(HOSE: GTN)

**Transforming on shoulders of a giant**

**BUY**  
(Initiation)  
Target price:  
VND 38.700  
(Upside: +38,2%)

Mirae Asset Securities (Vietnam)

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**Recommendation and valuation**

- We initiate coverage of GTN Foods JSC (GTN) with a Buy recommendation and target price of VND38,700, based on the P/B valuation method (coefficient of 3.3x applied to 2021 forward BVPS).

**Investment catalyst**

- Demand for dairy products produced directly from fresh milk in Vietnam is expected to increase at a CAGR of 9–10% in the 2020–2025 period, based on higher personal income and health awareness.
- Domestic fresh milk meets only 30–35% of the requirements of local dairy factories. GTN controls roughly 10% of the high-quality fresh milk sources in Vietnam, through its subsidiary, Moc Chau Milk (MCM)
- Vietnam Dairy Product JSC (VNM, or Vinamilk), Vietnam's No. 1 dairy producer, acquired GTN in late-2019. GTN's revenue and earnings are expected to enjoy strong growth in the 2020–25 period, thanks to support from VNM.
- In the 2021/22 period, GTN is undertaking three projects projected to increase its 180ml drinking-milk output capacity by 23% and fresh milk input by 20%, compared with 2020 levels.

**Earnings forecast**

- In 2020, GTN's revenue is forecast to decline by a modest 2.1% YoY, driven by the restructuring all non-core businesses. Meanwhile, sales of dairy products are expected to decline by 13.6% YoY on the back of a 25.9% increase in sales volume under the support of VNM. Cost restructuring is likely to improve GTN's gross margin by 13.6%p to 29.3% in 2020. As a result, 2020 net profit is projected to reach VND163bn, compared with a loss of VND66bn in 2019. In 9M20, GTN's revenue decreased by 5.5% YoY to VND2,144bn, gross margin was reported at 28.5%, and net profit at VND103bn, achieving 63% of our full-year net profit forecast.
- We expect GTN's revenue to grow by 11.5% YoY in 2021 on the back of the company's plan to expand its 180ml drinking-milk capacity, as well as higher input volume. In addition, in 2021, we believe cost controls will help GTN's gross margin to improve by 3.1%p compared with 2020, and GTN's stake in MCM will rise to 51% in 2021 from 38% in 2020, after GTN's acquisition of 29m shares of MCM in a private issue, scheduled to take place in 1Q21. Thus, we expect GTN's net profit to rise by 25% YoY, to VND204bn, in 2021.

**Key data**

Current price (07/01/2021, VND)	28,150	Market cap (VNDbn)	6,984
Profit after tax (21F, VNDbn)	204	Shares outstanding (mn)	249
Consensus (21F, VNDbn)	N/a	Free float (%)	16.3
EPS growth (21F, %)	25.0	Foreign ownership (%)	0.4
P/E (TTM, x)	1695	Beta (12M)	0.9
Market P/E (x)	16.0	52-week low (VND)	12,600
VN-Index	1,118.6	52-week high (VND)	29,200

**Share performance**

(%)	1M	6M	12M
Absolute	17.4	5.5	52.4
Relative	7.9	-16.7	35.4

**Earnings and valuation metrics**

FY (31/12)	2018	2019	2020F	2021F
Revenue (VNDbn)	3,008	2,970	2,909	3,245
EBIT (VNDbn)	7	(42)	150	292
EBIT growth	-73.7%	-696.3%	-453.8%	94.6%
Net profit after tax (VNDbn)	8	(66)	163	204
Net profit after tax growth	-80.4%	-935.0%	-346.2%	25.0%
Diluted EPS (VND) (*)	32	(265)	653	816
Diluted EPS growth	-80.4%	-935.0%	-346.3%	25.0%
ROE%	3.8%	0.3%	7.8%	8.6%
ROA%	2.2%	0.2%	5.1%	6.0%
Payout ratio (%)	4.2%	3.6%	0.0%	0.0%

Note: Profit after tax is the profit after subtracting non-controlling interests

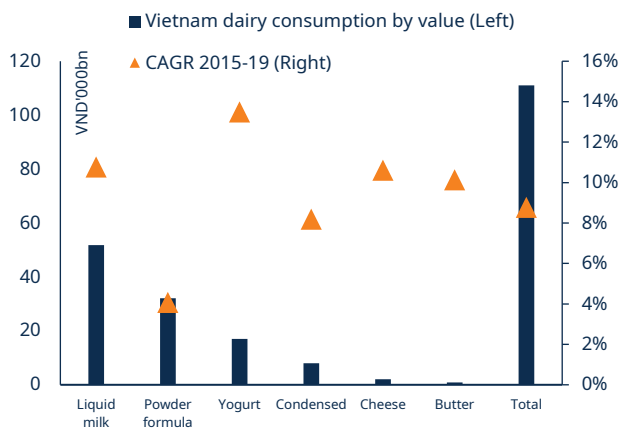
Data: Company data, Bloomberg, Mirae Asset Vietnam Research

# Transforming on shoulders of a giant

## Vietnam’s fresh milk market expanding despite COVID-19

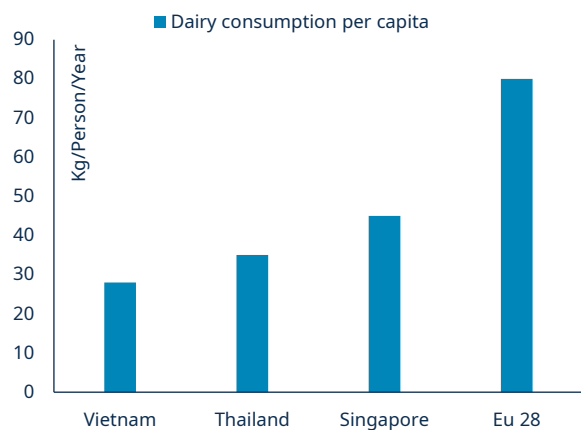
**Vietnam a promising market for dairy products, due to a young population and low base of dairy consumption per capita:** Vietnam’s consumption value of dairy products reached VND111bn in 2019, with a CAGR of 8.8% in 2015–19. By type, drinking milk and powder formula are consumed the most, accounting for 46.7% and 28.9%, respectively, of total dairy consumption in 2019. Vietnam lacks the optimal environmental conditions for raising dairy cows, the main source of milk globally. The country imports large amounts of dairy products and milk material each year to compensate for the shortage of domestic milk supply. In 2019, Vietnam’s total dairy production (equivalent to drinking milk – 3.3% protein, 3.4% fat, and 5.1% carbohydrates) was estimated at 3.7mn tons. Meanwhile, total domestic fresh milk production was 1.09mn tons, which met only 38% of input requirements. Thus, Vietnam imported US\$1.05bn-worth of dairy products in 2019, including 161,400 tons of milk material in the form of milk powder.

**Figure 1. Drinking milk and powder formula have highest consumption value among dairy products in Vietnam**



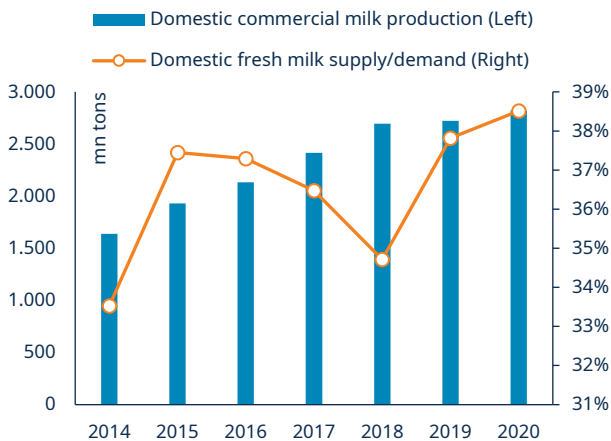
Source: Euromonitor

**Figure 2. Dairy consumption per capita in Vietnam is lower than in neighboring countries and EU-28 countries**



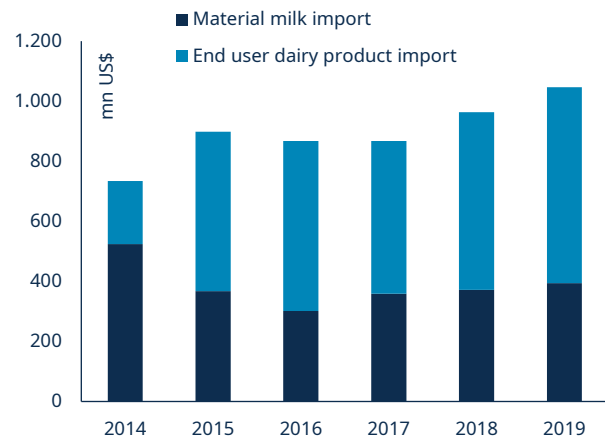
Source: VNM

**Figure 3. Domestic fresh milk supply meets only 30–35% of local dairy factories’ input demand**



Source: Vietnam Statistic

**Figure 4. Vietnam imported US\$1.05bn-worth of dairy products in 2019, with milk material accounting for 37.6%**



Source: Vietnam Customs, UNCOMTRADE

**Shortage of supply of high-quality fresh milk and organic fresh milk:** Vietnamese consumers are paying increasing attention to the safety of dairy product sources after the 2008 melamine scandal in Vietnam and China. Since then, there has been a trend towards dairy products made directly from fresh milk, as consumers believe they are safer and more nutritious than reconstituted milk. This trend has been more pronounced in urban areas, where consumers have higher incomes, are better informed about nutrition issues, and are willing to pay a premium for such products. Top dairy producers, such as Vinamilk, Friesland Campina, and TH Milk, have eliminated reconstituted drinking products as a result of this trend.

However, domestic production of commercial-quality fresh milk has supplied 30–35% of the input demand of local dairy producers, driven by Vietnam’s low levels of agricultural technology, as well as sub-optimal environmental conditions for raising dairy cows. Hence, Vietnam falls well short of global standards for the production of fresh milk, as well as organic standard fresh milk. All dairy producers in Vietnam recognize that gaining control of domestic fresh milk sources is essential to achieve competitiveness in the dairy market, both present and future. In 2019, Vietnam has roughly 300,000 dairy cows, centered in the Southeast (33%) and North Central Coast (26%) regions. In 2019, Vietnam Dairy Products JSC, the largest domestic dairy producer, has a stable of 130,000 dairy cows, while TH Milk has a herd of roughly 50,000.

Figure 5. VNM emphasizes “natural source” of its milk products...



Source: VNM

Figure 6. ...as does TH Milk



Source: THMilk

Figure 7. Demand for organic milk produced by domestic farms exceeds supply

Organic drinking milk demand growing rapidly from small base and creating opportunities in nutrition market

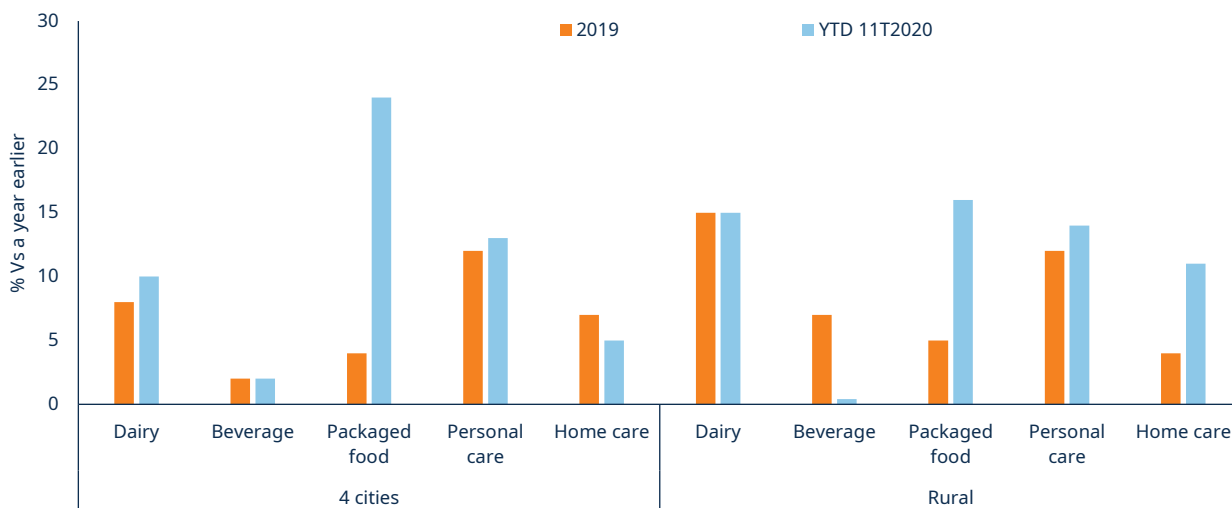


Source: Kantar World Panel

**Vietnam’s dairy market growing despite pandemic:** In 2020, dairy consumption by value in Vietnam increased by healthy margins, despite the negative impact of the COVID-19 pandemic on the global economy, as well as that of Vietnam. According to the Kantar World Panel report , milk consumption value in 11M20 increased by 10% YoY in Vietnam’s four biggest cities and rose 15% YoY in other urban areas, exceeding 2019 growth levels of 8% YoY and 15% YoY, respectively. We believe the key motivation for the dairy market’s favorable performance in 2020 was greater health awareness amid the COVID-19 pandemic, and the general belief that dairy products, especially yogurt, can strengthen human immune systems.

In 2021, we expect dairy consumption in Vietnam to continue to enjoy healthy growth, as the ongoing effects of the COVID-19 pandemic are likely to promote a continued rise in dairy consumption by consumers.

**Figure 7. Dairy consumption value in Vietnam grew healthily in 11M2020 despite COVID-19 pandemic**

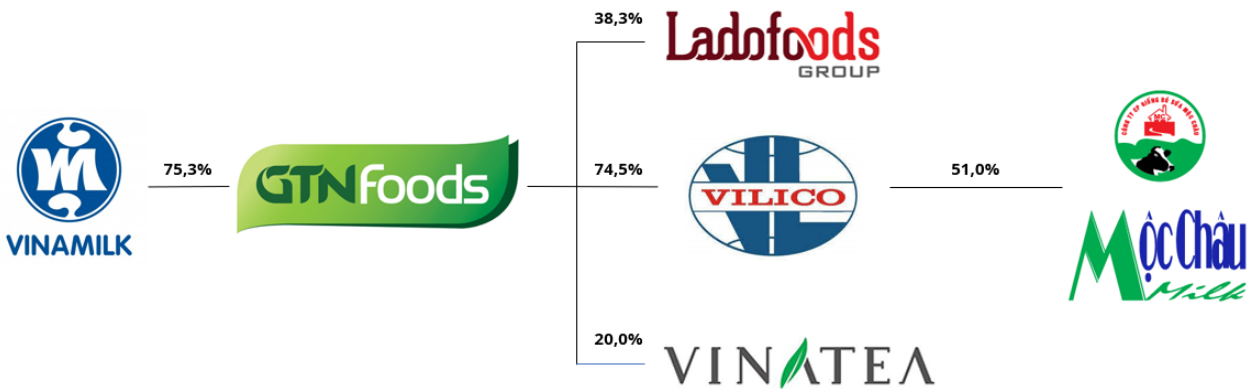


Source: Kantar World Panel  
 Note: 4 cities, including Hanoi, Danang, Ho Chi Minh City, Can Tho

**2020: GTN's earnings improved on VNM's support**

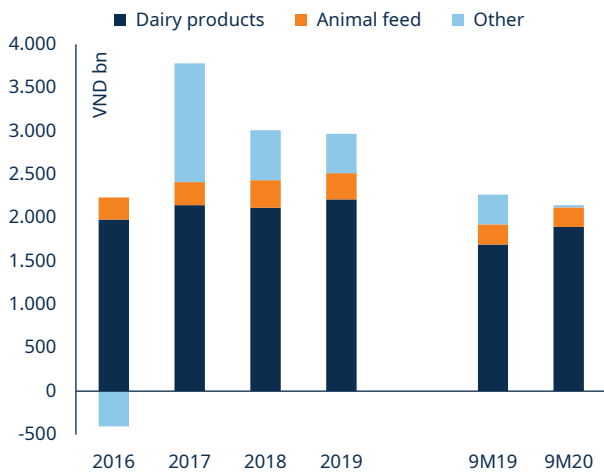
**GTN a holding company that owns the Moc Chau Milk brand:** GTN, formerly United Investment and Manufacturing Joint Stock Company, was founded in 2011 as an investment firm focused on agriculture processing and mining. In 2015–17, GTN targeted the acquisition of equitized SOEs. GTN successfully acquired several important firms, including Moc Chau Milk (indirectly through Vietnam Livestock Company, or VILICO). In 2019, GTN's consolidated revenue was VND2,970bn, with MCM contributing 86.1%.

**Figure 8. In 2020, GTN has 51% voting rights and 38% economic interest in MCM**



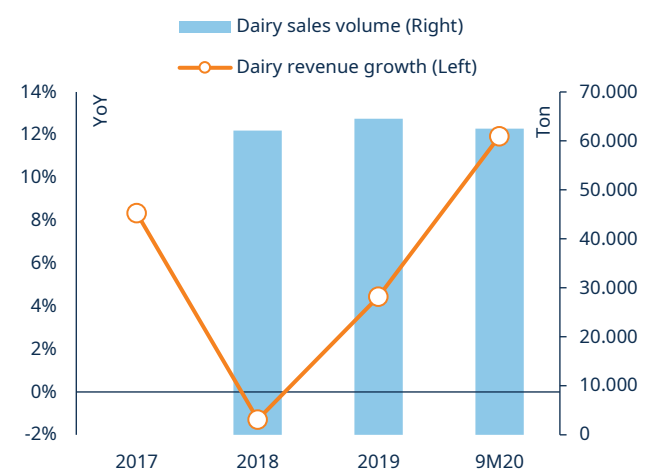
Source: GTN

**Figure 9. GTN's dairy sales/net revenue increased from 77,4% in 2019 to 88,4% in 9M20**



Source: GTN

**Figure 10. GTN's dairy sales volume increased rapidly in 9M20 thanks to support from VNM**



Source: THMilk

**Figure 11. MCM offers roughly 20+ products belongs to 5 dairy categories, all made from fresh milk**



Source: GTN

**GTN controls 10% of Vietnam’s fresh milk sources via MCM:** Moc Chau Highland (1,050m above sea level, temperature 15–20°C, humidity below 60%) is one of the few areas in Vietnam with suitable conditions for raising dairy cows, with a concentration of dairy farms for over 60 years. In addition, fresh milk produced in the Moc Chau Highland is of higher quality compared with milk produced in other regions of Vietnam.

In 2019, MCM has a herd of 26,500 dairy cows, with the average milk yield of contracted farms at 16.4kg/day. MCM’s average milk yield was roughly 20% higher than the country’s average. In 2019, MCM’s total dairy product sales volume was 64,500 tons, accounting for 6.3% of Vietnam’s total fresh milk production. We believe MCM accounted for 10% of the commercial-grade fresh milk supply in Vietnam, as a considerable percentage of milk from small farms cannot meet commercial standards.

**Figure 12. Moc Chau Highland has optimal conditions for raising dairy cows**



Source: GTN

**Figure 13. Milk yields of Moc Chau cows exceed those of other regions**

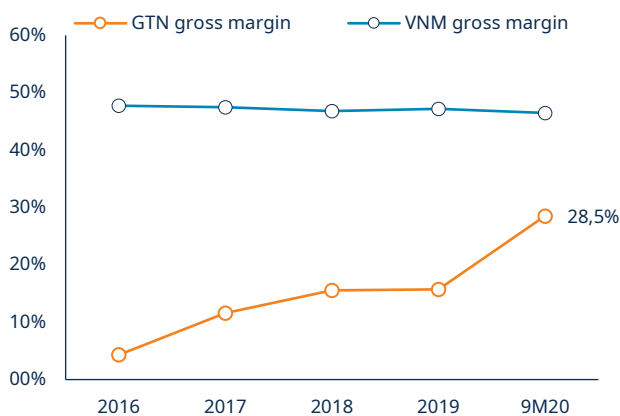
	Mộc Châu	Vinamilk
Dairy cows raised directly by the company (head)	1.600	30.000
Dairy cows raised by contracted farms (head)	24.900	100.000
<b>Total (head)</b>	<b>26.500</b>	<b>130.000</b>
Milk yield of cows raised directly by company (kg/day)	26.0	27.0
Milk yield of cows raised by contracted farm (kg/day)	16.4	13.6
<b>Average milk yield (kg/day)</b>	<b>17.1</b>	<b>16.9</b>

Source: GTN, Mirae Asset Research

**GTN's profitability in 2020 improved under VNM's supervision:** Despite enjoying a fresh-milk resource advantage, GTN's profit margin was very low, compared with other dairy producers, due to: 1) weak profits at its non-core businesses; and 2) weak marketing and distribution capability. 2019 gross margin and net margin were 15.7% and 0.2%, respectively, for GTN, and 46.9% and 18.7%, respectively, for VNM.

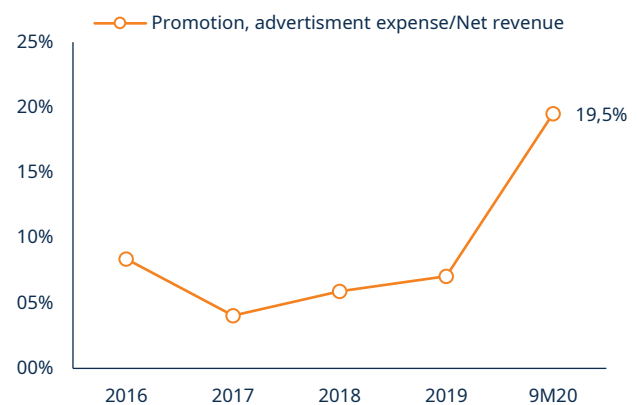
In December 2019, VNM completed the acquisition of a 75% stake in GTN and subsequently undertook a comprehensive restructuring of GTN's business, including: 1) eliminating all non-core business; 2) optimizing distribution channels; and 3) cost cutting. With VNM's support, GTN's performance improved strongly in 9M20, with net revenue from dairy products up 11.9% YoY on the back of a 26.5% YoY rise in sales volume and 13.2%p improvement in gross margin to 28.5%. As a result, 9M20 net profit was up 80.7% YoY to VND103bn. (Note: GTN's 9M20 net revenue fell 5.5% YoY, due to the elimination of all non-core business and 11.5% YoY decline in the average selling price of dairy products, driven by a change in product mix).

**Figure 14. GTN's gross margin improved rapidly in 2020, thanks to cost controls by VNM**



Source: GTN

**Figure 15. GTN's marketing expenses increase sharply in 2020 in order to support sales**



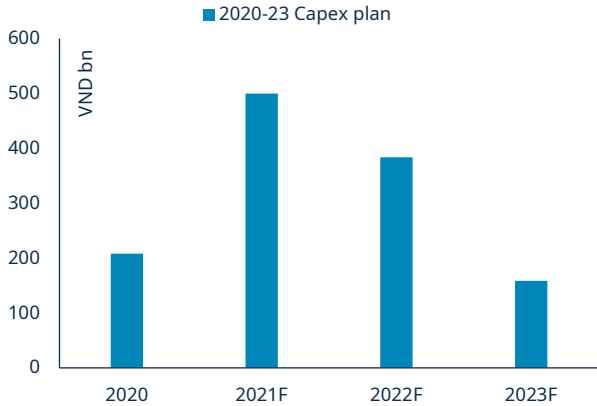
Source: GTN, Mirae Asset Research

**Continued expansion of dairy manufacturing capacity and improving profitability in 2021–23:** Revenue and net profit of GTN are expected to rise over the next three years, thanks to three ongoing projects:

- Upgrading to 180ml drinking-milk factory:** MCM currently has three filling machines, with a total capacity of 39,000 packages/hour, including two TBA19s (7,500 packs/hour) and an A3 Speed (24,000 packs/hour). The factory has a utilization rate of over 90% and lacks the excess capacity needed for peak season. In 2021, MCM will replace the two TBA19 machines with a new, ultra-modern, Tetra Pak A3 Speed, expected to increase MCM capacity by 23% from 2020. The project will cost VND130bn and is scheduled to go online in 2Q21.
- Upgrading of existing milk farm size to 2,000 dairy cows:** In 2021, GTN will upgrade its current farm (1,600 cow maximum with old technology) to a new, modern, GLOBALG.A.P.-standard farm with 2,000-head capacity. The upgraded farm will serve as a model for upgrading contracted farms in the Moc Chau Highland region.
- Building new organic milk farm with capacity of 4,000 dairy cows in combination with ecotourism:** Organic dairy products have higher profit margins, but limited supplies. The project requires VND1,120bn of investment and will go live from 3Q22. We expect

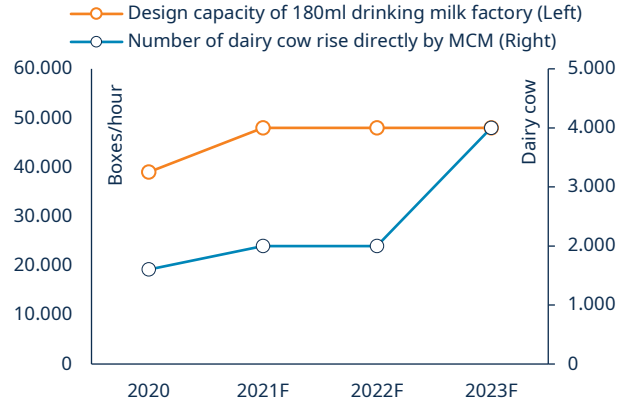
the farm to provide additional 16,500 tons of organic fresh milk per year to MCM, which is equivalent to 23% of GTN's 2019 dairy sales volume.

**Figure 16. Capex of VND1,171bn in 2020–23 for 3 expansion projects**



Source: GTN

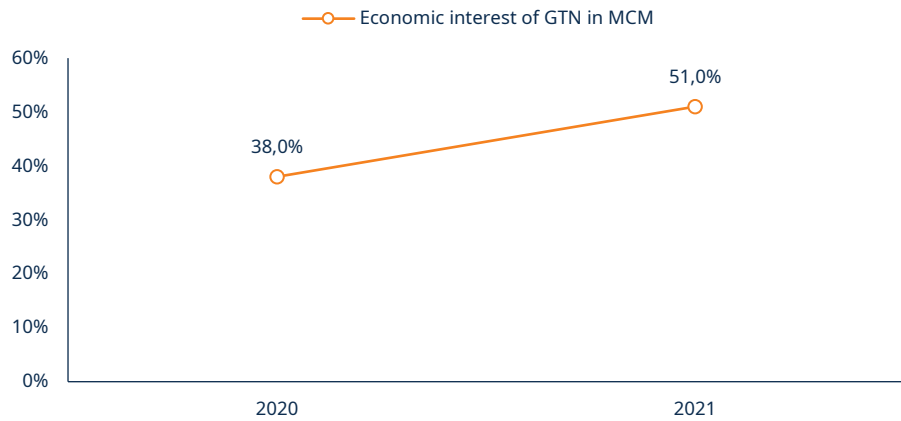
**Figure 15. GTN dairy production capacity to expand gradually in 2020–23**



Source: GTN, Mirae Asset Research

**GTN's stake in MCM to be 51% from 1Q21:** MCM plans the private issue of 39.2mn shares (total value VND1,176bn) in 2021 in order to finance the aforementioned three projects. Of these, 29.5mn shares (value of VND884bn) are to be issued to GTN and the rest to VNM. The deal is expected to be done in 1Q21. Hence, GTN's stake in MCM will rise from 38% in 2020 to 51.3% in 2021. GTN has more than sufficient cash in hand to finance the deal.

**Figure 16. GTN's stake in MCM to increase to 51% in 2021**



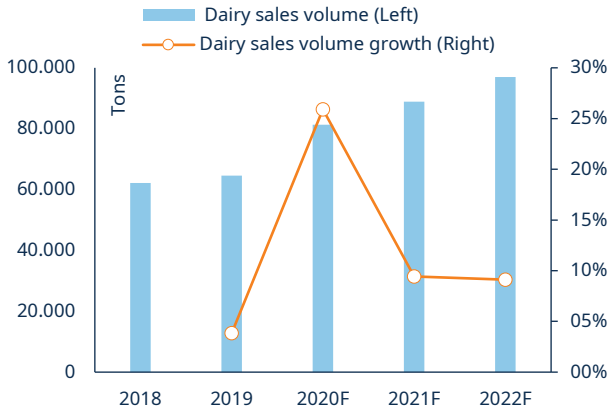
Source: GTN

**GTN's bottom line to enjoy continued growth in 2021**

**GTN's FY21 revenue forecast to increase 11.5% YoY, thanks to upgraded 180ml drinking-milk factory:** Total dairy sales by volume of GTN in 2021 is expected to rise by 9.4% YoY to 88,900 tons, driven by: 1) forecast growth in domestic dairy consumption of 9–10% YoY, due to the COVID-19 pandemic; 2) GTN's total dairy output volume is likely to surge 23% YoY to 48,000 packs/hour from 2Q21. We expect GTN's own dairy cows to provide 9,000 tons (+12.1% YoY) of fresh milk in 2021, when production of contracted farms is expected to reach 79,900 tons (+9.1% YoY). Therefore, GTN's 2021 net revenue is projected to reach VND3,245bn (+11.5% YoY), with dairy sales value likely to reach VND2,804bn (+11.6% YoY), accounting for 86.4% of the company's consolidated revenue.

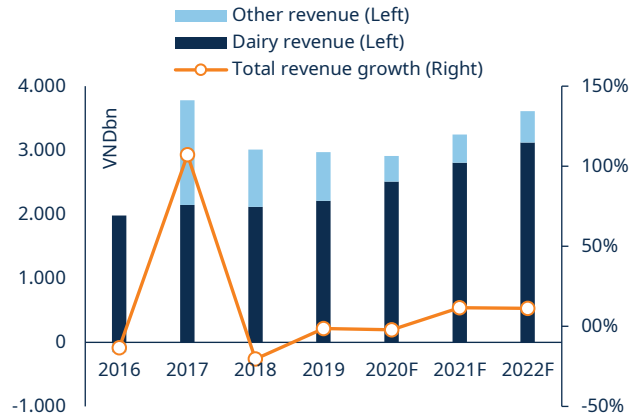


**Figure 17. GTN's dairy sales volume forecast to grow at CAGR of 9.3% in 2020–22**



Source: GTN, Mirae Asset Research

**Figure 18. GTN's consolidated net revenue expected to increase at CAGR of 11.4% in 2020–22**



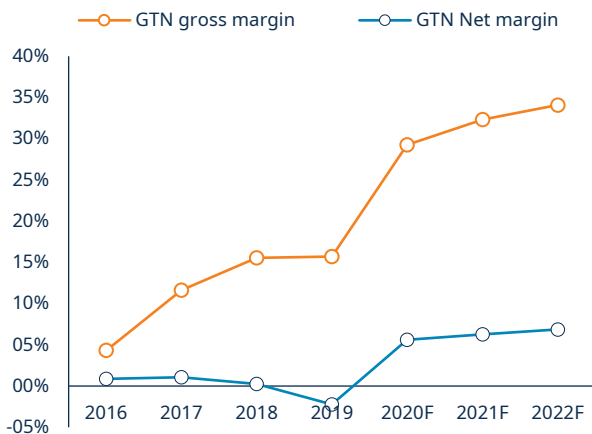
Source: GTN, Mirae Asset Research

**GTN's FY21 net profit expected to surge 25% YoY, thanks to improved gross margin and increased stake in MCM:** We expect GTN to extend its cost-cutting program in 2021, driven by the fact that the gross margin of GTN's dairy segment is far below that of VNM. Hence, we expect the gross margin of GTN's dairy segment to improve 2%p to 36.1% in 2021, which would help GTN's consolidated gross margin to increase to 32.3% in 2021 from 29.3% in 2020.

Meanwhile, GTN's financial profit is projected to fall from VND138bn in FY20F to VND73bn in 2021, as cash levels are expected to decline after the purchase of an additional 29mn MCM shares in 1Q21. GTN's economic interest in MCM will increase from 38% to 51% after this deal is completed.

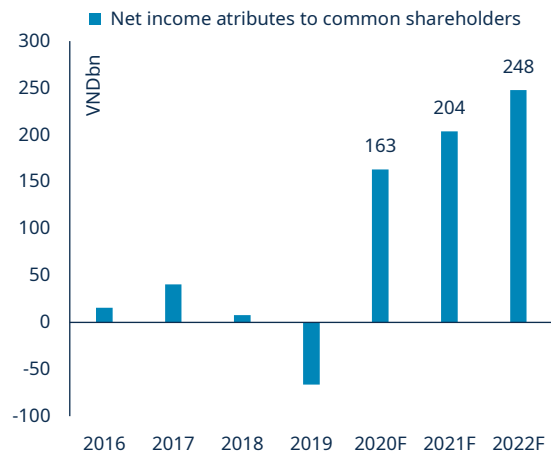
In 2022, GTN's top and bottom lines are expected to increase by 11.2% YoY and 21.6% YoY, thanks to forecast growth in fresh milk production of 9.1% YoY to 97,000 tons and 2%p rise in consolidated gross margin to 34.1%

**Figure 19. GTN's gross margin to continue to improve in 2020–22**



Source: GTN, Mirae Asset Research

**Figure 20. GTN's net profit to reach VND204bn in 2021, +25% YoY**



Source: GTN, Mirae Asset Research

### Initiating coverage with Buy recommendation and TP of VND38,000

We believe dairy consumption in Vietnam will enjoy long-term, sustainable growth, thanks to the country's young population, increasing personal income, and low base of dairy consumption per capita compared with regional peers. Dairy products made from fresh milk are expected to see the strongest growth, thanks to consumers' increasing preference for fresh milk products, due to greater health awareness and shortage of domestic supply.

GTN is likely the one which have highest net profit growth rate among listed dairy producers in Vietnam in 2020–22 period on the back of multiple advantages, including: 1) its robust supply of fresh milk; 2) the fact that all of its products are made from fresh milk; and 3) the support of Vinamilk, Vietnam's No.1 dairy producer, with a 51% market share.

Our target price of VND38,700 is based on a P/B approach, with a target ratio of 3.3x applied to 2021 forecast book value per share of VND11,614. In our view, P/B is the most suitable approach for GTN, due to the fact that GTN is a holding firm. GTN shares are trading at P/B 2.6x at the present, which is below the average P/B of Asian dairy producers (4.1x) and VNM (7.8x). In the long term, we believe GTN's P/B will improve to regional average levels, thanks to higher profitability.

**Figure 21. P/B valuation model**

	Value	Unit
2021F book value	2,903	VNDbn
2021F number of share outstanding	250	mn shares
2021F book value per share	11,614	VND
2021F target P/B	3.3	X
2021F target price	38,673	VND
2021F enterprise value	9,668	VNDbn

Source: Mirae Asset Research

**Figure 22. Peer comparison (data: 31/12/2020)**

Dairy producer	BB code	Market capital	EPS growth TTM	P/E TTM	P/B current	Debt/owner equity	ROE TTM	ROA TTM
		VNDbn	% YoY	X	x	%	%	%
Inner Mongolia Yili	600887	953,039	25.8	38.7	9.5	46.9	27.65	11.27
Meiji Holdings	2269 JP	248,146	-11.5	16.4	1.8	26.5	11.78	6.43
Vietnam Dairy Product	VNM VN	227,353	14.6	22.7	7.8	20.8	35.41	24.62
Nissin Food Holdings	2897 JP	209,173	28.8	24.4	2.6	12.0	11.36	6.66
Indofood CBP Sukses Makmur	ICBP IJ	185,620	-55.4	21.8	4.1	69.4	20.02	7.29
Universal Robina Corp	URC PM	161,724	4.7	32.7	3.7	45.6	11.65	6.26
Calbee Inc	2229 JP	93,243	-8.8	24.5	2.5	3.0	11.38	8.53
Bright Dairy & Food Co. Ltd.	600597	70,308	66.7	41.4	3.3	50.2	9.81	2.91
Morinaga Milk Industry	2264 JP	56,672	19.1	12.4	1.3	53.3	9.83	4.05
<b>Median</b>		<b>185,620</b>	<b>14.6</b>	<b>24.4</b>	<b>3.3</b>	<b>45.6</b>	<b>11.7</b>	<b>6.7</b>
<b>Average</b>		<b>245,031</b>	<b>9.3</b>	<b>26.1</b>	<b>4.1</b>	<b>36.4</b>	<b>16.5</b>	<b>8.7</b>
<b>GTN FOODS</b>	<b>GTN VN</b>	<b>6,698</b>	<b>N/a</b>	<b>1,695.4</b>	<b>2.6</b>	<b>0.0</b>	<b>1.3</b>	<b>0.8</b>

Source: Bloomberg, Mirae Asset Research

**Note:** There is a gap between the recorded value and market value of GTN's investment in MCM. MCM shares are trading at VND70,000, which means the market value of GTN's investment in MCM is VND1,865bn (+VND438bn from cost price). In 1Q21, GTN will purchase an additional 29.5mn shares of MCM in a private issue, at VND30,000 per share. If MCM's share price remains at the current level, the market value of GTN's investment in MCM would be VND3,900bn (+VND1,616bn from cost price).

## GTN FOODS JSC

## Income statement (summarized)

(VNDbn)	2018	2019	2020F	2021F
<b>Net revenue</b>	<b>3,008</b>	<b>2,970</b>	<b>2,909</b>	<b>3,245</b>
Cost of Goods Sold	(2,541)	(2,504)	(2,057)	(2,195)
Gross Profit	468	467	851	1,049
SG&A Expenses	(461)	(509)	(702)	(758)
Operating Profit (adjusted)	7	(42)	150	292
<b>Operating Profit</b>	<b>7</b>	<b>(42)</b>	<b>150</b>	<b>292</b>
<b>Non-Operating Profit</b>	<b>112</b>	<b>51</b>	<b>135</b>	<b>82</b>
Net Financial Income	94	63	138	73
Net Gain from Inv in Associates	18	(12)	(3)	8
Pretax Profit	119	9	285	373
Tax	(14)	(2)	(35)	(30)
<b>Net profit</b>	<b>105</b>	<b>7</b>	<b>250</b>	<b>344</b>
Distributed to common shareholders	8	(66)	163	204
Minority interest	97	73	87	140

## Balance Sheet statement (summarized)

(VNDbn)	2018	2019	2020F	2021F
<b>Current Assets</b>	2,497	2,419	2,132	2,210
Cash and Cash Equivalents	257	1,289	428	948
Short-term Investment	865	690	1,354	704
AR & Other Payable	114	31	110	123
Inventories	410	297	141	324
Others	851	112	99	110
<b>Non-Current Assets</b>	2,326	1,628	2,313	2,724
Investments in Associates	601	234	226	226
Property, Plant and Equipment	680	480	1,234	1,626
Other LT Investment	1,045	914	853	872
<b>Total Assets</b>	<b>4,823</b>	<b>4,047</b>	<b>4,445</b>	<b>4,935</b>
<b>ST Liabilities</b>	756	288	357	400
Short-term Payable	115	59	83	95
Short-term Liabilities	38	0	0	0
Other ST liabilities	603	229	273	305
<b>Long-term Liabilities</b>	210	181	259	502
Long-term Debts	2	0	0	0
Other Long-term Debts	207	181	259	502
<b>Total Debts</b>	966	469	616	901
<b>Controlling Interests</b>	2,755	2,536	2,699	2,903
Capital Stock	2,500	2,500	2,500	2,500
Capital Surplus	245	245	245	245
Retained Earnings	10	-209	-46	158
<b>Non-Controlling interests</b>	1,102	1,042	1,130	1,130
<b>Stockholder's Equity</b>	<b>4,823</b>	<b>4,047</b>	<b>4,445</b>	<b>4,935</b>

## Cash Flows (summarized)

VNDbn	2018	2019	2020F	2021F
<b>Cash Flows from Op Activities</b>	43	272	653	511
Pretax Profit	119	9	285	373
Non-Cash Expense				
Depreciation	173	158	267	332
Income Tax Paid	(22)	(17)	(35)	(30)
Provision	(77)	4	-	-
<b>Chg. in Working Capital</b>	(149)	118	136	(165)
Chg. in AR & Other Receivables	(107)	13	(79)	(13)
Chg. in Inventories	(71)	53	156	(183)
Chg. in AP & Other Payables	(1)	47	25	11
Others	30	6	34	20
<b>Cash Flows from Inv Activities</b>	79	817	(1,514)	9
Chg. in PP&E	(25)	(85)	(276)	(650)
Gain from Asset Liquidation	5	8	6	7
Chg. in Financial Assets	24	829	(655)	650
Others	76	65	(589)	3
<b>Cash Flows from Fin Activities</b>	(105)	(57)	-	-
Chg. in Financial Liabilities	(0)	32	-	-
Chg. in Equity	-	-	-	-
Dividends Paid	(104)	(89)	-	-
Others	-	-	-	-
<b>Increase (Decrease) in Cash</b>	17	1,032	(861)	520
Beginning Balance	240	257	1,289	428
<b>Ending Balance</b>	<b>257</b>	<b>1,289</b>	<b>428</b>	<b>948</b>

## Forecasts/Valuations (summarized)

	2018	2019	2020F	2021F
Diluted EPS (VND)	32	-265	653	816
BVPS(VND)	11,019	10,145	10,798	11,614
Debt/share (VND)	0	0	0	0
Pay-out ratio	1316.8%	-134.0%	0.0%	0.0%
Revenue Growth	-20.4%	-1.3%	-2.1%	11.5%
EBITDA Growth	-5.3%	-35.5%	260.2%	49.6%
OP Growth	-73.7%	-696.3%	-453.8%	94.6%
Diluted EPS Growth	-80.4%	-935.0%	-346.3%	25.0%
Accounts Receivable Turnover (x)	26	96	26	26
Inventories Turnover (x)	7	10	21	10
Accounts Payable Turnover (x)	26	51	35	34
ROA	2.2%	0.2%	5.6%	7.0%
ROE	3.8%	0.3%	9.2%	11.8%
ROIC	0.2%	-0.8%	3.2%	5.5%

Source: Company data, Mirae Asset VN Research

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (VND)
GTN Foods JSC	07/01/2021	BUY	38,700



### Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

### Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (←), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

\* Our investment rating is a guide to the expected return of the stock over the next 12 months.

\* Outside of the official ratings of Mirae Asset Daewoo Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

\* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

\* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

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