December 10th, 2024

Shinhan Securities



CENTURY SYNTHETIC FIBER JSC

[Vietnam / Textile]

Bloomberg Code (STK VN) | Reuters Code (STK.HM)

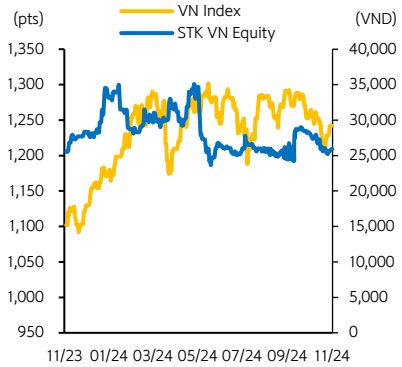
BUY

Initial Report

Target price (12 months)	**28,544 VND**
Current price (10/12/2024)	24,700 VND
Upside/downside (%)	16%

VNINDEX	1,272
Market P/E	11.8
Market Cap (bn VND)	2,386
Outstanding shares (mn)	97
Free-Floating (mn)	55
52-Wk High/Low (VND)	36,600/23,050
90-day avg trading volume (mn)	0.1
90-day avg turnover (bn VND)	1
Major shareholders (%) Huong Viet Investment Consulting JSC	20.2
Dang My Linh	14.5

Performance	3T	6T	12T
Absolute (%)	-7.8	-18.2	-10.8
Relative to VN-Index (%)	-4.7	-15.8	-23.5



Source: Bloomberg

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Please click or scan

Harnessing the power of recyled fibers

Initiate coverage with BUY call and target price at VND 28,544

Century Synthetic Fiber JSC (STK) is one of Vietnam's leading synthetic fiber manufacturers, ranking third in revenue and export value. We initially valued STK shares at VND 28,544, corresponding to a 16% return, using P/E and DCF valuation methods with 50% and 50% weights, with the following key arguments: **(i)** The development of recycled fiber products, which is expected to drive future growth for STK; **(ii)** In 2025, Unitex phase 1 factory is expected to come into operation, helping to increase 60% of current performance, thereby contributing to increasing profits for STK, **(iii)** Demand for textiles is recovering positively.

The development of recycled fiber products, which is expected to drive future growth for STK.

We expect recycled fiber to be the key to help STK grow in the future thanks to: **(1)** The world's green textile trend, **(2)** Targeting the mid- and high-end customer segment, avoiding fierce competition from FDI competitors in the mid-end segment, **(3)** Limiting the impact of oil prices and bringing good profit margins.

In 2025, Unitex phase 1 factory is expected to come into operation, helping to increase 60% of current capacity, thereby contributing to increasing profits for STK.

Unitex project has a capacity of 60,000 tons of fiber/year with an estimated investment capital of about 120 million USD. Unitex's main products include 60% recycled fiber, 40% high value-added fibers and high-quality general fibers. The project consists of two phases: **Phase 1** (capacity of 36,000 tons/year) is expected to be completed in Q1/2025, increasing capacity to 96,000 tons/year (+60% of current capacity), **Phase 2** (capacity of 24,000 tons/year) is expected to be operational from 2027, increasing the total capacity of STK to 120,000 tons/year (+90% of current capacity). We expect that after the two phases of Unitex are completed, STK's revenue will increase by 141% and net profit will increase by 71% compared to the average of the last 5 years.

Demand for textiles is recovering positively.

In the context of the world economy recovering, the demand for textiles has shown signs of growth again. Vietnam's 9M2024 raw fiber and yarn import volume is on the path to recovery (+80% YoY), leading the growth of downstream enterprises in 2025. We expect textile activities to continue to be strong in the coming time thanks to **(1)** Inventory replenishment activities of major brands such as Nike, Lululemon, etc., helping to increase orders to serve the upcoming Christmas and spring-summer seasons, **(2)** The US - Vietnam's key textile and garment export market recovering thanks to the improvement of purchasing power as inflation cools down.

Risks: **(1)** Risk of demand recovery not being as expected; **(2)** Risk of oil price fluctuations; **(3)** Risk of dumping from China; **(4)** Risk of exchange rate increase.

Year to Dec.	2021	2022	2023	2024F	2025F
Revenue (bn VND)	**2,042**	**2,115**	**1,425**	**1,120**	**2,450**
OP (bn VND)	276	290	112	81	270
NP (bn VND)	**278**	**242**	**88**	**37**	**215**
EPS (VND)	4,084	3,341	933	378	2,228
BPS (VND)	17,801	18,267	16,856	17,177	19,071
OPM (%)	19.1	13.7	7.9	7.3	11.0
NPM (%)	13.6	11.5	6.2	3.3	8.8
ROE (%)	**22.1**	**15.7**	**5.4**	**2.2**	**11.7**
PER (x)	13.9	11.7	30.5	70.1	11.9
PBR (x)	2.5	2.5	1.6	1.5	1.4
EV/EBITDA (x)	7.9	7.9	17.6	16.1	10.8

Source: Company data, Shinhan Securities Vietnam

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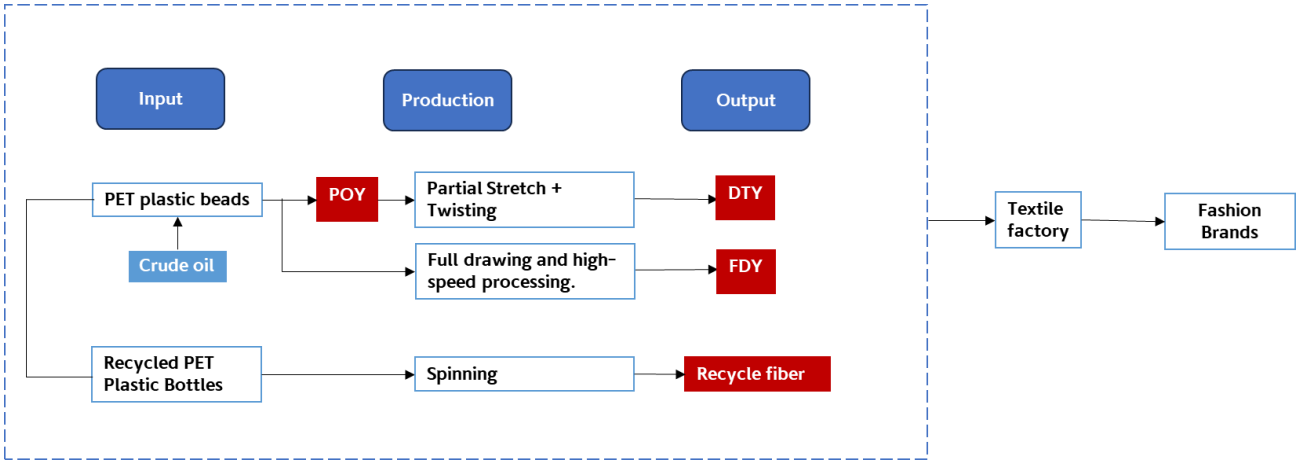
Company background

Company history

Century Synthetic Fiber Corporation (STK) was established in 2000, originally known as Century Manufacturing and Trading Co., Ltd. On September 30, 2015, Century Synthetic Fiber officially listed its shares on the Vietnam stock market under the ticker symbol STK.

STK is one of Vietnam's leading synthetic fiber manufacturers, ranking third in the country in terms of export sales and value. The company's main products include various types of polyester filament yarns such as DTY (Drawn Textured Yarn)*, FDY (Fully Drawn Yarn)*, and recycled yarn. Notably, STK excels in producing recycled yarn using Chips Spinning technology*, which accounts for approximately 50% of the company's total revenue. *(*Refer to the appendix for distinctions between fiber types and Chips Spinning technology.)*

Value chain of Century Synthetic Fiber

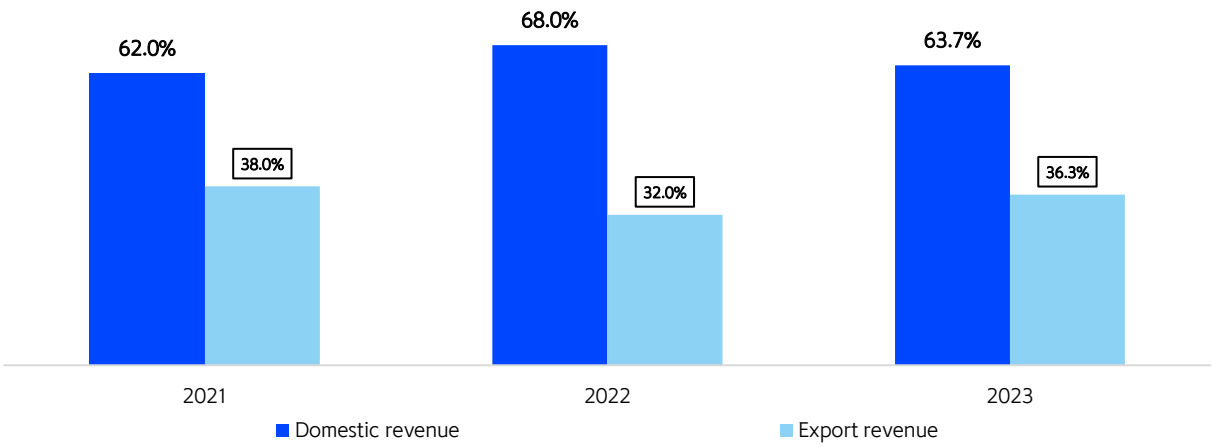


Source: Company report, Shinhan Vietnam Securities

STK is located in the upstream of the textile and garment industry value chain, playing the role of supplying production materials for enterprises in the middle and downstream. The input materials of the enterprise are completely imported: PET plastic beads from China and recycled PET plastic bottles signed a long-term contract with the only foreign partner, Unifi (USA). *(see Textile and Garment Industry Value Chain in the Appendix)*

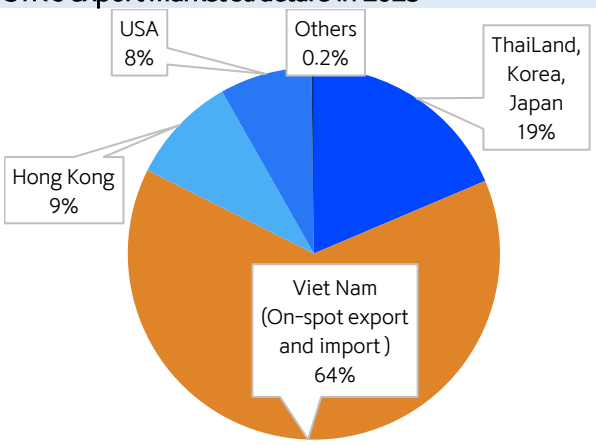
The main customers of STK are FDI enterprises (accounting for 70%) with factories in Vietnam and textile factories with headquarters in Thailand, Korea, Japan (accounting for 17%). In addition, the company also directly supplies products to leading sportswear brands such as Nike, Adidas, Lululemon, ...

Proportion of domestic revenue and export revenue to total revenue

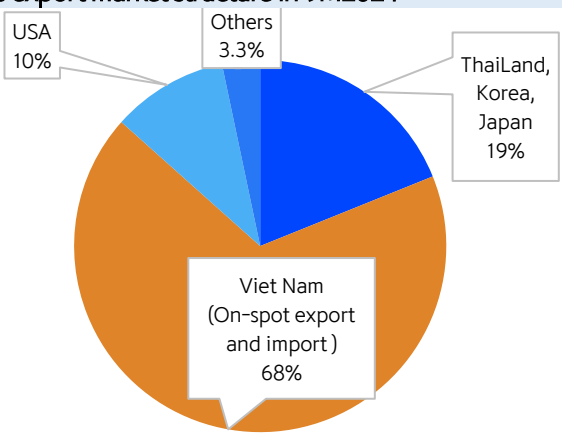


Source: Company report, Shinhan Vietnam Securities

STK's export market structure in 2023

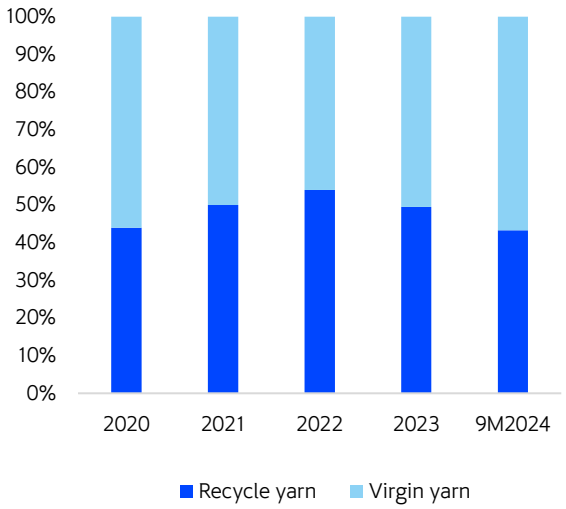


STK's export market structure in 9M2024

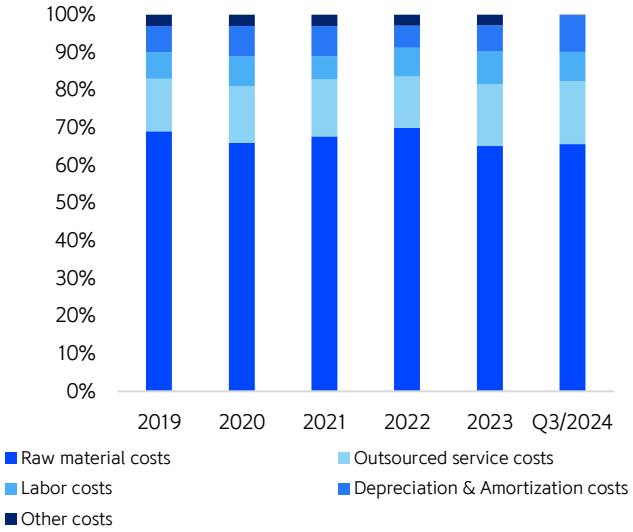


Source: Company report, Shinhan Vietnam Securities

STK's revenue struture in 2019 - 9M2024

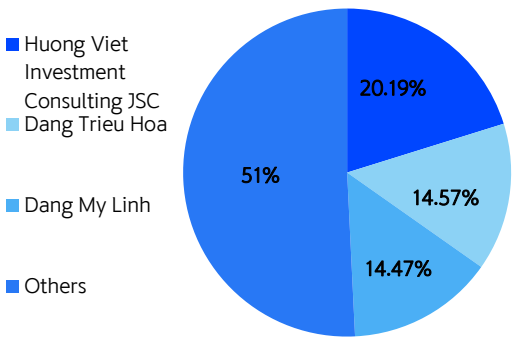


STK's operating cost structure in 2019 – 9M2024

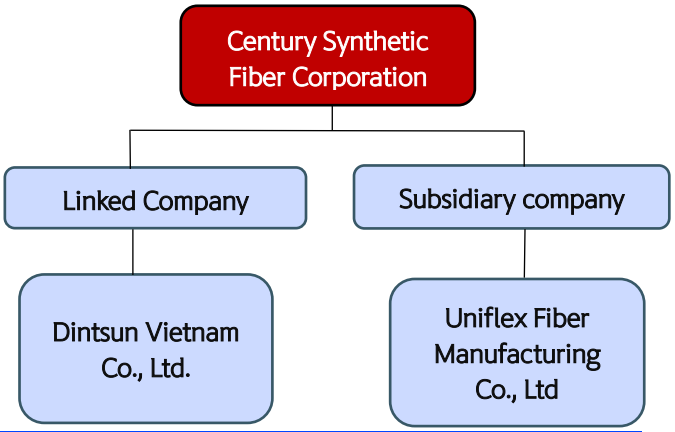


Source: Company report, Shinhan Vietnam Securities

Ownership Ratio as of Q3/2024



Organizational Structure



Source: Company report, Shinhan Vietnam Securities

Investment Catalysts & Theses

1. The development of recycled fiber products, which is expected to drive future growth for STK.

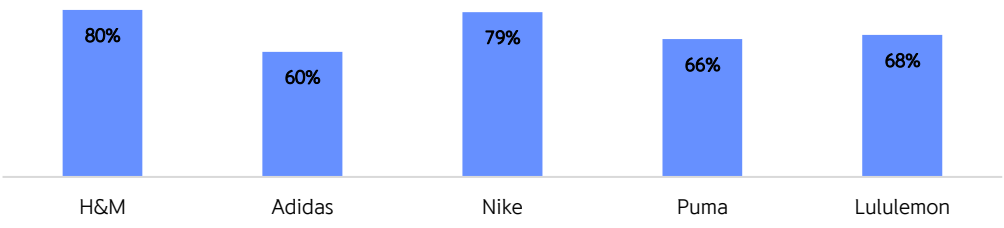
We believe that recycled yarn will be the key to STK's growth in the coming years thanks to:

(i) The world's green textile trend

Since 2022, key textile export markets such as the EU and the US have imposed strict standards on imported goods. These new regulations require that imported fiber materials be environmentally friendly, non-toxic, and recyclable.

In order to meet the above regulations, major fashion brands in the world have set a goal of using 100% recycled materials for their main product lines by 2030. Currently, the proportion of recycled materials used by these brands is above 60%. This serves as a driving force for the increasing demand for recycled raw materials and creates significant opportunities for STK.

Percentage of recycled materials used in production by some fashion brands in 2022



Source: Company report, Shinhan Vietnam Securities

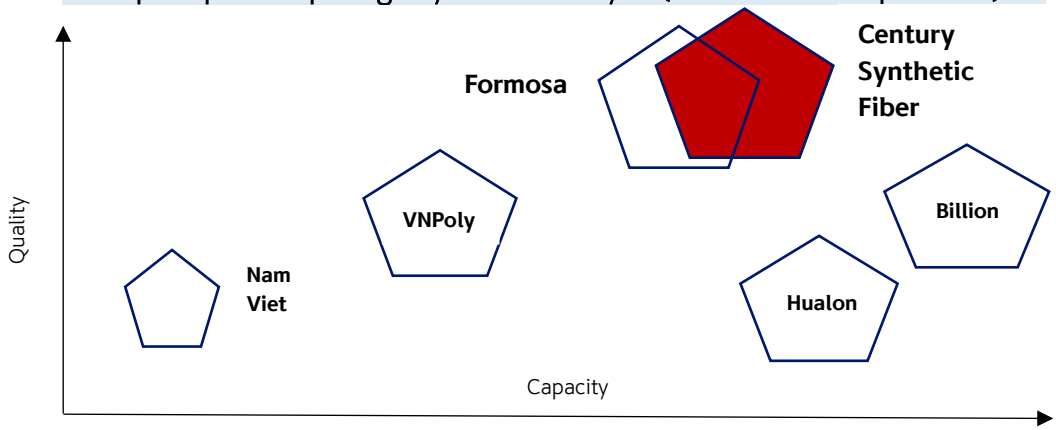
(ii) Targeting the mid- and high-end customer segment, avoiding fierce competition from FDI competitors in the mid-end segment.

Currently, STK, Formosa, Hualon, and Billion are the four major fiber manufacturers with significant market influence. However, we note that only Formosa is a direct competitor to STK, as Hualon and Billion focus on products in other segments, such as yarn, PET plastic beads, and finished fabrics with average quality.

STK and Formosa compete in the DTY, FDY, and recycled yarn product segments. We believe STK has certain advantages to lead the recycled fiber market in Vietnam:

- STK focuses on producing high-quality products aimed at mid-to-high-end customers.
- Thanks to Chips Spinning technology*, STK has created unique, high-quality products with durability, excellent dyeing ability, and the ability to meet stringent customer standards.
- STK's recycled yarn products are environmentally friendly, aligning with the global sustainability trend. This gives STK a significant competitive advantage over other players in the industry. *(*See the appendix for details on Chips Spinning technology.)*

Top companies exporting Polyester Filament yarn (Fiber derived from petroleum)



Source: Company report, Shinhan Vietnam Securities

Analysis of Century Fiber's main competitors

	STK	Formosa (FDI)	Hualon (FDI)	Billion (FDI)
Main products	DTY, FDY and recycled yarn	DTY, FDY and recycled yarn	ITY yarn, knitted fabric, raw fabric, finished fabric	Virgin yarn, PET plastic beads
Capacity	60,000 tons/year	39,000 tons/year	66,000 tons/year	700,000 tons/year
Technology	Chip Spinning	Chip Spinning	Chip Spinning & Direct Spinning	Direct Spinning
Advantages	High quality, uniform products. Sustainable, environmentally friendly production model.	Low cost Large production scale Good after-sales service	Large capacity Flexible adjustment of production process	Large capacity Proactively control input materials
Disadvantages	Dependent on a single raw material supplier.	Not focused on environmental protection. Uneven product quality.	Product quality in the mid-range segment. High production cost. High selling price.	Product quality in the mid-range segment. High production cost. High selling price.

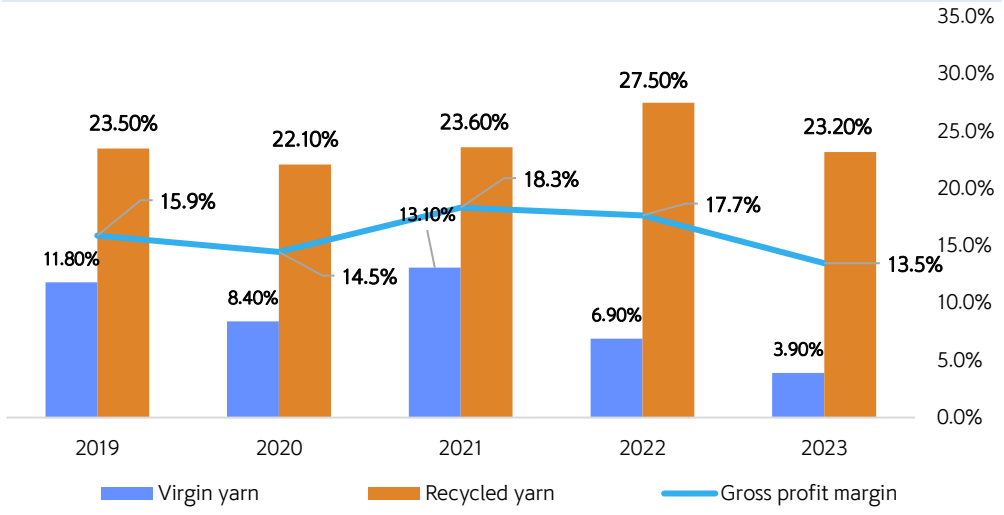
Source: Company report, Shinhan Vietnam Securities

(iii) Limiting the impact of oil prices and bringing good profit margins.

Over the past 5 years, the gross profit margin of recycled yarn has always remained stable at 23% while the gross profit margin of virgin yarn has fluctuated quite strongly due to the impact of oil prices.

We expect that as the proportion of recycled yarn in total revenue increases gradually in the following years, it will help STK's gross profit margin improve by limiting the impact of oil prices.

Gross profit margin of recycled and virgin yarn in the period 2019-2023



Source: Company report, Shinhan Vietnam Securities

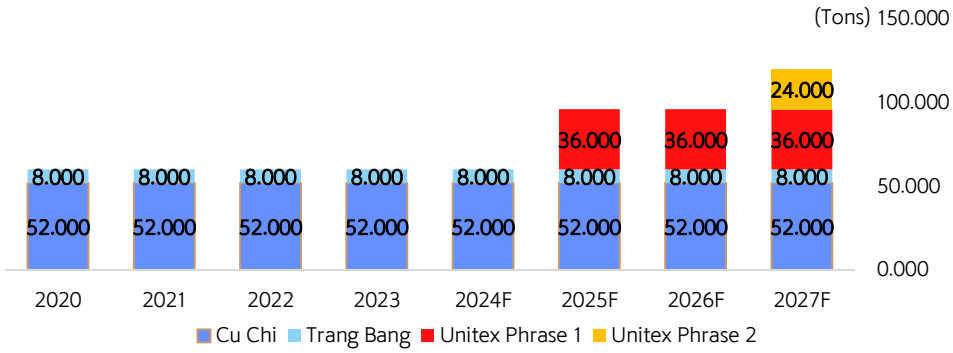
2. In 2025, Unitex phase 1 factory is expected to come into operation, helping to increase 60% of current capacity, thereby contributing to increasing profits for STK.

Unitex project is a large project located in Tay Ninh of STK with 60% capacity from the recycled fiber factory, 20% value-added fiber and 20% general fiber. Unitex has a capacity of up to 60,000 tons of fiber/year, estimated investment capital of about 120 million USD through two phases:

- **Phase 1 (capacity of 36,000 tons/year):** Construction started in 2022 with investment capital up to June 2024 of nearly 1,700 billion VND. Phase 1 is expected to come into operation from Q1/2025, increasing the total capacity of STK to 96,000 tons/year (+60% capacity compared to the current capacity). We expect that after phase 1 comes into operation, STK's revenue and net profit will increase by 45% and 36% respectively compared to the average of the last 5 years.
- **Phase 2 (capacity of 24,000 tons/year):** STK will implement phase 2 when it sees positive signals from market demand. We expect phase 2 to come into operation from 2027, increasing the total capacity of STK to 120,000 tons/year (+90% of current capacity).

We estimate that after the completion of the 2 phases of Unitex, STK's revenue will increase by 141% and net profit will increase by 71% compared to the average of the last 5 years.

STK's capacity for the period 2020-2027F (tons)



Source: Company report, Shinhan Vietnam Securities

We believe that the Unitex project will be a growth driver for STK in the future thanks to:

(1) **Scale expansion:** Increasing total capacity to 120,000 tons compared to the current 60,000 tons/year. We estimate revenue will increase by 141% and net profit will increase by 71% compared to the average of the last 5 years.

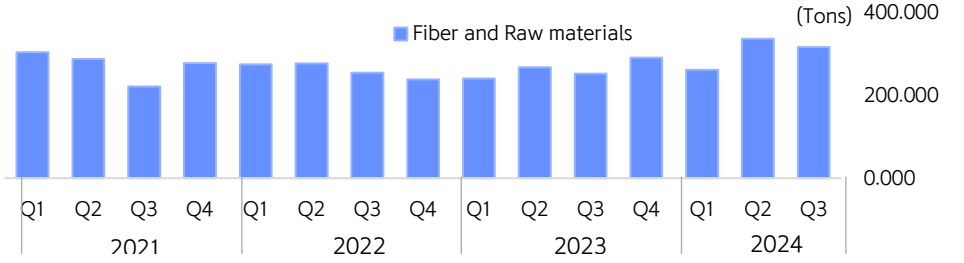
(2) **Optimizing production costs:** The low land rental costs, as the factory is located in Tay Ninh – a region benefiting from government incentives on tax exemptions or reductions in areas with difficult socio-economic conditions.

(3) **Meeting customers' large demand** for environmentally friendly recycled yarn, free from harmful chemicals, and recyclable.

3. Demand for textiles and garments is recovering positively.

(i) Positive signals from upstream companies

Vietnam's import volume of fiber and raw materials (2021 - Q3/2024)



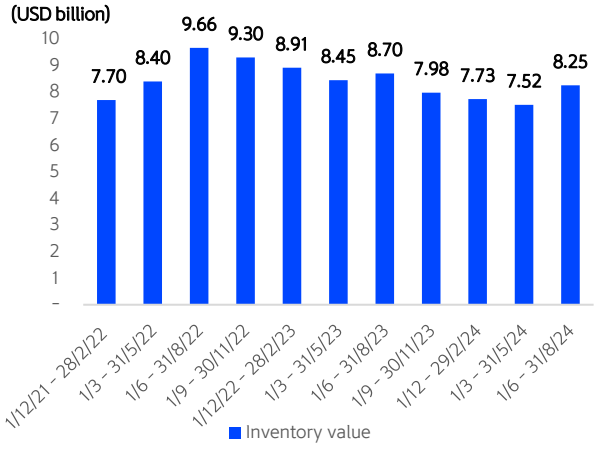
Source: Company report, Shinhan Vietnam Securities

As of the end of Q3 2024, the import volume of fiber and yarn reached 903.4 thousand tons (+20% YoY). We believe that the recovery of upstream companies in 2024 will be a positive signal for the growth of downstream companies in 2025.

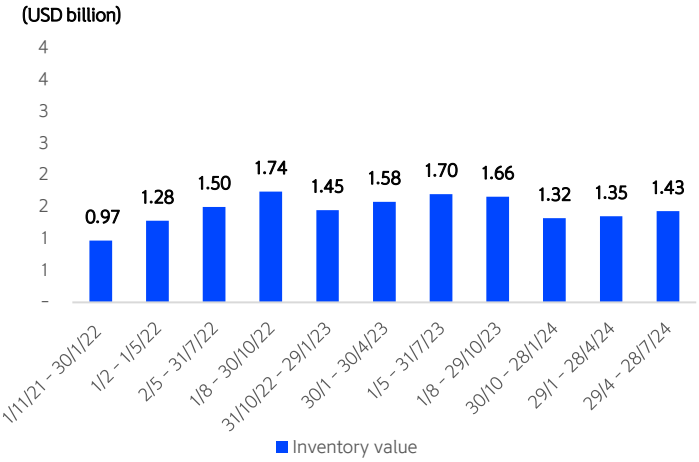
(ii) The demand for inventory replenishment of major fashion brands is showing signs of returning

Statistics up to the third quarter of 2024 show that the inventory value of leading fashion brands such as Nike, Lululemon, etc. is showing a slight increase, continuing to replenish inventory to serve the upcoming Christmas and spring-summer seasons.
In addition, these are also the main customers of STK in the past 5 years. Therefore, the inventory replenishment activities of these brands are a positive signal that STK will have more new orders in 2025.

Inventory value of Nike – USA



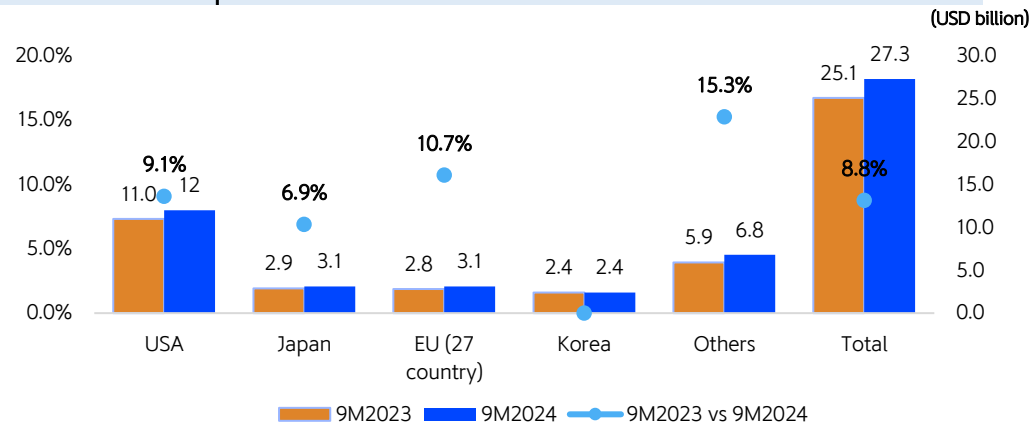
Inventory value of Lululemon – USA



Source: Company report, Shinhan Vietnam Securities

(iii) The United States - A key textile export market for Vietnam is recovering

Vietnam's textile export turnover



Sources: General Department of Vietnam Customs, Shinhan Vietnam Securities

In 9M2024, Vietnam's textile exports to the US recovered, reaching USD 12 billion (+9.1% YoY). This recovery is driven by: **(1)** A positive rebound in the US economy due to stable consumer demand growth and reduced inflation, and **(2)** A recovery from the low base of 2023.

We expect the US market – Vietnam's main textile export market – to continue recovering in the latter part of 2024 and into 2025, thanks to: **(1)** Major fashion brands in the US replenishing inventory in preparation for the year-end holiday season and the new year, **(2)** Inflation in Vietnam's key export countries is expected to gradually cool down.

Earnings update and estimates

1. Update

Items	Q3/2023 (VND billion)	9M2023 (VND billion)	Q3/2024 (VND billion)	9M2024 (VND billion)	Note
Revenue	378	1.073	307	876	Revenue in 9M 2024 decreased by 18% YoY due to a weak demand for fiber raw materials.
%YoY			**-18.6%**	**-18%**	
Gross profit	56	134	52	99	Gross profit in 9M 2024 decreased by 26% YoY due to the costs of repairing machinery breakdowns in the packaging and quality inspection stages.
%YoY			**-6.9%**	**-26%**	
GPM	15%	12%	17%	11.3%	
Net profit before tax	18	57	83	29	Net profit after tax declined sharply due to foreign exchange losses and a decrease in order volumes.
%YoY			**362.2%**	**-47%**	
Net profit after tax	17	56	82	27	
%YoY			**-382%**	**-52%**	

2. Estimates

STK's revenue and profit outlook (2023-2025F)

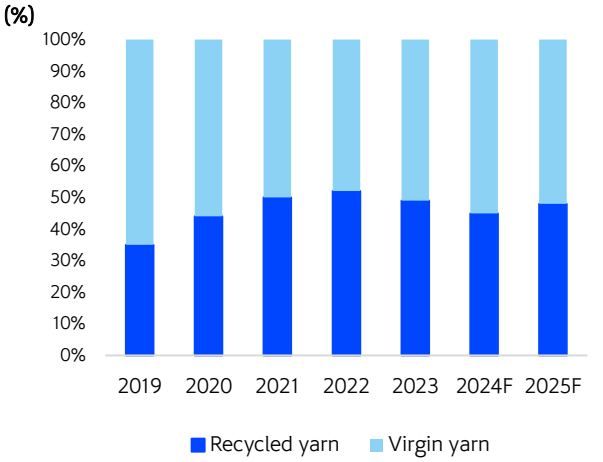
	2023	2024F	2025F	Notes
Revenue (VND billion)	**1,425**	**1,120**	**2,450**	We assume that the proportion of revenue from recycled yarn will increase in 2025, accounting for approximately 50% of total revenue, as it aligns with the company's direction and the global sustainability trend.
Growth (%YoY)	-32.6	-21.4	118.8	
Recycled yarn (VND billion)	698	582	1,289	We project that the production volume and selling price of recycled yarn will increase by 117% and 2%, respectively, due to the rising demand for recycled yarn and limited supply.
Growth (%YoY)	-36.5	-16.7	121.6	
Virgin yarn (VND billion)	727	538	1,160	We expect the proportion of revenue from virgin yarn to decrease due to reduced demand and intense competition from FDI competitors such as Billion.
Growth (%YoY)	-28.4	-26.0	115.7	
Gross profit (VND billion)	192	143	390	We expect STK's gross profit margin to increase by nearly 25% thanks for the sustained low price of recycled PET resin.
GPM (%)	**13.5**	**12.8**	**15.9**	
Recycled fiber (%)	23.2	20.0	23.6	
Virgin fiber (%)	3.9	5.0	7.5	
Profit before tax (VND billion)	91	39	240	
Net profit after tax (VND billion)	**88**	**37**	**215**	

Source: Company report, Shinhan Vietnam Securities

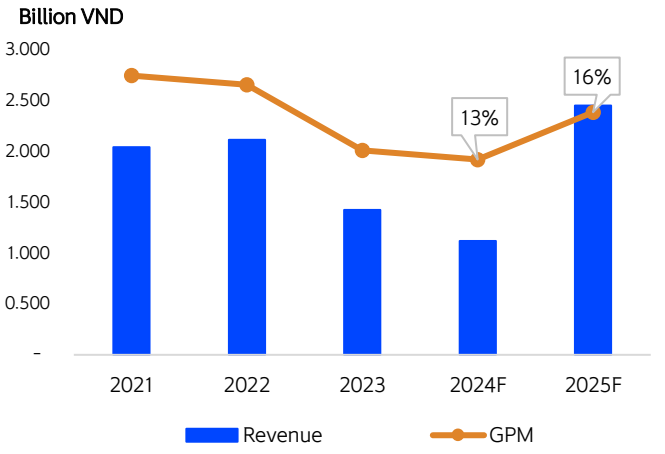
In 2024F, we expect net revenue to reach VND 1,120 billion (-21% YoY) due to revenue from existing orders in the year. Profit after tax will reach VND37 billion (-58% YoY) mainly due to exchange rate loss and the reduction of orders.

In 2025F, we expect Century Fiber's net revenue and profit after tax to reach VND 2,450 billion (+119% YoY) and VND 215 billion (+489% YoY), respectively, thanks to **(1)** Demand for recycled yarn in the mid- and high-end segments is expected to increase again, **(2)** Phase 1 of Unitex coming into operation is expected to increase 60% of current capacity.

The proportion of recycled yarn and virgin yarn in total revenue (%)

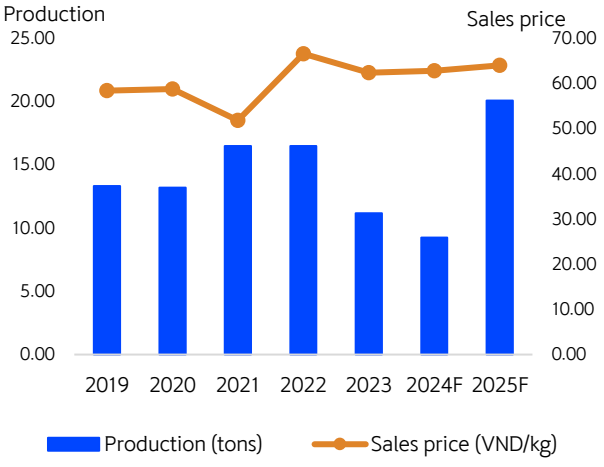


Forecast revenue and gross profit margin over the years

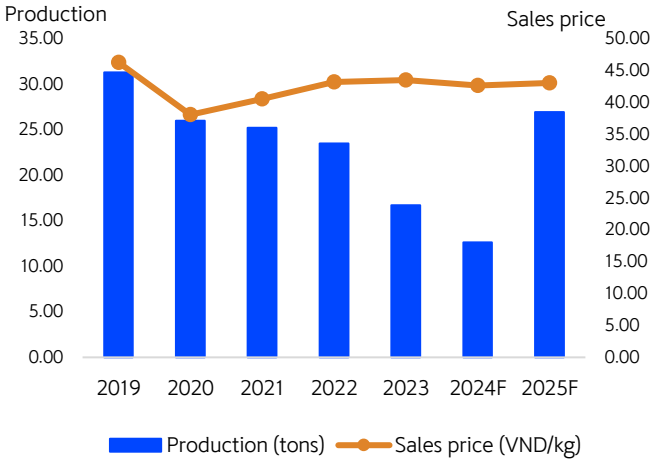


Source: Company report, Shinhan Vietnam Securities

Recycled Yarn Production & Sales Price 2019-2025F



Virgin Yarn Production & Sales Price 2019-2025F



Source: Company report, Shinhan Vietnam Securities

Recommendation and Valuation

Recommended BUY with target price VND 28,544

We initiate our valuation on Century Synthetic Fiber Corporation (STK) with a buy recommendation and a target price of VND 28,544, representing a 16% upside. For a long-term investment horizon, STK can be considered with the following advantages:

1. The development of recycled fiber products, which is expected to drive future growth for Century Fiber.
2. In 2025, Unitex phase 1 factory is expected to come into operation, helping to increase 60% of current performance, thereby contributing to increasing profits for STK.
3. Demand for textiles and garments is recovering positively.

Valuation method

We apply a combination of P/E and Discounted Cash Flow (DCF) valuation methods with 50% and 50% weights to value STK.

Method	Weight	Price (VND)
P/E	50%	28,300
FCFF	50%	28,787
Target price		**28,544**
Current price		24,700
Profit rate (%)		16%

Discounted Cash Flow method (DCF) – FCFF

Variable	Value
D/E	64%
Beta	1.1
Risk - free rate	2.9%
Cost of equity	13%
Cost of debt	6%
WACC	12%

STK's FCFF valuation model					
Unit: billion VND	2025F	2026F	2027F	2028F	2029F
Net profit	215.3	208.1	875.6	994.4	1201.9
+ Interest after tax	16.5	17.8	29.6	36.3	36.1
+ Depreciation	115.9	108.4	104.9	104.4	104.1
- Change in working capital	411.0	411.0	356.0	92.1	91.5
- Investment capital	491.6	200.0	1,200.0	8.5	9.0
Free Cash Flow (FCF)	**-554.9**	**-276.7**	**-545.9**	**1,034.5**	**1,241.6**
PV of FCF	257.8				
Growth rate	2%				
Present value of free cash flow	4,077.2				
Enterprise value	**4,335.0**				
- In debt	1,584.0				
+ Cash and cash equivalents	30.9				
Value of equity	**2,781.9**				
Number of outstanding shares (billion units)	0.1				
Target price	**28,787**				

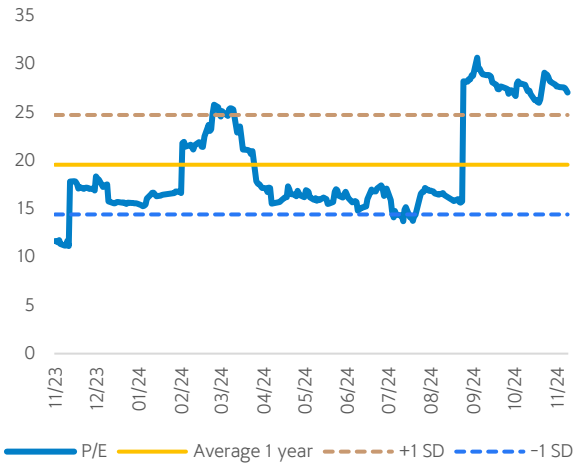
Source: Company data, Shinhan Securities Vietnam

P/E method

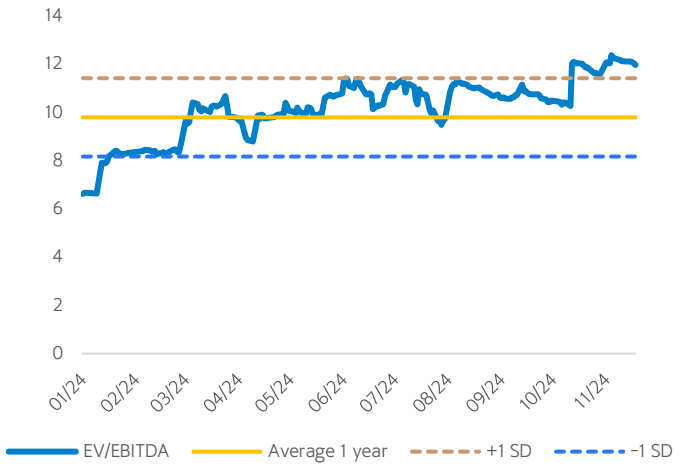
Based on the P/E method, we collect data from the past 5 years of STK. We calculate the average 5-year P/E combined with the 2025 forecast EPS estimate at VND 2,228. From there, STK's target price is valued at VND 28,300.

Year	P/E Mean
2019	5.6
2020	10.0
2021	13.9
2022	8.0
2023	26.0
Target price (VND)	**28,300**

P/E

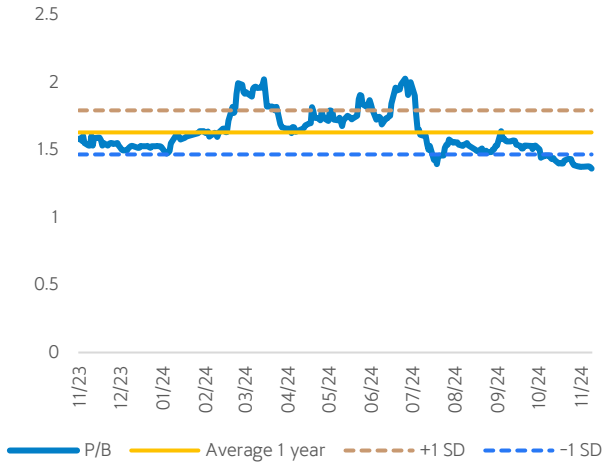


EV/EBITDA

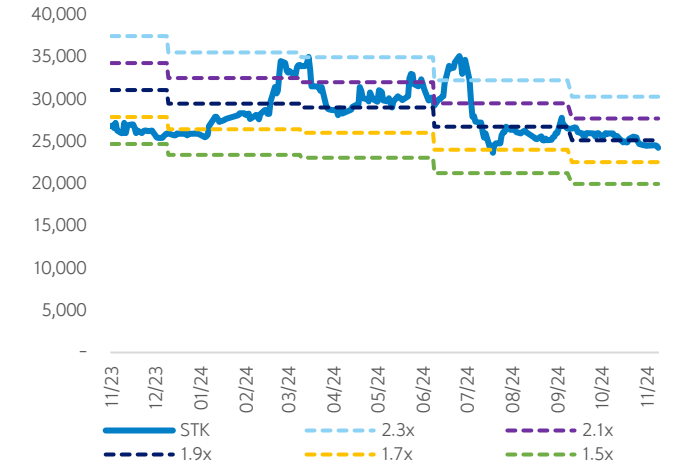


Source: Bloomberg, Company data, Shinhan Securities Vietnam

P/B

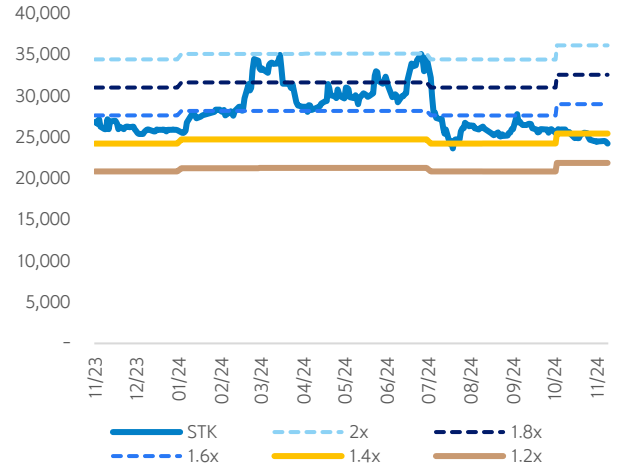


P/S band

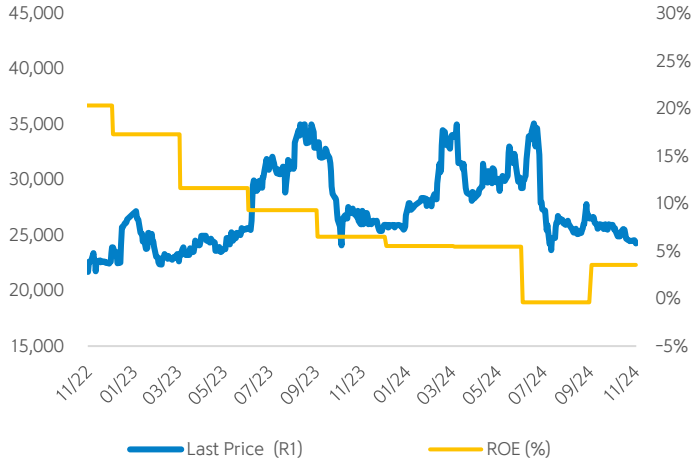


Source: Bloomberg, Company data, Shinhan Securities Vietnam

P/B band

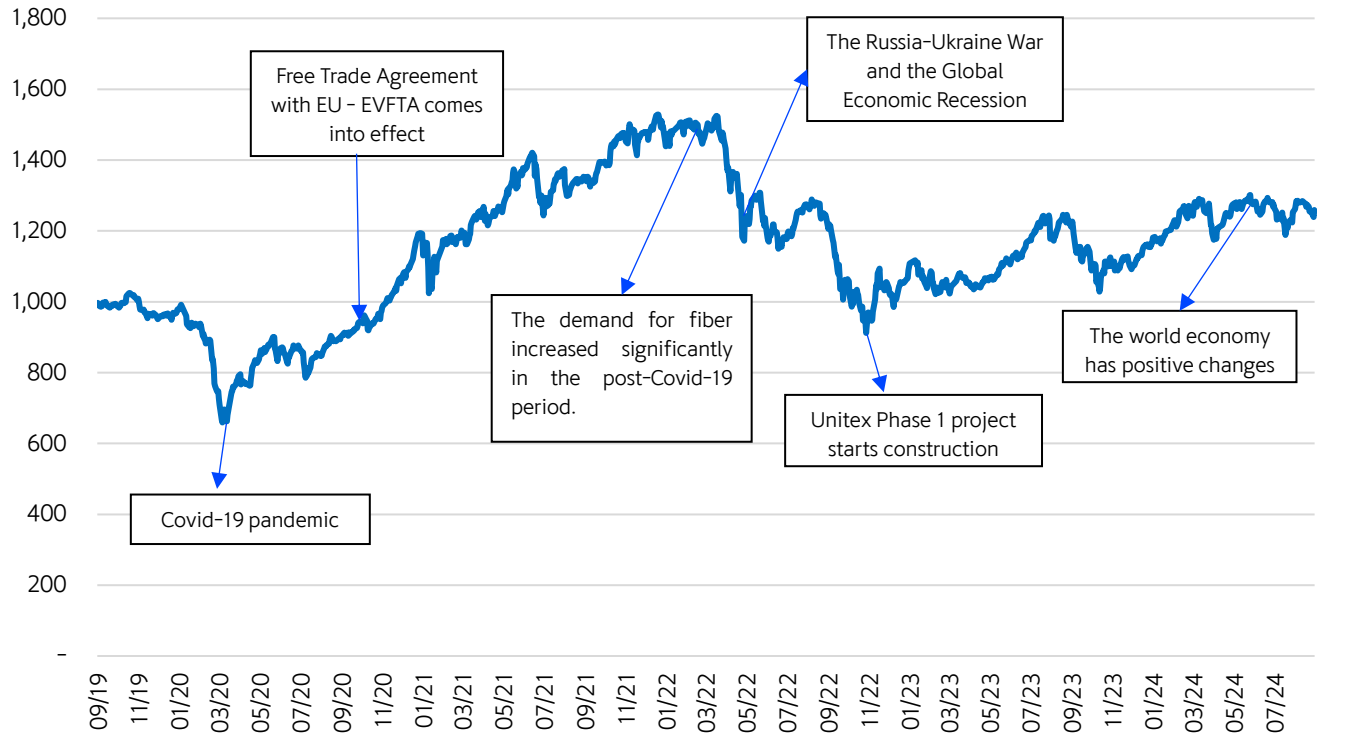


The correlation of STK'price and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of STK



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Risk of demand recovery not being as expected

Although the current economic situation in STK's trading partners has changed positively, the potential for economic and political instability and armed conflicts can negatively impact the import and export turnover of these countries. And when import and export activities are stagnant, the demand for non-essential goods (textiles and garments) is not as expected. This can reduce the inventory turnover of Century Synthetic Fiber, negatively affecting the company's profit margin.

Risk of oil price fluctuations

In the context of the conflict in the Middle East showing no signs of cooling down, fluctuations in oil prices can cause the price of PET resin and raw material costs of STK to increase..

Risk of dumping from China

By October 2026, the anti-dumping tax on some long-fiber products made from polyester that Vietnam imposed on China will expire. After this period, the Vietnamese yarn industry may be affected if China resumes dumping yarn.

Risk of exchange rate increase

Currently, STK has a loan in USD to finance the Unitex project. Therefore, the possible increase in USD/VND exchange rate in the short term will cause STK to have to pay more debt, affecting the company's after-tax profit.

Appendix

Distinguish the types of fibers

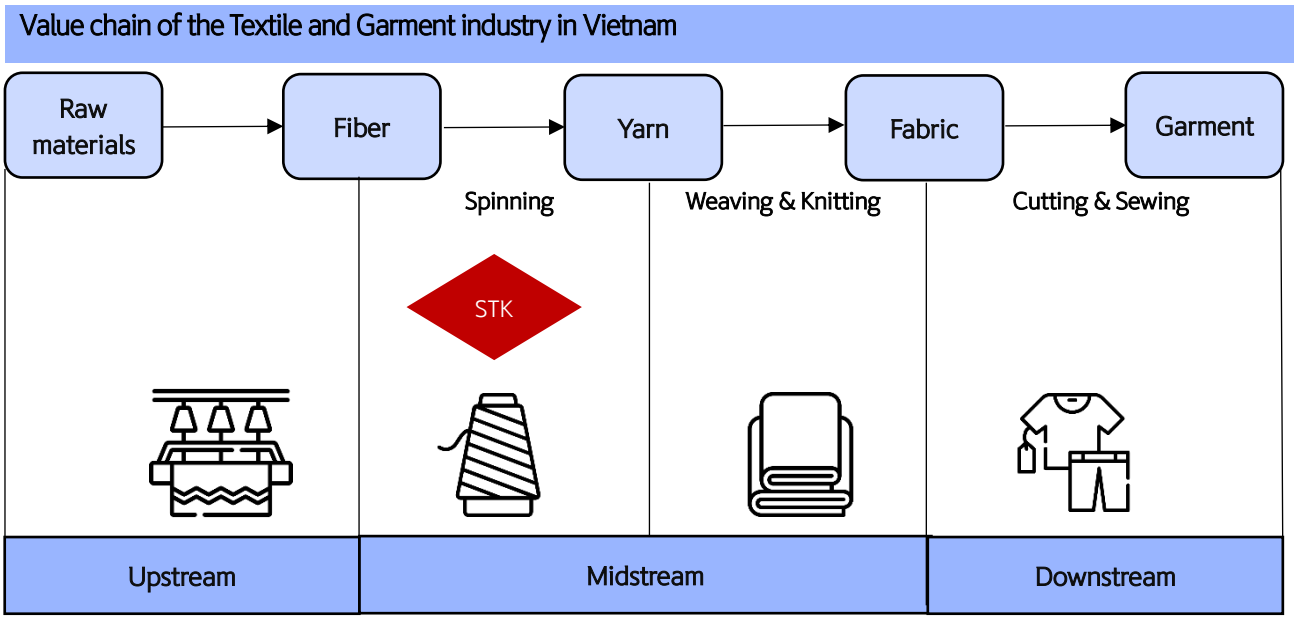
Polyester Filament Fiber (Originating from petroleum)

Characteristics	POY (Partially Oriented Yarn)	DTY (Draw Textured Yarn)	FDY (Fully Drawn Yarn)
Procedure	Partially stretched, not fully oriented	Stretching and heat treatment from POY	Stretch completely
Durability	Short	Medium	High
Elasticity	High	High	Short
Surface	Rough	Foam, soft	Smooth, glossy
Application	Raw materials for DTY production	Clothing, sportswear, interior fabrics	Lining, woven fabrics, clothing

DTY (90%)	Virgin DTY yarn: Original, unrecycled yarn
	Recycled DTY yarn: Yarn made from PET plastic bottles
FTY (10%)	Virgin FTY yarn: Original, unrecycled yarn
	Recycled FTY yarn: Yarn made from PET plastic bottles

Source: Shinhan Securities Vietnam

Value chain of the Textile and Garment industry in Vietnam



Source: Shinhan Securities Vietnam

Chips Spinning and Direct Spinning Technology

	Chips Spinning	Direct Spinning
Definition	Chips Spinning is the technology of producing synthetic fibers from polymer plastic.	Direct Spinning is the technology of producing synthetic fibers from polymer plastic.
Input	PET plastic beads	Polymer solution stream
Advantages	-Capital investment in each stage => Low initial investment -Flexible conversion of recycled and virgin fiber production. -Can produce recycled fiber products, colored fibers.	-Large capacity. -Low production cost. -Short production time.
Disadvantages	-Small capacity -Longer production time. -Not optimal for large scale production.	-High initial investment cost. -Low flexibility in production. -Cannot produce recycled fiber products or colored fibers.

Appendix: Financial statements

Statement of financial position

Year (VND billion)	2022	2023	2024F	2025F	2026F
Total assets	**2,125**	**2,974**	**3,855**	**4,926**	**6,160**
Current assets	1,200	1,396	1,217	1,858	2,983
Cash and cash equivalents	235	109	31	660	1,565
Short-term financial	180	54	-	-	-
Accounts receivable	226	450	121	154	167
Inventories	466	615	763	690	911
Other assets	93	167	302	354	340
Long-term assets	925	1,578	2,643	3,068	3,177
Fixed assets	731	642	603	2,570	2,367
Construction in progress	41	783	1,935	300	600
Long-term financial investments	14	14	14	14	14
Other assets	140	139	91	184	196
Total liabilities	**584**	**1,345**	**2,190**	**3,083**	**4,140**
Current liabilities	584	936	1,221	2,023	2,990
Accounts payable	220	238	152	169	160
Advance payments from buyers	43	76	41	50	46
Loans and finance leases	308	610	1,017	1,792	2,772
Others	7	5	4	4	4
Long-term liabilities	-	409	969	1,059	1,150
Loans and finance leases	-	409	969	1,059	1,150
Others	-	-	-	-	-
Owner's equity	**1,541**	**1,629**	**1,660**	**1,843**	**2,020**
Owner's capital contribution	844	966	966	966	966
Capital surplus	41	41	41	41	41
Retained earnings	698	663	694	877	1,054
Others	-	-	-	-	-

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Revenue	**2,115**	**1,425**	**1,120**	**2,450**	**2,766**
Growth (%)	3.5	-32.6	-21.4	118.8	12.9
COGS	**(1,741)**	**(1,233)**	**(977)**	**(2,059)**	**(2,352)**
Gross profit	**373**	**192**	**143**	**390**	**414**
GPM (%)	17.7	13.5	12.8	15.9	15.0
SG&A	**(64)**	**(60)**	**(47)**	**(89)**	**(103)**
Operating profit	**290**	**112**	**81**	**270**	**277**
Growth (%)	5.0	-61.4	-27.5	232.7	2.4
OPM (%)	13.7	7.9	7.3	11.0	10.0
Non-operating profit	**(20)**	**(21)**	**(42)**	**(31)**	**(38)**
Financial income	29	31	13	31	38
Financial expense	-48	-54	-56	-62	-78
In which: interest expenses	(9)	(17)	(10)	(18)	(20)
Net other non-operating profit	-1	2	1	1	1
Pre-tax profit	**269**	**91**	**39**	**240**	**238**
Income tax	27	3	3	24	30
Net profit	**242**	**88**	**37**	**215**	**208**
Growth (%)	-13.0	-63.8	-58.4	489.2	-3.3
NPM (%)	11.5	6.2	3.3	8.8	7.5
Controlling interest	242	88	37	215	208
Non-controlling interest	-	-	-	-	-
EBIT	260	74	29	221	219
Growth (%)	-56.3	-71.7	-60.5	660.8	-1.2
EBIT Margin (%)	12.3	5.2	2.6	9.0	7.9
EBITDA	367	166	126	337	326
Growth (%)	-6.2	-54.9	-24.0	167.9	-3.2
EBITDA margin (%)	17.3	11.6	11.2	13.8	11.8

Statement of cash flow

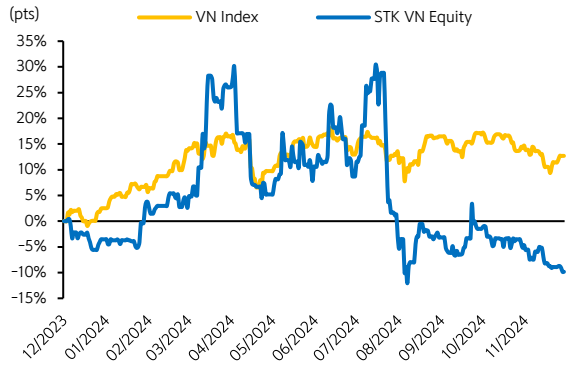
Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Cash flow from operations	**77**	**(216)**	**491**	**287**	**166**
Net profit	242	88	37	215	208
Depreciation expense	106	92	97	116	108
(Gain) from investing activities	-	-	-	-	-
Change in working capital	349	180	140	411	411
Others	(23)	(74)	(88)	(11)	3
Cash flow from investments	**(235)**	**(620)**	**(1,098)**	**(492)**	**(300)**
Change in fixed assets	(47)	(746)	(1,152)	(492)	(300)
Change in investment assets	(188)	126	54	-	-
Others	-	-	-	-	-
Cash flow from financing	**27**	**711**	**551**	**834**	**1,039**
Change in equity	-	-	-	-	-
Net borrowing	(13)	711	556	866	1,070
Dividends	(102)	-	(5)	(32)	(31)
Change in total cash	**(131)**	**(126)**	**(56)**	**629**	**905**
Beginning cash	366	235	109	31	660
Change in FX rates	(0.8)	-	0.2	-	(0.1)
Ending cash	235	109	31	660	

Key ratios

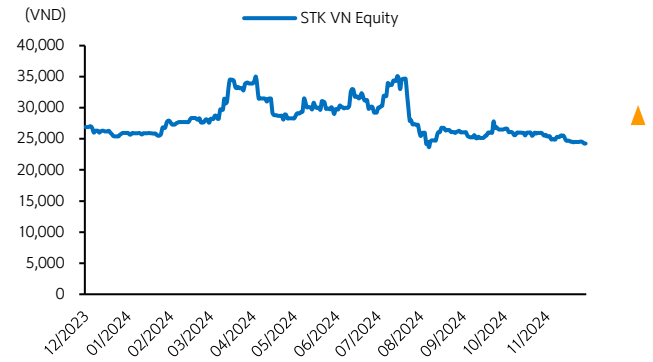
Year to Dec.	2022	2023	2024F	2025F	2026F
EPS (VND)	3,341	933	378	2,228	2,154
BPS (VND)	18,267	16,856	17,177	19,071	20,901
DPS (VND)	1,500	1,500	1,500	1,500	1,500
PER (x)	11.7	30.5	70.1	11.9	12.3
PBR (x)	2.5	1.6	1.5	1.4	1.3
EV/EBITDA (x)	7.9	17.6	19.6	7.3	7.6
Dividend payout ratio (%)	15.0	15.0	15.0	15.0	15.0
Dividend yield (%)	4.5	4.5	4.5	4.5	4.5
Profitability					
EBITDA margin (%)	17.3	11.6	11.2	13.8	11.8
OPM (%)	13.7	7.9	7.3	11.0	10.0
NPM (%)	11.5	6.2	3.3	8.8	7.5
ROA (%)	11.4	3.0	1.0	4.8	3.8
ROE (%)	15.7	5.4	2.2	11.7	10.3
Stability					
Debt to equity ratio (%)	20.0	62.5	119.6	154.7	194.2
Cash ratio (%)	40.3	11.7	2.5	17.2	31.4
Interest coverage ratio (x)	28.5	4.2	2.8	12.0	11.1
Activity (%)					
Inventory turnover (days)	171	317	374	163	170
Accounts receivable turnover (days)	98	160	224	113	124
Accounts payable turnover (days)	27	87	93	21	21

Century Synthetic Fiber JSC (STK)

Share price



Target price (VND)



Date	Rating	TP (VND)	TP gap (%)	
			TB	Max/Min
10/12/2024 (Initiation)	BUY	28,544	11.4	-9.2/44.2

Note: Calculation of target price gap based on past 12 months

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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