

01/04/2025

RECOMMENDATION	BUY
Fair price	48,200
Current price	36,650
Upside/downside	31%

STOCK INFORMATION

Outstanding shares (mil)	101.86
Free float (mil)	40.74
Market cap. (billion VND)	4,058.92
3m avg. volume (shares)	1,759,748
Foreign ownership (%)	49.79%
First listing date	15/10/2007

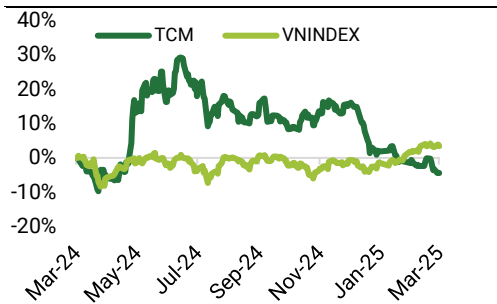
SHAREHOLDER STRUCTURE

E-land Asia Holdings Pte., Ltd	46.9%
Nguyen Van Nghia	16.9%
Savimex Corp.	3.0%
Others	33.2%

KEY ATTRIBUTES

TTM EPS (VND)	2,548
BVPS (VND)	22,199
Debt/Equity	33.9%
ROA (%)	7.7%
ROE (%)	12.2%
P/E	16.5
P/B	1.8
Dividend yield (%)	1.3%

PRICE PERFORMANCE



COMPANY PROFILE

Thanh Cong Textile Garment Joint Stock Company (HSX: TCM) was formerly known as Textile Industry Re-Manufacturing Company founded in 1967. The company officially operated as a joint stock company model since 2006. The company specializes in manufacturing and trading yarns, fabrics, textile clothing, chemicals, dyes, machines and garment materials. The company's main export markets include South Korea, Japan, the US, and China.

ANALYST(S)

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POSITIVE ORDER GROWTH

- As of 2M2025, TCM parent company reported a 7% YoY increase in revenue to VND 635.5 bn, while NPAT grew 31% YoY to VND 50.9 bn. The company's revenue is derived from 3 key segments: garment products, fabric and yarn, which account for 77%, 17%, and 4% of total revenue, respectively. TCM stated that they have already secured 85% of its planned revenue for 2Q2025 and has begun receiving orders for 3Q2025.
- TCM's positive outlook for 2025 is supported by (1) a projected 30% YoY increase in orders from the Eland customer group, (2) higher export orders for fabric to the US, EU and Japan, driven by contributions from the SY Vina plant, and (3) the reactivation of a garment factory in Vinh Long, creating opportunities to receive new orders. The US market will be a strategic focus for TCM this year, benefiting from the ongoing shift of orders away from China. However, we expect the company's gross profit margin to remain flat in 2025 compared to the previous year, as order prices have yet to show significant improvement.
- TCM's stock price has undergone a sharp 22% YTD correction, reflecting investor concerns over US tariff policies under President Trump. However, PHS assesses that the impact of US tariffs on TCM remains limited, as the company's primary market continues to be Asia. Furthermore, TCM is expected to benefit from the shift in sourcing away from China. We make **BUY** recommendation for TCM with a fair value of VND 48,200/share (a 5% downward revision from our previous forecast), implying a 31% potential upside.

Business results 2024 and 2M2025 update

By the end of 2024, TCM recorded a 14.6% YoY increase in Net Revenue, to VND 3,810 bn, while NPAT surged 107.8% YoY to VND 276 bn, achieving 99% of our previous forecast and exceeding the company's revenue and profit targets for 2024 by 3% and 72%, respectively. During the period, TCM completed the liquidation of the Trang Bang factory, recording an extraordinary income from the liquidation of fixed assets of VND 16 bn.

Gross Profit Margin and Net Profit Margin in 2024 improved significantly, reaching 16.2% (+120bps YoY) and 7.3% (+330bps YoY), respectively, driven by: (1) a 23% decline in raw cotton prices compared to early 2024; (2) lower exposure to rising freight costs, as TCM's primary market remains Asia; and (3) TCM produced under FOB level 2 method has high added value.

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Asia remains the main export market

TCM is currently exporting textile, garment products to four continents and approximately 40 countries worldwide. As of February 2025, exports to the Asian market remain dominant, accounting for 77% of total revenue, with key markets including South Korea (28%), Japan (21%), and China (11%).