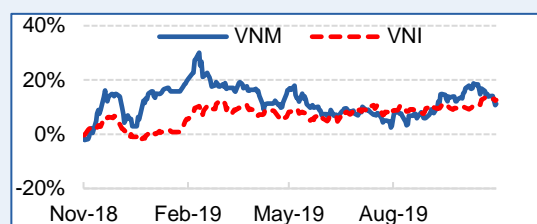


# Vinamilk (VNM) [MARKET PERFORM +8.2%]

## Update Report

<b>Industry:</b>	<b>Dairy</b>		<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
<b>Report Date:</b>	<b>November 15, 2019</b>	Rev Growth	3.0%	6.0%	6.9%	6.2%
Current Price:	VND125,900	EPS Growth	-0.7%	4.5%	5.4%	5.1%
Current Target Price:	VND131,600	GPM	46.8%	47.3%	47.0%	47.0%
Previous Target Price:	VND124,600	NPM	19.5%	19.2%	18.9%	18.7%
Upside to TP:	+4.5%	EV/EBITDA	16.6x	15.1x	14.2x	13.4x
Dividend Yield:	3.7%	P/Op CF	24.6x	17.7x	17.2x	16.2x
TSR:	+8.2%	P/E	23.8x	22.8x	21.6x	20.6x



Market Cap:	USD9.4bn	<u>VNM</u>	<u>Peers*</u>	<u>VNI</u>
Foreign Room:	USD3.9bn	P/E (ttm)	22.8x	28.9x
ADTV30D:	USD6.0mn	P/B (curr)	8.0x	3.7x
State Ownership:	36%	Net D/E (%)	-0.3x	-0.2x
Outstanding Shares:	1,741.7mn	ROE	40.5%	14.2%
Fully Diluted Shares:	1,741.7mn	ROA	28.8%	5.5%
3-yr PEG	4.3			2.5%

\*Medians of foreign peers

### Company Overview

Vinamilk is the largest dairy company in Vietnam with ~60% market share. With more than 40 years of experience, Vinamilk has established a prominent brand name for its portfolio that includes liquid milk, powdered milk, yogurt, condensed milk and other beverages.

Phap Dang, CFA  
 Associate Director  
[phap.dang@vcsc.com.vn](mailto:phap.dang@vcsc.com.vn)  
 +84 28 3914 3588 ext. 143

## Growth to remain in mid-single-digit trajectory

- We maintain a MARKET PERFORM rating as we raise our target price by 5.6%, mainly because we roll over our valuation to end-2020. Our target price increases despite cuts of 2%/3% to our 2020F/2021F NPAT-MI forecasts in accordance with downward revisions to our revenue forecasts as domestic dairy sales and exports are tracking slightly below our previous forecasts.
- VNM's 2019F PER of 22.8x looks full against our EPS CAGR forecast of 5% during 2019-2022F.
- The recent rally in milk powder prices should put some pressure on GPM in 2020, although VNM could cushion it by raising prices. Our base case assumes a 5% rise in milk powder cost base in 2020 and a 1% ASP hike for VNM.
- Advances in effective tax rate, which we project to climb to 19% in 2022F vs 17.5% in 2019F and 15.3% in 2018, are another factor that is expected to curb bottom line growth going forward.

**Gaining market share is becoming more challenging for VNM.** Per management, VNM gained 0.3 ppt of market share in 9M 2019 vs YE2018, which is smaller than the 0.6-0.7 ppt seen in Q1 2019 and 0.4 ppt in H1 2019. VNM's market share gains were led by liquid milk and drinking yogurt. Our current forecasts imply ~0.2-0.4-ppt increases in market share for VNM in 2020F-2021F while it is flat afterwards. We are more conservative than management's target of a 0.5-1.0-ppt gain per annum given (1) VNM's already dominant overall market share of ~60%, including ~80% share in some categories such as spoon yogurt and condensed milk; (2) the ongoing proliferation of modern trade, which compared to traditional trade, could make it easier for smaller players to build brand visibility; and (3) the ongoing premiumization trend that could result in consumers switching to more premium brands, including foreign brands in the infant formula segment.

**There remains extensive long-term growth potential for domestic dairy consumption, in our view.** Against Vietnam's underpenetrated dairy consumption (at 21-22 kg/capita/year, estimated to be 30%-35% lower than in Thailand and China), we maintain our view that industry volume will grow by 3.5%-4% per annum. This, coupled with our projected 2% price/mix growth per annum and market share gains, bolsters our forecast that VNM's domestic dairy revenue will record a 6% CAGR during 2019F-2022F.

**We expect exports will grow by mid-single digits as this segment remains dependent on Iraq; meanwhile, we maintain a cautious view on VNM's foray into China.** We project export revenue will rise 8% in 2019 but slow to 5% annually post-2019. VNM is awaiting approval of product codes to start official exports to China. VNM is aware of stiff competition in the liquid milk and infant formula segments in China; as such, it intends to focus on niche segments such as yogurt, and to a smaller extent, condensed creamer.

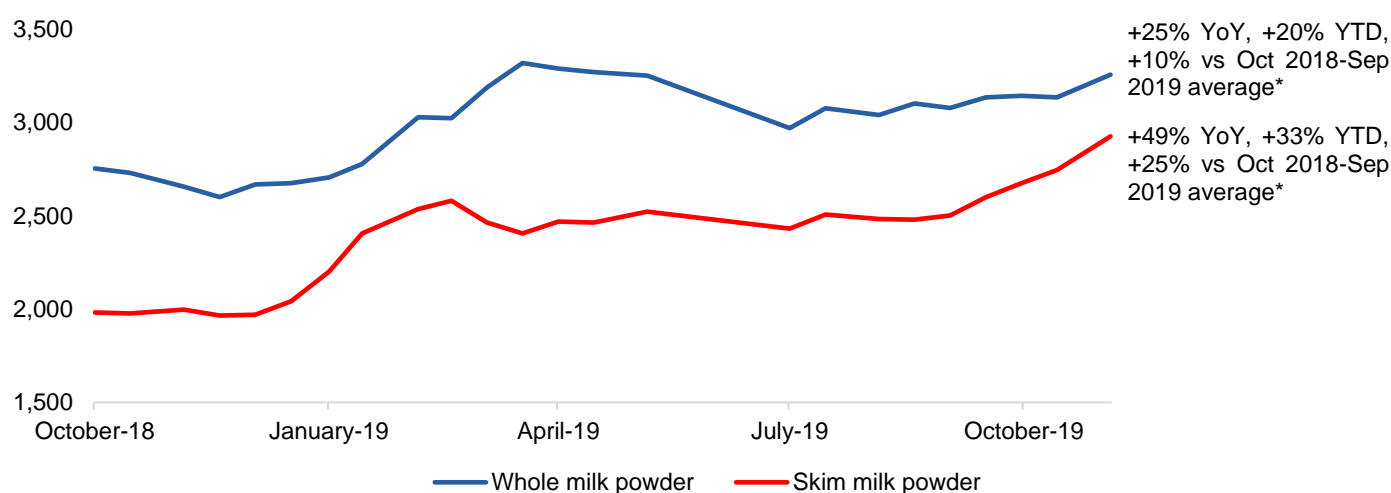
## 9M 2019: Broad-based sales growth

Figure 1: VNM's 9M 2019 results

VND bn	9M 2018	9M 2019	YoY	VCSC comments on 9M 2019
<b>Net revenue</b>	<b>39,558</b>	<b>42,079</b>	<b>6%</b>	
Domestic <sup>(1)</sup>	33,867	35,821	6%	Domestic dairy revenue growth slowed to an estimated 5% YoY in Q3 2019 vs 8% in H1 2019 as VNM's market share shrank QoQ, as discussed on the front page.
Exports	3,258	3,524	8%	Per management, in addition to a moderate recovery in the Iraqi market, VNM posted stronger growth in smaller markets such as the Philippines, Malaysia and Indonesia.
Driftwood, Angkor Milk	2,433	2,735	12%	Mainly driven by Angkor Milk, which posted more than 35% YoY growth in 9M 2019, per VNM.
<b>Gross profit</b>	<b>18,449</b>	<b>19,892</b>	<b>8%</b>	
Domestic <sup>(1)</sup>	15,678	16,978	8%	* Based on parent financial statements, we estimate that domestic dairy GPM contracted to 48.1% in Q3 2019 vs 49.3% in Q2 2019 and 48.8% in Q3 2018. This GPM compression was caused by higher milk powder prices and partly offset by softer sugar and anhydrous milk fat (AMF) prices as well as a better sales mix that was in part thanks to the high-margin yogurt segment. * For 9M 2019 vs 9M 2018, we estimate that domestic dairy GPM edges down to 48.1% from 48.3%. However, the overall domestic GPM, which includes the sugar and cow farm businesses, widened by 1.1 pts to 47.4% on the back of production cost improvements at VNM's own cow farms.
Exports	2,079	2,209	6%	
Driftwood, Angkor Milk	692	705	2%	
Selling expenses	-8,905	-9,292	4%	Driven by advertising and promotion expenses (A&P), which rose 4% YoY to VND7.7tn (USD332mn).
G&A expenses	-803	-914	14%	
<b>Operating profit</b>	<b>8,741</b>	<b>9,685</b>	<b>11%</b>	
<b>PBT</b>	<b>9,371</b>	<b>10,146</b>	<b>8%</b>	
<b>NPAT-MI</b>	<b>7,928</b>	<b>8,380</b>	<b>6%</b>	The effective tax rate climbed from 15.5% in 9M 2018 to 17.4% in 9M 2019 as VNM's tax benefits are gradually being phased out.

Source: VNM, VCSC, <sup>(1)</sup>including sugar and cow farm businesses

Figure 2: Historical milk powder prices (USD/ton)



Source: Global Dairy Trade, VCSC estimates (\*The period in which VNM locked in prices for 2019 production, per our estimate)

## 2019F: We keep our NPAT-MI forecast almost unchanged

Figure 3: VCSC's 2019 forecasts

VND bn	2018	2019F (old)	2019F (new)	2019F new vs 2018	VCSC comments on 2019F
<b>Revenue</b>	<b>52,562</b>	<b>56,355</b>	<b>55,725</b>	<b>6%</b>	
Domestic <sup>(1)</sup>	44,747	47,515	47,139	5%	* We project domestic dairy revenue to advance 7% YoY (vs 8% previously) to VND45.4tn (USD1.95bn), driven by ~4% volume growth and mix/ASP improvement, which includes a projected 2% price hike. *Sugar and cow farms: We project revenue to slump 26% YoY, mostly due to subdued sugar volume in 2019 vs 2018 amid unfavorable weather.
Exports	4,510	4,959	4,842	8%	
Driftwood, Angkor Milk	3,305	3,882	3,744	12%	Mainly due to lower-than-expected growth at Angkor Milk.
<b>Gross profit</b>	<b>24,611</b>	<b>26,671</b>	<b>26,330</b>	<b>7%</b>	
Domestic <sup>(1)</sup>	20,943	22,564	22,360	7%	
Exports	2,744	3,025	3,031	11%	
Driftwood, Angkor Milk	925	1,082	940	0%	
Selling expenses	-12,266	-13,197	-12,857	5%	
G&A expenses	-1,133	-1,302	-1,275	12%	
<b>Operating profit</b>	<b>11,212</b>	<b>12,172</b>	<b>12,198</b>	<b>9%</b>	
Non-operating profit	840	820	776	-8%	We assume "other income", which surged by 6.4x in 2018 to VND128bn (USD5.5mn), will normalize in 2019. This will be partly offset by increased interest income, per our estimate.
<b>Profit before tax</b>	<b>12,052</b>	<b>12,992</b>	<b>12,974</b>	<b>8%</b>	
Profit after tax	10,206	10,719	10,703	5%	
<b>NPAT-MI</b>	<b>10,227</b>	<b>10,699</b>	<b>10,684</b>	<b>4%</b>	
EBITDA	12,839	14,068	14,094	10%	
GPM %	46.8%	47.3%	47.3%		
Domestic <sup>(1)</sup>	46.8%	47.5%	47.4%		
Exports	60.8%	61.0%	62.6%		Revised based on VNM's recent disclosure of its revenue breakdown between exports and overseas subsidiaries. Previously, we estimated these figures based on VNM's parent and consolidated financial statements.
Driftwood, Angkor Milk	28.0%	27.9%	25.1%		Revised based on VNM's recent disclosure of its revenue breakdown between exports and overseas subsidiaries. Previously, we estimated these figures based on VNM's parent and consolidated financial statements.
Selling expenses	23.3%	23.4%	23.1%		Tracking below our previous forecast.
G&A expenses	2.2%	2.3%	2.3%		
Operating margin	21.3%	21.6%	21.9%		
EBITDA margin	24.4%	25.0%	25.3%		
NPAT-MI margin	19.5%	19.0%	19.2%		
Effective tax rate	15.3%	17.5%	17.5%		* Tax benefits at factories are slated to gradually phase out.

Source: VNM, VCSC, <sup>(1)</sup>including sugar and cow farm businesses

## 2020F: Domestic dairy sales continue to rise

Figure 4: VCSC's 2020 forecasts

VND bn	2019F	2020F	YoY	VCSC comments on 2020F
<b>Revenue</b>	<b>55,725</b>	<b>59,561</b>	<b>7%</b>	
Domestic <sup>(1)</sup>	47,139	50,384	7%	We project domestic dairy revenue to advance 7% YoY to VND48.4tn (USD2.1bn), driven by ~5% volume growth and mix/ASP improvement.
Exports	4,842	5,084	5%	
Driftwood, Angkor Milk	3,744	4,093	9%	Primarily backed by projected 30% growth in Angkor Milk's revenue to VND1.3tn (USD55mn).
<b>Gross profit</b>	<b>26,330</b>	<b>28,010</b>	<b>6%</b>	
Domestic <sup>(1)</sup>	22,360	23,762	6%	
Exports	3,031	3,167	4%	
Driftwood, Angkor Milk	940	1,081	15%	
Selling expenses	-12,857	-13,811	7%	
G&A expenses	-1,275	-1,359	7%	
<b>Operating profit</b>	<b>12,198</b>	<b>12,840</b>	<b>5%</b>	
Non-operating profit	776	917	18%	Mainly lifted by increased interest income.
<b>Profit before tax</b>	<b>12,974</b>	<b>13,757</b>	<b>6%</b>	
Profit after tax	10,703	11,281	5%	
<b>NPAT-MI</b>	<b>10,684</b>	<b>11,261</b>	<b>5%</b>	
EBITDA	14,094	14,981	6%	
GPM %	47.3%	47.0%		
Domestic <sup>(1)</sup>	47.4%	47.2%		We project a slight GPM contraction due to higher expected milk powder prices in 2020F vs 2019F.
Exports	62.6%	62.3%		We project a slight GPM contraction due to higher expected milk powder prices in 2020F vs 2019F.
Driftwood, Angkor Milk	25.1%	26.4%		GPM expansion in 2020F is thanks to a larger projected contribution from Angkor Milk, which has a better GPM than Driftwood, per our estimate.
Selling expenses	23.1%	23.2%		
G&A expenses	2.3%	2.3%		
Operating margin	21.9%	21.6%		
EBITDA margin	25.3%	25.2%		
NPAT-MI margin	19.2%	18.9%		
Effective tax rate	17.5%	18.0%		Tax benefits at factories are slated to gradually phase out.

Source: VCSC, <sup>(1)</sup>including sugar and cow farm businesses

## Valuation

We maintain our valuation mix of 70%/30% for DCF/PER. We attribute a higher weighting to DCF owing to VNM's simple business structure and robust cash generation. Meanwhile, we apply a 30% weighting to PER valuation given VNM's extensive scale that often puts it in comparison with regional companies by investors.

Regarding the PER method, we maintain a target PER of 24x as in the previous report, which was based on the three-year average of the regional peer median TTM PER.

**Figure 5: Summary of VCSC's valuation for VNM**

Method	Fair value (VND/sh)	Weighting	Contribution (VND/sh)
DCF	128,099	70%	89,670
PER @ 24.0x*	139,653	30%	41,896
<b>Target price (VND)</b>			<b>131,566</b>
Implied 2019F/2020F PERs at TP			23.8x/22.6x

Source: VCSC (\*based on 2020F EPS)

**Figure 6: DCF valuation for VNM**

Cost of Capital	Previous Report	Revised	FCFF (Five-year)	VND bn
Beta	0.7	0.7	PV of Free Cash Flows	44,424
Market Risk Premium %	8.4	8.7	PV of Terminal Val (5% g)	172,272
Risk Free Rate %	4.8	4.5	<b>PV of FCF and TV</b>	<b>216,696</b>
Cost of Equity %	10.7	10.6	+ Cash & ST investments	11,282
Cost of Debt %	5.0	5.0	- Debt	-4,282
Target Debt %	2.0	2.0	- Minority Interest	-581
Target Equity %	98.0	98.0	<b>Equity Value</b>	<b>223,116</b>
Corporate Tax Rate %	19.0	19.0	Shares (mn)	1,742
<b>WACC %</b>	<b>10.5</b>	<b>10.5</b>	<b>Value per share, VND</b>	<b>128,099</b>

Source: VCSC

**Figure 7: Cash flow projections for VNM**

VND bn	2020F	2021F	2022F	2023F	2024F
Earnings before interest & tax	12,781	13,513	14,310	15,150	16,079
- Tax	-2,301	-2,432	-2,576	-2,727	-2,894
+ Depreciation	2,141	2,349	2,556	2,764	2,972
- Capex	-3,019	-2,519	-2,519	-2,519	-2,519
- Working cap increase	488	554	156	160	174
<b>Free Cash Flow</b>	<b>10,090</b>	<b>11,464</b>	<b>11,928</b>	<b>12,828</b>	<b>13,811</b>
<b>PV of FCF</b>	<b>9,135</b>	<b>9,395</b>	<b>8,850</b>	<b>8,616</b>	<b>8,428</b>
<b>Total PV of FCF</b>	<b>9,135</b>	<b>18,530</b>	<b>27,380</b>	<b>35,997</b>	<b>44,424</b>

Source: VCSC

**Figure 8: Sensitivity analysis of our target price for VNM in relation to DCF's WACC and terminal growth rate, ceteris paribus**

VNM Target Price (VND)	Terminal growth (g)	WACC				
		8.5%	9.5%	10.5%	11.5%	12.5%
	3.0%	115,675	113,313	111,053	108,890	106,819
	4.0%	124,894	122,199	119,621	117,155	114,794
	5.0%	137,743	134,586	<b>131,566</b>	128,676	125,911
	6.0%	156,897	153,048	149,369	145,849	142,481
	7.0%	188,500	183,512	178,745	174,185	169,822

Source: VCSC

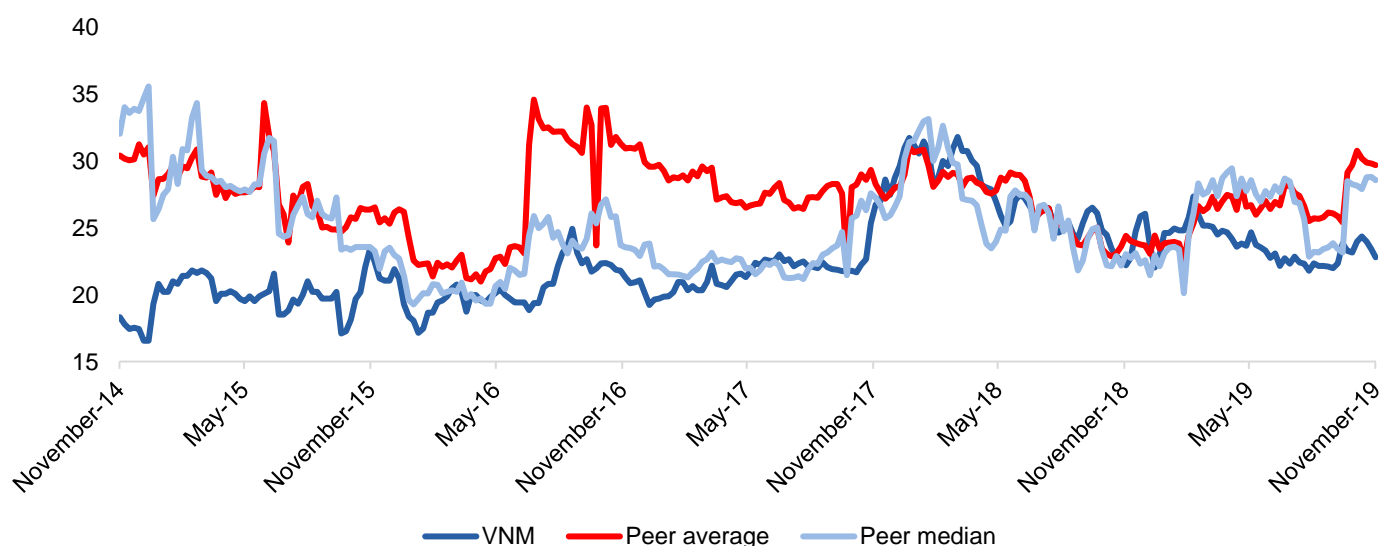
## Comparable peers

For our peer group, we select leading Asian dairy players in their respective markets.

**Figure 9: Peer comparables**

(USD mn) Company	Ticker	Mkt cap	TTM Net Sales	Y-o-Y %	TTM NPAT	Y-o-Y %	Debt/Equity %	ROE %	ROA%	TTM P/E	LQ P/B
China Mengniu Dairy	2319 HK	14,752.7	10,895.3	14.1	521.3	43.4	48.3	14.2	5.2	28.9	3.9
Inner Mongolia Yili Industrial Group	600887 CH	25,398.9	12,640.4	13.0	1,021.5	14.9	5.8	27.7	14.3	25.3	7.1
MEIJI Holdings	2269 JP	10,885.9	11,458.9	1.5	503.8	-18.7	21.0	10.4	5.5	20.3	2.1
Bright Dairy & Food	600597 CH	2,083.9	3,281.2	5.7	57.0	-20.0	69.4	7.2	2.2	37.6	2.7
PT. Ultrajaya Milk Industry & Trading	ULTJ IJ	1,393.0	419.9	N/A	63.0	N/A	2.2	18.2	15.1	21.8	3.7
Dutch Lady Milk Industries Berhad	DLM MK	885.3	251.3	-3.2	28.0	-2.4	14.4	103.6	29.2	31.8	29.6
Henan Kedi Dairy	002770 CH	349.3	154.6	-18.3	7.8	-59.1	67.9	3.0	1.6	41.1	1.4
<b>Median</b>		<b>2,083.9</b>	<b>3,281.2</b>	<b>3.6</b>	<b>63.0</b>	<b>-10.6</b>	<b>21.0</b>	<b>14.2</b>	<b>5.5</b>	<b>28.9</b>	<b>3.7</b>
<b>Average</b>		<b>7,964.1</b>	<b>5,586.0</b>	<b>2.1</b>	<b>314.6</b>	<b>-7.0</b>	<b>32.7</b>	<b>26.3</b>	<b>10.5</b>	<b>29.6</b>	<b>7.2</b>
<b>Vinamilk</b>	<b>VNM VN</b>	<b>9,456.7</b>	<b>2,368.5</b>	<b>6.1</b>	<b>459.2</b>	<b>10.4</b>	<b>4.9</b>	<b>40.5</b>	<b>28.8</b>	<b>22.8</b>	<b>8.0</b>

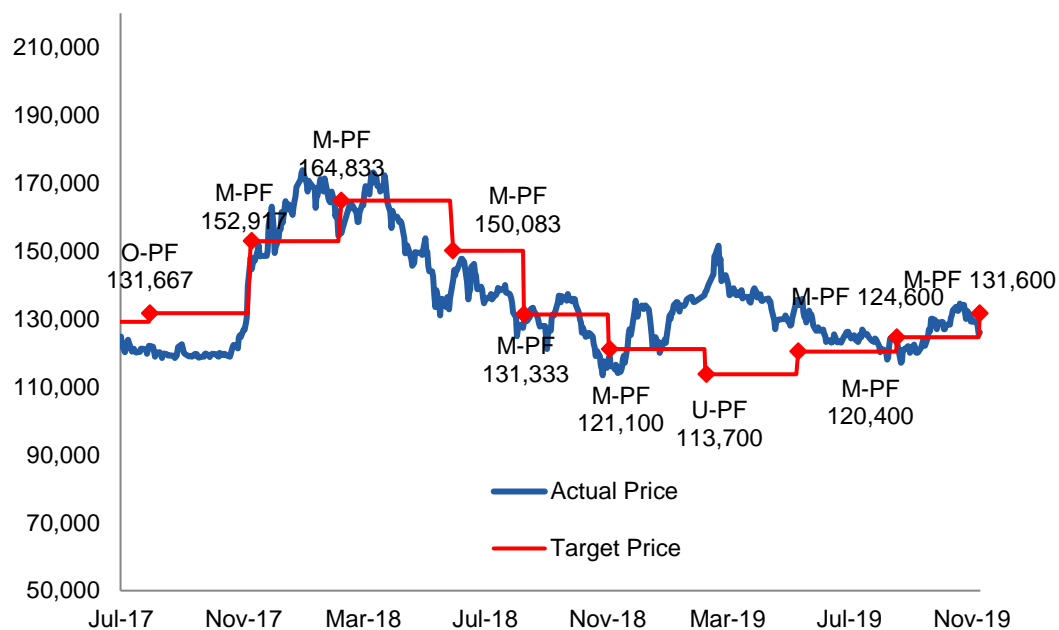
Source: Bloomberg, VCSC (data as of November 14, 2019)

**Figure 10: VNM's historical TTM PER vs regional peer median and average TTM PER**


Source: Bloomberg

## Recommendation History

Figure 11: Historical VCSC target price vs share price (VND, adjusted for share splits)



Source: Bloomberg & VCSC



## Financial Statements

P&L (VND bn)	2018	2019F	2020F	2021F	B/S (VND bn)	2018	2019F	2020F	2021F
<b>Revenue</b>	<b>52,562</b>	<b>55,725</b>	<b>59,561</b>	<b>63,245</b>	Cash & equivalents	1,523	4,591	5,995	8,167
COGS	-27,951	-29,394	-31,550	-33,508	ST investment	8,674	9,102	9,102	9,102
<b>Gross Profit</b>	<b>24,611</b>	<b>26,330</b>	<b>28,010</b>	<b>29,737</b>	Accounts receivables	3,380	3,511	3,590	3,465
Sales & Marketing exp	-12,266	-12,857	-13,811	-14,772	Inventories	5,526	4,832	5,100	5,325
General & Admin exp	-1,133	-1,275	-1,359	-1,436	Other current assets	1,457	1,457	1,457	1,457
<b>Operating Profit</b>	<b>11,212</b>	<b>12,198</b>	<b>12,840</b>	<b>13,529</b>	<b>Total Current assets</b>	<b>20,560</b>	<b>23,493</b>	<b>25,244</b>	<b>27,516</b>
Financial income	760	769	946	1,037	Fix assets, gross	24,444	27,744	30,764	33,283
Financial expenses	-118	-162	-206	-206	- Depreciation	-10,120	-12,015	-14,156	-16,505
- o/w interest expense	-51	-106	-150	-150	Fix assets, net	14,324	15,729	16,608	16,778
Associates	22	22	22	22	LT investment	1,069	570	570	570
Net other income/(loss)	175	146	155	164	LT assets other	1,414	1,414	1,414	1,414
<b>Profit before Tax</b>	<b>12,052</b>	<b>12,974</b>	<b>13,757</b>	<b>14,547</b>	<b>Total LT assets</b>	<b>16,806</b>	<b>17,712</b>	<b>18,591</b>	<b>18,762</b>
Income Tax	-1,846	-2,270	-2,476	-2,691	<b>Total Assets</b>	<b>37,366</b>	<b>41,206</b>	<b>43,835</b>	<b>46,278</b>
<b>NPAT before MI</b>	<b>10,206</b>	<b>10,703</b>	<b>11,281</b>	<b>11,856</b>	Accounts payable	3,991	3,932	4,359	4,621
Minority Interest	22	-20	-20	-20	Short-term debt	1,060	3,000	3,000	3,000
<b>NPAT less MI, reported</b>	<b>10,227</b>	<b>10,684</b>	<b>11,261</b>	<b>11,836</b>	Other ST liabilities	5,589	5,925	6,333	6,724
<b>NPAT less MI, adjusted<sup>(1)</sup></b>	<b>10,227</b>	<b>10,684</b>	<b>11,261</b>	<b>11,836</b>	Total current liabilities	10,640	12,856	13,691	14,345
EBITDA	12,839	14,094	14,981	15,878	Long term debt	216	216	216	216
EPS reported, VND	5,285	5,520	5,819	6,116	Other LT liabilities	239	239	239	239
EPS adjusted <sup>(1)</sup> , VND	5,285	5,520	5,819	6,116	<b>Total Liabilities</b>	<b>11,095</b>	<b>13,312</b>	<b>14,146</b>	<b>14,800</b>
EPS diluted, adj <sup>(1)</sup> , VND	5,285	5,520	5,819	6,116	Preferred Equity	0	0	0	0
DPS, VND	4,500	4,600	4,800	5,100	Paid in capital	17,417	17,417	17,417	17,417
DPS/EPS (%)	85%	83%	82%	83%	Share premium	0	0	0	0
(1) Adjusted for one-offs					Retained earnings	7,155	7,690	8,339	8,925
<b>RATIOS</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>	Other equity	1,208	2,277	3,403	4,586
<b>Growth</b>					Minority interest	490	510	530	549
Revenue growth	3.0%	6.0%	6.9%	6.2%	<b>Total equity</b>	<b>26,271</b>	<b>27,894</b>	<b>29,689</b>	<b>31,478</b>
Op profit (EBIT) growth	-1.9%	8.8%	5.3%	5.4%	<b>Liabilities &amp; equity</b>	<b>37,366</b>	<b>41,206</b>	<b>43,835</b>	<b>46,278</b>
PBT growth	-1.4%	7.7%	6.0%	5.7%					
EPS growth, adjusted	-0.7%	4.5%	5.4%	5.1%	Y/E shares out, mn	1,741.7	1,741.7	1,741.7	1,741.7
<b>Profitability</b>					Y/E treasury shares, mn	0.1	0.1	0.1	0.1
Gross Profit Margin	46.8%	47.3%	47.0%	47.0%	<b>CASH FLOW (VND bn)</b>	<b>2018</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>
Op Profit, (EBIT) Margin	21.3%	21.9%	21.6%	21.4%	<b>Beginning Cash Balance</b>	<b>963</b>	<b>1,523</b>	<b>4,591</b>	<b>5,995</b>
EBITDA Margin	24.4%	25.3%	25.2%	25.1%	Net Income	10,227	10,684	11,261	11,836
NPAT-MI Margin, adj,	19.5%	19.2%	18.9%	18.7%	Dep, & amortization	1,627	1,896	2,141	2,349
ROE	41.6%	40.2%	39.8%	39.4%	Chge in Working Cap	-1,929	839	488	554
ROA	28.3%	27.2%	26.5%	26.3%	Other adjustments	-1,003	-1,049	-1,106	-1,164
<b>Efficiency</b>					<b>Cash from Operations</b>	<b>8,922</b>	<b>12,370</b>	<b>12,784</b>	<b>13,574</b>
Days Inventory On Hand	62.3	64.3	57.5	56.8	Capital Expenditures, net	-3,091	-3,301	-3,019	-2,519
Days Accts, Receivable	24.3	22.6	21.8	20.4	Investments, net	1,264	71	0	0
Days Accts, Payable	49.3	50.4	47.6	48.6	<b>Cash from Investments</b>	<b>-1,828</b>	<b>-3,229</b>	<b>-3,019</b>	<b>-2,519</b>
Cash Conversion Days	37.3	36.5	31.7	28.6	Dividends Paid	-7,256	-8,012	-8,360	-8,883
<b>Liquidity</b>					Δ in Share Capital	0	0	0	0
Current Ratio x	1.9	1.8	1.8	1.9	Δ in LT debt	-59	0	0	0
Quick Ratio x	1.3	1.3	1.4	1.4	Δ in ST debt	792	1,940	0	0
Cash Ratio x	1.0	1.1	1.1	1.2	Other financing C/F	-12	0	0	0
Debt / Assets	3.4%	7.8%	7.3%	6.9%	<b>Cash from Financing</b>	<b>-6,535</b>	<b>-6,072</b>	<b>-8,360</b>	<b>-8,883</b>
Debt / Capital	4.6%	10.3%	9.8%	9.3%	<b>Net Change in Cash</b>	<b>559</b>	<b>3,068</b>	<b>1,404</b>	<b>2,172</b>
Net Debt / Equity	-34.0%	-37.6%	-40.0%	-44.6%	<b>Ending Cash Balance</b>	<b>1,523</b>	<b>4,591</b>	<b>5,995</b>	<b>8,167</b>
Interest Coverage x	218.1	114.6	85.5	90.1					





## VCSC Rating System

**Stock ratings** are set based on projected total shareholder return (TSR), defined as  $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$ , and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
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## Contacts

### Corporate

[www.vcsc.com.vn](http://www.vcsc.com.vn)

#### Head Office

Bitexco Financial Tower, 2 Hai Trieu Street  
District 1, HCMC  
+84 28 3914 3588

#### Transaction Office

10 Nguyen Hue Street  
District 1, HCMC  
+84 28 3914 3588

### Research

**Research Team:** +84 28 3914 3588  
[research@vcsc.com.vn](mailto:research@vcsc.com.vn)

#### Banks and Securities

##### Long Ngo, Associate Director, ext 123

- Nghia Dien, Analyst, ext 138
- Anh Dinh, Analyst, ext 139
- Truc Ngo, Analyst, ext 116

#### Consumer and Pharma

##### Phap Dang, Associate Director, ext 143

- Dao Nguyen, Manager, ext 185
- Ha Dao, Analyst, ext 194

#### Real Estate, Construction and Materials

##### Hong Luu, Senior Manager, ext 120

- Anh Nguyen, Senior Analyst, ext 174
- Vy Nguyen, Senior Analyst, ext 147

#### Retail Client Research

##### Duc Vu, Senior Manager, ext 363

- Nghia Le, Analyst, ext 181
- Tra Vuong, Analyst, ext 365
- Trung Nguyen, Analyst, ext 129

### Institutional Sales and Brokerage

& Foreign Individuals

#### Dung Nguyen

+84 28 3914 3588, ext 136  
[dung.nguyen@vcsc.com.vn](mailto:dung.nguyen@vcsc.com.vn)

### Retail & Corporate Brokerage

#### Ho Chi Minh City

Quynh Chau  
+84 28 3914 3588, ext 222  
[quynh.chau@vcsc.com.vn](mailto:quynh.chau@vcsc.com.vn)

#### Hanoi Branch

109 Tran Hung Dao  
Hoan Kiem District, Hanoi  
+84 24 6262 6999

#### Transaction Office

236-238 Nguyen Cong Tru Street  
District 1, HCMC  
+84 28 3914 3588

#### Alastair Macdonald, Head of Research, ext 105

[alastair.macdonald@vcsc.com.vn](mailto:alastair.macdonald@vcsc.com.vn)

#### Macro and Insurance

- Cameron Joyce, Manager, ext 163

#### Macro

- Luong Hoang, Senior Analyst, ext 364
- Nguyen Truong, Analyst, ext 132

#### Oil & Gas and Power

##### Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Senior Analyst, ext 135
- Thanh Nguyen, Analyst, ext 173
- Duc Le, Analyst, ext 196

#### Industrials and Transportation

- Nam Hoang, Senior Analyst, ext 124
- Dang Thai, Analyst, ext 149

#### Hanoi

Quang Nguyen  
+84 24 6262 6999, ext 312  
[quang.nguyen@vcsc.com.vn](mailto:quang.nguyen@vcsc.com.vn)