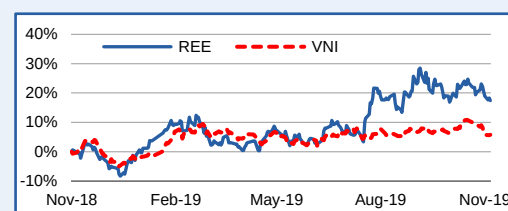




Refrigeration Electrical Engineering (REE) [BUY +38.6%]

Update Report

Industry	Utilities		2018	2019F	2020F	2021F
Report Date	November 29, 2019	Rev Growth	2.1%	2.0%	24.6%	-3.7%
Current Price:	VND36,150	EPS Y/Y	29.5%	-8.1%	15.0%	6.1%
Target Price:	VND48,300	EPS Y/Y*	10.1%	-1.5%	15.0%	6.1%
Previous TP:	VND45,700	EBITDA Y/Y	-12.2%	18.7%	28.5%	3.4%
Upside to TP:	33.6%	FCF yield	10.0%	9.0%	14.8%	24.4%
Dividend Yield:	5.0%	P/B	1.2x	1.1x	1.0x	0.9x
TSR:	38.6%	P/E	6.8x	6.9x	6.0x	5.6x
Market Cap:	USD481mn					
Foreign Room:	USD0					
ADTV30D:	USD1.4mn					
State Ownership:	0%					
Outstanding Shares:	310 mn					
Fully Diluted Shares:	310 mn					



Company Overview

REE is a holding company with three main business lines: power (nearly half of its total earnings), mechanical and engineering installation (M&E) and office leasing. REE is a leading M&E player and possesses 150,000 sqm of office leasing space. Other segments include water and real estate.

* Core NPAT, adjusted for Quang Ninh plant (QTP)'s provision/write-back **Average of power, M&E and real estate

Attractive valuation with strong medium-term growth

- We maintain a BUY rating and raise our target price by 5.7% to VND48,300/share given the impact of rolling our DCF valuation to end-2020 and an insignificant NPAT forecast change for 2019-2023F.
- We maintain our 2020F NPAT-MI of VND1.9tn (USD81.5mn; +15.0% YoY) driven by the full-year operation of the E-town East West office and new power plants, M&E earnings growth of 27.5% (on the back of strong backlog) and tripled earnings from real estate.
- REE will highly benefit from Vietnam's power shortage given its sizable 800 MW portfolio with low production costs and ideal locations. Meanwhile, we project a 2019-2023 NPAT-MI CAGR of 12.7%, driven by new investment into the power and office leasing segments.
- We see an attractive valuation with a 2020 projected P/E of 6.0x, P/B of 1.0x and a projected free cashflow yield of an average 15.6% over 2020-2024.
- Upside risks: potential new investment to boost long-term earnings growth; capacity expansion guidance for recently acquired Thuan Binh wind power company.
- Downside risk: further real estate project delays.

18.7% power portfolio expansion to boost a 2020-2022 power earnings CAGR of 23%. In Q4 2019, REE successfully acquired Muong Hum hydropower (35 MW) and Thuan Binh wind power (24MW; could expand to 50MW). The company is on track to break ground on the Tra Vinh wind power project (48 MW) in the Mekong Delta in early 2020. VSH recently completed the water tunnel for the Upper Kon Tum project (220 MW), which is one of the last sizable hydropower plants in Vietnam and targeted for commercial operation in March 2020. This hydropower plant is the first project in which REE has participated in the construction process, which could demonstrate that REE has the capability to develop power plants on its own. Additionally, an appellate court has cancelled a penalty decision for Upper Kon Tum, reducing the risk of further cost overrun.

We project office leasing NPAT to triple over the next five years. The E-town East West office building has been fully occupied since H2 2019, driving our projected 17% office leasing earnings growth in 2020. REE is also on track to break ground on E-town 6 in 2020 (expected 2023 opening).

Robust newly-signed contracts from M&E segment despite a real estate market slowdown. Newly-signed contracts of USD100mn over 9M completed ~77% of REE's full-year target and imply a current backlog of ~USD260mn, supporting our 2020 projected M&E earnings.

Advance investment and capex of VND1.4tn (USD60mn) as of end Q3 2019 imply potential future earnings growth. REE confirmed that it has paid in advance for many new investments in the power and office leasing and real estate segments. This confirmation implies upside risk to our long-term earnings forecast, pending for a fuller review when REE releases additional information.

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9M 2019 recap: Strong Q3 2019 results driven by all segments

Figure 1: 9M 2019 results

VND bn	Q3 2019	YoY	9M 2019	YoY	% of 2019F	Note
Revenue	1,227	2.8%	3,565	2.9%	67.6%	Revenue growth was mainly driven by the office leasing segment given the full contribution of the new E-town Central.
Power and water	179	-9.1%	606	-0.9%	77.1%	
M&E and air conditioning	815	1.6%	2,288	-2.3%	67.3%	
Office leasing and real estate	233	20.0%	671	31.0%	61.7%	
Gross profit	298	1.0%	950	12.7%	63.6%	
SG&A	-62	-11.2%	-189	-2.0%	57.2%	
Operating profit	236	4.8%	761	17.1%	65.3%	
- Financial income	94	115.0%	318	23.8%	90.4%	
- Financial expenses	-82	-35.3%	-275	141.1%	75.1%	
Interest expense	-102	77.6%	-297	83.2%	80.9%	
QTP provision/write-back	23	-134.8%	33	-38.1%	n/m	
- Share profit/loss fr associates	205	3.8%	584	-12.0%	72.3%	
- Net other income/loss	8	147.4%	10	9.5%	72.6%	
EBT	461	34.4%	1,398	-4.6%	70.9%	
- Income tax exp	-48	54.3%	-156	-5.5%	67.1%	
Profit after tax	414	32.4%	1,242	-4.5%	71.4%	
- Minority interests	-11	-42.7%	-53	-22.4%	49.3%	Strong Q3 2019 earnings growth was driven by all segments, including: 1) Power & Water growth due to PPC's strong consolidated earnings growth and a provision write-back for QTP. 2) M&E growth vs a low base in Q3 2018 when REE booked provisions for pending projects. 3) Office leasing & real estate growth was driven by the new E-town Central and E-town East West.
NPAT-MI	403	37.2%	1,189	-3.5%	72.9%	
Power and Water*	238	60.6%	703	-6.2%	77.5%	
M&E and air conditioning	71	20.9%	191	11.7%	62.7%	
Office leasing and real estate	105	31.9%	320	6.6%	70.7%	
Other	-11	n/m	-24	n/m	78.3%	
NPAT-MI adjusted for QTP** provision	380	5.7%	1,156	-1.9%	68.5%	

Source: REE, VCSC. (*) Including VND88bn/USD3.8mn add-on disposal gain from the Vung Ang 2 divestment in Q1 2019, (**) Quang Ninh coal-fired power plant – UPCoM: QTP.

2019 outlook: Strong office leasing earnings growth, but weak power results weigh on consolidated earnings

Figure 2: 2019 forecast

VND bn	2018	2019F New	2019F New vs Old	2019F vs 2018	Note (a) YoY explanation (b) Explanation for change in forecast
Revenue	5,101	5,201	-1.4%	2.0%	(a) Driven by office leasing (full utilization of E-town Central and new E-town East West) and VIID's land lot project in Gia Lam, Hanoi (expected to be recorded in late 2019). (b) We cut TBC's sales volume as June-October 2019 sales volume trailed our expectation.
Power	834	713	-9.2%	-14.5%	
M&E	2,706	2,800	0.0%	3.5%	
Air conditioning	723	600	0.0%	-17.0%	
Office leasing	678	837	0.0%	23.5%	
Real estate	161	250	0.0%	55.3%	
Gross profit	1,228	1,433	-4.1%	16.7%	
SG&A	-315	-325	-1.4%	3.1%	
Operating profit	913	1,108	-4.9%	21.4%	
- Financial income	304	361	2.6%	18.8%	
- Financial expenses	-111	-367	0.0%	228.9%	
Interest expense	-225	-367	0.0%	63.0%	
- Share profit/loss from associates	999	827	2.2%	-17.2%	
- Net other income/loss	14	14	0.0%	0.0%	
EBT	2,118	1,943	-1.5%	-8.3%	
NPAT-MI	1,784	1,639	0.4%	-8.1%	(a) M&E recovery and office leasing growth fail to offset the weak earnings from the power segment (due to hydropower and PPC) and real estate segment (lower vs 2018's high base given the asset disposal gain).
Power	943	729	1.4%	-22.7%	(a) We project lower earnings for PPC (coal prices increased more than the CGM price increase, narrowing PPC's CGM profit spread). In addition, lower contracted volume in 2019 negatively affected PPC's earnings when the price of coal shot up this year as well as REE's hydropower portfolio (due to the impact of El Niño, which lowered the sales volume of hydropower plants).
M&E	240	280	0.0%	16.6%	(a) We project M&E earnings to recover given no further one-off expense assumption for 2019.
Air conditioning	3	24	0.0%	656.6%	(a) We expect no one-off expense as in 2018.
Office leasing	250	385	0.0%	54.1%	(a) Results from the full utilization at E-town Central and a small contribution of the new E-town East West.
Real estate	172	68	0.0%	-60.7%	(a) 2018 was high base due to a land disposal gain of VND110bn (USD4.8mn).
Water	154	166	-11.1%	8.1%	(a) We expect VCW to have a higher utilization of 96% in 2019 vs 83% in 2018 after completing the new pipeline (capex of VND600bn/USD26mn). (b) We cut our VCW earnings forecast due to environmental issues in October 2019.
Other	22	-13	-56.1%	n/m	
Adjusted NPAT-MI	1,664	1,639	-3.0%	-1.5%	

Source: REE, VCSC

2020 outlook: Strong earnings growth is driven by all segments

Figure 3: 2020 forecast

VND bn	2019F	2020F New	2020F New vs Old	2020F vs 2019F	Note (a) YoY explanation (b) Explanation for change in forecast
Revenue	5,201	6,478	-0.4%	24.6%	(a) Revenue growth is driven by the full-year consolidation of Muong Hum hydropower and real estate booking at VIID.
Power	713	888	-3.1%	24.5%	
M&E	2,800	3,400	0.0%	21.4%	
Air conditioning	600	600	0.0%	0.0%	
Office leasing	837	920	0.0%	9.9%	
Real estate	250	671	0.0%	168.2%	
Gross profit	1,433	1,857	-1.4%	29.6%	
SG&A	-325	-405	-0.4%	24.6%	
Operating profit	1,108	1,452	-1.7%	31.0%	
- Financial income	361	252	-16.5%	-30.1%	
- Financial expenses	-367	-326	0.0%	-11.0%	
Interest expense	-367	-326	0.0%	-11.0%	
- Share profit/loss from associates	827	900	5.1%	8.9%	
- Net other income/loss	14	14	0.0%	0.0%	
EBT	1,943	2,292	-1.3%	18.0%	
NPAT-MI	1,639	1,884	0.2%	15.0%	(a) 2020F earnings growth is driven by (1) PPC's earnings recovery on the back of a lower global coal price and Vietnam's worsening electricity shortage; (2) full-year contributions from E-town East West and new power plants; (3) and strong revenue and earnings growth for M&E segment due to no expected further license issues at several real estate projects. These three items outpace (4) the lack of a one-off disposal gain for the power segment and (5) a loss at Upper Kon Tum in its first operating year.
Power	729	672	4.1%	-7.9%	(a) Excluding disposal gains, we estimate adjusted power earnings to grow 1.9% in 2020 as we expect PPC's earnings to recover as well as full-year contribution of recently-acquired Muong Hum hydropower and Thuan Binh wind to outpace the loss of Upper Kon Tum.
M&E	280	357	0.0%	27.5%	(a) Strong backlog and recovery in Vietnam's real estate market to support M&E earnings growth.
Air conditioning	24	24	0.0%	0.0%	
Office leasing	385	451	0.0%	17.0%	(a) Thanks to full-year operation of E-town East West.
Real estate	68	179	0.0%	165.6%	(a) We expect VIID to book most of the Duc Giang land plot project in 2020.
Water	166	204	0.0%	23.1%	(a) Thanks to higher utilization and no further issues at VCW.
Other	-13	-3	n/m	n/m	
Adjusted NPAT-MI	1,639	1,884	0.2%	15.0%	

Source: REE, VCSC

New development

VSH: Appellate court cancels penalty decision for Upper Kon Tum

On November 14, 2019, the People's Court of Hanoi officially canceled a penalty decision made by the Vietnam International Arbitration Center (VIAC). According to this official appeal result, VSH (REE has 21% stake) does not need to pay a penalty fee of VND2.2tn (USD93mn) for Hydro China Huadong, which was the previous contractor for the Upper Kon Tum hydropower project. This appeal result reduces the risk of a further cost overrun. However, there is still minor risk that Chinese contractors will reject the decision of the Court's decision and appeal to another court, pending further reaction from both Hydro China Huadong and VSH.

REE confirmed that the Upper Kon Tum hydropower will come online in Q1 2020, relieving our downside risk concern. On October 21, 2019, VSH completed the water tunnel for this new hydropower plant, implying no further delay. Per REE, the new hydropower plant is expected to store water from January 2020 before commercially operating in March 2020.

The latest capex guidance for Upper Kon Tum was VND9.4tn (USD403mn), which is much higher than the initial budget of VND5.7tn (USD245mn). Therefore, VSH is kicking off PPA renegotiation for Upper Kon Tum in order to finish in 2019. Per management, the company expects a PPA price of VND1,100/kWh for Upper Kon Tum after renegotiation while the temporary PPA price will be ~VND800/kWh.

Based on the above information, we currently forecast a 2020F loss of VND178bn (USD7.7mn) compared to 2019F earnings of VND155bn (USD6.7mn). However, we project a 2021 earnings recovery of VND205bn (USD8.9mn), driven by the full-year operation of Upper Kon Tum and a higher PPA price after renegotiation.

Figure 4: VSH outlook in 2019-2024 (VND bn)

	2019F	2020F	2021F	2022F	2023F	2024F
Sales volume (mn kWh)	460	1,449	1,760	1,760	1,760	1,760
Vinh Son - Song Dinh	460	649	678	678	678	678
Upper Kon Tum	0	800	1,082	1,082	1,082	1,082
Revenue	377	1,216	1,747	1,752	1,757	1,762
Vinh Son - Song Dinh	377	448	503	508	513	518
Upper Kon Tum	0	768	1,244	1,244	1,244	1,244
NPAT	155	-178	205	210	273	339
Vinh Son - Song Dinh	155	251	256	194	190	190
Upper Kon Tum	0	-429	-51	16	83	149
REE's shared profit/loss	33	-37	43	44	57	71

Source: VCSC forecast

REE has recently acquired Thuan Binh Wind Power JSC

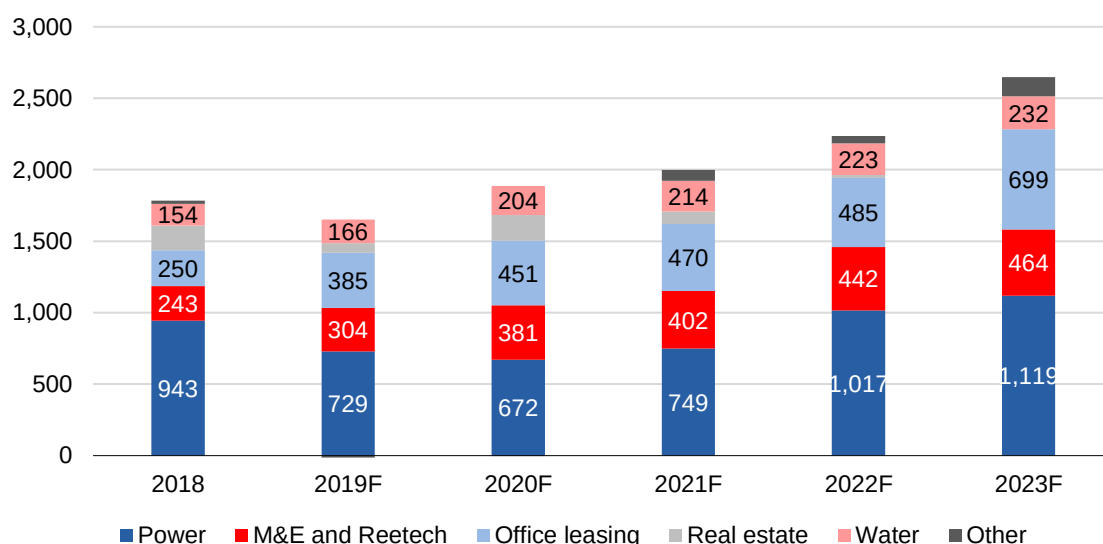
REE recently accumulated a further 24% stake in the Thuan Binh wind power plant (24 MW) and will consolidate this plant from Q4 2019 (REE's total stake of 57%, including an 8% indirect stake via TBC - REE's subsidiary). This company also has a license to build another wind power plant with a capacity of 26 MW that will be located next to its existing plant. However, REE's management has not disclosed detailed guidance for the 26 MW capacity expansion. Therefore, we temporarily do not incorporate this capacity expansion to our model, but the expansion implies an upside risk to our earnings forecast.

Medium-term forecasts

We project 2019-2023F NPAT-MI CAGR of 12.7%, in which:

- We expect Upper Kon Tum to break even in 2021, leading to our 2021F NPAT-MI growth of 6.1% for REE.
- We forecast the Tra Vinh wind power plant to break even in 2021 and make significant contributions from 2022, helping to boost 2022F NPAT-MI by 11.8% (based on our forecast).
- Our 2023F NPAT-MI growth of 18.4% is mainly driven by the E-town 6 operation.

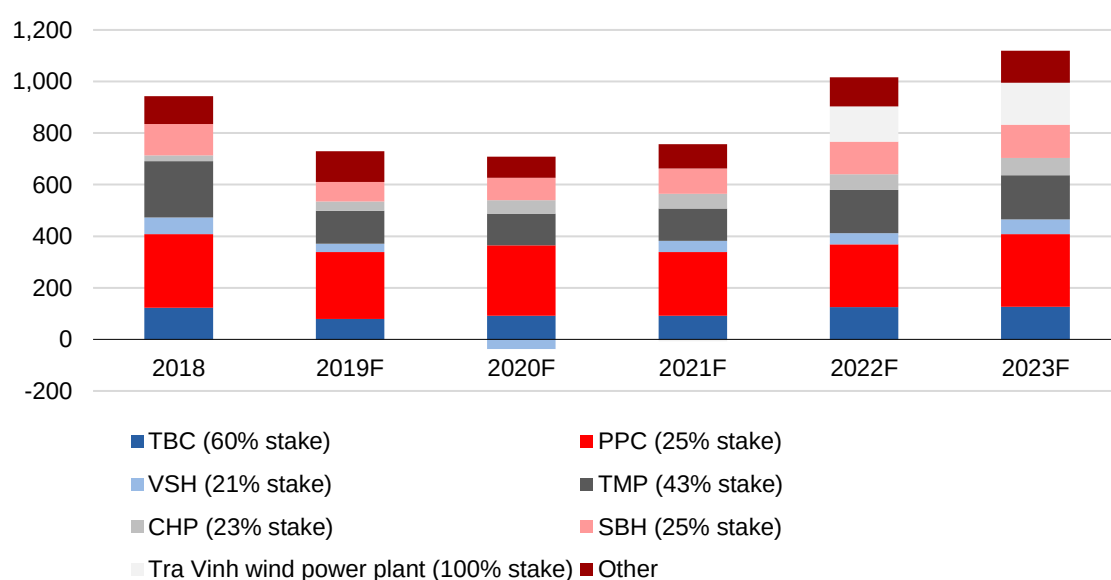
Figure 5: REE's NPAT by segment (VND bn)



Source: VCSC forecast

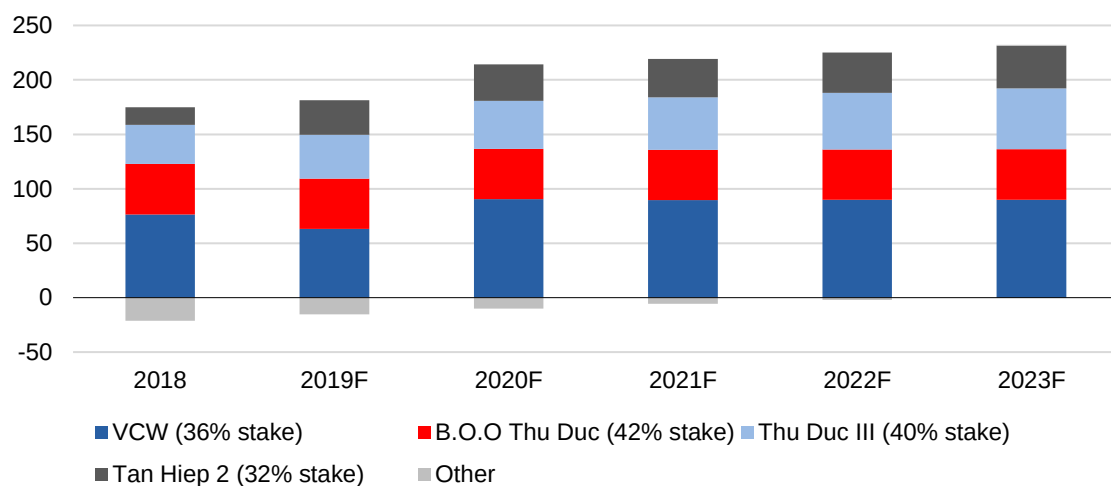
We break down earnings contribution by subsidiaries and associated companies for power (**Figure 6**), water (**Figure 7**) and real estate (**Figure 8**). We also break down office leasing earnings by buildings (**Figure 9**) in which REE has 100% stake.

Figure 6: REE's power earnings by plant (VND bn)



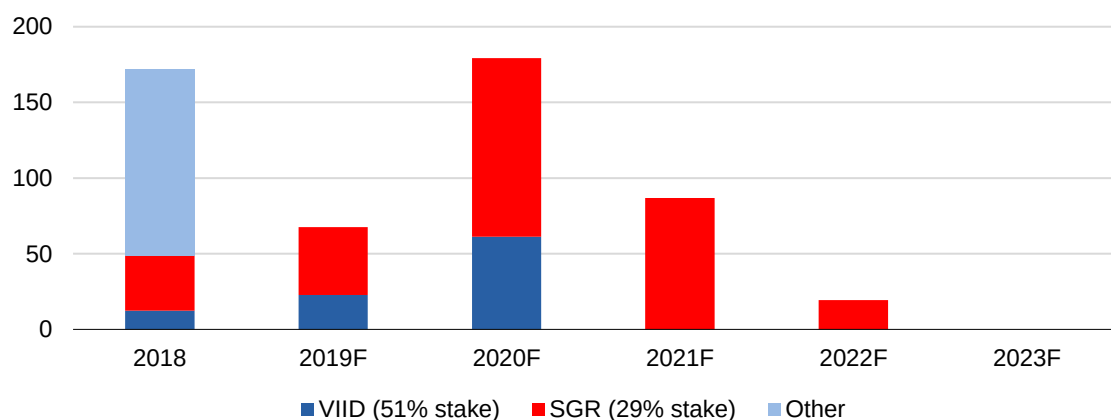
Source: VCSC forecast

Figure 7: REE's water earnings by plant (VND bn)



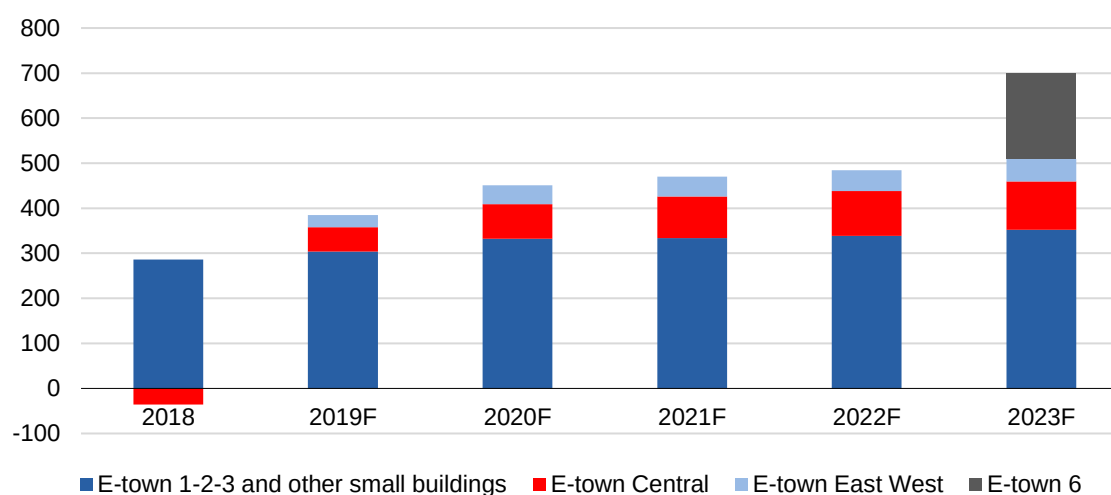
Source: VCSC forecast

Figure 8: REE's real estate earnings by company (VND bn)



Source: VCSC forecast

Figure 9: REE's office leasing earnings by building (VND bn)



Source: VCSC forecast

Valuation

Target price derivation

We continue to apply a 100% DCF valuation for REE based on projected consolidated cashflow, which we believe should capture the long-term outlook for REE's new investment projects. We note that we apply a 10% conglomerate discount to our DCF valuation.

We raise our target price by 5.7% from VND45,700/share to VND48,300/share due to the impact of rolling our target price to end-2020 while we have insignificant changes to our 2020-2023 NPAT-MI forecast for REE (-0.1% vs previous forecast).

Figure 10: Valuation (VND/share)

VND bn	Fair value
DCF valuation	53,700
Discount (%)	10%
Target price	48,300
Upside	33.6%
Dividend yield	5.0%
TSR %	38.6%
2020F P/E at target price	7.9x

Source: VCSC forecast

DCF valuation

Figure 11: DCF Valuation

Cost of Capital	Old	Revised	FCFF (Five Year)	VND bn
Beta	1.0	1.0	PV of Free Cash Flows	5,935
Market Risk Premium %	8.4%	8.7%	PV of Terminal Val (1.0% g)	12,242
Risk Free Rate %	4.8%	4.5%	PV of FCF and TV	18,177
Cost of Equity %	13.2%	13.2%	+ Cash & ST investments	3,478
Cost of Debt %	8.0%	8.0%	- Debt	-4,191
Debt %	29.7%	25.1%	- Minority Interest	-820
Equity %	70.3%	74.9%	Equity Value	16,645
Corporate Tax Rate %	20.0%	20.0%	Shares (million)	310
WACC %	11.2%	11.5%	DCF value per share, VND	53,700

Source: VCSC forecast

Figure 12: Discounted cash flow

VND bn	2020F	2021F	2022F	2023F	2024F
NPAT	1,884	2,000	2,237	2,647	2,892
+ Interest expense	261	231	206	198	189
+ Depreciation	186	246	306	426	546
- Working cap increase	-209	35	-92	-139	-48
- Capex	-1,000	-1,500	-1,000	-400	-400
- Adjust for non-cash income	-177	-186	-188	-198	-213
Free Cash Flow	946	826	1,470	2,534	2,967
Present Value of FCF	849	664	1,060	1,640	1,722
Cumulative PV of FCF	849	1,513	2,573	4,213	5,935

Source: VCSC forecast

Peers

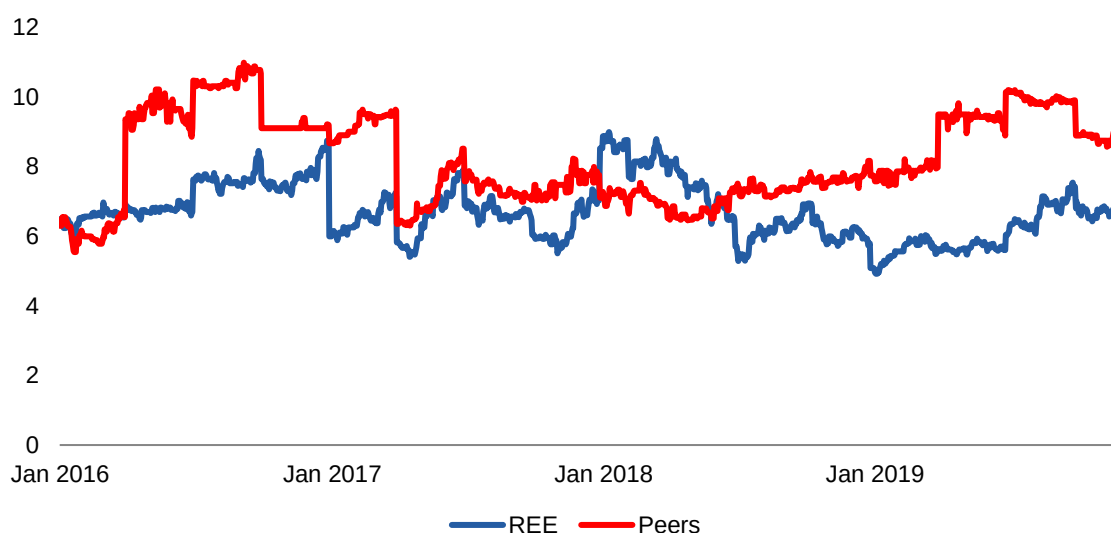
We chose peers from the M&E, power and real estate segments based on local listed companies. We picked local firms with only a single power plant, either hydropower or thermal. We average peers in the M&E, power and real estate segments to generate a peer for REE; this is for reference as we do not use a multiple valuation for REE.

Figure 13: Peer comparison

Ticker	Market Cap (USD mn)	TTM Net sales (USD mn)	YoY %	TTM NPAT (USD mn)	YoY %	Net D/E (%)	ROE (%)	ROA (%)	Dividend yield (%)	TTM PER (x)	TTM PBR (x)
M&E											
SRF	19	74	2.1	4	38.4	70.2	22.2	5.8	10.4	4.4	0.9
DHP	4	12	6.3	1	71.7	11.2	11.2	9.1	11.1	4.9	0.5
KSD	3	6	-19.3	0	-24.1	-1.4	5.2	4.9	n/a	13.1	0.7
MCG	4	7	83.2	-7	n/a	105.0	0.2	0.0	n/a	n/a	0.4
Average	8	24	18.1	-1	28.7	46.3	9.7	4.9	10.8	7.5	0.6
POWER											
PPC	391	333	12.6	49	3.3	-14.0	17.2	13.5	9.5	8.9	1.5
NT2	282	335	0.7	34	-5.5	78.3	20.0	9.7	4.0	8.4	1.6
VSH	202	16	-40.7	13	-59.0	147.5	4.5	1.7	n/a	35.3	1.5
TBC	67	15	-7.1	9	-6.7	-55.1	18.7	17.8	8.2	8.7	1.6
TMP	104	30	-10.6	22	8.9	-46.6	32.3	25.6	8.7	5.7	1.7
SHP	91	27	-0.9	8	-0.3	72.1	15.7	8.4	8.9	11.5	1.8
CHP	121	27	30.0	4	87.9	55.2	11.8	6.0	7.4	14.8	1.8
SJD	64	17	-21.0	8	-40.1	9.5	13.3	8.0	11.6	12.1	1.7
Average	165	100	-4.6	18	-1.4	30.9	16.7	11.3	8.3	13.2	1.6
REAL ESTATE											
NLG	295	89	-51.6	33	-33.9	-20.7	11.7	5.5	1.6	13.2	1.5
PDR	364	175	496.5	28	28.3	-5.4	20.1	5.9	n/a	12.1	2.2
KDH	357	422	12.1	25	14.3	4.9	10.1	3.6	5.4	13.2	1.3
DXG	621	148	74.9	35	71.7	-12.6	13.5	8.8	1.5	15.6	2.0
Average	317	224	17.3	51	28.2	21.4	25.9	8.5	2.8	4.4	0.8
PEER	188	112	41.1	17	16.3	24.9	14.2	7.6	7.3	10.8	1.3
REE	481	224	1.3	77	10.7	1.8	17.0	10.4	5.0	6.4	1.1

Source: Bloomberg, Data as of November 28, 2019.

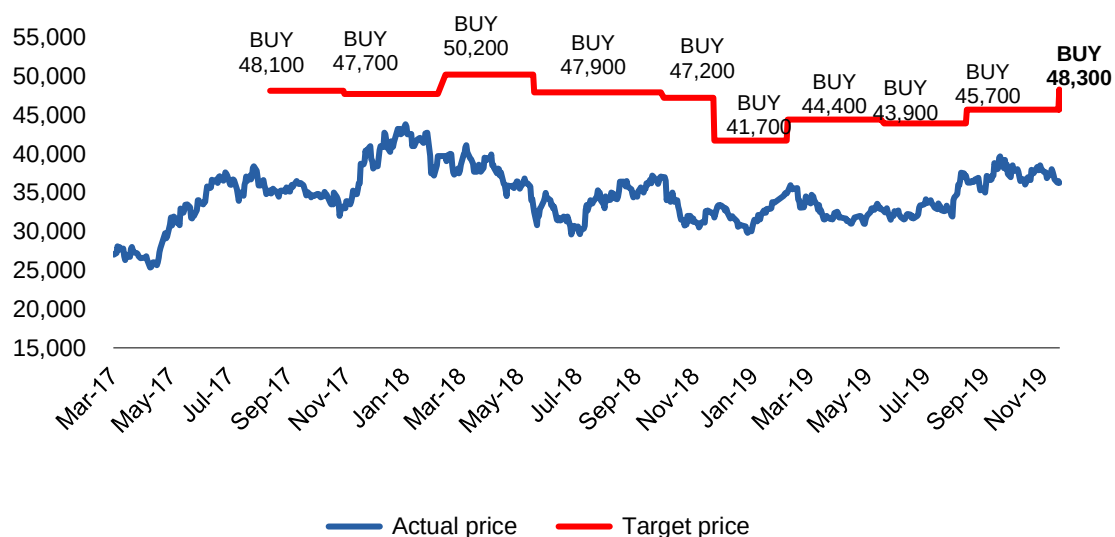
Figure 14: Historical P/E of Vietnamese power plant peers (x)



Source: Bloomberg

Recommendation history

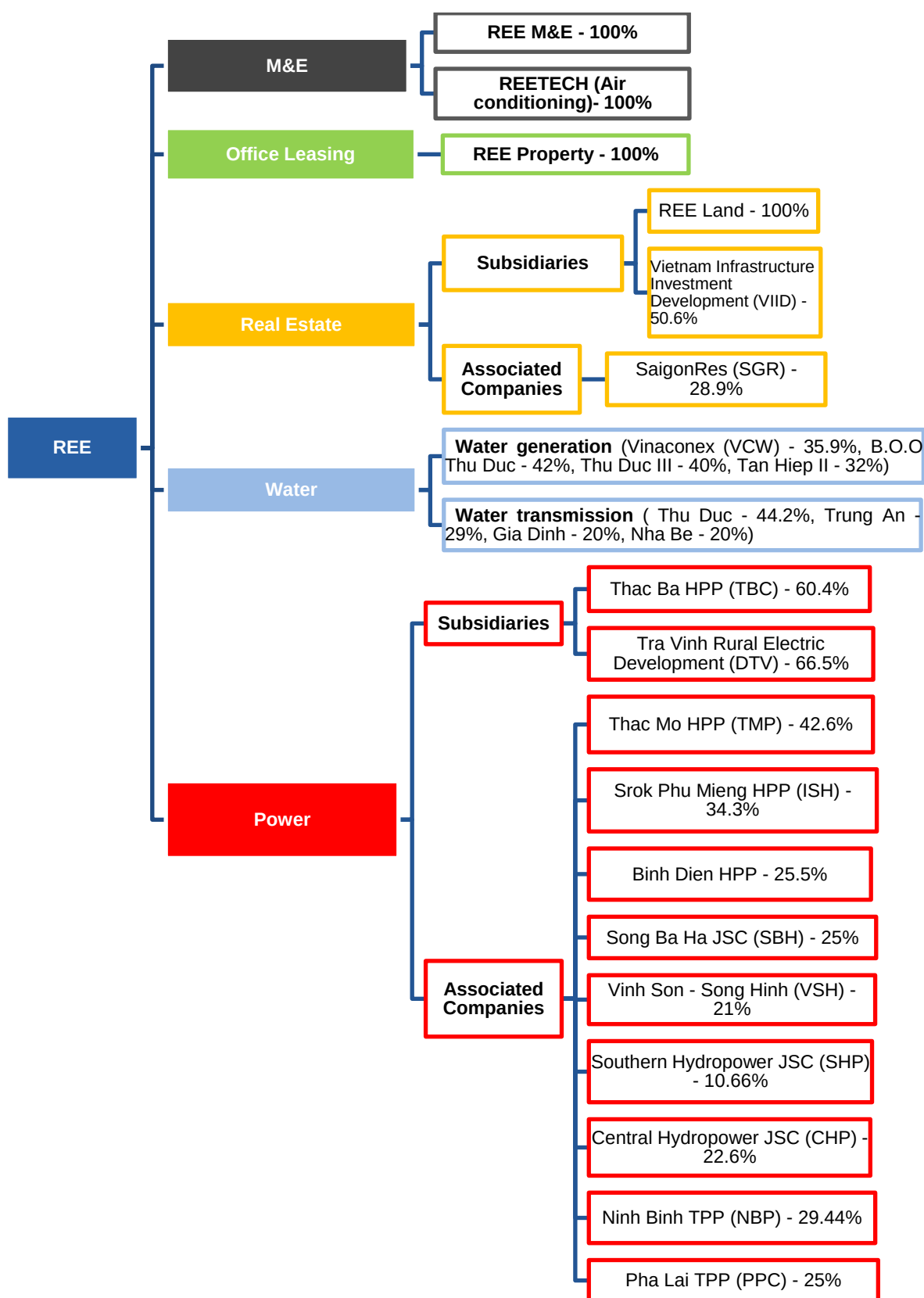
Figure 15: Historical target price and recommendation (VND/share)



Source: Bloomberg, VCSC

Appendix: Corporate structure

Figure 16: Corporate structure



Source: REE

Financial Statements

P&L (VND bn)	2018	2019F	2020F	2021F	B/S (VND bn)	2018	2019F	2020F	2021F
Revenue	5,101	5,201	6,478	6,239	Cash & equivalents	1,865	2,557	2,309	1,944
COGS	-3,873	-3,768	-4,622	-4,402	ST investment	1,169	1,169	1,169	1,169
Gross Profit	1,228	1,433	1,857	1,837	Accounts receivables	1,966	1,582	1,970	1,898
Sales & Marketing exp	-99	-104	-130	-125	Inventories	969	1,228	1,507	1,435
General & Admin exp	-217	-221	-275	-265	Other current assets	47	47	47	47
Operating Profit	913	1,108	1,452	1,447	Total Current assets	6,016	6,584	7,002	6,493
Financial income	304	361	252	234	Fix assets, gross	3,482	4,124	5,000	6,356
Financial expenses	-111	-367	-326	-288	- Depreciation	-1,281	-1,343	-1,405	-1,507
- o/w interest expense	-225	-367	-326	-288	Fix assets, net	2,201	2,782	3,595	4,849
Associates	999	827	900	948	LT investment	6,962	8,524	8,701	8,887
Net other income/(loss)	14	14	14	14	LT assets other	319	320	320	320
Profit before Tax	2,118	1,943	2,292	2,355	Total LT assets	9,483	11,626	12,616	14,056
Income Tax	-233	-223	-278	-281	Total Assets	15,500	18,210	19,618	20,549
NPAT before MI	1,885	1,720	2,014	2,073	Accounts payable	1,444	1,469	1,802	1,716
Minority Interest	-101	-81	-129	-74	Short-term debt	1,111	805	776	679
NPAT less MI, reported	1,784	1,639	1,884	2,000	Other ST liabilities	500	510	635	612
NPAT less MI, adjusted⁽¹⁾	1,658	1,633	1,877	1,992	Total current liabilities	3,056	2,783	3,213	3,007
EBITDA	1,074	1,274	1,638	1,693	Long term debt	2,070	3,891	3,415	3,035
EPS reported, VND	5,754	5,285	6,077	6,450	Other LT liabilities	446	446	446	446
EPS adjusted ⁽¹⁾ , VND	5,346	5,266	6,055	6,426	Total Liabilities	2,516	4,336	3,860	3,481
EPS fully diluted, VND	5,346	5,266	6,055	6,426	Preferred Equity	0	0	0	0
DPS, VND	1,600	1,800	1,800	1,800	Paid in capital	3,101	3,101	3,101	3,101
DPS/EPS (%)	29.9%	34.2%	29.7%	28.0%	Share premium	1,050	1,050	1,050	1,050
(1) Adjusted for bonus & welfare fund and QTP's provision/write-back					Retained earnings	4,928	6,008	7,335	8,776
RATIOS	2018	2019F	2020F	2021F	Other equity	240	240	240	240
Growth					Minority interest	610	690	820	894
Revenue growth	2.1%	2.0%	24.6%	-3.7%	Total equity	9,928	11,090	12,546	14,061
Op profit (EBIT) growth	-16.5%	21.4%	31.0%	-0.3%	Liabilities & equity	15,500	18,210	19,618	20,549
EPS growth, reported	29.5%	-8.1%	15.0%	6.1%					
EPS growth, Adjusted	10.1%	-1.5%	15.0%	6.1%	Y/E shares out, mn	310	310	310	310
Profitability					CASH FLOW (VND bn)	2018	2019F	2020F	2021F
Gross Profit Margin	24.1%	27.6%	28.7%	29.4%	Beginning Cash Balance	2,397	1,865	2,557	2,309
Op Profit, (EBIT) Margin	17.9%	21.3%	22.4%	23.2%	Net Income	1,784	1,639	1,884	2,000
EBITDA Margin	21.1%	24.5%	25.3%	27.1%	Dep, & amortization	161	166	186	246
NPAT-MI Margin, reported	35.0%	31.5%	29.1%	31.9%	Change in Working Cap	-434	159	-209	35
ROE	19.2%	15.6%	15.9%	15.0%	Other adjustments ⁽²⁾	-1,415	-827	-900	-948
ROA	12.0%	9.7%	10.0%	10.0%	Cash from Operations	97	1,138	962	1,334
Efficiency					Capital Expenditures, net	-348	-747	-1,000	-1,500
Days Inventory On Hand	119.0	106.4	108.0	121.9	Investments, net ⁽³⁾	122	-736	723	762
Days Accts, Receivable	111.0	124.5	100.1	113.1	Cash from Investments	-227	-1,482	-277	-738
Days Accts, Payable	142.3	141.1	129.1	145.8	Dividends Paid	-602	-558	-558	-558
Cash Conversion Days	87.7	89.8	78.9	89.3	Δ in Share Capital	0	0	0	0
Liquidity					Δ in ST debt	0	-306	-29	-97
Current Ratio x	2.0	2.4	2.2	2.2	Δ in LT debt	199	1,821	-476	-379
Quick Ratio x	1.7	1.9	1.7	1.7	Other financing C/F	0	81	129	74
Cash Ratio x	0.6	0.9	0.7	0.6	Cash from Financing	-403	1,037	-934	-960
Debt / Assets	20.5%	25.8%	21.4%	18.1%	Net Change in Cash	-533	693	-248	-365
Debt / Capital	24.3%	29.7%	25.0%	20.9%	Ending Cash Balance	1,865	2,557	2,309	1,944
Net Debt / Equity	1.5%	8.7%	5.7%	4.3%					
Interest Coverage x	4.1	3.0	4.4	5.0					

(2) Deduct income from associates, (3) Including dividend from associates

Source: Company data, VCSC



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