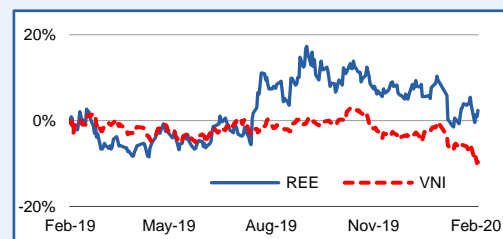




Refrigeration Electrical Engineering (REE) [BUY +47.8%]

Update Report

Industry	Utilities		2019	2020F	2021F	2022F
Report Date	March 6, 2020					
Current Price:	VND32,200	Rev Growth	-4.1%	25.4%	5.0%	8.5%
Target Price:	VND45,800	EPS Y/Y	-8.1%	1.6%	22.9%	8.2%
Previous TP:	VND48,300	EPS Y/Y*	-3.7%	3.9%	22.9%	8.2%
Upside to TP:	42.2%	EBITDA Y/Y	4.4%	40.2%	12.6%	17.3%
Dividend Yield:	5.6%	FCF yield	12.9%	7.1%	2.1%	13.7%
TSR:	47.8%	P/B	1.0x	0.9x	0.8x	0.7x
		P/E	6.3x	6.0x	4.9x	4.5x
Market Cap:	USD429mn					
Foreign Room:	USD0	REE		Peers**	VNI	
ADTV30D:	USD1.4mn	P/E (ttm)	6.3x	11.3x	13.8x	
State Ownership:	0%	P/B (curr)	1.0x	1.2x	2.0x	
Outstanding Shares:	310 mn	Net D/E	0.3	0.2	N/A	
Fully Diluted Shares:	310 mn	ROE	16.6%	14.3%	15.1%	
		ROA	9.9%	5.3%	2.5%	



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

Share price at book value despite solid outlook

- We maintain a BUY rating but cut our target price by 5.2% to VND45,800 due to an 11.6% cut to our 2020F NPAT-MI forecast. Our 2021-2024F earnings forecasts are broadly unchanged.
- We cut 2020F NPAT-MI VND1.7tn (USD81.4mn, +4% YoY) due to lower profits from both the real estate segment (project delays) and M&E segment (lower margins).
- We expect REE to benefit from Vietnam's power shortage given its sizable power portfolio of 800 MW that is ideally located and possesses low production costs.
- In our view, REE's valuations are attractive with projected 2020F P/E of 6.1x, P/B of 0.9x and dividend yield of 5.5% vs our forecast for a robust 2019-2024F NPAT-MI CAGR of 10.9%.
- Upside catalyst: stronger-than-expected volume from hydropower segment in H2 2020.
- Downside risk: Lower-than-expected profit from M&E segment.

Power segment (50% of NPAT) to deliver a NPAT CAGR of 26% over 2020-2022. In late 2019, REE successfully raised its stake in associate VSH from 24.0% to 49.5%. In addition, we recently raised our 2020F adjusted NPAT for PPC (REE's 25%-owned associate) by 12.2% and increased our 2021-2029 NPAT forecast by an average of 6.5% (see our February 12, 2020 [PPC Update Report](#)). However, we expect REE's hydro portfolio to be negatively impacted by higher contracted volume. We raise our 2020-2024F contracted volume assumption for hydropower plants from 75%-80% to 90% — in line with EVN's decision announced in late December 2019 (see page 4). On a net-net basis, we see no significant change to our NPAT forecasts for REE's power segment.

Office leasing (27% NPAT) to see full-year contribution from E-town 5 in 2020, which we expect will add 10% YoY to segment NPAT. We estimate E-town 6 will start taking tenants by mid-2023 (instead of late 2022 as previously). Once the new office building is completed, an additional 70,000 sqm of NFA will be added to REE's existing portfolio of ~150,000 sqm and double segment NPAT. We estimate E-town 6 will bring an average of VND250bn (USD10.8mn) in NPAT p.a.

We expect strong growth from the M&E segment (15% of NPAT) in 2020. We project revenue and NPAT-MI to increase by 27.3% YoY and 38.6% YoY, respectively, given a continuing strong backlog that was at VND4.5tn (USD194mn) as of December 31, 2019. We note that we lower our segment NPAT forecast for 2020 and 2021 by ~5% and for 2022-2024 by ~10% due to lower margin assumptions following Q4 2019 results.

Muted outlook for 2020; however, newly acquired assets will help REE to shine in 2021. REE successfully completed its M&A guidance in 2019 with total disbursement of VND2.2tn (USD95mn), boosting total assets by 26% YoY, including VSH's Upper Kon Tum hydro power plant (220 MW). We expect this plant to break even in 2021 and thus play an important role in helping REE to deliver NPAT-MI growth of 22.9%.

2019 recap: Better-than-expected profits from the power and office leasing segments offset disappointing M&E

Figure 1: 2019 results

VND bn	Q4 2019	YoY	2019	YoY	% of 2019F	(a) YoY explanation (b) vs forecast
Revenue	1,325	-19.0%	4,890	-4.1%	94.0%	(a) Lower vs last year as M&E and real estate revenue recognition was delayed. (b) Fell short of our forecast due to lower-than-expected revenue from the M&E and real estate segments.
Power and water	184	-17.6%	790	-5.4%	110.7%	
M&E and air conditioning	256	-21.7%	3,143	-8.3%	92.4%	
Office leasing and real estate	855	-21.2%	927	10.5%	85.2%	
Gross profit	297	-23.1%	1,246	1.5%	87.0%	(b) Weaker-than-expected performance from M&E weighed down gross profit.
SG&A	-112	-8.8%	-301	-4.7%	92.5%	
Operating profit	185	-29.8%	946	3.6%	85.4%	
- Financial income	124	165.1%	442	45.6%	125.7%	(a) One-off gain of VND161bn from selling an investment license at Vung Ang 2 and other projects (b) Gain of VND70bn from disposing of investments in addition to higher interest income than expected.
- Financial expenses	-110	n/m	-386	246%	-107%	
Interest expense	-107	70.3%	-404	79.6%	110.2%	(a) Long-term debt increased from VND2.0tn to 4.7tn as REE ramped up borrowings to fund its projects.
QTP provision/write-back	3	-96.1%	36	-70.2%	n/m	
- Share profit/loss from associates	323	-3.7%	907	-9.2%	109.7%	(a) Lower profit from associate power plants (PPC) due to lower contracted volume and lower-than-expected profit from the water company (VCW).
- Net other income/loss	1	-86.7%	11	-22.9%	77.1%	
EBT	522	-20.0%	1,920	-9.3%	98.8%	
- Income tax exp	-76	12.4%	-201	-14.0%	86.2%	
Profit after tax	445	-23.8%	1,720	-8.8%	100.0%	
- Minority interests	-28	-13.8%	-81	-19.6%	100.1%	
NPAT-MI	417	-24.4%	1,639	-8.1%	100.0%	(a) Dragged by (1) lower earnings from power and (2) a lower provision write-back from QTP, which was offset by (3) a strong performance from office leasing. (b) In line with our forecast as higher-than-expected profit from the power and office leasing segments offset lower-than-expected profit from M&E.
Power and Water*	276	-20.5%	943	-10.7%	109.3%	(b) Driven by PPC's NPAT exceeding our forecast by 33% and a disposal gain from Vung Ang 2.
M&E and air conditioning	55	-24.8%	245	0.8%	87.6%	(b) Weaker-than-expected revenue and margin.
Office leasing and real estate	166	36.3%	487	15.2%	107.4%	(b) Higher-than-expected margin from office leasing combined with higher profit from SaigonRes.
Other	-11	n/m	-37	n/m	294.8%	
NPAT-MI adjusted for QTP** provision	415	-14.6%	1,603	-3.7%	97.8%	

Source: REE, VCSC

2020 outlook: Strong office leasing and M&E earnings growth to offset weaker power contribution

Figure 2: 2020 forecast

VND bn	2019	2020F New	2020F New vs Old	2020F vs 2019	Note (a) YoY explanation (b) Explanation for change in forecast
Revenue	4,890	6,132	-5.4%	25.4%	(a) Strong growth from all segments, particularly the power segment, driven by full-year consolidation of newly acquired assets (Muong Hum hydropower and Thuan Binh wind power). (b) Adjusting for postponed revenue booking at real estate subsidiary - VIID.
Power	790	994	12.0%	25.9%	
M&E & air conditioning	3,143	4,000	0.0%	27.3%	
Office leasing & RE	927	1,137	-28.5%	22.7%	
Gross profit	1,246	1,768	-4.8%	41.9%	(a) Mainly from M&E and office leasing segments. (b) Lower gross profit from VIID assumption.
SG&A	-301	-383	-5.4%	27.5%	
Operating profit	946	1,385	-4.6%	46.5%	
- Financial income	442	177	-29.7%	-59.9%	(a) No gain from asset disposal as in 2019. (b) Due to lower cash balance as a result of investments in long-term bonds and higher receivables.
- Financial expenses	-386	-352	7.9%	-8.7%	
Interest expense	-404	-352	7.9%	-12.8%	
- Share profit/loss from associates	907	766	-14.9%	-15.6%	(a) and (b) Higher base in 2019 mainly due to a one-off gain from PPC and a VND63bn loss recognized by VSH.
- Net other income/loss	11	11	-22.9%	0.0%	
EBT	1,920	1,987	-13.3%	3.5%	
NPAT-MI	1,639	1,666	-11.6%	1.6%	(b) Lower income from associates due to VSH recognizing loss.
Power	802	645	-4.1%	-19.6%	(a) No more gain from asset disposal as in 2019. (b) Due to higher contracted volume for hydropower plants at PPA price, which is lower than CGM price.
M&E & air conditioning	245	340	-10.8%	38.6%	(a) Strong growth in M&E based on management guidance for robust backlog (b) We lower our margin assumption following Q4 result
Office leasing	426	469	4.0%	10.1%	
Real estate	61	55	-69.2%	-10.2%	(b) Lower contribution from delayed projects of associate company (Saigon Res) and subsidiary VIID.
Water	141	168	-17.4%	19.2%	From VCW's earnings recovery and more profit from other water companies.
Other	-37	-11	n/m	-69.5%	
NPAT-MI adjusted for QTP provision	1,603	1,666	-11.6%	3.9%	

Source: REE, VCSC

New developments

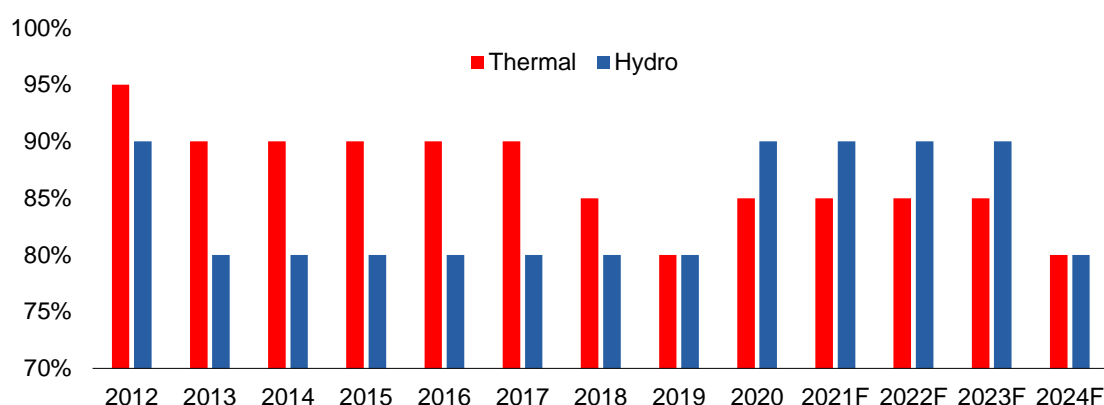
Power segment

Higher contracted volume is negative for hydropower plants

Per Decision 122/QĐ-ĐTĐL, dated December 27, 2019, EVN raised the contracted volume ratio (Qc) for hydropower plants from 80% in 2019 to 90% in 2020. This increase is a negative development for hydropower plants as their PPA price is usually lower than CGM price [Revenue of power plant = PPA price * Qc + CGM price * Non-Qc].

We assume this increase is due to EVN's concern regarding a worsening electricity shortage that could boost CGM prices. We raise our 2021-2023 contracted volume assumption for all REE's hydropower plants from 75%-80% to 90%.

Figure 3: Contracted volume ratio in 2012-2024F



Source: EVN, VCSC forecast

REE increased its stake in VSH from 24% to 49.5%

- In late 2019, REE increased its stake in VSH from 24% to 49.5%.
- **Progress of Upper Kon Tum project:** This project will start commercial operation from June 2020 instead of March 2020 as originally guided.
- **PPA and capex assumption:** REE guides for a temporary PPA of VND800/kWh and original capex of VND5.7tn for accounting in 2020.
- We reduce our loss estimation for VSH in 2020 due to a change in our capex assumption (from the latest capex of VND9.4tn to VND5.7tn) despite a lower volume assumption for Upper Kon Tum caused by a shorter period of operations (six months vs nine months as previously assumed).
- As a result, we forecast that REE could endure a VND63bn (USD2.7mn) loss from VSH in 2020, but receive nearly doubled profit from VSH in following years.

Figure 4: New vs previous forecast for VSH

VND bn	2019	2020F	2021F	2022F	2023F	2024F
Sales volume (mn kWh)						
Previous forecast	460	1,449	1,760	1,760	1,760	1,760
New forecast	492	1,318	1,760	1,760	1,760	1,760
New vs Previous	7.0%	-9.1%	-	-	-	-
Revenue						
Previous forecast	377	1,216	1,747	1,752	1,757	1,762
New forecast	400	1,012	1,529	1,760	1,765	1,770
New vs Previous	6.1%	-16.8%	-12.5%	0.5%	0.5%	0.4%
NPAT						
Previous forecast	155	-178	205	210	273	339

New forecast	159	-126	197	209	270	336
New vs Previous	2.7%	-29.3%	-3.7%	-0.4%	-0.9%	-0.8%
REE's shared profit/loss						
Previous forecast	33	-37	43	44	57	71
New forecast	33	-63	99	105	135	168
New vs Previous	2.7%	70.3%	130.2%	138.6%	136.8%	136.6%

Source: VCSC forecast

M&E segment

In 2019, M&E NPAT-MI trailed our forecast by 12.5%. However, we currently forecast this segment will deliver revenue growth of 27.3% YoY and NPAT growth of 38.5% YoY in 2020 given REE's continued strong accumulated backlog of ~VND4.5tn (USD194mn) as of December 31, 2020.

We note that we lower NPAT forecast for 2020-2021 by ~5% and 2022-2024 by ~10% due to a lower margin assumption.

Figure 5: M&E NPAT-MI 2019-2024F - new vs previous forecast (VND bn)

	2019A	2020F	2021F	2022F	2023F	2024F
NPAT						
Previous forecast	280	357	378	418	440	462
New forecast	245	340	357	374	391	408
New vs Previous	-12.5%	-4.8%	-5.6%	-10.5%	-11.1%	-11.7%

Source: VCSC's forecast

Office leasing segment: Progress of E-town 6 is slightly slower than expected

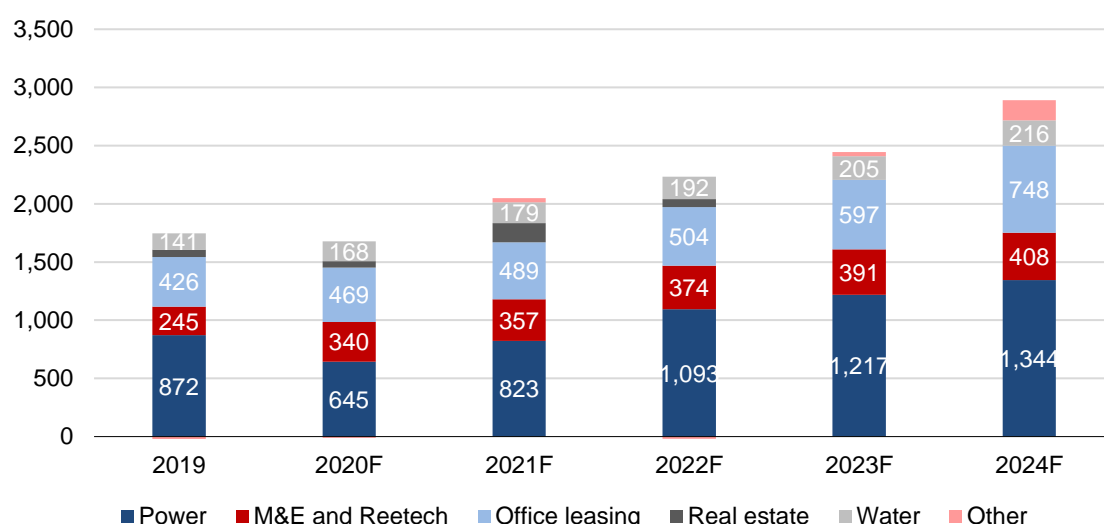
We note REE will start seeing a full-year contribution from E-town 5 in 2020, driving an additional VND43bn contribution to 2020F NPAT-MI. REE notes its newest office tower project, E-town 6, is scheduled to break ground at the end of 2020 (instead of June 2020 as previously) with its construction estimated to take two and a half to three years. We estimate E-town 6 will start taking tenants by mid-2023. When this new office building is completed, an additional 70,000 sqm of NFA will be added REE's existing portfolio of 141,480 sqm. Additionally, E-town 6 is expected to command a rental price of USD20-23/sqm. We estimate E-town 6 produce VND239bn of NPAT-MI annually starting from 2024.

Medium-term forecasts

We project a 2019-2024F NPAT-MI CAGR of 10.9%, in which:

- We expect Upper Kon Tum to break even in 2021, leading to 22.9% 2021F NPAT-MI growth for REE. Our increased forecast comes from REE's higher stake in VSH (from 24% to 50%)
- We forecast the Tra Vinh wind power plant to become commercially operational in 2021 and make significant contributions from 2022, which will help to boost 2022F NPAT-MI by 8.2%.
- Our 2023F NPAT-MI growth of 10.4% is mainly driven by E-town 6 coming into operation; however, we lower our forecast by 7.6%, which is mainly due to slower-than-expected construction progress.

Figure 6: REE's NPAT by segment (VND bn)



Source: VCSC forecast

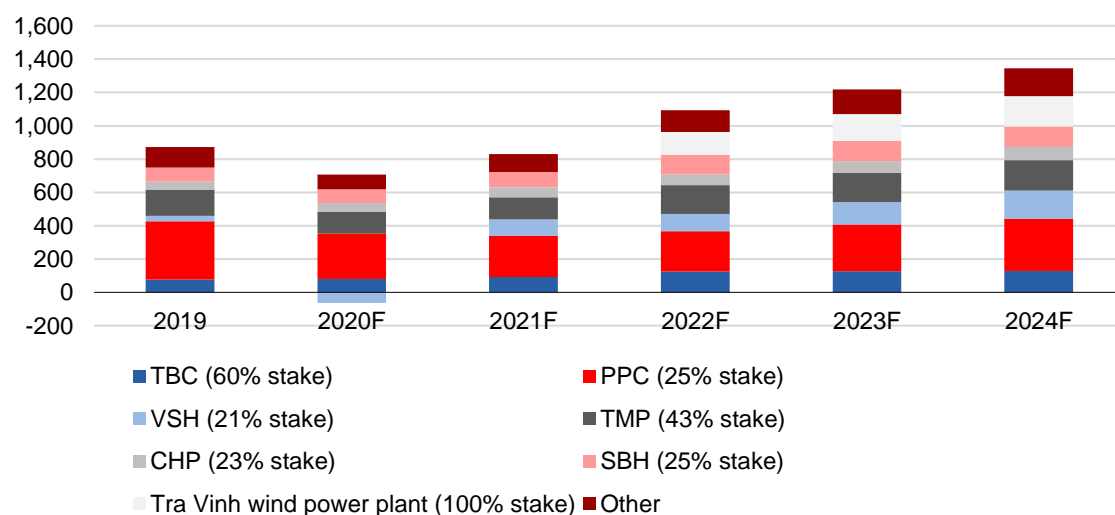
Figure 7: Change in consolidated NPAT forecast 2020-2024 (VND bn)

NPAT	2020F	2021F	2022F	2023F	2024F
Old forecast	1,884	2,000	2,237	2,647	2,892
New forecast	1,666	2,048	2,215	2,445	2,891
New vs old	-11.6%	2.4%	-1.0%	-7.6%	0.0%

Source: VCSC's forecast

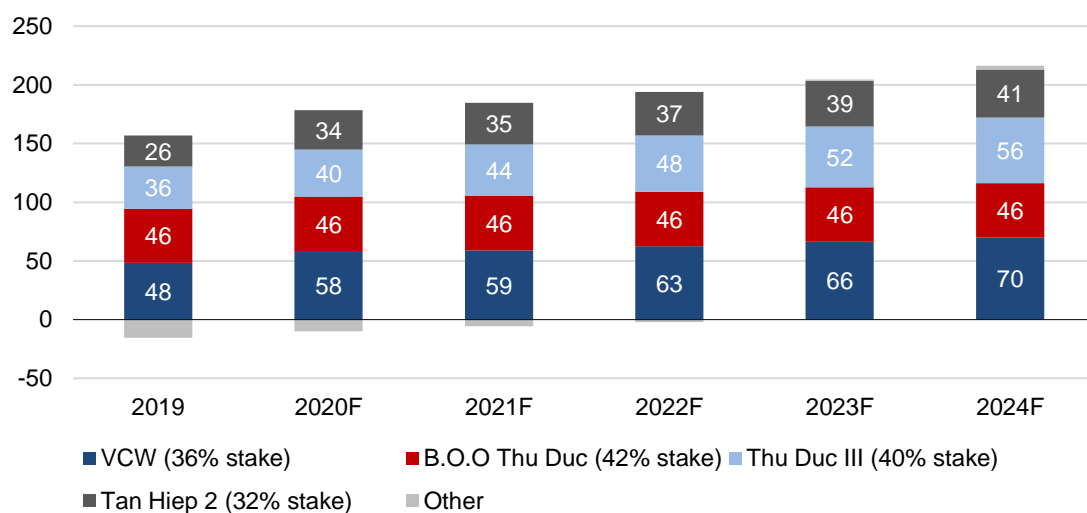
We break down the earnings contribution by subsidiaries and associated companies for power (**Figure 8**), water (**Figure 9**) and real estate (**Figure 9**). We also break down office leasing earnings by buildings (**Figure 10**) in which REE has 100% stake.

Figure 8: REE's power earnings by plant (VND bn)



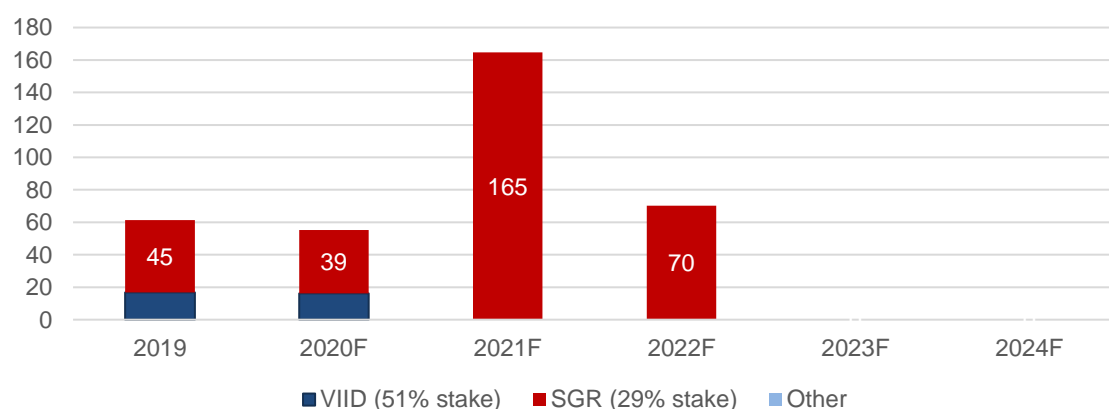
Source: VCSC forecast

Figure 9: REE's water earnings by plant (VND bn)



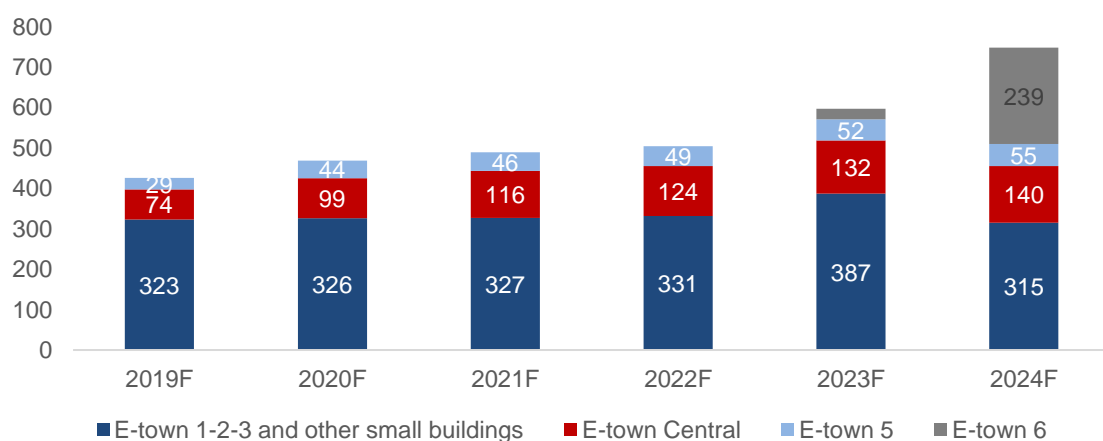
Source: VCSC forecast

Figure 10: REE's real estate earnings by company (VND bn)



Source: VCSC forecast

Figure 11: 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 lower our target price by 5.2% from VND48,300/share to VND45,800/share, which is largely driven by (1) a lower cash balance assumption due to higher working cap, bond investment and other long-term investments, (2) lower 2020F NPAT-MI and 3) an insignificant change to 2021-2024 NPAT forecast.

Figure 12: Valuation (VND/share)

VND bn	Fair value
DCF valuation	50,900
Discount (%)	10%
Target price	45,800
Upside	42.2%
Dividend yield	5.6%
TSR %	47.8%
2020F P/E at target price	8.5x

Source: VCSC forecast

DCF valuation

Figure 13: DCF Valuation

Cost of Capital	Old	Revised	FCFF (Five Year)	VND bn
Beta	1.0	1.0	PV of Free Cash Flows	5,419
Market Risk Premium %	8.7	8.7	PV of Terminal Val (1.0% g)	14,060
Risk Free Rate %	4.5	4.5	PV of FCF and TV	19,479
Cost of Equity %	13.2	13.2	+ Cash & ST investments	1,590
Cost of Debt %	8.0	8.0	- Debt	-4,512
Debt %	25.0	26.9	- Minority Interest	-782
Equity %	75.0	73.1	Equity Value	15,775
Corporate Tax Rate %	20.0	20.0	Shares (million)	310
WACC %	11.5	11.4	DCF value per share, VND	50,900

Source: VCSC forecast

Figure 14: Discounted cash flow

VND bn	2020F	2021F	2022F	2023F	2024F
NPAT	1,666	2,048	2,215	2,445	2,891
+ Interest expense	282	247	219	207	195
+ Depreciation	187	247	307	427	547
- Working cap increase	-223	-53	-96	-99	-109
- Capex	-1,000	-2,000	-1,000	0	0
- Adjust for non-cash income	-205	-282	-278	-284	-310
Free Cash Flow	706	207	1,367	2,696	3,214
Present Value of FCF	634	167	990	1,752	1,876
Cumulative PV of FCF	634	801	1,791	3,543	5,419

Source: VCSC forecast

Peers

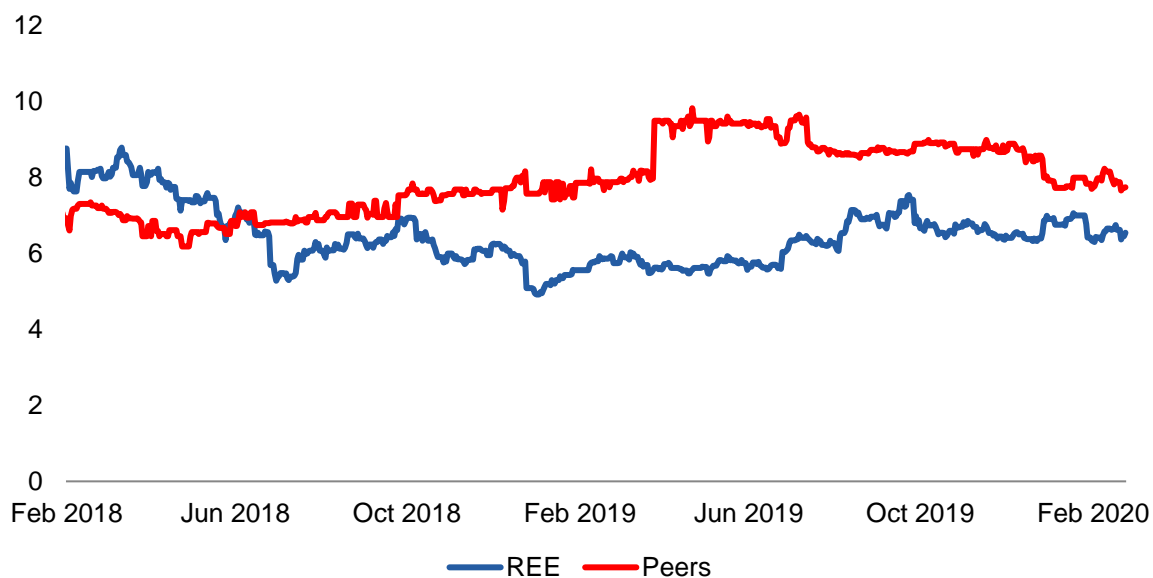
We choose peers from the M&E, power and real estate segments based on local listed companies. We have picked local firms with only a single power plant, either hydropower or thermal. We average peers in the M&E, power and real estate segments to generate a peer for REE; this is for reference as we do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

Figure 15: 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	19.2	73.9	(0.9)	2.8	(23.6)	70.2	22.2	5.8	10.3	7.1	1.0
DHP	4.1	12.0	10.6	0.5	(26.8)	11.2	11.2	9.1	10.0	7.9	0.6
KSD	3.8	4.5	(38.9)	0.2	72.9	(1.4)	5.2	4.9	n/a	23.1	0.8
MCG	3.8	6.3	38.0	0.6	n/a	105.0	0.2	0.0	n/a	n/a	0.4
Average	7.7	24.2	2.2	1.1	7.5	46.3	9.7	4.9	10.2	12.7	0.7
POWER											
PPC	380.1	352.3	15.0	54.6	12.9	(19.7)	21.8	17.8	10.9	7.0	1.5
NT2	244.1	329.5	(0.2)	32.7	(2.9)	28.8	19.1	9.3	5.1	7.6	1.4
VSH	193.5	17.2	(29.0)	6.8	(48.1)	167.5	5.2	1.9	n/a	28.7	1.4
TBC	62.9	12.8	(25.0)	5.5	(37.0)	29.9	13.9	9.8	2.2	11.3	1.5
TMP	106.9	28.3	(25.9)	15.6	(28.7)	(48.5)	26.4	20.9	8.5	6.9	1.7
SHP	92.8	27.7	3.8	9.3	15.4	54.8	16.2	9.8	8.9	10.7	1.7
CHP	117.8	30.7	51.8	9.3	124.7	81.1	12.2	6.7	7.6	12.7	1.6
SJD	50.2	18.3	(14.3)	6.6	(19.5)	10.9	16.2	10.9	8.9	7.6	1.3
Average	156.0	102.1	(3.0)	17.5	2.1	38.1	16.4	10.9	7.4	11.6	1.5
REAL ESTATE											
NLG	268.6	109.6	(26.8)	41.3	25.8	(17.7)	18.7	9.4	3.0	6.7	1.2
PDR	366.6	146.4	58.3	37.6	35.6	35.0	22.5	7.0	4.6	9.8	2.0
KDH	351.2	435.5	14.8	28.1	15.3	(9.0)	10.3	3.5	5.5	12.5	1.3
DXG	575.2	121.1	(3.5)	39.4	13.3	(5.5)	12.6	7.8	1.6	14.5	1.8
Average	266.3	250.3	25.1	52.4	3.2	35.8	20.3	7.2	n/a	4.2	0.9
PEER	176.4	113.0	4.3	19.5	9.4	30.7	14.3	7.6	7.1	11.3	1.2
REE	455.0	210.5	(4.1)	70.6	(8.1)	25.8	16.6	9.3	5.3	6.5	1.0

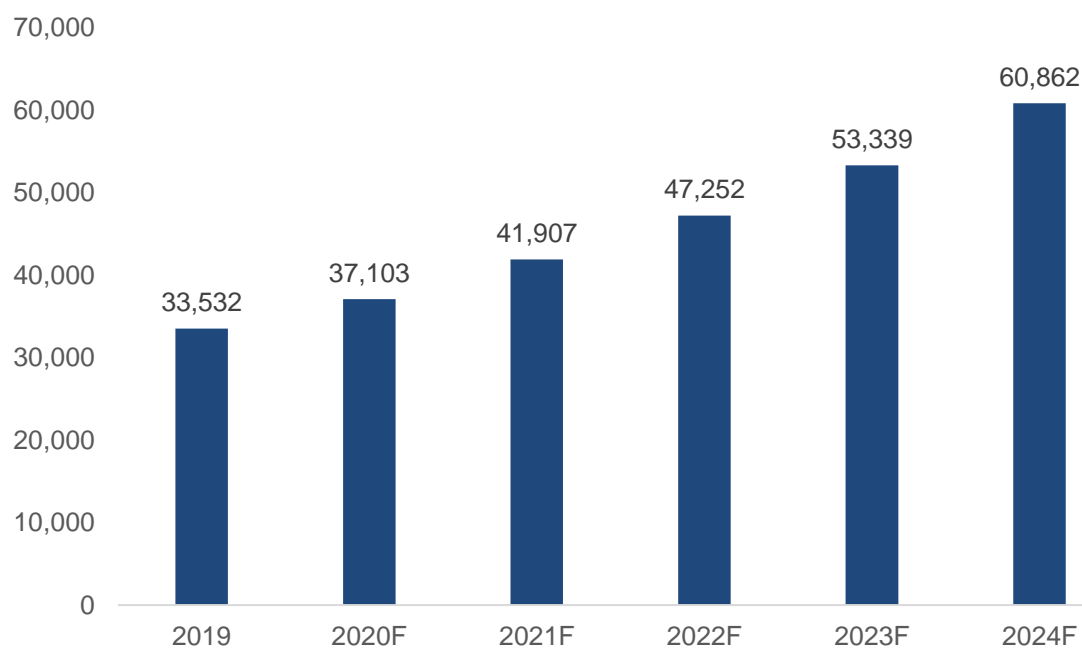
Source: Bloomberg

Figure 16: Historical P/E of Vietnamese power plant peers (x)



Source: Bloomberg, VCSC

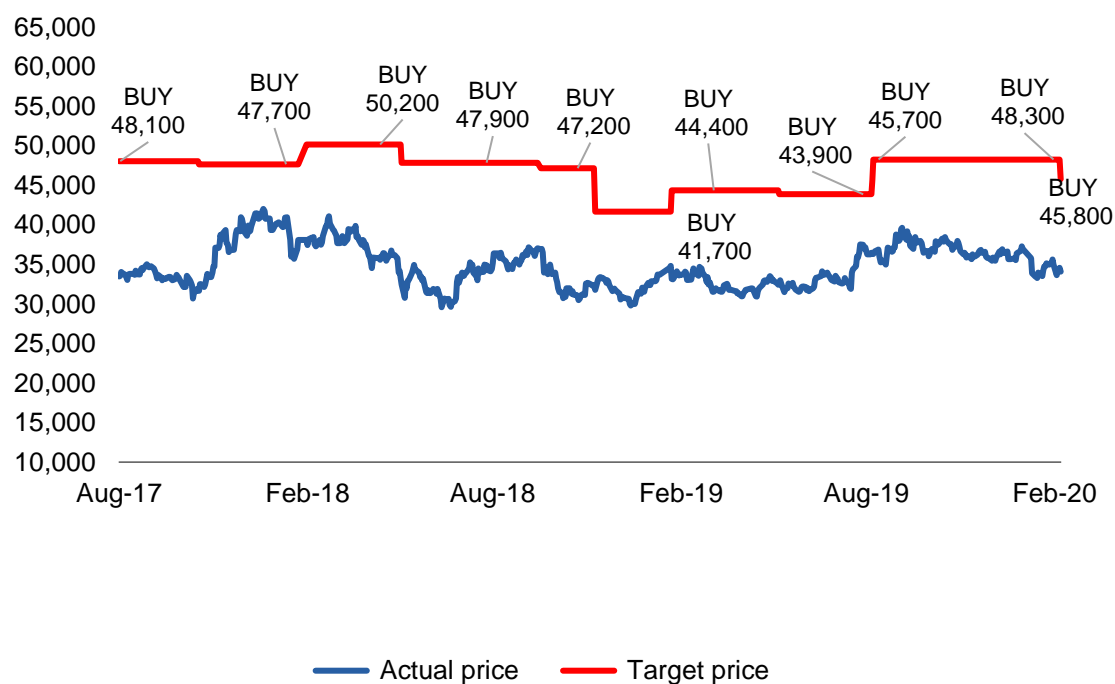
Figure 17: REE's book value per share (VND) for 2019-2024F



Source: Bloomberg, VCSC

Recommendation history

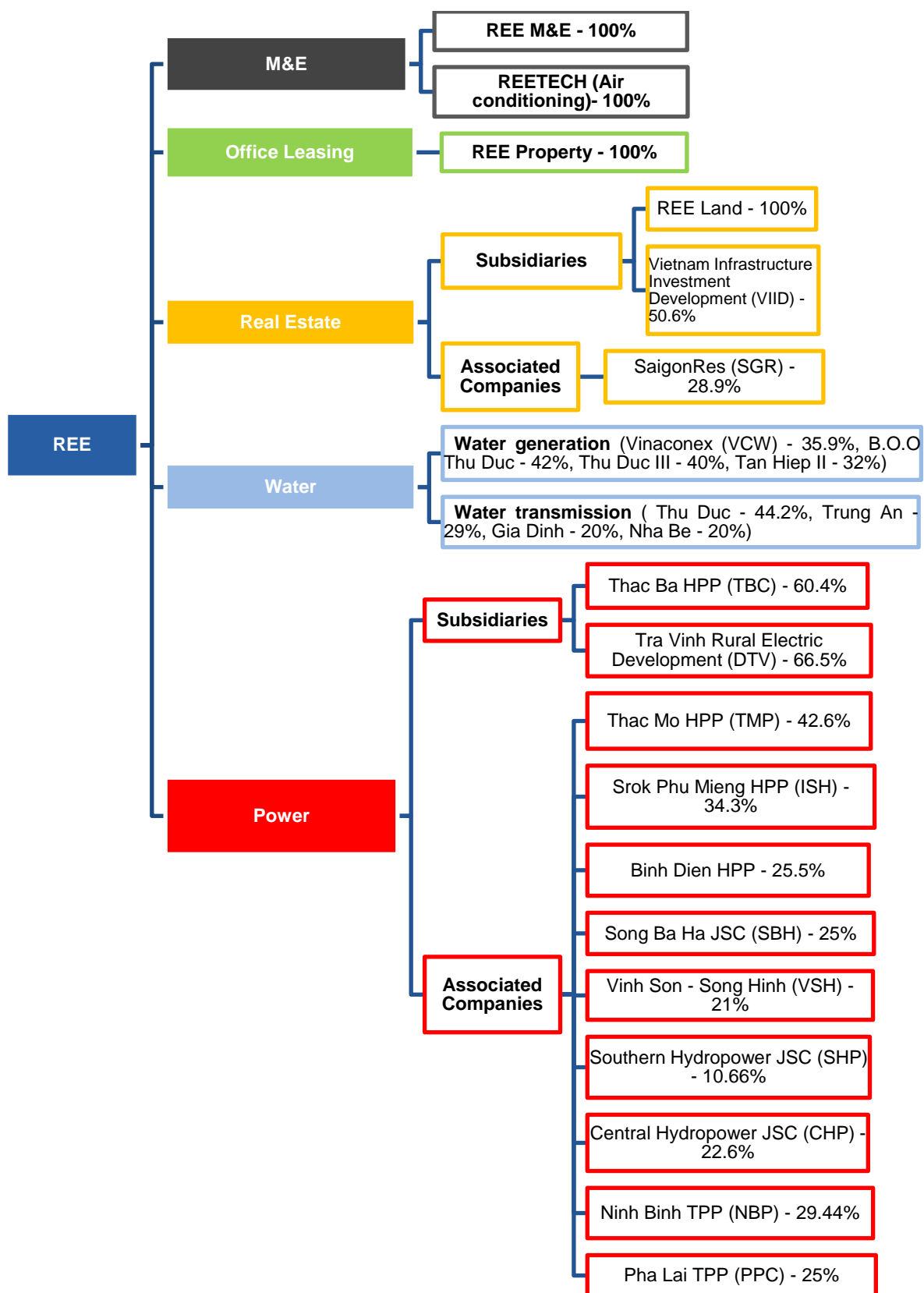
Figure 18: Historical target price and recommendation (VND/share)



Source: Bloomberg, VCSC

Appendix: Corporate structure

Figure 11: Corporate structure



Source: REE

Financial Statements

P&L (VND bn)	2019	2020F	2021F	2022F	B/S (VND bn)	2019	2020F	2021F	2022F
Revenue	4,890	6,132	6,437	6,987	Cash & equivalents	1,560	1590	532	784
COGS	-3,644	-4,363	-4,511	-4,780	ST investment	1,201	0	0	0
Gross Profit	1,246	1,768	1,926	2,207	Accounts receivables	2,153	1,865	1,958	2,125
Sales & Marketing exp	-78	-123	-129	-140	Inventories	987	1,422	1,470	1,558
General & Admin exp	-222	-261	-274	-297	Other current assets	112	112	112	112
Operating Profit	946	1,385	1,524	1,770	Total Current assets	6,013	4,989	4,071	4,579
Financial income	442	177	110	86	Fix assets, gross	5,550	6,419	8,269	9,098
Financial expenses	-386	-352	-309	-274	- Depreciation	-1,782	-1,838	-1,935	-2,071
- o/w interest expense	-404	-352	-309	-274	Fix assets, net	3,768	4,581	6,334	7,027
Associates	907	766	1,053	1,040	LT investment	9,211	9,416	9,698	9,976
Net other income/(loss)	11	11	11	11	LT assets other	627	627	627	627
Profit before Tax	1,920	1,987	2,388	2,633	Total LT assets	13,607	14,624	16,659	17,630
Income Tax	-201	-244	-267	-319	Total Assets	19,619	19,613	20,730	22,209
NPAT before MI	1,720	1,743	2,121	2,315	Accounts payable	1,495	1,701	1,759	1,863
Minority Interest	-81	-77	-74	-99	Short-term debt	888	776	679	435
NPAT less MI, reported	1,639	1,666	2,048	2,215	Other ST liabilities	883	601	631	685
NPAT less MI, adjusted⁽¹⁾	1,597	1,659	2,040	2,207	Total current liabilities	3,266	3,078	3,068	2,983
EBITDA	1,121	1,572	1,771	2,077	Long term debt	4,739	3,736	3,300	3,107
EPS reported, VND	5,285	5,372	6,604	7,145	Other LT liabilities	513	513	513	513
EPS adjusted ⁽¹⁾ , VND	5,150	5,352	6,580	7,119	Total Liabilities	5,252	4,250	3,813	3,620
EPS fully diluted, VND	5,150	5,352	6,580	7,119	Preferred Equity	0	0	0	0
DPS, VND	1,800	1,800	1,800	1,800	Paid in capital	3,101	3,101	3,101	3,101
DPS/EPS (%)	34.9%	33.6%	27.4%	25.3%	Share premium	1,050	1,050	1,050	1,050
(1) Adjusted for bonus & welfare fund and QTP's provision/write-back					Retained earnings	6,005	7,113	8,602	10,260
RATIOS	2019	2020F	2021F	2022F	Other equity	240	240	240	240
Growth					Minority interest	705	782	856	955
Revenue growth	-4.1%	25.4%	5.0%	8.5%	Total equity	11,101	12,286	13,849	15,606
Op profit (EBIT) growth	3.6%	46.5%	10.0%	16.2%	Liabilities & equity	19,619	19,613	20,730	22,209
EPS growth, reported	-8.1%	1.6%	22.9%	8.2%					
EPS growth, Adjusted	-3.7%	3.9%	22.9%	8.2%	Y/E shares out, mn	310	310	310	310
Profitability					CASH FLOW (VND bn)	2019	2020F	2021F	2022F
Gross Profit Margin	25.5%	28.8%	29.9%	31.6%	Beginning Cash Balance	1,865	1,559	1590	532
Op Profit, (EBIT) Margin	19.3%	22.6%	23.7%	25.3%	Net Income	1,639	1,666	2,048	2,215
EBITDA Margin	22.9%	25.6%	27.5%	29.7%	Dep, & amortization	176	187	247	307
NPAT-MI Margin, reported	33.5%	27.2%	31.7%	31.6%	Change in Working Cap	-284	-223	-53	-96
ROE	15.6%	14.2%	15.7%	15.0%	Other adjustments ⁽²⁾	-1,221	-766	-1,053	-1,040
ROA	9.3%	8.5%	10.2%	10.3%	Cash from Operations	309	864	1,188	1,386
Efficiency					Capital Expenditures, net	-287	-1,000	-2,000	-1,000
Days Inventory On Hand	98.0	100.8	117.0	115.6	Investments, net ⁽³⁾	-1,308	1762	771	762
Days Accts, Receivable	153.7	119.6	108.4	106.6	Cash from Investments	-1,595	762	-1,229	-238
Days Accts, Payable	147.2	133.7	140.0	138.3	Dividends Paid	-625	-558	-558	-558
Cash Conversion Days	104.5	86.7	85.5	84.0	Δ in Share Capital	0	0	0	0
Liquidity					Δ in ST debt	0	-112	-97	-244
Current Ratio x	1.8	1.6	1.3	1.5	Δ in LT debt	1,605	-1,003	-437	-193
Quick Ratio x	1.5	1.2	0.8	1.0	Other financing C/F	0	77	74	99
Cash Ratio x	0.5	0.1	-0.2	-0.1	Cash from Financing	980	-1,595	-1,018	-895
Debt / Assets	28.7%	23.0%	19.2%	15.9%	Net Change in Cash	-305	31	-1,059	252
Debt / Capital	33.6%	26.9%	22.3%	18.5%	Ending Cash Balance	1,559	1590	532	784
Net Debt / Equity	25.8%	23.8%	24.9%	17.7%	(2) Deduct income from associates, (3) Including dividend from associates				
Interest Coverage x	2.3	3.9	4.9	6.5					

Source: Company data, VCSC



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