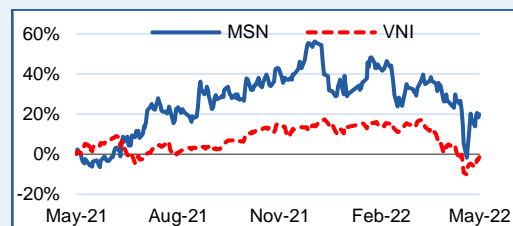




Masan Group (MSN) [BUY +43.8%]

Update Report

Industry:	Consumer		2021	2022F	2023F	2024F
Report Date:	May 27, 2022	Rev y/y	14.8%	1.1%	20.8%	21.2%
Current Price:	VND110,000	EPS y/y ¹	N.M.	38.7%	54.4%	48.2%
Target Price:	VND157,000	GPM	25.0%	29.8%	31.0%	31.7%
Last Target Price*:	VND158,000	NPM ¹	3.6%	4.9%	6.3%	7.8%
Upside to TP:	42.7%	EV/EBITDA ²	15.3x	13.4x	11.2x	9.2x
Dividend Yield:	1.1%	P/CFO	83.1x	74.9x	20.5x	13.4x
TSR:	43.8%	P/E ¹	49.0x	35.4x	22.9x	15.5x



Market Cap:	USD6.8bn		MSN	VNI
Foreign Room:	USD1.4bn	P/E (ttm) ¹	39.0x	13.6x
ADTV30D:	USD5.4mn	P/B (curr)	4.2x	2.1x
State Ownership:	0%	Net D/E	1.2x	N/A
Outstanding Shares:	1.4 bn	ROE ¹	18.3%	15.9%
Fully Diluted Shares:	1.4 bn	ROA ¹	3.3%	2.6%
3-yr PEG:	0.8	* Adjusted for bonus share issuance		
		¹ Based on recurring earnings; ² EBITDA includes profits from TCB		

Company Overview

Masan Group specializes in consumer businesses that span FMCG, retailing and the meat value chain. New initiatives are aimed toward a consumer-tech ecosystem with telecom and fintech products. Other businesses include metal-based materials and an associate stake in Techcombank.

Ha Huynh
Analyst
ha.huynhthu@vcsc.com.vn
+84 28 3914 3588 ext. 185

Nam Hoang
Manager
nam.hoang@vcsc.com.vn
+84 28 3914 3588 ext. 124

Consumer business remains earnings growth engine

- We trim our target price (TP) for MSN by 0.6% but maintain our BUY rating. Our lower TP is primarily driven by lower valuations of Masan Consumer Holdings (MCH), WinCommerce (WCM) and Phuc Long Heritage (PL) that are derived from aggregate decreases in each business's EBIT projection for 2022-2024F, which are offset by the positive effect of rolling our TP forward to mid-2023 vs previously YE2022.
- We remain bullish on MSN's ability to capture Vietnam's long-term consumption growth on the back of its leading, wide-ranging consumer businesses and the upcoming use of technology in its operations from its partnership with AI fintech company Trusting Social, which was announced at MSN's [2022 AGM](#). Nevertheless, we believe the prolonged impact from COVID-19 on consumer spending power and the threat of inflation will undermine sales volume and escalate the input costs of MSN's consumer businesses.
- Our 47% EPS CAGR forecast for 2021-2024 is driven by broad-based growth from operating businesses (29% EBIT CAGR in 2021-2024) and rising contributions from TCB vs stable net financial expenses.
- Potential upside catalysts: Successful pilot and following scale-up of technology application backed by Trusting Social; further ownership reductions in Masan Hi-Tech Materials (MHT) that would make MSN's business structure more consumer-focused; value-creating M&A surrounding MSN's consumer ecosystem.
- Key risks to our positive view: Ineffective store expansion at WCM and PL; ineffective product innovation and marketing that would lead to a significant slowdown in MCH's growth.

WCM: 2022F-2024F performance to be bolstered by store expansion and rollout of PL kiosks, which are partly offset by weak consumer spending power. We project MSN will add 680/1,000/1,200 new WinMart+ stores in 2022/2023/2024. In addition, WCM's margins via its revenue sharing with PL will benefit from MSN's plan to raise the number of PL kiosks from 600 at YE2021 to 2,000 by YE2022. However, we trim our forecast for SSSG of WinMart (supermarket) as we believe the spending power of mass consumers has been dampened by the prolonged adverse impact from two years of COVID-19 and recent inflation, which will hinder consumer basket size.

MCH: To maintain double-digit growth over the next few years; gross margin compresses due to input cost inflation. We believe MCH's strong core competencies in product R&D, marketing and distribution will enable it to maintain a 15% revenue CAGR and 19% NPAT-MI CAGR in 2021-2024. Nonetheless, we trim our forecast for 2022F gross margin by 0.7 ppts vs our previous forecast to 41.5% (vs 42.5% in 2021) in order to reflect the ongoing input (e.g., wheat, oil and packaging materials, among others) cost inflation that we believe cannot be fully passed on to consumers.

Q1 2022: Operating leverage from Masan Consumer, Masan High Tech Materials

Figure 1: MSN's Q1 2022 results

VND bn	Q1 2021	Q1 2022	YoY	VCSC comments
Net revenue ⁽¹⁾	19,977	18,189	-9%	Excluding 2021 feed revenue, LFL revenue growth was 12% YoY
MCH	5,494	6,448	17%	Mainly driven by convenience foods (+35% YoY — accounting for 32% of MCH's sales), processed meat (+58% YoY — accounting for 6% of MCH's sales) and seasonings (+7% YoY — accounting for 30% of MCH's sales), partly offset by -8.7% YoY growth in home personal care.
WCM	7,242	7,297	1%	Mainly driven by a higher number of minimart stores. Nevertheless, LFL revenue/sqm of WinMart (supermarket) and Winmart+ (minimart) fell 6.2% YoY and 4.4% YoY, respectively. In addition to weak consumer spending power that affects overall performance of modern trade retailers, we attribute the drop for Winmart+ to Q1 2021's high base that was elevated by consumers stocking up on goods due to the spread of COVID-19 in northern Vietnam. Regarding Winmart, we believe increasing consumer preference for minimart shopping has always affected supermarket sales on some level. New supermarket pilot stores with better layouts achieved 8% growth in revenue/sqm compared to existing stores. Store counts of WinMart and WinMart+ were 124 and 2,708 as of Q1 2022 vs 122 and 2,619 at YE2021, respectively.
MML	4,704	931	-80%	Mainly dragged by the deconsolidation of the feed business. Meanwhile, LFL growth was 5.4% YoY thanks to 31% YoY growth from the 3F Viet segment that was offset by a 4% YoY drop in branded pork and 57% YoY drop in pig farm revenue mainly due to lower average pork and live hog prices.
Phuc Long Heritage	-	257	N.M.	MSN acquired a controlling stake in Phuc Long in January 2022. 70% of revenue was generated from flagship stores and 14% from kiosks. Phuc Long operated 78 flagship stores, 13 mini-stores and 760 kiosks (+160 vs YE2021) as of Q1 2022.
MHT	2,963	3,930	33%	Driven by rising commodity prices and strong demand for tungsten.
EBITDA	3,142	3,655	16%	
MCH	1,142	1,466	28%	EBITDA margins advanced 1.9 pts YoY to 22.7% as gross margins improved by 1 ppt. Meanwhile, SG&A/revenue dropped 1.8 pts.
WCM	131	164	25%	EBITDA margin improved to 2.2% in Q1 2022 from 1.8% in Q1 2021, which was backed by further improvements in total commercial margins (TCM) through negotiations with suppliers and cost optimization (e.g., store operations and logistics).
MML	498	-28	N.M.	EBITDA margin dropped to -3.0% in Q1 2022 from 10.6% in Q1 2021 due to the deconsolidation of the feed business as well as lower live hog prices amid rising animal feed prices.
Phuc Long Heritage	N/A	47	N.M.	
MHT	478	878	84%	EBITDA margin increased to 22% in Q1 2022 from 16% in Q1 2021.
TCB's contribution	943	1,178	25%	Please see our Earnings Flash, TCB - NIM, lower provisions make up for drag on bond portfolio , dated April 26, 2022, for more details.
Others	-50	-63	N.M.	Overhead expenses at the holdco level and other items.
NPAT	343	1,895	453%	
NPAT-MI	187	1,596	754%	
Recurring NPAT	343	1,199	250%	One-off financial income from (1) the revaluation of the 20% stake in Phuc Long from the first tranche of this acquisition and (2) one-off fee income from the transaction with De Heus.
Recurring NPAT-MI	187	1,010	440%	

Source: MSN, VCSC. ⁽¹⁾ MSN's consolidated revenue is lower than the sum of its subsidiaries' revenue due to intercompany transactions between MCH/MML and WCM.

2022F: Consumer business to lead earnings growth

Figure 2: VCSC's 2022 forecasts

VND bn	2021	Old 2022F	New 2022F	New 2022F YoY	VCSC comments on New 2022F
Revenue	88,629	91,237	89,561	1%	
MCH	28,764	33,682	33,682	17%	Led by convenience foods (+20% YoY), energy drinks (+25% YoY), processed meat (+40% YoY), home/personal care (+30% YoY) and seasonings (+9% YoY).
WCM	30,900	38,092	36,602	18%	We trim our forecast for SSSG of WinMart (supermarket) by 8 ppts to a low single digit and also revise down our SSSG forecast for WinMart+ by 2 ppts. Meanwhile, we project WinMart+/WinMart store counts will be 3,299/127 (vs our previous forecast of 3,319/127) by YE2022 from 2,619/122 as of YE2021.
PL	N/A	2,539	2,395	N/A	We assume PL will add 100 full-concept stores and 1,000 kiosks (located inside WinMart+) vs our previous forecast of 1,400; as such, their respective store counts will be 178 and 1,600 by YE2022.
MML	18,891	6,326	6,221	-67%	No more contributions from the feed business. We project revenue from the entire integrated meat portfolio (pork + chicken) will surge 39% YoY to VND6.2tn (USD270mn) on the back of distribution expansion — especially via WCM's store network — and softer COVID-19 disruptions on 3F Viet's B2B sales channels.
MHT	13,564	15,602	15,602	15%	Mainly aided by higher realized selling prices for tungsten and fluorspar as well as a bigger contribution from copper as MHT is working with domestic copper smelters to offload its copper stock.
Intercompany adjustments & Others	-3,490	-5,003	-4,940	42%	Elimination of intercompany transactions between MCH/MML and WCM.
EBIT	6,283	7,905	7,371	17%	
MCH	5,769	6,686	6,469	12%	We trim our forecast for 2022F gross margin by 0.7 ppts vs our previous forecast to reflect ongoing input cost inflation, which we believe cannot be fully passed on to consumers.
WCM	-706	153	83	N.M.	We expect WCM to remain EBIT positive in 2022; however, we trim our forecast for WCM mainly due to our downward revision for (1) operating leverage and (2) PL's EBIT, which is nearly offset by our upward revision for gross margin by 20 bps to 21.6%.
PL	N/A	321	257	N/A	
MML	648	299	180	-72%	
MHT	1,187	2,259	2,259	90%	Thanks to operating leverage, a large portion of gains from selling price increases will flow straight to the bottom line.
Others (e.g., holdco overhead, goodwill amortization, interco adjustments)	-614	-1,813	-1,804	194%	Our projection increases due to (1) additional goodwill amortization related to the PL acquisition that amounts to nearly VND400bn/year (USD17mn) and (2) our fuller incorporation of intercompany transactions at the profit level.
Associate profits	3,897	4,832	4,867	25%	Shared profits primarily from TCB.
Interest expenses	-4,669	-4,586	-4,585	-2%	
Other non-operating items, net	5,978	-158	-158	-103%	
PBT	11,489	7,993	7,568	-34%	
NPAT	10,101	7,134	6,710	-34%	
NPAT-MI	8,563	4,722	4,418	-48%	
Recurring NPAT-MI	3,171	4,722	4,418	39%	

Source: MSN, VCSC

WCM: We maintain our view that 2022F-2024F performance will be driven by store expansion and the rollout of Phuc Long kiosks. However, we expect weak consumer spending power will make this growth less strong than our previous expectations.

First and foremost, we project MSN will add 680 new WinMart+ stores in 2022. This projection is decreased from 700 as the rollout progress is tracking behind our expectations with 107 new stores in Q1 2022. However, this revision does not have a material impact on our earnings forecast for WCM. Despite the lagging progress in Q1 2022, we believe the expansion will rapidly accelerate starting in end-Q2 2022 once MSN has run its pilot phase long enough to find the optimal formula for the mini mall format — especially with the application of artificial intelligence and machine learning from the Trusting Social partnership to (1) select new store locations, (2) plan for supply & demand and (3) optimize product assortment. We project MSN will add 1,000/1,200 new WinMart+ stores in 2023/2024.

Regarding Phuc Long, WCM's margins via 20% revenue sharing from PL will benefit from MSN's plan to raise the number of PL kiosks from 600 at YE2021 to 2,000 by YE2022. However, we trim our YE2022 store count assumption to 1,600 from 2,000 due to the same rationale used for WinMart+. We believe the rollout progress will accelerate beginning in Q3 2022 once MSN optimizes the format and operation of existing PL kiosks. We also revise down our operating leverage forecast for 2022F as PL's SG&A/sales in Q1 2022 tracked ahead of our previous expectation. Our forecast revision for PL reduces WCM's aggregate 2022F-2024F EBIT by 6% vs our previous forecast.

In addition, we trim our forecast for SSSG of WinMart to a low single digit from double digits as we believe the spending power of mass consumers has been dampened by the prolonged adverse impact from two years of COVID-19 and recent inflation, which will take time to recover from and thus hinder consumer basket size and WinMart's recovery process. This scenario is evidenced by the fact the consumer spending on FMCG in during the 2022 Tet Holiday declined by 4% YoY in four key cities (HCMC, Hanoi, Da Nang and Hai Phong) and stagnated at 0% YoY in rural areas, according to Kantar Worldpanel. In Q1 2022, LFL revenue/sqm of WinMart declined by 6.2% YoY. Additionally, we revise down our operating leverage forecast for 2022F as WCM's SG&A/sales in Q1 2022 tracked ahead of our expectation. The reduction in WCM's aggregate 2022F-2024F EBIT is nearly offset by our upward revision of gross margin by 20 bps to 21.6% as WCM's gross margin in Q1 2022 (22.2%) was well ahead our expectation.

MCH: We believe MCH could maintain double-digit growth over the next few years, but we think gross margin compression is inevitable amid ongoing high inflation. We believe MCH's strong core competencies in product R&D, marketing and distribution will enable it to maintain a 15% revenue CAGR and 19% NPAT-MI CAGR in 2021-2024. In addition to processed meat, we expect convenience foods and seasonings will continue to perform well going forward as we believe the COVID-19 situation over the past two years has boosted consumers' underlying needs for convenience, which has created opportunities for dining solutions offering convenience, personalization and at home experiences. Furthermore, we expect growth in energy drink and home/personal care sales to strengthen in 2022 on softer COVID-19 disruptions. That said, we trim our forecast for 2022F gross margin by 0.7 ppts vs our previous forecast to 41.5% (vs 42.5% in 2021) to reflect ongoing input cost inflation that we believe cannot be fully passed on to consumers.

MML: Meat volume to ramp up — especially with a secured high-quality pig supply from De Heus. We forecast MML's integrated meat revenue will soar 39% to VND6.2tn (USD270mn) in 2022, which is backed by a distribution expansion along with WCM's retail network as well as a recovery in 3F Viet's B2B sales channel. Potential upside to our forecasts is tied to MML's ability to successfully roll out its processed meat portfolio and expand its agent (i.e., general trade) distribution model. In terms of margin, we trim our EBIT margin forecast by 2 ppts in 2022F vs 2021 as MML's EBIT performance in Q1 2022 lagged behind our expectation, which we partly attribute to the rise in input animal feed prices due to inflation. In March 2022, Masan Horizon (a direct subsidiary of MSN) acquired 100% equity interest in Hatsun and Taivas, which are investment holding companies. With these acquisitions, MSN's effective equity interest in MML increased from 87.9% to 94.9% because these companies are holding equity interest in MML. This increase in ownership does not have a material impact on our valuation.

MHT: We maintain our view that firmer ASP will buoy MHT's profitability. We estimate EBITDA margin will step up from ~23% in 2021 to ~27% in 2022 thanks to stronger realized selling prices — especially in tungsten and fluorspar.

In summary, we cut our aggregate 2022F-2024F EBIT by 5% and recurring NPAT-MI by 8% vs our last [Update Report](#) mostly owing to (1) our downward revision by 2% in MCH's aggregate 2022F-2024F EBIT, (2) our downward revision by 18% in PL's aggregate 2022F-2024F EBIT and (3) our downward revision by 11% in WCM's aggregate 2022F-2024F EBIT.

Figure 3: Summary of our three-year forecast revisions

VND bn	2022F	2023F	2024F	2022F-2024F Aggregate
New forecasts				
EBIT	7,444	10,034	13,467	30,945
MCH	6,469	7,571	8,674	22,714
WCM	83	932	2,639	3,654
PL	257	727	1,223	2,207
MML	180	639	1,243	2,062
MHT	2,259	2,302	2,257	6,818
Others (holdco overhead, goodwill amortization)	-1,804	-2,137	-2,570	-6,510
Associate profits (mainly TCB)	4,867	5,608	6,504	16,979
Net financial expenses	-4,744	-4,901	-4,816	-14,461
Recurring NPAT-MI	4,418	6,854	10,206	21,477
Old forecasts				
EBIT	7,905	10,557	14,142	32,604
MCH	6,686	7,698	8,834	23,218
WCM	153	1,112	2,843	4,108
PL	321	896	1,474	2,691
MML	299	706	1,317	2,321
MHT	2,259	2,302	2,257	6,818
Others (holdco overhead, goodwill amortization)	-1,813	-2,156	-2,583	-6,553
Associate profits (mainly TCB)	4,832	5,790	6,839	17,461
Net financial expenses	-4,744	-4,871	-4,746	-14,361
Recurring NPAT-MI	4,722	7,501	11,177	23,400
New vs Old				
EBIT	-6%	-5%	-5%	-5%
MCH	-3%	-2%	-2%	-2%
WCM	-46%	-16%	-7%	-11%
PL	-20%	-19%	-17%	-18%
MML	-40%	-9%	-6%	-11%
MHT	0%	0%	0%	0%
Others (holdco overhead, goodwill amortization)	-1%	-1%	-1%	-1%
Associate profits (mainly TCB)	1%	-3%	-5%	-3%
Net financial expenses	0%	1%	1%	1%
Recurring NPAT-MI	-6%	-9%	-9%	-8%

Source: VCSC



Valuation

We maintain our sum-of-parts valuation approach for MSN. In this report, we trim down our TP by 0.6%, which is primarily attributed to our downward revision on aggregate earnings forecasts for 2022 – 2024F of MCH, WCM and PL and mostly offset by the positive effect of rolling our TP forward to mid-2023 vs previously YE2022.

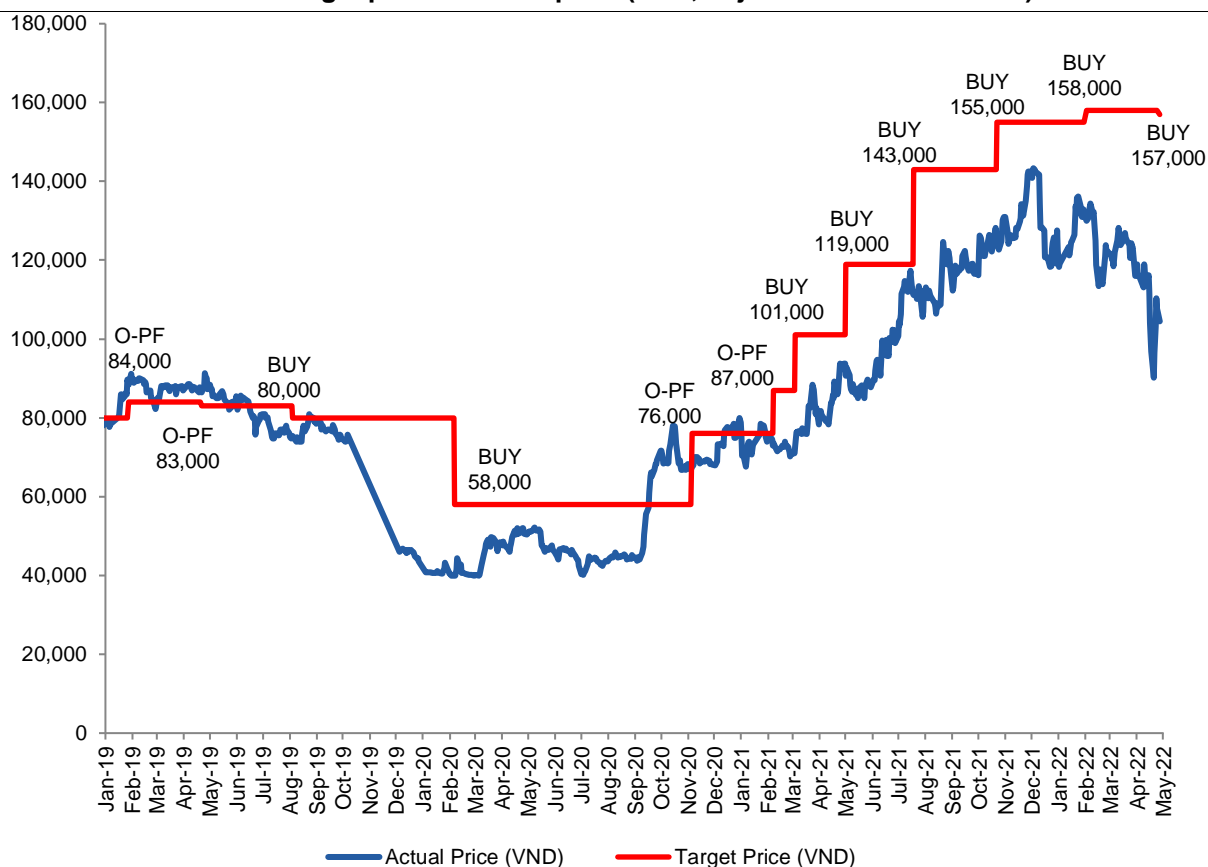
Figure 4: VCSC's sum-of-parts valuation for MSN

VND bn	Method	Equity value	MSN's ownership	Equity value attributed to MSN	Implied target valuation multiples
MCH	DCF	161,018	72.8%	117,211	2022F P/E of 30x.
WCM	DCF	61,076	71.3%	43,577	2022F Price/Sales of 1.7x.
PL	EV/EBITDA	10,838	51.0%	5,528	2022F EV/EBITDA of 20x.
MML	EV/EBITDA	9,549	94.9%	9,062	2022F EV/EBITDA of 20x.
MHT	EV/EBITDA	24,345	86.4%	21,034	2022F EV/EBITDA of 9x.
Net cash/(debt) at holdco level				-26,471	
TCB		244,926	21.4%	52,414	2022F P/B of 2.1x.
Total equity value				222,355	
Average share count (million) ⁽¹⁾				1,420.2	
Target price (VND)				157,000	

Source: VCSC, ⁽¹⁾ weighted average share count.

Recommendation History

Figure 5: Historical VCSC target price vs share price (VND, adjusted for bonus share)



Source: Bloomberg, VCSC

Financial Statements

P&L (VND bn)	2021	2022F	2023F	2024F	B/S (VND bn)	2021	2022F	2023F	2024F
Revenue	88,629	89,561	108,160	131,110	Cash & equivalents	22,305	11,110	11,891	15,075
COGS	-66,494	-62,835	-74,668	-89,576	ST investments	333	333	333	333
Gross Profit	22,135	26,726	33,491	41,534	Accounts receivable	2,480	3,843	4,416	5,047
Sales & Marketing exp	-11,786	-15,026	-18,632	-22,578	Inventories	12,813	13,754	15,885	18,196
General & Admin exp	-4,065	-4,255	-4,825	-5,489	Other current assets	5,699	5,699	5,699	5,699
Operating Profit	6,283	7,444	10,034	13,467	Total Current assets	43,630	34,739	38,224	44,350
Financial income	6,800	879	721	756	Fixed assets, gross	64,926	69,145	74,039	79,390
Financial expenses	-5,707	-5,623	-5,622	-5,572	- Depreciation	-20,459	-24,419	-28,660	-33,226
- o/w interest expense	-4,669	-4,586	-4,585	-4,535	Fixed assets, net	44,466	44,727	45,379	46,164
Associates	3,897	4,867	5,608	6,504	LT investments	23,980	28,834	34,429	40,919
Net other income/(loss)	216	0	0	0	LT assets other	14,017	17,373	16,820	16,266
Profit before Tax	11,489	7,568	10,741	15,154	Total LT assets	82,463	90,934	96,628	103,349
Income Tax	-1,387	-858	-680	-532	Total Assets	126,093	125,673	134,851	147,699
NPAT before MI	10,101	6,710	10,062	14,622	Accounts payable	7,970	6,004	7,079	8,446
Minority Interest	-1,538	-2,292	-3,208	-4,416	Short-term debt	18,806	19,087	18,775	17,288
NPAT-MI, reported	8,563	4,418	6,854	10,206	Other ST liabilities	7,772	7,772	7,772	7,772
NPAT-MI, adjusted ⁽¹⁾	3,171	4,418	6,854	10,206	Total current liabilities	34,548	32,863	33,625	33,505
EBITDA (including TCB)	16,361	18,325	21,937	26,592	Long-term debt	39,372	39,372	39,372	39,372
EPS reported, VND	6,057	3,111	4,802	7,115	Other LT liabilities	9,837	9,837	9,837	9,837
EPS adjusted ¹ , VND	2,243	3,111	4,802	7,115	Total Liabilities	83,757	82,072	82,834	82,714
EPS diluted, adj ¹ , VND	2,243	3,111	4,802	7,115	Preferred Equity	0	0	0	0
DPS, VND	1,200	1,200	1,200	1,200	Paid-in capital	11,805	11,876	11,947	12,019
DPS/EPS (%)	20%	39%	25%	17%	Share premium	11,084	11,084	11,084	11,084
RATIOS	2021	2022F	2023F	2024F	Retained earnings	18,796	17,697	22,834	31,314
Growth					Other equity	-8,874	-8,874	-8,874	-8,874
Revenue growth	14.8%	1.1%	20.8%	21.2%	Minority interest	9,526	11,818	15,026	19,442
Op profit (EBIT) growth	273.6%	18.5%	34.8%	34.2%	Total equity	42,337	43,601	52,017	64,985
PBT growth	394.2%	-34.1%	41.9%	41.1%	Liabilities & equity	126,093	125,673	134,851	147,699
EPS growth ¹	N.M.	38.7%	54.4%	48.2%	Y/E shares out, mn	1,416.6	1,423.7	1,430.8	1,438.0
Profitability					Y/E treasury shares, mn	0.0	0.0	0.0	0.0
Gross Profit Margin	25.0%	29.8%	31.0%	31.7%	CASH FLOW (VND bn)	2021	2022F	2023F	2024F
Op Profit, (EBIT) Margin	7.1%	8.3%	9.3%	10.3%	Beginning Cash Balance	7,721	22,305	11,110	11,891
EBITDA Margin	13.6%	15.0%	15.1%	15.3%	Net Income	8,563	4,418	6,854	10,206
NPAT-MI Margin ¹	3.6%	4.9%	6.3%	7.8%	Dep, & amortization	4,632	4,856	5,137	5,463
ROE ¹	13.0%	13.7%	19.9%	24.7%	Change in Working Cap	-4,968	-4,270	-1,630	-1,574
ROA ¹	2.6%	3.5%	5.3%	7.2%	Other adjustments	-6,348	-2,917	-2,743	-2,430
Efficiency					Cash from Operations	1,879	2,086	7,618	11,664
Days Inventory On Hand	69	77	72	69	Capital Expenditures, net	-2,786	-4,220	-4,893	-5,352
Days Accts, Receivable	9	13	14	13	Other investments, net	8,397	-7,705	13	13
Days Accts, Payable	40	40	31	31	Cash from Investments	5,611	-11,924	-4,880	-5,338
Cash Conversion Days	38	50	55	52	Dividends Paid	-3,442	-1,708	-1,717	-1,726
Liquidity					Δ in Share Capital	59	71	71	72
Current Ratio x	1.3	1.1	1.1	1.3	Δ in ST debt	-3,739	282	-312	-1,487
Quick Ratio x	0.7	0.5	0.5	0.6	Δ in LT debt	-94	0	0	0
Cash Ratio x	0.7	0.3	0.4	0.5	Other financing C/F	14,310	0	0	0
Debt / Assets	46.1%	46.5%	43.1%	38.4%	Cash from Financing	7,093	-1,356	-1,958	-3,141
Debt / Capital	57.9%	57.3%	52.8%	46.6%	Net Change in Cash	14,583	-11,194	780	3,185
Net Debt / Equity	83.9%	107.8%	88.3%	63.5%	Ending Cash Balance	22,305	11,110	11,891	15,075
Interest Coverage x	1.3	1.6	2.2	3.0					

Source: Company data, VCSC (¹ based on recurring earnings)



VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + 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%
SELL	If the projected TSR is -20% or lower
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
RATING SUSPENDED, COVERAGE TERMINATED	A rating may be suspended, or coverage terminated, if fundamental information is deemed insufficient to determine a target price or investment rating or due to a reallocation of research resources. Any previous investment rating and target price are no longer in effect.

Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

Risks: Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.



Disclaimer

Analyst Certification of Independence

We, Ha Huynh and Nam Hoang, hereby certify that the views expressed in this report accurately reflect our personal views about the subject securities or issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

VCSC and its officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). VCSC may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

Copyright 2013 Viet Capital Securities Company "VCSC". All rights reserved. This report has been prepared on the basis of information believed to be reliable at the time of publication. VCSC makes no representation or warranty regarding the completeness and accuracy of such information. Opinions, estimates and projection expressed in this report represent the current views of the author at the date of publication only. They do not necessarily reflect the opinions of VCSC and are subject to change without notice. This report is provided, for information purposes only, to institutional investors and retail clients of VCSC in Vietnam and overseas in accordance to relevant laws and regulations explicit to the country where this report is distributed, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of VCSC. Please cite sources when quoting.

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by VCSC issued by VCSC has been prepared in accordance with VCSC's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require a firm to establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Australia:** This material is issued and distributed by VCSC in Australia to "wholesale clients" only. VCSC does not issue or distribute this material to "retail clients". The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of VCSC. For the purposes of this paragraph the terms "wholesale client" and "retail client" have the meanings given to them in section 761G of the Corporations Act 2001. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months prior.) **Japan:** There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading. In the case of share trading, VCSC will be receiving a brokerage fee and consumption tax (shouhizei) calculated by multiplying the executed price by the commission rate which was individually agreed between VCSC and the customer in advance. **Korea:** This report may have been edited or contributed to from time to time by affiliates of VCSC. **Singapore:** VCSC and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above. **India:** For private circulation only, not for sale. **Pakistan:** For private circulation only, not for sale. **New Zealand:** This material is issued and distributed by VCSC in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. VCSC does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of VCSC. **Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence. **Dubai:** This report has been issued to persons regarded as professional clients as defined under the DFSA rules. **United States:** This research report prepared by VCSC is distributed in the United States to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Decker&Co, LLC, a broker-dealer registered in the US (registered under Section 15 of Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Decker&Co, LLC in the US shall be borne by Decker&Co, LLC. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if VCSC Broker or Decker&Co, LLC is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Decker&Co, LLC and VCSC is permitted to provide research material concerning investment to you under relevant legislation and regulations.



Contacts

Corporate

www.vcsc.com.vn

Head Office

Bitexco Financial Tower, 15th Floor
2 Hai Trieu Street, District 1, HCMC
+84 28 3914 3588

Transaction Office Nguyen Hue

Vinatex Building, 1st & 3rd Floor
10 Nguyen Hue Street, District 1, HCMC
+84 28 3914 3588 (417)

Transaction Office Dong Da

9 Nguyen Ngoc Doan
Dong Da District, Hanoi
+84 24 6262 6999

Hanoi Branch

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

Transaction Office Nguyen Cong Tru

Floor 6B, 236-238 Nguyen Cong Tru Street
District 1, HCMC
+84 28 3914 3588 (400)

Transaction Office ABS

Sailing Tower, 8th Floor
111A Pasteur Street, District 1, HCMC
+84 28 3914 3588 (403)

Research

Research Team: +84 28 3914 3588
research@vcsc.com.vn

Banks, Securities and Insurance

Long Ngo, Associate Director, ext 123

- Truc Ngo, Analyst, ext 116
- Ngoc Huynh, Analyst, ext 138
- Nhan Nguyen, Analyst, ext 139

Consumer

Nam Hoang, Manager, ext 124

- Ha Dao, Senior Analyst, ext 194
- Ha Huynh, Analyst, ext 185
- Huy Phan, Analyst, ext 173

Real Estate and Infrastructure

Hong Luu, Senior Manager, ext 120

- Dang Thai, Senior Analyst, ext 149
- Thuc Than, Analyst, ext 174

Retail Client Research

Duc Vu, Senior Manager, ext 363

- Trung Nguyen, Senior Analyst, ext 129
- Anh Tong, Analyst, ext 363
- Ha Bui, Analyst, ext 364

Alastair Macdonald, Head of Research, ext 105

alastair.macdonald@vcsc.com.vn

Macro

Luong Hoang, Manager, ext 364

- Nguyen Truong, Senior Analyst, ext 132

Oil & Gas and Power

Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Manager, ext 135
- Duc Le, Analyst, ext 196
- Thang Hoang, Analyst, ext 196

Materials and Industrials

Vy Nguyen, Manager, ext 147

- Vinh Bui, Analyst, ext 149

Brokerage and Institutional Sales & Trading

Tuan Nhan

Managing Director, Brokerage & Institutional Sales & Trading

+84 28 3914 3588, ext 107
tuan.nhan@vcsc.com.vn

Quynh Chau

Managing Director Brokerage

+84 28 3914 3588, ext 222
quynh.chau@vcsc.com.vn

Dung Nguyen

Director Institutional Sales & Trading

+84 28 3914 3588, ext 136
dung.nguyen@vcsc.com.vn