

Vietnam Cement Industry Report 2013

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Part of StoxPlus's Market Research Reports for Vietnam



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Section 1: Executive Summary

Executive Summary

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Executive Summary (continued)

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Executive Summary (continued)

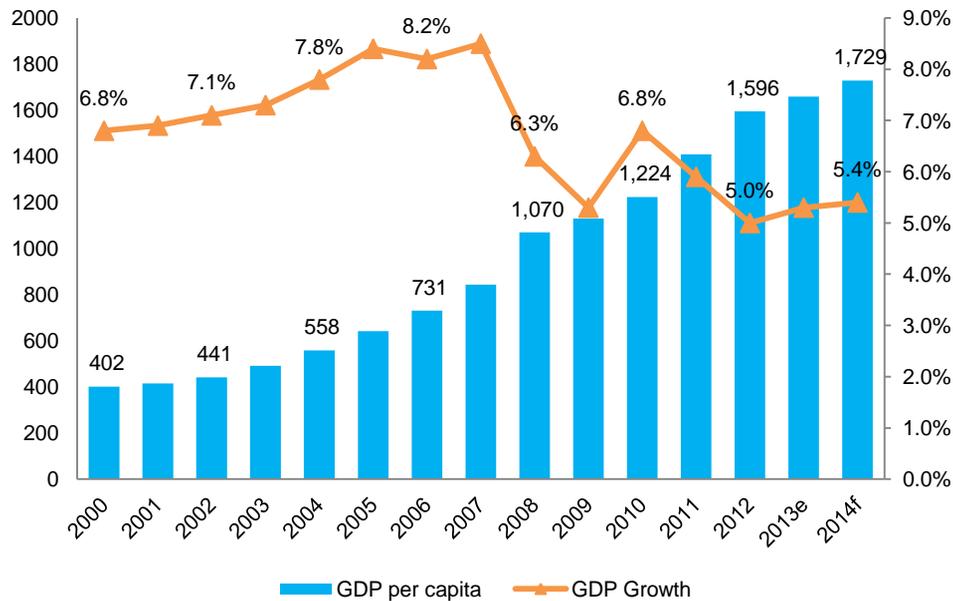
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Section 2: Overview of construction and infrastructure development

Section 2: Overview of Construction and Infrastructure development

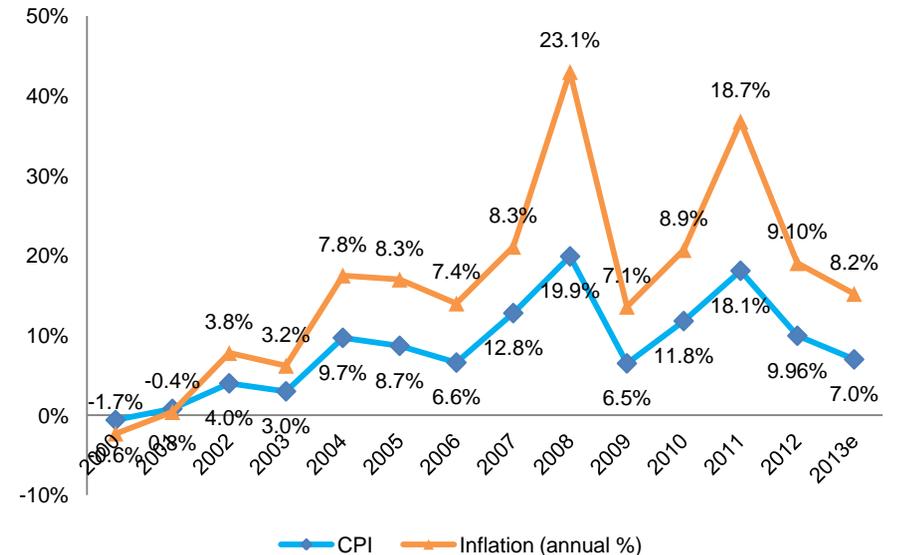
The Master plan of Cement sector was built based on the assumption that GDP growth rate will reach 7% with large investment on construction and infrastructure development. However, the economy slowed down from 2011 and the trend will continue in 2013 and 2014.

Figure 1: Vietnam GDP per capita and GDP growth



Source: GSO, World Bank and StoxPlus

Figure 2: Vietnam CPI and Inflation rate



Source: GSO, World Bank and StoxPlus

- The economy slowdown from 2011 continue its trend in the year 2012 with GDP growth rate of 5%, the lowest from the year 2000. For the first 9 month of 2013, the GDP growth rate is around 5.1% and it is expected to be 5.3% the whole year. The picture for 2014 doesn't change much with its forecast fluctuating around 5.4%
- The slowdown of economy negatively affected to Vietnam cement sector. Its development plan was built based on the assumption that the GDP growth rate would reach 7% per year like the average of the period 2006-2010. Therefore, when the wind changed, the Vietnam cement sector come up the situation of supply over demand and many cement plants suffered loss, even some of them went to default.
- Another difficulty with cement sector is the high and unstable inflation. Inflation reached peak of 18.7% in the year 2011 and declined from that to the level of 9.1% in 2012 and around 8.2% in 2013. According with the high inflation, price of cement input such as electricity (15% higher), coal (40% higher), gas and oil (18% higher) also soared.

Due to the economy slowdown, government faced to shortage in state revenue and large deficit. The State capital Investment expenditure in which most of them are expenditure in construction and infrastructure development shrink sharply in 2013

Figure 3: State Budget and Deficit

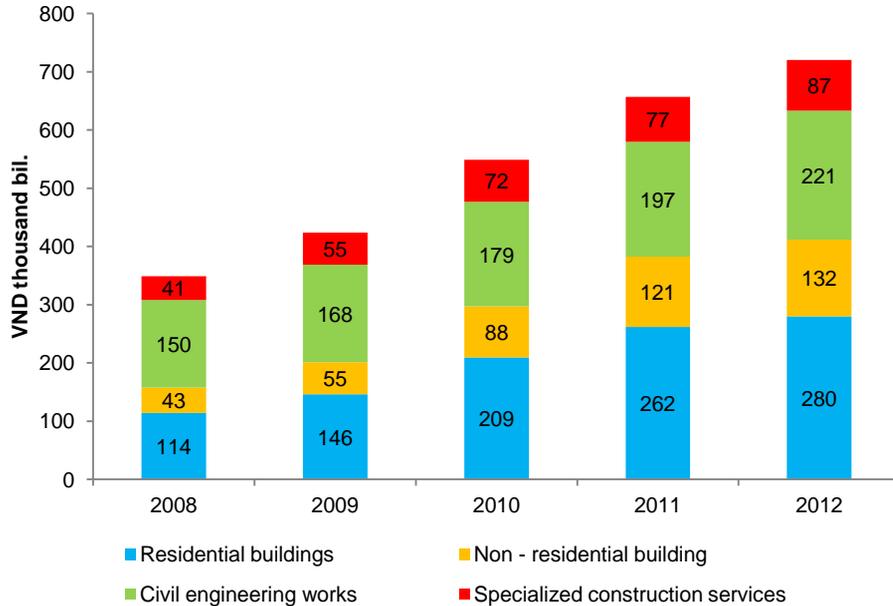
Figure 4: State Capital Investment Expenditure

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Section 2: Overview of Construction and Infrastructure development

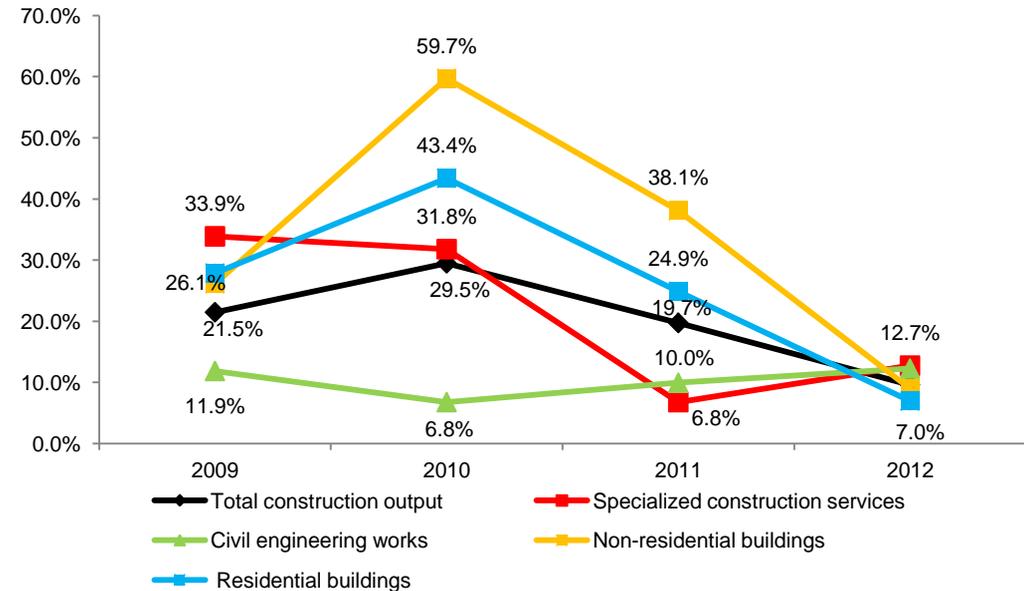
Gross output of construction still increased in 2012, however, the growth rate reduced sharply comparing with that of 2010. However, economic difficulties seem not affect much to the specialized construction services and civil engineering works .

Figure 5: Gross output of construction by types of work



Source: GSO and StoxPlus

Figure 6: Growth rate of construction output by types of work



Source: GSO and StoxPlus

- The contribution of construction to GDP has reduced gradually for the past 5 year and its trend is forecasted to continue in the future.
- Residential buildings and civil engineering works are two main contributors to construction gross output with their percentage being 39% and 31% in the year 2012.
- Due to the economy slowdown in 2012, Construction output experienced the sharp decline in growth rate, especially the residential buildings and non-residential building. However, the economic difficulties seem not affect to the specialized construction services and the civil engineering works
- The National Assembly is discussing State Investment Law which can cancel terms allowing adjustment to successful bid price. It can negatively affect the construction sector because many construction companies have been familiar with adjusting payment price from its approved bid price.

Thank to the golden age population with the urbanization rate up to 3% per year and high demand for infrastructure development, the construction and infrastructure development sector has been potential in long term.

Figure 7: Construction and infrastructure value

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Government approved big investment projects in infrastructure with total capital up to USD \$ 116 billions in the period 2010-2020. However, due to economy slowdown, many projects have been delayed or even cancelled. We estimate that only 53% projects can be implemented on time

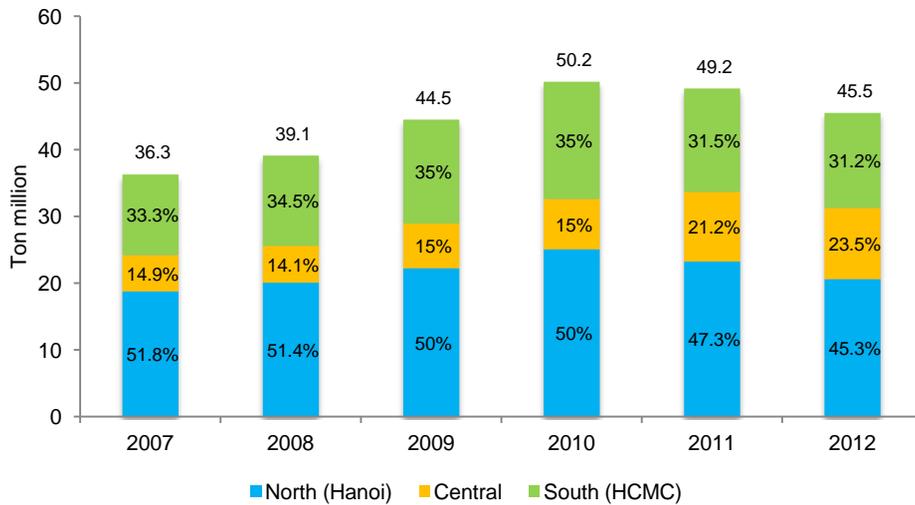
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Section 3: Demand and Supply

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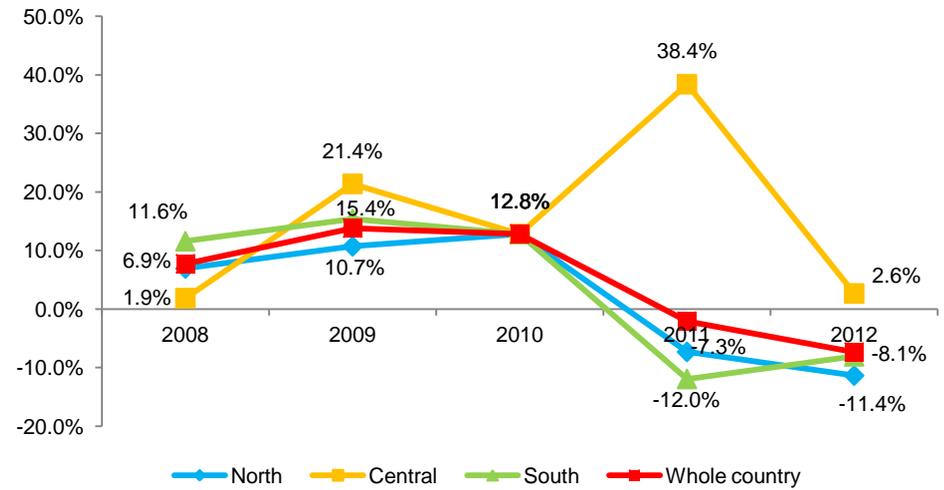
Total cement consumption decreased by 7.4% in 2012 in which consumption in the North has the worst decline with -11.4%. However, consumption in the Central still increased and its market share also quickly rose up

Figure 11: Breakdown cement consumption by location



Source: Cement Association and StoxPlus

Figure 12: Breakdown growth rate of consumption



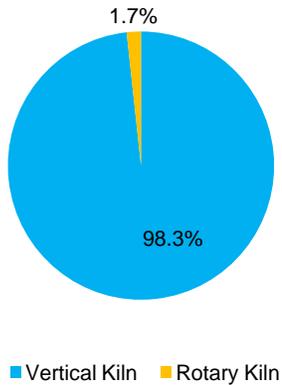
Source: Cement Association and StoxPlus

Breakdown cement consumption by location

- Cement consumption in 2012 reached 45.5 million tons, decreased by 7.4% compared with the year 2011. Consumption declined sharply in the North with growth rate of – 11.4% in 2012 while the rate in the South is - 8.1%. However, consumption in the Central continued to rise with growth rate of 2.6%.
- The North has still taken the largest market share of cement consumption, however, the ratio has declined year by year while the Central has quickly increased its cement consumption

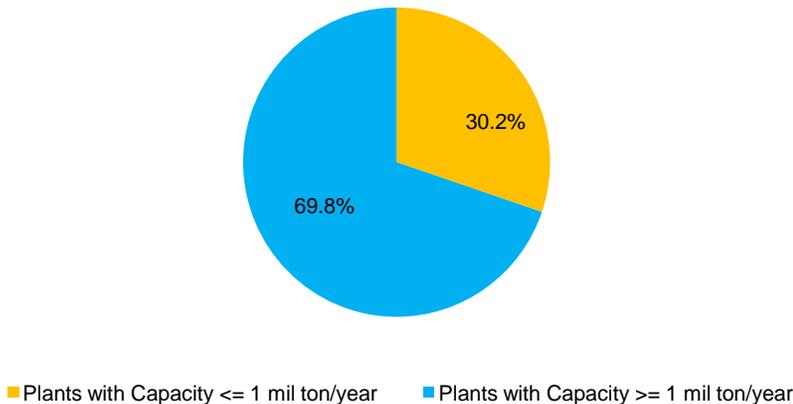
At the end 2012, Vietnam had 68 rotary kilns with capacity of 67.3 million tons, took 98.3% total capacity. The remaining 13 vertical kiln only took 1.7% total capacity and will be closed soon according to government requirements. Vietnam cement plants often use European technology in which plants having capacity above 1 million tons/year take 69.8% total country capacity

Figure 13: Technology of cement plants in 2012



Source: Cement Association and StoxPlus

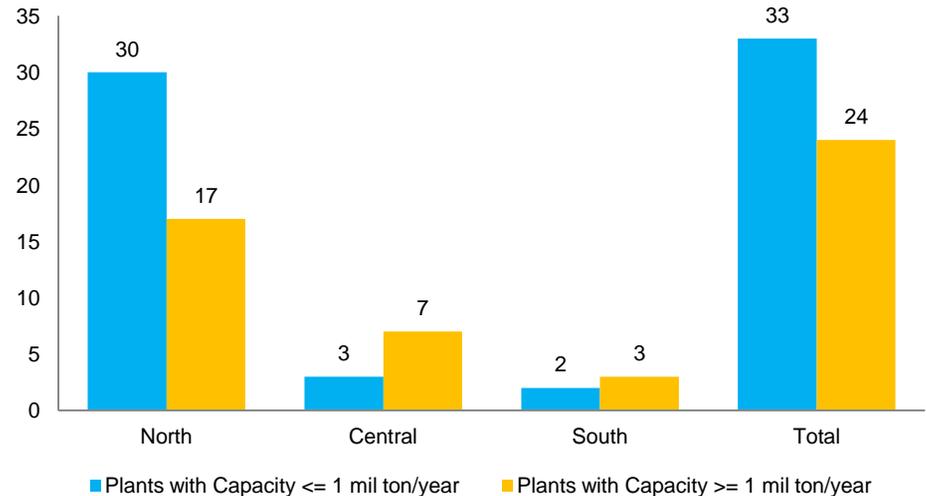
Figure 14: Breakdown cement plants by capacity in 2012



Source: StoxPlus

Year 2012	Cement plants with capacity > 1 mil tons/year		Cement plants with capacity <= 1 mil tons/year	
	Number	Total Capacity	Number	Total Capacity
North	17	31.3	30	16.9
Central	7	12.1	3	2.1
South	3	4.6	2	1.7
Whole country	27	48	35	20.7

Figure 15: Number of cement plants by location



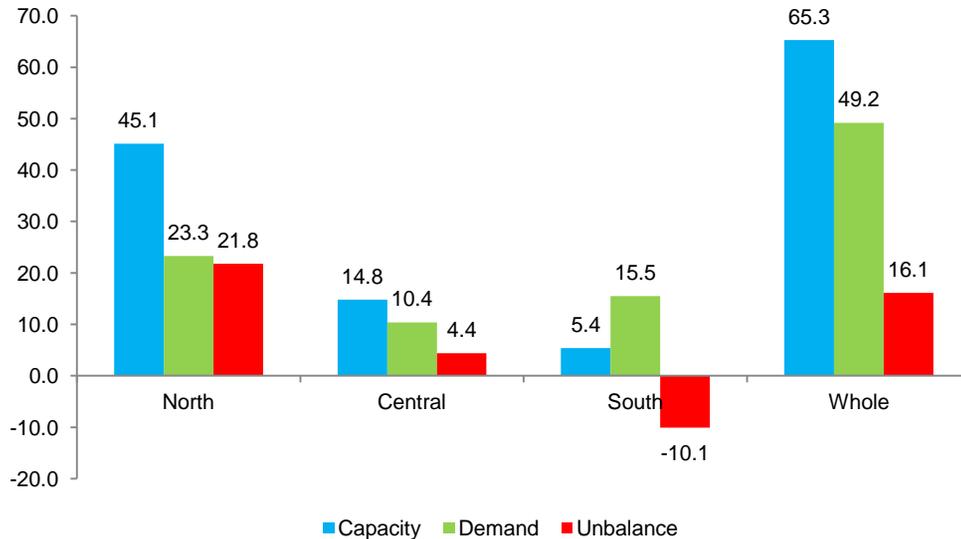
Source: StoxPlus

Total capacity increased by 5% in 2012 and expected to increased by 11% in 2013 mostly thanks to new cement plants in the Central coming into operation. However, most cement plants still concentrated in the North with capacity of 70% country capacity

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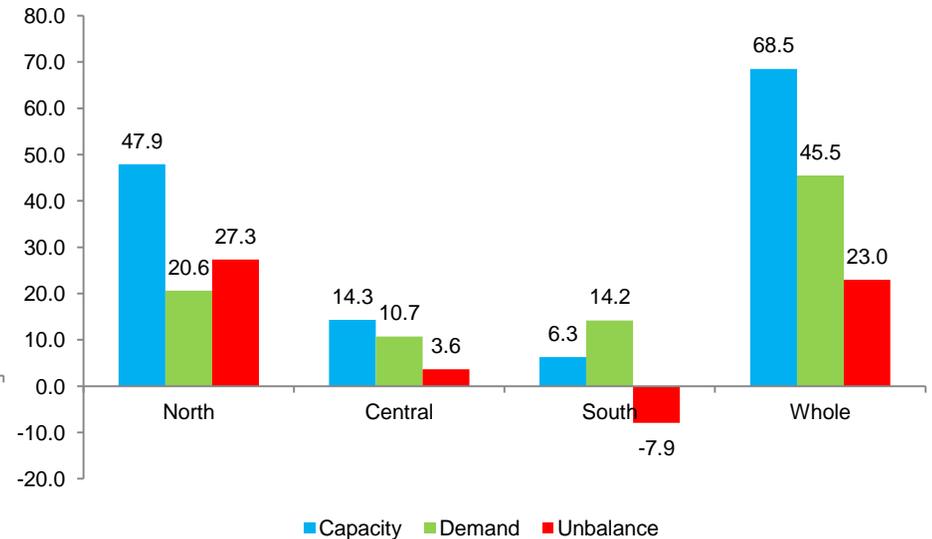
The South has been in short supply for a long time and the situation will not change much in 2013.

Figure 17: Capacity and demand by location in 2011



Source: Cement Association and StoxPlus

Figure 18: Capacity and demand by location in 2012



Source: Cement Association and StoxPlus

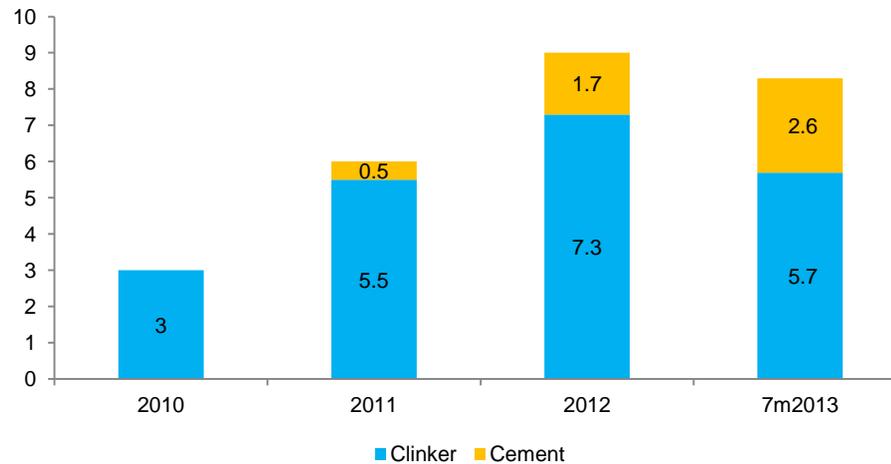
- The South has been in short supply until 2012 and the situation will not change much in 2013. Most of the increase in total cement capacity in 2013 will come from the Central
- In fact, domestic clinker has been transported from the North and the Central to the South for many years with remarkably high transportation freight. The South also has to import clinker (e.g. from Thailand) with higher price than domestic clinker, which increases the Southern cement price.
- In 2013, the Central have big increase in capacity, leading to the surplus in supply for the Central. The surplus is enough to cover the shortage in supply of the South. However, whether the cement plant in the Central can occupy the South market is not clear. Thailand and the Central have the same distance to the South but Thailand have better logistics and lower transportation costs. Laos can be a good export market for Central cement plant due to short distance and low transportation costs. Vietnam export cement and import gypsums/plaster from Laos

According with the high increase in cement capacity and weak domestic demand, many cement plants can not operate in full capacity, leading to the sharply decrease in utilization rate.

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Although export do not bring profit, some cement plants have to push up the export volume to cover variable costs and absorb part of fixed costs

Figure 21: Clinker & cement export

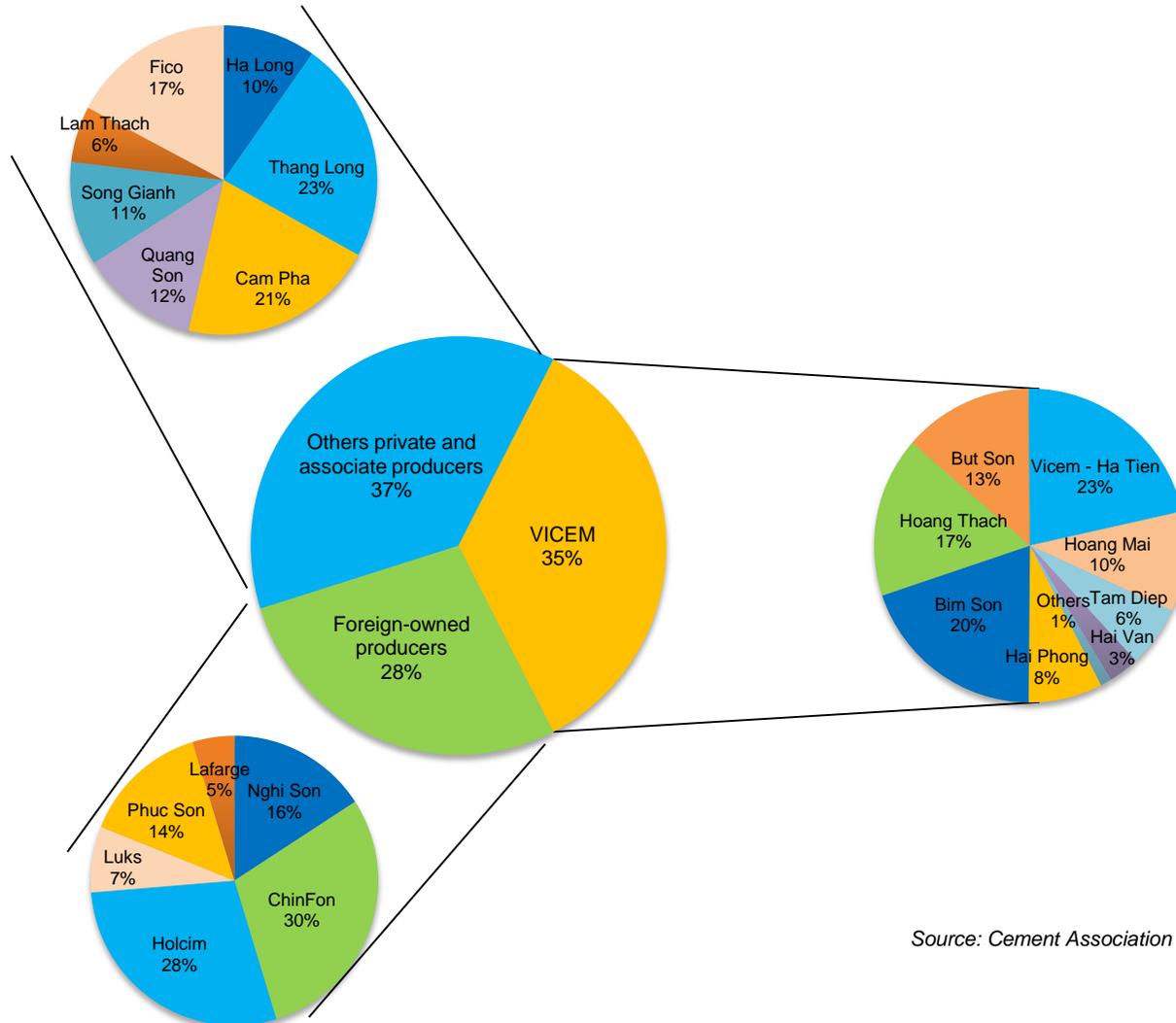


Source: Cement Association and StoxPlus

- Vietnam both exported clinker and cement, in which clinker takes a large part. Main export destinations are Bangladesh, Taiwan, Hong Kong and Indonesia.
- Export can be a good choice for many cement plants to increase production rate, however, due to the constrain of transport infrastructure, only some players with own ports or having access to the port with lower transportation cost can make. Dispatching port are: Hai Phong (public port), Thang Long, Ha Long and Nghi Sơn (plant's port).
- Popular FOB price is \$40-\$42 per ton clinker, lower by \$8-\$12 per ton (25% lower price) than regional price. The FOB price was even lower than domestic price, making exporting activities unprofitable.
- In terms of cement export, Vietnamese cement producers are very weak in logistics which is an essential competitive edge in cement exporting. For example:
 - Most of Vietnamese cement plants are located at the limestone material hubs that are very far from ports, thus transport costs will be lifted for inland transportation.
 - Post-Panamas sized vessels (60,000 DWT above) must be used for cement export shipping as matter of economy of scale in this business. There is no such Vietnamese ocean shipping vendors in operation yet, that makes cement export on CIF basis currently impossible.

Vietnam cement is characterized with three groups of players including Vietnam Cement Industry Corporation (VICEM) with 35% market share; foreign players including Holcim, Chinfon and LUKS Vietnam occupying 28% of market share. The remaining 37% is contributed by many local private companies. Government still indirectly influence the cement price through Vicem.

Figure 22: Market shares by key players



Source: Cement Association and StoxPlus

The South is a concentrated market with top 3 players taking 73% market share in 2012 while top 3 players in the North only take 17% market share in 2012

Figure 23: Market shares by key players in 2011 - 2012

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Section 4: Cost structure, Finance and Competitiveness

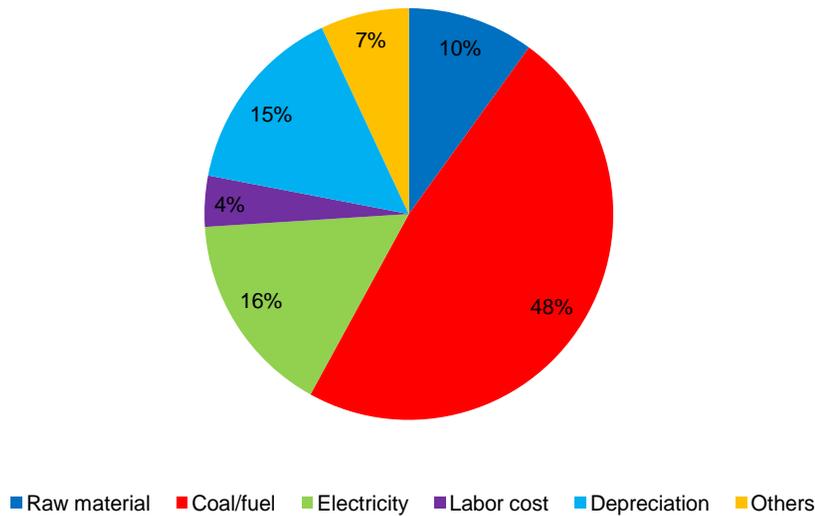
The cement price in the South has often been higher than that in the North by around VND 300,000 per ton due to high transportation costs. Cement plants in the South have to use coals transported from Quang Ninh province with higher price than those peers in the North

Figure 26: Average price by location

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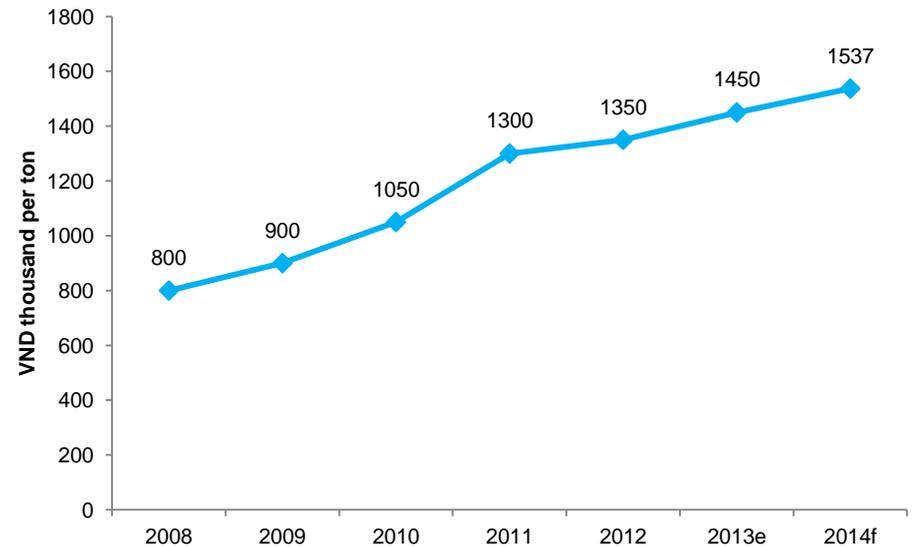
Coal/fuel is the biggest component in cost structure of clinker with 48% total cost, followed by the electricity with 16% total cost. The increase in coal and electricity price eroded profit of cement plants because due to weak demand, the increase in sales price is not enough to cover the increase in output price

Figure 27: Cost structure of clinker



Source: StoxPlus

Figure 28: Cement price in the North 2008 - 2013



Source: StoxPlus

- In our estimation, coal/fuel is the biggest component in cost structure of clinker with 48% total cost. In 9 month 2013, coal price increased by 40% and fuel increased by 33% pushing cement cost increased by nearly 15%.
- Electricity is the second biggest component with 16% of total cost. In 2013, the electricity price increased by 5% and it will continue to rise.
- In September 2013, cement price increased by 6% (VND 100,000 per ton). However, the increase in sales prices have not covered the increase in coal and electricity price (coal increased by 40%, electricity increased by 5%), therefore we expect the cement price will go up more by at least 6% in early 2014.

The EBITDA margin of Vietnam cement companies has been much lower than their peers in region like Thailand, Indonesia or China. The reasons lay on high fuel cost structure and low utilization rate

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In 2012, most of listed cement companies had lower EBITDA than that of 2011 due to high increase in input price like coal and electricity. Most of high EBITDA margin companies belong to Vicem and foreign-owned group.

Figure 30: EBITDA of listed cement companies

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The average D/E ratio of listed cement companies stood at high level of 3.9 times. Big borrowings put a burden to cement companies and some of them go to bankrupt

Figure 31: D/E of listed cement companies

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2/3 listed cement companies got loss or got break-even, only some companies had profit

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Reasons for high manufacturing costs and low profit of Vietnam cement plants

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Section 5: WHGG and policy in cement sector

Decision 1488/QD-TT approved The Master Plan in cement sector period 2011-2020

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Section 6: M&A opportunities

Since domestic players seem to be in a tight spot, foreign players are starting to take interest and invest heavy in Vietnam Cement Sector. The Government has permitted a number of divestments of State ownership at some large cement factories but not less than par value. In addition, the Government has already allowed foreign investors to own cement factories along with materials mines (clay, limestone) in Vietnam

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Opportunities for M&A in cement sector are obvious, however, successful M&A deal between domestic cement plant and foreign investor requires not only efforts from both sides but also supports from government.

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There are two main types of cement in Vietnam market: Portland Cement (PC) and Portland Cement Blended (PCB). Quality standards of Vietnam cement satisfy all international standards

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Appendix 5: Fact sheet of listed cement companies

VICEM BUTSON		BTS				
VND Millions	2008	2009	2010	2011	2012	
Sales	1,195,059	1,431,266	1,211,710	2,727,959	2,608,420	
Cost of Sales	902,662	1,064,057	918,377	2,006,655	2,081,589	
Gross Profit	292,397	367,209	293,333	721,305	526,832	
<i>GP Margin %</i>	24.5%	25.7%	24.2%	26.4%	20.2%	
Overhead Expenses						
Sales & Marketing	49,348	75,021	78,375	157,045	147,572	
<i>S&M %</i>	4.1%	5.2%	6.5%	5.8%	5.7%	
Administration	65,043	109,940	87,611	133,342	76,445	
<i>Admin %</i>	5.4%	7.7%	7.2%	4.9%	2.9%	
EBIT	178,006	182,248	127,347	430,918	302,815	
<i>EBIT Margin %</i>	14.9%	12.7%	10.5%	15.8%	11.6%	
Depreciation	169,967	164,707	117,315	268,385	0	
EBITDA	347,972	346,956	244,662	699,302	302,815	
<i>EBITDA Margin %</i>	29.1%	24.2%	20.2%	25.6%	11.6%	
Financial Expense	60,457	35,837	101,012	436,805	357,208	
Interest Expense	60,457	35,837	52,221	367,126	330,359	
Profit/(Loss) before tax	121,360	150,613	83,476	0	(31,821)	
Net Profit/(Loss) after tax	104,370	131,787	71,896	0	(31,821)	
<i>Net Profit Margin %</i>	8.7%	9.2%	5.9%	0.0%	-1.2%	
Cash Flow From Operation	(1,318,556)	221,952	10,637	68,165	369,368	
CFO/Sales	-110.3%	15.5%	0.9%	2.5%	14.2%	
Current Assets	2,267,581	2,240,828	781,923	975,649	889,489	
Accounts receivable	222,032	76,070	209,198	443,032	340,127	
Inventory	1,896,836	2,044,069	426,004	349,138	347,578	
Non-Current Assets	1,918,902	2,401,436	4,782,939	4,516,178	4,203,810	
Total Assets	4,186,483	4,642,264	5,564,861	5,491,827	5,093,299	
Current Liabilities	863,631	823,489	1,676,566	2,056,821	2,246,821	
Accounts payable	235,518	318,676	327,160	308,980	428,884	
Borrowings	517,756	372,608	882,300	1,196,984	1,422,553	
Non-Current Liabilities	2,200,246	2,803,577	2,594,370	2,366,526	1,862,828	
Borrowings	2,200,181	2,803,288	2,593,880	2,365,376	1,862,828	
Total Liabilities	3,063,877	3,627,066	4,270,937	4,423,347	4,109,649	
Net Assets	1,122,606	1,015,198	1,293,925	1,068,480	983,650	
Debt/ Total Assets	64.9%	68.4%	62.5%	64.9%	64.5%	

VICEM HOANG MAI CEMENT		HOM				
VND Millions	2008	2009	2010	2011	2012	
Sales	830,429	1,380,567	1,253,767	1,412,021	1,526,576	
Cost of Sales	577,703	1,025,469	926,116	1,018,885	1,168,409	
Gross Profit	252,726	355,098	327,651	393,135	358,167	
<i>GP Margin %</i>	30.4%	25.7%	26.1%	27.8%	23.5%	
Overhead Expenses						
Sales & Marketing	27,770	55,880	63,453	65,065	65,727	
<i>S&M %</i>	3.3%	4.0%	5.1%	4.6%	4.3%	
Administration	44,323	54,300	63,363	68,661	65,393	
<i>Admin %</i>	5.3%	3.9%	5.1%	4.9%	4.3%	
EBIT	180,633	244,918	200,835	259,409	227,046	
<i>EBIT Margin %</i>	21.8%	17.7%	16.0%	18.4%	14.9%	
Depreciation	141,426	203,846	121,289	119,095	0	
EBITDA	322,059	448,765	322,124	378,504	227,046	
<i>EBITDA Margin %</i>	38.8%	32.5%	25.7%	26.8%	14.9%	
Financial Expense	101,319	110,204	105,301	117,768	103,665	
Interest Expense	84,798	94,160	96,347	110,550	103,373	
Profit/(Loss) before tax	58,513	152,049	107,913	151,522	132,459	
Net Profit/(Loss) after tax	58,513	152,041	102,776	129,577	112,709	
<i>Net Profit Margin %</i>	7.0%	11.0%	8.2%	9.2%	7.4%	
Cash Flow From Operation	140,129	428,179	146,515	311,723	92,374	
CFO/Sales	16.9%	31.0%	11.7%	22.1%	6.1%	
Current Assets	465,530	525,283	528,722	599,412	713,280	
Accounts receivable	108,258	99,484	150,888	73,659	157,140	
Inventory	308,372	248,251	327,226	350,014	422,437	
Non-Current Assets	1,924,319	1,724,181	1,611,477	1,522,088	1,431,553	
Total Assets	2,389,849	2,249,464	2,140,199	2,121,500	2,144,832	
Current Liabilities	685,147	763,027	857,305	765,423	871,445	
Accounts payable	72,557	100,982	146,693	98,672	150,730	
Borrowings	478,467	585,182	609,494	486,606	607,070	
Non-Current Liabilities	907,051	628,318	425,037	443,801	341,718	
Borrowings	907,051	627,878	419,039	432,340	326,227	
Total Liabilities	1,592,198	1,391,345	1,282,341	1,209,225	1,213,163	
Net Assets	797,651	858,119	857,858	912,275	931,669	
Debt/ Total Assets	58.0%	53.9%	48.1%	43.3%	43.5%	

Appendix 5: Fact sheet of listed cement companies

CAN THO CEMENT		CCM				
VND Millions	2008	2009	2010	2011	2012	
Sales	201,771	240,805	225,257	230,557	172,853	
Cost of Sales	176,234	200,997	188,706	188,253	142,618	
Gross Profit	25,536	39,808	36,551	42,304	30,235	
<i>GP Margin %</i>	12.7%	16.5%	16.2%	18.3%	17.5%	
Overhead Expenses						
Sales & Marketing	4,829	8,254	9,405	11,872	6,054	
S&M %	2.4%	3.4%	4.2%	5.1%	3.5%	
Administration	5,401	3,563	4,788	6,809	7,232	
Admin %	2.7%	1.5%	2.1%	3.0%	4.2%	
EBIT	15,307	27,991	22,359	23,623	16,949	
<i>EBIT Margin %</i>	7.6%	11.6%	9.9%	10.2%	9.8%	
Depreciation	5,292	5,546	4,562	4,559	0	
EBITDA	20,599	33,538	26,921	28,182	16,949	
<i>EBITDA Margin %</i>	10.2%	13.9%	12.0%	12.2%	9.8%	
Financial Expense	6,412	4,476	8,110	16,306	9,098	
Interest Expense	5,773	2,476	6,408	15,628	8,936	
Profit/(Loss) before tax	10,217	23,819	16,108	7,084	8,052	
Net Profit/(Loss) after tax	8,970	19,480	12,088	5,825	7,454	
<i>Net Profit Margin %</i>	4.4%	8.1%	5.4%	2.5%	4.3%	
Cash Flow From Operation	21,603	(2,656)	(52,135)	3,776	21,081	
CFO/Sales	10.7%	-1.1%	-23.1%	1.6%	12.2%	
Current Assets	70,711	101,717	140,436	133,279	132,737	
Accounts receivable	33,991	57,143	76,198	74,916	67,260	
Inventory	22,039	17,931	31,821	48,639	56,017	
Non-Current Assets	35,611	45,512	71,057	86,037	88,277	
Total Assets	106,322	147,229	211,494	219,315	221,014	
Current Liabilities	65,597	50,800	98,979	108,173	103,583	
Accounts payable	14,977	14,478	8,167	33,607	45,095	
Borrowings	48,465	30,813	88,024	69,218	50,650	
Non-Current Liabilities	47	0	3,604	0	120	
Borrowings	0	0	0	0	0	
Total Liabilities	65,644	50,800	102,583	108,174	103,703	
Net Assets	40,678	96,429	108,911	111,142	117,311	
Debt/ Total Assets	45.6%	20.9%	41.6%	31.6%	22.9%	

VICEM HAI VAN		HVX				
VND Millions	2008	2009	2010	2011	2012	
Sales	277,535	362,713	447,014	666,340	713,288	
Cost of Sales	266,061	329,904	407,148	577,937	603,633	
Gross Profit	11,473	32,809	39,866	88,403	109,655	
<i>GP Margin %</i>	4.1%	9.0%	8.9%	13.3%	15.4%	
Overhead Expenses						
Sales & Marketing	8,447	9,480	14,040	32,237	35,500	
S&M %	3.0%	2.6%	3.1%	4.8%	5.0%	
Administration	8,993	14,400	15,254	34,225	27,025	
Admin %	3.2%	4.0%	3.4%	5.1%	3.8%	
EBIT	(5,966)	8,929	10,573	21,941	47,131	
<i>EBIT Margin %</i>	-2.1%	2.5%	2.4%	3.3%	6.6%	
Depreciation	15,710	19,744	20,798	25,616	0	
EBITDA	9,744	28,673	31,371	47,558	47,131	
<i>EBITDA Margin %</i>	3.5%	7.9%	7.0%	7.1%	6.6%	
Financial Expense	2,219	1,641	2,189	7,356	22,466	
Interest Expense	2,077	1,630	2,184	2,952	2,702	
Profit/(Loss) before tax	1,064	8,735	10,668	17,903	28,635	
Net Profit/(Loss) after tax	766	6,741	7,284	9,320	18,993	
<i>Net Profit Margin %</i>	0.3%	1.9%	1.6%	1.4%	2.7%	
Cash Flow From Operation	(979)	4,301	53,882	44,019	43,547	
CFO/Sales	-0.4%	1.2%	12.1%	6.6%	6.1%	
Current Assets	162,124	150,858	130,147	162,420	229,864	
Accounts receivable	39,890	62,435	27,102	29,001	70,954	
Inventory	80,036	60,865	54,923	49,033	31,365	
Non-Current Assets	173,713	165,014	153,147	112,196	84,040	
Total Assets	335,838	315,872	283,294	274,616	313,903	
Current Liabilities	148,184	121,966	90,525	78,992	109,154	
Accounts payable	50,807	57,820	52,955	40,371	67,309	
Borrowings	31,540	20,500	0	0	0	
Non-Current Liabilities	85	202	387	500	0	
Borrowings	0	0	0	0	0	
Total Liabilities	148,270	122,168	90,911	79,491	109,154	
Net Assets	187,568	193,704	192,383	195,125	204,749	
Debt/ Total Assets	9.4%	6.5%	0.0%	0.0%	0.0%	

Appendix 5: Fact sheet of listed cement companies

QUANG NINH CONSTRUCTION & CEMENT					
QNC					
VND Millions	2008	2009	2010	2011	2012
Sales	744,446	960,632	1,418,765	1,630,898	1,600,004
Cost of Sales	567,439	733,209	1,133,322	1,313,990	1,390,629
Gross Profit	177,006	227,423	285,443	316,907	209,376
<i>GP Margin %</i>	23.8%	23.7%	20.1%	19.4%	13.1%
Overhead Expenses					
Sales & Marketing	11,704	38,313	48,094	34,775	16,552
<i>S&M %</i>	1.6%	4.0%	3.4%	2.1%	1.0%
Administration	42,058	61,675	82,700	92,317	90,714
<i>Admin %</i>	5.6%	6.4%	5.8%	5.7%	5.7%
EBIT	123,244	127,435	154,649	189,815	102,110
<i>EBIT Margin %</i>	16.6%	13.3%	10.9%	11.6%	6.4%
Depreciation	79,629	0	94,217	93,598	0
EBITDA	202,873	127,435	248,865	283,413	102,110
<i>EBITDA Margin %</i>	27.3%	13.3%	17.5%	17.4%	6.4%
Financial Expense	85,954	73,638	126,154	177,009	115,006
Interest Expense	69,773	61,740	101,386	152,587	112,943
Profit/(Loss) before tax	67,586	83,744	74,176	37,918	7,435
Net Profit/(Loss) after tax	54,684	71,054	58,093	27,636	3,930
<i>Net Profit Margin %</i>	7.3%	7.4%	4.1%	1.7%	0.2%
Cash Flow From Operation	(12,062)	(20,027)	(11,979)	(207,503)	111,837
CFO/Sales	-1.6%	-2.1%	-0.8%	-12.7%	7.0%
Current Assets	610,431	671,671	822,911	1,138,028	1,201,218
Accounts receivable	257,196	287,540	397,855	391,320	638,371
Inventory	239,044	182,953	211,504	533,943	293,562
Non-Current Assets	667,143	865,541	981,252	1,082,262	1,178,853
Total Assets	1,277,573	1,537,211	1,804,162	2,220,290	2,380,071
Current Liabilities	493,923	722,350	799,293	1,021,270	1,202,747
Accounts payable	52,553	76,705	114,674	215,806	328,991
Borrowings	226,582	358,439	486,436	578,246	647,516
Non-Current Liabilities	584,456	588,563	772,541	958,699	955,181
Borrowings	582,604	585,852	693,806	883,257	833,597
Total Liabilities	1,078,380	1,310,913	1,571,834	1,979,969	2,157,928
Net Assets	199,193	226,298	232,328	240,322	222,143
Debt/ Total Assets	63.3%	61.4%	65.4%	65.8%	62.2%

SONG DA CEMENT					
SCC					
VND Millions	2008	2009	2010	2011	2012
Sales	69,231	84,579	57,770	57,134	34,949
Cost of Sales	59,948	74,395	55,466	56,322	34,431
Gross Profit	9,283	10,184	2,304	813	518
<i>GP Margin %</i>	13.4%	12.0%	4.0%	1.4%	1.5%
Overhead Expenses					
Sales & Marketing	2,665	2,865	1,798	2,198	1,937
<i>S&M %</i>	3.8%	3.4%	3.1%	3.8%	5.5%
Administration	3,733	3,923	3,207	3,412	3,477
<i>Admin %</i>	5.4%	4.6%	5.6%	6.0%	9.9%
EBIT	2,885	3,395	(2,701)	(4,797)	(4,896)
<i>EBIT Margin %</i>	4.2%	4.0%	-4.7%	-8.4%	-14.0%
Depreciation	2,501	1,200	1,008	1,173	0
EBITDA	5,385	4,595	(1,693)	(3,624)	(4,896)
<i>EBITDA Margin %</i>	7.8%	5.4%	-2.9%	-6.3%	-14.0%
Financial Expense	0	5	0	0	6
Interest Expense	0	0	0	0	6
Profit/(Loss) before tax	5,400	7,396	(898)	(3,055)	(3,300)
Net Profit/(Loss) after tax	4,711	6,550	(898)	(3,490)	(3,300)
<i>Net Profit Margin %</i>	6.8%	7.7%	-1.6%	-6.1%	-9.4%
Cash Flow From Operation	(7,350)	16,396	(11,311)	(1,576)	(2,809)
CFO/Sales	-10.6%	19.4%	-19.6%	-2.8%	-8.0%
Current Assets	37,417	39,118	34,586	31,998	25,795
Accounts receivable	8,615	9,064	16,998	12,723	12,410
Inventory	13,498	10,960	11,877	10,208	6,271
Non-Current Assets	10,197	10,505	9,389	14,769	12,466
Total Assets	47,614	49,622	43,975	46,767	38,261
Current Liabilities	7,847	8,486	7,456	13,650	9,151
Accounts payable	15	4,028	4,362	11,026	6,672
Borrowings	2,950	0	0	0	0
Non-Current Liabilities	407	511	618	706	0
Borrowings	0	0	618	0	0
Total Liabilities	8,253	8,998	8,074	14,356	9,151
Net Assets	39,361	40,625	35,901	32,410	29,110
Debt/ Total Assets	6.2%	0.0%	1.4%	0.0%	0.0%

Appendix 5: Fact sheet of listed cement companies

HUU NGHI VINH SINH		MAX				
VND Millions	2008	2009	2010	2011	2012	
Sales	0	0	444,348	244,021	122,711	
Cost of Sales	0	0	392,330	224,448	114,899	
Gross Profit	0	0	52,018	19,573	7,812	
GP Margin %	0.0%	0.0%	11.7%	8.0%	6.4%	
Overhead Expenses						
Sales & Marketing	0	0	3,639	4,074	1,755	
S&M %	0.0%	0.0%	0.8%	1.7%	1.4%	
Administration	0	0	944	937	1,027	
Admin %	0.0%	0.0%	0.2%	0.4%	0.8%	
EBIT	0	0	47,435	14,561	5,029	
EBIT Margin %	0.0%	0.0%	10.7%	6.0%	4.1%	
Depreciation	0	0	0	0	0	
EBITDA	0	0	47,435	14,561	5,029	
EBITDA Margin %	0.0%	0.0%	10.7%	6.0%	4.1%	
Financial Expense	0	0	304	3,260	4,310	
Interest Expense	0	0	304	3,260	4,310	
Profit/(Loss) before tax	0	0	47,155	11,319	723	
Net Profit/(Loss) after tax	0	0	47,155	10,282	633	
Net Profit Margin %	0.0%	0.0%	10.6%	4.2%	0.5%	
Cash Flow From Operation	0	(20,136)	(18,095)	1,400	(13,716)	
CFO/Sales	0.0%	0.0%	-4.1%	0.6%	-11.2%	
Current Assets	0	56,121	142,103	156,637	177,659	
Accounts receivable	0	25,713	62,103	65,087	88,265	
Inventory	0	28,882	77,641	88,771	88,329	
Non-Current Assets	0	46,887	45,420	42,297	39,177	
Total Assets	0	103,007	187,523	198,934	216,836	
Current Liabilities	0	20,553	57,894	76,295	94,691	
Accounts payable	0	19,589	36,360	38,677	41,030	
Borrowings	0	0	20,500	19,500	31,500	
Non-Current Liabilities	0	0	20	20	20	
Borrowings	0	0	0	0	0	
Total Liabilities	0	20,553	57,914	76,315	94,711	
Net Assets	0	82,454	129,609	122,619	122,125	
Debt/ Total Assets	0.0%	0.0%	10.9%	9.8%	14.5%	

CAN THO SADICO		SDG				
VND Millions	2008	2009	2010	2011	2012	
Sales	165,036	195,369	231,532	279,942	293,244	
Cost of Sales	139,466	162,248	199,581	249,124	261,074	
Gross Profit	25,570	33,122	31,951	30,818	32,170	
GP Margin %	15.5%	17.0%	13.8%	11.0%	11.0%	
Overhead Expenses						
Sales & Marketing	1,502	2,135	2,577	2,751	2,898	
S&M %	0.9%	1.1%	1.1%	1.0%	1.0%	
Administration	5,206	5,586	6,218	8,730	13,764	
Admin %	3.2%	2.9%	2.7%	3.1%	4.7%	
EBIT	18,862	25,401	23,156	19,337	15,508	
EBIT Margin %	11.4%	13.0%	10.0%	6.9%	5.3%	
Depreciation	7,270	7,330	0	0	0	
EBITDA	26,132	32,731	23,156	19,337	15,508	
EBITDA Margin %	15.8%	16.8%	10.0%	6.9%	5.3%	
Financial Expense	9,345	10,392	11,361	11,515	7,457	
Interest Expense	8,182	7,064	8,136	9,427	7,182	
Profit/(Loss) before tax	14,914	35,577	38,603	31,357	33,026	
Net Profit/(Loss) after tax	10,740	30,035	31,866	26,667	27,499	
Net Profit Margin %	6.5%	15.4%	13.8%	9.5%	9.4%	
Cash Flow From Operation	29,738	33,521	15,742	113,909	37,729	
CFO/Sales	18.0%	17.2%	6.8%	40.7%	12.9%	
Current Assets	68,205	101,736	120,701	113,592	98,022	
Accounts receivable	23,025	37,041	48,372	59,925	50,943	
Inventory	28,884	43,564	53,914	45,031	44,243	
Non-Current Assets	109,110	100,279	99,702	95,381	93,827	
Total Assets	177,315	202,015	220,403	208,973	191,849	
Current Liabilities	34,973	61,026	84,976	93,301	95,685	
Accounts payable	7,341	8,908	3,478	6,682	2,451	
Borrowings	10,407	24,076	49,947	43,709	46,812	
Non-Current Liabilities	84,950	62,846	40,969	22,893	0	
Borrowings	84,937	62,610	40,758	22,530	0	
Total Liabilities	119,923	123,871	125,945	116,194	95,685	
Net Assets	57,392	78,144	94,458	92,779	96,164	
Debt/ Total Assets	53.8%	42.9%	41.2%	31.7%	24.4%	

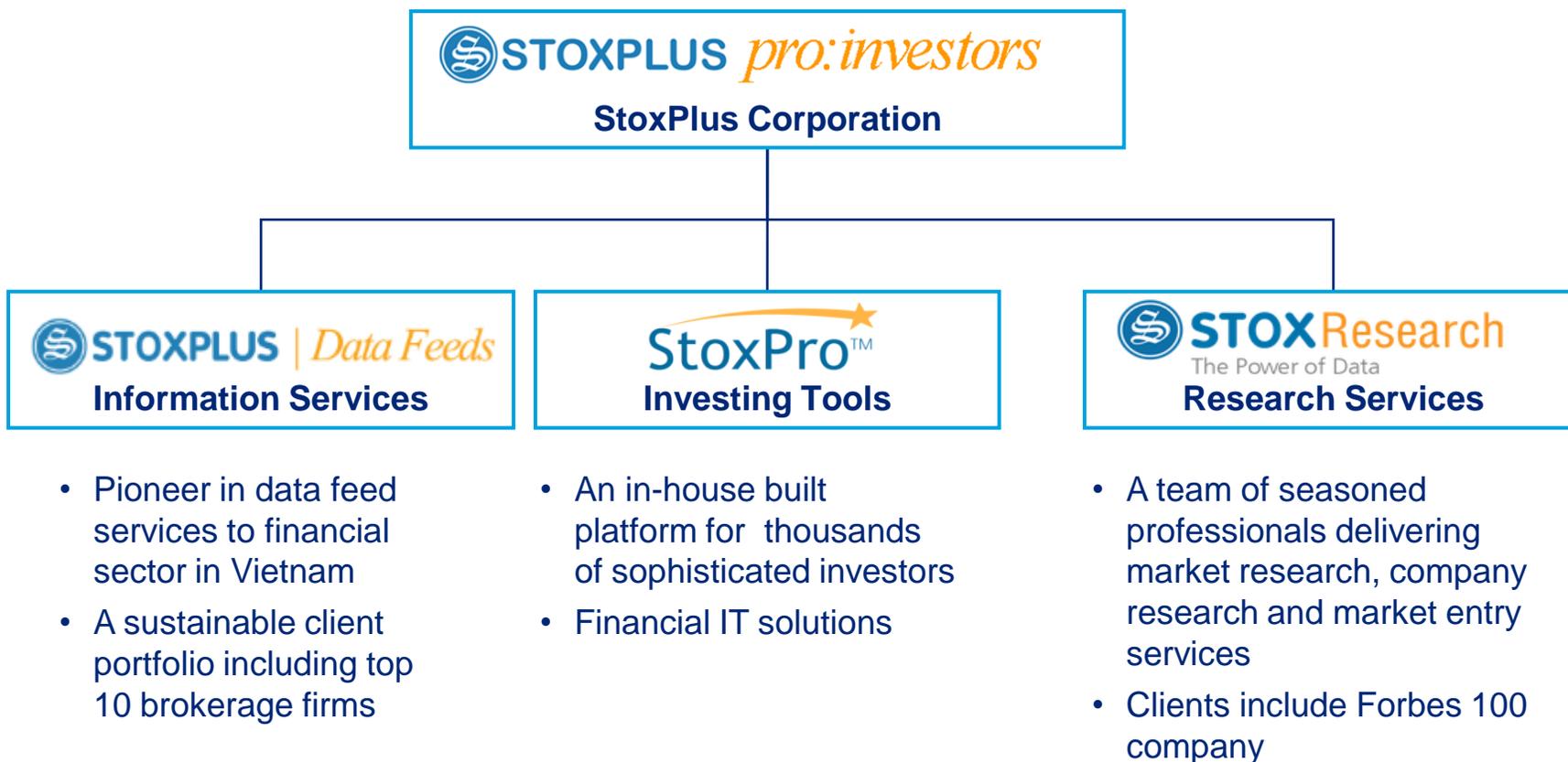
Appendix 5: Fact sheet of listed cement companies

YEN BAI CEMENT		YBC				
VND Millions	2008	2009	2010	2011	2012	
Sales	225,674	313,772	299,300	333,203	359,139	
Cost of Sales	168,512	250,872	237,386	274,206	321,424	
Gross Profit	57,162	62,900	61,914	58,997	37,715	
<i>GP Margin %</i>	<i>25.3%</i>	<i>20.0%</i>	<i>20.7%</i>	<i>17.7%</i>	<i>10.5%</i>	
Overhead Expenses						
Sales & Marketing	18,954	23,108	24,471	23,256	14,372	
S&M %	8.4%	7.4%	8.2%	7.0%	4.0%	
Administration	8,567	9,135	8,241	9,158	9,366	
Admin %	3.8%	2.9%	2.8%	2.7%	2.6%	
EBIT	29,641	30,658	29,202	26,583	13,976	
<i>EBIT Margin %</i>	<i>13.1%</i>	<i>9.8%</i>	<i>9.8%</i>	<i>8.0%</i>	<i>3.9%</i>	
Depreciation	21,748	29,457	20,247	20,888	0	
EBITDA	51,390	60,114	49,448	47,471	13,976	
<i>EBITDA Margin %</i>	<i>22.8%</i>	<i>19.2%</i>	<i>16.5%</i>	<i>14.2%</i>	<i>3.9%</i>	
Financial Expense	26,084	25,326	32,680	44,276	37,105	
Interest Expense	25,861	25,325	32,680	44,276	37,086	
Profit/(Loss) before tax	6,076	9,168	2,371	(14,163)	(19,697)	
Net Profit/(Loss) after tax	5,466	8,585	1,767	(14,865)	(19,705)	
<i>Net Profit Margin %</i>	<i>2.4%</i>	<i>2.7%</i>	<i>0.6%</i>	<i>-4.5%</i>	<i>-5.5%</i>	
Cash Flow From Operation	234	34,440	8,007	4,006	15,594	
CFO/Sales	0.1%	11.0%	2.7%	1.2%	4.3%	
Current Assets	66,086	70,642	92,927	98,512	105,074	
Accounts receivable	28,064	33,734	46,965	47,089	51,875	
Inventory	20,999	23,931	31,330	43,005	46,267	
Non-Current Assets	281,703	266,924	258,473	246,238	269,248	
Total Assets	347,789	337,567	351,400	344,750	374,323	
Current Liabilities	111,837	117,119	167,996	189,257	193,501	
Accounts payable	23,627	23,827	39,346	50,238	54,420	
Borrowings	78,151	83,766	121,338	126,321	116,109	
Non-Current Liabilities	177,840	146,655	115,647	102,607	147,614	
Borrowings	177,577	146,274	115,127	101,856	136,826	
Total Liabilities	289,677	263,774	283,642	291,865	341,115	
Net Assets	58,112	73,793	67,758	52,886	33,208	
Debt/ Total Assets	73.5%	68.1%	67.3%	66.2%	67.6%	

LANG SON CEMENT		LCC				
VND Millions	2008	2009	2010	2011	2012	
Sales	0	166,772	135,545	110,762	150,748	
Cost of Sales	0	141,751	125,405	99,670	161,582	
Gross Profit	0	25,020	10,141	11,092	(10,834)	
<i>GP Margin %</i>	<i>0.0%</i>	<i>15.0%</i>	<i>7.5%</i>	<i>10.0%</i>	<i>-7.2%</i>	
Overhead Expenses						
Sales & Marketing	0	7,580	6,340	4,690	7,154	
S&M %	0.0%	4.5%	4.7%	4.2%	4.7%	
Administration	0	5,501	6,138	4,566	5,809	
Admin %	0.0%	3.3%	4.5%	4.1%	3.9%	
EBIT	0	11,939	(2,337)	1,835	(23,796)	
<i>EBIT Margin %</i>	<i>0.0%</i>	<i>7.2%</i>	<i>-1.7%</i>	<i>1.7%</i>	<i>-15.8%</i>	
Depreciation	0	0	6,679	6,972	0	
EBITDA	0	11,939	4,342	8,807	(23,796)	
<i>EBITDA Margin %</i>	<i>0.0%</i>	<i>7.2%</i>	<i>3.2%</i>	<i>8.0%</i>	<i>-15.8%</i>	
Financial Expense	0	3,177	3,671	3,931	53,427	
Interest Expense	0	0	3,671	3,931	50,228	
Profit/(Loss) before tax	0	9,161	(5,741)	(1,598)	(78,955)	
Net Profit/(Loss) after tax	0	8,327	(5,741)	(1,598)	(78,955)	
<i>Net Profit Margin %</i>	<i>0.0%</i>	<i>5.0%</i>	<i>-4.2%</i>	<i>-1.4%</i>	<i>-52.4%</i>	
Cash Flow From Operation	0	0	75,187	(24,941)	(25,376)	
CFO/Sales	0.0%	0.0%	55.5%	-22.5%	-16.8%	
Current Assets	75,850	32,744	49,649	50,081	54,843	
Accounts receivable	57,909	10,571	25,427	24,122	25,284	
Inventory	14,051	11,852	11,543	13,446	23,210	
Non-Current Assets	62,822	69,690	260,248	471,011	489,730	
Total Assets	138,672	102,434	309,897	521,092	544,573	
Current Liabilities	23,827	28,249	80,955	127,576	158,953	
Accounts payable	0	0	55,905	96,988	74,772	
Borrowings	23,827	28,249	14,713	22,701	45,376	
Non-Current Liabilities	56,101	27,070	176,243	338,415	409,474	
Borrowings	0	0	175,650	338,415	407,584	
Total Liabilities	79,928	55,319	257,198	465,991	568,426	
Net Assets	58,744	47,115	52,699	55,102	(23,854)	
Debt/ Total Assets	17.2%	27.6%	61.4%	69.3%	83.2%	

Appendix 6: Introduction about StoxPlus

StoxPlus is proud to be a leading business information corporation in Vietnam, providing comprehensive information, analytic solutions, and industry research for both domestic and foreign clients. StoxPlus has provided intelligent information to help clients to analyse and make strategic decisions and bring success to investors, banks, financial institutions, corporate owners and management.



Sectors we regularly cover:

We help our clients in:

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- Market understandings
- Market sizing & segmentation
- Market dynamics
- Industry analysis
- Customer segmentation
- Value chain analysis
- Regulatory and policy framework
- Key player profiles

Vietnam Market Entry

- Market assessment
- Market entry strategy defining
- Site location analysis
- Product and pricing strategy
- PPP/Joint ventures/M&A/licensing
- Vendors, outsourcers and distributors search

Business Intelligence

- Key account profiling
- Competition analysis
- Commercial partner seeking
- Management background check
- Financial and operational due diligence

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- Vietnamese banking
- Retail banking and home credit
- Insurance
- Brokerage
- Asset management

Healthcare Sector

- Hospital operation
- Drugs
- Medical devices
- Laboratory/medical testing
- Diagnostic imaging

Consumerism

- Beers
- Soft drinks
- Alcoholic
- Pharmaceutical
- Education

Construction & other

- Home builders
- Cement and concrete
- Construction materials
- Infrastructure i.e. ports
- Real estates
- Natural rubbers

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World Bank

Banking

Research on cross-holding ownership in Vietnamese banks and how local banks played around the deposit cap regulation



Korea

SK Group

Investment Screening

Research on 10 key sectors of Vietnam and SOE IPOs to assess investment opportunities



Japan

Maruhan Corporation

Banking

Market Research for Banking sector in Vietnam and insightful analysis of shortlisted players



Singapore

Daiwa Can

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Market screening of top 10 largest players in carton packaging companies in Hanoi and HCMC under M&A transaction considerations



Japan

Japan Economic Research Inc.

Home Builders

Market research on Vietnamese home builders and assessing key trends. Profile of key players in HCMC, Hanoi and the Central of Vietnam



Vietnam

BTA Holdings

Cement

Sector research report on cement for M&A purposes and evaluation of acquisition opportunities in cement sector in Vietnam



Korea

SK Group

Healthcare

Market research on Vietnam hospital operation businesses and diagnostic service segment: help client fully understand the market and defined entry options



Japan

Japan Knowledge Incorporation

Consumer Finance

Vietnam Consumer Finance Market Report and Define Entry Options for a Japanese Financial Institution



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