IPO NOTE

BECAMEX IDC

Prepared by Hoang Nguyen
28 November 2017

COMPANY OVERVIEW

Business pillars

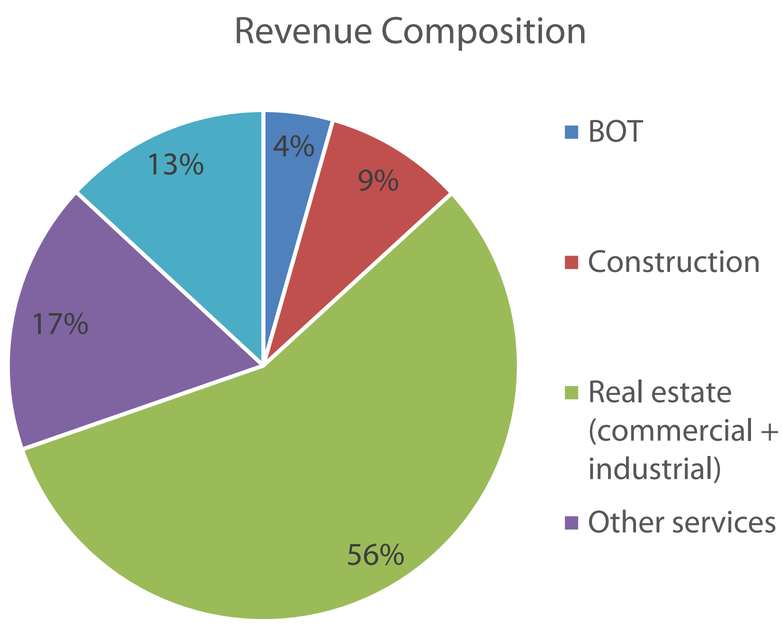
Infrastructure development

Industrial park services

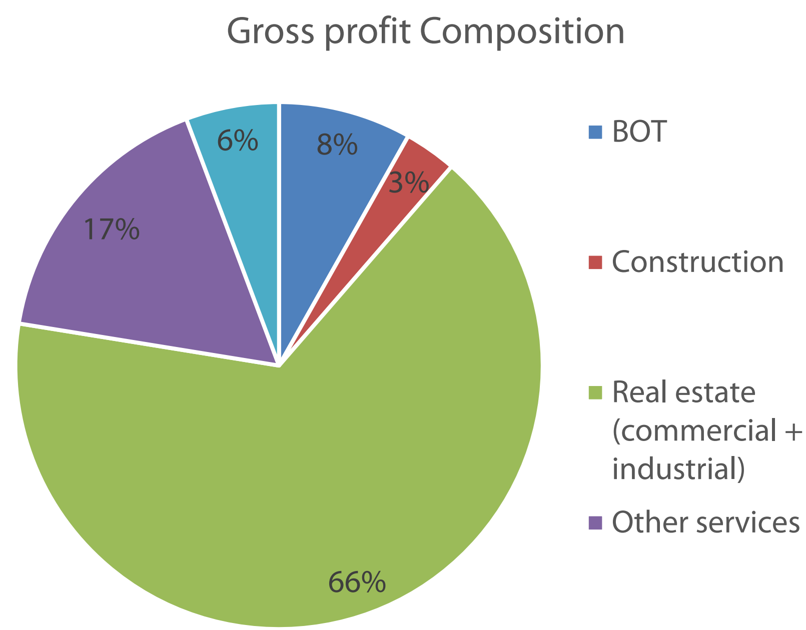
Commercial real estate

Hospitality/Education services

COMPANY OVERVIEW



Source: RongViet Research compiled



Source: RongViet Research compiled

COMPANY OVERVIEW

Subsidiary	Stock ticker	Book value (VND billion)	Ownership
Becamex IJC	IJC	1,086	79%
Becamex TDC	TDC	607	61%
Becamex BCE	BCE	155	52%
My Phuoc Hospital JSC		149	65%
Binh Duong Rubber JSC		85	75%
Becamex UDJ	UDJ	84	51%
Becamex ACC	ACC	74	73%
Eastern University		30	51%
Becamex Pharmacy	BCP	22	51%
Associates	**Stock ticker**	**Book value (VND billion)**	**Ownership**
Becamex Tokyu		3,010	35%
Biwase	BWE	615	51%
VSIP		461	49%
Seita-Becamex		264	40%
Becamex VNPT		117	49%
Eastern Education JSC		92	50%
Hung Vuong Insurance		60	20%
Savi pharma		56	35%
Total		**6,967**	

Source : RongViet Research compiled

INVESTMENT RATIONALES

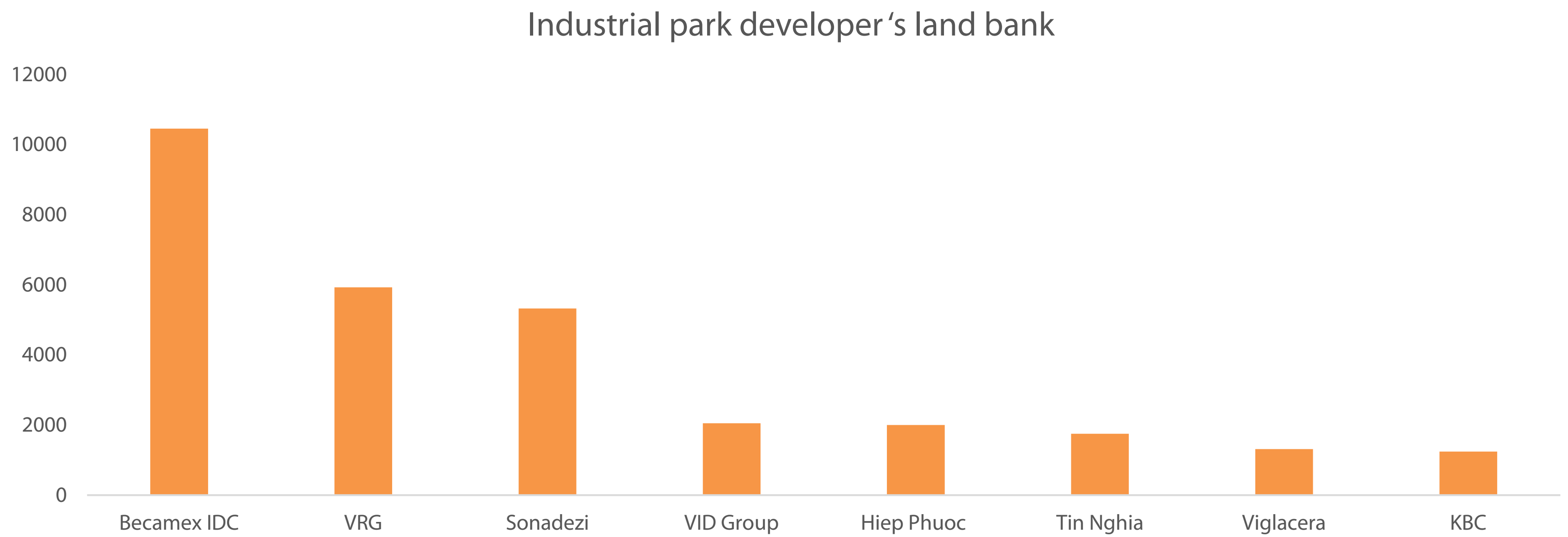
INVESTMENT RATIONALE

1. Vietnam's leader in industrial park development by size and brand name
2. Experienced township developers advantaged by low land cost
3. Allocating more fund to recurring and sustainable income in hospitality segment

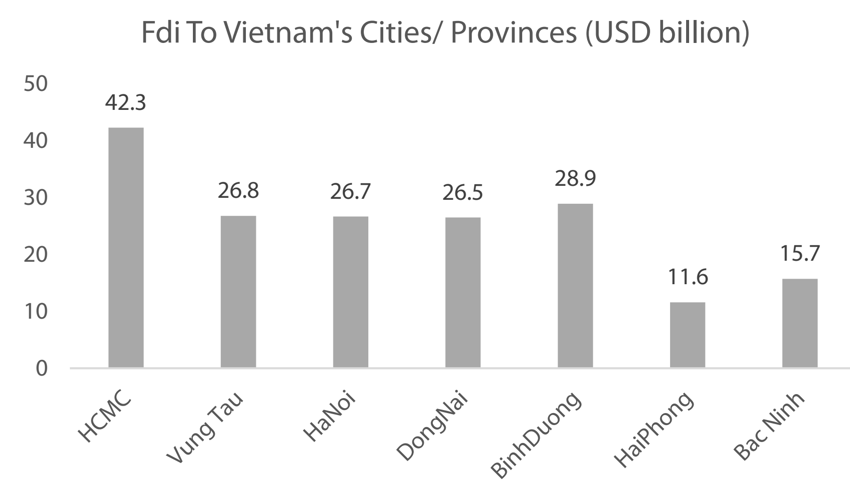
RISK

1. High leveraged balance sheet
2. Large capex demand for new projects
3. Cyclical real estate market

1. Vietnam's largest industrial park developer



Company	Number of IP	Total IP area (ha)	% of Vietnam's total IP area
Becamex IDC	14	10456	11.40%
VRG	8	5928	6.50%
Sonadezi	10	5325	5.80%
VID Group	11	2051	2.20%
Hiep Phuoc	1	2000	2.20%
Tin Nghia	4	1750	1.90%
Viglacera	4	1313	1.40%
KBC	2	1240	1.40%
Source : RongViet Research compiled			



Source: RongViet Research compiled

1. Vietnam's largest industrial park developer

No	Industrial parks	Location	Total area (ha)	Start investing	Uncleared land area (ha)	IL (ha)	IL ratio	Occupancy (%)	Remaining IL (ha)	Becamex ownership
1	My Phuoc 1	Ben Cat	377	2002		274	73%	87%	36	100%
2	My Phuoc 2	Ben Cat	477	2005		344	72%	91%	31	100%
3	My Phuoc 3	Chanh Phu Hoa	998	2006		667	67%	59%	274	100%
4	Thoi Hoa - My Phuoc 4	Ben Cat	202	2006		153	75%	38%	95	100%
5	Bau Bang 1	Bau Bang	998	2007		727	73%	100%	0	100%
6	Bau Bang 2	Bau Bang	1,000	2017		700	70%	0%	700	100%
7	*Becamex Binh Phuoc*	*Binh Phuoc*	*2,448*	*2017*	*3600*	*1714*	*70%*	*0%*	*1714*	*40%*
8	*Cay Truong*	*Ben Cat*	*700*	*2018-2020*	*Un-cleared*	*490*	*70%*	*0%*	*490*	*N/A*
9	*Lai Hung*	*Ben Cat*	*600*	*2018-2020*		*420*	*70%*	*0%*	*420*	
10	*Vinh Lap*	*Phu Giao*	*500*	*2018-2020*		*350*	*70%*	*0%*	*350*	
	Total		**8,301**			**5,838**			**4,108**	
1	VSIP 1	Thuan An	494	1996		346	70%	100%	0	49%
2	VSIP 2	BD New city	1,345	2000		942	70%	100%	0	49%
3	VSIP 3	Bac Tan Uyen	1,000	2017	1000	700	70%	0%	700	49%
4	VSIP Bac Ninh		500	2007	400	343	69%	100%	0	49%
5	VSIP Bac Ninh expansion		350	2017		245	70%	0%	245	49%
6	VSIP Hai Phong		1,100	2010	960	770	70%	18%	630	49%
7	VSIP Quang Ngai		600	2013	826	420	70%	10%	378	49%
8	VSIP Nghe An		226	2015	450	158	70%	10%	142	49%
9	VSIP Nghe An expansion		134	2017		94	70%	0%	94	49%
10	VSIP Hai Duong		160	Apr-16	10	110	69%	11%	98	49%
	Total		**5,909**			**4,127**			**2,287**	

Source: RongViet Research compiled

1. Vietnam's largest industrial park developer

Investing (18,935ha)

- Binh Duong new city (4,200ha)
- My Phuoc – Thoi Hoa Industrial park (4,385ha)
- VSIP I (500ha)
- VSIP II and expansion (2,050ha)
- Bau Bang Industrial park (3,200ha)
- Becamex Binh Phuoc (4,600ha)

Future investment (3,600ha)

- VSIP III (1,000ha)
- Cay Truong Industrial park (700ha)
- Lai Hung Industrial park (600ha)
- Vinh Lap Industrial park (500ha)
- Bac Tan Uyen administrative center (600ha)
- Logistics project (200ha)

Source: RongViet Research compiled

2. Experienced township developer with low cost land bank

	Township	Location	Total area (ha)	Residential land (ha)	IL ratio	Occupancy (%)	Remaining IL (ha)	Becamex ownership (3)	Est. land cost per ha (VND million)
1	My Phuoc 2	Ben Cat	323					100%	
2	My Phuoc 3		1,202					100%	
3	Thoi Hoa - My Phuoc 4		754					100%	
4	Bau Bang	Bau Bang	1,200	840	70%	0%	840	100%	21,567
5	Becamex Binh Phuoc	Binh Phuoc	2,185	1,704	78%	0%	1,704	40%	22,563
6	VSIP 1	Thuan An	6	-				49%	
7	VSIP 2	BD New city	700	490	70%	80%	98	49%	27,785
8	VSIP 3	Bac Tan Uyen		-			-	49%	
9	VSIP Bac Ninh	Bac Ninh	200	138	69%	40%	82	49%	70,375
10	VSIP Hai Phong	Hai Phong	500	345	69%	0%	345	49%	68,445
11	VSIP Quang Ngai	Dung Quat	619	427	69%	0%	427	49%	
12	VSIP Nghe An	Nam Nghe An	390	269	69%	0%	269	49%	32,779
	Total		**8,079**	**4,213**			**3,766**		

Source: RongViet Research compiled

2. Experienced township developer with low cost land bank

Binh Duong new city project

Total area: 4196ha

+Industrial land: 1573ha

+Services land: 613ha

+Residential land: 1650 (including 650ha relocation land)

+Other: 360ha

Remaining residential land : 250ha (both relocation area + city center)

3. Ambitious capex plan vs humble profit plan

On-going projetcs	Project value (VNB billion)	Timeline	Location
Traffic & construction projects			
DT746 road	515	2012-2018	Tan Uyen
DT747 road	470	2012-2018	
Residential & Urban projects			
Thoi Hoa resettlement area	1,799	2008-2020	Ben Cat
Bau Bang resettlement area	2,586	2008-2020	Lai Uyen
VSIP resettlement area	694	2003-2020	Thuan An
My Phuoc resettlement area	2,235	2008-2020	Ben Cat
Binh Duong industrial - services complex	32,421	2002-2020	New city
Industrial parks			
My Phuoc 1	399	2002-2020	Ben Cat
My Phuoc 2	545	2005-2020	
My Phuoc 3	2,297	2006-2020	
Thoi Hoa	552	2006-2020	
Bau Bang	2,885	2007-2020	Lai Uyen
Others			
Becamex Social housing - Dinh Hoa	621	2014-2020	Thu Dau Mot
Becamex Social housing - VSIP	499	2014-2020	Thuan An
Becamex international hospital	1,482	2010-2016	Thuan An
Total	**50,000**		
Future projects	**Project value**	**Timeline**	**Location**
Traffic & construction projects			
Administrative building of Bau Bang town	330	2016-2018	Lai Uyen
Industrial parks			
Bau Bang industrial park & urban area (expansion phase)	3,625	2016-2020	Lai Uyen
Becamex Binh Phuoc	10,482	2016-2025	Binh Phuoc
Cay Truong	3,026	2016-2020	Ben Cat
Lai Hung	1,500	2016-2020	Ben Cat
Total	**18,963**		

Source: RongViet Research

3. Ambitious capex plan vs humble profit plan

Unit: VND million	2017	2018	2019
Capex plan	**8,019,000**	**10,424,000**	**13,552,000**
Structure	**Equity 20% : Presale 30% : Bank loan 50%**		
Revenue (Becamex only)	**5,500,000**	**6,600,000**	**7,920,000**
Profit after tax	**240,000**	**288,000**	**346,000**
Source: Becamex IDC			

4. Summary

1) Corporate position

- Vietnam's leading and highly recognized real estate developer (industrial + commercial)

2) Business prospects

- Industrial park services capitalizes on strong FDI flow to drive short-mid term earnings
- Remaining industrial land bank of 1134ha (ready for lease) and 2975 ha in expansion located at Southeastern region is of strategic advantage
- Low development cost of land means room for price appreciation is abundant
- Real estate price benefits from population relocation attracted by job opportunities

3) Financial

- Equity raise from IPO facilitates deleveraging process and injects capital for new projects
- Restructuring subsidiary fosters return performance

5. Performance forecast

Y/E Dec	FY2015	FY2016	FY2017F	FY2018F
Net revenue (USD million)	315	322	254	276
%change	22.74%	1.97%	-20.9%	8.6%
PAT (USD million)	26	35	45	49
% change	6.5%	34.0%	29.6%	8.7%
EPS (VND)	446	597	775	842
BV (VND)	7,546	8,283	9,058	9,900
P/E		51.9	40.0	36.8
P/B		3.7	3.4	3.1

Source: RongViet Research forecast, Price as starting IPO price @VND31,000/share

Peer comparison	P/B	P/E
VIC	7.3	104.0
VRE	4.0	52.0
KBC	0.7	10.0
IDICO	2.0	22.0
DIG	1.5	52.0
SCR	0.7	21.0
KDH	1.9	21.0

Source: RongViet Research compiled

6. Valuation

	Balance sheet @ 30 June 2017	Unit : VND million		
	Becamex IDC		**Base case**	**Positive case**
	Land price			
	Binh Duong new city (center)		VND20 million/m2	VND30 million/m2
	Commercial land in industrial park		VND 4-5 million/m2	VND 4-5 million/m2
No.	**Account**	**Amount**	**Revalued amount**	
A	**Current Assets**	**33,223,358**	**45,000,575**	**55,000,575**
1	Cash and Cash equivalent	2,325,605	2,325,605	2,325,605
2	Financial investment	316,560	316,560	316,560
3	Account Receivables	11,802,114	11,802,114	11,802,114
4	Inventory	18,722,000	30,499,217	40,499,217
	BD new city (100ha residential land)	*9,000,000*	*20,000,000*	*30,000,000*
	Industrial park and related commercial land	*9,722,000*	*10,499,217*	*10,499,217*
5	Other assets	57,079	57,079	57,079
B	**Non-Current Assets**	**9,479,308**	**16,886,374**	**19,729,957**
1	Account Receivables	1,681,975	1,681,975	1,681,975
2	Fixed assets	230,272	230,272	230,272
3	Investment property	394,698	394,698	394,698
4	WIP	12,245	12,245	12,245
5	Long-term financial investment	7,156,786	14,563,852	17,407,435
	Subsidiaries	*3,056,763*	*6,599,144*	*9,442,728*
	Associates	*4,171,234*	*8,035,918*	*8,035,918*
	Other investment	*52,763*	*52,763*	*52,763*
	Provision	(123,974)	*(123,974)*	*(123,974)*
6	Other assets	3,332	3,332	3,332
C	**Total liability**	**31,543,263**	**31,543,263**	**31,543,263**
D	**Prepayment**	**1,625,447**	**1,625,447**	**1,625,447**
F	**Equity**	**9,533,956**	**30,668,774**	**43,512,358**
	Share issue in IPO (311,207,100 shares)		9,647,420	9,647,420
	Share outstanding		1,317,000,000	1,317,000,000
	Price per share (VND)		**30,612**	**40,364**

Source: RongViet Research estimated

THANK YOU!

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