# IDICO IDI JSC (HTI – HSX)

## More aggressive taste for growth is necessary

- **Business strategy focuses on core operation and strengths**
- **Important role of An Suong–An Lac road in Southeastern road network**
- **Growth driver from rising pass by traffic and upward revision of road toll**
- **Good management of toll revenue and stable cash dividend policy**

**Outlook and Valuation**

***IDICO IDI (HTI–HSX)*** *specializes in building bridge and road infrastructure. The firm is the investor of BOT An Suong – An Lac road in the Northwest of HCMC. This is the vital transport route for cargo from Southeastern and Central region to Mekong Delta region. Fast growing industrial activities and rising vehicle ownership would support traffic growth passing by HTI's project tollbooth. The MOT forecasted traffic from HCMC to Long An to record annualized growth of 3.5% in 2011-2020 and 5.1% in 2021-2030. To strengthen its breadwinner project, HTI is investing flyovers at An Suong-An Lac's major junctions to speed up traffic pace and create long-term competitiveness against the newly built HCMC-Long Thanh-Dau Giay and Ben Luc-Long Thanh Expressway.*

*Mid-term catalyst comes from the upward revision of toll to finance Go May flyover in 2020. Having yet raising equity in 10 years, HTI shows cautious leadership style focusing on stable business growth. Strong toll cash flow enables it to mobilize funding for new investments without having to raise new equity. Therefore, shareholder interest is protected by stable bottom-line growth and little dilution concern. Using the combined Sum of the part (SOTP) and Dividend Discount valuation method, we recommend investors who favor stable business growth and regular dividend income (1,200 VND/share) to* ***"BUY"*** *the stock in* ***"Long-term"*** *horizon for the target price of* ***26,200VND.***

### Key Financials

| Y/E Dec ( VND B) | FY2015 | FY2016E | FY2017F | FY2018F |
|---|---|---|---|---|
| Net Revenue | 303 | 404 | 337 | 644 |
| *% change* | 69% | 33% | -17% | 91% |
| PAT | 58 | 63 | 76 | 72 |
| *% change* | 58% | 9% | 21% | -6% |
| PAT margin (%) | 19 | 16 | 23% | 11% |
| ROA (%) | 5 | 5 | 5% | 4% |
| ROE (%) | 16 | 16 | 18% | 15% |
| EPS (VND) | 2,015 | 2,190 | 2,649 | 2,494 |
| Adjusted EPS (VND) | 2,015 | 2,190 | 2,649 | 2,494 |
| Book value (VND) | 14,812 | 16,013 | 17,795 | 19,483 |
| Cash dividend (VND) | 1,200 | 1,200 | 1,200 | 1,200 |
| P/E forward (x) | 7.1 | 8.2 | 7.7 | 8.2 |
| P/B forward (x) | 0.9 | 1.1 | 1.1 | 1.0 |

*Sources: HTI, RongViet Research estimated, stock price is taken on 10 July 2017*

## BUY

| | |
|---|---|
| CMP (VND) | 20,000 |
| Target Price (VND) | 26,200 |
| Investment Period | Long-term |

### Stock Info

| | |
|---|---|
| Sector | Construction |
| Market Cap ( VND Bil) | 511 |
| Current Shares O/S | 24,949,200 |
| Beta | 0.8 |
| Free float (%) | 42.5 |
| 52 Week High | 21,900 |
| 52 Week Low | 15,500 |
| Avg. Daily Volume (20 sessions) | 39,200 |


*Source: Vietstock*

### Performance (%)

| | 3M | 1Y | 3Y |
|---|---|---|---|
| HTI | 14% | 30% | 177% |
| Construction | -11% | 5% | |
| Vn30 Index | 11% | 17% | 21% |
| VN Index | 5% | 19% | 34% |

### Major Shareholders (%)

| | |
|---|---|
| IDICO Group | 47.5 |
| IDICO Housing Development JSC | 10.0 |
| *Remaining foreign investor room (%)* | 34.5 |

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**Focusing fund on developing core businesses**

HTI is the investor and constructor of traffic infrastructure in Southern Vietnam. The firm invested in An Suong-An Lac (AS-AL) road project which is signed under Built-Operating-Transfer (BOT) contract. At 31/12/2016, toll collection activity at AS-AL project constituted 80% revenue and 98% gross profit of the firm. Without raising equity in the past 10 years, the firm has shown its ability in managing cash flow for both operation and capital expenditure need over the years. However, to create a strong growth driver in the future, the firm may have to strengthen itself financially to be able to bid for large projects.

**Table 1: BOT projects of HTI**

| BOT projects | Total investment (VND bil) | Toll booth duration | Return mode |
|---|---|---|---|
| BOT An Suong – An Lac (Phase 1) | 812 | January 2005-February 2017 | An Suong – An Lac toll booth<br>Sub – toll booth at Ba Hom road |
| BOT An Suong – An Lac (Phase 3 – Flyover at Provincial road 2 junction) | 403 | January 2015-January 2033 | Increase toll at An Suong – An Lac tollbooth in 2015, 2020, 2025 and 2030 following the Toll regulation issued by MOF. Flyover started toll collection from January 2015. |
| BOT An Suong – An Lac (Phase 2 – Flyovers at Provincial road 10 and 10B junction) | 704 | February 2017-Januray 2033 | Extend toll collection duration of An Suong – An Lac toll booth from January 2017 to February 2033 under Decision 78/2004/QĐ-BTC dated 6 October 2004 and BOT contract 3979/2011/PLHĐ-BOT dated 1 September 2011<br>Sub toll booth at M1 road (Tan Binh industrial park) & Junction Highway1A -Road 7 (Vinh Loc industrial park) |
| BOT An Suong – An Lac (Phase 4 – Flyovers at Go May Junction) | 511 | From 2020 | Increase toll or extension of An Suong – An Lac toll booth duration |

*Source: HTI, RongViet Research compiled*

Humble financial capacity in the past years may have restricted but also keep the firm focused its funding on core operation. In fact, 85% of HTI's chartered capital was used to fund the First phase of BOT AS-AL project (total cost of VND812 billion) and remaining 15% was investment in joint projects with industry peers. When Phase 1 entering the final few years of its life, HTI started reinvesting in auxiliary projects on the same route to extend the collection duration of AS-AL tollbooth (toll collection for Phase 1 ended in February 2017). They are flyovers at Provincial road 10 and 10B Junction (total cost of VND704 billion) completed in 2013 and flyover at Provincial road 2 (total project cost ~VND400 billion) put into operation in 2015.

To support business growth, HTI plans to increase the bidding and construction activity for outside projects after finishing internal Go May flyover project in May 2017. In recent years, the firm has actually built up its construction credibility by taking on both local authority and private funded projects notably Internal Road and bridge of Sai Gon –Hiep Phuoc port area invested by Vingroup subsidiary. Profit from construction in this initial stage may not contribute significantly to the bottom-line but would expect to see fast growth as the firm's construction record is well –known. On the backdrop of tight government budget but unceasing demand for infrastructure, the firm's growth potential is hence ample but would depend much on its ability to find attractive project that has a high chance of calling for financing under the Public Private Partnership initiative. In fact, recent study estimated HCMC needs VND 255,067 billion (~USD12 billion) for infrastructure investment.

Management approach in terms of investment and funding shows HTI's cautious leadership style. This on the one hand keeps its risk exposure at the controlled level but also means scarifying strong earnings growth for stable business development path in the long run.

**Table 2: HTI's notable construction projects**

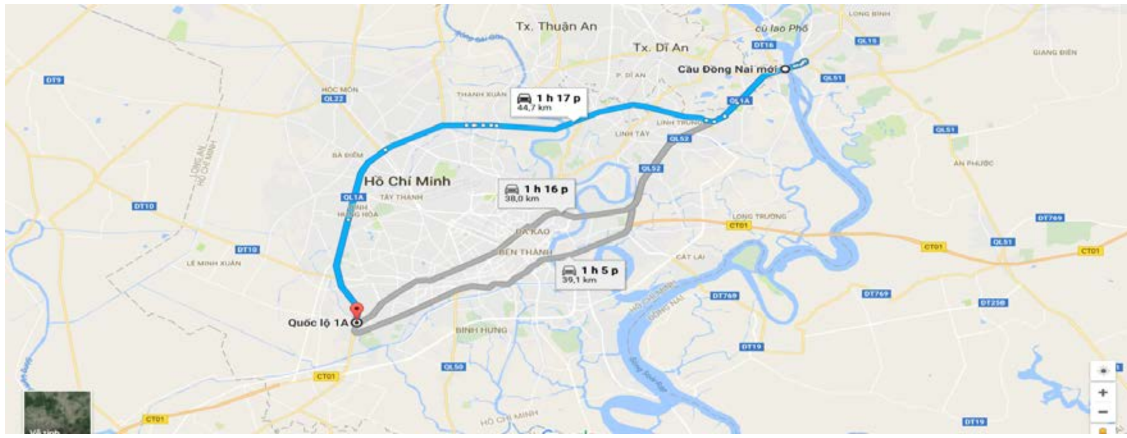
| | |
|---|---|
| 2012 -2013 | ➢ Tay Do Highschool (Hau Giang province) – VND23.5 billion<br>➢ Flyovers at Provincial road 10-10B<br>➢ Infrastructure construction at Residential project in Tan An –Long An province |
| 2014 | ➢ Flyovers at Provincial road 2 |
| 2015 | ➢ Other sub project of the Flyover Provincial road 2<br>Overhaul work at at Highway 1A- M1 road – Road 7 Junction. Completed in 10 January 2016<br>Overhaul work at Highway 1A from PouYen Factory to Ho Ngoc Lam road (completed in July 2017)<br>Truckload control system installment<br>➢ Muong Lon and Rach Rop bridge in Connecting Road project to SaiGon – Hiep Phuoc port (Investor: Vingroup subsidiary). Total cost VND181 billion<br>➢ Flyover at Go May Junction (began on 20 September 2016 and completed right wing on January 2017 and left wing on May 2017) |
| 2016-2017 | ➢ Tan Ky Tan Quy bridge |
| Future projetcs | ➢ Tan Ky Tan Quy bridge<br>➢ Expansion of Highway 1A from An Lac to Long an border (HTI is the investor)<br>This could be a BOT project. Return mode by set up a sub Tan Kien tollbooth and increase toll at An Suong – An Lac 1-year earlier in 2019, 2024 and 2029. Toll increase to be higher than previous BOT contract signed for Flyover project of Provincial road 2. In addition, sub Tan Kien and An Suong – An Lac tollbooth would extend from February 2033 to March 2036. |

*Source: HTI, RongViet Research compiled*

**An Suong – An Lac being the important transport route in Southeastern Vietnam**

BOT An Suong –An Lac (Phase 1- collected toll from 2/1/2005) is part of HCMC Ring Road 02. This 16Km road provided a crucial transport link for Central and Southeastern provinces to the Mekong Delta via HCM-Trung Luong Expressway. The establishment of HCMC-Long Thanh- Dau Giay in 2015 provides another option for vehicles from the Central region heading to Mekong Delta provinces at similar distance (travel length 80-90Km). However, we believe AS-AL has its own competitiveness with the road not crossing inner city densely populated area like above alternative route (My Thuy – Cat Lai port junction or District 2 an Phu Junction). More importantly, AS-AL road is the nearest exit way for goods heading to Mekong Delta region from bustling industrial zones in Binh Duong, Tay Ninh and central Dong Nai.

**Map 1: Alternative routes from Central region to Mekong Delta**

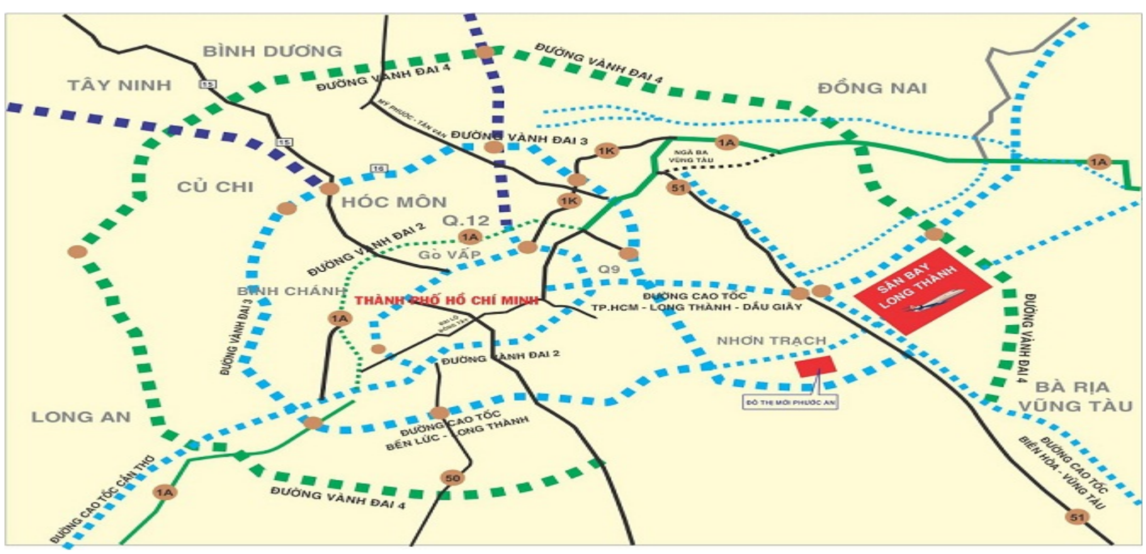



*Source: RongViet Research compiled*

To speed up traffic on route, HTI has put into operation 4 out of 8 flyovers at major crossing points at Provincial road 10 and 10B (in 2013), Provincial road 02 (in December 2014) and Go May junction (May 2017). In the coming years, based on HCMC urbanization and economic development, HTI would invest the remaining 4 overfly bridges. Therefore, traffic number passing through HTI's tollbooth recorded annual average growth of 4-5% resulting in a 10.8% CAGR in toll revenue in the past 10 years. To be noticed, HTI posted 75% increase in 2015 toll revenue thanks to (1) rising vehicle volume after Ministry of Transportation tightened truckload control in 2Q2014 and (2) AS-AL road's average toll was revised up 50% under BOT financial plan of flyover at Provincial 2 road starting from 2015.

In the long-run, traffic on AS-AL could be shared by Ben Luc – Long Thanh expressway (part of Ring road 03) scheduled to come online in a couple of years. However, in order for Ben Luc-Long Thanh project to attract huge traffic, other component projects of Ring road 3 have to be ready for connection too. Given the restricted government funding and slow progress regarding construction of Ring road 03 component projects, the risk of AS-AL road sharing traffic with newly built expressways postpones further to mid-term future.

**Map 2: Ring road system 02, 03 & 04**

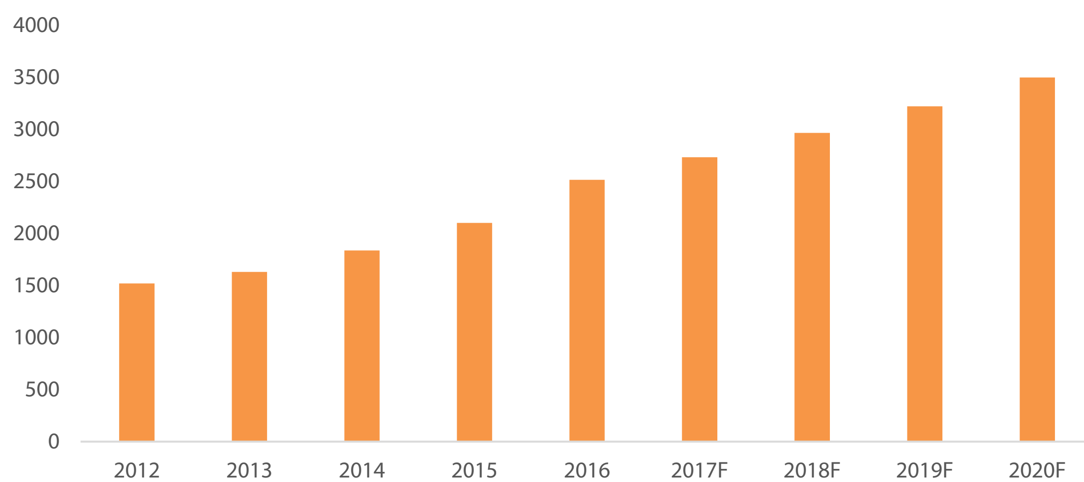



*Source: RongViet Research compiled*

**Rising traffic demand and upward revision of toll to support earnings growth**

From RongViet Research compiled data, Vietnam's registered vehicles (car and truck) number has seen average growth of 12% during 2012-2016 period. We believe demand for car and truck ownership in Vietnam has ample room of growth thanks to growing FDI led export and rising disposable income. PriceWaterhouse Cooper report supported that potential with Vietnam vehicle ownership per 1000 people is 30-40 vehicle equal a half of Indonesia and a quarter of Thailand. Vietnam traffic development master plan to 2020 vision to 2030 from Decision 356/QĐ-TT in 2013 forecasted total registered vehicle heads to reach 3.2 – 3.5 million equivalent to the annual growth rate of 8.6%. However, it is not surprised to see actual growth rate be faster than that as 2/3 of Vietnam population is stepping into marriage age leading to higher demand for car ownership especially encouraged by personal credit financing from bank in stable growing Vietnam economic context.

**Chart 1: Vietnam's registered vehicle number (thousand)**




*Source: MOT & RongViet Research compiled*

According to master plan of traffic development in Southern Vietnam under Decision 2055/QĐ-TTg dated November 2015, total cargo and passenger transport demand forecasted to have average annualized growth of 10-11%. Among transport modes, road transport accounts for almost 98-99% total need on the west side of HCMC heading to Mekong Delta. Regarding traffic forecast, Ministry of transportation estimates traffic on route from HCMC to Long An province (HCMC's closest neighbor to Mekong Delta region) by Passenger car unit (PCU) would grow annually 3.5% during 2011-2020 and 5.1% during 2021-2030. In the short-run, we expect traffic passing by AS-AL toll booth would grow 2-3% annually supported by positive FDI inflow boosting manufacturing activity hear continued to grow and streamlining import tariff on cars may see car sales record strong growth from 2018.

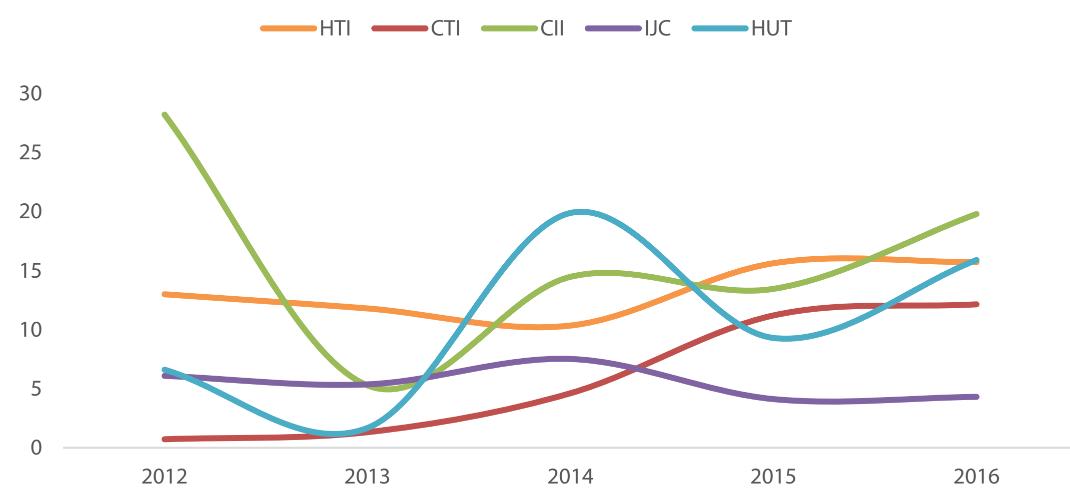
Besides, according to the BOT financial plan for Phase 3 (Flyover at provincial road 2), HTI's toll would be revised upward in 2020, 2025 and 2030 (after the first revision in 2015). Regarding Go May flyover project (completed in May 2017), HTI is still finalizing the BOT financial plan with local government to decide whether the firm would extend collection duration of AS-AL project or increase toll fee. Despite recent public lament, HTI's toll for car under nine seats is being charged 15,000VND each time, which is not high relatively to other BOT project. Therefore, the possibility of increasing toll at AS-AL booth does stand a chance.

**Good management of cash low and limited non-core investment guarantee debt payment schedule and cash dividend policy**

HTI business obtains cash inflow mainly from toll revenue. On the other end, capital expenditure, payment of borrowing and interest expense as well as dividend payment would be sources of cash outflow. Without new investments, annual toll revenue after deducting operating expense would be used to pay down borrowings and make dividend payment. HTI is financing its projects 85% by debt and 15% by equity. At the end of 2016, HTI has VND823 billion of debt whose majority is long-term loan used to finance flyover projects at Provincial road 10 -10B (VND533 billion) and Provincial 2 (VND280 billion). To finance Go May flyover (total project cost of VND511 billion), HTI would need to borrow additional VND 400 billion in 2017.

Therefore, total loan amount at the end of 2017 estimates to reach VND1,030 billion (D/E~2.3x). However, concern on high debt level is mitigated by long duration of payment term up to 12 years and importantly be supported by strong toll cash flow (VND350 billion/year). On the profitability front, given the fixed return target for BOT investors of 11-12%, HTI finds room to expand profit margin from savings on cost of operation and road maintenance. This helps HTI posted a very stable ROE in the last 5 years at 11-15% compared to its peers.

**Chart 2: ROE's peer comparison (%)**




*Source: RongViet Research compiled*

**Earnings forecast**

Considering FY2017 result, we forecast HTI's revenue and PAT to record VND337 billion (-16.5%YoY) and VND76 VND (+21%YoY). Investors shall notice HTI already divested its stake at IDICO-LINCO that could bring VND36 billion in cash flow and estimated VND 18 billion profit for the firm. In 1Q2017, HTI already recorded a financial profit of VND15.3 billion from this divestment with the remaining VND2.7 billion to be recognized in this year's other quarters. Excluding this one-off profit, 2017 Profit before tax estimates to be VND62 billion (-6.2%YoY).

Apart from increasing interest cost caused by flyover project at Provincial road 10 & 10B starting collecting toll from February 2017, FY2017 forecasted earnings is subject to changes on the provision made for road maintenance annually. If HTI repeats the rate of road maintenance provision in 1Q2017 for remaining quarters of this year, total maintenance provision made for FY2017 estimates to be VND25.6 billion, lower than our expected figure of VND 31 billion (or VND5.5 billion difference). If that was the case, FY2017 Profit before tax (excluding one-off financial income) should grow slightly to FY2016.

The main assumptions of FY2017 earnings forecast are:

- Traffic growth records positive 2%YoY
- Toll fee remains unchanged as previous year
- HTI is using depreciation by volume for its toll collection activity. Depreciation rate applied is 35.2% on toll revenue (computed based on duration of AS-AL toll booth ended February 2033)
- Operating and admin expense takes 16% of revenue. Maintenance expense provision is assumed at VND31 billion (equivalent to 2.5% of currently used BOT project asset)
- Interest expense financing project at Provincial 10 and 10B will no longer be capitalized from February 2017 as this project component started collecting toll. So, total 2017 interest cost estimates to be VND73.7 billion (2016: VND28.6 billion)

*Under BOT financial plan for road & bridge project, investors is allowed to make mid-term (4 year) and long-term (12 years) maintenance expense provision during project life. This maintenance component has been included in the BOT financial plan to determine the duration of project toll collection. At the end of 1Q2017, HTI totally made VND81.3 billion of maintenance provision (majority comes from Phase 1 of AS-AL project whose toll collection was from January 2005 to February 2017). As far as we concerned, the firm has not revealed the final treatment for this amount, which could go unused as Phase 1 finished toll collection. Therefore, investors shall take notice of the possibility of potential gain if any of the provision is reverted.*

For FY2018, we estimate toll revenue would increase 2%YoY. Given the firm's strategy to increase construction segment to third party in 2018 and considering the firm's construction record so far, we expect the firm to recognize VND300 billion worth of construction revenue in 2018. Therefore, 2018 total revenue would see a strong growth of 91%YoY. However, 2018 PAT could decline slightly 5.9% without the one-off financial profit recurred. Excluding this one off profit, 2018 PAT would grow 16%YoY. The forecast bases on 2018 traffic growth assumption of 2% and other factors such as depreciation, maintenance provision and operating expense stay unchanged.

Bank borrowing estimates to rise to VND1,230 billion at the end of 2018 due to additional loan and related capitalized interest cost of Go May project. So, 2018 interest expense estimates to be VND78 billion. In addition, interest cost of Go May project will be capitalized until the end of 2019 as this project could start collecting toll from early 2020 by extending AS-AL toll duration or revising upward toll fee.

**Table 3: Forecasted operating cash flow (VND million)**

| Year | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|
| Toll revenue | 337,014 | 343,754 | 350,629 | 475,664 | 485,177 | 485,177 | 485,177 | 485,177 | 485,177 |
| *Growth of traffic* | 2% | 2% | 2% | 2% | 2% | 0% | 0% | 0% | 0% |
| *Growth of toll* | | | | | | 33% | | | |
| Road maintenance | 30,521 | 30,250 | 30,033 | 30,033 | 30,033 | 71,705 | 71,705 | 71,705 | 71,705 |
| Operating & SGA | 53,922 | 55,001 | 56,101 | 76,106 | 77,628 | 77,628 | 77,628 | 77,628 | 77,628 |
| Corporate income tax | 5% | 5% | 5% | 10% | 10% | 10% | 20% | 20% | 20% |
| Debt payment | 49,869 | 49,869 | 49,869 | 95,598 | 95,598 | 95,598 | 95,598 | 95,598 | 95,598 |
| Interest payment | 73,736 | 78,035 | 73,290 | 115,926 | 106,545 | 97,164 | 87,783 | 78,402 | 69,021 |
| **Net cash flow** | **109,581** | **111,035** | **120,014** | **129,964** | **143,858** | **118,574** | **119,196** | **125,726** | **132,255** |

*Source: RongViet Research estimated*

| Year | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2M2033 |
|---|---|---|---|---|---|---|---|---|
| Toll revenue | 485,177 | 485,177 | 485,177 | 485,177 | 485,177 | 485,177 | 485,177 | 80,863 |
| *Growth of traffic* | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| *Growth of toll* | | | | | | | | |
| Road maintenance | 71,705 | 71,705 | 71,705 | 71,705 | 71,705 | 71,705 | 71,705 | 71,705 |
| Operating & SGA | 77,628 | 77,628 | 77,628 | 77,628 | 77,628 | 77,628 | 77,628 | 6,469 |
| Corporate income tax | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Debt payment | 95,598 | 95,598 | 95,598 | 95,598 | 95,598 | 95,598 | 49,869 | 18,023 |
| Interest payment | 59,640 | 50,259 | 40,877 | 31,496 | 22,115 | 15,592 | 6,500 | |
| **Net cash flow** | **138,784** | **145,313** | **151,843** | **158,372** | **164,901** | **169,441** | **215,554** | **(8,463)** |

*Source: RongViet Research estimated*

**Table 4: BOT An Suong – An Lac project metrics**

| | |
|---|---|
| Re | 14.8% |
| Rd | 11.0% |
| WACC | 11.9% |
| IRR | 13.4% |
| IRRe | 20.6% |

*Source: RongViet Research estimated*

### Stock valuation

With the toll collection activity generating stable cash flow every year, we use the combined Sum of the part (SOTP) and Dividend discount model (DDM) method to determine the corporate value of HTI and its share price.

*In the SOTP method*, the value of toll collection segment is determined by DCF method and construction segment value is derived through P/E of 8.0x relative valuation (suitable to HTI size).

**Table 5: SOTP**

| Business segment | Valuation method | Price by method |
|---|---|---|
| Toll collection | DCF | 30,990 |
| Construction | P/E | 3,350 |
| **Total (VND)** | | **34.340** |

*Source: RongViet Research estimated*

**Table 6: Định giá cổ phần HTI**

| Valuation method | Price by method | Proportion | Price* Proportion |
|---|---|---|---|
| SOTP | 34,340 | 50% | 17,170 |
| DDM | 18,160 | 50% | 9,080 |
| **Total (VND)** | | | **26,200** |

*Source: RongViet Research estimated*

**Outlook and Valuation**

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*VND Billion*

| *INCOME STATEMENT* | 2015 | 2016E | 2017F | 2018F |
|---|---|---|---|---|
| **Revenue** | 303 | 404 | 337 | 644 |
| COGS | -172 | -258 | -149 | -436 |
| **Gross profit** | **132** | **146** | **188** | **208** |
| Selling Expense | -32 | -37 | -37 | -39 |
| G&A Expense | -16 | -16 | -17 | -17 |
| Finance Income | 2 | 1 | 19 | 2 |
| Finance Expense | -25 | -29 | -74 | -78 |
| Other profits | 0 | 0 | 0 | 0 |
| **PBT** | **61** | **66** | **80** | **75** |
| Prov. of Tax | -3 | -3 | -4 | -4 |
| Minority's Interest | 0 | 0 | 0 | 0 |
| **PAT to Equity Shareholder** | **58** | **63** | **76** | **72** |
| EBIT | 85 | 95 | **154** | **153** |
| EBITDA | 197 | 212 | 272 | 274 |

Unit: %

| *FINANCIAL RATIO* | 2015 | 2016E | 2017F | 2018F |
|---|---|---|---|---|
| **Growth** | | | | |
| Revenue | 69 | 33 | -17 | 91 |
| EBITDA | 47 | 8 | 28 | 1 |
| EBIT | 106 | 11 | 62 | 0 |
| PAT | 58 | 9 | 21 | -6 |
| Total Assets | 6 | 6 | 20 | 19 |
| Equity | 5 | 8 | 11 | 9 |
| **Profitability** | | | | |
| Gross profit/Revenue | 43 | 36 | 56 | 32 |
| EBITDA/ Revenue | 65 | 53 | 81 | 43 |
| EBIT/ Revenue | 28 | 23 | 46 | 24 |
| Net margin | 19 | 16 | 23 | 11 |
| ROA | 5 | 5 | 5 | 4 |
| ROIC | 7 | 8 | 11 | 10 |
| ROE | 16 | 16 | 18 | 15 |
| **Efficiency** | | | | |
| Receivable Turnover | 1,857 | 2,418 | 1,936 | 2,626 |
| Inventory Turnover | | | | |
| Payable Turnover | -284 | -258 | -120 | -266 |
| **Liquidity** | | | | |
| Current | 0,9 | 0,3 | 1,2 | 1,5 |
| Quick | 0,8 | 0,2 | 1,2 | 1,5 |
| **Solvency** | | | | |
| Total Debt/Equity | 243 | 238 | 264 | 295 |
| Current Debt/Equity | 0 | 3 | 0 | 0 |
| Long-term Debt/ Equity | 219 | 204 | 233 | 253 |

*VND Billion*

| *BALANCE SHEET* | 2015 | 2016E | 2017F | 2018F |
|---|---|---|---|---|
| Cash and equivalents | 8 | 9 | 137 | 267 |
| Short-term investment | 38 | 0 | 0 | 0 |
| Receivables | 15 | 18 | 17 | 32 |
| Inventories | 15 | 2 | 6 | 8 |
| Other current assets | 0 | 4 | 0 | 0 |
| Tangible Fixed Assets | 1,086 | 969 | 1,303 | 1,612 |
| Intangible Fixed Assets | 0 | 0 | 0 | 0 |
| Long-term Investment | 85 | 334 | 150 | 0 |
| Other long-term assets | 20 | 12 | 3 | 3 |
| **Total Asset** | **1,267** | **1,349** | **1,616** | **1,921** |
| Payables | 33 | 28 | 24 | 70 |
| Other current liabilities | 0 | 10 | 0 | 0 |
| Current Debt | 809 | 814 | 1,035 | 1,229 |
| Long-term Debt | 56 | 98 | 113 | 136 |
| Other long-term liabilities | | | | |
| **Total Liability** | **898** | **949** | **1,172** | **1,435** |
| ***Owner's Equity*** | **370** | **400** | **444** | **486** |
| Capital | 249 | 249 | 249 | 249 |
| Retained Earnings | 91 | 114 | 151 | 184 |
| Funds & Reverses | 29 | 36 | 44 | 53 |
| **Total Equity** | **370** | **400** | **444** | **486** |
| Minority's Interest | 0 | 0 | 0 | 0 |
| **TOTAL RESOURCES** | **1,267** | **1,349** | **1,616** | **1,921** |

| *CASH FLOW STATEMENT* | 2015 | 2016E | 2017F | 2018F |
|---|---|---|---|---|
| ***Profit before tax*** | 61 | 66 | 80 | 75 |
| -Depreciation | 112 | 118 | 119 | 121 |
| *-Adjustments* | *26* | *67* | *74* | *78* |
| +/- Working capital | -51 | -170 | -49 | -22 |
| **Net Operating CFs** | **148** | **81** | **224** | **252** |
| +/- Fixed Asset | -102 | -114 | -269 | -280 |
| +/- Deposit, equity investment | 3 | 48 | 0 | 0 |
| Interest, dividend, cash profit received | 2 | 1 | 0 | 0 |
| **Net Investing CFs** | **-97** | **-65** | **-269** | **-280** |
| +/- Capital | 0 | 0 | 100 | 100 |
| +/- Debt | -12 | 15 | 211 | 194 |
| Dividend paid & other | -39 | -30 | -30 | -30 |
| **Net Financing CFs** | **-51** | **-15** | **281** | **264** |
| +/- cash & equivalents | 0 | 1 | 236 | 237 |
| **Beginning cash & equivalents** | **9** | **8** | **9** | **137** |
| **Ending cash & equivalents** | **8** | **9** | **137** | **267** |

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**RATING GUIDANCE**

| Ratings / Return Potential | BUY | ACCUMULATE | NEUTRAL | REDUCE | SELL |
|---|---|---|---|---|---|
| Intermediate- term (up to 6 months) | >20% | 10% to 20% | -5% to10% | -15% to- 5% | <-15% |
| Long-term (over 6 months) | >30% | 15% to 30% | -10% to 15% | -15% to -10% | <-15% |

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