24th June, 2015

SUPERDONG-KIEN GIANG HIGH SPEEDBOAT JSC (SKG – HSX)

Growing alongside the pearl island

Particulars (VND bn)	1QFY15	4QFY14	% (qoq)	1QFY14	% (yoy)
Net Revenues	63.6	52.3	22%	50.4	26%
PAT	34.8	23.7	47%	22.6	54%
EBIT	36.2	24.9	46%	23.8	52%
EBIT margin (%)	56.9%	47.5%	939bps	47.2%	966bps

Sources: SKG

- **Phu Quoc island transformation is vital to SKG business prospect**
- **Prospect for high business growth from current and future opportunities**
- **2015 Outlook: the continous growth**
- **In short-term, risks from international tourists arrivals decline and budget airlines are not significant**

Outlook and Valuation:

SKG could be considered as a rare high growth story on Vietnam stock market. In 2015, advantages from lower oil price and added capacity from Superdong VIII are expected to sustain SKG's positive business performance. Moreover, commitment in market share expansion and effective boat deployment are other pluses. In the long-term, we expect rapid development of Phu Quoc Island and new speedboat investments would keep the company business on good track of high growth.

*Being a services provider requires the company to continuously make investment in new boats to sustain pace of growth, we use the expected growth rate next year to assess the company's upcoming growth. Assuming SKG maintaining similar reinvestment rate (RIR of 49.2%) and return on capital (ROC of 42%) in the 2012-2014 period, the company could achieve expected average growth rate of 24.3% in 2015-2019 period. Combing the two valuation methods being (1) Discounted cash flow and (2) Relative valuation (P/E and P/B), we think the appropriate price for SKG share to be **VND 64,300/share** and recommend investors to **BUY** in the **LONG TERM**.*

Last but not least, we would like to raise the remote risk of sea accident and new entrants which could impact SKG's business negatively. At the moment, SKG's concentrated ownership structure leads to the dry-up in trading liquidity of the share. Hence, expectation on changes in ownership structure to improve liquidity is certainly on the horizon.

Key financials

Y/E Dec (VND bn)	FY2012	FY2013	3M/FY2015	FY2014E	FY2015F
Net Revenues	143.6	164.3	63.6	223.8	271.0
% chg	36.8%	14.4%	26.2%	36.2%	21.1%
PAT	58.6	55.7	34.8	103.2	135.7
% chg	50.2%	-4.9%	53.6%	85.4%	31.5%
EBIT margin (%)	40.8%	33.9%	54.6%	46.1%	50.1%
ROA (%)	31.9%	23.1%		33.1%	35.6%
ROE (%)	33.2%	23.8%		34.1%	36.6%
EPS (VND)	3,869	3,186		5,162	6,464*
Adjusted EPS (VND)	2,704	2,302		4,302	5,656
Book value (VND)	11,779	14,965		17,208	16,594
Cash dividend (VND)	-	-		1,000	3,000
P/E (x)	N/a	N/a		8.5	7.7**
P/BV (x)	N/a	N/a		2.6	3.0**

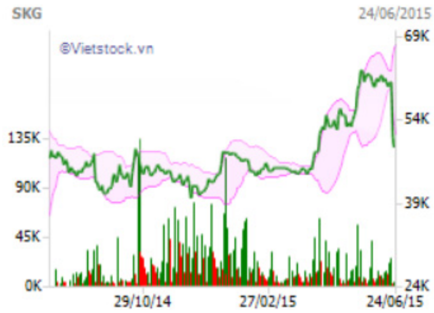
Sources: SKG,. (*) based on outstanding share after paying stock dividend of 20%, (**)Stock price as of June 24th, 2015

BUY

CMP (VND)	**49,900**
Target Price (VND)	**64,300**
Investment Period	**Long-term**

Stock Info

Sector	Travel – Leisure
Market Cap (VND bn)	1,176
Current Shares O/S	24
Beta	0.57
Free float (%)	43.7
52 weeks High	51,600
52 weeks Low	24,400
Avg. Daily Volume (in 20 sessions)	9,460



Performance (%)

	3M	1Y	3Y
SKG	33	N/a	N/a
Travel & Leisure	-4.6	37.8	N/a
VN30 Index	2.7	-2	20
HSX Index	3.9	0.7	12.9

Major Shareholders (%)

Puan Kwong Siing	22.48
Nguyen Thi Thien Huong	11.44
Ha Nguyet Nhi	7.9
Foreigner Investor Room (%)	5.99

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SKG, founded in 2007 and listed on HSX in July 2014, operates in the cargo and passenger transport business. The company's main operation is providing passenger transport services by speedboat from Kien Giang province to Phu Quoc Island. Currently, SKG is the only transport services provider on Rach Gia – Phu Quoc route and dominates the Ha Tien – Phu Quoc route as well with ~75% market share. In recent years, SKG's business performances have been closely tied to the developments of Phu Quoc Island and internal operation improvements.

Phu Quoc Island transformation is vital to SKG business prospect

Phu Quoc Island and latest promising developments

Phu Quoc Island is located in Kien Giang Province- Southwest of Vietnam. Blessed with beautiful natural scenery, Phu Quoc has emerged as a promising destination for investments in infrastructure and hospitality services in recent years. Therefore, Phu Quoc has attracted a large number of tourists (accounting for 33% of tourists to Kien Giang) and contributed to the increase in waterway transport demand between mainland and the island. Many international organizations believed Phu Quoc Island to be a favorite destination for local and foreign tourists. In 2014, National Geographic Association (USA) voted the island in the top 3 of "the place to visit" during Winter 2014. In addition, survey of Roughguides (UK) also rated Phu Quoc as one of the most fascinating honeymoon places in the world.

According to Decision No. 633 / QD-TTg dated 11/05/2010 of the Prime Minister, Phu Quoc Island is positioned to become Vietnam's important exclusive economic zone. Since then, many large projects like Thoi An Port, island road infrastructure, Phu Quoc international airport and seaport have broken ground here. Hence, this is believed to lay a good foundation for Phu Quoc's rapid developments in the future. *(Phu Quoc Island's development plan to 2020 – Appendix 1)*

Table 1: List of Projects planned on Phu Quoc Island (bil VND)

Project	Capital Investment
Road around the Island	3,012
Main North-South road	2,468
Phu Quoc International Airport	3,000
Phu Quoc submarine power cable	2,336
Phu Quoc international passenger seaport	1,664
Vinpearl Phu Quoc	17,156
Sonasea Villas & Resort Phu Quoc	4,500
Crowne Plaza hotel	1,500
Nam Cuong Villa	3,200

Source: RongViet Research

To the end of May 2015, the number of international tourists visiting Phu Quoc grew by 28.2% (yoy) and equals to 48.49% of the whole year target despite the on-going world's economic recession and foreign exchange volatility negatively affecting international tourist number to Vietnam. Meanwhile, the number of domestic visitors travelling to Phu Quoc saw a record increase, ~100% yoy. Tourism is regarded as a spearhead economic sector of Kien Giang, contributing 4.17 percentage points to the province's GDP growth rate in 1Q2015. Concurrently, transport services, especially for passenger, also benefits with a growth rate of 6.98% (yoy) in 1Q2015.

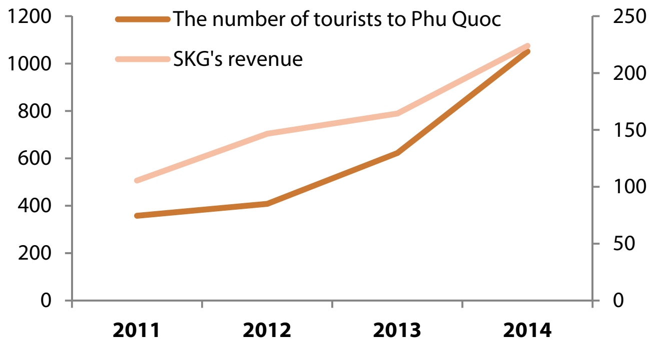
Exhibit 1: International and domestic tourists arrivals to Phu Quoc (thousand people)

Source: Kiengiangvn.vn, RongViet Research

Phu Quoc's development plays a massive role in SKG's latest impressive growth

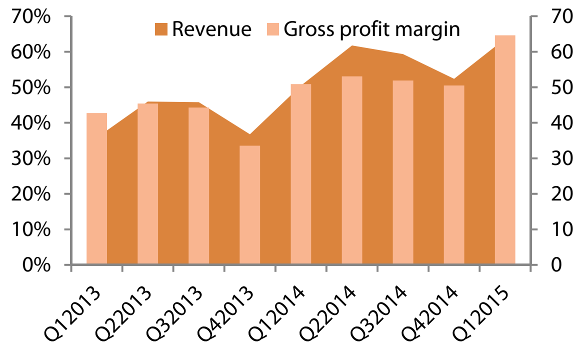
It could be seen that SKG business performance highly depends on the number of passengers visiting Phu Quoc Island. In addition, the company's transport revenue also demonstrates seasonal characteristic of Phu Quoc tourism, going peak from Lunar New Year to August and trough in the remaining months. Currently, SKG's main customers consist of tourists (~80% domestic) and the local. In the future, SKG's transport demand is expected to rise due to increasing number of tourists plus people travelling to the island for work purposes.

Exhibit 2: SKG's revenue and the number of tourists to Phu Quoc (yearly)



Source: SKG, RongViet Research

Exhibit 3: Revenue (bil VND) **and profit margin** (quarterly)



Source: SKG, RongViet Research

During 1Q2015, SKG recorded optimistic growth in revenue and profit after tax (PAT). In particulars, revenue reached VND63.68 billion and PAT was VND34.77 billion, equivalent to 26.2% and 54.6% growth over the same period, respectively. Growing visitors number to Phu Quoc during Tet holiday and low oil prices contributed to the remarkable 1Q2015 result. Also, in early 2015, the addition of Superdong VIII boat and Super Dong VII redeployed to Ha Tien – Phu Quoc route not only added further growth to the firm's total revenues but also won more market share on this route.

Exhibit 1: 1QFY2015 and YTD Results

Particulars (VND bn)	**1QFY15**	**4QFY14**	***% chg (qoq)***	**1QFY14**	***% chg (yoy)***
Net Revenues	63.6	52.3	21.6%	50.4	26.2%
Gross profits	41.1	28.9	42.3%	27.9	47.5%
SG&AC	6.3	5.8	7.9%	4.6	34.7%
Operating Income	34.9	20.6	68.9%	23.2	50.1%
EBITDA	40.7	29.0	40.3%	27.4	48.2%
EBIT	36.2	24.9	45.6%	23.8	52.0%
Financial expenses	0.0	0.0	N/a	0.0	N/a
- Interest Expenses	0.0	0.0	N/a	0.0	N/a
Dep. and amortization	-4.5	-4.1	8.3%	-3.6	23.4%
Non-recurring Items (*)					
Extraordinary Items (*)	0.0	0.0	63.8%	0.0	-53.5%
PBT	36.2	24.9	45.6%	23.8	52.0%
PAT	34.8	23.7	46.5%	22.6	53.6%
(*) Adjusted PAT	34.8	23.7	46.5%	22.6	53.8%

Sources: SKG, RongViet Securities

Exhibit 2: 1QFY2015 performance analysis

Particulars	1QFY15	4QFY14	*% Chg. (qoq)*	4QFY14	*% Chg.(yoy)*
Profitability Ratios (%)					
Gross Margin	64.6%	55.2%	940bps	53.3%	933bps
EBITDA Margin	63.9%	55.4%	853bps	54.4%	950bps
EBIT Margin	56.9%	47.5%	939bps	47.2%	966bps
Net Margin	54.6%	45.3%	931bps	44.9%	976bps
Adjusted Net Margin	54.6%	45.3%	931bps	44.8%	979bps
Turnover *(x)					
-Inventories	16.5	12.9	3.5	15.6	0.9
-Receivables	6.1	5.2	0.9	4.5	1.7
-Payables	9.2	7.3	1.9	16.5	-7.3
Leverage (%)					
Total Debt/ Equity	0.0	0.0	0.0	0.0	0.0

Sources: (*) Annualized turnover

Effective boat operation fosters earning growth

In previous years, while Rach Gia – Phu quoc route accounted for a large proportion of SKG's revenue and PAT, the new Ha Tien – Phu Quoc route operation still faced difficulty even losses sometimes. However, the latter's performance since 2012 has witnessed encouraging changes thanks to effective boat deployment and increasing demand from tourists. In 1Q2015, the added capacity from new boat boosted Ha Tien – Phu Quoc route revenue by 91% (yoy). Additionally, SKG has deployed Superdong I boat to operate in Rach Gia – Nam Du route after recognizing rising tourist appetite towards this island. Hence, SKG looks to see a higher boat utilization rate in 2015.

Highlights of main operating routes:

Rach Gia – Phu Quoc route: SKG is currently holding the "monopoly" position in this route and maintains a high level of boat utilization (~75-85% in 2014) with gross profit margin at 50%-60%.

Ha Tien – Phu Quoc route: having the leading market share here with gradually higher boat utilization rate from the average of 50-60% (2013) to 60-70% (2014). In addition, gross profit margin on this route has witnessed improvement over the last few years, rising to 48.8% in 2014 from 32.2% in 2013. Also, recognizing the high potential of this route, SKG has added one new boats making the total number of operating boats to three on this route. Thus, we believe SKG will dominate this route's market share in the near future from the current rate of 75%.

Rach Gia – Nam Du route: In early June 2015, SKG opened a new services route Rach Gia – Hon Tre – Lai Son – Nam Du with a total distance of 80Km. SKG offers a competitive services rate (VND 210,000 per route) relatively to competitors such as Ngoc Thanh and Song Hong. Nam Du Island has a very good potential for tourism. Therefore, SKG's advantages in establishesd brand name and professional services will be a great plus for the company's growth. The company revealed the customer's high demand with tickets fully booked until June 2015 for this route.

Exhibit 4: Gross profit margin in terms of each route

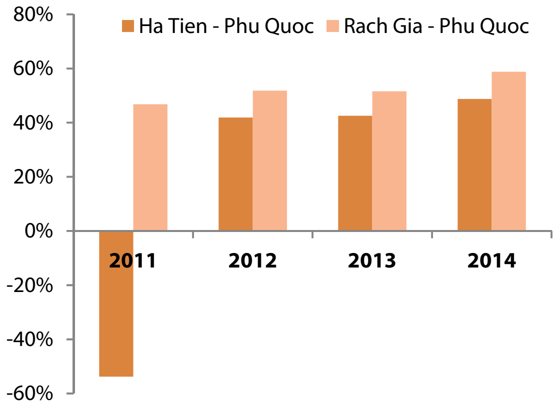
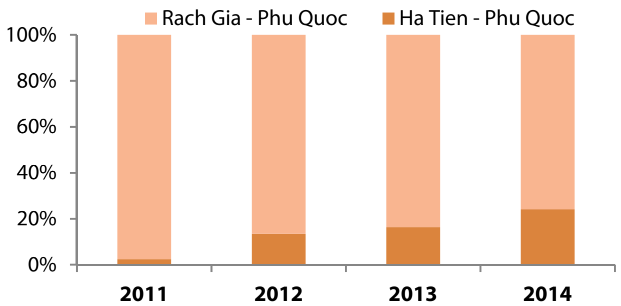
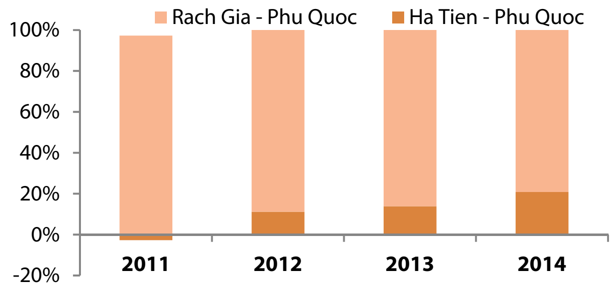


Exhibit 5: SKG's revenue segments



Source: SKG, RongViet Research

Hình 6: SKG's profit segments



Source: SKG, RongViet Research

Prospect for high business growth from current and future opportunities

SKG's revenues have seen sustained positive growths over the past years with CAGR of approximately 28.5% during 2011 – 2015. In particulars, 2014 PAT increased spectacularly 85.4% yoy thanks to (1) low fuel costs; (2) efficient boat operation schedule and (3) government tax incentives for entities operating in Phu Quoc Island. In 2015, SKG's business continues to leverage on these advantages at greater extent.

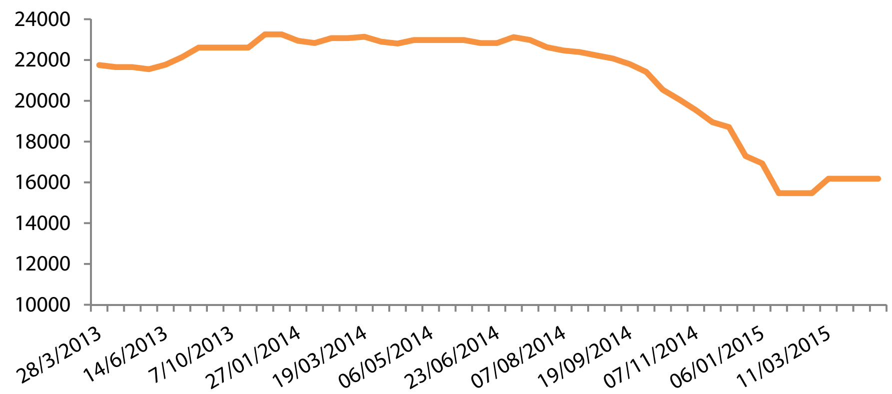
Short-term benefit in low oil prices

Fuel expense accounts for the largest share in SKG's operating expenditure at nearly 50%. So, the sharp fall in oil prices towards the end of 2014 reduced fuel expense substantially. In fact, the 1Q2015 fuel expense fell by 23% yoy despite the addition of one new boat.

Operation of the new boat would mean an increase in the company's overall staff and depreciation expenses which grew 18.5% and 23.4% (yoy) respectively in the first quarter this year. However, the decline in fuel expense has been seen to well offset these two expenses' incremental. We observed that diesel oil prices (area 2) has stayed around VND16,146/liter (down 29.7% yoy) and equals to 73.4% of 2014 average prices since the start of 2014. Regarding this, SKG could receive a further discount of 2-3% from petroleum retailers. Therefore, overall operating expense only slighty increased by 5.8% to the corresponding period in spite of bringing on two more boats into operation.

According to EIU forecast, oil prices are expected to be around USD49/barrel this year, go up to USD66/ barrel in 2016 and reach USD87-88/barrel during 2017 – 2018. Given the above analysis, SKG's 2015 gross profit margin is forecast to improve to 60.1% from 56% in 2014.

Exhibit 7: Domestic DO price (VND/liter)



Source: Hiephoixangdau, RongViet Research

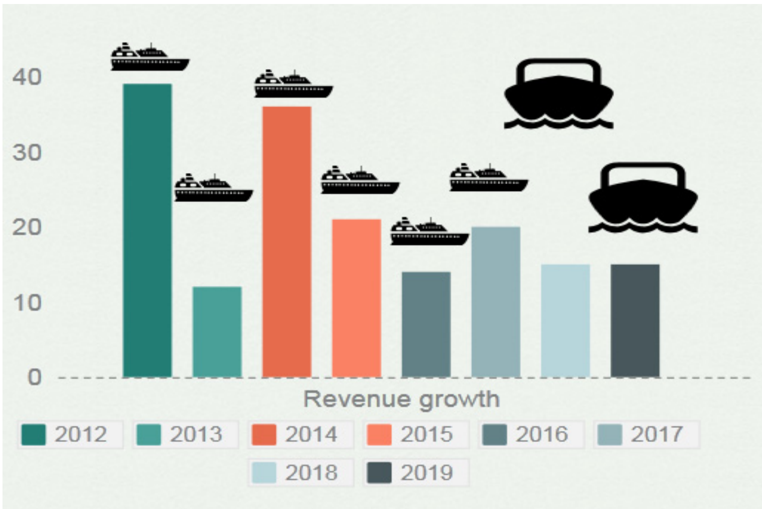
Flexible boats deployment

Currently, SKG is exclusively exploiting the Rach Gia – Phu Quoc route and dominating the Ha Tien – Phu Quoc route with nearly 75% market share. The company future growth story would depend largely on it maintaining its competitiveness, sustaining relatively high market share and effective running of Superdong VII and VIII (operated from July 2014 and February 2015 respectively). To further exploit Ha Tien – Phu Quoc travel demand, SKG redeployed Superdong VII to this particular route in January 2015 and effectively increases the number of boats to three compared to two in 1Q2014. However, after giving priority in establishing dominating position on Ha Tien-Phu Quoc route, SKG continue its boat deployment flexibility by sending Superdong 1 (formerly running on Ha Tien-Phu Quoc route) to operate on new Rach Gia – Nam Du route in early June 2015. This is the evidence of SKG staying alert to any changes in Phu Quoc's travel demand. In the future, we believe this route's revenue and Nam Du island tourism development would be highly associated. (*SKG's operation routes* - Appendix 2 and *Speedboat fleet information* – Appendix 3).

Tax incentives and revenue growth from modernizing boat fleet strategy

Apart from effective boat deployment strategy, corporate tax incentives for entities headquartered in Phu Quoc could prove to be another advantage for SKG. Specifically, profit generated by every new project would be tax exempted for four years (since making profit) and receive a 50% tax discount for corporate income in the following nine years. Therefore, SKG has great opportunity to strengthen its bottom line from boat operation revenue growth and tax benefit. Hence, with plan to add further Superdong IX and XX boat in 2016 and 2017 and ferries (expected in 2016 or 2017), SKG's business growth outlook looks very positive in the years to come.

Exhibit 8: SKG's investment plan in high speedboats and ferries



Source: RongViet Research, (*) Investment plan in ferries based on RongViet's assumptions

Domestic travel demand is picking up as Vietnam economy recovers

According to the People's Committee of Phu Quoc island, the first-5-month tourism revenue in the locality increased ~ 62% (yoy) to VND10,400 billion. It is expected that domestic consumption would improve from the combined effects of relatively low oil and commodity prices plus stable macro-economic condition. As a result, domestic travel demand picture would continue to recover this year and schedules for strong growth in the upcoming years. In addition, rising infrastructure and hospitality services investments in the island also mean a higher demand for labors, which would constitute a significant proportion in SKG's customer segment in the future.

Given the above favorable factors, we believe SKG's business result could only get better with time. Besides, the company looks to maintain that high pace of growth in the next 2-3 years given such large events like the National year of Tourism 2016 would be held in Kien Giang and the commencement of International passenger seaport in 2017. This is deemed to be a stepping stone for Phu Quoc Island's future development and also SKG's business.

2015 Outlook: the continuous growth

Assuming the added capacity of Superdong VIII in February 2015, DO price dropped by 26.4% and the unchanged ticket charge in 2015, SKG revenue and NPAT are forecast to reach VND **271** billion and VND **135.9** billion, up by 21% and 50.2% yoy respectively. So, EPS could record VND 6,464/share this year.

Regarding the financial performance, the company is currently not using debt. New speedboat investment is entirely financed by equity with the average boat cost of VND 32 billion, which subsequently minimize any risk of interest rate volatility. Therefore, the company's profitability prospect could further achieve new high in the future if appropriate decisions on capital structure are smartly made.

SKG share's liquidity is unlikely to match investors' expectations shortly after being listed due to the relatively concentrated ownership structure and partially from share trading restriction for foreign investors during the first 6 months. Hence, any exit of foreign ownership remains possible after restriction period. Besides, the company reached consensus to the dividend payment of 10% in cash and 20% in stock for the year of 2014, which has the last registration date on June 22, 2015. In the short-term, this would improve SKG's trading liquidity.

In short-term, risks from international tourists' arrivals decline and budget airlines are not significant

In the first five months of the year, the number of international visitors coming to Phu Quoc grew by 28.2% (yoy) opposing to the declining Vietnam tourism picture (down 12.2% yoy). In fact, international visitors accounted for a modest ~17.6% in Phu Quoc's tourist structure. Therefore, we believed the drop in international tourist arrivals to Phu Quoc this year would not bring a detrimental impact. However, the relatively low competitiveness of Vietnamese tourism industry would be a real matter to concern in the long term. According to HSBC, the competitiveness gap between Vietnam and Thailand is widening and that subsequently means the relatively more attractive of Thai tourism industry. Also, VND appreciation and the depreciation in currency value of Vietnam's main foreign tourists such as Japan, Russia and the EU are also of concerns. Hence, these could indirectly influence foreign tourist's decision to Vietnam as well as SKG's business performance.

Due to the concern related to cheap airlines tickets to Phu Quoc, SKG asserted that they are self-confident with their capabilities and competitiveness with alternative transportation seemed to not be a enormous issue. In contrast, the company pointed out the benefit from an increase in demand to travel between Phu Quoc, Mekong Delta and Cambodia. According to our observation, the airlines ticket from HoChiMinh City to Phu Quoc are in range of VND 660,000 – VND 1,720,000 for one way, from Rach Gia to Phu Quoc VND 350,000 to VND 500,000 for one way, meanwhile, SKG's tickets to Phu Quoc range from VND 230,000 to 340,000 per one way. However, in the long term, due to an increase in personal income, a increase in risk when clients will pay more attention to substitutes to suit their demands. Moreover, some risks related to accidents, breakdown on the way, rise in oil price and new competitors will be likely to affect not only earning results but also the stock price movement in short-term.

Table 4: Clearance for passengers through Vietnam international ports

	2011	2012	2013	2014
Phu Quoc			39%	43%
Cam Ranh		20%	25%	
Da Nang			43%	14%
Tan Son Nhat	10.70%	4.70%	14.40%	10.50%

Source: RongViet Research

Valuation

SKG could be considered as a rare high growth story on Vietnam stock market. In 2015, advantages from lower oil price and added capacity from Superdong VIII are expected to sustain SKG's positive business performance. Moreover, commitment in market share expansion and effective boat deployment are other pluses. In the long-term, we expect rapid development of Phu Quoc Island and new speedboat investments would keep the company business on good track of high growth.

Being a services provider requires the company to continuously make investment in new boats to sustain pace of growth, we use the expected growth rate next year to assess the company's upcoming growth. Assuming SKG maintaining similar reinvestment rate (RIR of 49.2%) and return on capital (ROC of 42%) in the 2012-2014 period, the company could achieve expected average growth rate of 24.3% in 2015-2019 period. Based on prudent assumptions, we forecast the reasonable growth of the company's FCFE from 2019 to be ~14.4%. Combing the two valuation methods being (1) Discounted cash flow and (2) Relative valuation (P/E and P/B), we think the appropriate price for SKG share to be VND **64,300/share** and recommend investors to **BUY** in the **LONG TERM.**

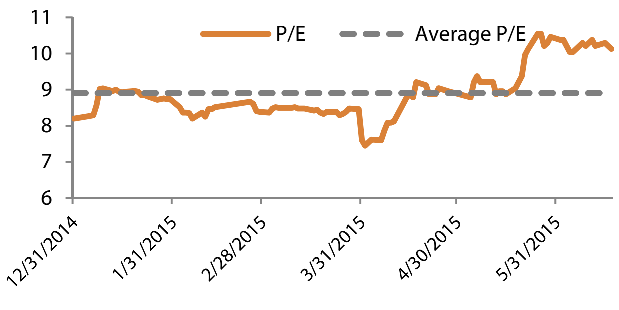
Last but not least, we would like to raise the remote risk of sea accident and new entrants which could impact SKG's business negatively. At the moment, SKG's concentrated ownership structure leads to the dry-up in trading liquidity of the share. Hence, expectation on changes in ownership structure to improve liquidity is certainly on the horizon.

Table 5: Matrix valuation

Valuation model	Price	Weighted	Average
FCFE	69,036	70%	48,325
P/E	64,636	15%	9,695
P/B	41,319	15%	6,198
	Average price	**100%**	**64,219**

Souce: RongViet Research

Exhibit 9: SKG's P/E movement



Source: Bloomberg, RongViet Research

Exhibit 6: Key assumptions

Particular	Forecast	
	FY2015E	**FY2016E**
Revenue growth (%)	36%	21%
Volume growth (%)		
Gross margin (%)	56%	60%
EBIT margin (%)	48%	52%
Oil price (USD/barrel)	49	66

Source: SKG, RongViet Research

Table 7: P/E and P/B ratio of some same industrial companies

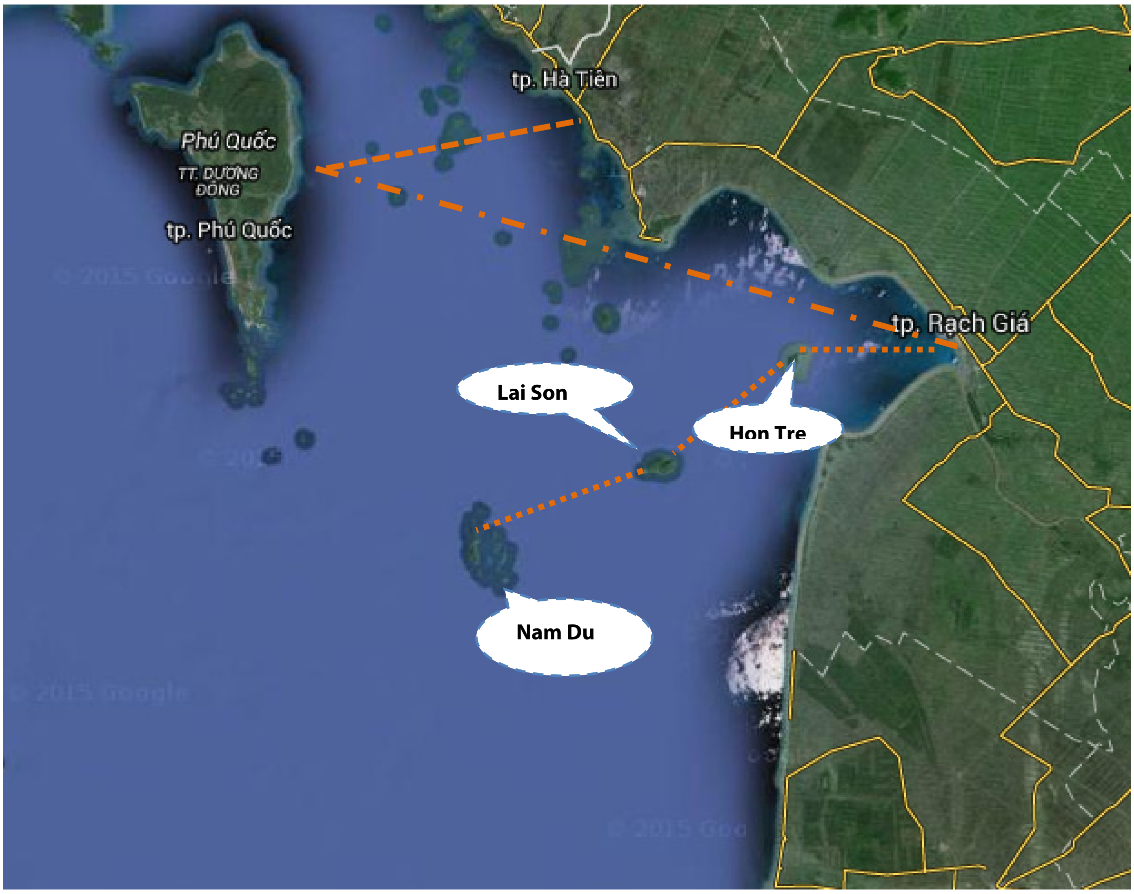
Company	Field	Market Cap. (VND bil)	BVPS (VND)	Market price (VND)	P/E	P/B
Hainan Strait Shipping Co.	Offering domestic coastal passenger and cargo marine transportation services	47,379	16,372	111,251	115.6	6.8
Viking Line ABP	Operating cruise ships and passenger ferries in the Baltic sea	4,413	440,818	408,601	4.7	0.9
Shun Tak Holdings LTD	Providing shipping and related travel services	38,431	23,937	12,632	3.1	0.5
Irish Continental Group PLC	Providing passenger transport, roll-on and roll-off freight between Ireland, the UK and Continental Europe.	18,225	8,594	97,917	13.1	11.4
Minoan Lines SA	Serving routes between Greece and Italy	5,251	52,601	49,081	34.3	0.9

Source: Bloomberg, RongViet Research

Appendix 1: Phu Quoc Island's development plan to 2020

Source: Kiengiang.gov.vn

Appendix 2: SKG's operation routes



Source: SKG, RongViet Research

Appendix 3: Speedboat fleet information

Name	Investment(USD)	Routine	Horsepower (kw)	Capacity (passenger)	Time operation	Note
Superdong I	500,000	Ha Tien – Phu Quoc	1600	171	2008	Move to Rach Gia – Nam Du route since June, 2015.
Superdong II	1,350,000	Ha Tien – Phu Quoc	2060	261	2008	
Superdong III	2,349,175	Rach Gia - Phu Quoc	2080	306	2010	
Superdong IV	2,200,000	Rach Gia - Phu Quoc	2080	306	2011	
Superdong V	1,650,000	Rach Gia - Phu Quoc	1518	275	2012	
Superdong VI	1,581,800	Rach Gia - Phu Quoc	1518	275	2013	Move to Ha Tien – Phu Quoc route since June, 2014
Superdong VII	1,450,000	Rach Gia - Phu Quoc	1518	275	2014	Move to Ha Tien – Phu Quoc route since December, 2014
Superdong VIII	1,450,000	Rach Gia - Phu Quoc	1518	275	2015	
Supedong IX	1,490,000	No plan		275	2015 or 2016	
Superdong X	1,490,000	No plan		275	2016	

Source: SKG, RongViet Research

VND Billion

INCOME STATEMENT	2011A	2012A	2013E	2014F
Revenue	144	164	224	271
COGS	71	82	98	108
Gross profit	**73**	**82**	**126**	**163**
Selling Expense	8	18	16	19
G&A Expense	5	8	7	8
Finance Income	1	4	5	5
Finance Expense	0	0	0	0
Other profits	0	0	0	1
PBT	**61**	**59**	**108**	**141**
Prov. of Tax	2	4	5	6
Minority's Interest	0	0	0	0
PAT to Equity Shareholder	**59**	**56**	**103**	**136**
EBIT	61	59	108	141
EBITDA	71	73	124	161

%

FINANCIAL RATIO	2011A	2012A	2013E	2014F
Growth				
Revenue	36.8%	14.4%	36.2%	21.1%
Operating Income	56.2%	-6.7%	85.2%	30.5%
EBITDA	49.7%	2.7%	70.3%	29.5%
EBIT	55.6%	-2.4%	82.5%	30.4%
PAT	50.2%	-4.9%	85.4%	31.5%
Total Assets	39.9%	24.8%	32.7%	14.9%
Equity	39.8%	27.0%	31.6%	15.7%
Internal growth rate	33.2%	23.8%	27.5%	17.2%
Profitability				
Gross profit/Revenue	50.5%	50.1%	56.4%	60.1%
Operating profit/ Revenue	41.9%	34.1%	46.4%	50.0%
EBITDA/ Revenue	49.5%	44.4%	55.5%	59.4%
EBITDA/ Revenue	42.4%	36.2%	48.5%	52.2%
Net margin	40.8%	33.9%	46.1%	50.1%
ROAA	31.9%	23.1%	33.1%	35.6%
ROIC or RONA	34.2%	25.4%	35.8%	38.1%
ROAE	33.2%	23.8%	34.1%	36.6%
Efficiency				
Receivable Turnover	13.2	6.2	5.1	5.6
Inventory Turnover	14.6	15.2	17.7	19.4
Payable Turnover	12.5	12.0	11.4	10.3
Liquidity				
Current	7.8	15.3	15.2	20.4
Quick	7.2	14.3	14.7	19.8
Solvency				
Total Debt/Equity	3.7%	2.3%	3.2%	2.5%
Current Debt/Equity	0.0%	0.0%	0.0%	0.0%
Long-term Debt/ Equity	0.0%	0.0%	0.0%	0.0%

VND Billion

BALANCE SHEET	2011A	2012A	2013E	2014F
Cash and equivalents	37	44	74	46
Short-term investment	0	4	39	100
Receivables	14	39	48	49
Inventories	5	6	5	6
Other current assets	3	0	2	2
Total Current Asset	**59**	**93**	**168**	**203**
Tangible Fixed Assets	148	169	184	202
Intangible Fixed Assets	5	5	3	3
Construction in Progress	0	0	0	0
Investment Property	0	0	0	0
Long-term Invest ment	0	0	0	0
Other long-term assets	2	1	0	0
Long-term Asset	**155**	**174**	**187**	**205**
Total Asset	**214**	**268**	**355**	**408**
Payables	2	2	2	2
Other current liabilities	6	5	6	7
Current Debt	0	0	0	0
Long-term Debt	0	0	0	0
Other long-term liabilities	0	0	0	0
Total Liability	**8**	**6**	**11**	**10**
Owner's Equity	**206**	**262**	**344**	**398**
Capital	175	175	200	245
Retained Earnings	31	87	132	132
Funds & Reverses	0	0	12	22
Others	0	0	0	0
Total Equity	**206**	**262**	**344**	**398**
Minority's Interest	0	0	0	0
TOTAL RESOURCES	**213**	**268**	**355**	**408**

CASH FLOW STATEMENT	2011A	2012A	2013E	2014F
Profit before tax	**61**	**59**	**108**	**141**
-Depreciation	0	0	16	19
-Adjustments	5	10	-5	0
+/- Working capital	-4	-29	-2	-8
Net Operating CFs	**62**	**41**	**117**	**153**
+/- Fixed Asset	-34	-34	-39	-38
+/- Deposit, equity investment	0	4	-35	0
Interest, dividend, cash profit received	1	4	4	0
Net Investing CFs	**-33**	**-34**	**-70**	**-38**
+/- Capital	0	0	0	0
+/- Debt	0	0	0	0
Dividend paid & other	0	0	-17	-145
Net Financing CFs	**0**	**0**	**-17**	**-142**
+/- cash & equivalents	29	7	30	-28
Beginning cash & equivalents	**8**	**37**	**44**	**74**
Impact of exchange rate	0	0	0	0
Ending cash & equivalents	**37**	**44**	**74**	**46**

RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective which is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

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%

ABOUT US

RongViet Securities Corporation (RongViet) was established in 2007, licensed to perform the complete range of securities services including: brokerage, financial investment, underwriting, financial and investment advisory and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders, also our strategic partners, are reputable institutions, i.e Eximbank, Viet Dragon Fund Management, etc... Along with a team of the professional and dynamic staffs, RongViet has the man power as well as the financial capacity to bring our clients the most suitable and efficient products and services. Especially, RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews

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