# Dong Nai Plastic JSC (HNX: DNP)

## Cash flowing in pipes

| Particulars (VND bn) | Q1-FY15 | Q4-FY14 | *+/- qoq* | Q1-FY14 | *+/- yoy* |
|---|---|---|---|---|---|
| Net Revenues | 161.8 | 238.8 | -32% | 116.5 | 39% |
| NPAT | 3.8 | 11.2 | -66% | 2.8 | 36% |
| EBIT | 9.3 | 18.4 | -49% | 5.7 | 62% |
| EBIT margin (%) | 5.8% | 7.7% | -193bps | 4.9% | 83bps |

*Source: DNP, RongViet Research*

- The main business segments showed a positive trend
- Entry into the water-supply industry opens up new high efficient opportunities
- Raising capital could help DNP restructure its debt and have additional capital to invest in the water sector
- 2015's earning results might pick up speed

**Outlook and Valuation**

*Dong Nai Plastic JSC is a small-scale firm who has two main products: (1) construction pipes for water supply, drainage and treatment projects; (2) plastic bags outsourced for European markets. In the last 4 years, DNP's had compound annual revenue and NPAT growth rates (CAGR) of 18.7% and 18.8% respectively.*

*In early 2015, DNP increased the ownership in Binh Hiep Corporation to 51.63% and would consolidate Binh Hiep's financial statements from 2Q2015. Although Binh Hiep is just a small water company, its business has good profitability and growth earnings prospects in the coming years. DNP also plans to make further investment in the water sector to increase profit from operations and penetrate deeper into the plastic pipe project market.*

*After paying stock dividends of 16% of share capital, DNP will issue 5,635,000 shares to its strategic partners this year. The proceeds will allow the Company to continue investing in the water sector as well as to expand its production capacity and reduce the debt balance in.*

*We believe that the reasonable price for the shares of DNP is VND21,900/share, 34.4% higher than the closing price on July 09, 2015. At the current price, we recommend to **BUY** this stock for the **LONG TERM**. However, the condensed shareholder structure might make liquidity to be a potential issue of DNP's shares.*

**Key financials**

| Y/E Dec ( VND bn) | FY2013 | FY2014 | FY2015F | FY2016F |
|---|---|---|---|---|
| Net Interest Income | 387.0 | 596.9 | 731.1 | 827.2 |
| *% chg* | 26.5 | 54.2 | 22.5 | 13.1 |
| PAT | 11.7 | 21.2 | 28.2 | 39.7 |
| *% chg* | 42.2 | 81.1 | 33.0 | 40.6 |
| NIM (%) | 3.0 | 3.6 | 3.9 | 4.8 |
| ROA (%) | 4.5 | 6.1 | 6.7 | 8.9 |
| ROE (%) | 13.5 | 21.3 | 16.1 | 15.9 |
| EPS (VND) | 3,426 | 6,217 | 3,043 | 2,940 |
| Adjusted EPS (VND) | 1,490 | 2,701 | 3,043 | 2,940 |
| Book value (VND) | 26,287 | 31,897 | 17,904 | 19,047 |
| Cash dividend (VND) | 600 | - | 1,000 | 1,500 |
| P/E (x) | 4.5 | 2.9 | 8.0 | 8.5 |
| P/BV (x) | 0.6 | 0.6 | 0.9 | 0.8 |

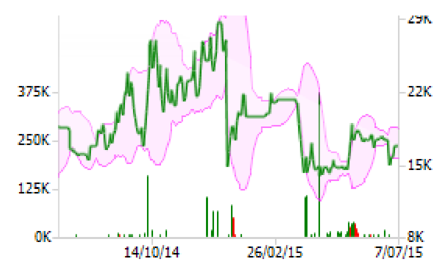
*Sources: DNP, RongViet Securities,*Market share price @ 29/06/2015*

## BUY

| | |
|---|---|
| Market price (VND) | 16,300 |
| Target Price (VND) | 21,600 |
| Investment Period | **LONG TERM** |

**Stock Info**

| | |
|---|---|
| Sector | Building Material |
| Market Cap ( VND bn) | 114 |
| Current Shares O/S | 7,872,424 |
| Beta | 0.56 |
| Free float (%) | 54.9 |
| 52 weeks High | 22,000 |
| 52 weeks Low | 7,000 |
| Avg. Daily Volume (in 20 sessions) | 2,274 |




**Performance (%)**

| | 3M | 1Y | 3Y |
|---|---|---|---|
| DNP | 15.1 | -21.9 | 46.1 |
| Building material | -1.6 | 29.9 | 60.7 |
| HNX30 Index | 12.1 | 1.5 | 33.8 |
| HNX-Index | 7.4 | 11.0 | 29.2 |

**Major Shareholders (%)**

| | |
|---|---|
| Vu Dinh Do | 17.0 |
| Nguyen Tien Hoa | 7.6 |
| Ngo Duc Vu | 7.3 |
| Phan Thi Tuyet Lan | 6.9 |
| Hoang Anh Tuan | 6.3 |
| *Foreigner Investor Room* | 46.6 |

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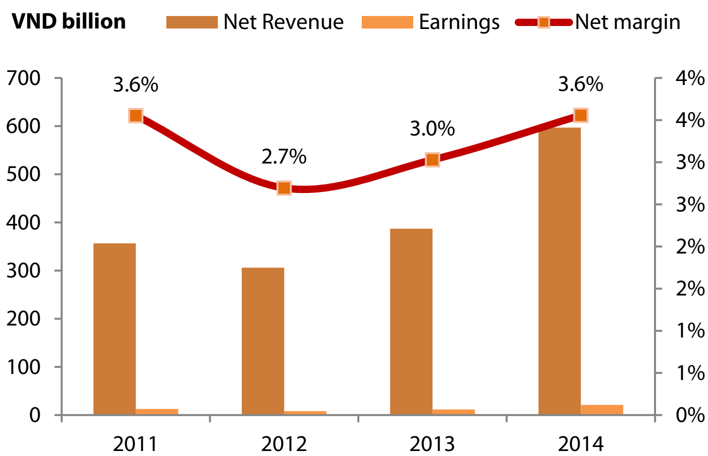
**The main business segments showed a positive trend**

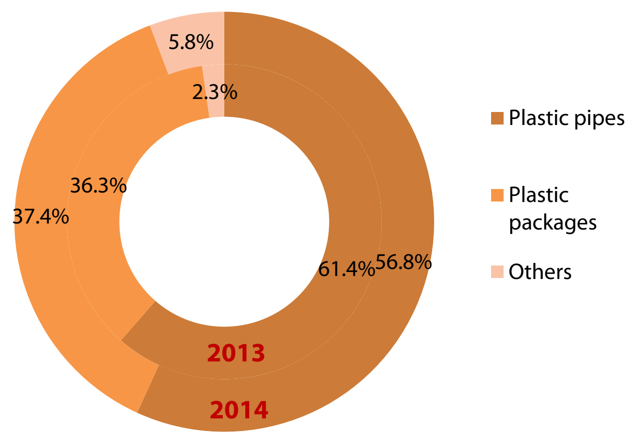
Dong Nai Plastic JSC is a small-scaled manufacturer of plastic packaging and construction pipes. In the packaging segment, DNP caters outsourcing orders of platic bags used in supermarkets and the food industry from customers in European markets (Germany, France, Netherland, etc). The Company also produces HDPE and uPVC pipes used in the commercial and water supply projects in the Mekong Delta and Central areas. Notable projects customers of DNP's pipes included Coastal Thermal Power Project (Tra Vinh), the water supply system of Phu Quoc, the surface water plant of Bac Ninh, the wastewater treatment plants of Quy Nhon and Nha Trang and Tham Luong - Ben Cat - Nuoc Len Canal Basin (HCMC).

**Graph 1: Revenue and NPAT of DNP, 2011-2014**




Source: DNP

**Graph 2: Revenue structure in 2013 and 2014**




Source: DNP

In the period 2011-2014, DNP's businesses experienced positive growth with revenue and NPAT compound annual growth rates (CAGRs) of 18.7% and 18.8%, respectively. Net margin has also been on an improving trend since 2012 (Graph 1).

In 2014, the volume of package sold in the European market fell below the Company's guidance (5,421 tons against a planned 8,732 tons) due to abrupt revocation of several orders during the years. However, sale prices remained stable and the revenue of this segment still recorded significant growth as compared to 2013 (58.2%). Nonetheless, the net profit margin for the outsourcing business was quite low, only about 2-3%. More importantly, export revenue allows the Company to obtain foreign-currency loans at reasonable cost for raw material imports.

In the pipe business, unlike large enterprises such as BMP, NTP and Hoa Sen Group, who focus on the retail market, DNP supplies mainly to water supply and drainage projects. In 2014, revenue from this business segment increased by 42.1% year-over-year. In terms of product structure, DNP also takes a different path, focusing on HDPE pipes (80% output volume in 2014) instead of PVC pipes. HDPE pipes offer higher durability and less leakage (under 10%) as compared to uPVC (30%) products, which make them more suitable for industrial uses. In addition, DNP also generates revenue from selling pipe spare parts and raw materials and additives for the plastic industry.

In overall, DNP's net margin seemed less attractive compared with its peers. This was because: (1) the packaging segment had low profit margins, (2) DNP's plastic pipes are mainly produced for the projects, which requires prices to be more competitive than in the retail market and (3) high interest expense were incurred. However, focusing on project pipes allows DNP to avoid direct competition with BMP, NTP and HSG, who own larger distribution systems, superior production capacity and financial capacity. Moreover, although the retail market for plastic pipes offers higher profit margins, it is almost saturated with the dominance of BMP in the South (50-60% of market share) and NTP in the North (~ 70% of market share). With the recent entry participation of HSG, competition of in the retail business is higher than ever.

**Table 1: Basic financial indicators of some peer companies in 2014**

| | DNP | BMP | NTP | DPC | DAG | AAA | TTP |
|---|---|---|---|---|---|---|---|
| **Sales growth rate (%)** | 53,61 | 15,68 | 20,83 | -0,81 | 10,69 | 34,83 | 0,77 |
| **NPAT growth rate (%)** | 95,59 | 1,86 | 12,25 | -56,68 | 10,46 | -14,51 | -11,24 |
| **Gross profit margin** | 14,63 | 27,7 | 30,89 | 14,7 | 8,3 | 11,71 | 10,88 |
| **Net profit margin** | 3,85 | 15,6 | 10,84 | 1,1 | 2,67 | -14,51 | 2,19 |
| **ROE (%)** | 22,78 | 29,05 | 24,15 | 2,25 | 16,1 | 7,11 | 6,32 |
| **ROA (%)** | 6,54 | 25,56 | 14,8 | 2,04 | 3,97 | 3,65 | 2,96 |
| **Debt/Equity** | 233,36 | 3,4 | 58,91 | 0 | 200,75 | 58,78 | 108,74 |
| **P/E*** | 2,87 | 8,81 | 8,19 | 30,74 | 6,09 | 5,91 | 9,46 |
| **P/B*** | 0,9 | 1,93 | 2,05 | 0,7 | 0,95 | 0,7 | 0,6 |

*Source: Vietstock*

*(*) Market price @ 29/06/2015*

**Entry into the water-supply industry opens up new high efficient business opportunities**

In late 2014, DNP made investments in two water supplying companies, i.e. Vietnam Water and Environment Investment Corporation (Viwaseen) and Binh Hiep JSC. DNP has continued raising its stakes in Binh Hiep JSC to 51.63% (~ 774,400 shares) and might consolidate Binh Hiep's financial statements as a subsidiary since 2Q2015.

Binh Hiep Corporation is one of the three water suppliers of Binh Thuan Water Supply and Sewerage JSC, who in turn is the main distributor of clean water in Binh Thuan Province. The two raw water sources for Binh Hiep are Ca Giang lake (Ham Thuan Bac) and groundwater in Tan Thanh Commune (Ham Thuan Nam). Ca Giang Lake is an abundant and stable source which can provide enough water for the Company to operate in both the dry and rainy seasons.

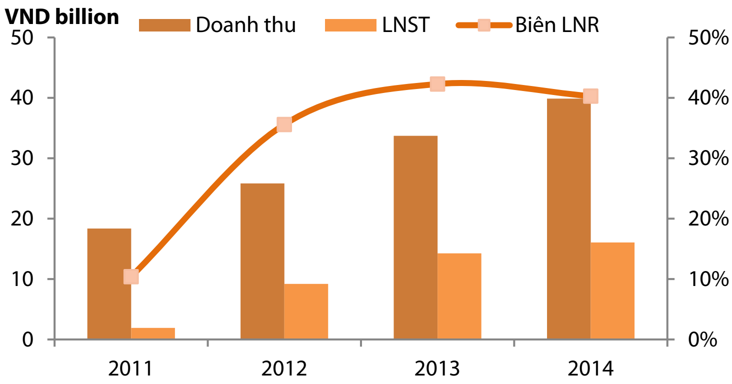
**Table 2: Water supply amount of JSC Binh Hiep Corporation**

| Year | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| Ca Giang water plant | 4,520,259 | 5,394,437 | 6,116,682 | |
| Tan Thanh water plant | 111,048 | 102,276 | 90,081 | |
| **Total** | **4,631,307** | **5,496,713** | **6,206,763** | **7,353,913** |

*Source: Binh Hiep JSC*

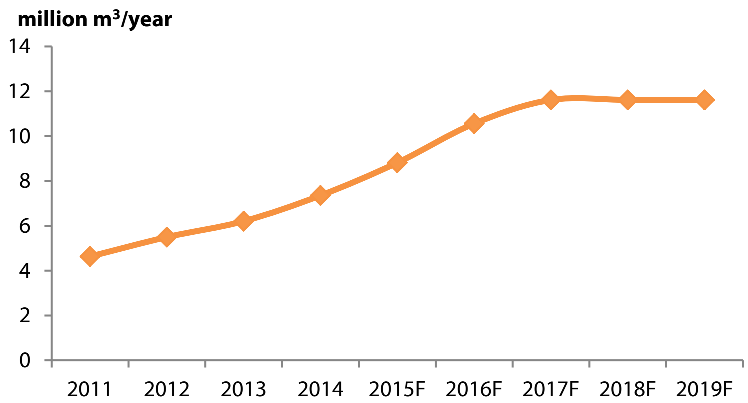
In the period 2011-2014, Binh Hiep's earnings rose significantly with compound growth rate (CAGR) of revenue and net profit of 29.5% and 103.4%, respectively. The reasons for such positive results were: (1) the steady increase in demand for clean water in Binh Thuan Province and Phan Thiet City in particular (see Appendix), (2) low water transfer cost and (3) relatively good sale price. The closeness of Binh Hiep's plants to the master water meters (5-7 km) help minimizes the transfer cost and the rate of water loss (~ 0.2%). In addition, Binh Hiep has been able to lock in a price to Binh Thuan Water Supply and Sewerage JSC (5,500 VND /$m^3$) that ensures it a good gross margin of about 49%.

**Graph 3: Earning results of Binh Hiep in the 2011-2014 period**




Source: DNP, Binh Hiep Corportaion, RongViet Research

**Graph 4: Water volume of Binh Hiep Corporation**




Source: DNP

In general, Binh Hiep Corporation has high profitability and positive revenue and growth prospect in the long term. With more than 51% ownership in Binh Hiep, we expect the positive earning result of this subsidiary to show on DNP's income statement since 2Q2015. We estimates this investment could contribute VND5.5 billion to DNP's 2015 NPAT.

In front of the increasing demand for fresh water, DNP has planned for three more investment in the water supplying industry from now to 2016. More involvement in the water sector could be the first step of DNP to penetrate the market for project pipes in Central-Vietnam, a niche market large companies BMP and NTP have yet to reach. However, projects pipes are heavy and bulky goods so costs of transport to distant market would be an issue DNP must consider.

**Raising capital could help DNP restructure its debt and have additional capital to invest in the water sector**

Dong Nai Plastic is to issue this year 5,635,000 shares in under private placements at the price no less than VND13,000/share. The Company revealed that some strategic partners have expressed their strong interest in the new issues. In addition, the DNP will issue 273,000 shares at par under ESOP. The total proceeds from all both issuances will be, according to our estimate, no less than VND76 billion. Other than the purspose to fund working capital and capital expenditures, the incremental cash might be applied against the outstanding debts.

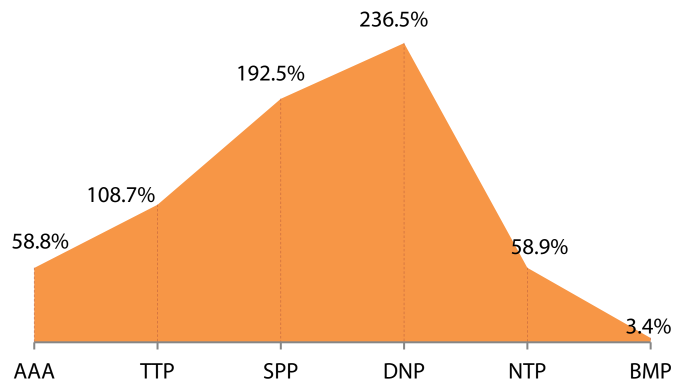
**Table 3: Solvency and efficiency indicators of some peers in 2014**

| | DNP | | BMP | NTP | DPC | DAG | AAA | TTP |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015F | | | | | | |
| *Solvency indicators* | | | | | | | | |
| Quick ratio (time) | 0.79 | 1.05 | 5.29 | 0.65 | 2.87 | 0.36 | 0.66 | 0.8 |
| Interest coverage ratio (time) | 3.38 | 3.86 | 125.62 | 11.57 | 24.72 | 2.06 | 4.33 | 2.12 |
| Debt/ Equity (%) | 279.4 | 77.8 | 12.24 | 76.02 | 6.61 | 318.96 | 81.77 | 133.83 |
| Debt / Asset (%) | 73.6 | 43.7 | 10.9 | 43.19 | 6.2 | 76.13 | 44.69 | 57.23 |
| *Efficiency indicators (time)* | | | | | | | | |
| Receivable turnover | 4.4 | 3.8 | 8.2 | 5.63 | 10.93 | 9.6 | 15.67 | 5.48 |
| Inventory turnover | 6.13 | 6.2 | 4.71 | 3.79 | 2.35 | 2.76 | 8.16 | 7.06 |
| Payable turnover | 24.48 | 11.0 | 29.28 | 20.43 | 140.02 | 10.65 | 8.7 | 13.8 |
| Cash conversion cycle | 122.3 | 123.8 | 109.51 | 143.38 | 186.27 | 135.78 | 22.06 | 91.9 |

Source: Vietstock, RongViet Research

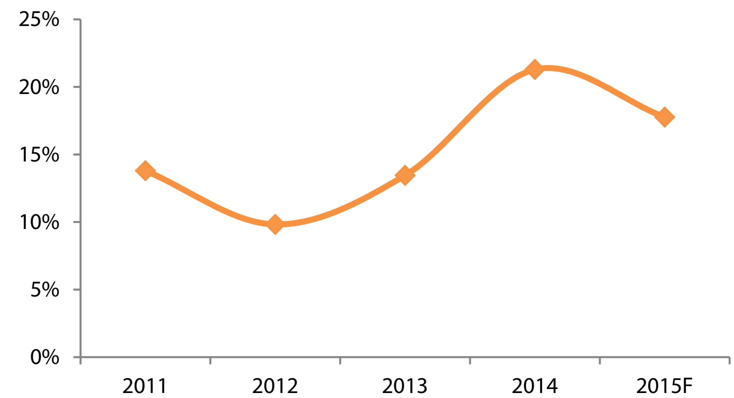
With large annual revenue, DNP has high demand for working capital. Meanwhile, the capital base of the firm is quite small, causing its the solvency and efficiency to stay just around the industry averages (Table 3). In addition, because of the delayed collection from the Coastal Thermal Power project (VND70 billion) in late 2014, DNP's year-end balances of receivables and short-term debts were much higher than the previous year (respectively up 88, 2% and 89.2%).

**Graph 5: Debt/Equity ratios of some peers in 2014**




*Source: Vietstock*

**Graph 6: Average ROE in the 2011-2015F period**




*Source: DNP*

However, the entire value of the contract was paid by the customer in 2Q2015. Looking forward, the use of a portion of the equity issuance proceeds to pay debt may help DNP reduce its loan balance might about 42% by the end of 2015. The debt-to-equity ratio may revert to safer level (about 55%) as a result. However, as the issuance will not finish until late Q3 or Q4, lower interest expenses will be more apparent in 2016. We expect that interest expense to increase 11% this year but decrease by 36% in 2016.

Theoretically, the increase in the number of share could reduce the DNP's ROE ratio. However, thanks to the consolidated profit of Binh Hiep, we suppose that DNP could still maintain a ROE level of nearly 18% in 2015. From our opinion, DNP's management might have a strategic purpose in the timing of the firm's capital raise.

**2015's earning results might pick up speed**

In 1Q2015, DNP'S earnings decreased significantly as compared with 4Q2014. The reason was that the Company recorded VND70 billion of revenue from the Coastal Thermal Power contract in 4Q2014, thereby boosting revenue and earnings in the last quarter of 2014. However, over the same period last year, revenue and NPAT still achieved positive with an increase of 38.9% and 41.1%, respectively. In addition to regular revenue growing, DNP will record the value of some big piping supply contract in 2015 such as: (1) D225-D630mm pipeline for Bac Ninh water plant (VND 40 billion), (2) D500-D710 pipeline for project in Gon Cong District, Tien Giang Province (VND50 billion); (3) D710-800mm pipeline for project in Cu Chi District, HCM City (VND45 billion) and some other big negotiating projects.

For the whole 2015, net sales may increase 25% (package segment: 22.3%, plastic pipe segment: 25.2%). Operating profit (EBIT) may increase about 26%, but NPAT can jump up 59% thanks to the consolidation of Binh Hiep. Thus, although the number of shares until the end of 2015 may increase fourfold, annual basic EPS might still maintain at about VND3.043/share.

**Table 4: Earning result in 1Q2015**

| Indicator (VND billion) | Q1-FY15 | Q1-FY14 | +/- (yoy) (%) | Q4-FY14 | +/- (qoq) (%) |
|---|---|---|---|---|---|
| **Revenue** | 161.8 | 116.5 | 38.9 | 238.8 | -32.2 |
| **Gross profit** | 19.6 | 11.9 | 65.1 | 39.3 | -50.2 |
| **EBITDA** | 14.1 | 9.5 | 49.0 | 17.3 | -18.5 |
| **EBIT** | 9.3 | 5.7 | 62.5 | 18.4 | -49.3 |
| **EBT** | 5.4 | 3.3 | 64.7 | 15.0 | -63.8 |
| **NPAT** | **3.8** | **2.8** | **35.8** | **11.2** | -66.0 |

*Source: DNP*

## Outlook and Valuation

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We believe that the reasonable price for the shares of DNP is VND21,900/share, 34.4% higher than the closing price on July 09, 2015. At the current price, we recommend to **BUY** this stock for the **LONG TERM**. However, the condensed shareholder structure might make liquidity to be a potential issue of DNP's shares.

**Table 5: Valuation result**

| Valuation method | Price | Proportion | Average |
|---|---|---|---|
| **FCFF** | 24.323 | 40% | 9.729 |
| **P/E** | 24.346 | 30% | 7.304 |
| **P/BV** | 16.114 | 30% | 4.834 |
| **Average price** | | **100%** | **21.867** |

*Source: RongViet Research*

**APPENDIX: Water demand in Binh Thuan Province**

Demand for water in Binh Thuan Province is supported by two main factors: (1) the increase in population and (2) the proportion of clean water used rate. As reported by the General Statistics Office, population Binh Thuan province was 1,207,400 people in 2014; of which there was about 255,000 people in Phan Thiet City. With the use of clean water being estimated at about 135 liters/person/day and the 97% proportion of people using fresh water (Water supply system planning for urban areas in Binh Thuan Province to 2020), demand for clean water in 2015 of Phan Thiet is estimated at 84,375 $m^3$/day. In 2020, the population of Binh Thuan Province might be 1,442,000 people, included 345.000 citizens of Phan Thiet City. Thanks to that, demand for water in Phan Thiet City in particular might increase by about 20% compared to 2015. In addition, the increase in the number of tourists to Binh Thuan Province after the formation of Ho Chi Minh City - Long Thanh - Dau Giay highway and Phan Thiet airport  also push up the demand for water in Phan Thiet City.

**Table 5: Clean water demand in Binh Thuan province (Unit: $m^3$/day)**

| No. | Area | Year 2015 | | | Year 2020 | | |
|---|---|---|---|---|---|---|---|
| | | Urban | Rural | Total | Urban | Rural | Total |
| 1 | PhanThiet City | 83,037 | 1,338 | 84,375 | 100,01 | 1,338 | 101,348 |
| 2 | La Gi Town | 43,176 | 757 | 43,933 | 61,808 | 757 | 62,565 |
| 3 | Phan Ri Cua Town | 7,524 | | 7,524 | 11,485 | | 11,485 |
| 4 | Tuy Phong Distict | 33,269 | 6,586 | 39,855 | 36,596 | 6,586 | 43,182 |
| 5 | Bac Binh Distict | 13,081 | 5,864 | 18,945 | 19,973 | 5,864 | 25,837 |
| 6 | Ham Thuan Bac Distict | 4,316 | 9,648 | 13,964 | 7,412 | 9,648 | 17,060 |
| 7 | Ham Thuan Nam Distict | 37,973 | 5,588 | 43,561 | 57,702 | 5,588 | 63,290 |
| 8 | Tanh Linh Distict | 4,013 | 6,552 | 10,565 | 5,851 | 6,552 | 12,403 |
| 9 | Duc Linh Distict | 9,153 | 6,384 | 15,537 | 12,811 | 6,384 | 19,195 |
| 10 | Ham Tan Distict | 55,942 | 2,707 | 58,649 | 96,692 | 2,707 | 99,399 |
| 11 | Phu Quy Distict | 4,814 | 440 | 5,254 | 6,261 | 440 | 6,701 |
| | **Tổng** | **296,297** | **45,864** | **342,161** | **416,601** | **45,864** | **462,465** |

*Source: Water supply system planning for urban areas in Binh Thuan Province to 2020*
*Water supply system planning for rural areas in Binh Thuan Province to 2020*

*Unit: billion VND*

| *INCOME STATEMENT* | FY2013 | FY2014 | FY2015F | FY2016F |
|---|---|---|---|---|
| Revenue | FY2013 | FY2014 | FY2015E | FY2016F |
| COGS | 387.0 | 596.9 | 731.1 | 827.2 |
| **Gross profit** | 329.8 | 511.6 | 625.1 | 707.2 |
| Selling Expense | **57.2** | **85.3** | **106.0** | **119.9** |
| G&A Expense | 14.0 | 17.2 | 21.9 | 24.8 |
| Finance Income | 17.7 | 24.2 | 31.6 | 34.6 |
| Finance Expense | 1.4 | 0.4 | 0.9 | 0.7 |
| Other profits | 13.1 | 15.1 | 16.9 | 10.8 |
| **PBT** | 0.2 | -2.0 | -0.3 | -0.7 |
| Prov. of Tax | **14.0** | **27.2** | **36.2** | **49.6** |
| Minority's Interest | 2.3 | 5.9 | 8.0 | 9.9 |
| **NPAT** | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | **11.7** | **21.2** | **28.2** | **39.7** |
| EBITDA | **24.4** | **38.6** | **48.9** | **57.8** |

*Đvt:%*

| *FINANCIAL RATIO* | FY2013 | FY2014 | FY2015F | FY2016F |
|---|---|---|---|---|
| **Growth** | | | | |
| Revenue | 26.5 | 54.2 | 22.5 | 13.1 |
| Operating Income | 12.4 | 72.5 | 19.6 | 15.2 |
| EBITDA | 9.9 | 10.9 | 51.4 | 15.1 |
| EBIT | 24.2 | 58.0 | 26.7 | 18.2 |
| PAT | 42.2 | 81.1 | 33.0 | 40.6 |
| Total Assets | 16.6 | 46.9 | 3.6 | 6.8 |
| Equity | 7.1 | 21.3 | 121.2 | 6.4 |
| Internal growth rate | 11.1 | 21.3 | 8.4 | 7.8 |
| **Profitability** | | | | |
| Gross profit/Revenue | 14.8 | 14.3 | 14.5 | 14.5 |
| Operating profit/ Revenue | 6.6 | 7.4 | 7.2 | 7.3 |
| EBITDA/ Revenue | 9.8 | 7.0 | 8.7 | 8.8 |
| EBITDA/ Revenue | 6.3 | 6.5 | 6.7 | 7.0 |
| Net margin | 3.0 | 3.6 | 3.9 | 4.8 |
| ROAA | 4.5 | 6.1 | 6.7 | 8.9 |
| ROIC or RONA | 24.1 | 34.6 | 27.1 | 23.1 |
| ROAE | 13.5 | 21.3 | 16.1 | 15.9 |
| **Efficiency (x)** | | | | |
| Receivable Turnover | 4.0 | 3.8 | 4.1 | 5.2 |
| Inventory Turnover | 4.7 | 6.2 | 5.8 | 5.6 |
| Payable Turnover | 8.2 | 11.0 | 12.5 | 12.8 |
| **Liquidity (x)** | | | | |
| Current | 1.1 | 1.1 | 1.7 | 1.7 |
| Quick | 0.7 | 0.8 | 1.1 | 1.0 |
| **Solvency** | | | | |
| Total Debt/Equity | 215.0 | 279.4 | 77.7 | 78.4 |
| Current Debt/Equity | 146.5 | 228.5 | 54.4 | 41.8 |
| Long-term Debt/ Equity | 17.6 | 8.0 | 0.0 | 0.0 |

*Unit: billion VND*

| *BALANCE SHEET* | FY2013 | FY2014 | FY2015F | FY2016F |
|---|---|---|---|---|
| Cash and equivalents | 8 | 9 | 19 | 20 |
| Short-term investment | 0 | 9 | 10 | 10 |
| Receivables | 110 | 206 | 154 | 165 |
| Inventories | 69 | 96 | 120 | 131 |
| Other current assets | 13 | 9 | 16 | 13 |
| **Total Current Asset** | **199** | **329** | **318** | **339** |
| Tangible Fixed Assets | 53 | 49 | 47 | 43 |
| Intangible Fixed Assets | 3 | 3 | 3 | 3 |
| Construction in Progress | 1 | 0 | 2 | 2 |
| Investment Property | 0 | 0 | 0 | 0 |
| Long-term Investment | 0 | 9 | 30 | 45 |
| Other long-term assets | 27 | 25 | 30 | 28 |
| Goodwill | 0 | 0 | 0 | 0 |
| **Long-term Asset** | **84** | **86** | **112** | **120** |
| **Total Asset** | **283** | **415** | **430** | **459** |
| Payables | 30 | 25 | 31 | 33 |
| Other current liabilities | 16 | 22 | 26 | 62 |
| Current Debt | 132 | 250 | 132 | 108 |
| Long-term Debt | 16 | 9 | 0 | 0 |
| Other long-term liabilities | 0 | 0 | 0 | 0 |
| **Total Liability** | **194** | **306** | **188** | **202** |
| ***Owner's Equity*** | **90** | **109** | **242** | **257** |
| Capital | 34 | 34 | 138 | 138 |
| Retained Earnings | 13 | 27 | 31 | 37 |
| Funds & Reverses | 17 | 21 | 29 | 39 |
| ***Others*** | **0** | **0** | **0** | **0** |
| **Total Equity** | **90** | **109** | **242** | **257** |
| Minority's Interest | 0 | 0 | 0 | 0 |
| **TOTAL RESOURCES** | **284** | **415** | **430** | **459** |

| *CASHFLOWSTATEMENT* | FY2013 | FY2014 | FY2015F | FY2016F |
|---|---|---|---|---|
| *Pretax Income* | 14.0 | 15.0 | 36.2 | 49.6 |
| -Depreciation | 13.3 | 3.3 | 14.5 | 15.2 |
| *-Adjustments* | *10.6* | *80.2* | *-61.4* | *-63.0* |
| +/- Working capital | -34.1 | -94.1 | 30.4 | 18.9 |
| **Net Operating CF** | **3.8** | **4.5** | **19.8** | **20.7** |
| +/- Fixed Asset | -21.9 | -2.6 | -21.9 | -6.5 |
| +/- Deposit, equity investment | -2.5 | -13.7 | -24.6 | -18.1 |
| Interest, cash dividend, shared profits received | 0.8 | 0.0 | 0.0 | 0.0 |
| **Net Investing CF** | **-23.6** | **-16.4** | **-46.5** | **-24.7** |
| +/- Capital | 0.0 | 0.0 | 120.0 | 0.0 |
| +/- Debt | 25.6 | 54.6 | -126.9 | -24.1 |
| Dividend paid + Other exp. from retained profits | -2.0 | 0.0 | 44.1 | 29.5 |
| **Net Financing CF** | **23.7** | **54.6** | **37.2** | **5.4** |
| +/- cash & equivalents | 3.9 | 42.7 | 10.4 | 1.5 |
| **Beginning cash & equivalents** | **3.9** | **8.3** | **8.7** | **18.7** |
| Impact of exchange rate | -0.2 | 8.7 | 0.0 | 0.0 |
| **Ending cash & equivalents** | **7.6** | **8.7** | **18.7** | **20.2** |

*Note: Not consolidate financial statement of Binh Hiep Corporation*

## COMPANY REPORT

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 |

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**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, Satra, 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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