Hau Giang Pharmaceutical JSC (DHG – HSX)

Hope awaits in 2017

- **Hapacol guarantees growth, while health supplements could be the potential trump card**
- **Contribution from new factor - strategic investor Taisho**
- **Favorable tax incentives in 2017 help to increase shareholder value**

Outlook and Valuation:

DHG is the largest drug manufacturers in the Vietnam stock exchange. As generics drugs developed by domestic pharmaceutical companies are strongly competitive, DHG is focusing on developing and promoting naturally health supplements. Following this direction, DHG's portfolio appears to benefit from the increasing trend of health supplement consumption as well as the rising of non-communicable disease (hepatic, cardiovascular, diabetes, etc.) in Vietnam. Moreover, the strategic partnership with Taisho, a leading pharmaceutical company in Japan, promises to support DHG in this direction, not to mention a significant revenue boost starting in 2017. In 2017, the company continues to benefit from tax incentives for the new factories as corporate tax is estimated to be further decreased to 4% in 2017 from 8.3% of 2016

*Among Vietnamese listed pharmaceutical firms, DHG is the leader in many aspects such as scales, distribution system, and profitability. The company's continuous effort to improve its management and sale system is another point we highly appreciate. Despite these advantages, DHG is currently trading at a discount P/E compared to other local and regional pharmaceutical companies. Taking into account the historical P/E of DHG, the company's strengths and especially the arrival of the strategic investor Taisho, we recommend investors to **ACCUMULATE** the stock with a target price of **VND119,000** in **LONG-TERM**. At this price, the P/E 2017 is 16x, at which DHG has been traded in the past.*

Key financials

Y/E Dec (VND bn)	FY2014	FY2015	FY2016E	FY2017F
Net Revenues	3,912.5	3,607.8	3,717.2	4,184.2
% chg	10.9%	-7.8%	3.0%	7.0%
PAT	533.3	588.7	661.4	746.1
% chg	-9.5%	10.4%	12.4%	12.8%
EBIT margin (%)	13.6%	16.3%	17.8%	17.8%
ROA (%)	16.3%	17.2%	18.4%	18.5%
ROE (%)	25.0%	24.6%	24.9%	24.8%
EPS (VND)	6,119	5,748	6,640	7,489
Adjusted EPS (VND)	5,168	5,741	6,640	7,489
Book value (VND)	26,121	28,692	32,254	36,675
Cash dividend (VND)	3,000	3,500	3,000	3,000
P/E (x)	15.7	11.6	14.8	13.2
P/BV (x)	3.7	2.3	3.1	2.7

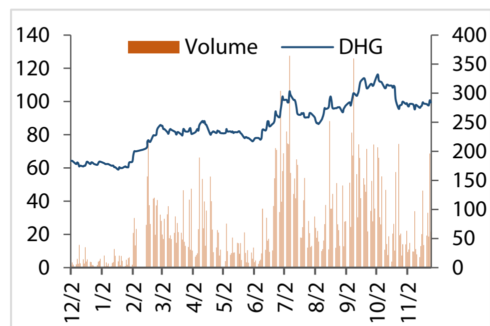
*Sources: DHG, RongViet Research estimated. * Accounted for welfare provision expense and computed based on total share number on 28 November 2016.*

ACCUMULATE

CMP (VND)	98,500
Target Price (VND)	119,000
Investment Period	**Long-term**

Stock Info

Sector	Pharmaceutical
Market Cap (VND bn)	8,586
Current Shares O/S	87,164,000
Beta	0.6
Free float (%)	32
52 weeks High	116,300
52 weeks Low	61,500
Avg. Daily Volume (in 20 sessions)	59,867



Performance (%)

	3M	1Y	3Y
DHG	2	53	30
VNIndex	0	16	30
VN30 Index	-4	8	10

Major Shareholders (%)

SCIC	43.31
Taisho Pharmaceutical Company	24.44
FTIF – Templeton Frontier Markets Fund	1.65
Foreigner Investor Room (%)	49.00

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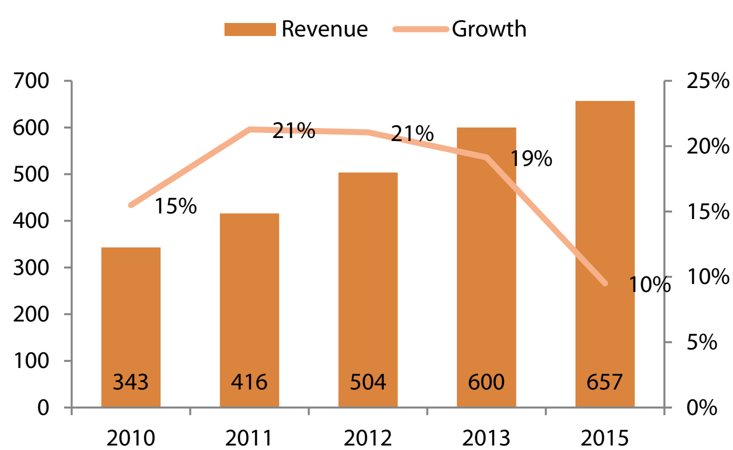
Growth Drivers from Hapacol and Supplement Products

Western Medicine – Hapacol (Paracetamol) Remains Key Product

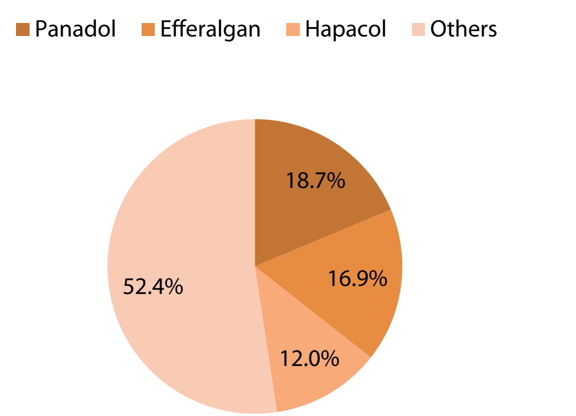
Paracetamol is a pain reliever and a fever reducer for people of all ages as it is generally considered safe for children. Thanks to its extremely popular usage, the product has high demand and it is one of the must-have products in any pharmaceutical company's pipeline. Of all domestic Paracetamol products, DHG's Hapacol has much higher brand awareness, especially Hapacol Kid, thanks to its various dosage forms, eye-catching packaging and DHG's extensive distribution system. Hapacol, according to Euromonitor, accounts for 12% of the analgesics market share in 2015, after only two foreign brands Panadol and Efferalgan which continue to dominant the market. Based on the current market situation and the projections of Euromonitor and BMI, **we expect Hapacol to maintain an average growth of approximately 10% per annum in 2016-2020, equivalent to an annual increase of VND70-80 billion, and remain the largest contributor to DHG's revenue (about 23%).** DHG is considering upgrading Hapacol lines from GMP-WHO to PIC/S standard, instead of building a new PIC/S factory as the original plan to save time and cost.

Figure 1: Hapacol's revenue in 2009-2015 (in bn VND)



Source: DHG annual reports

Figure 2: Market share of Paracetamol products in 2015

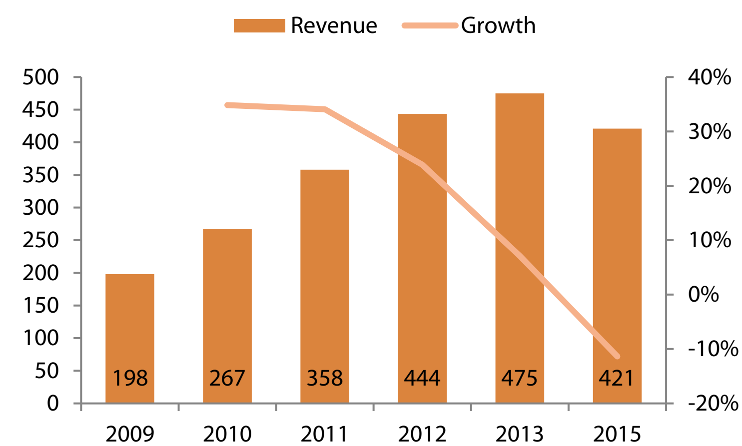


Source: Euromonitor

On the other hand, two antibiotic drugs of DHG which are Klamentin (Amoxicillin + Acid Clavulanic) and Haginat (Cefuroxim) do not stand out from other antibiotics in the market. These products, after 10 years being exploited, have shown sign of slowdown. While the revenue of Klamentin and Haginat in the first 9M of 2016 rose 37% and 28% YoY respectively, it was mainly due to the unusual low revenue in 2015.

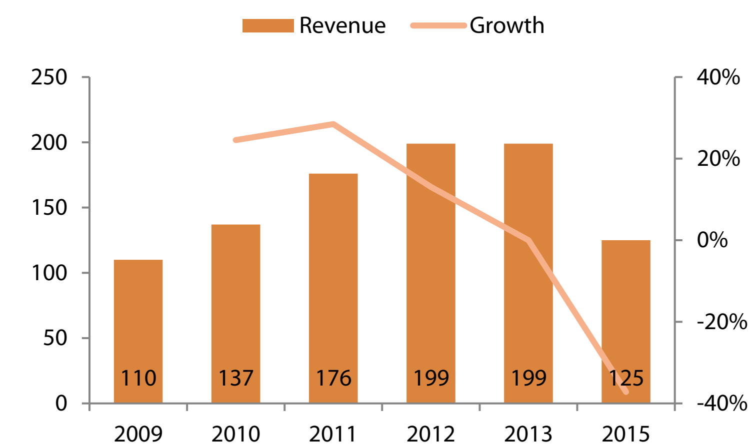
Antibiotics growth in Vietnam, according to BMI and Euromonitor, is only 1 high-digit number in 2016-2020. Therefore, despite DHG's optimism about antibiotic needs in the coming years, we believe fierce competition remains a threat, and estimate the growth of its antibiotic drugs will only in line with the industry average. The revenue stream from this segment, however, is stable and large enough to support other segments with higher growth potential.

Figure 3: Klamentin's revenue in 2009-2015 (in bn VND)



Source: DHG annual reports

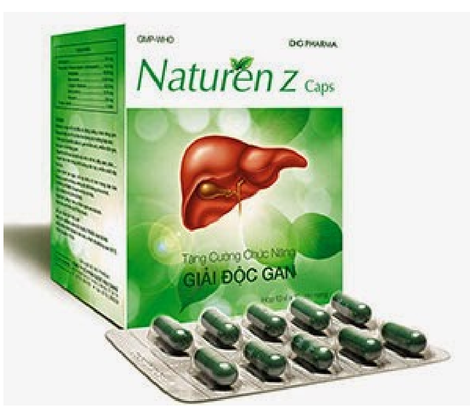
Figure 4: Haginat's revenue in 2009-2015 (in bn VND)



Source: DHG annual reports

Health Supplement - Focusing on Naturenz, NattoEnzym and Spivital

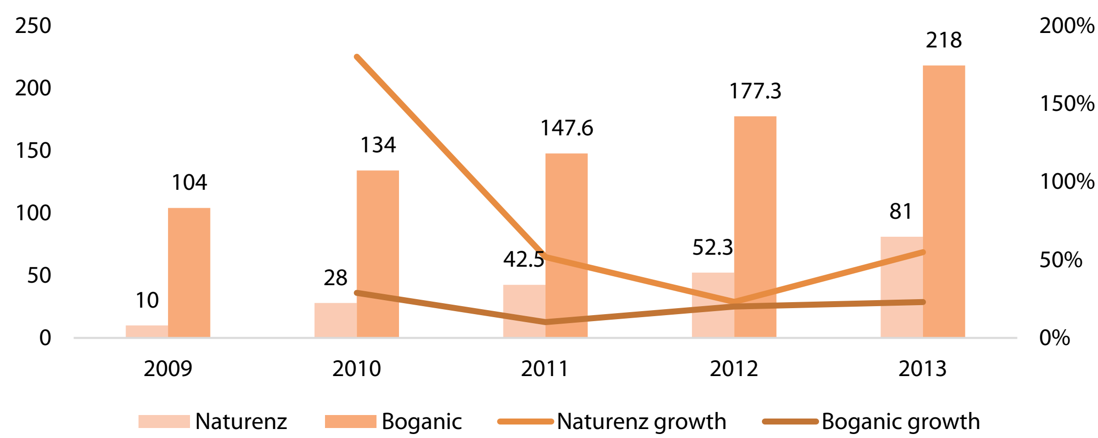
Since generics drugs developed by domestic pharmaceutical companies are much alike, **DHG is focusing on developing naturally health supplements through partnerships with Institute of Biotechnology (IBT).** This strategy appears to be the right way for DHG to stand out considering R&D is not the strength of domestic companies. However, it could take at least 3 years for a fresh project to develop and apply. For example, Naturenz had been years-long research of IBT before it was bought and commercialized by DHG in 2009. Consequently, developing another successful product like Naturenz remains a long-term story.



Meanwhile, the company is spending the resources to promote its existence products, namely Naturenz (hepatic) and NattoEnzym (cardiovascular) to catch the increasing trend of non-communicable diseases (NCDs). This results from better living standards, which have reduced infectious diseases but also have bred a new host of diabetes, hepatic, cancer and heart disease. **As the demand for hepatic treatment continues to rise, Naturenz promises to be DHG's next trump card.** The product contributed only VND10 billion to DHG revenue in 2009, but soon reached nearly VND100 billion in 2014. DHG is pushing a professional marketing strategy for this product from TV advertising, friendly design website (benhviengan.vn) to facebook page with over 80 thousand like.

Naturenz's competitors include the market leader Traphaco's Boganic. It took Boganic almost 10 years to reach the first VND100 billion milestone in revenue. But since 2009, Boganic only needs half of this time to double that number, translating to a CAGR of 16% in 2009-2013. In that period, sales of Naturenz also skyrocketed (CAGR 2009-2013: 52%). This shows that demand for hepatic treatment greatly went up in recent years, resulting from the overuse of alcohol, unhealthy diet and work, which is getting increasingly common in modern life. Assuming the life cycle of these products is similar (based on the brand awareness and distribution system), **we forecast CAGR for Naturenz in 2016-2020 to be 18%.**

Figure 5: Naturenz and Boganic's revenue in 2009-2013 (in bn VND)

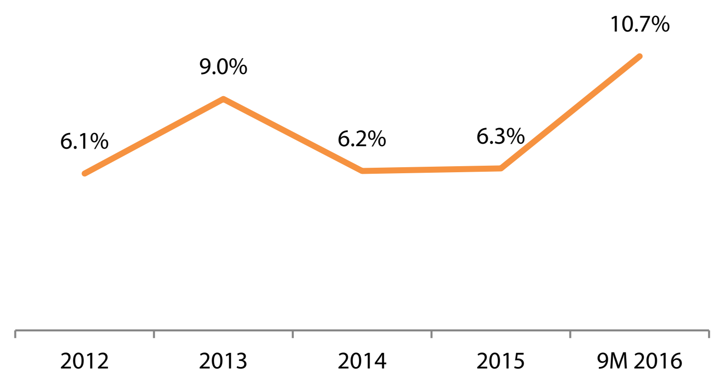


Source: RongViet Research

After the promotion of Naturenz and NattoEnzym, DHG intends to proceed with nutritional supplements derived from Spirulina algae: Spivital, and potentially Syrup Minpi (currently in the market testing phase). Spivital has experienced much lower growth despite being commercialized at the same time with Naturenz, and less familiar than other common nutritional products such as Bocalex (multi vitamins) and Bipp C (vitamin C). The reason is that (1) higher demand for hepatic treatment, and that (2) low awareness of the algae effect. However, in the next few years, with the increasing demand for nutritional supplements and well-plan promotions similar to Naturenz's, sales of this product is likely to grow better.

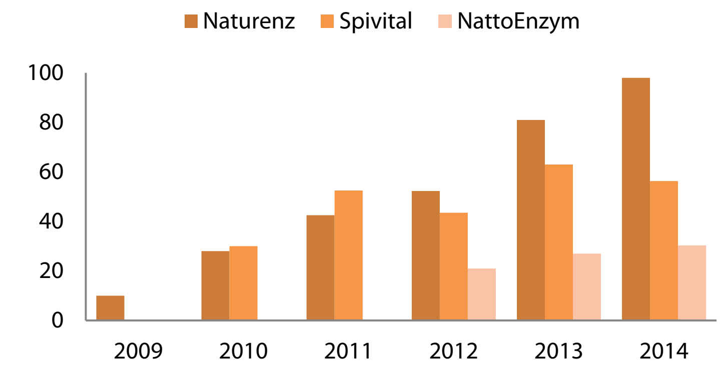
In general, we highly appreciate the growth prospects of DHG's health supplement segment considering the increasing trend of health supplement consumption in Vietnam. Risks can come from unfair competition of low-quality products, which is very common in the current market. But in the long term, the fact that Food Safety Agency require manufacturing enterprises to apply GMP-HS in 2021, or perhaps earlier (2017-2018) will be favorable for quality products like DHG's. The company targets sales of this segment in 2020 to be VND800 billion, accounting for 12% of the revenue. Currently, sales of health supplements in 9M 2016 is VND278 billion, only accounted for 10.7% of revenue.

Figure 6: Proportion of health supplements in DHG revenue



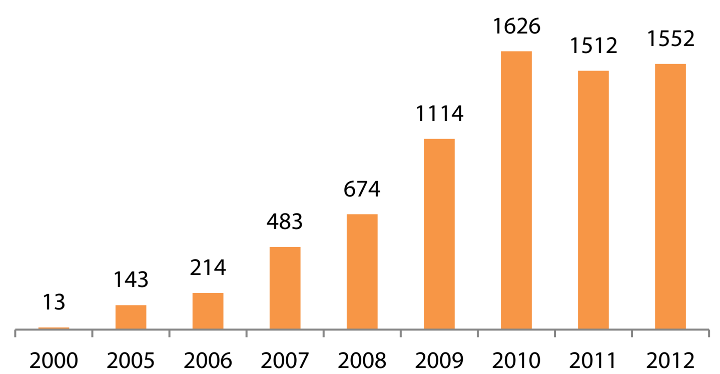
Source: DHG annual reports

Figure 7: Naturenz, Spivital and NattoEnzym's revenue in 2009-2014 (in bn VND)



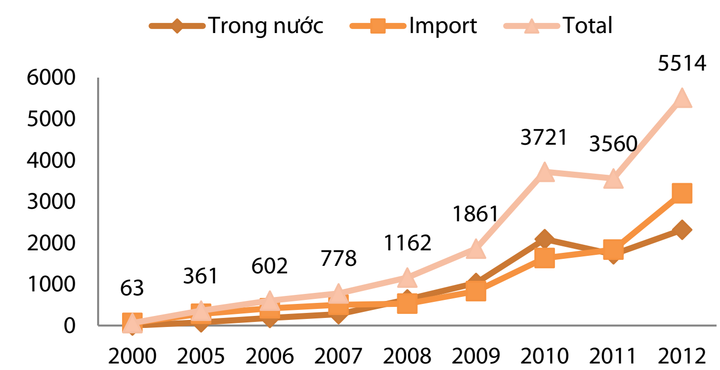
Source: RongViet Research, DHG annual reports

Figure 8: The number of health supplement manufacturer in 2000-2012



Source: Vietnam Association of Funtional Foods

Figure 9: The number of health supplement products in 2000-2012



Source: Vietnam Association of Funtional Foods

In overall, the revenue contribution of antibiotics has decreased from 45% in 2008 to around 40% in 2016, and is expected to further decline to 38.5% in 2020. Contrary is the increase of nutritional, hepatic & biliary, and cardiovascular-diabetic segments. DHG aims to have one brand with VND1,000 billion revenue (Hapacol) and five brands with VND100 billion (which are likely to be Klamentin, Haginat, Apitim, NattoEnzym and Naturenz) in 2020.

Table 1: DHG revenue structure by segments (%)

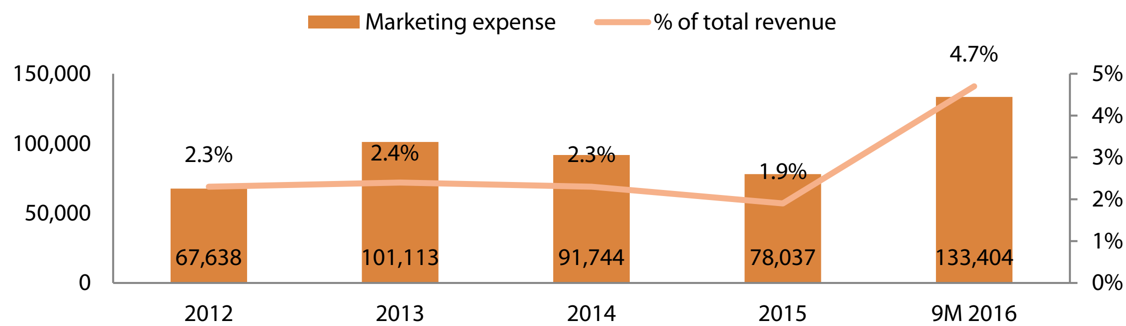
Segments	2008	2010	2013	2015	2016E	2017F	2020F
Antibiotic	45.5	43.0	41.0	39.4	40.0	40.4	38.5
Analgesics-Antipyretics	13.9	14.7	20.1	24.0	24.4	24.2	24.4
Cardiovascular-Diabetic	2.2	2.6	5.0	5.0	6.1	6.4	7.1
Nutritional	10.5	10.0	8.7	6.4	5.8	5.5	6.0
Hepatic - biliary			3.8	3.3	4.6	5.2	7.2
Digestive (*)	7.0	6.9	5.0	5.0	4.7	4.6	4.3
Opthalmic-Nervous	1.2	3.5	4.0	4.5	3.0	2.9	2.8
Respiratory	14.1	15.1	5.4	5.1	4.6	4.4	3.9
Musculoskeletal	2.1	2.2	4.9	4.8	4.3	4.1	3.5
Skin care	2.4	2.1	2.1	2.5	2.4	2.4	2.4

Source: Rongviet Research (*) Digestive and Hepatic-biliary segments are combined prior to 2010

Changes in Sales and Marketing Approach

The selling expense in 9M2016 was VND441.7 billion (+44.5% YoY), of which salaries & bonuses were 197.8 billion (+ 30% YoY) and marketing expense was 133.4 billion (+ 119% YoY). Marketing expense, compared to previous years, experienced a big jump. This appeared to be a part of a big change in DHG marketing approach, in which money expenditure was higher and the number of advertised brands was reduced (from 12 to 9) with strong focus on three key products Hapacol, Naturenz and NattoEnzym. **The company seemed to prove their marketing strategies effective as sales of those products surged in 9M2016. Sales of Hapacol, Naturenz, and NattoEnzym gained 12%, 83%, and 122%, respectively.**

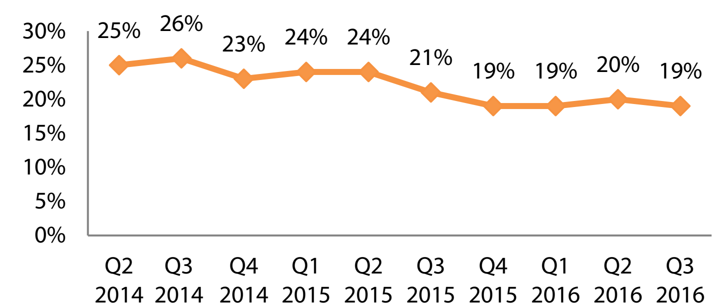
Figure 10: Marketing expense surged in 2016



Source: DHG financial reports

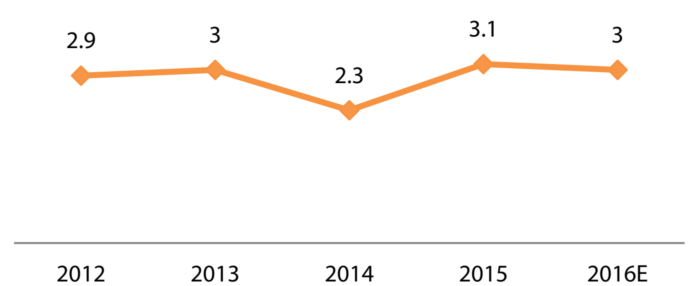
Together with the change in marketing approach, DHG has also restructured its sale policy. Under the previous policy, the majority of drugs used to be distributed to wholesale customers, who in turn decided to distribute to other stores. The problem is that sales might exceed the absorption ability of these big customers, similar to what happened in the end of 2014, resulting in a buildup in inventory and a decline in revenue in 2015. To avoid the problem, the new policy requires the product distribution to acquire a larger number of smaller customers. This guarantees more reliable sale and reduces the inventory. The policy also gives more favor terms for small customers with high growth potential.

Figure 11: Inventory/total assets ratio declined overtime



Source: DHG financial reports

Figure 12: Inventory turnover has improved

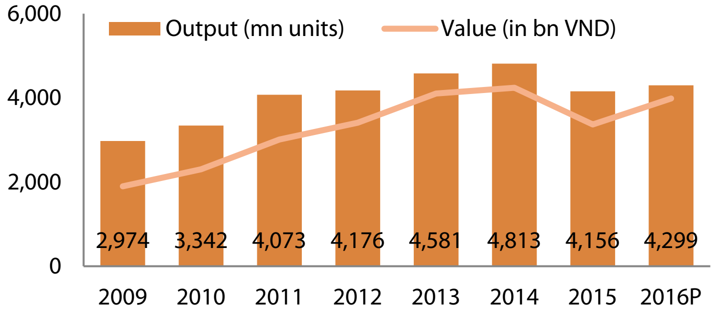


Source: DHG financial reports

Tax Incentives for The New Factories Help to Boost NPAT

EBT 9M 2016 was VND513.4 3 billion, up merely 0.3% YoY. But thanks to tax incentives for the new plants (0% in the first 4 years starting in 2015, 5% in the next 9 years, and 10% in the last 2 years), the NPAT 9M 2016 still increased by 10.5% to VND470.6 billion. In the 3Q 2016, the total amount of tax saving was VND58.2 billion. Considering DHG has moved about 3.3 billion units into production at the new plants, we calculate the EBT contribution of the new plants to be around 57%, translating to a tax saving of about 84 billion in 2016. Tax saving for 2016-2020 is estimated to be approximately VND600-650 billion.

Figure 13: Production output and value in 2009-2015



Source: DHG annual report

Table 2: Tax estimation for 2016-2020

	2016E	2017F	2018F	2019F	2020F
EBT contribution from new factories	43%	20%	15%	18%	20%
EBT contribution from the rest	57%	80%	85%	82%	80%
Tax estimation	8.6%	4.0%	3.0%	7.8%	8.0%

Source: RongViet Research

Table 3: List of DHG factories

Factory	Standard	Function	Capacity (mn units)	Capital	Started year	Completed year
Workshop 1&5	GMP-WHO	Non-beta	3,600			
Workshop 2&3	GMP-WHO	Beta	650			
Workshop 4	GMP-WHO	Viên nang mềm	400			
New factory	GMP-WHO	Non-beta	4,000	454 bn	April 2012	April 2014
New factory	GMP-WHO	Beta	1,000	184 bn	April 2012	May 2015
Total			**9,650**			

Source: RongViet Research

New factor in 2016 - Strategic partner Taisho

In Q2 2016, Taisho Pharmaceutical, one of the leading pharmaceutical enterprises in Japan specializing in OTC drugs and energy drinks, has invested VND2,600 billion to acquire 24.5% shares of DHG with the aims to take advantage of DHG extensive distribution channels. In the upcoming periods, DHG is going to distribute Taisho products through its channels as well as to directly manufacture or franchise some of Taisho drugs that do not overlap DHG's portfolio. **These activities will considerably contribute to DHG's revenue although the profit margin is not as high as DHG products.** For instance, DHG's margin of distribution activities for MSD and Megalife drugs typically ranges from 5-10% only.

DHG, in exchange, could extend its export markets to Indonesia, Thailand, or Malaysia where Taisho Holding, the holding company of Taisho Pharmaceutical, owns many other pharmaceutical companies. Moreover, Taisho will support DHG in human resources training and R&D activities, especially with naturally origin products. Overall, Taisho is a suitable partner for the future development of DHG. The fact that they continually assign experts to Vietnam, as well as closely follow up the operation of the new plants shows that DHG can be of more importance to Taisho than just a distribution partner.

Regarding whether Taisho would increase the stake in DHG like what it did in other pharmaceutical companies in the region, *before 2000, Taisho's presence in Southeast Asia was mainly in the energy drink business as it established many subsidiaries and factories there. Since 2009, the company started to push forward the pharmaceutical business by acquiring manufacturers and distributing its products in local countries. In its M&A activities, Taisho tends to buy the whole company (the cases in Indonesia and Mexico), or at least raise the ownership in that company (referring to the Osotspa-Thailand case in which Taisho increased its stake from 48% to 60%). So it is a possibility that Taisho would increase its ownership in DHG, firstly to the maximum 49% FOL.*

In case DHG wishes to lift the FOL, the company might need to choose a different way than DMC's approach as DHG's distribution revenue for third parties occupies a relatively significant proportion. A feasible option can be establishing two separate companies for production and distribution, as once mentioned in DHG's AGM in 2015.

Table 4: List of Taisho oversea subsidiaries

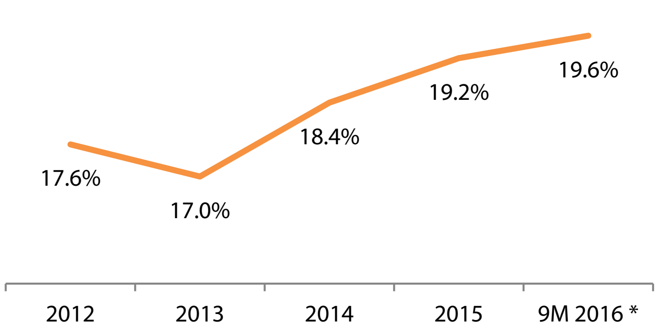
Subsidiaries	Location	Business	Ownership	Year	Method of establishment
Taisho Pharmaceutical (H.K.) Ltd.	Hongkong	Sale of energy drinks	100%	1983	Newly Established
Taisho Pharmaceutical (Taiwan) Co., Ltd.	Taipei	Manufacture (Commissioned) and sales of energy drinks and pharmaceuticals	100%	1984	Newly Established
Taisho Pharmaceutical California Inc.	USA	Manufacture (Commissioned) and sales of energy drinks	100%	1988	Newly Established
Taisho Pharmaceutical (M) SDN. BHD.	Malaysia	Manufacture (Commissioned) and sales of energy drinks	100%	1990	Newly Established
Taisho Pharmaceuticals (Philippines), Inc.	Philippines	Manufacture (Commissioned) and sales of energy drinks and pharmaceuticals	100%	1992	Newly Established
PT. Taisho Indonesia	Indonesia	Manufacture (Commissioned) and sales of energy drinks	100%	1995	Newly Established
Osotspa Taisho Co., Ltd (*)	Thailand	Sale of energy drinks	48%	1996	Joint-venture
Taisho Co., Ltd. Shanghai	China	Manufacture (Commissioned) and sales of energy drinks	100%	1997	Newly Established
Taisho Vietnam Co., Ltd.	Vietnam	Manufacture (Commissioned) and sales of energy drinks	100%	2000	Newly Established
Taisho Pharmaceutical R&D Inc.	USA	Development of prescription pharmaceuticals	100%	2001	Newly Established
PT. Taisho Pharmaceutical Indonesia Tbk	Indonesia	Manufacture and sales of pharmaceuticals	98%	2009	Acquisition
Taisho Pharmaceutical Singapore Private Limited	Singapore	Generalization of OTC drug business in the ASEAN region	100%	2009	Newly Established
Hoepharma Holdings Sdn. Bhd.	Malaysia	Management and administration of Asia pharmaceutical subsidiaries	100%	2011	Acquisition
Osotspa Taisho Pharmaceutical Co., Ltd (*)	Thailand	Sales of pharmaceuticals	60%	2012	Capital Injection
Compañía Internacional de Comercio, S.A.P.I. de C.V.	Mexico	Manufacture and sales of pharmaceuticals	100%	2012	Acquisition
Hau Giang Pharmaceutical	Vietnam	Manufacture (Commissioned) and sales of pharmaceuticals	24,5%	2016	Acquisition

Source: Taisho, Rongviet Research

3Q 2016 business results update and FY 2016 forecast

DHG's revenue in Q3 2016 was VND917 billion (-7.5% YoY). The decrease was mainly due to an accounting change in which DHG has no longer recorded sales promotion into revenue. Another accounting change in Q3 is that revenue from sale commission has been transferred to the top line from Other Income section, resulting in a negative VND13 billion in this section. For 9M 2016, the revenue and EBT was VND2,608 billion (+6% YoY) and VND513 billion (+11.6% YoY), respectively. Operating margin was still on the rising trend, indicating effective cost control of the company.

Figure 14: Operating margin in 2012-2016



*Source: Rongviet Research *excluding sale commision for equal comparison*

Figure 15: Contribution of largest brands in DHG self-manufactured products (Inner circle 2016, Outer circle 2017)

Source: Rongviet Research

For the full year 2016, thanks to changes in the sales and marketing strategy, sales of three largest brands Hapacol, Klamentin and Haginat will rebound significantly from the lows of 2015. Meanwhile, brands with strongest growth such as Naturenz, NattoEnzym and Apitim will make greater contribution to the overall revenue. In total, we project DHG's revenue and NPAT in 2016 to be 3,717 billion (+3% YoY) and 661 billion (+12% YoY), respectively. EPS 2016 (after the deduction of welfare and reward fund of around12% of NPAT) is estimated to be VND 6,640.

Outlook and Valuation

DHG is the largest drug manufacturers in the Vietnam stock exchange. As generics drugs developed by domestic pharmaceutical companies are strongly competitive, DHG is focusing on developing and promoting naturally health supplements. Following this direction, DHG's portfolio appears to benefit from the increasing trend of health supplement consumption as well as the rising of non-communicable disease (hepatic, cardiovascular, diabetes, etc.) in Vietnam. Moreover, the strategic partnership with Taisho, a leading pharmaceutical company in Japan, promises to support DHG in this direction, not to mention a significant revenue boost starting in 2017. In 2017, the company continues to benefit from tax incentives for the new factories as corporate tax is estimated to be further decreased to 4% in 2017 from 8.3% of 2016

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Figure 16: DHG's historical P/E in 2012-2016

Source: Bloomberg as of 18 November 2016

Table 5: Peer group comparison

Company	Nation	Marketcap (mn USD)	Revenue (mn USD)	ROE (%)	ROA (%)	Gross margin(%)	Inventory turnover	P/E trailing
DHG	**Vietnam**	**375**	**165**	**22.9**	**19.1**	**46.4**	**3.1**	**15.0**
IMP	Vietnam	73	44	8.6	8.0	42.6	2.2	21.2
TRA	Vietnam	175	90	23.3	16.5	52.0	3.7	19.4
PMC	Vietnam	30	18	30.6	27.7	44.9	3.6	10.5
DMC	Vietnam	116	56	21.5	17.8	39.7	2.8	15.5
DCL	Vietnam	59	31	15.2	10.0	33.6	2.5	17.8
Duopharma Biotech	Malaysia	128	69	12.8	4.7	36.2	1.9	13.5
Apex Healthcare	Malaysia	123	136	13.6	9.9	22.3	7.2	13.1
HOVID	Malaysia	66	46	9.3	6.3			18.5
YSP Southest Asia	Malaysia	55	57	11.1	8.4	48.1	1.6	11.1
Kotra Industries	Malaysia	31	39	6.1	3.1			19.6
Euro-Med Laboratories	Phillipines	155	98	5.2	3.0	35.4	2.4	26.7
Kalbe Farma TBK	Indonesia	4.946	1337	20.7	15.8	49.2	3.1	30.4
Kimia Farma Persero TBK	Indonesia	1.082	363	12.8	6.9	31.6	4.6	56.6
Tempo Scan Pacific TBK	Indonesia	671	612	10.4	7.4	39.4	4.4	19.7
Merck TBK	Indonesia	302	74	27.2	21.6	50.1	2.8	27.9
Darya Varia Laboratories	Indonesia	132	98	14.5	9.9	53.7	3.0	12.1
Pyridam Farma TBK	Indonesia	9	16	4.3	2.6	66.5	2.3	22.2
Average		**474**	**186**	**15.0**	**11.0**	**43.2**	**3.2**	**19.0***

*Source: Bloomberg as of 29 November 2016 *calculated with market cap weighted, excluding DHG and 2 Indonesian companies with high P/E*

VND Billion

INCOME STATEMENT	2014	2015	2016F	2017F
Revenue	3,913	3,608	3,717	4,184
COGS	1,782	2,195	2,031	2,312
Gross profit	**2,131**	**1,413**	**1,687**	**1,872**
Selling Expense	1,099	458	632	711
G&A Expense	313	262	282	322
Finance Income	37	34	43	41
Finance Expense	67	89	85	95
Other profits	33	64	-3	-4
PBT	**722**	**701**	**727**	**780**
Prov. of Tax	188	109	63	31
Minority's Interest	0	4	3	3
PAT to Equity Shareholder	**533**	**589**	**661**	**746**
EBIT	**727**	**710**	**737**	**792**
EBITDA	806	800	832	901

FINANCIAL RATIO	2014	2015	2016F	2017F
Growth				
Revenue	10.9%	-7.8%	3.0%	7.0%
Operating Income	19.9%	-3.6%	11.4%	8.6%
EBITDA	-5.7%	-0.8%	4.1%	8.2%
EBIT	-7.3%	-2.3%	3.9%	7.4%
PAT	-9.5%	10.4%	12.4%	12.8%
Total Assets	13.1%	-3.4%	13.7%	11.2%
Equity	14.9%	9.8%	12.4%	13.7%
Internal growth rate	12.8%	11.9%	15.1%	16.1%
Profitability				
Gross profit/Revenue	54.5%	39.2%	45.4%	44.7%
Operating profit/ Revenue	18.4%	19.2%	20.8%	20.0%
EBITDA/ Revenue	20.6%	22.2%	22.4%	21.5%
EBITDA/ Revenue	18.6%	19.7%	19.8%	18.9%
Net margin	13.6%	16.3%	17.8%	17.8%
ROAA	16.3%	17.2%	18.4%	18.5%
ROIC or RONA	32.9%	28.7%	26.8%	25.5%
ROAE	25.0%	24.6%	24.9%	24.8%
Efficiency				
Receivable Turnover	5.2	4.9	5.5	5.4
Inventory Turnover	2.3	3.1	3.0	3.0
Payable Turnover	1.9	3.0	3.9	4.0
Liquidity				
Current	2.1	2.9	3.0	3.0
Quick	1.4	2.0	2.2	2.1
Solvency				
Total Debt/Equity	52.2%	33.7%	35.2%	32.3%
Current Debt/Equity	7.8%	10.8%	13.2%	10.5%
Long-term Debt/ Equity	0.0%	0.0%	0.0%	0.0%

VND Billion

BALANCE SHEET	2014	2015	2016F	2017F
Cash and equivalents	496	421	501	467
Short-term investment	261	508	759	700
Receivables	841	644	706	837
Inventories	781	639	711	809
Other current assets	7	10	17	14
Total Current Asset	**2,386**	**2,221**	**2,694**	**2,827**
Tangible Fixed Assets	734	811	765	880
Intangible Fixed Assets	180	256	260	263
Construction in Progress	50	16	50	225
Investment Property	0	0	0	0
Long-term Investment	17	16	15	15
Other long-term assets	116	42	40	42
Long-term Asset	**1,096**	**1,142**	**1,130**	**1,426**
Total Asset	**3,483**	**3,363**	**3,824**	**4,253**
Payables	262	232	244	277
Other current liabilities	681	269	297	332
Current Debt	177	271	372	335
Long-term Debt	0	0	0	0
Other long-term liabilities	69	70	78	87
Total Liability	**1,189**	**842**	**991**	**1,032**
Owner's Equity	**2,277**	**2,501**	**2,811**	**3,197**
Capital	872	872	872	872
Retained Earnings	556	606	714	901
Funds & Reverses	849	1,039	1,219	1,417
Others	**0**	**0**	**0**	**0**
Total Equity	**2,277**	**2,501**	**2,811**	**3,197**
Minority's Interest	17	20	22	25
TOTAL RESOURCES	**3,483**	**3,363**	**3,824**	**4,253**

CASH FLOW STATEMENT	2014	2015	2016F	2017F
Profit before tax	722	701	727	780
-Depreciation	80	90	95	109
-Adjustments	*-31*	*-20*	*-32*	*-29*
+/- Working capital	-499	-295	-221	-254
Net Operating CFs	**272**	**475**	**569**	**606**
+/- Fixed Asset	-253	-148	-73	-391
+/- Deposit, equity investment	-87	-251	-759	-700
Interest, dividend, cash profit	33	29	30	30
Net Investing CFs	**-307**	**-369**	**-802**	**-1,061**
+/- Capital	0	-16	23	0
+/- Debt	50	94	101	-37
Dividend paid & other	-132	-262	189	458
Net Financing CFs	**-82**	**-183**	**313**	**421**
+/- cash & equivalents	-117	-78	80	-34
Beginning cash & equivalents	**613**	**498**	**421**	**501**
Impact of exchange rate	0	0	0	0
Ending cash & equivalents	**496**	**421**	**501**	**467**

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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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