Phu Tai JSC (PTB – HSX)

Proactively expanding stone production segment

Particulars (VND bn)	Q2-FY16	Q1-FY16	*+/- qoq*	Q2-FY15	*+/- qoq*
Net revenue	949.5	806.3	17.8%	743.6	27.7%
PAT	52.2	53.8	-2.9%	38.9	34.1%
EBIT	43.8	45.2	-3.1%	37.7	16.2%
EBIT margin	4.6%	5.6%	99bps	5.1%	-46bps

Sources: PTB, RongViet Research

Impressive growth in the first half. PTB's business performance in 1H2016 was in line with our expectations where net revenue and net profit after tax grew 25% and 53% over the same period of the previous year, respectively. Wooden products reported the highest growth in revenue (~36% yoy) thanks to the consolidation of Vina G7. Stone products maintained a stable revenue growth rate of over 20% yoy and a high gross margin of about 34% in the six months ended in June. In 1H2016, automobile sales reached 1,100 units, or 50% of the whole-year target; however, gross margin of the auto segment dropped 1 percentage point due to large orders of low-priced vehicles.

Proactively expanding stone production segment to maintain growth. During the first half of the year, PTB invested substantial amounts to expand its stone mines and upgrade capacity of its existing factories in Phu Cat (Binh Dinh) and Dong Nai while building a new one in Hung Yen province. According to the company, the Dong Nai factory was put into operation in the early July with upgraded capacity of ~450,000 m^2/year. The new factory in Hung Yen, which will supply for the Northern market, is expected to go into operation in early 2017 with design capacity ~450,000 m^2/year. Considering the boom in construction activities across the country, we expect PTB's stone segment to continue seeing positive improvements in the upcoming periods.

Vietnam's wooden product exports reached USD3.17 billion, decreasing 0.1% yoy, in 1H2016. In a gloomy outlook for global trade, PTB's growth in this segment was mainly driven by the acquisition of Vina G7, which so far has proven to be an appropriate move of PTB's management. This, on top of the Company's ability to expand its share in the domestic market promise a positive prospect for the wood segment of PTB. For the auto segment, PTB plans to open a new showroom in the Central region next year to increase its market share. In addition, the new policy of special-consumption tax, which came into force on July 01, 2016, is expected to boost the sales of passenger cars, especially those of Toyota, PTB's primary brand.

Outlook and valuation: Considering the potential of its stone mines in Central Vietnam as well as the recent increases in capacity at Dong Nai and Hung Yen factories, we believe PTB will be able maintain positive earnings growth in years to come. We estimate PTB's 2016 revenue and NPAT at VND3,727 bn (+22% yoy) and VND231 bn (+34% yoy), respectively. For 2017, we expect 13% in both top-line and bottom-line growth. With this positive outlook, we adjusted PTB's target price up 15% from the last update on 27/04/2016 to VND150,000/share. At today's closing price of VND133,000 /share, we rate PTB as **ACCUMMULATE** in the **INTERMEDIAT**E term. In 3Q2016, the Company will pay stock dividend at 20%.

ACCUMULATE

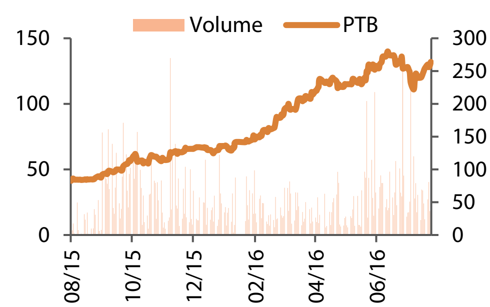
CMP (VND)	133,000
Target Price (VND)	150,000
Investment Period	Intermediate

Stock Info

Sector	Building Materials
Market Cap (VND bn)	2,394.1
Current Shares O/S	18.0
Beta	0.8
Free float (%)	60.5
52 weeks High	140,000
52 weeks Low	41,100
Avg. Daily Volume (in 20 sessions)	55,190

	FY15	YTD
EPS	9,418	10,631
EPS Growth	25%	13%
Diluted EPS	7,535	10,631
P/E	13.6	12.6
P/B	3.8	4.1
EV/EBITDA	4.1	7.4
Cash dividend (on par)	20%	20%
ROE	42%	36%

Price performance



Major Shareholders (%)

Le Vy	8.76
Le Van Thao	7.44
Le Van Loc	5.48
Foreign Investor Room (%)	38.6

Ha My Tran

(084) 08- 6299 2006 – Ext 1309

my.tth@vdsc.com.vn

Exhibit 1: 2QFY2016 and YTD Results

Particulars (VND bn)	Q2-FY16	Q1-FY16	+/- (qoq)	Q2-FY15	+/- (yoy)	YTD	+/-(yoy)
Net Revenues	949.5	806.3	17.8%	743.6	27.7%	1,755.8	25.1%
Gross profits	132.7	126.3	5.0%	109.6	21.0%	259.0	29.9%
SG&AC	60.3	54.8	10.0%	50.7	18.9%	115.1	20.1%
Operating Income	63.1	66.5	-5.2%	52.4	20.5%	129.7	42.5%
EBITDA	74.3	80.8	-8.1%	53.4	39.1%	155.1	22.0%
EBIT	43.8	45.2	-3.1%	37.7	16.2%	89.1	18.8%
Financial expenses	11.5	7.1	60.6%	9.9	15.9%	18.6	7.3%
- Interest Expenses	8.5	6.5	31.8%	6.2	38.0%	15.0	28.2%
Dep. and amortization	-30.5	-35.6	-14.4%	-15.7	94.1%	-66.1	26.6%
Non-recurring Items (*)						0.0	
Extraordinary Items (*)	3.6	2.9	21.2%	1.4	156.9%	6.5	83.6%
PBT	66.7	69.5	-4.0%	53.8	24.0%	136.2	44.0%
PAT	52.2	53.8	-2.9%	38.9	34.1%	106.0	53.0%
(*) Adjusted PAT	50.7	54.8	-7.6%	41.0	23.6%	105.5	48.3%

Sources: PTB, RongViet Research

Exhibit 2: 2QFY2016 performance analysis

Particulars	4QFY15	3QFY15	% Chg. (qoq)	4QFY14	% Chg.(yoy)
Profitability Ratios (%)					
Gross Margin	14.0%	15.7%	-169bps	14.7%	-77bps
EBITDA Margin	7.8%	10.0%	-220bps	7.2%	64bps
EBIT Margin	4.6%	5.6%	-99bps	5.1%	-46bps
Net Margin	5.5%	6.7%	-117bps	5.2%	26bps
Adjusted Net Margin	5.3%	6.8%	-146bps	5.5%	-18bps
Turnover *(x)					
-Inventories	7.6	7.1	0.4	6.6	1.0
-Receivables	9.1	7.6	1.5	8.6	0.5
-Payables	12.7	11.1	1.6	12.3	0.4
Leverage (%)					
Total Debt/ Equity	1.1	1.0	0.1	1.3	-0.2

Sources: (*) Annualized turnover

Exhibit 3: 2HFY2016 Actual vs. Plan

Particulars (VND bn)	Actual	Plan	*Var (%)*
Net Revenues	949.5	788.0	-17
Gross profits	132.7	na	na
NPBT	66.7	73.0	-9
PAT	52.2	58.4	-11

Sources: PTB, RongViet Research

Exhibit 4: 2HFY2016 Forecast

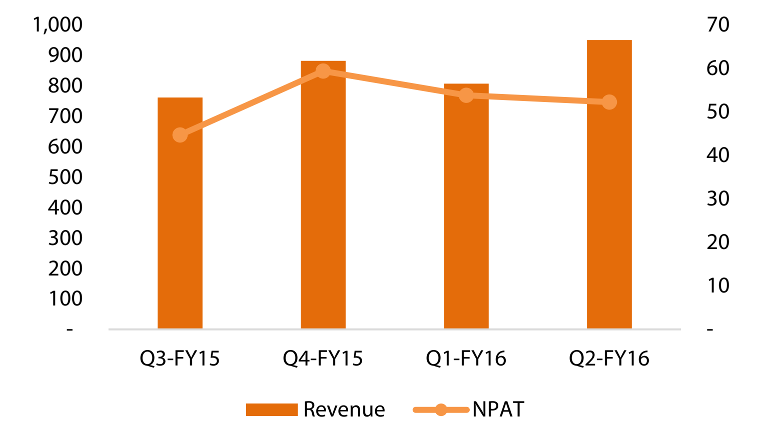
Particulars (VND bn)	2HFY16	vs Plan	%chg (yoy)
Net Revenues	1,971.7	8.9%	20.0%
Gross profits	302.4	na	20.0%
NPBT	171.4	7.2%	21.8%
PAT	125.3	10.8%	20.4%

Sources: PTB, RongViet Research

Infographic:

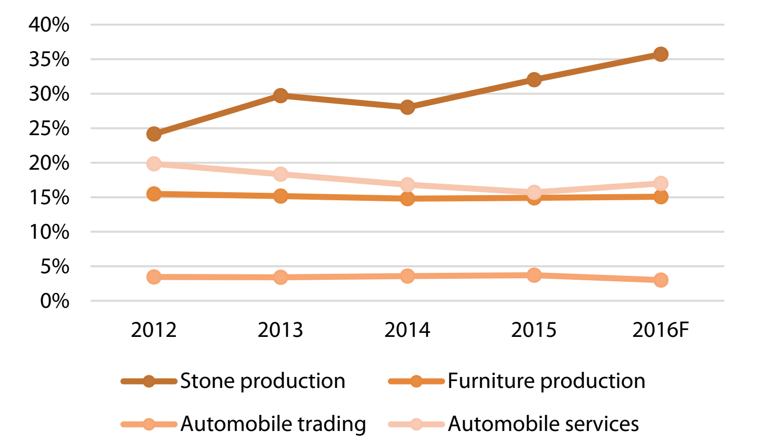
- Toyota sales growth in the first 7 months was 9.2%, in which, sales in the Central region grew by 8.2% yoy. Particularly, due to new law of special consumption tax, Toyota recorded a remarkable growth of 14.5%yoy in July. PTB's market share was largely stable where the Company accounted for 30% of Toyota car sales in the Central region.
- Vietnam wooden product exports reached 3.17 billion USD in 1H2016, down 0.1% yoy. Meanwhile, PTB's export growth was 27% yoy, thanks to the consolidation of Vina G7.
- PTB expanded Phu Cat quarry and increased the capacity of Cat Nhon factory in 1H2016 for a total ~VND25-30 bn.
- Political upheaval in Turkey affected granite exports negatively but not being subject to Turkish anti-dumping duties, PTB was able to maintain positive growth in stone products. (PTB - Rising from tough times – 18/08/2016)
- In 2H2016, the company plans to achieve revenue of VND1,800 bn and NPBT of VND160 bn. Revenue and profit tend to grow faster in the second half as the Company recognized more expenses in first two quarters.

Revenue and NPAT (quarterly – billion dong)



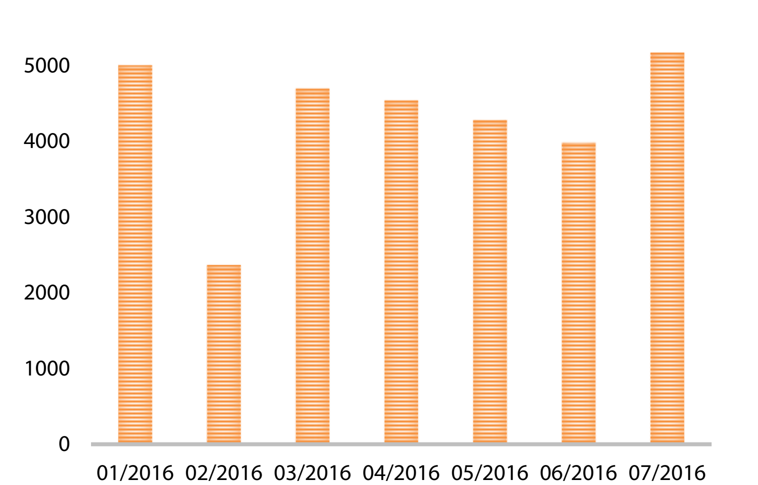
Sources: PTB, RongViet Research

Gross margin by segment (%)



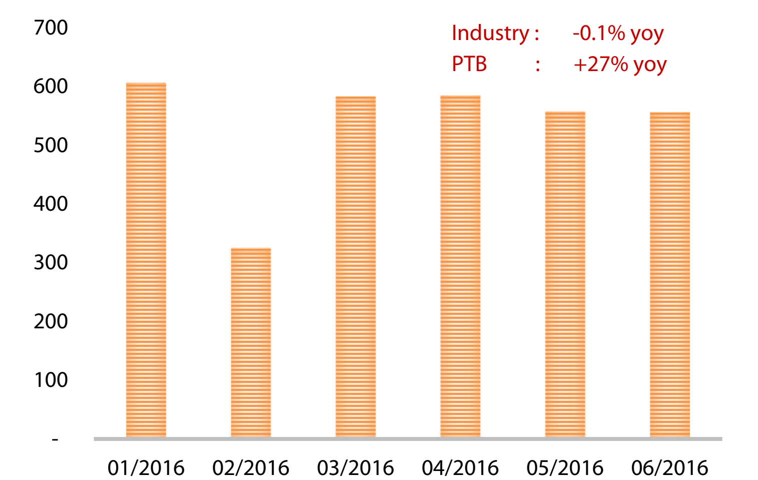
Sources: PTB, RongViet Research

Toyota sales (monthly – unit)



Sources: Toyota, RongViet Research

Wooden products exports (monthly – million USD)



Sources: Customs, RongViet Research

VND billion

INCOME STATEMENT	2014A	2015A	2016E	2017F
Revenue	2,451.9	3,045.9	3,727.6	4,192.8
COGS	2,098.0	2,594.6	3,166.2	3,570.2
Gross profit	**353.9**	**451.3**	**561.4**	**622.6**
Selling Expense	83.3	108.8	135.8	144.7
G&A Expense	71.4	87.8	108.4	121.6
Finance Income	4.3	9.9	12.1	21.2
Finance Expense	30.3	36.6	33.7	39.0
Other profits	4.8	7.2	12.0	9.8
PBT	**150.1**	**235.2**	**307.5**	**348.3**
Prov. of Tax	29.0	52.3	61.5	69.7
Minority's Interest	9.6	10.0	14.8	16.7
PAT to Equity Shareholder	**111.5**	**172.9**	**231.3**	**261.9**
EBIT	**175.6**	**257.4**	**331.6**	**375.3**
EBITDA	175.6	353.2	458.7	525.4

%

FINANCIAL RATIO	2014A	2015A	2016E	2017F
Growth				
Revenue	14.4	24.2	22.4	12.5
Operating Income	38.6	27.8	24.6	12.3
EBITDA	-18.7	101.1	29.9	14.5
PAT	20.9	55.0	33.8	13.3
Total Assets	18.5	13.8	24.0	17.4
Equity	22.6	53.3	36.9	26.3
Internal growth rate	37.5	41.6	31.6	28.1
Profitability				
Gross profit/Revenue	14.4	14.8	15.1	14.8
Operating profit/ Revenue	8.1	8.4	8.5	8.5
EBITDA/ Revenue	7.2	11.6	12.3	12.5
Net margin	4.5	5.7	6.2	6.2
ROAA	11.1	14.8	16.6	15.6
ROAE	47.3	54.9	53.0	46.3
Efficiency (x)				
Receivable Turnover	10.5	11.9	12.5	11.2
Inventory Turnover	6.5	7.5	7.8	7.6
Payable Turnover	12.7	12.3	11.6	11.5
Liquidity (x)				
Current	1.1	1.1	1.2	1.4
Quick	0.6	0.6	0.7	0.9
Solvency				
Total Debt/Equity	220.2	144.1	121.7	106.1
Current Debt/Equity	154.6	92.7	75.9	67.5
Long-term Debt/ Equity	10.9	2.4	1.9	1.7

VND billion

BALANCE SHEET	2014A	2015A	2016E	2017F
Cash and short-term investment	128.4	177.6	143.7	364.7
Receivables	275.0	237.1	361.6	384.1
Inventories	324.8	366.7	443.3	494.4
Other current assets	28.2	33.3	29.6	32.9
Total Current Asset	**756.5**	**814.6**	**978.2**	**1,276.1**
Fixed Assets	291.4	408.8	515.6	478.9
Construction in Progress	30.0	3.9	30.0	30.0
Long-term Investment	0.0	0.0	0.0	0.0
Other long-term assets	13.0	7.9	9.7	10.4
Long-term Asset	**127.5**	**152.1**	**108.7**	**264.7**
Total Asset	**1,091.3**	**1,241.6**	**1,540.1**	**1,802.0**
Payables	100.1	140.5	176.9	167.2
Current Debt	506.6	465.8	521.9	584.4
Long-term Debt	35.6	12.1	13.3	14.6
Other long-term liabilities	0.5	2.3	2.3	2.3
Total Liability	**721.6**	**724.0**	**837.4**	**918.8**
Owner's Equity	**327.8**	**502.4**	**688.0**	**866.7**
Capital	120.0	144.0	216.0	216.0
Retained Earnings	108.2	169.8	194.4	275.6
Funds & Reverses	4.3	1.8	3.5	5.8
Others	**123.9**	**186.8**	**273.6**	**368.9**
Total Equity	327.8	502.4	688.0	866.7
Minority's Interest	13.4	14.8	14.8	16.5
TOTAL RESOURCES	**1,091.3**	**1,241.6**	**1,540.1**	**1,802.0**

VALUATION RATIO	2014A	2015A	2016E	2017F
EPS (dong)	7,552	9,418	9,636*	10,914*
P/E (x)	5.1	5.7	13.8	12.2
BV (dong)	27,312	34,887	31,849	40,124
P/B (x)	1.4	1.5	4.2	3.3
DPS (dong/share)	0	0	2,000	2,000
Dividend yield (%)	0	0	2	2

P/E, P/B & Dividend yiled are calculated on closing price as of 22/0/2016 (*) diluted EPS after stock div.

VALUATION MODEL	*Price*	*Weight*	*Average*
FCFF	158,377	20%	31,675
P/E	143,158	40%	57,263
SOTP	152,477	40%	60,991
Target price (dong/share)			**149,930**

VALUATION HISTORY	*Price*	*Recommendation*	*Period*
27/04/2016	130,000	Accumulate	Long-term
02/2016	97,000	Accumulate	Long-term

DISCLAIMERS

This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.
The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.
The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by Viet Dragon Securities Corp. ("VDSC"), a company authorized to engage in securities activities in Vietnam. VDSC is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Rosenblatt Securities Inc., 20 Broad Street 26th Floor, New York NY 10005, a registered broker dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through VDSC. Rosenblatt Securities Inc. accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of Rosenblatt Securities Inc. and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Ownership and Material Conflicts of Interest

Rosenblatt Securities Inc. or its affiliates does not 'beneficially own,' as determined in accordance with Section 13(d) of the Exchange Act, 1% or more of any of the equity securities mentioned in the report. Rosenblatt Securities Inc, its affiliates and/or their respective officers, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. Rosenblatt Securities Inc. is not aware of any material conflict of interest as of the date of this publication.

Compensation and Investment Banking Activities

Rosenblatt Securities Inc. or any affiliate has not managed or co-managed a public offering of securities for the subject company in the past 12 months, nor received compensation for investment banking services from the subject company in the past 12 months, neither does it or any affiliate expect to receive, or intends to seek compensation for investment banking services from the subject company in the next 3 months.

Additional Disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither VDSC nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report.

VDSC may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of VDSC.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by VDSC with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior.

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

Network

Headquarter

Address: Floor 1-2-3-4-5, Viet Dragon Tower, 141 Nguyen Du, Ben Thanh Ward, Dist.1, Tp.HCM

Phone: 84.8 6299 2006   Fax: 84.8 6291 7986

Website: www.vdsc.com.vn

Ha Noi Branch

2C Thai Phien – Hai Ba Trung District – Ha Noi

Nha Trang Branch

50Bis Yersin - Nha Trang

Can Tho Branch

08 Phan Dinh Phung –Cần Thơ