NAM LONG INVESTMENT CORP. (NLG - HSX)

Large Land Bank to Ensure Long-Term Development

- Large Cleaned Land Bank
- Affordable Housing Development Is the Key to Unlock NLG's Success
- Less risky capital strategy by cooperation with strong financial and experienced partners in real estate development business
- Waterpoint Project – Pressure in the Past and Opportunity in the Future

Valuation and Recommendation

Nam Long Investment Joint Stock Co (NLG - HSX) is among the few real estate developers in the affordable housing segment and has been successful with Ehome brand. After establishing a solid position in the affordable housing segment, NLG's strategy has shifted to mid-end housing with mini-villas and townhouses since 2015. This is considered as a wise movement of NLG's BOD to meet the rising demand of increasing middle-class consumers in Ho Chi Minh City, to boost NLG's net profit margin and maximize their land bank's value. In addition, these projects have been developed under joint ventures, not only to ease NLG's pressure on required investment capital, but also to take advantage of their partners' management and development experience.

*In 2017, we estimated NLG's total revenue and NPAT at approximately VND3,487 billion (+38% YoY) and VND568 billion (+65% YoY), respectively. Forecasted EPS for 2017 is VND3,507. Using the RNAV method, the fair value of NLG is around **VND30,000**, 15% higher than our previous target price in our 2017 strategy report. In recent years, NLG has maintained a stable cash dividend policy, an average of VND500 per share. Thus, compared to the closing price of VND27,850 per share on August 30, NLG's total expected return is **9.6%**. Therefore, we recommend **NEUTRAL** to NLG.*

Key financial ratios

Y/E Dec(VND Bn)	FY2015	FY2016	FY2017F	FY2018F
Net revenue	1,259	2,534	3,487	3,026
%change	45	101	37.6	-13.2
PAT	206	345	568	563
% change	101	67.3	64.9	-1.0
Net margin (%)	16.4	13.6	16.3	18.6
ROA (%)	4.1	5.6	8.1	7.5
ROE (%)	9.3	14.2	19.6	16.8
EPS (VND)	1,472	2,373	3,507	3,472
Book value (VND)	16,332	18,000	19,323	20,279
Cash dividend (VND)	473	498	500	500
P/E (x)	13.5	8.5	7.8	7.9
P/BV (x)	1.2	0.9	1.4	1.4

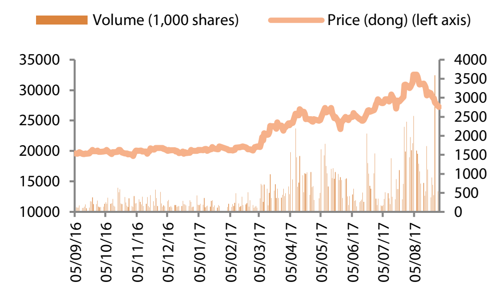
*Source: NLG, RongViet Research estimation, * Based on the price on August 28, 2017.*

NEUTRAL

CMP (VND)	27,850
Target Price (VND)	30,000
Cash Dividend (VND)*	500

** Expected in the next 12 months*

Stock Info	
Sector	Real Estate
Market Cap (VND billion)	4,379
Share O/S	157,226,409
Beta	0.0
Free Float (%)	45.3
52 weeks high	32,600
52 weeks low	19,400
Average trading volume (20 sessions)	1,255,644



Performance (%)

	3T	1N	3N
NLG	10.3	42.4	77.7
Real Estate	5.8	21.2	N/a
VN Index	5.5	15.6	22.3

Major sharholders (%)

Nguyễn Xuân Quang	14.9
Nguyễn Thị Bích Ngọc	6.3
Nguyễn Thanh Phong	6.1
Nam Việt Limited	6.1
PYN Elite Fund	6.8
Ngô Thị Ngọc Liễu	5.0
Ibeworth Pte. Ltd.	5.0
CT TNHH MTV ĐTXD Nam Khang	4.5
Foreigner Investor Room (%)	*43.7*

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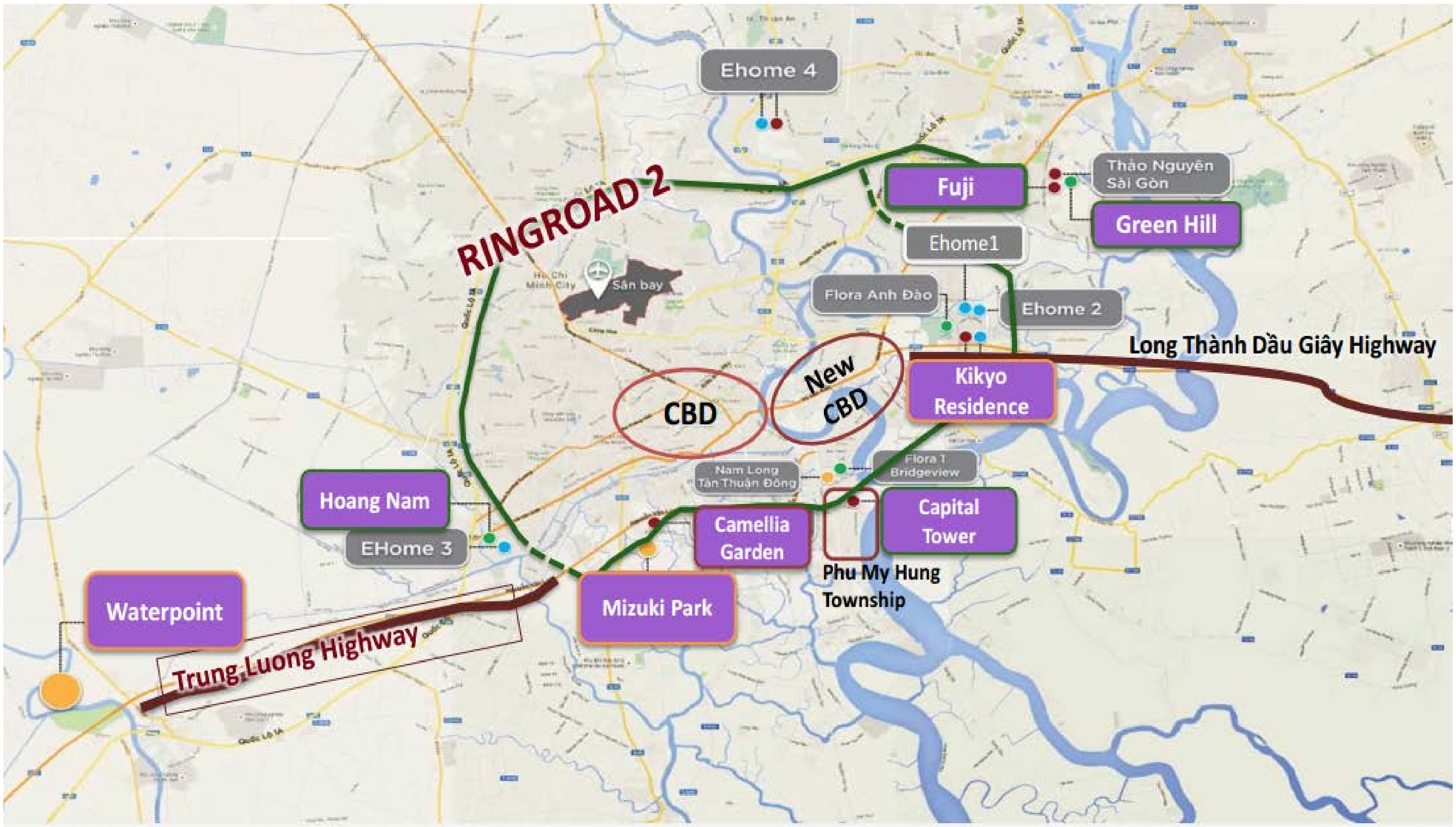
Large Cleaned Land Bank

NLG's core values which are soon to be defined by its management include: (1) urban infrastructure and clean land bank development; (2) housing project development such as apartments, mini-villas and townhouses; and (3) leasing offices and apartments, and resort development. During its real estate development career, NLG has also accumulated its experiences to acquire clean land bank. NLG's projects are concentrated in urban and residential areas in the south of Ho Chi Minh City and near major transportation routes such as Nguyen Van Linh avenue, Vo Van Kiet avenue, Long Thanh–Dau Giay highway express, Sai Gon–Trung Luong highway express,or the Can Tho bridge.

Figure 1: Location of NLG's projects



Source: NLG

The highest value-added contribution to a real estate project is land. The sooner the company finishes their compensation and legal liabilities, the more land cost they could save and the higher profitability the project could generate. Some real estate developers with large land bank such as BCI, NBB, QCG, and DIG often have difficulties in compensation and site clearance, resulting in the project's higher COGS. In the meanwhile, most of NLG's land bank is fully compensated, site cleared, and free from legal liabilities. Such advantages help the company to call for investment cooperation or self-development easily.

Excluding projects that have been opened for sale (Camellia, Fuji Residence, Dalia, and KiKyo Residence), NLG's total land bank is approximately 485 ha, which can supply more than 13,000 apartments to the market in the next five years. In Ho Chi Minh City, NLG currently has three large-scale projects, namely Kykio Residence, Nguyen Son and Hoang Nam, with a total land area of 53.6 ha, of which the NLG-owned portion is approximately 37 ha. We expect that these three projects will provide approximately 324 mini-villas and 12,500 town houses/EhomeS during 2017–2020.

Table 1: NLG's project portfolio

Project	Location	NLG's ownership (%)	Land Area (ha)	Type of product	Status (to Q2 2017)
Camellia Garden	Binh Chanh	60	6.0	Townhouse	Completed construction
Camellia Garden	Binh Chanh	60		Villa Valora	Completed construction
Fuji Residence	District 9	50	11.2	Valora	Completed construction
Fuji Residence	District 9	50		Flora	Fulfilled 70% of total construction work
Dalia Garden	Can Tho	94	15.4	Land lot	
Kikyo (Phu Huu)	District 9	50	5.3	Valora	Phase 1: 28 houses were constructed; Phase 2: 82 houses were constructed
Kikyo (Phu Huu)	District 9	50		Flora	Under construction (20% of total work)
Kikyo (Phu Huu)	District 9	100	7.1	EhomeS	Finished the bareshell of blocks B, C, and D
Mizuki Park	Binh Chanh	50	26.4	Valora	Infrastructure progressing
Mizuki Park	Binh Chanh	50		Flora	Infrastructure progressing
Nguyen Son - EhomeS	Binh Chanh	87	6.0	EhomeS	Infrastructure progressing
Nguyen Son - Villa	Binh Chanh	87		Villa	Infrastructure progressing
Hoang Nam	Binh Tan	100	8.8	Flora/Ehome	Infrastructure progressing and model house construction
The Greenhill	District 9	50	0.9	Valora	N/A
Nam Long 3	Can Tho	100	43.0	Land lot	N/A
Nam Long Hung Thanh	Can Tho	100	23.5	Land lot	N/A
Waterpoint	Long An	100	355.1	Township	99% compensated, site cleared and having LUR
An Thanh Residence	Long An	100	35.5	Township	N/A
Total			**484.8**		

Source: RongViet compile

Land bank has been annually accumulated for long-term development. Defined by its long-term profession as a real-estate developer, NLG always prioritizes their duty to build a land bank. The company set its goals to acquire average 8 ha per annum. In 2017, NLG will fully acquire 8.8 ha of Hoang Nam (Binh Tan district), with a total land area of 8.8 ha. In addition, during our recent meeting with an NLG representative, we learned that the company is negotiating to acquire some land areas in Binh Thanh, Thu Duc and District 9. If the deals are successful, there will be 40 ha more to be added to NLG's total land bank.

Affordable Housing Development Is the Key to Unlock NLG's Success

Ehome – The Product Line Affirms Nam Long Brand in the Affordable Housing Segment

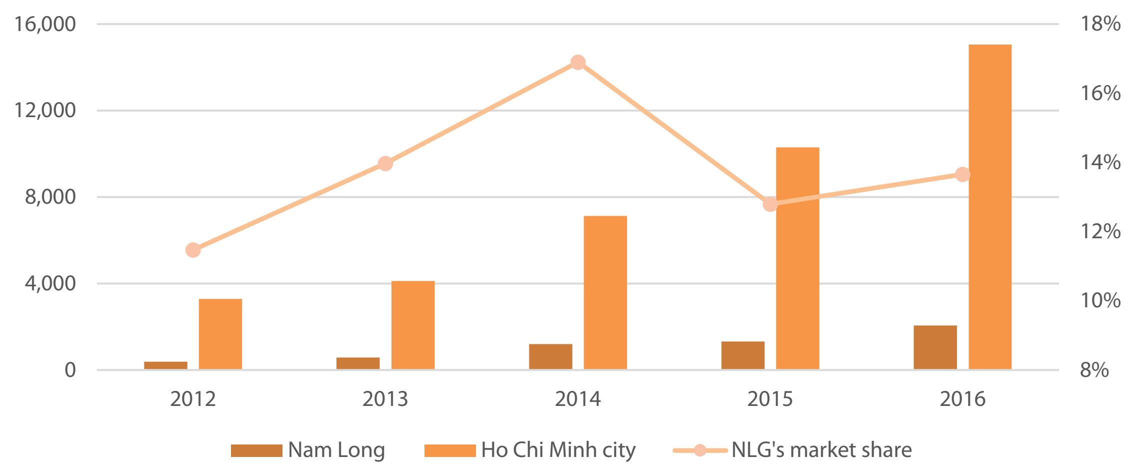
In 2011–2012, the real estate market showed its imbalance between oversupply of luxury apartments and shortage of affordable housing, which is demanded by the majority of the urban population. Recognizing such disproportion, NLG has defined their long-term strategy to become a leading developer in the affordable housing segment, with the brand name "Ehome", which quickly succeeded due to:

- ✓ Location in satellite areas of Ho Chi Minh City's CBD such as suburban districts (District 9, District 8, District 6, Binh Tan, etc.) or neighboring provinces (Binh Duong, Long An).

- ✓ The average area of each apartment is ranging from 50m2 to 65m2, resulting to affordable prices for each flat.
- ✓ Government's supportive programs such as the loan budget of VND30,000 billion for low-income citizens, 0% of the land-used tax rate to developers, or low lending interest rate to the buyers, etc.
- ✓ Each block's height is a mere 8-9 floors, enabling reduced time for licensing and construction. It takes 12-18 months to handover the products.

CAGR 2013–2016 on home sales of NLG was 56%, in which affordable housing products contributed about 77% of total sales. NLG's market share in the affordable housing segment has been above 10% in the past five years.

Figure 2: NLG's Sales (unit) and market share in affordable housing segment in HCMc



Source: NLG's annual report, RongViet Research's estimation

The Prestige of "Ehome" is Momentum for Nam Long to Develop Higher Quality Products in the Mid-End Segment

From 2015, the real estate market has shown signs of recovery. Due to a lower interest rate, the demand on mid-end flats has been increasing while that of the low-end segment is decreasing. Aware of such trend, NLG developed two more products, Flora (apartment) in 2015 and Valora (mini villa, townhouse) in 2016. NLG's target customers are young businessmen and young population with stable mid-income, so these two new products are designed in reasonable areas, which is around 70-80 m2 per flat for Flora, and around 120-160 m2 per unit for Valora. Therefore, the average selling price per unit can meet the buyer's income, resulting to high demand on these products. Moreover, contrary to the Ehome apartment, which is capped at a net margin of about 10%, the Government does not limit net profit margins of Flora and Valora. Hence, we expect that the development of Flora and Valora will deliver higher net margins for NLG, thanks to higher selling price.

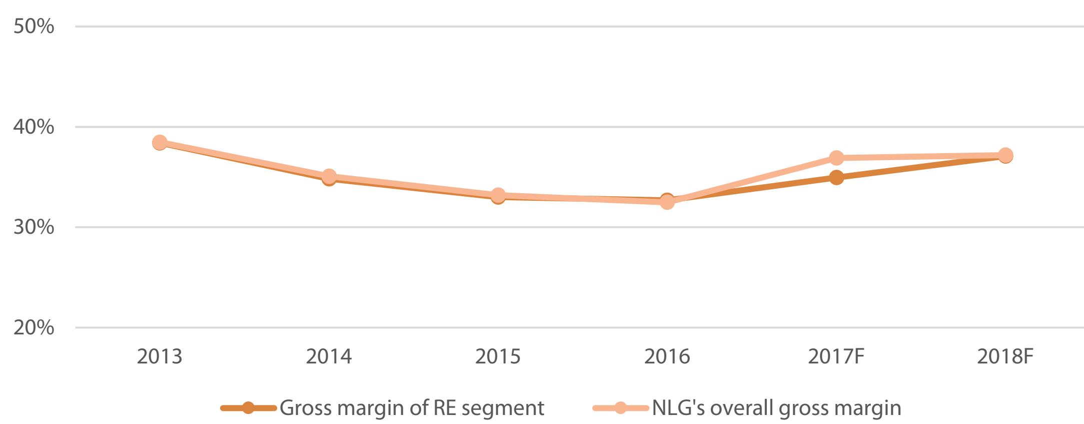
Table 2: Average selling price of NLG's appartment (VND mn/m2)

Type of product	Ehome	Flora	Valora
Average selling price (VAT included)	15 – 17	21-24	35 - 40

Source: NLG, RongViet compile

The Flora and Valora projects which have been sold are Flora Sakura, Camellia, Fuji Residence and Kikyo Residence. Thanks to the well-known Nam Long brand, most of the products were sold on the opening day. NLG handed over more than 2,500 units to customers in 2016. We forecast that hand-over volume will grow around 10%, at 2,800 units in 2017. Gross profit margin of real estate development segment is expected to increase slightly to 35 – 36% in 2017 and 2018.

Figure 3: NLG's gross profit margin during 2013 – 2018F



Source: RongViet Research's estimation

Less risky capital strategy by cooperation with strong financial and experienced partners in real estate development business

The development of two new brand names, Valora and Flora, also marked NLG's strategy to cooperate with the third party. Normally, collaboration in business consists of two forms: (1) Corporation ownership, in which the partner will buy shares or convertible bonds of the firm and (2) Establish a joint venture to develop a specific project. In the first form of capital contribution, although it may reduce the capital pressure, the real estate company is still the primary manager and responsible for the development of the project. Meanwhile, in the second form of capital contribution, it does not only help NLG raise more funds for the project development, but also support NLG in terms of project management, design, and implementation. NLG's partners in Flora Sakura, Fuji Residence, Kikyo Residence, and Mizuki Part are two Japanese multinational corporations with more than 100 years of experience developing real estate projects: Hankyu Realty and Nishi Nippon Railroad. These partners not only contribute capital to the project, but also transfer their experiences in project management, technology, or design, which are the key for the success of a real estate projects.

Land transfer profits when developing projects under joint venture

NLG often accumulates land for a long time before they develop the project. Hence, the land that NLG contributes to the joint venture is often revaluated at market price,which is significantly higher than the cost of land. Thanks to that, NLG sometimes generates significant profit by transferring such land to the joint venture. In particular, NLG recorded VND111 billion land-transfer PBT from Fuji project in 2015, and around VND445 billion PBT from Nguyen Son in 2017. It would be worth to notice that the company just recorded half the amount of Nguyen Son's land-transfer profit in 2017.

Healthy Financial Situation

NLG's leverage is relatively low compared to most of the other real estate companies. Total debt to total assets ratio has been stable at an average of 0.5x in recent years. However, the ratio of total bank loans to total assets is significantly lower than the said ratio. During 2013-2014, due to Ehome being the main product, this ratio was around 0.3x, and has gradually decreased in subsequent years as NLG deployed the Valora and Flora products. In early Q2 2016, NLG issued VND500 billion convertible bonds to Ibeworth

Pte. Ltd. Including this amount of convertible bonds, NLG's total loans to total assets ratio was a mere 0.17x by the end of 2016 and decreased to 0.1x by the end of Q2 2017.

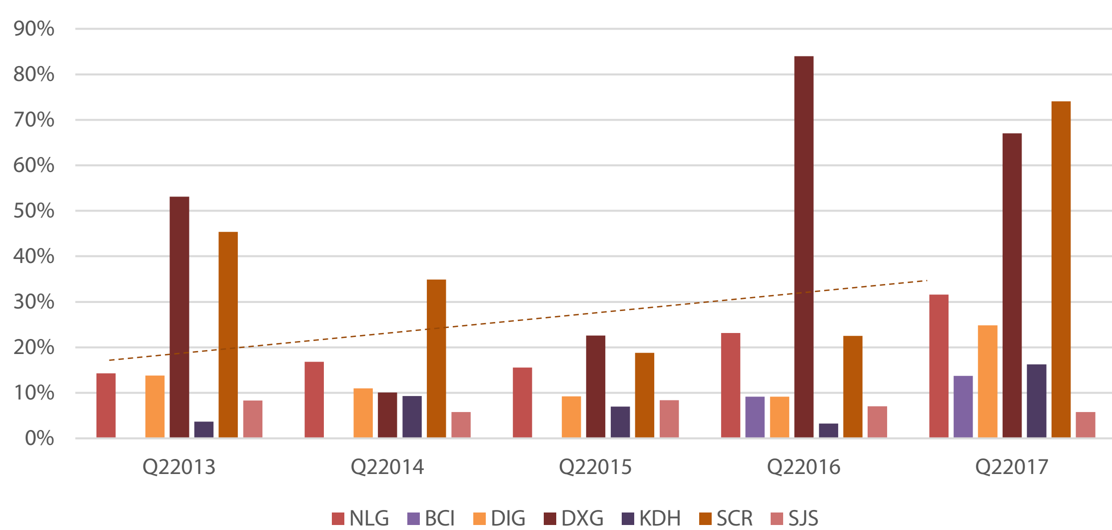
Table 3: Debt to total assets of NLG and some listed real estate companies

Tickers	NLG	BCI	DIG	DXG	FLC	HDG	KDH	NVL	PDR	QCG	SCR	SJS
Total liabilites/Total assets												
2013	0.52	0.47	0.48	0.48	0.4	0.64	0.45	0.84	0.75	0.61	0.59	0.71
2014	0.49	0.45	0.51	0.5	0.28	0.54	0.51	0.79	0.76	0.43	0.57	0.67
2015	0.52	0.4	0.48	0.5	0.37	0.57	0.51	0.77	0.7	0.51	0.39	0.65
2016	0.49	0.35	0.52	0.36	0.53	0.73	0.45	0.72	0.73	0.51	0.56	0.65
Q22017	0.52	0.33	0.54	0.52	0.58	0.77	0.38	0.71	0.74	0.58	0.62	0.68
Debt/Total assets												
2013	0.31	0.2	0.3	0.1	0.1	0.1	0.6	0.7	0.9	0.6	0.7	0.5
2014	0.27	0.2	0.5	0.1	0.0	0.0	0.8	0.4	0.8	0.5	0.7	0.3
2015	0.21	0.3	0.5	0.2	0.3	0.5	0.7	0.5	0.7	0.4	0.2	0.2
2016	0.17	0.2	0.5	0.2	0.4	0.7	0.5	0.6	0.7	0.2	0.3	0.2
Q22017	0.10	0.2	0.6	0.4	0.4	0.6	0.3	0.6	0.5	0.1	0.3	0.2

Source: RongViet Research database

For a specific project, the developers must pay for the cost of land and cost of foundation first, which accounts for 25-30% and 5% of the total investment capital. The capital for project's construction and completion is often financed by presales and bank loans. Therefore, the sooner the developer collects cash from the buyer, the lesser they depend on bank loans. For NLG, their customer prepayment to inventory ratio is always higher than 15%, and higher than average ratio of their peers.

Figure 4: Advances from customers/Inventories ratio of NLG and other listed real estate companies



Source: RongViet Research database

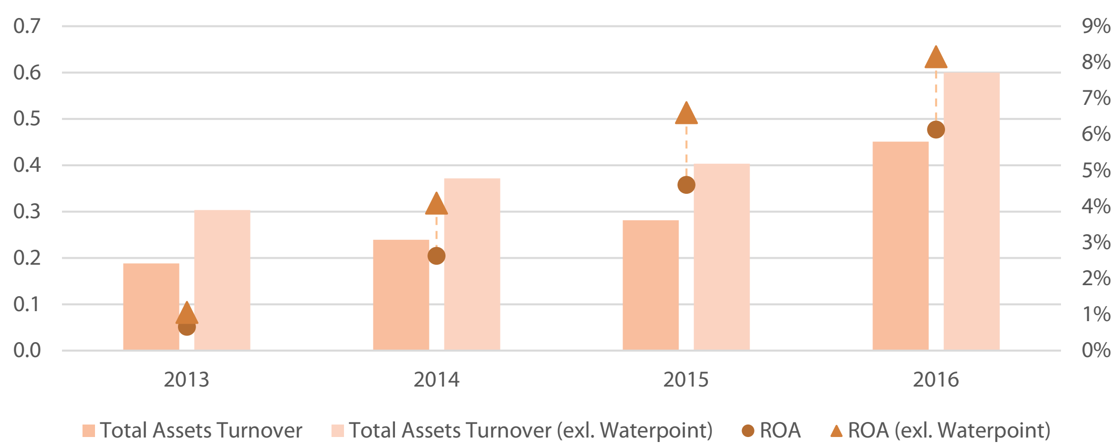
In addition, NLG's operating cash flow also increased sharply, thanks to land transfer to the joint venture. In H1 2017, after transferring Nguyen Son, NLG's net operation cash flow was nearly VND900 billion, from the negative VND100 billion in H1 2016. Low leverage ratio, strong operation cash flow, and high cash and equivalent will lead to favorable conditions for NLG to be able to acquire new land.

Waterpoint Project – Pressure in the Past and Opportunity in the Future

Profitability was poorly affected by immobile real estate "Waterpoint"

In 2016, NLG handed over the Ehome 3, Ehome 4, Ehome 5 and Phuoc Long B high rise projects, resulting in relatively modest growth of inventories (<1%) compared to the growth of their total assets (24%). Nevertheless, inventories are the key item, accounting for about 60% of NLG's total assets. Of which, Waterpoint (Long An) is considered as the largest project of NLG and accounts for about 40% of the total value of real estate in progress (approximately 23% of total assets). Therefore, despite Waterpoint's land quite low cost, the delay of the project development results to low profitability of their total assets. Excluding the value of Waterpoint, the total asset turnover as well as the return on total assets has actually improved in 2014-2016.

Figure 5: NLG's total assets turnover and ROA in 2013 – 2016 của NLG



Source: RongViet Research

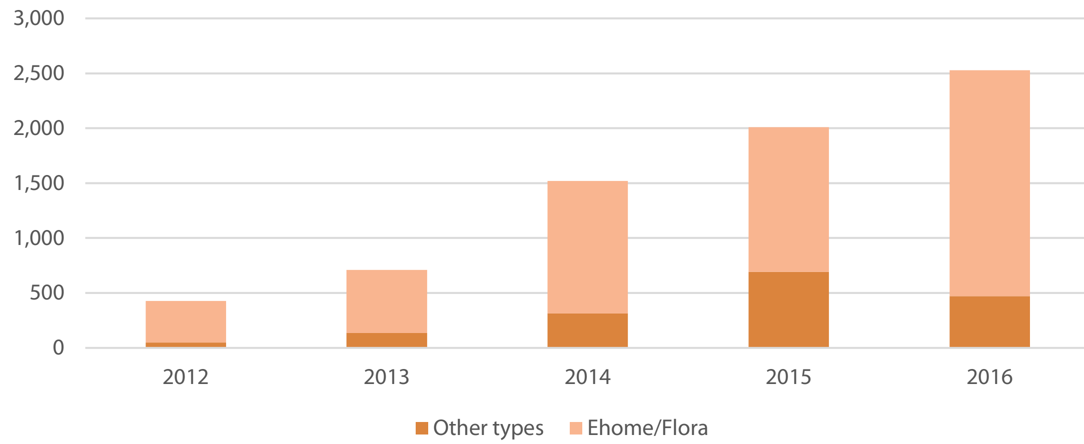
Exciting real estate market opens opportunities for Waterpoint

Real estate market started to heat from late 2016, but the land lots and affordable housing has been really "hot" from the early 2017. The acquisition of land bank in the satellite provinces of Ho Chi Minh City has been active with some successful deals (CFLD acquired Vina Dai Phuoc, or Son Kim Land successfully raised USD100 million from Japanese investors, etc.). Regarding NLG's Waterpoint project, we learned that some investors met with the company's representative to discuss about acquiring this project. Nevertheless, NLG prefers to develop the project (self-development and cooperation) to one-time transfer. The project is likely to be piloted from 2018. Thus, no matter what NLG has chosen for Waterpoint, the project's liquidity as well as land values have improved. At present, 99% of land was compensated and paid for LUR. The average cost is relatively low (around USD20 per m2). Meanwhile, looking at market prices of some land lot projects near Waterpoint, we find that the average selling price is around VND4-5 million per m2.

Long-Term Outlook

Over the past three years, NLG has launched two new projects each year and each of their opening sales campaign always includes three types of product: EhomeS, Flora, and Valora. This strategy helps NLG to diversify their selling products and meet various demands of mid-end customers. In addition, this strategy ensures stable revenue for NLG. In particular, the high-rise apartments often need 18 to 24 months to construct, while mini villas and townhouses requires just six to nine months to construct. Thus, the sooner handover of mini-villas and townhouses will ensure revenue recognition for NLG during the construction of apartment buildings.

Figure 7: NLG's sales by units in 2012 – 2016



Source: RongViet Research compile

Savills's real estate market report showed that the number of transactions sharply increased, by ~ 67% YoY or 11,600 units sold in the Ho Chi Minh City market in Q2 2017. Grade C flats accounted for 64% of total transactions, with 37% absorption. By 2018, it is forecasted that Grade C apartments will still have available supply with a market share of about 46%. For NLG, from 2017 to 2019, we believe that KiKyo, Mizuky Park and Hoang Nam projects with a total area of 53.6 ha will make a major contribution to the supply of apartments. We expect that more than 300 mini-villas, townhouses and more than 7,000 Flora/Ehome apartments will be offered for sale in the market.

Regarding to Waterpoint project, NLG said that they will do pilot sale in 2018. However, due to its large land area, we think that NLG must successfully attract residents to this area before promoting the development. Therefore, we believe that Waterpoint's contribution in 2017-2019 will not be significant.

Table 4: Saleable project in 2017 – 2021 (*)

Projects	Before 2017	2017	2018	2019	2020	2021
Dalia Garden	Sale and revenue recorded	Sale and revenue recorded	Sale and revenue recorded			
Kikyo EhomeS	Open for sales	Sale and revenue recorded	Sale and revenue recorded			
Fuji Valora	Open for sales	Sale and revenue recorded	Sale and revenue recorded			
Fuji Flora	Open for sales	Sale and revenue recorded	Sale and revenue recorded			
Kikyo Valora	Open for sales	Sale and revenue recorded	Sale and revenue recorded			
Kikyo Flora	Open for sales	Sales	Sale and revenue recorded	Sale and revenue recorded		
Mizuki Park Valora		Open for sales	Sale and revenue recorded	Sale and revenue recorded		
Mizuki Park Flora		Open for sales	Sales	Sale and revenue recorded	Sale and revenue recorded	Sale and revenue recorded
Nguyen Son Valora		Open for sales	Sale and revenue recorded	Sale and revenue recorded	Sale and revenue recorded	
Nguyen Son EhomeS		Open for sales	Sale and revenue recorded	Sale and revenue recorded	Sale and revenue recorded	
Hoang Nam Flora/EhomeS				Open for sales	Sale and revenue recorded	Sale and revenue recorded
Waterpoint			Pilots	Open for sales	Sale and revenue recorded	Sale and revenue recorded

Source: RongViet Research compile; (*) Showed current projects on NLG's inventories

FY2017 business forecast

In 2017, NLG continues to sell Kikyo, Fuji, Dalia and Camellia projects and begins selling the first phase of the Nguyen Son project (Mizuky Park, EhomeS and Nguyen Son Valora). We estimate that the total number of products sold in 2017 is more than 3,300 units including Valora, Flora, EhomeS, and lots, up more than 30% from 2016 sales. The 2017 revenue and profit will come from part of the Fuji projects (Valora and Flora), Kikyo (Ehomes and Valora), Dalia (lot), and the remaining of Ehome 3, 4, 5 projects, and profit-shared from Camellia project. We expect that there are 2,800 units to be handed over, up 10% YoY.

Table 5: Revenue forecasted (VND bil)

Revenue	2017F	2018F
Fuji Residence	1,142	285
Kikyo EhomeS	509	417
Dalia Garden	260	130
Kikyo (Valora & Flora)	373	506
Nguyen Son 11ha	0	743
Revaluation	838	892
Other activities + DA. Khác	364	54
Total	**3,487**	**3,026**

The reappraisal value of the Nguyen Son land is estimated at around VND1,700 billion, of which about 50% of the transferred value will be recognized in 2017 with revenue and PBT of VND838 billion and VND445 billion, respectively. Selling expenses and management expenses remained the same as the previous years. Meanwhile, interest expense is forecasted to increase slightly due to interest arising from convertible bonds.

In FY2017, we estimate NLG's sales at over VND3,487 billion (+38% YoY) and NPAT for parent company is VND568 billion (+65% YoY). The corresponding EPS for 2017 is VND3,507.

Valuation

We use the net asset valuation (NAV) method to determine the fair value of NLG. Value of ongoing projects such as Fuji, Camellia, Kikyo Residence, and Nguyen Son have been revalued using NPV method. For the Waterpoint project, 99% of the area is clean and having 1/2000. If the purpose of land use does not change, the applying 1/500 will not required more land use fee. We assume that the saleable areas is around 35% of total land area, COGS will be around VND1.2 mil/m2. We discount 20% of average selling price of land lot of neighboring projects for liquidity, the total value of Waterpoint is around VND5,179 bil. In addition, we think it will probably take NLG about 8 years (until 2025) to complete the project. Discounted to current, the estimated value of Waterpoint is about 33% higher than its book value.

Table 6: Revaluated value of NLG's projects (VND bil)

Projects	30/06/2017	Methods	RNAV
Fuji	780	DCF	840
Phu Huu	785	DCF	661
Nguyen Son	208	DCF	287
Tan Thuan Dong	65	BV	65
Phuoc Long B – High rise	1	BV	1
Ehome 4	9	BV	9
Nam Long Hong Phat	111	DCF	234
Phuoc Long B	75	BV	75
Can Tho	52	BV	52
The Green Hill	48	BV	48
Others	96	BV	96
Waterpoint Long An	1,441	So sánh	1,922
Total	**3,672**		**4,451**

The RNAV valuation of NLG is VND29,700 per share.

Total assets (VND bil)	Tại ngày 30/06/2017	Giá trị đánh giá lại
Short-term assets	**6,647**	**7,629**
Cash and equivalent	1,167	1,167
Short-term investment	45	45
Investories	3,669	4,451
Receivable	1,687	1,887
Other short-term assets	79	79
Long-term assets	**1,083**	**1,355**
Payable	**4,141**	**4,141**
(+) Advances from customers		1,161
(-) Minorities interest		1,476
NAV		**4,527**
Share O/S (exl. Treasury stocks hold by subsidiaries)		150,724,244
Target price (VND)		**30,035**

Recommendation

Nam Long Investment Joint Stock Co (NLG - HSX) is among the few real estate developers in the affordable housing segment and has been successful with Ehome brand. After establishing a solid position in the affordable housing segment, NLG's strategy has shifted to mid-end housing with mini-villas and townhouses since 2015. This is considered as a wise movement of NLG's BOD to meet the rising demand of increasing middle-class consumers in Ho Chi Minh City, to boost NLG's net profit margin and maximize their land bank's value. In addition, these projects have been developed under joint ventures, not only to ease NLG's pressure on required investment capital, but also to take advantage of their partners' management and development experience.

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Unit: VND billion

INCOME STATEMENT	2015A	2016A	2017F	2018F
Revenue	1,184	2,534	3,487	3,026
COGS	841	1,695	2,200	1,901
Gross profit	**343**	**839**	**1,287**	**1,126**
Selling expense	119	189	114	216
G&A expense	154	170	194	222
Financial income	17	24	95	22
Financial expense	16	27	41	38
Other income/loss	131	7	5	5
Gain/(loss) from JV	0	0	0	269
PBT	**202**	**484**	**1,038**	**946**
Tax expense	67	97	208	189
Minority interests	2	42	262	194
PAT	**132**	**345**	**568**	**563**
EBIT	145	480	979	687

FINANCIAL RATIO	2015A	2016A	2017F	2018F
Growth (%)				
Revenue	36.6	114.0	37.6	-13.2
EBITDA	N/a	N/a	N/a	N/a
EBIT	36.6	231.7	103.9	-29.8
PAT	38.8	160.2	64.9	-1.0
Total Asset	35.9	23.6	13.0	7.3
Total Equity	14.8	10.2	19.4	15.4
Profitability (%)				
Gross profit margin	29.0	33.1	36.9	37.2
EBITDA margin	0.0	0.0	0.0	0.0
EBIT margin	12.2	18.9	28.1	22.7
Net profit margin	11.2	13.6	16.3	18.6
ROA	2.6	5.6	8.1	7.5
ROIC or RONA	4.9	11.9	21.3	13.1
ROE	6.0	14.2	19.6	16.8
Efficiency (x)				
Receivables turnover	2.3	2.3	2.3	2.7
Inventories turnover	0.2	0.5	0.5	0.4
Payables turnover	0.4	0.9	1.0	0.9
Liquidity (x)				
Current	2.2	2.7	2.7	3.1
Quick	0.5	1.0	0.9	0.9
Financial Structure (x)				
Total debt/ Equity	0.3	0.3	0.2	0.2
ST debt / Equity	0.1	0.1	0.1	0.0
LT debt/ Equity	0.2	0.1	0.1	0.1

Unit: VND billion

BALANCE SHEET	2015A	2016A	2017F	2018F
Cash and cash equivalents	423	876	500	883
Short term investment	17	39	40	43
Accounts receivable	516	1,095	1,488	1,107
Inventories	3,673	3,698	4,501	5,003
Other current assets	70	64	79	79
Tangible Fixed Assets	96	81	94	90
Intangible Fixed Assets	31	27	26	26
Long term investment	30	31	31	31
Other non current assets	157	242	239	267
Total Asset	**5,022**	**6,209**	**7,015**	**7,528**
Account Paybale	1,870	1,815	2,276	2,133
Short term borrowings	225	354	151	151
Long term borrowings	413	350	312	358
Other non-current liabilities	81	501	533	533
Bounus and Welfare fund	7	11	50	90
Technology – Science dev fund	0	0	0	0
Total Liabilities	**2,596**	**3,062**	**3,321**	**3,264**
Common stock and APIC	1,908	1,800	2,064	2,215
Treasury stock	-60	-60	-60	-60
Retained Earnings	358	578	898	1,196
Other comprehensive income / (loss)	0	0	0	0
Investment and Development Fund	0	0	0	0
Total Equity	**2,206**	**2,431**	**2,902**	**3,350**
Minority Interest	**209**	**664**	**792**	**914**
Total Resources	**5,022**	**6,209**	**7,015**	**7,528**

CASH FLOW STATEMENT	2015A	2016A	2017F	2018F
Profit before tax	276	484	1.038	946
Depreciation	10	-2	26	27
Adjustment	-37	-4	-	-
Working capital	-194	-801	-957	-453
Net Operating CFs	**55**	**-324**	**107**	**519**
Fixed Asset	-2	15	-12	-13
Deposit, equity investment	-166	2	-	-
Interest, dividend, cash profit received	6	-	-	-
Net Investing CFs	**-163**	**17**	**-12**	**-13**
Capital	76	5	10	-
Debt	19	66	-204	-1
Dividend paid & other	58	744	-332	-123
Net Financing CFs	**153**	**815**	**-526**	**-124**
Net Cash flow	**374**	**423**	**932**	**500**
Beginning cash & equivalents	46	508	-431	382
Effect of exchange rate	**423**	**932**	**500**	**883**
Ending cash & equivalents	276	484	1,038	946

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 that 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	BUY	NEUTRAL	SELL
Total Return including Dividends in 12-month horizon	>20%	-20% to 20%	<-20%

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