Vinamilk (VNM – HSX)

2014 – At the pit stop

Particulars (VND bn)	Q3-FY14	Q2-FY14	+/- qoq	Q3-FY13	+/- yoy
Net Revenues	8,731	9,232	-5%	8,028	9%
EBIT	1,376	1,575	-13%	1,690	-19%
PAT	1,731	1,970	-12%	2,056	-16%
EBIT margin (%)	20%	21%	-152bps	26%	-579bps

Sources: VNM, RongViet Securities

- **VNM -Shaken leadership?**
- **Orientation in Condensed, Liquid, Powder milk and Yogurt**
- **2014- Temporary pause or breakpoint of changing growth trend**

Outlook and Valuation:

VNM has long been known as Vietnam's leading dairy manufacturer and always valued highly for its market position and operating efficiency over the years. Beside, VNM was among the few stocks whose long-term shareholders, throughout all market collapses, could still reap hefty profits regardless of the time of purchase. However, this year, the combination of the rising number of competitors and slowing growth has raised worries over the VNM's well-being during the saturation phase of the dairy industry. Upon analyzing the disadvantages and advantage as well as the strategies of VNM in each of its business segment, we realize that there are still plenty opportunities for VNM. In addition to the potential Vietnam market and the plans to expand herd size and develop international-quality products can help VNM maintain its market share. We highly expect VNM to acquire more shares in the powdered milk market from foreign brands and the liquid milk segment to grow at a faster pact once the herd is milked.

*We believe the reasonable price for VNM at the present is approximately **VND110,000/share**. We see substantial growth potential for not only diary industry, but also VNM; however, on the basis of reasonable prudence, we do need further evidence on the feasibility of VNM's long-term strategy. Therefore, we rate the stock as **ACCUMULATE** in the **LONG TERM**.*

Key financials

Y/E Dec (VND bn)	FY2012	FY2013	FY2014E	FY2015F
Net Revenues	26,562	30,949	35,233	38,967
% chg	23%	17%	14%	11%
PAT	5,819	6,534	6,041	7,389
% chg	38%	12%	-8%	22%
EBIT margin (%)	22%	21%	17%	19%
ROA (%)	33%	31%	25%	28%
ROE (%)	42%	40%	32%	36%
EPS (VND)	6,981	7,839	6,899	7,384
Adjusted EPS (VND)	6,978	7,835	6,899	7,384
Book value (VND)	18,578	21,039	20,176	21,083
Cash dividend (VND)	0	4,800	4,000	5,000
P/E (x)	6.2	17.2	14.4	13.5
P/BV (x)	2.3	6.4	4.9*	4.7*

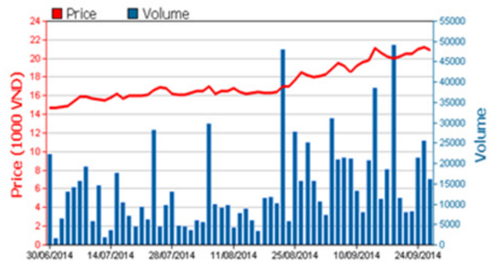
Sources: VNM, RongViet Securities, (*) price as of 19 December 2014

ACCUMULATE

VNM (VND)	94,000
Target Price (VND)	110,00
Investment Period	Long-term

Stock Info

Sector	Food Producers
Market Cap (VND bn)	99,511
Current Shares O/S	1,000,118,604
Beta	0.6
Free float (%)	31
52 weeks High	121,700
52 weeks Low	92,500
Avg. Daily Volume (in 20 sessions)	191,223



Performance (%)

	3M	1Y	3Y
VNM	-14	-18	104
Food Producers	-13	49	N/a
VN Index	-17	2	42
VN30 Index	-13	1	N/a

Major Shareholders (%)

SCIC	45.08
F&N Dairy Investments Pte Ltd	11.04
Dragon Capital Markets Limited	7.39
Deutsche Bank AG & Deutsche Asset Management (Asia) Ltd	5.95
Foreigner Investor Room (%)	0

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Exhibit 1: 3QFY2014 and YTD Results

Particulars (VND bn)	Q3-FY14	Q2-FY14	+/- (qoq)	Q3-FY13	+/- (yoy)	9M/FY2014	+/-(yoy)
Net Revenues	8,731.4	9,232.3	-5.4%	8,027.7	8.8%	25,641.9	12.6%
Gross profits	3,028.6	3,165.3	-4.3%	2,934.9	3.2%	8,758.4	2.9%
SG&AC	1,482.6	1,361.6	8.9%	1,027.2	44.3%	3,835.9	38.4%
Operating Income	1,546.0	1,803.6	-14.3%	1,907.7	-19.0%	4,922.5	-18.5%
EBITDA	1,469.5	1,713.3	-14.2%	1,839.2	-20.1%	4,674.2	-18.4%
EBIT	1,730.5	1,970.0	-12.2%	2,056.2	-15.8%	5,443.9	-11.8%
Financial expenses	34.2	30.0	13.9%	29.7	15.1%	73.1	-0.4%
- Interest Expenses	7.4	0.0	N/a	0.0	N/a	7.4	N/a
Dep. and amortization	261.1	256.7	1.7%	217.0	20.3%	769.7	73.5%
Non-recurring Items (*)							
Extraordinary Items (*)							
PBT	1,723.1	1,970.0	-12.5%	2,056.2	-16.2%	5,436.4	-11.9%
PAT	1,376.3	1,575.4	-12.6%	1,690.5	-18.6%	4,339.1	-14.3%
(*) Adjusted PAT	1,376.3	1,575.4	-12.6%	1,690.5	-18.6%	4,339.1	-14.3%

Sources: VNM, RongViet Securities

Exhibit 2: 3QFY2014 performance analysis

Particulars	Q3-FY14	Q2-FY14	+/- (qoq)	Q3-FY13	+/- (yoy)
Profitability Ratios (%)					
Gross Margin	34.7%	34.3%	40bps	36.6%	-187bps
EBITDA Margin	16.8%	18.6%	-173bps	22.9%	-608bps
EBIT Margin	19.8%	21.3%	-152bps	25.6%	-579bps
Net Margin	15.8%	17.1%	-130bps	21.1%	-530bps
Adjusted Net Margin	15.8%	17.1%	-130bps	21.1%	-530bps
Turnover *(x)					
-Inventories	5.9	6.0	-0.2	5.7	0.1
-Receivables	14.3	15.0	-0.7	12.9	1.4
-Payables	0.0	0.0	0.0	30.9	-30.9
Leverage (%)					
Total Debt/ Equity	0.3	0.3	0.0	0.2	0.1

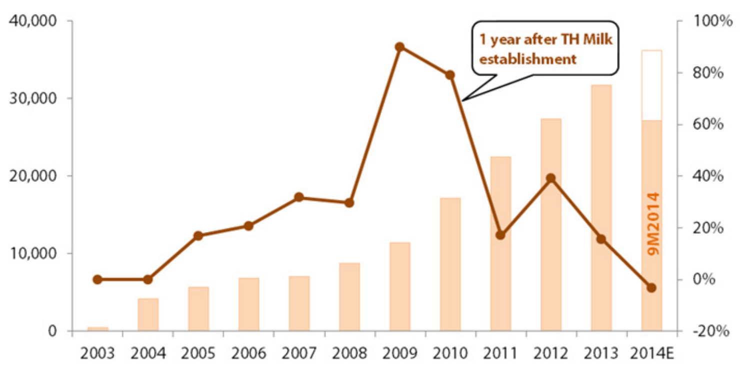
Sources: RongViet Securities

VNM – shaken leadership?

With over 03 decades of market presence, the Vinamilk brand has deeply enrooted in the mindset of Vietnamese consumers. VNM has a distribution system with 224,000 retail stores, 266 distributors and 600 supermarkets nationwide, which has elevated the Company market position over the years until it became the largest diary producer it is today. Besides, the constantly soldiering financial strength of Vinamilk has brought its investors a vigorous feeling of security. In the period between 2001 and 2013, VNM managed to incur no loans while the maintaining its cash pile at an average 12% of total asset in spite of lofty dividend yield (~40%).

Looking back on VNM's business performance since 2005, the revenue and profit has never ceased to grow. Particularly, in the five most recent years, revenue growth rate was constantly maintained at 2-digit level (CARG of ~29% per anum); similarly, NPAT CARG of also reached and respectable 35% per anum.

Figure: Revenue (VND bn) and PAT growth



Sources: RongViet Securities

Figure: Adjusted price in period 2005-2013

Source: Bloomberg

However, a combination of the slowdown of consumption and heating competition, which have reflected in VNM's 9-month and 2014's whole-year projected performance, have raised skepticism among investors about the firm's ability to keep its leading position in the dairy industry.

There were 4 main reasons for VNM's declining revenue growth rate and NPAT, including: (1) the imposition of a celling price for powdered milk; (2) hefty depreciation expenses for 02 "super" factories in Binh Duong, which have so far been operating at only 50% of design capacity; (3) an increase of marketing expense (~31.2% yoy), (4) climbing raw milk price (~2% yoy). Despite the factors' being short-run influences, we are concerned that, VNM may need to spend more to maintain its stand in the market share war in some product ranges.

The market of liquid milk, for instance, used to gather in the hands of VNM and Dutch Lady. However, with the consultancy and financial support of Bac A Corporation as well as the implementation of a massive marketing campaign, TH Milk has accrued 8% of market share since its debut in late 2010. That figure is still relatively small compared with that of VNM, but the story has inspired other producers to improve packaging and expand distribution system in urban areas. This should, directly or indirectly, increase the cost of market share maintenance for VNM whether or not those market followers will succeed. In fact, selling expense already swelled to over 10% of revenue in 2013 and 9M2014.

In the meantime, we realized VNM is keeping a cool head facing this situation. Promotion, product diversification, moving to the higher end of the market and enhancing its brand image are strategies VNM has employed so far. The plan to sell products manufactured in developed countries but still under the Vinamilk brand, e.g. TwinCows, is considered the key strategy that underlies future growth. There is so far, however, insufficient evidence to fully evaluate the success of this "tactic" but from the information we gathered, VNM might not have achieved much with TwinCows. On the other hand, the firm is focusing on completing the supply chain and increasing its material source independence for the longer run. So, this is a key point for VNM to outweigh its competitors.
For now, VNM's lion share in the diary market remains the key advantage that help the Company maintains its overall operating efficiency. Given the firm's intrinsic strengths, i.e. brand, distribution system and financial capacity…, we believe that the leading position of VNM is not easily shaken. However, an enormous breakthrough is not in the horizon for the next couple of years. Instead, VNM

will witness steadied growth on its 4 business legs: condensed milk, powder milk, liquid milk and yogurt.

Condensed milk – Stay put

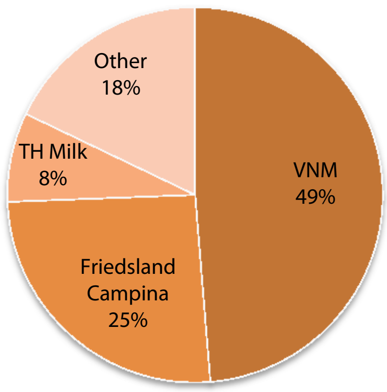
With 80% of share, VNM has been the unchallenged in the condensed milk market. However, this market has come to the stage of saturation where modest growth in the last few years comes from 3 main reasons: (1) its change of function to a confectionery material and a supplementary drink to coffee due to low nutrient proportion; (2) higher nutrition awareness and increased tendency to consume healthier (less sugar, less fat) foods and drinks as per-capita income increases.

With the potential of confectionery industry, this segment should be able to maintain growth yet at a diminishing rate. According to Euromonitor, Vietnam confectionery industry growth can reach ~7% . Given the condition of the domestic market, VNM has pushed exports of condensed milk to lower-per-capita-income countries such as Laos and Cambodia… This further supports the notion this segment will continue growing though only slightly in the following years.

Liquid milk – farm number expansion is crucial for growth.

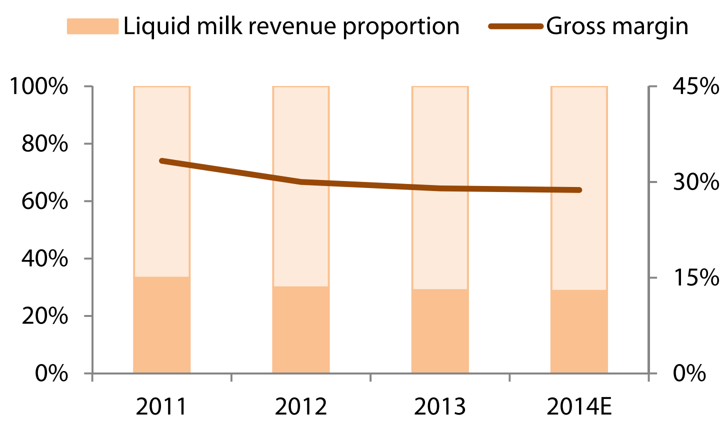
Accounting for the highest proportion of revenue, liquid milk has contributed significantly to VNM's development over the years. Nevertheless, the combination of rapid growth and high profit margin (~30%) has also attracted a great deal of competition, which trend has become increasingly clearer since 2009 as local rivals launched new products and refreshed their marketing strategies. Still, VNM has been able to keep its market share around 49%.

Figure: Liquid milk market share



Source: Euromonitor

Figure: Liquid milk revenue proportion and gross margin



Source: RongViet Securities

Recently, the consumers 'taste has changed to the 100% fresh milk products. So, the fresh raw milk source certainly becomes a core competitive strategy in this segment.

After a long delay, VNM re-initiated in 2009 its cow farm expansion campaign. At present, VNM has 05 farms with approximately 9,000 cattle. The Company plans to invest VND3,000 billion in the establishment of 04 new farms with about 30,000 cows. Notably, the next generation of cows will be bred from a herd of 5,000 Australian cows. Learning from the breeding practice of Taiwan, whose diary industry in the past largely resembled that of Vietnam now, VNM cow herd will be mostly pure breeds. As herd size increases, so will the fresh milk supply; meanwhile, production cost will be reduced. Currently, the ratio of self-supplied raw milk to outside purchases is 1:5.

Additionally, with ample financials, VNM has been actively seeking other ways to enlarge its raw milk supply where M&A plans or the cooperation with DLG to set up an 80,000-cow farm in Dak Nong are some notable steps.

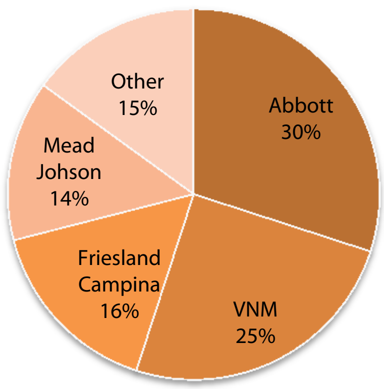
Besides, in order to reach premier segment with lower price than import products, VNM has launched Twin Cows brand. Consumers have initially accepted this brand due to appropriate taste, especially consumers' believing in its quality tested in New Zealand. However, the "half-foreign, half-domestic" has not caused outstanding success, because (1) VNM has not pushed promotion for this brand, (2) liquid milk is used every day so that people refers the popular range of VNM

As our opinion, Twin Cows is merely a step of collecting consumers' feedback, preparing for the penetration strategy of the brand "VNM product range manufactured in developed nations", thus it will not aimed to make a revenue breakthrough. Instead, the expand of cow herds will be a prerequisite to push growth of 100% fresh milk product, meeting the new changing demand in this segment. Despite the concern of the wake of smaller competitors (TH Milk, Long Thanh Milk, Ba Vi Milk,..), but as our observation, these ones, firstly, can gain local market share of Dutch Lady because of Dutch Lady's disadvantage of raw milk source. Meanwhile, VNM is expected to maintain market share and get growth, at least equal to 7% of this industry growth (according to Euromonitor).

Powder milk – Acquiring market share from foreign brands.

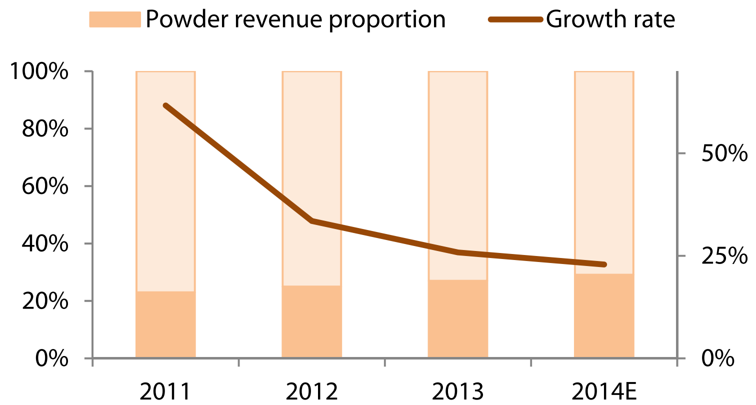
Powder milk is also an important revenue and gross margin generator of VNM, and the segment has witnessed quite attractive growth. However, the market for this product is currently dominated by international names such as Abbott (~30%), Friesland Campina (~16%), and Mead Jonson (~ 14%), due to consumers' preference of foreign brands. As a runner-up (with ~25% of market share), VNM can still elevate its position if it can come up with a measure to satisfy this sentiment.

Figure: Powder milk market share



Source: *Euromonitor*

Figure: Liquid milk revenue proportion and growth rate



Source: RongViet Securities

The solution introduced by VNM to promote its growth and increase the competitiveness of its powdered milk, is to add high-end, offshore-manufactured products, which is consistent with the Company's general "brand elevation" strategy. At present, the company has considered to do M&A with a European powdered milk manufacturer. The reasons for choosing Europe instead of Mikara (New Zealand) and Driftwood (USA) to set up the business may be (1) the marking of European quality control will help build consumer confidence, (2) the existence of a skimmed and whole milk purchasing office in Europe should aid a lot in the search for M&A opportunities.

With the positive market response to TwinCows products, we believe the next line of "made-in-Europe powdered milk" can create a turning point for Vinamilk. However, our concern is the distribution of this product may go against the increasingly popular "Vietnamese use made-in-Vietnam goods" philosophy. If VNM can construct an appropriate marketing strategy to create a hard-hitting impression on consumer psychology as did the "100% pure fresh milk" marketing campaign recently launched by one of its rival, the above-mentioned concern can be lifted. Thus, there are reasons to believe that powder milk, which is expected to grow line with the industry at 24% per anum (Euromonitor), will become a highlight in VNM long-term plan.

Yogurt - Undefied strength built on broad distribution system.

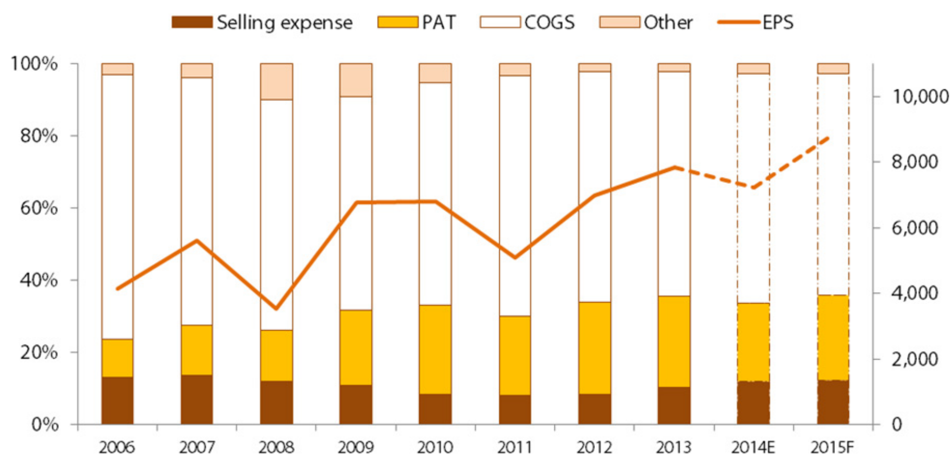
Compared with regional nations, the yogurt and liquid milk consumption ration in Vietnam is still relatively low while in Thailand this ratio is 50:50, and in Singapore it is 70:30. Therefore, yogurt market still has a lot of growth potential, estimated to expand 25% next year (Euromonitor), as consumers shift to healthier selections.

As our own observation, qualitatively, the pressure of competition in the yogurt market has become increasingly intense recently. Nevertheless, the situation is less dire than for liquid milk. Given yogurt's shorter shelf life, broad distribution (224,000 retail points and 266 distributors) in considered the key of VNM's competitiveness, helping the Company maintain a market share of nearly 90%. In addition to expanding its distribution channel in rural and small urban areas, the supplement of value-adding ingredients such as fruits (aloe vera, mulberry) and collagen will improve VNM's competiveness and revenue in this segment.

2014- Temporary pause or breakpoint of changing growth trend.

Looking back on VNM's business performance from 2006 to now with average revenue growth ~24.5%; yet there is a sign of revenue leveling off in recent years. This resulted from fierce competition when more and more players enter market. After the rapid growth phase, VNM is closing the "first hill top" where M&A efforts to boost vertical integration… is a clear evidence. At this stage, to achieve the past growth rate, VNM needs some game-changing strategies. Otherwise, the expenses for market share maintenance will inhibit profit margin and erode business performance.

Figure: Revenue proportion and EPS



Source: VNM, RongViet Securities

Though it is hard for VNM to maintain rapid growth given its large scale, the prospect for the Company is tied to that of the dairy industry in general due to Vietnam's demographic transition and improving living standards. Highly value-adding products, especially the next line of high-end products manufactured in developed countries will help out VNM in stable growth.

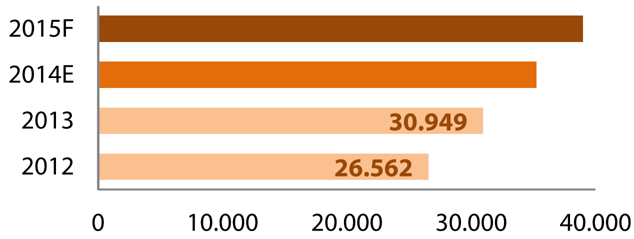
With strong financial capacity, VNM's capital structure tilts almost entirely to equity use. Therefore, even in the low interest rate environment, there is no significant direct benefit for VNM. When try changing the Debt/Total Asset ratio of VNM from the current 3% to 22%, we see ROE improved by 13 percentage point, assuming an interest rate of 6%/year, which is generally obtainable by companies stable business performance like VNM. It can be inferred from this that the current capital structure may not be optimal and if the Company increases its use of debts, its shareholders will have a chance to receive better dividends or share repurchase, in which case, we will have more confidence to predict in upward trending EPS for VNM in the next 5 years.

Gross margin improvement forecasted in 2015

Since the beginning of the year, prices of raw materials for powdered milk (i.e. skimmed milk and whole milk) have decreased an average 13% and the downtrend is forecasted to continue into 2015. Yet, there has been no action by market regulators to adjust the ceiling price of milk products. Thus, we expect that the selling price will stay little changed until June2015. Consequently, gross margin may improve significantly in 2015, at least in the first six months.

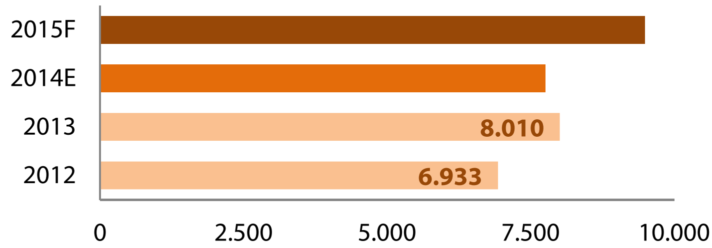
We estimate 2015 gross profit margin may increase 3% yoy. Additionally, revenue and NPAT in 2015 is respectively forecasted at VND38,967 billion and VND7,388 billion, up by 10.6% and 22% from our 2014 estimation.

Figure: Revenue (VND bn)



Source: RongViet Securities

Figure: EBIT (VND bn)



Source: RongViet Securities

Outlook and valuation

VNM has long been known as Vietnam's leading dairy manufacturer and always valued highly for its market position and operating efficiency over the years. Beside, VNM was among the few stocks whose long-term shareholders, throughout all market collapses, could still reap hefty profits regardless of the time of purchase. However, this year, the combination of the rising number of competitors and slowing growth has raised worries over the VNM's well-being during the saturation phase of the diary industry. Upon analyzing the disadvantages and advantage as well as the strategies of VNM in each of its business segment, we realize that there are still plenty opportunities for VNM. In addition to the potential Vietnam market and the plans to expand herd size and develop international-quality products can help VNM maintain its market share. We highly expect VNM to acquire more shares in the powdered milk market from foreign brands and the liquid milk segment to grow at a faster pact once the herd is milked.

In short-term, VNM business performance is likely supported by the downtrend of powder milk raw material price. Up to now, there has been no action by market regulators to adjust the ceiling price of milk products. Hence, gross margin may improve significantly in 2015, at least in the first six months.

We believe the reasonable price for VNM at the present is approximately **VND110,000/share**. We see substantial growth potential for not only diary industry, but also VNM; however, on the basis of reasonable prudence, we do need further evidence on the feasibility of VNM's long-term strategy. Therefore, we rate the stock as **ACCUMULATE** in the **LONG TERM**.

Exhibit 4: 4QFY2014 Forecast

Particulars (VND bn)	Q4-FY14	+/- qoq
Net Revenues	9.591	10%
Gross profits	3.438	14%
EBIT	1.664	-3%
PAT	1.703	24%

Sources: RongViet Securities

Exhibit 5: Key Assumption

Particular	Estimates	
	FY2014E	FY2015F
Revenue growth (%)	14	11
Gross margin (%)	35	37
EBIT margin (%)	22	24

Sources: RongViet Securities

VND Billion

INCOME STATEMENT	***FY2012***	***FY2013***	***FY2014E***	***FY2015F***
Revenue	26,562	30,949	35,233	38,967
COGS	17,485	19,766	23,036	24,524
Gross profit	**9,077**	**11,183**	**12,197**	**14,443**
Selling Expense	2,346	3,276	4,404	4,871
G&A Expense	525	611	881	974
Finance Income	475	507	622	653
Finance Expense	51	91	107	118
Other profits	287	255	268	282
PBT	**6,930**	**8,010**	**7,745**	**9,473**
Prov. of Tax	1,110	1,476	1,704	2,084
Minority's Interest	0	0	0	0
PAT to Equity Shareholder	**5,819**	**6,534**	**6,041**	**7,389**
EBIT	**6,933**	**8,010**	**7,760**	**9,491**
EBITDA	7,468	8,797	8,761	10,655

%

FINANCIAL RATIO	**FY2012**	**FY2013**	**FY2014E**	**FY2015F**
Growth				
Revenue	22.8%	16.5%	13.8%	10.6%
Operating Income	43.8%	17.6%	-5.3%	24.4%
EBITDA	38.5%	17.8%	-0.4%	21.6%
EBIT	39.2%	15.5%	-3.1%	22.3%
PAT	38.0%	12.3%	-7.5%	22.3%
Total Assets	26.4%	16.1%	6.5%	4.2%
Equity	24.2%	13.2%	5.6%	4.9%
Internal growth rate	41.6%	15.3%	15.0%	17.0%
Profitability				
Gross profit/Revenue	34.2%	36.1%	34.6%	37.1%
Operating profit/ Revenue	23.4%	23.6%	19.6%	22.1%
EBITDA/ Revenue	28.1%	28.4%	24.9%	27.3%
EBITDA/ Revenue	26.1%	25.9%	22.0%	24.4%
Net margin	21.9%	21.1%	17.1%	19.0%
ROAA	33.0%	30.7%	25.6%	29.7%
ROIC or RONA	47.9%	46.8%	41.7%	49.0%
ROAE	41.6%	39.6%	33.5%	38.9%
Efficiency				
Receivable Turnover	12.0	12.4	12.0	12.1
Inventory Turnover	5.2	5.9	6.3	5.4
Payable Turnover	5.5	4.8	4.8	4.6
Liquidity				
Current	3.0	2.8	2.2	2.3
Quick	2.0	2.1	1.5	1.4
Solvency				
Total Debt/Equity	24.5%	28.2%	31.4%	30.5%
Current Debt/Equity	0.0%	1.0%	1.9%	0.0%
Long-term Debt/ Equity	0.0%	1.0%	1.9%	1.9%

VND Billion

BALANCE SHEET	**2012A**	**2013A**	**2014E**	**2015F**
Cash and equivalents	1,252	2,746	1,429	1,978
Short-term investment	3,909	4,167	3,334	2,334
Receivables	2,246	2,728	3,136	3,312
Inventories	3,473	3,217	4,147	4,905
Other current assets	230	160	112	123
Total Current Asset	**11,111**	**13,019**	**12,157**	**12,652**
Tangible Fixed Assets	4,223	7,849	9,121	9,636
Intangible Fixed Assets	254	531	531	567
Construction in Progress	3,565	538	753	602
Investment Property	97	149	123	122
Long-term Invest ment	284	318	1,114	1,125
Other long-term assets	150	296	384	499
Long-term Asset	**8,587**	**9,856**	**12,200**	**12,726**
Total Asset	**19,698**	**22,875**	**26,024**	**27,045**
Payables	2,269	1,989	2,304	2,452
Other current liabilities	1,469	2,427	2,801	3,098
Current Debt	0	179	352	0
Long-term Debt	0	184	350	367
Other long-term liabilities	60	167	3	3
Total Liability	**3,798**	**4,946**	**5,810**	**5,921**
Owner's Equity	**15,493**	**17,545**	**20,189**	**21,096**
Capital	8,340	8,340	10,006	10,006
Retained Earnings	5,199	6,150	6,211	6,273
Funds & Reverses	682	1,784	2,699	3,545
Others	**0**	**0**	**0**	**0**
Total Equity	**15,493**	**17,545**	**20,189**	**21,096**
Minority's Interest	0	23	25	28
TOTAL RESOURCES	**19,291**	**22,514**	**26,024**	**27,045**

CASH FLOW STATEMENT	**FY2012**	**FY2013**	**FY2014E**	**FY2015F**
Profit before tax	6,930	8,010	7,745	9,473
-Depreciation	535	786	1,001	1,163
-Adjustments	*-378*	*-395*	*-369*	*-142*
+/- Working capital	-1,792	-2,150	-2,602	-2,566
Net Operating CFs	**5,295**	**6,252**	**5,775**	**7,928**
+/- Fixed Asset	-3,117	-1,470	-2,422	-1,547
+/- Deposit, equity investment	308	-267	-685	-754
Interest, dividend, cash profit received	-2,165	148	390	163
Net Investing CFs	**-4,974**	**-1,590**	**-2,717**	**-2,138**
+/- Capital	-2	-1	0	0
+/- Debt	0	0	371	-313
Dividend paid	-2,223	-3,167	-4,745	-4,929
Net Financing CFs	**-2,225**	**-3,168**	**-4,374**	**-5,241**
+/- cash & equivalents	-1,904	1,494	-1,317	549
Beginning cash & equivalents	**3,157**	**1,252**	**2,746**	**1,429**
Impact of exchange rate	0	-1	0	0
Ending cash & equivalents	**1,252**	**2,746**	**1,429**	**1,978**

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, 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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