HUNG THINH INCONS (HOSE: HTN)

Strong leverage on Hung Thinh ecosystem

Hung Thinh Incons is one of the leading contractors with nearly 15 years of experience. HTN conducted several iconic projects including Golden Bay (Nha Trang), Florita (District 7), SaigonMia (Binh Chanh), Vung Tau Melody (Vung Tau). They are poised to benefit from Hung Thinh Corp's ecosystem. HTN will be able to maintain its growth thanks to the projects of Hung Thinh Land (the large backlog value of VND 37,030 Bn, or USD 1.6 Bn at YE 2020) without competing with other construction firms to win new contracts. In addition, the support from other departments of Hung Thinh Corp such as sale, legal also benefits HTN.

Moreover, the advantage of knowing Hung Thinh Land product design and construction plan from the beginning and not going through fierce bidding process allowed Hung Thinh Incons to record superior revenue growth and higher gross margin than local peers. Looking forward to 2021, we believe earnings from the construction segment would strongly recover from the bottom of 2020. We estimate that HTN could posted revenue of VND 6,330 Bn (or USD 274 Mn, +39% YoY) and NPAT-MI of VND 212 Bn (or USD 9 Mn,-39% YoY) in 2021, driven mostly by construction activities. In the long-term, the expansion to infrastructure construction via strategic paxrtnership with Deo Ca will allow HTN to diversify its revenue source and reduce the concentration risk (focus mainly on residential projects of Hung Thinh Land)

Using the PE and PB methods, we estimate HTN's fair value at **VND 41,600** per share. Total return is **+19%** based on the closing price as of July 9th. We recommend to **ACCUMULATE** the stock.

Investment Rationale

- Beneficiary from Hung Thinh Corp's ecosystem
- Outperformed gross margin and growth performance versus its peers
- Potential upside from infrastructure construction segment

Risks

- The cool down of real estate market
- The comeback of Covid-19

Key financial ratios

Y/E Dec (VND Bn)	FY2019	FY2020	FY2021F	FY2022F
Net revenue	**3,681**	**4,552**	**6,330**	**12,034**
% change	-9.4	23.7	39.1	90.1
PAT	**187**	**345**	**212**	**485**
% change	2.3	84.2	-38.5	128.6
Net margin (%)	5.1	7.6	3.4	4.0
ROA (%)	4.1	6.4	3.4	5.0
ROE (%)	27.9	39.4	27.9	28.5
EPS (VND)	5,420	10,281	4,536	9,793
Book value (VND)	22,212	30,712	29,481	39,275
Cash dividend (VND)	1,500	1,800	-	-
P/E (x)	2.4	3.1	9.8	4.3
P/BV (x)	0.6	1.1	1.4	1.1

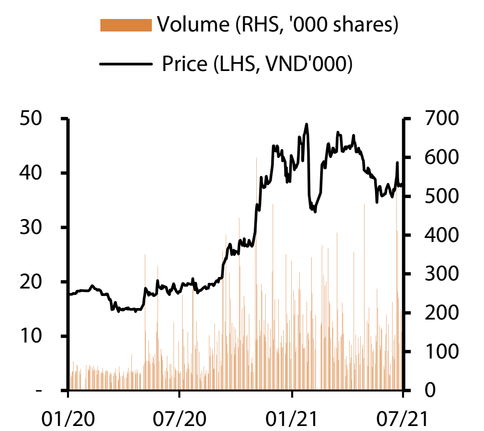
Accumulate +19%

Market price (VND)	35,100
Target price (VND)	41,600
Dividend yield (%) *	-

** Expected in the next 12 months*

Stock Info

Sector	Construction
Market Cap (VND Bn)	1,879
Share O/S (Mn)	49.5
Free Float (%)	31%
52 weeks high	47,500
52 weeks low	13,600
Average trading volume (20 sessions)	164,536



Performance (%)

	3M	1Y	3Y
HTN	-15.3	112.6	N/A
Construction	0.5	51.5	23.3
VN-Index	19.9	70.0	46.8

Major shareholders (%)

Hung Thinh Corp	25%
Hung Thinh Land	24%
Foreigner Investor Room (%)	32%

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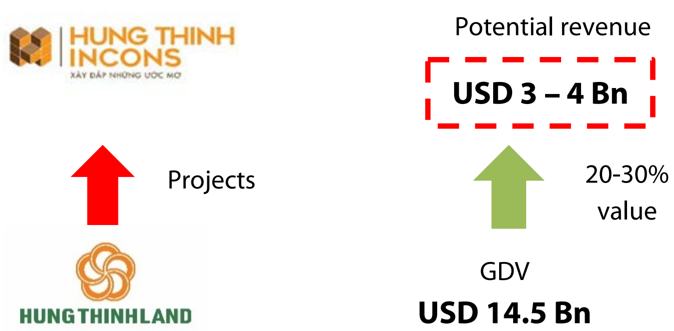
INVESTMENT RATIONALE

Hung Thinh Incons is key beneficiary from Hung Thinh Corp's ecosystem

Large backlog value from Hung Thinh Land to sustain its growth during 2021 – 2023. Hung Thinh Incons (HOSE: HTN), as of one members of Hung Thinh Corp, will directly benefit from Hung Thinh Corp ecosystem. Specifically, most projects of Hung Thinh Land – real estate arm of Hung Thinh Corp will be constructed by Hung Thinh Incons. This would allow HTN to be more secured in terms of profit, especially in highly competitive market as construction industry. Particularly, HTN wil be able to maintain its growth during 2021-2023 thanks to the projects of Hung Thinh Land without competing with other construction firms to win new contracts.

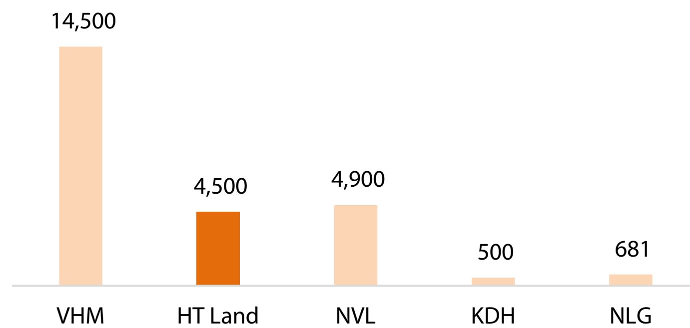
Hung Thinh Land is a well-known developer inherited almost 20 years of experiences from its parent company – Hung Thinh Corp. Every year, Hung Thinh Land has launched from five to seven projects with total of 7,000 - 10,000 real estate products. Currently, Hung Thinh Land has planned to develop over 10 million square meters of GFA with aggregate GDV of USD 14.5 Bn for the next five years. As the construction cost normally occupied from 20% to 30% of the project value, HTN will be able to tap in the potential revenue of around USD 3 Bn to USD 4 Bn in mid to long term (Figure 1).
From our view, the large land banks of 4,500 ha (only behind Novaland and Vinhomes) will allow Hung Thinh Land to implement several projects and fulfill their plan (Figure 2). Consequently, Hung Thinh Incons business results would be strongly elevated thanks to bulky workloads from Hung Thinh Land projects in next 10 years. In next 3 years, the large backlog as of YE 2020 of approx. VND 37,000 Bn (or USD 1.6 Bn) would be key profit generator for HTN.

Figure 1: HTN benefits from Hung Thinh Land



Source: Hung Thinh Land

Figure 2: Large landbanks for long term growth



Source: Hung Thinh Land

The support from other Hung Thinh Corp arms is also valuable. We recognize that the experience of Hung Thinh Corps regarding to legal, project development and salesforce would strongly support Hung Thinh Land business development and consequently benefit HTN.

For legal, experienced project legal team will allow Hung Thinh Land to quickly complete legal procedures for project development.

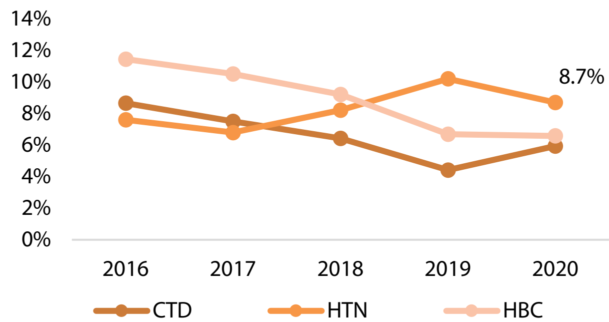
For Design and Project development: the market understanding from leaders would help Hung Thinh Land to provide suitable products for market needs and guarantee for project success.

The key strength of Hung Thinh Corp is its sale arm – Property X. The sale team from Property X has good track records when they are able to sell 95% of total launched units in average of 3 months (the average project duration is about 2-3 years). It would generate good cash flows for Hung Thinh Land and secure Hung Thinh Incons profitability as Hung Thinh Land is the main customer.

Outperformed gross margin and growth performance versus its peers

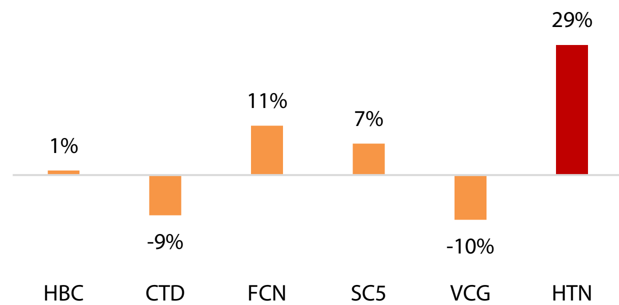
HTN recorded solid growth during 2016 – 2020 and outpaced other local general contractors (Figure 4). From our view, many large scaled projects from Hung Thinh Land in last 5 years allowed HTN to grow strongly. Some notable projects (contract value > VND 700 Bn or USD 30.4 Mn) included Florita (VND 725 Bn or USD 31.5 Mn), Sky Center (VND 1,002 Bn or USD 43.5 Mn), SaigonMia (VND 1,539 Bn or USD 67 Mn). Moreover, HTN' size (revenue in 2016 was VND 948 Bn or USD 41 Mn) compared to its peers' top line (from VND 1,200 Bn to VND 20,800 Bn or from USD 52 Mn to USD 910 Mn) allowed them to quickly scale up while other leading players as HBC and CTD faced difficulty to maintain its growth given its large size. Looking forward, the secured backlog from Hung Thinh Land projects will be key revenue driver for HTN.

Figure 3: Gross profit margin during 2016 – 2020 of selected construction firms



Source: Fiinpro, Rong Viet Securities

Figure 4: Net revenue CAGR during 2016 – 2020 of selected construction firms



Source: Fiinpro, Rong Viet Securities

Note: In order to normalize HTN performance, we use HTN's parent company report to exclude the one-off factor of the real estate segment (HTN recorded revenue and profit by consolidating the revenue of its subsidiary – Binh Trieu JSC from handover of Richmond City project in 2020)

Along with the solid revenue growth, HTN also outpaced leading construction players as CTD and HBC in terms of gross profit margin (Figure 3). This superior performance is driven by its benefit from deeply knowing the product design of Hung Thinh Corp and construction plan from the beginning, which helps HTN to reduce unnecessary cost. As per management, this benefit is expected to continue in the future as Hung Thinh Land prioritize on boosting revenue, lessening land acquisition cost (main cost of real estate developers) and support other companies in Hung Thinh ecosystem. We can clearly see the advantage of HTN when compared to HBC and CTD performance. Specifically, their gross profit margin reduced from 2018, which was mainly due to limited new residential launches given the cool-down of real estate market and ongoing competition from other private contractors.

Potential profits by expanding to new segment – infrastructure construction

At end of 2020, Hung Thinh Incons signed a strategic corporation with Deo Ca Group. It is considered as a big turning point for both sides working together in construction and infrastructure. Specifically, this agreement marked HTN's expansion of market and industries from construction of civil and industrial works to infrastructure, transportation, basic construction materials and new material technology.

From our view, this next-step will not only allow HTN to diversify its revenue source but also lessen the concentration risk (focus mainly on residential contract of Hung Thinh Land) and market risk (cool down of the residential real estate market).

On this phase, the information of the structure and HTN benefit from this strategic corporation are still limited. However, we consider it as potential upside for HTN in the long term. The current information of partnership between Deo Ca and Hung Thinh Corp in Tan Phu – Bao Loc Expressway is a starting point for further collaboration in upcoming times (Figure 5).

Figure 5: Tan Phu – Bao Loc Expressway

Source: Rong Viet Securities

- **Name:** Tan Phu – Bao Loc Expressway (67km-long road has four lanes connecting Dong Nai and Lam Dong provinces)
- **Investors:** Deo Ca, Hung Thinh Corporation and Nam Mien Trung
- **Total investment:** VND 19,470 Bn (~ USD 850 Mn)
- **Format:** Public-private partnership (PPP)
- **Investment period:** 2021 – 2025

RISK

Cooling down of the real estate market: The slow down of real estate market will negatively impact Hung Thinh Land as they are unable to execute projects as planned. Therefore, the project development progress would be slower than expected and strongly affect HTN business performance.

The comeback of Covid-19: The return of Covid-19 at end of May raises our concern. If the Covid-19 fourth wave is lengthened, it would definitely impacted negatively on business results given the interruption of construction activities.

COMPANY OVERVIEW

Focusing on civil construction

Hung Thinh Incons participates in construction projects with the role as general contractor. In particular, they execute all works including technical design, supply of materials and equipment, project construction until delivery to the developer. They are considered as construction arm of Hung Thinh Corp ecosystem (Figure 6).

Figure 6: Hung Thinh Corporation ecosystem

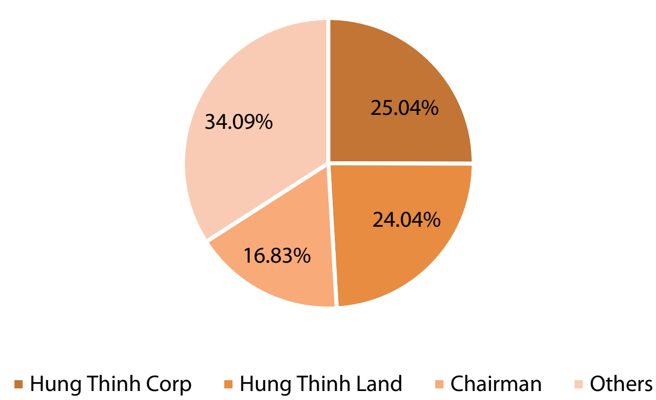
Source: Hung Thinh Land

HTN has signed a strategic collaboration agreement with Deo Ca, whose experience is in infrastructure construction. The collaboration will allow HTN to enter into infrastructure construction, which is totally different from its traditional business, with the less risk.

Ownership structure – 66% stake is controlled by Hung Thinh related parties

HTN ownership structure is condensed when Hung Thinh related parties hold 66% stake. Specifically, Hung Thinh Corp., Hung Thinh Land, and Mr. Nguyen Dinh Trung (HTN's Chairman) hold 25%, 24%, and 17% stake, respectively (Figure 7).

Figure 7: HTN's current shareholder structure



Source: Hung Thinh Incons, RongViet Securities

Corporate milestone

2007

Established Hung Thinh Design - Construction Co., Ltd.

HUNG THINH INCONS

2010

Began construction of the first **high-rise residential project** - Thien Nam Apartments.

2012

Began construction of the **first model urban area** in the Northern Cam Ranh Peninsula with an area of 79 hectares.

2013

Became the general contractor of the first **high-end apartment project** – 91 Pham Van Hai Apartments.

2015

Developed into a professional general contractor with many large-scale projects:

(1) Florita Apartments | (2) Vung Tau Melody Apartments | (3) SaigonMia Apartments

2018

On October 24th, 2018, Ho Chi Minh City Stock Exchange (HOSE) had a decision to approve for the listing of HTN's shares.

2020

Signed a strategic cooperation agreement with Deo Ca Group (Dec 31st 2020).

HUNG THINH INCONS

DEOCA GROUP

Hung Thinh Incons JSC is ranked as one of the top construction companies in Vietnam as well as the Top 5 listed construction companies on HOSE in 2020 (based on revenue and profit in 2020)

Source: Hung Thinh Incons

FINANCIAL ANALYSIS

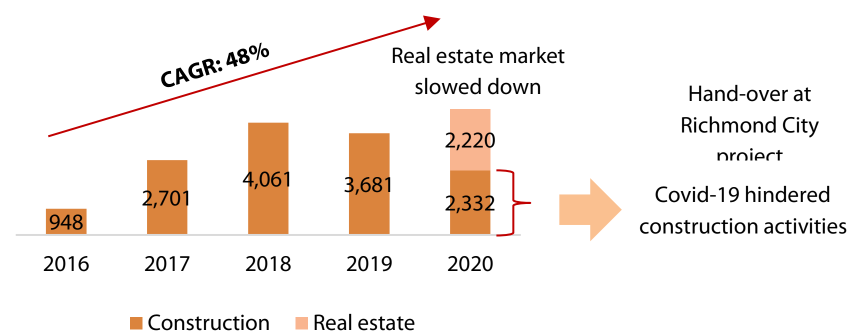
Construction segment was key growth engine during 2015 - 2018

This segment uplifted HTN business performance thanks to the large project pipeline of Hung Thinh Land. Moreover, the booming of real estate market during 2015 – 2018 allowed construction firms, including HTN to experience three-digit growth (CAGR of 148%).

The slowing down of real estate markets given the slower licensing procedures negatively affect the construction activities in 2019 - 2020. It explained for the shrink of this segment performance in 2019 - 2020. HTN's revenue, however, still reported a CAGR of 48% in 2016 – 2020 while other constructors such as HBC and CTD recorded plummeted results with modest CAGR growth of -9% and 1% in same period.

In 2020, real estate segment (one-off earning) was factor to help HTN maintain its growth. It accounted for nearly 50% of the HTN's revenue in 2020 thanks to HTN's subsidiary business performance (Figure 8). Specifically, HTN consolidated the revenue of Binh Trieu JSC (HTN owns 95.24% stake ownership) via its delivery of the Richmond City project. In 2020, 79% of the units are delivered (total of 889 units).

Figure 8: HTN's net revenue during 2016 – 2020



Source: Hung Thinh Incons, Rong Viet Securities

Figure 9: Richmond City project

- **Developer:** Binh Trieu JSC (HTN owns 95%)
- **Total project value:** VND 2,133 Bn (or USD 97 Mn)
- **Location:** No.79 Nguyen Xi, Binh Thanh Dist., HCMC
- **Component:** 3 blocks (2 apartment blocks + 1 office-tel block) with 889 units
- **Selling price:** VND 24 Mn – VND 43.6 Mn
- **% Hand-over in 2020:** 79%

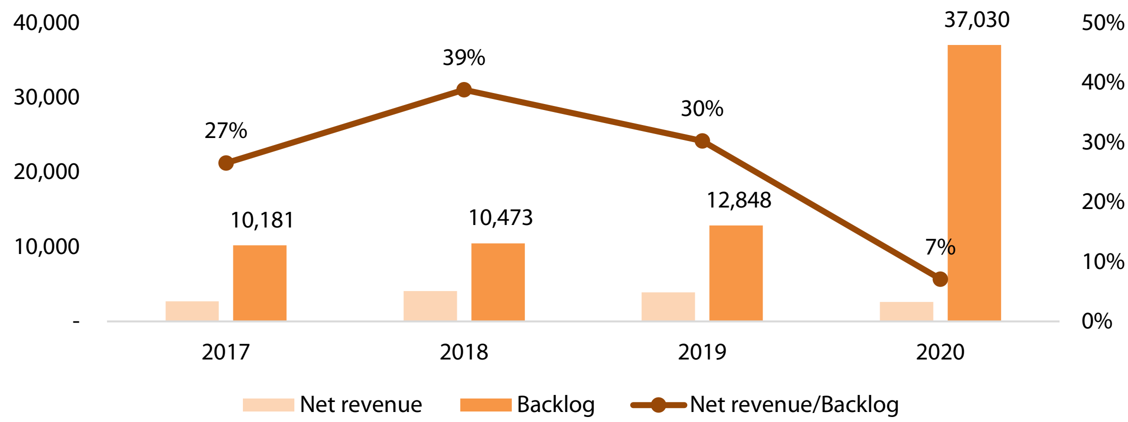
Source: Hung Thinh Incons, Rong Viet Securities

Large backlog value in 2020 will be good source for revenue recognition in next two years.

Management shared that the backlog was VND 37,030 Bn (or USD 1,6 Bn) at end of 2020, implying the CAGR 2017 – 2020 of 22% (Figure 10). Despite of that, the revenue/backlog conversion ratio reduced significantly from 2018. We noted that the pending of construction activities from Covid-19 interruption was main reason to such a low ratio.

The revenue recognition of these backlogs would be fairly assured as the construction progress of large projects such as Q7 Saigon Riverside Complex, Ho Tram Complex, Vung Tau Pearl, Quy Nhon Melody,.... is still on track.

Figure 10: HTN's net revenue (parent company) and backlog from 2017 – 2020



Source: Hung Thinh Incons

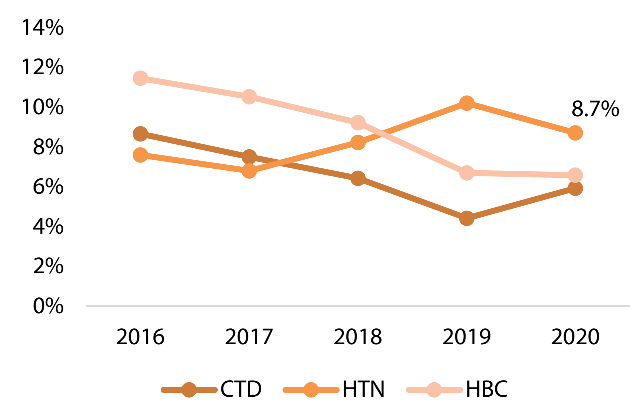
Gross profit margin from construction segment outpaces that of peers

The gross profit margin of top developers as CTD, HBC shrink as a result of fierce competition in bidding process when fewer projects are launched during 2018 - 2020. In that condition, HTN still recorded positive results thanks to the contribution of real estate segment in 2020 given its gross profit margin of 27%. As a result, HTN recorded overall gross profit margin of ~19% in 2020.

Excluding the real estate segment, the gross profit margin of HTN still outpaced other civil construction players, namely HBC and CTD (Figure 11). This superior performance is driven by its benefit from knowing the product design of Hung Thinh Corp and construction plan from the beginning, which helps HTN to reduce unnecessary cost. As per management, this benefit is expected to continue in the future as Hung Thinh Land prioritize on boosting revenue, lessening land acquisition cost (main cost of real estate developers) and support other companies in Hung Thinh ecosystem. We can clearly see the advantage of HTN when compared to HBC and CTD performance. Specifically, gross profit margin of both HBC and CTD reduced from 2018, which was mainly from few new residential launches given the cool-down of real estate market and ongoing competition from other private contractors.

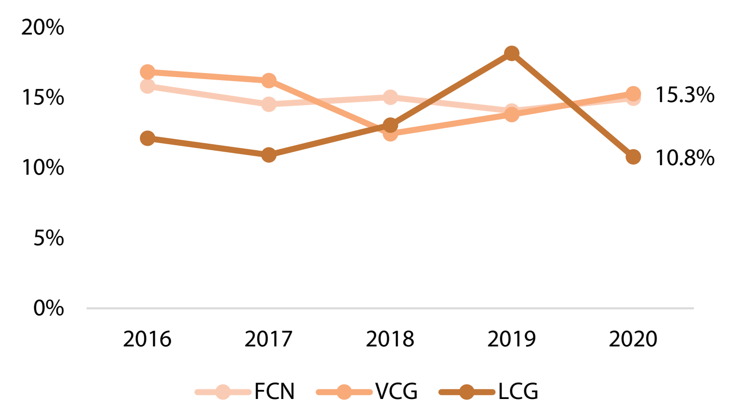
For upcoming years, without contribution from real estate project, we estimate the gross margin of HTN to vary on 6.5% to 8%. In foreseeable outlook, we also expect the further gross margin improvement for HTN given it enters into infrastructure sector. As we can see from figure 12, most infrastructure construction firms reported gross margin of above 10%.

Figure 11: Gross profit margin of selected construction firms during 2016 to 2020 (after excluding real estate segment)



Source: Fiinpro, RongViet Securities

Figure 12: Gross profit margin of notable infrastructure construction firms during 2016 to 2020

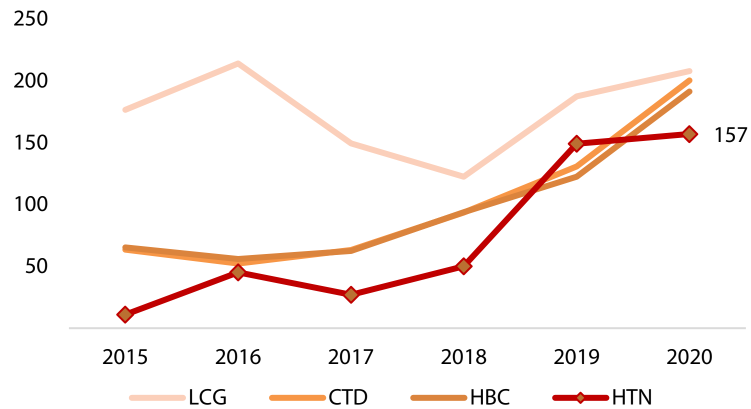


Source: Fiinpro, RongViet Securities

Account receivable days are still lower than peers

As the construction industry was stagnant during 2018 – 2020 given the cool down of real estate market, general contractors had difficult to collect money from customers (real estate developers) reflecting on the gradual increase of AR days (Figure 13). In that situation, we had good view on HTN collection ability given the slower performance of CTD and HBC. Moreover, the expansion to new segment – infrastructure construction may allow HTN to reduce concentration risk by diversifying its revenue sources.

Figure 13: Account receivable (AR) days of selected construction firms during 2015 to 2020

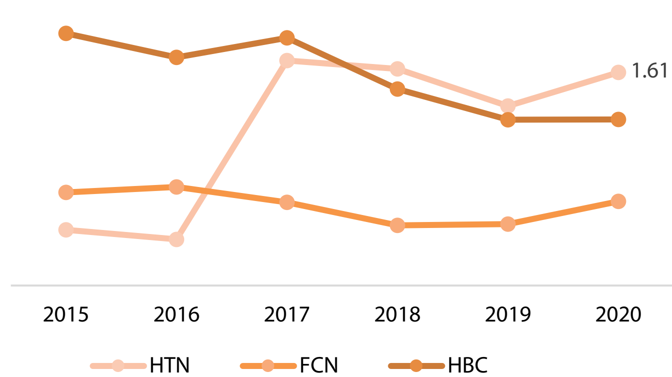


Source: Fiinpro, RongViet Securities

Leverage: High debt/equity ratio but it would be reduced from 2021

During 2015 – 2020, HTN recorded high leverage ratio, which was higher than its peers (Figure 14). It definitely stressed out its bottom line given the higher interest expense. However, this ratio would be lower in 2021 (from 161% in 2020 to 137% in 2021) when HTN successfully increased its equity via share issuance to current shareholders at ratio of 2:1 (price at VND 17,000/share) in Q1 2021.

Figure 14: Debt/Equity ratio of construction firms during 2015 – 2020

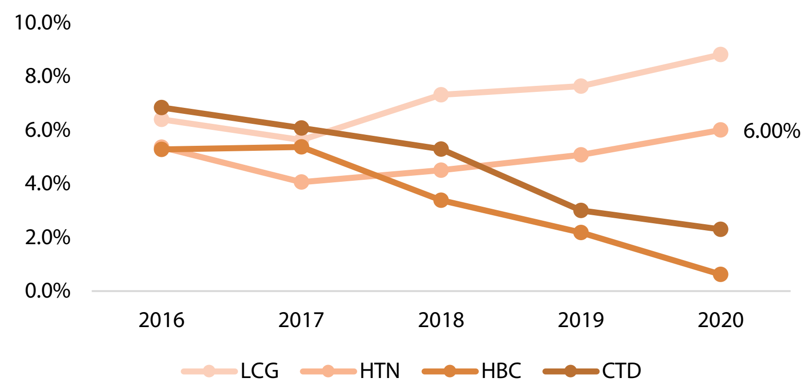


Source: Fiinpro, RongViet Securities

Profitability: Resilient NPAT margin performance

During 2016 – 2020, the NPAT margin of HTN was better than its peer in general (Figure 15). This performance was come from two main factors including (1) Better gross margin of HTN versus its peers as we mentioned earlier, (2) The financial income from the partnership with Hung Thinh Quy Nhon (subsidiary of Hung Thinh Corp) in 2020. In 2021, the profit from this partnership would be continuously added to the financial income as the 18-month contract (started from Jan 1st 2020) end date is within June 2021 (the interest rate is 1.75%/month on total contributed capital of VND 300 Bn (or USD 13 Mn) to Hai Giang project).

Figure 15: NPAT margin of construction firms during 2015 – 2020



Source: Fiinpro, RongViet Securities

Note: For 2020, we used NPAT margin of HTN' parent company result to eliminate the one-off factor of real estate segment profit

2021 – 2022 Outlook: The strong recovery of construction segment

During 2021, we expect HTN to record net revenue and NPAT of VND 6,330 Bn (or USD 274 Mn, +39% YoY) and NPAT-MI of VND 212 Bn (or USD 9 Mn, -39% YoY). In which, the construction segment would be mainly driven by 11 large scale projects (contract value > VND 600 Bn or USD 30.4 Mn).

From our view, the revenue recognition would be fairly certain as most of the projects were signed and on construction progress. In 2021, HTN will also record VND 230 Bn (or USD 10 Mn) revenue from selling commercial center at Richmond City. Specifically, we expect the revenue and profit of this project will contribute 4% and 11%, respectively, on the revenue and NPAT-MI of HTN. The larger contribution on NPAT-MI versus revenue of HTN is due to the better net margin of real estate project (approx.10%) compared to construction segment of the company (from 4% to 5% during 2015 – 2019)

Table 1: 2021 – 2022 forecast

Unit : VND Bn	2020	2021F	2022F	Assumptions
Net revenue	**4,552**	**6,330**	**12,034**	
% YoY	*24%*	*39%*	*90%*	
Construction	2,218	6,097	12,027	**2021 – 2022:** Strong profit recognition period with secured projects
Real estate	2,332	230	4	**2021**: Deliver commercial center within Richmond project with estimated value of VND 230 Bn (or USD 10 Mn). The total project value of Richmond City is VND 2,133 Bn (or USD 97 Mn). In 2020, 79% of the units were delivered. **2022:** Revenue from delivering 3 condos at Richmond City with value of VND 4.13 Bn (or USD 0.2 Mn)
Others	2	2	2	Flat movement given its small contribution
Gross profit	**881**	**506**	**905**	
Gross profit margin	*19.3%*	*8.0%*	*7.5%*	**2020:** Gross profit margin (GPM) is boosted thanks to the handover of Richmond City (GPM: ~26%) while construction segment gross margin was much lower at 8.7% **2021**: GPM is partly supported by real estate segment but at lower level than 2020 given the smaller contribution from real estate segment **2022:** GPM is back to normalized level (from 6.5% to 8%)

SG&A	**291**	**140**	**164**	**2020:** Abnormal selling expense (VND 182 Bn or USD 8 Mn) was recorded by consolidating the selling expense of HTN's subsidiary - Binh Trieu JSC. Previously, HTN had no selling expense **2021-2022:** We reduce the selling expense with the assumption that Binh Trieu JSC will deliver Richmond City project including commercial center in 2021 and three condos in 2022.
EBIT	**590**	**367**	**741**	
EBIT margin	*12.9%*	*5.8%*	*6.2%*	
NPAT-MI	**345**	**212**	**485**	
% YoY	*84%*	*-39%*	*129%*	
Adjusted EPS (VND)	**10,281**	**4,285**	**9,793**	

Source: Rong Viet Securities

VALUATION

We deploy the PE and PB methods to evaluate HTN stock as the detailed information on new projects (timeline, value and workload of HTN) are yet to disclose. Our fair value estimate for HTN arrives at **VND 41,600** per share at target **P/E of 11.6x** (based on peers) and target **P/B of 1.14x** (higher than peers given HTN's advantage from large projects pipeline of Hung Thinh Land and its expansion on infrastructure construction segment), implying stock return of **19%** versus the closing price of VND 35,100 at July 9th 2021.

Our forecasts and valuation have not incorporated the potential of newly signed contract of HTN – which could expand HTN's profits during 2021 and 2022 due to its uncertain execution timeline.

Table 2: Peers comparison (price as of June 29th 2021)

Company	Market cap (VND Bn)	Net sale growth TTM	ROA TTM	ROE TTM	P/B TTM	P/E TTM
CTD	4,821	-27.72%	2.80%	4.66%	0.58	12.50
HBC	3,613	-7.31%	0.50%	1.88%	1.00	47.14
LCG	1,527	13.75%	6.12%	19.84%	0.83	4.32
FCN	1,537	35.63%	1.89%	4.95%	0.68	12.11
SC5	315	-4.06%	1.79%	10.99%	0.88	8.33
VCG	19,879	-4.85%	9.74%	24.33%	2.97	11.07
Mean (excl. Min & Max)	**2,874**	**-0.62%**	**3.15%**	**10.11%**	**0.85**	**11.00**
Median (excl. Min & Max)	**2,575**	**-4.06%**	**2.34%**	**7.97%**	**0.86**	**11.59**
HTN	1,862	9.48%	5.21%	27.14%	1.42	4.44

Source: Fiinpro, Rong Viet Securities

Table 3: Valuation summary

Methodology	Weights	Price
P/E target at 11.59	50%	49,700
P/B target at 1.14	50%	33,600
Target price		**41,600**

Source: Rong Viet Securities

Unit: VND billion

PROFIT & LOSS STATEMENT	2019	2020	2021F	2022F
Revenue	**3,681**	**4,552**	**6,330**	**12,034**
COGS	-3,292	-3,672	-5,824	-11,129
Gross profit	**388**	**881**	**506**	**905**
Selling expenses	0	-182	-18	0
G&A expenses	-93	-109	-122	-164
Financial income	5	72	48	20
Financial expense	-75	-225	-155	-162
Other income/loss	12	7	7	7
Gain/(loss) from joint	0	0	0	0
Profit Before Tax	**238**	**444**	**267**	**606**
Tax expense	-51	-86	-53	-121
Minority interests	0	13	1	0
Profit After Tax	**187**	**345**	**212**	**485**
EBIT	296	590	367	741
EBITDA	309	607	381	755

Percentile changes	2019	2020	2021F	2022F
Growth				
Revenue	-9.4%	23.7%	39.1%	90.1%
EBITDA	8.1%	96.4%	-37.3%	98.4%
EBIT	7.4%	99.3%	-37.8%	102.2%
PAT	2.3%	84.2%	-38.5%	128.6%
Total assets	31.9%	6.2%	27.4%	75.3%
Total equity	21.1%	38.3%	43.7%	33.2%
Profitability				
Gross margin	10.6%	19.3%	8.0%	7.5%
EBITDA margin	8.4%	13.3%	6.0%	6.3%
EBT margin	8.0%	13.0%	5.8%	6.2%
Net margin	5.1%	7.6%	3.4%	4.0%
ROA	4.1%	6.4%	3.4%	5.0%
ROCE	39.4%	65.4%	46.6%	42.8%
ROE	27.9%	39.4%	27.9%	28.5%
Efficiency				
Receivables turnover	1.7	1.5	1.9	2.1
Inventories turnover	2.0	2.3	5.1	3.7
Payables turnover	1.3	1.0	1.9	2.1
Liquidity				
Current	1.1	1.1	1.2	1.2
Quick	0.7	0.8	0.8	0.8
Finance Structure				
Total debt/equity	135.7%	160.9%	84.5%	108.6%
ST debt/equity	134.9%	160.6%	84.3%	108.4%
LT debt/equity	0.8%	0.3%	0.2%	0.2%

Unit: VND billion

BALANCE SHEET	2019	2020	2021F	2022F
Cash and cash equivalents	308	123	469	331
Short-term investments	0	51	0	0
Accounts receivable	2,761	3,447	3,993	7,592
Inventories	1,797	1,426	2,057	3,931
Other current assets (inc. non-trade receivables)	223	103	165	165
Property, plant & equipment	55	276	262	248
Acquired intangible assets (Inc. Goodwill)	25	22	19	16
Long term investments	0	0	0	0
Other non-current assets	47	93	93	93
Total assets	**5,217**	**5,542**	**7,060**	**12,377**
Accounts payable	3,467	2,868	4,341	8,295
Short-term borrowings	991	1,630	1,230	2,108
Long-term borrowings	6	3	3	3
Other non-current liabilities	0	3	4	4
Bonus and Welfare fund	0	0	0	0
Technology-science development fund	19	22	22	22
Total liabilities	**4,483**	**4,527**	**5,600**	**10,432**
Common stock and APIC (additional paid in capital)	376	376	632	632
Treasury stock (enter as -)	0	0	0	0
Retained earnings / accumulated deficit	333	600	812	1,297
Other comprehensive income / (loss)	0	0	0	0
Investment and Development Fund	10	15	15	15
Total equity	734	1,015	1,460	1,944
Minority Interest	16	25	0	0

CASH FLOW STATEMENT	2019	2020	2021F	2022F
Profit before tax	238	444	267	606
Depreciation	8	14	14	14
Adjustments	-25	-155	-53	-121
Change in Working capital	-449	-759	234	-1,518
Net Operating CFs	-228	-457	461	-1,019
Change in Fixed Asset	9	-224	0	0
Change in Deposit, equity investment	32	-51	0	0
Interest, dividend, cash profit received	-35	-28	0	0
Net Investing CFs	7	-302	0	0
Change in Capital	43	0	164	0
Change in Debt	4	637	-400	878
Dividend paid & other	-87	-63	112	4
Net Financing CFs	-39	574	-124	881
Beginning cash & equivalents	569	308	132	469
Change in cash & equivalents	-261	-185	337	-138
Ending cash & equivalents	316	132	469	331

Initial Coverage

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	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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