RONGVIET SECURITIES

August, 2016

Imexpharm Pharmaceutical JSC (IMP – HSX)

Growth engines from the EU - GMP factories

- High-quality manufacturer - a different business path
- Circular No. 01/2012 /TTLT BYT-BTC - A strong headwind
- After the rain comes the sun
- Long-term investment as demand for quality drugs increases

Outlook and Valuation:

IMP is the third largest pharmaceutical company in terms of market capitalization and revenue, with business concept that focuses on manufacturing high quality products. Because sales from ETC (Ethical channel) accounted for a big proportion of total revenue before 2013, the business in recent years was significantly affected by Circular No. 01/2012/TTLT BYT-BTC guiding the drugs bidding procurement in the medical facilities. However, as its 2 plants are about to qualified for EU-GMP standard at the end of this year, IMP expects to see ETC sales bounce back strongly, starting in 2017.

Unlike most companies in the industry, IMP has been constantly invested in high technology factories. By 2019, IMP should have 4 factories complying with EU-GMP standard and a relatively diversified product pipelines. Improved distribution system and higher demand for high quality drugs are another plus. Therefore, we are optimistic about the long term prospects of the company.

Using the discounted cash flow method, we determine the fair price of IMP to be **VND50,400/share**, 7.5% lower than the closing price on 15 August 2016. Investors may consider buying when stock price is adjusted to a more attractive level to reflect their unimpressive business results in the first 6 months.

Key financials

Y/E Dec (VND bn)	FY2014	FY2015	FY2016F	FY2017F
Net Revenues	897.1	964.3	1,006.9	1,129.8
% chg	6.6%	7.5%	4.4%	12.2%
PAT	85.8	92.9	95.5	134.0
% chg	41.5%	8.3%	2.8%	40.3%
EBIT margin (%)	9.6%	9.6%	9.5%	11.9%
ROA (%)	9.0%	8.8%	7.2%	8.4%
ROE (%)	11.3%	10.9%	8.5%	9.9%
EPS (VND)	3,421	2,729	2,580	2,915
Adjusted EPS (VND)	2,964	2,729	2,580	2,915
Book value (VND)	30,277	31,332	34,208	35,392
Cash dividend (VND)	1,800	2,000	1,800	2,000
P/E (x)	12.2	13.7	21.1	18.7
P/BV (x)	1.4	1.2	1.6	1.5

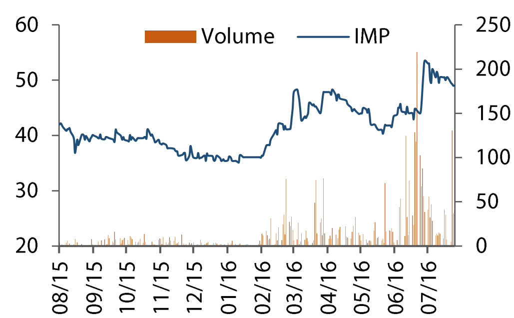
*Sources: IMP, RongViet Research estimated * Accounted for welfare provision expense and computed based on total share number on 15 August 2016.*

NEUTRAL

CMP (VND)	54,500
Target Price (VND)	50,400
Investment Period	**Long-term**

Stock Info

Sector	Pharmaceutical
Market Cap (VND bn)	1,577
Current Shares O/S	28,942,646
Beta	0.6
Free float (%)	42
52 weeks High	54,500
52 weeks Low	36,700
Avg. Daily Volume (in 20 sessions)	35,193



Performance (%)

	3M	1Y	3Y
IMP	8	17	
VNIndex	5	6	16
VN30 Index	7	14	31

Major Shareholders (%)

Vinapharm	23.75
Pha No Pharmaceutical JSC	9.09
FTIF – Templeton Frontier Markets Fund	8.49
KWE Beteiligungen AG	7.31
Balestrand Limited	6.03
Amersharm Industries Limited	4.62
Foreigner Investor Room (%)	49

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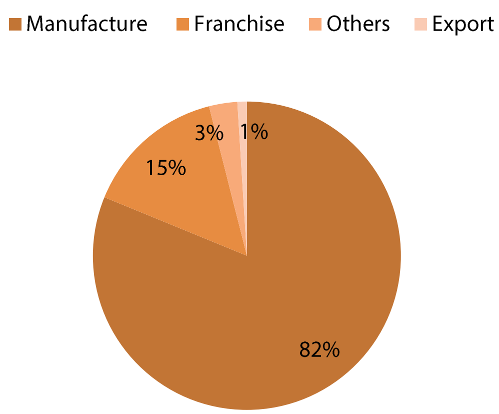
Positioning as high-quality manufacturer

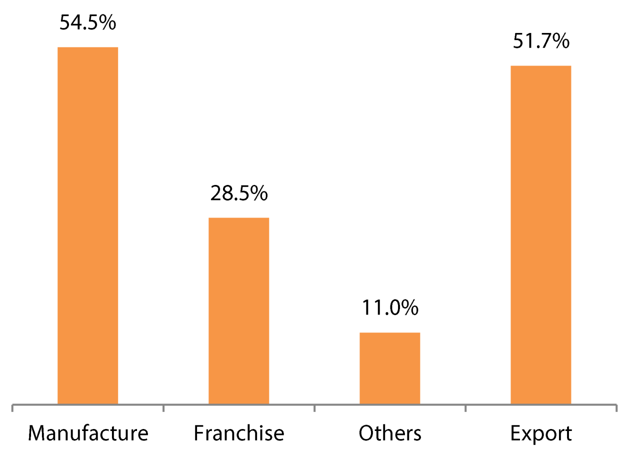
Imexpharm Pharmaceutical Joint Stock Company (IMP) specializes in wholesaling, manufacturing, importing and exporting pharmaceutical products, chemicals, medical appliances, etc. The Company is one of the five largest domestic pharmaceutical companies and accounts for approximately 3% market share with annual revenue of about VND 1,000 billion.

Figure 1: Manufactured products (distributd through OTC & ETC) and franchise products account for the largest shares in revenue



Source: IMP financial report 2015

Figure 2: Gross margin of each segment



Source: IMP financial report 2015

Table 1: Revenue structure by products

Products	2010	2011	2012	2013	2014
Antibiotics	54%	53%	61%	57%	49%
Anti-infammation Acesodyne	22%	20%	14%	16%	18%
Digestive system, liver and bile	10%	10%	11%	12%	11%
Respiratory	4%	5%	5%	7%	9%
Vitamin	2%	11%	8%	8%	6%
Others	8%	1%	2%	0%	7%

Source: IMP annual report

Unlike most listed pharmaceutical companies that choose to produce cheap products, IMP positions itself as a high-quality manufacturer. Therefore, the company invests a lot in:

(1) Raw materials

Using cheap materials will affect the quality of the active ingredients and the drug, and thus increase the duration of treatment for patients. Therefore, Imexpharm always prioritizes raw materials from famous manufacturers in Europe and America, from which the medicines quality reached high stability. When the company are unable to order from these countries, materials will be imported from European factories located in China instead. Once materials are imported, quality control still continues and unqualified ones will be returned.

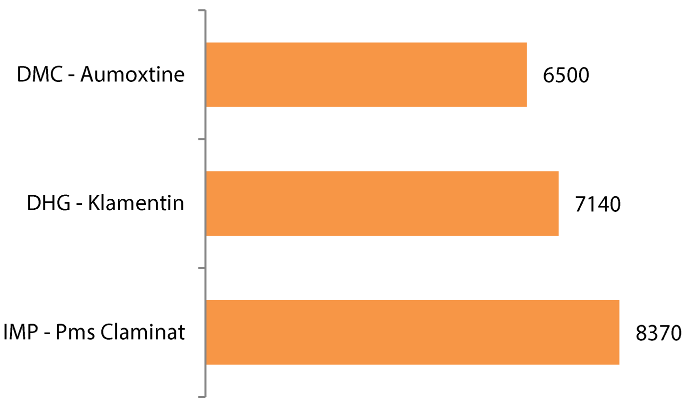
(2) Processing technology

The better the technology, the higher the drugs' purity. IMP has always been a pioneer in constructing factory with modern technologies and standards. For example, the key products of IMP such as Pms-Claminat, Pms-Probio, and parenteral antibiotics are produced by Spain's Enzymatic technology.

Compared to traditional chemical reaction method, this technology significantly reduces byproducts and impurities, and thus minimizes the side effects of the drugs.

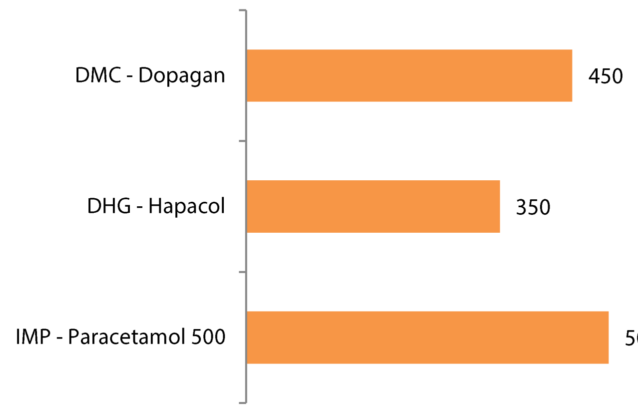
Due to the use of high-quality materials and high technology, the price of IMP products is typically higher than that of other companies in the industry.

Figure 3: Wholesale price of Amoxicillin 500 + Acid Clavulanic 125 product



Source: Vinapharm

Figure 4: Wholesale price of Paracetamol 500 products



Source: Vinapharm

With this chosen path, IMP focus on introducing its products to professionals (doctors and pharmacists) because they are the ones who understand the drugs quality and directly give prescription for patients. This strategy is also based on the habits of Vietnamese; when they catch the same fever, instead of revisiting the doctor, they tend to cure themselves by using the medicines prescribed by the doctor in the first time. To attract professionals' attention, IMP: (1) regularly organizes drugs introduction seminars and (2) pushing drugs selling on ETC (Ethical channel). The company determines ETC as its main promotional and distribution channel.

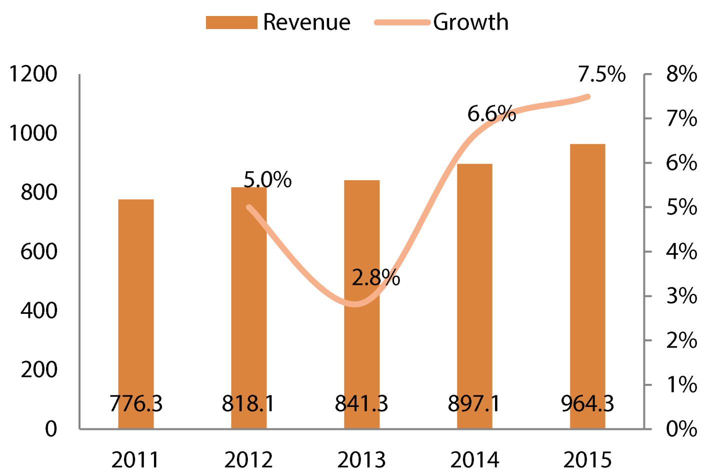
Circular No. 01/2012 /TTLT BYT-BTC - A strong headwind

From 2012 onwards, as its drugs have high quality and high price, IMP mainly sold the products through ETC. However, due to the advent of Circular No.01/2012 /TTLT-BYT-BTC guiding the drugs bidding procurement in the medical facilities (please see further in the Appendix), IMP business was significantly influenced.

Slower growth compared with other companies in the same industry

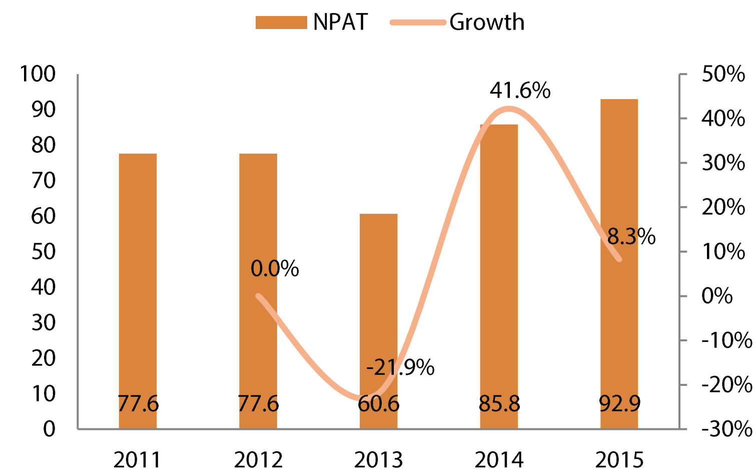
According to Circular 01, of all the drugs that overcome the technical hurdle rate (a mediocre 70%), the drug with lowest price wins the bid. Having high price, IMP products become less competitive. As a consequence, revenue from ETC suffered a huge drop, and this affected the overall revenue growth. CAGR of Imexpharm revenue in 2011-2015 periods was 4.4% only - much less than that of DHG (7%) or DMC (12%).

Figure 5: IMP revenue 2011-2015 period (in bn VND)



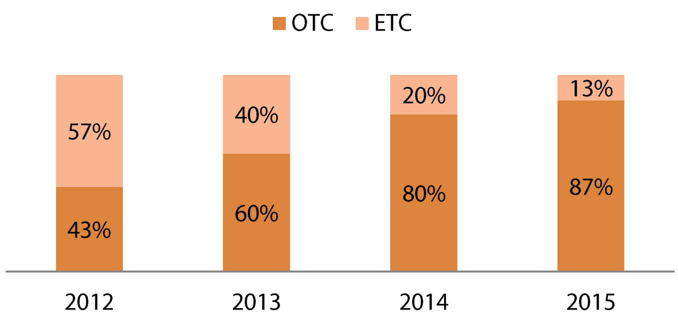
Source: IMP financiall report

Figure 6: IMP NPAT 2011-2015 period (in bn VND)



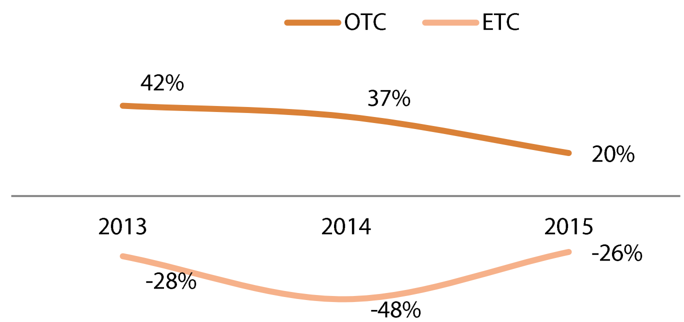
Source: IMP financial report

Figure 7: OTC-ETC revenue structure 2012-2015 period



Source: IMP annual report

Figure 8: Growth of OTC and ETC revenue 2012-2015 period



Source: IMP annual report

Low ROE as the plants running at low capacity

Compared to DHG that has similar capital structure, IMP has much lower ROE. Using DuPont analysis, we noticed the reasons are as follows:

Table 2: Dupont analysist of IMP and DHG

	ROS		Sales/Asset		Asset/Equity		ROE	
	IMP	DHG	IMP	DHG	IMP	DHG	IMP	DHG
2012	9.5%	16.6%	0.95	1.23	1.21	1.41	10.9%	28.8%
2013	7.2%	17.4%	0.97	1.10	1.20	1.55	8.4%	29.7%
2014	9.6%	13.6%	0.87	1.12	1.29	1.53	10.8%	23.4%
2015	9.6%	14.2%	0.88	1.23	1.20	1.33	10.2%	23.3%

Source: Rongviet Research

(1) Low ROS due to high selling expense

Before 2015, IMP included commercial discounts and price discounts with conditions in its selling expense, while other companies did not. Since 2015, Circular 200 required these 3 categories to be recorded separately, and this made selling expense more comparable among different companies. In 2015, selling expense of IMP was equal to 19.1% of total revenue, while the number for DHG and DMC was only 11% and 10.2%, respectively.

(2) Low assets turnover

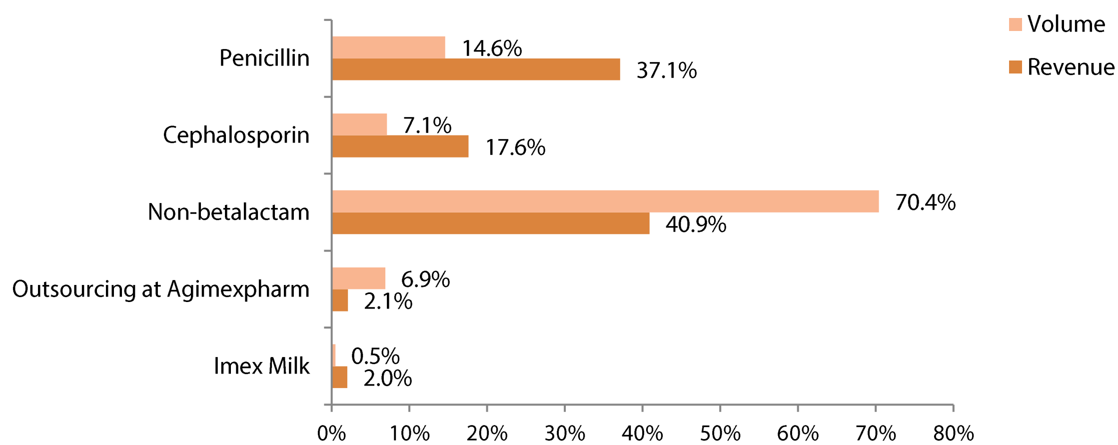
IMP factories, particularly Injectable Penicillin and Cephalosporin factories in Binh Duong, has been operating at low capacity as the products of these factories can only be sold mostly through ETC. Currently, Injectable Cephalosporin line runs at about 15-20% of designed capacity, while the Injectable Penicillin line is completely inactive.

Table 3: IMP's plants capacity

Plants	Standard	Designed capacity	Running capacity
1. Cephalosporin (Binh Duong)	EU-GMP(waiting for certification)		20-30%
- Injectable		24 million bottles	15-20%
- Capsule		800 million units	
2. Penicilin			
- Injectable (Binh Duong)	EU-GMP(waiting for certification)	4 million bottles	0%
- Capsule (Dong Thap)	WHO-GMP	500 million units	70%
3.Non-betalactam (Dong Thap)	WHO-GMP	1,200 million units	100%

Source: IMP, Rongviet Research

Figure 9: Revenue and volume contribution of each factory in 2015



Source: IMP financial report

After the rain comes the sun

After hitting bottom in 2015, ETC revenue will bounce back, starting 2016, especially in 2017, and gradually make greater contribution to the total revenue.

(1) Law No.105/2016/QH13 on pharmacy (applicable on July 1st, 2017), Chapter II, Article 7, Clause 4 states: not open bidding for imported drugs when domestic drugs meet the requirements of treatment, price and availability. At the present, domestic pharmaceutical production meets only about 50% of the national demand, the rest is imported. Therefore, this regulation would create major competitive advantage for companies oriented selling drugs through ETC like IMP over foreign enterprises.

(2) Upgrading plants to EU-GMP standard

Cephalosporin and Penicillin factories (3 production lines in total) are expected to receive EU-GMP certification in August 2016. If everything goes as plan, the products of two plants should be promoted to Tier 2 by this October. In this tier, IMP products primarily competes with high-quality products of foreign companies such as Taiwan and India. As the products are produced in the country, they have price advantage, and thus have higher chance of winning the bid.

Until 24th March 2016, there are only 3 facilities in Vietnam complying with EU-GMP or PIC/S-GMP; that is the production line of Bidiphar (Binh Dinh), Stada (Binh Duong) and Pymepharco (Phu Yen). Referring to the results of the tender drugs to Health facilities in 2014, we noticed the widely presence of these companies' products in Tier 2. Therefore, we expect the same thing to IMP products. To be more specific, we assess the potential of IMP 's Injectable antibiotics in the coming years.

Cefotaxime injections

Table 4: Total Cefotaxim 1g (Injectable) in ETC in 2014

Bidding groups	Amount (bottles)	Price (VND)	Manufacturers	Value (bn VND)
Patent drugs	513,770	63,000	Patheon (UK)	32.4
Tier 1	1,235,827	13,000-38,000	Síp, Canada, Đức	22.5
Tier 2	4,621,420	7,240-12,900	Ấn Độ, VCP, Bidiphar, Tenamyd	43.6
Tier 3	1,630,840	7,100-9,500	Việt Nam, Trung Quốc, Ấn Độ	12.0
Tier 5	473,000	6,900-7,500		3.4
Total	8,474,857			113.9

Source: Rongviet Research

In 2014, the total 1g Cefotaxime injections provided for Health facilities were 8.4 million bottles (equivalent to a value of VND114 billion), of which Tier 2's products have highest demand (55%). Therefore, this segment promises to be the potential revenue stream for IMP. Take Bidiphar, the only Vietnam company in this Tier, as example. The company was able to sell more than 1.35 million bottles, equivalent to a total value of nearly VND11 billion (unit price ranging from VND7,400-8,900/bottle).

Penicillin injections

Table 5: Total Penicillin (Injectable) in ETC in 2014

Bidding groups	Amount (bottles)	Value (bn VND)
Patent drugs	44,800	2.1
Tier 1	391,720	17.9
Tier 2	514,100	28.3
Tier 3	2,112,844	75.9
Tier 5	25,300	0.7
Total	3,088,764	125.0

Source: Rongviet Research

Penicillin injections (with active ingredient such as Amoxicillin, Ampicillin, Cloxacillin or Piperacillin) needed in 2014 were approximately 3.1 million bottles, with a total value of VND125 billion. Of which, the products of Vietnam-China Pharmaceutical Joint Stock Company (VCP) dominated Tier 3 with more than 1.8 million bottles being sold (equivalent to a value of VND66 billion). Tier 2's products accounted for only 17% of the total amount. In other words, the need for IMP's Penicillin injections seems not as high as Cefotaxime injections, assuming drugs consumption of ETC see no major shift in the structure from 2014.

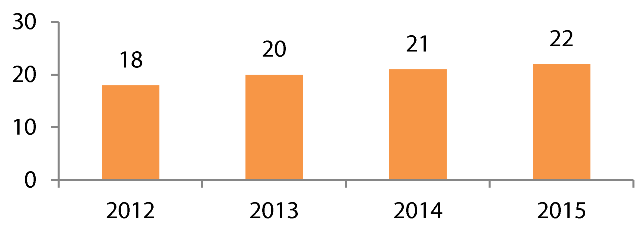
In overall, we appreciate the potential revenue that IMP can obtain by upgrading the plants' standard. This strategy not only increases its ETC revenue significantly, but also helps to improve the running capacity. According to IMP's representative, the company expects Cephalosporin and Penicillin factories in Binh Duong to operate at 50% designed capacity in 2017. Thanks to that, the depreciation cost per unit will be reduced, and profit margin will likely improve.

It typically takes about 3 years to have a factory complying with EU-GMP or PIC/S-GMP. Therefore, most of DHG and DMC's ongoing factories may not be completed until 2018. In this matter, IMP goes ahead of its competitors and should enjoy the result in the coming years.

Distribution systems will be further developed

Due to the late development, IMP's distribution channel is not as broad as DHG's or DMC's. In recent years, the company actively expanded its branch network to boost sales in the OTC, and achieved remarkable growth (42% in 2013, 37% in 2014, and 20% in 2015). IMP currently obtains about 2.5%-3% of the market share.

Figure 10: Number of branches 2012-2015 period



Source: IMP annual report

Besides 2 branches handling administrative work in Binh Duong and Vinh Loc, and Ho Chi Minh branch undertaking import and export activities, IMP currently has 19 branches focusing on drugs distribution. It takes time for the new branches to explore and penetrate the market, as well as build a pharmaceutical representatives team. The distribution channel of IMP thus will get better in the future.

Long-term investment

Imexpharm has been constructing two new plants. Although the management board does not disclose the product lines of these plants, we think that the plant in Binh Duong will focus on specialty products to get ahead in the market, while that in Vinh Loc will produce non-beta-lactam antibiotics to support the existing factory in Dong Thap that already operates at full capacity. These are both necessary complement for IMP. As those factories comply with EU-GMP standard, their products have the flexibility to be either bid on Tier 2 of ETC or sold through OTC, depending on the business situation.

Throughout the development history, IMP has always prioritized technology investment, while other enterprises have not. Although the company faced difficulties in recent years, we believe this is a long-term and sustainable strategy because: (1) the production capacity and technology of the IMP will get ahead of its rivals, and (2) there are more and more people emphasizing the drug quality. By 2019, IMP should have 4 factories complying with EU-GMP standard and relatively diversified product pipelines including specialty drugs, beta-lactam and non-beta-lactam antibiotics. In addition, IMP revenue from the franchise and export segments are expected to see a boost thanks to these factories. As the company completes the construction projects, it can solely focus on manufacturing and selling activities. Effective use of fixed assets will gradually be improved as well.

Table 6: List of ongoing factories

Factory	Standard	Est year of completion	Capital (VND)	Source of capital
1.High-tech pharmaceutical factory (Binh Duong)	EU-GMP	2018	300-370 bn	Issuance for existing shareholders (10:3 ratio), minimum price VND45,000/share

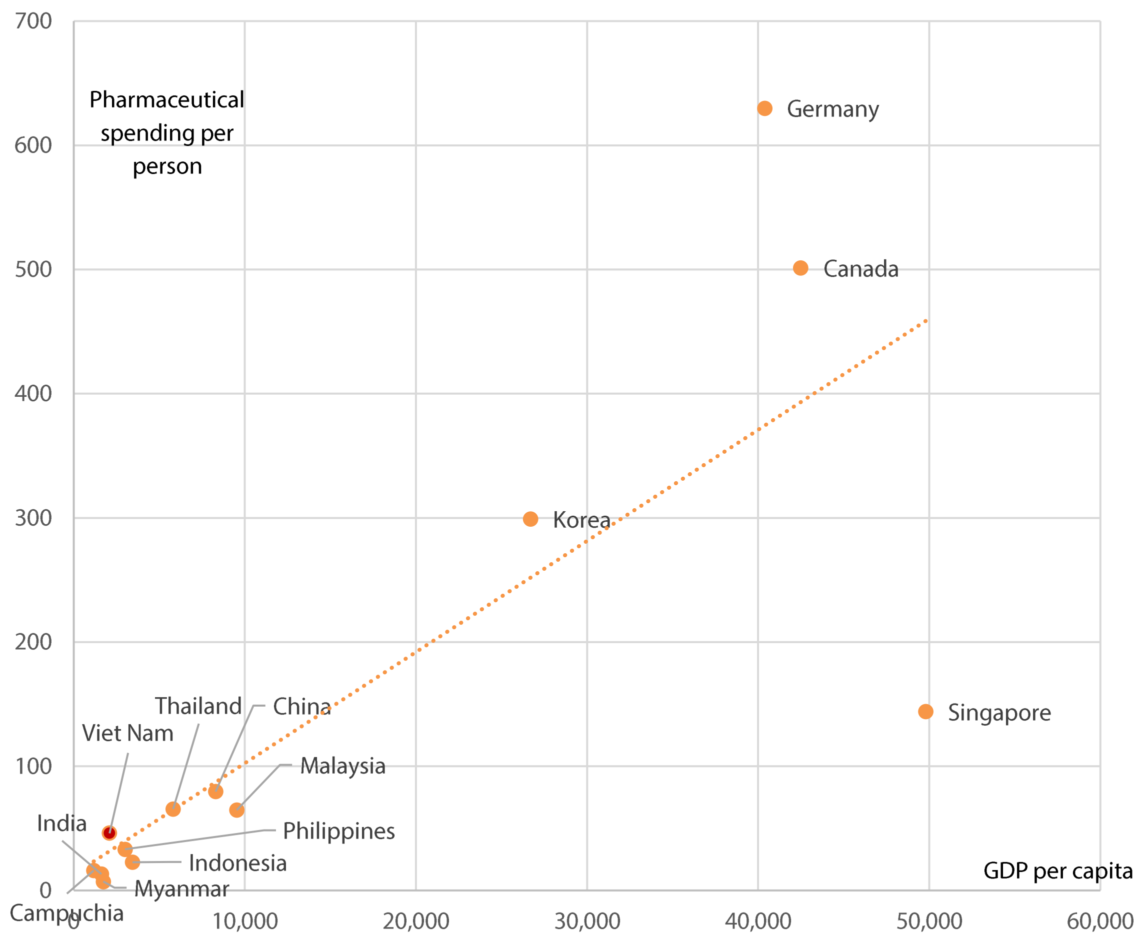
2. High-tech Antibiotics Manufacture (Vinh Loc, Ho Chi Minh)	EU-GMP	2018	250 bn	Capital surplus, Capital accumulated through business operations, and Tech development fund.

Source: IMP, Rongviet Research

Increasing demand for quality drugs

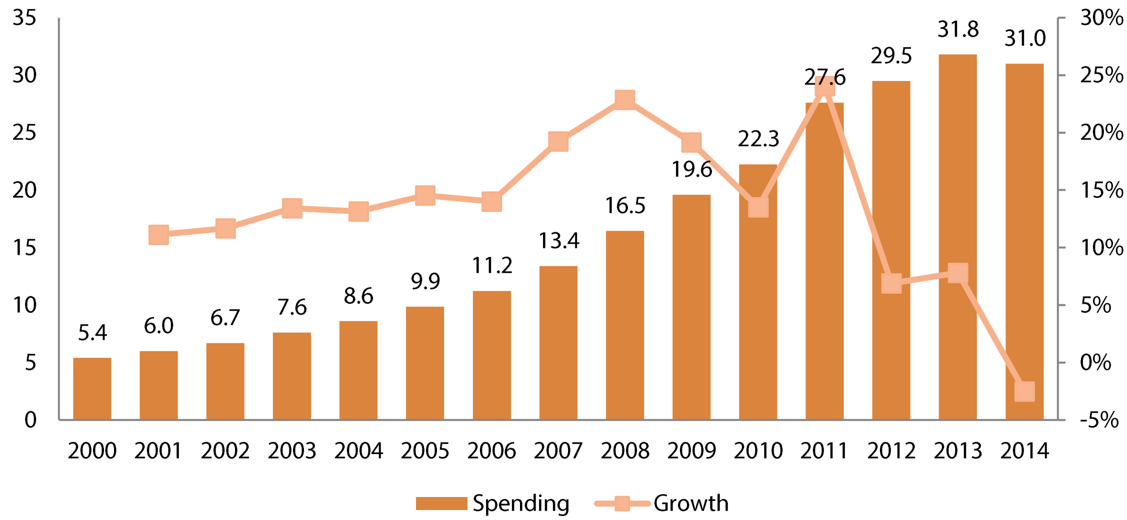
Pharmaceutical drug is a special product as it relates directly to the health of users. Therefore, the higher the income, the more people seeking products with higher quality. Data from BMI shows that pharmaceutical spending of Vietnam as a percentage of GDP is the highest among countries with similar income such as India, Indonesia, Philippines or countries in the region such as China, Thailand, Malaysia. However, in terms of absolute numbers, the spending still equals approximately only 17% of the world average. The data also shows that pharmaceutical spending grows in line with GDP per capita. As GDP per capita of Vietnam is forecasted to continue to improve in the coming years, pharmaceutical spending should increase as well. This, combines with a population of over 90 million with an annual growth rate of about 1%, promises a lot of room to grow in long-term for the pharmaceutical industry in general, and IMP in particular.

Figure 11: Pharmaceutical spending per person in several countries in 2015 (USD)



Source: BMI, tradingeconomic

Figure 12: Pharmaceutical spending per person in Viet Nam 2000-2014 period (USD)



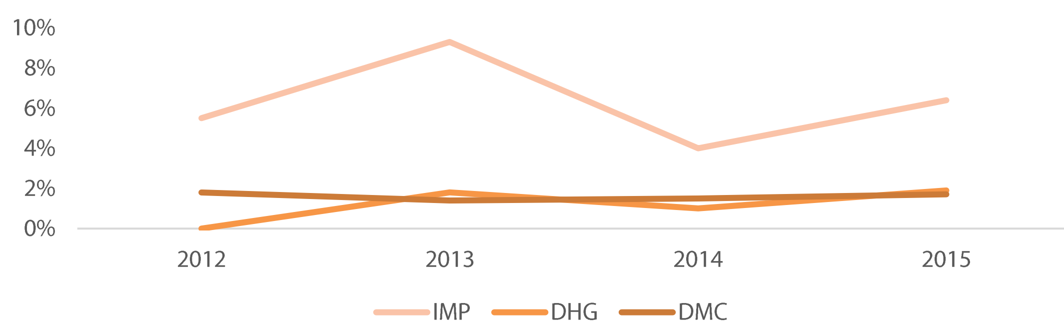
Source: DAV, Rongviet Research

Investment Risk

Occupied capital in ETC reduces the usage efficiency of the company capital

Because ETC revenue is usually paid through the insurance system, the procedure takes longer than in OTC. This caused the Reserve for Receivable/Receivable ratio and the Day Sales Outstanding ratio of IMP much higher than that of companies with revenues in favor of OTC such as DHG or DMC. The gap was large in the period before 2013 when ETC sales accounted for a large proportion of IMP revenue. Since 2013, as the proportion of revenue from ETC dropped, these ratios were improved, but still lower than the opponent's. This is probably because IMP has implemented "soft" sales policy to develop its distribution channels.

Figure 13: Reserve for Receivable/Receivable ratio



Source: Rongviet Research

Fluctuation in raw material prices

Like other businesses in the industry, IMP has raw materials mainly imported and they account for a majority of COGS. To limit the risk, IMP tries to sign the purchase contracts for the whole year, however it is not easy because price of many materials fluctuates too high for the counterparty to accept the yearly contract.

Adverse effects from the management policies

One of the key strategies of IMP is improving ETC sales by selling its products in Tier 2 instead of Tier 3. Therefore, if the bidding rules are subject to change in a negative way, this will be the biggest risks for IMP.

Earnings forecasts

Based on the business results of IMP in 1H2016, we assess the OTC sales to grow only 8% in 2016, and around 6-7% in the following years due to fierce competition in this channel. For ETC, we expect the EU-GMP plants will help boost the revenue in the coming years. The OTC-ETC revenue structure, according to IMP representative, is aimed to be at 70-30 level.

Gross margin of manufactured products will be improved in 2017-2018 thanks to IMP factories running at higher capacity, before slightly decrease in 2019 as new factories come in to play and drag up depreciation expense.

For franchise segments, revenue is expected to decline approximately 50% in 2016 and 30% in 2017 due to the expiration of multiple products. When these products are registered, the sales will somewhat recover. However, since gross margin of this segment is not as high as manufactured products', IMP is not actively seeking franchise partners but focuses on the development its own product pipelines. As a consequence, we project average growth of 10%/year for this segment, considering the fact that EU-GMP factories may attract new partners in the future.

Table 7: Assumptions for 2016-2020 period

Revenue (bn VND)	2014	2015	2016F	2017F	2018F	2019F	2020F
1.Manufactured segment	747.4	829.4	941.0	1,084.8	1,237.8	1,389.7	1,568.5
Growth	*4.5%*	*11.0%*	*13.5%*	*15.3%*	*14.1%*	*12.3%*	*12.9%*
a. OTC	597.9	721.5	779.3	826.0	875.6	936.9	1,002.5
Growth	*37.0%*	*19.6%*	*8.0%*	*6.0%*	*6.0%*	*7.0%*	*7.0%*
b. ETC	149.5	107.8	161.7	258.8	362.3	452.8	566.0
Growth	*-48.0%*	*-26.0%*	*50.0%*	*60.0%*	*40.0%*	*25.0%*	*25.0%*
2.Franchise segment	110.9	148.3	74.1	51.9	83.0	91.3	100.5
Growth	*1.0%*	*33.6%*	*-50.0%*	*-30.0%*	*60.0%*	*10.0%*	*10.0%*
Revenue	897.1	964.3	1,006.9	1,129.8	1,312.9	1,469.0	1,655.4
Growth	*6.6%*	*7.5%*	*4.4%*	*12.2%*	*16.2%*	*11.9%*	*12.7%*

Gross margin	2014	2015	2016F	2017F	2018F	2019F	2020F
Manufactured segment	52.8%	54.5%	54.0%	55.7%	56.2%	54.0%	54.0%
Franchise segment	25.0%	28.5%	25.0%	25.0%	25.0%	25.0%	25.0%

Source: Rongviet Research

Outlook and Valuation

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Appendix 1: Drugs bidding concentrated procurement in the public health facilities (ETC)

1. The medical facilities, based on the list of drugs that are allow for bidding, will build the demand lists and then send them to the unit responsible for organizing the bidding.

2. The responsible unit will collect the demand list, and publicly organizing the bidding for the pharmaceutical manufacturers/distributors to join.

3. Once the negotiations with the winners are completed, the bidding results and framework agreement (including quantity and price of the medicines) will be published on the Portal of the Ministry of Health and website of the local Department of Health. The winners will typically provide medicines for the medical facilities within a year.

Currently, depending on the ability of each province, the bidding can be organized at the Department of Health (this is the main way), or at each area of the province, or separately at each hospital. Bidding calendar of each province is different, but usually scatter in the first half of the year.

Appendix 2: Generics classification for drug bidding

Tier 1: medicines produced by manufacturers that meet EU-GMP or PIC/S in countries that belong to the ICH (USA, Japan, EU), and Australia

Tier 2: medicines produced by manufacturers that meet EU-GMP or PIC/S in countries that do not belong to the ICH and Australia. Indian companies account for the biggest part of the group, follow by companies from other Asian countries like Taiwan and Korea. There are only a few Vietnam enterprises in this group (Bidipharco, Pymepharco).

Tier 3: medicines produced by manufacturers that meet WHO-GMP, recognized by MoH.

Tier 4: medicines that have bio-equivalence, recognized by the MoH.

Tier 5: Others.

In case a drug meets the criteria of multiple groups, it is allowed to bid on more than one group. For example, drugs that qualify for Tier 1 criteria can compete in Tier 1, Tier 2, and Tier 5; drugs that qualify for the Tier 2 criteria can compete in Tier 2 and Tier 5, and so on.

Appendix 3: The evolution of circular guiding the drugs bidding procurement in the public health facilities

Circular No.01/2012/TTLT-BYT-BTC (effective on 1 June 2012). According to this circular, of all the drugs that overcome the technical hurdle rate, **the drug with lowest price wins the bid**. The problem of Circular 01 is that the bidding groups are not clearly separated and that the technical criteria are not hard to overcome. Therefore, after this circular is applied, there were many complains about the poor quality of the winning drugs

To amend Circular 01, **Circular No.36/2013 / TTLT BYT- BTC** (effective on 1 January 2013) was born. This Circular reclassified the bidding groups, of which the most important adjustment was to separate medicines produced by manufacturers that meet EU-GMP or PIC/S in countries that belong to the ICH (USA, Japan, EU) with medicines produced by manufacturers that meet EU-GMP or PIC/S in countries that do not belong to the ICH (India, Taiwan, Vietnam). Thanks to this classification, **the medicines of Europe, USA, Japan, which have higher quality and price, were no longer compete with the Indian medicines**. This somewhat improved the quality of the winning drugs.

After that, **Circular No.31/2014/TT-BYT** (effective on 26 September 2014) provided the score board to assess the drugs quality. Qualified medicines need to achieve at least 80% of the total technical points, rising from the initial 70%.

Most recently, **Circular No.11/2016/TT-BYT** became effective on 1 July 2016 and replaced all Circular 01, 36, and 31 above. According this new circular, the bidding process use an additional scoring method in which **not only price but quality criteria are also taken into account**. Under this method, the contractor has the highest combination score of price and quality would be ranked first.

In general, we can see the policies are changed to promote the quality of the medicines, though the changes are still minor.

VND Billion

INCOME STATEMENT	2014	2015	2016F	2017F
Revenue	897.1	964.3	1,006.9	1,129.8
COGS	478.3	581.1	608.9	644.8
Gross profit	**418.9**	**383.3**	**398.0**	**485.0**
Selling Expense	244.4	193.1	201.4	226.0
G&A Expense	64.6	72.8	75.5	84.7
Finance Income	9.6	17.8	10.4	6.7
Finance Expense	8.3	15.2	11.1	12.5
Other profits	-0.9	-1.2	-1.0	-1.0
PBT	**110.3**	**118.7**	**119.4**	**167.5**
Prov. of Tax	24.5	25.8	23.9	33.5
Minority's Interest	0.0	0.0	0.0	0.0
PAT to Equity Shareholder	**85.8**	**92.9**	**95.5**	**134.0**
EBITDA	148.1	157.7	165.8	229.8

FINANCIAL RATIO	2014	2015	2016F	2017F
Growth				
Revenue	6.6%	7.5%	4.4%	12.2%
Operating Income	10.4%	6.8%	3.2%	43.9%
EBITDA	11.8%	6.5%	5.2%	38.6%
EBIT	15.8%	7.8%	0.4%	40.1%
PAT	41.5%	8.3%	2.8%	40.3%
Total Assets	18.4%	6.1%	43.6%	4.1%
Equity	9.8%	13.8%	47.4%	3.5%
Internal growth rate	5.0%	4.1%	2.2%	4.1%
Profitability				
Gross profit/Revenue	46.7%	39.7%	39.5%	42.9%
Operating profit/ Revenue	12.2%	12.2%	12.0%	15.4%
EBITDA/ Revenue	16.5%	16.4%	16.5%	20.3%
EBITDA/ Revenue	12.3%	12.4%	11.9%	14.9%
Net margin	9.6%	9.6%	9.5%	11.9%
ROAA	9.0%	8.8%	7.2%	8.4%
ROIC or RONA	14.0%	13.5%	10.4%	12.0%
ROAE	11.3%	10.9%	8.5%	9.9%
Efficiency				
Receivable Turnover	4.7	3.6	3.6	4.1
Inventory Turnover	1.9	2.2	2.3	2.3
Payable Turnover	3.0	3.3	3.5	3.2
Liquidity				
Current	3.6	4.8	5.7	4.7
Quick	2.1	3.2	4.3	3.3
Solvency				
Total Debt/Equity	29.2%	20.5%	17.4%	18.2%
Current Debt/Equity	0.0%	0.0%	0.0%	0.0%
Long-term Debt/ Equity	0.0%	0.0%	0.0%	0.0%

VND Billion

BALANCE SHEET	2014	2015	2016F	2017F
Cash and equivalents	179	88	570	388
Short-term investment	3	104	4	4
Receivables	227	303	252	294
Inventories	295	246	274	290
Other current assets	16	5	6	6
Total Current Asset	**719**	**745**	**1,105**	**982**
Tangible Fixed Assets	173	192	235	386
Intangible Fixed Assets	69	71	71	70
Construction in Progress	4	15	88	123
Investment Property	0	0	0	0
Long-term Investment	46	49	49	49
Other long-term assets	18	21	23	25
Long-term Asset	**310**	**348**	**464**	**652**
Total Asset	**1,030**	**1,093**	**1,569**	**1,634**
Payables	114	58	98	104
Other current liabilities	87	98	94	106
Current Debt	0	0	0	0
Long-term Debt	0	0	0	0
Other long-term liabilities	33	29	40	41
Total Liability	**233**	**186**	**233**	**251**
Owner's Equity	**797**	**907**	**1,337**	**1,383**
Capital	263	289	391	391
Retained Earnings	80	85	86	109
Funds & Reverses	214	235	258	282
Others	**0**	**0**	**0**	**0**
Total Equity	**797**	**907**	**1,337**	**1,383**
Minority's Interest	0	0	0	0
TOTAL RESOURCES	**1,030**	**1,093**	**1,569**	**1,634**

CASH FLOW STATEMENT	2014	2015	2016F	2017F
Profit before tax	110.3	118.7	119.4	167.5
-Depreciation	37.4	38.4	46.0	61.9
-Adjustments	*-15.1*	*-7.7*	*-10.0*	*-10.0*
+/- Working capital	-117.0	-104.6	45.1	-73.6
Net Operating CFs	**15.6**	**44.8**	**200.5**	**145.9**
+/- Fixed Asset	-31.2	-74.8	-159.3	-246.7
+/- Deposit, equity investment	-12.0	-102.4	0.0	0.0
Interest, dividend, cash profit received	6.8	8.7	8.0	8.0
Net Investing CFs	**-36.4**	**-168.5**	**-151.3**	**-238.7**
+/- Capital	31.7	85.1	405.2	0.0
+/- Debt	0.0	0.0	0.0	0.0
Dividend paid & other	-24.6	-52.1	27.9	-89.0
Net Financing CFs	**7.1**	**33.0**	**433.1**	**-89.0**
+/- cash & equivalents	-13.7	-90.7	482.4	-181.8
Beginning cash & equivalents	**192.3**	**178.6**	**87.8**	**570.2**
Impact of exchange rate	0.0	0.0	0.0	0.0
Ending cash & equivalents	**178.6**	**87.8**	**570.2**	**388.4**

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Intermediate- term (up to 6 months)	>20%	10% to 20%	-5% to10%	-15% to- 5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

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