Vietjet Air JSC (HSX: VJC)

Increasing Competition to Pressure Profitability

(VND bn)	3Q-FY19	2Q-FY19	+/- qoq	3Q-FY18	+/- yoy
Net revenue	13,578	10,920	24%	12,713	7%
PAT	1,700	519	228%	1,682	1%
EBIT	1,712	793	116%	1,921	-11%
EBIT margin	12.6%	7.3%	5.3 pps	15.1%	-2.5 pps

Source: VJC, Rong Viet Securities

9M 2019 – Core business performance weakened

- Revenue rose 12% YoY to VND38 Tn (USD1.6 Bn), including: ancillary sales +38% YoY; airline services revenue +9% YoY; aircraft sales -1% YoY.
- VJC implemented a new practice of selling to-be-delivered aircrafts' purchase rights.
- Gross profit grew at a slow pace, 5% YoY, mostly dragged by core gross profit -19% YoY. Gross profit from the other segment, aircrafts trading, was up 71% YoY owing to purchase rights transactions which yielded a high profit margin.
- NPAT-MI lost growth momentum, went flat at VND3.7 Tn (USD165 Mn).

2019-2020 Outlook

- Core earnings growth will mainly come from the international and ancillary segments.
- Competition is heating up as more and more new carriers join the industry.

Valuation and recommendation

Given the favorable growth of Vietnam's inbound/outbound tourism together with strong regional flight network expansion in recent years, VJC's international transportation and ancillary segments will likely to keep burgeoning. However, we are concerned by the outlook for the domestic segment as room for further growth seems limited since most of the profitable routes have been fully exploited. This coupled with bottlenecks and capacity constraints at major airports. To make matters worse, in the long-run, the competitive landscape will get even more crowded as new carriers are set to join the industry. Bamboo Airways entered the market in 2019 while four others are on their way to get certification to fly. Therefore, there are risks that VJC could be losing some domestic market share in upcoming years which, in turn, will put huge pressure on operation efficiency and profitability. Hence, we have a conservative view on the business outlook for VJC.

For FY2019-20F, we expect core revenue (excluding aircraft trading) to grow 14%/15%, far lower than the 3Y CAGR seen in 2015-2018 of 51%. In the meantime, flight operation costs are expected to keep increasing ahead of core revenue growth and to be in line with the speed of its fleet expansion. Overall, we expect FY2019-20F consolidated NPAT to decline 8%/7%.

We rely on adjusted EV/EBITDAR to estimate the fair value of VJC. Our multiple-based method suggests a fair value of VND140,000 per share, unchanged from our latest update on Jan 2019. Total downside as of Nov 28th, 2019 is 3%, thus, we have a REDUCE recommendation on VJC.

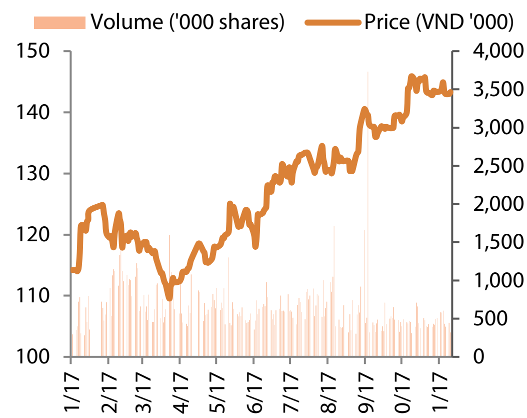
REDUCE	- 3%
Target price (VND)	140,000
Current market price (VND)	144,600

Stock Info

Sector	Airlines
Market Cap (VND billion)	75,747
Current Shares O/S	524
Avg. Daily Volume in 20 sessions)	456,562
Free float (%)	46.4
52 weeks High	145,900
52 weeks Low	109,538
Beta	0.4

	FY2018	Current
EPS	10,185	9,959
EPS Growth (%)	5.2	-4.0
Diluted EPS	10,185	9,959
P/E	12.1	14.4
P/B	4.6	5.1
EV/EBITDA	9.3	9.4
Cash dividend yield (%)	3.3	0.7
ROE (%)	38.0	35.1

Price performance



Major Shareholders (%)

Sunflower Sunny Ltd	29.5
Nguyen Thi Phuong Thao	9.1
SOVICO JSC	7.9
Foreign ownership room (%)	10.2

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Exhibit 1: 3Q/2019 Results

(VND Bn)	3Q- FY19	2Q-FY19	+/- (qoq)	3Q-FY18	+/- (yoy)
Net revenue	13,578	10,920	24.3%	12,713	6.8%
Gross profit	2,060	1,124	83.4%	2,157	-4.5%
SG&A	348	330	5.4%	236	47.5%
Operating income	1,712	793	115.9%	1,921	-10.9%
EBITDA	1,754	833	110.6%	1,961	-10.6%
EBIT	1,712	793	115.9%	1,921	-10.9%
Financial expenses	204	233	-12.3%	325	-37.2%
- Interest expenses	101	82	22.3%	78	28.6%
Dep. and amortization	42	39	5.7%	40	3.6%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	1,913	646	196.2%	1,709	11.9%
PAT	1,700	519	227.7%	1,682	1.0%
(*) Adjusted PAT	1,700	519	227.7%	1,682	1.0%

Source: VJC, Rong Viet Securities

Exhibit 2: 3Q/2019 Performance Analysis

Particulars	3Q-FY19	2Q-FY19	*+/-(qoq)*	3Q-FY18	*+/-(yoy)*
Profitability Ratios (%)					
Gross Margin	15.2	10.3	4.9 pps	17.0	-1.8 pps
EBITDA Margin	12.9	7.6	5.3 pps	15.4	-2.5 pps
EBIT Margin	12.6	7.3	5.3 pps	15.1	-2.5 pps
Net Margin	12.5	4.8	7.8 pps	13.2	-0.7 pps
Adjusted Net Margin	12.5	4.8	7.8 pps	13.2	-0.7 pps
Turnover *(x)					
-Inventories	78	62	16.2	133	-54.7
-Receivables	3.4	2.9	0.4	3.9	-0.5
-Payables	1	1	0.2	1	-0.2
Leverage (%)					
Total Debt/ Equity	114.4	111.7	2.8 pps	116.3	-1.9 pps

Source: Rong Viet Securities

Exhibit 3: 4Q/2019 Performance Forecast

Particulars (VND Bn)	Q4-FY19	+/- qoq	+/- yoy
Revenue	13,689	1%	-26%
Gross profit	1,715	-17%	-28%
EBIT	1,393	-19%	-31%
NPAT	1,224	-28%	-20%

Source: Rong Viet Securities

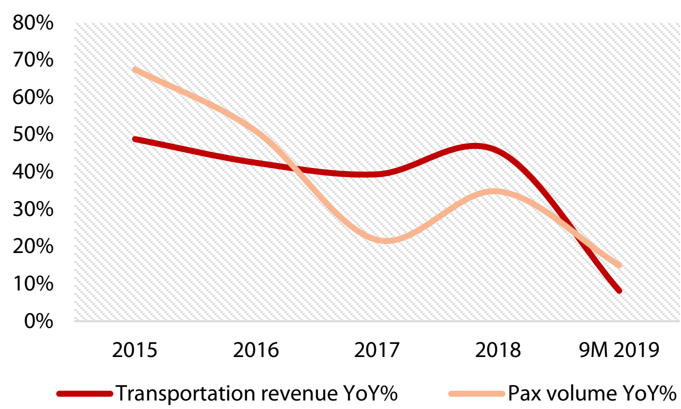
Update:

9M 2019 Core business' performance weakened as flights exploitation costs grew faster than revenue

Airlines segment (including passenger transportation and ancillary revenue) experienced the worst performance since listing with gross profit plummeting 19% YoY as most of the flight exploitation costs grew faster than revenue. Meanwhile, the aircraft trading segment witnessed a huge surge in profit, however, this was not enough for VJC to maintain its historic profit growth momentum.

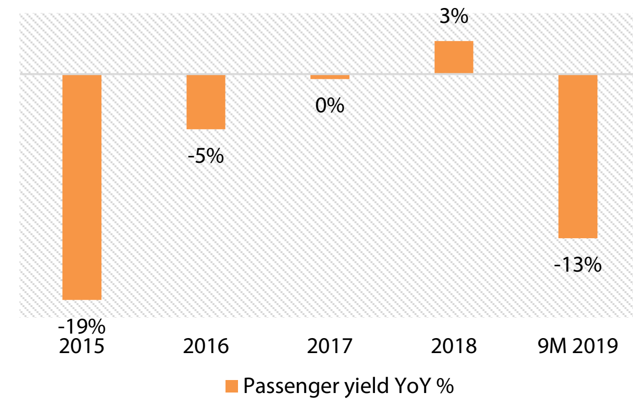
Although passenger volume increased 15.5% YoY to 19.5mn pax, transportation sales growth decelerated to a single-digit level of 9% YoY, reaching VND21 Tn (USD0.9 Bn), due to **lower passenger yield** (figure 2). We believe the decrease in airfare mostly came from the domestic segment as competition have got more intense as Bamboo Airways joined the industry. In fact, 1H 2019 domestic ticket revenues were down by 7% YoY. Also worth noting is that unrealized revenue (pre-order tickets) hit the lowest point since listing at end-Sept 2019 (figure 3).

Figure 1: 9M 2019 Transport revenue growth decelerated and lagged behind passenger volume growth…



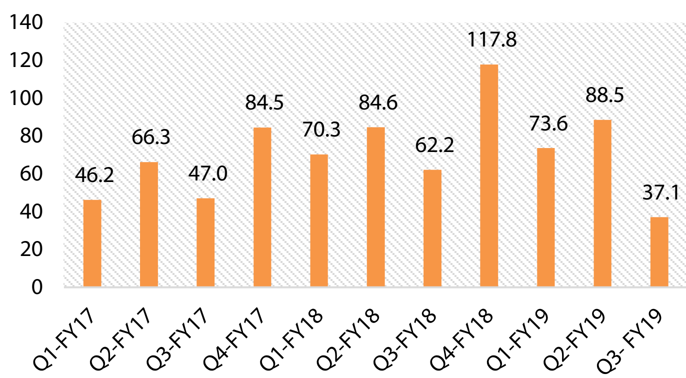
Source: VJC, Rong Viet Securities

Figure 2: … indicating a lower passenger yield in 2019



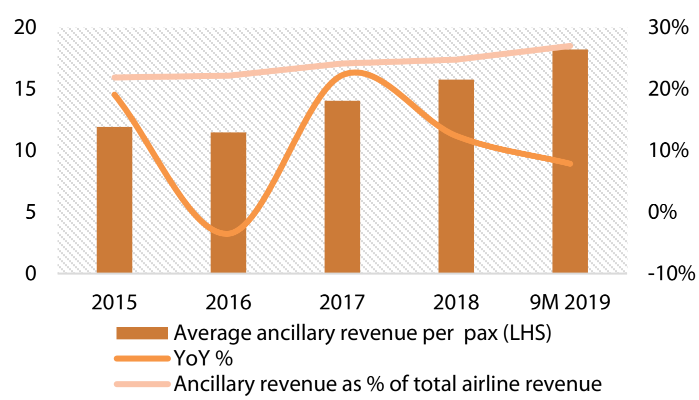
Source: VJC, Rong Viet Securities

Figure 3: Unrealized revenue (USD Mn)



Source: VJC, Rong Viet Securities

Figure 4: Estimated VJC's ancillary revenue (including cargo shipping) per pax (USD)

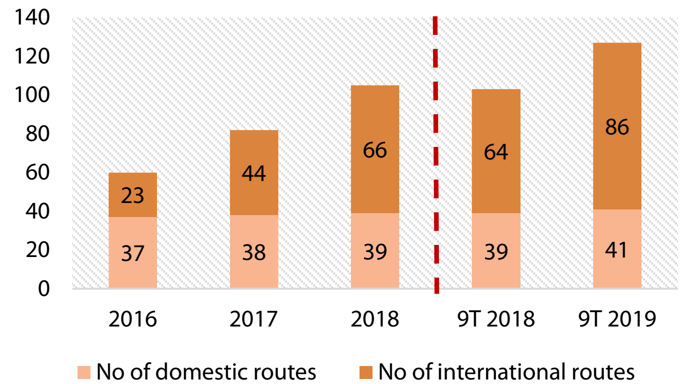


Source: VJC, Rong Viet Securities

Ancillary revenue (including cargo transportation) saw solid growth, jumping 38% YoY to reach VND8.2 Tn (USD0.4 Bn). The ancillary revenue performance has become more and more robust as the airline has been strongly expanding international flights for which ancillary fees are much higher than domestic flights. We estimate the ancillary revenue per pax improved to USD18 (+20% YoY) (figure 4).

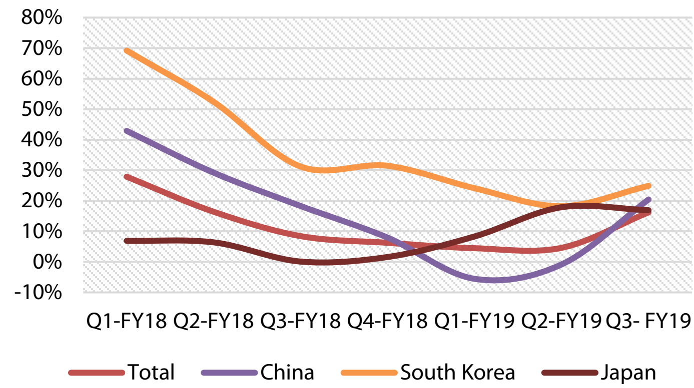
Over the last 12 months VJC has launched 22 new international routes, raising total operating routes to 127 (figure 5). Most importantly, VJC kept focusing on the Northeast Asian region. These are key markets that account for nearly two third of total weekly international flights. It has increased frequency from/to Korea and opened new routes from/to Japan. The fast growth of Vietnam's inbound travelers from this region in 9M 2019 (figure 6) has supported VJC's international segment. Apart from this, VJC started to explore new destinations by establishing routes to Bali (Indonesia) and New Delhi (India)

Figure 5: VJC has increasingly focused on expanding its international flight network



Source: VJC, Rong Viet Securities

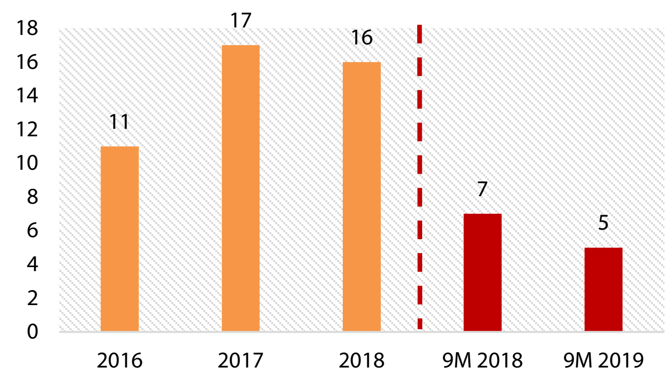
Figure 6: Growth of air tourist arrivals in Vietnam picked up in Q3 2019 (%)



Source: Vietnam Tourism Administration, Rong Viet Securities

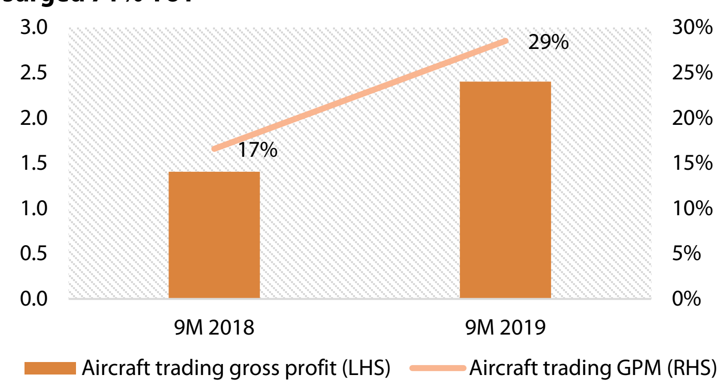
Despite taking less aircraft deliveries than a year earlier (figure 7), **VJC's 9M 2019 aircraft trading segment saw a huge jump of 71%YoY in gross profit, strongly boosted by the A321neo purchasing rights transactions**. These transactions have brought higher GPM than VJC's common sale-leaseback transactions. As a result, GPM of this segment rose to 29% from 17% last year (figure 8). VJC has transferred several purchase rights of to-be-delivered A321neos to other lessors this year as the company predicted good profits in the aircraft market. By the end of September 2019, VJC fleet has expanded to 67 aircrafts with an average age of 3.2 years. Apart from these operating aircrafts, VJC's existing backlog orders consists of 326 aircrafts from both Boeing and Airbus expected to be received from 2019-2025.

Figure 7: 2019 YTD deliveries was slower due to Boeing 737 Max delays



Source: Planespotters, Rong Viet Securities

Figure 8: Gross profit of aircraft trading segment (VND Tn) surged 71% YoY



Source: VJC, Rong Viet Securities

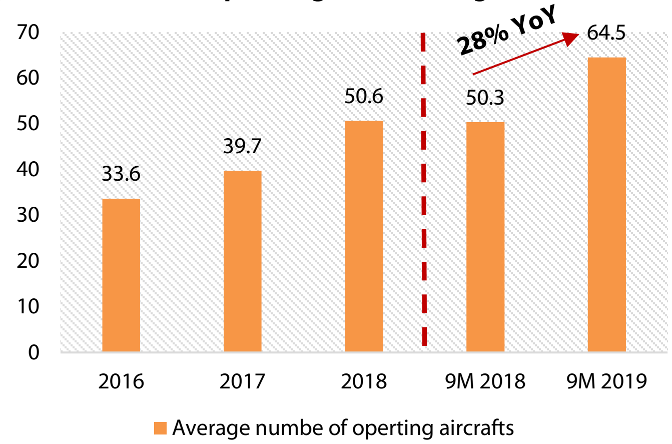
Table 1: VJC's fleet at end-Sept 2019 and backlog orders

Aircrafts type	In operation	Remaining orders	Delivery timeline
Airbus A320	22	-	Fully took deliveries
Airbus A321ceo	33	-	Fully took deliveries
Airbus A321neo	12	111	2019-2025
Airbus A321XLR	-	15	From 2023
Boeing B737 Max	-	200	Delayed until further notice
Total	**67**	**326**	

Source: Airbus, Boeing, VJC, Rong Viet Securities

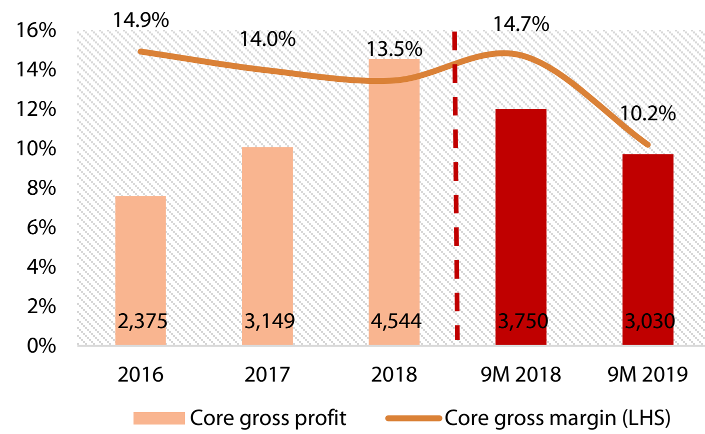
Core gross margin shrank (figure 10) as flight operation costs (+23% YoY) grew largely more than core revenue (+17% YoY). These costs were mainly driven by hikes in aircraft leasing rentals and fuel costs, which rose in line with the speed of the fleet expansion. In fact, the number of average operating aircrafts for 9M 2019 grew fast at 28% YoY, reaching 64.5 airplanes (figure 9).

Figure 9: Number of operating aircrafts surged in 9M 2019



Source: VJC, Rong Viet Securities

Figure 10: Core gross margin declined YoY in 9M 2019



Source: VJC, Rong Viet Securities

In general, VJC's 9M business results were not that good with decelerating growth in transportation revenue and a contracted gross margin. However, the consolidated net profit posted a flat growth with the support of (1) the surging in aircraft trading profit along with (2) lesser financial losses (9M 2019: -VND175 Bn vs 9M 2018: -VND570 Bn) as VJC didn't record unwinding of discounts for its aircraft maintenance costs reserves in Q3 2019.

Table 2: VJC's 9M 2019 Business results

Unit: VND Bn	2017	2018	9T 2018	9T 2019
Net sales	**42,302**	**53,577**	**32,762**	**37,518**
Airlines services	22,548	33,779	24,286	29,103
Growth	43%	50%		17%
Aircraft trading	19,754	19,798	8,476	8,415
Gross profit	**6,549**	**7,492**	**5,155**	**5,430**
Airlines services	3,149	4,544	3,750	3,030
Growth	33%	44%		-19%
Aircraft trading	3,400	2,948	1,406	2,400
EBIT	**5,745**	**6,484**	**3,301**	**3,790**
Growth	80%	13%		15%
Net profit	**5,073**	**5,335**	**3,681**	**3,682**
Growth	103%	5%		0%
Net margin	12%	10%	11%	10%

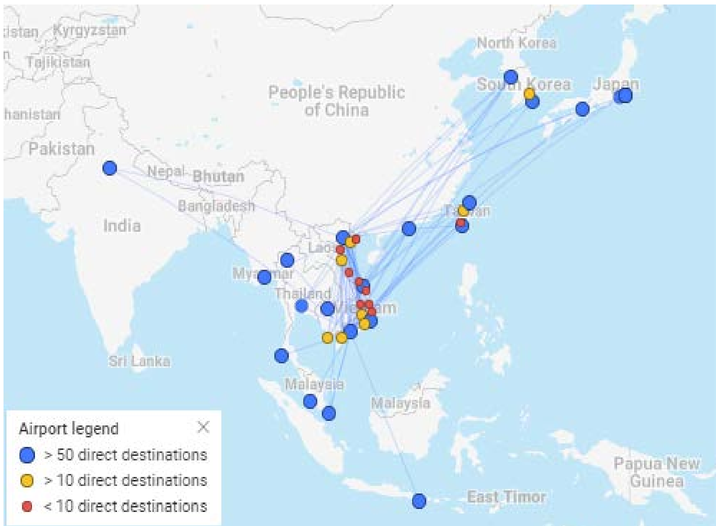
Source: VJC, Rong Viet Securities

FY2019-2020 Outlook

International transportation and ancillary segment to play vital role for future growth

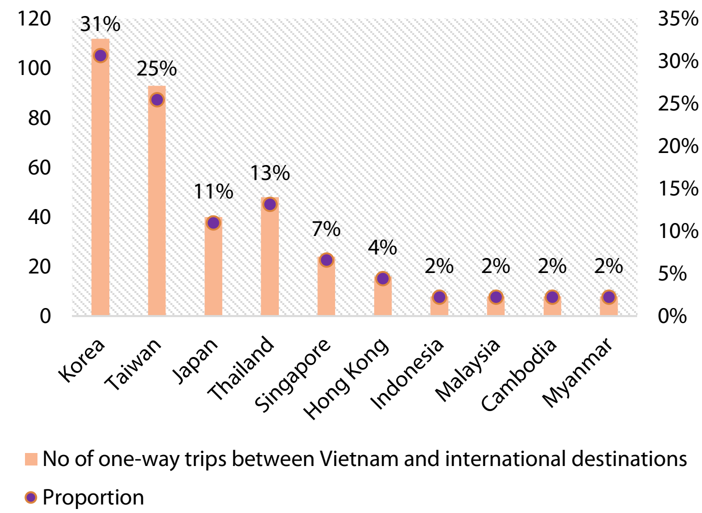
Strong inbound tourism has been witnessed in recent years with vigorous rise of Northeast Asian passengers from China, South Korea, Japan and Taiwan. Most of the Vietnamese outbound trips are also planned to these countries, according to Outbox Consulting. To benefit from these trends, VJC has aggressively focused on expanding new international routes that connect Vietnam with these destinations.

Figure 11: VJC has been expanding routes to Northeast Asia



Source: Flightconnections

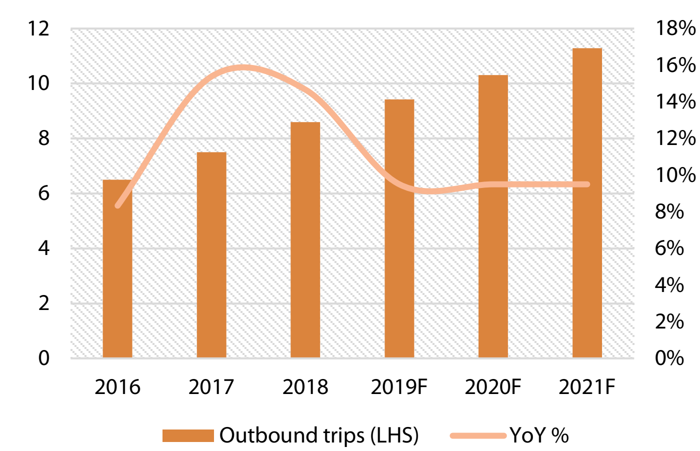
Figure 12: Korea, Taiwan, Japan account for nearly two third of VJC's weekly international flights



Source: Flightradar24, Rong Viet Securities

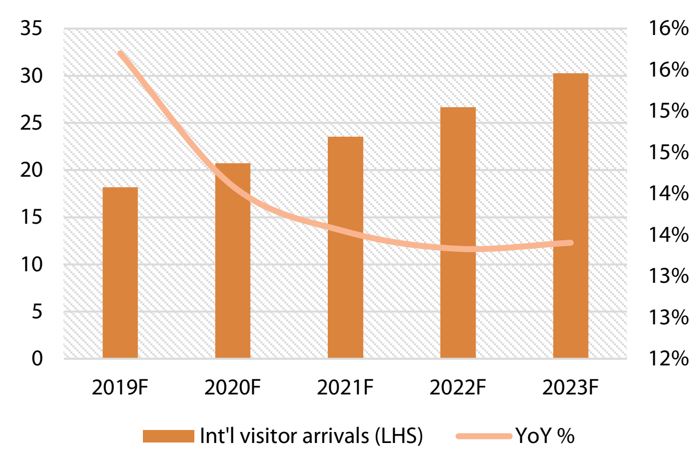
VJC still maintains its competitive position as it offers the lowest fares on its main international routes when compared to other LCCs (see appendix 1 for ticket price comparison). This advantage coupled with the positive outlook for Vietnam's inbound/outbound tourism (figure 12 and 13) should help sustain fast growth in the near future. Ancillary revenue performance is likely to be more robust as international flights usually generate more revenues than domestic ones.

Figure 12: Vietnam outbound travel (mn trips) is expected to grow with a CAGR of 9.5% in 2019- 2021



Source: ASEAN Travel, Outbox Consulting, Rong Viet Securities

Figure 13: Vietnam is forecasted to enjoy the highest growth of int'l visitor arrivals among Asian countries over the next 5Y



Source: PATA, Rong Viet Securities

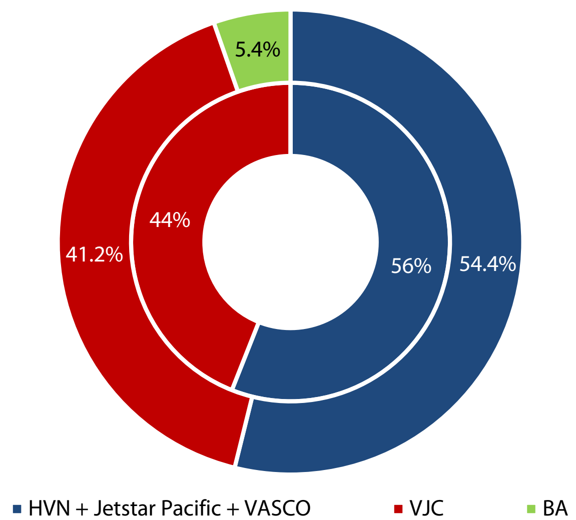
Domestic market outlook

We believe that the domestic aviation market will begin to normalize, after years of rapid growth. Two reasons. (1) Key routes have been fully exploited by the existing carriers. (2) Infrastructure constraints at some major airports such as SGN, HAN, and DAD, will be a hassle for airlines to further increase frequency, hindering growth momentum.

Ever increasing competition as new entrants come in

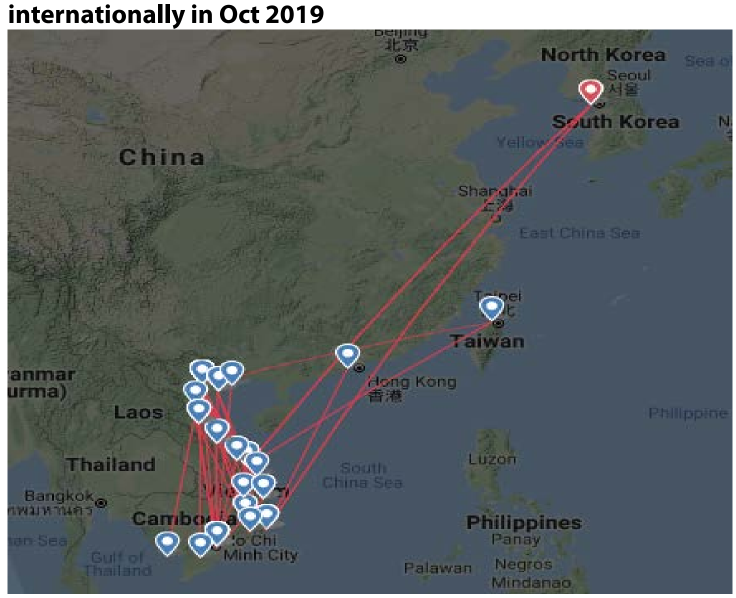
Ten months after its maiden flight in Jan 2019, Bamboo Airways (BA) has managed to acquire 5.4% of the domestic market. In the meantime, BA has aggressively expanded its fleet. From three aircrafts at the beginning, by end-Nov 2019, its fleet consisted of 17 Airbus A319/320s and has rapidly expanded its flight network. Up to now, BA is operating nearly 30 regular routes. Not to mention that it started to go internationally in Oct 2019 by establishing two regular routes to Korea.

Figure 14: Carriers' market share in 2018 (inner circle) and 10M 2019 (outer circle)



Source: CAAV, Rong Viet Securities

Figure 15: BA's started to expand its flight network internationally in Oct 2019



Source: Flightradar24

BA positions its brand as a hybrid airline, offering not only competitive ticket prices (compared to other LCCs) but also standard of services similar to a legacy carrier. In fact, in BA's Bamboo Plus class, the ticket price is just slightly higher than low-cost carrier VJC and much lower than that of a full-service carrier HVN (appendix 2). Besides, customers' checked baggage is free of charge for up to 20kg and serves air meals. With those attractive features, VJC's domestic market share will be at risk as we believe there would be a portion of existing LCCs' customer shifting to BA. It is likely that BA will continue to strengthen its presence in the domestic market following more aircraft deliveries next year. VJC may see pressure on operation efficiency and profitability.

In the long-run, the competitive landscape will get tougher as four new carriers, apart from BA, are preparing to join the industry (table 3). While Viettravel Airlines and Vietstar Airlines target niche markets (charter flights and the business jet market respectively), Vinpearl Air and Thien Minh Aviation (TMA) are likely to go into the mass market. Since TMA plans to exploit mostly single-aisle aircrafts, it is expected that it will run a LCC model and, hence, compete directly with VJC going forward.

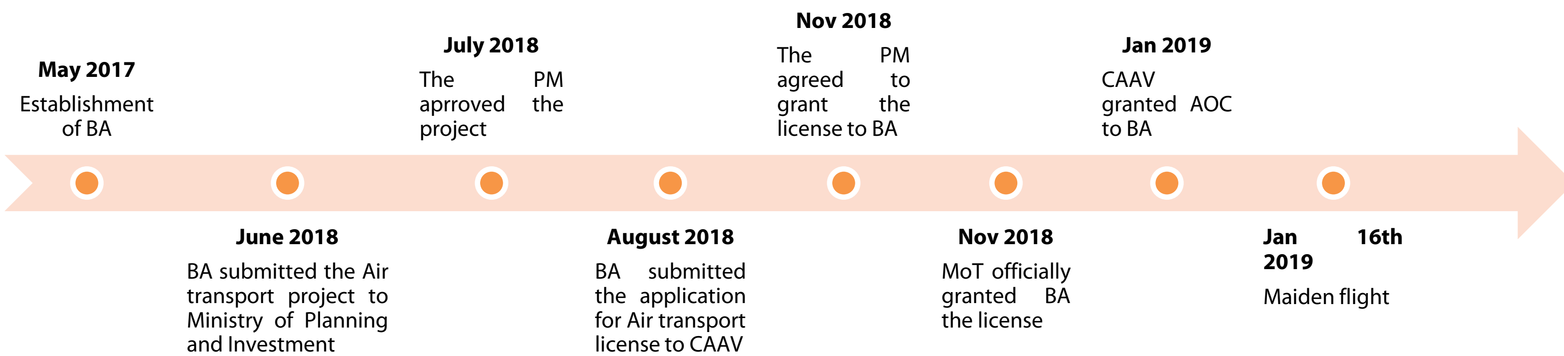
Table 3: A glance at upcoming new players

Airline	Establishment	Charter capital	Statutory fleet size	Planning fleet
Bamboo Airways	May 2017	VND1.3 Tn	More than 30	Airbus A319/A320, Boeing 787-9
Vinpearl Air	Apr 2019	VND1.3Tn	More than 30	Both single-aisle and twin-aisle aircrafts
Thien Minh Aviation	Jun 2019	VND1.0 Tn	More than 30	ATR72, A320s
Viettravel Airlines	Feb 2019	VND0.7 Tn	More than 30	Mainly operate charter flights with Airbus 320/321, Boeing 737
Vietstar Airlines	Apr 2010	VND0.8 Tn	More than 30	Business jets: Embraer Legacy 600, Beechcraft King Air B300

Source: Rong Viet Securities

After been established, airliners have to secure an aircraft operator certificate (AOC) in order to be eligible to start flying. This is rather a time-consuming task. As seen in figure 16, BA had to undergo an arduous process before it was certified to operate the first flight. We expect the first flights from one of those airlines to be in late 2020-2021.

Figure 16: Bamboo Airways (BA)' timeline from establishment to its maiden flight



Source: Rong Viet Securities

Forecast

Table 4: FY19-20F Main assumptions

Indicators	2019F	2020F
Passenger volume (Mn pax)	26.0	29.1
ASK changes	23.6%	24.0%
RPK changes	18.6%	17.5%
Passenger yield changes	-7.2%	-4.6%
R/ASK changes	-5.2%	-4.5%
C/ASK changes	-1.9%	-2.7%
No of Sale-leaseback transactions	8	15

Source: Rong Viet Securities

Table 5: FY19-20F Forecasts

Unit: VND Bn		2018	2019F	2020F
Sales		**53,577**	**51,823**	**66,275**
Airline services		33,779	39,570	46,859
	YoY %	50%	17%	18%
Aircraft trading		19,798	12,253	19,415
Gross profit		**7,492**	**7,145**	**7,232**
Airline services		4,544	4,117	4,055
	YoY %	44%	-9%	-2%
Aircraft trading		2,948	3,028	3,177
EBIT		**6,484**	**5,799**	**5,826**
	YoY %	13%	-11%	0%
Adjusted EBITDAR (Including amortization of maintenance prepayment)		**14,630**	**15,431**	**17,347**
	YoY %	32%	5%	12%
NPAT		**5,335**	**4,906**	**4,577**
	YoY %	5%	-8%	-7%

Source: VJC, Rong Viet Securities

Valuation

To estimate the fair value of VJC, we use adjusted EV/EBITDAR multiple since it's neutral to different fleet financing strategy after excluding leasing rentals. We (1) adjust EBITDAR by adding the amortization from maintenance prepayments and (2) recognize future obligated aircraft lease payments as a liability, for better comparison with other peers. By applying a target multiple of 6.5x (5% discount to peers average), we arrive at a target price for VJC of **VND140,000.**

Table 6: Valuation summary

Unit: VND Bn	Value
2020F Adjusted EBITDAR	17,347
Adjusted EV/EBITDAR Multiple	6.5x
Enterprise value	**112,757**
- Capitalized lease liability	41,086
- Debts	7,559
+ Cash	9,153
= Equity value (VND Bn)	**73,265**
Number of shares (mn)	524
Fair value per share (VND)	**140,000**
Current market price	144,600
Total stock return	**-3%**

Source: Rong Viet Securities

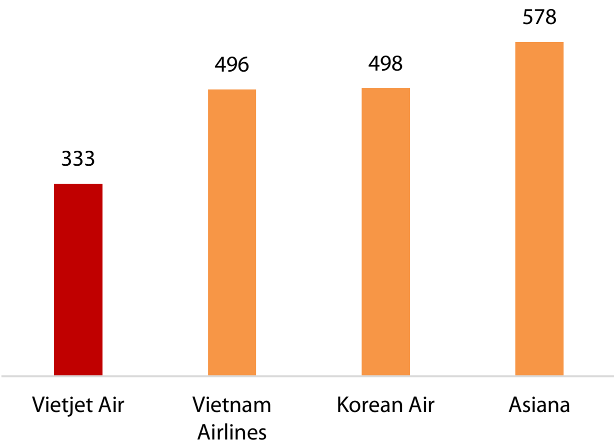
Table 7: Peers comparison

Company	Country	Market cap (USD Mn)	TTM Revenue YoY %	TTM NPAT YoY %	Debt/Assets %	ROE %	P/E (x)	Adjusted EV/EBITDAR (x)
Spring Airlines	China	5,534	13.9	20.0	33.1	12.9	21.5	8.8
Air Arabia	UAE	1,906	17.2	55.4	30.6	-5.5	-	6.5
Cebu Air	Philippines	1,096	16.7	28.4	50.1	19.3	7.0	4.0
Interglobe Aviation	Malaysia	1,406	11.4	-82.6	42.7	7.4	9.3	2.6
Average		**4,033**	**18.2**	**2.7**	**30.9**	**7.2**	**124.7**	**6.8**

Source: Bloomberg, Rong Viet Securities

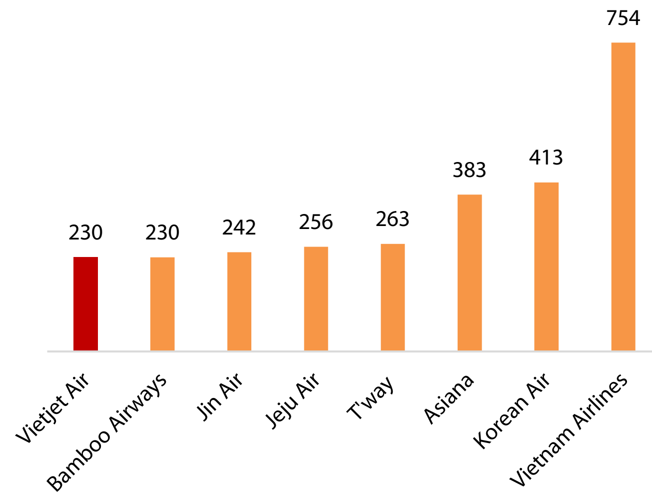
Appendix 1: VJC is offering the most competitive ticket price compared to regional counterparts in key international routes (non-stop round-trip ticket from Dec 9th-16th 2019; in USD)

HCMC - Seoul



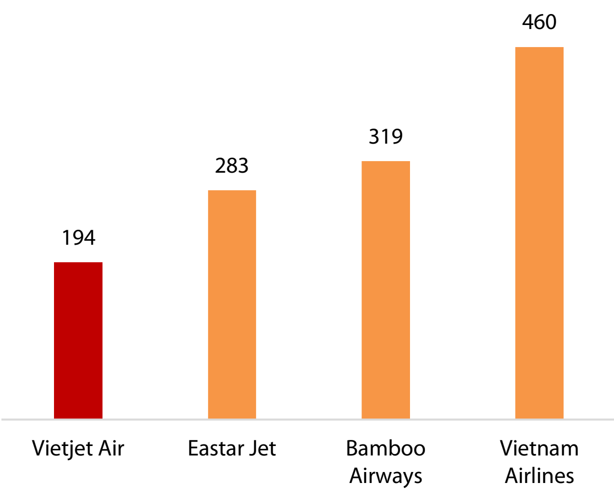
Source: Google Flights, data as of Nov 25th 2019

Da Nang – Seoul



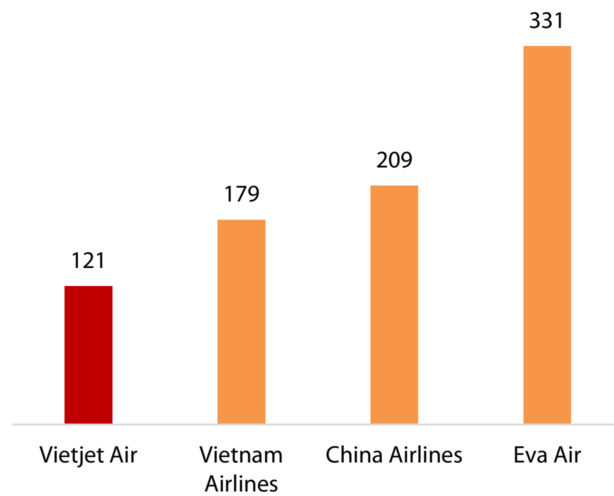
Source: Google Flights, data as of Nov 25th 2019

Nha Trang – Seoul



Source: Google Flights, data as of Nov 25th 2019

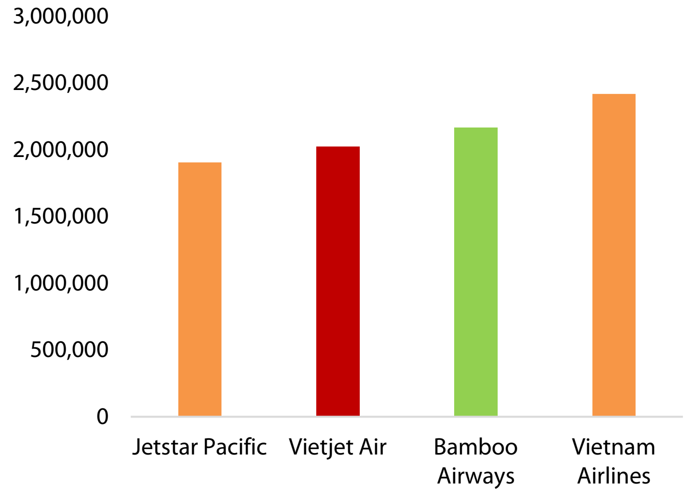
HCMC – Taipei



Source: Google Flights, data as of Nov 25th 2019

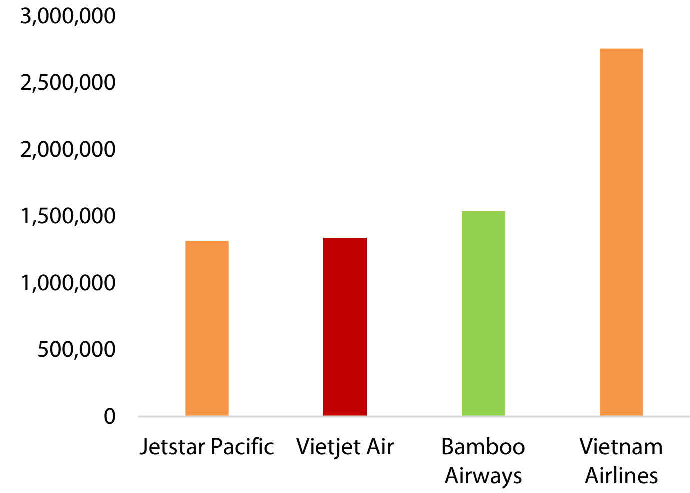
Appendix 2: Bamboo's ticket prices on some key routes (round trip ticket from Nov 24th-28th 2019; time range 9 AM-15 PM; in VND)

HCMC – Ha Noi



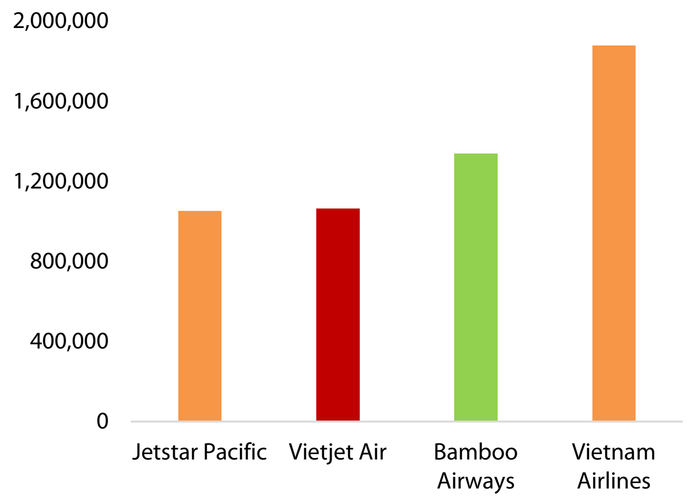
Source: Google Flights, data as of Nov 25th 2019

HCMC – Da Nang



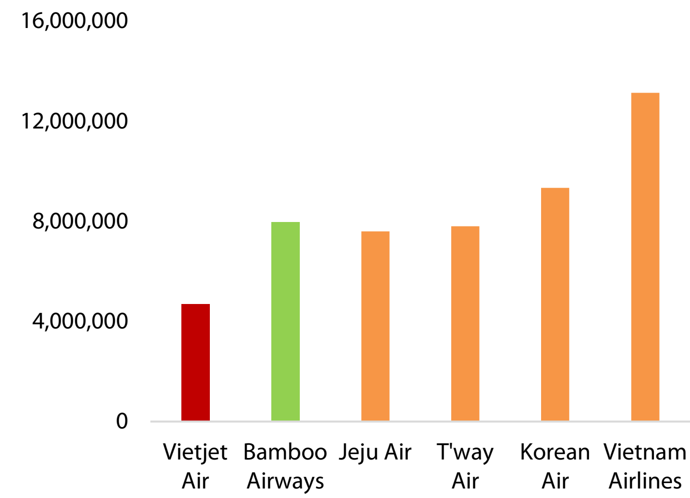
Source: Google Flights, data as of Nov 25th 2019

Ha Noi – Da Nang



Source: Google Flights, data as of Nov 25th 2019

Nha Trang - Seoul



Source: Google Flights, data as of Nov 25th 2019

VND Billion

INCOME STATEMENT	FY2017	FY2018	FY2019F	FY2020F
Revenue	42,303	53,577	51,823	66,275
COGS	35,753	46,085	44,678	59,043
Gross profit	6,549	7,492	7,145	7,232
Selling Expense	579	713	989	937
G&A Expense	226	295	356	469
Finance Income	119	332	697	502
Finance Expense	521	918	891	1,100
Other profits	4	7	25	0
PBT	**5,303**	**5,816**	**5,555**	**5,163**
Prov. of Tax	229	481	649	586
Minority's Interest	0	0	0	0
PAT to Equity S/H	**5,073**	**5,335**	**4,906**	**4,577**
EBIT	5,745	6,484	5,799	5,826
EBITDA	5,840	6,631	5,938	6,050

%

FINANCIAL RATIO	FY2017	FY2018	FY2019F	FY2020F
Growth (%)				
Revenue	53.8	26.7	-3.3	27.9
Operating Income	80.2	13.5	-10.4	1.9
EBITDA	79.8	12.9	-10.6	0.5
PAT	103.3	5.2	-8.0	-6.7
Total Assets	57.8	23.5	17.7	17.3
Equity	123.8	32.5	14.5	25.2
Profitability (%)				
Gross margin	15.5	14.0	13.8	10.9
EBITDA margin	13.8	12.4	11.5	9.1
EBIT margin	13.6	12.1	11.2	8.8
Net margin	12.0	10.0	9.5	6.9
ROA	16.0	13.6	10.7	8.5
ROE	32.4	26.9	20.6	16.8
Efficiency				(times)
Receivable Turnover	4.1	5.2	3.6	3.8
Inventory Turnover	133.8	98.3	98.3	98.3
Payable Turnover	5.1	4.6	4.6	4.6
Liquidity				(times)
Current	1.3	1.3	1.3	1.5
Quick	1.3	1.2	1.3	1.4
Finance Structure (%)				
Total Debt/Equity	71.0	39.4	57.3	37.5
Current Debt/Equity	65.1	35.3	50.5	32.4
Long-term Debt/Equity	5.9	4.1	6.9	5.2

VND Billion

BALANCE SHEET	FY2017	FY2018	FY2019F	FY2020F
Cash and cash equivalents	6,862	7,165	7,844	9,153
Short-term investments	1	817	817	817
Accounts receivable	10,223	10,273	14,382	17,258
Inventories	267	469	454	601
Other current assets	315	356	344	441
Property, plant & equipment	1,746	2,876	3,695	4,471
Acquired intangible assets	5	3	3	3
Long-term investments	68	68	68	68
Other non-current assets	12,170	17,059	18,395	21,170
Total assets	**31,658**	**39,086**	**46,004**	**53,981**
Accounts payable	7,014	9,983	9,678	12,790
Short-term borrowings	6,897	4,958	8,112	6,517
Long-term borrowings	627	572	1,107	1,042
Other non-current liabilities	6,526	9,535	11,027	13,496
Bonus and Welfare fund	0	0	0	0
Technology-science, dev. fund	0	0	0	0
Total liabilities	**21,064**	**25,048**	**29,924**	**33,844**
Common stock and APIC	4,759	5,662	3,315	3,315
Treasury stock (enter as -)	0	0	0	0
Retained earnings	5,809	8,256	12,620	16,673
Other comprehensive income	24	119	143	147
Inv. and Dev. Fund	0	0	0	0
Total equity	**10,592**	**14,037**	**16,078**	**20,135**
Minority Interest	**2**	**2**	**2**	**2**

VALUATION RATIO (*)	FY2017	FY2018	FY2019F	FY2020F
EPS (dong)	11,241	9,850	9,365	8,738
P/E (x)	12.6	12.1	15.3	16.4
BV (dong)	23,469	25,917	30,692	38,438
P/B (x)	5.0	4.6	4.7	3.7
DPS (dong/cp)	3,000	4,000	1,000	1,000
Dividend yield (%)	2.5%	3.3%	0.7%	0.7%

VALUATION MODEL	Price	Weight	Average
2020F Adjusted EV/EBITDAR @ 6.5x	140,000	100%	140,000
Target price (VND)			**140,000**

VALUATION HISTORY	Price	Recommendation	Period
January 2019	140,000	Accumulate	Long-term
October 2019	169,000	Accumulate	Long-term
March 2017	65,570	Accumulate	Long-term

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 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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