DANANG RUBBER JSC (HSX: DRC)

Raw material costs reduction is the key

(VND bn)	Q1-FY23	Q4-FY22	+/- (qoq)	Q1-FY22	+/- (yoy)
Revenue	1,113	1,114	-0.1%	1,284	-13.3%
NPAT-MI	25	82	-69.0%	66	-61.4%
EBIT	36	111	-67.3%	85	-57.0%
EBIT margin	3.3%	10.0%	-670 bps	6.6%	-333 bps

Source: DRC, RongViet Securities

Q1/2023 – Net profit dropped from fierce competition from China

- Q1/2023 consolidated net revenue went down by -13.3% YoY to VND1,113 bn (USD47.3 mn) because of not only weak domestic market but also high base Q1/2022 performance.
- Gross profit sharply dropped by -42.3% YoY to VND115 Bn (or USD4.9 Mn), equivalent to a gross margin of 10.3%, explained by lower selling prices and expensive input costs. Although the company enjoyed lower SG&A/sales ratio thanks to softened logistic costs, it could not help to compensate. Consequently, Q1/2023 NPAT-MI was VND25 bn (or USD1.1 mn; -61.4% YoY).
- Q1 2023, DRC fulfilled 22% of its revenue and 9% of its net profit targets for 2023.

Q2 2023 and whole year outlook – Decreasing input costs will partly offset China 's headwinds

In Q2 2023, we forecast net revenue and NPAT-MI to reach VND1,233 Bn (or USD 52 Mn, +10.8% QoQ, +7.4% YoY) and VND72 Bn (or USD3 Mn, +181.9% QoQ, -14.6% YoY), respectively. We expect that the Q2 2023 top-line growth will turn positive, owing to higher selling volumes after DRC adjusted down their selling prices. NPAT-MI is predicted to continue illustrating a negative growth on yearly basis but strongly improve compared to Q1 2023 on the expected decreasing of raw material costs quarter-over-quarter.

We expect that performance will improve quarter by quarter in 2023, supported by the downward trend of input costs and the expected recovery of Vietnam's economy in 2H2023 despite the fierce competition from China. DRC's 2023 consolidated net revenue and NPAT-MI is predicted to be VND4,934 Bn (or USD 210 Mn, +0.7% YoY) and VND277 Bn (or USD12 Mn, -10.1% YoY), respectively. The equivalent EPS is VND2,193.

Valuation and recommendation

Combining FCFF (50%) and multiples comparison (PER) (50%), our target price for DRC is VND20,300 which is ***-9% lower*** *than the closing price on Jun 02nd 2023. However, DRC maintains a stable dividend policy, with an average payout ratio in the last five years of ~64%. For the next 12 months, the expected dividend is VND 1,400/share, equivalent to a dividend yield* ***of 6%.***

We believe that DRC is a suitable investment under the "dividend investment strategy". With the concerns that unfavorable business conditions may negatively affect DRC's business results in the next few quarters, we suggest that investors following the arbitrage strategy can watch DRC shares in the short term. Investors who prefer stable dividends can flexibly disburse when the cash dividend yield is attractive more than the bank deposits.

NEUTRAL -0%

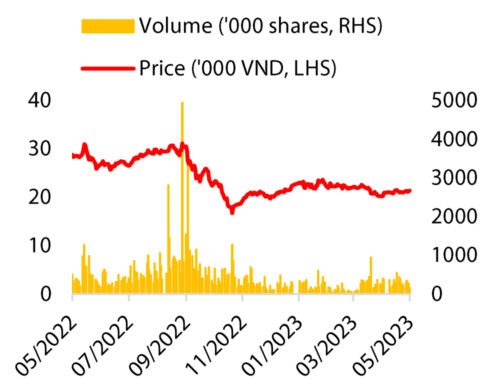
Current market price (VND)	21,800
Target price (VND)	20,300
Cash dividend (VND)	1,400

Stock Info

Sector	Consumer Discretionary
Market Cap (VND billion)	2,524
Current Shares O/S	118,792,605
Avg. Daily Volume (in 20 sessions)	219,822
Free float (%)	17.4
52 weeks High	32,200
52 weeks Low	16,100
Beta	0.9

	FY2022	Current
EPS	2,438	2,257
EPS Growth (%)	-0.4%	-13.1%
Diluted EPS	2,438	2,257
P/E	8.4	9.3
P/B	1.3	1.3
EV/EBITDA	8.1	6.3
Cash dividend yield (%)	7.3%	7.0%
ROE (%)	14.2%	14.6%

Price performance



Major Shareholders (%)	
Vietnam National Chemical Corp	50.5
KWE Beteiligungen AG	4.7
Foreign ownership room (%)	49.0

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Exhibit 1: Q1-2023 Results

(VND bn)	Q1-FY23	Q4-FY22	+/- (qoq)	Q1-FY22	+/- (yoy)
Net revenue	1,113	1,114	-0.1%	1,284	-13.3%
Gross profit	115	179	-35.7%	200	-42.5%
SG&A	82	67	21.8%	111	-26.5%
Operating profit	33	112	-70.3%	89	-62.6%
EBITDA	77	199	-61.3%	106	-26.8%
EBIT	36	111	-67.3%	85	-57.0%
Financial expense	15	31	-49.7%	17	-11.1%
Interest expense	*7*	*7*	*8.1%*	*3*	*157.7%*
D&A	41	88	-53.7%	21	95.4%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	29	104	-72.2%	82	-64.5%
PAT	25	82	-69.0%	66	-61.4%
(*) Adjusted PAT	25	82	-69.0%	66	-61.4%

Source: DRC, RongViet Securities

Exhibit 2: Q1-2023 Performance Analysis

Particular	Q1-FY23	Q4-FY22	+/- (qoq)	Q1-FY22	+/- (yoy)
Profitability (%)					
Gross margin	10.3%	16.1%	-572.5 bps	15.6%	-524.2 bps
EBITDA margin	6.9%	17.9%	-1,095.7 bps	8.2%	-128.1 bps
EBIT margin	3.3%	10.0%	-669.8 bps	6.6%	-332.6 bps
Net margin	2.3%	7.3%	-506.6 bps	5.1%	-284.3 bps
Adjusted net margin	2.3%	7.3%	-506.6 bps	5.1%	-284.3 bps
Turnover* (x)					
-Inventories	2.6	2.1	0.5	3.0	-0.5
-Receivables	14.6	19.4	-4.9	20.4	-5.8
-Payables	5.8	4.6	1.2	5.9	-0.2
Leverage (%)					
Total Debt/Equity	65%	79%	-1,387.6 bps	82%	-1,721.8 bps

Source: DRC, RongViet Securities

Exhibit 3: Q2/2023 Performance Forecast

Particulars (VND Bn)	Q2-FY23	+/- qoq	+/- yoy
Revenue	1,233	10.8%	7.4%
Gross profit	190	65.2%	-7.2%
EBIT	101	205.6%	-2.3%
NPAT-MI	72	181.9%	-14.6%

Source: RongViet Securities

Q2/2023 assumptions:

- Revenue to grow 7.4% YoY, driven by the mix of higher selling volume (0% QoQ; +15% YoY) and lower selling prices (-0.1% QoQ; -3.0% YoY) of the radial tire segment.
- Gross margin to improve to 15.4% from 10.3% in Q1 2023 thanks to the lower-than-previous quarter rubbers costs.
- SG&A/revenue to be 7.2%, decreasing from Q1 2023 thanks to the softening of global logistic costs.

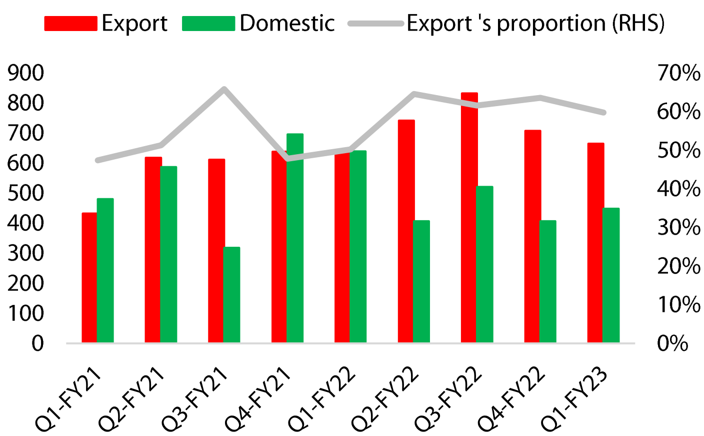
Q1 2023: Fierce competition from China is the main reason for negative high double-digit profit growth

The return of Chinese tires in the beginning of 2023 partly grabbed local customers of DRC

Consolidated Q1 2023 sales went down by -13.3% YoY to VND1,113 bn (USD47.3 mn) because of not only weak domestic market but also high base Q1 2022 performance.

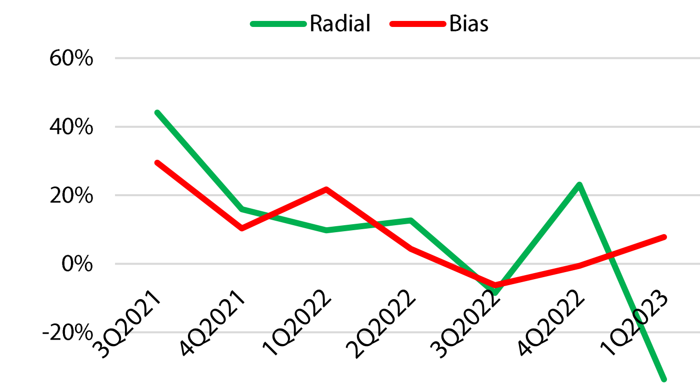
- Export revenue (accounted for 59.7% of Q1 2023 total sales), stable with a modest growth of +3.1% YoY to VND664 bn (or USD2.8 mn). Lower prices of export radial tires (-1.9% QoQ; +1.3% YoY) encouraged overseas customers to increasingly consume DRC's tires with the growth of +13% QoQ and +42.4% YoY in selling volume.
- Domestic sales declined by 29.8% YoY, dragged down by both lower volume (-21.8% QoQ; -55.7% YoY) and lower prices (Figure 2). On the back of rising cheap-tire-supply as China has resumed its manufacturing activities after the lockdown, equipped by a weak economy which makes tire customers become more sensitive to prices as well as lower tire demand (Figure 4), DRC partly lost its customers to Chinese tire producers. In addition, the high base performance effect due to pent-up demand after Covid-19 also expanded the performance gap between Q1 2023 and Q1 2022.

Figure 1: DRC's net sales breakdown (VND bn, LHS) and proportion of export revenues (%, RHS)



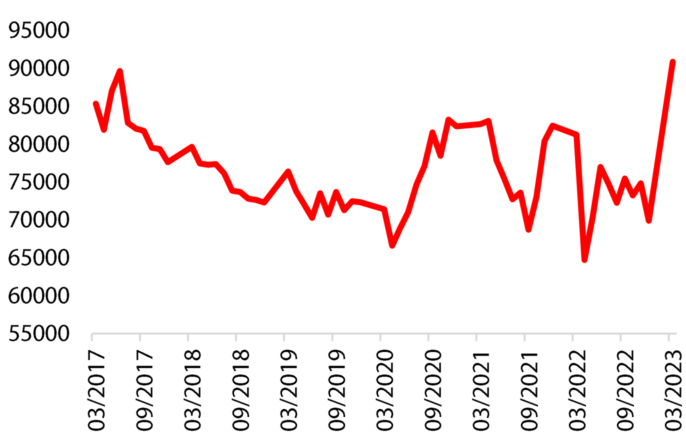
Source: DRC, RongViet Securities

Figure 2: Growth of selling prices of local radial and bias tires of DRC (% YoY)



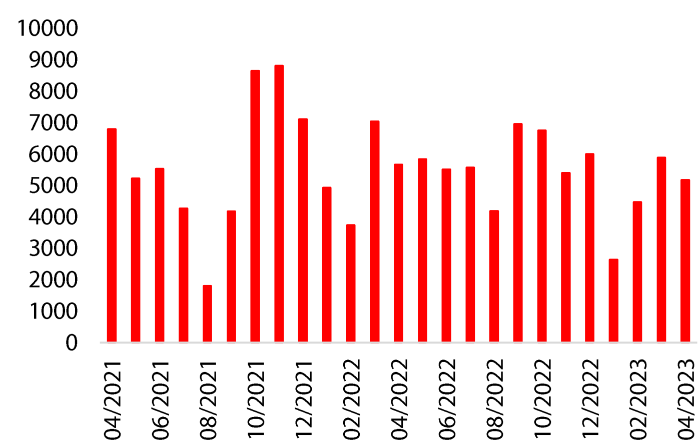
Source: DRC, RongViet Securities

Figure 3: China tire exports (Mn units)



Source: Bloomberg, RongViet Securities

Figure 4: Vietnam truck sales by month (unit)



Source: VAMA, RongViet Securities

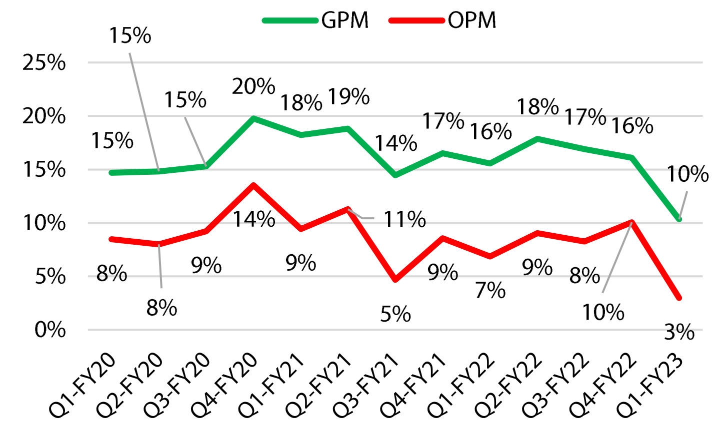
Lower selling prices and expensive input costs resulting in the lowest net profit margin ever

Q1 2023 NPAT-MI strongly down by -61.4% YoY to VND25 bn (or USD1.1 mn), equivalent to a net margin of 2.3% - the lowest level ever. The thin margin is characterized by 1) lower selling prices in the context of the most expensive input costs ever which was closed in Q4 2022;

and 2) the lower contribution of the domestic market which has the highest gross margin. In fact, Q1 2023 gross and operating profits were VND115 Bn (or USD4.9 Mn, -35.8% QoQ, -42.3% YoY) and VND33 Bn (or USD1.4 Mn, -70.4% QoQ, -62.4% YoY), respectively. The equivalent gross and net margins were 10.3% and 3.0%, respectively – the lowest margins ever also (Figure 5 & 6). In the cheap Chinese tire environment and expected soften raw material costs, DRC's price reduction action is inevitable.

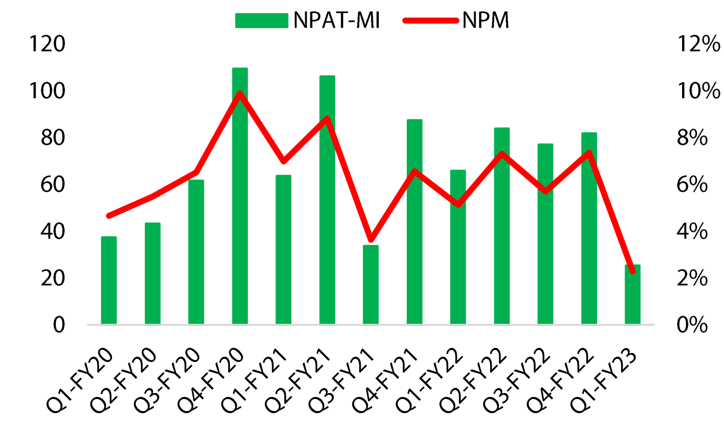
DRC 's Q1 2023 performance fulfilled 22% of its revenue and 9% of its net profit targets for 2023. Compared to our forecast, the Q1 2023 performance is significantly lower, driven by an unexpected decrease in selling prices of radial tires (Actual/Forecast: -5.0% YoY/+3.6% YoY) and lower than expected gross margin (-615 bps). To sum up, Q1 2023 actual net sales and net profit are -3.1% and -64.3% below our forecast, respectively.

Figure 5: DRC's gross margin and operating margin (%)



Source: DRC, RongViet Securities

Figure 6: DRC 's NPAT-MI (VND bn) and net margin (%, RHS)



Source: DRC, RongViet Securities

Q2 2023 and whole year outlook – Decreasing input costs will partly offset China 's headwinds

Q2 2023: The expected recovery in gross margin will push the net margin up

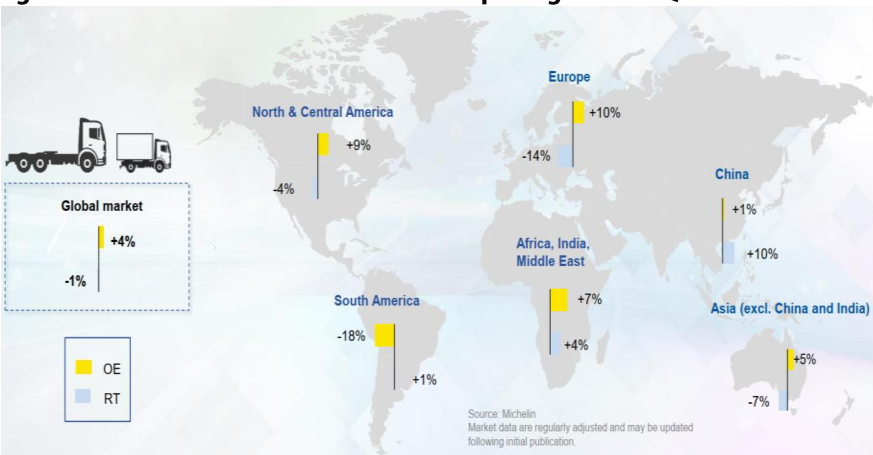
With the view of expected easing global supply bottlenecks, which should promote rubber tires consumption, we believe that radial tires will continue to be the main growth driver of DRC 's Q2 2023 top-line. Particularly, export sales is forecasted to show a modest decline because of the challenging global business environment while domestic sales are believed to improve on the recovery of logistic activities.

In terms of exports, although DRC is facing the pressure of import tax policy from Brazil which was mentioned in "A negative surprise from an uncertain selling volume trajectory" report and the fierce competition from China, we keep predicting that its export sales will slightly drop by -2.6% YoY to VND721 bn (or USD31 mn; +8.6% QoQ). The narrow negative growth supported by DRC 's responsive pricing management as well as flexible trade policy to deal with Brazil 's customer preferences, and regional sales mix enhancement to compensate for the drawbacks of Brazil market (Figure 7).

To the domestic market, the first quarter of the year is normally the low season of DRC, except Q1 2022 benefiting from pent-up demand after Covid-19 effect. Therefore, we forecast that DRC's domestic sales will recover by +14.1% QoQ to VND512 bn (or USD22 mn; +25.7% YoY) in Q2 2023. In fact, despite the significant negative sales growth, Q1 2023 domestic sales of DRC (VND448 bn, or USD19 mn) is still in-line with the average sales of Q1 2020 and Q1 2021 (VND458 bn, or USD19 mn). Backed by this, we believe that DRC owns a loyal customer portfolio (e.g., THACO) which brings stable earnings source for the company each year, resulting in a shield protecting DRC in the cheap price storm from Chinese tires.

Turning to profits, we expect that DRC 's gross margin will improve in the context of higher contribution from domestic sales since Q2 2023, and decreasing rubbers prices, including both natural and synthetic rubbers. In Q1 2023, DRC almost used up their high-priced rubbers inventory, per data from the company. Therefore, we expect that the lower-price rubber material will be used in Q2 2023, partly offsetting the selling price reduction, then enhancing the gross margin. As a result, NPAT-MI margin in Q2 2023 will go up to 5.8% from 2.3% in Q1 2023 but still lower than the number of 7.3% in Q2 2022.

Figure 7: Global truck tire market 's consumption growth in Q1 2023



Source: Michelin, RongViet Securities

FY2023 outlook: Raw material cost reduction will limit the YoY decrease of net profit

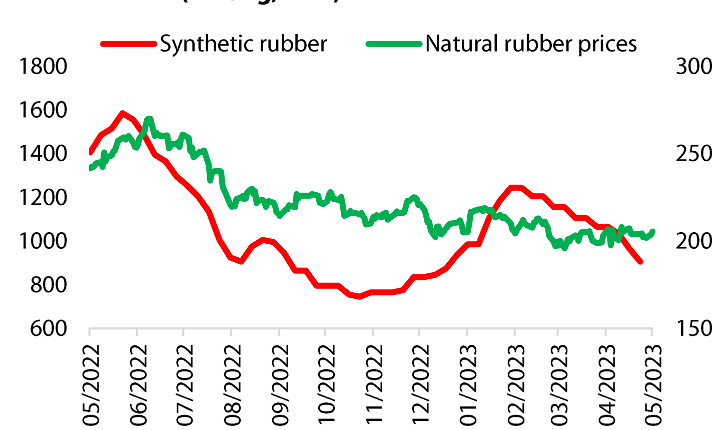
We forecast 2023 consolidated net revenue and NPAT-MI to be VND4,934 Bn (or USD 210 Mn, +0.7% YoY) and VND277 Bn (or USD12 Mn, -10.1% YoY), respectively. The equivalent EPS is VND2,193 (-10% YoY).

Growth in radial selling volume to offset unfavorable lower selling prices. While 2023 export sales are expected to be flat, we expect that the local top-line will improve quarter-over-quarter, compensating for Q1 2023 weak sales, back by the expectation that the economy will gradually improve following some supportive packages from the Government.

The bottom line, meanwhile, will still show negative growth, which is due to low selling prices and high input costs. Because DRC purchased a large amount of expensive coal in 2H2022 which is expected to be used up at least in Q2 2023, the gross margin is expected to stay at below-year ago level in 1H2023. Consequently, 1H2023 net profit is predicted to be in a high double-digit negative growth. However, we suppose that the cost-base improvement effect will be clearer from Q3 2023, delivering an expected positive net profit growth in 2H2023. The main pillars are:

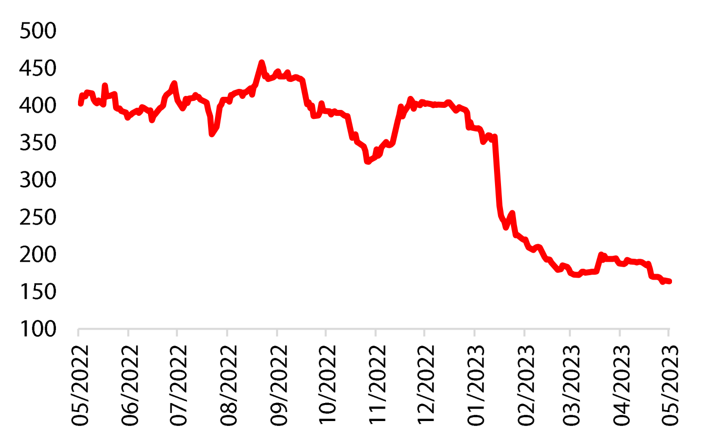
- Raw materials, which were purchased at lower prices in Q1 2023, will be increasingly used in 2H2023.
- The expected downward trend of raw material prices, including natural rubber, synthetic rubber, and coal, should create favorable condition for DRC to close new soften raw material contracts in the future, signaling an improvement in gross margin. On May 12nd 2023, prices of natural rubber, synthetic rubber, and coal are USD cents/kg 201.7 (-16.5% YoY; -1.0% YTD), USD/Ton 905 (-35.6% YoY; +7.1% YTD), and USD/Ton 164.9 (-59.0% YoY; -59.2% YTD), respectively.

Figure 8: Price of synthetic rubber (USD/Tons, LHS) and natural rubber (JPY/Kg, RHS)



Source: Bloomberg, RongViet Securities

Figure 9: Coal prices (USD/Tons)



Source: Bloomberg, RongViet Securities

The game changer for the stock price

Although DRC is expected to face various challenges in 2023, there are still some bright stars which might be the investment catalysts for DRC shares. They are:

- Brazil truck tire demand: Despite estimates that the selling volumes to Brazil market will be 10% lower than the pre-import tax period (per the management), in case of DRC tire import demand remains strong due to some special reasons (e.g., quality of the tire or interesting trade terms that DRC offers to Brazilian customers), the stronger than expected import sales will boost DRC 's total sales growth.
- The growth of other export markets: To minimize the negative effect of Brazil, DRC is promoting the sales to other overseas markets, such as the US, Middle East, Russia, Egypt, or Europe. Although the current contribution of these markets (except the US) to DRC 's total oversea sales is modest, if there are any policies encouraging tire consumption issued, the higher sales from these markets could boost sales growth.
- The anti-dumping tax on Chinese tires imported to Vietnam: Many cheap Chinese tires imported into Vietnam which might grab sales of local tire producers, DRC and other local tire manufacturing companies who are members of Vinachem are submitting to Vietnam's government to impose anti-dumping duties on Chinese tires. In case this proposal would take effect, the local sales of DRC will increase, resulting in not only higher total sales but also a larger gross margin.
- Shareholders return policy: DRC has a stable interest pay-out policy, evidenced by a 10-year average payout ratio of 70%. The stable dividend yield of ~+4.0 - +5.0% p.a., which was mentioned in "DRC - Strong sales growth supports profit growth" report, is a highlight for the stock.

2022-23F Forecast

Table 1: 2023 IS Forecast

Unit: VND Bn	2022A	2023F	% YoY change	Comments
Net revenue	**4,899**	**4,934**	**+0.7%**	
+ Export sales/ total sales	*59.7%*	*57.7%*	*+380 bps*	*We expect that domestic sales will start to recover in 2H2023.*
Gross profit	**813**	**763**	**-6.1%**	
SG&A expenses	(397)	(380)	-4.4%	
EBIT	**416**	**383**	**-7.8%**	
Net non-operating income/(expenses)	(29)	(36)	24.1%	*Interest expenses to be higher as the result of higher debt in 2022.*
NPAT-MI	**308**	**277**	**-10.1%**	
GPM	16.6%	15.5%	-110 bps	*Gross margin to decrease due to selling price reduction.*
SG&A/Revenue	8.1%	7.7%	-40 bps	*Selling expenses/sales are predicted to be softer, driven by lower logistic costs.*
EBIT margin	8.5%	7.8%	-70 bps	
NPAT-MI margin	6.3%	5.6%	-70 bps	

Source: RongViet Securities

Valuation

We suggest that DRC shares is one of the suitable investments under the "dividend investing strategy". The defensive cash dividend stream is not only a compensation for current DRC 'shareholders amid unfavorable business condition but also a reason to buy for dividend-loving investors on the back of a low stock price. Moreover, we suppose that there are still some game changers for DRC 's performance under the current headwinds, thus we recommend investors to put the stock on a positive watch list to not to miss the right time to make investment decision.

As regards DRC performance prediction, we adjusted down our assumptions, in the pillars of, the downside risk from Brazil and fierce competition from Chinese tires. From DRC 's Q1 2023 weak business result, there are two material factors leading us to change our view. The first is that DRC has reduced its selling price of radial tires while our previous view was that the price would increase. The second point is the significantly lower bias tire demand under weak domestic consumption while we previously expected the local bias demand would be stable. As a result, we revised down the estimated 2023 selling volume of both bias and radial, and selling price of radial tire also. However, we revised up the operating profit as DRC is expected to enjoy lower logistic costs. These adjustments lead 2023 net sales to 2.0% lower and NPAT-MI to 4.5% higher than our latest forecast in Apr-2023, respectively.

On the other hand, we also lower the P/E multiple from 9.8x to 8.4x which is approximately the 2022 P/E as we expect that the negative effect of import tax by Brazil has reflected on the stock price movement in the last two months and the cost-base improvement expectation will be the key for a 2023 investment decision. Consequently, these changes led the new target price to be lower.

Table 2: Changes in 2023 IS Forecast

Unit: VND Bn	Old	New	% Change	Comments
Net revenue	**5,053**	**4,934**	**-2.4%**	*We adjusted down the selling prices following the movement of Q1 2023 performance.*
Gross profit	**787**	**763**	**-3.0%**	
Gross margin	*15.6%*	*15.5%*	*-10 bps*	*Gross margin to be slightly adjusted down on the mix of lower selling output prices and decreasing rubber costs.*
SG&A expenses	**406**	**380**	**-6.4%**	
SG&A/Sales	*8.0%*	*7.7%*	*-30 bps*	*Q1 2023 selling expenses/sales ratio was lower than our forecast.*
EBIT	**381**	**383**	**+0.5%**	
Net financial income/(expenses)	*(49)*	*(38)*	*-22.4%*	*In Q1 2023, DRC reduced its total debt to VND571 bn, which is lower than our forecast. Q4 2022 total debt is VND687 bn.*
NPAT-MI	**264**	**277**	**+4.9%**	

Source: RongViet Securities

We combined FCFF valuation model (50%) and multiples comparison (50%) with an applied P/E of 8.4x. **Our new target price is VND20,300**, which is lower by 10% compared to the latest target price (VND22,600) on Apr-2023 as well as being -9% lower than the closing price on Jun 02nd 2023 also. However, DRC maintains a stable dividend policy, with an average payout ratio in the last five years of ~64%. For the next 12 months, the expected dividend is VND 1,400/share, equivalent to a dividend yield **of 6%.**

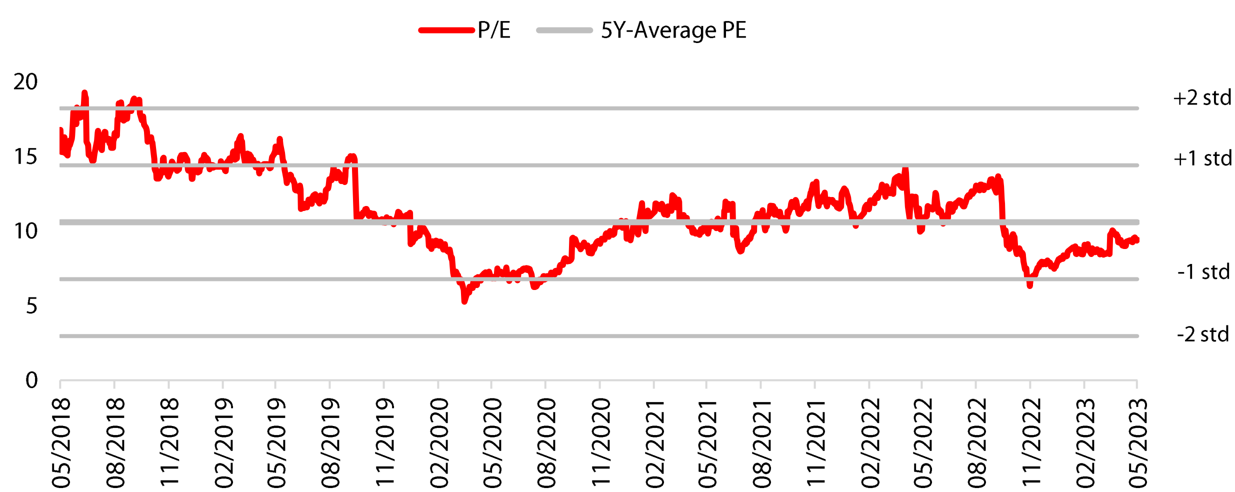
In general, with the concerns that unfavorable business conditions may negatively affect DRC's business results in the next few quarters, we suggest that investors following the arbitrage strategy can watch DRC shares in the short term. Investors who prefer stable dividends can flexibly disburse when the cash dividend yield is attractive more than the bank deposits.

Table 3: DRC's valuation summary

Method	Weight	Valuation (VND/share)
FCFF (WACC: 15.2%, g: 3.1%, EV/EBITDA: 4.7x)	50%	22,000
P/E Multiples (8.4x)	50%	18,500
Total	**100%**	**20,300**

Source: RongViet Securities

Figure 10: DRC 's historical P/E band (x)



Source: Bloomberg, RongViet Securities

Table 4: Industry peers

Company	Country	Market cap (USD mn)	ROE (%)	Trailing Sales Growth (% YoY)	EPS Growth (% YoY)	Gross margin (%)	Net profit margin (%)	Trailing PB Ratio (x)	Trailing PE Ratio (x)	Trailing EV/ EBITDA	5-year average P/E
DRC	**VN**	**133**	**14.4**	**-0.5**	**5.6**	**16.6**	**6.3**	**1.4**	**9.5**	**6.6**	**12.2**
Domestic peers											
SRC	VN	22	3.8	-7.5	-30.7	17.7	2.9	1.2	10.2	18.9	17.0
CSM	VN	61	6.1	6.8	39.9	11.1	1.8	1.1	18.5	7.6	56.5
Global peers											
Gajah Tunggal	IJ	199	0.2	11.1	-	13.7	-0.9	0.4	232.3	4.2	-
Dong Ah Tire & Rubber	KS	123	6.1	1.8	45.1	16.9	11.8	0.4	7.4	5.7	8.9
Hwa Fong Rubber.	TT	133	8.3	-11.0	-19.2	19.9	5.1	1.3	15.7	7.9	-
Prinx Chengshan Holdings Ltd	HK	491	9.4	8.2	44.2	14.3	4.7	0.8	8.8	11.3	8.9
Mean		**166**	**6.9**	**1.3**	**14.1**	**15.7**	**4.5**	**0.9**	**43.2**	**8.9**	**20.7**
Median		**133**	**6.1**	**1.8**	**22.8**	**16.6**	**4.7**	**1.1**	**10.2**	**7.6**	**12.2**

Source: Bloomberg, as of May 26th, 2023

VND Billion

INCOME STATEMENT	FY2021	FY2022	FY2023E	FY2024F
Revenue	4,380	4,899	4,934	5,023
COGS	3,632	4,085	4,171	4,219
Gross profit	**747**	**813**	**763**	**804**
Selling Expense	305	321	308	304
G&A Expense	63	76	72	75
Finance Income	37	62	50	52
Finance Expense	51	92	88	77
Other profits	-1	1	1	0
PBT	**364**	**387**	**347**	**401**
Prov. of Tax	73	78	69	80
Minority's Interest	0	0	0	0
PAT to Equity S/H	**291**	**308**	**277**	**321**
EBIT	379	416	383	426
EBITDA	483	416	487	527

%

FINANCIAL RATIO	FY2021	FY2022	FY2023E	FY2024F
Growth (%)				
Revenue	-16.6%	11.9%	0.7%	1.8%
Operating Income	-19.6%	9.7%	-7.8%	11.1%
EBITDA	-15.7%	-13.9%	17.1%	8.3%
PAT	-18.8%	6.0%	-10.1%	15.5%
Total Assets	-1.1%	9.0%	-5.5%	-2.6%
Equity	-20.8%	7.7%	5.2%	5.7%
Profitability (%)				
Gross margin	17.1%	16.6%	15.5%	16.0%
EBITDA margin	11.0%	8.5%	9.9%	10.5%
EBIT margin	8.7%	8.5%	7.8%	8.5%
Net margin	6.6%	6.3%	5.6%	6.4%
ROA	9.3%	9.0%	8.6%	10.2%
ROE	16.4%	16.1%	13.8%	15.1%
Efficiency				
Receivable Turnover	21.03	19.05	14.23	16.09
Inventory Turnover	2.54	2.39	3.02	3.26
Payable Turnover	4.69	5.19	6.68	8.78
Liquidity				
Current	1.57	1.67	1.88	2.18
Quick	0.51	0.51	0.72	0.87
Finance Structure (%)				
Total Debt/Equity	32.3%	36.0%	28.2%	23.9%
Current Debt/Equity	32.3%	35.9%	28.1%	23.9%
Long-term Debt/Equity	0.1%	0.0%	0.1%	0.0%

VND Billion

BALANCE SHEET	FY2021	FY2022	FY2023E	FY2024F
Cash and cash equivalents	90	155	152	186
Short-term investments	320	210	231	231
Accounts receivable	208	257	347	312
Inventories	1,432	1,710	1,379	1,293
Other current assets	67	127	127	127
Property, plant & equipment	973	910	948	950
Acquired intangible assets	3	2	0	0
Long-term investments	4	4	4	4
Other non-current assets	42	44	45	46
Total assets	**3,139**	**3,420**	**3,233**	**3,149**
Accounts payable	775	787	624	481
Short-term borrowings	572	686	565	507
Long-term borrowings	2	1	1	1
Other non-current liabilities	0	0	0	0
Bonus and Welfare fund	16	35	31	36
Technology-science, dev. fund	0	0	0	0
Total liabilities	**1,365**	**1,509**	**1,223**	**1,025**
Common stock and APIC	1,188	1,188	1,188	1,188
Treasury stock (enter as -)	0	0	0	0
Retained earnings	242	320	362	424
Other comprehensive income	21	21	21	21
Inv. and Dev. Fund	324	382	440	491
Total equity	**1,774**	**1,910**	**2,010**	**2,124**
Minority Interest	**0**	**0**	**0**	**0**

VALUATION RATIO (*)	FY2021	FY2022	FY2023E	FY2024F
EPS (VND)	2,449	2,438	2,193	2,534
P/E (x)	12.8	7.9	9.3	8.0
BV (dong)	14,934	16,082	16,919	17,880
P/B (x)	2.1	1.3	1.2	1.1
DPS (dong/cp)	1,200	1,500	1,400	1,500
Dividend yield (%)	5.0	7.0	6.5	7.0

VALUATION MODEL	Price	Weight	Average
FCFF	22,000	50%	11,000
P/E	18,500	50%	9,300
Target price (VND)			**20,300**

VALUATION HISTORY	Price	Recommendation	Period
Nov 2022	31,000	BUY	Long-term
Apr 2023	22,600	NEUTRAL	Long-term
May 2023	20,300	NEUTRAL	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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