

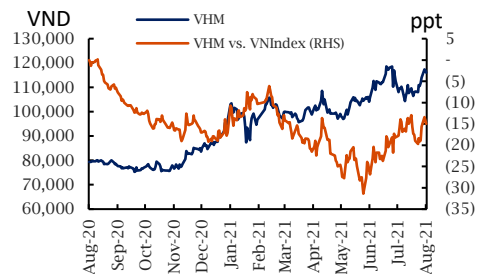
**Vietnam: Property**
**13 August 2021**
**VHM VN**
**BUY**
**TP upside + 24.4%**
**Close 12 August 2021**
**Price VND 117,000**  
**12M Target VND 145,600**
**What's new?**

- ▶ **On target in 1H21.** VHM has completed 46.3% of its 2021 revenue guidance and 45.1% of its PAT target.
- ▶ **Increasing trend for mega project lifestyle** is driving demand.
- ▶ **Strong demand for ready-to-build land.** Bulk sales should thus continue to further support VHM's outlook.

**Our view**

- ▶ **We expect VHM to fulfill its full-year targets** driven by the three existing mega projects and bulk sales from its new mega projects.
- ▶ **We increase our fair value-based target price** by 53.5% to VND145,600 on higher ASPs and additional projects.
- ▶ **We reiterate our BUY rating** on VHM, which is one of our top picks in Vietnam.

**Company profile:** VHM is Vietnam's premier residential property developer with 25% market share in Vietnam across all condominium segments from 2016 to 2Q2021. As a majority-owned subsidiary of Vingroup (VIC VN, Not rated), VHM is able to harness the group ecosystem in building communities that offer a complete living environment, including educational, medical, and retail facilities. This model is a structural advantage that is unique among Vietnamese property developers.

**Share price performance relative to VN**


<b>Market cap</b>	<b>USD 16.82 bn</b>
<b>6M avg. daily turnover</b>	<b>USD 19.79mn</b>
<b>Outstanding shares</b>	<b>3,289.51mn</b>
<b>Free float</b>	<b>14.96%</b>
<b>FINI ownership</b>	<b>23.52%</b>
<b>Major shareholders</b>	<b>85.04%</b>
<b>2Q21 Net debt/equity (x)</b>	<b>0.09x</b>
<b>TTM P/B (x)</b>	<b>3.98x</b>
<b>FOL Room</b>	<b>26.48%</b>

**Financial outlook (VND bn)**

Year to Dec	2020F	2021F	2021 Guidance
Sales	71,547.00	91,692.00	90,000.00
Op. profit	21,062.00	38,466.00	
Net profit	28,208.00	32,174.00	35,000.00
EPS (VND)	8,315.00	8,861.00	
EPS chg (%)	27.88%	6.57%	
P/B (X)	4.50 x	3.41 x	
ROE (%)	37.00%	31.00%	
Div. yield (%)		1.28%	

*Sources: VHM, Bloomberg, Yuanta Vietnam*
**Vinhomes (VHM VN)**
**The Market's Trendsetter**

**On track to complete high growth targets in 2021.** VHM's 1H21 revenue and PAT have respectively completed 46.3% and 45.1% of 2021 guidance. We expect the company to fulfill its targets driven its three existing mega projects and bulk sales from its new mega projects. We expect Vinhomes Dream City and Wonder Park to be launched in 2H21. Additionally, a Masteri subsidiary has successfully raised VND 5tn as a deposit on a Vinhomes Dream City subdivision. As such, we expect VHM's presales momentum to continue.

**Mega project lifestyles: the new trend.** Members of the rapidly rising middle and upper-middle classes in Vietnam are not simply seeking any urban housing; they are also starting to seek higher quality lifestyles with amenities such as full internal facilities and green landscaping. As such, we sense a gradually increasing willingness among homebuyers to purchase high-quality units in the urban periphery. This trend is likely to be boosted by transport infrastructure improvements, which will substantially reduce commuting times.

**Strong demand for ready-to-build land** from third-party developers, including domestic and multinational firms, due to the relatively limited administrative risks from such property. VHM reports that global/local developers have retained a long-term positive view on the Vietnam property sector despite the Covid pandemic. For example, VHM has sold a total of 129 towers in its three mega projects, including 75 towers transferred as bulk sales to four developers: Masteri, Nomura & Mitsubishi, MIK Group, and Sampty. Also, five bulk sale transactions with revenue of VND 21tn were under negotiation as of July.

**We reiterate our BUY rating on VHM and increase our fair value-based target price by 54% to VND145,600 per share, implying +25.7% TSR.** We continue to believe that VHM's unrivalled landbank will allow it to maintain sector leadership for many years to come. As such, we see the company as a major beneficiary of the long-term structural growth of Vietnam's middle class. VHM's leading brand and execution capability in property development merits a valuation premium, in our opinion.

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**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

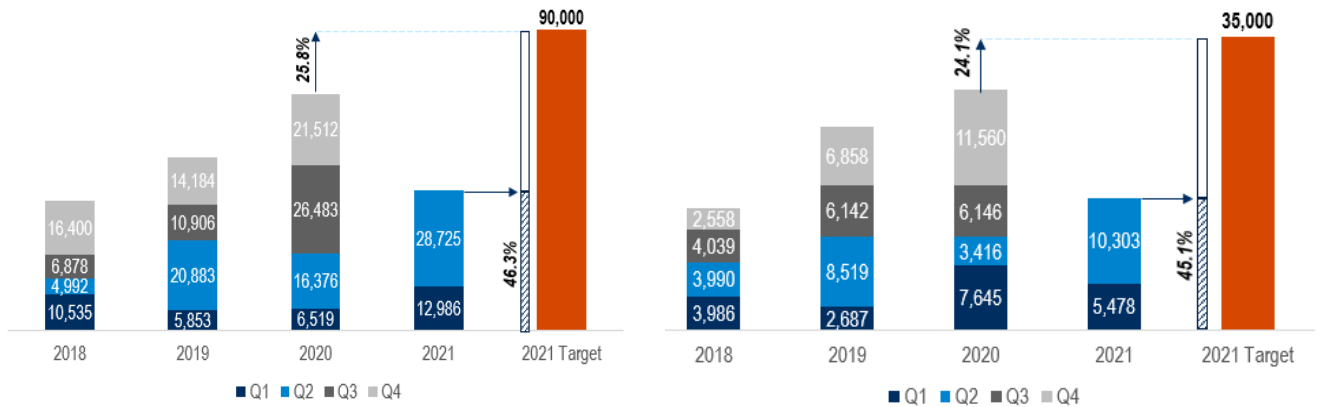
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## On track to complete high growth target

**1H21 business result update:** VHM posted 2Q21 revenue of VND 28.7tn (+75.4% YoY), with VND25.5tn attributable to the three mega projects and 2Q21 PAT reached VND 10.3tn (+3x YoY). For 1H21, its revenue was VND 41.7tn (+82.2% YoY) and PAT was VND 15.8tn (+42.7% YoY), which respectively completed 46.3% and 45.1% of 2021 guidance.

Fig 1: Revenue breakdown by quarter (VNDbn)

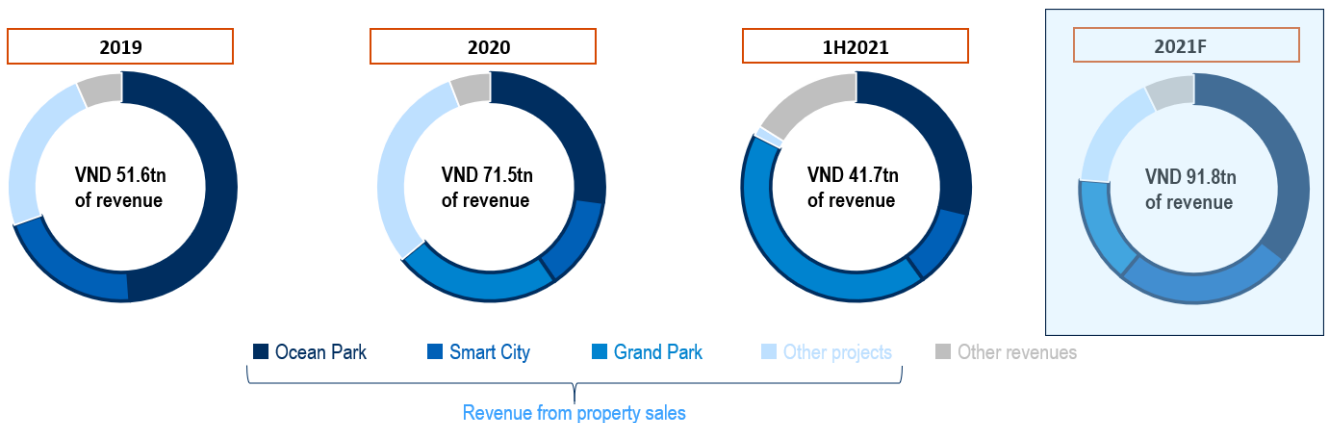
Fig 2: PAT breakdown by quarter (VNDbn)



Source: Company data, Yuanta Vietnam

**The three mega projects remain the primary earnings driver.** In 1H21, VHM delivered 14,300 units to retail buyers, of which 96% were attributable to the three mega projects. The mega projects accounted for 82.5% of total 1H21 revenue: specifically, revenue from Vinhomes Grand Park was VND 17.7tn (42.4% of the total), revenue from Vinhomes Ocean Park was VND 12tn (28.8%), and revenue from Vinhomes Smart City was VND 4.7tn (11.3%). We estimate that revenue from the three existing mega projects will account for 76.3% of total full-year revenues in 2021E.

Fig 3: VHM's revenue breakdown (VNDbn)



Source: Company data, Yuanta Vietnam

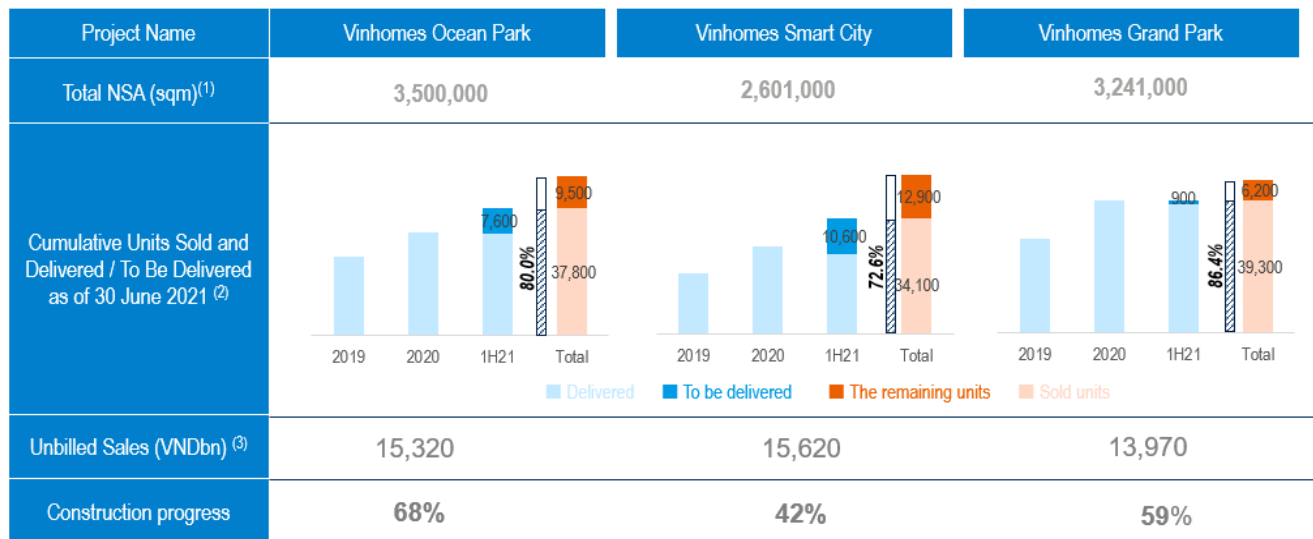
**Homebuyers are looking for a home where they can enjoy their lives, rather than simply a place to live.**

**Living in mega projects is becoming a trend,** which is helping to drive demand for Vinhomes' urban peripheral projects. The company has successfully built up satellite urban areas (i.e., Grand Park, Ocean Park, and Smart City) where residents can enjoy a modern lifestyle with full internal living facilities such as schools, shopping malls, medical facilities, and landscaping with wide green spaces and lakes. VHM's projects offer such lifestyles at a reasonable price in comparison with that of city center property.

**Infrastructure improvements are driving demand for housing in outlying areas.**

As such, homebuyers are increasingly weighing up whether quality of life is more important than location given that infrastructure improvements will substantially reduce travel times for residents of outlying areas. Additionally, Vinhomes is a prestigious brand name, which supports homebuyer confidence in the completion of legal procedures and construction quality of its projects. This is evident in the fact that VHM has nearly completed sales at the three mega projects (see Fig 4 for details). Management expects to complete sales at Grand Park and Ocean Park in 2022 and Smart City in 2023.

**Fig 4: Overview of three existing mega projects**



Note: (1) Numbers are rounded to the nearest '000 (2) Numbers are rounded to the nearest '00 and subject to design change in bulk sales transactions (3) Numbers are rounded to the nearest '0

Source: Company data, Yuanta Vietnam

**Mega projects also underline VHM's strong 1H21 presales momentum.** For 1H21, VHM sold 15.8K units (-28% YoY), of which presold units from the mega projects accounted for 97%. Contracted value in 1H21 reached VND 27.7tn (-26% YoY), of which two bulk sales transactions (i.e., one transaction at Vinhome Ocean Park and one at Vinhomes Smart City) contributed VND12.8 tn. The company also received 30% of the total value of these transactions as deposits. Additionally, VHM continues to launch new subdivision for retail sales. Vinhomes Ocean Park's Pavilion subdivision was official launched in July 2021. This subdivision has c. 2,600 units, which are being developed under Vinhomes Sapphire standards (i.e., mid-end) and are scheduled for delivery starting from 4Q23. At Vinhomes Smart City, 1,133 units of GS1 tower (The Miami subdivision) was officially launched on 9 August 2021; the tower is being developed with Vinhomes Sapphire standards and we expect units to be delivered starting from 1Q23.



Fig 5: Vinhomes Ocean Park



Source: Company data, Yuanta Vietnam

Fig 6: Vinhomes Smart City



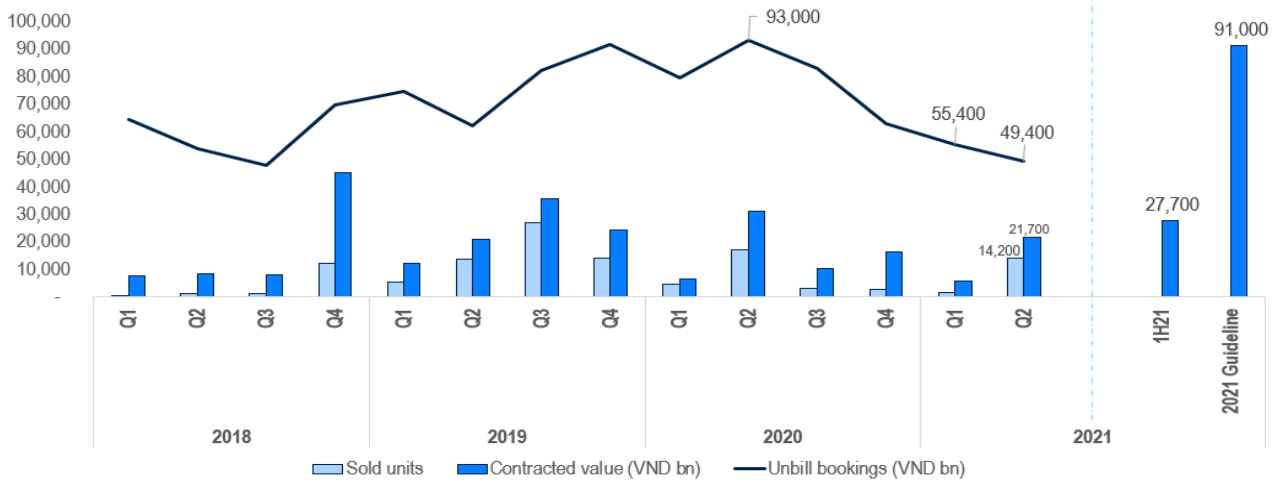
Source: Company data, Yuanta Vietnam

**Five bulk sales transactions are under negotiation.**

**Masteri subsidiary plans to buy a Vinhomes Dream City subdivision.**

Management stated demand from bulk sales buyers and retail homebuyers remains strong amid the supply shortage. Transport infrastructure improvements should support the connectivity of large-scale townships in the urban periphery, which should benefit VHM’s various projects. The company has substantial supply ready to be launched in 2H21. They also disclosed that another five bulk sales transactions are under negotiation which are estimated to generate VND 21tn in revenue with 50–60% gross profit margin. In addition, a local developer (a subsidiary of Masteri) successfully raised VND 5tn for a deposit on its planned purchase of a subdivision of Vinhomes Dream City.

**Fig 7: VHM's sales performance**



Source: Company data, Yuanta Vietnam

**We are not overly worried about the low unbilled booking value and contracted value**

Unbilled bookings as of 2Q21 were VND 49.4tn, a three-year low, and VHM has only completed 30.4% of its 2021 contracted value plan. However, we are not overly worried about this because the new mega projects mostly comprise low-rise units that can be delivered less than 12 months after launch. Additionally, robust bulk sales in existing and upcoming projects in 2H21 should drive presales momentum to achieve the company's 2021 target.



## Strong demand for ready-to-build land

Fig 8: Tower-bulk sales breakdown by buyer

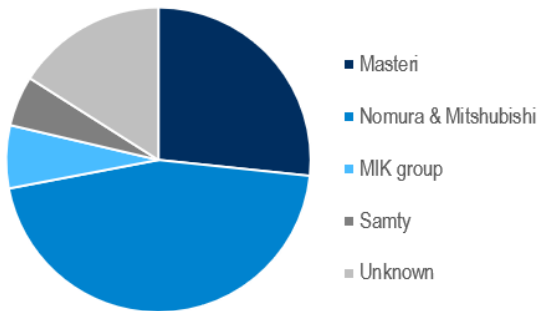
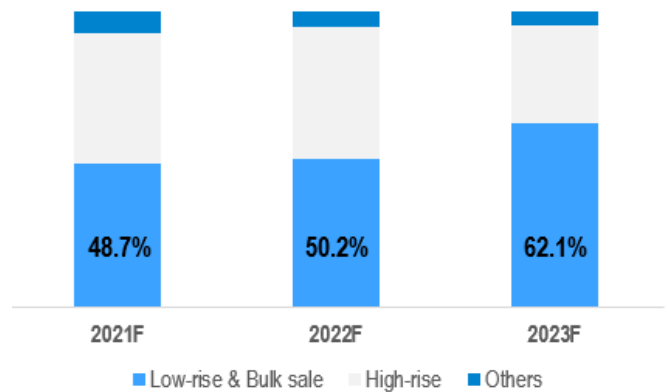


Fig 9: Revenue structure



Note: The “unknown” section of the pie chart refers two bulk sales transactions at Vinhomes Ocean Park and Vinhomes Smart City, which closed in 2Q21.

Source: Yuanta Vietnam

For highrise units, VHM sold 129 towers in the three mega projects, of which 75 were sold as bulk sales to four developers: Masteri, Nomura & Mitsubishi, MIK Group, and Samty. It sold the other 54 towers via the retail sales channel. For Vinhomes Grand Park, VHM sold 61 towers of which 44 were attributable to bulk sales. The company will also apply the bulk sales strategy for its new mega projects, which mostly comprise low-rise units. Thus, we estimate that lowrise units and bulk sales will account for half of total revenue in 2021–22E, as indicated in Fig 9.

Fig 10: Bulk sales are a major driver of earnings from Vinhomes Ocean Park



Source: Company data, Yuanta Vietnam

Lowrise units comprise shophouses, townhouses, and villas. Their price level is over USD 4.2K per sqm, equivalent to the price of luxury condominiums. However, we believe that lowrise demand (i.e., for living, investment, and speculation) remains strong, as presented in Fig 11 and 12, below.

**Fig 11: Key reasons why Vietnamese prefer to own land and lowrise units**

- Vietnamese strongly believe in the value of land rather than condominiums. This is a cultural factor that has been ingrained through many generations.
- Land is a limited resource. Concerns about what will happen to a condo after 50 years support the preference for multigenerational land ownership.
- Landed units allow for flexibility of the owner to repair or rebuild, in contrast to condos.

Source: Yuanta Vietnam

**Fig 12: Key reasons why demand for ready-to-build land (i.e., bulk sales) is strong**

- Land is the main input for property developers.
- Firms are allocating assets to property given that core businesses have been impacted by Covid.
- Ready-to-build land removes administrative barriers to entry in the Vietnam property market.
- Global/local institutions are challenged by administrative procedures and land compensation.

**Vinhomes is one of the few developers that successfully build-up urban area projects and make them really have vitality**

Additionally, the supply of urban projects is in shortage. Vinhomes is one of the few developers that has successfully developed urban area projects that offer real vitality. We have observed considerable positive feedback from Vinhomes Ocean Park residents on social networks regarding the project’s internal facilities and landscaping. These residence tend to recommend this project to their relatives and friends. In addition, Vinhomes Grand Park (VGP) and Vinhomes Smart City (VSC) have been getting more crowded since the company started to deliver units in December 2020 and August 2020, respectively.

**Fig 13: Homebuyer behavior**

Trend	Details
<b>1st trend</b> – Preference for landed housing that is located in a core urban district.	<ul style="list-style-type: none"> <li>• Homebuyers prefer to own land lots/lowrise units. They are willing to buy a house located in core urban districts even if its area is small and it is located on a narrow alley. They mostly buy in the secondary market from other individual owners.</li> </ul>
<b>2nd trend</b> – Due to pricing and lifestyle preferences, young homebuyers are willing to buy a urban peripheral condominium with better living quality.	<ul style="list-style-type: none"> <li>• Price is one of the obstacles to the homebuyer's choice. Young homebuyers are increasingly opting for condominiums with better living quality. Condominium projects offer many new living standards such as cleanliness, safety &amp; security, internal facilities, and landscaping.</li> </ul>
<b>3rd trend</b> – Homebuyers target to own a lowrise unit with a premium living environment.	<ul style="list-style-type: none"> <li>• As incomes rise, homebuyers target owning a lowrise unit in an urban area project that offers even higher living quality than the condominium projects discussed above.</li> <li>• Urban area lowrise units satisfy the desire to own land and the requirement for high living quality standards.</li> </ul>

Source: Yuanta Vietnam

We believe the first trend represents the mainstream of the property market prior to 2017, and the second trend is the mainstream of the market starting from 2018. However, the third trend is gradually becoming more predominant due to the rapid rise of Vietnam’s middle and upper-middle classes. As such, we strongly believe that Vinhomes will continue to be successful as it rolls out its new mega projects, as discussed in the next section.

## Launching new mega projects

Vinhomes plans to launch three new mega projects: Vinhomes Wonder Park (in 2H21), Vinhomes Co Loa (in 2022), and Vinhomes Dream City (in 2H21).

Fig 14: Tower-Bulk sales breakdown by buyer

No	Project's Name	Location	Effective stake %	2019	2020	2021F	2022F	2023F	2024F	2025F	After
1	Vinhomes Grand Park	HCMC	90.00%								
2	Vinhomes Ocean Park	Hanoi	84.00%								
3	Vinhomes Smart City	Hanoi	90.10%								
4	Vinhomes Ha Tinh	Ha Tinh	100.00%								
6	Vinhomes Symphony	Hanoi	100.00%								
8	Vinhomes Wonder Park	Hanoi	100.00%								
9	Vinhomes Ocean Park 2	Hung Yen	100.00%								
10	Vinhomes Co Loa	Hanoi	83.20%								
11	Vinhomes Lang Van	Da Nang	95.80%								
12	Vinhomes Galaxy	Hanoi	55.40%								
13	Vinhomes Vu Yen	Hai Phong	100.00%								
14	Vinhomes Dai An	Hung Yen	100.00%								
15	Vinhomes Gallery	Hanoi	43.30%								
16	Vinhomes Me Tri	Hanoi	83.00%								
17	Vinhomes Tay Tang Long	HCMC	90.00%								
18	Vinhomes Green Ha Long	Quang Ninh	100.00%								
19	Vinhomes Can Gio	HCMC	98.60%								
20	Vinhomes Cu Chi	HCMC	88.20%								
21	Vinhomes Hoc Mon	HCMC	100.00%								

Source: Yuanta Vietnam

Fig 15: Vinhomes Co Loa and location of three new mega projects



### Vinhomes Co Loa

Description	Mega mixed-use integrated residential and commercial project
Location	Co Loa, Dong Anh, Hano
Total project area (including infrastructure)	c. 385ha
Total Residential GFA	c. 5,000,000 sqm
Key Components	<ul style="list-style-type: none"> <li>• Apartments / Villas / Shop houses / Schools / Shopping Malls / Exhibition Complex</li> </ul>



Note: Vinhomes Co Loa is a unique project with a combination of a lively suburban community with an exhibition complex and benefiting from upcoming bridges connecting the CBD and North Hanoi.

Source: Company data, Yuanta Vietnam



**Fig 16: Vinhomes Ocean Park and Vinhomes Wonder Park**



**Vinhomes Ocean Park 2/ Dream City**

Description	<ul style="list-style-type: none"> <li>• Mega mixed-use integrated residential and commercial project</li> <li>• The project is conveniently located next to Vinhomes Ocean Park and will create a lively suburban community served by a complete ecosystem of life-essential products and services</li> </ul>
Location	Van Giang, Hung Yen
Total project area (including infrastructure)	c. 460ha
Total Residential GFA	7,853,000 sqm, including c.8K low-rise units and 30 towers of high-rise units per our estimate.
Key Components	<ul style="list-style-type: none"> <li>• Apartments / Villas / Shophouses / Schools / Hospitals / Shopping Malls</li> <li>• 18.1ha Central Park with the world's largest Wave Pool complex</li> </ul>

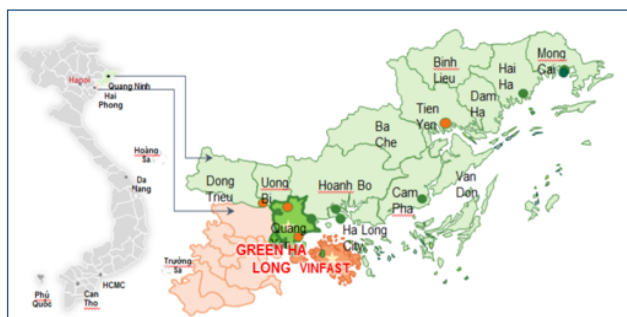


**Vinhomes Wonder Park**

Description	<ul style="list-style-type: none"> <li>• Mega mixed-use integrated residential and commercial project.</li> <li>• Located at the west of Hanoi and well-connected to My Dinh, Cau Giay, Ba Dinh, Hoan Kiem by metro line. The project will include parks complex with high-end residential villas and townhouses – a model for ecological urban living.</li> </ul>
Location	Dan Phuong, Hanoi
Total project area (including infrastructure)	c. 133ha including, including c.2,400 low-rise units and 15 towers of high-rise units units per our estimate.
Key Components	<ul style="list-style-type: none"> <li>• Apartments / Villas / Townhouses / Schools / Shopping Mall / Eco-parks / Swimming Complex</li> <li>• 16ha grand Ecological park</li> <li>• Vietnam's largest Swimming Pool complex (both indoor and outdoor)</li> </ul>

Source: Company data, Yuanta Vietnam

**Fig 17: Other projects: Vinhomes Green Ha Long and Vinhomes Long Beach Can Gio**



**Vinhomes Green Ha Long**

Description	<ul style="list-style-type: none"> <li>• Mega mixed-use integrated residential and commercial project.</li> <li>• Strategically located to benefit from infrastructure development and economic expansion driven by industrial production and tourism development .</li> </ul>
Location	Ha Long City and Quang Yen district
Total project area (including infrastructure)	c. 4,109ha (i.e., 3,186 ha in Quang Yen district and 923 in Ha Long City)
Total Residential GFA	c. 81,300,000 sqm
Key Components	<ul style="list-style-type: none"> <li>• Apartments / Villas / Shop houses / Schools / Shopping Malls / Exhibition Complex</li> </ul>



**Vinhomes Long Beach Can Gio**

Description	<ul style="list-style-type: none"> <li>• Mega mixed-use integrated residential and commercial project</li> <li>• Located in the only coastal district of Ho Chi Minh City, situated neatly in the southern special economic zone of the country. It will be a "3 in 1" destination of "classy living, working, and leisure tourism"</li> </ul>
Location	Can Gio District, Ho Chi Minh City
Total project area (including infrastructure)	c. 2,870ha
Total Residential GFA	c. 31,800,000 sqm
Key Components	<ul style="list-style-type: none"> <li>• Apartments / Villas / Shop houses / Schools / Shopping Malls / Exhibition Complex</li> </ul>

Source: Company data, Yuanta Vietnam

## Valuation

We have raised our target price by 53.5% after changing some of the assumptions in our valuation model for VHM. The key changes are discussed below.

**1. Success breeds success: Mega projects driving higher ASPs.** We increase our average selling price assumptions by 30–40% for the new mega projects. This is reasonable given that the three existing projects (i.e., VGP, VOP, and VSC) have driven property prices in the outlying markets to new highs.

**2. Increased value for Vinhomes Long Beach Can Gio and Vinhomes Green Ha Long,** our previous model applied the DCF method of discounting estimated FCF for only 378ha of Vinhomes Long Beach Can Gio's Phase 1&2, whereas the total project area is 2,780ha. Additionally, our previous model only considered the development of 363ha at Vinhomes Green Ha Long's phase 1, whereas the total project area is 4,109ha. VHM plans to begin developing these two projects in 2023. Given our increased visibility on these projects, we now believe that our previous modelling methodology was too conservative, and we have increased the NPV of these projects by 34.0%–54.8%.

**3. Adding in the value of offices & leasing services and industrial park projects,** as we now have sufficient information to formulate what we think is a reasonable estimate of the value of these projects.

Fig 18: Valuation summary

No	Project	Ownership rate (%)	Project NPV (VND tn)	Effective NPV (VND tn)	Proportion of NAV (%)
<b>1</b>	<b>RESIDENTIAL PROJECTS</b>			<b>386,344</b>	<b>80.1%</b>
	<i>Vinhomes Grand Park</i>	90.00%	10,884	9,796	2.0%
	<i>Vinhomes Ocean Park</i>	84.00%	11,004	9,243	1.9%
	<i>Vinhomes Smart City</i>	90.10%	12,894	11,617	2.4%
	<i>Vinhomes Dai An</i>	100.00%	21,284	21,284	4.4%
	<i>Vinhomes Wonder Park</i>	100.00%	9,158	9,158	1.9%
	<i>Vinhomes Ocean Park 2</i>	100.00%	38,306	38,306	7.9%
	<i>Vinhomes Co Loa</i>	83.20%	19,183	15,960	3.3%
	<i>Vinhomes Tay Tang Long</i>	90.00%	7,015	6,314	1.3%
	<i>Vinhomes Green Ha Long</i>	100.00%	90,428	90,428	18.7%
	<i>Vinhomes Can Gio</i>	98.60%	65,576	64,658	13.4%
	<i>Vinhomes Cu Chi</i>	88.20%	40,579	35,791	7.4%
	<i>Others</i>			109,580	22.7%
<b>2</b>	<b>OFFICES &amp; LEASING SERVICES</b>			<b>62,563</b>	<b>13.0%</b>
<b>3</b>	<b>INDUSTRIAL PARK</b>			<b>33,582</b>	<b>7.0%</b>
	<b>Total project NPV</b>			<b>482,489</b>	
	+ Cash & cash equivalents			20,948	
	- Total debt			22,862	
	<b>NAV (VND trillion)</b>			<b>480,575</b>	
	Number of shares (billion)			3.3	
	<b>Fair Value (VND)</b>			<b>145,600</b>	

Source: Company data, Yuanta Vietnam

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## Risks to our view

- 1) **Operational risks.** Efforts to contain the Covid pandemic, including social distancing and other prevention requirements, could stifle homebuyers' sentiment and lead to a longer presale process than we currently assume. In addition, market conditions do not always pan out as expected (e.g., economic growth, personal wealth and income expansion, and public investment in traffic infrastructure are known unknowns). As such, developers may have to offer discount vouchers and gifts to entice homebuyers to project sales sites. Consequently, selling costs could increase and market absorption could be delayed.
- 2) **Valuation model risk.** We have included our estimate of the value of the new mega projects (e.g., Vinhomes Green Ha Long, Vinhomes Long Beach Can Gio) into our valuation model. We did not include these details previous given that the details of such projects are inherently hazy and the duration of development is long, at around 10 years. As such, any possible changes in the development plans for these projects would strongly impact our valuation and target price (either positively or negatively).



INCOME STATEMENT (VND'bn)	2019A	2020A	2021E	2022E
<b>Net sales</b>	<b>51,627</b>	<b>71,547</b>	<b>91,692</b>	<b>112,127</b>
Cost of sales	(24,171)	(45,611)	(47,555)	(56,921)
<b>Gross Profit</b>	<b>27,456</b>	<b>25,936</b>	<b>44,137</b>	<b>55,206</b>
Selling expenses	(2,081)	(2,681)	(2,675)	(3,855)
General and admin expenses	(2,156)	(2,193)	(2,996)	(3,756)
<b>Operating profit/(loss)</b>	<b>23,219</b>	<b>21,062</b>	<b>38,466</b>	<b>47,595</b>
Financial income	9,046	20,245	5,000	4,000
Financial expenses	(2,549)	(4,019)	(3,269)	(3,737)
Gain/(loss) from joint ventures	-	19	-	-
Net other income/(expenses)	30	(789)	20	(789)
<b>Profit/(loss) before tax</b>	<b>29,746</b>	<b>36,518</b>	<b>40,217</b>	<b>47,069</b>
Income tax expenses	(5,427)	(8,310)	(8,043)	(9,414)
<b>Net profit/(loss) after tax</b>	<b>24,319</b>	<b>28,208</b>	<b>32,174</b>	<b>37,655</b>
Minority interests	(2,572)	(855)	(2,488)	(2,328)
<b>Attributable to parent company</b>	<b>21,747</b>	<b>27,353</b>	<b>29,686</b>	<b>35,327</b>
EPS basis reported, VND	6,502	8,315	8,861	10,545
EPS fully diluted, VND	6,502	8,315	8,861	10,545

FINANCIAL RATIO	2019A	2020A	2021E	2022E
<b>Growth (%)</b>				
Revenue, growth	34%	39%	28%	22%
Operating Income, growth	205%	-9%	83%	24%
PBT, growth	51%	23%	10%	17%
EPS, growth	44%	28%	7%	19%
Total Assets, growth	65%	9%	20%	13%
Equity, growth	34%	38%	33%	30%
<b>Profitability (%)</b>				
Gross Profit Margin	53%	36%	48%	49%
Operating Profit Margin	45%	29%	42%	42%
Net Margin	47%	39%	35%	34%
ROE	43%	37%	31%	28%
ROA	15%	14%	14%	14%
ROIC	38%	38%	33%	30%
<b>Efficiency (x)</b>				
Receivable Turnover	1.14x	1.74x	2.32x	2.72x
Inventory Turnover	0.50x	0.88x	0.91x	0.70x
Payable Turnover	0.77x	1.08x	0.96x	0.93x
<b>Liquidity (x)</b>				
Current ratio	1.15x	0.99x	1.21x	1.62x
Quick Ratio	0.50x	0.49x	0.59x	0.60x
EBIT/ interest expense	13.51x	13.17x	13.30x	13.60x
<b>Financial Structure (x)</b>			1.18x	0.90x
Total liabilities/Total Assets	0.67x	0.59x	0.54x	0.47x
Debt/Equity	0.41x	0.28x	0.24x	0.21x

BALANCE SHEET (VND'bn)	2019A	2020A	2021E	2022E
<b>Total assets</b>	<b>197,240</b>	<b>215,326</b>	<b>258,725</b>	<b>293,589</b>
<b>Current Assets</b>	<b>139,555</b>	<b>102,312</b>	<b>142,133</b>	<b>181,581</b>
Cash & cash equivalents	13,332	13,714	22,998	26,923
ST Investment	361	2,054	2,054	2,054
Accounts receivable	47,468	34,592	44,385	37,947
Inventories	60,297	42,984	61,934	101,743
Other current assets	18,097	8,968	10,762	12,914
<b>Long-term Assets</b>	<b>57,685</b>	<b>113,014</b>	<b>116,592</b>	<b>112,008</b>
Long-term trade receivables	8,115	11,084	12,192	12,802
Net fixed assets	690	5,907	5,652	5,617
LT Investment	773	9,756	10,756	11,756
LT assets other	48,107	86,267	87,992	81,833
<b>Total Resources</b>	<b>197,240</b>	<b>215,326</b>	<b>258,725</b>	<b>293,589</b>
<b>Total Liabilities</b>	<b>132,525</b>	<b>126,197</b>	<b>139,909</b>	<b>139,446</b>
Advances from customers	40,246	26,969	49,184	48,784
Accounts payable	6,078	11,401	11,919	12,807
ST debts	18,162	10,998	11,664	11,331
Other ST liabilities	57,070	54,017	44,435	39,381
Long term debt	8,343	13,958	16,967	21,306
Other LT debt	2,626	8,853	5,740	5,837
<b>Shareholder's equity</b>	<b>64,715</b>	<b>89,129</b>	<b>118,816</b>	<b>154,143</b>
Paid in capital	33,495	33,495	33,495	33,495
Share premium	295	295	295	295
Retained earnings	26,040	56,259	79,109	112,108
Other equity	(3,734)	(4,349)	0	0
Minority interest	8,619	3,429	5,917	8,245
<b>CASH FLOW (VND'bn)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>
<b>Begin cash of the year</b>	<b>3,515</b>	<b>13,332</b>	<b>13,714</b>	<b>22,998</b>
Net profit before tax	29,746	36,517	40,217	47,069
Adjustments	(6,584)	(15,730)	3,269	3,737
Change in Working Capital	28,767	4,095	(28,698)	(53,240)
<b>Cash from Operations</b>	<b>51,929</b>	<b>24,882</b>	<b>14,788</b>	<b>(2,434)</b>
Capital Expenditures	(3,847)	(3,500)	255	35
Investments	(61,165)	(53,488)	(1,000)	(1,000)
Change in other	37,692	34,568	(5,946)	5,646
<b>Cash from investments</b>	<b>(27,320)</b>	<b>(22,420)</b>	<b>(6,691)</b>	<b>4,681</b>
Dividend Paid	(3,687)	(218)	-	-
Proceeds from issue of shares	0	62		
Net change in debt	(5,555)	(1,077)	3,675	4,006
Change in other	(5,550)	(848)	(2,488)	(2,328)
<b>Cash from financing</b>	<b>(14,792)</b>	<b>(2,081)</b>	<b>1,187</b>	<b>1,678</b>
Effect of FX differences	0	0	0	0
<b>Net change in Cash</b>	<b>9,817</b>	<b>381</b>	<b>9,284</b>	<b>3,925</b>
<b>Ending cash balance</b>	<b>13,332</b>	<b>13,714</b>	<b>22,998</b>	<b>26,923</b>

Source: Company data, Yuanta Vietnam

# Appendix A: Important Disclosures

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