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Ticker : **MSN** – Exchange: **HSX**
Analyst Opinion : **HOLD**
Target Price range: **VND 55,000**

STOCK STATISTICS

Price as of 05/10/2010 VND 50,500
Sector: Food product
Business Model: Food processing
Listed since 11/2009
Shares in issue 485,399,820
Floating shares 72,809,973
Market Cap (billion VND) 24,512
52 week high (VND) 54,500
52 week low (VND) 32,600
10 day Average Volume 16,344
% Price Change 1 Month 5.2%
% Price Change 3 Month 0.0%
% Price Change 6 Month 33.6%
% Price Change 12 Month 42.7%
% Foreign Ownership 17.8%
% Foreign Ownership Limit 49%
Beta 52 weeks 0.97

Source: TLS

Accumulated return of MSN and VNIndex

Source: TLS

FINANCIAL HIGHLIGHTS (VND Bn)

	2008	2009	2010E
Asset	5,447	6,969	7,909
Equity	3,443	5,021	5,266
Revenue	1,922	3,957	4,353
EBIT	378	627	799
EAT	636	986	1,099
EPS (VND)	12,503	3,910	2,196
Dividends (VND)	NA	NA	1,000
P/E (x)	NA	8.74	23.22
P/B (x)	NA	3.3	4.84
Sale growth	NA	105%	10%
EPS growth	NA	-68.72%	-43.83%
Gross margin	31.11%	34.71%	37.41%
Net profit margin	33.13%	24.93%	25.24%
ROE	18.49%	19.65%	20.87%
ROA	11.69%	14.16%	13.90%

Source: TLS

MASAN GROUP (MSN)

Our HOLD recommendation based on some features: (1) Revenue and Profit margin are expected to increase in the coming years when Masan Food expand its business operation and launch new product lines (2) Techcombank (TCB) may get higher earnings compared with the other banks and (3) the acquisition of Nuiphaovica recently has been expected to generate profit to investors. MSN's net profit and EPS are expected to reach VND 1,099 billion and VND 2,196 at the end of 2010, respectively. We expect MSN's the reasonable price for MSN should be around VND 55,000; our recommendation is to HOLD MSN.

05 October 2010

COMPANY PROFILE

With the chartered capital of VND 4,853 billion, surplus equity of VND 1,421 billion and equity of VND 5,190 billion, Masan group holds the fifth position in terms of market capitalization in Vietnam securities market (over VND 24,512 billion), gaining the leading position in food industry. Masan Group holds 72.8% of total capital in Masan Food (MSF), 19.99% of that in TCB. In 2009, the company reported VND 1,373 billion of operating income and VND 679 billion of net profit in which profit from MSF accounted for 60.2% and TCB accounted for 32.6%. The company holds the market share of 85% in soya sauce market, 59% in fish sauce market, 40% in chill sauce market. TCB holds the market share of 4% in total assets, 2.3% in outstanding debts, and 3.5% in mobilizing operation of total banking network.

UPDATES

International Finance Corporation (IFC) invests in Masan Group: IFC will invest USD40 million through a six-year loan including up to USD10 million in equity-linked securities.

Masan enters the mining sector by acquiring Nuiphaovica which is one of the largest deposits of tungsten in the world. When fully operation, it will produce about 5% of global tungsten output. Nuiphaovica also has substantial deposits of copper, fluorspar and bismuth.

Business operation results in QII/2010: Net sales reached VND 1,225 billion, equivalent to 31% of total last year, and increased by 42% compared with those of QI/2010. Net profit reached VND 320 billion, equivalent to 32.4% of total last year, and increased by 64% compared with those of QI/2010.

INVESTMENT HIGHLIGHTS**Potential growth of Vietnam market with the high intensive and young population:**

With the inflation rate of 2008 increased up to 21.6%, its impact on FMCG's price was insignificantly. According to AC Nielsen, even VND currency devalued by 3.4%, CPI in FMCG still increased by 13.8%, and value growth of FMCG increased by 32%

Effective investment in MSF, TCB, and potential in Nuiphaovica: MSF is one of the leading positions in the market about spice and food product, its net sales increased by 105.9% from VND 1,922 billion in 2008 to VND 3,958 billion in 2009. This is due to expanding its market share in fish sauce and noodle, especially in middle-class market. TCB stands at the third position in term of assets among commercial banks, the first position in term of ROA (2.3%), and the second position in term of ROE (26.3%) among all of Vietnam banks. With its potential reserves, Nuiphaovica is expected to be an effective investment.

VALUATION

We consider MSN as Investment Company, rather than food processing or other kind of companies in the same sector. Therefore, we value MSN through valuing MSF, TCB by P/E valuation model and Nuiphaovica project based on Discounted Cash Flow (DCF) model. The value of Masan Group is the sum of its equivalent in MSF, TCB, the value of Nuiphaovica project, and its forecasted net asset remaining. We expect the reasonable price for MSN should be around **VND 55,000**. With its current price of VND 50,500, our recommendation is to hold MSN.

MAJOR RISKS

Tax change: The tax bracket of natural resources has expanded to 0% -50% compared with 0% -20% before. These numbers are higher than those of other countries at 2 -4%.

Disadvantages of Nuiphaovica project investment: From its initial investment of USD 147 million, in 2008, the total capital needed for running this project reached USD 456 million. It may be hard to forecast about its upcoming investment capital. Additionally at this moment, there were only 56 out of 3,000 households that have been relocated outside the mining area. MSN has been in debt of USD 79 million from Nuiphaovica project.

Competition in banking-finance sector: With the increasing number of banks recently, the competition of mobilizing and lending market shares have become fierce. That fierce competition may affect the profitability of MSN's investment in Techcombank.

FINANCIAL SUMMARY

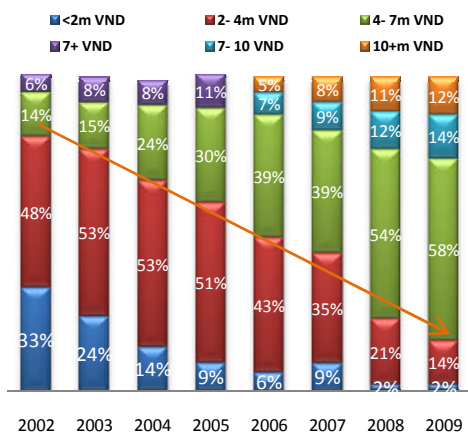
Unit: VND billion

Income Statement	2009	2010E	2011F	2012F	Balance Sheet	2009	2010E	2011F	2012F
Net sales	3,957.81	4,353.59	5,006.63	6,007.95	Current Assets				
Cost of sales	2,583.87	2,724.92	3,003.98	3,604.77	Cash and cash equivalents	1,123.61	1,200.00	1,320.00	1,452.00
Gross profit	1,373.93	1,628.67	2,002.65	2,403.18	Financial investment	776.00	1,756.23	2,458.72	3,688.08
Gross profit margin	0.35	0.37	0.40	0.40	Accounts receivable	282.93	772.22	1,001.33	1,201.59
Other operating income	18.63	20.00	-	-	Inventory	199.46	561.54	901.19	1,081.43
Selling expenses	636.75	736.88	1,001.33	1,201.59	Prepaid expenses, other CA	59.81	155.72	250	315
General administration expenses	105.28	94.72	100.13	120.16	Total Current Assets	2,441.83	4,445.71	5,931.24	7,738.11
Other operating expenses	22.77	17.12	17.12	17.12	Property and equipment				
EBIT	627.76	799.95	884.07	1,064.31	At cost	281.83	649.09	778.91	934.69
Investment income	340.03	305.96	336.56	370.21	Less accumulated depreciation	-80.46	-149.67	-179.15	-214.98
Net interest					Net property and equipment	201.37	499.42	599.76	719.71
Net financial items	57.16	62.96	75.55	90.66	Other long - term assets	3,871.81	2,963.94	3,260.33	3,586.37
Profit/loss from contributions	48.01	52.00	52.00	52.00	Total Assets	6,969.08	7,909.07	9,791.33	12,044.18
Earnings before tax	1,040.03	1,220.87	1,465.04	1,758.05	Current Liabilities				
Income tax	(53.40)	(121.81)	(146.50)	(175.81)	Financial debts	687.26	746.59	771.06	1,005.95
Profit after taxes	986.62	1,099.06	1,318.54	1,582.25	Trade payables	523.67	1,108.68	1,201.59	1,441.91
Minority interest	268.01	318.70	343.39	621.00	Other liabilities	-	-	-	-
Dividend paid (VND per share)	NA	1,000	1,500	1,500	Total Current Liabilities	1,210.93	1,855.27	1,972.65	2,447.86
Retained earnings	434.70	323.34	421.00	721.00	Long-term debt	736.61	786.88	979.13	1,204.42
					Stockholders' equity	5,021.52	5,266.92	6,839.55	8,391.90
Weighted average shares	252,289,938	500,399,820	525,708,000	546,736,320	Common stock	4,853.99	5,154	5,360.16	5,574.57
Year end shares	476,399,820	515,400,000	536,016,000	557,456,640	Equity surplus	1,421.81	1,422	715.00	1,475.34
Earnings per share (VND)	3,910	2,196	2,508	2,894	Retained earnings	386.69	323	421	721
Common stock dividend (VND)	NA	1,000	1,500	1,500	Other equity	-1,947.25	-1,947.25	0	0
Payout ratio (common stock)	35.58%	60.74%	59.81%	51.83%	Budget sources and other funds	-1.17	-4	0	0
					Minority interest	307.45	319	343.39	621
Cash Flow Statement	2009	2010E	2011F	2012F	Total liabilities and equity	6,969.08	7,909.07	9,791.33	12,044.18
Net profit	679.51	1,099.06	1,318.54	1,582.25	Growth and Margin (%)	2,009	2010E	2011E	2012E
Adjustments for:					Sales Growth	105.00%	10.00%	15.00%	20.00%
Depreciation and amortization	71.34	149.367	179.15	214.98	EBITDA Growth	129.00%	18.57%	22.96%	20.00%
Change in inventories	-54.22	-362.08	-620.42	-180.24	EBIT Growth	65.77%	117.39%	10.52%	20.39%
Change in trade receivables	32.87	-489.29	-615.22	-200.27	Net Income Growth	55.03%	11.46%	19.97%	20.00%
Change in trade payables	237.54	585.01	647.25	240.32	EPS Growth	-68.72%	-43.83%	14.21%	15.38%
Change in other current assets	-163.07	175.51	-172.14	-65.00	Gross Margin	24.93%	25.24%	26.34%	26.34%
Cash flow from operations	803.97	1,157.57	737.16	1,592.04	EBITDA Margin	15.86%	18.37%	40.00%	40.00%
Change in tangible fixed assets	-411.37	-367.26	-129.818	-155.7816	EBIT margin	26.28%	28.04%	17.66%	17.72%
Change in short-term investment	-735.5	-842	-1,174.852	-1,229.361	Ratios	2,009	2010E	2011F	2012F
Change in long term investments	14.28	-	916.156	-326.0334	ROE	19.65%	20.87%	19.28%	18.85%
Cash flow from investments	-1,132.59	-1,209.26	-388.514	-1,711.176	ROA	14.16%	13.90%	13.47%	13.14%
Equity issued	1,163.42	2,101.2	206.16	214.4064	Inventory days	18.14	46.43	64.80	64.80
Change in other funds	-	-	-	-	Receivable days	25.74	63.86	72.00	72.00
Change in financial debts	2,493.52	2,971.52	305.04	460.18	Payable days	47.63	91.68	86.40	86.40
Dividends to shareholders	-0.01	-515.4	-788.56	-820.10	Interest cover - EBIT(x)	13.69%	14.18%	11.27%	11.99%
Change in other financial activities	-2,302.18	-2,402.12	625	715	Valuation	2009	2010E		
Cash flow from financing	1,354.75	2,155.2	347.64	569.48	PE	8.74	23.22		
Net cash flow	1,026.13	2,103.51	696.29	450.34	PB	3.3	4.84		
Opening cash	97.47	1,123.61	3,227.12	3,923.41	Dividend yield	n/a	10%		
Closing cash	1,123.61	3,227.12	3,923.41	4,373.75					
Projected Free Cash Flow	2009	2010E	2011F	2012F					
Profit after Taxes	679.51	1,099.06	1,318.54	1,582.25					
Add back depreciation	71.34	149.36	179.15	214.98					
(-) increase in CA, except cash	-199.88	-1,927.51	(1,362.09)	(1,674.86)					
(+) increase in CL	389.93	59.33	117.38	475.21					
(-) increase in PEaC	315.64	-367.26	(129.82)	(155.78)					
Free Cash Flow	1,256.54	-987.02	123.17	441.79					

Notes: CA = current assets; CL = current liabilities; PEaC = Property and Equipment at Cost; EBIT: Earnings before interest and taxes; EBITDA: Earning before interest, taxes, depreciation and amortization
Source: TLS

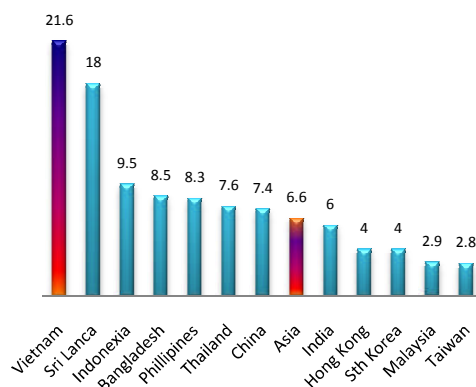
INVESTMENT HIGHLIGHTS

Vietnam household income growth through years



Source: AC Nielsen

Inflation rate in Asia in 2008

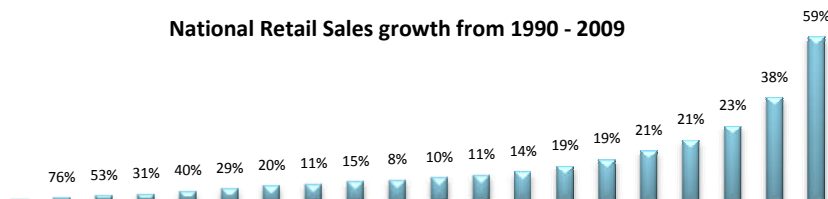


Source: Euromonitor

Potential growth of Vietnam market with the high intensive and young population

Vietnam economy still faces some obstacles ahead. Although export is rising, risk to macroeconomic stability in the short term might still come. In the medium and long term the challenges to the government are, respectively, to bring inflation back under control and to continue economic recovery.

National Retail Sales growth from 1990 - 2009

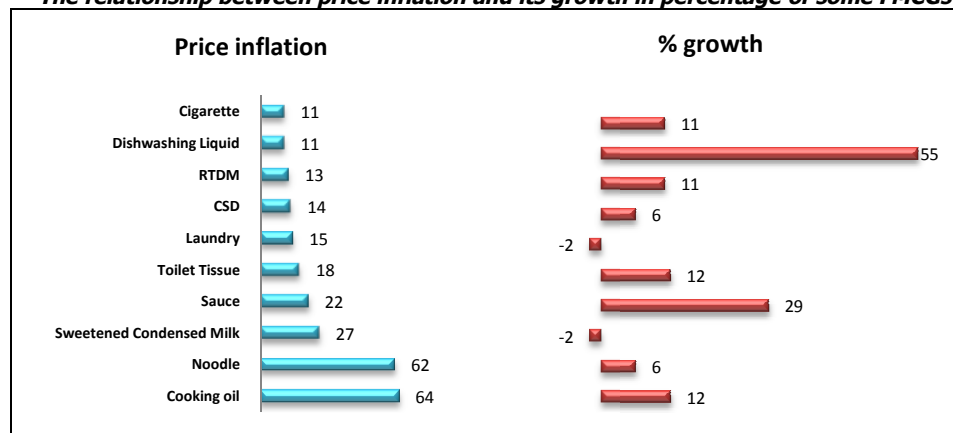


Source: GSO

Domestic consumptions increase in line with economic growth. Retail sales increased by 59% in 2009, in which food sector accounted for over 49.5%. These are expected to keep increasing in the coming years. The income growth has decreased in low-income group and expanded in high-income group.

However, apart from GDP growth, one of the big risks that Asia in general and Vietnam in particular have to face with is the possibility of inflation coming back. These were due to implementing stimulus policies as well as Government's loosen monetary policies to boost growth. In 2008, inflation rate of Vietnam was 21.6%, which is highest number among Asia countries, while this number of Asia in general was 6.6%.

The relationship between price inflation and its growth in percentage of some FMCGs



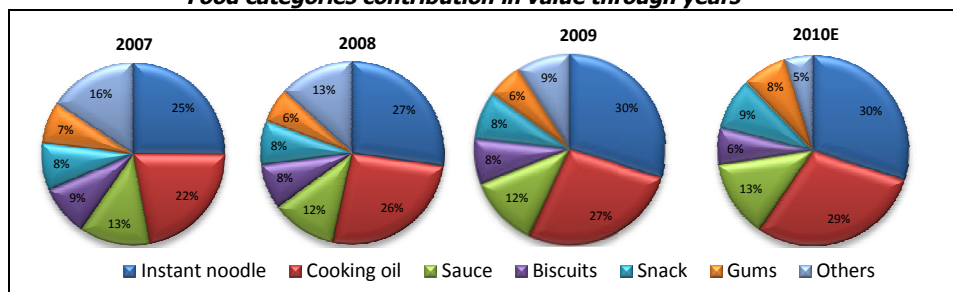
Source: AC Nielsen report

Potential growth of FMCG sector

According to AC Nielsen report, even the price inflation of some FMCGs had ever reached the highest level; the demand for those products had still increased. Particularly, price inflation of noodle reached 62% in 2008; its growth rate still reached 6%. Price inflation of sauce reached 22%, its growth rate still hit 29%. It is concluded that even though inflation rate in 2008 increased up to 21.6%, its impacts on FMCG's price are not significant. Either as Nielsen said, even VND currency devalued 3.4%, CPI in FMCG still increased by 13.8%, and value growth of FMCG increased by 32%.

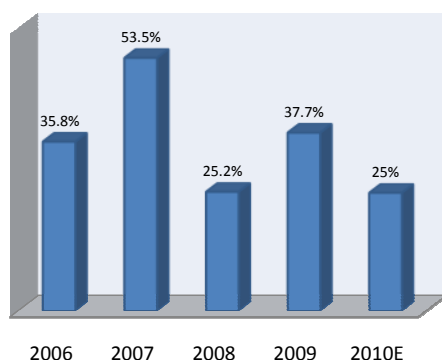
By forecasting, with its contribution value to total food industry, FMCG growth rate is expected about 43% annually. Instant noodles and cooking oil are now the two largest contributing categories growing yearly. Even though there are many of known and unknown competitors' products in the market, with the standard of living and healthy awareness better day by day, we expect people to still prefer well-known brands, even with higher price.

Food categories contribution in value through years



Source: AC Nielsen, TLS forecast

credit growth through years



Source: SBV

Growth of banking – finance sector

The number of banks has increased rapidly, especially joint-stock commercial banks and foreign banks. This shows the attractiveness of Vietnam banking sector to domestic investors and international financing institutions. Apart from quantity growth, operation scale of banking network has grown rapidly, along with GDP growth. The growth speed of credit and deposit operation reached an average over 35% per annual throughout the period of 2006 - 2009.

Until 2009, the credit growth reached 37.7% while this number in 2008 was 25.2%. Even it was considered too "hot", in some positive aspects, it was also a signal of the economic recovery. Total outstanding debts increased means demand for capitals of the economy remains high, and businesses tried to jump out of recession. As results, the business outcomes of some banks at the end of 2009 increased remarkably. The bad debt of banking network had reduced at 2.6%, lower than that of 2008.

According to AC Nielsen, the rate of people owning bank accounts in two biggest cities (Hanoi & HCM) is just 36%. For the whole population, there are only 8% of people owning bank accounts, in comparing with 95% in Singapore, 65% in Malaysia, and 46% in Thailand. This can be potential market for the development of banking service in Vietnam

High efficient strategic partners and excellent Board of Management

Even in the challenging economic environment like 2009, MSN has still attracted the remarkable investment packages from the high efficient strategic partners like Bank Invest, TPG, Mekong Capital, and House Food. At MSN, Bank Invest has one representative that is a member in Board of Director, and TPG has one place of observer. At TCB, there are two places in Board of Director from HSBC.

With its reputation, MSN has mobilized over USD100 million from its well-known partners all over the world. In 2009, MSN also successfully issued convertible bonds valued of VND 630 million for TPG. Recently, IFC has signed the agreement about the investment term of USD 40 million.

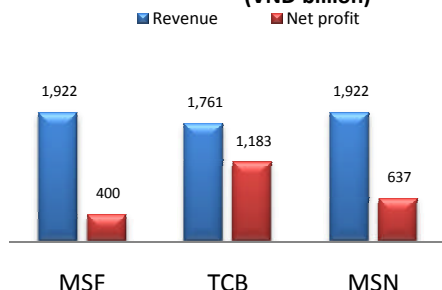
MSN has also managed by high experience and efficient experts coming from different countries, not only experience in working internationally, but also managing efficiently in Vietnam.

MSN's management team from leading companies in the world

- * Masan Group: Accenture, Alliance Bernstein, Deutsche Bank, J.P. Morgan, KPMG Corporate Finance, Lehman Brothers, Merrill Lynch, and Morgan Stanley
- * Masan Food: Kimberly-Clark, Nestle, Procter & Gamble, and Unilever
- * Techcombank: Citibank, DBS, HSBC, and Standard Chartered Bank

Source: MSN

Revenue and net profit in 2008 (VND billion)

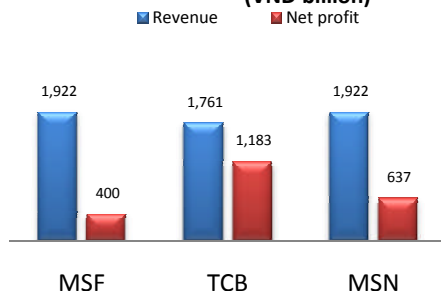


Source: MSN

MSF is one of the leading positions in the market about spice and food product

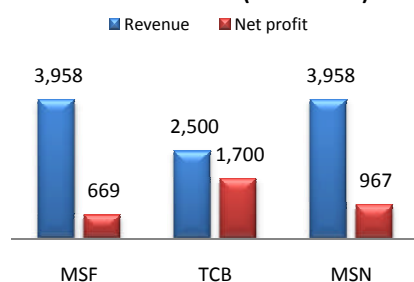
With net revenue of over VND 4,000 billion in 2009, Masan Food (MSF) is one of the leading companies in the market of soya sauce, fish sauce, and chill sauce. MSF is also one of the fastest growing companies in the noodle sector. The Company has also focused on advertising investment effectively. MSF advertised its products including Chin-su, Tam Thai Tu, Nam Ngu, Rong Viet, Omachi, and Tien Vua in both high-class and middle-class market share.

Revenue and net profit in 2008 (VND billion)



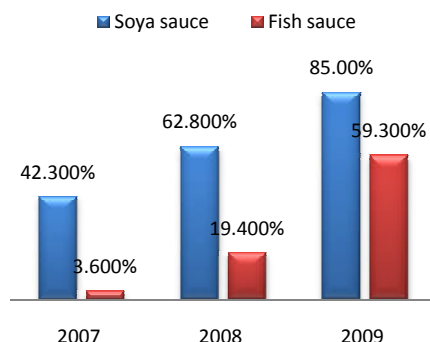
Source: MSN

Revenue and net profit in 2009 (VND billion)












Source: MSN

Soya sauce and fish sauce market share of MSF through years



Source: AC Nielsen

	Chin-su fish sauce High class product Account for 6.4% of fish sauce market share		Chin-su chill sauce High class product Account for 18.3% of chill sauce market share
	Namngu fish sauce Middle class product Account for 13% of fish sauce market share		Rong Viet chill sauce Middle class product Account for 7.2% of chill sauce market share
	Chinsu soya sauce High class product Account for 6.2% of soya sauce market share		Omachi noodle High class product Account for 2.3% of noodle market share
	TamThaiTu soya sauce Middle class product Account for 56.6% of soya sauce market share		Tien Vua noodle Middle class product Account for 0.2% of noodle market share
			Chin-su seasoning High class product Account of 9.5% of seasoning market share

Source: MSN

For the graph above, we can see each of product line, MSN focuses on two different market shares: high class and middle class, especially middle class market made up higher market share. This is due to the fact that Vietnam rural population ratio is over 80%. MSN will success in developing suitable product to fit with this market.

Even though there are about over 100 known and unknown brands of spice products in the domestic market, the average spice consuming volume is still small. With the population of over 80 million, soya sauce consuming volume reaches only over 10 million lit, equivalent to 1 bottle/person/year. While this number in Asia countries is 2 – 3.

Wide-range of distribution network: Masan Food owns the largest distribution network in Vietnam, more and more expanding it over the country. With over 140 distributors, over 126,000 retail shops at the end of 2009, MSF's annual growing rate reaches 32%. Sale representatives increased by 53%, up to 1,300 sale employees in 2009.

By developing the middle-class products, the market share of SMF has increased gradually through year. For soya sauce, MSF market share increased from 42.3% in 2007 to 85% in 2009. For fish sauce, market share increased from 3.6% in 2007 to 59.3% in 2009. Recently, through R&D, MSF also find out different ways to add value for current well-known products like soya sauce Chin-su with garlic and chili, fish sauce nhi Chin-su...

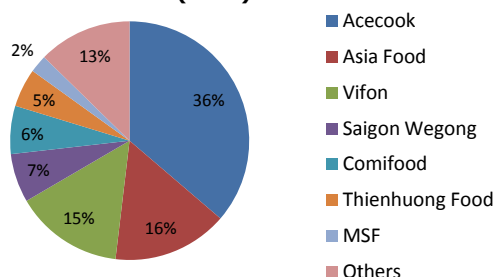
Research & Development: MSF owns the Masan Research & Development Center with the latest technology in Vietnam. Currently, MSF owns 10 most important secret of food processing industry, and be able to launch 50 – 60 new product line each year.

Sector's earning (VND bn)	2004	2005	2006	2007	2008	2009
Noodles	6,904,600	8,122,900	9,624,500	11,434,500	13,661,400	15,620,000
Seasoning	139,600	163,100	195,500	236,000	299,900	316,200
Chill sauce	128,900	145,700	166,000	190,900	220,500	249,200
Fish sauce	2,969,000	3,267,400	3,659,500	4,208,400	4,965,900	5,785,300
Soya sauce	192,000	226,600	281,000	351,200	625,200	719,000

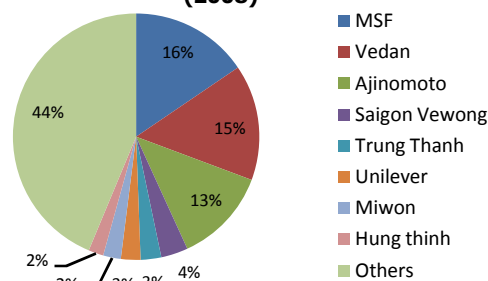
Revenue growth	2005	2006	2007	2008	2009
Noodles	17.60%	18.50%	18.80%	19.50%	14.30%
Sauces	9.60%	11.40%	12.30%	17.30%	13%
Seasoning	16.80%	19.90%	20.70%	27.10%	5.40%

Source: TLS

Revenue's market share in noodle sector (2008)

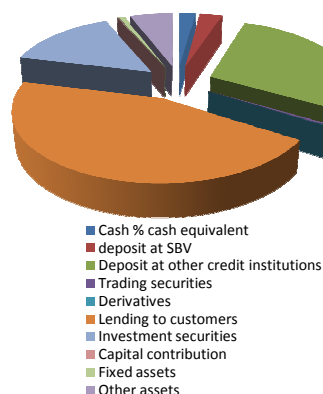


Revenue's market share in sauce sector (2008)



Source: MSF, TLS

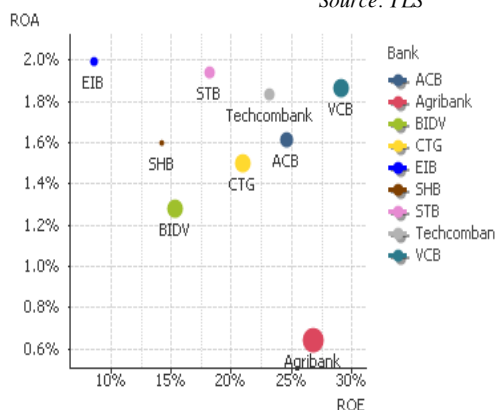
Contributions to total assets of TCB in 2009



Source: TCB

Comparison of asset scale, ROE, ROA among banks

Source: TLS



Techcombank is one of the fastest growth rate commercial banks

TCB is one of the biggest in asset and highest in earnings private banks in Vietnam. Its business focus on retail service that holds the strong development among small and middle enterprises. TCB has expanded its service network over the country including over 7,000 ATM machines and over 180 branches and transaction offices. In 2006, TCB incorporated with HSBC to enhance banking business operation and its reputation. HSBC has currently hold 20% of TCB's shares.

With its strongly growth, ROA of TCB reached 2.3%, the highest level in Vietnam banking sector; ROE reached 26%, the second highest position in banking sector. The total asset value of TCB has grown rapidly, the third position banks in terms of asset value. The total asset reached VND 92,582 billion at the end of 2009, increased by 57% compared with the same period last year.

TCB's financial information through years (in billion VND)

	2004	2005	2006	2007	2008	2009	2010E
Total asset	7,667	10,666	17,326	39,542	59,360	92,581	101,839
Chartered capital	412	617	1,500	2,521	3,642	5,400	6,932
Equity	515	1,009	1,762	3,573	5,615	7,323	9,050
CAR (%)	10	16	17	14	14	15	15
Total revenue	494	905	1,398	2,653	8,382	8,398	9,237
Reserves	95	89	120	144	512	472	450
Earnings before tax	107	286	356	709	1,600	2,252	2,477
Earnings after tax	76	206	257	510	1,173	1,700	1,870
ROE (%)	31.71	45.19	26.76	22.98	25.87	23.21	20.66
ROA (%)	1.70	2.60	1.89	1.99	2.28	1.83	1.83

Source: TCB, TLS

TCB has focused on risk management operation expressing through deposit-lending ratio of 1.5 times at Dec 31 2009. TCB has expanded its network rapidly in order to enhance its business operation and improve its service quality. Until Dec 2009, TCB owns 51 branches, including head quarter in Hanoi, 135 transaction offices. These numbers increased by 113.8% compared with those of 2006.

Even though the asset scale of TCB is small compared with the other banks, it has showed the effectively in business operation: ROA reached 1.83, higher than CTG, ACB, BIDV...; ROE reached 23.21%, higher than STB, CTG, BIDV...

Investing in Nuiphaovica project – the potential mining industry

At May 13 2010, Dragon Capital confirmed that Masan Group will control all of Dragon Capital's shares at Nui Phao mining joint-venture project in Thai Nguyen province. This is the joint-venture

project for exploiting and processing ore in Thai Nguyen province licensed from 2004, production planning at the end of 2010.

At June 18th, Masan Group officially announced holding 100% shares of Nuiphaovica and converted its name into Exploitation and Mineral Processing Company Limited Nuiphaovica. The new investor also made commitment of project plan, in which the compensation for land clearance to be complete in late 2010. It will complete the mine construction work by quarter 4/2012, and complete the construction of deep-processing factories with advanced technology

Advantages of investing in Nuiphaovica project

- This is the biggest mining project in Vietnam that is expected to become the biggest supplier of wolfram and fluorspar in the world. Nuiphaovica is one of the largest tungsten mines, and once running operation, it might make up around 5% of tungsten supply in global.

Forecast about annual output and its price of Nuiphaovica project

	annual output (in ton)	Price forecast (USD/ton)	Total
Tungsten	7,788	11,200	87,225,600
Fluorspar	222,458	112	24,915,296
Bismuth	2,038	21,450	43,715,100
Copper	5,614	4,231	23,752,834
Gold	0.625	40,235,000	25,146,875
Total (USD/ton)			204,755,705

Source: MSN, www.metal-pages.com, TLS forecast

- In 2007, Dragon Capital had bought shares of this project at the price of USD 250 million. After years, Dragon Capital was unable to arrange financing and handling problems that made the project delay. Therefore, with its effort for finding other investor to resell that project, the price that Masan Group pay for that was estimated much more lower than that number. While at this moment, there was over USD 122 million spent for the project. In 2009, the project was at the stage of infrastructure building, reaching over 70% workload.
- At the beginning, there were three investors joining in this project: Intracorp and Batimex for Vietnam side (accounted for 30% of total capital), and Tiberon for foreign side. The project delay results in no consensus among these investors. With holding 100% capital of this project, Masan Group now has all right and discretion to run its business by itself.

Valuation

We consider MSN as Investment Company, rather than food processing or other kind of companies in the same sector. Therefore, we value MSN through valuing MSF, TCB by P/E valuation model and Nuiphaovica project based on Discounted Cash Flow (DCF) model. The value of Masan Group is the sum of its equivalent in MSF, TCB, the value of Nuiphaovica project, and its forecasted net asset remaining

P/E forward of some listed companies in food processing industry

Ticker	Price at 05/10/10	Market capitalization (VND billion)	EPS 2009	EPS 2010	Trailing P/E	Forward P/E
BBC	23,000	353.54	3,745	3,525	8.49	12.9
KDC	54,500	5,463	5,268	6,500	10.25	18.3
NKD	43,200	637.43	5,988	6,050	7.84	10.7
SCD	26000	220.42	2,508	2,848	9.5	10.2
VNM	87000	30,713	6,730	8,582	11.14	19.9
Average					9.44	16.1

Source: TLS collection & forecast

Basing on its business plan and in-processing projects, such as:

- Joining cooking oil market: Chin-su cooking oil, Chin-su middle class cooking oil
- Holding high class noodle market share, planning for hold 25% of middle class noodle market share
- Hold 80% of fish sauce market share
- Developing other products for fast-food sector

We believe that MSF will reach its plan target at the end of 2010

	2008	2009	2010E
Revenue (VND bn)	1,922	3,958	7,000
Net profit (VND bn)	400	669	1,200
EPS (VND)	15,564	10,613	19,000

Source: MSF

Net profit of MSF is forecasted at VND 1,200 billion, EPS at 19,000 VND. Even with average P/E forward in food industry at about 16.1, we cautiously expect P/E forward of MSN at about 16.1 even though MSF is the biggest and the best reputational company in the food industry. MSF is valued at 306,000 VND/stock. Therefore, the equivalent value of MSN is **VND 14,064 billion**.

P/E and P/B forward in banking sector are 11.3 and 1.78, respectively. Based on its business operation results at the first half year, we expect net profit of TCB at VND 1,870 billion, EPS is expected at 2,698 VND. TCB is valued at 30,482 VND/stock. Therefore, the equivalent value of MSN is **VND 4,205 billion**.

Ticker	Chartered capital of year end 2009	forecast chartered capital of 2010	Book value per share	EPS 2009	EPS 2010	Trailing P/E	Forward P/E	P/B
STB	6,700	9,179	14,762	2.493	1.950	6.98	8.92	1.22
ACB	7,814	9,376	13,043	2.822	2.930	11.09	10.68	2.09
EIB	8,800	10,560	15,547	1.306	1.821	14.7	10.54	1.22
SHB	2,000	3,500	12,403	1.674	1.967	9.38	7.98	1.25
VCB	12,101	13,233	13,926	3.967	2.239	9.93	17.6	3.12
CTG	11,253	20,000	14,550	1.131	2.181	26	12.1	1.82
Average						13.01	11.30	1.78

Source: TLS collection

There are some assumptions built up to value Nuiphaovica project by using DCF model

- The acquisition price is forecasted at USD150 million; Initial investment is forecasted at USD550 million including clearance, factory construction, manufacturing, and production. This initial investment is used up within the first 4 years of the project.
- The proved reserve reached 55.43 million ton of ore, which content 0.211% of WO₃, 8.46% of CaF₂, 0.095% of Bi, 0.187% of Cu, and 0.2g/ton of Au. The initial 16 years of exploration is expected as WO₃: 4,788 ton; CaF₂: 222,458 ton; Bi: 2,038 ton; Cu: 5,614 ton; Au: 625 kg.
- The total reserve is forecasted at 85 mil ton including 55.43 mil ton of proved reserve and 30 mil ton of unproved reserve. For proved reserve, the exploration time is 16 years. For unproved reserve, it may be extended to 10 years more.
- After some calculation, we assume the net cash flow of this project is about USD 102 million for the first 4 years (discount 20% for cash outflow), USD 164 million for the next 12 years the NCF for the following 10 years is expected about USD 125 million.
- Based on its current financial situation, we assume the Company will finance this project 30% of equity and 70% of debt. The equity's cost is about 25% and the debt's cost is about 15%. Therefore, we calculate WACC for this project at about 16.95%

- Based on its current project situation, we assume the project has 70% probability of success and 30% probability of failure.

After calculation, we expect Nuiphaovica project's price at **VND 8,300 billion**

	Profit (VND Bn)	EPS	Value	% MSN holding	MSN's equivalent shares	MSN's equivalent value (VND Bn)
MSF	1,200	19,048	306,667	72.80%	45,864,000	14,064.96
Techcombank	1,870	2,698	30,482	19.90%	137,950,456	4,205.07
Nuiphaovica						8,306.15
Assets value remaining						1,001.71
MSN's value						27,577.89
MSN's shares						500,399,820
MSN price/share						55,111.71

Price of MSN is expected at about **VND 55,000**. With its current price of VND 50,500, our recommendation is to hold MSN.

INVESTMENT RISKS

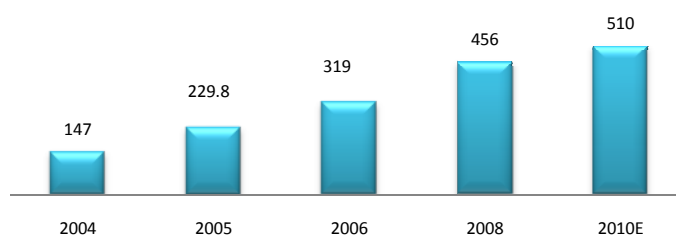
Risk on changing Government policies

The tax bracket of almost types of mineral resources will be expected to increase in the coming years. The tax bracket of natural resources has expanded to 0% -50% compared with 0% -20% before. This means the tax for natural resources exploitation field has increased by 2% - 30% and is expected to increase further in 2010. These tax numbers are considered to be too high compared with those of other countries. Even with the lowest tax level of 5%, it is still higher than that of other countries at 2% - 4 %.

Disadvantages of investing in Nuiphaovica project

- Some of the reasons for the project delay were economic recession, increasing investment capital for exploitation. From its initial investment of USD 147 million, in 2008, the total capital needed for running this project reached USD 456 million. At the acquisition of Masan Group, total capital is estimated to reach USD 510 million, far from the initial investment. Since Board of management was lack of experience in mining sector, they may get hard to forecast the total investment capital need. As a result, financial risk and in debt risk might be happen.

Nuiphaovica capital need through years (USD million)



Source: TLS collection

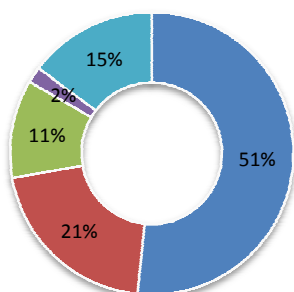
- The project has delayed over 5 years and not yet coming into operation resulted in transferring of many investors, implementing with limit financial resources. Besides, there were only 56 out of 3,000 households to be resettled when the project run into operation.
- The debt of USD79 million belonging to foreign partner in Nuiphaovica venture is now transferred to Masan.

Fierce competition among credit organization:

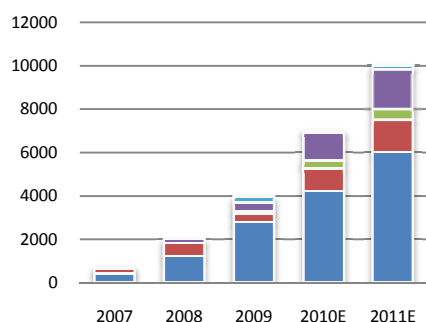
Within 20 years, the number of local banks has increased rapidly, from only 9 banks (1991), until October 2009, there was total 102 banks (43 local banks). Those banks have expanded both on asset scale and chartered capital. They also are raising chartered capital to meet the minimum capital of VND 3,000 billion as required by Decree of SBV. Besides, there are few international banks planning to jump into Vietnamese banking market. Although, the market share of those banks is still in limit. They own advantages of capital, experience, business management, technology, human resource, and are expected to be the redoubtable competitors of local banks. With the increasing of banks recently, the competition of mobilizing and lending market shares have become fierce. There is more than 60% of mobilizing and lending market share belonged to State-owned banks. As a result, market share will be divided into smaller piece. That fierce competition will lead to the unstable market interest rate and lower lending operation quality.

MSN Shareholder structures

■ MSC ■ Sun Flower ■ Bank invest
■ House Food ■ Others

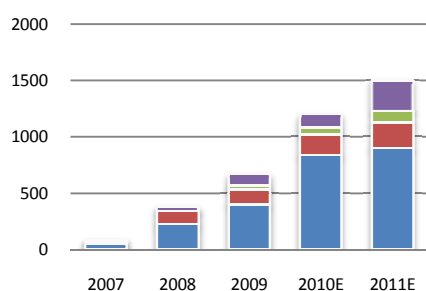


products' revenues contribution of MSF through years



■ Fish sauce ■ Soya sauce ■ Chill sauce
■ Noodles ■ Other

Products' net profit contribution of MSF through years



■ Fish sauce ■ Soya sauce ■ Chill sauce
■ Noodles ■ Other

Source: MSF

Risks on credit accessibility

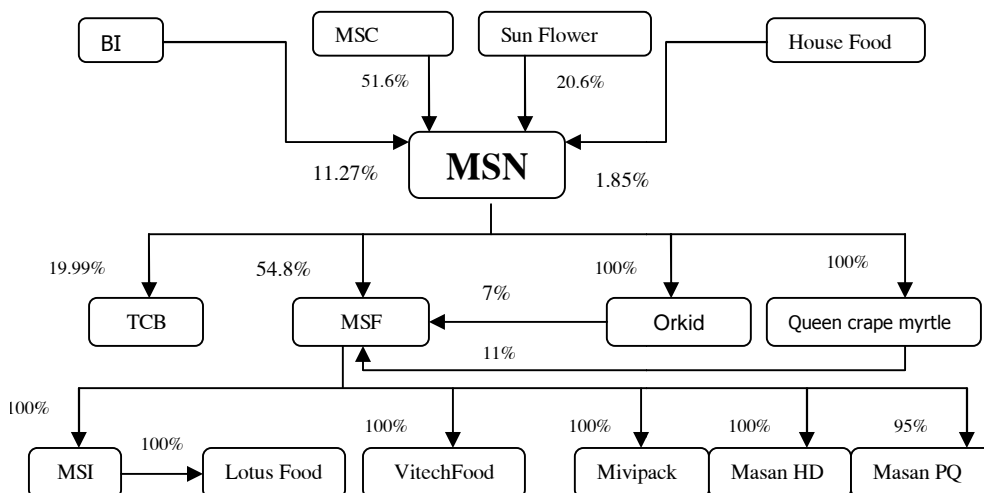
The total investment of Nuiphaovica project is estimated at this moment of about VND 10,000 billion (equivalent to over USD 500 million). With its current financial situation, we estimate MSN has to use high financial leverage to implement this project. Even though it was able to mobilize from worldwide reputation partners in the past years, the risks on credit accessibility is possible.

COMPANY BUSINESS MODELS

Masan Group was established in 2004 with its target to become the leading private enterprise in Vietnam. In Nov 2009, MSN officially listed on HCM stock exchange, and become the sixth position in terms of market capitalization. Its business operation strategies are to focus on developing in consuming products, service, minerals, and infrastructure, investing in current enterprises, promoting growth through merger and acquisition, and finding out other business opportunities.

The Company holds 72.8% shares in MSF, 19.9% shares in TCB. It has promoted M&A operation by its initial investment in acquisition of Nuiphaovica project. In 2009, net profit of MSF reached VND 669 billion, increased by 67.2% compared with those of last year. Net profit of TCB reached VND 1,700 billion, increased by 43.7% compared with those of last year. MSN got remarkable growth of revenue and net profit in 2009. Particularly, its revenue increased by 105.9% from VND 1,922 billion in 2008 up to VND 3,958 billion in 2009. Its net profit increased from VND 637 billion in 2008 up to VND 987 billion in 2009 (equivalent to 54.9%).

There are three main investors contributing capital in MSN, in which its parent company (MSC) hold the most shares, accounted for 51.6%



Source: MSN, TLS collection

Masan Food was established in 2003 and has changed the name to Masan Food Corporation in 2008 with its initial chartered capital of VND 630 billion. After 10 years of operation, the Company has reached remarkable business outcome, became the leading enterprise in spice and sauce industry. Its reputational brands include Chin-su, Tam Thai Tu, Nam Ngu, Omachi, Tien Vua... with different packages for high-class and middle-class market share.

MSF has successfully built up Chin-su brand to become the symbol of spice and food industry. Particularly, Chin-su kept the number one position in food industry four consecutive years. Chin-su is one of top-ten Vietnamese brands for Food & Beverage industry for years.

Forecast financial information of MSF

	2007	2008	2009	2010E	2011E	2012E	2013E	2014E
Revenues	666	2,004	3,958	7,000	10,000	14,000	18,000	22,000
Net profit	87	380	669	900	1,500	2,200	3,000	3,500
The leading brand numbers	n/a	1	2	4	8	10	12	14
Value growth	n/a	n/a	n/a	75%	75%	75%	50%	50%

Source: MSF

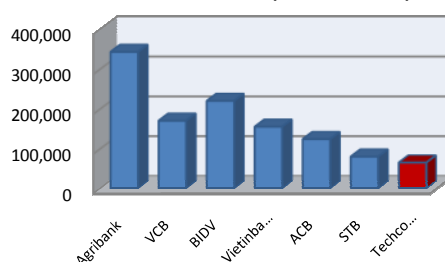
With its business target plan in diversifying products, developing different price for different market share, focusing on R&D for launching new cooking oil products, developing new fast-food healthy products in the coming year, we believe that MSF still gain remarkable business outcomes with increasing value growth.

MSF's in- processing projects

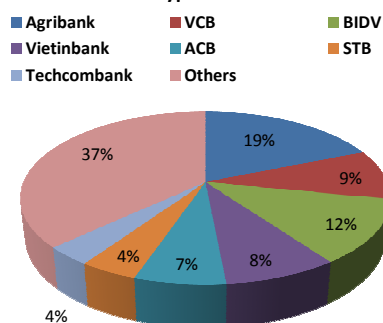
- * Joining in cooking oil market, launching new Chin-su cooking oil for high-class and middle-class market.
- * Holding most noodle market share, 25% of middle-class noodle market
- * Holding 80% of fish sauce market share
- * Developing new fast-food product lines

Source: MSF

According to AC Nielsen, until 2009, the market share of MSF in soya sauce market accounted for 85%, in which Chin-su is the most recognized brand. Its brand (Chin-su) has left far from its competitors in term of identification brand.

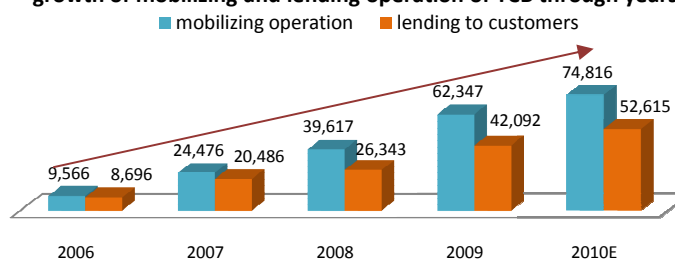
Mobilization of some typical banks in 2009
(in VND million)

Market shares about mobilization of some typical banks in 2009



Source: TLS collection

growth of mobilizing and lending operation of TCB through years



Source: TCB & TLS forecast

About mobilizing operations, there was a fierce competition about mobilizing interest among commercial banks in 2009 and at the beginning of 2010. However, from May 2010, VND mobilizing interest rates kept more stable. The average growth of TCB's mobilizing and lending operation got 91% and 74% respectively over years. Therefore, we forecast it will reach the growth target of 20% in mobilizing operation and 20% in lending operation.

Outstanding debts of some banks in Vietnam

	2007	2008	2009	2010E
Agribank	246,188	299,507	343,000	428,750
VCB	97,532	160,385	170,111	212,639
BIDV	131,983	198,640	219,735	274,669
Vietinbank	102,190	120,752	163,170	203,963
ACB	31,810	77,862	123,968	154,960
STB	35,378	53,282	80,031	100,039
Techcombank	20,486	26,343	42,092	52,615

Source: TLS collection

From State Bank of Vietnam, in 2010, credit growth is expected at about 25%, much lower than that of 2009 (37.73%). This results from gradually tightening monetary policy to prevent economy from coming back of inflation. Therefore, for cautious calculation, we forecast credit growth of some typical banks in Vietnam in 2010 will increase about 20%.

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Analyst's opinion: BUY – expected to gain more than 15% compared to the price on report issue date; SELL – expected to drop more than 15% compared to the price on report issue date; HOLD – expected to change between -15% to 15% compared to the price on report issue date.

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