

Viet Nam Dairy Products Joint Stock Company (HOSE: VNM)

ADD

Target price

VND79,800

Upside

10%

- In 2Q24, VNM net profit (NP) jumped 21.5% yoy to VND2,670bn mainly driven by the improvement of the market share and lower milk powder price.
- We expect NP to increase 12.7%/4.2% yoy in 2024-25F thanks to improving margin and the recovery of both domestic and foreign market.
- We recommend **ADD** for VNM with a target price of 79,800 vnd/share.

Positive business results in 2Q24

In 2Q24, revenue increased 9.6% yoy mainly driven by the improvement of market share. The domestic revenue (81% of total revenue) grew 5.8% yoy that marking the greatest growth since 1Q22. Besides, the export revenue increased 29.8% yoy, thanks to improvements in both subsidiary branches and key export markets. Gross margin edged up 2.0%pts, reached 42.4% thanks to lower milk powder price. As a result, 2Q24 NP jumped 21.5% yoy achieved the strongest growth since 1Q22.

We expect net profit to grow 12.7%/4.2% yoy 2024-25F

We expect VNM domestic revenue may grow 3%/4% yoy in 2024-25F thanks to (1) the growth of volume is estimated to grow 1%/2% yoy, (2) the product selling price increase 2%/2% yoy. We expect foreign revenue to grow 15%/13.1% in 2024-25F yoy thanks to (1) the overseas subsidiaries will increase 13%/14% yoy from the low base of 22-23 (2) The exports will increase 17%/12% yoy. Gross profit may reach 42.7% (+2% pts yoy) in 2024-25F thanks to the lower WMP price. Combined with optimized operational costs, we forecast net profit to grow 12.7%/4.2% yoy in 2024-25F.

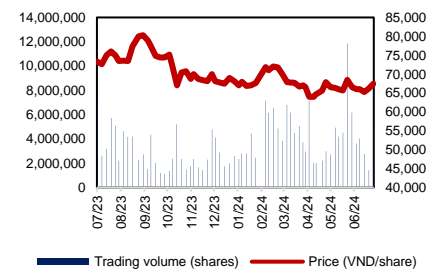
Recommend ADD with a target price of 79,800 vnd/share

Based on an equal weighting of DCF (WACC: 8.9%) and P/E (18x), our target price of VNM is 79,800 vnd/share. Downside risks include: (1) The lower market share than we expect, (2) The lower growth of consumption demand, (3) WMP prices have surged due to geopolitical instability worldwide. Upside risks include: (1) The domestic market share may increase better than our expected, (2) The growth of foreign market of 2H24 higher than our expected.

Financial indicators	2023	2024F	2025F	2026F
Net revenue	60,369	63,520	67,104	70,652
Net profit	8,874	9,997	10,416	10,752
Net revenue (yoy)	0.7%	5.2%	5.6%	5.3%
Net profit (yoy)	4.2%	12.7%	4.2%	3.2%
Gross margin	40.7%	42.7%	42.5%	42.5%
EBITDA margin	20.4%	21.4%	21.2%	20.8%
ROAE	26.2%	28.4%	29.1%	29.2%
ROAA	17.5%	19.0%	19.4%	19.4%
EPS (VND/share)	4,246	4,784	4,984	5,145
BVPS (VND/share)	16,761	16,858	17,218	17,698

Source: VNM, MBS Research forecasted

Information



Source: Fiinpro, MBS Research

Market price (VND)	72,700
High 52w (VND)	78,700
Low 52w (VND)	63,500
Market cap (VNDbn)	147,755
P/E (TTM)	15.6
P/B	4.4
Dividend yield (%)	5.3
Foreign ownership ratio (%)	50.9

Source: <https://s24.mbs.com.vn/>

Ownership structure

State Capital Investment Corp	36
F&N Dairy Investments Pte Ltd	17.7
Platinum Victory Pte. Ltd	10.6
Others	71.7

Analyst



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Viet Nam Dairy Products Joint Stock Company

Investment thesis & Valuation

Investment thesis

- A leading dairy company in Vietnam with total 43% of the domestic market share, had an explosive re-launch event in 2023, marking a renew strategic towards the new generation of consumers in Vietnam. In the context of low dairy consumption demand, with its leading position, VNM is expected to regain the domestic market share in 2024-25.
- Lower milk powder price will help gross margin improve 2%pts/0%pts in 2024/25. We expect the gross margin reach 42.7% and maintain in 2025 when the supply of global milk powder slightly lower than 2024
- With the with the combination of (1) the improvement of domestic market share, (2) the recovery of foreign market, (3) the recovery of gross margin, 2024 net profit will grow 12.7% yoy, reaching 9,997 VNDbn. We expect VNM to maintain the good performance of gross margin so that net profit will slightly grow 4.2% yoy in 2025
- VNM has the good solid dividend yield, dividend payout ratio maintain about 80% in recently 5 year, equivalent about to 3,900 VND/share, the dividend yield is 5.3%.

Valuation

We recommend an ADD rating for VNM. Our 1-year target price of VND79,800 is based on an equal combination of DCF and P/E multiple (10% upside, not including 5.3% dividend yield):

- 10-year DCF valuation (WACC: 8.9%; COE: 9.3%, LTG: 1%) to reflect our conservative view on VNM's growth.
- For P/E method, we refer the 2019-20 period (20x) when VNM showed NP growth similar to 2024-25F period and discount by 10% to **18x** to reflect (1) the recovery period from the low base in 2023, (2) the dairy market value growth in 2024-25F period is 3% pts lower than 2019-20 period (according to euromonitor).

Figure 1: The net profit growth and P/E

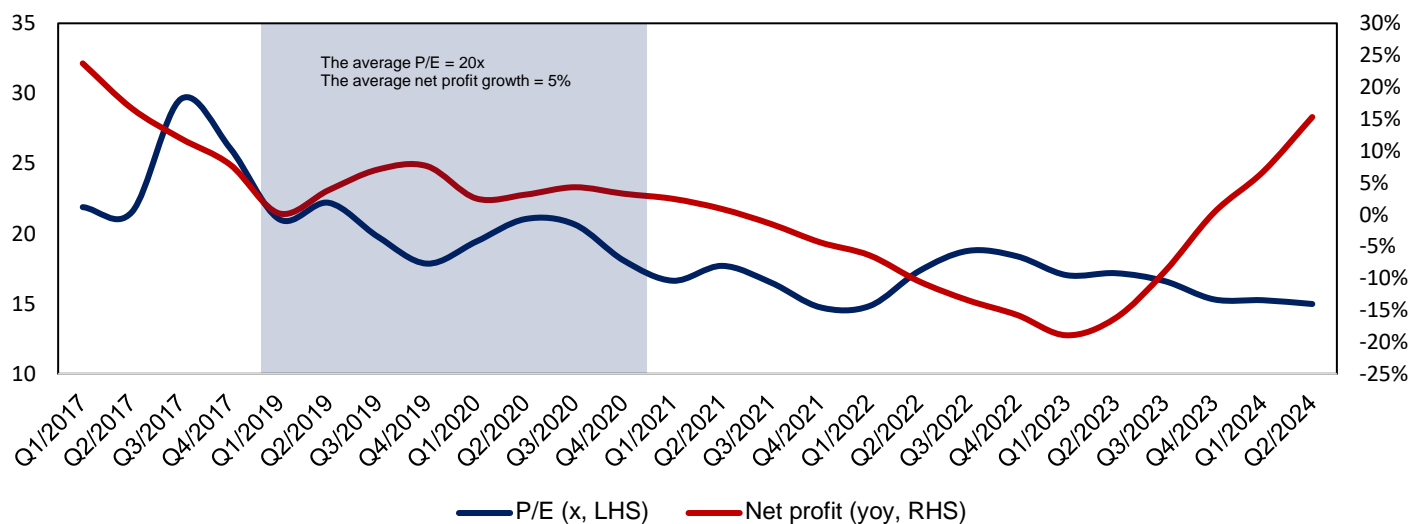


Figure 2: Valuation method summary

Method	Weight	Price (VND/share)
FCFF	50%	39,120
P/E	50%	40,701
Target price		79,800
Current price (06/08/2024)		72,700
Upside		10%

Source: MBS Research forecasted

Figure 3: Projected DCF

	2024	2025	2026	2027	///	2033
EBIT	11,446	12,000	12,367	13,173		18,886
Add: Depreciation	1,905	2,002	2,107	2,200		2,762
Less: Capital expenditure	(1,779)	(1,879)	(1,978)	(2,099)		(2,915)
Changes in Working Capital	(1,369)	(959)	(321)	(391)		(505)
Free Cash Flow (FCF)	10,203	11,164	12,175	12,882		18,228
Less: Taxes Paid	(2,195)	(2,287)	(2,361)	(2,514)		(3,602)
Free Cash Flows to Firm	8,008	8,876	9,813	10,368		14,626
Terminal Value						186,586
PV of FCFF	7,353	7,485	7,599	7,372		6,236
PV of Terminal Value						79,553

Figure 4: FCFF valuation

FCFF valuation	
(+) PV of FCFF for the 24-33e preiod	VNDbn 70,008
(+) PV of terminal value	79,553
Enterprise value	149,561
(+) Cash & equivalents	21,812
(-) Debt	-7,873
Equity value	163,500
Number of shares outstanding	Million share 2,090
Implied share price	VND/share 78,241

Source: VNM, MBS Research forecasted

WACC and long term growth

Long term growth	1.0%
Beta	0.7
Market Risk Premium	9.0%
Risk Free Rate	3.0%
Cost of Equity	9.3%
Cost of Debt	5.5%
Corporate Tax Rate	20.0%
WACC	8.9%

Source: VNM, MBS Research forecasted

Figure 5: Peer comparison

Company	BBG code	Marketcap (mnUSD)	P/E(x)		P/B(x)		ROA(%)		ROE(%)	
			TTM	2024	TTM	2024	TTM	2024	TTM	2024
Dairy company in VN										
HANOIMILK	HNM VN	15.90	14.9	n/a	0.9	n/a	5.7	n/a	9.7	n/a
International Dairy Products Joint Stock Company	IDP VN	664.70	16.0	n/a	5.1	n/a	18.3	n/a	33.8	n/a
Seed Moc Chau Dairy Cattle Corporation JSC	MCM VN	171.70	14.1	n/a	1.8	n/a	12.3	n/a	13.8	n/a
Average			15.0		2.6		12.1		19.1	
Dairy foreign company										
Inner Mongolia Yili Industrial Group Co Ltd	600887 CH	22,346	12.8	12.8	2.8	2.7	22.6	22.1	8.3	8.0
China Mengniu Dairy Co Ltd	2319 HK	7,291	11.0	9.6	1.2	1.1	11.4	11.6	4.1	4.7
Bright Dairy & Food Co Ltd	600597 CH	1,505	11.4	18.0	1.2	1.2	11.1	6.5	4.1	2.3
Fraser & Neave Holdings Bhd	FNH MK	2,373	19.3	18.0	3.2	3.0	17.1	16.6	11.1	11.2
Yakult Honsha Co Ltd	2267 JT	6,319	17.8	16.6	1.6	1.5	9.7	9.4	6.5	8.0
MEIJI Holdings Co Ltd	2269 JT	6,782	20.1	18.8	1.4	1.3	7.0	7.3	4.3	4.5
Average			15.4	15.6	1.9	1.8	13.2	12.2	6.4	6.4
Viet Nam Dairy Products Joint Stock Company		5,467	15.6	13.8	4.4	3.9	17.5	19.1	28.9	28.4

Source: Fiinpro, MBS Research

Potential downside risks:

- The consumption demand of VNM is slower than expected due to a slow domestic recovery.
- VNM has not been able to improve its domestic market share due to ineffective product promotion campaigns.
- The global price of whole milk powder may surge due to geopolitical instability or unexpected weather factors.

Potential upside risks:

- (1) The domestic market share may increase better than our expected
- (2) The growth of foreign market of 2H24 higher than our expected

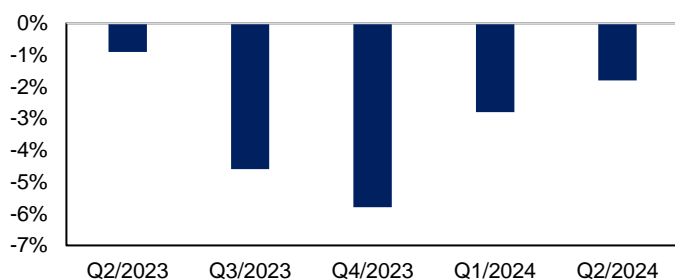
Positive business results in 2Q24

Figure 6: 2Q24 business results (VNDbn)

VNDbn	Q2/2024	qoq (%)	yoy (%)	1H24	yoy (%)	Comment
Net revenue	16,656	18.0%	9.6%	30,768	5.7%	
- Domestic	13,532	17.7%	5.8%	25,029	3.1%	(1) VNM market share increase 1-1.2%pts yoy mainly thanks to the impressive increasing of yogurt drink sector (2) The higher product price yoy
- Foreign	3,124	19.5%	29.8%	5,739	18.7%	Overseas subsidiaries have reported exceptional growth, with the packaging issue at the Driftwood Milk being resolved, leading to a recovery in consumption
Gross profit	7,068	19.6%	14.9%	12,979	12.4%	
Gross margin	42.4%	0.5%pts	2.0%pts	42.2%	2.5%pts	The cost of raw materials (milk powder) is lower than 22-23, which helping the gross margin improve 2%pts yoy
Sale expense	3,575	15.5%	11.7%	6,670	8.6%	VNM increased the promotion expense (2Q24 +30% yoy), especially in the rural areas to maintain their market share.
G&A expense	456	15.1%	5.9%	852	3.9%	
%SG&A expense/revenue	24.2%	-0.5%	0.3%	24.4%		The scale decreased 0.6%pts from 2H23 when VNM starting the re-branding event (SG&A/revenue 2H23 = 25%) but still increase 0.5%pts yoy.
Financial income	373	-3.7%	-2.8%	761	-5.4%	2Q24, Cash and equivalent scale decreased 77% yoy and the deposit interest rate was lower yoy
Financial expense	88	-14.5%	-24.4%	190	-30.6%	
Profit before tax	3,309	22.3%	21.3%	6,014	19.3%	
Tax	614	23.4%	24.1%	1,112	27.4%	
Net profit	2,670	21.7%	21.5%	4,865	20.0%	Net profit achieved the strongest growth since 1Q22 thanks to (1) the improvement of market share, which helping the domestic revenue increased 6% yoy, (2) Gross margin increased 2%pts, reached 42.4% when the raw materials price have cooled down compared to the high base of 2022

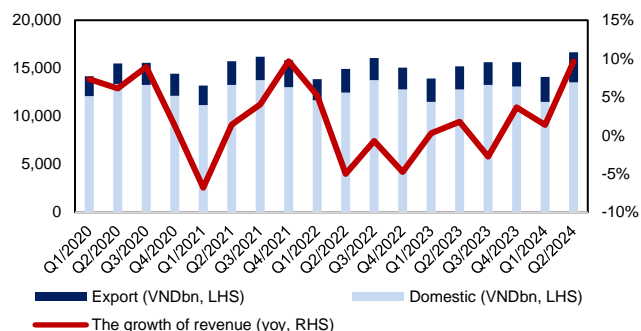
Source: VNM, MBS Research

Figure 7: The growth of dairy sector



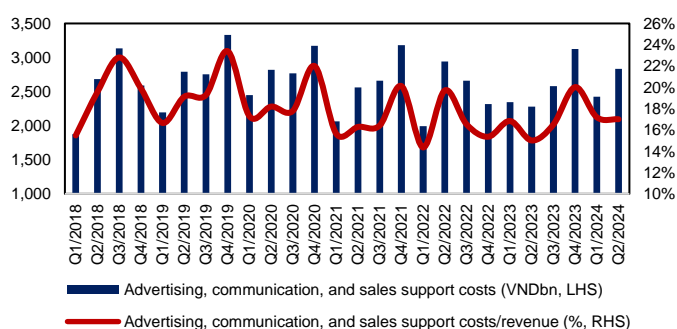
Source: VNM, MBS Research

Figure 8: Revenue by segment (billion VND)



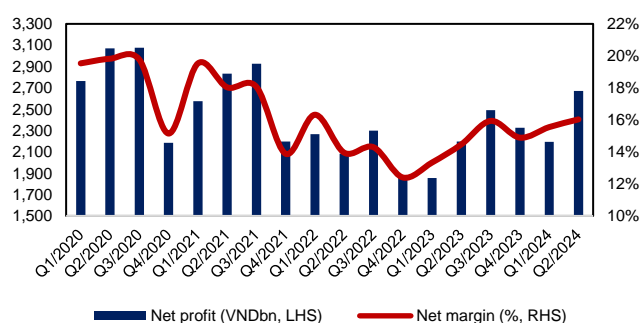
Source: VNM, MBS Research

Figure 9: Advertising, communication, and sales support costs/revenue reached 17% - higher than the average of 22-23



Source: VNM, MBS Research

Figure 10: Net profit and net margin



Source: VNM, MBS Research

Net profit may grow 12.7%/4.2% yoy thanks to improving margin and the recovery of both domestic and foreign market in 2024-25F

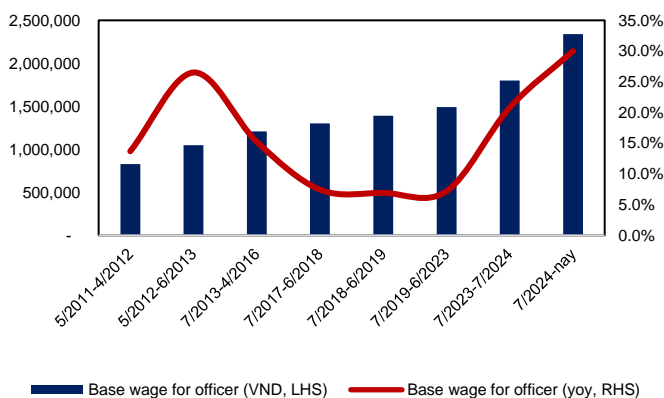
The domestic revenue estimate to increase 3%/4% yoy in 2024-25F

The better recovery in 2H24 thanks to the improvement of manufacturing sector and the support of the higher of income base.

In 2H24, the consumption demand is expected to improve thanks to (1) the much better in the manufacturing sector, (2) the significant increase in the basic salary, which rose 30% yoy starting from Jul-2024.

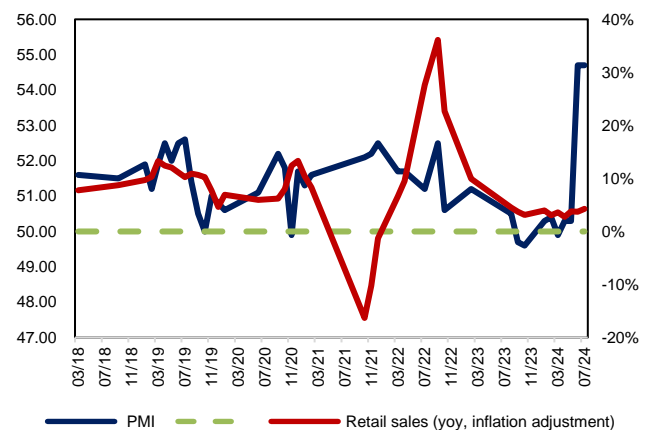
- In June-July 2024, the PMI index remained high level at 54, indicating a notable improvement in new orders in the production sector. Additionally, industrial products such as televisions, cars, and motorcycles have recorded significant yoy. The increase in new orders creates more job opportunities for workers in the production sector, leading to improved incomes.
- Furthermore, in July 2024, the basic salary saw a substantial increase of 30% yoy, marking the highest growth rate since 2011. Last year, the basic salary increased by 21% yoy, but we observed that this did not significantly impact retail growth due to factors such as (1) ongoing economic difficulties affecting savings, with consumers tightening their spending, (2) the minimum regional wage remaining unchanged in 2023 and a lack of new orders leading to stagnant worker incomes. However, this year, with supportive factors such as (1) economic recovery and increased new orders in the production sector, and (2) a 6% yoy increase in the minimum regional wage to VND4.96mn (region 1), domestic consumption is expected to improve.

Figure 11: The base salary has increased by 30% since July 2024, which will partially support consumer spending in the short term



Source: GSO, MBS Research

Figure 12: An improvement in PMI is a positive sign for worker incomes and domestic consumer demand.



Source: GSO, MBS Research

Domestic revenue is expected to grow 3%/4% yoy in 2024/25F

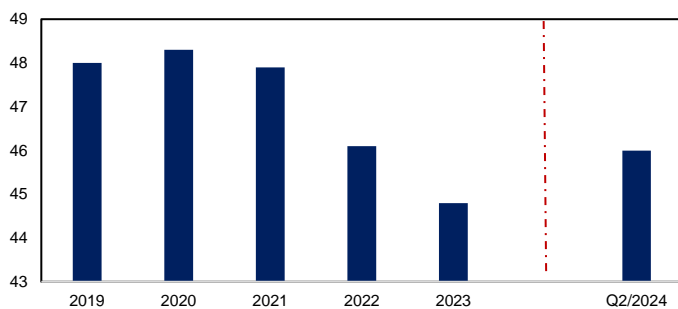
In 2024, the estimated milk consumption in Vietnam would stay flat due to mixed factor including (1) weak demand in 1H24 (dairy sector decreased 2.4% yoy), and (2) better consumption demand in 2H24 thanks to the much better in the manufacturing sector and the significant increase in the basic salary. However we estimate a 1-1.5% increase in domestic market share for VNM following the

brand repositioning event, leading to an increase of 1%/2% yoy in VNM domestic volume in 2024-25F.

We see VNM has been focusing on higher-end products with lower sugar content and higher nutritional value. These products are priced 5-20% higher (depending on the segment) compared to VNM's previous offerings. Therefore, we estimate an average price increase of 2% yoy for 2024/25, which is higher than the 1%-1.5% seen in previous periods.

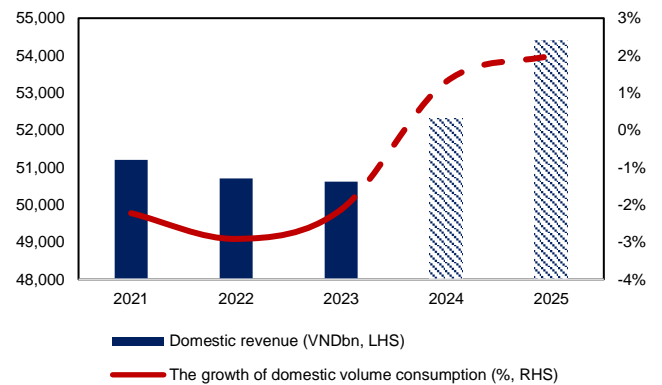
Overall, we expect VNM domestic revenue may grow 3%/4% yoy in 2024-25F.

Figure 13: VNM lost market share over the past two years but has regained 1-1.2% of market share following the re-branding event.



Source: BMI, VNM, MBS Research estimated

Figure 14: Forecast domestic revenue of VNM

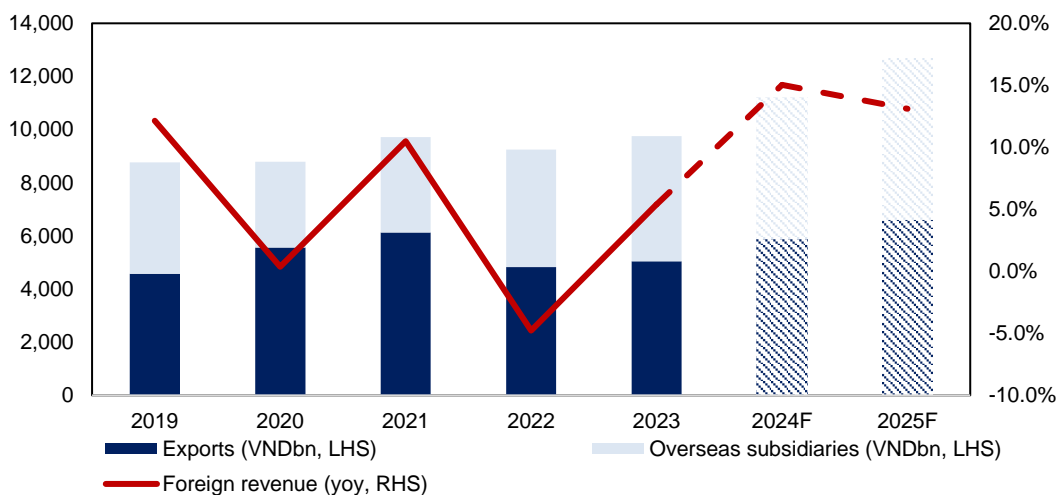


Source: VNM, MBS Research forecasted

Foreign revenue to edge up 15%/13.1% yoy in 2024-25F

VNM has the strong advantage about sustainable developments on supply chain, which helping their product easier to penetrate more foreign market. In 24F-25F, the foreign revenue is expected to grow 15%/13.1% yoy thanks to (1) the oversea subsidiaries will increase 13%/14% yoy in 24F-25F from the low base of 2022-23, when Driftwood milk solve their packaging problem and the recovery of Angkor Milk, (2) The exports will increase 17%/12% yoy thanks to the recovery of dairy consumption in foreign market.

Figure 15: Forecast the foreign revenue in 24F-25F



Source: VNM, MBS Research forecasted

Gross profit may reach 42.7% in 2024-25F thanks to the lower WMP price.

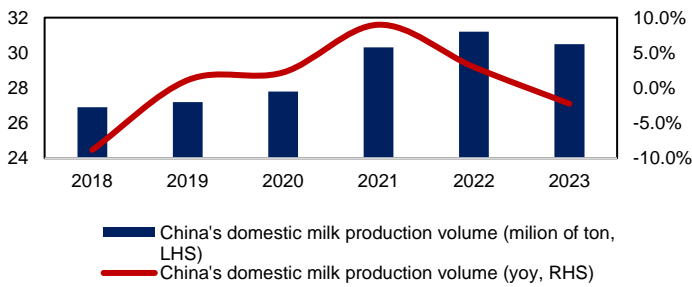
Whole milk powder will reach 3,200 USD/MT in 2024 (-6% yoy) and maintain in 2025

We forecast that VNM's price of dairy raw materials will remain around 3,200 USD/MT (-6% yoy) in 2024 as VNM has locked in low powder price for the whole 2024.

By 2025, the supply is expected to decrease, supporting a 2% increase in milk powder prices as:

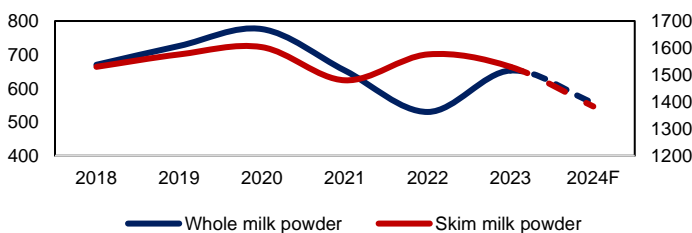
- In New Zealand (which ranks 7th in global dairy production and 1st in whole milk powder production), whole milk powder production may decrease due to (1) adverse weather conditions, including El Niño, which are affecting the water supply for dairy cattle in New Zealand, and (2) increased inflation and higher interest rates on agricultural loans in NZ, leading to a 19% rise in production costs from an average of 10% (based on the farm's break-even price). This remains a significant challenge for dairy farms in NZ, with a projected reduction in dairy cattle numbers from 4.68 million to around 4.64 million in 2024.
- Additionally, in 2024, the global supply of whole milk powder is expected to decline due to (1) China increasing its domestic supply while consumer demand remains weak, leading China to reduce its imports of whole milk powder from New Zealand and the EU, and (2) concerns about weather conditions causing drought in some regions of NZ, which will impact milk production. According to USDA forecasts, NZ's production is expected to be around 21.2 million tons (a slight decrease from the 5-year average of 21.6 million tons).

Figure 16: The expansion of modern commercial farming helps China maintain its domestic milk production at a high level



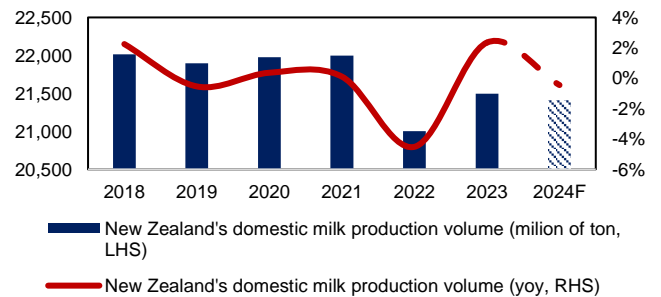
Source: USDA, MBS Research

Figure 18: Milk powder production volume in Europe is also projected to decrease in 2024.



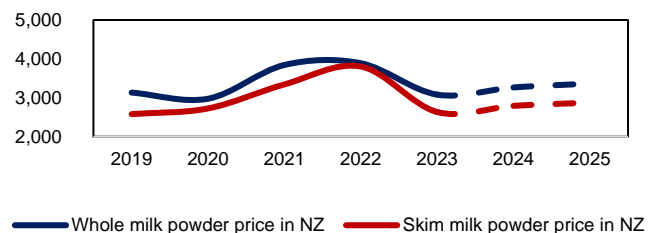
Source: USDA, MBS Research

Figure 17: Forecast NZ's domestic milk production



Source: USDA, MBS Research

Figure 19: Milk powder prices are forecasted to increase slightly by 2% in 2025



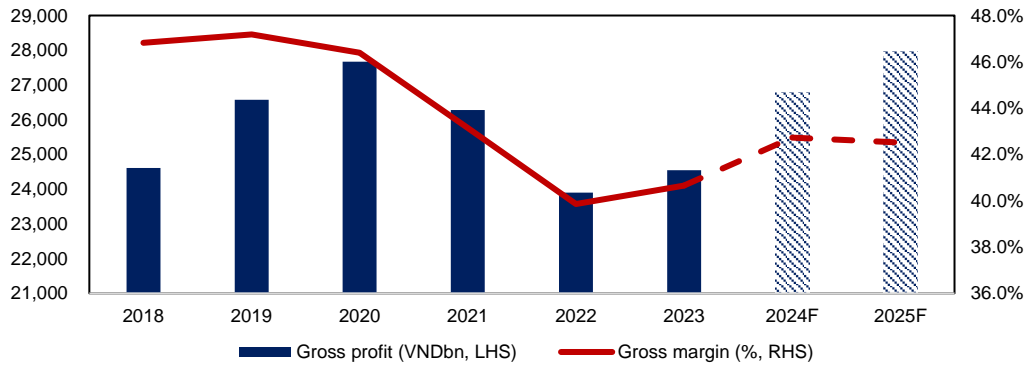
Source: USDA, MBS Research

Gross margin is expected to improve 2%pts in 2024 and maintain in 2025

In 2024F, VNM gross margin may improve 2% pts as (1) in 1H24, VNM's gross profit margin improved by 2.5%pts thanks to the lower raw material costs, compared to the baseline of 2022-23, (2) VNM has finalized raw material prices for 2H24 to maintain a stable gross margin.

In 2025F, we expect gross margin to maintain as (1) we forecast a slight increase of 2% in whole milk powder prices due to the global supply growing more slowly than consumption, (2) 2% yoy increase in average selling price.

Figure 20: VNM gross margin in 24F-25F

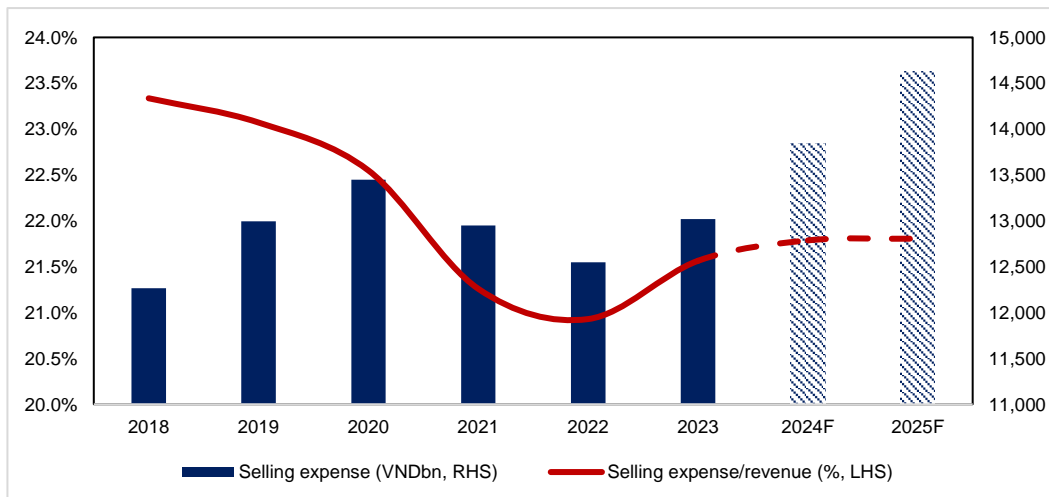


Source: VNM, MBS Research forecasted

VNM to increase selling expense to maintain market share

Having the re-branding event when the dairy consumption in a low base is a bold decision for VNM. We see the creative marketing campaign established in 2023 was quite effective when helping VNM gain market share in 1H24. In 24/25F, we see the scale of promotion expense/total revenue will reach about 15.6% (+0.4%pts from average of 2020-23) to maintain VNM's market share, especially in rural areas, therefore we forecast selling expenses/total revenue to increase slightly by 0.2%pts to 21.8%. As a result, VNM selling expense may increase 6.3%/5.7% yoy in 2024-25F.

Figure 21: Forecast the selling expense in 24F-25F



Source: VNM, MBS Research forecasted

FY2024-25 earnings forecast

Figure 22: VNM's earnings forecast in 24-25

VNDbn	2023	2024F	yoy	2025F	yoy	Comment
Net revenue	60,370	63,520	5.2%	67,104	5.6%	
- Domestic	50,618	52,302	3.3%	54,415	4.0%	(1) Estimated selling prices are expected to increase by 2% in 24/2025. (2) In the context of weak demand in the domestic milk market, consumption volume is expected to increase 1%/2% in 24-25.
- Foreign	9,752	11,218	15.0%	12,689	13.1%	(1) The traditional export of VNM is expected to grow 15%/13.1% yoy in 24/25 (2) Stable consumer demand in Cambodia and the U.S. school market will help subsidiary branches maintain a growth rate of 10% in 24/2025.
Gross profit	24,545	27,127	10.5%	28,511	5.1%	
Gross margin	41%	43%	2.0%	42%		
Sale expense	13,018	13,839	6.3%	14,632	5.7%	Sales expense may increase 6.3%/5.7% yoy due to higher spending on communication and advertising to enhance VNM's brand recognition during the initial phase of the brand repositioning strategy.
G&A expense	1,756	1,842	4.9%	1,879	2.0%	
% SG&A expense/revenue	24%	25%		25%		
Financial income	1,716	1,460	-15.0%	1,426	-2.3%	
Financial expense	503	467	-7.2%	470	0.5%	
Profit before tax	10,968	12,356	12.7%	12,874	4.2%	
Tax	1,949	2,195	12.7%	2,287	4.2%	
Net profit	8,874	9,997	12.7%	10,416	4.2%	Net profit is expected to increase by 12.7% in 2024, primarily driven by lower-priced milk powder imports. In 2025, domestic consumer demand is projected to improve by 2% yoy, with the gross profit margin maintaining the same level as in 2024. Net profit is estimated to grow by 4.2% yoy, reaching 10,416 VNDbn

Source: VNM, MBS Research forecasted

Financial statements

Income statement	2023	2024F	2025F	2026F
Net revenue	60,369	63,520	67,104	70,652
Cost of sales	(35,824)	(36,393)	(38,593)	(40,619)
Gross profit	24,545	27,127	28,511	30,034
Gen & admin expenses	(1,756)	(1,842)	(1,879)	(2,049)
Selling expenses	(13,018)	(13,839)	(14,632)	(15,618)
Operating profit	9,771	11,446	12,000	12,367
Operating EBITDA	12,317	13,597	14,247	14,719
EBIT	9,771	11,446	12,000	12,367
Interest income	1,716	1,460	1,426	1,460
Financial expense	(503)	(467)	(470)	(455)
Net other income	64	(2)	(2)	(2)
Income from associates	(81)	(81)	(81)	(81)
Pre-tax profit	10,968	12,356	12,874	13,290
Tax expense	(1,949)	(2,195)	(2,287)	(2,361)
NPAT	9,019	10,161	10,587	10,929
Minority interest	146	164	171	176
Net profit	8,874	9,997	10,416	10,752

Balance sheet	2023	2024F	2025F	2026F
Cash and equivalents	2,912	2,756	3,042	4,000
Short term investments	20,137	19,056	18,789	19,783
Accounts receivables	4,808	5,059	6,016	6,334
Inventories	6,128	7,622	8,052	8,478
Total current assets	35,936	36,544	38,065	40,875
Tangible fixed assets	11,689	11,243	11,018	10,636
Construction in progress	937	968	1,344	834
Property Investment	56	47	38	29
Investments in subsidiaries	-	-	-	-
Investments in associates	603	603	603	603
Other long-term assets	902	949	1,003	1,056
Total long-term assets	16,737	16,229	16,449	15,623
Total assets	52,673	52,773	54,514	56,499
Short-term borrowings	8,218	7,622	8,052	8,478
Trade accounts payable	3,806	4,005	4,230	4,454
Other payables	2,751	2,894	3,058	3,220
Total current liabilities	17,139	17,009	17,969	18,919
Long-term borrowings	238	251	265	279
Other long-term payables	270	285	301	317
Total long-term liabilities	509	536	566	596
Total liabilities	17,648	17,544	18,534	19,514
Common shares	20,900	20,900	20,900	20,900
Share premium	34	34	34	34
Treasury shares	-	-	-	-
Undistributed earnings	3,926	3,803	4,016	4,498
Investment and development f	6,837	7,194	7,600	8,002
Shareholders' equity	35,026	35,417	36,230	37,306
Minority interest	-	-	-	-
Total shareholders' equity	35,026	35,417	36,230	37,306
Total liabilities & equity	52,673	52,962	54,765	56,821

Cash flow statement	2023	2024F	2025F	2026F
Pre-tax profit	10,968	12,356	12,874	13,290
Depreciation & amortization	2,546	1,836	1,924	2,029
Tax paid	(1,564)	(2,195)	(2,287)	(2,361)
Other adjustments	(273)	(1,850)	(2,279)	(1,304)
Change in working capital	(2,808)	(1,369)	(959)	(321)
Cash flow from operations	7,887	9,137	9,636	11,665
Capex	(1,580)	(1,779)	(1,879)	(1,978)
Proceeds from assets sales	105	36	20	24
Cash flow from investing activities	(2,989)	(559)	(1,644)	(2,996)
New share issuance	490	-	-	-
Net borrowings	3,512	(583)	444	440
Other financing cash flow	-	-	-	-
Dividends paid	(8,152)	(8,151)	(8,151)	(8,151)
Cash flow from financing activities	(4,293)	(8,734)	(7,707)	(7,711)
Cash and equivalents at beginning o	2,300	2,912	2,756	3,042
Total cash generated	612	(156)	285	958
Cash and equivalents at the end of p	2,912	2,756	3,042	4,000

Key ratios	2023	2024F	2025F	2026F
Net revenue growth	0.7%	5.2%	5.6%	5.3%
EBITDA growth	4.0%	10.4%	4.8%	3.3%
EBIT growth	0.2%	17.1%	4.8%	3.1%
Pre-tax profit growth	4.5%	12.7%	4.2%	3.2%
Net profit growth	4.2%	12.7%	4.2%	3.2%
EPS growth	4.9%	12.7%	4.2%	3.2%
Gross profit margin	40.7%	42.7%	42.5%	42.5%
EBITDA margin	20.4%	21.4%	21.2%	20.8%
Net profit margin	14.7%	15.7%	15.5%	15.2%
ROAE	26.2%	28.4%	29.1%	29.2%
ROAA	17.5%	19.0%	19.4%	19.4%
Asset turnover ratio	1.2	1.2	1.3	1.3
Dividend payout ratio	91.9%	81.5%	78.3%	75.8%
D/E	24.1%	22.2%	23.0%	23.5%
Net debt to total equity	15.8%	14.4%	14.6%	12.8%
Net debt to asset	10.5%	9.7%	9.7%	8.4%
Interest coverage ratio	1.5	1.5	1.5	1.5
Days account receivable	29.1	29.1	32.7	32.7
Days inventory	62.4	76.4	76.2	76.2
Days account payable	38.8	40.2	40.0	40.0
Current ratio	2.1	2.1	2.1	2.2
Quick ratio	1.7	1.7	1.7	1.7
Cash ratio	1.3	1.3	1.2	1.3
Valuation				
EPS (VND/share)	4,246	4,784	4,984	5,145
BVPS (VND/share)	16,761	16,858	17,218	17,698
P/E (x)	18.8	13.8	13.2	12.8
P/B (x)	4.8	3.9	3.8	3.7

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MBS RECOMMENDATION FRAMEWORK

Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Add	The stock's total return is expected to reach 15% or higher over the next 12 months
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

Segment Ratings

Positive	Stocks in the segment have, on a market cap-weighted basis, a positive absolute recommendation
Neutral	Stocks in the segment have, on a market cap-weighted basis, a neutral absolute recommendation.
Negative	Stocks in the segment have, on a market cap-weighted basis, a negative absolute recommendation.

ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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