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CHỨNG KHOÁN QUỐC TẾ

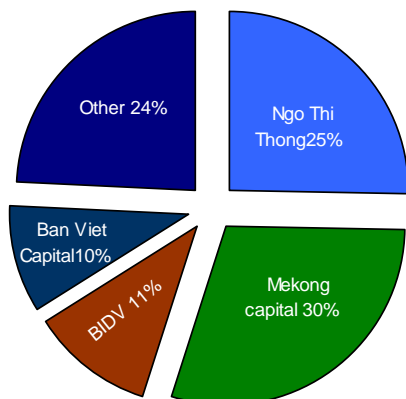
***New vision, New value***



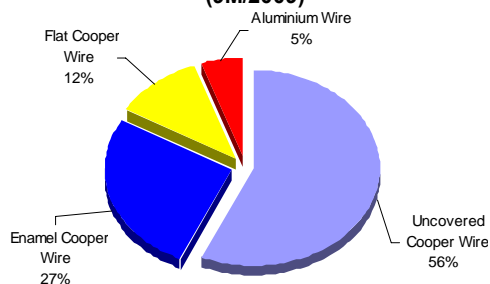
*Analysis Report*  
**NGO HAN JOINT STOCK COMPANY**

VIETNAM INTERNATIONAL SECURITIES JOINT STOCK COMPANY– VIS  
Research and Analysis Department

SHAREHOLDERS STRUCTURE (3/11/2009)



CONSUMED PRODUCTS STRUCTURE (9M/2009)



## OVERVIEW

### ➤ Information:

Company Name: Ngo Han Joint Stock Company

Headquarter: Hien Duc hamlet, Phuoc Thai commune, Long Thanh district, Dong Nai province.

Tel: (061) 3841578

Fax: (061) 3841577

Email: [contac@ngohanwire.com](mailto:contac@ngohanwire.com)

Website: [www.ngohanwire.com](http://www.ngohanwire.com)

### ➤ Establishment and Development

Ngo Han Joint Stock Company was set up in 1988 under form of Joint Venture Company, investing in manufacturing electromagnetic wire. Company officially operated in 1990 and proceeded to be equitized in 2003. The size of chartered capital currently of Ngo Han is 229.5 billion VND, equal to 22,950,627 shares held by individuals and big organizations such as Ngo Thi Thong, MeKong Capital, Ban Viet Capital, and Bank of Investment and Development Vietnam (BIDV)

INCREMENTAL CHARTERED CAPITAL (VND)

TIME	CHARTERED CAPITAL	INCREMENTAL FORM
26/04/2004	50.000.00.000	Establish Joint Stock Company
03/05/2004	63.214.290.000	Issue for existing shareholders
09/05/2007	227.233.930.000	Issue for existing shareholders
10/10/2009	229.506.270.000	Issue award shares for employees

### ➤ Products, Services & Productivity

Company operated mainly in manufacturing electromagnetic wire area. Key products of company includes electric wire and cable, receive Vietnam and International quality standard such as DNV, ISO 9001:2000, ISO 14001:1996, ISO-IEC 17025:2005, and SA 8000:2001. Electromagnetic wire is currently a main product of company. This item is separated into 2 types, are round enamel wire and flat insulated wire.

Beside above products, Ngo Han is currently trading more items such as Cooper material, Aluminium, insulated painting and paper, electromagnetic wire, electric wire and cable, selling and buying scrapped materials, metal wastes. Company's products mainly serve for electric equipment manufacturing industry, electric components and electric cable manufacturing industry.

Ngo Han Joint Stock Company is one of companies has a leading producing ability in Vietnam. The company's plant is situated in Dong Nai Province, currently has productivity or output capacity up to 11,000 ton of uncoverd wire per year, 5,000 ton enamel wire a year, 3,100 ton flat cooper wire yearly.

## INPUT & TECHNOLOGY LEVEL

### ➤ *Materials and material resource*

**Material Expenses Structure (Million VND)**

<b>Materials</b>	<b>2007</b>	<b>2008</b>	<b>9M/2009</b>
Cathode Cooper	746,783	731,721	548,228
Aluminium 9.5	2,999	10,234	8,681
Insulated Enamel	5,614	8,035	6,430
Insulated Paper	1,242	1,489	757
Cooper Casting Frame	1,990	2,467	547
<b>Total</b>	<b>758,628</b>	<b>753,946</b>	<b>564,643</b>

Manufacturing process must be standardized synchronously because products' characteristics are based on global criteria, including quality of input materials.

Main materials of Ngo Han currently includes cathode cooper, insulated enamel, and insulated paper and aluminium wire. The majority of materials is imported from developed countries worldwide such as Australia, Japan, Germany, Italia, Sweden,...

Cathode Cooper is a largest weighted material in total cost of goods sold at Ngo Han. In 2008 and first 9 months of 2009, it accounted for 97% in total of producing material cost of company. Aluminium material, albeit made up low weight in total cost, increased dramatically from 4% in 2007 to 1.5% in the first 9 months of 2009.

To limit risks of cost of above materials which often are convulsed, Ngo Han performed some methods such as contract with Swap (voi ANZ) in order to carry out contracts on schedule with clients, not to store a large inventory and to keep inventory fairly with either equal or lower price than current one.

### ➤ *Assets, Machine, Manufacturing Process*

The majority of assets, machines, equipments in Ngo Han is pertaining to the best advance types and imported from Europe. The company is at the moment possessing two cooper cast machines (RS300, RFS300) derived from England with total output capacity up to 11,000 ton per year. Exceptionally, other assets have a big output capacity such as big puller M85, middle puller M30, Sket, KT2, Samp,...

### ➤ *Technology Level*

Ngo Han is currently applying for casting - pecking technology. The strength of this one compared to lamination technology will be a refining and disposing of amalgamated materials, make pure Rod Cooper product up to 99.99%, with shining and beautiful face which can pull minimally up to 0.05mm

Machine is controlled automatically. Enamel manufacturing process following a closed cycle. In addition, products control system in the process is assure to be adjusted and to detect mistaken items on time.

## MARKET, SHAREMARKET, COMPETITION

### ➤ Market

Ngo Han's products are consumed considerably for public and private companies, and companies with foreign capital.

Clients are Public and private companies: the majority of these entrepreneurs is telecommunication and well-financial companies. Daphaco-Da Phat, Thibidi, Vinh Thinh electric wire and cable companies are some typical clients for public companies at the moment. These companies have capability to purchase Ngo Han's products from 80% to 100% in total product consumption demand.

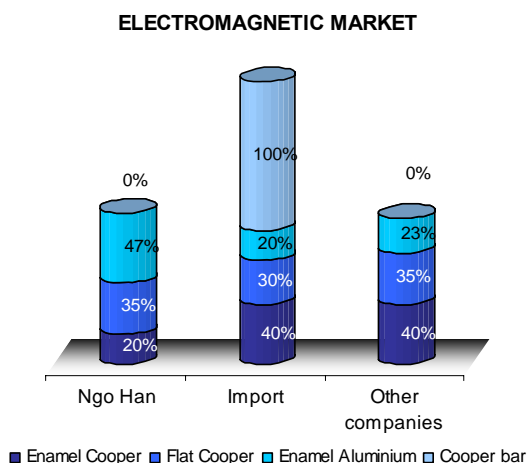
Clients are entrepreneurs with foreign capital: Ngo Han's products are consumed strongly by companies with capital investment from Asia and Europe countries. Group of Asia clients includes companies such as Sungshin VN, SPG (Korea), Tae-Chang (Korea), Dongjin VN (Korea), Solen VN (Taiwan). Korea companies have ability to consume from 30% to 90% in total consumption demand of them. Group of Europe companies consists of some companies typically such as ABB, Bonfiglioli, this clients group can consume Ngo Han's products from 30% to 100% in utilization demand.

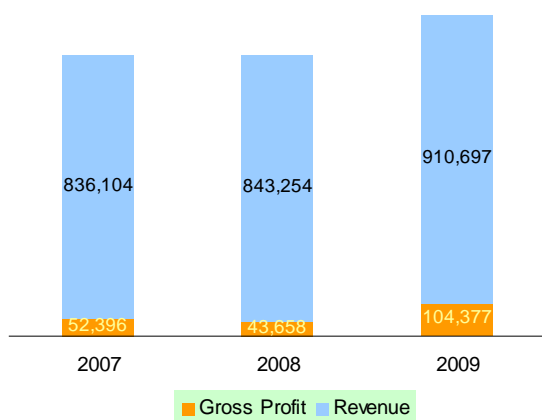
### ➤ Market share

Currently, there are more 50 companies participated in electromagnetic manufacturing industry in Vietnam. In there, companies conjunct with Taiwan, Korea accounted for large percentage with advantage of manufacturing technology and experience. Among companies taken apart in electromagnetic market, Ngo Han is a leading company in technology along with sharemarket. Ngo Han currently takes over 47% sharemarket of enamel aluminium wire, 35% flat cooper wire, and 20% enamel cooper wire.

### ➤ Competition

Compared to some companies in the same industry such as Taya, Kevin, Cadivi, KTC, HUNG-CHENG,..., Ngo Han is advantageous with modern technologies, diversified products and high heating wire manufacturing; therefore, emulate well with big producers such as Sumimoto, Hitachi,... However, competition ability of Ngo Han is reduced in market with low heating wire product.



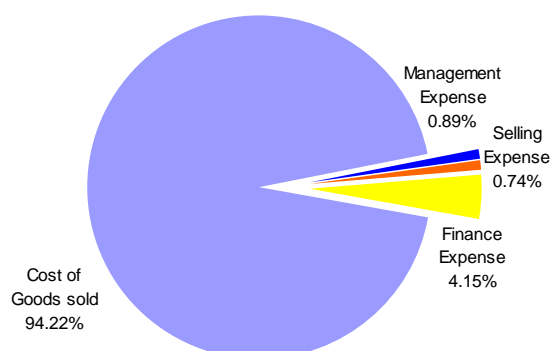
**REVENUE & GROSS PROFIT****➤ Revenue**

Company's revenue increased persistently in the phase 2003-2007. In 2007, Ngo Han reaped 836.1 billion VND in Revenue, gained 64.15% compared to 2006 year. In 2008, revenue growth of Ngo Han deteriorated drastically due to general influence of economic crisis globally. In 2009, Ngo Han achieved 910.6 billion VND in revenue, gained 8% in comparison with 2008 year and attained 99.3% with respect to wholly revenue plan in 2009.

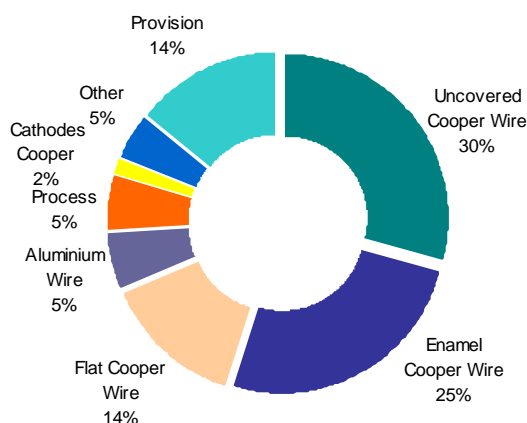
Looking revenue structure, uncovered cooper wire is a leading product in total revenue of company. In 910.6 billion VND of revenue in 1009, this item attained over 355 billion VND, took over 39%. Besides that, enamel cooper wire product made considerable revenue, accounted for 24.1% in revenue structure of company.

**➤ Expense**

Percentage of Cost of goods sold over Revenue of Ngo Han has an advance tendency in phase 2004-2008. Especially, in 2008, Ngo Han must perform a provision which decreased in inventory up to 16.4 billion VND because of an increase in material cost, led to cost of goods sold of company reaping at 799 billion VND, taken over 94.8% in revenue. However, price of cooper materials fell down strongly at the end of 2008; company bought with low price. Therefore, percentage of this cost over revenue was tending to slump down in 2009 (cost of goods is at 806.3 billion VND, accounted for 88.5% over revenue)

**EXPENSE STRUCTURE (9 MONTHS/2009)**

Selling and management expenses are controlled quite efficiently in the last few years. Percentage of this expense over revenue is always under 1% in phase 2007-2009

**GROSS PROFIT (2009)**

In 2008, Ngo Han got loss of 25 billion VND from the difference of exchange rate. In addition, interest expense in this year was coming to 11.78 billion VND as a result of that finance expense of company increased to 37 billion VND, 4.9 times compared to last year.

**➤ Profit**

Incremental profit reduced gradually from 2007. In 2007, Ngo Han only made 33.6 billion VND profit after tax, declined 93.6% due to increase in costs. In 2009, it attained 44.1 billion VND of Net profit, equal to 108.6% as planned and higher 20.5 times than last year.

## EFFECTIVE OPERATION & PROFITABILITY

### ➤ Assets and Equity

Its assets ceaselessly increased during phase from 2004-2008. At the end of 2008 year, total assets of company obtained over 548 billion VND, including current assets were 87.2%, mainly inventory (288.5 billion VND), accounts receivable (123 billion VND), cash and cash equivalent (54.5 billion VND). The first 9 months of 2009 year, total assets fell down, only 473.8 billion VND, declined 13.5%.

The end of 2008 year, chartered capital was 227.2 billion VND. Beginning of Oct 2009, it was advanced by issuing shares for employees. On 31/12/2009, chartered capital of company is 229.5 billion VND.

Due to using of many debts and profit decreased in 2007 and 2008, the equity growth deteriorated.

### ➤ Finance Structure

Liability tends to rise rapidly in 2008. This liability is mainly current liability such as bank loan (241.7 billion VND) to support for current assets. On 30/09/2009, the total of bank loan is 10,476,810 USD. These debts are borrowed from big banks such Bank of investment and development Vietnam, EximBank, ANZ bank. This is liability which has duration from 3-4 months by US Dollar and Ngo Han must square in deadline of contract. Generally, the end of Sept 2009, percentage of liability over equity, liability over assets of company decreased much compared to the end of 2008 year.

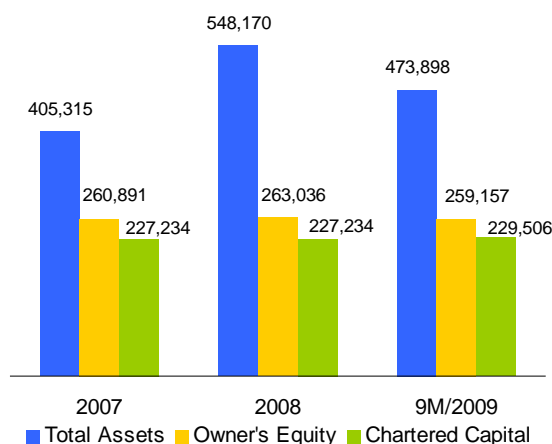
### ➤ Payment ability

In 2008, payment ability of Ngo Han is pretty low, only 0.63 times as a result of using more current liability. Current payment ability was falling down to 1.7 times. However, settlement ability of company was improved more due to the percentage of current liability decreased in 2009.

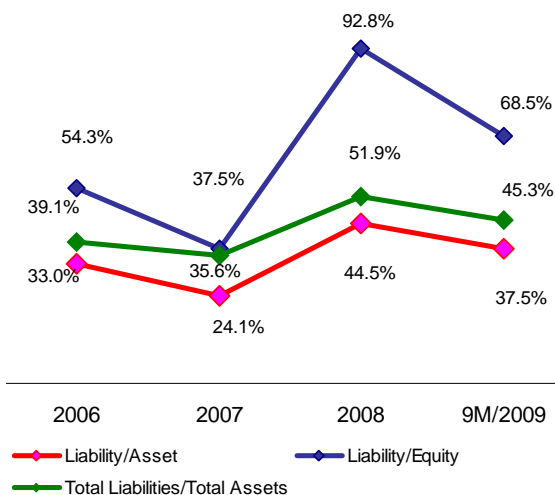
### ➤ Profitability

Profitability percentage declined consecutively in 2007 and 2008. However, the percentage of average profit over assets was from 13% to 20% in phase of 2004-2008. This is high level compared to other companies in same industry

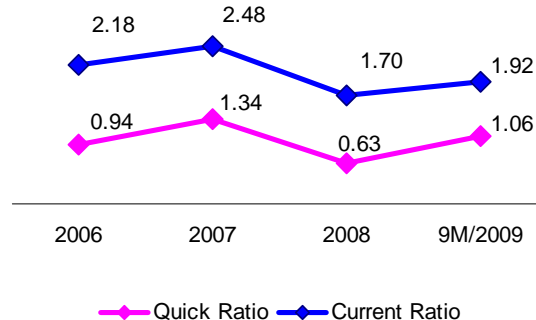
**ASSETS AND EQUITY (Million VND)**



**FINANCE STRUCTURE**



**SETTLEMENT ABILITY**





## STRATEGY AND PLAN

### ➤ Development Strategy

Ngo Han is focusing on significant development strategies such as reinforce and widen product, and current market segmentation, shifted strongly to North area and Export. Research and development of new products which utilized cooper input material such as superior motor and high-grade fan,... besides that, company will consider and invest into Real Estate Project effectively, for example, low price apartments, blocks,...

On the other hand, Ngo Han is currently concentrating on developing new products such as Busbar Cooper which is a product applied so much in electric board manufacturing of industry market, buildings...

#### PRODUCTS CONSUMPTION PLANNING

Products (ton)	2010	2011	2012	2013
Uncovered Coop	2,494	2,618	2,906	3,226
Flat Coopers	1,483	1,780	2,136	2,563
Enamel Coopers	3,169	3,802	4,563	5,475
Aluminium	137	151	166	183
Busbar Coopers	300	600	900	1,200

Source: Ngo Han Joint Stock Company

### ➤ Plan

Uncovered cooper wire product: Ngo Han estimates consuming volume which will advance 5% in 2010 and 2011, and be consumed around 10% in 2012 and 2013.

Flat cooper wire product, enamel cooper wire product: estimation of consumption will advance 20% each year in phase of 2010 year to 2013 year

Aluminum products: consumption volume is estimated to increase about 10% per year from 2010 to 2013

### ➤ Financial Planning

In 2010, Ngo Han estimates will reap 1,151.3 billion VND in revenue, rise 26.42% compared to 2009 year. Besides that, it estimates earnings after tax will be 60.9 billion VND and size of total assets will be around 646.7 billion VND

In 2006, EPS of company attained 11,678 VND per share, the highest level from 2004. However, this ratio went down in 2007 and 2008. According to plan, company expects to get 2,599 VND per share in 2010.

In 2006 and 2007, Ngo Han distributed dividend by cash with percentage of 33% and 13.8% respectively. In 2010, company expects will allocate dividend for shareholders with percentage 13% over chartered capital. Based on business plan, this percentage will advance highly in 2011-2013.

Based on activities outcome in 2009 along with positive changes in Vietnam and global economy currently showed that possibility of company will attain revenue and profit plan in 2010.

#### BUSINES PLAN (2010-2013)

Target ( Million VND)	2010	2011	2012	2013
Total Assets	646,780	694,877	830,178	924,996
Chartered Capital	234,420	242,574	249,659	257,700
Revenue	1,151,300	1,628,105	1,974,980	2,337,030
Earnings After Tax	60,916	79,228	103,300	133,902
EPS	2,599	3,266	4,138	5,196
ROA	9.4%	11.4%	12.4%	14.5%
Dividend/ Chartered Capital	13%	16%	21%	26%

Source: Ngo Han Joint Stock Company

## COMPARING WITH COMPANIES IN SAME INDUSTRY, VALUATION

### ➤ Compare with listed companies in material manufacturing and electric equipments

#### COMPARISON METHOD - MULTIPLIER METHOD

Unit: million VND	Period	ALP	BTH	CJC	CSG	POT	TST	UNI	TYA	Ngo Han
Chartered Capital	30/09/2009	413,400	30,000	20,000	297,420	194,300	48,000	47,439	279,014	229,506
Owner's Equity	30/09/2009	654,265	37,174	36,169	522,460	282,529	113,004	93,037	202,729	259,157
Total Assets	30/09/2009	1,164,801	63,723	452,063	581,673	416,239	225,044	107,735	550,169	473,898
Revenue	trailing	814,682	77,947	323,743	228,947	464,730	193,846	52,645	691,131	910,690
Net Profit	trailing	19,829	4,691	12,603	20,194	18,290	13,325	8,683	(172,314)	44,100
ROA	trailing	1.7%	7.4%	2.8%	3.5%	4.4%	5.9%	8.1%	-31.3%	9.3%
ROE	trailing	3.0%	12.6%	34.8%	3.9%	6.5%	11.8%	9.3%	-85.0%	17.0%
EPS	trailing	480	1,564	6,301	679	941	2,776	1,830	n/a	1,922
BV	30/09/2009	15,826	12,391	18,085	17,566	14,541	23,543	19,612	7,266	11,292
Share price	19/01/2010	12,700	12,400	26,800	12,600	14,200	31,400	34,000	9,000	n/a
Market Capitalization	19/01/2010	525,018	37,200	53,600	374,749	275,906	150,720	161,293	251,112	n/a
P/E	19/01/2010	26.5	7.9	4.3	18.6	15.1	11.3	18.6	n/a	n/a
P/B	19/01/2010	0.8	1.0	1.5	0.7	1.0	1.3	1.7	1.2	n/a
<b>P/E average</b>	<b>16.2</b>									
<b>P/B average</b>	<b>0.9</b>									

### ➤ Valuation result in Multiplier Method

COMPARISON METHOD - MULTIPLIER METHOD		
	VIỆT NAM	
	P/E	P/B
P/E average of industry	16.2	0.9
EPS - Ngo Han	1,922	11,292
<b>Share Price - Ngo Han</b>	<b>31,072</b>	<b>10,642</b>
Less: discounted liquidity	-	-
<b>Adjusted share price - Ngo Han</b>	<b>31,100</b>	<b>10,600</b>

#### Ghi chú:

- EPS factor is used in P/E method, is EPS average estimated in 2009-2011

### ➤ Share valuation result based on DCF & Dividend Methods

DCF Method	Discounted interest	Growth	Share Price
Discounted Cash Flows FCFE	13.00%	8.5%	25,200
Discounted Dividend Flows	13.00%	6.0%	27,000

### ➤ Compounding Valuation Result

Methods	Price	Weight	Weighted price
P/E Method	31,100	20%	6,220
P/B Method	10,600	20%	2,120
FCFE Method	25,200	30%	7,560
Discounted Dividend- DDM	27,000	30%	8,100
<b>Combined</b>			<b>24,000</b>

Combine all valuation methods, we think, price range from 24,000 VND/ share to 28,000 VND/ share is reasonable range of Ngo Han Joint Stock Company.



## FINANCIAL STATEMENT 2005-2008

BALANCE SHEET (2005-2008)				
Unit: (Million VND)	2005	2006	2007	2008
<b>ASSETS</b>				
Cash and Cash Equivalent	1,717	4,607	765	54,567
Short-term investment	-	-	-	308
Account Receivable	55,262	121,636	179,036	123,017
Inventory	135,512	163,529	148,042	288,559
Fixed Tangible Assets	55,184	73,334	70,573	61,517
Finance Lending Fixed Assets	-	-	-	-
Incomplete Construction	-	7,683	201	7,399
Fixed Intangible Assets	10	3	564	369
Long-term Investment	-	-	-	-
Other Assets	3,958	2,597	6,133	12,433
	<b>251,644</b>	<b>373,389</b>	<b>405,315</b>	<b>548,170</b>
<b>Liability</b>				
Account Payable	25,852	10,698	1,638	30,346
Short-term Loan	28,981	112,001	88,533	241,721
Long-term Loan	12,239	11,394	9,331	2,421
Others	10,157	12,062	44,922	10,046
	<b>77,229</b>	<b>146,155</b>	<b>144,423</b>	<b>284,533</b>
<b>Owner's Equity</b>				
Share capital	63,214	63,214	227,234	227,234
Capital Surplus	15,873	15,873	-	-
Retained Earnings	95,327	106,757	33,657	35,802
Reserve Funds	-	41,389	-	-
	<b>174,415</b>	<b>227,234</b>	<b>260,891</b>	<b>263,036</b>
<b>FINANCIAL RATIO</b>				
Quick Ratio	0.88	0.94	1.34	0.63
Total Assets Growth		48%	9%	35%
Total Liabilities / Equity	23.6%	54.3%	37.5%	92.8%
ROE	28%	37%	14%	1%
ROA	19%	24%	9%	0%
<b>P&amp;L STATEMENT (2005-2008)</b>				
Unit: (Million VND)	2005	2006	2007	2008
Revenue	248,466	509,354	836,104	843,254
Cost of goods sold	195,725	403,951	783,708	799,596
<b>Gross Profit</b>	<b>52,741</b>	<b>105,403</b>	<b>52,396</b>	<b>43,658</b>
Business Expenses	5,052	13,449	5,547	13,939
- Management Expense	2,063	10,345	760	7,028
- Selling Expense	2,988	3,104	4,787	6,911
-Others	-	-	-	-
<b>Earnings from Operating</b>	<b>47,690</b>	<b>91,954</b>	<b>46,849</b>	<b>29,719</b>
Earnings from Finance Operating	(3,518)	(3,170)	(2,635)	(26,165)
Earnings from Common Operating	358	529	(116)	184
<b>Earnings Before Tax</b>	<b>44,530</b>	<b>89,313</b>	<b>44,098</b>	<b>3,738</b>
Tax	1,455	15,494	10,441	1,593
<b>Net Profit</b>	<b>43,075</b>	<b>73,819</b>	<b>33,657</b>	<b>2,145</b>
Preference Shares	-	-	-	-
<b>FINANCIAL RATIO</b>				
Revenue Growth	23%	105%	64%	1%
Gross Profit Margin	21%	21%	6%	5%
Net Profit Margin	17%	14%	4%	0%
Management Expense Growth	-58%	401%	-93%	825%
Real Tax	3%	17%	24%	43%

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