

## REFRIGERATION ELECTRICAL ENGINEERING CORPORATION (REE VN)

Strong underlying growth ahead

We are initiating coverage on Refrigeration Electrical Engineering Corporation (HOSE: REE) with a HOLD rating and a target price of VND23,000 (USD1.2). REE's stock is trading at a 2010 PER of 10.9x, a 5% discount to the Industrial Engineering sector average, and a PBR of 1.6x. REE has a strong competitive position and excellent growth prospects in its core operations in Mechanical & Electrical Engineering ("M&E"), Electrical Appliances (Reetech), and Office Rental & Services. However, the company is highly exposed to stock market risk as 50% of its total assets are invested in shares.

REE's M&E business, which contributes 34% of total sales, is the market leader with a market share of over 10%. To increase sales, the company has been geographically diversifying its services to neighbouring countries like Laos and Cambodia. Its current order book is c. VND1,700bn, and the company expects to gain over VND1,000bn in additional orders during the remainder of 2010.

Reetech holds a 6% market share for electrical appliances in Vietnam, and accounts for 40% of the company's total sales. It seems to us that Reetech's longstanding market share decline in this sector – having felt the full force of market entry to Vietnam by international majors over the past several years – is now mostly over.

REE's office leasing business has been expanding rapidly for the past four years. It currently has 83,000 sqm of rentable grade B office space, and should add an additional 21,000 sqm by end-2010. Its occupancy rate is over 90% as it provides excellent management services at relatively low rents (USD16-USD20 per sqm).

Our major concern about REE is that fact that c. 50% of its total assets are currently invested in the stock market. This exposes the company to market risk and also makes its earnings volatile.

We forecast the company's annual sales growth for 2010-2014 will be around 18%. Excluding returns on its stock investments, its ROE and ROA over this period should be over 21% and 13% respectively, much better and less volatile than before. The company projects 2010 EPS, including that generated from share investments, of VND1,900.

	2008	2009	2010E	2011E	2012E	2013E	2014E
Sales (VND bn)	1,149	1,174	1,510.00	1,846	2,152	2,434	2,663
EBITDA (VND bn)	237	322	357	442	482	543	566
NI (VND bn)*	-152	434	268	286	368	444	471
Sales growth (%)	15.4%	2.2%	28.6%	22.2%	16.6%	13.1%	9.4%
ROE (%)*	-7.0%	18.9%	31.2%	21.1%	19.9%	22.0%	21.1%
ROA (%)*	-5.5%	14.5%	12.7%	11.0%	12.9%	14.2%	13.9%
EPS (VND)*	747.6	1,022.6	1,861.0	1,377.5	1,554.2	1,871.8	1,986.4
EPS growth*	-	36.8%	81.9%	-26.0%	12.8%	20.4%	6.1%
EPS (VND)**	-940.2	2,200.5	1,891.9	1,603.1	1,780.1	2,083.3	2,198.2
BVPS (VND)	10,690	12,572	12,834	14,365	14,966	15,833	16,794
PER* (times)	27.7	20.2	11.5	15.6	13.8	11.4	10.8
PER** (times)	-22.0	9.4	10.9	12.9	11.6	9.9	9.4
PBR (times)	1.9	1.6	1.6	1.5	1.4	1.3	1.3
DPS (VND)	0	0	0	1,000	1,000	1,000	1,000
Dividend yield (%)	0	0	0	4.8%	4.8%	4.8%	4.8%

Source: REE, Mekong Securities

\* Based on earnings forecasts that exclude stock investments

\*\* Based on earnings including stock investments

Hien Nguyen  
(84 8) 3520-2050 - Ext: 8155  
hien.t.nguyen@mekongsecurities.com

### Company Coverage

Recommendation	HOLD
HOSE: REE	
Property sector	
Price (VND)	20,700
Price target (VND)	23,000
Expected share price return (%)	10.0%
Expected dividend yield (%)	4.8%
Expected total return (%)	14.8%

Stock performance (%)				
	YTD	1m	3m	12m
Abs	8.9%	-3.9%	-3.0%	-9.7%
Rel	7.8%	4.0%	-0.5%	-13.5%

Source: Bloomberg



Ownership Structure	31 Dec 2009
State	6.0%
Chairwoman (and family)	5.4%
Foreigners	38.4%
Others	50.2%

Stock Statistics	02 Jul 2010
Bloomberg code	REE VN
52-week range (VND)	16,000 – 27,500
Shares O/S (m)	178
Mkt cap (VND bn)	3,685
Mkt cap (USD m)	193
Foreign room (%)	14.6%
Est. free float (m)	167
3m avg daily volume	1,088,677
VND/USD	19,100
Index: VNIndex / HNX	504 / 159

Source: Bloomberg

## Businesses

*Strong, leading domestic M&E business*

*Presence in big projects and strong projected sector growth should augur well for >20% top line growth from this division*

*Expansion to Laos and Cambodia, where rapid growth of property development is happening, is considered a good move*

### M&E (Mechanical & Electrical Engineering)

REE's M&E business (34% of REE's '09 sales) has a leading 10%-market-share position which puts the company among the top five sector players in Vietnam (M&E makes up c. 30% of Vietnam construction while construction contributes around USD7 billion, 8% of Vietnam GDP); it has a strong tendency to win large, especially government, projects for M&E services in civil, commercial, industrial, and infrastructure projects. It has a good reputation within the country for air conditioner systems (AC), electric power supply, low voltage electrical systems, and fire protection systems. REE's M&E is the only domestic company in its sector that wins work for large projects like Tan Son Nhat International Airport, New World Hotel, and Can Tho International Airport. Big ongoing projects include Hanoi Museum, Ministry of Public Security, M&C Tower and others. Its current projects have a total order book value of over VND1,660bn and the company is expecting that by the end of 2010 this figure will go up to over VND2,760bn (typically the order book time horizon to completion is up to 24 months); this is a business that we believe is fully maintaining its strong competitive position, in a construction and infrastructure market whose growth outlook is set to remain strong. We believe this division of REE will maintain a high top-line growth rate of over 20% for the next 3+ years. To increase sales, the company has been geographically diversifying its services to neighbouring countries like Laos and Cambodia.

Table 1: REE's M&E order book

	Values (VNDbn)
1 Hanoi Museum Building	400
2 Ministry of Public Security Building	400
3 M&C Tower	573
4 Can Tho International Airport	N/A
5 Sonadezi Office Building	N/A
<b>Total current order book</b>	<b>1,660</b>
<b>Expected total order book by YE10</b>	<b>2,760</b>

Source: REE, Mekong Securities

*Reetech has felt the full force of international majors' entry to Vietnam, but its market share position is now stabilising*

*Warranty system and distribution network are key strengths*

*Greater than 5% market share should be defensible*

### Reetech (Electrical Appliances)

Reetech (40% of REE's '09 sales; 6% market share) has recently faced many strong international competitors such as Sanyo, Toshiba, National, Panasonic, Hitachi, and LG; in products including civil and commercial air conditioners, digital based air-conditioning systems, home appliances such as refrigerators, washing machines, showcases, and coolers. Over the past decade, as the old local incumbent facing a surge of market entries by international majors, it has steadily lost market share (eg, its market share as recently as three years ago was 10%). However, Reetech has an advantage in providing extensive services and longer warranty time of up to five years compared to other competitors' less than three year period. Reetech also has a strong distribution network with over 70 distributors and agencies in 28 cities/provinces across the country. By knowing its strengths and weaknesses, the company is working to make the best out of its strengths and to hold on to its current market position; we believe it will manage to retain not less than 5% market share. With its mid-price products, backed by a newly improved in-house engineering team (which has saved costs as a result of lower reliance on buying-in engineering capability from outside), along with the high housing, commercial, and industrial demand growth in Vietnam, we forecast low double digit percentage sales growth in the next few years for Reetech.



*The office leasing business is the star in REE's crown*

*Superior ROIC in this division – over double the company's overall level*

*In a good segment: mid-market*



*Financial investments account for over 58% REE's total assets, with most of these listed and OTC stock market holdings*

*Financials, water and power are the major sectors invested in*

### REE's Office Leasing Space

REE's office leasing business (2007-09 average: 21% of sales, 60% of pre-tax profits) is its strongest. It has been expanding rapidly for the past four years as the company started to invest in the mid-priced office segment. It currently has 83,000 sqm of rentable grade B office space, and we expect that an additional net rentable space of 21,000 sqm will be finished by end-2010. The slowdown of the economy has been driving companies to seek cost savings by shifting from grade A offices to lower grades or to suburban areas like District 4, 6, 7, Tan Binh, or Binh Thanh; this plays to REE's strengths. It typically is in the USD16-20/sqm/m range and provides excellent management services. Its occupancy rate is always over 90% and even reaches full capacity at times. We believe this segment will continue to be the most value added business for REE in the next five years; to justify this statement we cite overall REE return on invested capital (ROIC) of c. 14% versus our estimated ROIC for the property division of 33%.

Table 2: REE's office space

	Leasable Space (sqm)
Etown 1	29,000
Etown 2	27,000
Etown 3-4	15,000
IDC 163 Hai Ba Trung Building	5,000
Maison Building	2,500
Others	4,500
<b>Total (current)</b>	<b>83,000</b>
REE Tower (End 2010 expected)	21,600
<b>Total (End 2010 expected)</b>	<b>104,600</b>

Source: REE, Mekong Securities

### Financial Investments

REE's financial investments take up the biggest portion of the company's invested capital. Such investments total c. VND1,900bn (end-1Q10), 58% of the company's total assets. Of this, investments in joint ventures and associated companies account for around 11% while stock investments account for 89%. Most holdings are in the water, power, and financial sectors - which together account for 74% of the total. The financial investments make it harder for investors to evaluate future earnings of the company since earnings are uncertain and volatile.

Chart 1: Stock vs. other investments

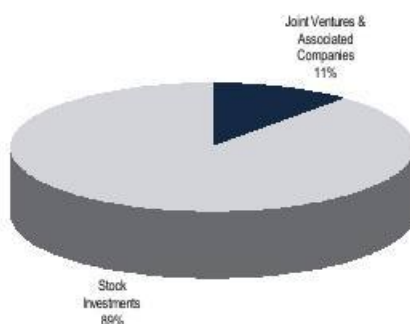
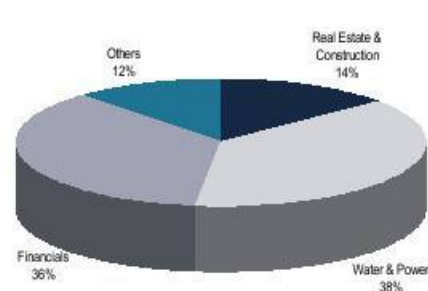


Chart 2: Financial investments by sector



Source: REE, Mekong Securities

Investment in joint ventures and associated companies is, in our opinion, part of REE's core business:

Table 3: Joint ventures and associated companies

Name	REE's ownership	Invested capital (VNDm)	Business
BOO Thu Duc JSC	20%	134,217	Water Supply
Vietnam Infrastructure & Real Estate Investment Co.	20%	32,000	Real Estate & Construction
Thermal Power Vung Anh II JSC	20%	28,953	Power
REE Power JSC	30%	7,815	Power
Mang Canh JSC	40%	5,000	Mining
Hai Phong Industrial Zone JSC	20%	2,000	Industrial Zone
Doan Nhat M&E	35%	1,575	M&E
Hap-Ree JSC	50%	1,500	Infrastructure
Quality M&E JSC	36%	1,068	M&E
Minh Thanh M&E JSC	35%	1,050	M&E
Hop Phap M&E JSC	35%	1,050	M&E
Building 41B Ly Thai To, Hanoi	40%	744	Real Estate
<b>Total</b>		<b>216,974</b>	

Source: REE, Mekong Securities

*Joint ventures and associated companies are a sensible way into good businesses with high potential like power, real estate, mining, and water supply*

With stock investments accounting for about half the total assets of the company, this is a major issue for investors in terms of market risk, earnings volatility, and visibility. Its holdings of listed stocks (43% of the total) have total market value about 15% above the company's book value, thanks to STB having been bought at par; OTC holdings (48% of the total), on the other hand, are much lower than book value - some like Mai Linh Group and Saigon Postel have been right dogs. Note that in Vietnam, the accounting for stock investments for non-fund management entities is as follows: stock investments are marked down when market price falls below book value and can be (according to prevailing market price) written back up as far as bought price, but there are no mark-ups permitted above bought price.

*The high portion of total assets in stock investments poses concerns and results in a lower fundamental valuation for REE than would otherwise be the case*

Table 4: Stock portfolio

Listed stocks	Investment cost (VNDm)
STB	298,100
ACB	299,200
TBC	97,240
VSH	15,990
Others	23,040
<b>Total listed stocks</b>	<b>733,570</b>
OTC stocks	Investment Cost (VNDm)
Quang Ninh Thermal Power	400,032
Sonadezi Chau Duc	140,010
Sai Gon High Tech Area	30,000
Saigon Postel	48,029
Sai Gon Dia Oc JSC	27,000
Ut Xi Aquatic	58,500
Cuu Long Oil & Gas JSC	12,500
Others	102,928
<b>Total OTC stocks</b>	<b>818,999</b>
Other holdings	145,894
<b>Total stock investments</b>	<b>1,698,464</b>

Source: REE, Mekong Securities

## Financials

<b>REE FINANCIALS MODEL</b>	<b>20,700.0</b>		Target:	<b>23,000.0</b>	Mkt cap:	<b>3,684,600</b>				
Analyst:	Hien Nguyen									
VND mil except where stated)	2005	2006	2007	2008	2009	2010E	2011E	2012E	2013E	2014E
<b>Income statement</b>										
Real Estate		107,953	171,140	236,907	308,698	310,000	370,922	412,178	453,396	485,134
M&E		544,711	574,523	604,485	396,682	700,000	875,000	1,050,000	1,207,500	1,328,250
Reetech		181,790	249,803	332,917	468,831	500,000	600,000	690,000	772,800	850,080
<b>Gross Sales</b>		<b>834,454</b>	<b>995,466</b>	<b>1,174,309</b>	<b>1,174,211</b>	<b>1,510,000</b>	<b>1,845,922</b>	<b>2,152,178</b>	<b>2,433,696</b>	<b>2,663,464</b>
Adjustments		10,313	-	25,208	25,208	-	-	-	-	-
<b>Total net sales</b>	<b>399,684</b>	<b>824,141</b>	<b>995,466</b>	<b>1,149,101</b>	<b>1,174,211</b>	<b>1,510,000</b>	<b>1,845,922</b>	<b>2,152,178</b>	<b>2,433,696</b>	<b>2,663,464</b>
<i>Sales growth (%)</i>		106.2%	20.8%	15.4%	2.2%	28.6%	22.2%	16.6%	13.1%	9.4%
CoGS incl-dep'n	244,396	607,503	679,285	814,540	765,334	1,033,406	1,263,302	1,472,896	1,665,560	1,822,807
SG&A	65,187	62,000	102,952	138,824	139,046	171,594	214,617	265,528	287,713	331,785
Other income / costs	-	2,185	6,796	7,813	5,545	5,585	6,435	6,344	5,977	6,085
<b>EBITDA</b>	<b>92,839</b>	<b>175,324</b>	<b>248,163</b>	<b>237,084</b>	<b>322,250</b>	<b>356,680</b>	<b>442,293</b>	<b>482,282</b>	<b>542,861</b>	<b>565,613</b>
<i>EBITDA margin (%)</i>	23.2%	21.3%	24.9%	20.6%	27.4%	23.6%	24.0%	22.4%	22.3%	21.2%
Depreciation	2,738	18,501	28,138	33,534	46,874	46,095	67,856	62,183	56,461	50,656
<b>Operating profit</b>	<b>90,101</b>	<b>156,823</b>	<b>220,025</b>	<b>203,550</b>	<b>275,376</b>	<b>310,585</b>	<b>374,437</b>	<b>420,098</b>	<b>486,400</b>	<b>514,956</b>
<i>Operating profit margin (%)</i>	22.5%	19.0%	22.1%	17.7%	23.5%	20.6%	20.3%	19.5%	20.0%	19.3%
Net interest expenses	7,553	10,856	9,478	18,285	8,103	20,537	86,578	22,650	22,650	22,650
<i>As % of avg net debt</i>		8.8%	7.9%	12.1%	4.6%	3.5%	14.4%	12.4%	13.1%	13.5%
<i>Interest cover (x)</i>	11.9	14.4	23.2	11.1	34.0	15.1	4.3	18.5	21.5	22.7
Financial Income (net)	16,401	153,033	199,875	- 324,463	216,916	67,086	93,498	93,621	127,680	135,339
Profit before tax	98,949	299,000	410,422	- 139,198	484,189	357,133	381,356	491,069	591,429	627,645
Tax	12,971	77,637	96,619	13,119	50,387	89,283	95,339	122,767	147,857	156,911



Effective tax rate (%)	13%	26%	24%	-9%	10%	25%	25%	25%	25%	25%
<b>Net profit*</b>	<b>85,978</b>	<b>221,363</b>	<b>313,803</b>	<b>- 152,317</b>	<b>433,802</b>	<b>267,850</b>	<b>286,017</b>	<b>368,302</b>	<b>443,572</b>	<b>470,733</b>
Cash earnings	88,716	239,864	341,941	- 118,783	480,676	313,946	353,873	430,485	500,033	521,390
Number of shares (m)	28.2	33.8	52.3	80.4	81.0	186.3	245.0	245.0	245.0	245.0
<b>EPS (VND)*</b>	<b>2,395.0</b>	<b>3,430.9</b>	<b>3,060.1</b>	<b>1,825.5</b>	<b>2,497.1</b>	<b>2,003.9</b>	<b>1,326.4</b>	<b>1,503.4</b>	<b>1,810.7</b>	<b>1,921.5</b>
<b>EPS (VND)**</b>	<b>3,047.2</b>	<b>7,138.5</b>	<b>7,292.3</b>	<b>- 2,296.1</b>	<b>5,373.6</b>	<b>2,100.0</b>	<b>1,603.1</b>	<b>1,780.1</b>	<b>2,087.3</b>	<b>2,198.2</b>
<b>Adj. EPS (VND)*</b>	<b>700.5</b>	<b>1,003.5</b>	<b>895.1</b>	<b>747.6</b>	<b>1,022.6</b>	<b>1,805.3</b>	<b>1,326.4</b>	<b>1,503.4</b>	<b>1,810.7</b>	<b>1,921.5</b>
<b>Adj. EPS (VND)**</b>	<b>891.3</b>	<b>2,088.0</b>	<b>2,133.0</b>	<b>- 940.2</b>	<b>2,200.5</b>	<b>1,891.9</b>	<b>1,603.1</b>	<b>1,780.1</b>	<b>2,087.3</b>	<b>2,198.2</b>
<b>Bonus adjustment factor</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>2.4</b>	<b>2.4</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
EPS growth (%)*		43.3%	-10.8%	-16.5%	36.8%	76.5%	-26.5%	13.3%	20.4%	6.1%
EPS growth (%)**		134.3%	2.2%	-144.1%	-334.0%	-14.0%	-15.3%	11.0%	17.3%	5.3%
DPS (VND) (cash)	1400.0	2000.0	0.0	0.0	0.0	1000.0	1000.0	1000.0	1000.0	1000.0
Payout ratio (%)	58%	58%	0%	0%	0%	50%	75%	67%	55%	52%
Stock dividend/bonus	0%	0%	40%	20%	0%	0%	0%	0%	0%	0%
<b>Key cashflow and balance sheet items</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>
Chg in working capital (net effect)		-67,750	-62,377	-91,317	81,367	350,518	75,941	148,846	233,961	244,918
Capex		-159,266	-103,247	-153,720	-82,453	621,645	18,634	19,583	20,225	20,833
Other cashflow items		-125,856	-896,345	22,535	-514,858	0	0	0	0	0
<b>Free cash flow</b>	<b>88,716</b>	<b>341,023</b>	<b>-388,780</b>	<b>148,790</b>	<b>-33,097</b>	<b>-658,218</b>	<b>259,298</b>	<b>262,056</b>	<b>245,848</b>	<b>255,639</b>
Share issues	0	0	0	0	0	0	810,431	0		
Dividends paid	39,502	67,609	0	0	0	186,292	244,976	244,976	244,976	244,976
Increase in net debt		-273,414	388,780	-148,790	33,097	844,510	-824,752	-17,080	-871	-10,662
<b>Net debt, end of year</b>	<b>128,891</b>	<b>117,829</b>	<b>121,398</b>	<b>181,217</b>	<b>171,145</b>	<b>1,015,654</b>	<b>190,902</b>	<b>173,822</b>	<b>172,951</b>	<b>162,288</b>
Enterprise value	4,357,718	4,346,656	4,350,225	4,410,044	4,399,972	5,244,482	4,419,729	4,402,649	4,401,778	4,391,116
<b>Shareholders' equity</b>	<b>512,382</b>	<b>1,084,725</b>	<b>2,244,784</b>	<b>2,099,285</b>	<b>2,488,104</b>	<b>2,627,964</b>	<b>3,484,270</b>	<b>3,618,753</b>	<b>3,815,988</b>	<b>4,035,978</b>
BVPS (VND)	18,159.6	32,088.3	42,953.8	26,105.3	30,701.5	14,106.7	14,222.9	14,771.8	15,577.0	16,475.0
Adjusted BVPS (VND)	5,311.7	9,385.8	12,564.0	10,690.1	12,572.3	12,708.7	14,222.9	14,771.8	15,577.0	16,475.0
Net debt / equity (%)	25.2%	10.9%	5.4%	8.6%	6.9%	38.6%	5.5%	4.8%	4.5%	4.0%
Net debt / EBITDA (x)	1.4		0.5	0.8	0.5	2.8	0.4	0.4	0.3	0.3

0.7

<b>Total assets</b>	<b>833,703</b>	<b>1,512,615</b>	<b>2,891,124</b>	<b>2,608,254</b>	<b>3,381,946</b>	<b>4,217,373</b>	<b>4,380,406</b>	<b>4,714,173</b>	<b>4,922,776</b>	<b>5,230,377</b>
of which PP&E	30.2%	25.7%	16.0%	22.2%	18.2%	22.3%	20.9%	19.1%	17.6%	16.0%
of which net working capital	18.7%	37.8%	37.5%	27.4%	18.2%	22.9%	23.8%	25.3%	29.0%	32.0%

<b>Key return and valuation ratios</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>	<b>2013E</b>	<b>2014E</b>
ROAE (%)		27.7%	18.8%	-7.0%	18.9%	31.2%	21.1%	19.9%	22.0%	21.1%
ROAA (%)		18.9%	14.3%	-5.5%	14.5%	12.7%	11.0%	12.9%	14.2%	13.9%
ROIC (%)		19.6%	14.6%	-5.0%	14.7%	13.5%	13.7%	13.6%	14.8%	14.5%
WACC (%)	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
EVA (%)		7.1%	2.1%	-17.5%	2.2%	1.0%	1.2%	1.1%	2.3%	2.0%
PER (x) (excluding stock investments)	29.5	20.6	23.1	27.7	20.2	11.5	15.6	13.8	11.4	10.8
PER (x) (including stock investments)	23.2	9.9	9.7	-22.0	9.4	10.9	12.9	11.6	9.9	9.4
EV/EBITDA (x)	42.9	22.7	16.0	17.0	12.5	13.7	9.2	8.4	7.4	7.1
EV/FCF (x)	44.9	11.7	-10.2	27.1	-121.7	-7.4	15.6	15.4	16.4	15.7
PBR (x)	3.9	2.2	1.6	1.9	1.6	1.6	1.5	1.4	1.3	1.3
PSR (x)	9.6	4.7	3.9	3.4	3.3	2.6	2.1	1.8	1.6	1.4
EV/S (x)	10.0	4.8	4.0	3.5	3.4	3.2	2.2	1.9	1.7	1.5
PEG (x, 3 yr prospective)				-0.2	-0.2	-1.9	3.6	1.2	1.5	6.1
Dividend yield (%)	6.8%	9.7%	0.0%	0.0%	0.0%	4.8%	4.8%	4.8%	4.8%	4.8%
NOPAT	78,290	116,103	168,228	222,734	246,719	232,939	280,828	315,074	364,800	386,217

\*Excluding stock investments; including investments in joint ventures and associated companies

\*\*Including stock investments; including investments in joint ventures and associated companies

Source: REE, Mekong Securities

Table 6: Valuation table

VNDm except per share value	2010E	2011E	2012E	2013E	2014E	Terminal Value
EBIT	305,000	368,002	413,754	480,423	508,871	
EBIT(1-T)	228,750	276,002	310,315	360,317	381,653	
Add: Depreciation	46,095	67,856	62,183	56,461	50,656	
Subtract: Capex	621,645	18,634	19,583	20,225	20,833	
Subtract: CNWC	350,518	75,941	148,846	233,961	244,918	
FCFF	- 697,318	249,282	204,070	162,593	166,559	6,600,652
WACC	12.5%					
Terminal growth rate						7.0%
Discount Factor	1.0	0.9	0.8	0.7	0.6	0.6
PV(FCFF)	- 697,317.6	196,963.7	143,324.9	101,505.8	103,981.7	4,120,754.8
Sum of PV(FCFF)	3,969,213.3					
Total Financial Investment NAV	1,737,758.7					
Debt	171,144.9					
Sum of PV(FCFE)	5,535,827.1					
Total Outstanding Shares (m)*	245.0					
Per Share Value (VND)	22,597.4					

\* Including shares from convertible bonds

Source: REE, Mekong Securities



## Disclaimer

---

This report has been issued by the Mekong Securities Corporation (“MSC”). This report is for information of its institutional and professional customers; and it is not intended for review of and should not be distributed for retail customers in Vietnam.

This report is and should not be construed as an offer to sell or a solicitation of an offer to purchase or subscribe for any investment. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient. Investors are advised make their own financial decisions based on their independent financial advisors as they believe necessary and based on their particular circumstances such as their financial situation, investment objectives and other considerations.

In preparing this report, we have relied upon and assumed the accuracy and completeness of all information available from public and other sources which we believe to be reliable, but which we have not independently verified. MSC makes no express or implied guarantee, representation or warranty and accepts no responsibility or liability as to the accuracy or completeness of such information.

Opinions, estimates, and projections expressed are current opinions of the authors as of the original publication date appearing on this report only and the information, including the opinions contained herein, are subject to change without notice.

MSC and its affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, companies mentioned herein. Further, MSC and its affiliates, and/or their officers, directors and employees involved in the preparation or issuance of this report may, from time to time, have long or short positions in, and buy or sell, the securities, or derivatives (including options) thereof, of companies mentioned herein, or related securities or derivatives in a manner that may be consistent or inconsistent with this report and opinions expressed therein. As a result, investors should be aware that MSC and its affiliates and/or their officers, directors and employees may have a conflict of interest that could affect this report.

This report shall not be copied, reproduced, distributed (in whole or in part) or disclosed by recipients to any other person without the express permission of MSC in writing.