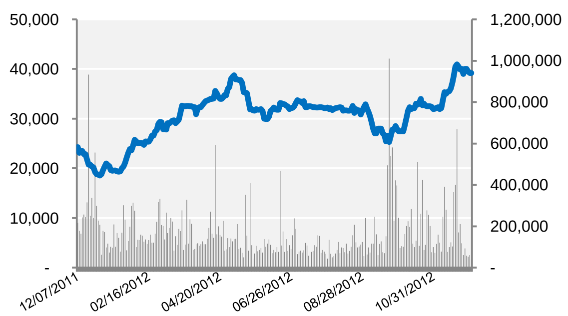
KINH DO CORPORATION

Ticket:	**KDC**	**Industry:**	Consumer Goods	**Revenue 2012 plan (Bil VND):**	5,500
Address:	141 Nguyen Du, Dist.1, HCMC	**Sector:**	Food Products	**Net income plan (Bil VND):**	375
Telephone:	84-08 3 8270838	**Website:**	http://www.kinhdo.vn	**DPS plan (VND):**	2,000

Key statistic

Price (VND) (04/12/2012)	39,200
Market cap (Bil VND)	6,210
Outstanding shares	158,430,750
Beta:	0.46
Enterprise value (Mil VND):	6,163
% of Foreign:	48%
% Free float:	50%
Trailing P/E:	22.87
Forward P/E:	16.56
P/B:	1.51
Dividend Yield:	0.05

Start	End	Period	Index
12/07/2011	12/04/2012	D	HSX



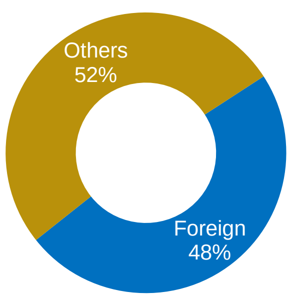
Price change

1 day	0.0%
1 month	22.1%
3 months	40.0%
6 months	18.9%
1 year	94.2%

Average volume

Av 1M	184,287
Av 3M	212,769
Av 6M	159,513
Av 1Y	161,057

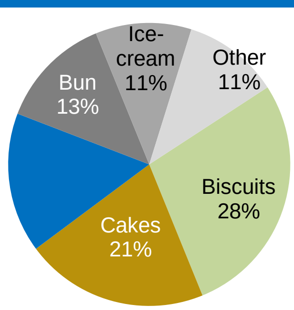
Holder information



Growth rate (CAGR) summary

	1 year	3 years
Revenue	119.6%	66.6%
EBIT	-34.9%	-13.0%
EBITDA	-37.5%	-3.9%
Net income	-47.7%	-24.5%
Asset	15.3%	16.9%
Total Equity	22.0%	25.7%

Revenue structure



Financial statement summary

Year end 31 Dec		2008	2009	2010	2011
Revenue	Bil VND	1,456	1,529	1,934	4,247
Gross profit	Bil VND	370	505	685	1,673
Net income	Bil VND	-85	481	523	274
EBIT	Bil VND	-9	616	716	466
EBITDA	Bil VND	64	679	1,003	627
EPS	VND	-1,494	6,041	4,372	2,289
P/E	x	-26.24	6.49	8.97	17.13
P/S	x	1.5	2.0	2.4	1.1
P/B	x	1.1	1.3	1.3	1.2
ROE	%	-4%	21%	17%	7%
Net debt/Equity	x	0.2	0.2	0.1	0.3

Q32012 Business result

Unit: Bil VND	Q3 2012	Growth (%)	9M	Growth (%)	% plan
Revenue	1,668	9.4%	3,215	5.9%	**58.4%**
Gross profit	841	21.7%	1,432	17.3%	
Gross margin (%)	50.4%	11.2%	44.5%	6.7%	
Interest expense	20	-20.3%	80	3.5%	
Net income	316	42.9%	308	25.4%	**81.8%**
NPM (%)	18.9%	30.7%	9.6%	-24.5%	
Working capital	1,108	-5.1%	1,108	14.6%	
Short-term borrowings	314	-47.9%	314	-47.9%	
Long-term borrowings	54	-65.7%	54	-65.7%	
Shareholders' equity	4,256	7.4%	4,256	7.4%	
Total assets	5,683	1.1%	5,683	1.1%	

Senior Analyst
Yen Nguyen
(84 8) 3914 6888
NguyenthihaiyenB@baoviet.com.vn

Please see important disclosure and analyst certification at the end of this report

Analysis of Q312 operation

- In the Q32012, KDC's revenue increased 9%yoy to VND 1,688 bil. The revenue was driven by sales growth of moon cake by 13%yoy and ice-cream by 31%yoy. Despite the concern about weak demand of moon cake due to economic difficulties this year, the moon cake sales still reached VND 740 bil, of which sales volume was up by 10% and average selling price grew 3%.

- Gross profit margin this year was considerably improved in compared with the earlier year period. Gross profit margin of KDC in the third quarter was 50%, up from 45% in Q32011. Besides the decline of raw material costs, the growth of the moon cake and ice-cream shares among KDC's product portfolio which have higher GPM resulted in the increase in product mix's GPM.

- Selling expenses in Q32012 was not well controlled while administration expenses decreased against the previous year quarter. Selling expenses rose 10%yoy but administration expenses went down by 14%yoy.

- Net profit from financing activities soared 8 times year over year due to (1) the decrease of 27.5% yoy in average short and long-term loans in Q32012 that results in the diminishing of interest expense by 27%yoy (2) the sharply increase in interest and dividends received from VND 0.5 bil (Q32011) to VND 4.5 bil (Q32012).

- Thanks to the efficient control of kinds of expense and the ratio increase of key products with higher GPM, KDC's NPAT jumped 43%yoy to reach VND 316 bil in Q32012. Cumulative 9M2012, the company achieved revenue of VND3,215 bil and NPAT of VND 308 bil. Compared to the year plan, revenue only fulfilled 58% of the target but the NPAT completed 82% of the plan.

Major Projects

Project	Description
Lavenue Crown - Commercial center, five-star hotel and apartment project	This project will be built in an area of 4,953 m2, at Le Duan Street, District 1, HCMC. It will have 36 floors with a net floor area of 66,000 m2 and investment of VND 1,200 bil. The project belongs to Lavenue Investment JSC, a joint venture between KDC (holding 50% capital), Mayflower and Housing Management and Trading Corp.

Highlight

Information	Effect	Comment
KDC Binh Duong Corp. (KDC owned 99.8%) bought additional 8 mil of KDC shares.		Increased treasury share to 13.6 mil

2012 Forecast

	2012	Growth
Revenue	4,345	2.3%
Gross profit	1,805	7.9%
EBIT	529	13.4%
Net income	363	32.8%
EPS	2,292	0.2%

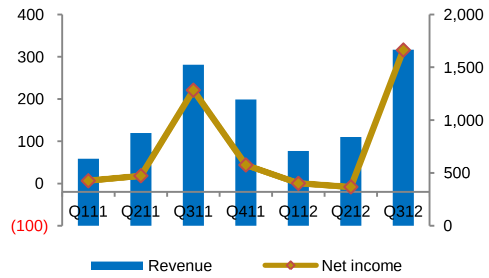
BVSC forecast

- Although the sale in Q4 is not as high as Q3, the last quarter of the year is considered as a peak season of the year since demand of confessionary for year-end gift increases. According to KDC, the selling price for year-end Holiday remains unchanged but the production volume will increase. The company exploits the capacity of their distribution network and redesigns the packing in order that the distribution of KDC's product is more better. However, 2013 Tet Holiday comes later than the year 2012, a certain part of sales increase thanks to Lunar New Year will be recognized in Q12013. We expect that KDC can achieve revenue of VND 1,127 bil in Q412, down 5.6%yoy.

- GPM in Q4 is estimated about 33%, lower than the recorded GPM of 50% in Q32012, because the GPM of all products (except ice-cream) are 25% to 40%. SG&A expense to revenue ratio is same as Q32012.

- KDC are expected to reach the NPAT of VND 56 bil in Q42012. In 2012, KDC will possibly achieve revenue of VND 4,345 bil, up 2.3%yoy, fulfill 80% of planed revenue. NPAT could complete 98% of the target profit to reach VND 363 bil, sharply increase by 32% yoy.

Revenue movement



Comparision

Peer	Market cap	PE	PB	PS	ROE	D/E
BBC	262,847	9.7	0.5	0.3	7.3%	0.00
VNM	72,241,524	14.8	5.2	2.9	34.3%	0.02
KDC	**6,210,485**	**22.9**	**1.5**	**1.5**	**6.9%**	**0.17**
Average		15.4	4.9	2.8	0.3	0.0

BVSC recommendation

KDC share price has risen sharply in recent 3 months, mainly thanks to the positive business results of the third quarter. With the current price, KDC is traded with PE 2012 at 17.1x and PB at 1.4x which is quite high for short-term investment.

According to the actual results of 9M2012, the revenue slightly increased by 6% but the operating profit surged strongly by 38%, which indicated that the efficiency of the company's operation was improved more than previous year. Thus, despite the fact that the revenue missed the annual target, KDC is able to reach the planed profit. In long-term, Kinh Do is regarded as the top brand name on the Vietnam's confectionary market and the company is planning to develop new products under Kinh Do brand name that will be launched through its wide distribution network. Consequently, we keep the recommendation HOLD for KDC share for long term investment.

ANALYST CERTIFICATION

I, **Nguyen Thi Hai Yen**, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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BAO VIET SECURITIES COMPANY – RESEARCH DEPARTMENT

Head office

8 Le Thai To, Hoan Kiem Dist, Hanoi

Tel: (844) 3 928 8080

Fax: (844) 3 928 9888

Ho Chi Minh Branch

233 Dong Khoi, Dist.1,Ho Chi Minh City

Tel: (848) 3 914 6888

Fax: (848) 3 914 7999