KINH DO CORPORATION (KDC)

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COMPANY UPDATE BRIEFS

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KDC: 9M2014 business results are in line with the company's targets

Kinh Do Corporation (KDC:HSX) announced its consolidated 3Q2014 financial results with revenue reaching VND1,872 billion (USD89.14 million) up 8% y-o-y. 9M2014 revenue reached VND3,669 billion (USD174.7 million), up 7% y-o-y thanks to the mooncake season. This year, KDC's mooncake output was aligned with the company's target (approximately 2,800 tons), up 15% y-o-y. With this result, the company completed 71% of revenue target of the year.

In this quarter, cost of goods sold reached VND950 billion (USD45.2 million), up 12% y-o-y, resulting in a reduced gross profit margin of 49.2% from 50.6% of last year. Meanwhile, financial expense was down 56% y-o-y to VND5.233 bilion (USD249,000), mainly due to a drop in interest expense of 46%, down to VND6.203 billion (USD295,000) from VND10,886 billion (USD518,000) of last year. Financial income was VND39.927 billion (USD1.9 million), up 32% y-o-y, resulting in a sharp increase of net financial income of VND34.694 billion (USD1.7 million), up 90% y-o-y. KDC's 3Q2014 profit after tax reached VND359 billion (USD17 million), up 9% y-o-y. Cumulative 9M2014, net profit reached VND453 billion (USD21.6 million), achieving 69% of the company's target, of which 3Q2014 net profit contributed 79% of cumulative 9M2014 net profit.

In December 1, 2014, KDC will organize an Extraordinary Shareholders Meeting to seek for shareholders' approval on the company's restructuring process and investment strategy. In June, the company announced a cooperation with Saigon Vewong for instant noodle business and an investment in Phin Deli Coffee Company. In addition, KDC purchased a 24% stake in Vocarimex and became its strategic shareholder. We will update investors with related information after this meeting.

With the current price at VND59,500/ share as of October 29, KDC is trading at a P/E of 23x trailing 12 months EPS of VND2,583 and a P/B of 2.3x..

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