

HO CHI MINH SECURITIES CORPORATION (HSX – HCM)

December 19, 2014

COMPANY UPDATE: **HOLD**



Current Price (12/19/2014):	VND	30,700
Target Price:	VND	31,200
Short-term recommendation:		HOLD
Resistance level:	VND	36,500
Support level:	VND	32,000
Bloomberg ticker: HCM VN	Exchange:	HSX
Industry:	Securities	
Beta		1.17
52w High / Low (VND)		43,400 / 22,900
Outstanding Shares (mn)		127.229
Market Cap (VNDbn)		3,906
Free Float (mn)		48.4
LTM Avg Trading Vol		801,990
Foreign-owned Ratio (%)		49%

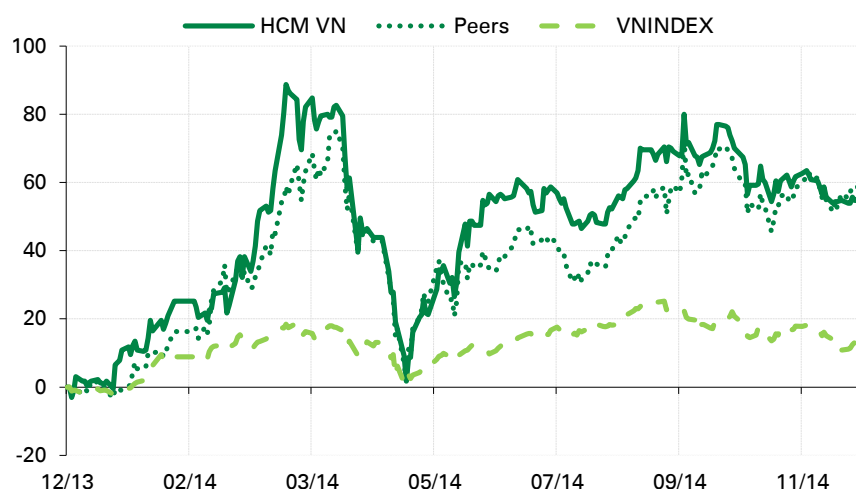
Year	Dividend (VND)	EPS (VND)
2015F	1,200	3,306
2014F	1,500	3,159
2013	2,000	2,217
2012	1,100	2,443

	2008-13 CAGR	2014E (VND bn)	2014-19 CAGR
Revenue	11.7%	842	18.7%
Net Income	64.0%	398	17.0%

Ratio	HCM	Peers	VNI
P/E	9.2x	10.6x	12.8x
P/B	1.6x	1.1x	1.7x
ROE	18.7%	11.1%	13.6%

Company Description:

- Officially started operations with an initial capital of VND50 billion in 2003. In 2009, HCM listed on the HSX.
- As of September 30, 2014, total assets are VND3,607 billion (USD 169.8 million), and total equity is VND2,390 billion (USD112.5 million).
- HCM has four main business activities: Brokerage and Sales, Research, Investment Banking, and Treasury activities.



In this update report, we lower our target price for Ho Chi Minh Securities Corporation (HCM) from VND38,500 to VND31,200, but still maintain our HOLD recommendation. Our recommendation is based on the following:

- ❖ **Mixed outlook for securities companies stocks in 2015:** We maintain a positive outlook for the stock market in 2015 thanks to stable macroeconomic conditions and the development of new financial products. Circular 36 and the recent decline in oil prices, however, have negatively changed the market sentiment and might impact market trading as well as securities companies' revenue in 2015.
- ❖ **HCM continues to lead the industry:** HCM's operations are stable and profitable with the highest EPS, ROA and ROE among its peer group.
- ❖ **HCM's 2014 earnings are likely to exceed expectations:** HCM had already achieved 94% of its full year earnings target by the end of the third quarter, which is about 27% higher than our previous forecast.
- ❖ **HCM shares, however, are already fully valued:** HCM's share price has risen 60% over the last 12 months. This was very much in-line with other securities companies, but it is currently trading at a 48% premium above its peer group based on P/B ratio, which is close to the historical average of 45%.

Please see important disclosure information at the end of this report.

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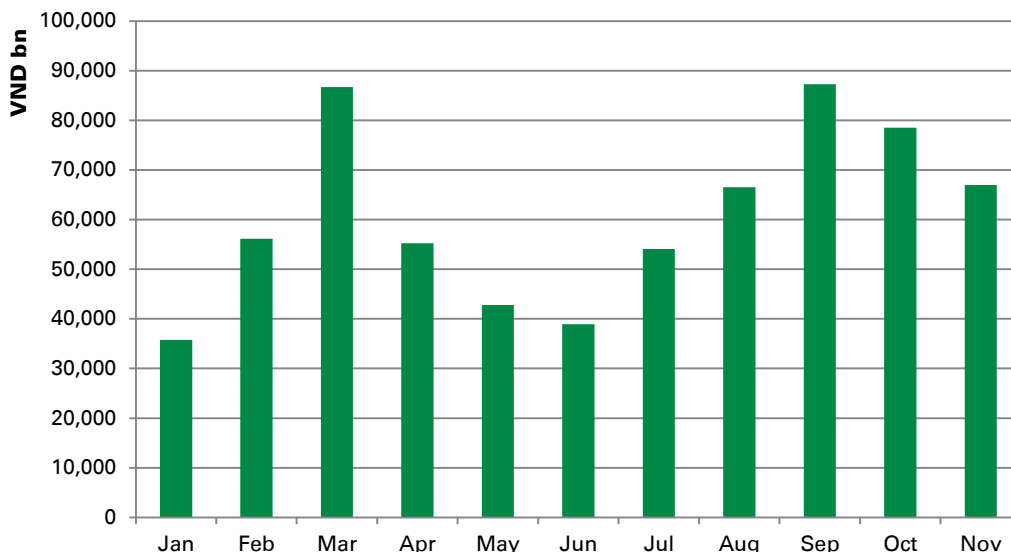
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INDUSTRY UPDATE

Market liquidity has increased substantially in 2014

The total market trading value has reached VND668,902 billion as of November 30, 2014, an ascent of 100% YTD. The highest level of trading was recorded in March and September. Over the last month, however, due to the negative impacts of Circular 36 and the decline of crude oil prices (which will be discussed subsequently), the market liquidity has started to show signs of contraction.

Total Market Trading value



Source: HSX, HNX

Declining interest rate

Government bonds' yields dropped substantially during the third quarter across all tenors, but especially so for the short- and medium-term. At the end of September, one-, two-, three-, five-, seven-, ten- and fifteen-year tenors stood at 4.33% (-2.22% y-t-d), 4.68% (-2.37% y-t-d), 4.92% (-2.59% y-t-d), 5.38% (-3.05% y-t-d), 6.25% (-2.63% y-t-d), 6.63% (-2.42% y-t-d) and 7.23% (-1.84% y-t-d) respectively. As a result, we have seen securities companies liquidate their bond investments to record trading gains in the second and third quarter.

Circular 36 and the decline of oil prices negatively impact the stock market

Even before the official release of the Circular, it already had certain negative impacts on stock market sentiment. While Circular 36 has many wide-reaching provisions, certain articles specifically serve to limit the amount of bank lending for stock investment.

Limits on margin lending

Article 14 stipulates that the proportion of credit for equity investment must not exceed 5% of a bank's charter capital (down from the previous restricted level of 20% of charter capital for securities investment). In addition, among other strict conditions applied, only banks with NPL ratios below 3% are allowed to offer credit to customers

Securities companies liquidated their bond holding to record trading gains.

Circular 36 limits which banks can lend for stock investment and how much they can lend.

to invest in stocks. Therefore some banks that were among the biggest financiers of stock purchases may no longer be eligible to participate. The market reacted strongly to the expectation of funding flying out of the market. The VN-Index lost 35 points (5.8%) within ten days, from November 18 to 28, 2014.

Based on the current charter capital of banks in Vietnam, the new rules reduce the aggregate amount of funds available for lending for stock investment by 81%. The total charter capital of the whole banking system is currently VND435,243 billion (USD 2,048.6 billion). If we exclude charter capital of foreign banks, who are not participating in margin lending market, which is VND86,636 billion, the total charter capital of banks available to provide credit for equity investment is VND348,607 billion. Before Circular 36, the ceiling level was 20% of the charter capital, and is estimated at VND69,721 billion. Now, we would have to exclude charter capital of banks with NPL ratios above 3%, which is at least above VND86,449 billion, the remaining charter capital of banks that are eligible to provide credit for equity investment is VND262,158 billion. 5% of this amount of capital is worth about VND13,108 billion, which down 81% compared to the prior ceiling level of VND69,721 billion. The number of banks with NPLs above 3% is projected to increase after Circular 02/2013 and Circular 09/2014 will come into effect commencing next year, and therefore, the limit of funds for stock lending may be reduced further.

We note, however, it is difficult to assess the impact of the new regulation on the banking system and on the stock market due to the limitation of publicly available data as banks do not disclose their lending for stocks/securities investment purposes. Officers of the State Bank of Vietnam stated that the banking system as a whole has never used up to the 5% charter capital for stock investment. While some large banks have not been very keen on lending to this area, we believe that some smaller commercial banks already have their lending to stock investments much higher than 5% of their charter capital. These banks will have to reduce their lending to stock investments, which may negatively affect the market. It is also highly likely that banks with NPL ratios above 3% have been making loans for stock investment. Therefore, even though the banking system as a whole may not have fully utilized its capacity for lending for stock investment, the banks that have room may not want to use it or may charge higher rates for these types of loans.

According to data published by the State Securities Commission (SSC), the total margin lending outstanding balance as of the end of October 2014 stood at VND17,000 billion. This figure came from the balance sheet of securities companies, which is unlikely to include the direct lending from banks to clients with stock as collateral. Whether the VND17,000 billion of margin lending mainly came from securities companies' equity capital or their borrowings from banks is another issue. According to our assessment of the largest 20 securities companies based on their charter capital, total borrowing (short-term and long-term bank loans, corporate bonds) are only over VND5,600 billion, equal to one third of total margin lending. This means that about two thirds of total margin lending comes from equity capital of securities companies.

In the future, securities companies may want to raise their equity capital and reduce cash dividend in order to enhance their financial strength and capacity to conduct margin lending, which is capped at 200% of the equity of broker firms as per Decision 637/2011 by the SSC, in order to partly offset the fall in banking funds for securities investment. We expect securities companies to issue new shares (for joint stock

Because Circular 36 will affect smaller banks much more than larger banks, it is difficult to assess how much it will affect the industry on the whole.

Provisions of Circular 36 limit cross-ownership by banks. This may cause them to divest of equities, which will increase the supply of bank stocks and lower prices.

companies) or receive injected capital by their parent banks in the coming years. To facilitate this process, Circular 36 removed the cap of 25% of bank's charter capital invested in subsidiaries. The cap now for all investment of a bank is commonly 40% of its charter capital for all equity investment. Therefore, banks are able to inject more capital to its securities arms.

Limits on cross-ownership by banks

In the meantime, the circular tightens control on cross-ownership among credit institutions (CIs). It limits CIs to hold equity securities in a maximum of two other CIs and such holding can be for a maximum of 5% of the voting equity securities. Restrictions on cross-ownership between banks and related parties further include:

- Commercial banks and finance companies are not allowed to contribute capital or buy equities of enterprises and other CIs that are their own shareholders, enterprises and other CIs that are related parties of major shareholders or key management people of the banks and finance companies.
- Subsidiaries and affiliates of a commercial bank or a finance company are prohibited from contributing capital to or buying equities from one another. Commercial banks are not allowed to contribute capital to or buy equities of subsidiaries and affiliates of the banks' controlling enterprises. Finance companies are not allowed to contribute capital to or buy equities of subsidiaries and affiliates of the controlling enterprises of the finance companies.
- Subsidiaries and affiliates of a commercial banks or a finance company are prohibited from contributing capital to or buying equities of the parent bank or finance company.
- If a commercial bank or finance company is a subsidiary or affiliate of a controlling enterprise, the bank or finance company will be prohibited from contributing capital or buying shares of that controlling enterprise.

We believe that these regulations will force some shareholders of commercial banks to divest their bank equities, which in turn will increase the supply of banking stocks, and drive down the prices of banking stocks. This has the potential to negatively affect the index of the entire market. In addition, many cross-investments by, into and among subsidiaries, affiliates and related parties of CIs will be mandated to change hands.

Decline of oil and gas prices

Despite the significant petroleum price reduction, on November 27, OPEC's members decided to retain the current production level at 30 million barrels per day. As a result, gasoline prices continued to precipitously drop. The OPEC decisions directly impacted share prices of Vietnamese petroleum tickers including GAS, PVD, and PVS. From the beginning of November through December 12, GAS price dropped significantly from VND106,000 to VND71,000 (33% decline), and PVD from VND94,000 to VND63,000 (33% decline). As these large cap stocks fell sharply, the VN-Index dropped from a level of 600 down to 550. Since OPEC's meeting through December 12, crude oil prices have dropped a further 21%, from USD73 to 74 to USD58 to 59. According to global analysts, crude oil prices will continue to fall further. If this forecast turns out to be true, it will be hard for oil and gas stocks to recover. The market's return, trading volume, and consequently revenues of securities companies will also likely be negatively impacted.

COMPANY UPDATE

HCM's 9M2014's earning results

HCM's 9M2014 revenue reached VND640.16 billion (USD30.1 million), up 47% compared to last year, and accomplished 86% of the 2014's full year target.

Unit: VND mn	1Q14	2Q14	3Q14	9M2013	9M2014	% differences
Revenue						
Brokerage revenue	68,849	63,894	86,276	135,885	219,018	61%
Proprietary trading	81,389	50,098	45,587	81,988	177,074	116%
Interest Income	17,772	18,963	16,659	73,153	53,394	-27%
Margin lending revenue	54,149	53,922	62,297	113,484	170,368	50%
Advisory	331	7,432	2,057	15,242	9,820	-36%
Others	3,985	2,655	3,845	15,902	10,484	-34%
Revenue	226,475	196,964	216,721	435,654	640,159	47%
<i>Growth q-o-q</i>	<i>14%</i>	<i>-13%</i>	<i>10%</i>			

Brokerage services

Brokerage services continued to contribute the largest portion (34.2%) to total revenue with over VND219 billion, increasing 61% y-o-y. As the total trading volume of the market in the third quarter increased 53% q-o-q, HCM's brokerage revenue also increased 35% q-o-q. Currently ranked second on the HSX with 12.34% brokerage market share and ranked first on the HNX with 8.1% market share, total brokerage revenue of HCM for the 9M2014 was slightly lower than its closest competitor SSI, who achieved VND235.7 billion brokerage revenue.

Proprietary trading

Notably, revenue from proprietary trading witnessed a tremendous surge, achieving a total of VND177 billion in 9M2014, an increase of 116% y-o-y, accounting for 27.7% of total revenue. Total value of HCM's investment portfolio has been reduced substantially during the year, from VND581.5 billion as of FY2013 to VND384.5 billion as of September 30, 2014, showing that the company has realized its gain as the market rally in the first and the third quarter of the year. Also taking advantage of declining interest rates, HCM sold its entire bond portfolio during the year, which was worth VND229 billion.

Margin Lending

Similar to brokerage services, margin lending activities are also highly correlated with the overall market trading activities. For 9M2014, total margin lending revenues achieved over VND170 billion, up 50% y-o-y, accounting for 26.6% of total revenue. Currently, HCM provided margin lending services for 150 stocks, with an average interest rate of about 14.9% per annum, which is lower than the average interest rate of 18.3% for 2013.

According to Article 13 of Decision number 637 of the SSC, which regulates margin lending activities of securities companies, the ratio of total margin lending balance to total equity capital must be less than 200%. As of September 30, 2014, HCM advances to customer and margin lending balances was worth over VND1,922 billion, up 70% YTD, and equivalent to 80.4% of its total equity capital. Therefore, HCM still has room

HCM almost achieved its full year's earnings target by 9M2014.

for margin lending when banks tighten up their lending for the purposes of stock investment due to the effects of Circular 36.

Interest Income

In contrast with the uptrend of brokerage, proprietary trading, and margin lending, 9M2014's interest income declined 27% y-o-y. This is partly due to a decrease of cash balances as HCM provided more margin lending to its clients, and partly due to the overall decline of banks deposit interest rates.

Advisory

Corporate finance and advisory services do not seem to be HCM's strength. As of FY2013, HCM ranked only sixth with an advisory market share of about 4.2%. This segment only recorded VND9.8 billion of revenue in 9M2014.

Cost of sales & SG&A expenses

Cost of sales (COS) and SG&A expenses in 9M2014 increased 24% and 3% y-o-y, respectively. The largest part of COS and SG&A is staff cost, which accounted for 14.6% of revenue. Brokerage expense is another major expense, which accounted for 19.5% of brokerage revenue.

Unit: VND mn	1Q14	2Q14	3Q14	9M2013	9M2014	% differences
Expenses						
Cost of services (COS)	50,422	55,852	58,994	132,812	165,268	24%
G&A expenses	21,885	20,076	23,107	63,316	65,068	3%

As cost of sales and G&A expenses increase much less than the increase of revenue, HCM's operating profit margin have shown significant improvements, from 55% to 64%. With these results, 9M2014's net profit reached VND320.2 billion, already fulfilling 94% of the company's 2014 target.

Other updates

Decision on bank loans to raise the working capital

On October 9, 2014, HCM has disclosed contents of board decisions to borrow from banks in order to raise the working capital if necessary as follows:

- HDBank: Credit limit VND400 billion
- BIDV: Credit limit VND400 billion
- Vietcombank: Credit limit VND200 billion
- Maritime Bank: Credit limit VND400 billion

As of September 30, 2014, HCM has only VND100 billion short-term borrowing and no long-term loans. The Board decision indicated that HCM planned to expand its margin lending activities in the near future. This decision came out before Circular 36 and before oil prices battered stock prices. We think that stock market trading activities in the first two quarters of 2015 are likely to go sideways or even decline, therefore the demand for margin lending from stock investors is unlikely to increase. Therefore, HCM is unlikely to use these borrowings at least during the first two quarters of 2015.

Board of Directors changes

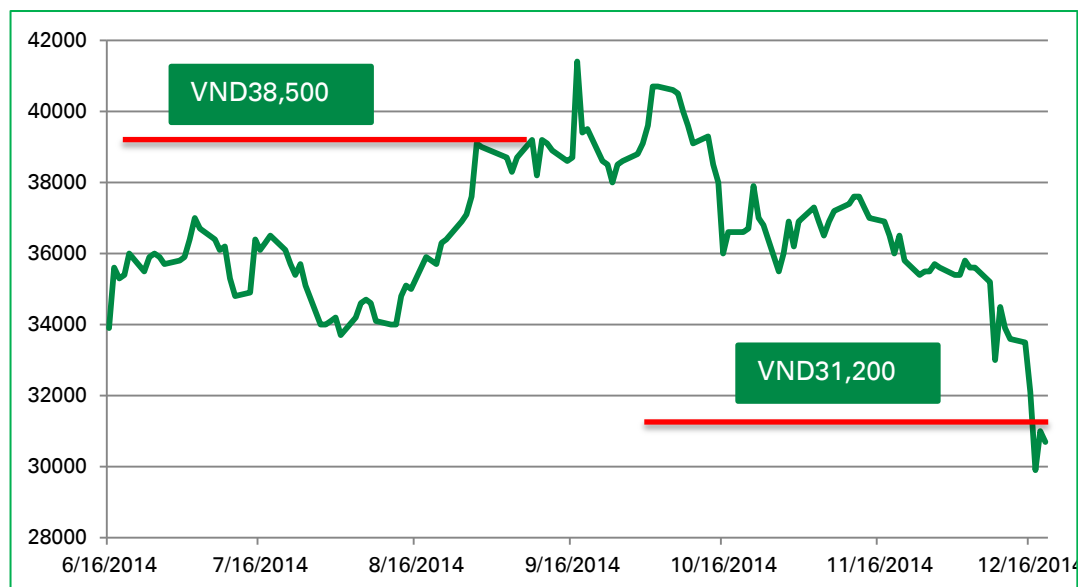
The BOD approved the resignation of Mr. Dao Dinh Dong as a member of the BOD, and approved to elect Mr. Pham Cong Thao as a member of the BOD from September 04, 2014.

VALUATION AND RECOMMENDATION

Recent performance

HCM has traded in-line with our previous recommendation.

In our last update on HCM with a HOLD recommendation published on June 17, 2014, we indicated a target price of VND38,500 for HCM stock. At that time the stock price was VND35,500. On September 17, 2014, the stock price reached its 6-month peak of VND41,400 then steadily traded between the range of VND36,000 and VND39,000. Due to the recent negative impacts of Circular 36 and the steep decline of oil and gas prices on the stock market, HCM recently fell to VND30,700.



Assumption revisions

Below are our major projections:

Key assumptions	2014F	2015F	2016F	2017F	2018F	2019F	2020F
Market trading volume y-o-y growth	115.0%	0.0%	30.0%	30.0%	30.0%	25.0%	25.0%
HCM brokerage market share	11.5%	12.3%	13.0%	13.8%	14.5%	15.3%	16.0%
Average brokerage commission rate	0.18%	0.18%	0.17%	0.17%	0.17%	0.16%	0.16%
Margin lending balance y-o-y growth	92.0%	8.0%	24.0%	24.0%	24.0%	20.0%	20.0%
Margin lending interest rate	14.0%	13.8%	14.0%	14.3%	14.5%	14.8%	15.0%
Interest rate earned on cash	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Staff cost/Revenue	17.5%	18.0%	18.0%	18.5%	18.5%	19.0%	19.0%
Brokerage expense/Brokerage revenue	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%

Market trading volume:

Based on the actual 11 months trading volume of the market, we adjusted our assumption regarding the growth of market trading value. Particularly, 2014's growth is estimated to be 115%. After a year with remarkable growth, and combined with the negative impact of Circular 36 and the sharp decline of oil prices, we project zero

growth for the market trading volume in 2015. The market trading value will largely impact two major revenue segments of HCM, which are brokerage revenue and margin lending revenue. From 2016 to 2018, we retain our previous expected growth of 30% per annum.

HCM's market share:

As HCM continues to lead the industry, especially in brokerage services, combined with the effect of the Government's plan to restructure the financial industry, lowering the number of securities companies to 30 by 2020, we project HCM's market share to grow gradually from 11.5% in 2014 to 16% in 2020.

Brokerage commission rate:

Brokerage commission rates are forecasted to gradually decline due to increasing competition.

Margin lending balance:

Margin lending balance y-o-y growth is estimated to equal 80% of the market trading value y-o-y growth

Major expenses:

Staff cost/Revenue are expected to slightly increase overtime, while Brokerage expenses/Brokerage revenue are forecasted to stay constant at 20%.

Valuation

Based on the HCM's 9M2014 results, our revised assumption regarding market trading activities, and our addition of P/B valuation approach, we adjust the target price for HCM from VND38,500 to VND31,200, which is close to the value of HCM's closing price today. Combined with an expected dividend of VND1,200, the total one-year expected return for HCM is 6.3%. Therefore, our recommendation for HCM stock at the time of issuing this update report is to HOLD.

We adjust the target price for HCM from VND38,500 to VND31,200.

Combined valuation	Target price	Weight
Residual Income	30,516	40%
P/E	33,085	20%
P/B	31,028	40%
Average target price	31,235	

Residual income

We use residual income method to value HCM share price and this model suggests a fair price of **VND30,516** per share for HCM and incorporated the following inputs:

- The *risk-free rate* is taken from the recent one-month average yield of 5-year local currency Government bond yields, which is equivalent to 6.0%. Compared to the 5-year Government bond yield in our last post of 7.3%, the current risk-free-rate has dropped 130 bps, which slightly increased the cost of equity, from 16.31% to 16.53%. The *expected market return* is expected to be 15.0%.
- HCM's *adjusted beta* is estimated to be 1.17.
- HCM's *long-term growth rate* of residual income is estimated to be 7%.

RESIDUAL INCOME VALUATION	2014F	2015F	2016F	2017F	2018F	2019	2020
Net Income	397,570	404,643	462,423	566,905	707,653	873,868	1,074,300
Shareholders Equity	2,247,348	2,492,336	2,744,270	3,015,807	3,509,539	4,007,218	4,800,596
Capital Charge	366,520	406,475	447,563	491,848	572,371	653,537	782,929
Residual Net Income	31,050	(1,832)	14,860	75,057	135,282	220,330	291,371
Present Value Factor	0.86	0.74	0.64	0.55	0.47	0.40	4.34
PV Residual Net Income	26,696	(1,354)	9,444	41,014	63,559	89,001	1,264,337
Total Projected EVA	1,492,696						
Curent Book Value Equity	2,390,691						
Value of Equity	3,883,388						
Number of Shares	127,256,758						
Share Value	30,516						

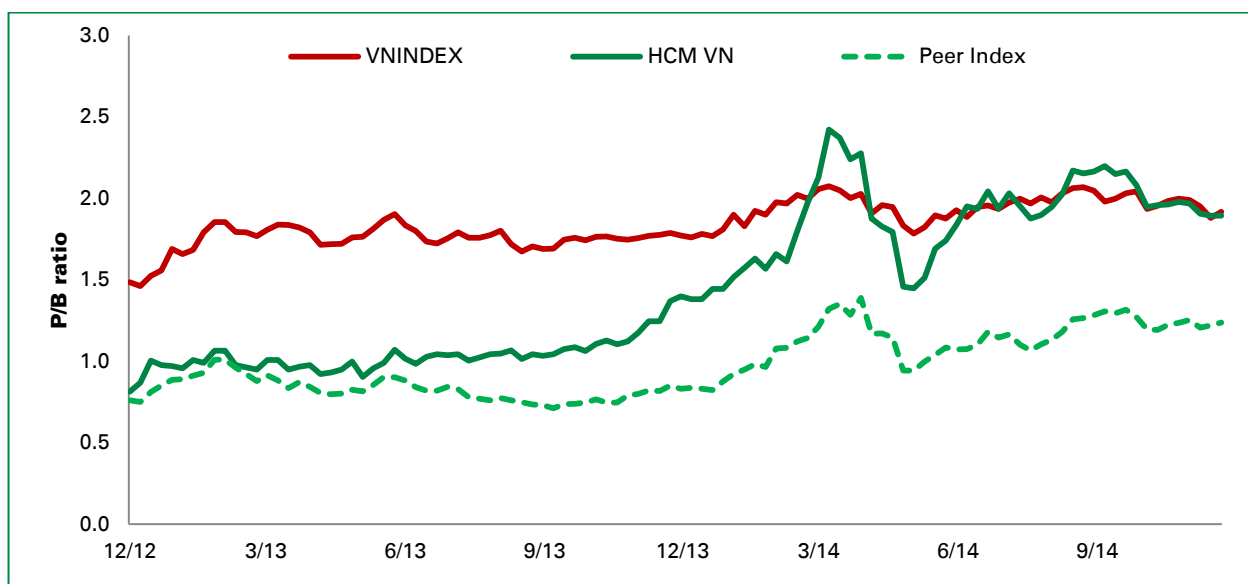
Market-based valuation

At the moment, HCM is the leading securities company in terms of operating profitability and boasting the highest ROA and ROE. This explains why HCM is trading at a premium based on the P/B ratio compared to its peer group.

Ticker	Mkt Cap (VND bn) Dec 19, 2014	Last Price Dec 19, 2014	P/B	P/E	ROA (%)	ROE (%)
BVS	989	13,700	0.8	10.2	5.1	7.7
KLS	1,877	10,300	0.8	11.1	6.6	6.9
SSI	9,588	27,100	1.7	13.4	7.6	13.2
SHS	1,068	10,700	1.2	7.1	4.1	17.5
VNDS	1,230	12,300	1.1	11.2	5.4	10.1
Peers average	2,951		1.1	10.6	5.8	11.1
HCM	3,906	30,700	1.6	9.2	12.5	18.7

HCM consistently trades at a higher P/B than its peer group. The premium is getting wider.

We also track the historical P/B ratio of HCM and its peer group to see whether the current 48% premium is justifiable. What we observe is that over the past two years, HCM has consistently been traded at a premium over its peer group, and the premium is getting wider.. Based on the trend and the historical statistics premium, in the P/B valuation approach we apply 50% premium for HCM's P/B.



Regarding the P/E valuation, HCM currently has the highest EPS of VND3,325 which is much higher than its peer group average EPS of VND1,380. Therefore HCM's P/E is actually lower than its peer group, 9.2x vs.10.6x. For the P/E valuation approach, we consider the peers' average is justifiable to value HCM's share.

P/E valuation	
Justified P/E	10.59
2014 EPS	3,124
Target price	33,085

P/B valuation	
Justified P/B	1.65
Current BVPS	18,790
Target price	31,028

TECHNICAL ANALYSIS

The technical chart shows a downward trend of HCM from its peak of 41,900 in September, 2014 up to now.

The price of HCM fell below its mid-term support level at 35,500 - 36,500, formed by the MA100 and MA200 to test its one-year support level at 33,500, formed by the MA250.

We observe that HCM is accumulating well at this threshold and we expect it could enjoy some recovery in the short-term to test the level of 35,500. Thus, we recommend a hold strategy for HCM.

Ticker	HCM
Horizon analytic	3 to 6 months
3 months highest price	41,900
3 months lowest price	32,000
Current MA50 days	36,500
Current MA100 days	36,500
Mid-term resistance level	36,500
Mid-term support level	32,000
Recommendation	HOLD

Unit: VND per share



APPENDIX

BALANCE SHEET	2012	2013	2014F	2015F	2016F	2017F	2018F	2019F	2020F
Cash & Equivalents	1,794	1,008	1,345	2,182	2,324	2,497	2,391	2,569	2,694
Receivables	635	1,402	2,468	2,498	3,052	3,733	4,573	5,444	6,436
Short term investment	152	352	465	447	430	405	446	490	539
Other current asset	4	6	9	11	12	13	14	15	17
Total current asset	2,585	2,768	4,288	5,138	5,818	6,648	7,424	8,519	9,686
Fixed asset	12	7	6	7	8	8	10	11	12
Long term investment	475	229	-	112	184	270	297	327	360
Other non current asset	127	123	147	177	212	255	306	367	440
Total long term asset	614	360	154	295	404	533	613	704	812
TOTAL ASSET	3,199	3,128	4,441	5,433	6,222	7,182	8,037	9,223	10,498
Current liabilities	926	880	1,949	2,688	3,206	3,672	4,029	4,422	4,854
Non current liabilities	110	-	-	-	-	-	-	-	-
Total liabilities	1,036	880	1,949	2,688	3,206	3,672	4,029	4,422	4,854
Equity capital	1,564	1,583	1,583	1,583	1,583	1,710	1,710	1,850	1,850
Financial reserves	120	149	188	229	275	332	403	490	597
Retained earnings	478	516	721	933	1,158	1,468	1,895	2,461	3,196
Total shareholders equity	2,163	2,247	2,492	2,744	3,016	3,510	4,007	4,801	5,644
LIABILITIES & EQUITY	3,199	3,128	4,441	5,433	6,222	7,182	8,037	9,223	10,498

INCOME STATEMENT	2012	2013	2014F	2015F	2016F	2017F	2018F	2019F	2020F
Brokerage	145	199	297	311	420	567	762	982	1,261
<i>% of total</i>	<i>26%</i>	<i>31%</i>	<i>35%</i>	<i>35%</i>	<i>40%</i>	<i>44%</i>	<i>47%</i>	<i>49%</i>	<i>52%</i>
Proprietary trading	30	153	209	141	135	123	136	149	164
<i>% of total</i>	<i>5%</i>	<i>24%</i>	<i>25%</i>	<i>16%</i>	<i>13%</i>	<i>10%</i>	<i>8%</i>	<i>8%</i>	<i>7%</i>
Interest income	139	91	62	95	102	110	104	113	120
<i>% of total</i>	<i>25%</i>	<i>14%</i>	<i>7%</i>	<i>11%</i>	<i>10%</i>	<i>9%</i>	<i>6%</i>	<i>6%</i>	<i>5%</i>
Margin lending	185	156	231	299	341	430	542	671	819
<i>% of total</i>	<i>33%</i>	<i>25%</i>	<i>27%</i>	<i>33%</i>	<i>32%</i>	<i>33%</i>	<i>34%</i>	<i>34%</i>	<i>34%</i>
Advisory	13	16	20	22	24	26	29	32	35
<i>% of total</i>	<i>2%</i>	<i>3%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>1%</i>
Other services	51	20	24	26	29	32	35	39	42
<i>% of total</i>	<i>9%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>3%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>	<i>2%</i>
Total revenues	562	635	842	894	1,051	1,288	1,608	1,986	2,442
<i>y-o-y growth</i>		<i>13%</i>	<i>33%</i>	<i>6%</i>	<i>17%</i>	<i>23%</i>	<i>25%</i>	<i>23%</i>	<i>23%</i>
Cost of services	(166)	(177)	(219)	(250)	(315)	(387)	(482)	(596)	(732)
G&A Expenses	(90)	(83)	(114)	(125)	(158)	(193)	(241)	(298)	(366)
Operating profit	307	375	510	519	578	709	885	1,092	1,343
Net non-operating income	0	1	-	-	-	-	-	-	-
Profit before tax	307	375	510	519	578	709	885	1,092	1,343
Income tax	(60)	(93)	(112)	(114)	(116)	(142)	(177)	(218)	(269)
Net Income	246	282	398	405	462	567	708	874	1,074
<i>y-o-y growth</i>		<i>15%</i>	<i>41%</i>	<i>2%</i>	<i>14%</i>	<i>23%</i>	<i>25%</i>	<i>23%</i>	<i>23%</i>
EPS	2,443	2,217	3,124	3,180	3,634	4,050	5,055	5,675	6,977

Ratio Analysis	2012	2013	2014F	2015F	2016F	2017F	2018F	2019F	2020F
<u>Profitability</u>									
Operating Margin	54.5%	59.0%	60.5%	58.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Net Profit Margin	43.8%	44.5%	47.2%	45.2%	44.0%	44.0%	44.0%	44.0%	44.0%
ROA	7.7%	9.0%	9.0%	7.4%	7.4%	7.9%	8.8%	9.5%	10.2%
ROE	11.4%	12.6%	16.0%	14.7%	15.3%	16.2%	17.7%	18.2%	19.0%
EPS growth		-9%	41%	2%	14%	11%	25%	12%	23%
<u>Leverage</u>									
Liabilities/Asset	32%	28%	44%	49%	52%	51%	50%	48%	46%
Financial debt/Asset	3%	0%	2%	2%	2%	1%	1%	1%	1%
<u>Liquidity</u>									
Asset Turnover	0.18	0.20	0.19	0.16	0.17	0.18	0.20	0.22	0.23
Current Ratio	2.79	3.14	2.20	1.91	1.81	1.81	1.84	1.93	2.00

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