

COMPANY UPDATE BRIEFS



HVG: Management board's announcement of dividend payment and share issuances

HVG's management board has decided to pay a cash dividend and issue shares.

- ❖ Pay a 10% cash dividend (VND1,000/share) on February 6, 2015: Given the current outstanding trading of 132 million shares, HVG will spend VND132 billion (USD6.2 million) paying dividends. HVG shares are currently trading at VND26,600/share as of December 23, 2014. The dividend yield is expected to be 4%. Previously, HVG paid its first 2014 dividend in August by shares with the ratio of 10:1.
- ❖ Offer to sell 43,999,936 shares to existing shareholders at VND10,000/share: Existing shareholders can buy new shares at the ratio of 3:1 (three existing shares can buy one new share).
- ❖ Issue 13,199,981 shares to existing shareholders at the ratio of 10:1 (10 existing shares can receive one new share): Based on the retained earnings of VND664 billion (USD31million) at the end of 3Q2014, we assume that HVG should have enough money to proceed with the dividend payment and share issuance.

HVG expects to report consolidate results with VND20,000 billion (USD939 million) in revenue and profit before tax of VND1,000 billion (USD47 million) in 2015, +33% and +60% y-o-y respectively. The growth comes from consolidation of VTF ownership to 85% and FMC to 50%. In addition, HVG plans to produce livestock production volume up to 1 million tons/year and 250,000 tons of catfish/year.

After this issuance, total average outstanding shares of HVG would be 175 million shares in 2015. Given the company's expected net profit of VND800 billion in 2015, EPS of the company is calculated at VND4,574/share. Ex-rights date of the three above events is January 15, 2015.

HVG is currently trading at a P/E of 11 and a P/B of 1.45x. Trailing EPS is VND2,420/share.

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