

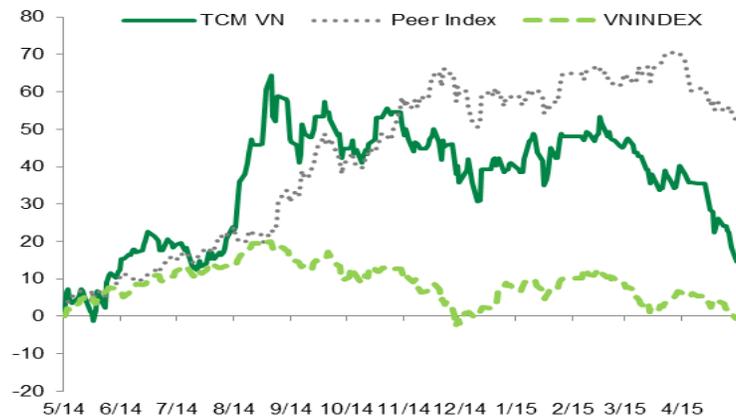
THANH CONG TEXTILE GARMENT INVESTMENT TRADING, JSC (TCM)

May 20, 2015



UPDATE REPORT: HOLD

Current Price (20/5/2015):	VND	28,400
Target Price:	VND	30,000
Short Term Trading Recommendation		Sell
Resistance Level	VND	32,000
Support Level	VND	25,000
Bloomberg ticker: TCM VN	Exchange:	HSX
Industry:		Textile
Beta		1.08
52w Low / High (VND)		21,200 – 37,800
Outstanding Shares (mn)		49
Market Cap (VND bn)		1,531
Free Float (mn shares)		25
LTM Avg Trading Vol		105,850
Foreign-owned Ratio (%)		49%



Year	Div. yield	EPS (TTM)
2016F	3.8%	3,391
2015F	3.8%	3,612
2014	4.5%	3,429
2013	3.8%	2,514

	2010 – 15	2015F	2015 - 19F
	CAGR	(VND bn)	CAGR
Revenues	8.0%	2,777	7.9%
EBITDA	-0.2%	245	6.7%
Net Income	-2.4%	177	0.5%

Ratio	TCM	Peers	VNI
PE	7.8	6.6	11.7
P/B	1.6	1.2	1.65
Debt/Equity	1.1	0.5	1.1
EV/EBITDA	7.67	6.80	8.49
ROE	21.8%	18.4%	14.9%

Company Description:

TCM specializes in the production and trading of yarn, fabric, and garments. The Company was established in 1967 and listed 2007. As of Q1/2015 end, total assets of TCM were VND2,037 billion (USD 94 million) and total equity was VND847 billion (USD 39 million).

We change our recommendation for Thanh Cong Textile Garment Investment Trading JSC (TCM) stock from BUY to HOLD based on the following:

- ❖ **Lower cotton prices are a double-edged sword:** Lower cotton prices reduce costs, but also drag down the selling price of yarn. This is reflected in 2014's gross profit margin, which increased marginally to 14.6 percent from 13.5 percent in 2013. Cotton prices in 2015 are forecast to be weak and we project gross profit margins will continue to improve slightly to 15.2 percent.
- ❖ **Solid growth in 2015:** Substantial contracts have been signed for garments, and fabric contracts have also grown well. Contracts for yarn are slower than last year. We estimate that revenue and profit will increase eight percent and six percent, respectively, this year.
- ❖ **Stronger growth from new factories from 2016:** TCM is investing heavily in expansion of factories for knitting, dyeing, and sewing. The first phase will come online in Q2/2015 with the third phase schedule for completion in 2017. These will have minimal impact in 2015 but should lead to nine percent revenue growth in each of 2016, 2017 and 2018.
- ❖ **Fully priced stock.** We believe that the market is currently fully priced for TCM shares. However, garment stock prices could surge if TPP is passed this year.

please see important disclosure information at the end of this report

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VIETNAM TEXTILE AND GARMENT INDUSTRY

Vietnam's textile industry recorded high growth rates in 2014 at 17 percent.

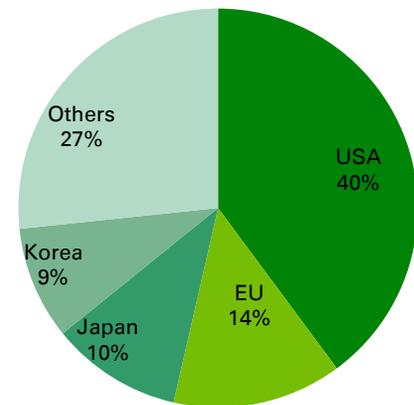
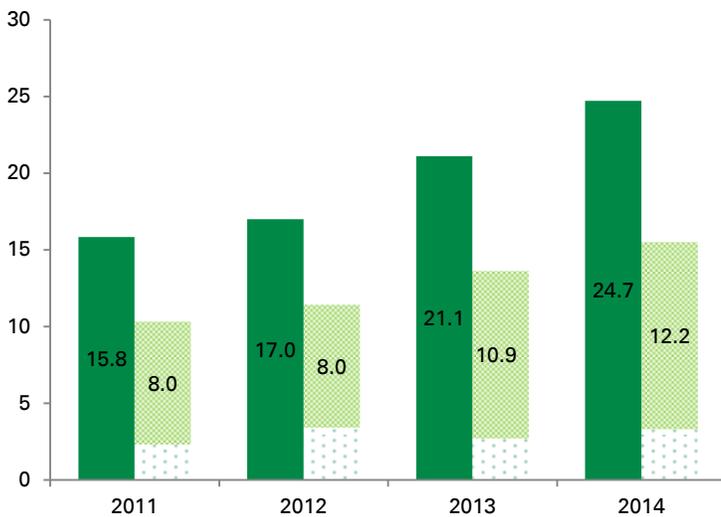
2014 was a successful year with exports valued at USD24.7 billion (up 17 percent y-o-y). Vietnam continued to export to its traditional markets in 2014, with the USA the top importer of Vietnam's textile products with 40 percent by value.

Vietnam imported USD15.5 billion (up 14 percent y-o-y) of yarn, fiber, and garments, of which 79 percent were used for producing export textiles and garments, equating to 50 percent added value.

Textile export and import value from 2011 – 2014 (USD billion)

Export market breakdown 2014

■ Export value ■ Import inputs for producing exporting textile ■ Other import



Source: VITAS

Cotton imports: In 2014, cotton imports reached 761 thousand tons, valued at USD1.4 billion, a 29 percent increase in volume and 23 percent rise in value y-o-y. A greater volume increase than value increase implies a decline in average imported cotton prices of around six percent. Vietnam imported cotton mainly from long-term markets such as USA (33 percent), India (18 percent) and Australia (10 percent) in 2014.

Cotton prices fell in Q1/2015 due to strong supply: The average cotton price in 2014 was USD1.71/kg while the average cotton price in the first four months of 2015 was USD1.43/kg, a fall of 16 percent. Cotton prices are expected to stay weak in 2015. Decreased supplies from India and Uzbekistan were offset by crop increases in USA, Mexico, and Pakistan. World supply was forecast by USDA at 26 million tons, nearly unchanged from last year. Global stockpiles have been at a high level (24.1 million tons) and world consumption of cotton is estimated to be stable. In particular, high cotton reserves in China would cover 186 percent of the country's cotton use, resulting in low cotton imports.

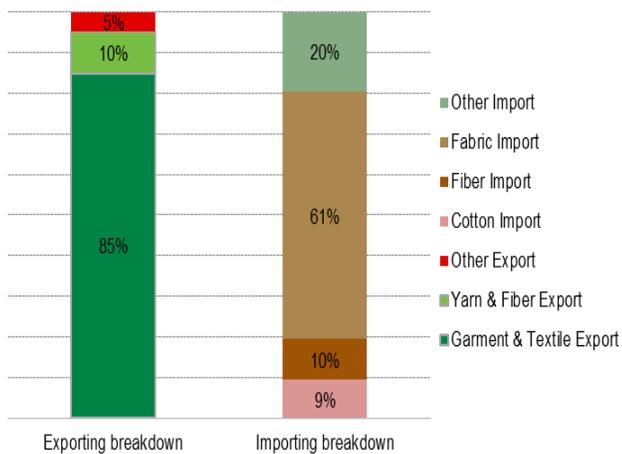
World cotton balance (mn tons)	2013	2014	2015F
Beginning stocks	16	19.6	22.1
Production	26.9	26.2	26
Supply	42.9	45.8	48.1
Consumption	23.5	23.7	24
Ending stocks	19.4	22.1	24.1
Stock use ratio	83.6%	93.4%	99.1%

Source: USDA

Yarn & Fiber imports. Value of yarn imports was USD1.6 million, increasing slightly by three percent compared to last year. Imported volume of yarn and fiber was 740 thousand tons, up six percent y-o-y, while paralleling the downtrend of cotton import prices. Yarns are imported from Taiwan, Thailand, Korea, and China.

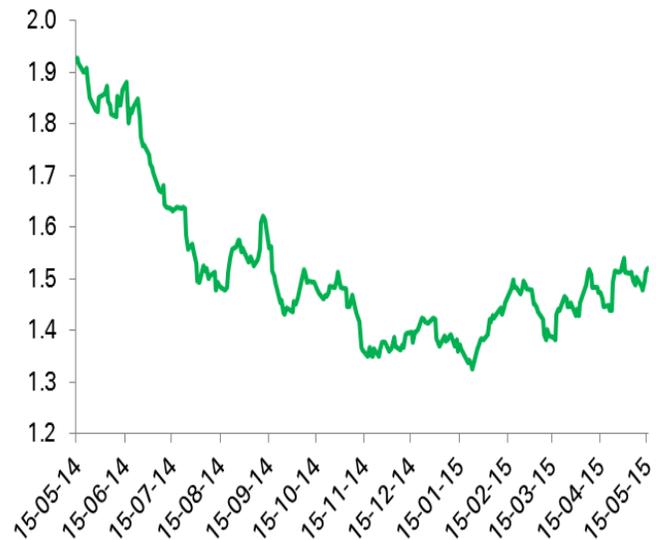
Fabric imports. Fabrics hold a dominant position in the import value breakdown, with 61 percent of the total textile and garments import value. In 2014, fabrics import value was USD9.4 billion, up 12 percent compared to 2013.

Export and Import breakdown by products



Source: VITAS

Cotton price (USD/kg)



Source: Bloomberg

Updates on trade agreements

FTA EU-Vietnam: The parties held the 12th round of FTA discussions from March 23 to 27, 2015 in Hanoi. Both sides tried to make further progress on outstanding issues and hope to conclude all negotiations this year. The talks focused on outstanding areas of the proposed FTA including goods (tariffs, rules of origin, non-tariff barriers, export duties), services & investment, government procurement, state owned enterprises, and regulatory issues. The next round of negotiations is scheduled for the first half of June 2015 in Brussels.

Trans-Pacific Partnership (TPP): On May 14, 2015 Senate Democrats and Republicans came to comprise on legislation that would give President Obama

fast-track authority on TPP after having just rejected legislation one day before. If enacted, President Obama would be able to bring the long-delayed TPP talks to a conclusion, and provide assurances that once the deal is reached Congress must approve or reject it with no amendments. However, the bill would make any final trade agreement open to public comment for 60 days before the president signs it, and up to four months before Congress votes. There is no deadline for TPP discussion; however, progress should speed up within the next two months as the 12 parties to the TPP still have to go through their political processes, with delays making it harder to reach agreement on the TPP, according to Australian Trade Minister Andrew Robb. Otherwise the TPP signing period can be extended until the end of 2015 or into 2016.

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JSC UPDATE

Expansion plan update

With an initial investment of USD7.8 million, the phase one sewing plant can contribute USD30 million of revenue per year at full capacity.

As mentioned in our initial report, TCM has been concentrating on setting up a subsidiary (Thanh Cong-Vinh Long one member Ltd company) which is a combination of factories for knitting, dyeing, and sewing, in Hoa Phu industrial zone, Vinh Long province. TCM was granted an investment certificate to build this project on September 16, 2014. Two sewing factories, one knitting factory, and one dyeing factory, will be implemented in three phases from September 2014 to April 2017.

We will update details of each phase should the information change from the initial report.

- ❖ First phase (starting December 2014): construction of the first sewing plant. This plant will have an investment value of VND165.6 billion (USD7.8 million), of which the company will contribute VND33.1 billion (USD1.5 million) in the form of land use rights, factory facilities, and machine investments. The first 27 production lines of the sewing factory should have operated since the end of 2014, according to the plan. However, due to delays in receiving investment certificate permission for the whole project, including the dyeing factory which may have environmental impacts, the construction of the first sewing factory started later than expected. At present the factory is under construction with 40 to 50 percent completed, and is planned to be in operation by the end of Q2/2015. With the new sewing factory, the total sewing capacity of TCM will increase to 24 million items, up 33 percent from 18 million items per year. According to TCM's representative, running at full capacity the sewing plant can contribute around USD30 million per year, increasing the total revenue of the garment segment to USD100 million per year.
- ❖ Second phase (starting December 2015): construction of the second sewing plant with a lower investment value of VND122.6 billion (USD5.8 million), of which the company will contribute VND24.5 billion (USD1.1 million) in forms similar to the first phase.

Phases two and three will require an additional USD22 million of investment.

- ❖ Third phase (starting December 2017): construction of the knitting and dyeing plants with an investment value of VND356.9 billion (USD16.8 million), of which the company will contribute VND71.4 billion (USD3.3 million) in the form of factory construction, machine investments, and a water treatment system.

The total investment value for the whole project will be around VND640 billion (USD30million), including a 25 percent contribution from the Thanh Cong-Vinh Long subsidiary. The remaining capital needs can be raised from the parent company (TCM) and other sources.

TCM is one of the first companies in the textile industry which benefits from the TPP's 'yarn forward' rule of origin, given its manufacturing chain from yarn production to final garment products. TCM's expansion plan is not only in preparation for TPP opportunities, but also for growth in traditional markets, especially Korea and Japan.

Investing period	Current capacity	Expansion capacity			
		December 2014	December 2015	2017	2018
Spinning	Capacity				
Spinning Factory No 1	2,500				
Spinning Factory No 2	6,500				
Spinning Factory No 3	4,500				
Spinning Factory No 4	7,500				
(tons/year)	21,000				
Weaving					
metres/year)	7				
Knitting					
Knitting factory (tons/year)	7,000			4,818	
Accumulated capacity				11,818	
Dyeing					
Weaving fabric	10				
Knitting fabric(thousand tons/year)	8				11
Accumulated capacity (mn metres/year)	18				19
Sewing					
Sewing factory	18	6	6		
Accumulated capacity (mn items/year)	18	24	30		

Source: TCM

Real estate project update

TC Tower Project: TCM received the investment certificate to invest in TC Project at 37 Tay Thanh, Tan Phu district, in November 2014. This is a complex building project of residential apartments and a commercial area. The project is a joint venture between Thanh Cong and E-land Asia Holdings Pte, Ltd with a total charter capital of VND159.2 billion (USD7.5 million), of which TCM will contribute 85.3 percent in land use rights (equivalent to USD6 million) and cash (USD0.4 million). E-land will contribute the remainder in cash (USD1.1 million). Total investment value of this project is VND962.7 billion (USD45.4 million). As TCM is concentrating on expanding its production capacity, the capital needs for this project will be mobilized from partners.

Other news

Changes in management

Mr Kim Jung Heon, BoD member, resigned on March 20, 2015 without replacement. Consequently the BoD of TCM currently comprises five people. Mr. Lee Eun Hong's tenure as General Director from 2012 to 2015 expired, and TCM's AGM appointed Mr Kim Dong Ju, Deputy General Director of TCM, as General Director from 2015 to 2018

Dividend plan

TCM plans to pay a cash dividend of 12 percent in 2014 (VND1,200/share), a dividend payout ratio of 30 percent. The first installment of six percent has already been paid in January 2015, and the second due will be decided by the Board Management in Q2/2015.

2015 dividend is planned to be 10 percent, down from 12 percent in 2014, as more of the company's earnings are retained for investment in the new factories.

Dividends will decline slightly to help provide funds for investments.

Historical performance

2014 results

No growth in revenue

Revenue was below our forecast due to falling yarn prices.

In 2014 TCM recorded net revenue of VND2,571 billion (USD121 million), only 0.6 percent higher than last year. We had forecast 11 percent revenue growth for 2014. TCM also did not meet its own 2014 revenue target (VND2,822.8 billion; USD131.55 million) with a fulfillment ratio of 91 percent.

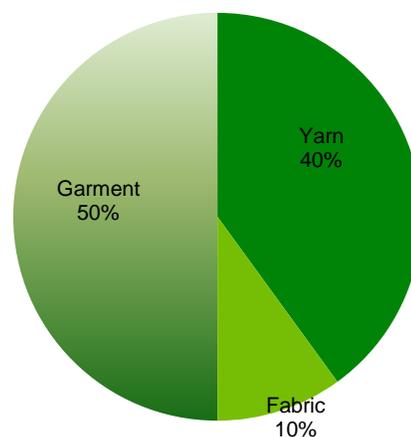
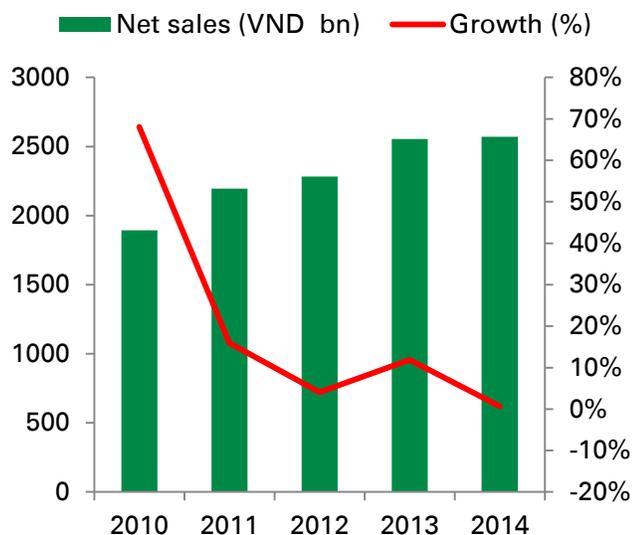
This was due to the impact of cotton prices. The down trend in cotton prices has lowered the selling price of yarn products (40 percent of garment & textile revenue) by approximately 4 to 5 percent, offsetting the rise in fabric and garments revenue, which account for 10 percent and 50 percent of garment & textile revenue respectively.

Similar to 2013, 92 percent of TCM's products in 2014 were exported. Revenue breakdown by customers is below, but specific numbers were not provided:

- ❖ Garments customers are E-land (35-40 percent), and from USA and Japan
- ❖ Yarn customers are from China and Korea
- ❖ Fabric customers are mainly from Japan

TCM's revenue and growth (%)

TCM's garment & textile revenue breakdown



Source: TCM, VPBS

Gross profit margin improved due to cotton price reduction

The proportion for raw materials in TCM's COGS was 67 percent. In 2014, raw material costs reduced by six percent compared to 2013, reducing the total COGS by four percent. However, rises in other costs (up 12 percent y-o-y), especially labor costs, offset most of the reduction in material costs. This led to the slight decline in COGS from VND2,209 billion (USD103.7 million) to VND2,195 billion (USD103.1 million). Accordingly, gross profit margin (GPM) for TCM was 14.6 percent, higher than 2013's GPM of 13.5 percent.

Plunging interest expenses pushed up net income

The falling loan interest rates created opportunity for TCM to lower its debt burden. In 2014, TCM borrowed at an average interest rate of 3.0 percent, with a bank loan balance of VND867 billion (USD40.7 million). TCM's interest expense was only VND27 billion, falling 39 percent from VND44.4 billion (USD2.1 million) in 2013, and the company has successfully restructured the loan for spinning factory number four with interest rates falling from 8.0 percent to 4.3 percent.

The company exports and receives revenue in USD, which is sufficient to cover the cost of import materials. TCM borrows in USD from its strategic partner (USD7 million) with low pressure for repayment, and the remaining USD22 million from banks. Therefore, although there is risk of exchange rate loss, it is low. In 2014, TCM had a VND20 billion exchange rate loss (both realized and unrealized).

Lower input costs and interest expenses have pushed up TCM's net profit in 2014 to VND168 billion (USD7.9 million) (up 36 percent y-o-y), meeting TCM's net profit target which was VND164.4 billion (USD7.7 million). 2014 EPS for TCM was VND3,430/share.

Comparison to our 2014 forecast

The impact of low cotton prices and low interest expenses meant our forecast in the initial report in June 19 2014 diverged from the actual numbers.

Unit: VND bn	2014 Actual	2014 VPBS forecast	Variance	Explanation
Net revenue	2,571	2,831	-9%	Our revenue forecast was close to TCM's plan. However, reducing revenue from yarn offset the increase in fabric and garment revenues, making the actual revenue lower than forecast
Gross profit	376	374	1%	
Gross profit margin	14.6%	13.2%		Low input cost drove gross profit margin up
SG&A	171	160	7%	
Financial Income	13	14	-7%	
Financial Expense	47	64	-27%	Actual financial expense was lower than expected due to loan restructure
Others	7	0		
Net profit before tax	182	176	3%	
Net income	168	162	4%	
Net profit margin	6.5%	5.7%		

Source: TCM, VPBS

2015 Outlook

In 2015 TCM aims to earn total revenue of VND2,781 billion (USD131 million), up eight percent y-o-y, and net profit of VND170 billion (USD8 million), up one percent y-o-y. According to senior management, substantial garment contracts have been signed for 2015, while fabric contracts have also grown well. Contracts for yarn are slower than the previous year. The opening of the new sewing factory is set for the second half of 2015. This factory may need about three months for pilot operations, and we estimate that the factory will produce around 30 percent of its capacity. However, costs for the new factory will also be recorded, resulting in flat profits. We expect that the factory can reach full capacity in 2016 regardless of whether TPP is signed.

Although cotton prices have risen by five percent so far this year, we estimate that the average cotton price for the whole year will be seven percent lower than 2014's average price. TCM will therefore gain little profit from yarn products with GPM of around four percent. Improved GPMs for the garment segment (22 percent) and fabric segment (18 percent) should help the GPM of TCM reach 15.2 percent in 2015, higher than 2014's GPM of 14.6 percent.

For the whole year 2015, VPBS estimates that TCM will earn VND2,777 billion (USD129 million) in net revenue. Interest expense is projected to increase from VND27 billion (USD1.3 million) in 2014 to VND38 billion (USD1.8 million) in 2015 due to recording additional interest expenses when the new factory goes into operation. Consequently, net profit is estimated to be VND177 billion (USD8.2 million), five percent higher than the previous year. Our forecast is slightly above the company's 2015 plan.

During Q1/2015, TCM earned around VND609 billion (USD28 million) in revenue, down five percent, and VND33.3 billion (USD1.5 million) in net profit, down 10 percent. Revenue declined five percent due to the reduction in export revenue. Meanwhile, COGS fell at the same rate as revenue, thereby maintaining the gross profit margin (GPM) at 14.4 percent. However SG&A costs increased by six percent, leading to a 10 percent decline in net profit. TCM's Q1 net profit margin (NPM) was 5.5 percent, slightly lower than that of Q1/2014.

Cash flow from TCM's Q1/2015 operations was recorded at a negative number of minus VND0.12 billion (-USD5,537), compared to an inflow VND77.7 billion (USD3.6 million) in Q1/2014. The higher receivables and higher advanced payables have squeezed operating cash flow.

Unit: VND bn	Q1/2014	Q1/2015	% y-o-y	2015P	% fulfillment
Total revenue	642.5	609.3	-5%	2781	22%
Gross profit	92.4	87.6	-5%		
GPM (%)	14%	14%			
PBT	40.5	36	-11%		
PAT	37.2	33.4	-10%	170	20%
NPM (%)	5.8%	5.5%			

VALUATION

Using the P/E and DCF methods, we deliver a target price of TCM at VND35,500/share.

Method	Price	Proportion	Target price
P/E	29,865	50%	14,932
DCF	30,228	50%	15,114
Target price			30,047

Source: VPBS

Peer comparison

Simply comparing P/E ratios may not give an accurate picture because peer companies are trading in different markets that have different risk-free rates and macroeconomic conditions. For a more accurate comparison, we look at relative P/E ratios to derive a value of VND29,865/share.

Name	P/E	Market P/E	Ratio P/E to market P/E	ROE (%)
Siyaram Silk Mills Ltd	12.6	20.4	0.62	19.6%
Peoples Garment PCL	16.7	20.1	0.83	3.9%
Golden Shield Holdings Industr	14.0	11.7	1.20	1.8%
Prolexus BHD	8.9	17.3	0.52	23.0%
Average	13.1	17.4	0.79	12.0%
Thanh Cong Textile Garment Inv	7.8	11.8	0.66	21.8%
TCM's 2014 EPS	3,334			
Price (VND/share)	29,865			

Source: VPBS

Discounted Cash Flow (DCF) Method

We have changed some assumptions as below which result in changing our DCF target price. Our forecast income statement and balance sheet are shown at the end of the report.

Cost of Equity	Value
Five-year government bond yield	6.0%
Beta	1.08
Market required rate of return	14.56%
Cost of Equity	15.24%
Cost of Debt	
Long-term interest rate	10%
Effective Tax Rate	15%
After Tax Cost of Debt	8.5%
Current Share Price (VND)	31,200
Number of shares (million)	49
Market Capitalization (VND bn)	1,336
Debts (VND bn)	868.7
WACC	13%
Terminal Growth Rate	5%
Valuation per share	30,228

Source: Bloomberg, VPBS

Recent stock performance

After our initiating report on June 19 2014 with a target price of VND31,501/share, TCM stock price soared from VND26,300, exceeding our target price and reaching a peak of VND36,900 in September 2014. TCM shares later fell and fluctuated in a band of VND33,000 to VND35,000 before plunging since the beginning of May 2015.



Technical analysis

The technical chart has shown a downtrend of TCM when it crossed below the mid-term support level of the MA50 at VND33,000 on March 24, 2015. After fluctuating between VND30,300 and VND33,000 per share in last month, the price of TCM continued to drop recently, further below the short-term resistance level of the MA10 as well as the MA20.

Its trading volume has been low recently, indicating the selling pressure dominated the buying force. Combining with the decreasing of TCM's price, this may force the downward momentum of TCM has not yet slowed.

Therefore, we recommend SELL for TCM at the time of the updating report.

Ticker	TCM
Horizon analytic	3 to 6 months
3-month highest price	35,700
3-month lowest price	26,300
Current MA50 days	31,400
Current MA100 days	32,000
Mid-term resistance level	32,000
Mid-term support level	25,000
Recommendation	SELL



Source: VPBS

Income Statement (VND bn)	2014F	2015F	2016F	2017F	2018F	2019F
Total Revenue	2,571	2,777	3,027	3,299	3,596	3,768
<i>Growth rate</i>	1%	8%	9%	9%	9%	5%
	14.6%	15.2%	15%	15%	15%	15%
Cost of Goods Sold						
GCS Segment 1 (excluding depreciation)	2,136	2,279	2,482	2,705	2,949	3,090
<i>CGS % of segment revenue</i>	83%	82%	82%	82%	82%	82%
Depreciation in CGS	59	76	92	103	118	123
Reported Cost of Goods Sold	2,195	2,354	2,574	2,809	3,067	3,213
Less: Depreciation included in CGS	59	76	92	103	118	123
Cost of Goods Sold	2,136	2,279	2,482	2,705	2,949	3,090
Gross Profit	435	498	545	594	647	678
<i>Gross Profit Margin</i>	17%	18%	18%	18%	18%	18%
Selling Expenses						
Marketing	69	83	91	99	144	151
Commissions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Selling Expenses	69	83	91	99	144	151
Total General & Admin Expenses	102	106	112	116	122	127
Income from Affiliated Companies	3	3	3	3	3	3
EBITDA	267	311	345	382	385	404
<i>EBITDA Margin</i>	10%	11%	11%	12%	11%	11%
Depreciation	59	66	82	93	105	122
Amortization	-	-	-	-	-	-
EBIT	208	245	263	289	280	282
Financial income	13	10	11	11	17	22
Financial expenses						
Interest Expense	27	38	69	92	107	92
Foreign Exchange Losses (Gains)	20	25	9	10	11	11
Other Financial Expenses Losses (Gains)	-	-	-	-	-	-
Net Financial Income (Expense)	(34)	(53)	(68)	(91)	(101)	(81)
Other Income	8					
Pretax Income	182	192	195	198	179	201
Income Tax Expense	14	15	29	30	36	40
<i>Effective Tax Rate</i>	8%	8%	15%	15%	20%	20%
Income Before XO Items	168	177	166	168	143	161
Extraordinary Loss Net of Tax	-	-	-	-	-	-
Minority Interests	-	-	-	-	-	-
XO Items & Minority Interest	-	-	-	-	-	-
Net Income	168	177	166	168	143	161
<i>Net Profit Margin</i>	7%	6%	5%	5%	4%	4%
Average Number of Shares	49	49	49	49	49	49
EPS	3,429	3,612	3,391	3,428	2,921	3,279

Balance Sheet (VND bn)	2,014	2015F	2016F	2017F	2018F	2019F
Current Assets						
Cash & Near Cash Items	141	146	128	208	268	174
Short Term Investments	5	5	5	5	5	5
Accounts & Notes Receivable	133	163	172	184	207	227
<i>AVR DOH</i>	19	21	21	20	21	22
Inventories	625	666	734	800	872	957
<i>Inv DOH</i>	107	107	108	108	108	113
Other Current Assets	92	91	85	89	88	88
Total Current Assets	995	1,070	1,124	1,286	1,441	1,450
Long-Term Assets						
Gross Fixed Assets	1,469	1,683	1,901	2,121	2,383	2,408
Accumulated Depreciation	728	794	876	969	1,074	1,195
Net Fixed Assets	741	889	1,026	1,153	1,309	1,213
Long Term Investments	3	3	3	3	3	3
Intangibles	97	97	97	97	97	97
Other Long Term Assets	225	225	225	225	225	225
Total Long-Term Assets	1,066	1,214	1,351	1,478	1,634	1,538
Total Assets	2,060	2,284	2,475	2,764	3,074	2,988
Current Liabilities						
Accounts Payable	129	169	167	191	203	215
<i>A/P DOH</i>	22	27	25	26	25	25
Accrued Expenses	179	198	211	225	277	290
Short Term Borrowings	647	610	670	641	919	818
Other Short Term Liabilities	32	32	32	32	32	32
Total Current Liabilities	986	1,009	1,080	1,089	1,431	1,355
Long Term Liabilities						
Long Term Borrowings	222	295	322	507	416	329
Other Long Term Liabilities	39	39	39	39	39	39
Total Long Term Liabilities	260	333	360	546	455	367
Total Liabilities	1,247	1,342	1,440	1,635	1,886	1,722
Equity						
Preferred Equity	-	-	-	-	-	-
Share Capital & APIC	515	515	515	515	515	515
Retained Earnings	293	420	513	608	667	745
Other Equity	-	-	-	-	-	-
Total Shareholders Equity	807	935	1,028	1,122	1,182	1,259
Minority Interest	6.30	6.30	6.30	6.30	6.30	6.30
Total Liabilities & Equity	2,060	2,284	2,474	2,763	3,074	2,988

Cash Flows (VND bn)	2014	2015F	2016F	2017F	2018F	2019F
Net Income	182	177	166	168	143	161
Depreciation & Amortization	59	66	82	93	105	122
Changes in Working Capital	(42)	(30)	(74)	(57)	(82)	(91)
Other Non-Cash Adjustments	33	20	13	13	52	13
Cash From Operation Activities	232	232	187	217	219	204
Disposal of Fixed Assets	4	-	-	-	-	-
Capital Expenditures	(101)	(215)	(218)	(220)	(261)	(26)
Increase/Decrease in Investments	(1)	-	-	-	-	-
Other Investing Activities	-	-	-	-	-	-
Cash From Investing Activities	(98)	(215)	(218)	(220)	(261)	(26)
(Dividends Paid)	(49)	(49)	(74)	(74)	(83)	(83)
Increase (Decrease) in Short Term Borrcc	1,842	(37)	60	(29)	278	(102)
Increase (Decrease) in Long Term Borro	(1,891)	73	27	186	(91)	(87)
Increase (Decrease) in Capital Stocks	-	-	-	-	-	-
Other Financing Activities	(13)	-	-	-	-	-
Cash From Financing Activities	(111)	(13)	13	83	103	(272)
Beginning Cash Balance	118	141	146	128	208	268
Net Changes in Cash	23	5	(18)	80	61	(94)
Expected Ending Cash Balance	141	146	128	208	268	174

Ratio Analysis	2014	2015F	2016F	2017F	2018F	2019F
Profitability Ratios						
Gross Margin (ex. Dep)	16.9%	17.9%	18.0%	18.0%	18.0%	18.0%
EBITDA Margin	10.4%	11.2%	11.4%	11.6%	10.7%	10.7%
Operating Margin	8.1%	8.8%	8.7%	8.8%	7.8%	7.5%
Profit Margin	6.5%	6.4%	5.5%	5.1%	4.0%	4.3%
Return on Avg. Assets	8.3%	8.1%	7.0%	6.4%	4.9%	5.3%
Return on Avg. Equity	21.8%	20.3%	16.9%	15.6%	12.4%	13.2%
Leverage Ratios						
Interest Coverage Ratio (EBIT/I)	7.7	6.5	3.8	3.1	2.6	3.1
EBITDA / (I + Cap Ex)	2.1	1.2	1.2	1.2	1.0	3.4
Tot Debt/Capital	0.5	0.5	0.5	0.5	0.5	0.5
Tot Debt/Equity	1.1	1.0	1.0	1.0	1.1	0.9
Liquidity Ratios						
Asset Turnover	1.2	1.2	1.2	1.2	1.2	1.3
Accounts Receivable Turnover	19.3	17.1	17.6	17.9	17.4	16.6
Accounts Payable Turnover	20.0	16.5	18.2	17.3	17.7	17.5
Inventory Turnover	4.1	4.2	4.1	4.1	4.1	3.9
Current Ratio	1.0	1.1	1.0	1.2	1.0	1.1
Quick Ratio	0.4	0.4	0.4	0.4	0.4	0.4

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Buy: Expected return, including dividends, over the next 12 months is greater than 15%.

Hold: Expected return, including dividends, over the next 12 months is from -10% to + 15%.

Sell: Expected return, including dividends, over the next 12 months is below -10%.

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