

## VIETTEL POST JSC (VTP) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND106,000	VND130,700	1.4%	ADD	INDUSTRIALS

13 October 2020

Outlook – Short term: **Positive**  
Outlook – Long term: **Positive**  
Valuation: **Positive**

Consensus\*: Add:5 Hold:0 Reduce:0

Target price / Consensus: 14.9%

### Key changes in the report

➤ N/A

### Price performance



Source: VNDIRECT RESEARCH

### Key statistics

52w high (VND)	111,500
52w low (VND)	60,705
3m Avg daily value (VNDmn)	8,822
Market cap (VND bn)	8,803
Free float (%)	28
TTM P/E (x)	14.5
Current P/B (x)	6.70

### Ownership

Viettel Group	68.1%
Others	31.9%

Source: VNDIRECT RESEARCH

### Analyst(s):



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### Short-term catalyst from Viettel Group's divestment

- We expect FY20-22F net profit CAGR at 19.3% thanks to VTP's strong efforts to gain market share in Vietnam's postal delivery market.
- Viettel Group's 6% stake divestment in Nov 2020 is a short-term catalyst.
- Recommend ADD rating with TP of VND130,700.

### VTP to gain market share in a double-digit growth market

We expect Vietnam postal delivery market value to post an 11.4% CAGR over FY20-22F, fuelled by the vibrant emergence of e-commerce. Based on the outperforming technology capacity against competitors and nationwide postal infrastructure, we believe VTP has the ability to record a 18.5% CAGR in postal delivery during FY20-22F.

### Solid earnings growth expected in FY20-22F

We expect VTP's FY20F earnings to grow 19.4% yoy on the back of a 99.4% yoy increase in revenue, of which postal delivery would grow 20% yoy and commercial sale would surge 400% yoy. We expect FY20-22F net profit CAGR at 19.3%, thanks mainly to FY20-22F CAGR of 18.5% in delivery revenue and 0.11% pts expansion in delivery gross margin during the period.

### Viettel Group to sell 6% stake in VTP by Nov 2020

The 6% divestment (equal to 4.98m shares) in VTP will be done through a public auction at the Hanoi Stock Exchange (HNX) by Nov 2020 at the starting price of VND104,800/share. In our view, the divestment is a short-term catalyst for share price, alongside the market re-rating opportunity when VTP is embarking on transforming itself into a hi-tech logistics company.

### Recommend ADD with TP of VND130,700

We recommend ADD for VTP with a target price of VND130,700/share, implying an upside of 24.7% for the stock (including dividend yield). Our TP is based on an equal weighting of: (1) 10-year DCF-based valuation and (2) target FY20F P/E of 19.3x. Downside risks include: (1) a prolonged global pandemic or external crisis leading to border closures in countries, which will reduce the volume of outbound parcels to be delivered, and (2) the participation of e-commerce platforms with strong financial capacity, which successfully develop its own delivery systems.

Financial summary (VND)	12-18A	12-19A	12-20E	12-21E
Net revenue (bn)	4,922	7,812	15,582	17,857
Revenue growth	22.1%	58.7%	99.5%	14.6%
Gross margin	11.1%	9.9%	6.1%	6.3%
EBITDA margin	8.5%	7.5%	4.5%	4.8%
Net profit (bn)	279	380	454	547
Net profit growth	64.1%	36.2%	19.4%	20.5%
Recurring profit growth	60.3%	41.8%	21.6%	20.2%
Basic EPS	7,854	7,528	6,731	6,586
Adjusted EPS	6,745	6,451	5,769	5,644
BVPS	16,410	16,236	15,389	19,694
ROAE	47.8%	46.2%	40.4%	37.5%

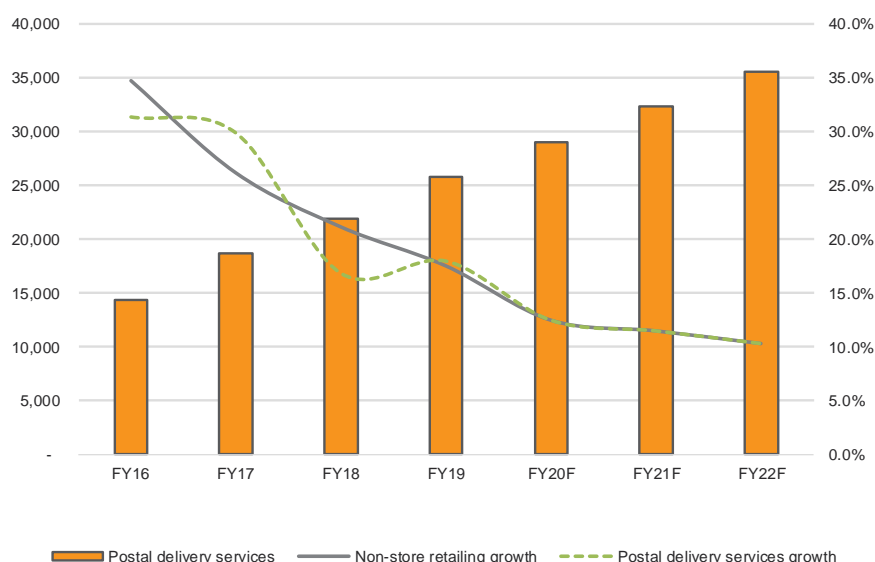
Source: VNDIRECT RESEARCH

## RIDING ON A DOUBLE-DIGIT GROWTH MARKET

**Vietnam market value of postal delivery services is expected to rise 11.4% p.a. in FY20-22F**

The symbiotic relationship between postal delivery and non-store retailing is undeniable, in which postal delivery is the last leg to fulfill the non-retailing process. According to Euromonitor International (Euromonitor), Vietnam's total non-store retailing value experienced a robust CAGR of 24.9% over FY16-19 thanks to the booming e-commerce, while the CAGR may slow to 11.4% over FY20-22F as the growth momentum has been decreased for recent years. Having a high correlation with non-store retailing growth, Vietnam's postal delivery market value posted a CAGR of 24.0% over FY16-19 (summarized by Vietnam's General Statistics Office - GSO). Based on Euromonitor's forecast and the high correlation between postal delivery growth and non-store retailing growth, we expect the postal delivery market value to rise at a CAGR of 11.4% over FY20-22F, fuelled by the robust growth of e-commerce.

**Figure 1: Vietnam's postal delivery services market value is forecast to post FY20-22F CAGR of 11.4% (Unit: VND bn)**



Source: VNDIRECT RESEARCH, EUROMONITOR, GSO

## VTP's competitiveness is enhanced through inheriting Viettel Group's existing strengths

Being one of four pillars in Viettel Group's development plan over FY21-25F, VTP has been receiving comprehensive supports in state-of-the-art technology and nationwide infrastructure from Viettel Group. These are also VTP's great competitive advantages in gaining postal delivery market share in coming years.

- In terms of technology, with support from Viettel Group's hi-tech human resource, VTP can develop hi-tech products which help solve three problems: (1) handling large-scale orders; (2) shortening total delivery time, which is the biggest concern of customers while choosing delivery services, and (3) providing a wide range of services and revenue sources. With launched products, VTP has proved its state-of-the-art technology capacity and this is also a competitive edge to gain market share in the postal delivery market.

**Figure 2: Technology development helps VTP improve competitiveness**

Product development	Launching date	Technology used	Comments
Viettelpost app	Jun-18	Cloud-based, AI, Big Data	Providing postal delivery services for customers, helping the order processing cycle to decrease from 240 seconds to 8 seconds.
VTSale app	Jun-18	Cloud-based	VTSales shop management software is developed as a professional cloud-based software for medium and small online stores, which help them in inventory management, orders synchronising, payment and shipping methods. The app also attract more customers using VTP's services.
Automatic mail-sorting conveyor belt	Jul-18	Cross belt	Capacity of 36,000 items per hour, which is the largest mail-sorting conveyor belt in terms of capacity, with an accuracy rate of 99.5%, the highest rate in Vietnam. The conveyor belt help reduce total delivery time by 4-6 hours. VTP currently operates 6 conveyor belts nationwide.
Voso.vn	Jul-19	Cloud-based, AI, Big Data	An e-commerce infrastructure specialises for agricultural products, an untapped potential market.
MyGo	Jul-19	Cloud-based, AI, Big Data	Completing VTP's logistics ecosystem with various last-mile delivery methods.

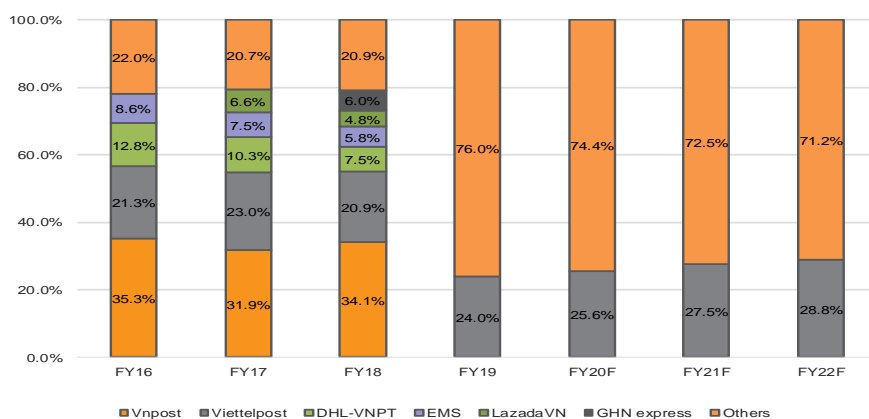
Source: VNDIRECT RESEARCH, COMPANY REPORTS

- Having received the transfer of 823 point of sales from Viettel Telecom in 2019, VTP now owns 1,825 postal hubs and 6,000 collection points. Currently, VTP has the second-largest postal infrastructure in Vietnam behind VNPost, which has about 11,235 postal hubs and collection points. Apart from the prospect of getting more infrastructure in the coming years, VTP can utilise Viettel's current vast infrastructure to cross-sell its services. In addition to its strength of large postal network with coverage to rural areas, VTP also has a great capacity of transportation with 800 trucks and 12 cars out of total 22 cars in the 40-hour North-South train with an aim to improve transportation speed and quality of transport to customers' needs. These are VTP's huge advantages against competitors, which could take many years to get the same infrastructure and capacity similar to VTP.

### We expect VTP to grow at a much higher pace than that of industry in FY20-22F

In our view, VTP's most notable competitors are the e-commerce platforms building its own delivery systems, such as LazadaVN, given their strong financial resources with the business strategy of cash-burning for growth. However, LazadaVN's business model is not well-performed as other e-commerce platform like Shopee, which outsources the delivery process to third parties. As a result, LazadaVN's market share in e-commerce market fell, resulting in a decline of its postal delivery market share from 6.6% in FY17 to 4.8% in FY18.

Thanks to VTP's outperforming technology capacity and nationwide postal infrastructure, we believe the company has the ability to gain market share from competitors in coming years. We expect VTP's delivery services revenue to post an 18.5% CAGR in FY20-22F, 7.1% pts higher than the postal industry revenue CAGR in FY20-22F, raising its market share to 28.8% in FY22F from 24.0% in FY19.

**Figure 3: VTP's market share to grow to 28.8% in FY22F, based on our estimates**


Source: VNDIRECT RESEARCH, MIC, COMPANY REPORTS

## SOLID EARNINGS GROWTH EXPECTED IN FY20-22F

### 1H20 results hit by COVID-19 pandemic

Figure 4: 1H20 results overview

Unit: VNDbn	2Q20	2Q19	%yoy chg	1H20	1H19	%yoy chg	Comments
<b>Net revenue</b>	<b>4,339</b>	<b>1,678</b>	<b>158.6%</b>	<b>6,799</b>	<b>3,017</b>	<b>125.3%</b>	
Commercial sale	2,766	202	1271.1%	3,841	362	960.0%	VTP received 262,000 points of sale from Viettel Telecom in Feb-2020. 1H20 growth (11.4% yoy) is lower than 1H19 growth (55.2% yoy) due to Covid-19 pandemic. VTP's inbound delivery services were affected by social distancing resulting to limitation in transportations while outbound delivery services halted due to the closure of countries' borders in 1H20.
Delivery services	1,573	1,476	6.6%	2,957	2,655	11.4%	
Gross profit	175	171	2.6%	355	322	10.1%	
Blended gross margin	4.0%	10.2%	-6.1% pts	5.2%	10.7%	-5.5% pts	1H20 blended gross margin decreased 5.5% pts to 5.2% due to larger revenue contribution of commercial sale with low GM of 0.5%.
GM of commercial sale	0.4%	0.7%	-0.3% pts	0.5%	1.4%	-0.9% pts	
GM of delivery services	10.4%	11.5%	-1.1% pts	11.4%	12.0%	-0.6% pts	2Q20 delivery services GM was affected by Covid-19 leading to the 0.6% pts decrease in 1H20 delivery services GM.
SG&A	57	70	-18.6%	125	134	-6.7%	
Financial income	24	24	3.0%	50	42	18.1%	1H20 average short-term investment rose 15.6% yoy.
Financial expenses	14	12	18.8%	30	22	37.3%	1H20 average short-term borrowing rose 36.4% yoy.
<b>Net profit</b>	<b>103</b>	<b>88</b>	<b>17.1%</b>	<b>200</b>	<b>165</b>	<b>21.3%</b>	
NP margin	2.4%	5.2%	-2.9% pts	2.9%	5.5%	-2.5% pts	
EBITDA	161	136	18.9%	317	255	24.5%	
EBITDA margin	3.7%	8.1%	-4.4% pts	4.7%	8.4%	-3.8% pts	

Source: VNDIRECT RESEARCH, COMPANY REPORTS

### We expect FY20F NP to grow 19.4% yoy, FY20-22F earnings CAGR at 19.3%

Figure 5: FY20-22F business results, based on our estimates (Unit: VND bn)

	FY19	FY20F	FY21F	FY22F
<i>Revenue growth</i>	58.7%	99.4%	14.6%	12.9%
<i>Commercial sales growth</i>	182.2%	400.0%	10.0%	10.0%
<i>Delivery services growth</i>	42.2%	20.0%	19.7%	15.8%
<b>Net revenue</b>	<b>7,813</b>	<b>15,582</b>	<b>17,857</b>	<b>20,156</b>
Commercial sales	1,634	8,168	8,984	9,883
Delivery services	6,178	7,414	8,873	10,274
<b>COGS</b>	<b>7,036</b>	<b>14,638</b>	<b>16,728</b>	<b>18,846</b>
<b>Gross profit</b>	<b>775</b>	<b>943</b>	<b>1,129</b>	<b>1,311</b>
<i>Gross margin</i>	9.9%	6.1%	6.3%	6.5%
<i>Commercial sales margin</i>	1.1%	0.5%	0.5%	0.5%
<i>Delivery services margin</i>	12.2%	12.2%	12.2%	12.3%
Financial income	94	108	134	163
Financial expenses	49	65	82	94
Selling expenses	49	58	70	81
General and admin expenses	285	340	404	465
<b>Net profit before tax</b>	<b>477</b>	<b>570</b>	<b>686</b>	<b>810</b>
<b>Net profit after tax</b>	<b>380</b>	<b>454</b>	<b>547</b>	<b>645</b>
<i>Net profit margin</i>	4.9%	2.9%	3.1%	3.2%
<i>Net profit growth</i>	36.2%	19.4%	20.5%	17.9%

Source: VNDIRECT RESEARCH, COMPANY REPORTS

We expect VTP's FY20F revenue to surge 99.4% yoy to VND15,582bn, of which commercial sale may soar 400% yoy to VND8,168bn thanks to the points of sale transferred from Viettel Telecom, while delivery revenue may grow 20.0% yoy to VND7,414bn, fuelled by (1) delivery services demand which is expected to recover in 2H20F, and (2) state-of-the-art technology capacity and nationwide postal infrastructure, which help VTP gain market share from competitors. FY20F GPM may decrease 3.8% pts to 6.1% due to larger revenue contribution



of commercial sale with a lower GPM of 0.5%, while delivery services GPM will be unchanged thanks to 2H20 delivery services recovery. Overall, we expect VTP's FY20F net profit to grow 19.4% yoy to VND454bn, completing 91.6% of its 2020 business plan.

We expect FY20-22F net profit CAGR of 19.3% based on:

- Commercial sales revenue growth, which is expected to slow in FY21-22F following the high base in FY20F. Commercial sales GPM in FY21-22F is expected to be equal to that in FY20F.
- We expect VTP's delivery services revenue to post an 18.5% CAGR in FY20-22F, thanks to VTP's strong efforts to gain market share in Vietnam postal delivery market. Delivery services GPM is expected to expand by 0.11% pts during the period thanks to rising economy of scale.

### **VIETTEL GROUP TARGETS TO OFFLOAD ITS 6% STAKE IN VTP IN NOV 2020**

Currently, Viettel Group owns 68.083% of VTP's charter capital. The divestment of 6% stake (equal to 4.98m of shares) in VTP will be done through a public auction at HNX by Nov 2020 at the starting price of VND104,800/share. According to Viettel Group, the next divestment roadmap, which will reduce Viettel Group's ownership in VTP to 51%, will be implemented in the next restructuring period of Viettel Group between 2021 and 2025. Viettel Group also has a plan to list VTP shares on the Ho Chi Minh Stock Exchange (HSX) in the 2021-25 period.

In our view, the divestment is a short-term catalyst for share price, alongside the market re-rating opportunity, especially when VTP is embarking on transforming itself into a hi-tech logistics company instead of being a traditional postman, leading to a higher valuation thanks to higher multiples of hi-tech enterprises.

### **VALUATION AND RECOMMENDATION**

We recommend an Add rating on VTP, with a target price of VND130,700/share. We value VTP using a combination of DCF valuation and FY20F P/E multiple. We believe DCF valuation is a fundamental method to value a logistics enterprise due to its predictable cash flow but a P/E multiple is more likely to reflect market perception on VTP, especially in the context of Viettel Group's divestment from VTP in Nov 2020. Therefore, we use an equal weighting to derive a blended valuation for VTP.

- We use 10-year DCF to derive VTP's intrinsic value of VND131,400/share, applying WACC of 9.54% and terminal growth rate of 1%.
- For the P/E method, we use peers' average FY20F P/E of 19.3x as a basis for VTP's target price. We believe a target FY20F P/E of 19.3x is reasonable for VTP based on the following reasons: (1) its second-largest market share, outstripping other competitors, and VTP now aims to make it the market's biggest; (2) having state-of-the-art technology and nationwide postal infrastructure; and (3) high ROE. Applying to a FY20F EPS of VND6,731/share, we derive a P/E-based target price of VND129,900.

Downside risks include: (1) a prolonged global pandemic or external crisis leading to border closures in countries, which will reduce the volume of outbound parcels to be delivered, and (2) the participation of e-commerce platforms with strong financial capacity, which successfully develop their own delivery systems, can create a fiercely competitive market.

**Figure 6: DCF Valuation**

	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F
EBIT	634	768	903	993	1,078	1,150	1,204	1,343	1,491	1,649
less: Taxes	116	139	165	179	194	205	212	237	264	293
EBIAT	519	629	739	814	885	945	992	1,105	1,227	1,356
Plus: Depreciation and amortization	72	81	88	95	103	109	112	115	118	122
Less: Capital expenditure	-103	-125	-120	-133	-143	-137	-126	-131	-136	-139
Less: Increase in net working capital	32	-59	-54	-60	-60	-64	-55	-57	-53	-63
Unlevered free cash flow (FCFF)	520	526	652	716	785	853	923	1,032	1,156	1,275
Present value of FCF	475	438	496	497	498	494	487	498	509	513
Cumulative Present value of FCFF	4,905									
Terminal value										16,351
PV of terminal value	6,571									
Enterprise value	11,476									
Less: Total debt	(978.8)									
Less: Preferred securities	-									
Less: Noncontrolling interest	-									
Plus: Cash and Cash Equivalents	416.7									
Implied equity value	10,914									
Outstanding shares	83,047,926									
Equity value per share	131,400									

Source: VNDIRECT RESEARCH

**Figure 7: Cost of equity**

<b>Cost of equity</b>	<b>10.49%</b>
Risk free rate	4.00%
Market risk premium	11.00%
Beta	0.59

Source: VNDIRECT RESEARCH

**Figure 8: WACC**

<b>WACC</b>	<b>9.54%</b>
Cost of debt	7.21%
Target debt to capital ratio	20.00%
Tax	20.00%

Source: VNDIRECT RESEARCH

**Figure 9: P/E valuation method**

	Value
Net profit FY20F (VND bn)	454
Outstanding shares	67,428,781
FY20F EPS (VND)	6,731
Target FY20F P/E (peers' average)	19.3
<b>Multiple valuation</b>	<b>129,900</b>

Source: VNDIRECT RESEARCH

**Figure 10: Valuation results**

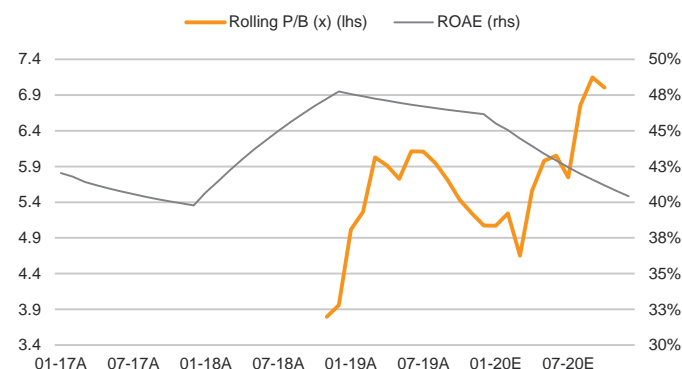
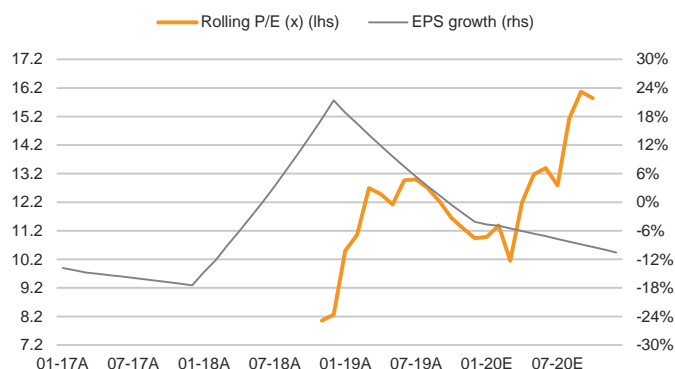
Method	Price (VND)	Weight	Weighted average price
DCF	131,400	50%	65,700
P/E multiple	129,900	50%	64,950
<b>Target price</b>			<b>130,700</b>
Current price			106,000
<b>Upside (including dividend yield)</b>			<b>24.7%</b>

Source: VNDIRECT RESEARCH

**Figure 11: Peer comparison**

Ticker	Company	Country	Market cap (US\$m)	P/E		P/B		ROE		EV/EBITDA		Dividend yield	
				2020F	2021F	2020F	2021F	2020F	2021F	2020F	2021F	2020F	2021F
<b>Express couriers and 3PLs</b>													
III TB Equity	TRIPLE I LOGISTICS PCL	Thailand	82	23.4	19.6	1.9	1.8	8.6%	9.5%	31.7	31.8	2.1%	2.5%
UPS US Equity	UNITED PARCEL SERVICE-	United States	152,282	22.8	21.9	21.6	15.3	118.2%	83.2%	17.8	15.9	2.3%	2.4%
000120 KS Equity	CJ LOGISTICS	Korea	3,645	28.5	29.2	1.3	1.3	3.4%	4.3%	12.9	11.5	0.0%	0.0%
636 HK Equity	KERRY LOGISTICS NETWOI	Hongkong	3,512	18.4	17.5	1.0	1.0	6.0%	6.0%	8.8	8.4	2.0%	2.2%
<b>Average</b>				<b>23.3</b>	<b>22.0</b>	<b>6.5</b>	<b>4.9</b>	<b>34.1%</b>	<b>25.8%</b>	<b>17.8</b>	<b>16.9</b>	<b>1.6%</b>	<b>1.8%</b>
<b>Postal companies</b>													
RMG LN Equity	ROYAL MAIL PLC	United Kingdom	3,184	13.4	53.9	0.5	0.5	-1.8%	0.4%	8.7	6.8	2.5%	1.1%
DPW GR Equity	DEUTSCHE POST AG-REG	Germany	60,284	18.4	16.9	3.3	3.1	16.9%	19.6%	8.9	7.8	2.9%	3.1%
BPOST BB Equity	BPOST SA	Belgium	1,980	11.8	9.8	2.1	1.9	20.2%	19.8%	4.7	4.5	3.0%	5.8%
SPOST SP Equity	SINGAPORE POST LTD	Singapore	1,141	17.5	16.3	1.0	1.0	5.5%	5.9%	7.7	7.1	3.6%	3.8%
<b>Average</b>				<b>15.3</b>	<b>24.2</b>	<b>1.7</b>	<b>1.6</b>	<b>10.2%</b>	<b>11.4%</b>	<b>7.5</b>	<b>6.5</b>	<b>3.0%</b>	<b>3.5%</b>
<b>Overall average</b>				<b>19.3</b>	<b>23.1</b>	<b>4.1</b>	<b>3.2</b>	<b>22.1%</b>	<b>18.6%</b>	<b>12.6</b>	<b>11.7</b>	<b>2.3%</b>	<b>2.6%</b>
VTP VN	Viettel Post JSC	Vietnam	379	15.7	16.1	6.9	5.4	40.4%	37.5%	13.2	11.0	1.4%	1.4%

Source: CIMB Research, Bloomberg, VNDIRECT RESEARCH

**Valuation**

**Income statement**

(VNDbn)	12-19A	12-20E	12-21E
Net revenue	7,812	15,582	17,857
Cost of sales	(7,036)	(14,638)	(16,728)
Gen & admin expenses	(285)	(340)	(404)
Selling expenses	(49)	(58)	(70)
<b>Operating profit</b>	<b>441</b>	<b>545</b>	<b>656</b>
Operating EBITDA	498	618	737
<b>Depreciation and amortisation</b>	<b>(57)</b>	<b>(72)</b>	<b>(81)</b>
<b>Operating EBIT</b>	<b>441</b>	<b>545</b>	<b>656</b>
Interest income	94	108	134
Financial expense	(49)	(65)	(82)
Net other income	(9)	(19)	(22)
Income from associates & JVs	0	0	0
<b>Pre-tax profit</b>	<b>477</b>	<b>570</b>	<b>686</b>
Tax expense	(97)	(116)	(139)
Minority interest	0	0	0
<b>Net profit</b>	<b>380</b>	<b>454</b>	<b>547</b>
Adj. net profit to ordinary	380	454	547
Ordinary dividends	(89)	(125)	(125)
<b>Retained earnings</b>	<b>291</b>	<b>329</b>	<b>422</b>

**Balance sheet**

(VNDbn)	12-19A	12-20E	12-21E
Cash and equivalents	347	417	499
Short term investments	1,276	1,658	1,994
Accounts receivables	1,073	1,195	1,433
Inventories	48	57	68
Other current assets	114	137	164
<b>Total current assets</b>	<b>2,858</b>	<b>3,463</b>	<b>4,157</b>
Fixed assets	343	376	423
Total investments	84	84	84
Other long-term assets	110	131	157
<b>Total assets</b>	<b>3,394</b>	<b>4,055</b>	<b>4,821</b>
Short-term debt	815	979	1,171
Accounts payable	209	254	305
Other current liabilities	1,402	1,543	1,710
<b>Total current liabilities</b>	<b>2,426</b>	<b>2,776</b>	<b>3,185</b>
Total long-term debt	0	0	0
Other liabilities	0	0	0
Share capital	596	830	830
Retained earnings reserve	344	420	777
<b>Shareholders' equity</b>	<b>968</b>	<b>1,278</b>	<b>1,636</b>
Minority interest	0	0	0
<b>Total liabilities &amp; equity</b>	<b>3,394</b>	<b>4,055</b>	<b>4,821</b>

**Cash flow statement**

(VNDbn)	12-19A	12-20E	12-21E
<b>Pretax profit</b>	<b>477</b>	<b>570</b>	<b>686</b>
Depreciation & amortisation	57	72	81
Tax paid	(97)	(116)	(139)
Other adjustments	(132)	(162)	(199)
<b>Change in working capital</b>	<b>(327)</b>	<b>32</b>	<b>(59)</b>
<b>Cash flow from operations</b>	<b>(22)</b>	<b>396</b>	<b>370</b>
Capex	(203)	(103)	(125)
Proceeds from assets sales	1	0	0
Others	(225)	(274)	(202)
Other non-current assets changes	0	(24)	(29)
<b>Cash flow from investing activities</b>	<b>(428)</b>	<b>(401)</b>	<b>(355)</b>
New share issuance	33	0	0
Shares buyback	0	0	0
Net borrowings	415	164	192
Other financing cash flow	0	0	0
Dividends paid	(62)	(89)	(125)
<b>Cash flow from financing activities</b>	<b>387</b>	<b>74</b>	<b>67</b>
Cash and equivalents at beginning of period	411	347	417
<b>Total cash generated</b>	<b>(64)</b>	<b>69</b>	<b>82</b>
Cash and equivalents at the end of period	347	417	499

**Key ratios**

	12-19A	12-20E	12-21E
<b>Dupont</b>			
Net profit margin	4.9%	2.9%	3.1%
Asset turnover	2.51	4.18	4.02
ROAA	12.2%	12.2%	12.3%
Avg assets/avg equity	3.78	3.32	3.05
ROAE	46.2%	40.4%	37.5%
<b>Efficiency</b>			
Days account receivable	36.9	20.0	20.9
Days inventory	2.5	1.4	1.5
Days creditor	10.8	6.4	6.7
Fixed asset turnover	27.35	43.37	44.74
ROIC	21.3%	20.1%	19.5%
<b>Liquidity</b>			
Current ratio	1.2	1.2	1.3
Quick ratio	1.2	1.2	1.3
Cash ratio	0.7	0.7	0.8
Cash cycle	28.5	15.1	15.7
<b>Growth rate (yoy)</b>			
Revenue growth	58.7%	99.5%	14.6%
Operating profit growth	39.2%	23.5%	20.3%
Net profit growth	36.2%	19.4%	20.5%
EPS growth	(4.1%)	(10.6%)	(2.2%)

Source: VNDIRECT RESEARCH

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## RECOMMENDATION FRAMEWORK

### Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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