

**KINHBAC CITY DEVELOPEMENT SHARE HOLDING CORP (KBC)**
**Add (Maintained)**
**INDUSTRIAL PROPERTY**

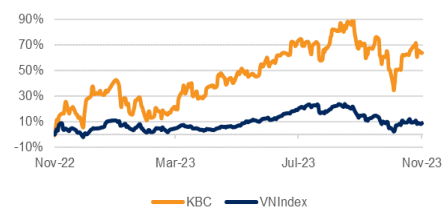
Current Price	VND31,550
52Wk High/Low	VND36,150/20,000
Target Price	VND40,000
Previous TP	VND40,000
TP vs Consensus	5.9%
Upside	26.8%
Dividend Yield	6.4%
Total stock return	33.2%

Growth rating	Positive
Value rating	Positive
ST Technical Analysis	<a href="#">Positive</a>

Market Cap	US\$981.7m
3m Avg daily value	US\$12.6m
Avail Foreign Room	US\$270.0m
Outstanding Shares	767.6m
Fully diluted O/S	767.6m

	KBC	Peers	VNI
P/E TTM	16.7x	19.1x	13.5x
P/B Current	1.3x	2.8x	1.6x
ROA	4.2%	4.8%	2.0%
ROE	7.6%	16.8%	11.7%

\*as of 01/12/2023

**Share Price performance**


Share price (%)	1M	3M	12M
Ordinary share	17.1	-7.5	47.0
Relative to index	12.1	2.3	42.6

**Ownership**

Dang Thanh Tam	18.1%
Kinh Bac Consulting and Investment	8.1%
Dragon Capital	6.0%
Others	67.8%

**Business Description**

KBC is one of the leading IP developers in the North with a tenant portfolio of technology giants. KBC's IP projects are in well-position to attract FDI inflows.

**Analyst(s):**

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## Solid growth driven by core business

- We maintain our Add rating with 26.8% upside and an 6.4% dividend yield. We keep our TP unchanged while the share price has increased 0.5% since our last report.
- TP remains unchanged as revised book value offset lower WACC.
- Current P/B ratio of 1.3x is far below local IP peers median (2.8x) and also lower than its average trailing 3-year P/B ratio of 1.5x.

### Financial Highlights

- 9M23 net revenue rose 291% yoy, but 3Q23 net revenue fell 90% qoq as Q3 is normally low season for IP land leasing.
- With no one-off gains in 3Q23, 9M23 NP edged down 4.9% yoy, fulfilling 86.9% of our full-year forecast.
- KBC spent nearly VND3,900bn (US\$162.5m) to pay off all outstanding corporate bonds in 9M23, cutting the D/E ratio to 0.2x vs 0.4x at YE22.
- 9M23 cash flow from operations improved strongly to reach ~VND2,402bn (US\$98.8m) after a three-year deficit.

### Investment Thesis

#### Progressing land clearance keep IP land sales on track

The remaining area of Quang Chau expansion IP and a part of Nam Son Hap Linh IP, which has completed land clearance and will be handed over in 4Q23 to customers. KBC has strong backlog with 50ha ready to hand over and 30ha in processing. This is equivalent to over VND1,700bn (US\$69.9m) of FY23F revenue, keeping our full-year forecast still on track.

#### Strong FDI inflows will support bright outlook

Since middle-2023, FDI inflows showed an upward trend MoM. Vietnam is on pace for 2023 to break 2022's record setting FDI. We believe the recovery of manufacturing and the China plus one strategy are strong catalysts to ensure the FDI will pour in over the coming years, leading to high demand for ready-for-lease IP land.

#### Trang Due 3 IP will be key driver for FY24-25F earnings growth

Trang Due 3 IP's 1/2000 master plan was approved by Hai Phong People Committee in November. We expect KBC to finalize legal procedure for this project and be ready for launch from 1Q24F. Trang Due 3 IP will attract FDI in the coming years thanks to: 1) strategic location with high quality land bank, 2) focus on providing completed environment for manufacturing electronic and semiconductor components. Contribution from Trang Due 3 IP will help FY24/25F net profit grow 5.9%/33.4% yoy.

#### More attractive with additional cash dividend

Our TP implies a 13.3x 2024F P/E and 1.5x P/B, which we think is attractive regarding KBC's strong backlog, which can offer a strong earnings growth in FY25F. KBC also plans to pay FY22 cash dividend ~VND2,000/share, a 6.4% dividend yield.

	2022	2023E	2024F	2025F
Revenue growth (%)	(77.6)	610.7	12.2	30.7
EPS growth (%)	44.8	50.1	5.9	33.4
Gross margin (%)	28.0	56.3	53.7	56.4
Net profit margin (%)	160.6	33.9	32.0	32.7
P/E (x)	15.6	10.4	9.8	7.4
P/B (x)	1.5	1.3	1.2	1.1
ROE (%)	10.2	13.3	12.9	15.5
Net D/E (x)	0.4	0.2	0.2	0.2

Source: VNDIRECT RESEARCH

## Company Profile

Kinhbac City Development share Holding Corp (KBC) was established in 2002 and announced as one of the country's leading industrial park developers with nine operating IPs and four industrial clusters, spanning over 3,200ha, mostly based on the North. With a strategy to focus on developing IPs suitable for electronics production, KBC has a tenant portfolio of technology giants, like: LG, Foxconn, Canon, Goertek...

Figure 1: Industrial projects portfolio as of end 3Q23

No. Projects	Location	Open for lease	KBC's ownership	Land area (ha)	Occupancy rate (%)	Remaining NLA (ha)	Rental price (US\$/sqm)	Note
<b>Fully occupied</b>								
1 Que Vo 1 IP	Bac Ninh	2003	100%	274	100%	-	N/A	
2 Que Vo 2 IP	Bac Ninh	2006	100%	244	100%	-	N/A	
3 Trang Due 1 IP	Hai Phong	2008	87%	184	100%	-	N/A	
4 Trang Due 2 IP	Hai Phong	2015	87%	190	100%	-	N/A	
5 Quang Chau IP	Bac Giang	2006	88%	426	100%	-	N/A	
<b>Remaining IP leasable area</b>								
6 Nam Son Hap Linh IP	Bac Ninh	2021	100.0%	300	55.9%	90	130-140	Will hand over around 40ha in 4Q23 and continue to site clearance about 30ha to hand over in 1Q24F, following signed MOUs.
7 Tan Phu Trung IP	HCMC	2010	72.4%	542	74.5%	80	150-160	Lease out 15-20ha on average per year.
8 Quang Chau expansion IP	Bac Giang	2023	88.1%	90	22%	~10	140	Will hand over rest of available land in 4Q23.
<b>Upcoming IPs in FY23-24F</b>								
9 Trang Due 3 IP	Hai Phong	2023F	86.5%	687	0%	456	150-160	Received 1/2000 approval by Hai Phong and expect to finalize legal procedure in 1Q24F. KBC has compensated for more than 300ha and signed an MOU for leasing 115ha in 2024-25F.
10 Tan Tap IC	Long An	2024F	86.5%	72	0%	46	120-130	
11 Phuoc Vinh Dong 1 IC	Long An	2024F	100.0%	50	0%	35	120-130	Under compensation and negotiation with some potential clients for 100ha at the same time.
12 Phuoc Vinh Dong 2 IC	Long An	2024F	88.1%	48	0%	31	120-130	
13 Phuoc Vinh Dong 4 IC	Long An	2024F	72.4%	50	0%	36	120-130	

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Besides IP, KBC has also expanded into the residential market with three key projects, which own total land area of more than 740ha.

Figure 2: Residential project portfolio as at end 3Q23

No. Projects	Location	Open for sales	KBC's ownership	Total land area (ha)	% area completed land clearance	Note
1 Trang Due urban area	Hai Phong	2019	86.5%	42.1	100%	Will handover rest of villas product in 4Q23-1Q24F.
2 Phuc Ninh urban area	Bac Ninh	2023	100.0%	114.6	77%	Reopening sales from begin 4Q23, 27% units was sold.
3 Trang Cat urban area	Hai Phong	Excepted 2025	100.0%	584.9	~20%	Still in land clearance process.

Source: VNDIRECT RESEARCH, COMPANY REPORTS

## Results Recap: Freeze in 3Q23 core business, but still on track

(VNDbn)	3Q23	%yoy	9M23	%yoy	9M22/FY22	9M23/FY23F
Revenue	247	21.6%	5,038	291.0%	92.2%	74.6%
_ IP land lease	26	-65.8%	4,567	590.4%	100.7%	80.1%
_ Residential project	50	155.2%	79	-76.8%	96.7%	12.9%
_ Other	171	58.9%	392	37.2%	73.7%	89.4%
Gross profit	111	14.0%	3,309	490.6%	210.8%	87.0%
SG&A expenses	76	-0.5%	672	107.6%	63.4%	105.3%
Net financial income	18	-129.3%	24	-111.8%	80.7%	-15.8%
Profit/loss from associates	(2)	-100.1%	(1)	-100.0%	101.1%	-7.1%
PBT	47	-97.6%	2,652	17.8%	132.7%	87.9%
NPAT-MI	5	-99.8%	1,925	-4.9%	132.6%	86.9%
GPM	44.9%	-3.0% pts	65.7%	22.2% pts		
NPM	1.9%	-937.2% pts	38.2%	-118.8% pts		

### Strong 9M revenues on IP leasing to FDI companies

9M23 revenue surged by 291.0% yoy to VND5,038bn (US\$205.1m), mainly from the high contribution of IP business with a 590.4% yoy increase in revenue to VND4,567bn (US\$186.0m). In 9M23, KBC handed over 128-130ha of IP land leases from Quang Chau IP and Nam Son Hap Linh IP to notable customers like Foxconn and Goertek.

### However, 3Q23 revenue fell on IP leasing seasonality

After two stellar quarters, KBC's 3Q23 revenue just reached about VND247bn (US\$10.2m), increasing 21.6% yoy, but falling 90.4% qoq. 3Q is low season for IP land leasing with low contribution to the full year's revenue. In 3Q23, KBC was unable to push the land clearance process in Nam Son Hap Linh IP, KBC's main growth driver of 2023, so that IP revenue dropped by 65.8% yoy to VND26bn (US\$1.1m). Residential projects and other revenue surged though by 155.2%/58.9% yoy to VND50bn/171bn (US\$2.0/7.0m), respectively thanks to: 1) recognizing a few villas from Trang Due urban area, 2) higher-than-expected utilities service revenue and leasing warehouse revenue.

### Lack of one-off gains weighed on 3Q23 earnings

3Q23 NPAT-MI fell 99.8% yoy to VND5bn (US\$0.2m) and 9M23 NPAT-MI edged down 4.9% yoy to VND1,925bn (US\$78.4m) due to recognition of a one-off gain of VND1,975bn (US\$80.4m) in 3Q22 from revaluation of KBC's investment in Saigon – Da Nang Investment JSC (SDN) in 3Q22. Excluding this one-off gain, 3Q23 NPAT-MI was flat yoy.

## FY23-25 outlook: Solid profit growth driven by core business

### FY23-25F earnings forecast

Figure 3: We keep unchanged FY23-25F earnings forecast

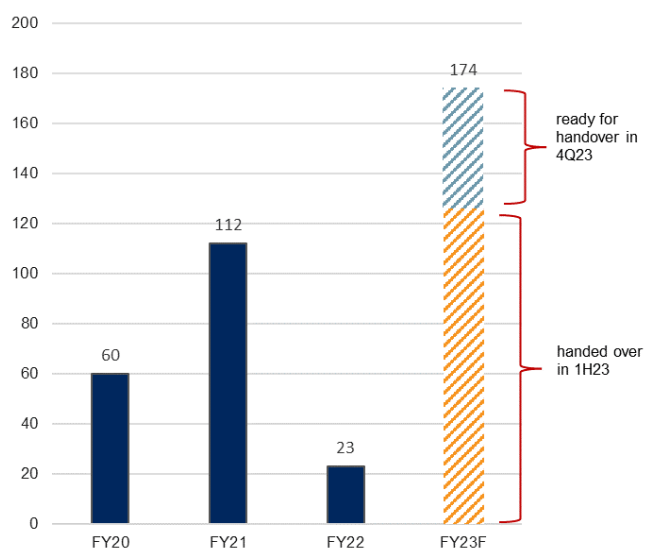
(VNDbn)	FY23F	FY24F	FY25F
<b>Revenue</b>	<b>6,754</b>	<b>7,575</b>	<b>9,898</b>
_Industrial property	5,699	6,346	7,740
IP land sales (ha)	174	180	207
Average rental price (US\$/sqm/lease term)	137	147	156
_Residential property	617	768	1,632
_Other	127	134	162
Revenue yoy	610.7%	12.2%	30.7%
<b>Gross profit</b>	<b>3,805</b>	<b>4,069</b>	<b>5,582</b>
GM	56.3%	53.7%	56.4%
Gross profit yoy	1331.7%	6.9%	37.2%
<b>SG&amp;A expense</b>	<b>637</b>	<b>688</b>	<b>872</b>
SG&A expense/revenue	9.4%	9.1%	8.8%
<b>Operating profit</b>	<b>3,167</b>	<b>3,381</b>	<b>4,710</b>
<b>EBT</b>	<b>3,114</b>	<b>3,313</b>	<b>4,468</b>
<b>Net profit</b>	<b>2,291</b>	<b>2,411</b>	<b>3,175</b>
NP yoy	50.1%	5.3%	31.7%

Source: VNDIRECT RESEARCH

### Strong land bank for 4Q23 handovers

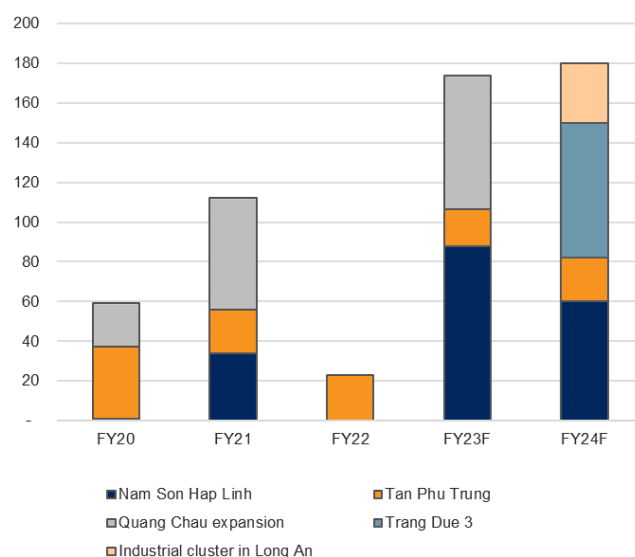
KBC has completed site clearance for 50ha of IP land (from Nam Son Hap Linh and Quang Chau expansion) but this was not eligible for handover to customers in 3Q23. With such a high ready-for-handover IP land bank, we believe KBC's IP land sales can complete our FY23F forecast of 174ha.

Figure 4: Our forecast of 174ha land handover for FY23F still on track... (Unit: ha)



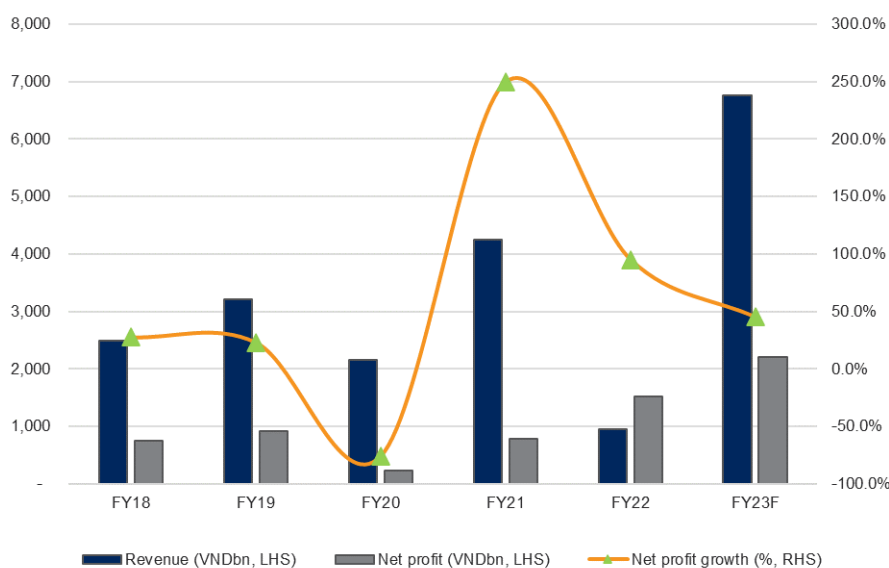
Source: VNDIRECT RESEARCH

Figure 5: ... thanks to 50ha of Nam Son Hap Linh and Quang Chau expansion was completed clearance, ready to lease in 4Q23 (Unit: ha)



Source: VNDIRECT RESEARCH

**Figure 6: FY23F revenue/NP is expected to reach VND6,754/2,291bn (+383.3%/50.1% yoy)**



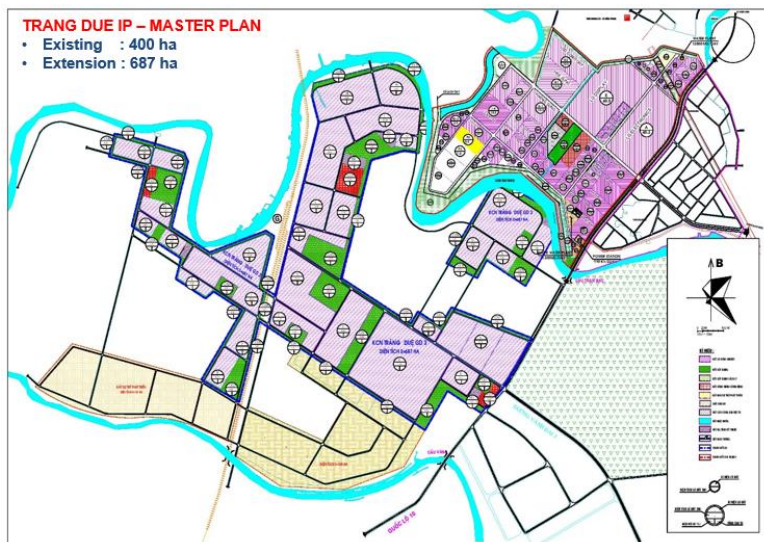
Source: VNDIRECT RESEARCH

### Trang Due 3 will drive 2024-25F positive outlook

#### Trang Due 3 legal procedure was progressed well

On 13 November 2023, Hai Phong approved 1/2000 plan for Trang Due 3 IP. We expect KBC to finalize legal procedure for Trang Due 3 and ready for launch from 1Q24F.

**Figure 7: Trang Due 3 IP project**



- Location: Dinh Vu – Cat Hai Economic Zone, Hai Phong.
- Total land area: 687ha
- Leasable area: 460ha
- Ownership: KBC (87%)
- Rental price: US\$150-160/sqm/lease term
- Expected launching time: 1Q24F

Source: VNDIRECT RESEARCH, COMPANY REPORTS

We believe Trang Due 3 will be a hotspot in Hai Phong's FDI attraction with Korean investors is the key, following as:

- LG Group's director committed to invest US\$4bn in LG' subsidiaries in Vietnam thanks to earnings growth of LG Display, LG Electronics and LG Innotek in recent years. If excluding an signed US\$1bn investment for LG Innotek, there is about US\$3bn additional investment for LG Display and LG Electronics' expansion is waiting to disburse.

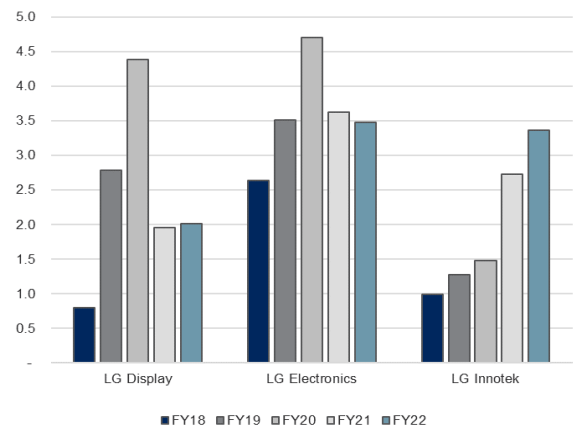
- Not only LG, we believe Trang Due 3 IP will attract more and more Korean investors thanks to Trang Due IP's creating a completed environment for Korean investors when looking back successful attraction in Trang Due (1&2) with some key investors, such as: Haeng Sung, Heesung, Dong Yang... Also, during Korean' state visit, KBC signed 4 other MOUs with STS Group, JB Financial Group, Gyeongsang National University and Gyeongsang National University Hospital on investment cooperation and implementation projects in Trang Due IP, Dinh Vu – Cat Hai economic zone with total committed investment capital around US\$1bn.

**Figure 8: Some notable investors in Trang Due IP (1&2)**

Investor	From	Scale (ha)	Investment capital (US\$m)
LG Electronics	Korea	40	1,500
LG Display	Korea	40	1,500
LG Innotek	Korea	17	1,100
Haeng Sung	Korea	10	100
Heesung	Korea	14	154
Bluecom	Korea	6	50
Dong Yang	Korea	9	95

Source: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 9: Revenue of LG's subsidiaries in Trang Due IP (1&2) (US\$bn)**



Source: VNDIRECT RESEARCH, LG Group



## Valuation

### Reiterate Add with unchanged TP of VND40,000/share

Our valuation is based on sum-of-the-parts (SOTP) methodology for KBC's IP projects and residential projects and its investments associates.

We keep unchanged our TP due to:

- Apply revised WACC assumptions about 12.5% (from 13.0%), leading to a slightly increase in DCF-based valuation for IP projects and Trang Due urban project.
- Use book value as of end-3Q23 for cash and cash equivalents, investment in associates, short-term investment, gross debt, etc

Figure 10: Change in WACC assumption

	Previous	Revised
Market premium	10.0%	9.7%
Risk free rate	3.0%	2.7%
Beta	1.1	1.1
CoE	15.0%	13.4%
CoD	10.0%	10.0%
Debt weight	17.4%	16.2%
Equity weight	82.6%	83.8%
<b>WACC</b>	<b>13.0%</b>	<b>12.5%</b>

Source: VNDIRECT RESEARCH

Figure 11: SOTP-based valuation

Project name	Method	Fair value
Nam Son Hap Linh IP	DCF	3,065
Tan Phu Trung IP	DCF	1,308
Quang Chau IP & expansion	DCF	1,688
Trang Due 3 IP	DCF	4,620
Upcoming IPs	DCF	4,175
Trang Cat urban area	1.5x P/B	12,147
Phuc Ninh urban area	1.5x P/B	1,670
Trang Due urban area	DCF	586
Other	BV	824
<b>Total</b>		<b>30,083</b>
<b>(+)</b>		
Cash and cash equivalent	BV	911
Investment in associates	0.7x P/B	3,331
Short-term financial investment	BV	2,284
Construciotn in progress	BV	546
Other assets	BV	2,831
<b>(-)</b>		
Gross debt	BV	3,867
Minority interest	BV	1,992
RNAV		34,127
Discount to RNAV		10%
Share outstanding		767,604,759
<b>Target price (VND/share)</b>		<b>40,000</b>

Source: VNDIRECT RESEARCH

Figure 12: WACC sensitivity analysis on TP (VND/share)

WACC	11.5%	12.0%	<b>12.5%</b>	13.0%	13.5%
<b>TP</b>	40,756	40,380	<b>40,000</b>	39,661	39,317

Source: VNDIRECT RESEARCH

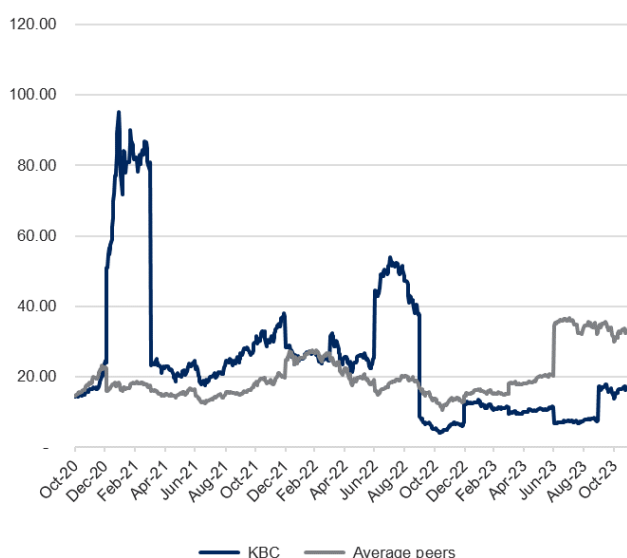
**Figure 13: Peers comparison (data as at 28/11/2023)**

Company	Ticker	Mkt Cap	TTM Net revenue	%yoy	TTM Net profit	%yoy	Debt/Equity	ROE	TTM P/E	LQ P/B
		US\$m	US\$m		US\$m		x	%	x	x
Vietnam Rubber Group	GVR VN	3,183	973.4	(9.5)	96.5	(46.3)	0.1	4.7	32.9	1.5
Viglacera Corp Jsc	VGC VN	963	557.1	(10.4)	57.1	(30.1)	0.4	17.3	17.2	2.8
Idico Corp Jsc	IDC VN	653	256.6	(23.9)	43.4	(50.1)	0.6	10.6	31.3	3.6
Saigon Vrg Investment Corp	SIP VN	433	256.5	2.6	35.5	3.2	0.3	23.1	12.2	3.1
Sonadezi Corp	SNZ VN	433	212.8	(3.4)	26.2	(20.1)	0.4	9.5	19.0	1.8
Phuoc Hoa Rubber	PHR VN	258	36.3	21.4	19.2	0.6	0.1	24.9	7.0	1.8
Sonadezi Chau Duc	SZC VN	214	31.2	(6.9)	8.3	(11.7)	1.4	13.4	24.3	3.1
Nam Tan Uyen Jsc	NTC VN	183	10.4	(14.8)	11.5	(5.0)	0.3	38.1	17.3	6.2
Long Hau Corp	LHG VN	62	14.6	(40.2)	5.7	(29.6)	0.1	9.2	10.8	1.0
<i>Average</i>				(9.4)		(21.0)	0.4	16.8	19.1	2.8
<i>Median</i>				(9.5)		(20.1)	0.3	13.4	17.3	2.8
<b>Kinh Bac City Development Holding</b>	<b>KBC VN</b>	<b>981</b>	<b>213.1</b>	<b>104.5</b>	<b>59.7</b>	<b>(35.7)</b>	<b>0.2</b>	<b>8.3</b>	<b>16.7</b>	<b>1.3</b>

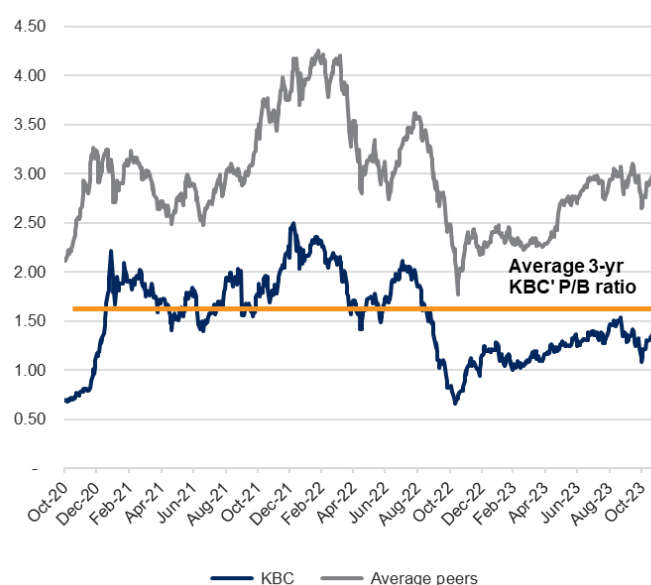
Source: VNDIRECT RESEARCH, COMPANY REPORTS

KBC trades at a 1.3x current P/B, which is significantly lower than local IP peers median and also lower than its average trailing 3-year P/B ratio (1.5x). Our TP implies a 13.3x 2024F P/E and 1.5x P/B, which we think is attractive regarding KBC's strong backlog, which can offer strong earnings growth in FY25F. Besides, KBC plans to pay FY22 cash dividend about VND2,000/share, which offers a 6.5% dividend yields.

We prefer P/B as a test of valuation over P/E because KBC's earnings are very lumpy around project deliveries, which makes the P/E ratio quite volatile.

**Figure 14: P/E ratio of KBC and local IP peers**


Source: VNDIRECT RESEARCH

**Figure 15: P/B ratio of KBC and local IP peers**


Source: VNDIRECT RESEARCH



## Sensitivity Analyses

### Potential re-rating catalyst:

- Sooner-than-expected approval for legal procedure of Trang Due 3, leading to higher-than-expected IP land sales and higher growth rate of rental price in the context of lack of new supply while high demand.

### Downside risk:

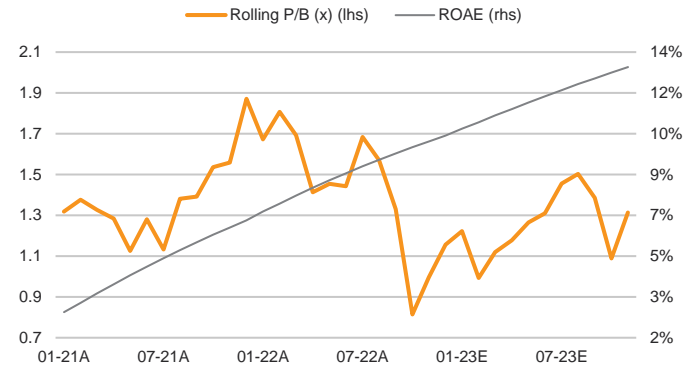
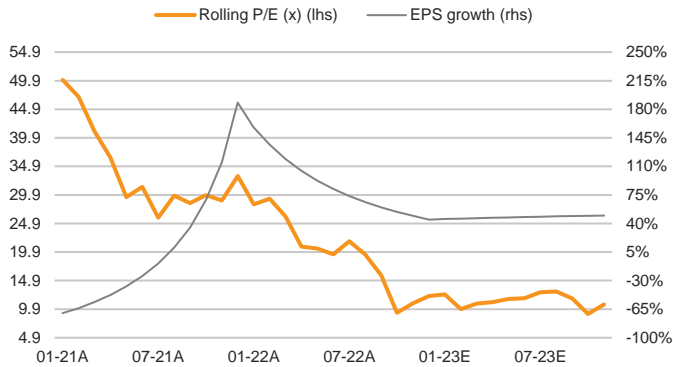
- Worse-than-expected IP land sales in Trang Due 3 if prolong legal procedure approval makes slower-than-expected land clearance to hand over clients.
- Regulatory delays in new projects.

We run a sensitivity analysis of operating assumption on our TP, mostly base sales activities on Trang Due 3, which will be key driver on FY24-25F earnings growth.

**Figure 16: Sensitivity of Trang Due 3 IP' operating assumption on TP (VND/share)**

	Worst case scenario	Base case scenario	Best case scenario
Legal procedure approval time	During-2Q24F	End-1Q24F	Early-1Q24F
Handover time	During-4Q24F	During-3Q24F	End-2Q24F
Expected IP land sales (ha)	48	68	88
Expected rental price (US\$/sqm/lease term)	145	155	165
<b>TP (VND/share)</b>	<b>39,600</b>	<b>40,000</b>	<b>40,400</b>

Source: VNDIRECT RESEARCH

**Valuation**

**Income statement**

(VNDbn)	12-23E	12-24E	12-25E
Net revenue	6,754	7,575	9,898
Cost of sales	(2,949)	(3,506)	(4,316)
Gen & admin expenses	(381)	(403)	(428)
Selling expenses	(257)	(285)	(444)
<b>Operating profit</b>	<b>3,167</b>	<b>3,381</b>	<b>4,710</b>
Operating EBITDA	3,059	3,257	4,583
<b>Depreciation and amortisation</b>	<b>108</b>	<b>124</b>	<b>127</b>
<b>Operating EBIT</b>	<b>3,167</b>	<b>3,381</b>	<b>4,710</b>
Interest income	333	295	259
Financial expense	(389)	(367)	(504)
Net other income	(7)	(7)	(7)
Income from associates & JVs	10	10	10
<b>Pre-tax profit</b>	<b>3,114</b>	<b>3,313</b>	<b>4,468</b>
Tax expense	(685)	(729)	(983)
Minority interest	(138)	(173)	(310)
<b>Net profit</b>	<b>2,291</b>	<b>2,411</b>	<b>3,175</b>
Adj. net profit to ordinary	2,291	2,411	3,175
Ordinary dividends	0	(1,535)	0
<b>Retained earnings</b>	<b>2,291</b>	<b>876</b>	<b>3,175</b>

**Balance sheet**

(VNDbn)	12-23E	12-24E	12-25E
Cash and equivalents	1,513	2,955	1,853
Short term investments	2,297	2,253	2,213
Accounts receivables	10,076	10,427	11,672
Inventories	12,381	12,854	20,809
Other current assets	448	527	553
<b>Total current assets</b>	<b>26,715</b>	<b>29,016</b>	<b>37,100</b>
Fixed assets	967	1,124	1,408
Total investments	4,784	4,784	4,784
Other long-term assets	2,105	2,039	1,973
<b>Total assets</b>	<b>34,571</b>	<b>36,962</b>	<b>45,265</b>
Short-term debt	804	828	1,303
Accounts payable	590	701	863
Other current liabilities	6,469	7,487	9,942
<b>Total current liabilities</b>	<b>7,863</b>	<b>9,017</b>	<b>12,108</b>
Total long-term debt	3,207	3,073	4,445
Other liabilities	3,227	3,550	3,904
Share capital	7,676	7,676	7,676
Retained earnings reserve	7,937	8,813	11,988
<b>Shareholders' equity</b>	<b>18,359</b>	<b>19,235</b>	<b>22,410</b>
Minority interest	1,916	2,088	2,398
<b>Total liabilities &amp; equity</b>	<b>34,571</b>	<b>36,962</b>	<b>45,265</b>

**Cash flow statement**

(VNDbn)	12-23E	12-24E	12-25E
<b>Pretax profit</b>	<b>3,114</b>	<b>3,313</b>	<b>4,468</b>
Depreciation & amortisation	108	124	127
Tax paid	(413)	(611)	(854)
Other adjustments	(344)	(306)	(269)
<b>Change in working capital</b>	<b>1,136</b>	<b>432</b>	<b>(6,384)</b>
<b>Cash flow from operations</b>	<b>3,600</b>	<b>2,953</b>	<b>(2,910)</b>
Capex	(545)	(215)	(346)
Proceeds from assets sales	0	0	0
Others	403	349	309
Other non-current assets changes			
<b>Cash flow from investing activities</b>	<b>(143)</b>	<b>134</b>	<b>(37)</b>
New share issuance	0	0	0
Shares buyback	0	0	0
Net borrowings	879	1,545	2,673
Other financing cash flow	(4,507)	(1,654)	(827)
Dividends paid	0	(1,535)	0
<b>Cash flow from financing activities</b>	<b>(3,628)</b>	<b>(1,645)</b>	<b>1,846</b>
Cash and equivalents at beginning of period	1,683	1,513	2,955
<b>Total cash generated</b>	<b>(170)</b>	<b>1,442</b>	<b>(1,101)</b>
Cash and equivalents at the end of period	1,513	2,955	1,854

**Key ratios**

	12-23E	12-24E	12-25E
<b>Dupont</b>			
Net profit margin	33.9%	31.8%	32.1%
Asset turnover	0.19	0.21	0.24
ROAA	6.6%	6.7%	7.7%
Avg assets/avg equity	2.02	1.90	1.97
ROAE	13.3%	12.8%	15.2%
<b>Efficiency</b>			
Days account receivable	87.2	79.9	65.2
Days inventory	1,532.5	1,341.9	1,759.9
Days creditor	73.0	73.2	73.0
Fixed asset turnover	5.40	7.25	7.82
ROIC	9.4%	9.6%	10.4%
<b>Liquidity</b>			
Current ratio	3.4	3.2	3.1
Quick ratio	1.8	1.8	1.3
Cash ratio	0.5	0.6	0.3
Cash cycle	1,546.7	1,348.6	1,752.1
<b>Growth rate (yoy)</b>			
Revenue growth	610.7%	12.2%	30.7%
Operating profit growth		6.7%	39.3%
Net profit growth	50.1%	5.3%	31.7%
EPS growth	50.1%	5.3%	31.7%

Source: VND 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.*

**Growth Ratings** Definition:

Positive	We forecast the company to have stronger earnings growth than peers over the investment horizon.
Neutral	We forecast the company's earnings growth to be in line with peers over the investment horizon.
Negative	We forecast the company to have weaker earnings growth than peers over the investment horizon.

**Value Ratings** Definition:

Positive	The current share price is lower than peers on the basis of historical P/E, P/B or another ratio specified.
Neutral	The current share price is in-line with peers on the basis of historical P/E, P/B or another ratio specified.
Negative	The current share price is higher than peers on the basis of historical P/E, P/B or another ratio specified.

**Sector Ratings** Definition:

Overweight	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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