

## Century Synthetic Fiber Corp (STK)

### Running on all cylinders

Particulars (VND bn)	Q1-FY15	Q4-FY14	+/- qoq	Q1-FY14	+/- yoy
Net Revenues	317.4	363.5	-13%	370.2	-14%
NPAT	25.4	24.4	4%	26.2	-3%
EBIT	33.6	33.4	1%	36.7	-9%
EBIT margin (%)	10.6%	9.2%	140bps	9.9%	66bps

Source: STK, RongViet Research

- The highlight point in STK's businesses is its steady growth
- Reduced raw material prices might enhance profit margin for yarn products
- Booming capacity
- Liquidity can be an issue for STK stocks after listing

### Outlook and Valuation

Century Synthetic Fiber Corporation specializes in manufacturing polyester filament yarn (DTY, FDY, POY) for textile industry. The Company through its large-scale production, high quality products and stability has built up a wide and loyal customer base. Revenue and NPAT gained quite well growth rates in the previous years, especially since 2014 because chip prices, in general, have declined following the decline in crude oil prices.

Since 2015, STK's revenue will have contribution of Trang Bang 3 plant. With the design capacity of 15,000 tons DTY and 15,000 tons POY per year, the new plant is expected to add 10% and 40% to STK's yarn volume in 2015 and 2016, respectively. Using high proportion of debt (70% capex) to fund the project could accelerate finance cost, especially interest expense in the 2015-2017 period. However, cash flow from the plant could not only fully offset the increase in depreciation and financial expense but also enhance ROE for STK. In addition, 2015's business result could be supported by the fall in chip prices and the preferential tax rate for Trang Bang plants. Thanks to that, 2015's NPAT could reach VND22 billion, equivalent to VND2,882 diluted EPS.

By combining the FCFE and the relative value (P/E) methods, we believe the reasonable price for STK's stock could be **VND30,800/share**, 27.7% higher than the success bid price in December 2014. Also, STK is expected to be listed in HSX since 3QY2015. Liquidity could be a major concern of this Company as there is only a short list of individual shareholders.

### Key financials

Y/E Dec ( VND bn)	FY2012	FY2013	FY2014F	FY2015F
Net Interest Income	1,099.2	1,453.0	1,457.5	1,533.0
% chg	17.6	32.2	0.3	5.2
PAT	84.2	74.4	106.1	121.9
% chg	2.1	-11.6	42.6	14.9
NIM (%)	7.7	5.1	7.3	8.0
ROA (%)	8.9	7.3	9.3	8.4
ROE (%)	19.6	15.3	18.0	17.3
EPS (VND)	2,710	1,917	2,725	2,812
Adjusted EPS (VND)	2,710	1,917	2,725	2,882
Book value (VND)	17,069	15,949	15,951	15,790
Cash dividend (VND)		1,500		1,500
P/E (x)	n/a	n/a	n/a	n/a
P/BV (x)	n/a	n/a	n/a	n/a

Source: STK, RongViet Securities

## POSITIVE

IPO Price (VND)	24,124
Target Price (VND)	30,800
Investment Period	LONG TERM

### Stock Info

Sector	Personal goods
Market Cap ( VND bn)	n/a
Current Shares O/S	42,305,336
Beta	n/a
Free float (%)	50.3
52 weeks High	n/a
52 weeks Low	n/a
Avg. Daily Volume (in 20 sessions)	n/a

### Performance (%)

	3M	1Y	3Y
STK	n/a	n/a	n/a
Textile & Garment	4,9	-0,4	n/a
VN30 Index	-2,2	-4,4	5,4
HSX Index	-3,7	-1,3	13,7

### Major Shareholders (%)

Huong Viet Investment Consultant Corp	18.7
Dang Trieu Hoa	13.9
Dang My Linh	8.5
Dang Huong Cuong	8.5
Vietnam Holding Limited	8.0
Foreigner Investor Room	39.6

### Pham Thi Huong

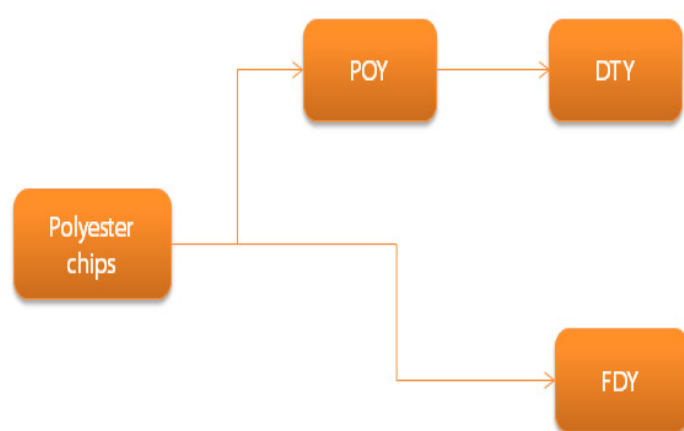
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### The highlight point in STK's businesses is its steady growth

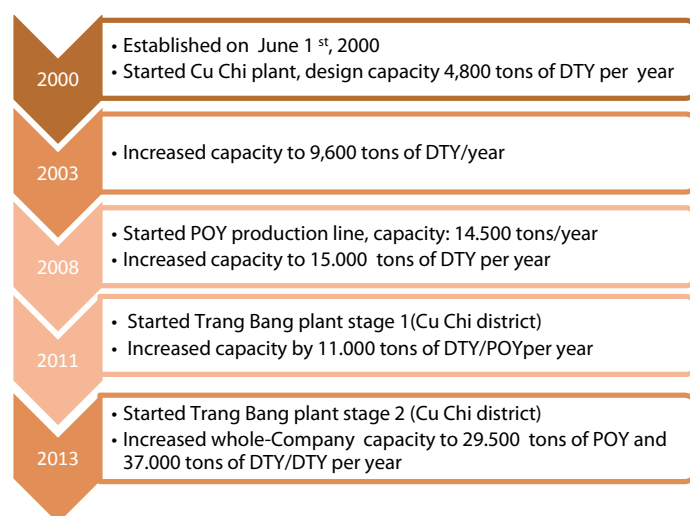
Century Synthetic Fiber Corporation (STK) is a textile firm specializing in the manufacturing and trading of filament yarns (POY, DTY and FDY<sup>1</sup>) made from polyester chips<sup>2</sup>. With its 15-year experience (established in 2000), STK now focuses on the manufacturing long filament yarns. STK currently has one plant in Tay Bac Cu Chi Industrial Park (Cu Chi, Ho Chi Minh City) and two in Trang Bang Industrial Park (Tay Ninh province) with a total design capacity of 37 tons (DTY and FDY) a year. Able to product 29,500 POY tons/year (POY is an input to DTY), STK hardly relies on outside material for its DTY line. Besides, the use of state-of-the-art equipment imported from Germany and good quality control give STK's yarns high and consistent quality.

**Graph 1: Polyester yarn production process**



Source: STK

**Graph 2: Some important milestones**

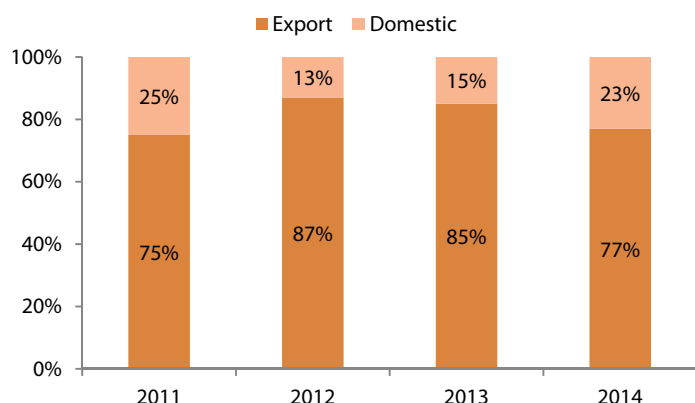


Source: STK

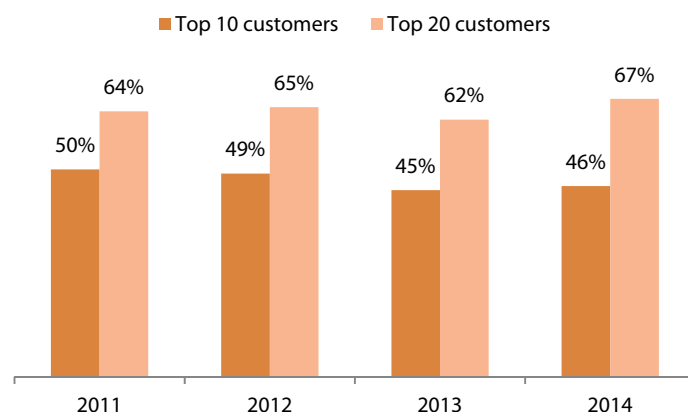
Like most other textile manufacturers, the main output of STK's products is export. The Company's major customers come from Thailand, Turkey, Taiwan, South Korea, Japan. The list includes Universal, YRC, Golden Empire, Hansea, etc. companies who supply fabrics for world's renowned brands such as Reebok, Nike, Adidas, Puma, etc. In the domestic markets, STK sell to prominent textile-garment producers such as Thanh Cong Textile, Formosa, Thai Tuan, etc. Most of those are loyal customers who have been persuaded by the quality of STK's merchandises and its ability to fulfill their delivery and quantity requirements. STK is also expanding its network to TPP countries like the US and Japan in order to position itself for the tariff cuts promised by the agreement.

<sup>1</sup> By length, synthetic fibers are divided into short yarns and long yarns, where the former are generally more durable and elastic. DTY (Drawn Textured Yarn), FDY (Fully Drawn Yarn) are the popular types of long yarn and POY (Partial Oriented Yarn) is the intermediate product used for DTY manufacturing.

<sup>2</sup> Polyester chips a petroleum products used as the raw material to produce synthetic fibers for the textile industry.

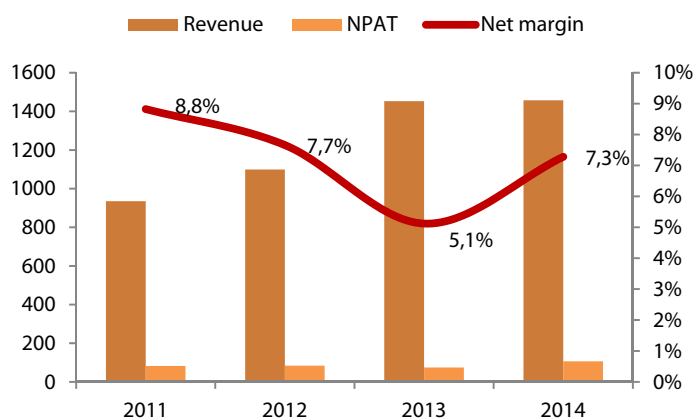
**Graph 3: Revenue by geography**


Sources: STK, RongViet Research compiled

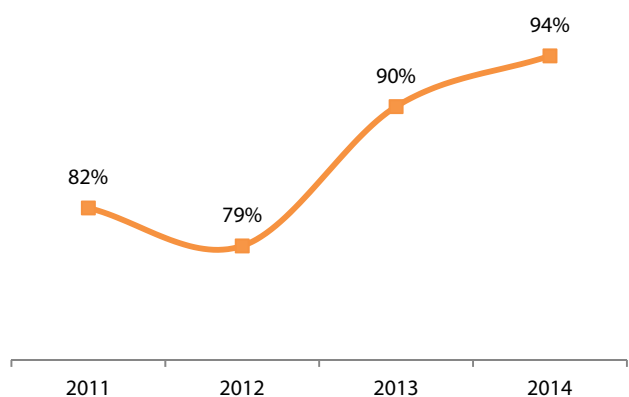
**Graph 4: Top 10 and 20 customers in proportion to sales**


Source: STK

STK's revenue grew at a compounded annual growth rate (CAGR) of 16%/year in the 2011-2014 period. Utilization was also recorded at high and continuously improving rate (Graph 6). However, revenue remained almost constant in 2014, picking up just 0.3% as compared to 2013, the reasons for which included: (1) a decline of polyester chip price, which led to decreased fiber prices; (2) STK shift of focus to the manufacturing of high-quality yarns, which offer higher margins at the cost of lower volume; (3) near-maximum capacity at all of its plants. Nonetheless, the net margin showed an encouraging improvement (Graph 5).

**Graph 5: Revenue, NPAT and net profit margin of STK**


Sources: STK, RongViet Research compiled

**Graph 6: Utilization rate**


Source: STK

**Table 1: Compare to other textile companies in 2014**

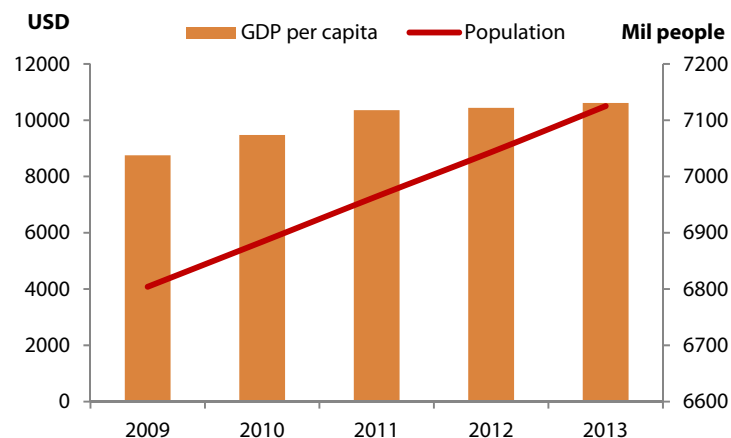
	STK	TCM	GMC	TNG	KMR	GIL
Revenue (VND billion)	1,458	2,571	1,409	1,376	346	1,108
NPAT (VND billion)	106.1	168.4	60.4	53.2	8.8	51.9
Net margin (%)	7.3	6.5	4.3	3.9	2.5	4.7
ROA (%)	9.3	8.3	9.3	4.9	1.4	5.9
ROE (%)	15.7	21.8	27.5	22.5	1.9	13.2

Source: RongViet Research compiled

### Optimistic long-term outlook for the yarn industry

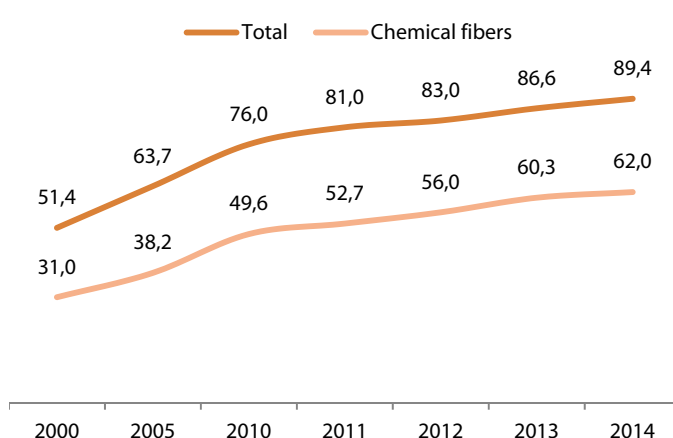
High population and income growth, especially in emerging markets, have been shoring up the demand for the garment and fiber consumptions. In 2014, global fiber volume reached 89,400 million tons, up 3.2% from the previous year at a CAGR of 4% in the period from 2000; the fiber consumption is forecast to continue increasing at a CAGR of 3.7% until 2025. In particular, synthetic fibers (over 90% of chemical fiber consumption) have been increasing at a higher rate than natural fibers due to its low cost of production and technical features such as high durability, wrinkle resistance, color bonding, etc.

**Graph 7: Population and GDP per capita in period 2009-2013**



Sources: World Bank, RongViet Research compiled

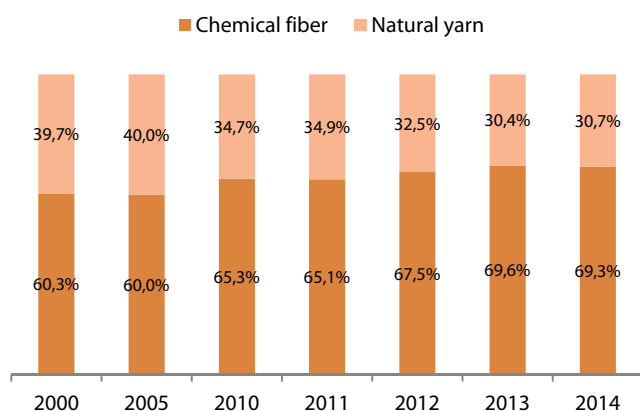
**Graph 8: Worldwide production volume of textile fiber**



Sources: statista.com, The Fiber Year

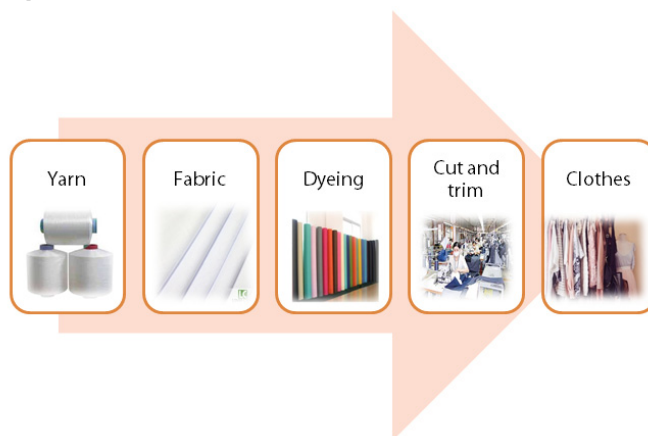
In Vietnam, yarn and fiber production is still relatively low as compared to demand. Last year, Vietnam reported imported a total 8.6 million square meters of fabrics. With the FDI sector aside, up to 85% of garment producers only produce under the CMT (cut-make-trim) method and thus depend heavily on materials imported from China, contributing to a localization rate as low as 35.7% in 2014. Meanwhile, to meet the "yarn forward" rule, which will most likely be included in the TPP, Vietnam textile and garment producers are under pressure to search for new sources of material. This leaves a huge room for fiber manufacturers like Century Corp to grow.

**Graph 9: Global fiber production structure**



Sources: statista.com, The Fiber Year

**Graph 10: Textile value chain**



Source: RongViet Research compiled



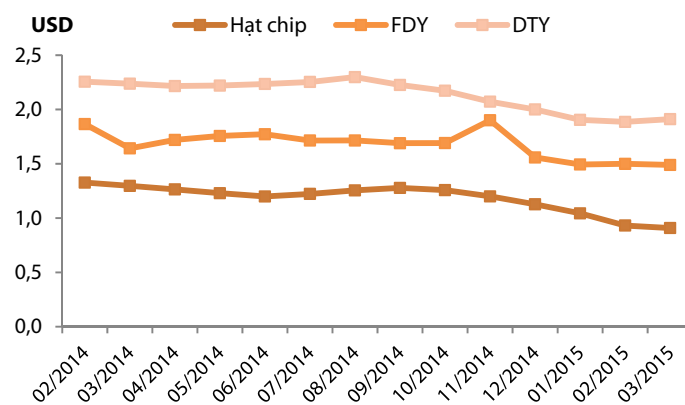
### Reduced raw material prices might enhance profit margin for yarn products

Polyester chips are the largest component of STK's COGS (60-70%). As the price of polyester chips is closely linked to that of crude oil, the recent plunge in oil price had some positive impact on STK profitability. In 2014, polyester price fell 14% against 6% in the selling prices of yarns. Therefore, gross profit margin increased to 14.6% from 12.2% in 2013. In 1Q2015, the polyester chip price fell another 28% from the end of 2014. But as STK shifted to high value-added products, the average selling price decreased just 12%. As a result, 1Q2015's gross margin jumped to 15.9%, well above that of a year earlier (11.6%). According to some researches, polyester price could rebound in the upcoming periods because oil prices are rising. However, the average chip prices on average may still be 16% lower than in 2014. Therefore, we believe that STK could still benefit from the decline in raw material prices this year.

**Table 2: Update 1Q2015**

	Q I/2015	Q I/2014	+/- (%)
Revenue	317.4	370.2	-14.3
COGS	267.0	317.5	-15.9
Gross profit	50.4	52.6	-4.3
NPAT	25.4	26.2	-2.9
Gross margin	15.9%	14.2%	1.7
Net margin	8.0%	7.1%	0.9

**Graph 11: Yarn and chip prices**



Source: STK

Nguồn: STK, RongViet Research tổng hợp

In contrast, the costs of other inputs such as electricity and labor are on the rise. Electricity cost, which made up ~10.9% of 2014 COGS may add VND10 billion in 2015 with the ruling of Decision No.2256/QĐ-BTC (March 12, 2015), which required a 7.5% increase in electricity price. The average wage may also rise ~15% due to the increase in base salary (~14%) under Decree No.103/2014/ND-CP (November 11, 2014) and rising labor demand for the textile industry. However, labor costs accounted for only 4-5% of COGS so the increases may not significantly affect STK's earnings.

Of the aforementioned factors, raw material (polyester chips) still has the strongest impact on STK's earnings and its depreciation can largely offset the increases in electricity and labor cost. We estimate the gross profit margin of the Company may reach 15.4% in 2015, up ~83 percentage points from 2014.

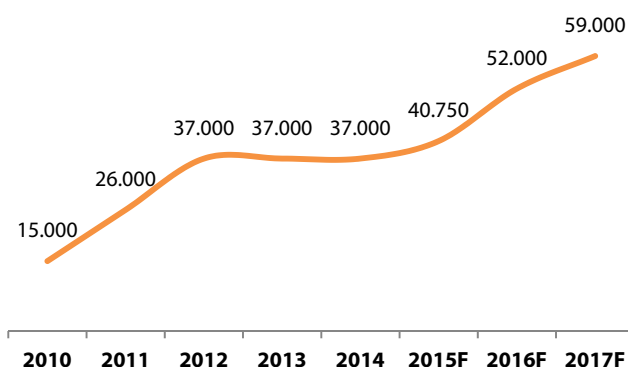
### Booming capacity

Trang Bang 2 plant (started 2012) helped raise STK's total design capacity to 37,000 tons of DTY/year from 26,000 tons /year. Despite an increase of more than 43% capacity, STK could just meet only 20% of its customers' demand. Therefore, STK broke the ground last year to build a new plant (Trang Bang 3) for an extra of 15,000 tons of DTY and 15,000 tons POY each. The total capex for the project is about VND729 billion, VND131 of which billion will be spent on the construction and the rest on equipment purchases. To finance the project, STK has contracted to borrow from Eximbank US\$24 million (~70% of the total capex) at a quite favorable rate of 2.7%/year.



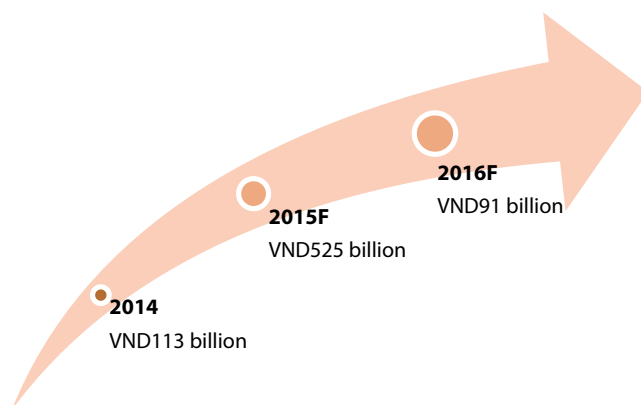
At the end of 1Q2015, the plant's construction was 90% finished and the Company has started trial running for some DTY machines before the whole plant can be put into operation in July 2015. STK made know that Trang Bang 3 might be running at a half of its design capacity (or 7,500 tons DTY) in 2015. We estimate, Trang Bang 3 will help increase STK's total capacity more than 10% in 2015. In 2016, when the machines are expected to run at full speed, the yarn volume will be about 40% above the current level. The machines at Trang Bang 3 are almost fully automatic. Therefore, the share of AA products (packaging standard) in total output can reach as high as 90% (currently 88%). Hence, gross margin of Trang Bang 3 is projected to be higher than that of current plants.

**Graph 12: STK's yarn production capacity**



Source: STK

**Graph 13: Disbursement process of Trang Bang 3 project**



Sources: STK, RongViet Research compiled

In additions, STK shareholders have approved the plan to build Trang Bang 4 in 2016. The new plant, which should be running in 1Q2017, can add 3,000 tons of DTY, 4,000 tons of FDY plus 6,000 tons of POY each year. Developed from the current warehouse of Trang Bang 3, the new plant might operate as soon as the installation of machines and equipment finish. Therefore, the project only requires small capex (about VND247 billion). We estimate that the whole capacity of STK would increase by 13.5% thanks to the contribution of Trang Bang 4.

STK is also conducting feasibility study for a weaving and dyeing line to advance in the textile industry value chain. In the end of 2014, STK leased for 50 years 10ha of land area in Trang Bang industrial zone for a cost of VND75 billion. This is the first preparation of the firm for the project. In the case the dyeing project is not approved, STK can still make use of the land to expand its fiber segment. The expansion shows the dynamism of STK's management to capitalize on the growing demand for yarn products.

#### **The new investment could push up STK's financial leverage in the coming years**

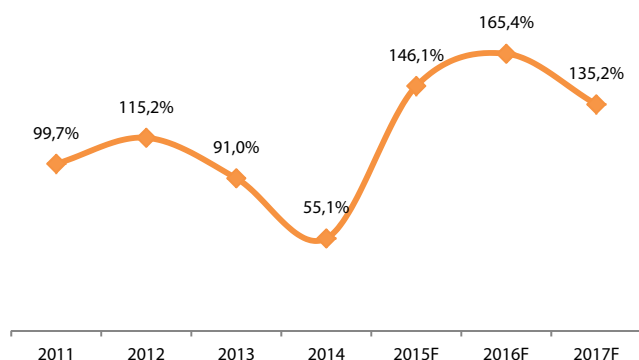
As mentioned above, STK used up to ~ USD24 million debt to finance the investment for Trang Bang 3. Therefore, 2015's outstanding debt will rise about 192% compared to the previous year and the debt-to-equity ratio to 146%, much higher than the average level of 90% in the 2011-2014 period.

Relating to borrowing costs, the interest rate for Trang Bang 3 loan is quite favorable at 2.7%/year STK generates more than 70% of its revenue in dollar. Still, the large debt increase may launch 2015's interest expense up by 94% (VND14.7 billion) compared to 2014. Besides, if the VND/USD exchange rate rises about 2% in line with the commitment of the SBV, STK will likely to record over VND12 billion fx losses in 2015.

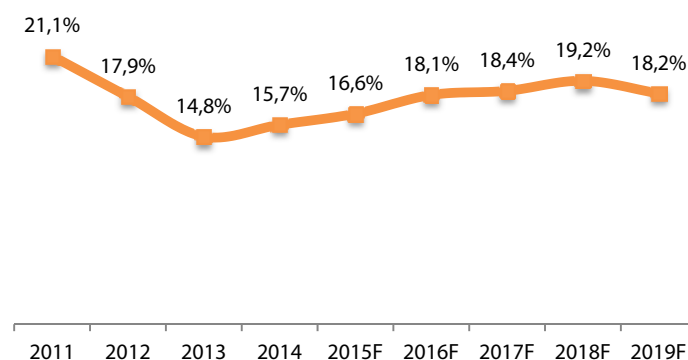
Thus, considering only the effect of the Trang Bang 3 loan, 2015's financial costs may rise ~116%. However, the increase can be offset by: (1) the fall in main input price; (2) tax savings the plants in Tay



Ninh; (3) incremental revenue from Trang Bang 3. Thus, 2015 NPAT may grow 15% and the return on equity ratio (ROE) to 16.6%. Assuming Trang Bang 3 will operate at full capacity in 2016, the financial and depreciation costs might no longer be a major concern of STK. Besides, ROE could also improved thanks to the efficiency of Trang Bang 3 (Graph 15).

**Graph 14: Debt/Equity ratios in the 2011-2019 period**


Source: RongViet Research

**Graph 15: ROE ratios in the 2011-2019 period**


Sources: STK, RongViet Research

### Tax incentives could boost the profitability of the new plants since 2015

Under Decree No.12/2015/ND-CP (February 12, 2015), plant construction and/or capacity expansion projects will be exempt from corporate income tax in the first two years and subject to 50% tax rate in four years following the project is profitable. Thus, all of STK's plants in Trang Bang industrial zone will enjoy preferential income tax rate starting 2015. Trang Bang 3 in particular will operate at half capacity this year. Therefore, STK is applying with the Department of Taxation for preferential income tax treatment from 2016.

Thus, the Company may save about VND8.6 billion in 2015, equivalent to 5.9% decrease in the effective tax rate. The amount of tax due will drop sharply between 2016 and 2018 when Trang Bang 3 is already running at full capacity and Trang Bang 4 is put into operation (2017).

**Table 3: Tax savings in the 2015-2019 period**

	2015F	*2016F	2017F	2018F	2019F
Corporate tax rate					
- Cu Chi plant	22%	20%	20%	20%	20%
- Trang Bang 1 plant	11%	10%	20%	20%	20%
- Trang Bang 2 plant	11%	10%	10%	10%	20%
- Trang Bang 3 plant	22%	0%	0%	10%	10%
- Trang Bang 4 plant			0%	0%	10%
<b>Average corporate tax rate</b>	<b>16.1%</b>	<b>10.0%</b>	<b>10.7%</b>	<b>13.2%</b>	<b>16.3%</b>
<b>Tax savings (VND billion)</b>	<b>8.6</b>	<b>20.2</b>	<b>20.8</b>	<b>18.7</b>	<b>13.0</b>

Source: RongViet Research

\*Since 2016, normal corporate tax rate decreases to 20%



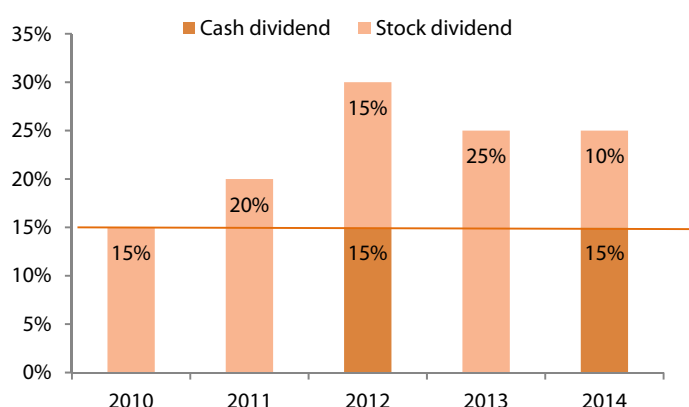
### Liquidity can be an issue for STK stocks after listing

In December 2014, STK auctioned 3 million shares for an average price of VND24,124, up 34% from the starting price of VND18,000. The Company then sold 491,234 treasury shares to its employees in April 2015. The purpose of the auction was not only to raise fund for Trang Bang 3 project but also to increase the number of shareholders to meet HSX listing regulations (at least 300 shareholders). After the sale, domestic outside non-institutional investors now hold roughly 15.2 million of STK's shares (~35.9%). However, that entire number of shares goes to the hands of only 71 individuals. Such concentrated ownership might negatively affect STK liquidity after listing.

In addition, the Company has been able to maintain a stable dividend rate of no less than 15% of share capital each year. Such attractive dividend is an incentive for many STK shareholders to hold on to their shares. For 2014, the Company will pay 15% cash and 10% stock dividends, of which the ex- date of the stock one has not been unveiled.

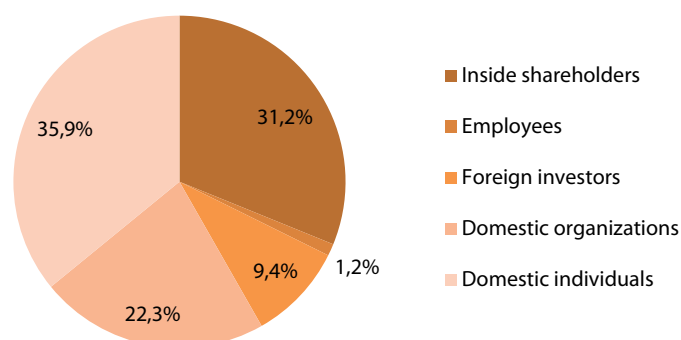
STK is filing for share listings on the HOSE and a stock registration with VSD. If everything goes according to the plan, the stock will be listed in early 3Q2015. However, concentrated ownership structure and attractive dividend yield can have some negative impact on the stock's liquidity and the 10% stock dividend plan in 2015 and 2016 may be a solution of STK for this problem.

**Graph 16: Dividend history**



Sources: STK, RongViet Research compiled

**Graph 17: Shareholder structure**



Sources: STK, RongViet Research



### **Outlook and Valuation**

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Unit: billion VND

<b>INCOME STATEMENT</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015F</b>
Revenue	1,099.2	1,453.0	1,457.5	1,533.0
COGS	924.7	1,275.8	1,244.7	1,296.5
<b>Gross profit</b>	<b>174.5</b>	<b>177.2</b>	<b>212.8</b>	<b>236.5</b>
Selling Expense	28.1	34.3	31.6	32.2
G&A Expense	34.1	33.5	35.3	36.2
Finance Income	3.6	7.1	2.1	4.3
Finance Expense	18.7	21.1	12.5	27.2
Other profits	-0.4	-0.2	0.7	0.0
<b>PBT</b>	<b>96.8</b>	<b>95.2</b>	<b>136.2</b>	<b>145.3</b>
Prov. of Tax	12.6	20.8	30.1	23.3
Minority's Interest	0.0	0.0	0.0	0.0
<b>NPAT</b>	<b>84.2</b>	<b>74.4</b>	<b>106.1</b>	<b>121.9</b>
EBIT	<b>114.7</b>	<b>109.1</b>	<b>143.7</b>	<b>160.0</b>
EBITDA	179.5	193.5	224.8	259.2

Unit:%

<b>FINANCIAL RATIO</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015F</b>
<b>Growth</b>				
Revenue	17.6	32.2	0.3	5.2
Operating Income	-12.4	-2.6	33.3	15.3
EBITDA	-1.0	7.8	16.1	15.3
EBIT	-7.9	-4.9	31.8	11.3
PAT	2.1	-11.6	42.6	14.9
Total Assets	16.2	0.9	21.4	33.5
Equity	20.3	7.2	34.1	8.9
Internal growth rate	19.6	5.6	18.0	7.4
<b>Profitability</b>				
Gross profit/Revenue	15.9	12.2	14.6	15.4
Operating profit/ Revenue	10.2	7.5	10.0	11.0
EBITDA/ Revenue	16.3	13.3	15.4	16.9
EBITDA/ Revenue	10.4	7.5	9.9	10.4
Net margin	7.7	5.1	7.3	8.0
ROAA	8.9	7.3	9.3	8.4
ROIC or RONA	17.5	14.9	16.4	13.2
ROAE	19.6	15.3	18.0	17.3
<b>Efficiency (x)</b>				
Receivable Turnover	15.4	15.5	13.6	10.9
Inventory Turnover	5.5	6.3	6.3	6.2
Payable Turnover	3.8	5.5	6.0	6.3
<b>Liquidity (x)</b>				
Current	1.2	1.3	2.2	2.4
Quick	0.4	0.6	1.3	1.5
<b>Solvency</b>				
Total Debt/Equity	116.6	103.8	84.5	126.1
Current Debt/Equity	7.8	14.1	3.8	3.7
Long-term Debt/ Equity	59.7	42.9	30.7	88.8

Unit: billion VND

<b>BALANCE SHEET</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015F</b>
Cash and equivalents	24	76	148	225
Short-term investment	0	0	0	0
Receivables	85	103	112	169
Inventories	195	210	184	233
Other current assets	9	16	20	23
<b>Total Current Asset</b>	<b>312</b>	<b>404</b>	<b>463</b>	<b>650</b>
Tangible Fixed Assets	540	480	492	897
Intangible Fixed Assets	8	9	6	5
Construction in Progress	12	2	245	5
Investment Property	0	0	0	0
Long-term Investment	0	0	0	0
Other long-term assets	143	130	37	105
Goodwill	0	0	0	0
<b>Long-term Asset</b>	<b>704</b>	<b>621</b>	<b>782</b>	<b>1,011</b>
<b>Total Asset</b>	<b>1,017</b>	<b>1,025</b>	<b>1,245</b>	<b>1,661</b>
Payables	199	207	150	190
Other current liabilities	31	28	31	56
Current Debt	37	71	26	28
Long-term Debt	280	216	207	652
Other long-term liabilities	0	0	155	0
<b>Total Liability</b>	<b>547</b>	<b>522</b>	<b>570</b>	<b>927</b>
<b>Owner's Equity</b>	<b>469</b>	<b>503</b>	<b>675</b>	<b>735</b>
Capital	275	315	423	465
Retained Earnings	165	198	222	202
Funds & Reverses	1	1	1	28
<b>Others</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Equity</b>	<b>469</b>	<b>503</b>	<b>675</b>	<b>735</b>
Minority's Interest	0	0	0	0
<b>TOTAL RESOURCES</b>	<b>1,017</b>	<b>1,025</b>	<b>1,245</b>	<b>1,661</b>
<b>CASHFLOW STATEMENT</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015F</b>
Pretax Income	96.8	95.2	136.2	145.3
-Depreciation	64.8	84.4	81.0	99.2
-Adjustments	15.1	11.0	-444.1	166.3
+/- Working capital	-124.6	-66.2	278.9	-223.6
<b>Net Operating CF</b>	<b>52.1</b>	<b>124.5</b>	<b>52.1</b>	<b>187.2</b>
+/- Fixed Asset	-186.9	-2.5	-112.6	-2.5
+/- Deposit, equity investment	0.0	0.0	0.0	-67.5
Interest, cash dividend, shared profits received	2.8	2.9	0.8	0.0
<b>Net Investing CF</b>	<b>-184.1</b>	<b>0.4</b>	<b>-111.8</b>	<b>-70.0</b>
+/- Capital	-0.1	-0.1	70.0	54.1
+/- Debt	87.0	-32.8	-57.4	446.9
Dividend paid + Other exp. from retained profits	0.0	-40.5	0.0	-541.2
<b>Net Financing CF</b>	<b>86.9</b>	<b>-73.4</b>	<b>12.6</b>	<b>-40.1</b>
+/- cash & equivalents	-45.1	51.5	-47.1	77.1
<b>Beginning cash &amp; equivalents</b>	<b>69.2</b>	<b>24.1</b>	<b>75.6</b>	<b>148.2</b>
Impact of exchange rate	0.0	0.0	148.4	0.0
<b>Ending cash &amp; equivalents</b>	<b>24.1</b>	<b>75.6</b>	<b>148.2</b>	<b>225.3</b>

## COMPANY REPORT

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective which is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

## RATING GUIDANCE

Ratings Return Potential	BUY	ACCUMULATE	NEUTRAL	REDUCE	SELL
Intermediate- term (up to 6 months)	>20%	10% to 20%	-5% to 10%	-15% to -5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

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**RongViet Securities Corporation (RongViet)** was established in 2007, licensed to perform the complete range of securities services including: brokerage, financial investment, underwriting, financial and investment advisory and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders, also our strategic partners, are reputable institutions, i.e Eximbank, Satra, Viet Dragon Fund Management, etc... Along with a team of the professional and dynamic staffs, RongViet has the man power as well as the financial capacity to bring our clients the most suitable and efficient products and services. Especially, RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews

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