

PORT OF HAI PHONG JSC (PHP)

August 11, 2015

LISTING NOTE



Listing date	08/12/2015		
Reference price (VND/share)	16,500		
Bloomberg ticker: PHP VN	Exchange:	HNX	
Industry:	Logistics		
Outstanding shares (mn)	327.0		
Market cap (VNDbn)	5,394.8		
Foreign-owned ratio	0.0%		
Free-float ratio	5.3%		
Year	Div.Yield	EPS (VND)	
2015E Management target	3.6%	n/a	
2014	1.5%	1,013	
2013	0.0%	881	
2012	0.0%	508	
	2010 – 14 CAGR	2015E (VNDbn)	
Consolidated			
Revenues	8.5%	n/a	
Net income	28.0%	n/a	
Parent company			
Revenues	7.0%	1,720	
Net income	n/a	296	
LTM	PHP	Peers	VNI
P/E	*15.1x	8.3x	12.2x
P/B	*1.4x	1.7x	1.9x
Debt/Equity	26%	20%	99%
Profit margin	17%	26%	11%
ROE	10%	19%	16%
ROA	7%	13%	3%

(*): based on reference price

Company description:

PHP was established in 1874 and is the largest port in North Vietnam. It is also unique in the country, as it offers rail connections directly from its terminals to locations across the country.

PHP has three main terminals: Hoang Dieu, Chua Ve, and Tan Vu. Besides its three main ports, PHP has invested in ten peer companies, which include well-developed and listed enterprises.

Main business lines include cargo handling, forwarding, storage, and other supporting services.

1H2015 unaudited results: Total assets: VND5,672 billion (USD260 million); Total equity: VND3,764 billion (USD173 million); Net revenues: VND1,155 billion (USD53 million); Net income: VND194 billion (USD9 million).

Listing summary: On August 12, 2015, Port of Hai Phong JSC (PHP) will list 326,960,000 shares on the Hanoi Stock Exchange (HNX) with a reference price of VND16,500 per share, higher than the average successful IPO price of VND13,507.

Vinalines holds 94.7 percent of PHP, and the free float ratio is estimated at 5.3 percent. We believe that Vinalines will reduce its investments by the put-through method for PHP's strategic investors rather than via the matching method on the stock exchange.

High growth potential for the Haiphong area: We see potential for stronger long-term growth with many new free trade agreements. Furthermore, export and import in the area is expected to grow faster due to new economic zones, and complete and connected infrastructure between Haiphong and the border gate with China.

Attractive to real estate investors: Recently, Vingroup JSC (VIC – HSX) and Oman State General Reserve Fund (SGRF) have applied to purchase all offered shares of PHP. We believe that the motivation for these purchases is the large land bank in strategic locations that PHP holds. However, unlike Saigon Port, PHP's relocation plan to Hoang Dieu Port will be long-term (after 2020).

Low 2015 management targets: PHP is aiming for parent company revenues of VND1,720 billion (USD79 million) and profits before tax of VND380 billion (USD17.4 million). We believe the company can achieve these targets as it can now keep pace with the growth rate of the region.

Stock price seems to be over-valued: At the reference price, PHP's P/E ratio is 15.1x, nearly double the median of its peers. We consider this price to be relatively high based on the company's lower profitability and higher short-term investment risk.

Fully available foreign ownership room: Currently all of PHP's shares are held by Vietnamese investors, meaning that the full foreign ownership limit is still available.

Please see important disclosure information at the end of this report.

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COMPANY OVERVIEW

The company is the largest port in the North.

Established in 1874, Port of Hai Phong JSC (PHP – HNX) is the largest in the North, and accounted for 34 percent of Haiphong’s throughput in the first seven months of 2015.

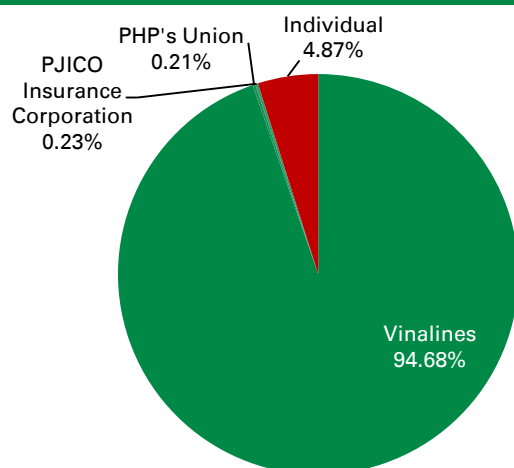
PHP’s main services include cargo handling, tallying and storage (accounting for 75 percent of total revenues), shipping agency and forwarding, ship towage, and assistance and logistics. The largest vessel size that can be accommodated is 40,000 DWT (deadweight tonne). It is also unique in Vietnam in that it offers rail connections directly from its terminals to locations across the country. *(Please see our pre-IPO note for PHP published on May 5, 2014 for detailed operations information.)*

On May 14, 2014, the company organized an auction for its initiating public offering with 37,635,600 shares (equivalent to 11.5 percent of PHP’s total shares) and an initial price at VND13,500 per share. The IPO was not successful as there were only 17,669,000 shares sold, or 46.9 percent of those offered, with an average successful price of VND13,507 per share, and there was no foreign investor. At the time of the IPO, the company expected to sell 10.3 percent of its stake to strategic investors, but so far the strategic investors have not been determined.

Recently, Vingroup JSC (VIC – HSX) and Oman State General Reserve Fund (SGRF) have shown interest in PHP by registering to buy all of the offering shares from Vinalines. We note that SGRF is a financial investor rather than an expert in port operations or the shipping industry. It is our view that SGRF would support financing for the company for new projects. However, it is more likely that SGRF is focusing on PHP’s property development potential, similarly to VIC, rather than its core businesses. In our pre-IPO note we mentioned that, in the future, Hoang Dieu Port will be transformed into a residential and commercial area, like Nha Rong Khanh Hoi Port of Saigon Port Holding Ltd. Co.

As of June 30, 2015, PHP had 3,185 shareholders, of which Vietnam National Shipping Lines (Vinalines) is the largest shareholder with a 94.68 percent stake.

Ownership structure



Data as of 06/30/2015. Source: Company data

Shareholder structure

Shareholders	No. of shares	Ownership
Local	326,960,000	100.0%
Institutional	311,021,400	95.1%
Individual	15,938,600	4.9%
Foreign	0	0.0%
Total	326,960,000	100%

Data as of 06/30/2015. Source: Company data

MARKET POSITION

PHP has three main terminals: Hoang Dieu, Chua Ve, and Tan Vu (old name: Tan Cang). The total area is about 2.1 million m², of which about 1.4 million m² have rental fees paid annually.

Currently PHP has the longest berth (21 berths with a total of 3.5 kilometers) and the highest quantity of facilities in the area. The company operates 13 of 24 container berths in the area, focused at Chua Ve and Tan Vu ports, while Hoang Dieu Port can serve conventional goods.

Location of Haiphong's Ports

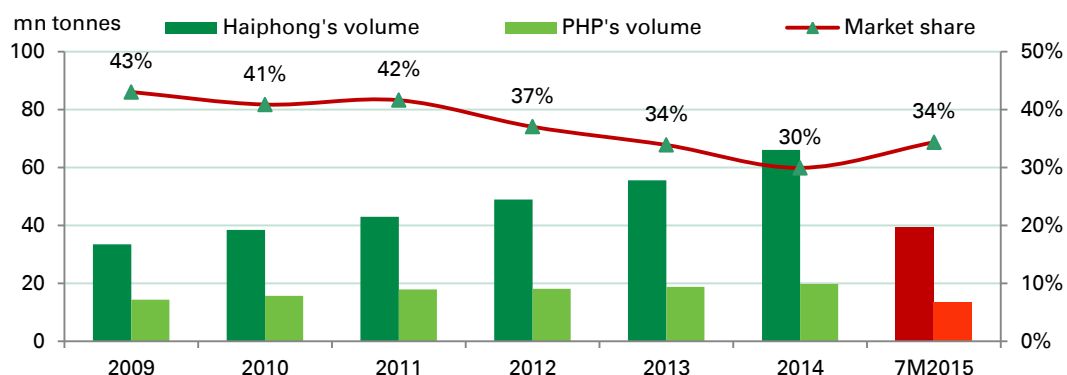


Source: VPBS collected

PHP is the market leader in the North but has lost market share.

PHP is the market leader not only in Haiphong's port system but also in the North. However, excluding the market share of its subsidiary Dinh Vu Investment and Development Port JSC (DVP – HSX), PHP's market share has reduced significantly due to slower growth of throughput than the region as a whole. PHP has underperformed the market although the company has the highest facility quality and well-connected infrastructure.

PHP's throughput and market share



Source: Company's data, VPBS collected

In the first seven months of 2015, PHP's throughput was 13.5 million tonnes, up 20.2 percent y-o-y, higher than the growth rate of the overall Haiphong port system at 12.8 percent y-o-y. This growth rate was in line with the growth rate of VSC, DVP, and large main ports in the region, and so the company may keep pace with competitors.

For the whole year 2015, with an assumption of 13 percent growth in Haiphong's port system, PHP's target of 23.5 million tonnes will achieve a market share of 32 percent.

Future market share of the company is impacted by the relocation plan of Hoang Dieu Port, and expansion and productivity of Tan Vu Port.

In the future, the market share of the company will be based on these factors:

- ❖ *Relocation plan of Hoang Dieu Port (details below):* The company may face a delay between Hoang Dieu Port shutting down and Lach Huyen Port coming into operation, leading to the reduction of its market share.
- ❖ *Expansion and productivity of Tan Vu Port:* Tan Vu has five berths but has not been operating at full capacity. PHP on occasion loans berths to DVP when DVP's berths are full, and PHP has borrowed some facilities and equipment from DVP to handle DVP's throughput. In order to increase throughput and maximize the value of Tan Vu Port's good location, PHP needs to invest more and expand this port. This will help the company to maintain and increase its market share.

Comparison with other ports' capacities

Name of Port	Company	No of berths	Max vessel size (DWT)	Maximum draft (m)	Type	Designed capacity (TEU)
Hoang Dieu	PHP - HNX	11	40,000	7.4	Container, conventional	n/a
Chua Ve	PHP - HNX	5	10,000	8.4	Container	500,000
Tan Vu	PHP - HNX	5	40,000	10.5	Container	1,000,000
Nam Hai	GMD - HSX	1	10,000	9.0	Container, conventional	150,000
Nam Hai Dinh Vu	GMD - HSX	2	30,000	11.5	Container, conventional	500,000
Hai An	HAH - HSX	1	20,000	8.7	Container	200,000
Dinh Vu	DVP - HSX	2	40,000	10.2	Container	550,000
Tan Cang 189	Saigon New Port	1	15,000	8.7	Container, conventional	200,000
PTSC Dinh Vu	PSP - UpCom	1	20,000	8.5	Container	300,000
Doan Xa	DXP - HNX	1	10,000	8.4	Container, conventional	n/a
Green Port	VSC - HSX	2	20,000	8.0	Container, conventional	350,000
VIP Green Port	VSC - HSX	2	30,000	10.5	Container	500,000
Transvina	Vinalines	1	12,000	7.8	Container	n/a

Note: VIP Green Port will commence its first berth in December 2015. Source: Company's data, VPBS collected

PHP has also invested in four peer companies, including two subsidiaries and two associates (via its subsidiaries' investments). Of these, DVP has proven to be an effective investment with strong growth in net income (2009 to 2014 CAGR: 20.9 percent) and revenues (2009 to 2014 CAGR: 15.4 percent).

List of PHP's investments

Name of company	Legal capital VND million	% contributed capital	Contributed value VND million
Subsidiary			30-Jun-15
Haiphong Port Tugboat and Transport JSC	27,000	60%	16,200
Dinh Vu Port Investment and Development JSC	400,000	51%	204,000
Associate			
Dinh Vu Logistic Co., Ltd.	30,000	23.26%	n/a
STIC – Dinh Vu Logistic Co., Ltd	252,242	26.01%	n/a
Long-term investments			
Vinalines Dong Bac JSC	n/a	n/a	5,158
Dong Do - Haiphong Port Container Lines JSC	n/a	n/a	6,300
Haiphong Port Trading and Service JSC	n/a	n/a	31,440
Saigon Port Logistics Joint Stock Company	n/a	n/a	3,000
Hai Phong Marine Investment and Trading JSC	n/a	n/a	25,289
Maritime Vocational College Vietnam	n/a	n/a	6,003
Vietnam Maritime Commercial Joint Stock Bank	7,952,069	0.17%	15,307
Maritime Informatic and Technology JSC	4,500	2.92%	138
Vinalines Logistics JSC	141,621	1.41%	2,181
Haiphong Securities JSC	401,306	0.06%	123

Source: Company's data, VPBS collected

FINANCIAL PERFORMANCE

Revenues and costs

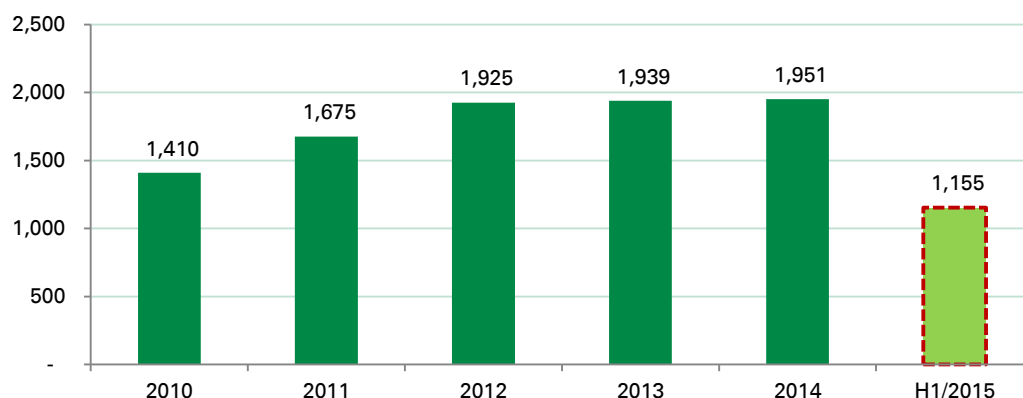
In the period from 2010 to 2014, PHP's consolidated net revenues had a CAGR of 8.5 percent.

In the period from 2010 to 2014, PHP's consolidated net revenues had a compound annual growth rate (CAGR) of 8.5 percent, mainly due to flat growth from 2012 to 2014. The company's throughput increased annually with CAGR of 5.9 percent.

In 1H2015, the company achieved VND1,155 billion (USD56 million) in revenue, up 21 percent y-o-y, comparable to the growth rate of throughput. This proved that the company could keep pace with its competitors in the region.

In the future, the company will gradually transfer its facilities from Hoang Dieu Port to Chua Ve and Tan Vu Ports. This is not only to provide space for property development for Haiphong's Government, but also in response to changes in the region. Hoang Dieu Port is located far along the Cam River, and two new bridges, Bach Dang and Tan Vu Lach Huyen, will limit the height of ships, reducing throughput.

Consolidated net revenues (VNDbn)



Source: Company data

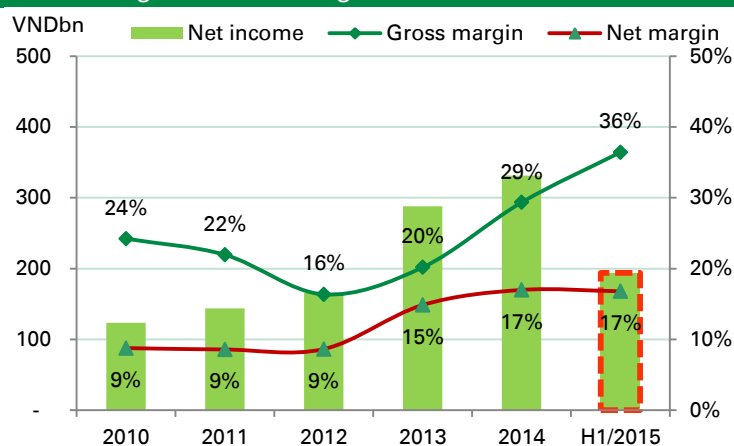
Profitability

From 2010 to 2014, the company achieved a CAGR in net income of 28.0 percent, much higher than the growth rate of revenues.

From 2010 to 2014, the company achieved a CAGR in net income of 28.0 percent, much higher than the growth rate of revenues. Gross margin experienced a downtrend from 2010 to 2012, but rebounded with increased container depot revenues, which have higher gross margins.

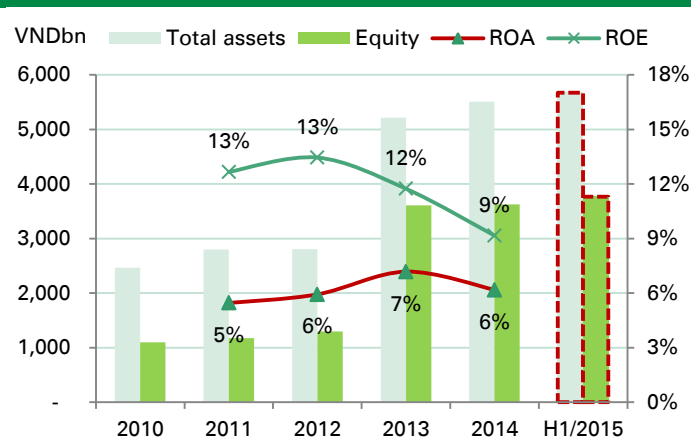
However, the company's ROA experienced a downtrend as the company purchased more assets, with low productivity.

Gross margin and net margin



Source: Company data

ROA and ROE



Source: Company data

Solvency and liquidity

While cash ratio is not at a good level (lower than 0.5x), quick ratio and current ratio are quite high, providing the company with enough capacity to cover its debts. The debt-to-equity ratio has been kept lower than 30 percent since 2013 as the main debts of the company were transferred to equity.

At the end of 1H2015, the company had VND948 billion (USD44 million) in long-term debts, of which VND390 billion (USD17.9 million) was from ODA and denominated in JPY. The company may benefit from depreciation of JPY versus USD.

Liquidity analysis

	2010	2011	2012	2013	2014	H1/2015
Cash ratio *	0.4x	0.3x	0.3x	0.3x	0.1x	0.1x
Quick ratio	1.8x	1.7x	1.8x	1.7x	2.5x	3.4x
Current ratio	2.0x	1.9x	2.0x	1.8x	2.7x	3.5x
Debt-to-equity	77%	87%	66%	19%	28%	26%
Debt-to-total assets	34%	36%	31%	13%	19%	18%
Debt to EBITDA	1.5x	1.8x	1.3x	1.0x	1.3x	1.9x
EBITDA/Interest expenses	11.9x	29.8x	28.1x	40.2x	45.9x	13.1x

Note: *cash ratio = (cash + cash equivalent) / current liabilities

Source: Consolidated financial statements, VPBS summary

SWOT ANALYSIS

Strengths

- ❖ Largest scale in the area:

PHP is ranked as a big port, in the first group according to classifications of the Vietnam Marine Association, with more than 3,500 meters of berths. The company can still expand its area to increase its customer base and accommodate the rising demand of the industrial zones of the surrounding area.

- ❖ Position as a gateway and important traffic intersection for the country:

Being at the center of Quang Ninh, Haiphong, and Hanoi, PHP has a unique synchronized traffic connection in Vietnam comprising waterways, roadways, airways, and railways. For waterways, PHP is on the Cam River and Tan Vu is on an estuary. By road, Haiphong municipal government has been constructing a new highway connecting to Quang Ninh to improve freight capacity to the South-Eastern region of China. By air, it is located within 5 km of Cat Bi airport, and by rail PHP is a unique port which offers a railway connection to Hanoi and Lao Cai directly from the Hoang Dieu terminal.

- ❖ Well established brand name in the market
- ❖ Complete infrastructure and technology facilities
- ❖ Highly experienced leadership
- ❖ Ownership of large amounts of land:

PHP owns 1.4 million m² of rental land and 762,472 m² of land that the State directs to the company. In particular, there are some large areas located in the central business district of Haiphong City. As mentioned above, Hoang Dieu Port will be transformed to a residential area according to the relocation plan for Hoang Dieu area (Decision no 1448/QĐ-TTg on September 16, 2009). The relocation time may be in the long-term, after 2020, but it will create an opportunity for the company to enter the property development segment in the future through its investments.

This land bank has a very low land rental fee and was valued at a zero price as these are rental lands with low annual payments. We believe that with these strategic locations, the company's land value should be much higher than its book value. Therefore, this becomes an attraction for investors in PHP.

A large land bank with low rental prices is a huge advantage for the company for expansion and property development.

PHP's land rental and land use rights

Address	Area (sqm)	Term		Note
Rental land	1,388,689.0	From	To	
No. 8A Tran Phu Street, May To Ward, Ngo Quyen Dist.	4,083.2	2007	2057	Office
Tar ground Van My Ward, Ngo Quyen Dist.	6,472.7	2007	2057	Warehouse, depot
No. 04 Hoang Dieu Street, May To Ward, Ngo Quyen Dist.	2,276.8	2007	2017	Office
No. 09 Cu Chinh Lan Street, Minh Khai Ward, Hong Bang Dist.	1,225.4	2007	2057	Hai Phong Port Vocational Training School
No. 02 Tran Hung Dao Street, Dong Hai 1 Ward, Hai An Dist.	236,820.2	2004	2054	Chua Ve Port
No. 02 Hoang Dieu Street, May To Ward, Ngo Quyen Dist.	355,949.9	not receive certificate of land use right		Container depot, logistics center
No. 15 Le Hong Phong Street, Dang Lam Ward, Hai An Dist.	777.0	2010	2060	Office
Dinh Vu Port for phase II, Dong Hai II Ward, Hai An Dist.	436,460.0	2012	2062	Tan Vu Port for Phase II
Dinh Vu Port for phase III, Dong Hai II Ward, Hai An Dist.	74,244.3			Tan Vu Port for Phase III
Lgistics area in Ben Giot - Cat Hai, Cat Hai Town	5,299.0	2006	2046	Office, logistics center
Bach Dang transshipment terminal, Dong Hai Ward, An Hai Dist.	60,000.0		long-term	Transshipment terminal
Transshipment terminal in Cat Hai Town and Phu Long Ward, Cat Hai Dist.	205,080.5		long-term	Transshipment terminal
Land with land use right	762,472.0			
No. 23 Luong Khanh Thien Street, Ngo Quyen Dist.	1,022.0		long-term	Health center
Transshipment terminal at Lan Ha Bay	761,450.0			Transshipment terminal

Source: Company's prospectus

Weaknesses

❖ Unfavorable position of Hoang Dieu Port:

This port is located far along the Cam River, while the government is aiming to develop deep sea ports located in the estuary (Lach Huyen and Dinh Vu area), leading to foreign shippers switching to competitors' ports.

❖ High state ownership:

Vinalines holds 94.7 percent of PHP. According to the Decision of the Prime Minister, Vinalines will reduce its stake to 65 percent, which means that Vinalines will still control the company. It is our view that Vinalines will maintain this ratio as PHP has strategic locations that are important to Vietnam's international trade map, leading to lower attractiveness of the shares.

There is a significant possibility that VIC and SGRF will purchase shares of PHP, however the ratio would be much lower than they might expect.

Opportunities

❖ High growth potential for the industry:

Vietnam's port industry will enjoy a high growth rate with new free-trade agreements. Haiphong's port throughput will grow 14 to 16 percent per year.

Statistics of the Vietnam Marine Administration (Vinamarine) show that the CAGR of throughput in Vietnam from 2009 to 2014 was about 8.1 percent, and reached approximately 370.3 million tonnes in 2014. The container trade grew with a higher CAGR of 16.7 percent during the same period to achieve 10.2 million TEUs in 2014.

Ports in the Haiphong area accounted for 17.8 percent of 2014 market share of the Vietnam port system. From 2009 to 2014, this area had a CAGR of cargo throughput of 14.6 percent, which was higher than the growth rate of the full Vietnam port system.

In our view, the volume of throughput of the Haiphong port area will grow by 14 to 16 percent per year till 2020. The main reason is the rapid growth of manufacturing activities in the North (e.g. electronics, garments, and tires).

Another supporting factor is the improved quality of infrastructure that connects with Haiphong City. Vietnam has recently put into operation many highway roads including the Haiphong – Quang Ninh highway and the Haiphong – Hanoi highway. This has led to a reduction in transportation time as well as logistics costs. This creates a competitive advantage for the area.

- ❖ Lach Huyen Port will start operating in the near future:

The giant Lach Huyen International Port project is expected be put into operation in 2017. This port can accommodate big vessel sizes up to 100,000 DWTs or 8,000 TEUs. It also has a more favorable position than the other ports as it is located next to the pilot point. PHP is asking for construction of six berths here, and these berths are expected to start operating in 2020. This will help the company increase its competitiveness by owning a strategic location.

Threats

- ❖ Tougher competition:

In the short-term the company may face competition from smaller ports: Nam Hai Dinh Vu of GMD, VIP Green Port of VSC, and even Cai Lan International Terminal (CICT) in Quang Ninh area. However, the competition for the next five years is low as throughput is increasing faster. In the long-term, there is another threat from the slow-down of the Chinese economy. It is hard to quantify the impact, but Haiphong's port system partly supports goods from/to the South of China, and we believe that competition in the long-term will be stiffer.

- ❖ Lack of stock liquidity:

As of the listing date (August 12, 2015) there are only 82,800 shares, equivalent to 0.03 percent of its charter capital, which will be restricted from transfer. However, the likelihood that Vinalines will reduce its ownership ratio from 95 percent to 65 percent (according to instructions from Government) through the stock exchange is low. We believe that Vinalines will transfer partly to strategic investors, and therefore the free-float ratio will be at a maximum of five percent.

MANAGEMENT PLAN

The company has not provided a long-term plan other than that given in the IPO report. In 2015, the company expects to achieve VND1,720 billion (USD78.9 million) in parent company revenues, up 3.1 percent y-o-y, and VND380 billion (USD17.4 million) in parent company profits before tax, down 20.2 percent. Approved dividends in 2015 are 6.0 percent on par value. Total investment value in 2015 is VND484.5 billion (USD22.3 million).

PEER COMPARISON

At the reference price of VND16,500 per share, the LTM P/E of PHP is nearly double the median of its local peers, with lower ROA, ROE, and net margin. We consider this price to be relatively high compared with its peers, while the company has the same potential future growth rate as GMD, VSC, and DVP. Another drawback of investing in PHP is that the dividend yield is only 3.6 percent, lower than VSC and DVP.

However, PHP's P/B is lower than its peers, making it attractive for potential property development in the future.

In short-term the company has to compete with GMD and VSC.

In 2015, the company expects to achieve VND1,720 billion (USD78.9 million) in parent company revenues, up 3.1 percent y-o-y, and VND380 billion (USD17.4 million) in parent company profits before tax, down 20.2 percent.

Peer-group analysis

Ticker	Company	Exchg	Market cap	H1/2015				LTM					
				Sales		Net income		ROE	ROA	Debt / equity	Net margin	P/E	P/B
			VNDbn	VNDbn	% y-o-y	VNDbn	% y-o-y						
GMD	Gemadep Corp	HSX	4,065	n/a	n/a	n/a	n/a	14%	8%	39%	0.2	6.2	0.8
DVP	Dinh Vu Port Invest. & Develop. JSC	HSX	2,120	323	27%	132	25%	32%	25%	16%	0.4	8.3	2.4
VSC	Vietnam Container Shipping JSC	HSX	2,351	n/a	n/a	n/a	n/a	23%	19%	1%	0.3	9.1	1.9
HAH	Hai An Transport & Stevedoring JSC	HSX	879	n/a	n/a	n/a	n/a	n/a	n/a	44%	0.3	6.2	2.0
CLL	Cat Lai Port JSC	HSX	918	126	16%	34	-13%	16%	12%	25%	0.3	9.3	1.8
PDN	Dong Nai Port JSC	HSX	457	155	28%	26	2%	16%	11%	46%	0.2	9.6	1.5
DXP	Doan Xa Port JSC	HNX	350	94	10%	24	13%	19%	17%	0%	0.3	8.2	1.5
STG	South Logistics JSC	HSX	250	n/a	n/a	n/a	n/a	21%	13%	0%	0.0	8.1	1.6
Average			1,424	174	20%	54	7%	20%	15%	21%	25%	8.1	1.7
Median			898	140	21%	30	8%	19%	13%	20%	26%	8.3	1.7
PHP	Port of Hai Phong JSC	HNX	5,395	1,155	21%	194	15%	10%	7%	26%	17%	15.1	1.4

Note: PHP's figure is based on its reference price. Data as of 8/10/2015. Source: Bloomberg, VPBS

SUMMARY FINANCIAL STATEMENTS

INCOME STATEMENT (VNDbn)	2010A	2011A	2012A	2013A	2014A	1H15
Revenues	1,410	1,675	1,925	1,939	1,951	1,155
% y-o-y						
COGS	1,068	1,308	1,610	1,548	1,379	734
Gross profits	341	368	315	391	572	421
Selling expenses	0	0	0	0	0	0
G&A expenses	102	108	130	126	154	92
Selling and G&A expenses	102	108	130	126	154	92
EBIT	239	258	183	262	415	323
Financial income	83	128	106	177	136	28
Financial expense	141	166	24	23	45	47
Net other incomes / (expenses)	31	16	26	41	15	8
Income from associates	0	0	5	8	11	7
EBT	213	236	296	465	531	319
Tax expense	19	18	34	74	81	58
Effective tax rate	8.7%	7.5%	11.6%	16.0%	15.3%	18.0%
Profits after tax	194	218	262	390	450	261
Minority interest	70	76	93	97	112	66
Net income	124	142	169	293	338	195
% margin	8.8%	8.5%	8.8%	15.1%	17.3%	16.9%

Note: 1H2015 data is unaudited

BALANCE SHEET (VNDbn)	2010A	2011A	2012A	2013A	2014A	1H15
Cash & near cash items	152	178	143	202	53	62
Short term investments	392	340	438	600	789	1,058
Accounts receivables	241	410	292	285	383	531
Inventories	33	37	39	39	27	34
Other current assets	22	78	59	25	43	6
Current assets	840	1,044	972	1,152	1,295	1,692
Net fixed assets	1,564	1,678	1,685	3,221	3,272	3,090
Long-term investments	55	69	141	235	300	255
Other long-term assets	6	7	5	48	59	83
Goodwill	0	0	0	562	583	552
Long-term assets	1,624	1,754	1,831	4,065	4,214	3,980
Total assets	2,464	2,798	2,803	5,217	5,509	5,672
Accounts payable	88	130	68	53	70	53
Short-term borrowings	111	189	113	78	69	48
Other short-term liabilities	228	240	303	509	345	381
Current liabilities	426	558	485	640	485	483
Long-term borrowings	727	830	744	604	961	948
Other long-term liabilities	12	15	0	0	0	0
Long-term liabilities	739	844	744	604	961	948
Total liabilities	1,165	1,403	1,228	1,244	1,446	1,431
Contributed capital and other funds	969	1,042	1,103	3,357	3,379	3,438
Retained earnings	126	131	192	253	245	327
Equity	1,095	1,173	1,295	3,610	3,624	3,764
Minority interest	205	222	279	364	404	439
Total liabilities and equity	2,465	2,798	2,803	5,217	5,475	5,634

CASH FLOW STATEMENT (VNDbn)	2010A	2011A	2012A	2013A	2014A	1H15
Cash from operation activities	478	429	498	496	623	458
Cash from investing activities	(237)	(302)	(336)	(354)	(707)	(345)
Cash from financing activities	(185)	(100)	(196)	(84)	(66)	(105)
Net changes in cash	56	26	(35)	58	(149)	8
Beginning cash balance	96	152	178	143	202	53
Impact of exchange rate fluctuation	6	0	0	0	0	–
Ending cash balance	159	178	143	202	53	61

RATIO ANALYSIS	2010A	2011A	2012A	2013A	2014A	1H15
Profitability ratios						
Gross margin	24.2%	21.9%	16.3%	20.0%	29.1%	36.0%
Operating margin	17.0%	15.4%	9.5%	13.5%	21.3%	28.0%
Net profit margin	8.8%	8.5%	8.8%	15.1%	17.3%	16.9%
Return on avg. assets		5.4%	6.0%	7.3%	6.3%	
Return on avg. equity		12.5%	13.7%	11.9%	9.3%	
Leverage ratios						
Interest coverage ratio (EBIT/I)	5.1x	13.6x	8.1x	14.7x	23.2x	8.0x
EBITDA / (I + capex)	0.8x	0.8x	0.5x	0.8x	0.8x	1.7x
Total debt/capital	43.3%	46.5%	39.8%	15.9%	22.1%	20.9%
Total debt/equity	76.5%	86.8%	66.2%	18.9%	28.4%	26.5%
Liquidity ratios						
Asset turnover		0.6x	0.7x	0.5x	0.4x	
Accounts receivable turnover (days)		70.9	66.6	54.4	62.5	
Accounts payable turnover (days)		30.4	22.4	14.3	16.3	
Inventory turnover (days)		9.8	8.7	9.3	8.8	
Current ratio	2.0x	1.9x	2.0x	1.8x	2.7x	3.5x
Quick ratio	1.8x	1.7x	1.8x	1.7x	2.5x	3.4x

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