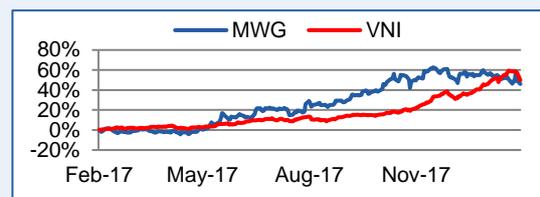


Industry:	Retailing		2017	2018F	2019F	2020F
Report Date:	April 27, 2018	Rev Growth	48.7%	36.3%	13.0%	13.0%
Current Price:	VND102,000	EPS Growth	33.2%	27.8%	21.5%	11.4%
Current Target Price:	VND168,700	GPM	16.8%	17.1%	17.3%	17.5%
Previous Target Price:	VND173,900	NPM	3.3%	3.3%	3.6%	3.7%
Upside to TP:	+65.4%	EV/EBITDA	10.5x	7.6x	6.3x	5.7x
Dividend Yield:	+1.5%	P/Op CF	12.1x	11.3x	7.3x	6.7x
TSR:	+66.9%	P/E	14.2x	11.1x	9.2x	8.2x



		MWG	Peers*	VNI
Market Cap:	\$1.5bn	12.8x	18.0x	18.6x
Foreign Room:	\$0	5.7x	1.8x	2.9x
ADTV30D:	\$1.8mn	57.3%	74.4%	N/A
State Ownership:	0%	45.3%	14.6%	15.3%
Outstanding Shares:	322.9 mn	11.7%	5.2%	2.3%
Fully Diluted Shares:	322.9 mn	* Foreign peers using adjusted market multiples.		
3-yr PEG	0.6			

Company Overview

MWG owns the leading mobile phone and consumer electronics chains in Vietnam with market shares of 45% and 35%, respectively. It also has the strongest online platform in Vietnam. To sustain strong growth going forward, MWG is rolling out BachhoaXANH, a minimart chain, in 2018.

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BHX roll-out to tread more carefully

- We reiterate our BUY rating with a 67% total return. MWG's three-year PEG is appealing at 0.6.
- We cut our TP by 3% as we tone down our store projections for BachhoaXANH (BHX/minimart) given management's shift in priority from network expansion to store quality, i.e., sales/store.
- Accordingly, our 2017-2022 NPAT CAGR forecast for MWG is curtailed from 23% to 21%.
- 2018F: NPAT to rise 33% YoY on the back of DMX, partly offset by a loss of USD5.5mn at BHX.
- Upside catalysts: faster-than-expected roll-out for BHX.
- Downside catalysts: sluggish BHX roll-out; heightening competition from pure e-commerce.

BHX: management shifts priority to store quality instead of simply expanding footprint.

Management has revised down its BHX store count target for YE2018 to around 500 from 1,000 previously. This is an abrupt change of direction given that the 1,000 target was provided recently at MWG's AGM in mid-March. This has led us to think that management has recently conducted a holistic review of BHX and found more troubling stores (14 of them have been closed YTD) than it had expected, hence this tough but necessary decision. As we discussed in our [previous report](#), our channel check showed a very wide range of sales among BHX stores. This is mainly a function of location, which has proven to be so much more important for BHX than it is for TGDD and DMX.

Stricter location KPIs to ensure each new BHX store will reach at least USD44,000 in monthly sales after three months.

In 2018-2019, MWG will focus on opening its flagship format stores, which contain a big section for fresh produce, on secondary routes that connect main streets with residential areas and are within walking distance of residential areas. Moreover, before opening a store, MWG will carefully analyze the surrounding household density and traffic. Once this network of flagship stores and, in turn, larger scale and brand awareness, have been established, BHX will penetrate deeper into residential areas with smaller stores.

This strategic adjustment lowers BHX's risks but also curbs its medium-term growth.

MWG's continual adjustments to BHX support our conservative use of a high cost of equity of 20% in our ten-year DCF for BHX. In terms of projections, we trim our BHX store count to 500 by YE2018 from 1,300 previously. Assuming these 500 stores will deliver positive results, we project the pace of store openings will pick up to 500 new stores in 2019 and 700-1,000 stores/year thereafter. On the other hand, we raise our monthly sales/new store through 2020 from USD29,000 previously to USD40,000.

DMX, MWG's major growth pillar through 2019, sustains impressive momentum.

Per MWG, DMX's market share grew from 30% at YE2018 to 35% currently. In Q1 2018, DMX posted robust same-store-sales-growth (SSSG) of 10% while opening 34 new stores to reach a total of 676 stores as of end-Q1 2018. Meanwhile, TGDD's revenue is only growing at a single-digit rate, which is as expected, due to the fact that its store expansion has stopped.

Q1 2018: DienmayXANH spearheaded 45% NPAT growth

Figure 1: MWG's Q1 2018 results

VND bn	Q1 2018	YoY	Store count as of Q1 2018	VCSC comments
Revenue	22,764	46%		
Thegioididong (mobile)	9,554	6%	1,071	* 3% SSSG * Full contribution from stores opened in 2017. * Three new stores in Q1 2018, but four existing stores were converted into mini-DienmayXANH
DienmayXANH (CE)	11,777	84%	676	* 10% SSSG. * 34 new stores in Q1 2018 * Full contribution from stores opened in 2017
BachhoaXANH (grocery)	606	331%	355	* 72 new stores in Q1 2018 * Full contribution from stores opened in 2017
Tran Anh (CE)	814	NM	NA	
BigPhone (Cambodia)	13	NM	9	
NPAT	808	45%		
<i>Online sales</i>	<i>2,781</i>	<i>133%</i>		

Source: MWG & VCSC

2018 outlook: we up our NPAT forecast 6% as we trim our new BHX store assumption, which should result in a smaller loss

Figure 2: VCSC's 2018 forecasts

VND bn	2017	2018F (old)	2018F (new)	2018F (new) vs 2017	VCSC comments
Revenue	66,340	94,508	90,392	36.3%	
<i>Thegioididong</i>	34,708	37,281	37,281	7.4%	* Revenue to be driven by 1% SSSG, full-year contribution from stores opened in 2017 and 50% online sales growth. * Store count to remain unchanged.
<i>DienmayXanh</i>	30,245	44,402	45,050	49.0%	* 80 new mini-DienmayXANH to be opened in 2018 (vs 50 in the previous report). * Growth will be further fueled by 8% SSSG, full contribution from stores opened in 2017 and 50% online sales growth.
<i>BachhoaXANH</i>	1,387	8,462	4,459	221.4%	* Total store count of 500 by YE2018 (vs 1,300 in previous report) vs 283 as of YE2017, 10% SSSG and full contribution from stores opened in 2017.
<i>Tran Anh</i>	NA	4,142	3,602	NM	* 2018 is the first year of TAG consolidation. * We ratchet down our 2018F revenue for TAG as it has ceased its wholesale business post-MWG's acquisition.
<i>An Khang</i>	NA	221	NA	NM	An Khang has not been consolidated into MWG as previously expected. MWG is investing in An Khang via convertible loans, which if converted, will give MWG's supermajority ownership in An Khang.
Gross profit	11,142	16,033	15,441	38.6%	
Selling expenses	-7,017	-10,520	-9,799	39.6%	* MWG will continue to push A&P for DienmayXANH. * BachhoaXANH is estimated to have higher selling expenses as a percentage of sales.
G&A	-1,347	-1,936	-1,864	38.4%	Including goodwill amortization from TAG acquisition, which amounts to VND65bn (USD3mn) per year.
Operating profit	2,778	3,578	3,777	36.0%	
Interest expenses	-227	-364	-361	58.9%	Short-term debt for working capital and long-term bonds recently issued to facilitate TAG and An Khang acquisitions.
Non-operating profit	259	317	318	22.9%	Mostly payment discounts.
Profit before tax	2,809	3,531	3,734	32.9%	
Profit after tax	2,207	2,757	2,959	34.1%	
NPAT-MI	2,206	2,756	2,958	34.1%	* Including an estimated net loss of VND126bn (USD5.5mn) from BHX in 2018, lower than VND160bn (USD7mn) in 2017. * Excluding BHX, 2018F NPAT would grow 30% vs 2017.
EPS	7,163	8,533	9,158	27.8%	EPS diluted by a 3% ESOP issuance in December 2017 and the recent private placement of 6.2 million shares as part of TAG acquisition
EBITDA	3,468	4,704	4,772	37.6%	
GPM %	16.8%	17.0%	17.1%		Margin improvements at DMX and BHX thanks to their larger scale and BHX's tighter cost controls.
Selling exp %	10.6%	11.1%	10.8%		
G&A %	2.0%	2.0%	2.1%		
OPM %	4.2%	3.8%	4.2%		
EBITDA margin %	5.2%	5.0%	5.3%		
NPAT margin %	3.3%	2.9%	3.3%		
Effective tax rate %	21.4%	21.9%	20.8%		Losses from BHX are not tax-deductible. These losses will be carried forward.

Source: VCSC

BachhoaXANH: taking slower but firmer steps

Stricter location KPIs for new stores should ensure satisfactory sales/store

The importance of location for store traffic is much more pronounced for BHX than TGDD and DMX. As we discussed in our [previous report](#), we observed an extensive range of sales/store levels among BHX stores, which we argue is primarily a function of location. For mobile and CE, well-performing stores are typically located on large commercial streets or at crossroads. These locations are good at igniting consumer awareness while also providing convenience to their target customers, who typically arrive at the stores on a motorcycle. On the other hand, grocery stores need to be within a walking distance of their target customers, who are housewives. In addition, as people go to BHX to shop for their daily needs and housewives are generally more price-sensitive consumers, BHX stores need to be in areas that have sufficient household incomes.

Loose supervision over BHX store openings has led to an uncomfortable amount of poor performing stores. In 2017, when MWG started to spread BHX's footprint beyond its legacy districts, store count was a priority as management wanted to see if a cluster of around 300 stores (MWG reached 283 stores as of YE2017) would be able to EBITDA breakeven before rolling the chain out at full speed. Although the company failed on the EBITDA breakeven target, the overall picture looked good enough for management to determine that BHX would accelerate its expansion and be present all over HCMC in 2018. However, without stringent KPIs, the number of underperforming stores crept up. At its AGM on March 16, 2018, MWG disclosed that about 100 stores (out of a total of around 350 stores at the time) were generating sales/month in a range of only USD17,500 to USD22,000 vs a satisfactory level for management of USD44,000. We suspect that after its recent closer inspection of the stores, management decided that BHX needs to move forward on stronger ground and therefore, and it has shifted the emphasis to quality of stores instead of store count. YTD, 14 BHX stores have been closed with more likely to come.

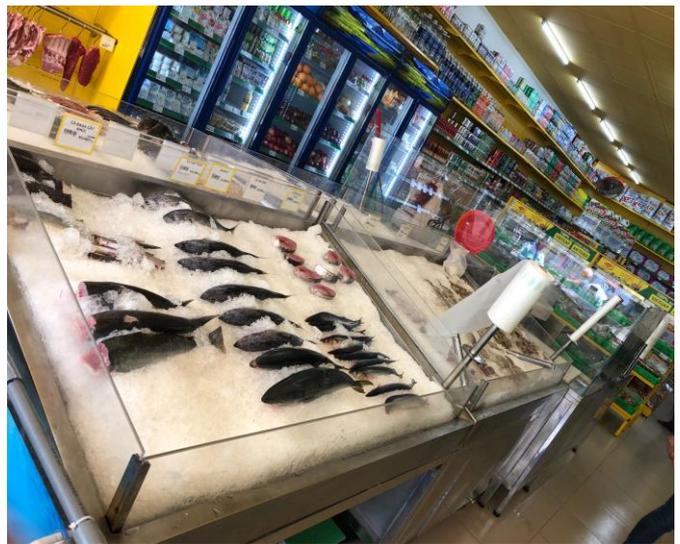
Management has started to impose clear location KPIs for new BHX stores. Specific details on the KPIs have not been disclosed by management but we understand that (1) the stores will be on secondary routes that connect main streets with residential areas and (2) there is adequate household density and traffic surrounding the stores.

Our channel check two weeks ago re-affirmed the importance of location. We recently visited 24 BHX stores located in District 2, 7, 8, Nha Be, Tan Binh and Tan Phu. In our observation, new stores opened in accordance with the above criteria clearly yield better sales. For example, in D7, Nha Be and D8, where stores are located on secondary routes close to populous residential areas, sales/store are north of USD35,000 per month. Having said that, about seven to eight of the 24 stores we visited were generating unsatisfactory sales.

New stores will mostly be under the new flagship format

The new flagship format offers a wider selection of meat and fish, including live fish. As we mentioned in our [previous report](#), the first store of this format on Le Trong Tan street generated outstanding sales/store/month of USD88,000 only two months after the format change. So far, management has converted more than 30 stores to this format, which is a process that will continue in 2018 along with new store openings. With this format and stricter location KPIs, management expects the new stores to deliver sales of at least USD44,000/month/store after three months of operations, compared to BHX's average of USD28,000 in Q1 2018, according to our estimate.

Figure 3: BHX's new flagship format



Source: VCSC

Having said that, the pace of store openings will likely decelerate vs the previous plan as location options have narrowed. Per management, for the new format, each store must have a width of at least eight meters and 150-200 sqm in sales floor area. This, coupled with management's plans to monitor the sales progress more closely before speeding up store expansion, has led to management's new base-case target of 500 total BHX stores by YE2018 compared to AGM guidance of 1,000 stores. We believe MWG can reach this number in Q3 2018, and if results are encouraging, more stores can be opened in Q4 2018.

Once a network of flagship stores, scale and brand awareness have been established, BHX will start penetrating deeper into residential areas. MWG attested that at this stage, it is more appropriate to raise BHX brand awareness via flagship stores before going deeper into residential areas, which will be carried out with a smaller format that contains a smaller fresh produce section. This is a similar approach to what MWG has done with TGDD and DMX. For now, MWG will keep about 100 stores of this smaller format.

GPM and cost controls continue to improve

Semi-processed meat and vegetables help bring down spoilage rate. On top of the initiatives to prolong the shelf life of vegetables that we outlined in our previous report, BHX staff members now also semi-process unsold vegetables to further reduce the spoilage rate. Specifically, instead of throwing the whole item, staff separate the still fresh parts of the vegetables and pack them in trays for sale (see pictures below). Meanwhile, unsold meat is sent back to the warehouse for semi-processing, e.g., marinating, to be re-sold the next day. Previously, second-day meat was sold at a 25% price discount to new meat.



Figure 4: BHX's semi-processed vegetables and meat



Source: VCSC

GPM stepped up to 16% in March 2018, ahead of our expectation... This represents a substantial improvement from 13%-14% in December 2017. Per management, this was thanks to better purchasing terms and a shrinking spoilage rate.

...but we expect it to come down in the following quarters as BHX is shoring up promotions to ramp up sales in underperforming stores. During our channel check, we noticed that BHX is offering promotional items for every VND50,000 (USD2.2) purchase. This is designed to strengthen traffic for stores that are posting sales of below USD22,000/month. These promotions were not reflected yet in Q1 2018 margins, in our opinion, as they only started in April to our knowledge.

Figure 5: VCSC's 2018-2027 forecasts for BachhoaXANH

VND bn	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F
Year-end store count	500	1,000	1,700	2,700	3,700	4,700	5,700	6,700	7,700	8,700
Revenue	4,459	8,215	15,786	26,323	39,035	52,142	65,697	77,592	90,082	103,196
<i>GPM</i>	15.3%	16.7%	18.2%	20.0%	21.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Gross profit	682	1,372	2,873	5,265	8,197	11,471	14,453	17,070	19,818	22,703
Selling expenses	719	1,234	2,441	4,200	6,336	8,691	10,821	12,632	14,430	16,261
<i>% of revenue</i>	16.1%	15.0%	15.5%	16.0%	16.2%	16.7%	16.5%	16.3%	16.0%	15.8%
G&A	89	123	237	395	586	782	985	1,164	1,351	1,548
<i>% of revenue</i>	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Operating profit	-126	14	195	669	1,275	1,999	2,647	3,275	4,037	4,894
EBITDA	-9	263	663	1,448	2,342	3,389	4,270	5,043	5,855	6,708
<i>Depreciation</i>	117	249	468	778	1,067	1,391	1,623	1,769	1,818	1,814
PBT	-126	14	195	669	1,275	1,999	2,647	3,275	4,037	4,894
NPAT	-126	14	210	536	1,020	1,599	2,118	2,620	3,230	3,915
<i>NPAT margin</i>	-2.8%	0.2%	1.3%	2.0%	2.6%	3.1%	3.2%	3.4%	3.6%	3.8%
<i>EBITDA margin</i>	-0.2%	3.2%	4.2%	5.5%	6.0%	6.5%	6.5%	6.5%	6.5%	6.5%

Source: VCSC

Valuation

Figure 6: Valuation summary

	Method	Weighting	Equity value (VNDbn)	Target price (VND)	Contribution (VND/sh)
Thegioi dong & DienmayXANH	DCF	80%	47,454	146,948	117,558
	TTM PER @ 18x	20%	46,655	144,472	28,894
BachhoaXANH	DCF	100%	7,190	22,264	22,264
Target Price					168,700
2017 PER at TP					23.6x
2018F PER at TP					18.4x

Source: VCSC

Discounted Cash Flows – Thegioi dong, DienmayXANH and TAG

Figure 7: DCF Valuation

Cost of Capital	Previous Report	Revised	FCFF (Five Year)	
Beta	0.8	0.8	PV of Free Cash Flows	14,056
Market Risk Premium %	7.2	8.0	PV of Terminal Val (1.5% g)	37,648
Risk Free Rate %	3.8	3.1	PV of FCF and TV	51,705
Cost of Equity %	9.6	9.5	+ Cash & ST investments	2,545
Cost of Debt %	8.0	8.0	- Debt	-6,796
Debt %	5	5	- Minority Interest	0
Equity %	95	95	Equity Value	47,454
Corporate Tax Rate %	20	20	Shares (mn)	323
WACC %	9.5	9.5	Price per share, VND	146,948

Figure 8: Cash flows

Discounted Cash Flow	FY18	FY19	FY20	FY21	FY22
EBIT	3,968	4,628	5,008	5,401	5,780
- Tax	-775	-939	-1,012	-1,251	-1,452
+ Depreciation	851	886	721	513	253
- Capex	-405	-178	-197	-219	-219
- Working cap increase	-1,289	-466	-809	-222	-95
Free Cash Flow	2,350	3,932	3,711	4,222	4,268
Present Value of FCF	2,158	3,311	2,861	2,977	2,750
Cumulative PV of FCF	2,158	5,469	8,329	11,306	14,056

Source: VCSC

Discounted Cash Flows – BachhoaXANH

Figure 9: DCF Valuation

Cost of Capital	Previous Report	Revised	FCFF (Five Year)	
Beta	NA	NA	PV of Free Cash Flow	2,416
Market Risk Premium %	NA	NA	PV of Terminal Val (5.0% g)	4,774
Risk Free Rate %	NA	NA	PV of FCF and TV	7,190
Cost of Equity %	20%*	20%*	+ Cash & ST investments	0
Cost of Debt %	NA	NA	- Debt	0
Debt %	NA	NA	- Minority Interest	0
Equity %	100%	100%	Equity Value	7,190
Corporate Tax Rate %	20%	20%	Shares (mn)	323
WACC %	20%*	20%*	Price per share, VND	22,264

Source: VCSC

*We apply a high cost of equity for BHX to reflect the high uncertainty of our long-term assumptions given that BHX remains in its early stage.

Figure 10: Cash flows

VND bn	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
EBIT	-126	14	195	669	1,275	1,999	2,647	3,275	4,037	4,894
- Tax	25	-3	-39	-134	-255	-400	-529	-655	-807	-979
+ Depreciation	178	310	529	839	1,067	1,391	1,623	1,769	1,818	1,814
- Capex	-406	-923	-1,292	-1,845	-1,845	-1,845	-1,845	-1,845	-1,845	-1,845
- WC increase	129	28	158	203	320	317	349	301	325	339
Free Cash Flow	-200	-574	-448	-267	562	1,462	2,245	2,844	3,527	4,223
PV of FCF	-167	-398	-259	-129	226	490	626	661	684	682
Cumulative PV of FCF	-167	-565	-824	-953	-727	-238	389	1,050	1,734	2,416

Source: VCSC

Figure 11: Peer comparables – TGDD and DMX/TAG

(USD mn) Company	Country	Mkt cap	TTM Net Sales	Y-o-Y%	TTM NPAT	Y-o-Y %	Debt/Equity	ROE	TTM P/E	Adjusted TTM P/E	LQ P/B
Henan Spondor Science & Technology	China	372.5	78.7	(7.3)	9.8	(30.3)	25.4	4.3	35.3	23.6	1.5
Jaymart PCL	Thailand	291.5	372.6	17.9	14.5	11.8	231.3	15.9	19.3	20.7	2.8
PT Erajaya Swasembada	Indonesia	274.5	1,811.0	17.9	25.4	28.7	47.3	9.7	11.2	9.8	1.1
Average		312.9	754.1	9.5	16.5	3.4	101.3	10.0	22.0	18.0	1.8
Mobile World	Vietnam	1,513.1	2,920.2	48.7	97.1	39.8	115.1	45.3	13.6	13.6	5.7

Source: Bloomberg

Figure 12: Peer comparables – BachhoaXANH

(USD mn) Company	Country	Mkt cap	TTM Net Sales	Y-o-Y%	TTM NPAT	Y-o-Y %	Debt/Equity	ROE	TTM P/E	Adj. TTM P/E	LQ P/B
Cp All Pcl	China	24,827.8	13,893.7	8.4	587.2	19.4	208.2	29.2	41.4	44.0	10.4
President Chain Store Corp	India	10,391.0	7,270.3	2.7	1,019.8	215.3	7.8	78.3	9.9	12.7	6.1
Sumber Alfaria Trijaya Tbk P	Indonesia	1,748.6	4,594.1	9.5	22.4	(50.1)	149.7	5.9	67.2	57.3	4.8
Philippine Seven Corp	Philippines	1,836.9	728.7	13.7	26.2	12.1	28.7	23.8	73.0	69.6	15.9
Taiwan Familymart Co Ltd	Taiwan	1,330.4	2,118.2	6.4	46.3	2.2	44.1	27.7	28.0	35.9	7.6
Jiajiayue Group Co Ltd-A	China	1,517.8	1,671.4	5.2	46.0	23.7	14.6	12.9	31.0	38.9	3.9
Midi Utama Indonesia Tbk Pt	Indonesia	212.7	730.1	15.0	7.7	(47.6)	270.1	11.3	28.7	24.5	3.2
China Shun Ke Long Holdings	China	98.5	141.4	(12.4)	1.7	(52.1)	34.8	4.5	53.2	80.1	2.4
Thanapiriya Pcl	Thailand	53	47.1	10.3	1.8	10.1	8.2	10.4	25.3	26.9	2.7
Median		1,517.8	1,671.4	8.4	26.2	10.1	34.8	12.9	31.0	38.9	4.8
Average		4,668.5	3,466.1	6.5	195.4	14.8	85.1	22.7	39.8	43.3	5.7

Source: Bloomberg

Recommendation History

Figure 15: Historical VCSC target price vs share price (adjusted for stock splits)



Source: Bloomberg & VCSC

Financial Statements

INCOME STATEMENT (VND bn)	2017	2018F	2019F
Revenue	66,340	90,392	102,100
COGS	-55,198	-74,951	-84,427
Gross Profit	11,142	15,441	17,672
Sales & Marketing exp,	-7,017	-9,799	-11,038
General & Admin exp,	-1,347	-1,864	-2,056
Operating Profit	2,778	3,777	4,578
Financial income	251	310	335
Financial expenses	-233	-361	-279
In which, interest expense	-227	-361	-279
Share profit/loss from associates	0	0	0
Net other income/(loss)	14	8	8
Profit before Tax	2,809	3,734	4,643
Income Tax	-603	-775	-939
NPAT before MI	2,207	2,959	3,704
Minority Interest	-1	-2	-2
NPAT less MI, reported	2,206	2,958	3,702
NPAT less MI, adjusted	2,206	2,958	3,702
EBITDA	3,468	4,772	5,774
EPS basic reported, VND	7,163	9,158	11,130
EPS basic adjusted ⁽¹⁾ , VND	7,163	9,158	11,130
EPS fully diluted, VND	7,163	9,158	11,130

(1) Adjusted for one-off items

RATIOS	2017	2018F	2019F
Growth			
Revenue growth	48.7%	36.3%	13.0%
Operating profit (EBIT) growth	39.5%	36.0%	21.2%
PBT growth	40.1%	32.9%	24.3%
EPS growth, adjusted	33.2%	27.8%	21.5%
Profitability			
Gross Profit Margin	16.8%	17.1%	17.3%
Operating Profit, (EBIT) Margin	4.2%	4.2%	4.5%
EBITDA Margin	5.2%	5.3%	5.7%
NPAT less MI Margin, adj,	3.3%	3.3%	3.6%
ROE	45.3%	39.6%	34.7%
ROA	11.7%	12.6%	14.1%
Efficiency			
Days Inventory On Hand	70.8	61.3	60.3
Days Accts, Receivable	4.6	5.1	4.2
Days Accts, Payable	38.0	36.8	36.1
Cash Conversion Days	37.5	29.7	28.5
Liquidity			
Current Ratio x	1.2	1.4	1.6
Quick Ratio x	0.3	0.3	0.5
Cash Ratio x	0.2	0.2	0.4
Debt / Assets	29.8%	22.6%	17.1%
Debt / Capital	53.5%	37.7%	28.1%
Net Debt / Equity	57.3%	22.8%	-7.8%
Interest Coverage x	12.2	10.5	16.4

BALANCE SHEET (VND bn)	2017	2018F	2019F
Cash & cash equivalents	3,411	3,400	5,778
Short term investment	0	0	0
Accounts receivables	1,442	1,107	1,252
Inventories	12,050	13,141	14,769
Other current assets	1,961	2,042	2,042
Total Current assets	18,864	19,691	23,841
Fix assets, gross	4,890	5,888	6,988
- Depreciation	-1,402	-2,515	-3,710
Fix assets, net	3,489	3,374	3,278
LT investment	0	0	0
LT assets other	461	1,143	1,079
Total LT assets	3,949	4,517	4,357
Total Assets	22,813	24,208	28,198
Accounts payable	7,372	7,956	9,063
Short-term debt	5,604	4,273	3,624
Other ST liabilities	2,737	1,752	1,979
Total current liabilities	15,712	13,981	14,665
Long term debt	1,192	1,192	1,192
Other LT liabilities	0	0	0
Total Liabilities	16,905	15,173	15,857
Preferred Equity	0	0	0
Paid in capital/Issued capital	3,170	3,326	3,426
Add'l share capital/share premium	37	532	532
Retained earnings	2,699	5,172	8,375
Other equity	1	1	1
Minority interest	3	4	6
Total equity	5,909	9,035	12,340
Liabilities & equity	22,813	24,208	28,198
CASH FLOW (VND bn)	2017	2018F	2019F
Beginning Cash Balance	997	3,411	3,400
Net Income	2,206	2,958	3,702
Dep, & amortization	690	994	1,196
Change in Working Capital	-277	-1,003	-438
Other adjustments	101	-21	67
Cash from Operations	2,719	2,928	4,526
Capital Expenditures, net	-2,087	-811	-1,100
Investments, net	-84	-848	0
Cash from Investments	-2,172	-1,659	-1,100
Dividends Paid	-232	-484	-499
Δ in Share Capital	92	652	100
Δ in ST debt	815	-1,447	-649
Δ in LT debt	1,192	0	0
Other financing cash flows	-1	0	0
Cash from Financing	1,867	-1,280	-1,048
Net Change in Cash	2,414	-11	2,378
Ending Cash Balance	3,411	3,400	5,778

Rating and Valuation Methodology

Absolute, long term (fundamental) rating: The recommendation is based on implied total return for the stock defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, and is not related to market performance.

RATING	DEFINITION
BUY	Total stock return including dividends over next 12 months expected to exceed 20%
OUTPERFORM (O-PF)	Total stock return including dividends over next 12 months expected to be positive 10%-20%
MARKET PERFORM (M-PF)	Total stock return including dividends over next 12 months expected to be between negative 10% and positive 10%
UNDERPERFORM (U-PF)	Total stock return including dividends over next 12 months expected to be negative 10%-20%
SELL	Total stock return including dividends over next 12 months expected to be below negative 20%
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Unless otherwise specified, these performance parameters only reflect capital appreciation and are set with a 12-month horizon. Future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation, thus these performance parameters should be interpreted flexibly.

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