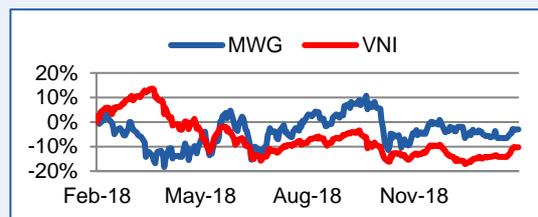


Industry:	Retailing	2018	2019F	2020F	2021F	
Report Date:	February 18, 2019	Rev Growth	30.4%	22.3%	19.3%	15.7%
Current Price:	VND86,100	EPS Growth	24.3%	25.0%	26.5%	14.7%
Current Target Price:	VND162,500	GPM	17.7%	17.9%	18.1%	18.4%
Previous Target Price:	VND137,300	NPM	3.3%	3.5%	3.8%	3.9%
Upside to TP:	+88.8%	EV/EBITDA	7.9x	6.6x	5.5x	4.9x
Dividend Yield:	+1.7%	P/Op CF	16.1x	6.5x	7.6x	6.0x
TSR:	+90.5%	P/E	12.9x	10.3x	8.2x	7.1x



		MWG	Peers*	VNI	
Market Cap:	\$1.6bn	12.9x	10.3x	16.1x	
Foreign Room:	\$0.0	P/E (ttm)	5.0x	1.4x	2.5x
ADTV30D:	\$1.4mn	P/B (curr)	36.1%	39.9%	N/A
State Ownership:	0%	Net D/E (%)	38.7%	15.2%	15.5%
Outstanding Shares:	443.2mn	ROE	11.3%	6.2%	2.5%
Fully Diluted Shares:	443.2mn	ROA	* Median of foreign mobile phone retailing peers		
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 by revenue. To sustain strong long-term growth, MWG is rolling out a new minimart chain.

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Electronics, grocery underpin a bright growth outlook

- We reiterate a BUY rating while lifting our TP by 18% as we raise projected NPAT CAGR during 2018-2021 to 26%, from 19% previously, and roll over the DCF period.
- Our upbeat view on MWG's earnings prospects is premised on the roll-out of consumer electronics (DienmayXANH/DMX) and minimart (BachhoaXANH/BHX) chains.
- We expect DMX's revenue to record a CAGR of 24% in the next three years, underpinned by store layout optimization and store expansion.
- BHX's sales/store and margins are improving while we expect its store expansion to accelerate in 2019. We project BHX will contribute 10% to MWG's NPAT in 2022 with nearly 3,000 stores.
- MWG's 2018 NPAT soared 31% YoY, driven by DMX, whose revenue surged 57% YoY. Meanwhile, online sales remained stellar (+116% YoY, 16% of total 2018 revenue).
- Risks to our positive view: price competition from pure e-commerce players; potential lukewarm consumer acceptance of the minimart format when expanding to secondary and third-tier cities.

We expect an improved store layout and further store expansion to bolster DMX's revenue growth during 2018-2021. MWG is rolling out a new layout for high-performing mini-DMX stores that allows the display of more SKUs (+20%-40% vs previously, per our store visits; see page 4-6 for more details). Per MWG, the 30 stores already equipped with the new layout have shown a top-line improvement of 30% vs previously. MWG targets to roll out the new layout for another 200 DMX stores by YE2019. Meanwhile, based on management guidance for 2019, we now project 150/50 new DMX stores for 2019/2020, which include 50/20 stores converted from high-performing Thegioididong (TGDD/mobile) stores. Based on these, we revise up our DMX revenue projections for 2019/2020/2021 by 11%/21%/25%.

BHX accomplished breakeven on store-level EBITDA by YE2018, backed by a focused roll-out of the standard format since April 2018. Following management's strategic adjustments in April 2018 to focus on location quality and the standard store format, which offers a wider assortment of fresh produce, we estimate that BHX's average monthly sales/store reached VND1.2bn (USD54,000) in H2 2018, up 55% vs H1 2018. GPM improved to 18% as of December 2018 vs ~14% as of YE2017. The standard format now represents 90% of BHX's total store count vs ~65% as of September 2018. Given this, we increase our average sales/store assumptions for BHX during 2019/2020/2021 by 25%/21%/16% vs previously to VND1.2bn (USD54,000).

We project a widening scale will enable BHX's NPAT margin to turn positive in 2020. We project 370/500/700 new BHX stores in 2019/2020/2021, which will bring its store count to 1,975 by YE2021 and enable BHX to negotiate better purchasing prices from suppliers. We further forecast BHX's GPM will reach 20% in 2020. Backed by this, opex optimization and operating leverage, we project BHX's NPAT margin to reach 0.3% in 2020 vs an estimated -13.4% in 2018.

2018 recap: DMX propelled strong earnings growth

Figure 1: MWG's 2018 results

VND bn	2017	2018	YoY	VCSC comments
Revenue	66,340	86,516	30%	
ThegioiDong (TGDD/mobile)	34,708	34,607	0%	*Low-single-digit SSSG, per our estimate. *MWG continued to convert high-performing TGDD stores to mini-DMX. This led to a reduction in store count to 1,032 as of YE2018 vs 1,072 as of YE2017.
DienmayXANH (DMX/consumer electronics)	30,245	47,584	57%	*High-double-digit SSSG, per our estimate. *108 new DMX stores in 2018 and 35 newly consolidated Tran Anh (TAG) stores, bringing total DMX store count to 750 as of YE2018.
BachhoaXANH (BHX/minimart)	1,387	4,326	212%	*122 new stores (net of store closures) in 2018, as total BHX store count touched 405 as of YE2018. *Average monthly sales/store continued to ramp up well, advancing 20% in Q4 2018 vs Q3 2018 and 68% vs H1 2018, thanks to better location quality, a focused roll-out of the standard format, conversions of old-format stores to the standard format and closures of irreparably underperforming legacy stores.
Online sales	5,706	12,350	116%	Online sales rocketed on the back of MWG's superior omnichannel (online-to-offline) and effective pre-order and promotion campaigns for new Samsung and Oppo products.
Gross profit	11,142	15,292	37%	
Selling expenses	-7,017	-9,660	38%	Selling expenses outgrew revenue because BHX has a higher selling expenses/sales % than TGDD and DMX, per our estimate.
G&A expenses	-1,347	-1,762	31%	Starting from 2018, G&A will include goodwill amortization of VND61bn (USD2.6mn) per year derived from the TAG acquisition.
EBIT	2,778	3,871	39%	
PBT	2,809	3,786	35%	Rose more slowly than EBIT due to larger interest expenses as debt increased to support working capital.
NPAT-MI	2,206	2,879	31%	Losses from BHX are not tax-deductible and will be carried forward.
GPM	16.8%	17.7%		
EBIT margin	4.2%	4.5%		
PBT margin	4.2%	4.4%		
NPAT-MI margin	3.3%	3.3%		

Source: MWG & VCSC

Looking beyond TGDD's muted revenue growth, MWG is still outperforming the overall mobile market. MWG has been converting a number of outperforming TGDD stores into mini-DMX stores to generate stronger sales as each DMX store also dedicates a separate space to sell mobile phones and accessories. This, coupled with DMX's organic store expansion, means TGDD's sales are being cannibalized by its sister chain. If we look at category performances, MWG's system-wide (TGDD and DMX combined) sales of mobile phones grew by 16% YoY in 2018, well above the industry's low single-digit rate. In order to be eligible for conversion, TGDD stores have to meet a certain revenue threshold, granted that additional rental space can be found at the existing sites. Following each conversion, sales/store typically improve by 50%, per MWG.

2019 outlook: we expect DMX's continuing growth and BHX's improved profitability to fuel a 29% jump in NPAT

Figure 2: VCSC's 2019 forecasts

VND bn	2018	2019F (old)	2019F (new)	YoY	VCSC comments on 2019F
Revenue	86,516	103,439	105,852	22%	
ThegioiDong (TGDD/mobile)	34,607	36,358	32,777	-5%	*We assume 50 high-performing TGDD stores will be converted to mini-DMX in 2019 (total store count by YE2019: 981) vs none in the previous report. *Revenue will be partly cushioned by elevated online sales.
DienmayXANH (DMX/consumer electronics)	47,584	58,345	64,250	35%	Bolstered by 10% SSSG excluding online sales, 150 new stores (total store count by YE2019: 900), online sales and full contribution from stores opened in 2018. *We project a total store count of 775 by YE2019, net of projected 30 store closures, vs 405 stores as of YE2018, 55% SSSG and full contribution from stores opened in 2018.
BachhoaXANH (BHX/minimart)	4,326	8,735	8,825	104%	*We revised down our new store forecast from 500 previously to 370 (net of store closures) while increasing our monthly sales/store assumption from VND1.0bn (USD43,000) to VND1.2bn (USD51,500) thanks to higher-than-expected sales/store of the standard format.
Online sales	12,350	21,668	19,720	60%	
Gross profit	15,292	18,487	18,964	24%	
Selling expenses	-9,660	-11,695	-11,983	24%	
G&A	-1,762	-2,134	-2,296	30%	
Operating profit	3,871	4,658	4,684	21%	
Interest expenses	-436	-309	-363	-17%	We assume MWG will use its strengthening free cash flow to pay down short-term debt starting from 2019.
Non-operating profit	352	394	402	14%	Mostly consists of payment discounts from suppliers.
Profit before tax	3,786	4,743	4,724	25%	
Profit after tax	2,880	3,738	3,709	29%	
NPAT-MI	2,879	3,736	3,707	29%	*Estimated net loss from BHX projected to narrow from VND580bn (USD25mn) to VND291bn (USD12mn) driven by higher sales/store and GPM, improved opex and only 30 store closures in 2019F vs ~150 in 2018, per our estimate. *Excluding BHX, NPAT would grow by 16% YoY in 2019, per our projections.
EPS (VND)	6,678	8,414	8,349	25%	2019 EPS will be diluted by a 3% ESOP issuance completed at YE2018.
GPM	17.7%	17.9%	17.9%		We project BHX's GPM to expand by three ppts in 2019 vs 2018 to 19% on the back of its ballooning scale, while we project TGDD and DMX's combined GPM to stay flat in 2019 vs 2018 as a larger consumer electronics GPM will offset the new iPhone weakness, which may negatively impact mobile GPM in 2019.
Selling exp/revenue %	11.2%	11.3%	11.3%		BachhoaXANH is estimated to have higher selling expenses as a percentage of sales.
G&A/revenue %	2.0%	2.1%	2.2%		BachhoaXANH is estimated to have higher G&A expenses as a percentage of sales.
OPM	4.5%	4.5%	4.4%		
NPAT-MI margin	3.3%	3.6%	3.5%		
Effective tax rate	23.9%	21.2%	21.5%		Losses from BHX are not tax-deductible and will be carried forward.

Source: VCSC

DMX’s layout optimization lifts sales/store

Since October 2018, MWG has been piloting a new layout for a number of DMX stores, whose sales have markedly stepped up. Via our store visits on January 14, 2019, we observe that the main differences between the new layout and the existing one include (1) optimized display areas for electronics. For example, TVs and washing machines are now being placed on double and triple stacks vs a single stack previously. This allows DMX to boost the number of SKUs in the stores; and (2) a larger section for home appliances, e.g. kitchenware, thanks to the more condensed areas for electronics. Per MWG, on average, the first 30 stores equipped with the new layout have posted a 30% revenue increase vs previously. We learned during our store visits that both electronics and home appliance categories witnessed a significant jump in revenue.

Per the store managers of the four mini-DMX stores (new layout) that we visited on January 14, 2019, customer feedback on the new layout has been generally positive thanks to a wider range of product offerings. Only a few customers complained about the more condensed walking areas.

Figure 3: Current layout (LHS-single stacking) vs new layout (RHS-double and triple stacking)



Source: VCSC, MWG

Figure 4: Home appliance displays under the current layout



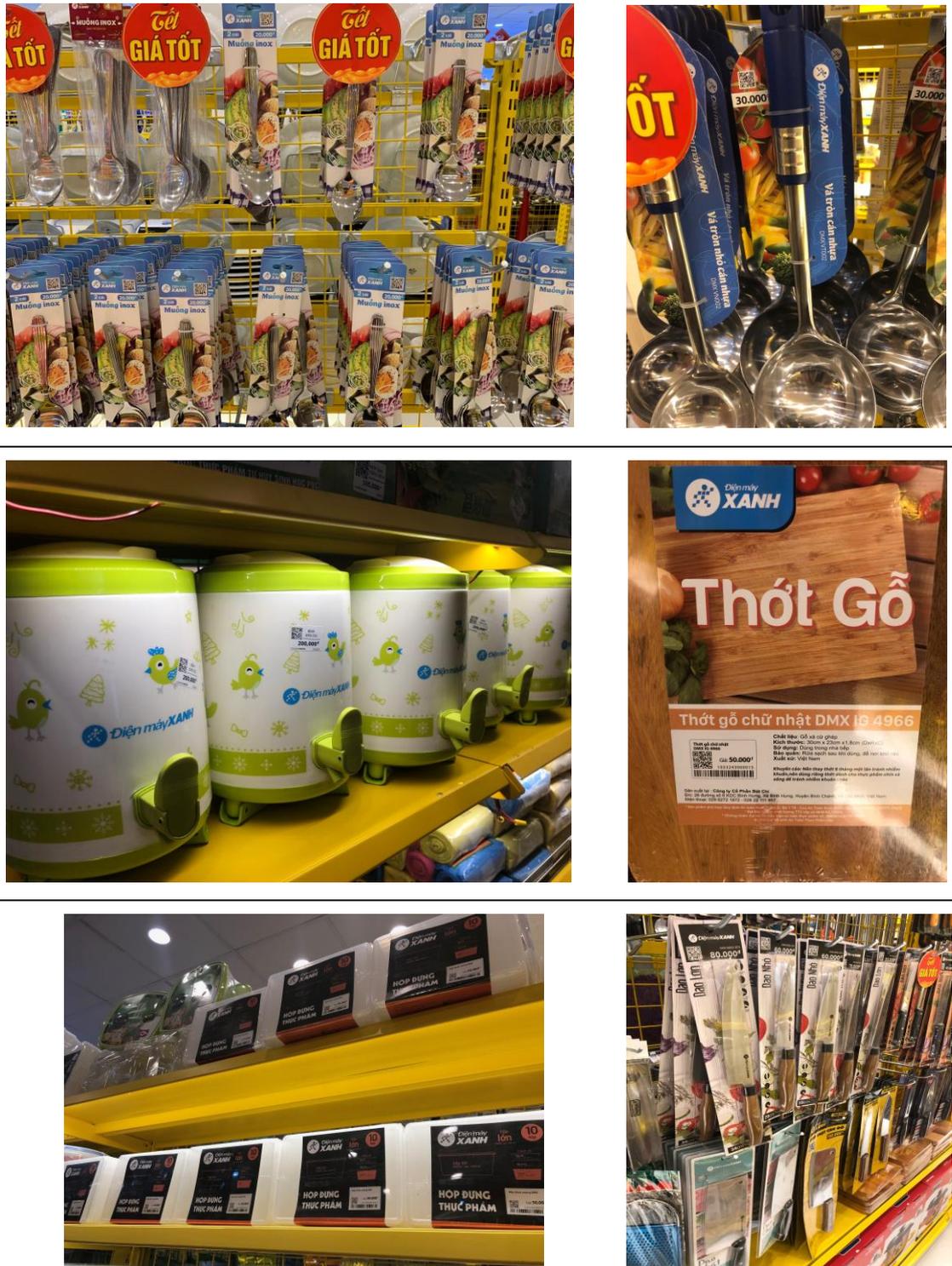
Figure 5: Home appliance displays under the new layout



Source: VCSC

Increasing sales of private labels could prop up GPM in the long term. Per our observation, besides the sheer number of SKUs, DMX's home appliance category now also boasts a larger portion of private label products. These include kitchenware such as spoons, knives, chopping boards, water containers, cooking pans, food plastic containers and pots. Per MWG, in the short term, its wider home appliance offerings are aimed at shoring up store traffic and, in turn, electronics sales. In the longer term, as the new layout is rolled out further, this category's GPM can improve along with its broadening scale, which, in turn, will buoy GPM for DMX given the high-margin nature of private label products.

Figure 6: DMX's private-label home appliances



Source: VCSC

Duo-pricing: MWG's weapon to fend off price competition in the consumer electronics market

Per management, duo-pricing on the DMX website was initially designed to compete with pure e-commerce players that undercut on prices. This model has been piloted since December 2018, in which DMX offers two price options to customers: (1) a full retail price with full-package warranty services by DMX and (2) a lower price, which does not include DMX's warranty services. Customers who choose the lower prices will need to bring their items to the vendors for warranty in case of faulty products.

Since DMX launched duo-pricing, to ensure the stability of their retail prices, vendors have scaled back cheap supply for pure online players, which has stabilized pricing for the overall market, per MWG. The fact that the market leader (DMX), which owns a 35% market share, started to offer discounted prices unnerved the vendors regarding the stability of their retail prices. As such, they have reduced the cheap supply that would have ultimately found its way to pure online discounters. Per MWG, this has lessened the price competition in the consumer electronics market. Therefore, even though MWG does not aim to widely roll out its duo-pricing model, it will retain it as a powerful tool to fend off price competition.

New BHX stores in the Mekong Delta and southeast region are generating satisfactory sales, per management

Positive customer reception in the Mekong Delta and southeast region. Currently, BHX is present in 11 provinces in Vietnam, concentrated mostly in HCMC and adjacent provinces such as Binh Duong. Since YE2018, MWG has opened stores in the Mekong Delta and the southeast region, including in provinces such as Ben Tre, Can Tho, Tien Giang, Vinh Long, Dong Nai, Tay Ninh and Tra Vinh. Per management, in the first month after opening, the standard and flagship stores in these provinces delivered sales/store equivalent to 90%-95% and 85%, respectively, of the HCMC stores.

Management aims to optimize supply chain to better compete with specialty products in certain provinces. Management shared that for some areas that specialize in certain products, e.g. pork in Bien Hoa (Dong Nai Province) or guava in Tien Giang Province, price competition on these products could be challenging. To deal with this, management will continue to look for ways to strengthen BHX's supply chain as well as negotiate with suppliers for better purchasing prices to solidify its price competitiveness.

Valuation

We value MWG using a sum-of-the-parts method including (1) a five-year DCF for the mobile and consumer electronics businesses and (2) a ten-year DCF for the new minimart business. We apply a higher cost of equity (20%) to the minimart business to reflect the high uncertainty of our long-term assumptions given that BHX remains at an early stage. Meanwhile, we do not employ a peer-based valuation for MWG owing to a limited comparable universe.

Figure 7: Summary of VCSC's valuation for MWG

	Method	Equity value (VND bn)	Equity value/share (VND)
Thegioididong & DienmayXANH	DCF	62,175	144,236
BachhoaXANH	DCF	7,894	18,313
Target Price			162,548
2019F PER at TP			19.5x

Source: VCSC

Discounted Cash Flows – TGDD and DMX

Figure 8: DCF Valuation

Cost of Capital	Previous Report	Revised	FCFF (Five Year) – VND bn	
Beta	0.8	0.8	PV of Free Cash Flows	20,997
Market Risk Premium %	8.4	8.4	PV of Terminal Val (1.5% g)	44,422
Risk Free Rate %	4.5	4.5	PV of FCF and TV	65,419
Cost of Equity %	11.2	11.2	+ Cash & ST investments	3,801
Cost of Debt %	8.0	8.0	- Debt	-7,045
Debt %	10	10	- Minority Interest	0
Equity %	90	90	Equity Value	62,175
Corporate Tax Rate %	20	20	Shares (mn)	431
WACC %	10.7	10.7	Value per share, VND	144,236

Source: VCSC

Figure 9: Cash flows (VND bn)

Discounted Cash Flow	2019F	2020F	2021F	2022F	2023F
EBIT	5,378	6,291	6,986	7,591	8,228
- Tax	-1,076	-1,258	-1,397	-1,518	-1,646
+ Depreciation	1,337	1,217	1,008	661	473
- Capex	-871	-426	-215	-232	-249
- Working cap increase	830	-1,326	-947	-144	-74
Free Cash Flow	5,598	4,499	5,435	6,358	6,733
Present Value of FCF	5,055	3,668	4,002	4,228	4,043
Cumulative PV of FCF	5,055	8,723	12,726	16,954	20,997

Source: VCSC

Figure 10: Sensitivity analysis of our target price for MWG in relation to TGDD and DMX DCF's WACC and terminal growth rate, ceteris paribus

MWG Target Price (VND)	WACC					
		9.7%	10.2%	10.7%	11.2%	11.7%
Terminal growth (g)	0.5%	155,838	153,673	151,566	149,516	147,519
	1.0%	161,289	159,001	156,775	154,609	152,499
	1.5%	167,330	164,906	162,548	160,253	158,019
	2.0%	174,062	171,487	168,982	166,543	164,169
	2.5%	181,611	178,867	176,196	173,597	171,067

Source: VCSC

Discounted Cash Flows – BachhoaXANH

Figure 11: DCF Valuation

Cost of Capital	Previous Report	Revised	FCFF (Five Year) – VND bn	
Beta	NA	NA	PV of Free Cash Flow	1,559
Market Risk Premium %	NA	NA	PV of Terminal Val (5.0% g)	6,335
Risk Free Rate %	NA	NA	PV of FCF and TV	7,894
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	7,894
Corporate Tax Rate %	20%	20%	Shares (mn)	431
WACC %	20%	20%	Value per share, VND	18,313

Source: VCSC

Figure 12: Cash flows

VND bn	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
EBIT	-291	51	320	709	1,245	2,143	3,563	4,579	5,778	6,966
- Tax	58	-10	-64	-142	-249	-429	-713	-916	-1,156	-1,393
+ Depreciation	240	422	666	963	1,312	1,579	1,801	1,963	2,023	2,227
- Capex	-819	-1,023	-1,432	-2,045	-2,045	-2,045	-2,045	-2,045	-2,045	-2,045
- WC increase	-326	-155	-103	-135	-139	-146	-155	-141	-140	-151
Free Cash Flow	-1,138	-714	-613	-650	123	1,102	2,451	3,439	4,460	5,603
PV of FCF	-948	-496	-355	-313	49	369	684	800	864	905
Cumulative PV of FCF	-948	-1,444	-1,799	-2,113	-2,064	-1,694	-1,010	-210	654	1,559

Source: VCSC

Figure 13: Sensitivity analysis of our target price for MWG in relation to BHX DCF's WACC and terminal growth rate, ceteris paribus

MWG Target Price (VND)	Terminal growth (g)	WACC				
		10.0%	15.0%	20.0%	25.0%	30.0%
	3.0%	229,771	178,616	160,572	152,331	148,055
	4.0%	242,897	181,416	161,498	152,708	148,230
	5.0%	261,273	184,775	162,548	153,124	148,418
	6.0%	288,838	188,881	163,748	153,583	148,623
	7.0%	334,778	194,013	165,132	154,093	148,845

Source: VCSC

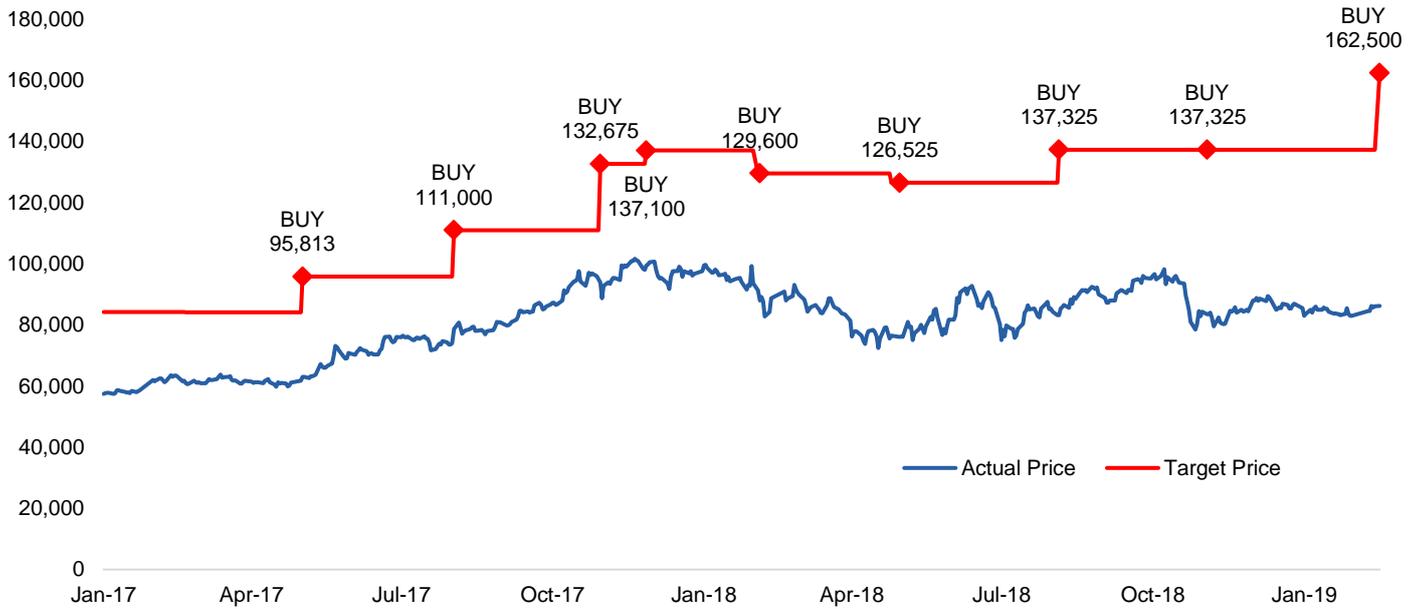
Figure 14: VCSC's 2019-2028 forecasts for BachhoaXANH

VND bn	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F
YE store count	775	1,275	1,975	2,975	3,975	4,975	5,975	6,975	7,975	8,975
Revenue	8,825	15,206	23,896	36,066	49,871	64,229	79,135	92,452	106,434	121,116
GPM	19.1%	20.1%	21.1%	21.6%	22.1%	22.6%	23.3%	23.8%	24.1%	24.3%
Gross profit	1,686	3,056	5,042	7,790	11,021	14,516	18,438	22,003	25,651	29,431
Selling expenses	1,720	2,580	4,077	6,144	8,530	10,831	13,056	15,391	17,638	20,043
% of revenue	19.5%	17.0%	17.1%	17.0%	17.1%	16.9%	16.5%	16.6%	16.6%	16.5%
G&A	256	426	645	938	1,247	1,541	1,820	2,034	2,235	2,422
% of revenue	2.9%	2.8%	2.7%	2.6%	2.5%	2.4%	2.3%	2.2%	2.1%	2.0%
EBIT	-291	51	320	709	1,245	2,143	3,563	4,579	5,778	6,966
EBITDA	-50	473	986	1,672	2,556	3,722	5,364	6,541	7,800	9,193
Depreciation	240	422	666	963	1,312	1,579	1,801	1,963	2,023	2,227
PBT	-291	51	320	709	1,245	2,143	3,563	4,579	5,778	6,966
NPAT	-291	51	320	691	996	1,714	2,850	3,663	4,622	5,573
NPAT margin	-3.3%	0.3%	1.3%	1.9%	2.0%	2.7%	3.6%	4.0%	4.3%	4.6%
EBITDA margin	-0.6%	3.1%	4.1%	4.6%	5.1%	5.8%	6.8%	7.1%	7.3%	7.6%

Source: VCSC

Recommendation History

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



Source: Bloomberg & VCSC

Financial Statements

P&L (VND bn)	2018	2019F	2020F	2021F	B/S (VND bn)	2018	2019F	2020F	2021F
Revenue	86,516	105,852	126,334	146,220	Cash & equivalents	3,750	4,361	6,081	9,614
COGS	-71,224	-86,888	-103,443	-119,335	ST investment	51	51	51	51
Gross Profit	15,292	18,964	22,890	26,884	Accounts receivables	380	1,083	1,288	1,493
Sales & Marketing exp	-9,660	-11,983	-14,334	-17,015	Inventories	17,446	17,289	20,699	23,946
General & Admin exp	-1,762	-2,296	-2,753	-3,201	Other current assets	1,763	1,763	1,763	1,763
Operating Profit	3,871	4,684	5,803	6,669	Total Current assets	23,390	24,546	29,881	36,867
Financial income	342	391	461	558	Fix assets, gross	6,067	7,757	9,205	10,853
Financial expenses	-437	-363	-235	-183	- Depreciation	-2,489	-3,913	-5,401	-6,922
- o/w interest expense	-436	-363	-235	-183	Fix assets, net	3,578	3,844	3,804	3,930
Associates	-2	-2	-2	-2	LT investment	60	60	60	60
Net other income/(loss)	12	14	15	17	LT assets other	1,113	1,048	983	919
Profit before Tax	3,786	4,724	6,042	7,059	Total LT assets	4,751	4,952	4,848	4,909
Income Tax	-906	-1,015	-1,210	-1,359	Total Assets	28,140	29,498	34,729	41,776
NPAT before MI	2,880	3,709	4,832	5,700	Accounts payable	8,253	8,594	9,838	11,371
Minority Interest	-2	-2	-2	-3	Short-term debt	5,797	2,929	1,744	1,259
NPAT less MI, reported	2,879	3,707	4,830	5,697	Other ST liabilities	3,858	4,566	5,456	6,325
NPAT less MI, adjusted	2,879	3,707	4,830	5,697	Total current liabilities	17,907	16,089	17,037	18,954
EBITDA	5,094	6,109	7,290	8,190	Long term debt	1,248	1,248	1,248	1,248
EPS reported, VND	6,678	8,349	10,561	12,109	Other LT liabilities	2	2	2	2
EPS adjusted, VND	6,678	8,349	10,561	12,109	Total Liabilities	19,157	17,339	18,287	20,205
EPS fully diluted, adj, VND	6,678	8,349	10,561	12,109	Preferred Equity	0	0	0	0
DPS, VND	1,127	1,500	1,500	1,500	Paid in capital	4,435	4,568	4,705	4,840
DPS/EPS (%)	17%	18%	14%	12%	Share premium	552	552	552	552
RATIOS	2018	2019F	2020F	2021F	Retained earnings	3,990	7,030	11,174	16,165
Growth					Other equity	1	1	1	1
Revenue growth	30.4%	22.3%	19.3%	15.7%	Minority interest	6	8	11	14
Op profit (EBIT) growth	39.3%	21.0%	23.9%	14.9%	Total equity	8,983	12,159	16,442	21,571
PBT growth	34.8%	24.8%	27.9%	16.8%	Liabilities & equity	28,140	29,498	34,729	41,776
EPS growth, adjusted	24.3%	25.0%	26.5%	14.7%	Y/E shares out, mn	443.5	456.8	470.5	484.0
Profitability					Y/E treasury shares, mn	0.3	0.3	0.3	0.3
Gross Profit Margin	17.7%	17.9%	18.1%	18.4%	CASH FLOW (VND bn)	2018	2019F	2020F	2021F
Op Profit, (EBIT) Margin	4.5%	4.4%	4.6%	4.6%	Beginning Cash Balance	3,411	3,750	4,361	6,081
EBITDA Margin	5.9%	5.8%	5.8%	5.6%	Net Income	2,879	3,707	4,830	5,697
NPAT-MI Margin, adj,	3.3%	3.5%	3.8%	3.9%	Dep, & amortization	1,223	1,424	1,487	1,522
ROE	38.7%	35.1%	33.8%	30.0%	Chge in Working Cap	-2,134	504	-1,481	-1,050
ROA	11.3%	12.9%	15.0%	14.9%	Other adjustments	346	67	67	68
Efficiency					Cash from Operations	2,313	5,701	4,903	6,236
Days Inventory On Hand	75.6	73.0	67.0	68.3	Capital Expenditures, net	-1,484	-1,690	-1,448	-1,648
Days Accts, Receivable	3.8	2.5	3.4	3.5	Investments, net	-914	0	0	0
Days Accts, Payable	37.2	35.4	31.5	31.6	Cash from Investments	-2,396	-1,690	-1,448	-1,648
Cash Conversion Days	42.2	40.0	39.0	40.2	Dividends Paid	-486	-666	-686	-706
Liquidity					Δ in Share Capital	704	133	137	135
Current Ratio x	1.3	1.5	1.8	1.9	Δ in ST debt	193	-2,867	-1,186	-484
Quick Ratio x	0.2	0.3	0.4	0.6	Δ in LT debt	56	0	0	0
Cash Ratio x	0.2	0.3	0.4	0.5	Other financing C/F	-45	0	0	0
Debt / Assets	25.0%	14.2%	8.6%	6.0%	Cash from Financing	422	-3,400	-1,735	-1,055
Debt / Capital	44.0%	25.6%	15.4%	10.4%	Net Change in Cash	339	611	1,720	3,533
Net Debt / Equity	36.1%	-1.9%	-19.1%	-33.2%	Ending Cash Balance	3,750	4,361	6,081	9,614
Interest Coverage x	8.8	12.9	24.7	36.5					

Rating and Valuation Methodology

Stock ratings are set based on projected total shareholder return (TSR), defined as $(\text{target price} - \text{current price}) / \text{current price} + \text{dividend yield}$, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
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