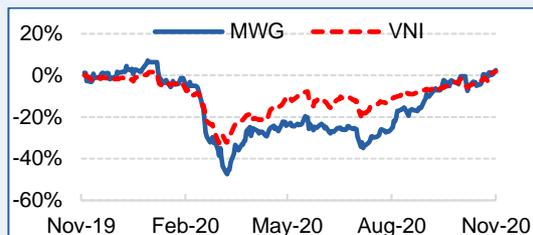


Industry:	Retailing		2019	2020F	2021F	2022F
Report Date:	November 23, 2020	Rev Growth	18.1%	8.0%	23.6%	17.3%
Current Price:	VND113,200	EPS Growth	29.6%	-0.7%	39.7%	34.9%
Target Price:	VND183,400	GPM	19.1%	21.9%	22.9%	24.0%
Previous Target Price:	VND158,300	NPM	3.8%	3.5%	4.1%	4.8%
Upside to TP:	+62.0%	EV/EBITDA	8.0x	6.9x	5.3x	4.2x
Dividend Yield:	+1.3%	P/Op CF	N.M.	8.8x	10.3x	5.6x
TSR:	+63.3%	P/E	13.1x	13.2x	9.4x	7.0x



			MWG	VNI
Market Cap:	USD2.2bn			
Foreign Room:	USD0	P/E (ttm)	13.3x	16.1x
ADTV30D:	USD4.5mn	P/B (curr)	3.4x	2.1x
State Ownership:	0%	Net D/E	-1.2%	N/A
Outstanding Shares:	452.9 mn	ROE	29.0%	12.9%
Fully Diluted Shares:	452.9 mn	ROA	10.5%	2.2%
3-yr PEG	0.4			

Company Overview

MWG owns the leading mobile phone and consumer electronics chains in Vietnam with market shares of ~50% and ~40% as of H1 2020, respectively. To sustain strong long-term growth, MWG is rolling out the Bach Hoa Xanh minimart chain.

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Earnings growth to return to the fast lane

- We reiterate BUY as we believe MWG's strong business execution will lead to elevated earnings growth post-2020. MWG's current 2020F PER of 13.2x looks appealing given our EPS CAGR forecast of 33% during 2020F-2023F.
- We lift our TP by 16% as (1) we raise our aggregate 2021F-2023F NPAT-MI by 6% thanks to a higher projected GPM for the phone (TGDD) and consumer electronics (DMX) chains, (2) our house cost of equity decreasing by 1.2 ppts to 13.0% and (3) a rollover of our TP to YE2021.
- TGDD (phone) and DMX (consumer electronics): We project their combined NPAT to advance 17% to VND6.6tn (USD285mn) in 2021F thanks to positive SSSG off a low 2020F base and a roll-out of the new super-mini DMX format.
- BHX: Opex is ahead of our expectations; nevertheless, given management's upbeat guidance on YE2021 GPM of ~30% vs ~25% currently and expected higher utilization of distribution centers (DCs), we forecast BHX's loss will narrow by 43% to VND984bn (USD42mn) in 2021F.
- Potential upside: Better margins at TGDD/DMX through negotiations with suppliers; higher sales/store for BHX thanks to store upgrades; successful execution of BHX Online and overseas expansion.
- Downside risks to our positive view: Slower-than-expected store roll-out and profitability progress for BHX; weaker-than-expected consumer spending on smartphones and electronics.

New super-mini DMX format to propel MWG's market consolidation. In October, 107 super-mini DMX stores (120-150 sqm/store; located in 26 out of Vietnam's 63 provinces) averaged VND1bn (USD43,000) in monthly revenue/store and accounted for 3.3% of TGDD and DMX's revenue. Given these positive early results, MWG's hard-to-replicate logistics advantages (i.e., existing extensive network of physical stores and warehouses) and ample headroom for market share gains, we project super-mini DMX will reach a total store count of 900/1,200 by YE2021/YE2022, thereby contributing 7%/11%/13% to TGDD and DMX's aggregate revenue in 2021F/2022F/2023F.

BHX's opex/sales is running higher than we expected, but management's positive GPM guidance bolsters the long-term profitability outlook. We raise our 2020F/2021F losses for BHX from VND1.5tn/407bn (USD64mn/17mn) to VND1.7tn/984bn (USD74mn/42mn) vs an estimated VND1.1tn (USD46mn) in 2019. Our narrower loss forecast for 2021F vs 2020F is primarily due to a 3.5-ppt GPM expansion — backed by a broadening scale and bigger contributions from private labels and exclusive products — and stepped-up DC utilization. Per management, BHX's GPM could reach 30% by YE2021, which would already reach our previous mature GPM assumption for BHX. This guidance is partly based on management's target that private labels and exclusive products will account for 50% of BHX's 3,000 fastest-turnover SKUs (vs below 10% as of October 2020, per MWG). Meanwhile, we project BHX will add nine and four new DCs in 2020 and 2021, respectively, vs a total of six as of YE2019; the expected slowdown in DC expansion will support their utilization in 2021F.

10M 2020: Resilient NPAT despite COVID-19, BHX expansion

Figure 1: MWG's 10M 2020 results

VND bn	10M 2019	10M 2020	YoY
Revenue	84,723	90,102	6%
TGDD	28,166	24,508	-13%
DMX	48,333	48,475	0%
BHX	8,224	17,119	108%
NPAT	3,260	3,283	1%
Online sales	10,895	7,899	-27%

Source: MWG, VCSC

Net revenue reached VND8.75tn (USD375mn; +10% YoY) and NPAT amounted to VND305bn (USD13mn; +8% YoY) in October 2020. We estimate TGDD and DMX's October aggregate revenue slid 2% YoY to VND6.8tn (USD290mn), which was owing to COVID-19's negative impact on discretionary spending and the recent record flooding in central Vietnam that hurt more than 170 TGDD and DMX stores in this region. That said, TGDD and DMX's aggregate revenue still increased 5% MoM in October, suggesting a continued recovery in consumer demand.

DMX: Revenue was flat YoY in 10M 2020, which was mainly driven by full contributions from new stores opened in 2019 (store count of 1,198 as of October 2020 vs 1,018 as of YE2019 and 937 as of October 2019). White goods and home appliances were the categories with positive growth in 10M 2020. Following a successful pilot in Tien Giang Province, MWG expanded its new mini-DMX format (120-150 sqm/store) from nine stores in July 2020 to 107 stores in October 2020, which are located in 26 cities/provinces out of Vietnam's 63 provinces. These stores have been averaging VND1bn (USD43,000) in monthly revenue/store and have generated cumulative revenue of VND250bn (USD11mn). MWG plans to have a total of 300 super-mini DMX stores by YE2020.

TGDD: Revenue fell 13% YoY in 10M 2020 as a result of weaker domestic consumption and conversion of stores to the DMX format. As of October 2020, TGDD had 948 stores vs 996 as of YE2019 and 995 as of October 2019. Secondary categories such as watches and laptops were bright spots in 10M 2020. Furthermore, MWG's watch revenue exceeded VND1.2tn (USD52mn; +150% YoY) in 10M 2020 vs VND800bn (USD34mn) in full-year 2019 on the back of rapid point-of-sales expansion. Meanwhile, laptop revenue surged 43% YoY to VND3tn (USD129mn) thanks to vibrant demand for remote working/studying. MWG expects its mobile phone category to strengthen in Q4 2020, which will be aided by major product launches (such as iPhone 12) and promotional activities to stimulate sales during this typically high season.

BHX: Revenue rocketed 84% YoY with store count reaching 1,656 as of October 2020 vs 1,008 as of YE2019 and 866 as of October 2019. Monthly revenue/store sank from VND1.3bn (USD56,000) in October 2019 to more than VND1.2bn (USD52,000) in October 2020 as a result of continued footprint expansion to lower-income areas (70% of stores are located outside of HCMC as of October 2020 vs 52% as of October 2019). Stores at least one-year old, which accounted for ~51% of BHX's store count as of October 2020, averaged more than VND1.4bn (USD60,000) in monthly revenue/store, per MWG.

In October 2020, BHX opened 33 new stores, which indicates a continuing moderate pace of store openings since July (137 new stores in Q3 vs 328 in Q2 2020) as part of MWG's target to optimize logistics costs and improve revenue per store.

BHX's new "500-sqm" format is ramping up rapidly, reaching a total of 72 stores spread across 10 cities/provinces (all of which were upgraded from existing BHX stores). These stores contributed 11% to BHX's total revenue in October 2020 and an average of VND3bn (USD129,000) in monthly revenue/store, which is 20%-50% than their pre-upgraded levels. MWG targets a total of 100 "500-sqm" stores by YE2020. Meanwhile, MWG's An Khang pharmacy chain reached a total store count of 42 as of October 2020. Notably, 21 new stores that were opened in the last four months are all "integrated" stores that go along with the "500-sqm" BHX stores. An Khang's revenue surged 157% YoY in 10M 2020; MWG plans to invest more resources in this business going forward.

2020F: We raise our NPAT-MI forecast by 5.5% due to TGDD and DMX's upbeat GPM, partly offset by a larger loss at BHX

Figure 2: VCSC's 2020 forecasts

VND bn	2019	2020F (old)	2020F (new)	YoY	VCSC comments on 2020F
Revenue	102,174	111,024	110,388	8%	
TGDD	33,207	26,296	28,196	-15%	Due to a high single-digit decline in same-store sales and continued conversions of high-performing TGDD stores into DMX stores. Our upward revision is mainly due to a higher projected store count as we assume TGDD's store count will fall to 930 as of YE2020 (from 996 as of YE2019), which is higher than 850 in our previous report owing to the fact that MWG is focusing its resources on rolling out super-mini DMX stores — which would slow the process of converting TGDD stores.
DMX	58,197	60,602	59,278	2%	We forecast store expansion will overcome a double-digit decline in same-store sales. Per our projection, DMX's store count will advance from 1,018 as of YE2019 to 1,460 as of YE2020 (including 50 stores in Cambodia). Our projected store count increase includes ~70 stores converted from TGDD (vs 150 in our previous report), 300 super-mini DMX stores (vs 230 in our previous report) and ~50 stores in Cambodia. Lifted by ~740 projected new stores (vs 900 in our previous report), which would bring BHX's store count to 1,750 by YE2020, SSSG of 10% (vs 12% in our previous report) and a full-year contribution from stores opened in 2019.
BHX	10,770	24,126	22,914	113%	We tone down our new store assumption in accordance with MWG's plan to focus on improving BHX's profitability before resuming rapid store openings.
Online sales	12,682	10,146	10,146	-20%	To sink off a high base as MWG only started to implement the new pricing policy (i.e., aligned offline/online pricing now vs lower online pricing previously) in May 2019.
Gross profit	19,488	24,100	24,139	24%	
Selling expenses	-12,437	-16,142	-15,601	25%	
G&A	-2,074	-2,896	-3,278	58%	G&A expenses to support the roll-out of BHX and super-mini DMX have been higher than we anticipated.
EBIT	4,977	5,062	5,260	6%	
PBT	5,053	4,988	5,299	5%	
NPAT-MI	3,834	3,689	3,894	2%	We raise our forecast for TGDD and DMX's combined NPAT by 8% to VND5.6tn (USD241mn) as we estimate that their GPM (~21.2%) has surpassed our expectation. On the other hand, we revise up our net loss projection for BHX from VND1.5tn (USD64mn) to VND1.7tn (USD74mn) compared to an estimated net loss of VND1.1tn (USD46mn) in 2019, which is mostly due to G&A expenses.
EPS (VND)	8,657	8,146	8,597	-1%	EPS will be diluted by a 2.4% ESOP issuance in January 2020.
GPM	19.1%	21.7%	21.9%		GPM steps up across businesses on the back of their ballooning scale, more effective procurement and product mix.
Selling exp/revenue %	12.2%	14.5%	14.1%		BHX is estimated to have higher selling expenses as a percentage of sales than TGDD and DMX.
G&A/revenue %	2.0%	2.6%	3.0%		
EBIT margin	4.9%	4.6%	4.8%		
NPAT-MI margin	3.8%	3.3%	3.5%		
Effective tax rate	24.1%	26.0%	26.5%		BHX's losses are not tax-deductible and will be carried forward.

Source: MWG, VCSC

2021F: Earnings to surge on domestic consumption recovery, DMX's store expansion and BHX's improved profitability

Figure 3: VCSC's 2021 forecasts

VND bn	2020F	2021F	YoY	VCSC comments on 2021F
Revenue	110,388	136,460	24%	
TGDD	28,196	26,388	-6%	Primarily due to conversions of stores to the DMX format.
DMX	59,278	76,225	29%	High single-digit SSSG off a low 2020F base. In addition, we expect TV sales to benefit from the potential resumption of major sports events such as the UEFA European Football Championship, Tokyo Olympics and 2021 Southeast Asian Games. We assume DMX's store count — including those in Cambodia — will climb to 2,120 as of YE2021 vs 1,460 as of YE2020. Most of the new stores will be under the super-mini DMX format opened in Vietnam.
BHX	22,914	33,847	48%	Underpinned by projected 750 new stores to reach a total store count of ~2,500 by YE2021, SSSG of 10% and a full-year contribution from stores opened in 2020.
Online sales	10,146	11,667	15%	To recover off a low 2020 base.
Gross profit	24,139	31,275	30%	
Selling expenses	-15,601	-20,019	28%	
G&A	-3,278	-4,091	25%	
EBIT	5,260	7,166	36%	
PBT	5,299	7,251	37%	
NPAT-MI	3,894	5,601	44%	Per our estimate, BHX's net loss will shrink to VND984bn (USD42mn) in 2021F from VND1.7tn (USD74mn) in 2020F, which is backed by increased sales/store, GPM expansion and operating leverage.
EPS (VND)	8,597	12,006	40%	EPS will be diluted by a 3% ESOP issuance projected to be executed around YE2020.
GPM	21.9%	22.9%		We project BHX's GPM to widen by 3.5 pts in 2021 to 28.0% on the back of its ballooning scale and improved product mix — including a larger contribution from private labels and exclusive products.
Selling exp/revenue %	14.1%	14.7%		BHX is estimated to have higher selling expenses as a percentage of sales than TGDD and DMX.
G&A/revenue %	3.0%	3.0%		
EBIT margin	4.8%	5.3%		
NPAT-MI margin	3.5%	4.1%		
Effective tax rate	26.5%	22.7%		Lower projected loss from BHX. BHX's losses are not tax-deductible and will be carried forward.

Source: VCSC

Valuation

We value MWG using a sum-of-the-parts method, including (1) a five-year DCF (based on free cash flow to equity – FCFE) for the mobile and consumer electronics businesses and (2) a 10-year DCF (FCFE) for the 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 in its early stages. Meanwhile, we do not employ a peer-based valuation for MWG due to a limited comparable universe.

In addition, in order to factoring in the dilution impact of annual ESOP issuances from the perspective of an external existing shareholder, we assign our projected FCFE with weightings that reflect the cumulative dilution of projected future ESOP issuances (**Figures 6 & 9**). Our projected ESOP issuances post-FY2020 are based on MWG's ESOP scheme applicable for FY2019 as FY2020's ESOP scheme is temporarily altered amid abnormal COVID-19-related disruptions.

Figure 4: Summary of VCSC's valuation for MWG

	Method	Equity value (VND bn)	Equity value/share (VND)
TGDD & DMX	DCF (FCFE)	68,612	151,490
BHX	DCF (FCFE)	14,439	31,879
Target Price			183,400
2020F PER at TP			21.3x
2020F PER at TP (TGDD & DMX)			12.2x
2021F PER at TP			15.3x
2021F PER at TP (TGDD & DMX)			10.7x

Source: VCSC

Discounted Cash Flows – TGDD and DMX

Figure 5: DCF Valuation

Cost of Capital	Previous Report	Revised	FCFE (Five Year) – VND bn	
Beta	1.0	1.0	PV of Free Cash Flows	26,891
Market Risk Premium %	10.3	9.9	PV of Terminal Val (1.5% g)	41,721
Risk Free Rate %	3.9	3.1	PV of FCF and TV	68,612
Cost of Equity %	14.2	13.0	- Minority Interest	0
Equity Value				68,612
Shares (million)				452.9
Value per share, VND				151,490

Source: VCSC

Figure 6: Cash flows

VND bn	2021F	2022F	2023F	2024F	2025F
Net income	6,588	7,439	8,322	8,949	9,624
- Capex	-986	-607	-322	-330	-339
+ Depreciation	1,330	1,209	851	892	604
- Change in working cap	-2,958	-1,345	1,177	4	-566
+ Net borrowing	3,192	226	-1,005	176	762
+ ESOP proceeds	101	143	147	143	94
FCFE + ESOP proceeds ⁽¹⁾	7,267	7,064	9,170	9,835	10,179
ESOP-adjustment weighting ⁽²⁾	95%	92%	90%	87%	86%
ESOP-adjusted attributed FCFE (1 x 2)	6,906	6,518	8,215	8,567	8,709
Present Value of attributed FCFE	6,112	5,104	5,693	5,254	4,727
Cumulative PV of attributed FCFE	6,112	11,216	16,910	22,164	26,891

Source: VCSC

Figure 7: Sensitivity analysis of our target price for MWG in relation to TGDD and DMX DCF's cost of equity and terminal growth rate, ceteris paribus

MWG Target Price (VND)		Cost of equity (Ke)				
		12.0%	12.5%	13.0%	13.5%	14.0%
Terminal growth (g)	0.5%	188,200	181,400	175,200	169,400	164,100
	1.0%	193,000	185,700	179,100	173,000	167,400
	1.5%	198,300	190,500	183,400	176,800	170,900
	2.0%	204,100	195,700	188,000	181,000	174,600
	2.5%	210,500	201,400	193,100	185,600	178,800

Source: VCSC

Discounted Cash Flows – BHX

Figure 8: DCF Valuation

Cost of Capital	Previous Report	Revised	FCFE (Ten Year) – VND bn	
Beta	N/A	N/A	PV of Free Cash Flow	
Market Risk Premium %	N/A	N/A	PV of Terminal Val (5.0% g)	
Risk Free Rate %	N/A	N/A	PV of FCF and TV	
Cost of Equity %	20%	20%	- Minority Interest	0
			Equity Value	14,439
			Shares (million)	452.9
			Value per share, VND	31,879

Source: VCSC

Figure 9: Cash flows

VND bn	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Net income	-984	284	1,592	2,759	3,122	3,791	4,629	5,564	6,515	7,418
- Capex	-2,313	-3,083	-3,183	-3,283	-3,383	-3,483	-3,583	-3,683	-2,367	-1,000
+ Depreciation	1,221	1,707	2,279	2,704	2,861	3,174	3,335	3,433	3,378	3,033
- Change in WC	-161	-62	-107	-122	-133	-128	-121	-129	134	187
+ Net borrowing	-	-	-	-	-	-	-	-	-	-
FCFE ⁽¹⁾	-2,237	-1,154	580	2,058	2,467	3,355	4,259	5,185	7,660	9,639
ESOP-adjustment weighting ⁽²⁾	95%	92%	90%	87%	86%	86%	86%	86%	86%	86%
ESOP-adjusted attributed FCFE (1x2)	-2,126	-1,065	519	1,793	2,111	2,870	3,644	4,436	6,554	8,247
PV of attributed FCFE	-1,771	-739	301	865	848	961	1,017	1,032	1,270	1,332
Cumulative PV of attributed FCFE	-1,771	-2,511	-2,210	-1,346	-497	464	1,481	2,513	3,783	5,115

Source: VCSC

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

MWG Target Price (VND)		Cost of equity (Ke)				
		10.0%	15.0%	20.0%	25.0%	30.0%
Terminal growth (g)	1.0%	256,000	201,000	178,400	167,100	160,700
	2.0%	266,700	203,900	179,400	167,500	160,900
	3.0%	280,500	207,200	180,600	168,000	161,200
	4.0%	298,900	211,100	181,900	168,500	161,400
	5.0%	324,600	215,800	183,400	169,100	161,700

Source: VCSC

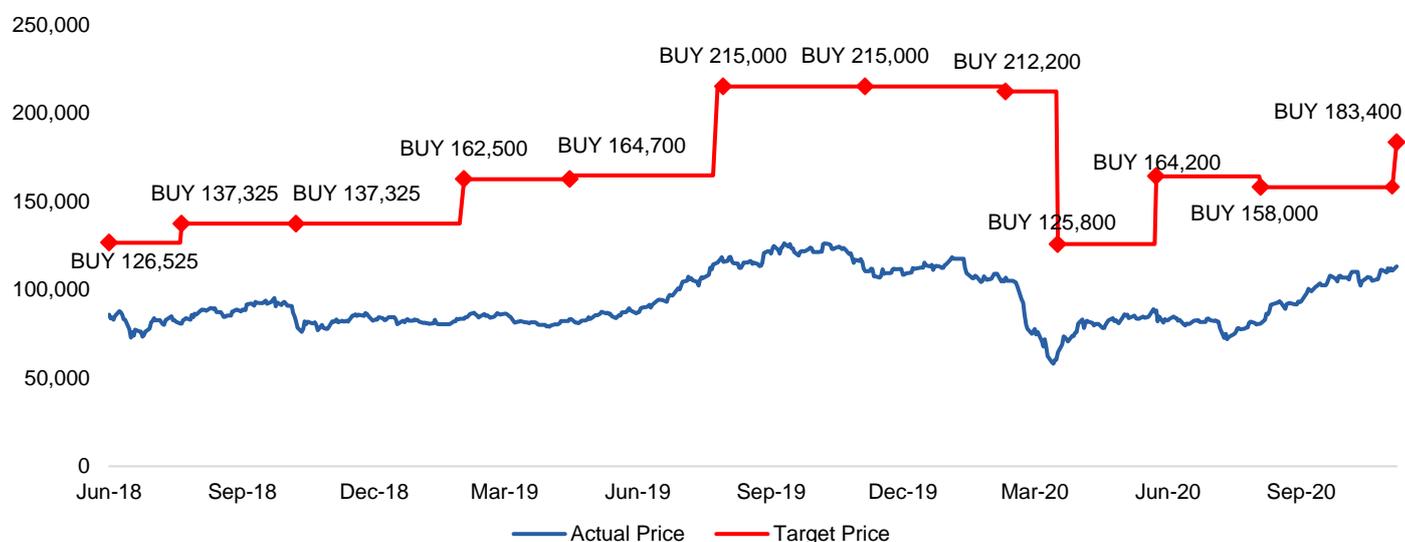
Figure 11: VCSC's 2020-2030 forecasts for BHX

VND bn	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
YE store count	1,750	2,500	3,500	4,500	5,500	6,500	7,500	8,500	9,500	10,000	10,000
Revenue	22,914	33,847	48,181	65,599	83,327	102,474	119,897	138,192	157,402	174,572	186,450
<i>GPM</i>	24.5%	28.0%	30.3%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%
Gross profit	5,614	9,477	14,615	20,336	25,831	31,767	37,168	42,840	48,795	54,117	57,800
Selling expenses	-6,416	-9,142	-12,548	-16,448	-20,286	-24,483	-28,473	-32,493	-36,645	-40,212	-42,374
<i>% of revenue</i>	-28.0%	-27.0%	-26.0%	-25.1%	-24.3%	-23.9%	-23.7%	-23.5%	-23.3%	-23.0%	-22.7%
G&A	-917	-1,320	-1,783	-2,296	-2,750	-3,382	-3,957	-4,560	-5,194	-5,761	-6,153
<i>% of revenue</i>	-4.0%	-3.9%	-3.7%	-3.5%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%	-3.3%
EBIT	-1,719	-984	284	1,592	2,796	3,902	4,739	5,786	6,955	8,144	9,272
EBITDA	-871	237	1,991	3,870	5,500	6,763	7,913	9,121	10,389	11,522	12,306
Depreciation	848	1,221	1,707	2,279	2,704	2,861	3,174	3,335	3,433	3,378	3,033
PBT	-1,719	-984	284	1,592	2,796	3,902	4,739	5,786	6,955	8,144	9,272
NPAT	-1,719	-984	284	1,592	2,759	3,122	3,791	4,629	5,564	6,515	7,418
NPAT margin	-7.5%	-2.9%	0.6%	2.4%	3.3%	3.0%	3.2%	3.3%	3.5%	3.7%	4.0%
EBITDA margin	-3.8%	0.7%	4.1%	5.9%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%

Source: VCSC

Recommendation History

Figure 12: Historical VCSC target price vs share price (VND, adjusted for stock splits)



Source: Bloomberg, VCSC

Financial Statements

P&L (VND bn)	2019	2020F	2021F	2022F	B/S (VND bn)	2019	2020F	2021F	2022F
Revenue	102,174	110,388	136,460	160,050	Cash & equivalents	3,177	2,690	4,959	8,093
COGS	-82,686	-86,249	-105,185	-121,638	ST investments	3,075	6,075	8,075	10,075
Gross Profit	19,488	24,139	31,275	38,412	Accounts receivables	262	341	422	495
Sales & Marketing exp	-12,437	-15,601	-20,019	-24,406	Inventories	25,745	22,219	28,469	34,102
General & Admin exp	-2,074	-3,278	-4,091	-4,691	Other current assets	2,752	2,973	3,675	4,311
Operating Profit	4,977	5,260	7,166	9,315	Total Current assets	35,012	34,299	45,601	57,076
Financial income	631	710	867	1,132	Fixed assets, gross	9,271	12,500	15,799	19,490
Financial expenses	-570	-687	-804	-889	- Depreciation	-3,780	-5,976	-8,466	-11,321
- o/w interest expense	-568	-687	-804	-889	Fixed assets, net	5,491	6,525	7,333	8,169
Associates	-3	-3	-3	-3	LT investments	56	56	56	56
Net other income/(loss)	19	20	25	29	LT assets other	1,149	1,149	1,149	1,149
Profit before Tax	5,053	5,299	7,251	9,583	Total LT assets	6,696	7,730	8,538	9,374
Income Tax	-1,217	-1,404	-1,647	-1,860	Total Assets	41,708	42,028	54,139	66,449
NPAT before MI	3,836	3,896	5,604	7,723	Accounts payable	12,055	8,324	11,381	15,540
Minority Interest	-2	-2	-3	-4	Short-term debt	13,031	13,237	16,429	17,903
NPAT less MI, reported	3,834	3,894	5,601	7,719	Other ST liabilities	3,356	3,626	4,482	5,257
NPAT less MI, adjusted⁽¹⁾	3,834	3,894	5,601	7,719	Total current liabilities	28,442	25,186	32,293	38,700
EBITDA	6,420	7,456	9,656	12,169	Long-term debt	1,122	1,248	1,248	0
EPS reported, VND	8,657	8,597	12,006	16,198	Other LT liabilities	0	0	0	0
EPS adjusted ⁽¹⁾ , VND	8,657	8,597	12,006	16,198	Total Liabilities	29,565	26,434	33,541	38,700
EPS diluted, adj ⁽¹⁾ , VND	8,657	8,597	12,006	16,198	Preferred equity	0	0	0	0
DPS, VND	1,486	1,500	1,500	1,500	Paid-in capital	4,435	4,670	4,770	4,913
DPS/EPS (%)	17%	17%	12%	9%	Share premium	552	552	552	552
⁽¹⁾ Adjusted for one-offs					Retained earnings	7,150	10,364	15,265	22,270
RATIOS	2019	2020F	2021F	2022F	Other equity	-1	-1	-1	-1
Growth					Minority interest	8	10	13	16
Revenue growth	18.1%	8.0%	23.6%	17.3%	Total equity	12,144	15,594	20,599	27,750
Op profit (EBIT) growth	28.6%	5.7%	36.2%	30.0%	Liabilities & equity	41,708	42,028	54,139	66,449
PBT growth	33.5%	4.9%	36.8%	32.2%	Y/E shares out, mn	442.7	466.5	476.6	490.9
EPS growth, adjusted	29.6%	-0.7%	39.7%	34.9%	Y/E treasury shares, mn	0.8	0.4	0.4	0.4
Profitability					CASH FLOW (VND bn)	2019	2020F	2021F	2022F
Gross Profit Margin	19.1%	21.9%	22.9%	24.0%	Beginning Cash Balance	3,750	3,177	2,690	4,959
Op Profit, (EBIT) Margin	4.9%	4.8%	5.3%	5.8%	Net Income	3,834	3,894	5,601	7,719
EBITDA Margin	6.3%	6.8%	7.1%	7.6%	Dep, & amortization	1,443	2,196	2,490	2,855
NPAT-MI Margin, adj,	3.8%	3.5%	4.1%	4.8%	Change in Working Cap	-5,870	-236	-3,119	-1,407
ROE	36.3%	28.1%	31.0%	32.0%	Other adjustments	-421	2	3	4
ROA	11.0%	9.3%	11.7%	12.8%	Cash from Operations	-1,014	5,856	4,975	9,170
Efficiency					Capital Expenditures, net	-3,067	-3,230	-3,299	-3,690
Days Inventory On Hand	95.3	101.5	87.9	93.9	Investments, net	-3,023	-3,000	-2,000	-2,000
Days Accts, Receivable	1.1	1.0	1.0	1.0	Cash from Investments	-6,090	-6,230	-5,299	-5,690
Days Accts, Payable	40.7	45.0	32.3	38.6	Dividends Paid	-658	-679	-700	-715
Cash Conversion Days	55.7	57.5	56.7	56.3	Δ in Share Capital	90	234	101	143
Liquidity					Δ in ST debt	7,234	206	3,192	1,474
Current Ratio x	1.2	1.4	1.4	1.5	Δ in LT debt	-126	126	0	-1,248
Quick Ratio x	0.2	0.4	0.4	0.5	Other financing C/F	0	0	0	0
Cash Ratio x	0.2	0.3	0.4	0.5	Cash from Financing	6,532	-114	2,593	-346
Debt / Assets	33.9%	34.5%	32.7%	26.9%	Net Change in Cash	-572	-488	2,270	3,134
Debt / Capital	53.8%	48.2%	46.2%	39.2%	Ending Cash Balance	3,177	2,690	4,959	8,093
Net Debt / Equity	65.1%	36.7%	22.5%	-1.0%					
Interest Coverage x	8.8	7.7	8.9	10.5					

Source: Company data, VCSC

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