

## PRELISTING REPORT

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**IT – VIETNAM**

### Key figures

Market cap (USD mn)	220.02
Market cap (VND bn)	5,000
Outstanding shares (mn)	40
Foreign ownership (%)	37
State ownership (%)	0
Management ownership (%)	2

### Performance

VND bn	2018F	2019F
Revenue	16,135	19,448
Net profit	377	493
Gross Margin (%)	14.4	15.1
Net Margin (%)	2.3	2.5
ROA (%)	8.7	9.2
ROE (%)	41.3	39.0
Total equity	1,026	1,504
Total assets	4,776	5,986

### Company Snapshot

FPT retail (FPTshop.com) is one of the subsidiaries of FPT corporation (FPT: HSX). The company is one of the two biggest ICT retailers in Vietnam, established for 5 years since 2012, their market entry far after Nguyen Kim (1996) and Thegioididong (2004). Current charter capital is VND 200 bn, and FPT owned a 85% stake before selling 30% to Dragon Capital and Vina Capital in Aug 2017. The management team also sold 5% to Dragon Capital at that same time.

FRT (FPT retail) will be listed on HOSE at listing price of VND 125,000 on 26<sup>th</sup> April, 2018. Here is our updated information about FRT and investment view.

### Background

FRT (FPT retail) was originally founded by FPT Corp (FPT: HSX) in 2012. FRT charter capital at the end of 2017 reached VND 400 bn. The company focuses on ICT retail, with 2 chains featuring 473 stores at the end of 2017.

### Historical financial performance

The company experienced a surge in revenue of 64.9% CAGR since establishment to reach VND 13.2 tn of revenue in 2017, consistent with market share growth and expansion speed of the company. This growth is really impressive compared to the 27% CAGR of the ICT industry in the last 5 years. In the first 2 years of operation, the company suffered a loss of VND 34bn and VND 32bn respectively. Since 2014, the company started to record profit, surging 7x in 4 years from VND 41 bn in 2014 to VND 290 bn in 2017. This was thanks to economies of scale, changes in product mix, and improvement in management.

### 2018 estimates

Regarding the ICT retail segment of FRT, we estimate that revenue will increase by 23.1% YoY to VND 16.148 tn, including 75% from store revenue, 5% from the F-Friend program, 5% from the subsidy smartphone program, and 15% from Online channels.

As FRT has not finalized the time to consolidate its pharmacy segment into the financial statement in 2018, we temporarily do not factor in the pharmacy segment for 2018.

Gross profit margin is expected to expand from 13.8% in 2017 to 14.4% in 2018, mostly driven by economy of scale. Therefore, net profit is estimated to surge by 34.4% YoY to VND 389.6bn, equivalent to an EPS of VND 9,136 (after allocating 3% to the Benefit & Welfare Fund).

### 2019 estimates

Revenue from ICT retail is estimated to increase by 10.8% YoY to reach VND 17.883 tn. In addition, given the assumption that total pharmacy stores amount to 120 stores, revenue from this segment is expected to generate VND 1.716 tn of total FRT revenue. Therefore, the total revenue for FRT is estimated to increase by 20.5% YoY to VND 19.448 tn. The gross margin of the pharmacy segment is assumed at 20%. Therefore, net profit increased by 30.9% YoY to VND 493.3 bn, equivalent to an EPS of VND 11,963.

### Investment view

At the listing price of VND 125,000/share, FRT is trading at PE forward 2018 and 2019 levels of 13.7x and 10.4x respectively. We apply a standard PE of 18x for ICT retail companies in general, and as a result, we think that a 1-year target price of VND 164,500 is deserved for FRT.

Though ICT retail is challenging to maintain a strong pace of growth as it did for last 4 years, we think that active and diversified strategies to push sales of FRT will help them to maintain stable growth.

The success of the pharmacy segment will play an important role in business result growth of FRT in the long term. If the company is successful with its new pharmaceutical chain segment, its P/E could be higher than that of a simple ICT retailer.

**Risks:** Upon the mobile market reaching maturity, competition will be compounded and ever more fierce.

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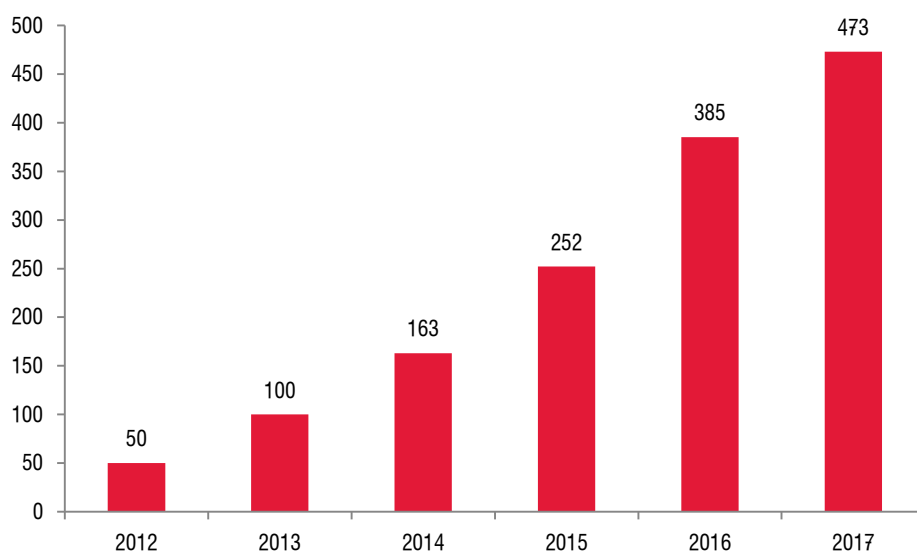
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### 1. Background

FRT (FPT retail) was originally founded by FPT Corp (FPT: HSX) in 2012. FRT charter capital at the end of 2017 reached VND400bn. The company focuses on ICT retail, with 2 chains featuring 473 stores at the end of 2017.

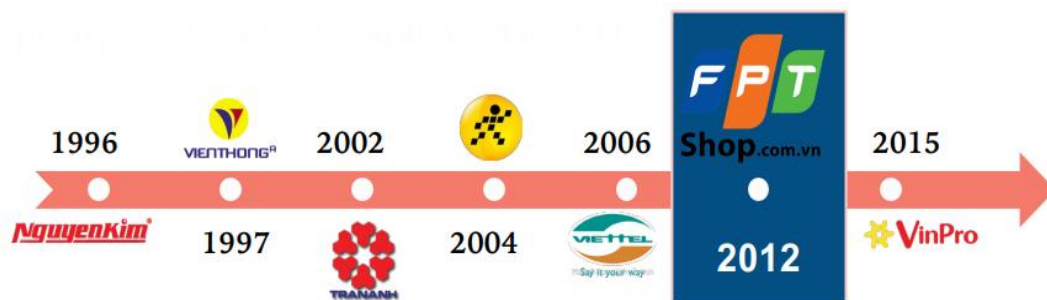
- (1) FPT Shop chain includes stores which sell many kinds of ICT products like mobile phone, laptop, tablets from diverse manufacturers like Samsung, Apple, Dell, Lenovo, Oppo, Sony, Nokia, and Dell. From only 50 stores in 2012, the total store count of FPT shops reached 461 shops at the end of 2017, equivalent to about 82 new shops annually.
- (2) F.Studio chain includes only branded shops for Apple. This chain was introduced by FRT with 2 shops in 2012, and was expanded to reach 12 stores at the end of 2017.

FRT stores



Source: FRT

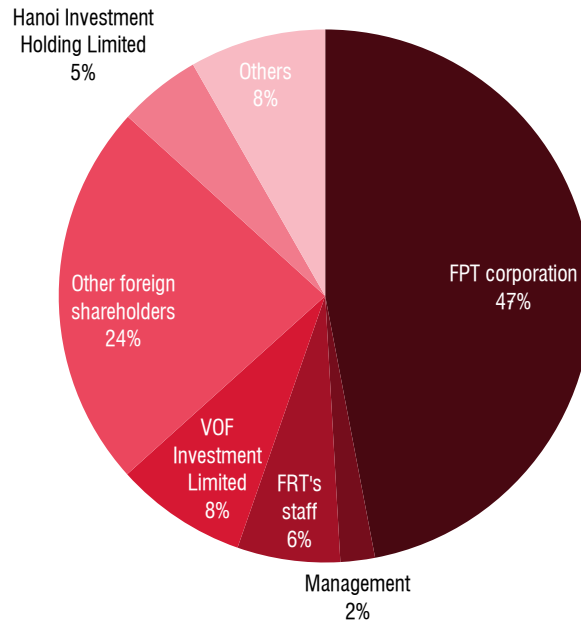
Though launching at a bit of a late start compared to other competitors (shown in the following picture), especially since competitor MWG already owned and ran 230 shops in 2012, the performance of FRT has been nevertheless impressive since its establishment. FRT market share in the mobile phone and laptop segments are estimated at a respective 18.2% and 18.5% in 2017, notably higher than the 10.7% and 13.3% market shares achieved back in 2014.



## 2. Shareholder structure

Room for foreign investors is still available at 17.6% at 6<sup>th</sup> April, 2018.

**Shareholder structure**

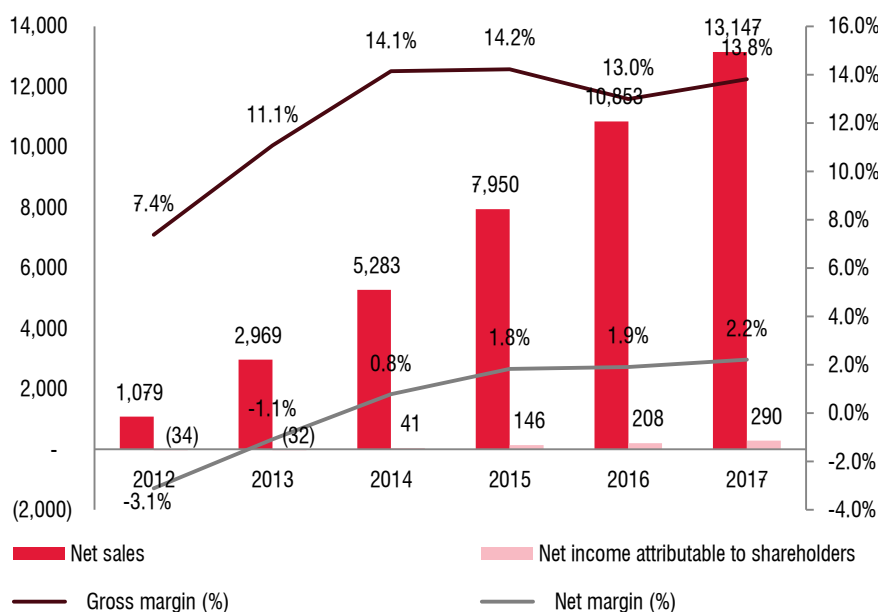


Source: FRT, SSI

### 3. Historical financial performance

The company experienced a surge in revenue of 64.9% CAGR since establishment to reach VND 13.2tn of revenue in 2017, consistent with market share growth and expansion speed of the company. This growth is really impressive compared to the 27% CAGR of the ICT industry in the last 5 years. In the first 2 years of operation, the company suffered a loss of VND 34bn and VND 32bn respectively. Since 2014, the company started to record profit, surging 7x in 4 years from VND 41 bn in 2014 to VND 290 bn in 2017. This was thanks to economies of scale, changes in product mix, and improvement in management.

Historical business results (VND bn)



Source: FRT, SSI Research

#### 2017 business result

For full year 2017 results, revenue jumped by 21.1% YoY to VND 13.146 tn. Of which, revenue from **mobile phone and Apple products** jumped by 24.1% YoY to VND 10.2tn, responsible for 77.7% of total revenue thanks to new store expansion. In 2017, FRT opened 88 new stores to increase its total store count to 473 shops, with store distribution presence across all 63 provinces in Vietnam. Noticeably, revenue generated from only **Apple products** at F.Studio jumped by 38.9% YoY thanks to new openings of 8 F.Studio stores in 2017, as well as from new Apple product launches like iPhone X, iPhone 8, and iPhone 8 plus.

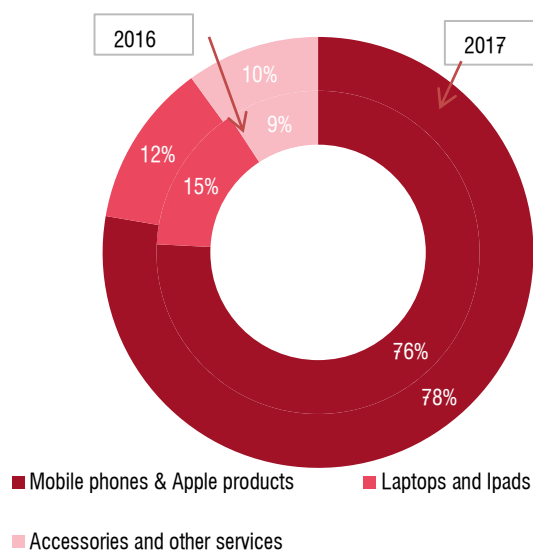
Revenue from **laptop and tablets** decreased by -1.7% YoY to VND 1.62tn to generate 12.3% towards total revenue. This was mainly attributed to a 24.6% decrease in tablet revenue. The tablet market has been facing intense competition from smartphones in recent years.

**Accessories and other services** revenue jumped by 31.9% YoY to VND 1.314tn (~10% of total revenue), as FRT focused more in pushing sales of accessories that possess a relatively higher gross profit margin.

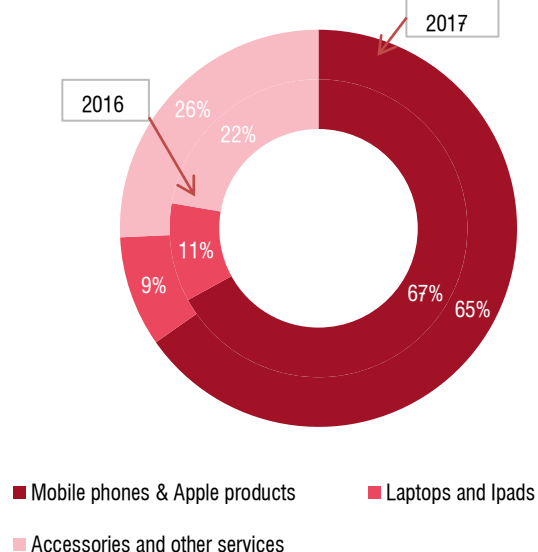
Gross profit margin of mobile phones and Apple products expanded slightly from 12% in 2016 to 12.4% in 2017. GPM of laptops and tablets improved from 9.5% in 2016 to reach 10.2% in 2017. It is worth noting that the GPM of accessories and other services widened from 27.1% in 2016 to reach 29.3% in 2017. As a result, total gross profit margin expanded from 13% in 2016 to 13.8% in 2017.

Therefore, net profit surged by 39.7% YoY to VND 289.9 bn.

### Revenue breakdown



### Gross profit contribution



Source: FRT, SSI

### Financial ratios

Average ROE over the last 4 years was maintained at a high level as equity remained low when compared to total assets.

FRT	2012	2013	2014	2015	2016	2017
ROE	-73.1%	-86.3%	99.3%	78.1%	50.2%	44.2%
ROA	-11.1%	-5.1%	3.5%	6.9%	5.7%	6.8%
ROIC	-69.8%	-7.6%	9.1%	12.4%	10.8%	14.3%
Equity/Total asset	0.1	0.0	0.0	0.1	0.1	0.2
Debt/Equity	0.0	18.2	15.4	5.4	4.7	1.5
Current ratio	1.0	0.9	0.9	1.1	1.1	1.1
Receivable collection period (day)	8.7	5.3	2.5	1.6	2.7	5.9
Payable payment period (day)	15.0	13.6	12.7	15.6	35.0	47.1
Inventory period (day)	32.3	38.9	40.2	48.3	61.0	59.1
Cash cycle (day)	26.0	30.5	29.9	34.3	28.7	17.9
Gross margin	7.4%	11.1%	14.1%	14.2%	13.0%	13.8%
Net margin	-3.1%	-1.1%	0.8%	1.8%	1.9%	2.2%

MWG	2012	2013	2014	2015	2016	2017
ROE	55.0%	41.0%	59.2%	54.4%	49.9%	45.3%
ROA	15.8%	13.5%	23.9%	20.2%	14.3%	11.7%
ROIC	39.1%	25.7%	40.5%	33.4%	25.4%	22.4%
Equity/Total asset	0.3	0.4	0.4	0.3	0.3	0.3
Debt/Equity	0.9	0.6	0.4	0.8	1.2	1.2
Current ratio	1.1	1.4	1.5	1.3	1.1	1.2
Receivable collection period (day)	0.4	1.2	1.1	0.9	1.3	4.6
Payable payment period (day)	17.7	29.1	22.9	25.3	32.5	39.9
Inventory period (day)	28.5	51.2	47.6	61.0	69.8	70.8
Cash cycle (day)	11.2	23.3	25.8	36.6	38.6	35.6
Gross margin	16.2%	14.8%	15.2%	15.5%	16.2%	16.8%
Net margin	1.7%	2.7%	4.3%	4.3%	3.5%	3.3%

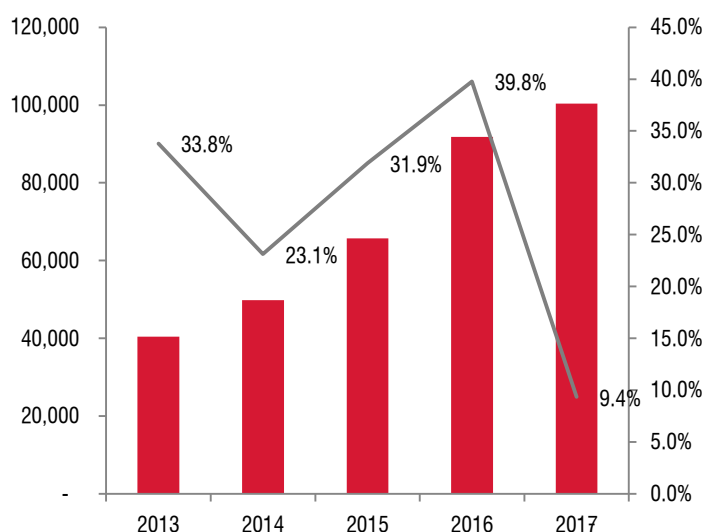
#### 4. Vietnam mobile market review and trend

##### Mobile phone segment – Concentrated market share

According to GFK Vietnam, sales value for the mobile phone market in 2017 grew by 9.4% YoY to VND 100.4tn, much lower than the growth of 39.8% YoY for the whole year in 2016. This is a clear signal that the market is indeed approaching its saturation point.

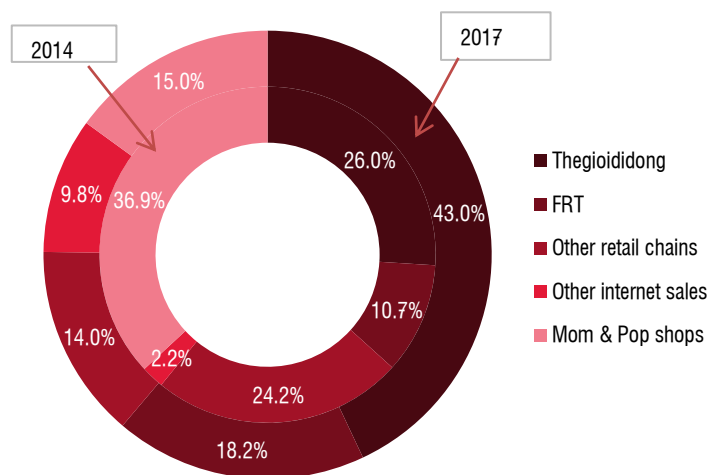
While the market grew by 27%/year for the last 5 years, the two biggest players, thegioididong (mobile phone segment only, MWG: HSX) and FPTSHOP (FRT: OTC) grew by 36.3% and 64.9% annually. In 2014, the two companies accounted for only 37% of total mobile phone market share, with the other 37% being composed of “mom-and-pop” shops. In 2017, the two companies accounted for a combined 61.2% market share, while mom-and-pop shops took up a 15% market share.

Mobile phone sales (VNDbn) and YoY growth



Source: GFK, SSI Research

Mobile Phone market share



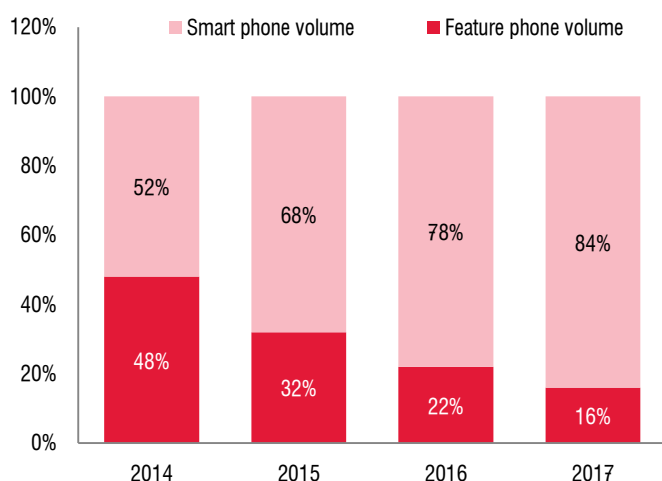
Source: FRT, MWG, SSI Research

**The Mobile Phone segment continues to be driven by a technological upgrade shift, as older feature phones are swapped out for smartphones.**

GFK forecasts that this market will comparatively taper off, maintaining a growth rate of only 6% annually in the next 5 years. We believe that the catalyst for mobile phone growth is mainly driven by users transitioning from increasingly obsolete feature phones to smartphones.-

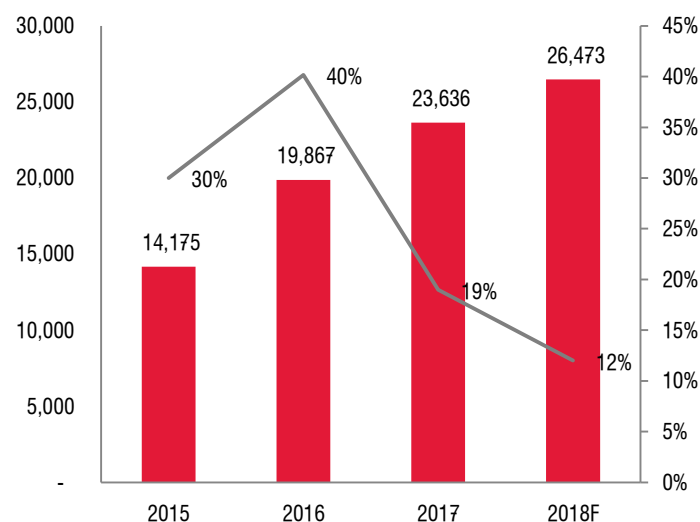
According to the Nielsen Vietnam Smartphone Insights Report 2017, the number of people using smartphones among mobile phone users still is growing, with 84% in 2017 compared to 78% just a year ago. In secondary cities, 93% of people use mobile phones and 71% of them use smartphones. More noteworthy is that in rural areas, while 89% of the population owns a mobile phone, only 68% of them possess a smartphone. Smartphone sales have maintained their growth momentum in 2017 with increasing usage and ownership in both urban and rural areas in Vietnam. This could correspond to the fact that the smartphone brands are offering consumers abundance in terms of choice at an affordable and reasonable price, as well as the compounding effect of an increasing standard of living. According to GFK Vietnam, sales volume of smartphones in Vietnam is estimated to increase by 12% YoY to 26.5mn units in 2018.

Smart phone volume Vs Feature phone volume in Vietnam



Source: Nielsen Vietnam

Smart phone sales volume ('000 units) and YoY growth



Source: GFK Vietnam

**Moreover, the handset subsidy is expected to be a key catalyst for sustainable growth of mobile phone sales soon. However, the opportunity is not just limited to retailers...**

The concept of a handset subsidy is already very popular in developed countries for many years now, and was also adopted in Asia in countries like Thailand or China a few years ago. A handset subsidy means that mobile network operators offer consumers a lower initial price for a handset in exchange for a carrier package. In another word, consumers can buy a smartphone or the like at a lower price when they agree to sign up for a contract with a mobile phone carrier. This program helps operators to offer attractive handsets to consumers at affordable prices and gain a critical foothold in market share.

***This is now the time for the mobile boom brought on by handset subsidy adoption in Vietnam, for the following reasons:***

- (1) ***Risk management used to be difficult.*** Customers found it easy to quit the commitment just by replacing their SIM cards and stop paying subscription fees to mobile carriers. Therefore, if customers want to utilize the handset subsidy, they must pay an amount of money to the mobile carriers, and the carrier will pay back a portion per month to the customer in line with the time the customer uses the services of the mobile carrier as a commitment. This solution is safe for operators, but not attractive to users. Currently, there is an innovation from manufacturers like Samsung with 'Knox' software. The software enables operators or retailers to lock the handset from long distance in case that the customers break their commitment with their mobile carrier. When customers agree to this, they do not need to pay an amount of money for operators to use the handset subsidy program anymore.
- (2) ***Average revenue per user (ARPU) of a mobile subscriber has been low*** at \$5-6 USD/month, making the handset subsidy program not attractive to operators. Since the middle of 2016, 4G has been officially supplied to consumers in Vietnam. A 4G system can supply to users much faster speed in accessing the internet than 3G does. However, faster speed means higher data consumption, leading to higher fees. Users will tend to use one of the mobile carrier's package plans for savings. Such package is a consumer option available under the handset subsidy program.

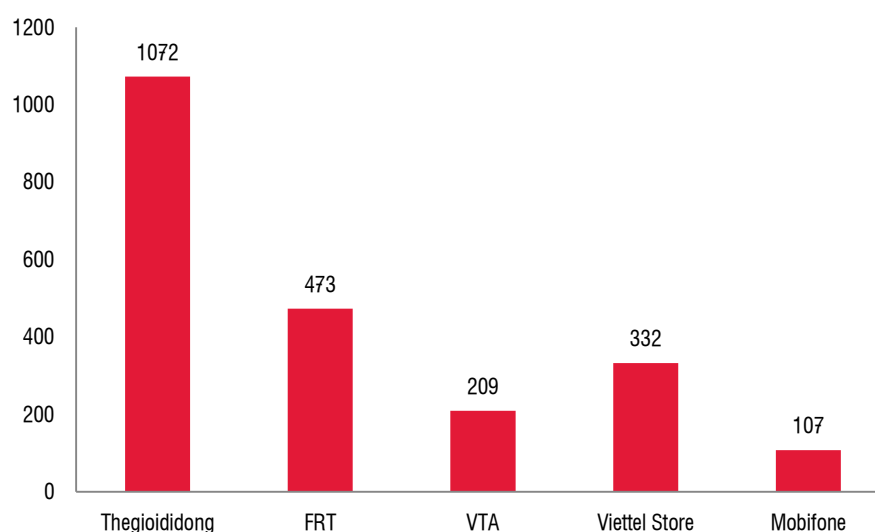


### An opportunity for retailers in the short term, but also a challenge in the long term:

**Competition amongst operators will be increasingly fierce, encouraging them to apply handset subsidy solutions in order to acquire market share.** The Mobile Number Portability (MNP) scheme projected by the Ministry of Information and Communications is expected to be officially implemented at the end of this year. MNP enables mobile telephone users to retain their mobile telephone numbers when changing from one mobile network operator to another. According to the General Statistics Office of Vietnam, there were 127.4 million mobile phone subscribers by the end of 2017, equivalent to a subscriber per capita ratio of more than 130%. The high subscriber per capita ratio combined with the implementation of MNP will render ever fierce competition amongst mobile carriers. To acquire market share, the handset subsidy scheme is already being utilized by some domestic mobile carriers.

In Vietnam, there are 5 main mobile operators including: Viettel , VNPT-Vinaphone, Mobifone, Vietnamobile, and GTel mobile. Currently, Viettel, Mobifone, and Vietnamobile are executing a handset subsidy program for Samsung products combined with a 4G package. Viettel is executing this program by way of its own distribution channel (first store in 2006), with a 338 store count in the middle of April 2018. Mobifone is using its own channel (first store in Oct 2015, and 107 stores by the end of 2017) in combination with FRT cooperation. Finally, Vietnamobile is executing this program mainly via FRT. As the mobile phone segment is concentrated right now amongst the two biggest retailers MWG and FRT who are excellent in retail operations, it is better for mobile carriers to cooperate with these two retailers at the inception period for the handset subsidy in order to acquire market share faster instead of relying on their own distribution channels. Thus, in the short term, retailers can also benefit from this program.

**No of Mobile Phone shops (by end 2017)**



Source: SSI

## 5. Main strategies of FRT

### Current business strategy:

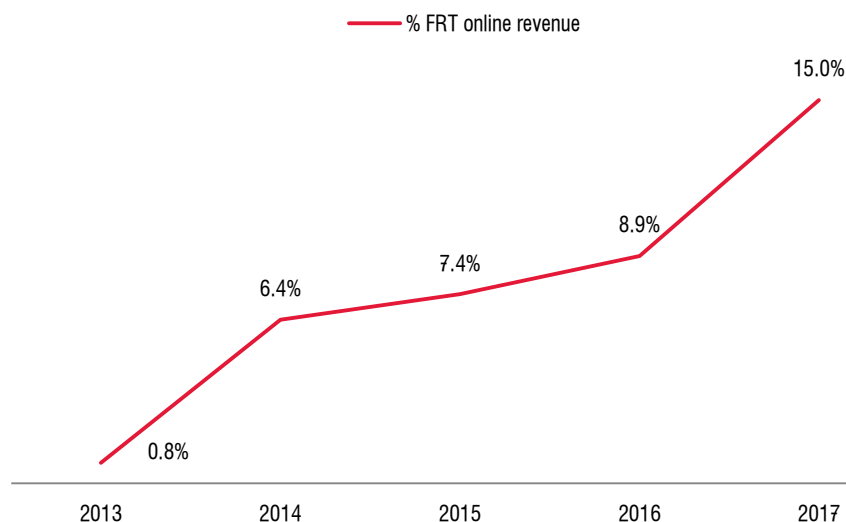
(1) **Open more new shops:** FRT plans to open 100 shops on average per year in 2018 and 2019, and will increase the total number of shops to 680 shops by the end of 2019. After that period, FRT has no further plans to open any FPT shops.

### (2) **Improve SSSG:**

**F-Friend** is a sales program which has been developed by FRT that has been running for 1 year now. In this program, FRT cooperates with corporations to sell products to corporate employees at zero down payment. This is combined with a 0% interest rate, but with an unchanged price as compared to the regular price. In return, the corporations will take a portion from employees' monthly salary from their bank accounts to pay for the FRT invoice. According to FRT, F-Friend is an alternative financing program that displaces traditional consumer finance schemes offered by consumer finance companies. It is worth to notice that 30% of FRT sales have been financed by consumer finance companies. By the end of 2017, FRT cooperated with over 2000 corporations totaling 650,000 staff participating in this financing program. The program has generated about \$3mn USD/month, and is responsible for 4% of total FRT revenue intake. A risk to be concerned with in this program is bad debt – when employees quit their jobs and break their commitment. However, after one year of running this program, bad debt ratio to revenue is controlled quite well at about 1% of F-Friend revenue, still below the 2% ceiling provision rate.

**Subsidized phone offering** refers to a program in which FRT cooperates with telecom companies to offer customer products at a 30-50% discounted price. Telecoms in this arrangement are responsible to pay FRT the discounted amount for customer on a monthly basis according to the duration of the customer commitment to use the related telecom services. FRT is the first retailer running this program in Vietnam. FRT has cooperated with Vietnam mobile and Mobiphone for 4 months with this pilot program, and the result has been quite positive as has been showcased by revenue from this program having accounted for 5% of total FRT revenue. FRT is currently in the negotiation process with Vinaphone and Viettel to develop such a program. FRT plans to have a big campaign for this program this May. Risk in this program boils down to whether customers keep their commitment to the telecom companies, which results in telecoms not being liable to pay FRT. However, FRT can lock phones from a long distance in case that the customers break their commitment with telecoms. This imposed penalty may help to reduce bad debt risk.

**Sales from Omnichannel (Online channel)** via website and fanpages. Revenue from the online channel of FRT has grown continuously in recent years. At the end of 2017, revenue from the online channel reached about VND 2 trillion, bringing in 15% to total FRT revenue. Currently, FRT has 1 visit page for PC version and 1 visit page for mobile version, with total traffic of 1mn/day or 30mn/month. Moreover, the FRT fanpage on Facebook has reached 2.5mn members.

**% Online revenue/ Total revenue**

Source: FRT, SSI

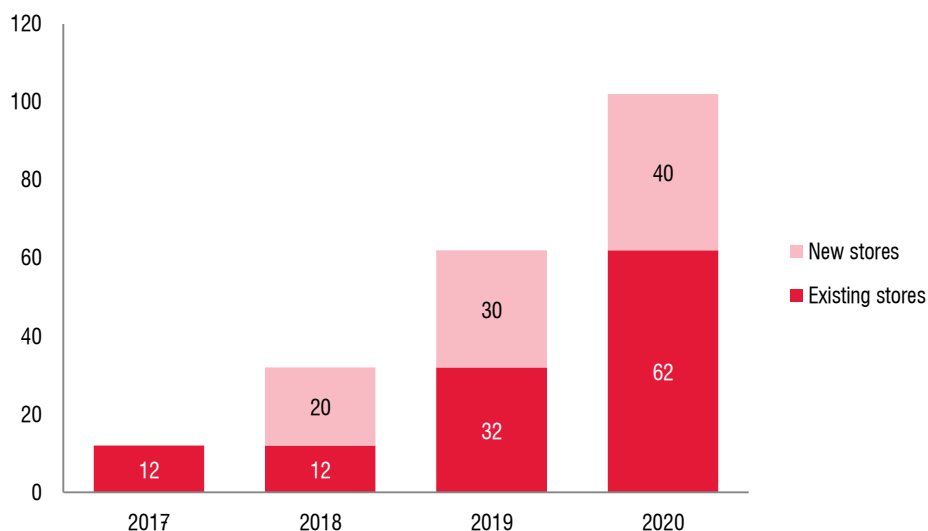
**New business:**

**(1) Open more branded shops for many manufacturers.** Currently, FRT has cooperated with Apple to open 12 Apple Stores (F.Studio) in Vietnam. From the perspective of FRT, two reasons to build Apple stores are: (1) to create an image for FRT as one of a high end retailer; (2) receiving permission to import directly from Apple Singapore instead of via dealers, therefore minimizing costs. According to FRT, the retailer revenue mix for iPhone in Vietnam is \$450mn USD as supplied by the grey market, with \$550mn supplied by authentic retailers. In Vietnam, there are only 15 Apple Authorized resellers, much lower as compared to Thailand (480), Indonesia (364) or Singapore (527). Therefore, potential growth from acquiring sales volume from the grey market is still persistent.

Vietnam is one of Apple's most important markets. Currently, Apple is conducting some campaigns to fight against sales in the grey market like: (1) Refusing to give a warranty for products sold in the grey market; (2) Opening branded shop. Thanks to over 10 years working with Apple (including time working for FPT group previously), FRT is one of the most important Apple partners in Vietnam. The FRT strategy is to cooperate with Apple to open 100 branded shops by the end of 2020.

FRT in the long run will consider cooperating with other brands like Samsung or Xiaomi to build branded shops.

**F.Studio store expansion plan**

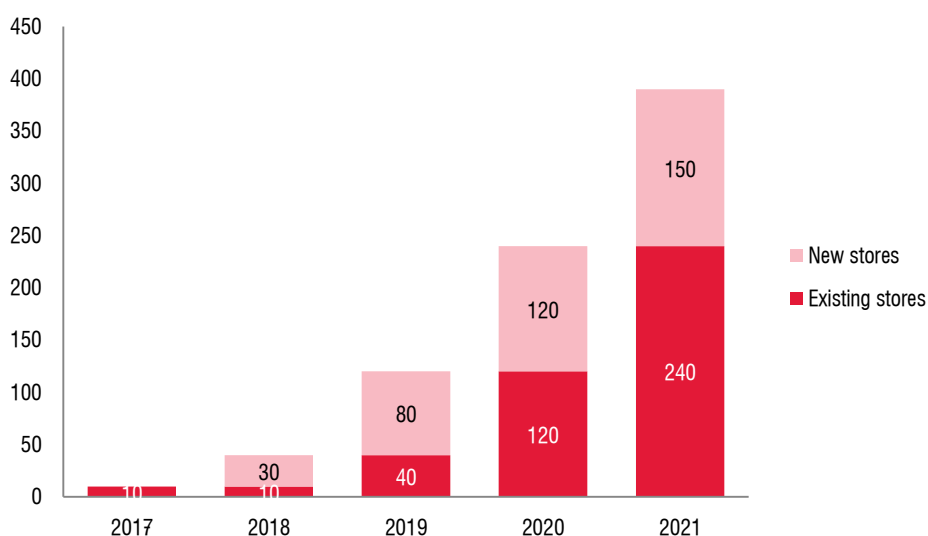


Source: FRT, SSI

**(2) Expand Pharmacy chain.** According to FRT, the pharmacy chain is a suitable new business for FRT for the following reasons: (1) the total pharmacy market size in Vietnam is VND 1.5 bn, and FRT targets to acquire a 30% market share or VND 10 trillion/year; (2) Vietnamese per capita medicine spending is over \$50 USD/year according to BMI, behind emerging markets such as China; (3) The average growth rate of the pharmaceutical market is about 8-10%/year, and this market is rather inelastic, not depending much upon on economic fluctuations. FRT bought the Long Chau pharmacy chain in January 2017 when the chain owned just 5 pharmacies. The rationale behind FRT choosing Long Chau over others lies in the fact that monthly revenue per Long Chau store amounts to \$136,000 USD/month, much higher than other competitors like Phuc An Khang (\$32,000), Eco (\$25,000), and Phano (\$18,000).

FRT targets to open up to 390 pharmacy stores at the end of 2021. In line with the expansion, revenue from pharmacy stores will account for 30-40% of FRT total revenue in the next 3-4 years.

**Pharmacy store expansion plan**



Source: FRT, SSI

## 6. Outlook & Investment view

### 1Q2018 preliminary business result

1Q 2018 revenue increased by 17% YoY or VND 551bn to reach VND 3.884tn, accomplishing 24.2% of the 2018 plan. Net profit surged by 32% YoY to VND 63.9bn, accomplishing 16.9% of the 2018 plan.

The increase in 1Q 2018 revenue is attributed to VND 257bn from Stores & E-commerce, VND 115bn from the F-Friends program, and VND 178bn from the subsidy smartphone program.

In 1Q18, FRT opened 13 new stores, lifting total stores to 486 shops.

### 2018 estimates

Regarding the ICT retail segment of FRT, we estimate that revenue will increase by 23.1% YoY to VND 16.148tn, including 75% from store revenue, 5% from the F-Friend program, 5% from the subsidy smartphone program, and 15% from Online channels.

For store revenue, we assume that SSSG will be flat at 2% YoY, while growth will be mainly dependent upon 100 new store openings in 2018.

- For the F.Friend program, we expect that FRT can leverage 15% of its 650,000 members enrolled in the program to purchase product at the average price of VND 8mn/unit.
- For the subsidy smartphone program, we expect that revenue from this program will bring in VND 800bn to FRT, equal to 30% growth of Samsung smartphone revenue. It is worth noticing that Samsung smartphones originated 30%-40% on average of total revenue from FRT's mobile phone business.
- For online channels, we expect that revenue from this channel can grow at 20% YoY to reach VND 2.4 trillion in 2018.

As FRT has not finalized the time to consolidate its pharmacy segment into the financial statement in 2018, we temporarily do not factor in the pharmacy segment for 2018.

Gross profit margin is expected to expand from 13.8% in 2017 to 14.4% in 2018, mostly driven by economy of scale. Therefore, net profit is estimated to surge by 34.4% YoY to VND 389.6bn, equivalent to an EPS of VND 9,136 (after allocating 3% to the Benefit & Welfare Fund).

### 2019 estimates

Revenue from ICT retail is estimated to increase by 10.8% YoY to reach VND 17.883tn. In addition, given the assumption that total pharmacy stores amount to 120 stores, revenue from this segment is expected to generate VND 1.716 tn of total FRT revenue. Therefore, the total revenue for FRT is estimated to increase by 20.5% YoY to VND 19.448tn. The gross margin of the pharmacy segment is assumed at 20%. Therefore, net profit increased by 30.9% YoY to VND 493.3bn, equivalent to an EPS of VND 11,963.

### Investment view

At the listing price of VND 125,000/share, FRT is trading at PE forward 2018 and 2019 levels of 13.7x and 10.4x respectively. We apply a standard PE of 18x for ICT retail companies in general, and as a result, we think that a 1-year target price of VND 164,500 is deserved for FRT.

Though ICT retail is challenging to maintain a strong pace of growth as it did for last 4 years, we think that active and diversified strategies to push sales of FRT will help them to maintain stable growth.

The modern shopping chain concept is relatively new to Vietnam, and as such is expected to continue to consolidate its market share from a shrinking mom-and-pop store base. The sole exception lies in the pharmacy market segment, which is still very much fragmented in Vietnam. Modern shopping outlet growth will be similar to the mobile market 3 years ago in the next few years to complement the shift in consumer consumption habits. Consumption habits of people are changing according to research by Nielsen, especially young students or office workers who account for 32% of total sales. They tend to shop in modern pharmacies where they can receive professional recommendations, good service, and a fixed price- a departure from older practices as compared to traditional pharmacies in Vietnam. The success of the pharmacy segment will play an important role in business result growth of FRT in the long term. If the company is successful with its new pharmaceutical chain segment, its P/E could be higher than that of a simple ICT retailer.

**Risks:** Upon the mobile market reaching maturity, competition will be compounded and ever more fierce.

## APPENDIX: ANNUAL FINANCIAL STATEMENTS

VND Billion	2016	2017	2018F	2019F
<b>Balance Sheet</b>				
+ Cash	1,458	638	741	974
+ Short-term investments	0	0	0	0
+ Account receivables	865	1,016	1,244	1,500
+ Inventories	1,948	1,723	2,102	2,512
+ Other current assets	138	131	161	193
<b>Total Current Assets</b>	<b>4,409</b>	<b>3,509</b>	<b>4,248</b>	<b>5,179</b>
+ LT Receivables	66	76	93	112
+ Net Fixed Assets	2	46	143	346
+ Investment properties	0	0	0	0
+ LT Assets in progress	0	0	0	0
+ LT Investments	0	0	0	0
+ Other LT Assets	234	240	293	350
<b>Total Long-Term Assets</b>	<b>302</b>	<b>362</b>	<b>529</b>	<b>808</b>
<b>Total Assets</b>	<b>4,710</b>	<b>3,871</b>	<b>4,776</b>	<b>5,986</b>
+ Current Liabilities	4,195	3,075	3,750	4,482
<i>In which: ST debt</i>	<i>2,435</i>	<i>1,173</i>	<i>1,431</i>	<i>1,710</i>
+ Non-current Liabilities	0	0	0	0
<i>In which: LT debt</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total Liabilities</b>	<b>4,195</b>	<b>3,075</b>	<b>3,750</b>	<b>4,482</b>
+ Contributed capital	200	400	680	686
+ Share premium	0	0	0	0
+ Retained earnings	315	396	346	819
+ Other capital/fund	0	0	0	0
<b>Shareholders' Equity</b>	<b>515</b>	<b>796</b>	<b>1,026</b>	<b>1,504</b>
<b>Total Liabilities &amp; Equity</b>	<b>4,710</b>	<b>3,871</b>	<b>4,776</b>	<b>5,986</b>
<b>Cash Flow</b>				
CF from operating activities	241	179	126	174
CF from investing activities	-327	263	-145	-220
CF from financing activities	755	-1,262	122	279
<b>Net increase in cash</b>	<b>669</b>	<b>-819</b>	<b>102</b>	<b>233</b>
Beginning cash	789	1,458	638	741
<b>Ending cash</b>	<b>1,458</b>	<b>638</b>	<b>741</b>	<b>974</b>
<b>Liquidity Ratios</b>				
Current ratio	1.05	1.14	1.13	1.16
Acid-test ratio	0.55	0.54	0.53	0.55
Cash ratio	0.35	0.21	0.20	0.22
Net debt / EBITDA	2.79	1.71	1.00	0.95
Interest coverage	4.51	5.60	5.89	6.36
Days of receivables	2.7	5.9	7.7	7.7
Days of payables	35.0	47.1	44.0	44.4
Days of inventory	61.0	59.1	50.6	51.0
<b>Capital Structure</b>				
Equity/Total asset	0.11	0.21	0.21	0.25
Liabilities/Total Assets	0.89	0.79	0.79	0.75
Liabilities/Equity	8.14	3.86	3.66	2.98
Debt/Equity	4.73	1.47	1.39	1.14
ST Debt/Equity	4.73	1.47	1.39	1.14

VND Billion	2016	2017	2018F	2019F
<b>Income Statement</b>				
<b>Net Sales</b>	<b>10,853</b>	<b>13,147</b>	<b>16,135</b>	<b>19,448</b>
COGS	-9,443	-11,330	-13,812	-16,506
<b>Gross Profit</b>	<b>1,410</b>	<b>1,816</b>	<b>2,323</b>	<b>2,942</b>
Financial Income	75	54	26	31
Financial Expense	-75	-82	-116	-137
Income from associates	0	0	0	0
Selling Expense	-937	-1,154	-1,431	-1,776
Admin Expense	-243	-300	-369	-486
<b>Income from business operation</b>	<b>230</b>	<b>334</b>	<b>435</b>	<b>573</b>
Net Other Income	30	29	36	44
Profit Before Tax	259	363	471	617
<b>Net Income</b>	<b>208</b>	<b>290</b>	<b>377</b>	<b>493</b>
<b>NI attributable to shareholders</b>	<b>208</b>	<b>290</b>	<b>377</b>	<b>493</b>
Minority interest	0	0	0	0
<b>Growth</b>				
Sales	36.5%	21.1%	22.7%	20.5%
EBITDA	44.8%	32.3%	38.8%	21.7%
EBIT	45.6%	32.7%	28.3%	29.0%
NI	42.4%	39.7%	30.0%	30.9%
Equity	65.2%	54.6%	28.8%	46.6%
Chartered Capital	0.0%	100.0%	70.0%	0.8%
Total assets	79.6%	-17.8%	23.4%	25.3%
<b>Valuation</b>				
P/E	0.0	18.5	13.7	10.4
P/B	0.0	6.5	8.3	5.7
P/Sales	n/a	n/a	0.5	0.4
Dividend yield	n/a	0.0%	1.6%	0.0%
EV/EBITDA	2.9	1.2	9.0	7.4
EV/Sales	0.1	0.0	0.3	0.3
<b>Profitability Ratios</b>				
Gross Margin	13.0%	13.8%	14.4%	15.1%
Operating Margin	2.3%	2.9%	3.1%	3.4%
Net Margin	1.9%	2.2%	2.3%	2.5%
Selling exp./Net sales	8.6%	8.8%	8.9%	9.1%
Admin exp./Net sales	2.2%	2.3%	2.3%	2.5%
ROE	50.2%	44.2%	41.3%	39.0%
ROA	5.7%	6.8%	8.7%	9.2%
ROIC	10.8%	14.3%	20.5%	20.6%

Source: FRT, SSI Research

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