

**BINH SON REFINERY - BSR**

**ADD**

**Appealing stories ahead**

OIL & GAS | Update

Target price (12M)  
**VND22,600**

Consensus\*: Add:7 Hold:2 Reduce:0

Target price / Consensus: 15.3%

**Key changes in the report**

➢ Decrease FY23-25F EPS forecasts by 7.9%/36.5%/18.7%

Previous rating	ADD
Previous TP	VND27,300
Current price	VND17,200
52w high (VND)	32,700
52w low (VND)	11,500
3m Avg daily value (VNDmn)	101,495
Market cap (VNDbn)	53,657
Free float	7%
Dividend yied	2.50%
TTM P/E (x)	3.58
Current P/B (x)	1.03

**Price performance**



Source: VNDIRECT RESEARCH

**Ownership**

PetroVietnam	92.1%
Others	7.9%

Source: VNDIRECT RESEARCH

**Analyst(s):**



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- 1Q23 net profit (NP) slid 30% yoy to VND1,629bn due to lower gasoline crack spread and lower petrochemical spread.
- FY23F NP is expected to drop 46.3% from FY22 record level due to GRM compress, but still 17.7% higher than FY21 level, in our estimate.
- Reiterate ADD with a lower target price (TP) of VND22,600.

**1Q23 NP was hit by lower gross refining margin (GRM)**

1Q23 revenue declined 2.1% yoy to VND34,066bn as a 5.4% yoy increase in consumption volume partially offset to the decrease in oil price. However, 1Q23 gross profit dropped 20.7% yoy to VND2,072bn due to: (1) gasoline import tax reduced from 8% to 5% in 1Q23 leading to the decrease in domestic gasoline premium, and (2) petrochemical gross loss of VND226bn. Meantimes, 1Q23 net financial income rose 2.6% yoy on the mixed impact of higher deposit income (+96% yoy), but recognizing net FX loss of VND86bn. Consequently, 1Q23 NP eased 30% yoy to VND1,629bn, meeting 19% of our full-year forecast.

**Asian diesel crack spread dropped faster and deeper than our expectations**

Asian diesel crack spread has tumbled to US\$13.4/bbl from the level of US\$30/bbl in Feb, significantly deeper and faster than our expectations. It was due to economic slowdown intensifying and global gas market easing amidst ample diesel supply (from China and Middle East). For 2H23F, we believe middle distillate crack spreads, particularly diesel crack spread, to gradually recover, supported by driving season and heating fuel demand in winter in Western countries. Overall, we cut our Asia diesel crack spread assumptions to US\$19.5/US\$17/ US\$14 per barrel in FY23-25F from US\$25/ US\$21/US\$18 per barrel previously. This leads to our 18.1%/14.3%/15.4% downward revision in FY23-25F GRM assumptions. Following that, our FY23-25F NP forecasts are trimmed by 7.9%/36.5%/18.7%, respectively.

**Appealing stories still be ahead**

The Government approved the revised Dung Quat refinery upgrade and expansion project this May, setting the stage for BSR to implement the project in coming times. It will be the strong driver for BSR in long-term, boosting the company revenue thanks to new added capacity as well as enhance company's profitability through raising proportion of high value products after coming online in 1Q28F. Besides, in short-term, we expect listing on main bourse (HOSE) to be a potential upside catalysts for BSR. Presently, the company just misses one criteria related to overdue liabilities to be listed on HOSE. BSR is engaging in coordinating with competent authorities to solve this problem, and target to list its shares on HOSE in 3Q23F.

**Reiterate ADD with a lower TP of VND22,600**

Our TP is revised down by 17% to VND22,600, based on DCF valuation. We retain our ADD rating for BSR thanks to its potential growth in long-term coming from the upgrade and expansion project which has been approved, its potential from listing on the main bourse, and strong financial position. Downside risks are lower-than-expected crack spreads and futher decline in oil price.

Financial summary (VND)	12-21A	12-22A	12-23E	12-24E
Net revenue (bn)	101,080	167,124	136,040	111,962
Revenue growth	74.4%	65.3%	(18.6%)	(17.7%)
Gross margin	7.6%	9.6%	6.8%	6.6%
EBITDA margin	14.9%	19.1%	13.5%	13.2%
Net profit (bn)	6,716	14,726	7,901	6,411
Net profit growth		119.3%	(46.3%)	(18.9%)
Recurring profit growth		119.3%	(46.3%)	(18.9%)
Basic EPS	2,166	4,750	2,548	2,068
Adjusted EPS	2,166	4,750	2,548	2,068
BVPS	12,117	16,531	17,693	18,568
ROAE	19.6%	33.2%	14.9%	11.4%

Source: VNDIRECT RESEARCH

## Appealing stories ahead

### Reiterate ADD with a lower TP of VND22,600

We revise down our TP by 17% to VND22,600 due to FY23-25F EPS forecasts adjustment. Our TP is based on DCF method instead of the combination between EV/EBITDA and P/B multiple method previously as we believe it could effectively reflect fundamental aspects of the company. Generally, we maintain our ADD rating for BSR on the back of: (1) its potential growth in long-term coming from the upgrade and expansion project which has been approved recently, expectedly coming online from 1Q28F, (2) its potential to list on the main bourse, and (3) its strong financial position with a net cash balance of VND22,900bn and net gearing ratio of -0.43 at end-1Q23,.

### Upside catalysts and downside risks:

- Upside catalysts are higher-than-expected refined product crack spreads and potential listing on the main bourse in 2H23F.
- Downside risks come from lower-than-expected crack spreads due to slow China demand recovery and further decline in oil price.

Figure 1: DCF-based target price

DCF method	
Total present value of FCF (VNDbn)	40,902
Present value of Terminal Value (VNDbn)	13,051
Total present value of Operations (VNDbn)	53,953
Plus: Cash and Short-term investment (VNDbn)	25,025
Less: Debt (VNDbn)	(8,954)
Less: Minority Interest (VNDbn)	6
Equity Value (VNDbn)	70,029
Shares Outstanding (m)	3,100
Equity Value per share (VND)	22,587
<b>Target price (VND)</b>	<b>22,600</b>

Source: VNDIRECT RESEARCH

Figure 2: DCF Valuation – Summary of free cash flow (FCF)

VNDbn	FY22	FY23F	FY24F	FY25F	FY30F	FY35F	CAGR22-35F
<b>Total revenue</b>	<b>167,124</b>	<b>136,040</b>	<b>111,962</b>	<b>124,504</b>	<b>134,642</b>	<b>155,690</b>	<b>-0.5%</b>
% growth yoy	65.3%	-18.6%	-17.7%	11.2%	4.5%	2.4%	
COGS & OPEX	(152,451)	(128,172)	(105,711)	(117,337)	(128,043)	(148,060)	
Unlevered profit / EBIT	14,673	7,868	6,252	7,166	6,599	7,631	
Operating margin	8.8%	5.8%	5.6%	5.8%	4.9%	4.9%	
Tax rate (%)	-5.7%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
EBIT * (1-Tax) or NOPAT	13,834	7,081	5,627	6,450	5,939	6,868	
+ D&A	2,192	2,269	2,245	2,274	4,253	4,672	
% of revenue	1.3%	1.7%	2.0%	1.8%	3.2%	3.0%	
- CapEx	(220)	(1,664)	(3,148)	(7,779)	(208)	(241)	
% of revenue	-0.1%	-1.2%	-2.8%	-6.2%	-0.2%	-0.2%	
+ Δ WC	(8,454)	2,671	47	(1,503)	1,333	1,381	
% of revenue	-5.1%	2.0%	0.0%	-1.2%	1.0%	0.9%	
Financial and other income / expense, net	913	911	872	919	945	1,038	
% of revenue	0.5%	0.7%	0.8%	0.7%	0.7%	0.7%	
UFCF	8,266	11,268	5,642	361	12,262	13,718	

Source: VNDIRECT RESEARCH

**Figure 3: Cost of equity**

Cost of equity	
Risk Free Rate	4.0%
Beta	1.3
Risk Premium	11.0%
<b>Cost of Equity</b>	<b>18.2%</b>

Source: VNDIRECT RESEARCH

**Figure 4: WACC and Long-term growth rate**

VNDbn	
Equity	51,255
Debt	8,954
Cost of Debt	5.0%
Tax Rate	10.0%
<b>WACC</b>	<b>16.2%</b>
<b>Perpetual growth rate</b>	<b>1.0%</b>

Source: VNDIRECT RESEARCH

**Figure 5: Oil refinery sector comparison**

Company	Ticker	Price	Target price	Mkt Cap	P/E (x)		EV/EBITDA (x)		P/B (x)		ROE (%)		ROA (%)		Div. yield (%)	
		LC\$	LC\$		US\$ m	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F
Thai Oil	TOP TB	45	NA	2,904	7.3	7.2	9.0	9.1	0.6	0.6	8.6%	8.1%	3.3%	3.4%	5.5%	5.6%
IRPC	IRPC TB	2	NA	1,334	15.5	10.0	8.2	6.5	0.6	0.5	3.7%	6.1%	1.7%	2.8%	3.8%	4.6%
Star Petroleum Refining	SPRC TB	9	NA	1,102	6.9	6.6	3.8	3.5	0.9	0.8	13.4%	13.0%	7.8%	8.7%	7.2%	7.6%
PTT Global Chemical	PTTGC TB	36	NA	4,689	13.3	8.0	8.5	6.7	0.5	0.5	4.0%	6.3%	1.9%	2.8%	3.5%	5.4%
GS Holdings Corp	078930 KS	38,750	NA	2,758	2.5	2.4	4.8	5.0	0.3	0.2	10.8%	10.4%	4.8%	4.7%	6.0%	6.2%
S-Oil Corp	010950 KS	73,100	NA	6,305	6.1	5.8	4.4	4.4	0.9	0.8	15.8%	15.0%	6.8%	7.0%	5.0%	5.2%
Bharat Petroleum	BPCL IN	364	NA	9,582	7.9	7.9	6.5	6.2	1.3	1.2	16.9%	15.9%	6.4%	5.4%	4.7%	5.2%
Hindustan Petroleum	HPCL IN	260	NA	4,471	5.4	4.8	7.4	6.2	1.2	1.0	19.0%	20.1%	4.2%	5.5%	5.5%	8.3%
<i>Average</i>					8.1	6.6	6.6	5.9	0.8	0.7	11.5%	11.9%	4.6%	5.0%	5.2%	6.0%

<b>Binh Son Refinery</b>	<b>BSR VN</b>	<b>17,200</b>	<b>22,600</b>	<b>2,259</b>	<b>6.7</b>	<b>8.3</b>	<b>3.6</b>	<b>4.3</b>	<b>1.0</b>	<b>0.9</b>	<b>14.9%</b>	<b>11.4%</b>	<b>10.2%</b>	<b>8.3%</b>	<b>4.1%</b>	<b>4.1%</b>
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Source: BLOOMBERG, VNDIRECT RESEARCH (DATA AS AT 02 JUN)

## 1Q23 NP was hit by lower gross refining margin

Figure 6: 1Q23 results overview

FYE Dec (VNDbn)	1Q22	1Q23	%yoy	% vs. FY23 forecasts	Comments
Brent crude oil price (US\$/bbl)	98	82	-16.0%		
Production output ('000 tonnes)	1,667	1,754	5.2%		
Utilisation rate (%)	103%	108%	5.4% pts		
<b>Net revenue</b>	<b>34,783</b>	<b>34,066</b>	<b>-2.1%</b>	<b>28.3%</b>	1Q23 revenue slightly declined 2.1% yoy as a 5.4% yoy increase in total consumption volume partially offset to the decrease in oil price
<b>Gross profit</b>	<b>2,612</b>	<b>2,072</b>	<b>-20.7%</b>	<b>21.0%</b>	
<i>Gross margin (%)</i>	<i>7.5%</i>	<i>6.1%</i>	<i>-1.4% pts</i>		1Q23 GM compressed 1.4% pts yoy as: (1) In 1Q23, gasoline import tax reduced from 8% to 5% leading to the decrease in domestic gasoline premium, which caused gasoline GM to reduce 11% pts yoy, and (2) petrochemical segment incurred gross loss of VND226bn due to low polypropylene spread
Selling expenses	(249)	(325)	30.7%	38.9%	
G&A expenses	(88)	(89)	1.1%	20.9%	
Operating profit	2,275	1,658	-27.1%		
Net financial income (expenses)	167	171	2.6%	18.4%	1Q23 net financial rose 2.6% yoy on the mixed impact of higher deposit income (+96% yoy to VND370bn), but recognizing net FX loss of VND86bn (compared to net FX gain of VND100bn in 1Q22)
Financial income	356	810	127.4%		
Financial expenses	(189)	(639)	237.3%		
Net other income	21	14	-32.1%		
Pre-tax profit	2,463	1,843	-25.2%		
<b>Net profit</b>	<b>2,324</b>	<b>1,629</b>	<b>-29.9%</b>	<b>19.0%</b>	1Q23 NP was lower than our expectation

Source: VNDIRECT RESEARCH

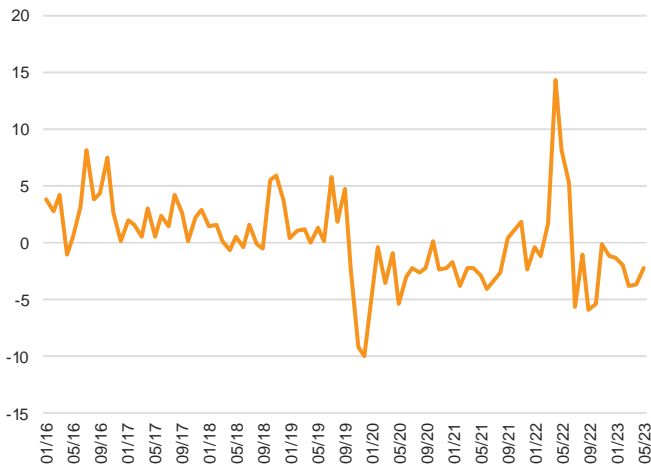
## FY23-25F outlook: Earnings to ease from FY22 record level

### Asian diesel crack spread dropped faster and deeper than our expectations

Over the past four months, Asian diesel crack spread tumbled to US\$13.4/bbl from the level of US\$30/bbl, significantly deeper and faster than our expectations. We believe it was mainly as economic slowdown intensified especially in Europe and global gas market eased (diesel is the feasible alternative for gas in power generation) amidst ample supply, coming from: (1) the return of China refined product exports, (2) the successful re-routing of Russia's distillate exports to the Middle East, Africa and South America, and (3) new refinery capacities in the Middle East.

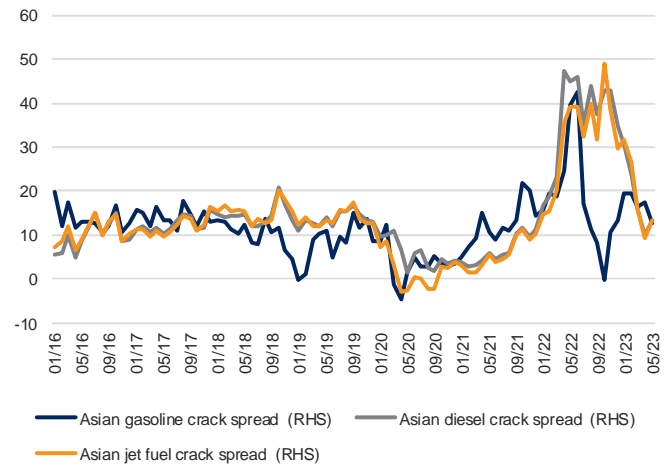
From our perspective, we think middle distillate crack spreads, particularly diesel crack spread to gradually recover in coming months, supported by travel season and heating fuel demand in winter in Western countries. As a result, we revise down our Asia diesel crack spread assumptions to US\$19.5/US\$17/US\$14 per barrel in FY23-25F from US\$25/US\$21/US\$18 per barrel previously.

**Figure 7: Singapore simple GRM (US\$/bbl)**



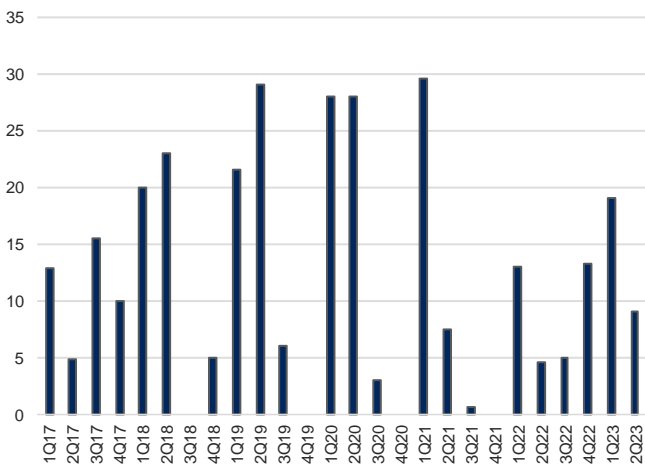
Source: BLOOMBERG, VNDIRECT RESEARCH

**Figure 8: Asian refined product crack spreads (US\$/bbl)**



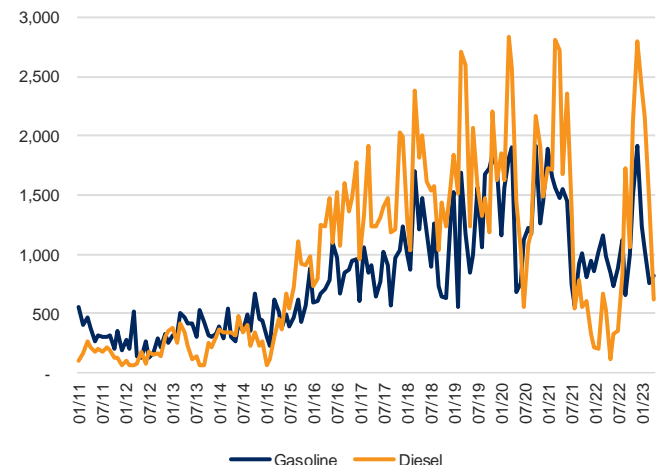
Source: BLOOMBERG, VNDIRECT RESEARCH

**Figure 9: China refined product export quota (million tonnes). The return of China exports put downward pressure on Asian crack spreads**



Source: BLOOMBERG, CIMB, VNDIRECT RESEARCH

**Figure 10: China refined product exports volume surged in early-2023 before pulling back in March 2023 ('000 tonnes)**



Source: BLOOMBERG, CIMB, VNDIRECT RESEARCH

For BSR, given the weaker-than-expected diesel crack spread and lower domestic premium for gasoline, we decrease our FY23-25F GRM from US\$11.7/10.6/9.2 per barrel to US\$9.5/9.1/7.7 per barrel. Consequently, we forecast FY23F NP to tumble 46.3% yoy from FY22 record level due to the company GRM compress (but still 17.7% higher than FY21 level). Earnings are expected to continue declining 18.9% yoy in FY24F due to 50-day periodic maintenance and lower GRM, before turning back to growth trajectory in FY25F (+13.5% yoy).

## The upgrade and expansion project should be a long-term driver for BSR

The Government approved the revised Dung Quat refinery upgrade and expansion project in early-May 2023, setting the stage for BSR to implement this project in coming times. After completion and operation from 1Q28F, the refinery capacity will be expanded by 17% to 7.6 million tons annually (equivalent to 171,000 bbl/day). Its gasoline and diesel products will be upgraded to meet Euro-V standard. The upgraded refinery will be able to process up to 14 crude oil types, including two domestic and 12 imported types. We believe this will open the opportunity for BSR to access numerous high-sulfurs, high-yield crude oils with abundant supply in the world, particularly amidst domestic oil production has fallen for many years. Overall, we expect this project to be the strong driver for BSR in long-term, boosting the company revenue thanks to new added capacity as well as enhance company's profitability through raising proportion of high value products.

**Figure 11: The upgrade and expansion project**

	Current	After upgrade and expansion
Capex (US\$m)		1,257
Designed capacity (bbl/day)	148,000	171,000
Feedstock	Sweet and light crude oil (mainly from Bach Ho oilfield and its neighbor oilfields)	Sourer and heavier crude oil (with sulfur content in range of 0.12 - 0.34%)
Type of products	Mainly refined oil products (including gasoline, diesel, fuel oil and LPG)	Increase the proportion of petrochemical products and high value refined products like LPG, JetA1
Quality of products	EURO II, EURO III	EURO V
Capital structure		40% equity and 60% debt
Timeline		2024-28F

Source: VNDIRECT RESEARCH, COMPANY REPORTS

## Listing on the main bourse to be the upside catalyst for BSR in 2H23F

In 2023 AGM, BSR has got approval from shareholders to list shares on Ho Chi Minh City Stock Exchange (HOSE) in 3Q23F. The company has met 8/9 requirements to be list its shares on HOSE, except the criteria regard to overdue liabilities (table below). Currently, Vietnam Central Biofuels JSC (BSR-BF), a subsidiary of BSR, has the overdue debt of nearly VND1,100bn (just equivalent to 1.5% of BSR's total asset), which impact on BSR's consolidated financial statements (FS). Notably, according to the regulations on these criteria, there are no specific instructions on considering overdue liabilities on parent company's FS or the consolidated FS. BSR, thus, is engaging in coordinating with competent authorities to assess and solve this problem. In case of approval, listing on main bourse will enhance the company's transparent as well as the ability to access major investors. And this will be potential upside catalyst for BSR stock price, in our view.

**Figure 12: BSR has met 8/9 criteria to list its share on HOSE**

No. Criteria	Status
1 Paid in capital >= VND30bn	Done
2 Approval from shareholders	Done
3 Time of listing on UPCOM >= 2 years	Done
4 ROE > 5% in previous year and recognizing profit in previous 2 consecutive years	Done
5 Listing organization has at least 15% of voting shares held by at least 100 non-major shareholders	*
6 Regulations on the commitment of internal shareholders	Done
7 No violations within 2 years as of time of enrollment in listing on HOSE	Done
8 Consulted by a securities firm	Done
9 Not have overdue liabilities (over 1 year)	Not yet

\* Do not apply for equitized State-owned enterprises

Source: VNDIRECT RESEARCH, COMPANY REPORTS

**We cut FY23-25F forecasts revision by 7.9%/36.5%/18.7% due to lower GRM assumptions**

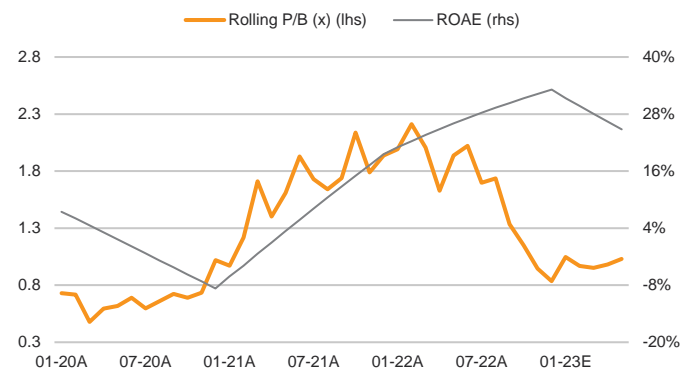
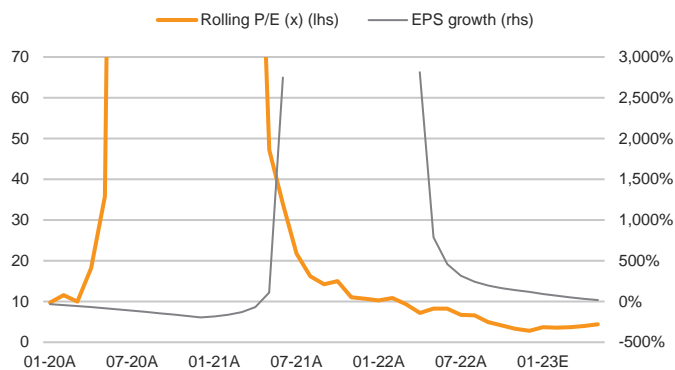
**Figure 13: FY23-25F earnings forecast revision**

Unit: VNDbn	FY23F			FY24F			FY25F			Comments
	Old	New	% Δ	Old	New	% Δ	Old	New	% Δ	
The average Brent oil price (US\$/bbl)	85	85	0.0%	80	80	0.0%	75	75	0.0%	
Total consumption volume ('000 tonnes)	6,058	6,955	14.8%	6,955	6,058	-12.9%	7,020	7,020	0.0%	
Implied utilisation rate (%)	93.2%	107.0%	14.8% pts	107.0%	93.2%	-12.9% pts	108.0%	108.0%	0.0% pts	We change FY23-24F utilisation rate assumption as BSR has decided to delay the periodic maintenance from mid-2023F to early-2024F
GRM (US\$/bbl)	11.7	9.5	-18.1%	10.6	9.1	-14.3%	9.2	7.7	-15.4%	We reduce FY23-25F GRM assumptions by 18.1%/14.3%/15.4% mainly as: (1) we lower diesel crack spread assumptions by 21.6%/19%/22% to reflect faster- and deeper-than-expected asian crack spread correction, and (2) the decrease in gasoline domestic premium following lower gasoline import tax should hurt BSR's gasoline crack spread
<b>Net revenue</b>	<b>120,393</b>	<b>136,040</b>	<b>13.0%</b>	<b>131,876</b>	<b>111,962</b>	<b>-15.1%</b>	<b>126,021</b>	<b>124,504</b>	<b>-1.2%</b>	
Gross profit	9,843	9,296	-5.6%	11,620	7,377	-36.5%	10,321	8,446	-18.2%	
Gross margin (%)	8.2%	6.8%	-1.3% pts	8.8%	6.6%	-2.2% pts	8.2%	6.8%	-1.4% pts	
Selling expenses	836	945	13.0%	857	728	-15.1%	847	837	-1.2%	
G&A expenses	424	483	14.1%	464	398	-14.3%	443	442	-0.3%	
Operating profit	8,583	7,868	-8.3%	10,299	6,252	-39.3%	9,030	7,166	-20.6%	
Net financial income/(expenses)	928	885	-4.7%	886	850	-4.0%	890	895	0.6%	
Net other income	23	26	13.1%	25	22	-15.0%	24	24	-1.1%	
Pre-tax profit	9,534	8,779	-7.9%	11,210	7,124	-36.5%	9,944	8,086	-18.7%	
<b>Net profit</b>	<b>8,581</b>	<b>7,901</b>	<b>-7.9%</b>	<b>10,089</b>	<b>6,411</b>	<b>-36.5%</b>	<b>8,950</b>	<b>7,277</b>	<b>-18.7%</b>	
EPS (VND)	2,768	2,548	-7.9%	3,254	2,068	-36.5%	2,887	2,347	-18.7%	

Source: VNDIRECT RESEARCH



## Valuation



### Income statement

(VNDbn)	12-22A	12-23E	12-24E
Net revenue	167,124	136,040	111,962
Cost of sales	(151,027)	(126,744)	(104,585)
Gen & admin expenses	(515)	(483)	(398)
Selling expenses	(909)	(945)	(728)
<b>Operating profit</b>	<b>14,673</b>	<b>7,868</b>	<b>6,252</b>
Operating EBITDA	30,769	17,164	13,629
<b>Depreciation and amortisation</b>	<b>(16,096)</b>	<b>(9,296)</b>	<b>(7,377)</b>
<b>Operating EBIT</b>	<b>14,673</b>	<b>7,868</b>	<b>6,252</b>
Interest income	1,750	1,715	1,410
Financial expense	(923)	(831)	(560)
Net other income	86	26	22
Income from associates & JVs	0	0	0
<b>Pre-tax profit</b>	<b>15,586</b>	<b>8,779</b>	<b>7,124</b>
Tax expense	(916)	(878)	(712)
Minority interest	56	0	0
<b>Net profit</b>	<b>14,726</b>	<b>7,901</b>	<b>6,411</b>
Adj. net profit to ordinary	14,726	7,901	6,411
Ordinary dividends	(1,347)	(2,170)	(2,170)
<b>Retained earnings</b>	<b>13,379</b>	<b>5,731</b>	<b>4,241</b>

### Balance sheet

(VNDbn)	12-22A	12-23E	12-24E
Cash and equivalents	22,853	26,384	28,590
Short term investments	2,172	4,345	4,779
Accounts receivables	16,553	13,790	12,270
Inventories	16,809	12,848	12,034
Other current assets	84	68	56
<b>Total current assets</b>	<b>58,471</b>	<b>57,435</b>	<b>57,730</b>
Fixed assets	18,075	17,471	18,374
Total investments	10	10	10
Other long-term assets	1,931	1,845	1,778
<b>Total assets</b>	<b>78,488</b>	<b>76,760</b>	<b>77,891</b>
Short-term debt	8,954	6,658	5,751
Accounts payable	14,836	11,181	9,202
Other current liabilities	2,225	1,811	1,491
<b>Total current liabilities</b>	<b>26,015</b>	<b>19,650</b>	<b>16,444</b>
Total long-term debt	0	999	2,588
Other liabilities	1,282	1,321	1,360
Share capital	31,005	31,005	31,005
Retained earnings reserve	14,652	18,255	20,966
<b>Shareholders' equity</b>	<b>51,255</b>	<b>54,859</b>	<b>57,569</b>
Minority interest	(65)	(68)	(71)
<b>Total liabilities &amp; equity</b>	<b>78,488</b>	<b>76,760</b>	<b>77,891</b>

### Cash flow statement

(VNDbn)	12-22A	12-23E	12-24E
<b>Pretax profit</b>	<b>15,586</b>	<b>8,779</b>	<b>7,124</b>
Depreciation & amortisation	2,192	2,269	2,245
Tax paid	(918)	(878)	(712)
Other adjustments	(1,330)	(2,005)	(1,426)
<b>Change in working capital</b>	<b>(8,454)</b>	<b>2,671</b>	<b>47</b>
<b>Cash flow from operations</b>	<b>7,077</b>	<b>10,836</b>	<b>7,277</b>
Capex	(220)	(1,664)	(3,148)
Proceeds from assets sales	0	0	0
Others	2,915	(2,172)	(434)
Other non-current assets changes			
<b>Cash flow from investing activities</b>	<b>2,695</b>	<b>(3,837)</b>	<b>(3,583)</b>
New share issuance	0	0	0
Shares buyback			
Net borrowings	(1,918)	(1,298)	683
Other financing cash flow			
Dividends paid	(1,347)	(2,170)	(2,170)
<b>Cash flow from financing activities</b>	<b>(3,265)</b>	<b>(3,468)</b>	<b>(1,488)</b>
Cash and equivalents at beginning of period	16,346	22,853	26,384
<b>Total cash generated</b>	<b>6,507</b>	<b>3,531</b>	<b>2,206</b>
Cash and equivalents at the end of period	22,853	26,384	28,590

### Key ratios

	12-22A	12-23E	12-24E
<b>Dupont</b>			
Net profit margin	8.8%	5.8%	5.7%
Asset turnover	2.30	1.75	1.45
ROAA	20.3%	10.2%	8.3%
Avg assets/avg equity	1.64	1.46	1.38
ROAE	33.2%	14.9%	11.4%
<b>Efficiency</b>			
Days account receivable	36.2	37.0	40.1
Days inventory	40.6	37.0	42.1
Days creditor	35.9	32.2	32.2
Fixed asset turnover	8.75	7.65	6.25
ROIC	24.5%	12.7%	9.7%
<b>Liquidity</b>			
Current ratio	2.2	2.9	3.5
Quick ratio	1.6	2.3	2.8
Cash ratio	1.0	1.6	2.0
Cash cycle	40.9	41.8	50.0
<b>Growth rate (yoy)</b>			
Revenue growth	65.3%	(18.6%)	(17.7%)
Operating profit growth	125.4%	(46.4%)	(20.5%)
Net profit growth	119.3%	(46.3%)	(18.9%)
EPS growth	119.3%	(46.3%)	(18.9%)

Source: VND RESEARCH



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## RECOMMENDATION FRAMEWORK

### Stock Ratings

Definition:

- Add The stock's total return is expected to reach 15% or higher over the next 12 months.
- Hold The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
- Reduce The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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