

PETROVIETNAM TECHNICAL SERVICES CORP (PVS) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND25,000	VND33,900	3.20%	ADD	OIL & GAS

9 August 2022

Outlook – Short term: **Positive**
Outlook – Long term: **Positive**
Valuation: **Positive**

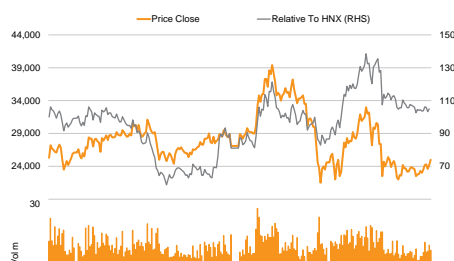
Consensus*: Add:6 Hold:2 Reduce:1

Target price / Consensus: -0.5%

Key changes in the report

- Decrease FY22-23F EPS by 13.1%/3.4%
- Lower TP by 4.5%

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	39,400
52w low (VND)	21,500
3m Avg daily value (VNDmn)	270,939
Market cap (VND bn)	11,567
Free float (%)	49
TTM P/E (x)	19.9
Current P/B (x)	1.01

Ownership

PetroVietnam Group	51.4%
Others	48.6%

Source: VND RESEARCH

Analyst(s):



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Core activities are getting more solid

- PVS posted a 92% yoy drop in 2Q22 net profit (NP) to VND12bn mainly due to surprising high G&A expenses.
- We lower FY22-23F EPS forecasts by 13.1%/3.4% to reflect higher-than-expected expenses in 1H22.
- Reiterate ADD with a lower target price (TP) of VND33,900.

Lackluster 2Q22 results as surprising high G&A expenses

2Q22 revenue grew 24.7% yoy to VND3.811bn thanks to the increase in M&C segment (+19.7% yoy) and O&M segment (+5 times yoy). However, 2Q22 gross margin (GM) contracted 3.9% pts yoy to 4.0% due to surging input costs. Notably, PVS booked a surprising G&A expense of VND352bn (+54.3% yoy and +134% qoq), as salary fund based on parent company's performance has been significantly higher than 2Q21. Hence, despite stronger affiliates income (+14.6% yoy) and financial income (127% yoy), 2Q22 NP tumbled 92% yoy to only VND12bn. For 1H22, revenue rose 33.7% yoy to VND7,581bn, but NP declined 23% yoy to VND228bn, just fulfilling 24.3% of our full-year forecast.

New extension contract for FPSO Lam Son

In July, PVS and its partner – Yinson Holdings have received a 12-month extension for the bareboat charter contract (BBC) for FPSO Lam Son starting from 1 July 2022. Furthermore, as oil prices are expected to be resilient on the high base in coming times, we believe PVS to favorably get another extension contract thereafter, solidifying FSO/FPSO affiliates contribution in coming years.

Potential projects in M&C segment bring more upside in long-term

The current extremely high oil price base will set an ideal condition for investors to ramp up E&P activities in Vietnam, especially some major projects like Block B – O Mon, which we expect to kick off in late-2022. Besides, tapping into offshore wind projects could also open a new business path for M&C segment in future as it is a promising segment in Vietnam. We believe these factors can bring more upside for PVS in the future.

We lower FY22-23F EPS forecasts by 13.1%/3.4%

To reflect the higher-than-expected input materials prices (e.g. steel...), we reduce FY22-23F blended GM from 6.2%/6.4% to 5.7%/6.1%, respectively. Besides, we increase FY22F G&A expenses and net financial income assumptions by 9.0%/16.5% to reflect 1H22 results. Consequently, our FY22-23F EPS forecasts are changed by 13.1%/3.4%, respectively.

Reiterate ADD with lower TP of VND33,900

We maintain our ADD rating for PVS with lower TP of VND33,900 following the FY22-23F EPS downward revision. Potential upside catalysts are the kickoff of Block B – O Mon and faster-than-expected progress of offshore wind power investments trend in Vietnam. Downside risks come from the decline in oil price and further delays in major projects award.

Financial summary (VND)	12-20A	12-21A	12-22E	12-23E
Net revenue (bn)	20,180	14,198	18,083	23,193
Revenue growth	20.2%	(29.6%)	27.4%	28.3%
Gross margin	3.9%	5.5%	5.7%	6.1%
EBITDA margin	8.0%	10.0%	9.6%	9.1%
Net profit (bn)	624	601	815	1,099
Net profit growth	(39.6%)	(3.7%)	35.6%	34.7%
Recurring profit growth	(39.6%)	(3.7%)	35.6%	34.7%
Basic EPS	1,306	1,258	1,706	2,299
Adjusted EPS	1,149	1,107	1,501	2,023
BVPS	25,411	24,701	25,280	25,480
ROAE	5.1%	5.0%	6.8%	9.1%

Source: VND RESEARCH

CORE ACTIVITIES ARE GETTING MORE SOLID

Investment thesis

We like PVS for:

- PVS is the leading firm in Vietnam providing technical services in Oil & Gas sector, particularly in mechanical and construction (M&C) services for offshore projects. In long-term, we expect PVS to gain benefits from the potential new investment cycle into energy industry, particularly major gas fields development projects like Block B and offshore windfarm investments trend in Vietnam.
- In near-term, FSO/FPSO affiliates will still be a main contributor for PVS, accounting for 75%/71%/69% of PVS' NP in FY22-24F, in our estimates.

Reiterate ADD but lower TP to VND33,900

We lower TP by 4.5% to VND33,900 following the 13.1%/3.4% downgrade in FY22-23F EPS forecasts. We believe that DCF valuation method could effectively reflect fundamental aspects of the company. Overall, we maintain our ADD rating for PVS as we still believe in stronger performance in some quarters ahead when the recovery of PVS' core businesses are underway.

Upside catalysts and downside risks:

- Potential upside catalysts are the kickoff of Block B – O Mon and faster-than-expected progress of offshore wind power investments trend.
- Downside risks come from the decline in oil price and further delays in major projects award.

Figure 1: DCF-based target price

DCF method	
Total present value of FCF (VNDbn)	8,347
Present value of Terminal Value (VNDbn)	1,413
Total present value of Operations (VNDbn)	9,760
Plus: Cash and Short-term investment (VNDbn)	8,424
Less: Debt (VNDbn)	(1,245)
Less: Minority Interest (VNDbn)	(728)
Equity Value (VNDbn)	16,211
Shares Outstanding (m)	478
Equity Value per share (VND)	33,917
Target price (VND)	33,900

Source: VNDIRECT RESEARCH

Figure 2: Cost of equity

Cost of equity	
Risk Free Rate	3.0%
Beta	1.3
Risk Premium	11.0%
Cost of Equity	17.3%

Source: : VNDIRECT RESEARCH

Figure 3: WACC and Long-term growth rate

VNDbn	
Equity Value	11,806
Debt	1,245
Cost of Debt	5.0%
Tax Rate	20.0%
WACC	16.0%
Perpetual Growth Rate	1.5%

Source: VNDIRECT RESEARCH

Figure 4: DCF Valuation – Summary of free cash flow (FCF)

VNDbn	Dec-22F	Dec-23F	Dec-24F	Dec-25F	Dec-30F	Dec-35F	CAGR 21-35F
Total revenue	18,083	23,193	19,465	20,439	25,225	29,031	5.2%
% yoy	27.4%	28.3%	-16.1%	5.0%	3.9%	2.3%	
COGS & OPEX	(17,951)	(22,718)	(18,939)	(19,928)	(24,594)	(28,305)	
Unlevered profit / EBIT	132	476	527	511	631	726	
Operating margin	0.7%	2.1%	2.7%	2.5%	2.5%	2.5%	
Effective tax rate	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	
EBIT * (1-Tax) or NOPAT	106	381	421	409	504	581	
+ Depreciation and amortisation	500	470	461	484	597	687	
% of revenue	2.8%	2.0%	2.4%	2.4%	2.4%	2.4%	
- Capex	(322)	(413)	(346)	(364)	(449)	(517)	
% of revenue	-1.8%	-1.8%	-1.8%	-1.8%	-1.8%	-1.8%	
+ Change in working capital	812	(418)	344	(409)	(504)	(581)	
% of revenue	4.5%	-1.8%	1.8%	-2.0%	-2.0%	-2.0%	
Interest and other financial activities, net	1,058	1,128	1,258	1,022	1,261	1,452	
% of revenue	5.9%	4.9%	6.5%	5.0%	5.0%	5.0%	
Unlevered free cash flow (UFCF)	2,155	1,148	2,138	1,142	1,409	1,622	4.4%

Source: VNDIRECT RESEARCH

Figure 5: Oil & Gas services sector comparison

Company	Ticker	Recom.	Price Target Price		Mkt Cap	P/E (x)		3-yr EPS CAGR (%)	P/BV (x)		ROE (%)		ROA (%)	
			LC\$	LC\$	US\$ m	FY22F	FY23F		FY22F	FY23F	FY22F	FY23F	FY22F	FY23F
Malaysia Marine Eng	MMHE MK	NR	0.40	NA	144	NA	44.4		0.4	0.4	0.4%	2.0%	1.4%	1.4%
Yinson Holdings	YNS MK	NR	2.00	NA	1,307	10.1	7.5		1.0	0.9	10.7%	13.7%	3.3%	4.8%
Sembcorp Marine	SMM SP	NR	0.12	NA	2,686	NA	NA		1.0	1.0	-3.5%	-0.1%	-2.9%	-0.5%
Hyundai Engineering	000720 KS	NR	42,650	NA	3,640	11.4	9.0		0.7	0.6	7.3%	6.9%	3.2%	3.2%
Keppel Corp	KEP SP	NR	6.97	NA	8,933	14.9	14.2		0.9	1.0	7.4%	7.7%	2.8%	3.0%
Average						12.1	18.8		0.8	0.8	4.5%	6.0%	1.6%	2.4%
PV Technical Services	PVS VN	ADD	25,000	33,900	511	14.7	10.9	26.7%	1.0	1.0	6.8%	9.1%	3.3%	4.5%

Source: BLOOMBERG, VNDIRECT RESEARCH (DATA AS AT 08 AUG)

2Q22 recap: lackluster 2Q22 results as surprising high G&A expenses

Figure 6: 2Q22 and 1H22 results overview

FYE Dec (VNDbn)	2Q21	2Q22	% yoy	1H21	1H22	% yoy	% vs. FY22 forecasts	Comments
Net revenue	3,057	3,811	24.7%	5,670	7,581	33.7%	38.6%	2Q22 revenue grew 24.7% yoy to VND3.811bn thanks to the increase in M&C segment (+19.7% yoy) and O&M segment (+5 times yoy), which came from some major EPC contracts like Gallaf Batch 3, Shwe Phase 3 or Hai Long windfarm. This signals the recovery in PVS's core businesses following higher oil price
Offshore support vessel	466	403	-13.4%	823	724	-12.0%		
FSO/FPSO	472	464	-1.7%	930	896	-3.6%		
Seismic survey	84	173	105.8%	143	248	73.3%		
Port base	454	384	-15.4%	823	697	-15.3%		
Mechanics & construction (M&C)	1,459	1,746	19.7%	2,687	3,795	41.2%		
Operation & maintenance (O&M)	85	440	415.4%	118	865	634.1%		
Other services	37	200	442.0%	147	355	142.2%		
Gross profit	239	151	-36.9%	417	343	-17.8%	28.4%	
Offshore support vessel	34	21	-37.9%	64	49	-23.5%		
FSO/FPSO	11	8	-29.5%	48	60	25.8%		
Seismic survey	18	10	-44.0%	8	(2)	-128.8%		
Port base	76	90	18.8%	132	160	21.5%		
Mechanics & construction (M&C)	66	6	-90.3%	111	43	-61.3%		
Operation & maintenance (O&M)	23	7	-67.6%	41	12	-70.7%		
Other services	11	8	-25.9%	14	22	55.3%		
Gross profit margin	7.8%	4.0%	-3.9% pts	7.4%	4.5%	-2.8% pts		2Q22 blended gross margin (GM) contracted 3.9% pts yoy to 4.0% as materials input costs have surged, negatively impacting on PVS's businesses like M&C and major EPC projects have been in the early stages
Offshore support vessel	7.2%	5.2%	-2.1% pts	7.7%	6.7%	-1.0% pts		
FSO/FPSO	2.4%	1.7%	-0.7% pts	5.1%	6.7%	1.6% pts		
Seismic survey	21.3%	5.8%	-15.5% pts	5.8%	-1.0%	-6.8% pts		
Port base	16.7%	23.4%	6.7% pts	16.0%	23.0%	7.0% pts		
Mechanics & construction (M&C)	4.6%	0.4%	-4.2% pts	4.1%	1.1%	-3.0% pts		
Operation & maintenance (O&M)	26.9%	1.7%	-25.2% pts	35.0%	1.4%	-33.6% pts		
Other services	29.6%	4.0%	-25.6% pts	9.8%	6.3%	-3.5% pts		
Selling expenses	27	18	-31.5%	49	33	-31.6%	31.0%	
G&A expenses	228	352	54.3%	419	502	19.9%	67.2%	2Q22 G&A expenses surged 54.3% yoy and 134% qoq, putting strong pressure on the company bottom line. According to PVS, this abnormally high expense is mainly as salary fund based on parent company's performance has been higher than 2Q21. We note that PVS parent company has recognised a positive growth of 58% yoy in 2Q22 NP thanks to strong dividend received from affiliates (VND610bn), while this amount was recognised in consolidated balance sheet instead of consolidated P&L due to accounting standard
Operating profit	(16)	(219)	NA	(50)	(192)	NA		
Net financial income (expenses)	50	114	127.2%	107	179	67.3%	73.7%	2Q22 net financial income grew 127% yoy mainly thanks to surging FX gain
Gain/loss from investment in JVs	151	173	14.6%	308	335	9.0%	54.7%	Affiliate income kept playing a main role in PVS's business with a growth rate of 14.6% to VND173bn in 2Q22
Net other income	10	0	-99.8%	53	58	9.8%	32.6%	
Pre-tax profit	196	68	-65.1%	417	380	-8.9%	27.4%	
Net profit	152	12	-92.0%	296	228	-23.0%	24.3%	Lower than our expectations

Source: VNDIRECT RESEARCH, COMPANY REPORTS

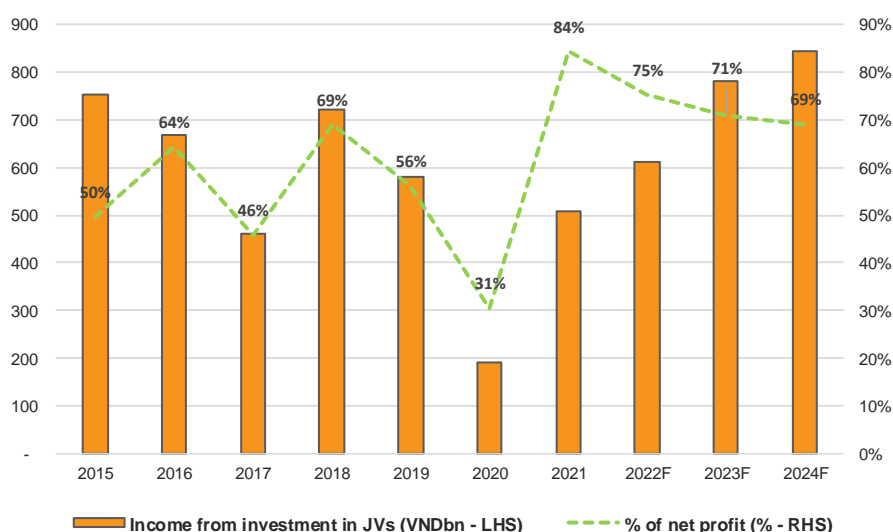
FY22-24F outlook: Awaiting a new investment cycle into energy industry

New extension contract for FPSO Lam Son, solidifying a main contributor prospect

In July, PVS and its partner – Yinson Holdings have received a 12-month extension for the bareboat charter contract for FPSO Lam Son starting from 1 July 2022. With this extension contract, PVS could reduce the risk of contract termination, which caused the provision expense for FPSO Lam Son in 4Q21.

Moreover, as oil prices are expected to be resilient on the high base in coming times, we believe PVS to favorably get another extension contract thereafter, solidifying FSO/FPSO affiliates contribution in the next couple of years. Overall, we forecast PVS's affiliates income to attain a CAGR of 18.6% in FY22-24F, contributing 75%/71%/69% of PVS's NP in this period.

Figure 7: Affiliates income should be a main contributor for PVS's performance in the next couple of years



Source: VNDIRECT RESEARCH, COMPANY REPORTS

Awaiting a new investment cycle into O&G industry thanks to the extremely high oil price environment

Currently PVS's core business – M&C segment has shown the recovery in 1H22 in term of revenue (+41.2% yoy) as stronger oil prices and the pandemic being controlled triggered E&P activities globally, bringing more jobs for PVS's M&C segment. These came from newly awarded contracts in 2H21 in international market like Gallaf Batch 3 in Qatar, Shwe Phase 3 in Myanmar or Hai Long windfarm in Taiwan, in which Hai Long project could open new business path for PVS in renewable sector. On the other hand, surging materials price had a negative impact on M&C gross margin in 1H22 (-2.8% pts to 4.5%) as steel is one of the key input sources of offshore facilities. We believe the recent slowdown in commodities price to support for M&C segment profitability in coming quarters.

Figure 8: Some PVS's ongoing projects in M&C segment

No. Project	Est. contract value (US\$m)	Est. revenue in 2022	Est. backlog by end-2022	Expected project span	Status
1 Sao Vang Dai Nguyet (SVDN)	600	60	-	2018 - 2022F	Sao Vang first gas in Nov 2020, Dai Nguyet first gas expected in 3Q22F
2 LNG Thi Vai terminal	78	16	16	3Q19 - 3Q22F	Project started in Oct 2019. PVS has a 39% stake in the project. This project is expected to complete in 4Q22
3 Long Son petrochemicals complex	81	28	24	2Q20 - 2Q22F	PVS is the sub-contractor for package A1 relating to the construction of olefin plants
4 Gallaf Batch 3	360	144	144	3Q21 - 4Q23F	PVS is responsible for an EPC contractor of Gallaf Batch 3 project (package 5) with a total volume of about 19,000 tons for 2 wellhead platforms. The project would ensure jobs in the company until end-2023
5 Hai Long windfarm	68	20	48	3Q22 - 1Q24F	According to PSA, PVS and its partner are responsible for the design, engineering, procurement, construction and commissioning of the two offshore substations, including jacket foundations with a fabrication volume of up to 18,000 metric tons

Source: VNDIRECT RESEARCH, COMPANY REPORTS

For long-term perspective, we consider the current extremely high oil price base will set an ideal condition for Vietnam's authority and foreign investors to ramp up E&P activities in Vietnam, especially some major projects like Block B – O Mon, Su Tu Trang phase 2 or Nam Du – U Minh. As a leading EPC contractor for O&G offshore facilities in Vietnam, we believe PVS to have more chances to participate in these projects once they are implemented. This is the huge potential backlog for local EPC contractors like PVS, creating opportunities for the company to back to growth trajectory in the future. For 2022F, we consider potential workload from Block B field development project (which we expect to kick off in late-2022) to be an upside catalyst for PVS stock price.

Figure 9: Potential gas exploration projects in pipeline. We expect PVS could participate in these projects once they are implemented

Project	Expected project span	PSC owners	Estimated reserves	Est. Capex (US\$m)
Su Tu Trang Phase 2B	2021-2024F	PVEP (50%), Perenco Cuu Long (23.25%), KNOC (14.25%), SK (9%), Geopetrol VN (3.5%)	2P reserves of 317 bcf and 435m bbl of condensate	2,000
Nam Du - U Minh	2022-2025F	Jadestone (100%)	2C reserves: 171 bcf (+31 bcf)	NA
Lac Da Vang	2023-2026F	Murphy Oil (40%), PVEP (35%), SK Innovation (25%)	63m bbl of oil recoverable reserves, and associated petroleum gas	700
Block B - O Mon (excluding pipeline project)	2022-2026F	PVN (42.38%), MOECO (25.62%), PVEP (23.5%), PTTEP (8.5%)	3.7 tcf (trillion cubic feet) of gas	8,000
Blue Whale	2027-2028F	Exxonmobil (64%)	5.3 tcf of gas	NA
Ken Bau	2027-2028F	ENI (50%), ESSAR (50%)	7-9 tcf of raw gas and 400-500m bbl of condensate	NA

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Offshore windfarm to be the new business path for PVS's M&C in the future

We believe offshore wind power is a promising segment in Vietnam as the Government is prioritizing the development of green energy regarding to the

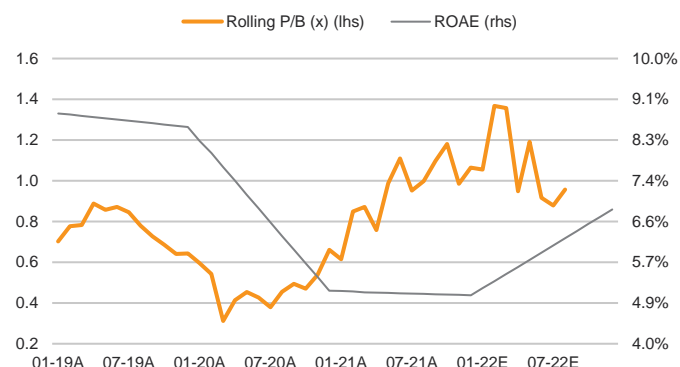
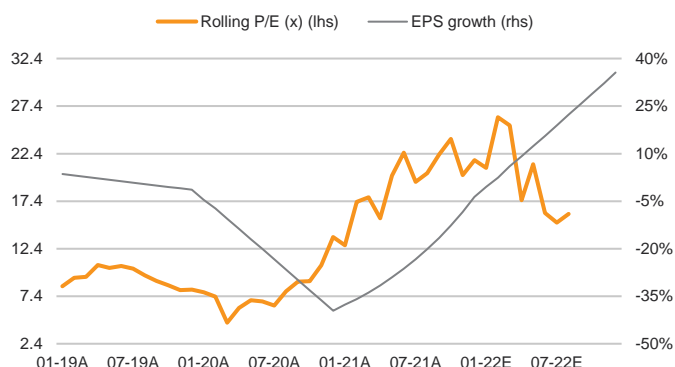
Government's commitment in COP26. Currently, as a leading contractor in the field of O&G engineering, particularly offshore facilities construction, PVS has participated in providing services for many offshore/nearshore windfarms, including Thang Long windfarm, or Hai Long windfarm in Taiwan. Notably, PTSC M&C (a subsidiary of PVS) has recently signed a MoU (Memorandum of Understanding) with Orsted, one of the world's largest developers of offshore wind power. Accordingly, PVS could participate in technical services provide for Orsted's projects, not only in Vietnam but also in the international market. Thus, this could provide more job opportunities, opening a new business path for PVS's M&C segment in the future.

We lower FY22-23F EPS forecasts by 13.1%/3.4% to reflect the surge in G&A in 1H22

Figure 10: FY22-24F earnings forecast revision

VNDbn	2022F			2023F			2024F			Comments
	Old	New	% Δ	Old	New	% Δ	Old	New	% Δ	
Net revenue	19,654	18,083	-8.0%	23,276	23,193	-0.4%	19,426	19,465	0.2%	We reduce FY22F revenue forecast by 8.0% mainly as we expect Block B - O Mon project to span from late-2022F to 2026F instead of from 3Q22F to late-2025F
Gross profit	1,209	1,036	-14.3%	1,490	1,403	-5.8%	1,360	1,364	0.2%	
<i>Gross margin (%)</i>	<i>6.2%</i>	<i>5.7%</i>	<i>-0.4% pts</i>	<i>6.4%</i>	<i>6.1%</i>	<i>-0.3% pts</i>	<i>7.0%</i>	<i>7.0%</i>	<i>0.0% pts</i>	We reduce FY22-23F blended GM forecasts to 5.7%/6.1%, respectively, due to surging materials price globally negatively impacting on M&C business
Selling expenses	108	90	-16.4%	128	116	-9.4%	107	97	-8.9%	Adjusted in line with 1H22 results
G&A expenses	747	814	9.0%	815	812	-0.4%	757	740	-2.2%	We raise FY22F G&A expenses by 9.0% to reflect the abnormally high number in 1H22. We expect this expenses to be back to normal in 2H22F
Operating profit	354	132	-62.7%	547	476	-13.0%	533	527	-1.3%	
Net financial income (expenses)	243	282	16.5%	236	231	-2.1%	266	256	-3.7%	We revise up net financial income assumption in FY22F to reflect stronger-than-expected 1H22 numbers
Gain/loss from investment in associates	613	613	0.0%	781	781	0.0%	846	846	0.0%	
Pre-tax profit	1,387	1,190	-14.2%	1,681	1,604	-4.6%	1,809	1,784	-1.4%	
Net profit	938	815	-13.1%	1,137	1,099	-3.4%	1,224	1,222	-0.1%	
EPS (VND)	1,963	1,706	-13.1%	2,379	2,299	-3.4%	2,560	2,557	-0.1%	

Source: VNDIRECT RESEARCH

Valuation

Income statement

(VNDbn)	12-21A	12-22E	12-23E
Net revenue	14,198	18,083	23,193
Cost of sales	(13,423)	(17,047)	(21,790)
Gen & admin expenses	(712)	(814)	(812)
Selling expenses	(89)	(90)	(116)
Operating profit	(26)	132	476
Operating EBITDA	474	632	946
Depreciation and amortisation	(500)	(500)	(470)
Operating EBIT	(26)	132	476
Interest income	278	368	322
Financial expense	(94)	(86)	(90)
Net other income	214	163	116
Income from associates & JVs	507	613	781
Pre-tax profit	878	1,190	1,604
Tax expense	(200)	(272)	(366)
Minority interest	(76)	(103)	(139)
Net profit	601	815	1,099
Adj. net profit to ordinary	601	815	1,099
Ordinary dividends	(554)	(382)	(478)
Retained earnings	47	433	621

Balance sheet

(VNDbn)	12-21A	12-22E	12-23E
Cash and equivalents	5,747	6,026	5,405
Short term investments	2,677	2,677	2,677
Accounts receivables	4,642	4,459	5,592
Inventories	2,086	1,406	1,672
Other current assets	226	288	369
Total current assets	15,378	14,856	15,714
Fixed assets	2,982	2,803	2,745
Total investments	5,016	4,895	4,911
Other long-term assets	1,468	1,512	1,556
Total assets	24,845	24,066	24,927
Short-term debt	711	515	431
Accounts payable	4,282	4,230	5,211
Other current liabilities	3,743	2,995	2,914
Total current liabilities	8,735	7,740	8,556
Total long-term debt	534	470	453
Other liabilities	3,041	3,041	3,041
Share capital	4,780	4,780	4,780
Retained earnings reserve	3,621	3,765	3,682
Shareholders' equity	11,806	12,083	12,178
Minority interest	728	731	699
Total liabilities & equity	24,845	24,066	24,927

Cash flow statement

(VNDbn)	12-21A	12-22E	12-23E
Pretax profit	878	1,190	1,604
Depreciation & amortisation	500	500	470
Tax paid	(155)	(272)	(366)
Other adjustments	(1,102)	(1,198)	(1,129)
Change in working capital	(239)	812	(418)
Cash flow from operations	(118)	1,033	161
Capex	(253)	(322)	(413)
Proceeds from assets sales	13	13	13
Others	1,401	196	196
Other non-current assets changes			
Cash flow from investing activities	1,162	(112)	(203)
New share issuance	0	0	0
Shares buyback			
Net borrowings	45	(260)	(101)
Other financing cash flow			
Dividends paid	(554)	(382)	(478)
Cash flow from financing activities	(509)	(643)	(578)
Cash and equivalents at beginning of period	5,212	5,747	6,026
Total cash generated	535	279	(621)
Cash and equivalents at the end of period	5,747	6,026	5,405

Key ratios

	12-21A	12-22E	12-23E
Dupont			
Net profit margin	4.2%	4.5%	4.7%
Asset turnover	0.56	0.74	0.95
ROAA	2.4%	3.3%	4.5%
Avg assets/avg equity	2.13	2.05	2.02
ROAE	5.0%	6.8%	9.1%
Efficiency			
Days account receivable	119.3	90.0	88.0
Days inventory	56.7	30.1	28.0
Days creditor	116.4	90.6	87.3
Fixed asset turnover	4.64	6.25	8.36
ROIC	4.4%	5.9%	8.0%
Liquidity			
Current ratio	1.8	1.9	1.8
Quick ratio	1.5	1.7	1.6
Cash ratio	1.0	1.1	0.9
Cash cycle	59.6	29.5	28.7
Growth rate (yoy)			
Revenue growth	(29.6%)	27.4%	28.3%
Operating profit growth	(81.0%)		260.4%
Net profit growth	(3.7%)	35.6%	34.7%
EPS growth	(3.7%)	35.6%	34.7%

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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