

**PETROVIETNAM TECHNICAL SERVICES CORP - PVS**

**ADD**

**Long-term driver from offshore windfarms development**

Target price (12M)  
**VND33,800**

OIL & GAS | Update

Consensus\*: Add:7 Hold:1 Reduce:0

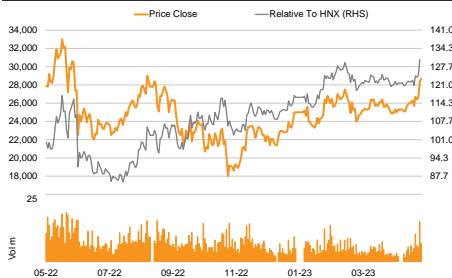
Target price / Consensus: 7.8%

**Key changes in the report**

➤ Increase FY23-25F EPS forecasts by 4.7%/3.8%/10.8%

Previous rating	ADD
Previous TP	VND31,700
Current price	VND28,700
52w high (VND)	33,000
52w low (VND)	18,000
3m Avg daily value (VNDmn)	128,950
Market cap (VNDbn)	13,521
Free float	49%
Dividend yield	3.38%
TTM P/E (x)	15.5
Current P/B (x)	1.1

**Price performance**



Source: VNDIRECT RESEARCH

**Ownership**

PetroVietnam Group	51.4%
Others	48.6%

Source: VNDIRECT RESEARCH

**Analyst(s):**



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- 1Q23 net profit (NP) was almost flat yoy to VND215bn, fulfilling 21.5% of our full-year forecast.
- PDP8 highlights the priority in developing domestic gas-fired power and offshore wind power, implying the huge potential backlog for the leading offshore facilities contractor like PVS.
- Reiterate ADD with a higher target price (TP) of VND33,800.

**1Q23 net profit was supported from higher net financial income**

PVS posted a 1.7% decrease in 1Q23 net revenue to VND3,704bn. However, 1Q23 gross profit rose 5.8% yoy mainly thanks to higher M&C segment GM (+1.6% pts) as some major projects have been turning into the end of construction cycle. At the bottom line, 1Q23 NP was almost flat yoy to VND215bn (-0.7% yoy) on the back of: (1) higher G&A expenses (+13% yoy), (2) no asset liquidation incurred like 1Q22, but (3) higher net financial income (+48.5% yoy).

**A key beneficiary from PDP8 approval**

The Government has approved Power Development Plan 8 (PDP8) this month. PDP8 highlights the priority in gas-generated electricity development using domestic sources to reduce the dependence on imported LNG, which could boost long-stalled, multibillion-dollar gas field projects like Block B and Blue Whale. Meantime, wind power will become the main target in both short and long term. In which, there will be the first 6,000MW offshore wind power on board in 2030F, before surging 15% CAGR in 2030-50F, accounting for 16% total capacity. Recently, PVS has signed the contract to manufacture 33 turbine foundations for Orsted's windfarm in Taiwan. Fundamentally, we think these should benefit PVS's core business as the leading offshore facilities contractors in Vietnam.

**We estimate PVS to achieve a NP CAGR of 16.7% in FY23-25F**

We raise our FY23-25F EPS forecasts by 4.7%/3.8%/10.8% on the mixed impact of: (1) the delay of kickoff Block B - O Mon project to late-2023F, but taking new windfarm project into our forecasts, (2) higher net financial income, and (3) lower affiliate income. Overall, we expect PVS's NP to attain a CAGR of 16.7% in FY23-25F, driven by: (1) stronger M&C segment coming from newly awarded contracts in international market as well as potential contracts like Block B - O Mon, and (2) the solid contribution of FSO/FPSO affiliates.

**Reiterate ADD with higher TP of VND33,800**

We reiterate ADD rating for PVS with a higher DCF-based TP of VND33,800 (+6.6% versus previous forecast) due to FY23-25F EPS forecasts adjustments and rolling our DCF model to 2023F. Upside catalysts are higher-than-expected oil price and the kickoff of Block B project. Downside risks include the decline in oil price and further delays in major projects award.

Financial summary (VND)	12-21A	12-22A	12-23E	12-24E
Net revenue (bn)	14,260	16,373	20,321	22,403
Revenue growth	(29.3%)	14.8%	24.1%	10.2%
Gross margin	6.1%	5.6%	5.7%	6.3%
EBITDA margin	10.6%	10.4%	9.9%	10.6%
Net profit (bn)	675	884	1,047	1,269
Net profit growth	8.1%	31.0%	18.5%	21.2%
Recurring profit growth	8.1%	31.0%	18.5%	21.2%
Basic EPS	1,411	1,849	2,191	2,656
Adjusted EPS	1,242	1,627	1,928	2,337
BVPS	24,855	25,564	26,931	29,467
ROAE	5.6%	7.3%	8.3%	9.4%

Source: VNDIRECT RESEARCH

## Long-term driver from offshore windfarms development

### Reiterate ADD with higher TP of VND33,800

#### We like PVS for:

- The leading position in Vietnam's offshore facilities contractors to gain benefits from PDP 8 which highlights the priority in developing major domestic gas fields projects like Block B – O Mon and offshore windfarm in both short and long term.
- Strong financial position with a net cash balance of over VND8,800bn (equivalent to VND18,400 per share) and net gearing ratio of -67% at end 1Q-23 to ride on the high interest rates environment.

We reiterate our ADD rating for PVS with a higher DCF-based TP of VND33,800 on the back of: (1) 4.7%/3.8%/10.8% upward revision in FY23-25F EPS forecasts, and (2) rolling our DCF model to 2023F.

#### Upside catalysts and downside risks:

- Upside catalysts are higher-than-expected oil price and the kickoff of Block B project.
- Downside risks include 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)	6,659
Present value of Terminal Value (VNDbn)	1,557
Total present value of Operations (VNDbn)	8,215
Plus: Cash and Short-term investment (VNDbn)	10,057
Less: Debt (VNDbn)	(1,376)
Less: Minority Interest (VNDbn)	(730)
Equity Value (VNDbn)	16,166
Shares Outstanding (m)	478
Equity Value per share (VND)	33,822
<b>Target price (VND)</b>	<b>33,800</b>

Source: VNDIRECT RESEARCH

**Figure 2: Cost of equity**

Cost of equity	
Risk Free Rate	4.0%
Beta	1.3
Risk Premium	11.0%
<b>Cost of Equity</b>	<b>18.3%</b>

Source: VNDIRECT RESEARCH

**Figure 3: WACC and Long-term growth rate**

VNDbn	
Equity Value	12,219
Debt	1,376
Cost of Debt	5.0%
Tax Rate	19.5%
<b>WACC</b>	<b>16.9%</b>
<b>Perpetual Growth Rate</b>	<b>1.5%</b>

Source: VNDIRECT RESEARCH

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

VNDbn	Dec-22A	Dec-23F	Dec-24F	Dec-25F	Dec-30F	Dec-35F	CAGR 22-35F
<b>Total revenue</b>	<b>16,373</b>	<b>20,321</b>	<b>22,403</b>	<b>24,041</b>	<b>29,330</b>	<b>32,631</b>	<b>5.4%</b>
% yoy	14.8%	24.1%	10.2%	7.3%	3.1%	1.7%	
COGS & OPEX	(16,365)	(20,047)	(21,864)	(23,398)	(28,779)	(32,019)	
Unlevered profit / EBIT	7	274	539	643	550	612	
Operating margin	0.0%	1.3%	2.4%	2.7%	1.9%	1.9%	
Effective tax rate	19.5%	19.5%	19.5%	19.5%	19.5%	19.5%	
EBIT * (1-Tax) or NOPAT	6	220	433	518	443	493	
+ Depreciation and amortisation	471	544	591	569	645	682	
% of revenue	2.9%	2.7%	2.6%	2.4%	2.2%	2.1%	
- Capex	(498)	(1,016)	(896)	(426)	(520)	(447)	
% of revenue	-3.0%	-5.0%	-4.0%	-1.8%	-1.8%	-1.4%	
+ Change in working capital	1,145	(326)	(99)	(85)	(513)	(416)	
% of revenue	7.0%	-1.6%	-0.4%	-0.4%	-0.4%	-0.4%	
Interest and other financial activities, net	1,166	1,143	1,189	1,238	1,323	1,472	
% of revenue	7.1%	5.6%	5.3%	5.2%	4.5%	4.5%	
Unlevered free cash flow (UFCF)	2,290	565	1,219	1,814	1,379	1,784	

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/B (x)		ROE (%)		ROA (%)	
			LC\$	LC\$		US\$ m	FY23F		FY24F	FY23F	FY24F	FY23F	FY24F	FY23F
Malaysia Marine Eng	MMHE MK	NR	0.54	NA	190	12.6	10.0		0.48	0.5	3.8%	3.8%	2.1%	2.2%
Yinson Holdings	YNS MK	NR	2.53	NA	1,616	10.5	8.9		1.34	1.2	13.1%	13.4%	6.2%	6.0%
Seatrium Ltd	STM SP	NR	0.13	NA	6,444	NA	25.4		1.04	1.0	-1.8%	2.7%	-0.5%	1.2%
Hyundai Engineering	000720 KS	NR	40,650	NA	3,441	11.4	8.2		0.70	0.5	6.5%	6.7%	2.7%	2.9%
Keppel Corp	KEP SP	NR	6.51	NA	8,529	12.7	11.7		0.90	1.0	8.4%	8.8%	2.8%	3.2%
<i>Average</i>						<i>11.8</i>	<i>12.8</i>		<i>0.9</i>	<i>0.8</i>	<i>6.0%</i>	<i>7.1%</i>	<i>2.7%</i>	<i>3.1%</i>
<b>PTSC</b>	<b>PVS VN</b>	<b>ADD</b>	<b>28,700</b>	<b>33,800</b>	<b>585</b>	<b>13.1</b>	<b>10.8</b>	<b>16.7%</b>	<b>1.1</b>	<b>1.0</b>	<b>8.3%</b>	<b>9.4%</b>	<b>4.0%</b>	<b>4.6%</b>

Source: BLOOMBERG, VNDIRECT RESEARCH (DATA AS AT 22 MAY)

## 1Q23 net profit was supported from higher net financial income

**Figure 6: 1Q23 results overview**

FYE Dec (VNDbn)	1Q22	1Q23	% yoy	% vs. FY23 forecasts	Comments
<b>Net revenue</b>	<b>3,769</b>	<b>3,704</b>	<b>-1.7%</b>	<b>18.4%</b>	
Offshore support vessel	321	336	4.8%		
FSO/FPSO	433	447	3.4%		
Seismic survey	75	26	-65.5%		
Port base	314	296	-5.6%		
Mechanics & construction (M&C)	2,048	2,131	4.1%		1Q23 M&C revenue remained stable, coming from ongoing EPC contracts such as Gallaf Batch 3, Shwe Phase 3 and Hai Long windfarm. We expect this segment revenue to accelerate in coming quarters thanks to the newly awarded project like Changhua windfarm and the potential kickoff of Block B - O Mon
Operation & maintenance (O&M)	425	384	-9.7%		
Other services	154	83	-46.2%		
<b>Gross profit</b>	<b>193</b>	<b>204</b>	<b>5.8%</b>	<b>17.6%</b>	
Offshore support vessel	28	39	40.3%		
FSO/FPSO	52	35	-32.9%		
Seismic survey	(12)	(11)	-7.7%		
Port base	70	55	-21.8%		
Mechanics & construction (M&C)	36	71	95.5%		
Operation & maintenance (O&M)	5	11	128.2%		
Other services	14	5	-65.8%		
<b>Gross margin (%)</b>	<b>5.1%</b>	<b>5.5%</b>	<b>0.4% pts</b>		1Q23 blended GM slightly improved 0.4% pts yoy to 5.5% mainly thanks higher M&C segment GM
Offshore support vessel	8.6%	11.6%	2.9% pts		
FSO/FPSO	12.0%	7.8%	-4.2% pts		
Seismic survey	-16.6%	-44.5%	-27.9% pts		
Port base	22.5%	18.6%	-3.8% pts		
Mechanics & construction (M&C)	1.8%	3.3%	1.6% pts		1Q23 M&C gross margin expanded 1.6% pts as some major projects have been turning into the end of construction cycle
Operation & maintenance (O&M)	1.1%	2.7%	1.7% pts		
Other services	9.2%	5.8%	-3.3% pts		
Selling expenses	15	20	29.2%	19.6%	
G&A expenses	150	170	13.0%	21.6%	1Q23 G&A expenses increased by 13% yoy due to higher labor cost (+39% yoy), which was likely as PVS has developed its business in the international market
Operating profit	27	14	-47.7%		
Net financial income (expenses)	64	95	48.5%	30.2%	1Q23 net financial income rose 48.5% yoy thanks to surging deposit income (+134% yoy to VND110bn)
Gain/loss from investment in JVs	162	157	-3.0%	20.3%	
Net other income	58	(0)	-100.4%		In 1Q23, PVS did not recognize other income from asset liquidation like 1Q22
Pre-tax profit	311	267	-14.3%	18.3%	
<b>Net profit</b>	<b>216</b>	<b>215</b>	<b>-0.7%</b>	<b>21.5%</b>	

Source: VNDIRECT RESEARCH, COMPANY REPORTS

## FY23-25F outlook: Solid prospect in coming years

### Stronger M&C segment to be the main driver for PVS in short-term

PVS has just won the EPC contract for Orsted's windfarm project in Taiwan – Greater Changhua Offshore Wind Project (with est. value of US\$300bn), in which PVS will be responsible for manufacturing and supplying 33 turbine foundations for the projects in 2023-25 period. This is the fruit of the memorandum of understanding (MoU) between Orsted and PVS to launch collaboration on offshore wind projects signed in Aug 2022. Combined to the ongoing projects like Gallaf Batch 3, Shwe Phase 3 and the potential of Block B kickoff in late-2023, we believe M&C segment to be the main driver for PVS with

a revenue CAGR of 21.3% in FY23-25F, accounting for 60%/64%/65% of PVS's total revenue in same period.

**Figure 7: Some PVS's major ongoing projects in M&C segment (Unit: US\$m)**

No.	Project	Est. contract value attributed to PVS (US\$m)	Est. revenue in 2023	Est. backlog by end-2023F	Expected project span	Status
1	LNG Thi Vai terminal	78	16	-	3Q19 - 1Q23F	Project started in Oct 2019. PVS has a 39% stake EPC contract for this the project. This project completed in 1Q23
2	Long Son petrochemicals complex	81	24	-	2Q20 - 2023F	PVS is the sub-contractor for package A1 relating to the construction of olefin plants
3	Gallaf Batch 3	360	126	18	3Q21 - 1Q24F	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 early-2024F
4	Shwe Phase 3	200	90	-	4Q21-4Q23F	PVS is the sub-contractor for Korea Shipbuilding & Offshore Engineering (KSOE) in this project with the responsibility to manufacture a jacket up to 12,900 tonnes
5	Hai Long windfarm	90	45	18	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
6	Great Changhua windfarm	300	60	240	2Q23-2025F	PVS will be responsible for manufacturing and supplying all turbine foundations (~32-33 units) for the projects in 2023-25F period

Source: VNDIRECT RESEARCH, COMPANY REPORTS

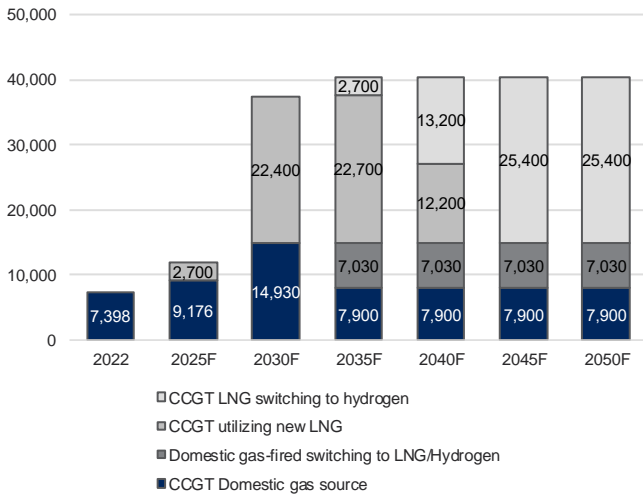
Overall, we expect PVS to attain a NP CAGR of 16.7% in FY23-25F, driven by: (1) stronger M&C segment prospect, and (2) the solid contribution of FSO/FPSO affiliates, accounting for 66%/57%/51% of PVS' NP in FY23-25F, in our estimates.

### A key beneficiary from PDP 8 approval

In near term, PDP 8 highlights the priority in gas-generated electricity development using domestic sources to reduce the dependence on imported LNG, which may be affected by unpredictable global events. The capacity of domestic gas-fired power is projected to double to 14.930 MW from the current 7.076 MW, accounting for 9.9% of total power capacity in 2030F. Thus, we expect PDP 8 approval to be the motivation to boost long-stalled, multibillion-dollar gas field projects like Block B and Blue Whale in coming years, ensuring gas sources for power generation in Vietnam.

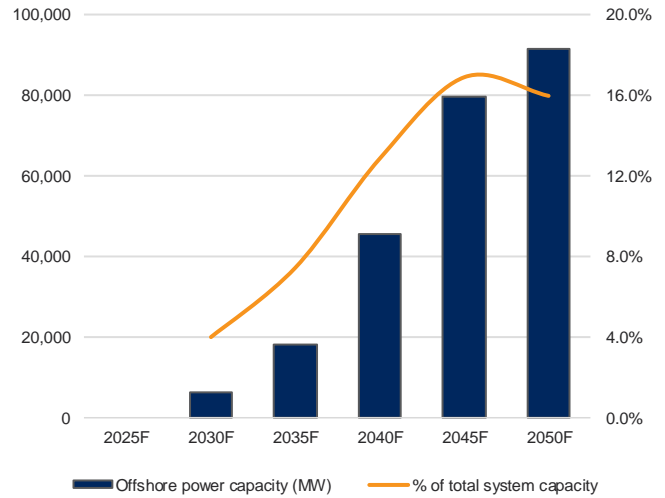
Besides, wind power will become the main target in both short and long term. Onshore wind power will grow at 25% CAGR over 2021-30F and 6% CAGR in 2030-50F, accounting for 14% and 13% total capacity in 2030-50F, respectively. On the other hand, there will be the first 6,000MW offshore wind power on board in 2030F, before surging 15% CAGR in 2030-50F, accounting for 16% total capacity.

**Figure 8: Domestic gas-fired power capacity is projected to double in FY22-30F (Unit: MW)**



Source: PDP8, VNDIRECT RESEARCH

**Figure 9: Offshore wind power capacity will surge in FY30-50F, accounting for 16% of total power capacity in FY50F**



Source: PDP8, VNDIRECT RESEARCH

We see some similarities between the manufacture of O&G offshore facilities and offshore wind facilities. For instance, parts of offshore wind facilities (turbine and substation foundations) are steel structure facilities, fabricating onshore, then installing and operating offshore like O&G platforms. However, the size and volume of wind turbine foundations is quite small (~1,000-2,000 tonnes) compared to O&G platforms (up to over 20,000 tonnes). Following that, we see that PVS has converged many factors inherited from the offshore M&C value chain, which should help the company outperform the potential competitors (in Vietnam as well as the region) and gain benefits from offshore wind farm development trend in term of EPC contractors, as detail below:

- First, PVS manages and operates the largest O&G port system in Vietnam with 8 ports and fabrication yards across the country with a total area of over 360 ha, in which the main fabrication yard is located in Vung Tau (nearly 160ha) with state-of-the-art facilities for major fabrication activities (such as: three skid-ways which are able to accommodate up to 25,000-tonne objects, as well as other supporting equipment). This meets the high requirements in fabricating large-size O&G platforms for numerous projects in both Vietnam and international market (i.g. Sao Vang central processing platform (CPP), Gallaf project in Qatar, Shwe project in Myanmar...). Thus, we believe this existing infrastructure will match the demand of offshore wind facilities manufacture.
- Second, PVS has ability in transporting and installing offshore facilities with marine construction vehicles (5000 tonnes flat top barge, accommodation work barge) and offshore support vessel fleet (19 vessels with diverse capacity and dedicated species), operated by high-quality technical and experienced manpower staff.
- And third, PVS's experience and ability has been proved through numerous offshore facilities projects in both domestic and international market, such as: Sao Vang – Dai Nguyet (with the volume up to 26,000 tonnes), Gallaf project (up to 26,000 tonnes).

These will facilitate for PVS to further participate in offshore wind farm supply chain, not only in Vietnam but also in the region. Overall, these trends (developing domestic gas sources and offshore wind farms) will create the huge potential backlog for offshore EPCI contractors in long-term. And we believe PVS will be the key beneficiary.

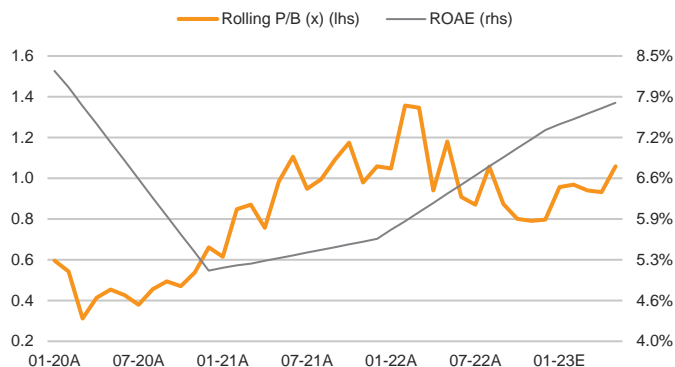
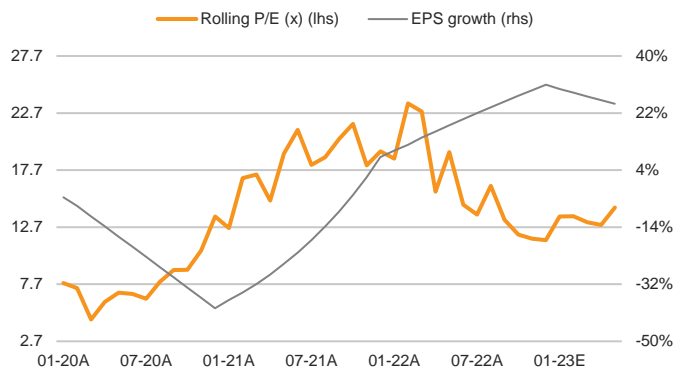
### We revise up our FY23-25F EPS forecasts by 4.7%/3.8%/10.8%

Figure 10: FY23-25F earnings forecast revision

VNDbn	2023F			2024F			2025F			Comments
	Old	New	% Δ	Old	New	% Δ	Old	New	% Δ	
Net revenue	20,129	20,321	1.0%	19,613	22,403	14.2%	20,351	24,041	18.1%	We change our FY23-25F revenue forecast mainly as we delay the kickoff Block B - O Mon project to late-2023F, and take some new projects like Changhua wind farm into our forecast
Gross profit	1,155	1,152	-0.3%	1,338	1,421	6.2%	1,415	1,537	8.6%	
Gross margin (%)	5.7%	5.7%	-0.1% pts	6.8%	6.3%	-0.5% pts	7.0%	6.4%	-0.6% pts	
Selling expenses	101	96	-5.1%	98	99	0.5%	102	101	-0.8%	
G&A expenses	785	782	-0.3%	745	784	5.2%	773	793	2.6%	
Operating profit	270	274	1.5%	495	539	8.8%	540	643	19.1%	
Net financial income (expenses)	316	362	14.7%	318	352	10.6%	315	370	17.4%	We significantly revise up our net financial income assumption in FY23-25F to reflect stronger-than-expected 1Q23 numbers. We note that PVS will be a beneficiary from high interest rate environment with a strong net cash position of over VND8,800bn at end-1Q23 (equivalent to VND18,400 per share)
Gain/loss from investment in associates	774	689	-11.0%	831	726	-12.6%	806	713	-11.6%	We lower FY23-25F affiliates income as we revise down FPSO Lam Son day rate from US\$70,000 to US\$50,000 to reflect the current contract value
Pre-tax profit	1,461	1,417	-3.0%	1,761	1,728	-1.9%	1,824	1,881	3.2%	
Net profit	1,001	1,047	4.7%	1,223	1,269	3.8%	1,267	1,404	10.8%	
EPS (VND)	2,093	2,191	4.7%	2,559	2,656	3.8%	2,650	2,938	10.8%	

Source: VNDIRECT RESEARCH

## Valuation



## Income statement

(VNDbn)	12-22A	12-23E	12-24E
Net revenue	16,373	20,321	22,403
Cost of sales	(15,458)	(19,170)	(20,982)
Gen & admin expenses	(828)	(782)	(784)
Selling expenses	(79)	(96)	(99)
<b>Operating profit</b>	<b>7</b>	<b>274</b>	<b>539</b>
Operating EBITDA	479	818	1,130
<b>Depreciation and amortisation</b>	<b>(471)</b>	<b>(544)</b>	<b>(591)</b>
<b>Operating EBIT</b>	<b>7</b>	<b>274</b>	<b>539</b>
Interest income	489	514	492
Financial expense	(163)	(152)	(140)
Net other income	183	91	112
Income from associates & JVs	657	689	726
<b>Pre-tax profit</b>	<b>1,174</b>	<b>1,417</b>	<b>1,728</b>
Tax expense	(229)	(298)	(363)
Minority interest	(61)	(72)	(96)
<b>Net profit</b>	<b>884</b>	<b>1,047</b>	<b>1,269</b>
Adj. net profit to ordinary	884	1,047	1,269
Ordinary dividends	(430)	(335)	(478)
<b>Retained earnings</b>	<b>454</b>	<b>713</b>	<b>792</b>

## Balance sheet

(VNDbn)	12-22A	12-23E	12-24E
Cash and equivalents	5,219	5,161	5,491
Short term investments	4,837	5,079	5,333
Accounts receivables	5,043	4,899	5,401
Inventories	1,012	1,471	1,610
Other current assets	276	342	378
<b>Total current assets</b>	<b>16,388</b>	<b>16,953</b>	<b>18,213</b>
Fixed assets	3,040	3,512	3,817
Total investments	5,042	4,979	4,985
Other long-term assets	1,358	1,255	1,161
<b>Total assets</b>	<b>25,828</b>	<b>26,699</b>	<b>28,175</b>
Short-term debt	752	784	816
Accounts payable	5,301	5,289	5,831
Other current liabilities	3,146	3,313	2,981
<b>Total current liabilities</b>	<b>9,199</b>	<b>9,387</b>	<b>9,627</b>
Total long-term debt	624	640	627
Other liabilities	3,057	3,057	3,057
Share capital	4,780	4,780	4,780
Retained earnings reserve	3,791	4,277	5,284
<b>Shareholders' equity</b>	<b>12,219</b>	<b>12,872</b>	<b>14,084</b>
Minority interest	730	743	780
<b>Total liabilities &amp; equity</b>	<b>25,828</b>	<b>26,699</b>	<b>28,175</b>

## Cash flow statement

(VNDbn)	12-22A	12-23E	12-24E
<b>Pretax profit</b>	<b>1,174</b>	<b>1,417</b>	<b>1,728</b>
Depreciation & amortisation	471	544	591
Tax paid	(286)	(206)	(252)
Other adjustments	(1,006)	(716)	(803)
<b>Change in working capital</b>	<b>1,145</b>	<b>(326)</b>	<b>(99)</b>
<b>Cash flow from operations</b>	<b>1,498</b>	<b>713</b>	<b>1,166</b>
Capex	(498)	(1,016)	(896)
Proceeds from assets sales	63	6	6
Others	(1,292)	526	513
Other non-current assets changes			
<b>Cash flow from investing activities</b>	<b>(1,727)</b>	<b>(484)</b>	<b>(377)</b>
New share issuance	0	0	0
Shares buyback			
Net borrowings	108	48	19
Other financing cash flow			
Dividends paid	(430)	(335)	(478)
<b>Cash flow from financing activities</b>	<b>(321)</b>	<b>(287)</b>	<b>(459)</b>
Cash and equivalents at beginning of period	5,747	5,219	5,161
<b>Total cash generated</b>	<b>(551)</b>	<b>(58)</b>	<b>330</b>
Cash and equivalents at the end of period	5,196	5,161	5,491

## Key ratios

	12-22A	12-23E	12-24E
<b>Dupont</b>			
Net profit margin	5.4%	5.2%	5.7%
Asset turnover	0.65	0.77	0.82
ROAA	3.5%	4.0%	4.6%
Avg assets/avg equity	2.10	2.09	2.04
ROAE	7.3%	8.3%	9.4%
<b>Efficiency</b>			
Days account receivable	112.4	88.0	88.2
Days inventory	23.9	28.0	28.1
Days creditor	125.2	100.7	101.7
Fixed asset turnover	5.43	6.20	6.11
ROIC	6.2%	7.0%	7.8%
<b>Liquidity</b>			
Current ratio	1.8	1.8	1.9
Quick ratio	1.7	1.6	1.7
Cash ratio	1.1	1.1	1.1
Cash cycle	11.2	15.3	14.6
<b>Growth rate (yoy)</b>			
Revenue growth	14.8%	24.1%	10.2%
Operating profit growth	(88.8%)	3,617.8%	96.7%
Net profit growth	31.0%	18.5%	21.2%
EPS growth	31.0%	18.5%	21.2%

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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