1Q12 Results Review

01/06/2012

MINH PHU SEAFOOD GROUP

Boosting FY12 Capacity

Below FY11 profit target. MPC posted a FY11 revenue of VND7,039bn (+38% y-o-y), earnings after tax (EAT) of VND284bn and PATMI of VND275bn (-10% y-o-y) in FY11 which met 94% and 46% of its FY11 full-year sales and EAT targets respectively. We had deemed the numbers in line with our estimates.

1QFY12 net profit rises in tandem with sales growth. The company's 1QFY12 revenue jumped 32% y-o-y to VND1,651bn while EAT leapt by a similar rate of increase to VND63bn. These met 16% of MPC's FY12 sales and 9% of its EAT targets of VND10,478bn (+49% y-o-y) and VND715bn (2.6x higher) respectively.

FY12 earnings estimated at VND441bn (+55% y-o-y). We assume that MPC would be able to achieve USD467m (+40% y-o-y) in exports, thereby boosting total sales to VND9,820bn (+40% y-o-y) in FY12. Its GPM is expected to increase slightly to 15.5% but this could be partly offset by financial losses of VND427bn on the back of higher interest expenses and lower forex (FX) gains. Thus, the estimated FY12 EAT of VND441bn could be 38% below MPC's target net profit of about VND715bn.

Upgrade to NEUTRAL call with TP revised to VND33,600. In view of MPC's considerable size, market share and growth opportunities as well as its high debt ratio of 74% and low liquidity, the company's stock is fairly priced at a PER of 5.5x. Using the estimated FY12 EPS of VND6,116, our target price of VND33,600 offers a 14% potential upside relative to the current price of VND29,500. Hence, we upgrade our call on MPC to NEUTRAL.

Company financial summary

VNDbn	FY10	FY11	FY12F	FY12 – MPC target	FY13F
Revenue	5,108	7,039	9,820	10,478	12,340
Pre-tax profit	373	337	497	877	537
EAT	315	284	441	715	452
PATMI	306	275	428		438
% change y-o-y	28%	-10%	55%		2%
EPS (VND)	4,376	3,934	6,116		6,262
DPS	0	0	0		0
Div yield	0%	0%	0%		0%
ROA	19,284	21,984	28,100		34,362
Book value	10%	5%			
ROE	25%	19%	24%		20%
P/E (x)	6.8	3.7	4.8		4.7
P/BV (x)	1.6	0.7	1.0		0.9

Source: MPC, SBS estimates

NEUTRAL

Price	VND 29,500
Previous	VND 17,500
Target	VND 33,600

Minh Phu Seafood Group

Minh Phu is the leading seafood processor and exporter specialising on frozen shrimp.

Stock Statistics

Bloomberg Ticker	MPC VN
Outstanding shares (Mil)	70
Market Cap (VNDbn)	2,065
52W Price range (VND1000)	32.5 | 14.6
3M Average Volume ('000)	16.2
YTD Returns (%)	(30.4)
Net Gearing (x)	0.6
Beta (x)	0.9
Book Value/Share (VND)	22,983

Major Shareholders

Le Van Quang	22.8
Chu Thi Binh	25.0
Le Thi Dieu Minh	9.4
Red River Holding	9.1
Vietnam Investment Fund	7.4
Vietnam Investment Fund II	5.0
Long Phung Invest	5.8

Share Performance (%)

Month	Absolute	Relative
1M	0.7	2%
3M	11.0	59%
6M	9.6	48%
12M	10.9	59%

6-month Share Price Performance



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1Q12 Earnings review table

VND'bn	1Q12	1Q11	y-o-y	q-o-q	Comment on 1Q12 (y-o-y)
Revenue	1,651	1,255	32%	-23%	The increase in revenue was attributable to: • Sales volume surged 26% (from 4,809 to 6,038 tonnes). • ASP ticked up by 3% (from USD11.6/kg to USD12/kg)
Gross profit	258	173	49%	-16%	
GPM	16%	14%			Market material price dipped about 4% vs the 3% improvement in ASP.
Operating expense ratio	6%	6%			
Financial results	(92)	(43)			Significant negative results due to: • FX gains declined from VND35bn to VND17bn. • Interest expense rose 2x from VND55bn to VND116bn on the growth of short-term loans (from VND1,349bn to VND3,004bn owing to higher working capital demand). • Reversal of VND2bn for its VND200bn investment in SSIVF (compared to a provision of VND28bn in 1Q11).
Other profit	0.8	0.7	22%	-87%	
EAT	63	51	25%	-1%	
NPM	4%	4%			

Source: MPC, SBS estimates

FY11 results in line

MPC's FY11 revenue surged 38% y-o-y to VND7,039bn, while EAT was down 10% y-o-y to VND284bn, coming in line with our estimates but 6% and 54% lower than the company's revenue and EAT targets respectively. This was attributable to:

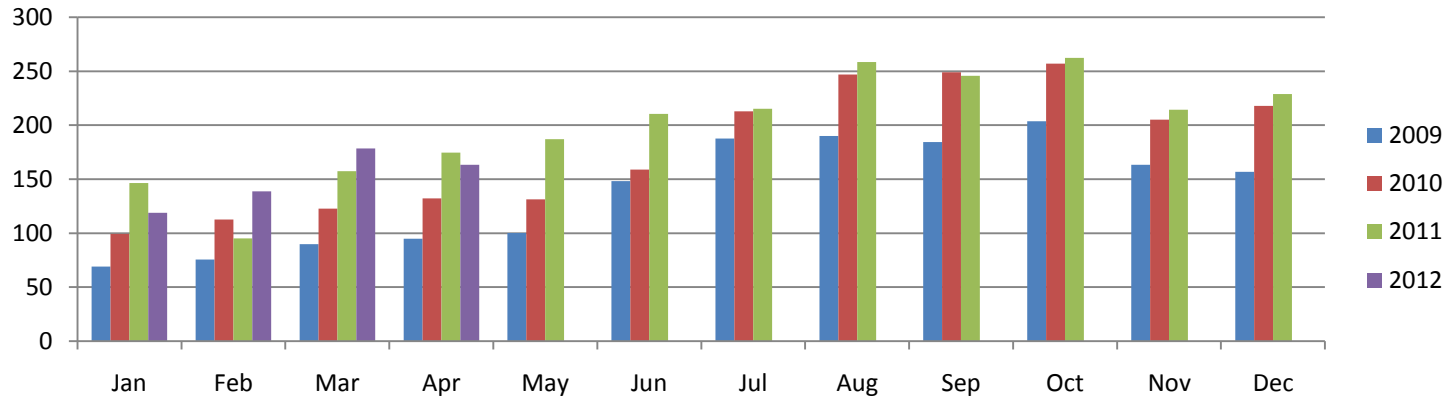
- **Rising revenue** from: (i) the improvement in ASP (+15%, from USD10.7/kg to USD12.3/kg), (ii) the 18% increase in selling volume (from 23,120 to 27,178 tonnes), and (iii) a 10% devaluation of the VND against the USD.
- **GPM was stable at 14.9%** as the improvement in ASP made up for the higher material price.
- **Financial losses skyrocketing from VND117bn to VND303bn,** driven mainly by: (i) a 2.4x higher interest expense of VND341bn (compared to VND144bn in FY10), and (ii) booking of more provisions for investment in SSIVF of VND39bn (compared to VND9bn in FY10). These losses were partly offset by the increase in deposit interest (from VND20bn to VND40bn) and FX gains (from VND24bn to VND44bn).
- **Lack of significant other profits** that amounted to VND58bn in FY10 (refunded taxes of VND33bn and interest on temporary anti-dumping tax for POR 2 & 3 of VND19bn).

FY12 Outlook

Vietnam's shrimp industry

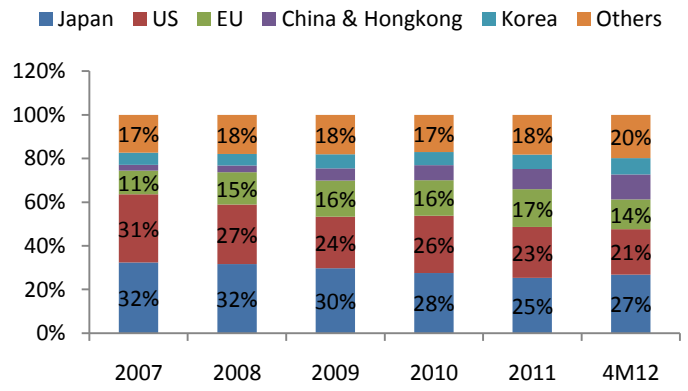
A more diversified market. Vietnam's 4M2012 shrimp exports amounted to USD599m (+4.5% y-o-y), driven by increasing selling volume, although ASP went into a downtrend at the beginning of FY12. The market structure appears to be continuously moving towards diversification, with declining contribution from the biggest importers (including Japan, the US and EU) and a higher proportion from other countries. MPC remained the market leader, with a superior growth rate of 32%.

Vietnam's shrimp export value (USDm)



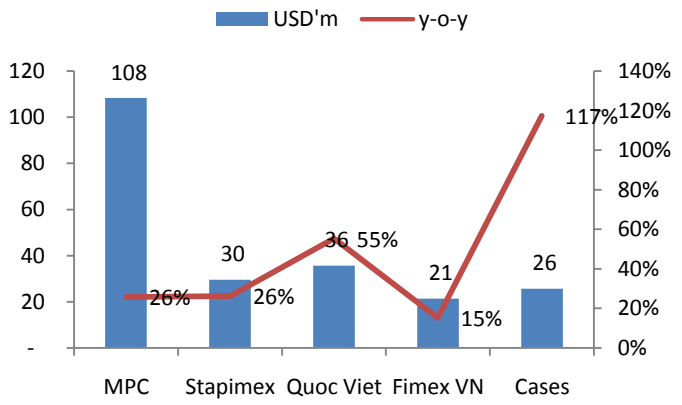
Source: VASEP

Market structure by value



Source: VASEP

Top 5 shrimp exporters in 4M12



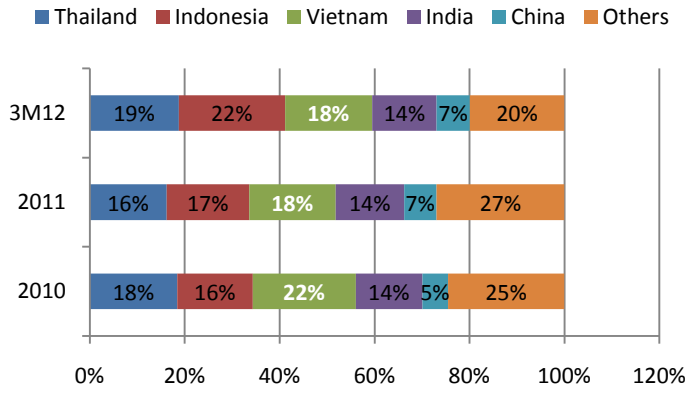
Source: VASEP

- **Japan market still hit by antibiotic residues exceeding permitted levels.** Japan's imports by value increased by 21% as the quality of Vietnam shrimp products improved due to the lower number of shipment alerts, especially those related to Enrofloxacin levels (Jan 2012 – 14 shipments, Feb 2012 – 6 shipments). However, after discovering Ethoxyquin levels that exceeded the limit of 0.01ppm in its Chinese imports, Japan's Ministry of Health, Labour and Welfare decided to check on 30% of Vietnam's shrimp shipments. The checks could increase to 50%-100% if more violations are discovered. For 1Q12, Vietnam maintained its market share of 18% in the material shrimp segment, increasing its market share in processing products from 16% to 20%.
- **US market beset by protectionist tendencies**. The US Southern Shrimp Alliance (SSA) recently expressed concerns over the food safety standards in Vietnam's seafood products. Without making any public announcements on its follow-up actions, the alliance unilaterally believed that the Vietnamese government had stopped inspecting shrimp products being exported to the US market. This arose amid a rising number of warnings on Vietnamese shipments to other markets such as Japan and Canada. However, there were no Vietnam shrimp deliveries to the US and EU markets which raised alerts in 2M2012. We believe the latest developments were driven by protectionist sentiments after the lower preliminary results for the sixth anti-dumping duty administrative review (POR6, 1/2/2010 – 31/1/2011) was announced. This development is good news for the whole industry, especially for MPC, in view of the huge decrease in the anti-dumping duty to 0.09% (compared to 1.15% underPOR5). Camimex was subject to an anti-dumping tax (ADD) of 0.8% (versus 0.83% for POR5), while the other players were slapped with an ADD of 1.03% (1.04% under POR5). On the other hand, the ADD paid by Nha Trang Seafoods and Vietnam Wide Rate were maintained at 0% and 25.76% respectively. The shrimp volume in the Gulf of Mexico (a major

source of domestic shrimps in the US) increased by 16% y-o-y, according to statistics up to 3M2012. Amid the persistent rise in fuel cost, it is hard to raise selling prices in tandem, especially in the face of intense competition in the shrimp import market. For 4M12, although exports to the US increased slightly by 4%, the market share of Vietnamese shrimps decreased from 8% to 7%.

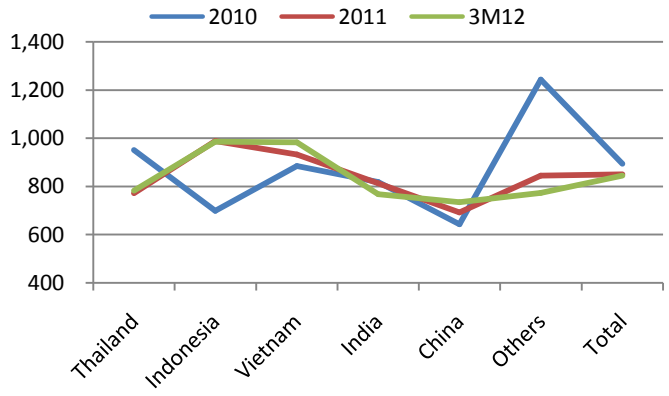
- **Decline in EU consumption.** Similar to the import of pangasius products, the EU cut their shrimp imports by 28% whereas other markets showed a rise in import value.

Japanese commercial frozen shrimp import (by value)



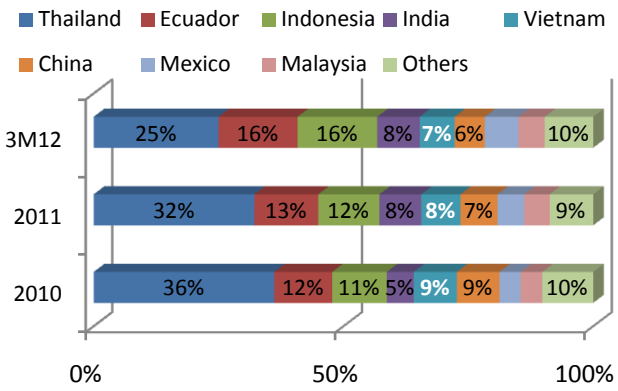
Source: VASEP

Import price in Japan market (yen/kg)



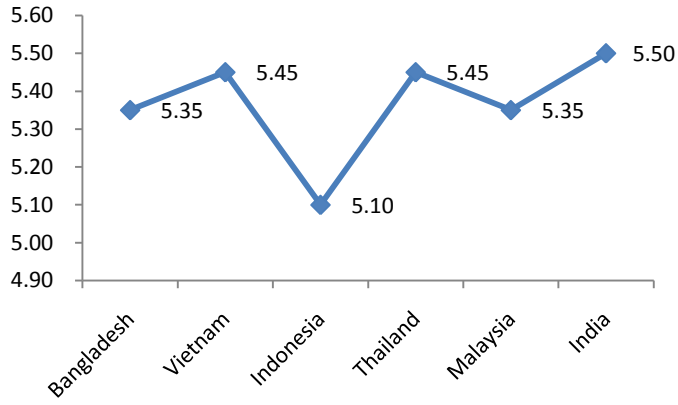
Source: VASEP

US shrimp import (by volume)



Source: VASEP

HLSO black tiger shrimp EXW price at New York in April 2012 (USD/pound – size 21/25)



Source: VASEP

Preliminary results of antidumping duty administrative review of the sixth (POR6, 1/2/2010 – 31/1/2011)

	Company	Tax rate (%)		Company	Tax rate (%)		Company	Tax rate (%)
1	MPC	0.09 (de minimis)	13	Cuu Long Seapro	1.03	**25**	Nha Trang Fisco	1.03
2	Nha Trang Seafoods	0	14	Seaprodex Danang	1.03	**26**	Phu Cuong Jostoco	1.03
3	Camimex	0.8	15	Gallant Ocean Vietnam	1.03	**27**	Phuong Nam Co., Ltd	1.03
4	Amanda	1.03	16	Viet I-mei	1.03	**28**	Fimex VN	1.03
5	Bac Lieu Fis	1.03	17	Icomfish	1.03	**29**	Stapimex	1.03
6	C.P Vietnam	1.03	18	Kim Anh Co., Ltd	1.03	**30**	Thuan Phuoc Corp	1.03
7	Cadovimex	1.03	19	Minh Hai Jostoco	1.03	**31**	Ut Xi	1.03
8	Cafatex	1.03	20	Seaprodex Minh Hai	1.03	**32**	Viet Foods	1.03
9	Camranh Seafoods	1.03	21	Seaprimex Co	1.03	**33**	Viet Hai Seafood Co., Ltd	1.03
10	Cataco	1.03	22	Ngoc Sinh Seafoods	1.03	**34**	Vina Cleanfood	1.03
11	Cafish	1.03	23	Ngoc Tri Seafood	1.03		Vietnam Wide Rate	25.76
12	Cofidex	1.03	24	Nhat Duc Co., Ltd	1.03			

Source: VASEP

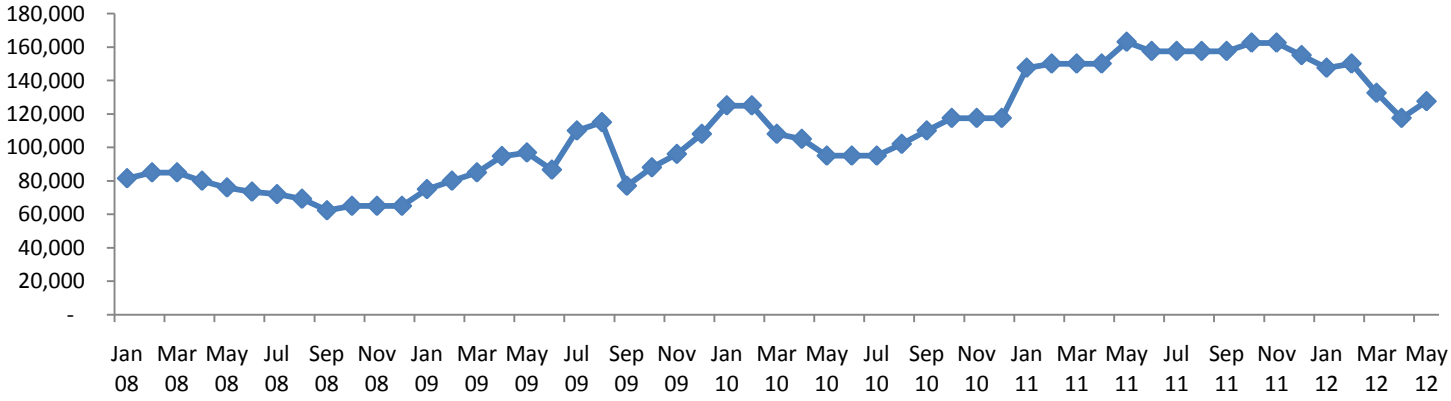
Intense competition prevails, but there are still growth opportunities

- **Thailand – on the rebound.** The penaeus vannamei volume of this country is expected to recover by a strong20% - or even 40% to 600,000–700,000 tonnes - in FY12, after declining by 11% from 560,000 to 500,000 tonnes as a result of flooding in the southern part of the country in March 2011. The harvesting will take place from May to October. To support this plan, the Thai government plans to spend at least THB1bn to buy 10,000 tonnes of shrimp to support farmers who are facing declining prices. The Thai Frozen Foods Association (TFFA) is opposing this plan on the basis that such a subsidy could only benefit a small group of farmers and traders, and at the same time compromise the interest of the general public. In FY09, the government spent THB1.4bn for the same purpose. However, the TFFA incurred huge losses as most of its members' inventory was damaged and could not be consumed. We expect Thailand's export price to be less competitive than Vietnam's, since the former's production cost could have risen by 10%-20%, according to the Thai Chamber of Commerce. The minimum wage in Thailand was increased by 40% to USD9.73/day on 1 April 2012. Currently, 75% of the enterprises involved in food production are maintaining their prices, while the rest has started to increase prices.
- **India – a potential rival.** India had a good vannamei harvest on the back of expanding farms, while other countries such as Vietnam, Thailand and Indonesia were affected by disasters and diseases in FY11. Taking advantage of this situation, India raised its market share in the US from 5% to 8%, thanks to stable supplies and competitive selling prices. This year, its vannamei volume is anticipated to surge 30% y-o-y to 100,000 tonnes. For 3M12, it posted a 42% growth in the US market, making it a direct competitor to Vietnam in the large-sized shrimp segment. However, the imposition of higher anti-dumping taxes needs to be taken into consideration when exporting Indian shrimps to the US. The US has fixed a 2.51 % ADD on Indian shrimp consignments, up from 1.69% last year, following the preliminary review of POR6. This is higher than that for almost all other countries, such as Vietnam (around 1%), Thailand (from 0.97% to 1.98%) and China (two players were assigned a tax rate of 0%, yet the national rate increased to 112.81%).

The risk of shrimp diseases. According to the Directorate of Fisheries, the Early Mortality Syndrome had destroyed nearly 12,000ha of shrimp farming areas in Mekong Delta as of March 2012. There were concerns that the disease outbreak could be as bad as in the previous year, when 97,000ha – representing 15% of the total shrimps area in the Mekong Delta – were badly affected. We gather that the outbreak of shrimp diseases could be due to the poor quality of shrimp breeds or toxic algae, which are largely beyond the control of farmers.

Despite the lower supply, the price of shrimp has been on a downtrend, declining by 22% recently after peaking in 2HFY11. The tightening of credit conditions has led to a deficiency in capital for shrimp production and export. According to the Ca Mau Association of Seafood Exporters and Producers, of the 37 shrimp factories in this province, over 60% operate on a perfunctory basis while 11 are on the verge of bankruptcy.

Black tiger shrimp (40 units/kg – VND/kg)



Source: VASEP

In spite of the above-mentioned challenges, we believe the target of USD2.5bn this year could be achieved. We still expect an increase of 4%–15% in Vietnam shrimp exports to USD2.5bn–USD2.7bn in light of:

(i) Regardless of the unstable demand affecting traditional markets, the opportunities available in other markets are increasing, such as China (for commercial shrimp), Korea (whose people have similar tastes as the Japanese, while the country in general has relatively fewer obstacles) and Australia (for added-value products).

(ii) The disadvantages that are affecting other countries allow Vietnam to develop and expand its industry and market.

(iii) Higher-than-permitted antibiotic residues, protectionist tendencies and outbreak of shrimp diseases have been part and parcel of this industry for many years. Besides, exporters can overcome supply shortages by importing commercial shrimps from ASEAN at zero import tax (compared to 10% in FY11) in accordance with Circular 157/2011/TT-BTC, which came into effect on 1 Jan 2012.

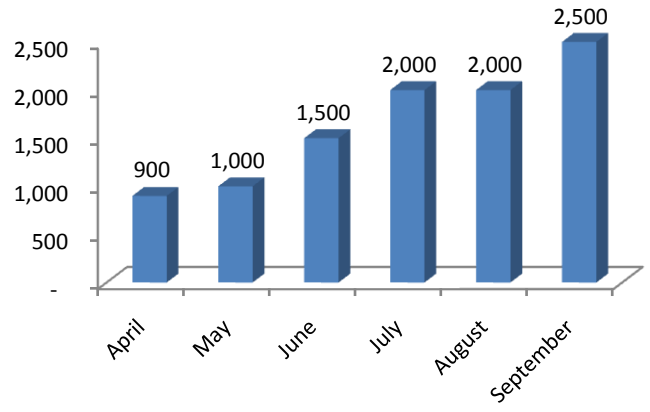
We believe that big players such as MPC can take advantage of the current situation (where the number of exporters is expected to decline further) to grow and expand its market share.

Optimistic on FY12

MPC aims to achieve an export CAGR of 26% by value from FY12–FY15. For this year, it has set out a business plan targeting revenue of VND10,478bn (+49% y-o-y) and EAT of VND715bn (2.6x higher). This is premised on an export volume of 50,000 tonnes (+84% y-o-y), driven mainly by higher utilization at its Minh Phu Hau Giang factory, which is expected to generate about USD500m (+50% y-o-y), based on a lower selling price. According to MPC representative, the new factory will focus on using vannamei materials and supplying added-value products at lower prices but which fetch higher profit margins. To attain its revenue and EAT targets, the company has laid out the following plans:

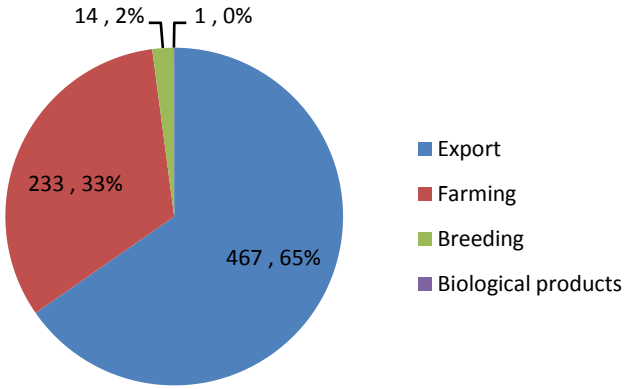
Development roadmap		
Items	**Plan**	**Description**
Farming	*Expanding material areas*	Increasing the area from 1,220ha to 2,000ha to meet 20% of production demand in FY15.
	Applying Biofloc technology	Based on Indonesia's experience, Biofloc technology boosts the yield to 38-49 tonnes/ha/season and lowers the risk of disease for a15%-20% production cost increase. MPC has applied this technology to 10% of its shrimp areas. Since the trial results indicate high survival rates, the company plans to apply this technology to all areas starting from June 2012.
	Importing commercial shrimp	Overcoming domestic supply shortages by importing shrimps from Thailand and Indonesia and taking advantage of the zero import tax.
Production	*Completing resettlement plan*	Accelerating the completion of the resettlement plan to ensure the availability of accommodation for workers.
	Increasing Minh Phu Hau Giang's utilization	Raising the capacity of Minh Phu Hau Giang to 2,500 tonnes/month at the end of FY12. On 15 May 2012, a seasonal shrimp peeling plant with a capacity of 50 tonnes/day and 440 workers started operation.
Export	*Enlarging market share*	Opening distribution companies in the EU, Russia and China to take advantage of low anti-dumping taxes in the US market.
Capital structure	*Issuing new shares*	Issuing 30m new shares at a minimum price of VND40,000 in FY12.
	Reducing interest expenses	In FY11, MPC mainly utilized VND loans with high interest rates to avoid FX risks. This year, the company plans to borrow money in USD at low rates of 4%-5%. An international financial institution is offering a loan of USD100m–USD200m at a 4% interest rate.
Source: MPC		

Increasing Minh Phu Hau Giang's capacity in FY12 (tonnes/month)



Source: MPC

EAT structure in FY12 (VNDbn)



Source: MPC

SBS • Investment gateway

Although MPC has admitted that it could be difficult to achieve its stated FY12 profit target, the company does not plan to adjust its numbers. We share the same reservations on its ability to meet such targets, especially with its 1Q12 earnings fulfilling just 9% of its full-year target. Nevertheless, we think that MPC has the chops to strengthen its market position, having increased its market share from 14% to 18%, and chalking up exports that are 3 times that from the country's second largest exporter, Quoc Viet, in 4M2012.

FY12 earnings to climb 55% y-o-y to VND441bn We are projecting a 40% growth for MPC's exports to USD467m vis-à-vis total sales of VND9,820bn (+40% y-o-y). Our estimates are based on a higher selling volume but more conservative ASP forecasts in anticipation of intense competition going forward.

The GPM is expected to rise slightly from 14.9% to 15.5%. Despite the downtrend in shrimp prices, we expect MPC to maintain a reasonable purchase price to encourage farmers to retain and expand their areas. Besides, unit labor costs could continue to go up since the Minh Phu Hau Giang factory is operating at less-than-optimum utilization rates.

For FY12, the company is expected to incur hefty financial losses of VND427bn, mainly attributed to higher interest expenses and lower FX gains. Its interest expenses are expected to increase on the back of higher working capital requirements and the absence of capitalized interest after Minh Phu Hau Giang factory was launched.

Elsewhere, the company may enjoy a lower corporate income tax (CIT) rate in relation to Minh Phu Hau Giang's CIT of 0%. MPC could also be eligible for a 30% cut in FY12 CIT in accordance with Resolution 13/NQ-CP (pertaining to manufacturing companies that employ a large number of workers) issued on 10 May 2012.

Based on the above forecasts, MPC's FY12 EAT should come in at VND441bn, which is 38% lower than its full-year target, while its FY12 PATMI is forecastat around VND428 bn (+55% y-o-y).

Financial forecasts for FY12 & FY13							
	FY08	FY09	FY10	FY11	FY12F	FY13F	FY12 - MPC's target
Revenue	**2,876**	**3,094**	**5,108**	**7,039**	**9,820**	**12,340**	**10,478**
COGS	2,422	2,642	4,349	5,989	8,293	10,630	
Gross profit	455	452	759	1,049	1,527	1,710	
Selling expense	157	204	273	318	460	578	
G&A expense	35	32	54	98	147	185	
Core-business profit	**262**	**215**	**432**	**633**	**920**	**948**	
Financial profit	(342)	39	(117)	(303)	(427)	(414)	
Other profit	48	0	58	7	4	4	
Pre-tax profit	**(32)**	**255**	**373**	**337**	**497**	**537**	**877**
Tax	6	12	58	54	56	85	
EAT	**(38)**	**243**	**315**	**284**	**441**	**452**	**715**
PATMI	**(42)**	**239**	**306**	**275**	**428**	**438**	
EPS	(596)	3,417	4,376	3,934	6,116	6,262	

Source: MPC, SBS forecasted

Valuation and recommendation

After bottoming out at VND14,600 on 30 Dec 2011, MPC's share price rebounded to VND29,500 on 31 May 2012 on low trading volume in recent months. Based on its closing price on 31 May, MPC shares are trading at a FY11 PER of 7.5x. As at 31 Dec 2011, its book value stood at VND21,984/share, which is equivalent to a P/BV of 1.3x. The company did not pay any dividends in FY11 and we expect the same for FY12. Note that it has VND200bn worth of bonds maturing this year.

In view of MPC's considerable size, market share and growth potential, **the share should trade at a 30% premium to the industry's average PER**. However, **after taking its high debt ratio of 74% and low liquidity into consideration, we are pegging the company's valuation to a PER of 5.5x**, which is 10% higher than the industry's average PER. MPC suffers from **low share liquidity since its major shareholders and institutional investors hold 92% of the company's shares**, leading to a lower free float of its shares in the market. Based on this valuation parameter and an estimated FY12 EPS of VND6,116**, we arrive at our target price of VND33,600**. When we issued our 3Q2011 update report on 21 Nov 2011, we had a SELL call on MPC when it was trading at VND21,000. Its share price had retraced by 70% to VND14,600 as at end-FY11. At the moment, our adjusted target price of VND33,600 provides a potential upside of 14% from the current share price. As such, we upgrade our recommendation on MPC to **NEUTRAL**.

Comparable Analysis	MPC	CMX	FMC	ICF	FBT	VNH	NGC
Assets	6,325	896	778	398	246	183	110
Equity	1,539	159	172	171	92	83	17
Revenue	7,039	1,170	1,899	341	203	88	238
GPM	15%	12%	6%	15%	17%	30%	9%
NPM	4%	0%	1%	3%	3%	2%	1%
ROA	5%	0%	4%	3%	2%	1%	3%
ROE	19%	3%	17%	6%	7%	2%	17%
FY12 dividend (VND/share)	N/A	1,800	1,800	N/A	N/A	800	1,740
EPS	3,934	347	3,548	858	401	229	2,288
BV	21,984	12,042	21,469	13,340	6,167	10,378	13,762
P (31 May 2012)	29,500	4,900	13,400	5,400	11,600	4,500	8,700
Dividend yield		37%	13%			18%	20%
P/E	7.5	14.1	3.8	6.3	28.9	19.6	3.8
P/BV	1.3	0.4	0.6	0.4	1.9	0.4	0.6

Source: SBS collected data is based on FY11 results

BALANCE SHEET (VNDbn)

	2009	2010	2011
Assets	**2,222.4**	**3,894.8**	**6,325.5**
Current assets	1,403.0	2,615.4	4,269.3
Long-term assets	819.4	1,279.4	2,056.2
Fixed assets	427.1	968.7	1,648.7
Long-term investments	205.0	196.4	160.2
Resources	**2,222.4**	**3,894.8**	**6,325.5**
Liabilities	**1,087.9**	**2,477.6**	**4,707.9**
Current liabilities	848.0	1,726.5	3,565.1
Long-term borrowings and liabilities	239.9	751.1	1,142.7
Equities	**1,088.0**	**1,349.9**	**1,538.9**
Owner's equity	1,075.5	1,338.0	1,538.9
Contributed capital	700.0	700.0	700.0
Capital surplus	177.9	177.9	177.9
Retained profits/(accumulated losses)	105.2	386.1	531.2

INCOME STATEMENT (VNDbn)

	2009	2010	2011
Net sales	**3,093.5**	**5,107.8**	**7,038.5**
COGS	2,641.6	4,348.6	5,989.3
Gross profit /(loss)	**451.9**	**759.2**	**1,049.3**
Financial income	224.0	57.4	99.4
Financial expense	185.0	174.1	402.0
Interest expense	86.5	143.9	
Selling expenses	204.1	273.1	317.5
G&A expenses	32.4	54.3	98.3
Net operating profit /(loss)	**254.4**	**315.1**	**330.8**
Other income	9.3	59.6	8.2
Other expenses	9.2	1.7	1.6
Profit /(loss) before tax	**254.5**	**372.9**	**337.5**
Corporate income tax	18.9	67.6	52.8
Profit after tax	**242.9**	**314.7**	**283.7**
Net profit/(accumulated losses)	**239.2**	**306.3**	**275.4**

CASHFLOW STATEMENT (VNDbn)

	2009	2010	2011
Cash flows from operating activities			
Profit/(loss) before tax	254.5	372.9	337.5
Depreciation and amortization	35.7	38.5	92.2
Allowances and provisions	(161.0)	19.8	87.5
Profits/(losses) from investing activities	74.0	(20.0)	(39.4)
Operating profit before changes in WC	291.3	564.1	812.4
CF from operating activities	360.4	(279.3)	(727.1)
Cash flows from investing activities			
Receipt/payments for additions to assets	(165.0)	(580.2)	(782.7)
Receipt/payments for investment entities	(15.0)	(3.6)	(0.6)
CF from investing activities	(57.2)	(396.5)	(726.2)
Cash flows from financing activities			
Proceeds from equity issued			0.9
Proceeds from long-term borrowings	3,837.0	6,447.7	8,799.9
CF from financing activities	(252.8)	1,266.6	1,802.9
Net CF during the period	50.4	590.8	349.6
Cash at the beginning	99.7	151.1	741.4
Cash at the end	151.1	741.4	1,092.1

YEARLY RATIOS

	2009	2010	2011
Growth rate			
Revenue growth rate	7.5%	65.1%	37.8%
Gross profit growth rate	-0.6%	68.0%	38.2%
Net profit growth rate	673.5%	28.0%	-10.1%
Total asset growth rate	-2.0%	75.3%	62.4%
Equity growth rate	17.1%	24.4%	15.0%
Profitability ratios			
Gross profit margin	14.6%	14.9%	14.9%
EBIT margin	11.0%	10.1%	-
Profit before tax margin	8.2%	7.3%	4.8%
Net profit margin	7.7%	6.0%	3.9%
ROA	10.8%	7.9%	4.4%
ROE	22.2%	22.9%	17.9%
Dupont Analysis			
Net profit margin(1)	7.7%	6.0%	3.9%
Asset turnover (2)	139.2%	131.1%	111.3%
Equity multiplier (3)	206.6%	291.1%	411.0%
ROE = (1)x(2)x(3)	22.2%	22.9%	17.9%
Management ratios			
Receivable outstanding days	20.6	26.9	22.8
Inventory outstanding days	103.6	101.9	146.8
Payable outstanding days	0.1	0.6	0.5
Asset turnover	1.4	1.3	1.1
Long-term asset turnover	3.8	4.0	3.4
Fix asset turnover	7.2	5.3	4.3
Liquidity ratios			
Current ratio	1.7	1.5	1.2
Quick ratio	0.8	0.8	0.5
Cash ratio	0.2	0.4	0.3
Capital Structure			
Total debt/Total Equity	101.2%	185.2%	305.9%
Total debt/Total Asset	49.0%	63.6%	74.4%
Total asset/Total Equity	206.6%	291.1%	411.0%
Index per share			
PE	8.63	6.74	7.50
PBV	1.92	1.54	1.34
PS	0.67	0.40	0.29
EPS (VND per share)	3,417	4,376	3,934
Revenue/share (VND/share)	44,193	72,969	100,550
Book value (VND/share)	15,365	19,114	21,984

BALANCE SHEET (VNDbn)

	2Q11	3Q11	4Q11	1Q12
Assets	**4,116.4**	**4,892.7**	**6,314.5**	**6,278.9**
Current assets	2,501.9	3,029.8	4,271.9	4,140.3
Long-term assets	1,614.4	1,862.9	2,042.6	2,138.6
Fixed assets	1,306.9	1,544.8	1,706.6	1,677.1
Long-term investments	157.9	157.9	160.2	162.4
Resources	**4,116.4**	**4,892.7**	**6,314.5**	**6,278.9**
Liabilities	**2,698.7**	**3,368.8**	**4,706.1**	**4,592.1**
Current liabilities	1,415.9	2,000.0	3,571.2	3,468.8
Long-term liabilities	1,282.8	1,368.9	1,134.9	1,123.2
Equities	**1,344.2**	**1,458.3**	**1,530.1**	**1,608.8**
Equity	1,344.2	1,458.3	1,530.1	1,608.8
Contributed capital	700.0	700.0	700.0	700.0
Capital surplus	177.9	177.9	177.9	177.9
Retained profits	353.2	470.8	522.4	595.1

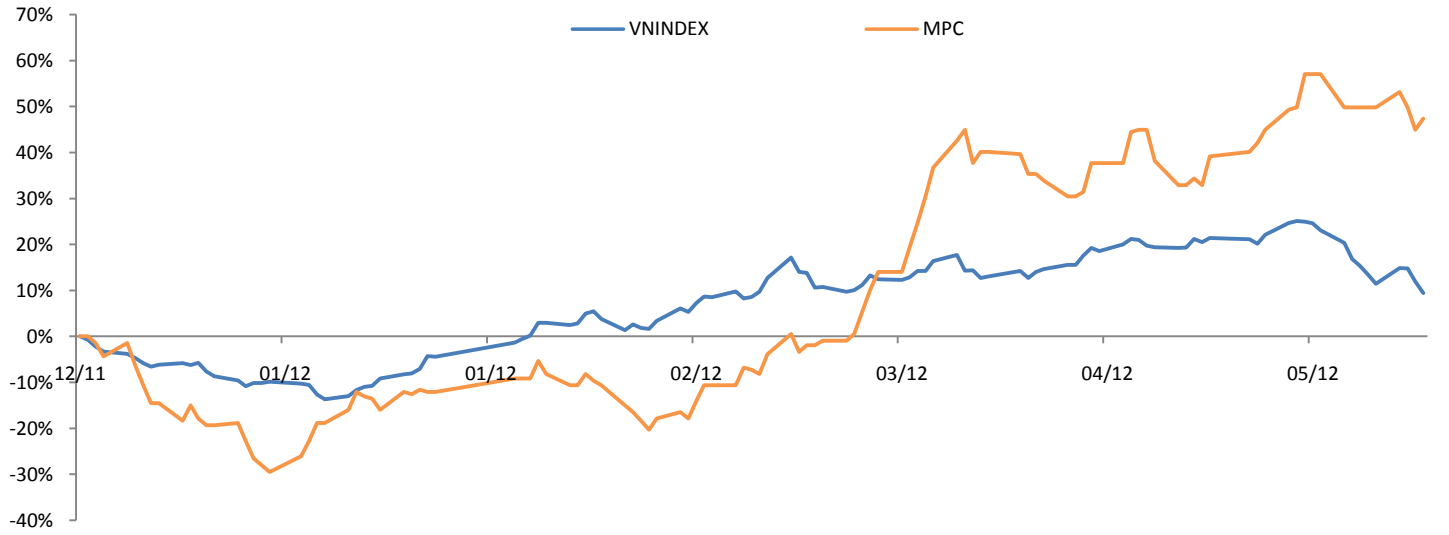
INCOME STATEMENT (VNDbn)

	2Q11	3Q11	4Q11	1Q12
Total Revenue	**1,628.0**	**2,001.7**	**2,158.0**	**1,669.9**
Net sales	**1,625.5**	**1,977.6**	**2,155.7**	**1,650.7**
COGS	1,387.5	1,652.8	1,848.3	1,392.4
Gross profit /(loss)	**238.0**	**324.9**	**307.4**	**258.4**
Financial income	18.9	15.2	24.7	22.9
Financial expense	92.6	91.7	136.3	114.5
Interest expense	65.9	91.8	129.8	115.5
Selling expenses	84.2	81.4	96.9	67.4
G&A expenses	32.4	26.4	26.1	29.9
Net operating profit	**47.8**	**140.5**	**72.8**	**69.5**
Other income	1.1	14.0	17.3	0.9
Other expenses	0.1	13.8	11.0	0.1
Profit /(loss) before tax	**48.8**	**140.7**	**79.1**	**70.3**
Corporate income tax	10.3	19.4	13.0	7.0
Profit after tax	**38.5**	**121.2**	**64.1**	**63.3**
Net profit	**37.9**	**118.5**	**61.3**	**63.9**

QUARTERLY RATIOS

	2Q11	3Q11	4Q11	1Q12
Growth rate				
Revenue growth rate (y-o-y)	64.1%	38.9%	17.6%	31.4%
Gross profit growth rate (y-o-y)	30%	11%	56%	49%
Net profit growth rate (y-o-y)	-38%	-19%	5%	31%
Profitability ratio				
Gross margin	14.6%	16.4%	14.3%	15.7%
EBIT margin	7.1%	11.8%	9.7%	11.3%
Net profit margin	2.3%	6.0%	2.8%	3.9%
ROA (4Q)	7.5%	6.2%	5.5%	5.2%
ROE (4Q)	21.7%	19.0%	18.6%	19.0%
Management ratio				
Receivable outstanding days	19	23	19	25
Inventory outstanding days	100	113	119	174
Payable outstanding days	0	0	0	1
Liquidity ratio				
Current ratio	1.8	1.5	1.2	1.2
Quick ratio	0.7	0.5	0.5	0.4
Cash ratio	0.2	0.1	0.3	0.2
Capital Structure				
Total debt/Total equity	200.8%	231.0%	307.6%	285.4%
Total debt/total asset	65.6%	68.9%	74.5%	73.1%
Total asset/total equity	306.2%	335.5%	412.7%	390.3%
Index per share				
PE	7.1	7.8	7.7	7.3
EPS (VND per share)	4161	3769	3808	4023

% PRICE CHANGE: VN.INDEX & MPC



Disclaimers

Report tracking

Reports issued	Date	Recommendation	12M Target price	Market price at issuing date
Company Update	26/02/2010	N/A	N/A	VND 33,100
Company Update	04/07/2011	NEUTRAL	VND 24,400	VND 22,200
Company Update	21/11/2011	SELL	VND 17,500	VND 21,000

SBS Research Guide to Investment Ratings

Buy: Share price may exceed 15% over the next 12 months

Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

Neutral: Share price may fall within the range of +/- 15% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels

Sell: Share price may fall by more than 15% over the next 12 months

Not Rated (NR): Stock is not within regular research coverage

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