

Industry: Aviation (Recent report: [Link](#))

**Recommendation**

**BUY**

**AIRPORT CORPORATION OF VIETNAM (UPCOM: ACV)  
Long Thanh prospects**

Current price (VND):	68,200	Date:	11/13/2020	<b>Shareholder structure</b>			
Target price TA	80,000	Outstanding Shares (Million)	2.177	State	Capital	Managemer	95.4%
FA target price in 2021	87,600	Capitalization (bil VND)	143.464	Committee			1.0%
<b>Upside</b>	<b>28.4%</b>	Average liquidity for 6 months:	116,140	VINACAPITAL INVESTMENT			0.4%
		% Foreign float	0.00	PYN ELITE FUND			0.2%
				KOREA INVESTMENT MGM			

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Target price (VND): 80,000 VND  
Stop-Loss Price (VND): 57,440

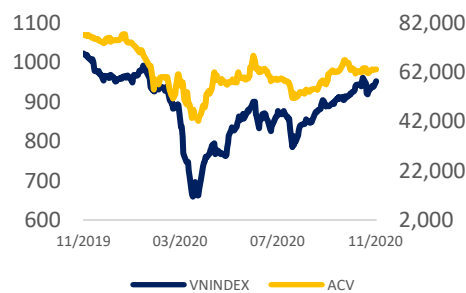
**Valuation**

- We recommend BUY for ACV stock with a target price of VND 87,600, +28.4% from the 11/12/2020 price based on FCF method with a discount of WACC = 9.3%.

**Forecast of business performance**

BSC forecasts that ACV's 2020 revenue and NPAT are estimated at VND 7,959 billion (-57% yoy) and VND 1,875 billion (-77 % yoy) respectively, with the view that international passenger volume is still less positive and Domestic passenger volume maintained its recovery momentum at the end of the year.

**CP price comparison table and VN-Index**



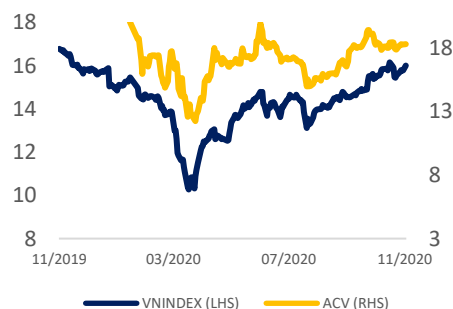
**Investment thesis**

- ACV will be the biggest beneficiary when the aviation industry (i) recovers from 2021, (ii) grows positively in the long term, thanks to its large scale - managing 22/25 airports.
- Financial resources are abundant, with cash, and short-term financial investments accounting for 57% of total assets.

**Catalyst**

- The scheme of assigning ACV to manage, use and exploit aviation infrastructure assets is expected to be approved soon.
- ACV is assigned as the investor of Component 3 project with investment capital = 4.15 billion USD (accounting for 90% of total investment capital in phase 1)
- Listing on HOSE exchange.

**P/E and VN index comparison table**



**Business environment**

- International passenger sales are still less positive due to the lack of flight routes. Domestic passenger sales recovered positively in July (+150% MoM), thanks to (i) Tourism stimulus policy, (ii) Airlines expanding new domestic routes.
- Outlook for 2021: The domestic market will continue to recover due to the continued control of the epidemic, the international market will reopen flight routes due to the trend of "Air demand".

**Financial results & business update**

- 9M/2020 business results decreased compared to the same period due to (i) international routes have not recovered, (ii) air service fees have been reduced. 9M/2020 revenue reached VND 6,083 billion (-55% yoy), EAT reached VND 1,366 billion (-77% yoy).

- Financial revenue reached VND 579 billion, which is a factor to offset operating expenses.

	2019	2020F	Peer	VN-Index		2018	2019	2020F	2021F
PE (x)	19.8	76.7	54.9	14.7	Revenue	16,123	18,329	7,959	14,685
PB (x)	4.4	3.9	1.4	2.0	Gross profit	7,828	9,334	1,569	7,282
PS (x)	8.9	18.0	4.2	1.5	Profit after tax	6,185	8,214	1,875	6,718
ROE (%)	22%	5%	5%	13.3	EPS	2,835	3,767	860	3,081
ROA (%)	14%	3%	6%	2.4	EPS growth	51%	33%	-77%	258%
EV/ EBITDA (x)	12.0	25.1	20.3	14.0	Net Debt/Equity	49%	41%	42%	37%

## INDUSTRY UPDATE Q3/2020

### AIRLINES – HOME MARKET RECOVERY

**International passenger volume is less positive.** In the third quarter, airlines launched 2 international flights, but they stopped later due to incomplete immigration procedures. In the fourth quarter, the recovery of the international market was still poor (estimated at +20,000 international passengers compared to Q3) due to (i) international flights with limited frequency and limited entry (ii) spending self-sufficiency costs and isolation procedures are barriers.

Table: List of routes proposed to reopen in Q4.

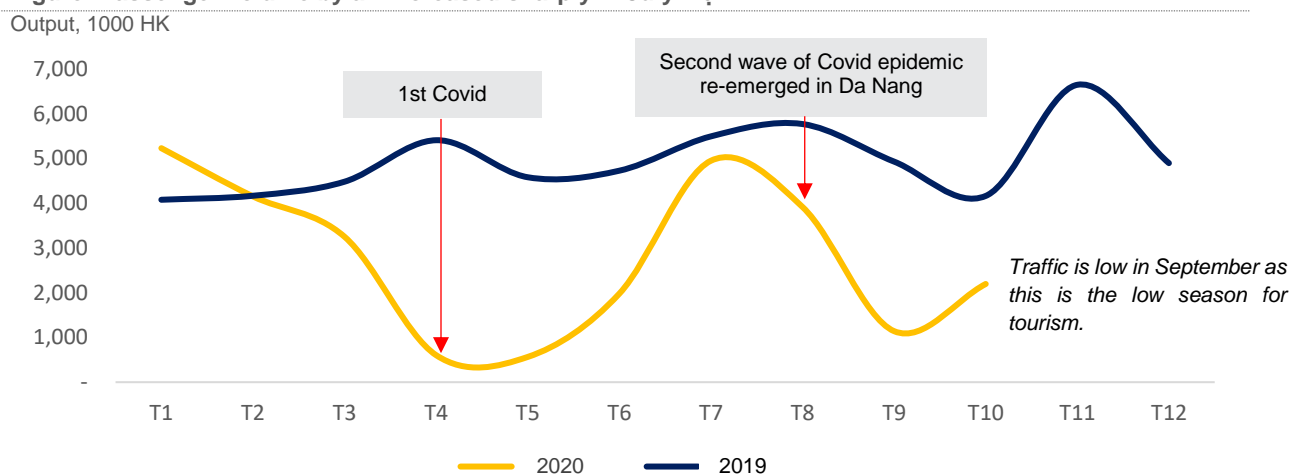
Flight route	Airline operating	Number of trips/week
<b>Flights operated by Vietnam Airlines</b>		
HCMC - Guangzhou	HVN	1
HCMC/ Hanoi - Japan	HVN, VJC	2
HCMC/ Hanoi - Seoul	HVN, VJC	2
HCMC/ Hanoi - Taipei	-	2
HCMC/ Hanoi - Cambodia	HVN	1
HCMC/ Hanoi - Laos	HVN	1
<b>Flights operated by foreign airlines</b>		
Incheon – Ho Chi Minh City/ Hanoi	Korean Air, Asiana	2
Guangzhou – Ho Chi Minh City	China Southern	1
Japan – Ho Chi Minh City, Hanoi	Japan Airlines, All Nippon Airways	1*
Taipei – Ho Chi Minh City, Hanoi	China Airlines, Eva Air	1*

\*Note: Flight/week/flight route

Source: compiled by BSC Research

**Domestic passenger volume recovered positively in July (+150% MoM)**, thanks to (i) tourism stimulus policy, (ii) airlines expanding new domestic routes, helping to increase the number of passengers. However, BSC noted that the risk of disease recurrence in Vietnam may affect the industry in the near future. In the fourth quarter, BSC forecasts that domestic passenger volume will continue to recover thanks to (i) lower fares than before the epidemic (ii) high travel demand in the last month of the year.

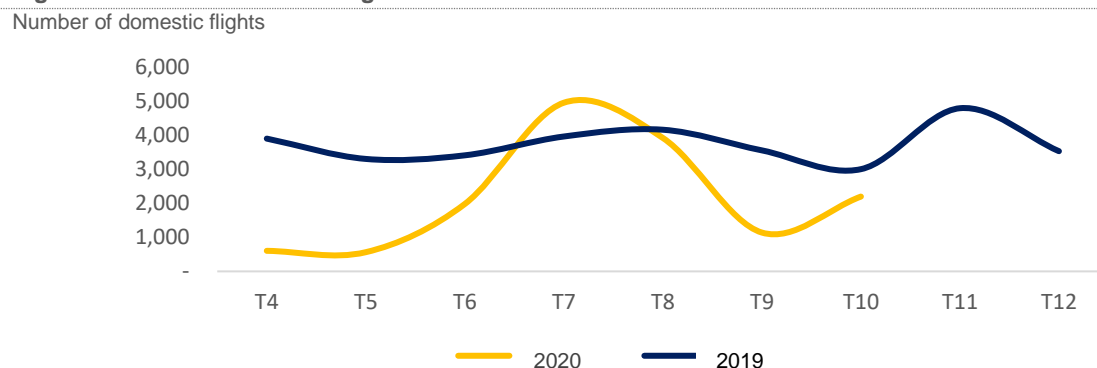
Figure: Passenger volume by air increased sharply in July mạnh



Source: General Statistics Office, compiled by BSC Research

The number of domestic flights in T7 exceeded BSC's estimate in the same period. BSC realizes that airlines are actively opening more domestic routes when the international segment is still facing difficulties. Since May, VJC has opened 8 more domestic routes, HVN 22 more domestic routes, Bamboo Airways 5 more domestic routes. With the current trend, BSC assesses that in the fourth quarter, the number of domestic flights operated by airlines will be equivalent to the same period in 2019.

**Figure: Number of domestic flights of Vietnamese airlines**



BSC assumes that the number of domestic flights accounts for about 70% of the total number of flights operated by Vietnamese airlines in 2019

Source: Civil Aviation Authority of Vietnam, compiled by BSC Research, estimated

**The exploitation capacity of Tan Son Nhat and Noi Bai ports decreased by 30-35% due to upgrading and renovating routes.** The capacity of Tan Son Nhat decreased from 44 flights/hour to 32 flights/hour and Noi Bai reduced from 32 flights/hour to 29 flights/hour. BSC assesses that domestic flights are still not satisfied because the international route network has not yet recovered. Flight capacity will be gradually improved from Q1/2021 when the construction period of step 1 of the projects is completed.

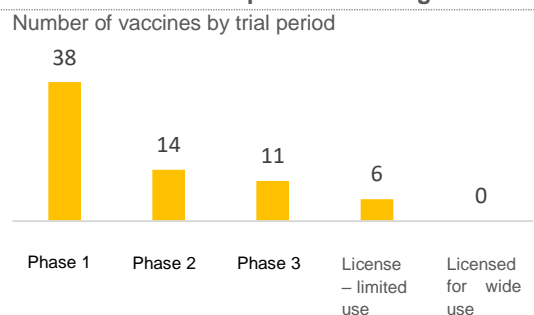
## OUTLOOK 2021 – INTERNATIONAL MARKET IS BACK

BSC forecasts that domestic passenger volume will increase by 12%, equivalent to the growth rate of 2019, thanks to (i) the epidemic situation continues to be well controlled, (ii) the demand for domestic travel is fully recovered.

**BSC believes that the reopening of international routes will be more positive in 2021 thanks to:**

- (1) Positive vaccine information, which is expected to help control the disease better.** Many countries have recorded positive test results. In Vietnam, the vaccine, researched by Nanogen Pharmaceutical Biotechnology Joint Stock Company, is expected to be applied to humans in T11. BSC expects the commercialization process to take place in 2H/2021.

**Figure: As of November 10, 2020, there are 11 vaccines in the final phase of testing**



**Table: Updated some vaccines of major countries, in which Spuntnik is effective at Stage 3 to 90%.**

Nation	Name of Vaccine	Progress
Russia	Sputnik 5	Completed Phase 1, 2, abandoned Phase 3 and commercialized in Russia in T11
America	Pfizer, BioNTech	Completion of phase 3, expected commercialization in 2021 (if licensed)
China	Sinovac, Ad5	Commercialized in China T10
Brother	AstraZeneca	Pause at Stage 3

Source: The New York Times, compiled by BSC Research

(2) **Even if the vaccine progress is slower than expected by BSC, the trend of "Air Bridge" will help restore international flight routes partially.** Air bridge is a model of reopening flight routes between countries that are safe from the epidemic, and closed to countries that have not yet controlled the epidemic. This is a solution to help the aviation industry reopen partially and staggered when the recovery situation in the world is uneven. BSC expects that barriers to entry in Vietnam will be gradually removed in 2021.

Table: Vietnam belongs to the group of countries that establish air bridges due to disease safety.

nation	The country resumes flights	Estimated time of flight service for tourists
Vietnam	Korea, Japan, China, Cambodia, Laos, Taiwan	Not available yet
Japan	China, Taiwan, Australia, New Zealand, Singapore, Vietnam, Korea, Malaysia	April 2021
China	Thailand, Cambodia, Greece, Denmark, Sweden, Canada (Countries connected to Beijing airport)	Not available yet
Korea	USA, Canada, UK	Not available yet
Malaysia	Brunei, Singapore, Korea, Japan, Australia, New Zealand	Opened to tourists under the medical examination category
Singapore	New Zealand, Brunei, Australia, Vietnam	Not available yet

Source: compiled by BSC Research

**BSC believes that Australia, Northeast Asia, and Southeast Asia will be the markets where Vietnam will establish aviation demand in 2021**, because these are well-controlled areas.

Figure: Australia, Southeast Asia, Northeast Asia have lower numbers of Covid-19 infections than the rest of the region in the 14 days before 11/11/2020



Source: Google news, compiled by BSC Research

**BSC develops 3 scenarios to recover the international route network from Australia, Northeast Asia and Southeast Asia.** BSC's opinion on the right time to open international routes to tourists is Q3/2021. Accordingly, the number of international tourist passengers to Vietnam in 2021 is expected to reach 4.9 million, equivalent to 33% compared to the number in 2019, corresponding to the forecast of international passenger volume through ACV's port network to reach 8 million guests.

**OUTSTANDING Scenarios for INTERNATIONAL FLIGHT RECOVERY**

The level of recovery compared to 2019					2021	Growth prospect 2022 - 25
Q1	Q2	Q3	Q4			
<b>Good Scenario: Route reopens to tourists from Q2/2021</b>						
Number of tourist international airports (million)	1.7	2.6	3.7	8.0		The number of international tourist arrivals grew at 28%, equivalent to the growth rate in the period 2015-19 thanks to: (1) Asia controls the epidemic well, Air Bridge is effective. (2) Demand for international travel is back as it was before the epidemic.
% compared to 2019	50%	70%	85%	53%		
<b>Base scenario: Route reopens to tourists from Q3/2021</b>						
Number of tourist international airports (million)		1.8	3.1	4.9		The number of international tourist destinations grew at 20%, not achieving the growth rate in the period 2015-19 with the view that: (1) Asia controls the epidemic, Aviation is effective but slow due to the negotiation process between countries. (2) The slow growth of international tourism due to the Covid epidemic has affected people's psychology.
% compared to 2019		50%	70%	33%		
<b>Bad scenario: Flight routes reopen to tourists from Q4/2021</b>						
Number of tourist international airports (million)			2.2	2.2		The number of international tourist arrivals grew at 12%, a sharp decrease compared to the growth rate in the 2016-19 period with the view that: (1) Some countries in Asia have re-emerged, causing disruption to the reopening process. paragraph. (2) The demand for international tourism recovers slowly.
% compared to 2019			50%	15%		

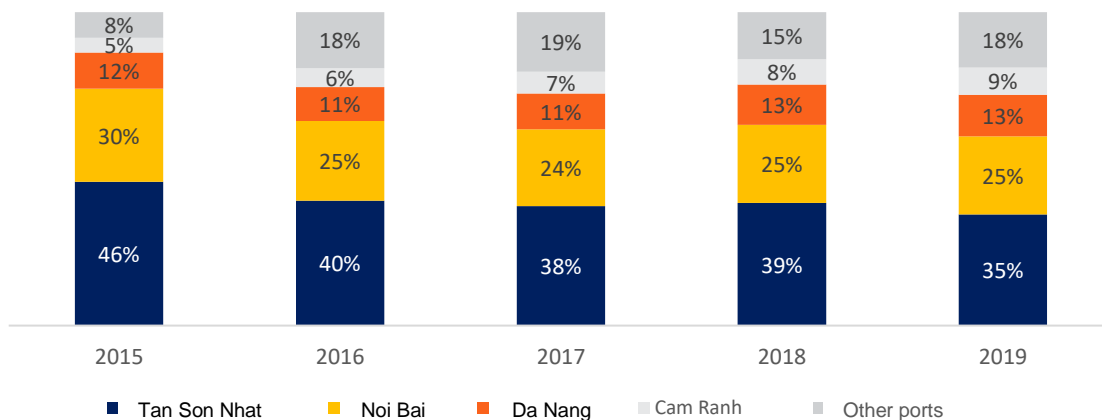
## INVESTMENT THESIS

**ARTICLE 1: ACV will be the biggest beneficiary when the aviation industry (i) recovers from 2021, (ii) grows positively in the long term, thanks to its large scale - managing 22/25 airports.**

**ACV will still be the largest airport operator in Vietnam.** ACV currently manages 22 airports in Vietnam, including Tan Son Nhat and Noi Bai ports managed by ACV, accounting for 60% of total passenger volume through the entire port network. Airports tend to be socialized. However, ACV's near-monopoly position will remain in the next 2-3 years when the airport is transferred (i) on a small scale, (ii) in small quantities.

**Figure: Passenger volume through Tan Son Nhat and Noi Bai airports - belonging to the group of airports managed by ACV - accounted for 60% of the total throughput of the port network in 2019**

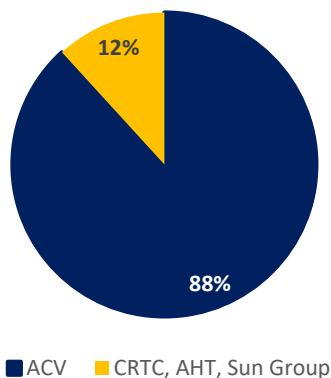
Passenger market share by airport, %



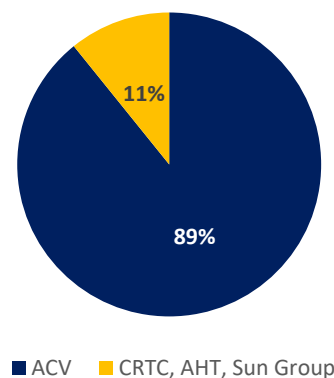
Source: BSC Research compiled, estimated

**Compared to other airport operators, ACV outperforms in terms of passenger and flight capacity.** BSC believes that this is a factor that helps ACV fully enjoy the benefits when the aviation industry recovers from 2021.

**Figure: Market share of Passengers passing through the Port 2019**



**Figure: Market share of Flights through Port 2019**



Note: AHT – Da Nang International Terminal Investment and Operation Joint Stock Company, CRTC – Cam Ranh International Terminal Joint Stock Company.

Source: ACV Annual Report, compiled by BSC Research, estimated

**ACV's positive recovery prospects in the near future are supported by:**

- (1) **International passenger volume in 2021 will reach 8 million passengers, equal to 30% of the international passenger volume in 2019, contributing 10% of ACV's revenue**, with BSC's expectation that the reasonable time for Vietnam to exploit tourists is from Q3/2021. Domestic passenger volume continued to recover, reaching 74 million passengers, equivalent to the volume in 2019. Accordingly, ACV revenue in 2021 will reach VND 14,685 billion (+85% yoy), equal to 82% of revenue. revenue in 2019. EAT reached 6,718 billion dong (+258% yoy), equal to 80% of 2019 NPAT.

**BASIC Scenario - Route reopens to tourists from Q3/2021**

	2020	2021	2022	2023	2024	2025
SLHK through ACV port (HK million)	61	82	103	119	137	156
-International	5	8	19	22	27	32
-Inland	56	74	84	96	110	124
Revenue	7,959	14,685	18,400	20,996	23,993	27,288
Gross profit	1,569	7,282	10,434	12,638	15,182	18,478
Profit after tax	1.875	6,718	9,283	11,159	13,302	16,049

**Good Scenario - Route reopens to tourists from Q2/2021**

	2020	2021	2022	2023	2024	2025
SLHK through ACV port (HK million)	61	87	108	126	148	173
-International	5	13	23	30	38	49
-Inland	56	74	84	96	110	124
Revenue	7,959	15,531	19,177	22,240	25,885	30,069
Gross profit	1,569	8,000	11,094	13,694	16,787	20,889
Profit after tax	1.875	7,276	9,794	11,976	14,544	17,916

**Bad Scenario - Flight routes reopen to tourists from Q4/2021**

	2020	2021	2022	2023	2024	2025
SLHK through ACV port (HK million)	61	78	97	111	126	142
-International	5	4	13	14	16	18
-Inland	56	74	84	96	110	124
Revenue	7,959	13,930	17,429	19,659	22,196	24,917
Gross profit	1,569	6,641	9,610	11,503	13,657	16,421
Profit after tax	1.875	6,220	8,646	10,281	12,122	14,456

- (2) **Vietnam's aviation industry still has a lot of room for long-term growth:**BSC finds that the size of ACV's revenue is not commensurate with the size of passenger volume because (i) The proportion of international passengers in Vietnam is low compared to the region, (ii) The aviation infrastructure system is still limited, so non-aviation services have not been fully exploited. BSC expects the trend of socialization to help improve port infrastructure and improve revenue per passenger unit.



Figure: Passenger volume through the port in 2019

Passenger output, million people

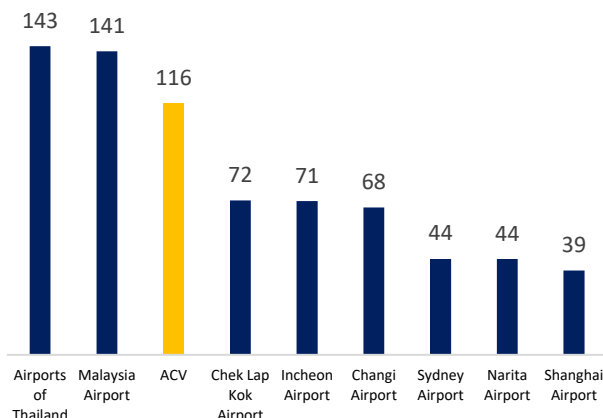
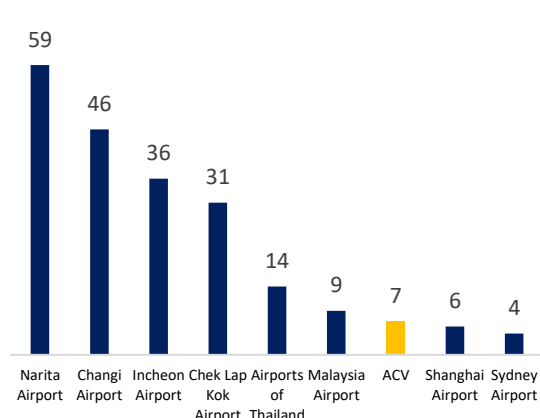


Figure: Revenue/passenger unit in 2019

Revenue/passenger, USD



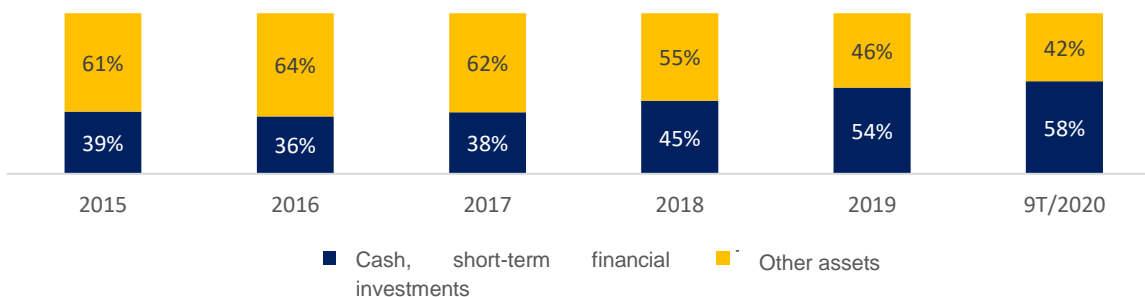
Source: BSC Research

**ARTICLE 2: Abundant financial resources, with cash, short-term financial investments accounting for 57% of total assets.**

**Cash source, short-term financial investment increased, and a stable source of income.** Since (i) port operation does not require large working capital costs, (ii) airport investment is funded by the state budget, ACV is able to maintain cash and investment. short-term financial investment is high, estimated to bring about 2,378 billion dong of deposit interest in the period of 2021.

Figure: The ratio of money, short-term financial investment / total assets tends to increase gradually from 39% in 2015 to 58% in 2020

Asset structure ACV, %



Source: BSC Research

**Financial resources are still guaranteed with the expansion plan of Tan Son Nhat T3 terminal with an investment of VND 11,000 billion.** Currently, the T3 Tan Son Nhat terminal project has been approved by the Prime Minister, assigned to ACV as the investor, is expected to deploy in Q2/2021 and complete in Q3/2023. According to BSC estimates, the annual investment in station construction is about VND 2,700 - 5,500 billion, equal to 40-50% of the annual operating cash flow. However, with the accumulated cash from business activities, BSC believes that ACV has enough resources to execute the above projects.

**CATALYST**

**(1) The scheme to assign ACV to manage, use and exploit aviation infrastructure assets is expected to be approved soon.** The current upgrade is slow due to (i) ACV has to wait for approval from the Government for major repair items, (ii) Limited from the State budget.

In case of successful transfer of airport assets, BSC assesses that ACV's long-term growth potential is greater than in the period of 2015 -2019 thanks to (i) faster progress of the airport repair project, (ii) The efficiency of airport management is higher because the investment activities are actively implemented by ACV.

**(2) ACV is assigned as the investor of Component 3 Project with investment capital = 4.15 billion USD (accounting for 90% of total investment capital in phase 1)**

ACV is expected to need to raise \$2.6 billion from credit. In 2019, the Company worked with 12 credit institutions with a total proposed value of USD 5 billion, loan term of 15 years, interest rate of 5.5-6%. However, BSC has not included in the forecast due to lack of complete information.

**(3) Plan to change HOSE**

The biggest barriers to floor transfer are (i) the airport management mechanism, (ii) the equitization process has not been completed. BSC expects the earliest time for ACV to switch floors is Q3/2021 after information about the airport is expected to be announced in T11, equitization issues are expected to be completed in Q1/2021.

## BUSINESS UPDATE Q3/2020

### ACV – PROFIT DECREASE AFTER THE PASSION

**9M/2020 business results decreased compared to the same period last year due to (i) international routes have not recovered, (ii) air service fees have been adjusted down.** 9M/2020 revenue reached VND 6,083 billion (-55% yoy), EAT reached VND 1,366 billion (-77% yoy). In which, revenue from aviation and non-aviation services decreased by -57% yoy and -36% yoy, respectively.

Table: Business results in Q3, 9M/2020 ACV

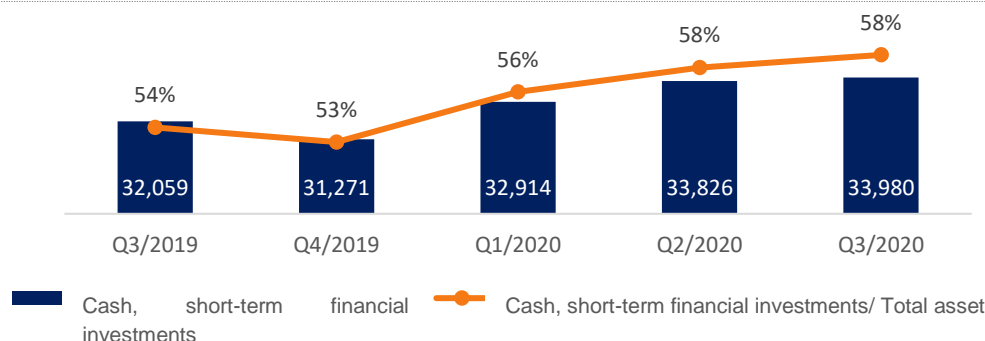
Business results (billion VND)	Q3/2020	Q3/2019	% Change	9M/2020	9M/2019	% Change
<b>GROUND REVENUE</b>	<b>1.443</b>	<b>4.591</b>	<b>-69%</b>	<b>6.083</b>	13,500	<b>-55%</b>
Airline service	1.061	3,667	-71%	4.678	10,793	-57%
Non-Aeronautical Services	288	559	-48%	1.014	1,580	-36%
Sales Service	94	365	-74%	432	1.127	-62%
Other	-	-		-	-	
Cost of goods sold	(1,402)	(2,179)	-36%	(4,869)	(6,502)	-25%
<b>GROSS PROFIT</b>	<b>41</b>	<b>2.412</b>	<b>-98%</b>	<b>1.214</b>	<b>6,998</b>	<b>-83%</b>
Financial revenue	579	573	first%	1.682	1.397	-20%
Financial expenses	(287)	(29)	884%	(714)	(486)	47%
- Interest expenses	(25)	(25)	0%	(72)	(73)	-first%
Profit from affiliates	37	83	-56%	108	318	-66%
Selling expenses	(28)	(90)	-68%	(123)	(278)	-56%
Management costs	(185)	(212)	-13%	(502)	(658)	-24%
<b>PROFIT FROM BUSINESS ACTIVITIES</b>	<b>156</b>	<b>2.737</b>	<b>-94%</b>	<b>1.665</b>	<b>7,292</b>	<b>-77%</b>
Other income, net	0	(first)	-172%	7	6	26%
<b>EBT</b>	<b>156</b>	<b>2.737</b>	<b>-94%</b>	<b>1.672</b>	7,298	<b>-77%</b>
<b>NPAT</b>	<b>139</b>	<b>2,207</b>	<b>-94%</b>	<b>1.366</b>	5,908	<b>-77%</b>

Source: ACV Financial Statements, BSC Research

**COGS decreased in Q3/2020 down 36% yoy**, mainly from reducing depreciation expense as some assets have been depreciated. BSC estimates Q3 depreciation expense in cost structure to be VND595 billion (-40% yoy).

**Financial revenue (revenue) in Q3/2020 reached VND 579 billion, which is a factor to offset operating expenses.** ACV's financial revenue mainly comes from bank deposit interest and is a stable source of profit. We forecast that in Q4/2020, ACV will record more than VND 500 billion from DTTC.

Figure: The ratio of money and short-term financial investment increased from 53% in Q1/2020 to 58% in Q3/2020.



Source: ACV Financial Statements, BSC Research

## FORECAST OF BUSINESS PERFORMANCE

### Year 2020 – Domestic market recovery

**BSC forecasts business results for 2020, ACV's revenue and NPAT in 2020 are estimated at VND 7,959 billion (-57% yoy), and VND 1,872 billion (-77 % yoy), respectively.** equivalent EPS = 858. Our forecast is based on:

- (1) Domestic passenger volume continued to recover, reaching 56 million passengers (-25% yoy), international passenger volume reaching 5 million passengers (-83% yoy), most of which were recorded from the time before the outbreak.
- (2) Prices for air services and space leasing services are adjusted down for the period T3-T9.

### Year 2021 – Expectations to reopen international routes

**We forecast 2021 revenue will reach VND 14,685 billion (+85% yoy), NPAT will reach VND 6,718 billion (+258% yoy).** With the expectation that (i) the international flight network will reopen in Q3/2021, (ii) Asian countries will continue to control the epidemic well, BSC has a surplus:

- (1) International passenger volume reached 8 million passengers, equal to 30% of the volume in 2019 due to the resumption of international flight network in Asia. Domestic passenger volume is comparable to 2019 output.
- (2) Prices of aviation services and space leasing services were adjusted by BSC to 2019 levels.
- (3) The T3 Tan Son Nhat terminal project has been started, with a forecast investment of VND 2,700 billion in 2021.

## VALUATION

We recommend **BUY** ACV shares with a target price of VND 87,600/share (+28.4% compared to the closing price on 11/12/2020), based on FCFF method with WACC discount = 9.3%. Assumptions about Long Thanh

airport project and Noi Bai T2 terminal expansion project have not been officially included in our valuation due to insufficient information. Other assumptions are updated by us below.

Board:

**WACC. Calculation**

Assumption	
Long term growth	2%
Risk-free return	2.75%
Beta	0.9
Market risk premium	10.5%
Cost of equity	12.2%
Borrowing cost	2.8%
Tax	19%
<b>WACC</b>	<b>9.3%</b>

Source: BSC forecast

Board:

**Calculation by FCFF. method**

Calculating FCFF	
Value of cash flow from 2020F -2023F	30,967
Value of the final value	217,563
+ Cash, cash equivalents, short-term financial investment	34,092
+ Long-term financial investment	3,119
- Debts	(15,361)
- Minority interests	(57)
Equity value	190,715
Number of shares (million)	2,177
<b>Stock price</b>	<b>87,600</b>

\*GTHT: Present value

Source: BSC forecast

**Summary of scenarios**

**BASIC Scenario -**

	2020	2021	2022	2023	2024	2025
Passenger volume through ACV port (HK million)	61	82	103	119	137	156
-International	5	8	19	22	27	32
-Inland	56	74	84	96	110	124
Revenue	7,959	14,685	18,400	20,996	23,993	27,288
Gross profit	1,569	7,282	10,434	12,638	15,182	18,478
Profit after tax	1,875	6,718	9,283	11,159	13,302	16,049
<b>Valuation (VND)</b>	<b>87,600</b>					

**Good script**

	2020	2021	2022	2023	2024	2025
Passenger volume through ACV port (HK million)	61	87	108	126	148	173
international	5	13	23	30	38	49
inland	56	74	84	96	110	124
Revenue	7,959	15,531	19,177	22,240	25,885	30,069
Gross profit	1,569	8,000	11,094	13,694	16,787	20,889
Profit after tax	1,875	7,276	9,794	11,976	14,544	17,916
<b>Valuation (VND)</b>	<b>96,400</b>					

**Bad scenario:**

	2020	2021	2022	2023	2024	2025
Passenger volume through ACV port (HK million)	61	78	97	111	126	142
-International	5	4	13	14	16	18
-Inland	56	74	84	96	110	124
Revenue	7,959	13,930	17,429	19,659	22,196	24,917
Gross profit	1,569	6,641	9,610	11,503	13,657	16,421
Profit after tax	1,875	6,220	8,646	10,281	12,122	14,456
<b>Valuation</b>	<b>79,800</b>					

## APPENDIX

IS (Billion VND)	2018	2019	2020F	2021F	CF (Billion VND)	2018	2019	2020F	2021F
<b>Net Revenue</b>	<b>16,123</b>	<b>18,329</b>	<b>7,959</b>	<b>14,685</b>	(Loss)/EAT	6.173	8,201	1.872	6.707
Cost of goods sold	(8,296)	(8,995)	(6,390)	(7,403)	Depreciation and amortization	3,880	3,920	4.636	2,809
<b>Gross profit</b>	<b>7,828</b>	<b>9,334</b>	<b>1,569</b>	<b>7,282</b>	Change in working capital	142	(306)	(336)	(660)
Selling expenses	(340)	(379)	(191)	(288)	Other adjustments	(1,677)	(2,993)	(1,673)	(2,600)
Management costs	(878)	(1,006)	(741)	(845)	CF from business activities	7,936	9,066	4.502	6.267
<b>Operating profit/loss</b>	<b>6,609</b>	<b>7,948</b>	<b>637</b>	<b>6,148</b>	Fixed asset investment	(2,007)	(1,954)	(1,600)	(2,000)
Financial revenue	1.363	1,920	2,359	2.523	Other investment	(4,728)	(5,285)	359	(477)
Financial expenses	(756)	(104)	(843)	(542)	CF from Investment Council	(6,735)	(7,239)	(1,241)	(2,477)
Interest expenses	(95)	(96)	(96)	(ninety-four)	Dividend	(1,959)	(1,959)	(1,959)	(1,959)
Profit from CTLD/LK	336	383	156	173	Cash from net borrowing	85	(155)	(480)	(240)
Other profit/loss	65	9	9	4	Other revenue	(first)	(2)	-	-
Profit before tax	7,618	10,156	2,318	8,306	CF from financing activities	(1,875)	(2,116)	(2,440)	(2,200)
Corporate income tax	(1,433)	(1,942)	(443)	(1,588)	Cash & cash equivalent at the beginning of the period	1.314	638	350	1,170
<b>Profit after tax</b>	<b>6,185</b>	<b>8,214</b>	<b>1,875</b>	<b>6,718</b>	CF during the year	(675)	(289)	821	1,590
NPAT - Owners	(13)	(13)	(3)	(11)	Cash & cash equivalent at the end of the year	638	350	1,170	2,760
NPAT - Parent Corporation	6.173	8,201	1.872	6.707					
EPS	2.835	3.767	860	3.081					

BS (Billion VND)	2018	2019	2020F	2021F	Ratios (%)	2018	2019	2020F	2021F
<b>Cash and cash equivalents</b>	<b>638</b>	<b>350</b>	<b>1,170</b>	<b>2,760</b>	<b>Solvency</b>				
Short term investment	23,730	30,922	32,922	35,922	Current ratio	4.1	5.7	13.6	9.7
Account receivables	6,156	5,361	2,396	4,452	Quick ratio	4.0	5.6	13.5	9.6
Inventory	469	493	161	280	<b>Capital structure</b>				
Other current assets	287	166	89	120	Debt/ Total asset	43%	37%	33%	32%
<b>Current asset</b>	<b>31,281</b>	<b>37,291</b>	<b>36,738</b>	<b>43,534</b>	Debt/Equity	74%	58%	49%	47%
Long-term receivables	321	305	305	305	<b>Operational capacity</b>				
Tangible asset	18,447	16,345	11,709	8,901	Days of inventory	21	20	9	14
Long-term asset in progress	592	865	2,465	4,465	Days of receivables	56	53	40	43
Long-term investment	2,806	2,963	3,119	3,291	<b>Profit rate</b>				
Other non-current assets	178	407	242	277	Gross profit	49%	51%	20%	50%
<b>Non-current asset</b>	<b>22,344</b>	<b>20,885</b>	<b>17,841</b>	<b>17,239</b>	Profit after tax	38%	45%	24%	46%
<b>Total asset</b>	<b>53,625</b>	<b>58,176</b>	<b>54,579</b>	<b>60,773</b>	ROE	20%	22%	5%	16%
Short-term debt	151	240	240	458	ROA	twelfth%	14%	3%	11%
Other short-term debts	7,533	6,278	2,467	4,048	<b>Growth</b>				
<b>Total current liabilities</b>	<b>7,684</b>	<b>6,518</b>	<b>2,708</b>	<b>4,507</b>	GDP growth	17%	14%	-57%	85%
Long-term debt	15,043	14,760	15,121	14,758	EBIT Growth	42%	33%	-76%	248%
Other long-term debts	111	141	142	142	EBT growth	43%	33%	-77%	258%
Total non-current liabilities	15,155	14,901	15,262	14,900	EPS growth	51%	33%	-77%	258%
<b>Total liabilities</b>	<b>22,839</b>	<b>21,419</b>	<b>17,970</b>	<b>19,406</b>					
Paid-in Capital	21,772	21,772	21,772	21,772					
Capital surplus	15	15	15	15					
Retained earnings	6,397	8,885	8,172	10,908					
Other equity	2,550	6,032	6,594	8,606					
Minority interest	53	53	57	66					
<b>Total Equity</b>	<b>30,786</b>	<b>36,757</b>	<b>36,609</b>	<b>41,366</b>					
<b>Total resource</b>	<b>53,625</b>	<b>58,176</b>	<b>54,579</b>	<b>60,773</b>					
Outstanding shares (million)	2.177	2.177	2.177	2.177					

Source: BSC Research.

## Disclosure

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