

[Vietnam] Aviation

January 23, 2025

VietJet Aviation JSC

(VJC VN)

Impressive recovery and growth

Trading Buy
(Initiate)

TP: VND113,683

Upside +15.1%

Mirae Asset Securities (Vietnam) JSC

Hao Nguyen, hao.nm@miraeasset.com.vn

Investment thesis

Leading position in aviation sector: VietJet Aviation JSC (VietJet/VietJet Air) has solidified its competitive edge through a low-cost business model, maintaining the top position in the domestic market since 2020, with a market share of 43%. In addition, VietJet Air accounts for 56% of the international market share of the four Vietnamese airlines.

Expansive flight network: VietJet operates 155 routes, comprising 43 domestic and 112 international routes, supported by a growing and expanding fleet of aircraft.

Lower operating costs than competitors: In 2023, fuel costs accounted for 41% of VietJet's total expenses. Through its efficient business model, the airline has successfully reduced fuel costs. VietJet's CASK is at US\$0.051, relatively low compared with other low-cost carriers (LCCs) in the world.

High load factors and aircraft utilization: The number of flights operated and the number of passengers served by VietJet are recovering, surpassing the pre-pandemic peak in 2019. The airline's current load factor is 87% and its aircraft utilization stands at 13.7 hours per day, outperforming many other airlines, both domestically and globally.

Promising business performance

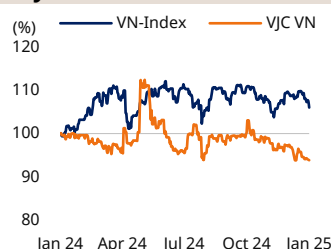
2023 witnessed the recovery of the aviation industry in general and VietJet in particular. FY23 consolidated revenue rose by more than 45% YoY, and the company returned to profitability. Entering 9M24, VietJet's consolidated revenue and net profit was over VND52tn (+19.3% YoY) and VND1.4tn (+6.3x YoY), respectively.

Since the pandemic, VietJet's revenue structure has fluctuated. Specifically, passenger transportation revenue has tended to increase in proportion to the pre-pandemic level in 2019 and currently accounts for about 50% of total revenue. The ancillary and cargo revenue segment, with a current proportion of 34%, still contributes significantly to VietJet's revenue

Valuation & recommendation

We initiate VietJet with a Trading Buy recommendation and target price of VND113,683, based on the FCFE valuation method. In our view, VJC stock has long-term growth potential, with a projected CAGR of 18% for net profit in 2024–2027. In 2025–2030, the Vietnamese aviation industry is expected to maintain an annual passenger growth rate of 10–12%, supporting two main business segments: 1) Passenger transportation; and 2) ancillary and cargo.

Key data



| | | | |
|----------------------------------|--------|-------------------------|---------|
| Market price (Jan 22, 2025, VND) | 98,600 | Market cap (VNDbn) | 53,403 |
| Operating profit (25F, VNDbn) | 2,562 | Shares outstanding (mn) | 542 |
| EPS growth (25F) | 25.8% | Free float (%) | 52.5% |
| Market EPS growth (25F) | N/A | Foreign ownership (%) | 13.1% |
| P/E (25F, x) | 25.0 | Beta (12M) | 0.8 |
| Market P/E (x) | 14.6 | 52-week low | 98,400 |
| VN-Index | 1,245 | 52-week high | 118,800 |

Share performance

| (%) | 1M | 6M | 12M |
|----------|------|------|-------|
| Absolute | -3.2 | -2.6 | -6.1 |
| Relative | -1.1 | 0.1 | -13.3 |

Earnings and valuation metrics

| FY (December 31) | FY21 | FY22 | FY23 | FY24E | FY25F | FY26F |
|--------------------|--------|---------|--------|--------|--------|--------|
| Revenue (VNDbn) | 12,875 | 40,142 | 58,341 | 72,429 | 80,642 | 89,940 |
| OP (VNDbn) | 172 | (3,701) | 184 | 2,026 | 2,562 | 3,276 |
| OP margin (%) | 1.3% | N/A | 0.3% | 2.8% | 3.2% | 3.6% |
| NP (VNDbn) | 80 | (2,262) | 231 | 1,959 | 2,465 | 2,997 |
| EPS (VND) | 139 | (4,177) | 426 | 3,610 | 4,542 | 5,523 |
| ROE (%) | 0.5% | N/A | 1.5% | 12.1% | 13.4% | 14.5% |
| P/E (x) | 923.0 | N/A | 253.5 | 31.5 | 25.0 | 20.6 |
| P/B (x) | 4.1 | 4.0 | 3.8 | 3.6 | 3.2 | 2.8 |
| Dividend yield (%) | 0.0% | 0.0% | 0.0% | 0.1% | 0.4% | 0.9% |

Source: Company data, Mirae Asset Vietnam Research

Contents

| | |
|---|-----------|
| Aviation industry overview | 3 |
| Ambitious airport infrastructure development plan | 3 |
| Tourism recovering to pre-pandemic peak level..... | 4 |
| Investment thesis | 5 |
| Leading position in aviation sector | 5 |
| Flight network expansion | 6 |
| Lower operating costs than competitors | 7 |
| High load factors & aircraft utilization..... | 8 |
| Business performance & forecast | 10 |
| Business performance | 10 |
| Business forecast | 11 |
| Valuation & recommendation | 13 |
| Company overview | 14 |
| Shareholder structure | 15 |

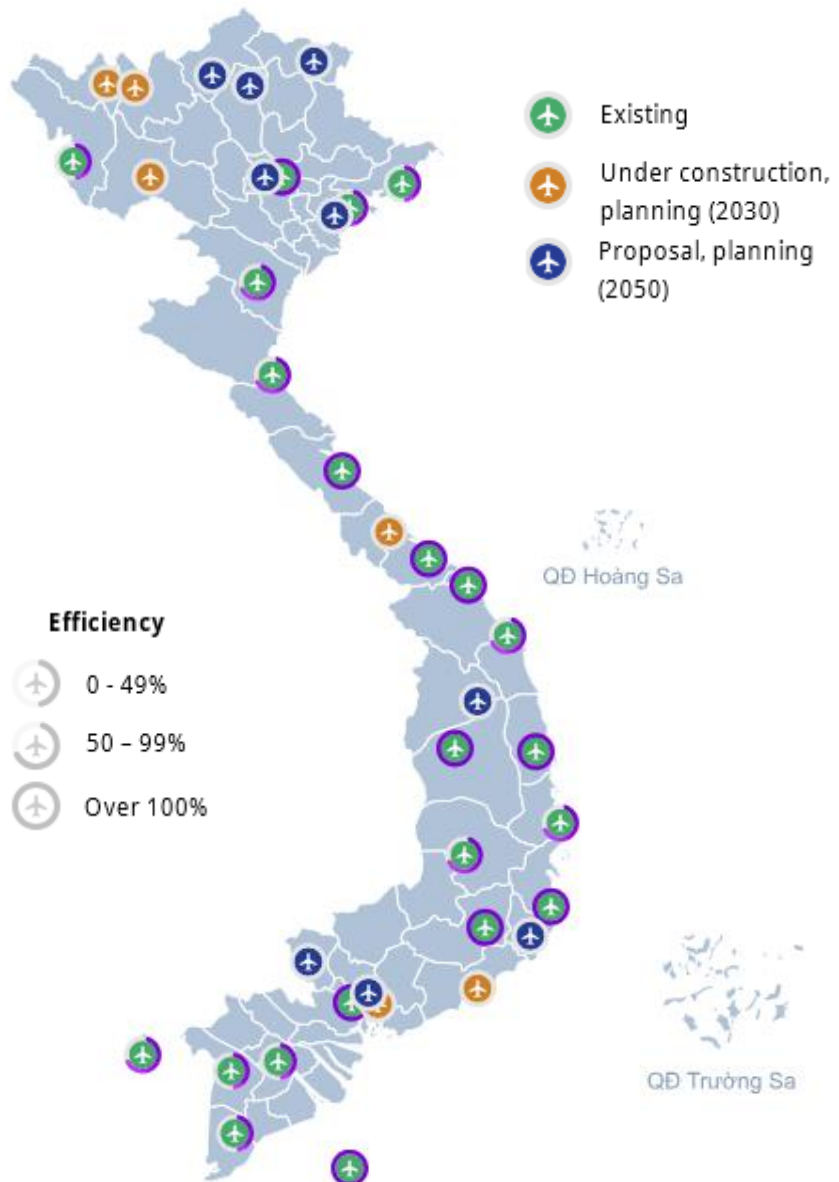
Aviation industry overview

Ambitious airport infrastructure development plan

Vietnam currently has 22 airports, serving about 100mn passengers per year. Some major airports, such as Tan Son Nhat, Da Nang, and Cam Ranh, are operating at 150% of their designed capacity. In addition, the number of passengers is forecasted to increase to nearly 300mn over the next 10 years, from 109mn currently, equivalent to a CAGR of 10.7%

The Ministry of Transport has proposed building six new airports by 2030 and three more by 2050. In addition, localities have also proposed adding six more airports to spur economic development and meet people's travel needs. It is estimated that the aviation industry will reach by 2050 more than 95% of Vietnam's population, within a radius of about 100 km.

Figure 1. Vietnam's airport masterplan until 2050



Source: VnExpress, Mirae Asset Vietnam Research

One of the country's key airport projects is the new Long Thanh International Airport, which boasts the highest 4F standard. It is expected to be operational in 2026, with a capacity of 25mn passengers/year, and 100mn passengers/year when all three phases are completed.

The second project under construction is the construction of Terminal T3 of Tan Son Nhat International Airport. The largest airport and the main international gateway to Vietnam currently operates at a capacity of over 110%. The project is expected to be operational in 2025, with a capacity of 20mn passengers/year, bringing the total capacity of this airport to 50mn passengers/year.

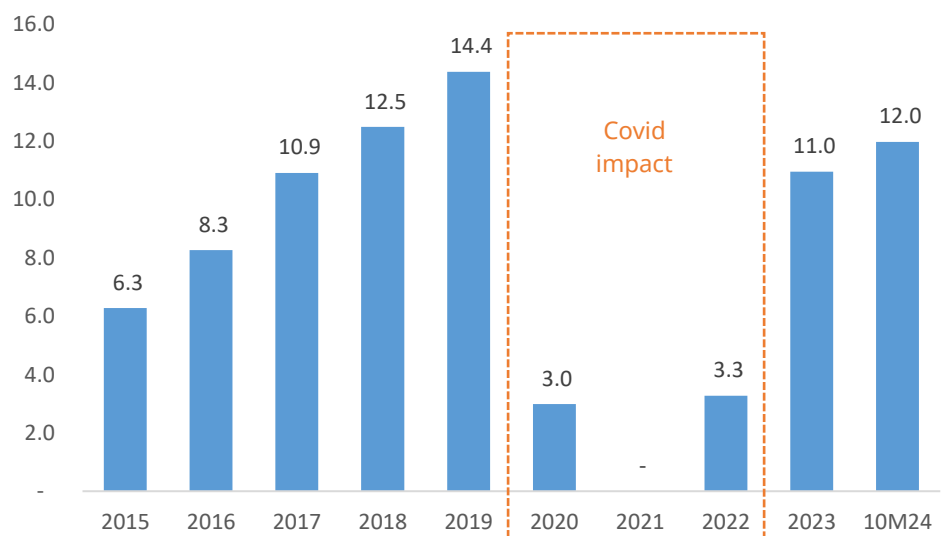
Noi Bai is currently the second largest international airport in Vietnam and the gateway to the North. Noi Bai International Airport has two terminals with a capacity of 25mn passengers/year under 4E standard. According to the plan, terminal T3 will increase the total design capacity to 60mn passengers/year when completed and the airport will be upgraded to the highest 4F standard.

Tourism recovering to pre-pandemic peak level

Tourism is the main driving force behind the development of the aviation industry. According to statistics from the Vietnam National Administration of Tourism (VNAT), the proportion of international tourists coming to Vietnam by air has remained above 80%, and the figure for the first 10 months of 2024 is 85%.

Up to this point, the tourism industry has been growing impressively, returning to its pre-pandemic peak. Specifically, the number of international visitors to Vietnam for the first 10-month of 2024 period reached 14.1mn, of which nearly 12mn traveled by air (up 37% over the same period last year and even exceeding 2023 levels). It is highly achievable that the tourism industry will reach the target of welcoming 17-18mn international visitors in 2024, approaching the pre-pandemic peak in 2019.

Figure 2. Number of international tourists by airlines (mn pax)



Source: Vietnam National Tourism Office, Mirae Asset Vietnam Research

Investment thesis

Leading position in aviation sector

VietJet Air is currently leading the Vietnamese aviation market share, both domestically and internationally, with a competitive advantage due to its low-cost and high-quality airline business model. For domestic routes, VietJet has maintained the number one position since 2020, and its current market share is currently around 43%. VJC's biggest competitor in the industry is Vietnam Airlines, which has a domestic market share of 42%. These top two leading airlines in Vietnam have far surpassed other competitors, such as Bamboo Airways (8%) and Pacific Airlines (5%). Vietnamese airlines maintain a stable international air transport market share of 40–45% in comparison with foreign airlines. Of this, VietJet Air alone accounts for 56% of the international market share of the four Vietnamese airlines. The next competitors are Vietnam Airlines, with 42% and Bamboo Airways (1%). VietJet's strategic goal is to focus on maintaining domestic market share with the youngest and most modern fleet in Vietnam, as well as promoting cooperation and joint ventures to expand international routes.

Figure 3. Vietnamese domestic aviation market share

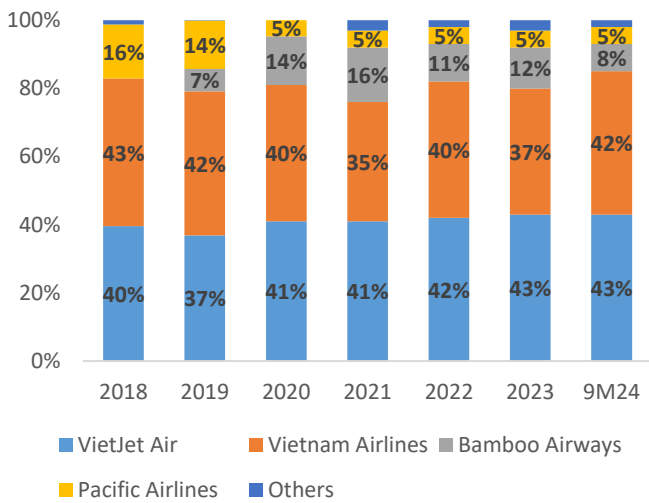
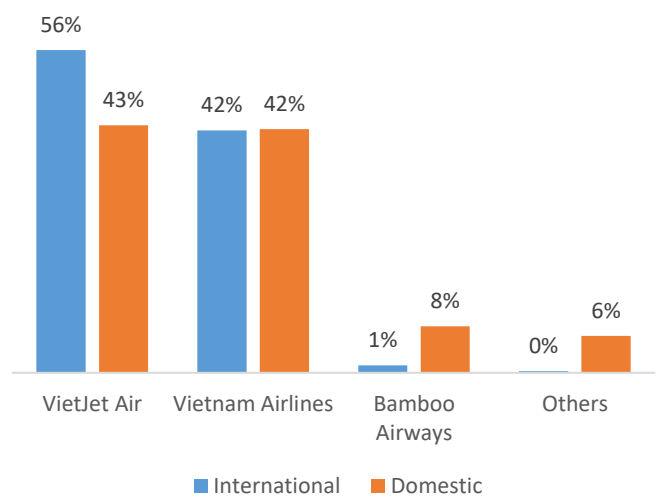


Figure 4. Vietnamese aviation market share at 9M24



Source: Company data, Mirae Asset Vietnam Research

Figure 5. Number of VietJet flight routes

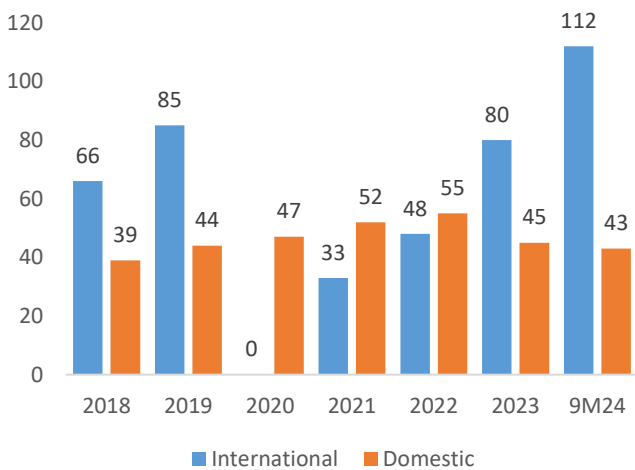
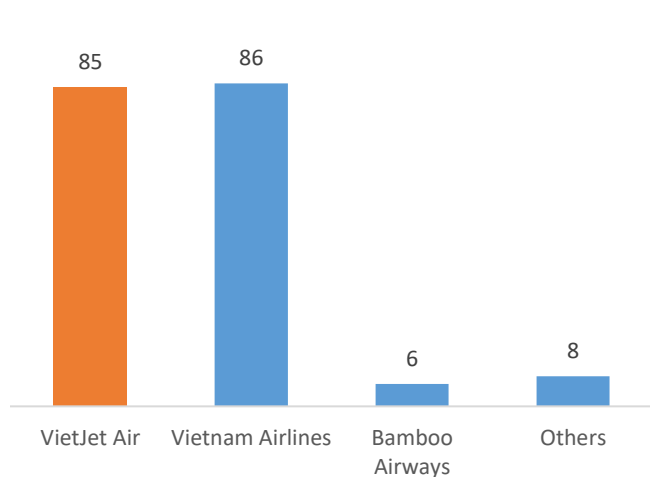


Figure 6. Fleet of aircraft of airlines in Vietnam in 3Q24



Source: Company data, Mirae Asset Vietnam Research

Lower operating costs than competitors

Jet fuel accounts for the largest proportion of operating costs for airlines, and it makes up 38% to 45% of costs for Vietjet. In 2023, fuel costs accounted for 41% of Vietjet's total costs. Thanks to building an efficient business model, Vietjet has helped save fuel costs, while having less impact on the environment.

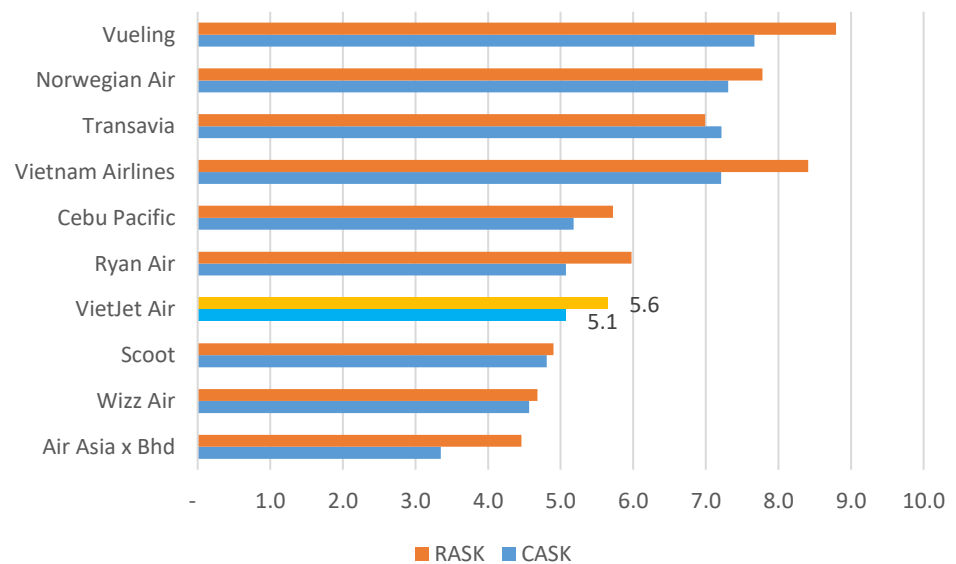
First, Vietjet's new fleet of aircraft is young, using new "neo" technology engines, which helps the consumption of 20-30% less fuel than the narrow-body A320/A321 aircraft and contributes to reducing greenhouse gas emissions. Compared with other airlines in the region, Vietjet's fleet has the lowest average age (7.2 years).

Second, Vietjet arranges more seats on its aircraft, thus increasing fuel efficiency. Moreover, choosing lightweight materials in the design helps optimize space, increase the number of seats on each aircraft, and reduce the weight of the aircraft. In fact, for the Airbus A321ceo and A321neo aircraft, Vietjet operates a maximum of 220 and 240 seats, respectively, per aircraft. These features contribute to saving fuel and increasing efficiency.

Finally, Vietjet has implemented programs to monitor and analyze flight operations to improve fuel efficiency. The program to optimize aircraft fuel consumption has helped optimize the landing process, amount of fuel carried, runway taxiing process, optimal speed and altitude, and the operations of the pilots.

Compared with domestic airlines and other LCC in the region and worldwide, Vietjet has a relatively low cost per available seat kilometers (CASK), at only 5.1 cents (US\$) in 2023. In fact, Vietjet's CASK is only higher than those of Air Asia and Scoot Air in Southeast Asia and Wizz Air in Europe, while being much lower than those of Vietnam Airlines and other LCCs in the world.

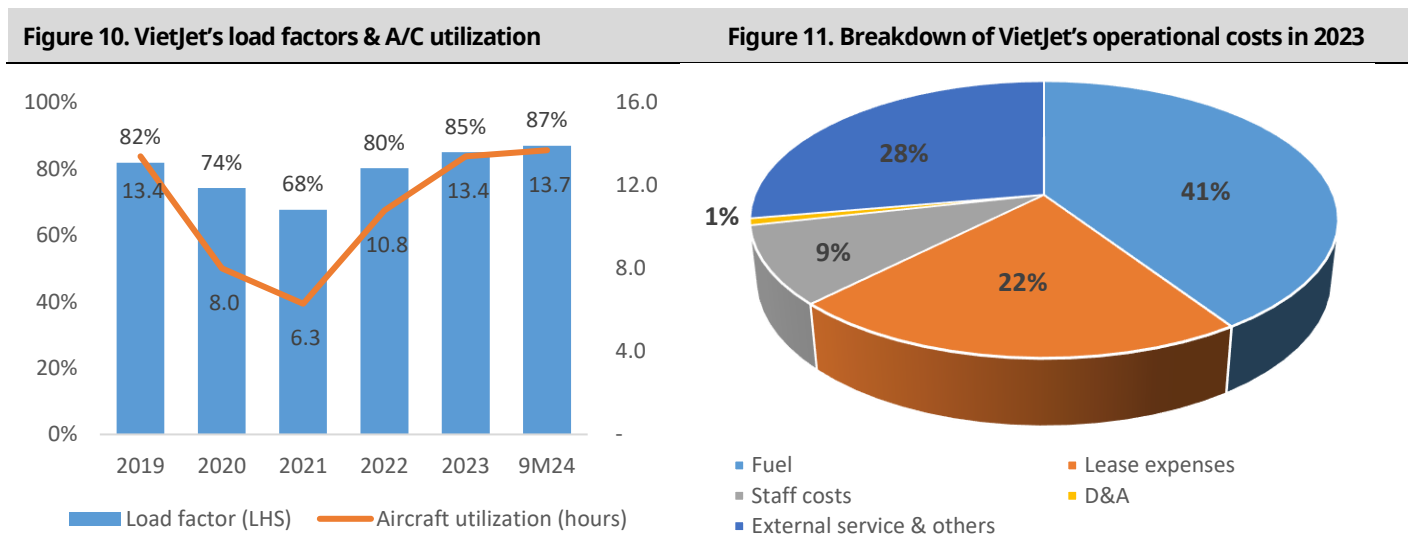
Figure 8. RASK & CASK of airlines in 2023 (US\$ cents)



Source: Company data, Mirae Asset Vietnam Research

| Table 1. VietJet's aircraft fleet in 3Q24 | | | | | Figure 9. Average aircraft age by airline (years) | |
|---|----------|---------|-------|-------------|---|---------------------|
| Model | Quantity | Ordered | Seats | Average age | Airline | Average age (years) |
| Airbus A320 | 17 | - | 180 | 11.6 | Bamboo Airways | 12.1 |
| Airbus A321 CEO | 36 | - | 220 | 6.2 | Air Asia | 10.1 |
| Airbus A321 NEO | 25 | 107 | 240 | 6.2 | Thai Airways | 10 |
| Airbus A330 | 7 | 20 | 377 | 11.7 | Air China | 9.6 |
| Boeing 737 MAX | - | 200 | 230 | N/A | Vietnam Airlines | 9.2 |
| | | | | | Singapore Airlines | 7.9 |
| | | | | | VietJet Air | 7.2 |

Source: Company data, Mirae Asset Vietnam Research



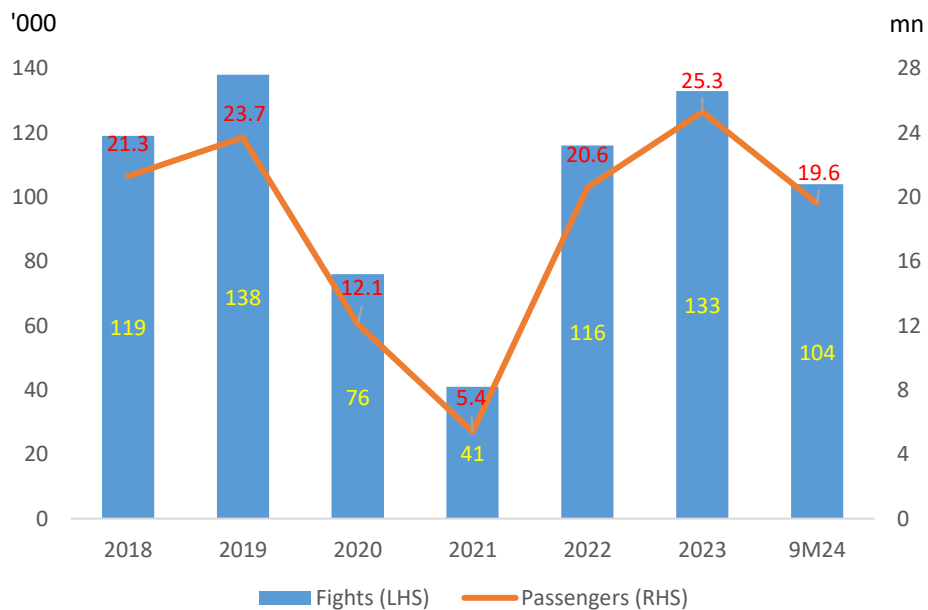
Source: Company data, Mirae Asset Vietnam Research

High load factors & aircraft utilization

In 2023, VietJet Air operated more than 133,000 flights (+14.7% YoY), approaching the pre-pandemic peak level of 2019. In addition, the airline also served more than 25.3mn passengers (+22.8% YoY), exceeding the peak of 23.7mn passengers in 2019.

In the first 9-month period of 2024, the number of flights operated by VietJet Air was 104,100 (+2% compared with the same period in 2023), and the number of passengers served reached 19.6mn (+6% compared with the same period in 2023). VietJet's current load factor is 87%, 2% higher than 2023; an impressive figure compared with both domestic and international competitors. This is a result of the significant difference in ticket prices between VietJet and its competitors. VietJet promotes cooperation with tour companies and offers promotional programs with deep discounts during off-peak hours. In addition, VietJet operates its fleet at high operational efficiency, with an aircraft utilization ratio of 13.7 hours, higher than the 2023 level of 13.4 hours.

Figure 12. Vietjet's number of flights and passengers



Source: Company data, Mirae Asset Vietnam Research

Business performance & forecast

Business performance

2023 witnessed the recovery of the aviation industry in general and Vietjet in particular, after the 2020–2022 Covid pandemic period. Consolidated revenue in 2023 increased by more than 45% YoY, and the company returned to profitability (VND231bn). Entering the first 9-month period in 2024, Vietjet's consolidated revenue was over VND52tn (+19.3% YoY), accounting for nearly 90% of 2023 revenue. Operating profit and after-tax profit reached VND1,444bn and VND1,405bn, respectively (2.5 times and more than 6.3 times over the same period last year, respectively).

Since the pandemic, Vietjet's revenue structure has fluctuated. Specifically, passenger transportation revenue has tended to increase in proportion, compared with the pre-pandemic level of 2019, and currently accounts for about 50% of total revenue. The ancillary and cargo revenue segment, with a current proportion of about 34%, continues to provide high profit margins to Vietjet. This ancillary revenue includes revenue from baggage check-in, surcharges, cargo transportation, sales of food and beverage, souvenirs and duty-free items on board. Moreover, the aircraft commercial trading segment currently contributes 10% to the company's total revenue. Finally, aircraft dry leasing revenue and other revenue together account for approximately 3%.

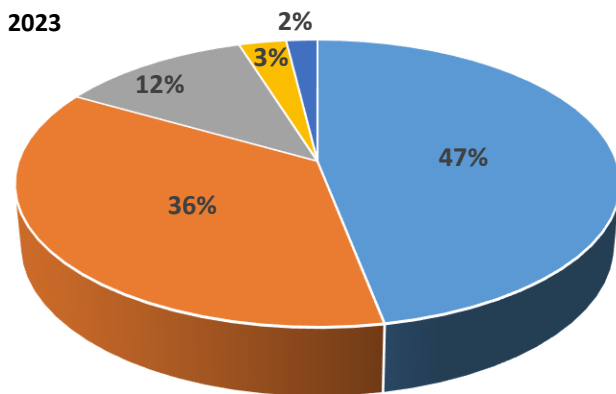
In addition to growth in revenue and profit, Vietjet also recorded increased sales and administrative expenses. However, in 2024, financial expenses — mainly from interest — rose significantly. This is due to the fact that Vietjet recorded interest on financial lease liabilities starting from mid-2023, as well as interest on additional bonds issued. For the first 9-month period in 2024, financial expenses were at VND3,109bn, nearly double the same period in 2023.

Table 2. Vietjet's business performance in 2023 & 3Q24

| (VNDbn) | 2022 | 2023 | YoY | 9T2023 | 9T2024 | YoY |
|----------------------------|---------|---------|--------|---------|---------|-------|
| Revenue | 40,142 | 58,341 | 45.3% | 43,738 | 52,194 | 19.3% |
| Gross profit | (1,993) | 2,521 | N/A | 3,020 | 5,956 | 97.3% |
| Financial income | 2,246 | 2,955 | 31.6% | 1,013 | 1,390 | 37.2% |
| Financial expenses | (2,483) | (2,242) | -9.7% | (1,586) | (3,109) | 95.9% |
| Selling expenses | (936) | (1,950) | 108.3% | (1,453) | (1,953) | 34.4% |
| General and admin expenses | (534) | (1,099) | 105.7% | (577) | (841) | 45.7% |
| Operating profit | (3,701) | 184 | N/A | 416 | 1,444 | 247% |
| Net other income | 1,052 | 422 | -59.9% | 29 | 317 | 1007% |
| Profit before tax | (2,649) | 606 | N/A | 445 | 1,761 | 296% |
| Net profit after tax | (2,262) | 231 | N/A | 192 | 1,405 | 632% |

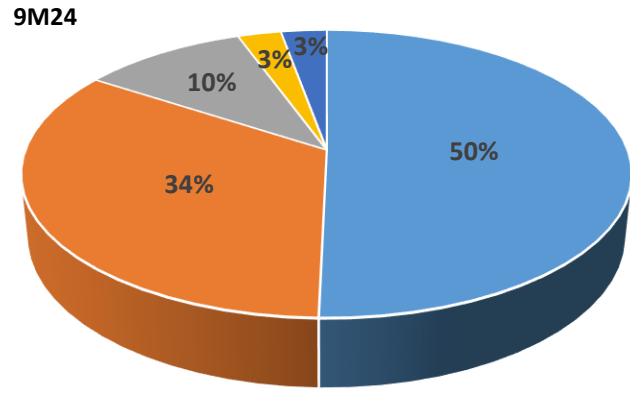
Source: Company data, Mirae Asset Vietnam Research

Figure 13. VietJet’s revenue structure in 2023



- Passenger transportation
- Ancillary and Cargo
- Aircraft commercial trading
- Aircraft dry leases
- Others

Figure 14. VietJet’s revenue structure in 9M24



- Passenger transportation
- Ancillary and Cargo
- Aircraft commercial trading
- Aircraft dry leases
- Others

Source: Company data, Mirae Asset Vietnam Research

Business forecast

We based our estimate for 4Q24 revenue on 4Q23 data, adjusted for growth over the same period. Combined with data for the first nine months of 2024, consolidated revenue in 2024 is estimated to be VND72.4tn (+24.1% YoY). In addition, revenue for subsequent years is estimated based on each revenue segment. Of these, the two main business segments are passenger transportation and ancillary and cargo, which together account for 84% of VietJet's total revenue. The number of passengers served is the main factor driving the value of these two revenue segments. According to forecasts, over the next five years, from 2025–2030, the Vietnamese aviation industry can maintain a passenger growth rate of 10–12% per year. Other revenue segments, such as aircraft commercial trading, are estimated based on 2024 figures, while aircraft dry leasing revenue is estimated based on 2024 growth figures compared with 2023.

The cost of capital is estimated based on the cost margins of revenue items, with the cost margins of aircraft ownership transfer and sales of engines and spare parts at 82% and 60%, respectively, while the cost margins of the remaining items estimated at 88%–91%. Selling expenses are calculated at 3.5% of the corresponding revenue, while general and administrative expenses are adjusted for inflation over the years. According to the projection, 2024 revenue grew by 24.1%, as mentioned above, while 2024 after-tax profit reached VND1,959bn (+8.5X YoY).

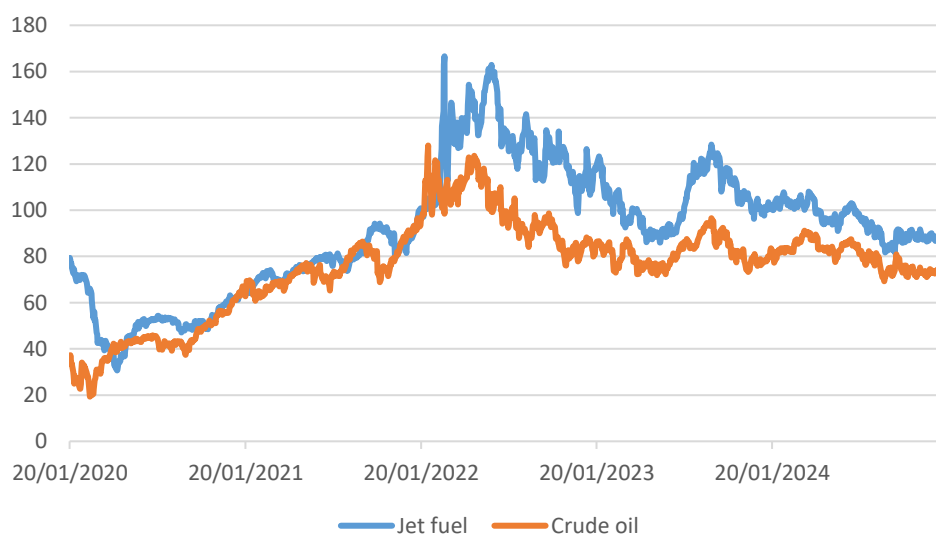
The above estimates are partly based on the relatively stable fluctuations in fuel prices in the recent past. Going forward, fuel price fluctuations will likely be more positive, as geopolitical tensions in the Middle East have shown signs of easing, following the reaching of a ceasefire agreement in the Gaza Strip by Israel and Hamas. Currently, jet fuel prices are around US\$95/barrel, about 9% lower than in early-2024.

Table 3. VietJet's business performance forecast

| (VNDbn) | 2023 | 2024E | 2025F | 2026F | 2027F |
|-----------------------------|---------------|---------------|---------------|---------------|----------------|
| Revenue | 58,341 | 72,429 | 80,642 | 89,940 | 100,466 |
| Gross profit | 2,521 | 7,658 | 8,434 | 9,312 | 10,305 |
| Financial income | 2,955 | 1,802 | 1,709 | 1,698 | 1,755 |
| Financial expenses | (2,242) | (3,747) | (3,581) | (3,382) | (2,999) |
| Selling expenses | (1,950) | (2,565) | (2,856) | (3,186) | (3,558) |
| General and admin expenses | (1,099) | (1,121) | (1,144) | (1,167) | (1,190) |
| Operating profit | 184 | 2,026 | 2,562 | 3,276 | 4,313 |
| Net other income | 422 | 422 | 519 | 471 | 495 |
| Profit before tax | 606 | 2,449 | 3,081 | 3,747 | 4,808 |
| Net profit after tax | 231 | 1,959 | 2,465 | 2,997 | 3,847 |

Source: Company data, Mirae Asset Vietnam Research

Figure 15. Fuel prices over the years (US\$/barrel)



Source: Bloomberg, Mirae Asset Vietnam Research

Valuation & Recommendation

We initiate Vietjet with a Trading Buy recommendation and target price of VND113,683 (+15.1% upside). The DCF valuation method is used and summarized in the table below:

Table 4. Overview of DCF model

| WACC | | FCFF (VNDbn) | |
|---------------------|-------------|----------------------------------|----------------|
| Beta * | 0.530 | PV of FCFFs | 12,408 |
| Market risk premium | 9.0% | PV of Terminal Value (3% g) | 82,088 |
| Risk free rate ** | 3.5% | Net Present Value | 94,496 |
| Cost of equity | 8.3% | (+) Cash | 1,358 |
| Cost of debt | 8.7% | (-) Net Debt | (34,282) |
| Debt ratio | 67% | Equity Value | 61,572 |
| Corporate tax | 20% | Outstanding Shares (mn) | 542 |
| WACC | 7.4% | Price per share (VND) *** | 113,683 |

Source: Company data, Mirae Asset Vietnam Research

* Beta is calculated based on the return of VJC & VN-Index from 2019-2024

** Risk-free rate is based on Vietnam's 10-year bond yield

*** Our projections have not considered the private placement option, expected to take place in 1Q-2Q25

Table 5. Vietjet's price indexes vs other global LLCs

| Airlines | Mkt. cap (VNDbn) | EV/EBITDA | P/E | P/B |
|-----------------------------|------------------|-------------|-------------|------------|
| Vietjet Aviation JSC | 53,620 | 18.4 | 32.1 | 3.2 |
| Asia Aviation PCL | 20,790 | 6.5 | 8.7 | 2.5 |
| Cebu Air Inc | 7,538 | 4.9 | 3.5 | 2.2 |
| AirAsia X Bhd | 4,497 | 4.1 | 4.0 | 2.4 |
| Jeju Air Co Ltd | 10,501 | 3.3 | 5.6 | 1.5 |
| Air Arabia PJSC | 100,081 | 5.6 | 10.3 | 1.9 |
| InterGlobe Aviation Ltd | 463,440 | 9.3 | 20.1 | 41.7 |
| Jin Air Co Ltd | 9,175 | 1.3 | 4.4 | 2.1 |
| Tway Air Co Ltd | 11,122 | 2.2 | 7.1 | 3.8 |
| Spring Airlines Co Ltd | 183,495 | 9.2 | 15.6 | 3.0 |

Source: Bloomberg, Mirae Asset Vietnam Research

Company overview

Vietjet Aviation JSC is one of the most successful LCCs in Vietnam, with sector-leading market shares of 43% domestically and 56% internationally for 9M24.

Vietjet recently celebrated the milestone of carrying 200mn passengers. It has 155 regular routes in operation (43 domestic and 112 international), with an average of 400 safe daily flights, at 99.72% technical reliability — among the highest in the Asia Pacific Region. Vietjet is one of the few LCCs globally to operate wide-body aircraft to international destinations, connecting Vietnam with Australia, India, Indonesia, and Kazakhstan. Vietjet currently owns a young fleet of 85 aircraft, including seven wide-body Airbus A330s, 17 Airbus A320s, and 61 Airbus A321s.

Table 6. Development milestones of Vietjet

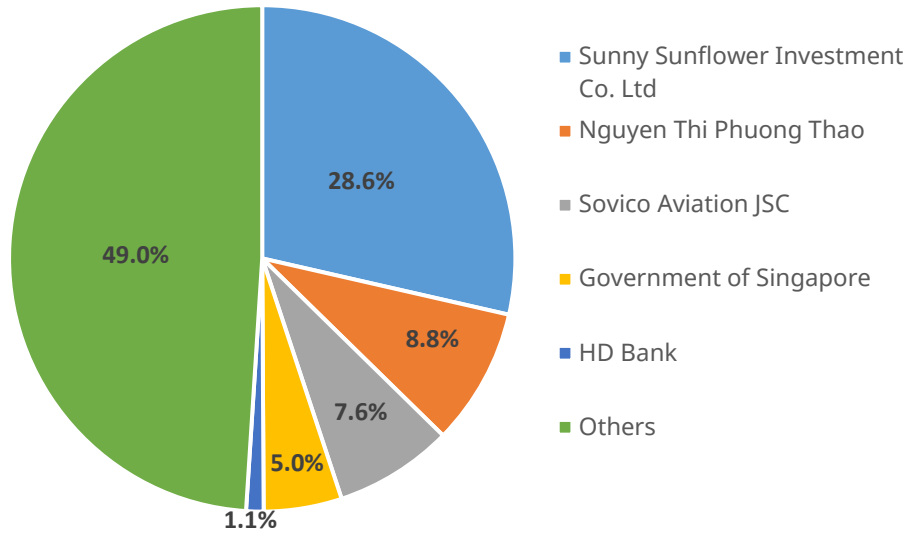
| | |
|------|--|
| 2007 | Incorporates and obtains Air Operator's Certificate ("AOC") |
| 2011 | Launches the first commercial flight from HCM City to Ha Noi Signs an MOU with Airbus to purchase 100 aircraft for US\$9bn |
| 2014 | Launches Thai Vietjet JSC and Vietjet Cargo JSC Receives first aircraft from the firm order placed with Airbus First Vietnamese airline to offer self-service check-in kiosk |
| 2015 | Achieves International Air Transport Association ("IATA") Operational Safety Audit Certificate Inaugurates Vietjet Training Centre Becomes official member of IATA |
| 2016 | Signs MOU with Boeing to purchase 100 aircraft Signs MOU with Airbus to purchase 20 aircraft |
| 2017 | IPO on Ho Chi Minh Stock Exchange Groundbreaking for construction of Vietjet Aviation Academy |
| 2019 | Vietjet's market capitalization crosses US\$4bn mark |
| 2020 | Starts ground handling services at Noi Bai Airport |
| 2022 | Opens 20 new routes, mostly to the India market Commences direct flights to Sydney, Melbourne, Brisbane, Perth, and Adelaide in Australia |
| 2023 | Expands new routes to Cambodia and Indonesia and re-starts regular flights to China Signs contract with Airbus to purchase 20 new-generation wide-body A330neo aircraft at Farnborough Airshow 2024 |
| 2024 | Signs contract with Rolls Royce to supply engines and technical services for new wide-body A330neo fleet |

Source: Company data, Mirae Asset Vietnam Research

Shareholder structure

Vietjet issued more than 541mn shares with charter capital of VND5,416bn. The ownership ratio of domestic and foreign shareholders is 87% and 13%, respectively (as of September 2024). According to aviation industry regulations, the foreign ownership limit is 30% and the largest shareholder must be Vietnamese. The three largest shareholders of Vietjet are Sunny Sunflower Investment Co. Ltd (28.57%), Ms. Nguyen Thi Phuong Thao (8.76%), and Sovico Aviation JSC (7.59%). Vietjet's largest foreign shareholder is the Singaporean government (4.99%).

Figure 16. Vietjet's shareholder structure



Source: FiinPro, Mirae Asset Vietnam Research

Vietjet Aviation JSC (VJC)

Comprehensive Income Statement (Summarized)

| (VNDbn) | FY23 | FY24E | FY25F | FY26F |
|--|---------------|---------------|---------------|---------------|
| Net sales | 58,341 | 72,429 | 80,642 | 89,940 |
| Cost of goods sold | (55,820) | (64,771) | (72,208) | (80,628) |
| Gross profit | 2,521 | 7,658 | 8,434 | 9,312 |
| Financial income | 2,955 | 1,802 | 1,709 | 1,698 |
| Financial expenses | (2,242) | (3,747) | (3,581) | (3,382) |
| Selling expenses | (1,950) | (2,565) | (2,856) | (3,186) |
| General and admin expenses | (1,099) | (1,121) | (1,144) | (1,167) |
| Operating profit | 184 | 2,026 | 2,562 | 3,276 |
| Net other income | 422 | 422 | 519 | 471 |
| Profit before tax | 606 | 2,449 | 3,081 | 3,747 |
| Corporate income tax - current | (3) | (20) | (555) | (674) |
| Corporate income tax - deferred | (371) | (470) | (62) | (75) |
| Net profit after tax | 231 | 1,959 | 2,465 | 2,997 |
| Non-controlling interests | 1 | 4 | 5 | 6 |
| Controlling interest | 231 | 1,955 | 2,460 | 2,991 |
| Dividend | - | (58) | (271) | (542) |
| Undistributed retained earnings | 231 | 1,897 | 2,189 | 2,450 |
| NOPAT | 1,708 | 3,736 | 4,250 | 4,689 |
| EBITDA | 2,556 | 5,092 | 5,832 | 6,332 |
| FCFF | (578) | (3,128) | 4,672 | 4,883 |
| Gross profit margin | 4.3% | 10.6% | 10.5% | 10.4% |
| EBITDA margin | 4.4% | 7.0% | 7.2% | 7.0% |
| Operating profit margin | 0.3% | 2.8% | 3.2% | 3.6% |
| Net profit margin | 0.4% | 2.7% | 3.1% | 3.3% |

Cash Flow Statement (Summarized)

| (VNDbn) | FY23 | FY24E | FY25F | FY26F |
|---|----------------|----------------|--------------|----------------|
| Profit before tax | 606 | 2,449 | 3,081 | 3,747 |
| Depreciation and amortization | 413 | 577 | 635 | 678 |
| Provisions | 3,712 | 4,382 | 2,563 | 2,902 |
| Interest expense & bond costs | 1,950 | 2,644 | 2,751 | 2,586 |
| Other adjustment | (936) | (224) | (150) | (134) |
| (Increase)/decrease in receivables | (5,994) | (4,651) | (1,626) | (1,380) |
| (Increase)/decrease in inventories | 279 | (448) | 239 | (25) |
| Increase/(decrease) in payables | 639 | (1,830) | 215 | 553 |
| (Increase)/decrease in pre. expenses | (2,639) | (5,196) | (614) | (1,214) |
| Interest paid | (2,133) | (3,013) | (3,047) | (2,918) |
| Corporate Income Tax paid | (4) | (20) | (555) | (674) |
| Other proceeds from op. activities | (141) | - | - | - |
| Net CF from operating activities | (4,247) | (5,331) | 3,492 | 4,119 |
| Purchases of fixed assets | (1,426) | (1,091) | (1,519) | (1,703) |
| Proceeds from disposal of FA | 2,024 | 607 | 606 | 606 |
| Net loans & term deposits | (1,909) | (1,939) | 100 | 100 |
| Dividends and interest received | 354 | 649 | 483 | 509 |
| Net CF from investing activities | (957) | (1,775) | (330) | (488) |
| Net borrowings | 8,412 | 3,471 | 133 | (4,864) |
| Dividends paid | - | (58) | (271) | (542) |
| Net CF from financing activities | 8,412 | 3,414 | (138) | (5,405) |
| Net increase in cash | 3,208 | (3,693) | 3,024 | (1,774) |
| Beginning cash balance | 1,858 | 5,051 | 1,358 | 4,382 |
| Ending cash balance | 5,051 | 1,358 | 4,382 | 2,609 |

Source: Company data, Mirae Asset Vietnam Research

Balance Sheet (Summarized)

| (VNDbn) | FY23 | FY24E | FY25F | FY26F |
|----------------------------------|---------------|---------------|----------------|----------------|
| Current assets | 40,827 | 43,192 | 45,783 | 43,931 |
| Cash and cash equivalent | 5,051 | 1,358 | 4,382 | 2,609 |
| Short-term investment | 613 | 2,595 | 2,595 | 2,595 |
| Short-term account receivables | 34,243 | 37,762 | 37,647 | 37,527 |
| Inventories | 703 | 1,152 | 912 | 938 |
| Other current assets | 216 | 325 | 247 | 263 |
| Non-current assets | 46,098 | 52,182 | 54,802 | 57,827 |
| Long-term account receivables | 26,306 | 27,785 | 29,114 | 30,594 |
| Fixed assets | 10,173 | 9,886 | 10,098 | 10,443 |
| Other long-term assets | 9,619 | 14,511 | 15,590 | 16,790 |
| Total assets | 86,925 | 95,374 | 100,585 | 101,758 |
| Current liabilities | 38,861 | 35,665 | 41,674 | 38,078 |
| Trade accounts payable | 8,805 | 7,626 | 7,767 | 8,397 |
| Advances from customers | 3,546 | 1,204 | 1,284 | 1,182 |
| Short term unrealized revenue | 3,600 | 3,379 | 3,494 | 3,491 |
| ST borrowings & financial lease | 13,554 | 12,287 | 17,707 | 13,134 |
| Other Current Liabilities | 9,356 | 11,169 | 11,422 | 11,874 |
| Long-term liabilities | 32,811 | 42,477 | 39,441 | 41,704 |
| LT borrowings & financial lease | 17,257 | 21,995 | 16,708 | 16,417 |
| Provision for long term payables | 15,552 | 19,308 | 21,497 | 23,976 |
| Other Non-current Liabilities | 2 | 1,174 | 1,236 | 1,311 |
| Liabilities | 71,672 | 78,142 | 81,115 | 79,781 |
| Paid in capital | 5,416 | 5,416 | 5,416 | 5,416 |
| Share premium | 9,250 | 11,147 | 13,336 | 15,786 |
| Undistributed acc. profit | 588 | 668 | 718 | 775 |
| Owner's equity | 15,253 | 17,231 | 19,470 | 21,977 |

Ratios

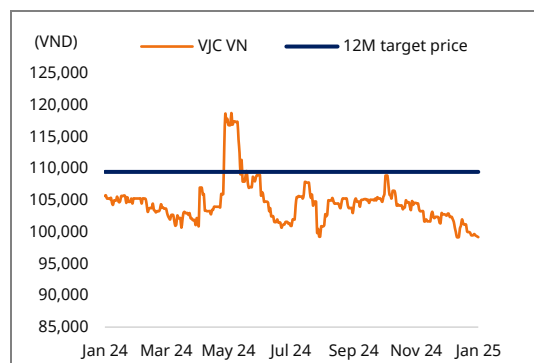
| | FY23 | FY24E | FY25F | FY26F |
|---------------------------------|---------|---------|--------|--------|
| P/E (x) | 253.5 | 31.5 | 25.0 | 20.6 |
| P/CF (x) | N/A | N/A | 18 | 15 |
| P/B (x) | 3.8 | 3.6 | 3.2 | 2.8 |
| EV/EBITDA (x) | 28.4 | 16.7 | 14.2 | 12.6 |
| EPS (VND) | 426 | 3,610 | 4,542 | 5,523 |
| CFPS (VND) | (7,841) | (9,844) | 6,448 | 7,606 |
| BVPS (VND) | 28,163 | 31,815 | 35,948 | 40,576 |
| DPS (VND) | - | 107 | 500 | 1,000 |
| Payout Ratio | 0.0% | 3.0% | 11.0% | 18.1% |
| Dividend Yield | 0.0% | 0.1% | 0.4% | 0.9% |
| Revenue Growth | 45.3% | 24.1% | 11.3% | 11.5% |
| EBITDA Growth | N/A | 99% | 14.5% | 8.6% |
| Operating profit Growth | N/A | 999.5% | 26.4% | 27.9% |
| EPS Growth | N/A | 747% | 25.8% | 21.6% |
| Account Receivable Turnover (x) | 4.7 | 5.9 | 6.6 | 7.4 |
| Inventory Turnover (x) | 69.2 | 78.1 | 78.1 | 97.2 |
| Account Payable Turnover (x) | 6.3 | 8.8 | 10.5 | 11.1 |
| ROE | 1.5% | 12.1% | 13.4% | 14.5% |
| ROA | 0.3% | 2.1% | 2.5% | 3.0% |
| ROIC | 3.0% | 5.3% | 5.3% | 6.3% |
| Liability to Equity Ratio | 470% | 453% | 417% | 363% |
| Current Ratio | 105% | 121% | 110% | 115% |
| Net Debt to Equity Ratio | 202% | 199% | 177% | 134% |
| Interest Coverage Ratio (x) | 1.3 | 1.9 | 2.1 | 2.4 |

APPENDIX 1

Important Disclosures & Disclaimers

2-Year Rating and Target Price History

| Company (Code) | Date | Rating | Target price |
|----------------|------|--------|--------------|
|----------------|------|--------|--------------|



Stock Ratings

| | |
|-------------|---|
| Buy | : Relative performance of 20% or greater |
| Trading Buy | : Relative performance of 10% or greater, but with volatility |
| Hold | : Relative performance of -10% and 10% |
| Sell | : Relative performance of -10% |

Industry Ratings

| | |
|-------------|--|
| Overweight | : Fundamentals are favorable or improving |
| Neutral | : Fundamentals are steady without any material changes |
| Underweight | : Fundamentals are unfavorable or worsening |

Ratings and Target Price History (Share price (—), Target price (—), Not covered (≡), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))

* Our investment rating is a guide to the relative return of the stock versus the market over the next 12 months.

* Although it is not part of the official ratings at Mirae Asset Co., Ltd., we may call a trading opportunity in case there is a technical or short-term material development.

* The target price was determined by the research analyst through valuation methods discussed in this report, in part based on the analyst's estimate of future earnings.

* The achievement of the target price may be affected by risks related to the subject securities and companies, as well as general market and economic conditions.

Equity Ratings Distribution & Investment Banking Services

| | Buy | Trading Buy | Hold | Sell |
|-----------------------------|--------|-------------|--------|-------|
| Equity Ratings Distribution | 74.13% | 15.92% | 9.95% | 0.00% |
| Investment Banking Services | 75.00% | 11.11% | 13.89% | 0.00% |

* Based on recommendations in the last 12-months (as of March 31, 2016)

Disclosures

As of the publication date, Mirae Asset and/or its affiliates do not have any special interest with the subject company and do not own 1% or more of the subject company's shares outstanding.

Analyst Certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Co., ("Mirae Asset") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading and private client division. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset makes no guarantee, representation or warranty, express, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report.

The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws and accounting principles and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and it is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person and such person shall not be treated as a client of Mirae Asset by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of

individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur. Mirae Asset, its affiliates and their directors, officers, employees and agents do not accept any liability for any loss arising out of the use hereof.

Mirae Asset may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views and analytical methods of the analysts who prepared them. Mirae Asset may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset, its affiliates and their directors, officers, employees and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making or other financial services as are permitted under applicable laws and regulations.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeasset.us.com or +1 (212) 407-1000

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: Mirae Asset is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or HT1ied understanding that they will direct commission income to Mirae Asset or its affiliates. Any U.S. recipient of this document wishing to affect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong: This report is distributed in Hong Kong by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong to any person.

All Other Jurisdictions: Customers in all other countries who wish to affect a transaction in any securities referenced in this report should contact Mirae Asset or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset and its affiliates to any registration or licensing requirement within such jurisdiction.

Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)

One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

PT. Mirae Asset Sekuritas Indonesia

Equity Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-53
Jakarta Selatan 12190
Indonesia

Tel: 62-21-515-3281

Mirae Asset Securities Mongolia UTsK LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392

Mirae Asset Securities (HK) Ltd.

Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Tel: 852-2845-6332

Mirae Asset Wealth Management (USA) Inc.

555 S. Flower Street, Suite 4410,
Los Angeles, California 90071
USA

Tel: 1-213-262-3807

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Investment Advisory (Beijing) Co., Ltd

2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Ho Chi Minh Representative Office

7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

Mirae Asset Wealth Management (Brazil) CCTVM

Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060

Brazil

Tel: 55-11-2789-2100

Mirae Asset Securities (Vietnam) JSC

7F, Le Meridien Building
3C Ton Duc Thang St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Beijing Representative Office

2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Mirae Asset Capital Markets (India) Private Limited

Unit No. 506, 5th Floor, Windsor Bldg., Off CST
Road, Kalina, Santacruz (East), Mumbai - 400098
India

Tel: 91-22-62661336