

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Trade and Finance**



**Diploma Thesis**

**Assessment of the Financial Position and Performance of  
the Chosen Companies Operating in the Postal and  
Delivery Industry in Vietnam**

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## DIPLOMA THESIS ASSIGNMENT

VAN TU LE

Economics and Management  
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Thesis title

**Assessment of the Financial Position and Performance of the Chosen Companies Operating in the Postal and Delivery Industry in Vietnam**

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### Objectives of thesis

The aim of this thesis is to assess and compare the financial position and performance of two chosen Vietnamese companies operating in the same industry by analyzing the financial statements of the companies with focus on the representation and changes of the reported assets, liabilities, expenses and revenues for a chosen period to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view.

### Methodology

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis and ratio analysis of the financial statements will be used to assess the financial position and performance of the company and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison and deduction will be used to formulate the conclusions of the thesis.

## The proposed extent of the thesis

60-80

### Keywords

financial statements, financial analysis, financial position, balance sheet, assets, liabilities, equity, financial performance, Income statement, expenses, revenues, profit, postal and delivery industry

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## **Declaration**

I declare that I have worked on my diploma thesis titled "Assessment of the Financial Position and Performance of the Chosen Companies Operating in the Postal and Delivery Industry in Vietnam" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break any copyrights.

In Prague on 31/03/2021

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**LE VAN TU**

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# **Assessment of the Financial Position and Performance of the Chosen Companies Operating in the Postal and Delivery Industry in Vietnam**

## **Abstract**

The thesis assessed the financial position and performance of the chosen companies which operate in the postal and delivery industry in Viet Nam. The analyses have been conducted using financial statements, annual reports of chosen companies in the period 2015-2019 when e-commerce has been booming in Vietnam, as well as data of industry, also competitor which operating in the same industry.

The theoretical part addresses basic concepts of financial position and performance, the role of assessment of the financial position and performance in management and decision making, description of the vertical analysis, horizontal analysis, financial ratio analysis, where will be used balance sheet, income statement for analysis.

In the practical part, the author short overview of the postal and delivery industry in Vietnam. Afterward, two chosen Vietnamese companies operating in this industry will be introduced and analyse the financial position and performance by using the method of financial analysis described in the theoretical part.

The final part, the comparison of the financial position and performance of two companies was chosen to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view then gives recommendations for further development company based on the results.

**Keywords:** Financial statements, financial analysis, financial position, balance sheet, assets, liabilities, equity, financial performance, Income statement, expenses, revenues, profit, postal and delivery industry

# Posudek finanční situace a výkonnosti vybraných společností působících v poštovním a doručovacím průmyslu ve Vietnamu

## Abstrakt

Práce posuzuje finanční situaci a výkonnost vybraných společností, které působí v poštovním a doručovacím průmyslu ve Vietnamu. Analýzy jsou provedeny na finančních výkazech, výročních zprávách vybraných společností v období 2015–2019, kdy ve Vietnamu vzkvétá elektronický obchod, a také na údajích o odvětvích, které působí ve stejném odvětví.

Teoretická část se zabývá základními pojmy finanční situace a výkonnosti, úlohou hodnocení finanční situace a výkonnosti v řízení a rozhodování, popisem vertikální a horizontální analýzy, analýzou finančního poměru, kde je použita rozvaha a výkaz příjmů pro analýzu.

V praktické části autor stručně shrnuje poštovní a doručovací průmysl ve Vietnamu. Poté jsou zavedeny dvě vybrané vietnamské společnosti působící v tomto odvětví a analyzují se finanční situace a výkonnost pomocí metody finanční analýzy popsané v teoretické části.

V závěrečné části je zvoleno srovnání finanční situace a výkonnosti dvou společností a nalezení největšího vlivu faktorů na zisk a potenciální finanční problém, který poté dává doporučení pro další rozvojovou společnost na základě výsledků.

**Klíčová slova:** Účetní závěrka, finanční analýza, finanční situace, rozvaha, aktiva, pasiva, vlastní kapitál, finanční výkonnost, výsledek, výdaje, výnosy, zisk, poštovní a doručovací průmysl.

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## List of abbreviations

ASEAN	:	Association of Southeast Asian Nations
CAGR	:	Compound Annual Growth Rate
CEO	:	Chief executive officer
CEP	:	Courier, Express, and Parcel
COD	:	Cash on delivery
COGS	:	Cost of good sold
D/E	:	Debt-to-Equity
DSO	:	Days of sales outstanding
EMS	:	VNPost Express Joint Stock Company
ESOP	:	Employee Stock Ownership Plan
G&A	:	General and Administrative Expense
GSO	:	General Statistics Office of Vietnam
IFRS	:	International Financial Reporting Standards
PAT	:	Profit after tax
ROA	:	Return on asset
ROE	:	Return on equity
UPCOM	:	Unlisted Public Company Market
VAS	:	Viet Nam Accounting Standard
Vietnam Post	:	Vietnam Post Corporation (VN Post)
Viettel Post	:	Viettel Post Joint Stock Corporation (VTP)

# **1 Introduction**

In the context of the global economy facing many difficulties due to the negative impact of COVID 19, companies are also making efforts to overcome this crisis. Especially during this period, the greatest concern of the manager is whether the current financial position is positive to continue operating the business. An assessment of the financial position and performance of the firm can address the manager's concerns by providing not only an insightful overview of the company's finances but also help managers to promptly adjust decisions in accordance with market changes.

Understanding financial position and performance is very much important to know the wealth and efficiency of the company. Its purpose is to convey the financial aspects of the firm. The assessment is done through financial statements which include income statements, balance sheets, cash flow statements.

Today, for assessment of the financial position and performance, analysis of the changes of the assets, liabilities, expenses, and revenues of financial statement and financial ratio analysis is the most useful tool.

In this diploma thesis, the author would focus on the assessment of the financial position and performance of the chosen companies and represents a case study of two companies which are leading operating in the postal and delivery industry in Viet Nam.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The aim of this thesis is to assess and compare the financial position and performance of two chosen Vietnamese companies operating in the same industry by analysing the financial statements of the companies with focus on the representation and changes of the reported assets, liabilities, expenses, and revenues for a chosen period to identify the potential financial problems and the most significant factors influencing the profit from the company and industry point of view.

In order to fulfil the objectives of the research, the following research questions should be answered:

*What are the potential financial problems of the chosen Companies?*

*What are the most significant factors influencing the profit from the company and industry point of view? Which factors negatively affect the financial performance of the chosen Companies?*

*What measures and recommendations can overcome the influence of negative factors on the financial performance of the chosen Companies?*

The overall objective of the thesis is to analyse and compare the financial position and performance of two chosen companies operating in the same industry from the viewpoint of external users.

### **2.2 Methodology**

Methodology for the literature overview is based on data collection from the relevant legal framework, specialized publications, and other written or online sources. The practical part of the thesis will be based on the information gained from the published annual reports of the chosen companies. Vertical and horizontal analysis, ratio analysis of the financial statements will be used to assess the financial position and performance of the company and to prepare the practical part of the thesis. The methods of analysis, synthesis, comparison, and deduction will be used to formulate the conclusions of the thesis.

Data used in this thesis have been collected from Viettel Post, Vietnam Post consolidated financial statements prepared with compliance with Viet Nam Accounting Standard (VAS) in 5 years between 2015-2019 due to the limited time of financial statement

was public. In addition, specialized publications, relevant legal frameworks, and online sources have also been used combined with the financial statement for analysis.

The methodology of the practical part is dealing with an application of vertical and horizontal analysis, financial ratio analysis base on the financial statement to define the financial position and performance of the chosen companies. The analyse data was presented using tables and graphs that are appropriate to explain the facts.

The results coming from calculations are important for analysis and comparison of the financial position and performance of two chosen companies will help the author to figure out the potential financial problem and the most significant influence on profit. In the end, the recommendations were made for further development of business.

The thesis suffers from certain limitations. The thesis exclusively depends on the published financial data such as annual reports, and other public reports as research market reports, analysis report of the securities companies, so it is subject to all limitations that are inherent in the condensed published financial statements.

In Vietnam, industry data is not fully statistical or publicly available, industry data mainly comes from market research reports of market research companies. Therefore, in this thesis industry data is collected based on internal reports and reports of research companies.

The publicity companies selected for analysis have been taken from the top of the biggest companies in the postal and industry in Viet Nam. The thesis covers a period of only five years from 2015 to 2019. The data collected is only for two companies and this might not be a true representation of the population. This is a major limitation of the research.

## **3 Literature Review**

### **3.1 The concept of the financial position and performance**

Firstly, we know that the process of assessing the financial position and performance in the financial statements to understand and help process decisions marking related to the business operations and strategies is called “Financial Analysis”. In other words, financial analysis is the use of financial statements to analyse the financial position and performance of the firm., and to assess current and predict financial performance in the future.

Firms and interested groups such as managers, shareholders, creditors, and supplier, etc, looking to answer important questions like:

1. What is the financial position of the firm at a given point in time?
2. How is the financial performance of the firm over a given period?

These questions can be answered with the help of the process assessment financial position and performance of a firm. This process involves the use of financial statements. According to Hamptors John, he defines financial statement is a collection of data that is organized according to logical and consistent accounting procedures. Its purpose is to convey an understanding of some financial aspects of a business firm.

As stated in “Conceptual Framework for the Financial Reporting” was revised and published by IASB in march 2018: The financial statements should provide useful information about the reporting entity: statement of financial position ( by recognizing Assets, Liabilities, Equity) statements of financial performance (by recognizing Revenue, Income, and Expenses) and other statements ( presenting and disclosing information about Cash flows, recognized and unrecognized assets, liabilities, equity, income and expenses, their nature and associated risks..). From this concept shows that to grasp the financial position of the firm, analytical methods were applied to assets, liabilities, equity and financial performance evaluation are performed through analysis of revenue, net income, and expense.

Basically, the financial position is recorded in the position statement is also called a balance sheet, which reflects the financial position of the firm at the end of the financial year. Position statement helps to ascertain and understand the total assets, liabilities, and capital of the firm. Users can understand the strength and weaknesses of the concern with the help of the position statement. (Paramasivan & Subramanian, 2009). (Maynard, 2017)



completely agree with this point, she also emphasizes the position statement helps users identify the business's financial strengths and weaknesses, its liquidity, and solvency.

Financial performance is used to measure how well a firm can use the resource from its business model and generate revenues. In general measures, overall financial health over a given period and can also be used to compare similar firms across the same industry. Financial performance is recorded in the income statement and other statements such as the cash flow statement. The income statement presents information on the financial results of a company's business activities over a period of time. It communicates how much revenue the company generated during a period and what costs it incurred in connection with generating that revenue (Robinson, et al., 2009). On the other hand, according to (Maynard, 2017) information about the financial performance can help users understand the return that the business has generated from its resources and indicates how effectively and efficiently these have been managed, also provides a better basis for assessing the business's past and future performance than information about cash receipts and payments.

In general, the financial position and performance are reported in the financial statements, thereby helping the reader to grasp useful information about the company's finances in the decision-making process. The analysis of the financial position of the firm base on the balance sheet allows for forecasting potential financial problems of the firm, to make strategic decisions in business. With the assessment of the financial performance, managers can grasp the position of the company in the industry to develop marketing, business, and financial strategies to bring the firm to achieve business goals to realize the vision and mission of the business.

### **3.2 The role of assessment of the financial position and performance in business management**

According to the main aim and tasks of assessment of the financial position and performance or in other words financial analysis, we can state that it has a very important role in the successful functioning of the firm.

Financial analysis of the firm is one of the main prerequisites for successful not only financial management but also business management. The efficient operation of a company requires accurate, timely management decisions with business changes based on an analysis of currently operating and financing activities.

The business concern needs finance to meet their requirements in the economic world. Any kind of business activity depends on the finance. Hence, it is called as lifeblood of the business organization. Whether the business concerns are big or small, they need finance to fulfil their business activities (Paramasivan & Subramanian, 2009).

Especially, the result acquired from the assessment financial position and performance process help clearing the mind for decision-making and working out a plan of action in each case. It gives an opportunity to detect whether there is a relative improvement or worsening of company performance. The results from the analysis allow the marking of the main problems, to which attention must be turned to by the company management. Therefore, company management may be aware that it is necessary to change the current business policy, accounting policy, or marketing policy, or restructuring is needed, and by the means of regular financial analysis, can identify the most useful measures that ensure the successful company performance in the future.

The interest of various related groups is affected by the financial position and performance of a firm. The type of analysis varies according to the specific interest of the party involved:

**Trade creditors:** interested in the liquidity of the firm, unlike investors, creditors rarely have an ownership stake in publicly owned corporations. As the term implies, creditors extend credit to companies with an expectation of being repaid and they are often compensated with interest for doing so. Creditors include bankers, bondholders, suppliers, venture capitalists, and numerous other providers of debt financing. (Bettner, 2014)

**Investors:** interested in the present and expected future income, as well as stability of these income. (Dang, 2019) indicate that the income information significantly affected investors' decisions on buying, selling, and holding securities while the information on assets, the accounting principles, and policies had little impact on individuals' investment decisions.

**Management:** such as CEO, manager, financial management, interested in internal control, better financial condition, and better performance.

Boards of directors and CEOs use accounting information to support strategic planning decisions, such as whether to acquire a subsidiary company (Bettner, 2014).

With managers, analysis of financial statements can provide managers with clues to strategic changes in operating, investing, and financing activities. Managers also analyse the businesses and financial statements of competing companies to evaluate a competitor's

profitability and risk. Such analysis allows for interfirm comparisons, both to evaluate relative strengths and weaknesses and to benchmark performance (Bernstein & Wild, 2000).

On the other hand, with financial management, managers must evaluate the impact of financing decisions and dividend policy on company value. Business analysis helps assess the impact of financing decisions on both future profitability and risk (Bernstein & Wild, 2000).

A well-established process of management on the basis of the financial statements and financial information is one of the most significant presumptions of the quality business. (Zager, 2006).

(Robinson, et al., 2009) noting that the role of financial reporting by companies is to provide information about their performance, financial position, and changes in the financial position that is useful to a wide range of users in making economic decisions. At the same time, the role of financial statement analysis is to take financial reports prepared by companies, combined with other information, to evaluate the past, current, and prospective performance and financial position of a company for the purpose of making the investment, credit, and other economic decisions.

(Zelgalve & Zaharchenko, 2012) believe that in current circumstances it is very hard and maybe even impossible for entrepreneurs to achieve excellent performance or maintain it for a long time without well-compiled financial analysis.

Financial statement analysis is an integral and important part of the broader field of business analysis. Business analysis is the process of evaluating a company's economic prospects and risks. This includes analysing a company's business environment, its strategies, and its financial position and performance. Business analysis is useful in a wide range of business decisions such as whether to invest in equity or in debt securities, whether to extend credit through short- or long-term (Bernstein & Wild, 2000).

(Martinez-Carrascal & Ferrando, 2008) point out that financial position is important to explain capital expenditures, as financial pressure appears relevant in explaining investment dynamics when it is proxied by cash flow, indebtedness, and debt burden. However, this thesis only focuses on investment without evaluating the overall impact of the financial position on the business.

According to (Alfred Szydełko 2016) in his study "The role of financial statement in performance management" conclusion that particular elements of financial statements may be very useful in assessing performance in selected areas of performance management. He

strongest mention the role of financial statement in particular concerns the multidimensional measurement of property resources, results of activity, cash flows (financial measures), as well as various assessments and judgments, including the evaluation of effects, determination of risk factors, and specification of threats.

(Zager, 2006) also recognizes that financial information can be very useful in estimating the current business quality and creating assumptions for more successful business in the future.

(Wang & Zhou, 2016) thought in business management, through the analysis of accurate and comprehensive financial indicators can be more systematic and comprehensive understanding of the enterprise, it can provide favourable support to make correct and reasonable judgments and decisions, so as to formulate a more comprehensive fit enterprise systems and strategies, a more reasonable and effective, targeted measure for enterprises' sustainable development is important. Its implementation enables businesses to sustainable development.

The above views have a common point that realizing the importance of financial information, the role of financial performance assessment for management activities in the enterprise is very important. In my point of view, the author absolutely agrees with these views. Besides, management decisions come not only from financial analysis but also from market research, competitor analysis, business analysis, etc... Therefore, in order to be successful in management, managers need to pay attention to assessing the financial position and performance in combination with other activities.

### **3.3 Techniques of assessment of the financial position and performance**

This chapter is to describes various techniques used to assessment of the financial position and performance of the firm. Theoretically, there are several methods or techniques are used to analyse the financial statement of the business concern. In this thesis, the author would introduce common methods or techniques, which are widely used by the business concern.

#### **3.3.1 Vertical analysis**

Vertical analysis (also known as common-size analysis) refers to the study of the relationship of the various items contained in the financial statement of one accounting period. Specifically, in analysing a balance sheet, it is common to express total assets (or

liabilities plus equity) as 100%. Then, accounts within these groupings are expressed as a percentage of their respective total. In analysing an income statement, sales are often set at 100% with the remaining income statement accounts expressed as a percentage of sales. This procedure has given the up-down (or down-up) evaluation of accounts in common-size statements. Vertical analysis is useful in understanding the internal makeup of financial statements (Bernstein & Wild, 2000). In the same opinion, (Paramasivan & Subramanian, 2009) consider that vertical analysis helps to determine the relationship with various items that appeared in the financial statement.

According (Ramagopal, 2008) vertical analysis is useful in comparing the performance of several companies in the same group or industry, or divisions or departments in the same company.

### **3.3.2 Horizontal analysis**

Horizontal analysis can also be called trend analysis or dynamic analysis compared financial statements with several years and based on that, a firm may take decisions. Normally, the current year's figures are compared with the base year (base year is considered as 100) and how the financial information is changed from one year to another (Paramasivan & Subramanian, 2009).

The purpose of the analysis is to identify the strengths and weaknesses of the firm. Comparison of the item, over several years, shows the development of the trend. The management would be able to get an insight of the strength or problem for necessary action, in time. Since this analysis is based on the data from year to year rather than on one-year data, (Ramagopal, 2008)

For calculating trend percentages, the base year may be any one of the periods involved in the analysis, but the earliest period is mostly taken as the base year. Each item of the base year is assumed to be equal to 100 and on that basis, the percentage of an item of each year calculated. In this thesis, the author would use the base year as the previous year for analysis to show the development of the trend for each year compares with the previous year.

Absolute change = Current year– Previous year (or Base year)

$$\text{Percentage change (\%)} = \frac{\text{Absolute change}}{\text{Previous year (Or base year)}} \times 100\%$$

Generally, the horizontal and vertical analysis should use combined. Both analyse can be used, simultaneously. Vertical analysis can be used along with horizontal analysis to make it more effective and meaningful.

### **3.3.3 Ratio analysis**

Financial ratios can be very useful tools in measuring and evaluating business performance as presented in the basic financial statements. Ratios can be used as tools in understanding profitability, asset utilization, liquidity, and key business trends and in evaluating overall management performance and effectiveness (Alexander, 2018).

Using financial ratios can provide a great deal of insight into a company's performance, particularly when combined with another company and its industry. In addition to providing an understanding of measures of performance, ratios can be used to monitor key trends over time and compare a company's performance to that of peers or “best practice” companies. (Alexander, 2018).

Theoretically, there are lots of financial ratios that are used in in-depth financial analysis. However, from the point of view of the author to assess the financial position and performance of the firm, we can use 10-20 indicators that are enough to reflect the generalization.

Furthermore, there are many views on the class of indicators in financial analysis.

(Bernstein & Wild, 2000) divided ratio analysis as applied to three important areas of financial statement analysis Credit (Risk) Analysis (Liquidity, Capital structure, and solvency), Profitability Analysis (Return on investment, Return on investment, Asset utilization), Valuation.

(Nguyen Van Cong, 2020) when investigated the nature of financial security by compared financial security level in 629 listed companies in Viet Nam, he indicated that six different internal factors are liquidity, profitability, firm size, debt management ratios, asset management ratios, and cash flows impact financial of the firm.

(Robinson, et al., 2009) classifies main groups of ratio analysis: Activity, Liquidity, Solvency, Profitability, Valuation.

Author (Brigham & Houston, 2009) of the University of Florida in " Fundamentals of Financial Management" divided the system of financial ratio into five groups: Liquidity Ratios, Asset Management Ratios Debt Management Ratios, Profitability Ratios, Market values Ratios.

Classification from the point of view of (Paramasivan & Subramanian, 2009) financial management is as follows: Liquidity ratio, Activity Ratio, Solvency Ratio, Profitability Ratio.

As mentioned before, there are very many different analytical ratios that are divided into several groups. The authors of the paper put forward categories of ratios as Profitability, Activity, Liquidity, Leverage ratio. The groups are investigated in more detail below.

### 3.3.3.1 Profitability ratio

Profitability ratios are to measure the operating efficiency of the firm by reflecting the ability of the firm to generate profit relative to its sales revenue, operating costs, balance sheet assets, and shareholders' equity. Profitability analysis is a way to evaluate whether managers are effectively executing a firm's strategy (JamesM.Wahlen, et al., 2017).

Four of the most commonly used measures to evaluate the profitability of the firm are: Gross profit margin; Net income margin; Return on Equity; Return on Assets.

The gross margin ratio is a percentage resulting from compares the gross profit of a company to its net sales.

**Gross profit margin:** Gross profit margin indicates the percentage of revenue available to cover the cost of goods sold. If a product has a competitive advantage (e.g., superior branding, better quality, or exclusive technology), the company is better able to charge more for it. On the cost side, A higher gross profit margin can also indicate that a company has a competitive advantage in product costs (Robinson, et al., 2009).

$$\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Net sale}} \times 100$$

**Net profit margin:** Net profit, or net income, is calculated as revenue minus all expenses. Net profit margin is calculated by finding the net profit as a percentage of the revenue. Generally, the net profit margin indicates how well a company can transform its revenues into profits.

$$\text{Net profit margin} = \frac{\text{Net income}}{\text{Net sale}} \times 100$$

**Return on assets (ROA):** measure computes the level of income generated on the assets employed by the firm. It is an important overall measure of effectiveness since it considers the level of income relative to the level of assets employed in the business (Alexander, 2018).

$$\text{Return on assets} = \frac{\text{Net income}}{\text{Total assets}} \times 100$$

**Return on equity (ROE)** measures the return earned by a company on its equity capital, including minority equity, preferred equity, and common equity. Normally, return is measured as net income.

$$\text{Return on equity} = \frac{\text{Net income}}{\text{Equity}} \times 100$$

Both ROA and ROE are important measures of the profitability of the firm. As with other ratios, profitability ratios should be evaluated individually and as a group to gain an understanding of what is driving profitability.

### 3.3.3.2 Activity ratio

Activity ratios are also known as asset utilization ratios or operating efficiency ratios to measure how well a company manages various activities, particularly how efficiently it manages its various assets. Activity ratios are analysed as indicators of ongoing operational performance how effectively assets are used by a company (Robinson, et al., 2009). Common Activity ratios include:

**Asset turnover ratio** reflects the level of investment in all assets (including working capital; property, plant, and equipment; and intangible assets) relative to sales (Alexander, 2018)

$$\text{Asset turnover} = \frac{\text{Net sales}}{\text{Average total assets}}$$

**Equity turnover** measures the proportion of sales to its stockholders' equity of the firm. It reflecting the efficiency of the firm's equity management.

$$\text{Inventory turnover} = \frac{\text{Net sales}}{\text{Average Equity}}$$

**Receivables turnover** indicates the average time until firms collect credit sales in cash.

$$\text{Receivables turnover} = \frac{\text{Net credit sales}}{\text{Average accounts receivable}}$$

**Days of sales outstanding (DSO)** is a measure of the length of time it takes to collect receivables from customers. It will be impacted by the industry in which the firm



participates, the creditworthiness of customers, and even the countries in which the firm does business. (Alexander, 2018).

$$\text{Days of sales outstanding (DSO)} = \frac{\text{Number of days in period (365 days)}}{\text{Receivables turnover}}$$

### 3.3.3.3 Liquidity analysis

Liquidity analysis, which focuses on cash flows, measures a company's ability to meet its short-term obligations. Liquidity measures how quickly assets are converted into cash. Liquidity ratios also measure the ability to pay off short-term obligations (Paramasivan & Subramanian, 2009). The following are the common liquidity ratios:

**Current ratio** measures a company's ability to pay off short-term liabilities with current assets. This measure of liquidity computes the ratio of current assets (that will convert to cash within one year) to current liabilities (that require cash payments within one year). As such, it compares the level of assets available to satisfy short-term obligations. (Alexander, 2018).

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

**Quick ratio**, also known as the acid-test ratio, is a liquidity ratio that measures the ability of an individual or business to pay for current liabilities. Quick ratio is a more conservative measure of liquidity than the current ratio since it removes inventory from other assets that are more readily converted into cash.

$$\text{Quick ratio} = \frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$$

**Cash ratio** measures the ability of a company to pay its liabilities with cash. It measures of an individual entity's liquidity in a crisis situation. Only highly marketable short-term investments and cash are included. (Robinson, et al., 2009).

$$\text{Cash ratio} = \frac{\text{Cash and Cash equivalents}}{\text{Current liabilities}}$$

### 3.3.3.4 Leverage analysis

Leverage ratios also called solvency ratios refer to a company's ability to fulfil its long-term debt obligations. Assessment of a company's ability to pay its long-term obligations generally includes an in-depth analysis of the components of its financial structure. (Robinson, et al., 2009). Some of the leverage ratios are given below:

**Debt-to-assets ratio** measures the percentage of total assets financed with debt:

$$\text{Debt to assets ratio} = \frac{\text{Total liabilities}}{\text{Total assets}}$$

**Debt-to-equity ratio (D/E)** measures the amount of debt capital relative to equity capital.

$$\text{Debt to equity ratio} = \frac{\text{Total liabilities}}{\text{Equity}}$$

**Equity to assets ratio** measures the value of assets that are financed by owners' investments by comparing the total equity in the company to the total assets.

$$\text{Financial leverage ratio} = \frac{\text{Equity}}{\text{Total assets}}$$

In closing, by using the ratio analysis in process of assessment of the financial position and performance of the firm, help manager understanding the company's financial performance compare with competitors or relative to the industry to develop business strategy, forecasting to expect about the financial position, profit, risk, and growth. In other words, analysing financial statement ratios is an important part of the process of searching for insights and answers to questions about how the firm is performing.

## **4 Practical Part**

### **4.1 Overview Postal and delivery industry in Viet Nam**

In this era of information technology development, especially in the era of industry 4.0 and the impact of the Covid 19 epidemic, the demand for e-commerce and online shopping is booming, leading to a big chance for the companies which business in the postal and delivery industry and delivery not only in the globally but also Viet Nam.

According to the General Statistics Office of Vietnam - GSO, the market value of Vietnam's postal and delivery industry achieved a compound growth of 24% in the period of 2016 - 2019. If maintaining the growth rate of 20-30% / year as currently, the postal and delivery industry forecast will reach 10 billion USD revenue by 2030.

The postal and delivery market in Viet Nam is forecasted to have a CAGR of 15-18% in the period 2019-2024. But in point of view by author, in the context of the impact of Covid 19 in the world and in Viet Nam on the development of the whole economy and all industry. The postal and delivery industry will certainly face challenges and opportunities in the Covid 19 pandemic. Demand for delivery may be increase due to the social distancing policy by the government, and consumers have to online shopping instead of going directly to the stores as before. However, the postal companies also have problems with the quality of service, delivery time when air transportation is delayed flights. Therefore, combining the explosion of e-commerce and the impact of Covid 19 in Vietnam, the author believes that the growth rate of the postal and delivery industry will be higher than initially predicted.

The postal and delivery market is currently exploited not only by traditional companies (Viettel Post, VNPost) but also start-ups (giaohangnhanh, giaohangtietkiem, supership,) and multinationals (DHL E-commerce), Grab Express, Lazada Express, FedEx Express, UPS Express... also participation in, so the competition in the postal and delivery industry is very fierce.

According to statistics from the Ministry of Information and Communications, in 2016 there were only 216 postal companies, but by 2019 this number had increased to over 435 companies. In 2019, the Vietnam postal and delivery market saw the entry of delivery companies from China such as Best Inc and ZTO...

The postal and delivery market in Vietnam mainly focuses on big companies in both domestic and international delivery such as Viettel Post, GHN, VN Post, DHL, ... Some of the large players dominate the Vietnam CEP (Courier, Express, and Parcel) market. The

domestic deliveries are dominated by Vietnam Post following by Viettel Post, Nasco Express...while DHL, UPS...hold most of the share in international deliveries. Besides, new start-ups are entering the market that is expanding fast and gaining high growth rates such as Giao Hang Nhanh (GHN), Supership Viet Nam... Technology is key in serving the growing demand. Viettel post has been growing rapidly in recent times, increasing its market share, and is expected to take the major share of the Vietnam postal market in the forecast period.

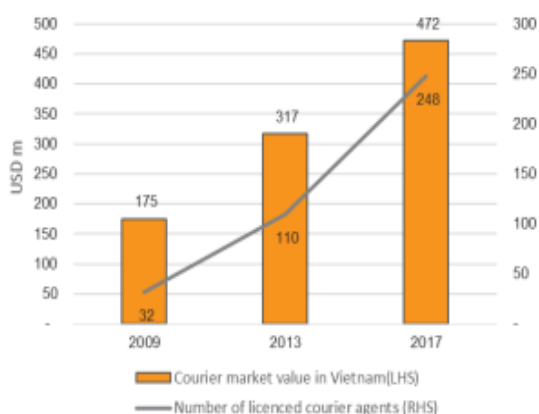
**Table 1: Postal and delivery service providers for online commerce in Vietnam**

Delivery group	Name	Network	Infrastructure	Delivery range	Weakness
Traditional, domestic	Vnpost. Viettelpost. EMS	Large	Strong	Domestic	Delivery speed, low technology
Foreign logistics players	.. DHL-VNPT. TNT-Viettrans. Kerry TTC. UPS	Medium	Moderate	International	Expensive
Start-ups	... Giaohangnhanh. Giaohangtietkiem. GNN	Small	Small	City to City	Delivery range inconsistent service quality province
Freelance shippers		Very small	Weak	Local	Expensive, unsafe

Source: VNDIRECT. 2020

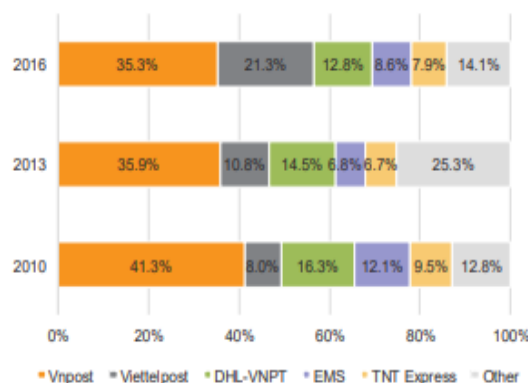
Vietnam Post ranks No. 1 in the post and delivery industry and also is the biggest competitor in the postal and delivery industry with Viettel post. Therefore, in this thesis, the author chose Vietnam Post to compare financial performance with Viettel post.

**Figure 1-1: Courier market value and number of licensed service providers in Vietnam**



Source: Ministry of Information and Communication

**Figure 1-2: Express delivery market share in Vietnam**



Source: Ministry of Information and Communication

## 4.2 Characteristic of Viettel Post

Viettel Post Joint Stock Corporation was established on July 1, 1997, as a member company of Viettel Group which is the biggest corporation in Viet Nam was managed by the Vietnam Ministry of Defence. The subject is specialized in doing business on postal activities with more than 22,000 employees, 83 nationwide branches, 5 member companies (there are 2 companies abroad), and more than 2,200 post offices. More detail in <https://viettelpost.com.vn/en/>

Currently, Viettel Post is focusing on 3 main areas: domestic and international delivery, logistics (warehousing, forwarding, and freight transportation services), and e-commerce, in which express delivery service is the main business which brings 79% revenue in 2019 and the profit mainly comes from this activity. Viettel Post also is an outsourcing product for Viettel clients. Viettel Post is the only company in Vietnam in the field of the delivery sector that has invested in foreign markets, to be more precise is Cambodia and Myanmar. According to Vietnam Report, Viettel Post was rated as the number one prestigious transportation and logistics company in 2019 in terms of storage and delivery.

For many years, Viettel Post always maintained higher business growth the next year than the previous year. In the last 5 years (2015-2019), Owing to the explosion of e-commerce in Vietnam, Viettel Post has an average growth rate of revenue of 43.3% / year and growth rate of profit after tax is 59% / year. Revenue has increased nearly four times in the past five years and the Company always maintains a high and stable growth rate. Viettel Post also is the fastest-growing company in the postal and delivery industry.

In 2019, Viettel Post's consolidated revenue reached 7,908.48 billion VND, completed 102.4% of the business plan, up 58.92%, profit after tax (PAT) reached VND 380.14 billion, fulfilling 100% of the business plan, return on asset (ROA) averaged 11.88%, exceeding 3.29% compared to the business plan.

Viettel Post engages in the provision of postal services. Its services include domestic delivery, vessel transfer, freight forwarding, airline booking, and warehousing. Viettel Post is a leading provider of domestic and international parcel courier services in Vietnam.

Viettel Post has outstanding advantages in the post sector with the advantages of optimizing the delivery process, managing costs, time, and service quality because the company owning an extensive delivery network, a system of central warehouses. satellite centres and warehouses nationwide, network extends to all 63 cities and provinces nationwide. It has more than 2,200 post offices or shops and more than 6,000 transaction

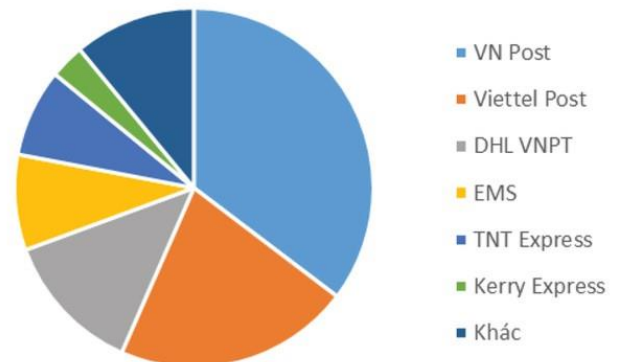
offices, 300,000 stores from Viettel Telecom. Besides, Viettel Post also aims to promote digitization to transform into a logistics technology enterprise. Since 2019, the company has launched the VoSo e-commerce platform and MyGo multimodal commerce platform based on leveraging the existing strengths of the business.

Viettel Post is the second-largest competitor in the Vietnamese postal and delivery industry, after Vietnam Post.

VTP has grown rapidly from a small traditional postal company, holding only 8.0% market share of direct-to-consumer deliveries in 2010 to the 2<sup>nd</sup> biggest and most innovative player in the industry, holding 25.7% market share in 2016.

*Source: Statistical 2016\_ GSO Viet Nam*

**Figure 2: Postal industry market share in Vietnam in 2016, by company**



Viettel Post's shares were traded for the first time on the Unlisted Public Company Market (UPCOM) Viet Nam in 2018. Shares of Viettel post are also very attractive to investors with high trading volume on the UPCOM.

### 4.3 Characteristic of Vietnam Post

Vietnam Post Corporation, which is established by the State, managed directly by the State through the Ministry of Information and Communication Viet Nam, and specializes in the field of postal and delivery based on independent economic accounting and allocated the capital by the State through the VNPT Group. The main business area including providing public postal services, newspaper distribution, postage stamps, domestic and international post, and delivery services, transportation, and logistic services... With a widespread network of Postal points, reaching even to small villages in the whole country, Vietnam Post has great comparative in the postal and delivery industry. More detail in <http://www.vnpost.vn/en-us/>.

The main business pillars of Vietnam Post are Post & Delivery, Postal and financial services, communication, and distribution, in which, Post & Delivery segment accounts for the highest proportion in revenue structure at 40% -50%. VN Post's postal network spans all over Vietnam, from urban to rural areas with 1,600 post offices (include 05 international post offices to handle international inbound and outbound postal items) combined 05

regional sorting centres, 03 inter-provincial newspaper sorting centres, 08 inter-provincial newspaper printing and distribution points with regional sorting centres and provincial sorting centre.

Currently, Vietnam Post is a member of the Universal Postal Union (UPU) and has close cooperation relations with almost all countries in the world.

Vietnam Post Express Joint Stock Company (EMS) is a subsidiary of Vietnam Post Corporation, specializing in domestic and international express delivery operates in the same network as the parent company (VN Post). EMS shares are also listed on the UPCOM stock market as Viettel Post, but the parent company (VN Post) was not listed on the stock market.

In 2020, with an increase in revenue of over 22%, the profit of over 20%, application of information technology widely in all its business activities, Vietnam Post was to be ranked first among the top 500 largest businesses in Vietnam.

## 4.4 Financial position and performance of the Viettel Post

### 4.4.1 Financial position of Viettel Post

In this chapter, the author would deal with analysis financial position of Viettel Post through analysis of the balance sheet as mentioned in the practice part.

Firstly, the author would show the horizontal analysis that was applied on the total assets in the period 2015-2019 of the balance sheet of Viettel Post following table below:

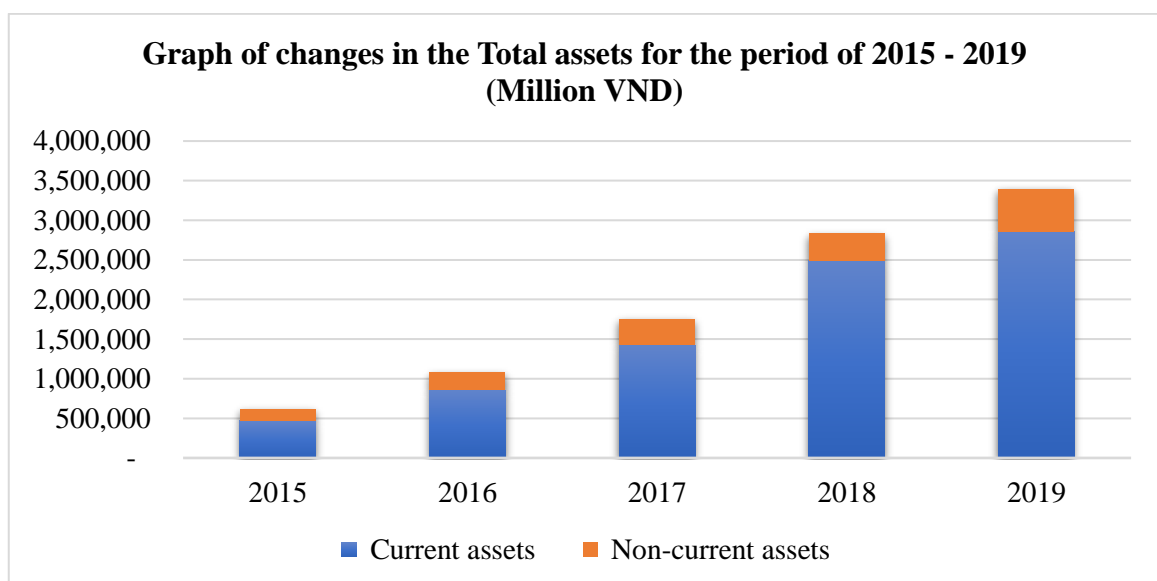
**Table 2: Horizontal Analysis of the Balance Sheet – Assets (VTP)**

Balance Sheet-Asset (Million VND)	2014/2015		2015/2016		2016/2017		2017/2018		2018/2019		CAGR 2015-2019
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	
<b>Current assets</b>	<b>189,195</b>	<b>67%</b>	<b>386,005</b>	<b>82%</b>	<b>565,960</b>	<b>66%</b>	<b>1,067,408</b>	<b>75%</b>	<b>367,233</b>	<b>15%</b>	<b>↑ 56.9%</b>
Cash and cash equivalents	108,590	87%	39,655	17%	204,103	75%	(66,443)	-14%	(63,628)	-15%	↑ 10.4%
Short-term investments	1,410	13%	134,195	1080%	254,529	174%	659,039	164%	215,890	20%	↑ 218.4%
Short-term receivables	62,965	46%	161,817	80%	115,719	32%	353,616	74%	240,655	29%	↑ 52.0%
Inventories	652	17%	39,199	885%	(24,219)	-56%	100,681	519%	(72,429)	-60%	↑ 81.1%
Other current assets	15,579	387%	11,138	57%	15,828	51%	20,515	44%	46,744	70%	↑ 55.2%
<b>Non-current assets</b>	<b>45,667</b>	<b>47%</b>	<b>74,573</b>	<b>52%</b>	<b>109,734</b>	<b>50%</b>	<b>15,492</b>	<b>5%</b>	<b>192,818</b>	<b>56%</b>	<b>↑ 39.0%</b>
Fixed assets	45,245	59%	51,774	42%	70,435	40%	(30,308)	-12%	117,167	55%	↑ 28.3%
Long-term investments	(1,117)	-20%	(4,351)	-96%	3,805	1951%	(4,000)	-100%	84,000	N/a	↑ 107.3%
Other long-term assets	1,539	10%	27,150	162%	35,494	81%	49,800	63%	(8,349)	-6%	↑ 63.8%
<b>Total assets</b>	<b>234,863</b>	<b>62%</b>	<b>460,577</b>	<b>75%</b>	<b>675,694</b>	<b>63%</b>	<b>1,082,900</b>	<b>62%</b>	<b>560,051</b>	<b>20%</b>	<b>↑ 53.3%</b>

(Source: Own calculation from the balance sheet of Viettel Post 2015-2019)

The results of table 2 show that the general trend of the company's assets to the base year has been rising and compared to the previous years, the slope of this rising trend has been lowest in the last year 2019. In the period case study 2015-2019, the author calculates Compound Annual Growth Rate (CAGR) of total asset approximately 53.3% which is the highest growth of asset in the postal and delivery industry. In which, the CAGR of current assets is 56.9% and follow that non-current assets have lower is 39.0%. The main motivation for the growth of total assets comes from current assets clearly shown in the following figure below:

**Figure 3: Graph changes in total assets of VTP 2015-2019**



*(Source: Own figure, 2021)*

From this Graph, it is obvious, current assets have major contributions to total assets, and non-current assets also have a high growth rate but did not contribute much to the growth of total assets because of lower value.

Total assets have grown over the years with a high level of over 60%, but in 2019 it tends to slow down by only 20% because of the decrease in the cash and equivalent (-15%) and inventory (-60%). The growth of assets showing the expansion of the size of assets due to business performance in the period 2015-2019. With the spectacular growth of revenue and profit, which will be analysed in detail in the following section, VTP has used resources to re-invest in the direction of digital transformation into technology in the field of e-commerce and express delivery, logistic. That is the main cause leading to the business expansion and growth of total assets.



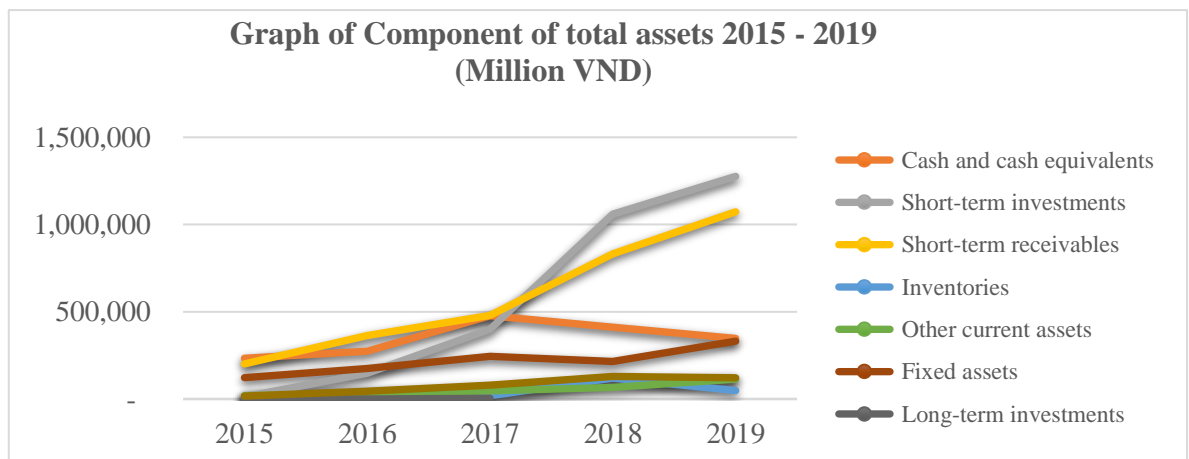
The characteristic of COD service is collection and payment, so the company maintained a net cash position which highest in 2016-2018 and slightly down 15% in 2019. With a strong cash base, VTP can expand its network and increase investments in technology and infrastructure to compete with start-ups and other players without needing to raise capital through debt or equity issuances.

Current assets have higher volatility compare with Non-current assets, with a CAGR of 56.9% of which mainly came from the surge increase of short-term investments. The notes to financial statements show that a short-term financial investment is a time deposit with a maturity of less than one year and 95% of that amount is collateral for loans to supplement working capital and long-term investments in technology. This shows that to expand the business, the company needs to use external capital from the bank combined with internal resources. Cash and short-term receivables increase with the increase in revenue, but it depends on the company's receivable collection policy in phases, Balances of these accounts reflect timing nature and directly affect liquidity ratio which will be analyses later.

Inventory was suddenly high at the end of 2018 and decreased at the end of 2019, however, because VTP is essentially a logistics and express delivery service company, the commodity business is not the main business, moreover, inventory is telecommunications scratch card items that are distributed according to orders, so the increase in high inventory does not problem of the financial position of the company.

Non-current assets have a lower CAGR of only 39.0% and mainly are fixed assets with vehicles, warehouses, software systems SAP, VT sale, E-Viet, MyGo. In 2018, there was a sharp decline in fixed assets due to depreciation while the company did not buy in new fixed assets.

**Figure 4: Graph Component of total assets of VTP 2015 - 2019**



(Source: Own figure, 2021)

Figure 4, it is showing the increasing trend of the component of total assets. Accordingly, it can easily be seen that the highest growth value in short-term investments and short-term receivables shows that the strong internal resources of the VTP resulting from the growth in revenue and business scale.

To consider the fluctuations in asset structure during the studied period, the author uses the vertical analysis method was applies in the total asset as shown below.

**Table 3: Vertical analysis of the Balance Sheet – Assets (VTP)**

<b>Balance Sheet-Asset Structure (%)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Current assets</b>	<b>74%</b>	<b>77%</b>	<b>80%</b>	<b>81%</b>	<b>88%</b>
Cash and equivalents	33%	38%	25%	27%	14%
Short-term investments	3%	2%	14%	23%	37%
Short-term receivables	36%	33%	34%	27%	29%
Inventories	1%	1%	4%	1%	4%
Other current assets	1%	3%	3%	3%	2%
<b>Non-current assets</b>	<b>26%</b>	<b>23%</b>	<b>20%</b>	<b>19%</b>	<b>12%</b>
Fixed assets	20%	20%	16%	14%	8%
Long-term investments	1%	1%	0%	0%	0%
Other long-term assets	4%	3%	4%	5%	5%
<b>Total assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

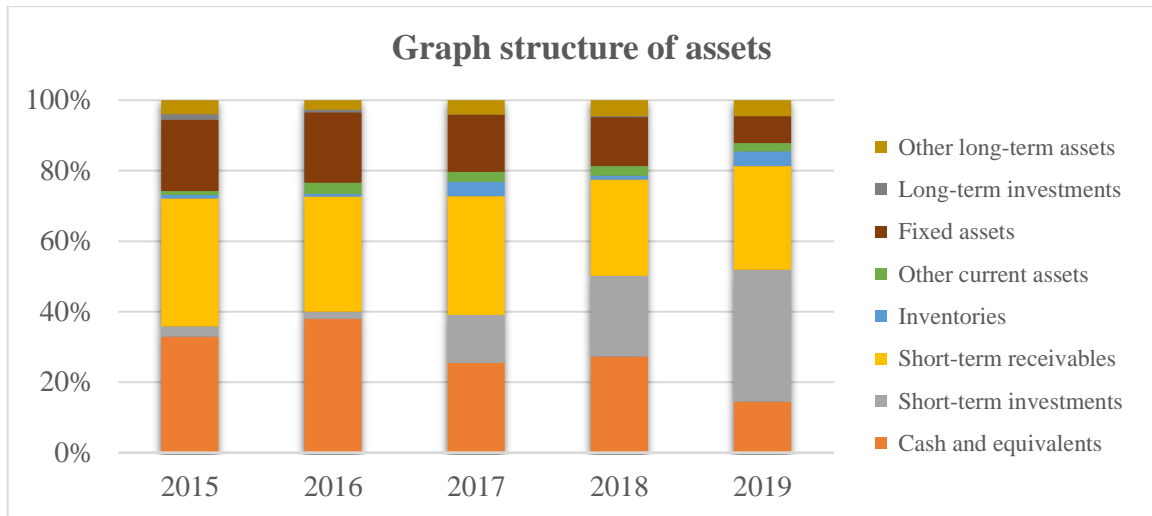
*(Source: Own calculation from Balance sheet of VTP)*

Current assets have the biggest share of total assets with 88% total assets in 2019. The trend increased the proportion of current assets over the years and on the contrary, was the decrease in the proportion of non-current assets. The share of other assets is insignificant. The increasing proportion of short-term investments is the main cause for the increasing share of current assets.

Percentage changes of assets are graphically processed in figure 5 where the changes are more visible.

The structural shift in the direction of increasing short-term assets reflects the characteristics of the postal and delivery industry, when enlargement business, increasing revenue, the rising is the receivable, and fixed assets are inelastic with revenue growth because do not use a lot of fixed assets in business.

**Figure 5: Graph Structure of Asset - VTP**



(Source: Own figure, 2021)

Next, the following table shows the trend growth of the Equity and Liabilities items of the balance sheet over time:

**Table 4: Horizontal Analysis of the Balance Sheet - Liabilities & Equity (VTP)**

Balance Sheet -equity and liabilities (Million VND)	2014/2015		2015/2016		2016/2017		2017/2018		2018/2019		CAGR 2015-2019
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	
<b>Liabilities</b>	<b>184,873</b>	<b>76%</b>	<b>285,203</b>	<b>66%</b>	<b>547,254</b>	<b>77%</b>	<b>892,090</b>	<b>71%</b>	<b>272,374</b>	<b>13%</b>	<b>54.2%</b>
Short-term liabilities	169,194	71%	302,766	74%	551,567	78%	892,366	71%	272,325	13%	56.2%
Long-term liabilities	15,678	237%	(17,563)	-79%	(4,314)	-91%	(276)	-66%	50	35%	-69.5%
<b>Owner's equity</b>	<b>49,990</b>	<b>37%</b>	<b>175,374</b>	<b>94%</b>	<b>128,440</b>	<b>36%</b>	<b>190,810</b>	<b>39%</b>	<b>287,677</b>	<b>42%</b>	<b>51.1%</b>
Charter capital	8,995	15%	159,863	232%	67,965	30%	116,943	39%	182,426	44%	71.5%
Share premium	-	-	(184)	-	-	0%	-	0%	22,221	-	
Retained earnings	49,641	102%	15,605	16%	60,540	53%	87,029	50%	82,541	32%	36.7%
Other equity accounts	(8,646)	-32%	90	0%	(65)	0%	(13,162)	-72%	489	10%	-25.7%
<b>Total equity and liabilities</b>	<b>234,863</b>	<b>62%</b>	<b>460,577</b>	<b>75%</b>	<b>675,694</b>	<b>63%</b>	<b>1,082,900</b>	<b>62%</b>	<b>560,051</b>	<b>20%</b>	<b>53.3%</b>

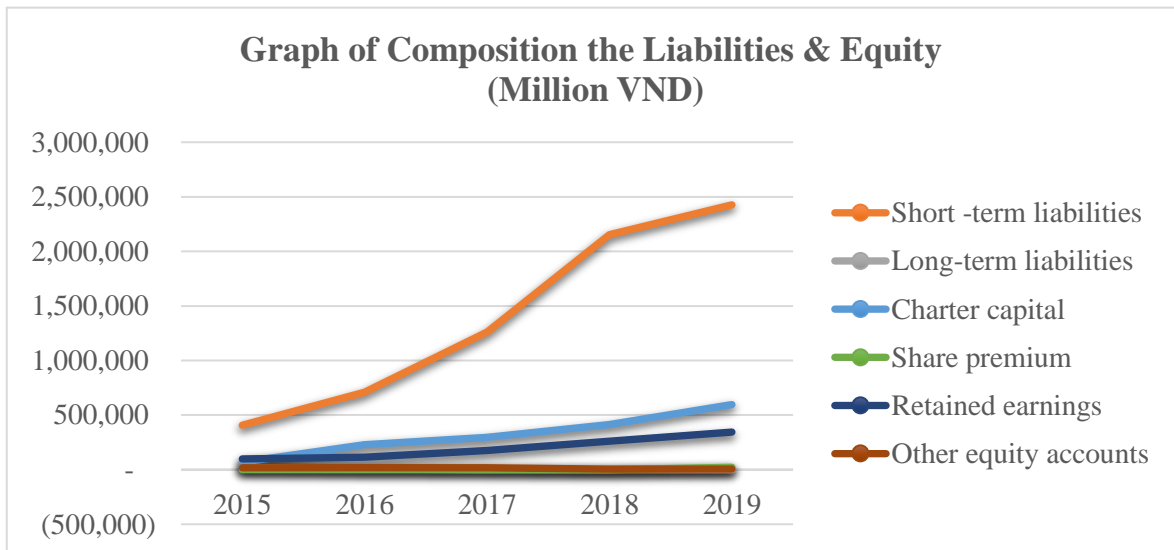
(Source: Own calculation from the balance sheet of Viettel Post 2015-2019)

Table 4 also shows trend growth year by year of liabilities and equity, in which liabilities compounded growth of 54.2%, equity increased 51.1%. It means, to expand the scale of business which is increase the number of post offices from about 400 in 2015 to more than 2,200 post office and collection point in 2019, and at the same time expand the nationwide courier network which is present at all commune and district levels, Viettel Post takes the initiative in increase equity.

Liabilities fluctuate like fluctuations of current assets, from 2016-2018 maintained a high growth rate of 66% -77% and decline to 13% in 2019. This is due to the volatility of short-term liabilities (Figure 6), mainly short-term trade accounts payable. Payables to

sellers come from COD services (Cash on delivery) which accounted for 50% of VTP’s total delivery service orders. Unlike small firms, which often need to deposit money with the senders (equivalent to orders’ value), VTP can collect money from the recipients and then disburse this to the senders after 1-2 days from the delivery date. If in previous, it took about 4-7 days to confirm and disburse to the sender, now thanks to the optimal software system SAP, E-Viet VTP has changed its debt policy to disburse only in 1- 2 days. Thereby reducing the amount of cash held and short-term trade accounts payable.

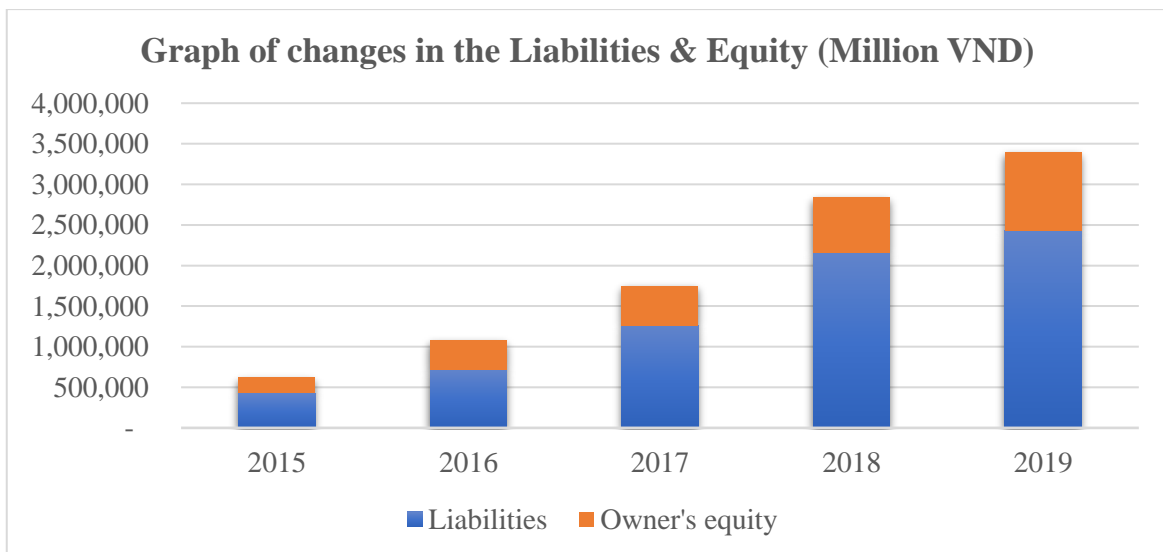
**Figure 6: Graph of Composition of the Liabilities & Equity (VTP)**



(Source: Own figure, 2021)

General overview of the dynamics of liabilities and equity during the period of 2015-2019 is shown in Figure 7.

**Figure 7: Graph changes in the Liabilities & Equity 2015-2019 (VTP)**



(Source: Own figure, 2021)

Equity shows a steadily growing tendency over the monitored period. From the horizontal analysis of equity in table 4, it is clear that the value of the Owner's capital and retained earnings increase year by year because VTP issues ESOP (Employee Stock Ownership Plan) shares and dividend payment by share with approximately 40% combined with cash payment to keep the money for short-term investments. Other equity decreased gradually (CAGR of -25.7%) because VTP used the investment and development fund to pay dividends to shareholders in 2015 and 2018. The author assesses the issue of shares to pay dividends and ESOP as a reasonable decision because in the context that the Company needs money to invest, using money from profits will be better than using outgoing capital borrowed from banks, especially during this period, the interest rates on bank loans very high with popularly from 9% -11%.

To understand the structure of Liabilities & Equity, the author use vertical analysis as a table below:

**Table 5: Vertical Analysis of the Balance Sheet - Liabilities & Equity (VTP)**

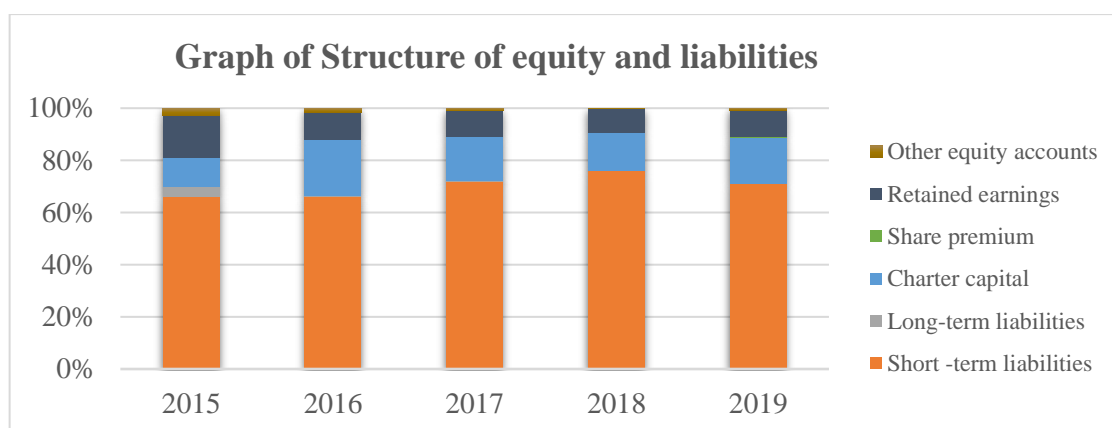
<b>Balance Sheet-equity and liabilities Structure (%)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Liabilities</b>	<b>70%</b>	<b>66%</b>	<b>72%</b>	<b>76%</b>	<b>71%</b>
Short -term liabilities	66%	66%	72%	76%	71%
Long-term liabilities	4%	0%	0%	0%	0%
<b>Owner's equity</b>	<b>30%</b>	<b>34%</b>	<b>28%</b>	<b>24%</b>	<b>29%</b>
Charter capital	11%	21%	17%	15%	18%
Share premium	0%	0%	0%	0%	1%
Retained earnings	16%	11%	10%	9%	10%
Other equity accounts	3%	2%	1%	0%	1%
<b>Total equity and liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*(Source: Own calculation from the balance sheet of Viettel Post 2015-2019)*

In general, the total equity and liabilities structure has changed over the years, but there is no significant change. The structure of liabilities is mainly short-term and accounts for 70% of the total on average. The company had no long-term debt. At the same time, the Owner's equity accounts for an average rate of 30% of the total capital source on average.

Short-term liabilities for a high proportion from 2016-2018 and tends to decline in proportion in 2019 due to the impact of debt collection policies and increasing business scale as explained above.

**Figure 8: Graph of structure Liabilities & Equity 2015-2019 (VTP)**



(Source: Own figure, 2021)

In the last year, the structure of liabilities accounts for 71% which is mainly short-term liabilities. At the same time, the Owner's equity accounts for an average rate of 29% of the total equity and liabilities. The company has increased its charter capital through issuing shares and listing on UPCOM.

#### 4.4.2 Financial performance of Viettel Post

In this chapter, the author would deal with the financial performance of Viettel Post through the analysis of the profit/loss sheet components by vertical and horizontal methods.

Firstly, the author would show the analysis of the income statement was collected from annual reports of VTP from 2015-2019 with highlight trendline and CAGR of the component of the income statement.

**Table 6: Income statement VTP in period 2015-2019**

Income Statement (Million VND)	2015	2016	2017	2018	2019	CAGR	Trendline
<b>Net revenue</b>	1,992,655	2,928,455	4,030,625	4,922,305	7,811,591	↑ 41%	
Cost of goods sold	1,819,208	2,684,781	3,685,683	4,375,727	7,036,308	↑ 40%	
<b>Gross profit</b>	173,448	243,675	344,942	546,578	775,283	↑ 45%	
Financial income	3,205	10,047	20,654	48,672	94,139	↑ 133%	
Financial expenses	976	1,598	2,859	18,868	49,019	↑ 166%	
Selling expenses	483	2,951	14,157	29,855	48,593	↑ 217%	
General and Administrative expenses	92,129	107,013	136,532	199,725	285,304	↑ 33%	
<b>Operating profit</b>	83,063	142,160	212,048	346,802	486,508	↑ 56%	
Other profit	-406	-818	1,483	3,227	-9,413	↑ 119%	
<b>Profit before tax</b>	82,657	141,342	213,531	350,030	477,094	↑ 55%	
<b>Net profit after tax</b>	62,581	112,246	170,056	279,032	380,143	↑ 57%	
Earnings per share (VND)	9,070	4,947	5,729	6,216	5,718		

(Source: Annual report Viettel Post 2015-2019)

The results of table 6 above show that the general trend of revenue, expense, net income to the base year has been rising and compared to the previous years. Especially, the revenue has a CAGR of 41% is outperformed the industry average of 30% (Ministry of Information and Communication 2019). Revenue has risen approximately 4 times in the past 5 years and also VTP always maintains a high and stable growth rate of revenue. Overall expense, in the period 2015-2019, selling expenses had a CAGR of 217%, much higher than revenue variation and in contrast, G&A expenses had a lower CAGR is 33%. This so that the company is controlling well G&A expense.

Horizontal analysis of income statement is an integral part of financial statements analysis. Results of horizontal analysis of income statement of VTP in period 2015-2019 show on the table below:

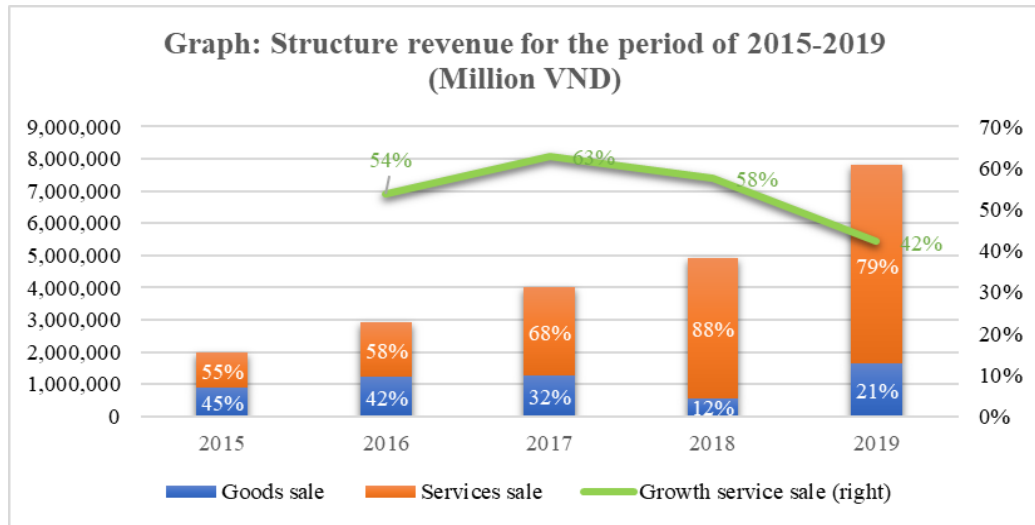
**Table 7: Horizontal Analysis of the Income statement (VTP)**

Income statement (Million VND)	2014/2015		2015/2016		2016/2017		2017/2018		2018/2019	
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change
<b>Net revenue</b>	<b>674,801</b>	<b>51%</b>	<b>935,800</b>	<b>47%</b>	<b>1,102,170</b>	<b>38%</b>	<b>891,680</b>	<b>22%</b>	<b>2,889,286</b>	<b>59%</b>
Cost of goods sold	632,437	53%	865,573	48%	1,000,902	37%	690,044	19%	2,660,581	61%
<b>Gross profit</b>	<b>42,365</b>	<b>32%</b>	<b>70,227</b>	<b>40%</b>	<b>101,267</b>	<b>42%</b>	<b>201,636</b>	<b>58%</b>	<b>228,705</b>	<b>42%</b>
Financial income	(893)	-22%	6,842	213%	10,607	106%	28,018	136%	45,467	93%
Financial expenses	133	16%	622	64%	1,261	79%	16,009	560%	30,151	160%
Selling expenses	483	-	2,468	511%	11,206	380%	15,698	111%	18,738	63%
G&A expenses	15,771	21%	14,884	16%	29,519	28%	63,193	46%	85,579	43%
<b>Operating profit</b>	<b>25,084</b>	<b>43%</b>	<b>59,097</b>	<b>71%</b>	<b>69,888</b>	<b>49%</b>	<b>134,754</b>	<b>64%</b>	<b>139,706</b>	<b>40%</b>
Other profit	5,092	-93%	(412)	101%	2,301	-281%	1,744	118%	(12,640)	-392%
<b>Profit before tax</b>	<b>30,175</b>	<b>57%</b>	<b>58,685</b>	<b>71%</b>	<b>72,189</b>	<b>51%</b>	<b>136,499</b>	<b>64%</b>	<b>127,064</b>	<b>36%</b>
<b>Net profit after tax</b>	<b>23,328</b>	<b>59%</b>	<b>49,665</b>	<b>79%</b>	<b>57,810</b>	<b>52%</b>	<b>108,976</b>	<b>64%</b>	<b>101,111</b>	<b>36%</b>

(Source: Own calculation from the Income statement of Viettel Post 2015-2019)

The first component of the income statement is revenue. As the results from table 6 show, the company has greatly increased revenue in 2019 with 59% and lowest growth in 2018 only 22% due to the impact of VTP reducing sales of the merchandise (Sim/phone card) have a lower gross margin. To clarify, the figure below will describe in detail the revenue structure of Viettel post:

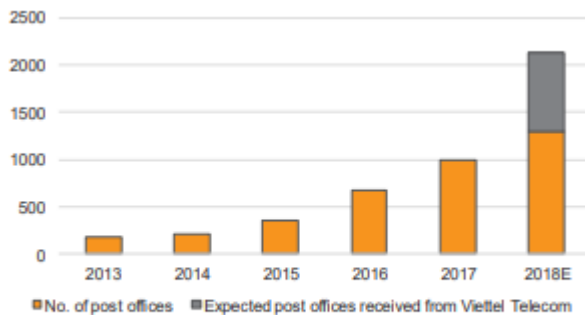
**Figure 9: Graph of structure revenue of VTP 2015-2019**



(Source: Financial statement VTP & Own figure, 2021)

This graph clearly shows the services area contributes the largest proportion in the revenue structure with 79% in 2019. The company tends to narrow the proportion of the goods business and boost delivery and logistics services which is the company's core business. The service sale area always has high growth rate of over 50% in 2016-2018 however it slows down to 42% in 2019 because new competitors enter into the postal industry such as global companies DHL (2017), Be Group (with Be-Express and Be-Delivery 2019), BEST Inc (2019) ... These are big Groups with the advantage in technology, experience, and finance leading to more competitive pressure in the postal and delivery industry. The rapid increase in revenue of service sales because the company captures the boom of the e-commerce market in Vietnam, VTP has expanded business scale, opened new post offices, established a logistics company in Myanmar 2018, invested in technology, and launched ride-hailing services (MYGO) and e-commerce platform (VOSO).

**Figure 10-1: VTP's network expansion in 2013-2018**



Source: VTP

**Figure 10-2: VTP's current network compared with competitors**

	VTP	VnPost	GHN	
			Express	GHTK (*)
Post office	1,300	2,617	na	na
Collection points	7,000	8,661	301	320
<b>Total collection points</b>	<b>8,300</b>	<b>11,278</b>	<b>301</b>	<b>320</b>

Note: (\*) GHTK means Giahangtiethiem

Source: VTP, VNDIRECT



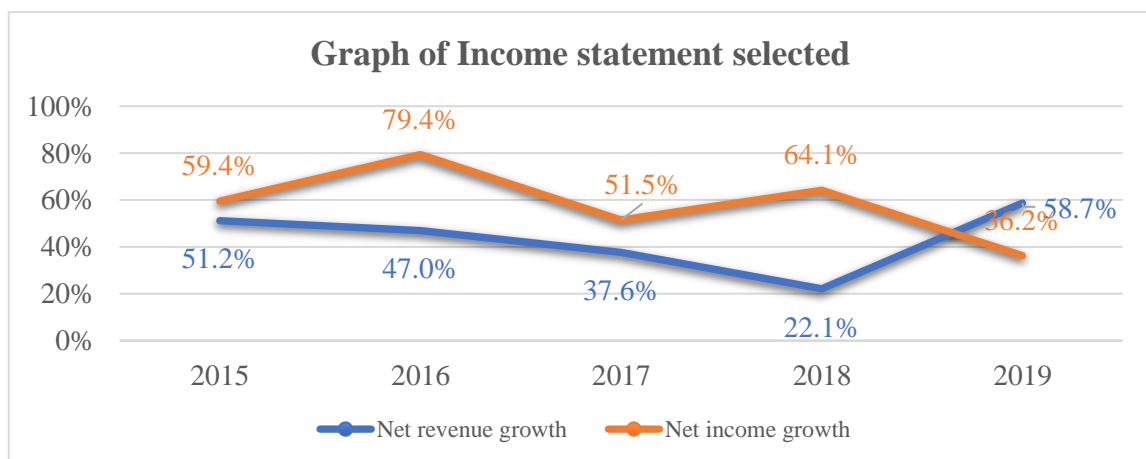
The figure above shows VTP's network expansion in 2015-2018. VTP has the advantage of an extensive courier network and the support of Viettel Group's parent company in terms of point of sale in the Viettel ecosystem. The author assumes that VTP's revenue growth in the future will face many challenges when the impact of Covid 19 on supply chain disruptions and the fierce competition in the postal and delivery industry.

Cost of goods sold (COGS) and gross profit will be discussed in the part profitability ratio. Financial income and financial expense also increase in the period was monitor, but financial income higher than the financial expense so the company has profit in financial activity. In 2019, VTP has the highest absolute financial income because of increased short-term financial investments as previous assets analysis.

Selling expense increased highest growth rate in expenses, especially quite high from 2017, mainly due to increased expense of services purchased from outside for purpose promotion and VTP brand recognition which the company did not invest in before.

General and Administrative (G&A) expenses increased growth rate (CAGR 33%) lower compared with revenue (CAGR 41%) show that the company has controlled G&A expenses very well. However, G&A expenses tend to increase sharply in 2018 and 2019 with 46% and 43%. Management labour expenses account for 60% -65% proportion is the main reason leading to the increase in G&A expense. The company boost to expand business making the management apparatus increase. The author considers that the company needs to optimize the management structure to increase the efficiency of G&A expense. It is important to mention VTP is a company that employs a lot of employees both for indirect (management) and direct labour, which is a feature of the industry, so it is necessary to optimize labour costs.

**Figure 11: Graph of growing revenue and net income of VTP**



(Source: Income statement VTP & Own figure, 2021)

As shown on the graph, net income soared during 2015-2018 and showed signs of slowing growth in 2019 by 36.2% despite the highest growth in 2019 revenue. This paradox has occurred because partly due to negative other profit in 2019, the main reason due to the change in revenue structure when the proportion of goods sales increased from 12% in 2018 to 21% in 2019 and G&A and selling expenses also soared in 2019. Although the net income growth rate in 2019 is 36.2%, when compared to the express delivery industry, Viettel Post had higher net profit growth compared to the express delivery industry (33.4%) and exceed that of the transportation and warehousing industry (7.6%). In the period 2015-2019, the net income CAGR reached 57% per year which higher compare with CAGR revenue 41%. This indicates the company had better cost control compared to the increase in revenue scale.

Vertical analysis of the income statement is effectively repeating the results of ratio analysis described in the following chapters of this thesis. At the same time, ratio analysis brings more insight into the financial performance and financial position and is the more sophisticated analytical method. Therefore, separate vertical analysis of income statements will not bring added value, and ratio analysis is performed instead.

#### 4.4.3 Selected financial analysis ratios for Viettel Post

##### 4.4.3.1 Profitability ratio

The profitability ratios are designed as the business subject's economic result rate when compare the output with input. These indicators show what level is the business subject able to reach profit with the help of the capital used. In table 8 below the profitability ratio values are shown.

**Table 8: Profitability ratio of VTP**

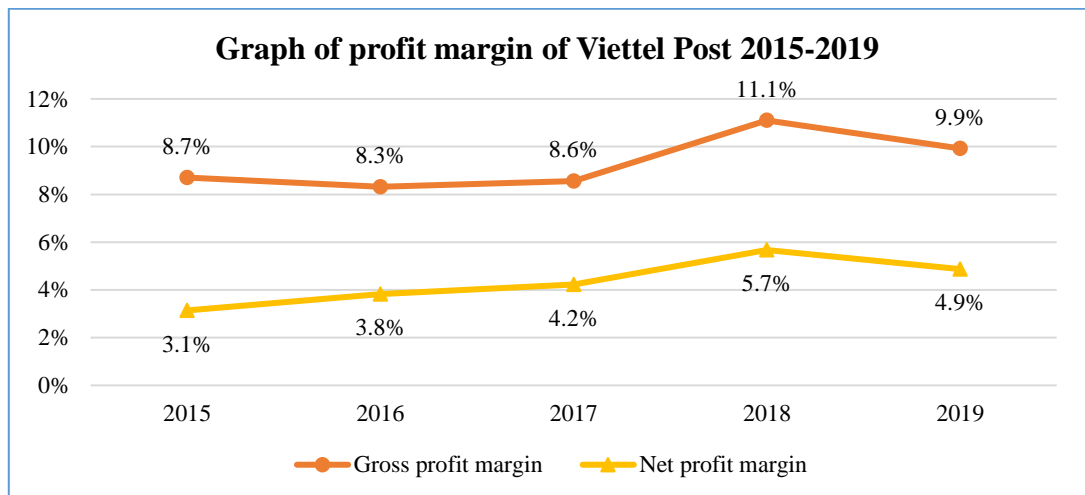
	2015	2016	2017	2018	2019	Trend line
<b>Profit margin</b>						
Gross profit margin	8.7%	8.3%	8.6%	11.1%	9.9%	
Net profit margin	3.1%	3.8%	4.2%	5.7%	4.9%	
<b>Return indicator</b>						
Return on assets (ROA)	12.6%	13.3%	12.0%	12.2%	12.2%	
Return on equity (ROE)	39.0%	41.1%	40.0%	47.7%	46.1%	

(Source: Own calculation from financial statement of Viettel Post 2015-2019)

According to table 8 above, the profitability indicators was maintained at a stable level with no sudden increase or decrease in the period 2015-2019. Profit margin tended to

fluctuate slightly in the period 2015-2017 and then increased to the highest level in 2018 before decreased in 2019. In graph 12, the profit margin of the monitored business subject is graphically shown.

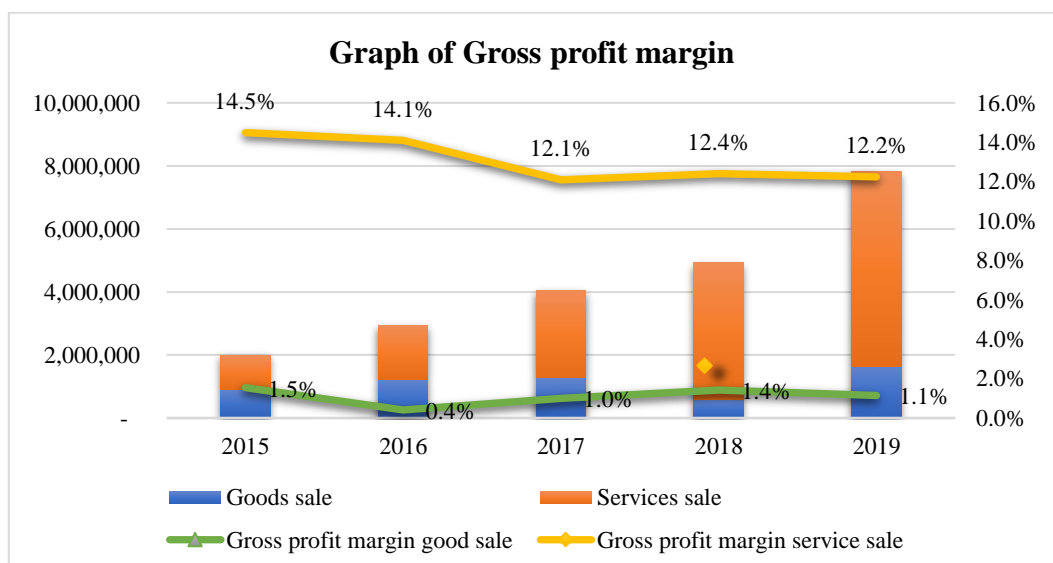
**Figure 12: Graph of profit margin of VTP**



(Source: Financial statement VTP & Own figure, 2021)

From the margin indicators, we can observe, that the highest gross profit margin was reached surprisingly in 2018, which shows the impact of the change in revenue structure when reduced the proportion of sales goods has been analyse in the previous section. For clarity, the graph below will show the detailed chart of gross profit:

**Figure 13: Graph of Gross profit margin of VTP**



(Source: Financial statement VTP & Own figure, 2021)

In the graph above, the gross profit margin of service sales tends to decrease from 2017 due to the increase in direct labour costs which is a slightly negative sign. The author

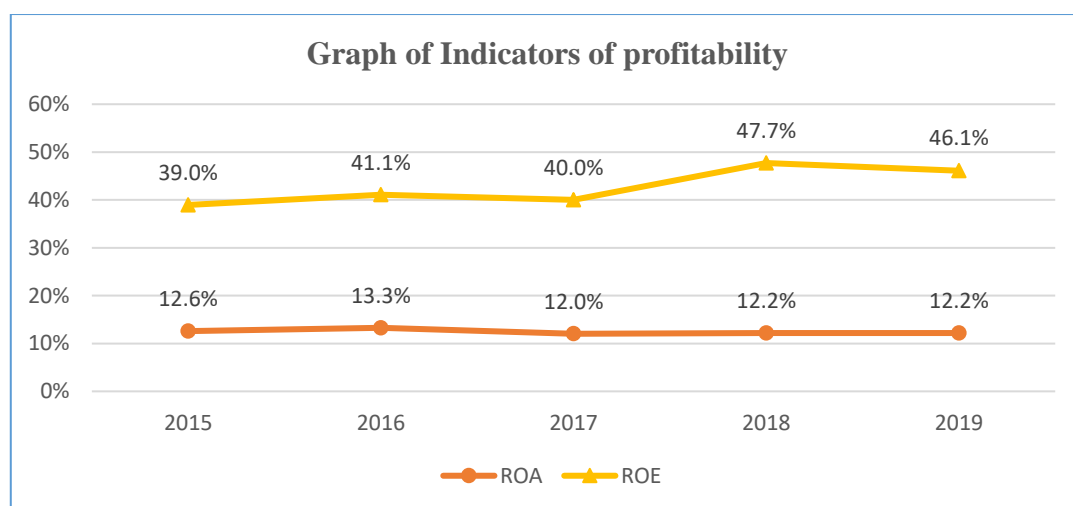
believes that this is the key point that VTP needs to improve to increase the gross profit margin to have a competitive advantage over competitors in the industry.

At the same time, the net profit margin has also highest in 2018 and declines in 2019 and shows a similar trend as the gross profit margin.

Compare with the big competitor in the same industry, Viettel post has a higher net profit margin. On the other hand, compare with global companies in the postal and delivery industry such as DHL (4.01%), Singapore post (6.93%) VTP still do not have the advantage in net profit margin.

In order to define the profitability indicator, the author used the ROA, ROE,

**Figure 14: Graph of Indicators of profitability of VTP**



*(Source: Own calculations from Annual report VTP & Own figure, 2021)*

Profitability is the strength of Viettel Post demonstrate by Return on equity (ROE) in 2019 reached 46.1% and has been maintained high for the last five years. This figure is higher than the average ROE of the transportation and warehousing industry (at 18.6%) and slightly higher than the average ROE of the postal industry (at 45.5%).

Return on assets (ROA) reached 12.6%, much higher when compared to the average ROA of the transport - warehousing industry (7.7%), and greater than the industry's average ROA courier (11.4%).

#### 4.4.3.2 Activity ratio

In the next subchapter, the author would show how a business subject manages its assets and what is its effectiveness by activity ratio. The exact values of the analyse indicators and their development can be seen in Table 9 and Graph 15:

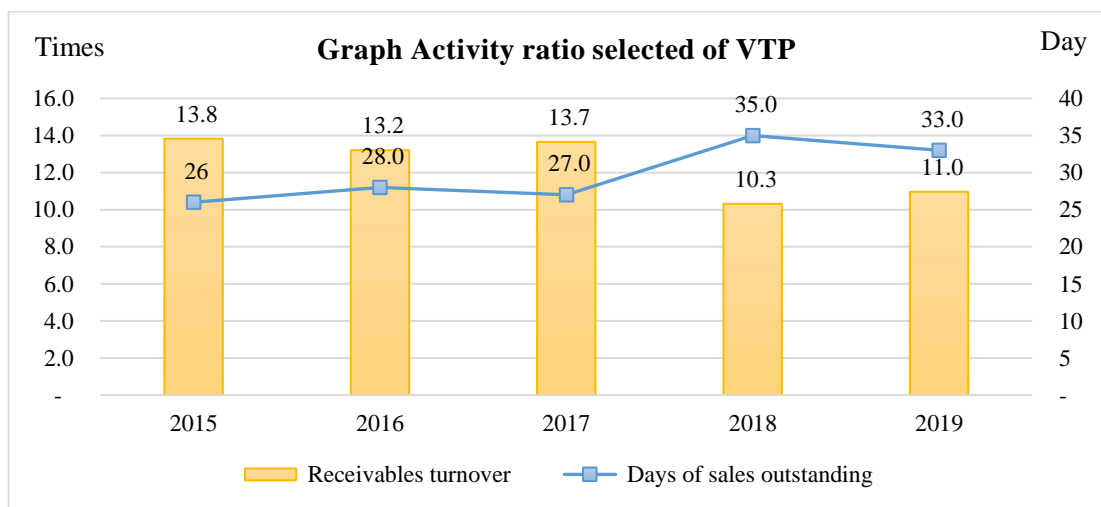
:

**Table 9: Activity ratio of VTP**

	■ High point				■ Low point	
	2015	2016	2017	2018	2019	Trend line
Total asset turnover	4.0	3.5	2.9	2.2	2.5	■ ■ ■ ■ ■
Equity turnover	12.4	10.7	9.5	8.4	9.5	■ ■ ■ ■ ■
Receivables turnover	13.8	13.2	13.7	10.3	11.0	■ ■ ■ ■ ■
Days of sales outstanding	26	28	27	35	33	■ ■ ■ ■ ■

(Source: Own calculation from the financial statement of Viettel Post 2015-2019)

**Figure 15: Graph Activity ratio selected of VTP**



(Source: Own calculations from the financial statement VTP & Own figure, 2021)

Figure 15 shows an overview of the activity of receivables ratios and their trends. As table 9 shows, the asset turnover has had a downward trend during the last five years. The weakest asset use of the business subject has been reached in 2018 with a value of 2.2. This result has been mostly affected by slowing revenue growth in 2018 with 22% while total assets increased 62% due to a high rise in inventory and short-term investment (time deposit), which in 2018 have been the lowest during the reporting period. The asset turnover ratio is 3.47 on average, which indicates that per one unit of assets, 3.47 of sales has been made.

Regarding the similar trend of total asset turnover and equity ratio, the fluctuations of these ratios are mainly caused because of the slower down growth in the sale in 2018 and the increase in the sales of the company in the last years. Equity ratio in 2015 with 12.4% which is the highest ratio in the period monitored. Before 2015, the company's owner's equity maintains stability, but after 2015 entered the stage of fast development, the company has increased equity through stock issuance to supplement capita for business. On the other hand,

CAGR owner's equity (51.1%) in 2015-2018 higher than CAGR revenue (40.7%) so the equity ratio has a downward trend.

VTP is a company specializing in providing services, so inventories do not account for a high proportion of total assets, so in this thesis, the author does not mention the inventory ratio. With the characteristics of delivery services such as COD, logistics, express delivery, and main customers are enterprise, business households lead to receivables always account for a high proportion, even if receivables value higher than the average monthly revenue. In the postal and delivery industry, the receivables turnover ratio is extremely important when it shows the effective recovery of receivables and debts from customers.

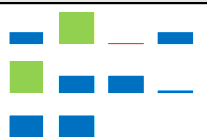


Figure 16 shows the clear trendline of receivables turnover and day of sale outstanding. The receivables and asset turnover in the period 2015 – 2019 show similar trends. The lowest value was reached in 2018 when the short-term receivables collection period was 35 days. The receivables turnover ratio remained stable in 2015-2017 after which tended to decline in the last 2 years, leading to the increasing number of debt collection days. In 2019, the day sale outstanding is 33 days, compared with day collection in the debt collection policy of VTP is 30-45 days, it shows that the company is still managed receivable very well.

In general, VTP has a good ability to use assets, equity, and manage debt collection due to strong revenue growth and efficiency of management financial. However, the main problem of VTP is the tend decline of activity ratio in the last two years. This may indicate an ability slowdown of VTP compared to its competitors in the future.

#### 4.4.3.3 Liquidity ratio

Liquidity ratio analysis shows the financial position of a company and gives an insight into the company's ability to pay out its debt. Following table 10 demonstrates the results of the liquidity analysis (current ratio, quick ratio cash ratio, and interest coverage). These results are discussed below.

**Table 10: Liquidity ratios of VTP**

	2015	2016	2017	2018	2019	Trend line
Current ratio	1.16	1.21	1.13	1.16	1.18	
Cash ratio	0.57	0.38	0.38	0.19	0.14	
Quick ratio	1.15	1.15	1.11	1.1	1.16	

(Source: Own calculation from the annual report of Viettel Post 2015-2019)

For the period 2015-2019, the current ratio of the payment VTP reaches a level greater than 1 average for this period is 1.17, meaning that every 1 VND of short-term debt is always guaranteed more than 1 dong of short-term assets. Thus, we see the ability to pay short-term debts of VTP is very good and is maintained securely over the years.

The cash ratio tends to decline during 2015-2019 and lowest in last year with 0.14 due to the company reduced the amount of cash and increased its short-term financial investment by investing the spare cash to make a financial income as discussed in the asset section. The cash ratio value reached 0.14 in 2019 shows that VTP may have difficulty paying off their critical debts immediately, especially in the context of an economic crisis such as the impact of covid 19, when inventories are not sold, accounts receivable are difficult to recover.

The average quick ratio value reached 1.13, which is evaluated at the safety threshold, the author assesses this as the appropriate level according to the characteristics of the postal and delivery industry when the COD cash flow from receivable from the receiver and payable to the sender is always highly liquid.

#### 4.4.3.4 Leverage ratio

The leverage ratio is the financial source that can use the loan capital for profitable business instead of the firm using their capital. Financial leverage refers to the combination of liabilities and equity to run the financial policies of a firm. The table following shows the leverage analysis of VTP in the period 2015-2019:

**Table 11: Leverage analysis of VTP**

	High point		Low point			
	2015	2016	2017	2018	2019	Trend line
Equity to assets	0.30	0.34	0.28	0.24	0.29	
Debt to assets	0.70	0.66	0.72	0.76	0.71	
Debt to equity	2.31	1.98	2.58	3.17	2.51	

(Source: Own calculation from the annual report of VTP)

Table 11 shows an overview of the leverage ratios and their trends. As the analysis of the leverage ratios shows, the ratio of equity to total assets which is indicative of the equity, has declined slightly from 0.30 to 0.29, which shows stability in equity-financed asset structures during the review period. On the contrary, the debt to the asset is increased from 0.70 to 0.71

Debt-to-equity of VTP reached the highest value in 2018 with 3.17 caused by high increase liabilities 71% (mainly by short-term trade accounts payable increased by 3 times and short-term borrowings and financial leases (bank loans) increase 2 times compared to the previous year). Debt-to-equity tend to increase and reached 2.51 in 2019 show the company's assets are financed mainly by debt. The company uses increasingly high financial leverage to supplement working capital for business expansion. Although working capital is positive, the liabilities have to pay 2.5 times the equity in the structure liabilities and equity, suggesting that the company might be facing financial risks and risk of bank interest rate fluctuations.



## 4.5 Financial position and performance of Vietnam Post

### 4.5.1 Financial position of Vietnam Post

In this chapter, the author would show the horizontal and vertical analysis that was applied on the balance sheet in the period 2015-2019 as the source financial position of the company. In the beginning, the following horizontal analysis was applied to the total asset in the balance:

**Table 12: Horizontal Analysis of the Balance Sheet – Assets (VN Post)**

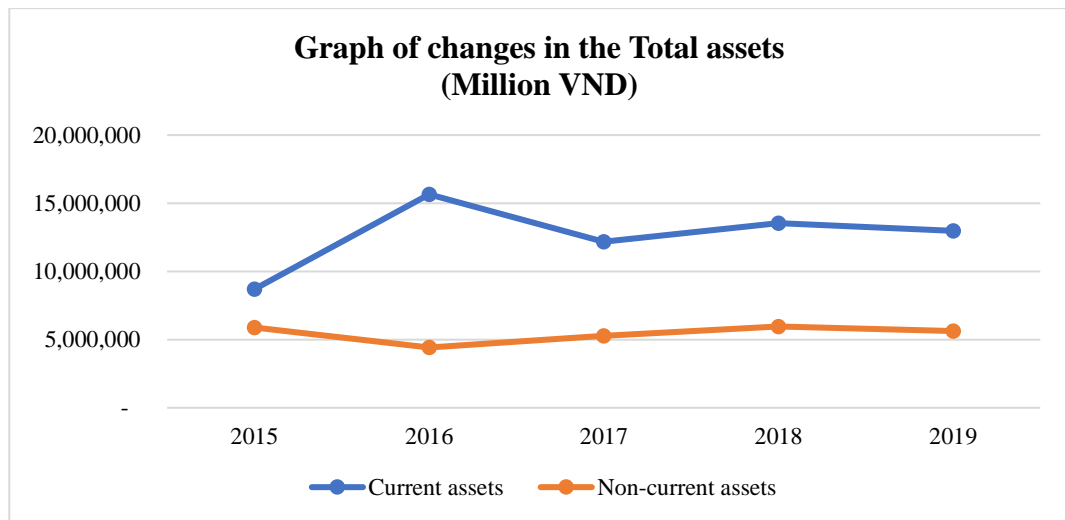
Balance Sheet (Million VND)	2015/2016		2016/2017		2017/2018		2018/2019		CAGR 2015-2019
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	
<b>Current assets</b>	<b>6,952,326</b>	<b>80%</b>	<b>(3,467,197)</b>	<b>-22%</b>	<b>1,359,055</b>	<b>11%</b>	<b>(554,612)</b>	<b>-4%</b>	<b>↑ 10.5%</b>
Cash and cash equivalents	4,945,275	84%	(3,996,392)	-37%	457,284	7%	253,802	3%	↑ 6.4%
Short-term investments	1,625,525	95%	18,261	1%	86,536	3%	(638,950)	-19%	↑ 13.1%
Short-term receivables	322,317	36%	407,898	34%	838,147	52%	(112,386)	-5%	↑ 27.3%
Inventories	38,117	29%	37,718	22%	11,845	6%	(35,155)	-16%	↑ 8.7%
Other current assets	21,092	44%	65,318	95%	(34,758)	-26%	(21,923)	-22%	↑ 12.9%
<b>Non-current assets</b>	<b>(1,469,604)</b>	<b>-25%</b>	<b>862,734</b>	<b>20%</b>	<b>677,949</b>	<b>13%</b>	<b>(326,980)</b>	<b>-5%</b>	<b>↓ -1.1%</b>
Fixed assets	219,767	10%	484,378	20%	384,806	13%	153,379	5%	↑ 12.0%
Long-term investments	(1,973,196)	-60%	90,856	7%	(12,802)	-1%	(82,878)	-6%	↓ -20.6%
Other long-term assets	283,825	64%	287,500	40%	305,944	30%	(397,481)	-30%	↑ 20.2%
<b>Total assets</b>	<b>5,482,721</b>	<b>38%</b>	<b>(2,604,463)</b>	<b>-13%</b>	<b>1,710,023</b>	<b>10%</b>	<b>(227,632)</b>	<b>-1%</b>	<b>↑ 6.8%</b>

(Source: Own calculation from the balance sheet of Vietnam Post 2015-2019)

In the period case study 2015-2019, the author calculates Compound Annual Growth Rate (CAGR) of total asset approximately 6.8%. In which, the highest increase in 2016 with 38%, however in the next year 2017, its a sudden decrease in negative growth -13% because of the impact of increased cash and equivalents decline -37% which will be discussed in detail later. In 2018 total assets increased slightly by 10% before negative growth in the last year 2019 by -1%. In general, in the last 3 years, total assets tended to decrease or increased slightly, showing that the scale of using assets of the company is decreasing.

To be clear the trend of total assets we take into account the CAGR of current assets is 10.5%, and follow that Non-current assets have a negative trend is 1.1%. The main motivation for the growth of total assets comes from current assets clearly shown in the following figure below:

**Figure 16: Graph changes in total assets of Vietnam Post 2015-2019**



*(Source: Own figure, 2021)*

From this Graph, it is important to mention, current assets have major contributions to total assets, and Non-current assets maintaining at a stable level, there is no significant change, so it can be said that the increase in total assets is due to an increase in current assets.

Cash and equivalent increased 84% in 2016 because of increased other payables (be analyses later) that will have to pay in the next year. In 2017, cash decreased by 37% due to the company cooperates with Vietnam Social Insurance to pilot the application of IT in cash monthly pension payments and social insurance benefits. This is the service payment and collection for the public administrative services of the company.

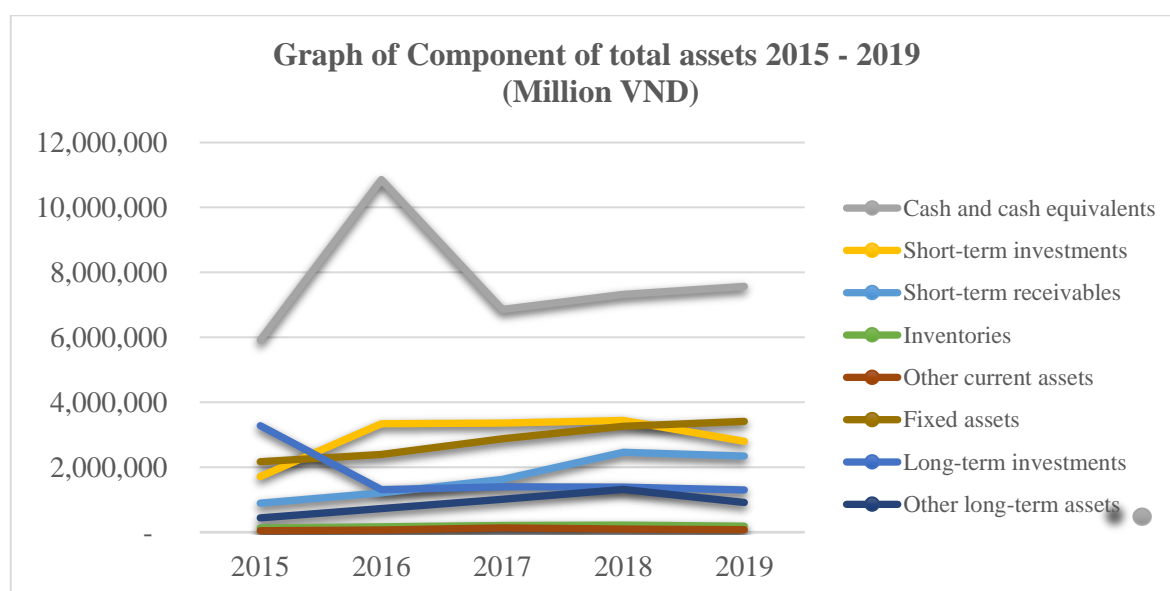
Short-term investments growth with a CAGR of 13.1%. The notes to financial statements show that a short-term financial investment is a time deposit with a maturity of less than one year. It increased by 95% in 2016 because decreased by held-to-maturity investments are long-term deposits that are converted into short-term deposits by the company to increase working capital.

Short-term receivables growth is at a CAGR of 27.3%, take into account the CAGR of 31% increase in revenue during 2015-2019, the company was quite good at managing customer receivables. It reflects the growth in scale of total assets, growth in revenue, enlarging business operations.

Inventory growth with a CAGR of 8.7% and tends to increase slowly and decrease in 2019 by -16%, It means, the segment communication & distribution is growing slowly compared to other pillar businesses. The company focus on postal and delivery, postal finance service which brings higher profit and competitive strength for the company.

Fix asset growth with a CAGR of 12% and increase every year shows that the company still regularly invests in the purchase of new machinery and equipment systems every year. The trend of digital transformation in the postal and delivery sectors in Viet Nam by applying technology to optimize the postal process is the strength of leading companies. Vietnam Post always has a special interest in finding and learning information to apply new technologies such as applied robots into postal operations. Especially in order to improve infrastructure capacity, move towards production automation, Vietnam Post invested the most modern automatic sorting system in Southeast Asia with a capacity of tens of thousands of parcels/hours; the ability to accurately sort many items with different volume sizes, accordingly, meet the average growth rate of 30% / year.

**Figure 17: Graph of Component of Total assets of Vietnam Post**



*(Source: Own figure, 2021)*

Figure 17, it is showing the increasing trend of the composition of total assets. It can be easy to show most of the items in total assets tended to increase slightly during the research period except for long-term financial investment decreased due to being converted to working capital for business. This shows that despite the high growth in revenue and profit, the asset size has not changed significantly, so it can be said that the company is using assets more effectively which will be analyse in ratio analysis.

To consider the change in asset structure, the author uses the vertical analysis (Common size analysis) method was applied in the total asset as shown in the table below.

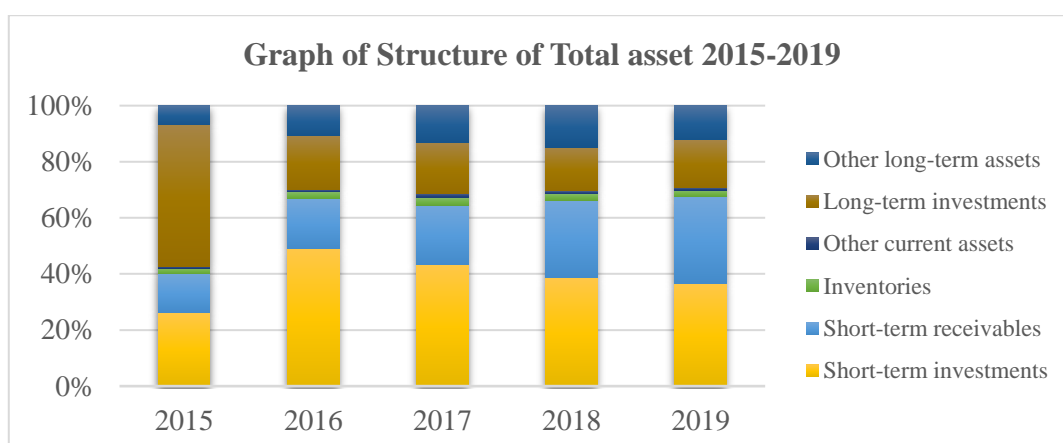
**Table 13: Vertical analysis of the Balance Sheet – Assets (VN Post)**

Balance Sheet-Asset Structure (%)	2015	2016	2017	2018	2019
<b>Current assets</b>	<b>60%</b>	<b>78%</b>	<b>70%</b>	<b>71%</b>	<b>69%</b>
Cash and cash equivalents	41%	54%	39%	38%	40%
Short-term investments	12%	17%	19%	18%	15%
Short-term receivables	6%	6%	9%	13%	12%
Inventories	1%	1%	1%	1%	1%
Other current assets	0%	0%	1%	1%	0%
<b>Non-current assets</b>	<b>40%</b>	<b>22%</b>	<b>30%</b>	<b>31%</b>	<b>30%</b>
Fixed assets	15%	12%	16%	17%	18%
Long-term investments	22%	7%	8%	7%	7%
Other long-term assets	3%	4%	6%	7%	5%
<b>Total assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(Source: Own calculation from Balance sheet of VN Post)

Current assets have the biggest share of total assets with 69% of total assets in 2019. Basically, the proportion of current assets and Non-current assets did not change significantly in the last 3 years from 2017 to 2019. Current assets account for 70% of total assets and 30% of Non-current assets. If compared with 2016, the proportion of current assets / Non-current assets was 60/40, it can be seen that the company has changed its structure in the direction of increasing current assets and decreasing Non-current assets.

**Figure 18: Graph Structure of Asset (VN Post)**



(Source: Own figure, 2021)

Percentage changes of assets are graphically processed in figure 18 where the changes are more visible. The trend increased the proportion of short-term investment (12%-

15%) over the years and on contrary was the decrease in the proportion of long-term investment (22%-7%). With the main business are services such as post and delivery, postal financial services, revenue growth led to an increase in receivables, so the proportion of short-term receivable increased from 6% to 12%. Other asset changes slightly from 3% to 5% have a small significance in structure assets.

The next, table below shows the trend growth of the Equity and Liabilities items of the balance sheet over time.

**Table 14: Horizontal Analysis of the Balance Sheet - Liabilities & Equity (VN Post)**

Balance Sheet (Million VND)	2015/2016		2016/2017		2017/2018		2018/2019		CAGR 2015-2019
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	
<b>Liabilities</b>	<b>5,466,922</b>	<b>90%</b>	<b>(2,678,608)</b>	<b>-23%</b>	<b>1,695,729</b>	<b>19%</b>	<b>(285,159)</b>	<b>-3%</b>	<b>↑ 14.0%</b>
Short -term liabilities	5,615,207	97%	(2,976,443)	-26%	2,031,893	24%	(485,984)	-5%	↑ 14.5%
Long-term liabilities	(148,285)	-56%	297,835	253%	(336,164)	-81%	200,825	252%	↑ 1.3%
<b>Owner's equity</b>	<b>15,799</b>	<b>0%</b>	<b>74,145</b>	<b>1%</b>	<b>14,294</b>	<b>0%</b>	<b>57,528</b>	<b>1%</b>	<b>↑ 0.5%</b>
Charter capital	-	0%	-	0%	-	0%	-	0%	↓ 0.0%
Share premium	-	0%	-	0%	-	0%	-	0%	↑ 0.0%
Retained earnings	12,903	17%	43,782	48%	6,322	5%	30,821	22%	↑ 21.9%
Other equity accounts	2,896	2%	30,362	22%	7,972	5%	26,707	15%	↑ 10.7%
<b>Total equity and liabilities</b>	<b>5,482,721</b>	<b>38%</b>	<b>(2,604,463)</b>	<b>-13%</b>	<b>1,710,023</b>	<b>10%</b>	<b>(227,632)</b>	<b>-1%</b>	<b>↑ 6.8%</b>

(Source: Own calculation from the balance sheet of Vietnam Post 2015-2019)

Table 14 also shows trend growth of liabilities and equity, in which liabilities compounded growth of 6.8% as total asset, Owner's equity is no remarkable change with 0.5%. Especially, the company's charter capital remained unchanged during this period although total assets and revenue have increased. It shows the company has abundant equity capital.

Liabilities fluctuate like fluctuations of current assets, CAGR of liabilities was 14% in 2015-2019, in which the highest increased 90% in 2016 then decline -23% in 2017, and the last year 2019 decline -3%. The big change in 2015 and 2016 is due to the payable of the social insurance Vietnam collection and payment service. These payables increased due to collection in 2016 and decreased in 2017 owing to payments. Change in these payables impact change in cash as analyse previously. According to the policy company in the Cash on delivery (COD) service was collected and payment within 5 days, so the cash flow for this service is very fast hence there is no significant increase in the payable from this service.

Long-term liabilities are very small compared to short-term liabilities since the company has no long-term debt and too small in short-term borrowings and financial leases because of abundant equity. Fluctuation of long-term liabilities is due to other long-term payables changing over the year, however, this account had a relatively small balance, so the author did not focus on analysing.

Equity shows a steadily growing tendency over the monitored period. From the horizontal analysis of equity in table 3, retain earnings increased 12.9% and other equity accounts increased 10.7%. Both of these amounts have increased over the years, showing the company's income growth causes increase capital efficiency. Compared to other competitors in the industry, Vietnam Post has the advantage of the abundance of equity due to its long-standing development and the investment of state capital through VNPT - one of the biggest corporations in Vietnam.

To understand the structure of Liabilities & Equity, the author use vertical analysis as a table below:

**Table 15: Vertical Analysis of the Balance Sheet - Liabilities & Equity (VN Post)**

<b>Balance Sheet- equity and liabilities Structure (%)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Liabilities</b>	<b>42%</b>	<b>58%</b>	<b>51%</b>	<b>55%</b>	<b>54%</b>
Short -term liabilities	40%	57%	48%	55%	53%
Long-term liabilities	2%	1%	2%	0%	1%
<b>Owner's equity</b>	<b>58%</b>	<b>42%</b>	<b>49%</b>	<b>45%</b>	<b>46%</b>
Charter capital	56%	40%	46%	42%	43%
Share premium	1%	1%	1%	1%	1%
Retained earnings	1%	0%	1%	1%	1%
Other equity accounts	1%	1%	1%	1%	1%
<b>Total equity and liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*(Source: Own calculation from the balance sheet of Vietnam Post 2015-2019)*

In general, the total equity and liabilities structure has changed over the years, tend to increase the proportion of liabilities and on the contrary decline the equity proportion. According to the growth in the size of the business, the equity did not change significantly

while the increase in the total assets resulted in a decrease in the proportion of equity and an increase in liabilities proportion, especially short-term liabilities.

In the last year, the structure of liabilities accounts for 54% which is mainly short-term liabilities 53%, and very small long-term liabilities with 1%. At the same time, the Owner's equity accounts for an average rate of 46% of the total equity and liabilities. By not using financial leverage, the author assessed that the company is using equity capital more effectively.

## 4.5.2 Financial performance of Vietnam Post

Next part, the author would deal with the analysis of financial performance by analysing the profit/loss sheet components by the vertical and horizontal methods.

Firstly, the author would show the analysis of the income statement was collected from annual reports of Vietnam Post from 2015-2019 with highlight trendline and CAGR of the component of the income statement.

**Table 16: Income statement Vietnam Post in period 2015-2019**

Income Statement (Million VND)	2015	2016	2017	2018	2019	CAGR	Trend line
Net revenue	8,323,835	11,958,453	16,169,307	20,598,561	24,888,372	↑ 31%	
Cost of goods sold	7,359,411	10,735,658	14,362,726	18,513,747	22,677,767	↑ 32%	
Gross profit	964,424	1,222,795	1,806,581	2,084,814	2,210,605	↑ 23%	
Financial income	333,837	383,435	340,041	272,729	244,176	↓ -8%	
Financial expenses	4,692	3,905	22,302	6,155	71,046	↑ 97%	
Profit/loss of associates and joint	27,841	11,024	23,179	673	31,251	↑ 3%	
Selling expenses	102,900	70,464	102,102	106,816	128,427	↑ 6%	
G & A expenses	1,144,332	1,383,204	1,699,723	1,835,649	1,774,770	↑ 12%	
Operating profit	74,178	159,681	345,673	409,596	511,789	↑ 62%	
Other profit	79,682	15,666	35,673	20,454	42,744	↓ -14%	
Profit before tax	153,860	175,347	381,346	430,050	554,534	↑ 38%	
Net profit after tax	133,059	167,310	349,385	347,866	452,445	↑ 36%	

(Source: Income statement of Vietnam Post 2015-2019)

The results of table 16 above show that the general trend of revenue, expense, net income to the base year has been rising and compared to the previous years. Especially, the revenue has a CAGR of 31% is higher than the industry average of 30% (Ministry of Information and Communication 2019). Revenue has risen approximately 3 times in the past 5 years and also Vietnam Post always maintains a high and stable growth rate of revenue. Overall expense, in the period 2015-2019, selling expenses had a CAGR of 6%, and G&A

expenses had a lower CAGR is 12%. This so that the company is controlling selling expenses and G&A expense. Besides that, in this period Vietnam Post gain profit from associates and joint ventures which contributed to net income. Along with that is the increase in financial expense due to the increase in provision for financial investments because some investments in joint ventures, associates, which makes losses.

Horizontal analysis of income statement is an integral part of financial statements analysis. Results of horizontal analysis of income statement of Vietnam Post in period 2015-2019 show on the table below:

**Table 17: Horizontal Analysis of the Income statement (VN Post)**

Income statement (Million VND)	2015/2016		2016/2017		2017/2018		2018/2019	
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change
<b>Net revenue</b>	<b>3,634,618</b>	<b>44%</b>	<b>4,210,854</b>	<b>35%</b>	<b>4,429,254</b>	<b>27%</b>	<b>4,289,811</b>	<b>21%</b>
Cost of goods sold	3,376,247	46%	3,627,068	34%	4,151,021	29%	4,164,020	22%
<b>Gross profit</b>	<b>258,371</b>	<b>27%</b>	<b>583,786</b>	<b>48%</b>	<b>278,233</b>	<b>15%</b>	<b>125,791</b>	<b>6%</b>
Financial income	49,598	15%	(43,394)	-11%	(67,312)	-20%	(28,553)	-10%
Financial expenses	(787)	-17%	18,397	471%	(16,148)	-72%	64,891	1054%
Profit/loss of associates and joint ventures	(16,817)	-60%	12,155	110%	(22,506)	-97%	30,578	4543%
Selling expenses	(32,436)	-32%	31,638	45%	4,713	5%	21,611	20%
G &A expenses	238,872	21%	316,519	23%	135,926	8%	(60,879)	-3%
<b>Operating profit</b>	<b>85,503</b>	<b>115%</b>	<b>185,992</b>	<b>116%</b>	<b>63,923</b>	<b>18%</b>	<b>102,193</b>	<b>25%</b>
Other profit	(64,016)	-80%	20,007	128%	(15,219)	-43%	22,290	109%
<b>Profit before tax</b>	<b>21,487</b>	<b>14%</b>	<b>205,999</b>	<b>117%</b>	<b>48,704</b>	<b>13%</b>	<b>124,484</b>	<b>29%</b>
<b>Net profit after tax</b>	<b>34,251</b>	<b>26%</b>	<b>182,075</b>	<b>109%</b>	<b>(1,519)</b>	<b>0%</b>	<b>104,580</b>	<b>30%</b>

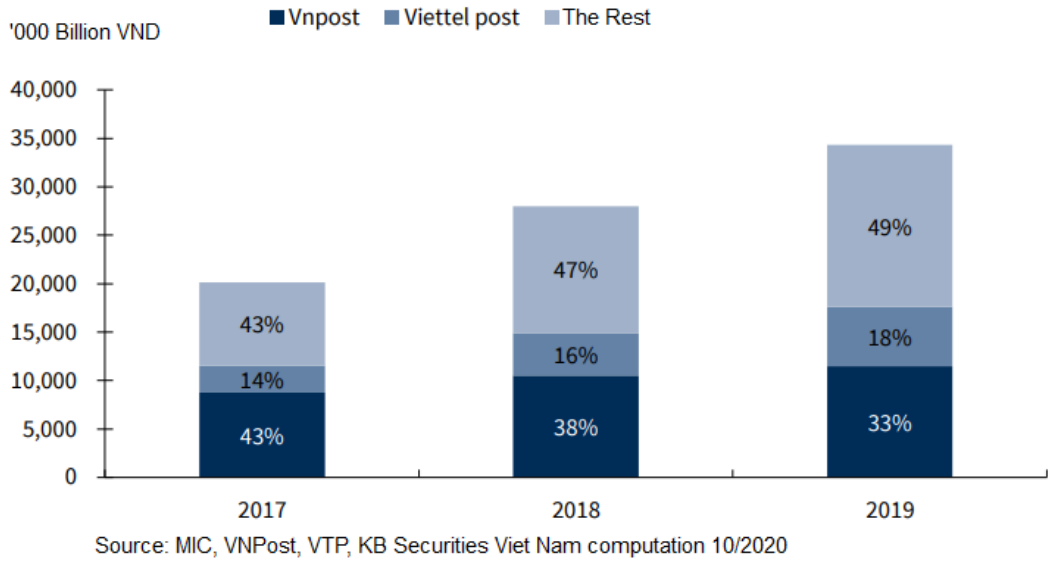
*(Source: Own calculation from the Income statement of Vietnam Post 2015-2019)*

As the results from table 17 show, the company has greatly increased revenue in 2016 by 44% and the lowest growth in 2019 only 21%. Although the revenue is still growing over the years, the growth rate is slowing down. The reason is the increasingly fierce competition in the postal and delivery industry with the participation of many competitors and especially the rapid growth of Viettel Post. VN Post's market share is declining and at the same time, express delivery revenue slowed down, and the decreased contribution of this segment to total revenue.

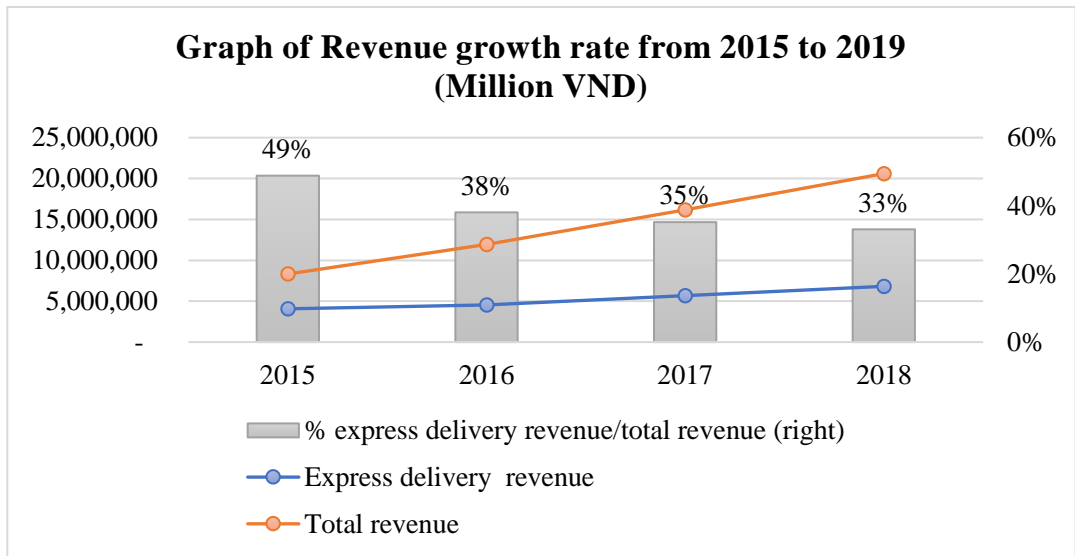
To clarify, the figure below will compare the market share of Vietnam Post with the competitor and describe in detail the revenue structure of VN post:



**Figure 19: Graph of compare market share of Vietnam Post with competitor**



**Figure 20: Graph of structure revenue for the period of 2015-2019**



(Source: Financial statement Vietnam Post & Own figure, 2021)

Through the chart above, we can clearly see the decline of the delivery service segment in the business structure of Vietnam Post. The author access that Vietnam Post revenue growth in the future will continue to face many challenges when the impact of Covid 19 on supply chain disruptions and strong competition from direct competitors such as Viettel Post.

Cost of goods sold, and gross profit will be discussed in the part profitability ratio. Financial income and financial expense also increase in the period was monitor, but financial income higher than the financial expense so the company has profit in financial activity.

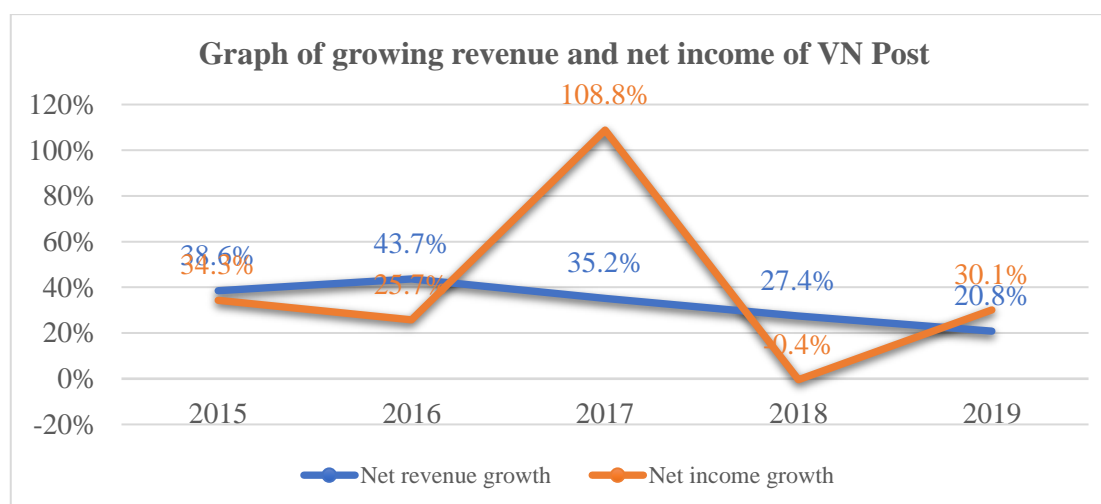
Financial income mainly from interest rates on deposits and loans which is a downward trend because the company reduces long-term deposits and short-term deposits to use in invested fixed assets and business expansion. Financial expenses surged in 2019 because the company made provisions for equity investments in other entities which gain loss.

Profit/loss of associates and joint ventures change in over year depend on the business result of the companies which receive the investment. In 2019, Vietnam Post gets the highest profit of associates and joint ventures.

Selling expenses increased slightly 6% and did not impact much on net income because it accounted for a very small proportion of the expense structure. The characteristic of the postal and delivery industry does not use much of selling expense for the business.

General and Administrative expenses increased growth rate (CAGR 12%) lower compared with revenue (CAGR 31%) and a downward trend showed that the company had control G&A expenses. In the last 3 years, the management cost did not change remarkably, showing that the company has basically completed the management apparatus.

**Figure 21: Graph of growing revenue and net income of VN Post**



(Source: Income statement Vietnam Post & Own figure, 2021)

The graph above shows the growth rate related to revenue and net income in 2015-2019. As show on the graph, net income does not grow in parallel with revenue. Net income soared in 2017 with 108.8% and there was no change in 2017 then increased again in 2019 (30.1%) despite the slowdown in revenue growth. This issue is due to the impact of the change in gross profit margin and the change in financial expense, and profit/loss of associates and joint ventures does not the same with revenue. However, take into account the overall period 2015-2019, net income (36%) has a higher growth rate than revenue (31%).

In general, from the overall perspective of financial performance, Vietnam Post is achieving efficiency with growth in revenue, profit, and controlling selling expenses, G&A expenses. However, for a more in-depth look, we need to use the analysis of the financial ratios below for a more detailed look.

### 4.5.3 Selected financial analysis ratios for Vietnam Post

#### 4.5.3.1 Profitability ratio

. Firstly, the author would deal with profitability ratio analysis. Profitability reflects efficiency in using company resources to generate profits. In table 19 below the profitability ratio values are shown.

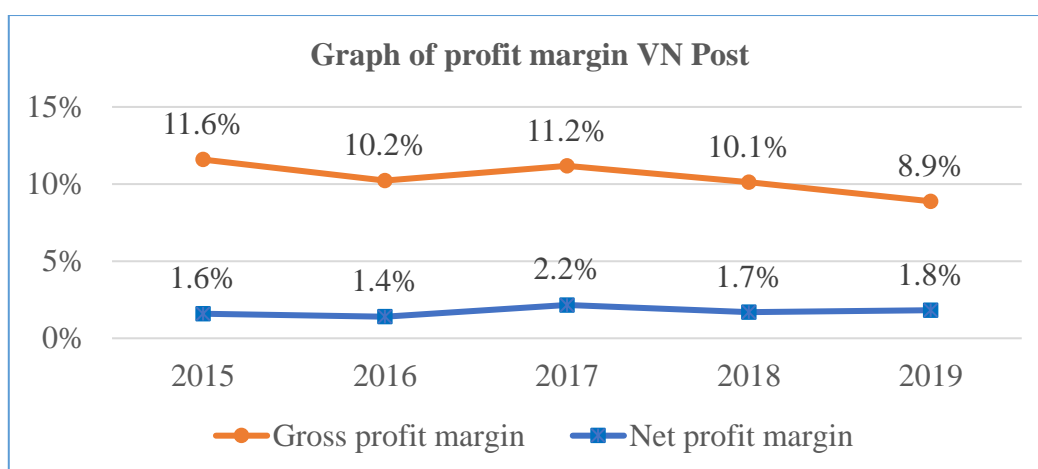
**Table 18: Profitability ratio of VN Post**

	2015	2016	2017	2018	2019	Trend line
<div style="display: flex; justify-content: space-around; align-items: center;"> <span style="color: green;">■</span> High point           <span style="color: red;">■</span> Low point         </div>						
<b>Profit margin</b>						
Gross profit margin	11.6%	10.2%	11.2%	10.1%	8.9%	
Net profit margin	1.6%	1.4%	2.2%	1.7%	1.8%	
<b>Return indicator</b>						
Return on assets (ROA)	0.9%	1.0%	1.9%	1.9%	2.4%	
Return on equity (ROE)	1.6%	2.0%	4.1%	4.0%	5.2%	

(Source: Own calculation from the annual report of Vietnam Post 2015-2019)

According to the table above, the profit margin has slightly changed in the period 2015-2019. On the contrary, the return on assets (ROA) and return on equity (ROE) tend to increase, showing that the company has used resources more efficiently. In graph 22, the profit margin of the monitored business subject is graphically shown.

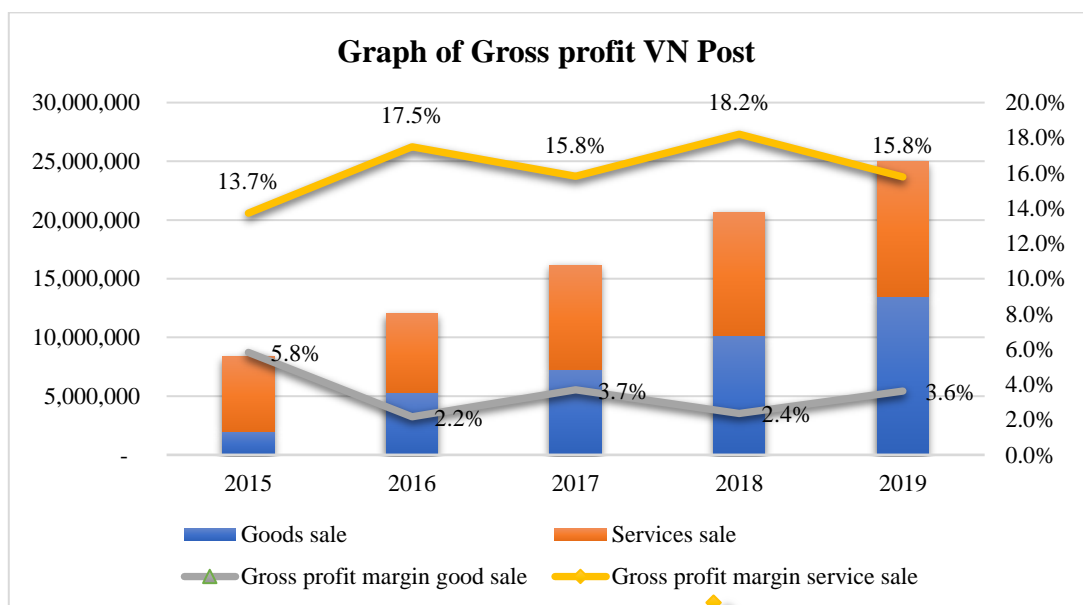
**Figure 22: Graph of profit margin of VN Post**



(Source: Financial statement Vietnam Post & Own figure, 2021)

From the margin indicators, we can observe, that the highest gross profit margin was reached in 2016 with 11.6% and then decline to the lowest in the last year 2019 with 8.9%. This factor has a negative impact on profit. Gross margin has a downtrend because of the impact of the change in revenue structure when reduced the proportion of service and increase the proportion of goods. For clarity, the graph below will show the detailed chart of gross profit:

**Figure 23: Graph of Gross profit margin of Vietnam Post**



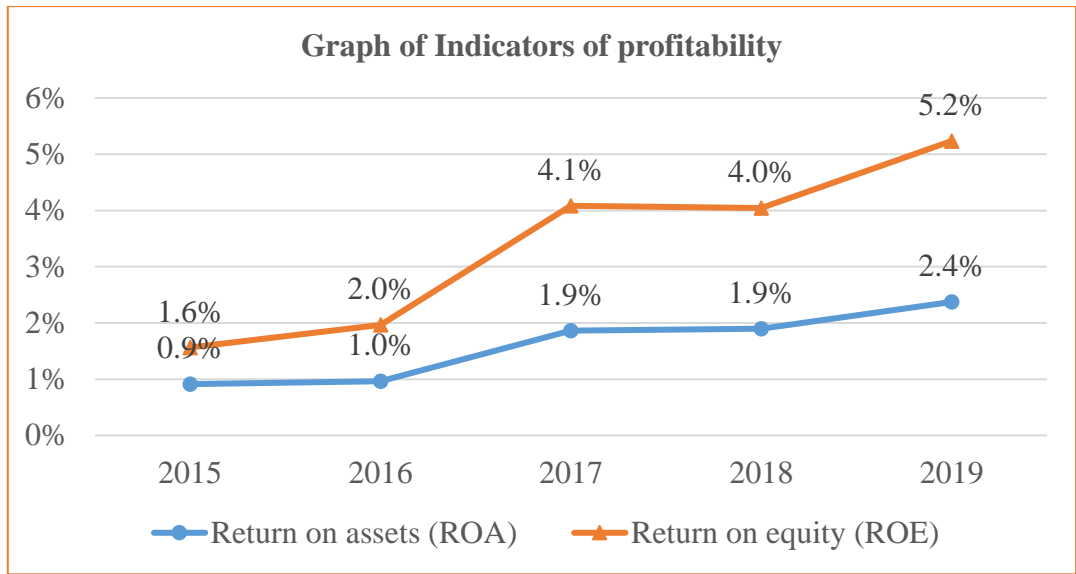
*(Source: Financial statement Vietnam Post & Own figure, 2021)*

In the graph above, the change in revenue structure tends to increase the proportion of goods revenue (lower gross profit margin) and decrease service revenue (higher gross profit margin) lead to a downtrend of gross profit margin in total. The author believes that this is the key point that Vietnam Post needs to improve to change the structure of revenue aim to increase the gross profit margin and achieve a higher profit margin.

Net profit margin is highest in 2017 with 2.2% and declines to 1.8% in 2019. As discussed in the previous section, net profit is affected by changes in gross profit margin and change in financial expense, and profit/loss of associates and joint ventures.

In order to define the profitability indicator, the author used the ROA, ROE.

**Figure 24: Graph of Indicators of profitability of VN Post**



(Source: Own calculations from Annual report Vietnam Post & Own figure, 2021)

Return on assets (ROA) reached the highest value 5.2% in 2019 and have an uptrend shows the company is used assets more efficiently. However, ROA of Vietnam Post is lower when compared to the average ROA of the transport - warehousing industry (7.7%), and lower than the industry's average ROA courier (11.4%).

At the same time, return on equity (ROE) as the same trend with ROA with the highest value in 2019 reached 2.4. However, because Vietnam Post has abundant equity so ROE lower than the average ROE of the transportation and warehousing industry (at 18.6%) and much lower than the average ROE of the postal industry (at 45.5%). It can be said that the company has not fully exploited its used resources such as assets and equity.

#### 4.5.3.2 Activity ratio

In the next subchapter, the author would show the efficiency of the current assets and liabilities in the business concern by activity ratio. The exact values of the analyse indicators and their development can be seen in table below:

**Table 19: Activity ratio of VN Post**

	2015	2016	2017	2018	2019	Trend line
Total asset turnover	0.6	0.7	0.9	1.1	1.3	— — — — —
Equity turnover	1.0	1.4	1.9	2.4	2.9	— — — — —
Receivables turnover	9.3	11.3	11.4	10.1	10.3	— — — — —
Days of sales outstanding	39	32	32	36	35	— — — — —

(Source: Own calculation from the annual report of Vietnam Post 2015-2019)

As table 19 shows, the asset turnover has had an upward trend during the last five years. The weakest asset use of the business subject has been reached in 2015 with a value of 0.6 and the highest value in 2019 with 1.3. This result has been mostly affected by slowing asset growth in this period with 6.8% while revenue increased 31%. The uptrend in total asset turnover shows a more positive side of asset utilization to generate revenue.

Regarding the similar trend of Total asset turnover and equity turnover, the fluctuations of these ratios was mainly due to the rapid growth in sales during this period while total asset slow growth or stabilize equity. Equity turnover in 2015 with 1.0 which is the lowest value and reaches the highest value in 2019 with 2.9. The uptrend in total asset turnover shows more efficiency in using the equity of the company.

Like Viettel Post, Vietnam Post is a company also specializing in providing services, so inventories do not account for a high proportion of total assets, so in this thesis, the author does not mention the inventory ratio. In the postal and delivery industry, the receivables turnover ratio is extremely important when it shows the effective collection of receivables and debts from customers.

Table 19 shows the clear trendline of receivables turnover and day of sale outstanding. The receivables turnover had the lowest value was reached in 2015 when the day sale outstanding was 39 days. The receivables turnover ratio improves higher in 2016-2017 after which tended to slightly decrease in the last 2 years, leading to the increasing number the day sale outstanding. In 2019, the day sale outstanding was 35 days, compared with day collection in the debt collection policy of Vietnam Post was 30-40 days, it shows that the company's receivables were effectively managed.

#### 4.5.3.3 Liquidity ratio

Liquidity ratio analysis shows the financial position of a company and gives an insight into the company's ability to pay out its debt. Following table 21 demonstrates the results of the liquidity analysis (current ratio, quick ratio cash ratio). These results are discussed below.

**Table 20: Liquidity ratios of Vietnam Post in 2015-2019**

	■ High point		■			Low point	
	2015	2016	2017	2018	2019	Trend line	
Current ratio	1.50	1.37	1.44	1.29	1.30	■	■ ■ ■ ■ ■
Cash ratio	1.02	0.95	0.81	0.70	0.76	■	■ ■ ■ ■ ■
Quick ratio	1.47	1.35	1.42	1.27	1.28	■	■ ■ ■ ■ ■

(Source: Own calculation from the annual report of Vietnam Post 2015-2019)

For the period 2015-2019, the current ratio of the payment Vietnam Post reaches a level greater than 1 average for this period is 1.38. In terms of working capital, Vietnam Post has positive working capital, reflecting safety in paying current liabilities to ensure that its business is not interrupted.

The cash ratio tends to decline during 2015-2019 and lowest in 2018 with 0.70. Due to the characteristics of Vietnam Post services on post and delivery, postal finance services require high liquidity when paying out short-term debts, that why the company always maintains a high cash ratio. The author believes that this is a safe level of cash ratio to ensures continuous, uninterrupted operation in a short time.

The quick ratio showed mixed year-on-year dynamics from 2015 to 2019 and always higher than 1. The average quick ratio value reached 1.36, which is evaluated at the safety threshold. Because inventory accounts for a small proportion of the structure of current assets so the quick ratio of the company is always high. The company has enough short-term assets to pay off short-term debts without having to sell inventory.

#### 4.5.3.4 Leverage ratio

The next, table following shows the leverage analysis of Vietnam Post in the period 2015-2019:

**Table 21: Leverage analysis of Vietnam Post**

	2015	2016	2017	2018	2019	Trend line
Equity to assets	0.58	0.42	0.49	0.45	0.46	
Debt to assets	0.42	0.58	0.51	0.55	0.54	
Debt to equity	0.71	1.35	1.03	1.23	1.19	

*(Source: Own calculation from the annual report of VTP)*

Table 21 shows an overview of the leverage ratios and their trends. As the analysis of the leverage ratios shows, the ratio of equity to total assets which indicates of the equity, has to tend to decline from 0.58 to 0.46, which shows the decrease in equity-financed asset structures during the review period. On the contrary, the debt to the asset is increased from 0.42 to 0.54

Debt-to-equity of Vietnam Post reached the highest value in last year 2019 with 1.19 show the company's assets are financed by debt more than equity, however, shows that the

firm's assets are financed by debt rather than by equity, however, this ratio is slightly higher than 1 and should be within the low risk financial.

It is important to highlight that the company did not have a long-term bank loan, meanwhile the short-term bank loan is insignificant compared to total liabilities. The company has abundant equity and profitable business results, positive net working capital, positive cash flow in the five years 2015-2019, showing high operating efficiency, and the leverage ratio is only at 1.19, so the author believes that the company is cautious in the financial policy when using financial leverage at a safe level, so financial risks are assessed at a low level that ensures its ability to develop a sustainable business.









## 5 Results and Discussion

In this chapter, based on the analysis of the financial position and performance of the two companies in the previous section, the author would perform a comparison of the financial position and performance between the two companies, thereby identify the potential financial problems and the most significant factors influencing the profit from the company as well as industry point of view.

### 5.1 Comparison of the financial position of Viettel Post and Vietnam Post

Firstly, the author would compare the financial position between Viettel Post and Vietnam Post by comparison changes in the selected item in the balance sheet such as the reported assets, liabilities, equity in the table below:

**Table 22: Comparison change in selected item in the balance sheet.**

Change in	2015	2016	2017	2018	2019	CAGR	Trend line
<b>Total asset</b>							
Viettel Post	62%	75%	63%	62%	20%	↑ 53.3%	
VN Post	N/a	38%	-13%	10%	-1%	↑ 6.8%	
<b>Liabilities</b>							
Viettel Post	76%	66%	77%	71%	13%	↑ 54.2%	
VN Post	N/a	90%	-23%	19%	-3%	↑ 14.0%	
<b>Equity</b>							
Viettel Post	37%	94%	36%	39%	42%	↑ 51.1%	
VN Post	N/a	0%	1%	0%	1%	↑ 0.5%	

(Source: Own calculation from the balance sheet of VTP, VN Post,)

From the table above, it shows obviously that Viettel post has a remarkable growth rate in the total asset with CAGR 53.3% while the competitor Vietnam Post has only 6.8%. This is reflected reflects the remarkable growth of total assets of Viettel Post. With the high growth of revenue and profit during 2015-2019, Viettel Post actively uses the profits to reinvest in assets to create resources for future growth and expanding into new business areas in E-commerce such as Mygo, Voso. Vietnam Post also has increased total assets in the period 2015-2019, however, the level of the increase is negligible. However, in terms of absolute value, the total assets of Vietnam Post are 5.5 times higher than Viettel Post, so the absolute value of the total assets of Vietnam Post is the highest in the industry. This results in a low increase in total assets and asset utilization lower compare with the average industry.

On the other hand, Growth of total asset show signs of slowing down in 2019 which might be the issue of attention for management.

The same goes for liabilities, along with the change in assets, liabilities similarly changed due to business growth. The liabilities of Viettel Post increased by 54.2% while liabilities of Vietnam Post increased only 14%. Because Viettel Post focuses on delivery services, while Vietnam Post diversifies services related to postal services such as postal finance and newspaper distribution as well as delivery service so the differences in the structure of asset and liabilities.

Obviously, It can be seen that Vietnam Post has no change in equity due to abundant equity. On the contrary, Viettel Post continuously increases equity through increasing its charter capital and issuing shares to the public to ensure resources for its business activities. Along with the impressive growth of revenue, the efficiency of Viettel post's equity is higher than that of Vietnam Post.

With regard to asset structure, both companies have common point in the domination of current assets and short-term liabilities from the characteristics of the postal and delivery industry, As well as no long-term debt and the source of long-term debt which is very small in the financial structure. In addition, both companies have positive working capital resources to ensure resources for short-term business. The difference is that while Viettel Post's current asset/Non-current asset structure averages 80/20, that of Vietnam Post is 70/30, which means that Vietnam Post has a higher source of long-term property to serve the business more than Viettel Post. Similar is the difference in the structure of liabilities and equity, the ratio of liabilities/equity of Viettel Post is 70/30 while that of Vietnam Post is 55/45, which shows Viettel Post has efficiency in using higher financial leverage in generating profits.

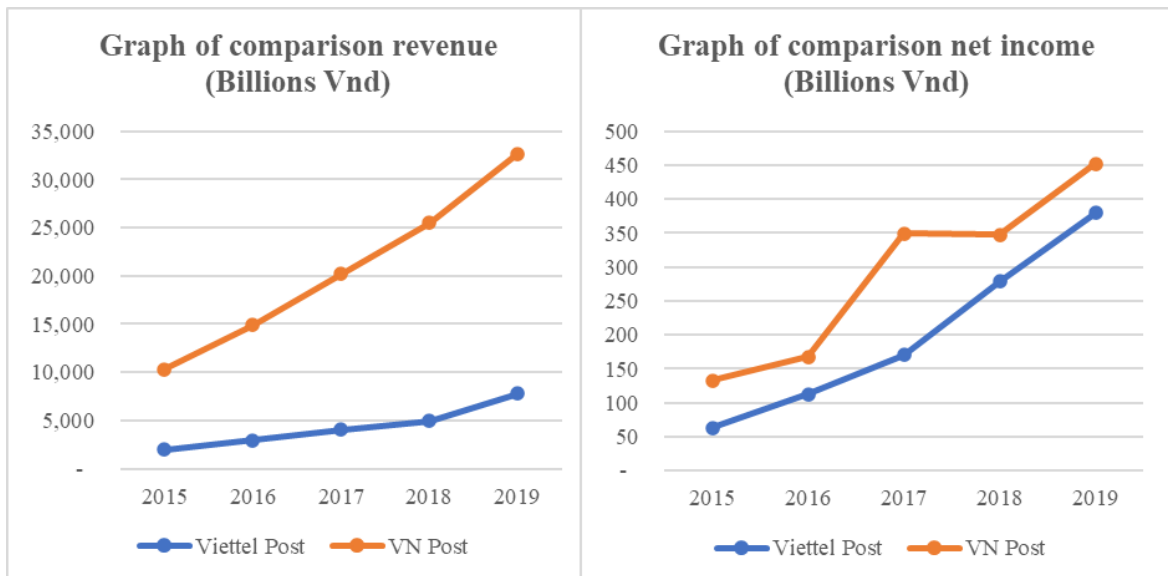
## **5.2 Comparison of the financial performance of Viettel Post and Vietnam Post**

Secondly, in order to compare the financial performance between Viettel Post and Vietnam Post the author would show comparison changes from selected item in the income statement such as revenue, net income in the following table:

**Table 23: Comparison change in selected item in the income statement**

Change in	2015	2016	2017	2018	2019	CAGR	Trend line
<b>Revenue</b>							
Viettel Post	51%	47%	38%	22%	59%	↑ 40.7%	
VN Post	N/a	44%	35%	27%	21%	↑ 31.5%	
<b>Net income</b>							
Viettel Post	59%	79%	52%	64%	36%	↑ 57.0%	
VN Post	N/a	26%	109%	0%	30%	↑ 35.8%	

**Figure 25: Graph of comparison of revenue and net income**



*(Source: annual report of VTP, VN Post & Own figure 2021)*

From the table above, it shows that VTP has a higher growth rate revenue, and profit. Concerning revenue, both companies have high growth in the period 2015-2019. However, the issue of revenue growth trend is the sign of decreasing gradually due to increasing competitiveness in the industry. In particular, the revenue of Viettel Post increases 59% in 2019 mainly caused by the increase in the good sale while revenue from service sales do not increase significantly.

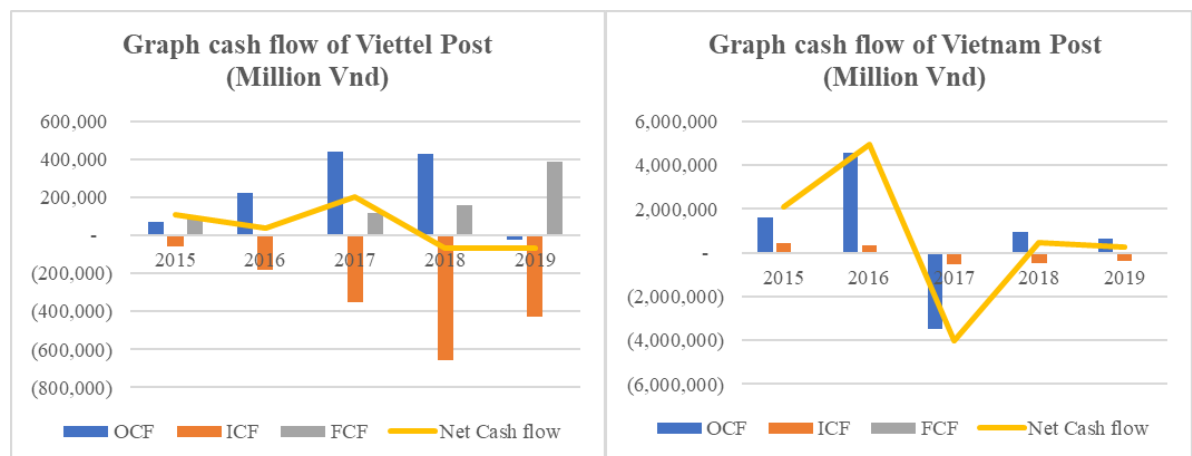
The table shows the revenue growth rate slows down (36%) in 2019, however, it is also the main competitor that is similarly affected by the increasingly fierce competition in the industry. VTP still maintains a higher growth rate than Vietnam Post. If maintaining the current growth momentum, the author assumes that shortly, VTP may dominate the market share of Vietnam Post becoming the biggest company in the industry.

For an insight into financial efficiency, the chart above shows that in 2019, VN Post's revenue is 3 times higher than VTP, but profit is only 1.2 times higher. Viettel Post has a

higher slope of income line than Vietnam Post, which shows that Viettel post has a higher net profit margin. Overall, both companies achieved high profits in the period 2015-2019 in which Viettel Post had higher profit growth, in terms of absolute value, Vietnam Post had higher profits due to the larger business scale.

Another way, the author comparison of the financial performance by comparing the cash flow of both companies in the following graph:

**Figure 26: Graph of comparison of cash flow**



The graph show obviously, Viettel Post has faced a serious issue with cash flow although have high-profit growth. Cash flow from operating activities was very positive from 2015-2018, with high growth but suddenly dropped to a negative level in 2019 (mainly by the change in payables) to compensate for the deficit in cash flow from operating activities, the company had to use debt leverage replenishes cash flow from financing activities. The company invested in fixed asset systems for delivery activities and e-commerce platforms applied automatic sort technology, so in the last 3 years the main cash flow flowed into investment activities. In addition, managers should pay attention to a negative net cash flow in 2018 and 2019 that may negatively impact growth in the coming time.

On the other hand, Vietnam Post has a more positive cash flow when in the last 2 years it has a positive net cash flow although it still maintains an investment in fixed assets. However, with the current size of assets, Vietnam Post does not invest too much in fixed assets, so the cash flow for investment activities is quite small compared to the cash flow earned from operating activities. In general, Vietnam Post is financially healthier than Viettel Post in terms of cash flow.

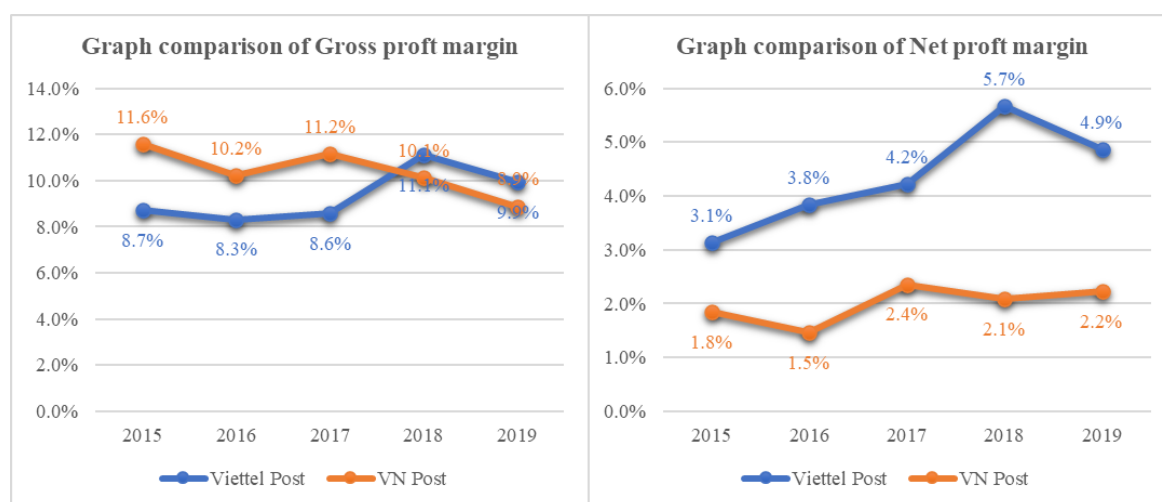
In general, under the overall view of financial performance, VTP is having absolute efficiency compared with impressive growth in revenue, profit, and business scale. However, in terms of the financial health reflect by the cash flow, Viettel Post is facing difficulties while in contrast, Vietnam Post is stable. In order to have more insight, we need to use the financial counter-efficiency ratios below for a more detailed review.

### 5.3 Comparison of the results of the financial analysis ratios of Viettel Post and Vietnam

#### 5.3.1 Profitability ratio

One of the most important things in assessing financial performance is the profitability ratio. In this chapter, the author would show the comparison of the profitability ratio between two companies. Starting with comparing the profit margins shown in the graph below:

**Figure 27: Comparison profit margin Viettel Post & Vietnam Post**



(Source: Financial statement VTP, VN Post & Own figure, 2021)

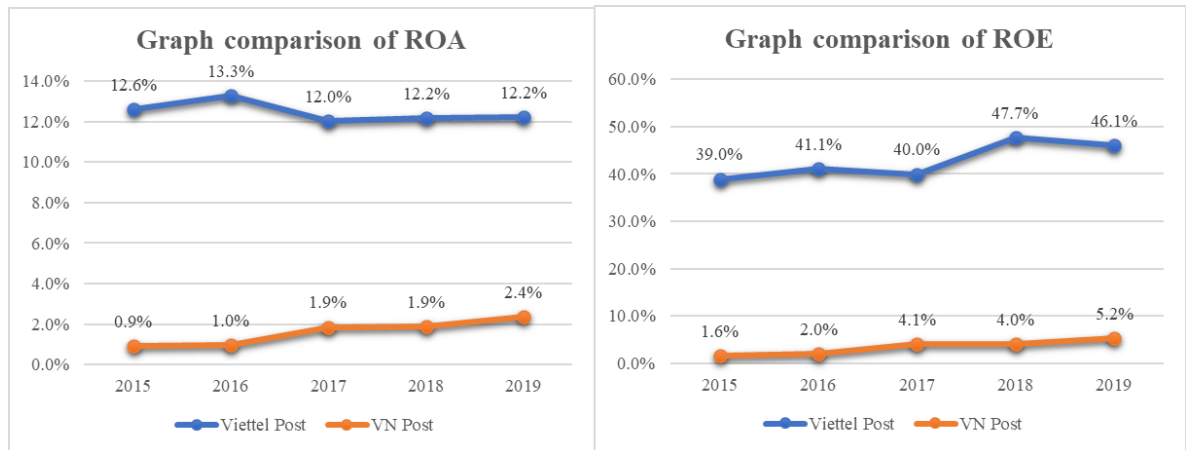
From the graph above, from 2015-2017 Viettel Post has a lower gross profit margin compared to competitors Vietnam Post due to the low-profit margin of the telecom business of goods and scratch cards, approximately 1%. However, on the contrary from 2018-2019, while Viettel Post improves gross profit margin by decline good sales, Vietnam Post had decrease profit margins because of the decline in service sales namely express delivery sales. Meanwhile, Currently, Viettel Post has the advantage of a gross profit margin in total because the company strongly focuses on express delivery and logistics. However, if only take into account the gross profit margin for the service sales, Viettel Post still has a lower

gross profit compared with Vietnam Post, which shows that VTP controls costs less effectively than its competitors. The author considers that this is an issue that VTP needs to improve in the future if it wants to dominate the market.

Compare with the big competitor in the same industry, Viettel post has a higher net profit margin. On the other hand, compare with global companies in the postal industry such as DHL (4.01%), Singapore post (6.93%) VTP still do not have the advantage in net profit margin.

Next, return on assets (ROA), Return on equity (ROE) will be compared as shown in the graph below:

**Figure 28: Graph comparison of return indicator**



*(Source: Own calculations from Annual report VTP, VN Post & Own figure, 2021)*

This graph shows the profitability indicator of VTP has greater than VN post. This shows that the company works well in the postal sector. Although Vietnam Post is a leading company in the postal and delivery industry, with a large-scale, in terms of profitability, Vietnam Post is much lower than Viettel Post. However, in terms of absolute value, Vietnam Post has 3 times higher revenue, total assets 5.5 times higher than Viettel Post. Vietnam Post has an abundant capital source (Owner equity) but has not fully exploited it, the author believes that this is a factor Vietnam Post needs to improve to be able to continue to lead the industry in the future.

Return on assets (ROA) in 2019 of Viettel Post reached 12.2% much higher when compared to the average ROA of the transport - warehousing industry (7.7%), and greater than the industry's average ROA courier (11.4%). On the contrary, Vietnam Post (ROA) reached only 2.4% much lower compare average industry.

Similarly, return on equity (ROE) of Viettel Post in 2019 reached 46.1% and has been maintained a high for the last five years compared with ROE of Vietnam Post only

5.2% in 2019 and ROE of the transportation and warehousing industry (at 18.6%) and slightly higher than the average ROE of the courier industry in particular (at 45.5%).

In general, Profitability is the strength of Viettel Post demonstrate by ROA, ROE, much higher than Vietnam Post and average industry. It shows that the company is very efficient in using assets and equity to generate income and vice versa ROA, ROE of Vietnam Post under the average industry, it shows that the resources have not been optimized.

### 5.3.2 Activity ratio

Asset utilization analysis is closely linked with profitability analysis to evaluate the company's performance. In this chapter, the author would compare the activity ratio between two companies as the table below:

**Table 24: Comparison Activity ratio**

	Unit	2015	2016	2017	2018	2019	Trend line
<b>Total asset turnover</b>	times						
Viettel Post		4.0	3.5	2.9	2.2	2.5	
VN Post		0.6	0.7	0.9	1.1	1.3	
<b>Equity turnover</b>	times						
Viettel Post		12.4	10.7	9.5	8.4	9.5	
VN Post		1.0	1.4	1.9	2.4	2.9	
<b>Receivables turnover</b>	times						
Viettel Post		13.8	13.2	13.7	10.3	11.0	
VN Post		9.3	11.3	11.4	10.1	10.3	

*(Source: Own calculation from the annual report of VTP, VN Post)*

The table above shows very clearly that the activities ratio of the Viettel Post is almost always better than the VN post. For Vietnam Post due to the large scale of assets and abundant equity, the efficiency of using assets and equity is lower. Viettel is a company whose main activity is express delivery and logistics total asset turnover in 2019 (2.5) is higher than Vietnam Post (1.3). However, based on the trend, the total asset turnover of Viettel Post has a downtrend while that of Vietnam post has an uptrend shows that the asset use efficiency of Viet Nam post is being improved gradually.

Similarly, with equity turnover of Viettel Post is higher equity turnover (achieve 9.5 in 2019) by Viettel Post and have downtrend while Vietnam Post has a lower (achieve 2.9 in 2019) and have an uptrend. As analyse in the previous part, Vietnam Post has abundant equity so that equity turnover so small compare with Viettel Post which has spectacular growth in business as well as revenue in 2015-2019.







In terms of receivables management, both companies are achieving good debt management when the receivable turnover is within the safety threshold of the debt collection policy. However, receivable turnover of Viettel Post still have slightly higher with 11.0 in 2019 compared with 10.3 of Vietnam Post that mean Viettel Post have better in receivable management.

In general, Viettel Post has a better ability to use assets, equity, and manage debt collection than Vietnam Post due to rapid revenue growth in the period 2015-2019 and efficiency of management financial. However, the main problem of Viettel Post is the tend decline of activity ratio in the last two years while that of Vietnam Post is on the uptrend. This may indicate Viettel Post will face difficulties in maintaining its growth momentum as in the last five years.

### 5.3.3 Liquidity ratio

Table 25 below shows the comparison of liquidity ratios with the calculated values of the Viettel Post and Vietnam Post.

**Table 25: Comparison Liquidity ratio**

	Unit	2015	2016	2017	2018	2019	Trend line
<b>Current ratio</b>	times						
Viettel Post		1.16	1.21	1.13	1.16	1.18	
VN Post		1.50	1.37	1.44	1.29	1.30	
<b>Quick ratio</b>	times						
Viettel Post		1.15	1.15	1.11	1.10	1.16	
VN Post		1.47	1.35	1.42	1.27	1.28	
<b>Cash ratio</b>	times						
Viettel Post		0.57	0.38	0.38	0.19	0.14	
VN Post		1.02	0.95	0.81	0.70	0.76	

*(Source: Own calculation from the annual report of VTP, VN Post)*

The table above shows that the liquidity ratio of Viettel Post is lower than Vietnam Post. Both companies also have a small proportion of inventory in the total assets so the quick ratio is the approximate current ratio. Both these ratios are greater than 1 during the period 2015-2019, suggest that the liquidity of both companies is good, and the financial risk of liquidity is low. However, the cash ratio of Viettel Post reached 0.14 in 2019 if compare with Vietnam Post achieved 0.76 in 2019, that show the Viettel Post will face many difficulties in payout short-term debts immediately, especially in the context of Covid 19,









customers messed up with financial difficulties, and their ability to receivables collection may be affected.

In general, Both companies have low liquidity risk, ensuring their ability to do business without interruption in the short term. In particular, Viettel Post has the issue of low cash ratio which the facts are unfavorable for a company, and great attention should be given to these issues by management.

### 5.3.4 Leverage ratio

In this subchapter, the author would show the comparison of leverage ratios with the calculated values of the Viettel Post and Vietnam Post in the following table:

**Table 26: Comparison Leverage ratio**

Unit	2015	2016	2017	2018	2019	Trend line
<b>Equity to assets</b> times						
Viettel Post	0.30	0.34	0.28	0.24	0.29	
VN Post	0.58	0.42	0.49	0.45	0.46	
<b>Debt to assets</b> times						
Viettel Post	0.70	0.66	0.72	0.76	0.71	
VN Post	0.42	0.58	0.51	0.55	0.54	
<b>Debt to equity</b> times						
Viettel Post	2.31	1.98	2.58	3.17	2.51	
VN Post	0.71	1.35	1.03	1.23	1.19	

(Source: Own calculation from the annual report of VTP, VN Post)

The table above shows that the leverage ratio of Viettel Post is higher than Vietnam Post. Both companies also have a debt to equity higher than 1 which means both company's assets are financed by debt more than equity. Besides, both companies did not have long-term bank loans, Viettel Post has a fast growth rate in both revenue and total assets, and due to the lack of equity, the company use of high financial leverage of up to 2.51 might be face potential financial risk because debt is short term liabilities. On the other hand, Vietnam Post has lower debt to equity (D/E) ratio shows that the management of the company is cautious in using financial leverage and low financial risk in structure liabilities and equity.

### 5.4 The most significant factors influencing the profit

From analysing the financial position and performance of each company in section 4, combined with the comparison between the two companies in section 5, the author identifies the most significant factors influencing the profit from the company perspective and industry point of view.

### **From the company perspective:**

Firstly, It is important to mention the influence of the cost of goods sold to profit. COGS has an impact directly on gross profit margin. In typical case studies of both selected companies show that gross profit margin tends to decrease by the increase of cost of goods which negatively affecting profit.

Secondly, a change in the revenue structure leads to a change in profit margin. In this case, drop-in service sales and an increase in good sales influence lower gross margins and negatively impact profit.

Thirdly, asset utilization is important to a company because its success is often tied to its ability to manage and leverage its assets. In this case, Vietnam Post has not yet exploited the effective use of assets (total asset turnover) while the total asset turnover of Viettel Post tends to decrease. On the other hand, the equity turnover of Vietnam Post (2.9) is only 1/3 of that of Viettel Post (9.5). Both cases indicate that underutilization of assets, and equity relative to competitors, leads to slower revenue growth of Vietnam Post, which negatively impacts profit. At the same time, it can be seen that the ROA and ROE of Vietnam Post are lower than the industry average and that of Viettel Post indicate the profitable performance of this company's assets and equity needs to be improved.

### **From the industry point of view**

Impact of Covid 19: The negative impact of the 19 covid epidemics on the entire economy including the postal and delivery sector. Because of social distancing regulation and flight delay to prevent the spread of Covid 19 from impact the delivery service. That leads to a decline in sales and revenue of companies operating in the postal and delivery industries.

Volatility in oil prices: In the Post and delivery industry, Companies are typically using main raw materials such as oil for their business. Fuel cost accounts for about 10% - 15% on average in COGS. Therefore, the change in oil price will strongly affect the change of COGS and profit margin. In general, oil prices tend to increase and are not stable, but the deep fall in oil prices due to the influence of covid 19 is also an opportunity to reduce fuel costs for companies in the postal and industry.

Digital transformation: In Vietnam, digital transformation takes place in all industries, including the postal and delivery industries. A dramatic transition from the traditional postal service to the digital postal service is underway. Some technological innovations could revolutionize postal and delivery services, such as logistic and delivery

platforms or applied unmanned vehicles, warehouse robots ... Innovations from digital transformation help optimize the delivery process, reduce COGS, G&A expenses, thereby having a positive impact on profitability.

Workforce productivity: The common feature of the company which operates in the postal and delivery industry is using a large number of employees in a wide network such as postman. Hence, labor productivity is therefore very important indirectly boosting sales and indirectly increase profit.

**Table 27: Workforce productivity of Viettel Post and Vietnam Post 2017-2019**

Change in	Unit	2017	2018	2019		CAGR
<b>Viettel Post</b>						
Revenue	Million vnd	4,030,625	4,922,305	7,811,591	↑	39%
Number of employee		8,434	10,528	12,578	↑	22%
Revenue per Employee	Million vnd	478	468	621	↑	14%
<b>Vietnam Post</b>						
Revenue	Million vnd	16,169,307	20,598,561	24,888,372	↑	24%
Number of employee		22,395	22,695	24,620	↑	5%
Revenue per Employee	Million vnd	722	908	1,011	↑	18%

*(Source: Own calculation from the annual report of VTP, VN Post)*

Due to information limitations, the above table only shows the overall labor productivity but not the labor productivity of the direct labor force and by the delivery service segment. However, the table shows that with Viettel Post, despite the rapid growth in the number of employees 22%, it still maintains an average productivity increase of 14% while the Vietnam Post has a labor force increase of only 5% and labor productivity. 18% increase. So the conclusion that that labor productivity growth is the engine of revenue and profit growth.

## 5.5 Potential financial problems

In this part, the author would identify the potential financial problems of each company base on the analysis of financial position and performance previous part 3:

### 5.5.1 Viettel Post

Firstly, It is clear that revenue growth is showing signs of slowing down (22% in 2018) due to high competition in the industry. In 2019 the company had to increase the proportion of good sales to ensure growth, while this segment has a low gross profit margin.

Secondly, The gross profit margin of the scratch card and telecom business is only 1% -1.5%, affecting the gross margin. While the company still uses resources in this business segment leads to reduce asset utilization. Therefore, the company needs to change its revenue structure in the direction of increasing the proportion of its core segment which is delivery services and reducing the proportion of the telecom sim card business.

Thirdly, the cash ratio of Viettel Post is as low as 0.14 in 2019, which poses a liquidity risk for debt that needs to be paid immediately. Especially in the difficult economic context, the ability to convert receivables into cash may be tricky.

Fourthly, investment in fixed assets: the proportion of fixed assets to total assets of the company in 2019 is 8%, showing that the company's fixed assets resources compared to the scale of operations are low compared to Vietnam Post (18%) which is leading company in the industry. However, for sustainable growth in the future, the author thought the company needs to invest more in fixed assets to match its scale.

Last but not least, Cash flow is the main issue of Viettel Post. Despite the high growth in revenue, asset, as well as high profitability, the net cash flow in the last 2 years tended to be negative, especially since the cash flow from operating activities tended to decrease and fell to a negative level in 2019. To overcome this issue, the company has used debt leverage. However, it is necessary to be cautious when using this tool because there are many potential risks in the context of general economic difficulties due to the impact of Covid 19.

### **5.5.2 Vietnam Post**

Firstly, Similar to Viettel Post, Vietnam Post also faces slower revenue growth due to the impact of competition in the industry. Also, the low gross profit margin of good sales

Secondly, Profitability is lower than the industry average and competitors, as can be seen through ROA (2.4%), ROE (5.2%) compared with Viettel Post ROA (12.2%), ROE (46.1%). The company has the largest asset scale in the industry and is abundant in equity but low in profitability. The company needs to exploit more effectively its assets and equity to improve profitability

Thirdly, As mentioned above about asset utilization, Vietnam Post has not yet exploited the effective resource evidence by lower value in total asset turnover (2.9) and the equity turnover (1.3)

Lastly, the G&A expense of Vietnam Post accounts for 7.1% in total revenue in 2019 and has tended to increase by year while in this case of Viettel Post was 3.7%. It is one of

the reasons affecting the lower net profit margin compared to Viettel Post. The author believes that the company needs to streamline its management apparatus to suit the size of its revenue.

## **5.6 Proposals and recommendations**

Based on the potential financial problems identified in the previous section and the most factors influencing negatively on the profit, the author would like to give some suggestions to help chosen companies to more develop further in the future.

### **5.6.1 Viettel Post**

The most important issue is that the cash flow for Viettel Post can be solved by issuing additional shares and listing on UPCOM to increase liquidity and reduce risk in the structure of liabilities and equity. In addition, to meet the high demand for capital for business expansion, Company managers can consider cooperating with large foreign investment funds in Vietnam to take advantage of capital and process. technology as well as management methods. That is the current trend that big companies in Vietnam are applying successfully

Next, based on the company's asset structure, the author suggests that the company can invest, upgrade the fixed asset system, apply high automatic technology (AI) in delivery activity such as DHL, FedEx..to optimization delivery process and enhance productivity, reducing costs to create a competitive price advantage as well as creating a foundation for sustainable development.

In terms of revenue structure, it would be better if the company reduces the proportion of sales from goods and increases the proportion of revenue from services thereby increasing the gross profit margin.

For postal and delivery companies, the collection policy is very important to the company's cash flow, so the company should consider developing a reasonable revenue and expenditure policy to ensure fast cash flow without putting pressure on the company's liquidity.

### **5.6.2 Vietnam Post**

For Vietnam Post, which is currently the leading company in the postal and delivery industry in Vietnam, because of the increasingly fierce competition in the postal market in

Vietnam, Vietnam Post is gradually declining market share. The company can consider investing abroad such as ASEAN countries (Myanmar, Cambodia, and Laos..) to expand revenue and take advantage of the abundant advantage of equity.

In addition, G&A expenses are currently high compared to revenue scale, so the company needs to streamline the management apparatus and improve the quality of corporate governance, optimize the management process to cut down G&A expenses.

Similar to Viettel Post, the company should consider changing its revenue structure due to low gross profit margins from the good sales.

Finally, the company needs to improve the efficiency of assets to increase profit margins. Through analysis shows that the profitability of assets and equity of the company is lower than that of its competitors. Companies should be making the most of the advantages of having the largest postal network and abundant capital to make difference from the rest.

The general suggestion for the two companies is to apply IFRS international accounting standards to have a complete, transparent, accurate, and highly reliable view of the financial statements. In Viet Nam, the higher the profitability, debt ratio, and firm size of the enterprise, the more likely it is to apply IFRS (Hang, et al., 2020) therefore, the possibility of applying IFRS will be higher for both companies. Moreover, In Viet Nam, the harmonization process of accounting should not be applied for all small and medium enterprises (Duc, 2020) but Viettel Post and Vietnam Post are big companies so should implement international harmonization with the required adjustments as per the suitability with the status of businesses.

## 6 Conclusion

In the present turbulent competitive environment, the assessment of financial position and performances is an essential part of monitoring the business subject and is an important tool to support the decision-making and management of various stakeholder groups. Also, it provides an insight picture or feedback about the whole financial position and performance of the firm as well as development in areas of business activities. Especially in the context of the rapidly growing postal and delivery market in Vietnam, postal companies need to grasp opportunities to develop business according to the trend of the market.

This analysis is able to define the financial position and performance of Viettel Post and Vietnam Post by using vertical and horizontal analysis and ratio analysis base on the public annual report of two companies. Through the analysis of each company separately and then compare the results between the two companies, the author identifies potential financial problems and the most factors influencing profit. Whereby, the most important factors identified based on the analysis are cost price volatility due to changes in business structure, and utilization assets. On the aspect of the industry, Impact of Covid 19, Volatility in oil prices, Digital transformation, Workforce productivity is expected to strongly affect the profits of companies in the postal and delivery industry.

Viettel Post is considered as the company with the highest growth rate in the industry, high profitability, and have attractiveness to investors. However, the analysis shows that the company is facing negative net cash flow and the growth rate shows signs of slowing down in 2019 as well as the fixed assets which have not been invested in proportion to their business scale.

Vietnam Post is currently the leading company in the industry. However, the company has not fully exploited its assets, so the profitability of assets and equity is lower than the industry. In addition, the slow growth rate of revenue, income as well as the high proportion of G&A expenses are issues that need to be improved.

Related proposals mentioned in this thesis for further development such as focused on changing the business structure to improved gross profit margin, improved utilization assets, expanded business abroad, and increased equity through issued shares.

To conclude, in order to bring the company to sustainable development in the future, managers need to effectively use the results from assessment financial position and performance combined with other analyse to build long-term business strategies.

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**Appendix 1: Balance Sheet of Viettel Post for period 2015-2019 (simplified)**

<b>Balance Sheet (Million VND)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Current assets</b>	<b>471,187</b>	<b>857,192</b>	<b>1,423,152</b>	<b>2,490,560</b>	<b>2,857,793</b>
Cash and cash equivalents	233,568	273,223	477,326	410,883	347,255
Short-term investments	12,420	146,615	401,144	1,060,183	1,276,073
Short-term receivables	201,168	362,985	478,704	832,320	1,072,975
Inventories	4,427	43,626	19,407	120,088	47,659
Other current assets	19,605	30,743	46,571	67,086	113,830
<b>Non-current assets</b>	<b>143,798</b>	<b>218,371</b>	<b>328,105</b>	<b>343,597</b>	<b>536,415</b>
Fixed assets	122,449	174,223	244,658	214,350	331,517
Long-term investments	4,546	195	4,000		84,000
<b>Total assets</b>	<b>614,986</b>	<b>1,075,563</b>	<b>1,751,257</b>	<b>2,834,157</b>	<b>3,394,208</b>
<b>Liabilities</b>	<b>429,332</b>	<b>714,535</b>	<b>1,261,789</b>	<b>2,153,879</b>	<b>2,426,253</b>
Short-term liabilities	407,037	709,803	1,261,370	2,153,736	2,426,061
Long-term liabilities	22,295	4,732	418	142	192
<b>Owner's equity</b>	<b>185,654</b>	<b>361,028</b>	<b>489,468</b>	<b>680,278</b>	<b>967,955</b>
Charter capital	68,995	228,858	296,823	413,766	596,192
Share premium		(184)	(184)	(184)	22,037
Retained earnings	98,471	114,076	174,616	261,645	344,186
<b>Total owner's equity and liabilities</b>	<b>614,986</b>	<b>1,075,563</b>	<b>1,751,257</b>	<b>2,834,157</b>	<b>3,394,208</b>

*(Source: Balance sheet of Viettel Post 2015-2019)*

**Appendix 2: Income statement of Viettel Post for period 2015-2019**

<b>Income Statement (Million VND)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Net revenue</b>	<b>1,992,655</b>	<b>2,928,455</b>	<b>4,030,625</b>	<b>4,922,305</b>	<b>7,811,591</b>
Cost of goods sold	1,819,208	2,684,781	3,685,683	4,375,727	7,036,308
<b>Gross profit</b>	<b>173,448</b>	<b>243,675</b>	<b>344,942</b>	<b>546,578</b>	<b>775,283</b>
Financial income	3,205	10,047	20,654	48,672	94,139
Financial expenses	976	1,598	2,859	18,868	49,019
Selling expenses	483	2,951	14,157	29,855	48,593
General and Administrative expenses	92,129	107,013	136,532	199,725	285,304
<b>Operating profit</b>	<b>83,063</b>	<b>142,160</b>	<b>212,048</b>	<b>346,802</b>	<b>486,508</b>
Other profit	(406)	(818)	1,483	3,227	(9,413)
<b>Profit before tax</b>	<b>82,657</b>	<b>141,342</b>	<b>213,531</b>	<b>350,030</b>	<b>477,094</b>
<b>Net profit after tax</b>	<b>62,581</b>	<b>112,246</b>	<b>170,056</b>	<b>279,032</b>	<b>380,143</b>
Earnings per share (VND)	9,070	4,947	5,729	6,216	5,718

*(Source: Income statement of Viettel Post 2015-2019)*

### Appendix 3: Horizontal analysis balance sheet of Viettel Post

Balance Sheet-Asset (Million VND)	2014/2015		2015/2016		2016/2017		2017/2018		2018/2019	
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change
<b>Current assets</b>	<b>189,195</b>	<b>67%</b>	<b>386,005</b>	<b>82%</b>	<b>565,960</b>	<b>66%</b>	<b>1,067,408</b>	<b>75%</b>	<b>367,233</b>	<b>15%</b>
Cash and cash equivalents	108,590	87%	39,655	17%	204,103	75%	(66,443)	-14%	(63,628)	-15%
Short-term investments	1,410	13%	134,195	1080%	254,529	174%	659,039	164%	215,890	20%
Short-term receivables	62,965	46%	161,817	80%	115,719	32%	353,616	74%	240,655	29%
Inventories	652	17%	39,199	885%	(24,219)	-56%	100,681	519%	(72,429)	-60%
Other current assets	15,579	387%	11,138	57%	15,828	51%	20,515	44%	46,744	70%
<b>Non-current assets</b>	<b>45,667</b>	<b>47%</b>	<b>74,573</b>	<b>52%</b>	<b>109,734</b>	<b>50%</b>	<b>15,492</b>	<b>5%</b>	<b>192,818</b>	<b>56%</b>
Fixed assets	45,245	59%	51,774	42%	70,435	40%	(30,308)	-12%	117,167	55%
Long-term investments	(1,117)	-20%	(4,351)	-96%	3,805	1951%	(4,000)	-100%	84,000	N/a
Other long-term assets	1,539	10%	27,150	162%	35,494	81%	49,800	63%	(8,349)	-6%
<b>Total assets</b>	<b>234,863</b>	<b>62%</b>	<b>460,577</b>	<b>75%</b>	<b>675,694</b>	<b>63%</b>	<b>1,082,900</b>	<b>62%</b>	<b>560,051</b>	<b>20%</b>
<b>Liabilities</b>	<b>184,873</b>	<b>76%</b>	<b>285,203</b>	<b>66%</b>	<b>547,254</b>	<b>77%</b>	<b>892,090</b>	<b>71%</b>	<b>272,374</b>	<b>13%</b>
Short -term liabilities	169,194	71%	302,766	74%	551,567	78%	892,366	71%	272,325	13%
Long-term liabilities	15,678	237%	(17,563)	-79%	(4,314)	-91%	(276)	-66%	50	35%
<b>Owner's equity</b>	<b>49,990</b>	<b>37%</b>	<b>175,374</b>	<b>94%</b>	<b>128,440</b>	<b>36%</b>	<b>190,810</b>	<b>39%</b>	<b>287,677</b>	<b>42%</b>
Charter capital	8,995	15%	159,863	232%	67,965	30%	116,943	39%	182,426	44%
Share premium	-	-	(184)	-	-	0%	-	0%	22,221	-
Retained earnings	49,641	102%	15,605	16%	60,540	53%	87,029	50%	82,541	32%
Other equity accounts	(8,646)	-32%	90	0%	(65)	0%	(13,162)	-72%	489	10%
<b>Total equity and liabilities</b>	<b>234,863</b>	<b>62%</b>	<b>460,577</b>	<b>75%</b>	<b>675,694</b>	<b>63%</b>	<b>1,082,900</b>	<b>62%</b>	<b>560,051</b>	<b>20%</b>

(Source: Own calculation from the balance sheet of Viettel Post 2015-2019)

#### Appendix 4: Vertical analysis balance sheet of Viettel Post

Balance Sheet Structure (%)	2015	2016	2017	2018	2019
<b>Current assets</b>	<b>74%</b>	<b>77%</b>	<b>80%</b>	<b>81%</b>	<b>88%</b>
Cash and equivalents	33%	38%	25%	27%	14%
Short-term investments	3%	2%	14%	23%	37%
Short-term receivables	36%	33%	34%	27%	29%
Inventories	1%	1%	4%	1%	4%
Other current assets	1%	3%	3%	3%	2%
<b>Non-current assets</b>	<b>26%</b>	<b>23%</b>	<b>20%</b>	<b>19%</b>	<b>12%</b>
Fixed assets	20%	20%	16%	14%	8%
Long-term investments	1%	1%	0%	0%	0%
Other long-term assets	4%	3%	4%	5%	5%
<b>Total assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Liabilities</b>	<b>70%</b>	<b>66%</b>	<b>72%</b>	<b>76%</b>	<b>71%</b>
Short -term liabilities	66%	66%	72%	76%	71%
Long-term liabilities	4%	0%	0%	0%	0%
<b>Owner's equity</b>	<b>30%</b>	<b>34%</b>	<b>28%</b>	<b>24%</b>	<b>29%</b>
Charter capital	11%	21%	17%	15%	18%
Share premium	0%	0%	0%	0%	1%
Retained earnings	16%	11%	10%	9%	10%
Other equity accounts	3%	2%	1%	0%	0%
<b>Total equity and liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(Source: Own calculation from the balance sheet of Viettel Post 2015-2019)

## Appendix 5: Horizontal analysis income statement of Viettel Post

Income statement (Million VND)	2014/2015		2015/2016		2016/2017		2017/2018		2018/2019	
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change
<b>Net revenue</b>	<b>674,801</b>	<b>51%</b>	<b>935,800</b>	<b>47%</b>	<b>1,102,170</b>	<b>38%</b>	<b>891,680</b>	<b>22%</b>	<b>2,889,286</b>	<b>59%</b>
Cost of goods sold	632,437	53%	865,573	48%	1,000,902	37%	690,044	19%	2,660,581	61%
<b>Gross profit</b>	<b>42,365</b>	<b>32%</b>	<b>70,227</b>	<b>40%</b>	<b>101,267</b>	<b>42%</b>	<b>201,636</b>	<b>58%</b>	<b>228,705</b>	<b>42%</b>
Financial income	(893)	-22%	6,842	213%	10,607	106%	28,018	136%	45,467	93%
Financial expenses	133	16%	622	64%	1,261	79%	16,009	560%	30,151	160%
Selling expenses	483	-	2,468	511%	11,206	380%	15,698	111%	18,738	63%
G&A expenses	15,771	21%	14,884	16%	29,519	28%	63,193	46%	85,579	43%
<b>Operating profit</b>	<b>25,084</b>	<b>43%</b>	<b>59,097</b>	<b>71%</b>	<b>69,888</b>	<b>49%</b>	<b>134,754</b>	<b>64%</b>	<b>139,706</b>	<b>40%</b>
Other profit	5,092	-93%	(412)	101%	2,301	-281%	1,744	118%	(12,640)	-392%
<b>Profit before tax</b>	<b>30,175</b>	<b>57%</b>	<b>58,685</b>	<b>71%</b>	<b>72,189</b>	<b>51%</b>	<b>136,499</b>	<b>64%</b>	<b>127,064</b>	<b>36%</b>
<b>Net profit after tax</b>	<b>23,328</b>	<b>59%</b>	<b>49,665</b>	<b>79%</b>	<b>57,810</b>	<b>52%</b>	<b>108,976</b>	<b>64%</b>	<b>101,111</b>	<b>36%</b>
Earnings per share (VND)	3,381	59%	(4,123)	-45%	782	16%	487	9%	(498)	-8%

(Source: Own calculation from the income statement of Viettel Post 2015-2019)



## Appendix 6: Ratio indicator of Viettel Post

### Profitability ratio

	2015	2016	2017	2018	2019
<b>Profit margin</b>					
Gross profit margin	8.7%	8.3%	8.6%	11.1%	9.9%
EBIT margin	4.2%	4.9%	5.4%	7.5%	6.7%
Net profit margin	3.1%	3.8%	4.2%	5.7%	4.9%
<b>Return indicator</b>					
Return on capital employed (ROCE)	47.9%	49.7%	50.7%	63.0%	63.8%
Return on assets (ROA)	12.6%	13.3%	12.0%	12.2%	12.2%
Return on equity (ROE)	39.0%	41.1%	40.0%	47.7%	46.1%

### Activity ratio

	2015	2016	2017	2018	2019
Total asset turnover	4.0	3.5	2.9	2.2	2.5
Equity turnover	12.4	10.7	9.5	8.4	9.5
Receivables turnover	13.8	13.2	13.7	10.3	11.0
Days of sales outstanding	26	28	27	35	33

### Liquidity ratio

	2015	2016	2017	2018	2019
Current ratio	1.16	1.21	1.13	1.16	1.18
Cash ratio	0.57	0.38	0.38	0.19	0.14
Quick ratio	1.15	1.15	1.11	1.1	1.16
Interest coverage	72.86	133.28	67.9	19.61	10.74

### Leverage ratio

	2015	2016	2017	2018	2019
Equity to assets	0.30	0.34	0.28	0.24	0.29
Debt to assets	0.05	0.04	0.11	0.14	0.24
Debt to equity	0.17	0.11	0.39	0.59	0.84

(Source: Own calculation from the annual report of Viettel Post 2015-2019)

**Appendix 7: Balance Sheet of Vietnam Post for period 2015-2019 (simplified)**

<b>Balance Sheet (Million VND)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Current assets</b>	<b>8,699,253</b>	<b>15,651,579</b>	<b>12,184,382</b>	<b>13,543,437</b>	<b>12,988,825</b>
Cash and cash equivalents	5,913,581	10,858,857	6,862,465	7,319,749	7,573,551
Short-term investments	1,712,234	3,337,759	3,356,020	3,442,557	2,803,606
Short-term receivables	893,962	1,216,279	1,624,177	2,462,324	2,349,939
Inventories	131,753	169,870	207,588	219,433	184,278
Other current assets	47,722	68,814	134,132	99,374	77,451
<b>Non-current assets</b>	<b>5,892,255</b>	<b>4,422,651</b>	<b>5,285,385</b>	<b>5,963,333</b>	<b>5,636,353</b>
Fixed assets	2,170,837	2,390,604	2,874,982	3,259,789	3,413,168
Long-term investments	3,280,059	1,306,863	1,397,718	1,384,917	1,302,039
Other long-term assets	441,359	725,184	1,012,684	1,318,628	921,147
<b>Total assets</b>	<b>14,591,508</b>	<b>20,074,230</b>	<b>17,469,766</b>	<b>19,179,790</b>	<b>18,952,158</b>
<b>Liabilities</b>	<b>6,082,645</b>	<b>11,549,567</b>	<b>8,870,959</b>	<b>10,566,688</b>	<b>10,281,529</b>
Short-term liabilities	5,816,429	11,431,636	8,455,193	10,487,087	10,001,103
Long-term liabilities	266,216	117,931	415,766	79,601	280,426
<b>Owner's equity</b>	<b>8,508,863</b>	<b>8,524,662</b>	<b>8,598,807</b>	<b>8,613,102</b>	<b>8,670,629</b>
Charter capital	8,122,000	8,122,000	8,122,000	8,122,000	8,122,000
Share premium	173,069	173,069	173,069	173,069	173,069
Retained earnings	77,785	90,688	134,471	140,793	171,614
Other equity accounts	136,009	138,905	169,268	177,240	203,946
<b>Total equity and liabilities</b>	<b>14,591,508</b>	<b>20,074,230</b>	<b>17,469,766</b>	<b>19,179,790</b>	<b>18,952,158</b>

(Source: Balance sheet of Vietnam Post 2015-2019)

**Appendix 8: Income statement of Vietnam Post for period 2015-2019**

<b>Income Statement (Million VND)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Net revenue</b>	<b>8,323,835</b>	<b>11,958,453</b>	<b>16,169,307</b>	<b>20,598,561</b>	<b>24,888,372</b>
Cost of goods sold	7,359,411	10,735,658	14,362,726	18,513,747	22,677,767
<b>Gross profit</b>	<b>964,424</b>	<b>1,222,795</b>	<b>1,806,581</b>	<b>2,084,814</b>	<b>2,210,605</b>
Financial income	333,837	383,435	340,041	272,729	244,176
Financial expenses	4,692	3,905	22,302	6,155	71,046
Selling expenses	102,900	70,464	102,102	106,816	128,427
G&A expenses	1,144,332	1,383,204	1,699,723	1,835,649	1,774,770
<b>Operating profit</b>	<b>74,178</b>	<b>159,681</b>	<b>345,673</b>	<b>409,596</b>	<b>511,789</b>
Other profit	79,682	15,666	35,673	20,454	42,744
<b>Profit before tax</b>	<b>153,860</b>	<b>175,347</b>	<b>381,346</b>	<b>430,050</b>	<b>554,534</b>
<b>Net profit after tax</b>	<b>133,059</b>	<b>167,310</b>	<b>349,385</b>	<b>347,866</b>	<b>452,445</b>

*(Source: Income statement of Vietnam Post 2015-2019)*

## Appendix 9: Horizontal analysis balance sheet of VN Post

Balance Sheet (Million VND)	2015/2016		2016/2017		2017/2018		2018/2019	
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change
<b>Current assets</b>	<b>6,952,326</b>	<b>80%</b>	<b>(3,467,197)</b>	<b>-22%</b>	<b>1,359,055</b>	<b>11%</b>	<b>(554,612)</b>	<b>-4%</b>
Cash and cash equivalents	4,945,275	84%	(3,996,392)	-37%	457,284	7%	253,802	3%
Short-term investments	1,625,525	95%	18,261	1%	86,536	3%	(638,950)	-19%
Short-term receivables	322,317	36%	407,898	34%	838,147	52%	(112,386)	-5%
Inventories	38,117	29%	37,718	22%	11,845	6%	(35,155)	-16%
Other current assets	21,092	44%	65,318	95%	(34,758)	-26%	(21,923)	-22%
<b>Non-current assets</b>	<b>(1,469,604)</b>	<b>-25%</b>	<b>862,734</b>	<b>20%</b>	<b>677,949</b>	<b>13%</b>	<b>(326,980)</b>	<b>-5%</b>
Fixed assets	219,767	10%	484,378	20%	384,806	13%	153,379	5%
Long-term investments	(1,973,196)	-60%	90,856	7%	(12,802)	-1%	(82,878)	-6%
Other long-term assets	283,825	64%	287,500	40%	305,944	30%	(397,481)	-30%
<b>Total assets</b>	<b>5,482,721</b>	<b>38%</b>	<b>(2,604,463)</b>	<b>-13%</b>	<b>1,710,023</b>	<b>10%</b>	<b>(227,632)</b>	<b>-1%</b>
<b>Liabilities</b>	<b>5,466,922</b>	<b>90%</b>	<b>(2,678,608)</b>	<b>-23%</b>	<b>1,695,729</b>	<b>19%</b>	<b>(285,159)</b>	<b>-3%</b>
Short -term liabilities	5,615,207	97%	(2,976,443)	-26%	2,031,893	24%	(485,984)	-5%
Long-term liabilities	(148,285)	-56%	297,835	253%	(336,164)	-81%	200,825	252%
<b>Owner's equity</b>	<b>15,799</b>	<b>0%</b>	<b>74,145</b>	<b>1%</b>	<b>14,294</b>	<b>0%</b>	<b>57,528</b>	<b>1%</b>
Charter capital	-	0%	-	0%	-	0%	-	0%
Share premium	-	0%	-	0%	-	0%	-	0%
Retained earnings	12,903	17%	43,782	48%	6,322	5%	30,821	22%
Other equity accounts	2,896	2%	30,362	22%	7,972	5%	26,707	15%
<b>Total equity and liabilities</b>	<b>5,482,721</b>	<b>38%</b>	<b>(2,604,463)</b>	<b>-13%</b>	<b>1,710,023</b>	<b>10%</b>	<b>(227,632)</b>	<b>-1%</b>

(Source: Own calculation from the balance sheet of Vietnam Post 2015-2019)

**Appendix 10: Vertical analysis balance sheet of VN Post**

<b>Balance Sheet- Structure (%)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Current assets</b>	<b>60%</b>	<b>78%</b>	<b>70%</b>	<b>71%</b>	<b>69%</b>
Cash and cash equivalents	41%	54%	39%	38%	40%
Short-term investments	12%	17%	19%	18%	15%
Short-term receivables	6%	6%	9%	13%	12%
Inventories	1%	1%	1%	1%	1%
Other current assets	0%	0%	1%	1%	0%
<b>Non-current assets</b>	<b>40%</b>	<b>22%</b>	<b>30%</b>	<b>31%</b>	<b>30%</b>
Fixed assets	15%	12%	16%	17%	18%
Long-term investments	22%	7%	8%	7%	7%
Other long-term assets	3%	4%	6%	7%	5%
<b>Total assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Liabilities</b>	<b>42%</b>	<b>58%</b>	<b>51%</b>	<b>55%</b>	<b>54%</b>
Short -term liabilities	40%	57%	48%	55%	53%
Long-term liabilities	2%	1%	2%	0%	1%
<b>Owner's equity</b>	<b>58%</b>	<b>42%</b>	<b>49%</b>	<b>45%</b>	<b>46%</b>
Charter capital	56%	40%	46%	42%	43%
Share premium	1%	1%	1%	1%	1%
Retained earnings	1%	0%	1%	1%	1%
Other equity accounts	1%	1%	1%	1%	1%
<b>Total equity and liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*(Source: Own calculation from the balance sheet of Vietnam Post 2015-2019)*

### Appendix 11: Horizontal analysis income statement of VN Post

Income statement (Million VND)	2015/2016		2016/2017		2017/2018		2018/2019	
	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change	Diff (+/-)	% Change
<b>Net revenue</b>	<b>3,634,618</b>	<b>44%</b>	<b>4,210,854</b>	<b>35%</b>	<b>4,429,254</b>	<b>27%</b>	<b>4,289,811</b>	<b>21%</b>
Cost of goods sold	3,376,247	46%	3,627,068	34%	4,151,021	29%	4,164,020	22%
<b>Gross profit</b>	<b>258,371</b>	<b>27%</b>	<b>583,786</b>	<b>48%</b>	<b>278,233</b>	<b>15%</b>	<b>125,791</b>	<b>6%</b>
Financial income	49,598	15%	(43,394)	-11%	(67,312)	-20%	(28,553)	-10%
Financial expenses	(787)	-17%	18,397	471%	(16,148)	-72%	64,891	1054%
Selling expenses	(32,436)	-32%	31,638	45%	4,713	5%	21,611	20%
G &A expenses	238,872	21%	316,519	23%	135,926	8%	(60,879)	-3%
<b>Operating profit</b>	<b>85,503</b>	<b>115%</b>	<b>185,992</b>	<b>116%</b>	<b>63,923</b>	<b>18%</b>	<b>102,193</b>	<b>25%</b>
Other profit	(64,016)	-80%	20,007	128%	(15,219)	-43%	22,290	109%
<b>Profit before tax</b>	<b>21,487</b>	<b>14%</b>	<b>205,999</b>	<b>117%</b>	<b>48,704</b>	<b>13%</b>	<b>124,484</b>	<b>29%</b>
<b>Net profit after tax</b>	<b>34,251</b>	<b>26%</b>	<b>182,075</b>	<b>109%</b>	<b>(1,519)</b>	<b>0%</b>	<b>104,580</b>	<b>30%</b>

(Source: Own calculation from the Income statement of Vietnam Post 2015-2019)

## Appendix 12: Ratio indicator of VN Post

### Profitability ratio

	2015	2016	2017	2018	2019
<b>Profit margin</b>					
Gross profit margin	11.6%	10.2%	11.2%	10.1%	8.9%
Net profit margin	1.6%	1.4%	2.2%	1.7%	1.8%
<b>Return indicator</b>					
Return on assets (ROA)	0.9%	1.0%	1.9%	1.9%	2.4%
Return on equity (ROE)	1.6%	2.0%	4.1%	4.0%	5.2%

### Activity ratio

	2015	2016	2017	2018	2019
Total asset turnover	0.57	0.69	0.86	1.12	1.31
Equity turnover	0.98	1.40	1.89	2.39	2.88
Receivables turnover	9.31	11.33	11.39	10.08	10.34
Days of sales outstanding	39	32	32	36	35

### Liquidity ratio

	2015	2016	2017	2018	2019
Current ratio	1.50	1.37	1.44	1.29	1.30
Cash ratio	1.02	0.95	0.81	0.70	0.76
Quick ratio	1.47	1.35	1.42	1.27	1.28

(Source: Own calculation from the annual report of Vietnam Post 2015-2019)