November, 2018

Century Synthetic Fiber JSC (HSX: STK)

Growth prospects for recycled yarn

Particulars (VND bn)	Q3-FY18	Q2-FY18	*+/-qoq*	Q3-FY17	*+/-yoy*
Net revenue	589	603	-2.3%	513	+14.7%
PAT	47	44	+5.6%	18	+162.7%
EBIT	72	64	+12.5%	25	+192.3%
EBIT margin	12.2%	10.6%	+160bps	4.8%	+740bps

Source: STK, Rong Viet Securities

Q3/2018 result: Increasing NPAT by improving gross margins and decreasing SG&A

Benefiting from the growth in the textile & garment industry, STK continued to positive business results in Q3 2018 with revenue of VND 589 bn (+14.7% YoY) and NPAT of VND 47 bn (+162.7% YoY). Improving gross margins, cutting SG&A are the factors contributing to the outstanding growth of NPAT. Specially, the gross margin increased 670 bps from 8.9% in Q3 2017 to 15.6% in Q3 2018. The selling price rose by 28%, higher than the increase of raw material price (price gap of 20%). The company has changed its product mix, moving to develop high quality products. Besides, SG&A expenses were VND 20 bn, down 6.5% YoY compared to the same period and SG&A expenses to revenue dropped 80bps, from 4.2% (Q3 2017) to 3.4% (Q3 2018).

Positive outlook for 2018

In Q4 2018, the downtrend of crude oil prices may reduce its gross margin. However, we still maintain a positive outlook due to the growth of demand for recycled yarn. This will be the time for fashion brands to prepare their purchases of raw materials for the spring-summer collection of 2019. As a result, the contribution of recycled yarn to revenue will continue to offset the decline of the selling price of its traditional products such as DTY and FDY yarn. The decline of its gross margin will not be too large. For 2018, we forecast revenue growth of 22% at VND 2,433 bn, NPAT is VND 163 bn (+65% YoY), corresponding to a forward EPS of VND 2,443 per share.

Valuation and recommendation

The positive impact of FTA free trade agreements such as CPTPP, EVFTA and the increasing of orders shifting from China to Vietnam will be a prerequisite for the increasing demand of raw materials. On the domestic side, STK is aiming to upgrade the quality of its existing products, producing lower spinning with higher fineness to increase its production efficiency. In addition, the increase in the proportion of recycled yarn to revenue can meet the demand for sustainable development from high fashion brand names. In turn this will be a springboard for the company in order to increase its competitiveness and improve its profitability.

We combine two valuation methods, FCFF and P/E to evaluate STK's fair value. The conclusion is that the stock is worth ***VND 24,300 per share****. We anticipate a cash dividend of VND 800 per share in the next 12 months, which results in a* ***30%*** *total return from the closing price on November 23rd, 2018. Therefore, we have a* ***BUY*** *on this stock.*

BUY	+30%
CMP (VND)	19,300
Target price (VND)	24,300
Cash dividend (VND)*	800

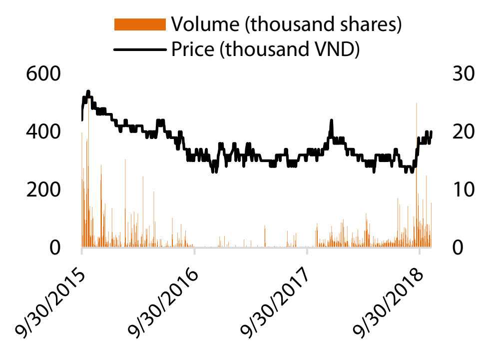
** Expected in the next 12 months*

Stock info

Sector	Textile
Market Cap (VND billion)	1,157
Current Shares O/S	59,94
Avg. Daily Volume (in 20 sessions)	72,585
Free float (%)	37.6
52 weeks High	22,350
52 weeks Low	13,150
Beta	0.60

	FY2017	Current
EPS	1,662.0	2,734.0
EPS growth (%)	248.6	64.5
Adjusted EPS	1,662.0	2,734.0
P/E	11.1	7.2
P/B	1.4	1.5
EV/EBITDA	6.6	5.2
Cash dividend	800	800
ROE (%)	13.5	17.5

Price performance



Major Shareholders (%)

Huong Viet Investment Consultant	20.2
Dang Trieu Hoa	13.9
Foreign ownership room (%)	40.8

Thao Dang
(084) 028- 6299 2006 – Ext 1529
thao.dtp@vdsc.com.vn
Vu Tran
(084) 028 - 6299 2006 – Ext 1518
vu.thx@vdsc.com.vn

Exhibit 1: Q3 2018 results

Particulars (VND bn)	Q3-FY18	Q2-FY18	+/-(QoQ)	Q3-FY17	+/-(YoY)	3Q-FY18	+/-(YoY)
Net revenue	589	603	-2.3%	513	14.7%	1,781	24.4%
Gross profit	92	85	7.5%	46	99.7%	254	70.4%
SG&A	20	22	-7.4%	21	-6.5%	65	8.0%
Operating income	72	64	12.5%	25	192.3%	190	104.4%
EBITDA	107	100	7.2%	61	74.6%	298	48.8%
EBIT	72	64	12.5%	25	192.3%	190	112.1%
Financial expenses	26	15	66.7%	9	186.5%	51	112.2%
- Interest Expenses	7	7	7.7%	8	-3.8%	20	-2.0%
Dep. and amortization	36	36	0.0%	37	-3.7%	108	-2.4%
Non-recurring items (*)							
Extraordinary items (*)							
PBT	51	51	0.7%	18	188.7%	148	96.1%
PAT	47	44	5.6%	18	162.7%	131	104.8%
(*) Adjusted PAT	47	44	5.6%	18	162.7%	131	

Source: STK, Rong Viet Securities

Exhibit 2: Q3 2018 performance analysis

Particulars	Q3-FY18	Q2-FY18	+/-(QoQ)	Q3-FY17	+/-(YoY)
Profitability ratios (%)					
Gross margin	15.6	14.2	140bps	8.9	660bps
EBITDA margin	18.2	16.6	160bps	12.0	630bps
EBIT margin	12.2	10.6	160bps	4.8	740bps
Net margin	7.9	7.3	60bps	3.5	450bps
Adjusted net margin	7.9	7.3	60bps	3.5	450bps
Turnover *(x)					
-Inventories	4.1	5.1	-1.0	4.5	-0.4
-Receivables	19.4	19.8	-0.4	13.5	5.9
-Payables	4.0	4.8	-0.8	5.4	-1.4
Leverage (%)					
Total debt/ equity	115.2	110.3	483bps	110.6	460bps

Source: STK, (*) Annualized turnover

Exhibit 3: Q4 2018 performance forecast

Particulars (VND B)	Q4-FY18	+/-(QoQ)	+/-(YoY)
Revenue	652	11%	16%
Gross profit	86	-6%	27%
EBIT	39	-46%	4%
NPAT	32	-33%	2%

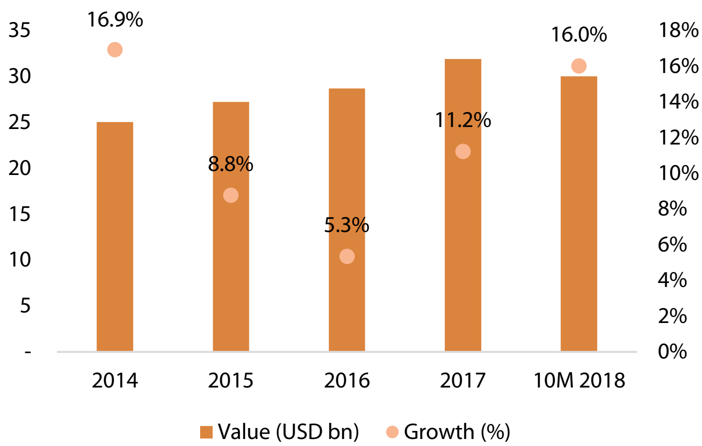
Source: STK, Rong Viet Securities

Update:

Vietnam textile & apparel export turnover had a positive growth, supporting STK's business performance

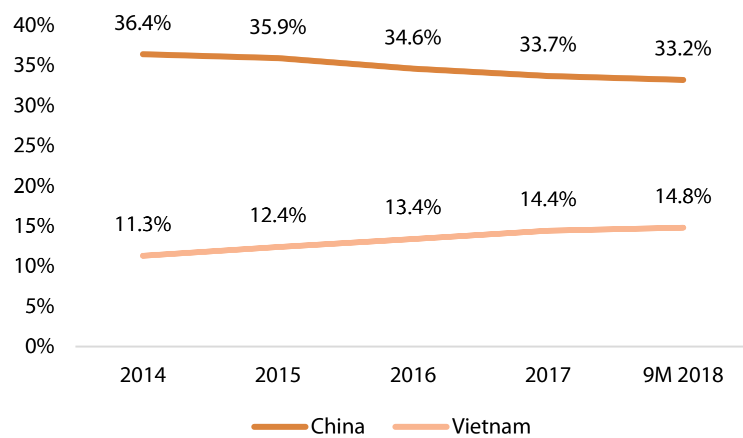
Benefiting from the growth of the textile & apparel industry due to the advantages of FTAs (VKFTA, VJEPA, CPTPP, and EVFTA) and the dramatic shift of orders from China to Vietnam, in the first 10 months of the year, the total export turnover reached nearly USD 30 bn, an increase of 16% over the same period in 2017. In particular, large markets such as the US, EU and Japan recorded a growth rate. The textile and apparel export turnover is expected to reach USD 36 bn (+13% YoY), surpassing US 1.5 bn over the guidance for 2018.

Figure 1. Export turnover of Vietnam's textile & garment



Source: Vietnam Customs

Figure 2. Apparel market share of Vietnam and China in the US market (%)



Source: OTEXA

Figure 3. Volume growth rate of world apparel imported by three major markets (%)

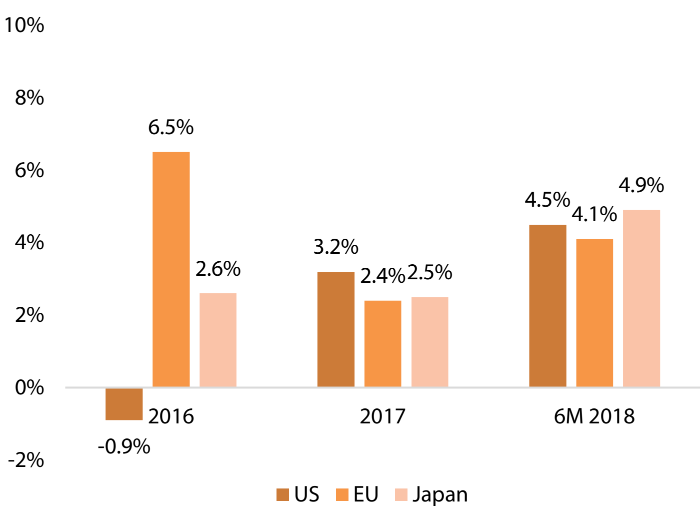
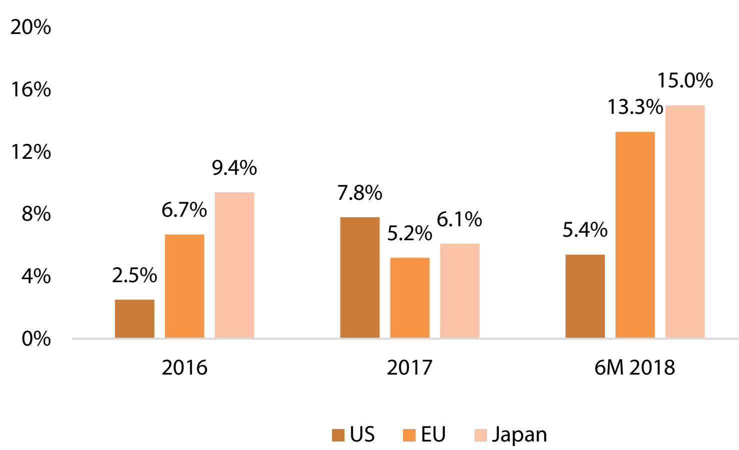


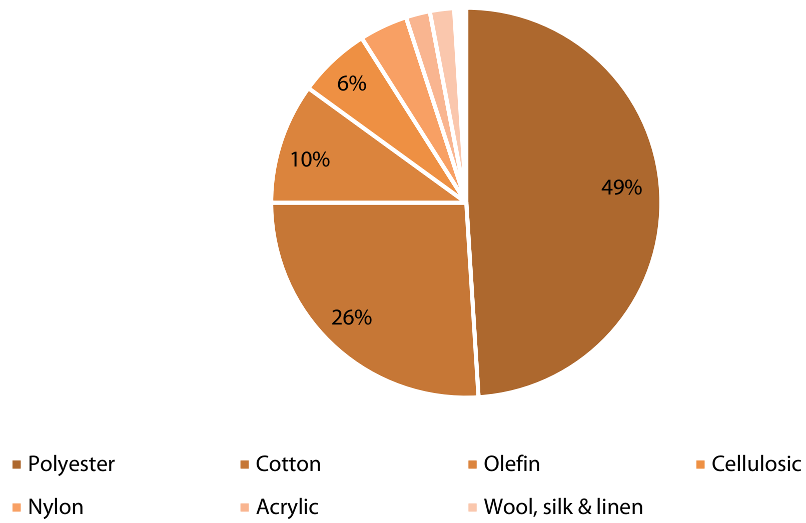
Figure 4. Volume growth rate of Vietnam apparel imported by three major markets (%)



Source: Eurostat, OTEXA, MOF-Japan

The increase of demand for textile & apparel will lead to rising demand for yarn materials. Polyester is the most popular due to its superior physically desiccation, low cost, high flexibility and recyclability. In 2017, polyester yarn accounted for 49% of total demand for natural and artificial fibers worldwide, in which polyester filament yarn is a leading of manufactured fibers (~44%). According to Transparency Research, the polyester yarn will lead the yarn's industry growth at a CAGR of 6.1% per year until 2020.

Figure 5. World demand for yarn in 2017



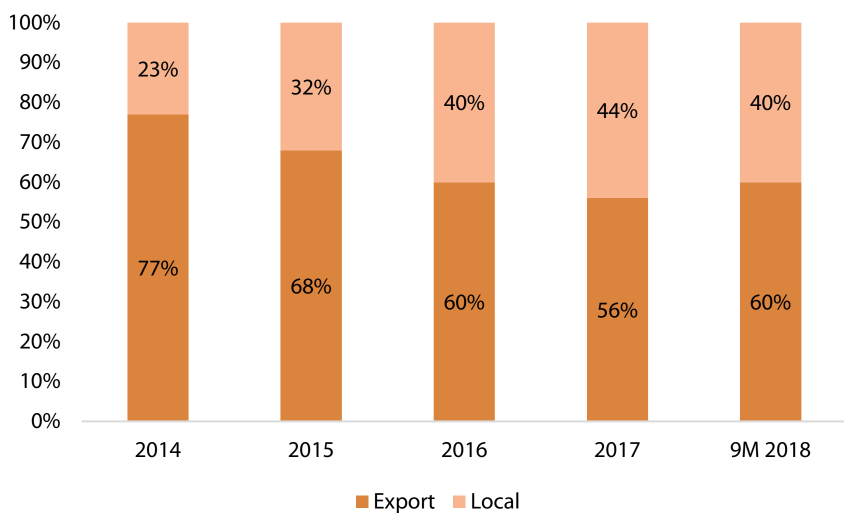
Source: IHS Market

STK is a leading player in the production of filament yarn, used as a raw material for apparel and footwear for international fashion brands. It is quite competitive versus other rivals.

Increase the proportion of revenue in the domestic market to minimize the risk of trade protection from other countries

In the domestic market, the shift of orders from China to Vietnam along with the promoting of FDI companies in building textile & dyeing factories has led to the increase of demand for raw materials. STK revenue structure is moving in the direction of increasing the proportion of domestic orders. Specifically, the proportion of revenue in the domestic market increased from 23% in 2014 to 40% 9M 2018. We think that the positive effects of the CPTPP, EVFTA and the postponement of US-China trade war will boost the demand for domestic yarns. This helps to reduce the reliance on export markets as Vietnam is under intense competition from trade barriers and domestic protection policies (Turkey applied an anti-dumping tax on Vietnam's polyester yarn, partially oriented yarn…).

Figure 6. Breakdown revenue by market (%)



Source: STK

STK continues to increase its contribution of recycled yarn to revenue in order to improve its gross margin

In 9M 2018, it increased the contribution of recycled yarn from 6% (2017) to 13%, exceeding the guidance for the year (10%). With the increasing demand for recycled yarn from current customers. Management said Q4 will a boon for recycled yarn orders as it is the time for international fashion brands to purchase raw materials for the spring-summer collection. STK expects that the contribution of recycled yarn to revenue will be over 14% this year. Current customers such as Nike, Adidas and Puma are planning to increase the use of recycled materials to meet their goal of sustainable development, ensuring the demand for this product. Specifically, Adidas plans to increase its use of recycled materials from 24% (2016) to 100% (2024) for its garment and footwear products. Puma expects to increase its use of recycled materials by 50% by 2020.

In Vietnam, only two companies, STK and Formosa, are producing recycled yarn, so the supply is quite limited. Whereas, the demand has been increasing steadily showing that its growth momentum is large. The commitment from international fashion brands will be a springboard to increase orders and raises its contribution to revenue. For the period 2019-2020, the company is considering to increase the contribution of recycled yarn to revenue to 20% to 30% in 2020. With the highest gross margin (over 25%), the increase of orders are expected to improve its gross profit margin.

Figure 7. Improving gross margin (%)

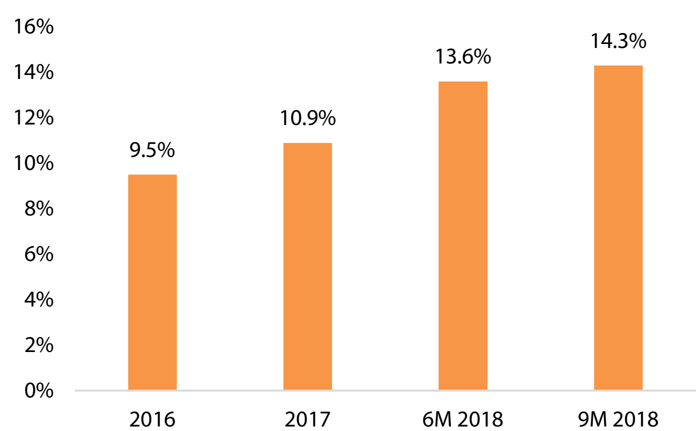
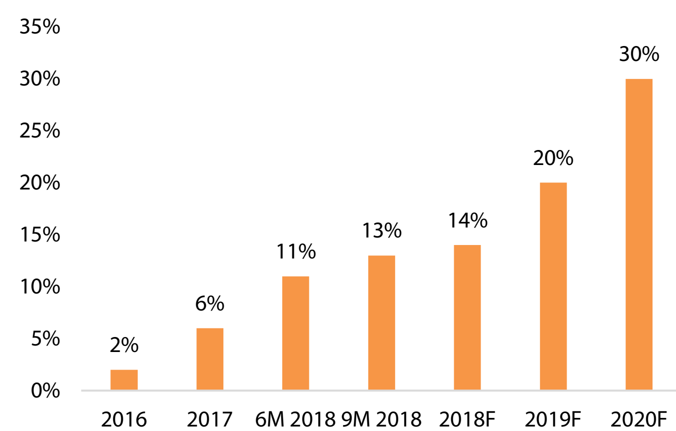


Figure 8. Contribution of recycled yarn to revenue (%)



Source: STK

Research and develop new products to meet the demand of the apparel industry

The company continues to research and develop new products to adapt to the fashion industry's trend. In particular, the product sample of elastic fiber is expected to export to the Japanese market, has reached the standard. Quick dry and soft package fiber are being developed to supply to domestic and Thailand markets. Sorbtek fiber is highly absorbent, easy to clean which is expected to supply to the domestic market and exports to Thailand and Indonesia. Besides, STK is also testing the high-purity yarn to maximize its selling price.

Trang Bang 5 project comes into operation in Q1 2019

In Q3 2018, the Trang Bang 5 factory entered the construction phase; it is expected to start testing in Q4 before officially operating in Q1 2019. It will increase total capacity by 5% (included 3,300 tons of DTY yarn and 1,500 tons of recycled yarn), corresponding to a total increase in capacity of 63,300 tons yarn per year.

Although the growth potential of this industry is quite huge due to the positive effects of free trade agreements, we think that STK is carefully exploring the market, looking for an output partner before extending strongly its factory. This helps to minimize the risk of building new factory in case of insufficient resources.

Colored yarn and plied yarn projects cannot be effective in the short run

Joint venture with E.Dye to produce colored yarn: during the implementation of the cooperation, both parties have encountered disagreement on viewpoints and strategy. Therefore, STK has stopped the cooperation with E.Dye and the company will carry out this project itself by equipping the coloring equipment for the current production line. Regarding the plied yarn, STK is negotiating with a major US partner to supply fabric for a brand name shoe manufacturer. Both sides will need time to negotiate the contract term and prices before embarking on further plans.

STK plans to raise its chartered capital to VND 707 bn

The company expects to issue a further 10% shares to current shareholders, equivalents to 5.99 million shares to finance the Trang Bang 5 project with a price of VND 10,000 per share. In addition, it will pay a stock dividend of 7%, and issue around 600,000 shares of ESOP to its employees. After that its chartered capital is estimated to reach VND 707 bn, corresponding to 70.7 million shares.

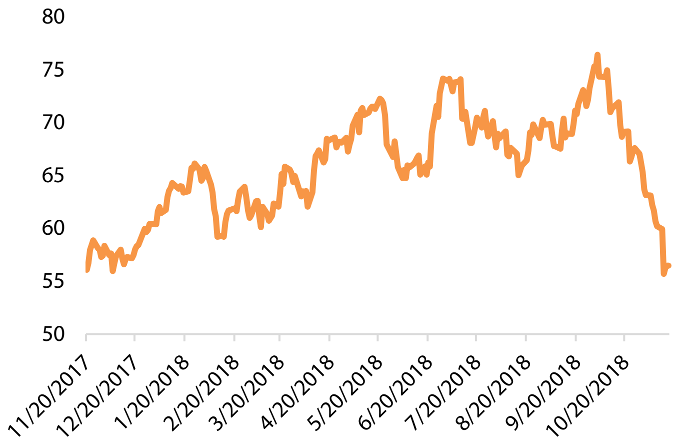
Table 1. Purpose of issuance a further 10% shares to current shareholders

	Amount (VND)	Timeline
Finance the Trang Bang 5 project	59,937,800,000	11/2018 - 06/2019
Investment costs for workshops (land, construction, auxiliaries…)	45,136,472,000	
Purchase machineries	14,801,328,000	

Source: STK

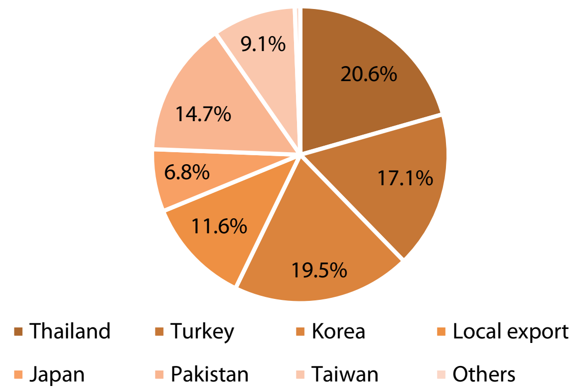
Appendix:

Figure 9: Crude oil price



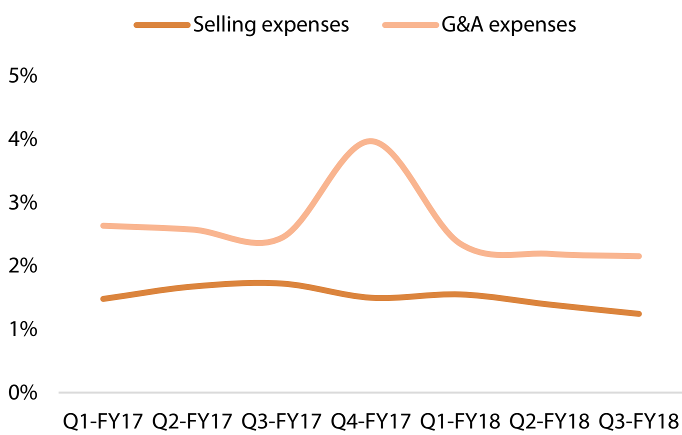
Source: Bloomberg

Figure 10: Export market of Vietnam polyester filament in 9M 2018



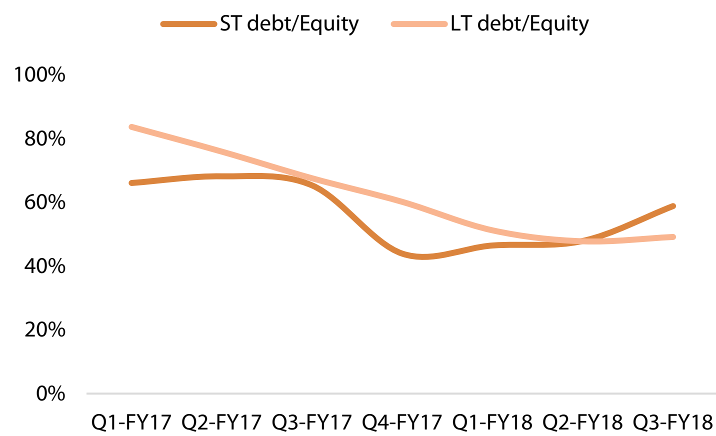
Source: Vietnam Customs

Figure 11: Selling expenses, G&A expenses to revenue (%)



Source: STK, Rong Viet Securities

Figure 12: Debt to equity ratio (%)



Source: STK, Rong Viet Securities

VND in billions

Income statement	FY2016	FY2017	FY2018E	FY2019F
Revenue	1,358	1,989	2,433	2,838
COGS	1,230	1,773	2,092	2,451
Gross profit	**129**	**217**	**340**	**387**
Selling expense	25	32	39	48
G&A expense	45	59	73	85
Financial income	1	8	9	6
Financial expense	30	30	64	53
Other income/loss	1	1	1	1
Gain/(loss) from JV	0	0	0	0
PBT	**31**	**105**	**174**	**208**
Tax expense	2	5	11	13
Minority interests	0	0	0	0
PAT	**29**	**100**	**163**	**195**
EBIT	58	126	228	253
EBITDA	181	274	385	412

%

Financial ratio	FY2016	FY2016	FY2018E	FY2019F
Growth (%)				
Revenue	31.2	46.4	22.3	16.7
Operating income	-13.6	51.2	40.7	6.9
EBITDA	-53.5	117.2	80.9	10.9
PAT	-59.9	248.3	63.4	19.8
Total assets	17.8	-2.3	1.8	4.2
Equity	0.8	12.0	12.7	13.2
Profitability (%)				
Gross margin	9.5	10.9	14.0	13.6
EBITDA margin	13.3	13.8	15.8	14.5
EBIT margin	4.3	6.3	9.4	8.9
Net margin	2.1	5.0	6.7	6.9
ROA	1.4	5.0	8.1	9.3
ROE	4.1	12.8	18.6	19.6
Efficiency (x)				
Receivable turnover	16.0	31.6	25.0	22.2
Inventory turnover	3.1	4.4	4.5	4.4
Payable turnover	4.3	4.5	5.3	5.3
Liquidity (x)				
Current	0.9	0.8	0.9	1.0
Solvency (%)				
Total debt/equity	149.9	103.8	84.9	64.2
Current debt/equity	56.2	43.8	45.5	39.7
Long-term Debt/equity	93.7	60.0	38.5	24.5

VND in billions

Balance sheet	FY2016	FY2017	FY2018E	FY2019F
Cash and cash equivalents	87	117	88	134
Short term investment	0	0	0	50
Accounts receivable	85	63	97	128
Inventories	402	399	460	552
Other current assets	20	34	36	38
Tangible fixed assets	1,350	1,209	1,169	1,027
Intangible fixed assets	1	1	1	1
Long term investment	40	27	27	27
Other non-current assets	37	129	135	142
Total asset	**2,025**	**1,979**	**2,014**	**2,097**
Account payable	286	390	398	466
Short term borrowings	391	341	399	394
Long term borrowings	652	467	338	243
Other non-current liabilities	0	0	0	0
Bonus and welfare fund	1	2	2	2
Technology -science dev fund	0	0	0	0
Total liabilities	**1,329**	**1,200**	**1,136**	**1,105**
Common stock and APIC	535	635	635	635
Treasury stock	0	0	0	0
Retained earnings	123	143	241	357
Other comprehensive income / (loss)	0	0	0	0
Investment and development fund	1	1	1	1
Total equity	**695**	**779**	**877**	**993**
Minority interest	**0**	**0**	**0**	**0**

Valuation ratio	FY2016	FY2017	FY2018E	FY2019E
EPS (VND)	534	1,662	2,443	2,926
P/E (x)	31.2	10.5	7.9	6.6
BV (VND)	12,989	12,991	14,635	16,561
P/B (x)	1.3	1.3	1.3	1.2
DPS (VND/cp)	300	800	800	1,000
Dividend yield	1.8%	4.6%	4.2%	4.2%

Valuation model	*Price*	*Weight*	*Average*
FCFF	26,600	50%	13,300
PE	22,000	50%	11,000
Target price (VND)			**24,300**

Valuation history	*Price*	*Recommendation*	*Period*
09/06/2017	24.200	Buy	Long term
07/05/2015	30.800	Buy	Long term

RESULTS UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

RATING GUIDANCE

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

ABOUT US

RongViet Securities Corporation (RongViet) was established in 2007, licensed to perform the complete range of securities services including brokerage, financial investment, underwriting, financial and investment advisory and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders, also our strategic partners, are reputable institutions, i.e Eximbank, Viet Dragon Fund Management, etc... Along with a team of the professional and dynamic staffs, RongViet has the man power as well as the financial capacity to bring our clients the most suitable and efficient products and services. Especially, RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews.

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

Bernard Lapointe
Head of Research
bernard.lapointe@vdsc.com.vn
+ 84 28 62992006 (1525)

Lam Nguyen
Senior Strategist
lam.ntp@vdsc.com.vn
+ 84 28 6299 2006 (1313)
- Banking
- Market Strategy

Hieu Nguyen
Senior Analyst
hieu.nd@vdsc.com.vn
+ 84 28 6299 2006 (1514)
- Market Strategy
- Pharmaceuticals
- Aviation

Duong Lai
Senior Analyst
duong.ld@vdsc.com.vn
+ 84 28 6299 2006 (1522)
- Real Estate
- Building Materials

Vu Tran
Senior Analyst
vu.thx@vdsc.com.vn
+ 84 28 6299 2006 (1518)
- Oil & Gas
- Fertilizer

Son Phan
Analyst
son.pnt@vdsc.com.vn
+ 84 28 6299 2006 (1519)
- Utilities
- Natural Rubber

Tu Vu
Analyst
tu.va@vdsc.com.vn
+ 84 28 6299 2006 (1511)
- Macroeconomics

Son Tran
Analyst
son.tt@vdsc.com.vn
+ 84 28 6299 2006 (1527)
- Market Strategy
- Retails
- Technology

Tung Do
Analyst
tung.dt@vdsc.com.vn
+ 84 28 6299 2006 (1521)
- Logistics
- Aviation

Thu Pham
Analyst
thu.pa@vdsc.com.vn
+ 84 28 6299 2006 (1520)
- Industrial Real Estate

Thao Dang
Analyst
thao.dtp@vdsc.com.vn
+ 84 28 6299 2006 (1529)
- Food & Beverage
- Textiles

Tam Pham
Analyst
tam.ptt@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Insurance
- Fishery

Anh Nguyen
Analyst
anh2.ntt@vdsc.com.vn
+ 84 28 6299 2006 (1531)
- Banking

Vy Nguyen
Analyst
vy.ntk@vdsc.com.vn
+ 84 28 6299 2006 (1528)
- Automobile & Parts

Trinh Le
Analyst
trinh.lx@vdsc.com.vn
+ 84 28 6299 2006 (1536)
- Industrials
- Agricultural Medicine

Thinh Bui
Analyst
thinh.bnh@vdsc.com.vn
+ 84 28 6299 2006 (1315)
- Market Strategy
- Steel

Anh Tran
Analyst
anh.tm@vdsc.com.vn
+ 84 28 6299 2006 (1293)
- Building Materials
- Construction

Hoang Nguyen
Analyst
hoang.nt@vdsc.com.vn
+ 84 28 6299 2006 (1538)
- Macroeconomics

Ha Tran
Assistant
ha.ttn@vdsc.com.vn
+ 84 28 6299 2006 (1526)

Vi Truong
Assistant
vi.ttt@vdsc.com.vn
+ 84 28 6299 2006 (1517)

DISCLAIMERS

This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.

The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by Viet Dragon Securities Corp. ("VDSC"), a company authorized to engage in securities activities in Vietnam. VDSC is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Additional Disclosures

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither VDSC nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report.

VDSC may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of VDSC.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by VDSC with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior.

RESEARCH DISCLOSURES

Third Party Research

This is third party research. It was prepared by RongViet Securities Corporation (RongViet), with headquarters in Ho Chi Minh City, Vietnam. RongViet is authorized to engage in securities activities according to its domestic legislation. This research is not a product of Exotix USA, Inc, a U.S. registered broker-dealer. RongViet has sole control over the contents of this research report. Exotix USA, Inc does not exercise any control over the contents of, or the views expressed in, research reports prepared by RongViet.

RongViet is not registered as a broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" and other "U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act").

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Exotix USA, Inc, located at Floor 36, 444 Madison Avenue, Floor 36, New York, NY 10022. A representative of Exotix USA, Inc. is contactable on +1 (212) 551 3480. Under no circumstances should any U.S. recipient of this research report effect any transaction to buy or sell securities or related financial instruments through RongViet. Exotix USA, Inc accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

None of the materials provided in this report may be used, reproduced, or transmitted, in any form or by any means, electronic or mechanical, including recording or the use of any information storage and retrieval system, without written permission from.

RongViet is the employer of the research analyst(s) responsible for the content of this report and research analysts preparing this report are resident outside the U.S. and are not associated persons of any U.S. regulated broker-dealer. The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of Exotix USA, Inc and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Exotix USA, Inc. or its affiliates has not managed or co-managed a public offering of securities for the subject company in the past 12 months, has not received compensation for investment banking services from the subject company in the past 12 months, and does not expect to receive or intend to seek compensation for investment banking services from the subject company in the next three months. Exotix USA, Inc. has never owned any class of equity securities of the subject company. There are no other actual, or potential, material conflicts of interest of Exotix USA, Inc. at the time of the publication of this report. As of the publication of this report, Exotix USA, Inc. does not make a market in the subject securities.

About Exotix Capital

Exotix Capital is a registered trade mark of Exotix Partners LLP. Exotix Partners LLP and its subsidiaries ("Exotix Capital") provide specialist investment banking services to trading professionals in the wholesale markets. Exotix Capital draws together liquidity and matches buyers and sellers so that deals can be executed by its customers. Exotix Capital may at any time, hold a trading position in the securities and financial instruments discussed in this report. Exotix Capital has procedures in place to identify and manage any potential conflicts of interests that arise in connection with its research. A copy of Exotix Capital's conflict of interest policy is available at www.exotix.com/regulatory-information.

Distribution

This report is not intended for distribution to the public and may not be reproduced, redistributed or published, in whole or in part, for any purpose without the written permission of Exotix Capital. Exotix Capital shall accept no liability whatsoever for the actions of third parties in this respect. This report is for distribution only under such circumstances as may be permitted by applicable law.

This report may not be used to create any financial instruments or products or any indices. Neither Exotix Capital, nor its members, directors, representatives, or employees accept any liability for any direct or consequential loss or damage arising out of the use of all or any part of the information herein.
United Kingdom: Distributed by Exotix Partners LLP only to Eligible Counterparties or Professional Clients (as defined in the FCA Handbook). The information herein does not apply to, and should not be relied upon by, Retail Clients (as defined in the FCA Handbook); neither the FCA's protection rules nor compensation scheme may be applied.

UAE: Distributed in the Dubai International Financial Centre by Exotix Partners LLP (Dubai) which is regulated by the Dubai Financial Services Authority ("DFSA"). Material is intended only for persons who meet the criteria for Professional Clients under the Rules of the DFSA and no other person should act upon it.

Other distribution: The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restriction.

Disclaimers

Exotix Capital and/or its members, directors or employees may have interests, or long or short positions, and may at any time make purchases or sales as a principal or agent of the securities referred to herein. Exotix Capital may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups of Exotix Capital.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Frontier and Emerging Market laws and regulations governing investments in securities markets may not be sufficiently developed or may be subject to inconsistent or arbitrary interpretation or application. Frontier and Emerging Market securities are often not issued in physical form and registration of ownership may not be subject to a centralised system. Registration of ownership of certain types of securities may not be subject to standardised procedures and may even be effected on an ad hoc basis. The value of investments in Frontier and Emerging Market securities may also be affected by fluctuations in available currency rates and exchange control regulations. Not all of these or other risks associated with the relevant company, market or instrument which are the subject matter of the report are necessarily considered.