RONG VIET SECURITIES

Preliminary 2H2020 outlook

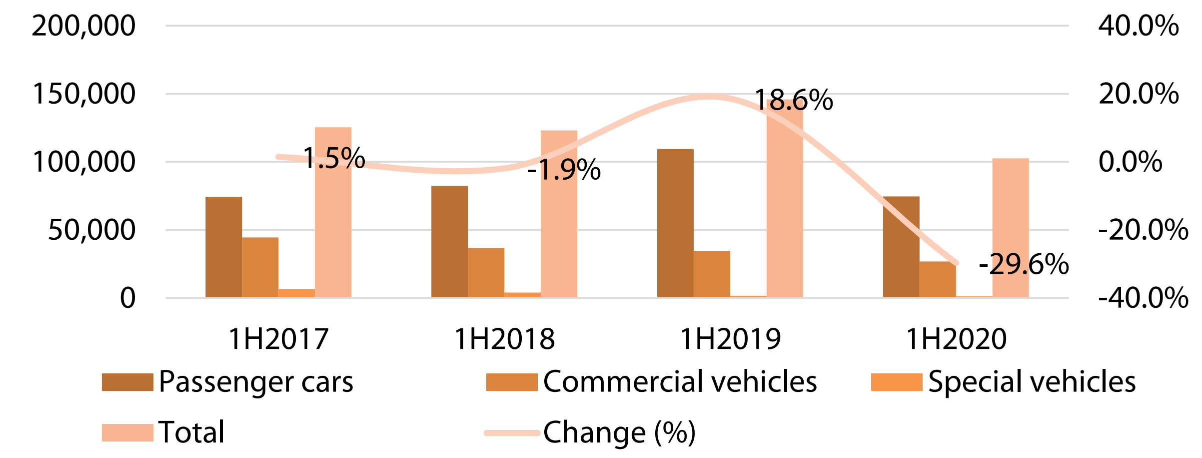
August 2020

AUTOMOBILE INDUSTRY: Many policies support the industry to recover in 2H2020

Hoang Bui - hoang.bh@vdsc.com.vn

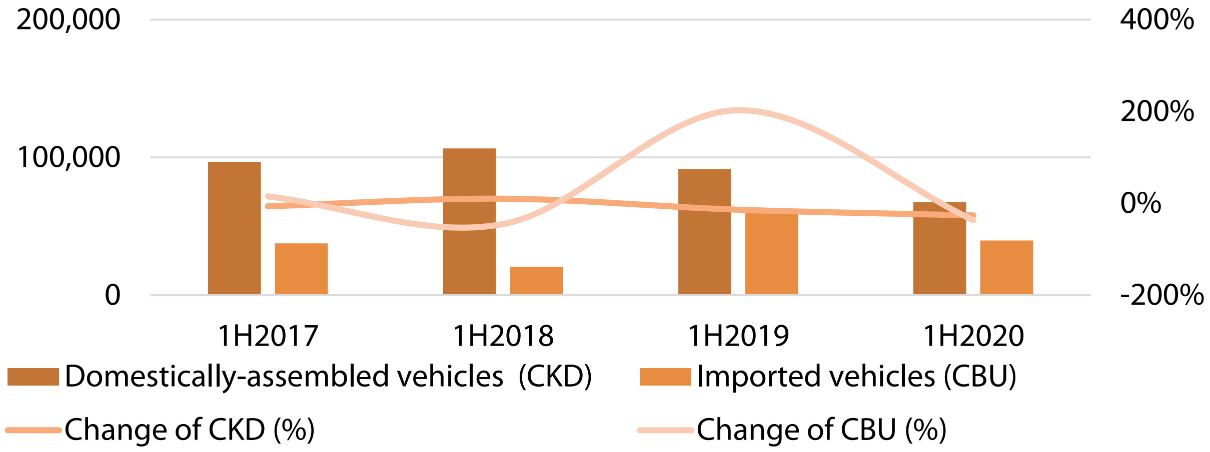
Many difficulties in the first half of the year due to Covid-19

Figure 1: VAMA sales by type (units)



Source: VAMA, Rong Viet Securities

Figure 2: VAMA sales by vehicle origin (units)

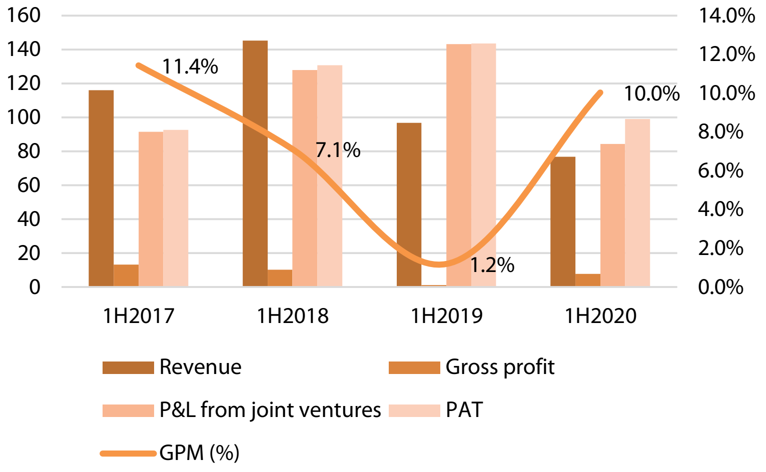


Source: VAMA, Rong Viet Securities

- VAMA's 1H2020 sales fell by 30% YoY, to 102,720 units.
  - i. Passenger cars: sales fell by 32% YoY, to 74,638 units. This is due to (1) the effect of the Covid-19 on the income and consumption behavior of the buyers, (2) the buyers waiting for the reduction of the registration fee.
  - ii. Commercial vehicles and special vehicles sales decreased by 23% YoY (to 26,826 units) and 30% YoY (to 1,256 units) because production and mining industries are limited due to Covid-19.
- By origin, the volume of domestically assembled vehicles decreased by 26% YoY (to 67,516 units), while the number of imported vehicles decreased by 37% YoY (to 39,667 units). Cars imported from Thailand plummeted 61% YoY, to only 17,620 units. Cars imported from Indonesia decreased by 22% YoY, down to 16,421 units. In general, the Covid-19 has made people prioritize consumption for vital things instead of buying cars.
- By market share, THACO continued to dominate with 33.3%. Followed by brands from Japan such as Toyota (24.5%), Honda (11.7%), Mitsubishi (10%). Ford – the "king" of pickup trucks – ranked at 5th with 8.2%.

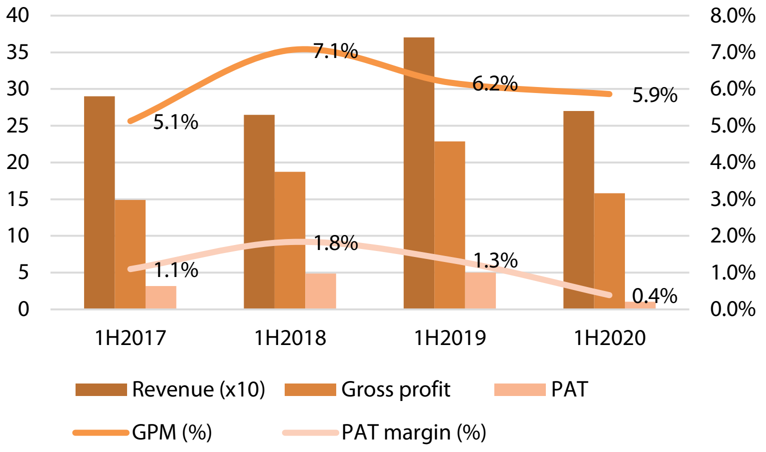
Results of automobile companies declined

Figure 3: VEA business results (USD million)



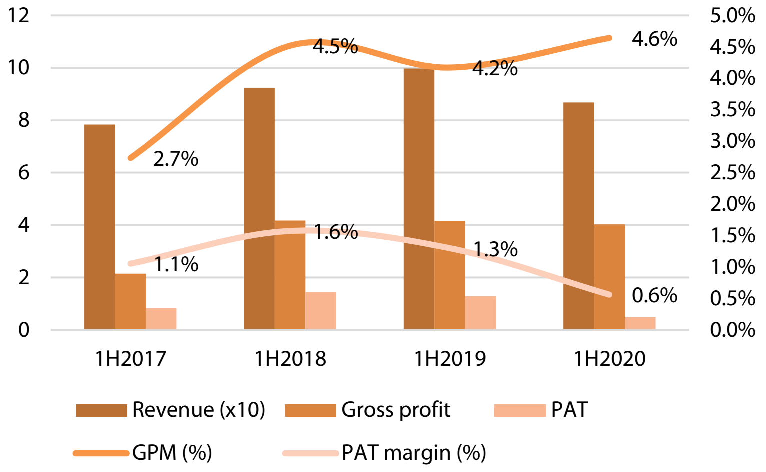
Source: VEA, Rong Viet Securities

Figure 4: SVC business results (USD million)



Source: SVC, Rong Viet Securities

Figure 5: HAX business results (USD million)



Source: HAX, Rong Viet Securities

- Covid-19 has a negative impact on automobile sales. As a result, revenue of auto companies decreased. For example, SVC's sales dropped by 27% YoY to USD 27 million, VEA's sales dropped by 21% YoY to USD 76.8 million or HAX's sales declined less with 13% YoY to USD 8.7 million thanks to the lower decrease of Mec compared to the decline of the industry. Due to the different business mix, the fluctuation of gross profit is different. HAX's growth in repairing and selling spare parts helped its gross profit to drop slightly by 3% YoY (to USD 4 million). SVC's gross profit decreased by 31% YoY (to USD 15.8 million), this decrease is stronger than the decrease in revenue due to lower selling prices. In contrast, gross profit of VEA increased strongly by 566% YoY (to USD 7.7 million), mainly due to the very low results of 1H2019.

- Selling and G&A expenses decreased along with the decline of business activity.

- The PAT of auto companies decreased. Specifically, the PAT of HAX and SVC were USD 0.5 million (-62% YoY) and USD 1 million (-79% YoY), respectively. VEA's profits mainly come from dividends paid by its joint ventures. In 1H2020, the dividend received by VEA decreased by 41% YoY, to USD 84.4 million, but thanks to the strong improvement of the main business (+566% YoY), the PAT only decreased 31% YoY, to USD 99.1 million.

2H2020 – More opportunities than challenges

Opportunities

- Decree 70/2020/ND-CP about 50% reduction of the registration fee applied for domestically produced and assembled cars (June 28, 2020 to December 31, 2020) helps reduce the cost of buying a car. This policy helps to reduce COGS compared to 1H2020. Moreover, from July 10, 2020, Decree 57/2020/ND-CP officially allows domestic automobile manufacturers and assemblers to benefit from a 0% import tax on raw materials, components and supplies which cannot domestically produced. This helps reduce production costs by 2-5% and boost demand. Besides, the Government extended the time of paying the special consumption tax on cars manufactured or assembled domestically from March to December. This supports the cash flow management of companies.

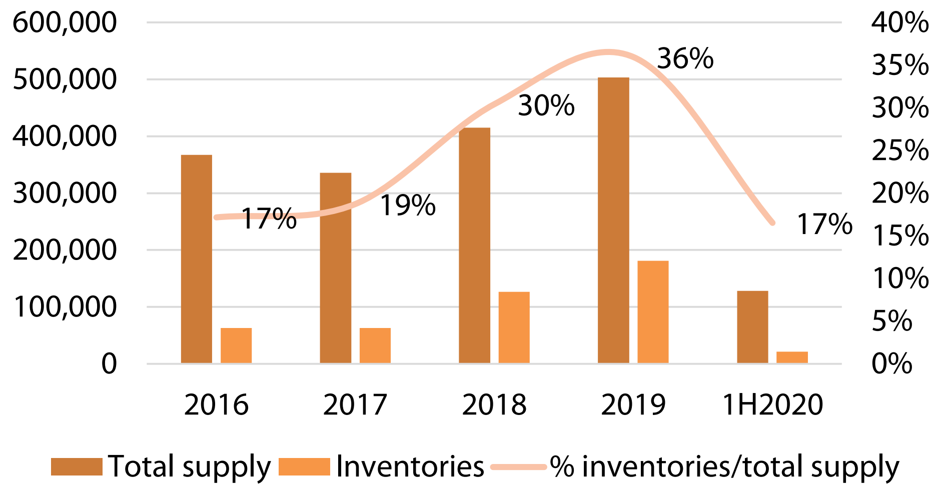
- In addition, a steady growth in personal income and a low number of vehicles per capita compared to other countries having similar income will offer automobile industry lots of opportunities to grow.

Challenges

- Inventory pressure leads to competition in selling price, reducing GPM. In 1H2020, there were 21,205 units in inventories, accounting for 17% of total supply. This is a relatively low number and is acceptable compared to previous years. However, inventories of 2019 is "extremely large" up to 180,905 units, accounting for 36% of the 2019 total supply. Therefore, the pressure to liquidate 2019 inventories may force companies to lower their selling price.

- Covid-19 made people's income lower than expected. Consumers may shift to middle class and low class cars instead of luxury cars. In addition, transportation infrastructure is not good enough. The traffic area is only 6-8%, lower than the standard of 20%.

Figure 6: Supply exceeds demand (units)



Source: Ministry of Industry and Trade, General Department of Customs, VAMA, Rong Viet Securities

Conclusion

Sales will recover in 2H2020 versus 1H2020, thanks to a better economic outlook and government support. So, although GPM is likely to decline, gross profit still grows thanks to increased sales. Therefore, we think the industry's 2H2020 PBT will be higher than 1H2020.

AUTOMOBILE INDUSTRY

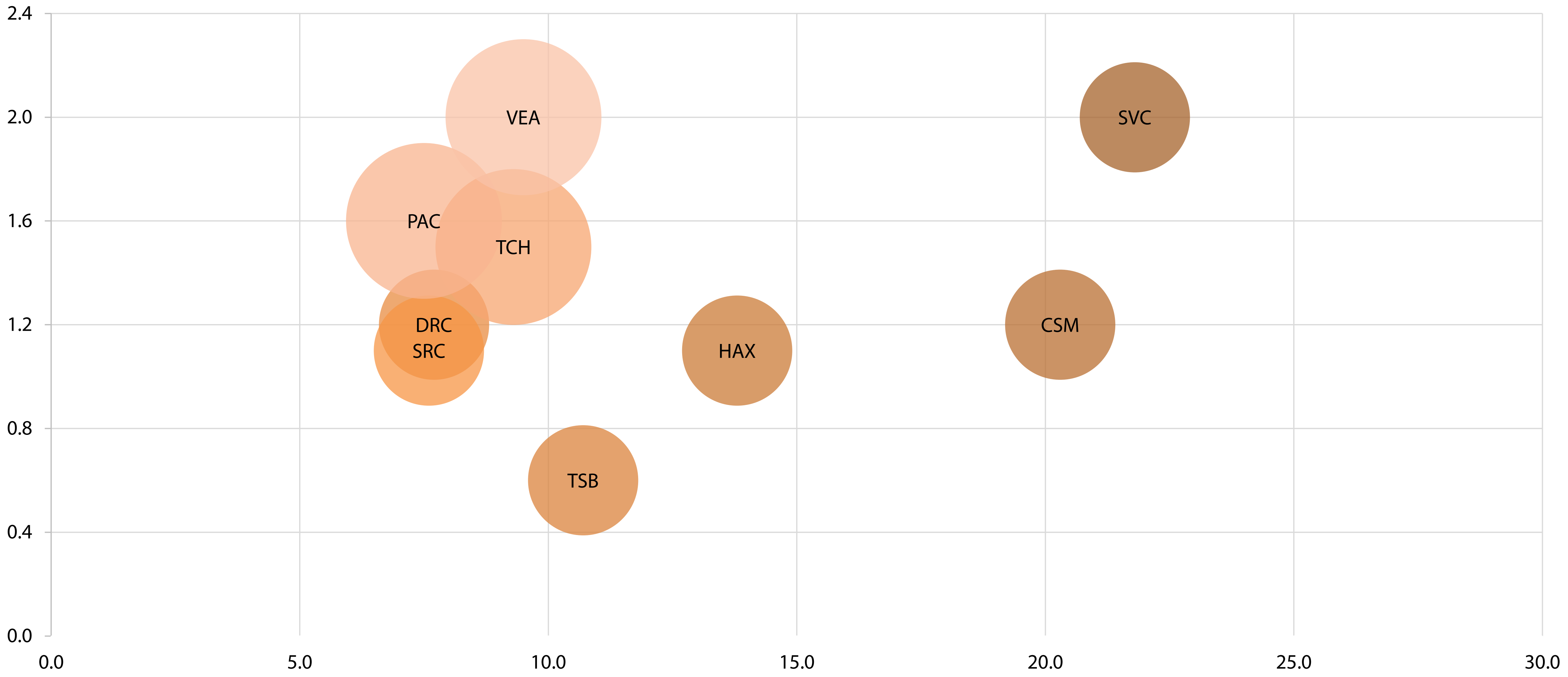
Industry comparable: 1H2020 financials

Ticker	Market cap (USD mn)	Target price (VND)	Sales Growth (% YoY)	EBITDA Growth (% YoY)	EBITDA Margin (%)	Operating Income Margin (%)	Net Income Growth (% YoY)	Net Profit Margin (%)	ROA (%)	ROE (%)	DY (%)	Current P/E (x)	Current P/B (x)
HAX	19.5	12,900	-13.0	19.7	2.2	1.2	-60.9	0.6	2.0	7.2	0.0	13.8	1.1
VEA	2,543.3	N/A	-20.6	-302.7	6.9	-2.3	-31.1	128.1	20.0	21.7	0.0	9.5	2.0
SVC	98.6	N/A	-27.1	-68.9	0.7	0.0	-68.4	0.3	2.3	6.6	0.0	21.8	2.0
DRC	80.8	18,700	-17.1	-11.5	8.3	8.3	-8.3	5.1	9.2	15.0	0.0	7.7	1.2
PAC	47.1	23,700	-5.1	-17.4	8.4	5.7	-30.9	3.7	6.2	21.4	0.0	7.5	1.6

Source: Bloomberg, RongViet Securities. Share price as of 07 Aug 2020.

AUTOMOBILE INDUSTRY

Industry comparable



Source: FiinGroup, Rong Viet Securities. Bubble size equals respective ROE. Share price as of 07 Aug 2020.

DRC – COMPETITION IS INCREASING SIGNIFICANTLY

INVESTMENT RATIONALE

GPM and gross profit of radial segment have many opportunities to grow

- Radial factory ran at 85% capacity in 2019 and only 68% in 1H2020 due to the impact of Covid-19. We expect that DRC can operate at higher capacity when the epidemic is under control.
- If the disease is controlled in 2021, the company's export volume is expected to recover, along with the reduction of USD 6.7 million in the depreciation of machines and equipment. From 2021 it will help to improve GPM. Expected GPM of 2020 and 2021 will be 9.9% and 18.7%, respectively, higher than 9.5% in 2019.

Plan to expand the radial factory from 600,000 tires/year to 1,200,000 tires/year

- Bias segment will certainly continue to decline, so the radial plant expansion is the only growth force. Initially, it was expected to start in 2020 but has not yet been approved by Vinachem.
- When operating at its highest capacity (1.2 million tires/year), radial revenue and gross profit can reach USD 202.1 million (+144%) and USD 45.7 million (+480%) compared to 2019.

Bias tire results continue to decline

- The market prefers radial tires than bias ones. In the 2015-2019 period, revenue and gross profit of the bias segment had a CAGR of -10% and -18%, respectively.
- It is expected to decrease with CAGR of -9% (revenue) and -18% (profit) for the2020-2024 period.

RISKS TO OUR CALL

- Raw material prices increased while selling prices affected the gross margin.
- If Vinachem postpones the approval to the expand radial plant while the bias segment is decreasing continuouslythere is the risk of negative growth.

BUY +25%

CMP (VND)	**15,750**
Target price (VND)	**18,700**
Cash dividend in 12 months	*1,000*

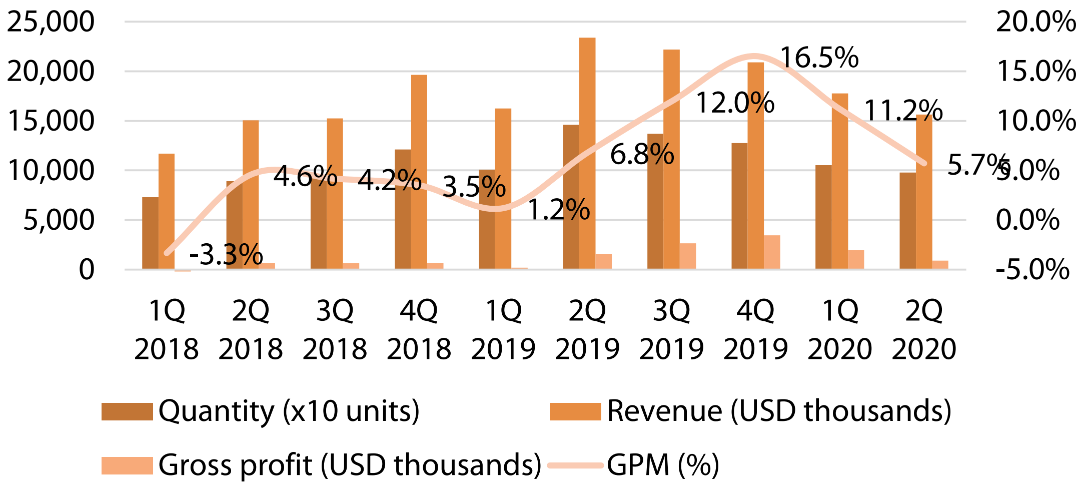
STOCK INFO	
Sector	Consumer Goods
Market Cap ($ mn)	81
Current Shares O/S (mn shares)	119
3M Avg. Volume (K)	558
3M Avg. Trading Value ($ mn)	0.5
Remaining foreign room (%)	29.2
52-week range ('000 VND)	13.8-25.3

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**3,551**	**3,858**	**3,241**	**3,610**
Growth (%)	*-3.2*	*8.6*	*-16*	*11.4*
NPATMI (VND bn)	**139**	**250**	**180**	**310**
Growth (%)	*-16.5*	*80.7*	*-27.9*	*71.6*
ROA (%)	4.9	9.2	7.0	9.7
ROE (%)	9.1	15.3	10.8	17.1
EPS (VND)	1,073	1,918	1,382	2,372
Book Value (VND)	12,819	13,738	14,082	15,200
Cash dividend (VND)	1,100	1,500	1,000	1,000
P/E (x) (*)	18.4	10.2	16.6	9.7
P/B (x) (*)	1.7	1.6	1.6	1.5

(*) Share price as of Aug 7th, 2020.

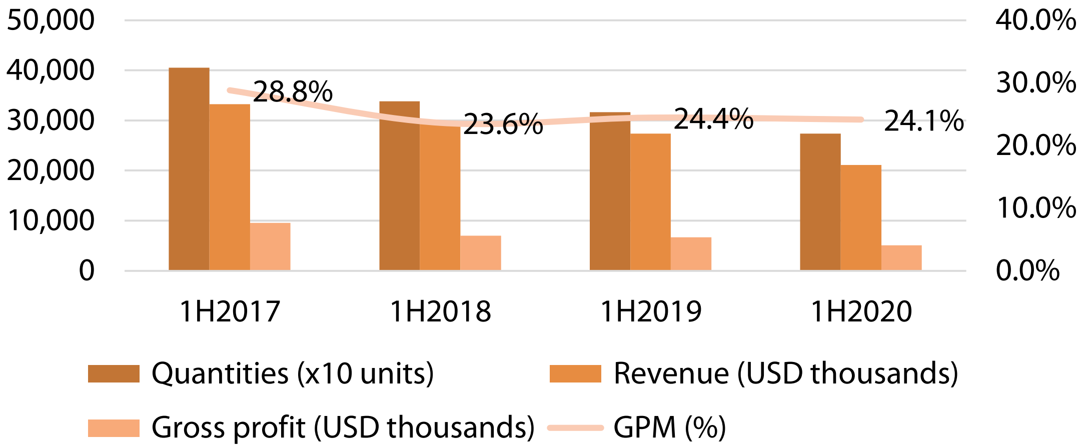
DRC - 1H2020 Results declined as the radial segment is in trouble

Figure 1: Radial segment results



Source: DRC, Rong Viet Securities

Figure 2: Bias segment results



Source: DRC, Rong Viet Securities

Revenue and profit suddenly dropped

- Revenue decreased by 17% YoY, to USD 68.7 million. Radial tire sales decreased by 16% YoY, to USD 33.4 million due to the impact of Covid-19 on demand and increased competition from Chinese companies, resulting in a 15% YoY drop in exported quantity and down by 23% YoY in domestic quantity. Prices increased slightly by 2% YoY. Meanwhile, bias tire sales decreased by 23% YoY, to USD 21.1 million. The quantity went down by 14% YoY due to the trend of using radial tires instead of bias tires. In addition, the price decreased by 11% YoY due to the increase in light truck tire sales.

- GPM was 14.8%, higher than 12.4% (1H2019) thanks to lower raw material prices. Gross profit reached USD 10.2 million, down slightly by 1.3% YoY.

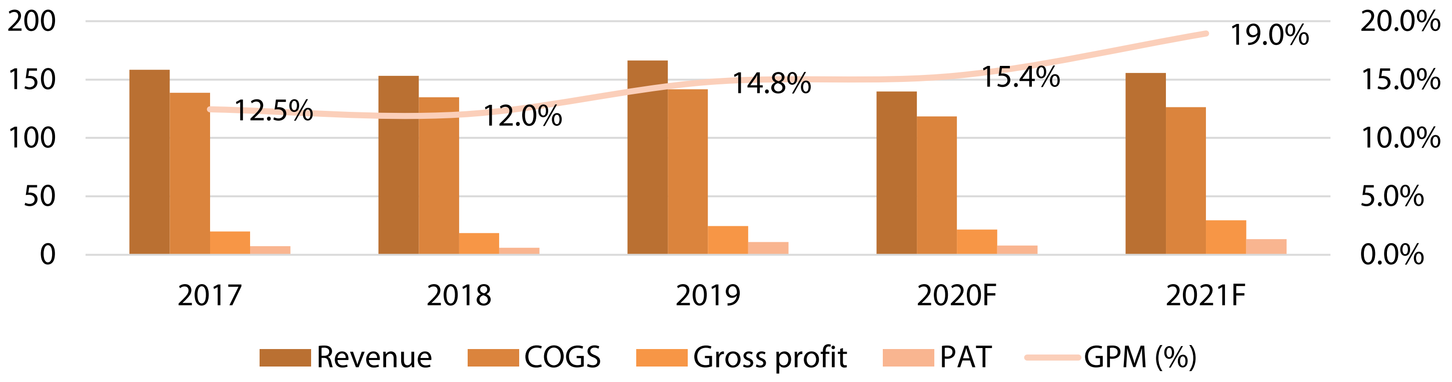
- Selling expenses increased by 19% YoY, to USD 3.3 million as the company attempted to boost sales in the context of declining demand and rising industry competition. Overall, the PAT was USD 3.5 million, down by 8% YoY.

Table 1: Bus and truck tires imported by the US and Brazil (thousand USD)

	1Q2020	Change YoY (%)	2Q2020	Change YoY (%)
The US imports from the world	1,144,948	-5%	828,471	-29%
The US imports from Vietnam	69,906	+30%	61,546	+23%
The US imports from China	38,597	-81%	51,261	-52%
Brazil imports from the world	53,135	-21%	26,991	-58%
Brazil imports from Vietnam	8,073	+15%	5,239	-38%
Brazil imports from China	9,525	-9%	6,785	-26%

Source: trademap.org, Rong Viet Securities

Figure 3: Forecasts (USD million)



Source: Rong Viet Securities

2020: Business results decline due to Covid-19 and competition increases

- DRC is expected to sell 424,000 radial tires (-17% YoY) and 533,000 bias tires (-15% YoY) due to the impact of the epidemic on the demand and Chinese companies increase exporting to the US and Brazil under the label of "Made in Vietnam". Radial tires price will increase slightly by 1% due to the increase in the proportion of domestic sales when the export channel encountered many obstacles. While the average selling price of bias tires decreased by 7.9% due to the increase in the proportion of light truck tire sales. Revenue in 2020 will reach USD 139.9 million (-16% YoY). Despite a decrease in quantity, radial tire GPM still improved slightly from 9.5% to 9.9% thanks to the decrease in raw material price and the decrease in depreciation of machinery and equipment by USD 1.7 million. GPM of bias tires reached 24.6%, not much change compared to the previous period (2019: 24.4%). Gross profit of 2020 will reach USD 21.5 million (-13% YoY).
- Interest expense decreased by 5% YoY, to USD 3.4 million along with the decline in business activities. Selling expenses increased by 19% YoY, to USD 6.5 million when the company tries to boost its sales in the context of higher competition. PAT will reach USD 7.8 million, down by 28% YoY.

2021: Growth returns

- Revenue and profit are expected to grow by 11% YoY (due to the recovery of exported markets) and 72% YoY (due to a decrease in depreciation of USD 6.7 million).

HAX – KEY PLAYER IN MERCEDES-BENZ DISTRIBUTION

INVESTMENT RATIONALE

Maintaining growth thanks to its position in the luxury car segment

- In the period 2015-2019, MBV's sales reached a CAGR of 12% and HAX is one of the two largest Mec car distributors, with a market share of 37% (up from 20.5% in 2015). It helped the sales of the company to achieve a CAGR of 29% during 2015-2019.
- 1.5 million Vietnamese will join the global middle class every year (33 million people in 2022) and the super rich class will grow 200% in the 2017-2027 period. Selling prices are low compared to other luxury cars (that's why Mec had over 70% market share of luxury cars in 1H2020) and it will ensuring sales growth for HAX in the future.

Benefit from Government policies

- The policies of "50% reduction of registration fee for domestically manufactured and assembled cars" (June 28, 2020 to December 31, 2020) and "0% import tax for raw materials, components and supplies which can not be produced domestically" will reduce the cost of buying a car and increase demand.

Diversify business segments

- Soon, HAX will distribute MG (Morris Garages) - a fast growing car brand in the UK, Australia, Thailand and Chile (CAGR of sales for the period 2015-2019 was 44%).
- Developing the repairing and selling spare parts segment (high GPM of 12.1% in 1H2020, higher than 7.2% of 1H2019) as the revenue and profit' CAGR was 26% and 79%, respectively for 2015 - 2019.

RISKS TO OUR CALL

- Other luxury car manufacturers cut prices to compete → lowed the growth rate of MBV and HAX.
- Other Mec distributors such as Vietnam Star and An Du boosting the repairing and selling spare parts by lowering prices, causing the GPM to decline.

ACCUMMULATE +17%

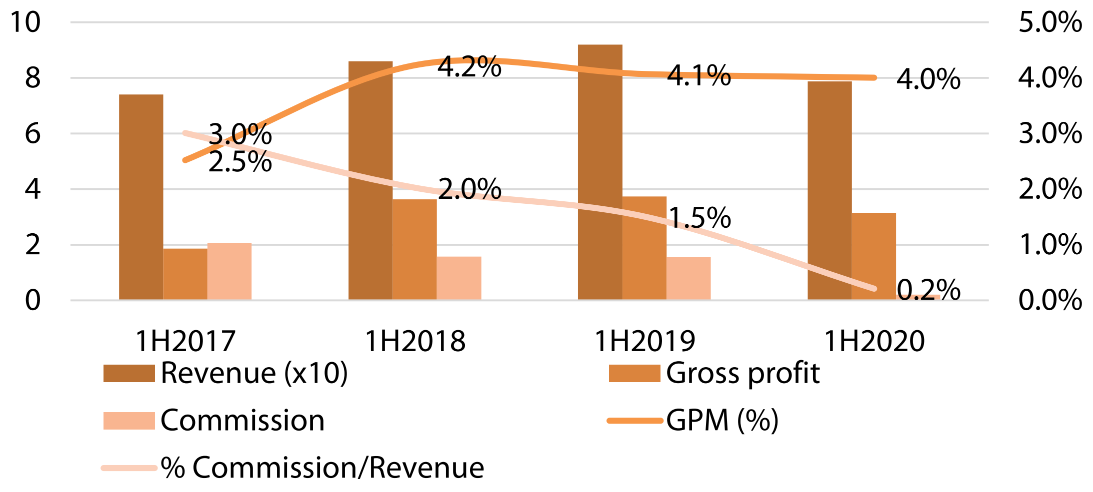
CMP (VND)	**12,350**
Target price (VND)	**12,900**
Cash dividend in 12 months	*1,500*

STOCK INFO	
Sector	Consumer Goods
Market Cap ($ mn)	20
Current Shares O/S (mn shares)	37
3M Avg. Volume (K)	202
3M Avg. Trading Value (VND Bn)	0.1
Remaining foreign room (%)	42.3
52-week range ('000 VND)	8.2-21.7

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**4,756**	**5,153**	**5,187**	**5,751**
Growth (%)	*24.1*	*8.3*	*0.7*	*10.9*
NPATMI (VND bn)	**84**	**99**	**51**	**52**
Growth (%)	*16.4*	*17*	*-48.2*	*2.8*
ROA (%)	5.4	3.1	3.3	3.8
ROE (%)	21.9	11.1	11.4	14
EPS (VND)	2,816	1,394	1,433	1,790
Book Value (VND)	12,832	12,273	12,525	12,809
Cash dividend (VND)	1,500	1,500	1,500	1,500
P/E (x) (*)	6.3	12.2	7.2	5.8
P/B (x) (*)	1.3	1.3	0.8	0.8

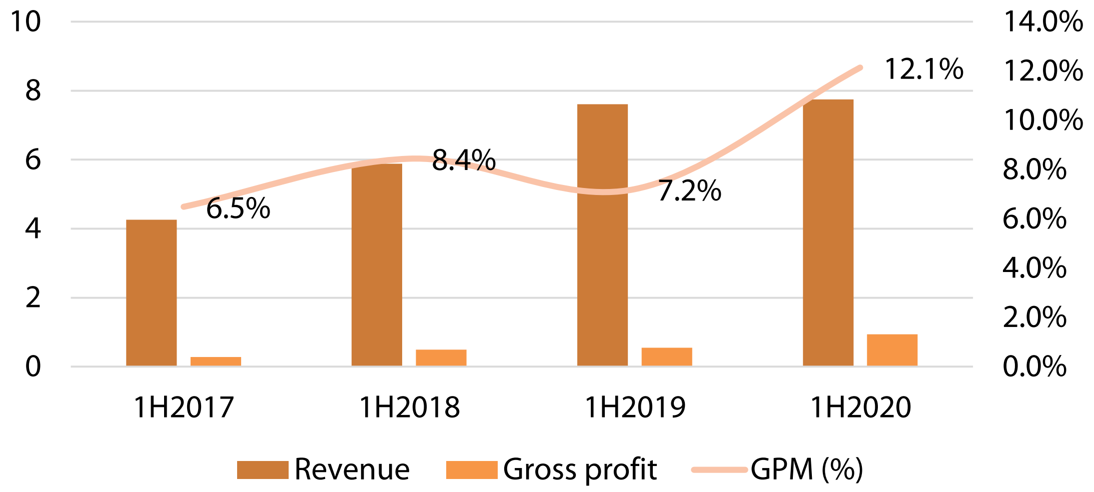
(*) Share price as of Aug 7th, 2020.

Figure 1: Car distribution results (USD million)



Source: HAX, Rong Viet Securities

Figure 2: Repair and spare parts sales results (USD million)



Source: HAX, Rong Viet Securities

Revenue and commissions of distributing car fell sharply while the repair and spare parts results were positive

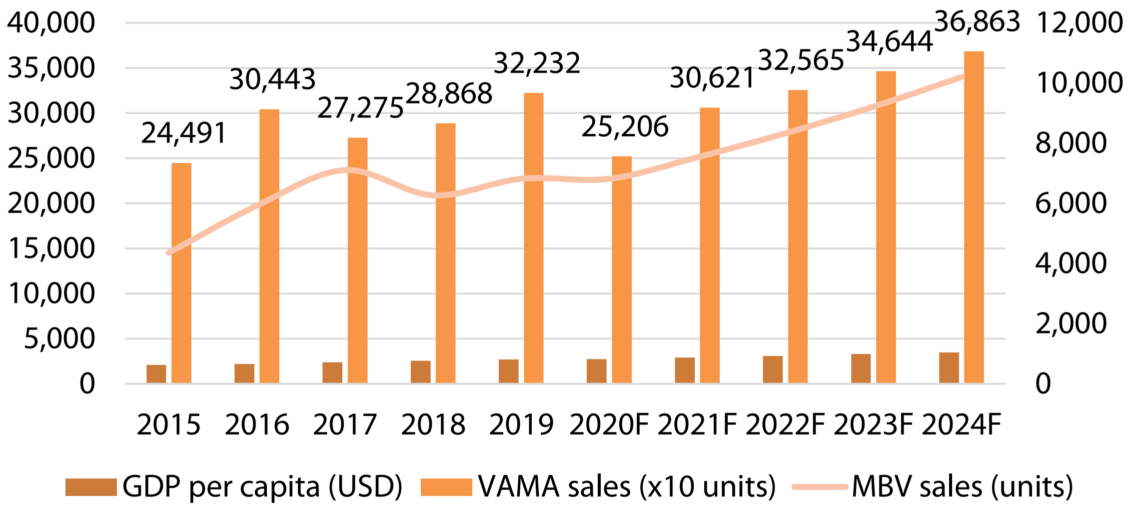
- Distributing cars: revenue decreased by 14% YoY, to USD 78.8 million, mainly due to a 10% YoY drop in quantity (estimated number). Covid-19 affected buyer's income and people also waited for the policy of 50% reduction in registration fee. Thus, those have challenged HAX's sales performance. GPM remained unchanged at 4% and gross profit was USD 3.2 million (-16% YoY). Sales commission was only USD 0.2 million (-87% YoY) and the commission/revenue ratio was really low at only 0.2% (compared to 1.5% in 1H2019). The reason is that HAX kept a portion of commissions to book in the last quarters of the year.

- Repairing and selling spare parts: revenue increased slightly by 2% YoY, to USD 7.8 million. However, gross profit increased strongly by 72% YoY to USD 0.9 million thanks to the improved GPM from 7.2% (1H2019) to 12.1%. GPM improved thanks to lower general costs as quantity increased.

In general, the company tried to reduce expenses (selling expense decreased by 17.8% YoY to USD 2 million and G&A expense decreased by 4.7% YoY to USD 1 million) but was not that much to offset the decline in total gross profit (down slightly by 3.2% YoY, to USD 4 million) and other income (down sharply by 64.6% YoY, to USD 0.7 million). As a result, PAT was only USD 0.5 million (-62.3% YoY).

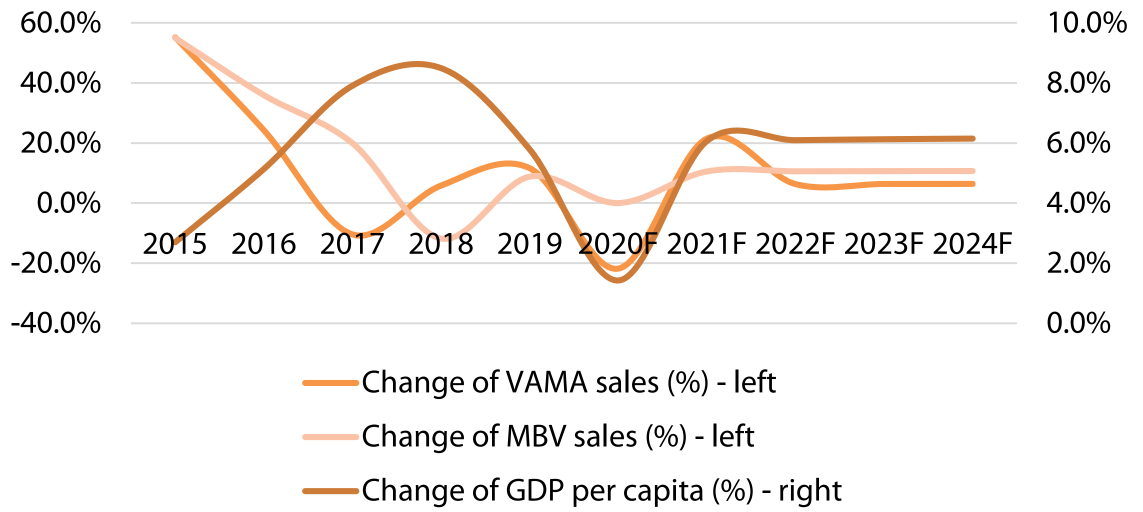
RONGVIET SECURITIES

Figure 3: Growth of the auto industry 2015-2024F - absolute



Source: Rong Viet Securities

Figure 4: Growth of the auto industry 2015-2024F - relative number



Source: Rong Viet Securities

Assumptions

- Car distribution: 1H2020, car sales decreased approximately 10% YoY. However, thanks to the supportive policies from the Government, it is expected that sales of 2H2020 will increase compared to 1H2020. Car sales in 2020 will not decrease compared to 2019. In 2021, GDP per capita growth is forecasted at 6.1%. Thus, car sales are expected to increase by 10.5%. Therefore, the expected quantity of 2020 and 2021 will be 2,509 units (+0.2% YoY) and 2,773 units (+10.5% YoY), respectively. GPM will not fluctuate much and remain around 2.7%.
- Repairing and selling spare parts: quantity is expected to grow along with the company's car sales growth. GPM will fluctuate around 12.1%.
- The commission will remain at 1.6% of car sales.
- PBT 2020 will reach USD 2.8 million (-1% YoY). PBT 2021 will reach USD 3.5 million (+25% YoY).

PAC – KEY PLAYER IN STORAGE BATTERY MANUFACTURING

INVESTMENT RATIONALE

Growing with the automobile industry

- Currently, the number of cars owned per capita in Vietnam (23 units/1,000 people) is lower than that of other countries in ASEAN. The density will increase rapidly (reaching 50 units/1,000 people) when GDP per capita exceeds USD 3,000/year. As a result, the auto industry has huge potential to grow.
- PAC has a large market share in storage batteries (40%), so this is an opportunity for PAC to improve its activities in the replacement and assembly markets.

Moving storage battery factory to An Phuoc IP

- PAC has to relocate its Dong Nai factory in Dong Nai 1 IP to An Phuoc IP before 2023.
- The new factory relocation will be in two phases (cost USD 30.2-34.5 million) and expansion (cost USD 30.2-34.5 million). The new factory's maximum capacity could reach 3.6 million kWh (+80%).

Vinachem stopped its divestment plan

- Furukawa – the strategic shareholder and technology supporter - wants to buy divested share of Vinachem. However, Vinachem has now postponed that, which will affect the company's initiative with its future plans.

RISKS TO OUR CALL

- If Vinachem does not approve the plan to relocate the factory to An Phuoc IP soon, this makes the company unable to initiates production.
- Price of lead and zinc (main raw materials) increase while the selling price does not rise due to increasing competition. That may reduce GPM.

ACCUMMULATE +7%

CMP (VND)	**23,500**
Target price (VND)	**23,700**
Cash dividend in 12 months	*1,500*

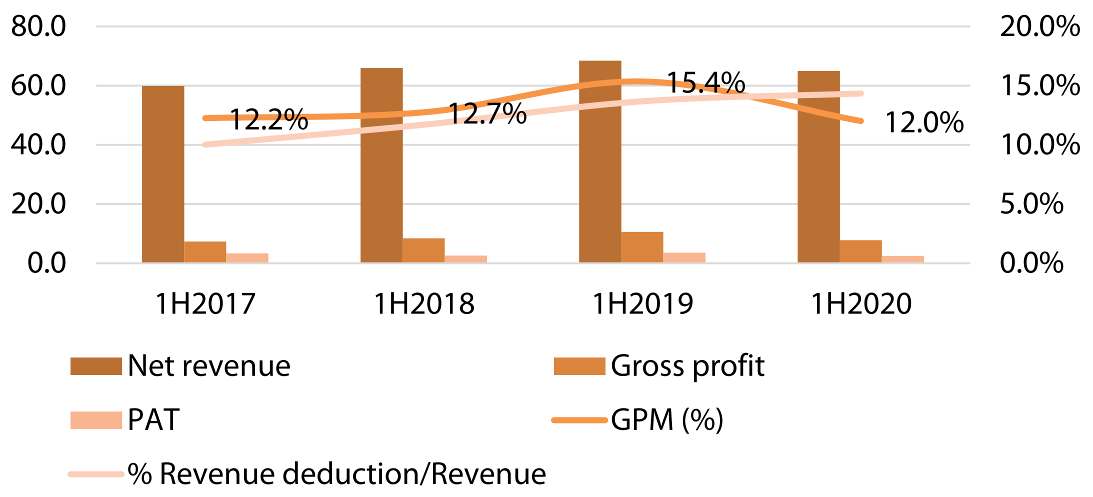
STOCK INFO	
Sector	Industrials
Market Cap ($ mn)	47
Current Shares O/S (mn shares)	46
3M Avg. Volume (K)	86
3M Avg. Trading Value ($ mn)	0.1
Remaining foreign room (%)	29.4
52-week range ('000 VND)	16-28.5

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**2,965**	**3,071**	**3,181**	**3,454**
Growth (%)	*13.5*	*3.6*	*3.6*	*8.6*
NPATMI (VND bn)	**158**	**172**	**158**	**195**
Growth (%)	*16.3*	*8.7*	*-7.9*	*23.4*
ROA (%)	6.9	6.9	7.1	8.4
ROE (%)	26.3	25.3	21.1	22.8
EPS (VND)	2,922	3,323	3,060	3,777
Book Value (VND)	14,423	12,906	14,578	16,133
Cash dividend (VND)	2,000	2,000	1,500	1,500
P/E (x) (*)	9.7	15.2	12.7	10.3
P/B (x) (*)	2.0	3.4	2.7	2.4

(*) Share price as of Aug 7th, 2020.

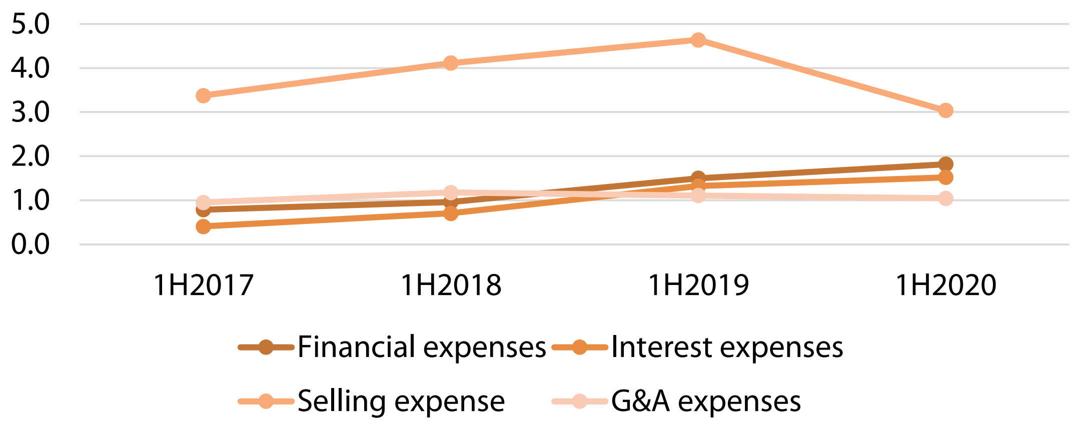
PAC - 1H2020 Increase in sales discount reduces profit

Figure 1: Results (USD million)



Source: PAC, Rong Viet Securities

Figure 2: Expenses (USD million)



Source: PAC, Rong Viet Securities

Covid-19 affecteddemand, causing the company to increase its discount to boost consumption

- 1H2020's revenue was USD 75.9 million (-4% YoY). However, sales faced many difficulties in 2Q due to the impact on the demand for dry cell and storage battery replacement. Therefore, the company has applied many promotions to stimulate demand, making 2Q sales discount to sharply increase by 42% YoY (to USD 7.3 million). Therefore, although revenue decreased, revenue deduction in 1H2020 remained unchanged compared to the previous period, still at USD 10.9 million.

- Net revenue decreased by 5% YoY, to USD 65 million. GPM decreased from 15.4% (1H2019) to 12%. Gross profit decreased by 26% YoY, to USD 7.8 million. Selling expenses plummeted by 35% YoY, to USD 3 million. Overall, PAT reached USD 2.4 million, down by 31% YoY.

- Therefore, after half of the year, the company has completed 48% (revenue) and 36% (PBT) of the 2020 plan. We think that the company can achieve the planned revenue and profit plan for the year.

Growth depends on factory relocation

- Factories are operating at a capacity of 97%. Therefore, there will be not much to grow in the short term. PAC is planning to relocate its Dong Nai factory to An Phuoc IP and will invest in additional machinery to rise the capacity to 3.6 million kWh (+80%). The new factory is expected to be used from 2023 and generate growth for the company.

DISCLAIMER:

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.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC. Copyright 2019 Viet Dragon Securities Corporation.

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

Rong Viet 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").

DISCLAIMER:

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 Tellimer Markets, Inc., located at 575 Fifth Avenue, 27th Floor, New York, NY 10017. A representative of Tellimer Markets, 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 Rong Viet. Tellimer Markets, 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.

Rong Viet 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 Tellimer Markets, 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

Tellimer Markets, 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. Tellimer Markets, 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 Tellimer Markets, Inc. at the time of the publication of this report. As of the publication of this report, Tellimer Markets, Inc. does not make a market in the subject securities.

About Tellimer

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

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

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

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

Lam Nguyen
Head of Research
lam.ntp@vdsc.com.vn
+ 84 28 6299 2006 (1313)

Trinh Nguyen
Senior Analyst
trinh.nh@vdsc.com.vn
+ 84 28 6299 2006 (1551)

- Energy
- Construction

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

- Retails
- F&B

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

- Textiles
- Fishery
- Fertilizer

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

- Banking
- Insurance

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

- Market Strategy
- Construction materials

Hoang Bui
Analyst
hoang.bh@vdsc.com.vn
+ 84 28 6299 2006 (1514)

- Automobile and spares
- Agriculture
- Industrial Park

Tu Pham
Analyst
tu.pm@vdsc.com.vn
+ 84 28 6299 2006 (1536)

- Steel
- Phamarceutical

Thao Nguyen
Analyst
thao.nn@vdsc.com.vn
+ 84 28 6299 2006 (1524)

- Utilities

Kiet Tran
Analyst
kiet.tht@vdsc.com.vn
+ 84 28 6299 2006 (1528)

- Real Estate
- Market Strategy

Son Nguyen
Analyst
son.nlt@vdsc.com.vn
+ 84 28 6299 2006 (1529)

- Logistics
- Aviation
- Technology

Ha My Tran
Senior Consultant
my.tth@vdsc.com.vn
+ 84 28 6299 2006

- Macroeconomics

Bernard Lapointe
Senior Consultant
bernard.lapointe@vdsc.com.vn
+ 84 28 6299 2006

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)