RONG VIET SECURITIES

2016

Adapt and Prosper

MACROECONOMICS & STOCK MARKET

SECTOR OUTLOOK & STOCK PICKS

2016 EQUITY STRATEGY

FEBRUARY 2016

CONTENT

MACROECONOMICS

WORLD MACRO: A PERFECT STORM FROM CHINA

A slower growth outlook, a low inflation environment, the dovish stance of central banks will dominate global macro drivers in 2016. With China's growth remaining under pressure, commodities are likely to decline further and uncertainty about the RMB depreciation is expected to persist. We believe the key driver for exchange rates, so far this year, has been the RMB, not the US dollar. In addition, weak growth in China can influence the rest of the world where developed economies have been resilient while developing economies have struggled.

2016 will not wander far from 2015

According to the IMF's forecast, the global economic growth is expected to rebound a little in 2016, supported in part by a modest recovery in developed countries (US, ECB and Japan). Four economies among the BRICS countries are expected to contract while India should remain robust. In particular, China continues to slow and its rebalancing has weighed negatively on global trade, commodities, and asset prices. (APPENDIX 1)

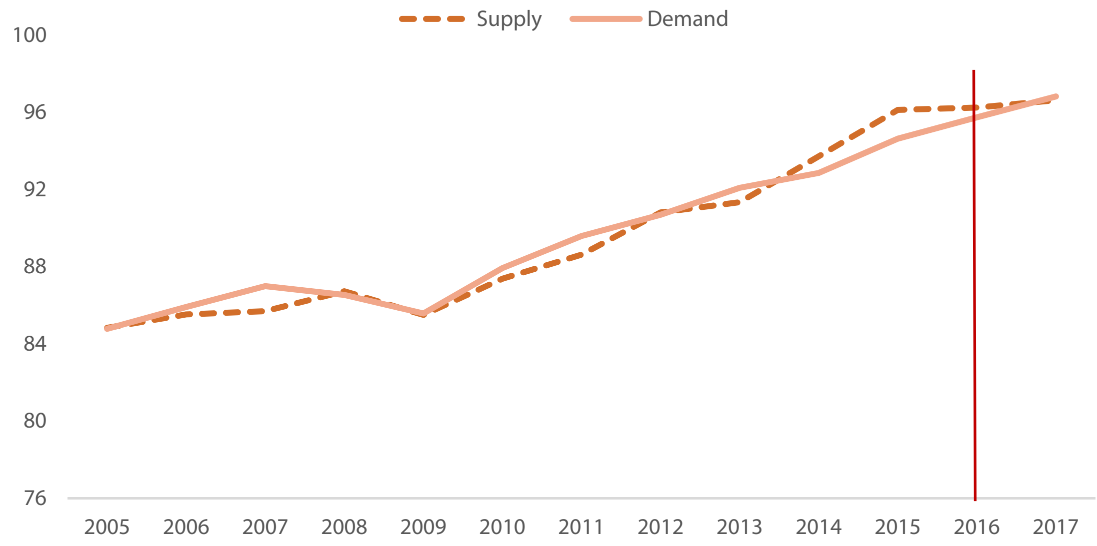
Because of the sharp drop in oil prices in early 2016, inflation should remain lower for longer, strengthening the case for monetary policy to stay loose in many advanced economies. In 2016, the Fed will focus on the pace of economic recovery. According to the CME Fed Watch tracking tool, the market-implied probability of a rate increase in March was only 14%. In addition, markets are broadly pricing two hikes this year. If the Fed hikes are gradual, US dollar gains should be slow.

Concurrently, other central banks (ECB, BOJ and POBC) are looking towards more easing. At the end of January, the BOJ joined the club of negative policy interest rates. In China, there is room for the PBOC to implement further easing by injecting RMB liquidity or cutting reserve requirements ratios and benchmark interest rates to stimulate growth. Under this circumstance, RMB weakness may not be over yet despite the string of macro-prudential measures introduced. Based on the currently prevailing forecasts, there is a 55% probability that the RMB may depreciate against the dollar by 5-10% in 2016 while the probability of a larger than 10% depreciation is estimated at 15%.

Commodities: Supply cut could bring prices to balance

In 2015, the world started to feel the economic repercussion of China's slowing, as growth shifted from focusing on investments and exports) to services and internal consumption. Demand for energy products and commodities for industrial production took the first hit. Along with the drop in China's demand, the appreciation of the USD has reduced the costs of production of major global exporters. In addition, the significant decline in energy prices due to prolonged oversupply have led to decreases in input prices for heavy industries. This combination of factors has pushed global commodity prices further downwards.

Figure 1: World oil supply-demand (million barrels/day)



Sources: GS, Bloomberg, IEA, RongViet Research

Overall, commodity prices are facing challenges in order to reach a new equilibrium level as the market is fraught with over supply. A drop in supply could still be the decisive factor to bring commodity prices back to equilibrium. In 2016, agricultural products, fertilizers and raw materials are expected to remain stable or decrease marginally due to El Nino. For energy and industrial metals, the downtrend should continue due to the strong denomination by ample supply and high inventories. (see APPENDIX 2) Regarding to crude oil, oversupply is expected to last to the end-2016, there was ~65% fall in US oil rigs and OPEC have yet to give a clear opinion about cutting supply. Thus, oil price could decrease further.

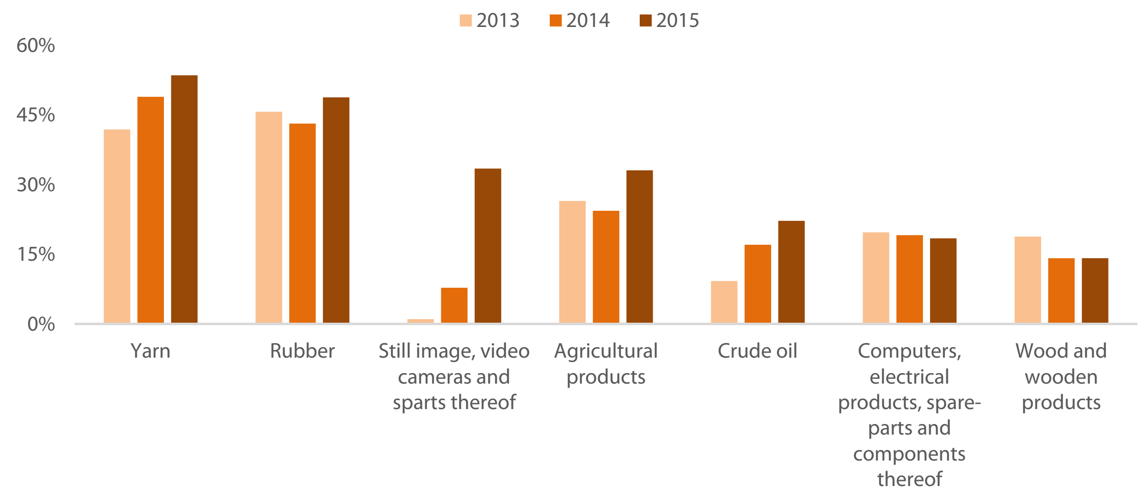
The impact of China's slowdown and US rate hikes on Vietnam

Risks related to China's slowdown mainly come from the negative movements of commodity prices.

Recently, Vietnamese exports to China still showed positive growth and there is no explicit sign of decline. In 2015, exports to China increased by 15% yoy, and the proportion in total value of exports slightly improved to 10.6%. Among 10 exporting sectors to China, agricultural products; crude oil, rubber, textiles, and electronics have the highest proportion in terms of exporting to China and surged significantly last year. Textiles and electronics are mainly participated by FDI companies while domestic enterprises account for the major proportion of agricultural products, crude oil and rubber exports to China.

Foreign exporting companies are usually better integrated in global supply chains and are better equipped for international trade. In contrast, domestic exporting companies are often competing solely on price. Therefore, falling commodity prices at home may make imports of Vietnamese commodities less attractive to Chinese buyers.

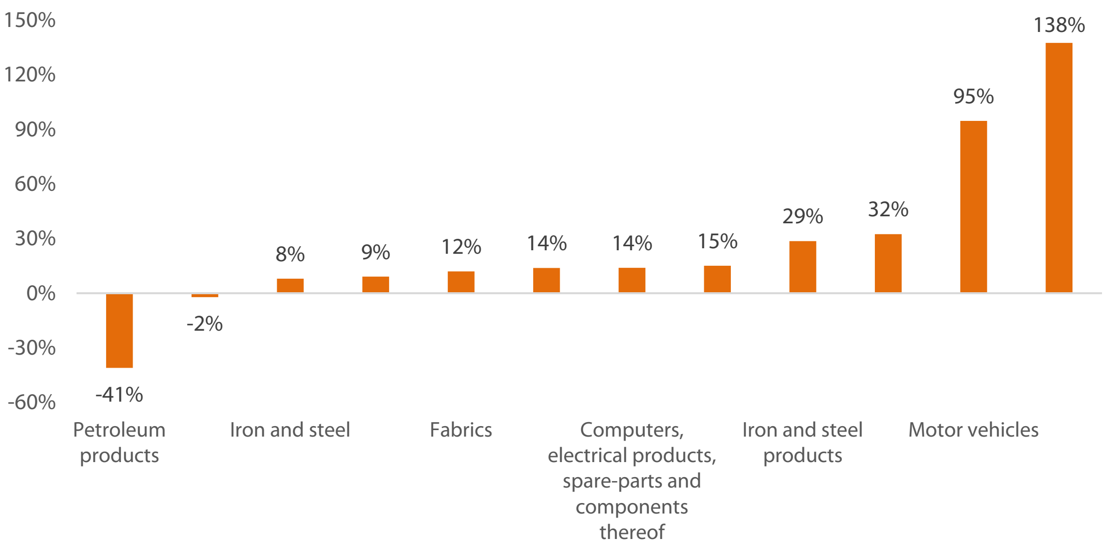
Figure 2: The proportion of exports to China of selected products



Sources: Customs, RongViet Research

Vietnam consistently runs a trade deficit with China. In 2015, the total value of imports increased by 13% yoy. The decline of Chinese goods price could negatively affect the production of similar domestic goods such as steel and metal, plastic, and automobiles. These products compete on price and pose the greatest risks to companies with high production costs. In contrast, commercial activities as textiles, garments, footwear, and chemicals could benefit greatly from a drop in commodity prices.

Figure 3: Growth of products with highest import value from China



Sources: Customs, RongViet Research

The Fed's rate hike in 2016 should not pose much negative risk on Vietnam. Currently, the difference between Vietnamese and US deposit rates is approximately 6%. We believe the spread could narrow to 5% this year if the Fed increases rates by 1% and the State Bank of Vietnam follows suit. The SBV's new, more flexible exchange rate policies should help to ease speculation against the dong and volatility of the currency. We could potentially see more capital flowing into the local currency for a carry trade despite its devaluation risk. Furthermore, the signing of many free trade agreements (TPP, FTA VN – EU, FTA VN – Korea) combined with low inflation and high consumer confidence make Vietnam an attractive place for investors.

To find out which countries in ASEAN are most exposed to slowdown in China and rise in US rates, see APPENDIX 3.

VIETNAM OUTLOOK: CLIMBING THE GLOBAL LADDER

Table 1: Key macroeconomic projections

	2013	2014	2015	2016F
Economic growth	5.42%	5.98%	6.68%	6.5%
Trade balance (USD bn)	+0.09	+1.5	-4.1	-7.0
Export growth	15.4%	11.6%	8.1%	11.0%
Import growth	16.1%	15.9%	12.0%	13.0%
Inflation	6.0%	1.9%	0.6%	3.0%
Ceiling interest rate	7.0%	5.5%	5.0%	5.5%
M2 growth	18.51%	16.00%	14.5%	16%
Credit growth	12.51%	12.61%	17.3%	16%
Budget deficit/GDP	5.3%	5.0%	5.0%	5.0%
Exchange rate	21,036	21,246	22,450	23,200

Source: RongViet Research

Growth could slow slightly but the momentum should remain intact

We forecast Vietnam's real GDP to grow 6.5% in 2016, lower than the market consensus of 6.7%and 2015's growth rate 6.68%. The key rationales are:

- We expect to see expansion in manufacturing, construction and consumption this year. However, after a strong year, growth rates should stabilize in the industrial and construction sector.
- Consumption should grow further thanks to low oil price and strong consumer confidence.
- The mining industry should contribute less to the GDP in 2016. At current prices (~30$/barrel), there is high probability that oil production will be cut down further. Lower crude exports should negatively affect GDP growth.
- Foreign direct investment should continue to enter the country on the back of the newly signed trade agreements. Rapid growth in inflows could offset the decline in state investment. The growth in private-sector investment should remain stable as banks increase financing for private firms.

Inflation is not a big concern

2015 inflation was mild (~0.6% yoy), driven mainly by the drop in fuel and gas prices. In 2016, we expect headline CPI accelerate and reach around 3%. Most of this increase should occur in the second half of the year and coincide with an increase in expected inflation. There may be divergence in the price movements of various items in the CPI basket, but overall, inflation should not be much of a concern this year.

- Food prices (36% of the CPI basket value), are expected to be stable given low commodity prices. The weights for accommodation and construction materials in the CPI has just been adjusted upward to 15.7% from 10%. Although housing prices has been on a gradual rise, a drop in building material prices could offset part of the upward pressure on headline inflation.
- Core inflation was about 2% last year despite lower prices of energy. In 2016, prices of public services, which include education and healthcare, will be raised. However, the weights of these items in the CPI (base year 2014) have been reduced from 11.3% to 11%. We believe the upside risk for core inflation is minimal given the reduced influence of these items.
- Given low base of oil prices and the high probability of a crude market recovery in 2H2016, there could be an increase in inflation expectations. However, we do not expect strong rebound of oil prices such that expected inflation should be in line with the below-five-percent target of policy makers.

Trade: strongly diverged

We see a strong growth momentum in exports, especially from the FDI sector. Considering the weak prospect for global trade and the issues in Vietnam's trade structures, the divergence in trade growth between local and FDI companies is here to stay. We expect exports to grow at 11% yoy in 2016 while imports expanding a bit faster at 13% yoy, which would result in a trade deficit of USD7 billion.

- FDI vs domestic: The FDI sector now dominates 68% of Vietnam's total exports. While the foreign companies posted exports and imports growth rates of 17.7% and 15.0%, respectively, local companies saw a decline of 8% in both respects. Under many free trade agreements, the number of foreign direct investors in Vietnam is increasing quickly as global companies trying to take advantages of the country's cheap labour. This mean the divergence should continue and have an even stronger impact on Vietnam's trade balance. Nonetheless, we do not think the trend will be sustainable for growth.
- Trade product divergence: Vietnam has three primary product groups: processing and assembling (electrics), processing using imported material (textile, leather, footwear…) and raw materials. While there have been some good signs on the processing and assembling trade, the plunge in commodity prices have decreased the value of raw materials exports.
- Regional divergence: Vietnam exports is pivoting away from some developing markets (Russia, ASEAN, India) and toward developed markets (US, EU, Korea) in correspondence with the slowdown in emerging economies and their weakening currencies. We notice Vietnam has large trade surpluses with TPP countries and the EU. Yet the deficits with other ASEAN countries have increased year by year. The trade deficit with China should also increase considering the country's slowing economy.

Policy backdrop

- The 12th National Party Congress, which ended in late January 2016 with the incumbent Party leader being reappointed. From the result, it is expected that Vietnam's policies will continue to be skewed toward a "safe" foreign policy. On the other hand, with the country's signing into the TPP, its new leadership could employ the agreement to push through radical economic reforms. Even so, changes may not happen quickly.
- A lot of turbulences from the outside happened in the last quarter of 2015, affecting both Vietnam's economy and its currency. Considering that Vietnam is still undergoing a reform and there is much uncertainty regarding the global economy, monetary and fiscal policies should remain to be growth-supportive this year.
- Rising public debt is eroding fiscal policy buffers and leaving Vietnam more susceptible to external shocks. Although inflation has been low, interest rates have bottomed out and the State Bank of Vietnam (SBV) has limited space for additional rate cuts.

Monetary policy: little room for more easing

- As many nations have adopted expansionary monetary policies, it may not be desirable for the SBV to raise its policy rates. However, deposit rates and government bond yields have started to increase. This could drive the lending rate higher. We expect a 25-50 bps increase of interest rates in 2016 to reflect the US rate hikes and the SBV's desire to protect the stability of the local currency.
- The main driver for credit growth should continue to private consumption and real estate. However, we notice strong growth of lending in the agriculture and technology sectors, which may be attributable to the orientation by policy makers.
- 2016's credit growth guidance is higher than that of 2015 and is between 18% and 20%. However, we do not think this is an easy target. Assuming a GDP growth rate of 6.5%, we forecast credit growth to reach 16% in 2016.

Exchange rate policy: enhance creditability

- In 2016, exchange rates should be subject to: (1) the strengthening of the US dollar as opposed to the weakening of RMB; (2) the dynamism of capital flows and the level of current account surplus; and (3) the market's faith in the efficiency of the SBV's policies and its creditability.

- We believe number (1) & (3) will determine whether Vietnam's FX policy will see a good end. In early 2016, the SBV changed the exchange rate regime from a peg to the US dollar and benchmarking the VND against a currency basket. Following the action, the volatility of the VND has declined, proving that the SBV still has some control over the exchange rate.
- Under the new exchange rate scheme, the dong's movement will be closely linked with trade deficits and net capital inflows. We expect the VND to weaken to VND23,200/USD or 3.2% by year-end 2016.
- The risk to our view is the uncertainty of the RMB devaluation especially when considering the transparency of the calculation method of central exchange rates. If pressures rise, using the FX reserves is the only way that the SBV can reduce the impact. Since the current FX reserve is as low as two months of imports, the SBV faces a big challenge in managing the exchange rate volatility.

Fiscal policy: between a rock and hard place

- Despite the high level of public debt (~61.3% by year-end 2015), we believe the risk of default is nowhere near. However, from the fiscal point of view, Vietnam is constrained in launching any stimulus to boost growth. Not only the debt ratio but the payment of principle and interests is also a problem. Total principle and interest payment is targeted at VND155,100 bn in 2016, a 5%-increase yoy.
- The Vietnamese government wants to maintain fiscal deficit at 5% of GDP. It should noted, however, that the budget is planned on the assumption that crude oil trades at $60 per barrel. Considering the decrease of oil export revenue, we expect a higher deficit for the government budget this year.
- Economic stimulation by increasing the State's investment and supporting companies and consumers: The government's expenditures for development did not increase last year (~83% of the annual guidance) because of a significant decline in oil revenue. Although the expenditure target for 2016 is significantly higher, it should still depend largely on the level oil price. In addition, a cut in the corporate income tax rate from 22% to 20% and a five-percent increase in the minimum-wage are in the pipeline.

MACRO THEMES

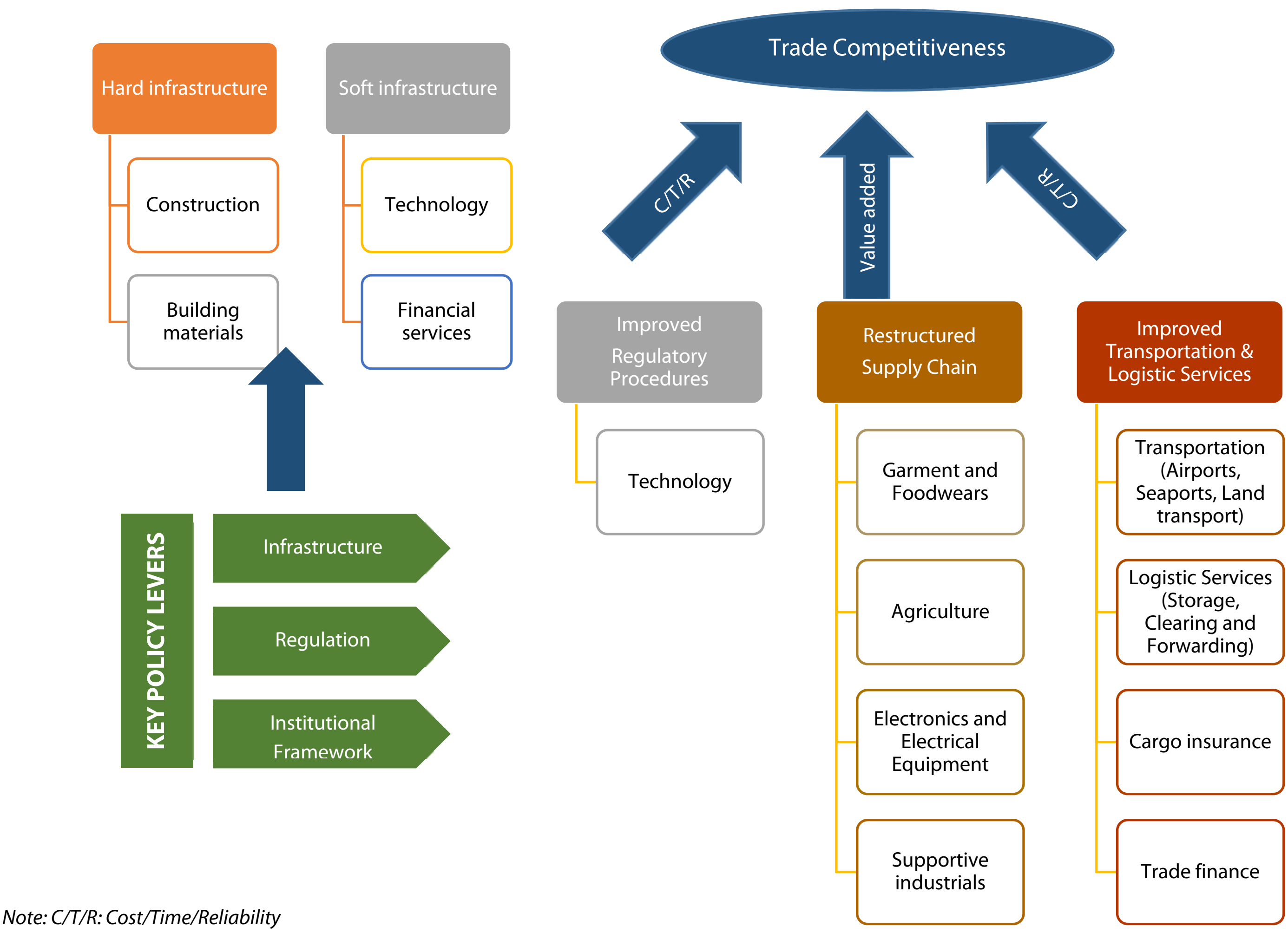
FY2016 opens many opportunities for Vietnam to take a deeper and wider integration to the global value chain. Vietnam could take advantage of those opportunities to climb up the global ladder and improve its competiveness. In this context, we consider a top-down strategy which developing in the two following themes: Moving up the global chain and a shining light in consumption. The last theme is the progress of current economic reform, implying the most challenging remains ahead.

THEME 1: Move up the global chain and beneficial industries

Vietnam's integration into the world has progressed steadily thanks to many free trade agreements (FTA). In 2016, the AEC (Asia Economic Community) and the Vietnam-Korea FTA come into force. The Trans-Pacific Partnership (TPP), one of the largest trade deals, was signed in early-Feb, and this trade pact will now undergo at least two years of ratifications before becoming reality. Besides the TPP, another important FTA (Vietnam-EU) is likely to take effect in two years' time, probably in 2018.

There are three key determinants to enhance the effectiveness of Vietnam trade, including: (1) Regulatory Procedures; (2) Supply chain and (3) Transportation & Logistic Services. To capture the benefits of regional and international integration, Vietnam has to made changes in aspects related to these pillars.

Figure 4: Three pillars of trade competitiveness and related industries



Note: C/T/R: Cost/Time/Reliability
Source: WB, RongViet Research

1. **Hard infrastructure:** Vietnam's infrastructure has improved significantly over the last five years, however, it still ranked below most countries in the region and lagged far behind TPP partners. At the moment, Vietnam performs the lowest in terms of quality of roads and second lowest in quality of airport infrastructure. As the traffic volumes continue to increase,

additional widening of the roads will be required in the near future. In addition, the increasing proportion of electronic products that Vietnam exports will require improving airport infrastructure. It could be favourable for construction and building materials industries which have posted the strong recovery recently.

2. **Soft infrastructure:** In 2015, Vietnam ranked 99th out of 189 for trading across border index, its performance is below that of ASEAN countries. While Vietnam's cost to export is lower than other countries in the region, the time it takes to export and import is among the longest in the region. Lengthy administrative procedures have been widely cited as a major problem in Vietnam, there are a lot of opportunities to cope with the process of international standard by using more IT applications, and diversifying financial services. Regarding financial services, Vietnam lags far behind its regional peers and TPP countries. Even though most of the bad debts have been cleared over the past 3 years, the financial soundness indicators in Vietnam still rank the lowest in the region. In addition, the availability and affordability of financial services are weak and there are room to improve.
3. **Supply chain:** As a part of three pillars of competitive international trade, the development of supply chains is important for Vietnam. The change in the supply chain structure could impact positively to economic growth and specific industries. For garment, textile and electrical equipment industries, Vietnam's competitive advantage derives from the availability of low-cost and semi-skilled labour. In order to increase the value of those manufacturing products' export, Vietnam has to improve input supply chains to adapt to the rule of origin in the TPP (textile, garment) and develop the supporting industries (electrical equipment). This progress is happening with a greater role played by FDI companies. For agriculture products, domestic companies are increasingly investing large-scale industrial farming. However, the lower agricultural products prices and a much deeper integration to global trade will create challenges these companies have to overcome.
4. **Institutional framework:** An effective development cannot exist without equally robust supporting institutional framework including legal framework and management system. By signing onto the TPP, there is now strong support from the authorities to undertake major institutional framework changes. In 2014-2015, the changes focused on an improved legal framework, important laws (Enterprises and Investment, Housing, Bidding…) have been considered a new approach to legislating in Vietnam, in line with the economic reforms. However, these laws still have not been able to translate into effective improvement in business environment. And indeed, it may take long time. Besides, the government should notice about its efficiency by reducing its wastefulness of government spending. In term of ranking, this index is the lowest compared to ASEAN and the TPP average.

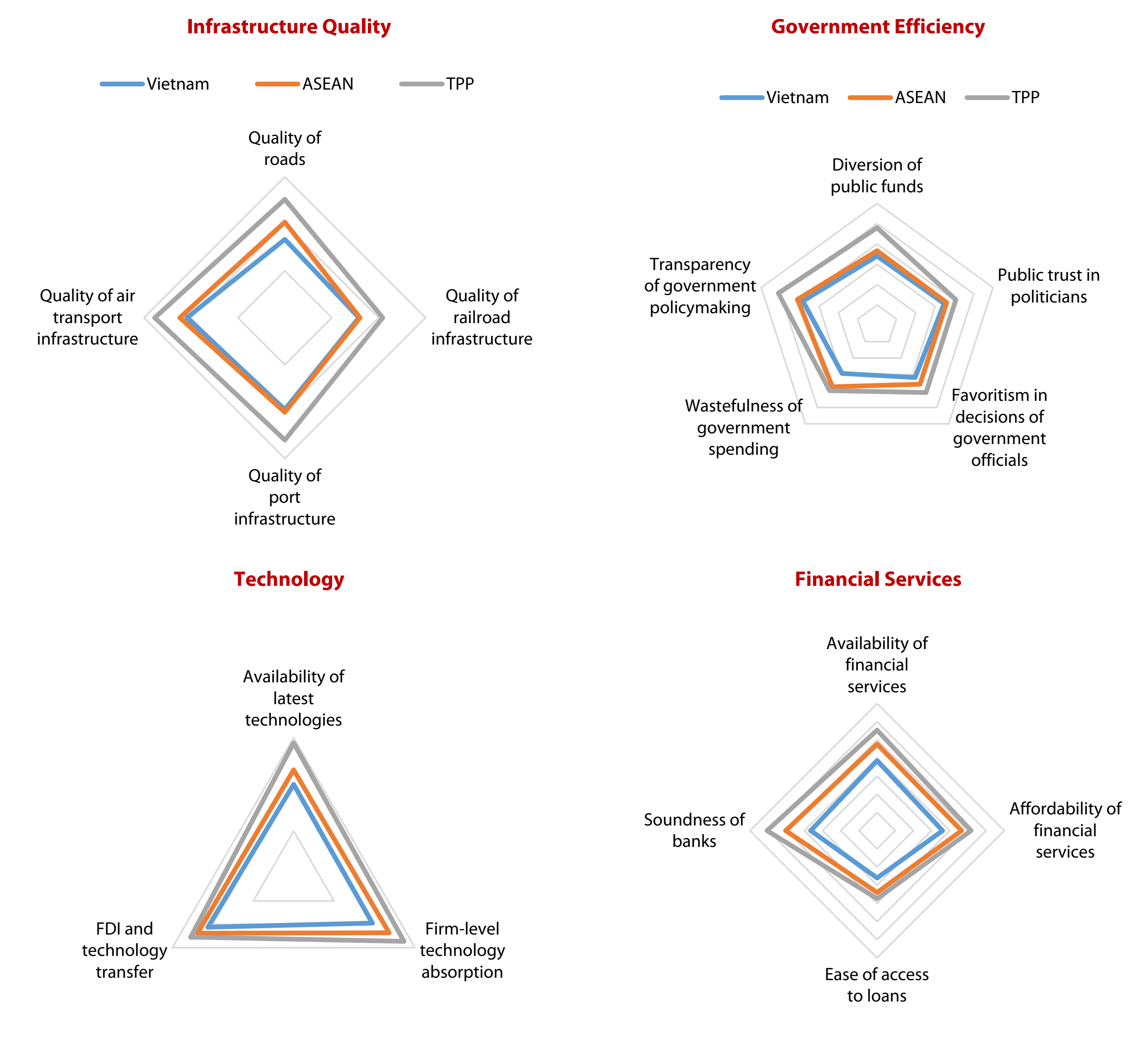
Finally, Vietnam has to implement a wide range of commitments on regulatory quality, intellectual property rights, investor protection, SOE management, labour and environmental standards, public procurement and liberalization services to adapt the TPP's standard. There should be a long process to climb the global chain for Vietnam. However, in this process, we could expect there are the first beneficial industries: (1) construction and building materials, (2) logistics services, (3) technology and (4) supportive industries. Financial service and agriculture are in the context of boosting growth while face many challenges in the integration process.

Table 2: How Vietnam and comparator economies rank on the trading across borders

	Unit	Vietnam	East Asia & Pacific	OECD high income
Time to export	hours	57	51	15
Cost to export	$/container	309	396	160
Time to import	hours	64	59	9
Cost to import	$/container	183	148	25
Time to export: Documentary compliance	hours	83	75	5
Time to import: Documentary compliance	hours	106	70	4

Source: Doing Business 2016

Figure 5: The gap between Vietnam and ASEAN, TPP economies



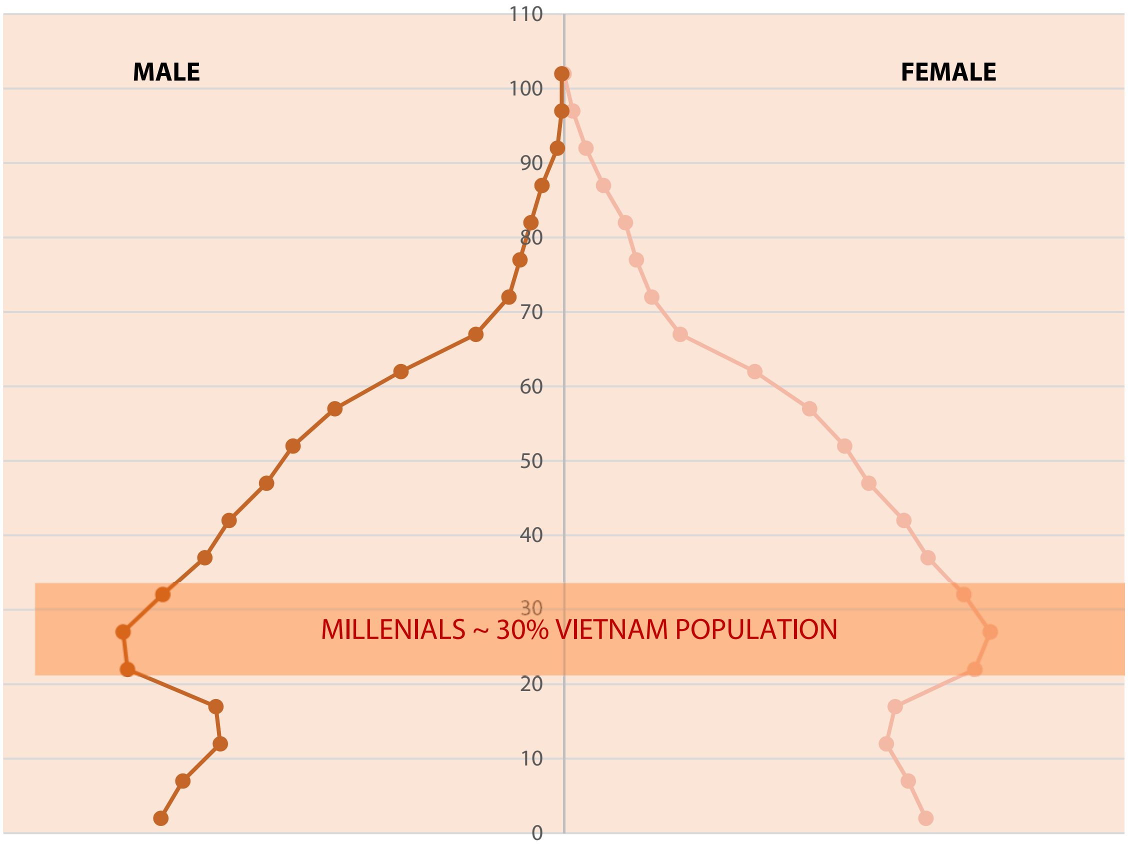
Source: WB

THEME 2: Consumption is a silver lining

Vietnam domestic consumption grew by 6-9 % on average per year (after deducting price factors). That growth is based on the population structure of Vietnam with approximate 60% of the population under the age of 30. In addition, the rapid pace of expansion of the middle class in Vietnam (average increase by 2 million people per year) contributes significantly to the growth of retail sector.

Besides the favourable population structure, retail activity in 2015 was also more exciting due to low oil prices and low inflation. According to our estimates, domestic consumers saved about VND15,000 billion in 2015 thanks to the sharp decline in gasoline prices (down 30 % compared to 2014). The World Bank forecasts oil prices will continue to fall to an average of ~ 37 USD barrel this year. Based on this assumption, Vietnamese consumers could save about 8,000 billion VND in 2016. This should increase disposable income as well as enhance consumer confidence.

Figure 6: Vietnam demographics (2016)

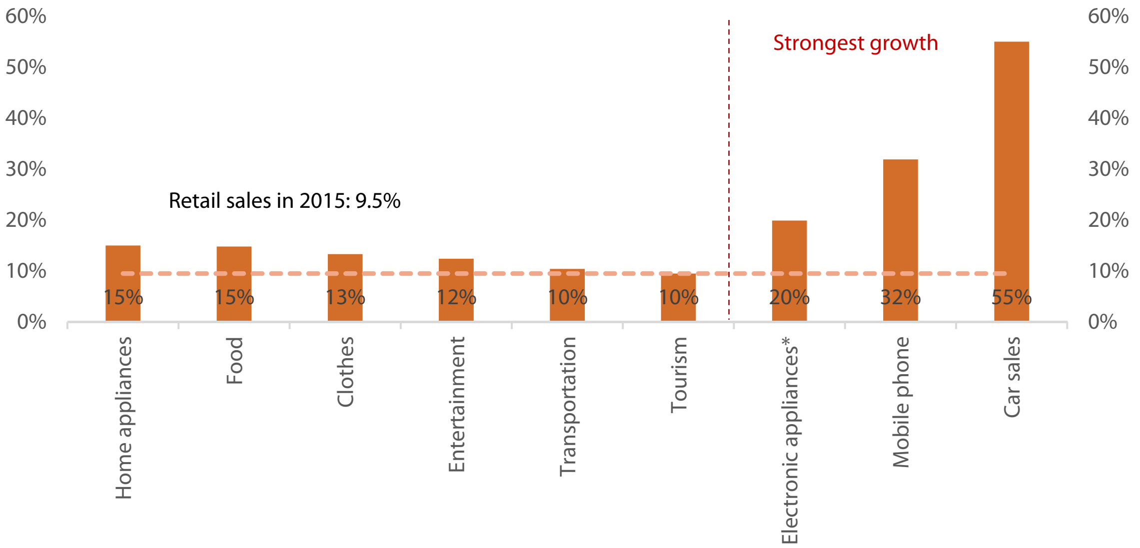


Source: populationpyramid.net

Besides the favourable population structure, retail activity in 2015 was also more exciting due to low oil prices and low inflation. According to our estimates, domestic consumers saved about VDN15,000 billion in 2015 thanks to the sharp decline in gasoline prices (down 30 % compared to 2014). The World Bank forecasts oil prices will continue to fall to an average of ~ 37 USD barrel this year. Based on this assumption, Vietnamese consumers could save about 8,000 billion VND in 2016. This should increase disposable income as well as enhance consumer confidence.

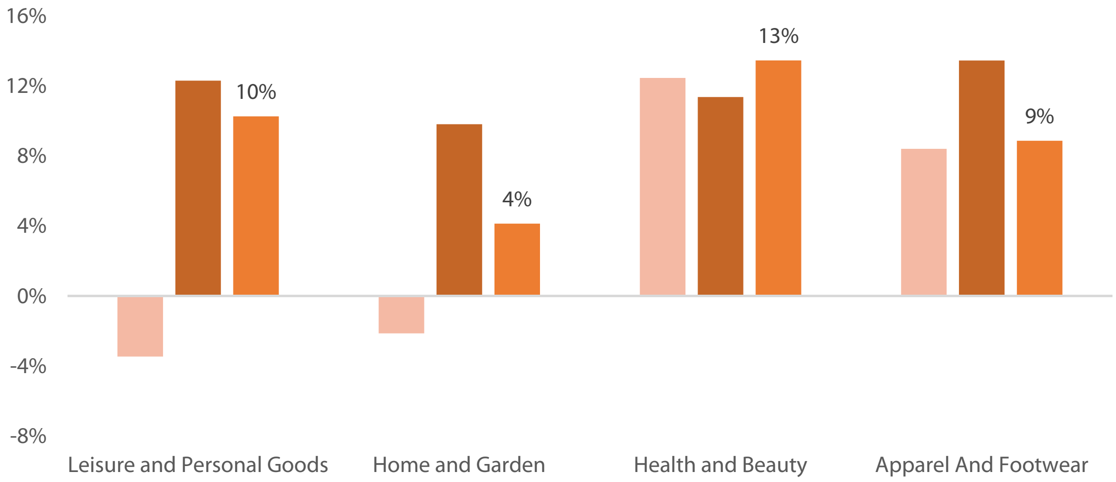
Demographics and consumer demand have recently led to the divergence among product categories. Vietnam's Millennials (ages from 21-34) are now more connected than any generation before them. They are also willing to spend on more branded fashion, electronics, automobiles and travel. According to Nielsen, among major industries (beverage, food, milk, personal cares, family cares, tobacco, childcares), beverage shows the brightest prospect in both short and long-term. Because health concerns have been top-of-mind for Vietnamese consumers right now, healthy food and health products are expected to become a new, fast-growing consumption trend. This might offer great growth opportunities for companies that can run ahead of their peers in exploiting the new demands.

Figure 7: Retail sales growth by items



Sources: GSO, VAMA, Gfk, RongViet Research (*) LTM to Q32015

Figure 8: Retail sales by some grocery segments



Source: Euromonitor

While Vietnam's consumer goods stand out as the most attractive sector, it faces competitive pressure from FDI companies. According to the Ministry of industry and trade, the FDI sector have only 90 retail stores out of the 750 stores nationwide. However, with regard to size and revenue, FDI-invested retail stores are 3-4 (even 7-8) times bigger than local stores. FDI companies account for about 1/3 of Vietnam's retail market. In fact, they have been aggressive in capturing market power through M&As with domestic producers and major local retailers (Table 3). This has posed tall challenges to domestic companies.

Domestic companies will face even more competition as Vietnam partakes in the various free trade agreements. Those with financial strength and logistic capacity should be the ones with the highest chance to prevail.

Table 3: Some M&A deals in retail sector

	Acquirer	Target	% stake	Transaction value (million USD)
1	AEON (Japan)	Fivimart	30	Na
2	AEON (Japan)	Citimart	49	Na
3	Central Group (Thailand)	Nguyen Kim	49	200
4	Nojima (Japan)	Tran Anh	31*	Na
5	Singha Asean Holdings (Thailand)	Masan Consumer	25	650
6	Singha Asean Holdings (Thailand)	Masan Brewery	33.3	450

Source: RongViet Research, (*) buy additional 20.86% stake in 2015

THEME 3: Reform - the most challenging remains ahead

Table 4: The progress of economic reforms

Key reforms	Progress	Comments
SOE		
Reducing the level of state ownership by equitization and divestment	★★	471 enterprises have been classified and reorganized, of which, 459 enterprises being equitized (completing 90% of the 2011 – 2015 plan). Total value of SOEs divestment reached VND16,450 billion (book value), the amount of actually collected was VND22,870 billion. 93 SOEs launched IPOs (total value of VND4,600 billion), meeting 38% of the holdings offered.
Improving SOEs' efficiency	★	The business efficiency of SOEs improved slightly in the period 2011-2015 but the profitability ratios compared to other sectors remain low. Corporate governance, transparency and market based operation need to enhance more.
Improving the legal framework for SOE reform	★★★	The legal framework has changed greatly, marking positive milestone for SOEs' IPO and divestment progress.
Create fair environment for private sector and SOEs sector	★	A new perspective on the role of the private sector could provide opportunities to play a greater role in the economy. However, the private sector still struggles to compete against SOEs regarding as market access and financing.
Banking		
Improving confidence in banking system	★★★	The SBV implemented effectively on controlling banking liquidity
Resolving bad debts	★★	By the end of 2015, the SBV has achieved the goal of bringing the NPL ratio to below 3% (the latest figures was 2.72% as of November, 2015). VAMC played important role in cleaning up bad debts out of banks' balance sheet.
Controlling weak banks	★★★	The number of banks have been reduced by 6 out of total of 43 domestic banks, including 6 M&As, 3 takeovers by SBV. Completing the structural solutions for 9 weak banks
Management and ownership reform	★★	Handling cross-ownership among banks through voluntary M&As and the SBV's compulsory takeovers.
The roadmap for compliance with Basel II standard on capital adequacy and risk management	★	10 commercial banks started from end 2015 and extend the application to other commercial banks from 2018.
Public investment		
Reducing the share of the public investment	★★	The proportion of public investment has decreased from 40% to 38% in society's total investment.
Improving investment scheme	★★	Procurement Law (2013), Investment Law (2014), Corporate Law (2014), Decree of investment in the form of public-private partnerships (2015)
Improving public investment efficiency	★★	Total investment has fallen sharply from 34.6% of GDP in 2011 to 30.5% in 2015. ICOR of the public sector is estimated to decrease from 9.6 in the 2006-2010 period to 7.5 in the 2011-2015 period. Issuing principles, criteria and allocations investment capital based on intermediate-term plan; focusing on important projects. Prioritizing handling basic construction debt.

Reform expectations

SOE: privatization continues with more listed companies

- From 2016-2020, the government targets to equitize 123 SOEs, divesting over VND15.6 trillion from non-core operations, mainly in banking and real estate.
- 2016 big IPOs include: Song Da, HUD, IDICO, VICEM, Mobifone, Vinalines, Vietnam Expressway Corporation (VEC), and Vietnam Rubber Group (VRG).
- The drawback of these IPOs is that the size of the actual offerings to the public is not large enough to attract strategic investors as the State remains the dominant shareholder. This might not change in the near-term.
- The listing within one year of the equitization means that hundreds of companies will be listed on Upcom in 2016.

Banking: cleaning up NPLs is likely a long process

- Cleaning up bad debts is likely a long drawn-out process as (1) there is still no real market for collected bad debts, (2) special bond is not a method to recapitalize insolvent banks.
- As the economy continues to improve, banks will be able gradually to work off their NPLs. This this will be a slow process however.
- Raising foreign ownership of domestic banks above 30% could be a viable expectation, but caution remains.
- BASEL II will be a big step for the banking system in 2016.
- Despite the increasing number of M&A, the target of reducing the total number of commercial banks to 15 -17 by 2017 remains a challenging task.

Public investment: enhancing budget's discipline

- Given constraints in the State budget, enhancing government budget's discipline will be the most important goal.
- Because of high demand for public investment, especially in transport infrastructure, government considers to use PPPs (Public-Private Partnership) as a tool for managing public infrastructure.

STOCK MARKET

2016 MARKET: THE GROWTH MOMENTUM GOES ON

Specific supporting catalysts for market

Factors affect market performance	Degree of impact	Time frame	Probability
Factors affecting market performance	**Degree of impact**	**Time**	**Probability**
New term of the National Assembly and the Government	Strong and immediate	Mid-2016	Certain
Upbeat macroeconomic indicators (GDP growth, credit growth, consumer confidence, manufacturing sector expansion…)	Weak to average and long lasting impact	Whole year	Very high
FOL increase: stocks with no more room could see more interest from both the local and foreign sectors. The expansion of the FOL also supports fund raising activities of investment funds. As a result, liquidity could be substantially improved.	Strong and immediately	Whole year, especially in months with meetings of the Government and National Assembly At the corporate level, information regarding FOL expansion would be at the AGMs	High
IPOs and divestment of the government from large enterprises should offer more investment opportunities, especially in the Upcom.	Average in the short term Strong in the long term	Whole year	High
New regulations to bring Vietnam closer to international standards: intraday trading, derivative markets	Weak to average, long lasting impact	In Q3 and Q4, especially from July	High
Negative factors such as China’s slowdown, fluctuations of commodity and crude oil prices	Strong and long lasting impact	2H2016	Medium

However, risks cannot be ignored

Factors affect market performance	Degree of impact	Time frame	Probability
Foreign exchange rate and interest rate fluctuations	Strong to very strong, depending on the degree of adjustments	Whole year, especially the mid and end of the year	Very high
Restructuring of large enterprises and commercial banks	Strong to very strong but not lasting. The impact also depends on the entities undergoing restructuring and the final outcomes of such restructuring	Whole year	High
Possibility of hard landing of China economy	Average and long lasting impact as Vietnam market is showing a high correlation with China market	Whole year	High
Regulations on indirect investment of the SBV	Average but long lasting	Whole year	Medium
Geopolitical intension	Average to strong, depend of the events	Whole year	Medium

There are as many positive factors as negative ones. We believe market will still go on an upward trend of but do not bet on a substantial increase in 2016.

Intermediate-term growth could be maintained back on estimate of listed companies' business results.

Figure 9: EPS of Vietnam's stock market from 2006

Notes:
Red: long-term growth trend channel
Green: intermediate-term trend channel
Source: Bloomberg, RongViet Research

Market EPS (represented by EPS of VNIndex) did not expansion significantly in 2015 but has remained in an intermediate-term growth momentum. We noticed the medium-term growth trend of market EPS reached a turning point in early 2013. Since then, EPS has been growing at a CAGR of 10%. EPS growth reached above the medium-term CAGR in the first half of 2015. However, due to some sudden changes in macroeconomic conditions, including a strong depreciation of the VND and a decline in crude oil prices, positive business results of listed companies were not carried into second half of FY2015. Market EPS then saw a correction and returned to medium-term growth channel and whole-year EPS growth was recorded at 7.5%.

Despite sudden deceleration in late of 2015, 2016's market EPS is expected to fluctuate in its intermediate-term trend. Under our forecasts, the aggregate net income of 33 listed companies in RongViet Research's coverage (65% of which belong to mid and small capital stocks), which account for nearly 40% of the total market capitalization of VNIndex, could increase 18% in 2016. Accordingly, EPS growth is projected at 10% in 2016 whereas EPS of mid-and small-cap stocks could grow a bit faster at 14%. Using this list as a proxy for all listed companies in the HSX, we believe market EPS could maintain a growth rate of 10% in 2016.

Foreign investors might still keep their eyes on the stock market

While many stock markets around the world performed poorly, Vietnam's market index grew more than 6% in 2015. Vietnam's stocks attracted a total value of VND126 million (-23% y-o-y) of net inflows in 2015 whereas most frontier and emerging markets saw a new withdrawal of capital by foreigners.

Table 5: Inflows of foreign capital in regional markets (Unit: million USD)

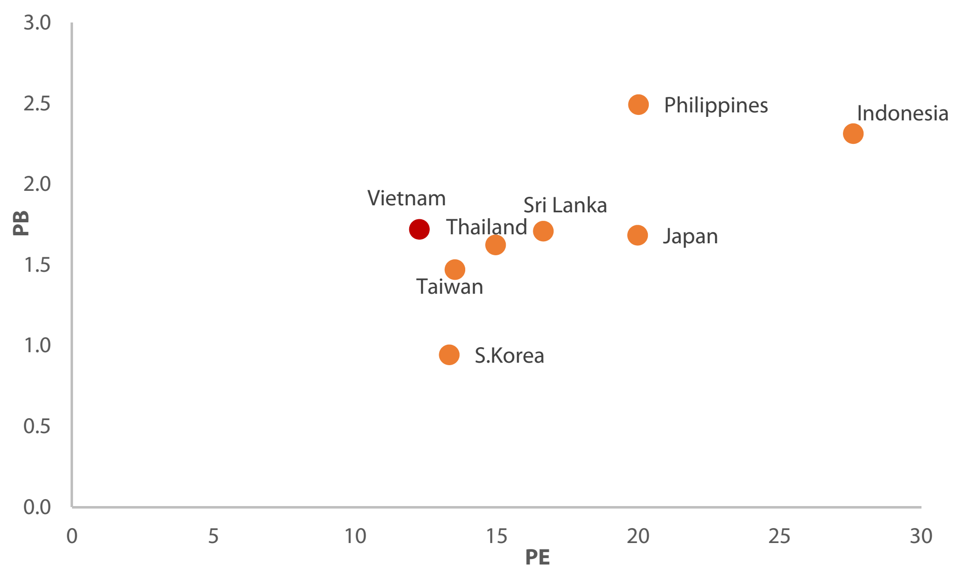
Country	Net inflows/outflows of foreign capital
India	(3,270)
Indonesia	(1,579)
Japan	(3,523)
Philippines	(1,194)
S. Korea	(3,580)
Sri Lanka	(29)
Taiwan	(3,384)
Thailand	(4,372)
Vietnam	126

Sources: Bloomberg, RongViet Research

Historical data proved that Vietnam had always been a preferred destination for offshore investors. Since 2008, Vietnam's stock market has always received net foreign capital inflows. Despite the FED's decision to raise interest rates and depreciation of CNY, we remain positive on capital flows for the stock market in 2016:

Firstly, Vietnam's stock market has attractive valuation compared with other regional markets

Figure 10: Relative valuations of Vietnam and other regional stock markets



Sources: Bloomberg, RongViet Research

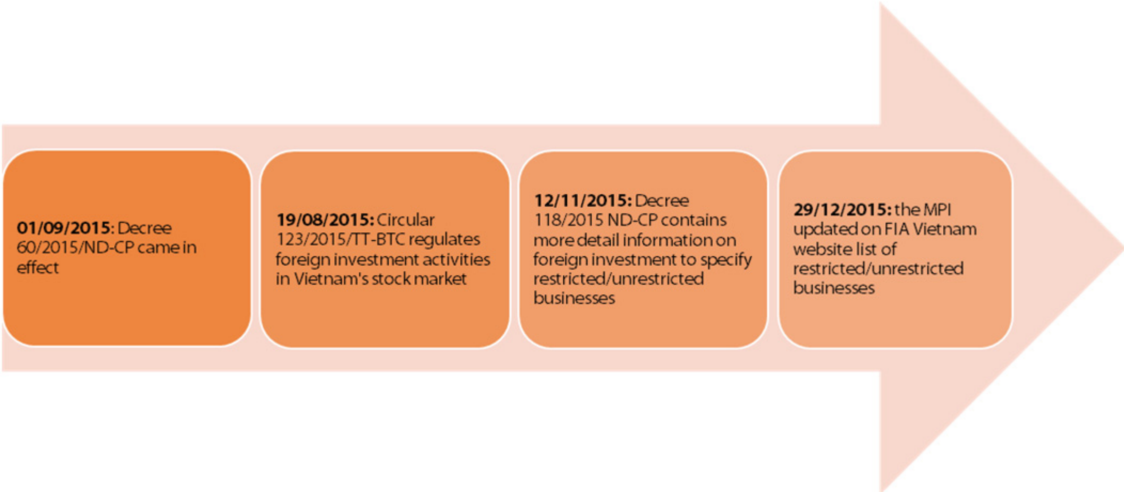
Secondly, the process SOE equitization and divestment is being pushed. The government targets to equitize 123 SOEs and withdraw over VND15.6 trillion from non-core operations this year with many attractive IPOs on the way, including those of Mobiphone, Vinalines, VICEM, Vietnam Expressway…

Last but not least, an increase of the FOL can help:

(1) Attract more foreign capital, especially in stocks that have reached limit for foreign ownership;
(2) Increase market liquidity and share prices.

FOL expansion has been a hot topic since 2014 but the story just kicked in 2015.

Figure 11: Timeline of legal documents regulating on FOL lifting



Source: RongViet Research

Aside from a series of legislations, SSC has also suggested that it might lift the regulation the threshold above which companies must classify themselves as a foreign-owned enterprise from 51% to 65%.

Table 6: Companies that hit the maximum FOL

Ticker	Outstanding shares (million shares)	Market cap (VND mn)	Foreign ownership
	Retail		
MWG	147	11,293,613	49%
	Insurance		
PVI	222	5,495,435	49%
	Real estate		
KDH	180	3,852,000	49%
NLG	142	3,312,788	49%
NVT	91	217,200	49%
	Technology		
FPT	397	18,998,075	49%
ST8	16	351,199	49%
VLA	1	172,900	49%
	Financial Services		
HCM	127	3,815,563	49%
SSI	480	10,753,285	52%
	Utilities		
ASP	37	134,422	49%
PCG	19	105,672	47%
	Travel & Leisure		
SKG	24	2,545,877	48%
	Industrial Goods & Services		
REE	270	6,929,081	48%
VNS	68	1,954,345	49%
VSC	41	2,899,123	49%
	Personal & Household Goods		
EVE	28	891,234	55%
KMR	49	190,623	49%

PNJ	98	4,451,806	49%
TCM	49	1,414,066	49%
		Banks	
CTG	3,723	63,670,218	30%
EIB	1,229	12,663,159	27%
MBB	1,600	24,480,000	10%
ACB	896	17,208,459	30%
		Food & Beverage	
BBC	15	1,079,455	49%
VNM	1,200	156,018,122	49%
		Construction & Materials	
BMP	45	5,912,202	49%
HBC	76	1,586,757	48%
SAV	10	93,763	49%
TCR	45	298,387	48%
		Healthcare	
DHG	87	7,216,182	49%
DMC	27	1,442,545	49%
IMP	29	1,218,485	49%

Source: RongViet Research

With determined moves of the authorities, the FOL increase is now more certain and is expected to be a major market story this year. Both investors and listed companies are taking the matter more seriously. Shortly after SSI announced a full increase of FOL at the beginning of 2016, EVE and VHC decided to do the same.

Table 7: Listed companies having announced FOL increase

Ticker	Date of announcement	Performance (1 week)	Notes	Foreign ownership before announcement	Foreign ownership after announcement
SSI	01/09/2015	-3.1%	*The stock went on a rally after Decree 60/2015 was approved (late 06/2015) where its price surged from VND22,100/share (30/06/2015) to VND25,800/share (28/08/2015) before entering a correction.*	41%	52%
EVE	05/02/2015	30.8%		49%	55%
VHC	19/02/2015	0.3%	*The company has just announced FOL lifting; hence, the time period is too short for the significant impact to be recognized*	15%	15%

We are still looking forward to other companies that had/have plan or tendency to lift the FOL. See table below:

Table 8: FOL increase announcements and listed companies with an intent to increase FOL

Tickers	Recommendation	Notes
SSI		The first company increased FOL to 100% in 09/2015
EVE		Announced lifting FOL to 100%. Foreigners currently hold 53.89%
VHC		Announced lifting FOL to 100%
BIC		Announced lifting FOL to 49%
HSG*	Buy – Intermediate-term	There is 9% left for foreigners but the company still wants to increase FOL to 60%.
BMP*	Accumulate – Long-term	Considering FOL lifting since 07/2015
FPT*	Accumulate – Long-term	The company expressed its willing to lift FOL at 2015 end-year analyst meeting and is in progress of rechecking restricted/unrestricted businesses.
REE*	Accumulate – Long-term	The company wants to increase the FOL but the level is unknown.
VNM*	Neutral – Long-term	The company wants to increase FOL and is in progress of divesting from restricted businesses
MWG*	Watch list	Unrestricted businesses but the company will consider whether FOL lifting could affect its policy or not.
BMI*	Watch list	The company wants to increase FOL to 100%
HHS		The company possibly requests FOL lifting approval at upcoming AGM
CII		Shareholders approved to delete restricted businesses

Source: RongViet Research

(*): Companies that we have assessment in "Stock pick" session (Page 45)

A LONG-TERM SUPPORT: RECLASSIFICATION TO AN EMERGING MARKET BY MSCI

Vietnam is still categorized in the MSCI Frontier Index, along with Bangladesh, Pakistan and Sri Lanka.

Frontier markets need to meet three sets of criteria to be included it the Emerging Market Index, the criteria are related to:

(1) Economic development, which aims to differentiate between frontier and emerging markets,

(2) Size and liquidity requirements, and

(3) Market accessibility assessment, which is divided into 18 qualitative measures that reflect international institutional investors' experience of investing in a given market (*See Table 9*).

Vietnam has implemented a number of mechanisms and new policies to obtain MSCI's Emerging Market status. However, ***Foreign ownership limit (FOL)*** and ***Foreign exchange market liberalization*** levels are the most challenging. Decree 60/2015 and other guidelines on FOL lifting are key to the meeting of the former requirement. We believe this could be somewhat resolved by equitizing more qualified companies and pushing of SCIC's divestures from listed companies.

In addition, Vietnam needs to improve its ***Foreign exchange market liberalization level***. According to MSCI, there have to be changes three areas:

(1) no offshore currency market,

(2) constraints on the onshore currency market such as foreign exchange transactions must be linked to security transactions) and

(3) low liquidity on the onshore currency market.

Vietnam's regulators have started working on other issues which include ***market organization*** and ***market infrastructure***. With Circular 155/2015/TT-BTC relating to information disclosures in English, we believe Vietnam can simultaneously meet the requirements of information flows and equal treatment for foreign investors. Circular 203/2015/TT-BTC on transaction regulations, which include instructions on intraday trading activities, should help boost market liquidity.

We believe the best scenario for Vietnam is to be considered as a candidate in 2018's MSCI review. If that happens, Vietnam would be considered as an official member of the MSCI Emerging Index in 2019. Until the official announcement is made, there will be a lot of media coverage on the country's stock market. At some specific periods, such information could help stir market enthusiasm, of course, only in a short time.

Being upgraded to an emerging market is considered as one of the most expected catalysts for Vietnam stock market because it would attract more FII inflows. Besides, large-capitalization stocks, which already satisfy the size and liquidity criteria, would be purchased by foreigners, raising the market in the process. This was what happened with other market indices such as the ADX General Index of Abu Dhabi (+43% after upgrade) and the QE Index of Qatar (+47% after upgrade).

Table 9: MSCI's criteria on Emerging Market classification and Vietnam's procedures

Criteria	Emerging	Vietnam's procedures	
A. Economic Development			
A.1 Sustainability of economic development	No requirement		
B. Size and Liquidity Requirements			
B.1 Number of companies meeting the following Standard Index criteria	3		3 companies satisfied the requirements: VNM, VIC, MSN
Company size (full market cap)	USD 1260 mm		
Security size (float market cap)	USD630 mm		
Security liquidity	15% ATVR		
C. Market Accessibility Assessment			
C.1 Openness to foreign ownership	Significant		
Investor qualification requirement		++	- Decree 60 on FOL lifting - Circular 155/2015/TT-BTC guides on English public information - Circular 123/2015/TT-BTC guides on foreign investment activities on stock market -Decree 118/2015/NĐ-CP guides on executing some Articles in Investment Law - Government announced divestment plan from 10 listed companies
Foreign ownership limit (FOL) level		-/?	
Foreign room level		-/?	
Equal rights to foreign investors		-/?	
C.2 Ease of capital inflows/ outflows	Significant		
Capital flow restriction level		++	- Easy flows of FDI, FII thanks to FTAs, TPP and AEC participation
Foreign exchange market liberalization level		-/?	- No offshore currency market - Constraints on onshore currency market - Low liquidity on the onshore currency market
C.3 Efficiency of the operational framework	Good and tested		
Market entry			- Heading towards to accounting standards in accordance with international practice (IFRS) - Central clearing house project - Upgrading systems and processes of securities borrowing and lending services. 2 derivative products, which are cover warrant and future contracts, will be released in 2016 - Circular 203/2015/TT-BTC guides on trading activities such as T+2 transactions, intraday short-selling activities, support activities for intraday transactions etc.
Investor registration & account set up		-/?	
Market organization			
Market regulations		+	
Competitive landscape			
Information flow		-/?	
Market infrastructure			
Clearing and Settlement		-/?	
Custody		++	
Registry/ Depository		++	
Trading		++	

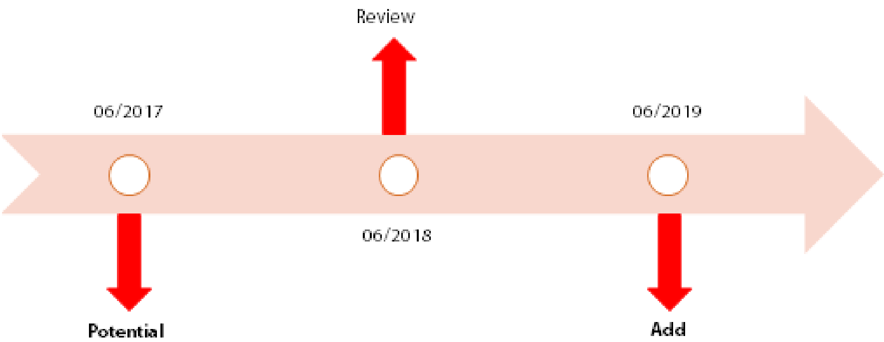
Transferability		-/?	
Stock lending		-/?	
Short-selling		-/?	
Stability of institutional framework	Modest	+	

++: no issues; +: no major issues, improvements possible; -/?: improvements needed/ extent to be assessed

Sources: MSCI, RongViet Research

With recent actions by the government, Vietnam is expected to be on the list of potential markets for the 2018 review. Then it will take at least 1 more years for MSCI to make it official announcement.

Figure 12: Probable schedule of Vietnam stock market reclassification



Source: RongViet Research

Table 10: Market Accessibility Assessment review (Vietnam vs FM)

C. Market Accessibility Assessment	Vietnam	Sri Lanka	Bangladesh	Pakistan
C.1 Openness to foreign ownership				
Investor qualification requirement	++	+	++	++
Foreign ownership limit (FOL) level	-/?	++	++	++
Foreign room level	-/?	++	++	++
Equal rights to foreign investors	-/?	++	++	++
C.2 Ease of capital inflows/ outflows				
Capital flow restriction level	++	++	+	++
Foreign exchange market liberalization level	-/?	-/?	-/?	+
C.3 Efficiency of operational framework				
Market entry				
Investor registration & account set up	-/?	-/?	-/?	+
Market organization				
Market regulations	+	++	+	+
Competitive landscape				
Information flow	-/?	++	++	++
Market infrastructure				
Clearing and Settlement	-/?	-/?	+	+
Custody	++	++	+	++
Registry/ Depository	++	++	++	++
Trading	++	-/?	-/?	++
Transferability	-/?	-/?	+	++
Stock lending	-/?	-/?	-/?	-/?
Short selling	-/?	-/?	-/?	-/?
Stability of institutional framework	+	+	+	-/?

++: no issues; +: no major issues, improvements possible; -/?: improvements needed/ extent to be assessed

Sources: MSCI, RongViet Research

INVESTMENT STRATEGY

SECTOR OUTLOOK

In the last 2 years, the Vietnamese government has done a lot to bolster economic growth and bring about the most radical reforms since the late 80's. As the economy moves towards the late-expansion phase, it has constantly been positioning itself to attract more capital inflows and become more involved in global trade. The TPP and other trade agreements are not the goal but part of the process. As the country prepares for free trade and capital liberalization, there will be plenty of work in infrastructure development from roads and bridges to IT and telecoms. In the meantime, the expansion of FDI-driven manufacturing and the resulting increase in trade will boost logistics and other supporting services. We have gathered below the key themes that will help identify outperforming sectors in 2016.

Cyclical factors will continue to weigh in: As Vietnam leaves the recovery phase and enters a high-growth period, more attention should be paid to sectors whose sales and earnings are highly correlated with economic activity. For the trade-driven part of the story, while it may be too soon to make a call on cargo shipping given depressed freight rates, we believe petroleum and gas shipping still has a good year ahead as local refineries like Binh Son, Dung Quat, Nghi Son will continue to expand capacity to take advantage of low oil prices.

Capital investments and infrastructure development are key to capital attraction: On the opening day of the 14th Plenum, the Party Central Committee overwhelmingly endorsed Vietnam's participation in the Trans-Pacific Partnership. In the last two years, the government has adopted an aggressive stance towards infrastructure development in an attempt to attract foreign direct investment. Last year, Vietnam climbed nine notches on World Bank's ranking of infrastructure development index and the construction output value grew 11.4% year-over-year. Since 2014, Vietnam witnessed a strong increase in the number of energy and transport projects, (e.g. Ben Luc – Long Thanh Expressway, Da Nang – Quang Ngai Expressway, and Ha Noi – Hai Phong Expressway). along with a jump in demand for factories, warehouses and industrial land. We believe "upstream" sectors like construction, building materials and industrial zone developers will be the biggest beneficiaries of this story.

Trade growth will gain momentum under free-trade agreements: With the signing of the TPP and four FTAs, we expect Vietnam's exports to grow over 11% yoy and imports over 13% this year. Now that they have surpassed local businesses to become the key players in the manufacturing sector, FDI companies will continue to import materials and machineries while exporting large quantities of finished goods to the global market. Despite their small market shares, local logistics providers can still gain greatly from such expansion whereas Northern seaport operators should enjoy higher revenue growth in the near term as demand outpaces supply. The signing of the TPP, the EVFTA and the VKFTA certainly will continue to bring more export orders to the textile-garment sector. However, increasing competition from bigger and more resourceful players from mainland China, Hong Kong and Taiwan will put a cap on sales growth.

Falling commodities prices will put downward pressure on input costs: The cheap commodity environment had some drastic effects on companies' profits and stock prices in 2015. BMP, NTP, VNM, PLC, and DPM among other large-scale manufacturers saw their bottom-line profit greatly enhanced by lower input costs and better gross profit margins. At the heels of a rising USD and dwindling demand from China, we still see a gloomy prospect for many commodities such as corn and soy for animal feed, dry whole milk for dairy, plastic resin for construction pipes, lead for batteries and copper for cable wires. Because of the 2015/2016 El Nino, however, weak demand for agricultural products could be partly offset by a contraction of supply. In the meantime, there is a significant probability that low oil prices are here to stay, creating some tailwinds for oil-based chemical manufacturers, including fertilizer companies who are facing great difficulties from a surplus of domestic supply.

Minimal exposure to FX risk is crucial to bottom-line profits: Since China took the world's financial market by surprise when it let its currency fall 3% against the dollar last August, FX risk has become a greater concern for stock investors. FX risks have three components, i.e. transaction risk, translation risk and economic risk. The most current of the three is transaction risk, which will be minimal for importers who also export goods. For the other two, however, the relationship is not as straightforward. While a devaluation of the dong, say 3 to 5 percent, will help maintain the price competitiveness of Vietnamese products such as garments, electronics, seafood, building materials, etc. in overseas markets, it would also force companies in capital-intensive sectors to book substantial losses on their foreign-currency debts. The latter risk is particularly relevant to cement and electricity companies.

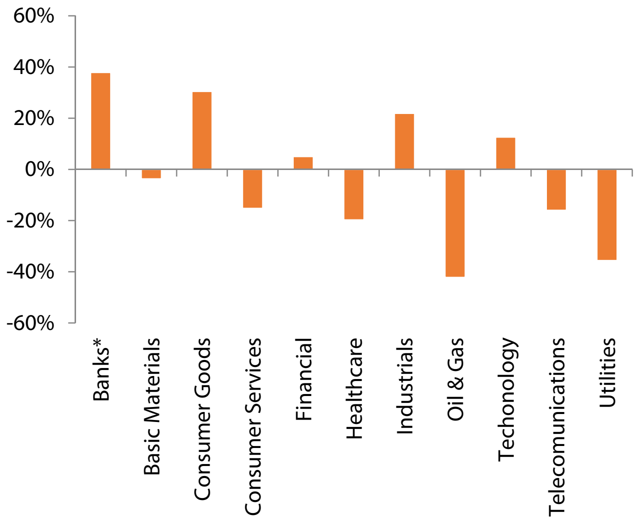
High consumer confidence will boost spending: The expansion of the middle class has always been the long-term growth driver for producers and sellers of discretionary consumer goods. However, it is the overall wealth and expectations of future income that motivate consumers to spend. As the economy expands and the incoming FDI offers more career opportunities, both wealth and expected income growth are higher. According to ANZ – Roy Morgan, Vietnamese consumers have the highest confidence in all of Asia. That has led to higher sales of cars, home appliances, furniture, and jewelleries, boosting revenue and earnings growth of companies providing discretionary goods. However, under the AEC and the TPP, Vietnamese general and special retailers will both face fierce competition from foreign retail chains. In this fight, a good brand name and a strong distribution network, including access to advantageous sale locations, will be a key competitive advantage for local companies.

Table 11: Industry snapshot

ICB Industry	Trailing PER (x)	Cur. PBR (x)	EV/EBITDA (x)	Market Cap. (VND bn)
Banks	13.4	1.6	-	313,266
Food & Beverage	14.2	5.2	13.1	250,115
Real Estate	19.3	2.6	16.5	162,015
Utilities	6.5	1.7	44.3	113,350
Construction & Materials	9.4	1.5	16	74,596
Industrial Goods & Services	11.2	2	9.8	72,808
Basic Resources	13.5	2.2	-6.5	66,393
Insurance	21.1	2.2	15	50,568
Chemicals	8.8	1.3	6.1	44,299
Financial Services	8.5	1.2	7.9	27,600
Technology	11.0	1.9	7.5	24,056
Personal & Household Goods	11.3	2.2	9.8	20,368
Oil & Gas	3.9	0.7	1.7	16,279
Retail	10.3	3.6	7.4	15,171
Health Care	8.8	1.8	6.1	14,748
Travel & Leisure	17.2	2.7	9.2	12,237
Automobiles & Parts	7.0	1.9	5.4	12,083
Media	37.0	1.6	184.8	5,984

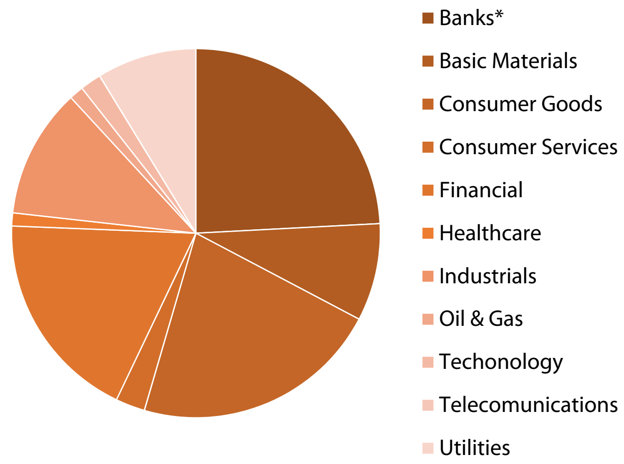
Sources: RongViet Research, Fiinpro

Figure 13: Industry price performance in 2015



Source: RongViet Research

Figure 14: Industry contribution by market capitalization



Source: RongViet Research

Table 12: Sector business performance driver check list

Sector	Cyclicality	Policy support	Falling input cost	Long-term prospect	Supply-Demand	Consumer confidence	Minimal FX risk
Construction	✓	✓		✓	✓		✓
Logistics & Seaports (inc. O&G transport)	✓	✓		✓	✓		
Building materials (exc. Steel)	✓		✓		✓		✓
IT		✓		✓	✓		
Real estate	✓	✓		✓	✓		✓
Non-life insurance				✓	✓	✓	✓
Automobile & Parts		✓	✓	✓	✓	✓	
Special retailers				✓	✓	✓	
Electricity		✓		✓	✓		
Travel & Recreation			✓		✓	✓	
Food & Beverages			✓	✓			
Banks		✓		✓	✓		
Personal & Household goods			✓		✓	✓	
Fertilizers		✓	✓				
Pharmaceuticals				✓			✓
Industrial metals (Steel)			✓				
Natural Rubber							✓
Oil & Gas							

Table 13: 2016 sector outlook

Sector	Rating	Rationales	Stock pick	Monitor/Potential
Construction	Positive	- The government's emphasis on the development of transport and power projects (Ben Luc-Long Thanh Expressway, Hanoi- Bac Giang Expressway, National 1 Upgrade, etc.); - Booming private investment in transport infrastructures in the BT, BOT, PPP, BOO formats under Decision No.15/NĐ-CP; - Strong rebound of real estate sales with growing demand for high-end and luxury properties; - Strengthening FDI inflows for the manufacturing sector	CTD	
Logistics & Seaport	Positive	- Fast-increasing trade volume under the AEC, the TPP and other trade agreements; - Robust manufacturing and export-imports activities of FDI companies, especially in the North; - High cash dividend yield and healthy financials; - Harsh competition with a likelihood of consolidation and M&A activities in Hai Phong – Dinh Vu area; - Waterfront cargo handling at seaports not subject to FOL extension	VSC, HAH, PVT	GMD, PHP, GSP, ACV
Building materials (exc. steel)	Positive	- Increasing number of industrial, real estate and transport projects; - Slow to moderate expansion of supply in ceramic tiles, granite, cement, profile and construction pipes; - Declining prices of major inputs, including plastic resin, natural gas, glazing chemicals (tiles), crude oil (asphalt/bitumen)	KSB, BMP, PLC	DHA
Real estate	Positive	- Stronger demand from end-users versus past market boom; - Low mortgage rates with bank tendency to favour lending to house-buyers over financing developers; - Stable absorption in middle-market and affordable segments but modest price improvement and softened sales in high-end and luxury segments as the result of hiking supply; - Growing demand for industrial land in labour-rich, infrastructure-available areas; - Dilution risk from secondary issuances; - Threat of mortgage lending restriction.	BCI, NBB, LHG	HDC
Information Technology	Positive	- Growing demand for telecom and software integration services from local private-sector enterprises and FDI companies; - Strong government support, i.e. Resolution 36a/NQ-CP on e-Government and the application of information technology in state agencies; - More government spending on transport infrastructure and increased application of Electronic Toll Collection (ETC) and Intelligent Transportation System (ITS)	ELC, FPT	ITD, CMG
Non-life insurance	Positive	- Motor insurance: strong auto sales between 2015-2016 as a result of strict truckload control and import tax reduction; - Health and Personal accident insurance: high consumer confidence and positive growth in household	PTI	BMI

		income - Transport insurance: greater investment in transport and energy infrastructure and manufacturing facilities; - Property insurance: robust liquidity in the real estate market; - Expansion in underwriting capacity thanks to an increase in the capital base and the help of strategic shareholders; - Increasing interest rates and bond yields; - Simple capital structure hindering chances to take advantage of AEC integration		
Automobile parts	Positive	- Strong car and truck sales in 2014 and 2015 (40% and 45% yoy); - Historically low natural rubber and lead prices; - Increasing competition from FDI companies (Bridgestone, Kenda, GS, etc.) and Chinese products; - Policies to support locally produced radial tires in consideration; - Risk in export transactions and reduced export price competiveness due to the CNY devaluation	PAC, DRC	
Retailers (Auto and Electronics	Positive	- Commercial vehicles: high market saturation and low land transport volume growth versus truck sales growth; - Passenger vehicles: positive per capital income growth and expansion of the middle class; - Increases of 2% to 40% in import tax rates on trucks and specialized vehicles under Circular 163/TT-BTC; - Increases in special consumption tax rate on less expensive passenger vehicles (>2,00m^3 of cylinder volume) offset by a reduction of import tax rate from ASEAN countries under ATIGA; - Positive but slowing growth in ICT and electronics distribution due to increased market saturation	SVC	MWG
Electricity	Positive	- Higher power consumption thanks to robust manufacturing activities; - Higher sales price thanks to a decline in hydropower output as a result of the 2015-2016 El Nino; - Increased competition with participation of private power plants under 30MW in the competitive wholesale electricity market (pilot operation from 2016 to 2018); - Lower input prices for coal and gas- fired thermal power plants; - FX risk for power plants leveraged with foreign currency debts.	REE, NT2, PPC	
Travel & Recreation	Positive	- Higher domestic tourists' growth thanks to lower gasoline price and positive income growth; - Improvements in transport infrastructures; - Growing availability of hospitality real estates	SKG	
Food & Beverages	Positive (exc. Seafood)	- Higher demand supported by accelerating growth of income per capita; - Dry whole milk price on the rise; - Higher competition with the incoming for foreign brands after the conclusion of TPP and the various FTA; - Seafood export prices on a decline due to oversupply; - Likely increase in cost of production of domestic seafood with the passage the new US farm bill.	VNM	WSB
Banking	Neutral	- Banks' balance sheets shifting away from interbank lending and towards loans to clients;	VCB, ACB	MBB

		- Robust lending activities with modest NIM expansion and tapering NPL ratios; - High provision expenses for the NPL and VAMC bonds (5 years and up to 10 years for institutions under restructuring) in 2016; - The potential of retail banking is yet exploited by local banks; - Weakness against foreign banks in lending to FDI companies while local manufacturers still struggle; - High growth potential in retail banking driven by the strengthening of consumer confidence; - Slow NPL clean-up within VAMC as well as individual banks; - Great pressure to increase capital under Basel I		
Personal & Household goods (textile-garment, furniture)	Neutral	- The number of new orders is in a crease thanks to opportunities of the FTAs (TPP, FTA Vietnam – Korea, FTA Vietnam – EU…); - The shortfall in sales price of fibers might lower revenues and gross profit of some fiber-producing enterprises; - Vietnam's garment export value increased by 9.1% in 2015 but the majority (66%) was captured by the FDI; - The rise in FDI inflows might put on the air the labour cost, the largest proportion of COGS	PTB	TCM, STK, GDT
Fertilizers	Neutral	- Lower input price for domestic fertilizer producers, yet urea producers benefit the most; - Sales price is under downward pressure due to oversupplying; - Chinese Government continues to lower export tax, hurting Vietnam domestic fertilizer producers; - Increasing COGS due to VAT policy; - High cash dividend yield	DPM	
Pharmaceuticals	Neutral	- Fierce competition in OTC drugs as more ETC suppliers switch to OTC and foreign manufacturers open factories and acquire local brands; - Increasing price competition with imported drugs in the ETC market under Circular 01; - High capital expenditure for quality and capacity manufacturing		
Industrial metal (steel)	Negative	- Positive construction sector growth overwhelmed by growing supply of cheap Chinese steel; - Increased market shares for large manufacturers adopting dynamic inventory and sales management strategies as the expense of smaller players; - Lower prices of iron ore and semi-finished products, e.g. steel billets, slabs; - Anti-dumping tax against Vietnamese steel in major export markets, e.g. Indonesia, Malaysia, Thailand	HSG, HPG	
Natural rubber	Negative	- Persisting surplus of supply due to China's slowdown and the USD appreciation; - Rubber tree selling price on a decline		
Oil & Gas	Negative	- Low oil price expected for at least the first half 2016; - Temporary shutdown and halt of exploitation of several oil wells; - Supply outgrowing demand and plummeting prices for services such as vessels, FPSO/FSO, drilling mud supply, and oil rig equipment rentals;		PGS

- Selling prices of gasoline, LPG and CNG on a continued downtrend;
- Possibility of delaying major gas exploration project, Block B O Mon

INVESTMENT STRATEGY AND IMPLEMENTATION IDEAS: VALUE OVER GROWTH

Overshadowed by uncertainties, 2016 is set to be a relatively harder year for stock investors. The stock market should see more volatility and a higher probability of extreme movements while the fluctuations of capital and market liquidity remain a threat to local market participants. This year, we focus our stock-pick strategies on three key themes:

(1) Countering increased market volatility and dwindling liquidity,
(2) Taking advantage of the equitization of SOEs and state holdings sales, and
(3) Capitalizing on the divergence of growth at sector and company levels

Fundamental stocks are better positioned to weather market turbulence but an oscillating market will open opportunities for bargain buys

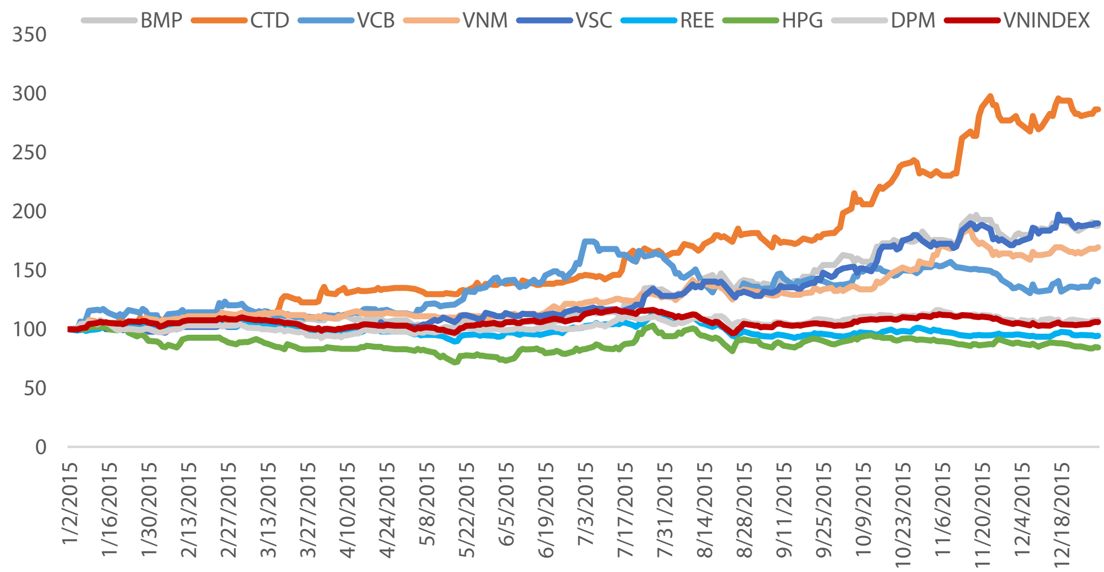
As a rule, in flat or declining market, which are our high probability scenarios this year, value stocks tend to outperform. As capital gains become increasingly uncertain, we believe investors should prefer high-yielding stocks. In addition, strong earnings and sound fundamentals should provide a cushion against downside risk. Stocks such as KSB, BMP and CTD were barely shaken by the market last year. Given the positive outlook of their respective sectors, these stocks should continue to do well in 2016. Good fundamental stocks should have:

(1) Leading market share in the relevant sector,
(2) Sound fundamentals, characterized by strong cash position and low debt-to-equity ratio (preferably below 0.7x) and no exposure to FX risk,
(3) Consistent cash dividend payment with acceptable dividend yield,
(4) Positive industry outlook, and
(5) A position in the market top market cap quartile.

Our top picks include VNM, FPT, DPM, BMP, CTD, HPG, VSC, and REE. Of the list, HPG, REE and DPM returned the least in 2015 in terms of capital gain but are currently the highest-yielding stocks. For their low correlation with the others, these stocks can also provide good diversification benefits while enhancing income return for a market-oriented portfolio.

On the other hand, we also believe any strong market downturns will open a window for more active investors to “shop” for good stocks at a bargain. China’s currency play, oil price fluctuations and the VCP National Congress are the most likely factors to sway market sentiment this year. However, reversals are to be expected. In 2015, the VNIndex added an average 17.5% in the two times it bounced from the bottom to the next high, the first time was between May and July and the second time between August and November. Under our coverage, stocks with beta above 1.0 gained on average 10% in the three months after the first trough of 2015 and 20% in the sixty days after the date the yuan devaluation hit the hardest. In this category, our recommendations are PVT, VCB, SVC, ACB, HSG and HPG. These stocks fluctuate in line with the market and as long as their fundamentals remained intact, are good to buy on the dip.

Figure 15: Fundamental stock performance versus VNIndex



Source: RongViet Research

Table 14: Fundamental stock key financials

Ticker	ICB Sector	Market Cap. (VND bn)	2016 Expected Div. Yield (%)	FY2015		FY2016	
				+/- Rev. (%)	+/-NPAT (%)	+/- Rev. (%)	+/-NPAT (%)
BMP	Construction & Materials	5,912	2.7	15.6	32.7	14.3	9.4
CTD	Construction & Materials	7,299	3.2	79.1	105.0	19.8	17.8
DPM	Chemicals	10,828	10.5	2.3	34.1	(6.9)	11.7
HPG	General Industrials	19,934	3.7	7.6	7.8	27.1	24.3
REE	General Industrials	6,929	6.2	0.5	-19.2	2.0	16.1
VCB	Banks	109,266	2.4	12.1	15.7	11.3	27.7
VNM	Food Producers	156,018	3.1	14.6	28.0	13.0	11.0
VSC	Industrial Transportation	2,899	2.1	4.1	11.5	30.0	9.5

Source: RongViet Research

Table 15: Trough-to-peak performance of large-cap, high-beta stocks

Ticker	BETA	Return after 1st trough			Return after 2nd trough		
		1M	2M	3M	1M	2M	3M
PVT	1.36	22%	33%	21%	7%	16%	9%
HPG	1.03	-5%	1%	7%	5%	6%	4%
HSG	1.03	10%	13%	12%	6%	17%	11%
SVC	0.83	8%	7%	8%	14%	88%	73%
ACB	1.03	19%	24%	7%	10%	17%	10%
VCB	1.42	8%	27%	6%	10%	16%	15%

Source: RongViet Research

Outperforming companies in underperforming industries may be trading at large discounts

During expansion, the economy will grow but earnings and stock performance may diverge. The divergence has been notable among banks, real estate, O&G, non-life insurance, logistics and textile-garment companies. Since there are underperforming companies in outperforming sectors, there are outperforming companies in lagging sectors as well. Companies' brand names and positions in their respective sectors form the first-line of defence against a contraction of the market. Then a good strategy and ample resources will allow them to grow sales and gain market shares at the expense of their competitors. Some of the companies with these traits are **HSG, HPG** and **PVT**. For the two steel producers, solid market shares and brand recognition on top of respectable financial strength and aggressive expansion strategy have been playing well to their advantage while smaller competitors have been hurt by Chinese steel. Low oil price is a slow-acting toxic to most O&G companies but is a boon for PVT as it increases the needs for oil tankers as storage space. Cheap oil and growing domestic demand have also boosted the capacity of Dung Quat Refinery, the only oil refinery in Vietnam. Since PVT the sole transporter of crude oil for Dung Quat, it is one of the biggest beneficiaries in this story. PVT also has a lot of room to grow in segments such as LPG and coal transportation and FSO/FPSO services. However, due to its link with O&G producers and foreign-exchange risk, PVT can sometimes trade at a significant discount to its intrinsic value. HSG, HPG and PVT are trading well below their 4-year-average P/E and Price-to-average-EPS ratios. Nonetheless, the cyclical nature of their respective sector should make these stocks more appealing to long-term investors, who may be more willing to hold their investments over the course of the business cycle.

Table 16: PE ratio statistics

Ticker	Avg. PER 2012-2015 (x)*	Price/Avg. PER (x)	Average PER 2012-2015 (x)	Trailing PER (x)	2016 forward PER (x)
HPG	4,264	6.4	8.1	5.7	4.9
HSG	4,724	6.1	7.1	5.2	7.8
PVT	998	10.0	13.2	7.0	6.6

*Source: RongViet Research, *adjusted EPS*

SCIC divestment & FOL extension: "New owners, new future"

With the issuance of Decision No. 60/2015/NĐ-CP in late 2015, the increase of the FOL will be something to watch this year. Although the government has been reluctant to release guidance on the enactment of the D60, FOL extension is still largely perceived to be completed in 2016. Not only will this increase the chances for Vietnamese stocks to be included in the MSCI Emerging Market Index but it might also help reverse the exodus of foreign capital as the Fed raises interest rates. More importantly, the extension of the FOL will go hand in hand with SCIC's plan to divest from listed companies. For the State-owned financial company to dispose its holdings of blue-chips such as VNM, raising the FOL is almost inevitable. The only problem is how big the premium SCIC is asking.

Stocks in SCIC's portfolio generally have stable core businesses, sound fundamentals and consistent cash dividends. Furthermore, SCIC's exit from listed companies would increase their float. Combined with an increase in foreign-ownership limits, this could lead to a significant increase in foreigner participation.

Stocks gained an average 18.3% in the 3 months following an SCIC divestment and 23.6% in the 6 months after the divestment as compared to a return of 8.1% for the VNIndex in 2014 and 6.1% in 2015. Market leaders such as VNM, FPT, and BMP should attract lots of foreign interest if and when SCIC divests.

Table 17: Post-divestment stock performance

Ticker	Sale announced	+/- Price 1M after sale (%)	+/- Price 3M after sale (%)	+/- Price 6M after sale (%)
C47	03/2014	-7.8	-12.3	-9.6
DBC	11/2014	-2.7	1.5	-1.3
DCL	04/2015	-1.3	-14.4	-27.1
DQC	08/2014	28.2	58.5	72.4
HAI	08/2014	6.9	125.2	63.8
INN	06/2014	25.1	45.0	55.9
LAF	06/2014	5.9	36.3	41.2
NSC	04/2014	-1.1	6.4	6.4
RAL	09/2015	7.3	17.8	18.9
RDP	08/2014	10.6	34.8	36.4
RIC	11/2015	-5.6	n/a	n/a
SSC	04/2015	-0.9	-11.0	-11.5
TBC	04/2014	6.3	14.2	33.3
VNE	02/2015	11.5	35.6	29.8
	Average	5.9	26.0	23.7
	Median	6.1	17.8	29.8
	Max	28.2	125.2	72.4
	Min	-7.8	-14.4	-27.1

Source: RongViet Research

Table 18: SCIC's current holdings of listed stocks

Ticker	Market Cap. (VND bn)	SCIC Ownership (%)	Market value of SCIC's holdings (VND bn)	Foreign Ownership Limit (%)
AGF	335	7.5	25.1	48.2
AGM	187	28.2	52.9	49.0
BMI*	2,026	50.7	1,027.4	6.2
BMP*	5,912	38.4	2,270.3	0.0
FPT*	18,998	6.0	1,139.9	0.0
HDC	559	11.7	65.4	29.3
HGM*	418	46.6	195.0	47.5
NDN	396	4.0	15.8	19.8
NTP*	3,650	37.1	1,354.2	14.0
QNC	129	17.8	22.9	48.7
SCJ	166	16.4	27.2	48.4
SGC*	244	49.9	121.6	48.0
VFR	233	7.9	18.4	49.0
VNC	346	22.5	78.0	32.4
VNM*	156,018	45.1	70,364.2	0.0
VNR*	2,569	40.4	1,037.9	13.8
VRC	88	8.2	7.3	49.0
VSH	3,259	24.0	782.1	21.4

Source: RongViet Research
**SCIC's ownership reported under Dispatch 1787/TTg-ĐMDN dated 8/10/2015*

IPO & UPCOM opportunities

Last year, the UPCOM saw nearly 80 new listings but the HNX estimated at least 380 public companies should have listed under the current regulation. In addition, 2015 was a slow year for SOE equitization with nearly 90 companies failing to make equitize by the end of the year.

Circular 180/2015/TT-BTC requires companies that go public after January 1st 2016 to list shares on the UPCOM within 30 days and for SOEs, 73 days after they equitize. The government is determined to hasten the equitization process and increase funding for its budget. For this, it is largely expected that there will be a flux of new listings in 2016.

Some of the most expected IPOs and UPCOM listings this year include **Novaland, ACV, Garco 10, PVOil** (may be delayed to 2017) and **BSR**, each a big player in its respective industry whose distinct competitive advantages justify their potential as an alternative investment opportunity to the stocks on the HSX and HNX. For example, Novaland, is a new star among Vietnamese real estate developers whose respectable pipeline of high-end and luxury condominiums and land banking strategy took the market by storm when the company acquired dozens of projects across HCMC almost overnight. Despite its hefty leverage, Novaland already have the endorsement of large institutional investors such as Dragon Capital and VinaCapital to offer their shares to the public.

ACV, on the other hand, is attractive for its monopolistic status as operators of 22 airports in Vietnam, including Tan Son Nhat, Noi Bai, Da Nang, Phu Quoc. Given projection of two digit-growth rates in the volume air cargo and international-flight passengers, ACV attracted a lot of attention when it equitized in 4Q2015. However, ACV has yet to reveal its listing plan.

We have also found other potential businesses that are already listed on UPCOM, i.e. **WSB, Sowatco** and **ABI**. Aside from the companies' business potential, UPCOM stocks are attractive for their potential to migrate to the larger exchanges and for the improvements in liquidity and transparency that would justify higher valuations. However, investing in the UPCOM and new listing issues may be more fitting for long-term, high risk-tolerance investors.

Table 19: Potential UPCOM and unlisted issues

Ticker	Subsector	Exchange	Investment rationales	IPO Price /Cur. Price (VND)	Financial 2014 Revenue (VND bn)	Financial 2014 NPAT (VND bn)	Financial 1H2015 Revenue (VND bn)	Financial 1H2015 NPAT (VND bn)	Ownership State ownership (%)	Ownership Foreign ownership (%)
Garco 10	Personal Goods	OTC	- Advantages of brand and the shift of orders to Vietnam are likely to increase revenues for Garco 10. - Production capacity of high-end shirts and business suits is in an increase thanks to the expansion of the plants in Thanh Hoa, Thai Binh, Quang Binh ... - High portion of FOB production (currently about 60%) along with the establishment of ODM's department could enhance Garco 10's gross margin.	N/A	2344.15	33.6	1,123	N/A	35.5	N/A
PV Oil	O&G	OTC	- PVOil operates in importing and exporting crude oil, trading in oil products, petroleum processing, trading in oil & gas technical equipment and biofuel. - PVOil is the monopoly in term of exporting crude from Vietnam and the focal point to sell PVN's crude that being exploited oversea. - PVOil accounts for ~20% market share in the petroleum segment, only behind Petrolimex (with ~50%). Revenue and PAT in 2015 achieved VND 49,000 billion and 468 billion. - IPO schedule targets to finish the capitalization before 31/7/2016 and start bidding before 30/11/2016	N/A	65,300.0	(900.0)	49,000*	468*	N/A	N/A
ACV	Industrial Transportation	OTC	- Monopolistic position in Vietnam aviation market with over 25 airports under management. - Young demographics in Asia and Vietnam provide ample room for growth of new air travellers. - Mega-projects such as Long Thanh international airport would be a major turning point for ACV and Vietnam aviation industry.	14,344	7,998.7	2,436.6	5,214.7	533.0	75	-
Novaland	Real Estate Investment & Services	OTC	- With VND3,671 billion of chartered capital and nearly VND14,000 billion of total asset, Novaland is a rising developer of high-end and luxury properties in HCMC. - Novaland's pipeline of 36 projects includes many prime locations across HCMC. - The company is aggressive in acquiring projects from other developers and is actively expanding its sale force.	N/A	2,801.8	96.2	N/A	N/A	N/A	N/A
BSR	O&G	OTC	- Binh Son Refining and Petrochemical Company ltd. is the manager and operator of the Dung Quat refinery. - Dung Quat refinery has benefited from the "incentive value" price mechanism and	N/A	127,800.0	170.0	94,400*	5,690*	N/A	N/A

			expected to continue in 2018. Meanwhile, with the main input bring crude oil, BSR is expected to benefit from low crude oil prices as others down-stream companies. - BSR's revenue and PAT in 2015 achieved VND 94,400 billion and 5,690 billion with dominating market share at ~30% - Dung Quat expansion project with over USD 1.8 billion in investment capital brings the growth prospect in long-term. - However, the competitiveness of the company will be low due to the old technology and the capacity of the plant has reached 100%.							
WSB	Beverages	UPCOM	- Since WSB is a subsidiary of Sabeco, a large part of its products are sold to the parent company. - The popular brand, wide range of product, especially focusing on suitable price. - The attractive P/E ~5x. - High consumer demand.	36,000	760.0	97.0	369.0	51.0	51.0	17.1
SWC	Industrial Transportation	UPCOM	- SWC is the provider of transport services (both waterways and trucking) and Inland container depot (ICD) services at Long Binh port in Dist. 9, HCMC. - Healthy financial position with low leverage structure (borrowings/total asset of 6%). In addition, the firm posted the net cash position of VND157 bn at 2015 year-end (equal 16.5% SWC market cap @ Feb 16 2016). - Apart from the core business, the firm is holding some notable investments which include: (1) 16% stake in a JV with Keppel Land in Saigon Centre property project (worth the BV of VND ~20mil) and 37% stake at VICT port (worth the BV of VND ~VND155 bn). The two investments alone pay out ~VND 17 billion annually in cash dividend. - The firm posted VND 44 billion in PAT for the 2015 (EPS ~ VND657). - The decision of the HCMC People Committee in late 2015 regarding a plan to build a new ICD Long Binh right on the area Sowatco is currently operating shall be monitored closely given its significance to the firm's core business. - SCIC divested entirely its holding in SWC in early 2016.	14,700	451	28	103	25.1	-	-
Vissan	Food producer	OTC	- Well-known brand name with widespread distribution network which counts 100 distributors and over 130,000 retail outlets. - Intensive animal farming is planned to increase from 20% to 50%; meanwhile, the proportion of slaughterhouses should rise. Thus, Vissan's market share in livestock segment will be able to grow. (Currently the market share is estimated at ~1%). - Establishing a closed-end production line (feed-farm-food) by intensifying capex investment in farming (VND354 billion) and food processing (VND1,440 billion)	17,000	4,013	110	1,804	59	65	-

ABI	Nonlife Insurance	UPCOM	- Insurance business witnessed significant change since 2014. - Thanks to the major shareholder Agribank, the company is able access a wide customer network in rural areas. - Stable cash dividend policy. - However, the stock is very illiquidity.	12,800	552	115	318	39	60	-

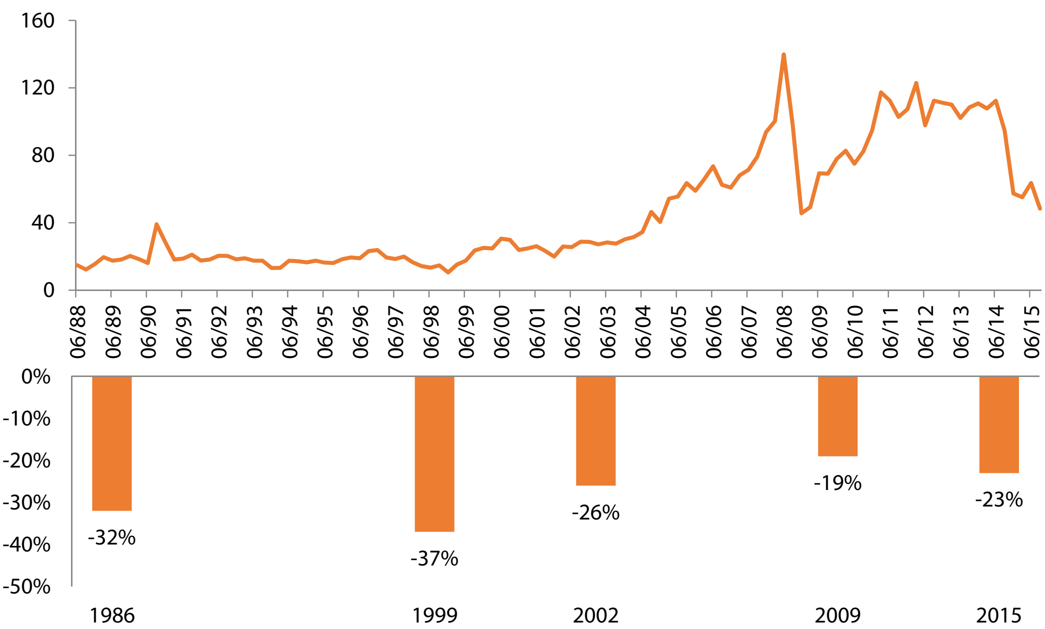
*Source: RongViet Research*FY2015 whole-year figure*

O&G STOCKS: A contrarian buy worth considering

Over the last two years, Oil & Gas stocks have gone through one of the worst periods of the last 12 years. A strong drop in earnings and stock prices has led to extremely negative investor sentiment for Oil & Gas companies. However, we believe 1Q2016 could be a period that oil price reach its "trough" for the industry cycle and that contrarians may find good entry points at current levels.

1. Historical prices during the three most recent oil crises, i.e. 1999, 2002 and 2009, a plunge in oil producer's capital expenditures would begin to show positive effect on crude oil price after 2 – 3 years. In the last 18 months, nearly USD380 million of planned capital investments have been suspended. This translates into a reduction of future supply of nearly 2.9 million barrels/day. (Figure 16)
2. At current oil prices, oil-exporting countries such as Venezuela and Nigeria are being pushed to the brink of financial disaster. Moreover, the US expects to cut production by 700,000 barrels/day between 2016 and 2017, offsetting the additional supply of 500,000 barrels/day from Iran. Russia is also planning to reduce output, with a cut of 150,000 barrels/day in 2016.
3. In terms of market sentiment, despite the gloomy outlook for global oil prices, a contango still prevails in future markets. The number of long positions on oil futures has also improved, showing strong "bottom-fishing" activities. Moreover, the overall analyst consensus still leans toward an increase in crude prices for 2016 (Table 20).
4. Russia, OPEC, and the US all seem increasingly open to negotiations on output. Therefore, the possibility, though thin, of an agreement between oil-producing nations to stabilize the global crude market could happen.

Figure 16: CAPEX change during oil crises could signal the recover in prices (unit: USD/barrel)



Sources: Bloomberg, Morgan Stanley, RongViet Research

Vietnam Oil & Gas industry

At the moment, investors still have a pessimistic outlook for the oil & gas industry and reflect into prices for over a year (Table 21). With the lag between crude oil price and Vietnamese business activities, the true effects have just impacted and demonstrated into O&G companies' results during the 2H2015 (Table 22). Based on the assumption that crude oil price will pick up gradually after the first quarter of 2016, we believe the results from Oil & Gas companies could have a less pessimistic prospects. Due to the "hard landing" at the end of 2015, we expect the growth in revenue and earnings could be demonstrated during late 2016. In addition, as the market sentiment will act at a faster pace than the actual announced business results, we believe the best time to invest could be when the prices of such stocks continue to plunge with continuously negative results. And this could happen soon in 1H2016.

Given the industry cyclical nature, we only recommend investors to go for O&G stocks with a willingness to take risk as well as the patience to see a recovery in oil price. The stocks that we are interested in and advise investors to pay attention to are GAS, PVS, and PVT as they are the companies that have stable fundamental factors and could be much more stable when the crude oil price stops significant fluctuation.

Table 20: Overall consensus still leans toward the increase trend in prices

Entities	Price in 2016 – Brent in USD/bbl
Moody's	48
BMI Research	40
Citigroup Inc.	40
HSBC Holdings PLC	45
BNP Paribas SA	37
Barclays PLC	37
World Bank	37
EIA	40
Credit Suisse	36
JP Morgan	31
Merrill Lynch	46
Goldman Sachs	42
Average	***40***

Sources: Bloomberg, RongViet Research

Table 21: Crude price and results have reflected into O&G stocks' performance

	GAS	PVT	PVS	PVD	PGD	PGS	PXS	PVE	PVC	PVB
P/E (current price – 04/02/2016)										
Current	6.2	6.9	3.4	4.8	13.0	8.1	5.6	5.4	4.6	4.3
5y average	10.7	9.1	6.9	8.3	10.3	7.3	7.8	10.2	6.9	5.5
Median	9.8	11.7	5.7	7.4	8.0	5.5	7.4	8.3	5.6	5.5
P/B (current price – 04/02/2016)										
Current	1.7	0.7	0.6	0.6	2.5	1.0	0.8	0.5	0.7	0.9
5y average	3.5	0.9	1.3	1.5	1.8	1.1	1.4	0.9	1.3	1.7
Median	3.3	0.7	1.0	1.3	1.6	1.1	1.1	0.7	0.9	1.8
EB/EBITDA (current price – 04/02/2016)										
Current	3.7	5.2	1.7	3.8	5.1	2.0	4.0	7.2	3.9	2.9
5y average	6.1	6.8	3.0	5.2	N/A	2.1	4.8	7.3	3.5	2.2
Median	6.3	7.2	2.7	5.4	2.3	2.0	4.7	6.5	3.1	2.1
Beta (with Brent prices)										
1Y	0.43	0.32	0.51	0.61	0.12	0.31	0.48	0.47	0.54	0.45
2Y	0.45	0.23	0.47	0.58	0.11	0.28	0.37	0.35	0.47	0.43
5Y	0.40	0.17	0.30	0.38	0.15	0.19	0.28	0.22	0.31	0.42
Stock price performance (%)										
1Y	-52.4	-29.8	-52.2	-58.8	72.2	-17.7	-46.3	-34.3	-49.2	-45.9
2Y	-53.1	-16.9	-53.0	-63.4	35.6	-39.2	-38.5	-18.4	-24.5	-8.9
3Y	-20.7	107.8	-12.8	-33.5	86.1	13.3	42.9	-12.9	-12.1	N/A
Financial ratios (FY2015)										
ROE	21.64%	9.80%	14.07%	13.48%	19.59%	11.22%	15.72%	10.26%	9.65%	27.34%
ROA	15.44%	3.84%	5.63%	6.93%	7.71%	3.85%	6.53%	3.56%	4.86%	14.10%
Debt/Equity	0.32	1.23	1.24	0.87	1.14	1.49	1.32	2.02	0.56	0.36

Sources: Bloomberg, RongViet Research

Table 22: Low crude price has reflected into O&G companies' results since 2H2015 (Unit: %)

REV	Q1-2015	Q2-2015	Q3-2015	Q4-2015
GAS	-3.45	-16.04	-19.88	-13.70
PVT	-16.59	13.71	15.86	21.70
PVS	-13.27	-2.26	-28.42	-41.37
PVD	1.69	-31.92	-33.35	-58.44
PGD	-19.07	-22.13	-35.63	-37.05
PGS	-15.96	-21.30	-25.29	-20.92
PXS	29.88	14.38	-12.76	-9.29
PVE	124.64	16.97	23.91	-35.09
PVC	-2.28	-32.26	-2.75	-38.05
PVB	124.21	-19.71	1.11	-78.27

PAT	Q1-2015	Q2-2015	Q3-2015	Q4-2015
GAS	-18.16	-19.92	-21.46	-21.98
PVT	2.53	-2.32	-47.61	66.44
PVS	23.26	3.94	1.05	-53.42
PVD	-19.23	-23.33	-5.42	-89.27
PGD	117.54	86.26	-71.45	248.86
PGS	19.89	-34.44	-23.59	26.20
PXS	38.21	16.40	-63.76	-7.45
PVE	788.15	-6.80	28.97	23.69
PVC	53.06	-54.90	-77.47	-14.28
PVB	99.87	-42.78	50.28	-212.47

Sources: Bloomberg, RongViet Research

STOCK PICKS

NOTES AND EXPLANATIONS

Notes and explanations

Below is RongViet Research's top picks for 2016 which is based on a combination of the following factors:

(1) optimistic sector prospect in 2016,
(2) strong earnings prospect supported by perceivable catalysts,
(3) the underlying company possesses strong market position and/or competitive advantages, and
(4) the stock is trading at the significant discount to its intrinsic value with a consideration of the company's long-term outlook.

The financial ratios and trading data presented below are computed as of 23rd February 2016.

Since the majority of companies have yet to publish their 2015 financial statements, unaudited data was used in our analyses and presentations for the fiscal year of 2015. Calculated ratios and other figure may be subject to change after the audited financials are released. Also, according to Circular 200, annual EPS from 2015 onward are calculated after the deductions of welfare provisions.

RongViet Research's guideline of stock ratings

Ratings / Expected return	BUY	ACCUMULATE	NEUTRAL	REDUCE	SELL
Intermediate-term (up to 6 months)	>20%	10% to 20%	-5% to 10%	-15% to - 5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

Table 23: RongViet Research Stock picks

Ticker	Subsector	Target price (VND)	Time horizon	Current price (VND)	Financial 2015 +/- Rev. (%)	Financial 2015 +/- NPAT (%)	Financial D/E (x)	Financial 2016 +/- Rev. (%)	Financial 2016 +/- NPAT (%)	Valuation PER Trailing (x)	Valuation PBR Cur. (x)	Valuation PER 2016F (x)	Trading Div. Yield (%)	Trading +/- Price 1 y (%)	Trading 3M Avg. vol. (1K shares)	Trading Market cap (VND bn)	Trading FOL (%)
CTD	Construction & Materials	171,000	Long-term	156,000	79.1	105.0	-	19.8	17.8	10.0	2.3	9.3	3.2	177.7	52.1	7,299	5.5
HAH	Industrial Transportation	56,000	Intermediate -term	46,600	21.9	26.9	0.4	55.0	(4.7)	7.4	2.1	7.8	2.1	6.4*	213.0	1,069	39.7
VSC	Industrial Transportation	80,000	Long-term	70,000	4.1	11.5	0.3	30.0	9.5	10.4	2.3	10.5	2.1	67.6	176.0	2,899	-
PVT	Industrial Transportation	13,500	Long-term	10,000	8.5	7.0	0.8	3.9	17.0	7.0	0.8	6.6	-	(27.0)	990.7	2,559	36.1
KSB	Mining	38,700	Long-term	37,500	18.2	29.6	-	6.8	8.1	7.0	1.7	7.8	8.0	74.9	165.1	878	29.7
BMP	Construction & Materials	142,000	Long-term	130,000	15.6	32.7	0.0	14.3	9.4	11.8	2.9	10.8	2.7	67.0	100.2	5,912	0.0
PLC	O&G	40,500	Intermediate -term	33,400	1.6	23.1	2.2	3.6	1.2	8.2	2.3	8.1	9.0	35.6	113.6	2,699	43.5
LHG	Real Estate Investment & Services	22,000	Long-term	19,900	9.5	175.5	0.2	7.8	0.4	7.5	0.8	7.5	4.0	57.6	377.5	519	47.5
BCI	Real Estate Investment & Services	28,700	Long-term	25,100	92.3	200.6	0.2	12.0	18.4	7.4	1.1	6.3	3.2	40.8	619.7	2,177	39.0
NBB	Real Estate Investment & Services	26,500	Long-term	19,600	(58.3)	12.1	1.0	12.5	38.3	26.7	0.9	63.0	-	(5.8)	42.8	1,140	10.7
ELC	Software & Computer Services	32,000	Long-term	23,000	118.8	23.8	0.3	35.0	89.3	12.3	1.3	7.2	5.2	73.7	273.4	953	30.8
FPT	Software & Computer Services	52,000	Long-term	47,800	16.2	17.3	0.9	7.5	10.1	9.8	2.2	10.0	4.2	17.8	876.9	18,998	-
PTI	Nonlife Insurance	28,500	Long-term	22,500	31.3	141.0	0.0	21.6	25.9	9.6	1.0	8.6	4.4	43.3	38.6	1,809	11.0
PAC	Automobiles & Parts	37,000	Intermediate -term	34,300	4.5	21.4	0.8	13.8	21.1	11.6	2.1	9.7	8.7	83.7	60.7	1,050	23.4
DRC	Automobiles & Parts	52,000	Long-term	43,500	2.0	17.6	0.6	17.7	21.5	9.6	2.4	9.2	6.9	(18.9)	132.3	3,975	15.1
SVC	General Retailers	41,700	Intermediate -term	36,500	25.2	79.3	0.7	5.1	4.4	9.3	1.1	8.8	3.3	131.6	100.3	912	14.8
DHC	Forestry & Paper	38,200	Long-term	29,700	17.9	78.8	0.2	10.5	15.3	6.7	1.7	8.3	3.4	72.4	86.9	513	27.4
REE	General Industrials	31,000	Long-term	25,700	0.5	(19.2)	0.1	2.0	16.1	8.1	1.1	7.0	6.2	(8.2)	423.0	6,929	1.0
NT2	Electricity	31,000	Intermediate -term	26,500	(4.7)	(28.2)	1.2	(-10.0)	(10.7)	6.4	1.5	7.0	6.8	22.8	538.5	7,259	30.8
PPC	Electricity	20,900	Long-term	16,900	2.4	(55.0)	0.8	(5.2)	44.4	11.4	0.9	9.4	11.8	(30.0)	198.9	5,377	33.8
VCB	Banks	46,700	Long-term	41,000	22.5**	15.2	-	11.3	27.7	20.6	2.4	20.1	2.4	7.4	864.1	109,266	28.1
ACB	Banks	22,500	Long-term	19,200	6.3**	8.6	-	12.5	38.3	16.8	1.3	11.7	3.6	17.2	112.8	17,208	19.0
PTB	Household Goods & Home Construction	97,000	Long-term	73,000	24.2	51.2	0.9	17.2	24.3	6.1	2.4	6.0	-	78.6	44.6	1,261	41.1
SKG	Travel & Tourism	111,000	Long-term	104,000	36.3	69.5	-	33.0	44.8	14.3	4.9	10.0	1.0	172.9	40.6	2,546	0.9
VNM	Food Producers	130,000	Long-term	130,000	14.6	28.0	0.1	13.0	11.0	20.1	7.5	21.2	3.1	53.8	935.0	156,018	-
DPM	Chemicals	32,500	Intermediate -term	28,500	2.3	34.1	0.0	(6.9)	11.7	7.3	1.3	7.9	10.5	2.0	664.9	10,828	23.0
HPG	Industrial Metals	39,700	Long-term	27,200	7.6	7.8	0.5	27.1	24.3	5.7	1.4	4.9	3.7	(15.3)	1,299.6	19,934	10.9
HSG	Industrial Metals	35,100	Intermediate-term	29,000	16.4	59.1	1.4	(3.1)	12.3	5.2	1.2	7.8	3.4	(1.2)	477.0	3,800	11.2

*Source: RongViet Research, *from listing date,**Total operating income*

Table 24: RongViet Research Watch list

Ticker	Subsector	Investment rationales	Trading				Valuation			Financial Trailing 12M	
			+/- Price 1y (%)	Avg. vol. 3-month (shares)	Market cap (VND bn)	FOL (%)	P/E Trailing (x)	P/B Cur. (x)	Cash Div. (VND)	ROE (%)	ROA (%)
BMI	Nonlife Insurance	- Stable growth of insurance business; - Investment activities should benefit from higher rates on fixed income instruments; - Divestment of SCIC; - Stable cash dividend policy.	70.4	73,276	2,026	6.2	14.6	0.9	4.1	6.2	2.6
PHP	Industrial Transportation	- The largest port in Hai Phong by capacity, serving nearly 1/3 of containers passing through Hai Phong; - Large land bank in Hai Phong provides it advantages in after port business expansion (Depot, warehousing); - Participating in the Lach Huyen deep sea international port in the years to come; - Business effectiveness should significantly improve with proper restructuring ahead; - State ownership divestment plan in 2016-2017.	30.6	13,013	7,684	48.9	20.1	2.0	1.1	9.7	6.8
MBB	Banks	- Stable assets and good earning quality with the lowest CIR. - CAR has improved strongly following a share issuance in Q32015. - LDR is 72%, far below the requirement, MBB has plenty of room to grow credit without putting pressure on deposits; - Strong potential to improve its capital efficiency and NIM.	14.7	2,540,399	24,480	33.5	8.0	1.1	4.6	12.7	1.2
GMD	Industrial Transportation	- Long-established Vietnamese logistics firm with integrated asset base across the country which includes ports, warehousing facilities and a truck fleet; - Experience and client network accumulated from operating as a shipping broker is an advantage for its current state of logistics business; - Owns large investments in property and rubber plantations which in overall marginalize the return on invested capital; - Dilution risk given the impending conversion of VIG convertible bond issued	46.8	503,646	4,737	18.4	11.5	0.9	5.1	7.8	4.8

		for the Nam Hai Dinh Vu Port investment.									
GSP	Industrial Transportation	- Rising LPG consumption fostered by growing manufacturing activities and households results in more transport demand; - Responsible for transporting the entire LPG imported by PVGas Trading and growing input from GPP Dinh Co should be a vital growth factors of transport demand for GSP; - Solid balance sheet with low leverage (D/E~20%); - Net cash of nearly VND188 billion or equivalently VND6000/share; - Long-term growth should come from new refinery projects such as GPP Ca Mau and Long Son.	20.2	61,870	420	37.9	7.8	1.1	8.6	13.3	8.5
STK	Personal Goods	- From 2016, Trang Bang 3 plant should operate at full capacity. This will increase STK's production capacity; - The "yarn forward rule" required in the TPP agreement might increase domestic fibre demand. Besides, owing to features such as superior elasticity, durability and lower cost, the growth in synthetic fibres is better than that of natural ones. - In 2016, STK will receive some orders for recycled fibres (accounts for about one fourth of output volume). Although cost of raw materials to produce recycled fibres is ~20% higher than that of normal ones, sales prices are also higher (+ 35%) and less affected by oil price fluctuations, - Steady dividend payments of about 10%/year.	(7.8)	35,099	1,326	49.0	18.7	1.9	-	10.5	4.9
TCM	Personal Goods	- Vinh Long plant might operate at more stable rate and start making profit from this year; - The liquidation of some old machinery and replacement of some equipment could enhance TCM's fibre quality. The company should be able to increase self-used rate from 5% to 10-15% which would help lower the impact of decreasing fibre prices. - Currently, foreign ownership of TCM has reached the 49% cap. The relaxation of the cap should support liquidity and price of TCM's shares.	(10.1)	585,964	1,414	-	9.2	1.6	4.2	18.0	6.7
DHA	Construction & Materials	- DHA's quarries are located near areas with strong real estate and construction activities which should support demand in 2016; - Over 10 years remaining to its mining licenses; - May record a nonrecurring profit in 2016 from the transfer of its grinding and processing zones. - Dividend yield at 10% or above.	74.4	53,386	348	36.0	7.8	1.0	3.5	13.6	12.4

HDC	Real Estate Investment & Services	- HDC started out as an SOE and still has SCIC as its largest shareholder; - With regards to the size of its land bank, HDC is the largest real estate developer in Ba Ria – Vung Tau; - HDC's projects range from residential land plots and low-income apartments to high-end hotels and villas, the majority of which have prime locations and development plans for the 2016-2017 period; - Sales of Ngoc Tuoc Hill Villas, its largest project in 2016 should improve on the back of Vung Tau's buoyant real estate market; - SCIC plans to liquidate its shares in HDC at a significant premium to the stock's current market price.	0.5	236,387	559	29.3	11.7	0.9	3.7	7.8	4.0
CMG	Software & Computer Services	- Benefit from Mobiphone sizeable infrastructure capex; - Telecommunication business would be a key driver over the next few years thanks to (1) a support of a new foreigner strategic partner, a leading telecommunication corporation from Malaysia, and (2) cost savings following its infrastructure upgrade; - Outsourcing should grow thanks to lower labour costs compared to global peers.	63.8	40,392	1,020	44.1	8.1	1.3	-	-	-
ITD	Software & Computer Services	- Benefit from development of ITS (Intelligent Transportation Systems) infrastructure, especially ITS for highway system - Large backlog value of signed contracts; - Better profit margins following the restructuring poor investment at QEC; - New senior management has solid business experience and good relationships with government; - Attractive valuation with low P/E ratio (trailing P/E at 6x and even more lower for 2015 forward, with fiscal year ended in March) and also promised high cash dividend payment in 2016 (12% payout ratio)	68.9	49,716	254	30.2	10.1	1.2	-	-	-
MWG	Electronic & Electrical Equipment	- Attractive growth in PAT of over 30% in 2016; - Thegioididong.com chain is a leading mobile retailing in Vietnam and continues expanding its number of stores; - DienmayXanh.com has taken a modest business model and is planning to expand nationwide. This chain should be the key driver for 2016's growth; - MWG's management has launched a "start-up" business in FMCG goods. They opened 16 stores in the greater Ho Chi Minh City area and plan to open over 50 stores in 2016 with a budget of VND50 billion. This business should become main contributor to MWG's long-term growth, especially beyond 2017 when CE and mobile markets become more saturated.	(30.8)	209,754	11,294	-	10.0	4.6	-	54.2	20.1

PGI	Nonlife Insurance	- Restructuring insurance business; - Investment activities should benefit from higher rate of return of fixed income instruments; - Reducing dependence on major shareholders: PGI is looking for foreign strategic partner. The private issuance could reduce the ownership of Petrolimex from 51% to 41%; - Stable cash dividend policy.	78.5	20,745	1,127	48.5	11.5	1.4	5.6	11.2	2.5
GDT	Household Goods & Home Construction	- Operating in a niche market with products like children toys, kitchen utensils; - Free trade agreement (TPP) could boost GDT's revenue growth in upcoming years; - High gross profit margin (~30%) and slightly enhanced for the past few years. - If GDT succeeds in transferring My Phuoc 2 land, it could record about VND 25 bn and adjust its cash dividend policy to 50%.	47.4	7,124	506	24.3	7.9	2.3	5.1	29.3	20.6
PGS	O&G	- High profit margin for its CNG segment; - New customer (Samsung CE) is expected to operate and buy CNG starting in late Q12016; - Demand for LPG maintains positive; - Leading player in the Northern gas industry;	(1.1)	156,974	905	28.2	8.0	1.0	8.3	11.2	3.8

Source: RongViet Research

A raging growth engine

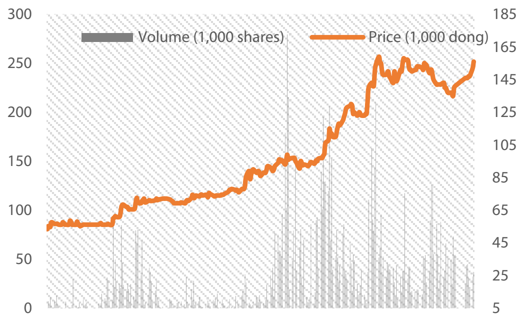
NEUTRAL

CMP (VND)	**156,000**
Target price (VND)	**171,000**
Investment period	**Long-term**

Stock Info

Sector	Construction
Market Cap (VND bn)	7,299.4
Current Shares (millions)	46.8
Beta	0.6
Free float (%)	45.8
FOL (%)	5.5
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenue	6,189.7	7,633.6	13,668.9	16,377.3
% yoy	38.2	23.3	79.1	19.8
PAT	257.1	327.4	666.1	784.8
% yoy	17.7	27.3	103.5	17.8
ROA (%)	4.2	4.3	10.5	10.1
ROE (%)	6.3	7.0	23.1	22.5
EPS (VND)	11.7	13.6	14,770	16,811
BV (VND)	54,787	60,135	69,458	80,079
Div (VND)	2,000	2,000	5,000	5,000
P/E (x)	7.5	6.9	10.4	9.3
P/BV (x)	0.8	0.9	2.2	2.3

Company snapshot

CTD, once a state-owned construction company, has gradually transformed into one of the largest and most reputable civil contractors in Vietnam. Unlike many of its peers, CTD did not suffer greatly from the burst of the 2008-2011 real estate bubble. The firm has been able to maintain strong cash flows and healthy financials while witnessing a continuous expansion of its order book in recent years. As the preferred contractor of high-end real-estate developers CTD has benefited greatly from the recovery of the property market since late 2014. The Company has been making an advance into the industrial and infrastructure segment. Despite low liquidity and a fully-filled foreign "room", CTD was one of the best-performing stock in the HSX in 2015.

CTD is one of the key players in Vietnam's construction industry. Unlike CII, REE, LCG and other constructors who have, over time, diversified away from their core businesses, CTD remains largely focused on the business line that makes up its brand name and reputation. CTD is among real estate developer's top-choice for luxury malls, high-end condominiums and five-star resorts. The firm recently moved up the value chain to become a design-build contractor. CTD exceeded its annual net income target by 50% in FY2015. Last year, the Company teamed up with FCN and Cienco 1 to start its first BOT project. In a longer view, the government's accommodative stance toward infrastructure development combined with the robust real estate market should fuel CTD's growth engines.

What to expect

- **Strong order book and hefty backlog in high-end residential projects will carry top line growth.** By year-end 2015, CTD had around VND13,500bn worth of construction backlog. Residential projects still account for the largest part of CTD's revenue. The number of condo sales in Hanoi and HCMC doubled from a year earlier, marked by a hike in demand for high-end and luxury apartments. Not only is CTD the preferred contractor in this particular segments, it now has a huge advantage walking along property giants such as Vingroup and Novaland.
- **Robust FDI growth and strong investment for transport infrastructure is a powerful driver**. Last year, FDI registration grew 12.5% from 2014 and the Ministry of Transportation predicted Vietnam would need USD40-50bn for the development of transport projects between 2016 and 2020. CTD began to see a surge in the number of industrial projects two years ago. The Company's order book includes several high-value industrial projects of Unicons. In addition, a JV between CTD, FCN and Cienco 1 is working on the Phu Ly City Bypass BOT project.
- **The lifting of the foreign "room" is a near-term catalyst.** Hopes for the FOL extension are high this year considering SCIC's plan to liquidate its holding in listed companies and recent efforts by the government to upgrade Vietnam into an emerging market. CTD only has minimal free-floats and the lifting of the ownership limit should have some positive impact on the stock's price.

2016 Outlook

- Revenue from the construction segment may grow 20% in 2016. Gross profit margin should remain strong at 8.0% thanks to the increase of its luxury residential projects.
- FY2016 NPAT and EPS (after Bonus & welfare funds) are forecasted at VND784.8bn (+19.8% yoy) and VND16,811 respectively.

Risks to our call

- A slowdown of the real estate market could affect CTD's ability to sign new contracts and collect cash from ongoing projects.
- A delay in the implementation of the FOL extension may adversely affect stock price.

Transport business to drive growth in 2016

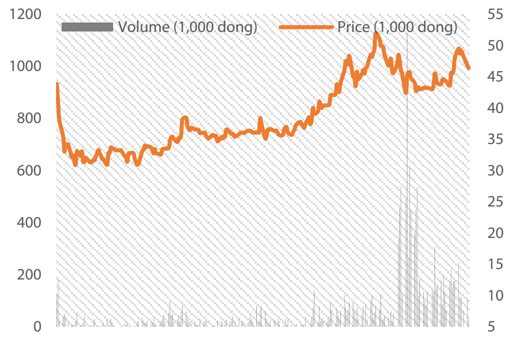
BUY

CMP (VND)	**46,600**
Target price (VND)	**56,000**
Investment period	**Intermediate-term**

Stock Info

Sector	Transportation
Market Cap (VND bn)	1,069.0
Current Shares (millions)	23.2
Beta	0.9
Free float (%)	35.2
FOL (%)	39.7
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	223.6	430.7	524.8	814.0
% yoy	17.2	92.6	21.9	55.1
PAT	82.5	131.6	167.0	159.0
% yoy	19.1	59.5	26.9	-4.7
ROA (%)	20	22.8	20.1	19.0
ROE (%)	27	34.9	35.0	26.0
EPS (VND)	4,223	5,899	6,210	5,940
BV (VND)	13,754	18,726	23,814	28,588
Div (VND)			3,000	3,000
P/E (x)			6.9	7.8
P/BV (x)			1.9	2.1

Company snapshot

Hai An port is relatively a small port in Hai Phong's port city. The port's designed capacity is 250,000 Teus/year founded by shareholders operating business in logistics industry namely MHC JSC, MAC JSC, MACS JSC, Transimex, HAH. The healthy growth in cargo throughput via Hai Phong has benefited port operators in the area and hence HAH is not an exception. For long-term outlook, the conclusion of many FTAS and vast FDI relocation to Vietnam would certainly become vital growth driver for port cargo throughput. In particulars, more government disbursement to public infrastructures in the North plus favorable gateway location of Hai Phong would see local ports enjoy a higher cargo growth rate in relative to the country average.

HAH, a small port in Hai Phong city, has seen its annual earnings growing continuously since its establishment. Solid recovery of Vietnam economy and robust growth of FDI in the manufacturing sector are strong drivers for port services providers such as HAH. Due to restrictions in port capacity expansion, the firm decided to venture into the container vessel business to generate top-line growth while strategically increasing the port's throughput against expected fiercer industry competition among local ports. In addition, HAH's well maintained operating cash-flows ensure an annual cash-dividend payment of about VND3,000 per share.

What to expect

- **A shift in FDI flows to Northern Vietnam**, notably the triangle of Hai Phong - Bac Ninh - Thai Nguyen sets to keep 2016 cargo volume via Hai Phong ports at a healthy growth of 12-14%/year.
- **The strictly implemented truckload control policy and protection** of Vietnam-flagged vessels on domestic routes have helped ward off foreign competition and support cargo volume for HAH's vessel fleet, which currently makes up ~13% of the domestic container vessel capacity.
- **HAH added Hai An Time vessel** in late September 2015. As the result, the firm's vessel fleet capacity went up 58%. We expect HAH's total transport cargo to increase 24% in 2016.
- **Low oil prices and stable freights** should help maintain vessel gross profit margins. With fuel expense accounting for nearly 40% of vessel operating cost, a prolonged low fuel prices environment, which fell nearly 28% on average in 2015 as to 2014, should benefit vessel profitability.

2016 Outlook

- Given the port's nearly full capacity, we forecast HAH's port throughput in 2016 to record a slight growth of 2% based on (1) growth in cargo throughput to Hai Phong and (2) better cargo handling.
- We project HAH port operation's gross margin to drop to the industry average of 46% in 2016 (2015: ~52%) as Vietnam-China border trade goes back to normalcy and reefer services revenue falls to half that of 2015.
- Our preliminary forecast calls for consolidated 2016 revenue and net profit of VND814 bn (+10.8% yoy) and VND159 bn (-4.7% yoy), respectively. EPS in 2016 is estimated at VND5,940.

Risks to our call

- The construction of Bach Dang bridge could affect ship handling schedule.
- Border-trade tensions with China could hamper cargo flows in the short-term.
- Fiercer competition between ports in 2016.
- A large number of HAH's shares will be unlocked in March 2016.

Ready for a strong and sustainable growth period

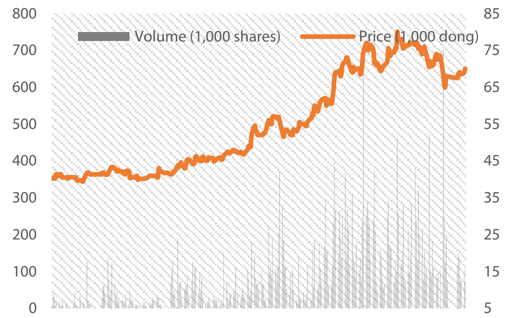
NEUTRAL

CMP (VND)	**70,000**
Target price (VND)	**80,000**
Investment period	**Long-term**

Stock Info

Sector	Transportation
Market Cap (VND bn)	2,899.1
Current Shares (millions)	41,4
Beta	0,6
Free float (%)	60.0
FOL (%)	0.0
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	792	891	928	1,204
% yoy	2.3	13.2	4.0	30.0
PAT	240	248	279	306
% yoy	5.3	3.4	13.2	9.5
ROA (%)	22.4	19.3	15.2	12.1
ROE (%)	29.4	24.3	21.2	19.1
EPS (VND)	6,995	7,182	6,068	6,653
BV (VND)	30,664	35,201	34,556	34,000
Div (VND)			3,000	3,000
P/E (x)			12.3	7.9
P/BV (x)			2.5	1.3

Company snapshot

VSC is one of Vietnam's longest port operators apart from State owned SaiGon Newport, SaiGon, Hai Phong port. High services quality, accumulated operating experience and broad customer network and integrated asset base (ports-after port facilities and truck fleet) are the firms' core competitiveness.

Trade activities in Vietnam expects to grow strongly from (1) solid Vietnam economic pick-up and (2) strong influx of FDI to Northern Vietnam. This promises to increase the flow of cargoes passing through the area (raw material, machinery,…) and would be VSC's long-term business growth driver.

VSC is one of the most experienced port operators in Vietnam, the others being State-owned SaiGon Newport, Sai Gon Port and Hai Phong Port. Longstanding experience and proven services quality have enabled the firm to achieve sustained growth rates over the years with revenues and NPAT expanding at CAGRs of 11% and 9.4% during 2010-2015. Solid recovery of Vietnam's economy and strong FDI inflows will prop up volumes of international trade. To meet rising demand, VSC has invested and commenced Phase I of VIP-Greenport (design capacity of 500,000Teus/year) last November. We believe that the new port, with its strategic location and state-of–the-art equipment, would be a springboard for the firm's long-term business prospects.

What to expect

- **Strategic location supports growth.** Better connected public infrastructures (Hanoi - Hai Phong Highway, national road 5, Dinh Vu–Cat Hai IP road, and channel dredging projects) and cheap labour costs have attracted a lot of FDI to the industrial parks in Northern Vietnam since 2014. The volume of goods passing through seaports in Hai Phong is expected to rise ~ 12-14% in 2016.
- **The construction of Bach Dang Bridge would negatively affect the operations of upstream ports** (including Hai An, SNP 128, Transvina, Nam Hai...). Therefore, four ports in the Dinh Vu area (Tan Vu, Nam Hai Dinh Vu, Dinh Vu and VIP-Greenport) would look favourable for higher cargo volumes thanks to their shorter distance to the open sea, deeper channels and unrestricted vessel clearance.
- **VIP-Greenport officially operated in November 2015** (designed capacity of Phase 1 is 250,000TEU/year and the Phase 2 will likely be operational in Q3/2016) will increase VSC's capacity to ~860,000 TEUs/year. Profit from VIP-Greenport will be taxed at 0% in the first four years of operation.

2016 Outlook

- Assuming VIP-Greenport's first year utilization rate of 60%, or 300,000 TEUS, the new port is forecast to generate PBT of VND64 billion in 2016.
- With the assumption that revenue from reefer containers will drop 33% from 2015, consolidated 2016 revenue and NPAT are projected at VND1,204 billion (+30% yoy) and VND306 (+9.5% yoy) respectively.
- Hence, 2016 EPS should be ~VND6,653, equivalent to a forward P/E of 10.2x. This is reasonable for a leading enterprise like VSC with ample room for growth.

Risks to our call

- Fluctuation in China's cross-border imports, especially frozen food could affect cargo throughput and the reefer revenue of the ports in Hai Phong.

Cyclical industry set to benefit from growing fuel consumption

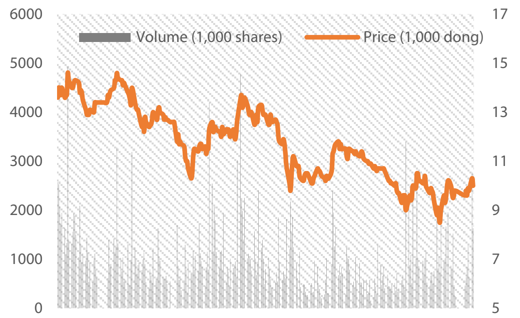
BUY

CMP (VND)	**10,000**
Target price (VND)	**13,500**
Investment period	**Long-term**

Stock Info

Sector	Transportation
Market Cap (VND bn)	2,558.6
Current Shares (millions)	255.8
Beta	1.4
Free float (%)	36.5
FOL (%)	36.1
State ownership (%)	58.4

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	4,961	5,268	5,719	5,939
% yoy	11.2	6.2	8.6	3.9
PAT	239	341	365	428
% yoy	119	43	7%	17%
ROA (%)	4.8	6.5	6.4	7.2
ROE (%)	2.7	3.6	4.0	4.5
EPS (VND)	1,029	1,333	1,294	1,508
BV (VND)	12,118	12,236	13,506	15,087
Div (VND)				
P/E (x)	10.7	10.5	7.8	6.6
P/BV (x)	0.9	1.1	0.8	0.8

Company snapshot

PetroVietnam Transportation Corporation (HSX-PVT) is one of PetroVietnam (PVN)'s most important subsidiaries. The firm's main business is categorized into 4 main segments: (1) Transportation services (crude, oil product, LPG tankers and dry bulk marine transport), (2) FSO/FPSO operation (3) Petroleum trading and (4) Others.

Oil and gas transport services has been PVT's major revenue contributor over the past years. Steadily growing demand for oil product consumption has been a vital factor sustaining the firm's earnings performance even in difficult times, contrary to dry bulk carrier's situation. In addition, newly established oil refinery projects and forecasted rising energy demand would be key to PVT's long-term prospect.

As a PetroVietnam subsidiary possessing the largest domestic tanker fleet in the country PVT is in a dominant position in the oil transportation sector. PVT is the only crude tanker provider in Vietnam. The firm's fleet comprises of tankers and LPG sea carriers and will soon include bulk-cargo vessels, which enables it to capture most of energy transport demand. Steady growth in oil consumption supported by increasing manufacturing activities and the addition of new refineries and power plants will be its major growth drivers in the mid- to long-term.

What to expect

- **Tanker freight in 2016 should continue to be supported by low oil prices.** Lower prices of oil has boosted consumption of petroleum and crude storage demand while supply pressure from new vessel orders will not come until late 2017.
- **Increased LPG output at Dinh Co refinery and higher gas import will increase demand for PVT's LPG vessels**. The Nam Con Son II (Phase 1) gas sea pipeline went online at the end of 2015 and promises to see LPG output from GPP Dinh Co grow 25% in 2016. We expect the LPG fleet's cargo volume to surge by transporting the whole amount of LPG import from PVGas Trading in 2016, which is forecasted to carry on the healthy growth seen in 2015 (~18%).
- **The whole year operation of FSO Dai Hung Queen** (7 months in 2015), PVT's most profitable business should contribute greatly to the bottom-line.
- **Higher utilization at Vung Ang thermal power plant and the trial run of Thai Binh 2** plant expected for late 2016 should boost transport volume of bulk vessel operation significantly.
- **The full operation of GPP Ca Mau and expected commencement of Nghi Son refinery in 2017** could push PVT to shorten the timeline for a secondary share issuance in order to finance the purchase of one VLCC at the estimated cost of USD80-100 mil.

2016 Outlook

- We project PVT's tanker business and FSO segment revenue to grow 10% and 38% in 2016
- Net revenue and PBT in 2016 are estimated to achieve VND5,900 billion (+4% yoy) and VND646 billion (+18% yoy) respectively; 2016 EPS is projected at VND1,508.

Risks to our call

- Three quarters of PVT's total debt is denominated in USD. The firm is susceptible to unrealized FX losses should the USD strengthen against the VND.
- Prolonged state of low oil prices could force oil producers to shut down unprofitable wells and reduce demand for FSO services.
- Freight for vessels deployed overseas is sensitive to international tanker supply-demand balance.

Rock-solid foothold in construction stone

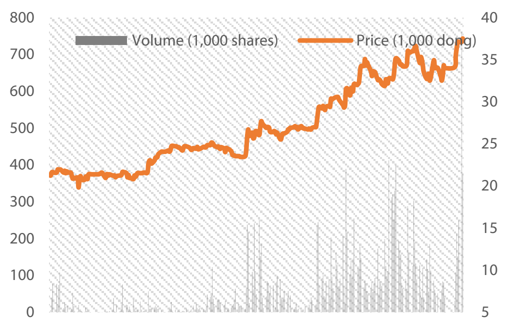
NEUTRAL

CMP (VND)	**37,500**
Target price (VND)	**38,700**
Investment period	**Long-term**

Stock Info

Sector	Building materials
Market Cap (VND bn)	877.5
Current Shares (millions)	23.4
Beta	0.7
Free float (%)	49.9
FOL (%)	29.7
State ownership (%)	50.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	538.5	624.0	737.7	787.7
% yoy	-5.5	15.9	18.2	6.8
PAT	83.3	96.8	125.7	135.8
% yoy	-7.9	16.2	29.9	8.1
ROA (%)	12.1	13.2	15.5	15.4
ROE (%)	18.4	20.5	24.1	23.2
EPS (VND)	4,556	3,585	4,445	4,804
BV (VND)	21,300	31,600	37,300	32,187
Div (VND)	3,000	3,000	3,000	3,000
P/E (x)	4.7	8.8	8.1	7.8
P/BV (x)	0.9	1.3	1.6	1.7

Company snapshot

Binh Duong Mineral and Construction JSC specializes in mining and processing of construction stone at three main quarries, including Tan Dong Hiep, Tan My and Phuoc Vinh. Of which, except Tan Dong Hiep quarry, the two remaining mines have exploiting duration of more than 10 years. With its quarries, KSB is the leading company in Binh Duong province in terms of gravel's volume consumption, at about 3 million m³/year.

KSB has a small portion of revenue (total 10%) coming from building materials segment (tunnel bricks, concrete blocks, concrete culverts), producing pure water and leasing at Dat Cuoc IP.

With a 10% market share in Southern Vietnam, KSB benefits from the strong recovery of the property market and construction activities. KSB has maintained stable earnings with a gross margin of around 36%. Thanks to its large cash balance on-hand and low investment requirements, the Company does not have to use debt. A stable dividend yield of VND3.000 per share is also a plus for this stock.

What to expect

- **The demand for construction stone in the South should continue to increase in 2016.** According to the master plan on the development of Vietnam's building material industry through 2020, Southeastern provinces, KSB's primary market, rank second on gravel demand with 2020's consumption forecast of about 45 million m³, an increase of 45% compared to that of 2015.
- **KSB has successfully renewed its extraction license of its main quarry, Tan Dong Hiep, for the 2016-2017 period.** The sale volume of Tan Dong Hiep is twice as large as that of the other two quarries i.e. Phu Giao and Tan My. An extended period for extraction here could support KSB's output until consumption in the remaining quarries reach a sizable scale. In the intermediate term, sales of Phu Giao and Tan My will be supported by an improvement gravel quality as extraction goes deeper and higher demand in Binh Phuoc and the Mekong Delta.
- **Industrial land sales in Dat Cuoc industrial park is improving.** The book value of Dat Cuoc IP accounts for ~ 20% of KSB's total assets but the project accounts for less than 5% of the company's revenue. Occupancy in Dat Cuoc IP is still relatively low, i.e. below 50%. However, in 2H2015, the area of leased land increased 8.2 times compared to the whole-year of 2014 thanks to a surge in FDI inflows in Binh Duong. With the recent development of transport infrastructures surrounding Dat Cuoc, we are optimistic about the IP's sales outlook in 2016.
- **The possibility divestment of SCIC** may improve the stock's liquidity and allow more flexibility to the company's senior management in their business strategy.

2016 Outlook

- Because KSB has extended the extraction license of Tan Dong Hiep quarry, we are optimistic about the company's consumption prospects in 2016. Gravel sale volume may increase 5% and average sales 3% from 2015.
- 2016's net revenue is forecasted at VND788 billion (+7% yoy) and NPAT at VND136 billion (+8% yoy). Accordingly, 2016's EPS is estimated around VND4,804.

Risks to our call

- The investment in Dat Cuoc Industrial Park is large in relativity to KSB's total assets. KSB plans to expand the IP by 136.5ha with a capex plan of about VND539 bn. If land sales do not meet the company's expectations, the opportunity cost may be considerable.

Growth momentum from Long An factory

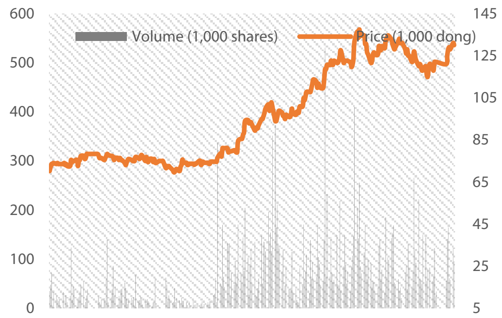
NEUTRAL

CMP (VND)	**130,000**
Target price (VND)	**142,000**
Investment period	**Long-term**

Stock Info

Sector	Building materials
Market Cap (VND bn)	5,912.2
Current Shares (millions)	45.8
Beta	0.6
Free float (%)	40.4
FOL (%)	0.0
State ownership (%)	29.5

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	2,088	2,416	2,792	3,191
% yoy	10.4	15.7	15.6	14.3
PAT	370.8	376.8	500.1	547.4
% yoy	2.8	1.6	32.7	9.4
ROA (%)	23.8	20.9	23.0	23.0
ROE (%)	26.8	23.5	26.4	26.1
EPS (VND)	8,153	8,285	10,997	12,036
BV (VND)	32,741	32,741	39,166	46,702
Div (VND)	3,000	3,000	4,500	4,500
P/E (x)	4.0	8.4	11.9	10.8
P/BV (x)	1.0	2.1	2.9	2.8

Company snapshot

Binh Minh Plastic JSC (HSX-BMP) is one of the two biggest plastic pipe enterprises in Viet Nam. The Company dominates the Southern area with over 50% market share. With a long operation history, BMP has built up a wide distribution system with more than 1,400 stores and diversified products about size and design. BMP shows its huge advantages in civil market (over 90% of sales). However, BMP also plans to increase the discount rate be participated in major water projects, creating a reputation for BMP in this market. BMP plans to invest in the phase 2 of Long An factory. The design capacity of this stage is about 10.000 tons of square parts, increasing the whole design capacity to 95.000 tons of product per annum.

The rebound of real estate market and construction activities has been a stimulant factor to building material producers. BMP is one of the two largest manufacturers of construction pipes in Vietnam. Thanks to lower input costs the company generated a pre-tax-profit margin of 22.7% in 2015. With a strong balance sheet and few debts, the Company offers stable annual dividends of 20%-30% of par value.

What we expect

- **Demand for plastic pipes remains positive.** Supported by the launch of new residential and clean water projects, long-term demand for plastic pipes in Vietnam is quite substantial.
- **Benefit from the low raw material prices.** BMP saved a lot in input costs in 2015 thanks to a drop in the prices of oil-based plastics, i.e. PVC and HDPE. Low oil prices should help maintain the company's profitability at a high level in 2016.
- **Stable operations of Long An factory will help reduce the shortage in pipes and parts.** Coming into operation at the end of 1Q2016, Phase I of BMP's Long An factory can produce 5,000 tons of pipe parts per year. The factory also includes a warehouse that will help to free up storage space in other production sites, i.e. District 6 and Binh Duong.
- **Currency fluctuations have minimal impact on BMP's financial activities**. About 90% of the input materials are purchased from domestic suppliers (TPC Vina and LG Vina) against whom BMP has very strong bargaining power.
- **The possibility that SCIC will divest from BMP could improve the liquidity and price of BMP's shares.**

2016 Outlook

- As consumption outlook remains upbeat and capacity bottlenecks are resolved, we expect sales volumes to grow 13% in 2016.
- We believe 2016's net revenue and NPAT to reach VND3,191 billion and VND547 billion, up ~14% and 9% respectively.
- 2016 EPS is estimated at VND12,036/share (+9% yoy).

Risks to our call

- If oil prices increase unexpectedly, BMP may experience a drop in gross profit margin.
- Strong competition in the plastic pipe market along with lower costs of raw materials might force BMP to lower its sales price or increase discounts for its sales agents.

All eyes on asphalt business

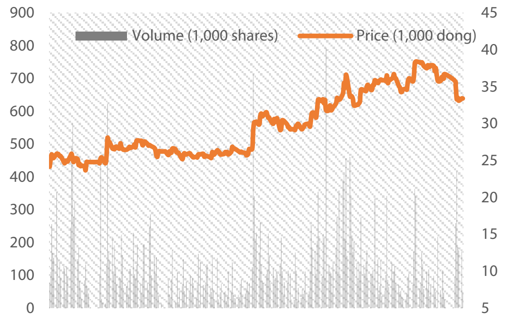
BUY

CMP (VND)	**33,400**
Target price (VND)	**40,500**
Investment period	**Intermediate-term**

Stock Info

Sector	Oil & Gas
Market Cap (VND bn)	2,698.6
Current Shares (millions)	80.8
Beta	1.2
Free float (%)	20.0
FOL (%)	43.5
State ownership (%)	79.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	6,198	6,821	6,916	7,163
% yoy	2.2	10.0	1.6	3.6
PAT	189	267	329	333
% yoy	12.0	40.1	23.1	1.2
ROA (%)	6.9	8.2	8.7	8.0
ROE (%)	17.8	23.9	29.2	25.2
EPS (VND)	2,908	3,798	4,414	4,117
BV (VND)	17,395	15,676	14,247	16,359
Div (VND)	1,500	3,000	3,000	2,000
P/E (x)	6.3	7.9	8.2	8.1
P/BV (x)	1.1	1.9	2.5	2.3

Company snapshot

Petrolimex Chemical Corporation (PLC – HNX) is a subsidiary owned 79% by Vietnam National Petroleum Group (Petrolimex). The Company three main products include lubricants, bitumen and chemicals. The parent Company specializes in lubricants business while its wholly owned subsidiaries: (1) Petrolimex Bitumen Company Limited and (2) Petrolimex Chemicals Company Limited, as their name imply, are responsible for the other segment. In the past two years, the Company business performance has showed significant improvement along with the recovery of the economy and robust infrastructure investment in Vietnam.

The boom of infrastructure investments (especially in road and airports) and the low oil prices have created some tailwinds for PLC, one of the leading manufacturers of asphalt and lubricants in Vietnam. PLC has about 11% of market share in asphalt while controlling about 30% of the market for lubricants. PLC has a well-known brand name and strong market coverage with 2 lubricant factories, 7 asphalt plants and 80 trucks. Although asphalt is a fast-growing industry, PLC faces many risks in this segment, including bad debts, price fluctuations and increasing competition.

What to expect

- **Asphalt demand should remain strong in 2016 thanks to government's focus on infrastructure investment.** According to the Ministry of Transport, Vietnam will have constructed 1,750km of highways by 2020. This should support asphalt consumption in years to come.
- **Steady and high profit margins in the lubricant segment.** Thanks to low oil prices and the pricing power of big players in Vietnam lubricant market, the lubricant segment has the highest margin among three main segments (~26%).
- **Asphalt gross margin has been on a decline** due to the increasing competition. Fluctuations of asphalt sale prices should be more in line with those of oil price in 2016.
- **High dividend yield should maintain** due to the preference for cash distribution of PLC's largest shareholder, i.e. Vietnam National Petroleum Group (Petrolimex).

2016 Outlook

- Sales volume could increase 11% in in 2016, mainly driven by the asphalt segment. The lubricant and chemical segments are expected to remain stable due to difficulties in expanding market share.
- Gross profit margin is estimated around 18% in 2016.
- High financial expenses due to FX losses and higher interest expenses on short-term debts.
- Our preliminary forecast calls for a small increase in 2016 revenue and net profit. 2016 EPS is estimated at VND4,117, translating into a forward PER 8.1x.

Risks to our call

- Petrolimex is withdrawing the support by imposing a high cash dividend payout ratio and forcing PLC to make faster payment for its purchases from Petrolimex Singapore, one of the company's suppliers.
- An increase in oil prices could reduce gross profit margin.
- Provisions on asphalt inventory and bad debts may increase.
- Competition in lubricant and asphalt segments hinders the ability to improve profitability.

At the right time – at the right place

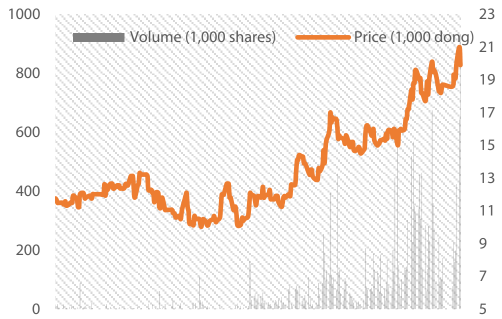
NEUTRAL

CMP (VND)	**19,900**
Target price (VND)	**22,000**
Investment period	**Long-term**

Stock Info

Sector	Real estate
Market Cap (VND bn)	518.8
Current Shares (millions)	22.6
Beta	0.5
Free float (%)	45.4
FOL (%)	47.5
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	240.5	312.7	342.5	315.8
% yoy	-7.2	30.0	9.5	7.8
PAT	24.2	25.2	69.3	63.0
% yoy	-54.5	4.0	175.5	0.4
ROA (%)	1.5	1.6	4.7	4.8
ROE (%)	3.8	3.9	10.1	10.0
EPS (VND)	928	966	2,660	2,670
BV (VND)	24,666	24,494	26,230	27.086
Div VND)	500	500	1,000	1,000
P/E (x)	11.0	13.5	7.3	7.5
P/BV (x)	0.4	0.5	0.7	0.8

Company snapshot

LHG was founded in 2006 and has since grown into a prominent industrial park developer in Long An. The firm's founder and currently its largest shareholders is Tan Thuan Industrial Promotion Company Ltd. (Tan Thuan IPC), also the pioneer in many landmark real estate and industrial projects in the South-Saigon area, including Phu My Hung Urban Area, Hiep Phuoc IP, Tan Thuan Export Processing Zone … Granted the investment license in 2006 and 2009, Long Hau IP (Long Hau Phase 1- 141.85ha) and Long Hau IP Expanded (Long Hau IP Phase 2 – 108.48ha) now rank among Long An most expansive industrial parks with asking rents ranging from USD90 to USD100 per square meter. Long Hau 1 has an occupancy rate of about 90% and Long Hau 2 over 70% as compared to an average of 34% of all IPs in Long An (LAZEA).

Following its investment portfolio restructuring between 2013 and 2014, LHG saw its financial status and business performance greatly improve in 2015. As small industrial real estate developer, the biggest competitive advantage of LHG is its large, low-cost land bank. Located near HCMC and within access to major trade hubs the Long Hau Industrial Park has the potential to become a preferred destination for FDI investors.

What to expect

- **HCMC and Long An will remain leading municipalities in the South to attract FDI.** New FDI pledges in HCMC and Long An grew 8% yoy and 57% yoy respectively in 2015. Long An topped the Mekong Delta region for new FDI. Last year, LHG saw significant new demand and leasing interest from both local and foreign companies. On the back of the TPPs and other FTAs HCMC and Long An will continue to see strong FDI inflows in 2016.
- **The boom of transport projects in Southern Saigon will increase the value of LHG's land bank.** The construction of the Ben Luc – Long Thanh Expressway started in early 2015 while 90% of the cargo volume of Nha Rong – Khanh Hoi Port will be moved to Hiep Phuoc by 2017. Phase 3 of the Soai Rap Channel Dredging Project is also under consideration.
- **LHG will prioritise the development of Long Hau IP 3 between 2016 and 2017.** LHG could start the compensation for the third project as early as 1Q2016. Since the majority of the area is agricultural land, the project can be operational as early as 2017.
- **Earnings will stay strong thanks to lower financial provisions and positive sales growth.** LHG made substantial provisions for its affiliate companies in 2014. The Company plans to liquidate its entire financial investment portfolio, which includes shares in Sai Gon-Hiep Phuoc Port and Long Hau-Hoa Binh IP (Thu Thua, Long An) to raise cash for Long Hau 3.

2016 Outlook

- Land sales should continue to improve in 2016.
- Lease rates in VND could increase in line with the VND/USD exchange rate but the construction of Ben Luc – Long Thanh Expressway will have a more significant effect on lease rates.
- FY2016 revenue is projected at VND315.8 bn, a drop of 7.8% from 2015 as LHG will have no more residential land sales and this year the Company will take on a more aggressive stance against late rent payers.
- EPS in 2016 is estimated at VND2,670, P/E forward is 7.5x, still relatively attractive compared to the majority of real estate peers.

Risks to our call

- Forced land recovery may result in significant deductions of sales though it should have minor impact on bottom-line earnings.
- The retroactive land use tax payment under the New Land Law could have a disastrous effect on the Company's cash flows and equity value.

Heading to a new era

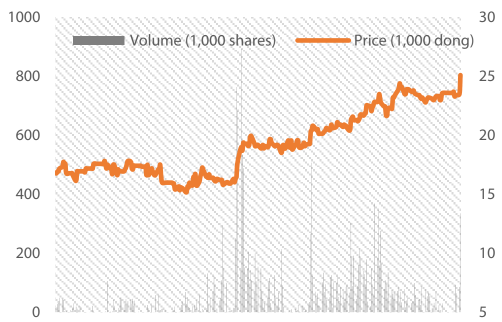
NEUTRAL

CMP (VND)	**25,100**
Target price (VND)	**28,700**
Investment period	**Long-term**

Stock Info

Sector	Real estate
Market Cap (VND bn)	2,176.7
Current Shares (millions)	86.7
Beta	0.2
Free float (%)	36.0
FOL (%)	39.0
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	349.7	240.8	462.9	517.7
% yoy	75.3	-31.2	92.3	11.8
PAT	95.7	97.2	292.9	346.8
% yoy	-44.8	1.6	201.2	18.4
ROA (%)	2.7	2.9	9.0	9.3
ROE (%)	5.4	5.5	15.4	16.1
EPS (VND)	1,324	1,346	3,124	3,999
BV (VND)	24,264	24,505	23,353	26,352
Div (VND)	1,000	800	1,000	1,000
P/E (x)	6.4	7.8	7.7	6.3
P/BV (x)	0.4	0.4	1.0	1.1

Company snapshot

BCI is a well-known developer of residential and industrial land and affordable condominiums in HCMC. Once a state-owned company, BCI's biggest competitive advantage is its possession a large land bank with low compensation cost and high clearance rate. BCI's projects concentrate in the Southwestern districts of HCMC, i.e. District 8, Binh Chanh, Binh Tan. The firm's stability in business performance has been contributed largely by the land leasing and industrial service segments. Yet, top-line and bottom-line growth in the residential segment was modest in recent years. In late 2015, BCI witnessed the withdrawal of its largest, state-related shareholder, i.e. HFIC. The Company was shortly after that acquired by KDH, an emerging developer of middle-market and high-end townhouses in the East of the city.

BCI benefits from its large, low-cost land bank accumulated since its establishment. Following the withdrawal of the state-related HFIC and the later participation of KDH, BCI saw some major improvements in its business performance. In late 2015, BCI finally reached an agreement on cash collection and revenue recognition with the Management Authority of South Saigon regarding the handover of a part of Phong Phu 4 RA. BCI has an aggressive investment plan for 2016, in which Le Minh Xuan IP Phase 2 (110ha), Phong Phu 4 (85ha) and Corona City (18ha) have the most potential to generate revenue and profit.

What to expect

- **The knots are untied for Phong Phu 4 RA.** In late 2015, BCI was able to recover 14ha of clean land in Phong Phu 4 RA from the Management Authority of South Saigon. In addition, the Company finally locked in a price for another 10ha in the project that it had handed over to the Management Authority years ago but had not been able to collect the full transfer price.
- **The construction of Binh Tien Street will help BCI's long-term plan.** BCI is currently working with Licogi 16 (HSX – LCG) to develop Binh Tien Street, a BT project that would cut through BCI's two residential areas, i.e. Phong Phu 5 RA and Corona City. First, the construction value may be exchangeable for the LURs of BCI's real estate projects. Second, the projects' expected sales price can be greatly improved by the compensation process and the enhanced infrastructure value.
- **Smaller projects will provide a significant earnings boost.** Last year, BCI changed the lease payment method for the section of Le Minh Xuan IP for small industries and handicraft from annual to lump-sum payment. As existing tenants renew their contracts, BCI will be able to book revenue for the entire lease term (40 years). Furthermore, the Company plans to liquidate some smaller, empty plots of land in its pipeline, i.e. 158 An Duong Vuong (1,900 m^2) and 510 Kinh Duong Vuong (8,800m^2) to raise cash for Le Minh Xuan IP Phase 2.

2016 Outlook

- FY2016 sales are projected at VND517 bn, up 11.8% yoy thanks to the contributions of Phong Phu 4, Le Minh Xuan IP Phase 2 and Corona City.
- The recognition of revenue from the section for small industries and handicrafts in Le Minh Xuan on top of the liquidation of smaller projects could add around VND265 bn to profit before tax.
- FY2016 EPS is projected at VND3,999, assuming no new share issuance.

Risks to our call

- A drop in market liquidity could slow sales at BCI's residential projects.
- The Binh Tien Street BT project could experience a delay due to prolonged legal works.
- With BCI's plan to raise its share capital to VND1,200 bn via private placements to strategic investors, there is a risk of dilution for existing shareholders.

Untapped potential

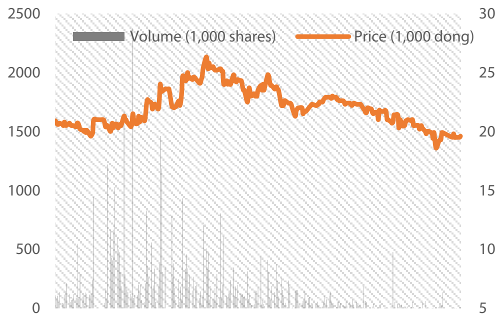
BUY

CMP (VND)	**19,600**
Target price (VND)	**26,500**
Investment period	**Long-term**

Stock Info

Sector	Real estate
Market Cap (VND bn)	1,140.4
Current Shares (millions)	51.2
Beta	0.5
Free float (%)	41.8
FOL (%)	10.7
State ownership (%)	25.2

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	202.7	231.4	96.6	164.5
% yoy	-81.2	14.1	-58.3	70.4
PAT	25.3	35.5	42.7	18.1
% yoy	-91.1	40.6	20.3	-57.6
ROA (%)	0.8	1.1	1.2	0.5
ROE (%)	2.0	2.3	3.0	1.4
EPS VND)	1,127	861	659	311
BV (VND)	36,525	27,039	21,732	21,890
Div VND)	1,600	1,000	-	-
P/E (x)	10.9	25.3	31.9	63.0
P/BV (x)	0.3	0.8	1.0	0.9

Company snapshot

NBB focuses on two real estate segments, i.e. middle-income apartments and land plots. In HCMC, the Company currently has five projects, all in prime locations across District 8 and Binh Chanh District. The Company is best known for its project cluster alongside Vo Van Kiet Boulevard (East-West Highway), i.e. City Gate Towers, Carina Plaza and Diamond Riverside (CII 80%, NBB 20%). For residential land, the Company has projects in Quang Ngai, Binh Thuan, Quang Ninh and other provinces. NBB is also operating several stone mines in Quang Ngai and an auto part factory in Da Nang although the real estate segment remains the main source of revenue and profits.

NBB possesses a strong pipeline of large land areas in Western districts of HCMC, i.e. District 8, Binh Chanh District. In 2015, NBB success marketed its City Gate Towers, a middle-market condominium project it is developing with the financial support of Creed Group (Japan). With the good publicity of City Gate Towers, NBB is looking for some potential locations including those in CII's pipeline, for its next condo projects. While CII's willingness to acquire NBB for its real estate segment has supported NBB's stock NBB has been looking to CII as a partner who can provide the Company with access to a potential land bank and the needed financials to develop the projects.

What to expect

- **The success of City Gate Towers will allow NBB to drill deeper into the middle-end housing market**. City Gate Towers reached it sales target of 1,092 units in just 12 months after its opening. NBB plans to buy CII's 20% stake in Diamond Riverside, a larger project facing City Gate Towers to establish a firm foothold in the market for affordable condos given the growing demand in Western districts of Saigon.
- **Speculation on a partnership with CII will continue to support NBB's stock**. In 3Q2015, CII obtained shareholders' approval to raise its holding in NBB to 51% by 2016 via a tender offer or a private placement. However, NBB later revealed that instead of an equity issuance it could issue bonds to CII. The Company is also targeting a plot of land belonging to CII located in the vibrant Thu Thiem Urban Area to make its step into the high-end segment. Considering NBB's shortage of cash and hefty capex plan, CII now has more leverage to negotiate a friendly acquisition.
- **Stronger sales in Son Tinh Residential Area and the construction of NBB Garden III are expected in 2016.** Slow sales in Son Tinh Residential Area have been largely due to the stagnation in land compensation and LUR issuance during the country's political transition. NBB sold over 440 plots here but issued LURs for only 120 units. With the political factor now out of the equation, the pace of sales and sales recognition should greatly improve this year. On the other hand, the Company will push compensation and legal works for NBB Garden III to start construction and sales in late 2016.

2016 Outlook

- FY2016 sales are projected at VND164.5 bn (+70% yoy), which will come mainly from Son Tinh Residential Area. City Gate Towers, despite its strong sales, will not generate revenue until units are handed over to buyers (mid-2017).
- NPAT should experience a sharp drop of 58% to VND18.1 bn or VND311 per share as NBB booked substantial gains from asset liquidation in FY2015.

Risks to our call

- A rise in interest rate may adversely impact NBB's cash flows given its high leverage;
- Fluctuations in market liquidity could affect NBB's sales target and investment plan.

A chosen tech stock

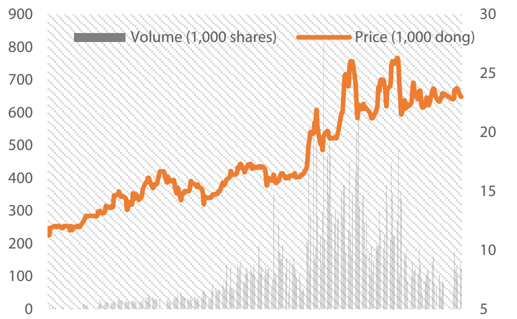
BUY

CMP (VND)	**23,000**
Target price (VND)	**32,000**
Investment period	**Long-term**

Stock Info

Sector	Technology
Market Cap (VND bn)	953.5
Current Shares (millions)	41.5
Beta	0.3
Free float (%)	18.1
FOL (%)	30.8
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	419	331	723	976
% yoy	-12.7	-21.0	118.8	35.0
PAT	36	64	76.5	147.9
% yoy	-69.1	78.6	23.8	93.2
ROA (%)	3.8	6.2	6.9	11.3
ROE (%)	5.4	9.3	10.6	18.8
EPS (VND)	800	1,300	1,600	3,200
BV (VND)	17,300	18,000	18,200	19,600
Div (VND)	1,800	800	1,200	2,000
P/E (x)	14.3	8.1	11.6	7.2
P/BV (x)	0.8	0.8	1.2	1.3

Company snapshot

Electronics Communications Technology Investment Development Corp is a multi-business corporation. The Company's main activities are systems integration, software solutions and export, telecommunications and IT product distribution, research and development, and automation and electronics.

ELC faces some difficulties in its business due to changes in telecommunication sector but currently it has turned into new growth phase.

ELC, a tech-led-project firm, is currently Vietnam's leading provider of technology equipment and services to telecommunication, transportation and national security sectors. Therefore, with rising technology need in many industries, especially for transportation, ELC possesses a large backlog for the next few years. Therefore, it is high likely that its business has turned into a new growth phase. ELC's key earnings driver in 2016 should come from Mobiphone's rising demand for technology infrastructure. Stable cash dividend, even in downturn phase, is a plus for ELC compared to other peers.

What to expect

- **Booming business performance in 2016** thanks to huge backlog value and contract signed with Mobiphone
- **Favourable industry outlook** since (1) key mobile operators are upgrading their infrastructure to 4G network, with estimated capex of VND 10.000 billion per operator and (2) Mobiphone is investing huge capex for new infrastructure after its spinoff from VNPT, (3) transportation must be expanded and modernized in order to attract FDI investments.
- **High cash dividend payment in 2016** as on the back of good business results in 2015.

2016 Outlook

- We expect revenue to rise over 35% in 2016 with 65% from telecommunications, 15% from transportation, and 12% from national security. Also, nearly 45% of 2016's revenue of the first two segments expected to come from 2015's backlog.
- Gross profit margin in 2016 could increase 100bps to 32.4%.
- Profit before tax should reach VND169.1 billion, equivalent to a 17.5% profit margin.
- We expect EPS to double this year to VND3,200 (accounting for the impact of benefit and compensation reserve in term of Circular 200).

Risks to our call

- FX losses from equipment imports.
- Lack of transparency on national security business, which accounts for about 12% of total revenue.

FPT CORPORATION — Bloomberg: FPT VN

A safe choice for superior dividend yield

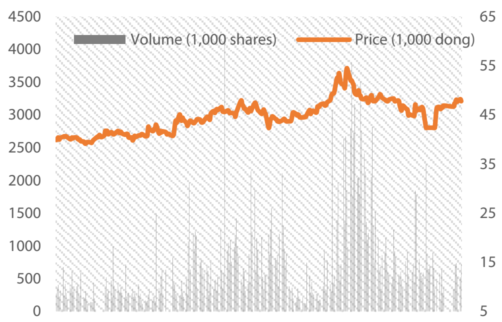
NEUTRAL

CMP (VND)	**47,800**
Target price (VND)	**52,000**
Investment period	**Long-term**

Stock Info

Sector	Technology
Market Cap (VND bn)	18,998.1
Current Shares (millions)	397.4
Beta	0.7
Free float (%)	77.4
FOL (%)	0.0
State ownership (%)	5.2

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	27,027	32,644	40,002	43,020
% yoy	9.8	20.7	16.2	7.5
PAT	1,607	1,632	1,1933	2,128
% yoy	4.4	1.5	17.3	10.1
ROA (%)	10.1	8.1	8.2	9.7
ROE (%)	30.8	26.8	27.0	30.4
EPS (VND)	4,200	3,700	4,300	4,800
BV (VND)	26,184	23,000	24,000	25,500
Div (VND)	1,500	2,500	2,000	2,000
P/E (x)	8.0	10.0	11.2	10.0
P/BV (x)	1.3	2.0	2.0	2.2

Company snapshot

FPT Corp is an information and communication technology company. The Company provides services in mobile distribution, systems integration, software outsourcing and development, Internet and e-media content, and computer assembly

FPT is considered to get stable business but has some catalysts awaiting for investment in 2016.

Also, FPT is a large-cap stock in Vietnam market so its trading is very active. Therefore, their price movement is more volatile than other blue-chip tickers but the uptrend is still maintained year by year.

Their business result also updates monthly to investors and FPT is among the minority of listed companies that hold quarterly investor meeting.

FPT, currently operates as a multinational company in four main businesses: technology, telecommunication, trading & retailing and education. In which, technology and retailing would be blooming in following years. Technology is benefit from worldwide experience as well as comparative cost in software outsourcing. Meanwhile, retailing would maintain high growth trend thanks to store chain expansion. Despite some businesses turning to contraction phases, its overall outlook still maintains bright.

What to expect

- **Outsourcing business keeps attractive growth** thanks to competitive labour costs compared to other global peers and to FPT's worldwide experience.
- **Lowering holding in its retailing business** is another catalyst for investors.
- **FOL lifting** would support the stock price.

2016 Outlook

- We expect revenue to rise 7.5% in 2016. Its trading segment, which accounts for 31% of total revenue, is a drag on the company's overall business. This segment could decrease 17.4% yoy due to changes in Nokia's selling policy as well as Apple's.
- However, revenue of remaining key segments (Technology, Telecommunication, and Retailing) could rise 19.2%, 26.3% and 33.1%, respectively. In Technology segment, outsourcing's revenue is estimated to increase 50% in 2016.
- PBT margins of technology, telecommunication, trading, retailing should be 11.9%, 15.9%, 3.0% and 2.9%, respectively. The margin of telecommunication sees a drop of 390bps due to large capital expenditures and expenses for the fiber optic infrastructure; 2016 capex guidance is about VND1,800 billion. Besides, PBT of FPT Telecom would be also affected by a provision equal to 1.5% of revenue as contribution for the Public telecom fund. Retailing PBT margin is also estimated at 2.9% versus 2.3% of 2015 thanks to economies of scale.
- 2016's total revenue and PBT could be VND43,020 billion and 3,176 billion, respectively. Net income would be about VND2,128 billion, or VND4,800 per share.

Risks to our call

- JPY's depreciation could make outsourcing sales to grow less than expected
- System integration business could probably keep current contraction forward due to lower government expenditure and banking sector's recover slowly
- IT&Mobile trading could turn into long term slowdown due to sudden changes in IT& mobile market as what happened in Nokia and Apple's policy.

Impressive Growth

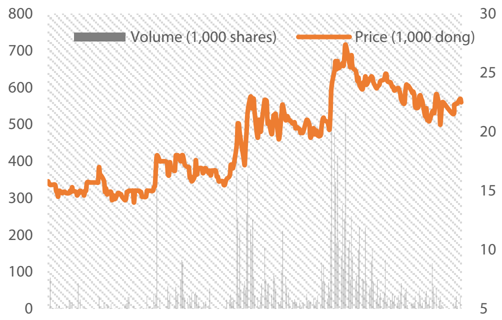
ACCUMULATE

CMP (VND)	**22,500**
Target price (VND)	**28,500**
Investment period	**Long-term**

Stock Info

Sector	Non-life insurance
Market Cap (VND bn)	1,808.9
Current Shares (millions)	80.4
Beta	0.9
Free float (%)	26.9
FOL (%)	11.0
State ownership (%)	40.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	1,322	1,442	1,893	2,302
% yoy	15.9	9.0	31.3	21.6
PAT	55	67	162	204
% yoy	-12.2	22.9	141.0	25.9
ROA (%)	3.0	3.0	4.8	4.3
ROE (%)	8.3	10.1	12.9	11.3
EPS (VND)	682	838	2,450	2,539
BV (VND)	13,072	13,375	22,925	24,238
Div (VND)	1,300	1,100	1,200	1,200
P/E (x)	9.7	11.7	9.6	8.6
P/BV (x)	0.8	1.17	1.04	1.0

Company snapshot

Post and Telecommunication Joint Stock Insurance Corporation (HNX – PTI) was established in 1998. PTI provide 4 major insurance services, which include motor vehicle, health and personal accident, technical property and marine insurance. The company has always achieved faster growth than other players in the industry throughout its history. In 2015, the company made its move to take the 4th place in market share.

PTI benefits from higher premium growth compared to other players in the non-life insurance sector. In 2015, PTI became the 4th largest insurer in terms of premium (7.3% market share). Besides, investment portfolio restructuring, which aims to lower proportion of equities but increase the fixed income assets, and participation of PTI's strategic partner Dong Bu Insurance (Korea) support the company's target of stable growth. Last but not least, stable cash dividend policy is a plus for value investors.

What to expect

- **PTI is the second largest insurer in motor insurance**, which is the biggest contribution to insurance business in Vietnam. This segment is supported by (1) 10% increase in number of vehicles from 2016 – 2020 and (2) the change of premium fee per car from 1.3% to 1.5% over total property value.
- **More support from new strategic partner Dong Bu Insurance (Korea)**:
  (1) Opportunities to approach Korean customer to exploit property and damage insurance operation as Korea is the largest FDI investor of Vietnam.
  (2) Opportunities to enter insurance market in Myanmar faster as Dong Bu Insurance has appeared in Myanmar for 2 years
  (3) Ability to restructure investment portfolio to reduce proportion of equities and increase that of fixed income assets thanks to more capital from private issuance for Dong Bu Insurance
- **Interest rate is forecasted to increase in 2016.** Investment activities of the company could be more profitable as most of the invested capital is allocated to fixed income assets.
- **Cash dividend policy is stable at 10% to 13% annually**. The company intends to pay 12% cash dividend for FY2016.

2016 Outlook

- Gross premium is estimated at VND2,954 billion (+20% yoy) thanks to strong growth of vehicle insurance (+64%).
- Loss ratio and combined ratio is projected at 43.11% and 99.70%.
- Net income from investment activities is projected at VND210 billion (+7.9% yoy)
- The PAT accordingly could record VND204 billion (+25.9% yoy). Hence, the EPS is calculated at VND2,539/share.

Risks to our call

- Fierce competition from other ASEAN regional insurance companies when Vietnam is a member of AEC Community.
- Slowdown of vehicle market after years of strong growth might affect the insurance business of PTI.
- Stock market volatility might negatively impact investment activities of PTI.

A bright prospect ahead

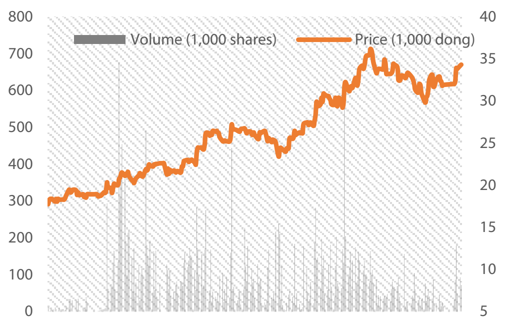
ACCUMULATE

CMP (VND)	**34,300**
Target price (VND)	**37,000**
Investment period	**Intermediate-term**

Stock Info

Sector	Automobile and Parts
Market Cap (VND bn)	1,050.2
Current Shares (millions)	30.9
Beta	0.79
Free float (%)	21.7
FOL (%)	23.4
State ownership (%)	51.3

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	1,879	2,026	2,116	2,409
% yoy	0.5	7.8	4.5	13.8
PAT	61.4	74.6	90.3	109.4
% yoy	-4.3	21.4	21.2	21.1
ROA (%)	5.3	5.8	6.7	7.7
ROE (%)	11.4	14.5	17.9	20.3
EPS (VND)	2,307	2,801	2,630	3,538
BV (VND)	19,645	18,464	16,336	18,447
Div (VND)	1,800	2,000	1,500	1,500
P/E (x)	8.4	8.1	12.7	9.7
P/BV (x)	0.9	1.2	2.0	2.1

Company snapshot

Dry Cell and Storage Battery JSC is a leading company in Vietnam specializing in dry cell and storage products. The wide distribution network with over 100 wholesalers has gained PAC a dominant position in the dry cell and storage battery market. Particularly, PAC's market shares in the South and North is about 50% and 40% respectively. For the last few years, PAC has been able to be a supplier for Yamaha and Honda thanks to their new products (i.e. CMF and PTX).

Regarding ownership structure, Vietnam National Chemical Group (Vinachem) is the biggest shareholder of PAC holding ~51% of PAC; thus have a strong say on the company business strategy.

For the past two years, PAC recorded impressive growth rates, on the back of increased demand for OEM and battery replacements. Furthermore, PAC's two new product launches have been relatively successful. Finally, the as PAC switched suppliers, it was able to increase its gross margin of its dry cell business.

What to expect

- **High demand for automobile batteries**. Storage batteries' average life cycle is about 3 to 4 years. Considering the recovery we have seen in the automotive market since mid-2013, automobile replacement should start accelerating.
- **Further benefit from low materials prices.** Raw materials prices, especially lead and zinc prices are expected to remain low (i.e below 2,000 USD/ton) in 2016. For every percentage drop in lead prices, gross margin should increase about 0.8%.
- **Recovery of dry cell segment.** After switching suppliers, **the** contribution of this segment to total gross profit has improved.
- **Relocation of dry cell factory delayed till 2017.** The probability that its dry cell plant, will be relocated in 2016 is fairly small. Thus, 2016 performance will not be affected by expenses arising from the move. Management expects to receive at least VND 30 bn in compensation for the dry cell factory, however the move could impact on production.

2016 Outlook

- Forecasted commodity prices (i.e. lead and zinc prices) are slightly up but still remain relatively low. Average lead prices are estimated at USD 1,789 per ton (+5% y-o-y).
- Total storage battery revenue in 2016 should increase by over 15% yoy, in which, the domestic automobile replacement segment can record a 7% growth.
- Gross profit margin should remain at about 17% in 2016.
- PAC should be able to make VND 2,409 bn (+13% yoy) in revenue, and record VND 109 bn (+21.1% yoy) of NPAT in 2016.
- The stock is trading 9.3x our 2016 EPS estimate of VND3,500.

Risks to our call

- Prices of input materials may rebound sooner than expected;
- Fierce competition in storage battery market could negatively impact margins;
- Factory relocation happens in 2016.

Expecting on replacement segment

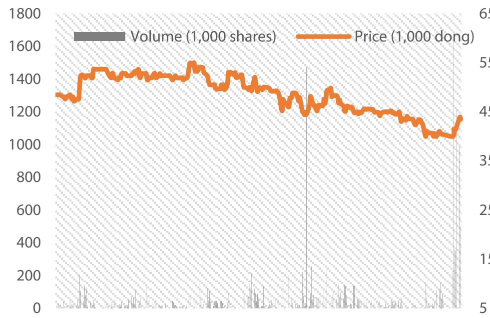
ACCUMULATE

CMP (VND)	**43,500**
Target price (VND)	**52,000**
Investment period	**Long-term**

Stock Info

Sector	Automobiles& Parts
Market Cap (VND bn)	3,975.0
Current Shares (millions)	91.4
Beta	0.7
Free float (%)	33.0
FOL (%)	15.1
State ownership (%)	50.5

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	2,803	3,251	3,317	3,906
%yoy	0.7	16.0	2.0	17.7
PAT	375.4	352.7	414.9	504.0
%yoy	20.3	-6.0	17.6	21.5
ROA(%)	13.3	11.2	13.2	14.6
ROE(%)	29.5	24.2	25.9	27.7
EPS(VND)	4,067	3,821	4,280	4,728*
BV(VND)	16,609	18,487	18,306	19,257
Div (VND)	2,000	2,000	3,000	3,000
P/E(x)	2.8	7.6	10.2	9.2
P/BV(x)	0.8	1.7	2.6	2.4

*Non-diluted EPS: 4,494 VND/share

Company snapshot

Danang Rubber JSC (DRC-HSX) is one of three tire manufactures listed on Vietnam stock market. Currently, DRC owns a wide product range serving bicycle, moto bike, truck…and established a strong distribution network in Vietnam nationwide with approximately 100 sale agents. Additionally, DRC also exports product to Asean, USA, Brazil, Ghana...with revenue proportion of ~12%.

Compared with 2 others as Casumina and SRC, DRC draws more attention of both domestic and foreign investors when accepting the highest P/E.

We believe the company's radial tires will be a main driver for growth as consumer preference shifts towards radial ply products.

What to expect

- **Maintaining bias ply tires growth in replacement segment.** The truck sales growth we saw in 2014-2015 will gradually entail replacement demand. Bias tire consumption could grow by 5% per year over the next 2 years.
- **Optimistic performance of its radial segment.** To prepare for future demand of radial tires DRC will begin construction on Phase 2 of its radial factory (Phase 2) in 2016, increasing capacity from 300,000 units/year to 600,000 units/year.

2016 Outlook

- We believe revenue will increase by 17.7% in 2016, driven mainly by its radial segment grow (up 43%).
- Gross profit margin is estimated to maintain 24%. Although Radial segment can surpass breakeven point, raw materials are able to recover after 2015 slump; thus, gross margin cannot improve significantly.
- Interest expense should drop to 9.1% as the company has been decreasing its debt.
- Our forecast calls for 2016 net profit of VND504 bn (+ 21% yoy) while EPS can reach VND4,728/share (+10.4% yoy) as expect the company will issue a 10% stock dividend.

Risks to our call

- Tough competitive pressure from Chinese tires. Chinese products are finding their way into Vietnam and are being sold 10-15% cheaper than domestic tires.
- Fluctuations of exchange and interest rates could impact COGS and debt servicing costs.

Profit driver switched from automobile distribution to services segment

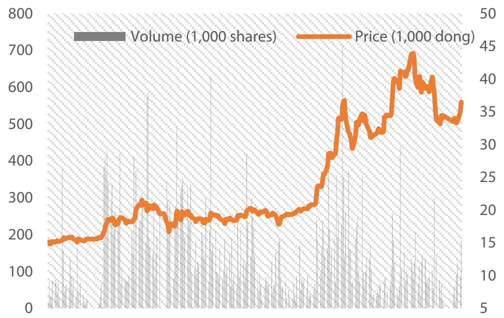
ACCUMULATE

CMP (VND)	**36,500**
Target price (VND)	**41,700**
Investment period	**Intermediate-term**

Stock Info

Sector	Automobile Retailers
Market Cap (VND bn)	911.6
Current Shares (millions)	24.9
Beta	0.9
Free float (%)	11.0
FOL (%)	14.8
State ownership (%)	40.8

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	6,582	7,930	9,928	10,431
% yoy	21.6	20.5	25.2	5.1
PAT	41.2	51.8	79.3	103.3
% yoy	-8.2	25.8	90.9	4.4
ROA (%)	1.5	1.9	3.3	4.1
ROE (%)	5.6	6.9	12.7	13.5
EPS (VND)	1,648	2,074	3,972	4,131
BV (VND)	29,670	30,189	41,513	47,853
Div (VND)	1,000	1,000	1,200	1,200
P/E (x)	7.6	7.2	10.4	8.8
P/BV (x)	0.4	0.5	1.0	1.1

Company snapshot

Established since 1982, SVC is well known through two main activities included (1) real estate segment with lots of big investment projects and various offices for rent in central city and (2) Automobile retail segment which distributes automobiles of famous brands such as Toyota, Ford, GM, Hino…. Currently, SVC owns over 23 showrooms (3S) from North to South and holds over 8% market share of VAMA. In terms of ownership structure, the company is dependent on the policy of the major shareholder (Ben Thanh Corporation) with the owning rate of 41%.

Over the last three years, the boom in the automobile market resulted in SVC's impressive earnings result (CAGR 20%). SVC's prospects are bright as the company aims to grow its maintenance and repair services segment, which benefits from high gross margin and a strong potential for grow.

What to expect

- **Sale volume in 2016 is expected to maintain its uptrend.** SVC plans to open at least 4 showrooms in 2016.
- **Sufficient cash flow to enhance distribution network**. The company will use its cash from the sale of its real estate projects to invest in its distribution network.
- **High expectation for automobile services segment.** Utilizing its large customer database the company should be able to excel in this highly profitable (~25% gross margin) segment. Thus, we expect maintenance and repair services to contribute at least 25% to the company's gross margin.
- **Revenue from office leasing to slightly improve.** Its Ly Tu Trong office building should be completed in Q1/2016.
- **Little expectation from real estate segment.** There is a small probability that SVC could record some impressive profits from the sale of its real estate projects as the remaining ones are mostly quite large.

2016 Outlook

- We expect revenue to grow by 5% in 2016 to VND10,431 bn, and NPBT to reach VND234.8 bn (+17% yoy).
- Gross profit margin is estimated remain at 6.9% in 2016 since SVC will boost sale in high margin segment such as car services and office renting segments
- The stock is trading at 7.8x our 2016 EPS estimates of VND4,131.

Risks to our call

- Demand for automobiles could fall due to changes in tax policies.
- Loss from transferring real estate projects (i.e. Mercure Son Tra).

Stable growth in 2016 while waiting for Giao Long (Phase 2)

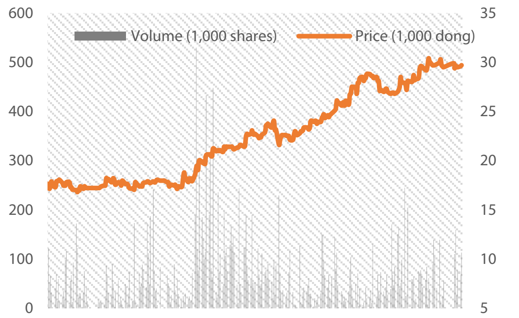
ACCUMULATE

CMP (VND)	**29,700**
Target price (VND)	**38,200**
Investment period	**Long-term**

Stock Info

Sector	Forestry & Paper
Market Cap (VND bn)	512.6
Current Shares (millions)	17.3
Beta	0.88
Free float (%)	44.3
FOL (%)	27.4
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	454.4	542.8	640.0	707.0
% yoy	33.3	19.5	17.9	10.5
PAT	27.0	43.1	77.1	88.8
% yoy	-1,166.6	59.4	78.8	15.3
ROA (%)	6.0	7.9	12.0	12.6
ROE (%)	6.5	10.5	18.6	13.0
EPS (VND)	1,623	2,472	4,698	3,567
BV (VND)	15,043	16,485	17,299	21,152
Div (VND)			1,000	1,000
P/E (x)	4.8	7.5	6.0	8.3
P/BV (x)	0.6	1.2	1.6	1.7

Company snapshot

DHC is only a middle-sized firm with capacity of 60,000 tons/year in comparison with other players in industrial paper manufacturing (i.e. kraft paper). Considering the significant gap between the leading players other smaller ones, however, the 4-percent market share of DHC in the domestic market is still noteworthy. Currently, DHC is the only paper manufacturer in the South Western region.

The firm does business in 2 main segment as kraft manufacture (medium and testliner) and carton box making. DHC is currently the supplier for a number of large local package manufacturers including Box Pak Vietnam, Sai Gon Brewery Corporation, Nam An, Gia Phu, My Xuan, etc…

We started paying attention to DHC after noticing the early, yet encouraging, outcomes of the restructuring process it started in 2013. Thanks to intrinsic improvement in business activities, in 2014-2015, the firm recorded revenue growth of 18.7%/year and 69.1%/year in PAT. Particularly, Giao Long (Phase 2) with capacity of 600 tons/year should be a key driver for long-term prospects.

What to expect

- **High demand for kraft and packaging cardboard box segment.** The number of export orders is expected to increase sharply, especially in the textile and consumer goods thanks to FTAs. This should generate a rise demand for packaging box as well kraft paper.
- **A capacity increase of its box production line.** A new printing line was put into operation in Q4/2015 and we believe this should help increase the company's cardboard box capacity by ~20%. The company should be able to produce 2.5 million units per month in 2016 and 3 million units per month in 2017.
- **Continuing to get preferential treatment in corporate income tax.** The General Department of Taxation approved a tax exemption for kraft manufacturers and 50% CIT reduction for cardboard box manufacturers for 2015. In the following years, both plants are getting a reduction of 50% (2016 CIT is 10%).
- **Giao Long factory (Phase 2) adds driver to the long-term plan**. According to the plan, the VND600 billion, 600 ton/day kraft paper factory will have a total capacity four times current levels. However, it will take approximately two years to build, coming into operation in late 2017. RongViet Research believes this will be the key for DHC's long-term growth as (1) domestic demand continues to exceed supply through 2018.

2016 Outlook

- We assume revenue in 2016 will increase by 10.5% yoy, in which, its box segment should grow ~20% while kraft segment should remain steady due to capacity constraints.
- We estimate gross profit margin at ~18% in 2016, slightly lower than 2015 due to our concerns related to (1) an increase of electricity price, and (2) an increase in foreign exchange rates.
- We expect DHC can record extraordinary gains from transferring its old factory in Ben Tre.
- In 2016, we expect net profit to reach VND 89 billion, up 15% yoy, but EPS is forecasted at VND3,567, lower than 2015 due to the issuance of 6 million additional shares (should be completed in Q2/2016).

Risks to our call

- FDI invests significantly into the kraft industry.
- CNY/VND exchange rate fluctuation will make Chinese supply more unpredictable.

A temporary hiccup

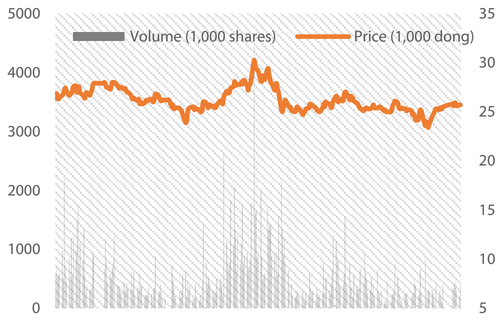
ACCUMULATE

CMP (VND)	**25,700**
Target price (VND)	**31,000**
Investment period	**Long-term**

Stock Info

Sector	General industrials
Market Cap (VND bn)	6,929.1
Current Shares (millions)	269.6
Beta	0.8
Free float (%)	71.1
FOL (%)	1.0
State ownership (%)	1.3

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	2,413.4	2,629.4	2,643.4	2,696.4
% yoy	0.7	8.9	0.5	2.0
PAT	975.8	1,062.0	853.1	990.6
% yoy	48.6	8.8	-19.7	16.1
ROA (%)	14.4	13.8	9.5	10.3
ROE (%)	20.7	19.1	13.9	15.2
EPS (VND)	3,980	4,004	3,171	3,674
BV (VND)	19,708	21,965	23,494	25,004
Div (VND)	1,600	1,600	1,600	1,600
P/E (x)	6.7	6.7	7.9	7.0
P/BV (x)	1.4	1.2	1.1	1.1

Company snapshot

Once a state-owned company, REE was one of the first listed stocks in Vietnam. The Company is now a conglomerate operating under the "holding" model with the M&E contracting being its conventional business and revenue drivers. REE also operates multiple grade-B office building at prime locations across HCMC. In recent years, REE has showed much interest for the energy sector. The Company has invested nearly VND4.000bn in its a portfolio of affiliate companies, which include major hydropower and thermal power plants such as PPC, TMP, TBC (subsidiary since 2014) and several clean water plants, for example, TDW, BOO Thu Duc, Tan Hiep 2 Water Plant.

REE has all the features of a strong company, i.e. high business efficiency, healthy financials, strong market position and high corporate governance. As the largest Vietnamese M&E contractor and air-con producer, the Company stands to benefit from the recovery of the real estate market. While REE's portfolio of prime-location office buildings continues to bring steady flows of income, 35,000 m^2 of GFA of E-Town Central (Dist.4, HCMC) will be a valuable addition to REE's cash-generating engines. On the investment side, REE possesses a long list of affiliate companies in the electricity sector, whose long-term growth potential is largely supported by the liberalization of Vietnam's energy market.

What to expect

- **The real estate market recovery supports the M&E and Reetech segment**. REE signed roughly VND2,200 bn worth of new M&E contracts in the nine months to September 2015. The Company is working on several large projects such as the T2 Terminal of Tan Son Nhat Airport, block CT2 of the Trang An Complex, Union Square, and the Doji Building, to name a few. As of the end of 3Q2015, REE had a total M&E backlog of over VND3,700 bn.
- **Earnings of thermal power plants will offset the drop of profits in hydropower**. Due to the 2015-2016 El Nino, REE's affiliate companies in hydropower such as Thac Mo and Thac Ba, may continue to experience water shortages in 2016. However, a larger output volume and higher electricity price on the competitive market will work in favour of thermal power plants like Pha Lai and Hai Phong.
- **The FOL extension could be a short-term catalyst.** For its large market capitalization and substantial liquidity REE is one of the few stocks that can meet the trading requirements of foreign institutions. If the foreign ownership limit is lifted, we should see increased interest on the stock.

2016 Outlook

- Revenue from the M&E and Reetech segments are expected to grow at 4% and 9% in 2016. Office leasing revenue should grow in line with the increase of the VND/USD exchange rate due to high occupancy rate in all of REE's office buildings.
- Income from affiliate companies (including dividends) may remain largely unchanged at around VND310 bn in 2016 given the modest growth projection for companies in the energy sector.
- We forecast 2016 NPAT and EPS at VND990bn (+16% yoy) and VND3,674 (+16% yoy) respectively.

Risks to our call

- REE's power companies may incur substantial foreign exchange losses due to the weakening of the VND against major currencies, i.e. USD, JPY, EUR.
- A delay in the implementation of the FOL extension may adversely affect stock price.

Expect a stabilization following a high growth year

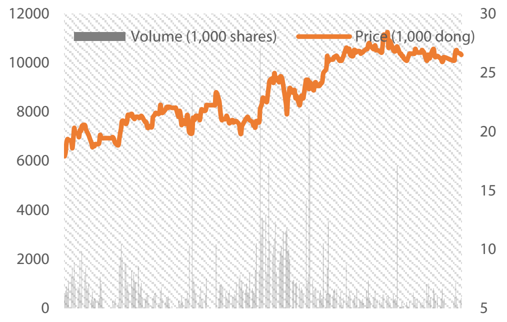
ACCUMULATE

CMP (VND)	**26,500**
Target price (VND)	**31,000**
Investment period	**Intermediate-term**

Stock Info

Sector	Electricity
Market Cap (VND bn)	7,258.9
Current Shares (millions)	274
Beta	0.9
Free float (%)	26,6
FOL (%)	30.8
State ownership (%)	65.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	5,881.0	7,064.9	6,729.4	6,057.9
% yoy	7.9	8.9	-4.7	-10.0
PAT	8.2	1,591.0	1,141.6	1,058.0
% yoy	7.0	19256.6	-28.2	-10.7
ROA (%)	0.1	12.9	9.5	9.2
ROE (%)	0.3	45.2	25.3	20.8
EPS (VND)	32	6,137	4,095	3,788
BV (VND)	10,889	16,589	17,408	19,785
Div (VND)	-	1,300	1,500	1,500
P/E (x)	178.1	3.2	6.5	7.0
P/BV (x)	0.5	1.2	1.5	1.5

Company snapshot

Nhon Trach 2 Power JSC (PVPower NT2) was established in 2007 at Ong Keo IZ, Hamlet 3, Phuoc Khanh Village, Nhon Trach District, Dong Nai Province. It is the largest company among listed peers by market capitalization.

The Company is in charge of investing and exploiting NT2 gas turbine and combined cycle power plant (NT2) with a capacity of 750MW. It takes the factory almost four years (2007 – 2011) to be constructed. All combined cycle plant officially generates for trade since Oct 16th 2011 and joins Vietnam competitive generation market since Jul 2012. The factory's design capacity is 4.5 bn kWh per year, accounting for 3.5% of the country electric demand in 2014.

NT2 is located in the most important economic zone of Southern of Vietnam, in which load demand is consistently high. In its fifth year of operation, it was running over capacity and its net profit margin has gradually increased over this period. Strong cash flows from operations have enabled the company to increase its dividend payments.

What to expect

- The company's new and modern equipment is able to run at high capacity enabling it to improve operating efficiencies. The generated output is 13% higher than specs.
- NT2's profitability has increased since natural gas prices were floated in September 2015. NT2's gross profit margin was up to 24.4% in 2015 from 23.4% in 2014 and is expected to reach 25.9% in 2016.
- Cash flow assures for increasing dividend payout ratio. As interest expense decreases by VND30 bn annually and as the company collects VND150 bn annually from EVN over the next four years (2015 – 2019), net cash flow of NT2 the company should have strong enough cash flows for higher dividend payments.

2016 Outlook

- Given a long dry season and a minor maintenance in 2016, NT2 should be able to produce about the same amount of electricity as it did last year. However, revenue may fall by 10% in 2016 due to lower input price as its selling price is marked to the input price.
- Our preliminary forecast calls for 2016 revenue and net profit of VND6,058 bn (-10%, yoy) and VND1,058 bn (-7%, yoy), respectively.
- EPS from core business in 2016 is estimated at VND3,788. Adding extraordinary FX gain/loss, basic EPS in 2016 should reach VND3,957.

Risks to our call

- NT2 is temporary enjoying low input prices. If natural gas prices recover, this advantage may disappear.
- Due to its high level of foreign denominated debt, NT2 is subject to FX risk. However, based on forecast on diversified movements of USD/VND and EUR/VND, it is not likely to be a serious threat to our 2016 estimates.

Optimism about core business

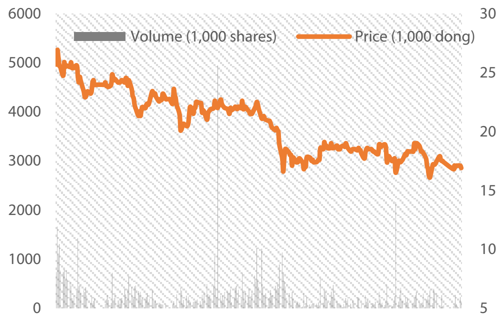
ACCUMULATE

CMP (VND)	**16,900**
Target price (VND)	**20,900**
Investment period	**Long-term**

Stock Info

Sector	Electricity
Market Cap (VND bn)	5,376.8
Current Shares (millions)	318.2
Beta	0.9
Free float (%)	21,2
FOL (%)	33.8
State ownership (%)	51.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	6,588.5	7,481.9	7,664.9	7,262.8
% yoy	59.5	13.6	2.4	-5.2
PAT	1,629.5	1,044.7	469.6	678.2
% yoy	222.8	-35.9	-55.0	44.4
ROA (%)	13.6	9.0	4.2	6.0
ROE (%)	34.1	18.9	8.2	11.6
EPS (VND)	5,122	3,284	1,476	1,805
BV (VND)	16,964	17,835	18,070	18,813
Div (VND)	1,500	2,000	1,000	1,500
P/E (x)	4.2	7.6	12.8	9.4
P/BV (x)	1.3	1.4	1.1	0.9

Company snapshot

Pha Lai Thermal Power JSC (PPC) established in 1982 is among the oldest and largest thermal power plants in the North of Vietnam. PPC has two separate factories, named PL1 and PL2, with 440 MW and 600 MW designed capacity respectively and owns c. 26% stake in Hai Phong thermal power plant (HPPP) - a new plant with capacity 1,200 MW. PPC always runs at 95% - 100% its designed capacity and provides an average of 6bn kWh electricity p.a, accounting for 6% of national power supply. PL1's useful life was reached by the end of 2014 while that of PL2's was by mid-2015.

State shareholder owns 52.3% of PPC, represented by GENCO2. EVN has a significant influency on PPC, in which PPC's yearly target follows EVN's strategy.

As effects of El Nino will extend into 2016, thermal power plants should outperform hydropower this year.

What to expect

- **Manufacturing sector expansion will boost power demand.** With the establishment of many industrial parks and the expansion of high power-intensive industrial sectors in Northern Vietnam, demand for electricity should experience high growth in the upcoming years.
- **Higher gross profit margin from PL2.** PL2's main equipment was fully depreciated by mid-2015 while its contracted price is fixed through 2032.

2016 Outlook

- FY2016 gross profit margin is expected to increase slightly to 12.8%, thanks to PL2's enhanced profitability.
- Our forecast calls for 2016 revenue and net profit of VND7,263 bn (-5.2% yoy) and VND678 bn (+44% yoy), respectively.
- EPS from core business in 2016 is estimated at VND2,935. With the inclusion of foreign exchange and other extraordinary gains/losses, basic EPS in 2016 is projected at VND1.805.

Risks to our call

- Competition from new power plants with higher operating efficiency.
- With a large amount of foreign current debt, JPY/VND volatility is among key risks to PPC's business result. In 2015, the JPY strengthened, though only slightly, against the VND. A depreciation of the Dong against the Yen would impact negatively on PPC's bottom-line.
- Owned 52.3% by the State, PPC management lacks independence and dynamism in its business decisions, which downplays the firm's potential as an investment.

Steady leading positon

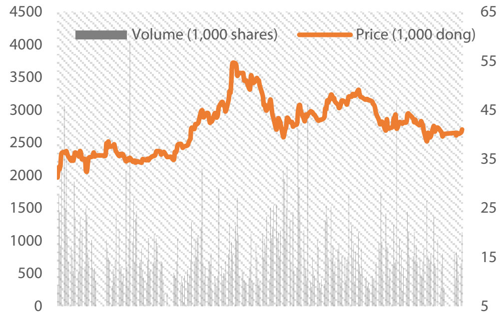
NEUTRAL

CMP (VND)	**41,000**
Target price (VND)	**46,700**
Investment period	**Long-term**

Stock Info

Sector	Banks
Market Cap (VND bn)	109,265.8
Current Shares (millions)	2,665
Beta	1.3
Free float (%)	7.9
FOL (%)	28.1
State ownership (%)	77.1

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Ttl operating income	15,507	17,304	21,191	23,590
% yoy	2.8	11.6	22.5	11.3
PAT	4,378	4,612	5,314	6,785
% yoy	-1.0	5.3	15.2	27.7
ROA (%)	1.0	0.9	0.8	0.9
ROE (%)	10.4	10.8	11.9	13.9
EPS (VND)	1,582	1,543	1,994	2,037
BV (VND)	18,290	16,267	17,250	18,298
Div (VND)		1,000		
P/E (x)	14.1	20.2	22.0	20.1
P/BV (x)	1.2	1.9	2.5	2.4

Company snapshot

Vietcombank was originally established as the Foreign Exchange Control under the National Bank of Vietnam on Jan 20th, 1955. According to Decision No. 155/CP dated Oct 30th, 1962 by separating from Foreign Exchange Bureau, Vietcombank officially came into operation on Apr 1st, 1963 and started to operate as a JSC Bank in Jun 2008. VCB is among the largest stocks in term of market capitalization.

Partially state-owned, VCB is the fourth largest bank in Vietnam in terms of total assets, credits, deposits and networks. VCB, has the largest market share in fx trading, international settlement and card business. It is currently operating under the holding model with commercial banking being the core business.

Thanks to its brand reputation, VCB is able to access funds from corporations, state conglomerates and other sources at relatively lower cost compared to other banks. In addition, the bank's asset allocation is relatively well balanced with approximately 56% of total asset in customer loans, 19% in inter-bank loans and 16% in investment securities (70% of which is in government bonds). The bank has been able to better diversify its profit structure compared to other players with interest income representing only 73% of total income as compared to the industry average of 80%.

Lending to State Owned Enterprises has been declining since 2013 and accounted for only 23.3% of total lending at the end 2015. Meanwhile, loans to small/medium enterprises and individuals improved significantly to 21% and 20% respectively. The average annual credit growth rates of these segments between 2011 and 2015 are 16% and 30% respectively.

What to expect

- **Credits and deposits accelerate thanks to economic recovery.** Thanks to VCB's strong reputation and market position, its credit and deposit growth rates are generally higher than industry averages.
- The loan-deposit ratio (LDR) reached 78% at the end of 2015, lower than the celling level for commercial banks of 80% and well below the celling for state owned banks 90% under Circular 36. With these figures, VCB is under less pressure to grow deposits while it is fully capable of boosting lending to improve capital efficiency and NIM.
- We expect VCB's credit to grow 18% in 2016, while deposits should increase 17%.

2016 Outlook

- NIM should be maintained at around the current level of 2.72%.
- We expect that VCB's CIR at 39.7% of total income. Total profit before tax and provision is estimated at VND14,229 bn, up by 10% yoy.
- Given its major role in Vietnam banking industry, VCB generally trades at a premium to its peers. Based on our 2016 EPS estimates of VND2,037 the stock is trading at a forward P/E ratio of 20x and a P/B ratio of 2.4x.

Risks to our call

- VCB recently supported the restructuring of Construction Bank. This participation could force VCB to share part of its resources at certain periods, which may result in a decrease of interests for minority shareholder.
- Prudent policies make growth and business efficiency indicators from VCB relatively lower compared to other banks.
- The bank's plan to increase its charter capital could reduce its profitability.

Looking at a new journey

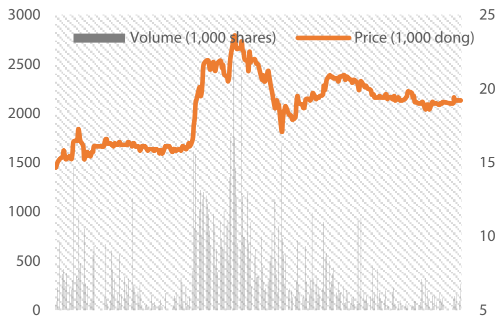
ACCUMULATE

CMP (VND)	**19,200**
Target price (VND)	**22,500**
Investment period	**Long-term**

Stock Info

Sector	Banks
Market Cap (VND bn)	17,208.5
Current Shares (millions)	896.
Beta	0.5
Free float (%)	60.4
FOL (%)	19.0
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Ttl operating income	5,650	6,056	6,437	7,244
% yoy	-3.2	7.2	6.3	12.5
PAT	826	952	1,034	1,430
% yoy	5.4	15.2	8.6	38.3
ROA (%)	0.5	0.5	0.5	0.7
ROE (%)	6.6	7.6	8.0	10.4
EPS (VND)	868	1,021	1,186	1,641
BV (VND)	13,569	13,831	14,517	15,005
Div (VND)	700	700	900	
P/E (x)	17.5	14.5	16.7	11.7
P/BV (x)	1.1	1.1	1.4	1.3

Company snapshot

ACB was established in April 1993 as a small private banks with a clear vision to focus on retail banking. After nearly 22-year operation, ACB is the third largest private bank in terms of total asset and well-known as the leader in retail banking. The bank had its IPO in 2006 and was the first bank listed on HNX. ACB's current ownership structure is quite dispersed with over 57% of total shares owned by public investors, nearly 30% belongs to foreign investors while Chairman and related parties holds 6.19%.

The incident of August 2012 greatly affected ACB's operations. Without the gold-trading business and undergoing a radical restructure, ACB's average earnings during 2012 – 2014 was down by a-third from the 2008 - 2011 period.

After nearly four years of restructuring, ACB's operations have stabilised and are finally showing signs of growth. Though it may take a few more years to work out some old issues, in 2015, ACB's credits and deposits recorded double-digit growth for the first time since 2012 last year.

What to expect

- **ACB has resolved most of its past issues and we believe that it is entering a phase in its development.** From 2012 to 2015, ACB aggressively used most of its revenue to solve outstanding issues related to Huyen Nhu, loans to a State Corporation and some large inter-bank loans.
- **The bank is focused on building its retail banking operations.** ACB has recently rebranded itself and made some sizeable investments in a new core banking system at the end of 2014. Last year, deposits and loans recorded double-digit growth rates for the first time since 2012. In particular, credits in the retail banking segment grew at a rate of 20%.
- **With low LDR and high CAR, ACB faces less pressure to grow deposits or increase its charter capital.** The operation efficiency of ACB is expected to improve in 2016.

2016 Outlook

- In 2016, we believe ACB could maintain the credit and deposit growth rates as the same levels as 2015. Interest rates might increase slightly, and NIM could reach 3.38% in 2016.
- With the total value of special bonds from VAMC reaching the highest level in 2015, the provision expenses made by ACB were expected to peak in 2015 and remain at this level until 2017. We believe that ACB might have to use approximately 45% of 2015's total operating income and 32% of 2016 to for provisions.
- Profits before tax (after provisions) in 2016 are projected at VND1,833 billion, up 39% from a year earlier.
- ACB trades at the industry average P/B ratio of 1.3x,. However, given the bank's optimistic prospect in the upcoming years, we believe ACB deserves a premium compared to its peers.

Risks to our call

- The success rate of NPLs recovery depends greatly on the health of the economy and the businesses of related companies. If the recovery falls short of expectations, ACB may have to continue making provisions.
- Competitive pressure in the retail banking is rising. After a prolonged period of restructuring, ACB may struggle to regain a significant position in this market.

A year of opportunity

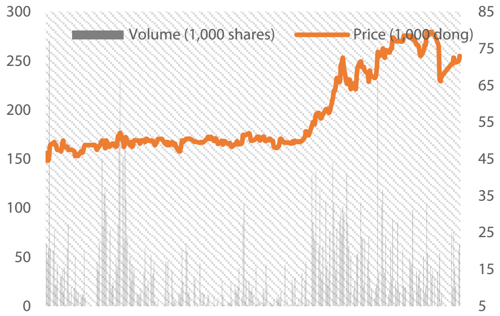
ACCUMULATE

CMP (VND)	**73,000**
Target price (VND)	**93,000**
Investment period	**Long-term**

Stock Info

Sector	Household goods
Market Cap (VND bn)	1,261.5
Current Shares (millions)	14.4
Beta	0.27
Free float (%)	59.4
FOL (%)	41.1
State ownership (%)	13.4

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	2,144.2	2,451.9	3,045.9	3,580.8
% yoy	23.3	14.4	24.2	17.2
PAT	101.6	121.1	183.2	225.9
% yoy	44.0	19.2	51.2	24.3
ROA (%)	11.1	11.1	14.9	13.9
ROE (%)	38.5	36.1	40.4	37.1
EPS (VND)	7,685	9,291	10,101	12,187
BV (VND)	23,079	28,414	30,739	43,187
Div (VND)	1,000	5,000		
P/E (x)	3.3	4.1	6.6	6.0
P/BV (x)	1.1	1.3	2.2	2.4

Company snapshot

Phu tai JSC (PTB –HSX) is the leader of construction stone industry in Binh Dinh. PTB also produces indoor and outdoor furniture and export their products to Europe and America. Apart from the above segment, PTB is responsible for distributing Toyota cars in Central Region of Vietnam. In term of revenue structure, even though automobile segment holds nearly 44% total revenue but it has only 3.7% gross margin. Meanwhile, construction stone segment has high profit margin (~32%) and holds 59% total gross profit whereas households segment holds about 26% total gross profit. In term of ownership structure, BOD is currently the biggest group of shareholders since the complete divestment of Ministry of Defense.

PTB has achieved impressive earnings results (CAGR ~25%) for the past three years. In order to meet market demand, PTB has continuously increased capital expenditures. PTB's CAPEX have doubled in this period. Further investment is required for the upcoming year thanks to the positive outlook of all sectors. Particularly, construction stone segment would be the main profit driver of PTB thanks to the infrastructure recovery.

What we expect

- **Strong construction stone demand**. According to the Decision No 1469/QD-TT, the master plan on development of Vietnam construction material industry through 2020, demand for both gravel and ashlar paving stone is going to increase by 8.9%% an9.3% respectively by 2016. Moreover, the recovery of infrastructure could boost construction stone demand.
- **Bright prospect of automobile segment.** Demand for automobile market, especially passenger car is forecast to remain positive (up 10%). Its new showroom enables a reasonable increase in the sale volume of automobile in 2016.
- **Moderate rise in revenue of household furniture.** New customers from Russia and US are expected to continue to pay a positive contribution to households' segment.
- **Production capacity of Dong Nai construction stone and Thang Loi plant should increase slightly.** Phase 2 for constructing Dong Nai plant will begin from Q12016 so the Dong Nai plant could reach 100% capacity in 2016. Furthermore, the expansion of Thang Loi plant would also be completed in 2016 so PTB could produce over 1,000 container per year (up 10% production capacity).

2016 Outlook

- We assume that revenue growth rate of construction stone segment could increase 16%. Revenue of its household furniture segment should increase 16%.
- As the company opens its new showroom in 2016, we expect revenue from automobile distribution could increase 17%, while maintenance and repair services should increase about 20%.
- Gross profit margin is estimated remain at about 15% in 2016 since PTB will concentrate on growing sales of its more profitable business lines, such as construction stone segment.
- Thus, we expect PTB can record 2016 revenue and NPAT at about VND 3.571 bn (+17.3% yoy) and VND 215 bn (+24.4% y-o-y) respectively.
- EPS in 2016 is estimated at VND 12,100 and P/E forward is 6.5x

Risks to our call

- Intense competition with Chinese products in construction stone industry and possible of adjusting tax policy.
- Demand for automobile market may be lower than expected due to changes in tax policies.
- Wood materials may not meet TPP rules of origin.

Using tailwind for a boost

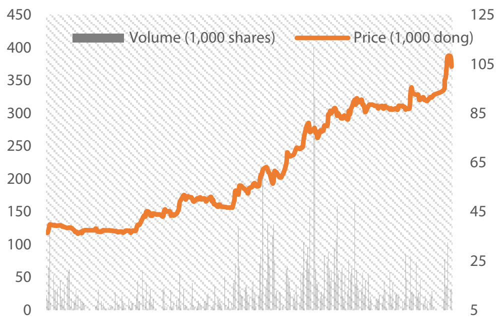
NEUTRAL

CMP (VND)	**104,000**
Target price (VND)	**111,000**
Investment period	**Long term**

Stock Info

Sector	Travel & Leisure
Market Cap (VND bn)	2,545.9
Current Shares (millions)	32,632
Beta	0.6
Free float (%)	30.3
FOL (%)	0.9
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	164.3	223.8	305.0	405.6
% yoy	14.4	36.2	36.3	33.0
PAT	55.7	103.2	175.0	253.4
% yoy	-4.9	85.4	69.5	44.8
ROA (%)	23.0	33.1	39.7	47.9
ROE (%)	23.8	34.1	40.7	49.0
EPS (VND)	3,186	5,162	7,267	10,351
BV (VND)	14,965	17,208	21,055	21,229
Div (VND)	-	-	1,000	3,000
P/E (x)	0.0	0.0	12.1	10.0
P/BV (x)	0.0	0.0	4.2	4.9

*Price as of 01/29/2016

Company snapshot

SKG is the company operating in coastal transportation of passengers and cargo and founded in 2007. The Company was officially listed on HOSE in June 2014. The core business of SKG is passenger transportation by speedboat from Kien Giang to Phu Quoc. Currently, SKG maintains the "monopoly" situation in Rach Gia – Phu Quoc route and is the leading in terms of market share (~80-88%) for Ha Tien – Phu Quoc route. Over the last few years, SKG's business results have had a close correlation with the development of Phu Quoc and partially reflected the internal efficiency of the Company's structure.

Over the last few years, Phu Quoc has become an attractive destination for both foreign and local tourists. In 2015, Phu Quoc welcomed more than 1.66 million tourists growing at an average 58% per annum. High growth in tourism demand opens up many possibilities for enterprises operating in passenger transportation sector between Kien Giang and Phu Quoc. As it expands its fleet, SKG could maintain the absolute leading position in the area. Healthy financials without debt is a plus for SKG. Cash dividend rate in 2015 is expected at 30%.

What we expect

- **Phu Quoc should continue to attract increased numbers of tourists in 2016**. The People Committee of Kien Giang, estimate the number of visitors to Phu Quoc will to grow by 40 – 60% as the island host a National Tourism event in 2016.
- **Continue to benefit from low oil price.** Diesel – the main fuel of SKG is currently at VND10,000/litre, down 31% compared to the average price of 2015. We estimate that for every 10% drop in the price of diesel, SKG's profit margin increases by 2%.
- **New ferries and expansion of its operations.** In Q1/2016, SKG will start to operations of its Superdong IX and X. In addition, SKG is likely to purchase one car/passenger ferry (400 passengers/200 motorbikes) and put into operation in Q42016.
- **Corporate Income Tax incentives**. SKG benefits from CIT incentives thanks to the location of its headquarter in Phu Quoc. Its CIT rate in 2016 will be 4%.

2016 outlook

- We estimated SKG's number of travellers will grow by 39% in 2016 as its fleet capacity increases by 5 – 10%. Growth in the number of its passengers on the Ha Tien - Phu Quoc route should increase 8.7% while the Rach Gia - Phu Quoc route should achieve 23.8% yoy growth.
- Assuming USD37/barrel of crude oil, revenue and profit after tax in 2016 is estimated to surge. 2016 EPS could reach VND10,351/share, up 42% over 2015.

Risks to our call

- SKG may be unable to pass oil price increases down to its customers.
- Increased competition from existing competitors and alternative means of transportation. In 2016, Thanh Thoi ferry and Ngoc Thanh speedboats also plan to expand.

Maintaining market share is a prerequisite for the growth

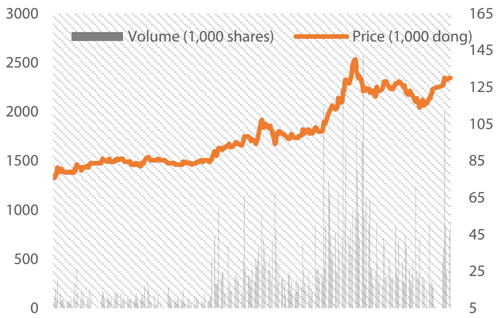
NEUTRAL

CMP (VND)	**130,000**
Target price (VND)	**130,000**
Investment period	**Long-term**

Stock Info

Sector	Food Producers
Market Cap (VND bn)	156,018.1
Current Shares (millions)	1,200
Beta	0.6
Free float (%)	31.0
FOL (%)	0.0
State ownership (%)	45.0

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	30,949	34,977	40,080	45,145
% yoy	16.5	13.0	14.6	12.6
PAT	6,534	6,069	7,773	8,609
% yoy	12.3	(7.1)	28.0	10.7
ROA (%)	30.7	25.0	29.2	29.0
ROE (%)	39.6	32.6	38.3	30.0
EPS (VND)	5,881	4,556	5,837	6,146
BV (VND)	21,039	18,697	17,234	15,149
Div (VND)	4,600	4,000	6,000	4,000
P/E (x)	14.7	16.5	21.9	21.2
P/BV (x)	4.1	4.0	7.4	7.5

Company snapshot

Vietnam Dairy Products Joint Stock Company (VNM) is the market leader in Vietnam's dairy industry. It produces more than 200 dairy products for domestic sale and for exports. The company was founded in 1993 as a state-owned enterprise. The state's share was recently reduced to 45.08% to qualify for listing on the stock market. Vinamilk plays the leader role in nearly all of its segments. Additionally, It also exports to 26 countries as Iraq, Cambodia, Philippines, Myamar.

In recent years, the combination of new competitors and slowing growth have raised concerns over Vinamilk future. However, VNM has been able to maintain market share and plans to expand herd size and develop international-quality products.

What to expect

- **Maintaining market share.** VNM market share in liquid milk, powder milk, condensed milk and yoghurt has been at 53% (+2% yoy), 26% (+1% yoy), 80%, 85%, respectively. VNM has a distribution network of 224,000 retail stores, 266 distributors and 600 supermarkets nationwide.
- **Acquiring market share from foreign brands in powdered milk segment.** Due to consumers' preference of foreign brands, the powdered milk segment has currently dominated by international name. As a runner-up (with ~26% of market share), VNM can still elevate its position through adding high-end, imported products. At present, the company has considered acquiring a European powdered milk manufacturer.
- **Growing significantly in milk-made-products.** Besides, yoghurt segment is expected to record positive performance as recent year, ice cream segment can also jump sharply. According to VNM, ice cream market is potential as (1) consumption in Vietnam is lower than the others, (2) weather is hotter and drier due to El Nino. Additionally, VNM focuses on suitable products, therefore, they are easy to reach potential consumers, especially in rural areas.

2016 Outlook

- We assume sales in 2016 will increase by 12.6% yoy thanks to improved consumer spending.
- Gross profit margin is estimated to remain at 40% although materials (i.e. skimmed milk and whole milk) may rise in 2016. The reason is VNM concluded a fixed price material contract for the whole of 2016.
- VNM is projected to construct Mega factory phase 2 for the purpose of increasing the capacity from 400 million litres/year to 800 million litres/year
- The Angkor Dairy Company in Cambodia will start to contribute to VNM performance in 2016. The company, which VNM owns 51%, launched its factory at the end of 2015.
- In 2016, net profit is estimated at VND8,609 billion, up to 7% yoy, and EPS is forecasted at VND 6,146 (+5.3%).
- SCIC's divestment may impact on multiple aspects of VNM's activities such as sales orientation, management, capital structure, and stock price. Detail of the divestment should be known by late 2016.

Risks to our call

- Growing competition from Vietnamese and Western brands.
- Political risks in exporting markets.

Gross profit margin improves thanks to low oil price

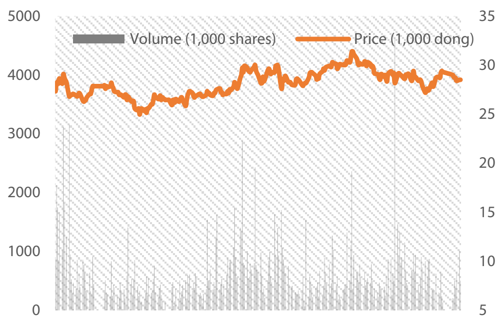
ACCUMULATE

CMP (VND)	**28,500**
Target price (VND)	**32,500**
Investment period	**Intermediate-term**

Stock Info

Sector	Chemicals
Market Cap (VND bn)	10,828.1
Current Shares (millions)	714.7
Beta	1.1
Free float (%)	32.9
FOL (%)	23.0
State ownership (%)	61.4

Performance



Key financials

(VND bil)	2013	2014	2015	2016F
Revenues	10,363	9,549	9,852	9,174
% yoy	-22.2	-7.9	2.3	-6.0
PAT	2,142	1,096	1,488	1,662
% yoy	-29	-48.8	34.1	11.7
ROA (%)	20	10.4	14.1	14.1
ROE (%)	23.4	12.1	16.4	17.6
EPS (VND)	5,644	2,885	3,294	3,608
BV (VND)	24,595	23,127	21,986	25,481
Div (VND)	5,000	3,000	3,000	2,500
P/E (x)	8.9	10.4	8.7	7.9
P/BV (x)	2.0	1.3	1.3	1.3

Company snapshot

DPM is the leading company in urea production in Vietnam. With stable domestic supply and benefit from global crude oil price, DPM's business activities have positive improvements since Q4/2014. With the prospect of low crude oil price, DPM's earning is still expected to be positive in 2016. Furthermore, the orientation of DPM to expand the business into chemical segment, NPK… is the notable highlight if we compared with other companies which stuck in terms of finding new business paths.

DPM is one of the few companies under PetroVietnam that benefit from low oil prices. In 2015, despite abundant supply of urea in Vietnam, the company was able to slightly decrease its ASP and maintain revenue levels unchanged relatively. In addition, transparent financial control, appropriate leverage ratio and attractive dividend policy are the key investment points for DPM.

What we expect

- **Domestic demand for fertilizer will be stable in 2016.** In 2016, GDP and export are expected to grow by 6.5% and 11% respectively. In which, we expect agricultural sector might increase marginally by 2.5% due to low commodity prices as well as stable domestic demand. However, this sector still stands on the second most important in GDP structure.
- **Business prospect comes from product diversification.** In 2015, the UFC85 project was successfully tested and put into operation at the end of December. This project at full capacity should add VND 400 bn to DPM's revenue. Moreover, the disbursement of capital for such an important project as NH3/NPK has been on track and expected to be in operation in 2017. In the upcoming two years, we expect this mega project to become the key growth driver for DPM (contributing VND4,000bn/year to revenue).
- **High and stable dividend policy.** DPM maintains the high level of dividend payment year with favourable business results (VND4-5,000 cash dividend per share).

2016 Outlook

- Dam Phu My plant will operate maintenance-free in 2016, adding 2% to urea output.
- Under oversupply pressure, domestic urea price could decline further this year. We estimate gross profit margin at 34% in 2016 assuming crude oil price at USD37/bbl and urea selling price dropping 8% from 2015.
- With further benefit from low oil prices, revenue and PAT in 2016 are estimated at VND9,174 billion (-6% yoy) and VND1,662 billion (+11.7% yoy). 2016 EPS is expected to achieve VND3,608.

Risks to our call

- A surge of crude oil prices could adversely impact DPM's profitability.
- China economic slowdown could be worse than expectation and affects negatively to urea price.
- DPM might have to make additional provisions for the guaranteed loans of PVTex if this affiliate company goes default.

Stable in the middle of the avalanche

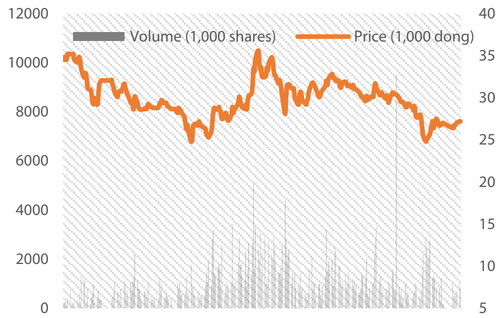
BUY

CMP (VND)	**27,200**
Target price (VND)	**39,700**
Investment period	**Long-term**

Stock Info

Sector	Basic materials
Market Cap (VND bn)	19,934.3
Current Shares (millions)	732.8
Beta	1.1
Free float (%)	49.6
FOL (%)	10.9
State ownership (%)	0.0

Performance



Key financials

(VND bil)	2013	2014	2015E	2016F
Revenues	18,934	25,525	27,453	34,375
% yoy	12.5	34.8	7.6	25.2
PAT	1,942	3,149	3,485	4,285
% yoy	88.0	62.2	10.7	22.9
ROA (%)	9.2	13.9	14.6	17.6
ROE (%)	22.1	29.6	33.7	41.8
EPS (VND)	4,663	6,435	4,756	5,846
BV (VND)	22,671	24,478	12,166	15,829
Div (VND)	1,500	3,000	1,500	2,000
P/E (x)	3.8	3.3	8.6	4.9
P/BV (x)	0.8	0.9	3.4	1.4

Company snapshot

Hoa Phat Group JSC (HPG-HSX) is a multi-sector company in the business of steel making, furniture and refrigeration engineering, construction machine trading and real estates. Having a large investment in a steel making complex, HPG has gradually taken the largest market share in the construction steel segment, with 2015 volume of over 1.2 million tons. Operating efficiency is sufficient in all business sectors, ROE has been over 20% for three years straight.

HPG is one of the few domestic firms able to compete in terms of production costs against Chinese's cheap steel. Declining iron ore prices have favoured HPG's gross margin, as the company is in the final phase of building one of the most modern steel plants in Vietnam. The company has room to increase sales as it takes market share from weaker competitors and expands geographically. HPG's has a strong balance sheet which enables it to investments without raising funds from shareholders.

What to expect

- **Domestic demand for construction steel growing firmly.** Supported by growing construction activities, demand for steel should expand by 10% annually over the next five years.
- **Significant benefits from iron ore price nose-dive.** Having the most integrated production process among local producers, HPG can continue to capture more added value while others start to depend on cheap imported billets and slabs from China.
- **Domestic producers may be protected in 2016,** as major local steel makers have proposed the issue to the authority. A large proportion of steel billets are imported as alloyed products to benefit from zero percent duty, while in fact construction steel's semi-products are levied a 9% tariff.
- **A punt on animal feed.** The investment is small enough that if it fails, it won't harm HPG's financial strength. However, if it succeeds, it may open the door for a new agricultural business segment.

2016 Outlook

- We believe sales volumes in 2016 will increase by 37% yoy, owing to steel pipe sales and the final phase of its Hai Duong steel complex.
- Gross profit margin is forecasted at 20.8% in 2016, mildly pessimistic due to fluctuations in steel price movements.
- Our forecast calls for 2015-2016FY revenue and net profit of VND 34,375 bn (+27.1% yoy) and VND 4,835 bn (+24.3% yoy), respectively based on the view that HPG will capture more market share and improve efficiencies.
- EPS in 2016 is estimated at VND 6,597, P/E forward is 4.2x, attractive given its prospect and position as a leading firm in its industry.

Risks to our call

- Cheap Chinese steel may deteriorate HPG's gross margin due to the pressure on sales prices.
- The hog farming sector if fails can affect the investor sentiment toward HPG, putting downward pressures on the price.

Holding on to the crown

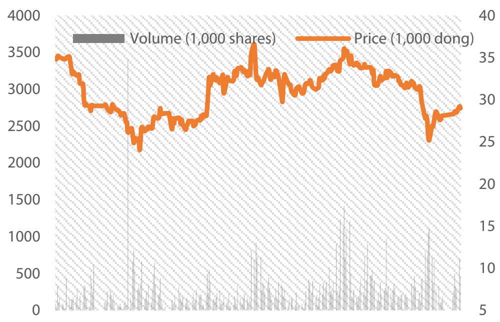
BUY

CMP (VND)	**29,000**
Target price (VND)	**35,100**
Investment period	**Intermediate-term**

Stock Info

Sector	Basic materials
Market Cap (VND bn)	3,799.8
Current Shares (millions)	131.0
Beta	0.75
Free float (%)	53.0
FOL (%)	11.2
State ownership (%)	0.0

Performance



Key financials

(VND bil)	12-13	13-14	14-15	15-16F
Revenues	11,760	14,990	17,447	16,903
% yoy	16.6	27.5	16.4	-3.1
PAT	581	410	653	733
% yoy	57.8	-29.4	59.1	12.3
ROA (%)	9.3	4.7	6.6	7.1
ROE (%)	27.5	17.9	24.7	25.3
EPS (VND)	5,941	4,261	5,211	3,731*
BV (VND)	21,931	23,605	28,794	28,813
Div (VND)	2,500	2,000	1,500	2,500
P/E (x)	1.7	4.1	7.6	7.8
P/BV (x)	0.5	0.7	1.4	1.2

*EPS after share dividend

Company snapshot

Hoa Sen Group JSC (HSG- HSX) is among the top HDG producers in the South East Asian region, dominating the domestic market as well as exporting its products to over 60 countries. 2015 sales volume exceeded 1 million tons, while 40% revenue in the financial year was derived from exports. Room for growth is considerable in terms of both international and domestic markets, as local demand is inclining along with construction activities and Chinese steels are facing trade protection measures, giving ways for HSG products to enter large markets such as the US and EU. Attractive P/E for a leading company makes HSG a feasible investment for 2016.

Hot-dip galvanized steel (HDG) sector's leading company has thrived despite contractionary demand in the global market. Input price plummeted while domestic demand grew steadily, favouring HSG's gross margin in 2015. Carrying out various investments without issuing new shares, HSG has been improving its financial capability and operating efficiency. Directing a suitable strategy that concentrates on the domestic market, HSG is prevailing over its rivals, partly thanks to its marketing strategy and strong brand name. Beside favourable market movements, the attractive dividend policy of 25% on par by cash and 50% by share paid by mid-2016 makes HSG an investment worth considering.

What to expect

- **Domestic demand for HDG (coated steel) growing firmly.** Supported by the growing construction activities, demand for steel, including HDG is expected to expand by at least 8% annually in the next 5-year period.
- **Further benefits from price movements.** Sales prices have been declining at a lower rate than material prices in favour of HSG's gross margin. Having the most completed production process among local producers, HSG can continue to capture more added value.
- **Room for domestic dominance.** Northern Vietnam is yet to be dominated by HSG products. As it implements its new ERP system into its retail channel, the company should be able to be more efficient.
- **Attractive dividend payments.** 25% on par by cash, paid in May 2016, equivalent to 8.9% dividend yield at the current price, 50% by share paid in July 2016. Share premium and undistributed earnings are sufficient for dividend payments.

2016 Outlook

- We believe sales volumes in 2016 will increase by 11% yoy, while average sales price may fall by as much as 20% and HRC price will decline at a similar rate.
- Newly-established distributors in North Vietnam are expected to boost sales volumes. HSG's average domestic market share is 38.2% while it only takes 10% market share in the northern region, thus creating large room for growth.
- We estimate gross profit margin at 15.2% in 2016, slightly higher than 2015.
- The completion of the Hoa Sen Nghe An plant and the Hoa Sen Binh Dinh Steel and Plastic Pipe plant are going to enhance HSG's production and geographical advantages.

Risks to our call

- Vietnamese exports might face countervailing measures, which is a current concern in many of its export markets. As 40% of HSG's revenue is exports, anti-dumping duties can depress income from exports.
- More than 80% COGS are in USD, thus resulting in exchange rate risk, even though partly mitigated by export revenues. If the Dong depreciates more than 5% in 2016, the exchange rate risk will increase.
- Aggressive dumping from Chinese steel makers may deteriorate HSG's gross margin due to the pressure on sales prices.

APPENDIX

APPENDIX 1: 2016 World Economic indicators' forecasts statistics

	2013	2014	2015	2016F
GDP growth(%) (*)				
World	**3.3**	**3.3**	**3.1**	**3.4**
Developed countries				
US	2.2	2.4	2.5	2.6
EU	-0.5	0.8	1.5	1.7
Japan	1.6	0.1	0.6	1
Developing countries				
China	7.8	7.4	6.9	6.3
India	5.0	5.8	7.3	7.5
Brazil	2.5	0.1	-3.8	-3.5
ASEAN-5	5.2	4.5	4.7	4.8
Inflation rate (%) (*)				
Developed countries	1.4	1.4	0.3	1.1
Developing countries	5.9	5.4	5.5	5.6
Currency exchange rate (**)				
EURUSD	1.38	1.21	1.09	0.95
USDJPY	105.20	120.00	131.00	124.00
USDBRL	2.36	2.66	3.96	4.30
USDCNY	6.05	6.21	6.49	6.70
USDRUB	32.89	60.70	72.50	69.00
Key interest rate (%) (**)				
FED	0.25	0.25	0.5	1.5
ECB	0.25	0.05	0.05	0.05
BOJ [(1)]	0	0	0	-0.3
PBOC	6.00	6.00	4.35	4.1

(*) IMF forecast, (**) Scotiabank's forecast, (1) Nomura bank's forecast.

Sources: IMF, Scotiabank, RongViet Research

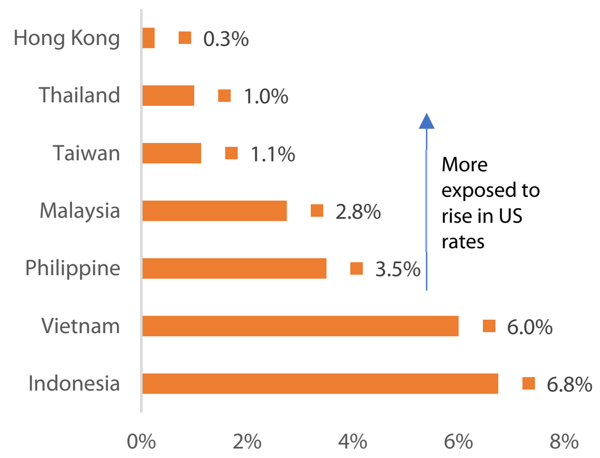
APPENDIX 2: Forecast of main commodity's prices

	2012	2013	2014	2015	2016F	2017F
Energy	128	127	118	65	49	62
Non-energy	110	102	97	82	79	81
Metals	96	91	85	67	60	63
Agriculture	114	106	103	89	88	89
Fertilizers	138	114	100	95	92	92
Precious metals	138	115	101	91	83	83

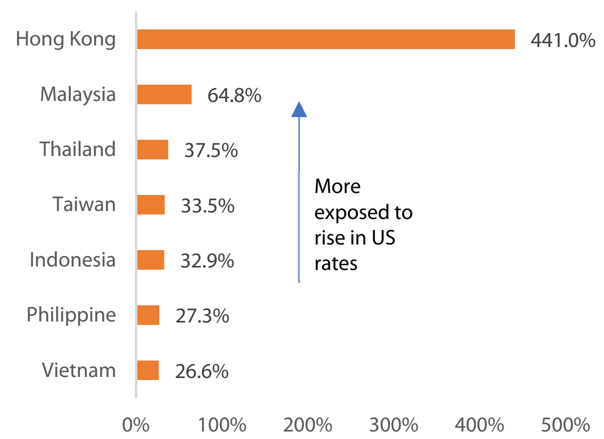
Sources: World Bank, RongViet Research

APPENDIX 3: The impact of China slowdown and US rate hike on some Asia countries

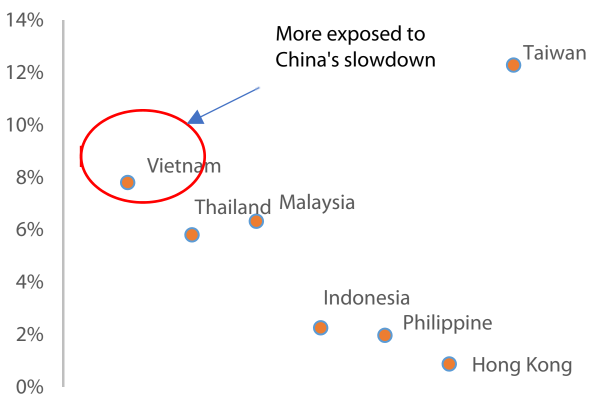
Rate differentials to US



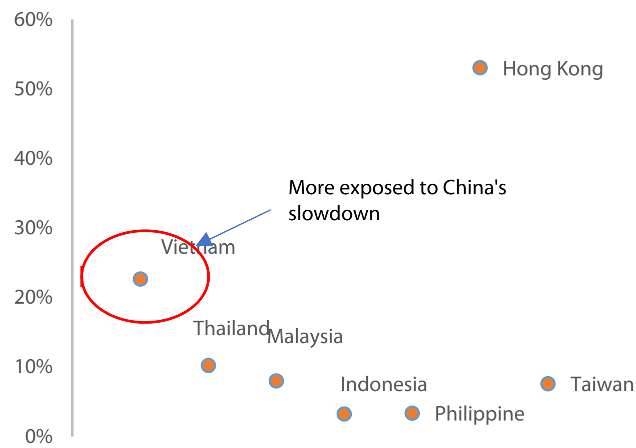
External debt (%GDP) at the end of 2014



Export to China (%GDP)



Import from China (%GDP)



Source: RongViet Research

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

Truc Doan – Head of Research	**Ha My Tran**	**Tai Nguyen**
+ 84 8 6299 2006 | Ext: 1308	+ 84 8 6299 2006 | Ext: 1309	+ 84 8 6299 2006 | Ext: 1310
truc.dtt@vdsc.com.vn	my.tth@vdsc.com.vn	tai.nbp@vdsc.com.vn
Hoang Nguyen	**Huong Pham**	**Kien Nguyen**
+ 84 8 6299 2006 | Ext: 1319	+ 84 8 6299 2006 | Ext: 1314	+ 84 8 6299 2006 | Ext: 1320
hoang.nh@vdsc.com.vn	huong.pt@vdsc.com.vn	kien.nt@vdsc.com.vn
Lam Nguyen	**Loi Nguyen**	**Diem My Tran**
+ 84 8 6299 2006 | Ext: 1313	+ 84 8 6299 2006 | Ext: 1511	+ 84 8 6299 2006 | Ext: 1311
lam.ntp@vdsc.com.vn	loi.nt@vdsc.com.vn	my.ttd@vdsc.com.vn
Tam Bui	**Thien Bui**	**Trien Le**
+ 84 8 6299 2006 | Ext: 1315	+ 84 8 6299 2006 | Ext: 1321	+ 84 8 6299 2006 | Ext: 1317
tam.bt@vdsc.com.vn	Thien.bv@vdsc.com.vn	trien.lh@vdsc.com.vn
Trinh Nguyen	**Tuan Huynh**	**Van Banh**
+ 84 8 6299 2006 | Ext: 1331	+ 84 8 6299 2006 | Ext: 1318	+ 84 8 6299 2006 | Ext: 1316
trinh.nh@vdsc.com.vn	tuan.hm@vdsc.com.vn	van.btt@vdsc.com.vn

BROKERAGE FOR FOREIGN & INSTITUTIONAL CLIENTS DEPARTMENT

Marc Djandji – Director	**Van Pham – Manager**	**Hang Nguyen – Deputy Manager**
+ 84 8 6299 2006 | Ext: 1312	+ 84 8 6299 2006 | Ext: 1249	+ 84 8 6299 2006 | Ext: 1250
marc.djandji@vdsc.com.vn	van.pc@vdsc.com.vn	hang.ntt@vdsc.com.vn

BROKERAGE FOR INDIVIDUAL CLIENTS DEPARTMENT

Le Vuong Hung – Director	**Ta Dinh Vu Dam– Manager**	**Pham Phong Thanh – Manager**	**Tran Thi Quy – Deputy Manager**
+ 84 8 6299 2006 | Ext: 1214	+ 84 8 6299 2006 | Ext: 1205	+ 84 8 6299 2006 | Ext: 1225	+ 84 8 6299 2006 | Ext: 1227
hung.lv@vdsc.com.vn	dam.tdv@vdsc.com.vn	thanh.pp@vdsc.com.vn	quy.tt@vdsc.com.vn

OTHER BRANCHES

Tran Thang Long	**Nguyen Le Nam**	**Tran Duc Huy**
Director of Hanoi branch	**Deputy Director of Nha Trang branch**	**Director of Can Tho branch**
+ 84 4 6288 2006 | Ext: 2366	+ 84 58 3820 006 | Ext: 3106	+ 84 710 381 7578 | Ext: 4101
Long.tt@vdsc.com.vn	nam.nl@vdsc.com.vn	huy.td@vdsc.com.vn

HEAD OFFICE

141 Nguyen Du St., Dist. 1, HCMC

T +84 8 6299 2006
F +84 8 6291 7986
E info@vdsc.com.vn
W www.vdsc.com.vn

HA NOI BRANCH

2C Thai Phien St., Hai Ba Trung Dist., Ha Noi City

T +84 4 6288 2006
F +84 4 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

NHA TRANG BRANCH

50 Bis Yersin, Nha Trang City

T +84 058 3820 006
F +84 058 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

CAN THO BRANCH

08 Phan Dinh Phung St., Ninh Kieu Dist., Can Tho

T +84 0710 381 7578
F +84.710 381 8965
E info@vdsc.com.vn
W www.vdsc.com.vn

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.