VINAMILK JSC (HSX: VNM)

Lower input costs are expected to take effect in 2023

(VND bn)	Q1-FY23	Q4-FY22	+/- (qoq)	Q1-FY22	+/- (yoy)
Revenue	13,918	15,069	-7.6%	13,878	0.3%
NPAT-MI	1,857	1,869	-0.7%	2,266	-18.1%
EBIT	2,067	2,062	0.3%	2,620	-21.1%
EBIT margin	14.9%	13.7%	+120 bps	18,9%	-400 bps

Source: VNM, RongViet Securities

Q1 2023 – High raw material costs remained a headache for VNM

- Consolidated Q1 2023 sales of VND13,918 bn (USD592 mn, -7.6% QoQ; +0.3% YoY) is a mixture of lower domestic sales and stronger overseas sales. Export sales have returned to positive growth after experiencing negative growth in 2022.
- Profit margin narrowed due to high dairy raw materials costs and the surge of SG&A expenses. The higher net financial income drove the NPAT-MI to decrease at a lower pace than the EBIT or VND1,856 bn (or USD79 mn, -18.1% YoY).
- Q1 2023, VNM fulfilled 22% of its revenue and 21.8% of its net profit targets for 2023.

Q2 2023 and whole year outlook – Lower input costs will be the key factor attributable to positive profit growth

Under the favorable business environment such as increasing outdoor activities, together with the effectiveness of the new sales strategy, we expect that Q2 2023 sales will show a positive growth, at VND15,703 bn (or USD668 mn; +12.8% QoQ; +5.2% YoY). We assume that VNM will put some low-cost raw milk powders into operation from Q2 2023, resulting in an improvement in the gross margin. However, because of expected higher advertising and promotion expenses, NPAT-MI is calculated to go up by +3.6% QoQ and +1.3% YoY to VND2,110 bn (or USD90 mn).

We predict 2023 consolidated net revenue and NPAT-MI to be VND62,532 Bn (or USD2,661 Mn, +4.3% YoY) and VND8,767 Bn (or USD373 Mn, +2.9% YoY), respectively. The equivalent EPS is VND3,775 (+3.9% YoY). The sales growth will reflect the success of the new strategy as well as the recovery of overseas markets. With regard to profits, we believe that the advantage of lower input costs will be more visible in 2H2023, driving the gross margin to enhance in Q2 & Q3 before rocketing in Q4 2023.

Valuation and recommendation

Besides the downward trend of input costs, we suppose that the new sales strategy is another investment key point of VNM which should bring visibility to earnings growth in the long term. In the near-term outlook, the growth partly depends on the increase in the number of export orders. Under the advantage of strong cash flow and healthy capital structure, we believe that once the company shows signals of sales growth, it will create demand for the stock, especially institutional money.

*Combining FCFF (50%) and multiples comparison (PER) (50%), our **target price is VND81,100**. Adding a cash dividend of VND3,850, the 12-months **expected return is 23%** compared to the closing price on Jun 23rd 2023. The stock price has shown a downward trend since 2021 under the disappointment of investors with negative earnings growth for two consecutive years. In the viewpoint of 1) the negative expectation is reflected on the stock price; and 2) the potential of the positive profit growth will come. We have a **BUY recommendation** on this stock for the long term.*

BUY +23%

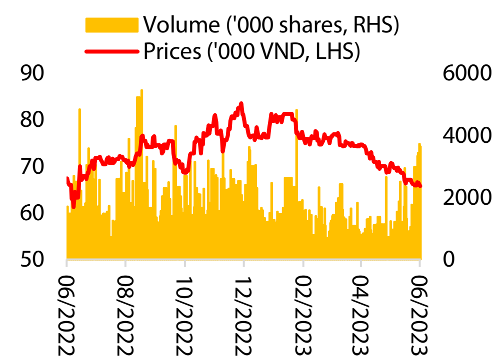
Current market price (VND)	69,100
Target price (VND)	81,100
Cash dividend (VND)	3,850

Stock Info

Sector	Consumer Staples
Market Cap (VND billion)	137,728
Current Shares O/S	2,089,955,445
Avg. Daily Volume (in 20 sessions)	1,913,625
Free float (%)	40
52 weeks High	85,600
52 weeks Low	64,500
Beta	0.62

	FY2022	Current
EPS	3,632	3,455
EPS Growth (%)	-19.1	-19.6
Diluted EPS	3,632	3,455
P/E	21.0	19.0
P/B	4.8	4.3
EV/EBITDA	12.2	12.7
Cash dividend yield (%)	5.1	5.9
ROE (%)	28.5	22.7

Price performance



Major Shareholders (%)	
SCIC	36.0
F&N Dairy Investment Pte Ltd	4.7
Foreign ownership room (%)	58.4

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Exhibit 1: Q1-2023 Results

(VND bn)	Q1-FY23	Q4-FY22	+/- (qoq)	Q1-FY22	+/- (yoy)
Net revenue	13,918	15,069	-7.6%	13,878	0.3%
Gross profit	5,398	5,846	-7.7%	5,625	-4.0%
SG&A	3,331	3,784	-12.0%	3,005	10.8%
Operating profit	2,067	2,062	0.3%	2,620	-21.1%
EBITDA	2,596	2,580	0.6%	3,157	-17.8%
EBIT	2,067	2,062	0.3%	2,620	-21.1%
Financial expenses	158	207	-23.6%	132	19.4%
Interest expenses	*82*	*53*	*54.6%*	*26*	*214.5%*
D&A	529	518	2.1%	537	-1.5%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	2,312	2,295	0.7%	2,764	-16.4%
PAT	1,857	1,869	-0.7%	2,266	-18.0%
(*) Adjusted PAT	1,857	1,869	-0.7%	2,266	-18.0%

Source: VNM, RongViet Securities

Exhibit 2: Q1-2023 Performance Analysis

Particular	Q1-FY23	Q4-FY22	+/- (qoq)	Q1-FY22	+/- (yoy)
Profitability (%)					
Gross margin	38.8%	38.8%	0 bps	40.5%	-170 bps
EBITDA margin	18.7%	17.1%	+160 bps	22.7%	-410 bps
EBIT margin	14.9%	13.7%	120 bps	18.9%	-400 bps
Net margin	13.3%	12.4%	90 bps	16.3%	-300 bps
Adjusted net margin	13.3%	12.4%	90 bps	16.3%	-300 bps
Turnover* (x)					
-Inventories	5.6	6.5	-1.0	4.6	1.0
-Receivables	8.8	10.0	-1.2	9.4	-0.6
-Payables	3.9	4.3	-0.3	4.8	-0.9
Leverage (%)					
Total Debt/Equity	41.7%	46.6%	-490 bps	50.3%	-860 bps

Source: VNM, RongViet Securities

Exhibit 3: Q2/2023 Performance Forecast

Particulars (VND Bn)	Q2-FY23	+/- qoq	+/- yoy
Revenue	15,703	12.8%	5.2%
Gross profit	6,283	16.4%	3.4%
EBIT	2,374	14.8%	-0.4%
Net financial income	304	16.2%	46.9%
NPAT-MI	2,110	13.6%	1.3%

Source: RongViet Securities

Q2/2023 assumptions:

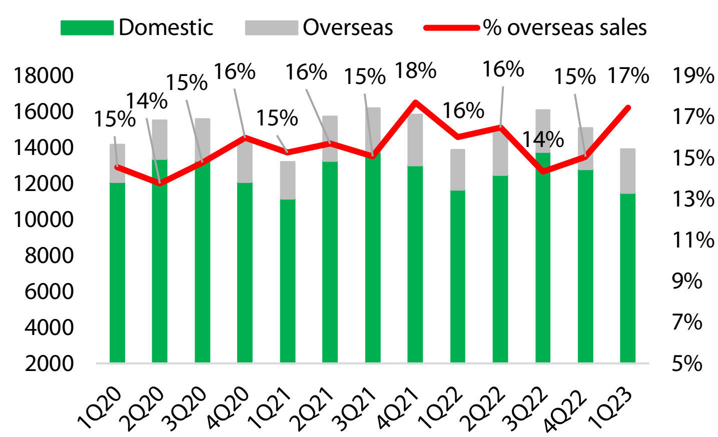
- Revenue to rise 5.2% YoY, encouraged by higher domestic sales on the back of the long holiday season and increase in export orders.
- Gross margin to improve to 40.0% from 38.8% in Q1 2023 as we expect that VNM will put some low-cost raw milk powders into operation.
- Selling expenses/revenue to be 22.2%, increasing from Q1 2023 because of higher advertising & promotion (A&P) costs with the purpose of boosting sales.
- Net financial income to rise double-digit, enjoying the advantage of high deposit rates.

Q1 2023: High raw material costs remained a headache for VNM

The positive growth in export sales has resulted in flat total sales growth

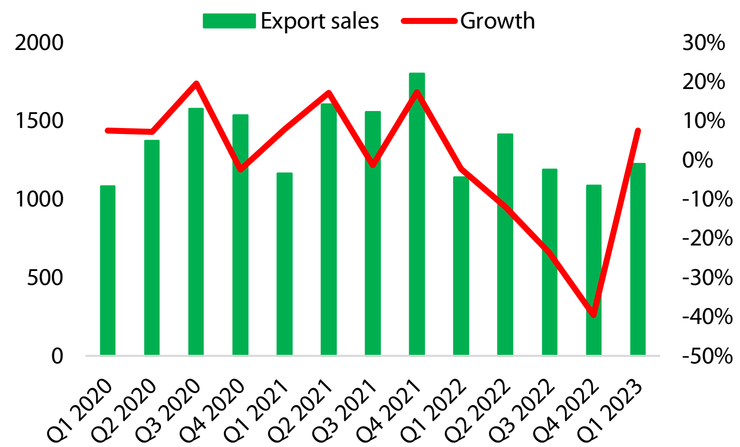
Consolidated Q1 2023 sales of VND13,918 bn (USD592 mn, -7.6% QoQ; +0.3% YoY) is a mixture of lower domestic sales and stronger oversea sales. Notably, export sales returned to positive growth (+7.5% YoY; +12.6% QoQ) after experiencing negative growth during 2022. Vinamilk has made efforts to get more dairy export contracts from overseas customers, especially the Middle East countries. Currently, the company signed contracts with total value of ~USD100 mn (~VND2,350 bn) which will be translated into the export sales within 1H2023. Weak domestic sales are the result of the challenging business environment.

Figure 1: VNM's net sales breakdown (VND bn, LHS) and the contribution of overseas sales (%, RHS)



Source: VNM, RongViet Securities

Figure 2: VNM's export revenue (VND bn, LHS) and growth (% YoY, RHS)

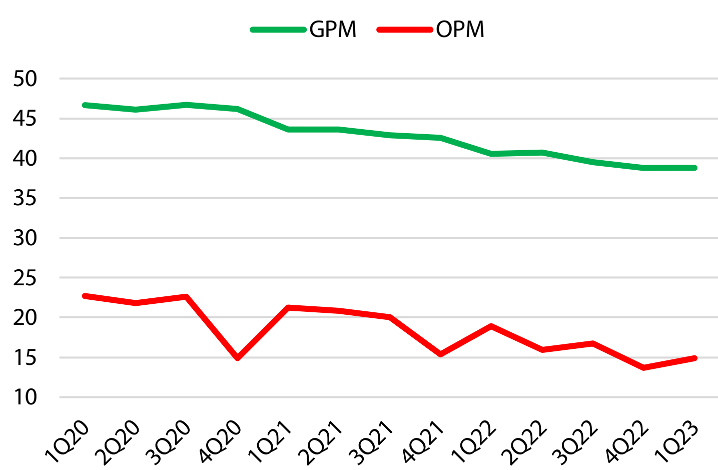


Source: VNM, RongViet Securities

High raw material costs remained a headache

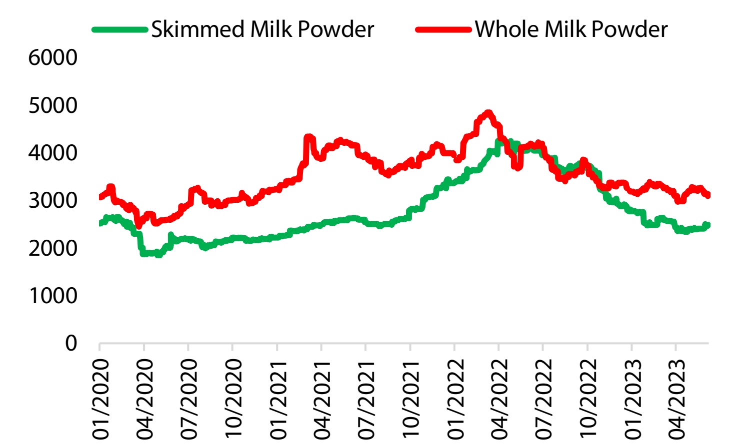
The downward trend of gross margin since Q4 2020 was maintained until Q1 2023, inversely moved with the upward trend of raw milk powder prices, including whole milk powder (WMP) and skim milk powder (SMP). The imported expensive dairy raw materials, which were contracted when prices were at the highest in Mar-2022 has remained a headache for Vinamilk profits during the last 10 quarters. We expect this negative impact to peak in Q1 2023. In short, Q1 2023 gross profit reached VND5,398 bn (or USD230 mn, -7.7% QoQ; -4.0% YoY).

Figure 3: VNM's gross margin and operating margin (%)



Source: VNM, RongViet Securities

Figure 4: Prices of whole milk and skimmed milk powder (USD/MT)



Source: Bloomberg, RongViet Securities

In addition, the surge in Advertising & Promotional (A&P) costs to boost sales drove the operating income to drop by -21.1% YoY to VND2,067 bn (or USD 88 mn). We suppose that higher A&P expenses is inevitable to maintain and increase market share under a fierce competition environment. However, the strong net financial income, which is the "financial brand" of VNM, led the NPAT-MI to decrease at a slower pace (-18.1% YoY) than the operating profit, to VND1,856 bn (or USD79 mn), equivalent to the net margin of 13.3% (+93 bps QoQ; -299 bps YoY).

VNM 's Q1 2023 performance fulfilled 22.0% of its revenue and 21.8% of its net profit targets for 2023. Compared to our forecast, the Q1 2023 performance is nearly in-line.

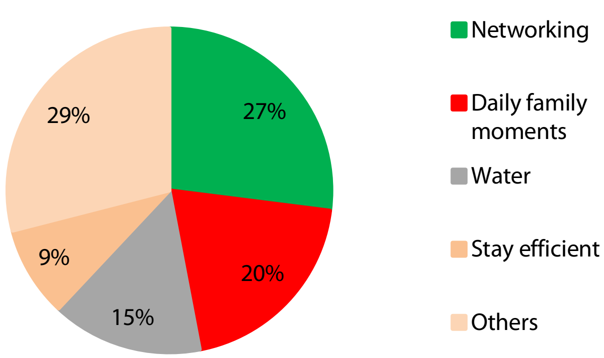
Q2 2023 and whole year outlook – Lower input costs will be the key factor

Q2 2023: Sales are expected to go up in the context of "drinking dairy" season

Domestic sales in Q2 and Q3 are normally the high season for VNM which is supported by increasing outdoor activities (various holiday events), networking purposes, and hot weather. These motivations fuel demand for milk and milk products such as liquid milk, condensed milk, yogurts, or ice-cream.

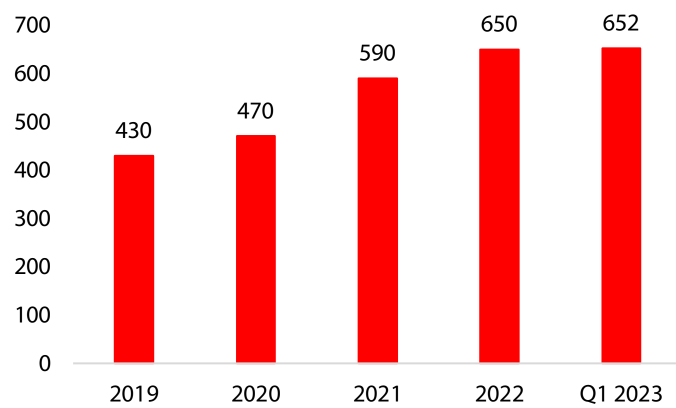
In addition, we learned that Vinamilk has focused on marketing campaigns to boost sales, especially applying new strategies (e.g., re-new packaging, increase their presence on YouTube and TikTok channels, or enlarge distribution network) to enhance customers' awareness of its products. Among these, the most observable strategy is the expansion of "Giacmosuaviet" stores. The company opened two new stores in Q1 2023, increasing the customer reach. Therefore, we expect that these strategies will bring some positive results in Q2 2023. From expected enhanced export sales, we predict Q2 2023 sales to be VND15,703 bn (or USD668 mn; +12.8% QoQ; +5.2% YoY).

Figure 5: Purpose of drinking usage in Vietnam (2022)



Source: KantarWorld Panel, RongViet Securities

Figure 6: Number of "Giacmosuaviet" stores



Source: VNM, RongViet Securities

On the back of VNM's efforts to bolster the top-line, together with the expectation that it will put some low-cost raw milk powder into operation from Q2 2023, we forecast the gross margin to start to improve, resulting in positive gross profit growth. However, we conservatively assume that VNM might put more money on advertising and promotion activities towards boosting sales, resulting in a flat growth in operating profit. Against this backdrop, the expected financial income, which is the fruitful of higher deposit rates, could bring NPAT-MI to rise compared to the same period last year to VND2,110 bn (or USD90 mn; +3.6% QoQ; +1.3% YoY). The equivalent net margin will be 13.4% which is lower than the number of 14.0% in Q2 2022 but higher than the level of 13.3% in Q1 2023.

FY2023 outlook: The advantage of lower input costs will be more visible in 2H2023

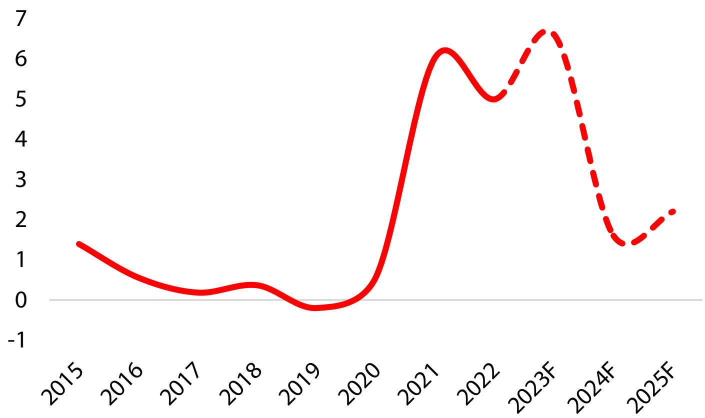
We predict 2023 consolidated net revenue and NPAT-MI to be VND62,532 Bn (or USD2,661 Mn, +4.3% YoY) and VND8,767 Bn (or USD373 Mn, +2.9% YoY), respectively. The equivalent EPS is VND3,775 (+3.9% YoY).

Sales growth will reflect the success of the new strategy which kicked off in Q3 2022 as well as the recovery of overseas markets, including exports and overseas subsidiaries.

Although Vietnam's dairy industry is becoming more competitive with new players joining (e.g., Morigana or Dalatte), we believe that VNM 's dynamic strategies which aim to capture various demand from consumers as well as optimizing distributor 's benefit will help the company to enhance its market share in 2023. Besides, we suppose that dairy consumption will be supported more in Q3 2023 thanks to the effectiveness of lower VAT (decreasing from 10% to 8%) which is going to take effect in July-2023, benefiting to VNM sales.

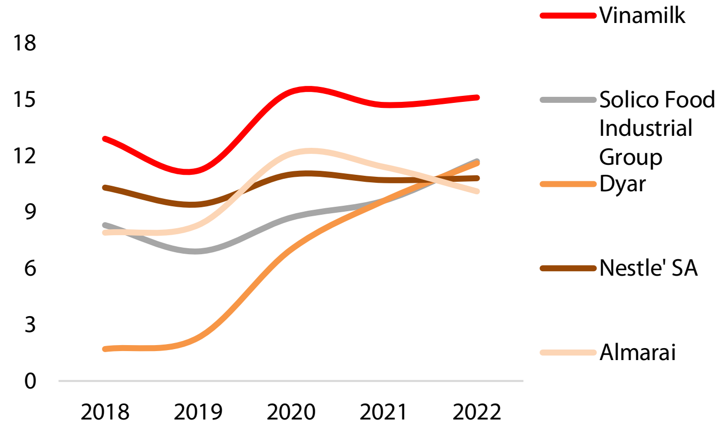
We also believe that the large amount of export contracts mentioned above offers hopeful signals for sales with expected sales growth of +7% YoY. Particularly, we suppose that the gradual recovery of Iraq's economy – the largest importer of VNM – will encourage dairy consumption in this market. Since VNM stands at the largest market share position of Iraq's dairy industry, its' dairy export orders are expected to warm-up during 2023. Mentioned by the IMF in Apr-2023, the economic recovery of Iraq will be supported by increased crude oil sales and accommodative policies. The institution forecasts that Iraq 's inflation will ease in 2024.

Figure 7: Iraq 's inflation (%)



Source: IMF, RongViet Securities

Figure 8: Shares of dairy products and alternatives in Iraq (%)



Source: Euromonitor, RongViet Securities

With regard to profits, we believe that the advantage of lower input costs will be more visible in 2H2023. We suppose that the gross margin will enhance in Q2 & Q3 2023 before rocketing in Q4 2023, moving inversely with the downward trend of the costs of raw milk powders (Figure 4). According to the company, it locked the price of raw milk powder until Jun-2023 at the below-year ago level and is planning to make new contracts in Aug or Sept-2023. However, the expected surge of SG&A expenses would curb the resilience of the net profit, resulting in a modest YoY growth.

2022-23F Forecast

Table 1: 2023 IS Forecast

Unit: VND Bn	2022A	2023F	% YoY change	Comments
Net revenue	**59,956**	**62,532**	**4.3%**	
+ Export sales/ total sales	*8.1%*	*8.3%*	*16 bps*	*We expect that export will be the growth driver of total sales.*
Gross profit	**23,897**	**25,753**	**7.8%**	
Selling expenses	(12,548)	(14,143)	12.7%	
General & Administration expenses	(1,596)	(1,753)	9.8%	
EBIT	**9,753**	**9,857**	**1.1%**	
Net non-operating income/(expenses)	742	1,082	45.8%	*Interest income to be higher as the result of higher deposit rates.*
NPAT	8,574	8,900	3.8%	
NPAT-MI	**8,516**	**8,767**	**2.9%**	NPAT-MI to grow at lower pace than the NPAT because of higher minority interest.
GPM	39.9%	41.2%	130 bps	*Gross margin to increase backed by the easing of raw material costs.*
SG&A/Revenue	23.6%	25.4%	180 bps	*Selling expenses/sales are predicted to be higher to finance the "boosting sales" strategy.*
EBIT margin	16.3%	15.8%	-50 bps	
NPAT margin	14.3%	14.2%	-10 bps	
NPAT-MI margin	14.2%	14.0%	-20 bps	

Source: RongViet Securities

Valuation

Besides the downward trend of input costs, we suppose that the new sale strategy is the investment key point for VNM which should bring a visibility of earnings growth in the long term. In the near-term outlook, the growth also partly depends on the increase in the number of export orders. VNM is believed to gradually leave the negative growth period behind, then creating a premise for positive profit growth from

2023 onwards. Under the advantage of strong cash flow and healthy capital structure which was mentioned in the "Growth momentum comes from subsidiaries" report, we believe that once the company shows signals of sales growth, it will create demand for the stock, especially from institutional investors.

In terms of earnings forecast, we revised down our profit assumptions although the Q1 2023 performance was in-line with our forecasts. The main reason is the risk of rising SG&A expenses mentioned above. Generally, our new expected NPAT-MI is 5.4% lower than our previous forecast. Consequently, these changes lead the new target price to be lower.

Table 2: 1Q2023 performance & 1Q2023 forecast

(VND bn)	Q1-FY23	Q1-FY23 Forecast	Difference
Net sales	13,918	14,080	-1.1%
Gross Profit	5,398	5,560	-2.9%
OP	2,067	2,025	2.1%
NPAT-MI	1,856	1,810	2.5%
GPM	**38.8%**	**39.5%**	**-71 bps**
OPM	**14.9%**	**14.4%**	**47 bps**
NPM	**13.3%**	**12.9%**	**48 bps**

Source: RongViet Securities

Table 3: Changes in 2023 income statement forecast

Unit: VND Bn	Old	New	% Change	Comments
Net revenue	**62,532**	**62,532**	**0%**	
Gross profit	**25,753**	**25,753**	**0%**	
Gross margin	*41.2%*	*41.2%*	*0 bps*	
SG&A expenses	**15,132**	**15,896**	***+5.0%***	
SG&A/Sales	*24.2%*	*25.4%*	*+120 bps*	*We revised up SG&A/Sales ratio under the expansion of the new sales strategies.*
EBIT	**10,621**	**9,857**	**-7.1%**	
NPAT-MI	**9,263**	**8,767**	**-5.4%**	
EPS (VND)	**3,989**	**3,775**	**-5.4%**	

Source: RongViet Securities

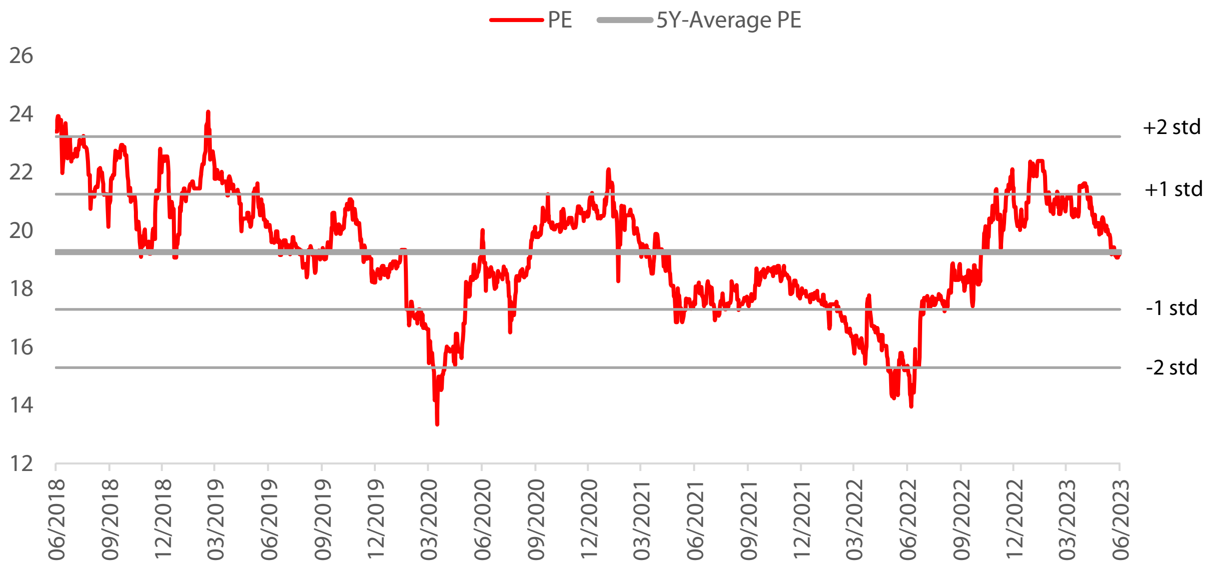
We combined FCFF valuation model (50%) and multiples comparison (50%) with an applied P/E of 21.0x which is equal to the 2022 P/E. **Our new target price is VND81,100**, which is lower by 2.8% compared to the latest target price (VND83,400) on Mar-2023. Adding a cash dividend of VND3,850, the **12-months expected return is 23%** compared to the closing price on Jun 23rd 2023. The stock prices has shown a downward trend since 2021 under the disappointment of investors with negative earnings growth for two consecutive years. Compared to the beginning of 2021, the stock price has decreased by 37%, which is translated to the trailing P/E of 19.0x. In the viewpoint that 1) the negative expectation might be reflected in stock price movement; and 2) the potential of positive profit growth will come, we have a **BUY recommendation on this stock for the long term**.

Table 4: VNM's valuation summary

Method	Weight	Valuation (VND/share)
FCFF (WACC: 10.4%, g: 3.9%, EV/EBITDA: 12.7x)	50%	83,000
P/E Multiples (21.0x)	50%	79,100
Total	**100%**	**81,100**

Source: RongViet Securities

Figure 9: VNM 's historical P/E band (x)



Source: Bloomberg, RongViet Securities

Table 5: Industry peers

Company	Country	Market cap (USD mn)	ROE (%)	Trailing Sales Growth (% YoY)	EPS Growth (% YoY)	Gross margin (%)	Net profit margin (%)	Trailing PB Ratio (x)	Trailing PE Ratio (x)	Trailing EV/ EBITDA	5-year average P/E
VNM	**VN**	5,863	22.7	-2.6	-18.2	38.8	13.3	4.4	19.0	12.7	19.6
Domestic peers											
MCM	VN	117	14.2	7.1	-1.9	43.2	11.1	1.9	13.4	8.9	N/A
IDP	VN	677	51.8	26.1	-1.5	38.8	13.3	7.5	16.7	9.4	N/A
Global peers											
Danone S.A.	FR	40,110	5.5	13.9	-50.3	46.1	1.6	2.0	19.9	10.1	22.1
China Mengniu Dairy Ltd.,	HK	15,276	13.8	5.1	5.3	35.3	3.5	2.7	18.6	16.5	29.5
Dutch Lady Milk Industries B.H.D	MY	341	8.5	18.6	-58.6	24.7	2.4	3.9	0.6	N/A	3.8
Ultrajaya Milk Industry & Trading Co. Ltd.,	ID	1310	17.9	16.2	21.4	33.1	15.9	2.9	17.3	8.9	13.6
Megmilk Snow Brand Co. Ltd.,	JP	972	4.4	4.6	468.4	14.0	2.2	0.6	12.7	5.7	15.4
Morinaga Milk Industry Co. Ltd.	JP	1690	7.86	4.4	-59.5	22.2	3.9	1.0	13.9	6.6	9.3
Mean		**7,562**	**15.5**	**12.0**	**40.4**	**32.2**	**6.7**	**2.8**	**14.1**	**9.4**	**15.6**
Median		**1,141**	**11.2**	**10.5**	**-1.7**	**34.2**	**3.7**	**2.4**	**15.3**	**8.9**	**14.5**

Source: Bloomberg, as of Jun 08th, 2023

VND Billion

INCOME STATEMENT	FY2021	FY2022	FY2023E	FY2024F
Revenue	**60,919**	**59,956**	**62,532**	**65,641**
COGS	34,641	36,059	36,779	37,967
Gross profit	**26,278**	**23,897**	**25,753**	**27,674**
Selling Expense	12,951	12,548	14,143	14,912
G&A Expense	1,567	1,596	1,753	1,755
Finance Income	1,215	1,380	1,706	1,545
Finance Expenses	202	618	610	286
Other profits	150	-20	-14	-12
PBT	**12,922**	**10,496**	**10,939**	**12,254**
Prov. of Tax	2,290	1,918	2,039	2,284
Minority's Interest	100	62	134	219
PAT to Equity S/H	**10,532**	**8,516**	**8,767**	**9,750**
EBIT	11,760	9,753	9,857	11,008
EBITDA	13,882	11,849	11,491	12,671

%

FINANCIAL RATIO	FY2021	FY2022	FY2023E	FY2024F
Growth (%)				
Revenue	2.2%	-1.6%	4.3%	5.0%
Operating Income	-4.1%	-17.1%	1.1%	11.7%
EBITDA	-4.1%	-14.6%	-3.0%	10.3%
PAT	-5.1%	-19.1%	2.9%	11.2%
Total Assets	10.1%	-9.2%	-2.3%	2.5%
Equity	5.7%	-9.8%	-0.5%	2.5%
Profitability (%)				
Gross margin	43.1%	39.9%	41.2%	42.2%
EBITDA margin	22.8%	19.8%	18.4%	19.3%
EBIT margin	19.3%	16.3%	15.8%	16.8%
Net margin	17.3%	14.2%	14.0%	14.9%
ROA	19.9%	17.7%	18.6%	20.2%
ROE	31.8%	28.5%	29.5%	32.1%
Efficiency				
Receivable Turnover	10.5	9.8	11.1	11.1
Inventory Turnover	5.1	6.5	7.2	6.6
Payable Turnover	4.8	3.6	5.2	4.8
Liquidity				
Current	2.2	2.1	2.2	2.2
Quick	1.8	1.7	1.8	1.7
Finance Structure (%)				
Total Debt/Equity	28.6%	16.5%	21.9%	19.6%
Current Debt/Equity	28.4%	16.3%	21.7%	19.5%
Long-term Debt/Equity	0.2%	0.2%	0.2%	0.1%

VND Billion

BALANCE SHEET	FY2021	FY2022	FY2023E	FY2024F
Cash and cash equivalents	2,349	2,300	2,092	2,171
Short-term investments	21,026	17,414	16,329	15,808
Accounts receivable	5,822	6,100	5,649	5,932
Inventories	6,773	5,538	5,085	5,762
Other current assets	141	208	219	230
Property, plant & equipment	12,515	12,389	13,507	14,183
Acquired intangible assets	2,900	2,610	2,609	2,597
Long-term investments	744	743	724	707
Other non-current assets	769	846	846	846
Total assets	**53,037**	**48,148**	**47,061**	**48,236**
Accounts payable	7,179	10,039	7,052	7,917
Short-term borrowings	9,382	4,867	6,458	5,925
Long-term borrowings	76	66	52	33
Other non-current liabilities	338	292	292	292
Bonus and Welfare fund	507	402	414	460
Technology-science, dev. fund	-	-	-	-
Total liabilities	**17,482**	**15,666**	**14,267**	**14,627**
Common stock and APIC	20,934	20,934	20,934	20,934
Treasury stock (enter as -)	0	0	0	0
Retained earnings	7,594	3,353	2,320	2,074
Other comprehensive income	203	295	295	295
Inv. and Dev. Fund	4,352	5,267	6,143	7,118
Total equity	**33,083**	**29,849**	**29,693**	**30,422**
Minority Interest	**2,767**	**2,967**	**3,101**	**3,187**

VALUATION RATIO (*)	FY2021	FY2022	FY2023E	FY2024F
EPS (VND)	4,517	3,632	3,775	4,199
P/E (x)	18.0	21.0	21.5	19.3
BV (dong)	15,830	14,282	14,207	14,556
P/B (x)	5.1	5.7	5.7	5.6
DPS (dong/cp)	3,850	3,850	3,850	3,850
Dividend yield (%)	4.4	5.2	5.9	5.9

VALUATION MODEL	Price	Weight	Average
FCFF	83,000	50%	41,500
P/E	79,100	50%	39,600
Target price (VND)			**81,100**

VALUATION HISTORY	Price	Recommendation	Period
Dec 2022	93,800	BUY	Long-term
Mar 2023	83,400	ACCUMULATE	Long-term
Jun 2023	81,100	BUY	Long-term

RESULT UPDATE

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

RATING GUIDANCE

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

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