November, 2020

PHU NHUAN JEWELRY JSC (HSX: PNJ)

Solid Recovery of Retail Sales Amid Rising Challenges

ACCUMULATE	**+9%**
Target price (VND)	77,000
Current market price (VND)	72,600
Cash dividend	1,800

(VND bn)	Q3-FY20	Q2-FY20	*+/- (qoq)*	Q3-FY19	*+/- (yoy)*
Net revenue	3,922	2,745	42.9%	3,934	-0.3%
PAT	202	32	538.3%	208	-2.8%
EBIT	303	88	244.5%	299	1.3%
EBIT margin	7.7%	3.2%	4.5 pps	7.6%	0.1 pps

Source: PNJ, Rong Viet Securities

Q3-2020 – Expanding market share on the back of robust retail sales

- Q3-2020's revenue and NPAT-MI came at VND 3,922 billion (-0.3% YoY) and VND 202 billion (-2.8% YoY), respectively, despite store closures following the second covid wave in August, on the back of outperforming high-margin retail sales and lower SG&A.
- Double-digit SSSG in July and September bolstered retail jewelry sales, compensating for an enormous drop of 41% in wholesales revenue in the quarter. This implies a growing market share for the company since wholesales revenue represents other gold jewelry stores' purchases.
- PNJ net opened six gold stores and closed 13 silver stores in 9M-2020.
- Gross margin trended upward on a monthly basis mainly due to higher contribution from gold retail sales, which was partially delivered by pent-up bridal demand and gemstone products.

Outlook – Leading position as others struggle amid a softer demand

Going forward, jewelry demand will face headwinds due to consumers' falling disposable income and limit on non-necessities expenditures. While this circumstance will broadly affect jewelry retailers in the coming time, we believe that PNJ's leading position in the industry will be solidified following small-to-medium sized retailers' operations dropping.

We expect demand to pick up later this year and help the Q4 net profit rebound to VND 328 billion (+62% QoQ, -15% YoY). 2020 revenue and NPAT are estimated at VND 16.8 trillion (-1% YoY) and VND 970 billion (-19% YoY).

For 2021, we expect revenue and NPAT to come at VND 19.3 trillion (15% YoY) and VND 1,231 billion (+27% YoY) on the back of the gradual economy recovery that will help drive SSSG positive, and margin expansion.

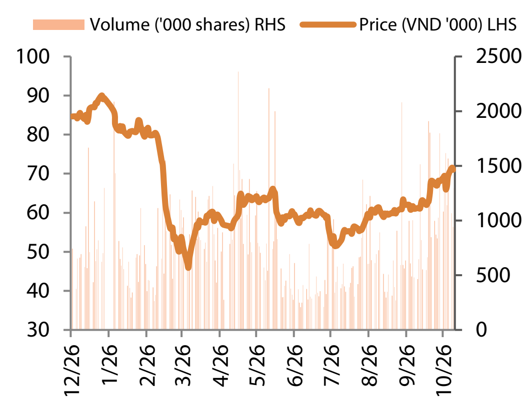
Valuation and recommendation

*Our 1Y target price of VND77,000 is based on a 15x forward P/E, which nearly equals the historical mean, and a FCFE methodology (cost of equity 12.1%, terminal growth 3.1%). We believe the target P/E multiple is justified as we expect PNJ to deliver strong 3Y CAGR in NPAT over 2021-24 of 25%. Incorporating a VND 1,800 cash dividend, total expected return is **9%** over the closing price on 11/05/2020. We believe PNJ is worth **ACCUMULATING** for the long-term.*

Stock Info	
Sector	Retail-Jewelry
Market Cap (VND billion)	15,646
Current Shares O/S	225.1
Avg. Daily Volume (in 20 sessions)	1,052,854
Free float (%)	71.3
52 weeks High	90,038
52 weeks Low	45,900
Beta	1.32

	FY2019	**Current**
EPS	5,162	4,558
EPS Growth (%)	24.0%	-22%
Diluted EPS	4,708	4,060
P/E	15.9	15.1
P/B	4.1	3.2
EV/EBITDA	12.8	10.3
Cash dividend yield (%)	2.1%	2.6%
ROE (%)	33%	21%

Price performance



Major Shareholders (%)	
CAO THI NGOC DUNG	9.0
VEIL	3.5
Foreign ownership room (%)	0.0

Tung Do
(084) 028- 6299 2006 – Ext 1521
tung.dt@vdsc.com.vn

Exhibit 1: Q3-2020 Results

(VND Bn)	Q3-FY20	Q2-FY20	+/- (qoq)	Q3-FY19	+/- (yoy)
Net revenue	3,922	2,745	42.9%	3,934	-0.3%
Gross profit	734	473	55.1%	753	-2.5%
SG&A	206	193	6.6%	227	-9.4%
Operating income	529	280	88.4%	526	0.5%
EBITDA	320	106	202.9%	309	3.8%
EBIT	303	88	244.5%	299	1.3%
Financial expenses	43	42	2.9%	31	38.5%
- Interest Expenses	41	44	-8.1%	29	40.3%
Dep. and amortization	18	18	-1.2%	10	76.4%
Non-recurring items (*)					
Extraordinary items (*)					
PBT	256	43	499.9%	268	-4.5%
PAT	202	32	538.3%	208	-2.8%
(*) Adjusted PAT	202	32	538.3%	208	-2.8%

Source: PNJ, Rong Viet Securities

Exhibit 2: Q3-2020 Performance Analysis

Particulars	Q3-FY20	Q2-FY20	+/- (qoq)	Q3-FY19	+/- (yoy)
Profitability Ratios (%)					
Gross Margin	18.7%	17.3%	1.5 pps	19.1%	-0.4 pps
EBITDA Margin	8.2%	3.9%	4.3 pps	7.8%	0.3 pps
EBIT Margin	7.7%	3.2%	4.5 pps	7.6%	0.1 pps
Net Margin	5.2%	1.2%	4.0 pps	5.3%	-0.1 pps
Adjusted Net Margin	5.2%	1.2%	4.0 pps	5.3%	-0.1 pps
Turnover*(x)					
-Inventories	2	1	0.6	2	-0.4
-Receivables	111.3	81.7	29.6	57.2	54.1
-Payables	17	12	5.9	13	4.8
Leverage (%)					
Total Debt/ Equity	34%	35%	-10 bps	37%	-20 bps

*Source: Rong Viet Securities, * Annualized*

Exhibit 3: Q4-2020 Performance Forecast

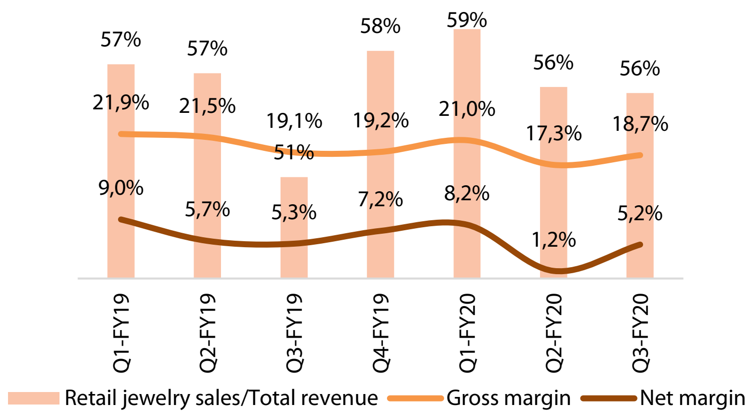
Particulars (VND Bn)	4Q-FY20	+/- qoq	+/- yoy
Revenue	5,150	31%	-3%
Gross profit	982	34%	-4%
EBIT	429	42%	-18%
NPAT	328	62%	-15%

Source: Rong Viet Securities

Update

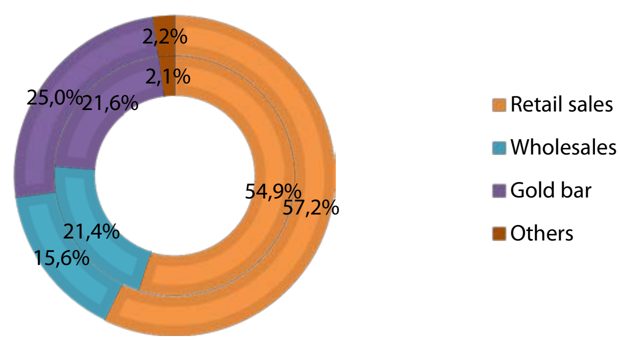
Q3-2020 revenue reached VND 3,922 bn (-0.3% YoY) while NPAT slightly decreased by 2.8% YoY to VND 202 bn. 9M-2020 revenue and NPAT came at VND11.7 tn (-0.1% YoY) and VND 642 bn (-20.3% YoY), respectively. Q3-2020 gross margin improved to 18.7% compared with Q2-2020 of 17.3% (figure 1) due to an expansion in the retail jewelry business' GPM following changes in the product mix (i.e. higher contribution from high-margin gemstone products). Meanwhile, the quarterly net margin significantly rebounded to 5.2% owing to proportionately lower SG&A/sales led by less store closures in Q3-2020.

Figure 1: Retail jewelry contribution to total revenue (%) and profit margins of PNJ



Source: PNJ, Rong Viet Securities

Figure 2: Revenue structure (inner circle: 9M-2019, outer circle: 9M-2020)



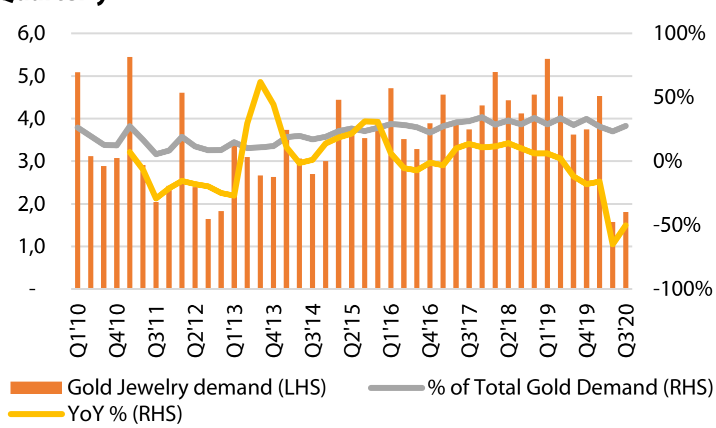
Source: PNJ

Solid retail sales despite weak market demand

Vietnam gold jewelry consumption remained significantly weak in Q3-2020 as demand fell half to 1.8 tons (figure 3), per World Gold Council data. However, this level demonstrates a 15% rebound from the previous quarter owing to the domestic economy recovery (Q3-2020 GDP grew at 2.62% YoY from 0.39% YoY in Q2-2020) and pent-up bridal demand as many couples postponed their wedding in the months of lockdown. Accumulated 9M-2020, demand in Vietnam totaled 7.9 tons, 41% below the level seen in the same period in 2019.

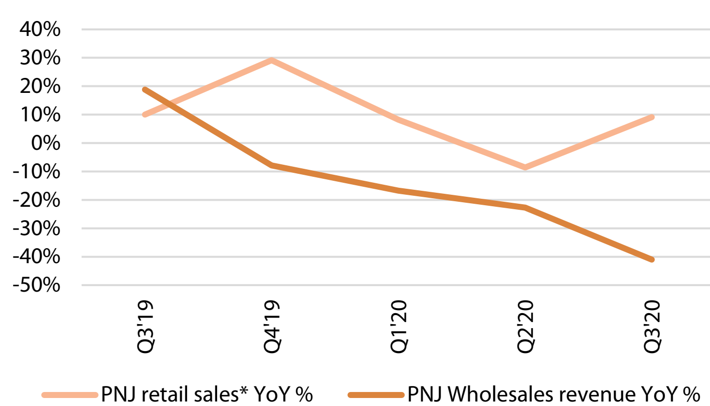
However, PNJ retail sales has recorded relatively positive performance. Q3-2020 retail business saw a 9% YoY increase, a healthy rebound from -9% YoY in Q2-2020 due to implications from the first covid-19 wave lockdown. The industry's as well as wholesales revenue growth, a proxy for other smaller chains' sales, remained in the negative territory (figure 4). Wholesale is PNJ's traditional business that helps it utilize large production capacity and cater to other small-to-medium retailers (accounting for approximately 70% of the jewelry market share).

Figure 3: Gold jewelry consumption in Vietnam (tons): Quarterly



Source: WGC, Rong Viet Securities

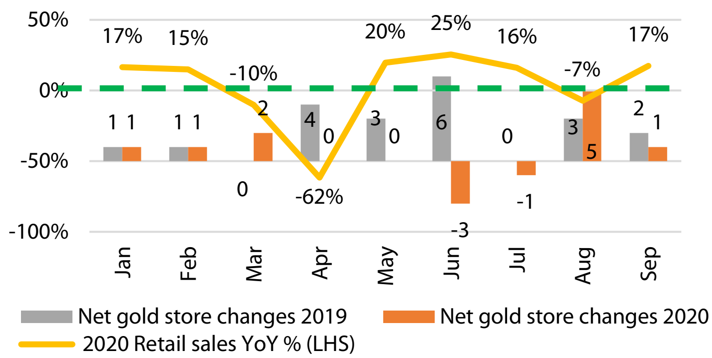
Figure 4: PNJ retail sales growth vs wholesales growth



*Source: PNJ, WGC, Rong Viet Securities *Including silver jewelry sales with insignificant estimated contribution of 1% to total retail sales*

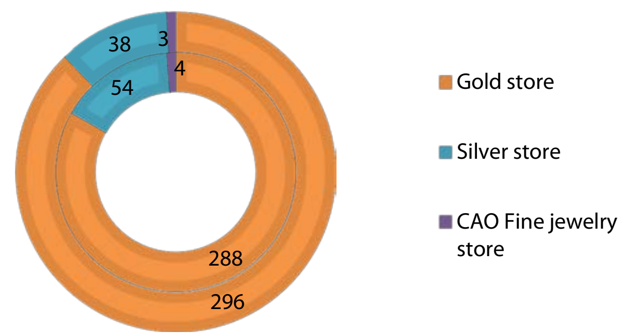
Same store sales growth (SSSG) showed resilience. SSSG (for stores that have been operating for more than 18 months) posted double-digit growth in the months that were not affected by Covid-19 preventive measures (i.e. store closures), namely May and June in Q2 and July and September in Q3. As such, 9M-2020 SSSG remained flat, and recovered from -4% in Q1-2020 and better than our previous expectation of -17% for 2020. This coupled with the contribution from 31 and six net new gold stores opened in 2019 and 9M-2020 respectively aided retail sales as mentioned above. Besides, we believe that the new ERP system, which has gone live last year, has played an important role in boosting SSSG in recent months via better marketing activities that target potential customers in the time of a weaker economy.

Figure 5: Estimated monthly retail sales growth and net store changes



Source: PNJ, Rong Viet Securities

Figure 6: Stores structure (inner circle: 2019, outer circle: 9M-2020)



Source: PNJ, Rong Viet Securities

2020-21 Forecast

Table 1: 2020-21 Forecast revision

Unit: VND bn	2019A	2020F Old (Base case)	2020F New	% Change	2021F	Comments
Total revenue	**17,001**	**15,470**	**16,818**	**9%**	**19,276**	
1. Retail revenue	9,496	8,452	10,204	21%	11,827	We have revised our assumption on SSSG from -17% to -5% due to better-than-expected performance of the retail segment recently. Meanwhile, we expect 2021 SSSG to recover to 5%. New stores (net of closures) in 2020/21 are 11 and 20, respectively.
2. Wholesale revenue	3,509	2,632	2,276	-14%	2,618	Wholesales segment revenue was revised down as it showed weaker results in 9M-2020 with a decrease of 27%. 2021 wholesales demand is expected to recover by 15% from the record low in 2020.
3. Gold bar	3,593	4,131	4,184	1%	4,602	
Gross profit	3,461	2,994	3,239	8%	3,750	
SG&A	-1,842	-1,724	-1867	8%	-2043	
PAT	**1,191**	**896**	970	**8%**	**1,231**	
Diluted EPS* (VND)	**5,162**	**3,675**	**3,999**	**9%**	**5,151**	
Growth YoY %						
Total Revenue	**17%**	**-9%**	**-1%**		**15%**	
1. Retail revenue	16%	-11%	7%		16%	
2. Wholesale revenue	-6%	-25%	-35%		15%	
3. Gold bar	36%	15%	16%		10%	
Gross profit	25%	-13%	-6%		16%	
PAT	**24%**	**-25%**	**-19%**		**27%**	
Profit margins						
GPM	20.4%	19.4%	19.3%		19.5%	• 2020 Gross profit margin was revised down mainly due to (1) more promotional activities, (2) higher contribution of low-margin jewelry products that have high gold content. Consumers are now favoring this type of jewelry as a mean to preserve value in a time of the economy cool down. • 2021 GPM improved on the back of lower gold bar contribution.
SG&A/Sales	10.8%	11.1%	11.1%		10.6%	
Net margin	7.0%	5.8%	5.8%		6.4%	

*Source: Rong Viet Securities, *Adjusted for ESOP issuance, bonus and welfare funds*

Valuation

Our 1-year target price of VND75,000 is based on a 15x forward P/E and FCFE methodology (cost of equity 12.1%, terminal growth 3.1%). We believe the target P/E multiple, which nearly equals the three-year mean, is justified as we expect PNJ to deliver strong 3Y CAGR in NPAT over 2021-24 of 25%. Incorporating a VND 1,800 cash dividend, the total expected return is 9% over the closing price on 11/05/2020. We believe PNJ is worth ACCUMULATING for the long-term.

Table 2: Valuation summary

Methodology	Weights	Valuation
FCFE (Ke 12.1%, terminal growth 3.1%)	50%	76,800
P/E @ 15x 2021 EPS of VND 5,151	50%	77,300
Target price		**77,000**

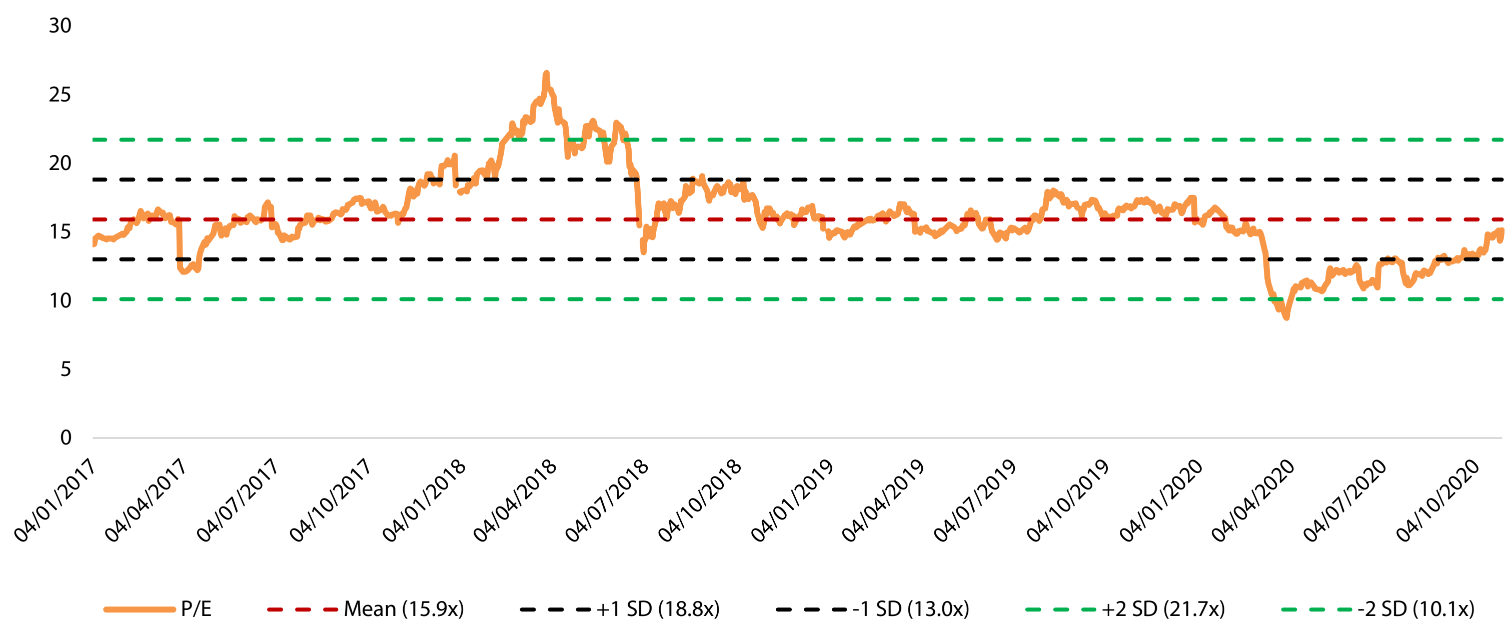
Source: Rong Viet Securities

Table 3: DCF Summary

Unit: VND Bn			
Risk-free rate	1.5%	Terminal growth	3.1%
Equity risk premium	10.6%	PV of Terminal Value	12,548
Adjusted Beta	1.0	Equity Value	18,186
Cost of Equity	**12.1%**	Number of outstanding shares (million)	227.6
		Target price (VND)	**76,800**

Source: Rong Viet Securities

Figure 7: PNJ's historical P/E



Source: Bloomberg, Rong Viet Securities

Table 3: Industry peers

Companies	Country	Market cap (USD mn)	2019 Sales (USD mn)	CAGR 2014-19 Sales (%)	2019 PAT (USD mn)	CAGR 2014-19 PAT (%)	2019 GPM (%)	2019 Net margin (%)	2019 ROE (%)	P/B Trailing (x)	P/E Trailing (x)
PNJ	**VN**	675	732	13.1	51.4	35.6	20.4	6.5	22.8	3.2	15.1
Chow Tai Fook	HK	12,768	7,260	-2.5	382.7	-11.9	28.4	5.3	10.5	3.8	34.2
Lao Feng Xiang	CH	2,790	7,186	8.7	199.0	8.4	8.5	2.8	20.5	1.4	7.0
Chow Tai Seng	CH	2,693	788	15.5	141.5	25.0	36.0	18.0	20.3	3.5	18.3
Luk Fook	HK	1,434	1,437	-6.7	91.0	-11.7	29.6	6.3	6.8	1.1	12.8
Chow Sang Sang	HK	740	2,264	-1.6	106.3	-9.9	26.9	4.7	4.0	0.5	23.9
Guangdong Chj	CH	597	513	7.7	33.6	-18.1	37.7	6.5	3.3	1.2	n.a
Leysen Jewelry	CH	437	191	-1.1	20.9	-3.2	58.3	10.9	4.3	1.3	30.8
Tiffany & Co	US	15,880	4,424	0.8	558.2	2.2	62.4	12.6	9.3	5.0	53.6
Titan Co Ltd	IN	13,875	2,930	12.0	208.7	13.0	n.a	7.1	23.2	15.5	68.9
Rajesh Exports	IN	1,827	27,598	31.1	170.1	13.0	n.a	0.6	12.4	1.3	11.3
Vaibhav Global	IN	851	280	7.6	26.7	13.0	n.a	9.5	26.1	8.4	33.3
Median		**1,631**	**1,850**	**7.7**	**123.9**	**5.3**	**29.6**	**6.5**	**11.5**	**2.3**	**23.9**
Average		**4,323**	**4,420**	**7.1**	**162.6**	**4.7**	**33.8**	**7.5**	**13.5**	**3.7**	**27.8**

Source: Bloomberg, as of Oct 30th, 2020

VND Billion

INCOME STATEMENT	FY2018	FY2019	FY2020F	FY2021F
Revenue	**14,573**	**17,001**	**16,818**	**19,276**
COGS	11,794	13,540	13,578	15,526
Gross profit	**2,779**	**3,461**	**3,239**	**3,750**
Selling Expense	1,171	1,363	1,396	1,542
G&A Expense	346	479	471	501
Finance Income	7	2	2	3
Finance Expense	66	119	163	172
Other profits	3	0	0	0
PBT	**1,206**	**1,503**	**1,212**	**1,539**
Prov. of Tax	246	312	242	308
Minority's Interest	0	0	0	0
PAT to Equity S/H	**960**	**1,191**	**970**	**1,231**
EBIT	1,263	1,619	1,373	1,707
EBITDA	1,305	1,675	1,464	1,819

%

FINANCIAL RATIO	FY2018	FY2019	FY2020F	FY2021F
Growth (%)				
Revenue	32.8	16.7	-1.1	14.6
Operating Income	32.0	28.4	-12.6	24.2
EBITDA	33.0	28.2	-15.2	24.3
PAT	32.5	24.0	-18.6	26.9
Total Assets	43.3	33.6	-3.4	9.4
Equity	36.0	27.9	15.3	18.4
Profitability (%)				
Gross margin	19.1	20.4	19.3	19.5
EBITDA margin	9.0	9.9	8.7	9.4
EBIT margin	8.7	9.5	8.2	8.9
Net margin	6.6	7.0	5.8	6.4
ROA	14.9	13.8	11.7	13.5
ROE	34.1	33.0	23.3	25.0
Efficiency				(times)
Receivable Turnover	93.9	122.7	100.0	100.0
Inventory Turnover	2.4	1.9	2.0	2.1
Payable Turnover	11.2	10.3	11.4	11.4
Liquidity				(times)
Current	2.1	1.9	1.8	2.0
Quick	0.2	0.1	0.1	0.1
Finance Structure (%)				
Total Debt/Equity	55.5	72.5	67.6	53.0
Current Debt/Equity	55.3	72.4	67.6	53.0
Long-term Debt/Equity	0.3	0.1	0.0	0.0

VND Billion

BALANCE SHEET	FY2018	FY2019	FY2020F	FY2021F
Cash and cash equivalents	**207**	**95**	**131**	**277**
Short-term investments	0	0	0	0
Accounts receivable	**155**	**139**	**168**	**193**
Inventories	4,968	7,019	6,789	7,453
Other current assets	75	78	82	86
Property, plant & equipment	297	292	295	289
Acquired intangible assets	493	660	628	581
Long-term investments	0	0	0	0
Other non-current assets	243	317	218	218
Total assets	**6,438**	**8,600**	**8,311**	**9,096**
Accounts payable	1,056	1,317	1,190	1,360
Short-term borrowings	**1,558**	**2,611**	**2,811**	**2,611**
Long-term borrowings	8	4	0	0
Other non-current liabilities	8	4	4	5
Bonus and Welfare fund	63	91	150	199
Technology-science, dev. fund	0	0	0	0
Total liabilities	**2,693**	**4,026**	**4,155**	**4,175**
Common stock and APIC	1,670	2,253	2,276	2,295
Treasury stock (enter as -)	0	-2	-2	-2
Retained earnings	885	1,042	1,509	2,207
Other comprehensive income	0	0	0	0
Inv. and Dev. Fund	265	313	373	421
Total equity	**2,820**	**3,606**	**4,156**	**4,922**
Minority Interest	**0**	**0**	**0**	**0**

VALUATION RATIO (*)	FY2018	FY2019	FY2020F	FY2021F
EPS (VND)	5,686	5,162	3,999	5,151
P/E (x)	16.2	16.3	17.4	13.5
BV (dong)	16,884	16,006	18,259	21,441
P/B (x)	4.2	4.2	3.8	3.2
DPS (dong/cp)	1,800	1,800	1,800	1,800
Dividend yield (%)	2.7%	2.1%	2.6%	2.6%

VALUATION MODEL	*Price*	*Weight*	*Average*
FCFE	76,800	50%	38,400
P/E	77,300	50%	38,650
Target price (VND)			**77,000**

VALUATION HISTORY	*Price*	*Recommendation*	*Period*
2020/06/18	73,000	Buy	Long term
2018/11/27	93,300	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%

ABOUT US

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

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

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

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

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

Tung Do
Senior Analyst
tung.dt@vdsc.com.vn
+ 84 28 6299 2006 (1521)
- Retails
- F&B

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

Hoang Bui
Analyst
hoang.bh@vdsc.com.vn
+ 84 28 6299 2006 (1514)
- Automobile and spares
- Agriculture
- Industrial Park

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

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

Kiet Tran
Analyst
kiet.tht@vdsc.com.vn
+ 84 28 6299 2006 (1528)
- Real Estate
- Market Strategy

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

Thanh Nguyen
Analyst
thanh.nn@vdsc.com.vn
+ 84 28 6299 2006 (1535)
- Banking

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

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

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

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

DISCLAIMERS

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

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

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

IMPORTANT DISCLOSURES FOR U.S. PERSONS

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

Additional Disclosures

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

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

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

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

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

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

RESEARCH DISCLOSURES

Third Party Research

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

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

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Tellimer Markets, Inc., located at 575 Fifth Avenue, 27th Floor, New York, NY 10017. A representative of Tellimer Markets, Inc. is contactable on +1 (212) 551 3480. Under no circumstances should any U.S. recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Rong Viet. Tellimer Markets, Inc. accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor.

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

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

About Tellimer

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

Distribution

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

This report may not be used to create any financial instruments or products or any indices. Neither Tellimer, nor its members, directors, representatives, or employees accept any liability for any direct or consequential loss or damage arising out of the use of all or any part of the information herein.

United Kingdom: Distributed by Exotix Partners LLP only to Eligible Counterparties or Professional Clients (as defined in the FCA Handbook). The information herein does not apply to, and should not be relied upon by, Retail Clients (as defined in the FCA Handbook); neither the FCA's protection rules nor compensation scheme may be applied.

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

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

Disclaimers

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

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

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