05/05/2020

Investment Strategy May 2020

STOCK PICKING IS KEY

The strong market decline in March clearly created a certain attraction for investors. Cash inflows helped the market recover strongly in the first weeks of April before moving sideways due to the shock of world oil prices. After a period of V-shaped fluctuations in late March - early April, the market has returned to a more balanced level. For the remaining months of the second quarter in 2020, we believe that the market is facing more correcting pressure than supporting factors.

According to our observations from the past, after the market increased strongly and cash flow began to spread to VNMid and VNSmall, the market tended to correct soon. Besides, by entering the market at the bottom with a large amount of money, the accounts of many investors increased by more than 20%. Regarding to the current unclear economic outlook, investors may want to take profits.

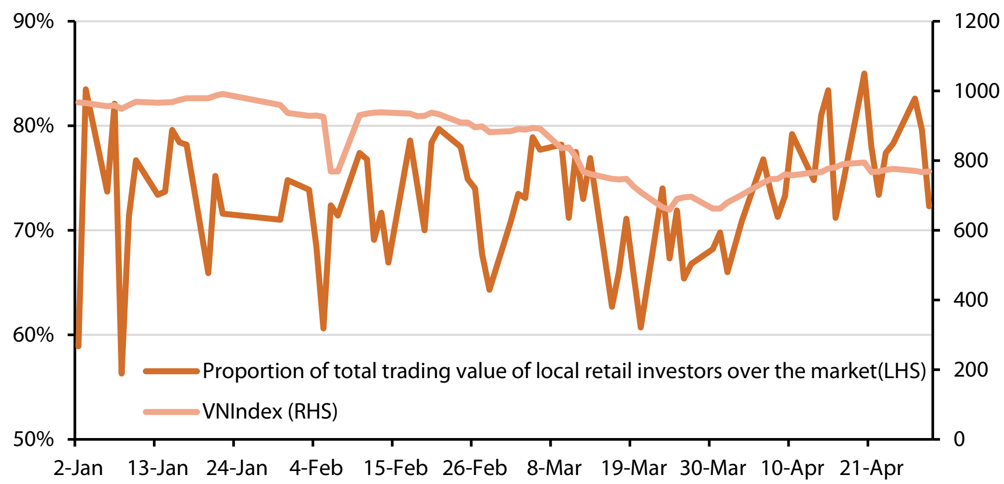
While local retail investors may hesitate to continue pouring money into the stock market, the net-selling wave by foreign investors has not shown any sign of stopping when the prolonged possibility of the Covid-19 epidemic has not been exhausted, causing risk indicators such as Vietnam's 5-year CDS and VIX are still at high levels. We only expect the level of net selling by foreign investors to be reduced when the VFMVN Diamond ETF is listed on the exchange in May. However, the attraction of the ETF, partly solving the problem of limiting foreign ownership, is a question mark as recently some limited-foreign-room stocks have been net sold by foreigners through matching-order transactions.

Fundamentally, at the beginning of the year the market expected profits to increase by 22% in 2020, according to statistics from Bloomberg Consensus. However, this expectation has been revised down to -1%. Therefore, it can be said that the 20% decrease in the VNIndex is a clear reflection of the change in profit expectations for 2020. Net profit growth in the first quarter for the VNIndex decreased 13 % YoY. Therefore, the growth of net income needs to show a strong recovery for the remaining quarters, enough to compensate for the decline in 1Q2020 so that the VN-Index can stay at least at the current level. Nevertheless, we do not expect this to happen in the second quarter of 2020, the period when the epidemic is most serious.

The possible factor we expect to be able to bring some type of optimism is progress in disease control and the recovery of trade with the US and the EU. However, we believe that this factor will only support the short-term psychology. Prospects of recovering production and business activities after the epidemic are still factors to be watched for.

We expect VNIndex will fluctuate from 700 to 800 in May 2020.

Local retail investors have supported the VNIndex



Source: Fiinpro, Rong Viet Securities

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Please see penultimate page for additional important disclosure

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In May or June, local investors may feel positive as news of limiting the damage from the pandemic and an easing of trade tensions globally could provide evidence that things are getting better. However, we believe that it is the recovery outlook of business activities after the pandemic that should be carefully considered when making investment decisions, rather than factors mentioned above. Based on our analysts reviews of Q1 2020 business results, as well as considering the Q2 2020 outlook of listed companies, we believe that investment opportunities will be more attractive in the next few months. Short-term investors should reduce their stock exposure and decrease margin borrowing to a safe ratio as the market rises.

*Among our coverage, steel, technology and pharmaceuticals, with companies like HPG, FPT, IMP and PME, recorded both growth in sales and NPAT. These are also the sectors which we think will be least affected by the outbreak of COVID-19. We like **HPG**, **FPT** and **IMP** at this time.*

*Due to the outbreak of COVID-19, sales of most beverage companies have decreased since Q1 2020. In Q1 2020 revenue and NPAT growth were 1.6% and -2.9% YoY, respectively. We temporarily do not recommend SMB because the company is affected by not only the COVID-19 but also the circular which restrains the use of beer and alcohol. For VNM and QNS, the impact of the COVID-19 epidemic on the consumption of dairy products will probably last until the first half of Q2 2020 and recover slightly for the remaining of the quarter. Thus we expect that the Q2 2020 business results of VNM and QNS will improve compared to the first quarter. VNM and QNS are two leaders in the milk and soy milk beverage business, having healthy operating cash flow and a stable dividend payout ratio. Therefore, this gloomy period is an opportunity for investors to accumulate **VNM** and **QNS** at attractive prices.*

The sharp decline in oil prices has negatively affected the operations (as well as the price movement) of oil and gas companies. However, on the positive side, falling oil prices have helped reduce input costs of industries such as plastics, tires and fertilizers,resulting in an improvement in profit margins of companies in these sectors. As a result, these industries still maintain positive profit growth, although revenue only increased slightly or decreased in Q1 2020. Our covered companies include BMP, DRC, BFC and DPM. We recommend reducing exposure to BFC and DPM due to the negative prospect of the fertilizer industry. We like BMP with has a high dividend yield and DRC with a high profit growth prospect (thanks to improved profit margin and long-term production expansion outlook). The continuous fall in oil prices and the cash dividend payment (for BMP) boosted prices of these two stocks which increased sharply and almost appoached our target prices at this time.

*After a period of reporting high earnings growth in 2017 – 2018, the banking industry is experiencing a lower profit growth period. However, instead of being concerned about the ability for the sector to maintain a high profit growth in the short-term, we think that investors should focus on banks who prioritize controlling asset quality, especially in the unclear outlook of companies' business activities post the epidemic. Compared to the relative valuation at the same period in 2019, banks' current PBR has dropped sharply (down by 15-20% for state-owned banks and over 20-40% for commercial banks). Considering our target prices, some banks have dropped to attractive prices for long-term investment. Compared to SOCBs, which are under pressure to support businesses facing difficulties due to the COVID-19 and extreme selling pressure from foreign investors, we prefer commercial banks, including **ACB** and **VPB**.*

Analysis of 54 stocks of Rong Viet Research, discussion with companies and specific evaluation in the "Company Report" or "Analyst Pinboard"

GLOBAL STOCK MARKET

- Complacency was the name of the game…until now

Complacency was the name of the game…until now

Complacency has grown up about debt accumulation since around 2007. The huge unexpected shock of the coronavirus that it has brought to economic growth will shake the roots of this complacency. It may not be a bad thing. Since 2007 external debt in Asian countries has risen 190% and, while growth has been good enough to ensure than that represents only a relatively small rise in terms of nominal GDP, it has increased on the basis of no external shocks to nominal growth or major disruptions to exchange rate values. That is always the case when the cost of debt is suppressed by policy action. Asian economies are about to have a debt rethink akin to the Asian Crisis.

In April, Indonesia's central bank (BI) announced that it signed a repo agreement with the US FED for USD 60 billion. Why? Because in March, Indonesia, Asia's fourth largest economy, lost USD 10 billion in foreign exchange reserves as capital outflows accelerated. The Rupiah dropped 15% against the dollar in that month. Over the next year the country is due to repay, or roll-over, close to USD 47 billion in short-term external loans.

India too has negotiated a swap agreement with the US FED as have various other emerging markets around the world. India and Indonesia are the most vulnerable countries in Asia to any external shock because of their negative adjusted resource gaps (defined as the current account balance plus net foreign direct investment flows).

Meanwhile coming back to equity markets, the S&P 500 Index rebounded from its low of nearly 2200 on March 23rd to close at just above 2900 at the end of April. That is a 62% retracement from the all-time high of 3400 (Figure 1). From a Fibonacci perspective, this was expected. Sharp falls are usually followed by V-shaped types of rebounds. The question is: where do we go from here? Is the relatively rare condition of intense stock market fear, combined with a generally calm bond market, a powerful combination for ensuing stock market returns in the future?

Figure 1: S&P 500 index, daily

We are not sure. However we believe that 'fear' will continue to dominate investors' mindset for a while. There is some recognition that maybe the 40-year bond bull market is over as governments around the world start increasing fiscal spending. US bond yields have actually been fairly flat lately (Figures 2 and 3) but there seems to be some recognition among market participants that the US FED is unlikely to take interest rates into negative territory, hence a possible hike in yields is possible.

S&P 500 returns are highly correlated to ISM manufacturing. While the 'old economy' provides direction for equity markets, the 'services economy' hints at 'end demand' and is a more important gauge for employment. In this respect, April ISM Manufacturing was very disappointing with the headline exaggerated by the higher delivery times. In this respect, S&P 500 forward returns are likely to be lackluster at best. The good news is that credit markets are behaving well and that inflows into bonds and money markets in the US remain strong.

Table 1: Flows into US bond/ money markets, year-to-date

Bond/ Money Market ETFs	Total (USD mn)	% of asset under management
High yield bonds	-3,774	-2.3
Government bonds	20,808	6.4
Invest grade corporate bonds	11,842	5.0
Money market	13,268	39.8

Source: Bloomberg, EPFR

Figure 2: US 10-year yield, daily

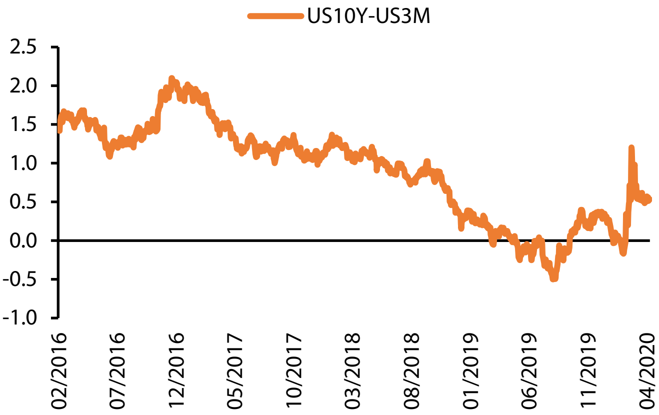
Figure 3: US 10-year yield, monthly

We maintain out 800 target for the VN Index in the short-term, which would correspond to a natural rebound after the drop from 1,000 to 660 (Figure 4).

Figure 4: VN Index, daily

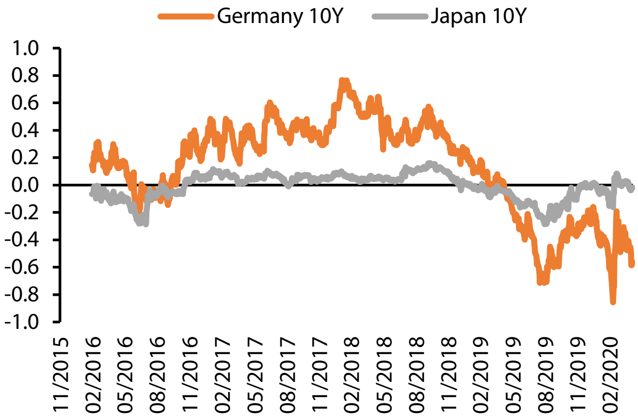
GLOBAL ECONOMIC INDICATORS IN APRIL

US G-Bond yields' gap (%/year)



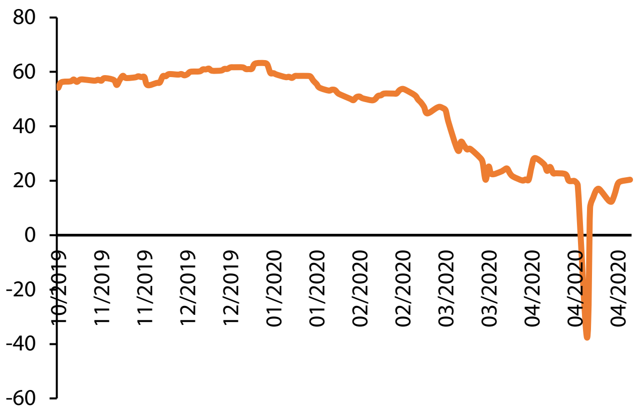
Source: Bloomberg, Rong Viet Securities

Germany and Japan G-Bond yields (%/year)



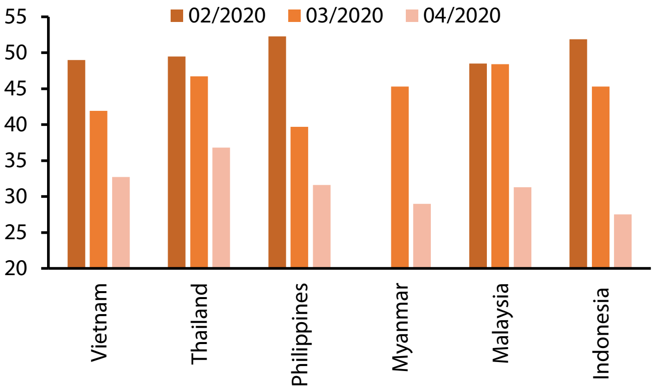
Source: Bloomberg, Rong Viet Securities

WTI crude oil price (USD/barrel)



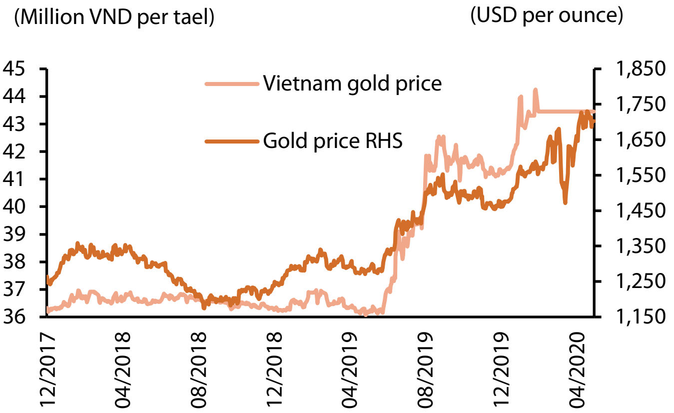
Source: Bloomberg, Rong Viet Securities

ASEAN's PMI (Points)



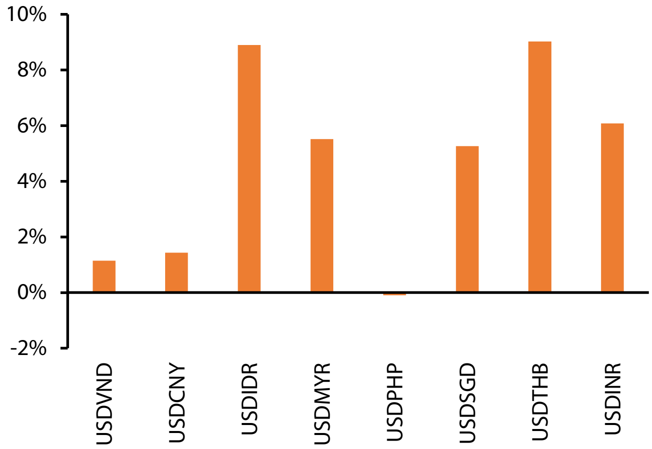
Source: Bloomberg, Rong Viet Securities

Gold prices



Source: Bloomberg, Rong Viet Securities

FX rates (%, YTD)



Source: Bloomberg, Rong Viet Securities

VIETNAM MACRO

- Vietnam Macro Review: unprecedented drop in economic activity
- Vietnam taking succeeding in flattening the curve

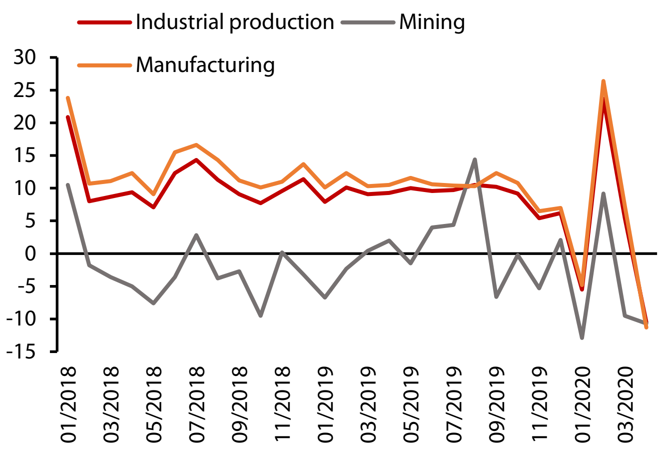
Vietnam Macro Review: unprecedented drop in economic activity

Industrial output shrinking due to furloughed employees

According to GSO, industrial production shrank 10.5% yoy in April. It was the first time that the index went into negative territory in the last five years. The sub-indices of mining and manufacturing suffered the worst. In the first four months of 2020, industrial output rose by 1.8% yoy thanks to high the performance of electrical, electronic equipment and Covid-19 related products.

Assessment: The sharp decrease was because the government implemented nationwide social distancing. Non-essential services were forced to temporarily shut down. Factories stopped operating as orders have been disrupted due to the global coronavirus restrictions. Employees are home on furlough. However, Vietnam is succeeding in containing the outbreak and the production is rebounding fast in some industries.

Figure 5: Industrial output growth, % YoY



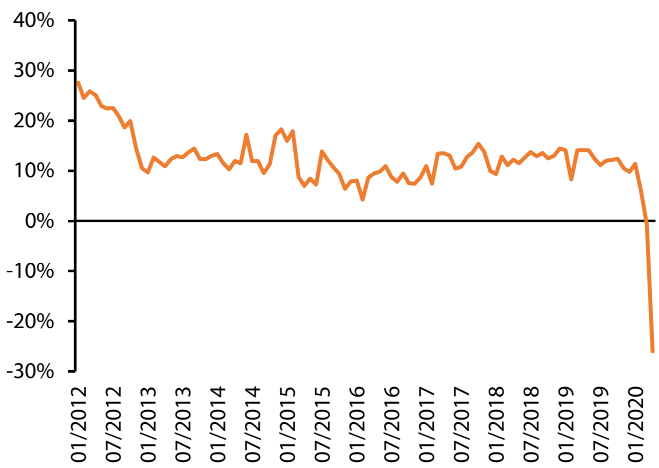
Source: GSO, RongViet Securities

Domestic consumption setting for a historical contraction

In April, total retail sales of goods and services dropped by 26% yoy. Retail sales of goods plummeted 15.3% yoy while the turnover of accommodation and tourism was cut by half. Retail sales of goods dropped by 5% in Ha Noi and Ho Chi Minh but most other cities saw a drop of nearly 30% on average. While food and foodstuff rose by 4.8% yoy in 4M2020. Education-related products plunged by 10% yoy due to schools closing, followed by household appliances (-1.2% yoy), clothing (-4.4% yoy), etc.

Assessment: Excluding revenue of tourism-related service providers, the drop in retail sales of goods in Vietnam was lower than that of China, nearly 18% yoy in Jan-Feb and 16% yoy in March. We expect that the growth of retail sales of goods will return in positive territory in May. Consumers holding off making purchases and building up a backlog of demand could result in a pent-up demand. Besides, the fiscal stimulus such as cash aid and loan guarantees will start to be implemented.

Figure 6: Total retail sales, % YoY



Source: GSO, RongViet Securities

Exports suffering due to canceled/postponed orders

The growth of export and import is expected to decrease 3.5% yoy and 2.3% yoy in April. Both domestic and FDI segments were hurt. The number of orders in key industries such as seafood, textiles, clothing and furniture have been canceled or postponed. The trade deficit was USD 0.7 Bn in April. In 4M2020, export growth is at 4.7% yoy and the trade balance is surplus at USD 3 Bn. The US is the biggest market importing USD 20.3 Bn while China's imports from Vietnam grew at 26.7% yoy

Assessment: Global restrictions have directly affected Vietnam's exports. However, there are two highlights. Firstly, Vietnam's trade surplus is large enough to maintain the FX rate under control. VND is far enough from the ceiling band. Secondly, we expect exports to recover soon thanks to Vietnam's success in containing the outbreak. Manufacturing is resuming and ready to fulfill the gap of major markets' demand after they lift their lockdowns.

Figure 7: Export-Import growth, % YoY

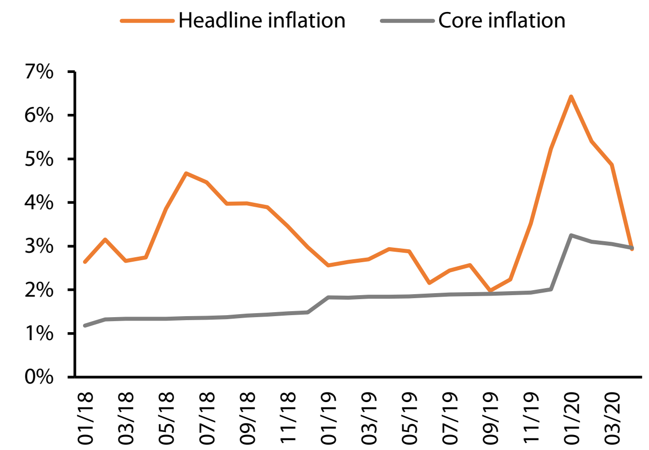
Source: GSO, RongViet Securities

Inflation gradually stepping down

CPI eased 1.5% mom in April as six out of 11 sub-groups saw declines. The transportation group recorded the biggest drop of 13.9% mom as domestic gasoline prices crashed. Rental prices have been down. Average CPI for the first four months of 2020 increased by 4.9% yoy. That is the third month of declines of headline inflation which reversed last Q4's surge. Core inflation is gradually moving downward and below 3%.

Assessment: At the moment, we see inflation going down. Consuming essential goods such as food, healthcare, is preferred to non-essentials. The government struggles to push pock prices down while the rice price get higher due to global demand rising. However, we think 2020's overall inflation will be below 4%. The current drop in gasoline is positive for household's disposable income.

Figure 8: Headline and core inflation



Source: GSO, RongViet Securities

Vietnam succeeding in flattening the curve

In the last five weeks, governments have implemented nationwide lockdowns globally and citizens have been asked to stay at home. The demand of Western countries suddenly experienced a sharp contraction. Manufacturing chains disruptions, exports tumbling and employees have been furloughed. That was reflected clearly in Asia's export in March-April 2020.

Currently, the possibility of the Western lifting lockdown is letting fresh air in. We believe that export-oriented countries succeeding in flattening the curve will see fruitful chances of signing/restarting export orders. That is important to short-term trade recovery and long-term engagement in global supply chain.

G7 countries are sending messages of multi-phases plan of easing lockdown. The US government unveiled federal guidelines for reopening the economy. However, states' governors own ultimate power to make decisions. There is regional lifting of lockdown in the US currently. Similarly, Eastern provinces in Canada start resuming the economic activity gradually from May 4 as long as physical distancing is maintained. More and more European governments allow their citizens to go out and send children back to schools. The process is on-going but gradual.

Table 2: EU and North American countries start easing lockdown

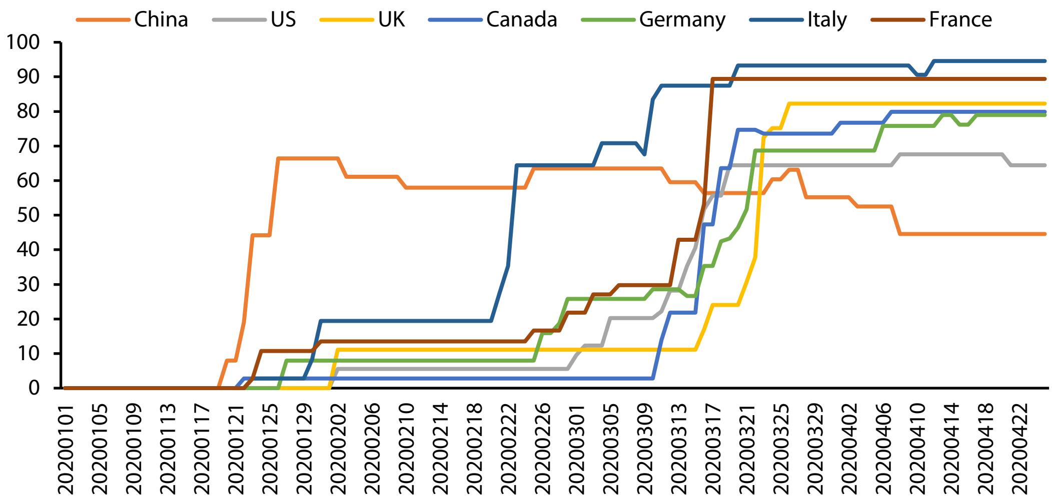
No.	Countries	Policy
1	US	The approach of regional lifting of lockdown is adopted as service providers such as restaurants, shopping mall, hair-cut, etc begin resuming gradually in more than a dozen of states. In the hard-hit states such as Washington, New York, the restrictions are likely eased at the mid of May.
2	Canada	Most of Eastern provinces released multi-phased reopening plans, which start from May 4 as self-defined "low-risk" recreational activities are permitted to open. Physical distancing will be in place and businesses must adhere to safety guidelines.
3	Germany	The government has tentatively started to lift some coronavirus restrictions to reopen small retail stores, playgrounds, museums, galleries, and parks since April 27. Schools, nurseries, and sport events must wait until May 6 to assess the effects of the first phase.
4	France	A plan to left the nationwide lockdown has been presented to the parliament. As expected, the current restrictions are gradually eased from May 11. Schools would reopen from May 18. Face masks are obligatory on public transport.
5	Spain	The Spanish is allowed to leave the house for a limited length of hours and remain within a half of mile radius of home. From May 2, the citizens are able to go out with others from the same household.
6	Netherlands	Daycare centers and elementary schools will be back on May 11. The Dutch can leave home for outdoors and keep 1.5 meters of social distance. The coffee shops are open for takeaway only.
7	UK	The PM Boris Johnson said that the UK has passed the peak of infection and be on a downward slope. A plan is being set out and some restrictions will be lifted in early to mid-May.

Source: RongViet Securities

In order to understand how fast the lockdown lifting is, we introduce the Stringency index, calculated by University of Oxford. It's a composite index conducted by combining different indicators into a general index. There are nine sub-indices measuring school closing, workplace closing, cancel public events, restrictions on gathering size, close public transport, stay at home requirements, restrictions on internal movement, restrictions on international travel, and public information campaign. The index is to allow for efficient cross-national comparisons of government interventions.

There are two highlights. Firstly, western countries significantly shifted their thoughts on the pandemic. Therefore, plans to ease lockdowns are tentative and very careful. Secondly, it took China approximately five weeks to lower down restrictions although there are no chances of dropping to zero in 2020. While lockdowns can't last endlessly, the reopening is inevitable and we need to learn how to live with the virus. In term of developing countries, it's time to figure out a way of restarting production and fulfilling foreign demand.

Figure 9: Stringency indices, as of April 25, 2020

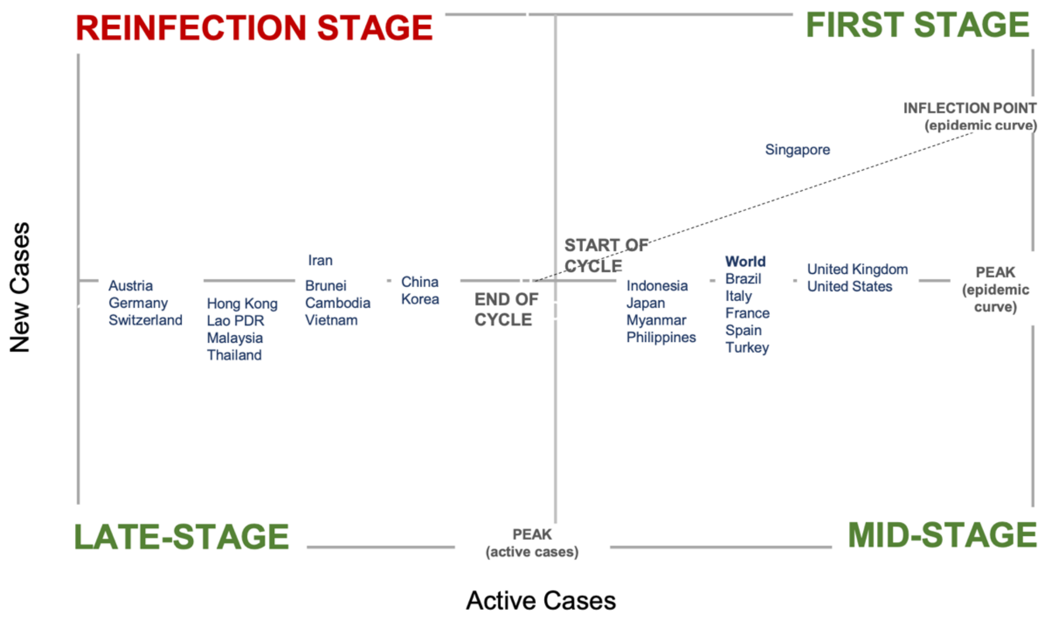


Source: University of Oxford, RongViet Securities

Under the circumstance of the pandemic, the better the outbreak is controlled, the stronger economies bounces back. There were four stages in the COVID cycle, based on changes in the number of new cases and active cases.

Luckily, Vietnam is among countries entering into the late stage of the current cycle. The number of new cases fell from day to day and the negative change in the number of new cases became smaller as they eventually tapper off to zero. The change in the number of active cases turned negative as the number of recoveries and deaths picked up while the number of active cases fell.

Figure 10: Stage of the COVID-19 Cycle as of April 22, 2020



Source: AMRO, RongViet Securities

Vietnam's economy is re-boosting fast after the government lifted the social distancing, compared to other regional countries, India, Bangladesh and Pakistan that decided to extend their ongoing nationwide lockdown until the mid of May. Similarly, Malaysia and the Philippines shared the similar direction. Thailand has extended a ban on incoming passenger flights until the end of May. Such countries' structures of export to G7 are quietly identical to Vietnam's.

Figure 11: Vietnam's top 10 exports to G7 (USD Bn)

No.	Product label	2019
1	Electrical machinery	37.3
2	Textiles & Clothing	22.8
3	Footwear	13.4
4	Furniture	10.4
5	Machinery	7.6
6	Leather	2.8
7	Plastics	2.3
8	Seafood	2.2
9	Toys, games	2.1
10	Optical products	1.8

Figure 12: ASEAN's top 10 exports to G7 (USD Bn)

No.	Product label	2019
1	Electrical machinery	116.1
2	Machinery	47.4
3	Textiles & Clothing	45.8
4	Footwear	19.7
5	Optical products	17.9
6	Mineral fuels	16.3
7	Furniture	16.1
8	Rubber	15.1
9	Other commodities	8.9
10	Plastics	8.7

Figure 13: South Asia's top 10 exports to G7 (USD Bn)

No.	Product label	2019
1	Textiles & Clothing	40.1
2	Precious metals	12.9
3	Pharmaceuticals	9.3
4	Machinery	7.7
5	Mineral fuels	7.5
6	Other made-up textiles	7.3
7	Organic chemicals	6.5
8	Vehicles	4.5
9	Electrical machinery	4.1
10	Seafood	3.7

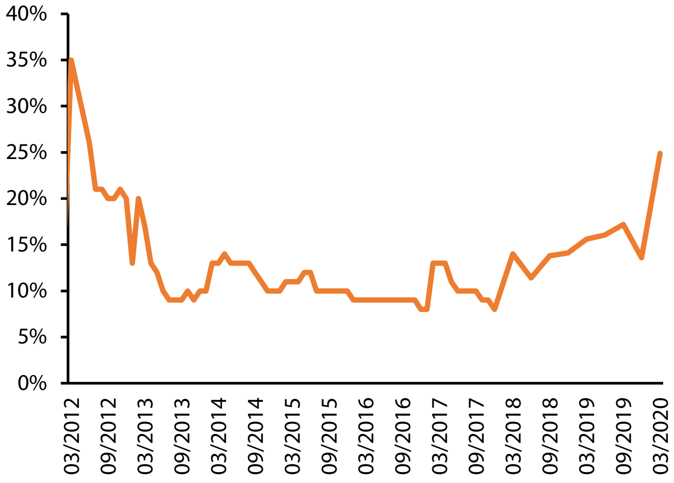
Source: ITC, Rong Viet Securities

We believe that Vietnam has relative advantages of partly fulfilling the gap of global supply chains thanks to the success in flattening the curve.

In March the trade surplus reached USD 2 Bn and the total amount of the first quarter was at an all-time high of USD 3.9 Bn. The main reason was China's supply shortage at the beginning of the 'economic restart'. Vietnam's export to China took off as both domestic and FDI manufacturers benefited from that.

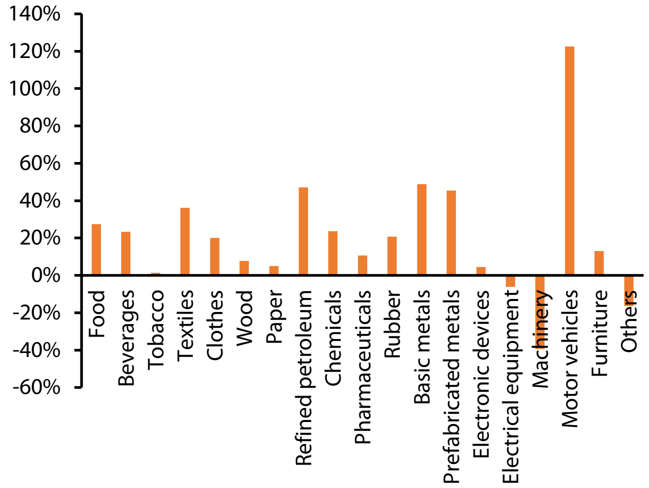
Up to the end of March, Vietnam's accumulated stock surged by 24.9% yoy, marking the highest level since 2012 because of lockdown policies. In our point of view, it's promising to see a rally of Vietnam's production and export in key industries such as textiles, clothes, furniture, metals, food from early June.

Figure 14: Vietnam's accumulated stock, % YoY



Source: GSO, RongViet Securities

Figure 15: Categories' stock, % YoY

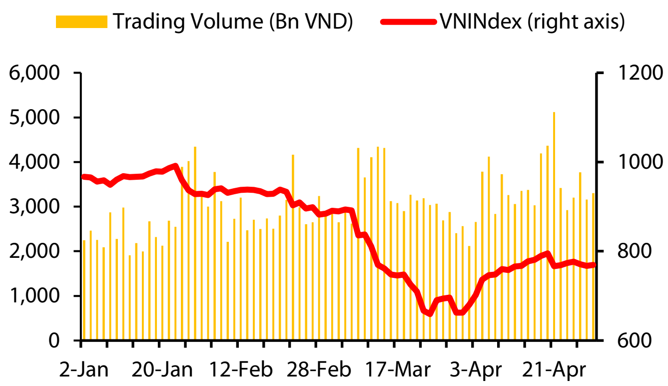


Source: GSO, RongViet Securities

After a sharp decline in March, the stock market started recovering strongly from the first sessions in April thanks. The liquidity of market started to increase again from the beginning of April. As a result, the average daily trading value on HOSE reached over VND 3.4 trillion, the highest since the beginning of the year. According to statistics from the Vietnam Securities Depository Center, the number of new securities accounts opened are at a record high since March 2018, especially from domestic retail investors.

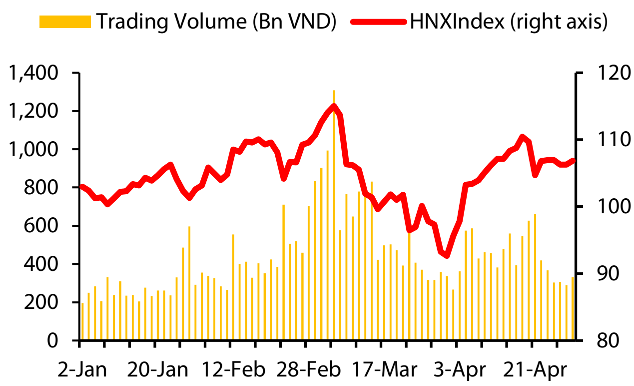
However, the uptrend of the market began to level off after the first 20 days of April when world crude oil prices plummeted, spot WTI crude oil even were negative for a day.

Figure 16: VNIndex in 2020



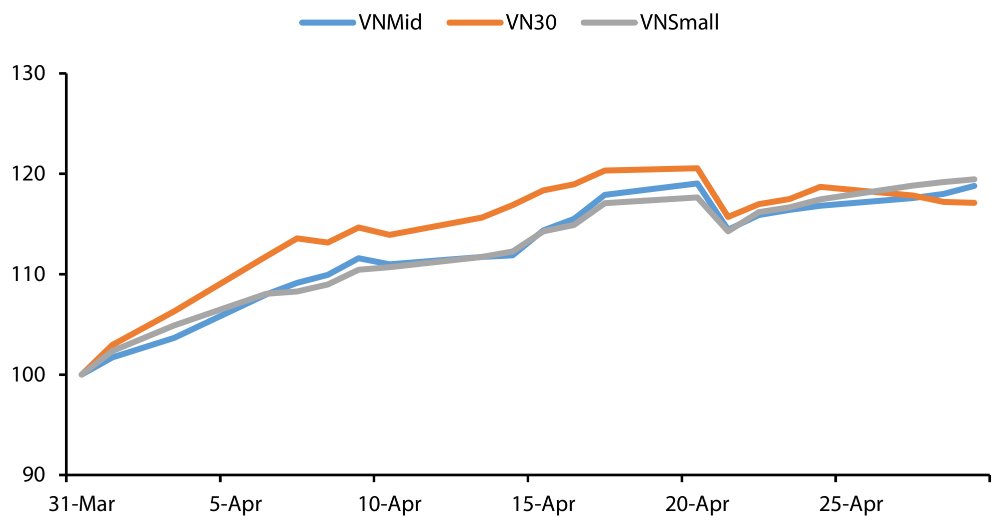
Source: Fiinpro, Rong Viet Securities

Figure 17: HNXIndex in 2020



Source: Fiinpro, Rong Viet Securities

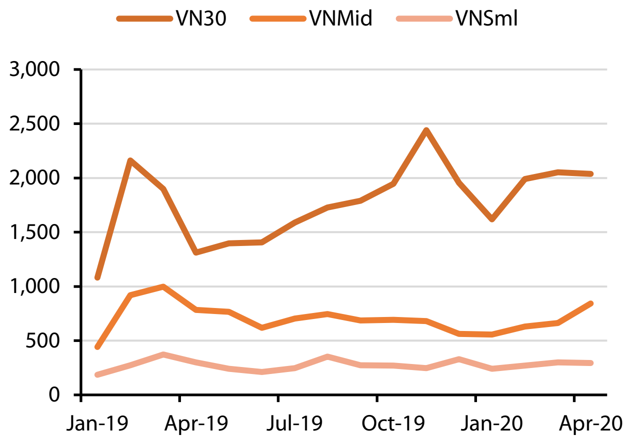
Figure 18: VN30, VNMid and VNSmall's movement in April



Source: Fiinpro, Rong Viet Securities

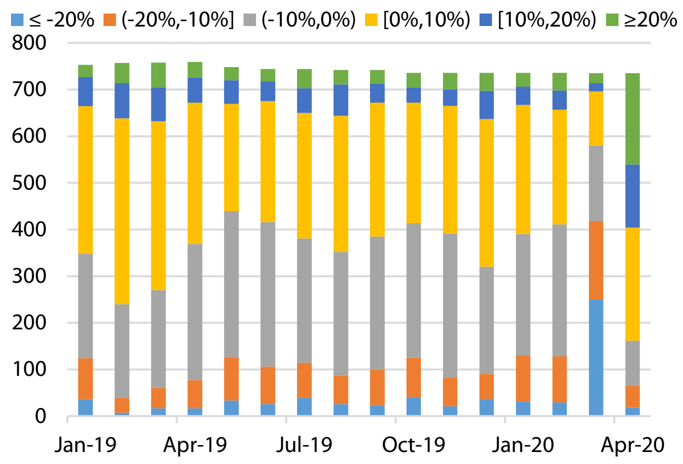
The recovery of the market started with large-cap stocks when cash flow poured mainly into the VN30 Index. However, right after the oil price shock on April 21, cash flow began to shift to small and mid-cap stocks.

Figure 19: Trading value of VN30, VNMid and VNSml index (VND bn)



Source: Fiinpro, Rong Viet Securities

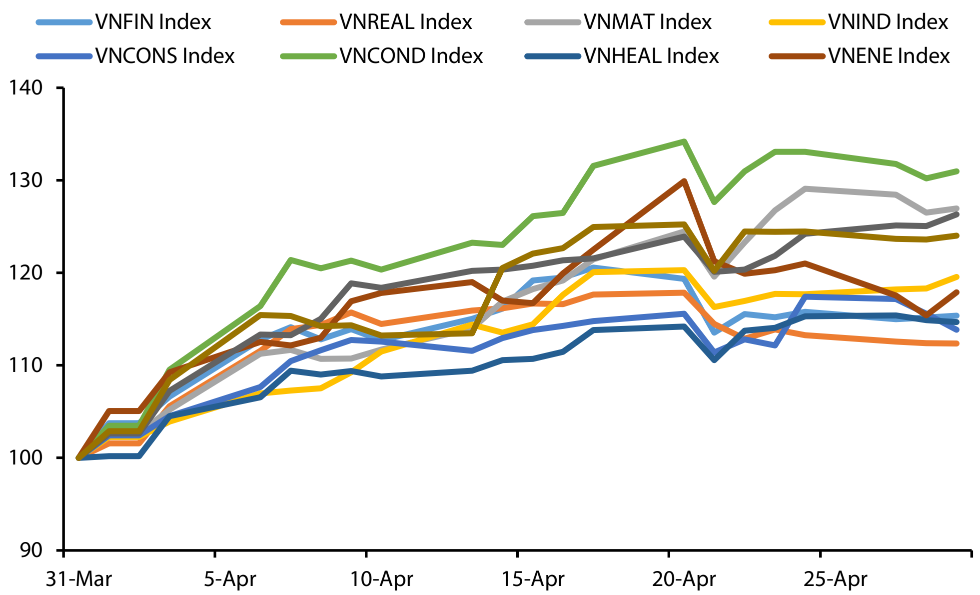
Figure 20: Numbers of stock by monthly return on HOSE and HNX



Source: Fiinpro, Rong Viet Securities

After the sharpest decline in all sectors in March, consumers discretionary recovered the most. While certain sectors did not drop too much in March, such as pharmaceuticals and consumer staples, they also recovered more slowly than the average.

Figure 21: Price movement by sector in April



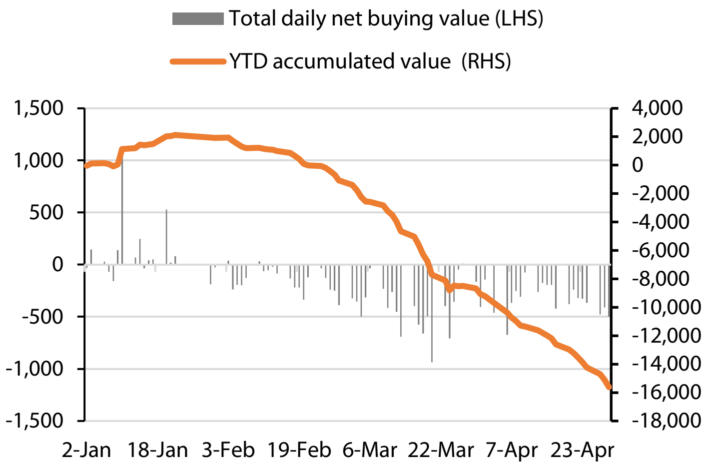
Source: Fiinpro, Rong Viet Securities

Foreign trading

Despite the strong recovery of the market, foreign investors remained net sellers throughout all sessions in April with a total value of over VND 5 trillion on the HOSE through matching-order transactions.

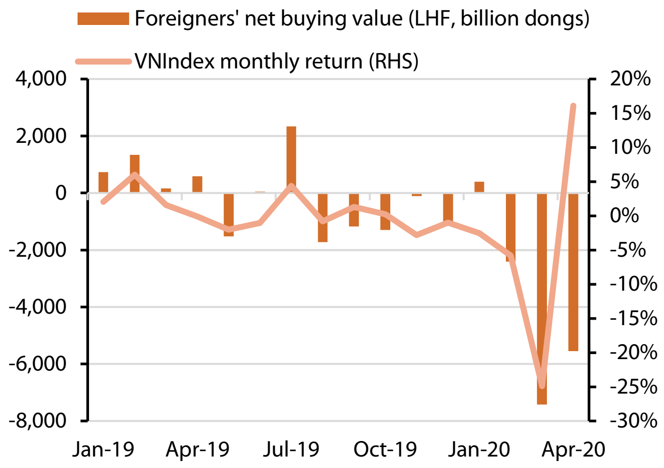
Following the trend of foreign trade on the stock exchange, according to statistics from Bloomberg, Vietnam ETFs also saw net withdrawals in April of nearly USD 40 mn.

Figure 22: Total foreigners net buying value (VND bn)



Source: Fiinpro, Rong Viet Securities

Figure 23: Foreign trading value versus VNIndex monthly return



Source: Fiinpro, Rong Viet Securities

Table 3: Foreign net buying value by sectors on HOSE and HNX

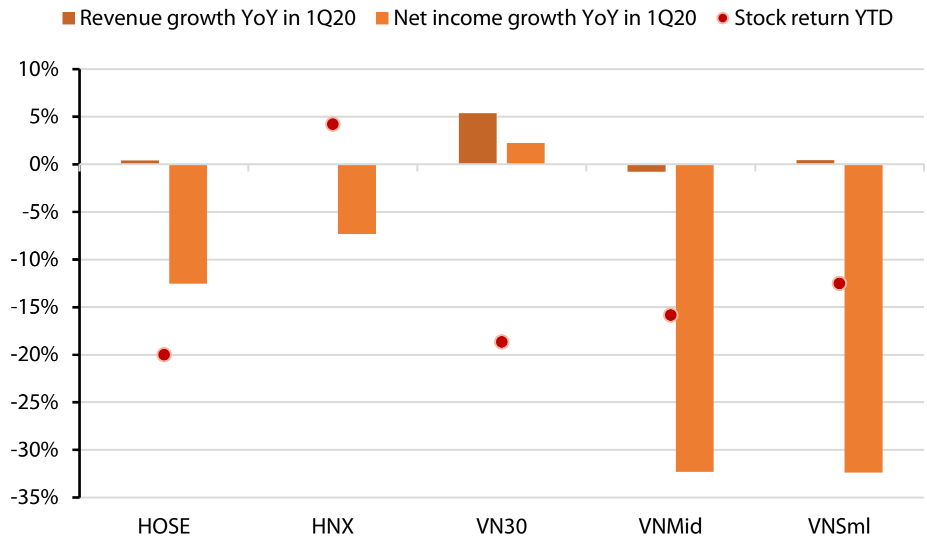
Sector	HSX		HNX	
	Net trading volume (thousand shares)	Net trading value (billion dongs)	Net trading volume (thousand shares))	Net trading value (billion dongs)
Banks	-1,616	-76,915	-7,022	-115
Real Estate	-1,791	-51,849	-1,582	-13
Construction & Materials	-417	-22,327	-13,633	-90
Utilities	-294	-19,153	-104	-1
Food & Beverage	-890	-17,265	54	1
Financial Services	-194	-16,577	-1,747	-18
Chemicals	-210	-15,463	-5,183	-33
Industrial Goods & Services	-223	-12,681	55	0
Basic Resources	26	-12,377	-80	-1
Oil & Gas	-140	-7,474	-7,039	-75
Personal & Household Goods	-156	-4,897	-3,787	-47
Automobiles & Parts	-41	-3,230	-50	0
Travel & Leisure	-84	-3,222	71	0
Retail	-46	-3,162	5	0
Insurance	-71	-2,270	-16	0
Health Care	-78	-1,597	-22	-1
Media	0	3	-695	-9
Technology	87	1,442	-16	0

Source: Fiinpro, Rong Viet Securities

1st quarter earning results

Combining the first quarter earning results of nearly 570 enterprises from both HOSE and HNX, equivalent to 90% of market capitalization on both exchanges, we see that Q1 results were quite negative on both exchanges. Net income on HOSE and HNX decreased by 13% and 7% YoY respectively. Stock groups also recorded negative business results, especially small and medium-cap stocks. VN30's net income in the first quarter decreased by 11% YoY, excluding the contribution from VHM. Among 28 enterprises releasing earning results on the VN30 Index, 19 enterprises recorded negative profit growth.

Figure 24: Earning results and stock return YTD

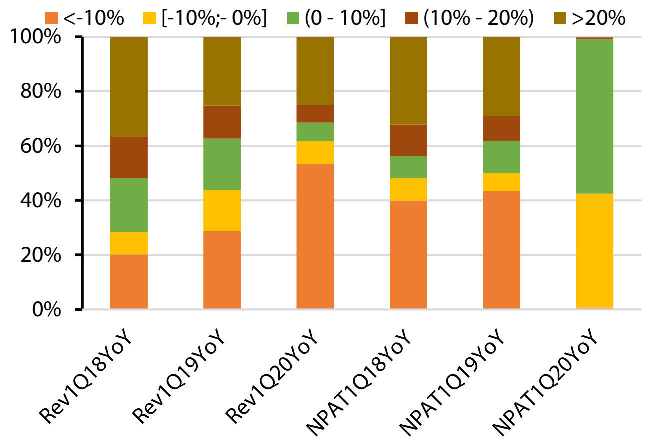


Source: Fiinpro, Rong Viet Securities

On HOSE, 53% of businesses recorded revenue growth YoY of less than -10% in the first quarter of 2020, compared to about 20-30% of businesses in the same period in 2018 and 2019. In terms of profit, only 1% of businesses recorded profit growth of over 10% YoY in the first quarter of 2020, compared to about 40% of businesses in the same period of previous years. Most companies on HOSE marked their profit growth in ranges of -10% to + 10% YoY.

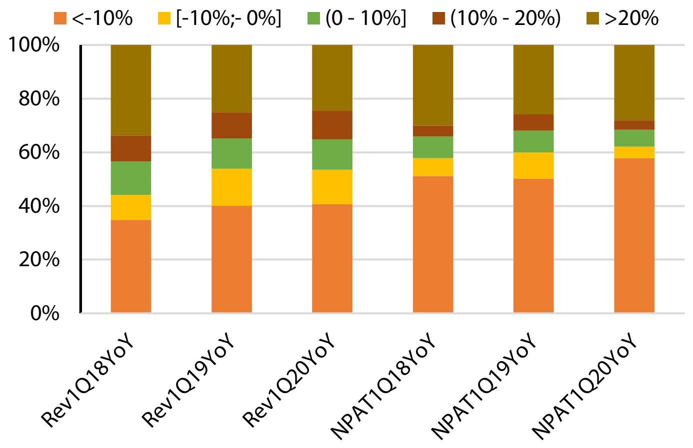
The picture of 1Q2020 business results on the HNX seems quite better as the percentage of businesses recorded negative profit growth increased but not too much. In addition, the percentage of businesses recorded net income growth YoY of over 20% reached 28%, equivalent to 2019.

Figure 25: Earning results distribution on HOSE



Source: Fiinpro, Rong Viet Securities

Figure 26: Earning results distribution on HNX

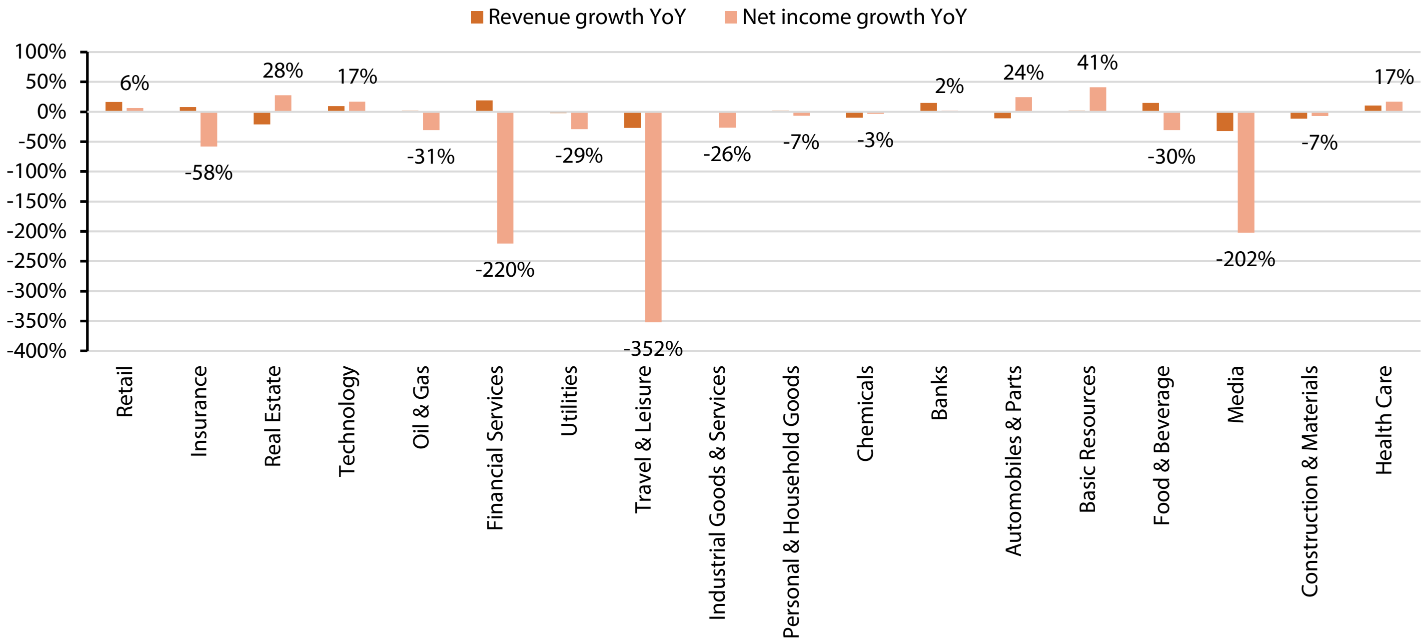


Source: Fiinpro, Rong Viet Securities

Nearly two-thirds of sectors recorded negative profit growth YoY. Business results are especially negative in some sectors such as tourism & entertainment, financial services, media and insurance. The profit growth YoY of the two main groups of banking and real estate are 2% and 28% respectively. However, real estate profits only grew based on a few names like VHM, while the median profit growth YoY of the real estate industry was -24%. Profits of the banking group in the first quarter was low due to a sharp increase in the provision for bad debts.

On the other hand, some industries had positive business results such as basic resources, information technology and healthcare.

Figure 27: Revenue and net income growth YoY by sector in 1Q 2020



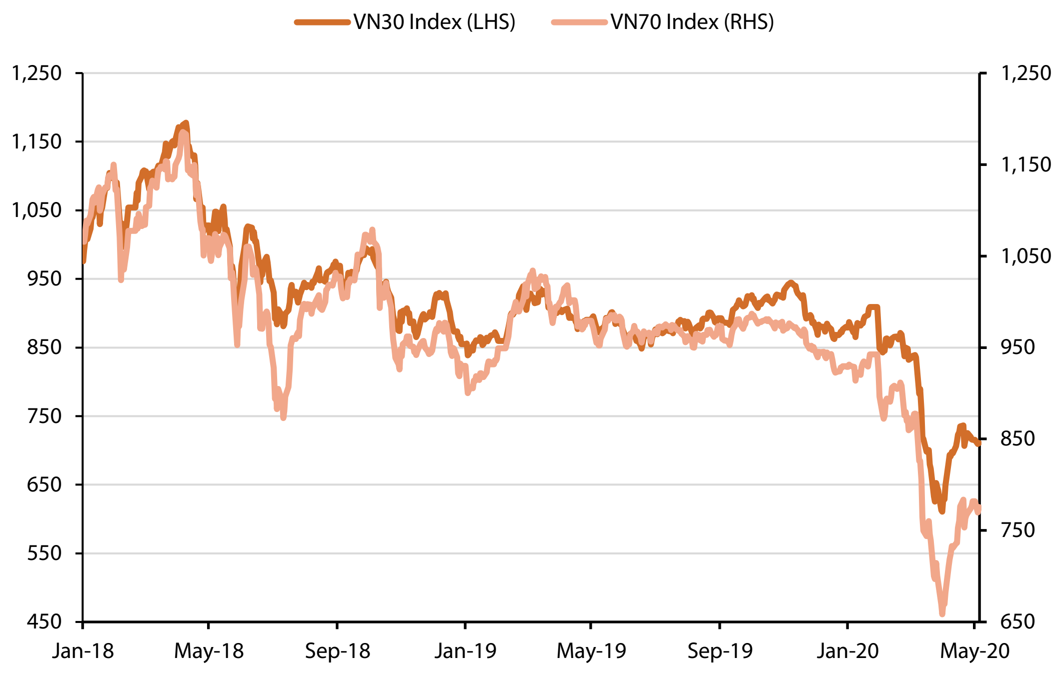
Source: Fiinpro, Rong Viet Securities

In summary, first quarter business results reflected partly the impact of Covid-19 when revenue growth was low while profit growth was negative. Especially the small and medium-sized enterprises were seriously affected by the Covid-19 epidemic. Almost every industry is affected by Covid-19.

The strong market decline in March clearly created a certain attraction for investors. Cash inflows helped the market recover strongly in the first weeks of April before moving sideways due to the shock of world oil prices. After a period of V-shaped fluctuations in late March - early April, the market has returned to a more balanced level. For the remaining months of the second quarter in 2020, we believe that the market is facing more correcting pressure than supporting factors. Specifically:

According to our observations from the past, after the market increased strongly and cash flow began to spread to VNMid and VNSmall, the market tended to correct soon. Besides, by entering the market at the bottom with a large amount of money, the accounts of many investors increased by more than 20%. Regarding to the current unclear economic outlook, investors may want to take profits.

Figure 28: VN30 and VNMid' movement in the past



Source: Bloomberg, Rong Viet Securities

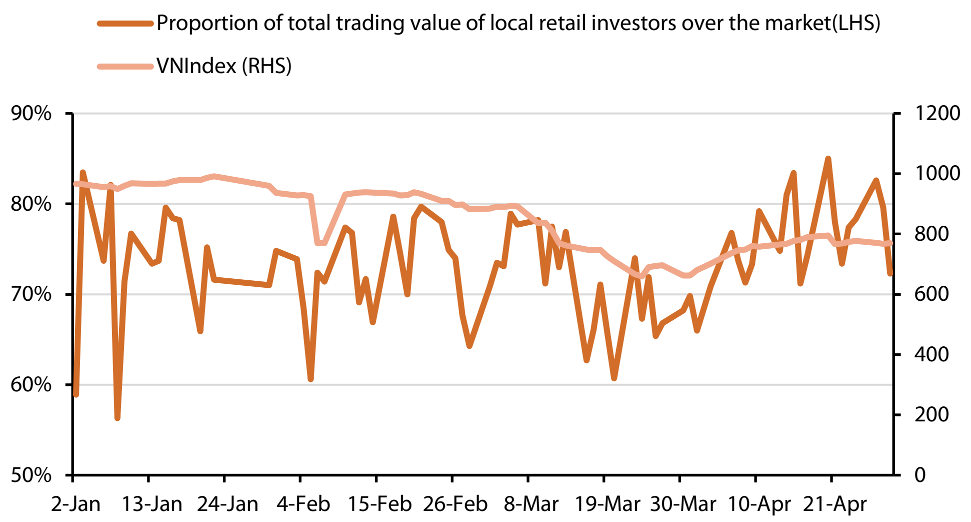
While local retail investors may hesitate to continue pouring money into the stock market, the net-selling wave by foreign investors has not shown any sign of stopping when the prolonged possibility of the Covid-19 epidemic has not been exhausted, causing risk indicators such as Vietnam's 5-year CDS and VIX are still at high levels. We only expect the level of net selling by foreign investors to be reduced when the VFMVN Diamond ETF is listed on the exchange in May. However, the attraction of the ETF, partly solving the problem of limiting foreign ownership, is a question mark as recently some limited-foreign-room stocks have been net sold by foreigners through matching-order transactions.

Fundamentally, at the beginning of the year the market expected profits to increase by 22% in 2020, according to statistics from Bloomberg Consensus. However, this expectation has been revised down to -1%. Therefore, it can be said that the 20% decrease in the VNIndex is a clear reflection of the change in profit expectations for 2020. Net profit growth in the first quarter for the VNIndex decreased 13 % YoY. Therefore, the growth of net income needs to show a strong recovery for the remaining quarters, enough to compensate for the decline in 1Q2020 so that the VN-Index can stay at least at the current level. Nevertheless, we do not expect this to happen in the second quarter of 2020, the period when the epidemic is most serious.

The possible factor we expect to be able to bring some type of optimism is progress in disease control and the recovery of trade with the US and the EU. However, we believe that this factor will only support the short-term psychology. Prospects of recovering production and business activities after the epidemic are still factors to be watched for.

We expect VNIndex will fluctuate from 700 to 800 in May 2020.

Figure 29: Local retail investors have supported the VNIndex

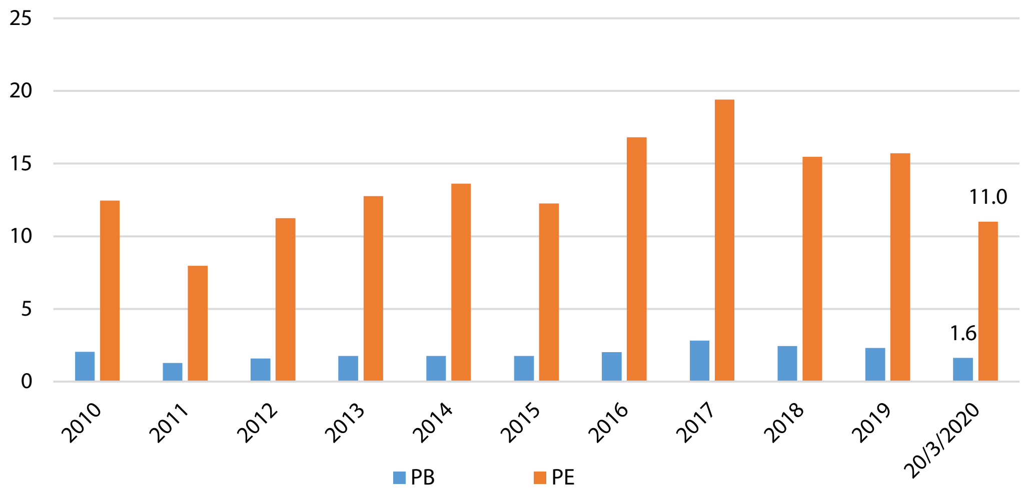


Source: Fiinpro, Rong Viet Securities

STOCK PICKING IS KEY

Most stocks have risen sharply since the beginning of April, following the positive signals of 'controlling' the COVID-19 outbreak in Vietnam. We estimate that the VNIndex has recovered more than 20% from the bottom in the last week of March, while many small and medium-cap stocks rose at least 30% over the same period. Optimistic sentiment towards the pandemic ending and the VNIndex reached its lowest point since 2016 (VNIndex's PBR and PER even dropped to the lowest ratio since 2012) has stimulated new cash inflows into the stock market. Thanks to that, the Vietnam stock market recovered in April. In May or June, local investors may feel positive as news of limiting the damage from the pandemic and an easing of trade tensions globally could provide evidence that things are getting better. However, we believe that it is the recovery outlook of business activities after the pandemic that should be carefully considered when making investment decisions, rather than factors mentioned above. Based on our analysts reviews of Q1 2020 business results, as well as considering the Q2 2020 outlook of listed companies, we believe that investment opportunities will be more attractive in the next few months. Short-term investors should reduce their stock exposure and decrease margin borrowing to a safe ratio as the market rises.

Figure 30: VNIndex's PER and PBR in 2010 – 20/3/2020



Source: Rong Viet Securities, FiinPro

Our assessments on Q1 results and Q2 prospects are as follows:

53 out of 54 companies, which Rong Viet covers (accounting for 35% of the total market cap of the three exchanges), announced business results for the first quarter of 2020. Total revenues increased by merely 7.7% YoY and net profit decreased by 5.7% YoY (excluding the contribution of banks, revenue and NPAT grew by 5.4% and -10% YoY respectively). Unlike the the same periods of previous years, announced earnings this year were mostly in line, or even worse than our analysts' forecasts. This implies that there are less upside opportunities based on companies' fundamentals (business results and outlook) yet the dowside risk still there, especially for companies which reported a decrease in profit.

Table 4: Q1 2020 Business results under our coverage

Sector	Net revenue growth (YoY, %)			NPAT growth (YoY, %)		
	Q1 2018	Q1 2019	Q1 2020	Q1 2018	Q1 2019	Q1 2020
Fertilizer	8.7	-24.5	0.0	-23.5	-74.7	106.7
Natural rubber	-35.0	8.8	-24.2	40.3	13.5	96.8
Steel	26.7	15.1	28.5	14.3	-18.6	26.9
Automobile spare parts	-8.1	8.3	2.5	-45.1	5.7	25.6
Technology	-49.6	19.3	17.0	23.3	23.0	19.3
Plastic	-17.4	48.7	9.5	-13.5	5.2	12.4
Pharmaceutical	4.3	3.1	14.6	14.1	-0.2	10.0
Sea port	-4.6	1.9	-2.6	552.4	-80.9	7.6
Insurance	N/a	N/a	N/a	8.1	13.3	6.0
Retail	43.0	10.8	14.2	37.3	28.7	4.7
Construction	50.9	50.2	6.5	9.3	38.7	4.1
Bank	34.4	8.3	12.8	45.7	8.9	-1.4
F&B	-0.2	11.0	1.6	-7.8	2.3	-2.9
Industrial park	5.5	11.1	6.6	5.2	-22.1	-8.8
Textile	17.5	10.2	-11.2	22.5	6.5	-9.4
Aviation	-1.1	13.2	-18.3	26.3	101.6	-23.5
Industrial	-3.5	2.8	9.4	15.3	-7.7	-27.3
Wood furniture	5.5	24.8	-0.2	28.1	14.4	-27.6
Residential real estate	31.5	42.6	-23.1	6.1	40.1	-29.3
Power	13.8	-1.2	-0.8	22.4	18.0	-41.7
O&G	12.4	10.5	-5.4	-13.0	203.8	-52.6
Fishery	13.1	3.1	-9.3	42.3	192.0	-61.5
Stone	26.5	-5.9	-28.2	18.9	-14.4	-95.7
Agriculture	-7.6	3.0	-53.3	2.3	-22.9	-168.3
Total	**17.2**	**9.9**	**7.7**	**31.4**	**8.1**	**-5.7**

Source: Rong Viet Securities, FiinPro

Among our coverage, steel, technology and pharmaceuticals, with companies like HPG, FPT, IMP and PME, recorded both growth in sales and NPAT. These are also the sectors which we think will be least affected by the outbreak of COVID-19. We like **HPG**, **FPT** and **IMP** at this time.

Due to the outbreak of COVID-19, sales of most beverage companies have decreased since Q1 2020. In Q1 2020 revenue and NPAT growth were 1.6% and -2.9% YoY, respectively. We temporarily do not recommend SMB because the company is affected by not only the COVID-19 but also the circular which restrains the use of beer and alcohol. For VNM and QNS, the impact of the COVID-19 epidemic on the consumption of dairy products will probably last until the first half of Q2 2020 and recover slightly for the remaining of the quarter. Thus we expect that the Q2 2020 business results of VNM and QNS will improve compared to the first quarter. VNM and QNS are two leaders in the milk and soy milk beverage business, having healthy operating cash flow and a stable dividend payout ratio. Therefore, this gloomy period is an opportunity for investors to accumulate **VNM** and **QNS** at attractive prices.

The sharp decline in oil prices has negatively affected the operations (as well as the price movement) of oil and gas companies. However, on the positive side, falling oil prices have helped reduce input costs of industries such as plastics, tires and fertilizers,resulting in an improvement in profit margins of companies in these sectors. As a result, these industries still maintain positive profit growth, although revenue only increased slightly or decreased in Q1 2020. Our covered companies include BMP, DRC, BFC and DPM. We recommend reducing exposure to BFC and DPM due to the negative prospect of the fertilizer industry. We like BMP with has a high dividend yield and DRC with a high profit growth prospect (thanks to improved profit margin and long-term production expansion outlook). The continuous fall in oil prices and the cash dividend payment (for BMP) boosted prices of these two stocks which increased sharply and almost appoached our target prices. For DRC, the prospect of exporting radial tires to the US and Brazil will not be satisfactory in Q2 2020. Assuming radial tire consumption in Q2 2020 will fall by 30% YoY, while the natural rubber and synthetic rubber cost will decrease by 7% QoQ, we estimate that the gross profit margin in Q2 will reach 17%, up 3.1 percentage points compared to Q2 2019. However, due to the sharp decline in output volume, PBT in Q2 2020 is estimated to fall by 19% YoY yet increase by 54% QoQ.

The impact of the pandemic on the first quarter results of the banking sector was not so bad as on other industries. Among the 14 listed banks that we do follow, we found:

- Customer loans rose 2.1% YTD and 12.2% YoY. Compared to the cumulative growth of the same period in 2019, lending activity slowed down for most banks.
- Although TOI achieved more than 15% YoY, NPAT only grew by 3% YoY. Q1 2020 NPAT dropped sharply in two large state-owned banks, VCB and BID. In addition, CTG, MBB, STB and KLB also recorded negative growth.
- NPAT dropped sharply compared to the growth rate of nearly 11% in Q1 2019 due to (1) Growth of income from interest and service decelerated and (2) Provision expenses increased sharply for most banks while operation expenses also grew faster than TOI growth.

Table 5: Q1 2020 business results of listed banks (1)

Ticker	Customer loan growth (YoY, %)			Customer loan growth (YTD, %)			Net interest income growth (YoY, %)			Services income growth (YoY, %)		
	Q1 2018	Q1 2019	Q1 2020	Q1 2018	Q1 2019	Q1 2020	Q1 2018	Q1 2019	Q1 2020	Q1 2018	Q1 2019	Q1 2020
TPB	61.4	21.4	18.6	11.2	11.0	6.4	52.3	37.6	34.6	168.3	190.1	-27.6
VIB	32.5	20.9	32.3	6.8	7.0	5.4	51.9	31.6	29.9	125.4	167.3	18.2
HDB	31.5	11.3	18.2	12.1	5.9	5.3	35.1	10.8	42.1	243.7	27.9	11.5
STB	11.2	18.1	13.0	4.2	7.1	4.9	59.0	47.0	15.5	42.2	18.0	12.3
VPB	24.3	22.4	14.0	5.3	6.0	4.2	24.8	12.6	18.2	3.1	136.9	-6.7
VCB	15.6	16.5	12.1	7.9	8.3	4.2	17.5	37.1	6.3	35.6	21.3	5.4
LPB	21.7	14.4	16.8	8.8	5.1	4.1	-5.1	17.2	2.6	101.4	83.2	174.7
ACB	19.3	12.1	15.8	7.6	4.1	3.2	24.4	20.4	19.7	42.4	5.2	-0.2
KLB	21.3	13.2	13.3	7.8	2.2	1.9	-3.1	27.1	9.2	28.1	-3.4	55.7
TCB	19.0	-0.1	41.6	3.1	4.0	1.8	16.6	34.7	22.8	-9.9	1.3	73.1
MBB	28.0	18.3	8.2	6.4	8.4	0.3	36.8	25.6	13.6	35.5	140.6	-1.8
BID	15.8	16.6	7.9	2.7	4.9	0.3	34.7	-6.8	7.1	29.8	17.6	23.9
CTG	18.4	4.3	7.2	5.6	1.1	0.1	17.3	9.9	5.9	15.7	63.6	9.3
EIB	16.5	0.3	7.8	0.4	-1.9	-3.0	-2.9	24.2	3.2	6.1	1.3	-5.0
Total	**19.0**	**12.9**	**12.2**	**5.5**	**4.9**	**2.1**	**25.2**	**16.8**	**13.4**	**27.4**	**45.0**	**12.1**

Source: Rong Viet Securities, FiinPro

Table 6: Q1 2020 business results of listed banks (2)

Ticker	TOI growth (YoY, %)			NPAT growth (YoY, %)			Opex growth (YoY, %)			Provision expense growth (YoY, %)		
	Q1 2018	Q1 2019	Q1 2020	Q1 2018	Q1 2019	Q1 2020	Q1 2018	Q1 2019	Q1 2020	Q1 2018	Q1 2019	Q1 2020
VPB	41.7	4.0	24.4	35.9	-31.9	62.7	32.9	24.6	10.3	57.4	20.8	15.8
VIB	48.6	37.0	31.9	229.7	56.3	32.8	18.2	17.3	37.6	-34.5	63.7	-0.3
EIB	61.3	-24.5	3.4	225.8	-36.9	30.5	19.6	6.1	-6.6	13.9	-104.6	404.7
TPB	64.5	60.4	27.5	138.2	33.0	18.6	41.0	47.7	22.0	-11.0	130.6	109.2
LPB	-0.4	13.8	9.2	19.0	-1.7	18.4	25.6	14.1	28.2	-73.7	118.2	-128.0
TCB	26.8	-5.8	37.3	93.4	1.6	17.9	17.3	26.9	33.0	-35.1	-79.7	361.4
ACB	23.4	5.7	25.4	139.3	19.3	12.5	13.9	7.1	31.2	-77.9	-111.7	-691.7
HDB	54.9	7.1	27.8	183.5	5.5	11.2	12.9	12.7	41.4	20.4	-8.3	29.0
CTG	14.4	9.0	10.9	19.5	4.1	-4.5	11.0	-6.3	2.5	13.9	37.9	35.5
STB	39.0	51.1	9.6	88.4	112.8	-6.9	27.6	16.6	20.8	-8450.8	430.8	-2.9
MBB	45.9	28.8	16.2	74.1	20.1	-8.0	34.1	27.3	-0.7	19.5	39.3	117.0
VCB	36.2	18.6	4.4	58.8	34.3	-11.2	29.1	7.8	12.0	6.9	0.6	42.9
KLB	18.2	5.1	32.9	1.6	0.5	-23.2	29.3	6.1	21.2	-89.4	244.0	3646.7
BID	43.0	-5.1	5.9	8.5	-0.4	-28.4	-14.8	7.9	16.2	156.1	-13.7	16.5
Tổng	**34.2**	**9.9**	**15.1**	**55.8**	**10.8**	**3.1**	**16.5**	**12.2**	**15.9**	**38.3**	**3.2**	**33.2**

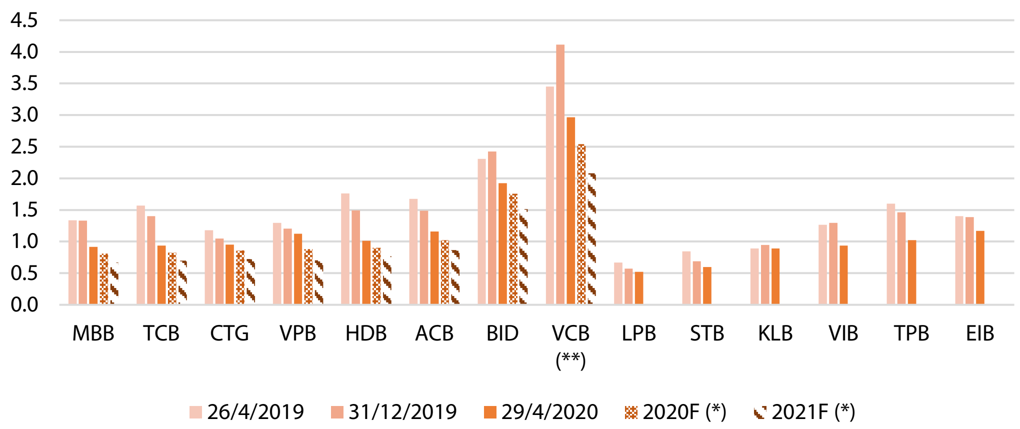
Source: Rong Viet Securities, FiinPro

Banking support packages for enterprises affected by the COVID-19 epidemic include: (1) Reducing lending interest rates and (2) Extending debt payment terms. Reducing lending rates may limit banks' ability to expand NIM compared to the pre-epidemic period due to: (1) Deposit mobilization pressure will be reduced as borrowing demand is low and the SBV's regulatory action (reduce policy rates and intervention in the OMO market) will help to decrease deposit rates following lending rates, but the decrease of deposit rate will be lower than that of lending rate and (2) The ability to increase customers loans towards high-lending-rate sectors is limited.

Besides, interest and service income growth will generally slow down compared to previous years as (1) The extending repayment term policy may affect bank's interest income recognition progress (not recorded before interest payment term) and (2) The slow growth of lending will cause negative impacts on interest income and services income. In addition, banks which focus on asset quality management may see a sharp increase in provision expenses, at least in Q2 2020 or 1H 2020. As a result, after a period of reporting high earnings growth in 2017 – 2018, the banking industry is experiencing a lower profit growth period. However, instead of being concerned about the ability for the sector to maintain a high profit growth in the short-term, we think that investors should focus on banks who prioritize controlling asset quality, especially in the unclear outlook of companies' business activities post the epidemic.

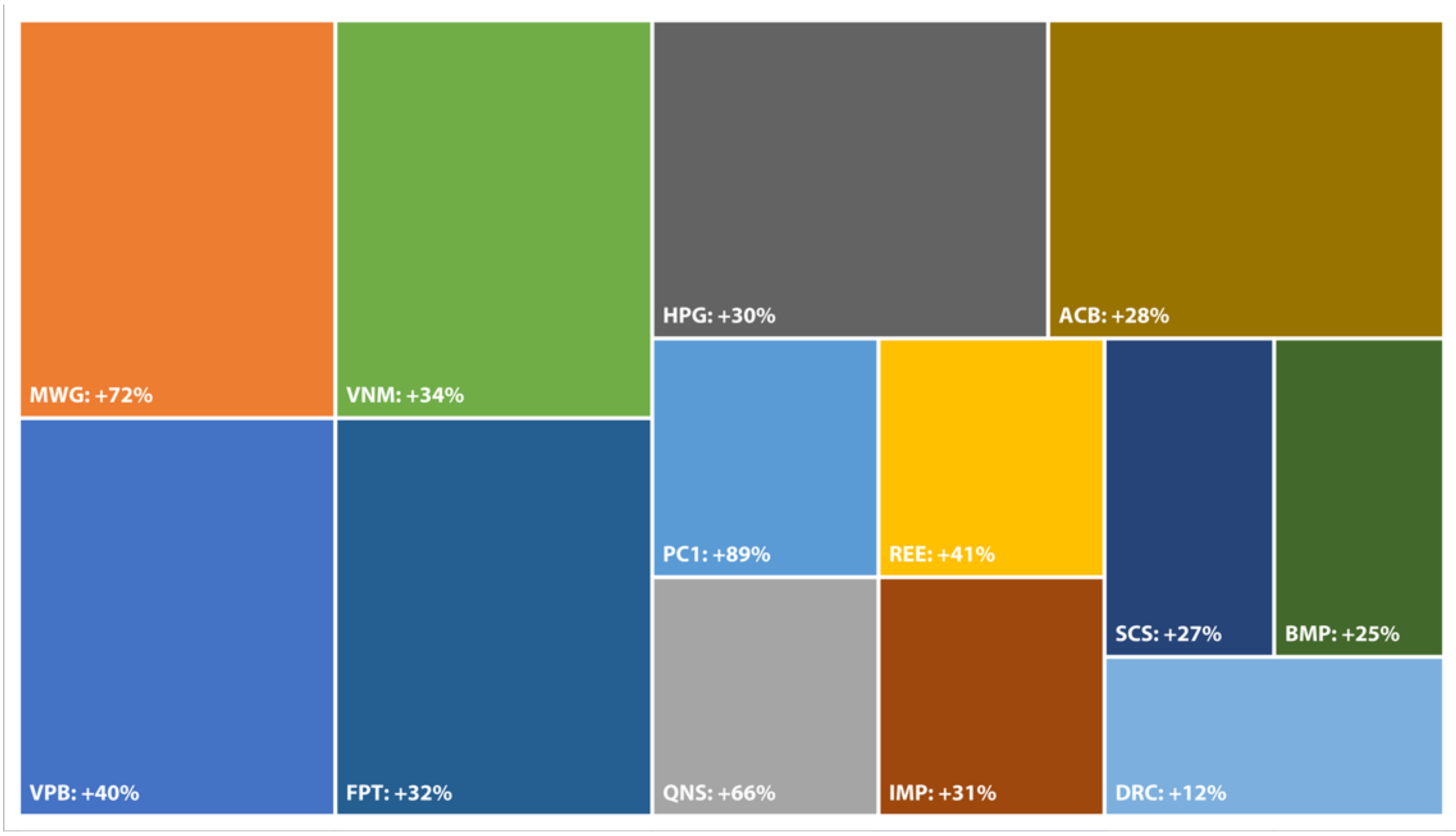
Compared to the relative valuation at the same period in 2019, banks' current PBR has dropped sharply (down by 15-20% for state-owned banks and over 20-40% for commercial banks). Considering our target prices, some banks have dropped to attractive prices for long-term investment. Compared to SOCBs, which are under pressure to support businesses facing difficulties due to the COVID-19 and extreme selling pressure from foreign investors, we prefer commercial banks, including **ACB** and **VPB**. For short-term investors, we believe it is not time to buy banking stock now.

Figure 31: PBR of listed banks



Source: Rong Viet Securities, FiinPro | (*) 2020F, 2021F: PBR forward 2020, 2021 derived from price as of May 4th 2020 | (**): VCB's forecasted NPAT in 2020, 2021 without upfront fee from FWD

Figure 32: Our favorite stocks for this month



Source: Rong Viet Securities; Price as of May 4th 2020; Square size: stock's market-cap classification

HIGHLIGHTED STOCKS

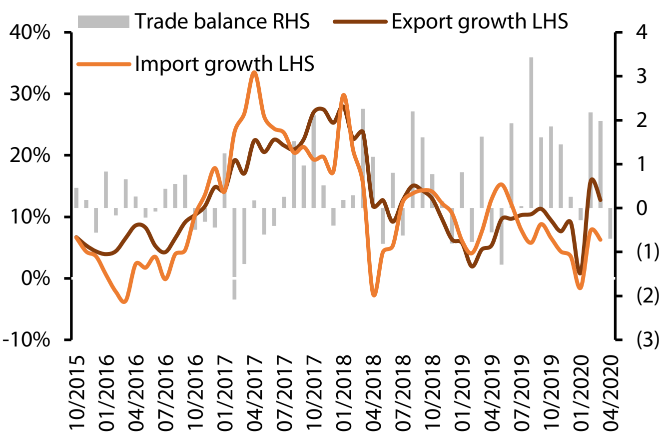
Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	Total Return (%)	Rating	2019		2020F		2021F		PER Trailing (x)	PER 2020F (x)	PBR Cur. (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
							+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)							
PC1	HOSE	97	26,800	14,200	88.7	Buy	14.9	-23.8	1.8	28.5	3.7	33.8	6.3	3.7	0.6	0.0	-28.1	325	14.5
MWG	HOSE	1,541	135,000	79,400	71.9	Buy	18.1	33.2	12.2	3.5	21.7	24.2	9.0	7.5	2.7	1.9	-6.0	5,026	0.0
QNS	UPCOM	347	36,000	22,650	65.6	Buy	-4.4	3.2	-6.2	-18.4	14.8	22.7	6.5	5.4	1.3	6.6	-27.6	299	31.9
NT2	HOSE	247	27,100	20,050	47.6	Buy	-0.2	-2.9	2.8	3.9	7.9	1.7	7.6	7.5	1.3	12.5	-21.9	309	31.4
REE	HOSE	393	39,900	29,600	40.9	Buy	-4.1	-8.1	1.7	5.2	5.4	0.8	6.0	5.3	0.9	6.1	-2.8	1,231	0.0
PNJ	HOSE	545	77,500	56,500	40.4	Buy	16.7	24.0	-4.5	-5.8	13.9	19.5	10.8	10.4	2.6	3.2	-24.1	2,551	0.0
VPB	HOSE	2,095	28,000	20,050	39.7	Buy	17.0	12.4	14.5	21.2	17.4	23.0	5.3	4.0	1.1	0.0	5.8	7,401	0.6
MBB	HOSE	1,638	21,200	15,850	37.5	Buy	26.2	29.2	20.8	17.5	19.5	29.4	4.8	3.4	0.9	3.8	-22.5	5,824	-3.0
VNM	HOSE	7,285	126,000	97,600	33.7	Buy	7.1	3.5	8.5	5.6	4.5	2.0	16.1	16.6	5.7	4.6	-22.7	8,887	41.6
FPT	HOSE	1,476	64,500	50,500	31.7	Buy	19.4	19.7	17.2	19.7	15.2	18.5	10.5	7.7	2.3	4.0	15.6	4,799	0.0
IMP	HOSE	110	66,000	52,100	30.5	Buy	18.4	17.1	20.6	17.0	18.0	17.9	15.4	13.1	1.6	3.8	6.4	260	0.0
PGI	HOSE	56	17,900	14,750	30.2	Buy	8.0	17.2	-6.8	-6.6	0.5	41.9	7.6	6.5	0.9	8.8	-5.6	2	28.3
HPG	HOSE	2,485	27,300	21,000	30.0	Buy	14.0	-12.4	25.5	47.1	20.4	29.4	7.3	4.3	1.2	0.0	-20.1	7,383	12.3
LTG	UPCOM	62	21,300	17,990	29.5	Buy	-8.0	-19.7	-7.4	32.2	12.1	11.9	6.2	3.5	0.6	11.1	-21.1	109	4.9
PAC	HOSE	45	27,300	22,400	28.6	Buy	3.6	8.7	9.0	-4.1	7.5	-4.8	6.3	7.4	1.5	6.7	-34.1	68	28.2
ACB	HNX	1,447	25,000	20,300	28.1	Buy	14.7	16.7	12.6	14.6	13.1	13.1	5.4	4.4	1.1	4.9	-12.0	5,469	0.0
VCB	HOSE	10,715	85,000	67,400	27.3	Buy	20.1	28.6	15.5	17.4	18.7	20.1	13.9	10.4	2.9	1.2	1.9	4,394	6.4
POW	HOSE	986	15,300	9,820	58.9	Buy	138.8	477.4	14.9	23.0	3.5	-14.0	11.2	8.8	0.8	3.1	-32.7	1,862	37.5
DIG	HOSE	147	17,700	11,150	58.7	Buy	-8.9	32.7	82.9	34.4	20.7	26.9	7.8	4.9	0.9	0.0	-22.7	936	14.5
PVD	HOSE	167	14,118	9,230	53.0	Buy	-22.3	-43.4	42.7	90.5	21.4	39.7	12.9	7.8	0.3	0.0	-47.1	2,040	35.4
DXG	HOSE	208	13,500	9,350	44.4	Buy	25.1	3.2	-5.1	-4.8	7.9	14.9	4.5	3.6	0.7	0.0	-42.1	1,241	8.9
PVS	HNX	236	15,700	11,500	42.6	Buy	17.9	-7.6	19.4	32.4	-35.8	-27.7	11.6	7.9	0.4	6.1	-49.5	2,189	34.7
STK	HOSE	50	21,400	16,400	39.6	Buy	-7.0	20.3	-11.8	-15.2	11.7	22.5	5.4	5.2	1.0	9.1	-19.8	140	44.8
MSH	HOSE	70	44,500	32,450	37.1	Buy	11.7	21.6	-20.9	-56.9	11.9	42.8	3.8	6.5	1.3	0.0	-42.4	170	44.6
NLG	HOSE	241	30,500	22,500	35.6	Buy	-26.8	25.8	-19.8	5.7	-12.4	30.9	6.1	4.4	1.1	0.0	-15.8	947	1.6
LHG	HOSE	35	22,000	16,300	35.0	Buy	-30.4	6.1	-9.6	57.8	15.7	19.6	5.7	3.2	0.7	0.0	-6.3	97	40.1
CVT	HOSE	26	20,300	16,350	33.3	Buy	1.1	-1.0	-21.3	-20.7	7.1	1.9	4.3	4.5	0.8	9.2	-23.8	164	34.8
KDH	HOSE	488	27,300	20,900	33.0	Buy	-3.5	13.2	14.9	37.1	15.5	15.1	11.7	7.9	1.5	2.4	-10.9	536	4.8
PVT	HOSE	116	11,890	9,650	28.4	Buy	5.7	2.6	-2.9	-20.1	9.3	20.8	4.5	5.3	0.6	5.2	-37.6	623	23.0
SMB	HOSE	38	34,000	29,750	27.7	Buy	-2.2	47.9	-10.4	-28.0	2.0	2.7	4.8	6.4	1.9	13.4	-1.8	25	37.3
VGC	HOSE	317	20,100	16,500	27.6	Buy	14.8	15.4	-11.7	2.3	5.0	21.5	11.3	9.1	1.1	5.8	0.0	405	35.7
HDG	HOSE	119	28,800	23,400	27.4	Buy	34.3	33.0	13.8	6.6	-3.1	11.5	3.7	2.8	1.1	4.3	-24.3	417	32.1
VRE	HOSE	2,284	29,800	23,450	27.1	Buy	1.5	18.6	3.8	-2.8	9.6	15.9	19.9	16.6	1.9	0.0	-33.1	2,996	17.6
SCS	HOSE	226	125,000	104,800	26.9	Buy	10.8	15.0	3.6	6.6	12.2	14.5	11.6	9.9	4.7	7.6	-32.5	390	24.2
BMP	HOSE	164	51,100	44,701	25.5	Buy	10.7	-1.1	-2.0	18.1	8.7	5.9	8.8	8.1	1.5	11.2	9.6	356	20.9
HAX	HOSE	16	11,400	10,300	25.2	Buy	8.3	-48.2	-29.7	0.0	4.6	0.0	7.5	7.4	0.8	14.6	-21.0	103	41.8

Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	Total Return (%)	Rating	2019		2020F		2021F		PER Trailing (x)	PER 2020F (x)	PBR Cur. (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
							+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)							
GMD	HOSE	229	21,500	18,000	22.2	Buy	-2.5	-72.1	-21.5	-49.1	17.1	18.6	10.5	18.7	0.9	2.8	-27.2	529	0.0
CTG	HOSE	3,200	24,500	20,050	22.2	Buy	41.0	74.8	10.2	14.4	13.6	50.5	8.0	5.4	1.0	0.0	-4.1	7,170	0.4
PME	HOSE	193	71,000	59,900	21.9	Buy	10.3	3.9	12.6	14.0	13.9	12.3	13.7	11.0	2.2	3.3	9.6	75	37.9
BID	HOSE	6,086	42,000	35,300	21.0	Buy	8.3	15.3	15.1	19.6	16.7	65.5	16.4	10.3	1.9	2.0	6.8	2,057	12.2
HDB	HOSE	892	26,000	21,550	20.6	Buy	23.6	26.2	13.6	18.0	13.7	21.1	5.7	4.1	1.1	0.0	-23.0	2,111	8.6
PTB	HOSE	89	52,200	43,700	19.5	Accumulate	17.6	13.3	-12.3	-13.4	5.8	2.4	5.0	5.4	1.1	0.0	-26.8	337	29.2
TCM	HOSE	37	17,300	15,000	18.7	Accumulate	-0.5	-16.6	-20.1	-35.1	6.2	24.3	4.2	5.6	0.6	3.3	-41.2	415	0.4
PHR	HOSE	251	47,500	43,300	16.6	Accumulate	4.8	-24.3	27.9	141.7	-12.7	-32.1	10.2	9.2	2.2	6.9	-7.6	1,250	40.3
KBC	HOSE	249	14,200	12,350	15.0	Accumulate	30.4	14.6	-17.2	-2.3	4.9	12.1	7.1	6.2	0.6	0.0	-4.4	1,584	26.6
ACV	UPCOM	5,436	65,000	58,257	13.1	Accumulate	13.7	35.8	-37.5	-58.7	45.5	79.2	16.1	22.8	3.4	1.5	-29.6	886	45.5
DRC	HOSE	101	21,100	19,800	11.6	Accumulate	8.6	80.6	-9.2	4.4	15.9	25.7	8.7	7.7	1.4	5.1	-1.8	399	27.7
VSC	HOSE	60	27,000	25,500	9.8	Accumulate	5.8	-22.1	-15.7	3.2	-7.1	-4.3	5.6	6.1	0.8	3.9	-19.6	137	13.8
DPM	HOSE	228	13,600	13,600	7.4	Accumulate	-15.8	-49.6	11.4	75.4	1.9	15.3	12.4	8.8	0.7	7.4	-20.2	738	33.9
ANV	HOSE	90	16,400	16,600	4.8	Neutral	8.8	17.4	-10.4	-48.7	14.7	37.4	3.9	4.3	0.9	6.0	-33.9	175	47.5
PPC	HOSE	335	22,500	24,350	2.7	Neutral	15.0	12.9	11.7	-13.0	0.6	-1.5	6.7	8.8	1.3	10.3	-1.9	256	32.5
VHC	HOSE	230	30,000	29,450	1.9	Neutral	-15.1	-18.2	7.2	-32.2	16.1	28.6	5.2	5.3	1.1	0.0	-34.2	559	66.9
AST	HOSE	101	52,000	52,500	-1.0	Neutral	29.2	23.4	-27.7	-61.2	23.2	113.4	15.1	15.4	4.0	0.0	-10.3	144	4.8
BFC	HOSE	29	9,100	11,800	-14.4	Reduce	-4.4	-56.7	-9.0	-50.0	4.8	26.2	9.1	13.9	0.7	8.5	-43.4	99	39.9

Source: Rong Viet Securities; Price as of May 4th

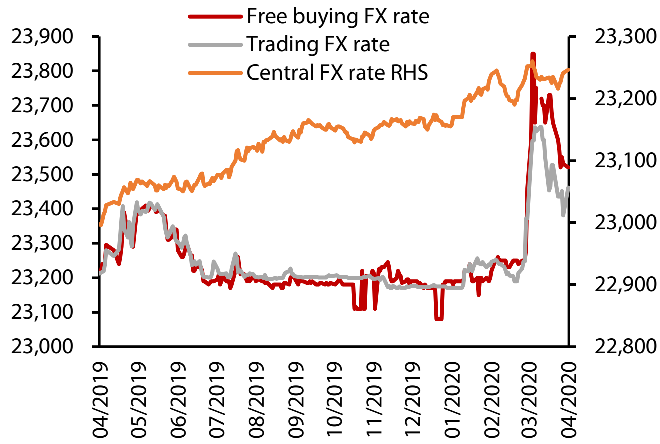
VIETNAM ECONOMIC INDICATORS IN MAY

Trade balance (US Billion)



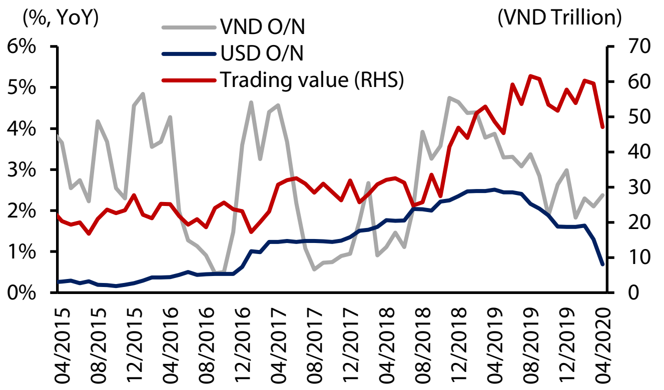
Source: GSO, Rong Viet Securities

USDVND exchange rate



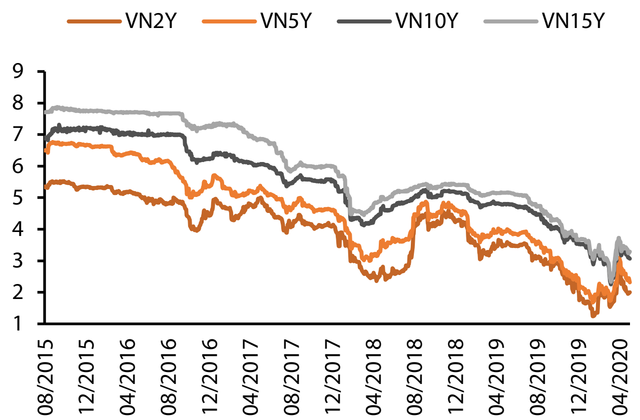
Source: SBV, Rong Viet Securities

Interbank interest rate (%/year)



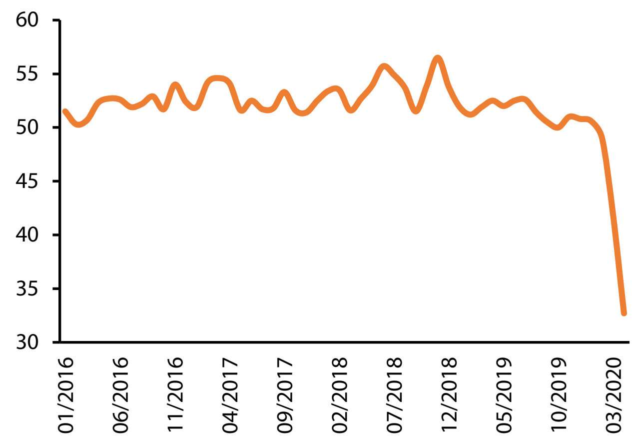
Source: SBV, Rong Viet Securities

G-Bond yields (%/year)



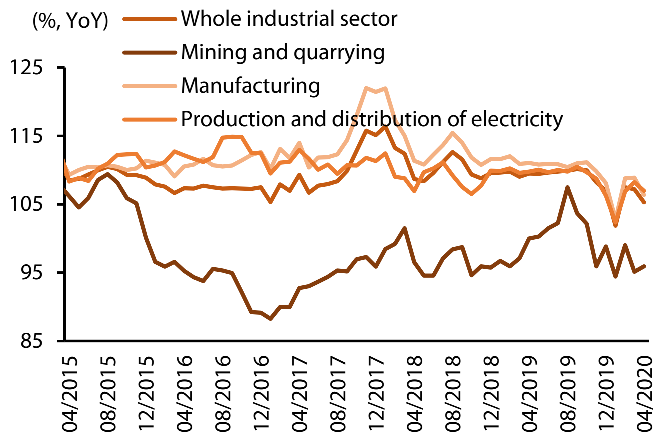
Source: Bloomberg, Rong Viet Securities

Manufacturing PMI (Points)



Source: IHS Markit, Rong Viet Securities

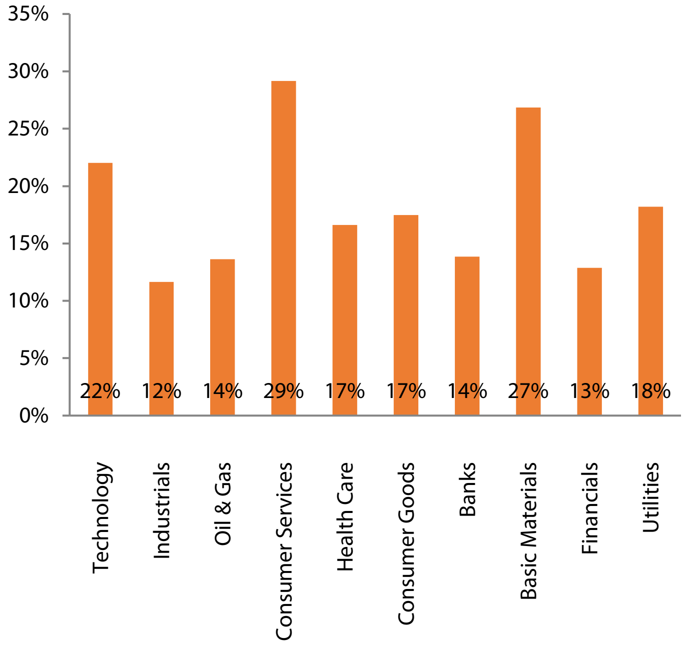
3-month MA Industrial Production Indices (Points)



Source: GSO, Rong Viet Securities

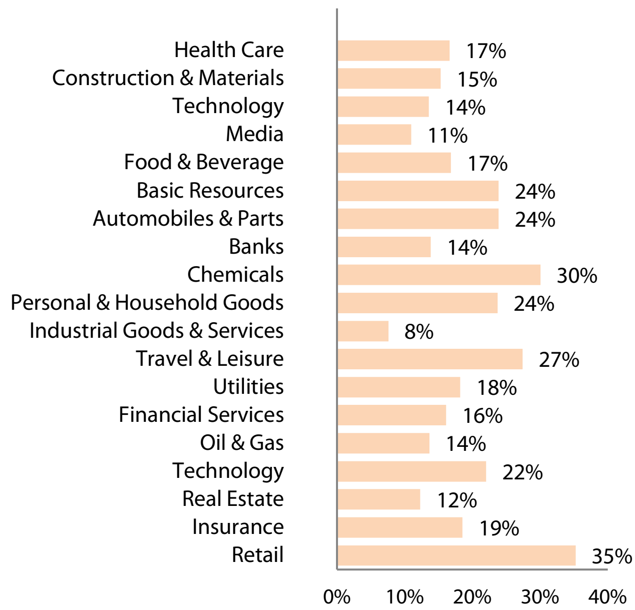
INDUSTRY INDEX

Level 1 industry movement



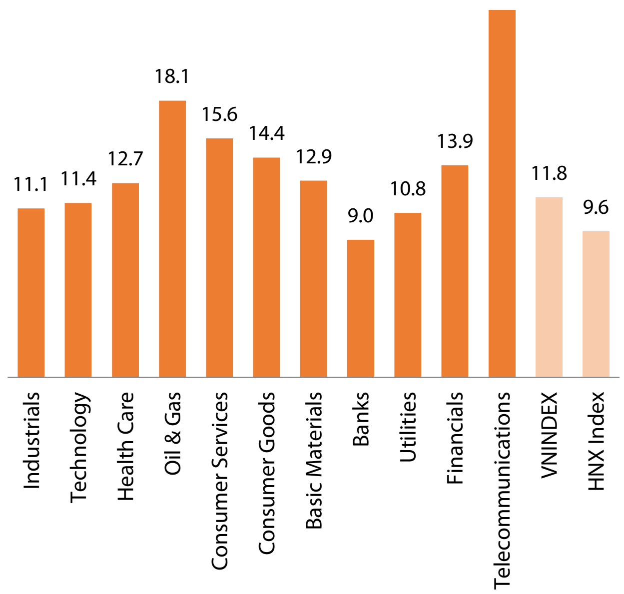
Source: Fiinpro, RongViet Securities

Level 2 industry movement



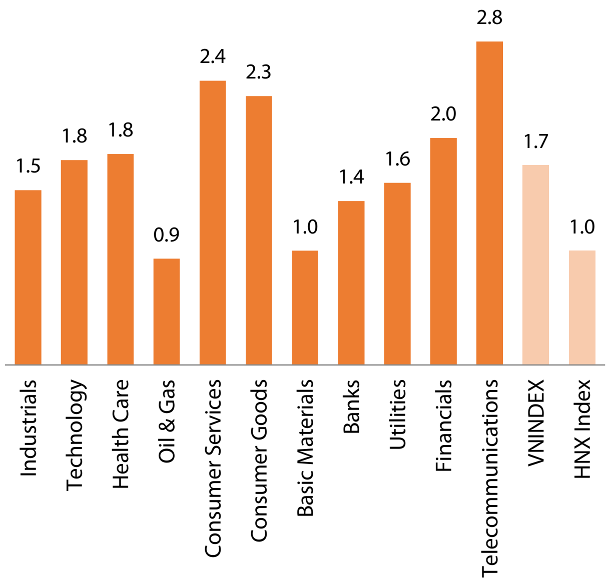
Source: Fiinpro, RongViet Securities

Industry PE comparison



Source: Fiinpro, RongViet Securities

Industry PB comparison



Source: Fiinpro, RongViet Securities

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