DIC Group (DIG - HSX)

Bide time

- **Huge land bank for development**
- **However, low efficient ratio and not positive short term prospect**
- **DIG targets full year FY2018 NPATMI growth of 43% y/y - strong growth and feasible plan**

Valuation and Recommendation

DIG's projects typically cover a very large land area, mainly focusing on second grade cities close to major industrial parks, tourism destinations and ports such as Vung Tau, Dong Nai and Vinh Phuc. Since the State divestment at the end of 2017, the company has made some progress, in term of its development plans. Besides, DIG is also involved in land development, which is considered to be the main driver for the company in the near future.

Another spotlight is active divestment. During 2018, the company plans to divest two of its investments in Dai Phuoc area, which is expected to bring a total cash inflow of VND 600 billion.

On the other hand, low efficient ratio and not positive short term prospect. The company re-scheduled the sale plan of two main projects. Dai Phuoc residential area is postponed to 2019-2020 with the objective of taking advantage of better market conditions. Nam Vinh Yen phase 2 will take place in 2020 due to change in site planning. Long Tan is another key project and expected to be compensated at least 200 ha in 2018, creating some momentum for DIG from 2020 onward. Therefore, investors have to wait for some time to *see* returns until DIG monetizes its land bank.

We used the RNAV method to evaluate DIG's stock and estimate the one-year fair value at **VND 19,500/share**. The total return should be **14%** compared to the starting price in 24/08/2018. Therefore, we have a **ACCUMULATE** on the stock.

Key financial ratios

Y/E Dec(VND Bn)	FY2016	FY2017	FY2018F	FY2019F
Net revenue	1,152	1,594	2,625	2,442
%change	75.9	38.3	64.7	(7.0)
PAT	58	196	306	383
% change	458.8	235.7	56.1	25.1
Net margin (%)	5.1	12.3	11.7	15.7
ROA (%)	1.2	2.7	4.4	5.6
ROE (%)	3.4	3.6	6.8	14.3
EPS (VND)	245	824	1,062	1,329
Book value (VND)	11,747	12,135	11,120	11,125
Cash dividend (VND)	-	450	-	-
P/E (x)	28.6	23.6	16.1*	12.9*
P/BV (x)	0.6	1.6	1.5*	1.5*

Source: DIG, RongViet Securities estimation

** Based on the price of August 24, 2018.*

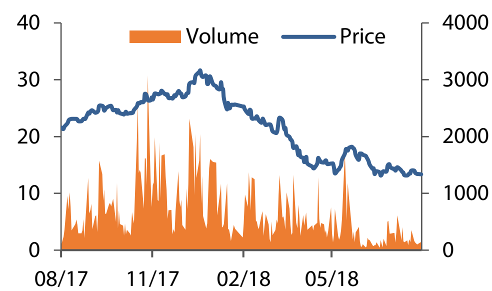
ACCUMULATE

CMP (VND)	17,100
Target Price (VND)	19,500
Cash Dividend (VND)*	-

** Expected in the next 12 months*

Stock Info

Sector	Real Estate
Market Cap (VND billion)	4,151
Share O/S	252,486,508
Beta	1.2
Free Float (%)	86.4
52 weeks high	26,840
52 weeks low	12,925
Average trading volume (20 sessions)	1,510,860



Performance (%)

	3T	1N	3N
DIG	-17.3	19.6	91.9
Real Estate	7.7	40.7	n/a
VN Index	-0.7	28.2	76.4

Major sharholders (%)

Amersham	11.7
Viet Capital Securities	9.3
PYN	7.2
Thien Tan	6.5
Mr. Nguyen Thien Tuan	4.4
Grinling International	2.4
KIMC	1.9
Norges Bank	1.8
Foreigner Investor Room (%)	*39.3*

Duong Lai

(084) 028 - 6299 2006 – Ext 1522

duong.ld@vdsc.com.vn

Huge land bank for development

DIG’s projects typically cover a very large land area, mainly focusing on second grade cities close to major industrial parks, tourism destinations and ports such as Vung Tau, Dong Nai and Vinh Phuc.

During the period 2014-2016, DIG got into trouble due to slow sales and collection issues. In 2017, the business performance looked far better given an active booking schedule as demand has recovered. Since the State’s divestment at the end of 2017, the company has made some progress. DIG recently chose to co-operate with professional brokerage firms when launching residential projects, such as Phoenix and Gateway. This will help to boost the absorption rate. On the flip side, DIG uses internal general contractors, which have lower construction capacity compared to outside contractors. We suppose that DIG might need to improve this issue in the coming years, either by improving quality in construction and internal management, or by undertaking contruction bidding.

DIG is also involved in land development, which is considered to be the main driver for the company in the near future. Currently, the company is on the progress of implementing three key projects, namely Dai Phuoc residential area, Nam Vinh Yen phase 2, and Long Tan projects.

- ***Dai Phuoc residential area:*** DIG owns 96 ha of land, of which 28 ha is for commercial area available for sale. Recently, DIG sold 5ha to A Chau. DIG will develop this remaining area on its own. It will bring significant cash inflow, as DIG completed the construction. Favorable selling price was supported by the improvement of infrastructure conditions in the Nhon Trach area. The average COGS is about VND 4 million per sqm. Current average selling price is about VND 10 million per sqm. However, the company re-scheduled its sale plan to 2019, to take advantage of better market conditions. The expected selling price is about VND12-13million/sqm.

- ***Nam Vinh Yen residential area:*** It is the second major existing project in DIG's portfolio. With a total area of 190ha, it is divided into three phases. The commercial area accounts for 40-45% of total land area, and currently DIG has compensated nearly 95% of the total land area. DIG implemented the first phase with a scale of 65ha, of which only 3ha (equivalent to 100 land lots) has not sold out. The remaining unsold area is mostly infrastructure construction or compensation. The current ASP is about VND 9 million/sqm. For the second phase, the company has delayed the deployment plan to 2019, due to its change in site planning. Furthermore, it could re-determine the LUR for phase 2 and 3. According to the company, the compensation unit price may increase relative to the market price, from the current level of VND 1.9 million/sqm for commercial land area. The reason is that the State has changed the method of determining land prices by residual method and apply a rate of return of 14%. This is considered to be a low level, which will affect the business performance of developers if they fully comply with this policy. Therefore, DIG is now working with the State to change the calculation method.
- ***Long Tan residential area***: This is another key project, providing long-term upside for DIG. It is a site area of 332 ha, located in a prime location in Nhon Trach, Dong Nai province. By the end of 2017, the company received an investment license, but so far, no new progress. The company is expected to compensate at least 200 ha in 2018, to create some momentum for the coming years. It is reasonable to implement the compensation plan, in case of increases in compensation price in the medium term. We suppose that the project could be put into construction from 2020 onwards.
- ***Landmark Riverside***: The project has a total of 166 completed condotel units, acquired by DIG from a subsidiary, namely DIC Phuong Nam (DIG owns a 43% stake). Due to the fact that the Vietnam condotels’ legality has not been clarified, DIG has not yet launched this project.

Table 1: DIG's project progress

No.	Projects	Location	Type	Status	Scale	Notes**
1	Phoenix	Vung Tau	Apartment	Completed and under hand-over	1,284 units	DIG sold more than 1,000 units until now, and there is 200 units remaining. Currently, construction has been completed, and it has been gradually handed over to customers since April.
2	Landmark Residence	Vung Tau	Condotel	Completed	166 units	DIG has not yet launched this project due to the fact that the Vietnam condotels' legality has not been clarified.
3	Gateway	Vung Tau	Apartment	Under construction	1,530 units	Open for sale in 3Q 2018. The company expects the selling price of VND 22 million/sqm (excluding VAT) and completes sales by mid-year 2019
4	Phu My	Vung Tau	Land lots	Completed	13.4 ha commercial area	The project has been sold out.
5	Pullman	Vung Tau	Hotel	Completed and under operation		DIG owns a 43% stake in this project. The project is currently managed by Accor.
6	Hiep Phuoc	Nhon Trach, Dong Nai	Land lots	Completed	9.2 ha commercial area	The project has been sold out.
7	Long Tan	Nhon Trach, Dong Nai	Mix-used	Under development	331.9 ha land area	By the end of 2017, the company received an investment license, but so far no new progress. The company is expected to compensate at least 200 ha in 2018
8	Dai Phuoc residential area	Nhon Trach, Dong Nai	Land lots	Under development	23ha commercial land area	DIG re-scheduled its sale plan to 2019, to take advantage of better market conditions. The expected selling price is about VND12-13million/sqm.
9	Dai Phuoc (Viet Thien Lam)	Nhon Trach, Dong Nai	Land lots	Under development	45ha land area	DIG currently owns an 22% in Viet Thien Lam and plans to divest its stake in 2018
10	Dai Phuoc (Vina Dai Phuoc)	Nhon Trach, Dong Nai	Land lots	Under development		DIG currently owns an 8% in Vina Dai Phuoc and plans to divest its stake in 2018
11	Nam Vinh Yen phase 1	Vinh Phuc	Land lots	Under construction	70 ha land area	Currently DIG has compensated nearly 95% of the total land area. Phase-1 area has been sold out. For the second phase, the company has delayed the deployment plan to 2019, due to its change in site planning
12	Nam Vinh Yen phase 2	Vinh Phuc	Land lots	Under development	Around 70 ha land area	
13	DIG Star	Vinh Phuc	Hotel	Under construction	2.5 ha land area	Started construction in 2016 and expected to put into operation in 2020.

***As of August 15, 2018*

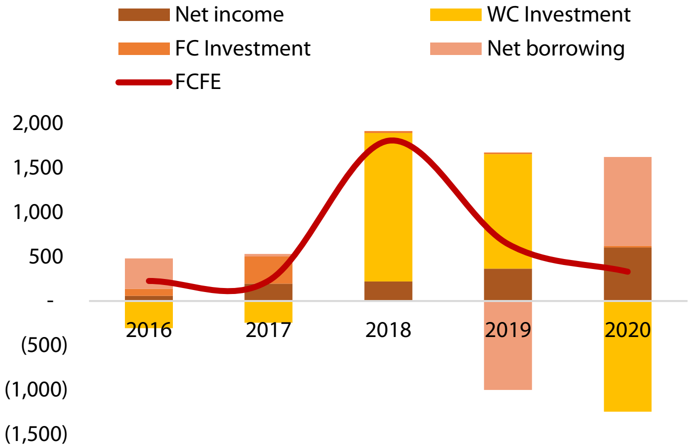
Source: RongViet Securities compiled

However, low efficient ratio and not positive short term prospect

Two key projects, including Dai Phuoc residential and Gateway high-rise, are expected to bring net cash inflow of over VND 2,000 billion to the company in the next two years. On the other hand, cash outflow will be driven by the development of two residential projects, namely Long Tan and Nam Vinh Yen phase 2, for the purpose of compensation and LUR fee payment.

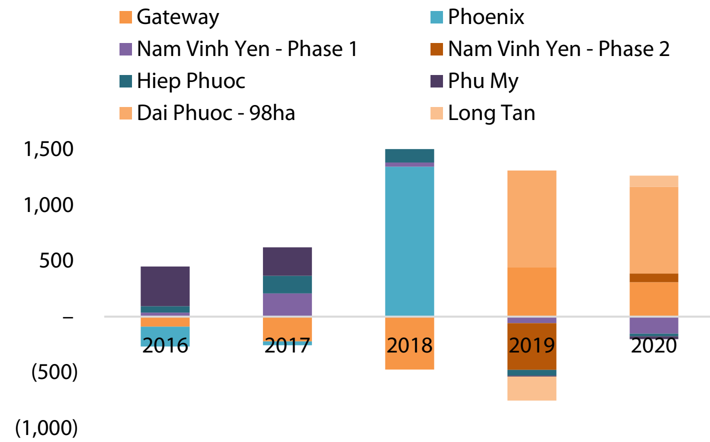
Delayed implementation plans compared to its target at the beginning of this year. The company re-scheduled the sale of Dai Phuoc residential area to 2019 in order to hopefully taking advantage of better market conditions. In addition, the Nam Vinh Yen phase 2' deploytment has been delayed to 2019 -2020, due to change in site planning. Furthermore, it could be take more time to re-determine the LUR for phase 2 and 3, as we mentioned above. Long Tan is another key project, providing long-term upside for DIG. By the end of 2017, the company received an investment license, but so far no new progress. The company is expected to compensate at least 200 ha in 2018, to create some momentum for the coming years.

Figure 1: Free cash flow forecast (VND billion)



Source: DIG, RongViet Securities estimated

Figure 2: Cash flow by projects (VND billion)



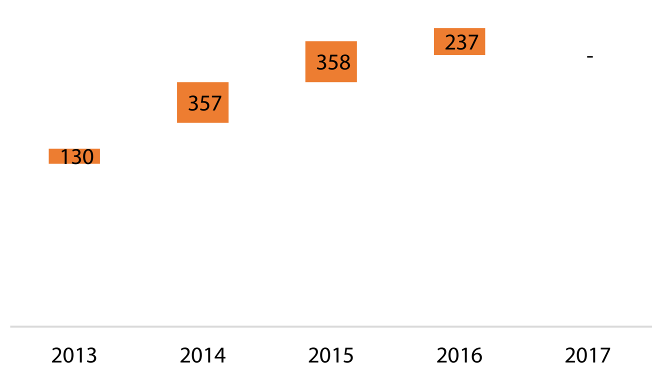
Source: DIG, RongViet Securities estimated

DIG is re-structuring its business. It is actively divseting from its subsidiaries and affiliates in order to provide cash flow to support its development. In 2017, the company completed procedures to divest its stake in Vina Dai Phuoc and other investments, bringing around VND 350 billion. On the flip side, DIG invested VND 50 billiion in a residential company in Phu Quoc. During 2018, the company plans to divest two of its investments in the Dai Phuoc area, which is affiliated with Vinacapital and Viet Thien Lam. Including the receivables from the subsidiaries, the total cash inflow is estimated at around VND 600 billion, corresponding a pre-tax profit for 2018 of VND 180 billion.

A current problem facing DIG is the Pullman hotel project. Due to the high cost of interest expenses, Pullman suffered a loss of about VND 60 billion annually, of which VND 80 billion came from interest expenses. To improve the current situation, the company can reduce interest expenses by decreasing the debt and improve Pullman's performance. Increasing room rates or occupancy are two options. The third solution is to find a partner to transfer the project to.

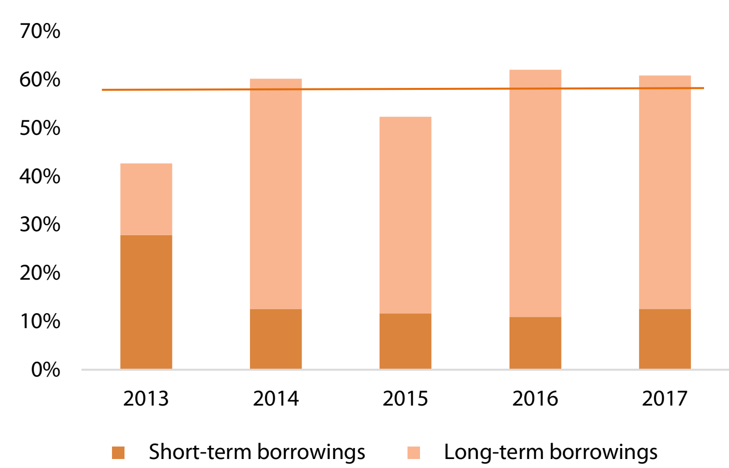
DIG has maintained its financial leverage over the years, at around 0.5 – 0.6 times. The current risk is that DIG, in case of delayed residential units launch, will not have the resources to finance future large projects. This happened in the past. However, we remain optimistic, especially after the divestment of the State and the involvement of financial investors.

Figure 3: Increase in stockholder's equity (billion VND)



Source: DIG, RongViet Securities compiled

Figure 4: Financial leverage is around 0.5 - 0.6 times



Source: DIG, RongViet Securities compiled

DIG targets full year FY2018 NPATMI growth of 43% y/y. Strong growth and feasible plan.

DIG's earnings in 2018 will be secured by the recognition of real estate projects. Major sources such are Phoenix, Nam Vinh Yen and the remaining from Hiep Phuoc. In addition, the divestment of Viet Thien Lam and Vina Dai Phuoc is expected to bring a pre-tax profit of VND180 billion in 2018. In 2019, we suppose that the launching Dai Phuoc 98ha will be a major contributor to DIG's earnings.

Table 2: Business performance forecast

	2018E	2019E
Total Revenue	**2,625**	**2,442**
Of which, residential revenue:	***2,088***	***1,852***
Phoenix	*1,255*	*-*
Nam Vinh Yen	*380*	*380*
Dai Phuoc 98ha		*1,012*
Other projects	*454*	*460*
Total Gross profit	**659**	**924**
SG&A	(367)	(342)
Gain/Loss from JVs	(60)	(60)
EBIT	**232**	**522**
Financial incomes	180	57
Financial expenses	(31)	(35)
NPBT	**381**	**544**
NPAT-MI	**306**	**383**

Source: DIG, RongViet Securities estimated

Valuation

We used the RNAV method to evaluate DIG's stock and estimate the one-year fair value at **VND 19,500/share**. The total return should be **14%** compared to the starting price in 24/08/2018. Therefore, we have a **ACCUMULATE** on the stock.

In the short term, the risk for the stock might be the issuance of 50 million shares to existing shareholders, which may take place in 2018. However, so far, the company has not disclosed any information relating to time and price, so we have not factored that in the valuation model.

Table 3: Valuation Summary (VND billion)

	Method	NPV	% Stake	Effective NPV
RESIDENTIAL		**4,773**		**4,365**
Gateway	DCF	927	100%	927
Phoenix	DCF	635	100%	635
Nam Vinh Yen	DCF	883	100%	883
Hiep Phuoc	DCF	28	100%	28
Dai Phuoc - 98ha	DCF	1,407	100%	1,407
Other projects	BV	379	100%	379
Total Inventory				**4,260**
		(+) Net cash		430
		(+) Short-term investment		41
		(+) Receivables		1,622
		(+) Fixed assets		230
		(+) Investment properties		117
		(–) Liabilities		(2,298)
		(+) Long-term investment		495
		Net asset value		**4,896**
		Total outstanding shares (million)		252
		Price per share (VND)		**19,500**

Source: RongViet Securities

Unit: VND billion

INCOME STATEMENT	2016A	2017A	2018F	2019F
Revenue	**1,152**	**1,594**	**2,625**	**2,442**
COGS	-833	-1,202	-1,965	-1,519
Gross profit	**319**	**392**	**659**	**924**
Selling expense	-74	-91	-184	-171
G&A expense	-82	-94	-184	-171
Financial income	24	90	180	57
Financial expense	-52	-29	-31	-35
Other income/loss	1	49	0	0
Gain/(loss) from JV	-43	-62	-60	-60
PBT	**92**	**255**	**381**	**544**
Tax expense	-26	-53	-109	-155
Minority interests	7	6	6	6
PAT	**66**	**202**	**312**	**389**
EBIT	162	207	232	522
EBITDA	184	227	246	548

FINANCIAL RATIO	2016A	2017A	2018F	2019F
Growth (%)				
Revenue	-3,379.9	38.4	64.7	-7.0
EBITDA	-3,836.3	23.1	8.3	123.3
EBIT	-3,379.9	28.3	11.8	124.9
PAT	375.3	208.3	54.2	24.7
Total Asset	15.5	3.5	22.2	-4.8
Total Equity	5.3	3.3	10.9	0.0
Profitability (%)				
Gross profit margin	27.7	24.6	25.1	37.8
EBITDA margin	16.0	14.2	9.4	22.4
EBIT margin	14.0	13.0	8.8	21.4
Net profit margin	5.7	12.7	11.9	15.9
ROA	1.2	2.7	4.4	5.6
ROIC or RONA	3.0	3.8	3.3	7.9
ROE	3.4	3.6	6.8	14.3
Efficiency (x)				
Receivables turnover	1.1	1.6	3.3	2.7
Inventories turnover	0.3	0.3	0.6	0.4
Payables turnover	5.2	5.6	12.7	9.2
Liquidity (x)				
Current	9.0	8.3	14.2	13.1
Quick	2.8	2.2	6.2	3.8
Financial Structure (x)				
Total debt/ Equity	62.1	60.9	54.6	23.4
ST debt / Equity	11.0	12.6	9.0	9.0
LT debt/ Equity	51.1	48.3	45.6	14.4

Unit: VND billion

BALANCE SHEET	2016A	2017A	2018F	2019F
Cash and cash equivalents	179	203	1,901	726
Short term investment	40	41	25	31
Accounts receivable	1,047	976	799	909
Inventories	2,858	3,538	3,547	4,243
Other current assets	58	52	45	48
Tangible Fixed Assets	259	232	236	236
Intangible Fixed Assets	121	118	124	124
Long term investment	895	534	69	69
Other non current assets	52	30	45	44
Total Asset	**5,876**	**6,083**	**7,435**	**7,075**
Account Paybale	160	214	155	165
Short term borrowings	307	364	289	289
Long term borrowings	1,431	1,395	462	1,462
Other non-current liabilities	164	108	139	130
Bounus and Welfare fund	-3	-2	-3	-3
Technology – Science dev fund	0	0	0	0
Total Liabilities	**3,078**	**3,193**	**4,721**	**4,218**
Common stock and APIC	2,382	2,382	2,948	2,948
Treasury stock	0	0	0	0
Retained Earnings	120	200	80	79
Other comprehensive income / (loss)	0	0	0	0
Investment and Development Fund	164	169	164	165
Total Equity	**2,798**	**2,891**	**3,205**	**3,206**
Minority Interest	67	73	87	88

CASH FLOW STATEMENT	2016A	2017A	2018F	2019F
Profit before tax	**92**	**255**	**381**	**544**
Depreciation	23	19	19	19
Adjustment	5	-98	-258	-212
Working capital	-345	-243	749	-319
Net Operating CFs	**-365**	**-258**	**751**	**-157**
Fixed Asset	-21	-17	-19	-19
Deposit, equity investment	**74**	**218**	**211**	**-**
Interest, dividend, cash profit received	17	88	-	-
Net Investing CFs	71	290	192	-18
Capital	65	82	750	-
Debt	**345**	**29**	**-**	**-1,000**
Dividend paid & other	-	-114	-	-
Net Financing CFs	410	-3	750	-1,000
Net Cash flow	115	29	1,693	-1,175
Beginning cash & equivalents	**65**	**179**	**208**	**1,901**
Effect of exchange rate	-	-	-	-
Ending cash & equivalents	**179**	**208**	**1,901**	**726**

BRIEF NOTE

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	NEUTRAL	SELL
Total Return including Dividends in 12-month horizon	>20%	-20% to 20%	<-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

Bernard Lapointe
Head of Research
bernard.lapointe@vdsc.com.vn
+ 84 28 62992006 (1525)

Lam Nguyen
Senior Strategist
lam.ntp@vdsc.com.vn
+ 84 28 6299 2006 (1313)
- Banking
- Market Strategy

Hieu Nguyen
Senior Analyst
hieu.nd@vdsc.com.vn
+ 84 28 6299 2006 (1514)
- Market Strategy
- Pharmaceuticals
- Aviation

Duong Lai
Senior Analyst
duong.ld@vdsc.com.vn
+ 84 28 6299 2006 (1522)
- Real Estate
- Building Materials

Vu Tran
Senior Analyst
vu.thx@vdsc.com.vn
+ 84 28 6299 2006 (1518)
- Oil & Gas
- Food & Beverage
- Fertilizer

Trinh Nguyen
Senior Analyst
trinh.nh@vdsc.com.vn
+ 84 28 6299 2006 (1331)
- Steel
- Construction
- Technology

Son Phan
Analyst
son.pnt@vdsc.com.vn
+ 84 28 6299 2006 (1519)
- Utilities
- Natural Rubber

Tu Vu
Analyst
tu.va@vdsc.com.vn
+ 84 28 6299 2006 (1511)
- Macroeconomics

Son Tran
Analyst
son.tt@vdsc.com.vn
+ 84 28 6299 2006 (1527)
- Market Strategy
- Retails
- Consumer chemicals

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

Thu Pham
Analyst
thu.pa@vdsc.com.vn
+ 84 28 6299 2006 (1520)
- Industrial Real Estate

Thao Dang
Analyst
thao.dtp@vdsc.com.vn
+ 84 28 6299 2006 (1529)
- Food & Beverage
- Textiles

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

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

Vy Nguyen
Analyst
vy.ntk@vdsc.com.vn
+ 84 28 6299 2006 (1528)
- Automobile & Parts

Trinh Le
Analyst
trinh.lx@vdsc.com.vn
+ 84 28 6299 2006 (1536)
- Industrials

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.