Preliminary 2H2020 outlook

August 2020

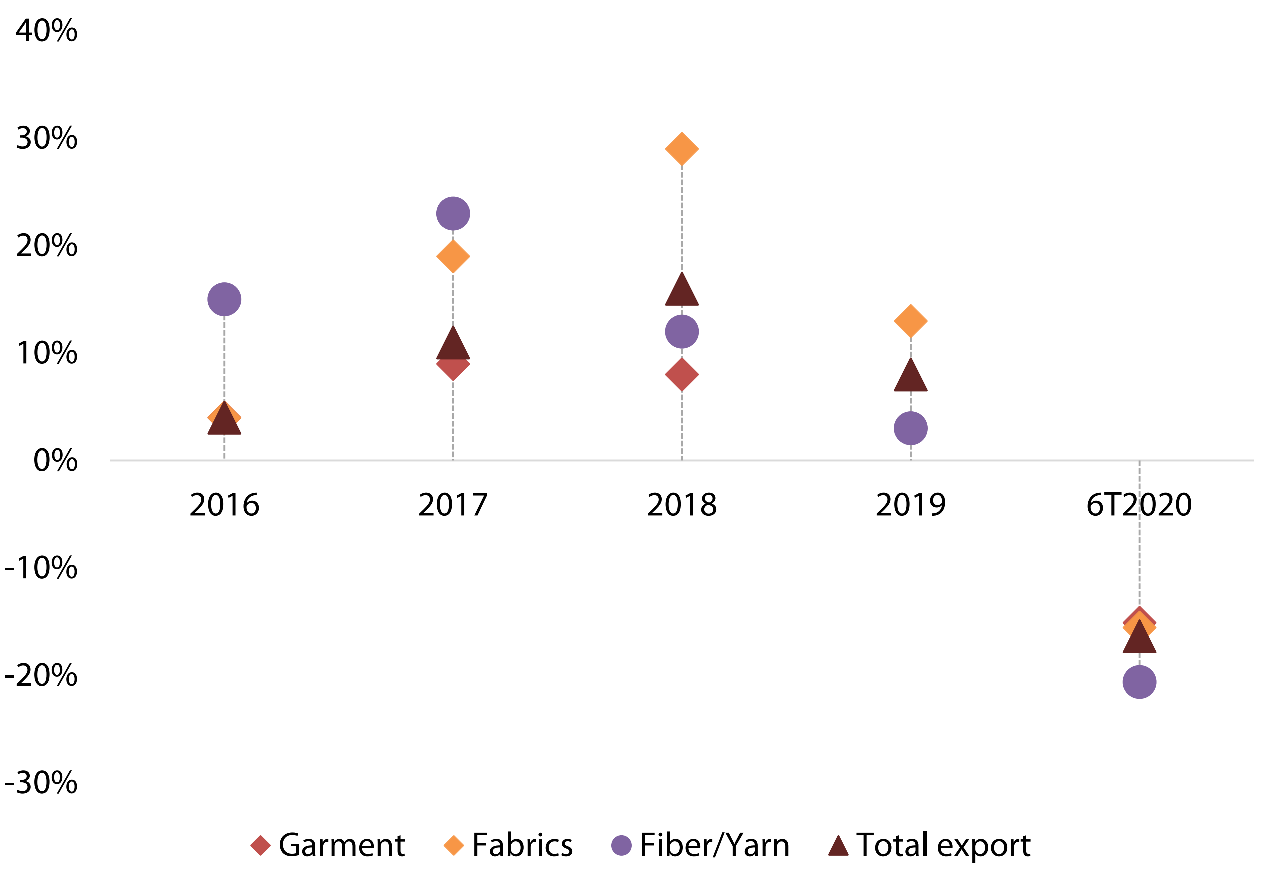
RONG VIET SECURITIES

TEXTILE & GARMENT INDUSTRY: Nightmare is not over

Tam Pham – tam.ptt@vdsc.com.vn

Demand shock follows supply shock

Figure 1: Vietnam's textile and garment export growth



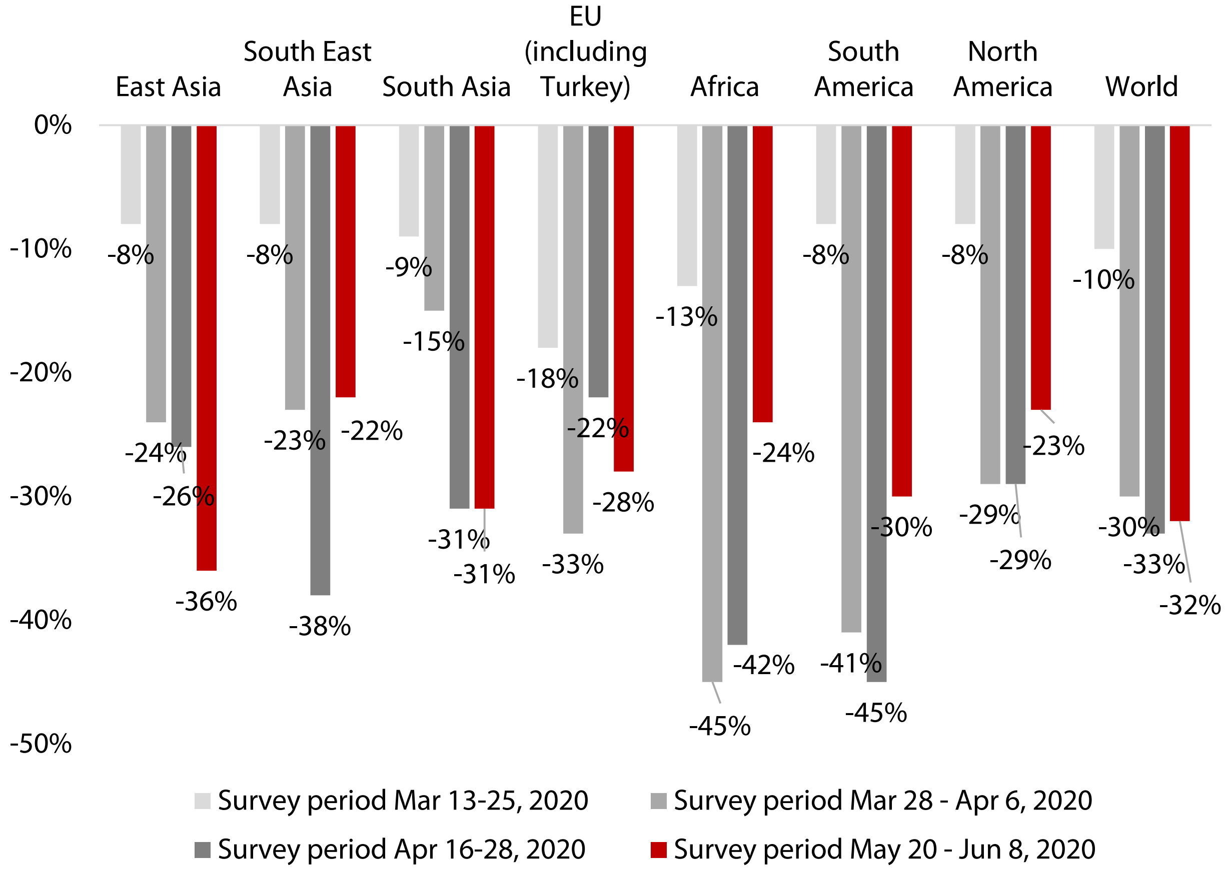
Source:VITAS, Rong Viet Securities

- Covid-19 has made textile and apparel trade stagnant as governments implemented social distancing to lower contagion. The whole industry's export value reached USD15.03 bn, a decrease of 16% YoY.
- The supply of materials from China was interrupted in 1Q2020 due to the first outbreak. China is the supplier of 60% of textile and apparel materials for Vietnam.
- Orders were massively canceled or postponed in the EU and the US when Covid-19 started to spread in late March. Orders have increased gradually in July. In 5M2020, exports to the US were down 15% YoY and the EU 19% YoY, two markets accounting for 60% of total annual turnover.
- Many customers have required to extend payment periods. Some others who are largefashion retailers declared bankruptcy. This put tremendous pressure on some companies. Finished product inventory increased. Companies have had to restructure operations, cut working hours or lay off workers to survive.
- Masks and medical protective clothing production has become a temporary solution, but competition is becoming fiercer with increasing costs of materials and machinery, beside huge inventories.

TEXTILE & GARMENT INDUSTRY – RECOVERY OUTLOOK

Slow recovery

Figure 2: The expected revenue of global textile companies in 2020 compared to 2019



Source: International Textile Manufacturers Federation (ITMF)

- Selling prices will be under pressure due to lower demand for garments and fierce competition among suppliers. This will lead to lower economic efficiency in 2H2020 and in mid term.
- Orders will rise from the end of 3Q2020 if countries do not lockdown again. For the entire 2020, the turnover of textile and garment companies globally may decrease by 33% YoY (according to ITMF).
- Masks and medical protective clothing are no longer the saviors. The situation of oversupply has led to these items being no longer easy to be sold.
- Vietnam could receive more orders than other countries thanks to its better ability to contain the pandemic.
- In the upcoming years, the industry's recovery progress will go in tandem with the prospects of the world economic recovery, namely employment rates in the EU and the US.

New trends

- Low income and a dreary economic outlook have made consumersreduce sharply their spending on clothes. VINATEX forecasts that global demand for textile and garment would return to the level of 2019 in 2022.
- The demand for low-priced basic clothes (denim/ knitted shirts, jackets) will rise while demand for office and high-class fashion drops because people work more at home and reduce social interaction to prevent contagion.
- Online shopping accelerates while buying at mortar-and-brick stores drops.
- Consumers opt for "green fashion": gradually replacing non-recycled products or polluting manufacturing processes with products made from recycled/ natural fibers and produced in an eco-friendly process.
- Vietnam's garment industry is redirected to the domestic materials market to reduce dependence on China as well as to take advantage from trade agreements. This will create opportunities for the domestic textile chain development, especially in the dyeing and weaving stage, which is currently the bottleneck.

Figure 3: Factors driving the textile industry recovery process

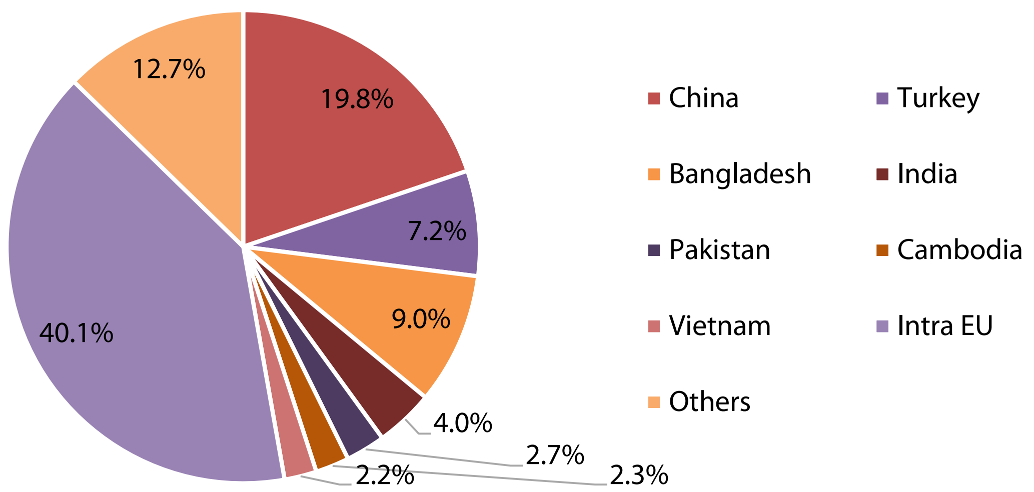
Source:VINATEX

TEXTILE & GARMENT INDUSTRY – VIETNAM & EUROPE FREE TRADE AGREEMENT(EVFTA)

Room for growth in the EU is abundant…

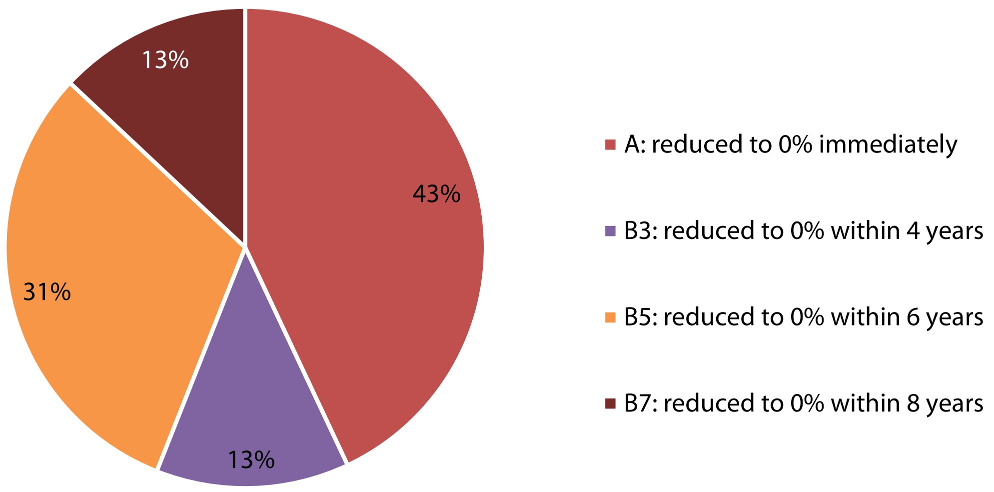
- The EU accounts for 34% of the world's total textile and garment imports with demand increasing 3% per year. Vietnam's export to this market currently only accounts for 2.2% of the market. We do not think BREXIT is likely to cause disruptions in trade between Vietnam and the EU, as EVFTA is applied for the UK until the end of 2020 and Vietnam and the UK is negotiating a bilateral FTA.
- Vietnam's main rivals in the EU are benefiting from preferential tariffs: Bangladesh and Cambodia are exempted from tariff under the EBA program (Everything but Arms), Pakistan is exempted from tariff under GSP+. Vietnam is enjoying the standard GSP tariff: 2-6.4% for yarn and fabric and 9.6% for apparel, like India. China, despite being the largest competitor, is subject to MFN tariff and is reducing its production to protect the country's environment.
- According to EVFTA, 42.5% of textile and apparel products will be free from tariff immediately when EVFTA comes into effect. Tariffs for the rest will be reduced to 0% within 4, 6 or 8 years.
- The EU is the second largest market for Vietnam's textile and apparel industry, accounting for 16.3% of the industry's total export turnover in 2019. 90% of the industry's export value to the EU is garment products.

Figure 4: Market share of textile suppliers to the EU



Source: VINATEX, Rong Viet Securities

Figure 5: Textile classification based on tariff reduction roadmap



Source: European Union EC,Rong Viet Securities

TEXTILE & GARMENT INDUSTRY – VIETNAM & EUROPE FREE TRADE AGREEMENT(EVFTA)

…but will not benefit immediately

Table 1: Roadmap for reducing import tariff on apparels to the EU

Group	Basic rate	Aug 1, 2020	Jan 1, 2021	Jan 1, 2022	Jan 1, 2023	Jan 1, 2024	Jan 1, 2025	Jan 1, 2026	Jan 1, 2027
A	12%	0%	0%	0%	0%	0%	0%	0%	0%
B3	12%	9.0%	6.0%	3.0%	0%	0%	0%	0%	0%
B5	12%	10.0%	8.0%	6.0%	4.0%	2.0%	0%	0%	0%
B7	12%	10.5%	9.0%	7.5%	6.0%	4.5%	3.0%	1.5%	0%

Source: EC, Rong Viet Securities

Table 2: Weight of apparel value according to the EVFTA tariff reduction roadmap (72% of total textile and garment export turnover from Vietnam to EU in 2019)

Group	Export value (USD mn)	Weight
A	802.6	18%
B3	254.8	6%
B5	2,480.7	56%
B7	920.9	21%

Source: VINATEX, Rong Viet Securities

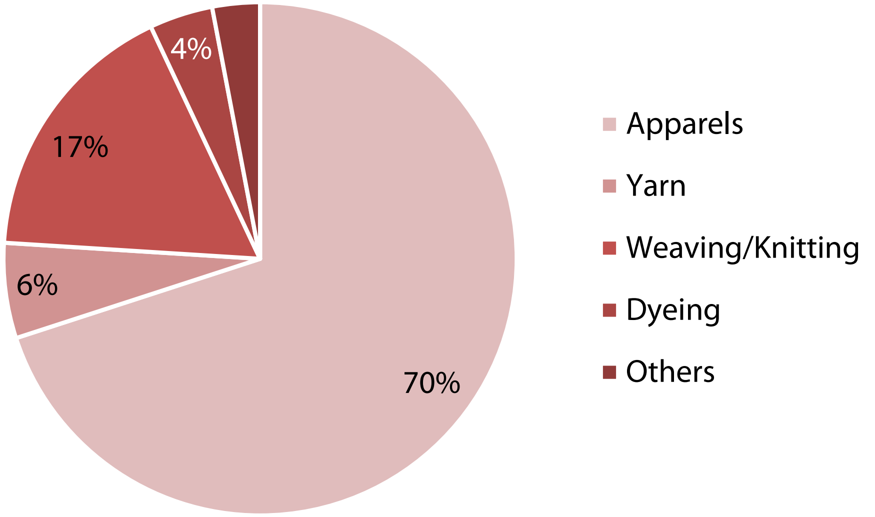
- Yarn and fabric products are reduced to 0% right after EVFTA takes effect. However, as this group only weighed 4% in the total industry's export turnover to the EU, the tax benefits for the whole industry are negligible.
- Garment, which accounts for 90% of the industry's exports to the EU, has a long tariff reduction roadmap, mainly in groups B5 and B7. Once EVFTA takes effect, tariffs on group B5 and B7 under EVFTA will be higher than 9.6% under GSP in 2020. Therefore, these groups will continue to enjoy GSP tariff in 2020 and start to benefit from EVFTA from 2021.
- B3 group will enjoy lower tariff immediately, but the tariff benefits for the whole industry are negligible as B3 only accounts for 6% of total garment exports.

TEXTILE & GARMENT INDUSTRY – LOW SELF SUPPLY OF RAW MATERIALS

Low self supply of raw materials owing to the bottleneck of weaving and dyeing

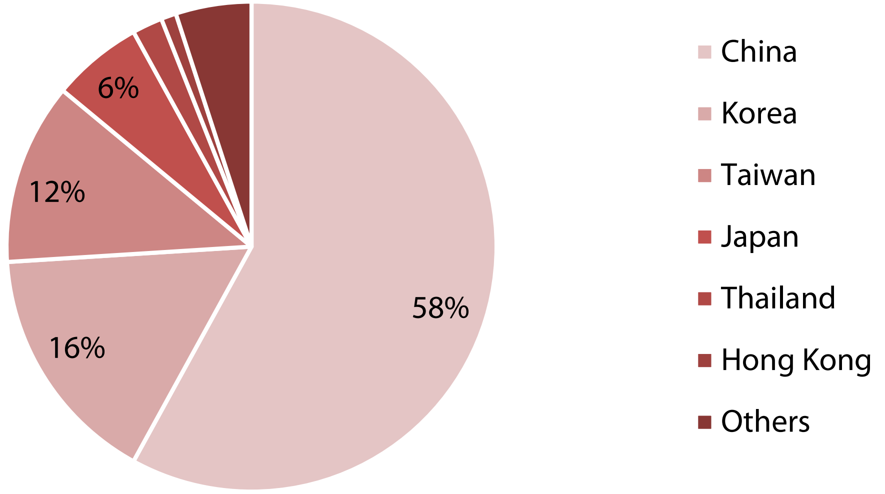
- The so-called origin standard "fabric onwards": Garment manufactured in Vietnam must use fabrics produced in Vietnam or EU countries or countries that have free trade agreements (FTA) with both Vietnam and the EU such as Korea, Japan and some other ASEAN countries.
- Vietnam's current weaving and dyeing capacity is not sufficient to meet domestic demand: (1) local authorities are concerned about environmental pollution and hesitate in allowing projects that have a dying part, (2) the capacity of designing, printing, dyeing and finishing is not high. As a result, garment companies need to import more than 65% of their input while 2/3 yarn produced in Vietnam has to be exported. China is the main source of fabrics (58%) due to its ability to offer large quantities at low prices and diversified designs.
- The total investment for weaving and dyeing reached 200,000 USD/employee, many times higher than the investment for garment (3,000 USD/employee) (VCOSA), because of intensive investments for production technology and wastewater treatment systems. Dying companies only account for 4% of the total number of textile and apparel companies.

Figure 6: Proportion of Vietnam's textile companies in the value chain



Source: VITAS, Rong Viet Securities

Figure 7: Material import by suppliers of Vietnam



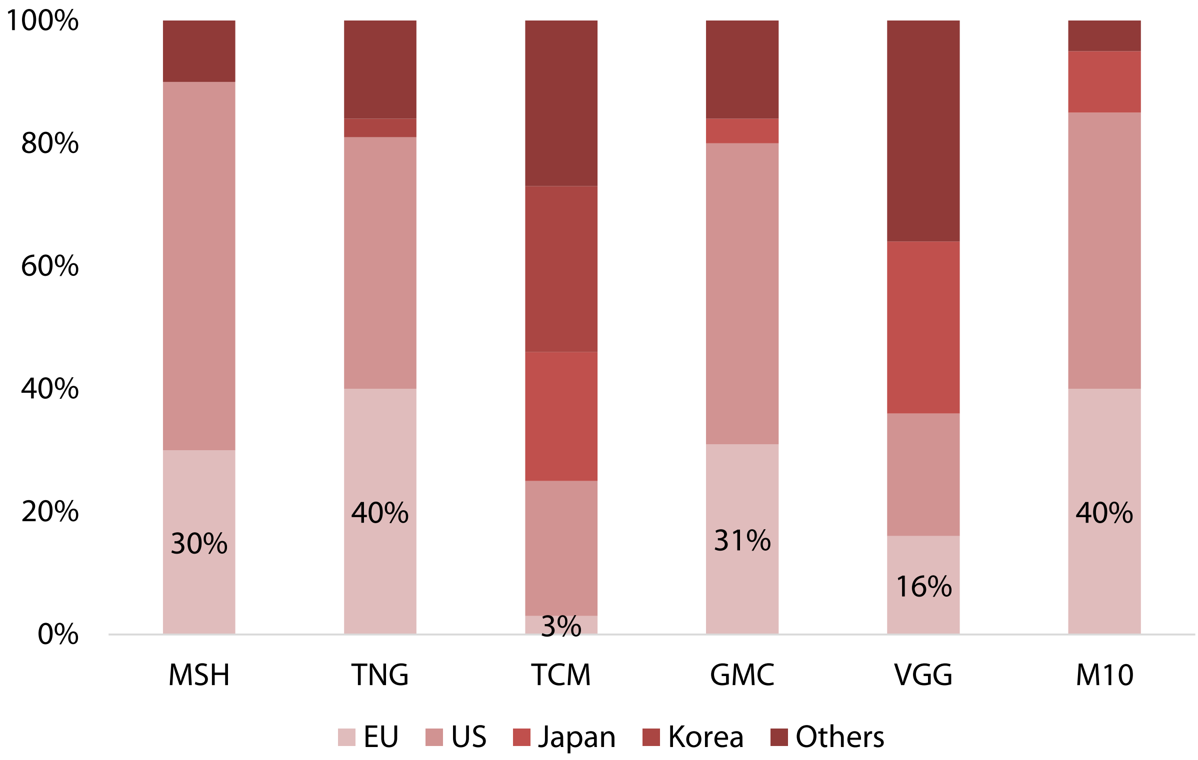
Source: VITAS, Rong Viet Securities

TEXTILE & GARMENT INDUSTRY – LOW SELF SUPPLY OF RAW MATERIALS

Low capability ofraw materials owing to bottlenecks from weaving and dyeing

- The ability to take advantage of EVFTA's tariff incentives depends on the ability to change suppliers of raw materials from China to Vietnam or Korea, Japan.
- However, suppliers that meets requirements of price, design, quality, quantity and time are not easy to find. Meanwhile, Vietnam's fabric is still poor in quality, design and output. Korea and Japan's capacity are not sufficient in scale and prices.
- The challenge of origin standards is the driver of restructuring: textile companies cooperate with each other to build production chains of Yarn – Weaving - Dyeing - Sewing to meet origin standards, ensuring consumption and increasing the competitiveness with other major textile and garment countries. In fact, this trend of restructuring has happened in recent years.
- The garment companies that export a large part of their products to the EU (MSH, TNG, GMC, M10) and/or have their own full supply chain (TCM, PPH) will be able to benefit the most from EVFTA.

Figure 8: Exports of some listed garment companies



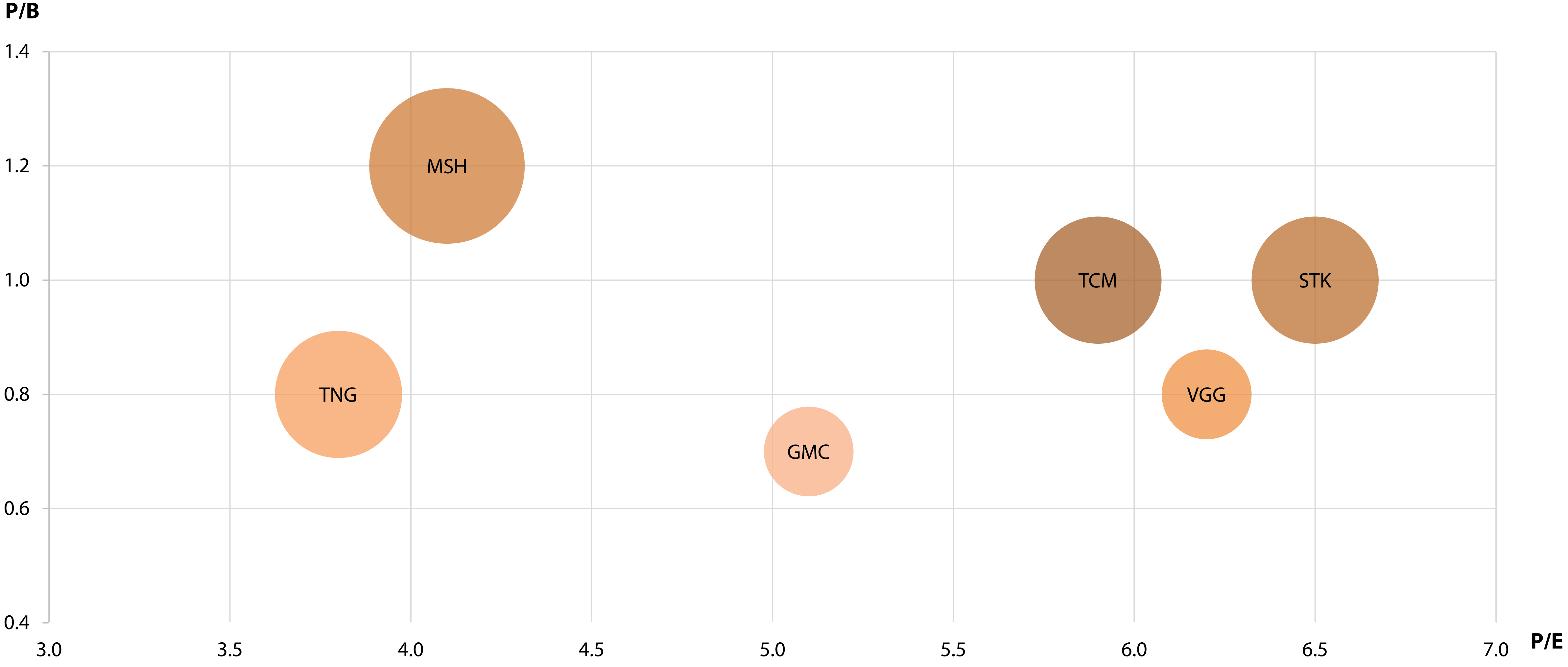
Source: Rong Viet Securities compiled

Industry comparables (TTM)

Ticker	Market cap (USD mn)	Target price (VND)	Sales growth (% YoY)	EBITDA growth(% YoY)	EBITDA margin (%)	Operating income margin (%)	Net income growth (% YoY)	Net Profit Margin (%)	ROA (%)	ROE (%)	DY (%)	Current P/E (x)	Current P/B (x)
STK	43.6	16,500	-21.0	-33.2	16.1	8.5	-49.9	6.3	7.9	15.1	10.1	6.5	1.0
TCM	59.5	24,000	-1.8	9.1	12.0	8.6	21.1	6.6	8.0	16.7	2.2	5.9	1.0
MSH	62.6	31,700	-12.2	-35.7	10.5	7.1	-45.3	6.3	13.7	26.9	12.1	4.1	1.2
VGT	155.5	N/A	-24.5	-7.7	7.7	1.6	-15.5	2.5	1.9	4.6	N/A	9.9	0.6
VGG	69.8	N/A	-17.2	-93.4	0.4	0.4	-83.4	0.9	5.2	13.5	0.0	6.2	0.8
TNG	34.4	N/A	-9.9	-40.7	7.8	7.8	-29.4	3.6	6.1	19.7	6.9	3.8	0.8
GMC	18.9	N/A	-19.6	-53.1	5.8	3.8	-64.7	2.7	6.6	12.9	3.0	5.1	0.7

Source: Bloomberg, RongViet Securities. Share price as of Aug 7, 2020.

Industry comparables



Source: FiinGroup, Rong Viet Securities. Bubble size equals respective ROE. Share price as of 07 Aug 2020.

STK – RECYCLED YARN TO MINIMISE IMPACT OF THE PANDEMIC

INVESTMENT RATIONALE

- **Recycled yarn demand is less affected than virgin yarn**
  - o Low global supply, major fashion brands (Nike, Adidas, Puma, Decathlon ...) committed to increase using recycled materials and the acceleration of the "green fashion" trend post COVID -19 will be the growth drivers for STK's recycled yarn.
  - o STK's recycled yarn meets Global Recycling Standard GRS, satisfied international quality requirements.
  - o Easily converting from virgin yarn production to recycled yarn due to the chip spinning technology.
  - o The pandemic cause reduction in yarn demand but recycled yarn output decreased less than that of virgin yarn and selling prices and raw material prices of recycled yarn was more stable.
- **Indirectly benefiting from EVFTA** through selling yarn to domestic fabric companies
- **High quality yarn increases economic efficiency and creates competitive advantage in the future**
  - o Cooperating with UNIFI, the company is developing and selling a wide range of apparel yarns with special features (UV protection, anti-wrinkle, hygroscopic, dye, elastic, effects on fabric, etc.).
  - o The company has signed a contract to supply industrial yarn for automobile headliner to a US customer, with an output of 200 tons / month, from April 2020 to the end of 2021. In the next 2-3 years, the output expected is around 1,000- 1,200 tons / month as expanding customer base. Gross profit margin is 21-30% (apparel yarn: 16-22%).

RISK TO OUR CALL

- Severer pandemic developments than expected may cause a deep drop in global yarn demand.
- Crude oil price and virgin fiber selling prices fluctuated stronger than expected.
- In case of many garment retailers go bankrupt, STK may suffer indirectly in terms of cash flow and bad debt provision

ACCUMULATE +18%

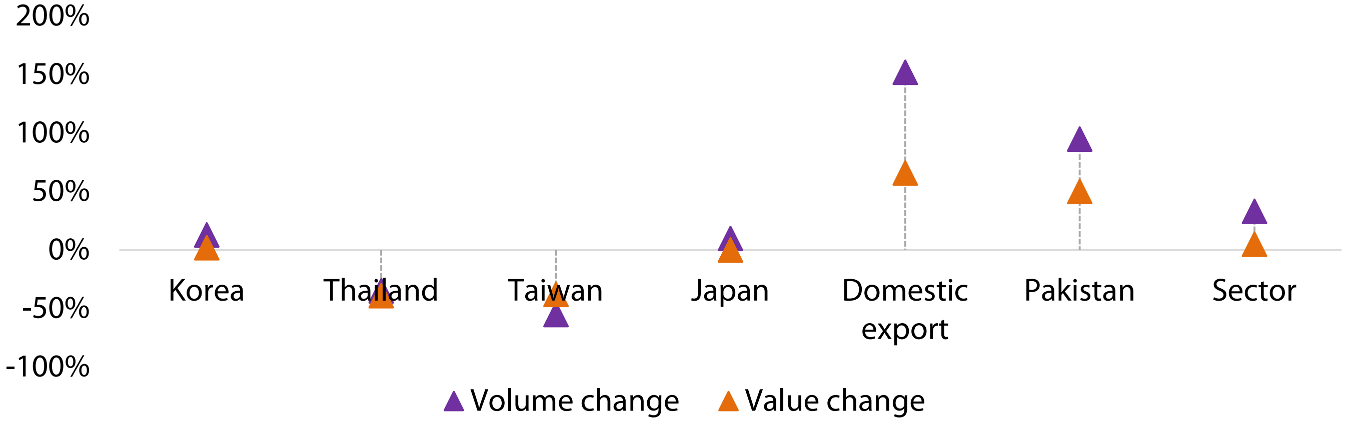
CMP (VND)	**14,800**
Target price (VND)	**15,900**
Cash dividend in 12 months	*1.500*

STOCK INFO	
Sector	Consumer Goods
Market Cap ($ mn)	44
Current Shares O/S (mn shares)	68
3M Avg. Volume (K)	149
3M Avg. Trading Value ($ mn)	0.1
Remaining foreign room (%)	42.4
52-week range ('000 VND)	12-20.5

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**2,408**	**2,229**	**1,433**	**1,827**
Growth (%)	*21.0*	*-7.4*	*-35.7*	*27.5*
NPATMI (VND bn)	**178**	**215**	**80**	**112**
Growth (%)	*79.0*	*20.8*	*-62.9*	*40.2*
ROA (%)	8.7	10.4	4.5	6.2
ROE (%)	21.1	19.8	7.6	10.6
EPS (VND)	2,976	3,034	1,126	1,579
Book Value (VND)	15,167	15,316	14,868	14,872
Cash dividend (VND)	1,500	1,500	1,500	1,500
P/E (x) (*)	5.0	4.9	13.1	9.3
P/B (x) (*)	1.0	1.0	1.0	1.0

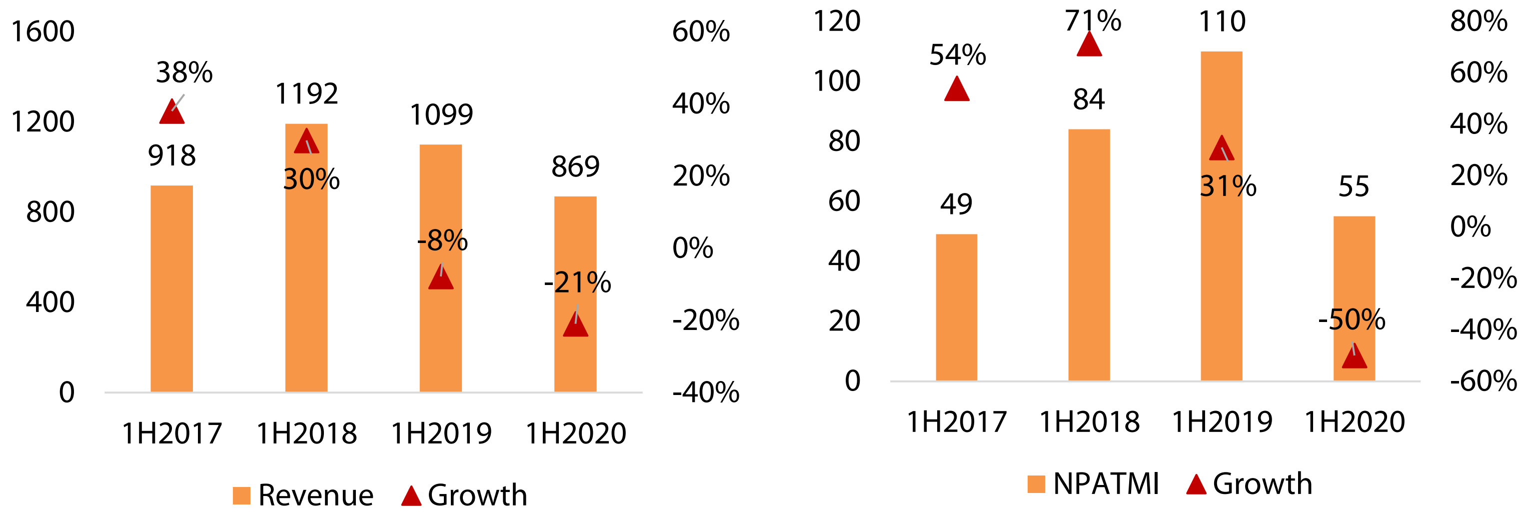
(*) Share price as of Aug 7th, 2020.

Figure 1: Vietnamese polyester filament export growth 6M2020



Source: STK, Rong Viet Securities

Figure 2: 6M2020 performance (VND mn)

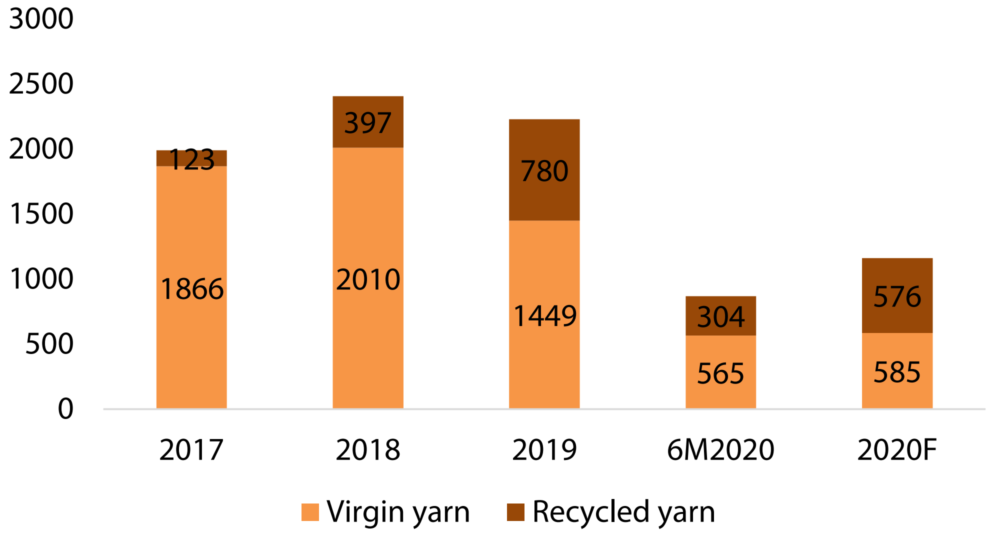


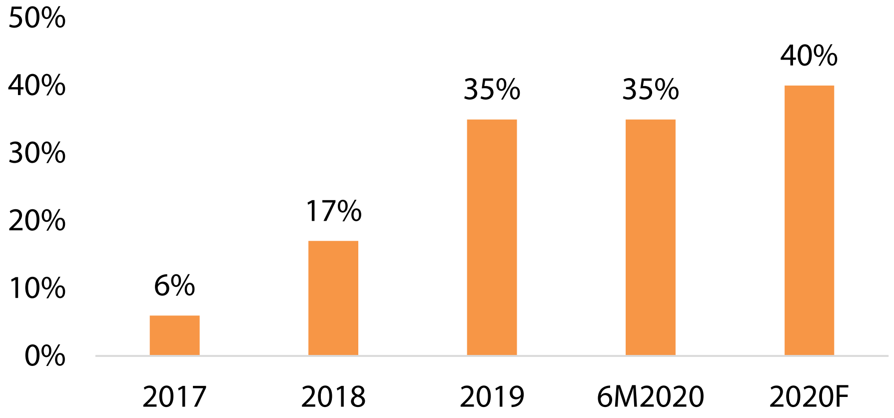
Source: STK, Rong Viet Securities

1H2020 - Pandemic reduces yarn demand but recycled yarn is less affected than virgin yarn

- Social distancing measures in markets led to weak garment consumption, and indirectly reduced yarn consumption.
- Revenue reached VND 869 bn, down 21% YoY. NPATMI reached VND 55 bn, down 50% YoY.
  - Selling volume of virgin yarn plummeted 15% YoY. Recycled yarn volume decreased slightly by 4% YoY.
  - The selling price of virgin yarn dropped sharply by 16% YoY, while the recycled yarn price increased by 3% YoY
  - Contribution of recycled yarn to revenue increased to 35% (1H2019: 28%).
  - The company reduced production in 2Q but still recorded depreciation as usual, leading 2Q's gross margin dropped sharply to 8% (2Q2019: 19.2%).
  - Gross profit margin in 1H2020 reached 13.3%, lower than 16.2% of 1H2019.

Figure 3: Forecast of revenue (VND bn) (left) and share of recycled yarn on revenue (right) in 2020





Source: STK, Rong Viet Securities

2H2020 - Global yarn demand recovers slowly.

- Customers are still conservatively placing orders, concerned that governments will apply social distancing orders again.
- Virgin yarn's ASP are likely to decline further as China continues to dump when its production is back to normal. The selling price of recycled yarn is stable.
- Similarly to 2Q, the company produces at lower capacity than usual but still fully records depreciation. This will cause gross profit margin to decrease sharply compared to 2H2019.
- For the whole year 2020, virgin yarn revenue may drop 40.7% YoY to VND 585 bn. Revenue from recycled yarn reached VND 576 bn, equivalent to a decrease of 26.2% YoY. The contribution of recycled yarn in revenue is about 40%. Gross profit margin reached 13.4% (2019: 15.9%).

TCM – PPE IS THE TEMPORARY SAVIOR

INVESTMENT RATIONALE

- **Temporarily benefited from strong PPE demand, which made up for shortages in traditional orders**
  - Exported antibacterial masks and medical protective clothing (PPE) to the US in May and June. Thanks to self-produced antibacterial fabric, PPE products achieved higher profit margin than traditional products. GPM in 2Q increased sharply to 19.8% (2Q 2019: 16.3%). However, PPE demand in 2H depends on the development of the pandemic. Economic efficiency in 2H may reduce as selling prices decrease rapidly due to fierce competition.
  - Consumption of traditional products in 2H2020 is expected to recover slowly due to complicated pandemic development and economic difficulties.
- **Closed supply chain**
  - The closed production chain from yarn to garment can help TCM to take advantage of opportunities from FTAs. However, revenue from CPTPP and EVFTA country members only accounts for around 29% of total revenue.
  - Indirectly benefiting from FTAs: selling fabric to domestic apparel companies. 2021-2022, investing in knitting and dyeing at the plant in Vinh Long, increasing supply capacity for the domestic market and reducing dependence on Chinese fabric. Capacity is expected around8,000 tons of finished fabric/ year.
- **Diversifying distribution channels to catch up with the accelerating e-commerce trend**
  - The company is in negotiation with Amazon to distribute fabrics and garments.
  - Online shopping is an inevitable and increasing trend during and after COVID-19
- **Increasing capacity of T-shirt segment, in line with the post-COVID-19 consumption trend**
  - In 4Q2020, TCM plans to build No. 2 garment plant in Vinh Long, the construction time is around 6-8 months. Capacity is 12 million products / year, increasing the total capacity to 36 million products / year
  - Increasing demand for low-cost garments (T-shirts, denim shirts, jackets) after COVID-19

RISK TO OUR CALL

- Raw cotton price fluctuates stronger than expected.
- The pandemic gets more severe and prolonged than expected, causing deep falls in the global demand for textiles and garments.

ACCUMULATE +10%

CMP (VND)	**22,250**
Target price (VND)	**24,000**
Cash dividend in 12 months	*500*

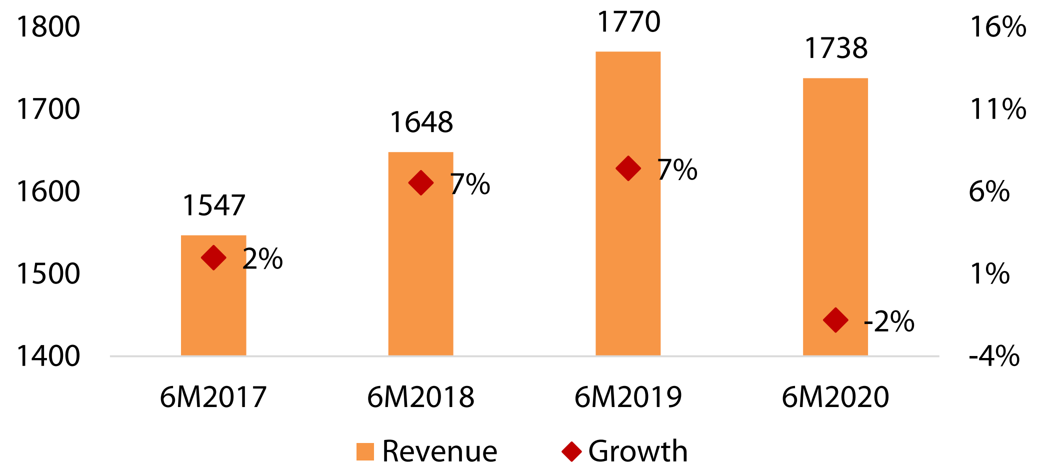
STOCK INFO	
Sector	Consumer Goods
Market Cap ($ mn)	60
Current Shares O/S (mn shares)	62
3M Avg. Volume (K)	1,017
3M Avg. Trading Value ($ mn)	0.9
Remaining foreign room (%)	0.1
52-week range ('000 VND)	10.4-23.2

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**3,662**	**3,644**	**3,328**	**3,519**
Growth (%)	*14.1*	*-0.5*	*-8.7*	*5.7*
NPATMI (VND bn)	**259**	**216**	**171**	**191**
Growth (%)	*35.2*	*-16.6*	*-20.7*	*11.6*
ROA (%)	8.0	7.4	5.4	5.8
ROE (%)	20.4	15.2	11.1	11.4
EPS (VND)	4,069	3,166	2,656	2,964
Book Value (VND)	23,380	24,424	26,560	29,004
Cash dividend (VND)	500	500	500	500
P/E (x) (*)	7.0	5.9	8.3	7.4
P/B (x) (*)	1.2	0.8	0.8	0.8

(*) Share price as of Aug 7th, 2020.

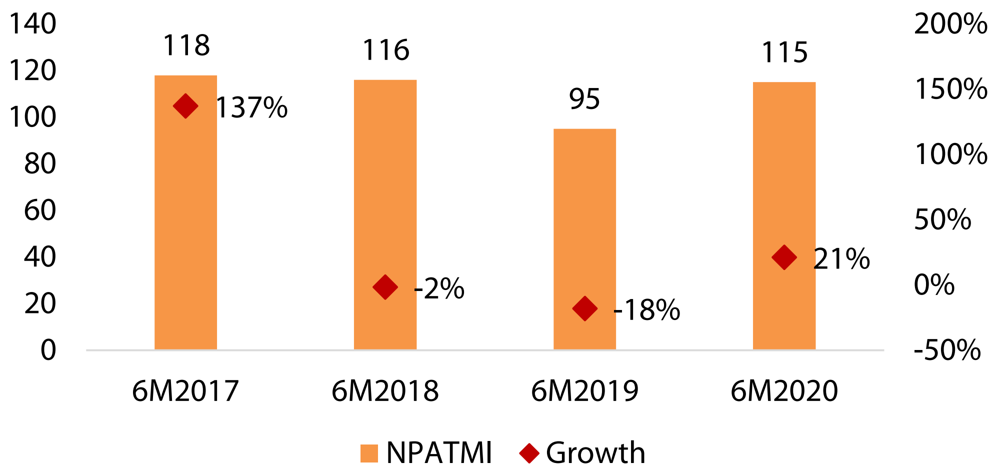
TCM – PPE is the temporary savior

Figure 1: Revenue growth in 1H2020 (VND bn)



Source: TCM, Rong Viet Securities

Figure 2: NPATMI growth in 1H2020 (VND bn)



Source: TCM, Rong Viet Securities

1H2020 - Medical products made up for the shortages in traditional product orders

o Revenue decreased 2% YoY to VND 1,738 bn; NPATMI increased 21% YoY to VND 115 bn.

- Exports of antibacterial masks and medical protective clothing gave high profits in May and June.
- Exports of traditional products faced difficulties as markets closed for quarantine.

o Gross profit margin in 2Q increased sharply to 19.8% (2Q 2019: 16.3%). Gross profit margin in 1H2020 increased to 17.3% (1H2019: 15.5%).

2H2020 - Profits are likely to decline significantly. Consumption of traditional products recovers slowly in the context of the pandemic and economic difficulties

o Export of medical products (if any) decreases in efficiency due to fierce competition. For the whole year, GPM is expected to reach 14.9% (2019: 15.9%)

o The company plans to recover VND 20 bnof bad debt from Sears in 2H2020. However, we do not include this amount in our valuation model.

MSH – THE BIG SHOCK

INVESTMENT RATIONALE

- **Consumption of traditional products plummeted due to pandemic**
  - Consumption of garments and bedding in 1H2020 was weak due to social distancing in markets to prevent the pandemic contagion. Consumption 2H is expected to recover slowly due to complicated pandemic development in the US and EU (accounting for 90% of MSH's revenue in 2019).
  - Export of medical products is only a temporary measure, the demand depends on unpredictable developments of the pandemic while economic efficiency is decreasing due to rising raw material prices and rapidly declining selling prices. Oversupply globally leads to fierce competition.
- **Large burden on cash flow and profit as customers are facing financial difficulties**
  - RTW Retailwinds, the parent company of MSH's major customers New York & Co. (15% of MSH's annual revenue), has filed for bankruptcy. Receivables of NY & Co. worth USD 9.5 mn at the end of 2Q2020, accounting for 31% of MSH's liabilities and 7% of total assets. Unclear possibility of collecting because it depends on the customer's restructuring and the US court's decision may take several years.
  - Other customers required to extend payment time. The company have set up receivables supervision board and provision for doubtful debts from 1Q. If customers goes bankrupt in series, we are concerned about the company's ability to maintain its operation.
- **Song Hong 10 project has temporarily suspended**
  - Investment procedure and land clearance have completed but the company has todelay construction to wait for the recovery of market demand.

RISK TO OUR CALL

- More severe and prolonged pandemic development than expected causes a deep fall in global apparel demand.
- Fabric prices and garment's selling prices fluctuate more strongly than expected

MONITOR N/A

CMP (VND)	**29,000**
Target price (VND)	-
Cash dividend in 12 months	*3.500*

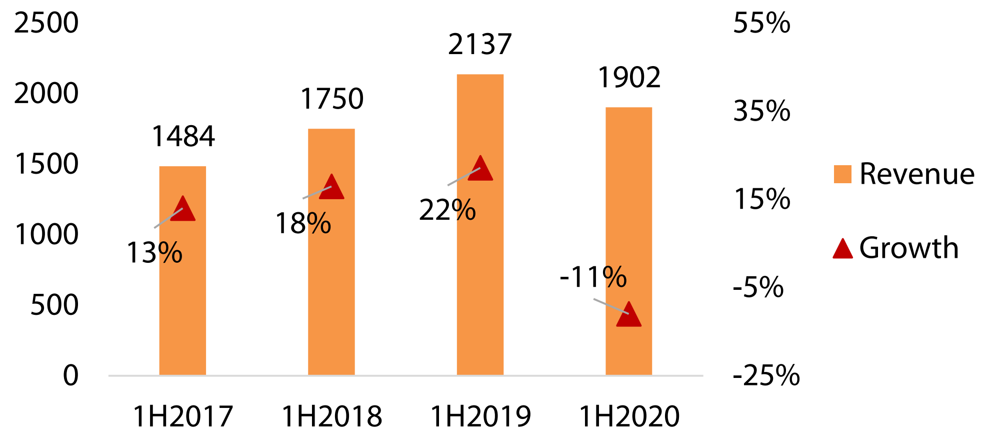
STOCK INFO	
Sector	Consumer Goods
Market Cap ($ mn)	63
Current Shares O/S (mn shares)	50
3M Avg. Volume (K)	229
3M Avg. Trading Value ($ mn)	0.3
Remaining foreign room (%)	45.5
52-week range ('000 VND)	23.3-59.1

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**3,951**	**4,411**	**3,268**	**4,279**
Growth (%)	*20.4*	*11.6*	*-25.9*	*30.9*
NPATMI (VND bn)	**370**	**450**	**51**	**254**
Growth (%)	*84.6*	*21.6*	*-88.7*	*398.0*
ROA (%)	15.09	17.8	2.2	9.7
ROE (%)	43.8	38.7	5.0	24.5
EPS (VND)	7,377	9,113	922	4,563
Book Value (VND)	19,601	23,235	20,658	20,721
Cash dividend (VND)	4,000	4,500	3,000	3,000
P/E (x) (*)	3.9	3.2	31.5	6.4
P/B (x) (*)	1.5	1.3	1.4	1.4

(*) Share price as of Aug 7th, 2020.

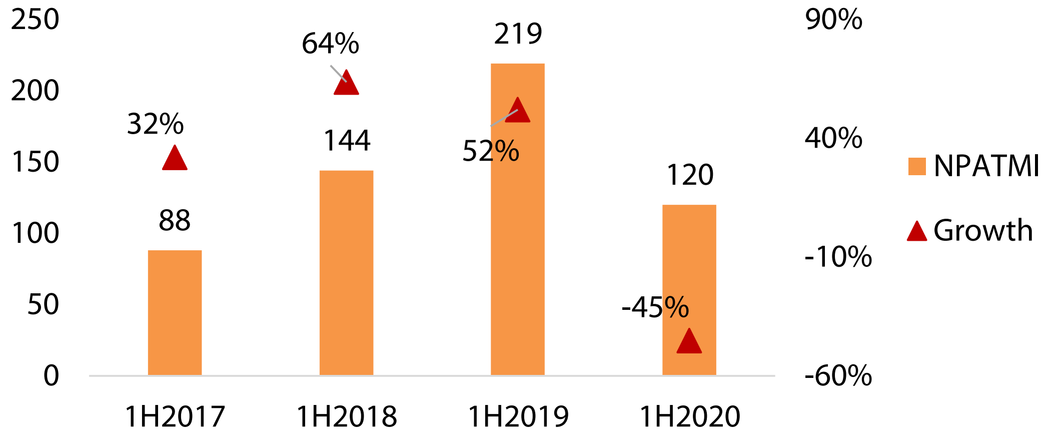
MSH – The big shock

Figure 1: 1H2020 revenue (VND bn)



Source: MSH, Rong Viet Securities

Figure 2: NPATMI 1H2020 (VND bn)



Source: MSH, Rong Viet Securities

1H 2020 – Medical products offset the decline in traditional orders. Many customers required to expand payment time or go bankrupt

Net revenue reached VND 1,902 bn, down 11% YoY. NPATMI is VND 120 bn, down by 45% YoY.

- Consumption of traditional products was difficult due to social distancing in markets. The US and Europe, the pandemic hotspots, account for 90% of 2019 sales.
- Producing and selling medical products (30 million antibacterial masks and 10 million medical protective suits) to maintain jobs for workers. The economic efficiency was not high because China continuously increases the price of raw materials and equipments. Gross profit margin fell sharply to 16.7% from 20.5% in the same period last year, due to the decrease in FOB revenue while CMT increased.
- Accounts receivable from customers increased sharply by 83% compared to the end of 2019, mainly from New York & Co. and Walmart.

2H 2020 – Demand for traditional products recovers slowly in the context of complicated developments of the pandemic and economic difficulties. Making provision for bad debts from New York & Co.

- Selling medical products (if any) reduces efficiency due to fierce competition. For the whole year 2020, gross profit margin is expected to reach 17.4% (2019: 21%).
- Since New York & Co. has announced bankruptcy, the company would have to estimate the extent of irrecoverable losses to make a provision. This will affect the company's financial position in the short term

DISCLAIMER:

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").

DISCLAIMER:

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.. None of the materials provided in this report may be used, reproduced, or transmitted, in any form or by any means, electronic or mechanical, including recording or the use of any information storage and retrieval system, without written permission from.

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

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

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

Hoang Nguyen
Analyst
hoang.nt@vdsc.com.vn
+ 84 28 6299 2006 (1538)
- Market Strategy
- Construction materials

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

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)