FAST MOVING CONSUMER GOODS (FMCG)

THE EXPENSIVE INPUT COSTS PRESSURE HAS EASED SINCE 2H 2023

An Nguyen – an.ntn@vdsc.com.vn

FMCG INDUSTRY – THE EXPENSIVE INPUT COSTS PRESSURE HAS EASED SINCE 2H 2023

Investment Rating	Negative / Neutral / Positive
Overview	2023 demand is expected to be stable thanks to the cool down of inflation and supports from the Government. Of which, the sales is believed to recover quarter-over-quarter from Q1 to Q4. With the positive effect of lower input costs, we forecast that the margins of FMCG industry will expand in 2H2023.
Highlights	**The low-price raw materials have not been put into use in 1H2023** • 1H2023 sales decreased at a modest rate, of which, higher sales of Q2 offset weak sales of Q1 2023. However, the profits decreased at a higher rate than the revenue because of expensive input costs. • Among FMCG stocks in the coverage list, only QNS will show positive YoY profit growth in 1H2023 owing to the support of sugar segment. The others, including VNM and MSN, describe negative YoY growth due to the high-priced raw materials inventory. **The sales is believed to recover quarter-over-quarter from Q1 to Q4 2023** • The recovery in 2H2023 might come from 1) the supportive policies such as lower VAT or higher basic salary; 2) Vietnamese consumer adapt to the new price level; and 3) the recovery of tourism activities. **The dairy sub-sector will enjoy the most cost-based improvement benefit among consumer ‘s sub sectors** • We predict that the downward trend of the raw material‘s prices in 1H2023 will impact the 2H2023 gross margin of FMCG companies which were hurt by the surge of input prices during the 2021-2022 period. Among consumer‘s sub sectors, we suppose that dairy companies will show a stronger improvement in profit margins than the others as only milk powder prices decreased to pre-pandemic level. The other commodities, such as corn or wheat, remain at above pre-pandemic level due to Russia-Ukraine tension and El Nino.

FMCG INDUSTRY – THE EXPENSIVE INPUT COSTS PRESSURE HAS EASED SINCE 2H 2023

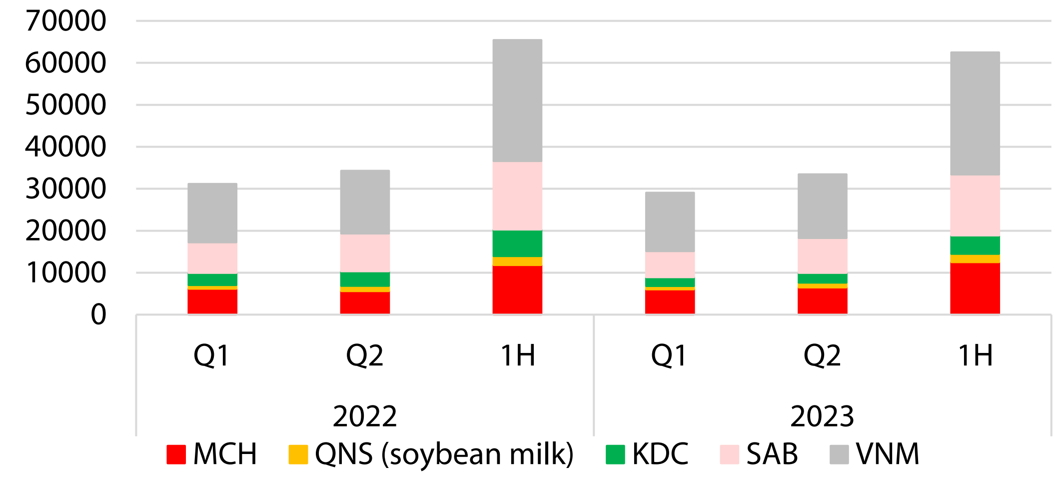
Valuation	• The valuation of Vietnam **dairy stocks** unchanged compared to the beginning of 2023 under the doubts about the effectiveness of low-cost raw milks. Based on the cost-based improvement catalyst in 2H2023, we suppose that the valuation will become attractive under the risk-return of the industry. • The valuation of Vietnam **beer stocks** became lower compared to the beginning of 2023. The main reasons are 1) weak demand; and 2) expensive input costs which is expected to last until end-2023. Based on the weak outlook of the beer sector, we suppose that the current valuation is fair. • The valuation of Vietnam **FMCG stocks** has bottomed since Apr-2023 owing to the confidence of investors in the supportive policy from the Government and the expectation that low input costs will be put into use in 2H2023. Since the valuation has just bottomed out recently, we predict that there is upside for the stock price of FMCG shares when the low-cost raw materials take effect.
Stocks Recommendation	**VNM** (BUY, TP: VND 87,600), **MSN** (ACCUMULATE, TP: VND 95,700), **QNS** (ACCUMULATE, TP: VND 52,800)
Risks	• The prices of raw materials turns to the upward trend due to unexpected reasons likes the Russia-Ukraine tension or climate change.

THE LOW-PRICE RAW MATERIALS HAVE NOT BEEN PUT INTO USE IN 1H2023

FMCG companies presented negative net profit growth as a result of stable revenue and expensive input costs in 1H2023.

- 1H 2023 sales of FMCG industry decreased at a modest rate despite challenging business environment. In detail, higher sales of Q2 2023 compensated for weak sales of Q1 2023 (Figure 1). The disappointed result in the first quarter is because of rising inflation pressure and stockpile effect. However, mentioned by Kantar Worldpanel report, consumer confidence is coming back since Q2 2023. Therefore, the result of Q2 2023 has recovered.
- Although gross margin of some companies showed an upward trend between Q1 and Q2 2023, we suppose that this is the result of higher selling prices (Figure 2 & 3). The low-cost raw materials have not been put into use in 1H2023. To explain, FMCG companies purchased a large amount of raw materials during 2021-2022 period with the purpose of hedging the risk of global supply chain disruption, resulting in high inventory between Q3 2021 and Q2 2023.
- Because the average selling prices cannot raise at a high rate as the nature of FMCG industry, the improved output selling prices did not offset the increase in input costs. As a result, the profits decreased at a higher rate than the revenue in 1H2023.

Figure 1: Q2 2023 sales has recovered, driving 1H 2023 results to be stable compared to 1H 2022 (VND bn)



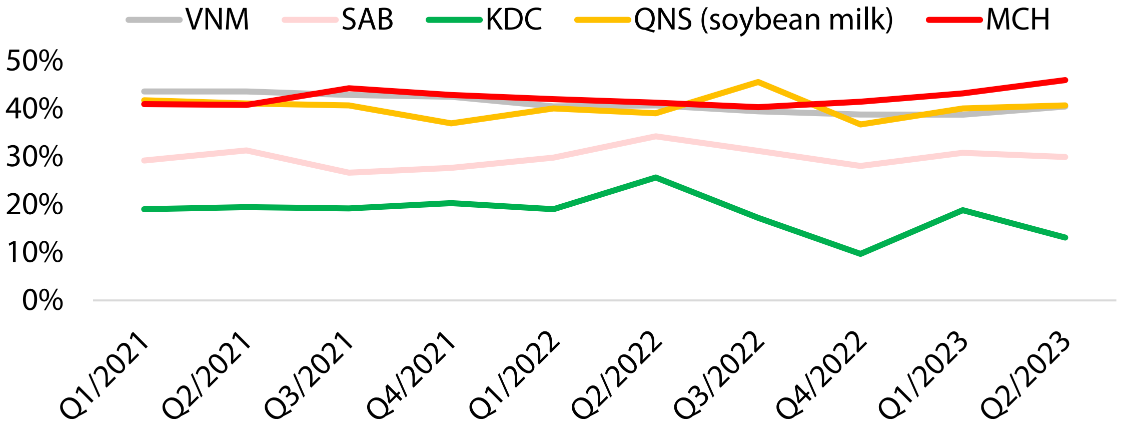
Source: MCH, QNS, KDC, SAB, VNM, RongViet Securities.

Figure 2: Average selling prices increased across FMCG categories in Q2 2023 (% YoY)

Source: Kantar World panel, RongViet Securities.

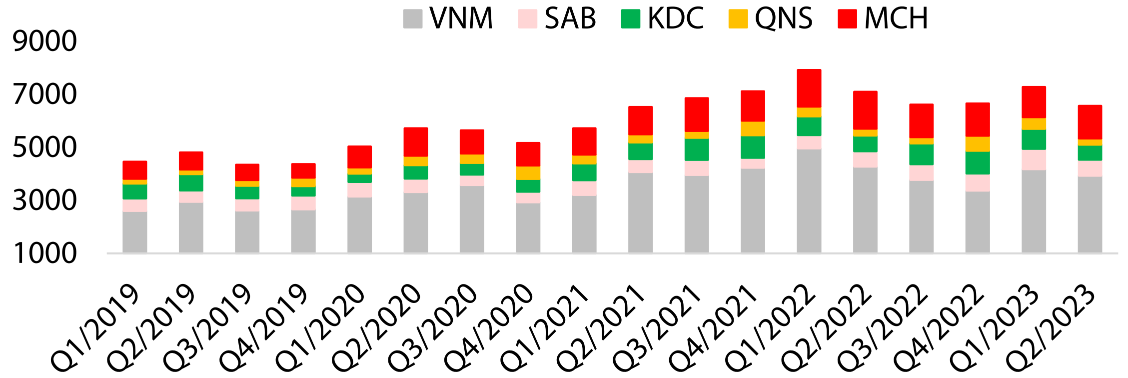
THE LOW-PRICE RAW MATERIALS HAVE NOT BEEN PUT INTO USE IN 1H2023

Figure 3: Gross margin of selected leading FMCG stocks decreased between Q2 2022 and Q4 2022, moving in an opposite direction to the commodity prices (%)



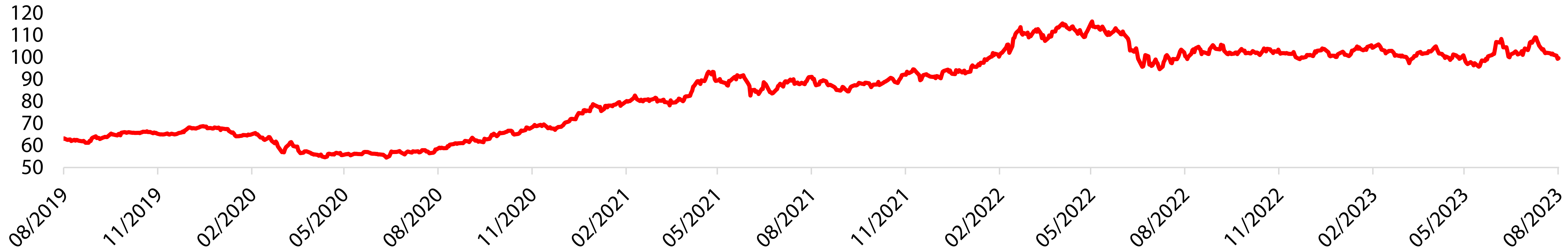
Source: MCH, QNS, KDC, SAB, VNM, RongViet Securities.

Figure 4: Raw material inventories of FMCG companies are at high level between Q3 2021 and Q2 2023 (VND bn)



Source: MCH, QNS, KDC, SAB, VNM, RongViet Securities.

Figure 5: The prices of raw materials surged between Jan 2021 and Jun 2022 put pressure on gross margin of Vietnam FMCG industry until 1H2023 – Bloomberg agricultural and livestock price index (pts)



Source: Bloomberg, RongViet Securities.

THE SALES IS BELIEVED TO RECOVER QoQ FROM Q1 TO Q4 2023

The sales is expected to improve since Q2 2023

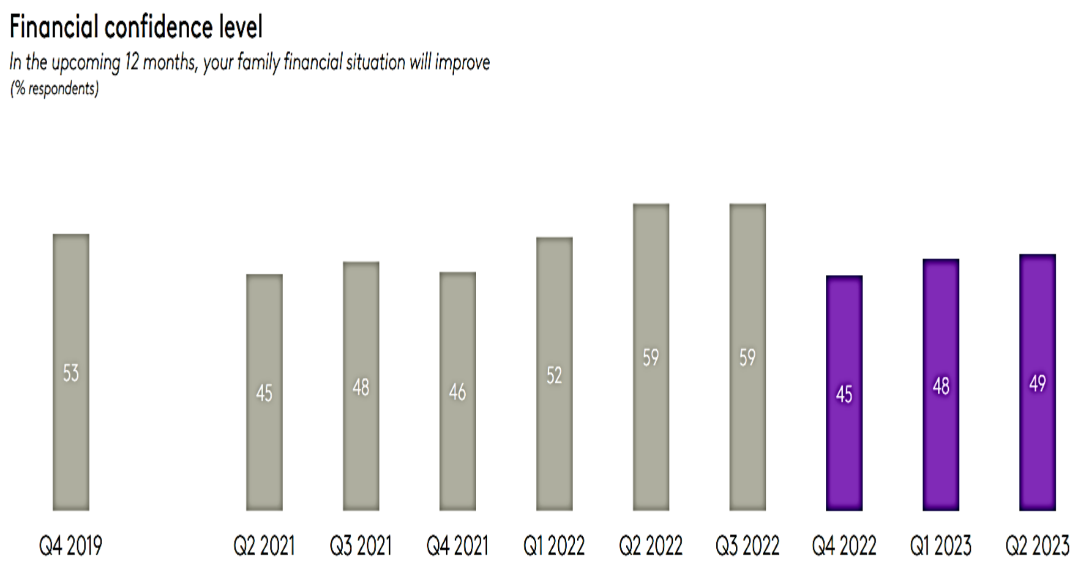
- The support policies from the Government, including lower VAT from 10% to 8% from Jul-2023 to Dec-2023, increasing basic salary since Jul-2023 or decreasing interest rate, will help to improve purchasing power. According to Kantar World 's report, the positive news from Government should encourage consumers to "spend money more comfortable again". In fact, "consumer confidence is slowly coming back" since Q2 2023, signaling positive outlook for 2H2023 sales.
- Mentioned by some FMCG leaders such as VNM, QNS or MSN, they will deploy various promotion campaigns as well as giving discounts on products to customers since Q3 2023. We believe that Vietnamese consumer adapted to the new price level since the beginning of 2023, given the economic recovery, the promotional push and discount pricing will create an uplift in FMCG products purchased.

Table 1: FMCG industry enjoys the advantage from lower VAT decision

	VAT reduction to 8%	No VAT reduction
Food and Foodstuff	**X**	
Beverages and Cigarette		
- Milk and Dairy products	X	
- Cigarette		X
- Alcohols drinks		X
- Non-Alcohols drinks	X	
Healthcare		
- Medicine & Functional foods	X	
- Cosmetics		X
Garment, footwear, hat	**X**	
Household & Personal care (except shampoo, washing powder and detergents)	**X**	
Consumer electronics		**X**

Source: Decree No. 44/2023, RongViet Securities.

Figure 6: Consumer confidence is coming back (%)



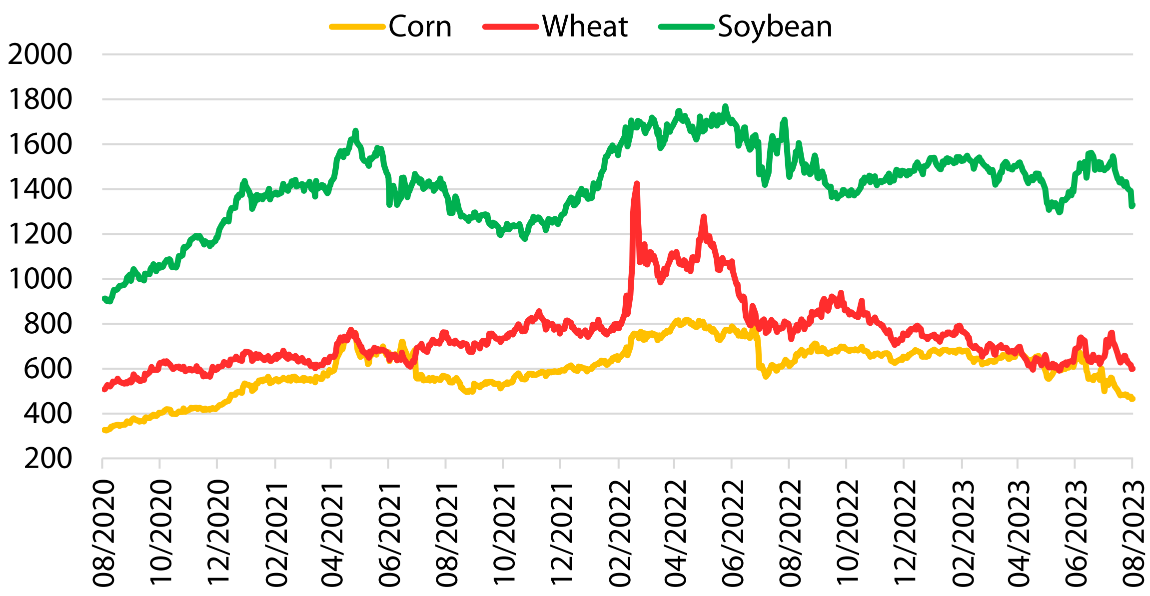
Source: Kantar World, RongViet Securities.

DAIRY COMPANIES ENJOY THE MOST BENEFIT FROM EASING INPUT COSTS

Vietnam dairy industry will benefit most from reduced input costs among the FMCG sector.

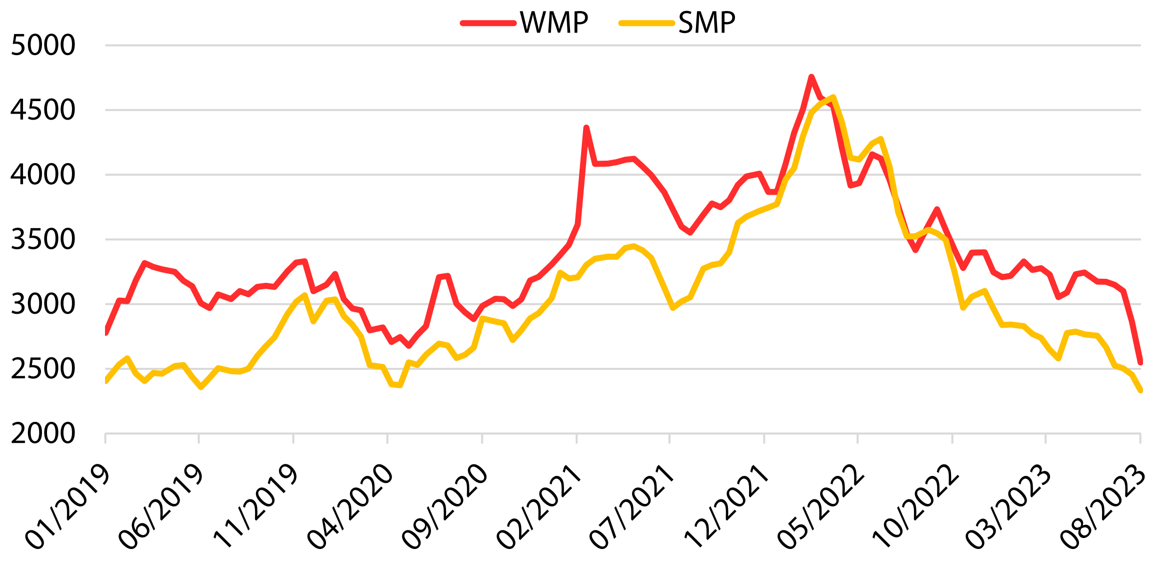
- The downward trend of agricultural and livestock commodity prices in 1H2023 will be reflected on the 2H2023 gross margin of Vietnam F&B companies since there is a lag between the movement of the prices and production costs. On the expectation that FMCG consumption is stable, we believe that when the low-priced materials are put into used, the gross margin of the FMCG industry will recover.
- Among the commodities, prices of raw milk powders has backed to the pre-pandemic level by the beginning of Aug-2023 (due to weak demand from China). Prices of corn, wheat, soybeans or palm oil remain at above pre-pandemic level (due to Russia-Ukraine tension and El Nino). We suppose that the lower milk powders imported from China will be the main factor limiting the upside of global milk powder prices.
- Consequently, easing input costs is expected to drive Vietnam's dairy industry to benefit most from reduced input costs among the FMCG sector.

Figure 7: Prices of corn, wheat and soybeans (Cents/Bu) have not returned to pre-pandemic level yet



Source: Bloomberg, RongViet Securities.

Figure 8: Prices of whole milk powder and skim milk powder (USD/MT) has backed to pre-pandemic level (2019 period)



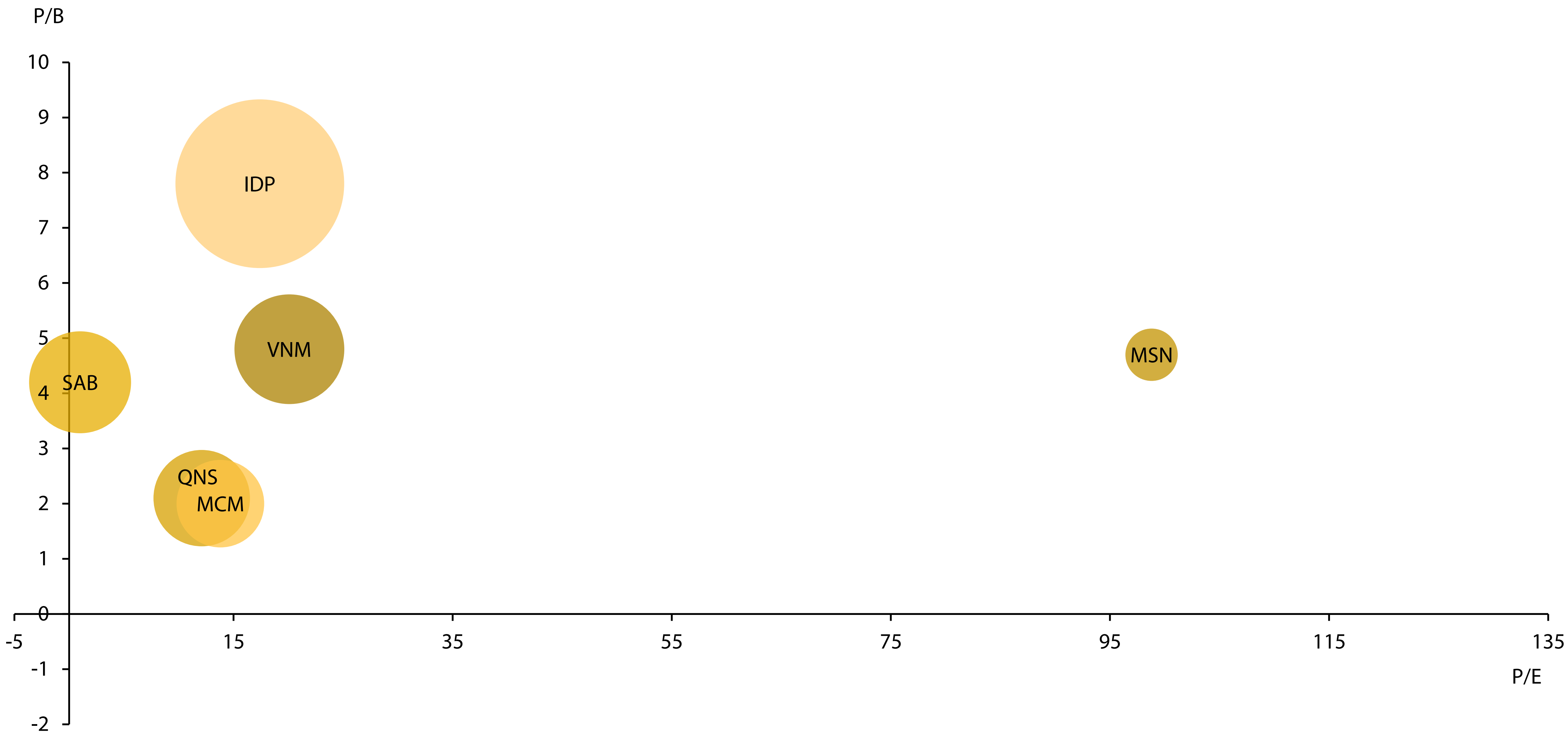
Source: Bloomberg, RongViet Securities;

INDUSTRY COMPARABLE (TTM)

Ticker	Mkt Cap. ($mn)	Target price (VND)	Closing price (07/31/2022)	Next-twelve month-Cash dividend	Foreign room leftover %	Revenue growth %YoY			NPAT-MI growth %YoY			2023 's Profitability		P/E		P/B	
						2022A	2023F	2024F	2022A	2023F	2024F	ROA(*)	ROE(*)	Cur.(*)	5 Yr. AVG	Cur.(*)	5 Yr. AVG
VNM	6,882	87,600	75,489	3,850	45.8	-1.6	4.3	5.0	-19.3	6.0	11.5	18.6	25.9	18.1	21.4	5.3	6.7
MSN	5,273	95,700	87,300	0	18.7	-14.0	2.8	2.8	-64.0	-61.5	91.0	1.1	3.5	91.0	34.8	2.8	4.5
QNS	767	52,800	50,900	3,000	32.2	12.5	20.3	4.3	3.7	52.6	-13.6	16.4	23.1	9.3	9.2	1.8	1.7
SAB	4,245	N.R	156,800	2,500	37.7	32.6	n.a	n.a	52.7	n.a	n.a	19.1	13.9	22.8	29.9	4.2	6.9
KDC	706	N.R	65,000	600	29.4	19.4	n.a	n.a	-54.6	n.a	n.a	5.5	3.0	n.a	68.6	2.2	1.5
MCM	184	N.R	39,700	1,000	98.8	7.1	n.a	n.a	8.4	n.a	n.a	14.2	14.0	13.8	N.A	2.0	N.A
IDP	595	N.R	209,500	4,500	90.2	26.1	n.a	n.a	-1.4	n.a	n.a	51.8	23.8	17.4	N.A	7.8	N.A

Source: Fiinpro, RongViet Securities. Share price as of 31 Jul 2023.

PE, PB AND ROE (TTM)

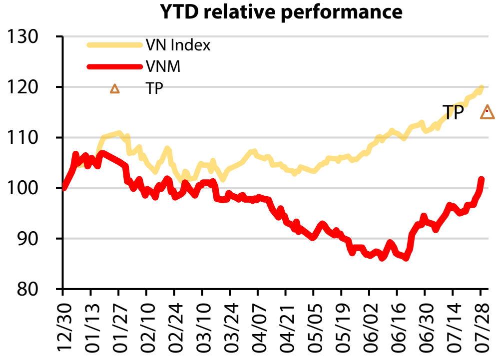


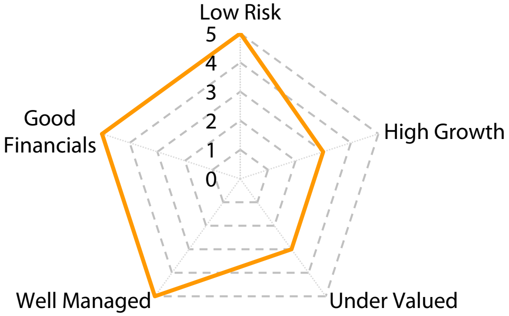
Source: Fiinpro, RongViet Securities. Bubble size equals respective ROE. Share price as of 31 Jul 2023.

A BETTER PERIOD FOR SALES GROWTH

HSX: VNM

BUY: +21% **MP: 75,500** **TP: 87,600**





STOCK INFO

Sector	Consumer staples
Market Cap ($ mn)	6,824
Current Shares O/S (mn shares)	2,090
3M Avg. Volume (K)	3,669
3M Avg. Trading Value (VND Bn)	256
Remaining foreign room (%)	46
52-week range ('000 VND)	65.5 - 85.6

FINANCIALS

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	59,956	62,532	65,641
NPATMI (VND bn)	8,516	9,028	10,068
ROA (%)	16.8	18.6	21.2
ROE (%)	23.8	25.9	28.8
EPS (VND)	3,632	3,872	4,283
Book Value (VND)	14,282	14,320	14,805
Cash dividend (VND)	3,850	3,850	3,850
P/E (x)	22.4	22.6	20.3
P/B (x)	5.3	6.1	5.9

INVESTMENT RATIONALES

Vinamilk performance will not suffer through the combination of weaker demand and soaring costs anymore

- The recovery of exported orders, which is driven by the Iraq market and the effectiveness of the new sales strategy, is expected to fuel demand for Vinamilk 's products since Q3 2023. We believe that VNM will gain back its market share in the domestic market in the upcoming quarters as it well braced for the sales growth ahead.
- VNM has put some low-cost raw milk powders into operation from Q2 2023, resulting in an improvement in the gross margin. Backed by this, we believe that the cost-based improvement will drive VNM 's bottom-line to turn to positive growth in 2023.

Allocating to stocks in a defensive fashion with positive earnings outlook amid macroeconomic turmoil environment

- The new image of Vinamilk which highlight their brand awareness brings hopeful that the company is backing to positive growth. A strong balance sheet allows Vinamilk to shift their attention to supporting sales growth while managing cost efficiently. Under the advantage of defensive stock, we believe that once the company shows signals of sales growth, it will create demand for the stock, especially institutional money amid macroeconomic turmoil environment.

2H2023 & 2024 earnings outlook

- We predict that 2H2023 & 2024 will be a better period for VNM 's sales growth thanks to favorable business conditions (mentioned in the FMCG industry report) and the effectiveness of the new sales strategy. We forecast that Q4 2023 will show the highest sales growth compared to the other quarters of 2023. This is the premise for resilience of 2024 sales growth. We assume that VNM will continue to enjoy the advantage of low-cost raw materials in 2024 on the downward trend of global raw milk powder prices, resulting in double-digit profit growth next year.

RISKS TO OUR CALL

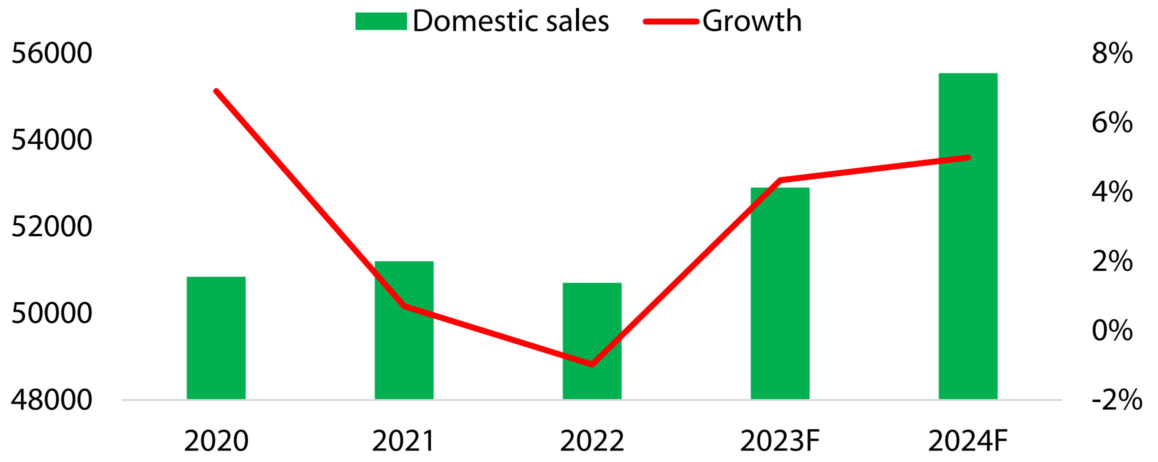
- Unexpected factors negatively affect prices of global raw milk powders, thereby hurting profit margins of Vinamilk.

THE EFFECT OF WEAKER DEMAND AND SOARING COSTS HAVE BEEN SLASHED

Figure 1: 2H2023 domestic sales will be fueled by favorable business conditions (VND bn)

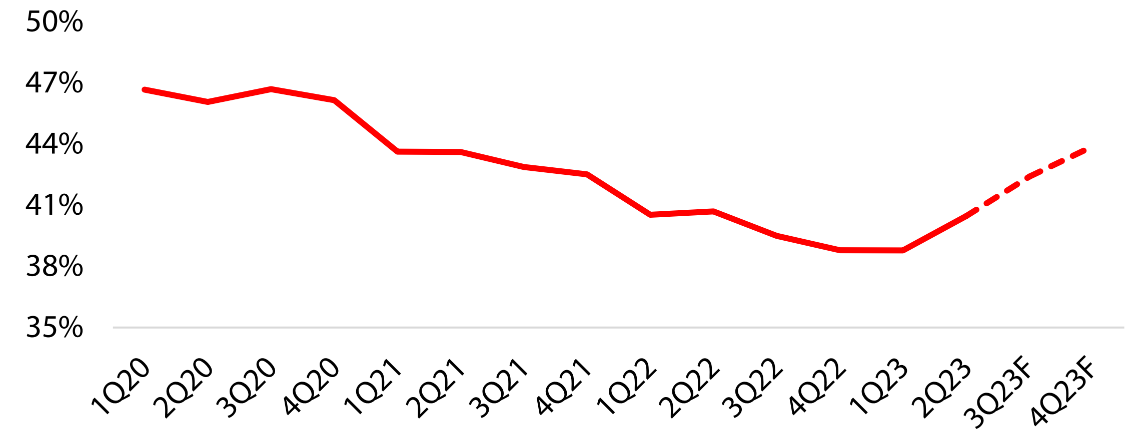
Source: VNM, RongViet Securities

Figure 2: Local sales is expected to elevate since 2023 as a fruitful of new sales strategy (VND bn – LHS, % YoY – RHS)



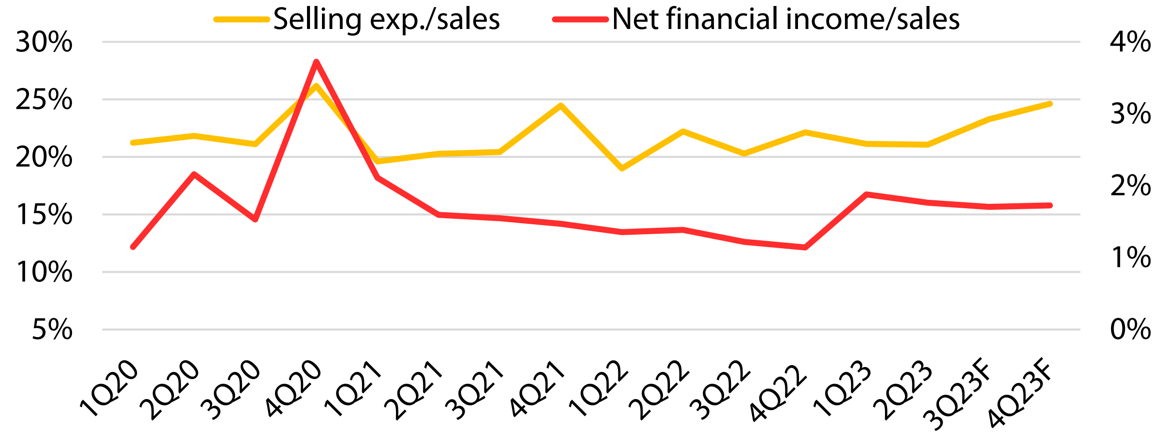
Source: VNM, RongViet Securities

Figure 3: VNM 's gross margin will improve quarter-over-quarter (%)



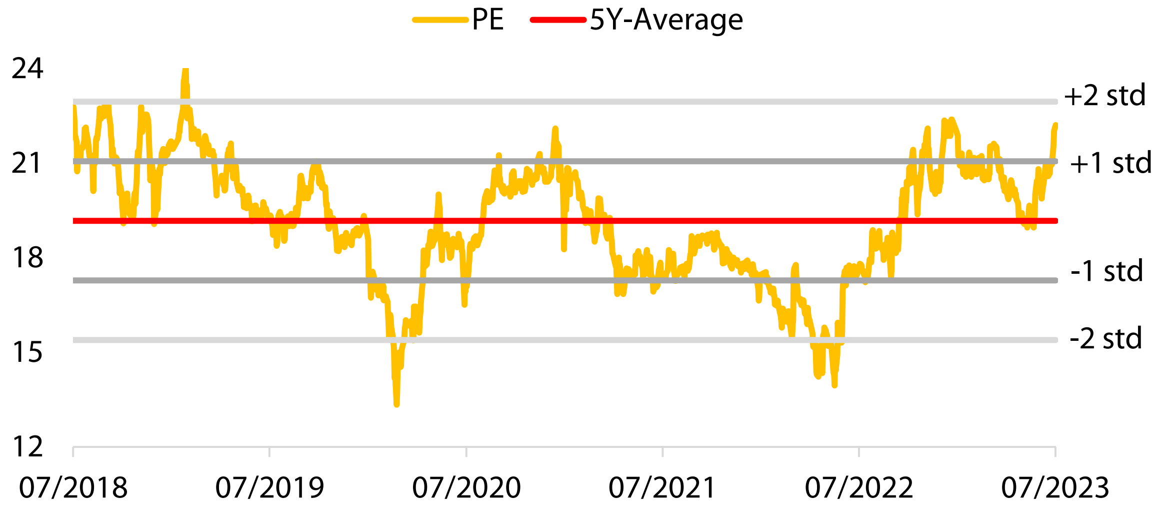
Source: VNM, RongViet Securities

Figure 4: A fertile net financial income gives space for VNM to focus on sales growth (%) – Selling exp./Sales (%, LHS)



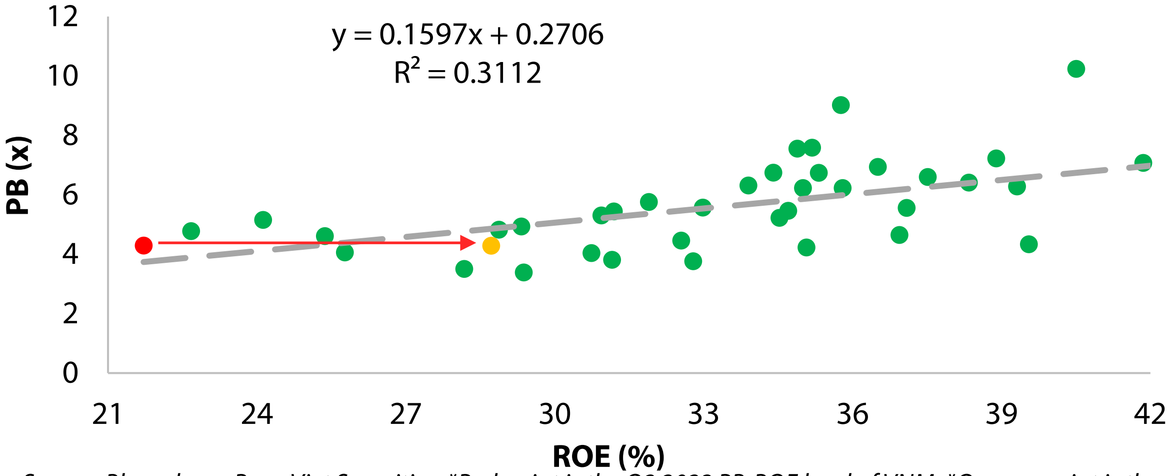
Source: VNM, RongViet Securities

Figure 4: VNM 's trailing P/E has broken out of 5-year average level on the back of improved earnings (x)



Source: Bloomberg, RongViet Securities

Figure 5: VNM 's valuation is believed to turn from overvalue to undervalue on the expectation of higher ROE as higher sales and improved profit margins



*Source: Bloomberg, RongViet Securities; *Red point is the Q2 2023 PB-ROE level of VNM, *Orange point is the 2023F ROE level by Bloomberg consensus given current PB level*

Table 1: VNM 's results by quarter (VND bn)

	Q1 2023	Q2 2023	Q3 2023F	Q4 2023F
Net sales	13,918	15,195	16,814	16,606
Gross profit	5,398	6,150	7,130	7,288
Selling expense	2,942	3,200	3,913	4,088
General expense	389	430	450	421
Operating profit	2,067	2,520	2,767	2,779
Net financial income/(expenses)	261	268	287	286
Pretax profit	2,312	2,728	3,039	3,141
NPAT-MI	1,856	2,199	2,435	2,538

Source: VNM, RongViet Securities

Table 2: VNM 's financial ratio by quarter (%)

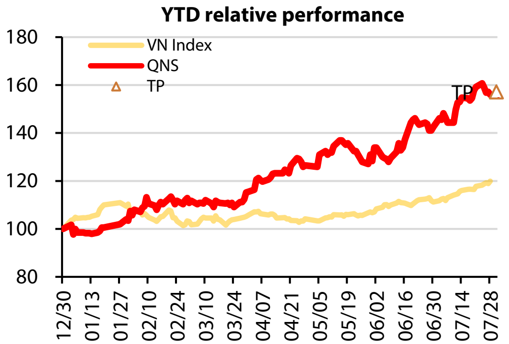
	Q1 2023	Q2 2023	Q3 2023F	Q4 2023F
Sales growth (% YoY)	0.3	1.8	4.6	10.2
Gross profit growth (% YoY)	-4.0	1.2	12.3	24.7
Operating profit growth (% YoY)	-21.1	5.7	2.9	34.8
Net profit growth (% YoY)	-18.1	5.6	5.9	35.8
GPM (%)	38.8	40.5	42.4	43.9
OPM (%)	14.9	16.6	16.5	16.7
NPM (%)	13.3	14.5	14.5	15.3
Trailing ROE (%)	22.7	21.7	24.2	25.9

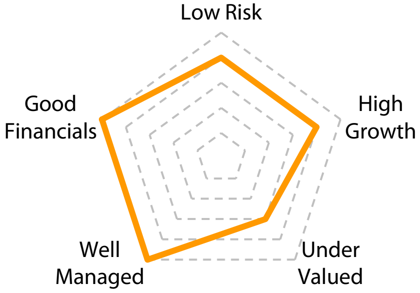
Source: VNM, RongViet Securities

SUGAR TO LEAD A SUDDEN GROWTH IN 2023

UPCOM: QNS

ACCUMULATE: +10% **MP: 50,100** **TP: 52,800**





STOCK INFO

Sector	Food & Beverage
Market Cap ($ mn)	775
Current Shares O/S (mn shares)	357
3M Avg. Volume (K)	1,009
3M Avg. Trading Value (VND Bn)	46
Remaining foreign room (%)	32.2
52-week range ('000 VND)	31,2 – 55

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	8,259	9,933	10,563
NPATMI (VND bn)	1,285	1,960	1,866
ROA (%)	12.5	16.4%	14.2%
ROE (%)	17.2	23.1%	19.8%
EPS (VND)	4,219	6,373	6,067
Book Value (VND)	24,760	28,133	31,200
Cash dividend (VND)	3,000	3,000	3,000
P/E (x)	8.2	7.9	8.3
P/B (x)	1.4	1.8	1.6

INVESTMENT RATIONALE

The sudden spike in sugar prices contributed to a record-breaking first half of 2023 profit. In the first half of 2023, QNS reported net revenue of VND 5,282 bn (USD 225 mn) and NPAT of VND 1,028 bn (USD 44 mn), increasing 32% and 90%, respectively, over the prior year. Owing to significant volume and price growth, the sugar segment saw profit nearly double year over year, while the soymilk segment's revenue and NPAT marginally declined owing to weak consumption.

Due to low demand and high soybean costs, the soymilk segment is unlikely to make a significant comeback in 2H 2023. We predict a marginal 5% YoY decline in soymilk sales for 2023, with the NPAT for this segment remaining flat due to subdued consumption trends. Moving into 2024, we anticipate a modest 5% YoY upturn in soymilk consumption, accompanied by a 1 pps improvement in gross margin owing to reduced raw material costs, most of which were fixed. These factors are expected to drive a 13% YoY growth in profit after tax for the soymilk segment in 2024.

The sugar segment remains favorable in the second half of 2023 prior to a potential decrease in sugar prices in 2024.

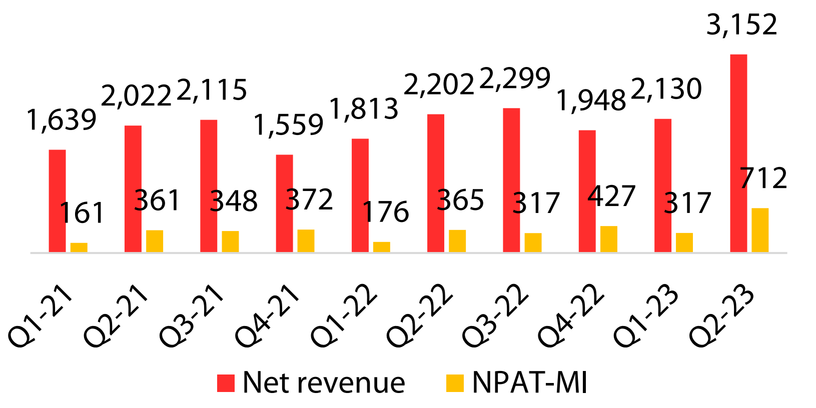
In the latter half of 2023, we expect sugar prices to remain steady at VND 20-22k/kg, fostering a substantial 225% YoY full-year NPAT increase, contributing 45% to the total. Looking forward to 2024, our perspective leans towards a potential sugar price reduction. With weather-related issues waning and global sugar supply recovering, we anticipate a 20% YoY increase in sales volume for QNS, but a projected 10% decrease in selling price could result in a 30% YoY decline in NPAT for this segment.

In total, we predict a 20% net revenue growth and a 53% NPAT increase in FY2023. In FY2024, net revenue is expected to rise by 6% while NPAT might decrease by 5% YoY. Our target price yields PE ratio of 8.3x for 2023 and 8.7x for 2024, compared to the 5-year average of 8.3x.

RISK TO OUR CALL

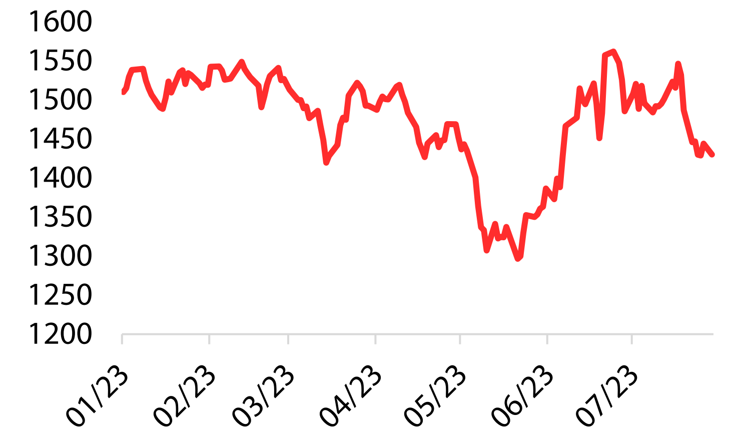
- Fluctuation in soybean prices/sugar prices.
- Demand recovery and competition of soymilk segment.

NPAT to break record in Q2/2023, driven by the sugar segment (VND Bn)



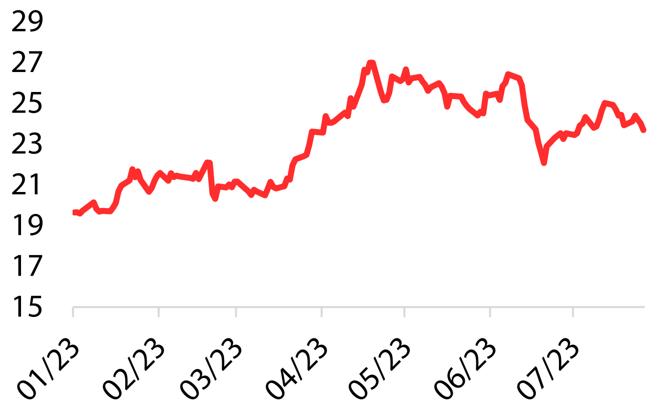
Source: QNS, RongViet Securities

Soybean price is in downtrend, supporting GPM improvement in 2024 (USD/BU)



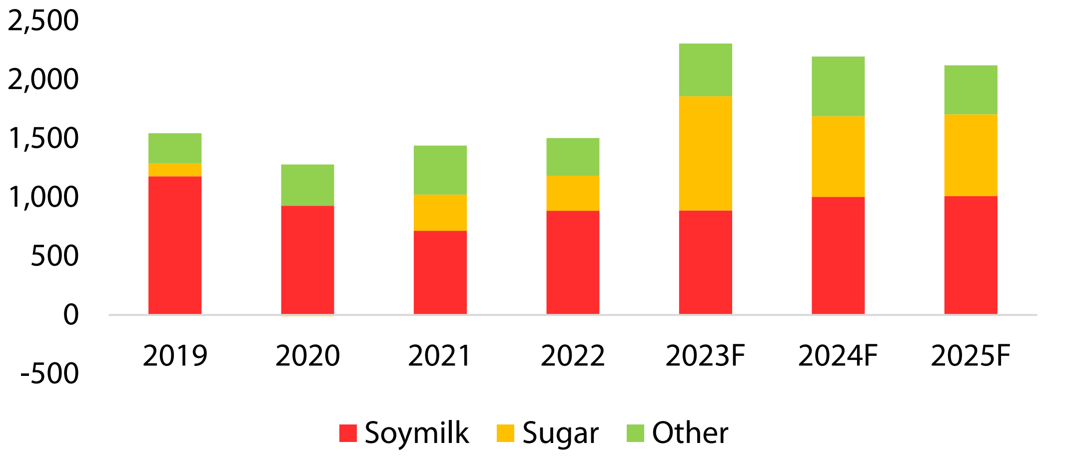
Source: Bloomberg, RongViet Securities

Sugar price is cooling down but still remains at high level (USD/LBS)



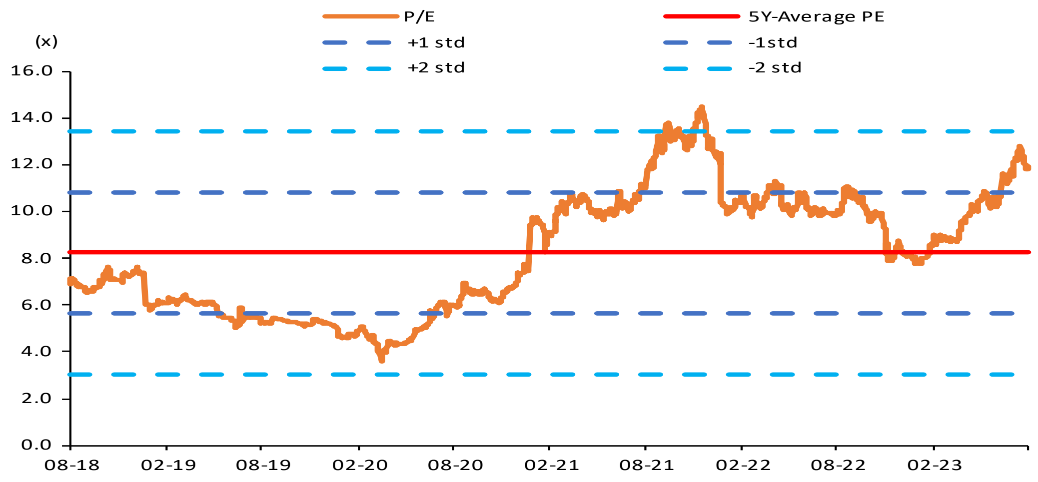
Source: Bloomberg, RongViet Securities

PBT structure shifts from soy milk to sugar (VND Bn)



Source: RongViet Securities

Historical PE from Aug-18 to Aug-23 (x)



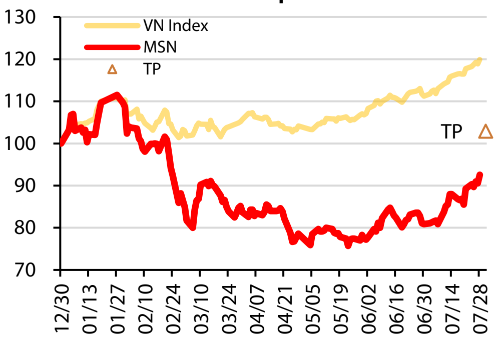
Source: Bloomberg, RongViet Securities

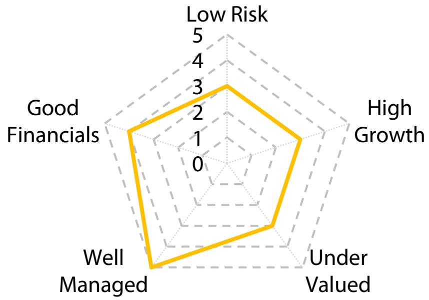
2H2023 PROFITS IS EXPECTED TO BOTTOM-OUT

HSX: MSN

ACCUMULATE: +10% **MP: 87,300** **TP: 95,700**

YTD relative performance





STOCK INFO

Sector	Food & Beverage
Market Cap ($ mn)	5,258
Current Shares O/S (mn shares)	1,431
3M Avg. Volume (K)	1,338
3M Avg. Trading Value (VND Bn)	104
Remaining foreign room (%)	19
52-week range ('000 VND)	69,1-117

FINANCIALS

FINANCIALS	2022A	2023F	2024F
Revenue (VND bn)	76,189	78,320	81,197
NPATMI (VND bn)	3,567	1,228	2,255
ROA (%)	3.6	1.1	1.7
ROE (%)	9.0	4.7	6.5
EPS (VND)	2,512	863	1,584
Book Value (VND)	25,733	30,989	46,896
Cash dividend (VND)	800	0	0
P/E (x)	37.0	110.8	60.4
P/B (x)	5.0	3.0	2.0

INVESTMENT RATIONALES

The organic sales growth is expected to recover since 2023, driven by the consumer-based businesses

- The investment on The Crown X (TCX - consumer & retail business) since 2020 proves MSN' success with the continuous sales growth in the last three years (2020-2023F CAGR of +3%). Back by the strategies of new innovations on MCH 's products, and WCM expansion retail network, we believe that TCX 'sales will continue to go stronger. TCX takes the largest proportion of both MSN's total revenue (over 70% in 1H2023) and profits (Gross/EBITDA: over 80%/50% in 1H2023). The better performance of TCX will push MSN performance to be up.

Core-profit margins is expected to improve quarter-over-quarter owwing to economies of scale advantage

- The new subsidiaries (WCM & MML) reached EBITDA break-even point in Q1 2021 and present positive EBITDA until present. We suppose that 2020-2023 period to be the stage of scale-up of these subsidiaries. In the next period, the advantage of the economies of scale is expected to optimize their profits, evidenced by improved gross margin and EBITDA margin.
- Despite of the surge of commodity prices which are input costs of MCH, MCH 's profitability are resilient thanks to its diversified product portfolio and MSN's ecosystem. Together with the improvement of WCM & MML, we predict that MSN 's profit margins will be better in the upcoming periods.

Expensive interest payment headwinds is easing, reducing pressure on the bottom-line of 2H2023 and 2024

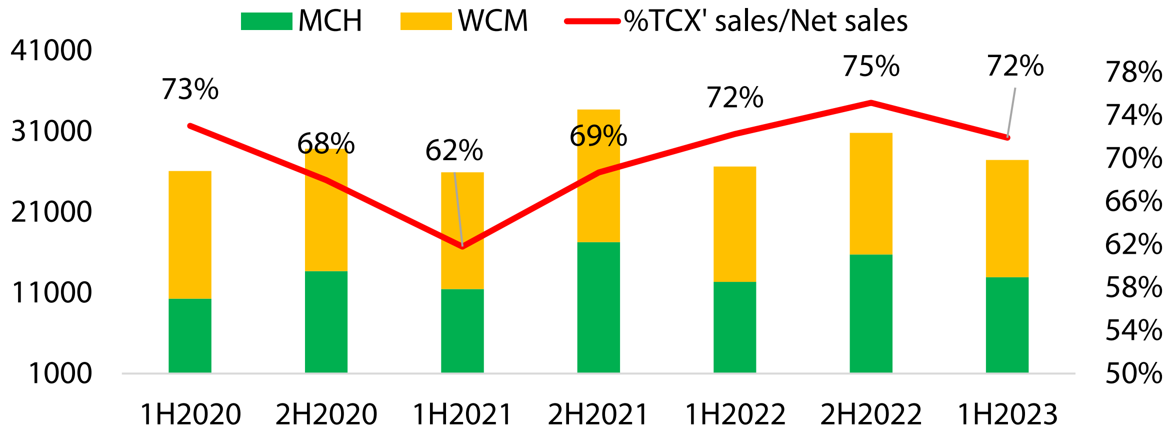
- Since MSN refinanced their debts which reduced the total debts to VND68,069 bn in 1H2023 from VND70,993 bn by the end of 2022. In the context of decreasing interest rate, we predict that the interest payment will be lower since 2H2023 and onwards.
- 2024 profit is predicted to show double-digit growth, in the pillars of, improved core businesses and 2023 low base performance.

RISKS TO OUR CALL

- MSN 's total debts might not decrease and stay at high level to finance for the business expansion strategy, putting stress on balance sheet as well as interest payment pressure.

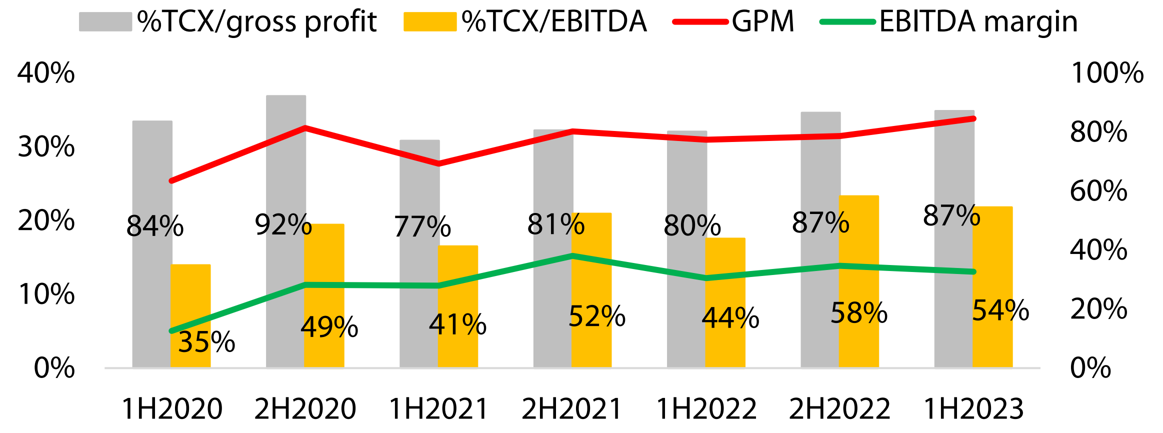
2H2023 PERFORMANCE WILL BE DRIVEN BY CONSUMER-BASED BUSINESSES

Figure 1: TCX accounts for over 70% of total sales of MSN (%, RHS) – TCX revenue breakdown (VND bn, LHS)



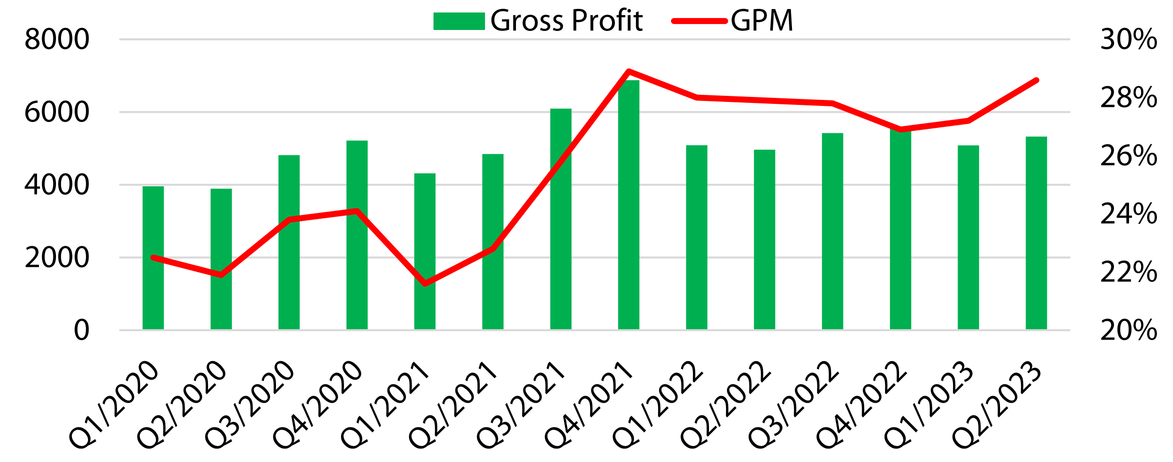
Source: MSN, RongViet Securities

Figure 2: The improvement in profit margins (%, LHS) drives TCX to enhance their contribution to total profits of MSN (%, RHS)



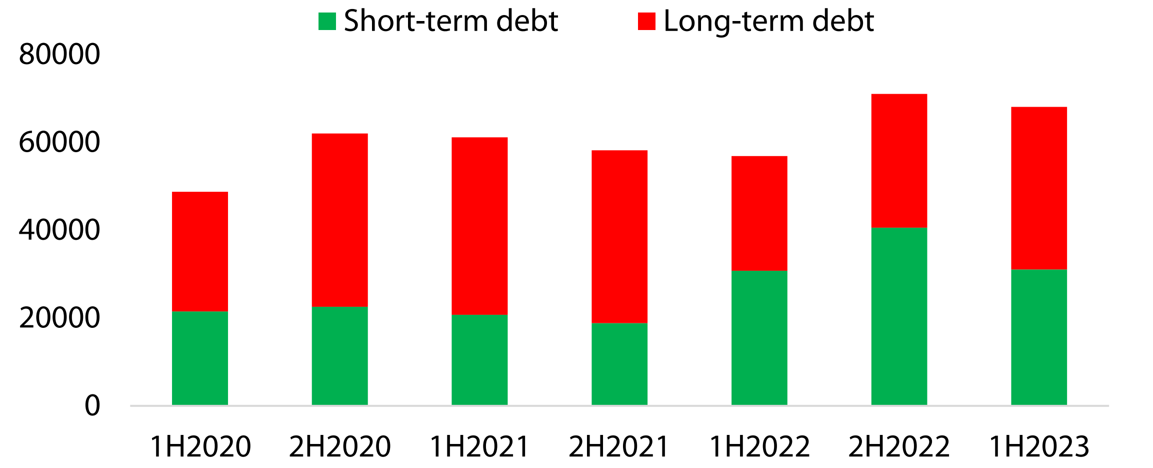
Source: MSN, RongViet Securities

Figure 3: MSN 's gross profit (VND bn, LHS) shows sign of improvement QoQ – Gross margin (%, RHS)



Source: MSN, RongViet Securities

Figure 4: MSN reduced total debts in 2H2023 (VND bn)



Source: MSN, RongViet Securities

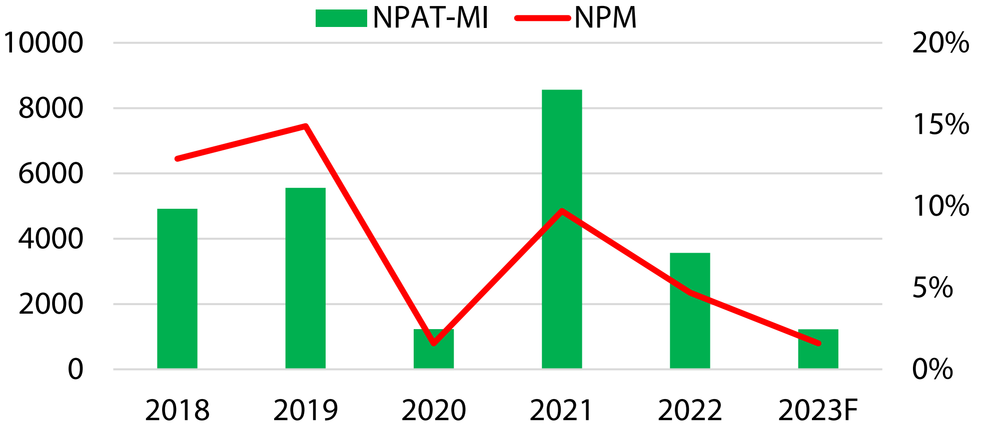
VALUATION IS ATTRACTIVE

Table 1: We consider that MSN shares is trading at below the company 's intrinsic value relying on the growth outlook of their subsidiaries

Sum Of The Parts (SoTP) (Unit: VND bn)	FY2023F	Comments
1) Masan Consumer (MCH)		DCF method
Equity value	104,628	
Masan's ownership (%)	72.8	
Equity value attributed to Masan Group (A)	76,169	13x justify PE multiple
2) Masan MEATLife (MML)		EV/EBITDA method
Equity value	5,550	
Masan's ownership (%)	94.9	
Equity value attributed to Masan Group (B)	5,267	EV/EBITDA multiple of peer group = 12
3) Masan High-tech Materials (MSR)		EV/EBITDA method
Equity value	22,791	
Masan's ownership (%)	86.4	
Equity value attributed to Masan Group (C)	19,691	EV/EBITDA multiple of peer group = 9
4) WinCommerce (WCM)		P/S method
Equity value	36,709	
Masan's ownership (%)	71.5	
Equity value attributed to Masan Group (D)	26,247	P/S multiple = 1.2
5) Phuc Long Heritage		
Equity value	5,178	
Masan's ownership (%)	85.0	P/E multiple = 10
Equity value attributed to Masan Group (E)	4,401	
6) Long-term investment value		
Techcombank (TCB)	7,631	DCF + P/B method
Other long-term investment	945	
Equity value attributed to Masan Group (F)	8,576	
7) Other net assets (F)	(4,147)	
Equity Value (A) + (B) + (C) + (D) + (E) + (F) + (G)	**136,205**	
Common outstanding shares (mn shares)	1,424	
Target Price	**95,700**	FY2023

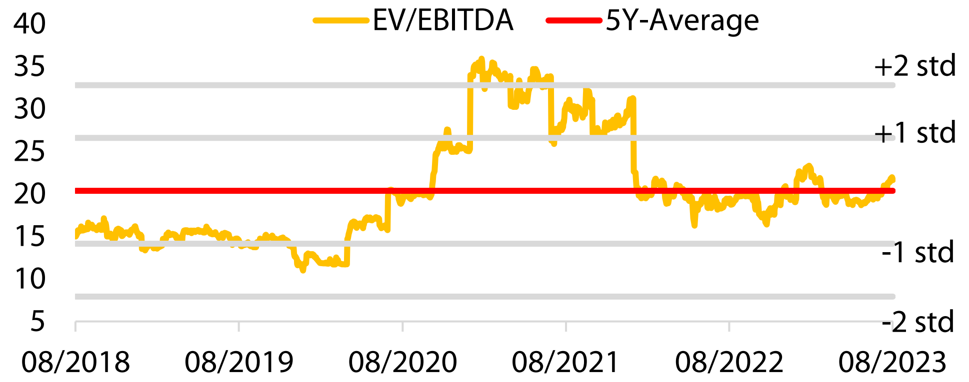
Source: RongViet Securities

Figure 5: 2023 net profit is expected to be the bottom (VND bn, LHS) – Net margin (%, RHS)



Source: MSN, RongViet Securities

Figure 6: MSN 's trailing EV/EBITDA (x) is fluctuating at 5Y-Average level, together with 2H2023 & 2024 growth outlook, we expect that the valuation is attractive



Source: Bloomberg, RongViet Securities

RONG VIET SECURITIES

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

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

Vu Tran
Senior Manager
vu.thx@vdsc.com.vn
+ 84 28 6299 2006 (1512)
- O&G
- Fertilizer

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

An Nguyen
Senior Analyst
an.ntn@vdsc.com.vn
+ 84 28 6299 2006 (1526)
Food & Beverage
Automotive & Spare parts

Lam Do
Senior Analyst
lam.dt@vdsc.com.vn
+ 84 28 6299 2006 (1524)
- Real Estate

Hung Le
Analyst
hung.ltq@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Industrial RE
- Market Strategy

Loan Nguyen
Analyst
loan.nh@vdsc.com.vn
+ 84 28 6299 2006 (1526)
- Retail
- Fishery
- F&B

Chinh Nguyen
Analyst
chinh.nd@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Bank

Hoai Trinh
Analyst
hoai.ttt@vdsc.com.vn
+ 84 28 6299 2006 (1530)
- Utilities
- Textiles

Quan Cao
Analyst
quan.cn@vdsc.com.vn
+ 84 28 6299 2006 (2223)
- Seaport
- Pharmaceutical

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

Trinh Nguyen
Senior Consultant
trinh.nh@vdsc.com.vn
+ 84 28 6299 2006

Ngan Le
Analyst
ngan.lk@vdsc.com.vn
+ 84 28 6299 2006
- O&G
- Fertilizer

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

Khanh Dang
Assistant
khanh.bdc@vdsc.com.vn
+ 84 28 6299 2006

RONG VIET SECURITIES

VIET DRAGON SECURITIES CORPORATION

Floor 1 to Floor 8, Viet Dragon Tower, 141 Nguyen Du Street., Dist.1, HCMC, Vietnam

www.vdsc.com.vn