

AIRPORT CORPORATION OF VIETNAM (ACV) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND86,000	VND114,000	0.00%	Add	INDUSTRIALS

20 May 2022

Outlook – Short term: **Positive**
Outlook – Long term: **Positive**
Valuation: **Positive**

Consensus*: Add:4 Hold:2 Reduce:0

Target price / Consensus: 9.5%

Key changes in the report

- Reduce FY22-24F EPS by 14.1%-7.0%

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	97,000
52w low (VND)	66,800
3m Avg daily value (VNDmn)	5,075
Market cap (VND bn)	183,291
Free float (%)	5
TTM P/E (x)	388
Current P/B (x)	4.95

Ownership

State capital management	95.4%
Other	4.6%

Source: VND RESEARCH

Analyst(s):



Dzung Nguyen

dung.nguyentien5@vndirect.com.vn

www.vndirect.com.vn

Welcome arrivals

- ACV posted VND701bn in 1Q22 net profit (+2.5% yoy), marking the first quarter of core business returning to positive growth since FY20.
- We lower FY22-24F EPS by 14.1%-7.0% following the longer-than-previous expectation of China's zero covid strategy.
- Reiterate Add with lower TP of VND114,000.

1Q22 results: core business returns to positive growth

Since the outbreak during Feb-Mar, ACV's 1Q22 total pax decreased 11.0% yoy following the 12.5% yoy drop of domestic pax. Meanwhile, int'l pax surged 175.5% yoy, marking the resume of int'l flights. 1Q22 net revenue grew 10.8% yoy, coming in at 13.1% of our full year forecast. 1Q22 gross margin widened to 31.1% from that of 18.6% in 1Q21 regarding to 14.4% yoy reduction in D&A expenses. Thus, 1Q22 gross profit surged 85.0% yoy, marking the first quarter of core business returning to positive growth. 1Q22 financial income decreased 26.5% yoy as (1) lower investment yield (2) FX gain decreased 36.6% yoy (JPY depreciated 5.5% against VND in 1Q22 vs 6.5% in 1Q21). Consequently, ACV's 1Q22 NP increased 2.5% yoy, fulfilling 11.6% of our full year forecast.

Solid domestic traffic recovery, more challenges for the return of int'l pax

We expect a surge in pax throughput in 2Q & 3Q22 thanks to summer travel and the Seagames. For domestic air travel, ACV throughput is forecasted to increase 160.4%/15.8% yoy in FY22F/FY23F, respectively, recovering 102.9%/111.7% of pre-pandemic levels. For int'l air travel, we see the recovery road is bumpier as China still maintains the zero-Covid policy while Vietnam 's major tourism markets, ie: Korea, Japan, Taiwan,... have not announced any signals of travel resume. In our base case, we expect the resume of Korea, Europe, Japan and the U.S tourism in 3Q22F, Taiwan and Russia in 4Q22F and China in 1Q23F. Thus, ACV int'l pax throughput is forecasted to recover 29.3% of pre-pandemic levels to 8.3m in FY22F, and then to grow 218.4%/yoy/14.3% yoy in FY23/24F.

Fine-tune our FY22-24F earnings forecasts

We adjust the int'l pax throughput following the longer-than-previous expectation of China 's zero-covid policy, which leads to a downgrade of 14.1% - 7.0% in FY22-24F EPS. We expect FY22F pre-tax profit to increase 644% yoy to VND7,365bn thanks to the recovery of total pax throughput (+186.5% yoy) and the contribution of FX gain from JPY debt revaluation (VND1,196bn).

Reiterate Add with lower DCF-based TP of VND114,000

Potential re-rating catalysts include (1) int'l air traffic is fully re-opened, (2) dividend plan is announced, and (3) listing on the main bourse is approved. Downside risks include (1) uncertainties arising from China's zero-covid, (2) a stronger-than-expected JPY vs VND, and (3) slower-than-expected construction of Long Thanh International Airport.

Financial summary (VND)	12-20A	12-21A	12-22E	12-23E
Net revenue (bn)	7,767	4,752	13,752	23,276
Revenue growth	(57.6%)	(38.8%)	189.4%	69.3%
Gross margin	17.9%	(16.5%)	43.8%	62.5%
EBITDA margin	65.5%	75.9%	79.8%	75.4%
Net profit (bn)	1,647	480	5,175	8,975
Net profit growth	(79.9%)	(70.9%)	978.7%	73.4%
Recurring profit growth	(79.9%)	(70.9%)	978.7%	73.4%
Basic EPS	757	220	2,377	4,122
Adjusted EPS	734	214	2,306	3,999
BVPS	17,235	17,275	19,735	23,651
ROAE	4.4%	1.3%	12.8%	19.0%

Source: VND RESEARCH

WELCOME ARRIVALS

Reiterate ADD with a target price of VND114,000

We reiterate our Add rating on ACV with lower DCF-based TP of VND114,000 (-3.2% vs our previous report) as we revise down FY22-24F EPS by 14.1%-7.0%. We believe the recent market correction has brought ACV to attractive price to accumulate with potential upside of 34%. In our view, ACV is suitable for long-term investment horizon, based on:

- Solid recovery of business results in the coming years.
- In 2021 audited consolidated financial statement, there were still 2 emphasis of matters including (1) ACV has not yet obtained the decision about finalisation of ACV's equitisation since its transformation into a joint stock company from competent authorities, and (2) ACV has not yet obtained the decision about approving the value of airfield assets from Ministry of Transportation. We believe when these problems are resolved, ACV would be wide open to list on HSX in the future.
- Potential share dividend plan: the government has approved for ACV to retain its profit before 2021 for re-investment. At end-2020, ACV's undistributed earnings are VND9,705bn, equivalent to a potential share dividend plan of 44% in 2022F. We believe this is a strong catalyst for ACV in the coming periods.
- Aviation infrastructure upgrade and investment to ensure a positive long-term outlook.

Potential re-rating catalysts:

- International air traffic is fully re-opened.
- Dividend plan is announced.
- Listing on the main bourse is approved.

Downside risks:

- Uncertainties arising from China's zero-covid.
- A stronger-than-expected JPY vs VND.
- Slower-than-expected construction of LTIA.

Figure 1: DCF Valuation (Unit: VNDbn)

	2022F	2023F	2024F	2025F	2026F	//	2030F	//	2035F
EBIT	3,943	11,382	13,539	16,084	18,415		48,048		84,583
less: Taxes	-1,334	-2,314	-2,508	-2,916	-3,393		-9,814		-18,761
EBIAT	2,609	9,068	11,031	13,168	15,022		38,235		65,822
Plus: Depreciation and amortization	3,111	3,384	4,157	4,824	6,347		13,289		13,789
Less: Capital expenditure	-37,142	-39,301	-39,303	-16,490	-11,481		-11,731		-21,465
Less: Increase in net working capital	995	-2,579	-477	-628	-1,099		-3,804		-3,754
Unlevered free cash flow (FCFF)	-30,427	-29,429	-24,592	875	8,789		35,990		54,392
Present value of FCF	-29,157	-25,896	-19,871	649	5,988		17,436		17,205
Cumulative Present value of FCFF	60,008								

Source: VNDIRECT RESEARCH

Figure 2: Assumptions

DCF key input	
Cost of equity	15.00%
Cost of debt	3.50%
Targeted D/(D+E)	50.0%
Effective tax rate	20.00%
WACC	8.90%
Long term growth	4.50%

Source: VNDIRECT RESEARCH

Figure 3: DCF Valuation model (Unit: VNDbn)

Unit	VNDbn except for target price
Cumulative Present value of FCF	60,008
Terminal value	859,804
Present value of terminal value	271,971
Enterprise value	331,979
Less: Market value of Debt	(117,047)
Plus: Cash and Cash Equivalents	33,290
Implied equity value	248,222
Outstanding shares	2,177,173,236
Equity value per share	114,011
Rounded TP	114,000

Source: VNDIRECT RESEARCH

Figure 4: Peer comparison

Company name	Ticker	Price	Target price	Recomm.	Mkt cap	P/E		3-year EPS	P/BV		ROE (%)		EV/EBITDA	
		LC\$	LC\$			2022F	2023F	CAGR (%)	2022F	2023F	2022F	2023F	2022F	2023F
Airports														
Airport Corp of Vietnam	ACV VN	86,000.0	114,000	ADD	8,037.0	36.0	20.7	175.0	4.3	3.6	12.8	19.0	21.1	13.2
Airport of Thailand	AOT TB	68.0	N/A	NR	28,025.7	NA	84.8	NA	9.3	8.6	-8.1	10.1	NA	38.0
Shanghai International Air-A	600009 CH	46.4	N/A	NR	13,214.7	NA	44.9	NA	3.4	3.2	-3.5	6.5	220.9	19.8
Beijing Capital Intl Airpo-H	694 HK	4.4	N/A	NR	2,561.3	NA	50.4	NA	0.9	0.9	-6.3	3.5	1523.2	10.4
Japan Airport Terminal Co	9706 JP	5,020.0	N/A	NR	3,636.3	1053.7	39.4	NA	3.0	2.7	3.3	9.0	20.2	11.3
Shenzen Airport Co-A	000089 CH	6.2	N/A	NR	1,880.0	NA	26.4	NA	1.1	1.0	-0.6	2.1	26.3	16.7
Malaysia Airports Holdings	MAHB MK	6.4	N/A	NR	2,414.5	NA	24.9	NA	1.5	1.5	-3.0	6.1	12.9	7.2
Average						544.9	41.7		3.4	3.1	-0.8	8.0	304.1	16.7

Source: VNDIRECT RESEARCH, DATA BLOOMBERG AT 19 MAY 2022

1Q22 results: core business returns to positive growth

Figure 5: 1Q22 results summary (Unit: in VNDbn, otherwise noted)

1Q22 results overview	1Q22	1Q21	vs FY22F		Comments
			% yoy	forecast	
Net revenue	2,109	1,904	10.8%	13.1%	In 1Q22, total pax throughput is estimated to decreased 11.0% yoy mainly due to the 12.5% yoy drop of domestic pax as the domestic air traffic had just resumed in the period while the international air traffic began to recover strongly with international pax surging 175.5% yoy. Net revenue still grew 10.8% yoy thanks to the contribution of international customers with services fee/pax 5.7 times higher than domestic customers'.
- Aeronautical services	1,699	1,547	9.8%	12.8%	
- Non aeronautical services	341	299	14.3%	15.5%	
- Commercial	77	67	15.3%	13.7%	
Gross profit	655	354	85.0%	8.0%	Gross profit increased 85.0% yoy as (1) higher revenue, and (2) D&A expenses decreased 14.4% yoy.
Gross margin	31.1%	18.6%	12.5% pts		
Financial income	663	902	-26.5%	39.2%	1Q22 financial income decreased 26.5% yoy as (1) deposit income decreased 17.8% yoy due to lower interest rates, and (2) FX gain decreased 36.6% yoy (JPY depreciated 5.5% against VND in 1Q22 vs 6.5% in 1Q21).
Financial expenses	21	24	-11.8%	3.7%	
Selling expenses	26	27	-3.3%	8.7%	
General and admin expenses	202	183	10.3%	20.6%	1Q22 G&A expenses increased 10.3% yoy as ACV booked provision of VND23.1bn for receivables from the airlines.
Gain/(loss) from joint ventures	20	44	-55.9%	5.6%	
Take-off and landing profit (return to the state)	174	180	N/A		ACV had to return profit from the airfield assets operation to the state, according to Decision No. 2007/QĐ-TTg.
Net profit	701	684	2.5%	11.6%	Despite lower financial income, ACV's 1Q22 NP still increased 2.5% yoy, marking the first quarter of core business returning to growth. However, 1Q22 NP is lower than our expectation due to China's zero covid strategy causing international visitors from China hardly to recover in near-term.

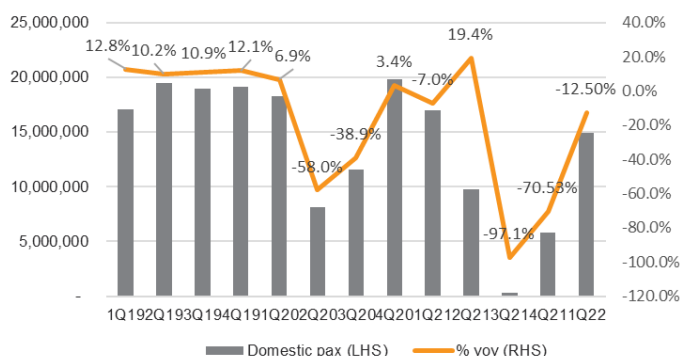
Source: VNDIRECT RESEARCH, COMPANY REPORTS

Solid domestic traffic recovery, more challenges for the return of int'l pax

Domestic air traffic to recovery strongly since 2Q22F

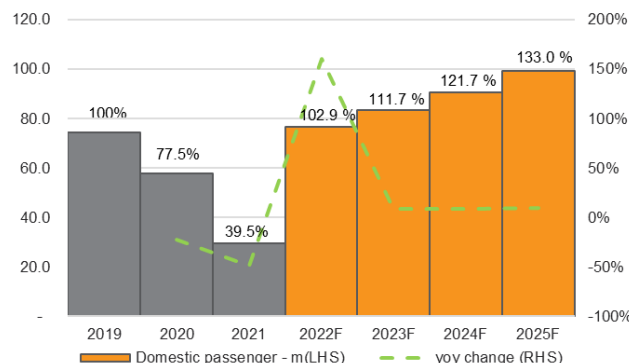
With the improving vaccination, Vietnam's domestic air traffic has been gradually resumed from 4Q21 and come back to normal operations since 2022. Demand for domestic air traffic has increased sharply from the second half of Jan-22, which help frequency of domestic flights in Jan-22 reach 70% of pre-pandemic level, before reaching 92% of pre-pandemic level by the end of Feb-22. As a result, 1Q22 domestic pax has recovered to 87% of pre-pandemic level (1Q19).

Figure 6: Vietnam domestic pax from 1Q19 – 1Q22



Source: VNDIRECT RESEARCH

Figure 7: ACV medium-term domestic pax forecast

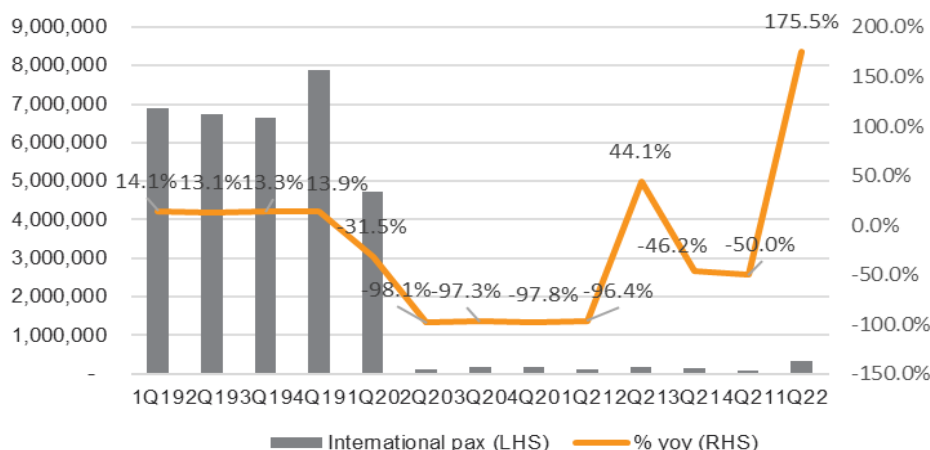


Source: VNDIRECT RESEARCH

We believe Vietnam domestic air traffic may come back and exceed pre-pandemic level in 2022. We expect ACV domestic pax to increase 160.4% yoy in FY22F as the country is stepping into “normalized” with recovering travel demand. The domestic pax may continue to grow strongly by 15.8% yoy in FY23F before growth slows down to 8.9%/9.3% yoy in FY24-25F. In our estimates, ACV domestic pax may exceed pre-pandemic levels in FY22F (102.9% of FY19 base) and may reach to 133.0% of FY19 base in FY25F.

The recovery of international air traffic is bumper

On 15/02/2022, Vietnam has lifted restrictions on the frequency of international flights. Until 15/03/2022, Vietnam has fully resumed international air traffic, in which (1) the number of regular routes has almost returned to the pre-pandemic levels (90%), (2) restoring pre-pandemic visa policy and (3) international tourists only need validate Covid-19 test results and medical insurances. Until 15/05/2022, Vietnam has stopped the requirements of validate Covid-19 test results. As a result, in 1Q22, international pax has surged 175.5% yoy to 321,000 pax and reached 4.7% of pre-pandemic level (1Q19). We expect the recovery momentum to be strongly boosted in 2Q22 and 3Q22 thanks to SeaGames 23. On the occasion of SeaGames, Vietnam has launched programs to promote national tourism such as launching website to give visitors an overview on Vietnam tourism as well as necessary information, utilising social networks like Facebook, Zalo, Youtube and instagram in the communication works, the host cities and provinces also stepped up tourism promotion with suitable measures. We believe SeaGames 23 will create a boost to Vietnam tourism and aviation recovery in short-term.

Figure 8: Vietnam international pax from 1Q19 – 1Q22


Source: VNDIRECT RESEARCH

For a longer-term perspective, the recovery of Vietnam international tourism depends on the entry requirements of the destination country. Currently, some countries in Southeast Asia (SEA) such as Thailand, Singapore, and Malaysia has minimized entry requirements and started to deploy the bilateral tourism with Vietnam. In the East Asia, Korea also minimized entry requirements from 1/4/2022 while Japan is expected to reopen in June-2022 for the summer travel season. The most negative factor to Vietnam tourism recovery is China's zero-covid strategy, in which travel to and from China is strictly limited.

Figure 9: Three scenarios for the re-openings of Vietnam's major air travel markets

Time to implement bilateral tourism with Vietnam	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Best case		SEA, Korea, Japan, Europe, US	Taiwan, Russia, Korea, Europe, Japan, US	China				
Base case		SEA	Korea, Europe, Japan, US	Taiwan, Russia	China			
Worst case		SEA	Korea, Europe, US	Japan, Russia	Taiwan		China	

Source: VNDIRECT RESEARCH

Figure 10: Recovery rate of international pax volume estimates, in our base case

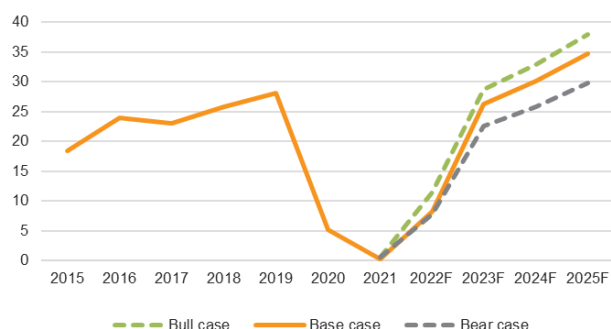
		1Q22	2Q22F	3Q22F	4Q22F	1Q23F	2Q23F	3Q23F	4Q23F
Country	Prepandemic weight (as at FY19)								
China	34.5%	4%	5%	10%	20%	50%	80%	90%	100%
Korea	25.5%	5%	20%	50%	80%	90%	100%	105%	110%
SEA	12.5%	5%	50%	80%	90%	100%	105%	110%	115%
Europe	8.1%	5%	20%	50%	80%	90%	100%	105%	110%
Japan	5.6%	6%	20%	50%	80%	90%	100%	105%	110%
Taiwan	5.5%	4%	10%	20%	50%	80%	90%	100%	105%
U.S	4.4%	5%	20%	50%	80%	90%	100%	105%	110%
Russia	3.8%	5%	10%	20%	50%	80%	90%	100%	105%
Total	100.0%	4.66%	17.65%	37.17%	57.77%	76.53%	92.80%	99.99%	106.71%
			29.31%				94.01%		

Source: VNDIRECT RESEARCH

In our base case, air traffic between Vietnam and SEA will recover strongly from 2Q22F as the tourism promotion has been implemented, followed by Korea, Europe, Japan and the U.S in 3Q22F, Taiwan and Russia tourism promotion may be implemented in 4Q22F while China tourism promotion may be

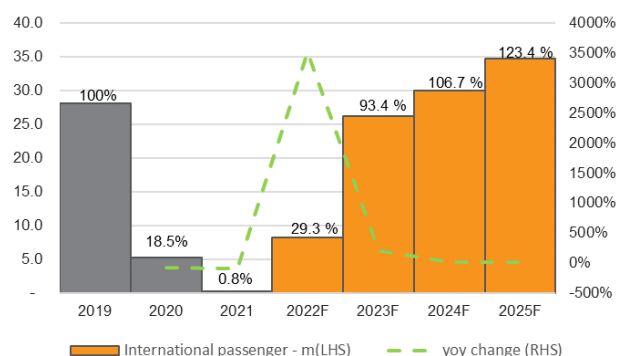
implemented in 1Q23F. In the base case, we expect ACV international pax to reach 8.3m pax in FY22F (versus 0.2m pax in FY21), and may increase 218.4%/14.3% yoy in FY23-24F. In our estimates, ACV international pax may fully recover to pre-pandemic levels in FY24F (106.7% of FY19 base) and may reach to 123.4% of FY19 base in FY25F.

Figure 11: Our forecasts for ACV's international pax in three scenarios (m pax)



Source: VNDIRECT RESEARCH

Figure 12: ACV medium-term international pax forecasts



Source: VNDIRECT RESEARCH

FY22-24F earnings revision

We change our forecasts for ACV's business as follows:

- We lower FY22-24F domestic pax by 7.3%-5.5% to match current recovery momentum.
- We lower FY22-24F international pax by 37.1%-4.7% as China's zero covid strategy would hinder the recovery momentum of international visitors from China, which accounted for 34.5% market share of Vietnam international pax in the prepandemic.
- As a results, FY22-24F revenue would reduce by 14.4%-2.2% and FY22-24F gross profit would reduce by 26.0%-2.9%.
- We raise FY22F financial income by 62.9% mainly due to the depreciation of JPY against VND recently. We expect JPY would decrease 9% against VND in FY22F, leading to VND1,196bn FX gain from debt revaluation.

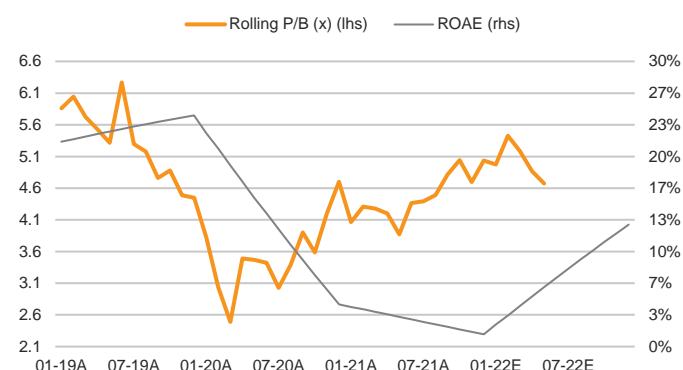
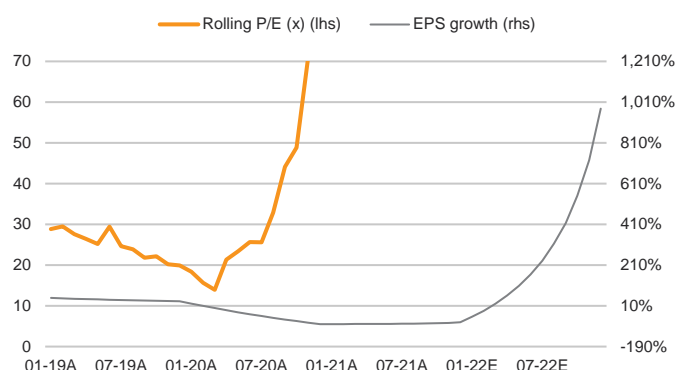
Based on the above adjustment, we reduce FY22-24F EPS by 14.1%-7.0%.

Figure 13: FY22-24F earnings revision

	FY21	FY22F			FY23F			FY24F		
		Old forecast	New forecast	Changes	Old forecast	New forecast	Changes	Old forecast	New forecast	Changes
Total pax throughput (m)	29.7	95.9	85.0	-11.4%	116.6	109.6	-6.0%	127.6	120.8	-5.3%
- Int'l (m)	0.2	13.1	8.3	-37.1%	27.6	26.3	-4.8%	31.5	30.0	-4.7%
- Domestic (m)	29.5	82.8	76.8	-7.3%	89.0	83.3	-6.4%	96.1	90.8	-5.5%
Total revenue (VNDbn)	4,752	16,061	13,752	-14.4%	23,890	23,276	-2.6%	28,117	27,507	-2.2%
Gross profit	(785)	8,136	6,023	-26.0%	15,056	14,548	-3.4%	17,677	17,166	-2.9%
Selling expenses	85	302	284	-5.9%	399	399	-0.1%	455	458	0.7%
G&A	1,232	981	948	-3.3%	1,185	1,175	-0.8%	1,388	1,382	-0.4%
Associates' profit	33	350	350	0.0%	385	385	0.0%	419	419	0.0%
Financial income	3,254	1,690	2,754	62.9%	1,088	1,088	0.0%	619	619	0.0%
Financial expenses	204	567	556	-2.0%	1,625	1,596	-1.7%	2,406	2,378	-1.2%
Net profit	480	6,024	5,175	-14.1%	9,677	8,975	-7.2%	10,463	9,728	-7.0%
EPS (VND)	220	2,767	2,377	-14.1%	4,445	4,122	-7.2%	4,806	4,468	-7.0%

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Valuation



Income statement

(VNDbn)	12-21A	12-22E	12-23E
Net revenue	4,752	13,752	23,276
Cost of sales	(5,537)	(7,729)	(8,727)
Gen & admin expenses	(1,232)	(948)	(1,175)
Selling expenses	(85)	(284)	(399)
Operating profit	(2,102)	4,791	12,974
Operating EBITDA	428	7,902	16,358
Depreciation and amortisation	(2,530)	(3,111)	(3,384)
Operating EBIT	(2,102)	4,791	12,974
Interest income	3,254	2,754	1,088
Financial expense	(204)	(556)	(1,596)
Net other income	9	27	45
Income from associates & JVs	33	350	385
Pre-tax profit	990	7,365	12,896
Tax expense	(201)	(1,504)	(2,633)
Minority interest	(310)	(686)	(1,288)
Net profit	480	5,175	8,975
Adj. net profit to ordinary	480	5,175	8,975
Ordinary dividends	(0)	0	0
Retained earnings	480	5,175	8,975

Balance sheet

(VNDbn)	12-21A	12-22E	12-23E
Cash and equivalents	573	6,403	7,278
Short term investments	32,717	23,717	14,717
Accounts receivables	3,660	4,556	7,544
Inventories	290	385	652
Other current assets	328	125	196
Total current assets	37,568	35,186	30,387
Fixed assets	14,195	48,483	85,772
Total investments	2,707	2,707	3,710
Other long-term assets	509	534	903
Total assets	54,979	86,910	120,773
Short-term debt	362	922	4,050
Accounts payable	607	1,035	1,190
Other current liabilities	2,719	4,074	4,666
Total current liabilities	3,688	6,031	9,906
Total long-term debt	13,566	37,604	59,199
Other liabilities	73	267	133
Share capital	21,772	21,772	21,772
Retained earnings reserve	9,793	13,152	18,875
Shareholders' equity	37,611	42,966	51,493
Minority interest	42	42	42
Total liabilities & equity	54,979	86,910	120,773

Cash flow statement

(VNDbn)	12-21A	12-22E	12-23E
Pretax profit	990	7,365	12,896
Depreciation & amortisation	2,530	3,111	3,384
Tax paid	(410)	(1,504)	(2,633)
Other adjustments	(3,322)	(707)	(3,678)
Change in working capital	(487)	995	(2,579)
Cash flow from operations	(699)	9,261	7,390
Capex	(1,650)	(37,142)	(39,301)
Proceeds from assets sales	0	0	0
Others	2,208	2,754	1,088
Other non-current assets changes	468	9,000	9,000
Cash flow from investing activities	1,025	(25,389)	(29,213)
New share issuance	0	0	0
Shares buyback	0	0	0
Net borrowings	(248)	21,958	22,698
Other financing cash flow	(4)	0	0
Dividends paid	(0)	0	0
Cash flow from financing activities	(252)	21,958	22,698
Cash and equivalents at beginning of period	499	573	6,403
Total cash generated	74	5,830	875
Cash and equivalents at the end of period	573	6,403	7,278

Key ratios

	12-21A	12-22E	12-23E
Dupont			
Net profit margin	10.1%	37.6%	38.6%
Asset turnover	0.08	0.19	0.22
ROAA	0.9%	7.3%	8.6%
Avg assets/avg equity	1.49	1.76	2.20
ROAE	1.3%	12.8%	19.0%
Efficiency			
Days account receivable	209.7	50.7	50.7
Days inventory	19.1	18.2	27.3
Days creditor	40.0	48.9	49.8
Fixed asset turnover	0.32	0.44	0.35
ROIC	0.9%	6.3%	7.8%
Liquidity			
Current ratio	10.2	5.8	3.1
Quick ratio	10.1	5.8	3.0
Cash ratio	9.0	5.0	2.2
Cash cycle	188.8	20.0	28.2
Growth rate (yoy)			
Revenue growth	(38.8%)	189.4%	69.3%
Operating profit growth	(464.2%)		170.8%
Net profit growth	(70.9%)	978.7%	73.4%
EPS growth	(70.9%)	978.7%	73.4%

Source: VND RESEARCH

DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Hien Tran Khanh – Research Director

Email: hien.trankhanh@vndirect.com.vn

Dzung Nguyen – Senior Analyst

Email: dung.nguyentien5@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>