

FPT CORP (FPT) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND71,300	VND87,200	2.76%	Add	TECHNOLOGY

8 February 2021

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

Consensus*: Add:11 Hold:1 Reduce:0

Target price / Consensus: 14.2%

Key changes in the report

- FY21F EPS increased by 0.9%.
- FY22F EPS decreased by 1.2%.

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	72,900
52w low (VND)	33,764
3m Avg daily value (VNDmn)	142,031
Market cap (VND bn)	57,147
Free float (%)	60
TTM P/E (x)	14.7
Current P/B (x)	3.6

Ownership

Truong Gia Binh	7.1%
Vietnam SCIC	5.9%
Macquarie Bank Limited OBU	5.4%
Others	81.6%

Source: VND RESEARCH

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Rerating on stronger gross margin expansion

- Thanks to a strong recovery in 4Q20, FPT's FY20 net profit rose 12.8% yoy, in line at 104.7% of our forecast.
- FY20 GPM reached record high at 39.6% (4Q20 was 40.0%), up 1.0% pt.
- We forecast FPT's FY21F revenue and net profit to grow 18.6% and 20.6% yoy, respectively.
- Reiterate our Add call with a higher SOP-based TP of VND87,200.

4Q20 witnessed a remarkable recovery of sectors hit by COVID in 1H20

FPT's net revenue rose 6.7% yoy to VND8,667bn in 4Q20 while net profit increased sharply by 29.8% yoy to VND983bn. In 4Q20, there was a remarkable recovery in domestic IT services revenue (+12.7% yoy) and online advertising sales (+29.8% yoy) after being hit by COVID-19 in 1H20. Besides, there were great gains in FPT's affiliates including FPT Retail (FRT) and FPT Securities (FTS) which also contributed to the robust growth of FPT's earnings in 4Q20.

FY20 results in line with our expectations, GPM widened

Net revenue rose 7.6% yoy to VND29,830bn in FY20, forming 96.4% of our forecast. FY20 net profit increased by 12.8% yoy to VND3,538bn, in line at 100.7% of our full-year projection. FY20 blended GPM expanded 1.0% pt yoy to reach record high at 39.6% thanks to higher margins of major business lines.

Expect solid earnings growth in FY21F on the back of vaccine availability

For FY21F, we expect the pandemic situation to improve with the availability of vaccines. As a result, we forecast FPT's FY21F revenue and net profit to grow 18.6% and 20.6% yoy, respectively. We believe FPT's GPM will further improve (+0.1% pt yoy) thanks to higher contribution of the Dx business line.

Re-rating to a higher TP of VND87,200 and reiterate Add call

We reiterate our Add call with an SOP-based TP of VND87,200. Our valuation is derived from the regional FY21F P/E median corresponding to each segment. We reduce the discount to 10% from 15% on tech and telecom peer's median P/E due to FPT's superior GPM and narrower gap in interest rates between Vietnam and other observed countries (e.g. India, Philippines, Thailand).

Re-rating catalysts and downside risks

Potential re-rating catalysts are a successful M&A deal with an overseas tech company and higher-than-expected signed IT services revenue. Downside risks include shortage of high-quality IT personnel to achieve its long-term strategies and fewer tech contracts if covid-19 prolongs and becomes more complicated.

Financial summary (VND)	12-19A	12-20A	12-21E	12-22E
Net revenue (bn)	27,717	29,830	35,375	40,864
Revenue growth	19.4%	7.6%	18.6%	15.5%
Gross margin	38.6%	39.6%	39.7%	39.9%
EBITDA margin	13.2%	14.0%	15.1%	15.2%
Net profit (bn)	3,135	3,538	4,266	4,935
Net profit growth	19.7%	12.8%	20.6%	15.7%
Recurring profit growth				
Basic EPS	4,854	4,838	5,441	6,294
Adjusted EPS	4,720	4,727	5,554	6,188
BVPS	20,585	20,081	23,611	27,797
ROAE	23.7%	23.8%	24.9%	24.5%

Source: VND RESEARCH, COMPANY REPORTS

FY20 REVIEW: STRONG GROWTH IN 4Q20, FULL-YEAR EARNINGS IN LINE WITH OUR EXPECTATIONS

4Q20 results: a remarkable recovery of sectors hit by COVID-19 in 1H20

FPT's net revenue rose only 6.7% yoy to VND8,667bn in 4Q20 while net profit increased sharply by 29.8% yoy to VND983bn thanks to 2.2% pt expansion in GPM which resulted from higher margins of major sectors. 4Q20 also witnessed a remarkable recovery in domestic IT services revenue (+12.7% yoy in 4Q20) and online advertising sales (+29.8% yoy in 4Q20) after being hit by COVID-19 in 1H20.

Besides, there was a great recovery in FPT's affiliates which also contributed to the robust growth of FPT's earnings in 4Q20. Specifically, FPT Securities (FTS) posted a net profit of VND101bn in 4Q20 while it delivered a loss of VND12bn in 4Q19. Similarly, FPT Retail (FRT)'s net profit was VND6bn in 4Q20 while it reported a loss of VND20bn last year.

Figure 1: Results comparison

	4Q19	4Q20	yoy%	2019	2020	yoy%	FY20 forecast	vs. FY20 forecast	Comments
Net revenue	8,120	8,667	6.7%	27,717	29,830	7.6%	30,930	96.4%	
Technology				15,783	16,805	6.5%	17,375	96.7%	
Global IT Services				10,848	12,000	10.6%	12,946	92.7%	
Domestic IT Services				4,935	4,805	-2.6%	4,430	108.5%	
Telecommunications				10,398	11,466	10.3%	11,569	99.1%	
Telecom services				9,789	10,867	11.0%	11,064	98.2%	
Online advertising				609	599	-1.6%	505	118.5%	Stronger-than-expected recovery in 4Q20.
Education & Others				1,536	1,559	1.5%	1,986	78.5%	
Gross profit	3,071	3,471	13.0%	10,712	11,816	10.3%	12,121	97.5%	
Gross profit margin	37.8%	40.0%	+2.2% pt	38.6%	39.6%	+1.0% pt	39.2%		Higher contribution of Dx business line in revenue with high margin (10.8% of total revenue in FY20 vs. 8.9% in FY19).
SG&A expenses	2,036	2,214	8.7%	6,565	7,214	9.9%	7,347	98.2%	
SG&A as % of revenue	25.1%	25.5%	+0.5% pt	23.7%	24.2%	+0.5% pt	23.8%		
Profit/losses from affiliates	66	95	42.8%	405	312	-22.9%	276	113.1%	Robust earnings growth from FPT's affiliates in 4Q20: + VND101bn of net profit at FPT Securities (FTS) in 4Q20 vs. VND12bn loss in 4Q19. + VND6bn of net profit at FPT Retail (FRT) in 4Q20 vs. VND20bn loss in 4Q19.
Pre-tax profit	1,157	1,447	25.1%	4,665	5,261	12.8%	5,220	100.8%	
Profit after tax	972	1,253	28.9%	3,912	4,422	13.1%	4,377	101.0%	
Net profit	757	983	29.8%	3,135	3,538	12.8%	3,514	100.7%	

Sources: VNDIRECT RESEARCH, COMPANY REPORTS

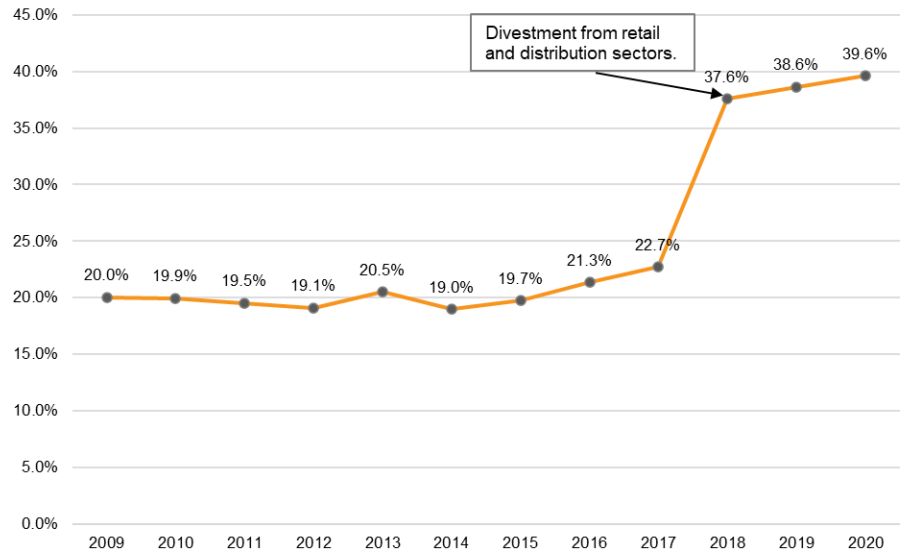
FY20 results: Bottomline growth outperformed topline due to GM expansion in all major businesses

Net revenue rose 7.6% yoy to VND29,830bn in FY20, forming 96.4% of our forecast. FY20 net profit increased by 12.8% yoy to VND3,538bn, in line at 100.7% of our full-year projection. FY20 blended GPM expanded 1.0% pt yoy to 39.6% on the back of higher margins in both major business lines including global IT services and telecom services sector.

The technology segment contributed 56.3% of total revenue in FY20 (FY19: 56.9%). Telecommunications revenue accounted for 38.4% of total revenue in FY20 (FY19: 37.5%). The remaining 5.2% came from education and other sectors.

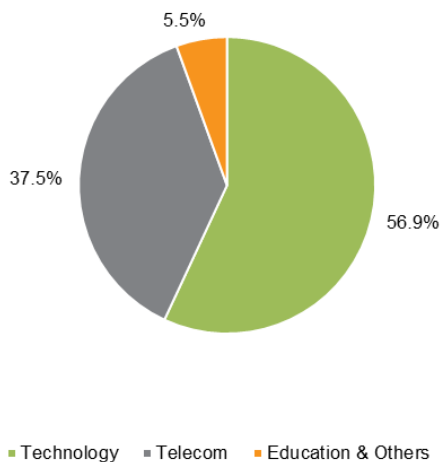
Overall, we could see that in the year of the COVID-19 outbreak with lockdowns and work-from-home trends, telecom segment has benefited and grew better than technology segment as FPT's IT services markets was heavily influenced by the pandemic, especially in 1H20.

Figure 2: FPT's constantly expanding gross profit margin (%)



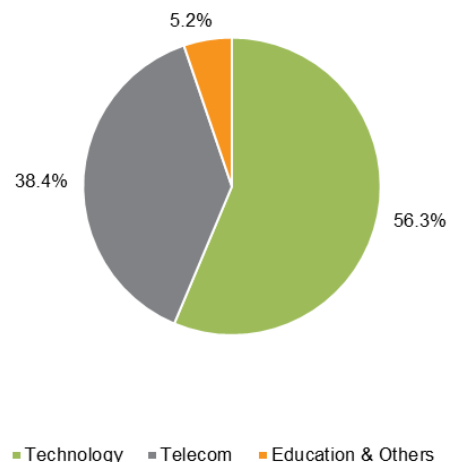
Sources: VND RESEARCH, COMPANY REPORTS

Figure 3: Revenue by segment in FY19



Sources: VNDIRECT RESEARCH, COMPANY REPORTS

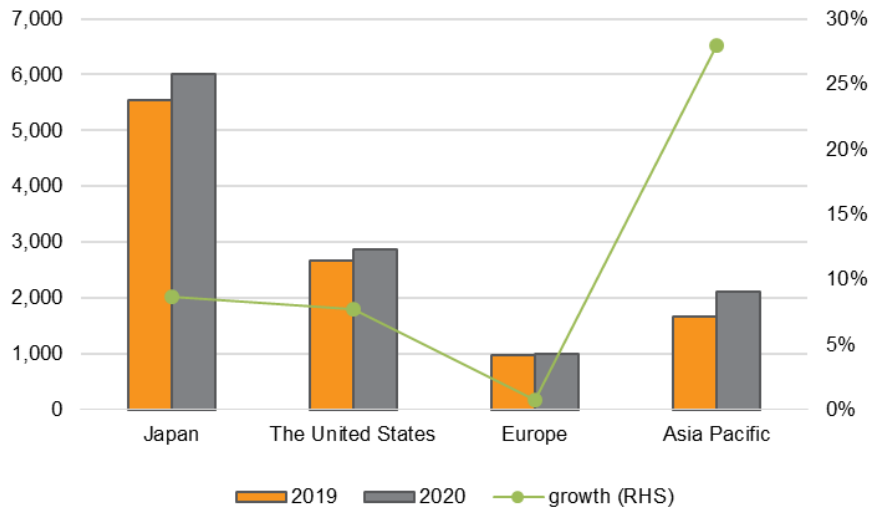
Figure 4: Revenue by segment in FY20



Sources: VNDIRECT RESEARCH, COMPANY REPORTS

- In FY20, revenue from IT services in overseas markets increased 10.6% yoy to VND12,000bn, accounting for 71.4% of technology revenue, slightly lower than our forecast. The APAC market delivered an outstanding performance with revenue growing 28.0% yoy as FPT has become an IT vendor executing the digital transformation of Petronas in Malaysia. In FY20, FPT won multiple US\$100m projects and gained large volume of new orders; particularly, signed revenue in FY20 reached VND13,095bn, increasing 23% yoy.

Figure 5: FPT's global IT services revenue by markets

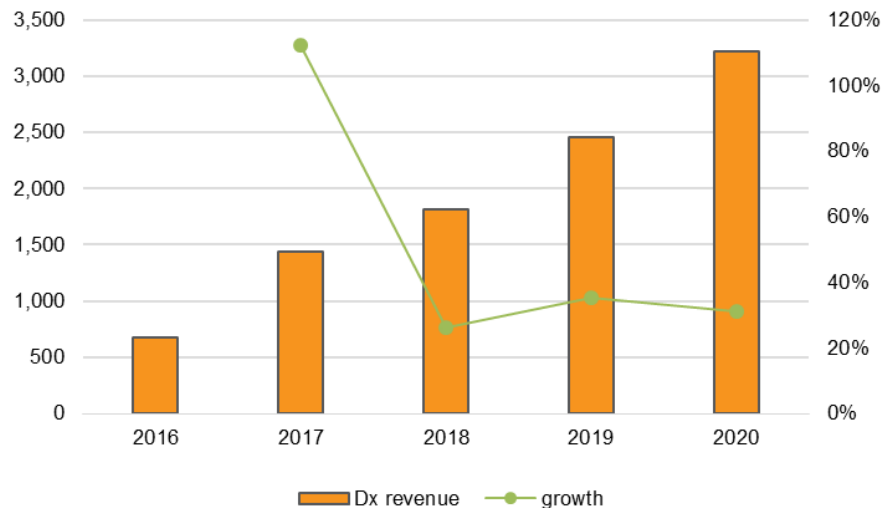


Sources: VND RESEARCH, COMPANY REPORTS

Technology revenue from domestic market had a subdued performance due to COVID-19; however, this sector has had a strong recovery in the last months of the year.

- The brightest spot in the technology segment remains Digital transformation (Dx). Specifically, Dx revenue totaled VND3,219bn in FY20, accounting for 19.2% of the technology revenue and up 31.2% yoy, thanks to the increasing demand for new digital technology worldwide.

Figure 6: Digital transformation experienced strong growth of 31% in FY20



Sources: VND RESEARCH, COMPANY REPORTS

- Telecom services revenue increased 11.0% yoy, accounting for 94.8% of the telecom segment's topline and in line at 98.2% of our expectation, while the segment's pre-tax profit rose 22.2% yoy, thanks to higher revenue of data centres with wider profit margin. Online advertising revenue went flat at -1.6% yoy with a significant recovery in 4Q20 after poor result in 1H20, accounting for only 5.2% of the segment's sales.

- In 2020, FPT's education system had an average 52,005 students, up 30.4% yoy. Education & others' revenue reached VND1,559bn (+1.5% yoy).

2021 OUTLOOK: DIGITAL TRANSFORMATION REMAINS A GROWTH ENGINE

We maintain a positive view on FPT's 2021 outlook. We expect technology segment revenue to rise 22.9% yoy to VND20,655bn in FY21F and exceed US\$1bn (c. VND23,000) by FY22F, thanks to the digital transformation business line.

FPT plans to establish a subsidiary named FPT Digital Company, aiming to providing consulting services on a comprehensive digital transformation to complete the value chain of IT services. This shows FPT's concentration in this strategic business.

We believe FPT's GPM should continue to improve on the back of higher proportion of Dx in technology revenue. For FY21F, Dx revenue is expected to rise to VND4,303bn (+33.7% yoy), contributing 20.8% of technology revenue and 12.2% of FPT's total revenue, based on our estimates. We expect blended GPM to gain 0.1% pt to 39.7% in FY21F.

For FY21F, we expect the pandemic situation to improve thanks to the presence of vaccines. As a result, we forecast FPT's FY21F revenue and net profit to grow 18.6% yoy and 20.6% yoy, respectively.

Figure 7: Detailed forecast of FPT's performance for FY21-23F

VNDbn	2018	2019	2020F	2021F	2022F	2023F
Net revenue	23,214	27,717	29,830	35,375	40,864	47,409
%yoy	-45.6%	19.4%	7.6%	18.6%	15.5%	16.0%
Technology	13,401	15,783	16,805	20,655	24,585	29,383
%yoy	20.9%	17.8%	6.5%	22.9%	19.0%	19.5%
Telecom	8,831	10,398	11,466	12,800	14,212	15,858
%yoy	15.4%	17.7%	10.3%	11.6%	11.0%	11.6%
Education % others	1,376	1,792	1,559	1,920	2,066	2,168
%yoy	31.8%	30.2%	-13.0%	23.1%	7.6%	4.9%
Gross profit	8,723	10,712	11,816	14,047	16,306	19,006
Blended GPM	37.6%	38.6%	39.6%	39.7%	39.9%	40.1%
SG&A	5,601	6,565	7,214	8,412	9,718	11,274
as % of revenue	24.1%	23.7%	24.2%	23.8%	23.8%	23.8%
Pre-tax profit	3,858	4,665	5,261	6,340	7,334	8,522
Profit after tax	3,234	3,912	4,422	5,318	6,151	7,148
Minority interest	614	776	885	1,052	1,217	1,414
Net profit	2,620	3,135	3,538	4,266	4,935	5,734
%yoy	-10.6%	19.7%	12.8%	20.6%	15.7%	16.2%

Sources: VND RESEARCH, COMPANY REPORTS

Figure 8: Forecasts revision

(VNDbn)	Old forecast		New forecast		The different between new and old forecasts		Comments
	FY21F	FY22F	FY21F	FY22F	FY21F	FY22F	
Revenue	36,228	41,971	35,375	40,864	-2.4%	-2.6%	We lower the number of production personnel 4% to 17,067 from previous projects to be more suitable with FPT's current human resources situation.
Gross profit	14,315	16,785	14,047	16,306	-1.9%	-2.9%	
Gross profit margin (%)	39.5%	40.0%	39.7%	39.9%	+0.2% pt	-0.1% pt	
SG&A expenses	(8,606)	(9,969)	(8,412)	(9,718)	-2.3%	-2.5%	
EBT	6,278	7,423	6,340	7,334	1.0%	-1.2%	
Profit after tax	5,264	6,224	5,318	6,151	1.0%	-1.2%	
Net profit	4,226	4,997	4,266	4,935	0.9%	-1.2%	
EPS	5,390	6,374	5,441	6,294	0.9%	-1.2%	

Sources: VNDIRECT RESEARCH, COMPANY REPORTS

VALUATION

We reiterate our Add call with an SOP-based TP of VND87,200 with insignificant changes in our new forecasts. Our valuation is based on the sum-of-parts methodology, with P/E-based multiple approach for its three main business segments. Our valuation is derived from the regional FY21F P/E median corresponding to each segment. We reduce the discount from 15% to 10% on technology and telecom peer's median P/E due to FPT's superior GPM and narrower gap in interest rates between Vietnam and other observed countries (e.g. India, Philippines, Thailand).

Figure 9: SOP-based valuation

VND bn	NP 2021F	P/E	Equity value	FPT's Ownership	Valuation
Technology	2,458	19.0	46,693	100%	46,693
Telecommunication	2,063	14.0	28,880	46%	13,252
Education	644	13.0	8,373	100%	8,373
Total					68,319
Outstanding shares					783,987,000
Value per share (VND/share)					87,143
Target price (VND/share)					87,200

Sources: VND RESEARCH, COMPANY REPORTS

Figure 10: Peer comparison (data as at 08 Feb 2021)

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$m)	P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA	
						FY21F	FY22F		FY21F	FY22F	FY21F	FY22F	FY21F	FY22F
FPT CORP	FPT VN	ADD	71,300	87,200	2,484.0	13.1	11.3	12.8	2.6	2.2	23.8	24.9	9.3	7.9
Telecom														
TELSTRA CORP	TLS AU	NR	3.15	3.60	28,540.0	23.0	22.5	(14.8)	2.6	2.6	7.4	7.7	10.6	11.1
TELEKOMUNIKASI	TLKM IJ	NR	3,290	4,099	23,210.0	15.9	14.8	(1.1)	2.9	2.8	5.5	5.2	19.4	19.8
MAXIS BHD	MAXIS MK	NR	4.85	5.10	9,314.0	26.1	24.3	(8.6)	5.3	5.1	12.5	12.0	20.3	21.6
INTOUCH HOLDINGS	INTUCH TB	NR	55.50	69.50	5,913.0	16.7	16.6	(8.6)	4.6	4.3	15.8	15.7	30.1	28.0
GLOBE TELECOM	GLO PM	NR	2,026	2,269	5,618.0	13.0	12.5	12.9	3.1	2.7	5.3	5.1	25.6	24.1
PLDT INC	TEL PM	NR	1,370	1,581	6,151.0	11.2	10.7	10.4	2.4	2.2	5.8	5.4	21.9	20.8
Average						17.7	16.9	(1.6)	3.5	3.3	8.7	8.5	21.3	20.9
Median						16.3	15.7	(4.9)	3.0	2.8	6.6	6.6	21.1	21.2
Software & IT Services														
INFOSYS LTD	INFO IN	NR	1,267.2	1,538.9	74,031.0	27.7	24.1	7.4	7.5	6.8	18.7	16.7	28.1	29.4
WIPRO LTD	WPRO IN	NR	423.2	436.8	33,169.0	22.4	20.3	9.3	4.4	3.9	14.1	13.0	18.9	19.5
HCL TECH LTD	HCLT IN	NR	947.7	1,143.2	35,272.0	19.3	17.8	10.9	4.2	3.7	12.1	11.0	23.4	22.1
TECH MAHINDRA LT	TECHM IN	NR	958.7	1,100.2	12,724.0	18.4	16.1	12.9	3.5	3.1	12.5	10.9	20.0	20.5
L&T INFOTECH LTD	LTI IN	NR	4,169.0	3,994.5	9,989.0	38.6	32.7	16.1	11.0	9.2	25.8	22.8	31.0	30.1
NIIT LTD	NIIT IN	NR	199.0	200.0	387.0	26.2	21.7	482.2	1.8	1.7	13.6	11.6	7.5	8.4
CYIENT LTD	CYL IN	NR	651.9	644.2	983.0	19.7	16.4	1.1	2.6	2.4	10.8	8.8	13.8	15.4
MPHASIS LTD	MPHL IN	NR	1,600.0	1,758.5	4,102.0	24.1	20.4	16.8	4.8	4.3	15.9	13.8	20.3	22.0
MINDTREE LTD	MTCL IN	NR	1,691.4	1,745.8	3,821.0	25.8	22.5	17.3	7.2	6.0	16.2	14.3	29.7	28.4
L&T TECHNOLOGY S	LTTS IN	NR	2,694.0	2,426.2	3,880.0	42.9	31.9	24.4	8.7	7.4	27.8	21.6	22.0	25.0
Average						26.5	22.4	59.8	5.6	4.9	16.8	14.5	21.5	22.1
Median						25.0	21.1	14.5	4.6	4.1	15.0	13.4	21.2	22.1

Sources: VNDIRECT RESEARCH, COMPANY REPORTS

RISKS AND CATALYSTS

Downside risks

- Fierce competition from Indian peers in overseas markets and from domestic Internet service providers in the telecom segment.

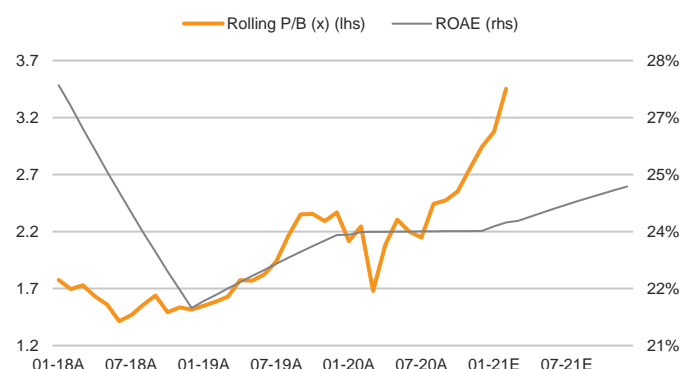
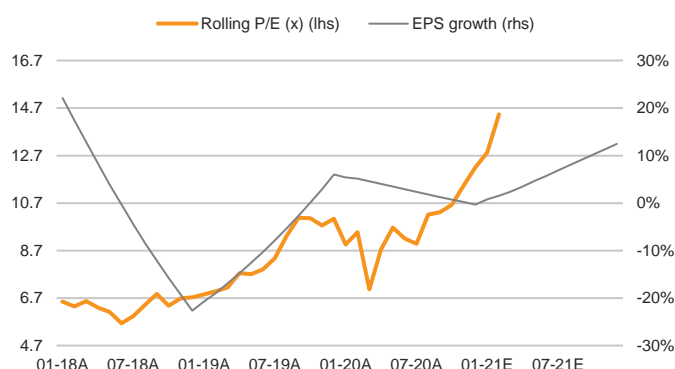
In the global market, India is generally the first IT outsourcing destination for businesses given that it has a mature software industry with a large number of skillful IT specialists. As such, we predict that India will continue to be a favourite destination for IT outsourcing. We believe that competition from Indian rivals is a big challenge for FPT in terms of its ability to gain global market share.

Domestically, we believe fierce competition from two large state-owned carriers – Viettel (Unlisted) and VNPT (Unlisted) is a concern for FPT in the telecom segment. In order to compete, FPT needs to boost spending on upgrading infrastructure to expand its penetration, which would lead to rising investment costs.

- Shortage of IT personnel and increase in labour costs are also potential risks for FPT, in our view. We believe this could partly affect FPT because the IT services sector is labour-intensive, hence, a significant increase in labour costs may affect the company's operating costs.

Potential re-rating catalysts

- FPT is focusing on M&A to expand its brand and customer base overseas to expand its digital transformation business extensively, translating into great potential for the company, in our view. A successful M&A deal will help FPT increase market share in the host country.
- In FY20, 28.6% of FPT's technology revenue came from the domestic market, where FPT IS (Unlisted) is implementing many government technology projects. Thus, we think that if the government of Vietnam continues to implement an expansionary fiscal policy from FY21F onwards, it may be a catalyst for FPT IS' revenue to grow.

Valuation

Income statement

(VNDbn)	12-20A	12-21E	12-22E
Net revenue	29,830	35,375	40,864
Cost of sales	(18,015)	(21,328)	(24,558)
Gen & admin expenses	(2,713)	(3,029)	(3,499)
Selling expenses	(4,501)	(5,383)	(6,219)
Operating profit	4,602	5,635	6,588
Operating EBITDA	3,145	3,933	4,681
Depreciation and amortisation	1,458	1,702	1,907
Operating EBIT	4,602	5,635	6,588
Interest income	822	1,387	1,524
Financial expense	(548)	(1,114)	(1,240)
Net other income	73	73	85
Income from associates & JVs	312	359	377
Pre-tax profit	5,261	6,340	7,334
Tax expense	(839)	(1,022)	(1,182)
Minority interest	(885)	(1,052)	(1,217)
Net profit	3,538	4,266	4,935
Adj. net profit to ordinary	3,538	4,266	4,935
Ordinary dividends	(1,568)	(1,568)	(1,568)
Retained earnings	1,970	2,698	3,367

Balance sheet

(VNDbn)	12-20A	12-21E	12-22E
Cash and equivalents	4,685	5,513	9,015
Short term investments	12,436	13,623	14,899
Accounts receivables	5,880	7,635	8,819
Inventories	1,290	1,633	1,880
Other current assets	1,318	1,712	1,978
Total current assets	25,608	30,115	36,590
Fixed assets	10,691	12,431	14,277
Total investments	2,606	2,910	3,245
Other long-term assets	2,844	3,090	3,569
Total assets	41,749	48,545	57,682
Short-term debt	12,062	13,329	14,725
Accounts payable	2,859	3,256	3,749
Other current liabilities	7,461	8,788	11,606
Total current liabilities	22,382	25,373	30,081
Total long-term debt	678	813	976
Other liabilities	87	179	206
Share capital	7,840	7,840	7,840
Retained earnings reserve	6,391	9,011	12,040
Shareholders' equity	15,744	18,511	21,793
Minority interest	2,859	3,670	4,627
Total liabilities & equity	41,749	48,545	57,682

Cash flow statement

(VNDbn)	12-20A	12-21E	12-22E
Pretax profit	5,261	6,340	7,334
Depreciation & amortisation	1,491	1,702	1,907
Tax paid	(778)	(1,022)	(1,182)
Other adjustments	(1,039)	(81)	(90)
Change in working capital	2,897	(839)	2,628
Cash flow from operations	7,833	6,099	10,596
Capex	(3,018)	(2,592)	(2,865)
Proceeds from assets sales	3	0	0
Others	(5,954)	(1,187)	(1,276)
Other non-current assets changes	842	0	0
Cash flow from investing activities	(8,127)	(3,779)	(4,141)
New share issuance	60	0	0
Shares buyback	0	0	0
Net borrowings	4,879	1,402	1,559
Other financing cash flow	(2)	0	0
Dividends paid	(1,899)	(1,960)	(1,960)
Cash flow from financing activities	3,037	(558)	(401)
Cash and equivalents at beginning of period	3,453	4,685	5,513
Total cash generated	2,743	1,762	6,054
Cash and equivalents at the end of period	6,196	6,446	11,567

Key ratios

	12-20A	12-21E	12-22E
Dupont			
Net profit margin	11.9%	12.1%	12.1%
Asset turnover	0.79	0.78	0.77
ROAA	9.4%	9.4%	9.3%
Avg assets/avg equity	2.53	2.64	2.64
ROAE	23.8%	24.9%	24.5%
Efficiency			
Days account receivable	60.9	68.2	68.2
Days inventory	26.2	27.9	27.9
Days creditor	58.1	55.7	55.7
Fixed asset turnover	3.01	3.06	3.06
ROIC	11.3%	11.7%	11.7%
Liquidity			
Current ratio	1.1	1.2	1.2
Quick ratio	1.1	1.1	1.2
Cash ratio	0.8	0.8	0.8
Cash cycle	29.0	40.4	40.4
Growth rate (yoy)			
Revenue growth	7.6%	18.6%	15.5%
Operating profit growth	11.0%	22.4%	16.9%
Net profit growth	12.8%	20.6%	15.7%
EPS growth	(0.3%)	12.5%	15.7%

Source: VND RESEARCH

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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.

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