

**Sector note**

09 Feb 2022

**INDUSTRIAL PROPERTY**
**Tailwind is still blowing**

- 2021 industrial property average rental price accelerated 6%-10% yoy in both Southern and Northern market, amid high demand but limited supply.
- We see twin tailwinds for industrial property in 2022F: resilient demand and abundant new supply.
- Our top picks for long-term investment are KBC, PHR and SZC.

**Southern market: rental prices in satellite cities to increase robustly**

Southern industrial land area rose by 5.2% yoy to c.38,400ha in 2021, leading to a 4.4% yoy increase in leasable area (c.26,000ha). Besides, we see warehouse (WH) and ready-built factory (RBF) market are emerging with new supply rising significantly by 10% yoy/8% yoy to 3.5 million sqm/3.2 million sqm in 2021. In the context of high demand and limited industrial land, average occupancy rate climbed to 89.6% while land rental prices kept rising by 8%-10% yoy to US\$115-117/sqm/lease term. We see rental prices in satellite cities to impressively increase such as BR-VT (+c.15% yoy to US\$85/sqm/lease term), driven by their accelerating infrastructure development.

**Northern market: demand remained resilient**

Northern industrial land area rose by 5.8% yoy to c.15,350ha in 2021, leading to a 6.0% yoy increase in leasable area (c.10,600ha). Likewise the South, demand continued to outpace supply with average occupancy rate growing 2.0% yoy to 86.6% and land rental prices kept rising by 6-8% yoy to US\$108-110/sqm/lease term. For WH and RBF market, new supply rose 7% yoy to 1.3 million sqm and 9% yoy to 2.5 million sqm, respectively, in 2021.

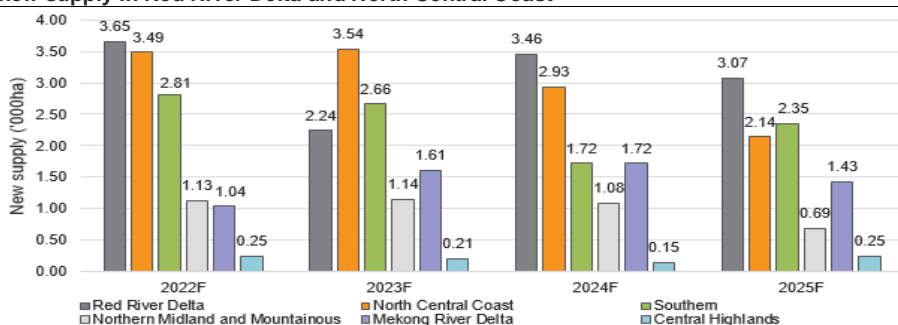
**FY22F outlook: tailwind is still blowing**

We believe industrial property continue to do well in 2022F, fueled by 1) manufacturing expansion from both FDI and local players; 2) e-commerce boom, increased inventory requirements and supply chain diversification boosting the demand for IP land for warehouse services and 3) infrastructure development, empowered by accelerating public investment will buoy industrial property market. Besides, Vietnam industrial land supply is expected to rise more than 44,760ha in 2022-25F to capture the growing demand in the regions, mostly from Red River Delta and North Central Coast.

**Our top picks for long-term investment are KBC, PHR, SZC**

Downside risks are 1) another wave of Covid-19 variants globally could restrict sales activities with foreign enterprises; 2) continuously increasing land rental prices could dent Vietnam's advantage with low operation cost, in our view. We like **KBC, PHR, SZC** for long-term investment, in view of their positive FY22F earnings outlook.

**Figure 1: Vietnam industrial zones development master plan for 2022-25: big emphasis on new supply in Red River Delta and North Central Coast**



Sources: VND RESEARCH, MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT

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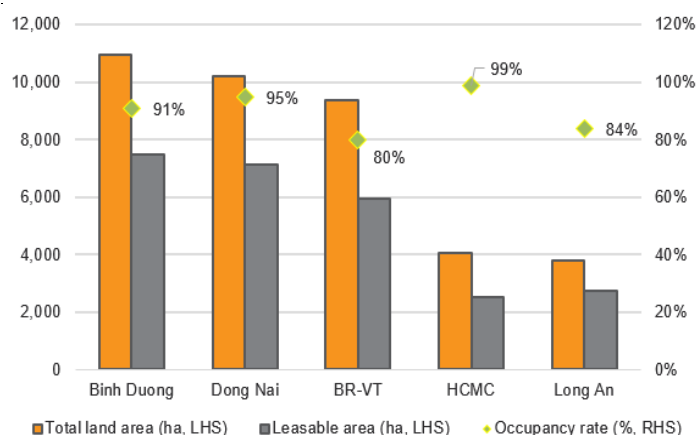
## INDUSTRIAL PROPERTY: TAILWIND IS STILL BLOWING

### 2021 market recap

#### Southern market: rental prices in satellite cities to increase robustly

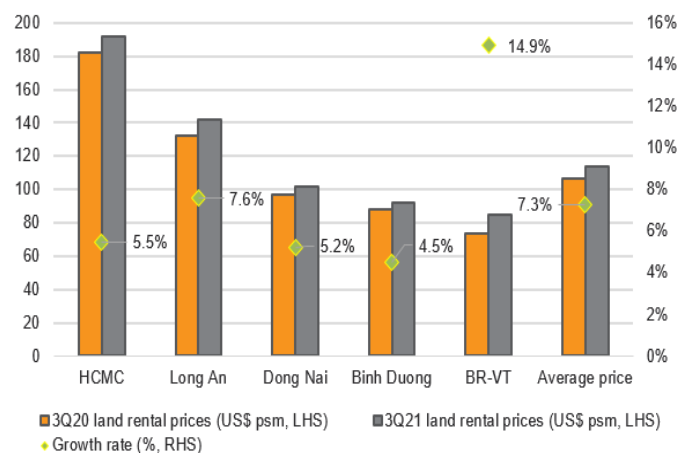
Total industrial land area put into operation in five key Southern industrial cities/provinces rose by 5.2% yoy to c.38,400ha in 2021, leading to a 4.4% yoy increase in leasable area (c.26,000ha). The new supply was mostly from Ba Ria – Vung Tau (BR-VT), Dong Nai and Binh Duong. Demand continued to outpace supply with average occupancy rate growing to 89.6%. In the context of high demand and limited industrial land, average land rental prices continued to climb by 8%-10% yoy to US\$115-117/sqm/lease term. We see rental prices in satellite cities to impressively increase such as BR-VT (+c.15% yoy to US\$85/sqm/lease term), driven by their accelerating infrastructure development.

**Figure 2: 2021 average occupancy rate in the South remained high at 89.6% (+0.8% yoy) as demand continued to outpace supply**



Sources: VNDIRECT RESEARCH, SAVILLS, JLL

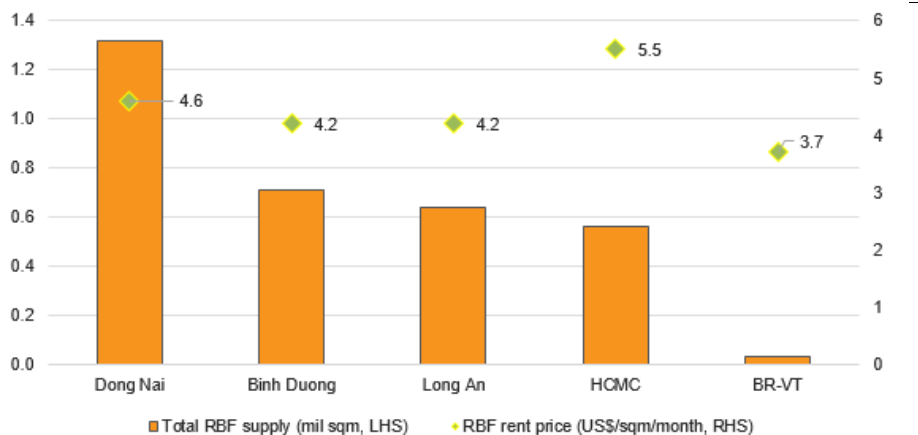
**Figure 3: Land rental prices in BR-VT increased the most at c.15% yoy among Southern IPs in 2021**



Sources: VNDIRECT RESEARCH, CBRE, SAVILLS, JLL

Meanwhile, we see warehouse (WH) and ready-built factory (RBF) market are emerging with new supply rising significantly by 10% yoy to 3.5 million sqm and 8% yoy to 3.2 million sqm in 2021, respectively, according to CBRE. Average rental prices relatively stayed flat at US\$3.7-5.5/sqm/month. The WH and RBF also witnessed new M&A activity such as Boustead Projects' proposed acquisition of a 49% interest in KTG and Boustead Industrial Logistics JSC; ESR Cayman Limited and BW Industrial Development JSC (BWID) have entered a joint venture to develop 240,000 sqm in My Phuoc 4 IP.

**Figure 4: RBF rental prices in the South stayed flat at US\$3.7-5.5/sqm/month in 2021**



Sources: VNDIRECT RESEARCH, CBRE, JLL

**Figure 5: A racing to set foot in WH & RBF market in the South since 2020, especially in Dong Nai and Long An**

Developer	Nationality	Total area (ha)	Location
BW	US/Vietnam	518	HCMC, Binh Duong, Dong Nai, Bac Ninh, Hai Phong
KCN Vietnam	Vietnam	260	Bac Giang, Hai Phong, Hai Duong, Dong Nai, and Long An
KTG & Boustead	Vietnam / Singapore	84	Dong Nai, Hanoi, Bac Ninh
SLP logistics	Hong Kong	78	Bac Giang, Bac Ninh, Long An
Mapletree	Singapore	75	Dong Nai, Binh Duong, Bac Ninh
Kizuna	Vietnam	24	Long An
Daiwahouse	Japan	24	Dong Nai
Frasers	Singapore	7	Binh Duong

Sources: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 6: WH & RBF notable transactions in the South in 2021**

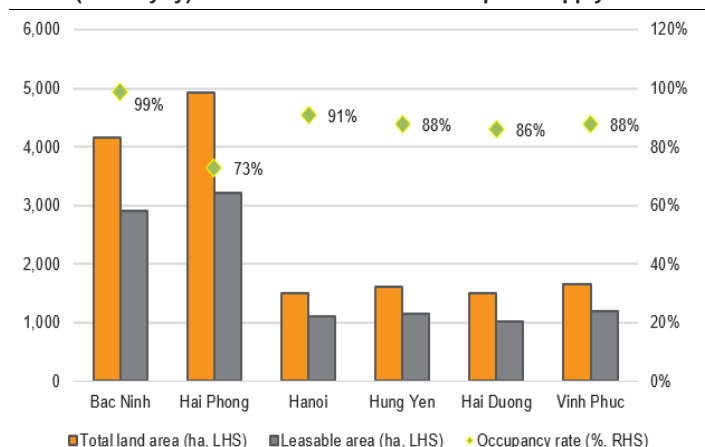
Transaction	Location	Total area (sqm)
Furniture (WH)	Binh Duong	40,000
Logistics (WH)	HCMC	25,000
Food processing (RBF)	Long An	20,000
3PL (WH)	Dong Nai	17,000
Retailer (WH)	HCMC	10,000
Electric components (RBF)	HCMC	5,000
Manufacturing (RBF)	Dong Nai	5,000
3PL (WH)	Dong Nai	5,000
Shoes (RBF)	Long An	2,700
Plastic (RBF)	Long An	2,700

Sources: VNDIRECT RESEARCH, CBRE

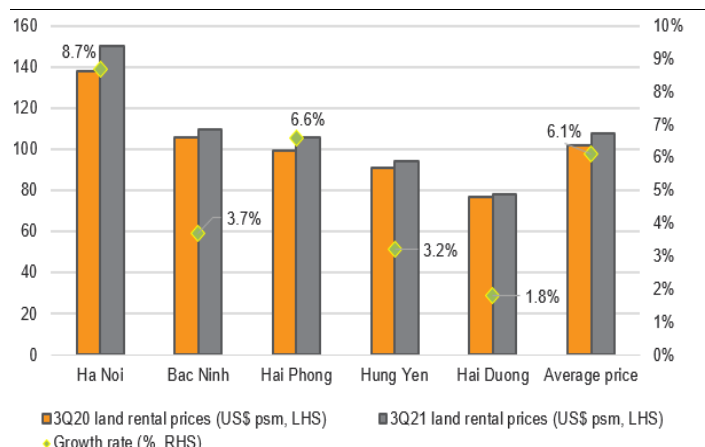
### Northern market: demand remained resilient

Total industrial land area put into operation in six key Northern industrial cities/provinces rose by 5.8% yoy to c.15,350ha in 2021, leading to a 6.0% yoy increase in leasable area (c.10,600ha). The new supply was mostly from Bac Ninh and Hai Phong. Demand continued to outpace supply with average occupancy rate growing 2.0% yoy to 86.6%. Likewise the South, land rental prices in the North remained strong in 2021, with an average increase of 6-8% yoy to US\$108-110/sqm/lease term. Of which, we see Hanoi and Hai Phong rose the most at c.9% yoy to US\$150/sqm/lease term and c.7% yoy to US\$108/sqm/lease term, driven by its accelerating infrastructure development.

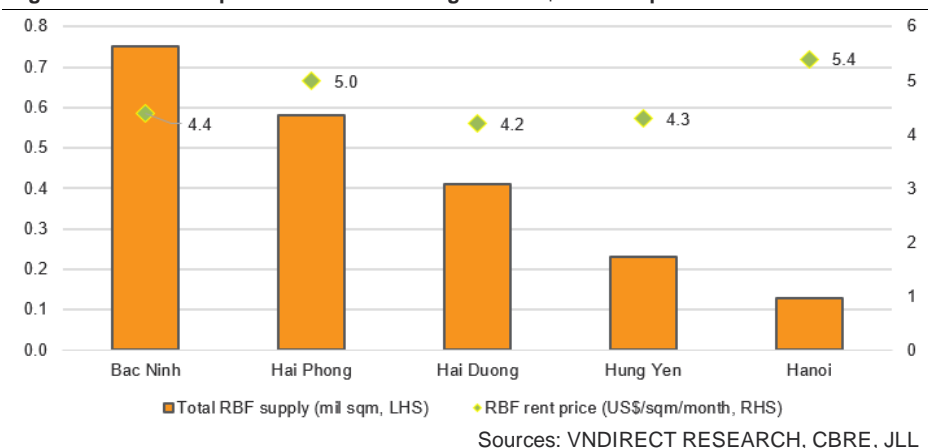
**Figure 7: 2021 average occupancy rate in the North remained high at 86.6% (+2.0% yoy) as demand continued to outpace supply**



**Figure 8: Land rental prices continued to increase across the North**



For WH and RBF market, new supply rose 7% yoy to 1.3 million sqm and 9% yoy to 2.5 million sqm, respectively, in 2021, according to CBRE. Average rental prices relatively stayed flat at US\$4.2-5.4/sqm/month. We see new projects from large international developers started construction in 2021 such as Logos in VSIP Bac Ninh, the JV between SEA Logistic Partners (SLP) and GLP in Hai Phong. KCN Viet Nam Group JSC acquired 250ha of land bank to develop premium, sustainable factories and warehouses for rent with a national portfolio across Bac Giang, Hai Phong, Hai Duong, Dong Nai, and Long An.

**Figure 9: RBF rental prices in the North ranged at US\$4.2-5.4/sqm/month in 2021**

**Figure 10: A racing to set foot in WH & RBF market in the North since 2020, especially in Bac Ninh province**

Developer	Nationality	Total area (ha)	Location
BW	US/Vietnam	518	HCMC, Binh Duong, Dong Nai, Bac Ninh, Hai Phong
KCN Vietnam	Vietnam	260	Bac Giang, Hai Phong, Hai Duong, Dong Nai, and Long An
KTG & Boustead	Vietnam / Singapore	84	Dong Nai, Hanoi, Bac Ninh
SLP logistics	Hong Kong	78	Bac Giang, Bac Ninh, Long An
Mapletree	Singapore	75	Dong Nai, Binh Duong, Bac Ninh
Gaw NP Industrial	Hong Kong	13	Thai Nguyen
Logos property	Australia	13	Bac Ninh

Sources: VNDIRECT RESEARCH, COMPANY REPORTS

**Figure 11: WH & RBF transactions for 3PL, logistics and e-commerce sectors stood out in the North in 2021**

Transaction	Location	Total area (sqm)
3PL (WH)	Bac Ninh	46,000
Logistics (WH)	Bac Ninh	25,000
Retailer (WH)	Bac Ninh	20,000
E-commerce (WH)	Bac Ninh	14,000
Manufacturing (RBF)	Thai Nguyen	14,500
Logistics (WH)	Hai Phong	14,000

Sources: VNDIRECT RESEARCH, CBRE

### Listed IP companies recorded an impressive growth in FY21 revenue

We see the impressive revenue growth in listed IP companies with a double-digit growth in FY21. KBC's FY21 revenue increased the most at 100.3% yoy to VND4,309bn thanks to leasing out 113.9ha of IP land (+91.2% yoy) and 4.6ha of residential land (+86.2% yoy), followed by SZC (+64.7% yoy) on the back of industrial property sales at Chau Duc IP (+98.1% yoy) and ITA (+44.3% yoy) mostly from industrial property sales at Tan Duc IP.

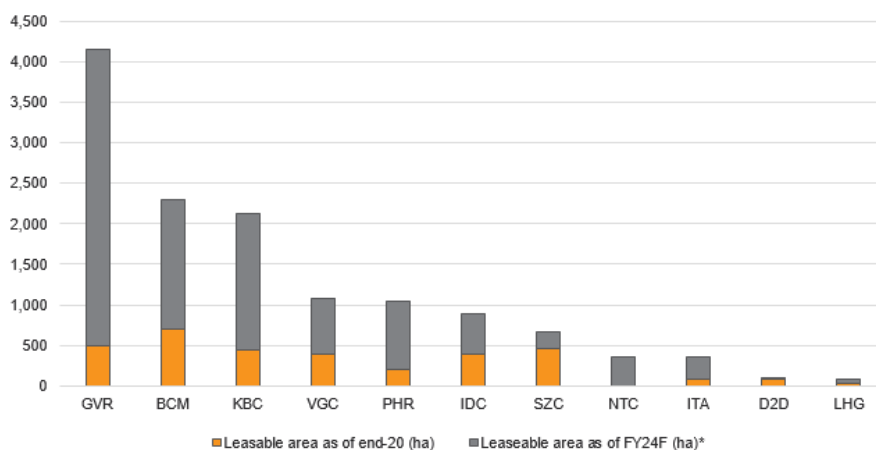
**Figure 12: Listed IP companies recorded an impressive growth in FY21 revenue (VNDbn)**

	4Q21 revenue	4Q20 revenue	Change (% yoy)	FY21 revenue	FY20 revenue	Change (% yoy)
GVR	9,656	9,054	7%	26,350	21,116	25%
VGC	3,692	2,325	59%	11,201	9,433	19%
BCM	3,111	2,513	24%	6,965	6,505	7%
SNZ	1,455	1,462	0%	5,200	4,975	5%
SIP	1,448	1,665	-13%	5,577	5,083	10%
KBC	1,232	1,221	1%	4,309	2,151	100%
PHR	663	746	-11%	1,942	1,632	19%
DPR	505	488	3%	1,215	1,138	7%
ITA	271	100	171%	936	649	44%
SZC	148	71	108%	713	433	65%
D2D	129	145	-11%	472	357	32%
NTC	106	69	54%	271	264	3%
LHG	64	184	-65%	782	644	21%
TIP	62	116	-47%	247	261	-5%

Sources: VNDIRECT RESEARCH, COMPANY REPORTS

We see that listed IP companies increase new supply to capture the growing demand for industrial property. In term of potential leasable area in FY22-24F, GVR is likely to take the leading position with c.4,000ha thanks to converting rubber plant into industrial parks, followed by BCM with c.2,200ha and KBC with c.1,700ha.

**Figure 13: Huge potential for GVR, BCM and KBC with abundant area expected to put into operation in the next three years**



Sources: VNDIRECT RESEARCH, COMPANY REPORTS

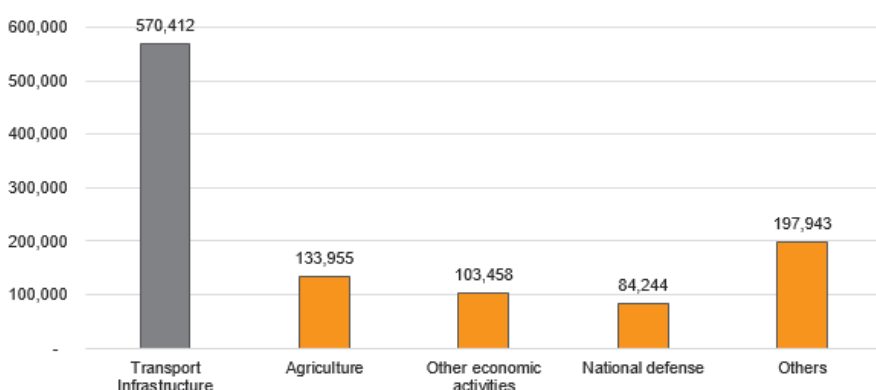
## 2022F outlook: Four trend to shape the market

### Infrastructure development, empowered by accelerating public investment will buoy industrial property market

The National Assembly recently approved a new economic stimulus package worth c.VND347,000bn in the program of socio-economic recovery and development. Notably, infrastructure investment amounted to VND113,850bn with a focus on 13 important transport projects (expected to spend VND103,164bn). In addition, the medium-term public investment plan for 2021-25 period is mainly for transport infrastructure investment with a capital of VND570,412bn, accounting for 52% of the total central budget investment capital.

According to the Ministry of Transport, the Government aims to have 3,000km of highways by 2025F (from the current highways of 1,163km). Therefore, the upcoming public investment packages will focus on disbursing a series of highways such as the North-South expressway.

**Figure 14: Transport infrastructure investment accounts for 52% of the total central budget investment capital to its medium-term public investment plan for 2021-25 period (VNDbn)**



Source: Resolution 29/2021/QH15



Figure 15: Progress of 11 North-South Expressway projects phase 1 (2017-20) as of end Oct-2021

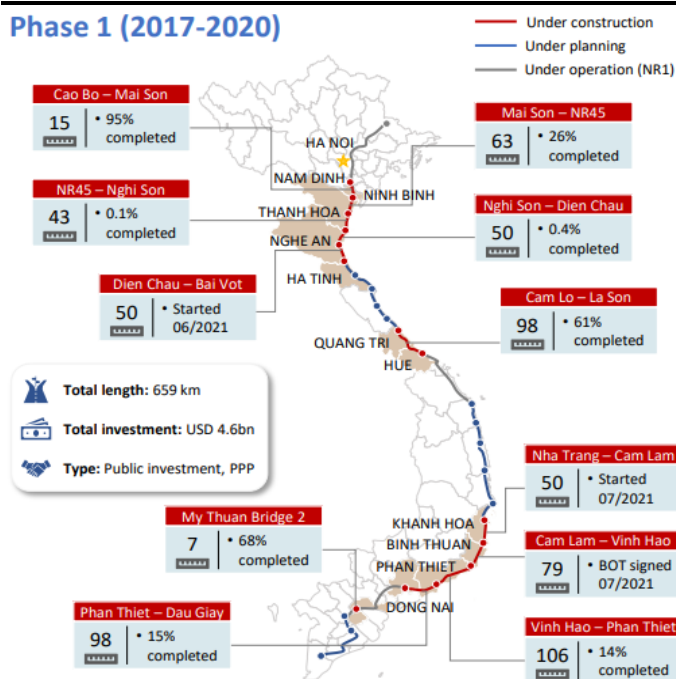


Figure 16: 12 North-South Expressway projects phase 2 (2021-25) to be invested in the form of public investment

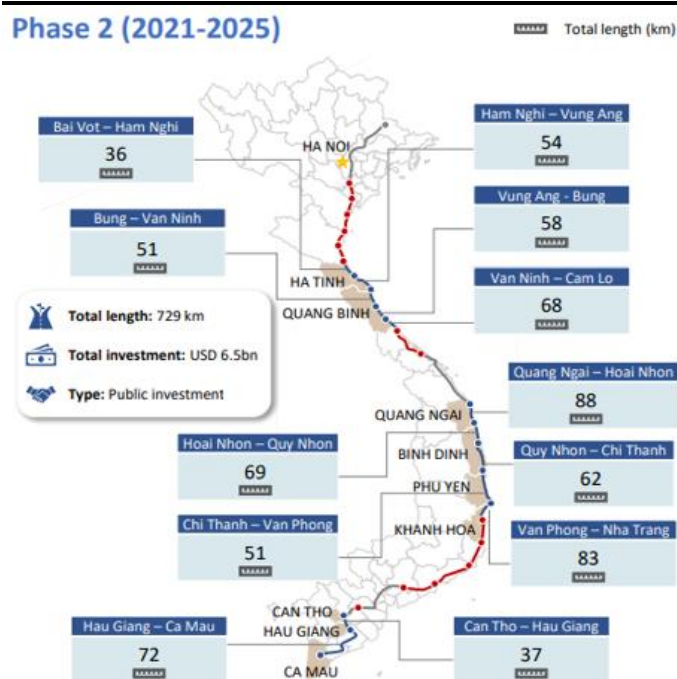


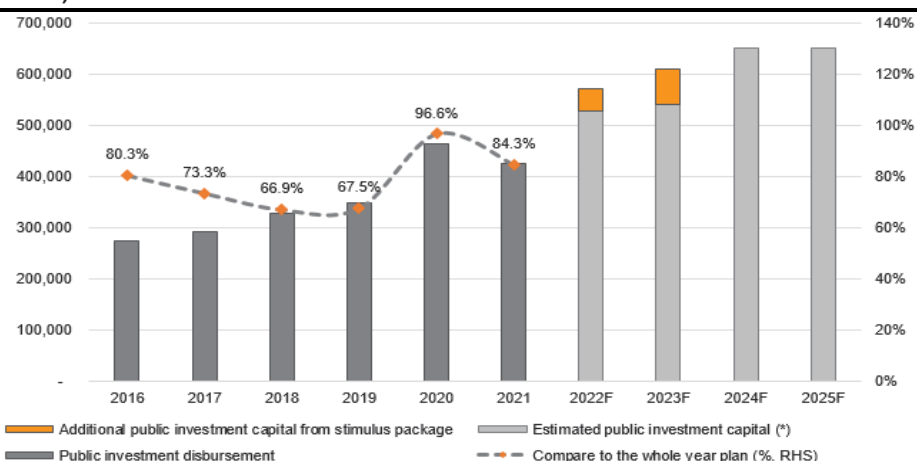
Figure 17: Progress of key transport infrastructure projects in the period of 2021-26

Project	Total investment capital (VNDbn)	Construction progress planning							
		2019	2020	2021	2022	2023	2024	2025	2026
Cam Lo - La Son	7,700								
Cao Bo - Mai Son	1,600								
My Thuan 2 bridge	5,000								
Mai Son - Highway 45	12,920								
Vinh Hao - Phan Thiet	10,853								
Phan Thiet - Dau Giay	14,360								
Nghi Son - Dien Chau	8,380								
Highway 45 - Nghi Son	6,330								
Dien Chau - Bai Vot	13,340								
Nha Trang - Cam Lam	7,615								
Cam Lam - Vinh Hao	13,690								
12 sub-projects of North-South Expressway (phase 2)	146,990								
Long Thanh international airport (phase 1)	109,112								
<b>Total</b>	<b>357,890</b>								

Source: VNDIRECT RESEARCH

We believe that public investment disbursement in 2022 will increase by 20-30% yoy as (1) additional capital for infrastructure development from the new economic stimulus package; (2) the bottleneck of a lack of construction stone and backfill has been resolved after the Government granted mining licenses for new mines; (3) construction material prices such as iron, steel, cement, construction stone are expected to decrease in 2022; (4) the disbursement of public investment in 2021 is slow, reaching only 85% of the whole year plan; and (5) many key transport infrastructure projects completed the preparation as well as site clearance should begin construction since 2022 (Figure 10). The Government would speed up major infrastructure projects in 2022 such as Long Thanh Airport and North-South Expressway.

**Figure 18: We believe public investment disbursement in 2022 will increase by 20-30% yoy (VNDbn)**



Note: (\*) The public investment capital plan for 2022-25 period is estimated on the medium-term public investment capital plan

Source: Resolution 29/2021/QH15, Ministry of Planning and Investment, GSO

### Manufacturing expansion driven by both FDI and local players

We believe that Vietnam's foreign direct investment (FDI) inflows will recover strongly in 2022 thanks to (1) Vietnam plans to resume regular international commercial flights from the beginning of 2022, which will create favorable conditions for investors and professionals to return to Vietnam and promote investment in 2022, (2) Vietnam remains an attractive location for companies' 'China+1' diversification strategy due to advantages such as competitive labour cost and large demography, and (3) last but not least, Vietnam has signed very progressive free trade agreements (FTAs) with major partners and regions in the world such as CPTPP, EVFTA, RCEP... Therefore, investors investing in Vietnam will enjoy great tax incentives when exporting products to countries that have FTAs with Vietnam.

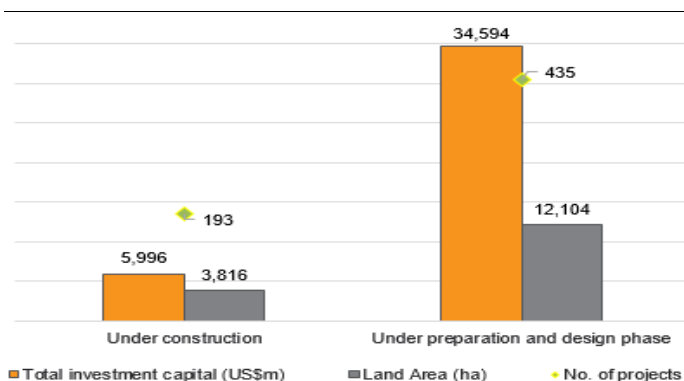
In addition, we observe that existing businesses from both FDI and local producers are significantly expanding their manufacturing capacity, driven by Vietnam's strong industrial fundamentals such as LG Electronics, Intel, Mitsubishi Motors, O.N Vina. According to Houselink, there are 193 expansion projects (3,816ha of land area) are under construction in 8M21, with a total investment capital of c.US\$6bn. Besides, there are 435 expansion projects (12,104ha) are under preparation and design phase in 8M21, higher than that of 387 new projects (6,597ha), pointing the manufacturing expansion trend remaining strong in 2022F, in our view.

**Figure 19: Vietnam is still a hotspot with low operation costs and tax incentives**

	Wage in manufacturing (US\$/month)	Electricity price for business (US\$/kWh)	Construction cost of WH/RBF (US\$/sqm)	Average land price (US\$/sqm/lease term)	CIT (%)	No. of IPs
Myanmar	162	0.110	na	80	25	63
Philippines	205	0.110	na	122	30	323
Vietnam	265	0.077	352	110	20	394
Indonesia	287	0.073	504	238	25	108
Thailand	440	0.121	na	183	20	86
Malaysia	844	0.099	533	225	24	340
China	1,042	0.104	356	na	25	na

Sources: VNDIRECT RESEARCH, SAVILLS, STATISTA, MPI

**Figure 20: Robust manufacturing expansion as of 8M21**



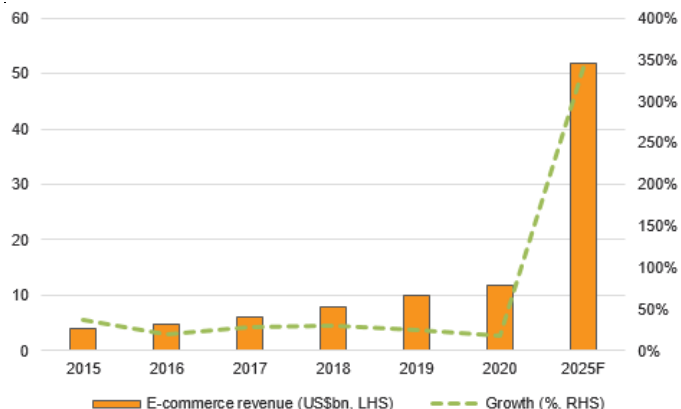
Sources: VNDIRECT RESEARCH, HOUSLINK

### E-commerce boom, increased inventory requirements and supply chain diversification boosting the demand for IP land for warehouse services

According to MoIT, Vietnam's e-commerce revenue is booming, with an estimated CAGR of 44.9% to US\$52bn in FY20-25F. According to CBRE Asia, the growth in e-commerce will drive the requirement for an additional 350,000sqm of new warehouse space with an approximate e-commerce revenue of US\$25-27bn, translating into an additional more than 700,000sqm in FY25F for Vietnam.

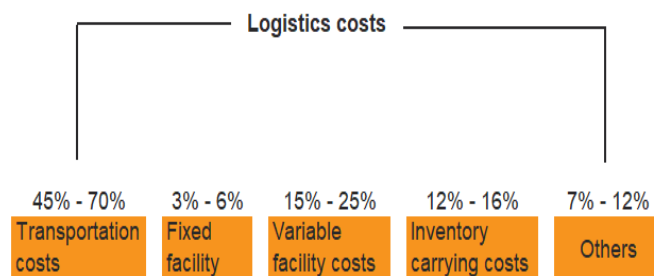
Besides, robust demand for goods and the ongoing supply chain disruption heighten the need for additional warehouse space to stockpile goods and mitigate future disruptions as well, according to CBRE Econometric Advisors. Given that rising transportation costs are much higher than warehouse cost, accounting for 45%-70% of total supply chain cost, while fixed facility costs (including real estate) account for only 3% to 6%, logistics space near major transportation hubs such as airports and ports with well-connected transport networks, will be keenly sought-after, in our view. We believe developers that own land bank in BR-VT, Hai Phong such as **SZC, IDC, KBC** will enjoy the most advantage.

**Figure 21: E-commerce boom in Vietnam with an estimated CAGR of 44.9% for revenue over FY20-25F**



Sources: VNDIRECT RESEARCH, MoIT

**Figure 22: Transportation costs increases are much higher than warehouse cost increases**



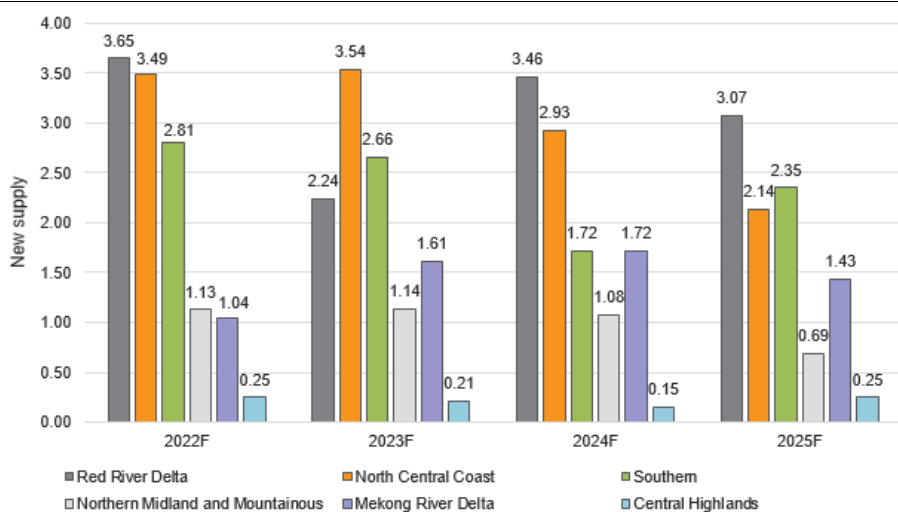
Sources: VNDIRECT RESEARCH, CBRE APAC

### Big emphasis on new supply in Red River Delta and North Central Coast

Vietnam industrial land supply is expected to rise more than 44,760ha in 2022-25F to capture the growing demand in the regions, mostly from Red River Delta and North Central Coast. Besides, we believe that ready-built factories and warehouses will continue to do well in 2022F with both domestic and global developers looking to enter the market. CBRE is forecasting a CAGR WH/RBF new supply of 22%/14% in the South and a CAGR WH/RBF new supply of 46%/10% in the North in 2021-23F.

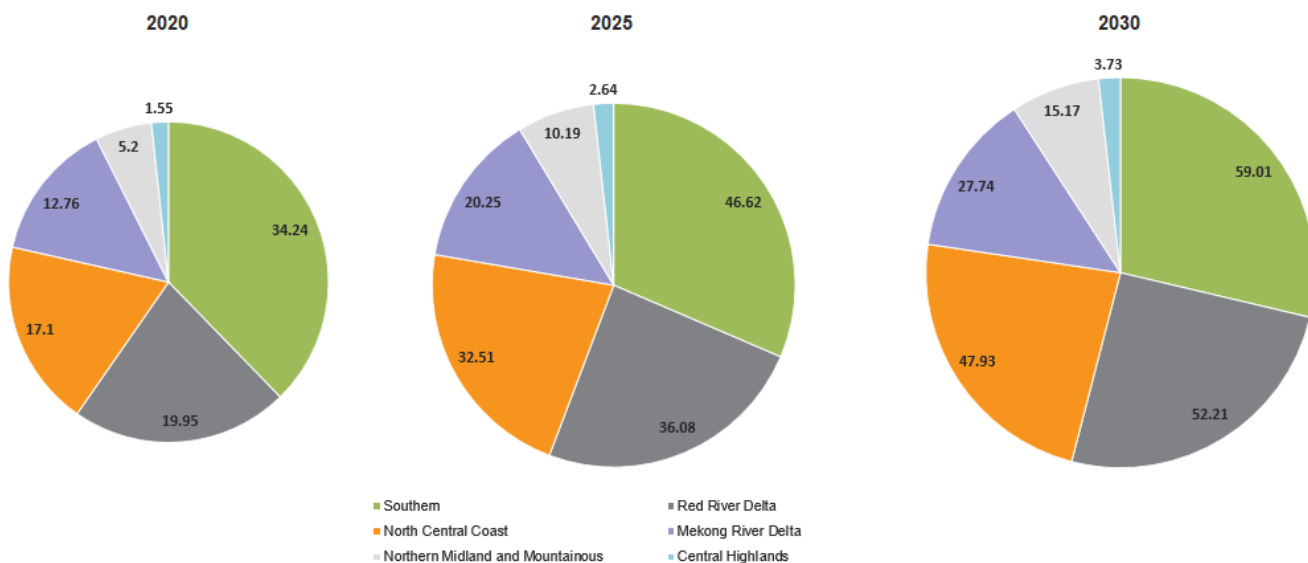


**Figure 23: Vietnam industrial zones development master plan for 2022-25: big emphasis on new supply in Red River Delta and North Central Coast ('000ha)**



Sources: VND RESEARCH, MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT

**Figure 24: Vietnam industrial zones development master plan 2030: add more than 115,000ha industrial land, focusing on Red River Delta and North Central Coast ('000ha)**



Sources: VNDIRECT RESEARCH, MINISTRY OF NATURAL RESOURCES AND ENVIRONMENT

## Stock picks

We believe that most of the listed IP names have closed to their fair value. However, we still like **KBC, PHR, SZC** for long-term investment as:

**Kinh Bac City (KBC, Add, TP: VND81,800).** We believe KBC is well-positioned to capture the growing demand for IP as 1) KBC has a sizeable ready-to-lease industrial land bank with more than 2,000ha industrial land likely to be added in FY22-24F; 2) KBC holds the leading position in attracting FDI with several tech giants in its tenant portfolio, including Samsung Electronics Vietnam in Que Vo IP, LG Electronics in Trang Due IPs, Foxconn in Quang Chau IP and the upcoming OPPO in NSHL IP recently. In addition, we believe KBC's residential property business' profit booking period could be since FY22F. KBC is now completing legal procedures at Trang Cat urban area project (581ha), which has

a potential GDV of VND55,829bn (based on our estimate) and plans for its first bulk sales of 50ha in 2022F. KBC also plans to handover 6ha at Phuc Ninh urban area in 4Q21-FY22F, contributing VND1,300bn-1,400bn in revenue. We believe these projects should provide strong support for KBC's long-term earnings growth. These projects should provide strong support for KBC's long-term earnings growth, in our view. We expect KBC's net profit to reach VND7,323bn (+591.5% yoy) / VND8,558bn (+16.9% yoy) in FY22-23F.

Potential upside risks could come from faster IP or residential land sales and whether KBC can clear legal hurdles to start its new IPs. Key downside risks 1) worse-than-expected IP land sales, 2) regulatory delays in Trang Cat project and Trang Due 3 IP, and 3) delays in booking revenue from residential projects.

**Phuoc Hoa Rubber JSC (PHR, Hold, TP: VND75,600).** PHR aims to convert more than 5,600ha rubber land fund into IP in Binh Duong to capture the growing demand for Vietnam IP. We expect about 2,600ha of four IPs might be put into operation in the next three years. We expect PHR could receive the VND898bn payment of compensation and resettlement support for 691ha of VSIP 3 IP in FY22F, leading to a 161.1% yoy surge in FY22F net profit. We forecast PHR to deliver a net profit CAGR of 48.1% over FY23-25F, driven by 1) an IP revenue CAGR of 85.7% and an associate income CAGR of 43.8% fuelled by the contribution of four new IPs and 2) a revenue CAGR of 9.6% in natural rubber revenue on strong demand from US and China automotive market.

Upside catalysts could come from whether PHR can clear legal hurdles to start its new IPs and receive the payment of land compensation sooner-than-expected. Downside risks are: 1) prolonged 4th COVID-19 outbreak which could restrict sales and investment activities, 2) regulatory delays in IPs project, leading to delays in operation and receiving payment of land compensation, 3) risk of falling rubber prices due to oversupply, global inventories, which has thin profit margins.

**Sonadezi Chau Duc JSC (SZC, Add, TP: VND90,600).** For IP business, SZC is well-positioned to capture the growing demand for industrial property in the South thanks to: 1) sizeable land bank (c.600ha) and competitive rental prices among listed peers in Vietnam; 2) attracting a diversified manufacturer profile on favorable location near ports, airport and other IPs in Ba Ria – Vung Tau (BR-VT) and 3) Dong Nai People's Committee has issued the deadline for businesses at Bien Hoa 1 IP (developed by Sonadezi Corporation) to move out production by end-2022. We believe Sonadezi Chau Duc IP should be one of the IPs that benefit the most with attractive rental prices and strong support from its parent company.

Besides, SZC's residential property business is ripe for the picking in FY22-24F with its first phase - Sonadezi Huu Phuoc (40.5ha) launches since 2H21. In addition, SZC has completed feasibility study at Chau Duc urban area project with estimated GDV of c.VND14,500bn after ten-year delay, we believe the company will step up the legal procedures at this project to enjoy residential prices uptrend at BR-VT.

Upside catalysts are 1) a better-than-expected IP and residential land sales, 2) faster land clearance, which will speed up project implementation. Downside risks are 1) prolonged 4<sup>th</sup> COVID-19 outbreak which could restrict sales and investment activities, and 2) delays in residential and golf course launches.

#### Upside risks:

1) RCEP's effect from 1 Jan 2022 could give the industrial sector another shot in the arm and become a key milestone for ASEAN countries to advance as a global manufacturing hub, in our view. Not only does RCEP maintain trade openness, but it can also deepen ASEAN's connectivity with China, South Korea and Japan, which are global heavyweights for the electronics, cars, textiles and garment industries;

2) the approval of a new decree regarding IPs and EZs management drafted on 07 June 21 is expected to create a legal framework for investment and development activities in IPs and EZs. This new decree will add regulation on the treatment for cases in which landlords increase their rental by more than 30% compared to the rental registered to the local management; support for small and medium-sized enterprises, the supporting industry and innovative enterprises; shorten the time in granting permits.

**Downside risks:** 1) another wave of Covid-19 variants globally could restrict sales activities with foreign enterprises; 2) continuously increasing land rental prices could dent Vietnam's advantage with low operation cost, in our view and 3) increasing competition from regional peers. Not only Vietnam but also neighboring countries have rapidly established new industrial parks. For instance, Indonesia established a 4,000ha IP in 2020, Myanmar cooperated with Korea, Thailand, Singapore to attract more overseas manufacturers with Myanmar Singapore Industrial Park (436ha), Yangon Amata Smart and Eco City (800ha).

Figure 25: Peer comparison

Company Name	Ticker	Share price (local cur)	TP (local cur)	Market Cap (US\$m)	P/E (x)		P/B (x)		ROE (%)		ROA (%)		Dividend yield (%)
					TTM	2022F	Current	2022F	TTM	2022F	TTM	2022F	
Vietnam Rubber Group	GVR VN	33,000	NA	5,812	31.0	24.1	2.8	N/A	8.1	10.3	5.3	5.9	2.0
Investment & Industrial Development	BCM VN	81,000	NA	3,691	71.1	N/A	5.4	N/A	8.2	N/A	2.6	N/A	N/A
Kinh Bac City Development	KBC VN	56,500	81,800	1,417	35.5	4.4	2.3	1.5	6.7	41.7	2.9	21.4	0
Viglacera Corp Jsc	VGC VN	51,800	NA	1,023	18.9	16.0	3.3	2.9	18.2	15.8	6.1	N/A	2.1
Sonadezi Corp	SNZ VN	61,000	NA	1,011	31.5	N/A	4.3	N/A	14.3	N/A	3.8	N/A	N/A
Idico Corp Jsc	IDC VN	64,700	NA	855	35.6	N/A	4.8	N/A	13.0	N/A	3.6	N/A	N/A
Saigon VRG Investment Corporation	SIP VN	138,700	NA	567	12.3	N/A	5.4	N/A	51.7	N/A	6.8	N/A	N/A
Phuoc Hoa Rubber	PHR VN	80,200	75,600	478	20.1	10.8	3.6	3.0	17.5	31.5	8.6	15.7	5.0
Sonadezi Chau Duc	SZC VN	78,400	90,600	345	26.0	17.2	5.3	4.6	23.4	29.6	6.1	7.0	1.3
Nam Tan Uyen	NTC VN	218,300	NA	231	18.0	6.7	7.7	N/A	33.3	92.0	5.9	N/A	3.7
Long Hau Corp	LHG VN	50,900	NA	112	8.6	9.1	1.7	1.8	21.5	23.1	10.8	12.8	3.8
Viet Nam Rubber	VRG VN	36,300	NA	41	89.4	N/A	3.4	N/A	3.7	N/A	1.7	N/A	N/A
<b>Average</b>					<b>33.2</b>	<b>12.6</b>	<b>4.2</b>	<b>2.8</b>	<b>18.3</b>	<b>34.9</b>	<b>5.4</b>	<b>12.6</b>	<b>2.6</b>

Note: all prices are based on the closing prices on Feb 08 2022. All estimates for Non-rated (NR) stocks are based on Bloomberg consensus estimates.

Sources: VNDIRECT RESEARCH, BLOOMBERG, COMPANY REPORTS

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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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