

Sector Note



**Industrial property**

**“The glass is half empty”**

- We see some positive factors for industrial property are fading due to arising challenges in 2023-24F.
- We still like BCM, PHR regarding their prospect of earnings growth and the reward from high cash dividend.

**IP market: Two major industrial hubs showed contrast trend in new supply**

For whole 2022, total industrial land area in Southern market increased by 9.2% yoy to c.41,950ha, of which 66.6% is leasable, about c.27,950ha (+8.2% yoy). Northern market witnessed strong new supply in 4Q22, about 590ha leasable area (mostly from suburb area), leading to a 7.9% yoy increase in FY22 leasable area (c.11,923ha). FY22 total land area rose by 8.1% yoy to 16,915ha while occupancy rate dropped 1.0% pts qoq and 0.2% pts yoy to 79%. However, we see both the South and the North enjoyed rental price uptrend with about 10.5% yoy and 7.5% yoy, respectively.

**Warehouse (WH) and Ready-built-factory (RBF) market: Continue robust growth**

We believe the booming of E-commerce is leading to strong supply for WH and RBF in both the South and the North. Thanks to welcoming several projects in 2022, total supply of WH in the South and the North reached 3.87 m sqm and 1.52m sqm, respectively, of which most of new supply is modern supply. For RBF market, Southern and Northern total supply increased by 23.3%/1.6% yoy to 4.8m sqm and 2.3m sqm, respectively.

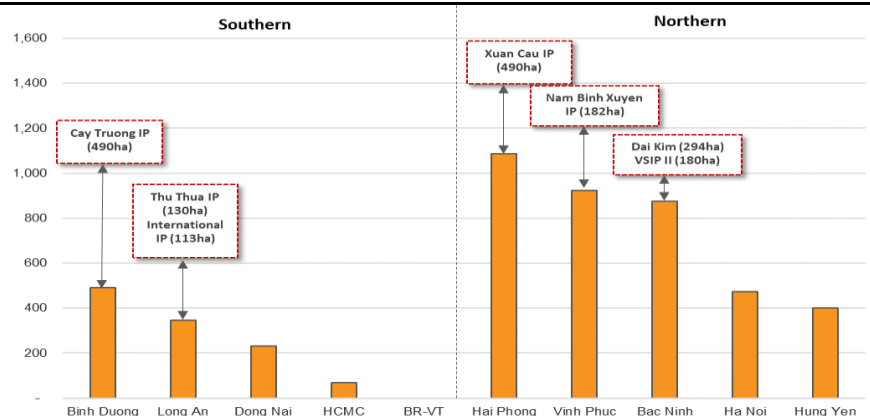
**2023-24F outlook: Arising challenges**

We see some positive factors for industrial property are fading due to arising challenges. Firstly, we believe that industrial property market will witness a scarcity of new supply in 2023F as approval process is delayed for legal procedure. Secondly, we see the competitiveness of Vietnam on FDI attraction is weakening in the region, coming from: 1) rising competition from Indonesia, Malaysia as these rivals has an attractive business environment for electric vehicle and semiconductor industries, 2) global minimum tax will be applied soon in 2024 may easing the advantage of preferential tariff.

**Our stock picks are PHR and BCM while NTC is in watchlist**

We believe some big developers own large ready-for-lease land bank with strategic location can turn these difficulties into opportunities. Following that, we like PHR and BCM for long-term investment, come from the prospect of earnings growth and the reward from high cash dividend. Upside risk: Stronger-than-expected FDI inflows from US. Downside risks: 1) increasing land compensation in many provinces, 2) prolong the legal procedure.

**Figure 1: Notable IP projects will be put into operation in 2023-27F**



Source: VNDIRECT RESEARCH

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## “The glass is half empty”

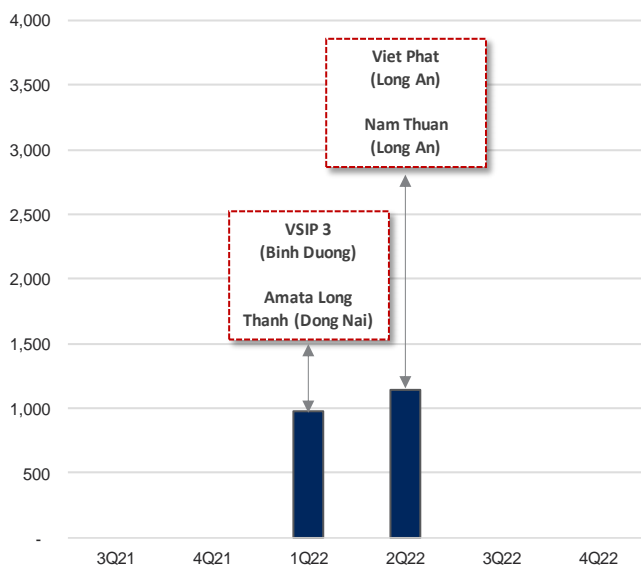
### 2022 recap: Two major industrial hubs showed contrast trend

#### Southern market: raising rental prices despite supply constraints

After supply boom in 1H22, Southern market witnessed a lack of supply in 2H22 with no new industrial park to be put into operation. Many IP projects were launched in 1H22 enjoyed high absorption rates in 3Q22 but then the rates declined in 4Q22. We see 4Q22 net absorption did not correspond to high demand for IP land due to slower-than-expected land clearance in some existed plots. Dong Nai was considered as the most attractive destination in 2H22, with nearly 250 ha of industrial land was absorbed, occupied 48% of total net absorption.

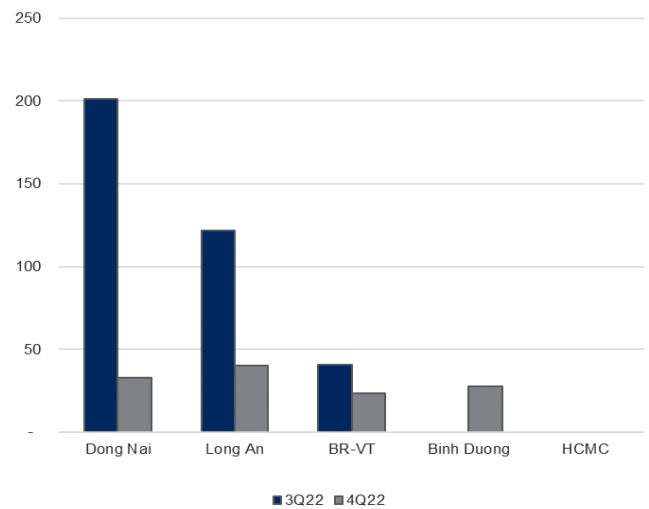
For whole 2022, total industrial land area increased by 9.2% yoy and unchanged qoq at c.41,950ha, of which 66.6% is leasable, about c.27,950ha (+8.2% yoy). 4Q22 average occupancy rate and rental price rose by 0.2% pts yoy to 85.6% and 10.5% yoy to US\$160/sqm/lease term. Come with high demand, Dong Nai hit the top increase of rental price among five key Southern industrial cities/provinces for the first time, about 18% qoq and 40% yoy to US\$183/sqm/leasable term

**Figure 2: After supply boom in 1H22, no new supply for the rest of 2022 (leasable area, ha)**



Source: VNDIRECT RESEARCH, JLL

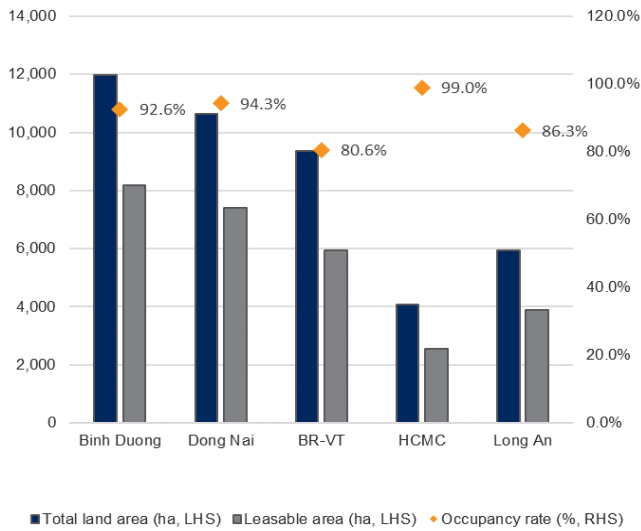
**Figure 3: Dong Nai and Long An led the demand with high 2H22 net absorption (ha)**



\*Net absorption = Total amount of space that tenants physically moved into – Total amount of space that tenants physically moved out.

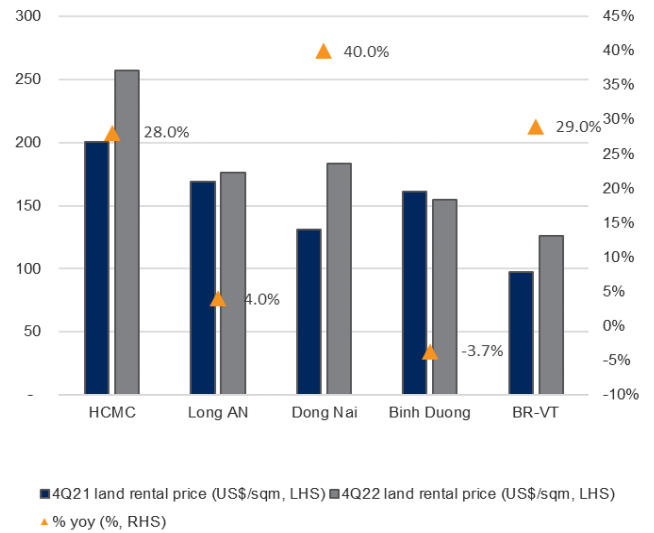
Source: VNDIRECT RESEARCH, JLL

**Figure 4: Occupancy rate of 5 key IP provinces slightly raised at end-22**



Source: VNDIRECT RESEARCH, JLL

**Figure 5: Dong Nai hit the top increase of rental price for the first time thanks to strong demand**



Source: VNDIRECT RESEARCH, JLL

**Traditional warehouse:**

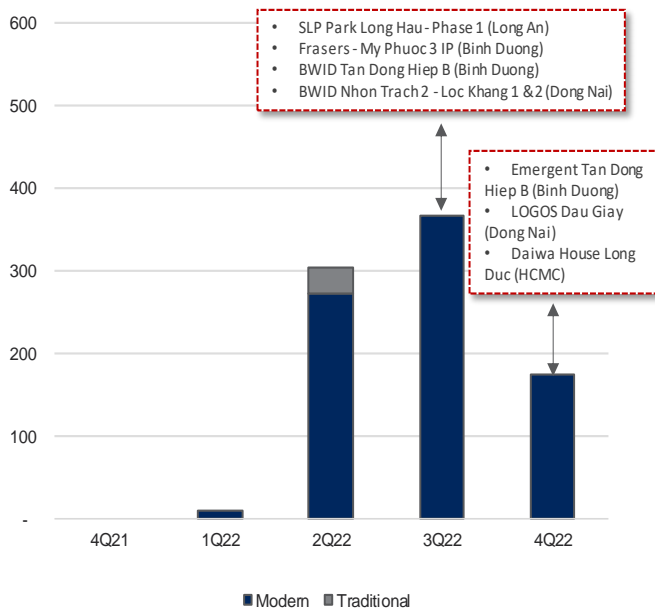
- Straightforward facility.
- Must have large uninterrupted span.
- Flexibility of storage.
- Goods stored in boxes, sacks or barrels.

**Modern warehouse:**

- Based on most economical material handling.
- High stacking and minimum number of aisles.
- Use dock leveler.
- Receiving areas located at truck level.

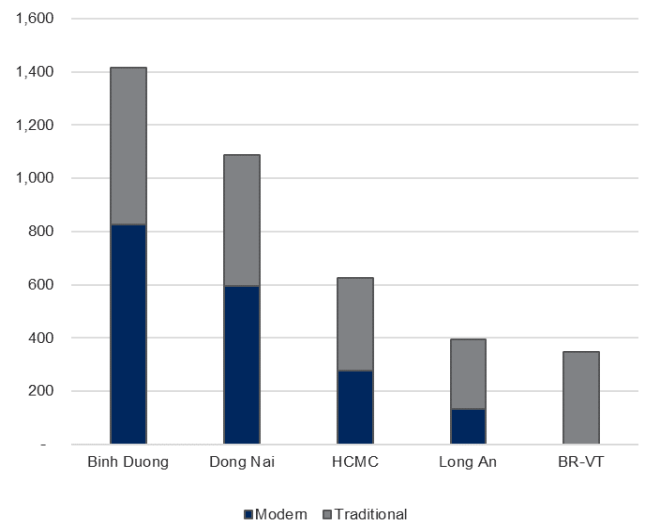
Warehouse (WH) segment in Southern market continued to show robust growth in 2022 with the introduction of new supply mostly come from modern supply, accounting for 96% total new supply. Total WH supply increased by 28.3% yoy, reached 3.87m sqm. BW Industrial Development (BWID) carried on expanding their portfolio with four new projects in HCMC, Binh Duong and Dong Nai. With nearly 324,000 sqm, BWID has become the dominant developer in terms of supply, taking up 18% of modern market share. Top 3 market share by provinces come from Binh Duong, Dong Nai and HCMC with a relatively equal proportion between Modern and Traditional supply.

**Figure 6: More and more new modern supply replaces traditional supply (Unit: c.1,000 sqm)**



Source: VNDIRECT RESEARCH, JLL

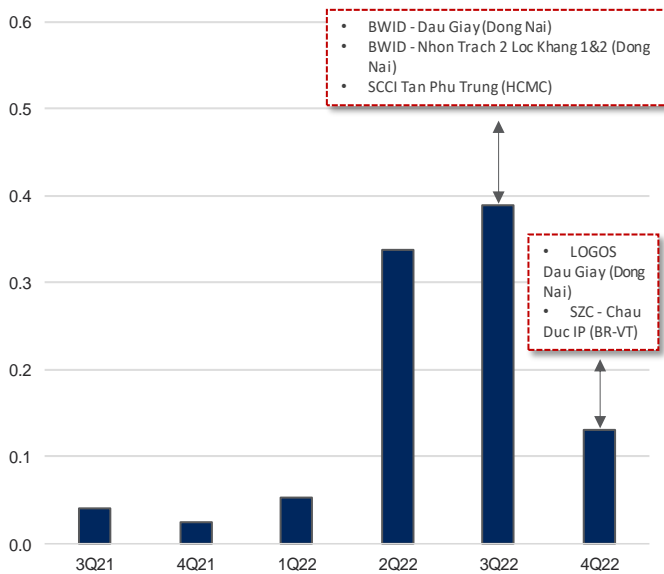
**Figure 7: Binh Duong maintained leading position, accounting for 37% total WH supply (Unit: c.1,000 sqm)**



Source: VNDIRECT RESEARCH, JLL

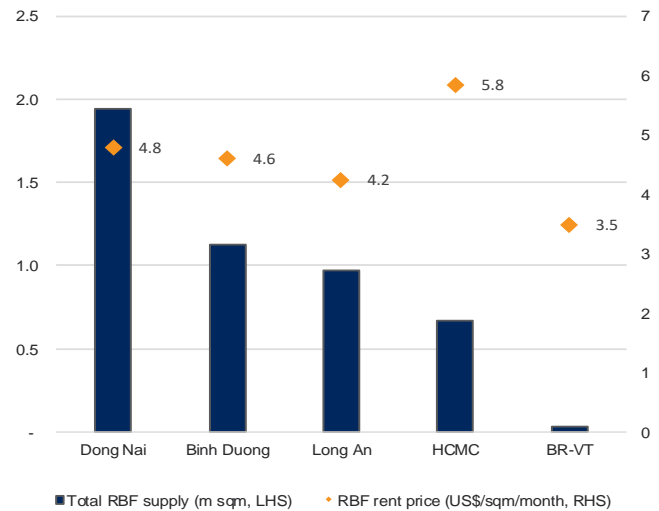
For RBF, Southern market witnessed a remarkable increase with more than 0.91m sqm of new supply in 2022, dragging total supply to around 4.8m sqm. Among five key Southern provinces, Dong Nai contributed the most with total area of 0.44m sqm, accounting for 49% new supply in 2022. With large new quality supply, average RBF rent price rose by 0.3% yoy US\$4.75/sqm/month and occupancy rate dropped by 0.6% pts yoy to 83.6%.

**Figure 8: Dong Nai contributed the most with total area of 0.44m sqm, accounting for 49% new supply in 2022**



Source: VNDIRECT RESEARCH, JLL

**Figure 9: Average RBF rental price rose by 0.3% yoy thanks to new quality supply**



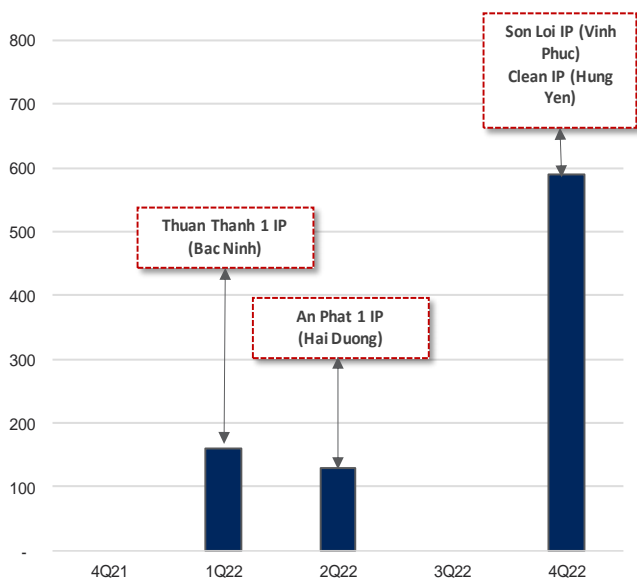
Source: VNDIRECT RESEARCH, JLL

### Northern market: strong new supply from suburb area

Northern market witnessed a strong new supply in 4Q22, about 590ha leasable area, leading to a 7.9% yoy increase in FY22 leasable area (c.11,923ha). FY22 total land area rose by 8.1% yoy to 16,915ha while occupancy rate dropped 1.0% pts qoq and 0.2% pts yoy to 79% at end-4Q22. Although no new supply was recorded in the whole 2022, Hai Phong still maintained its leading position in Northern market, accounting for 29.1% total land area.

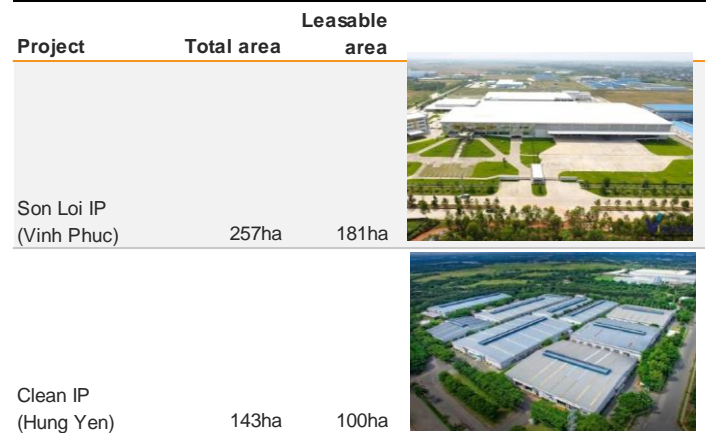
4Q22 new supply was dragging the increase in average rental price, about 7.5% yoy to US\$124/sqm/leasable term. Vinh Phuc has a highest increase of c.33.5% yoy to US\$126/sqm/leasable term among five key Northern industrial cities/provinces thanks to the launching of new quality projects such as: Ba Thien 1 IP and Son Loi IP.

**Figure 10: Strong new supply was added in 4Q22 after a scarcity quarter (leasable, ha)**



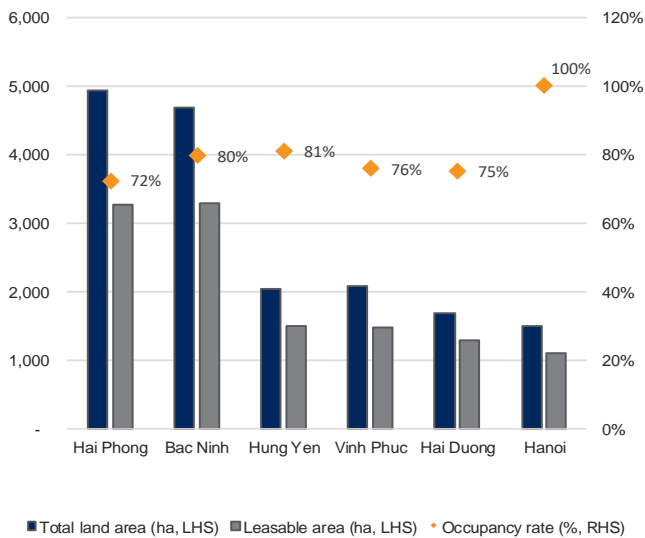
Source: VNDIRECT RESEARCH, JLL

**Figure 11: Notable projects to be put into operation in 4Q22**



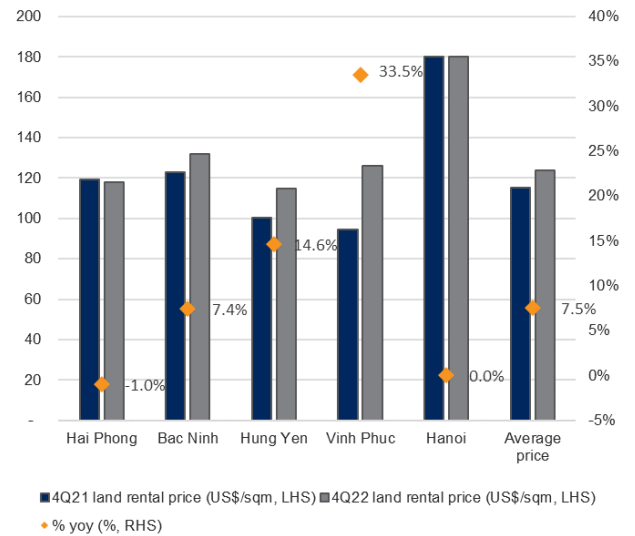
Source: VNDIRECT RESEARCH

**Figure 12: Average occupancy rate dropped 1.0% pts qoq and 0.2% pts yoy to 79% at the end of 4Q22**



Source: VNDIRECT RESEARCH, JLL

**Figure 13: Vinh Phuc has a highest land rental price increase among five key industrial cities/provinces**



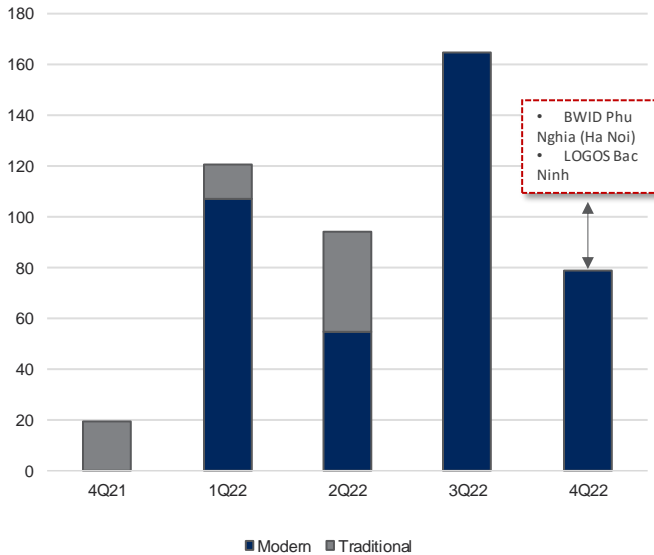
Source: VNDIRECT RESEARCH, JLL

For WH segment, Northern market welcomed seven projects in 2H22, come from Hai Phong, Bac Ninh, Hung Yen and Ha Noi. Likewise, in the South, WH developers in the North also focus on modern supply following by all new projects in 2H22 were modern supply. FY22 total supply reached 1.52m sqm, in which modern supply accounted for 53.3%. As the leading logistics center in the North and prime location next to Ha Noi, Bac Ninh continued dominate the WH market, took up 40% total supply.

For RBF, after one quarter of soothing the demand for new supply, no new supply to be put in to operation in 4Q22. Total supply unchanged qoq and increased by 1.6% yoy to 2.3m sqm. Average rental price inched up by 1.6%

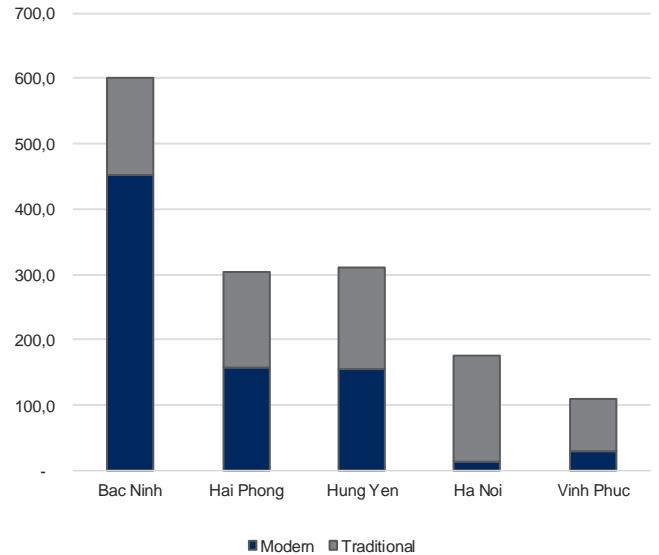
qoq and 3.3% yoy to US\$4.8/sqm/month. With limited new supply, average occupancy rate for RBF stayed at high level, about 97%.

**Figure 14: Similar to the South, WH developers in the North also focus on modern supply in 2022 (Unit: 1,000sqm)**



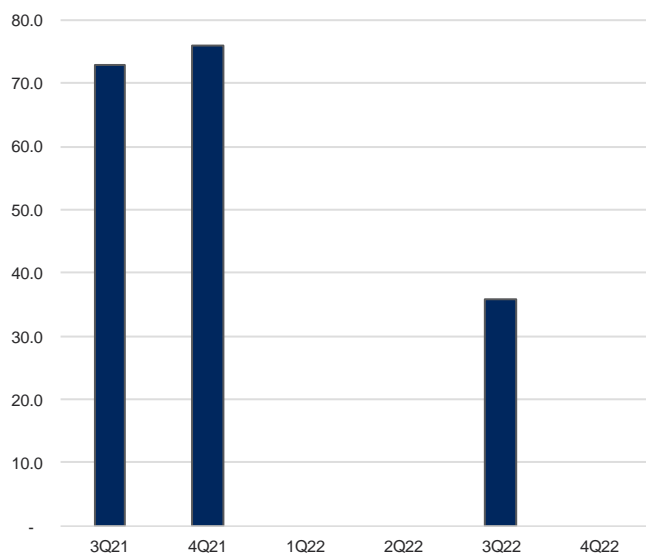
Source: VNDIRECT RESEARCH, JLL

**Figure 15: Bac Ninh continued to dominate the WH market, took up 40% total supply**



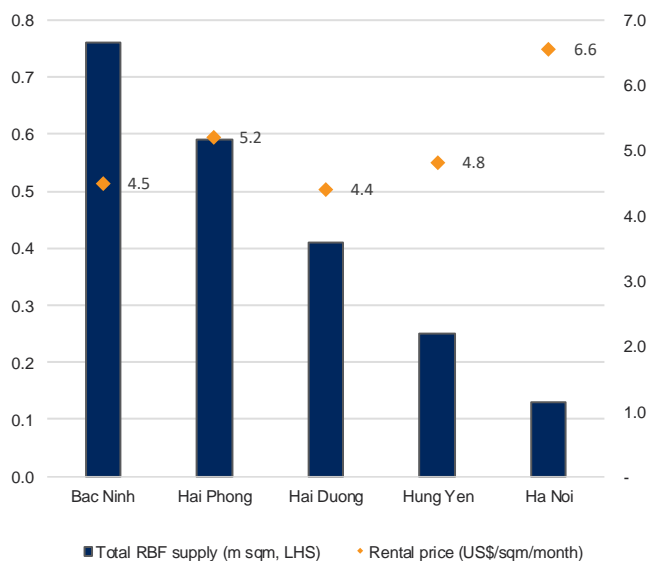
Source: VNDIRECT RESEARCH, JLL

**Figure 16: Back to lack of new supply situation in 4Q22**



Source: VNDIRECT RESEARCH, JLL

**Figure 17: Bac Ninh maintained leading position in Northern market**



Source: VNDIRECT RESEARCH, JLL

## 2023-24F outlook: Arising challenges

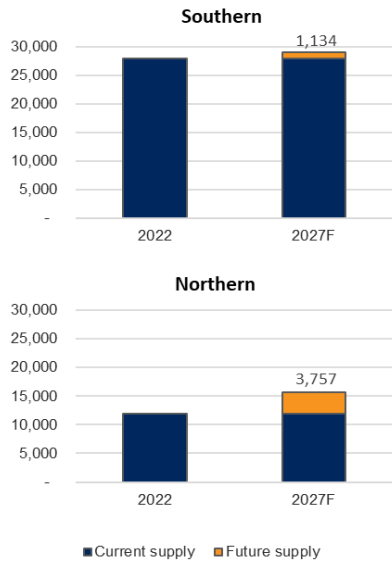
### New supply will shrink as approval process is delayed for legal procedure

Since 1Q22, there has been no record of any proposal to establish more industrial parks in both Southern and Northern market. In addition, there are limited new IPs to be put in the national IP master plan.

This comes from the fact that the industrial park development planning is still spreading out, primarily depending on locality decision. Therefore, the change

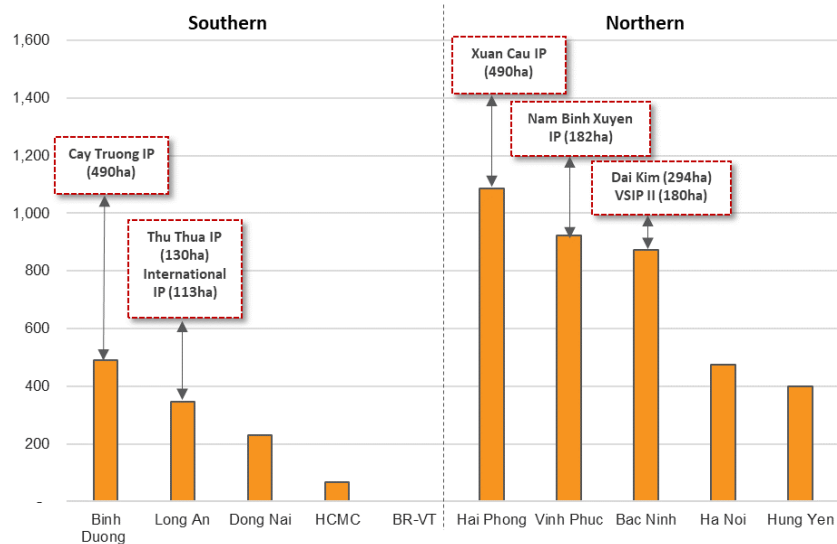
of senior leaders of many localities in the past year has slowed down the approval procedure of many projects. This caused slower-than-expected land clearance and overlap in planning or infrastructure outside IP.

**Figure 18: We believe 2 big industrial hubs will witness a scarcity of new supply...**



Source: VNDIRECT RESEARCH, JLL

**Figure 19: ... but, turn out this is the chance for big developers own large ready-for-lease land bank (Unit: ha)**



Source: VNDIRECT RESEARCH, JLL

We believe that industrial property market will witness a scarcity of new supply from now until the end of 2023F.

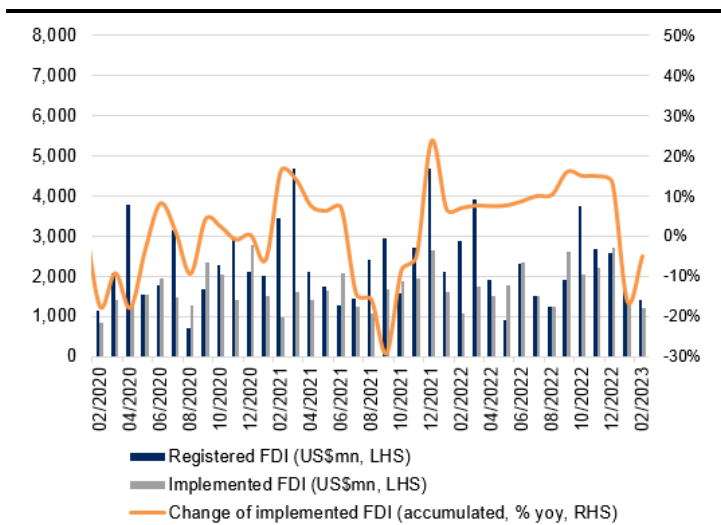
- For Southern market, after supply boom in 1H22, there no new supply to be put into operation in 2H22. We believe Southern market will go through a harsh time to deploy new project in 2023. After that, only limited new supply will be put into operation in 2024-27, about 1,134ha, higher 76% vs [previous report](#). Thanks to effort of BCM in quick process of establishment and legal status, Cay Truong IP (490ha) was officially added in future supply in 2024-27. Combine with VSIP III IP (ready-for-lease since 1Q22), we believe BCM will take advantage with large ready-for-lease land bank with up to 1,644ha.
- For Northern market, we see Northern provinces started its development in industrial later than Southern, so land bank in some provinces are still available with quite reasonable price. Although there is a high number of pending projects, we believe that the lack of new supply situation in Northern market will not end sooner 2023F, after that we expect c.3,757ha will be put into operation in 2024-26F, with the most contribution come from Hai Phong, Vinh Phuc and Bac Ninh.

**Rising competition on FDI attraction from regional countries**

According to the Ministry of Planning and Investment (MPI), implemented FDI projects rebound 12.1% yoy in Feb 23 to US\$1.2bn. For 2M23, implemented FDI slid 4.9% yoy to US\$2.6bn. Registered FDI projects dropped 51.4% yoy in Feb 23, bringing the ytd new FDI inflow to only US\$3.1bn (-38.0% yoy).

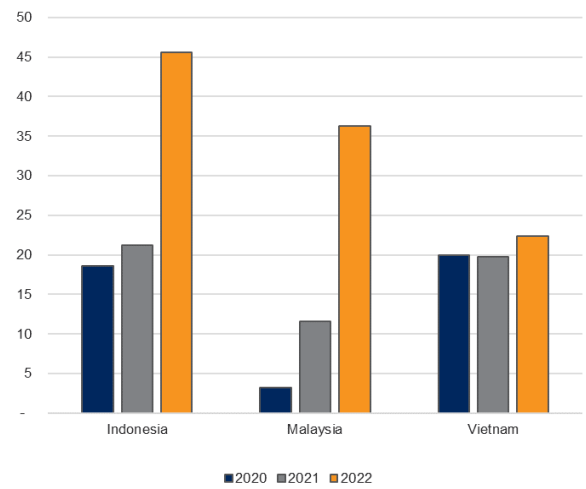
FDI inflows into Vietnam weakened in 2M23 as new investment plans and production expansion were halted amid global economic uncertainty, including (1) slowing global growth, (2) high inflation weighing on consumers' wallets, and (3) financial market liquidity tightens due to the FED's interest rate hike.

**Figure 20: Implemented FDI dropped 4.9% yoy in 2M23**



Source: VNDIRECT RESEARCH, FIA

**Figure 21: Indonesia and Malaysia have a strong increase in FDI inflows in 2022 (Unit: US\$bn)**



Source: VNDIRECT RESEARCH, GSO, MPI

Since 2020, Indonesia has released the Omnibus Law which provided more opportunities for foreign companies to operate or invest in this country. Since then, FDI flow to Indonesia grew positively 10% yoy in 2021 and 44% yoy in 2022 to US\$45.6bn. Vietnam and Indonesia are the two countries receiving the most FDI inflow. While Vietnam is transforming itself into an electronics equipment manufacturing hub, Indonesia is focusing on the electric vehicle supply chain.

Additionally, we see two industrial developments will shape the investment landscape in ASEAN, including EV industry and semiconductor industry. Significant developments in these industries included new categories of investors, new segments of value chains, further expansion of capacity and increasing activities in regional production networks. Thus, regarding their potential to continue receiving a high level of FDI in the next few years, regional countries has actively promoted FDI in the production of EVs, including batteries, and at the same time encourage consumers to adopt EVs. However, Vietnam is lagging behind other rivals in this trend which might dim the attractiveness of Vietnam in luring FDI flow.

**The advantage of preferential tariff is disappearing, what should Vietnamese IP developers do?**

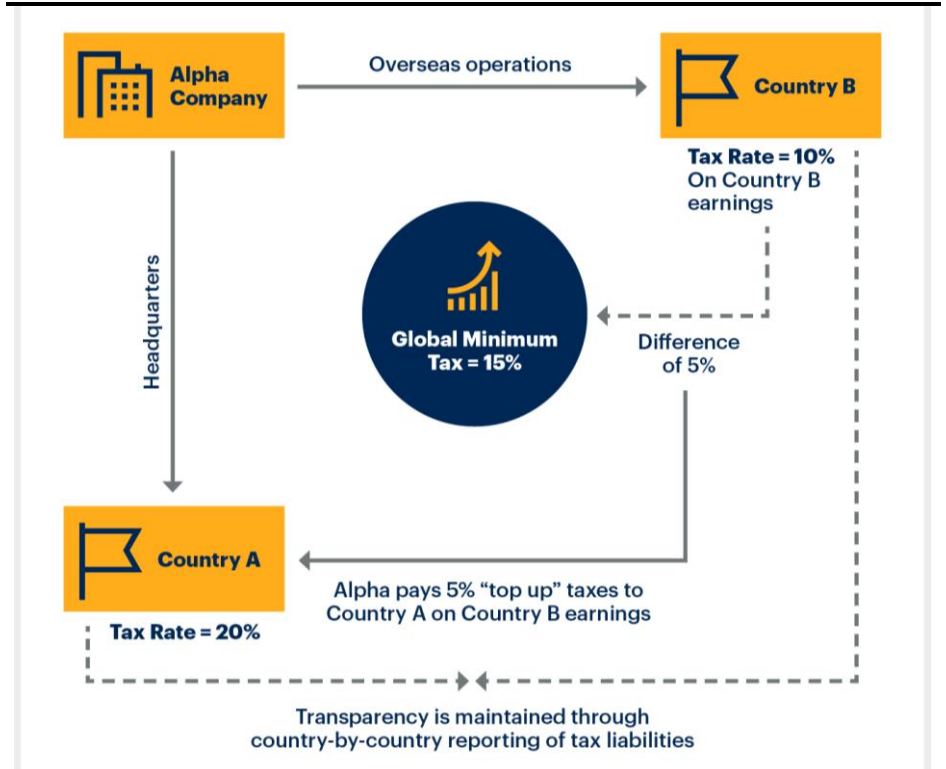
The “Global Minimum Tax” initiated by the Organization for Economic Cooperation and Development (OECD), to resolve potential tax risks from economic digitalization, is the part of Base erosion and profit shifting (BEPS).

This policy comes from developed countries - the origin of large investment capital and has been approved by 141 countries and territories, including Vietnam. Since 2024, some countries will apply a global minimum tax rate of 15% for large companies with a turnover above EUR750m.

Currently, Vietnam is using preferential tariff as a financial leverage tool to attract foreign investors. Vietnam is now offering preferential tariff at 10%, 15% and 17% depending on the field, sector, investment’s scale and location. In some special cases, the preferential tariff may be only 5%, 7% and 9%.

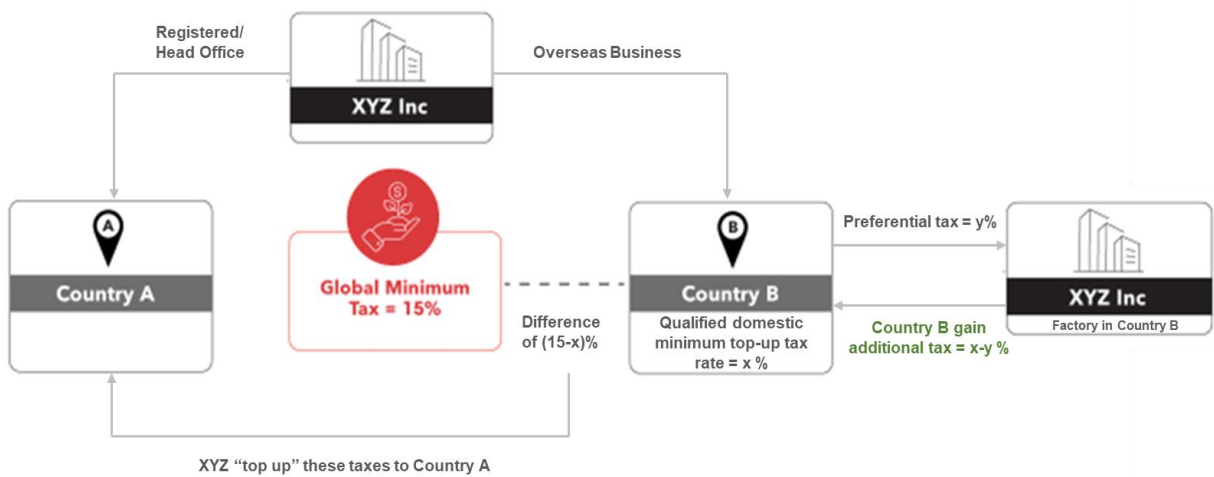


Figure 22: Illustration about how Global Minimum Tax system work



Source: VNDIRECT RESEARCH, Gartner

Figure 23: How Qualified domestic minimum top-up tax against Global minimum tax



Source: VNDIRECT RESEARCH

We believe the application of global minimum tax will create some challenge on FDI attraction:

- If Vietnam apply this policy too soon, Vietnam will lose the advantage of preferential tariff. When global minimum tax applied, FDI enterprises have to pay tax difference to the headquartered country, making preferential tariff no longer effective.
- If Vietnam apply this policy later than headquartered countries, it will suffer the following consequences: (1) Vietnam will not get tax

difference. With more than 100 FDI enterprises, national budget will lose several billion US\$ annually, (2) the investment environment will be affected. Investors will redirect their investment to other countries with a benefit-sharing mechanism related to this new tax rule. Any country implementing a global minimum tax must negotiate with FDI corporations to implement a benefit-sharing mechanism.

To adapt the new policy, some countries are researching the use of the Qualified domestic minimum top-up tax (QDMTT). When applying the QDMTT, governments can defend their tax rights by levying an additional tax is the gap between the domestic minimum tax rate and the preferential tax rate for FDI enterprises before that tax be recalled to headquartered country.

Once again, Vietnam is lagging behind other rivals.


- Recently, Malaysia has issued QDMTT, which is operated in tandem with global minimum tax.
- Indonesia has issued a new decree allowing global minimum tax to be implemented based on a regulatory system of measures against tax loss and tax arrangements for foreign investment, seem like how QDMTT work.
- Thailand is likewise giving priority to research and implement QDMTT in order to take the initiative.

In the context the time to apply global minimum tax is getting closer and closer, we believe that IP projects own strategic location near major transport infrastructure, high quality infrastructure in a synchronous, modern direction and providing the most utilities for investors will be more and more attractive

### Stock picks: PHR, BCM for long-term investment and NTC in watchlist

Figure 24: Investment ideas

No	Ticker	1-year TP (VND/share)	Rating	Investment thesis
1	PHR	57,500	ADD	<p>PHR's FY22 revenue declined by 12.2% yoy to VND1,712bn, mostly dragged by a drop in rubber business as slower-than-expected recovery of rubber export to China. But net profit surged by 85.7% yoy to VND887bn thanks to one-off gain from land compensation of VSIP III.</p> <p>Rubber business will take the lead in FY23/24F revenue with average contribution about 72% in the context lack of one-off gain from land compensation. We believe PHR can take benefit from: 1) better rubber prices and higher demand following China 's reopening; 2) some major rubber producer countries; ie: Thailand and Malaysia will limit rubber plantation area, resulting in a global shortage.</p> <p>Attractive dividend yield is a plus. PHR aims to pay FY22 cash dividend of VND3,000/share, equivalent 7.5% dividend yield.</p> <p>Re-catalyst includes the legal for land conversion of Tan Lap 1 IP/Tan Binh IP to be approved. Downside risks include 1) rubber prices slump deeper than expectation; 2) slower-than-expected land clearance process.</p>

2	 <b>BCM</b>	99,000	ADD	<p>One of country leading industrial park developers with six operating IPs spanning over 4,000ha, the largest listed IP developer in terms of leasable land bank (~944ha). We see more challenges for IP developers in the next 2 years due to the slow project approval process and limited funding sources. However, this likely turns out opportunities for developers that own ready-for-lease land bank, like BCM.</p> <p>BCM posted FY22 revenue decreased by 6.9% yoy to VND6,507bn, but FY22 net profit increased by 19.9% yoy to VND1,685bn on low base FY21 due to COVID-19 charitable contributions.</p> <p>We expect revenue from residential property to skyrocket in FY23F thanks to the one-off gain about ~VND5,000bn from Binh Duong New City project land transfer CapitaLand. Revenue from IP business will grow steadily 44% yoy in FY23F thanks to the contribution of Cay Truong IP and Bau Bang expansion IP. Following that, we expect FY23F net profit will surge by 71.4% yoy and FY24F net profit will stay at high base, just slightly decline by 0.2% yoy.</p> <p>Upside catalysts: 1) faster IP or residential land sales, 2) sooner-than-expected new IPs launches. Downside risks: 1) lower-than-expected IP land sales, 2) delays in obtaining permits for new launches and 3) higher-than-expect leverage which could take a big chunk out of profits.</p>
3	<b>SZC</b>	44,000	ADD	<p>SZC posted FY22 revenue increased by 20.4% yoy to VND859bn on the back of high demand for IP rental in BR-VT but increasing land compensation cost for Chau Duc IP weigh on bottom line. FY22 net profit dropped by 39.2% yoy to VND197bn.</p> <p>SZC is well-positioned to capture the growing demand for industrial property in the South. SZC has sizeable land bank (more than 600ha) and competitive rental prices among listed IP companies in Ba Ria-Vung Tau (BR-VT), a major manufacturing hub in the South. Chau Duc IP' leasable area is still guaranteed to remain steady for upcoming years. We estimate available leasable area of this IP around 581ha, together with advantage location we believe SZC will lease around 40-60ha per year in FY23-32F.</p> <p>Although slower-than-expected handover, SZC's residential business will be the growth engine with FY23-24F revenue contribution of 31.7%/41.5%, respectively. As the result, we expect FY23/24F net profit will increase strongly by 114.5%/62.3% yoy, respectively.</p> <p>Upside catalysts: 1) higher-than-expected rental price and lease area of Chau Duc IP, 2) Sooner-than-expected implement time of Sonadezi Huu Phuoc's phase 2. Downside risks are: 1) higher-than-expected the new price for land compensation, 2) delays in obtaining permits for residential projects.</p>
4	<b>KBC</b>	32,800	ADD	<p>KBC's FY22 revenue declined by 77.5% yoy to VND957bn, however, FY22 net profit increased by 97.8% yoy to VND1,547bn, triggered by the one-off gain of VND1,975bn from revaluation at Saigon-Da Nang Investment JSC (SDN).</p> <p>We expect KBC could finalize the legal procedures to monetize Trang Due 3 IP (687ha) in 2023F, especially after the approval of Hai Phong City's master planning. We see more challenges for IP developers in the next 2 years due to the slow project approval process and limited funding sources. However, this likely turns out opportunities for developers that own ready-for-lease land bank, like KBC.</p> <p>We forecast a strong rebound in KBC's core operation with IP revenue surging 458.2% yoy/10.9% yoy to VND4,568bn/VND5,065bn in FY23-24F, leading FY23-24F net profit of 25.9% yoy/-11.5% yoy, respectively.</p> <p>Attractive dividend yield of 9.0% in FY23F.</p> <p>Potential re-rating risks are 1) a reversal of monetary policy that supports property developers, 2) KBC could clear legal hurdles to expand its further land bank in Hung Yen, Long An, Hai Duong and Bac Giang, and 3) sooner-than expected bulk sales at Trang Cat urban area projects. Key downside risks 1) worse-than-expected land sales, 2) regulatory delays in new projects.</p>
5	<b>NTC</b>	N/A	N/A	<p>According to NTC's management, legal procedures for its new IP namely Nam Tan Uyen IP phase 2 (NTC3) with a total area of 346ha had been tackled bottleneck. The company is likely to monetize this new IP since early 2023. Besides, we estimate NTC could book c. VND180-200bn in net financial income, equivalent to 18-20% of FY23F pre-tax profit. We forecast FY23F net profit to surge 242% yoy to VND857bn on new IP contribution.</p>

Source: VNDIRECT RESEARCH

**Upside risks:**

- Stronger-than-expected FDI inflows: Recently, a US delegation of 52 enterprises came to Vietnam to discuss about investment opportunities into Vietnam. Interestingly, we observe certain major firms interested in collaboration and investment potential in Vietnam, including SpaceX, Amazon, Meta, FedEx, Roblox, UPS, Citi, etc. This could be a positive signal for a new wave of FDI inflows from US into Vietnam in near future.

**Downside risks:**

- Increasing land compensation in many provinces could make slower-than-expected process, drive up investment cost and land rental price.
- Prolong the legal procedure.

**Figure 25: FY23-24F earnings forecast of stocks under coverage**

	BCM		PHR		SZC		KBC	
	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F	FY23F	FY24F
Revenue (VNDbn)	10,096	8,467	1,833	2,211	1,365	2,081	6,044	6,293
% growth	55.2%	-16.1%	7.3%	20.7%	58.0%	52.5%	531.3%	4.1%
Gross profit	4,227	3,974	420	639	710	1,111	3,407	3,313
Gross margin (%)	41.9%	46.9%	22.9%	28.9%	52.0%	53.4%	56.4%	52.6%
Net profit	2,888	2,883	701	817	510	828	1,948	1,725
% growth	71.4%	-0.2%	-20.9%	16.5%	114.5%	62.3%	25.9%	-11.5%
EPS (VND/share)	2,790	2,786	5,176	6,030	5,103	8,281	2,538	2,247
BVPS (VND/share)	18,269	20,255	24,244	25,747	19,051	25,338	21,493	23,740
Dividend yield (%)	N/A	N/A	7.5%	7.5%	3.7%	3.7%	9.0%	N/A
ROAE (%)	15.1%	13.1%	21.3%	24.1%	29.5%	37.3%	12.0%	10.1%
ROAA (%)	5.5%	5.3%	10.4%	11.0%	5.9%	8.5%	5.8%	4.9%

Source: VNDIRECT RESEARCH

**Figure 26: Peer comparison (data as at 31 Mar 2023)**

Company	Ticker	Target		Recom.	Mkt cap	P/E (x)		P/B (x)		3-year		ROE (%)		ROA (%)	
		Price	price			TY23F	Current	FY23F	CAGR (%)	FY23F	FY24F	FY23F	FY24F		
		LC\$	LC\$			US\$m	TTM	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Investment & Industrial Development	BCM VN	82,900	99,000	ADD	3,656	50.6	24.1	5.1	3.8	33.1	15.1	13.1	5.5	5.3	
Vietnam Rubber Group	GVR VN	15,500	N/A	N/A	2,642	15.4	13.2	1.2	N/A	10.4	7.9	8.8	4.9	5.1	
Kinh Bac City Development Holding	KBC VN	24,250	32,800	ADD	793	11.4	5.1	1.1	0.5	30.3	12.0	10.1	5.8	4.9	
Viglacera Corp Jsc	VGC VN	33,300	N/A	N/A	636	8.3	8.2	1.9	1.5	3.6	23.5	18.6	7.7	14.7	
Idico Corp Jsc	IDC VN	41,000	N/A	N/A	576	5.8	4.9	2.5	1.5	19.5	50.1	29.1	14.1	11.9	
Saigon Vrg Investment Corp	SIP VN	89,000	N/A	N/A	345	8.4	N/A	2.5	N/A	N/A	31.4	N/A	5.3	N/A	
Sonadezi Corp	SNZ VN	21,200	N/A	N/A	340	13.7	N/A	1.3	N/A	22.5	16.1	N/A	4.2	N/A	
Phuoc Hoa Rubber	PHR VN	40,150	57,500	ADD	232	6.0	6.3	1.6	1.3	8.4	21.3	24.1	10.4	11.0	
Sonadezi Chau Duc	SZC VN	29,500	44,000	ADD	126	14.3	7.9	1.8	1.3	66.7	29.5	37.3	5.9	8.5	
Nam Tan Uyen Jsc	NTC VN	114,000	N/A	N/A	117	10.5	3.3	3.8	N/A	N/A	38.1	70.3	6.2	N/A	
Long Hau Corp	LHG VN	22,300	N/A	N/A	48	5.3	3.3	0.7	0.5	23.7	13.6	21.0	7.0	10.9	
Viet Nam Rubber Industrial Zone and Urban Development	VRG VN	26,500	N/A	N/A	29	11.6	N/A	2.2	N/A	N/A	1.2	N/A	0.7	N/A	
Average						13.5	8.5	2.1	1.5	24.2	21.6	25.8	6.5	9.0	
Median						11.0	6.3	1.8	1.3	22.5	18.7	21.0	5.9	9.7	

Source: VNDIRECT RESEARCH, BLOOMBERG

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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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