



Market Strategy

June 2023

**READY TO TAKE THE
OPPORTUNITY**

VNDIRECT



Executive summary

VN-INDEX closed at 1,064.6pts (+1.5% mtd, +5.7% ytd) on May 25 2023. We believe the market's rally was supported by: A series of supportive policies issued by the Government and the State Bank of Vietnam (SBV) recently have solved some current bottlenecks of the economy as well as gradually regained investors' confidence in the financial market.

The market doubts that FED will stop raising interest rates in the next meeting. The market leans toward the scenario that FED will continue to raise the policy interest rates by 25 bps in the June meeting right after the May PCE data announcement. Recently, the market has been constantly changing the forecast of the FED's interest rates, which is potentially risky as the next steps of the FED seem to remain unknown. We believe the possibility of rate raising depends on the U.S. inflation data in May, which will be announced right before the next FED meeting in mid-June.

SBV cuts the policy rates for the 3rd time since the beginning of 2023. On May 23 2023, the SBV decided to reduce some policy rates such as the refinancing rate (down 0.5% points), the ceiling deposit interest rate for 1-month to 6-month term (down by 0.5% points),...Following the SBV's rates cut, domestic interest rates decreased further. Since the beginning of May 2023, the average 3-month term deposit interest rate and the average 12-month term deposit rate of the private banking group dropped sharply by 57bps and 28bps, respectively; while the average interest rate in the same terms of the stated-owned banks decreased by 80 bps and 40 bps, respectively.

Lower interest rates eased pressure on market valuations. 12-month deposit interest rate maintained a downtrend in May with a plunge of about 0.3–0.4% pts. However, VN-INDEX's earnings-to-price (E/P) ratio also dropped to 8.0% in May due to the negative earnings growth of listed companies in 1Q23. Combined with the dividend yield of 1.7%, the spread between the market yield and the deposit rate is currently around 2.7%, which is quite reasonable at the moment. However, with the expectation that deposit interest rates may continue to decrease in the coming months while earnings of listed companies can recover from 3Q23 onwards, the market may be revalued at a higher level.

Thanks to a series of policies to solve bottlenecks in the economy, the balance of risks and opportunities in the stock market is gradually tilting to the positive side. We believe that a series of supportive policies that have been implemented lately have pulled the market's risk/opportunity balance in a positive direction. Smart capital has also begun to show signs of returning to the stock market as the market's liquidity has gradually improved within the past month. We expect these positive signals to continue, and the VN-INDEX might break through the strong resistance area of 1,080–1,100 pts to move towards higher milestones in June. Investors can take advantage of correction sessions to increase the proportion of stocks, prioritize stocks with growth stories, or benefit from policy and interest rate trends in the coming quarters, such as in securities, banking, public investment, and energy infrastructure.

The market strategy in June: the story of public investment, the approval of the Power Plan 8 and a number of sectors having positive impacts from falling interest rates. Our high-conviction stocks for June are: **MBB, PC1, POW, SZC and TCB.**

Macro Outlook

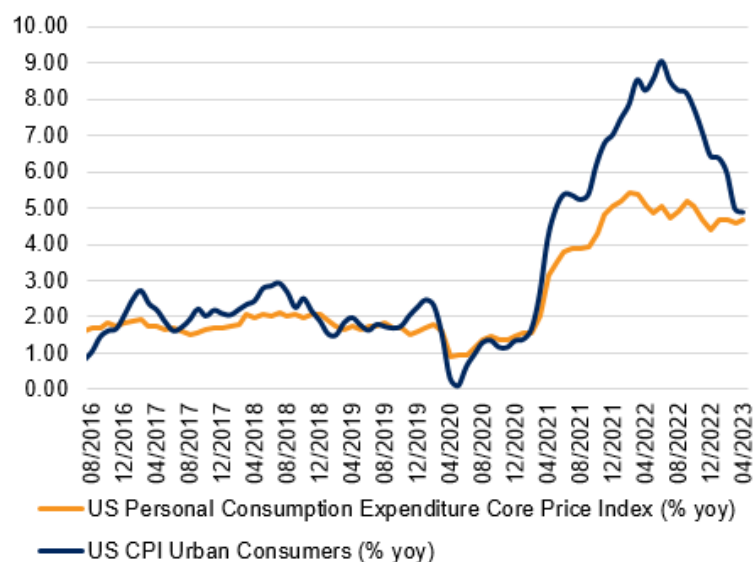
June 2023

A number of support measures have been issued

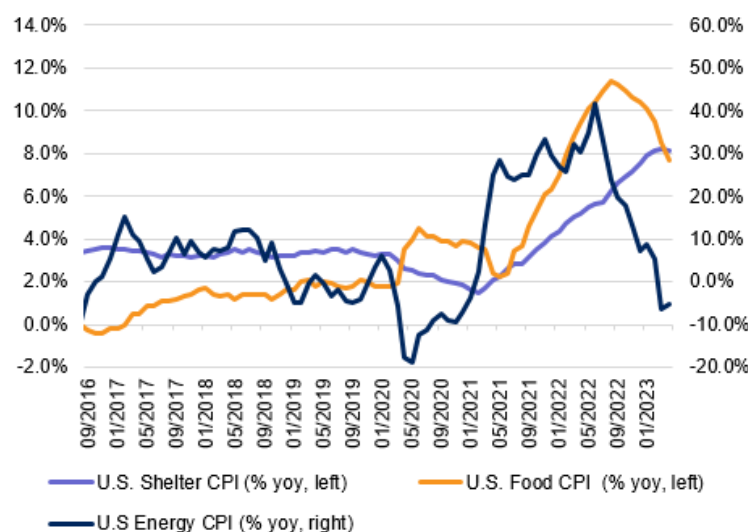


U.S inflation data sent mixed signals

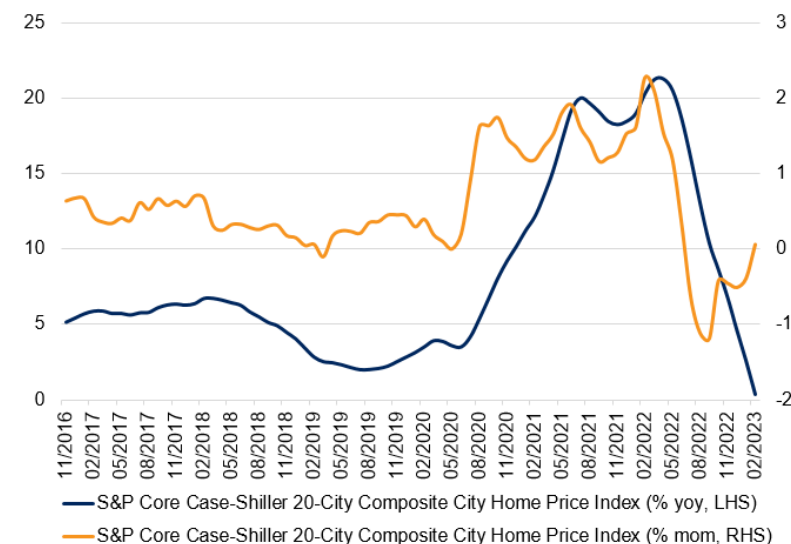
Two U.S inflation indicators – CPI and PCE showed mixed performance in April



Food and housing index remained at high level, preventing the CPI to decrease further



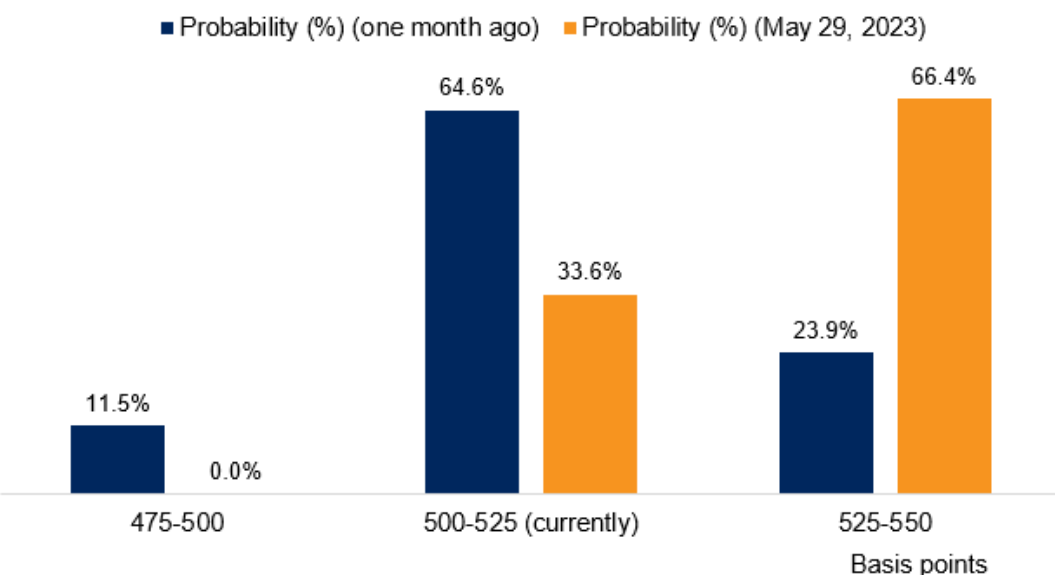
U.S. Case Shiller 20-City home price index rose on mom basis for the first time since June 2022



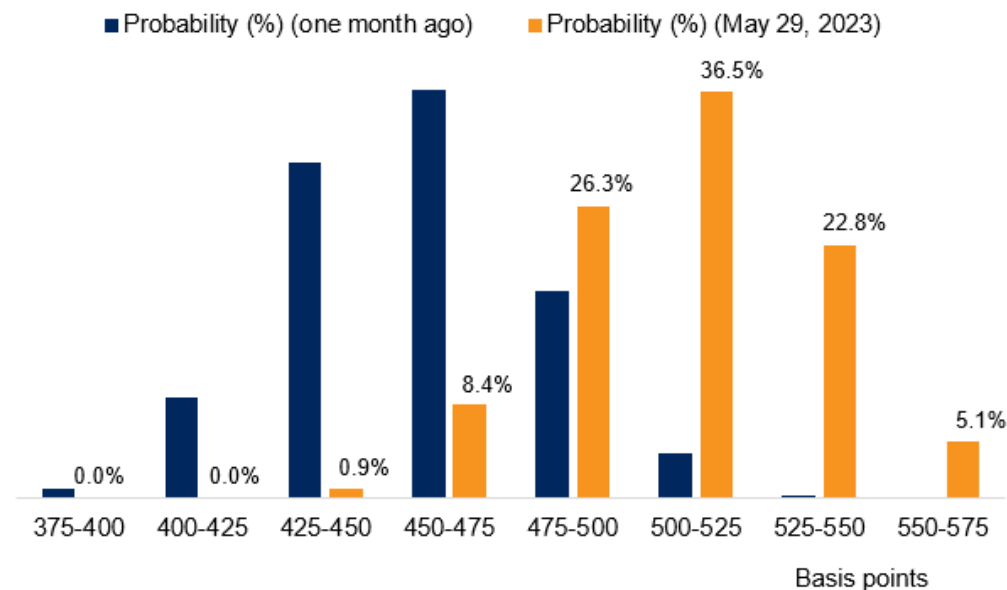
- Recently, the U.S CPI cooled down in May with an increase of 4.9% yoy, marking the 2nd consecutive month that the CPI data was lower than the market expectation. However, the core PCE, on the other side, gained 4.7% in April, higher than the increase of 4.6% in the previous month. It implied that even though the U.S inflation has cooled down, it is still persistent and far from the FED's inflation target of 2%.

The market doubts that FED will stop raising interest rates in the next meeting

The market now leans toward FED may continue its rates hike in the upcoming June meeting



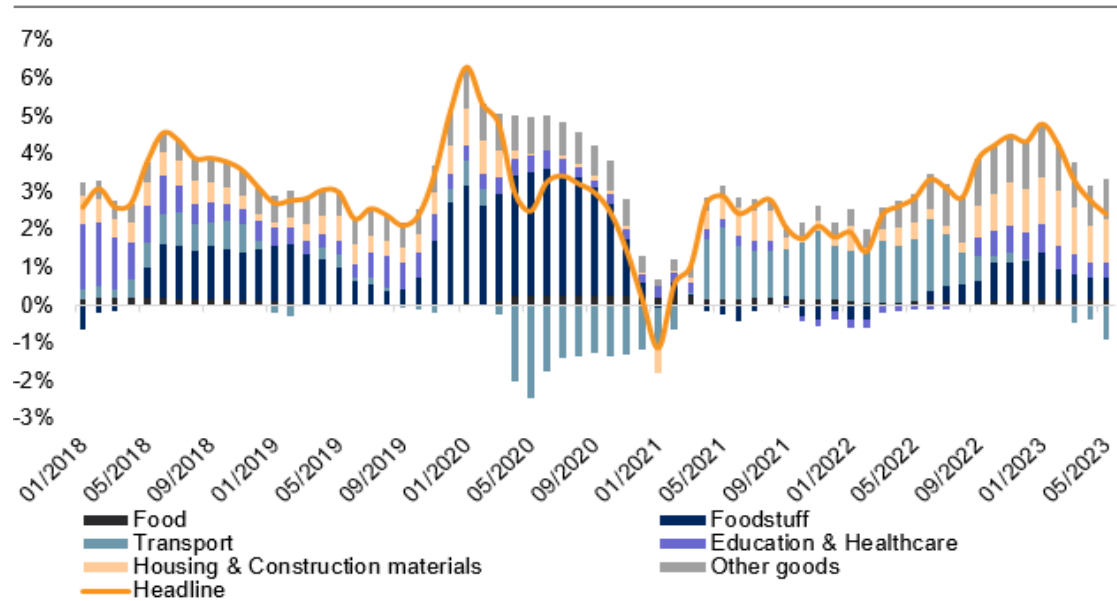
The market is also skeptical about the latest expectation that the FED will cut the policy rates in 2H23 (FED's rates forecast at the December 2023 meeting)



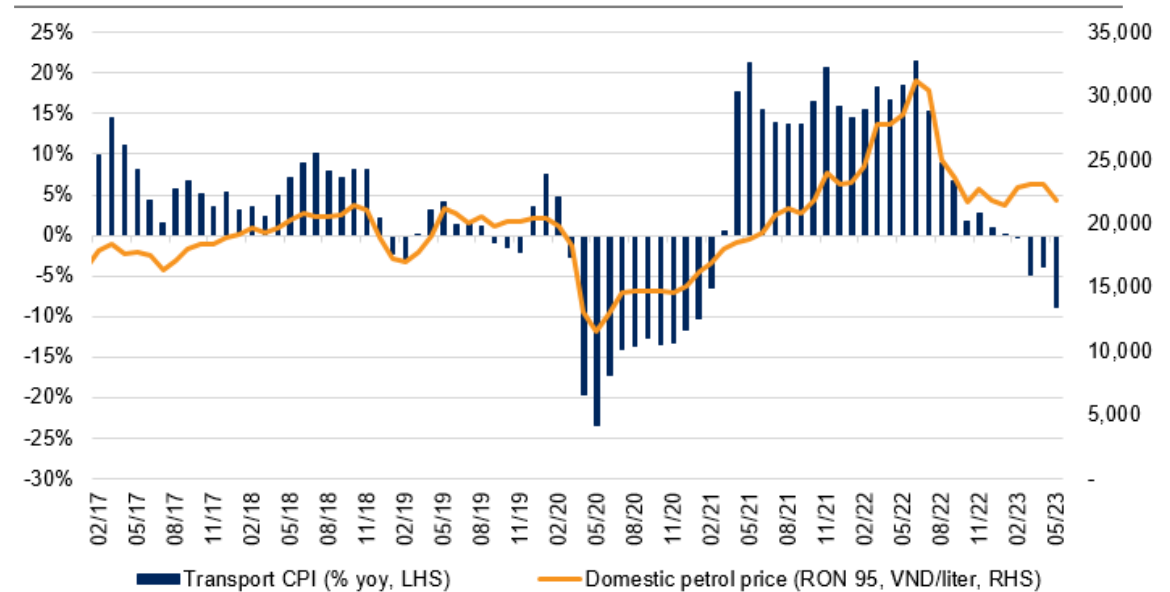
- The market leans toward the scenario that FED will continue to raise the policy interest rates by 25 bps in the June meeting right after the May PCE data announcement. Recently, the market has been constantly changing the forecast of the FED's interest rates, which is potentially risky as the next steps of the FED seem to remain unknown.
- We believe the possibility of rate raising depends on the U.S. inflation data in May, which will be announced right before the next FED meeting in mid-June. There is a probability that the FED will stop raising interest rates in the next meeting, but it is not too high.

Vietnam's inflation rate continues to cool down

The CPI increased by 2.4% yoy in May 2023, recorded the 4th consecutive month of deceleration



The decrease in the transportation index supports the cool-down of inflation

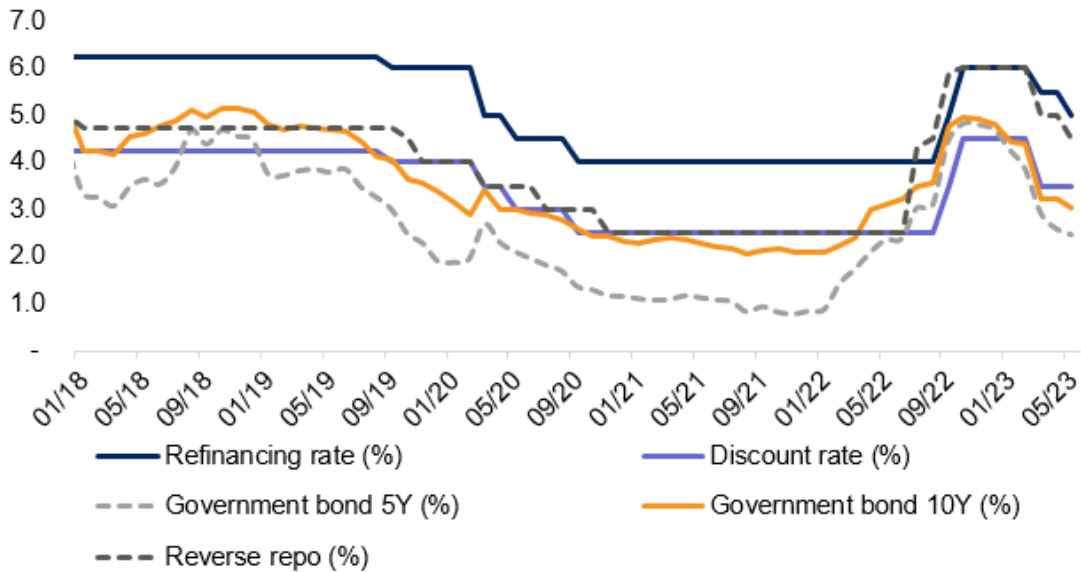


- In Vietnam, inflation has cooled down significantly, increasing by 2.8% yoy in April, recording the lowest increase in the past 14 months. We believe that the impact of the retail electricity prices hike on inflation is modest, and Vietnam can control the average inflation in 2023 under 4.5%, which meets the Government's target

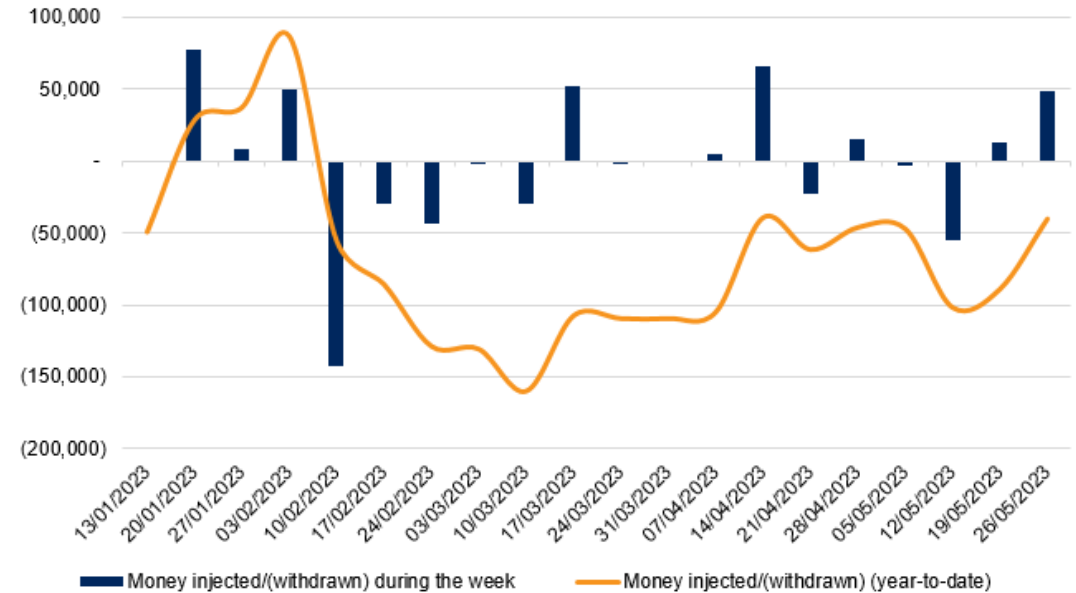
SBV cuts the policy rates for the 3rd time since the beginning of 2023

On May 23 2023, the SBV decided to reduce some policy rates such as the refinancing rate (down 0.5% points), the ceiling deposit interest rate for 1-month to 6-month term (down by 0.5% points),...

SBV cuts the policy rates for the 3rd time since the beginning of 2023



Money injected by SBV in the last two weeks (VNDbn)

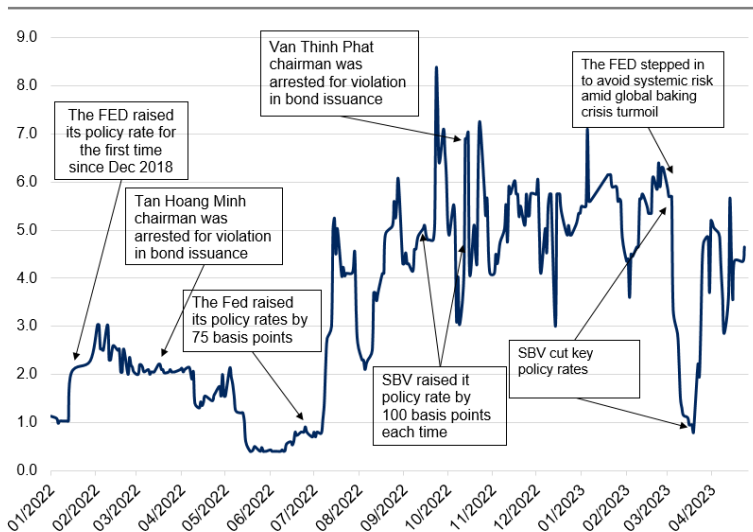


Since the beginning of 2023, the SBV has had three reductions in its policy interest rates, according to which: the discount interest rate decreased by 1% pts to 3.5% p.a, the refinancing interest rate decreased by 1% pts to 5.0% p.a, the maximum short-term lending rate in VND of credit institutions for certain economic activities reduced by 1% pts to 5.0% p.a, the overnight lending rate by the SBV to credit institutions lowered by 1.5% pts to 6% p.a. The SBV also reduced the maximum interest rate for deposits with terms of less than 1 month and less than 6 months by 0.5% pts and 1% pts to 0.5% p.a and 5.0% p.a, respectively.

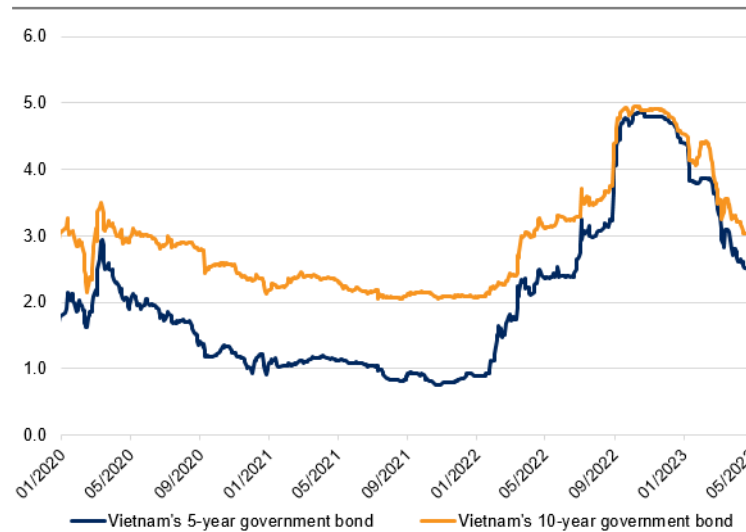
Domestic interest rates decreased further after the policy rates reduction of SBV

Deposit interest rates continued to decline in May 2023, especially for terms from 1 month to 6 months

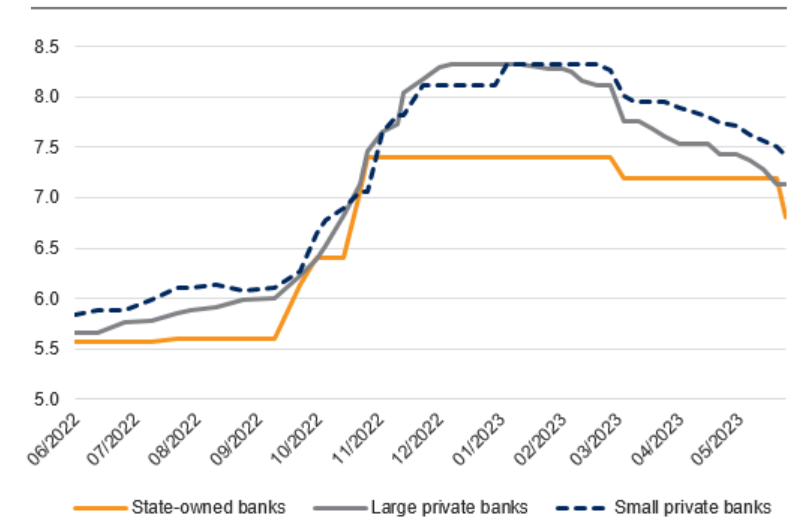
Interbank overnight interest rate fell sharply after SBV cut some policy rates



Vietnam's government bond yield maintained downward movement in May 2023



The deposit interest rates continues to decline in May 23 (12-month term, %)



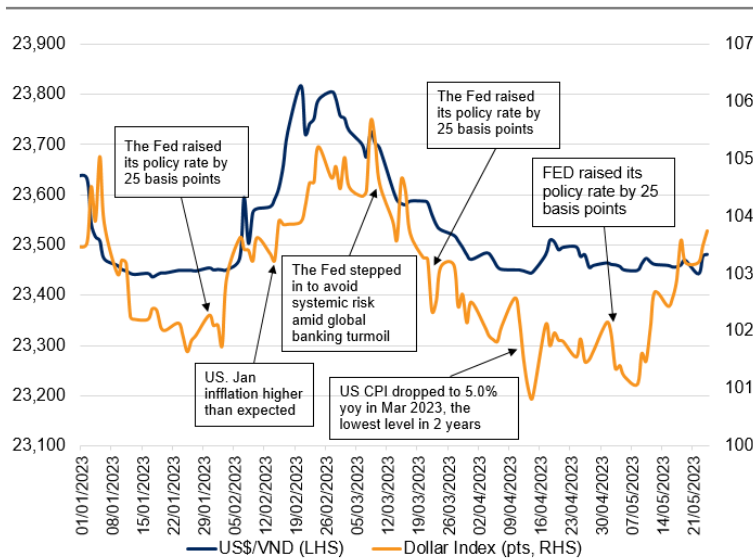
Source: Commercial banks, BLOOMBERG

- Since the beginning of May 2023, the average 3-month term deposit interest rate and the average 12-month term deposit rate of the private banking group dropped sharply by 57bps and 28bps, respectively; while the average interest rate in the same terms of the stated-owned banks decreased by 80 bps and 40 bps, respectively. Since the beginning of 2023, the average 3-month deposit interest rate has decreased by about 100 bps, while the average 12-month deposit rate has decreased by 80 bps.
- After the actions of SBV, we expect the average 12-month deposit interest rate to drop to 6.5-6.7% p.a by the end of 2023, based on the following reasons: (1) credit demand decreased due to economic slowdown and gloomy real estate market, (2) he government promotes public investment thereby injecting more money into the economy and (3) SBV still has room to decrease other policy rates by the end of 2023.

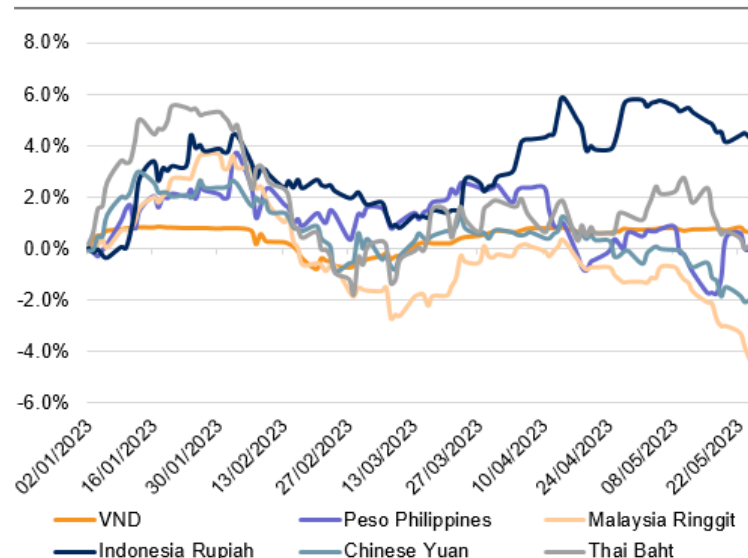
FX rate inched up after the interest rates reduction of SBV

DXY rose remarkably in May/2023 as the market is skeptical about the expectation that the FED will cut the policy rates in 2H23

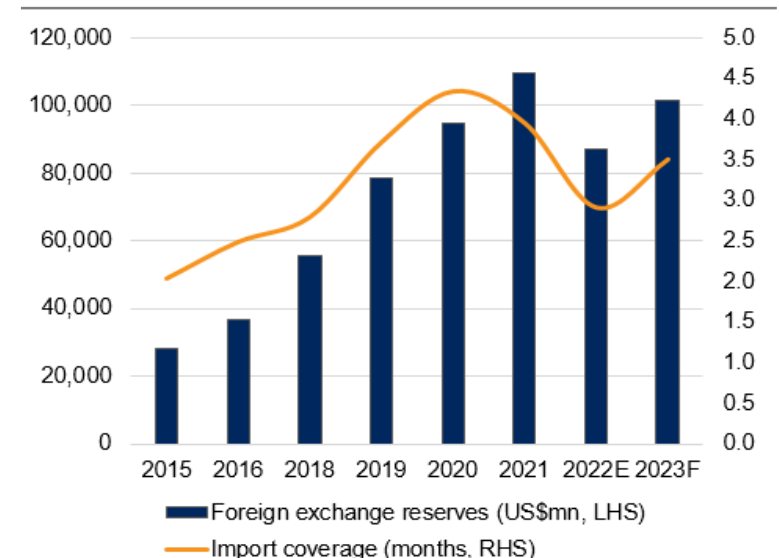
DXY and US\$/VND movements from the beginning of 2023



Regional currencies against the US\$ (+/- % ytd)



SBV has increased FX reserves by US\$6bn since the beginning of 2023



- As of May 24, 2023, the DXY rose by 2.1% mom to 103.7 points, as the market is skeptical about the expectation that the FED will cut the policy rates in 2H23. The recovery of the DXY and the recent policy rates reduction of SBV have put some pressure on the VND exchange rate. Accordingly, the US\$/VND exchange rate increased slightly by 0.1% mom to 23,481.
- We maintain our view that exchange rate pressure will not be huge in 2Q23, as the USD supply is still abundant thanks to the trade surplus improvement, decreasing inflation, and the increase in foreign exchange reserves of SBV over the past time strengthened investors' confidence in the VND.

Circular 02-03 has a positive impact on people, businesses and the banking industry

Circulars 02 and 03 provided a legal framework to restructure debt for retail customers and enterprises who have difficulties repaying loan, as well as restructure the corporate bond market, which support recovering business activities and domestic consumer demand.

Circular/Draft	Description	Effects on banks
<p>Circular 02/2023</p> <p>To guide credit institutions to review and reschedule principal/interest payments or maintaining debt group for customers who are (1) facing difficulties in running businesses and (2) losing demand for consumer loans</p>	<p>(1) The extension the restructuring program by additional 6 months (to 30 June 2024, instead of 31 Dec 2023 as presented in the draft). The structured amount should be no-more-than-10-days overdue</p> <p>(2) Rule for booking provisions</p> <ul style="list-style-type: none"> - A: provisioning expenses as normal - B: provisioning expenses if maintaining debt group - C: Additional amount to book provision = A - B - Then C would be divided by... <p>Until the end of 2023: at least 50% C Until the end of 2024: 100% C</p>	<ul style="list-style-type: none"> - Besides business loans, banks are also allowed to restructure debt for consumer loans - a segment which has been hurt by the current high interest rate environment along with a lower disposable income. - The additional 6 months will enhance the effectiveness of this Circular, as it needs time for banks and corporates to get use to the new rule and execute it. - The pressure to build up provisions will be eased as banks can re-arrange their provisioning expenses within 2 years (2023 and 2024). - Investor's sentiment will be improved with banks having great exposure to property and consumer finance in credit book, like VPB, TCB, MBB...; as these banks are having to deal with a higher-than-peers credit-cost rate due to their rising credit risk and weakening asset quality, compared to other "safe" banks in the current circumstance.
<p>Circular 03/2023</p> <p>To postpone Article 11 Clause 4 Circular 16, which means banks are still be able to buy back the unlisted corporate bond sold/distributed by them with several conditions</p>	<ul style="list-style-type: none"> - The Part 11 Clause 4 Circular 16/2021 will be delayed from Apr-24-2023 until the end of the year - Conditions: <ul style="list-style-type: none"> (1) The bonds buy back are the same bonds that banks sold before, or the same issued batch (2) Buyers of these bonds had paid in full for the bonds at the time the banks sold to them (3) Issuers of these bonds have highest credit rating (internal rating by the banks) at the time banks buy back 	<ul style="list-style-type: none"> - It is one of the way for banks to accelerate their lending activities via buying CB in the context of weak system credit growth (+2.06% ytd in 1Q23) and abundant liquidity among banking system. - This Circular will help boost CB demand and thus benefit for some active plays in CB market like TCB, VPB, MBB... However, it also depends on each bank's risk appetite, as banks prefer strengthening their balance sheet rather than chasing after growth. - The following conditions will partially protect banks from any possible credit/asset quality risks.
<p>Draft to adjust Circular 41/2016 is about to change the risk factor of risk-weighted assets – focusing more on "social housing" programme</p>	<ul style="list-style-type: none"> - Risk factor for property developers will be unchanged at 200%; however it will be decreased to 160% if it is used for industrial property loans - For social housing group, the risk factor will be recalculate based on their LTV and DSC ratio 	<ul style="list-style-type: none"> - The draft to adjust Circular 41/2016 aims to lower the risk factor of industrial property loans and loans to social housing, in general, pointing out that loans to those segments are encouraged. This action is strictly following the guidance in Resolution 33/2023 (about the credit package of VND120tr). - The stated-owned banks (SOCBs) like VCB, CTG, BID will take their advantage if this draft is officially approved. This is also a solution to boost SOCBs' credit growth in the context of their softer NIM (when the interest rate trend shows signs of reversal, SOCBs' lending rates will likely to decline faster than the deposit rate, as SOCBs still have to obey the Government's call on lowering interest rate to support businesses.

Government issued fiscal policies to boost the business activities and domestic consumer demand

Legislative documents	Taxes	Terms & conditions
Decree No. 12/2023/ND-CP extending deadlines for tax payments and land rental fees in 2023	For value-added tax (VAT)	<ul style="list-style-type: none"> - The deadline for payment of VAT for the tax period of Mar 2023 is Oct 20, 2023 - The deadline for payment for the tax period of the first quarter of 2023 is Oct 31, 2023 - The deadline for payment for the tax period of Apr 2023 is Nov 20, 2023 - The deadline for payment for the tax period of May 2023, Jun 2023, Jul 2023 and Aug 2023 is Dec 20, 2023 - The deadline for payment for the tax period of the second quarter of 2023 is Dec 31, 2023
	For corporate income tax (CIT)	The deadline for payment of CIT for the tax period of the first and second quarters of 2023: The extended duration is 3 months from the deadline for CIT payment
	For value-added tax (VAT) and personal income tax (PIT) of business households and business individuals	The deadline for paying VAT and PIT of business households and business individuals for the tax period of 2023 is Dec, 30, 2023
	For land rental	To extend the deadlines for payments of 50% of the land rental amounts payable in 2023 and the extension duration is 6 months from May 31, 2023 to Nov 30, 2023
Draft resolution on value-added tax reduction	<ul style="list-style-type: none"> - The government proposes reducing VAT by 2 percentage points for goods and services taxable at 10% - This proposal expands the group of goods and services eligible for VAT reduction from 10% to 8% compared to the provisions of Decree 15/2022/ND-CP 	<ul style="list-style-type: none"> - Enterprises are entitled to the VAT rate of 8% for goods and services currently subject to the 10% tax rate - Business establishments (including business households and business individuals) that calculate VAT according to the percentage method on turnover are entitled to a reduction of 20% of the percentage rate to calculate VAT when issuing invoices for goods and services eligible for VAT reduction (according to Clause 1, Article 1 of draft resolution)

- The implementation of Decree 12/2023/ND-CP allows businesses to retain a portion of tax money for a time to funding short-term capital, thereby reducing financial cost and loan interest in the context of current mobilization channels, such as credit, corporate bonds and equity market, face difficulties.
- At the same time, the Government submitted to the Congress for consideration and promulgation a Resolution on VAT reduction to support people and businesses. Accordingly, subjects entitled to a 2% VAT reduction (from 10% to 8%) will remain the same as Resolution No. 43/2022/QH15 on reducing VAT 2% in 2022, i.e., excluding sectors such as telecommunications, securities, real estate, and banking.

Market strategy

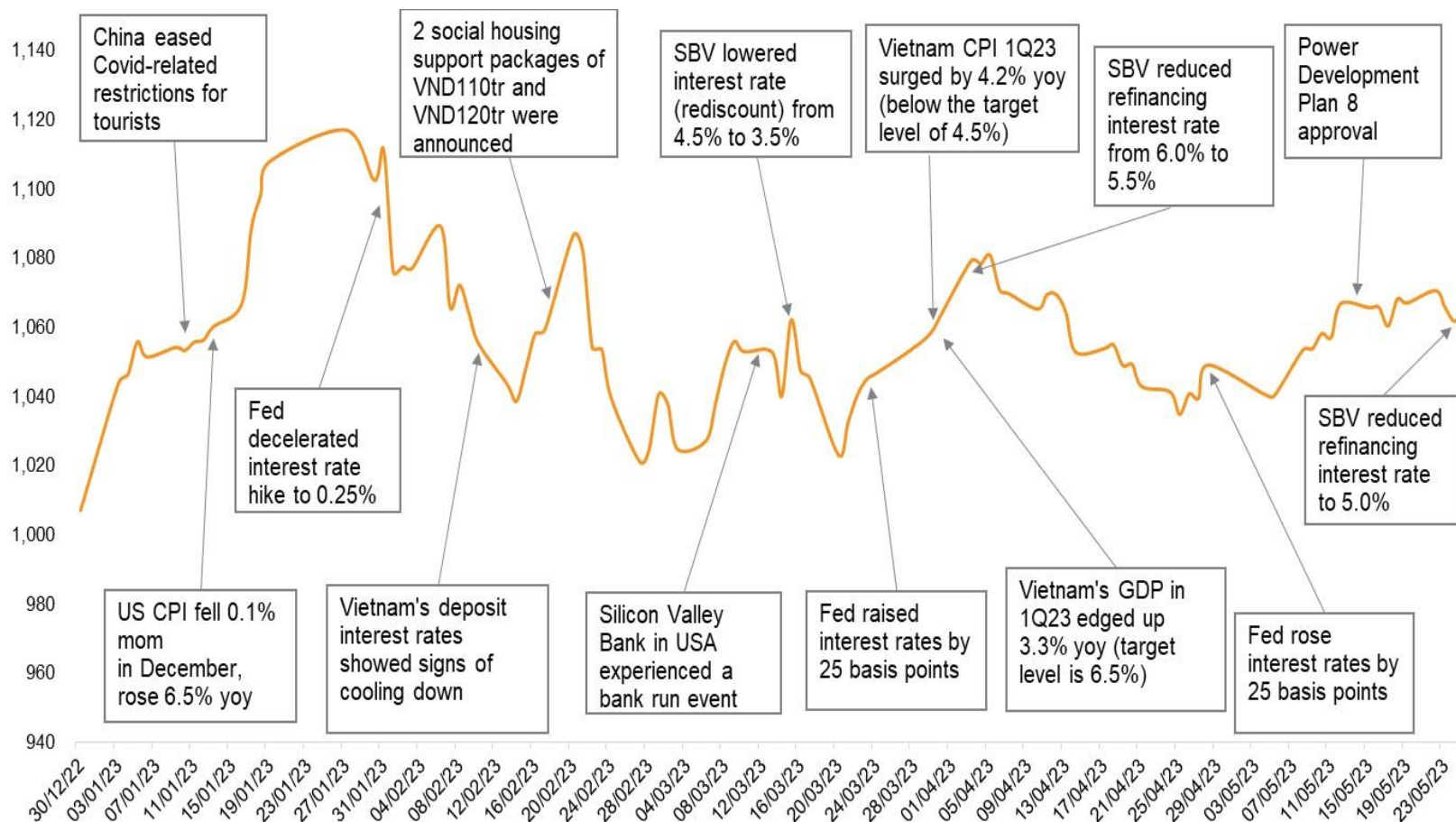
June 2023

Ready to take the opportunity



Market recap in May-23

As of May 25, 2023, VN-INDEX rose by 1.5% mtd and recorded an increase of 5.7% ytd.



As of May 25, 2023, VN-INDEX closed at 1,064.6 pts (+1.5% mtd, +5.7% ytd). We believe the market's rally was supported by:

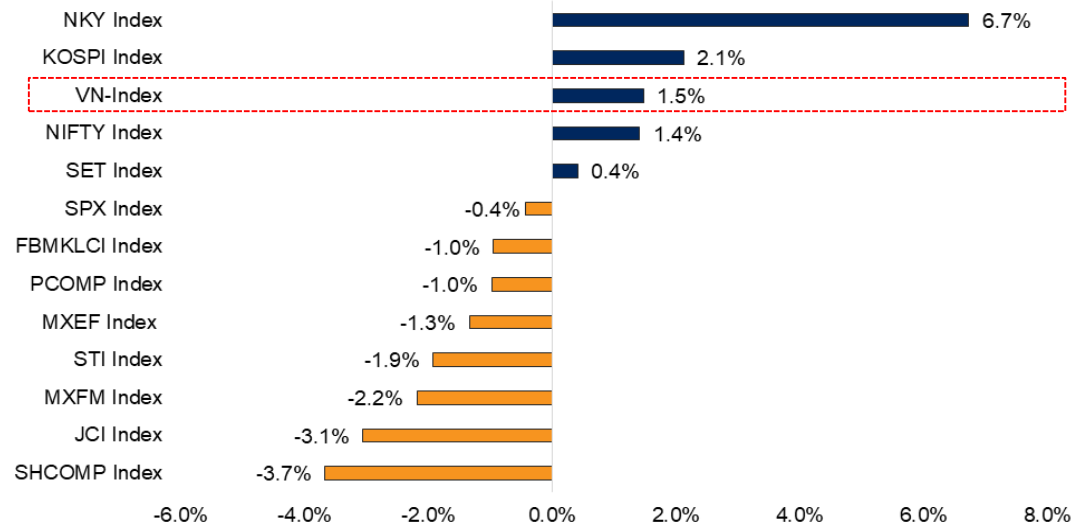
- A series of supportive policies issued by the Government and the State Bank of Vietnam (SBV) recently have solved some current bottlenecks of the economy as well as gradually regained investors' confidence in the financial market.
- The domestic cash flow has shown signs of returning to the stock market amidst interest rates tend to decrease markedly.

Meanwhile, HNX-INDEX soared by 4.5% mtd and UPCOM-INDEX also raised by 3.8% mtd. Since the beginning of 2023, HNX-INDEX surged by 5.7% and UPCOM-INDEX edged up 12.6%.

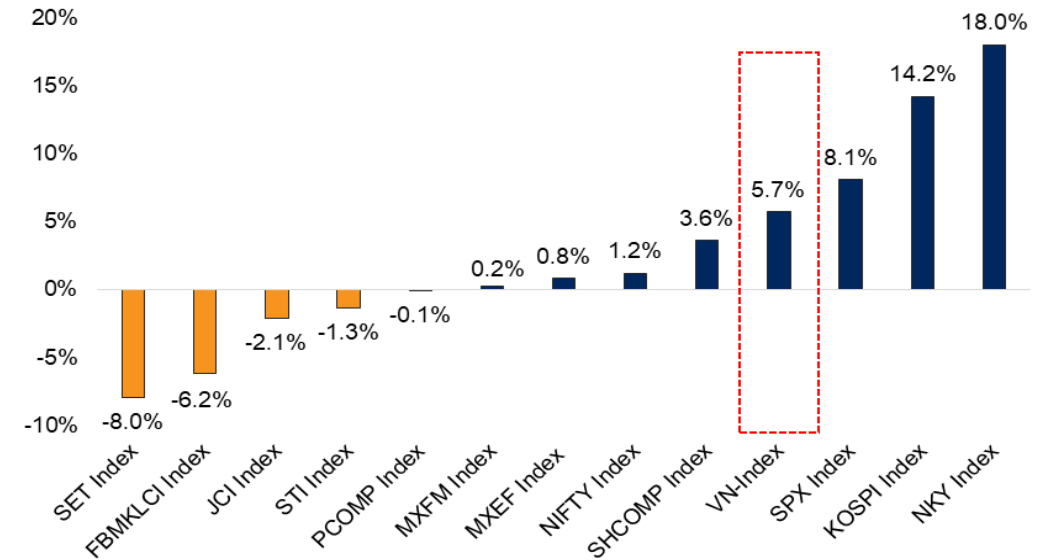
Market recap in May-23

VN-INDEX outperformed in May-23

VN-INDEX performed better than most of regional peers (data as at 25/05/2023)



For YTD, Vietnam outperformed peers in South East Asia since the beginning of 2023

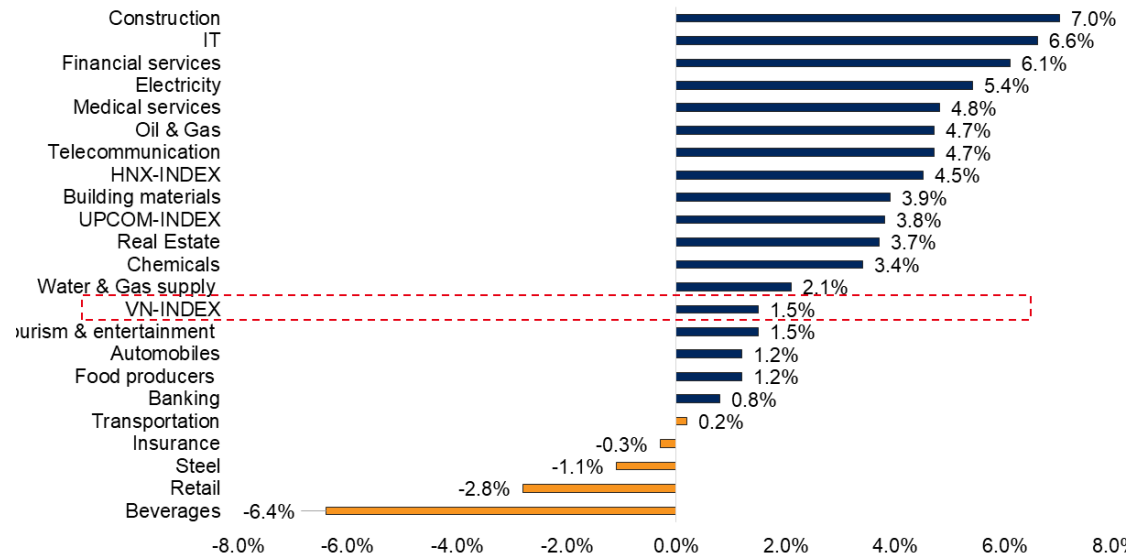


- On May-23, Vietnam (VN-INDEX, +1.5% mtd) gained stronger than other markets in Southeast Asia, including Thailand (SET Index, +0.4% mtd), Malaysia (FBMKLCI Index, -1.0% mtd), Philippines (PCOMP index, -1.0% mtd), Singapore (STI index, -1.9% mtd) and Indonesia (JCI Index, -3.1% mtd).
- Since the beginning of 2023, VN-INDEX achieved the highest performance among indexes in Southeast Asia with an increase of 5.7% thanks to improved investor confidence after the Government and the SBV issued a series of policies to solve the current bottlenecks of the economy to promote growth.

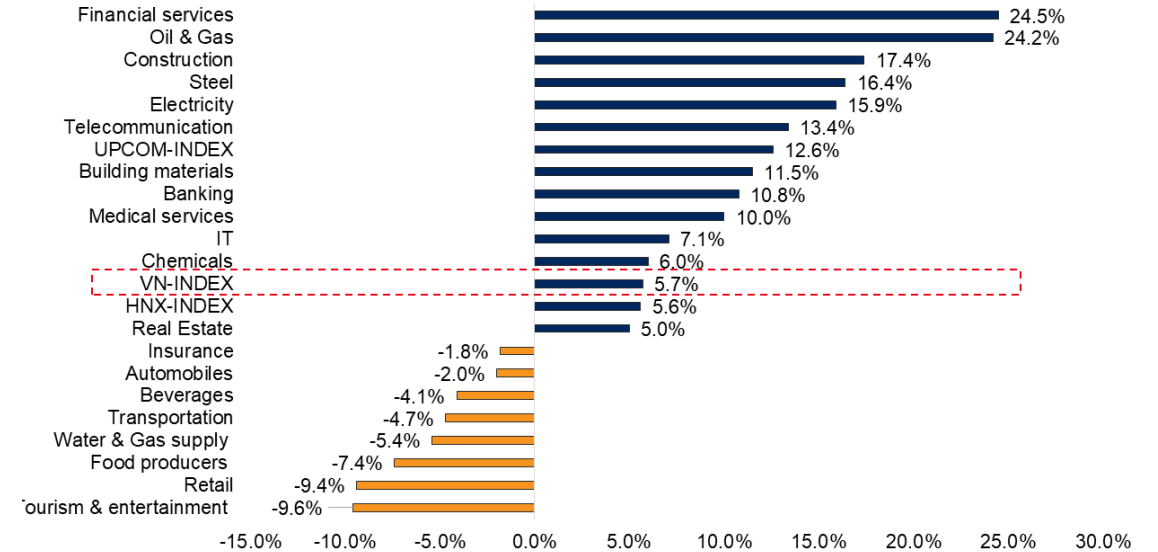
Market recap in May-23

Construction sector outperformed in May-23

Construction sector posted the best performance in May-23



Since the beginning of the year, Financial sector recorded the highest investment efficiency

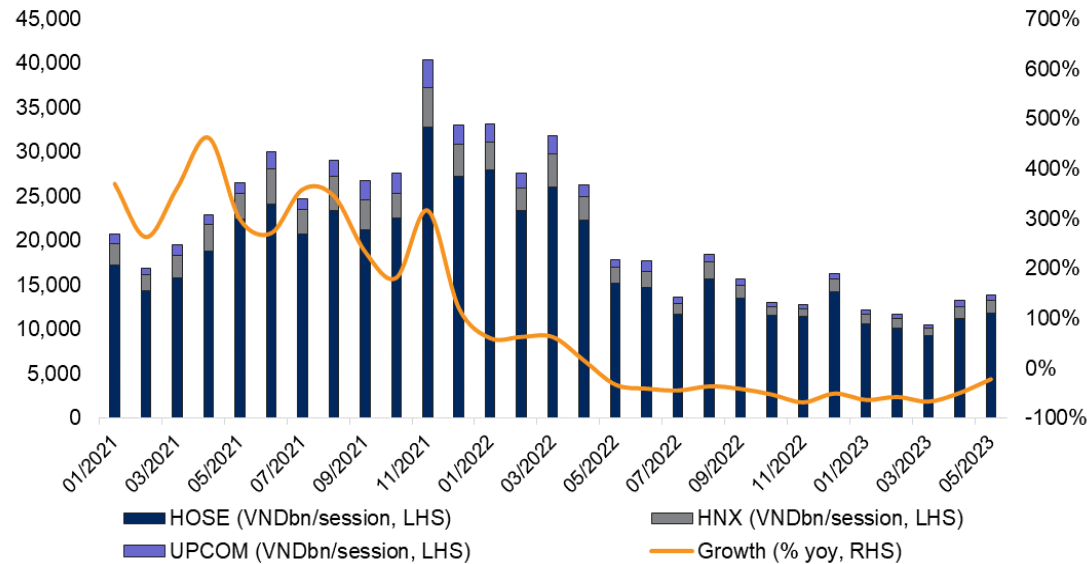


- Construction industry extended its surged momentum for the 3rd consecutive month with an increase of 7.0% mtd in May thanks to (1) the Government's commitment to the target of completing 95% of the investment disbursement plan for the year in 2023, (2) the price of construction materials edged down and (3) the workload is high thanks to many new projects being implemented. After rallying last month, Retail sector dropped 2.8% mtd in May due to concerns about falling consumer demand in the context of the manufacturing industry's difficulties leading to employment and income of workers being negatively affected.

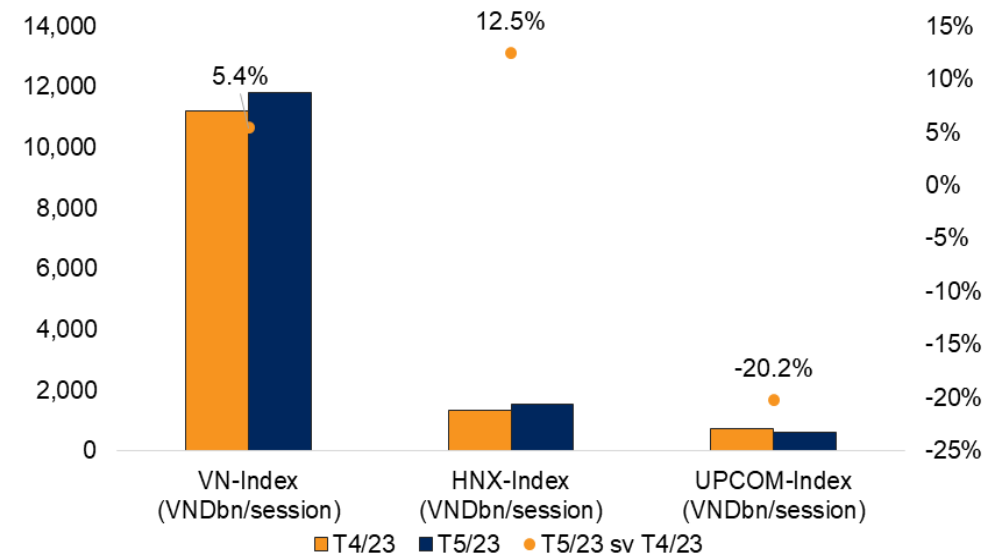
Market recap in May-23

Key insight trading flow: Liquidity continued to rise up

The daily average trading value increased by 4.7% mom in May 2023 (data as at 25/05/2023)



Liquidity in May 2023 had a divergence (data as at 25/05/2023)



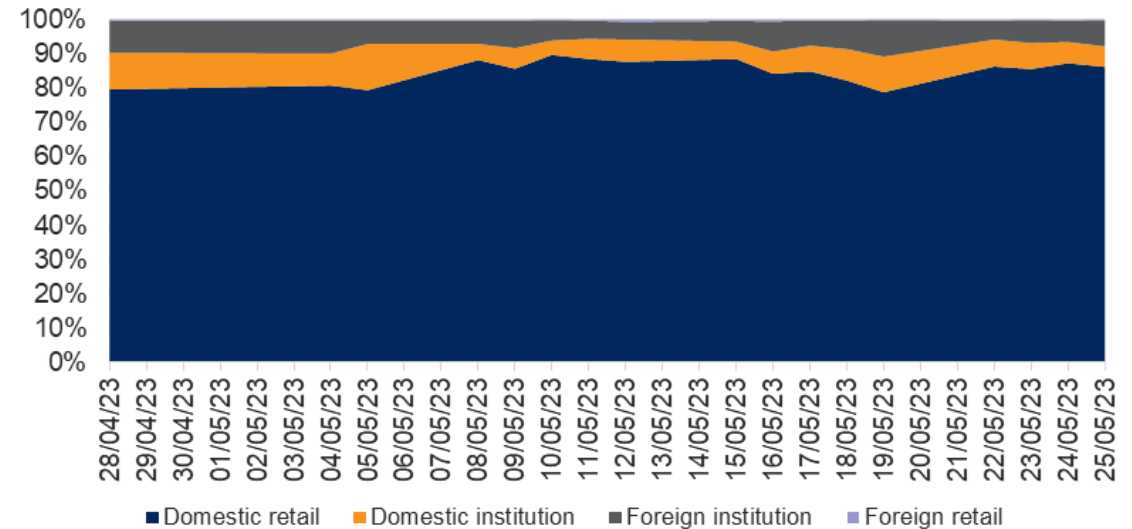
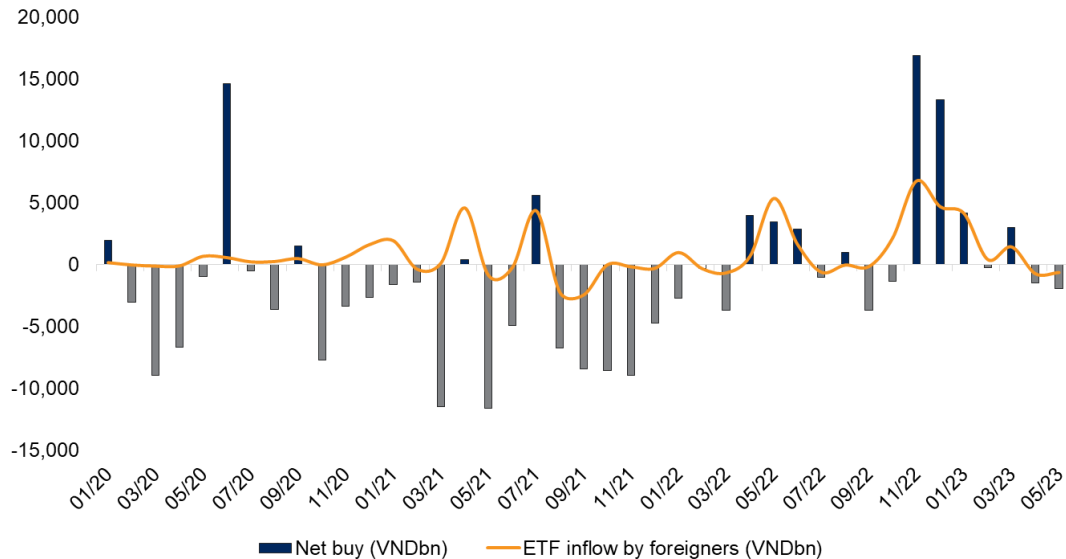
- **The average trading value of the three exchanges surged by 4.7% mom (-28.1% yoy) to VND13,905bn/trading day (HOSE: VND11,805bn/trading day, +5.4% mom; HNX: VND1,514bn/trading day, +12.5% mom; UPCOM: VND584bn/trading day, -20.2% mom). Liquidity recovered for the second month in a row as the cash flow of domestic investors began to return to the stock market as confidence improved thanks to a series of supportive policies issued by the Government recently as well as cooling interest rates to help reduce opportunity costs, capital costs when investing in securities.**

Market recap in May-23

Key insight trading flow: Foreign investors accelerated sales on May-23

Foreign investors net sold VND1,892bn in May 2023 (unit: VNDbn) (data as at 25/05/2023)

In May 2023, the proportion of foreign investors' liquidity compressed to 7.3% from 8.6% in April 2023.

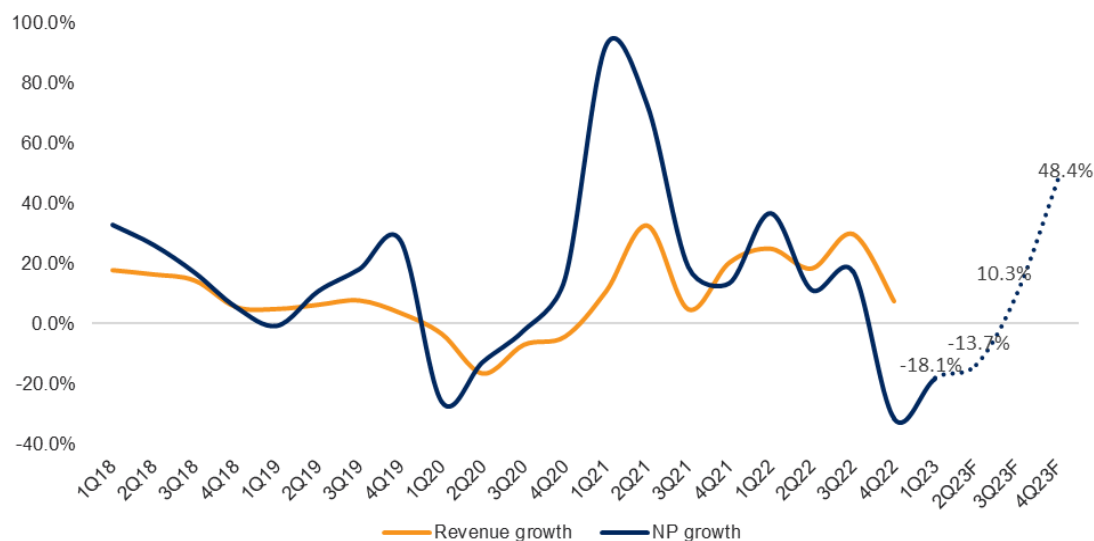


- Foreign investors recorded a net sold of VND1,892bn in May-23 (+28.2% mom) mainly due to short-term capital inflows tending to flow out of the Vietnam market in the context that interest rates in Vietnam turned down and became less attractive than interest rates in some regional and other developed markets.
- Accumulated from the beginning of 2023, the total net buying value of foreign investors reached VND3,601bn. The proportion of foreign investors' liquidity continued to slump to 7.3% in May-23 (vs. 8.6% in Apr-23) in the context of the return of domestic cash flow and increased transactions in the past month.

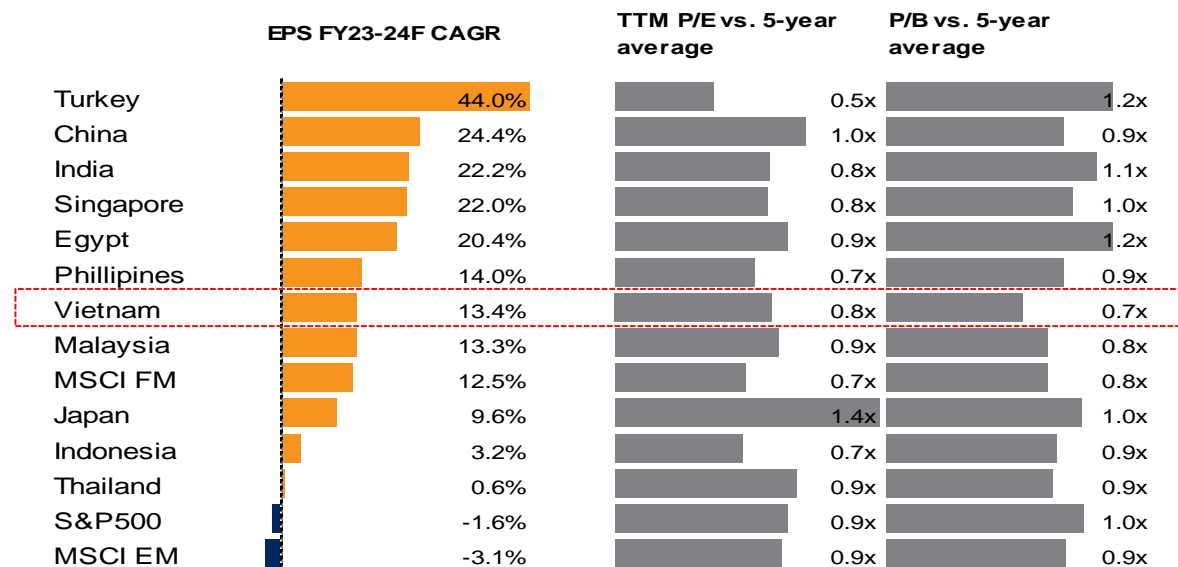
Market outlook in Jun-23

Lower interest rates eased pressure on market valuations

We forecast that the earnings growth of listed companies will recover in 2H23



VN-INDEX has a fairly competitive valuation compared to the regional level



- Currently, Vietnam's stock market is trading at 0.8x of 5-year P/E average and TTM P/B is also trading at 0.7x of 5 year P/B average.
- 12-month deposit interest rate maintained a downtrend in May with a plunge of about 0.3–0.4% pts. However, VN-INDEX's earnings-to-price (E/P) ratio also dropped to 8.0% in May due to the negative earnings growth of listed companies in 1Q23. Combined with the dividend yield of 1.7%, the spread between the market yield and the deposit rate is currently around 2.7%, which is quite reasonable at the moment.
- However, with the expectation that deposit interest rates may continue to decrease in the coming months while earnings of listed companies can recover from 3Q23 onwards, the market may be revalued at a higher level. Therefore, investors may consider gradually increasing the proportion of stocks in their portfolio to catch up with this trend.

Market strategy in Jun-23

Thanks to a series of policies to solve bottlenecks in the economy, the balance of risks and opportunities in the stock market is gradually tilting to the positive side

VN-INDEX may break through the resistance area of 1,080–1,100 pts and enter a short-term uptrend in Jun-23

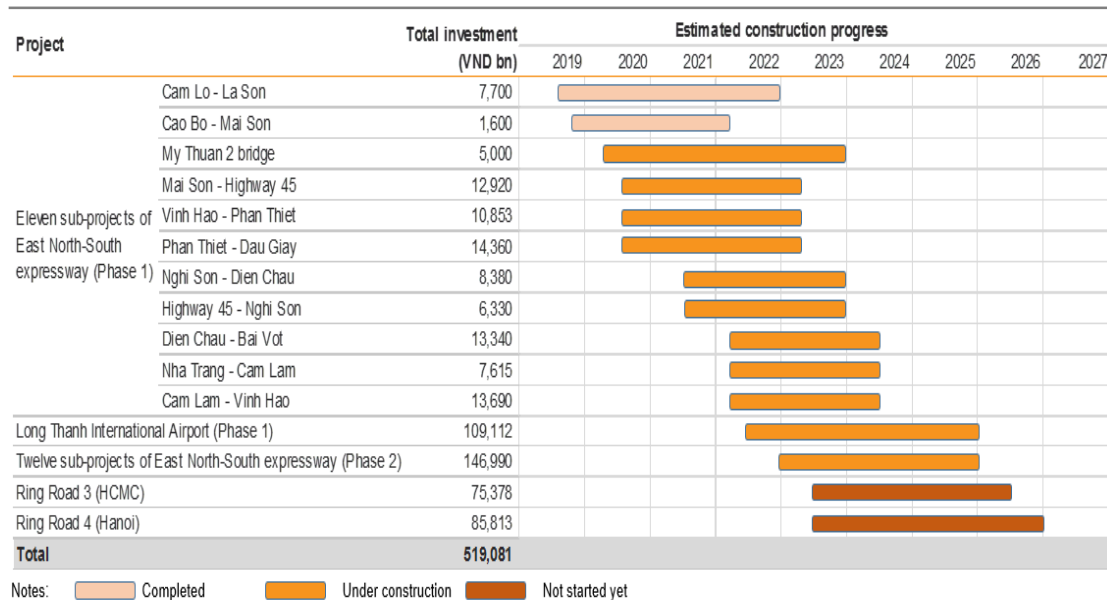


- We believe that a series of supportive policies that have been implemented lately have pulled the market's risk/opportunity balance in a positive direction. Smart capital has also begun to show signs of returning to the stock market as the market's liquidity has gradually improved within the past month. We expect these positive signals to continue, and the VN-INDEX might break through the strong resistance area of 1,080–1,100 pts to move towards higher milestones in June. Investors can take advantage of correction sessions to increase the proportion of stocks, prioritize stocks with growth stories, or benefit from policy and interest rate trends in the coming quarters, such as in securities groups, banking, public investment, and energy infrastructure (electricity, oil, and gas).
- Downside risks from recessions in the US and Europe negatively affect Vietnam's economic growth.

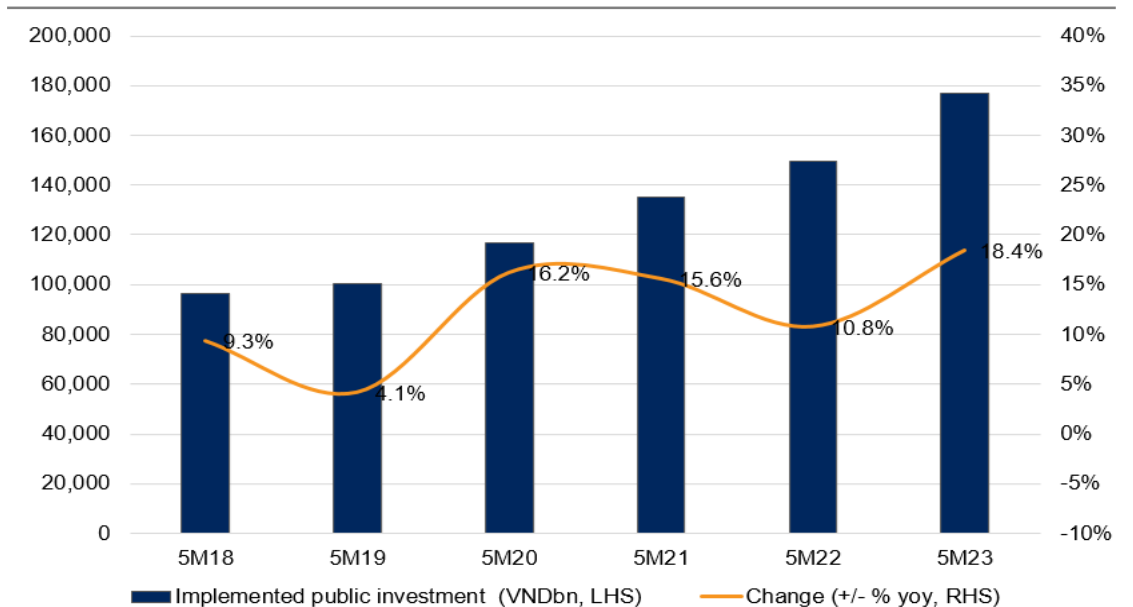
Market strategy in Jun-23

1. Public investment remains a promising story throughout 2023

Progress of key transport infrastructure projects in the period of 2021 – 2026



Implemented public investment grew by 18.4% yoy in 5M23



- In 1Q23, implemented state capital increased by 18.1% yoy to VND91.5tr, higher than last year's 12.3% yoy growth.
- We now see several supporting factors to further accelerate public investment projects this year, including (1) The Government directed the Transport sector to complete preparations for the commencement 3 expressways Chau Doc - Can Tho - Soc Trang, Bien Hoa - Vung Tau, Khanh Hoa - Buon Ma Thuat and 2 ring roads including Ring 4 in Hanoi and Ring 3 in Ho Chi Minh City before June 30th, 2023; (2) state budget capital for public investment projects is guaranteed in the context of low public debt and a sharp decrease in government bond interest rates since the beginning of 2023; (3) cooling domestic inflation created favorable conditions for economic growth, strengthening the implementation of expansionary fiscal policy.

Market strategy in Jun-23

2. Lower interest rates have a positive impact on a wide range of industries

Many commercial banks pledge to reduce lending interest rates for businesses

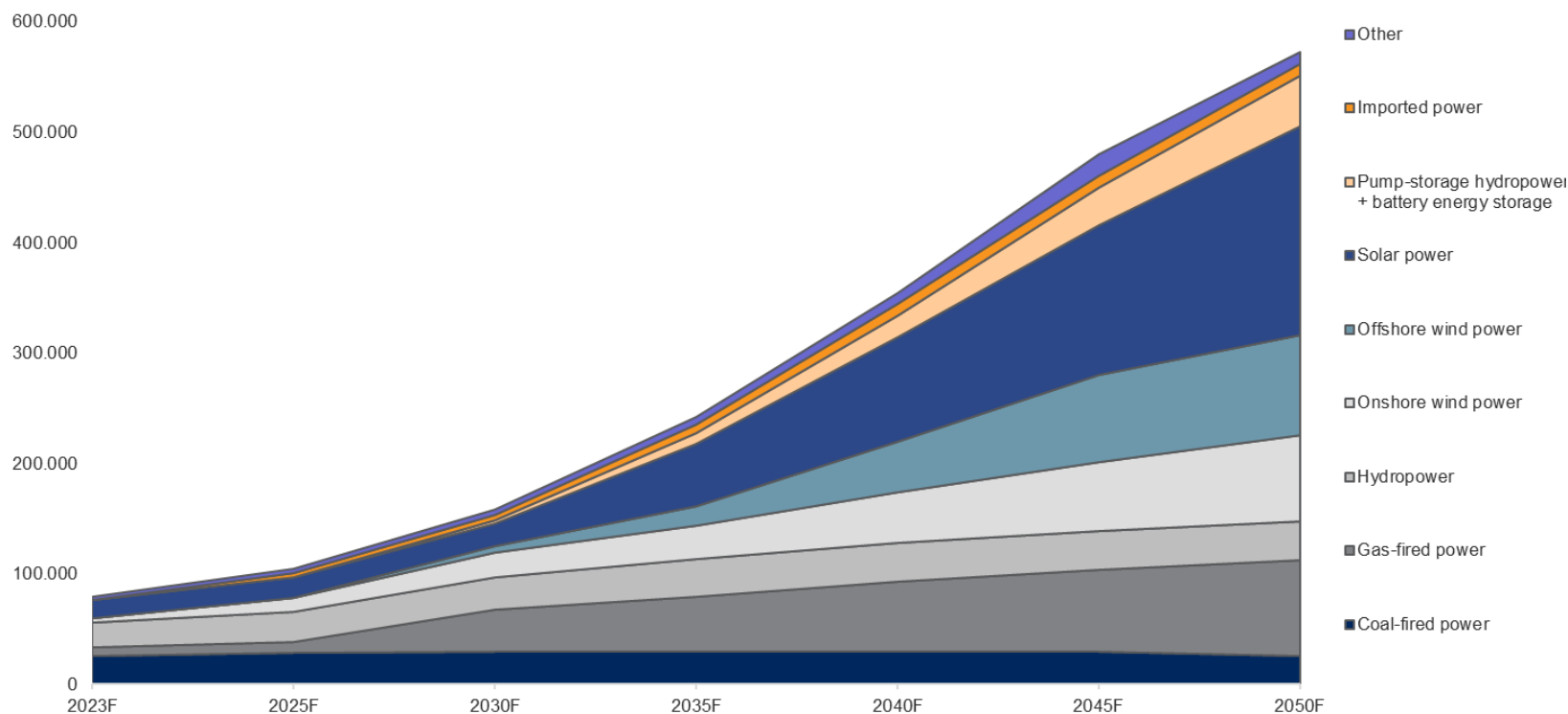


- After the SBV lowered the regulatory interest rate, many commercial banks agreed to reduce lending rates by 0.3-0.5% for all existing customers. The group that plans to cut interest rates next time will focus on private banks that have not adjusted interest rates for old loans since the beginning of the year.
- Lower lending interest rates will help businesses reduce capital costs, especially in industries with high net debt such as electricity, infrastructure construction, steel, cement, and real estate. Besides, it is impossible not to mention the securities industry when this is an industry that benefits from both input (reducing capital costs) and output thanks to improved market liquidity and increased demand for margin when the interest rate level fell.

Market strategy June 2023

3. The Power Development Plan 8 (PDP8) was approved, putting positive impact on Power sector

PDP8 targeted wind power and gas-fired power in 2021-30F, after further promoting more intense RE power development from 2031F onward (Unit: MW)

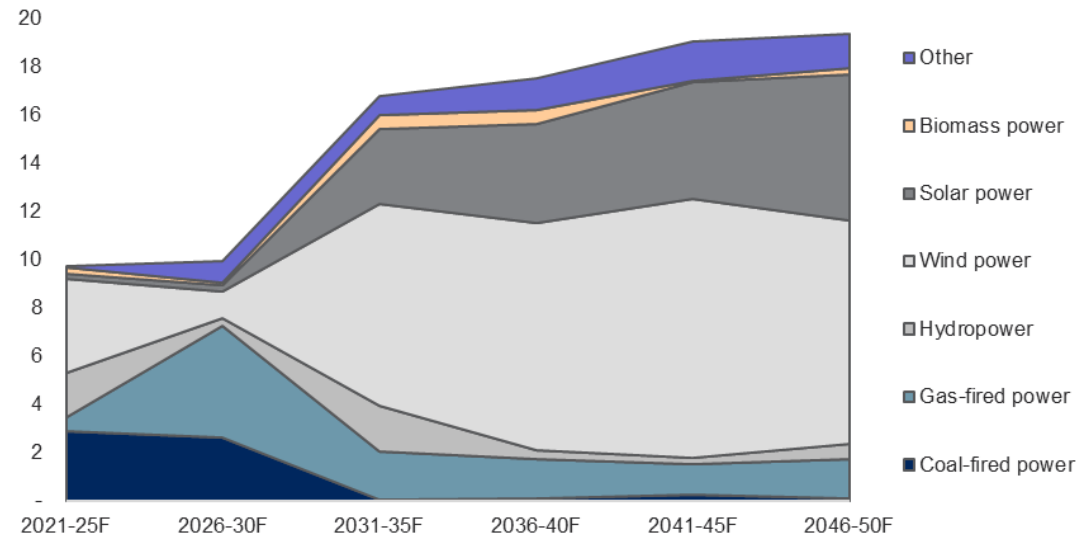


- **Coal-fired power:** The PDP8 finally remove total 13,220MW of coal-fired power plants.
- **Gas-fired power:** Gas-fired power will become the major spearhead over 2021-30 period with CAGR of 26%.
- **Wind power:** Wind power will become the main target in both short and long term.
- **Solar power:** Solar power will postpone under excessive growth over 2020-21 period. However, the PDP8 still encourage unlimited growth of solar power for self-use purposes.

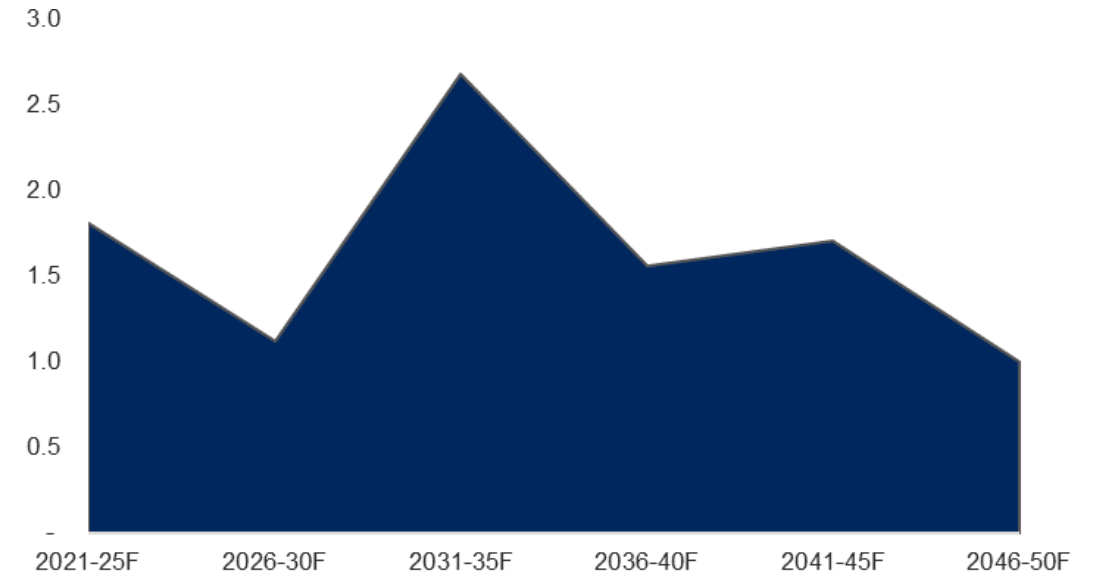
Market strategy June 2023

The PDP8 has concluded a “sufficient and green” plan, but it may be more difficult to implement than the amended PDP7 with strong emergence of gas-fired and RE power.

Capital requirement will high under the strong energy transition, allocating major on wind power (Unit: US\$bn)



Capital needs for power grid development accounting for about 11%-7% of the total Power sector investment in 2021-30F and 2031-50F (Unit: US\$bn)



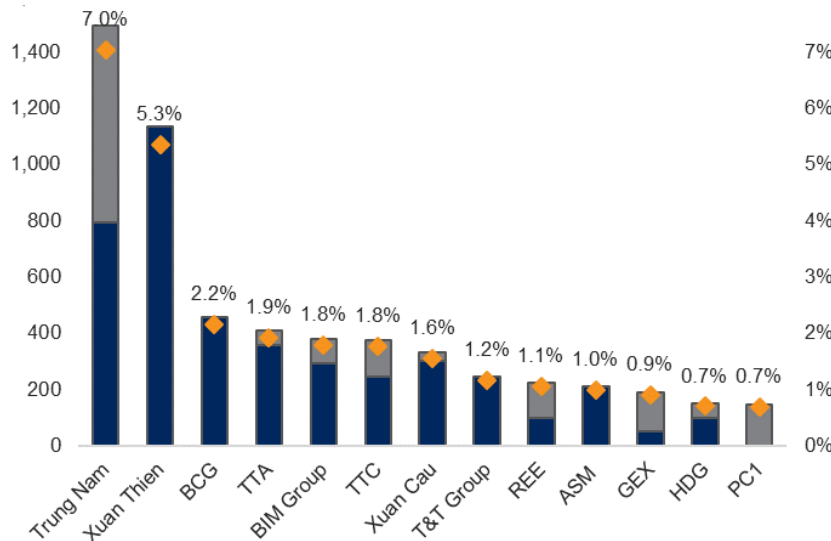
- In the base-case scenario, total investment demand for power capacity reach US\$98bn in 2021-30, equivalent to US\$9.8bn/year, allocating majorly on gas-fired power (30%) and wind power (35%).
- In 2031-50 period, total capital for capacity development will reach US\$363bn, equivalent to US\$18.2bn, with wind power require the most of 63% total capital, follow by the comeback of solar power (18%)
- Capital needs for power grid development accounting for 11%-7% total sector investment in 2021-30F and 2031-50F period, respectively.

Market strategy June 2023: We name some of the promising contestants that benefit from the PDP8

PC1, FCN, TV2 – outstanding listed M&E and RE contractors to benefit soonest due to high workload under the PDP8

Top RE players will stay ahead in the next development phase of RE power, the major spearhead under PDP8 orientation

	Unit	High-load scenario	
		2021-30 period	2031-45 period
500kV substation			
New build	MVA	46,650	66,600
Upgrade	MVA	37,800	99,450
500kV transmission line			
New build	km	12,490	7,760
Upgrade	km	1,324	801
220kV substation			
New build	MVA	74,275	84,125
Upgrade	MVA	34,497	82,625
220kV transmission line			
New build	km	16,061	8,245
Upgrade	km	6,484	304



Leading gas-fired power firms who own projects included in the PDP8 such as POW, PGV, TV2

There is still growth space for coal-fired power plants until 2030F

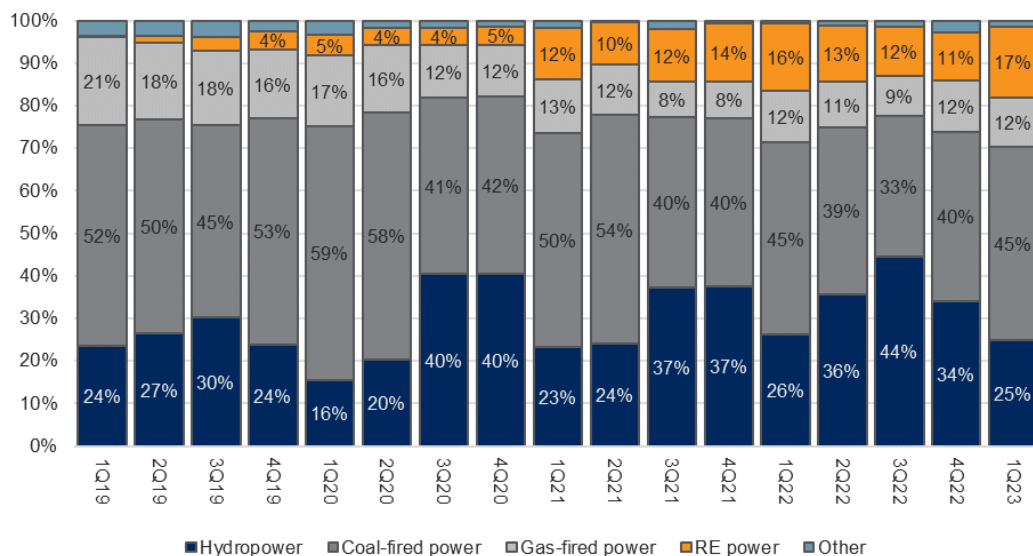
	Capacity (MW)	Progress	Investor
LNG power plant			
Nhon Trach 3&4	1600	2021-30	PVPower
LNG Hiep Phuoc I	1200	2021-30	Hai Linh Company Limited
LNG Bac Lieu	2400	2021-30	Delta Offshore Energy
LNG Quang Ninh I	1500	2021-30	PVPower - Colavi - Tokyo Gas - Marubeni
LNG Thai Binh	1500	2021-30	TTVN Group - Tokyo Gas - Kyuden
LNG Nghi Son	1500	2021-30	Millennium (USA)
LNG Quynh Lap	1500	2021-30	Bidding
LNG Quang Trach	1500	2021-30	EVN
LNG Hai Lang	1500	2021-30	T&T Group - Hanwha - Kospo - Kogas
LNG Ca Na	1500	2021-30	Bidding
LNG Son My II	2250	2021-30	AES Group
LNG Son My I	2250	2021-30	EDF - Sojitz - Kyushu - Pacific Group
LNG Long Son	1500	2031-35	PGV - TTC - TV2 - Mitsubitshi - GE - GTPP
LNG Long An I	1500	2021-30	VinaCapital - GE
LNG Long An II	1500	2031-35	VinaCapital - GE
Domestic gas-fired power plant			
O Mon III, IV (Lo B)	2100	2026-27	EVN (Genco 2)
O Mon II (Lo B)	1050	2027	Vietracimex - Marubeni
Dung Quat I, II, III (CVX)	2250	2028	NA
Mien Trung I, II (CVX)	1500	2028	PVN

Power plant	Capacity (MW)	Progress	Investor
Na Duong II thermal	110	2021-25	TKV
An Khanh - Bac Giang	650	2021-25	NA
Vung Ang II thermal	665	2021-30	Kepeco - Mitsubishi
Van Phong I thermal	1432	2021-25	Sumitomo Corp
Long Phu I thermal	1200	2021-25	PVN
Quang Trach I thermal	1200	2021-25	GENCO 2

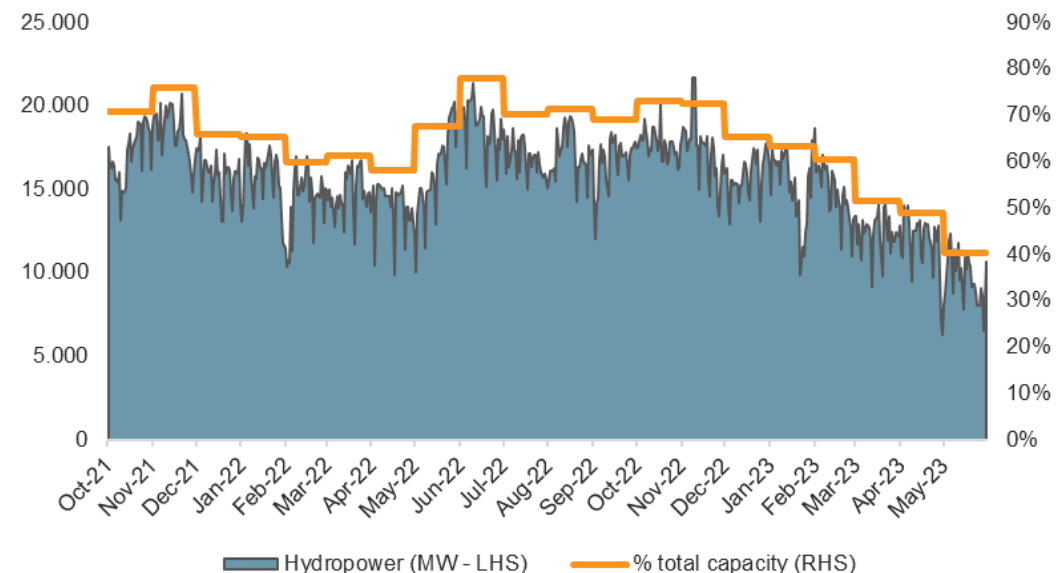
Market strategy June 2023

Electricity demand spiked amid unfavorable hydrology – Better opportunity for thermal power group

1Q23 output mobilized by power sources recorded a sharp reduction in hydropower proportion (Unit: %)



According to the National Load Dispatch Centre (NLDC), mobilized hydropower capacity dropped sharply from Feb-23



- Under the strong spike in electricity demand during hot weather, with several hydropower noticing unfavorable hydrology, we see this as an good opportunity for other reliable background sources such as thermal power to be mobilized at a more intense rate in 2023.
- Hydropower output grabbed a smaller portion in 1Q23, accounting for only 25% total output. The situation is expected to worsen in the upcoming months under the increasing influence of the El Nino phase, causing higher temperature as well as prolonged drought.

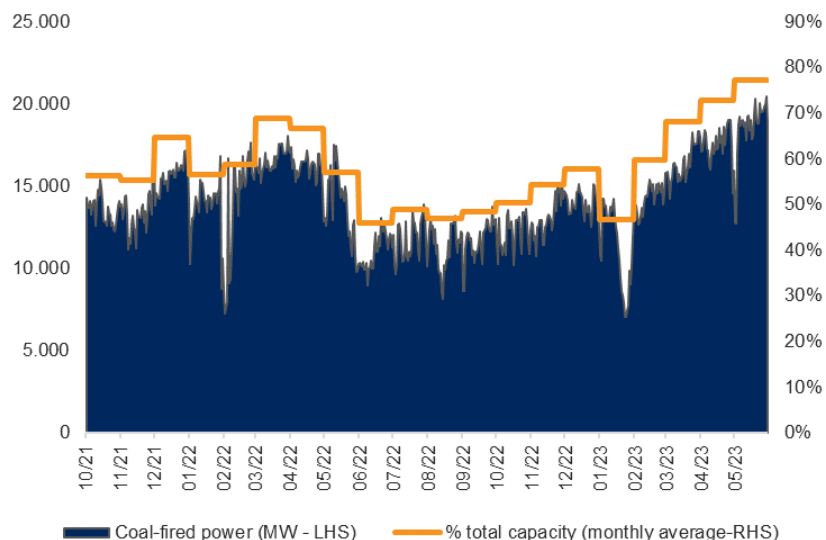
Market strategy June 2023

According to EVN, the upstream water level of rivers and hydropower reservoirs nationwide is recording a sharp decrease over the same period, especially in the Northeast, Northwest and Southeast regions.

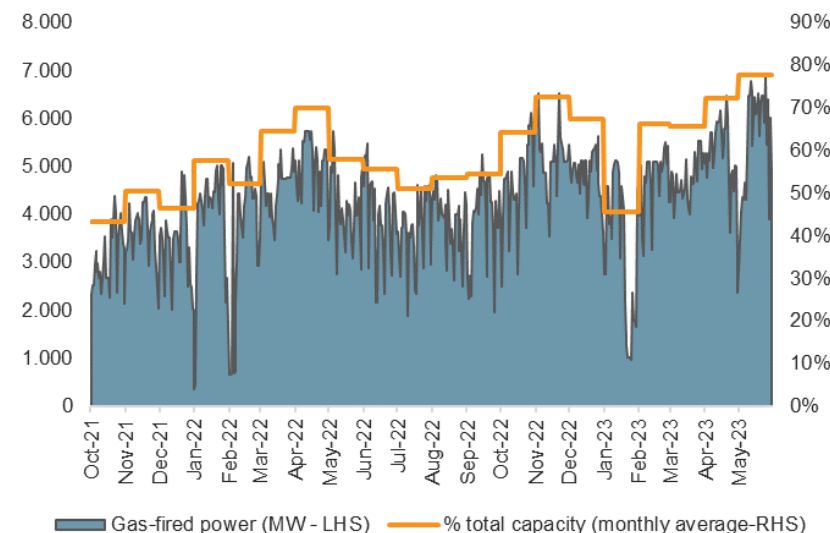
	East Northern	Northwest					North Central			South Central				Highlands					South East			
	Tuyen Quang	Son La	Hoa Binh	Thac Ba	Ban Chat	Lai Chau	Ban Ve	Trung Son	Khe Bo	Ba Ha River	A Vuong	Song Tranh 2	Song Hinh	Song Bung 4	Buon Tua Srah	Pleik rong	Ialy	Dong Nai 3	Se Dan 4A	Ham Thuan	Tri An	Thac Mo
Jan-23	0.3%	-2.7%	7.4%	3.4%	-1.0%	-3.0%	-0.5%	-1.3%	-0.6%	0.2%	0.4%	0.7%	0.0%	0.5%	0.2%	-0.1%	-0.4%	-0.2%	-0.9%	-0.6%	-4.7%	-0.4%
Feb-23	-5.0%	-2.9%	3.0%	-1.5%	-1.9%	-3.9%	-3.4%	-7.9%	-0.8%	0.0%	-0.2%	0.2%	0.0%	-1.0%	-0.1%	-0.4%	-0.6%	-0.3%	0.9%	-0.7%	-5.9%	-0.7%
Mar-23	-7.1%	-10.4%	5.7%	-4.4%	-5.1%	-1.5%	-5.0%	-2.5%	-0.2%	-1.4%	-3.2%	-2.7%	-1.1%	-1.3%	-1.2%	-1.7%	-1.0%	-1.2%	-2.5%	-0.9%	-13.2%	-1.7%
Apr-23	-7.1%	-10.4%	5.7%	-4.4%	-5.1%	-1.5%	-5.0%	-2.5%	-0.2%	-1.4%	-3.2%	-2.7%	-1.1%	-1.3%	-1.2%	-1.7%	-1.0%	-1.2%	-2.5%	-0.9%	-13.2%	-1.7%
May-23	-21.3%	-14.7%	2.8%	-10.7%	-6.8%	-6.1%	-9.4%	-8.5%	0.1%	-0.4%	-2.5%	-6.5%	-1.8%	-1.7%	-0.4%	-1.2%	-1.4%	-1.3%	-2.9%	-0.8%	-5.0%	-3.4%

Market strategy June 2023: Thermal power capacity mobilization recorded the strongest improvement

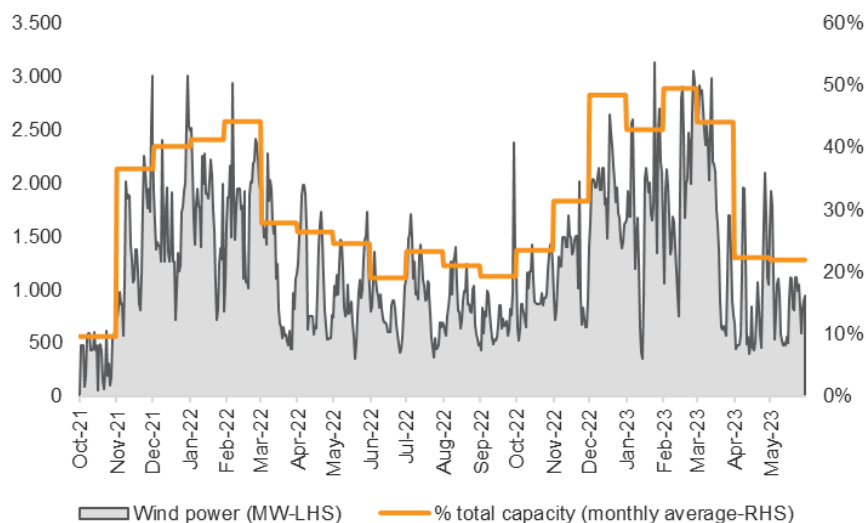
Coal-fired power is mobilized at a more intense rate, compensating for the shortfall in hydropower output



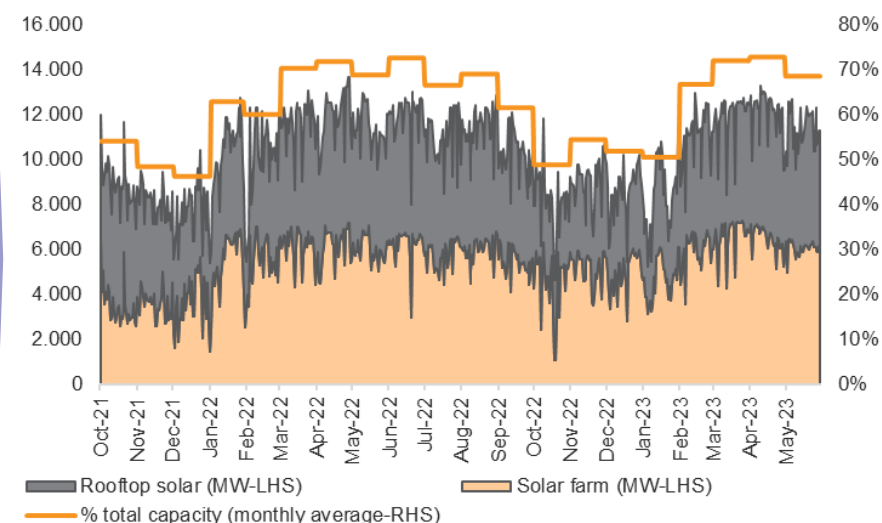
Gas-fired power also recorded an improvement, underpinned by stronger demand in residential consumption in the South



Wind power enjoyed positive mobilization in 1Q23, supported by good monsoon season after dropping from Apr-23



Solar power mobilization has improved since the beginning of the year, reaching 70% total capacity



Market strategy in June-23

High conviction investment ideas for June 2023

Stock picks	Investment thesis	1-year Target rice (VND/share)	Upside (%)
MBB	<p>We like MBB as we believe the bank's credit quality is better than perceived by the market. Regarding 3 of MBB's corporate clients that are known have cash flow and liquidity issues, Novaland is making progress in terms of restructuring their finances; for Trung Nam Group, MBB's lending activity is focused on solar projects that have met COD deadline; and for Hung Thinh, MBB does not provide loans for real estate projects or invest in corporate bonds. More importantly, MBB's long-term growth foundations remain strong with low COF advantage and a diversified ecosystem of financial services with the backing of large shareholder Viettel, the leading telecom conglomerate in Vietnam. MBB's 1Q23 results were quite solid with earnings growing by 10% yoy and fulfilling ~25% of management's plan. 1Q23 annualized NIM only declined slightly qoq and was sustained at top-tier level. The lowlight in the quarter was NPL and Group 2 loans increased sharply qoq, but we suspect some of the increase might have been driven by CIC cross-default. MBB is now trading at an attractive P/B of 1.1x, well below its 3-year average of 1.5x. We believe the bank is well-positioned to deliver strong EPS CAGR of 15%+ over the next 3 years after already positing robust EPS CAGR of 30% in the last 3 years.</p>	29,300	56.3%
PC1	<p>We anticipate that FY23–24F will be a profitable break period for PC1 following a series of new business expansions in multiple industries within the company's ecosystem, including, Nickel mineral mining, Residential property, and Industrial park. We expect a sharp EPS growth of 74% CAGR over FY23-24F from the low-base FY22F. We see the company major risk of interest rate hike and exchange rate loss will ease from 2H23F, supported the bottom line. Moreover, we expect PC1 - leading EPC wind power contractor will be benefited soonest from the announcement of the PDP8 as well as the official RE price mechanism in near future.</p>	33,600	14.7%

Market strategy in June-23

High conviction investment ideas for June 2023

Stock picks	Investment thesis	1-year Target rice (VND/share)	Upside (%)
POW	<p>We believe that POW – a leading gas-fired power company will benefit from the strong gas-fired power development trend under the clear orientation in the PDP8. POW is currently the investor of one of the key gas-fired power projects, the first LNG-to-power plant in Vietnam – Nhon Trach 3&4 (1,600MW), as well as participating in a joint venture (30%) in another LNG-to-power project LNG Quang Ninh (1,500MW). While Nhon Trach 3&4 is expected to come into operation in 2024-25F, LNG Quang Ninh is planned to deploy in 2025-30F. For 2023-24F, we forecast a NP's CAGR growth of 25% thanks to 1) We see the electricity demand to spike among residential groups will support higher thermal power mobilization amid unfavorable hydrology; 2) The recent downtrend in Brent oil and FO price from high-base 2022 to drive lower power price, supporting the mobilization for high price power sources such as gas-fired power. Besides, the rapid slump in LNG price to boost faster PPA, GSA negotiation process for Nhon Trach 3&4; 3) We see some of the one-off profit to bring out more positive profit results including compensation for Vung Ang 1 unit 1 incident and the divestment of EVN Viet Laos JSC; 4) We see the return of unit 1 Vung Ang 1 (600MW) from 3Q23 will provide more positive results after a long period of repair.</p>	18,400	34.8%
SZC	<p>SZC is well-positioned to capture the growing demand for industrial property in the South. SZC has sizeable land bank (c.600ha) and competitive rental prices among listed IP companies in Ba Ria-Vung Tau (BR-VT), a major manufacturing hub in the South. We forecast robust earnings growth over FY23-24F (114.5% yoy – 62.3% yoy) on leasing out 40-60ha industrial land area per year and property handovers at Sonadezi Huu Phuoc projects.</p>	44,000	22.2%
TCB	<p>We prefer TCB as (1) the market panic has depressed TCB's valuation to the historical low level. Based on our estimates, TCB is trading at a P/B FY23F of 0.7x - which is considered to be an underserved level. (2) the draft amendment to Circular 16 is expected to resolve the bottleneck of c-bonds, which is an important source of income flow for TCB. (3) Also, as the SBV has signaled of extending easing monetary policy, we expect the rock bottom for stock valuation is around the corner, leading to a rally for stock market, as well as for high beta stocks such as TCB. (4) We expect the bank to sustain solid earnings growth of 12%/14% in FY23-24F based on 12%/10% of credit growth and 5.5%/5.4% NIM during the period.</p>	42,000	39.1%

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