

VIETNAM NATIONAL PETROLEUM GROUP - PLX

ADD

Positive prospect thanks to stable domestic fuel market

Target price (12M)
VND45,600

OIL & GAS | Update

Consensus*: Add:6 Hold:1 Reduce:0

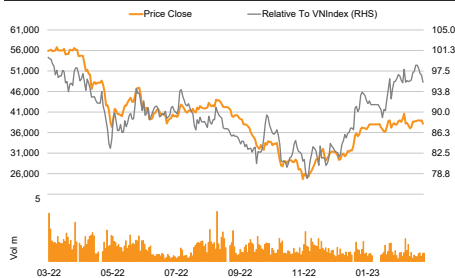
Target price / Consensus: 3.1%

Key changes in the report

➢ Adjust EPS FY23-25F by -4.6%/-3.8%/5.9%

Previous rating	ADD
Previous TP	VND45,600
Current price	VND38,150
52w high (VND)	58,000
52w low (VND)	24,650
3m Avg daily value (VNDmn)	23,817
Market cap (VNDbn)	49,553
Free float	6%
Dividend yield	3.08%
TTM P/E (x)	33.3
Current P/B (x)	2.01

Price performance



Source: VNDIRECT RESEARCH

Ownership

Commission for the Management of State Capital	75.9%
ENEOS Vietnam	13.1%
Others	11.0%

Source: VNDIRECT RESEARCH

Analyst(s):



Hai Nguyen Ngoc

hai.nguyennhoc2@vndirect.com.vn

- 4Q22 net profit (NP) surged 93.4% to VND1,168bn thanks to the increase in normative costs calculated petroleum base prices.
- We believe in a strong bounce back of PLX from FY23F with a NP CAGR of 48.2% in FY23-24F thanks to: (1) the re-stabilisation of domestic market, and (2) Vietnam's petroleum demand to keep growing.
- Reiterate ADD at unchanged target price (TP) of VND45,600.

Strong recovery in 4Q22 thanks to normative cost adjustments

4Q22 revenue grew 59.1% yoy to VND78,383bn on the rise in both total petroleum sales volume (+c.22.6% yoy) and average selling price (+c.30% yoy). Notably, 4Q22 gross profit significantly increased by 44.5% yoy (and 53% qoq) thanks to: (1) the increase in normative costs calculated fuel base price from Oct and Nov 2022, and (2) a inventories revaluation reversal of VND357bn. In the meantime, 4Q22 net financial income jumped over 11 times yoy, partially offset to 38.7% yoy increase in selling expense. As a results, PLX recorded an impressive recovery in 4Q22 with a NP of VND1,168bn (+93.4% yoy), accounting for 79% of full-year earnings. For a whole FY22, revenue surged 79.9% yoy to the record VND304,080bn, but NP slid 47.9% yoy to VND1,480bn.

Brighter outlook for PLX from FY23F onwards

After an unprecedented FY22, we expect PLX's profit per liter to recover to pre-Covid level from FY23F, coming from: (1) the re-stabilization of domestic supply as Nghi Son refinery stably operates, helping PLX reduce its import source proportion with high transportation costs, and (2) the authority's on-time and adequate petroleum trading surcharges adjustments. These will bring PLX's gross profit per liter to pre-Covid level with a growth rate of 19%/4% yoy in FY23-24F, in our estimates. Besides, we expect PLX's total sale volume to keep growing incoming years with a CAGR of 4.9% in FY23-25F. Overall, we see a brighter prospect for PLX in coming years with a NP growth rate of 149.6%/18.7% yoy in FY23-24F.

Divestment from PGBank to be a short-term catalyst for PLX

Recently, PLX's board of directors has approved the PGBank divestment plan. According to the plan, PLX will put up 120 million PGBank shares (40% of total stake) for auction on HOSE on 7 April 2023 with a initial bidding price of VND21,300/share, equivalent to the minimum size deal of VND2,556bn. We estimate PLX to recognise at least VND700bn of financial one-off gain once the deal was successful. This is also a potential upside catalyst for PLX stock price in short-term.

Reiterate ADD at unchanged TP of VND45,600

We maintain our ADD rating for PLX at unchanged DCF-based TP of VND45,600 on the back of: (1) FY23-25F EPS forecasts revision, and (2) rolling our DCF model to 2023F. Upside catalyst comes from the extrardinary income from PGBank divestment. Downside risks are higher-than-expected petroleum trading costs and FX fluctuations risks.

Financial summary (VND)	12-21A	12-22A	12-23E	12-24E
Net revenue (bn)	169,009	304,080	277,260	273,633
Revenue growth	36.4%	79.9%	(8.8%)	(1.3%)
Gross margin	7.5%	4.1%	5.1%	5.5%
EBITDA margin	3.9%	1.7%	2.8%	3.3%
Net profit (bn)	2,839	1,480	3,695	4,388
Net profit growth	187.2%	(47.9%)	149.6%	18.7%
Recurring profit growth	187.2%	(47.9%)	149.6%	18.7%
Basic EPS	2,194	1,144	2,856	3,391
Adjusted EPS	2,194	1,144	2,856	3,391
BVPS	19,417	18,985	20,503	21,151
ROAE	12.3%	6.0%	14.5%	16.3%

Source: VNDIRECT RESEARCH

Positive prospect thanks to stable domestic fuel market

Reiterate ADD at unchanged TP of VND45,600

We like PLX as:

- Its dominant position in Vietnam's petroleum distribution sector with nationwide network of more than 5,500 petroleum stations, occupying nearly 50% of total market share, far ahead the second largest distributor.
- We believe in a strong bounce back of PLX from FY23F with a NP growth rate of 149.6%/18.7% yoy in FY23-24F thanks to: (1) Nghi Son refinery to run at full capacity which could stabilize domestic supply, (2) the authority's on-time and adequate adjustments on normative costs calculated fuel base prices which could support PLX to improve its gross profit per liter in FY23F, and (3) Vietnam's petroleum demand to be projected to grow c.4.3% annually in FY22-30F.

Thus, we maintain our ADD rating for PLX at unchanged DCF-based TP of VND45,600 due to: (1) FY23-25F EPS forecasts adjustment by -4.6%/-3.8%/5.9%, and (2) rolling our DCF model to 2023F.

Upside catalyst and downside risks:

- Upside catalyst comes from the extraordinary income from PGBank divestment.
- Downside risks include higher-than-expected petroleum trading costs and FX fluctuations risks.

Figure 1: DCF-based target price

DCF method	
Total present value of FCF (VNDbn)	39,140
Present value of Terminal Value (VNDbn)	19,219
Total present value of Operations (VNDbn)	58,359
Plus: Cash and Short-term investment (VNDbn)	18,704
Less: Debt (VNDbn)	(14,858)
Less: Minority Interest (VNDbn)	(3,243)
Equity Value (VNDbn)	58,963
Shares Outstanding (m)	1,294
Equity Value per share (VND)	45,571
Target price (VND)	45,600

Source: VNDIRECT RESEARCH

Figure 2: Cost of equity

Cost of equity	
Risk Free Rate	4.0%
Beta	1.0
Risk Premium	11.0%
Cost of Equity	15.1%

Source: VNDIRECT RESEARCH

Figure 3: WACC and Long-term growth rate

VNDbn	
Equity	24,564
Debt	14,858
Cost of Debt	6.0%
Tax Rate	20.0%
WACC	11.2%
Perpetual growth rate	1.0%

Source: VNDIRECT RESEARCH

Figure 4: DCF Valuation – Summary of free cash flow (FCF)

VNDbn	FY22	FY23F	FY24F	FY25F	FY30F	FY35F	CAGR 22-35F
Total revenue	304,080	277,260	273,633	268,553	328,205	369,841	1.5%
% growth yoy	79.9%	-8.8%	-1.3%	-1.9%	3.3%	1.9%	
COGS & OPEX	(303,095)	(273,562)	(268,904)	(263,339)	(321,832)	(362,661)	
Unlevered profit / EBIT	985	3,698	4,729	5,214	6,372	7,181	16.5%
Operating margin	0.3%	1.3%	1.7%	1.9%	1.9%	1.9%	
Tax rate (%)	-26.9%	-20.0%	-20.0%	-20.0%	-20.0%	-20.0%	
EBIT * (1-Tax) or NOPAT	720	2,958	3,783	4,171	5,098	5,745	17.3%
+ D&A	2,123	2,278	2,302	2,339	2,573	2,900	
% of revenue	0.7%	0.8%	0.8%	0.9%	0.8%	0.8%	
- CapEx	(1,635)	(2,098)	(2,071)	(2,032)	(1,916)	(2,160)	
% of revenue	-0.5%	-0.8%	-0.8%	-0.8%	-0.6%	-0.6%	
+ Δ WC	792	25	70	(615)	84	(296)	
% of revenue	0.3%	0.0%	0.0%	-0.2%	0.0%	-0.1%	
Financial and other income / expense, net	1,275	1,141	1,160	1,138	1,391	1,567	
% of revenue	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
UFCF	3,276	4,304	5,245	5,001	7,230	7,756	

Source: VNDIRECT RESEARCH

Figure 5: Petroleum distribution sector comparison

Company	Ticker	Recom.	Price	Target Price	Mkt Cap	P/E (x)		3-yr EPS CAGR (%)	P/B (x)		ROE (%)		ROA (%)	
			LC\$	LC\$		US\$ m	FY23F		FY24F	FY23F	FY24F	FY23F	FY24F	
PVOil	OIL VN	NR	9,200	NA	403	13.8	13.1		0.90	0.9	6.6%	6.8%	NA	NA
PTT Oil & Retail	OR TB	NR	20.60	NA	7,140	17.3	16.4		2.05	1.9	11.7%	11.7%	6.0%	6.0%
Petronas Dagangan Bhd	PETD MK	NR	20.66	NA	4,547	23.6	21.7		3.61	3.6	14.8%	16.0%	7.8%	7.8%
Thai Oil PCL	TOP TB	NR	52.25	NA	3,371	8.4	5.8		0.68	0.6	8.0%	11.2%	3.5%	3.5%
Hindustan Petroleum	HPCL IN	NR	230	NA	3,980	4.9	4.1		1.1	0.8	17.4%	19.7%	NA	NA
ENEOS Holding	5020 JP	NR	469	NA	10,580	7.1	6.5		0.5	0.4	6.3%	6.9%	2.1%	2.1%
Average						13.6	12.2		1.7	1.6	11.7%	13.1%	5.8%	5.8%
Petrolimex	PLX VN	ADD	38,150	45,600	2,052	13.4	11.2	47.2%	1.9	1.8	14.5%	16.3%	5.0%	6.1%

Source: BLOOMBERG, VNDIRECT RESEARCH (DATA AS AT 10 MAR)

Strong recovery in 4Q22 thanks to normative cost adjustments

Figure 6: 4Q22 and FY22 results overview

FYE Dec (VNDbn)	4Q21	4Q22	%yoy	FY21	FY22	%yoy	% vs. FY22 forecasts	Comments
Total sales volume (million m3.tons)	2.9	3.6	22.6%	12.3	13.8	11.5%		
Net revenue	49,267	78,383	59.1%	169,009	304,080	79.9%	104.4%	4Q22 revenue grew 59.1% yoy on the increase in both total petroleum sales volume (+c.22.6% yoy) and average selling price (+c.30% yoy)
Gross profit	2,966	4,286	44.5%	12,623	12,322	-2.4%	111.7%	4Q22 gross profit significantly increased by 44.5% yoy (and 53% qoq) on the back of: (1) the increase in normative costs calculated fuel base price from early-4Q22, and (2) a inventories revaluation reversal of VND357bn
Gross profit margin (%)	6.0%	5.5%	-0.6% pts	7.5%	4.1%	-3.4% pts		
Selling expenses	(2,301)	(3,191)	38.7%	(9,073)	(10,513)	15.9%	109.6%	4Q22 selling expenses rose 38.7% yoy as PLX had to boost its operation to fulfill domestic requirement amid supply shortage
G&A expenses	(229)	(241)	5.3%	(766)	(824)	7.6%	104.8%	
Operating profit	436	853	95.9%	2,784	985	-64.6%		
Net financial income (expenses)	31	360	1079.9%	164	242	47.3%	-129.7%	PLX's 4Q22 net financial income skyrocketed over 11 times yoy to VND360bn as US\$/VND rate retreat in late-Dec 2022 (around 23,600) from the high level of nearly 25,000, leading to net Fx gain of c.VND300bn (compared to net Fx loss of VND18bn in 4Q21)
Financial income	291	920	216.4%	1,000	1,932	93.3%		
Financial expenses	(260)	(560)	115.2%	(836)	(1,690)	102.3%		
Gain/loss from investment in JVs	155	145	-6.4%	569	700	23.0%		
Net other income	216	288	33.5%	272	334	22.6%		
Pre-tax profit	837	1,646	96.7%	3,789	2,260	-40.3%	159.4%	
Profit after tax	714	1,414	98.2%	3,124	1,913	-38.8%		
Net profit	604	1,168	93.4%	2,839	1,480	-47.9%	146.8%	FY22 NP was above our expectation mainly due to the significant higher-than-expected net financial income

Source: VNDIRECT RESEARCH, COMPANY REPORTS

FY23-25F outlook: Brighter outlook for PLX from FY23F onwards

Domestic market to be re-stable from 2023F, boding well for PLX's core business

The authority has recently adjusted normative costs calculated fuel base prices since Feb 2023, just three months after the previous adjustments. This action indicate the positive signal that the authority will monitor the market movement more closely. Generally, we expect PLX's gross profit per liter to recover to pre-Covid level with a growth rate of 19%/4% yoy in FY23-24F, in our estimates, on the back of:

- The authority's on-time and adequate adjustments on petroleum trading surcharges will eliminate the risks of supply disruption due to the laggard price management which makes the sale of petroleum unprofitable at the regulatory prices like that incurred in 2022. Besides, this could ensure the stable profit for petroleum distributors like PLX in coming years.
- The full-capacity operation of Nghi Son refinery from FY23F will increase domestic supply proportion, helping PLX reduce its import source proportion with high transportation costs.

Figure 7: The authority has recently continued adjusting normative costs calculated fuel base prices since Feb 2023, signaling that they will monitor the market movement more closely

Product	Pre Oct 2022	From Oct 2022	From 21 Feb 2023
Premium for domestic sources (VND/liter)			
RON 92	970	1,320	670
RON 95	990	1,340	700
Diesel	-	30	200
Costs of transportation of gasoline from domestic refinery to Vietnamese port (VND/liter.kilogram)			
RON 92	250.0	290.0	290.0
RON 95	210.0	280.0	270.0
Diesel	-	240.0	230.0
Costs of transportation of gasoline from abroad to Vietnamese port (VND/liter.kilogram)			
	Pre Nov 2022	From 11 Nov 2022	From 21 Feb 2023
RON 92	350	640	730
RON 95	720	1,280	1,100
Diesel	570	730	1,230

Source: MINISTRY OF FINANCE

Meanwhile, FY22 PLX's total sales volume returned to pre-Covid level of around 12.8m m3.ton, showing the strong recovery after 2 sluggish years due to the pandemic. Fundamentally, we expect PLX's total sale volume to keep growing incoming years with a CAGR of 4.9% in FY23-25F, driven by (1) the growing petroleum demand of domestic market, and (2) the recovery of jet fuel sales volume triggered by aviation activities rebound.

Overall, we see a brighter prospect for PLX in coming years with a NP growth rate of 149.6%/18.7% yoy in FY23-24F, in our estimates.

Divestment from PGBank to be a short-term catalyst for PLX

Recently, PLX's board of directors has approved the PGBank (PGB) divestment plan. According to the plan, PLX will put up 120 million PGBank shares, or a stake of 40% in the bank, for auction on HOSE on 7 April 2023 with a reserve price of VND21,300/share, equivalent to the minimum size deal of VND2,556bn. PGBank is currently a smallest bank in Vietnam's banking sector in term of charter capital (VND3,000bn). The growth of this bank has been hindered over the past years due to the delay of PLX's divestment.

In general, we see PGBank is not in the weak financial institutions group, and it has a good position among small commercial banks (in term of asset and charter capital). Thus, we believe in the success of the upcoming PLX's divestment as the opportunities to own a bank is always attractive, particularly in high entry barrier sector like Vietnam's banking sector. In case of deal done, this will be a potential upside catalysts for PLX in short-term.

Figure 8: Small commercial bank comparison. In general, we see PGB stays at the good position amongst these banks, which could attract strategic investors in upcoming auction

	Charter capital (VNDbn)	Mkt. Cap (VNDbn)	LLR (%)	NPL (%)	NIM (%)	CAR (%)	ROAE (%)	ROAA (%)	P/B (x)
KLB	3,653	3,914	68.6	1.9	2.1	-	11.1	0.7	0.8
ABB	9,409	7,494	43.4	2.9	2.6	12.9	11.0	1.1	0.6
BAB	8,945	11,957	203.8	0.5	2.0	8.9	9.1	0.7	1.0
BVB	3,671	4,336	52.3	2.8	2.0		7.5	0.5	0.9
NAB	8,464	8,377	77.2	1.3	2.8	10.1	16.1	1.1	0.7
NVB	5,602	9,020	11.2	17.9	1.3	-	-	-	1.6
VBB	4,777	5,183	26.9	3.7	1.5	10.2	8.6	0.5	0.8
VAB	5,802	4,036	71.5	1.5	1.5	9.0	13.6	1.0	0.6
SGB	3,080	4,158	46.9	2.1	3.2	-	4.9	0.8	1.1
PGB*	3,000	5,563	38.0	2.5	2.5	13.0	9.2	0.9	1.2
<i>Average</i>			66.9	3.8	2.1		9.1	0.7	0.9

Source: VNDIRECT RESEARCH, COMMERCIAL BANKS (DATA AS AT 10 MAR)

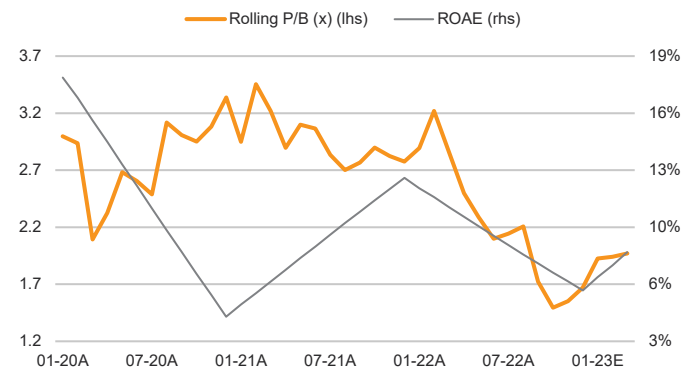
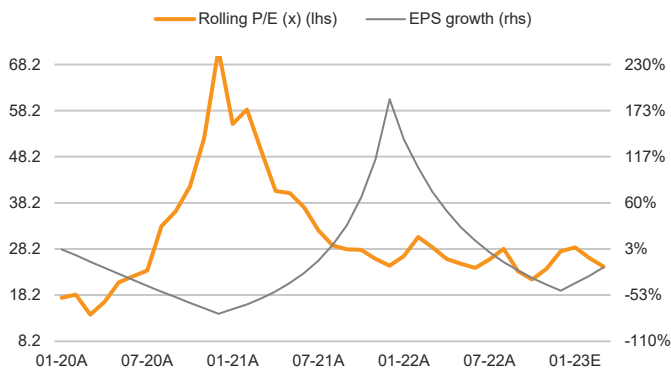
We decrease FY23-24F EPS forecasts by 4.6%/3.8% but increase FY25F EPS forecast by 5.9% due to mixed impact of lower gross profit assumptions and higher net financial income

Figure 9: FY23-25F earnings forecasts revision

VNDbn	FY22	FY23F			FY24F			FY25F			Comments
	Actual	Old	New	% Δ	Old	New	% Δ	Old	New	% Δ	
Net revenue	304,080	285,971	277,260	-3.0%	277,340	273,633	-1.3%	279,061	268,553	-3.8%	We revise down FY23-25F net revenue assumption mainly as we lower FY23-25F ASP assumption by 2.1%/1.3%/2.0%
Gross profit	12,322	14,664	14,231	-3.0%	15,587	15,165	-2.7%	15,745	15,625	-0.8%	We lower gross profit forecasts due to 2.8%/2.4% decrease in FY23-24F gross profit per liter assumption partially as we reflect the recent adjustments on normative costs calculated fuel base price
Gross margin (%)	4.1%	5.1%	5.1%	0.0% pts	5.6%	5.5%	-0.1% pts	5.6%	5.8%	0.2% pts	
Selling expenses	10,513	9,593	9,756	1.7%	9,583	9,669	0.9%	9,896	9,645	-2.5%	We slightly increase selling expenses in FY23-24F to reflect higher-than-expected FY22 results. However, we expect this expense to decline in FY23F compared to FY22 high numbers as the domestic market is expected to back to "normalise situation"
G&A expenses	824	801	776	-3.0%	777	766	-1.3%	781	765	-2.0%	
Operating profit	985	4,271	3,698	-13.4%	5,228	4,729	-9.5%	5,067	5,214	2.9%	
Net financial income (expenses)	242	(69)	161	N/A	(46)	183	N/A	(39)	169	N/A	We increase FY23-25F net financial income to reflect: (1) higher-than-expected deposit income in 2022, and (2) lower-than-expected US\$/VND rate which reduce FX loss for PLX
Financial income	1,932	1,186	1,367	15.3%	1,218	1,351	10.9%	1,214	1,304	7.4%	
Financial expenses	1,690	1,255	1,206	-3.9%	1,264	1,169	-7.5%	1,254	1,134	-9.5%	
Gain/loss from investment in JVs	700	814	772	-5.1%	798	773	-3.1%	802	771	-3.9%	Adjusted in line with FY22 numbers
Pre-tax profit	2,260	5,216	4,839	-7.2%	6,174	5,889	-4.6%	6,027	6,352	5.4%	
Net profit	1,480	3,875	3,695	-4.6%	4,564	4,388	-3.8%	4,458	4,722	5.9%	
EPS (VND)	1,144	2,995	2,856	-4.6%	3,527	3,391	-3.8%	3,445	3,649	5.9%	

Source: VNDIRECT RESEARCH

Valuation



Income statement

(VNDbn)	12-22A	12-23E	12-24E
Net revenue	304,080	277,260	273,633
Cost of sales	(291,758)	(263,029)	(258,468)
Gen & admin expenses	(824)	(776)	(766)
Selling expenses	(10,513)	(9,756)	(9,669)
Operating profit	985	3,698	4,729
Operating EBITDA	3,108	5,976	7,032
Depreciation and amortisation	(2,123)	(2,278)	(2,302)
Operating EBIT	985	3,698	4,729
Interest income	1,932	1,367	1,351
Financial expense	(1,690)	(1,206)	(1,169)
Net other income	334	207	205
Income from associates & JVs	700	772	773
Pre-tax profit	2,260	4,839	5,889
Tax expense	(348)	(741)	(1,023)
Minority interest	(432)	(402)	(478)
Net profit	1,480	3,695	4,388
Adj. net profit to ordinary	1,480	3,695	4,388
Ordinary dividends	(1,525)	(1,553)	(3,235)
Retained earnings	(45)	2,143	1,153

Balance sheet

(VNDbn)	12-22A	12-23E	12-24E
Cash and equivalents	11,612	12,304	13,051
Short term investments	7,093	8,511	8,086
Accounts receivables	11,984	10,540	9,607
Inventories	17,234	15,133	14,168
Other current assets	1,555	1,633	1,714
Total current assets	49,477	48,121	46,625
Fixed assets	14,284	14,105	13,873
Total investments	6,558	6,887	7,576
Other long-term assets	3,492	3,562	3,918
Total assets	73,811	72,675	71,992
Short-term debt	14,034	14,460	14,272
Accounts payable	24,043	20,500	19,098
Other current liabilities	6,932	6,609	6,452
Total current liabilities	45,010	41,569	39,822
Total long-term debt	823	1,041	1,142
Other liabilities	170	187	206
Share capital	12,939	12,939	12,939
Retained earnings reserve	2,970	4,860	5,699
Shareholders' equity	24,564	26,528	27,367
Minority interest	3,243	3,350	3,456
Total liabilities & equity	73,811	72,675	71,992

Cash flow statement

(VNDbn)	12-22A	12-23E	12-24E
Pretax profit	2,260	4,839	5,889
Depreciation & amortisation	2,123	2,278	2,302
Tax paid	(458)	(741)	(1,023)
Other adjustments	(298)	(2,160)	(2,402)
Change in working capital	792	25	70
Cash flow from operations	4,420	4,240	4,836
Capex	(1,635)	(2,098)	(2,071)
Proceeds from assets sales	262	0	0
Others	4,409	(540)	1,304
Other non-current assets changes			
Cash flow from investing activities	3,036	(2,639)	(767)
New share issuance	0	0	0
Shares buyback			
Net borrowings	(512)	643	(87)
Other financing cash flow			
Dividends paid	(1,525)	(1,553)	(3,235)
Cash flow from financing activities	(2,037)	(909)	(3,322)
Cash and equivalents at beginning of period	6,192	11,612	12,304
Total cash generated	5,419	692	747
Cash and equivalents at the end of period	11,612	12,304	13,051

Key ratios

	12-22A	12-23E	12-24E
Dupont			
Net profit margin	0.5%	1.3%	1.6%
Asset turnover	4.39	3.79	3.78
ROAA	2.1%	5.0%	6.1%
Avg assets/avg equity	2.79	2.87	2.68
ROAE	6.0%	14.5%	16.3%
Efficiency			
Days account receivable	14.4	13.9	12.8
Days inventory	21.6	21.0	20.1
Days creditor	30.1	28.4	27.0
Fixed asset turnover	20.93	19.53	19.56
ROIC	3.5%	8.1%	9.5%
Liquidity			
Current ratio	1.1	1.2	1.2
Quick ratio	0.7	0.8	0.8
Cash ratio	0.4	0.5	0.5
Cash cycle	5.9	6.4	5.9
Growth rate (yoy)			
Revenue growth	79.9%	(8.8%)	(1.3%)
Operating profit growth	(64.6%)	275.5%	27.9%
Net profit growth	(47.9%)	149.6%	18.7%
EPS growth	(47.9%)	149.6%	18.7%

Source: VND RESEARCH

DISCLAIMER

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

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

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

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

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

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

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

Sector Ratings

Definition:

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

Hien Tran Khanh – Research Director

Email: hien.trankhanh@vndirect.com.vn

Dzung Nguyen – Manager

Email: hien.trankhanh@vndirect.com.vn

Hai Nguyen Ngoc – Senior Analyst

Email: hai.nguyenngoc2@vndirect.com.vn

VNDIRECT Securities Corporation

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

Tel: +84 2439724568

Email: research@vndirect.com.vn

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