

VINH HOAN CORP (VHC) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND75,000	VND80,600	2.7%	HOLD	CONSUMER GOODS

22 February 2022

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

Consensus*: Add:8 Hold:3 Reduce:0

Target price / Consensus: 6.0%

Key changes in the report

- Increase TP by 16.0%.
- Revise up FY22/23F EPS by 7.6%/6.6%.

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	76,000
52w low (VND)	35,750
3m Avg daily value (VNDmn)	54,282
Market cap (VND bn)	12,609
Free float (%)	40
TTM P/E (x)	12.4
Current P/B (x)	2.4

Ownership

Truong Thi Le Khanh	43.5%
Mitsubishi Corp	6.6%
Others	49.9%

Source: VND RESEARCH

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Poised for another successful year

- VHC's 4Q21 net revenue/net profit grew 38.5%/171.1% yoy, respectively.
- We are confident about VHC's FY22-23F outlook with the revenue and net surge 25.8%/6.5% yoy and 27.4%/5.6 yoy thanks to demand recovery and high ASP in main export market.
- Reiterate Hold with a higher TP of VND80,600 following a 7.6%/6.6% upward revision of FY22/23F EPS.

4Q21 impressive performance following pent-up demand from US market

VHC's 4Q21 net revenue soared by 38.5% yoy to VND2,693bn on the back of 1.2% yoy pangasius export volume growth and 35.9% yoy pangasius average selling price (ASP) increase, per our estimate. US market was the key revenue growth with 91.2% yoy in export revenue. Additionally, 4Q21 gross margin (GM) expanded 11.4% pts yoy to 23.7% thanks to high ASP and low-cost raw fish inventory. 4Q21 net profit hiked 171% yoy to VND454.7bn, stronger than that of 46% yoy of 3Q21. For FY21, VHC's net revenue/net profit (NP) jumped 28.7%/53.1% yoy to VND9,054bn/VND1,101bn, fulfilling 101%/116% of our full-year forecast.

We are confident about VHC's FY22-23F outlook...

... due to (1) solid demand of US market is expected to drive revenue to grow 23.9% yoy, (2) China and EU market are expected to get back on track after low base FY21, (3) the Collagen & Gelatin (C&G) segment to rebound from the trough 2021 on growing beauty demand, and (4) ASP is likely to stay at US\$3.45/kg in FY22F due to tight raw fish supply until 1H22F as Vietnam pangasius farming area have significantly narrowed down since 3Q21 during the outbreak. Being able to self-supply 70% its input material, VHC will ride on the selling prices surge with minimal concern over supply shortage.

Changes to our FY22-23 earnings forecasts

We revise up FY22/23F pangasius revenue by 3.8%/0.8% and other products revenue forecast by 20.8%/6.7% following strong recovery of demand and ASP in exporting markets. We lower FY22/23F C&G segment revenue forecast by 16.9%/4.3% due to slower-than-expected recovery. Overall, we expect FY22F top line and bottom line to surge 25.8%/27.4% yoy, respectively, then decelerate to 6.5%/5.6% yoy in FY23F.

The strong outlook has been priced in, in our view

We raise our 1-year TP to VND80,600 as 1) we roll forward our DCF valuation to FY22F, and (2) we revise up FY22/23F EPS by 7.6%/6.6%. However, we believe the market price is currently close to fair value, thus, we re-iterate Hold rating. A re-rating catalyst is the higher-than-expected recovery in ASP and stronger demand in target markets. Downside risks include higher-than-expected raw fish price and shipping cost.

Financial summary (VND)	12-20A	12-21A	12-22E	12-23E
Net revenue (bn)	7,037	9,054	11,388	12,127
Revenue growth	(10.5%)	28.7%	25.8%	6.5%
Gross margin	14.2%	19.4%	19.4%	18.9%
EBITDA margin	14.6%	17.8%	17.3%	17.1%
Net profit (bn)	719	1,101	1,403	1,482
Net profit growth	(39.0%)	53.2%	27.4%	5.6%
Recurring profit growth	(40.2%)	56.4%	28.3%	5.6%
Basic EPS	3,920	6,005	7,650	8,081
Adjusted EPS	3,702	5,896	7,497	7,920
BVPS	28,146	32,076	37,912	44,087
ROAE	14.3%	19.9%	21.9%	19.7%

Source: VND RESEARCH

POISED FOR ANOTHER SUCCESSFUL YEAR AHEAD

4Q21 results exceed our expectation

Figure 1: 4Q21 & FY21 results comparison

4Q21 & FY21 results (Unit: VNDbn, otherwise noted)	4Q21	4Q20	% yoy	FY21	FY20	%yoy	vs. 2021 forecast
ASP (US\$/kg)	3.62	2.63	37.7%	2.99	2.77	8.0%	In 4Q21, average selling price (ASP) of pangasius kept increasing sharply compared to the 4Q20 due to the strong demand from the US market. Such high demand from the US market in 4Q21 was a combination of pent-up demand after the pandemic and the peak for the year-end holidays. ASP is expected to decrease slightly in 1H22F but maintain 99.0% at high level compare to that of FY21.
Net revenue	2,693	1,944	39%	9,054	7,037	28.7%	101% Inline with our forecast.
Pangasius product	1,741	1,339	30%	5,960	4,684	27.2%	108.9%
Others	685	471	45%	2,105	1,575	33.7%	85.1%
Collagen and Gelatin	164	139	18%	642	559	14.8%	C&G revenue increased 14.8% yoy in FY21 to VND642bn, fulfilling only 92% of our full-year forecast, which caused by the weaker global demand.
Sa Giang	312	N/A		385	N/A		119%
Gross profit	639	240	166.2%	1,752	1,015	72.7%	119%
Gross profit margin	23.7%	12.3%	+11.4 %pts	19.4%	14.4%	+5.0%pts	Gross profit surged mainly due to the ASP surge and ASP outpaced average raw fish price. Such a strong increase in ASP is mainly due to VHC focusing its orders on the US market, where the selling price is about 20-40% higher than in other markets.
SG&A expenses	153.8	98.40	56.3%	555.9	319.3	74%	VHC's 4Q21 SG&A expenses growth decreased to 56.3% yoy compare to that of 61% in 3Q21 yoy because VHC has stopped sharing shipping costs with customers amid the current favorable high-demand situation. Most of the export product orders (70-80%) were to be shipped with FOB contracts.
SG&A expenses/Net revenue	5.7%	5.1%	+0.6 %pts	6.1%	4.5%	+1.4 % pts	0%
Pre-tax profit	541.9	183.1	196.0%	1,288	803.3	60.3%	121.7%
Net profit	454.7	167.7	171.1%	1,101	719.3	53.1%	116.3% Higher than our forecast.

SOURCE: VNDIRECT RESEARCH, COMPANY REPORTS

4Q21 impressive performance following pent-up demand from US market

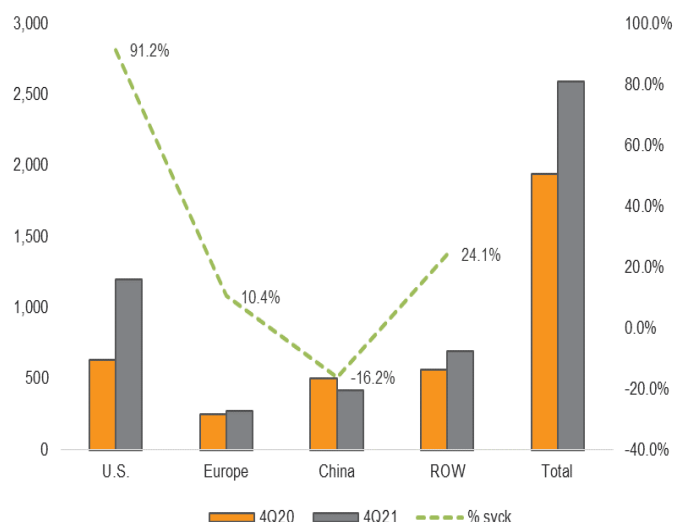
In Sep 2021, the social distancing order was gradually eased across Vietnam. On October 11, the Vietnam's Government issued Resolution No. 128/NQ-CP temporarily regulating "Safe adaptation, flexible, effective control of the COVID-19 epidemic" which promptly removed many difficulties and solved the problems cause by supply chain disruption in 3Q21 helping the Vietnam's pangasius industry constantly recovered. VHC also took advantage of this situation to restore production capacity in 4Q21.

VHC's 4Q21 revenue increase 38.5% yoy with:

- VHC's 4Q21 export value to the US increased sharply by 91.2% yoy, reaching VND1,201bn thanks to strong consumption for the year-end holidays and the pent-up demand after the pandemic, along with the whole market's supply that has not yet fully recovered due to the negative impact from Covid-19 wave. With ability of self-supplying 60-70% of input need and large scale inventory, VHC avoided raw fish shortage.
- EU market showed signs of improvement when the 4Q21 revenue recorded a positive growth of 10.4% yoy to VND275bn (compared with a drop of 1% in 3Q21).
- China market revenue posted a sharp drop by 16.2% yoy in 4Q21 to VND419bn due to China maintained "zero Covid" policy, tightened

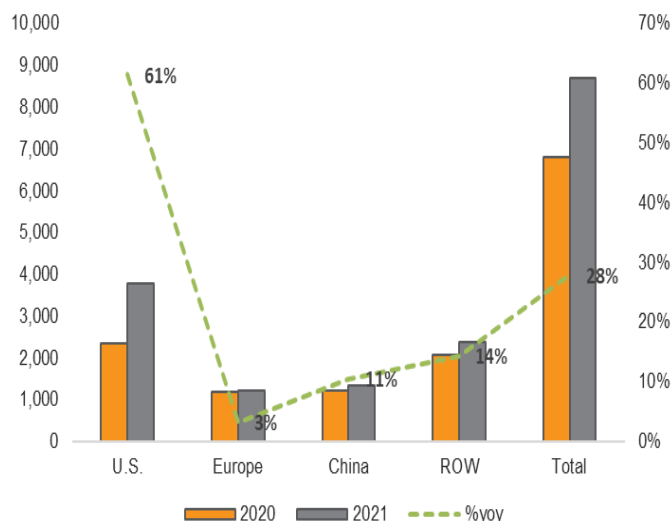
inspection to trace the SARS-CoV-2 virus on imported fishery and seafood product, causing a slump in export volume.

Figure 2: 4Q21 export revenue in main export markets (Unit: VNDbn)



Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 3: FY21 export revenue in main export markets (unit: VNDbn)



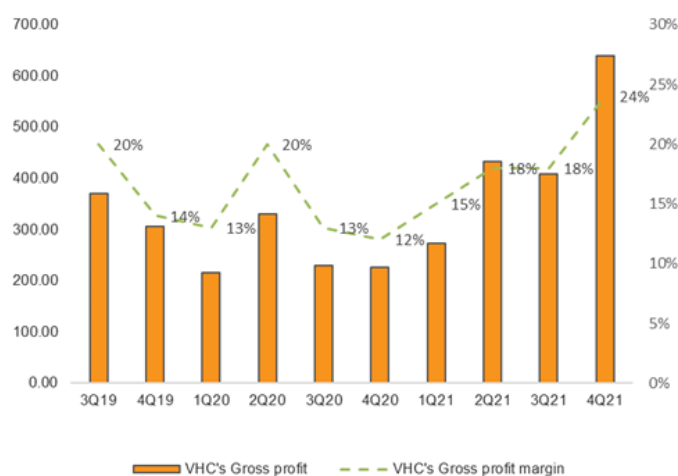
Source: VNDIRECT RESEARCH, COMPANY REPORTS

Gross margin expanded significantly following pangasius product ASP surge

VHC's gross margin surged from 12.3% in 4Q20 to 23.7% in 4Q21 thanks to 1) surging pangasius ASP (37.7% yoy) in 4Q21, and 2) VHC's low price inventory. The pangasius export ASP surge 37.7% yoy in 4Q21 following 1) strong demand from US market, and 2) supply shortage due to narrowed farming area in 3Q21 and market output has not yet fully recovered due to negative impacts of Covid-19 to domestic pangasius exporters. During social distancing period in 3Q21, many pangasius producer facings labour shortages leading to delay in purchasing raw fish from farmers. With the fish reaching harvest time but not being collected, the farmers couldn't start a new fish crop in time, causing total farming area was narrowed down in 3Q21, which causing the area for raising pangasius has just reached 3,516 ha in 9M21 (-25.7% yoy). The farming area will need around 2-3 quarters to fully recover, thus the supply shortage is expected to maintain until 2H22F.

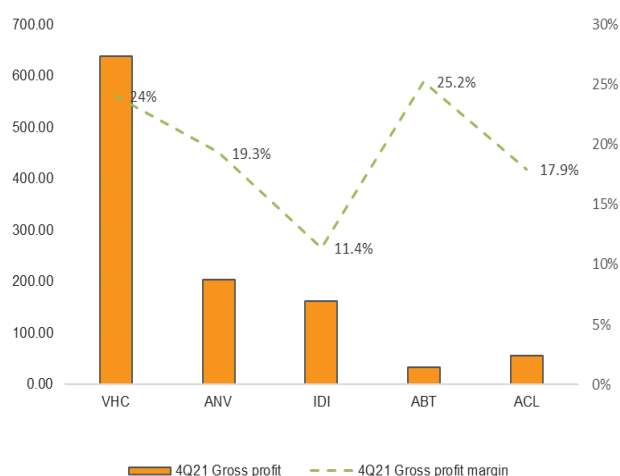
VHC's 4Q21 gross margin outperformed its peers because they took advantages of increasing demand and focused on US market, where pangasius ASP much higher than other markets to maximize profit. Meanwhile, some other companies achieved lower 4Q21 gross margin than that of VHC when their main market – China & Hongkong affected by Covid-19 and not yet recovered in 4Q21.

Figure 4: 4Q21 gross margin recorded the highest figure since 3Q19... (unit: VNDbn)



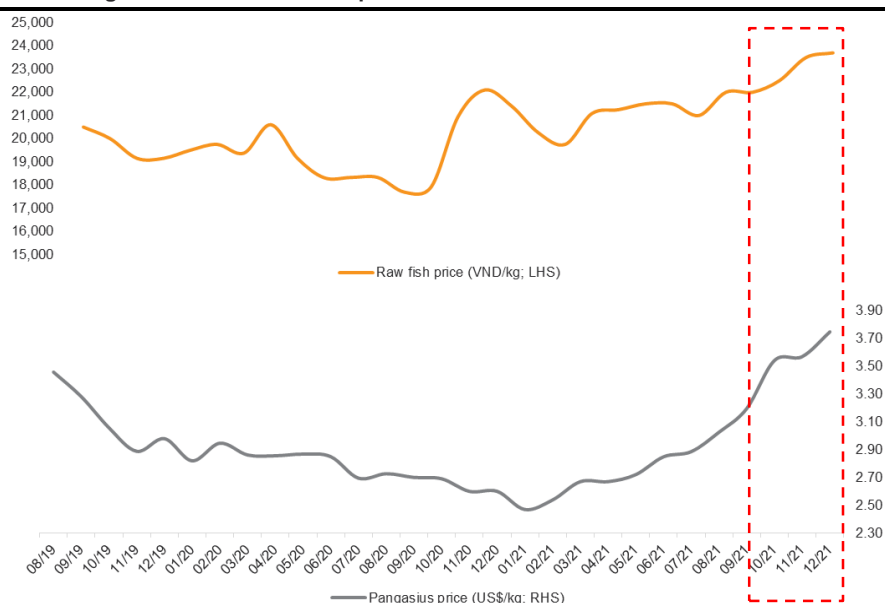
Source: VNDIRECT RESEARCH, FIIN

Figure 5: ... and outperformed its peers (unit: VNDbn)



Source: VNDIRECT RESEARCH, FIIN

Figure 6: Pangasius ASP and raw fish price trend



Source: VNDIRECT RESEARCH, VASEP

FY22-23F outlook: We are confident about VHC's outlook for FY22-23F

China and EU market export volumes are expected to get back on track and US market could post a double-digit revenue growth

We expect FY22/23F revenue of VHC to grow 25.8%/6.5% yoy on the back of:

- 37.5%/9.6% yoy growth of FY22/23F export revenue to China market.

According to Vasep, from September 2021, many Chinese importers said that their pangasius reserves to prepare for the year-end holidays or the summer of 2022 have run out, so they are also waiting for the Government to loosen restrictions measures of fishery product inspection to increase purchases. Beside, Vietnamese exporter have gradually adapted to the strict Covid-19 epidemic control regulations

from the Chinese market. Thus, we expect VHC's export volume to China can gradually recover from low base in FY21F.

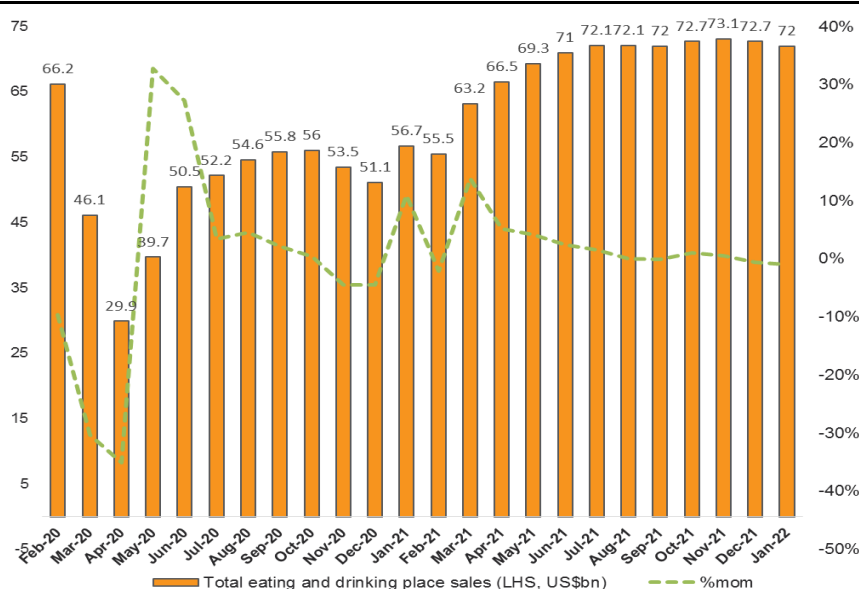
- *13.1%/5.2% yoy growth of FY22/23F export revenue to the EU market.*

We assume pangasius export volume and revenue to EU market to keep growing thanks to 1) the EVFTAs's tax reduction, and 2) the EU consumers have shown a stronger demand after pandemic. In addition, from 2022, VHC's factories has returned to full capacity, so VHC will be able to return to serve more customers in the European market instead of focusing the US market in 4Q21.

- *25.9%/5.0% yoy growth of FY22/23F export revenue to the US market.*

We believe there is still room for VHC to achieve double-digits revenue growth in this market because HORECA channel (Hotel/Restaurant/Café) are coming back to pre-pandemic level. In the US market, VHC has about 60% of its revenue coming from distributors at restaurants and hotels, the remaining 40% coming from retail channels.

Figure 7: Total eating and drinking place sales in US is coming back to pre-pandemic level (unit: US\$bn)



*Eating and drinking places are the primary component of the U.S. restaurant and foodservice industry, which prior to the coronavirus outbreak generated approximately 75% of total restaurant and foodservice sales.

Source: VNDIRECT RESEARCH, US National Restaurant Association,

Pangasius ASP is expected to continue to remain high in FY22F amid supply is tighten

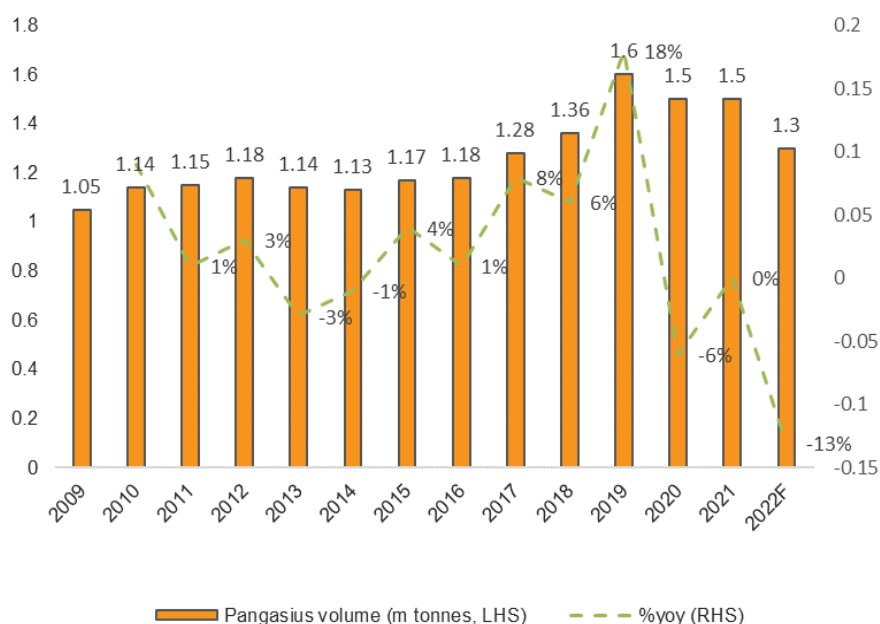
Global Seafood Market Conference (GSMC) reported that the output of pangasius from Vietnam, the world's largest producer, could drop in FY22F. GSMC predicts that Vietnam's output this year may lose 0.2 million (-15.0% yoy) tonnes compared to 2021 to 1.3 million tonnes.

Meanwhile, the output of the remaining 4 countries in the group of 5 leading pangasius producers in the world is expected to increase in 2022. Specifically, the output of India/China/Bangladesh/Indonesia can increase 0.05 million tonnes (+2.8% yoy). Thus, the decline in FY22F Vietnam's pangasius production could drag global output down by 4.6% yoy to 3.1 million tonnes.

However, we assume that the decreasing amount in pangasius output probably will come from small and medium pangasius producers who have to depend 100% raw fish on the market condition. Meanwhile, leading pangasius exporters

like VHC having 70% self-sufficient in raw fish supply and plan to cope with the tight supply of raw fish will even benefit from this production shortfall.

Figure 8: Vietnam's pangasius output from 2009 to 2022F



Source: VNDIRECT RESEARCH, GAA, GFF

We expect that demand for pangasius will remain high in 2022F, keeping ASP at high level. VHC's ASP is expected increase 12.0% yoy to US\$3.45/kg in FY22F before declining 6.5% yoy to US\$3.2/kg in FY23F, per our forecasts.

We expect GM of pangasius product segment will narrow down from 22.9% in FY21 to 19.1% in FY22F and 16.9% in FY23F due to selling price downward pressure since 2H22F when market supply fully recovers.

Change in FY22/23F earnings forecasts

We revised up bottom line forecasts for FY22/23F by 5.5%/4.4% due to:

- We raise net revenue by 9.1%/2.5% in FY22/23F vs. previous report after increasing pangasius ASP by 5.0%/4.4% (as discussed above).
- We adjust -16.9%/-4.3% our C&G revenue forecast as product demand was hit more seriously than we expected in FY21F and this segment will need more time to recover to the level of production that we estimated before.
- We increase GM assumption by 1.1% pts/1.6% pts in FY22/23F vs. previous report due to higher pangasius ASP vs our last forecast.
- We revise up SG&A expenses in FY22F/23F by 27.7%/7.9% to reflect higher than expected shipping cost.

Figure 9: FY22-23F earnings revision

Unit: VNDbn	FY21			FY22			FY23	
		Old	New	Chg	Old	New	Chg	
Net revenue	9,054	10,438	11388	9.1%	11,836	12,127	2.5%	
								We assume that there will be a pent-up demand for pangasius will FY22F when China market loosening strict methods applied on fishery products while US & EU markets will keep growing under favorable condition. ASP will also maintain at high level due to strong customer need in FY22F and tighten supply in 1H22F.
Pangasius product	5,960	6,443	6688	3.8%	6,958	6,881	-1.1%	
Other	2,105	2,715	3281	20.8%	3,116	3,457	11.0%	0
								We revised down 16.9% our C&G revenue forecast in FY22F as product demand was hit more seriously than we expected in FY21 and this segment will need more time to recover to the level of production that we estimated before. However, we believe FY22-23F revenue will rebound significantly from FY21F trough.
C&G	642	1,198	995	-16.9%	1,404	1,343	-4.3%	
								We revise up the forecast ASP and sales volume from both domestic and international market recovered more quickly than our last forecast.
Sa Giang	385	339	422	24.7%	362	444	22.5%	
Gross profit	1,752	1,909	2207	15.6%	2,048	2,298	12.2%	
Blended GPM	19.4%	18.3%	19.4%	+1.1% pts	17.3%	18.9%	+1.6%pts	
Pangasius product	22.9%	18.0%	19.1%	+1.0%pts	14.8%	16.9%	+2.1%pts	Backed by stronger-than-expected ASP. In FY22F, we assume that the price rally of raw fish will continue until 1H22F then being stable when the supply of raw fish back to normal. We expect GPM of pangasius product segment will narrow down from 22.9% in FY21 to 19.1% in FY22F and 16.9% in FY23F.
Other	7.2%	11.1%	10.8%	-0.3% pts	10.8%	11.0%	-0.2%pts	
C&G	40.0%	41.0%	48.4%	+7.4%pts	45.0%	48.4%	+3.4%pts	
Sa Giang	22.0%	19.3%	21.6%	+2.3%pts	20.0%	21.6%	+1.6%	
SG&A expenses	556	538	687	27.7%	604	652	7.9%	
								We revise up FY22 SG&A expenses because shipping cost still remained at high at early 2022F.
SG&A expenses/rev	6.1%	5.2%	6.0%	+0.8%	5.1%	5.4%	0.3%	
Operating profit	1,290	1,371	1,550	13.1%	1,444	1,645	13.9%	
Pre-tax profit	1,288	1,481	1,601	8.1%	1,576	1,683	6.8%	
Net profit	1,101	1,330	1,403	5.5%	1,419	1,482	4.4%	
EPS	6,052	7,109	7,650	7.6%	7,583	8,081	6.6%	

Source: VNDIRECT RESEARCH

Reiterate Hold with a higher TP of VND80,600

We raise our 1-year TP by 16.0% to VND80,600 as 1) we roll forward our DCF valuation to FY22F and (2) we revise up FY22/23F EPS by 7.6%/6.6%. Our TP is based on an equal weighting of five-year DCF valuation and target average FY22F/23F P/E.

The price of leading stocks in fishery sector like VHC (+24.8%) were outperformed VNINDEX (+4.5%) since 22 Jan 22 following buoyant 4Q21 business results and Vietnam's export value figure (+43.3% yoy) in Jan 22. We believe the market price is close to fair value.

A re-rating catalyst is the higher-than-expected recovery in ASP and stronger demand in target markets. Downside risks include unfavorable changes in target market regulations, prolonged COVID-19 impacts and higher-than-expected raw fish price.

Figure 10: Blended target price

Valuation method	Implied value per share (VND)	Weight (%)	Weighted value per share (VND)
DCF	80,297	50%	40,148
P/E (target P/E 10.5x)	80,939	50%	40,470
			-
Fair value			80,618
Target price (rounded down)			80,600

Source: VNDIRECT RESEARCH

Figure 11: DCF model - key assumption and inputs

General assumptions (in VND bn, otherwise noted)	2022F	2023F	2024F	2025F	2026F	Terminal
EBIT	1,636	1,742	1,778	1,815	1,923	
-Taxes	202	208	204	201	204	
EBIAT	1,433	1,534	1,574	1,614	1,719	
-Changes in working capital	-513	-33	-269	-226	-209	
-Net Capex	-712	-701	-690	-679	-669	
+Depreciation & Amortisation	318	334	369	438	505	
FCFF	527	1,134	984	1,147	1,346	17,574
PV of FCFF	527	1,021	797	837	884	10,390
PV of DCF (5 years)	4,066					
PV of Terminal value	10,390					
Enterprise Value	14,455					
Less: Total debt	(1,879)					
Less: Minority interest	-					
Plus: Cash and Cash equiv.	2,033					
Implied EV	14,610					
No. of o/s shares (m)	181,946,026					
Implied value per share (VND)	80,297					

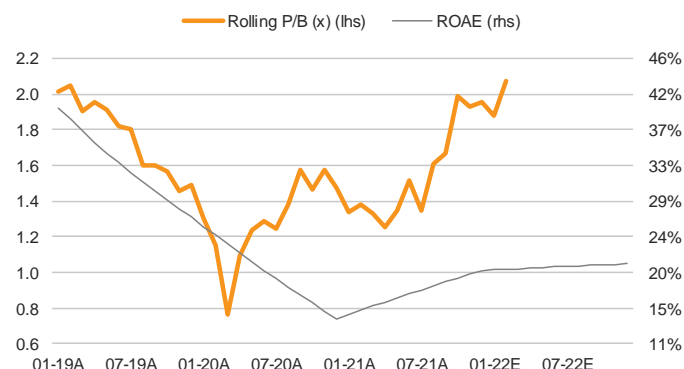
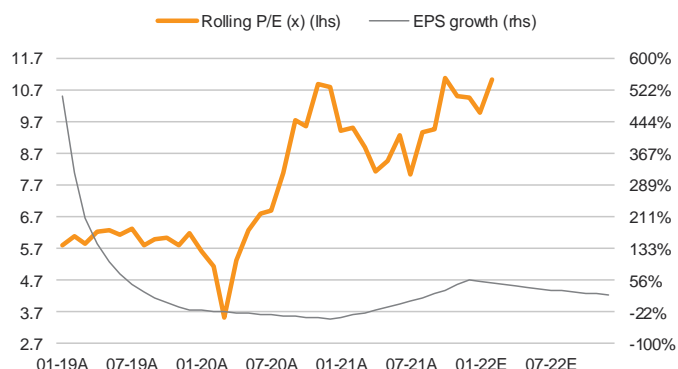
Source: VNDIRECT RESEARCH

Figure 12: Peer comparison (data as of 22 Feb 2022)

Company	Ticker	Market price (local currency)	Recomm.	Mkt cap (US\$m)	P/E (x)		P/B (x)		ROE (%)		ROA (%)		D/E (%)
					TTM	2022F	TTM	2022F	TTM	2022F	TTM	2022F	2022F
Vinh Hoan Corp	VHC VN	75,000	HOLD	598.22	12.39	10.28	2.36	1.31	20.12	21.25	13.82	14.23	32.16
Nam Viet Corp	ANV VN	34,500	N/A	192.27	34.29	11.05	1.88	1.93	5.48	N/A	2.63	N/A	78.86
Bentre Aquaproduct Import and Export JSC	ABT VN	39,000	N/A	19.66	13.23	N/A	1.04	N/A	8.04	N/A	5.94	N/A	28.94
Cuu Long Fish JSC	ACL VN	19,700	N/A	43.32	12.97	N/A	1.35	N/A	5.95	N/A	2.72	N/A	81.63
International Development & Investment Corp	IDI VN	15,400	N/A	153.69	25.70	N/A	1.17	N/A	4.68	N/A	1.79	N/A	125.37
Average				201.43	19.72		1.56		8.85		5.38		69.39

Source: VNDIRECT RESEARCH, BLOOMBERG

Valuation



Income statement

(VNDbn)	12-21A	12-22E	12-23E
Net revenue	9,054	11,388	12,127
Cost of sales	(7,302)	(9,181)	(9,829)
Gen & admin expenses	(212)	(267)	(276)
Selling expenses	(344)	(390)	(376)
Operating profit	1,196	1,550	1,645
Operating EBITDA	1,482	1,884	1,980
Depreciation and amortisation	(285)	(334)	(334)
Operating EBIT	1,196	1,550	1,645
Interest income	201	172	166
Financial expense	(107)	(104)	(110)
Net other income	(2)	(18)	(19)
Income from associates & JVs	0	0	0
Pre-tax profit	1,288	1,601	1,683
Tax expense	(178)	(198)	(201)
Minority interest	(9)	0	0
Net profit	1,101	1,403	1,482
Adj. net profit to ordinary	1,101	1,403	1,482
Ordinary dividends	(359)	(367)	(381)
Retained earnings	743	1,036	1,101

Balance sheet

(VNDbn)	12-21A	12-22E	12-23E
Cash and equivalents	195	699	1,633
Short term investments	1,272	1,333	1,365
Accounts receivables	2,134	2,649	2,609
Inventories	1,790	1,978	2,112
Other current assets	150	126	135
Total current assets	5,542	6,785	7,853
Fixed assets	2,070	2,450	2,818
Total investments	16	6	6
Other long-term assets	1,107	1,127	1,194
Total assets	8,734	10,369	11,871
Short-term debt	1,723	1,757	1,498
Accounts payable	337	419	446
Other current liabilities	607	689	732
Total current liabilities	2,667	2,865	2,677
Total long-term debt	168	134	101
Other liabilities	17	417	1,009
Share capital	1,834	1,905	1,905
Retained earnings reserve	3,833	4,844	5,945
Shareholders' equity	5,882	6,952	8,085
Minority interest	0	0	0
Total liabilities & equity	8,734	10,369	11,871

Cash flow statement

(VNDbn)	12-21A	12-22E	12-23E
Pretax profit	1,288	1,601	1,683
Depreciation & amortisation	285	334	334
Tax paid	(204)	(198)	(201)
Other adjustments	(118)	(180)	(105)
Change in working capital	(469)	(575)	(85)
Cash flow from operations	783	982	1,627
Capex	(606)	(713)	(702)
Proceeds from assets sales	1	1	1
Others	(251)	634	681
Other non-current assets changes	0	0	(0)
Cash flow from investing activities	(856)	(77)	(20)
New share issuance	63	0	0
Shares buyback	0	0	0
Net borrowings	424	(34)	(292)
Other financing cash flow	0	0	0
Dividends paid	(359)	(367)	(381)
Cash flow from financing activities	128	(400)	(673)
Cash and equivalents at beginning of period	141	195	699
Total cash generated	54	504	934
Cash and equivalents at the end of period	195	699	1,633

Key ratios

	12-21A	12-22E	12-23E
Dupont			
Net profit margin	12.2%	12.3%	12.2%
Asset turnover	1.13	1.19	1.09
ROAA	13.7%	14.7%	13.3%
Avg assets/avg equity	1.45	1.49	1.48
ROAE	19.9%	21.9%	19.7%
Efficiency			
Days account receivable	77.7	75.2	68.7
Days inventory	89.5	78.6	78.4
Days creditor	16.8	16.7	16.6
Fixed asset turnover	4.67	5.04	4.60
ROIC	14.2%	15.9%	15.3%
Liquidity			
Current ratio	2.1	2.4	2.9
Quick ratio	1.4	1.7	2.1
Cash ratio	0.5	0.7	1.1
Cash cycle	150.4	137.1	130.6
Growth rate (yoy)			
Revenue growth	28.7%	25.8%	6.5%
Operating profit growth	75.2%	29.5%	6.2%
Net profit growth	53.2%	27.4%	5.6%
EPS growth	53.2%	27.4%	5.6%

Source: VND RESEARCH

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

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

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

Sector Ratings

Definition:

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

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