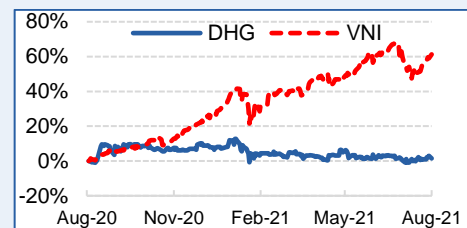


Hau Giang Pharma (DHG) [OUTPERFORM +16.0%]

Update Report

Industry:	Pharma		2020	2021F	2022F	2023F
Report Date:	August 10, 2021					
Current Price:	VND94,800	Rev y/y	-3.6%	6.9%	9.3%	5.2%
Target Price:	VND106,000	EPS y/y	16.6%	5.3%	7.2%	6.7%
Last Target Price:	VND106,200	GPM	48.2%	46.4%	47.0%	47.3%
Upside to TP:	+11.8%	NPM	19.7%	19.4%	19.0%	19.3%
Dividend Yield:	4.2%	EV/EBITDA	11.9x	11.2x	10.5x	9.9x
TSR:	+16.0%	P/Op CF	15.0x	15.1x	15.2x	13.6x
		P/E	17.4x	16.5x	15.4x	14.5x



Market Cap:	USD536mn		DHG	Peers*	VNI
Foreign Room:	USD243mn	P/E (ttm)	16.6x	16.6x	17.1x
ADTV30D:	USD59,000	P/B (curr)	3.6x	2.2x	2.7x
State Ownership:	45.2%	Net D/E	-0.5x	0.0x	N/A
Outstanding Shares:	130.7 mn	ROE	23.5%	13.6%	16.1x
Fully Diluted Shares:	130.7 mn	ROA	17.6%	9.5%	2.6x
3-yr PEG:	2.7	* Including foreign & domestic peers			

Company Overview

DHG is the largest pharmaceutical company in Vietnam. Its main competitive advantage lies in its market-leading distribution network. DHG mainly produces generic drugs, with antibiotics and painkillers as major categories.

Son Tran
 Senior Analyst
son.tran@vcsc.com.vn
 +8428 3914 3588 ext. 185

Phap Dang, CFA
 Associate Director
phap.dang@vcsc.com.vn
 +848 3914 3588 ext. 143

Reasonably attractive valuations against stable outlook

- We maintain our OUTPERFORM rating as we believe DHG looks appealing with 2021F/2022F PERs of 16.5x/15.4x vs its five-year average of 18.7x and a five-year peer average of 18.4x.
- We maintain our outlook of mid-single-digit earnings growth per annum for DHG, which will be mainly driven by its longstanding, extensive presence in the pharmacy channel as well as Taisho's (DHG's controlling shareholder) product support in fast-growing lifestyle disease treatments such as neurological, cardiovascular and digestive drugs.
- That said, we expect DHG's in-house product revenue to grow slightly slower than the industry (2020-2023F CAGR of 7% for DHG vs 8% for the industry, per market research company IQVIA) due to DHG's small exposure to the faster-growing hospital channel, which accounted for only ~14% of DHG's sales in 2020.
- We keep our TP and aggregate 2021F-2023F NPAT-MI almost unchanged as we expect DHG's cost-cutting efforts to protect its profits in 2021 amid the disruptions of the current COVID-19 outbreaks on pharmacy and hospital visits and in turn pharma spending.
- Potential positive share price catalysts: Taisho's further ownership consolidation; better-than-expected realized business support from Taisho.
- Downside risks: Extended COVID-19 disruptions that would undermine pharmacy and hospital visits; heightening competition.

DHG's well-positioned product portfolio and widespread distribution to alleviate COVID-19's adverse impact. Given COVID-19's abovementioned disruptions, we forecast flat YoY in-house product revenue in H2 2021 compared to 7% YoY growth in H1 2021. We believe DHG's revenue will be cushioned by (1) strong COVID-19-driven demand for some of DHG's key categories such as painkillers, fever reducers and immunity-boosting drugs, and (2) DHG's widespread distribution coverage that helps to diversify its geographical exposure and in turn alleviate the damage from locked-down areas.

Moderate growth outlook post-2022 before investments in production facilities under the Japan-GMP standard (a top-tier manufacturing standard) bear fruit. We expect the pharmacy channel will grow slower than the hospital channel due to Vietnam's widening public health insurance coverage and the Government's potentially stricter enforcement on prescription drug sales in the pharmacy channel. In order to expand its addressable market in the hospital channel, DHG is constructing a factory under the Japan-GMP standard that will allow it to participate in the high-quality tiers (Tier 1 and Tier 2) in the hospital channel's drug tender. Nevertheless, this new factory is set to commence in late 2024; as such, we do not expect any significant improvements in DHG's hospital revenue in the near term.

H1 2021: Revenue rises from low base; softer marketing expenses further underpin the bottom line

Figure 1: DHG's H1 2021 results

VND bn	H1 2020	H1 2021	YoY	VCSC comments
Net revenue	1,679	1,965	17%	Partly due to a low Q2 2020 base when the emergence of COVID-19 undermined both pharmacy and hospital visits.
In-house products	1,519	1,633	7%	Per DHG, after social distancing restrictions were imposed in July 2021 in the southwest region — one of DHG's key markets — its sales have started to feel some negative impact.
Trading and others	160	332	108%	Due to DHG's intensified offerings of promotional goods for pharmacies.
Gross profits	845	914	8%	
In-house products	830	900	8%	
Trading and others	14	14	-3%	
SG&A expenses	-466	-463	-1%	Fewer marketing activities in H1 2021 amid the third and fourth waves of COVID-19 in Vietnam.
EBIT	378	450	19%	
Net interest income	64	53	-17%	Mainly because of lower deposit rates as DHG is moving its cash deposits from smaller banks to bigger banks — including foreign banks.
Net other non-operating items*	-41	-51	24%	DHG recorded a VND7.6bn (USD330,000) loss from disposals of fixed assets.
PBT	402	453	13%	
NPAT-MI	363	405	12%	
GPM	50.3%	46.5%		Thanks to economies of scale and a better product mix, per management. In addition, while prices of active pharmaceutical ingredients (API) have been advancing due to elevated logistics costs and China's environmental crackdown, DHG secured a large portion of its inputs for H1 2021 at favorable prices in late 2020, thereby mitigating this cost pressure.
In-house products	54.7%	55.1%		
Trading & others	9.0%	4.2%		Larger contributions from promotional goods.
SG&A/In-house products revenue	-30.7%	-28.4%		
EBIT margin	22.5%	22.9%		
EBITDA margin	25.2%	25.1%		
NPAT-MI margin	21.6%	20.6%		

Source: DHG, VCSC; (*) This line mainly comes from payment rebates.

2021F: We keep our NPAT forecast almost unchanged thanks to softer marketing expenses

Figure 2: VCSC's 2021 forecasts

VND bn	2020	Old 2021F	New 2021F	New 2021F YoY	VCSC comments on New 2021F
Revenue	3,756	4,195	4,016	7%	
In-house products	3,310	3,616	3,437	4%	We reduce our forecast as the current COVID-19 outbreaks in Vietnam are significantly more severe than we anticipated.
Trading & others	445	579	579	30%	
Gross profit	1,811	1,959	1,863	3%	
In-house products	1,784	1,938	1,842	3%	
Trading & others	27	21	21	-21%	
SG&A expenses	-1,002	-1,095	-1,007	1%	
EBIT	809	864	856	6%	
Net interest income	120	89	99	-17%	Due to DHG moving its cash deposits from smaller banks to bigger banks — including foreign banks. We revise up our forecast as H1 2021 results tracked ahead of our expectation.
Net other non-operating items*	-108	-87	-89	-17%	In 2020, DHG recognized VND16bn (USD690,000) of provision expenses for financial investments.
PBT	821	866	866	5%	
NPAT	739	779	779	5%	
NPAT-MI	740	779	779	5%	
GPM	48.2%	46.7%	46.4%		
In-house products	53.9%	53.6%	53.6%		We expect the rally in API prices to have a more pronounced impact on GPM in H2 2021. Nevertheless, we forecast a stable GPM YoY as we assume economies of scale and DHG's ability to pass costs onto consumers will offset the spike in API prices.
Trading & others	6.1%	3.7%	3.7%		
SG&A/In-house products revenue	30.3%	30.3%	29.3%		We cut our forecast as the current COVID-19 situation will likely continue to rein in DHG's marketing activities, in our view.
EBIT margin	21.5%	20.6%	21.3%		
NPAT-MI margin	19.7%	18.6%	19.4%		

Source: DHG, VCSC; (*) This line mainly comes from payment rebates.

2022F: Revenue growth to regain pace — assuming reduced COVID-19 disruptions

Figure 3: VCSC's 2022 forecasts

VND bn	2021F	2022F	YoY	VCSC comments on 2022F
Revenue	4,016	4,390	9%	
In-house products	3,437	3,811	11%	Underpinned by our house assumption of softer COVID-19 disruptions in 2022 vs 2021 thanks to Vietnam's ongoing vaccination progress. In addition, we estimate new products transferred from Taisho in the lifestyle disease treatment category will contribute ~VND80bn (USD3.3mn).
Trading & others	579	579	0%	
Gross profit	1,863	2,064	11%	
In-house products	1,842	2,042	11%	
Trading & others	21	21	0%	
SG&A expenses	-1,007	-1,152	14%	We expect DHG will intensify its marketing spending to cope with fierce competition in the pharmacy channel.
EBIT	856	912	7%	
Net interest income	99	110	10%	Mainly thanks to rising interest income amid a ballooning cash balance.
Net other non-operating items*	-89	-94	5%	
PBT	866	928	7%	
NPAT	779	835	7%	
NPAT-MI	779	835	7%	
GPM	46.4%	47.0%		
In-house products	53.6%	53.6%		We forecast a stable GPM YoY as we assume economies of scale and DHG's ability to pass costs onto consumers will offset the increase in API prices.
Trading & others	3.7%	3.7%		
SG&A/In-house products revenue	29.3%	30.2%		
EBIT margin	21.3%	20.8%		
NPAT-MI margin	19.4%	19.0%		

Source: DHG, VCSC; (*) This line mainly comes from payment rebates.

Valuation

We adopt a DCF valuation approach for DHG given its simple business structure, stable revenue stream and robust cash generation.

Figure 4: DCF valuation for DHG

Cost of Capital	Previous Report	Revised	FCFF (Five Year)	VND bn
Beta	0.8	0.8	PV of Free Cash Flows	3,320
Market risk premium %	9.9	9.9	PV of Terminal Val (2.5% g)	8,851
Risk Free Rate %	2.6	2.6	PV of FCF and TV	12,172
Cost of Equity %	10.3	10.3	+ Cash & ST investments	2,248
Cost of Debt %	5.0	5.0	- Debt	-563
Debt %	8.5	8.5	- Minority Interest	-3
Equity %	91.5	91.5	Equity Value	13,854
Corporate Tax Rate %	11.0	11.0	Shares (million)	130.7
WACC %	9.8	9.8	Price per share, VND	106,000
			2021F/2022F PERs @ TP	18.5x/17.2x

Source: VCSC

Figure 5: Cash flows (FCFF)

VND bn	2021F	2022F	2023F	2024F	2025F
Earnings before interest & tax	849	910	968	1,028	1,085
- Tax	-88	-95	-100	-117	-123
+ Depreciation	97	107	113	120	127
- Capex	-99	-64	-68	-71	-74
- Working cap increase	-28	-95	-58	-57	-51
Free cash flows (FCF)	731	764	855	903	964
Present value of FCF	697	663	677	651	632
Total PV of FCF	697	1,361	2,037	2,688	3,320

Source: VCSC

Figure 6: Sensitivity analysis of our target price for DHG in relation to DCF's WACC and terminal growth rate, ceteris paribus

DHG Target Price (VND)		WACC				
Terminal growth (g)		7.8%	8.8%	9.8%	10.8%	11.8%
	0.5%	111,500	99,700	90,400	82,900	76,800
	1.5%	123,800	108,700	97,200	88,300	81,000
	2.5%	140,600	120,500	106,000	94,900	86,200
	3.5%	165,200	136,800	117,400	103,300	92,600
	4.5%	204,700	160,700	133,200	114,400	100,800

Source: VCSC

Comparable peers

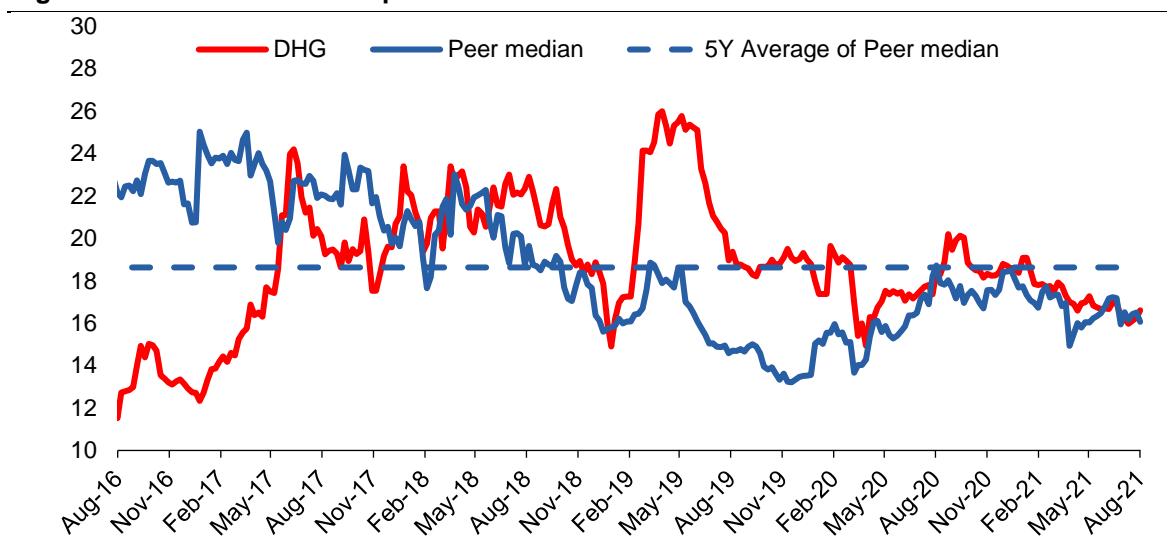
For peer references, we look at leading generic pharma companies in India, China and Indonesia as well as the four largest listed pharma companies in Vietnam apart from DHG.

Figure 7: Comparable peers

USD mn Company	Country	Market cap	TTM Net Sales	YoY %	TTM NPAT	YoY %	Net D/E x	TTM ROE %	TTM P/E	LQ P/B
Regional peers										
Aurobindo Pharma	India	6,969	3,309	8.0	719	87.5	0.0	27.5	9.7	2.4
Glenmark Pharmaceuticals	India	2,236	1,456	3.9	131	25.0	0.5	14.8	17.1	2.4
Beijing SI Pharmaceutical	China	1,542	173	-33.4	58	13.6	-0.3	7.9	25.2	2.0
Shanghai Shyndec	China	1,516	1,947	6.9	108	21.0	0.2	9.1	13.4	1.2
Eris Lifesciences	India	1,351	161	12.7	48	19.8	-0.1	24.7	28.2	6.4
Kpc Pharmaceutical	China	1,079	1,188	1.7	83	26.4	-0.2	12.5	12.5	1.5
Zhejiang Jingxin Pharma	China	1,029	485	-7.4	101	41.7	-0.4	17.6	9.6	1.7
Guizhou Yibai Pharmaceutic	China	660	524	10.1	35	68.4	0.2	6.8	17.8	1.2
Local peers										
Pymepharco	Vietnam	276	94	20.4	15	10.7	0.0	17.5	18.4	3.1
Imexpharm	Vietnam	208	60	-3.1	9	16.8	0.0	11.6	24.9	2.8
Traphaco	Vietnam	144	90	18.5	10	35.5	-0.3	18.8	16.0	2.9
Domesco	Vietnam	75	62	-3.0	6	-40.9	-0.2	10.9	12.5	1.3
Median		1,054	329	5.4	53	23.0	0.0	13.6	16.6	2.2
Average		1,424	796	2.9	110	27.1	0.0	15.0	17.1	2.4
DHG	Vietnam	536	175	5.5	34	14.1	-0.5	23.5	16.6	3.6

Source: Bloomberg, VCSC (data as of August 10, 2021)

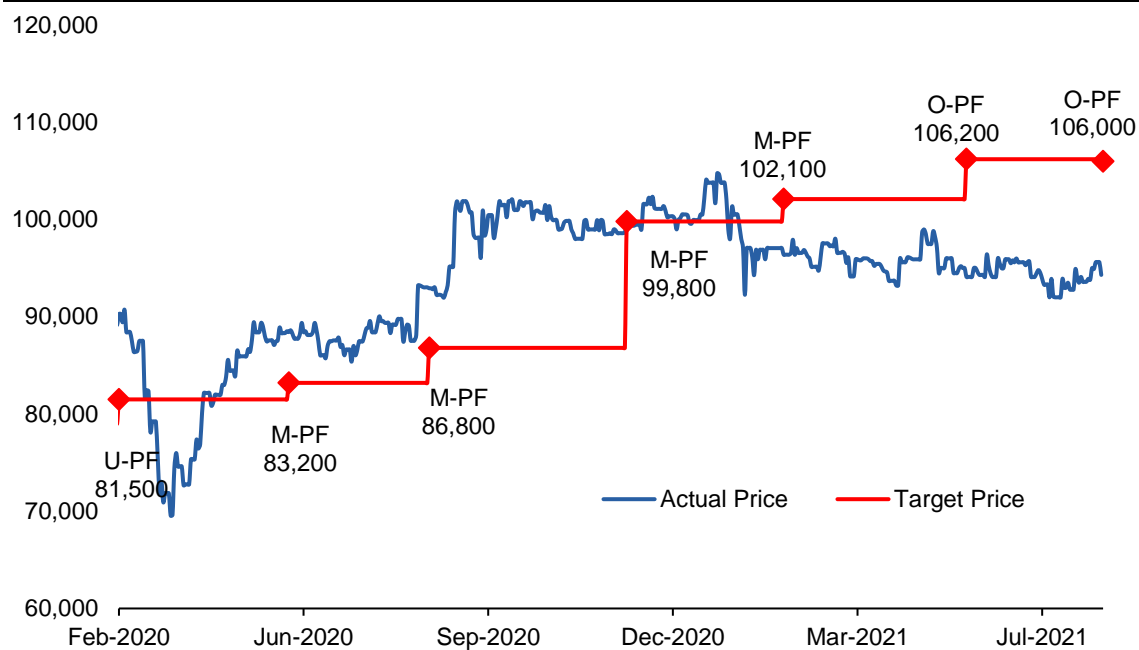
Figure 8: DHG's TTM PER vs peers



Source: Bloomberg, VCSC

Recommendation History

Figure 9: Recommendation history; share prices (VND/share) adjusted for share splits



Source: Bloomberg, VCSC

Financial Statements

P&L (VND bn)	2020	2021F	2022F	2023F
Revenue	3,756	4,016	4,390	4,619
COGS	-1,944	-2,153	-2,327	-2,433
Gross Profit	1,811	1,863	2,064	2,186
Sales & Marketing exp	-699	-732	-828	-877
General & Admin exp	-303	-275	-324	-343
Operating Profit	809	856	912	966
Financial income	140	119	130	142
Financial expenses	-119	-109	-114	-119
- o/w interest expense	-14	-12	-13	-11
Associates	-1	0	0	0
Net other income/(loss)	-9	0	0	0
Profit before Tax	821	866	928	989
Income Tax	-82	-87	-93	-99
NPAT before MI	739	779	835	890
Minority Interest	1	0	0	0
NPAT less MI, reported	740	779	835	890
NPAT less MI, adjusted⁽¹⁾	740	779	835	890

EBITDA	897	953	1,019	1,079
EPS reported, VND	5,443	5,732	6,146	6,556
EPS adjusted ⁽¹⁾ , VND	5,443	5,732	6,146	6,556
EPS diluted, adj ⁽¹⁾ , VND	5,443	5,732	6,146	6,556
DPS, VND	4,000	4,000	4,000	4,000
DPS/EPS (%)	73%	70%	65%	61%

(1) Adjusted for one-offs

RATIOS	2020	2021F	2022F	2023F
Growth				
Revenue growth	-3.6%	6.9%	9.3%	5.2%
Op profit (EBIT) growth	17.0%	5.8%	6.6%	5.9%
PBT growth	15.1%	5.5%	7.2%	6.6%
EPS growth, adjusted	16.6%	5.3%	7.2%	6.7%

Profitability				
Gross Profit Margin	48.2%	46.4%	47.0%	47.3%
Op Profit, (EBIT) Margin	21.5%	21.3%	20.8%	20.9%
EBITDA Margin	23.9%	23.7%	23.2%	23.4%
NPAT-MI Margin, adj,	19.7%	19.4%	19.0%	19.3%
ROE	21.3%	21.2%	21.2%	21.0%
ROA	17.2%	17.0%	17.3%	17.4%

Efficiency				
Days Inventory On Hand	145.7	140.6	135.7	137.9
Days Accts, Receivable	51.4	44.0	41.2	41.9
Days Accts, Payable	33.2	38.8	32.7	33.7
Cash Conversion Days	163.8	145.8	144.2	146.2

Liquidity (x)				
Current Ratio	4.3	4.4	4.9	5.5
Quick Ratio	3.2	3.4	3.8	4.3
Cash Ratio	2.6	2.9	3.2	3.6
Debt / Assets	0.0	0.1	0.1	0.0
Debt / Capital	0.1	0.1	0.1	0.0
Net Debt / Equity	-0.5	-0.6	-0.6	-0.6
Interest Coverage	57.7	69.3	68.8	84.2

Source: Company data, VCSC

B/S (VND bn)	2020	2021F	2022F	2023F
Cash & equivalents	73	213	208	193
ST investment	2,074	2,200	2,400	2,700
Accounts receivable	496	473	517	544
Inventories	827	832	899	940
Other current assets	11	11	11	11
Total Current assets	3,481	3,729	4,035	4,388
Fixed assets, gross	1,723	1,822	1,886	1,954
- Depreciation	-807	-904	-1,011	-1,125
Fixed assets, net	916	918	875	829
LT investment	4	4	4	4
LT assets other	47	47	47	47
Total LT assets	967	968	926	880
Total Assets	4,448	4,698	4,961	5,268

Accounts payable	252	206	223	233
Short-term debt	212	282	248	211
Other ST liabilities	352	352	352	352
Total current liabilities	816	840	823	796
Long term debt	0	0	0	0
Other LT liabilities	63	63	63	63
Total Liabilities	879	903	886	859

Preferred Equity	0	0	0	0
Paid in capital	1,307	1,307	1,307	1,307
Share premium	7	7	7	7
Retained earnings	770	996	1,277	1,611
Other equity	1,480	1,480	1,480	1,480
Minority interest	4	4	4	4
Total equity	3,568	3,795	4,075	4,409
Liabilities & equity	4,448	4,698	4,961	5,268

Y/E shares out, mn	130.7	130.7	130.7	130.7
Y/E treasury shares, mn	0.0	0.0	0.0	0.0

CASH FLOW (VND bn)	2020	2021F	2022F	2023F
Beginning Cash Balance	70	73	213	208
Net Income	740	779	835	890
Dep, & amortization	88	97	107	113
Chge in Working Cap	126	-28	-95	-58
Other adjustments	-128	-29	-31	-33
Cash from Operations	826	819	816	913

Capital Expenditures, net	-89	-99	-64	-68
Investments, net	-159	-126	-200	-300
Cash from Investments	-248	-225	-264	-368

Dividends Paid	-523	-523	-523	-523
Δ in Share Capital	0	0	0	0
Δ in LT debt	0	0	0	0
Δ in ST debt	-52	70	-34	-37
Other financing C/F	0	0	0	0
Cash from Financing	-575	-453	-557	-560

Net Change in Cash	3	140	-5	-15
Ending Cash Balance	73	213	208	193

VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
RATING SUSPENDED, COVERAGE TERMINATED	A rating may be suspended, or coverage terminated, if fundamental information is deemed insufficient to determine a target price or investment rating or due to a reallocation of research resources. Any previous investment rating and target price are no longer in effect.

Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

Risks: Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

Disclaimer

Analyst Certification of Independence

We, Son Tran and Phap Dang, hereby certify that the views expressed in this report accurately reflect our personal views about the subject securities or issuers. We also certify that no part of our compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

VCSC and its officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). VCSC may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

Copyright 2013 Viet Capital Securities Company "VCSC". All rights reserved. This report has been prepared on the basis of information believed to be reliable at the time of publication. VCSC makes no representation or warranty regarding the completeness and accuracy of such information. Opinions, estimates and projection expressed in this report represent the current views of the author at the date of publication only. They do not necessarily reflect the opinions of VCSC and are subject to change without notice. This report is provided, for information purposes only, to institutional investors and retail clients of VCSC in Vietnam and overseas in accordance to relevant laws and regulations explicit to the country where this report is distributed, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of VCSC. Please cite sources when quoting.

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by VCSC issued by VCSC has been prepared in accordance with VCSC's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require a firm to establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Australia:** This material is issued and distributed by VCSC in Australia to "wholesale clients" only. VCSC does not issue or distribute this material to "retail clients". The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of VCSC. For the purposes of this paragraph the terms "wholesale client" and "retail client" have the meanings given to them in section 761G of the Corporations Act 2001. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months prior.) **Japan:** There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading. In the case of share trading, VCSC will be receiving a brokerage fee and consumption tax (shouhizei) calculated by multiplying the executed price by the commission rate which was individually agreed between VCSC and the customer in advance. **Korea:** This report may have been edited or contributed to from time to time by affiliates of VCSC. **Singapore:** VCSC and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above. **India:** For private circulation only, not for sale. **Pakistan:** For private circulation only, not for sale. **New Zealand:** This material is issued and distributed by VCSC in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. VCSC does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of VCSC. **Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence. **Dubai:** This report has been issued to persons regarded as professional clients as defined under the DFSA rules. **United States:** This research report prepared by VCSC is distributed in the United States to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Decker&Co, LLC, a broker-dealer registered in the US (registered under Section 15 of Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Decker&Co, LLC in the US shall be borne by Decker&Co, LLC. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if VCSC Broker or Decker&Co, LLC is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Decker&Co, LLC and VCSC is permitted to provide research material concerning investment to you under relevant legislation and regulations.

Contacts

Corporate

www.vcsc.com.vn

Head Office

Bitexco Financial Tower, 2 Hai Trieu Street
District 1, HCMC
+84 28 3914 3588

Transaction Office

10 Nguyen Hue Street
District 1, HCMC
+84 28 3914 3588

Research

Research Team: +84 28 3914 3588

research@vcsc.com.vn

Banks, Securities and Insurance

Long Ngo, Associate Director, ext 123

- Truc Ngo, Analyst, ext 116
- Tu Hoang, Analyst, ext 139
- Ngoc Huynh, Analyst, ext 138

Consumer and Pharma

Phap Dang, Associate Director, ext 143

- Ha Dao, Senior Analyst, ext 194
- Son Tran, Senior Analyst, ext 185
- Vinh Bui, Analyst, ext 191

Real Estate, Construction and Materials

Hong Luu, Senior Manager, ext 120

- Vy Nguyen, Manager, ext 147
- Duc Pham, Analyst, ext 174

Retail Client Research

Duc Vu, Senior Manager, ext 363

- Trung Nguyen, Senior Analyst, ext 129
- Anh Tong, Analyst, ext 363
- Ha Bui, Analyst, ext 364

Institutional Sales and Brokerage

& Foreign Individuals

Dung Nguyen

+84 28 3914 3588, ext 136
dung.nguyen@vcsc.com.vn

Hanoi Branch

109 Tran Hung Dao
Hoan Kiem District, Hanoi
+84 24 6262 6999

Transaction Office

236-238 Nguyen Cong Tru Street
District 1, HCMC
+84 28 3914 3588

Alastair Macdonald, Head of Research, ext 105

alastair.macdonald@vcsc.com.vn

Macro

Luong Hoang, Manager, ext 364

- Nguyen Truong, Senior Analyst, ext 132

Oil & Gas and Power

Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Manager, ext 135
- Nghia Le, Analyst, ext 181
- Duc Le, Analyst, ext 196

Industrials and Transportation

Nam Hoang, Manager, ext 124

- Dang Thai, Senior Analyst, ext 149
- Huy Phan, Analyst, ext 173

Retail & Corporate Brokerage

Ho Chi Minh & Hanoi

Quynh Chau

+84 28 3914 3588, ext 222
quynh.chau@vcsc.com.vn