

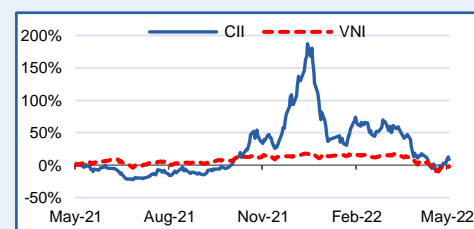
HCMC Infrastructure Investment (CII) [OUTPERFORM +18.9%]

Update Report

Industry	Infrastructure		2021	2022F	2023F	2024F
Report Date	May 27, 2022	Rev y/y	-46.8%	127.9%	-46.9%	15.4%
Current Price	VND21,950	EPS y/y *	-231.8%	-337.5%	-84.6%	170.7%
Target Price	VND26,100	NPAT-MI **	-332	796	122	333
Last Target Price	VND30,900	GPM	28.8%	28.4%	50.1%	50.7%
Upside to TP	+18.9%	NPM	-11.6%	12.2%	3.5%	8.3%
Dividend Yield	0.0%	P/B*	1.3x	0.9x	0.9x	0.9x
TSR	+18.9%	P/E*	N.M.	8.4x	54.6x	20.2x

Market Cap:	USD238.6mn		<u>CII</u>	<u>Peers</u>	<u>VNI</u>
Foreign Room:	USD102.4mn	P/E (ttm)*	19.3x	14.8x	13.6x
ADTV30D:	USD5.9mn	P/B (curr)*	1.0x	1.7x	2.1x
State Ownership:	10.2%	Net D/E	1.7x	0.3x	N/A
Outstanding Shares:	252.2 mn	ROE	5.7%	12.6%	15.9%
Fully Diluted Shares:	284.0 mn	ROA	1.0%	6.4%	2.6%

(*) Based on fully diluted shares; (**) VND bn



Company Overview

CII was established in 2001 and listed shares on HOSE in 2006. CII is the largest listed private infrastructure development company in Vietnam. The company is also developing residential real estate projects in HCMC, Quang Ngai, Quang Ninh and Binh Thuan.

Dang Thai, CFA
 Senior Analyst
Dang.thai@vcsc.com.vn
 +8428 3914 3588 ext. 149

Hong Luu
 Senior Manager
Hong.luu@vcsc.com.vn
 +8428 3914 3588 ext. 120

Major BOT project to strengthen financial position

- We upgrade our rating for CII to OUTPERFORM from MARKET PERFORM despite cutting our target price (TP) by 15% to VND26,100/share as the company's share price has declined 33% over the last three months.
- Our lower TP is mainly driven by rescheduling our assumptions for (1) CII's residential real estate project development in Thu Duc City, HCMC to start in 2025-2026 vs previously 2023-2024 due to slower-than-expected legal procedures in the area and (2) the Trung Luong - My Thuan (TL-MT) Expressway BOT project's toll collection to July 2022 vs previously May 2022; additionally, (3) we use a higher valuation discount of 15% vs previously 10%. These factors are partially offset by rolling our TP horizon forward to mid-2023
- Following our assumption changes — most notably for the residential real estate projects in Thu Duc City — we cut our aggregate NPAT-MI forecasts for 2023-2024F by 84% and increase our aggregate NPAT-MI forecasts for 2025-2026F by 26%.
- For 2022F, we raise our NPAT-MI forecast by 1.9% to VND796bn (USD35mn; vs a loss of VND332bn/USD14mn in 2021) mainly due to lower-than-expected corporate income tax (CIT) expense recognition in Q1 2022 (see more details in our [CII Earnings Flash](#), dated April 21, 2022). The profit in 2022F is expected to be primarily driven by a VND776bn (USD34mn) financial gain from the 577 Investment Corporation (HOSE: NBB) divestment in Q1 2022.
- We expect solid cash inflows from CII's major BOT projects, which should improve the company's financial position. Meanwhile, CII's residential real estate projects in HCMC should be strong earnings drivers over the medium term as legal headwinds are expected to decrease.
- Downside risks to our view: Delayed project development and/or cash dividend payment; longer-than-expected resolutions regarding legal obstacles for the company's real estate projects.

Major real estate project delayed due to slow progress of solving legal obstacles. We push our profit recognition of transferring CII's stake in Riverpark Phase 2 (Thu Duc City, HCMC) to 2025-2026F vs previously 2023-2024F as management shared that legal obstacles remain and their resolution is highly dependent on the decisions of local authorities and the Government. As a result, we cut our aggregate NPAT-MI forecast for 2023-2024F by 84% and raise our 2025-2026F forecast by 26%.

TL-MT Expressway BOT project to commence toll collection on July 1, 2022, strengthening CII's financial position. The TL-MT Expressway BOT project opened to traffic in late April 2022 and is processing final legal procedures and construction finalization before commencing toll collection. We expect the TL-MT Expressway BOT project will strengthen CII's medium-term financial position as our forecast average net annual cash inflow from the project is ~VND850bn (USD37mn) for 2022-2025F. We expect the TL-MT Expressway BOT project to contribute 23% and 38% to CII's 2022F and 2023F toll segment revenue, respectively. However, we note that the starting date for toll collection is slightly behind our previous expectation; as a result, we cut our 2022F toll collection revenue by 7% to VND2.1tn (USD92mn; +137% YoY).

Q1 2022 Recap: Divestment from subsidiary boosts profits

Figure 1: CII's Q1 2022 results

VND bn	Q1 2021	Q1 2022	YoY %	Q1 2022 as % of old 2022F	VCSC comments
Net revenue	964	712	-26.1%	10.4%	
BT project	0	0	N.M.	N.M.	
Toll collection	189	316	66.9%	13.8%	Toll collection revenue increased 67% YoY to VND316bn (USD14mn) in Q1 2022, which was mainly thanks to the Hanoi Highway Expansion BOT project commencing its toll collection on April 1, 2021.
Real estate	581	285	-50.9%	7.5%	Real estate revenue dropped 51% YoY to VND285bn (USD12mn) in Q1 2022, which we believe was mainly due to lower deliveries YoY. Real estate revenue in Q1 2022 was mainly derived from the Son Tinh landed property project in Quang Ngai Province, CII's projects in Thu Duc City, HCMC, and its office leasing project in Binh Thanh District, HCMC.
Construction	104	49	-53.3%	13.5%	
Others	89	62	-30.5%	16.4%	
Gross profit	314	259	-17.6%	12.9%	
SG&A expenses	-131	-120	-8.3%	15.3%	
EBIT	183	139	-24.1%	11.4%	
Financial income	188	916	386.9%	75.9%	CII recognized a divestment gain from 577 Investment Corporation (HOSE: NBB) of VND776bn (USD34mn) in Q1 2022, which was ahead of our forecast of VND738bn (USD32mn).
Financial expenses	-286	-362	26.4%	32.7%	
In which: interest expenses	-262	-290	10.8%	30.6%	
Net income from affiliates	18	20	12.8%	27.6%	
Net other income/(expenses)	-5	-1	-73.4%	17.8%	
PBT	98	712	625.4%	51.3%	
CIT income/(expenses)	-50	-27	-46.5%	6.9%	* Low CIT expenses in Q1 2022 vs our previous forecast as the majority of CIT expenses from divestment gain was recognized in 2021. * CII's standalone company reduced its stake in NBB from 94% to 65% in 2021; the financial gains and CIT expenses from these stake sales were recognized in CII's 2021 standalone financial statements. As a result, CII only recorded CIT expenses related to divestment gains from its stake sale in NBB from 65% to 49% in Q1 2022.
NPAT before MI	48	685	1,325.2%	68.7%	
NPAT-MI	44	647	1,381.3%	83.6%	
GPM	32.6%	36.4%			
OPM	19.0%	19.5%			
NPM	4.5%	90.9%			

Source: CII, VCSC

2022 Outlook: 2022F profit to be driven by divestment gains, core business recovery

Figure 2: VCSC's 2022 forecasts for CII

VND bn	2021	Old 2022F	New 2022F	YoY growth	VCSC comments
Net revenue	2,860	6,841	6,519	127.9%	
<i>BT project</i>	116	0	0	-100.0%	
<i>Toll collection</i>	897	2,288	2,125	136.9%	<p>* We trim our 2022F toll collection revenue forecast by 7% to VND2.1tn (USD92mn; +137% YoY), which is mainly driven by (1) our assumed contribution from the TL-MT BOT project from July 2022 vs previously May 2022 and (2) a full-year contribution from the Hanoi Highway Expansion BOT project.</p> <p>* We currently assume the Hanoi Highway Expansion and TL-MT BOT projects will contribute 33% and 23% to CII's 2022F toll collection revenue, respectively.</p>
<i>Real estate</i>	1,229	3,808	3,808	209.8%	<p>* We maintain our assumption for CII's 2022F real estate revenue of VND3.8tn (USD165mn; +210% YoY), which will be mainly driven by the recognition of wholesales at the River (previously known as Riverpark Phase 1) project and 152DBP residential projects of VND3tn (USD130mn) and VND766bn (USD33mn), accounting for 80% and 20% of our real estate revenue forecast in 2022F, respectively.</p> <p>* We note that CII transferred a 100% stake in the River project to a strategic partner and recognized VND1.2tn (USD51mn) of financial gains in 2019-2020. We estimate the wholesales recognition to the strategic partner will only make a pre-tax profit of VND260bn (USD11mn) in 2022F.</p>
<i>Construction</i>	296	361	206	-30.4%	
<i>Others</i>	322	384	379	17.9%	
Gross profit	824	2,008	1,851	124.6%	
SG&A expenses	-557	-785	-713	28.0%	
EBIT	267	1,224	1,137	326.3%	
Financial income	1,070	1,202	1,244	16.3%	
Financial expense	-1,416	-1,066	-1,280	-9.6%	
<i>In which:</i>					
<i>interest expenses</i>	-1,134	-947	-1,123	-1.0%	
Net income from affiliates	6	73	73	1227.7%	
Net other income/(expenses)	6	8	-7	-235.4%	
PBT	-74	1,395	1,167	N.M.	
CIT expenses	-136	-390	-157	15.5%	
NPAT before MI	-242	1,005	1,010	N.M.	
NPAT-MI	-332	782	796	N.M.	
<i>GPM</i>	28.8%	29.4%	28.4%		
<i>OPM</i>	9.3%	17.9%	17.4%		
<i>NPM</i>	-11.6%	11.4%	12.2%		

Source: VCSC

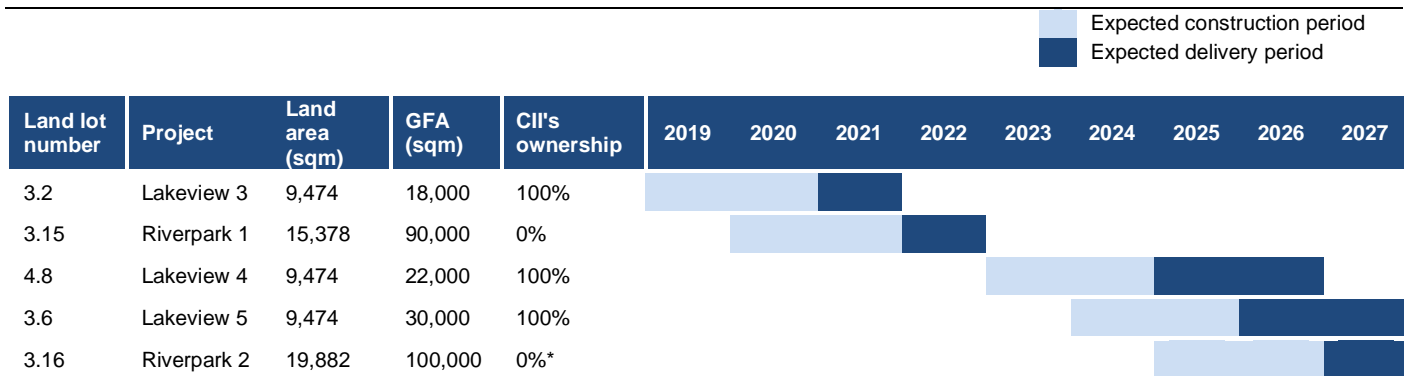
Business overview by segment

Real estate projects

CII's real estate segment includes the following:

- Seven projects in Thu Thiem, District 2, HCMC (owned by CII) as illustrated in **Figure 3**.
- The 152 Dien Bien Phu project in Binh Thanh District, HCMC (100%-owned by CII).
- Affiliate NBB, whose real estate project portfolio is shown in **Figure 5**.

Figure 3: Forecast of construction and delivery pipeline of land lots in District 2, HCMC



Source: CII, VCSC. Note: * Our assumed ownership of CII vs current ownership of 100% for land lot 3.16.

Figure 4: D'verano (Lakeview 3) and preliminary plans for Lakeview 4



Lakeview 3: Lot 3.2 of Thu Thiem, District 2, HCMC
10 floors and one basement floor; 70 apartments

Expected ASP: USD2,800 per sqm

Land area: 9,474 sqm

Total GFA: 21,600 sqm

Aboveground GFA: 18,000 sqm

Total NFA: 14,400 sqm

Lakeview 4: Lot 4.8 of Thu Thiem, District 2, HCMC
Six floors and one basement floor; 70 apartments

Expected ASP: USD3,200 per sqm

Land area: 9,474 sqm

Total GFA: 26,400 sqm

Aboveground GFA: 22,000 sqm

Total NFA: 17,600 sqm

Source: CII, VCSC. Note: Design of Lakeview 4 is preliminary and subject to change.

Figure 5: NBB's real estate projects

Projects	Location	Land area (sqm)	Status	Expected sales recognition
NBB Garden IV	Binh Chanh District, HCMC	301,700	Transferred in 2018	N/A
NBB Garden II	Binh Chanh District, HCMC	115,142	In preparation for construction and sales launch*	2025-2026F
NBB Garden III	District 8, HCMC	77,500	In preparation for construction and sales launch	2025-2026F
Diamond Riverside	District 8, HCMC	41,497	Fully delivered as of end-2020	2020
Riverfront Residences**	District 2, HCMC	5,823	Legal procedures in progress	2024F
Total in HCMC		541,662		
Son Tinh	Quang Ngai Province	1,020,000	In preparation for construction and sales launch	2020-2023F
Doi Thuy San	Quang Ninh Province	321,800	Completed construction and sales in 2019-2020	2019-2020
De Lagi	Binh Thuan Province	1,247,000	Land clearance in progress and in preparation for construction and sales launch	2023-2025F
Total in other provinces		2,588,800		

Source: NBB, CII, VCSC. Note: (*) Strategic change to self-developing from previously planning to transfer the land bank; (**) CII currently owns this project.

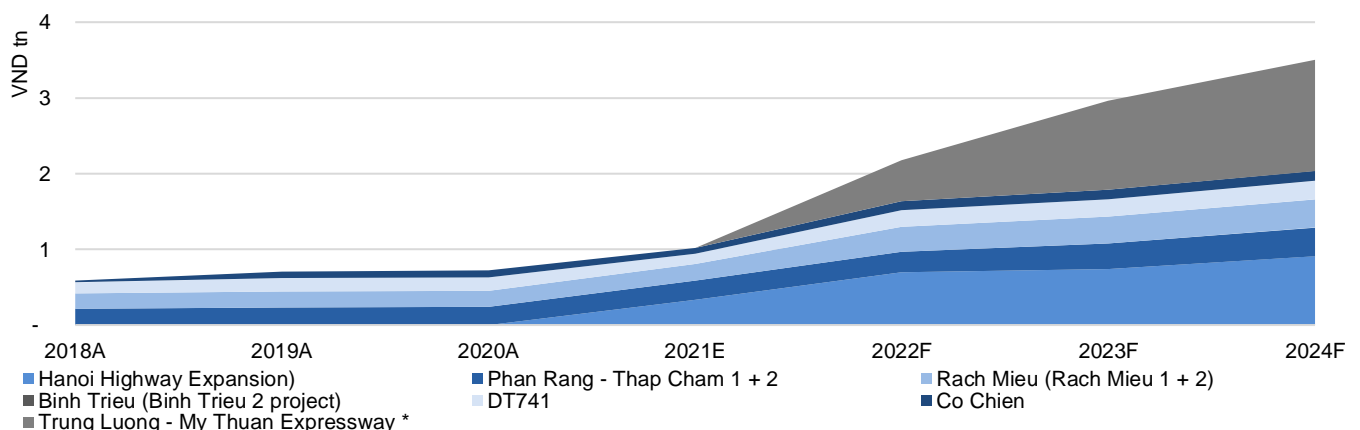
Infrastructure projects

CII's exposure to infrastructure development is primarily via 55%-owned subsidiary CII Bridge & Road JSC (HOSE: LGC), which is a developer of build-operate-transfer (BOT) projects.

Figure 6: Forecast concession periods for CII's BOT projects

BOT project	Total investment (VND bn)	CII's effective ownership	2017	2018	2019	2020	2021	2022F	2023F	2024F^
Hanoi Highway Expansion	5,691	77%								
Phan Rang - Thap Cham Phase 1	727	54%								
Phan Rang - Thap Cham Phase 2	1,743	54%								
DT 741	674	54%								
Rach Mieu Bridge	511	28%								
Highway 60 Expansion	1,637	28%								
Co Chien	790	28%								
Trung Luong - My Thuan Expressway	9,509	27%								

Source: CII, VCSC. ^ We note that while our chart ends in 2024, this does not imply that all concession periods will end in 2024.

Figure 7: Forecast of cash collection from CII's toll stations


Source: CII, VCSC. Note: * LGC currently owns a 50% stake in the Trung Luong - My Thuan BOT project and plans to increase its ownership to 90% when this project starts toll collection. We note that while our chart ends in 2024, this does not imply that all concession periods will end in 2024.

Valuation

We use a sum of the parts valuation to value CII. This valuation is mostly driven by the company's stable cash flow from developing and operating BOT projects and its high returns from developing land lots in the superiorly located Thu Thiem New Urban Area in Thu Duc City, HCMC.

We value NBB using the RNAV method with an unchanged discount of 20% as the affiliate's main assets include residential real estate projects in HCMC and other provinces.

We value CII's subsidiaries — CII Engineering and Construction JSC (CEE) and Saigon Water JSC (SII) — by using book value as SII is still in its early stages of development and as CEE predominately provides in-house construction services for CII.

Moreover, we increase our valuation discount of 15% vs previously 10% to the sum of the parts valuation for CII, which is to reflect our observation of higher risks of delay in residential real estate developments in Thu Thiem New Urban Area in Thu Duc City, HCMC due to continuing legal obstacles.

We use fully diluted shares outstanding of 284 million shares, assuming that CII will dispose all its 32 million treasury shares in 2022F, which we believe is more prudent for fair value estimates.

Figure 8: Sum-of-the-parts valuation summary

VND bn	Valuation method	CII's effective ownership	Value attributed to CII
Bridge & road projects (includes BOT projects)	DCF	27.4% to 90.0%*	12,220
CII's real estate projects	DCF	100.0%	1,523
577 Investment Corporation (HOSE: NBB)	RNAV	49.0%	850
SII and CEE	Book value	50.6% and 80.0%	919
+ Other assets**			2,100
+ Cash and cash equivalents ***			66
- Gross debt ^			-8,953
Equity value			8,725
Discount (%)			15%
Discounted equity value			7,417
Fully diluted shares outstanding (million)			284.0
TP (VND per share)			26,100
Upside to TP (%)			18.9%
Dividend yield (%)			0.0%
Projected TSR (%)			18.9%
2022F P/E at TP			9.8x
2023F P/E at TP			63.7x
2022F P/B at TP			1.0x
2023F P/B at TP			1.0x

Source: VCSC. Note: * Current ownership ratios vary by project; ** other assets of the parent company; *** parent cash and cash equivalents and estimated total cash receipts from CII's divestments from NBB; ^ parent company gross debt after subtracting debt linked to BOT projects/NBB/SII and CEE as these debt balances are incorporated into the valuation of these entities.

We apply a WACC of 9.4% for our DCF valuation of CII's BOT projects and real estate projects.

Figure 9: WACC summary

Cost of Capital	Previous	Revised
Beta	0.7	0.7
Equity Risk Premium %	7.0%	7.0%
Risk Free Rate %	5.5%	5.5%
Cost of Equity %	10.4%	10.4%
Cost of Debt %	11.0%	11.0%
Debt %	65.0%	65.0%
Equity %	35.0%	35.0%
Corporate Tax Rate %	20.0%	20.0%
WACC %	9.4%	9.4%

Source: VCSC

Figure 10: Sensitivity of our fair value to WACC (VND/share)

	8.4%	8.9%	WACC 9.4%	9.9%	10.4%
Target Price	30,100	28,000	26,100	24,300	22,500

Source: VCSC

Comparable Peers

For reference, we have included the following peer list. However, we note that direct peer comparisons are difficult as CII's earnings are derived from both infrastructure development and residential real estate development.

- We have included listed infrastructure developers in Asia because CII is the only listed private infrastructure developer in Vietnam; however, we note that different regulatory regimes for BOT projects further complicate comparisons.
- We include residential real estate developers in Vietnam as CII's real estate development segment is more comparable to local peers instead of regional peers.

Figure 11: Peer multiples

(USD mn)	Country / Region	Mkt cap	TTM Sales	YoY%	TTM NPAT	YoY%	Net debt/equity	ROE	TTM P/E (x)	LQ P/B (x)	TTM EV/EBITDA (x)
Infrastructure developers											
Jilin Expressway	China	552	201	29%	52	56%	26%	8%	11.2x	0.9x	6.6x
Guangxi Wuzhou	China	679	258	-11%	108	-12%	54%	13%	6.6x	0.8x	8.4x
Lingkar Trans Kota	Malaysia	569	93	-5%	44	-16%	-3%	15%	13.5x	2.0x	7.1x
Guangdong Provincial	China	2,385	794	9%	270	30%	31%	19%	6.1x	1.1x	5.1x
Jasa Marga Persero	Indonesia	1,887	1,070	18%	129	2.4x	212%	9%	14.9x	1.3x	10.0x
Anhui Expressway Ltd	Hong Kong	1,712	624	25%	245	21%	22%	13%	6.0x	0.8x	4.7x
Median		1,196	441	13%	118	25%	28%	13%	8.9x	1.0x	6.8x
Residential real estate developers											
Novaland	Vietnam	6,554	540	44%	165	-9%	103%	11%	36.0x	4.2x	N.M.
Dat Xanh Group	Vietnam	712	390	70%	39	NA	11%	11%	18.1x	1.8x	9.9x
Khang Dien	Vietnam	1,148	133	-35%	57	8%	11%	13%	22.1x	2.5x	26.8x
Nam Long	Vietnam	780	243	173%	31	-35%	-2%	9%	24.9x	2.1x	23.2x
Phat Dat	Vietnam	1,551	160	-5%	83	44%	36%	30%	19.3x	4.9x	15.6x
Ha Do	Vietnam	444	136	-41%	45	-9%	120%	26%	9.8x	2.2x	8.0x
Median		964	202	19%	51	-9%	23%	12%	20.7x	2.4x	15.6x
Blended *		1,080	321	16%	84	8%	26%	13%	14.8x	1.7x	11.2x
CII		239	114	-56%	14	2.4x	172%	6%	19.3x	1.0x	23.4x

Source: Bloomberg, VCSC. Note: (*) 50:50 blended ratio for infrastructure developers and residential real estate developers.

Recommendation History

Figure 12: Historical VCSC target price vs share price (VND/share)



Source: Bloomberg, VCSC

Financial Statements

P&L (VND bn)	2021	2022F	2023F	2024F	B/S (VND bn)	2021	2022F	2023F	2024F
Revenue	2,860	6,519	3,463	3,995	Cash & Equivalents	690	1,054	683	753
COGS	-2,036	-4,668	-1,728	-1,968	ST Investment	659	44	44	44
Gross Profit	824	1,851	1,736	2,027	Accounts Receivables	4,482	3,702	3,702	3,702
Sales & Marketing exp.	-63	-76	-68	-61	Inventories	4,517	3,585	3,640	4,103
General & Admin exp.	-494	-638	-635	-630	Other Current assets	224	192	192	192
Operating Profit	267	1,137	1,033	1,335	Total Current Assets	10,572	8,577	8,261	8,793
Financial Income	1,070	1,244	635	658	Fixed Assets, Gross	14,046	23,651	23,832	24,042
Financial Expenses	-1,416	-1,280	-1,358	-1,447	- Depreciation	3,800	4,874	6,141	7,419
- o/w Interest Expense	-1,134	-1,123	-1,260	-1,349	Fixed Assets, Net	10,246	18,777	17,691	16,623
Associates	6	73	159	169	LT investments, net	1,543	2,616	2,775	2,944
Net Other Income/(Loss)	-31	-7	-7	-7	LT assets, other	8,596	4,542	4,369	4,200
Profit Before Tax	-106	1,167	462	708	Total LT Assets	20,385	25,935	24,836	23,767
Income Tax	-136	-157	-78	-82	Total Assets	30,957	34,513	33,096	32,560
NPAT Before MI	-242	1,010	384	626	Accounts Payable	678	678	678	678
Minority Interest	-90	-213	-261	-293	ST Debt	3,861	2,934	2,334	1,834
NPAT Less MI, Reported	-332	796	122	333	Other ST Liabilities	4,628	4,628	4,628	5,010
EBITDA	964	2,211	2,299	2,614	Total Current Liabilities	9,167	8,240	7,640	7,522
EPS Reported, VND	-1,320	2,660	410	1,110	LT Debt	13,181	15,999	14,799	13,999
EPS Adj., Fully Diluted VND *	-1,120	2,660	410	1,110	Other LT liabilities	155	155	155	155
EPS Adj., VND ⁽¹⁾	-1,320	3,000	460	1,250	Total Liabilities	22,503	24,394	22,594	21,676
DPS Reported, VND	0	0	0	1,000	Paid in capital/Issued capital	2,833	2,840	2,840	2,840
DPS/EPS Fully Diluted	0%	0%	0%	90%	Treasury shares	-1,028	-1,028	0	0
(1) not including dilution from treasury share sale					Share premium	425	425	845	845
RATIOS	2021	2022F	2023F	2024F	Retained earnings	2,367	3,163	3,285	3,374
Growth YoY					Other equity	266	266	266	266
Revenue	-46.8%	127.9%	-46.9%	15.4%	Minority interest	3,589	3,002	3,263	3,556
Op. Profit (EBIT)	-41.3%	326.3%	-9.2%	29.3%	Total equity	8,453	10,119	10,502	10,884
PBT	-117.0%	N.M.	-60.4%	53.3%	Liabilities & equity	30,957	34,513	33,096	32,560
EPS Adj., Fully Diluted	-231.8%	N.M.	-84.6%	170.7%	Y/E shares out, mn *	239	284	284	284
Profitability					CASH FLOW (VND bn)	2021	2022F	2023F	2024F
Gross Profit Margin	28.8%	28.4%	50.1%	50.7%	Beginning Cash Balance	439	690	1,054	683
Op. Profit, (EBIT) Margin	9.3%	17.4%	29.8%	33.4%	Net Income	-332	796	122	333
EBITDA Margin	33.7%	33.9%	66.4%	65.4%	Dep, & Amortization	697	1,074	1,267	1,278
NPAT-MI Margin, Adj.	-11.6%	12.2%	3.5%	8.3%	Δ in Working Capital	-422	61	138	141
ROE	-6.8%	13.3%	1.7%	4.6%	Other Adjustments **	-832	-1,013	-478	-509
ROA	-1.1%	2.4%	0.4%	1.0%	Cash from Operations	-889	919	1,049	1,243
Efficiency					Capital Expenditures, Net	-424	-96	-181	-210
Days Inventory On Hand	810	280	769	761	Investments, Net	1,166	995	560	581
Days Accts, Receivable	572	207	390	338	Cash from Investments	743	900	379	371
Days Accts, Payable	121	53	143	126	Dividends Paid	-17	0	0	-244
Cash Conversion Days	1,260	435	1,016	973	Δ in Share Capital	301	655	0	0
Liquidity					Δ in ST Debt	628	-628	-600	-500
Current Ratio	1.2x	1.0x	1.1x	1.2x	Δ in LT Debt	-172	-1,482	-1,200	-800
Quick Ratio	0.7x	0.6x	0.6x	0.6x	Other financing C/F	-343	0	0	0
Cash Ratio	7.5%	12.8%	8.9%	10.0%	Cash from Financing	398	-1,454	-1,800	-1,544
Debt / Assets %	55.1%	54.9%	51.8%	48.6%	Net Change in Cash	251	365	-372	70
Debt / Capital %	201.6%	187.1%	163.1%	145.5%	Ending Cash Balance	690	1,054	683	753
Net Debt / Equity	193.4%	176.7%	156.6%	138.6%					
Interest Coverage	0.2x	1.0x	0.8x	1.0x					

Source: CII, VCSC; Note: * Assuming full disposal of treasury shares in 2022 at VND32,670/share — the minimum selling price approved by the BOD in August 2019; ** mainly include adjustments for divestment income and goodwill amortization.

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, Dang Thai and Hong Luu, 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 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, 15th Floor
2 Hai Trieu Street, District 1, HCMC
+84 28 3914 3588

Transaction Office Nguyen Hue

Vinatex Building, 1st & 3rd Floor
10 Nguyen Hue Street, District 1, HCMC
+84 28 3914 3588 (417)

Transaction Office Dong Da

9 Nguyen Ngoc Doan
Dong Da District, Hanoi
+84 24 6262 6999

Hanoi Branch

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

Transaction Office Nguyen Cong Tru

Floor 6B, 236-238 Nguyen Cong Tru Street
District 1, HCMC
+84 28 3914 3588 (400)

Transaction Office ABS

Sailing Tower, 8th Floor
111A Pasteur Street, District 1, HCMC
+84 28 3914 3588 (403)

Research

Research Team: +84 28 3914 3588
research@vcsc.com.vn

Alastair Macdonald, Head of Research, ext 105
alastair.macdonald@vcsc.com.vn

Banks, Securities and Insurance

Long Ngo, Associate Director, ext 123

- Truc Ngo, Analyst, ext 116
- Ngoc Huynh, Analyst, ext 138
- Nhan Nguyen, Analyst, ext 139

Macro

Luong Hoang, Manager, ext 364

- Nguyen Truong, Senior Analyst, ext 132

Consumer

Nam Hoang, Manager, ext 124

- Ha Dao, Senior Analyst, ext 194
- Ha Huynh, Analyst, ext 185
- Huy Phan, Analyst, ext 173

Oil & Gas and Power

Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Manager, ext 135
- Duc Le, Analyst, ext 196
- Thang Hoang, Analyst, ext 196

Real Estate and Infrastructure

Hong Luu, Senior Manager, ext 120

- Dang Thai, Senior Analyst, ext 149
- Thuc Than, Analyst, ext 174

Materials and Industrials

Vy Nguyen, Manager, ext 147

- Vinh Bui, Analyst, ext 149

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

Brokerage and Institutional Sales & Trading

Tuan Nhan

Managing Director, Brokerage & Institutional Sales & Trading

+84 28 3914 3588, ext 107
tuan.nhan@vcsc.com.vn

Quynh Chau

Managing Director Brokerage

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

Dung Nguyen

Director Institutional Sales & Trading

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