

Strategy Monthly: Fly Me To The Moon

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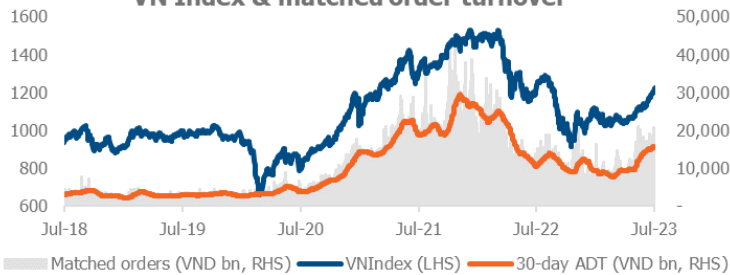
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Momentum continues to gather pace after the VNI posted another solid monthly result in July, when it outperformed most of its regional peers amid a general surge of emerging markets strength. The major moving averages are all moving higher as the market moves up on surging turnover, once again driven primarily by domestic investors moving back into stocks as bank deposit rates decline. The VNI ended July with a 2023E P/E ratio of 12x, and although breadth has been extremely positive in July, it narrowed substantially in early August. We expect a short-term correction and advise against chasing the market now; our yearend index target remains 1300.

VN Index & matched order turnover



Monthly Index Performance

- **VNINDEX:** 1223 (+9.2% MoM / +21.4% YTD / +1.4% YoY)
- **VHINDEX:** 240 (+5.4% MoM / +16.7% YTD / -17.0% YoY)
- **UPCOM Index:** 89 (+3.9% MoM / +24.7% YTD / -0.3% YoY)
- **Average daily turnover:** US\$919mn (+4% MoM)
- **Foreigners net sold US\$79.9mn** in Jul.
- **VND:USD rate:** 23,688 (-44bp MoM / -23bp YTD / -146bp YoY)

VN30 Components

Ticker	Closing price (VND K)	MoM chg	Cont to VN30 (MoM)	TTM PE (x)
ACB	23.0	4.1%	3%	6
BCM	81.0	2.3%	0%	209
BID	47.2	8.9%	1%	12
BVH	48.2	9.2%	0%	21
CTG	30.0	1.7%	0%	8
FPT	85.6	15.8%	12%	19
GAS	101.6	9.2%	1%	15
GVR	22.4	15.2%	0%	31
HDB	17.4	7.3%	2%	6
HPG	28.2	7.8%	6%	--
MBB	18.9	7.3%	3%	5
MSN	87.3	16.1%	7%	95
MWG	53.7	25.2%	12%	50
NVL	18.9	26.9%	5%	--
PDR	21.7	29.2%	2%	20
PLX	41.5	11.1%	0%	29
POW	13.7	2.2%	0%	20
SAB	156.8	2.1%	0%	23
SSI	29.7	14.9%	4%	27
STB	29.0	-2.9%	-1%	8
TCB	34.3	6.0%	4%	7
TPB	18.8	4.2%	1%	7
VCB	91.6	8.2%	4%	16
VHM	63.0	14.5%	8%	6
VIB	20.8	5.9%	1%	6
VIC	55.1	8.0%	4%	35
VJC	102.0	8.2%	2%	--
VNM	78.0	9.9%	5%	22
VPB	22.2	11.6%	10%	13
VRE	29.7	10.6%	2%	18

Source: Bloomberg, Yuanta Vietnam. Price date: Jul 31, 2023

Rags to Riches. The VNI's rose +9% MoM in July, its second-best monthly performance of 2023, bringing its gains to +21% YTD and +34% from its most recent low in 4Q22. Domestic investors (not foreigners) are leading the charge (p 7-9). Margin loans are a key positive driver again, but a repeat of the 4Q22 selloff is unlikely (p. 10-13). However, we expect a short-term consolidation and believe that a cautious tactical approach may be prudent.

Night and Day. As discussed [last month](#), we thought that the VNI's 200-day moving average might turn up in late July / early August. We were far too pessimistic: the 200-day MA bottomed on July 14 and has been moving higher since -- in our minds, a final confirmation of the bull market. By the end of the month, the VNI was trading at 12% above its 100-day MA / 15% above its 200-day MA, which is a sizeable air pocket above technical support that suggests a short-term consolidation is not impossible.

Stock idea – FRT (BUY). Consumer analyst Di Luu [initiated coverage with BUY](#) on this 47%-owned associate of FPT VN (Not rated). Di reckons that 1) the company's growth story has decidedly shifted to the pharmacy retail business, which has emerged as the industry leader; and that 2) the Street is overly bearish on the legacy consumer electronics segment. Largely due to the latter point, her earnings forecasts are +10-11% ahead of the Consensus for 2023-24E. See p. 18-20 for details.

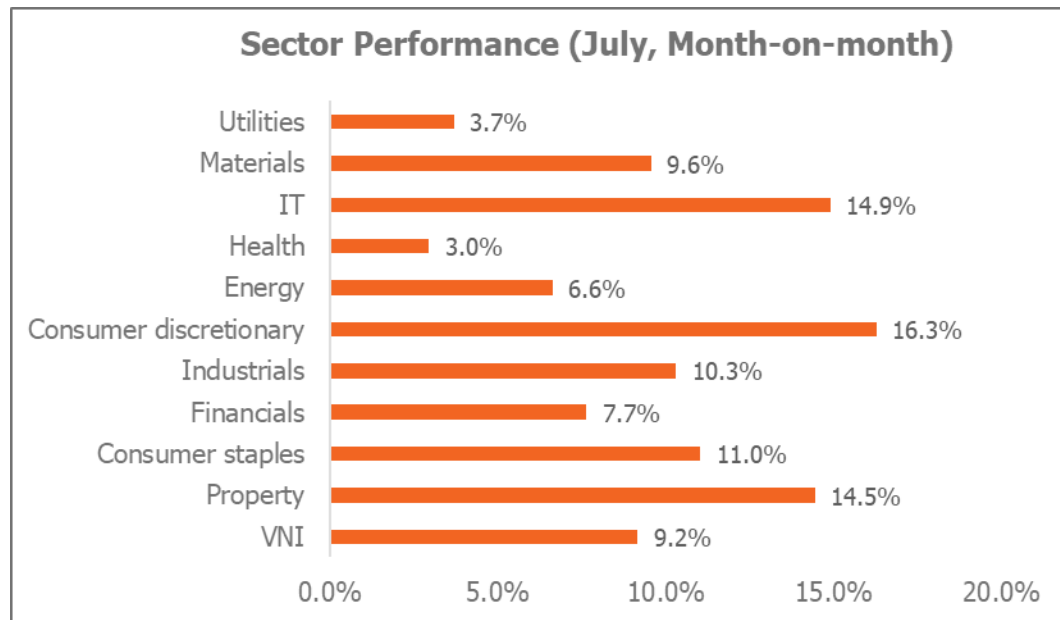
Macro: The Best Is Yet To Come – or at least, the worst is probably over for industrial output, which rose by +3.9% MoM / +3.7% YoY in July. The July PMI also rose from the deep, confirming Binh Truong's [call](#) last month that manufacturing activity likely bottomed out in June. July exports were still soft but imports picked up, suggesting an inventory restocking for export manufacturers is underway. Cautious optimism for 2H23 industrial output is further supported by the July PMI result of 48.6 – up from 46.2 in June and the highest (i.e., least bad) reading in the past five months (p. 25-34).

Yuanta Vietnam Coverage Universe

Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2023E Dividend yield	12-m TSR*
Banks	Asia Commercial Bank	ACB VN	3,763	7.9	BUY	22,950	23,442	2%	0.0%	2%
	BIDV	BID VN	10,079	2.4	HOLD-Underperform	47,200	38,860	-18%	1.8%	-16%
	HD Bank	HDB VN	2,119	1.9	BUY	17,350	23,510	36%	0.0%	36%
	MB Bank	MBB VN	4,149	8.6	BUY	18,850	21,722	15%	0.0%	15%
	Sacombank	STB VN	2,304	21.6	BUY	28,950	28,860	0%	0.0%	0%
	Vietcombank	VCB VN	21,612	3.4	BUY	91,600	93,230	2%	1.1%	3%
	Vietnam Prosperity Bank	VPB VN	6,277	12.6	BUY	22,150	22,060	0%	0.0%	0%
Brokers	HCM City Securities	HCM VN	594	6.9	BUY	30,800	33,805	10%	2.6%	12%
	Saigon Securities	SSI VN	1,876	20.4	BUY	29,650	32,187	9%	1.3%	10%
	Viet Capital Securities	VCI VN	803	7.7	BUY	43,500	45,580	5%	2.3%	7%
	VNDirect Securities	VND VN	1,069	24.3	BUY	20,800	24,019	15%	2.2%	18%
Energy	PV POW	POW VN	1,354	4.5	BUY	13,700	16,877	23%	0.0%	23%
	PV NT2	NT2 VN	357	1.0	SELL	29,400	19,318	-34%	6.8%	-27%
	PCCI	PC1 VN	313	2.8	BUY	27,400	50,728	85%	0.0%	85%
Consumer	Masan Group	MSN VN	5,273	4.4	Suspended	87,300	N/A	N/A	0.0%	N/A
	Phu Nhuan Jewelry	PNJ VN	1,149	2.7	BUY	83,000	101,700	23%	2.2%	25%
	Digiworld	DGW VN	382	3.8	Suspended	54,100	N/A	N/A	0.0%	N/A
	FPT Digital Retail	FRT VN	439	2.9	BUY	76,400	100,607	32%	1.3%	33%
Oil & GAS	PV Drilling	PVD VN	615	5.6	BUY	26,200	36,103	38%	2.7%	40%
Property	Kinh Bac City	KBC VN	1,069	11.2	BUY	33,000	38,300	16%	0.0%	16%
	Dat Xanh Group	DXG VN	489	12.6	BUY	19,000	40,500	113%	0.0%	113%
	Khang Dien House	KDH VN	1,135	2.9	BUY	37,500	35,500	-5%	0.0%	-5%
	Nam Long	NLG VN	649	4.5	HOLD-Outperform	40,000	37,800	-6%	1.3%	-4%
	Novaland	NVL VN	1,552	20.5	Coverage Suspended	18,850	-			
	Vinhomes	VHM VN	11,580	4.6	BUY	63,000	76,900	22%	0.0%	22%
Transport	Airports Corp Vietnam	ACV VN	7,389	0.1	HOLD-Underperform	80,400	76,400	-5%	0.0%	-5%
Industrials	Dohaco	DHC VN	141	0.3	BUY	41,500	63,571	53%	8.6%	62%
	Biwase	BWE VN	373	0.2	BUY	45,800	70,902	55%	4.4%	59%

*Notes: 1) TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends. 2) 3-month ADT refers to matched orders and does not include put-through blocks. 3) Stock ratings and pricing data is as of close on Jul 31 2023

Source: Bloomberg, Yuanta Vietnam



Source: Bloomberg (Jul 31)

“I rarely look back. Instead, I always look forward. There is so much of life that we miss when we wallow in regret.”

—[Tony Bennett](#) (1926-2023)

Fundamentals vs. Technicals: Fly Me to the Moon

The VNI increased by +9.2% MoM in July, the second-best monthly performance of 2023 after January’s +10.3% increase. This brings the mainboard’s YTD gain to +21.4% in LCY terms, which puts it among the best performers in the region in 2023 after being the worst performer in 2022. In the words of Tony Bennett, it’s like night and day: the index has delivered +34% gains since the panic selloff that troughed in mid-November 2022.

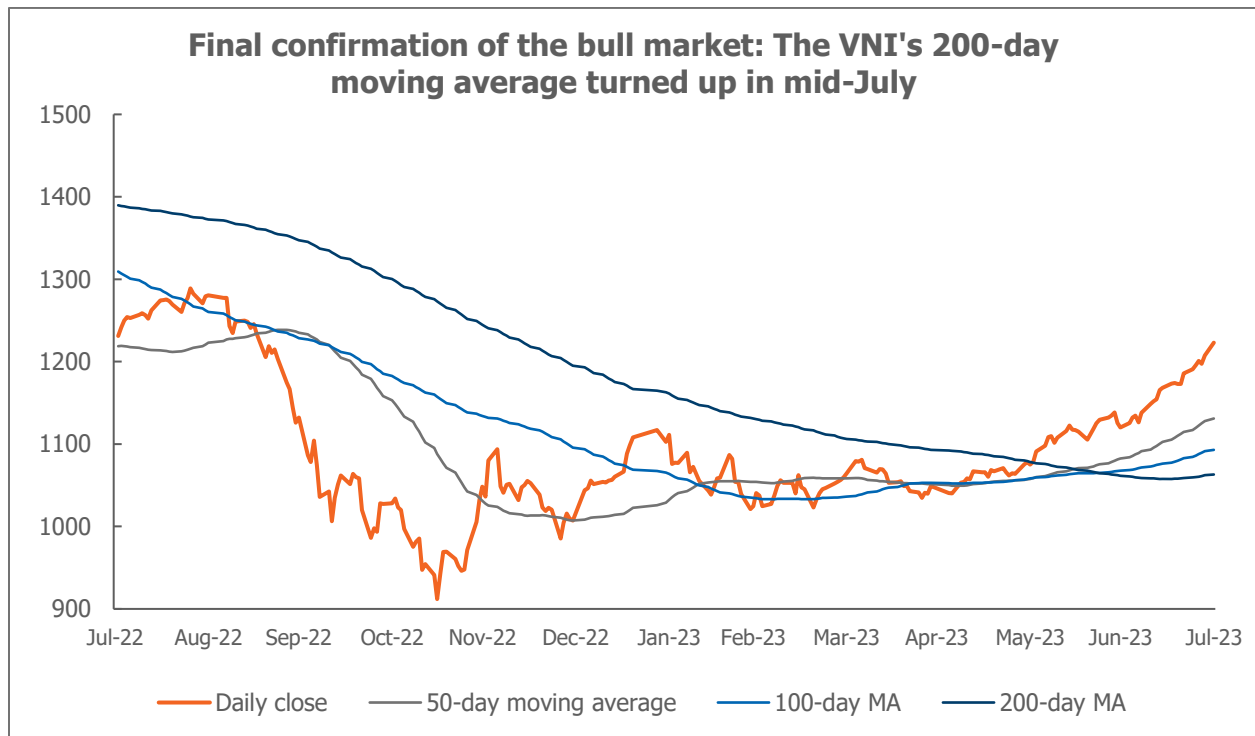
If you missed the bull market in Vietnam equities that began at that trough, your options now include to wallow in regret (Tony wouldn’t approve). One might choose to chase the market today and hope it keeps moving higher – which we do not recommend – or to recognize that stocks don’t only go up relentlessly and the market may be overheating. If so, then waiting for a correction might be a prudent short-term tactical approach.

Readers of our weekly strategy notes will know our choice – we are cautious in the very short term (i.e., the next couple of weeks) following the share market’s sharp increase over the past two months. In short, we started out the month of July with a highly bullish outlook (in line with our June 27 brokerage sector report) but grew increasingly cautious as the market surged toward the end of the month. A recap:

- **What have you done for me lately? (July 3)**
<https://yuanta.com.vn/wp-content/uploads/2023/07/Weekly-Jul-3.pdf>
- **Sailing against the wind (July 10)**
<https://yuanta.com.vn/wp-content/uploads/2023/07/Weekly-Jul-10.pdf>
- **Lucky! Lucky! (July 17)**
<https://yuanta.com.vn/wp-content/uploads/2023/07/Weekly-Jul-17.pdf>
- **Approaching resistance at around 1200 (July 24)**
<https://yuanta.com.vn/wp-content/uploads/2023/07/Weekly-Jul-24-1.pdf>
- **Take it to the limit (July 31)**
<https://yuanta.com.vn/wp-content/uploads/2023/07/Weekly-Jul-31.pdf>

No called strikes for sell-side strategists. Perhaps we’re too early, but our view is that a healthy consolidation is in order following the market’s strong performance. We don’t get paid to manage money ourselves, so this may not be a particularly helpful tactical call for institutional clients under pressure to put their investors’ money to work. But we think that applying a measure of patience and waiting for the market to correct (or consolidate) would be prudent.

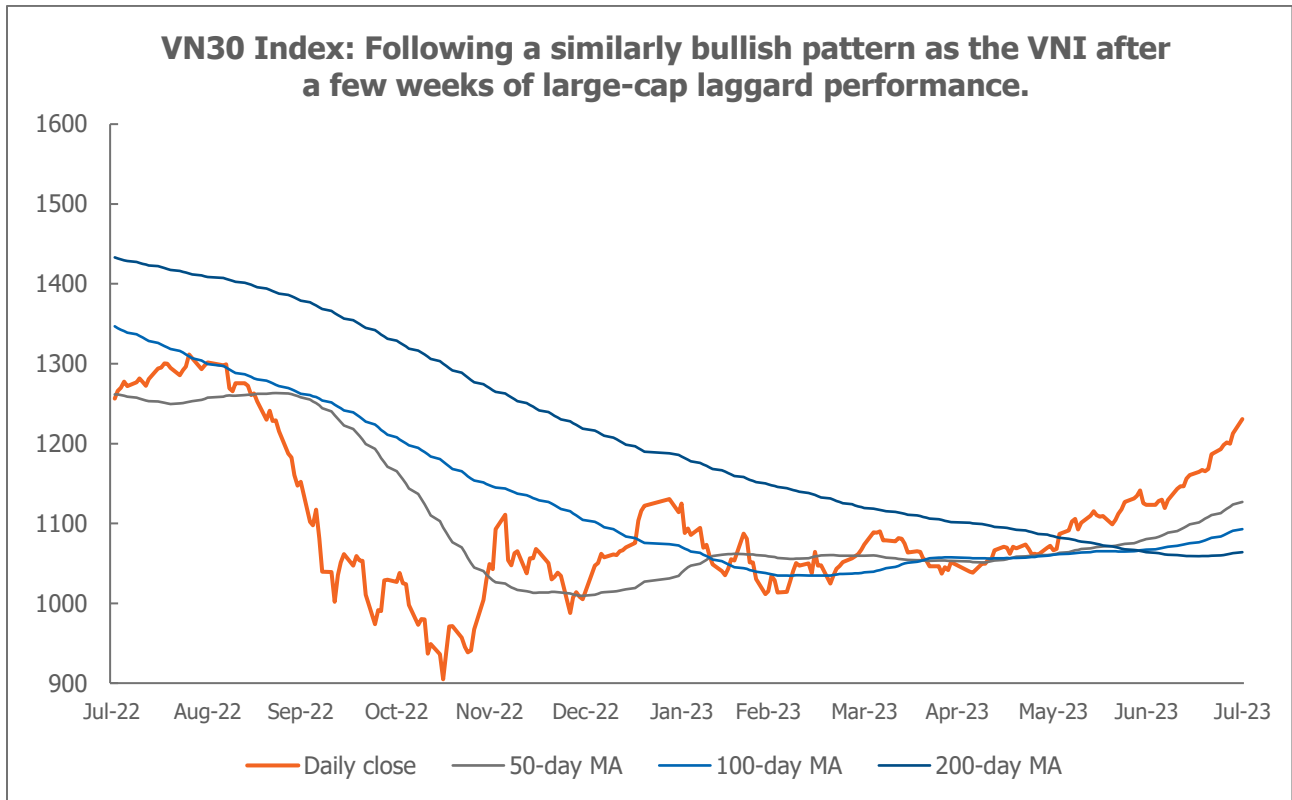
If you don’t understand the “called strikes” analogy, it is likely that you’re not a baseball fan. That’s okay: Warren Buffett, who introduced this principle of rational capital allocation at least 49 years ago, was also kind enough to explain it thoroughly to a journalist from [Forbes](#).



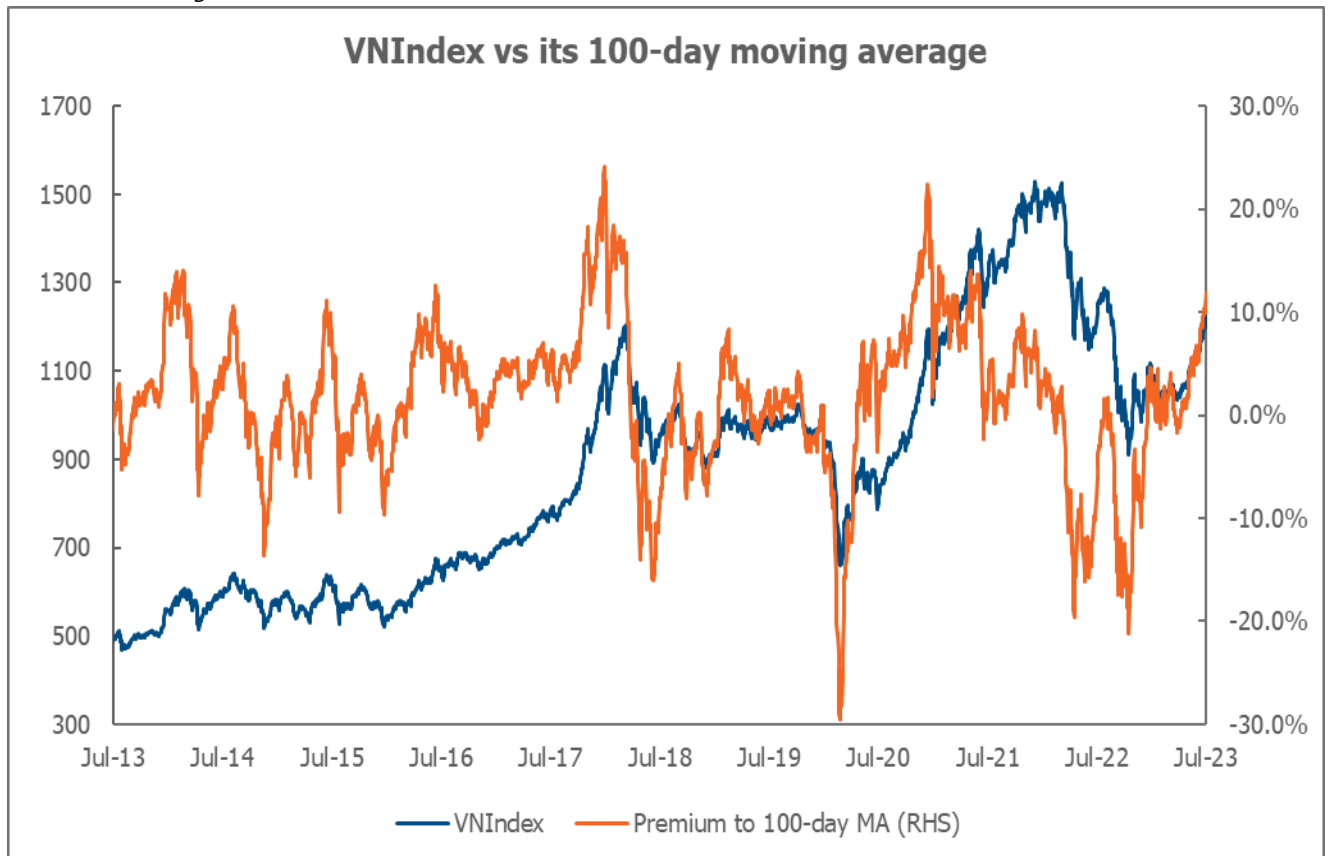
Source: Bloomberg, Yuanta Vietnam

Recent technical highlights:

- 1) The VNI broke out above its 200-day moving average on June 2. It was the first such bullish technical breakout since August 2020 (this time may very well be different, but the market went on to deliver +75% upside over the next 18 months).
- 2) The “Golden Cross” in which the 50-day moving average broke above the 200-day MA on June 15.
- 3) The 100-day moving average then crossed above the 200-day MA about a week later, on June 23.
- 4) In last month’s strategy wrap, we submitted our opinion that a final confirmation of the bull market remained to be seen: an upturn in the 200-day moving average, which we thought (a month ago) would likely occur in late July / early August. As it happened, we were far too pessimistic: the 200-day MA bottomed out and turned higher on June 14. And it has been ticking higher ever since, along with its shorter-term MA cousins, as illustrated above.
- 5) After surging in June, total ADT rose again in July by +4% MoM to reach US\$919 million. Both June and July posted the highest monthly average daily turnover figures since April 2022. Just as the high turnover of 2Q22 confirmed the bear market of 2022, the increased market liquidity in June and July 2023 serve to bolster confidence in this year’s bull market.



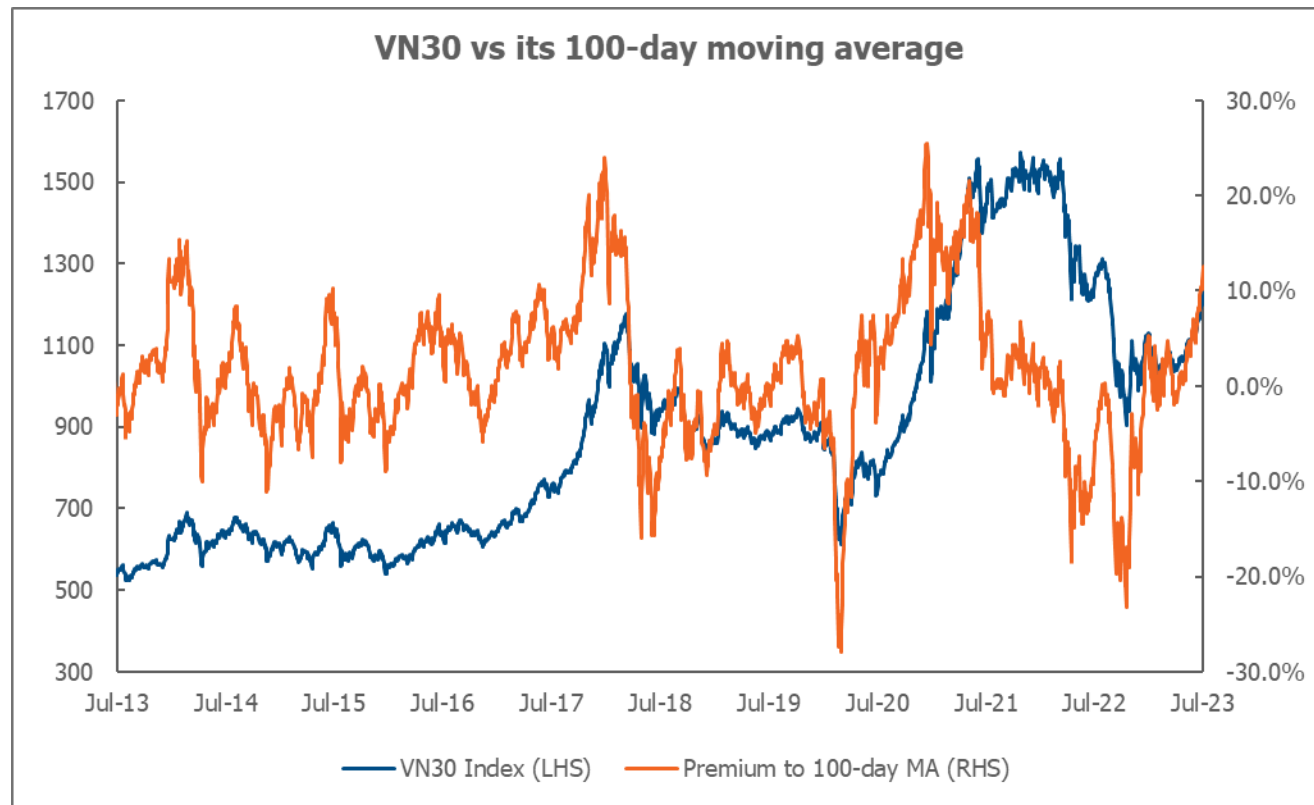
Source: Bloomberg, Yuanta Vietnam



Source: Bloomberg, Yuanta Vietnam

A final box in our bull market checklist was ticked in July. As discussed in last month’s strategy wrap (“[What have you done for me lately?](#)” published on July 6), “a remaining momentum indicator that has yet to turn is the market’s 200-day simple moving average, which is still trending down by <1pt per day. We think it will likely turn up during the current month (July) or early August at the latest, assuming the market consolidates at these levels.”

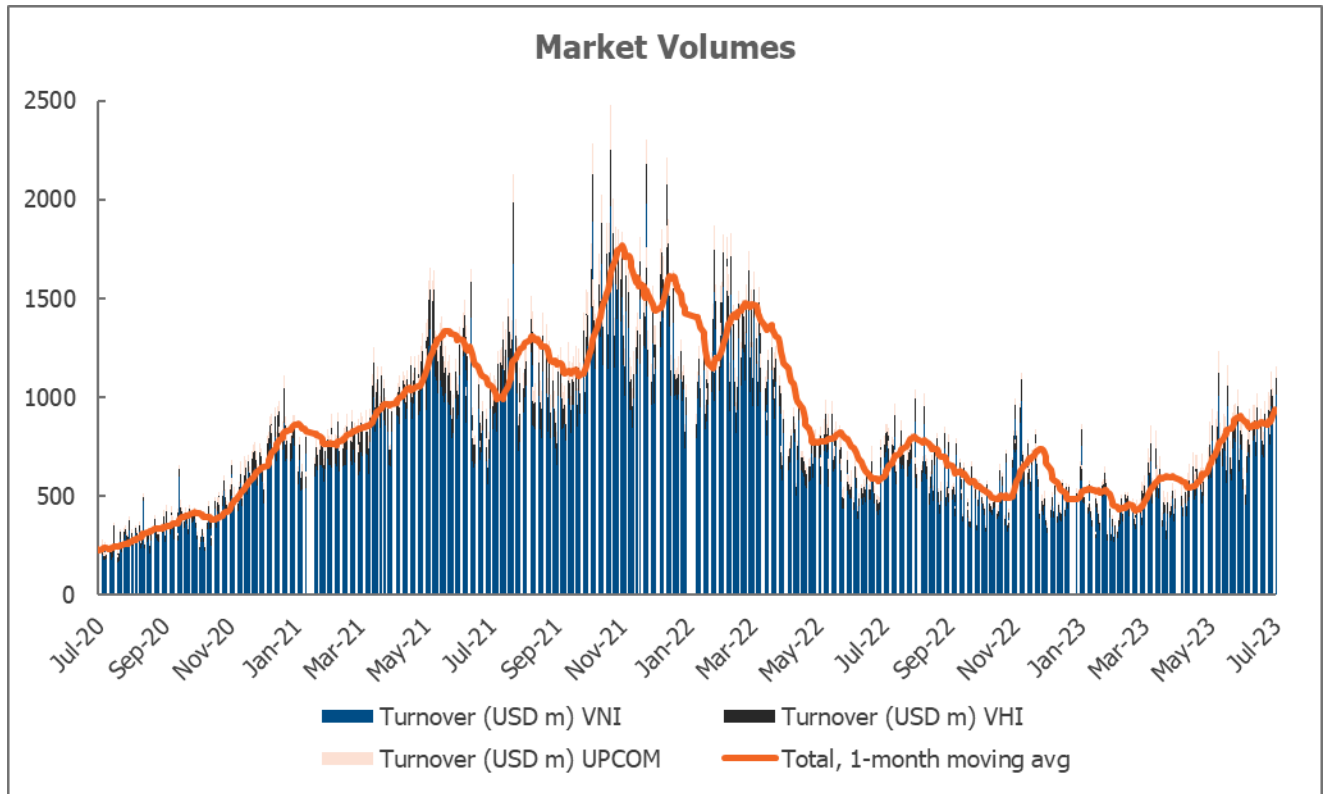
As it happened, that assumption of a market consolidation turned out to be far too pessimistic. The 200-day moving average bottomed out on July 14 and has been moving higher steadily ever since. In our opinion, this ticks the final box for our bull market checklist.



Source: Bloomberg, Yuanta Vietnam

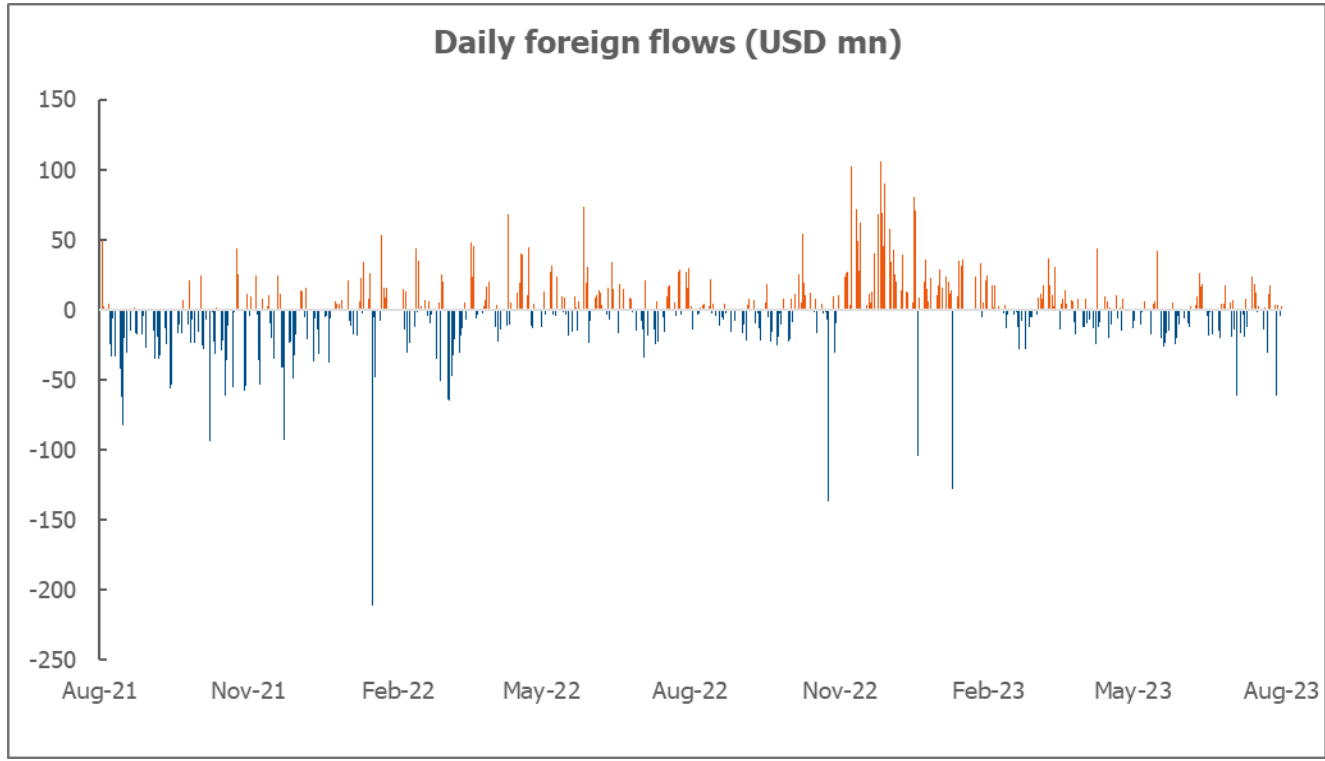
Volumes continued to soar in July. Turnover in July was stronger than that of June; the period since the Golden Cross has seen the highest turnover since April 2022. The high volumes of 2Q22 effectively confirmed the bear market that had begun in 1Q22 and only increased in its negative momentum in 2Q22. Similarly, the surge in turnover in June-July 2023 is solid confirmatory evidence that the bull market that began in November 2022 -- although it certainly didn’t seem like it at the time -- is real.

The verbal bears are hibernating... Interestingly, we no longer hear any pushback to this argument, a contrast to the prevailing mood in January, when some observers argued that the market’s +20%-plus rally off the trough was just a bear market bounce. Nobody is saying that now, at least not to us.

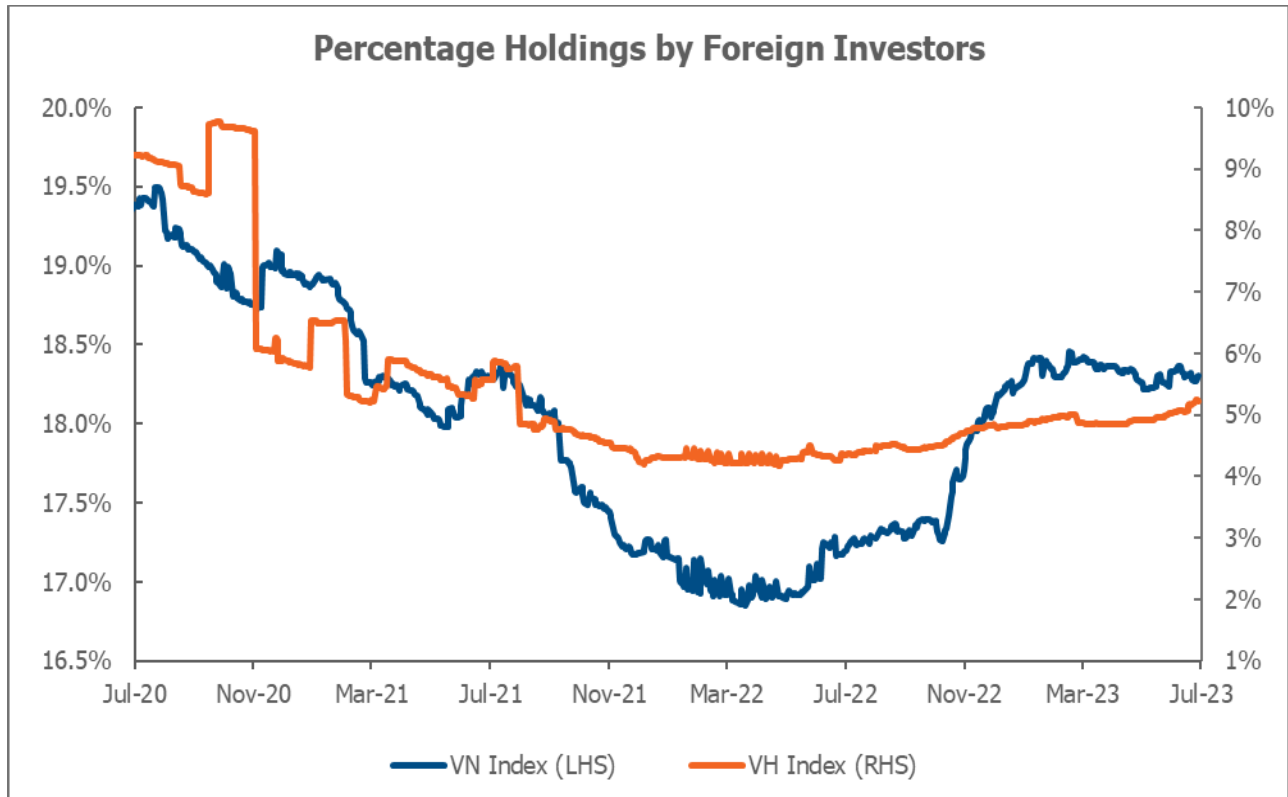


Source: FiinPro, Bloomberg, Yuanta Vietnam (Jul 31)

...but FINIs remain aggregate net sellers. Foreigners net sold US\$80 million of Vietnam stocks in July. As a result, total foreign equity inflows in 7M23 came to just US\$3.5 million. We prefer to cling to the bit of straw that is the positive sign on that number – but the reality is that foreign flows into Vietnam stocks is essentially flat YTD.



Source: FiinPro, Yuanta Vietnam (Aug 4)

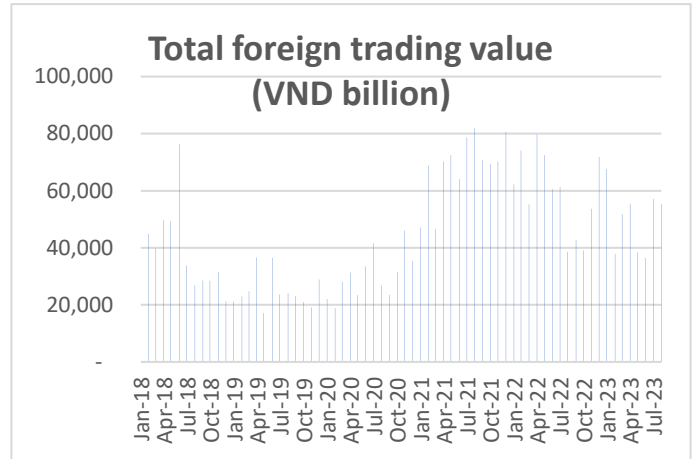
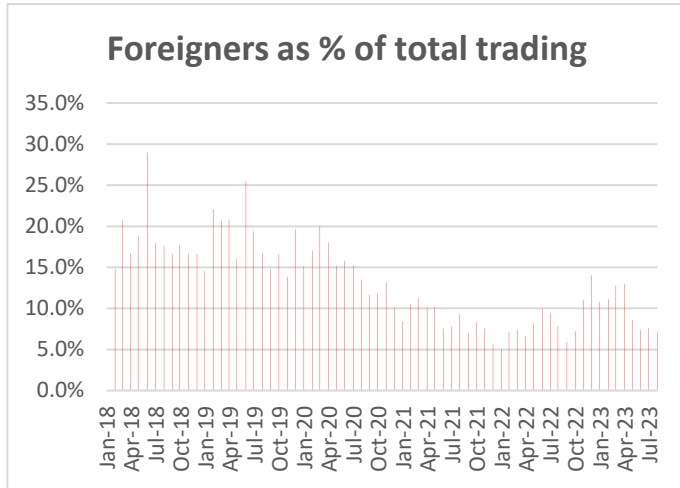


Source: FiinPro, Yuanta Vietnam (Jul 31)

It's a domestic retail-driven market, which shouldn't come as a major surprise to anyone who has been paying attention in the past four years. Arguable, foreigners haven't been a key driver of this market since 2018. Of course, FINI flows tend to be more stable than those of domestic individuals, and thus the contribution of foreign trading to total market turnover tends to rise during market slumps (e.g., it ranged from 10-14% in 4Q22-1Q23) but then fall when the market heats up (e.g., 7-8% in June-July 2023).

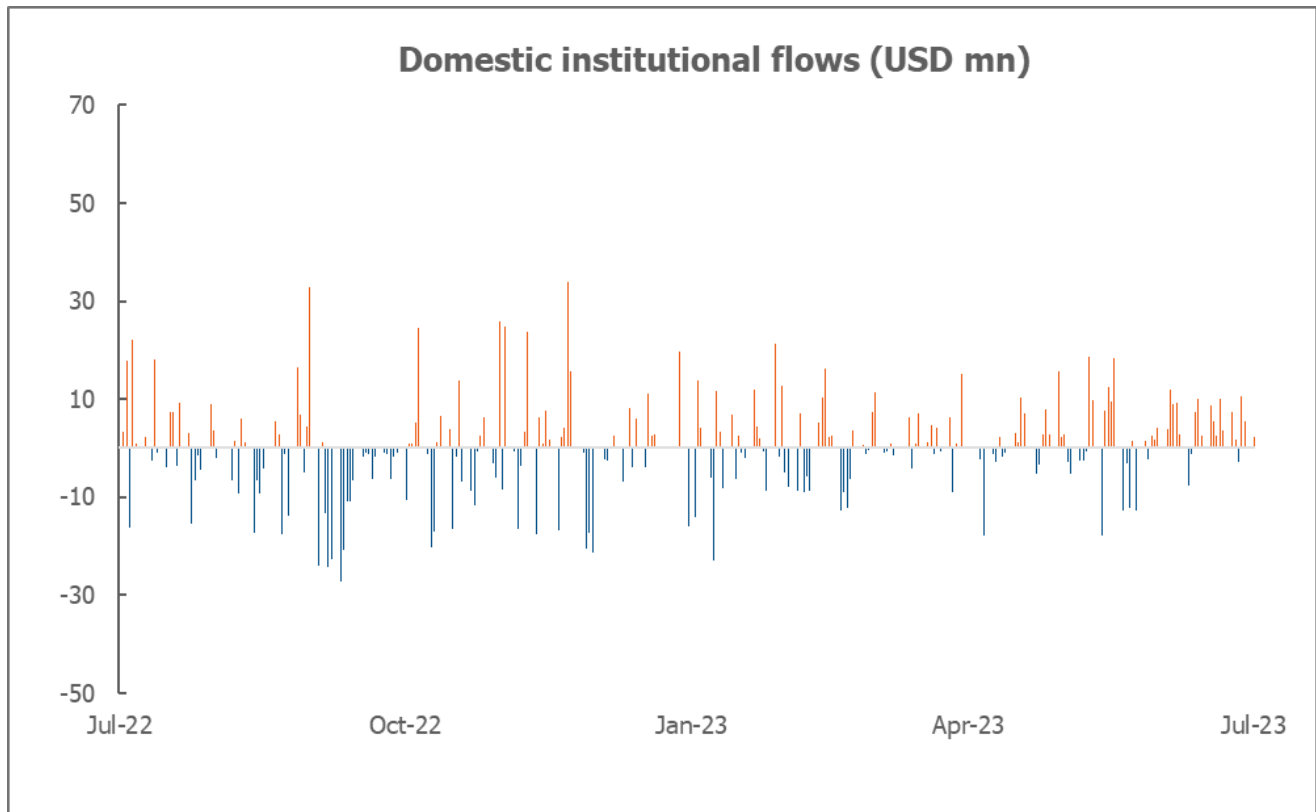
FINIs are now just 7-8% of total transactions. These percentages are sometimes misinterpreted as indicating fluctuations in total foreign trading: In fact, foreign stock market transactions were at their peak during the 2021 bull market, a period in which foreign trading reached a nadir when measured as a percentage of the total. As sell-side institutional brokers, we are heartened by the increase in actual foreign transactions given that almost all of Vietnam's institutional stock market flows (ex-prop trading) are attributable to foreign fund management firms.

Foreign investors account for just 7-8% of market turnover since June



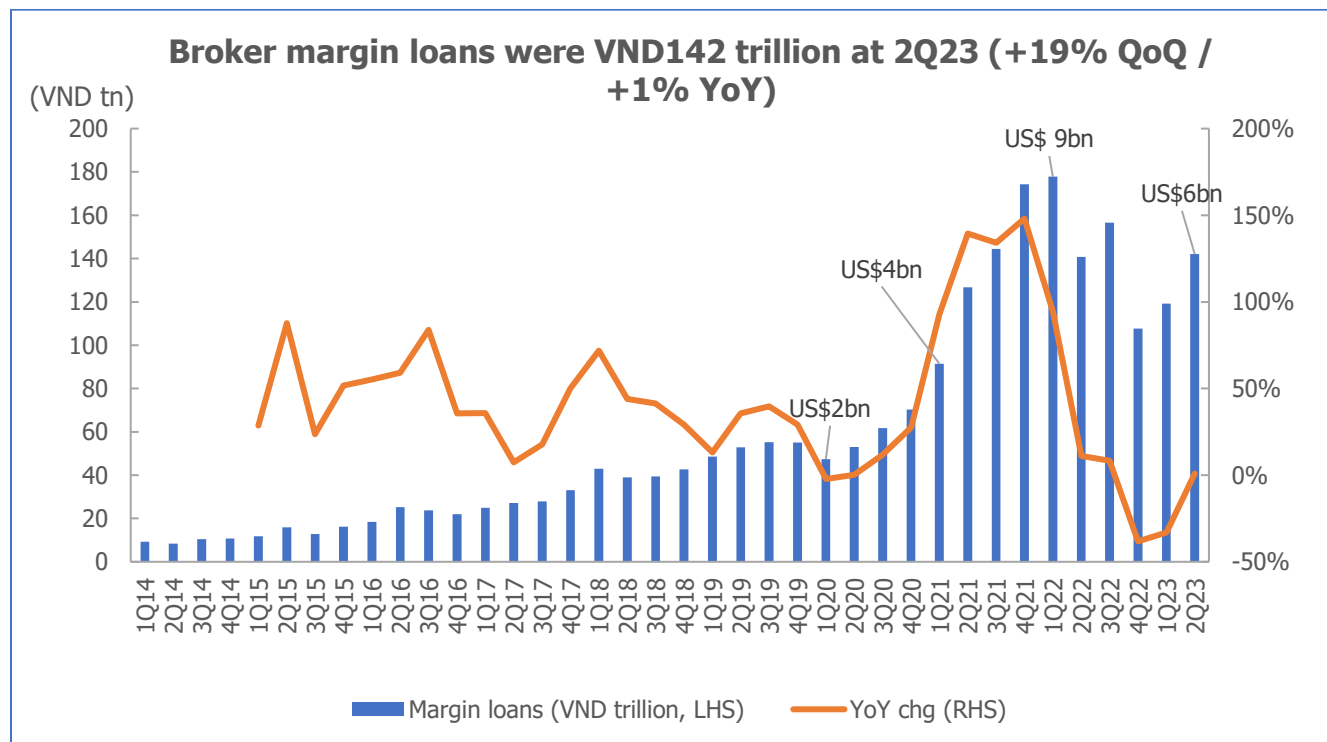
Source: FiinPro, Yuanta Vietnam

By contrast, domestic institutions have been net buyers. Domestic institutions have historically been a smaller component of total trading than that of foreign funds, a situation that is likely to remain the case pending the eventual development of the domestic asset management industry to include corporate bond and stock investments. For now, our sense is that most domestic institutional flows are from proprietary trading desks. The good news is that domestic institutional flows have been strongly and steadily positive -- especially in July, when they net bought US\$103 million of equities. This brought YTD net buying by domestic institutions to US\$187 million, making them more of a positive driver of share prices than the entire foreign institutional investor base.



Source: FiinPro, Bloomberg, Yuanta Vietnam (Jul 31)

Margin positions rose once again in 2Q23. Among the innumerable benefits of results season is the glimpse at margin lending in the second quarter that we only get when all brokers have published their results. Total margin positions reached VND142 trillion as of June 2023, which is basically flat on a YoY basis but up +19% QoQ and up +32% from the most recent trough level at the end of 2022.



Source: FiinPro, Yuanta Vietnam

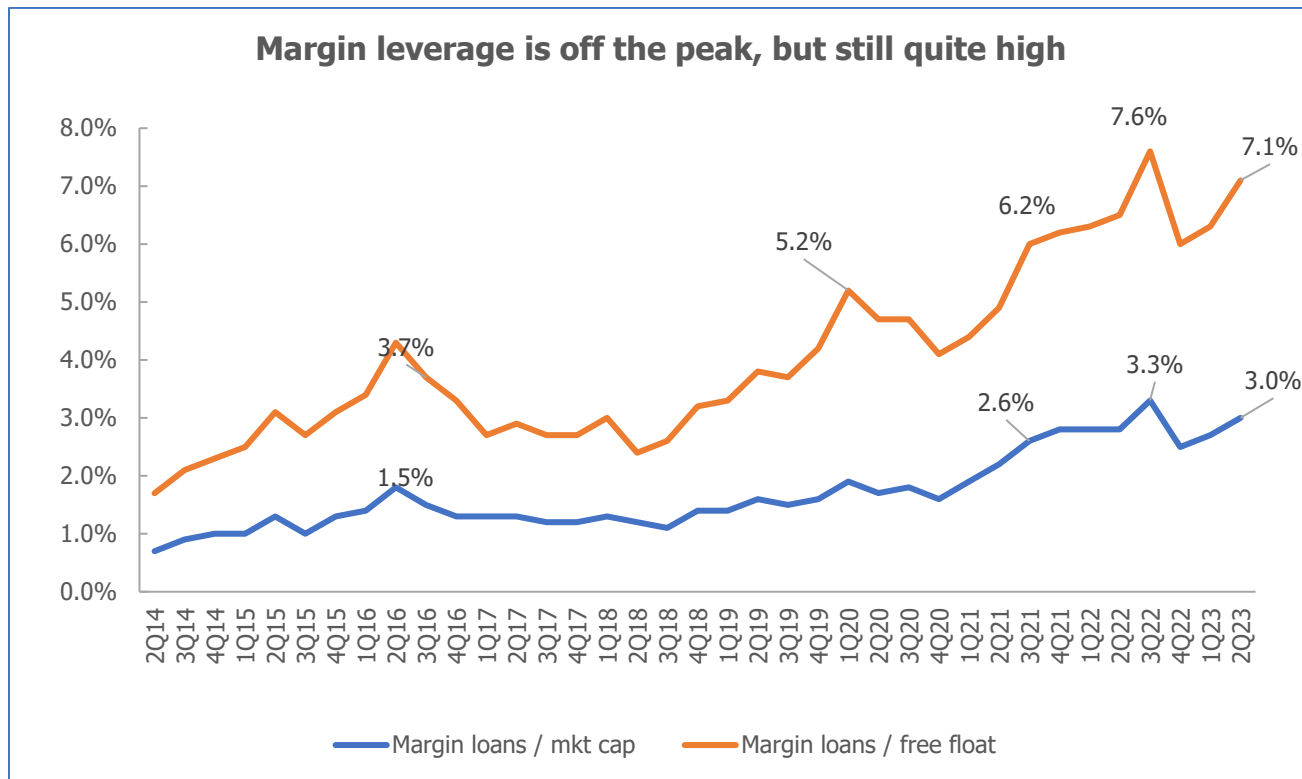
Readers will undoubtedly recoil in terror at the memory of 4Q22, which saw a painful margin unwind driven by excessively concentrated lending to major shareholders of a handful of stocks.

In this episode, the borrowers (largely major shareholders of property developers) were in a position in which their firms' ability to obtain debt financing had been highly constrained as the bond markets were essentially shut down and bank credit dried up in 2022, so the firms' controlling shareholders leveraged their equity holdings by borrowing from brokers to fund their businesses' operations. Brokerage margin finance is a collateralized business, and margin clerks are both brutal and unsentimental. Unfortunately, when the prices of shares used for collateral declined, many of these borrowers were unable to meet margin calls.

This resulted in the painful bout of forced selling that drove the market to its mid-November trough.

Our sense is that the uptrend in margin finance YTD has been driven by traditional borrowing by margin investors (largely HNWIs) rather than lending to the major shareholders of credit-starved property developers. In other words, we think that the brokers have learned from this experience and are unlikely to extend substantial aggregate credit to concentrated owners of shares that might not be priced perfectly in line with fair value. Note that this is only a medium-confidence view driven by the "fingers burned" theory: opacity of margin lending means that it is not possible to be highly confident.

Margin finance leverage has increased as a result. As a percentage of total market cap (HSX and HNX shares only), margin loans ended 2Q23 at 3.0%, not far from the all-time high of 3.3% in 3Q22. This might not look very high to international observers, but readers should be aware that most of this market cap is locked up in non-traded shares. The combined market free float is just 42% based on Bloomberg data, and in our opinion Bloomberg's methodology likely overstates the market's real free float. Adjusting our data set for Bloomberg's (likely overstated) estimate of total market free float, the margin leverage ratio at 2Q23 was 7.1%, the second highest historically.

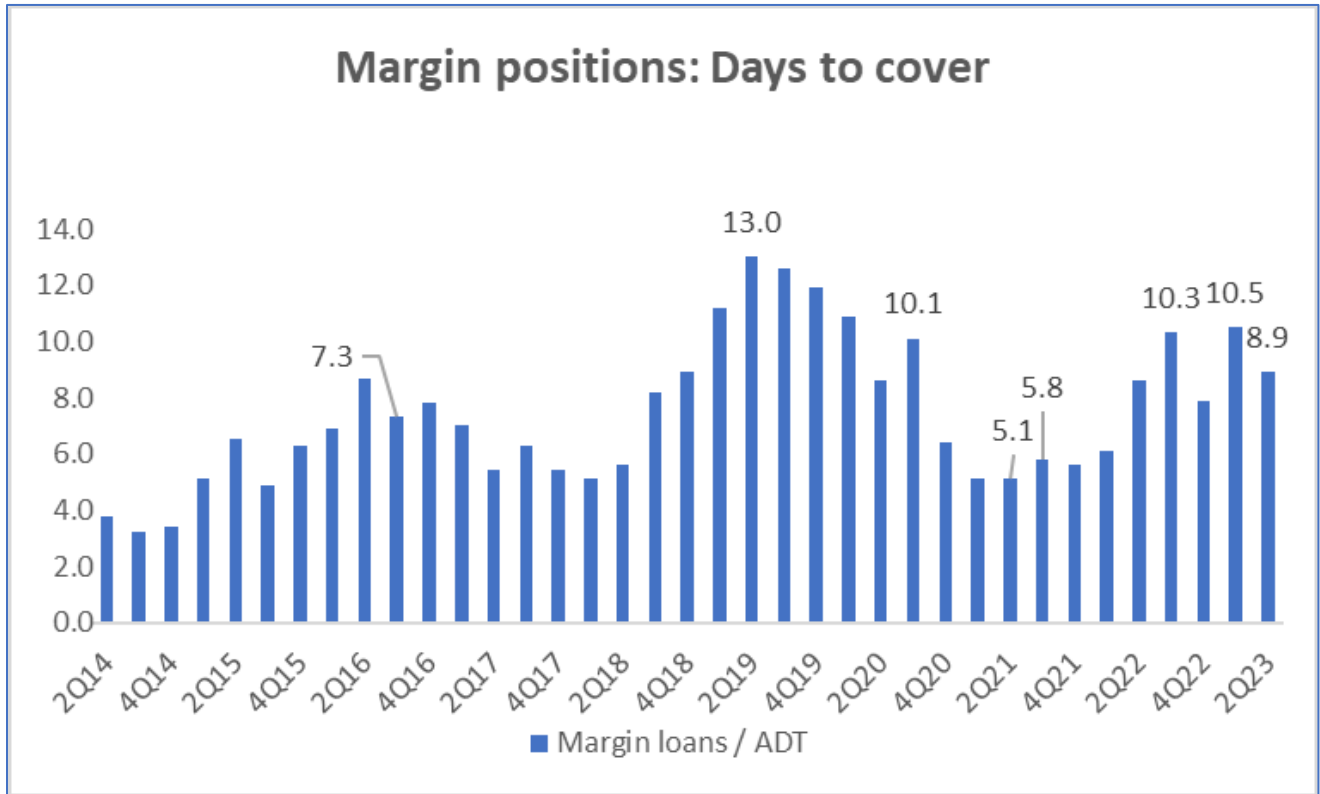


Source: FiinPro, Bloomberg, Yuanta Vietnam

Don't expect a repeat of 4Q22. Given that margin leverage as of June was near the peak of end-3Q22, it is reasonable to consider the risks that Vietnam might be in for a repeat of the margin unwind that occurred during 4Q22. Our view is that this is not a likely scenario.

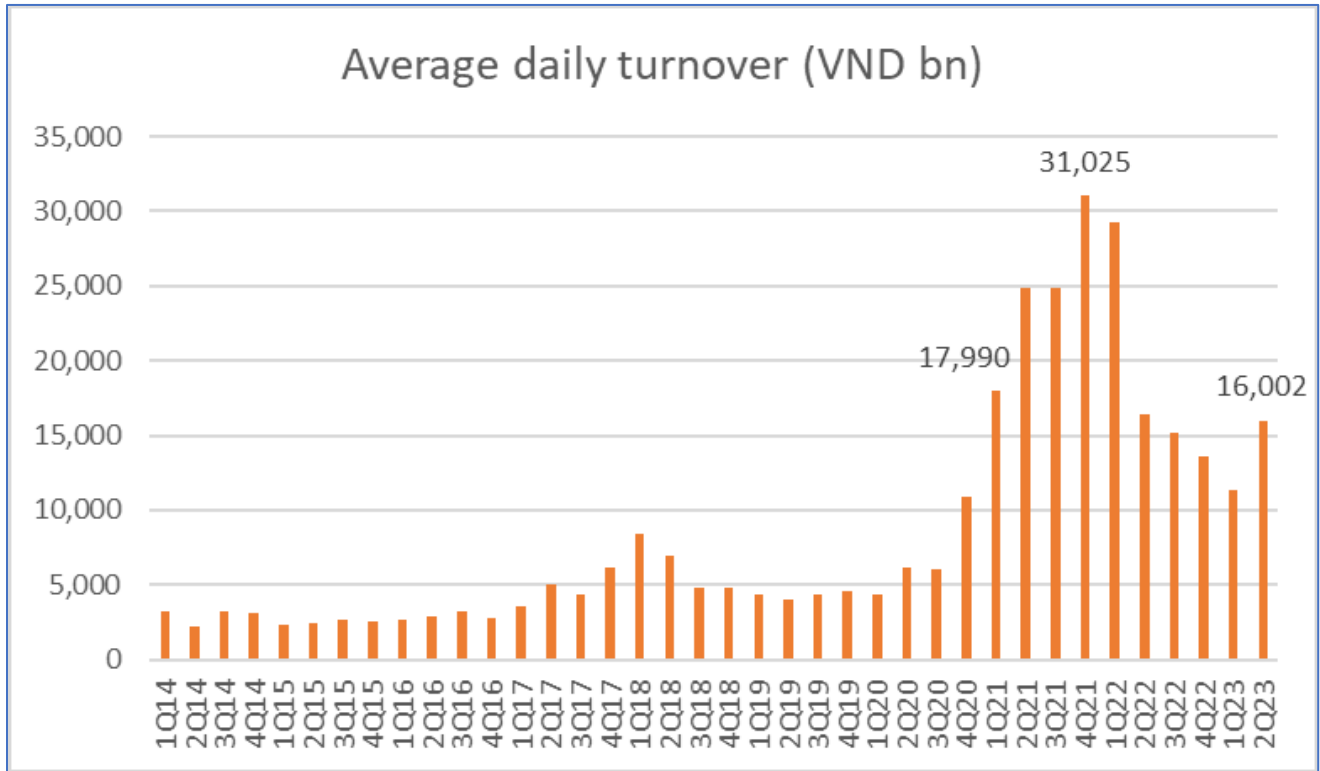
We are relatively confident that the situation today is different from a year ago. The peak in margin leverage in 3Q22 happened during a bear market – an anomaly that occurred because brokerage margin was the only game in town for financing options among the controlling shareholders of large property developers. By contrast, the recovery in margin lending since 1Q23 has been accompanied by a sharp increase in share prices and trading activity, and our sense – which admittedly may be wrong -- is that this represents demand from stock investors who are leveraging their positions to enjoy excess stock price returns, not major shareholders seeking cash to fund their business operations.

In addition, margin positions have not increased as quickly as market turnover in the recent bull market. Margin loans as a percentage of ADT – another measure of leverage in the stock market – is well below the peak levels (which were actually in 2019). Margin loans at end-2Q23 were the equivalent of 8.9 days of total trading in 2Q23, which is actually lower than the same figure in 1Q23 (10.5 days) and well off the historical peak of 13 days.



Source: FiinPro, Yuanta Vietnam

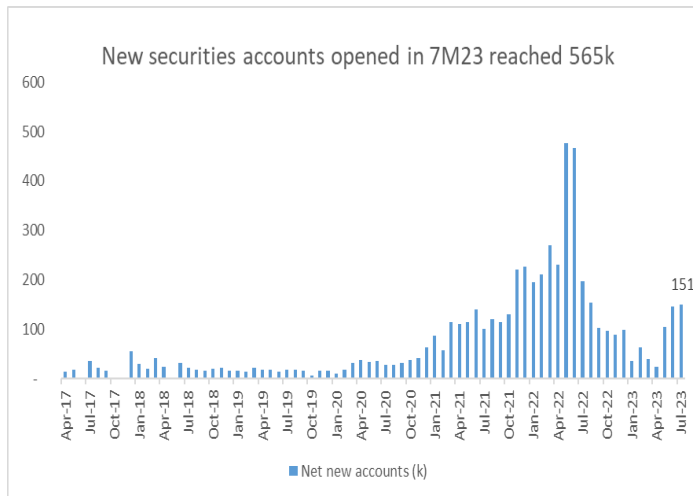
The data on margin finance is inherently backward looking, but that's all we've got. Any numerical analysis of margin lending and its potential risks / benefits for the stock market is inherently a backward-looking approach given that quarterly balance sheets are only produced for public consumption a month after the end of each quarter, but it's the only data that is available to us on a consistent basis. Intra-quarter estimates of margin finance are always just guesses, even when they appear to come from knowledgeable sources. For what it's worth (which is not very much), our guess is that margin positions have continued to rise steadily since the end of June, as a key driver both of the surge in share prices *and* total turnover in the market.



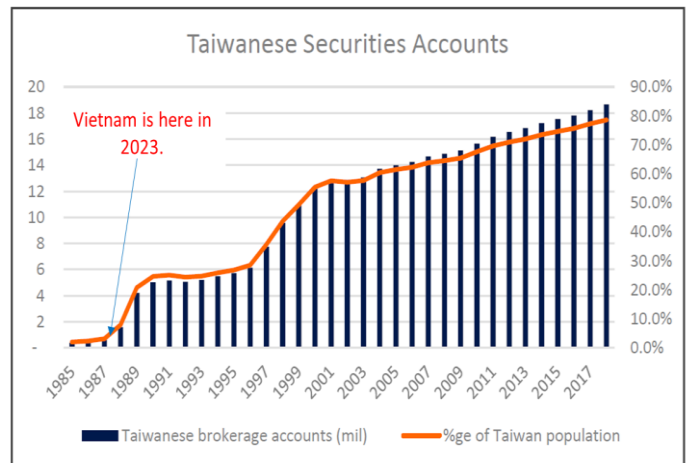
Source: FiinPro, Yuanta Vietnam

Another 151k new securities trading account were opened during July...

...and total accounts are equivalent to 7.4% of the population, where Taiwan was in 1987.

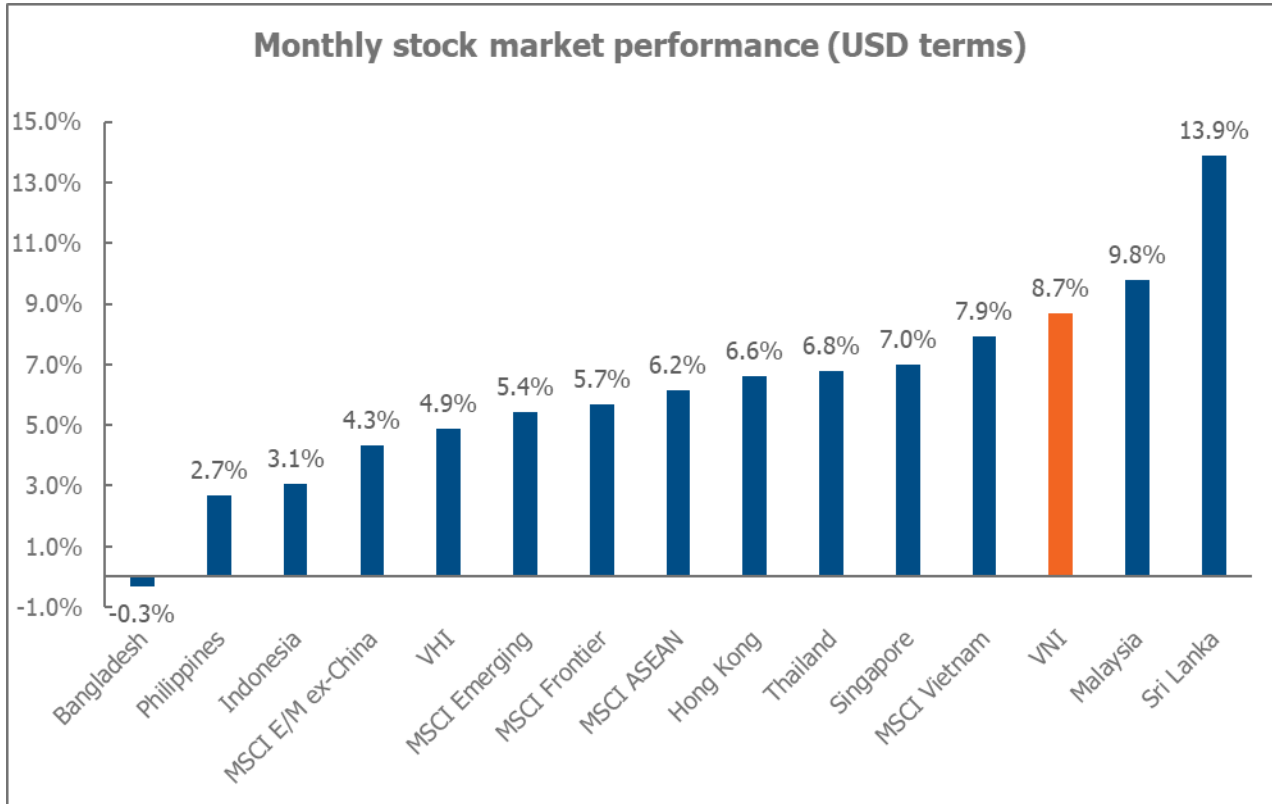


Source: Bloomberg, Yuanta Vietnam

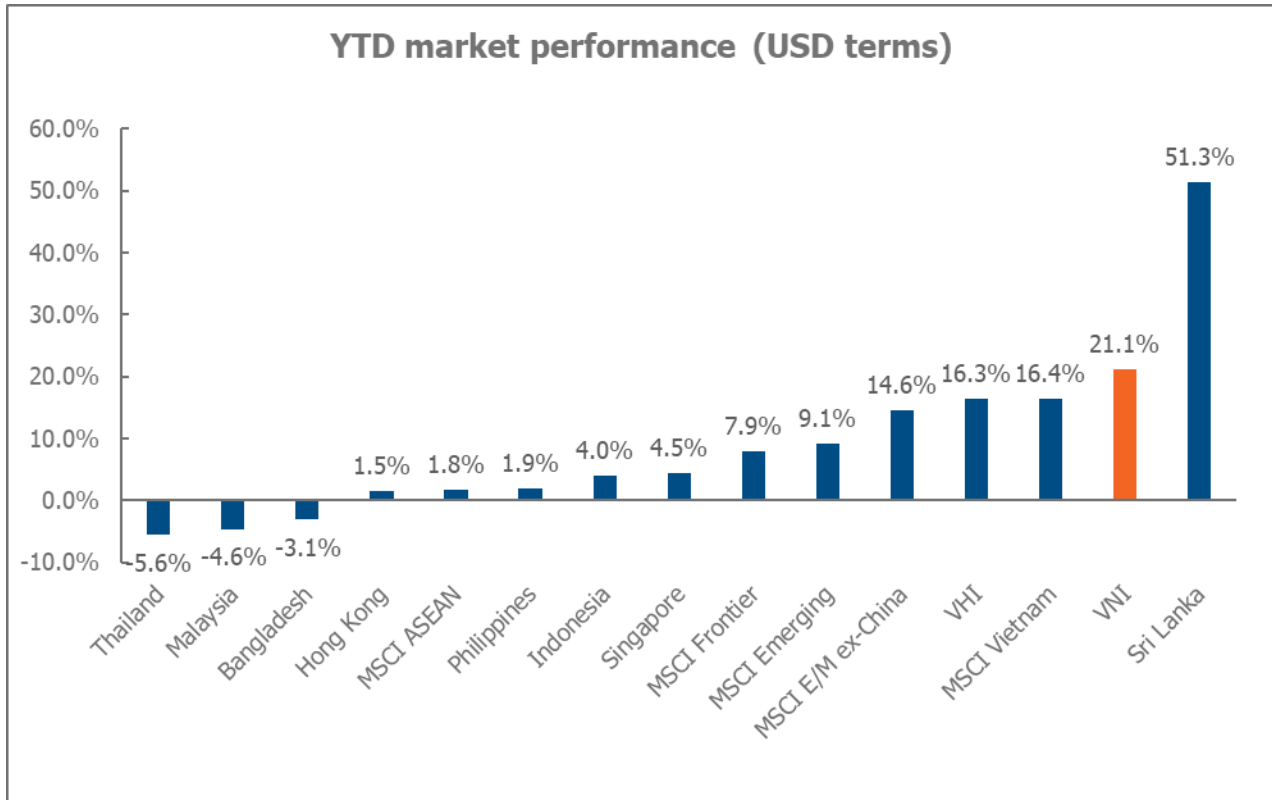


Source: Bloomberg (2023E consensus PE), Yuanta Vietnam

Vietnam's major stock indexes outperformed most – but not all – of the regional peer benchmarks again in July, as illustrated in the charts below (which reflect US dollar returns). Notably, the MSCI Vietnam's +7.9% MoM gain in July was 1.1ppt below the return of the VNI itself, a gap that is explained by the open-FOL large cap focus of the former vs. the latter. This gap seems likely to revert again – perhaps by a considerable margin – in August given VIC's (Not Rated) rather idiosyncratic rally so far this month.



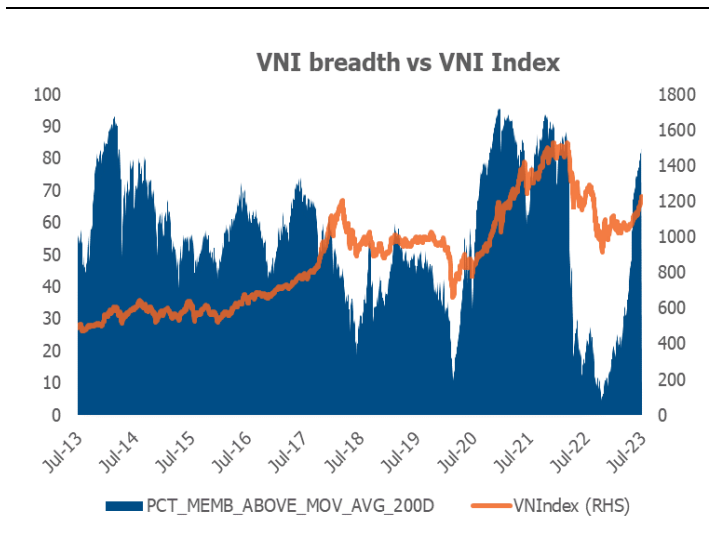
Source: Bloomberg, Yuanta Vietnam (data is as of Jul 31)



Source: Bloomberg, Yuanta Vietnam (data is as of Jul 31)

Market breadth was again very positive in July– and remarkably so YTD. Some 83% of VNI components posted gains during the month, up from 64% in June. Breadth YTD was almost exactly the same as that of July, with some 85% of mainboard constituents now trading higher than their 200-day moving average levels. Breadth among the VN30 large caps was stronger than that of the mainboard in July, at an almost perfect 97% up (29 gainers / 1 loser).

Monthly stock breadth shifted from positive to extremely positive in July



VN 30 breadth			
	WoW	MoM	YTD
Gainers	25	29	27
Losers	5	1	3

Source: Bloomberg (Jul 31)

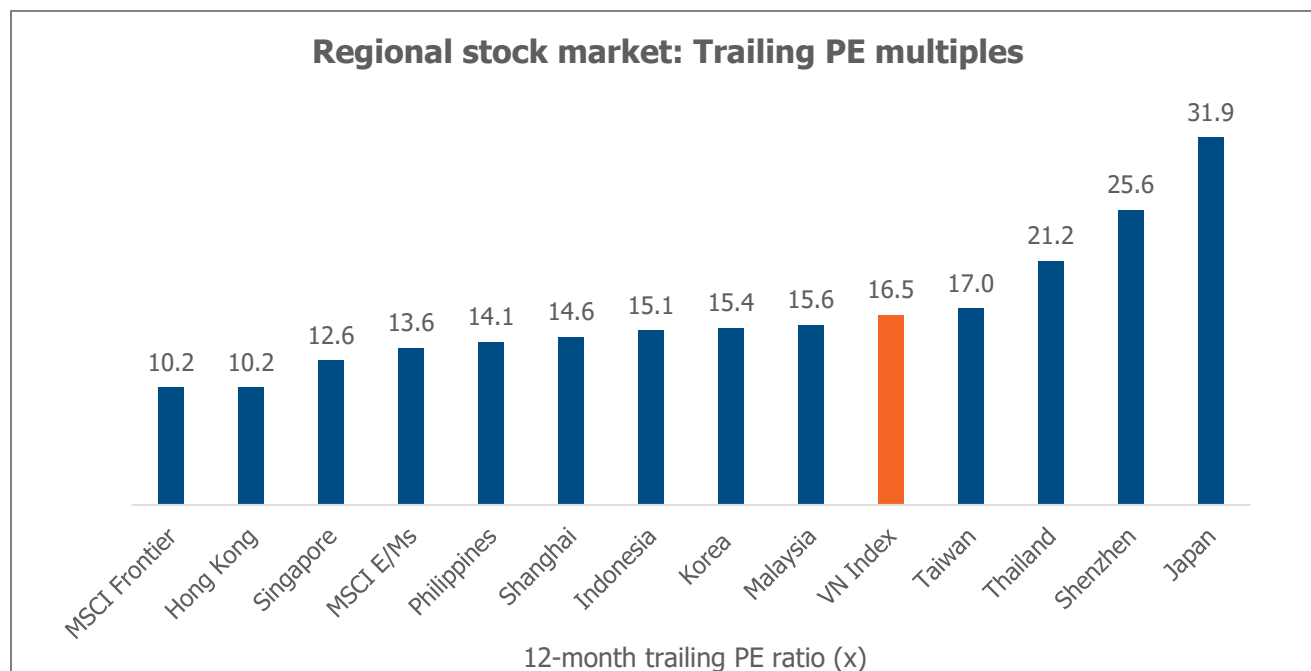
VN Index breadth			
	WoW	MoM	YTD
Gainers	222	318	317
Losers	149	68	68

Source: Bloomberg (Jul 31)

Source: Bloomberg, Yuanta Vietnam (Jul 31)

Source: Bloomberg

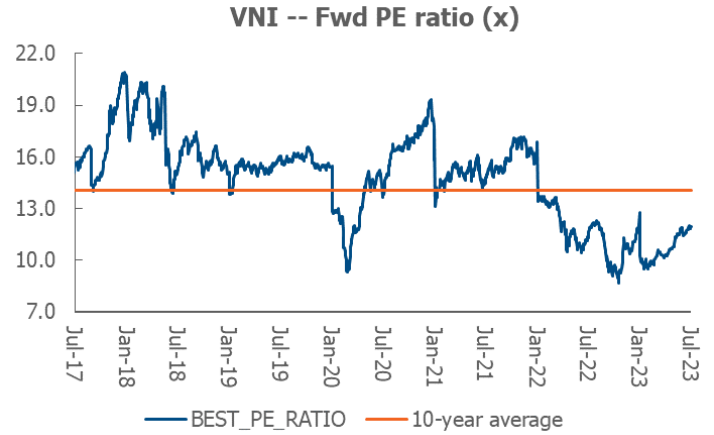
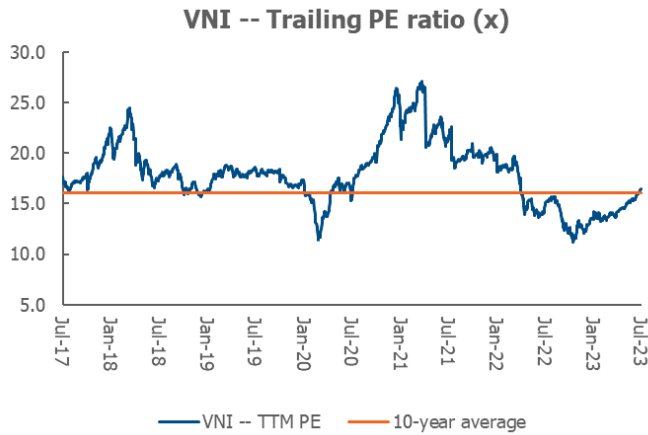
Valuations – Off the trough. We have argued consistently that cheap valuations were never a catalyst for a bull market, but they are typically a condition for one. The “dirt cheap” PE valuations of the past c.6 months have gradually risen and the market is inarguably less cheap now than it was previously (e.g., it traded down to below 9x 2023 P/E during the panic selloff of 4Q23). But the VNI has risen c.30% from the intraday trough of mid-November. As a result, the mainboard closed at 11.5x 2023E P/E as of June 30, which is still a compelling 0.6x 2024E PEG multiple (based on Bloomberg consensus 2024 EPS growth expectations).



Source: Bloomberg (Jul 31)

The VNI's trailing PE ratio as of Jul's close was 16.5x.

The mainboard's 2023E PE is now 12.0x, based on Bloomberg consensus.



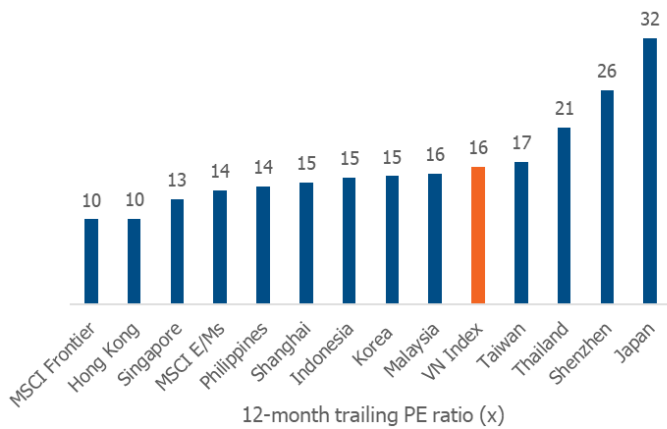
Source: Bloomberg, Yuanta Vietnam

Source: Bloomberg (2023E consensus PE), Yuanta Vietnam

Vietnam stocks are not as cheap vs. the region as they used to be, on trailing P/E basis...

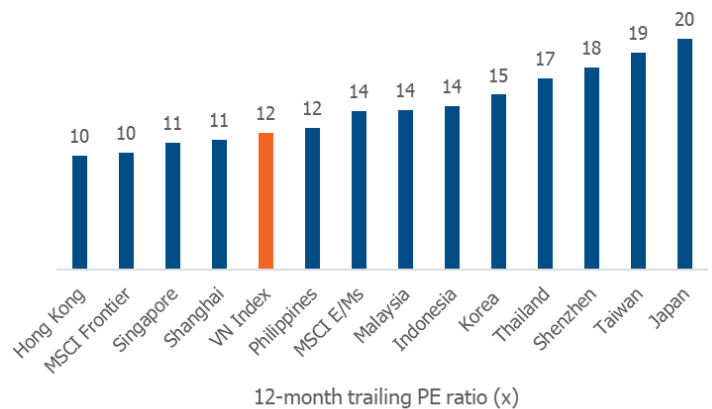
...or on a forward basis. Still, valuations are attractive given the outlook for high growth.

Regional stock market: Trailing PE multiples



Source: Bloomberg, Yuanta Vietnam (Jul 31)

Regional stock market: 2023E PE multiples



Source: Bloomberg (2023E consensus PE), Yuanta Vietnam (Jul 31)

VN30 large caps: Share price performance in July

Ticker	Closing price (VND K)	MoM chg	Contribution to VN30 Index performance in Jul	YTD chg	Contribution to VN30 Index performance in 7M23
ACB	23.0	4.1%	3%	25.4%	6%
BCM	81.0	2.3%	0%	0.5%	0%
BID	47.2	8.9%	1%	22.3%	1%
BVH	48.2	9.2%	0%	3.3%	0%
CTG	30.0	1.7%	0%	10.1%	1%
FPT	85.6	15.8%	12%	29.5%	9%
GAS	101.6	9.2%	1%	0.1%	0%
GVR	22.4	15.2%	0%	62.0%	1%
HDB	17.4	7.3%	2%	31.7%	4%
HPG	28.2	7.8%	6%	56.7%	16%
MBB	18.9	7.3%	3%	30.0%	5%
MSN	87.3	16.1%	7%	-6.1%	-1%
MWG	53.7	25.2%	12%	26.3%	5%
NVL	18.9	26.9%	5%	34.6%	2%
PDR	21.7	29.2%	2%	59.6%	1%
PLX	41.5	11.1%	0%	30.9%	1%
POW	13.7	2.2%	0%	28.6%	1%
SAB	156.8	2.1%	0%	-4.7%	0%
SSI	29.7	14.9%	4%	74.0%	7%
STB	29.0	-2.9%	-1%	28.7%	5%
TCB	34.3	6.0%	4%	32.7%	8%
TPB	18.8	4.2%	1%	38.3%	3%
VCB	91.6	8.2%	4%	35.2%	6%
VHM	63.0	14.5%	8%	31.3%	7%
VIB	20.8	5.9%	1%	40.6%	3%
VIC	55.1	8.0%	4%	2.4%	0%
VJC	102.0	8.2%	2%	-6.8%	-1%
VNM	78.0	9.9%	5%	2.5%	1%
VPB	22.2	11.6%	10%	23.7%	8%
VRE	29.7	10.6%	2%	12.7%	1%

Source: Bloomberg, Yuanta Vietnam, Pricing date: Jul 31, 2023

FPT Retail (FRT VN) – Initiating with BUY

Amid the upwelling sea of 2Q23 results notes in July, consumer analyst Di Luu initiated coverage on FRT with a differentiated BUY recommendation. Di reckons that --

- 1) FRT’s growth story has decidedly shifted to the pharmacy retail business, which has emerged as Vietnam’s leading modern pharmacy chain;

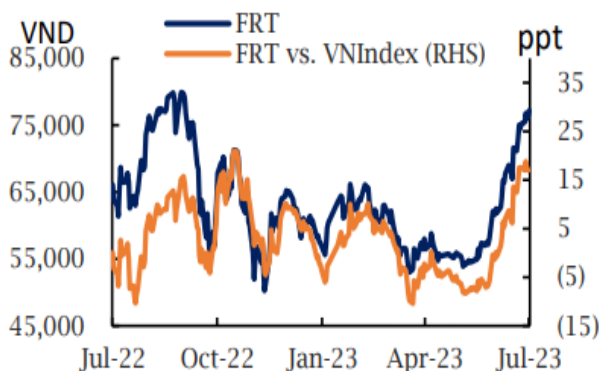
but that --

- 2) The Street is overly bearish on the legacy consumer electronics segment. This business has been mired in a price war amid slowing demand and admittedly will not return to the heady growth of yesteryear, but extrapolating this segment’s recent (very bad) results into expectations of permanence would be a mistake.

Largely due to the latter point, her earnings forecasts are +10-11% ahead of the consensus for 2023-24E. Yes, the shares have moved up markedly in the past two months as consumer names have reverted from depressed levels to merely undervalued pricing, so choosing your entry point is critical.

However, we still expect another 30% 12-month total shareholder returns and our recommendation is BUY.

Share price performance relative to VNI



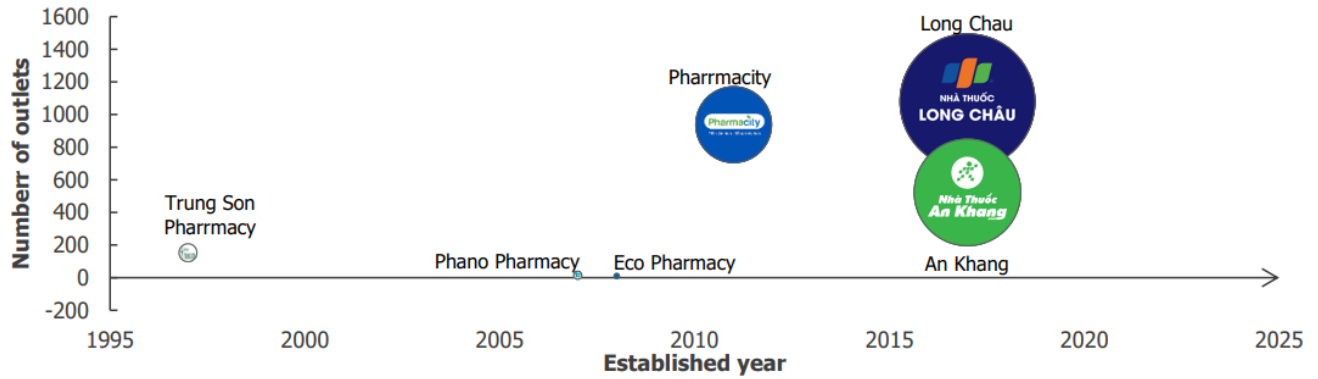
Market cap (USD mn)	447
6M avg. daily turnover (USD mn)	2.6
Outstanding shares (mn shares)	136
Free float (%)	55
FINI ownership (%)	33.3
Major shareholders (%)	54.5
1Q23 Nebt debt/Equity (x)	2.1
2023E PER (x)	92.4
Trading platform	HOSE
FOL Room (%)	15.7

Source: Bloomberg, FiinPro, Company data, Yuanta Vietnam

Company description: FRT is a 47%-owned associate of FPT Corp (FPT VN, Not Rated). FRT operates two consumer electronics retail chains (accounting for 69% of consolidated sales in 2022) and a pharmacy chain (31% of total sales).

Long Chau Pharmacy is FRT’s key growth driver amid Vietnam’s aging population, rising healthcare awareness, and strong position relative to its major pharma chain competitors. FRT plans to open 400-450 new Long Chau outlets in 2023 and to reach 3,000 pharmacies by 2026E (4-year CAGR: 32%).

Fig.6: Vietnam modern pharmacy retail chains

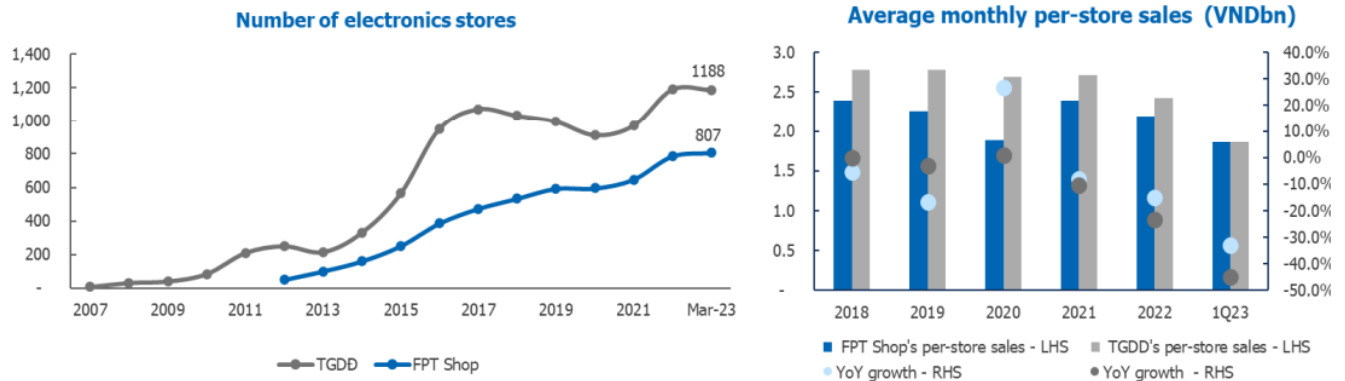


Source: official websites, similarweb.com, Yuanta Vietnam
 *Bubble size demonstrates website traffic

Soft demand for consumer electronics. Sales of FPT Shop’s main products (i.e., smartphones, PCs, and notebooks) have weakened considerably since 2021. The consensus expectation is that the electronics retail segment will remain weak in 2023—and we agree.

But CE sales could turn up in 2H23 given (1) typical seasonality—the Autumn new product release and back-to-school demand for PCs/NBs; and (2) increased middle class spending power as floating mortgage rates gradually adjust down. We believe this is not reflected in the dismal consensus expectations for this business -- which are too dismal, in our opinion. This low hurdle of expectations implies the potential for positive operational surprises going forward.

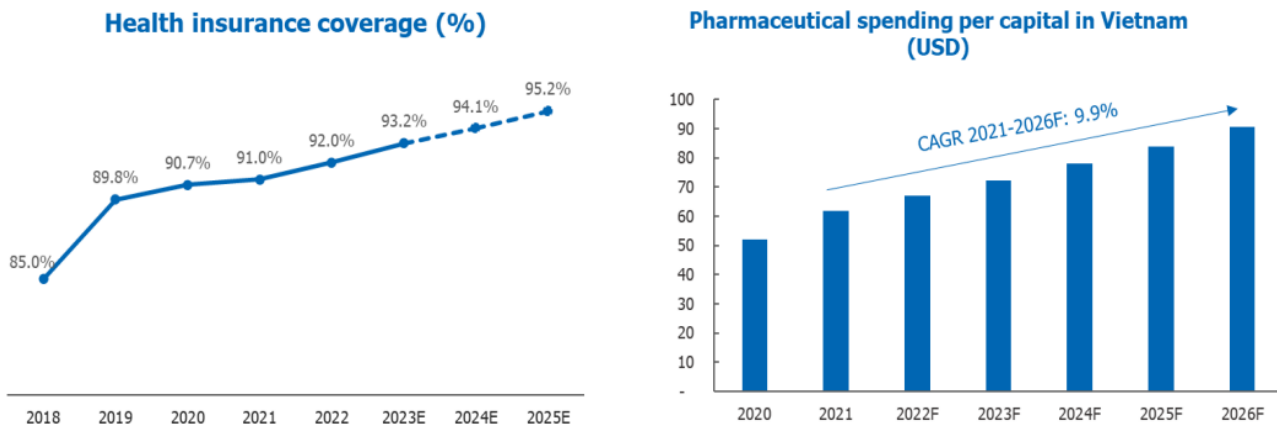
Fig.5: TGDD vs. FPT Shop



Source: Company data, Yuanta Vietnam

We initiate coverage on FRT with a BUY rating and set our target price at VND100,600 based on an SOTP valuation. We use FCFE to value the electronics retail segment and comparable P/S multiples for the pharmacy segment. Our target price implies 12-month TSR of +31.3%.

Fig.18: Vietnam's healthcare industry: A solid outlook for growth

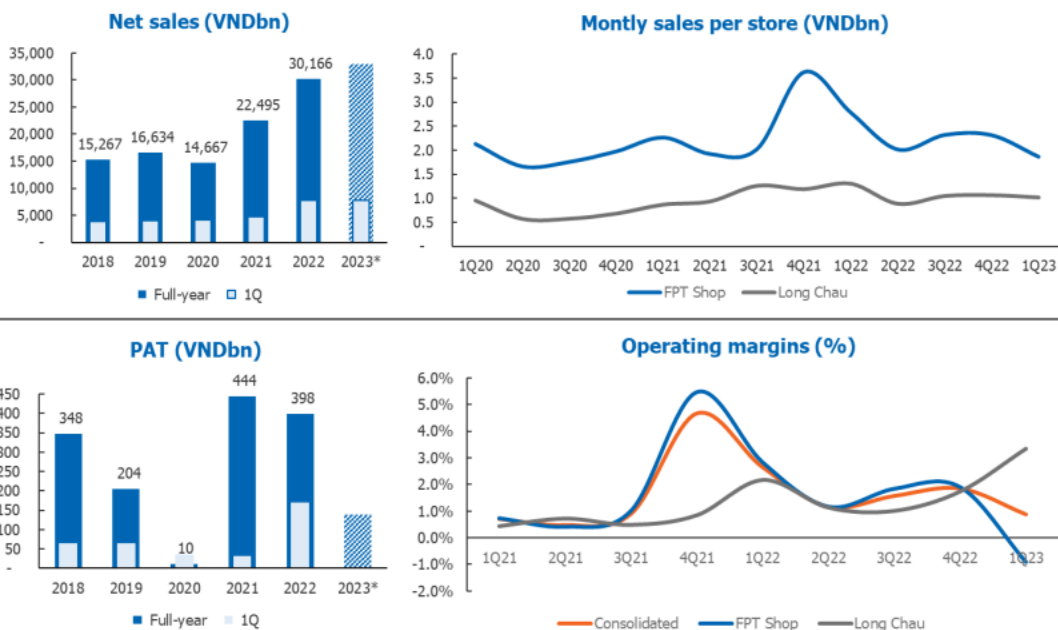


Source: WorldBank, Who, Fitch Solution

Yuanta vs. the Consensus. Our BUY rating is mainly based on our view (which is shared by management and most analysts) that Long Chau will be the key growth driver for FRT. However, the Street appears to be more bearish than we are on the electronics retail segment. As such, our EPS forecasts are above the consensus by 10% for 2023 and 11% for 2024 (source: Bloomberg).

Risks to our view: 1) the consumer electronics slump could be deeper / more prolonged than we assume, and 2) price increases of imported pharmacy products could be higher than we assume, leading to compressed sales and/or margins at Long Chau. On the positive side, 3) macro & consumer spending could outgrow [our cautious expectations](#), and 4) management could outperform our assumptions regarding the rollout of Long Chau's footprint.

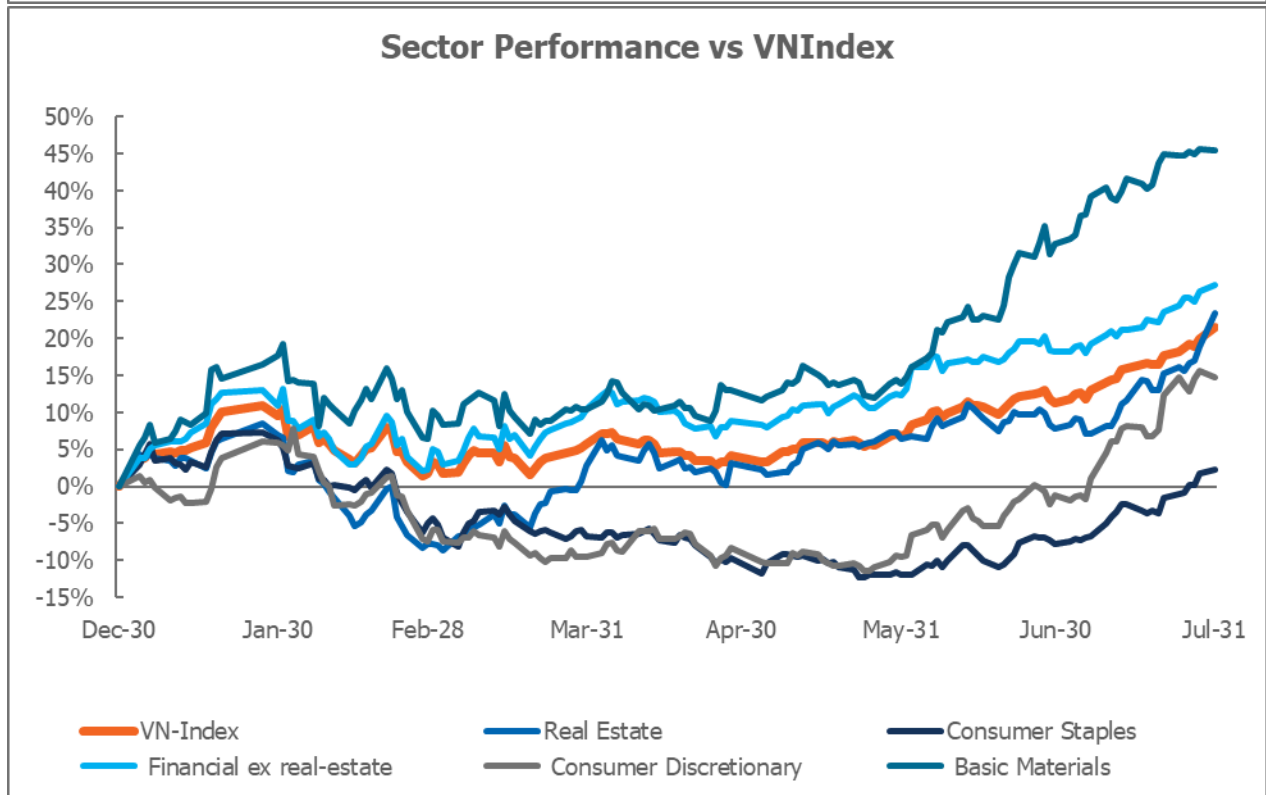
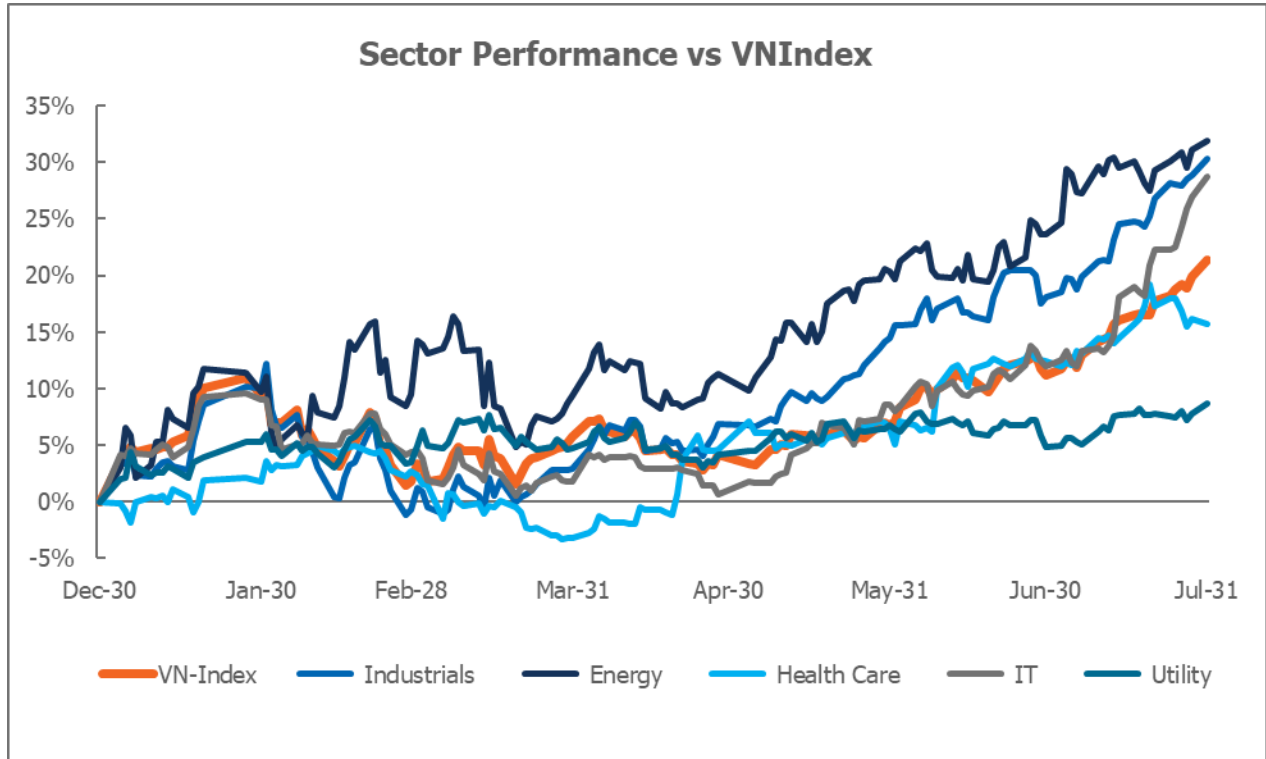
Fig.19: Consolidated P&L metrics reflect the ongoing slump in consumer electronics retailing



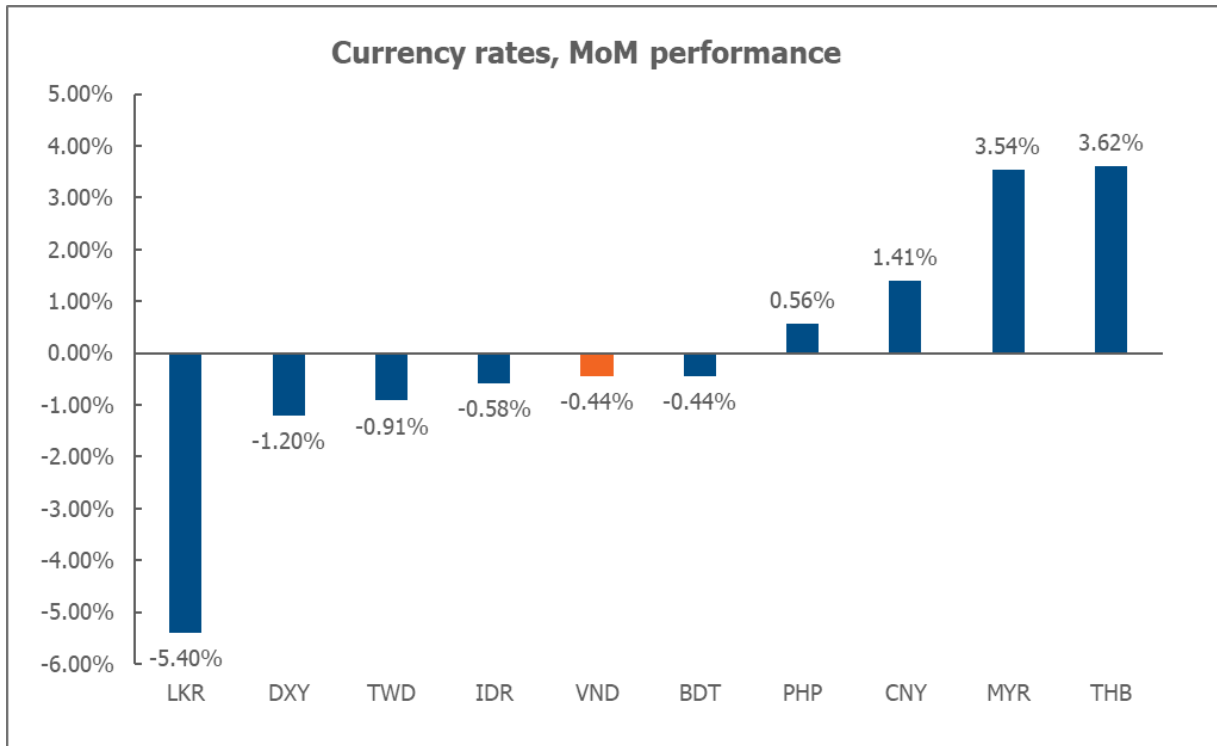
Source: Company data, Yuanta Vietnam, (*) Yuanta's forecasts

Please access the link for our complete report: <https://yuanta.com.vn/wp-content/uploads/2023/07/FRT-Initiation-2023-2.pdf>

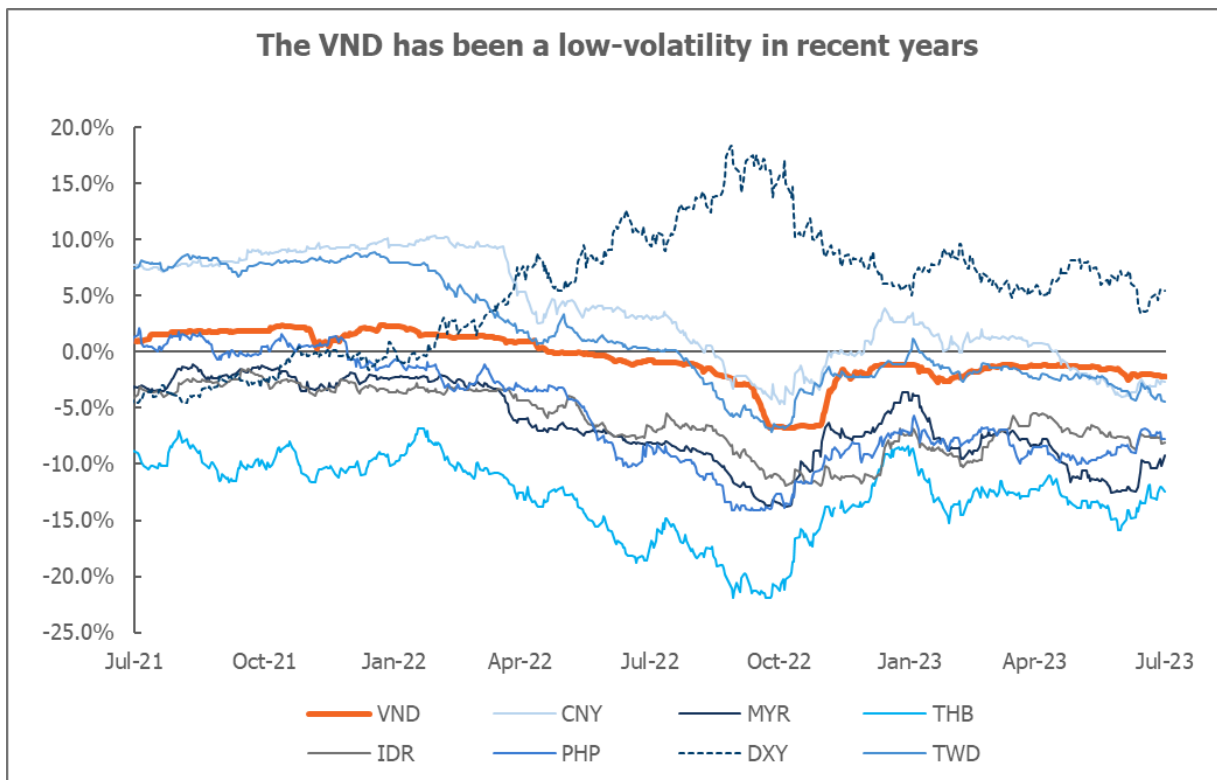
Sector performance YTD



Source: Bloomberg (data through Jul 31)



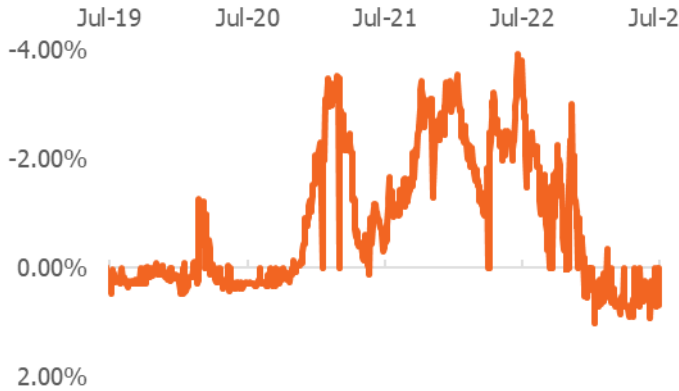
Source: Bloomberg (Data is as at Jul 31)



Source: Bloomberg (updated to Jul 31)

Grey market US dollar cash premium has declined in recent days.

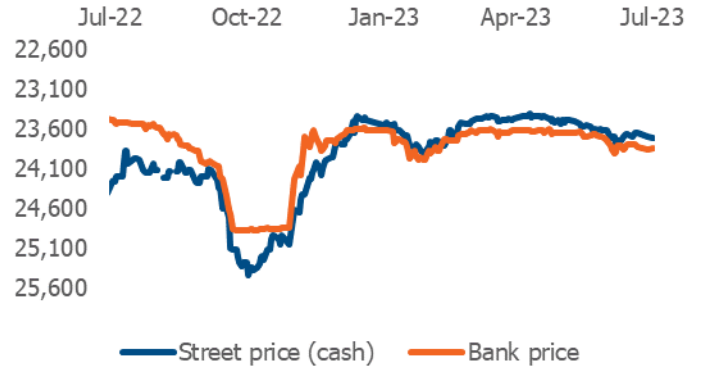
Cash rate vs bank rate for buying USD with VND



Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

...resulting in a reduction in the premium FX rate of USD cash over bank transactions.

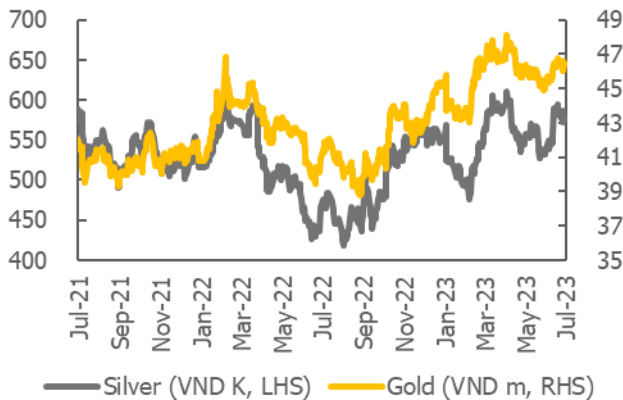
VND rates to buy USD



Source: FiinPro, Yuanta Vietnam

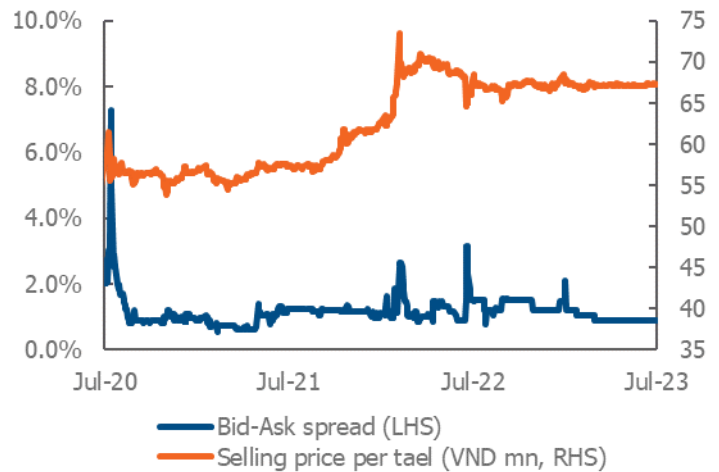
Global gold price is down in USD terms, but has been rising vs. the weaker VND.

Precious metals in VND terms

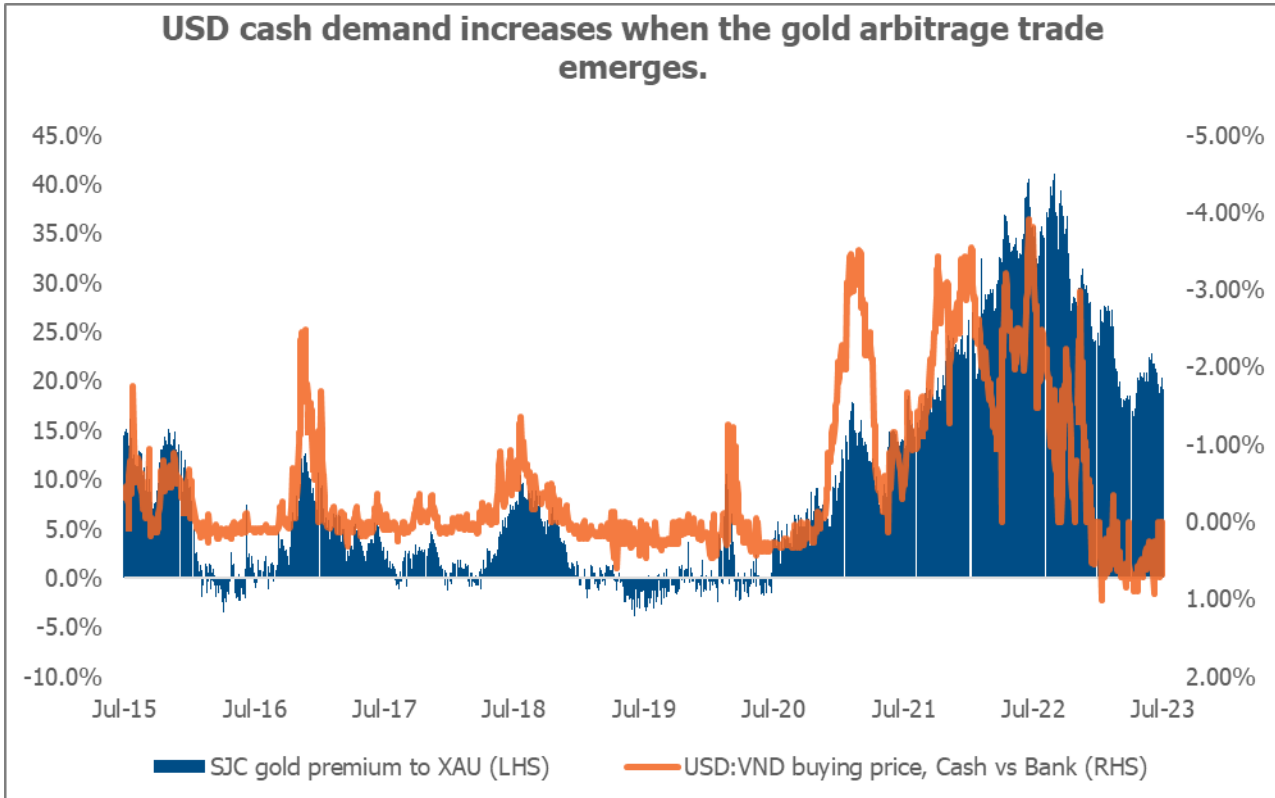


Source: FiinPro, Yuanta Vietnam. Bank data refers to VCB's published electronic selling price vs. the "free market" price for USD notes.

The SJC's official gold price and bid-ask spreads spiked initially but have since come down.



Source: FiinPro, Yuanta Vietnam



Source: FiinPro, Bloomberg, Yuanta Vietnam

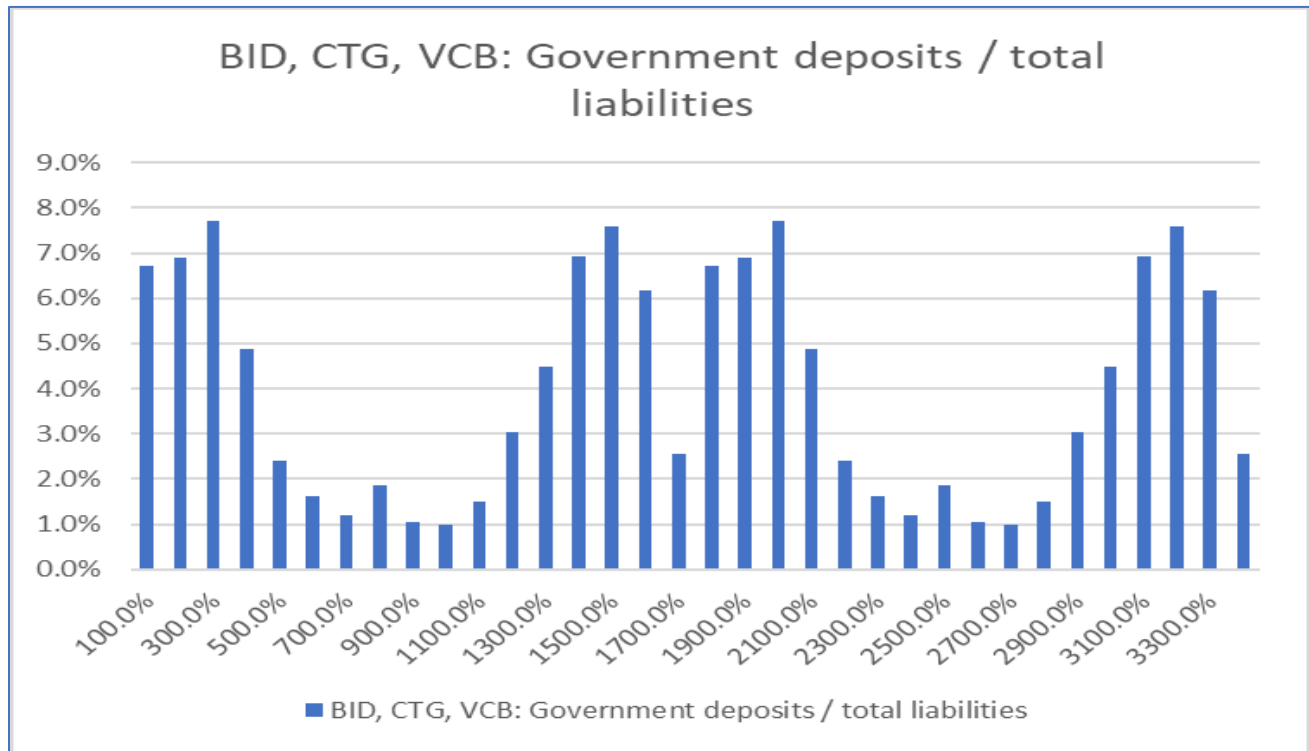
Macro Update – Yes that’s right! Exports are up!!!

--Binh Truong, Deputy Head of Research

binh.truong@yuanta.com.vn

The GSO reported a more positive macro picture in terms of supply and demand in July. The highlights --

- Demand remains solid as retail sales of goods and services in July reached VND 512.2tn, up by +1.1% MoM / +7.1% YoY, underpinned by the largest component, retail sales of goods.
- Eased fiscal and monetary policies should continue to stimulate demand going forward, although admittedly it will take time for the effects of these policies to emerge.
- The GSO reported a stronger recovery of industrial production in July following signs of bottoming out in the previous months.
- Manufacturing showed clear indications of having bottomed out. Respondents to the manufacturing PMI survey report that output and new orders continued to decline YoY in July, but at the weakest rate in the past five months.
- Meanwhile, export turnover is gradually picking up. We expect the recovery trend to continue toward yearend both because of normal seasonality and because numerous buyers need to rebuild inventory to meet demand. DHC (BUY) is among the beneficiaries of Vietnam’s long term export growth.
- Inflation remains consistently low. 7M2023 average CPI is just 3.12%, still substantially lower than the target <4.5%.
- However, we see upside risks for inflation, especially given recent hikes in oil and food prices.
- Surging oil prices are good for O&G companies such as PVD (BUY), PVS (Not rated), and GAS (Not rated), all of which exhibit high correlations with oil prices.
- Public investment soared at two-digit figure YTD to remain the main growth engine given the slowdown of export demand.
- Public investment in July reached VND 58.5 tn, up by +28.4%YoY.
- We believe public investment dispersals are a key driver of the roughly US\$9.6bn QoQ (-79% QoQ) decline in government deposits at the three listed state banks in 2Q23.
- As a percentage of liabilities at BID, CTG, and VCB, government deposits declined from 5.3% at 1Q23 to just 1.1% at 2Q23.
- This -4.4ppt QoQ decline is the steepest sequential drop since at least 2019 (i.e., even during COVID the government’s cash deposits did not decline so rapidly).



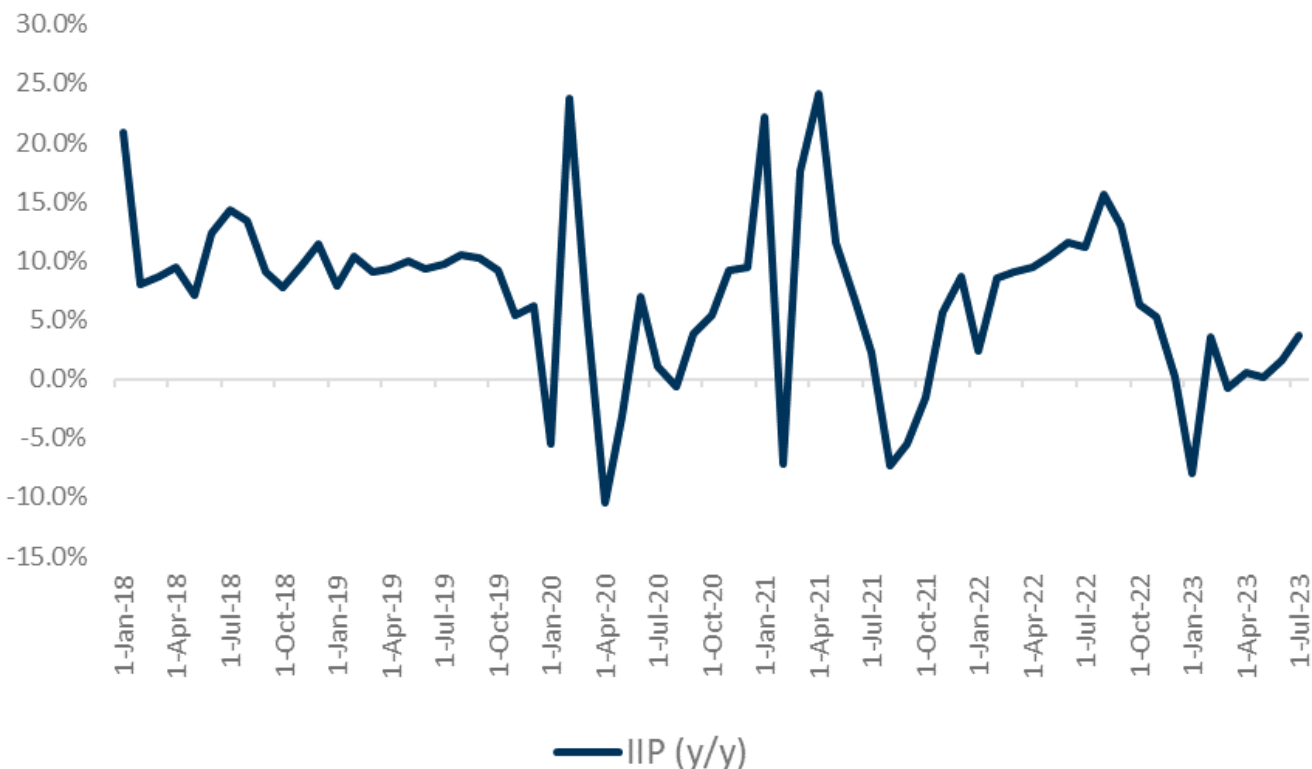
Source: Company data, FiinPro, Yuanta Vietnam

Industrial production strengthened in July, led by manufacturing

The GSO reported a stronger recovery of industrial production in July following signs of bottoming out in the previous month. Specifically, the industrial production index (IIP) in July rose by +3.9% MoM and +3.7% YoY, substantially improving from last month (+2.8% YoY). This confirms our suggestion last month that the industrial production likely bottomed out in June. We believe that this is further evidenced by the nascent recovery in export turnover in July.

Manufacturing output rose by +4.2% MoM and +3.6% YoY in July (vs. +2.9% YoY in June), higher than the blended IIP result, driven primarily by production of food (+11.4% YoY) and chemicals (+15.3% YoY). Electricity production increased by +4.1% YoY; and water supply and waste management rose by +8.3%YoY.

A recovery of industrial output in July



Source: GSO

7M23 IIP decreased by and estimated -0.7% YoY (1Q23 -0.75% YoY; 2Q23 increased by +1.56%YoY). Although still in negative territory, we think the aggregate IIP should soon turn positive given the improvement in momentum of recent monthly readings.

The composition of 7M23 IIP was as follows: Output of (1) mining decreased by -1.2% YoY; (2) manufacturing decreased by -1.0% (1Q23 -0.49%; 2Q23 +1.18%); (3) electricity production and distribution increased by +1.4% YoY; and (4) Water supply and wastewater treatment industry increased by 6.3%.

In 7M23, production of coke & refined petroleum increased by +12.2% YoY; metal ore mining increased by +8.6% YoY; rubber and plastic products increased by +7.6% YoY; tobacco increased by +8.6% YoY; beverages increased by +5.0% YoY; and the exploitation, treatment and supply of water increased by +5.6%.

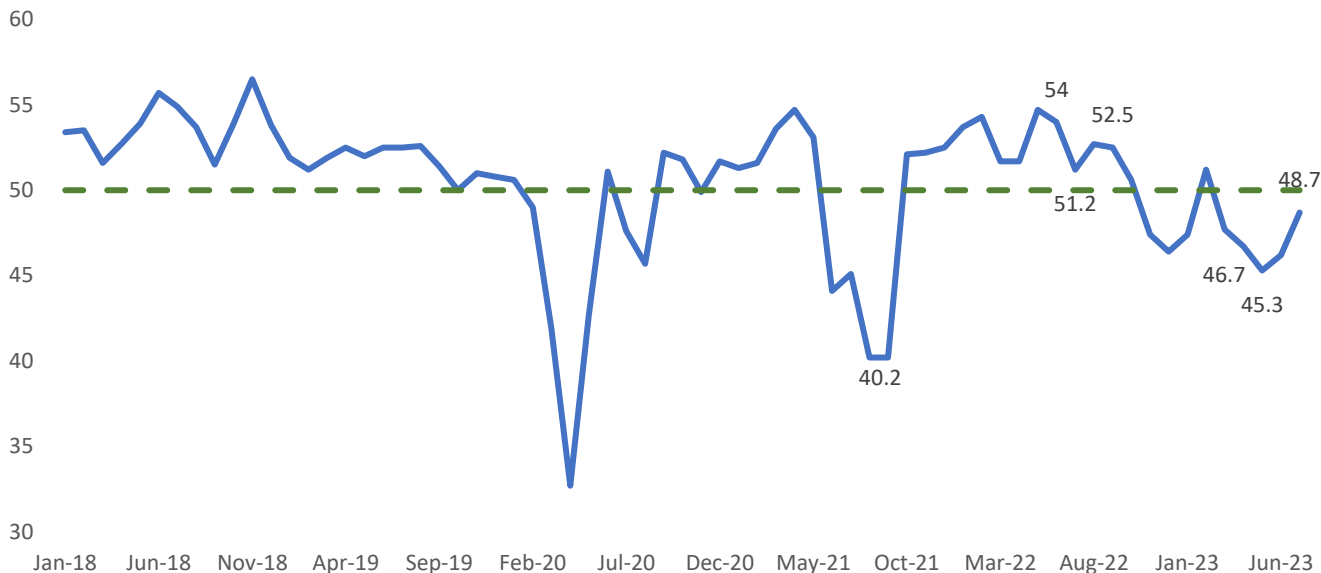
By contrast, production of the following products declined in 7M23: Wood processing and production decreased by -6.9% YoY; paper production was down -6.8% YoY; apparel production decreased by -5.5% YoY; motor vehicle production decreased by -6.2% YoY; machinery and equipment production not classified elsewhere decreased by -4.1% YoY; metal production decreased by -1.7% YoY; and electronic product manufacturing, computers, and optical products together fell -4.3% YoY.

Manufacturing PMI: July's reading was the least bad in 5 months

The manufacturing sector contraction continues, but at the softest level in five months. S&P Global's manufacturing PMI remained in contraction territory in July, coming in at 48.6. This was, however, much improved from 46.2 in June. Output, new orders, employment, and inventories are all falling, but falling at a decelerated rate.

Power outages are no longer a short-term issue as hydropower, representing 29% of the country's installed capacity, is back up and running across the country. Also, manufacturer respondents to the survey express optimism that their output will increase over the coming year.

The manufacturing sector contracted at the softest level in five months



Source: GSO

Manufacturers reported marginal declines in new orders. Export orders fell faster than the overall new orders, as external demand remains weak. Manufacturers reported weak export demand to the EU, specifically. However, the GSO data (presented on the next page) indicates that overall exports appear to be gradually recovering.

Lower new orders led to reduced work backlogs, and survey respondents have scaled back production and employment in response. However, inventories of finished goods and input materials increased for the first time YTD. The report suggests that weak demand led to the unwanted build-up of finished goods inventory.

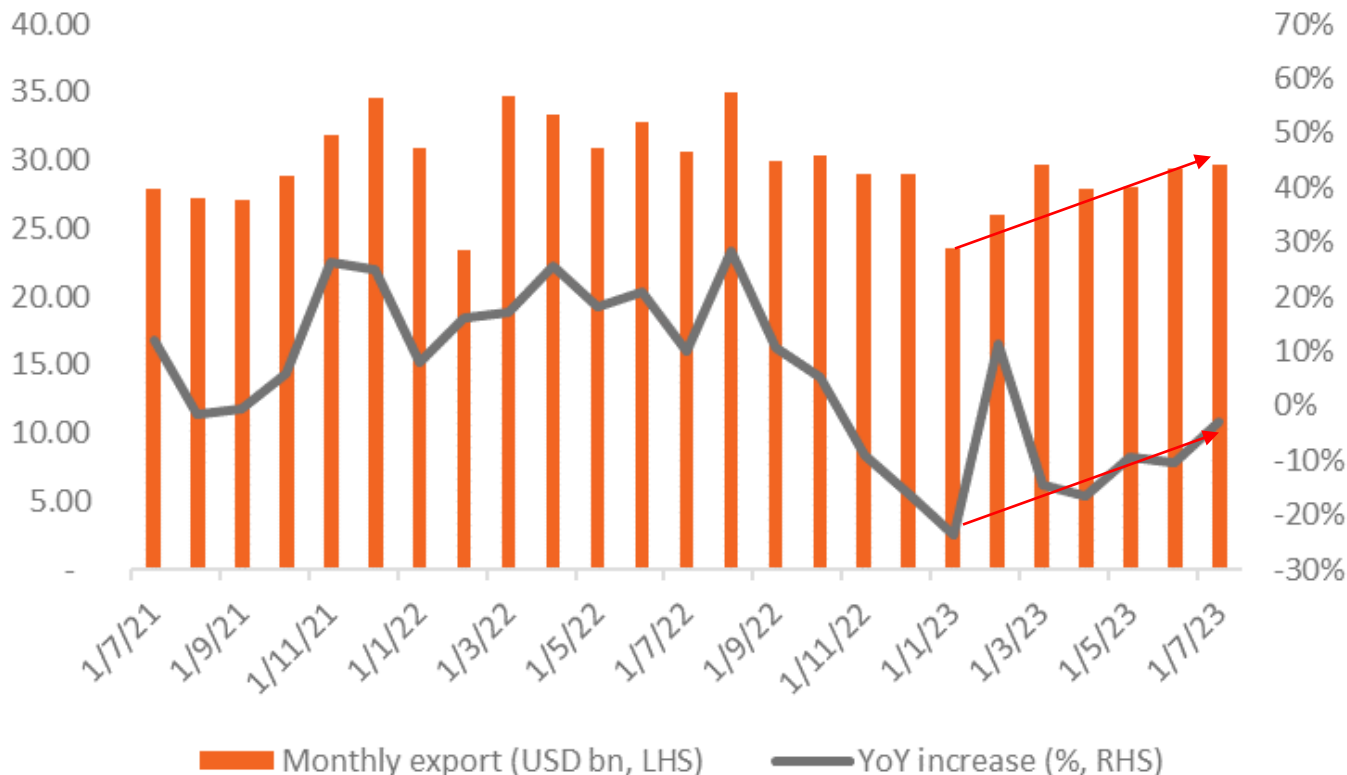
Producer prices fell for the third straight month. As input prices are falling at the fastest rate since April 2020, manufacturers have room to reduce their prices to stimulate customer demand.

Manufacturers remain concerned about the current challenges in securing new business. Nevertheless, most participants are still optimistic that the demand and hence output will be recovering eventually, according to the survey.

Foreign trade: Exports are gradually picking up

The GSO data includes some indications of improved merchandise exports. July's export turnover of goods reached USD 29.7bn, which was up by +0.8% MoM and down by -3.5% YoY (a slower rate of YoY decline vs. the -11.4% YoY drop in June).

Exports may be gradually recovering



Source: GSO

Still, 2023 certainly won't go down in the history books as a banner year for Vietnam exports. 7M23 export merchandise turnover declined by -10.6% YoY to reach USD 194.7bn (down from -12.1% YoY in 6M2023). Exports declined in most of the major markets: 7M23 exports to the US, the biggest export market by far, fell by a whopping -21.8% YoY (just marginally better than the 6M23 decline of -22.6% YoY), while EU exports slid by -9.9%YoY (vs. the drop of -10.7% in 6M23).

Some 30 items had export turnover in excess of USD 1bn, accounting for 91.6% of the total in 7M23; while 5 items recorded export turnover in excess of USD 10bn YTD. As illustrated in the table below, most of the major items recorded substantial export declines YoY, although the largest segment – electronics – was only down by -3% YoY.

Largest export items in 7M2023 recorded substantial decline

	Estimated 7M23 export turnover (USD mn)	YoY growth (% YoY)
Above USD5bn export turnover		
Electronic goods, computers and parts	30,787	-3.0
Mobile phones and parts	27,800	-18.3
Machinery, instrument, accessory	22,900	-10.4
Textiles and garments	18,930	-15.1
Footwear	11,672	-17.1

Source: GSO

Import turnover in July reached USD 27.5bn, up by +4.4% MoM. This is good news because it indicates that manufacturers are importing materials for subsequent production. For 7M23, good import turnover reached USD 179.5bn, down by -17.1% YoY.

Some 35 items saw import turnover exceed USD 1bn in 7M23, accounting for 88.8% of total imports in that period. Two items recorded import turnover in excess of USD 10bn – electronics and machinery, both of which are inputs for downstream export manufacturing. Both items posted substantial declines in imports, as illustrated below.

Electronics, computers and parts remain the largest import products in 7M2023

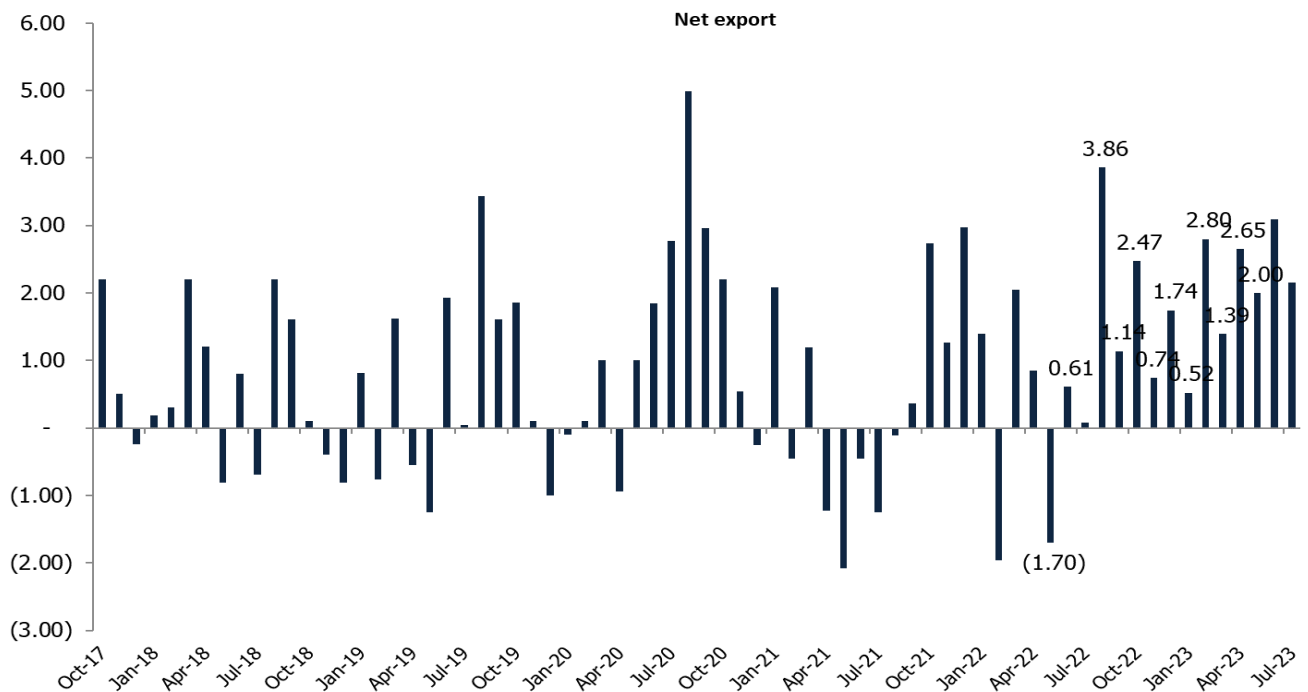
	Estimated 7M2023 import turnover (USD mn)	YoY growth (% YoY)
Above USD5bn export turnover		
Electronics, computers and parts	45,375	-9.4
Machinery, instrument, accessory	22,650	-14.6

Source: GSO

From a positive view, Vietnam recorded net merchandise exports of USD15.23bn in 7M23, substantially higher than the net exports of USD 764mn in 7M22. We lack service trade data for July, but net imports of services reached USD 4.1bn in 6M23, which should mean that the total trade surplus in 7M23 is very likely to be higher than USD 10bn.

We expect exports to increase seasonally toward yearend. In addition, we have observed that the sky-high global inventory levels of the end-distributors of Vietnam-made consumer products (e.g., Target, Walmart, Cosco) at the start of this year are in process of being steadily worked out. DHC (BUY) is a key beneficiary of Vietnam's long-term export growth.

Vietnam recorded a merchandise trade surplus of USD 15.23bn in 7M23



Source: GSO

Investments are ramping up

Public investment has soared at double-digit figure YTD, a critical GDP growth driver amid the slowdown of export demand YTD. Public investment in July reached VND 58.5 tn, up by +28.4%YoY. This brought 7M23 public investment to VND291 trillion, up by +22.1% YoY and fulfilling 41.3% of the government’s full-year budget.

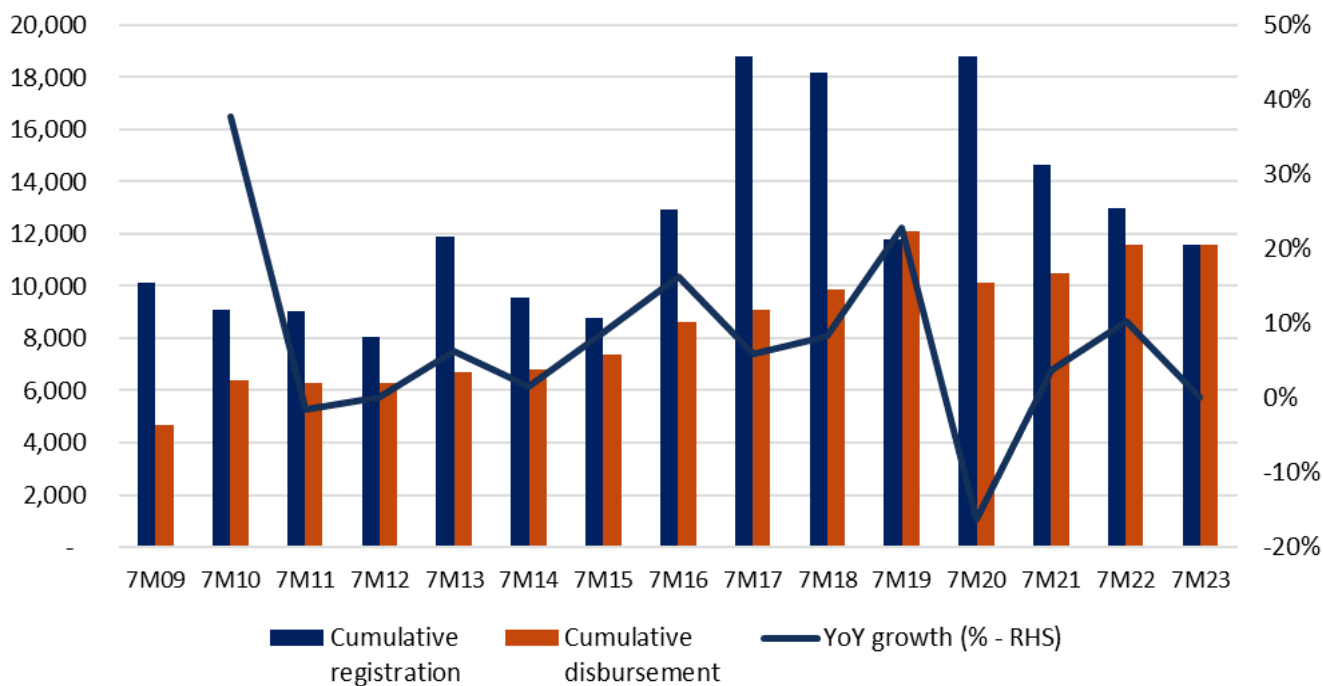
Notably, the government set its target public investment for 2023 at USD 31 billion, up by +35.4% YoY and equivalent to 7% of GDP. Public investment typically speeds up in the second half of the year, so the government still has the potential to achieve this budget. For example, various highway projects are under construction across the country now, which should be positive for future economic growth -- both as a short-term driver (infrastructure construction activity) and as a long-term support for growth (as the infrastructure should enable value-added activity in the years ahead).

Specifically, in 7M23, investment by the central government reached VND 54.1 trillion, 40.6% of budget and up by +29.4% YoY. Investment supervised by provincial governments reached VND 236.9 trillion, 39.5% of the annual budget and up by +26.0% YoY.

FDI disbursals have been less impressive. Aggregate disbursed FDI in 7M23 reached USD 11.6bn, up by just +0.8% YoY growth. Manufacturing accounts for 81.8% of the 7M23 disbursed FDI, or USD 9.48bn. Property accounts for 4.9% of the FDI mix (USD565.5mn); while gas, hot water, steam, and air-conditioning FDI of USD 778.3mn, accounts for 6.7% of total disbursed FDI YTD.

By contrast, newly registered FDI reached USD 7.94bn, up by an impressive +38.6% YoY. The number of new projects reached 1,627, up by +75.5% YoY. Pledged FDI represents promises, not cash injections; but the surge in interest -- among manufacturers in particular -- indicates that future disbursals are likely to remain strong.

Disbursed FDI recorded positive growth in 7M23



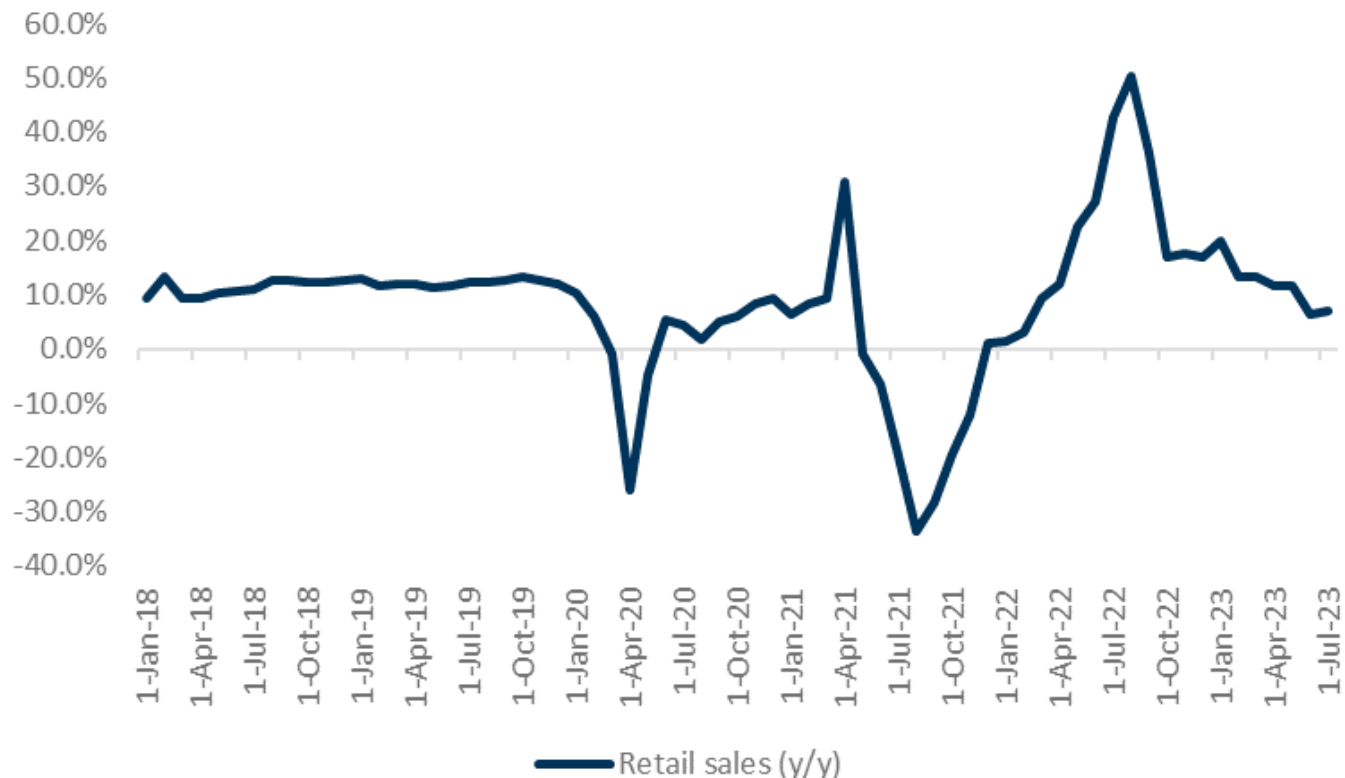
Source: GSO

Retail sales growth remains solid

Retail sales of goods and services in July reached VND 512.2tn, up by +1.1% MoM and by +7.1% YoY. These figures were underpinned by the largest component of retail sales, purchases of merchandise, which rose by +7.0% YoY in July (up from +6.0% YoY in June) to reach VND 399.7tn. Goods purchases represent 78% of total retail sales, with spending on services accounting for the remainder.

Hospitality and catering services revenue grew by +5.7% YoY to reach VND56.3tn underpinned by the ongoing recovery in international arrivals. Notably, the GSO reported the number of international arrivals to Vietnam in July reached 1 million, up +6.5% MoM and +2.9 times higher YoY. This is an encouraging trend for retail sales during the summer holiday season and for the remainder of 2H23, in our view.

Retail sales growth remains solid



Source: GSO

As a result, total retail sales (i.e., goods and services) rose by 10.4% YoY in 7M23 (or real growth of +8.4%YoY) to reach VND3,530 tn, driven by +16.3% growth in hospitality and catering sales to reach VND 377.3tn.

The GSO estimates that revenue from tourism and travel in 7M23 reached VND18.6 tn, +53.6% higher than that of the same period last year. Tourism and travel activities typically increase during summer, and we would anticipate a further sharp rebound toward the end of the year given the relaxation of visa policies that comes into play in August.

In addition, retail sales of goods in 7M23 reached an estimated VND 2,777 tn, up +9.0% YoY (real growth +9.6%), according to the GSO. Food spending increased by +12.9% YoY; while cultural and educational product receipts increased by +10.1%, and spending on garments increased by +8.8% YoY.

The 2ppt VAT cut that took effect on July 1st should lift consumer sentiment in theory, but it may take a bit of time to fully trigger retail sales. In addition, the SBV has encouraged commercial banks to reduce lending rates following a series of policies rates cut since Mar 2023. The GSO reports that the average lending rate has decreased by -1ppt compared to end-2022 to reach 8.9% in June. The new policies should be supportive of demand and retail sales going forward.

The rate of CPI increase softened again in July

According to the GSO, hot weather led to strong demand for electricity, water, and food in July, resulting in the CPI rising (slightly) by +0.5% MoM and by +2.1% YoY. The 7M23 average monthly CPI of 3.12% is substantially lower than the government's full-year target average of <4.5%.

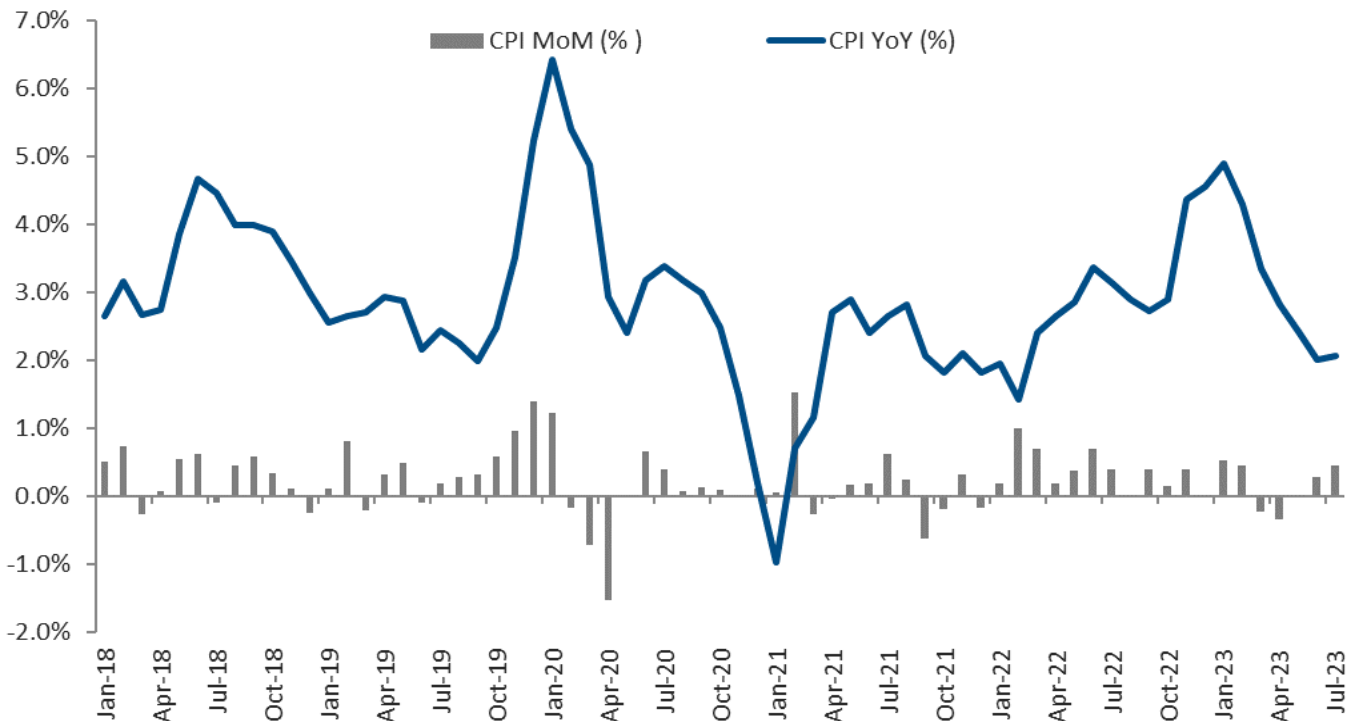
Ten of the 11 items in the CPI baskets posted increases in prices in July:

- Food (33.56% of the CPI basket) rose by +0.63% MoM as demand increased during the long holiday in early July.
- Housing materials (18.82% of the CPI basket) rose by +0.51% MoM.
- Entertainment (4.55% of the basket) rose by +0.19% MoM.
- Beverages and tobacco (2.73% of the CPI basket) rose by +0.22% MoM.

By contrast, only one of the 11 items in the CPI basket posted a decline in price levels in July:

- Telecom (3.14% of the CPI basket) decreased by -0.12% MoM as prices of smartphone parts declined.

Consumer price inflation is not a major concern



Source: GSO

We see two key upside risks for the August CPI.

- 1) Oil prices have rebounded. Brent has increased +10.6% MoM propelled by the outlook for tightened global supply and a surge in Chinese demand. UAE Energy Minister Suhail al-Mazrouei expressed confidence in the efforts of OPEC+ to support the oil market, assuring the market that current actions are adequate, but OPEC remains ready to take additional measures if required. Surging oil prices are good for O&G sector

share prices: Notable beneficiaries include PVD (BUY), PVS (Not rated), and GAS (Not rated), which have high correlations with oil prices.

- Food prices: Asian rice prices have jumped to the highest level in more than three years after major producer India banned a hefty chunk of its exports, raising concerns about supplies of the food staple for people around the world. Thai white rice 5% broken, an Asian benchmark, has soared to \$572 a ton, the most expensive level since April 2020, according to data from the Thai Rice Exporters Association. That represents a +7% increase since the middle of July.

Yuanta Universe: Valuations and ratings

Sector	Stock Code	PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
		2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E
Banks	ACB VN	5.1	4.9	4.2	29.5	3.6	16.7	0.2	1.4	0.3	1.3	1.0	0.8	26.6	23.8	22.2	2.5	2.6	2.7
	BID VN	17.5	13.8	11.1	56.3	26.3	24.5	0.3	0.5	0.5	2.5	2.2	1.9	14.8	16.3	17.8	0.9	1.0	1.0
	HDB VN	4.9	4.5	3.7	15.8	8.7	23.1	0.3	0.5	0.2	1.1	0.9	0.7	22.6	21.7	21.5	2.0	2.1	2.1
	MBB VN	4.4	4.1	3.4	11.1	7.8	19.1	0.4	0.5	0.2	1.1	0.9	0.7	24.8	22.7	21.6	2.8	2.9	3.0
	STB VN	15.5	13.0	6.4	15.1	19.0	102.5	1.0	0.7	0.1	1.4	1.3	1.1	9.8	10.5	18.4	0.8	0.8	1.4
	VCB VN	17.2	12.3	10.0	27.1	40.2	22.4	0.6	0.3	0.4	3.1	2.5	2.1	20.1	22.5	22.7	1.8	2.1	2.3
	VPB VN	8.1	9.0	6.6	5.8	(9.3)	36.5	1.4	n/a	0.2	1.5	1.3	1.1	19.2	14.9	17.2	2.9	2.2	2.6
Brokers	HCM VN	16.5	18.9	17.3	(32.8)	(12.7)	9.5	n/a	n/a	1.8	1.8	1.8	1.7	11.2	10.3	10.2	4.3	5.2	5.1
	SSI VN	19.9	13.2	12.3	(56.1)	51.3	6.7	n/a	0.3	1.8	2.0	1.8	1.6	12.2	14.2	13.6	4.3	6.3	6.3
	VCI VN	22.2	18.6	16.4	(55.7)	19.5	13.2	n/a	1.0	1.2	2.9	2.7	2.4	13.4	15.3	15.9	6.0	6.9	7.2
	VND VN	23.7	14.9	14.8	(65.1)	59.3	1.0	n/a	0.3	14.5	1.9	1.7	1.7	10.0	12.8	12.1	3.0	4.6	4.4
Energy	PVD VN	(126.6)	9.1	5.8	n/a	n/a	57.0	n/a	n/a	0.1	0.8	0.7	n/a	n/a	8.8	13.2	n/a	0.1	3.2
	NT2 VN	15.9	9.6	12.4	(14.6)	65.5	(23.0)	n/a	0.1	n/a	2.2	2.2	n/a	15.9	17.5	17.7	9.6	10.4	10.6
	PC1 VN	14.3	6.3	6.0	(31.9)	127.1	5.5	n/a	0.0	1.1	0.9	0.8	n/a	13.6	14.1	13.1	5.1	6.4	6.5
Consumer	MSN VN				20.9	4.2	-	n/a	n/a	n/a	1.9	1.7	n/a	15.2	13.7	-	8.9	8.2	-
	PNJ VN	10.9	9.3	7.3	68.4	16.2	28.4	0.2	0.6	0.3	2.6	2.5	2.3	23.2	26.5	31.4	13.9	15.6	17.5
	DGW VN	10.1			17.8		-	0.6	n/a	n/a	2.1	2.1	n/a	18.4	18.4	-	7.1	7.1	-
	FRT VN	23.2	79.3	22.5	(12.0)	(70.8)	252.9	n/a	n/a	0.1	4.4	5.1	n/a	19.4	6.8	19.9	3.8	1.2	3.8
Oil & GAS	POW VN	17.9	12.8	11.6	5.6	40.0	10.0	3.2	0.3	1.2	1.1	1.1	n/a	5.9	7.6	7.8	3.5	4.7	4.8
Property	KBC VN	5.9	4.2		91.0	40.0	-	0.1	0.1	n/a	1.3	1.0	n/a	22.0	26.0	-	10.0	12.0	-
	DXG VN	12.6	6.4		(22.0)	97.0	-	n/a	0.2	n/a	1.2	1.1	n/a	9.0	15.0	-	4.0	6.0	-
	KDH VN	24.4	34.9	20.0	(18.0)	(30.0)	75.0	n/a	n/a	0.3	2.3	2.3	2.1	10.0	6.0	11.0	6.0	4.0	6.0
	NLG VN	29.7	26.2	27.4	(57.0)	13.0	(4.0)	n/a	2.0	n/a	1.7	1.6	1.6	6.0	7.0	5.0	3.0	3.0	3.0
	NVL VN	-	-	-	18.3	53.3	-	-	-	n/a	-	-	-	10.6	14.8	-	2.4	3.4	-
	VHM VN	9.5	9.2	10.8	(20.0)	(1.0)	(16.0)	n/a	n/a	n/a	1.9	1.6	1.4	21.0	19.0	14.0	10.0	9.0	7.0
Transport	ACV VN				-	-	-	n/a	n/a	n/a	3.3	3.0	n/a	11.0	12.6	-	5.2	5.3	-
Industrials	DHC VN	7.7	5.8	3.9	(22.1)	32.2	47.3	n/a	0.2	0.1	1.5	1.3	n/a	22.0	23.9	30.8	20.6	10.1	15.2
	BWE VN	11.7	9.4	6.6	17.0	24.9	41.7	0.7	0.4	0.2	2.0	1.7	n/a	18.8	20.6	25.5	8.6	10.6	14.7

Stock ratings and pricing data is as of close on Jul 31 2023

Source: Bloomberg, Yuanta Vietnam

Appendix A: Important Disclosures

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SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

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