

Not Rated

Close 26 June 2024

Price 84,000 VND
12M Target N/A

Share price performance relative to VNI



Market cap	US\$1.1bn
6M avg. Daily turnover	US\$5.4mn
Outstanding shares	310.5mn
Free float	90%
FINI ownership	47.6%
Major shareholders	10%
TTM P/E	9.9x
Current P/B	2.9x
Trading platform	HOSE
FOL Room	1.4%

Financial outlook

Year to Dec	2020A	2021E	2022E	2023A
Sales (VND bn)	2,606	3,206	3,898	3,846
Op. Profit (bn)	496	861	1,309	3,177
PATMI (bn)	371	612	994	2,251
EPS (VND)	1,149	1,869	3,034	7,207
EPS chg (%)		63%	62%	138%
P/E (x)	33.4	25.0	21.1	11.4

Sources: GMD, Fiiipro-X, Yuanta Vietnam

Research Analysts:

An Nguyen

+84 28 3622 6868 ext 3958

An.nguyen@yuanta.com.vn

Binh Truong

+84 28 3622 6868 ext 3845

Binh.truong@yuanta.com.vn

<http://research.yuanta.com>

Bloomberg code: YUTA

Gemadept Corporation (GMD VN)

AGM Takeaways

Event

We attended GMD's AGM on June 25. Management announced a cash dividend of VND 2,200 per share on 2023 earnings, equivalent to a 2.7% dividend yield. Based on its estimates for 1H24 results, GMD has achieved 53% of its full-year core profit target.

Details

2024 Guidance: GMD targets 2024E net revenue of VND4.0tn (+4% YoY) but guides for PBT to decrease by -46% YoY to VND1.7tn. Specifically, the PBT target from core operations is set at VND1.4tn (+15% YoY) with an additional expected divestment gain of VND336bn (-81.7% YoY).

GMD plans to increase its charter capital by up to VND4.1tn (+35% from 1Q24) through a rights issuance of 103.5mn shares VND29k per share in 2024. Of the implied VND3.0tn issuance, GMD plans to allocate VND 2.2tn to purchase fixed assets, VND 231bn to repay bank loans, and VND 558bn to increase its capital contribution to Nam Dinh Vu Port JSC (in which GMD holds a 60% stake). In addition, GMD is expanding Gemalink and Ha Nam Canal, as discussed on page 2.

53% of core profit achieved in 1H24, based on GMD's preliminary estimate of c. VND896bn (-64% YoY), which excludes proceeds from the divestment of Nam Hai Port in 1Q24. As a reminder, GMD recorded 1Q24 net revenue of VND 1tn (+11% YoY), fulfilling 25% of 2024 guidance; and PBT of VND708bn (+130% YoY), fulfilling 42% of the full-year PBT target. The latter figure was boosted by VND336bn in gains from the divestment of Nam Hai Port. 1Q24 Gross margin was 43.9% (+2.7% QoQ / -3.4% YoY).

Freight costs surged sharply in 1H24, including in June (+34% MoM / +300% YoY). Management expects that persistent challenges, including the Red Sea issues and other conflicts as well as equipment shortages, will drive continued cost increases through end-2024. In 2023, logistics accounted for 24% of GMD's revenue (Fig.1), so increased freight cost is a growth catalyst. GMD has no plans to divest from Nam Hai ICD and aims to optimize its capacity through partnerships with shipping lines. Additionally, GMD has proposed a new Mekong Delta-to-Cai Mep route to the MOT, which it expects to reduce time, boost load capacity, and slash logistics costs by up to 30%. GMD's 2024 CAPEX guidance is approximately VND10tn.

TTM PER of 9.9x: Cheap enough? We don't cover GMD and have no recommendation but this valuation is less than half the regional peer median of 21.7x. This is interesting given that GMD's TTM ROE of 29% is far higher than the regional peer median of 6.8%.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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Aggressive expansion plans

GMD plans to increase its charter capital by up to VND 4.1tn (+35% vs. as of 1Q24) through the rights issuance of 103.5mn shares at a price of 29,000 VND/share in 2024. This price is equivalent to a 3.5% discount from the nearest peak market price in early Jun 2024 and a 3.4% premium over the company's book value as of December 31, 2023 (VND 28,050 per share).

The rights ratio will be 3:1, allowing shareholders holding three existing shares to purchase one new share. Offered shares are not subject to transfer restrictions. Legal procedures will go ahead immediately after approval by the general meeting of shareholders.

GMD expects to raise VND3.0tn from the issuance and plans to allocate VND2.2tn to purchase fixed assets, VND231bn to repay bank loans, and VND558bn to increase its capital contribution to Nam Dinh Vu Port JSC (GMD holds a 60% stake). Expected disbursement time: 4Q24–1Q25.

Completion of the Ha Nam Canal and commercial operations to commence by early-July 2024 (i.e., in the next few days). CAPEX for this project is budgeted at VND 2.5tn. This project will deepen the channel depth from 7m to 8.5m, expanding Nam Dinh Vu's capacity by at least 300k. This will support a combined annual output of at least 1.2mn TEU for phases 1 and 2. Vessels entering and exiting the port will increase their load capacity by 15–20%.

Phase 3 of Nam Dinh Vu Port construction is set for Jul 2024, with operations also to start in Dec 2025 (area: 23ha/ capex: VND 2,8tn). Phases 1 and 2 are at 90% capacity, prompting GMD to commence Phase 3 alongside the Ha Nam Canal project.

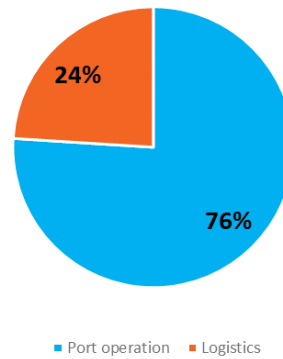
The port expects 5 new services in 2024, and its current infrastructure can handle 2–3 additional vessel calls, supporting 10–15% growth to reach 1.2–1.25mn TEUs. The BOD stated that Nam Dinh Vu is set to become the largest competitive port cluster in Hai Phong, capable of accommodating 48,000 DWT vessels.

Phase 2A of Gemalink Deep-sea Port is set to begin construction in Nov 2024 with the target of starting operations in Dec 2025. Area: 11ha/ capex: USD100mn), boosting capacity by 600k TEU annually. Total capacity of Phase 1 and 2A is 2.1mn TEU/year.

Phase 2B will follow once Phase 2A reaches 80–85% design capacity, expected within two years. Phase 2 is anticipated to reach 50% capacity by 2026, 70–75% by 2027, and full design capacity within three years.

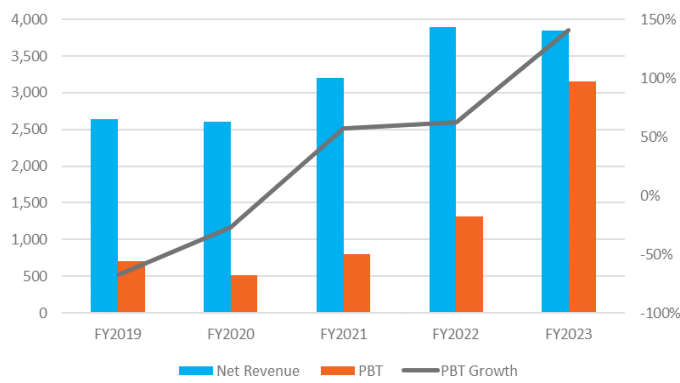
Financial snapshot

Fig.1: Revenue structure



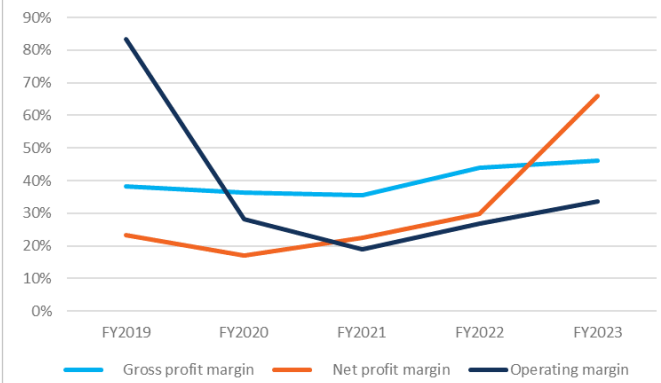
Source: GMD, Yuanta Vietnam

Fig.2: Historical net revenue and PBT



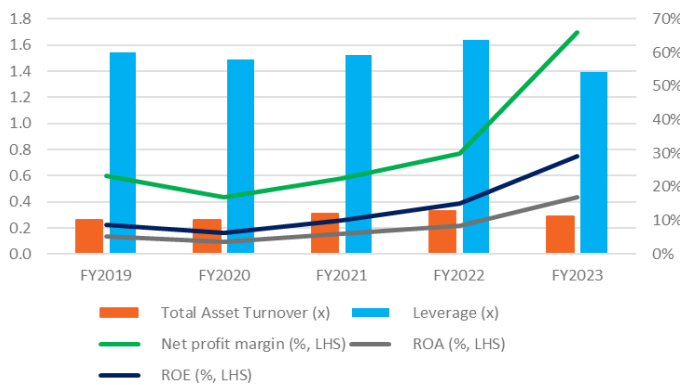
Source: GMD, Fiinpro-X, Yuanta Vietnam

Fig. 3: Historical profit margin



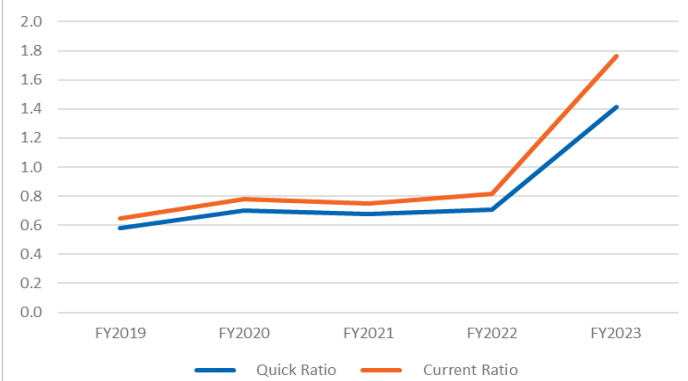
Source: GMD, Fiinpro-X, Yuanta Vietnam

Fig.4: Dupont Analysis



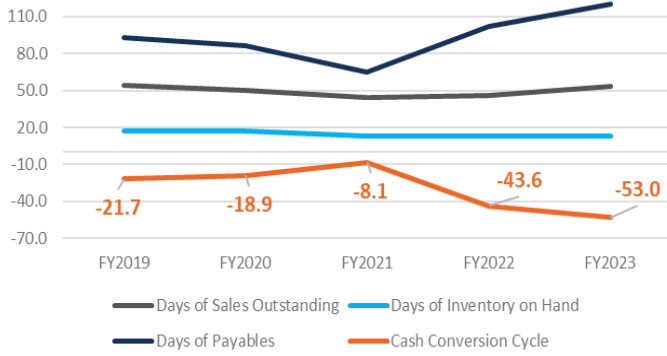
Source: GMD, Fiinpro-X, Yuanta Vietnam

Fig. 5: Liquidity ratios



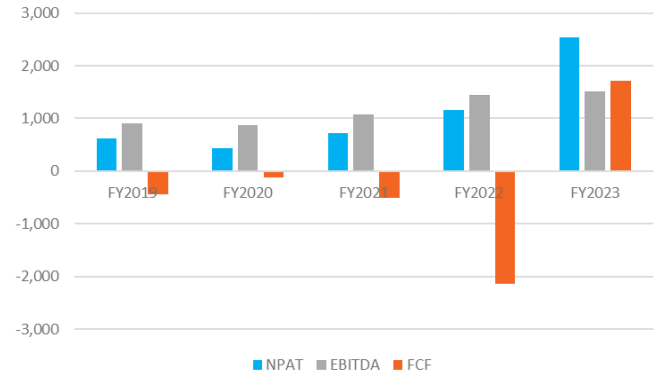
Source: GMD, Fiinpro-X, Yuanta Vietnam

Fig.6: Cash conversion cycle



Source: GMD, Fiinpro-X, Yuanta Vietnam

Fig. 7: Free cash flow



Source: GMD, Fiinpro-X, Yuanta Vietnam

Fig.8: GMD valuation multiples

Valuation Multiples based on Current Capitalization	Actual	LTM	Estimates		
	31/12/2023	31/03/2024	31/12/2024	31/12/2025	31/12/2026
TEV/Total Revenue	5.9x	6.9x	6.3x	6.2x	5.5x
TEV/EBITDA	14.9x	18.1x	13.9x	13.7x	11.8x
TEV/EBIT	20.2x	24.4x	19.4x	20.2x	17.3x
P/Diluted EPS Before Extra	11.7x	10.1x	19.0x	18.5x	13.9x
P/BV	3.0x	2.8x	2.5x	2.3x	2.1x

Source: Bloomberg, Yuanta Vietnam

Fig.9: Consensus recommendations

Ticker	GMD VN Equity	Date	27/06/2024	
Buy	30.0%	Consensus Rating	3.50	
Holds	70.0%	Total Buy Recs	3	
Sells	0.0%	Total Hold Recs	7	
Last Price	84000.00	Total Sell Recs	0	
Pricing Currency	VND	Best Target Price	88576.66	
Return Potential	5.4%			
LTM Return	63.68%			

Source: Bloomberg, Yuanta Vietnam

Fig.10: Peer valuation

Name	Tickers	Country	Market cap (USD mn)	TTM P/E (x)	Current P/B (x)	2023 ROA (%)	2023 ROE (%)	Net debt/Equity (x)
AIRPORTS CORP OF	ACV	VN	11,398	28.1	5.2	13.3%	18.0%	-36.3
ZHONGNONGFA SE-A	600313	CH	829	-60.7	2.7	3.0%	7.2%	-41.0
DALIAN BAI AO-A	603360	CH	825	16.9	3.4	18.1%	22%	-22.4
ZALL SMART COMME	2098	CH	715	102.1	0.4	0.1%	0%	93.3
ANHUI HUILONG-A	002556	CH	547	105.9	1.1	0.2%	1%	123.7
PORT OF HAI PHON	PHP	VN	408	17.7	1.9	8.3%	11.8%	-28.3
GANSU DUNHUANG-A	600354	CH	346	60.6	4.0	2.5%	7%	-31.3
TRANSIMEX CORP	TMS	VN	327	35.7	2.0	2.1%	3.6%	25.5
GRAND INDUSTRI-A	000626	CH	302	#N/A N/A	0.8	-4.2%	-14%	24.9
SAI GON PORT JSC	SGP	VN	286	21.7	2.7	5.5%	11.3%	-19.1
VIETNAM CONTAINER	VSC	VN	237	24.1	2.0	2.6%	4.4%	23.5
HAI AN TRANSPORT	HAH	VN	225	16.8	2.0	1.4%	1.5%	33.7
PETRO VIETNAM PH	PAP	VN	224	-798.4	2.6	-0.2%	-0.3%	55.9
HUNAN ZHENGHON-A	000702	CH	207	#N/A N/A	3.6	-16.4%	-38%	21.1
DONG NAI PORT JS	PDN	VN	179	13.3	4.0	22.7%	32.2%	-33.7
SOUTH LOGISTICS	STG	VN	174	23.7	1.9	5.0%	6.9%	-24.4
Median			326.9	21.7	2.6	0.0	6.8%	1.4
GEMADEPT CORP	GMD	VN	1,075	9.9	2.9	16.9%	29.0%	1.4

Source: Bloomberg, Yuanta Vietnam (data as of Jun 26)

Income Statement	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Revenue	2,642,914	2,605,666	3,206,290	3,898,244	3,845,826
Other Revenue	-	-	-	-	-
Total Revenue	2,642,914	2,605,666	3,206,290	3,898,244	3,845,826
Cost Of Goods Sold	1,630,141	1,656,082	2,064,489	2,180,183	2,067,811
Gross Profit	1,012,773	949,585	1,141,801	1,718,061	1,778,015
Selling General & Admin Exp.	414,587	402,295	406,172	616,861	601,136
R & D Exp.	-	-	-	-	-
Depreciation & Amort.	330,900	369,003	365,342	360,356	362,845
Other Operating Expense/(Income)	(276,856)	(292,469)	(322,583)	(310,604)	(302,495)
Operating Expense., Total	468,631	478,830	448,931	666,614	661,486
Operating Income	544,142	470,755	692,870	1,051,447	1,116,529
Interest Expense	145,400	146,595	119,253	130,757	134,993
Interest Income	3,422	6,136	7,329	10,850	76,669
Net Interest Exp.	141,978	140,459	111,924	119,907	58,324
Currency Exchange (Gains) Loss	3,146	8,041	(3,209)	3,637	(7,875)
Other Non-Operating Exp. (Inc)	(309,034)	(196,437)	(229,386)	(391,425)	(2,158,077)
EBT Excl. Unusual Items	708,052	518,691	813,541	1,319,328	3,224,156
Impairment of Goodwill	-	-	-	-	-
Gain (Loss) On Sale Of Assets	(7,445)	(6,901)	(17,227)	(2,443)	(21,529)
Asset Write-down	-	-	-	-	-
Legal Settlements	-	-	-	-	-
Other Unusual Items	10,867	13,037	24,556	13,293	98,197
EBT Incl. Unusual Items	704,630	512,556	806,212	1,308,478	3,147,487
Income Tax Expense	91,061	72,080	85,650	147,184	613,553
Earnings from Cont. Ops.	613,569	440,476	720,562	1,161,294	2,533,934
Extraord. Item & Account. Change	-	-	-	-	-
Minority Int. in Earnings	96,540	69,544	108,380	167,378	283,357
Net Income	517,029	370,932	612,182	993,916	2,250,577

Cash Flow	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Net Income	517,029	370,932	612,182	993,916	2,250,577
Depreciation & Amort., Total	366,059	407,829	379,546	393,185	396,418
Other Non-Cash Adj	(69,271)	(58,895)	114,046	(88,950)	(1,768,773)
Changes in Non-Cash Capital	388,315	105,641	(17,819)	1,171,934	(679,360)
Cash from Ops.	1,202,132	825,507	1,087,955	2,473,085	198,863
Capital Expenditure	(379,341)	(215,701)	(586,166)	(1,365,689)	(1,177,219)
Sale of Property, Plant, and Equipment	13,307	21,603	42,063	4,403	23,823
Cash Acquisitions	-	-	-	-	-
Proceeds from Investment	-	-	-	-	-
Divestitures	-	-	-	-	-
Invest. in Marketable & Equity Secur.	-	-	-	-	-
Other Investing Activities	-	-	-	-	-
Cash from Investing	(366,034)	(194,098)	(544,103)	(1,361,286)	(1,153,396)

Net Short Term Debt Issued/Repaid	-	-	-	-	-
Long-Term Debt Issued	826,032	902,082	1,524,258	1,562,506	740,269
Long-Term Debt Repaid	(1,015,120)	(1,079,325)	(1,495,574)	(1,471,940)	(813,033)
Total Debt Issued/Repaid	(189,088)	(177,242)	28,684	90,565	(72,764)
Pref. Dividends Paid	(478,421)	(353,473)	(426,189)	(428,119)	(780,371)
Total Dividends Paid	(478,421)	(353,473)	(426,189)	(428,119)	(780,371)
Increase in Capital Stocks	-	44,530	-	-	45,206
Decrease in Capital Stocks	-	-	-	-	-
Special Dividend Paid	-	-	-	-	-
Incr(Decr) in Deposits	-	-	-	-	-
Incr(Decr) Insurance Reserves	-	-	-	-	-
Other Financing Activities	(343)	(130)	(1,331)	60	2,729
Cash from Financing	(667,853)	(486,316)	(398,836)	(337,494)	(805,199)
Net Change in Cash	168,246	145,094	145,016	774,305	(1,759,733)

Indicator	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
6. Growth					
Net revenue Growth YoY	-2.4%	-1.4%	23.1%	21.6%	-1.3%
Gross profit Growth YoY	4.6%	-6.2%	20.2%	50.5%	3.5%
EBITDA Growth YoY	3.3%	-3.5%	22.1%	34.7%	4.7%
EBIT Growth YoY	-0.3%	-13.5%	47.2%	51.8%	6.2%
EBT Growth YoY	-67.7%	-27.3%	57.3%	62.3%	140.5%
Receivable Growth YoY	-11.7%	-6.8%	27.7%	24.1%	7.9%
Net inventory Growth YoY	18.7%	-5.3%	-11.0%	20.1%	-17.4%
Short term borrowing Growth YoY	-3.4%	17.0%	12.8%	-36.8%	-18.0%
Long term borrowing Growth YoY	-10.5%	-20.2%	-6.7%	40.0%	2.2%
SGA Expense Growth YoY	10.9%	2.2%	-6.2%	48.5%	-0.8%
Asset Growth YoY	1.4%	-2.8%	9.1%	21.4%	4.0%
Owner equity Growth YoY	0.0%	1.5%	0.0%	0.0%	1.5%
CFO Growth YoY	93.9%	-38.0%	47.2%	138.3%	-100.1%
7. Valuation Ratios					
Market cap (Billion VND)	10,615	12,402	14,391	20,946	25,695
EV (Billion VND)	12,507	13,875	16,401	22,633	27,339
Book value per Share	19,789	19,582	20,967	22,981	28,050
Sales per Share	8,901	8,646	10,639	12,935	12,572
Basic EPS	1,638	1,158	1,912	3,298	7,357
Diluted EPS	1,741	1,231	1,912	3,298	7,357
FREE CASHFLOW per Share	626	1,556	-1,662	-7,096	5,577
P/B	1.8	2.1	2.3	3.0	3.0
P/E	21.8	35.5	25.0	21.1	11.4
P/E Diluted	20.5	33.4	25.0	21.1	11.4
P/S	4.0	4.8	4.5	5.4	6.7
EV / Revenue	4.7	5.3	5.1	5.8	7.1
EV / EBITDA	13.7	15.8	15.3	15.7	18.1
EV / EBIT	23.0	29.5	23.7	21.5	24.5
Dividend Yield	2.8%	2.9%	2.5%	2.9%	

Balance Sheet	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
ASSETS					
Cash And Equivalents	185,546	427,676	637,349	1,364,350	1,471,676
Short Term Investments	44,268	23,437	51,832	82,230	358,867
Total Cash & ST Investments	229,814	451,114	689,181	1,446,580	1,830,543
Accounts & Notes Receivable	388,051	361,994	445,952	555,261	847,803
Total Receivables	388,051	361,994	445,952	555,261	847,803
Inventories	78,381	72,967	68,713	82,532	68,170
Prepaid Exp.	-	-	-	-	-
Restricted Cash	-	-	-	-	-
Other Current Assets	491,524	470,325	485,634	534,354	633,685
Total Current Assets	1,187,770	1,356,400	1,689,479	2,618,727	3,380,201
Net Property, Plant & Equipment	5,130,936	4,883,056	4,869,400	6,030,329	5,906,265
Long-term Investments	203,474	94,733	46,425	47,567	47,714
Deferred Charges, LT	94,281	110,694	132,522	151,296	184,953
Other Long-Term Assets	3,503,447	3,389,662	3,993,384	4,182,734	4,026,892
Total Assets	10,119,907	9,834,544	10,731,211	13,030,653	13,546,025
LIABILITIES					
Accrued Exp.	222,739	285,053	515,644	298,155	458,062
Short-term Borrowings	651,869	762,888	860,466	543,415	445,360
Accounts Payable	422,801	357,899	380,603	838,451	517,924
Curr. Income Taxes Payable	84,738	18,971	26,970	90,367	73,691
Other Current Liabilities	446,336	320,401	479,038	1,440,190	420,300
Total Current Liabilities	1,828,483	1,745,212	2,262,721	3,210,579	1,915,337
Long-Term Debt	1,425,617	1,137,739	1,061,244	1,486,163	1,518,388
Unearned Revenue, Non-Current	223,678	275,215	276,219	290,603	275,267
Other Non-Current Liabilities	74,872	81,449	86,410	95,552	104,659
Total Liabilities	3,552,650	3,239,615	3,686,593	5,082,897	3,813,651
Pref. Stock, Non-Redeem.	-	-	-	-	-
Total Pref. Equity	-	-	-	-	-
Minority Interest	691,497	693,430	725,658	1,021,704	1,151,889
Common Stock	2,969,250	3,013,780	3,013,780	3,013,780	3,058,986
Additional Paid In Capital	1,941,832	1,941,832	1,941,832	1,941,832	1,941,832
Retained Earnings	505,388	435,166	661,220	1,227,387	2,963,514
Treasury Stock	-	-	-	-	-
Comprehensive Inc. and Other	459,291	510,742	702,130	743,054	616,154
Total Equity	6,567,257	6,594,929	7,044,618	7,947,756	9,732,374
Total Liabilities And Equity	10,119,907	9,834,544	10,731,211	13,030,653	13,546,025

Indicator	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
1. Activity Ratio					
Total Asset Turnover	0.3	0.3	0.3	0.3	0.3
Equity Turnover	0.4	0.4	0.5	0.5	0.4
Receivables Turnover	6.8	7.4	8.2	8.0	6.8
Days of Sales Outstanding (DSO)	54.0	49.7	44.3	45.8	53.5
Inventory Turnover	21.7	20.9	28.3	28.8	27.4
Days of Inventory on Hand (DOH)	16.8	17.5	12.9	12.7	13.3
Payables Turnover	3.9	4.2	5.6	3.6	3.0
Number of Days of Payables	92.5	86.0	65.3	102.0	119.7
Cash Conversion Cycle	-21.7	-18.9	-8.1	-43.6	-53.0
2. Liquidity Ratio					
Cash Ratio	0.1	0.3	0.3	0.4	0.8
Quick Ratio	0.6	0.7	0.7	0.7	1.4
Current Ratio	0.6	0.8	0.7	0.8	1.8
3. Solvency Ratio					
ST Debt-to-Assets Ratio	0.1	0.1	0.1	0.0	0.0
ST Debt-to-Equity Ratio	0.1	0.1	0.1	0.1	0.0
LT Debt-to-Assets Ratio	0.1	0.1	0.1	0.1	0.1
LT Debt-to-Equity Ratio	0.2	0.2	0.2	0.2	0.2
Debt-to-Assets Ratio	0.2	0.2	0.2	0.2	0.1
Debt-to-Equity Ratio	0.3	0.3	0.3	0.3	0.2
Liabilities-to-Assets Ratio	0.4	0.3	0.3	0.4	0.3
Liabilities-to-Equity Ratio	0.5	0.5	0.5	0.6	0.4
Financial Leverage Ratio	1.5	1.5	1.5	1.6	1.4
EBIT Interest Coverage	3.7	3.2	5.8	8.0	8.3
EBITDA Interest Coverage	6.3	6.0	9.0	11.0	11.2
4. Profitability ratio					

Appendix A: Important Disclosures

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Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

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YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

Di Luu

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

di.luu@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (3845)

binh.truong@yuanta.com.vn

Tanh Tran

Analyst (Banks)

Tel: +84 28 3622 6868 (ext.3874)

tanh.tran@yuanta.com.vn

An Nguyen

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3958)

an.nguyen@yuanta.com.vn

Institutional Sales

Lawrence Heavey

Head of Institutional Sales

Tel: +84 28 3622 6868 (ext. 3835)

lawrence.heavey@yuanta.com.vn

Hien Le

Sales Trader

hien.le@yuanta.com.vn

Dat Bui

Sales Trader

dat.bui@yuanta.com.vn

Tuan-Anh Nguyen

Sales Trader

Tel: +84 28 3622 6868 (ext. 3909)

anh.nguyen2@yuanta.com.vn

Vi Truong

Sales Trader

vi.truong@yuanta.com.vn