



# VIETNAM

## SECTOR OUTLOOK

2017



## Table of content

<b>SECTOR INVESTMENT STRATEGY 2016 REVIEW .....</b>	<b>3</b>
1. Review of stock market and 2016 sector outlook assessments .....	3
2. Performance of sectors vs. VN Index in 2016.....	7
3. Top stocks of 2016 .....	8
4. Recommended portfolio performance .....	9
5. Business results by sector in 9M2016 .....	11
Banking 2016 [Strong divergence].....	12
Real Estate 2016 [Positive].....	16
Construction 2016 [Grow with Real estate] .....	18
Cement Sector 2015 [Export shows less difficulties] .....	20
Tiles 2016 [ Signs of slowdown] .....	22
Beverage 2016 [Positive].....	24
IT – Telecom 2016 [Positive] .....	26
Seaport [Outperform].....	29
Automobile 2016 [Rising competition].....	31
Non life Insurance 2016 [Signs of slowdown] .....	33
Textile 2016 [Murky] .....	35
Electricity [Outperform] .....	37
Tire 2016 [ Slow growth in output].....	40
Plastics Sector [Maintain high growth rate] .....	42
Pharmaceutical 2016 [highlighted by M&A] .....	45
Steel Sector 2015 [The reverse move] .....	48
Oil & Gas 2016 [Oil price bottomed] .....	50
Fertilizer 2016 [Similar to Steel sector in 2015].....	53
Sugarcane 2015/2016 [Market perform] .....	56
Marine Transport [Challenges remain].....	59
Natural Rubber 2016 [Succesfully bottomed].....	61
Aquaculture [Underperform] .....	63

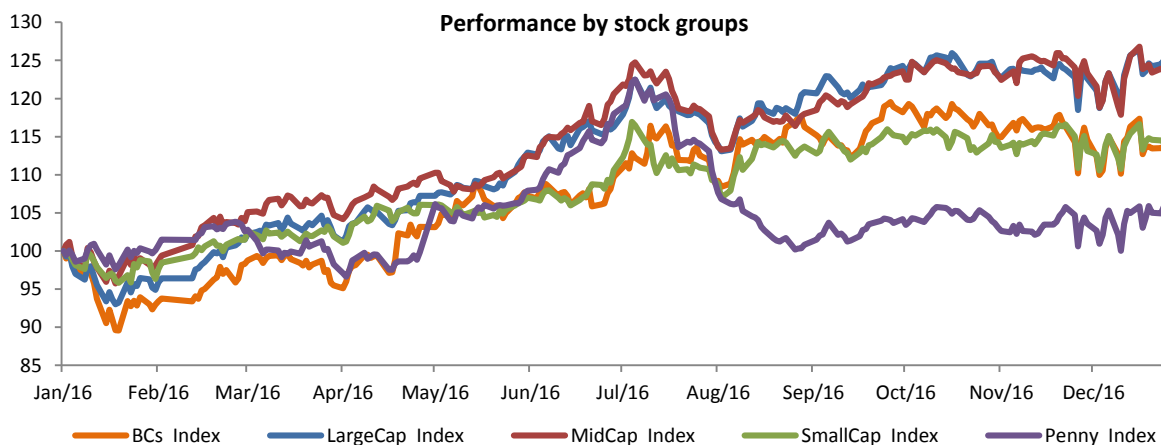
## SECTOR INVESTMENT STRATEGY 2016 REVIEW

## 1. Review of stock market and 2016 sector outlook assessments

To review the accuracy and efficiency of recommendations of BSC in [Outlook 2016 Report](#), we consider factors including: (1) The 2016 stock market movements; (2) sector investment strategy, as followed:

## (1) 2016 Stock market movements

- **About the point:** VN-Index in January, April and May closed at the level which is quite close to BSC's forecast, in which the deviation didn't exceed 1 percent..
- **About the market's happening.** Forecast about the market's movements in August and November was similar to our reports for 3Q and 4Q prospects. Specifically, in August the market retested the old peak at the level of 640 points and overcame the 8-year peak. According to the negative scenario, after hitting its top in October and November, the index lost the upward momentum and decreased to the range of between 650 and 660 points.
- **Performance by stock groups:** Vietnam Macro & Market Outlook 2016 Report showed that: "Stocks that are full-room for foreigners and will loosen the foreign ownership limit, along with the SCIC divestments, is expected to be market leaders of 2016". In fact, SAB and some other blue-chips in SCIC divestment lists have major influence in the index points, as well as the market trends towards year end.
- **About information affecting VN-Index and stock market in 2016.** Factors that were said to influence stock market and businesses occurred as our forecasts, including: world market news, information from FED fund rate that impacted foreigners' capital withdrawal, exchange rate fluctuation, interest rate and the cash inflow didn't show signs of growth, the market was dependent on the effect of Circular No.203, Foreigner ownership loosening and SCIC divestments. In 2H 2016, macroeconomics factors like interest rate and exchange rate decided the market's movements.



Source: Bloomberg, BSC Research

## (2) Investment strategy by sectors in 2016

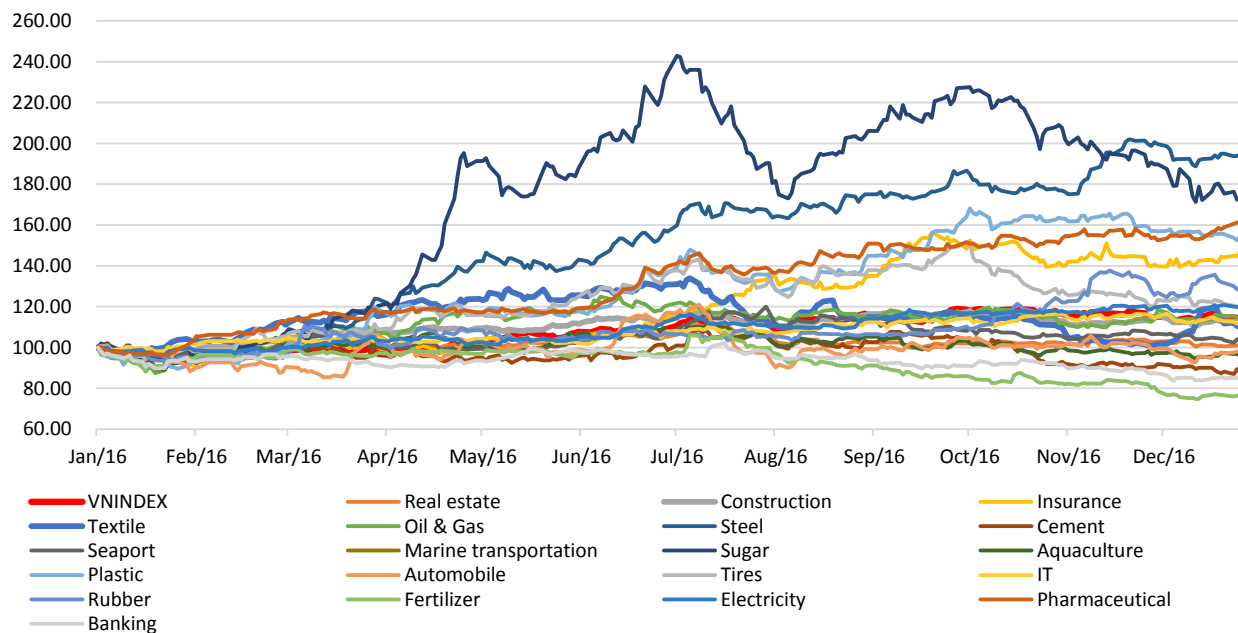
**About remarkable investment themes in the year 2016.** In BSC's investment strategy report, 5 investment themes were mentioned. We evaluated these themes at the end of each quarter and added 2 more investment topics in our quarter outlook report in the third and the fourth quarter of 2016. In retrospect, most of the topics discussed by BSC has predicted relatively accurately the market fluctuation and was the main scenario throughout the year.

- **“Firstly, real estate market recovered with a higher liquidity.** In reality, total revenue of real estate sector in 9M2016 reached VND 62.244 billion (+50% YoY), and net income reached VND 4,800 billion (+18.2%). Excluding DXG, which stock price went down by 13.79% in 2016, the remaining real estate stocks recommended by BSC had relatively strong growth such as: VIC(+20.24%), KDH(+24.15%) and ITC(+27.44%). Other related sectors that benefit from real estate recovery include Construction, Cement, Steel, Ceramic Tiles and Plastics, all of which experience strong growth in profit compared to 2015. The stocks in these sectors recommended by BSC also got an impressive rally, for instance: CTD (+65.28%), HBC(+100%), CTI (+38.94%). Ceramic Tiles sector achieved an average increase of more than 60%, and Steel was the sector with the highest rally in 2016 with NKG (+211.67%), HSG (+152.86%), HPG (+77.72%). The construction plastics also went up significantly such as: BMP (+55.61%) and NTP (+63.71%).
- **“Secondly, Free Trade Agreements”.** In our quarter outlook reports in 2016, BSC maintained outperform assessments for sectors benefiting from FTAs such as Marine Port (VSC, GMD and CDN), Infrastructure (CTI), Industrial zones (KBC, LHG, D2D). In the hindsight, we did not evaluate the Seaport sector. Revenue in 9M2016 only increased by 1% yoy, and net profit declined by 6.4% yoy, which leads to downward trend in stock price. On the other hand, Industrial zone stocks showed positive signs, for example: KBC (+5.73%), LHG (+12.11%) and D2D (+23.51%). In 2016, we worried about the prospects of Textile-Garment sector due to the changes in domestic policies and the high failure probability of TPP. The price of stocks in this sector plummeted as our forecasts, such as TCM (-50.03%) and TNG (-26.86%). Aquaculture group was highlighted by the increase of VHC (+118.61%), while the rest did not perform well
- **Thirdly, the effect of materials's price.** In 2016, we saw the reversal of materials's price thanks to positive prospects in Chinese economy and OPEC's cutting down their output. Thus, Steel and Sugar sectors benefited from the rise and performed significantly better than the market. Besides, rubber price has been in uptrend, which improved business result of rubber companies. Rubber stocks experienced good rallies such as TRC (+38.46%) and PHR (+59.11%). To follow the bullish trend of rubber price, BSC published the market insight report for rubber sector, and updated our recommendations about the rubber stocks. Investors could read more in the report named [“Rubber sector – Successfully bottomed out”](#).
- **“Fourthly, stocks influenced by state divestment or full-room for foreigners”.** In the previous year, state divestment plans significantly impacted stock market, just as recommended by BSC. BMP and

NTP were the two stocks in the list SCIC divestment, and got a good growth in stock prices. This theme also affected FPT in 2016, which went up by 10.75%. Moreover, although the divestment hasn't been deployed yet, SAB and BHN was the highlight of stock market in 2016. SAB was listed on HOSE and dramatically impacted VN Index as well as the order of Blue – chips stocks ( investors could find more in Report for [Beverage sector of BSC](#)).

- **“The fifth, fundamental stocks, dividends are high and stable, low beta can be the target of cashflow”.** This group is always at a safe position and attracts low risk investments cash flow. VNM, HPG, BFC, PNI, MWG ... have amazing growth rate in 2016. Large cap and BCs continues to be the main growth driver of the market.
- **“The sixth, opportunities from Upcom”.** According to Circular 180/2015/TT-BTC, public companies formed before Jan 1<sup>st</sup> 2016, that have not been listed on Stock Exchange, will have to register for trading on UPCOM within a year. Firms established after Jan 1<sup>st</sup> 2016, will have to be listed on Upcom within 30 days since IPO or become public company subject to Decision 145/2015/ ND-CP. Thus, 2016 witnessed dynamic developments of OTC shares before being listed on Upcom or moved to HSX, HNX. BSC has discussed this trend on our 3<sup>rd</sup> and 4<sup>th</sup> quarter outlook. The opportunities on Upcom occurred in late 2016, and we expect trend will continue in 2017.
- **“Seventh, Climate Changes”.** Hydroelectric, rubber, and aquaculture benefit from the effect of El Nino and La Nina according to BSC report. Hydroelectric stocks increased averagely by 8%, while rubber stocks increase averagely by 40%. In addition, fertilizer stocks also had good growth with BFC increases by 51.13% and DPM by 10.81%.

**VN Index movements and by sectors in 2016**



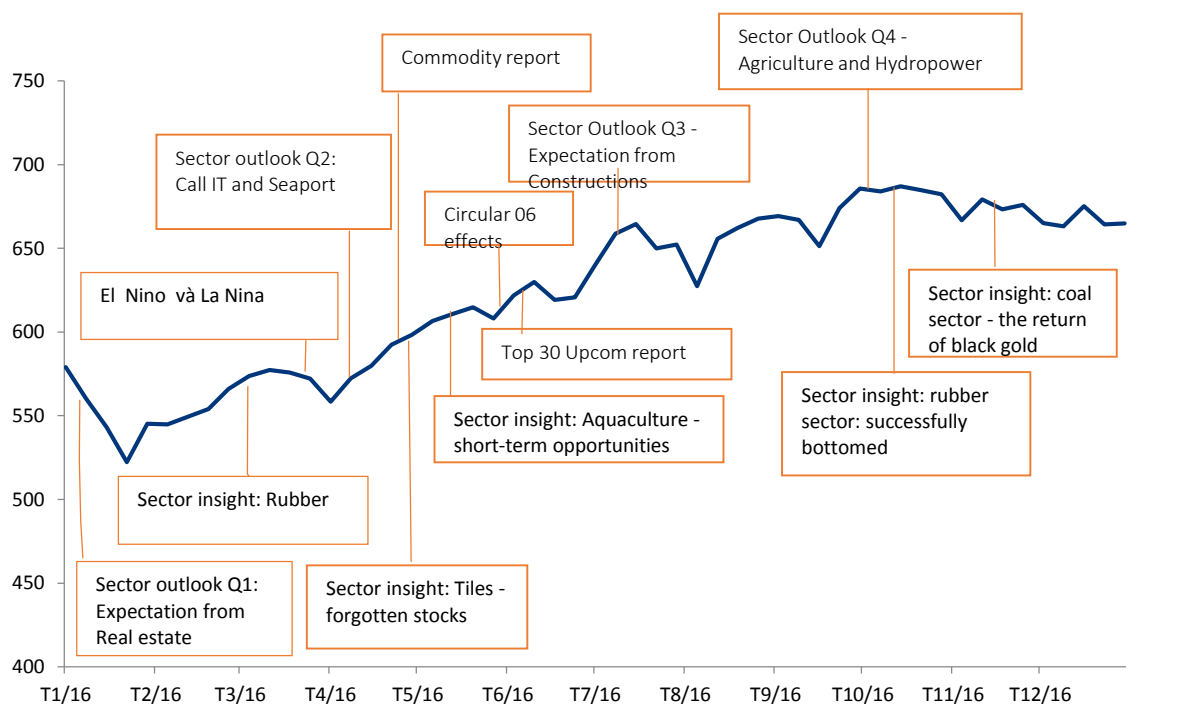
Source: Bloomberg, BSC Research



## Sector assessment in 2016

- With industries that has the Best growing potential in 2016 - the steel industry BSC has a Market perform perspective in our quater reports in 2016. In the year, BSC continues to update the development of notable corporation business results of the industry such as [HSG](#), [HPG](#), [NKG](#), and [SMC](#), and recommend buying HSG, HPG and NKG.
- Some industries have developments that are against our expectation in the 2016 report, including textile sector and seaport sector because TPP is unlikely to pass. In addition, fertilizer industry, with unfavorable weather conditions, and increasing competitiveness makes sales price fall faster than the input price, leading to developments worse than we expected.
- In 2016, BSC is one of the foremost unit in the market that regularly updated its investment perspective of the rubber industry (March when the [rubber price was at borrtom](#), and October before the rubber industry shares increase strongly), brick industry ([April](#)), and coal industry ([November](#)). When these industries have not yet attraced investors, BSC has reported the positive outlook right before the high growth period of these industries. Beside that, BSC also had reports updating all important events that have a throughout impact on many industries such as [06 Circular report](#), [El-nimo reports](#), [Product price fluctuation report](#), [Beer industry report](#) and [Top 30 UPCOM report](#).

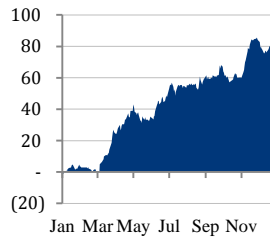
### BSC reports in 2016



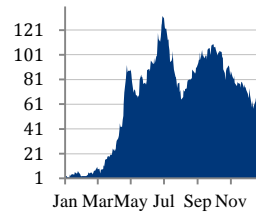
Source: BSC Research

## 2. Performance of sectors vs. VN Index in 2016

Steel



Sugar



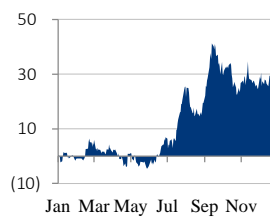
Pharmaceutical



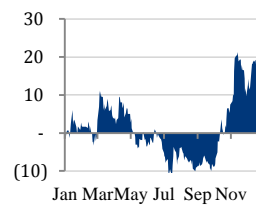
Plastic



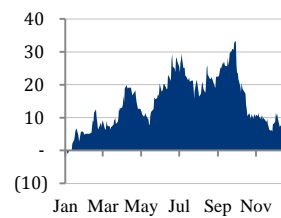
Insurance



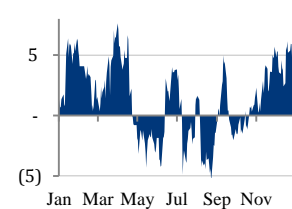
Rubber



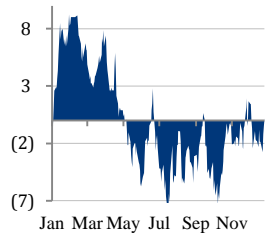
Tire



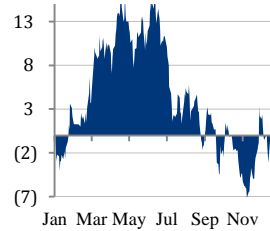
Electricity



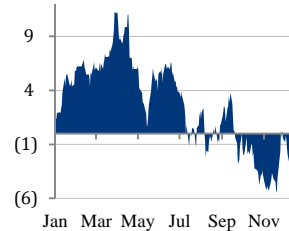
IT



Oil &amp; Gas



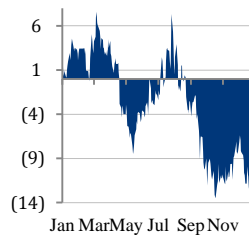
Construction



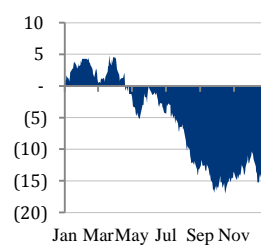
Textiles



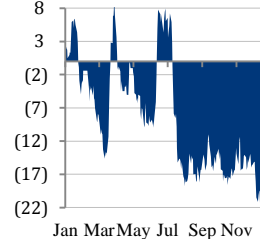
Seaport



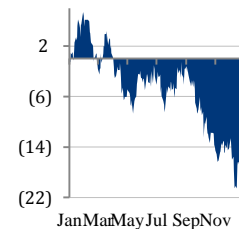
Real Estate



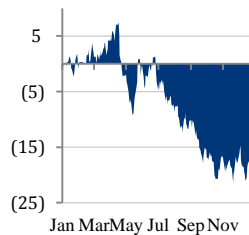
Automobile



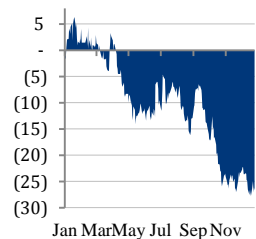
Marine transportation



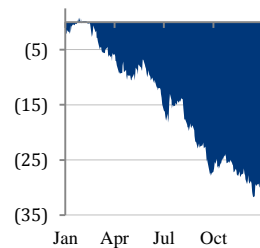
Aquaculture



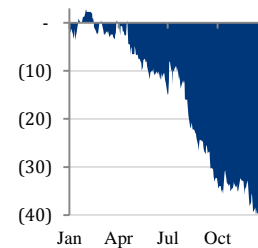
Cement



Banking



Fertilizer



Source: Bloomberg, BSC Research

## 3. Top stocks of 2016

## TOP 5 UP TREND MOVERS IN VN - INDEX

Ticker	Price as of 31/12/2016	Change in 12M (%)	Index pt
GAS	60,600	67.4	24.06
ROS	114,700	810.32	22.46
SAB	197,700	49.77	19.32
VNM	125,600	17.75	14
VIC	42,000	24.97	10.3

## TOP 5 DOWN TREND MOVERS IN VN - INDEX

Ticker	Price as of 31/12/2016	Change in 12M (%)	Index pt
BID	14,200	-31.07	-10.83
HNG	6,200	-78.47	-8.11
CTG	15,050	-19.09	-6.45
MSN	64,800	-16.39	-4.79
STB	9,450	-27.86	-2.89

## TOP 5 LEADERS IN VN - INDEX

(Price &gt; VND 10,000, Average volume &gt;70,000)

Ticker	Price 01/01/2016	Price 31/12/2016	%Chg
ROS	12.6	114.7	810%
NKG	11.23	35	212%
TLH	3.79	12.25	223%
SMC	6.9	21.3	209%
STG	9.08	24.9	174%

## TOP 5 LAGGERS IN VN - INDEX

((Price &gt; VND 10,000, Average volume &gt;70,000))

Ticker	Price 01/01/2016	Price 31/12/2016	%Chg
TNT	25	2.25	-91%
TTF	28.7	5.39	-81%
TSC	13.7	2.63	-81%
HNG	29	6.2	-79%
KSA	5.5	1.47	-73%

## TOP 5 VOLUME LEADERS ON VN-INDEX

Ticker	Average volume
FLC	8,252,442
ITA	4,522,409
HQC	3,814,537
HAG	3,791,917
HQC	3,671,003

## TOP 5 UP TREND MOVERS IN HNX - INDEX

Ticker	Price as of 31/12/2016	Change in 12M (%)	Index pt
VCS	128,400	145.52	1.76
NTP	77,500	54.49	1.51
TV2	199,000	369.92	0.59
AAA	29,300	138.31	0.43
VMC	30,500	32.03	0.35

## TOP 5 DOWN TREND MOVERS IN VN - INDEX

Ticker	Price as of 31/12/2016	Change in 12M (%)	Index pt
OCH	7,000	-44	-0.71
SHB	4,600	-23.92	-0.66
MBG	3,400	-78.88	-0.64
PVS	16,400	-1.8	-0.55
PHP	17,000	-19.43	-0.49

## TOP 5 LEADERS IN HNX

(Price &gt; VND 10,000, Average volume &gt;20,000)

Ticker	Price 01/01/2016	Price 31/12/2016	%Chg
SIC	4.75	33	595%
V21	3.31	9.6	190%
VCS	49.92	128.4	157%
AAA	11.66	23.4	101%
DST	23.47	34.9	49%

## TOP 5 LAGGERS IN HNX

(Price &gt; VND 10,000)

Ticker	Price 01/01/2016	Price 31/12/2016	%Chg
SGO	10.3	1.4	-86%
HKB	14.3	2	-86%
MBG	15.4	3.4	-78%
FID	8.31	2.1	-75%
DPS	10.6	2.2	-79%

## TOP 5 VOLUME LEADERS ON HNX

Ticker	Average volume
SHB	3,585,676
KLF	1,817,150
PVS	1,800,388
VCG	1,733,369
HKB	1,602,920

Source: BSC Research



## 4. Recommended portfolio performance

Sector	Ticker	Price as of Jan 4 <sup>th</sup> 2016	Price Dec 30 <sup>th</sup> 2016	+/- %	Average volume
Real estate	VIC*	34,930	42,000	20.24%	850,106
	DXG*	14,500	12,500	-13.79%	705,466
	KDH*	16,110	20,000	24.15%	135,627
	ITC	8,200	10,450	27.44%	143,191
Construction	CTD*	110,420	182,500	65.28%	103,791
	HBC*	15,200	30,400	100.00%	1,012,339
	FCN	18,850	19,100	1.33%	314,083
	CTI	18,030	25,050	38.94%	424,908
Tiles	CVT*	21,190	38,700	82.63%	350,904
	VIT*	18,140	26,400	45.53%	31,292
	TTC*	12,420	20,000	61.03%	16,073
	VGC	8,660	15,300	76.67%	179,689
	TLT	12,730	16,000	25.69%	25,866
IT	FPT*	39,730	44,000	10.75%	757,574
	CMG*	13,790	15,000	8.77%	29,892
	ITD*	13,990	23,300	66.55%	124,558
Seaport	GMD*	27,330	27,000	-1.21%	291,995
	PHP*	19,630	17,000	-13.40%	11,756
	VSC*	67,340	56,000	-16.84%	121,929
	HAH	39,870	38,800	-2.68%	100,797
Textile	TNG*	17,090	12,500	-26.86%	151,648
	TCM*	29,020	14,500	-50.03%	432,364
	VGG	56,000	63,900	14.11%	N/A
Electricity	NT2*	27,300	23,110	-15.35%	564,829
	PPC*	15,140	16,700	10.30%	354,359
	SJD*	23,660	25,500	7.78%	19,252
	CHP*	19,050	20,700	8.66%	55,702
Fertilizer	DPM*	25,060	22,350	-10.81%	509,281
	BFC*	19,520	29,500	51.13%	80,358
Dairy	VNM*	101,130	125,600	24.20%	1,093,484
Cement	HT1*	22,420	20,500	-8.56%	86,930
	BCC*	11,650	15,000	28.76%	266,427
	BTS*	9,000	9,800	8.89%	2,645
Automobile	SVC*	42,140	48,000	13.91%	87,365
	TMT*	46,750	14,300	-69.41%	60,647
Insurance	PTI*	22,230	28,700	29.10%	19,155

Plastic	PGI*	15,840	20,900	31.94%	81,939
	BMI	22,320	24,100	7.97%	105,613
	BMP*	122,740	191,000	55.61%	85,688
	NTP*	47,340	77,500	63.71%	47,003
Steel	HSG*	20,130	50,900	152.86%	1,699,697
	NKG*	11,230	35,000	211.67%	326,497
	HPG	24,280	43,150	77.72%	3,333,785
Sugar	SLS*	40,510	87,400	115.75%	15,387
Banking	MBB*	13,430	14,000	4.24%	832,331
Aquaculture	VHC*	26,440	57,800	118.61%	144,829
Oil & Gas	CNG*	30,690	40,800	32.94%	45,069
	PGS*	14,250	15,900	11.58%	292,179
	PVG*	7,590	6,900	-9.09%	50,758
	PGC	10,800	12,900	19.44%	53,224
Marine Transportation	PVT*	8,730	11,600	32.88%	989,910
	GSP*	14,340	10,850	-24.34%	48,674
	VTO	6,390	7,980	24.88%	282,467
Rubber	TRC	19,320	26,750	38.46%	53,306
	PHR	15,870	25,250	59.11%	223,823
Average				29.98%	

Source: BSC Research

Note: (1) \* meant for stocks recommended in 2016 sector outlook, the rest is updated in quarter outlook report

(2) VGG price is set for the listed price

Overall, BSC' recommended portfolio for 2016 grew by 29.98%, for stocks recommended at year-beginning, significantly higher than the VN Index performance of 15.2%

In our portfolio, NKG has the highest growth of 211%; 15 stocks had the growth of over 50%, mostly belong to Construction and Construction Materials such as Steel, Plastic, Tiles, thanks to strong growth in civil construction in 2016. These are stocks and sectors highly recommended by BSC. Beside, among 55 recommended stocks, 13 stocks had negative growth, mostly belong to (1) Seaport (GMD, VSC, PHP, HAH) due to lower service fees affected by the overall difficulties of the global seaport industry; and (2) Textile (TCM, TNG) due to high competition leads to slower growth in export and due to the negative prospective of TPP

## 5. Business results by sector in 9M2016

Sector	Revenue (VND Bil)	% yoy	PAT ( VND Bil)	% yoy
Banking			19,361	6.0%
Real Estate	62,244	50.0%	4,800	18.2%
Construction	69,043	14.8%	3,952	46.8%
Cement	20,615	7.6%	1,535	18.1%
Tiles	1,089	-7.7%	510	81.8%
IT – Telecom	31,648	5.1%	1,528	10.3%
Seaport	8,093	1.0%	1,662	-6.4%
Automobile	15,438	3.5%	335	-57.6%
Insurance	18,648	11.8%	1,022	8.1%
Textile	13,558	8.1%	677	-7.2%
Electricity	15,837	-39.0%	1,308	-24.0%
Tires	5,369	-10.0%	515	-9.0%
Plastic	12,151	5.0%	1,141	37.0%
Pharmaceutical	9,759	6.1%	1,117	14.8%
Steel	70,482	6.2%	7,250	115.2%
Aquaculture	34,863	20.2%	1,055	68.0%
Oil & Gas	76,546	-19.2%	5,824	-49.0%
Fertilizer	29,094	-6.6%	1,946	-18.0%
Sugar	8,161	35.5%	597	85.4%
Marine				
Transportation	9,675	5.6%	536	46.0%
Rubber	1,678	-1.2%	298	0.6%
Dairy	34,987	17.5%	7,536	28.4%

The sectors can be classified according to business results in 2016 as follows:

**Strong growth group:** Consists of sectors that have suffered difficulties in previous years and has changed dramatically in 2016 such as Steel, Construction, Tile, Plastics, Aquaculture, sugar ... Among which, BSC has issued our viewpoints and recommendations 3-6 months before signs of recovery such as Tile, Plastics, Aquaculture, Sugar. We mentioned these sectors in our sector insight from late 2015 until the end of 2016.

**Other growth group:** include Dairy, Cement, Real estate, Banking, Insurance, Rubber, Pharmaceuticals. BSC referred to the stocks in the recent 2-3 years. On average we are quite optimistic, however, we believe these sectors will not maintain outperform position over the stock market in 2016.

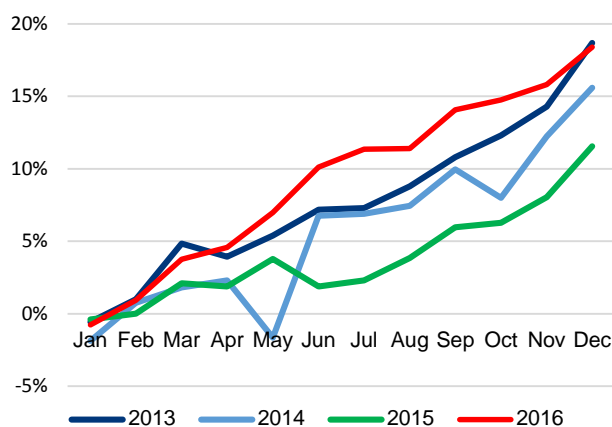
**Declining group:** including Fertilizers, Oil & Gas , Electricity, Tires, and Textiles. We were right to assume that challenge with the industry Fertilizers, Oil & Gas , Tires and Textiles were quite large. However the evolution of Electricity (due to drought) and Seaport (the impact of TPP) was beyond our forecasts.

## Banking 2016 [Strong divergence]

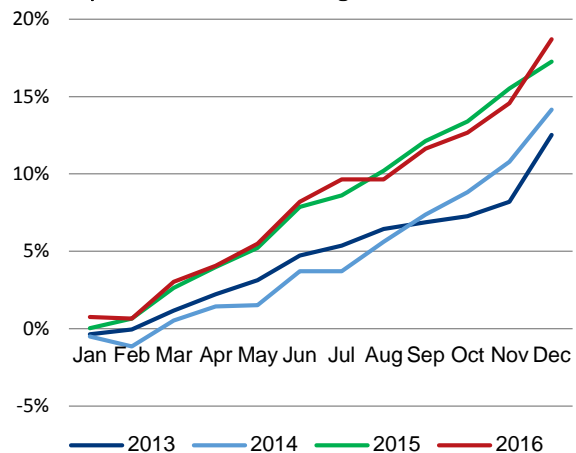
- Credit grew 18.71%, mobilizing grew 18.38% in 2016
- Liquidity of banking system was ample, interbank interest rate was maintained at the lowest level in the long time.
- Deposit rate declined by 0.2%-0.5% in State-owned joint stock commercial banks and the rally level was 0.1%-0.4% in private commercial banks at the end of 2016.
- NPLs solution was still slow. Total amount of bad debts, including debts sold to VAMC are estimated at VND 360 trillion.
- Performance results were divergent, costs of provision for credit risk eroded the banks' profit.

**Credit increases by 18.71% in 2016<sup>1</sup>.** The credit grew slowly in the second half after a rapid growth in the first half of 2016. Because (1) economic growth has signs of being slowed down, is estimated at 6.21% in 2016<sup>2</sup>; (2) The loan for real estate is tightened under the Circular No.06/2016/TT-NHNN and the Document No.7076/NHNN-TD; (3) The pressure of ensuring the capital adequacy ratio (CAR) according to the Basel II.

Monthly accumulated deposit growth



Monthly accumulated credit growth



Source: SBV, BSC research

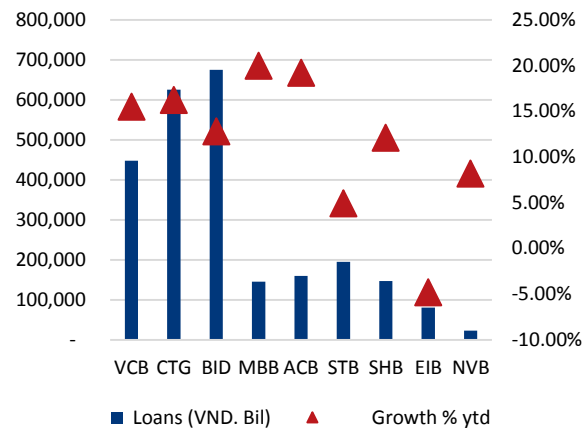
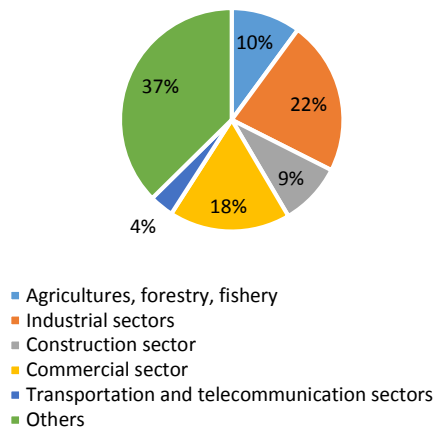
10M2016 Credit structure

9M2016 Outstanding loans and loan growth at listed commercial banks

<sup>1</sup> State Bank

<sup>2</sup> General Statistics Office of Vietnam

Vietnam Sector Outlook 2017  
Part 1 – 2016 Review

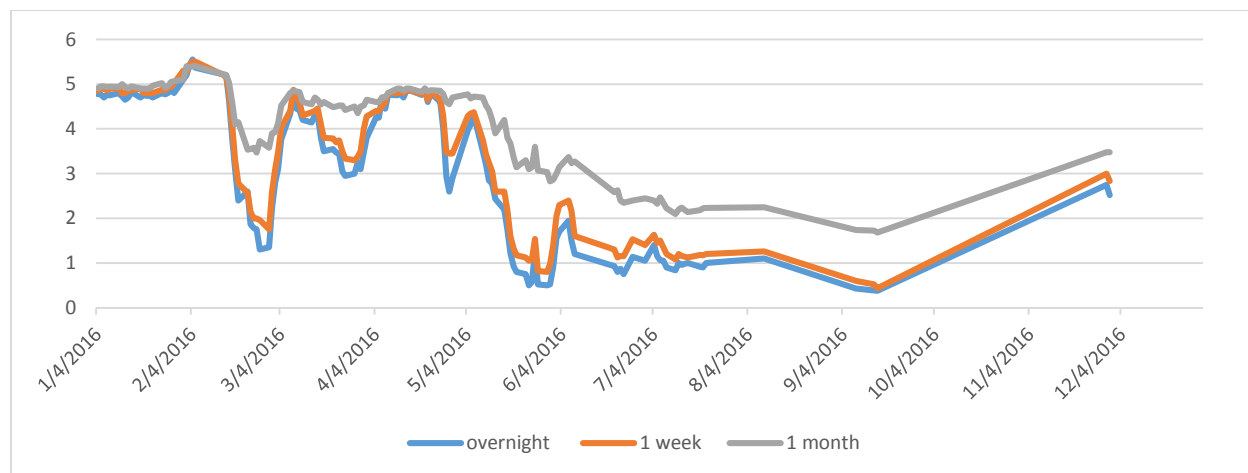


Source: SBV

Source: FS of banks, BSC research

**2016 ample liquidity** ensures safe and stable operation of the banking system. It comes from: (1) high deposit growth, reaching 18.38% in 2016 (higher than deposit growth in 2015, an increase of 11.54%). (2) Ratio of loan/deposit (LDR) of commercial banks (CBs) is 86.35% by the end of October 2016 (3% lower than the same period of 2015). Therefore, the interbank interest rate remains stable at a low level during 4 months from May 2016 to September 2016. The rate has rebounded since October 2016 because of large demand for consumer credit by the end of the year, and USD appreciation pressure.

#### The interbank interest rates in 2015

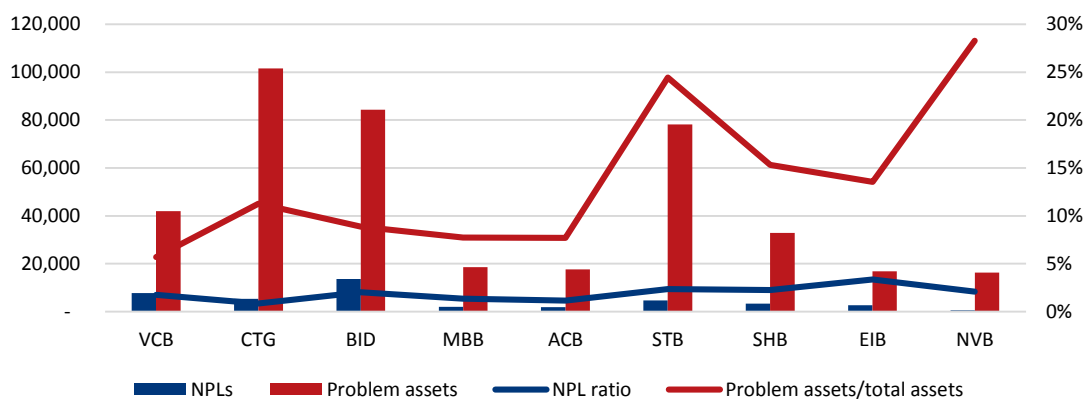


**Deposit rates were divergent.** Deposit rate had been in the bullish trend (went up by 0.2%-0.3%) in 1H2016, after that, the rates went to the strong divergence. State-owned joint stock commercial banks reduced their deposit rates by 0.2%-0.5% for the term of under 12 months, then, BIDV and Agribank continued to cut down the rate by between 0.1% and 0.3%, depended on terms. Private commercial banks such as Sacombank, VP Bank, Eximbank and Techcombank, etc raised mobilizing rates by 0.1% to 0/4%, at the end of the year 2016.

**Large bad debts and problems assets.** At the end of the third quarter 2016, NPL ratio was 2.62%, equivalent to VND 136,000 billion, increasing by 15% yoy. In addition, banks have many problem assets which make us worry about NPL solution progress. Total bad debts including NPL sold to VAMC was VND 360 trillion (indicating NPL ratio of 6.75%), higher than which calculated in 2012 (VND 239 trillion). Accrued interest of listed banks in 2016 went up by 19%, accounted for about 2.9% of total debts, higher than the level of 2.8% in 2015. NPLs solution and provision expenses for VAMC bonds continue key tasks and erode banks' profit. Some listed banks handle NPLs relative well are VCB, MBB, and ACB.

**Low NPLs solution.** According to National Financial Supervisory Commission, in 2016, credit institutions solved nearly VND 95,000 billion of the bad debts. In which, 52.6% of bad debts were recovered from cash and collateral asset liquidation, 26.6% of bad debts were solved by provision account and 21% of bad debt were sold to VAMC. Accumulated NPLs solved by credit institution from 2012 to August 2016 were VND 328 trillion, in which, 43% of NPLs were handled by using provision accounts, 33% of that debts were recovered from clients.

#### NPLs and problem assets of listed banks



Source: BSC research

**Performance results were divergent.** In 9 months of 2016, total outstanding loans in 9 listed banks went up by 13.54%, worth VND 2,500 billion, LDR ratio of the firms got 86.44%. Average NPL ratio was 1.67%, lower than the target of 3% of SBV, however, asset quality of several banks should be noted (large problem assets), for instance STB, NVB, SHB and EIB. Provision expenses eroded 46% of profit before provision of the banks. The expense even accounted for 82% (EIB), 90% (NVB) of profit before provision. As a result, net profit of 9 listed banks up 6% to VND 19 trillion. ACB, VCB and MBB showed positive result, net profit rose by 39%, 11% and 17%, respectively, thanks to high credit growth, lower provision expenses. Although provision expenses for credit risk in CTG and BID continued to increase in 9M2016, the business results still grew well thanks to strong improvement in credit operation, trading securities and forex. Net profit of CTG and BID go up by 16% yoy and 3% yoy, respectively. In contrast, STB's performance showed a dramatic drop in 9M2016, net profit down by 72% because net interest income decreased by 35% yoy.



## Performance of listed banks in 9M2016

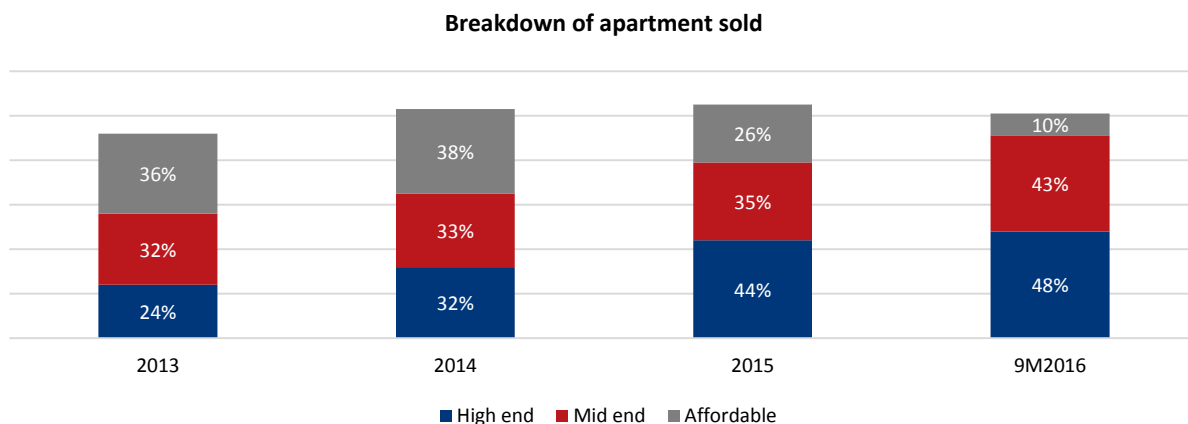
	VCB	CTG	BID	MBB	ACB	STB	SHB	EIB	NVB
<b>Size</b>									
Chartered capital (VND bil)	35,978	37,234	34,187	16,312	9,377	18,852	9,486	12,355	3,010
Equity (VND bil)	36,003	61,049	44,515	24,691	13,725	22,671	11,962	13,334	3,225
Total assets (VND bil)	737,585	900,754	950,378	239,817	228,867	320,056	215,008	123,997	57,799
Total equity/total assets	4.88%	6.78%	4.68%	10.30%	6.00%	7.08%	5.56%	10.75%	5.58%
<b>Growth (ytd)</b>									
Growth of assets	9.37%	15.56%	43.52%	108.49%	13.61%	9.41%	5.03%	-0.68%	19.84%
Growth of loans to customers	15.52%	16.23%	12.83%	19.97%	19.23%	4.94%	12.11%	-4.79%	8.19%
Growth of deposits from customers	14.36%	26.88%	53.13%	2.88%	15.13%	9.35%	9.58%	4.80%	19.03%
Loans/Customer deposit	78.14%	99.99%	95.12%	77.94%	79.35%	68.36%	90.35%	78.23%	57.72%
<b>Asset quality</b>									
NPLs	7,758	5,380	13,683	1,951	1,794	4,620	3,310	2,706	484
NPL ratio	1.75%	0.86%	2.03%	1.34%	1.13%	2.37%	2.25%	3.35%	2.07%
NPL ratio including debts sold to VAMC	3.13%	2.63%	5.16%	3.70%	2.78%	4.06%	7.27%	10.69%	N/A
Provision for bad debts/ NPLs	127.68%	128.15%	77.57%	116.92%	100.37%	53.14%	51.76%	44.08%	53.29%
Interest received/interest income (accumulated)	95.99%	94.31%	99.03%	97.20%	289.42%	93.75%	46.80%	98.48%	76.26%
Interest and fees receivables/loans	0.96%	2.42%	1.46%	2.19%	1.70%	13.36%	6.90%	1.37%	12.44%
Problem assets/Total assets	5.70%	11.28%	8.87%	7.74%	7.70%	24.43%	15.31%	13.55%	28.29%
<b>Performance efficiency (Accumulated)</b>									
% net interest income/operating income	74.40%	85.30%	86.47%	83.75%	93.38%	67.84%	80.12%	84.44%	103.95%
Earnings before provision expenses for credit risk	10,840	11,463	12,730	3,916	1,807	1,227	1,329	1,126	95
% yoy	23.98%	33.51%	68.27%	-7.91%	-5.37%	-85.58%	31.59%	-13.10%	-44.74%
Cost of provision for credit risk (VND bil)	4,514	4,977	6,972	1,128	563	677	556	923	86
% of earning before provisions	41.64%	43.42%	54.77%	28.80%	31.14%	55.16%	41.83%	82.02%	89.83%
Net income (VND bil)	5,058	5,183	4,620	2,261	997	459	615	159	8
% yoy	39.40%	16.48%	3.12%	10.77%	16.64%	-72.47%	9.07%	-69.74%	345.29%
NIM (TTM)	2.77%	2.82%	2.69%	3.64%	3.33%	2.05%	2.25%	2.91%	2.27%
CIR	40.90%	43.16%	41.06%	42.42%	65.88%	55.16%	55.72%	60.15%	85.27%
ROA (TTM)	1.00%	0.80%	0.69%	1.21%	0.55%	-0.02%	0.42%	-0.26%	0.03%
ROE (TTM)	14.74%	11.02%	14.11%	11.57%	8.89%	-0.30%	7.35%	-0.05%	0.39%
EPS (VND per share) (TTM)	2,042	1,405	1,350	1,403	1,332	(300)	893	(266)	42
Book value	13,213	16,396	13,021	15,137	15,756	12,525	12,617	10,846	10,834
<b>Valuation</b>									
P/E	17.44	10.82	10.81	9.41	12.99	(27.79)	5	(36.15)	119.09
P/B	2.69	0.93	1.12	0.87	1.10	0.67	0.35	0.89	0.46

Source: BSC research

## Real Estate 2016 [Positive]

- Number of apartment sold continued to go up in Ho Chi Minh City (+43.2%) and in Ha Noi (+2.5%)
- Foreigners' capital contributed to the increase of the supply to the market.
- Credit for the real estate kept the growth in the control
- Business performance in 9 months was positive, especially with VIC, KDH and DXG

**Real estate market kept on its positive happening in 2016:** (1) Accumulated in 9 months in Ha Noi, there were 17,300 apartments sold (+2.5% YoY) whereas in Ho Chi Minh city, this figure was 20,722 apartments (+43.2% YoY), the increase focused mainly on premium and intermediate segment; (2) Stable selling price in the Ranked B and C segments whereas the price went up in the Ranked A one; (3) Total value of real estate inventories by December 20<sup>th</sup>, 2016 was VND 33.267 billion, decreased by 34% compared with the beginning of the year, according to Ministry of Construction.



*Source: CBRE*

**Foreigner's capital contributed to the increase the supply to the market.** In 2016, FDI capital registered for the investment in real estate field got USD 1.3 billion (-44% YoY). Especially, the market experienced lots of M&A deals in this sector in which assignors were the overseas investors and assignees were domestic companies. This thing was explained by: (1) foreigners needed to sell their assets to take the capital for turnover when the market started a new cycle., (2) domestic investors also bought back projects from the others to save their time and cost for extending investment license and land clearance. We state that M&A trend in real estate will become larger and bigger in 2017.

**Credit for real estate kept the growth in the control.** Accumulated in 6 months, loan debt balance for the real estate got VND 416,000 billion, increased by 5.76% compared with that in the end in 2015 and was forecasted to get the growth rate of 15% for the whole year 2016 due to the rally of demand for housing loans of the residents as well as the demand of capital for projects construction and completeness of investors. However, this level of increase was still lower than that of 26% in 2015. The appearance of

Circular 36 helped to adjust the banking capital flows focusing more on the investment, commercial or manufacture instead of real estate.

**The divergence of business performance in the sector:** According to our statistics, accumulated in 9 months, total revenue got VND 62.2 trillion (+50% YoY), net income was VND 4.8 trillion (+18.2%). There were 63 companies operating in this filed in which 32 firms ( accounting for 49%) got the business result being higher than the one in the previous period whereas there were businesses making highest after-tax profit, for instance VIC, FLC, KDH, SJS, NLG, DXG. Nevertheless, the acceleration of the profit growth was slower than the one of sales which showed that (1) competition in the field became more intense, which made the firms not be able to increase their selling price, (2) cost of goods sold went up due to the advantage of cheap land gradually declined.

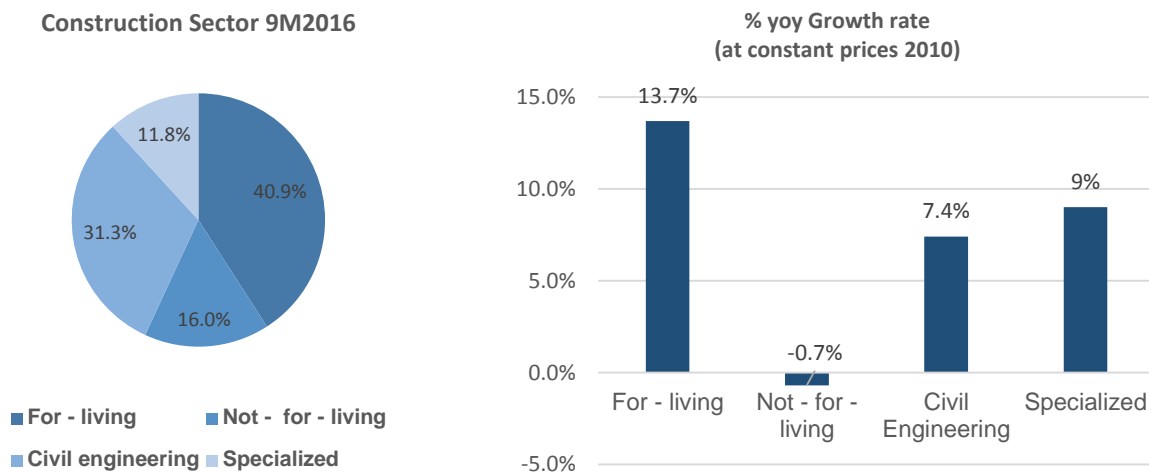
Ticker	Rev 9M2016 (VNDb)	PAT 9T2016 (VNDb)	Rev 9T2015 (VNDb)	PAT 9T2015 (VNDb)	% change Rev	% change PAT	Deferred Revenue (bil)	Inv (bil)	% De.rev /Inv
VIC	34.655	1.719	19.702	972.3	76%	77%	37829	37732	100%
DXG	1320.9	144	910.7	93.4	45%	54%	815	1154	71%
KDH	1662.2	271	737.1	172	126%	58%	342	5868	6%
CEO	915.4	99.7	345.5	75.4	165%	32%	175	601	29%

Source: BSC Research

## Construction 2016 [Grow with Real estate]

- The total construction value grew well. The civil construction segment in 2016 remained positive thanks to the plentiful credit for real estate.
- The industrial construction increased steadily thanks to the good FDI disbursement.
- The ODA disbursement schedules for transportation infrastructure projects were slowed down due to the delay in the arrangement of counterpart funds.
- Listed construction firms recorded strong growth in revenue but the width of growth shrank.

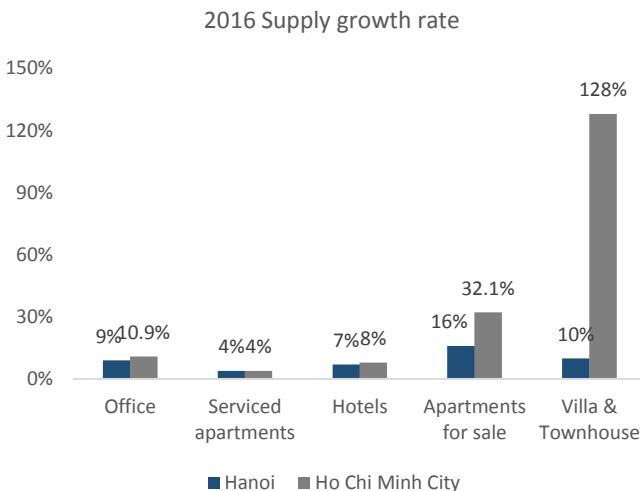
**The total construction value grew well.** In the period of 9M2016, the total construction value reached VND 747.4tn (at current prices) and 590.9tn (at constant prices in 2010), (+8.6% YoY). In which, the main contribution came from the residential construction with the growth of 13.7% YoY.



Source: BSC Research

**The civil construction segment in 2016 remained positive thanks to the plentiful credit for real estate.** The civil construction market is reflected by the new real estates for sale. By the end of 3Q 2016, both Hanoi and Ho Chi Minh City recognized the strong growths in the primary supply of apartment segment with 16% and 32.1% respectively. In particular, for the townhouse and villa segment, the supply surged by 128% with many new projects are opened for sale in District 2 & 9. This mainly stemmed from the strong credit flowed into the market. The credit growth for 2016 reached over 12.5%, which is lower than in 2015 (28.3%) but still doubled than the 2016 GDP growth rate (approximately 6.21%).

**The industrial construction increased steadily thanks to the good FDI disbursement.** By Nov 20<sup>th</sup>, 2016, the total value of FDI disbursement reached about USD 14.3 bn (+8.3% YoY). In which, the capital flow into manufacturing and processing industries accounted for roughly 75% of total. Some huge projects disbursed in 2016 includes: LG Display Hai Phong (total investment registered of USD 1.5), LG Innotek Hai Phong (USD 550 mil), Amata Long Thanh City (USD 309 mil).



The ODA disbursement schedules for transportation infrastructure projects were slowed down due to the delay in the arrangement of counterpart funds. The total ODA disbursement by the end of Oct 2016 was only USD 2.68bn, (-18.6% YoY), although the registered ODA capital reached USD 4.9bn, doubling the figure of 2015. The main cause was the delay in counterpart fund arrangements, which normally occupy about 20% of total investment. This stems from the concurrent implement of many projects, which put much pressure on the tight central

and local budgets. Other reasons for the delay include: mismatched capital allocation, the delayed clearance progress, and the institutional obstacles when Vietnam started implementing the Public Investment Law and the Bidding Law.

Listed construction firms recorded strong growth in revenue but the width of growth shrank. Accumulated 9M2016, the total revenue of 108 listed construction firms reached 69,043 bn (+14.8% YoY), the total net profit grew strongly by 46.8 % YoY to 3,952bn as leading firms had more D&B (Design & Building) projects, leading to larger GPM. However, the width of growth shrank when there were 56/108 firms recorded positive growth in profit compared with 76/108 in 1H2016

9T2016	Rev (VND bn)	% yoy	PAT (VN bn)	%yoy	2016 Dividend	Note
CTD	13,462	+64%	961.4	114%	n/a	GPM increased from 7.6% to 8.8% thanks to more D&B projects.
HBC	7,023	+98.8%	319.5	+476.7%	n/a	GPM rose from 5.7% to 10.3% as the industrial infrastructure (GPM = 51%) contributed 211bn into the revenue.
VCG	5,618	+6.9%	474.6	+35%		The profit from associated companies increased from (-82.4bn) to 42bn.
FCN	1,167	+32%	79.8	+16.4%	n/a	GPM down from 17.7% to 15.3%
HUT	1,974	+212.5%	298.3	+674.8%	n/a	The real estate revenue went up from 1bn to 1,557 bn (GPM = 32.6%).
CTI	815.9	+47.8%	86.8	+56.1%	10% cash	Started recognizing the toll revenue from the toll booth QL91A and QL 91B.

Source: BSC Research

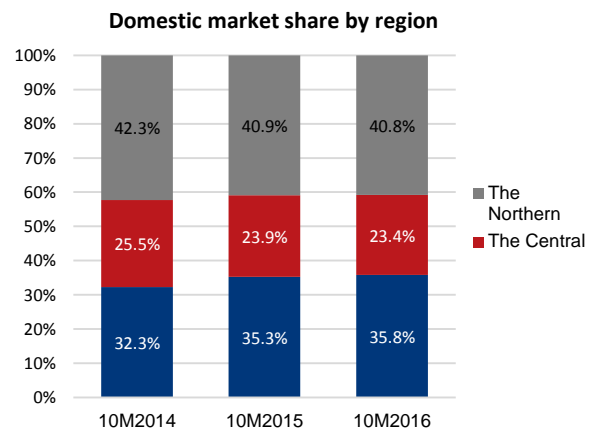
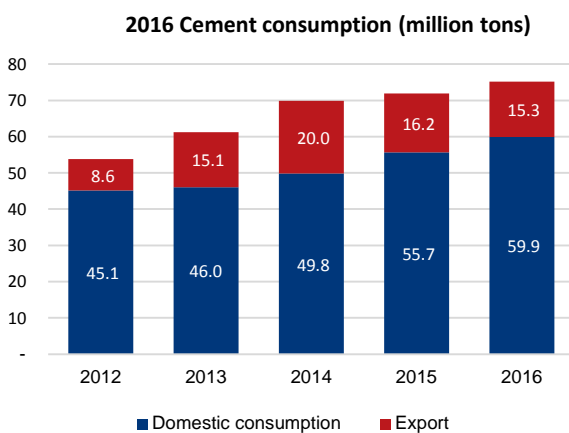
## Cement Sector 2015 [Export shows less difficulties]

- Consumption is improved thanks to domestic demand
- Exports face a fierce competition, Philippines becomes the biggest trade partner
- Demand rises but has not caught up supply
- Stable prices, increasing export costs

**Consumption is improved thanks to domestic demand.** In 2016, domestic cement consumption is 59.9 million tons (+8% yoy), the growth rate gets slow compared with 2015 (11.38% yoy), however, it is still an important force bringing the total annual sales volume of 75.19 million tons (+5% yoy). Local market has not big changes, the North remains the largest consumer of cement (40.76%), the Southern market share rises slightly to 35.83% according to the growth of the real estate market.

**Exports face a fierce competition, Philippines becomes the biggest trade partner.** 2016 is the second consecutive year in which the export of cement/clinker of Vietnam has difficulties, reaching 15.3 million tons, falling slightly of 5.6% yoy compared with a decline of 19% yoy in 2015. The main reason is that the bleak global construction market creates oversupply. In particular, China, after their dramatic development, has the redundant capacity of about 670 million tons of cement, which is 8 times that of Vietnam, leading to price competition in the export market.

Besides, in 2016, Philippines overcomes Bangladesh to become the largest cement importer of Vietnam with the import volume of 3.5 million tons during 11M2016 (accounting for nearly 26% of Vietnam cement and clinker exports), equivalent to USD 163.7 million.



Source: BSC Research





Source: BSC Research

**Demand rises but has not caught up supply.** The reason is that the sharp increase in design capacity of the cement sector before 2013 led to lasting oversupply. In Nov 2016, there are 78 cement production lines of rotary kilns operating with a total capacity of 86.16 million tons – Top 5 in the world, but is currently in operation below that design capacity with low price.

**Stable prices, increasing export costs.** Because the input material prices and production costs do not fluctuate much, cement prices are basically stable compared to the previous year. However, according to 2 recent tax law and decree that comes into effect in the second half of 2016 No.106/2016 / QH13 and 107/2016/QH13, cement is imposed the exports tax of 5%, meaning that the cost of clinker exports rises by about USD 4.5/ton (FOB price of USD 30/ton in average) and that of cement go up USD 7.5/ton (FOB price of USD 50/ton in average), making it difficult to maintain competitive export prices. On Dec 15<sup>th</sup> 2016, the domestic retail price in the North and Central was from VND 1,050,000-1,550,000/ton, that of the South was from VND 1,460,000-1,850,000/ton; the exported cement prices in Hon Gai remained stable at USD 46.5/ton; clinker export prices was USD 30/ton FOB Cam Pha.

**Business results.** In terms of revenue, the listed cement companies that are HT1, BCC and BTS have a greater growth of productivity and sales than the industry average. However, their gross profit margins do not show much significant compared to the same period in 2015. Only BCC has the gross profit margin 9M2016 of 19.5%, higher than the same period of 2015 (19.47%). HT1's gross profit margin is at the highest level in this sector, including that in Q32016 of 22.5% because they turn to use coal imported from Australia being cheaper, the gross profit margin 9M2016 is lower than that of same period in 2015.

VND billion	Net revenue 9M2016	Net revenue 9M2015	%yoy	Gross profit 9M2016	Gross profit 9M2015	%yoy
HT1	6,042	5,572	8.44%	1,269	1,229	3.26%
BCC	3,212	2,911	10.37%	626	567	10.54%
BTS	2,391	2,104	13.62%	401	405	-0.97%

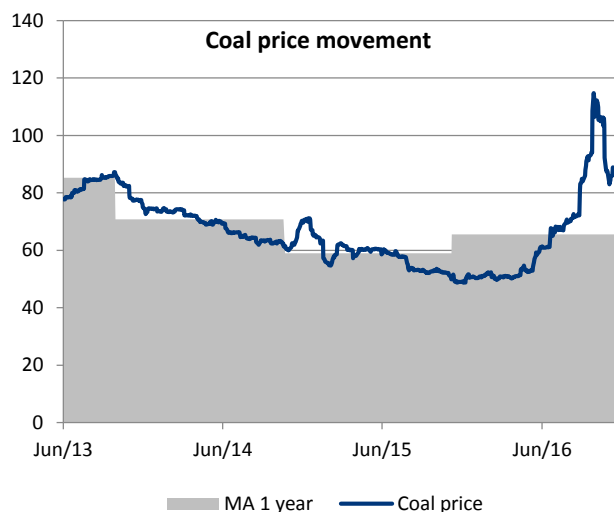
Source: Financial Statements

## Tiles 2016 [ Signs of slowdown]

- Tiles sector showing signs of slowing down with competitive pressure
- Businesses increased capacity to gain market share
- Positive 9M2016 business result but revenue decreased by 3%

**Ceramic tiles industry has shown signs of slowing down.** In 2016, growth of the ceramic tiles sector has shown signs of slowing down compared to two years ago, with total sales of 7 businesses listed ceramic tiles in the first 9 months of this year was VND 6,495 billion, down 3% compared to the same period 2015. The reason is that in 2014 and 2015, unfinished apartment buildings were restarted and finishing up, which leads to large demand for ceramic tiles. In 2016, most projects are mostly in the form of new construction, ceramic tiles will need to wait until the completion stage, which can fall into the middle of 2017. In addition, consumers tends to prefer other products over ceramic tiles such as laminate, polymer, ... which negatively affected demand for ceramic tiles.

**Firms raised capacity to gain market share.** In 2016, firms have been investing heavily to increase capacity in order to catch demand of ceramic tiles in the coming years. Large enterprises, not listed, go ahead in raising capacity such as Prime (designed capacity up 15 million m<sup>2</sup>), Tasa (2 new lines in operation), a number of listed companies has also increased the capacity such as CMC (designed capacity up 50%), Viglacera Tien Son (designed capacity rose from 4.5 to 6.5 million m<sup>2</sup> / year), Viglacera Ha Long, ... Domestic enterprises have gradually occupied the domestic market from of exporters. In 2015, imported ceramic tiles accounted for about 35% of domestic consumption, fell sharply from 80% in 2010.



Capaciy	Ticker	Designed capacity (mil m3/year)
CMC	CVT	15
Viglacera Tiên Sơn	VIT	6,5
Thanh Thanh	TTC	5,5
Taicera	TCR	14
Chang Yih	CYC	4
Viglacera Hạ Long	VHL	7,5
Viglacera Thăng Long	TLT	8,5
Prime group		90

Source: BSC Research

**Input price rose sharply in Q4.** Coal is the main fuel material of domestic brick manufacturing enterprises (CVT, VHL) with a contribution of about 25% to the cost structure. Based on the movement of US coal price, it have remained at the bottom for many years in the first half of 2016, the average price of 1H2016 fell by 18% yoy. In the second half of the year, coal prices surged by up to 92% as of 7/11/2016, before plummeting 22% a month later. Accordingly, the average coal price has increased by 11.3% in 2016 over

the same period. Domestic coal prices experience less volatile movement and have certain lag compared to the world price of coal, but also began to increase from 3.2 million / ton to 3.4 million / ton in Q4 / 2016.

**Positive business results of 9M2016.** Business results of the first 9 months of 2016 of the companies in the industry are optimistic compared with the same period in 2015. Under pressure of rising competition from rapidly increased capacity, the selling price is under pressure, making only 3 out of the 7 listed companies record increases in revenue. In contrast, the profitability grew thanks to the fact that domestic coal prices remained low in the first 9 months. Accordingly, the total sales of the listed ceramic tile enterprises reached VND 6495 billion, down 3% over the same period, but gross profit and profit after tax increased very impressively by 15% and 91% respectively. An increase in sales volume is expected in Q4, according to seasonality, although the trend of selling price is still downward along with rising coal price, we expect margins will shrink significantly in the last quarter.

#### Business results

Ticker	Net rev 9M2016 (VND Bil)	YoY	Gross margin 9M2015	Gross margin 9M2016	PAT 9M2016	YoY	EPS T12M (VND)
CVT	725	50%	18.3%	22.9%	88.4	99%	5,563
CYC	207	-8%	5.8%	10.1%	2.9	100%*	-1,561
TCR	1,136	-27%	18.0%	20.4%	15.6	41%	1,061
TTC	267	-8%	14.5%	16.4%	18.1	11%	3,942
VHL	1,320	18%	18.4%	20.7%	85.6	14%	6,925
VIT	659	34%	16.1%	14.1%	37.6	43%	3,247
VGC**	6,495	-14%	18.7%	24.5%	261.9	144%	1,668

Source: Financial Statements, BSC Research

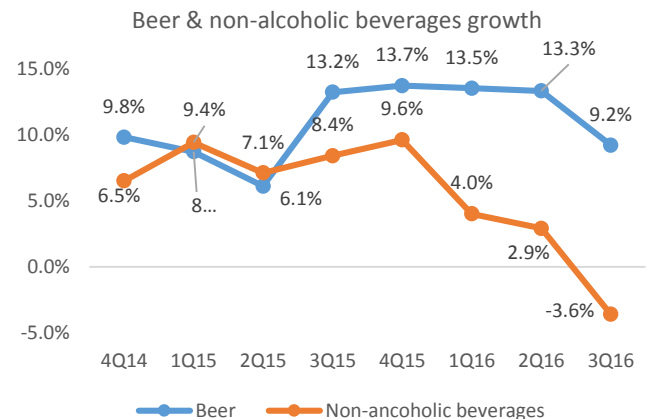
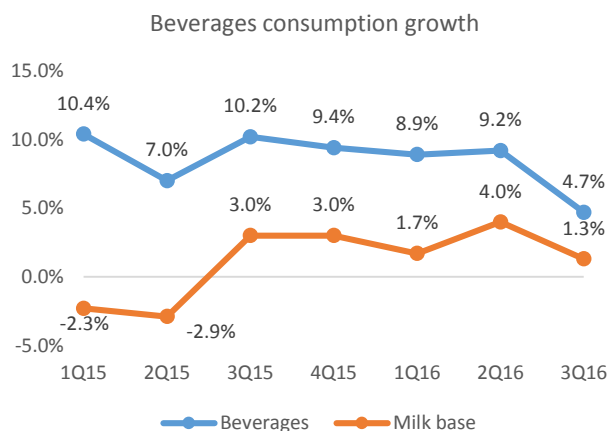
\* CYC has negative PAT in 9M2016

\*\* VGC uses data of parent company

## Beverage 2016 [Positive]

- The beverage consumption slowed down in the third quarter (4.7% yoy and 1.3% yoy)
- Dairy sector: The skimmed milk powder (SMP) slightly decreased while the whole milk powder (WMP) continued to rise sharply in the 4<sup>th</sup> quarter due to the reduction of global production.
- *Beer Sector*: Malt prices increased rapidly in 2016 as heavy rains in Central Europe adversely affected the production and quality of barley.
- The aluminum price got recovered thanks to the reduction in China's output and the expectation for the expansionary fiscal policy of new US president elect Trump..
- The 9M2016 business results: Beverage firms recognized good growth.

**The beverage consumption slowed down in the third quarter.** After rapid growths in the first half, both beverage and milk base segments halted in the 3Q2016 with the growth rates of 4.7% YoY and 1.3% YoY. Beer consumption value was the main driver for beverage segment with the increase of 9.3% YoY, slightly lower than the level of over 13% for the first two quarters. Meanwhile, the consumption of non-alcoholic beverages decreased by -3.6% YoY in the same period.

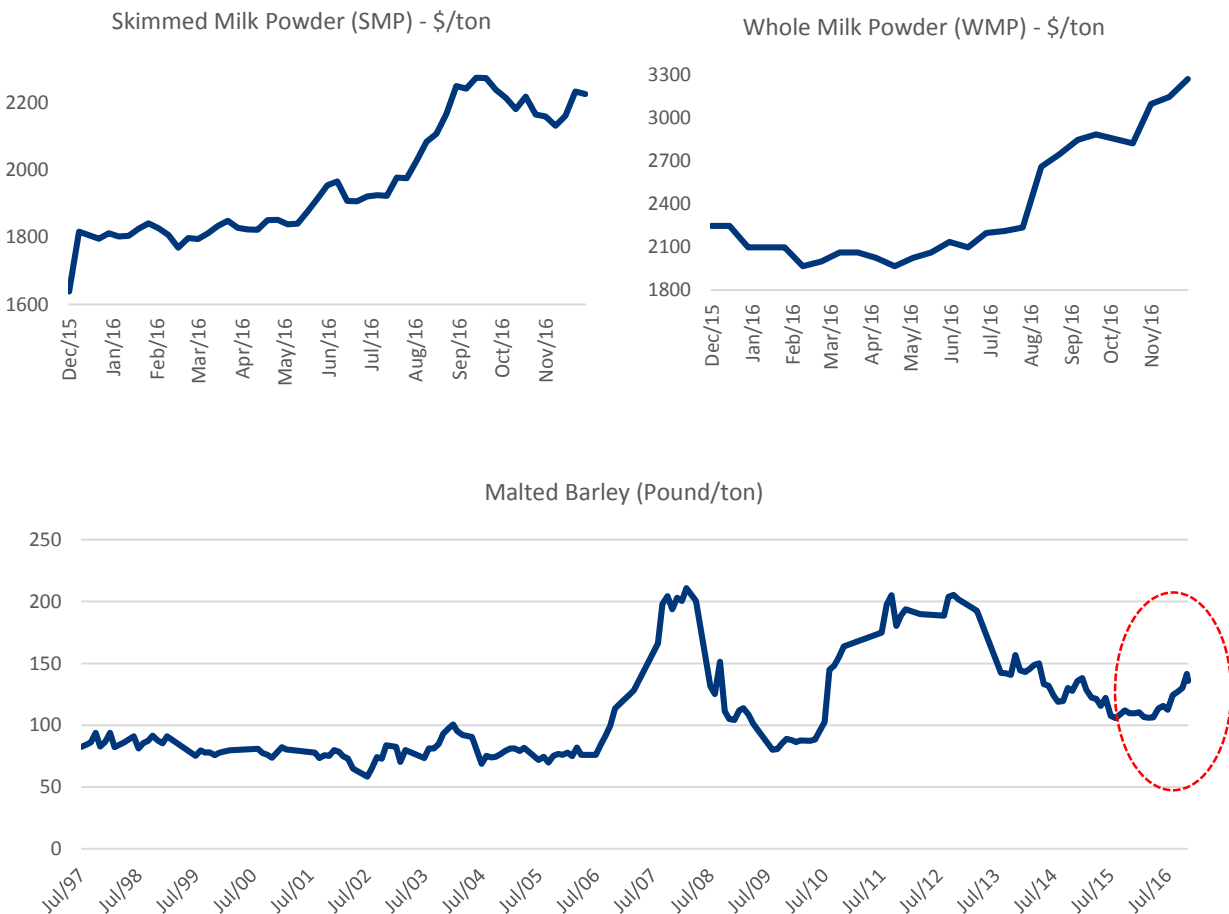


Source: Nielsen, BSC Research

*Dairy sector*

**The skimmed milk powder (SMP) slightly decreased while the whole milk powder (WMP) continued to rise sharply in the 4<sup>th</sup> quarter due to the reduction of global production.** In the 4<sup>th</sup> quarter, the SMP price was adjusted from the peak in September down to USD 2,132 per ton before got back to USD 2,226/ton (+35.8% YoY) in December. Meanwhile, the WMP price surged to USD 3,275 /ton (+45.6% YoY). The main cause was the drop in the total dairy production of top 5 (New Zealand, EU-28, US, Australia and Argentina) by 1.2% YoY. The dairy exports also witnessed a significant fall: except US recognized the increase by 1.7% YoY, th others all reduced their production: Argentina (-11.9%), Australia (-9.2%), New Zealand (-2.7%) and EU-28 (-1.5%). On the demand side, the largest importer, China, recorded the dairy import of 496,000 tons (+9.7% YoY) for 9M2016. In which, the WMP and SMP import reached 344,700 tons (+20% YoY) and 152,000 tons (-8% YoY) respectively.

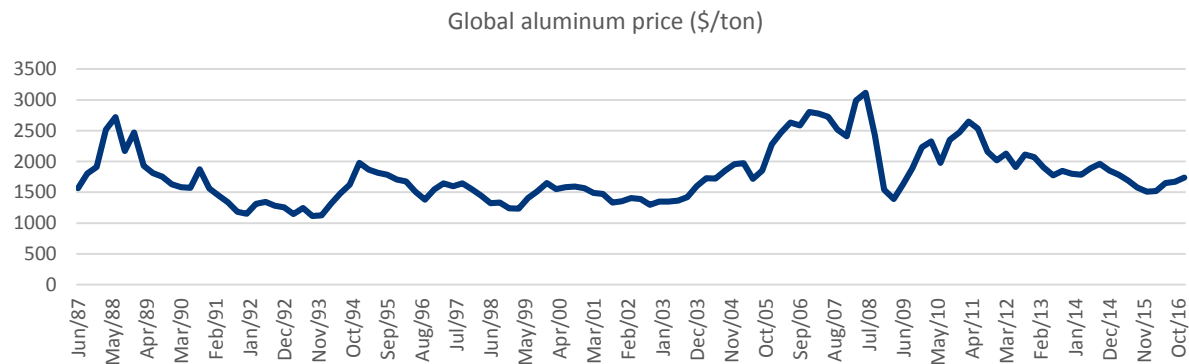
Vietnam Sector Outlook 2017  
Part 1 – 2016 Review



Source: Bloomberg

### Beer Sector

Malt prices increased rapidly in 2016 as heavy rains in Central Europe adversely affected the production and quality of barley. Malt is the main ingredient with highest proportion in COGS (about 30%) and it directly affected the selling prices of finished beer. The other ingredients each accounts for 2-3% of COGS. According to Bloomberg, the malted barley price has increased to £135 per ton in December 2016 as heavy rains adversely affected barley fields in France and Germany (two among top barley production countries, just behind Russia, Canada and Spain), so the crop yields are expected to be at the bottom of 5 recent years. In France, the largest barley producer in EU, the output is forecasted to be dropped by 21% to 10.2 million tons in this crop, the record high since 2011. Meanwhile, the production of Germany also fell to 8.8 million tons. Besides, rains also reduced the quality of barley, leading to the rise in the price of qualified brewing materials.



Source: Bloomberg, BSC Research

The aluminum price got recovered thanks to the reduction in China's output and the expectation for the expansionary fiscal policy of new US president elect Trump. Aluminum is also an essential input of beer industry, it accounts for about 50% of COGS of beer cans. The aluminum price has increased significantly to USD 1,735 per ton (+15% YoY) in 2016. The two main drivers for that rise are: (1) the aluminum output of China, the largest producer, decreased by 1.4% YoY to 23.44 bn tons (by the end of Oct 2016), and (2) the expectation that the expansionary fiscal policy of new US president elect Trump will boost up the

**The 9M2016 business results: Beverage firms recognized good growth.** In which, VNM continued to strongly grow in revenue (+17.6% YoY) thanks to the domestic consumption (domestic sales rose by 250% YoY). For beer sector, Sabeco and its subsidiary (WSB), associated company (SMB) recorded stable growth thanks to a long hot summer along with the effect of Euro 2016. Meanwhile, BHN showed signals of slowdown as the average selling price fell.

	9T2016 Rev ( VND bn)	% yoy	PAT (VND br)	%yoy	2016 Dividend paid	Note
VNM	35,127	+17.6%	7,535	+28.4%	40%cash 20% stock	GPM rose from 39.8% to 42.3% thanks to the low milk powder price and contribution from premium organic products (high GPM).
SAB	21,822	+8.8%	3,658	+24.5%	30% cash	The financial revenue surged up by 356bn to 658bn (+118% YoY) due to the divestment from SHP.
BHN	7,653	-9.5%	756	-25%	10% cash	Sales volume rose by 2% while the average selling price fell down by 7.1% YoY.
WSB	638	+11.96%	74.5	+5.82%	10% cash	GPM was only 17.8 compared with 18.8% (2015) and the new Excise Tax increased by 5%.
SMB	673	+19.5%	72.6	+16%	N/A	Rapid increase in sales expense (+34.4% YoY) and administration expense (+40% YoY).

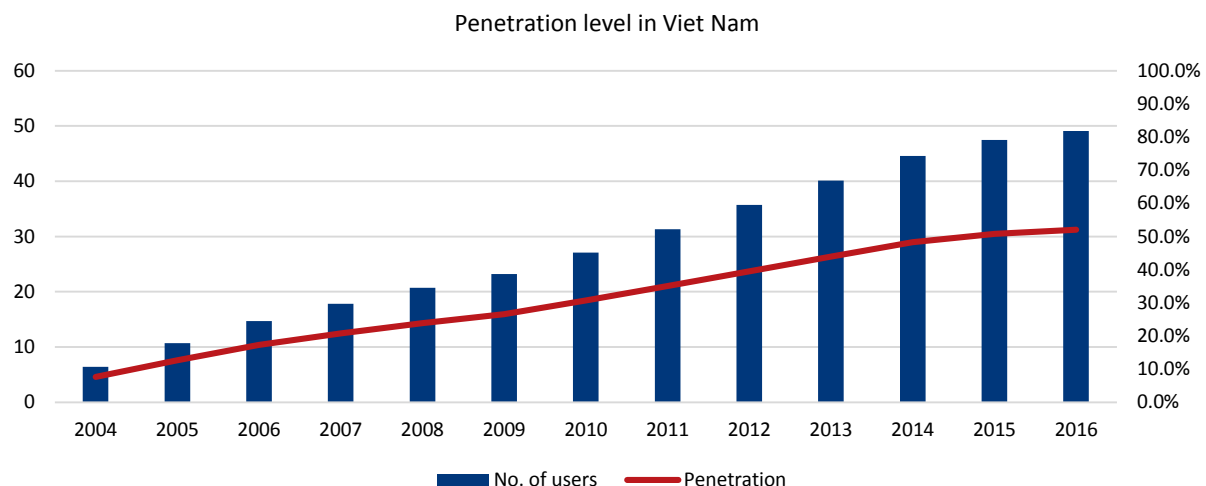
Source: BSC Research



## IT – Telecom 2016 [Positive]

- Internet penetration in Viet Nam kept on growing and being higher than the world average, but the growth rate has slowed down.
- Domestic businesses continued to upgrade telecommunication infrastructure.
- Outsourcing field in Viet Nam has maintained its growth.

**Level of Internet penetration in Viet Nam kept on growing and being higher than world average.** From 2004 up to now, number of people using Internet in Vietnam increase from the level of 6.4 million people to the one of 49.1 million people (1H 2016), accounting for 52% the population and was higher than the average in Asia (38.8%) and on the world (45%). However, the growth rate in number of people using Internet annually in Viet Nam declined from the level of 15.5% in 2011 to 3.4% in 2016, which showed the source for the rally of amount of users was not as much as that previously because people in the range of age between 15 and 59 – major users- occupying 58.5 % the population in Vietnam, whereas rate of infiltration got 52%.



Source: Internet Live Stats

**Domestic businesses have continued to upgrade telecommunication infrastructure.** Due to requirement of high-speed transmission line and the need for the sense of initiative in providing services, domestic firms have continued to upgrade telecommunication infrastructure for the purpose of increasing number of customers and supplying various types of services, which also improved the business result. Undersea cable APG was used by the companies from the end of this year and the beginning of next year, creating a new race in Internet connection sector in Asia-Pacific area.

**Outsourcing field in Viet Nam has maintained the growth.** With the advantage of young population, stable macro and low-level income, Viet Nam was evaluated as an attracting point of outsourcing. According to the ranking report about outsourcing destination of Tholons, Ha Noi was ranked No.19 ( up one rank from

last year) and HCM. City was ranked No.18 (kept stable from last year). In top 20, there were some other developing countries such as India, Philippine and China.

#### 9M2016 BUSINESS RESULTS

Ticker	Rev 9T2016 (VNDb)	PAT 9T2016 (VNDb)	Rev 9T2015 (VNDb)	PAT 9T2015 (VNDb)	% change Rev	% change PAT	ROA	ROE	P/E	P/B
FPT	27180	1329	27,497	1270	-1%	5%	8%	22.8%	9.8	2.2
ELC	925	65.7	410	18.2	126%	261%	10%	17.8%	9.9	1.7
ONE	382.5	11.3	348	7.8	10%	45%	9.6%	34.3%	8.3	2.5
CMG	2723	91.5	1,648	81	65%	13%	5.1%	12.9%	9.4	1.2
ITD	438.2	30.5	203	7.8	116%	291%	9.5%	23.4%	8.6	1.5

SOURCE: COMPANIES' FINANCIAL STATEMENTS, BSC RESEARCH

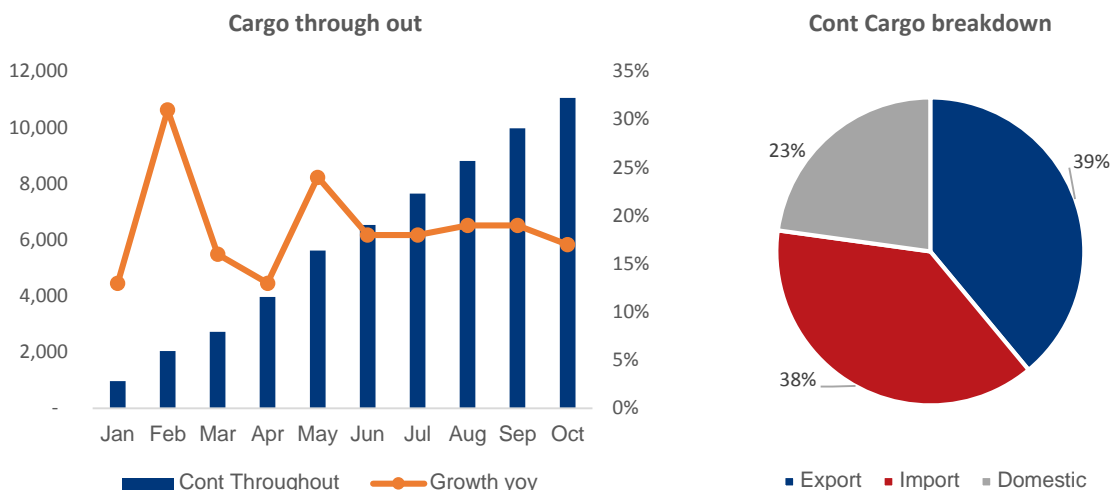
Note – CMG and ITD has fiscal year from April 1<sup>st</sup> 2016, Margins, ROA, ROE are calculated on 6M2016.

About performance in 2016 of listed companies operating in technology-telecommunication sector: there were 11 firms recording profit (occupying 52.4%), remaining 10 businesses were in loss (accounting for 47.6%). For 5 firms mentioned in the table above, net revenue in 2016 got the average increase at 5.2% compared with that in 2015 whereas FPT, ELC and ITD showed the gross margin being higher than that in the previous year.

## Seaport [Outperform]

- Cargoes through out in 10M2016 increased by 17%, with both liquid and bulk increased by over 10%
- Diversification remained in seaports of Hai Phong
- The Hanjin bankruptcy did not cause any harm to Vietnam seaport
- Business results: total revenue stable but NPAT fell sharply.

The container cargo remained its high growth of 17% yoy in 10M2016. Total cargo through out in 10M2016 reached 387 mil tons (+10%yoy). Almost all types of cargo such as container, liquid, bulk witnessed high growth, over 10%. The import-to-export cargo saw decrease of 18% yoy standing at only 37 mil tons. Notably, the container cargo recorded strong growth at 17% yoy, reaching 11 mil TEUs in 10M2016.



Source: VPA

**The Hanjin bankruptcy did not cause any harm to Vietnam seaport.** Hanjin transported cargoes into Vietnam through Cat Lai, Tan cang Hiep Phuoc and VICT seaports with number of ship per week of 10-11. In Hai Phong region, Hanjin did not have direct route but indirect ones with modest volume. Until Sep, there has been around 3,000 container which has not been able to export or import back to Vietnam, in which 1,516 containers are waiting at the port of export countries, import 432 containers export exist in the customer's warehouse sellers and 1,323 export containers are still at the transshipment ports or on ships not to dock the carrier Hanjin. Thus, total container warehoused by Hanjin shipping container occupied a very small proportion of the total import and export containers of Vietnam.

**Diversification remained at ports of Hai Phong.** The construction of Bach Dang bridge has been causing most shipping lines to transfer its vessels to Dinh Vu peninsula. Ports in the upstream such as Doan Xa, Hai An, Green port, Nam Hai recorded cargo throughout to decrease by about 10%. Conversely, Tan Vu, Nam Hai Dinh Vu had stable volume through out. Early 2016, Vip green has been put into operation the first berth with capacity of 250,000 TEUs and reached 240,000 TEUs in 9M2016.

9M2016 business results.

Total revenue reached 8.093 bil (+1.07%yoy), total NPAT reached 1.662 bil (-6.4%yoy). Even through cargo through out recorded high growth, service prices have been trending downward due to difficulties of global marine transport, making seaports' revenue stable compared with 2015. However, total NPAT fell sharply due to: (1) reefer volume which temporarily import to export decreased sharply thanks to stable Vietnam-China border circumstances. In 2015, China temporarily shut the borders with Vietnam from Feb to Nov, making reefer volume rocket. (2) Longer Tet holiday in 2016 compared with 2015.

In fourth quarter 2016, we believe that container volumes through ports in Hai Phong area approximately equivalent over the same period 2015. However, the business results fell slightly due to price competition and reducing handling reefer volume with a high profit margin. The ports in the South maintain stable business results over the same period<sup>3</sup>.

#### Business results in 9M2016.

	Rev		GPM		NPAT		P/E	P/B
	3Q2016	% yoy	3Q2016	3Q2015	3Q2016	% yoy		
GMD	2,677	0.5%	28%	28%	328	-8%	13.00	0.93
PHP	1,762	0.2%	40%	37%	386	-11%	14.55	1.46
VSC	785	12.9%	36%	42%	190	-15%	9.92	1.77
TCL	584	-4.4%	18%	21%	65	-14%	6.53	1.12
DVP	476	-3.3%	54%	50%	221	-3%	10.07	2.91
TMS	436	23.2%	28%	27%	125	1%	10.23	1.56
PDN	295	28.3%	33%	36%	51	24%	12.19	2.04
DXP	90	-43.4%	39%	40%	31	-34%	7.66	1.42
HAH	343	-19.1%	35%	38%	97	-20%	6.32	1.51
CLL	217	11.9%	42%	40%	65	23%	10.59	1.61
CDN	428	0.7%	37%	37%	103	37%	13.31	2.14

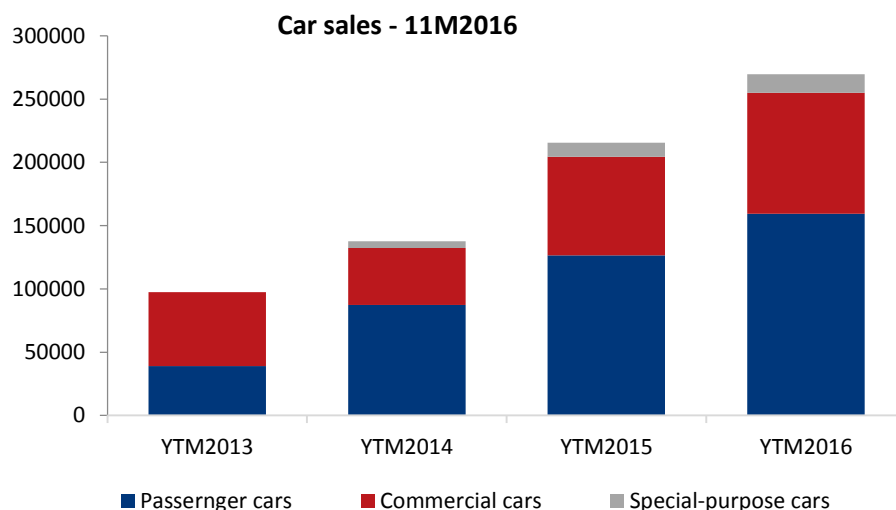
Source: companies' reports.

<sup>3</sup> Most ports in the South handle bulk cargo

## Automobile 2016 [Rising competition]

- Car consumption jumped by 25.8% yoy in 11M016, in which domestic cars grew by 34%
- Imported cars from Thailand grew strongly by 32%
- Business results negative in 2016

**The number of vehicles consumed maintained its growth in 2016.** According to the statistics of VAMA, in 11M2016, number of autos sold on the whole market reached 271,129 cars (+10.7% YoY), whereas there were 159,504 passenger cars, (+26% YoY), 95,478 trucks(+22.6%) and 14,468 specialized ones (+33% YoY). All car types maintained the strong growth thanks to: (1) the economy has recovered, (2) the demand of residents has gone up due to the income improvement. However, the level of increase in types of autos was lower than those in last year.

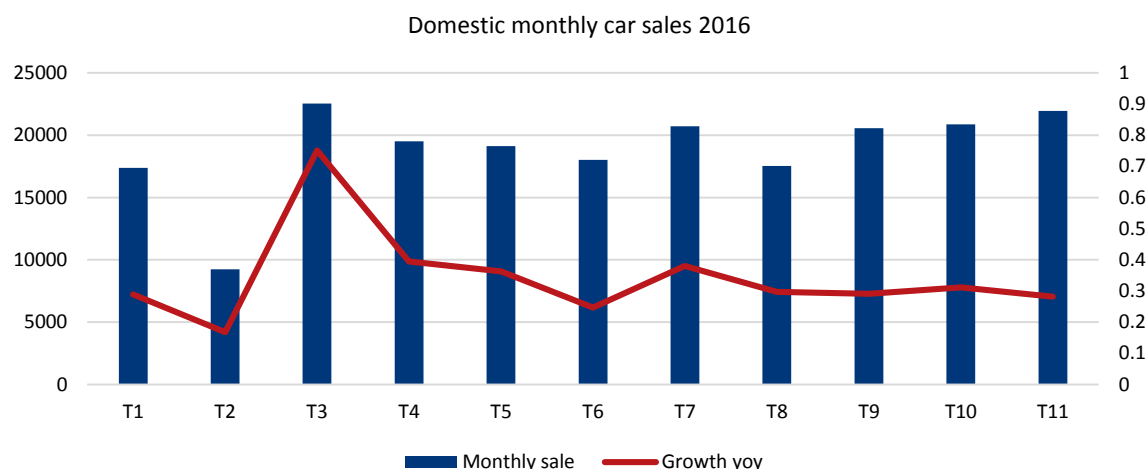


Source: VAMA, BSC Research

**Cars imported from Thailand grew strongly.** According to General Department of Vietnam Customs, in 10M2016, the imported quantity reached 86,858 cars, equivalent to the value of USD 1.9 billion, down by 11% and 18.3% respectively, compared with same period last year. There were only 9,484 autos imported from China (-55% YoY), while 26,790 cars imported from Thailand, which became the largest import supplier in 2016. This trend was believed to maintain in the near future due to import tax imposed on autos from ASEAN countries (including Thailand) is approaching the level of 0% in 2018.

**Domestically assembled cars still progressively grew thanks to car importing activity was in contraction.** National Assembly deciding to bring the autos manufacturing, assembling and importing sector into the lists of conditional business line on November, 22<sup>th</sup> made SMEs which haven't received proxy statement from the brands not easy to have chances to import cars. This was said to be a technical hedge to clear the market, avoid commercial fraud (mainly by taxable price) and ensure the benefit of consumers after Circular 20-2011/TT-BTC expired in the recent July. Thus, imported cars could not be prominent,

compared with domestic ones. Accumulated in 1<sup>st</sup> 11 months in 2016, domestically assembled autos got the level of 207,464 that climbed by 34% from last year.



Source: General Department of Vietnam Customs , BSC Research

**Performance of automobile businesses was less positive in 2016.** In autos sector, there have been 5 quoted companies comprising 2 car distributing firms (SVC and HAX), 2 companies specializing in truck business (TMT and HHS) and the remaining one operating with products being specialized cars (HTL). Business result in 1<sup>st</sup> 9 months in 2016 of autos was so negative, especially car importing firms such as HHS and HTL because the profit strongly dropped due to the decrease in selling price, in which the level of inventories was so high due to strong import at the end of the year 2015.

Ticker	Rev 9T2016 (VNDb)	PAT 9T2016 (VNDb)	Rev 9T2015 (VNDb)	PAT 9T2015 (VNDb)	% change Rev	% change PAT	P/E	P/B
SVC	9384	69.1	6811	72.3	38%	-4%	11.5	1.3
HAX	1873	63.3	1216	18.6	54%	240%	6.2	2
TMT	2004	47.4	2833	180	-29%	-74%	9.9	1.4
HTL	929	45	1261	102	-26%	-56%	8.5	3.1
HHS	1248	110	2797	417	-55%	-74%	5.5	0.3

Source: BSC Research



## Non life Insurance 2016 [Signs of slowdown]

- Gross written premiums grew by 13.5% in 2016
- Claim ratio signifi of 34.6% decline compared to the 42.4% of 2015
- Business results of the insurance businesses 9T2016 were positive, abnormal investment profit

**Non-life insurance market grew well in 2016.** According to the Insurance Association of Vietnam (IAV), the market of non-life insurance is estimated to reach VND 36.372 billion of gross premium in 2016, up 13.5% over the same period. This is equivalent to the average growth in 2010-2015 and lower than the sharp increase in 2015 of 17.3%.

**Total compensation in 2016 was estimated at VND 25,872 billion,** corresponding to the claim ratio of 34.6%, much lower than the 42.4% of 2015. The reason was that in 2015 insurers have stepped up to pay compensation for damages related to the incident Binh Duong, Ha Tinh from 2014, which cause the claim costs rose sharply.

**Business results of the insurance businesses 9T2016 were positive.** Gross premiums of leading enterprises increased by 11.8% yoy, and total profit before tax increased by 8.1%. The leading enterprises showed divergence in business results of both direct insurance and investment activities

- **The underwriting profits differentiate among insurers, depends on the ability to control claim ratio.** Underwriting profit declined significantly in businesses that pursue high growth orientation in 2015 including BIC and PTI. After a period of rapid growth 2013-2015, the slowdown of retail segment has been reflected in the rise of claim ratio, and the decline in underwriting profit. In contrast, PGI, VNR and BVH, which maintain sustainable growth orientation, had good underwriting growth
- **Investment activity of enterprises with large amount of new capital from strategic partner in 2015 such as PTI and BIC, or BMI with restructuring portfolio in 2016.** excluding these mutations, investment activities in general face difficulty due to lower average interest rates low. Previous long-term investments with high interest rates has expired, therefore, current ROI reflects the current interest rate level, fluctuating in the range of 5-6%.

9M 2016 VND Bil	BVH (*)	PVI	VNR	BMI	PTI	PGI	BIC
<b>Gross premium rev</b>	<b>4,739.1</b>	<b>5155.9</b>	<b>1356</b>	<b>2,203.9</b>	<b>2,201</b>	<b>1,782</b>	<b>1210.3</b>
% yoy	+7.6%	-12.4%	+1.4%	+6.8%	+24.6%	+12.8	+11%
% Compensation (1)	52.9%	49.4%	43.9%	43.4%	58.5%	49.4%	42.8%
	Decrease	Increase	Decrease	Increase	Increase	Decreased	Increase
%yoy	2.3%	2.3%	5.1%	1.9%	12.2%	5.8%	5.2%
Combined ratio (2)	99.3%	95.6%	94.9%	101.6%	100.9%	98.8%	100.2%
	Increase	Decrease	Decrease	Increase	Increase	Decrease	Increase
%yoy	0.8%	2.3%	1.2%	2.1%	0.2%	1%	0.9%
<b>Investment Activity</b>							
Invested cap	6,388	9,790	3276.6	2,513.8	3,111	2,195	3,027
% qoq	+16%	+6.1%	+0.7%	-5.9%	6.5%	+13.8%	+7.9%
Gross profit of Investment activities	252	181	137.3	165.8	139.6	85.6	142.2
% yoy	9.5 %	-44%	-19.6%	71.3%	79.3%	4.8%	60.2%
ROI	5.2%	2.4%	5.6%	8.5%	6.1%	5.6%	6.5%

NPBT 9M2016	282.3	261.3	207.8	145.5	133.4	105.7	141.1
% yoy	-2.4%	-1.5%	-12%	12%	73%	18%	50%

(1) Compensation ratio was computed by dividing total compensation amount (included provision) to gross insurance rev.

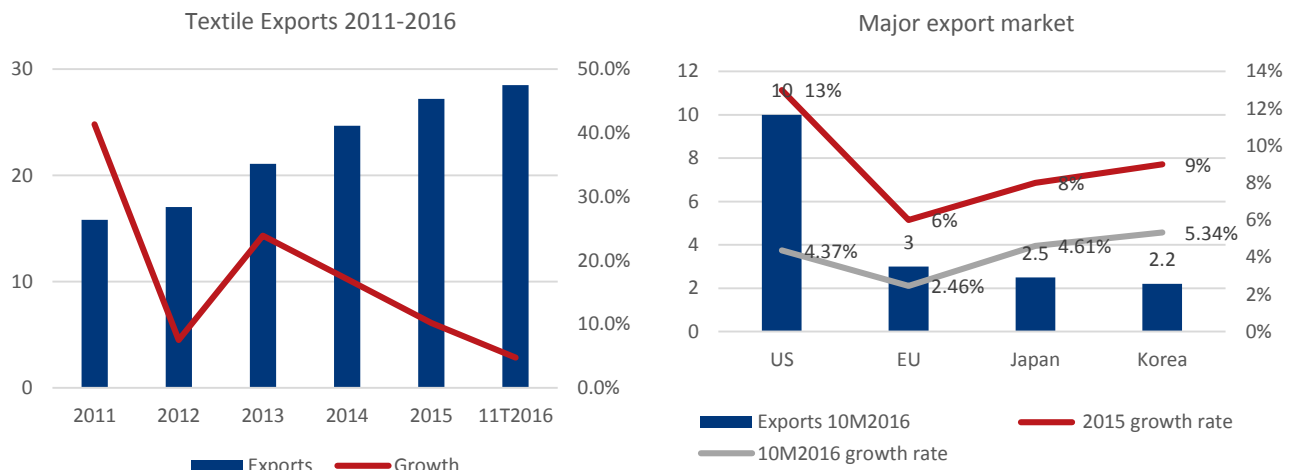
(2) combined ratio calculated by = (Total insurance service expenses + admin expenses)/ Rev from insurance contracts

(3) Source: BSC Research

## Textile 2016 [Murky]

- The export value witnessed slow growth of 4.8% yoy
- The fiber export to Turkey was adversely influenced by the Antidumping Duty (AD).
- The cotton price got recovered strongly in the latter half thanks to the sharp drop in global cotton production.
- The business results of textile firms in 9M2016 were murky.

The export value witnessed slow growth. According to the Vietnam Textile and Apparel Association, the 2016 textile exports of Vietnam would be only about USD 28.5bn, equivalent to the growth rate of 4.8% YoY, which is significantly lower than the period of 2011-2015 (CAGR =14.5%). The export growths into major market are also slower: US, the largest export market recorded the rise of only 4.37% YoY compared with 13% of 2015. This stemmed from 3 main drivers: (1) the retail consumption in major export markets are relatively bleak, (2) the exchange rate stabilization policy made Vietnam commodities be less competitive than the others, particularly after the Brexit, which made Euro depreciate, Vietnam commodities became more expensive, and (3) Orders were attracted to rivals, Cambodia, Laos, Myanmar, as the labor costs there are lower and those countries have tax incentives for exporting into major markets: US, EU, Japan.



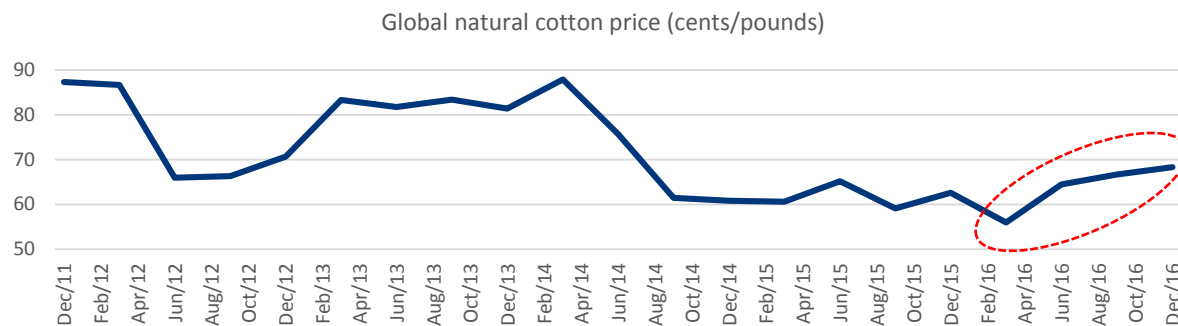
Source: Vitas

**The fiber export to Turkey was adversely influenced by the Antidumping Duty (AD).** In November 2016, Turkey just imposed the AD upto 72% for polyester fiber (DTY) imported from Vietnam. Turkey is an important export market, which accounts for 1/3 of total fiber export of Vietnam. However, since 8/2014, Vietnam fiber has been imposed AD but in the range of 19.5%-25.2%, leading to the decrease of 30% YoY in fiber export in 2015 before slightly recovering 6% YoY in 7M2016 (before new AD imposed). We forecast that after new AD was imposed, synthetic fiber firms like STK would be extremely hurt.

**The cotton price got recovered strongly in the latter half thanks to the sharp drop in global cotton production.** After bottoming out in March with the price of 55.98 cents/pound, the cotton price rose up to 68.35 cents per pound (+9.1% YoY) in December. In the latest season, the production was cut down by

Vietnam Sector Outlook 2017  
Part 1 – 2016 Review

-18% YoY to 21.3 million tons compared with the mild decrease by -1% YoY to 23.9 million tons of demand. The output reduction happens in top 5 cotton producers: India (-11% YoY), China (-26% YoY), US (-21% YoY) Pakistan (-34%) and Brazil (-11% YoY), because low price level in 2015 made farmers switch to cultivate other plans, which have better profit. High cotton price reduced the GPM of TCM as this firm makes fabrics out of natural cotton.



Source: Bloomberg, BSC Research.

The business results of textile firms in 9M2016 were murky. Except VGG was supported by their strong domestic market share, others recognized modest performances as: (1) the number of orders slowed down, (2) the pressure to reduce outsourcing price in order to compete with regional rivals as Cambodia, Myanmar lead to the decline in GPM. Regarding to EVE, the 9M2016 sales decreased due to objective factors: the 2016 Lunar New Year came soon, resulting in the decrease in demand for bedding consumption.

9T 2016	Rev (VND bn)	% yoy	PAT (VND bn)	%yoy	2016 Dividend paid	Note
VGT	11,287	1.2%	91.4	-71.5%	n/a	GPM fell sharply to from 11.8% (2015) to 3.7%, the profit from associated companies down from 396.7bn (2015) to 118bn.
VGG	5,661	19.6%	282.1	11.7%	n/a	The selling expense increased by 15.3% YoY, the administration expense rose by 20.2% YoY.
TCM	2,307	7.6%	103.4	-2.8	n/a	The GPM fell down from 15.6% (2015) to 13.1%.
EVE	615.2	-2.4%	74.5	7%	n/a	The revenue decreased in 1Q2016 as the Lunar New Year 2016 came soon.
TNG	1,451	1.9%	70	18.6%	n/a	Deep cut in selling expense (-32% yoY) and administration expense (-11.6% YoY).
GMC	1,171	5.1%	58.6	-4.6%	15% tiền	Selling price rose rapidly (+43.3% YoY).
STK	970.6	4.9%	39.2	-3.6%	n/a	GPM fell sharply from 17.4% YoY (2015) to 10.1% YoY as the depreciation expense went up by 40% after Trang Bang plant was put into operation.

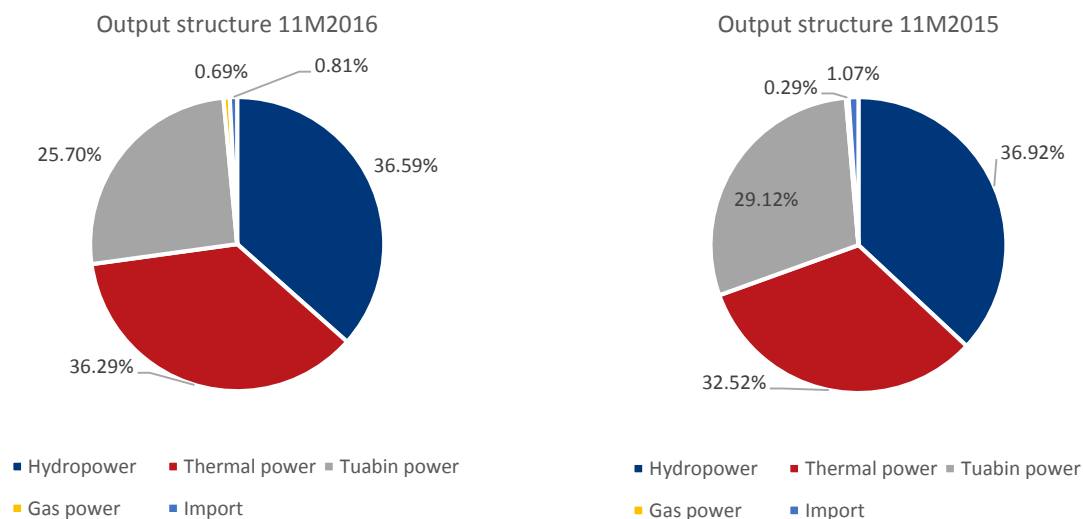
Source: Financial Statements, BSC Research.

## Electricity [Outperform]

- Electricity produced and purchased of EVN recorded growth of 11.21% in 11M2016.
- Purchasing price of EVN increased by 0.3%
- Gas input price downed about 15% on average compared with 2015.
- Sector's revenue decreased due to El Nino and decreased material input price.
- Exchange rate was the main factor which diversified thermal power business results.

**Power output produced and purchased by EVN maintained high growth momentum.** In the first 11 months of 2016, the total amount of electricity produced and purchased by EVN reached 162.1 billion kWh, increased by 11.21% compared to the same period 2015. This figure is nearly double the GDP growth rate of the economy. Total generating capacity was put into operation in 2016 is 3893 MW (+ 10% compared to 2015), of which 2,081 MW hydropower and thermal power is 1,380 MW is. The main projects: hydroelectric Lai Chau, Huoi Quang, Zhongshan, Song Bung 2 and thermal power projects Duyen Hai 3 thermal expansion Duyen Hai 3, Vinh Tan 4, Pacific 1, Da Nhim hydropower expansion , Thac Mo extension

**There is a shift in the structure of the electricity produced and purchased by EVN.** In the first 11 months of 2016, hydroelectric output was 59 billion kWh (+ 9% yoy), while the thermal power output of coal and gas turbines reached 58.79 billion kWh respectively (+ 24% yoy) and 41.63 billion kWh (-2.41% yoy)



Source: EVN

**Output of commercial electricity increased by 11.28% to 146.36 billion kWh.** This growth is lower than in 2015 at more than 12%. In particular, the domestic commercial power grew 11.36%, electricity for industry - construction increased 10.75%, electricity for commercial increased 16.38%, agricultural power

increased 52.78% , power management, and consumption increased 9.49%, and others increased 10.41%. The 2016, the power output is estimated to reach 159.31 billion kWh, higher than 210 million kWh plans and increased 10.9% compared to 2015

The average electricity purchase price 11M2016 of EVN rose by 0.303% over the same period 2015. The main reasons: (1) Sources of cheap hydropower was influenced negatively by El Nino during the first 6 months of 2016, especially from the Central to the South such as CHP, SHP, VSH (water level in the reservoir at the plant was only about 60% capacity). As such EVN should raise more from thermal power with higher costs. (2) coal prices increased last year by 74,000 per ton (+ 5%), rising thermal coal ( if coal price increase of 5%, one plant with the demand of 5 million tons of coal per year will have to pay about 370 billion more. Coal accounts for about 50% of total electricity production costs)

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct
11M										
2016	1,179.39	1,152.00	1,176.58	1,172.19	1,201.97	1,176.24	1,189.50	1,216.78	1,239.17	1,163.69
11M										
2015	1,137.48	1,138.43	1,210.66	1,078.14	1,290.50	1,237.69	1,195.96	1,248.98	1,143.45	1,150.40

Source: EVN

**Average retail electricity prices stabilize at 1622.01 VND / kWh** in 11M2016, the same as at the end of 2005 and lower the price of the EVN plan at the beginning of 2016 at 1651.2 VND / kWh

**Gas and fuel oil prices continued to fall compared with 2015**, but the rate decreased at the end of year. According to government regulations, the purchase price from 04/01/2014 mine gas offtake on the Mekong and Nam Con Son are equal to 70% of the market (in 46% MFO + shipping cost), from 1/7 / 2014 equal to 80% of the market price, 10.1.2014 market price by 90% since the beginning of 2015 and 100% by market value. Therefore to the present time, the price of gas sold to power consumption at the mine on the Mekong and Nam Con Son and selling prices for electricity and gas in PM3 will fluctuate with oil prices. According to the Ministry of Industry and Trade, the reduction in the prices of input materials for power plants, oil and gas has leveled off. In particular, gas prices on the consumption of the Mekong and Nam Con Son (NT2) were up 6% on the day 10.01.2016.

	Cuu Long Gas and Nam Con Son (USD/trBTU/ton)	% yoy	Ca Mau gas(USD/t rBTU/ton)	% yoy	DO (dong/l)	% yoy	FO (dong/l)	% yoy
/2016	4.25	6%	2.91	8%	12,250	-11%	9,740	-2.70%
1/7/2016	4.06	-25%	2.72	-34%	12,290	-23%	9,140	-30%
1/4/2016	5.00	0%	3.71	0%	9,870	-38%	7,590	-42%
1/1/2016	3.341	-30%	2.022	-49%	11,930	-30%	8,530	37%

Source: MOI, BSC Research

**Exchange rate fluctuations diversified results of thermal enterprises (coal, gas).** EUR debt outstanding enterprises such as NT2, BTP benefited from the decreased exchange rate EUR / VND (down 2.77% since the beginning of 2015). Notably, the exchange rate loss that PPC recognized in quarter 3/2016 was decreased to 89 billion (PPC forex loss in the quarter 3/2015 was 213 billion) compared with 672 billion in the first 2 quarters of 2016 due to the yen weakened momentum (as of now, JPY rose only 3.44% from early 2016)

**Overall, sales fell, PAT division.** Low water levels due to the effects of El Niño, hydropower enterprises (especially in the central region and the south) had pretty poor business results. When it comes to thermal power enterprises, due to low oil and gas price led to a reduction in variable costs, revenue in PPA lower than the same period of 2015. However, due to exchange rate factors, the thermal power business recorded high growth momentum of EAT.

### Business results in 3Q2016

	Type	Capacity	Location	REV 3Q2016	%yoy	EAT 3Q2016	%yoy	P/E	P/B
NT2	Gas turbin	750	Đồng Nai	4,459	-16%	860	24%	5.99	1.62
VSH	Hydro	136	Bình Định	328	-9%	201	-7%	13.88	1.16
KHP				2,599	-75%	89	75%	3.38	0.67
SJD	Hydro	104	Bình Phước, Gia Lai, Điện Biên	264	-13%	97	-37%	9.37	1.01
PPC	Coal Thermal	1040	Hải Dương	4,487	-26%	-346	N/A	N/A	1.23
HJS	Hydro	12	Hà Giang	123	3%	28	22%	8.13	1.21
TBC	Hydro	120	Yên Bái	222	16%	116	26%	11.03	1.68
BTP	Gas turbin	388	Vũng Tàu	1,247	-5%	32.3	977%	5.01	0.76
TMP	Hydro	150	Bình Phước	346	-30%	81.5	-56%	17.58	1.92
NBP	Thermal	100	Ninh Bình	504	-4%	25	224%	8.20	0.85
CHP	Hydro	170	Huế	290	-33%	25	-83%	12.72	1.79
SHP	Hydro	123	Lâm Đồng	340	-18%	45	-61%	25.34	1.63
SBA	Hydro		Quảng Nam	104	7%	18	164%	11.57	0.98
DRL	Hydro	16	Đắc Nông	39	-3%	23	-4%	13.61	3.09
SD3	Hydro		Pleiku	485	N/A	14	N/A	11.56	0.64

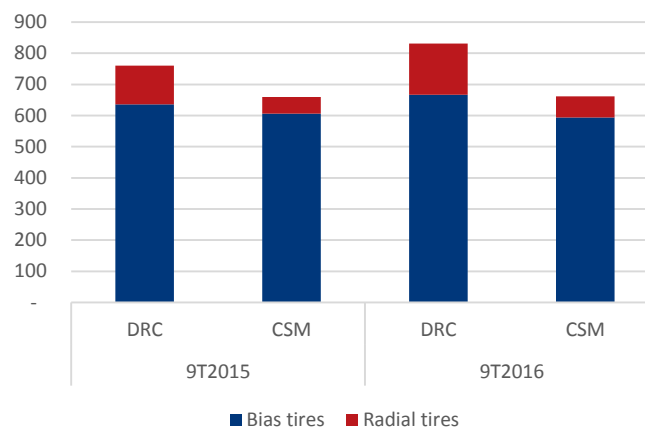
Source: Companies' reports

## Tire 2016 [ Slow growth in output]

- Slow growth rate of domestic tire consumption at 2% yoy
- Low Radial output. DRC and CSM continue to record loss in Radial tires
- Selling prices downed 5-13% compared to the beginning of 2016 because of fiercer competition.
- Rubber price rose by 83% from Q22016, decreasing profit margin of tire companies
- Disappointing business performances

**Slow growth rate of domestic tire consumption.** The total car tires consumption of both CSM and DRC is approximately 1.261 thousand units during 9M2016 (+ 2% yoy) due to high competition. Radial tire output of the DRC and CSM rose sharply by 29% and 31% respectively, however, this level is much lower than that of the first-year plan, and lower than the breakeven point. DRC sold 164 thousand Radial tires and recorded gross profit margin of -10% in 9M2016. Meanwhile, CSM sold 68 thousand Radial tires in 9M2016, equivalent to the average of 7.6 thousand tires/month, 64% lower than the estimated breakeven point.

Car tires consumption of DRC and CSM in 9M2015 and 9M2016



Source: DRC, CSM

**Fiercer competition.** (1) The biggest competitive pressure is caused by the excess supply from Chinese market, especially after the USA raises strongly the anti-dumping duty and anti-subsidy duty on car and light truck tires imported from China. USA is currently the largest tires imported market from China, accounting for about 11% of consumption. The anti-dumping duty is fluctuated between 30.73%-100.77% and anti-subsidy duty is 14.35%-87.99%. Therefore, tires made in China export to and compete directly with Vietnamese ones at nearly 30% lower price; (2) Domestic enterprises are raising capacity. DRC plans to implement phase 2 of Radial factory, increasing its total capacity to 600,000 tires/year (2x) in 2017, with investments of VND 700 billion. CSM invest new factory with capacity of 500,000 haft steel tires based on the current Radial factory with the additional investment of VND 200 billion. (3) Many foreign manufacturers, such as Bridgestone, Kenda also expand investment, improve their capacity as mentioned



in the previous report. Although FDI companies focus on export markets, it may take the competitive pressure on the domestic market, especially in cars segment.

**Reducing selling price of tires because of high competition.** The average car tire price fell by 13% in 10M2016 for CSM and by 5% for DRC compared with the beginning of 2015.

**Rubber prices go up.** As we have mentioned in the Rubber sector, rubber prices rises significantly in the second half of 2016, by 83% from February 2016 to USD 1.43/kg. Rubber material makes up 56% of operating expenses of tires companies. Because the number of inventory days last for about 3 months, rising in rubber price in the last 6 months will impact negatively on business results of tires companies since Q32016. DRC's Q32016 gross profit margin decreases to 18.96%, lower than that of Q12016 and Q22016 (20.56% and 22.71% respectively). Similarly, CSM's gross profit margin reduces to 20.47% in Q32016, from 24.47% in Q12016 and 21.79% in Q22016.

**Business performance reduced** in all 3 tire companies. 9M2016, the total net revenues and net income of these firms reaches VND 5.369 billion (-10% yoy) và VND 515 billion (-9% yoy) in turn. This underperform results is caused by the growing rubber prices while decreasing selling output price and low Radial consumption. Excluding revenue and profit from divestments of CSM's real estate projects in 2015, CSM's net income goes up by 9% to VND 180 billion because (1) foreign exchange loss decreased sharply from VND 37 billion in 9M2015 to VND 0.7 billion in 9M2016, (2) administration downed 11%, (3) income tax rate jumped from 22% to 20% in 2016.

Stock	Net revenue (VND billion)	% yoy	Gross profit margin	Operating profit margin	Net income (VND billion)	% yoy	ROE (TTM)	ROA (TTM)
DRC	2,428	-1%	21%	14%	282	-2%	25.56%	13.30%
CSM*	2,279	-4%	22%	10%	180	9%	17.76%	7.53%
SRC	665	-9%	21%	10%	53	-15%	18.27%	10.73%

Source: BSC research, BCTC CSM, DRC, SRC

\* Excluding revenue and profit from divestments of real estate projects in 2015

**We estimate that net income of tire companies continues to underperform during Q42016.** (1) The raw rubber prices rises dramatically in Q32016 when the selling prices continue to fall. (2) The consumption of Radial tires is still slow. Therefore, we believe that business results in Q42016 and in 2016 will be less positive.

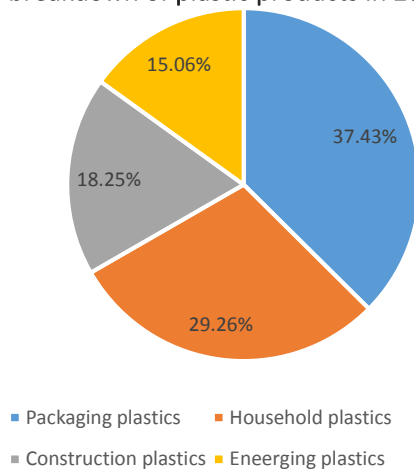
## Plastics Sector [Maintain high growth rate]

- Maintain a high growth rate at average of 16-18%/year from 2010-2015.
- Expanding capacity, especially in plastic construction.
- Many foreign firms acquire domestic plastic businesses.
- Recovery plastic resin in 2016, but 2016 average prices are still 1-7% lower than that of 2015 bring cost advantages for plastic manufacturers.
- Business results are positive, 9M2016 net income of 11 listed firms rose by 37%

**Maintain a high growth rate**, at average of 16-18%/year from 2010 to 2015. In 2015, the total plastic consumption reached about 5 million tons, making the revenue of USD 10 billion. This high growth was supported by improvement in exports and domestic demand. The plastic exports rose by 20%/year from 2010 to 2015 and reaches roughly USD 2 billion in 11M2016, increased by 5.89% yoy. In the domestic market, there was an average increase by 5.6%/year in plastic consumption per capita, reaching USD 41/person in 2015 by development in consumption and demand for construction, repairing housing.

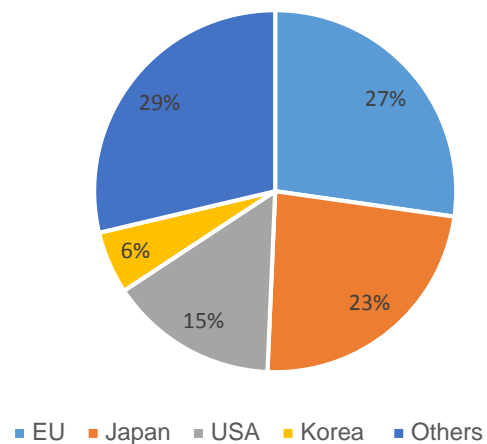
**Plastic products breakdown.** Plastic products made in Vietnam is divided into 4 main groups, including of plastic packaging (37.4%), household plastic (29.26%), construction plastics (18.25%) and engineering plastics (15.06%). Since almost listed plastic firms focus on 2 groups: plastic packaging and plastic construction, therefore, the scope of this report will mainly study in these 2 groups.

Revenue breakdown of plastic products in 2015



Source: VPA

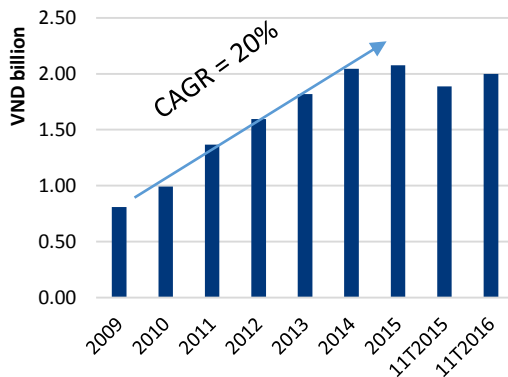
Exporting markets breakdown in 11M2016



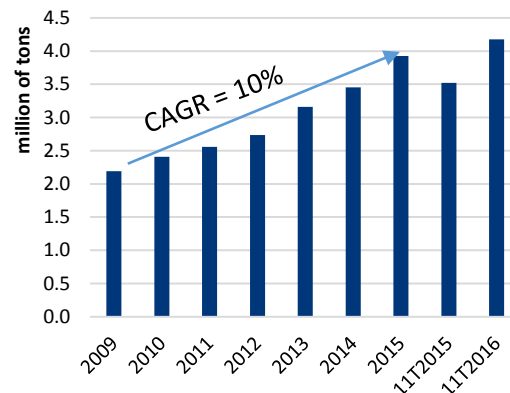
Source: General Department of Vietnam Customs

### Plastic products export

### Plastic resin materials imports



Source: General Department of Vietnam Customs



Source: General Department of Vietnam Customs

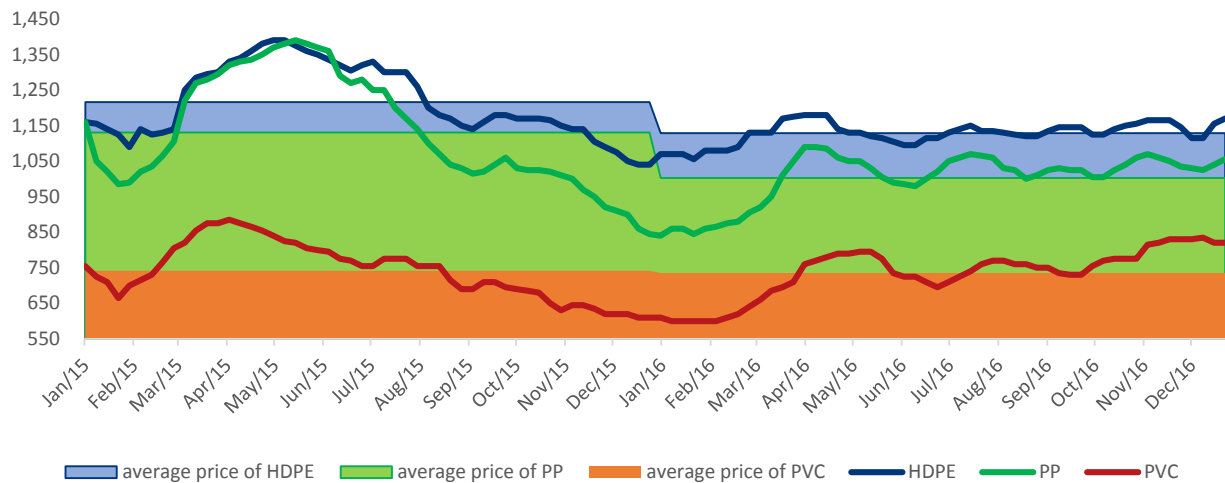
**Expanding capacity, especially in plastic construction.** (1) Stroman Vietnam Plastic JSC (a member of Tan A Dai Thanh) establishes the Hung Yen Stroman plastic tube factory with a total investment of nearly USD 70 million, the phase 1 reaches USD 35 million with a total capacity of 20,000 tones/year and is expected to go up to 70,000 tones/year after finishing the phase 2. (2) Hoa Sen Group has completed the phase 2 of Binh Dinh plastic pipe factory in December, 2016, raising the total capacity to 24,000 tons/year. (3) EuroPipe plans to invest VND 400 billion in HDPE , PPR, uPVC pipe factory in Vietnam. (4) AAA has completed 2 phases of the factory No.6 with a total capacity of 38,400 tons/year in 2016, and is expected to put the factory No.7 into operation with a capacity of 9,600 tons/year at the beginning of 2017 in order to export to US market.

**M & A trends.** Thanks to Vietnam-EU FTA, Vietnam-Korea FTA, Vietnamese plastic industry becomes attractive for many foreign investors, especially partners from Thailand, Japan and Korea. In details, CSG Group (Thailand) owns 23.84% NTP, 20.4% BMP, buys 80% shares of Batico plastic packaging company, holds a large number of shares in 4 Vietnamese household plastic packaging manufactories, namely Vietnam - Thai Plastchem, TPC Vina plastic and chemicals, Chemtech and Minh Thai plastic materials. Moreover, the Saigon Plastic Packaging JSC, Tan Tien Plastic Packaging JSC are also sold entires for Thai partners. RISA Partners (Japan) offers to invest in the Dong A Civil Plastic Co.

**Low but increasing plastic resin.** 2016 average price of plastic resin is almost lower than that of 2015, which offers cost advantages for plastic businesses. Specifically, the average price is USD 1.128/ton (-7% yoy) for HDPE, USD 1.180/ton (-5% yoy) for LDPE and USD 1.003/ton (-11% yoy) for PP, and unchanged at USD 735/ton (-1% yoy) for PVC. However, the prices of plastic resins are recovering from 2016 due to growing oil prices. Therefore, the profit margin of plastic businesses tends to reduce in the end of 2016 and Q12017 because it often spends 3 months for inventories stock.

#### Price movement of plastic resins during 2015-2016

Vietnam Sector Outlook 2017  
Part 1 – 2016 Review



**Positive business results.** In 9M2016, total net revenues of listed companies is VND 12,151 billion (+5% yoy), net income is VND 1.141 billion (+37% yoy) thanks to low plastic resin prices. Many business who accelerate net income are BMP, DNP, AAA, TPP, SPP and TPP.

Company	Main product	9M2016 Rev (VND billion)	% yoy	9M2016 PA (VND billion)	% yoy	GPM	Operating PM	ROE	ROA
BMP	Plastic Pipe	2,479	10%	540	50%	35%	27%	31%	26%
NTP	Plastic Pipe	3,103	10%	284	9%	35%	11%	23%	12%
DNP	Plastic Pipe & water	1,080	38%	53	72%	21%	10%	25%	5%
DPC	Plastic Pipe	52	-20%	2	63%	20%	4%	7%	6%
DAG	Plastic door & profile bar	1,033	5%	43	35%	9%	7%	11%	5%
AAA	Packaging	1,476	6%	101	65%	14%	8%	14%	6%
RDP	Packaging	890	-2%	50	9%	14%	9%	20%	7%
TPP	Packaging	385	-43%	17	95%	21%	9%	24%	7%
SPP	Packaging	613	-2%	11	66%	13%	8%	6%	2%
VBC	Packaging	508	1%	22	14%	12%	7%	29%	8%
TPC	Packaging	532	-7%	16	113%	7%	3%	6%	3%
<b>Total</b>		<b>12,151</b>	<b>5%</b>	<b>1,141</b>	<b>37%</b>				

Source: BSC research

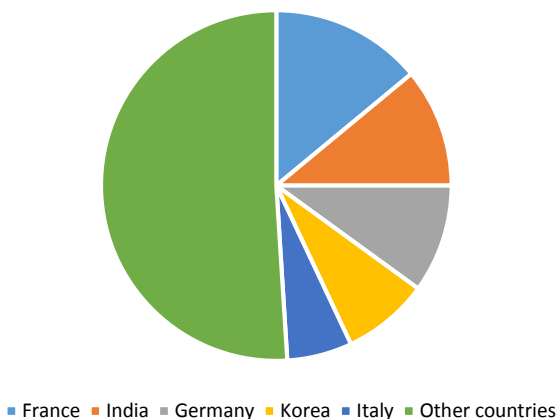
**2016 earnings are forecasted to be positive** thanks to sales volume growth and low plastic resin prices. However, while inventory often stocked in 3 months, the recovery trend of plastic resin prices will impact 2017 earnings.

## Pharmaceutical 2016 [highlighted by M&amp;A]

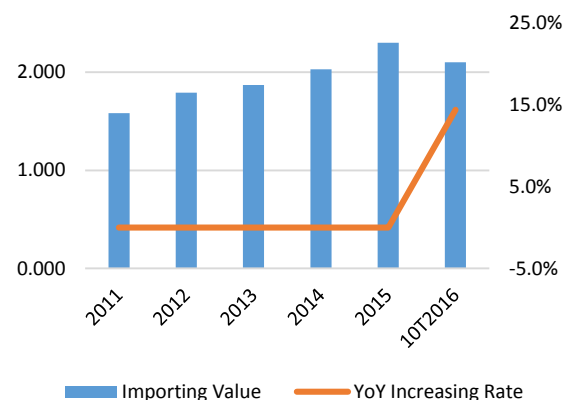
- The pharmaceutical products importation grows highly
- M&A activities of pharmaceutical industry have a dynamic year
- Factories modernizing trend in order to improve competitiveness on the ETC market.
- 11/2016/TT-BYT circular created opportunity for small and medium pharmaceutical corporations to participate in bidding tender packages.
- Pharmaceutical industry business results are positive compared to the business result in 2015.

**The pharmaceutical products importation grows highly.** According to the statistic published by General Department of Vietnam Customs, imports turnover of the first 10 months increased at the rate of 14.38% YoY, up to 2.1 billion USD thanks to the fact that imports from main importing markets grow strongly: France (16.54% YoY), India (+11.7% YoY), Germany (+19.15% YoY). In addition, imports of raw pharmaceutical materials during the first 9 month of 2016 only increases by 5.52% YoY up to 269.9 million USD because of a decline in the main importing markets: India (-1.33% YoY) and Italy (-32.12 % YoY). Foreign pharmaceutical products is currently winning against domestic pharmaceutical products by gaining 60% of Vietnamese pharmaceutical product consumption. And, the direct competitor of the domestic pharmaceutical products is the products imported from India (11%) and Korea (8%).

Pharmaceutical Products Importation Proportion



Imports of Pharmaceutical Products during 2011-2016 Period



Source: General Department of Vietnam Customs  
& Ministry of Public Health

**M&A activities of pharmaceutical industry have a dynamic year.** With the specialty of a necessity product, that is not affected by economic cycles and has a stable growth rate, Vietnam's pharmaceutical Industry is an attractive investment opportunity for foreign investors, especially thanks to market share expansion through merger and acquisition activities. On 7/2016, Taisho, a Japanese pharmaceutical corporation, announced the completion of acquiring 24.5% shares of DHG, a corporation that holds 2.4% Vietnam pharmaceutical products market share, and the third position

in the pharmaceutical industry - behind Sanofi and GlaxoSmithKline. On 8/2016, Abbot (USA) completed the Gourmet acquisition in order to become one of the 10 largest pharmaceutical products company. Right after, CFR International SPA (subsidiary of Abbot) also increased its DMC ownership proportion to 51.68% after DMC had been approved of raising its maximum foreign ownership limits up to 100%. Aside from that, the expansion of cooperation between foreign corporations and domestic pharmaceutical company, in order to utilize the distribution system, is strongly stimulated, an example is the strategic cooperation agreement between Sanofi Corporation and Vinapharm on September.

**11/2016/TT-BYT Circular created opportunity for small and medium pharmaceutical corporations to participate in bidding tender packages.** According to the circular, one tender package can be divided into many parts, which allows the bidder to participate in one or many parts of the package. Especially for the package that belongs to the list of large-scale national pharmaceutical products acquisitions concentration, the buying entity can divide the packages according to regions or social economic regions. Thus, we evaluate that these changes will create opportunities for small and medium corporations to participate in large tender packages despite their limitation of the production and supply capability.

**Factories modernizing trend in order to improve competitiveness on the ETC market.** Currently, because most of Vietnamese pharmaceutical corporations only satisfied the GMP-WHO standards, they are only able to participate in bidding tender packages as Group 1, which is a cheap pharmaceutical products segment. This group has to receive fierce competition from Indian and Korean corporations. All industry top corporations are updating their production factories according to the EU-GMP and PIC/s – GMP standards so that they can participate in bidding tender packages as Group 2. And these standards are also the conditions for bidding as Group 1 with better bidding price and higher gross profit margin. Among these corporations, IMP has received EU – GMP certificate issued by Spanish Ministry of Public Health. The ministry granted the certificates to three production line at Binh Duong factories; DMC is granted, by FDA Philippines, the GMP certificate of PIC/s standards, and DHG is stimulating construction and applying for PIC/s certification for the Betalactam factory at Tân Phú Thạnh industrial area (expect to be certified at last of 2018, or beginning of 2019).

Conditions of Bidding Generic Pharmaceutical Products Package		WHO – GMP	EU – GMP or PIC/s GMP
Group 1	Production facilities at Australia or countries that participate in ICH.		✓
	Is authorized to circulate in Australia or countries that participate in ICH.	✓	
Group 2			✓
Group 3		✓	

Source: 11/2016/TT-BYT Circular

**Pharmaceutical industry business results are positive compared to the business results in 2015.**

Although receiving intense competitive pressures from importing pharmaceutical products on both OTC and ETC market, pharmaceutical corporations announced positive business results. The total revenue of pharmaceutical corporations for the first 9-month of 2016 reached 9001.6 billion VND (+7.5%YoY), total profit-after-tax for the first 9 month of 2016 achieved 1086.5 billion VND (+14.8% YoY) which increase faster than revenue thanks to the improvement of corporations' total gross profit margin. Except for, IMP that is noted for decreasing by -9.8% YoY of profit-after-tax, other top pharmaceutical corporations continue to growth well, notably, DHG (increase by 10.5% of profit-after-tax) thanks to benefits from incomes tax of new operating factories.

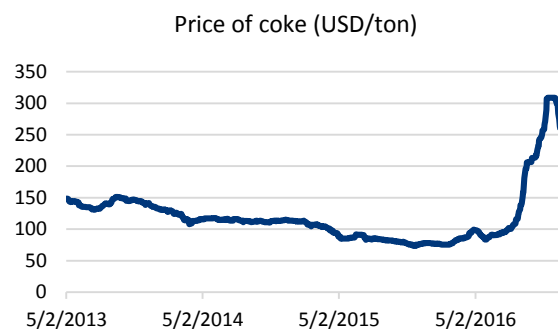
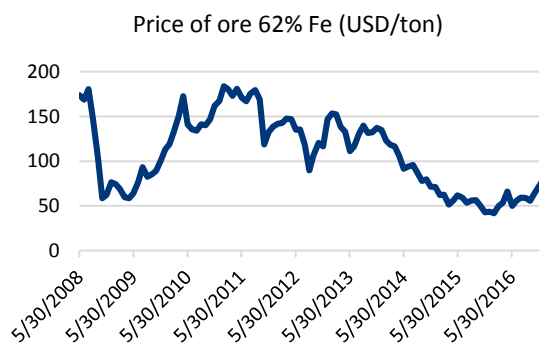
9T 2016	Revenue % yoy (billion)	Profit- %yoy After- Tax	Dividends Payment 2016	Notes	
DHG	2,607	+6.1%	470.6 +10.5%	n/a	Incomes tax expense decreases to 9.7% profit before tax from 16.4% of last year thanks to taxation benefits from new operating factories
TRA	1,508	+4.2%	170.7 +23.2%	20% cash	Gross profit margin increases to 49% compared to 46.8% of last year.
DMC	897	+4.2%	127.7 +27%	n/a	Because COSG is managed efficiently, the proportion decreases to 61.7% from 66.8% of last year.
IMP	644	+2.4%	63.7 -9.8%	n/a	Gross Profit Margin decreases to 39.9% from 41.3% of last year.
OPC	580	+10.4%	59.6 +4.7%	10% cash	COSG increases up to 19 billion, which is +15.6% YoY
DCL	530.7	+10.3%	54.4 +37%	40% cp	Gross Profit Margin increase to 32.4% from 30.4% of last year, financial activity gain a profit of 3 billion compared to the loss of 10 billion of last year.
PMC	303.5	+7.6%	54.9 +17.6%	10% cash	Gross Profit Margin increases to 43.7% from 42.6% of last year.
DHT	876.1	+23.2%	29 +15%	20% cash	Gross Profit Margin decreases slightly to 14% from 14.5% of last year.
LDP	387	9.5%	14.9 +15.5%	n/a	Gross Profit Margin increases from 12.4% (2015) to 14.2%
DP3	166.9	+8.2%	18.5 +32.1%	n/a	Gross Profit Margin increases from 45.7% (2015) to 48.5%, general administrative expense decrease.
DBT	413.8	+3.9%	16.4 57.7%	15%cp	Gross Profit Margin increases from 23.4% (2015) to 25.8%.
PPP	87.6	+23.7%	6.1 +27.1%		COGS decreases by 1.5 billion, which is -40.5% YoY.
Total	9001.6	+7.5%	1086.5 +14.8%		

Source: Companies' Financial Statement, BSC Research

## Steel Sector 2015 [The reverse move]

- Positive signals when China cuts steel and coal production
- Domestic steel consumption grew fast at 23.18% yoy and reach 7.26 Mil tons in 11M2016
- Vietnam applies protectionist policies for long steel, billet and galvanized steel

**Optimism on economic and policy of cutting output by China bring a positive signal.** The steel industry in 2016 saw the reversal of price trend from the downtrend, iron ore prices have started to rise with the growth of 85.17% (from 12/31/2015 to 12/28/2016), increasing the steel price, improving the business activities of the steel companies. The reason of the improvement in raw material prices was that Chinese economy maintained a good growth rate thanks to growing spending by government, along with cutting production target of 45 million tons of steel and 280 million tons of coal in 2016, from 100-150 million tons of steel, 500 million tons of coal by 2020 has also brought positive effects.



Source: Bloomberg, BSC Research

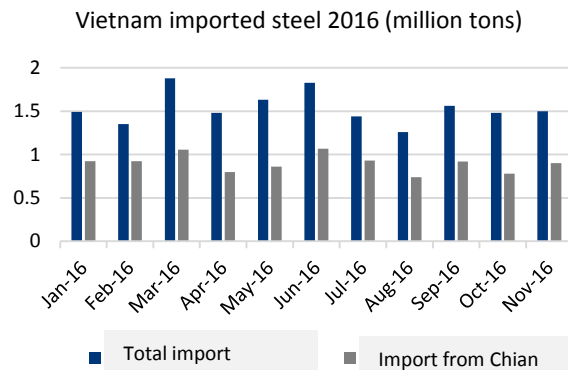
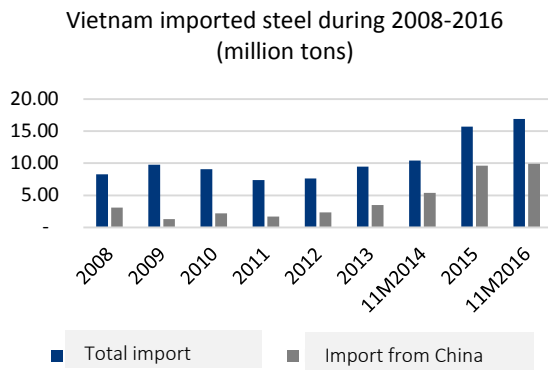
**Domestic steel consumption showed better.** In 2016, the civil construction market continued to rebound thanks to the abundant real estate credit flows, and positive performance of industrial construction due to increased FDI, thus the building materials sector also benefited. The total consumption of construction steel in 11M2016 reached 7.26 million tons (+23.18% yoy) while HPG maintains its leading position with 1.58 million tons of steel (+24.85% yoy), accounting for 21.8% market share. In term of steel pipe items, the total consumption reached 1.69 million tons (+31.83% yoy) in which that of HPG was 432,500 tons (+45.77% yoy), HSG was 343,558 tons (+40.21% yoy) and NKG was 88,547 tons (+39.32% yoy). With galvanized steel items, the total sales volume reached 2.56 million tons during 11M2016 (+34.1% yoy), the exports was 1.15 million tons (+42.3% yoy).

**Vietnam began to apply protectionist policies for the Steel Sector.** In 2016, the Ministry of Industry and Trade has issued a decision on official duty to safeguard long steel, billet and temporary safeguard duties on the galvanized steel (valid from 09/16/2016 to 01/13/2017), meanwhile, they are also conducting investigations to safeguard tariffs for galvanized steel products. Therefore, last year, while the growth of Vietnam's steel consumption continued to increase, but the growth in steel imports from China were



Vietnam Sector Outlook 2017  
Part 1 – 2016 Review

down. In Q12016, when the decision to impose provisional safeguard duty for long products and billets is issued, steel imports from China reached 2.9 million tons in 3M2016, rising by 70.59% yoy, however, the growth in steel imports from China in 11 months was only 11.99% yoy, which shows the clear impact of the provisions on safeguard duty.



Source: General Department of Customs, BSC Research

**Business results.** With a positive evolution of the ore market, strong increase in the domestic demand, and the application of protectionist policies of the government, there is an obvious development in 2016 that surpasses the bleak picture in 2015. We believe that the growing raw material prices in Q42016 after the US presidential election having Mr.Trump as winner, along with Q4 as the main construction season in the year helps Q4 earnings of the steel sector experience a relatively positive growth.

VND Billion	Net revenue 9M2016	Net revenue 9TM015	+/- yoy	Net income 9M2016	Net income 9T2015	+/-yoy
HPG	23,333	20,331	14.76%	4,656	2,938	58.47%
HSG	17,893	17,468	2.43%	1,501	653	129.95%
NKG	6,478	3,924	65.10%	454	103	341.47%
SMC	6,552	7,994	-18.03%	288	(200)	N/A
VIS	2,308	2,311	-0.13%	34	(26)	N/A

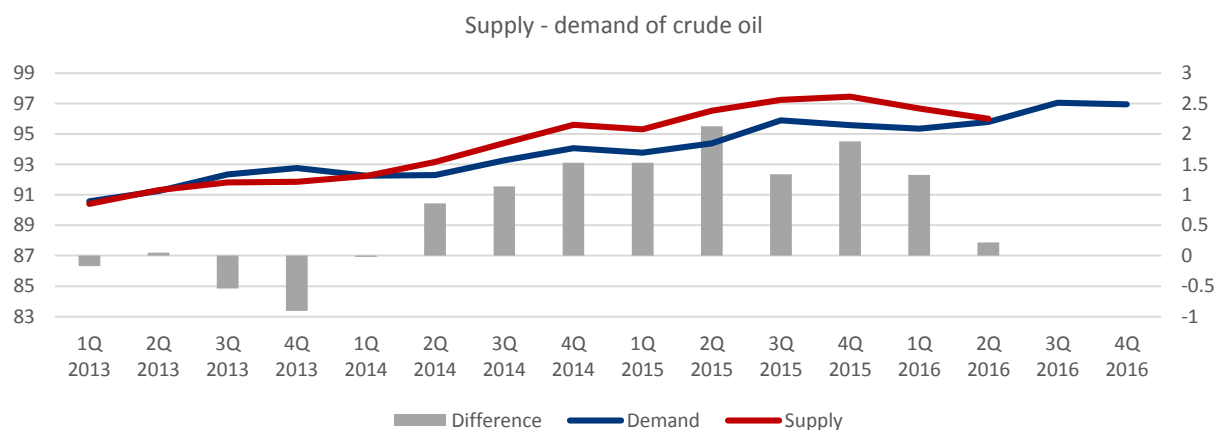
Source: Financial Statements. Data of HSG is business results from 10/01/2015 – 09/30/2016

## Oil &amp; Gas 2016 [Oil price bottomed]

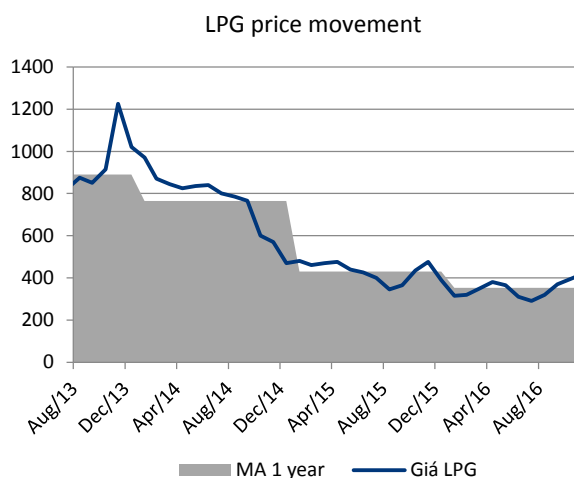
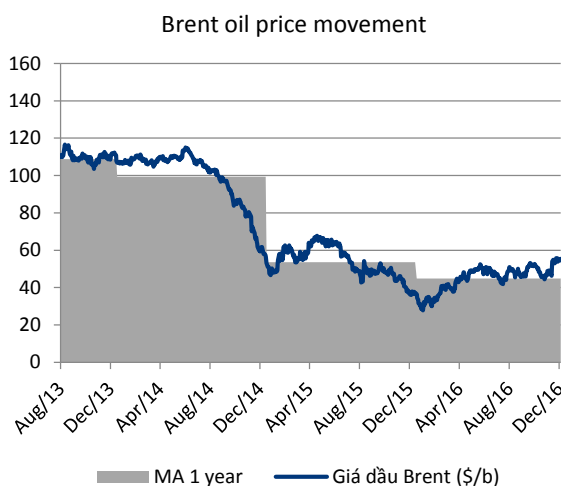
- Oil prices maintained upward momentum in 4Q2016: Brent averaged at \$ 51.1/barrel (+14.6% yoy).
- LPG prices averaged at \$ 410/m<sup>3</sup> (-3.5% yoy) in 4Q2016, up 21% compared to 9M2016.
- OPEC has officially reached agreement to cut production of crude oil from 1/1/2017.
- Business results continued to decline in Q3, with steep reductions for upstream businesses.

**Oil price maintained the upward momentum in 4Q2016**, continuing the rally from the end of 3Q, and accumulating around \$50 per barrel in 4Q. Brent oil price averaged at \$ 51.1/barrel (+ 14.6% yoy) and increased 18.5% compared to the average price of 9M2016. Overall in 2016, oil prices averaged \$ 44.9/barrel, down 16.1% compared to the average price in 2015.

**LPG price also maintained momentum in the fourth quarter**, closely following oil price movement. Accordingly, LPG has averaged \$ 410 / m<sup>3</sup> in 4Q2016 (-3.5% yoy), and increased 21% compared to the average price of 9M2016. Overall, LPG price for 2016 averaged at \$ 352.7, down 18% yoy.

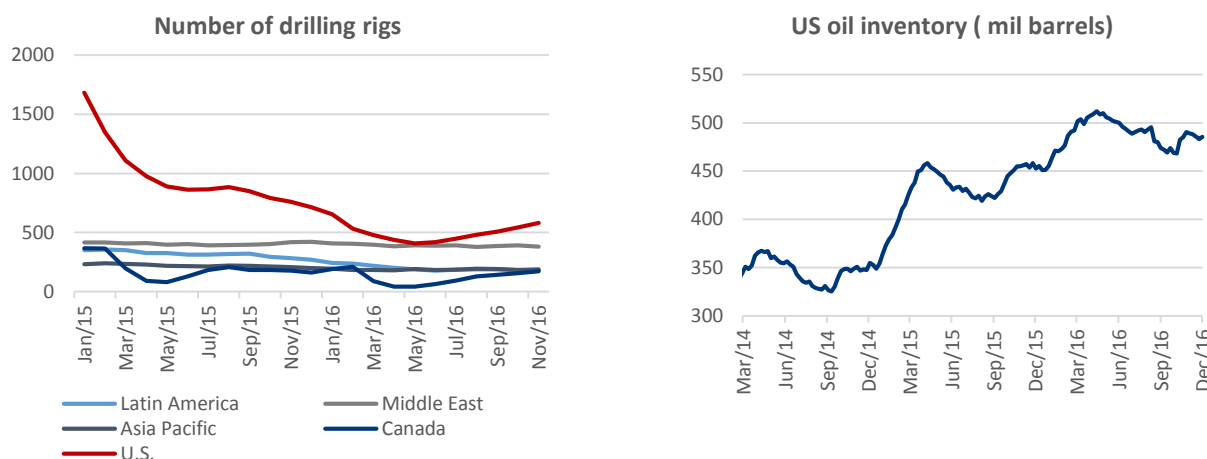


Source: Bloomberg, BSC Research



According to EIA report, oil demand-supply gap has narrowed during 2H2016. Demand for crude oil rose further in 2H2016 at 1.24%, while non-OPEC countries has reduced mining output, which offset the increase in OPEC output. Supply-demand gap in 3Q2016 was 29,000 barrels/day, equivalent to 1/5 of the gap in 3Q2015.

Number of drilling rigs in the world maintains momentum, with an average of 2.9% mom in 4Q2016. The strongest increase comes from US (6.7%) and Canada (10.9%), although growth has slowed down compared to last quarter, which was 7.5% and 45% respectively. The increase in production capacity led to US oil inventories increased by 3.5% compared to the end of Q3 numbers, and reached 485.5 million barrels on Dec 16<sup>th</sup> 2016. Beside, according to CNBC, the break-even cost of production of shale oil companies has plummeted from \$ 59.03 in 2014 to \$ 29.44 in 2016 (~ 50%), thanks to lower related-service cost, as well as improvements in extraction rate as better technology. With the lower break-even cost, oil supplies in US will be likely to accelerate as oil price recover.



Source: BSC Research

As of December 2016, crude oil production of PVN reached 15.2 million tonnes, equal to 89% compared to the 17.03 million tons planned for 2016. PetroVietnam proposed mining around 8.8 billion m3 of gas in 11T2016, up 4% over the same period.

Business results continued to decline in quarter 3. Although crude oil prices have improved in the third quarter, the business results of the enterprises still declined with 19.2% with the reduction of the total revenue, and the down 49% on PAT. The short-term rebound in oil prices has no major impact on the business results of the upstream business, such as PVD, PVS, PVC and PVB, because most projects are lagged compared to oil price recovery. By contrast, the gas distribution businesses have input and output prices pegged to FO, which keeps profit margins stable despite oil price fluctuations.

VND Bil	Rev			PAT			Dividend 2016 (%)
	9M2016	9M2015	% yoy	9M2016	9M2015	% yoy	
GAS	43,592	47,094	-7.4%	4,162	7,731	-46.2%	30
PVS	13,918	19,324	-28.0%	750	1,292	-42.0%	12

Vietnam Sector Outlook 2017  
Part 1 – 2016 Review

PVD	4,542	11,897	-61.8%	149	1,651	-91.0%	
PGS	3,442	3,951	-12.9%	322	107	200.6%	31%
PGD	3,241	3,747	-13.5%	214	191	12.2%	10
PVC	2,304	2,906	-20.7%	(30)	167	N.A	14
PVG	1,827	1,856	-1.6%	9	24	-61.1%	
PGC	1,738	1,824	-4.7%	80	77	4.2%	
PXS	1,276	1,456	-12.4%	83	93	-9.9%	13
CNG	666	692	-3.7%	85	88	-4.0%	24

(\*: PGS 1Q/2016 had CNG divestment and record 248 VND Bil of PAT)

Source; BSC Research

**The business results in 4Q2016 of oil and gas sector is expected to maintain the trend in the first 9 months.**

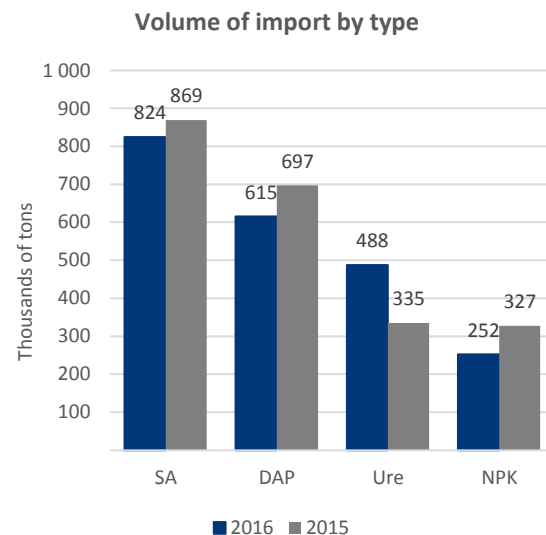
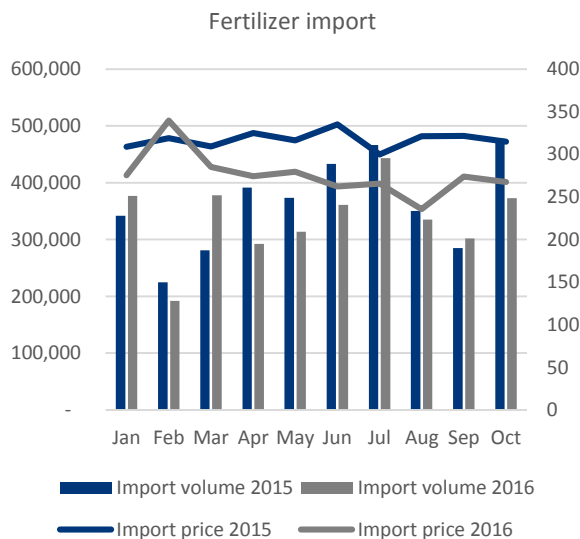
The gas distribution business maintained stable margins, and profitability depends on the ability to increase production. By contrast, mining, exploration and construction will experience severe decline, along with problems of cash flow remains unresolved (PVD PVS).

## Fertilizer 2016 [Similar to Steel sector in 2015]

- Output of Urea and NPK fell by 5.5% and 10.5%, respectively.
- Imports of fertilizer dropped by 7.1% in volume after 10 months and 20.1% in price, with the decrease coming from Urea.
- Fertilizer price of UREA, DAP, and NPK plummeted by 22%, 16% and 11%, respectively.
- Raw input price fell sharply: 15.6% (SA); 34.2% (K); 20% (fuel oil prices).
- Earnings of listed firms are less optimistic, down by 6.7% in revenue and 57% in EAT.

**Manufacturing output dropped:** According to the Ministry of Industry and Trade, fertilizer production reached 1,917 thousand tons of Urea in 11M2016 (-5.5% yoy) and reached 2,031.1 thousand tons of NPK (-10.5% yoy). Statistics shows that DAP production volume of the first 7 months have plummeted by 35.5%. Thus, although the total fertilizer production capacity of urea fertilizer in Vietnam has risen sharply by 14% thanks to Ha Bac Plant; doubled for DAP with DAP plant in Lao Cai, production output has not been increased, reflecting tense competition with imported fertilizer.

**For imported fertilizer, only Urea decreased:** Import of fertilizers after the first 10 months was estimated at 3,625 thousand tons (-7.1% yoy), with a value of USD 918.6 million (-20.06% yoy). In particular, the volume of Urea imports fell sharply by 31.3% yoy, while NPK and DAP imports surged by 29.6% and 5%. Import prices continued to fall to the average level of 14%, causing downward price pressure on the domestic fertilizer company.

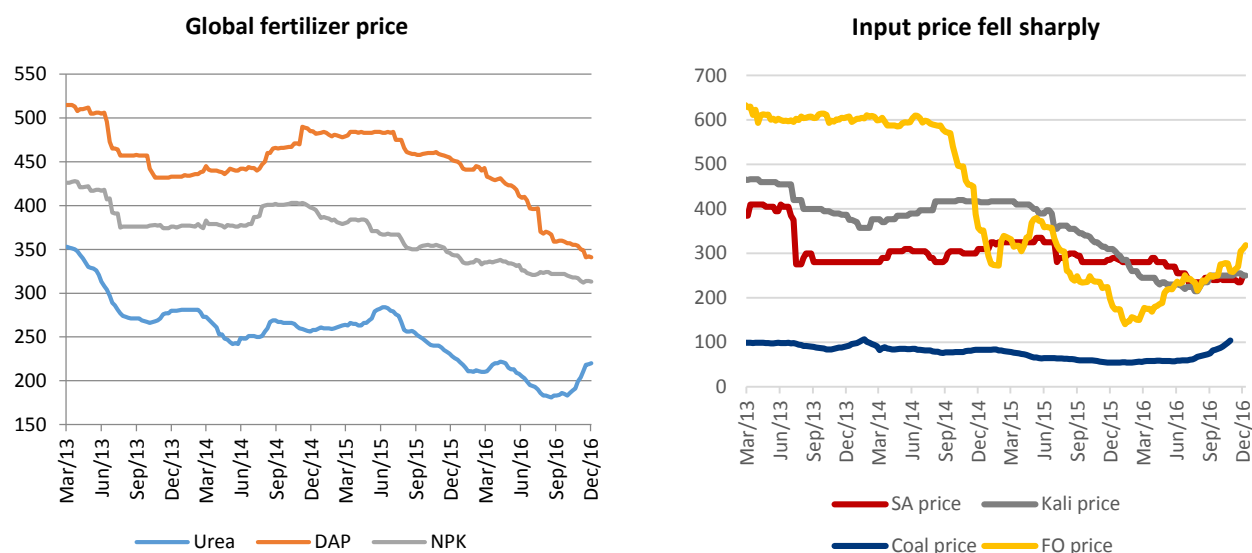


Source: Bloomberg, BSC

**Global fertilizer prices fell sharply in all 3 main types of fertilizer.** Compared to the average price in 2015, the average price of urea, DAP and NPK decreased by 22%, 16% and 11% in 2016. In particular, Urea

prices have recovered relatively by 12.5% after bottoming on 30.08.2016. In contrast, prices of DAP and NPK still trend downward in Q4.

**Input material prices fell sharply:** Kali and SA prices, the two main raw materials for the production of NPK had the strongest decrease in 2016, 15.6% and 34.2%, respectively. The price of Singapore FO, used as a reference to calculate the price for DPM, also significantly declined by the average of 22% in 2016. In contrast, the price of coal, the main raw material for the production of nitrogen fertilizers, after period of decline in the first 9 months, has rebounded in Q4. Domestic coal price is estimated to increase by 6-7% in Q4.



Source: Bloomberg, BSC Research

Business results of listed companies declined. Total revenues decreased by 6.7% and earning plummeted by 57%. Business results of most of the fertilizer business are falling, except net income of BFC increased 23% yoy due to faster lower input prices than the lower output price of NPK and contributions from the factory Binh Dien Ninh bien from Q2/2016.

Ticker	Product	Net Rev	% yoy	Gross Margin	Operating profit margin	PAT	% yoy
DPM	Ure	5,498	-11.70%	31.70%	21%	960	-15%
DCM	Ure	3,164	-18%	238%	12%	383	-18%
LAS	Phân lân	2,847	-18.30%	18%	4%	109.7	-58%
VAF	Phân lân	880.3	2%	22%	5%	50.1	-30%
NFC	Phân lân	422.7	6%	18%	4%	15.3	9%
SFG	Lân, NPK	1683.3	-6%	10%	5%	68.6	-8%
BFC	NPK	4573.7	-3%	15%	7%	255.3	27%
QBS	Thương mại	3675.28	33%	1%	1%	26.0	-63%

PCE	Thương mại	1680.78	-11%	4%	1%	18.1	14%
PSE	Thương mại	1771.17	-12%	4%	1%	17.9	-12%
PSW	Thương mại	1627.7	-13%	4%	2%	23.0	6%
PMB	Thương mại	1074.8	-6%	6%	2%	20.0	-11%
PCN	Thương mại	194.977	42%	5%	0%	(0.8)	-100%

Source: BSC research

**Q4 business outlook is expected to grow over the same period.** Consumption is expected to increase with more rain expected in the Central Highlands and southern central under La Nina, compared to adverse weather conditions due to El Nino in 2015. In Southern North, colder weather conditions will be favorable for the consumption of phosphate fertilizers. (1) DPM will suffer shrinking margins when fuel oil prices have risen sharply in the fourth quarter while the price of urea has no sign of recovery; (2) the phosphate business using use coal will experience reducing margins as domestic coal prices were revised up 7% in Q4

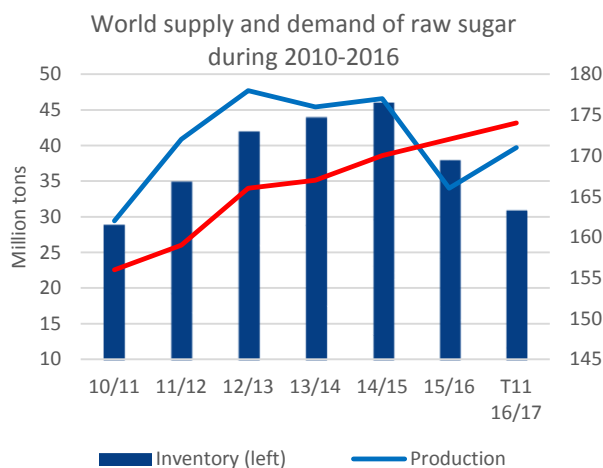
## Sugarcane 2015/2016 [Market perform]

- For the first time in 5 years, the global sugar had a supply deficit, the stock plummeted
- World sugar prices increased significantly, closer to domestic prices
- Local production continues to decline, offset by imports, increasing oversupply
- Sugar is much in stock, but the price is still growing
- The first pilot Auction of sugar import quota is successful

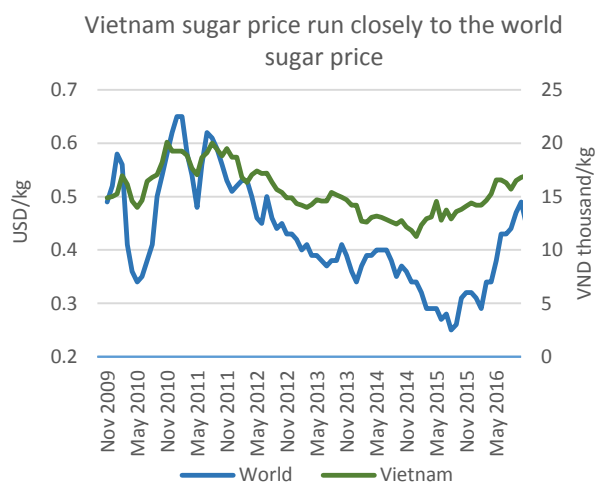
### World sugar market

**For the first time in 5 years, the global sugar had a supply deficit, the stock plummeted.** In the 2015/2016 crop (July 2015 - June 2016), the world consumption reached about 172.5 million tons (+1.4% yoy). Meanwhile, the production and the inventory of the previous crop was only 165.8 million tons (-6.6% yoy) and 45.7 million tons respectively, thus the total supply was 211.5 million tons, making the lowest surplus of 39 million tons (-23.6% yoy). As a result, the ending stocks had retreated to 37.96 million tons (-16.9% yoy) after being rising of 5 continuous crops. The main reasons are (1) Bad weather causes damages to the sugar quantity and quality of leading produces such as Brazil, India, Thailand; (2) Brazil - No.1 sugar producer- tends to spend much sugar (about 59%) for the production of ethanol, which reduces world sugar production.

**World sugar prices increased significantly, closer to domestic prices.** With a greater supply deficit in the 2015/2016 crop, world white sugar prices rose again, reaching an average of USD 319.2/ton (+4.4% yoy). Entering the 2016/2017, the total supply was recovered slightly, however, because of being worried declining output due to the El Nino and low inventory, the average sugar price still remains strong. In Nov 2016, the white sugar price for delivery in Dec 2017 was USD 588.3-604.4/ ton in London (+78.6% compared with a record low in Aug 2015), equivalent to VND 14.738-15.141 VND/kg, 11.5% lower than the domestic wholesale price of sugar RS (In Jan 2016, the difference was about 34%). Having a faster growth rate than that of domestic prices, the gap between the domestic and world ones is rapidly shrinking.



Source: USDA, BSC research



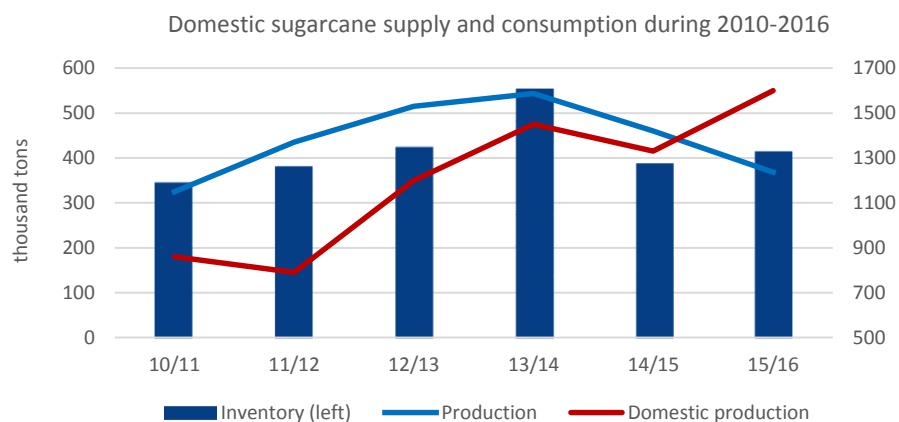
Source: Worldbank, Ministry of Finance, BSC research



### Domestic sugar market

**Local production continues to decline, offset by imports, increasing oversupply.** In the 2015/2016, although the design capacity was improved to 150,500 million tons of cane/day (+43.3% yoy), the sugar production reached only 1,237 million tons (-12.7% yoy) (refined sugar remains 0.7 million tons). Sugar manufacturing faces difficulties because of shrunk cane acreage (284,367 ha; -6.7% yoy), the whole crop pressed only 18.3 million tons of cane (-8% yoy), the sugar level was 9.94 CCS (-5.3% yoy). In terms of import, besides 30,000 tons of Hoang Anh Gia Lai (HAGL) imported from Laos, sugar quotas in this period is 185,000 tons (+117.6% yoy) due to concerns about domestic supplies decline. Therefore, the total supply and consumption is estimated 1.84 million tons and 1.6 million tons (+ 14.3% yoy) in turn, making oversupply of 0.24 million tons, double that of the previous. Ending stocks is 416,009 tons (+ 6.8% yoy).

**Sugar is much in stock, but the price is still growing.** Despite a high inventory, the sugar sale shows slow, the average selling price increased about VND 3,500-4,500/kg compared to the previous crop, being fluctuated between VND 13.600 and 17.000/kg. The main reasons are (1) The raw material areas are of shortage; sugar production reduced; (2) The input costs (purchasing sugarcane, agricultural materials, the cost of supporting farmers, the USD / VND) increased, making growing sugar prices; (3) The world sugar price went up; (4) The El Nino lasts much, leading to concern about a sharper decrease in sugarcane production, not enough supply for demand; (5) The smuggling is limited due to the better anti-smuggling work; (6) There is the phenomenon of hoarding goods to push up sugar prices.



Source: Vietnam Sugar Institute, BSC research

**The first pilot Auction of sugar import quota is successful.** In Sep 2016, the Ministry of Industry and Trade has made auction of 40,000 tons of raw sugar and 45,000 tons of refined sugar imported under the quota. The registered participants includes companies which use directly sugar as raw materials for production (only registered auction with refined sugar) and companies that use raw sugar to manufacture refined sugar

(only registered ones with raw sugar). As a result, 11/14 companies get success. Conducting an auction for the right to replace the quota allocation mechanism as before will help reduce inventory, partially guarantee interest between factories and businesses using sugar.

#### Business results in the 2015/2016 crop of listed firms

On Dec 20<sup>th</sup> 2016, a new member joined UPCOM - Quang Ngai Sugar Joint Stock Company (QNS). In 2015, the structure of revenue and profit of QNS was soymilk VinaSoy (48.6%; 62.5%), sugarcane (30.7%; 16.2%), beer, mineral water, sweet (20.7%; 21.3%). QNS's sugar consumption reached 175,000 tons in 2015, accounting for about 11% of domestic market share.

The 2015/2016 crop (July 2015- June 2016) was the first sugar that the prices rebounded after being falling of 4 continuous crops. Besides, some companies have merged before and during the financial year, so earnings growth of sugar companies impressed. Except QNS, KTS which had a slight decrease in revenue compared to the last period, the remaining developed with 2 digits. The profits of almost sugar companies were significant with 3 digits, excepting SBT which had a much modest growth (66.2%) and QNS whose reduction of 8.7%. The gross profit margins are rising strongly, especially of SLS and KTS.

Stock	Revenue 15/16	%yoy	GPM 15/16	GPM 14/15	Net income	%yoy	EPS trailing 12T	P/E	P/B	Div 2015
SBT	3,265.4	57.6%	15.2%	12.5%	270.7	66.2%	1,390	22.23	2.3	8-10%
QNS <sup>(ii)</sup>	5,261.3	-12.0%	30.1%	28.3%	806.7	-8.7%	7,558	12.73	5.5	20% cash
BHS	4,371.4	46.9%	13.7%	11.7%	248.6	151.2%	1,919	9.01	1.1	8-10%
SLS	594.7	19.7%	25.9%	11.8%	136.5	193.4%	20,069	6.8	3.4	n/a
LSS	1,804.7	21.8%	13.0%	10.1%	89.1	138.9%	1,272	11.55	0.6	8.50%
KTS	291.1	-4.7%	32.9%	10.4%	41.1	216.1%	8,113	7.95	2.3	20% cash

(i): Profit before tax

(ii): QNS's financial year is from 01/01/2016-12/31/2016, data 3Q2016. (The remaining ones have financial year from 07/01/2015-06/30/2016)

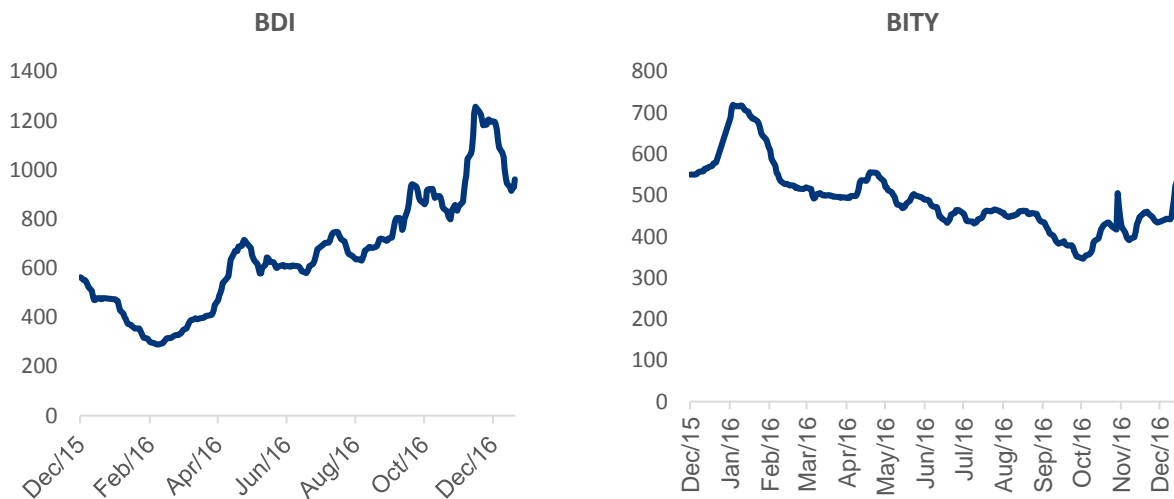
Source: BCTC, BSC Research

Note: Unit of revenue and profit – VND billion

## Marine Transport [Challenges remain]

- Transport freight for bulk cargo strongly increased but was not enough to recover the operating costs
- The quantity of transported goods of domestic ships decreased by 6% in 2016.
- In 9M 2016, liquid cargo transport surged sharply while bulk cargo continued to be in trouble.

**BDI, BITY recovered, but this was not enough for the firms specializing in bulk cargo to get profit.** On Dec, 23th, 2016, BDI index closed at 961 points, increasing by 71% from previous year. However, this strong rally couldn't recover operating cost for the companies in general. Reasons: (1) Demand for iron ore and coal in China went up. In 2015, the Chinese promulgated policies that restricted mines operating with the time below 273 days (compared with 330 days in the previous time) due to environmental issues. This made industrial factories in this country have to increase in importing for their source of materials. Quantity of coal importing in 1st 3 quarters in China climbed by 21% YoY and this figure for iron ore is 9% YoY. (2) The mismatch of supply and demand was considerably narrowed. According to Clarkson and JP Morgan, correlation between the growth of transport capacity and shipping demand in 2016 was at the level of 2.4%/2.5%, compared with that in 2015 being 2.4%/0%.



Source: Bloomberg, BSC Research

**The collapse of Hanjin made transport freight surge in short term.** At the end of August 2016, Hanjin, the 7th biggest marine transport company declared their bankruptcy, at the point of time of shipping goods provided on Christmas Holiday, which made transport freight from China to US increase sharply with the level of highest rally was 50% (from USD 1100 per 20-feet container to USD 1.700).

% of increase in transport freight from the beginning of the year		
Baltic Handysize	15,000-35,000 dwt	52.20%
Baltic Supramax	50,000-35,000 dwt	49.80%
Baltic Panamax	60,000-80,000 dwt	77.30%

Baltic Capesize	80,000-200,000 dwt	329.40%
-----------------	--------------------	---------

The quantity of transported goods of Vietnamese vessels got 117 million tons, decreasing by 6% from last year. Noticeably, the quantity of inland waterway was quite positive. In 9 months of 2016, passengers transported through this type got 123.97 million people (+5.6% YoY) and the goods got 160.25 mil tons (+6.2% YoY)

#### Performance result in third quarter 2016

Liquid cargo transportation kept stable whereas bulk cargo one was still in trouble.

In 2016, Due to the effectiveness of FTAs, import tax imposed on oil products got a sharp drop from 10-20% to 0%, increasing the quantity of import of Petrolimex. Thus, the firms operating in this field such as PJT, VIP, VTO got a good growth of their performance. Besides, PVT recorded a high quantity of transported petroleum thanks to the stable operation of Dung Quat refinery. Unlike liquid bulk transport field, the bulk cargo one was still in difficulty with the negative growth of business result because the freight rate was low and demand from Chinese market being the major one was still weak.

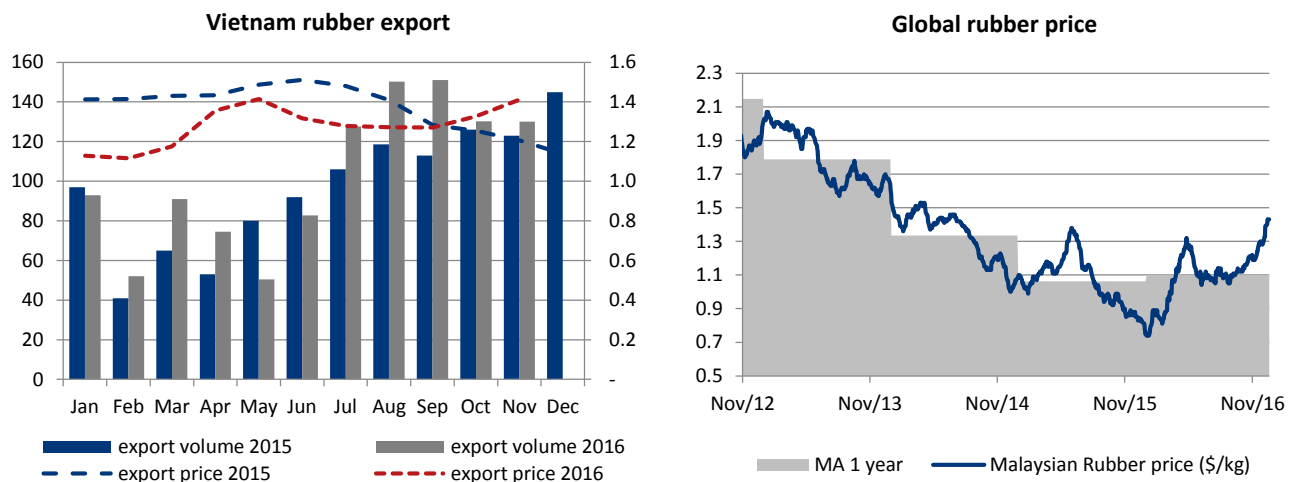
Code	Field	Net revenue		Gross profit margin		Net income		P/E	P/B
		Q3/2016	%yoy	Q3/2016	Q3/2015	Q3/2016	%yoy		
PVT	Liquid cargo	4,872	21%	11%	13%	369	48%	7.68	0.96
VOS	Bulk cargo	951	-23%	-8%	1%	-237	NA	N/A	0.19
VTO	Liquid cargo	895	-10%	18%	14%	72	140%	6.35	0.57
GSP	Gas, chemicals	919	22%	10%	14%	50	NA	7.35	0.92
VNA	Bulk cargo	414	-11%	0%	0%	-47	NA	13.37	1.25
VIP	Liquid cargo	447	4%	20%	24%	79	193%	4.7	0.48
PJT	Liquid cargo	289	0%	15%	13%	25	56%	5.01	0.9
SKG	Passengers	287	21%	70%	67%	178	31%	11.39	3.68
VFR	Bulk cargo	204	-27%	2%	-1%	-4	NA	N/A	1.05
HTV	Bulk cargo	147	-2%	23%	20%	18	13%	5.57	0.58
TCO	Bulk cargo	116	-11%	26%	25%	22	16%	6.9	0.96
TJC	Bulk cargo	134	-10%	16%	13%	11	0%	7.05	0.54
Average:				17%	17%			7.54	1.05

SOURCE: FINANCIAL STATEMENTS OF THE COMPANIES

## Natural Rubber 2016 [Successfully bottomed]

- Vietnam rubber exports increased by 11.7% yoy for 11M2016, export value rose by 4% yoy
- World rubber price increased during the second half year to the highest level within 2.5 years
- Strong differentiation in earnings of leading enterprises and small-scale enterprises.

Rubber export value increased slightly after 11 months compared to last year thanks to rubber price recovered well in Q4 and Q4: According to preliminary statistics of the General Administration of Customs, exports of natural rubber till November 2016 reached 1,133 thousand tons (+ 11.7% yoy) with a value of USD 1,455 million (+ 4% yoy). Average rubber export value rebounded in the fourth quarter and in November is at \$ 1.41 / kg, 17% higher than the price in November 2015



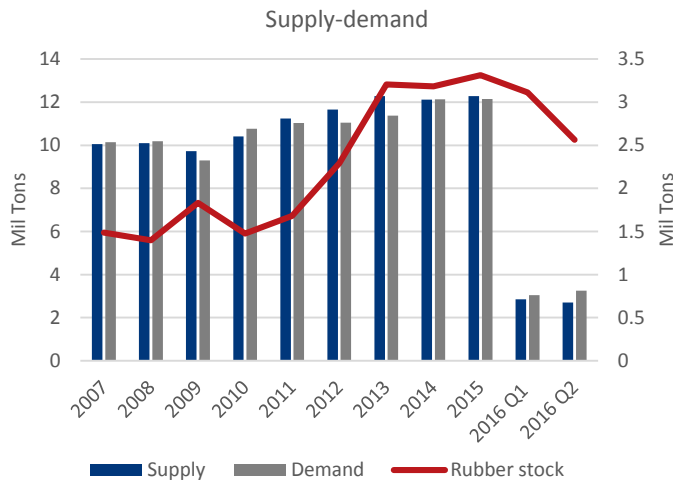
Source: Bloomberg, BSC Research

Rubber price surged in the second half of 2016. Malaysian rubber as of 22.12.2016 was being traded at \$ 1.43 / kg, 37.5% higher than price in beginning of Q3 and 83% higher than the bottom in February 2016. Currently, the world rubber price is at the highest level since July 2014. Considering the average price level, the average rubber price for 2016 was approximately \$ 1.1 / kg (+ 3.8%), but the average price of rubber in the fourth quarter was \$ 1.26 (+ 43% yoy)

### Favorable movements in the price of rubber come from:

- (1) The supply slowdowns: manufacturing rubber output of The Association of Natural Countries (ANRPC), the organization contributed up to 92% of global rubber output, is estimated to increase by 0.1% yoy in 2016, and reached 11.08 million tons. Production activities of the main rubber-producing countries such as Indonesia, Thailand and India have been affected by the La Nina weather phenomenon detrimental to harvesting activities.
- (2) According to the International Rubber Tripartite council (IRTC) agreement on 25.08.2016, this association will cut another 85 thousand tons of rubber exports in quarter 4/2016, bringing the total production cuts to 700 thousand tons this year.

- (3) In contrast, rubber demand of these countries (65% of total global consumption) is estimated to increase by 4.1% to a 8.02 million tons. In addition, inventories in June 2015 of the whole world was at the same level compared to the same period last year (of 2.56 million tons). Significantly reduced inventory levels compared with the end of the year, but mainly due to cycle.



Source: Bloomberg

In addition to the fundamental of supply and demand, the price of rubber is also influenced by market factors, including fluctuations in exchange rates of countries of consumption destination/ large production, movements of commodity prices in general, in particular the oil price.

**Business Results of natural rubber firms recovered well in quarter 3/2016.** The rubber price increased in the second half 2016 is a great opportunity for rubber enterprises. Thanks to the business cycle, the second half usually enjoys high output levels, with contributions of 30% from Q3

output and 35-40% from Q4. Hence, the price level in the second half of the year plays decisive role to the profit. In 2016, Output during the year was lower than the same period last year under the impact of adverse weather. However, firm will push harvesting in the last months to complete production target. Accordingly, profits had good growth during the quarter 3/2016.

9M 2016	Net rev ( VND Bil)	% yoy	PAT	%yoy	2016 dividend
HRC	46.1	-20%	7.6	-74%	20% stock
TNC	37.1	-43%	21.1	+33%	
TRC	271.3	+11%	50.1	+63%	10% cash
DPR	554.1	+12%	85.9	-43%	30% cash
PHR	770.3	-8%	133.1	+82%	10% cash

Source: BSC Research

**Situation in Q4 - Rebounding:** Inheriting the advantages as in Q3, including: (1) the higher sales volume due to season, contributing up to 30 -40%, (2) rubber price has continued to rebound strongly in Q4, with sales of listed companies ranged from 36 to 38 million / ton, 20% higher than the price of Q4/2015 (ranged from 30 to 31 million / ton). Accordingly, we continue to expect significant growth in profits of the rubber firms in Q4, however, we note that rubber enterprises have exceeded the profit target, thus, may raise the salary fund for employees, which has been constantly decreasing over the years, thereby affecting the growth of the quarterly profit.

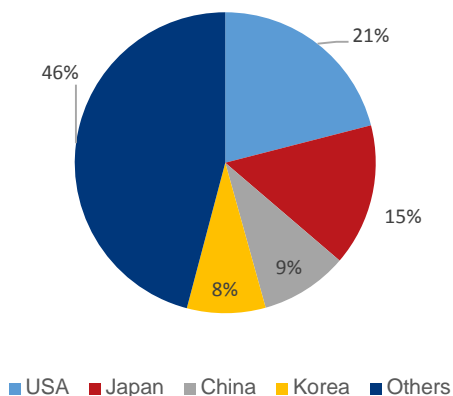
## Aquaculture [Underperform]

- Export value in 2016 is estimated to increase 7% yoy, reaching 6.4 bil USD.
- Planting area increased by 4%yoy in 10M2016.
- Number of baby cat fish fell sharply.
- Quarter 3 business results: apart from VHC had strong core business result, most of the others were still in difficulties.

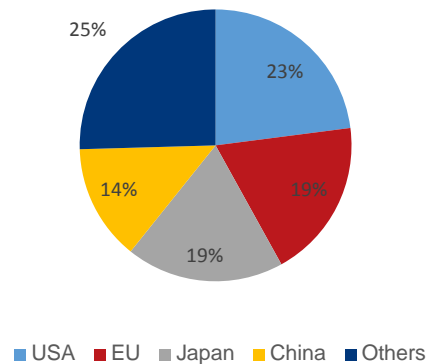
Seafood exports is estimated at 6.4 billion usd in 11T2016, up 7% compared with 2015. At present, Vietnam pangasius exports to 140 markets around the world, earning 6.4 billion USD. The main fish export market are USA, EU, China - Hong Kong, ASEAN, Mexico, Brazil, Colombia and Saudi - Arabia. In particular, Vietnam's seafood exports to the US in the last 11 months reached \$ 1.33 billion, up 11%; to Japan reached 992 million, up 5%; to China reached 611 million, up 52.4% compared to the same period in 2015. The reasons: (1) The US dollar stabilized after rising sharply in 2015. (2) The supply affected by developments adverse weather increases the price. (3) Demand increases. In 2016, the expected per capita consumption of the world's is 20.5 kg / year, up from 20.3 kg to 17.6 kg in 2015 and 2006

- 11M2016 shrimp exports reached 2.88 billion US dollars, an increase of 5.4% compared to the same period 2015. The US remained the main export market of Vietnam shrimp, 662 million, up 8.4% over the same period in 2015 and accounted for 23% the total value of exports, followed by the EU, Japan and China.
- Cat Fish exports in 9 months 2016 reached \$ 1.2 billion, up 7% compared to the same period in 2015.

Export market structure in 10M2016



Shrimp export market structure in 10M2016



Source: General Department of Customs

**Aquaculture area increased at the end of year.** According to statistics of the Ministry of Agriculture and Rural Development, catfish farming area since October has risen again. After 10 months, the Mekong Delta province has 5,352 hectares of farming, an increase of 4% over the same period. Output is estimated at 996,000 tonnes harvested, up 9.1% in the same period last year. Price of fish in the Mekong Delta continued to increase sharply, at 22200-22500 / kg.

**Number of fish breeding plummeted.** According to the Association of Seafood Exporters and Vietnam (VASEP), the number of fish seed this year is estimated at nearly 1.4 billion, down 11% compared to the same period in 2015. Due to lack of supply, the price of cat fish breeding will continue to increase in the coming period. In Dong Thap, in the end of 10/2016, fish prices have increased 7.000- 9.000 VND / kg compared with the previous three months, but still short of fingerlings 15-20% compared to the same period last year.

### Third quarter business result.

Except VHC with core business grow strongly growth thanks to increased exports to the US, Japan and China, the other seafood enterprises' core business results were negative. Notably, HVG's profit after tax recorded a very high growth of 168% which was mainly driven by the array processing materials. During the period, HVG purchased 493 000 tonnes of soybean meal, delivered from May 5/2016 to 2/2017. The difference between the purchase price and the transaction price in the current market recorded at average of 80 USD / ton, equivalent to over 40 million. The Company has accounted for 50% of profits from trading soybean meal (20 million US dollars, equivalent to more than 440 billion) into the business results in 2016.

### Third quarter 2016 business results.

Ticker	REV (bil)	%yoy	NPAT(bil)	%yoy	NPAT (tỷ)	%yoy	P/E	P/B
	Q3/2016		Q3/2016		Q3/2016			
HVG <sup>4</sup>	20,064	21%	1,571	37%	378	168%	5.96	0.70
VHC	5,597	20%	866	44%	437	78%	10.40	2.24
FMC	2,256	8%	172	-10%	72	1%	6.01	1.15
IDI	2,889	52%	255	-4%	95	4%	5.67	0.37
ANV	2,084	7%	272	-9%	11	-650%	N/A	0.26
ACL	978	19%	142	18%	17	-20%	7.46	0.55
TS4	658	11%	87	-19%	7	14%	13.14	0.46
ABT	337	-5%	65	-28%	39	-28%	9.60	1.22
Trung bình							8.32	0.87

Source: Companies reports, BSC research

<sup>4</sup> Fiscal year 2015-2016 for HVG



**Disclaimer**

*The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable but their accuracy completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information then known to us, and in our opinion are fair and reasonable in the circumstances prevailing at the time. Expressions of opinion contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. BSC and other companies in the BSC and/or their officers, directors and employees may have positions and may affect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for these companies. This document is for private circulation only and is not for publication in the press or elsewhere. BSC accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or its content. The use of any information, statements forecasts and projections contained herein shall be at the sole discretion and risk of the user.*

**Le Thi Hai Duong**  
**Sales & Advisory**

Tel: 0439352722 (155)  
Email: [duonglh@bsc.com.vn](mailto:duonglh@bsc.com.vn)

**Tran Thang Long**  
**Head of Research**

Tel: 0439352722 (118)  
[longtt@bsc.com.vn](mailto:longtt@bsc.com.vn)

**EQUITY ANALYSTS**

**Luong Thu Huong**

Steel, Cement  
[huonglt@bsc.com.vn](mailto:huonglt@bsc.com.vn)

**Tran Thi Hong Tui**

Banking, Pharmaceutical, Plastic,  
Tire, Fertilizer  
[tuoith@bsc.com.vn](mailto:tuoith@bsc.com.vn)

**Nguyen Bao Hoang Le**

Oil & Gas, Insurance, Rubber  
[thanhptn@bsc.com.vn](mailto:thanhptn@bsc.com.vn)

**Nguyen Quoc Truong**

Real Estate, Automobile, IT  
[truongnq@bsc.com.vn](mailto:truongnq@bsc.com.vn)

**Chu Tuan Phong**

Seaport, Marine Transport,  
Aquaculture, Electricity  
[phongct@bsc.com.vn](mailto:phongct@bsc.com.vn)

**Nguyen Tran Tri**

Construction, Dairy, Textile

**CONTACT****BSC Head Office**

10th, 11th Floor – BIDV Tower  
35 Hang Voi Str – Hanoi  
Tel: 84 4 39352722  
Fax: 84 4 22200669  
Website: [www.bsc.com.vn](http://www.bsc.com.vn)

**BSC Ho Chi Minh Branch**

9th Floor – 146 Nguyen Cong Tru Str.  
District 1, Ho Chi Minh City  
Tel: 84 8 3 8218885  
Fax: 84 8 3 8218510  
Facebook: [www.facebook.com/BIDVSecurities](https://www.facebook.com/BIDVSecurities)

**Copyrighted by BIDV Securities Company (BSC)**

*No part of this material may be (i) copied, photocopied or duplicated in any form by any mean or (ii) redistributed without the prior written consent of BIDV Securities Company (BSC).*



## BIDV SECURITIES COMPANY

### HEADQUARTER

10th - 11th Floor, BIDV Tower, 35 Hang Voi, Hanoi  
Tel: (04) 3935 2722 - Fax: (04) 2220 0669

### BRANCH

9th Floor , 146 Nguyen Cong Tru, Distric 1, Ho Chi Minh City  
Tel: (08) 3821 8505 Fax: (08) 3821 8510