



SECTOR OUTLOOK

Q3.2021

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1. Recap to 1H2021

As of June 2021, VNIndex has remained the strong uptrend since 2020 despite of some corrections in January 2021 due to the third coronavirus wave. In addition, stable operating activities strengthened market sentiment. However, foreign investors remain the trend of net selling on HoSE to restructure the portfolio and focuses on hedging asset. Monetary and fiscal support moves by central banks and governments around the world as well as in Vietnam are still being implemented. VNIndex and HNXIndex rose 304.68 points (+27.6% YTD) and 120.2 points (+59.18% YTD) respectively as of June 30th 2021.

In term of stock market movement, the average trading value in 6M2021 on all three stock exchanges was at the level of VND22.612 bn (USD979 mn) per session and increased +155% compared to the previous 6 months. Cash flow was spread across all big, mid and small cap. Top index contributors comprised NVL +152% YTD (+28.88 points), VHM +32% YTD (+27.68 point), HPG +69% YTD (+26.07 points), VPB +108% (+24.42 points), TCB +67% YTD (+21.34 điểm). Top index detractors included VNM -15% YTD (-8.15 points), SAB -13% YTD (-3.23 points), BVH -12% YTD (-1.12 points), HNG -26% YTD (-0.83 point), POW -11% YTD (-0.59 point).

Regarding stocks, there were 15/19 industries gaining in H1 2021. In which, basic resources sector increased the most with total return of 63.78% YTD, notably NKG 136.67% and HSG 108.08%, technology sector inched up 58.62% YTD (FPT 73%, ELC 72.23%) and diversified financials sector gained 56.38% YTD (VND 139.82%, VCI 85.16%).

Vietnam economy have been facing the stagnation by severe impact of the fourth wave of Covid-19. Q2 2021 GDP increased 6.61% YoY from low base in 2020. Consumer sector was directly affected and declined -19.80% YoY in July. Industrial volume was slightly up at the level of 2.24%, mainly driven by social distancing in many areas. Moreover, export volume growth of +8.40% YoY was as unexpected by the difficult transportation. In contrast, import volume positively surged +29.95% YoY. In such difficult status, the government needs to push the process of public investment capital disbursement to maintain the positive growth in the rest of the year when it just reached 44.3% of 2021 plan. Meanwhile, nominal inflation of +2.64% YoY and real inflation of +0.99% YoY is the premise to maintain loosening monetary policy in H2 2021. Production and business activities are still affected by Covid-19 and possibly prolong the negative status if vaccination campaign to be not promoted.

In terms of stock market information in 2H2021, the worldwide distribution of vaccine being accelerated could open up an expectation for more comprehensive recovery of global economy. New transaction system and products coming online in H2 2021 can help Vietnam stock market more attractive in foreign investors' view and be upgraded in the coming years. Furthermore, the disbursement of state capital would still be key driver for Vietnam's economy. Some other external issues also need to be monitored such as the speed of recovery or geopolitical tensions in many parts of the world.

2. Policies and Information Relating to Sectors in 2021

Macroeconomy both at home and abroad along with amendment policies will effect stock market in general and specific companies in particular on their own way. BSC had statistics of notable policies and events in 2021:

No.	Policies and Events	Effective date	Rating	Level	Status as of June 31th 2021
Macro policy and International economy					
Monetary policy					
1	FED: Positive rebound of the US economy, FED to hold current interest rate		Positive	Very strong	Influencing
2	PBoC: Robust growth of China economy, RMB to stay stable		Positive	Very strong	Influencing
3	ECB: to keep policy loose		Interwoven	Strong	Influencing
4	Soaring material prices		Interwoven	Strong	Influencing
Regional macro policy					
5	US – China trade war		Interwoven	Strong	Influencing
6	Coronavirus vaccine distribution		Interwoven	Strong	Influencing
7	OPEC+ meeting		Interwoven	Strong	Already influenced
8	G7 meeting	Summer 2021	Interwoven	Medium	Not yet influenced
Vietnam Macro policy and economy					
1	New Law on Public-Private Partnership (PPP)		Interwoven	Strong	Influencing
2	Amendment investment & corporate law		Positive	Strong	Not yet influenced
3	Amendment security law	01/01/2021	Positive	Strong	Initially influenced
4	Soaring grocery & gasoline prices		Negative	Medium	Being influenced
5	FTSE Russell to upgrade Vietnam stock market		Negative	Strong	Not yet influenced
6	Vietnam's weight to be up in MSCI Index thanks to new FM – EM index taking effect	March 2021	Neutral	Medium	Influencing

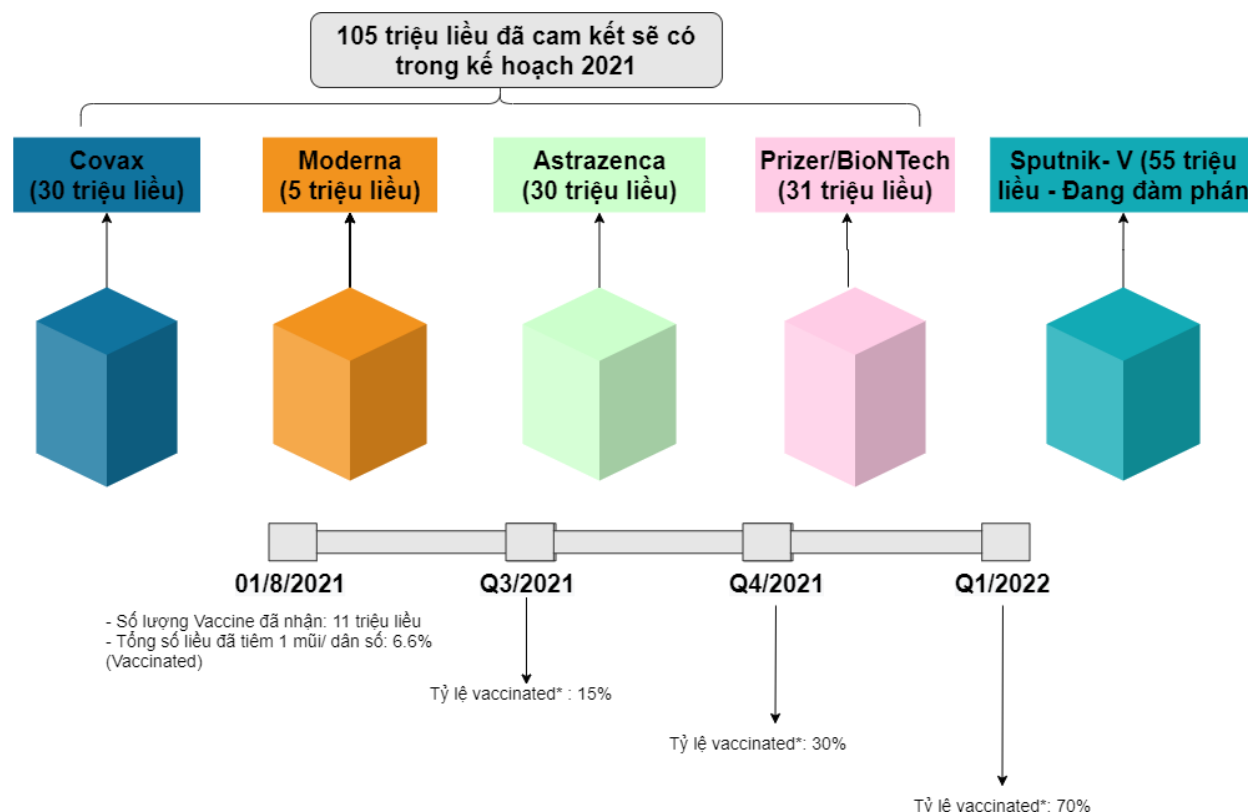
No.	Policies and Events	Effective date	Rating	Level	Status as of June 31th 2021
7	To accelerate divestment and capitalization of State-owned enterprise		Neutral	Medium	Influencing
Monetary policy					
8	To remove Vietnam from currency manipulation list, VND to stay stable		Neutral	Very strong	Already influenced
9	Maintain current interest rate		Positive	Strong	Influencing
10	Banks' CAR of 8%	01/01/2020	Interwoven	Medium	Already influenced
Security policy					
11	Permit to sell pending stock		Positive	Strong	Not yet influenced
12	Certificate depository, non-voting certificate depository		Positive	Strong	Not yet influenced
13	The scheme of grouping listed stock and the expansion of trading band		Interwoven	Strong	Not yet influenced
14	Listing joint stock commercial bank and divestment of Agribank		Positive	Strong	Not yet influenced
15	To raise condition of public company		Interwoven	Medium	Not yet influenced
Các Hiệp định thương mại tự do					
1	EVFTA	01/08/2020	Positive	Strong	Influencing
2	UKVFTA	01/05/2021	Positive	Strong	Influencing
3	RCEP ASEAN	15/11/2020	Positive	Strong	Influencing

Source: BSC Research

3. Q3/2021 Outlook

BSC quarterly releases the investment strategy and assesses the opportunity, if any, which gives investors much more options throughout a year. As our 2021 and 2Q2021 strategy report, Vietnam's stock market continuously hit new record high both index and trading value. In terms of 2H2021 outlook, we offer some notable issues:

Vaccine – Vaccination rate – Sails for economy recovery.



Source: MoH, BSC Research, Vaccination rate*: Based on BSC Research's estimate

BSC believes the pace of vaccine distribution and vaccination rate are the main factor to specify economic and sectors recovery speed. Per MoH, Vietnam has signed contracts and been committed around 105 million doses in 2021. Total received doses and total one shot/population were 11 million doses and 6.6% respectively. However, the pace of vaccination rate and received vaccine doses is relatively low due to (1) the global shortage of vaccine especially in Asia countries (2) passive medical system and safety requirements of epidemic prevention. Nevertheless, BSC saw that the government has been actively rolling out new vaccination model to accelerate vaccination rate. As a result, BSC estimated vaccination rate of 30% and 70% in Q4 2021 and Q1 2022 respectively.

(i) 2H2021 Earning growth of sectors to be slowdown compared to 1H2021 and (ii) 2021 Earning growth will be adjusted down owing to the fourth coronavirus wave but stay at high base.

(i) 2H2021 Earning growth of sectors to be slowdown compared to 1H2021.

- **6M2021 result of the listed companies had positive growth level** thanks to **(1) the post-coronavirus recovery** and **(2) low base in 1H2020**. According data from Fiinpro, as of July 31st 2021, 674/1.738 companies accounting for 86.1% total market cap released the 2Q2021 result. Total NPAT of non-financial sector and financial sector recorded the good growth of 86.4% YoY and 39% YoY respectively, driven by materials, utilities, banking, gas & oil, real estate and steel sector.
- **Sectors' earning growth is expected to slowdown in 2H2021** by (1) demand recovery to be catalyst for soaring material prices and (2) High-base in 2H2020 after the first pandemic wave.

(ii) 2021 Earning growth can be lower by the fourth Covid-19 wave but remains high level. Based on unpredictable coronavirus movement in the southern areas and Hanoi, BSC projects the NPAT growth forecast under baseline scenario and negative scenario. *However, per our view, the market's NPAT still stays high-base, up 30% YoY in negative scenario, which supports attractive market valuation in 2021 and 2022.* On the other hand, the 2H2021 slowing growth scenario can create a low base to boost 2022F growth assuming the vaccination rate of 70%.

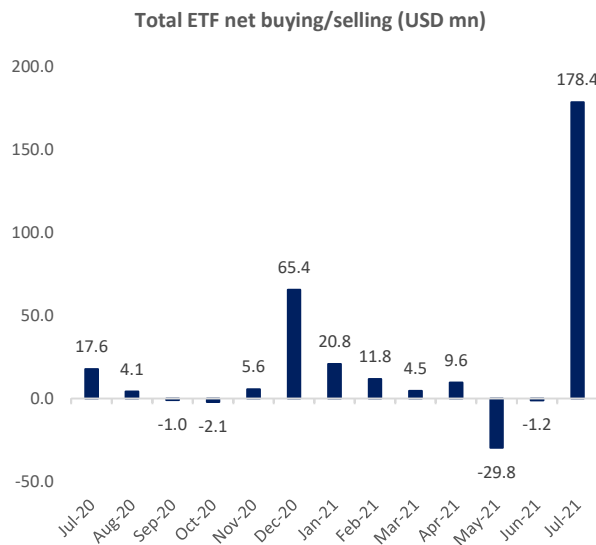
- Baseline scenario: the fourth Covid-19 wave to be under control by August 2021 thus production activities back to normal in 4Q2021.
- Negative scenario: the fourth Covid-19 wave to be under control by 4Q2021 and production activities back to normal in the end of 2021.
- Our forecasted company account for 72% market NPAT and 68% market cap.

Earning growth (% YoY) Sector	Baseline		Negative	
	2021F	2022F	2021F	2022F
Information Technology	21%	20%	20%	22.4%
Banking	35%	20%	24%	15%
Consumer and F&B	1%	17%	0%	18%
Retail	25%	23%	18%	26%
Real estate	35%	15%	24%	15%
Materials	118%	-14%	110%	-10%
Oil & Gas	130%	9%	118%	8%
Telecommunications	15%	21%	17%	19%
Industrials	50%	1%	43%	7%
Health Care	7%	-2%	8%	1%
Textile & Fishery	22%	13%	32%	7%
Utilities	9%	6%	6%	8%
Aviation & Service	72%	-89%	142%	-56%
Sector earning growth	39%	20%	30%	18%

Source: BSC Research

Global financial investment flows to emerging markets via ETFs and market upgrade opportunity in 2022-2023. In the context of foreign net selling in 6M2021, capital flow through ETF shone a light. In July 2021, total ETF size reached USD3.2bn as of July 26th 2021, up 6.6% MoM.

New trading system has met the rapidly increasing transaction of the market. Since July 2021, HSX and FPT launched a new trading system to alleviate order problems. Robust trading value along with new developed infrastructure system indicate the upgrade process to be shortened due to meeting the criteria. We can expect foreign capital flow coming back in 2022 when Vietnam will be added to MSCI watchlist and officially upgraded in 2023.



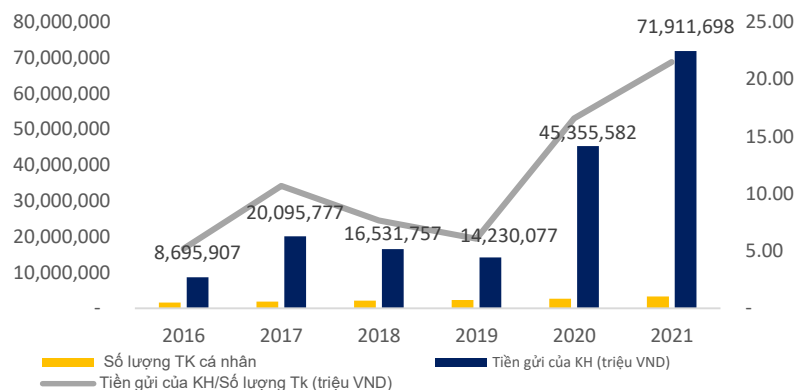
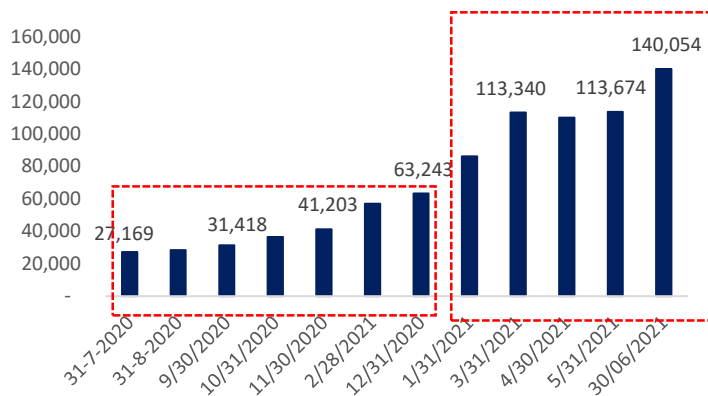
ETF	Tên	Quốc gia	AUM (triệu USD)
FUEVFNVD	VNDiamond	VietNam	562
FUBON FTSE	Fubon	Taiwan	532
VNM	VanEck VN	USA	531
iShare	Ishares MSCI	USA	466
FTSE	FTSE VN	UK	422
E1VFN30	VFM VN30	UK	412
KIM	Korea Investment	Korea	178
FUESSVFL	VNFinLead	Viet Nam	113
Premia	Premia MSCI VN	Hong Kong	27
FUEMAVN30	MAFM VN30	Viet Nam	25
VN100	VinaCapital VN100	Viet Nam	4
FUESSVN30	SSIAM VN30	VN30	2
Tổng giá trị			3,276

Nguồn: BSC Research

The number of new securities trading accounts of individual investors remains high. In 1Q2021, new trading accounts reached 257.9 thousand as 65% total new accounts in 2020. Total new accounts are only equivalent to 2.8% population – low level in the area. **BSC believes that Vietnam's stock market has large headroom and this trend of shifting investment to securities has just begun.**

Interest rate continues to be low in 2H2021-1H2022. In the context of more serious pandemic evolution, we see macro policies will support the market via (1) low interest rate, (2) expansion of debt rescheduling and interest rate cut.

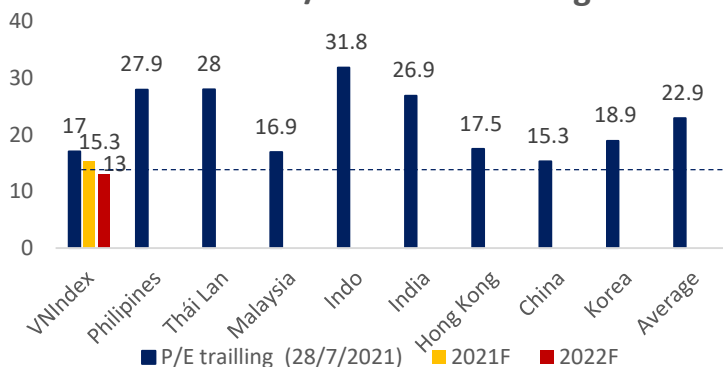
Although soaring new registered accounts is the key driver for trading value, value size per account is in the downtrend vs 2020.



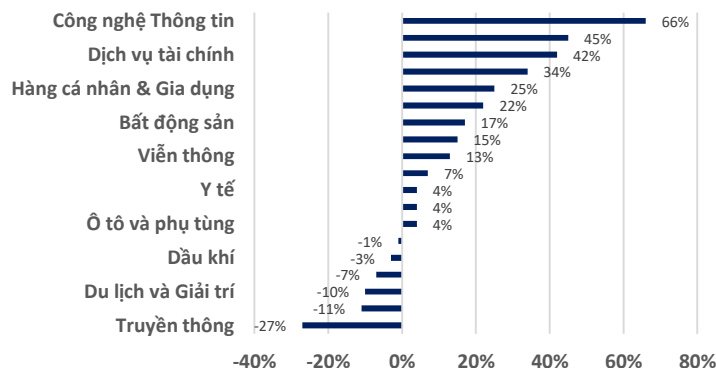
Source: VSD, FiinPro, BSC Research

Market valuation is at the reasonable level and more attractive in the long run. As of July 23rd 2021, VN-Index was trading at PE trailing of 17x, more than the average 5-year level of 13%. However, we forecast the most conservatively the NPAT growth of 30% in 2021 and 18% in 2022. **As a result, VN-Index will trade at attractive PE forward level of 15.3x in 2021F and 13x in 2022F.** This projected earning growth is positive thanks to economic sector recovery, mainly driven by (1) Banking, (2) Real estate, (3) Industrials (including construction materials), (4) Oil & Gas, (5) Retail, (6) Exportation. BSC forecasts VN-Index will hit all-time record high of 1.550 points in the end of 2021. (Detail in Macro Report) in positive scenario.

VN-Index's P/E valuation vs region



Sector Performance in 1H2021



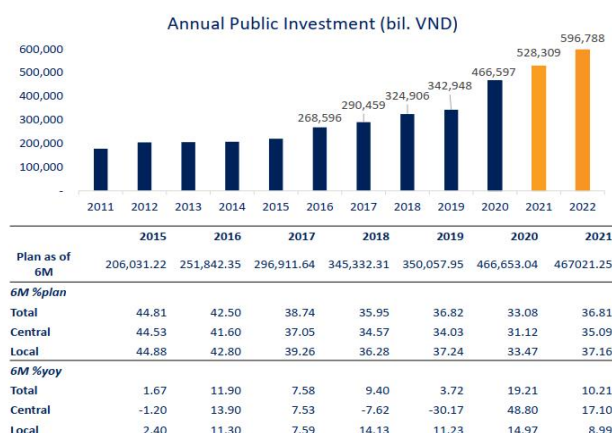
Source: Bloomberg, BSC Research

We note that high valuation level in the region is because these countries are classified to Emerging Markets, Developed Market and their 2020 earning were suffered by severe Covid-19 impact.

Promoting fiscal policy, solving public investment bottlenecks will be accelerated in 2H2021 and 2022.

Accumulated to 6M2021, total disbursement value of public investment capital has just only reached 36.8% target, up 10.2% YoY. Main issue for this combined (1) Covid-19 pandemic, (2) supply chain disruption, (3) soaring material prices. Thus, the government also issued some initiatives to process such

problems as rescheduling material supply, speeding up the payment process, reassigning investors. Under economic pressure of Covid-19, we believe disbursement value will be improved significantly in 2H2021.



In conclusion, for the 2021F-2022F outlook, we think that the Vietnam's market is currently at an attractive level in the context of (1) the possibility of well-controlled disease in 3Q2021, (2) earning growth of industry group to be affected but still at a high level, (3) stable macro foundation offering economic stimulus through monetary and fiscal policy.

P/E and P/B comparison table by industry in the region (using weighted average method)

	Vietnam		Median		Indonesia		Malaysia		Philippines		Thailand	
	P/E	P/B	P/E	P/B	P/E	P/B	P/E	P/B	P/E	P/B	P/E	P/B
Financial	12.6	1.5	14.8	0.9	17.7	0.9	13.4	1.0	16.1	0.8	12.5	0.8
Consumer Goods	12.1	1.2	15.8	1.2	13.8	1.3	16.3	2.1	25.1	1.1	15.3	1.1
Industrials	9.2	1.0	19.5	1.1	18.7	0.9	17.6	0.9	27.7	1.3	20.4	1.4
Oil & Gas	13.7	1.4	12.1	0.9	4.4	0.5	36.5	3.2		0.4	12.1	1.2
Consumer Service	14.3	1.6	19.3	1.4	23.3	1.7	9.2	1.1	25.7	3.0	15.3	1.1
Basic Resources	11.6	1.1	13.0	1.3	13.4	1.0	25.9	2.3	12.1	1.4	12.7	1.2
Utilities	11.6	1.5	14.1	1.1	5.5	0.6	14.4	1.0	13.8	1.1	20.6	1.2
Technology	22.2	1.9	17.8	2.4	17.4	3.2	n/a	n/a	n/a	n/a	18.2	1.6
Health Care	15.0	2.3	47.2	2.5	17.9	2.5	57.2	2.3	n/a	n/a	47.2	3.7
Telecommunication	22.7	5.0	23.1	3.3	24.5	2.7	21.8	4.0	21.8	4.0	25.2	1.2

Source: Bloomberg, BSC Research

4. Economic Cycle and Sector Valuation Tolerance

In 2020, macroeconomic instabilities caused by the Covid-19 epidemic such as (1) Supply chain disruption, (2) stagnation of commercial activities, (3) wave of dissolution from SME and unemployment increase, (4) Global GDP growth at negative level are likely to be the condition for economic recession. We see that although the impact of Covid-19 is almost a main reason for recession, production growth has only slowed down and there has been no strong bubble in any area or industry/sector, especially inflation under

control. Therefore, BSC believes recession level stays low and economic growth to be corrected in 1-2 coming years. Vietnam's current economic indicators suggest that we are **at the end of recession and at the beginning of recovery**. As the evidence, stock price starts to rise, bond price and deposit interest rate to be in the downtrend and loosening monetary measures come into force.

Economic Cycle	Inflation	Economic Policy	Market signal
Initial Recovery	Down	Intensifying stimulation	Short-term interest rates are low/down. Long-term interest rates hit the bottom out and Bond prices hit the top. Stock prices tend to rise.
Early Upswing	Low inflation, Robust economic growth	Weakening stimulation	Short-term interest rates rise Long-term interest rates hit the bottom out or start to rise & Bond prices decline Stock prices rise
Late Upswing	Up	Tightening	Long-term and short-term interest rates rise, Bond prices decline Stock prices fluctuate around the top
Slowdown	Up	Weakening stimulation	Long-term and short-term interest rates hit the top then decline and bond prices rebound Stock prices decline
Recession	Peak	Loosening	Long-term and short-term interest rates decline and Bond prices continually rise Stock prices show signs of recovery at the end of recession

5. Vietnam Sector Outlook 2021

Sector	Rating	Note	Notable stock
<u>I/ Vaccine – the savior of the economy and stock market</u>			
<u>Information Technology</u>	Outperform	<ul style="list-style-type: none"> Telecommunication companies providing fixed telecom services continue to be main beneficiary from social distancing. Technology companies are expected to benefit from (i) public investment package (ii) digital conversion in Vietnam. However, the complicated epidemic situations may cause some bidding packages to be delayed. 	FPT, ELC, VTP
<u>Bank</u>	Outperform	<ul style="list-style-type: none"> 1H2021 credit growth was at the level of 5.1% YTD, rebounded in the post-covid period and to be forecasted to reach 14.0% in 2021 owing to many catalysts. Asset quality to be well-controlled thus BSC believes bad debt will be limited at the level of 1.8% in 2021. Total credit cost of banks in our coverage list will increase 0.06% and 10% of their loan balance becomes bad debt in baseline scenario. CAR of listed banks remain high – roughly 10.3% thanks to shifting to credit management by the risk level of each loan. 	ACB, VCB, BID, CTG, MBB, STB, HDB, TCB, VPB, TPB, VIB, LPB
<u>Oil & Gas - Fertilizer</u>	Outperform	<ul style="list-style-type: none"> Oil price has strongly rebounded since early 2021 and surpassed 70 USD/barrel since June 2021. OPEC+ decided to extend the supply management and raise output by 400.000 barrel/day until the end of 2022 to control oil price at the end of the year. Vietnam's crude oil production has decreased by 10% per year in the period 2015-current, domestic gas field projects are still behind schedule, which leading to soaring import volume. BSC maintains the NEUTRAL rating for oil & gas sector in 2021 assuming that global oil price at the average level of 68 USD/barrel and recommends BUY GAS, PLX, PVS - upstream and downstream companies – benefiting from oil price recovery. BSC maintains the POSITIVE view for fertilizer sector in 2021 based on (1) robust fertilizer demand will lead to higher ASP (2) Law on VAT was amended and supplemented 	GAS PLX PVD PVS PLC BSR PVT DCM DPM
<u>Textile</u>	Outperform	<ul style="list-style-type: none"> Textile and garment exports soared in 6M2021 at the level of USD18.47bn (19% YoY). Textile enterprises registered strong 2Q2021 result owing to (1) low base in 2020 (2) positive traditional order since the beginning of the year. 	MSH, TNG

Fisheries	Outperform	<ul style="list-style-type: none"> Seafood export value rebounded positively in 1H2021 with total value of USD4.1bn (+14% YoY). 2Q2021 result showed the pace of company recovery was equivalent to the industry. BSC sees high freight fee and material price will have a bad effect on recovery speed of fishery company 	VHC, ANV
Insurance	Neutral	<ul style="list-style-type: none"> 6M2021 results of insurance companies was relatively positive thanks to low compensation rate. Market share of top 5 companies continues to decline due to competitive pressure. BSC maintain a the NEUTRAL rating for the insurance industry in 2021 due to (1) intense competition effects net fee and profit from insurance activities, (2) decline in consumers' income by Covid-19 impact, (3) the prospect of divestment in 2021 	
Rubber and tires	Neutral	<ul style="list-style-type: none"> Rubber business in 2H2021 will continue to be favorable thanks to demand recovery in the context of supply shortage in the short-term. The tire industry is expected to grow in 2H2021 thanks to (1) high demand due to economic recovery and (2) tax advantages compared to competitors. 	DRC
Electricity	Neutral	<ul style="list-style-type: none"> Commercial electricity output in 2021 is forecasted to grow 9.0% YoY. The draft of national Power Development Plan VIII focuses on investing in renewable energy and LND sources in the future. La Nina will be positive news for hydropower plants but be a negative for coal & gas power plant enterprises. 	PPC, HND, PC1 REE, NT2, POW PGV, VSH
Consumer	Neutral	<ul style="list-style-type: none"> The recovery trend was broken by the 4th covid wave in June 2021. Social distancing measures have the opposite effects on consumer and retail sector in 3Q2021 Consumer trend shifts from traditional channel to modern channel in 2022. BSC downgrads from the OUTPERFORM rating to the NEUTRAL rating for consumer sector in 2021. 	MWG VNM PNJ PET DGW
II/ Accelerate infrastructure investment – Attract FDI – Solve real estate supply.			
Real estate	Outperform	<ul style="list-style-type: none"> Real estate market in 1H2021 recorded a positive recovery compared to low base in 2020. Real estate market in suburban area has been still attractive. Real estate sector will recognize large number of profit in 2H2021. Covid-19 could affect to sales plan (pre-sales) and project handover in 2021 We maintain the OUTPERFORM rating for real estate sector in 2H2021 thanks to (1) catching profit in 3Q-4Q2021, (2) low interest rate and flexible financial package, (3) accelerating sale plan in 2H2021 on online/offline basis. 	VHM, KDH, DXG, NLG, NVL

<u>Industrial Park</u>	Outperform	<ul style="list-style-type: none"> Landbank was unlocked in 1H2021 and the shift to tier 2-3 provinces going forward Limited supply and robust demand still are key catalysts for high rental fee in 1H2021 The pandemic continued to be the largest barrier leading to the stagnation in 2H2021 in the context of high demand. Connected transportation infrastructure will solve logistic bottleneck and directly support industrial park sector. 	KBC, SZC, LHG
<u>Steel</u>	Outperform	<ul style="list-style-type: none"> Basic resources price is facing unpredictable movement. Per our view, iron ore price will gradually decrease towards the end of the year while coal price is likely to recover slightly. BSC assesses the downward pressure on the selling price due to the good demand recovery and reciprocal price movements of raw materials. 	HPG, HSG, NKG
<u>Seaport</u>	Neutral	<ul style="list-style-type: none"> Output of goods through seaports in 6M2021 grew +7% YoY thanks to favorable import and export trade in Vietnam. Growth outlook will have a clear differentiation between companies, in which the high growth will belong to the operators in two deep-water port – Lach Huyen and Cai Mep – Thi Vai. 	SGP, VSC
<u>Aviation</u>	Neutral	<ul style="list-style-type: none"> Number of passengers through airport in 1H2021 continued to decrease - 19.4% YoY due to Covid-19 in Vietnam and around the world. Amount of passengers in 2H2021 can recover and reach the growth of +32% YoY with the expectation of international flights reopening in 3Q2021 when the herd immunity rate to be high. Output of goods in 2021 is expected to achieve 1.47mn tonnes (+13% YoY) thanks to global economic recovery and boosting international trade. 	SCS, HVN, VJC
<u>Plastics</u>	Neutral	<ul style="list-style-type: none"> Plastic resin prices tend to fall from the top in 4M2021: HDPE -16%, LDPE -19%, PVC -21%. Business results in the second half of the year will be more positive for plastic enterprises because the price of plastic inputs is expected to decrease when supply and demand are stable. 	BMP, NTP
<u>Cement</u>	Neutral	<ul style="list-style-type: none"> Consumption of cement and clinker in Q2/2021 reached 27.8 million tons (+19% YoY). In which, domestic consumption increased +20% YoY and export up +17% YoY. BSC assesses that the consumption will be better from Q4/2021 when construction activities to back again. The domestic cement selling price is relatively stable in Q2/2021, while the export price tends to increase by +13% YoY. 	HT1

Source: BSC Research

6. 2021 Stock Pitching

Ticker	2021F Rev	% yoy	2021F NPAT	% yoy	2021F EPS	P/E 2021	P/B 2021	ROA	ROE	Price at 27/7/2021	Target Price
VCB	57,631	18%	25,856	40%	6,976	13.6	2.8	2%	23%	95,000	125,000
CTG	49,891	10%	17,685	30%	4,757	6.8	1.2	1%	19%	32,500	39,000
TCB	32,435	20%	18,174	44%	5,056	9.8	1.9	4%	21%	49,750	65,000
VPB	47,606	22%	14,160	36%	5,246	10.9	1.6	3%	18%	57,000	80,000
MBB	33,001	21%	11,610	36%	4,008	6.8	1.3	2%	20%	27,400	35,000
ACB	21,011	16%	9,789	28%	4,532	7.3	1.6	2%	24%	33,150	42,000
ANV	4,184	22%	258	28%	1,953	14.3	1.3	5%	10%	27,850	32,800
BMP	5,774	23%	472	-10%	5,693	10.3	1.8	14%	17%	58,800	67,422
BSR	97,468	68%	6,785	N/A	2,145	8.8	1.6	12%	21%	18,900	18,000
DCM	9,335	23%	888	34%	1,366	13.0	1.5	10%	14%	18,900	21,100
DGW	18,341	46%	447	67%	10,356	14.1	4.0	11%	28%	146,000	152,200
DPM	9,858	27%	1,152	66%	2,588	8.9	1.2	13%	9%	23,000	25,940
DRC	3,926	8%	371	45%	2,799	10.2	1.8	14%	20%	28,500	32,800
DXG	7,907	173%	1,365	884%	2,334	6.8	1.0	5%	15%	15,950	23,100
FPT	36,140	0,21	5,323	0,21	5,049	15.9	3.2	13%	24%	93,200	97,000
GAS	74,217	16%	8,994	13%	4,605	18.9	3.1	12%	18%	89,500	102,400
HND	8,410	-23%	305	-79%	610	27.7	1.2	2%	3%	17,300	16,100
HPG	142,688	58%	28,529	112%	6,059	7.8	2.4	16%	27%	46,200	56,600
HSG	44,378	61%	3,755	226%	7,488	5.5	1.8	7%	19%	35,700	37,500
HT1	8,432	6%	606	-2%	1,430	10.6	1.0	6%	11%	15,100	N/A
HVN	34,024	-16%	- 13,952	28%	N/A	N/A	N/A	N/A	N/A	24,150	N/A
KBC	3,795	76%	1,100	391%	2,654	11.0	0.7	8%	13%	27,000	38,128
KDH	4,240	-6%	1,365	15%	2,382	12.3	1.6	8%	13%	29,300	31,200
LHG	831	29%	282	42%	5,076	9.7	1.8	10%	20%	49,850	55,700
MSH	4,036	6%	398	72%	7,967	6.4	1.4	11%	25%	50,700	57,000
MWG	121,717	11%	4,877	24%	10,765	11.3	2.7	10%	25%	158,000	207,000
NKG	20,447	77%	1,451	392%	8,278	3.8	1.2	16%	37%	31,800	38,300
NLG	2,292	1%	1,278	50%	4,495	6.5	1.1	8%	16%	29,500	36,000
NT2	6,050	-1%	289	-54%	1,003	22.6	1.1	5%	7%	18,400	20,400
NTP	5,076	13%	406	-9%	3,100	11.3	1.4	10%	15%	50,200	N/A
NVL	7,793	49%	4,058	4%	4,115	16.2	2.4	3%	16%	66,700	64,300
PC1	7,964	19%	590	8%	2,567	10.7	1.1	5%	12%	26,250	32,800
PET	17,542	30%	222	46%	2,278	9.5	1.2	3%	13%	21,500	25,070
PLC	6,507	16%	230	55%	2,849	9.5	1.6	4,6%	17%	27,000	27,500
PLX	163,573	32%	2,884	130%	1,648	30.3	2.8	4,4%	11%	51,000	58,000
PNJ	19,316	10%	1,175	10%	5,084	17.7	3.4	13%	21%	90,100	94,560
POW	27,980	-5%	3,054	14%	1,158	9.3	1.0	5%	9%	10,800	13,000

PPC	4,196	-47%	423	-58%	1,296	18.1	1.2	6%	7%	22,650	22,500
PVD	4,678	-11%	40	-78%	61	287.0	0.9	0,2%	0,3%	18,300	18,000
PVS	17,108	-14%	741	1%	1,55	14.6	0.8	3,0%	5,7%	25,000	27,000
PVT	7,981	8%	906	9%	2,123	8.2	0.8	7,3%	14%	18,600	19,400
REE	6,248	11%	2,069	21%	6,361	8.1	1.3	10%	17%	51,700	65,000
SCS	760	10%	528	14%	9,834	13.8	4.5	39%	41%	135,900	N/A
SGP	1,080	15%	373	62%	1,723	16.5	2.7	7,0%	15%	28,500	N/A
SIP	4,476	-12%	687	-33%	11,545	15.2	6.4	11%	17%	174,900	225,505
SZC	753	74%	295	59%	2,951	14.6	2.7	6%	20%	39,400	48,000
TNG	4,816	9%	191	27%	2,936	7.2	0.9	15%	5%	21,200	25,500
VEA	4,180	14%	5,746	2%	4,324	9.3	2.3	22%	27%	40,500	60,038
VHC	8,972	27%	840	22%	4,574	8.9	1.3	15%	20%	40,850	51,000
VHM	103,699	45%	25,560	-7%	9,572	9.4	2.4	11%	36%	89,500	102,400
VJC	20,350	12%	45	-35%	85	1,300	4.0	0,0%	0,0%	114,400	N/A
VNM	61,044	2%	10,699	-5%	4,542	18.5	4.2	17%	25%	87,500	96,880
VSC	1,804	7%	3,465	11%	4,857	13.2	2.0	83%	89%	64,400	N/A
VTP	20,049	0,16	440	0,15	4,557	17.7	4.4	10%	39%	88,400	95,500

Source: BSC Research

7. The Effect of Macro Factors on Industries

	Trade war	Gulf tensions/ (Oil prices rise)	Fed cuts interest rate	Trouble Europe economy / Brexit / EUR depreciation	Domestic Interest rate fall	China's economy growth slowdown	CPTPP	FTAs
Maritime	(+/-)	(-)		(+)	(+)		(+)	(+)
Real Estate					(+)			
Construction					(+)			
Cement				(+)	(+)			
Textile	(+/-)	(-)		(-)	(+)		(+)	(+)
Electricity		(-)		(+)	(+)			
Pharmaceutical				(+)	(+)			
Plastic		(-)			(+)			
Tire	(+)	(-)				(-)		
Banking	(-)		(+)	(-)		(-)	(+)	(+)
Steel	(-)				(+)	(-)		
Fishery	(+)			(-)	(+)	(-)		
Sugar					(+)	(-)		
Oil & Gas		(+/-)			(+)	(-)		
Fertilizer		(-)			(+)	(+)		
Rubber		(+)				(-)		
Tiles		(-)			(+)			
Technology		(-)		(-)				(+)
Seaport	(+/-)				(+)		(+)	
Aviation	(+/-)	(-)			(+)		(+)	(+)
Automobile							(+)	
Insurance	(-)				(+)			
Retail					(+)		(+)	(+/-)
Grocery					(+)		(-/+)	(+/-)

Source: BSC Research

8. Event Timeline

Month	Date	Vietnam	Date	International
Jan		13 th Communist Party Congress	26	FED meeting, monetary and interest rate
	18	ETF VN30 review	21	ECB meeting, monetary and interest rate
	20	4Q financial statement deadline		
	21	Future Contract expiry date		
	30	ETF VFM VN30 Index announcement		
Feb	18	Future Contract expiry date	9	MSCI Quarterly index review
	22-26	Ishare MSCI review		
Mar	08-19	ETF FTSE VN index announcement	1	MSCI: announce Market Classification
	15-19	ETF VNM index announcement	11	ECB meeting, monetary and interest rate
	18	Future Contract expiry date	17	FED meeting, monetary and interest rate
	15-19	ETF VNM, ETF FTSE Rebalancing	22-26	FTSE Russell announce Market Classification
April	15	Future Contract expiry date	22	ECB meeting, monetary and interest rate
	19	ETF VN30 review	27-28	FED meeting, monetary and interest rate
	20	1Q financial statement deadline		
	29	ETF VFM VN30 index announcement		
	30	Annual report deadline		
May	20	Future Contract expiry date	11	MSCI Semi-annual index review
	24-28	Ishare MSCI review	28	MSCI: announce Market Classification
	May	13 th Plenary session		
Jun	07-18	ETF FTSE VN index announcement	10	ECB meeting, monetary and interest rate
	14-18	ETF VNM index announcement	16	FED meeting, monetary and interest rate
	17	Future Contract expiry date		
	14-18	ETF VNM, ETF FTSE rebalancing		
	June	13 th Communist Party Congress		
Jul	16	Future Contract expiry date	1-2	OPEC Meeting
	17	ETF VN30 review	22	ECB meeting, monetary and interest rate
	20	2Q financial statement deadline	28	FED meeting, monetary and interest rate
	30	ETF VFM VN30 index announcement		
Aug	15	6M financial statement deadline	11	MSCI Quarterly index review
	19	Future Contract expiry date		
	23-27	Ishare MSCI review		
Sep	06-17	ETF FTSE VN index announcement	1	MSCI: announce Market Classification
	13-17	ETF VNM index announcement	9	ECB meeting, monetary and interest rate
	16	Future Contract expiry date	22	FED meeting, monetary and interest rate
	13-17	ETF VNM, ETF FTSE rebalancing	20-24 15-30	FTSE Russell announce market ranking 76 th United Nations general assembly
Oct	18	ETF VFM VN30 Review	28	ECB meeting, monetary and interest rate
	20	3Q financial statement deadline	31	Brexit agreement deadline
	21	Future Contract expiry date	Oct	IEA annual meeting
	30	ETF VFM VN30 Index announcement		
	October	13 th Communist Party Congress		
Nov	19	Future Contract expiry date	11	MSCI Semi-annual index review
	22-26	Ishare MSCI review	3	FED meeting, monetary and interest rate
	November	Congress meeting		
Dec	04-17	ETF FTSE VN index announcement	1	MSCI: announce Market Classification
	11-17	ETF VNM index announcement	15	FED meeting, monetary and interest rate
	17	Future Contract expiry date	16	ECB meeting, monetary and interest rate
	11-17	ETF VNM, ETF FTSE rebalancing		

I/ Vaccine – The Savior of The Economy and The Stock Market

Firstly, the development of vaccines has made great strides in 2020, the widespread use will strengthen the recovery of consumption demand. Up to now, in the world, there are more than 20 vaccines being researched, of which, there are 8 vaccines being tested in phase III. Some countries have started the first round of vaccination such as the US, Singapore, EU, UK. The time to test the effectiveness of the vaccine and be more widely distributed will fall in the second half of 2021

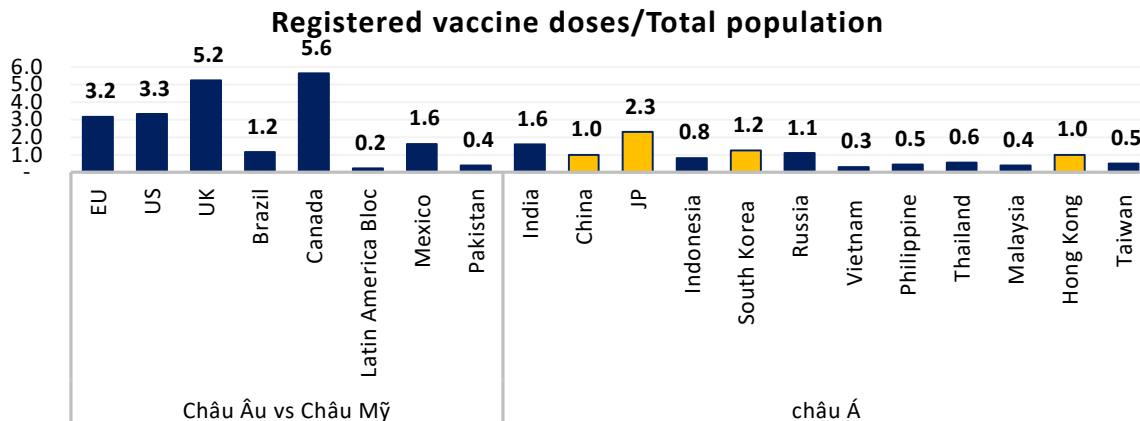
Kind of vaccines are being tested in Phase III in the world

Type	Origin	Manufacturer	Phase	Time
AZD1222	US	Oxford University, AstraZenaca	Pha III (30,000)	5/2020-8/2021
Unknown*	China	Sinopharm	Pha III (45,000)	7/2020-7/2021
AdS-nCoV*	China		Pha III (40,000)	3/2020-12/2020
CoronaVac	China	Sinovac, Instituto Butantan	Pha III (10,490)	7/2020-10/2021
BNT162 a1,b1,b2,c2*	Germany	BioNTech	Pha III (30,000)	4/2020-5/2021
mRNA-1273	US	Moderna	Pha III (30,000)	6/2020-10/2022
Gam-COVID-Vac (Sputnik V)	Russia	Gamaleva Research Institut	Pha III (40,000)	8/2020-5/2021
Ad26.COV2.5	US	Johnson & Johnson và Jassen	Pha III (60,000)	7/2020-2023

Source: BSC Research

The BSC believes that in 2021, although social distancing does not occur on a large scale, the uneven distribution of vaccines may lead to a divergence in consumer demand recovery, because the herd immunity rate needed to be at 60-70% of the population. According to the data, the countries that account for the main proportion of exports such as the EU, the US, and China are expected to be the countries that are likely to reach the rate of herd immunity at the earliest, thereby supporting the

export industry such as **Textile, Fisheries industry** recovered soon.



Source: BSC Research

International routes are expected to reopen from the beginning of 2022, thanks to BSC's expectation that vaccination rates will reach 30% - 70% in Q4/2021 and Q1/2022, respectively. This will be a big boost to the recovery of the **Aviation** industry, which has been heavily affected by the 2020 epidemic. **Restaurants - Hotels, F&Bs and Real Estate** are also expected to indirectly benefit. In addition, difficulties in survey movement during production shift and FDI investment will be partly removed.

Secondly, the domestic consumer market in 2021 will see many positive changes in the new normal period: BSC believes that there will be 3 main drivers creating strong growth for the industry: (i) **Changing consumption behavior after the COVID-19 epidemic:** consumer behavior tend to increase spending on non-essential products after satisfying essential needs; (ii) **M&A trends in retail and consumer industries:** Large enterprises will acquire small businesses to increase market share in the industry such as Doji acquiring Diamond World in May 2020, MSN takeing over Vincommerce and NET, VNM acquiring GTN; (iii) **The trend of premiumization:** Businesses will focus on high-quality products to meet the high demand of consumers, typically: MSN continues to focus on premiumizing essential product lines, PNJ restores retail jewelry in 2021.

Finally, for export products (aquaculture and textiles), the impact of the Agreements will continue to remain positive in 2021. This is also the first effective year of the UKFTA (replacing the for the separate EV - FTA agreement with the UK) and is the second effective year the EVFTA. For seafood products, shrimp will keep enjoying the tax rate of 0% while the tax on pangasius will decrease (from 6% to 3%). For Textile products, the rule of origin "From fabric onwards" still be a challenge in the short term for Vietnamese textile products to enjoy tax incentives. However, BSC believes that the trend of shifting to search for raw materials (i) in the country and (ii) in Korea (where Vietnam has signed a pooling agreement) will take place strongly next year to meet the rule of law origin of the Agreement.

Technology – Telecommunication Sector [Outperform]

Analyst: Nguyễn Cẩm Tú

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- Telecommunication companies keep being the beneficiary from social distancing.
- Technology enterprises are expected to gain more favorable from (i) public investment package, (ii) digital transformation in Vietnam. However, the complicated epidemic situation can cause some bidding packages to be delayed.
- We remain the **OUTPERFORM** rating for Technology – Telecommunication sector in 3Q2021.

Telecommunications businesses (especially those providing fixed telecommunications products and services) continue to benefit from social distancing measures leading to the increase in demand for telecommunications services. Total sector revenue reached VND66.290 billion (+5.2% YoY), of which, terrestrial fixed telecommunications services reached VND19.270 billion (+14.8% YoY), terrestrial mobile telecommunications services reached VND46.330 billion (+ 0.6% YoY). The unpredictable epidemic movement in the first 6 months of the year is the main reason for the high growth rate of fixed telecommunications services when the number of users of this service jumps (the number of fixed broadband subscribers reaches 18.18 million – up 14.65% YoY).

BSC maintains the view that IT businesses will benefit from (i) technology investment package in public investment package and (ii) The government's digital transformation promotion to "Make in Vietnam" products.

Boosting public investment will promote bidding activities of businesses with advantages in Smart Traffic, Automatic Toll Collection, etc. The IT package for 11 routes will have a total value of VND 4,000 billion – focusing on services such as Intelligent Traffic, Executive Monitoring, Automatic Toll Collection. However, the complicated epidemic situation in the second quarter may slow down the bidding speed of projects. **Notable listed companies are: ITD, ELC.**

The strong demand for digital transformation in Vietnam is an opportunity for domestic technology products. The Ministry of Information and Communications has launched a series of digital transformation products: blockchain, payment gateway, programming platform for communication, etc. Not only that, large enterprises (banks, insurance, retail, etc.) ... all need to digitize business processes and procedures. BSC believes that this will increase government spending and investment in technology, helping businesses (FPT, CMG) benefit from the increased number of projects.

INVESTMENT OUTLOOK – OUTPERFORM

We maintain our OPERATE rating on IT - Telecommunications stocks. For IT stocks, we expect that in 3Q2021, FPT will register positive results thanks to a good increase in the value of new contracts (+ 41% in Q2) and the telecommunications industry benefiting from social isolation. For Viettel stocks, BSC expects Viettel Post's restructuring will have a positive impact from the end of 2021. However, the epidemic situation will have a negative impact on Viettel Post's transportation activities in 3Q2021. Meanwhile, CTR continues to show that the company will benefit from a boom in renewable energy (wind

power) construction projects. In the medium and long term, the company is pursuing the goal of the No.1 telecommunications infrastructure owner (BTS station) in Vietnam.

Ticker	2Q2021 Rev	%YoY	NPAT-MI	%YoY
FPT	8,642	+24%	1,000	+14%
CMG*	37	+14%	30	+17%
VTP	5,292	+22%	139**	+8%
CTR	1,795	+37%	81	+71%

Unit: VND billion

Source: Their financial statement

*: Separate financial statement

** : PBT

Ticker	2021 Rev	%YoY	2021 NPAT	%YoY	EPS 2021	P/E fw	P/B fw	Price at 27/7/2021	Target Price
FPT	36,140	+21%	5,322	+20%	5,049	18.4	1.7	93,200	97,000
VTP	20,048	+16%	439	+14%	4,546	19.4	4.5	88,400	95,500
ELC	1,101	+37%	48	+41%	888	16.5	0.8	14,700	20,000

Banking Sector [Outperform]

Analyst: Vương Chí Tâm

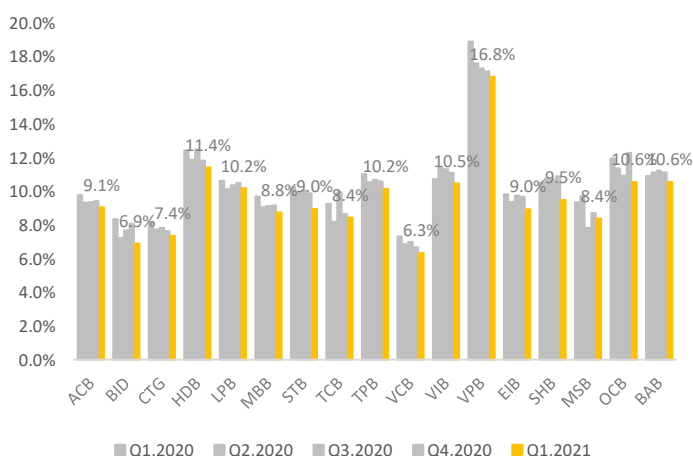
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- 1H2021 Credit growth rebounded positively at the level of **5.1% YTD** and is expected to reach **14.0%** in 2021 owing to many catalysts.
- Asset quality was controlled well, thus per our view, **bad debt will be limited at 1.8%** in 2021.
- BSC believes total credit cost of banks in our coverage list **will increase 0.06%** and **10% of their loan balance becomes bad debt** in baseline scenario.
- CAR of listed banks stayed high – average level of 10.3% thanks to shifting to credit management by the risk level of each loan.
- BSC recommend a **OUTPERFORM** rating on banking sector in 2021.

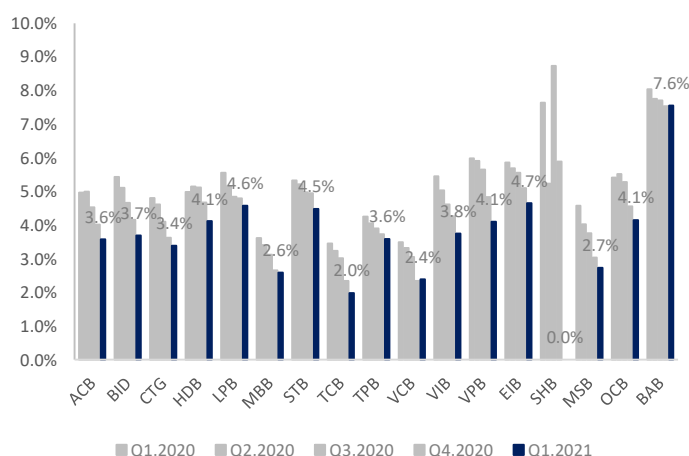
1H2021 Credit growth rebounded positively at the level of 5.1% YTD (same period in 2020: 3.6%). Many banks have been granted additional credit room in 2Q 2021 and can continue to expand their scale thanks to the high credit demand after the epidemic. BSC forecasts that the credit growth of the whole industry in 2021 will reach 14.0% due to (1) the recovery in credit demand from the economy, (2) the return of personal and SME lending growth, (3) optimizing capital structure in 2021, increasing the proportion of CASA to help reduce capital costs. However, we also note the risk of a reduction in credit demand due to the epidemic in Q3.2021, which will make credit growth in Q3 not too high.

The average lending interest rate declined mainly due to (1) the general interest rate level was remained at the same level as in 4Q2020, (2) many restructuring loans have expired and are likely to continue to be paid interest expense, (3) concentrating on lending large company with a low interest rate. Meanwhile, the average deposit interest rate of the whole industry was remained low by optimizing capital structure. As a result, NIM of the whole industry improved strongly by +10.7 bps over the same period.

Hình 1: Average lending rate on enterprises in 1Q2021

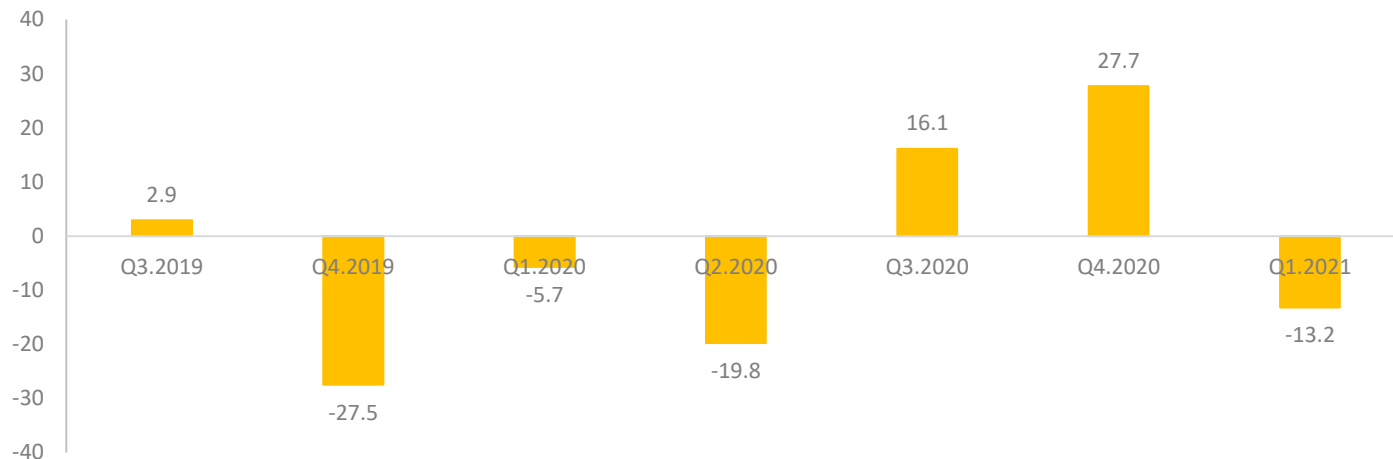


Hình 2: Average deposit rate of enterprises in 1Q2021



Source: Listed banks' financial statement, SBV, BSC Research

Hình 3: Change in sector's NIM



Note: Based on average lending rate and deposit rate of the bank in our coverage list

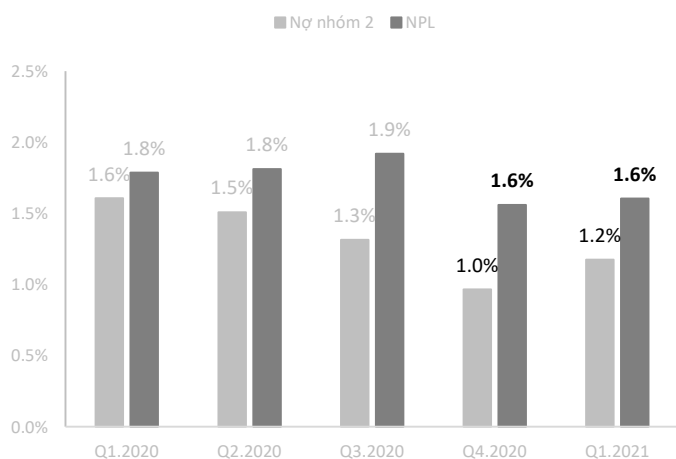
Source: Banks, BSC Research

Interest rate to be cut in order to support the economy. In 2H.2021, under the direction of SBV, banks will cut interest rates from 0.5% - 1.5% to support loans until the end of 2021, thereby affecting the NIM of enterprises. Many banks are expected to reduce from 500 to 2000 billion VND NII to support businesses.

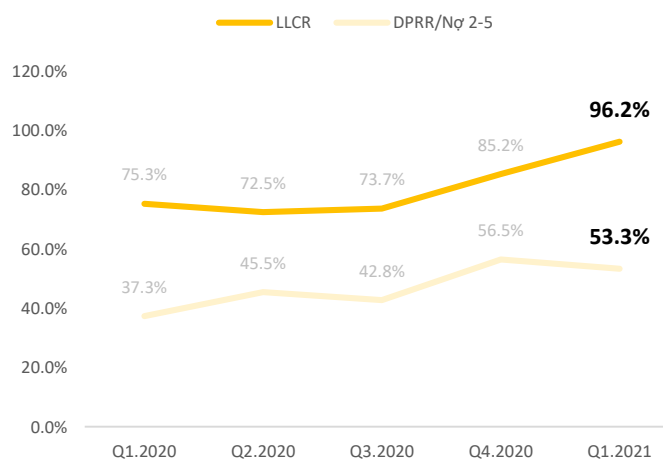
Asset quality to be improved.

(1) NPL ratio and LLCR were at a high level and gradually better. Sector NPLs declined to 1.6% compared to high level in 2Q and 3Q2020. Banks continue to boost provisioning and pushed NPL, LLCR.

Hình 9: Banking sector's asset quality



Hình 10: LLCR to be improved



Nguồn: BCTC các NH niêm yết, SBV, BSC Research

(2) Restructuring debt dropped and estimates of banks' provisioning rates are low. As our latest report, in 1Q2021, restructuring debt plummeted. Many banks estimate the provisioning rate of 3%-5% of total 4Q2020 loan balance. This shows that restructuring debt is not a problem in the near future.

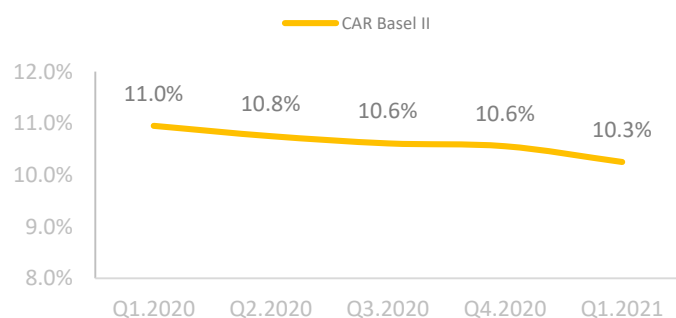
Bảng 1: Restructuring Debt of the banks

	Nợ tái cơ cấu				% tổng dư nợ			
	Q2.2020	Q3.2020	Q4.2020	Q1.2021	Q2.2020	Q3.2020	Q4.2020	Q1.2021
ACB	9,000	9,200	9,024	8,516	3.2%	3.1%	2.9%	2.6%
BID	4,000	36,000	28,000	18,000	0.4%	3.1%	2.3%	1.5%
CTG	8,400	8,400	6,500	4,500	0.9%	0.9%	0.6%	0.4%
HDB	5,000	7,900	6,100	1,270	3.1%	4.8%	3.4%	0.7%
LPB	3,000	3,000	4,500	4,000	2.0%	1.9%	2.5%	2.2%
MBB	7,000	5,100	2,700	2,000	2.7%	1.9%	0.9%	0.6%
STB	7,000	1,000	800	500	2.3%	0.3%	0.2%	0.1%
TCB	500	7,100	7,900	6,700	0.2%	3.1%	2.8%	2.3%
TPB	1,700	8,000	8,416	1,742	1.7%	7.3%	7.0%	1.4%
VCB	11,000	10,400	5,100	3,900	1.4%	1.3%	0.6%	0.4%
VIB	600	800	400	235	0.4%	0.5%	0.2%	0.1%
VPB	20,000	27,000	28,000	23,500	7.4%	9.7%	9.6%	7.8%
SHB	5,844	6,000	5,400	5,000	2.0%	2.1%	1.8%	1.6%
MSB	4,200	4,200	1,500	473	6.0%	5.7%	1.9%	0.5%
Tổng cộng	87,244	134,100	114,340	80,335	1.7%	2.6%	2.0%	1.4%

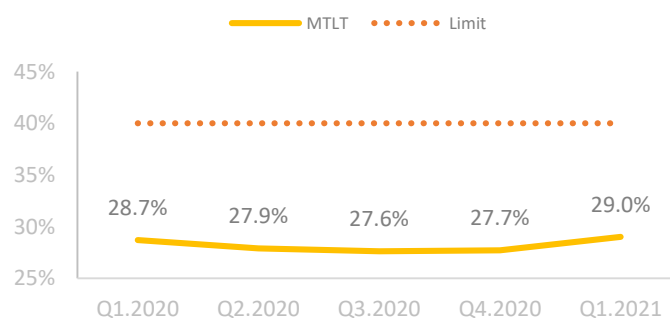
Nguồn: Các NH niêm yết, BSC Research

CAR was kept at high level. CAR Basel II was kept high level and MTLT was lower than the proposed level of SBV.

Hình 11: CAR Basel II ratio of some listed banks



Hình 12: Short-term capital for medium to long-term loans ratio



Source: Banks' financial statement, SBV, BSC Research

INVESTMENT OUTLOOK - OUTPERFORM

BSC recommends OUTPERFORM for the banking sector in 2021 with the view that (1)) high profit growth thanks to the recovery of the economy , (2) good control of asset quality after the epidemic.

Oil & Gas Sector – Fertilizer Sector [Outperform]

Analysts:

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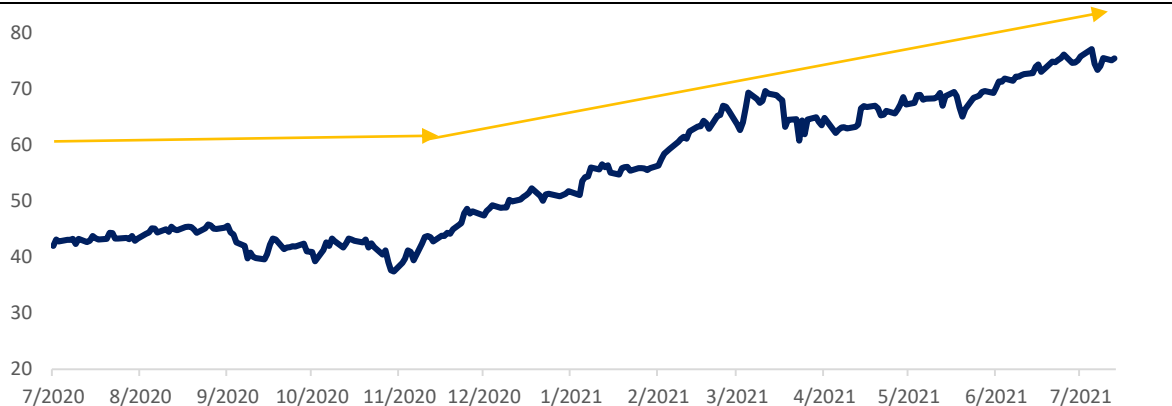
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- Oil price has rebounded strongly since early 2021 and surpassed 70 USD/barrel since June 2021.
- OPEC+ decided to extend the supply management and raise output by 400.000 barrel/day until the end of 2022 to control oil price at the end of the year
- Vietnam's crude oil production has decreased by 10% year in the period 2015-current, domestic gas field projects are still behind schedule, which leading to the soaring import volume
- BSC maintains **NEUTRAL** rating for oil & gas sector in 2021 assuming that global oil price at average level of 68 USD/barrel and recommends BUY GAS, PLX, PVS - upstream and downstream companies – benefiting from oil price recovery.
- BSC maintains **OUTPERFORM** view for fertilizer sector in 2021 based on (1) robust fertilizer demand will lead higher ASP (2) Law on VAT was amended and supplemented

Brent oil price has recovered strongly since early 2021 and surpassed 70 USD/barrel thanks to recovery demand and tight supply. For 5 consecutive months from June 2020, oil price has a sideways trend about 40-45 USD/barrel. But Brent oil price has jumped continuously since Nov 2020, surpassing the resistance level of 70 USD/barrel, establishing a new upward momentum thanks to improved demand and tight supply.

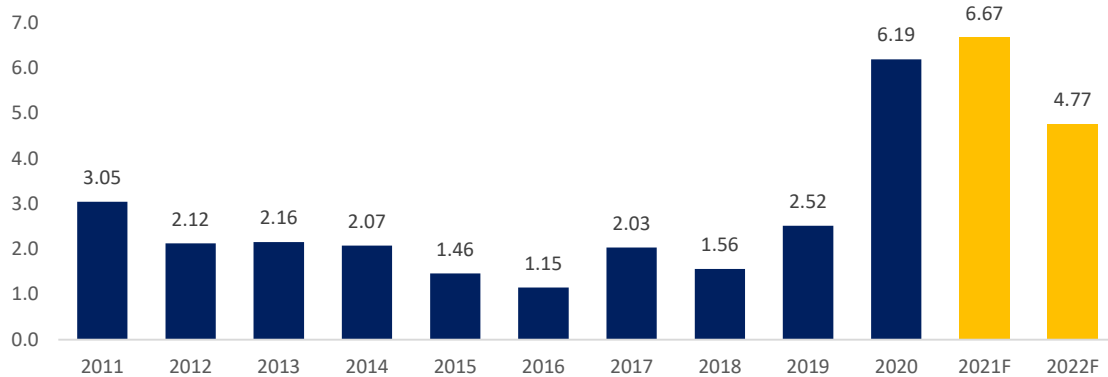
Brent oil price has rebounded strongly in 2021



Source: Bloomberg, BSC Research

Recently, in Jul 2021, **OPEC+ decided to raise output by 400.000 barrel/day** until the end of 2021 and set a goal to restore full current cuts of 5.8 million bpd by September 2022. **BSC assesses this action will help stabilize the world oil supply, and contribute to stabilizing oil prices**, when oil demand recovers along with post-pandemic business activities.

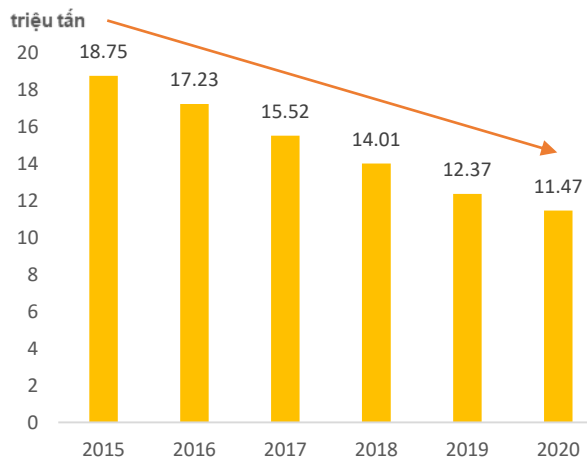
OPEC will raise output until the end of 2021



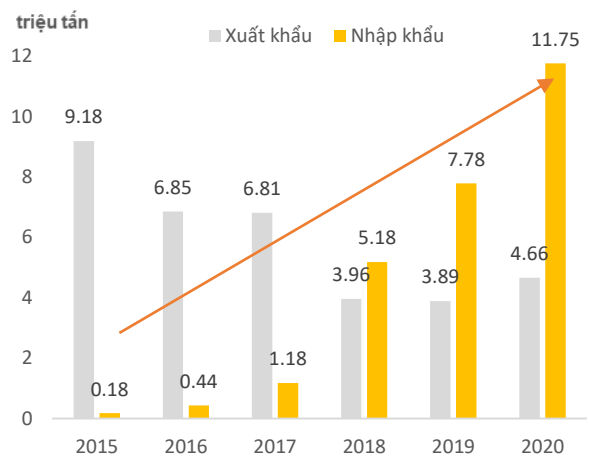
Source: EIA, BSC Research

In term of domestic oil and gas industry, in 6M2021, crude oil production decreased by 7.3% yoy and natural gas decreased by 12.5% yoy. The output of exploited crude oil has continuously decreased since 2015 up to now due to (1) the decline in the output of long-standing oil fields, and (2) the prospecting, exploitation and field development activities are facing many difficulties and problems. This leads to oil and gas enterprises gradually becoming more dependent on imported crude oil.

Crude oil production volume decreases roughly 10%/year



Crude oil import volume rises 156%/year



Source: MoIT, BSC Research

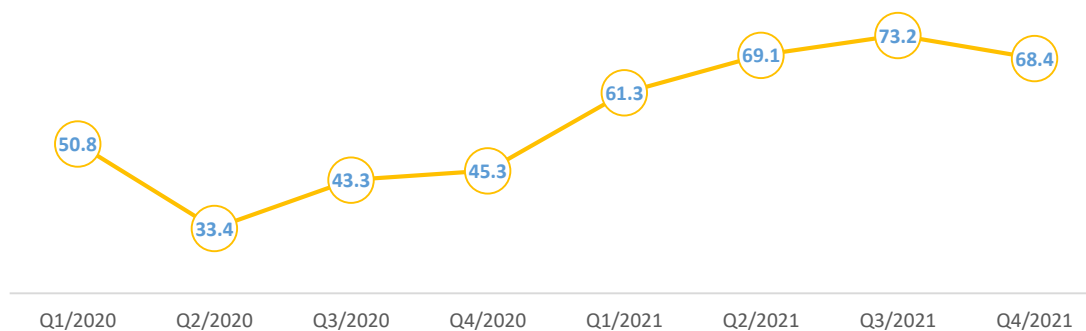
Developing gas fields update

Project	Forecasted volume	Life cycle	Total investment	Starting time	Progress
Sao Vang Dai Nguyet (Block 05-1)	16bn m3 (1,5bn m3/year)	20 years		SV-CPP: Nov 2020 DN-WHP: 3Q2022	- Completed Sao Vang-CPP (SV-CPP) central processing rig, receiving the first gas flow from Nov 2021 - Dai Nguyet WHP rig project (DN-WHP) achieved 65.54% progress.
Su Tu Trang phase 2 (Block 15-1)	24bn m3 (1.5bn m3/year)	15 – 20 years	USD2bn	4Q2023	- Approved the mine development outline plan (OPD) in December 2019. - Expected to be approved Feasibility Study Report (FS) in Q1/2021
Block B - O Mon	176bn m3 (5 – 7bn m3/year)	20 years	USD8.1bn	Sep 2024 (prior to Mar 2021)	- The related parties are finalizing the negotiation of the project's commercial agreements. - The project is waiting for final investment decision (FID) approval.
Ca Voi Xanh (Block 118)	150bn m3	25 years	USD10bn	Jun 2024	- The project is waiting for approval of the field development report (FDP) and project implementation plan (EPC) after having the investment decision (FID). - PVN and Exxon Mobil are negotiating a gas sale agreement.

Source: BSC Research

With the expectation of a prosperous economy and tight supply, **BSC is optimistic to raise the average oil price to USD 68/barrel to serve as the basic scenario for the 2021 forecast.** However, we also expect oil price movement in 2021 will have strong fluctuations because the oil and gas market is still in a sensitive and vulnerable period as well as depends on many factors such as (1) Speed of production and distribution of Covid vaccines; (2) The recovery of the world economy and production and business activities, and (3) the next action of OPEC.

Oil price forecast in early 2021



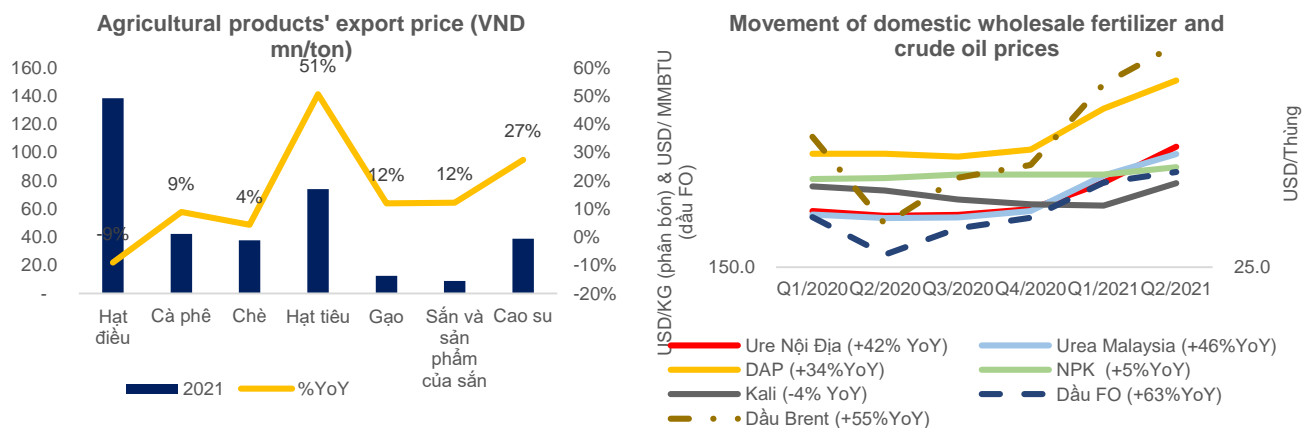
Source: Bloomberg, BSC Research

Fertilizer Sector

1H2021 result- Fertilizer price jumped compared to last year:

(1) The domestic demand for fertilizer was stable (+1.6%YoY) and export was high (+43%YoY) because (1.1) summer-autumn crop area increased by 6% YoY and the average price of agricultural products increased by 20 % YoY (1.2) The world demand for fertilizer was positive thanks to favorable conditions, but the world import supply was interrupted and transportation costs increased due to the epidemic. (2) Input prices increased following the recovery of oil prices (+59% YoY) and Ammonia gas prices (+89%YoY).

However, in Q1/2021, the increase in **domestic selling price (+24%YoY)** is still lower than the world price (+34%YoY), so domestic prices have room to increase in Q2/2021. Specifically, the wholesale price of Urea fertilizer increased by 44% YoY and the price of DAP fertilizer increased by more than 34% YoY, mainly to offset the increase in input raw material prices.



Source: GSO, Agromoto, Bloomberg

3Q2021 result are expected to continue to be positive thanks to an increase in planted area (+5.6%YoY), positive expected domestic prices of agricultural products compared to the same period last year, and low fertilizer inventories due to demand on storing food in the pandemic period. However, we note that it is difficult for businesses to improve their profit margin as well as in the same period of Q2/2021 due to the price of raw materials. (1) The domestic prices is close to the import prices and, (2) Social distancing due to Covid-19 caused disruption of goods delivery and difficulties in farming and complicated fluctuations in raw material prices.

Fertilizer demand in 2021 is supported by: (a) Positive outlook for the domestic market, Vietnam's agricultural exports in 2021 are positive thanks to the need to ensure grocery security during the

epidemic and headroom for exporting to countries having trade agreements with Vietnam; and (b) The La Nina in 2021 is expected to create favorable weather conditions for increased crop yields and production.

Factors need to be watched: The amendment of VAT law, which is expected to be passed by the National Assembly in 2022, has a positive impact on fertilizer businesses such as DPM, DCM.

INVESTMENT OUTLOOK - OUTPERFORM

BSC maintain our **OUTPERFORM** rating for oil & gas sector in 2021 because:

- The expectation for economic recovery and world oil price improved to an average of 68 USD/barrel (+60% yoy).
- The shortage of oil and gas in the country promotes the demand for investment in projects of exploration, production, and development of new fields.
- Domestic gasoline consumption is expected to increase by 6-8% over the same period in 2020.

Exception for the group of upstream enterprises that still face difficulties in exploitation activities, **the middle and downstream companies** will have a more positive outlook with gas and petroleum distribution activities. Therefore, we recommend BUY rating on **GAS, PLX** owing to the expectation that (1) Global oil price maintains a high level and (2) energy and raw material demand are improved.

On the other hand, we maintain OUTPERFORM rating for fertilizer sector in 2021 based on (1) strong demand creates higher selling price compared to the same period, (2) The amendment of VAT law to be passed in 2021.

Ticker	2021F Rev (VND bn)	% yoy	2021F NPAT (VND bn)	% yoy	2021F EPS (VND/share)	P/E fw	P/B fw	Price at 21/07/2021	Target Price	Upside
GAS	74,217	16%	8,994	13%	4,605	18.9	3.1	89,500	102,400	14%
PLX	163,573	32%	2,884	130%	1,648	30.3	2.8	51,000	58,000	14%
PVD	4,678	-11%	40	-78%	61	287	0.9	18,300	18,000	-2%
PVS	17,108	-14%	741	1%	1,550	14.6	0.8	25,000	27,000	8%
PLC	6,507	16%	230	55%	2,849	9.5	1.6	27,000	27,500	15%
BSR	97,468	68%	6,785	N/A	2,145	8.8	1.6	18,900	18,000	11%
PVT	7,981	8%	906	9%	2,123	8.2	0.8	18,600	19,400	4%
DCM	9,335	23%	888	34%	1,366	13	1.5	18,900	21,100	12%
DPM	9,858	27%	1,152	66%	2,588	8.89	1.2	23,000	25,940	13%

Source: BSC Research

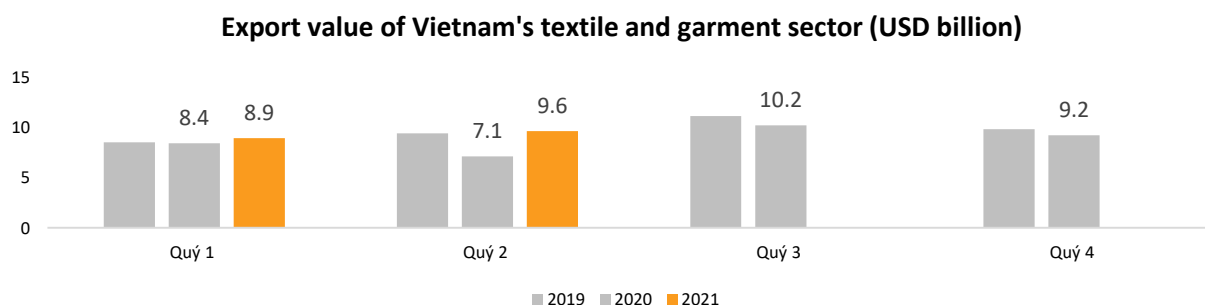
Textile Sector [Outperform]

Analyst: Nguyễn Cẩm Tú

Email: tuntc@bsc.com.vn

- In 6M2021, Vietnam's entire textile and garment industry recorded export value of USD18.47 billion, rising 19% YoY.
- Textile companies registered positive 2Q2021 results due to (i) low base in 2020 (ii) robust traditional order value up to now.
- We maintain an **OUTPERFORM** rating on textile sector in 3Q2021.

Strong export value growth in 1H2021. Total textile and garment industry turnover is estimated at USD18.47 billion (+19% YoY). While apparel only grew by 11% yoy (the export value of 13.7 billion USD), fiber and fabric items recorded a sudden increase of 64% YoY and 31% YoY respectively. This is due to (i) global high demand for textile and garment materials (ii) The production supply has not been able to meet because of the epidemic.



Nguồn: Vitas

With strong recovery of sector, textile companies registered impressive growth in export value

Export value of some enterprises in 5M2021

Company	Export Value (USD thousand)	%YoY
Gain Lucky Ltd.	204,708	+15%
May Tinh Lợi Ltd.	189,988	-8%
Worldon Ltd.	163,968	+7%
Viet Tien Garment Corp. (VGG)	175,568	-5%
Hanesbrands Hue Ltd.	101,684	+64%
TNG Investment and Trading JSC	87,882	+34%
Song Hong Garment JSC (MSH)	80,663	-4%

Garment 10 Corp.

52,314

-18%

Nguồn: Vitas

Business results in 2Q2021 of textile enterprises recorded a strong recovery (except for TCM due to its high base) thanks to (i) Last year's low business level (ii) strong recovery of orders in export markets. Notably, although the soaring raw material prices (global cotton prices jumped by 41% YoY and 17% YTD), gross profit margins of textile and garment enterprises still improved. At the same time, textile enterprises are not affected by high delivery costs. BSC believes that because (i) textile and garment orders are mainly delivered on FOB method basis (ii) customers are large firms that are able to pay the gap in freight charges, helping Textile enterprises to reduce effect on high transportation charges.

Ticker	2Q2021 Rev	%YoY	NPAT-MI	%YoY
TNG	1,459	+37%	61	+91%
GIL	1,258	+39%	115	+90%
TCM	978	+3%	58	-27%
STK	510	+102%	70	+240%

Source: The company's financial statement

3Q2021 Outlook: export value is expected to be positive going forward, however, social distancing in 16 southern provinces/cities is the main risk.

BSC expects the export performance of textile and garment enterprises to continue to be positive in the third quarter thanks to (i) Positive order value signed at the beginning of the year and new signings when the demand for procurement in the export market increased (ii) The low base in 2020 supports the growth rate. Most businesses have orders until the end of the year (some businesses signed by 1Q2022), so the risk of missing orders in the last two quarters of 2021 is very low.

Social distancing in the southern provinces in Q2 and extending to Q3 is the main risk and may negatively affect manufacturing activities of the textile enterprises because (i) labor productivity decreases when must carry out distance (dividing work shifts, minimizing the number of employees, ...) (ii) increasing costs for businesses (costs of 3 on-site operations, quarantine costs, ...). Therefore, businesses will have difficulty in delivering signed orders on time and are afraid to sign new orders when the epidemic is still complicated. According to BSC research, the Textile and Garment Group (VGT) currently has 80% of the labor force in the South working at the factory, 20% of the workforce cannot come to the company. Currently, STK also has 70% of employees working and living at the factory, while the remaining work from home.

INVESTMENT OUTLOOK - OUTPERFORM

BSC recommends OUTPERFORM for the textile sector in 3Q2021 with the view that (i) strong traditional signed order in early 2021, (ii) low base in 2020. However, beside of soaring material prices, social isolation risk in the southern provinces will affect the manufacturing activities.

Ticker	2021F Rev	%YoY	2021F NPAT	%YoY	EPS 2021	P/E fw	P/B fw	Price at 27/7/2021	Target price
MSH	4,669	+22%	460	+98%	9,197	6.9	1.9	64,300	76,000
TNG	4,838	+8%	198	+30%	3,034	6.9	1.1	21,200	27,700

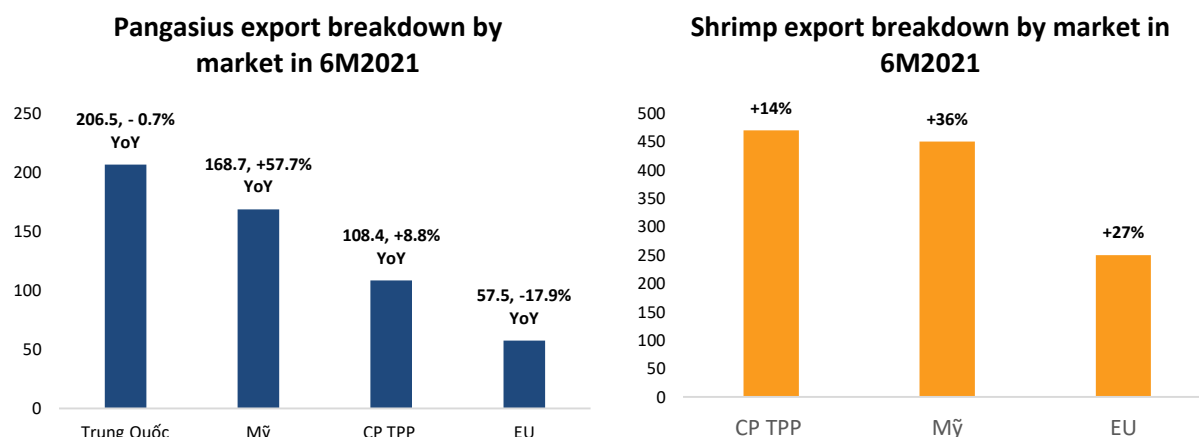
Fishery Sector [Outperform]

Analyst: Nguyễn Cẩm Tú

Email: tuntc@bsc.com.vn

- Seafood export value rebounded positively in 1H2021 with total amount of USD4.1bn (+14% YoY).
- 2Q2021 result showed the pace of recovery was equivalent to the industry
- BSC sees high freight fee and material price will have a bad effect on recovery speed of fishery company
- BSC maintains the OUTPERFORM rating for fishery sector in 3Q2021.

Seafood export value rebounded in 1H2021. Total export value of the sector is estimated at USD4.1 billion (14% YoY). In which, shrimp export achieved USD1.7 billion (13% YoY) and pangasius export value was USD781 million (17% YoY). Positive growth thanks to (i) low base in 2020 and (ii) gradual recovery in demand at consumption markets.



Source: Vasep

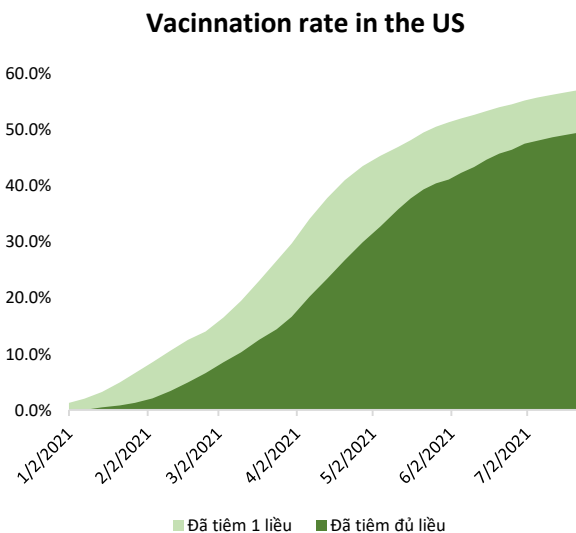
The business results in the second quarter showed that the recovery rate of enterprises was similar to the industry thanks to (i) the positive growth of the industry (ii) low base in 2020 (except for MPC). However, the profit growth rate was lower than the revenue growth rate due to higher freight rates: CMX (+80% YoY), VHC (+405% YoY), ANV (+328% YoY).

Ticker	2Q2021 Rev	%YoY	NPAT-MI	%YoY
MPC			265*	+33%
FMC	1,161	+33%	76	+46%
CMX	718	+68%	17	-7%
VHC	2,342	+41%	260	+16%
ANV	1,074	+21%	23	-28%

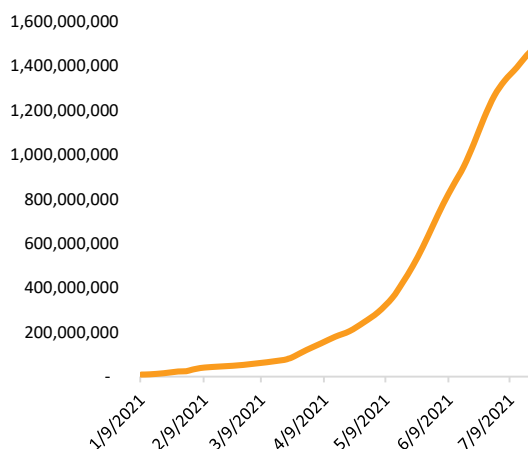
Source: The companies' financial statement

High freight fee and material price will effect the recovery rate while export value keep positive trend.

BSC expects the export activities of seafood enterprises to maintain a recovery momentum in the third quarter thanks to (i) Countries accelerate vaccination program help people (along with the demand for seafood consumption) return to normal (ii) The low base in 2020 supports the growth rate.



Number of vaccine doses supplied to China

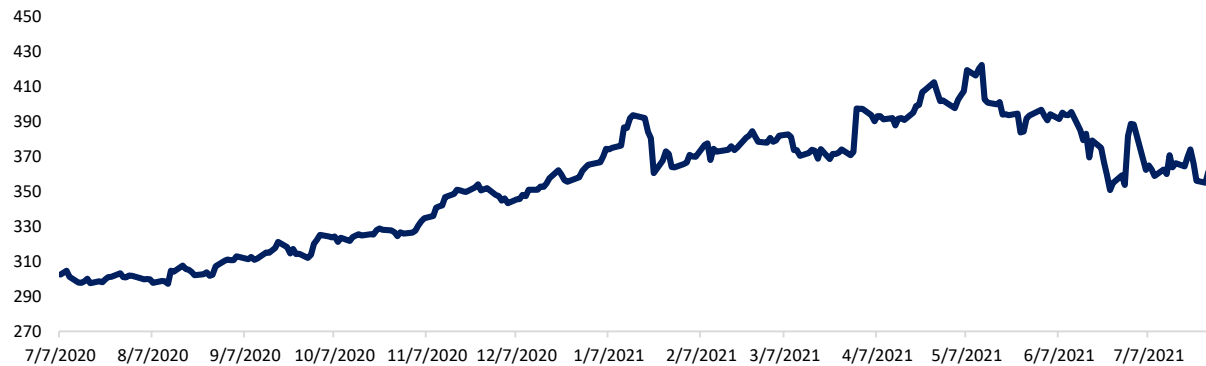


Source: Our World in Data

Social distancing in the southern provinces in 2Q2021 and extending to Q3 is the main risk and may negatively affect business activities of Fisheries Enterprises because (i) labor productivity decreases when must carry out distance (dividing work shifts, minimizing the number of employees, ...) (ii) increasing costs for businesses (costs of 3 on-site operations, quarantine costs, ...).

Freight fee and material costs at high prices are expected to continue to be negatively impacted in 3Q2021. BSC believes that seafood businesses keep facing the risks (i) freight fee remains high (ii) prices of animal feeds have decreased but still grew by 20% over the same period last year. This will negatively affect input costs as feed costs account for about 60% - 70% of aquaculture costs.

Giá đầu nành thế giới



Nguồn: Bloomberg

INVESTMENT OUTLOOK - OUTPERFORM

We upgrade the OUTPERFORM rating for fishery sector in 3Q2021. We expect seafood export value to continue to recover thanks to (i) a recovery in seafood consumption when life gradually returns to normal as governments boost vaccination rates for people. (ii) Low base in 2020. However, the social distancing in the southern provinces along with rising input costs (animal feed costs, transportation costs) keep having the negative impact on the business operations of the enterprise.

Ticker	2021F Rev	%YoY	2021F NPAT	%YoY	2021F EPS	P/E fw	P/B fw	Price at 27/7/2021	Target price
VHC	8,972	+27%	840	+22%	4,574	8.9	1.3	40,850	51,000
ANV	4,184	+22%	258	+28%	1,954	14.3	1.3	27,850	32,800
MPC	16,536	+16%	787	+17%	3,880	9.4	8.9	36,600	40,000

Insurance Sector [NEUTRAL]

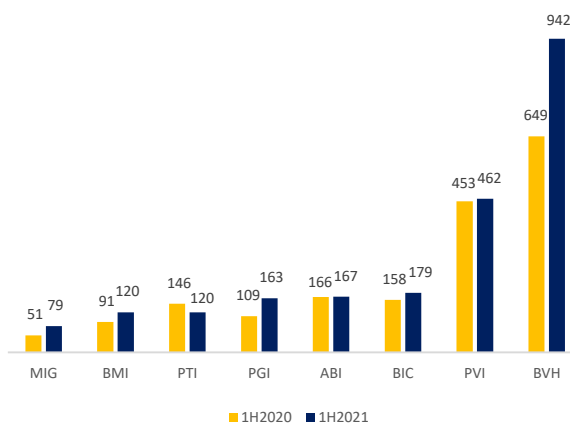
Analyst: Dương Quang Minh

Email: Minhhdq@bsc.com.vn

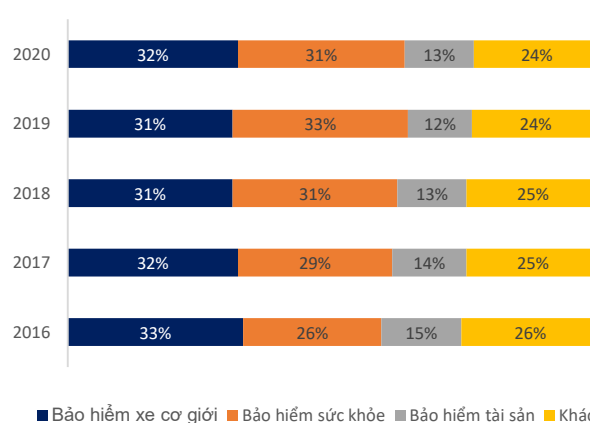
- 6M2021 results of insurance companies was relatively positive thanks to low compensation rate.
- Market share of top 5 companies continues to decline due to competitive pressure.
- BSC maintain a NEUTRAL rating for the insurance industry in 2021 due to (1) intense competition effects net fee and profit from insurance activities, (2) decline in consumers' income by Covid-19 impact, (3) the prospect of divestment in 2021.

6M2021 results of insurance companies was relatively positive thanks to low compensation rate. Most insurance companies such as PVI, BMI, ABI or MIG registered positive profit growth in 1H2021 compared to the same period. Restricted people's movement as social distancing measures has indirectly reduced the risk of traffic accidents, thereby reducing compensation rate for motor vehicle insurance and accident insurance (accounting for 1/3 structure of insurance products).

Hình 1: Profit of the insurance companies inched up compared to the same period (VND billion)



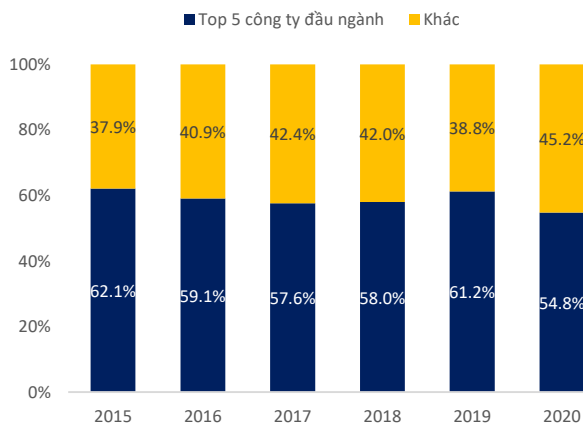
Hình 2: Life and vehicle motor insurance accounts for a large proportion in the product structure



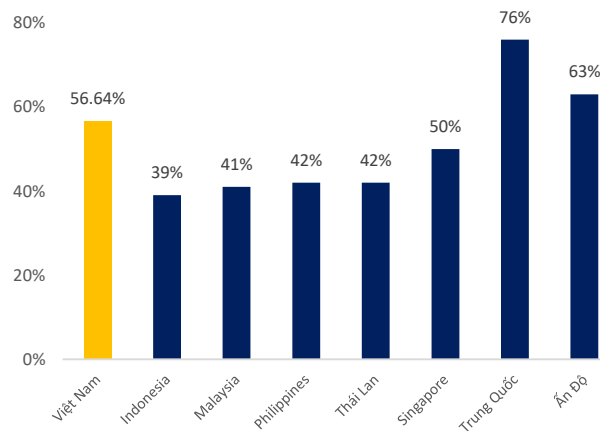
Source: The companies' financial statement, BSC Research

Top 5 largest companies' market share declined in the first six month of the year. The market share on fee revenue of the top 5 (including PVI, BVH, BMI, PTI and Pjico) dropped due to competitive pressure from small and mid-size rivals and new entrants. Per our view, the total market share of leading enterprises may continue **to fall below 50% in the near future**, similar to other markets in Asia.

Hình 3: Market share of top 5 largest company



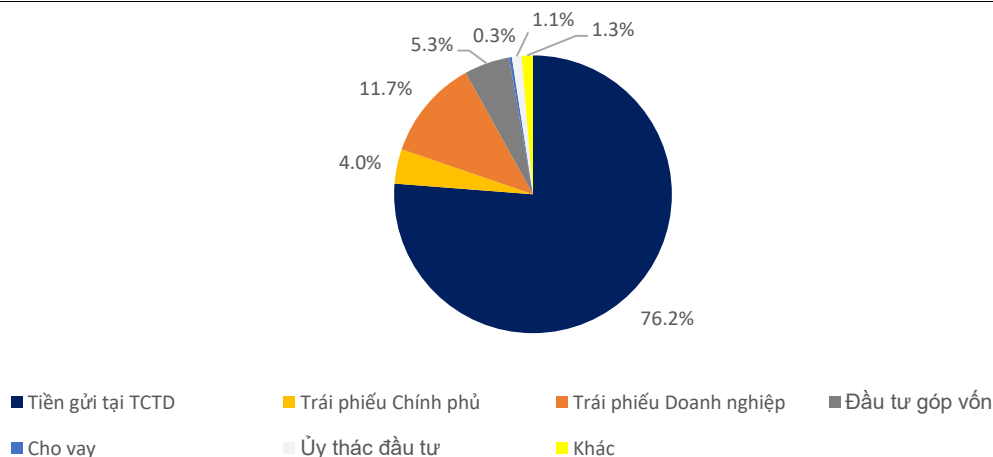
Hình 4: Market share of top 5 largest non-life insurance companies in the region



Source: Niên giám Bảo hiểm, BSC Research

Financial profits of insurers in 2021 will be affected by low interest rates. The majority of the investment portfolio of insurance companies are bank deposits and government bonds, to meet liquidity and compensation needs. According to BSC's forecast, the average interest rate in 2021 **will be about 80-100 basis points lower than 2020**. Therefore, the financial profit of enterprises in the industry in 2021 will suffer a lot because deposits rate in 2020 will lower than previous years

Hình 5: Financial profit mainly comes from bank deposits and government bonds at financial institutions



Source: Niên giám Bảo hiểm, BSC Research

INVESTMENT OUTLOOK - NEUTRAL

We recommend a NEUTRAL rating for non-life insurance sector because (1) the economic recovery helps to increase insurance premiums, (2) high competitive pressure causes businesses to be affected in terms of net fees and profit from insurance activities, (3) reducing deposit rates affects financial profits, (4) divestment will continue to be accelerated in 2021.

Nevertheless, BSC assesses that **the insurance industry in Vietnam still has a lot of growth potential in the long-term** due to: (1) Vietnam's insurance penetration rate is low compared to other countries in the region (0.88% compared to the average 3-4% in the region); and (2) A rapidly growing middle class (currently 13% of the population) with increased awareness of insurance also boosts demand for health insurance.

Rubber & Tires Sector [Neutral]

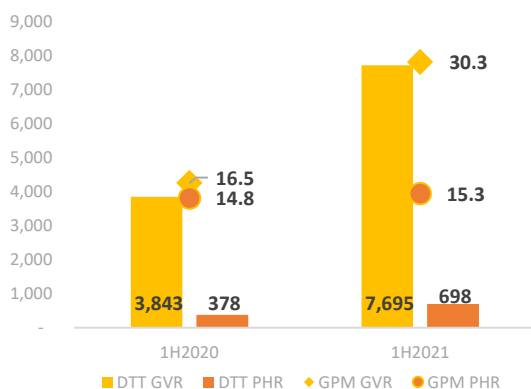
Analyst: Lê Hữu Ngọc

Email: ngochl@bsc.com.vn

- **Business activities of the rubber industry keep being favored in 2H2021** thanks to demand recovery in the context of supply shortage in the short-term.
- **The tire industry is expected to grow in 2H2021** thanks to (1) high demand due to economic recovery and (2) tax advantages compared to competitors.
- BSC maintains the **NEUTRAL** rating for rubber & tires industry.

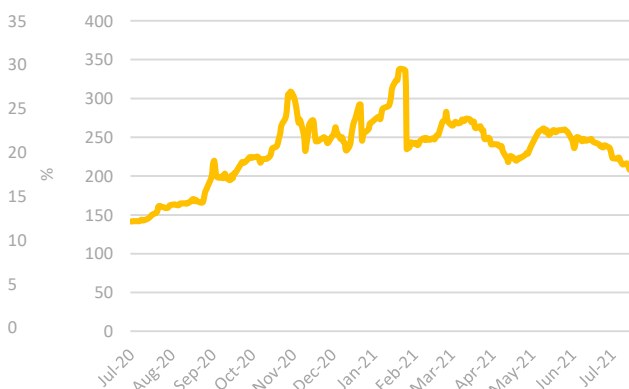
Rubber businesses saw positive growth in 1H2021 with net sales of rubber segment edging up at double digits thanks to (1) The recovery of post-pandemic economies boosted rubber consumption demand and (2) Rubber supply continued to be affected by weather, epidemics and logistics disruptions, from which rubber prices remained high, average 1H2021 price reached 255 JPY/Kg (+71% YoY). BSC believes that rubber prices will remain at the current high level in 2H2021 because (1) Consumption demand will continue to increase when major economies recover and reopen thanks to the community immune vaccination campaign is being promoted and (2) Supply is difficult to meet the requirement because of weather factors, thereby creating favorable conditions for rubber business activities of enterprises.

Hình 1: Impressive result of rubber companies in 1H2021 (VND billion)



Nguồn: GVR, PHR, BSC Research

Hình 2: Rubber price is in a downtrend but still at high level in 1H2021 (JPY/kg)



Nguồn: Bloomberg, BSC Research

Tire businesses are expected to achieve good growth in 1H2021 with net revenue jumping from 13%-33% YoY thanks to high demand for tire products as economies recover from the pandemic, boosting the transportation activities by road. BSC believes **that tire businesses will have a good prospect in 2H2021** because (1) The demand for tires and tubes will increase when the active freight movement back to serve the recovery of consumer demand of the economy and (2) the large export market of Vietnamese tire companies continues to maintain anti-dumping duties on products imported from countries such as Thailand, Korea, Taiwan, and China.

Table: Anti-dumping tax rate in Brazil

Origin	Company	Tax rate (USD/kg)
Hàn Quốc	Kumho, Hankook...	0.32 – 1.49
Nhật Bản	Sumitomo...	0.21 – 1.59
Nga	OAO...	0.72 – 1.10
Thái Lan	Zhongce...	0.53 – 0.55
Trung Quốc	Shandong, Sailun...	1.05 – 2.59

Nguồn: CAMEX, BSC Research

INVESTMENT OUTLOOK

BSC recommends a **NEUTRAL** rating for rubber sector because high selling price will favor the result of rubber companies, however, this only happens in the short-term and the oversupply situation persists in the long-term.

BSC maintains a **OUTPERFORM** rating for tire sector because beside of short-term catalyst from economic recovery, the companies have a large headroom for the long-term from radialization trend and expansion of capacity. BSC recommends the BUY rating for DRC.

Ticker	2021F Rev (VND bn)	% YoY	2021F NPAT (VND bn)	% YoY	2021F EPS (VND/share)	P/E fw	P/B fw	Price at 27/07/2021	Target price
DRC	3,926	7.7%	371	44.6%	2,799	10.2	1.8	28,500	32,800

Nguồn: BSC Research dự báo

Electricity Sector [Neutral]

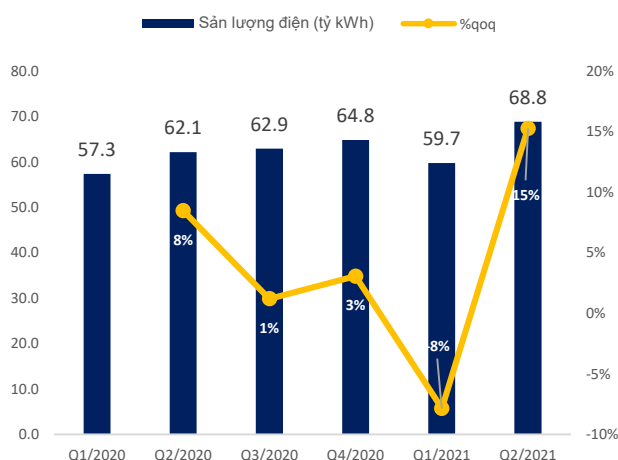
Analyst: Phạm Nguyễn Long

Email: longpn@bsc.com.vn

- Commercial electricity output in 2021 is forecasted to grow 9.0% YoY.
- La Nina will be positive news for hydropower plants but be a negative for coal & gas power plant enterprises.
- Renewable energy to be prioritized to mobilize by EVN because it encourages to develop renewable energy.
- We suggest a **NEUTRAL** rating for electricity sector.

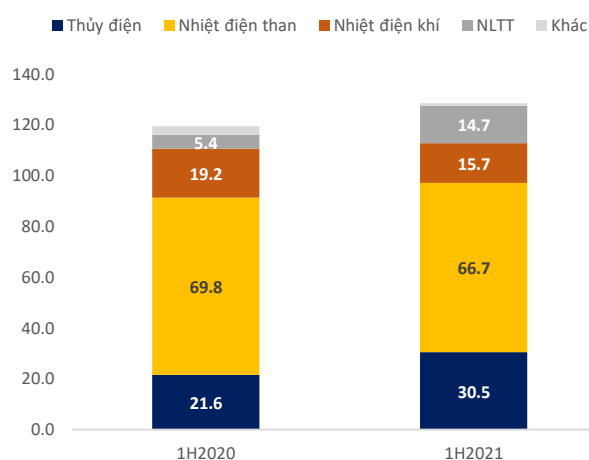
Whole sector output in 1H2021 rose +7.4% yoy. Accumulated to June 2021, total electricity output produced and imported reached 128.5 billion kWh (+7.4% yoy). In terms of output structure, coal-fired thermal power and hydroelectricity accounted for the largest proportion with 51.9% and 23.7% of output, respectively.

Sản lượng điện toàn hệ thống theo quý (tỷ kWh)



Nguồn: EVN, BSC Research

Thủy điện & NLTT được tăng cường huy động so với 6 tháng đầu năm 2020 (tỷ kWh)



Nguồn: EVN, BSC Research

Positive output growth of hydropower and renewable energy is because of favorable hydrology and the increased renewable energy capacity in 2020. Accumulated to June 2021, hydropower and RE output will reach 30.5 billion kWh (+41% yoy) and 7.8 billion kWh (+172% yoy), respectively. The above two segments have a sudden growth due to (1) more favorable hydrological situation in 1H2021 vs 2020 and (2) the total solar capacity of the whole system is estimated at 17,000 MW in early 2021, helping this segment be prioritized to mobilize to release capacity. BSC believes that the prospects of these two power segments in 2H2021 will continue to be positive due to:

- **The continuing La Nina cycle in 2021 will support the operation of hydropower plants.** According to the July update of Columbia University, the La Nina phenomenon will keep effecting until April 2022.

BSC believes that rainfall in the whole region will remain high, thereby helping the output of the hydropower segment to continue to grow steadily in the second half of 2021.

- Besides the amount of solar capacity already put into operation, the wind power segment will have a large amount of capacity coming online from the end of Q3 this year. As of July 22nd, 61 wind power projects (with a total capacity of about 3.1 GW) have sent an official letter of registration for energizing to EVN to be able to operate commercially prior to October 31, 2021 (the deadline that FIT price was fixed at US 8.5 cents/kWh). BSC believes that EVN will increase mobilization from the renewable energy segment, especially from wind power plants that are eligible for commercial operation to release wind power capacity.

The output of thermal power segment is not as expected due to the intense competition of hydropower and renewable energy. Accumulated to June 2021, coal and gas thermal power output will reach 66.7 billion kWh (-4.4% yoy) and 15.7 billion kWh (-18.2% yoy) respectively. Gas price from Sao Vang – Dai Nguyet field is more than 7.0 USD/MMBTU, about 20% higher than traditional fields, making gas thermal power segment less competitive than other power segments. In addition, EVN also prioritizes mobilizing hydropower and renewable energy over thermal power sources. BSC believes that this will continue to be maintained in 2H2021, especially when the amount of wind power capacity starts operating, making the prospect of these two power segments in 2H2021 become less positive.

INVESTMENT OUTLOOK – NEUTRAL

We maintain our NEUTRAL rating for electricity sector in 2021 because:

- Large hydropower companies (with seasonal reservoir) benefit from favorable hydrological situation in the near future, BSC has a positive view on REE and PC1, mainly driven by holding significant number of share in many hydropower plants.
- Renewable energy companies: in 2021, BSC has a positive view for the players that have the plants coming into stable operating as REE or the players that have wind power plants coming online in 2021 as PC1.
- Coal-fired power companies: Besides the favorable hydrological situation, coal-fired power enterprises encountered negative factors such as PPC (2 plants of Pha Lai 2 had prolonged problems) or HND (selling price reduction under PPA contracts from 2021). Therefore, BSC holds a less positive view on coal-fired power stocks for 2021.
- Gas thermal power companies: The purchase price of gas from Sao Vang - Dai Nguyet field is higher than that of other fields, making the electricity price of gas thermal power enterprises less competitive, especially in the CGM market. Therefore, BSC holds a negative view on NT2 and POW stocks in 2021.
- Electrical construction companies: BSC maintain a positive view based on construction demand with large backlog for businesses like PC1.

Ticker	2021F Rev (VND bn)	%YoY	2021F NPAT (VND bn)	%YoY	2021F EPS (VND/share)	P/E fw	P/B fw	Price at 27/07/2021	Target price	Upside
PPC	4,196	-47%	423	-58%	1,296	18.1	1.2	22,650	22,500	-0.7%
HND	8,410	-23%	305	-79%	610	27.7	1.2	17,300	16,100	-6.9%
PC1	7,964	19%	590	8%	2,567	10.7	1.1	26,250	32,800	25.0%
REE	6,591	17%	2,087	22%	6,418	8.6	1.4	51,700	65,000	25.7%
NT2	6,050	-1%	289	-54%	1,003	22.6	1.1	18,400	20,400	10.9%
POW	29,018	-2%	3,085	16%	1,170	9.2	0.9	10,800	13,000	20.4%
PGV	38,500	-5%	2,602	32%	2,391	7.8	1.1	18,600	19,800	6.5%
VSH	1,466	330%	266	41%	1,125	18.2	1.2	20,900	23,800	13.9%

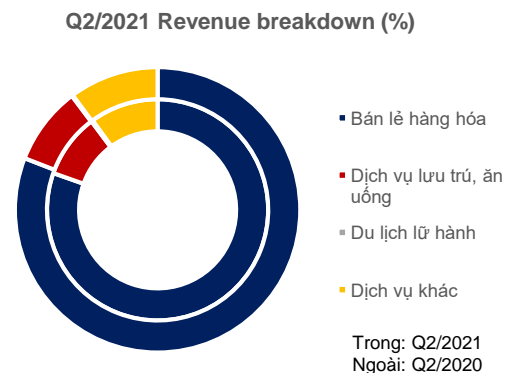
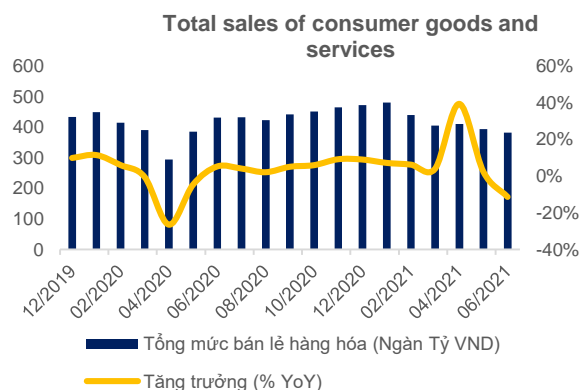
Consumer & Retail Sector [Neutral]

Analyst: Phạm Thị Minh Châu

Email: Chauptm@bsc.com.vn

- The recovery trend was broken by the 4th wave of coronavirus in June 2021.
- Social distancing measures have opposite effects on consumer and retail sector in 3Q2021.
- The shift towards modern channel retailing will be accelerated in 2022.
- BSC downgrades from the OUTPERFORM to NEUTRAL rating for consumer & retail sector.

The recovery trend was broken due to the strong outbreak of the 4th wave of the Covid-19 epidemic in June 2021. Total sales of consumer goods and services in 6M2021 reached VND2,476 trillion (+4% YoY) thanks to the recovery in demand from the end of 2020. According to 2Q2021 data of the General Statistics Office, the retail sector increased by 2.6% YoY (accounting for 80.9% of total sales), however, the increase was 5.3% lower than the same period in Q1/2021 due to the impact of the COVID-19 epidemic from the end of May 2021. The remaining industry group declined -0.04% compared to the low base in 2020, accounting for 19% including accommodation and food, travel and other due to not being able to recover after 4 outbreaks of COVID-19 on a large scale.



Source: GSO.

Update on the 6M2021 result of retail companies

	6M2021 Rev	%YoY	6M2021 GP	%YoY	GPM 6T/2021	GPM 6T/2020	NPAT 6T/2021	%YoY
MWG	62,487	12%	14,169	19%	23%	21%	2,552	26%
VNM	28,906	-3%	12,609	-8%	44%	46%	5,459	-7%
PNJ	11,637	50%	2,160	42%	19%	20%	736	67%
PET	7,635	42%	419	35%	5%	6%	115	92%
DGW	9,224	89%	624	102%	7%	6%	223	140%
MSN	41,196	16%	9,161	17%	22%	22%	1,396	962%
SAB	13,088	9%	3,975	12%	30%	30%	2,057	6%
DBC	5,070	10%	1,099	-15%	22%	28%	580	-23%

Source: Fiin pro

Social distancing measures have opposite effects on consumer and retail sector in 3Q2021. The outbreak of the disease in May 2021 and Directive 16 applied to 19 southern provinces and cities, especially in Ho Chi Minh City, caused (1) the need to store food increased, due to movement restrictions (2) Prohibiting forms of gathering: closing non-essential industries and traditional markets (3) Implementing homeschooling and working (4) High unemployment rate and decline in people's average income.

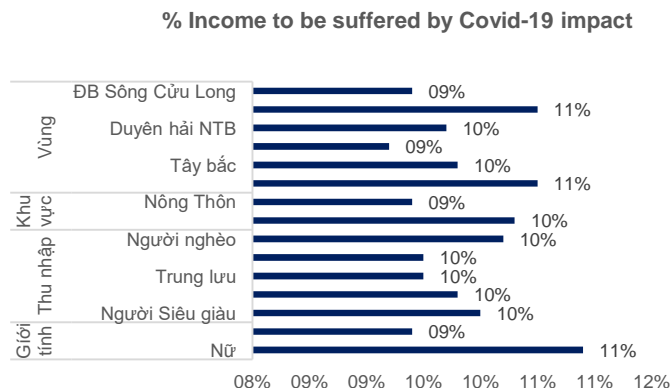
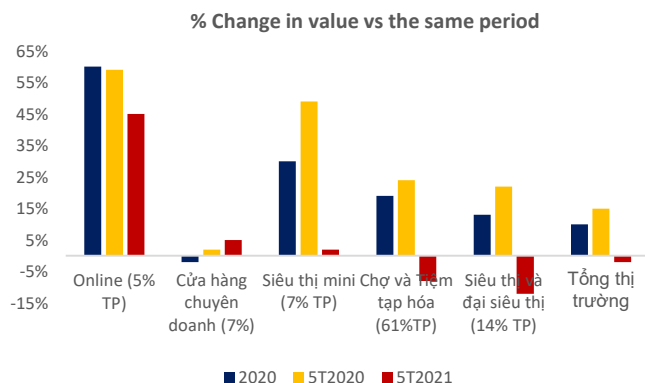
Group	Pre- and post-social distancing	Social distancing	Viewpoint	Notable stock
(1) Necessaries (meat, fish,...)	Neutral	Positive	Maintain the growth rate due to demand on restocking food	MSN (MML, MCH,) DBC, ...
(2) Electronic (smartphone, laptop ...)	Neutral	Neutral	Benefit from demand on online working and studying which 3Q is the back-to-school season . However, high base in 2020 and product features (life cycle of 2-3 years) and delivery difficulties will cause the growth rate too challenging compared to the same period.	DGW,PET, MWG, FRT, ...
(3) Non-necessaries	Positive	Negative	Be troublesome for physical stores which were forced to close and income per capita is suffered by severe Covid-19 impacts.	PNJ, SAB,..

Sales channel

(1) Traditional (GT)	Neutral	Negative
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(2) Modern (MT)	Positive	Positive	MT channel and online channel to be	MWG,	PNJ,
- Online channel	Positive	Positive	prioritized in the social isolation period.	MSN,..	

Source: BSC Research,



Source: ADB, FITCH, Q&Me, Katar

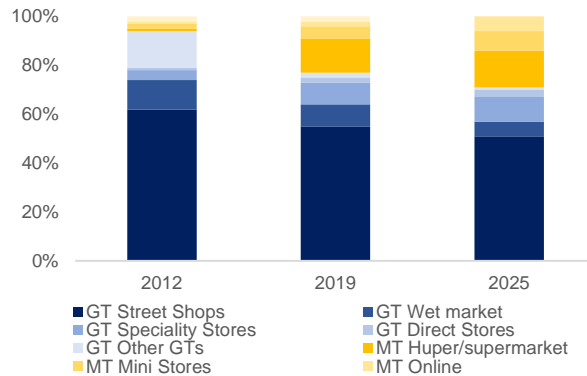
The trend of retail shifts from general trade channel to modern trade channel.

Per Q&ME's statistics, Vietnam's general trade (GT) channel still accounts for over 80% current market including grocery stores, traditional markets... and the remaining 20% are modern trade (MT) channels including supermarkets, mini stores, online... and the trend will shift to 70% GT – 30% MT by 2025.

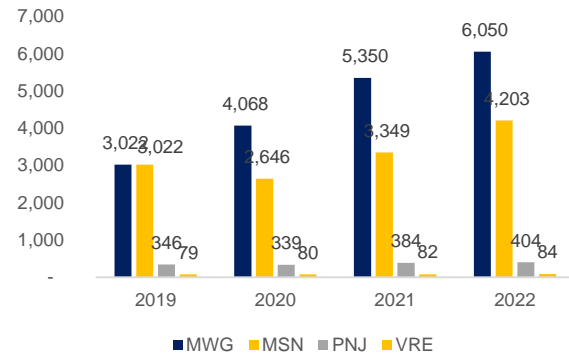
In addition, MT channel is being dominated by large enterprises including MWG (4,059 stores for 3 brands The Gioi Di Dong, Dien May Xanh and Bach Hoa Xanh), MSN (2,524 Vinmart+ stores and 122 Vinmart supermarkets), PNJ (339 retail stores nationwide) and VRE (80 Trade Centers account for 40% market share of shopping malls and open in 43/63 provinces). Large enterprises in the consumer industry all plan to expand their store chains with a new opening rate of 15-20% in 2021.

Therefore, BSC believes (1) Retail companies will recover the growth rate owing to (i) store expansion, (ii) the increase in income and consumer purchasing power, especially "Revenge shopping" push; (2) the change in consumer behaviors focusing on MT channel.

The shift of consumer towards MT channel by 2012-2025 (%)



The growth of store of the large retail businesses in Vietnam 2019-2022



Source: BSC Research, FITCH, Q&Me

INVESTMENT VIEWPOINTS - NEUTRAL

BSC downgrades to **Neutral** rating for consumer & retail sector due to unpredictable situation of the pandemic in 3Q021. We believe there are the opposite effect on groups: (1) Necessaries (meat, fish, vegetable, ...) – **POSITIVE**: MML, MCH, DBC... (2) Electronic and communication devices (Laptop, smartphone, ...) – **NEUTRAL**: DGW, PET, MWG, FRT, ... (3) Non-essential goods (Jewelry, alcoholic drink...) – **NEGATIVE**: PNJ, SAB.

Ticker	2021F Rev	% yoy	2021F NPAT	% yoy	2021F EPS	P/E fw	P/B fw	ROA	ROE	Price at 27/07/2021	Target price	Upside
MWG	121,717	11%	4,877	24%	10,765	11.3*	2.7*	9.5%*	24.8%*	158,000	207,000	34.40%
VNM	61,044	2.4%	10,699	-5%	4,542	18.5	4.24	17%	25%	87,500	96,880	11%
PNJ	19,316	10%	1,175	10%	5,084	17.7	3.4	13%	21%	90,100	94,560	5%
PET	17,542	30%	222	46%	2,278	9.5	1.2	3%	13%	21,500	25,070	17%
DGW	18,341	46%	447	67%	10,356	14.1	4.0	11%	28%	146,000	152,200	4%

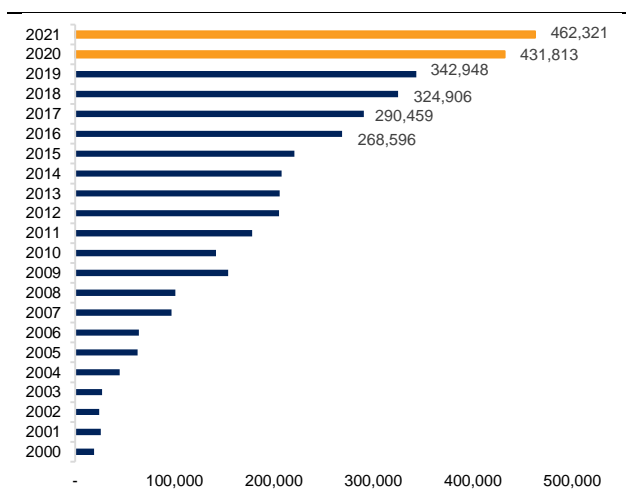
* 2022 Data

II/ Accelerate infrastructure investment – Attract FDI – Free up real estate supply.

Accelerating infrastructure construction will solve the "bottleneck" of transportation costs, creating a solid base for Industrial Park sector – Seaport sector – Transport sector in the long term. The public investment strategy for the period 2021-2025 has a shift to large-scale projects, focusing on inter-regional transport infrastructure and digital transformation such as Long Thanh airport, North-South expressway, coastal roads BSC assesses that the Covid-19 epidemic is a catalyst to accelerate these investment plans to create a development motivation in the long term and support the economic recovery in the short term. BSC forecasts that public investment disbursement in 2021 will continue to be positive at over VND 460 trillion (+7% YoY).

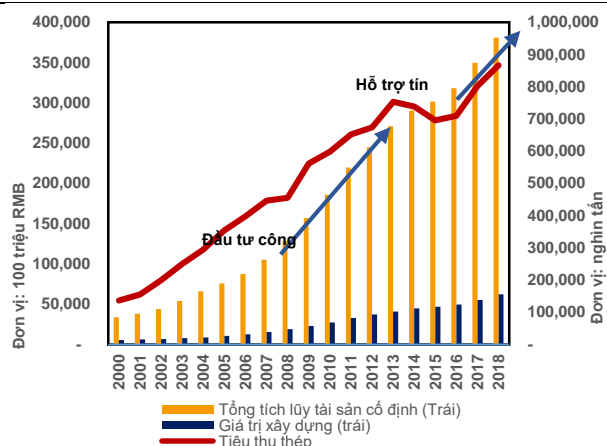
Looking at case study in China in the crisis period 2008-2009, the economic stimulus package of USD586 billion (equivalent to 13% of China's GDP in 2007) focused on the fields of transport (railways, highways, airports, etc.), electricity infrastructure, and social housing, rural infrastructure... this helped the construction activity in China to recover significantly in the following years.

Public investment disbursement in Vietnam (VND bn)



Source: GSO, BSC Research

Public investment was a driver for promoting China's construction after the 2008-2009 crisis



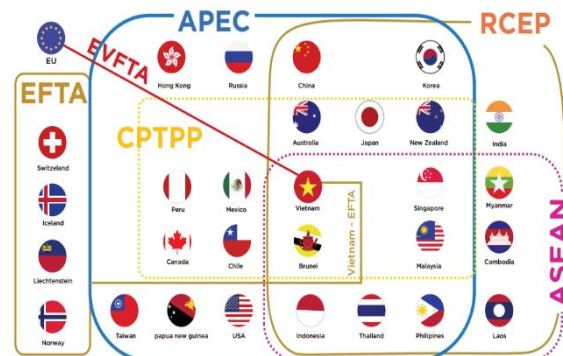
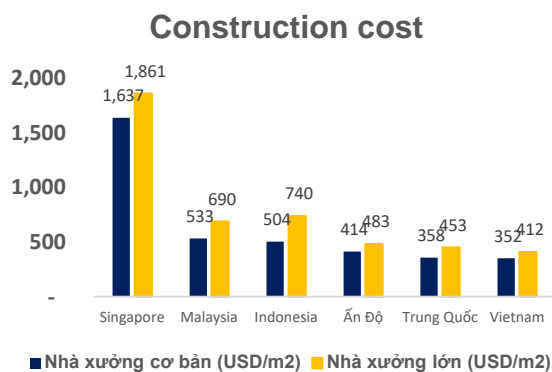
Source: Bloomberg, BSC Research

The seaport industry will benefit indirectly from accelerating the progress of connection projects in 2021, which is expected to gradually improve the competitiveness of the Cai Mep – Thi Vai port area in particular and the southern region in general.

Main projects	Progress
CM-TV inter-port road	<ul style="list-style-type: none"> Phase 1 (road) was finished in 4Q2020 Phase 2 (Phuoc An bridge over the Thi Vai river) is expected to be launched in 2021 and finished in 2025
Bien Hoa – Vung Tau expressway	The project got feasibility approval. It is expected to be launched in 1Q2023, finished in 2025.
Long Thanh – Dau Giay expressway	The project got feasibility approval.
Bến Lức – Long Thành expressway	The project was launched in 2020. This is expected to be finished in 2023 despite facing difficulty capital.
Ring road No.4	The project is expected to come into operating in 2025.

The pandemic seems to be a vaccine shot to accelerate the transition. Vietnam is evaluated as a potential destination with (1) cost is more competitive than the region, (2) information transparency is gradually improved. Besides, tax incentives from FTAs will be a new competitive advantage to attract more FDI enterprises to move to Vietnam.

We can see clearly this trend such as shifting projects in the fields of high technology and electronics: Oppo factory in Bac Ninh, Apple satellites: Pegatron, Luxshare ICT, Foxconn in turn looking for factory in Vietnam.



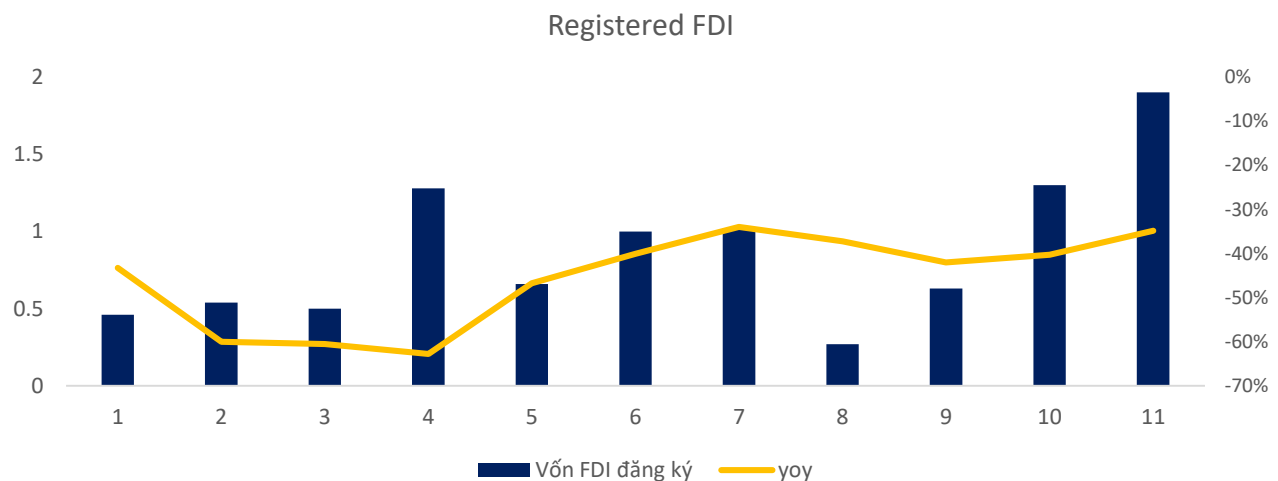
Source: Asia Business Consulting, Turner & Townsend, International Construction Market Survey

Company	Place	Industrial Park	Expected time	Progress
Sharp	Bình Dương	VSIP	2020	Delayed
Luxshare ICT	Bắc Giang	Quang Châu	2Q2020	Delayed
Panasonic	Bình Dương	VSIP II	Oct 2019	Launched
Pegatron Corp	Hải Phòng	Deep C	Mar 2020	Approved
Foxconn	Bắc Ninh	Nam Sơn Hạp Lĩnh	2020	Delayed
Wistron Infocomm	Hà Nam	Đồng Văn III	Sep 2020	Launched
Oppo	Bắc Ninh	Nam Sơn Hạp Lĩnh	Nov 2020	Signed MOU

Source: BSC Research

However, besides the advantages, Vietnam also faces many challenges: management capacity, infrastructure connectivity, investment procedures, high-skilled labor... BSC believes that the trend of shifting investment and supply chains is both an opportunity and a challenge for Vietnam. It is expected that public investment and technology 4.0 to be positive factors to help improve current limitations.

Registered FDI in 11M2020 reached USD13.6 billion (-7.6% YoY). Despite of the negative rate, the uptrend is being improved compared to the first months of this year. Main reason is the Covid-19 impacts causing the stagnation of trade and investment activities.



Source: FIA, BSC Research

Commercial Property Sector [Outperform]

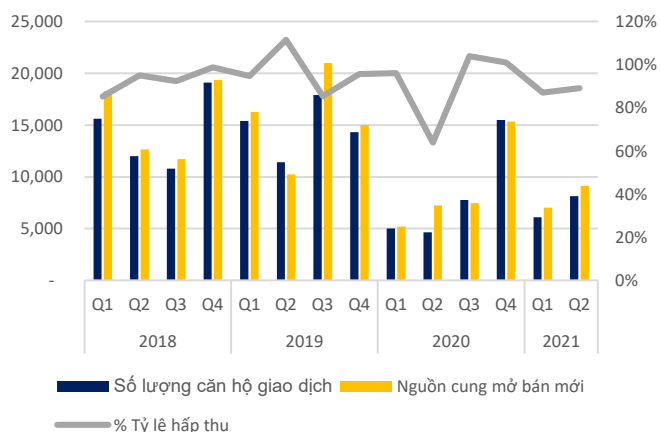
Analyst: Phan Quốc Bửu

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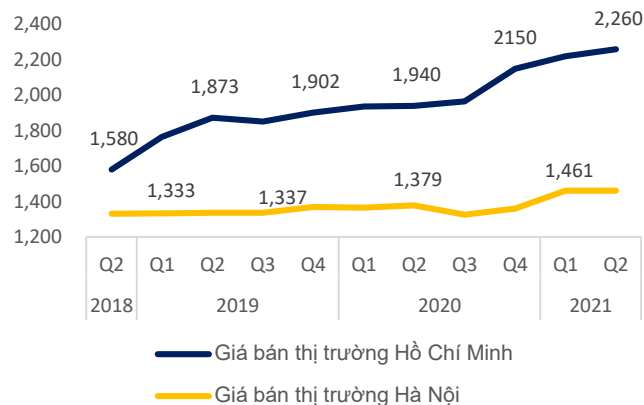
- Real estate market in 1H2021 recorded a positive recovery compared to low base in 2020.
- Real estate market in suburban area has been still attractive.
- Real estate sector is expected to recognize large number of profit in 2H2021
- Covid-19 could affect to sale plan (pre-sales) and project handover in 2021.
- We maintain POSITIVE rating for real estate sector in 2H2021 thanks to (1) catching profit in 3Q-4Q2021, (2) low interest rate and flexible financial package, (3) accelerating sale plan in 2H2021 on online/offline basis.

Real estate market in 1H2021 recorded a positive recovery compared to low base in 1H2020. Moreover, we note that although the number of products has recovered, the supply has not improved significantly less than the average level of about 25,000-30,000 newly launched apartments in 2018-2019 mainly due to two factors (1) Legal procedures are still slow, (2) The 4th wave of Covid-19 and (3) Shortage of large-scale projects such as Vinhomes Grand Park (HCM), Vinhomes Ocean Park (HN), Vinhomes Smart City (HN). Therefore, BSC believes that the supply in both Hanoi and Ho Chi Minh markets will hardly have many breakthroughs in 2H 2021.

Apartment supply gradually recover in post-pandemic period



The shortage of low-end and mid-end products caused the ASP to jump



Source: CBRE, BSC Research

Per CBRE's figure, New supply for both HN and HCM recorded 16,861 products (+75% YoY) and the number of apartment transactions reached 16,155 products (+30% YoY), the absorption rate reached 118%. In which:

- Hanoi market witnessed a slight recovery. The number of new launches recorded 7,900 available-for-sale products (+10% YoY). However, the number of products above mainly came from new subdivisions from previous existing projects, of which the mid-end segment still accounts for 79%

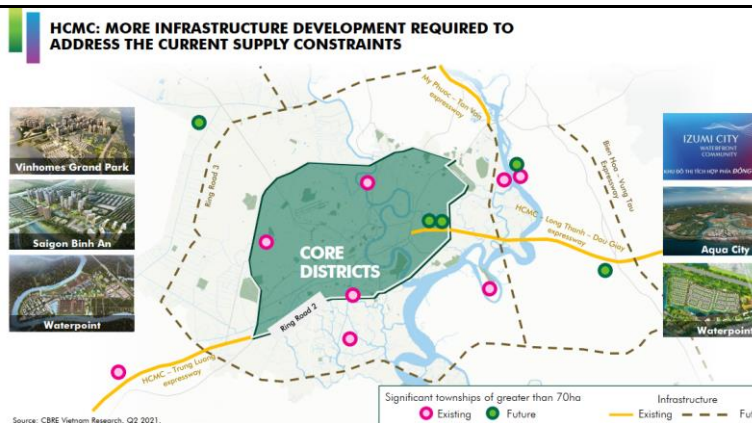
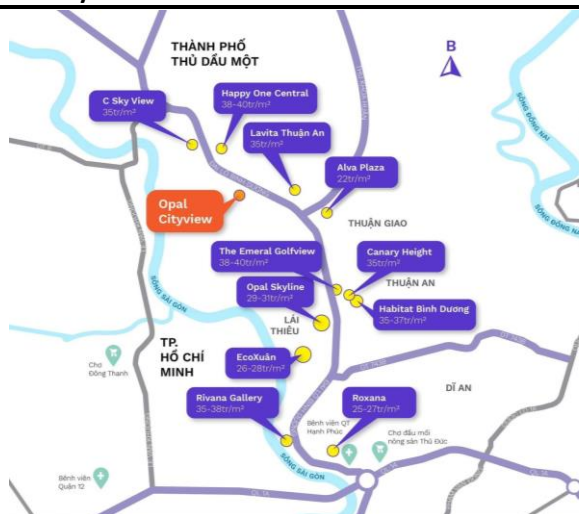
of the total number of products. Average selling price in Q2/2021 recorded an increase of 1.0% QoQ.

- Apartment prices in Ho Chi Minh market continued to maintain an uptrend in the context of limited supply. Although, the number of new available-for-sale products in Q2/2021 recorded a double growth in the previous quarter, but ½ of these products came from previously opened projects such as Akari City. The slow legal progress as well as the negative impact from the fourth wave of Covid-19 will affect the opening and selling plan and new supply of the Ho Chi Minh market in 2H2021.

The real estate market in neighboring provinces/cities still maintains a good attraction. We still maintain a positive view on real estate projects in areas located on the key connecting traffic axis between Ho Chi Minh City and neighboring provinces. In addition to improved connectivity infrastructure, urbanization factors as well as real demand for accommodation are supporting factors for soaring real estate prices. According to surveys from many projects, the average selling price at projects on Binh Duong Boulevard has rose to VND 30-35 million/m², gradually approaching the average price of mid-end real estate projects in Ho Chi Minh City.

Absorption rate in Binh Duong's real estate market still maintains a good level despite the dense density

The shifting trend to neighboring areas with advantage of infrastructure transport connectivity



Source: Ohio, CBRE

Real estate sector is expected to recognize large number of profit in 2H2021. BSC saw the number of projects that will be launched in 2021-2023 period edged up compared to 201-2020 and concentrated on provincial market segments. These projects are expected to be handovered in 3Q-4Q/2021. Some large projects are being transferred such as Vinhomes Grand Park- Ocean Park- Smart City (VHM), Aqua city – Novaworld Phan Thiết (NVL), Boulevard (DXG), Akari City – SouthGate (NLG), The Sóng (AGG).

The Covid-19 epidemic possibly has a negative impact on sales plans (Pre-sales revenue) and project handover in 2021. Ho Chi Minh City and southern provinces have implemented strong distancing

measures such as suspending the construction of non-key construction works. Therefore, the construction and handover progress of some projects expected to be completed in Q4/2021 will be pushed to Q1/2022. In addition, due to the impact of the epidemic from May 2021, sales plans of businesses will also be slower than the expectation, mainly in Q4/2021.

INVESTMENT VIEWPOINTS - OUTPERFORM

We maintain the **OUTPERFORM** rating for real estate sector in 2H2021 thanks to (1) profit-recording period in Q3-Q4/2021, (2) low interest rate and flexible financing package, (3) accelerating sales plans in 2H2021 via online and offline channel. BSC recommend the BUY rating for VHM, NLG, DXG, AGG and WATCHING rating for KDH, NVL.

Ticker	2021F Rev (VND bn)	%YoY	2021F Rev (VND bn)	%YoY	2021F EPS	P/E fw	P/B fw	Price at 27/07/21	Target price
VHM	93,228	30%	33,806	24%	10,093	9.8	2.4	107,800	135,200
NVL	18,838	275%	4,824	24%	4,891	21.9	3.5	104,000	90,000
KDH	4,357	-4%	1,329	15%	2,181	19.8	17.4	39,250	39,200
DXG	8,103	180%	1,358	414%	2,611	8.7	1.5	21,000	30,000
NLG	5,813	157%	1,196	41%	4,191	8.2	1.4	41,500	46,800
AGG	3,818	117%	519	25%	5,974	6.7	1.4	54,100	62,100

Source: BSC Research

Industrial Park Sector [Outperform]

Analyst: Phạm Thị Minh Châu

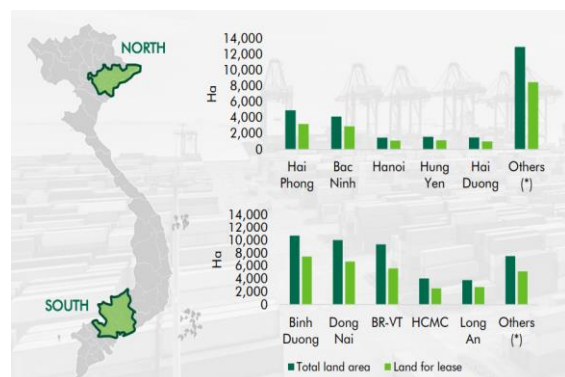
Email: Chauptm@bsc.com.vn

- Large landbank was unlocked in 1H2021 and the shift to tier 2-3 provinces
- Limited supply and robust demand still are key catalysts for high land rent level in 1H2021.
- The pandemic continues to be the largest barrier leading to the stagnation in 2H2021 in the context of high demand.
- Connected transportation infrastructure will solve logistic bottleneck and directly support industrial park sector.
- BSC maintains the OUTPERFORM rating for industrial park sector.

Unlocking landbank in 1H2021 and the shift to tier 2-3 provinces

Accumulated to May 2021, 25 projects/ 38 investment projects in infrastructure construction of new/expanded industrial projects/subdivisions are approved by the Prime Minister, with a scale of 7.34 thousand ha (+9.9% of IP land area in 2020). These projects are mainly located in neighboring cities and provinces of Hanoi and Ho Chi Minh City, such as Bac Giang, Long An, Vung Tau, etc. thanks to the high existing occupancy rate, large land bank and the expectation of improved connection infrastructure. Accordingly, the supply for IP in the medium and long term is ensured, which promoting the profit of the IP developers owning the above projects (SZC, LHG, KBC, etc.)

However, according to MPI, the time lag between the approved projects and available-for-rent projects (3-5 years) has caused the supply shortage and occupancy rate of over 71.8%.



Source: CBRE

Limited supply and high demand still are key driver for rising rental fee to high level in 1H2020.

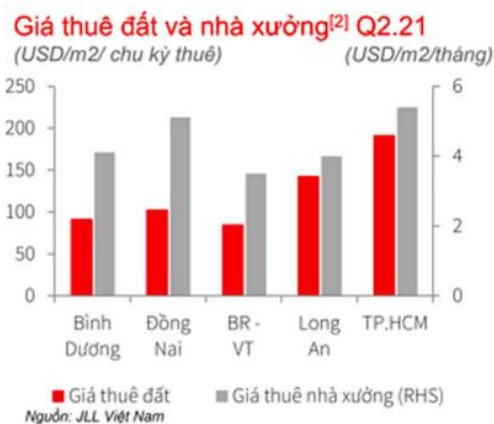
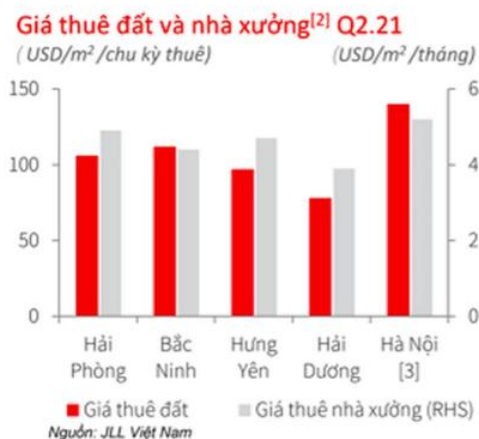
While occupancy rate of 75% in the south and 69% in the north has been maintained, demand on industrial park is expected to increase because:

(1) Stable domestic demand: according to MPI, in 5M/2021, industrial parks and economic zones have attracted about 271 domestic investment projects with newly and additionally registered capital of about VND53.2 trillion (equivalent to 84% of added DDI capital in 6M2020).

(2) Strong registered FDI capital: 291 foreign investment projects with newly and additionally registered capital of about USD 6.02 billion (+10.3% YoY) accounted for 72% of new registered capital and investment in 5M2021. Despite of the unpredictable epidemic situation in 1H/2021, FDI capital into key industrial parks such as Ho Chi Minh City, Binh Duong, Bac Ninh, Long An, ... did not cool down in order to anticipate the trend of logistics + electronic.

Many cooperation deals with major industrial park developers in the region have been carried out: **Regarding M&A activities**, Boustead Projects deal acquired a 49% stake in KTG Bac Ninh Industrial Development JSC in Yen Phong IP (638ha); Joint-venture between ESR Cayman Ltd. (Hong Kong) and BW Industrial Development JSC to develop and own a modern industrial park - My Phuoc 4 IP (Binh Duong), with an area of 240,000 m² of logistics facilities and light industry area. **In terms of new projects**, Logos Property at VSIP Bac Ninh Industrial Park with a scale of 8.1ha is expected to come into operation in Q4/2021 and Logos Vietnam also invests in Long Hau 3 Industrial Park with an area of ~11ha in Q1/2021 ...

Therefore, **the average rental price remains high compared to the same period in 2020**: In the northern region, it reached 107USD/m²/lease cycle (+5.9% yoy) and the rent of ready-built factory also increased by 4.7% yoy. In the south, the average rental price of industrial parks is 113 USD/m²/term (+7.1 % yoy), the rent of ready-built factories also increased by 4.5 USD/m² (+0.5 % yoy), according to JLL.



Source: JLL

The epidemic is still the biggest barrier leading to the stagnation of the transaction progress in 2h/2021 in the context of high demand. We assess that the complicated developments of the epidemic

since the end of May have affected the progress of negotiations and fieldwork of foreign businesses. However, we expect that this difficulty will be gradually removed thanks to (1) invested online platforms such as online virtual fields, webinars and improved website experience (2) positive expectations about the vaccination campaign in Q3/2021.

The connected transport infrastructure will solve the "logistic" bottleneck that directly supports the industrial real estate industry. Currently, the ratio of transport costs in Vietnam to GDP of Vietnam is at 20.9%, nearly twice as high as that of developed countries while the world average level is 14%. Accordingly, some factors make high infrastructure cost, including (1) Poor quality of infrastructure, especially road and rail transportation, and (2) Limited infrastructure connection system, lack of consistence. Meanwhile, the disbursement progress of public investment capital has been still slow and has not achieved high efficiency in 6M/2021 - Total public investment capital is recorded at 133,890 billion VND (+9.5%YoY) - Only 29% of the plan assigned by the government is achieved. Construction materials price has jumped and the impact of the epidemic on the construction progress.

However, we believe these problem will be gradually solved in the mid-term, based on the main criterias of public investment projects in 2021-2025. Specifically:

(1) The government will reduce 51% of the number of projects compared to 2016-2020 period and entirely withdraw the advance capital and complete the transition projects.

(2) The average capital for each project will raise to VND210.4 billion, 2.4 times higher than that the 2016-2020 period to improve quality of the investment projects.

Accordingly, this plan emphasizes: (i) to allocate sufficient investment capital for national key programs and projects and 03 national target programs; (ii) to complete the site clearance of the Long Thanh International Airport project and (iii) to meet the progress requirements to basically complete the Eastern North-South expressway, the ring road No.3, No.4 in the dynamic areas of Hanoi and Ho Chi Minh City connecting the Mekong Delta, the route connecting the Central Highlands with the South Central region, the northern mountainous region, the coastal route, the East-West economic corridor.

INVESTMENT VIEWPOINTS - OUTPERFORM

We maintain the **OUTPERFORM** rating for industrial park sector because (1) limited supply and high demand will create the rocket of rental fee, (2) some developers solved the legal problem and expand their landbank, (3) the effective trade agreements, the trend of shifting factories from China and improved transport infrastructure in the mid-term.

Ticker	2021F Rev	% yoy	2021F NPAT	% yoy	2021F EPS	P/E fw	P/B fw	ROA 2021	ROE 2021	Price at 27/7/2021	Target price	Upside
KBC	3,795	76%	1100	391%	2,654	11	0.7	13%	8%	27000	38,128	41%
LHG	831	29%	282	42%	5,076	9.7	1.8	10%	20%	49,850	55,700	12%
SZC	753	74%	295	59%	2,951	14.6	2.7	6%	20%	39,400	48,000	22%

Steel Sector [Outperform]

Analyst: Phạm Nguyễn Long

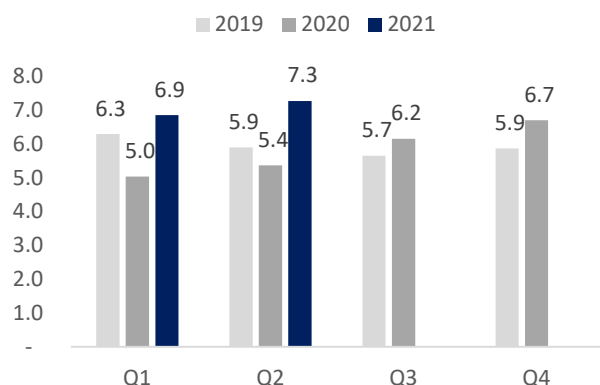
Email: longpn@bsc.com.vn

- In 2Q2021, steel sector recorded total output of 7.3 million tonnes (+123% YoY) concentrating on export markets and flat steel products.
- Soaring steel prices from early 2021 is expected to go forward.
- BSC maintain the OUTPERFORM rating for steel sector in 2021.

Steel industry keeps the strong growth momentum in 2Q2021 with quarterly output equal to 123% YoY.

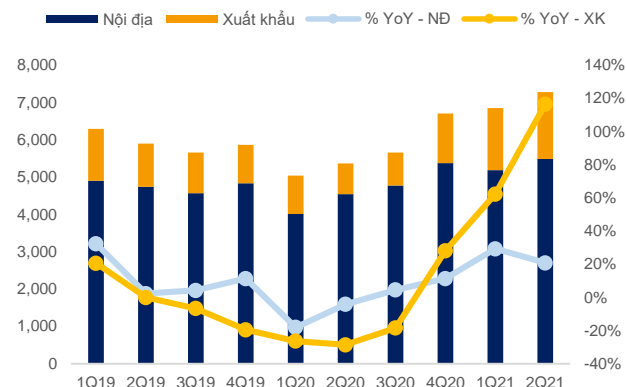
The recovery concentrated on export markets and flat steel products due to (i) the growth in export to the US and EU markets, (ii) soaring steel prices.

Total consumption volume of 7.3 mn tonnes (+6% QoQ, +35% YoY) in 2Q2021 – at 2-year high record level



Source: Bloomberg, BSC Research

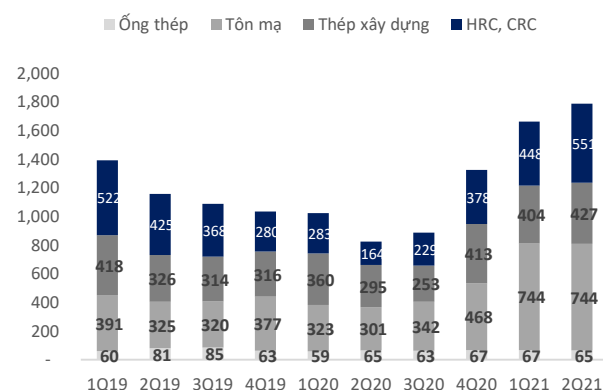
Robust domestic and export output to be equivalent to 116% YoY and 154% YoY respectively.



Source: Bloomberg, BSC Research

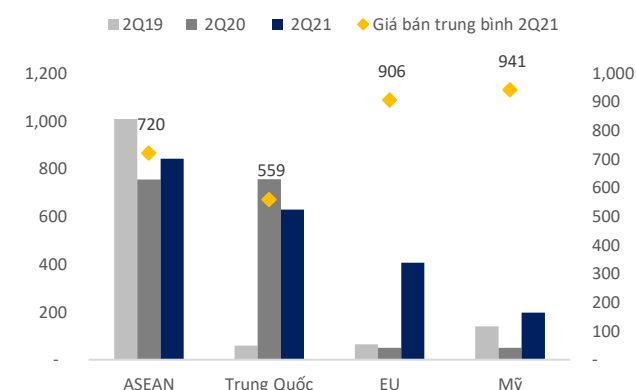
Steel exports in Q2/2021 reached 3.0 million tons (+57% yoy) with a total value of around USD2.5 billion (+158% YoY). Exports jumped in the markets such as ASEAN (+11% yoy), EU (+726% yoy) and US (+291% yoy) due to the scarcity of supply in these regions. The average export price in 2Q2021 increased to USD 731/ton (+31% YoY, +24% YTD) following the general trend of world steel prices. BSC believes that export prices will tend to be adjusted due to the recovery of steel supply in the world (total production in 5M2021 up +15% yoy).

Export volume in 2Q2021 rocketed +57% yoy



Source: Vietnam Customs, BSC Research

Export volume to the US and EU went up in 2Q2021



Source: Vietnam customs, BSC Research

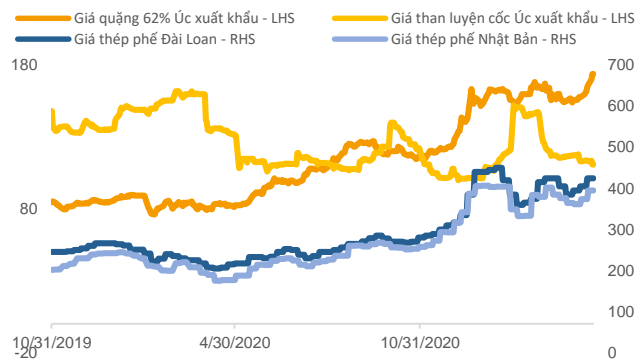
Flat steel products contributed most of the growth (HRC & CRC +84% YoY, Galvanized steel +57% YoY) thanks to the recovery of global industrial production. Meanwhile, construction demand rebounded compared to pre-epidemic levels, partly due to the negative impact of the epidemic on investment and spending of a part of the population. BSC believes that the prolonged Covid-19 epidemic on a large scale will affect construction activities, causing the growth of domestic consumption to slow down in 2H20

Product ('000 tons)	2Q2021			%YoY			% pre-covid period		
	SX	TT	XK	SX	TT	XK	SX	TT	XK
Construction steel	2,944	2,362	427	15%	3%	45%	6%	2%	31%
Stell pipe	625	570	65	1%	-3%	0%	-1%	2%	-19%
Galvanized steel	1,529	588	744	57%	-4%	147%	45%	3%	129%
HRC, CRC	3,204	1,970	551	84%	89%	236%	55%	52%	30%
Total	8,302	5,490	1,787	41%	21%	117%	27%	16%	55%

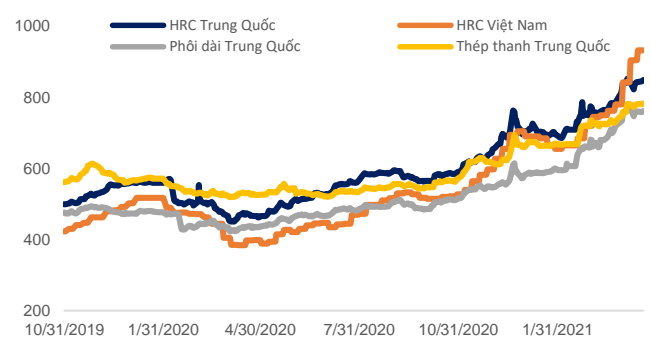
Source: VSA, BSC Research

The prices of iron and steel products have surged since the beginning of the year. Demand recovery and the decrease in supply caused input material prices to rise in the world as well as in Vietnam. **Steel prices in the domestic market have continued to increase from March to now with price adjustments taking place almost weekly.** Construction steel price rose by 900-1,500 VND/kg (equivalent to +6-10% YTD) to 15,250-16,200 VND/kg. Billet traded in the domestic market around 13,500-13,700 VND/kg (+8 -8.5% YTD). Galvanized steel sheet also increased from 1,500-2,500 VND/kg in 1H2021. BSC believes that steel prices in the near future will gradually return to the average level in the long-term due to (i) a decrease in world steel prices due to the supply recovery and (ii) the impact of the Covid-19 epidemic causing consumption demand to decrease reduced.

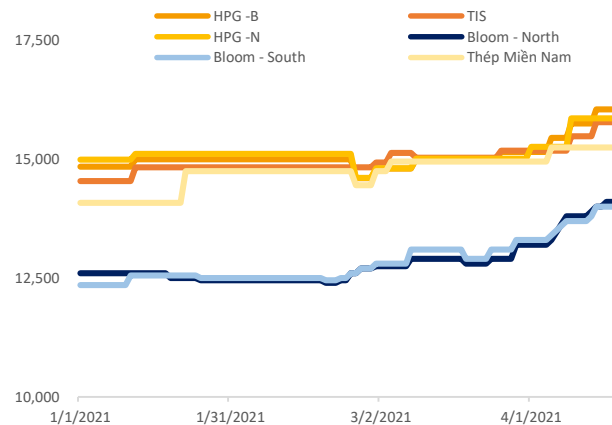
Soaring iron and steel price, stable coal-mining price



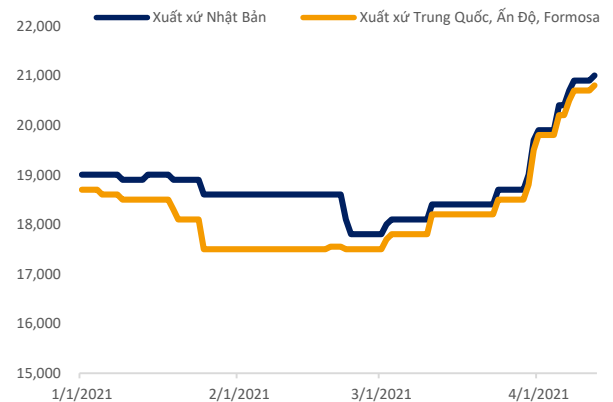
China's steel product price led global steel to rise



Construction steel price has continuously increased since Mar 2021 and is trading at 16.000 VND/kg



HRC price has soared since Mar 2021



Source: Giathepton.com, BSC Research tổng hợp

Source: Giathepton.com, BSC Research tổng hợp

INVESTMENT VIEWPOINTS - OUTPERFORM

Witnessing the Covid-19 impact on domestic demand along with global supply recovery, BSC believes steel prices tend to correct in 3Q and 4Q2021. Accordingly, the growth rate of steel companies will be not strong compared to the peak level in 6M2021.

Ticker	2021F Rev	% yoy	2021F NPAT	% yoy	2021F EPS	P/E fw	P/B fw	Price at 27/07/2021	Target price	Upside
HPG	142,688	58%	28,529	112%	6,059	7.8	2.4	46,200	56,600	22.5%
HSG	44,378	61%	3,755	226%	7,488	5.5	1.8	35,700	37,500	5.0%
NKG	20,447	77%	1451	392%	8,278	3.8	1.2	31,800	38,300	20.4%

Seaport Sector [Neutral]

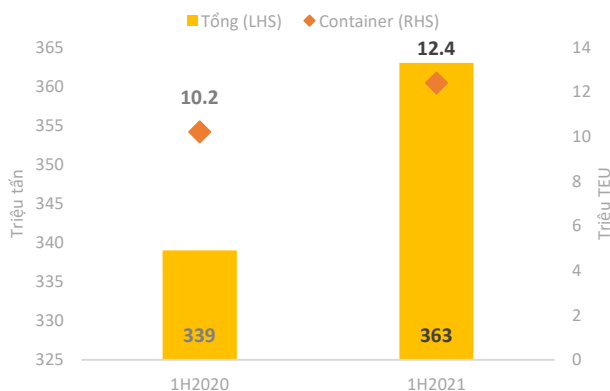
Analyst: Lê Hữu Ngọc

Email: ngoclh@bsc.com.vn

- **Output of goods through seaports in 6M2021 grew +7% YoY** thanks to favorable import and export trade in Vietnam.
- **Growth outlook will have a clear differentiation between companies**, in which the high growth will mainly belong to the operators in two deep-water port – Lach Huyen and Cai Mep – Thi Vai.
- BSC recommends the NEUTRAL rating for seaport sector in 2H2021.

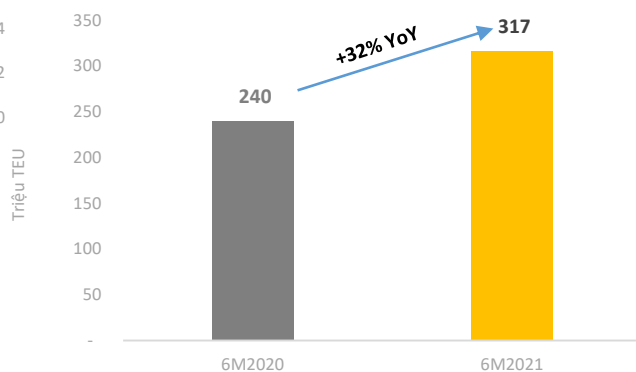
Output of goods through seaports in 6M2021 rose +7% YoY thanks to favorable import and export trade in Vietnam with total value up 32% YoY. The main reasons are (1) the positive signals from effective EVFTA and (2) low base in 2020. BSC expects **output through seaport in 2H2021 will continue to grow +9% YoY** thanks to global economic recovery when the world is promoting community immunity campaign as well as favorable economic policies.

Hình: Soaring output of goods through Vietnam's seaport in 1H2021



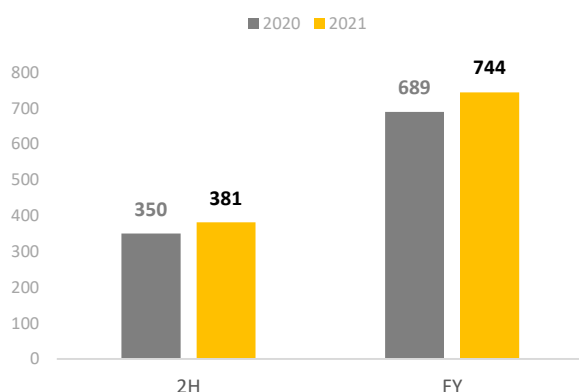
Nguồn: Bộ Công Thương, BSC Research

Hình: Vietnam's export and import turnover jumped in 1H021 thanks to well control the epidemic (VND billion)



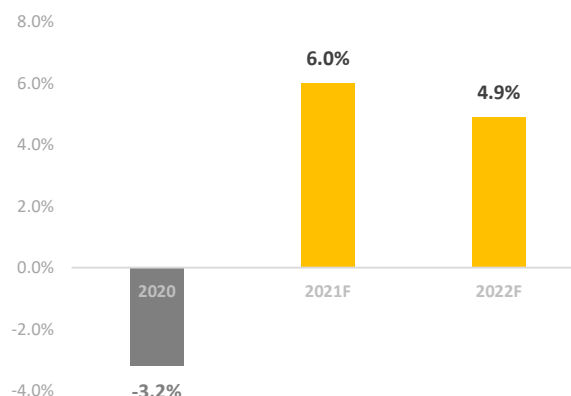
Nguồn: Vinamarine, BSC Research

Hình: Expectation of output through Vietnam's seaports to edge up in 2H2021 (million tons)



Nguồn: Cục hàng hải Việt Nam, BSC Research

Hình: Expectation of global GDP to strongly grow in 2021



Nguồn: IMF, BSC Research

Growth prospects have the clear differentiation between businesses, for (1) Hai Phong port cluster: most businesses will hardly have high growth in both short and long term, excepting for enterprises having projects at Lach Huyen deep-water port area such as Saigon Newport, Hai Phong Port, Hateco and Viconship (under approval) with the expected growth of 25% CAGR in 2020-2030 period thanks to the expected growth in output through Lach Huyen Port because the logistics transport system connecting Lach Huyen wharf area is invested and developed as well as the trend of increasing ship size and reducing costs continues for shipping lines; (2) Cai Mep - Thi Vai port cluster: Cargo volume will grow strongly, especially for enterprises that are not at full capacity such as SGP, GMD thanks to the advantage of a deep-water port that can accommodate large tonnage vessels - following the industry trend. The additional advantage of Cai Mep - Thi Vai is that Cat Lai port costs have increased from October 1, 2021 due to port infrastructure fees, the highest up to VND 4.4 million/40-foot container.

INVESTMENT VIEWPOINTS - NEUTRAL

We recommend the **NEUTRAL** rating for seaport sector in 2H2021. BSC expects output of goods will continue to grow 7% YoY, in which, Cai Mep – Thi Vai port cluster will achieve high growth thanks to its cost advantages and the vessel-receiving ability vs Cat Lai port.

Ticker	2021F Rev	% YoY	2021F NPAT	% YoY	2021F EPS	P/E fw	P/B fw	Price at 27/07/2021	Target price
SGP	1,080	15%	373	62%	1,723	16.5	2.7	28,500	N/A
VSC	1,804	7%	3,465	11%	4,857	13.2	2.0	64,400	N/A

Nguồn: BSC Research dự báo

Aviation Sector [Neutral]

Analyst: Lê Hữu Ngọc

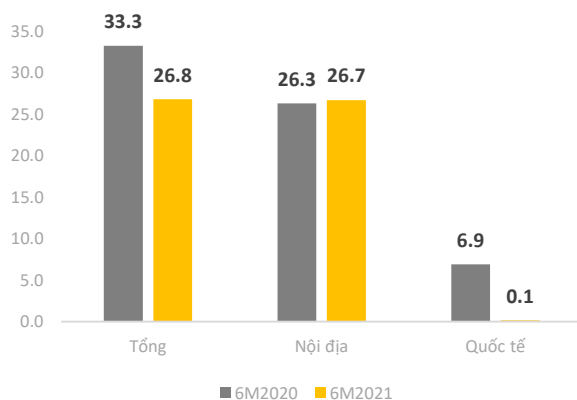
Email: ngochl@bsc.com.vn

- The number of passengers through airports in 1H2021 continued to drop -19.4% YoY due to Covid-19 in Vietnam and around the world.
- The number of passengers in 2H2021 can recover and reach the growth of +32% YoY with the expectation of international flights to reopen in 3Q2021 when the community immunity rate to be high.
- Output of goods in 2021 is expected to achieve 1.47mn tonnes (+13% YoY) thanks to global economic recovery and boosting international trade.
- BSC maintain the **NEUTRAL** rating for aviation sector.

The number of passengers through airport in 1H2021 continued to drop -19.4% YoY because (1) international flights are still limited, quarantine activities on arrivals are maintained as the number of new infections per day was up to more than 900,000 cases in April 2021 leading to passenger volume -97.9% YoY and (2) the domestic epidemic was also complicated with two outbreaks occurring at the peak time of domestic flights of the year: Lunar New Year and summer leading the passenger transport volume recovery as expected.

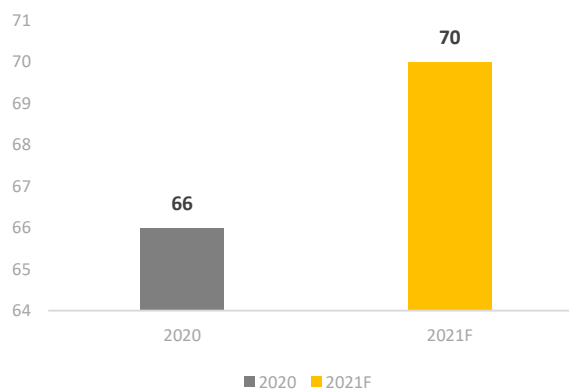
The number of passengers in 2H2021 can recover and reach the growth rate of +32% YoY thanks to international flights reopening in 3Q2021 when global vaccination rate is becoming more.

Hình: The number of passengers through airport in 1H2021 dropped



Nguồn: Cục Hàng không Việt Nam, BSC Research

Hình: The number of passengers in 2H2021 is expected to recover in 2H2021



Nguồn: Cục Hàng không Việt Nam, BSC Research

The goods volume through Vietnam's airport in 1H2021 achieved 668.000 tonnes (+12.7% YoY) because global spending demand has recovered as the pandemic under control. **BSC expects the goods volume will reach 1.47 million tonnes in 2021 (+13% YoY or equivalent to 95% of this in 2019)** as (1) Air cargo demand increases by 6.0% as the herd immunity campaign is being promoted in many countries, combined with economic policies to stimulate consumption growth and boost production and (2) the trend of shifting production lines to Vietnam will promote the export of electronic components via air.

INVESTMENT VIEWPOINTS - NEUTRAL

BSC maintains the NEUTRAL rating for aviation in 2021 because the progress of reopening international flights will still face many difficulties.

As the above viewpoints, BSC believes:

- **Serving/handling goods companies (SCS, NCT):** The business activities will be improved in 2021.
- **Passenger transport companies (HVN, VJC):** The business activities will keep facing many difficulties:
 - (1) **International routes are only likely to reopen from Q4/2021. The average ticket price will be low, equivalent to 2020** because businesses will take advantage of market conditions, maintain competitive fares, implement tourism stimulus policies to quickly recover after the period. difficult.
 - (2) **The headroom to reduce operating costs and reopen the domestic flight network will not be much** as 2020 is the year of maximum savings. In 2021, BSC believes that airlines will enhance operational efficiency by focusing on exploiting small-body aircraft.

Ticker	2021F Rev	2021F NPAT	2021F EPS	P/E fw	P/B fw	Price at 27/07/2021	Target price
SCS	760	528	9,834	13.8	4.5	135,900	N/A
HVN	34,024	-13,952	N/A	N/A	N/A	24,150	N/A
VJC	20,350	45	85	1,300	4.0	114,400	N/A

Nguồn: BSC Research dự báo

Plastic Sector [Neutral]

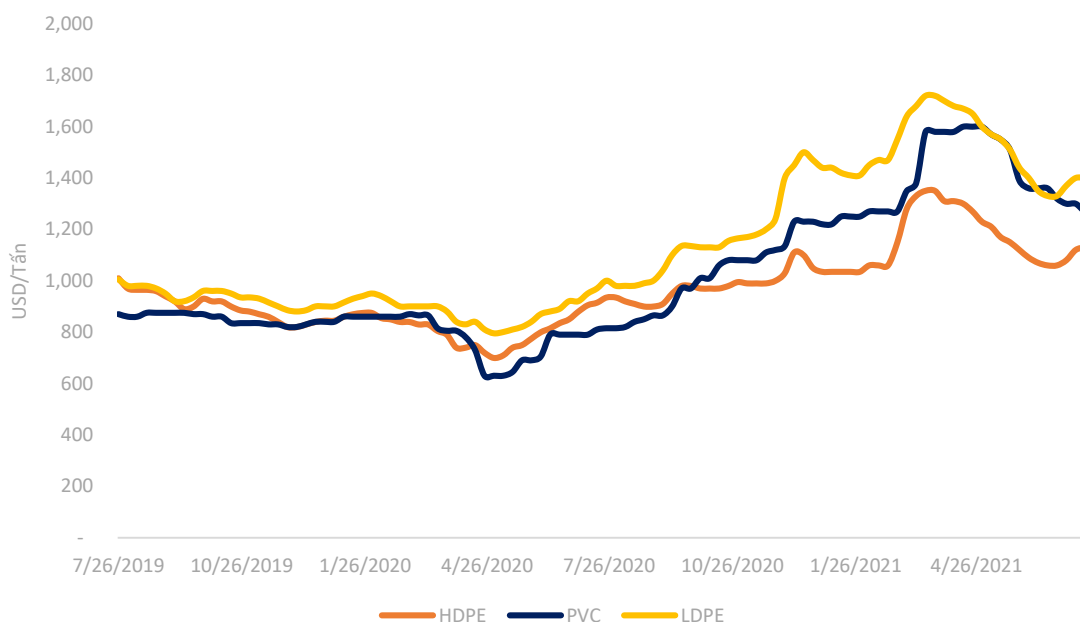
Analyst: Lê Hữu Ngọc

Email: ngoclh@bsc.com.vn

- Plastic resin prices tend to fall from the top in 4M2021: HDPE -16%, LDPE -19% and PVC -21%.
- Business results in the second half of the year will be more positive for plastic enterprises because the price of plastic inputs is expected to decrease when supply and demand are stable.
- BSC recommend the **NEUTRAL** rating for plastic sector in 2021.

Plastic resin prices has been in the downtrend since 2Q2021: HDPE, LDPE and PVC are down -16%, -19% and -21% respectively from the peak. The main reason came from (1) higher supply thanks to some factories going into operation after periodical maintenance at the beginning of the year and (2) lower demand along with construction disruption due to the Covid-19 outbreak and the weather factors.

Biểu đồ: Plastic resin prices dropped in 2Q2021 as supply-demand instability was improved.



Source: Bloomberg, BSC Research

BSC believes plastic sector will be brighter by the end of 2021 as input prices are expected to decline. We expect that (1) supply will increase thanks to the production factories returning to full operation and (2) the logistics activities will gradually become positive to help reduce transportation costs and promote the export of plastic resins.

INVESTMENT VIEWPOINTS - NEUTRAL

We maintain the **NEUTRAL** rating for plastic sector in the context of the low growth of the sector and the increase in input cost.

Ticker	2021F Rev	% YoY	2021F NPAT	% YoY	2021F EPS	P/E fw	P/B fw	Price at 27/07/2021	Target price	Upside
BMP	5,774	23%	472	-9.7%	5,693	10.3	1.8	58,800	67,422	14.7%
NTP	5,076	13%	406	-9.1%	3,100	11.3	1.4	50,200	N/A	N/A

Nguồn: BSC Research dự báo

Cement Sector [Neutral]

Analyst: Lê Hữu Ngọc

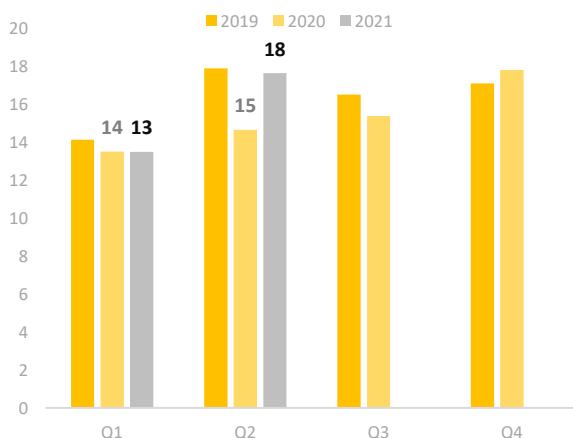
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- Consumption volume of cement and clinker in 2Q2021 reached **27.8 million tons (+19% YoY)**. In which, domestic consumption increased **+20% YoY** and export up **+17% YoY**. BSC assesses that the consumption will be better from 4Q2021 when construction activities come back.
- The domestic cement selling price is relatively stable in 2Q2021 while the export price tends to increase by **+13% YoY**.
- BSC recommends the NEUTRAL rating for cement sector in 2021.

Consumption volume of cement and clinker in 2Q2021 reached 27.8 million tons (+19% YoY).

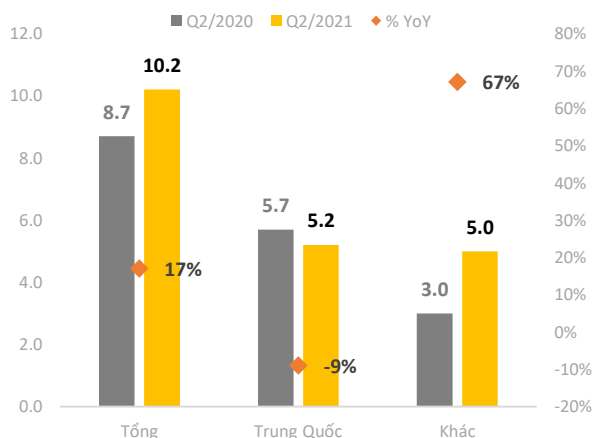
- The domestic consumption volume achieved 17.6 million tons (+20% YoY)** thanks to (1) low base in 2020 (2) the epidemic was better controlled in 2Q2021 leading to launch the real estate projects, especially after the 13th communist party congress.
- Export volume was about 10.2 million tonnes (+17% YoY)**. Many nations controlled well the epidemic and accelerated construction investment leading to higher cement demand and clinker.

Biểu đồ: Domestic consumption increased 20% YoY (million tonnes)



Nguồn: ximang.vn, Fiinpro, BSC Research

Biểu đồ: Export volume to the other countries (excluding China) jumped +67% YoY (million tonnes)



Nguồn: Tổng cục Hải quan, BSC Research

Cement price in the domestic market was stable in 2Q2021, while export price tended to rise (the average level of +13% YoY). After a price increase of 30.000-40.000 VND/ton in April 2021 due to high input costs, cement companies maintained the stable selling price (current price at VND1.2mn/ton - VND1.3mn/ton in the north and VND1.5mn/ton – VND1.6mn/ton in the south)

INVESTMENT VIEWPOINTS - NEUTRAL

BSC believes consumption demand will be better from 4Q2021 as construction activities will be active again thanks to (1) the end of the rainy season and (2) the disease under control.

Ticker	2021F Rev	% YoY	2021F NPAT	% YoY	2021F EPS	P/E fw	P/B fw	Price at 27/07/2021	Target price
HT1	8,432	+6%	606	-1.6%	1,430	10.6	1.0	15,100	N/A

Nguồn: BSC Research dự báo

Khuyến cáo sử dụng

Bản báo cáo này của Công ty Cổ phần Chứng khoán Ngân hàng Đầu tư và phát triển Việt Nam (BSC), chỉ cung cấp những thông tin chung và phân tích doanh nghiệp. Báo cáo này không được xây dựng để cung cấp theo yêu cầu của bất kỳ tổ chức hay cá nhân riêng lẻ nào hoặc các quyết định mua bán, nắm giữ chứng khoán. Nhà đầu tư chỉ nên sử dụng các thông tin, phân tích, bình luận của Bản báo cáo như là nguồn tham khảo trước khi đưa ra những quyết định đầu tư cho riêng mình. Mọi thông tin, nhận định và dự báo và quan điểm trong báo cáo này được dựa trên những nguồn dữ liệu đáng tin cậy. Tuy nhiên Công ty Cổ phần Chứng khoán Ngân hàng đầu tư và phát triển Việt Nam (BSC) không đảm bảo rằng các nguồn thông tin này là hoàn toàn chính xác và không chịu bất kỳ một trách nhiệm nào đối với tính chính xác của những thông tin được đề cập đến trong báo cáo này, cũng như không chịu trách nhiệm về những thiệt hại đối với việc sử dụng toàn bộ hay một phần nội dung của bản báo cáo này. Mọi quan điểm cũng như nhận định được đề cập trong báo cáo này dựa trên sự cân nhắc cẩn trọng, công minh và hợp lý nhất trong hiện tại. Tuy nhiên những quan điểm, nhận định này có thể thay đổi mà không cần báo trước. Bản báo cáo này có bản quyền và là tài sản của Công ty Cổ phần Chứng khoán Ngân hàng Đầu tư và Phát triển Việt Nam (BSC). Mọi hành vi sao chép, sửa đổi, in ấn mà không có sự đồng ý của BSC đều trái luật. Bất kỳ nội dung nào của tài liệu này cũng không được (i) sao chụp hay nhân bản ở bất kỳ hình thức hay phương thức nào hoặc (ii) được cung cấp nếu không được sự chấp thuận của Công ty Cổ phần Chứng khoán BIDV.

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