

Investment Strategy Report

Q1 2024 Investment strategy review: Raising VN-Index earnings growth projection for 2024

TVS Research raises our profit growth forecast for listed companies on HOSE to 20.5% YoY due to higher profit projections in the Tourism and Entertainment, Retail, and Basic Resources sectors.

We maintain our investment strategy as outlined in [2024 Investment Strategy Report](#) published earlier this year.

Our investment strategy focuses on:

- Industries with positive long-term growth potential in our Vietnam's new growth economy including **Technology, Industrial Park, and Marine Ports**
- Sectors are expected to grow in 2024 such as **Banking, Retail, Export-Import, Oil & Gas, and Real Estate.**

Beside long-term investment themes throughout 2024, we maintain recommendations for some short-term investment themes based on market cash flows for the **Steel** and **High Dividend stock** groups in H1 2024. TVS Research also maintains the view that the **Securities** group will continue to attract investor cash flows due to strong profit growth from a low base (H1 2024) and positive sentiment from the progress of KRX system implementation in 2024 and market upgrade in the medium term.

Additionally, we introduce a new short-term investment theme for **coal-fired power** stocks in Q2 2024, expecting the mobilization output from these enterprises to increase in the near future to ensure electricity supply during the hot season.

Nguyen Thi Kieu Hanh

hanhntk@tvs.vn

+84 24 32484820 Ext. 6412

Pham Nguyen Long

longpn@tvs.vn

+84 24 32484820 Ext. 6420

Tieu Phan Thanh Quang

quangtpt@tvs.vn

+84 24 32484820 Ext. 6417

Nguyen Van Dat

datnv@tvs.vn

+84 24 32484820 Ext. 6431

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Investment Strategy Performance in April 2024

Stock groups in 2024 TVS Research Investment Strategy have performed in line with the forecasts, with the exception of short-term high dividend yield stock strategy.

Our investment strategy mentioned in [2024 Investment Strategy Report](#) focus on the following themes:

- Long-term investment sectors – Technology, Industrial Park, Marine Ports
- Investment sectors focus in 2024 – Banking, Retail, Export-Import, Oil & Gas, Real Estate
- Short-term investment strategy with market cash flows: Steel, Securities, High Dividend Yield stocks

As of May 15, 2024, 4 out of 10 industry groups in our investment focus have outperformed the VN-Index. Particularly, the Technology and Retail sectors achieved investment returns of 38.7% and 38.5% respectively, significantly exceeding the VN-Index return of 13.7%. Conversely, the Real Estate (Industrial Parks, Commercial Real Estate), Steel, Oil & Gas, Securities & Aquaculture sectors have shown lower performance compared to the market up to the present.

With positive growth prospects, the Information Technology sector has garnered market attention. The IT industry recorded over 20% YoY profit growth in Q1 2024. This, coupled with collaboration between global technology conglomerates and Vietnamese IT companies, has bolstered the sector's long-term outlook and contributed to strong stock performance in recent times.

The positive performance of Retail sector stocks in the early months of the year stems from strong profit growth prospects in 2024. Additionally, positive news from some enterprises within the sector supported the stocks' positive performance in the early period of the year, such as MWG completing the sale of a 5% stake in Bach Hoa Xanh.

Securities sector stocks achieved high performance in Q4 2024 due to (1) doubling profits compared to the same period in Q1 2024 and (2) positive market sentiment surrounding the testing and implementation plan of the KRX system – factors that helped attract funds into the stock market according to TVS Research.

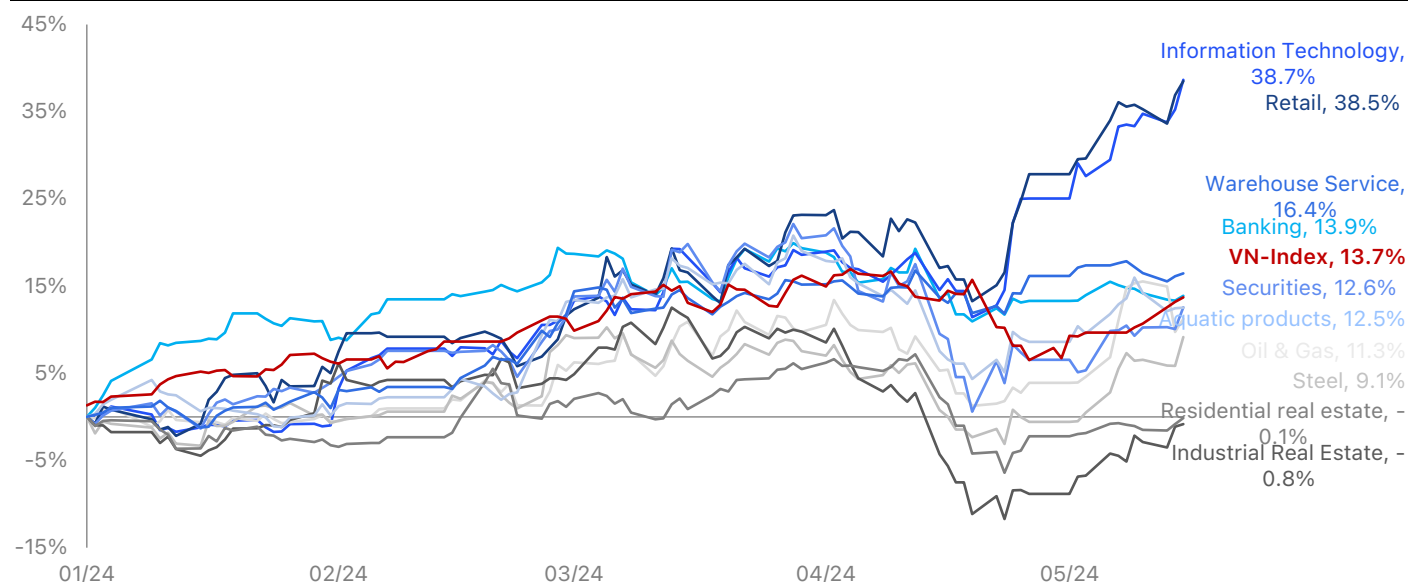
On the contrary, real estate sector stocks have remained subdued in the early months of the year. This aligns with our forecast in the [2024 Investment Strategy Report](#) that the sector's prospects will improve more positively from Q4 2024 onwards, as low interest rates persist for long enough and amendments to land laws will support the

general sentiment of homebuyers and real estate businesses.

The Steel sector index has been mostly flat in April 2024 despite steel companies reporting strong profit growth in Q1 2024.

Figure 1: 4 out of 10 industry groups in our investment focus have outperformed the VN-Index.

Performance of sector index groups in TVS's 2024 Investment Strategy and VN-Index [%YTD]



Note: Bloomberg, TVS Research

Sector performance is calculated based on the percentage change in total market capitalization of listed companies on HOSE operating within the sector. VN-Index performance is calculated based on the percentage change of the index during the specified period (from 01/01/2024 to 15/05/2024).

Our stock list is performing in line with investment themes. 6 out of 14 stocks in the list have outperformed or performed on a par with the sector, and higher than the VN-Index.

Stocks in sectors that have outperformed the VN-Index achieved a performance of 31.1% as of May 15, 2024. From the date we published the [2024 Investment Strategy Report](#), the average performance of these stocks is 19.1%.

Meanwhile, real estate stocks in the recommended list by TVS Research have negative performance as of May 15, 2024. However, we expect these sector stocks to perform better in the second half of 2024.

Table 1: TVS Research's stock list has reached an average performance of 12.8% YTD.

Performance of the stocks in the recommended list by TVS Research since the beginning of the year

Ticker	ICB sector Level 2	Market Cap 15/05/24	Closed price 15/05/24	% YTD	% vs. 06/02/24	Previous TP*	Upside	6M Beta	P/E TTM	P/B TTM	LNST Q1 2024	% YoY
		VND bn	VND	%	%	VND	%		x	x	VND bn	%
FPT	CNTT	170,303	134,100	39.5%	28.8%	118,700	-11.5%	1.1	25.1	6.4	2,160	19.4%
KBC	Real Estate	23,220	30,250	-4.7%	-2.9%	40,300	33.2%	1.8	23.7	1.3	-77	N/A
MBB	Banking	121,074	22,900	22.8%	-0.7%	28,200	23.1%	1.0	5.9	1.2	4,624	-11.2%
TCB	Banking	169,433	48,100	51.3%	34.9%	42,200	-12.3%	1.1	8.6	1.2	6,277	38.3%
VCB	Banking	508,607	91,000	13.3%	1.7%	107,200	17.8%	0.8	15.6	2.9	8,586	-4.5%
MWG	Retail	88,904	60,800	42.1%	29.4%	53,200	-12.5%	1.3	84.8	3.5	903	4143.0%
VHC	Food & beverages	16,991	75,700	1.7%	19.0%	84,200	11.2%	1.5	19.9	2.1	189	-15.6%
GMD	Industrial goods & Services	25,770	83,000	17.7%	20.3%	79,500	-4.2%	0.4	9.8	2.8	656	157.4%
VHM	Real Estate	175,263	40,250	-6.8%	-1.8%	71,400	77.4%	0.5	7.9	1.0	904	-92.4%
NLG	Real Estate	16,315	42,400	15.7%	6.4%	49,000	15.6%	1.7	40.7	1.8	-65	N/A
PVS	Oil & Gas	20,839	43,600	14.7%	16.0%	50,300	15.4%	1.3	21.9	1.6	305	33.9%
PVD	Oil & Gas	17,733	31,900	12.7%	11.0%	37,500	17.6%	1.0	26.6	1.2	149	184.2%
HPG	Basic Material	181,421	31,200	11.6%	11.2%	34,300	9.9%	1.1	19.5	1.7	2,869	648.7%
SSI	Financial Service	54,254	35,950	9.6%	2.7%	43,300	20.4%	1.5	21.1	2.3	764	52.0%
Average				17.2%	12.6%							
				**	**							

Source: FiinPro-X, TVS Research

Note: February 6, 2024, is the publication date of the [2024 Investment Strategy Report](#) by TVS Research.

*: Target price in our 2024 Investment Strategy Report

**: Averaged with equal weighting for the stocks in the portfolio.

Industry outlook in 2024

TVS Research raises the profit growth forecast of listed companies on HOSE to 20.5% YoY due to changes in the profit forecast for the Tourism and Entertainment sector.

Compared to the [2024 Investment Strategy Report](#), we have adjusted the main profit forecasts for the Tourism and Entertainment, Retail, and Basic Resources sectors.

Tourism and Entertainment – Aviation recovery

We raise our forecast of the Tourism and Entertainment sector's profits in 2024 to VND 9,800 bn, a significant increase compared to the previous forecast (VND 2,500 bn). In Q1 2024, revenue of companies in the Tourism and Entertainment sector increased by 34% YoY, and net profit increased by 35 times YoY, mainly due to improvements from aviation companies. The aviation sector recorded positive revenue in Q1 2024 mainly due to a strong recovery in international air transport revenue, equivalent to the pre-pandemic period. The total number of international passengers through the system of 21 airports increased by 47% YoY, reaching over 10 million arrivals. The sector's profit margin also improved significantly as airlines proactively optimized operational costs. In the case of HVN, an extraordinary profit of over VND 3,000 billion was recorded from Pacific Airlines' debt cancellation when they returned all aircraft. We expect strong business results for the Tourism and Entertainment group in 2024, thanks to the full recovery of international and domestic passenger transportation.

Retail & Consumer Sector - Consumer Demand Recovery

We raise our profit forecast for the Retail sector in 2024 to VND 4,852 billion (+715% YoY, +16.4% compared to the previous forecast), mainly due to improved business results of companies in the phone & electronics sector. Additionally, we maintain our expectation that the retail sector's demand will return in H2 2024 as the economy grows positively.

Real Estate Sector – Expected to recover sooner than previously reported

We expect the real estate market to recover sooner, from Q3 2024 (compared to Q4 2024 in the [2024 Investment Strategy Report](#)) as we anticipate the Land Law will take effect earlier, from July 1, 2024, instead of January 1, 2025. This will support investor sentiment in the real estate sector and accelerate the legal approval process for real estate projects that have been on hold for many years, thereby providing additional supply to the market to close the housing supply-demand gap. If the Land Law is implemented according to the original plan on January 1, 2025, we maintain the same view as in the [2024](#)

[Investment Strategy Report](#). TVS Research maintains its forecast of the entire sector's net profit growth in 2024 at 10.6%, mainly due to the profit growth of VHM. (For details, refer to the [2024 Investment Strategy Report](#)).

Basic Resources Sector – Recovery from a Low Base in H1 2024

We forecast that the profit of the Basic Resources sector will grow by 39.5% in 2024 (+1.7 percentage points compared to the forecast at the beginning of the year) due to increased profit forecasts for the steel industry. TVS Research believes that the demand for residential real estate construction will recover sooner, starting from the beginning of H2 2024, boosting the demand for domestic construction steel.

Banking Sector – NIM Improvement, Bad Debt Pressure Slightly Reduced

We maintain our forecast that the banking sector's profit will increase by 22% YoY in 2024. TVS Research continues to forecast that credit growth will reach 14% this year, driven by improved business conditions of enterprises and a prolonged low interest rate environment that will stimulate borrowing demand from businesses and individuals. According to TVS Research, the real estate sector may recover earlier from Q3 2024, positively impacting credit demand, average profitability, and bad debt recovery operations of banks. However, if interest rates rise earlier than we predicted in the [2024 Investment Strategy Report](#), it will put pressure on banks' capital costs. Considering these factors, we maintain our expectation that the net interest margin (NIM) of banks will slightly increase compared to 2023. We also maintain our view that banks' bad debts will gradually decrease towards the end of the year, and provisioning costs will rise in 2024 as banks need to strengthen their provision buffers that have been depleted in recent times.

Oil & Gas Sector – Upstream Sector is a bright spot in 2024

We maintain our forecast that the profit of the Oil and Gas sector will grow by 39.2% in 2024. TVS Research expects increased investment in the global upstream oil sector to boost demand for construction and drilling activities, thereby ensuring stable employment prospects for the upstream sector in the near future.

Information Technology Sector – Maintain high growth

We maintain our forecast that the IT industry's profit will grow by 18.8% YoY. TVS Research expects IT spending to increase more strongly in 2024 to anticipate the global economic recovery trend in the coming

years. This supports boosting revenue from exports for domestic IT companies.

Table 2: TVS Research raises its forecast for the new profit growth of listed companies on the HOSE to 20.5% YoY in 2024

Net profit growth of listed companies on the HSX by industry group [% YoY]

ICB Industry Level 2	% Market Cap HOSE	% LNST 2023 HOSE	2020A	2021A	2022A	2023A	2024F [Old forecast]	2024F [New forecast]
Banking	39.8%	55.5%	16.4%	32.0%	34.7%	4.3%	19.7%	19.9%
Real Estate	15.5%	15.1%	-3.7%	1.3%	-9.5%	6.1%	10.6%	10.1%
Food, beverages	8.7%	5.8%	-11.7%	40.4%	-19.0%	-17.1%	5.5%	5.9%
Utilities	6.4%	5.8%	-20.5%	14.3%	44.1%	-27.5%	-1.6%	-1.3%
Industrial goods and services	2.8%	3.3%	-11.0%	41.7%	20.6%	-12.0%	-1.5%	-1.6%
Financial Services	4.6%	2.6%	42.2%	148.2%	-51.5%	41.3%	9.6%	9.6%
Chemicals	3.9%	2.9%	36.7%	58.6%	46.8%	-54.8%	0.0%	-0.2%
Information system	2.8%	2.3%	12.1%	22.3%	20.2%	15.2%	18.6%	18.8%
Basic Resources	4.4%	2.0%	97.2%	168.9%	-86.3%	12.7%	37.8%	48.9%
Construction	2.7%	1.7%	0.1%	-18.2%	-6.8%	1.3%	8.1%	8.7%
Personal and Household goods	1.2%	1.1%	-5.2%	14.4%	26.4%	-20.3%	7.1%	7.1%
Oil & Gas	1.2%	1.0%	-70.4%	120.0%	-44.7%	105.6%	39.2%	38.1%
Insurance	0.9%	0.9%	27.8%	29.0%	-19.8%	19.1%	0.0%	0.0%
Medical	0.7%	0.7%	4.5%	7.6%	24.0%	2.2%	0.0%	1.2%
Cars	0.3%	0.2%	21.5%	1.6%	51.5%	-48.9%	0.0%	0.0%
Retail	2.0%	0.2%	-6.0%	42.3%	-14.2%	-88.9%	515.3%	714.7%
Traditional	0.0%	0.0%	58.9%	N/A	69.5%	-32.3%	0.0%	0.0%
Tourism & Entertainment	2.0%	-1.2%	-248.9%	-19.3%	3.6%	65.3%	5.0%	N/A (*)
VN-INDEX	39.8%	100.0%	-1.2%	36.7%	2.9%	-1.8%	15.7%	20.5%

Source: FiinPro-X, TVS Research

Note: A: real; F: forecast. N/A (*): Profit from loss to profit

Profit growth forecast for 2024 has been updated based on audited 2023 profits of companies. Industries with significant changes in profit growth forecasts include: Entertainment and Tourism (from loss to profit), Retail, and Basic Resources.

Investment strategy in 2024

TVS Research maintains its investment strategies as outlined in the 2024 Investment Strategy Report and supplements short-term investment tactics for thermal coal stocks.

We maintain our investment strategies as outlined in the [2024 Investment Strategy Report](#) published earlier this year.

Our investment strategy focuses on (1) Long-term promising sectors in Vietnam's new growth cycle such as Technology, Industrial Parks, and Seaports, and (2) Industries expected to thrive in 2024 including Banking, Retail, Import-Export, Oil & Gas, and Real Estate.

Alongside these long-term investment themes throughout 2024, we maintain recommendations for select short-term investment opportunities based on market liquidity trends, particularly in the Steel and High-dividend yield sectors in H1 2024. TVS Research also maintains the view that the Securities sector will continue to attract investor funds due to strong profit growth from a low base (H1 2024) and positive sentiment stemming from the progress of the KRX system implementation in 2024 or market upgrades.

Additionally, we have added new short-term investment opportunities in Thermal Coal stocks in Q2 2024, expecting increased production capacity from these companies to meet electricity demand during hot weather seasons.

Table 3: Summary of TVS Research's stock recommendations 2024

Mã CP	Price on 15/05/24	Old target price	New target price	Upside	Rating	2024 Revenue	% YoY	2024F NPAT	% YoY	ROE 2023	ROE 2024F	Current P/E	2024 fw P/E
	VND	VND	VND	%		VND bn	%	VND bn	%	%	%	x	x
FPT	134,100	118,700	▲ 127,800	-4.7%	HOLD	63,595	20.8%	9,332	18.5%	28.2%	27.4%	25.1	22.1
KBC	30,250	40,300	40,300	33.2%	BUY	7,889	39.8%	2,752	24.1%	11.7%	12.7%	1.3*	1.0*
MBB	22,900	28,200	28,200	23.1%	BUY	57,243	21.0%	24,669	17.2%	23.9%	22.5%	1.2*	1.0*
TCB	48,100	42,200	▲ 51,700	7.5%	HOLD	46,081	15.0%	22,821	25.5%	14.8%	16.1%	1.2*	1.1*
VCB	91,000	107,200	107,200	17.8%	HOLD	79,009	16.7%	37,100	12.2%	21.7%	20.1%	2.9*	2.5*
MWG	60,800	53,200	▲ 68,800	13.2%	HOLD	129,644	11.3%	3,678	2,064%	0.7%	15.0%	84.8	24.2
VHC	75,700	84,200	84,200	11.2%	HOLD	11,510	14.7%	1,143	20.4%	11.7%	12.7%	19.9	13.1
GMD	83,000	79,500	▲ 81,000	-2.4%	HOLD	4,456	16.0%	1,668	-35.0%	16.0%	8.0%	9.8	21.0
VHM	40,250	71,400	71,400	77.4%	BUY	115,396	11.7%	38,242	15.0%	20.1%	19.0%	1.0*	0.8*
NLG	42,400	49,000	49,000	15.6%	HOLD	5,130	61.3%	1,321	65.0%	6.0%	9.2%	1.8*	1.6*
PVS	43,600	50,300	50,300	15.4%	HOLD	26,571	37.3%	1,371	52.0%	6.8%	9.9%	21.9	15.8
PVD	31,900	37,500	37,500	17.6%	HOLD	6,495	11.8%	1,035	91.0%	3.7%	6.7%	26.6	16.0
HPG	31,200	34,300	34,300	9.9%	HOLD	134,504	13%	13,057	91.0%	6.9%	12.4%	19.5	13.9
SSI	35,950	43,300	43,300	20.4%	BUY	8,160	14.0%	2,706	18.0%	10.1%	10.2%	2.3*	2.1*
QTP	16,900	N/A	▲ 20,500	21.3%	BUY	12,249	1.6%	927	51.5%	10.7%	17.6%	9.9	8.2

Source: FiinPro-X, TVS Research forecast

Note: For Banking stocks (VCB, MBB, TCB), 2024F Revenue is equivalent to total operating income

*Replace P/E ratio with P/B ratio

▲: The new target price has been adjusted higher compared to the target price in the [2024 Investment Strategy Report](#) is a new recommendation.

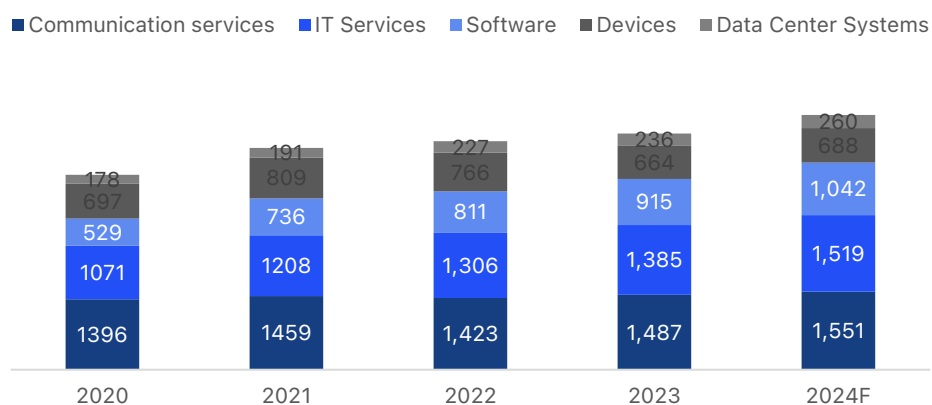
Investment Theme 1: Technology is the focus of the new economic cycle

Global spending growth for the IT sector could increase by 8% in 2024.

Gartner, a research and consulting firm based in the United States, has revised its global IT spending forecast for 2024 to USD 5.061 trillion (+8% YoY), compared to the earlier forecast of 6.8% growth given in Q1 2024. Alongside increasing estimates for software and IT services spending, Gartner has significantly raised projections for data center systems spending in 2024. This adjustment in data center spending is driven by expectations of increased AI projects deployment in 2025. The strong growth expectations in technology spending are poised to enhance prospects for countries strong in software outsourcing and exports, such as Vietnam, in both the medium and long term.

Figure 2: Global IT spending adjusted to increase by 8% YoY in 2024

Global IT spending forecast [billion USD]



Source: Gartner (T4 2024), TVS Research

The Information Technology stock index has risen by 38.5% YTD, primarily driven by increased valuations.

The Information Technology sector index rose by 18.6% YTD in Q1 2024 before reaching +38.5% YTD by the end of April. The P/E valuation of IT sector stocks increased by 10% YTD and 11% YTD in Q1 2024 and April 2024, respectively. The late April surge in valuation was driven by expectations of AI and semiconductor technology advancements in Vietnam following FPT's strategic partnership announcement with NVIDIA.

In Q1 2024, net revenue and net profit of IT companies grew by 18% YoY and 19% YoY, respectively. Industry leader FPT maintained steady growth momentum with revenue reaching VND 14.093 trillion (+21% YoY) and net profit reaching VND 2.160 trillion (+19% YoY), equivalent to 22% and 23% respectively of our 2024 forecasts. This stable growth

is largely contributed by PBT from software export services (+26% YoY) as FPT continues to expand its operations in Asian markets. The profit margin from software export remains stable around 15%, supporting the sustained growth momentum of net profit.

We raise the target price of FPT to VND 127,800, but downgrade our recommendation from BUY to HOLD.

We adjust the target price of FPT to VND 127,800, up from the previous target of VND 118,700 in the [2024 Investment Strategy Report](#), due to:

- **We raise our forecast for FPT's financial performance in 2024.** TVS Research increases the revenue growth forecast in Japan and APAC markets to 38% YoY each, which is 3% higher than our previous estimate. This adjustment stems from FPT securing 15 large-scale projects worth USD 5 million each, focusing on the Japanese and Asia-Pacific (APAC) markets, marking a 2.5-fold increase compared to the same period last year. Consequently, we have revised our revenue (DTT) and net profit (LNST) forecasts for FPT in 2024 to reach VND 63.595 trillion (+20.8% YoY) and VND 9.332 trillion (+19.8% YoY), respectively, compared to our previous forecasts of VND 63.128 trillion and VND 9.234 trillion in the [2024 Investment Strategy Report](#).
- **We raise our target P/E for 2024 from 18x to 20x** due to the long-term prospects in the Technology sector following the collaboration between FPT and NVIDIA in semiconductor technology and AI. FPT, alongside NVIDIA, is currently involved in the construction project of an AI Intelligence Center. We anticipate this project will enhance FPT's capabilities in AI technology development, thereby reinforcing its ambitions in electric vehicle software development.

We also downgrade the recommendation from BUY to HOLD for FPT as it has increased by +29% since the recommendation was made in the [2024 Investment Strategy Report](#).

Ticker	Price on 15/05/24	Target price	Upside	Revenue 2024F	% YoY	LNST 2024F	% YoY	ROE 2023	ROE 2024F	Current P/E	P/E fw 2024
	VND	VND	%	Tỷ VND	%	Tỷ VND	%	%	%	x	x
FPT	134,100	127,800	-4.7%	63,595	20.8%	9,332	19.9%	28.2%	27.4%	25.1	22.1

Source: FiinPro-X, TVS Research

Investment Theme 2: Vietnam is an attractive destination for FDI flows

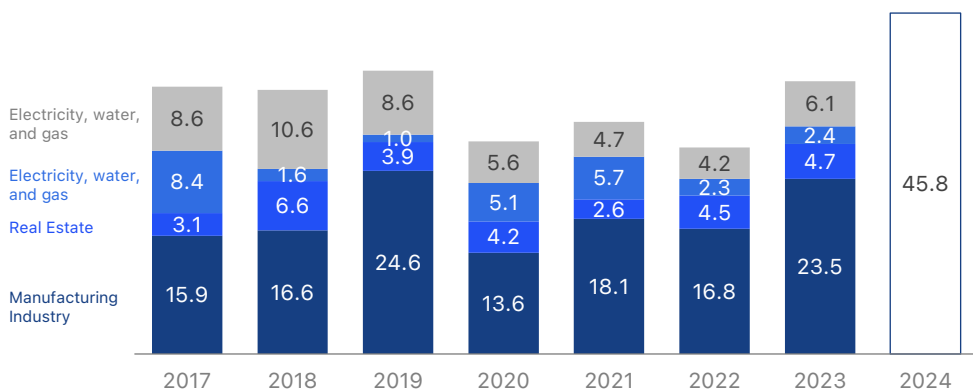
We reiterate the view that Vietnam is an attractive destination for FDI flows in the near future, opening up opportunities for the Industrial Park and Seaport sectors.

TVS Research believes that Vietnam's advantages in attracting FDI include (details can be found in the [2024 Investment Strategy Report](#)):

- Favorable geographical location to capitalize on investment flows shifting from the 'China +1' strategy
- Vietnam has a high degree of trade openness due to strengthening strategic cooperation with partners and extensive participation in many Free Trade Agreements (FTAs)
- Competitive production costs (labor, electricity) compared to other countries in the region
- Increasingly convenient connectivity between economic regions thanks to strengthened investment in infrastructure

Table 3: TVS Research forecasts a 25% growth in registered FDI in 2024

FDI registered by industries [billion USD]



Source: Ministry of Planning and Investment, TVS Research forecasts

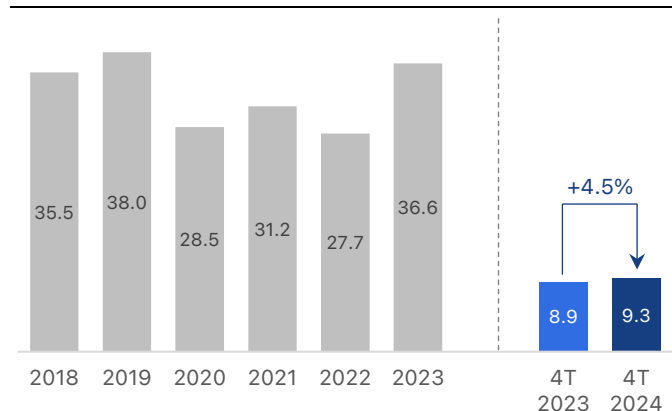
FDI capital into Vietnam continued to maintain high levels in Q1 2024.

In Q4 2024, registered FDI into Vietnam grew by 4.5% YoY to reach USD 9.3 billion, despite a slowdown in global economic growth. The manufacturing and processing industry attracted 66% of the total registered FDI, marking a significant 19.8% increase compared to the same period last year, when there was a decline of 17.9% YoY. TVS Research anticipates that registered FDI will continue to increase in the coming quarters due to Vietnam's competitive advantages and the ongoing trend of production relocation from China.

Figure 4: FDI into Vietnam grew 4.5% year-on-year in 4 months in 2024

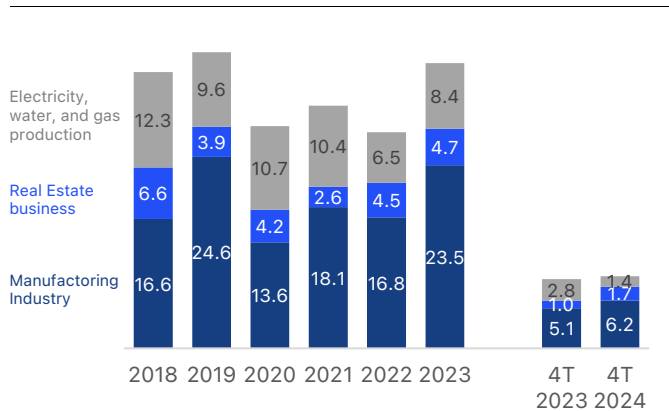
Figure 5: Manufacturing industry continues to dominate in registered FDI in 4 months in 2024

FDI registered into Vietnam [billion USD]



Source: FiinPro-X, TVS Research

FDI registered by industries [billion USD]



Source: FiinPro-X, TVS Research

For the Industrial Parks sector, TVS Research maintains the view that the supply source is difficult to expand in the short term.

Recently, on March 12, 2024, the Prime Minister approved Decision No. 227/QĐ-TTg, which adjusts land use targets previously set by Decision No. 326/QĐ-TTg in 2022. Notably, the provinces with the largest additions to their planning include Bac Ninh (+780 hectares), Thai Binh (+700 hectares), Hung Yen (+360 hectares) in the Northern region, and Binh Phuoc (+650 hectares) in the Southern region. Although the land use limits for 2025 have been raised, many first-tier provinces are approaching 100% land utilization for 2025. Therefore, we maintain the view that the supply source will still be difficult to significantly expand in the next 1-2 years, creating favorable conditions for companies with existing land reserves in first-tier areas like **KBC** and **IDC**.

Table 4: The new decision provides additional industrial park land supply to key provinces aimed at attracting FDI.

Compare industrial park land reserves in key provinces according to Decision No. 326/QĐ-TTg and Decision No. 225/QĐ-TTg [hectares]

Business with land reserved		Current land reserved	The limit until 2025 according to Decision No. 326/QĐ-TTg	The limit until 2025 according to Decision No. 225/QĐ-TTg	Changes	Room for development of land reserves until 2025	Limit until 2030	The new limit for 2025 has been utilized.
Northern		30,827	37,807	39,720	1,913	9,433	51,888	77.6%
Level 1 cities		17,669	21,773	23,183	1,410	5,514	29,628	76.2%
Hanoi		1,347	2,787	2,787	0	1,440	3,828	48.3%
Bắc Ninh	KBC, VGC, IDC	5,899	4,760	5,540	780	-359	6,408	106.5%
Hưng Yên	KBC, VGC, HPG	2,611	3849	4,209	360	1,598	5,021	62.0%
Hải Dương	KBC, VGC, IDV	1,732	3115	3,385	270	1,653	5,661	51.2%
Hải Phòng	KBC	6,080	7262	7,262	0	1,182	8,710	83.7%

Level 2 cities		13,158	16,034	16,537	503	3,919	22,260	79.6%
Hà Nam	VGC, DTD, IDV	2,043	4,027	4,227	200	2,184	4,627	48.3%
Thái Bình	VGC, IDC	1,903	1,662	2,362	700	459	2,565	80.6%
Vĩnh Phúc	IDV	3,110	3,037	3,187	150	77	4,815	97.6%
Thái Nguyên	TNG	1,470	3,650	2,953	-697	1,483	4,349	49.8%
Quảng Ninh	KBC, VGC	4,632	3,658	3,808	150	-284	5,904	121.6%
Miền Nam		50,431	56,348	56,527	179	7,295	74,492	89.2%
Level 1 cities		33,330	39,960	39,960	0	6,630	51,884	83.4%
Hồ Chí Minh	KBC, SIP, ITA, KDH	2,830	5,021	5,021	0	2,191	5,918	56.4%
Long An	KBC, LHG, IDC	9,200	10,479	10,479	0	1,279	12,433	87.8%
Bình Dương	NTC, BCM, PHR, GVR	11,300	11,990	11,990	0	690	14,990	94.2%
Đồng Nai	IDC, SIP, IDC, D2D	10,000	12,470	12,470	0	2,470	18,543	80.2%
Level 2 cities		17,101	16,388	16,567	179	665	22,608	103.2%
Tây Ninh	SIP	3,415	3,580	3,580	0	165	4,269	95.4%
Bình Phước	DPR, BCM, IDC	4,686	4,258	4,908	650	850	7,584	95.5%
BR - VT	SZC, IDC	9,000	8,550	8,079	-471	-350	10,755	111.4%

Source: Decision No. 326/QĐ-TTg, Decision No. 225/QĐ-TTg, TVS Research concluded

Note: Green Data: Increased limit & usage limit below 100%

Red Data: Decreased limit & usage limit exceeds 100%

Therefore, we prefer industrial park real estate developers with large land reserves, ready to deploy in the near future.

TVS Research recommends that investors focus on industrial park businesses with large land reserves, ready to deploy in the near future, and with reasonable valuations like KBC and IDC.

TVS Research maintains a **BUY** recommendation for **KBC** in 2024 (target price VND 40,300, upside 33.2%). For detailed information, refer to the [2024 Investment Strategy Report](#).

Ticker	Price on 15/05/24	Target price	Upside	Revenue 2024F	% YoY	LNST 2024F	% YoY	ROE 2023	ROE 2024F	Current P/B	P/B fw 2024
	VND	VND	%	Tỷ VND	%	Tỷ VND	%	%	%	x	x
KBC	30,250	40,300	33.2%	7,889	39.8%	2,752	24.1%	11.7%	12.7%	1.3	1.0

Source: FiinPro-X, TVS Research

Regarding port operators, TVS Research maintains the view that port businesses will benefit from the growth of FDI export-import activities in 2024.

We maintain the view that port businesses will benefit positively from the recovery of import-export activities, especially from FDI companies in 2024, as outlined in the [2024 Investment Strategy Report](#).

We revise the target price for GMD to VND 81,000 in 2024 and downgraded our recommendation from BUY to HOLD due to a 16% increase in the stock price since the beginning of the year.

Port throughput showed positive growth in Q1

Port operations showed a positive recovery in Q1 2024. Container throughput increased significantly by 21% YoY during Q1 2024. The northern region and Ba Ria - Vung Tau port clusters recorded the

2024.

strongest growth rates, with increases of 30% YoY and 48% YoY, respectively. The primary drivers of growth for these port clusters were the increases in import-export container traffic, achieving growth rates of 90% YoY and 53% YoY, respectively.

Figure 6: Container throughput at Vietnamese ports increased by 21% YoY in Q1 2024.

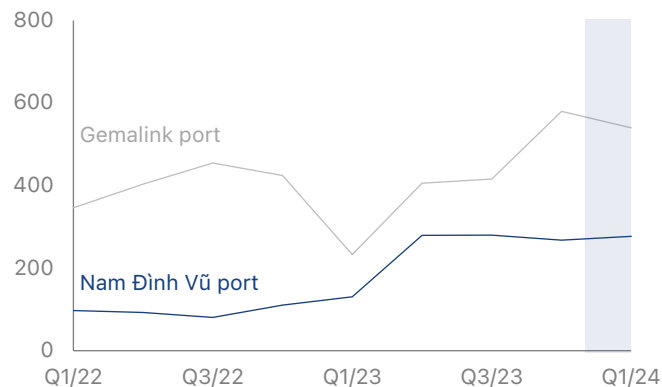
The container throughput at ports [Million TEU]



Source: VPA, TVS Research

Figure 7: Container throughput at Nam Dinh Vu and Gemalink ports increased by 112% YoY and 132% YoY respectively in Q1 2024.

Container throughput at Gemalink and Nam Dinh Vu ports [TEU]



Source: FiinPro-X, TVS Research

TVS Research recommends investing in companies that own ports in convenient locations with potential for capacity expansion.

We revise the target price for GMD to VND 81,000 in 2024 and downgraded our recommendation from BUY to HOLD.

We perceive port companies with strategically located ports capable of accommodating large vessels and planning capacity increases will be well-positioned to capitalize on the recovery of import-export activities from FDI companies in Vietnam (+9% as per their forecast). Their top pick among port stocks is GMD.

We revise the target price for GMD to VND 81,000 in 2024, up from the previous target of VND 79,500 in the [2024 Investment Strategy Report](#). This adjustment is due to GMD's plan to increase container handling fees at Gemalink port by 10% from Q2 2024 onwards, exceeding the previous assumption of 6-8%.

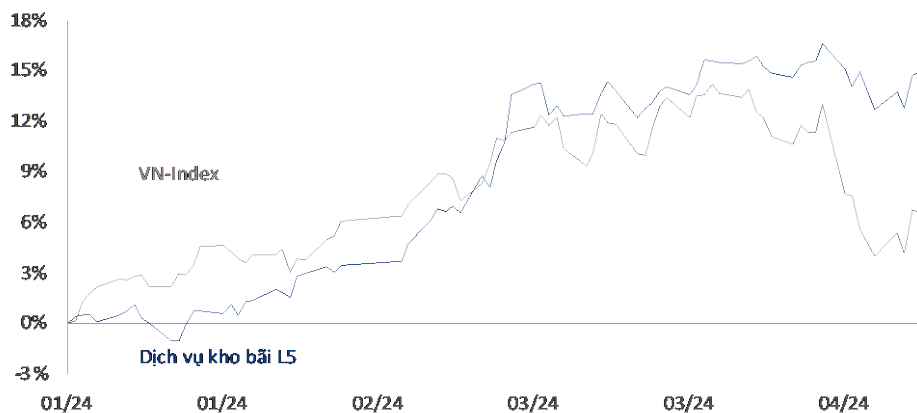
However, we adjusted the profit from divesting Nam Hai port down to VND 350 billion from the earlier projection of VND 800 billion, realized in Q1 2024. Consequently, their updated forecasts for GMD's revenue and net profit in 2024 are VND 4,465 billion (+16% YoY) and VND 1,668 billion (-35% YoY) respectively, compared to the earlier forecasts of VND 4,056 billion and VND 2,085 billion in the [2024 Investment Strategy Report](#).

The port industry price index increased by 16% YTD in Q1 2024 and reached 17% YTD by the end of April 2024.

The seaport price index increased by 16% YTD until the end of Q3 2024 and continued to rise to 17% in April 2024 despite a sharp market decline. We believe this price increase was primarily supported by positive seaport operation activities maintained in Q1.

Chart 8: The warehouse and storage services industry index increased by 17% YTD

The growth of the Warehouse and Storage Services industry index L5 and the VN-Index [% YTD]



Source: FiinPro-X, TVS Research

Ticker	Price on 15/05/24	Target price	Upside	Revenue 2024F	% YoY	LNST 2024F	% YoY	ROE 2023	ROE 2024F	Current P/E	P/E fw 2024
	VND	VND	%	Tỷ VND	%	Tỷ VND	%	%	%	x	x
GMD	83,000	81,000	-2.4%	4,456	16.0%	1,668	-35.0%	16.0%	8.0%	9.8	21.0

Source: FiinPro-X, TVS Research

Investment theme 3: Positive recovery outlook

Banking sector – NIM improves, bad debt pressure eases slightly

TVS Research maintains a POSITIVE outlook for the banking sector in 2024.

We maintain our forecast that bank profits will grow positively in 2024, with pre-tax profits (PBT) of banks in our watchlist expected to increase by 22.1% YoY. TVS Research believes that the low interest rate environment will be sustained throughout 2024. Low interest rates, coupled with improved business production conditions, will drive credit growth to reach 14%, with a focus on H2 2024. We predict that banks' Net Interest Margin (NIM) will improve slightly, and bad debt pressure will gradually decrease by year-end, enabling banks to significantly enhance profitability.

TVS Research maintains the target prices for MBB and VCB, while raising the target price for TCB to VND 51,700 (+22.5% compared to the target price in the [2024 Investment Strategy Report](#)) due to an increased P/B target from 1.0 to 1.2x. We recommend buying MBB shares (TP VND 28,200, upside 23.1%) and downgrading from buy to hold for VCB (TP VND 107,200, upside 17.8%) and TCB (TP VND 51,700, upside 7.5%) as their stock prices have performed well recently.

TVS Research maintains projection that credit growth will reach 14% in 2024.

Credit growth remained low in Q1 2024, up +1.34% YTD, primarily driven by corporate lending, aligning with our forecast in the [2024 Investment Strategy Report](#). We maintain our projection that credit growth will reach 14% in 2024, fueled by improvements in business production activities, increased public investment, and a low interest rate environment stimulating credit demand in the economy. Notably, the real estate market may recover earlier than our initial expectations, positively impacting borrowing needs starting from Q3 2024. Initially, credit demand will rise among real estate businesses, followed by potential homebuyer borrowing.

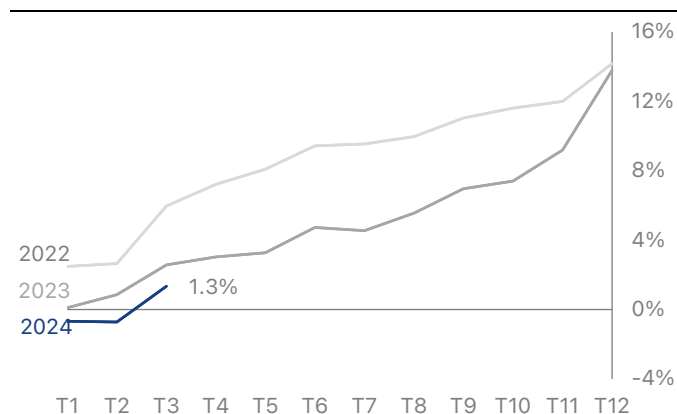
Against the backdrop of low interest rates, deposits decreased by 0.8% in the first quarter. Despite the divergence in the growth rates of deposits and loans in Q1 2024, we continue to believe that deposits will closely track credit growth for most of the year.

Figure 9: Credit growth in Q1 2024 was low, even negative in the first two months of the year

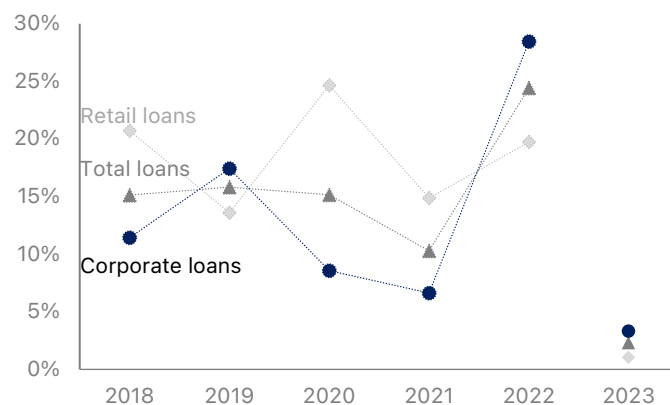
Banking sector credit growth [%]

Figure 10: Lending to corporates remains the main driving force for credit disbursement since 2023

Loan growth of listed banks by customer segments [% YoY, Q1 2024 % YTD]



Source: FiinPro-X, TVS Research



Source: FiinPro-X, Listed banks, TVS Research

Notes: Data Q1 2024 excludes NAB, EIB, NVB, ABB, SGB, BAB

We expect that interest rates may increase slightly in H2 2024, but overall, they are expected to remain low throughout the entire year 2024.

The interest rate landscape remained low in 4M 2024. However, input interest rates showed signs of increasing since late Q1, particularly in the interbank market.

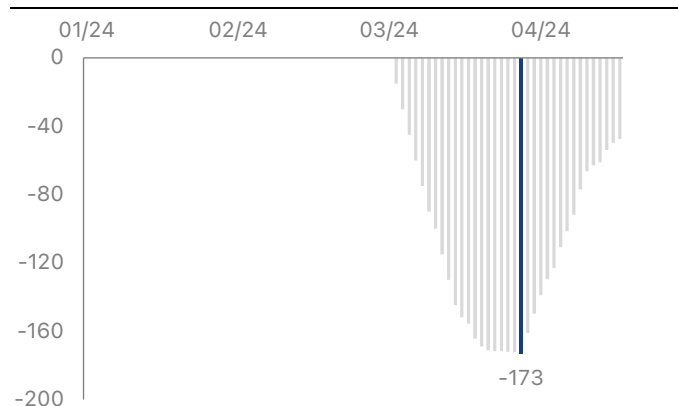
Interbank interest rates experienced two significant increases in 4M 2024. The first occurred around the Lunar New Year holiday, reflecting seasonal patterns. The second rise occurred in late March 2024 when the SBV withdrew over 170 trillion VND from circulation through bond issuance interventions starting from March 11. TVS Research believes that the interbank interest rates increased sharply due to excess liquidity continuously decreasing within the banking system due to NHNN's bond issuance interventions. Considering existing exchange rate pressures ([refer to the 2024 Investment Strategy Report](#)), we believe SBV may need to maintain a net withdrawal status in the Open Market Operations (OMO) and intervene in USD sales, resulting in interbank interest rates gradually declining but the rates are unlikely to return to around 1-2% in the first quarter.

After a 50-100 basis point reduction in Q1 2024, deposit interest rates saw a slight increase in some banks that had aggressively lowered rates previously and experienced positive credit growth in Q1 2024. Although individual rate hikes occurred at select banks, TVS Research anticipates that deposit interest rates will face higher upward pressure in the coming quarter compared to the beginning of the year, influenced by market interest rates and exchange rate dynamics. However, the magnitude of the increase is not expected to be significant. We forecast a clearer upward trend in deposit interest rates during H2 2024 as credit growth strengthens.

Figure 11: SBV has significantly absorbed liquidity through bond issuance since March 11, 2024

Figure 12: Interbank interest rates have surged due to SBV bond issuance of over VND 170

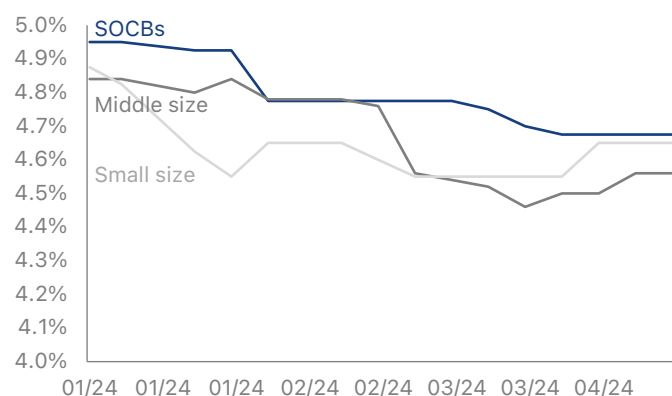
Bond issuance volume since beginning of 2024 [VND bn thousand]



Source: FiinPro-X, TVS Research

Figure 13: Deposit rates has been declining since the beginning of the year, but it has started to increase again in the second half of April

12 month deposit interest rates [%]



Source: Banks' website, TVS Research

Note: SOCBs: BID, CTG, VCB; Middle size: MBB, VPB, TCB; Small size: HDB, LPB, VIB, MSB

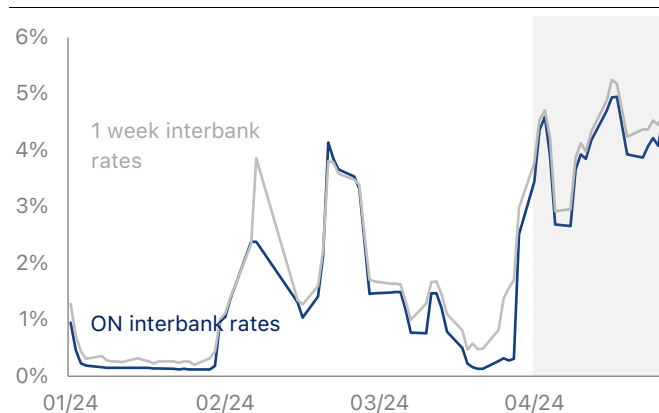
The draft amendment to Circular 02/2023/TT-NHNN supports borrowers and helps control the reported non-performing loan ratio within banks, while not affecting provisioning compared to the scenario where Circular 02 expires

The draft amendment to Circular 02/2023/TT-NHNN extends the restructuring period for loan repayment terms to December 31, 2024 (compared to the original deadline of June 30, 2024 in Circular 02). This extension aims to support borrowers facing difficulties, allowing them continued access to loans for business operations. Additionally, continuing debt restructuring helps control the reported non-performing loan ratio within the banking system.

However, the draft does not address provisions for loan loss provisioning at banks. Therefore, we believe that banks will need to set aside provisions for all restructured loans arising between June 30 and December 31, 2024. Consequently, the draft does not impact banks'

trillion

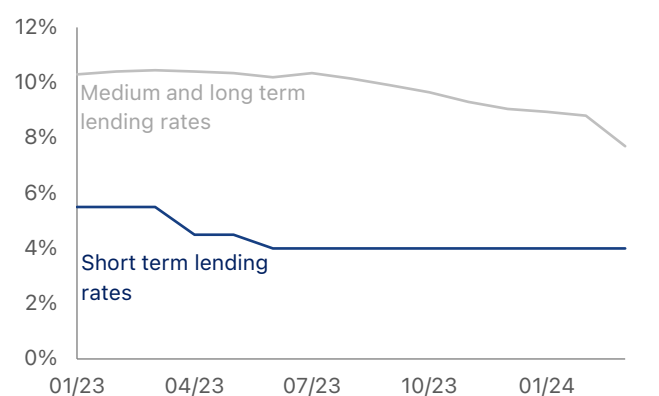
Interbank interest rates for overnight and 1-week maturity [%]



Source: FiinPro-X, TVS Research

Figure 14: Lending rates continue to decline in Q1 2024

Banks' average lending rates LS [%]



Source: FiinPro-X, TVS Research

on June 30, 2024.

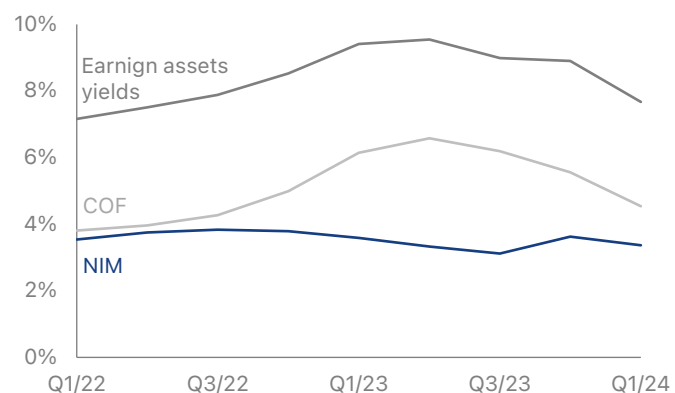
The business performance of the banking sector in Q1 2024 has not shown significant improvement.

provisioning compared to the scenario where Circular 02 expires on June 30, 2024. Nevertheless, due to the exclusion of restructured loans from the reported non-performing loan ratio, banks may intensify debt restructuring efforts in H2 2024.

The pre-tax profit (PBT) of 27 listed banks on three stock exchanges reached VND 72,094 billion (+9.5% YoY, +6.3% QoQ). Net interest income remained stable compared to the previous quarter due to (1) low credit growth (+1.9% YTD) and (2) a slight 0.26 percentage point decrease in net interest margin (NIM) caused by reduced asset yield. Asset quality has not improved significantly: the average non-performing loan ratio for listed banks increased by 0.3 percentage points after declining in Q4 2023, while the ratio of group 2 loans slightly increased after consecutive decreases in the past three quarters. Among listed banks, private joint-stock commercial banks (TCB, HDB, LPB, VPB) demonstrated strong profit growth compared to the industry (over 40% YoY) due to robust credit expansion, healthy net interest margins, and improved asset quality (**Details from the Q1 2024 Business Results Report**).

Figure 15: The average NIM of listed banks decreased slightly compared to Q4 2023

Average Earning assets yields, Cost of funds (COF) and Net interest margin (NIM) of listed banks [%]



Source: FiinPro-X, TVS Research

Note: Data excludes NVB

Figure 16: Asset quality has not shown sustainable improvement

Non-performing loan ratio and group 2 debt ratio of listed banks [%]



Source: FiinPro-X, TVS Research

Note: Data excludes NVB

TVS Research believes that the business situation of banks will improve from H2 2024, and we maintain the forecast that PBT for the banks in our watchlist

The PBT for Q1/2024 of the banks in TVS Research's watchlist reached 59,532 billion VND (an 8.1% YoY increase), equivalent to 22.2% of our 2024 forecast. Among these, PBT growth came from private joint-stock commercial banks such as TCB, VPB, and HDB. Conversely, lackluster financial performance was observed in MBB, VCB, and VIB, which dragged down the overall growth of the group.

We maintain our PBT forecast for the banks in the watchlist at a 22.1% YoY increase due to improved credit demand in H2 2024, better net

will increase by 22.1% YoY in 2024.

The banking sector stock index has grown by 14.4% YTD, primarily driven by increased valuation, even though financial performance has not yet fully recovered.

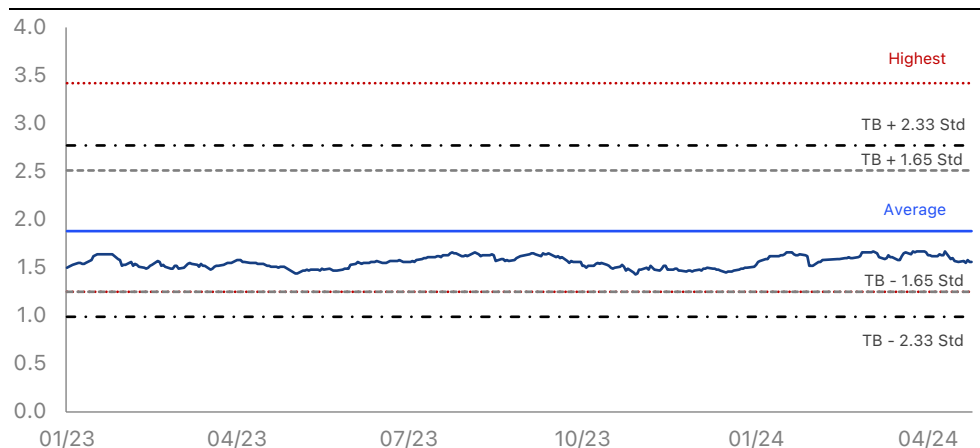
interest margins (NIM), and gradually decreasing bad debt pressure toward the end of the year as the business conditions for various sectors improves.

The Banking sector stock index increased by 19.8% in Q1 2024 before declining to +14.4% YTD by the end of Q4, amid a broader market downturn. TVS Research attributes the stock's upward momentum primarily to market expectations of positive financial performance and reduced bad debt risks in 2024. However, fundamental factors for the sector in the early quarter were less promising, with slow credit growth, net interest margins, and overall asset quality yet to improve.

Therefore, we believe that the recent correction and consolidation in banking stocks are necessary to prepare for a new growth phase, focusing on strong performers in financial results throughout 2024.

Figure17: P/B ratio of the banking sector increased by 11.3% YTD, significantly contributing to the performance of bank stocks in 4M 2024

P/B of banking sector [times]



Source: FiinPro-X, TVS Research

Note: TB: Average; Std: Standard deviation

Ticker	Market price at 15/05/24	Target price	Upside	TOI 2024F	% YoY	NI 2024F	% YoY	ROE 2023	ROE 2024F	P/B TTM	P/B fw 2024
	VND	VND	%	Tỷ VND	%	Tỷ VND	%	%	%	x	x
MBB	22,900	28,200	23.1%	57,243	21.0%	24,669	17.2%	23.9%	22.5%	1.2	1.0
TCB	48,100	51,700	7.5%	46,081	15.0%	22,821	25.5%	14.8%	16.1%	1.2	1.1
VCB	91,000	107,200	17.8%	79,009	16.7%	37,100	12.2%	21.7%	20.1%	2.9	2.5

Source: FiinPro-X, TVS Research

TOI: Total operating income

Retail & Consumer sector – Improved profit margins contribute to strong earnings growth

TVS Research maintains a POSITIVE outlook for the retail and consumer goods sector in 2024.

We believe that the financial performance of this industry group will continue to recover strongly from the low base in 2023, driven by the rebound in domestic consumer demand as the economy resumes growth. Additionally, completing restructuring efforts in non-essential retail businesses has helped improve operational efficiency in existing stores, leading to increased profits this year.

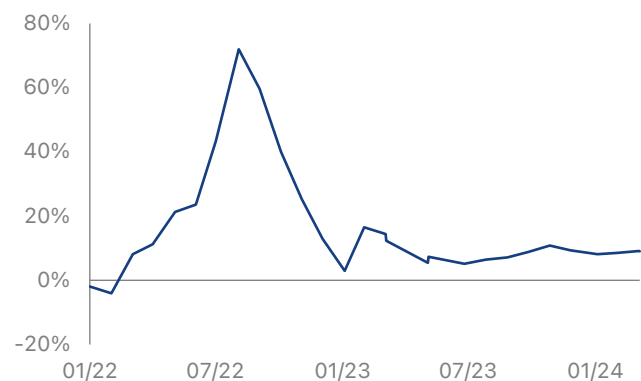
We have adjusted the net profit after tax (NPAT) forecast for the retail and consumer sector in TVS Research's watchlist for 2024 from VND 6,023 billion to VND 6,708 billion (+11.3% compared to the previous estimate). Regarding recommended stocks, we have raised the target price for MWG from the previous forecast of **53,200 VND per share** to 68,800 VND per share (+13.2% compared to the closing price on May 15, 2024).

The retail sector's growth is supported by the recovery in business activities.

In the early months of 2024, the retail sector's growth has consistently remained at 8-9% compared to the same period. Retail sales have seen positive momentum due to the recovery in the manufacturing and export sectors, which has led to increased employment compared to the corresponding period. Additionally, the retail industry has benefited from government policies such as a 2% reduction in value-added tax (VAT) during the first half of 2024.

Figure 18: Retail sector growth at 8 – 9% YoY in 5M 2024

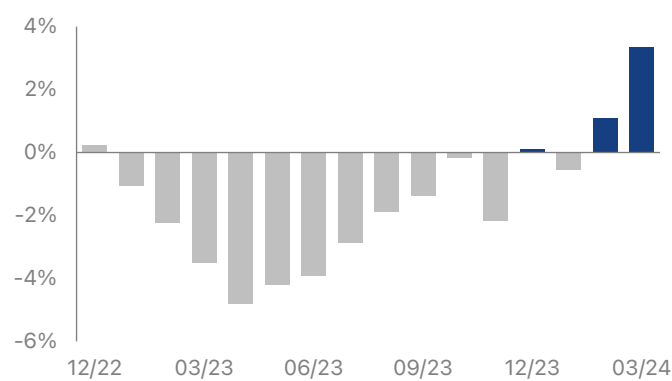
Total retail sales of goods and services growth [% YoY]



Source: GSO, TVS Research

Figure 19: The employment rate has increased compared to the same period

Industrial employment rate [% YoY]

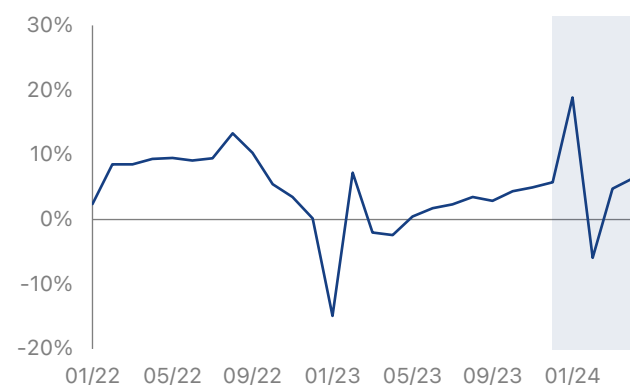


Source: GSO, TVS Research

Figure 20: Recovery trend of industrial sector...

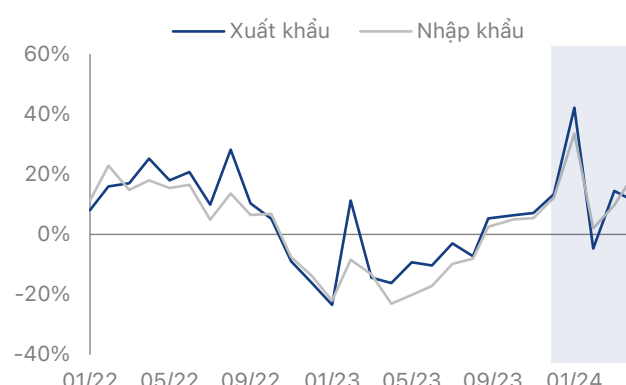
Figure 21: ... and export-import activities stay strong in 3M 2024

Index of industrial production IIP [% YoY]



Source: GSO, TVS Research

Vietnam export and import growth [% YoY]



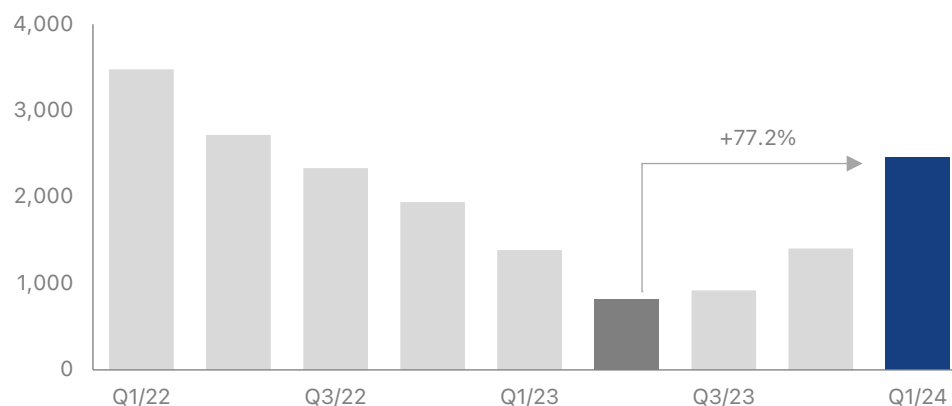
Source: GSO, TVS Research

Business performance of listed retail and consumer goods companies in Q1 2024 surged.

In Q1 2024, the business performance of the Retail & Consumer Goods sector surged. Revenue and net profit after tax (NPAT) of listed retail and consumer goods companies on the HOSE reached VND 75,777 billion (+17.2% YoY) and VND 2,457 billion (+77.2% YoY), respectively, which equivalent to 30% of TVS Research's profit forecast. Notably, the main growth driver was MWG, with NPAT reaching VND 903 billion (+4,143% YoY).

Figure 22: Retail sector business performance improved sharply in Q1 2024

Net profit of listed retailers LNST [VND bn]



Source: FiinPro-X, TVS Research

The profit margins of ICT&CE businesses improved due to restructuring efforts in 2023.

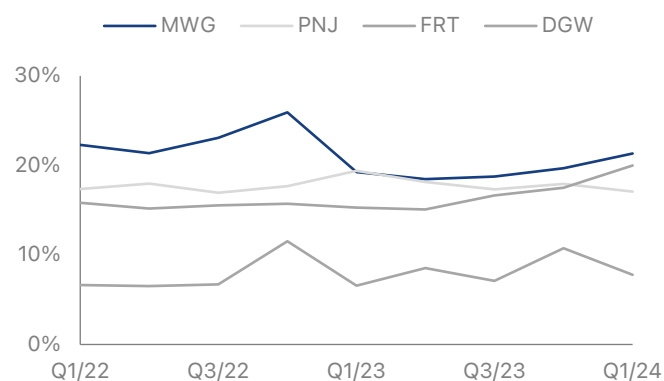
In Q1 2024, the ICT&CE sector companies listed in TVS Research's watchlist, such as MWG and FRT, showed significant improvement in their business performance. Their gross profit margins increased substantially compared to the same period and previous quarters. Additionally, the revenue per store for these companies also improved, indicating that the closure of inefficient stores over the past four

quarters has begun to positively impact their business results.

In the upcoming quarters, we believe that revenue per store and profit margins of ICT&CE chains will continue to improve as consumer demand rebounds along with a more positive consumer sentiment toward the economy.

Figure 23: Gross profit margin of consumer retail companies improved

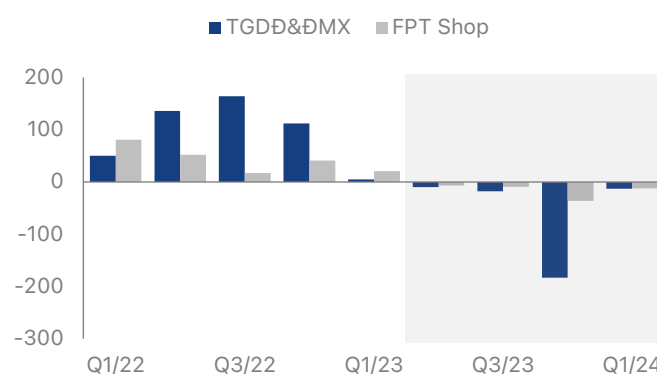
Gross profit margin of consumer retail companies in TVS Research's watchlist [%]



Source: Companies' financial statement, TVS Research

Figure 24: The number of stores of ICT&CE group companies decreased after restructuring

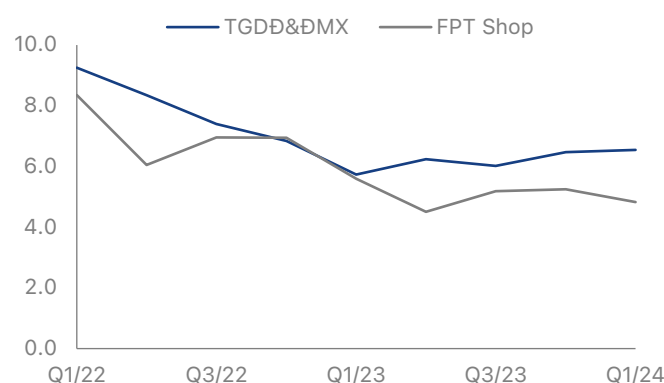
Number of stores increased by ICT&CE chains [store]



Source: MWG, FRT, TVS Research

Figure 25: Sales per store of ICT&CE chains improved compared to the same period

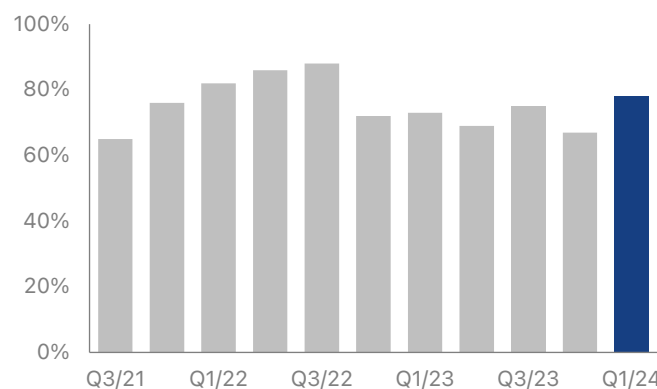
Sales/store/month of ICT & CE chains [VND bn/store/month]



Source: MWG, FRT, TVS Research

Figure 26: Consumer sentiment is positive regarding economic prospects in 2024

Survey results on optimism about the economic situation in the next 12 months [% agree]



Source: Kantar Worldpanel Division, TVS Research

We adjusted the net profit expectations for retail and consumer companies to increase by

We adjusted the net profit of retail and consumer companies in TVS Research's watchlist for 2024 to reach VND 6,708 billion (+188% YoY, +11.4% compared to the previous forecast). This improvement was driven by (1) growth prospects in operating performance due to consumer demand recovery, especially from H2 2024 as the economy

11.3% compared to the previous forecast, equivalent to 188% YoY growth in 2024.

rebounds, and (2) improved profit margins for retail companies after completing the restructuring process.

Regarding stock recommendations, TVS Research raised the target price for MWG shares to VND 68,800 per share (a 13.2% upside from the closing price on May 15, 2024). However, we downgraded the recommendation to HOLD because the stock price has already increased by 42% since the beginning of the year. Here is our investment thesis for MWG:

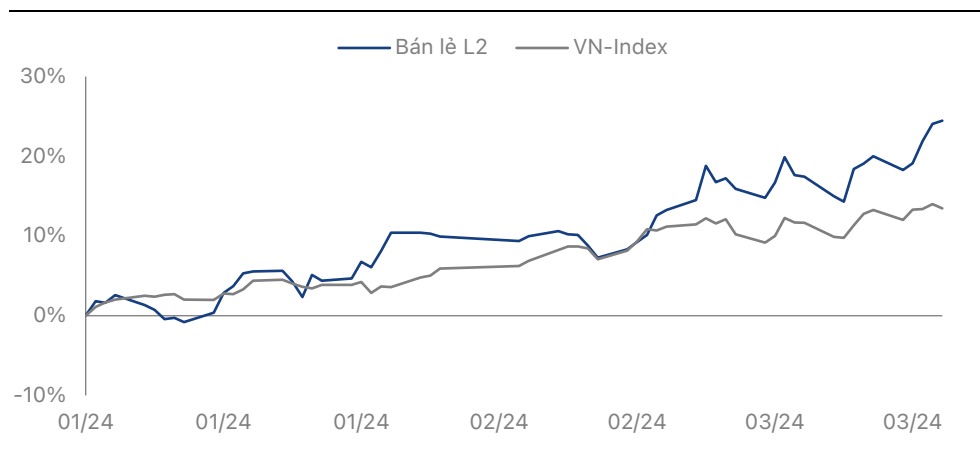
- The profit margins in the ICT&CE sector improved after completing the restructuring process in 2023
- Bach Hoa Xanh achieved break-even and profitability in 2024. We anticipate that BHX can achieve a net profit margin of 1.0% in 2024

The Retail sector's index increased by 24.5% in Q1 2024, driven by strong expectations of operating performance this year.

The Retail sector's stock index increased by 24.5% in Q1 2024. TVS Research believes that the growth of retail stocks since the beginning of the year is driven by expectations of improved operating performance in Q1 2024 for retail companies compared to the low base of the same period, exemplified by MWG and FRT

Figure 27: Retail sector index increased 24.5% in Q1 2024

VN-Index and retail sector growth [% YTD]



Source: FiinPro-X, TVS Research

Ticker	Market price at 15/05/24	Target price	Upside	Revenue 2024F	% YoY	NI 2024F	% YoY	ROE 2023	ROE 2024F	P/E TTM	P/E fw 2024
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
MWG	60,800	68,800	13.2%	129,644	11.3%	3,678	2,064	0.7	15.0	84.8	24.2

Source: FiinPro-X, TVS Research forecast

Export-import sector – Strong recovery outlook from H2 2024

TVS Research maintains a POSITIVE outlook for companies operating in the export-import sector from H2 2024.

Export-import activities for wood and wood products, seafood products, and textiles were positive in 4M 2024.

TVS Research expects wood and wood product export companies to benefit as demand for wood in the U.S. market improves significantly from H2 2024.

We maintain a POSITIVE outlook for companies operating in the export-import sector from H2 2024. We expect the export value of export-import companies to recover in H1 2024 compared to the low base of the same period last year, and to see strong growth from H2 2024 as the economies of Vietnam's main export markets recover.

We expect the following export goods to benefit from the global economy recovery: Wood and wood products (W&WP), textiles, and seafood products. TVS Research downgrades the recommendation for **VHC** from BUY to HOLD (Target price: VND 84,200 /share) due to the significant increase in stock price since the previous recommendation. Other investment opportunities in the sector are added to our watch list including PTB and TNG.

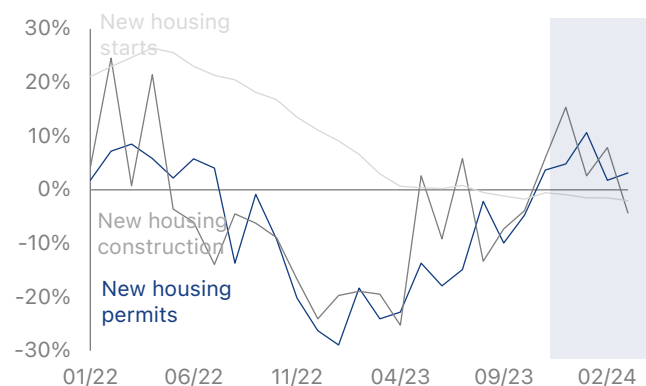
Due to the low base in Q1 2023, export activities recorded positive growth again in Q1 2024 for Vietnam's major export goods: Wood (+23% YoY), Textiles (+7% YoY), and Seafood (+5% YoY). In terms of export value, the export value of goods such as chemicals, wood, textiles, and seafood maintained growth in early 2024 but has not yet returned to the peak values recorded in 2022.

We expect the demand for wood products in the U.S., which accounted for 75% of the wood product export value in 4M 2024, to recover strongly from H2 2024. We anticipate this recovery due to:

- **The demand for residential construction in the U.S. has shown positive signs of recovery. The number of new housing permits issued, and new housing** have maintained a recovery trend since the end of 2023. In Q1 2024, the number of new housing permits issued and new housing starts recorded growth of 5% YoY and 2% YoY, respectively. **Total residential construction spending** also maintained positive growth from Q3 2023, reaching 5% YoY in Q1 2024.
- **Household consumer demand is expected to increase positively from H2 2024.** We anticipate that the U.S. monetary policy will start to ease from H2 2024 through interest rate cuts, which will stimulate consumer demand.

Figure 28: Growth in the number of new housing permits and new housing starts reached 5% YoY and 2% YoY respectively in Q1 2024.

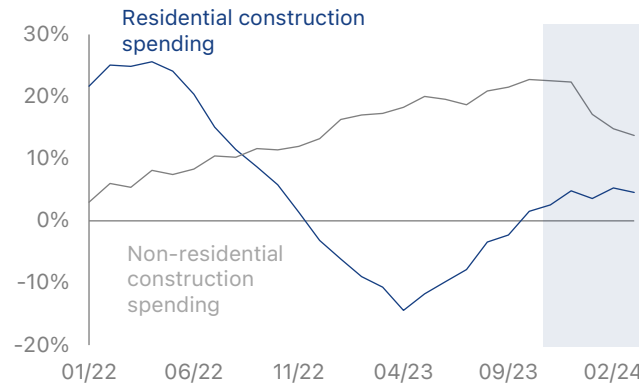
Monthly growth in the number of new housing permits, housing starts, and houses under construction in the US [% YoY]



Source: FRED, TVS Research

Figure 29: Total residential and non-residential construction spending increased by 5% YoY and 14% YoY respectively in March 2024.

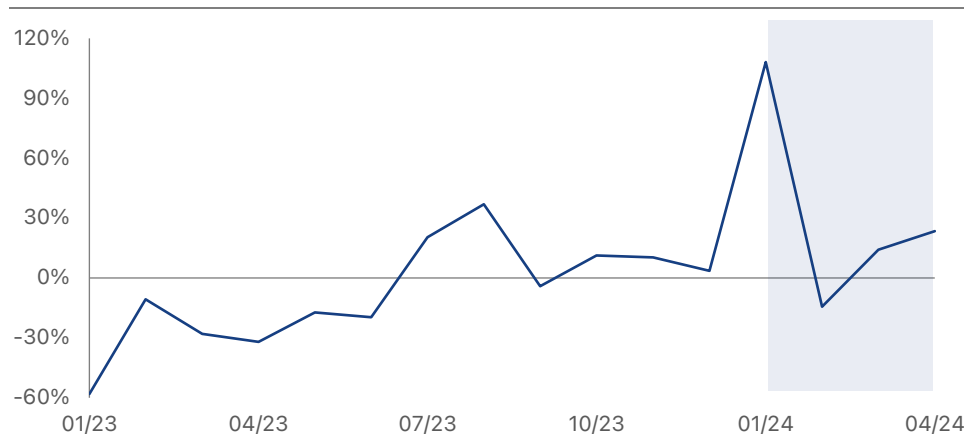
Monthly growth in residential and non-residential construction spending value in the US [% YoY]



Source: FRED, TVS Research

Figure 30: Export value of wood products grew 28% YoY in 4M 2024

Growth in export value of indoor and outdoor wooden furniture under HS code 940 [% YoY]



Source: TVS Research

For the seafood export sector, TVS Research maintains a POSITIVE view for pangasius exporting companies from H2 2024.

Although Q1 2024 business results have not yet recovered, TVS Research maintains a POSITIVE outlook for pangasius exporting companies from H2 2024, as mentioned in the [2024 Investment Strategy Report](#). We maintain our expectation that demand for essential commodities like pangasius will increase again in Vietnam's key export markets such as the United States and China when consumer spending recovers in these countries from H2 2024.

We maintain our forecast that the net revenue and net profit for 2024 of pangasius exporting companies in our watchlist will increase by 20% YoY and 45% YoY respectively, as per our [2024 Investment Strategy](#)

Report.

The net profit after tax of pangasius exporting companies has not yet recovered in Q1 2024.

The profits of 3 pangasius exporting companies decreased by 34% YoY in Q1 2024. Listed pangasius companies VHC, ANV & IDI recorded a total net profit after tax of 223 billion VND (-36% YoY) in Q1 2024. We believe this decrease is due to reduced consumer demand and lower selling prices of pangasius in key markets, especially in the Chinese market.

For VHC - the largest pangasius company in the stock market, total net revenue in Q1 2024 reached VND 2,860 billion (+28% YoY) (equivalent to 26% of our estimated 2024 revenue) and net profit after tax in Q1 2024 reached VND 189 billion (-16% YoY). VHC's net profit margin improved in Q1 2024 to 8%, after recording its lowest historical profit margin of 3% in Q4 2023.

We believe that the business results of pangasius exporting companies are in line with our expectations and will recover from H2 2024 thanks to improved export activities to key markets such as the US & EU.

Figure 31: Pangasius (catfish) export activity was unfavorable in Q1 2024

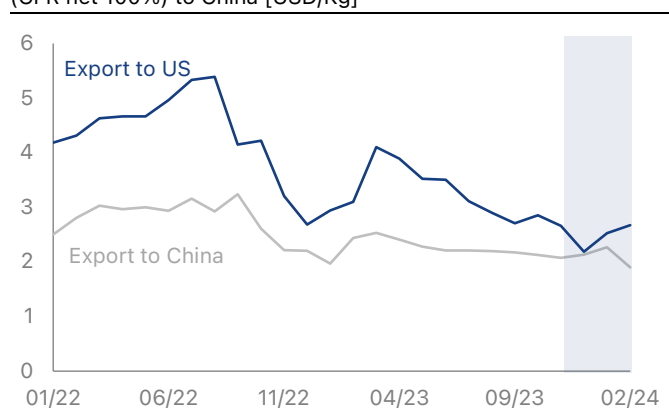
Export turnover of pangasius [Million USD]



Source: Agromonitor, TVS Research

Figure 32: Export prices of fish to the US increased again while export prices to China decreased

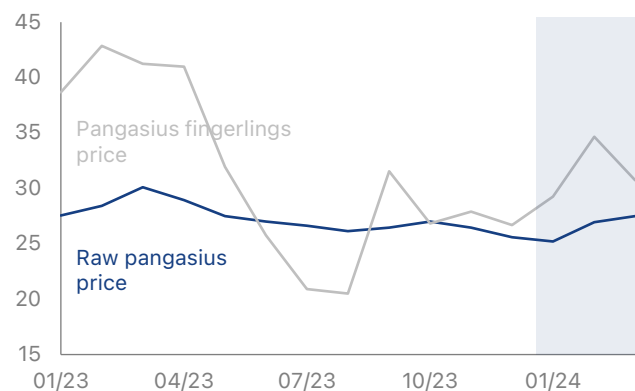
Price of frozen pangasius fillet size 5-7oz FOB to the US [USD/Kg] and Export price of frozen pangasius fillet size 300-400gr/piece (CFR net 100%) to China [USD/Kg]



Source: Agromonitor, TVS Research

Figure 33: The prices of raw pangasius and pangasius fingerlings increased slightly in Q1 2024.

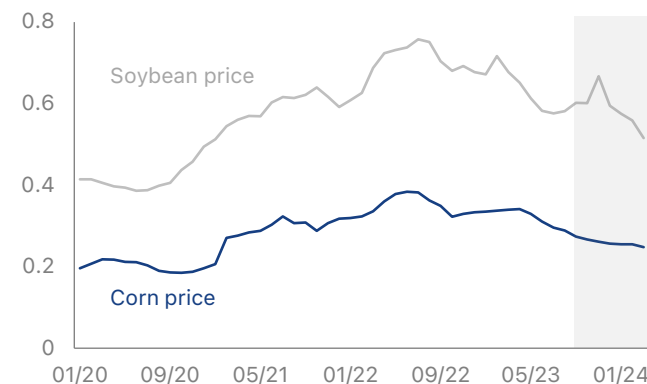
Price of raw pangasius [VND thousand/Kg] and Price of fish fingerlings, sample of 30 fish/kg [VND thousand /Kg]



Source: Agromonitor, TVS Research

Figure 34: The price of animal feed continues to maintain a downward trend.

Average import price of corn and soybeans [USD/Kg]



Source: Agromonitor, TVS Research

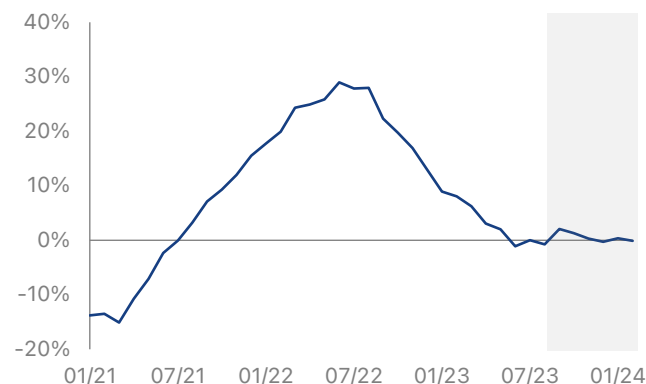
TVS Research expects garment exports to recover in the US market from Q4 2024 onwards.

We expect the import demand for garments, which accounts for 80% of textile and garment export value, in the largest market, the US, will recover more slowly than the demand for wood products and seafood in 2024. Clothing shopping demand will recover well due to better consumer goods demand during major holiday seasons at the end of the year. However, TVS Research believes that garment demand will recover more slowly compared to items such as wood products for construction or essential food items like seafood due to:

- **Clothing and accessories inventory levels in the US remain high.** The inventory of clothing and accessories in the US is still maintained at a high level, around USD 60,000 billion. We believe that high inventory levels will delay the demand for garment imports and only record strong growth again from Q4 2024 onwards
- **Consumer spending growth for clothing in the US remains low.** Consumer spending on clothing in the US recorded growth of only 2% YoY in Q1 2024, the lowest increase in many years

Figure 35: High inventory levels of clothing and accessories in the US indicate that demand for clothing has not yet strongly recovered.

Growth in retail inventory of clothing and accessories in the US [% YoY]



Source: FRED, TVS Research

Figure 36: Growth in clothing consumption in the US remains at a low level.

Growth in income and consumption for clothing and footwear in the US [% YoY]



Source: FRED, TVS Research

We maintain our target price of VND 84,200 and change our recommendation from BUY to HOLD for VHC.

We maintain the target price for VHC stock as in our [2024 Investment Strategy Report](#). We also downgrade our recommendation from BUY to HOLD for VHC stock as the price has increased +16% compared to the time of recommendation in the [2024 Investment Strategy Report](#).

Ticker	Closing price on 15/05/24 VND	Target price VND	Upside %	Revenue 2024F VND bn	% YoY %	NPAT 2024F VND bn	% YoY %	ROE 2023 %	ROE 2024F %	P/E trailing x	P/E fw 2024 x
VHC	75,700	84,200	11.2%	11,510	14.6%	1,143	20.4%	11.7%	12.7%	19.9	13.1

Source: FiinPro-X, TVS Research

Investment Theme 4: Real Estate Sector Recovery from Q3 2024

We have changed our view that the real estate market and residential real estate sector will recover earlier, in Q3 2024, as we expect new legal documents to be applied sooner than anticipated.

We have changed our view that the residential real estate sector will recover earlier from Q3 2024 compared to our previous forecast of Q4 2024 due to:

- **We expect the Land Law to be passed earlier than anticipated, which will support the legal progress of real estate projects.** TVS expects the application of the Land Law from 01/07/2024, earlier than the previous plan of 01/01/2025, will shorten the time for implementing legal procedures for real estate companies in developing new land funds, thereby positively impacting market sentiment and project implementation processes. If the new laws are applied according to the old plan (from 01/01/2025), our view remains unchanged from the [2024 Investment Strategy Report](#).
- **Companies will face significant pressure from corporate bond maturity in 2024.** We maintain our view that pressure from corporate bonds in 2024, which has the highest maturity amount in the next 3 years, will impact real estate companies when business operations have not yet recovered (For details, refer to the [2024 Investment Strategy Report](#))
- **We have observed some bright spots in the capital structure of real estate companies, coming from:** (1) Some companies have significantly increased cash flow payments for existing/newly launched projects such as KDH, NLG, AGG, ... (2) Large real estate companies have begun plans to raise capital through additional share issuances in 2024. Therefore, we expect that accessing capital for project implementation will be less difficult and real estate companies will have capital to implement projects to anticipate the industry's growth cycle in 2024-2026

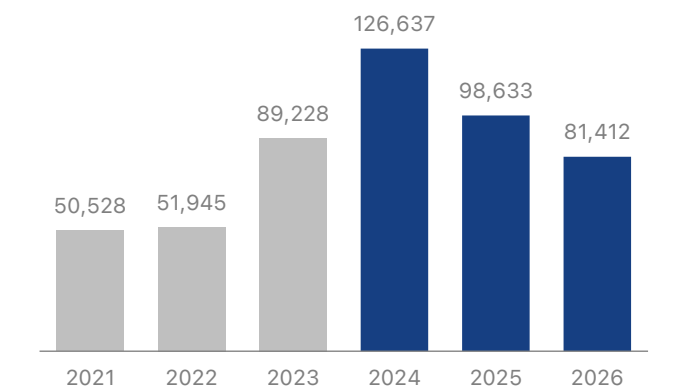
We maintain a BUY recommendation for **VHM** stock (Target price: 71,400 VND/share) and downgrade to HOLD for **NLG** (Target price: 49,000 VND/share). These are two companies with healthy capital structures, and we expect the real estate market recovery will first occur in the products of these two companies, which are real estate for homebuyers with actual living needs.

Figure 37: The volume of corporate bonds maturing for real estate companies in 2024 is the largest in the next 3 years.

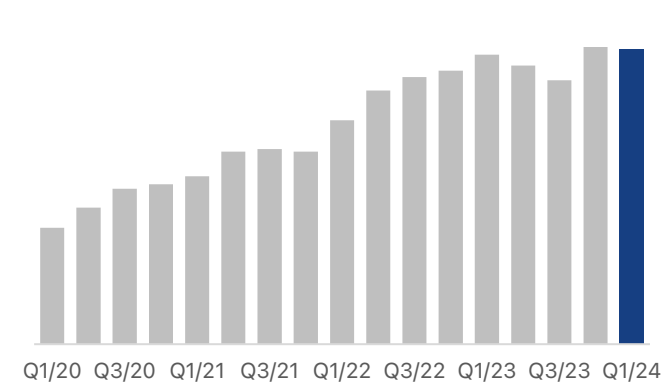
Real estate corporate bonds maturing by year [VND billion]

Figure 38: Advance payments from buyers showed a recovery in Q1 2024.

Advance payments from buyers to real estate companies [VND billion]



Source: FiinPro-X, TVS Research estimates



Source: FiinPro-X, TVS Research

Table 6: Real estate companies begin to announce capital raising plans after a pause in 2022-2023

Thống kê kế hoạch phát hành CP của DN BĐS

DN	Share issuance plans
KDH	Private placement for professional investors, expected to raise ~ VND 3 trillion
DXG	Rights issue for existing shareholders, expected to raise ~ VND 1.8 trillion
NVL	Private placement for professional investors, expected to raise ~ VND 1.7 trillion
PDR	Issuance for strategic partners and existing shareholders, expected to raise ~ VND 13.7 trillion
DIG	Rights issue for existing shareholders, expected to raise ~ VND 1.3 trillion

Source: TVS Research summary

Product structure begins to show divergence between Ho Chi Minh City and Hanoi in Q1 2024.

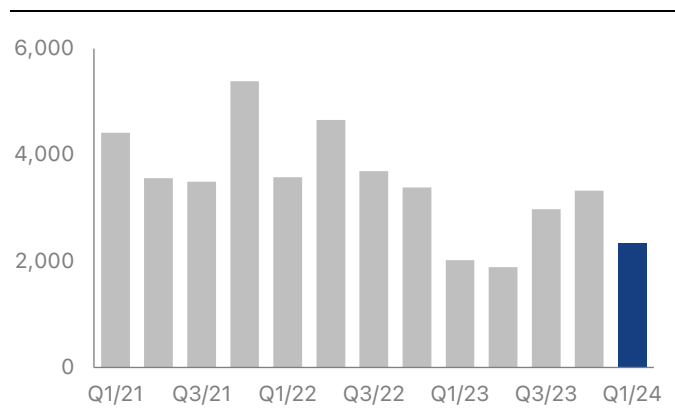
According to CBRE statistics, apartment supply in Q1 2024 in Hanoi increased +11% YoY while in Ho Chi Minh City it decreased -83% YoY, mainly due to old projects from 2023 continuing to be launched. The supply structure differs between Ho Chi Minh City and Hanoi, with the proportion of high-end supply accounting for only 17% in Ho Chi Minh City's market in Q1 2024 (compared to 90% in 2022 and 84% in 2023) and 70% in Hanoi's market (compared to 52% in 2022 and 75% in 2023). TVS Research predicts this trend will continue as in previous reports, especially in Ho Chi Minh City due to the concentration of developers implementing projects in this segment such as NLG, KDH & AGG.

Figure 39: Supply in Hanoi in Q1 2024 increased compared to the same period last year as many new projects were launched for sale

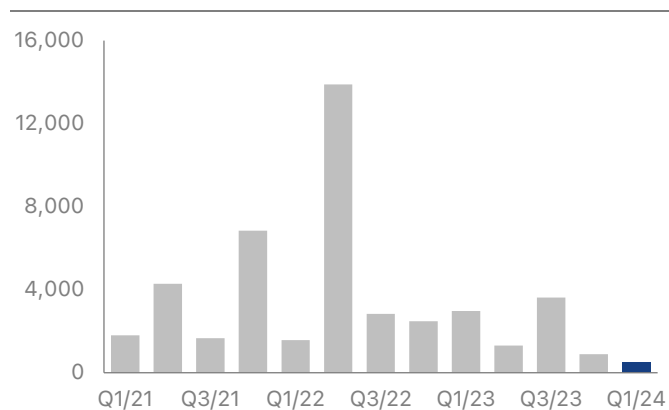
Apartment supplies in Hanoi [Apartment]

Figure 40: Apartment supply in Q1 2024 in HCMC is low due to a lack of new projects.

Apartment supplies in HCMC [Apartment]



Source: CBRE, TVS Research



Source: CBRE, TVS Research

We expect that applying the new Laws from 01/07/2024 instead of 01/01/2025 will accelerate project approval speed and increase market supply.

TVS Research expects the Land Law to be applied from 01/07/2024, 6 months earlier than planned, due to: (1) The government's determination to support the real estate market through solutions issued by the Prime Minister, (2) Facilitating real estate companies' business recovery as many faced cash flow & liquidity difficulties in 2022-2023, such as NVL. Earlier approval will help authorities have a basis to resolve current legal obstacles for real estate companies, especially for projects that have been delayed for many years. We believe that some key changes will significantly impact real estate supply if the Laws take effect earlier (Details in Table 7).

Table 7: We expect the new Legal documents will accelerate the progress of real estate project implementation

Comparison between old and new Legal documents

Regulation	Old regulation	New regulation	TVS Research comment
Land law			
Land price	The government issues a land price framework every 5 years. Provincial Committees use this framework as a basis to issue their land price tables every 5 years.	Proposal to abolish the land price framework: Provincial Committees will develop annual land price tables, to be implemented from January 1, 2026.	Compensation land price tables that are close to market prices will provide a basis for real estate companies to carry out compensation and implement projects, instead of needing to negotiate compensation prices that are much higher than the previous price ceiling.
Land price determination timeframe	N/A	For cases where specific land prices need to be determined to calculate land use fees or land rent, the Provincial Committee must issue a land price decision within no more than 180 days from the date of the decision to allocate land, lease land, or permit change of land use purpose.	Accelerating the process of land valuation and payment of land use fees - the longest process in the implementation of a real estate project

Land valuation methodology	The Land Law of 2013 does not specify clearly, but more detailed guidance was included in Decree 44/2014 (effective from July 1, 2014), which outlines 5 land valuation methods including: (1) direct comparison, (2) income, (3) land price adjustment coefficient, (4) deduction, and (5) residual.	There are 4 land valuation methods including: (1) comparison, (2) income, (3) land price adjustment coefficient, and (4) residual.	Provide more specific guidance on how to apply land valuation methods for each type of land.
Basis for land allocation, land lease, and permission for change of land use purpose	Based on 1) The annual land use plan of the district level that has been approved by the competent state agency and 2) The land use demand expressed in the investment project, application for land allocation, land lease, or change of land use purpose.	Based on: (1) Auction of land use rights, (2) Bidding for investor selection, (3) Approved annual land use plan, (4) Decision approving the investment project, and other bases.	The auction/bidding mechanism will promote transparency in land allocation and land lease procedures. We believe that investors with good financial standing and project implementation experience will have an advantage when participating in auctions/bidding.
Housing law (amended)			
Land fund for social housing (SH) development in commercial housing (CH) projects:	Commercial housing construction investment projects and urban areas with land use scale of 2 hectares or more in special and type I urban areas, or 5 hectares or more in type II and type III urban areas, must allocate 20% of the total residential land area for social housing construction.	If the investor does not arrange residential land area for social housing construction, they must either (1) arrange a social housing land fund at another location outside the scope of the commercial housing construction investment project in that urban area, or (2) pay an amount equivalent to the value of the land fund that has been invested in building technical infrastructure for social housing construction.	This helps investors to be more flexible in fulfilling their social housing development obligations because they are not required to build social housing within commercial projects. Instead, they can choose alternative options such as implementing substitute social housing projects.
Profit margin for investors in social housing (SH) projects	The normative profit for the entire SH project (including the commercial business portion) must not exceed 10% of the total investment cost; this does not include the State's incentives as stipulated.	Investors are entitled to a maximum normative profit of 10% of the total construction investment cost for the SH construction area. They are allowed to allocate a maximum of 20% of the total residential land area within the project scope for commercial business purposes and can account for this profit separately.	This increases the profit from developing SH through the commercial area, thereby promoting the development of SH alongside commercial projects.
Real Estate Business Law (amended)			
Deposit regulations	N/A	Developers can only collect a deposit of no more than 5% of the selling or leasing price when the project meets the conditions to be put into business.	This aims to protect homebuyers from the risk of developers raising capital from customers before completing necessary legal procedures. This regulation may affect developers who are mobilizing large customer prepayments such as DXG, NVL, and need more time to prepare to meet all necessary legal requirements and start construction before launching sales.

Source: TVS Research summary

We believe the real estate market will recover from Q3 2024, driven by demand in the

We believe the real estate industry outlook will be more positive from Q3 2024, earlier than our previous forecast of Q4 2024, due to:

- Home loan interest rates remain low, stimulating demand for



mid-range apartment
segment.

residential purchases through bank loans. We predict interest rates may increase again in H2 2024, but will still be at low levels for home loans (See Banking section for details)

- **Legal documents and implementation guidelines taking effect earlier will support homebuyers' sentiment and accelerate project progress for real estate developers.** TVS Research believes that long-stalled projects will have a basis for earlier review and approval. We have observed early signs, such as DXG's long-suspended DXH Riverside project awaiting additional land use fee payment to receive land use rights certificate and proceed with next steps for potential sales launch

We maintain our forecast that the industry's recovery will primarily come from mid-range apartment projects, especially in Ho Chi Minh City, due to the following characteristics: (1) Accessible pricing for the middle class (around 45-60 million VND/m2), (2) Reputable developers in the market offering payment incentives for homebuyers, and (3) Locations not too far from central districts (<20km) with comprehensive amenities in the area. We believe projects from real estate developers with stable cash flow, ensuring construction progress and timely handover, such as VHM, KDH, NLG, will attract homebuyer demand. Conversely, the sentiment of multi-property investors and speculators (who mainly use bank loans) will recover slowly in 2024, leading to continued low liquidity in the land plot and low-rise villa segments throughout 2024.

Figure 41: The new supply in Hanoi is mainly hard-to-absorb products such as villas/low-rise houses in the coming period

Real estate projects expected to be launched in Hanoi in 2024





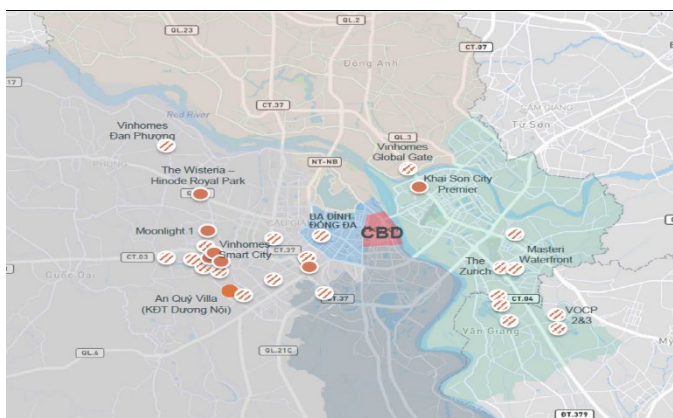
-  : Supply opened for sale in Q1 2024
-  : Supply opened for sale in Q2-Q4 2024

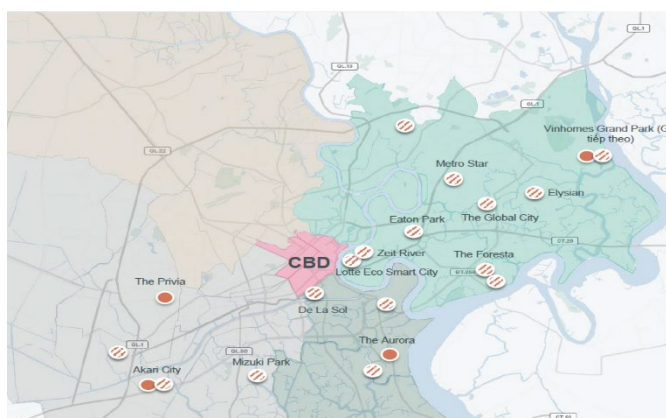
Figure 42: The new supply in Ho Chi Minh City in the coming period will focus on the mid-range segment for homebuyers with real housing needs

Real estate projects expected to be launched in HCMC in 2024

-  : Supply opened for sale in Q1 2024
-  : Supply opened for sale in Q2-Q4 2024



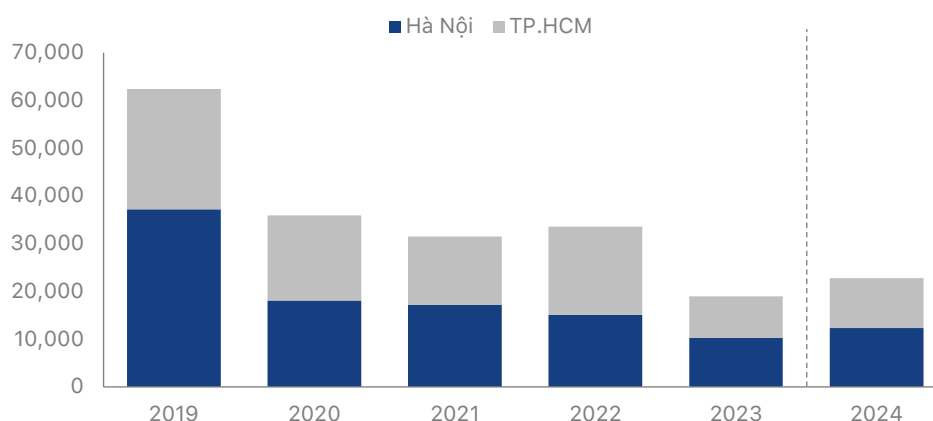
Source: CBRE, TVS Research summary
Note: CBD: Central business district



Source: CBRE, TVS Research summary
Note: CBD: Central business district

Figure 43: We forecast that the number of apartments sold in Ho Chi Minh City and Hanoi will recover slowly in 2024

Number of apartments sold in Ho Chi Minh City and Hanoi [units]



Source: CBRE, TVS Research dự báo

We maintain our recommendations for NLG & VHM for the investment portfolio but change the timing to Q2 2024 to anticipate the recovery of the real estate industry.

Residential real estate stock prices decreased by 1.9% YTD in 4M2024.

We maintain a BUY recommendation for VHM and downgrade the recommendation to HOLD for NLG. These are two companies with large portfolios of projects ready for sale in 2024, positioned to lead in the market recovery trend, along with reasonable valuations and not significantly affected by new laws. TVS Research changes the recommendation timing for these two real estate stocks to Q2 2024 instead of Q3 2024 as in the previous report because we expect earlier approval of laws will bring more positive sentiment to investors and create better business prospects for these two companies.

The real estate sector stock index has decreased by 1.9% YTD as of the end of April 2024. We believe the factors that may have contributed to the sector's underperformance compared to the VN-Index in Q1 2024

are: (1) The overall market declined sharply. (2) The sector's net profit after tax (NPAT) decreased significantly by 80.3% YoY, due to a sharp decline in VHM's NPAT (See Q1 2024 Business Results Report for details) while other companies have not shown improvement in Q1 2024.

Ticker	Closing price on 15/05/24	Target price	Upside	Revenue 2024F	% YoY	NPAT 2024F	% YoY	ROE 2023	ROE 2024F	P/B trailing	P/B fw 2024
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
VHM	40,250	71,400	77.4%	115,396	11.7%	38,242	15.0%	20.1%	19.0%	1.0	0.8
NLG	42,400	49,000	15.6%	5,130	61.3%	1,321	65.0%	6.0%	9.2%	1.8	1.6

Source: FiinPro-X, TVS Research forecast

Investment Theme 5: New Investment Cycle in Vietnam's Oil and Gas sector

We have adjusted our oil price forecast for 2024 to 85 USD/barrel, up from our previous report, and maintain a POSITIVE outlook for the Oil and Gas sector due to the expected increase in upstream investment demand during 2024-2026.

We have adjusted our forecast for the average oil price in 2024 to 85 USD/barrel (+3.4% YoY) compared to our previous forecast of 80 USD/barrel.

TVS Research has adjusted its forecast for the average Brent crude price in 2024 to 85 USD/barrel from 80 USD/barrel due to OPEC+ voluntary cut agreements lasting longer than expected and geopolitical conflicts raising concerns about oil supply reductions.

We maintain a POSITIVE outlook for the Oil and Gas sector because: (1) Higher oil prices help increase oil and gas sector stock prices due to the strong correlation between sector stock prices and oil prices, (2) Upstream investment in the region and Vietnam is increasing after many years of stagnation due to low oil prices, ensuring earnings growth potential for upstream companies like PVS & PVD.

We have downgraded our recommendation to HOLD for **PVS** (Target price: VND 50,300/share) and **PVD** (Target price: VND 37,500 VND/share).

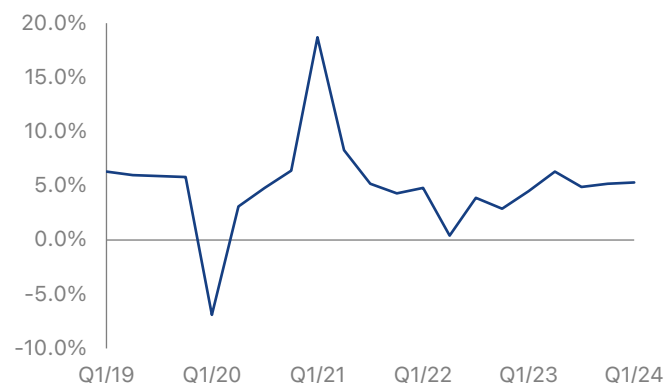
We have raised our forecast for the average Brent oil price in 2024 to 85 USD/barrel (+3.4% YoY) compared to our previous forecast of 80 USD/barrel due to the following reasons:

- **OPEC+ has announced production cuts until Q2 2024**, instead of just through the end of 2023 as previously stated. We believe this will tighten global crude oil supply more than we expected because OPEC+ has not reached a collective agreement within the bloc on production cuts (For details, refer to the [2024 Investment Strategy Report](#))
- **We expect better crude oil demand from China in 2024 due to good GDP growth and industrial production in Q1 2024.** As the world's largest crude oil consumer, we believe that China's better-than-expected economic growth and industrial production in Q1 2024 (as forecast by TVS Research) indicates the possibility of achieving better full-year GDP growth in 2024 than our previous forecast of 4.2% YoY. This could increase crude oil demand compared to expectations in our [2024 Investment Strategy Report](#)
- **Geopolitical conflicts** such as the Russia-Ukraine war, Israel-Hamas & Israel-Iran conflicts are increasing concerns about crude oil supply shortages, as the Middle East accounts for about 30% of

supply. This increases the risk premium for oil prices in international transactions

Figure 44: China's GDP continues to recover in Q1 2024

China's quarterly GDP YoY growth [%]



Source: Bloomberg, TVS Research

Figure 45: China's manufacturing PMI has recovered from the end of 2023 until now, maintaining above 50 points

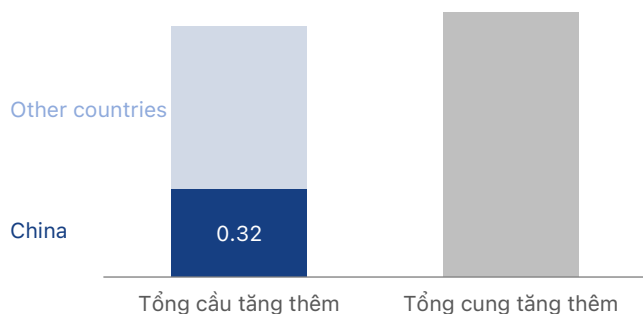
Manufacturing PMI of China [points]



Source: Bloomberg, TVS Research

Figure 46: China's crude oil demand growth is a driver of global demand in 2024

Additional total demand and total supply of crude oil in 2024 [million barrels/day]



Source: EIA, TVS Research

Figure 47: Crude oil supply continues to be lower than demand in 2024

Total demand and total supply of crude oil & oil products [million barrels/day]



Source: EIA, TVS Research

We maintain our view that high oil prices will stimulate upstream investment and ensure workload for companies such as PVD & PVS in the

We maintain our view as stated in the [2024 Investment Strategy Report](#) that sustained high oil prices will stimulate global upstream investment demand in general and in Vietnam in particular, following a period of suspension due to low oil prices and the impact of the COVID-19 pandemic. Our main viewpoints are as follows:

coming years.

- The global drilling market is entering a new growth cycle thanks to increased upstream investment demand in the Middle East
- Upstream investment budgets in Vietnam's Oil and Gas sector will increase significantly in 2024 due to new projects being implemented, especially Block B - O Mon.

Therefore, we believe that companies such as PVD & PVS will be assured of a large workload at least until 2026, after many years of partial suspension of operations (PVD) or accepting short-term contracts with lower gross profit margins to maintain operations (PVS). As a result, these companies are expected to achieve high Revenue and Net Profit growth over the next 2-3 years.

We believe that the FID for the Block B - O Mon project will be made in Q4 2024.

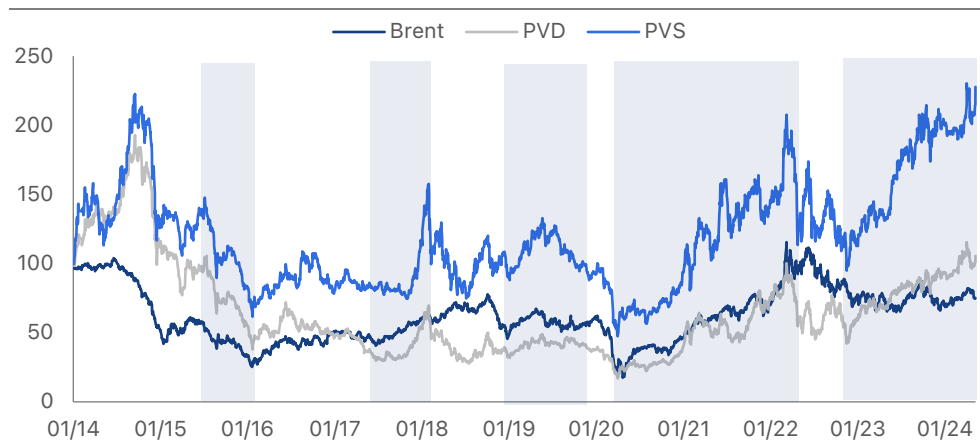
Block B - O Mon is currently the largest project in the Oil and Gas sector with a total investment capital of about USD 17 billion. We expect the project to have its FID (Final Investment Decision) in Q4 2024 due to: (1) EVN has been granted the authority to adjust electricity prices according to Decision No. 05/2024/QĐ-TTg. Therefore, TVS Research believes that electricity price increases will resolve difficulties in signing Power Purchase Agreements (PPA) with the O Mon thermal power complex, as EVN is more likely to implement long-term electricity price changes to compensate for higher electricity purchase costs. (2) The push to accelerate the project's progress, with limited bidding and ongoing work, demonstrates the parties' determination to implement the entire project as soon as possible. From TVS Research's perspective, when this project receives FID approval and begins construction, the oil and gas companies that will benefit most from the Block B project include those providing services related to the construction and operation of upstream and midstream projects such as GAS, PVS, PVD, PVC, PVB, and PXS (Details in the [2024 Investment Strategy Report](#)).

We are lowering our recommendation to HOLD for upstream oil and gas stocks PVS & PVD.

We are lowering our recommendation to HOLD for PVS and PVD as their stock prices have increased by 15% and 13% respectively since the beginning of the year. However, we believe that there is still upside potential for these two stocks because Brent oil prices typically move in tandem with the price movements of PVS & PVD. This could be due to investors' expectations that sustained high oil prices will improve the business performance of oil and gas companies, especially upstream companies, due to their business activities being directly related to crude oil. Therefore, any corrections in oil prices and stock prices present suitable accumulation opportunities for these two stocks.

Figure 48: We observe a correlation in price movements between Brent oil prices and PVS - PVD

Price movements of PVS, PVD, and Brent oil price (01/01/2014=100) [Points]



Source: Bloomberg, TVS Research

Oil and gas stock prices have increased by 11.3% YTD. The oil and gas sector index has risen 11.3% YTD.

Oil and gas stock prices have increased by 11.3% YTD. The oil and gas sector index has risen 11.3% YTD. We believe this is due to: (1) Stocks in the sector recovering in line with the VN-Index's upward trend, (2) Oil and gas stocks moving in tandem with Brent crude oil prices, which rose from USD 75 per barrel to USD 90 per barrel and then decreased to around USD 83 per barrel by the end of April 2024.

Ticker	Closing price on 15/05/24 VND	Target price VND	Upside %	Revenue 2024F Tỷ VND	% YoY %	NPAT 2024F Tỷ VND	% YoY %	ROE 2023 %	ROE 2024F %	P/E trailing x	P/E fw 2024 x
PVS	43,600	50,300	15.4%	26,571	37.3%	1,371	52.0%	6.8%	9.9%	21.9	15.8
PVD	31,900	37,500	17.6%	6,495	11.8%	1,035	91.0%	3.7%	6.7%	26.6	16.0

Source: FiinPro-X, TVS Research forecast

Short-term investment strategies

Steel industry - We expect steel export activities to continue to be positive

TVS Research maintains a POSITIVE view for the steel industry's business results in 2024.

We maintain our POSITIVE view on the steel industry as we expect steel export activities to continue to remain positive in the coming quarters, as mentioned in our [2024 Investment Strategy Report](#), with steel export volume forecasted to increase by 6% YoY.

We lower our recommendation to HOLD for HPG (Target price 34,300 VND/share).

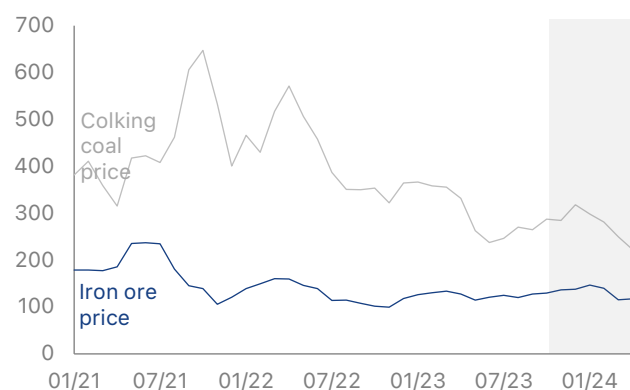
Profits of steel companies in Q1 2024 were more positive than our expectations.

The net profit of steel companies in our watchlist reached VND 3,338 billion (+471% YoY), more positive than our forecast in the previous report. The main drivers for this growth came from:

- Steel exports in Q1 2024 increased 2.61 times, reaching 1.2 million tons
- Gross profit margin of steel companies improved from 7% to 13% thanks to coal raw material prices decreasing by -23% YoY, a sharper decline than the average selling price of -11.5% YoY

Figure 49: Iron ore prices maintain a low base level, similar to the same period last year. Coking coal prices decreased significantly in Q1 2024

Price of 62% Fe iron ore fines [USD/ton] and Australian coking coal price [USD/ton]



Source: Bloomberg, TVS Research

Figure 50: Steel prices still show no signs of improvement as the Chinese real estate market has not yet shown positive signals of recovery

Average export price of HRC from Vietnam [USD/ton]



Source: Bloomberg, TVS Research

The steel industry price index has increased by 9.1% YTD.

The steel industry price index has risen 9.1% as of May 15, 2024. We believe the price increase of steel stocks is mainly due to expectations of strong Q1 2024 business results recovery already being reflected in the price. We believe that adjustment phases will be opportunities to accumulate steel stocks at more reasonable prices, in line with our

expectations of NPAT recovery for steel companies in the coming quarters.

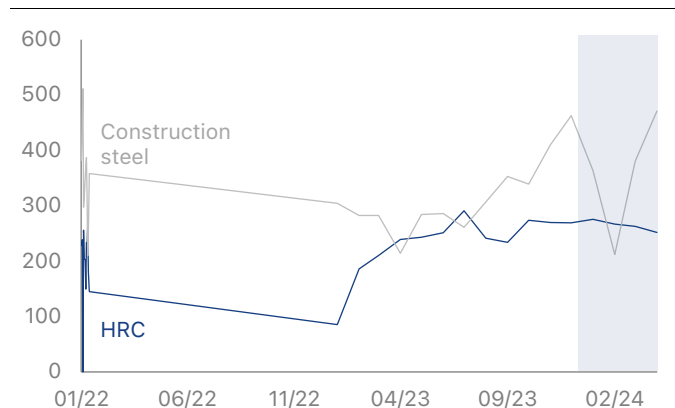
TVS Research lowers recommendation to HOLD for HPG (Target Price VND 34,300) in Q2 2024.

We maintain our target price for HPG at VND 34,300 - Upside: +21% and lower our recommendation to HOLD for HPG in Q2 2024. We maintain our estimates for HPG's 2024 revenue and NPAT at VND 134,504 billion and VND 13,057 billion respectively, as stated in our [2024 Investment Strategy Report](#).

In addition to the positive views mentioned in the [2024 Investment Strategy Report](#), we expect HPG stock to continue attracting investment capital in Q2 2024 due to prospects of recovering domestic steel consumption demand. We assess that domestic steel consumption will recover more clearly from Q3 2024, following our expected recovery in the real estate sector. We expect the Land Law to be passed earlier on 01/07/2024, which will accelerate the legal approval process for real estate projects (Details can be found in the Real Estate investment theme), thereby increasing the supply of real estate to the market and the demand for construction steel products from Q3 2024 onwards.

Figure 51: HPG's construction steel sales volume shows signs of improvement in April 2024

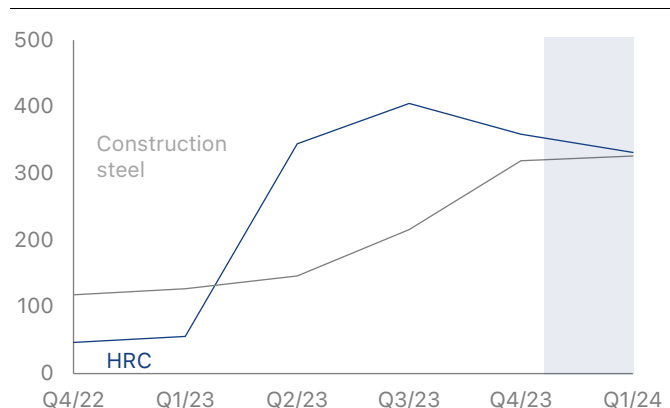
Sales volume [Thousand tons]



Source: FiinPro-X, TVS Research

Figure 52: HPG's export volume of construction steel and HRC shows strong growth in Q1 2024

Export volume [Thousand tons]



Source: FiinPro-X, TVS Research

Ticker	Closing price on 15/05/24 VND	Target price VND	Upside %	Revenue 2024F VND bn	% YoY %	NPAT 2024F VND bn	% YoY %	ROE 2023 %	ROE 2024F %	P/E trailing x	P/E fw 2024 x
HPG	31,200	34,300	9.9%	134,504	13.1%	13,057	91%	6.9%	12.4%	19.5	13.9

Source: FiinPro-X, TVS Research forecast

Securities sector - Business results of securities companies benefited from the stock market in Q1 2024

TVS Research maintains a POSITIVE assessment for the outlook of the Securities sector in 2024.

We maintain our forecast that profits of securities companies will grow positively in 2024, with the net profit after tax (NPAT) of securities companies in our watchlist growing by 20.3% YoY. With the expectation that low interest rates will be maintained throughout 2024, we believe that the liquidity of the VN-Index this year will remain at VND 20,000 billion /session (+27.1% YoY).

TVS Research maintains a recommendation for SSI stock with a target price of VND **43,300 /share, an upside of 20.4%** compared to the closing price on May 15, 2024.

Liquidity improved in Q1 2024.

The liquidity of VN-INDEX in Q1 2024 reached an average of VND 21,536 billion (+115% YoY, +35.75% QoQ). Thanks to the low interest rate environment, the stock market continued to attract capital from individual investors in the early part of the year. Additionally, expectations of business performance growth in Q1 2024 across various sectors, as well as expectations of market upgrades, also encouraged investors to increase capital flow into the market. In 2024, we believe that the trading value of VN-INDEX will reach about VND 20,000 billion (+27.1% YoY).

Figure 53: Market liquidity increased sharply in Q1 2024

Average trading value per session of VN-Index [VND billion /session]



Source: Bloomberg, TVS Research

The KRX system is still unable to operate on schedule.

The KRX system cannot go into operation due to the SSC sending official letter No. 48/UBCK-CNTT dated April 25, 2024 to related parties requesting not to put the KRX system into official operation yet. The reasons given by the SSC are (1) the KRX system has not been approved by the Ministry of Finance and the Vietnam Stock Exchange

and (2) KRX has not been given overall acceptance by the investor, contractor and beneficiary units (HNX and VSDC), therefore not ensuring compliance with regulations.

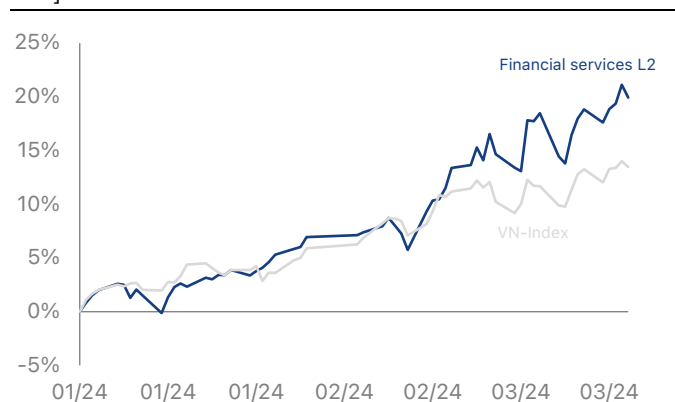
In our opinion, the operation of the KRX system is a prerequisite for providing a central counterparty (CCP) clearing mechanism to solve the prefunding problem and control settlement risk in case transactions are not executed. In addition, the addition of these regulations is necessary compared to the current regulations under Circular 120 of the Ministry of Finance. Therefore, we maintain the view that additional activities will take about 1 year to complete and **Vietnam may be recognized for market upgrade in September 2025.**

Financial Services sector's business results grew 122% YoY, driven by securities firms.

The Financial Services group's business results increased significantly in Q1 2024. Q1 2024 NPAT of the Financial Services sector (including securities firms) in our watchlist reached VND 1,856 billion (+122% YoY). The realized NPAT of securities firms in Q1 2024 is equivalent to 28% of our forecast for 2024. We maintain our forecast for NPAT growth of securities firms in our watchlist at 20.3% YoY for 2024.

Figure 54: The Financial Services sector index increased by 20% YTD, supported by...

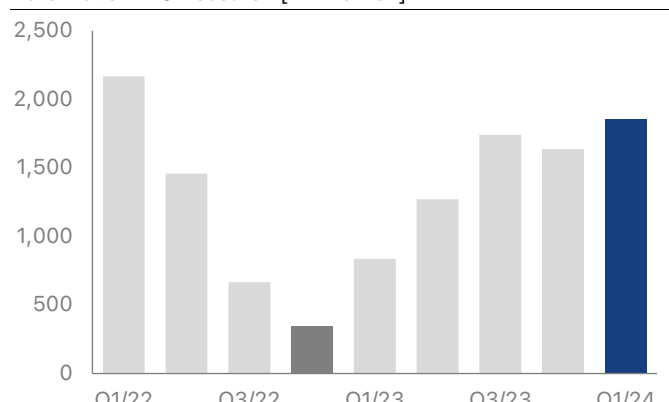
Growth of the Financial Services L2 sector index and VN-Index [% YTD]



Source: FiinPro-X, TVS Research

Figure 55: ... strong business growth results of companies in the Securities sector

Quarterly Net Profit After Tax of securities companies in the watchlist of TVS Research [VND billion]



Source: FiinPro-X, TVS Research

The Financial Services sector index increased by 20% in Q1 2024, reflecting the year-on-year growth in business results of companies in the sector.

The Financial Services sector stock index in Q1 2024 reached 20% YTD. TVS Research believes that the positive growth of the Financial Services sector is mainly driven by stocks in the Securities sector, due to expectations of business results growth in Q1 2024 for securities companies. Additionally, the expectation of implementing the KRX system in H1 2024 also supported the upward trend of securities stocks since the beginning of the year.

Ticker	Closing price on 15/05/24	Target price	Upside	Revenue 2024F	% YoY	NPAT 2024F	% YoY	ROE 2023	ROE 2024F	P/B trailing	P/E fw 2024
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x
SSI	35,950	43,300	20.4%	8,160	14.0%	2,707	18.0%	10.1%	10.2%	2.3	2.1

Source: FiinPro-X, TVS Research forecast

Thermal coal electricity sector – Rising demand due to heatwave

We believe that the coal-fired thermal power group will be increasingly mobilized in Q2 2024 to ensure electricity supply during the hot season.

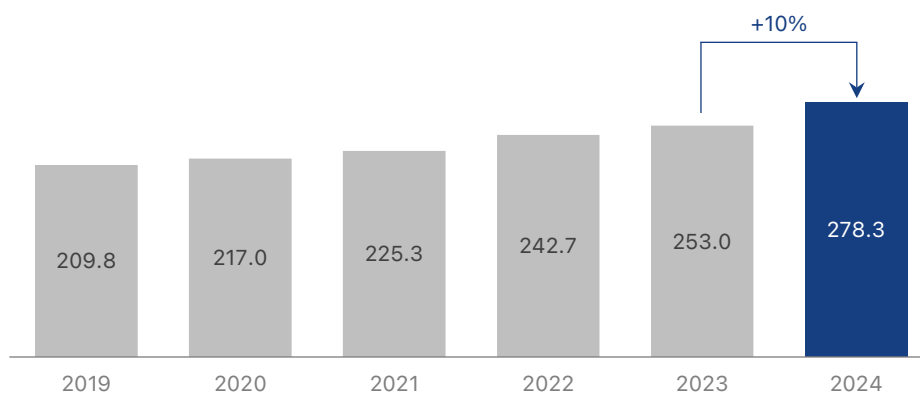
According to our observations, the electricity supply is not yet sufficient to meet demand, especially in the North, while demand in this region accounts for nearly 50% of national demand and electricity consumption growth in the North is usually higher than the national average. TVS Research believes that the possibility of power shortages in the North during Q2 2024 is likely to occur when:

- The El Nino phenomenon occurs, causing difficulties for water storage and hydropower generation (accounting for 45% of the North's installed capacity) due to prolonged heat and drought
- New renewable energy projects such as wind and solar power are concentrated in the Central and Southern regions due to suitable and favorable natural conditions, and the support of power supply from the Central and Southern regions to the North is limited by the transmission capacity of the 500 kV North-South line due to large power transmission losses.
- The growth of installed capacity in the 2021-2030 period in this region reaches 7.1%/year according to the plan of the Ministry of Industry and Trade, lower than the annual demand growth of 9.4%/year due to the lack of large future projects

Therefore, we believe that coal-fired thermal power will remain the main source of electricity supply in the North this summer, and the short-term opportunities we think may be worth noting are **QTP, HND & PPC**.

Figure 56: We forecast commercial electricity output to grow strongly by 10% in 2024 thanks to economic recovery

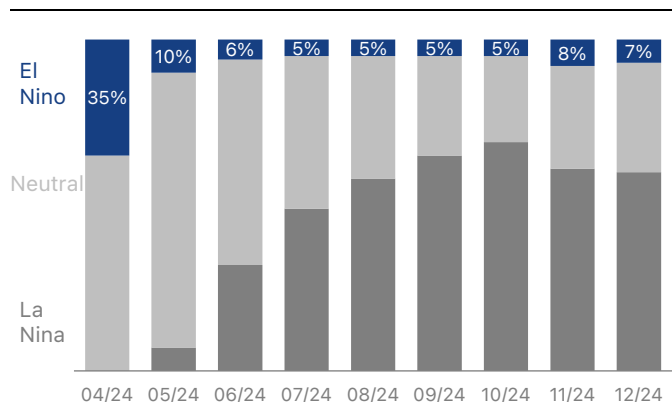
National commercial electricity output [kWh billion]



Source: EVN, TVS Research forecast

Figure 57: El Nino phenomenon occurring in summer 2024 causes difficulties for hydropower generation in the North

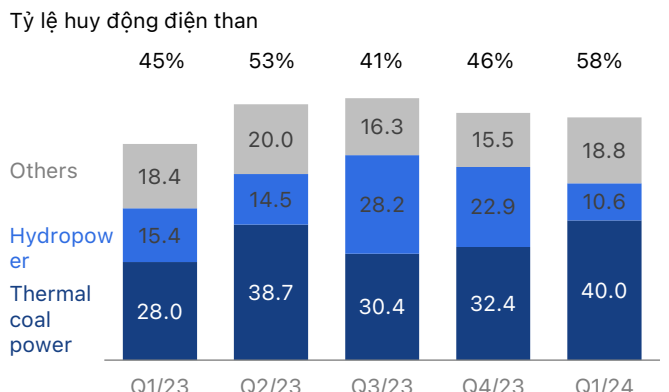
Probability of weather patterns [%]



Source: IRI, TVS Research

Figure 58: We believe that thermal power will continue to be the largest source of generation in Q2 2024 after accounting for the highest proportion of generation in 5 quarters

Electricity generation from major power sources nationwide [billion kWh] and the ratio of coal power generation to total output



Source: EVN, TVS Research

We recommend BUY for QTP in Q2 2024.

QTP – Target price: VND 20,500 – Upside: + 21.3%

- **QTP will be mobilized at high output levels** due to high electricity demand in the North during summer while hydropower faces difficulties in power generation due to water shortages
- **Completion of financial obligations & depreciation in the upcoming period is a driver for improved business results in the following years.** We forecast QTP will repay all loan obligations in 2024. Thus, the company will reduce interest expenses in subsequent years. QTP's depreciation costs will also start to gradually decrease from 2024 (decrease by about VND 300 billion) and by 2027-2028, the machinery and equipment items will be fully depreciated. This will help the company expand profit margins, improving business results in the coming years
- **High dividends in the upcoming period due to good operating cash flow.** Thanks to stable operating cash flow as well as no interest expenses and depreciation in the coming year, TVS Research forecasts QTP will increase its dividend to VND 2,200-2,500/share in the following years, equivalent to a dividend yield of 11-12%/year

Ticker	Closing price on 15/05/24	Target price	Upside	Revenue 2024F	% YoY	NPAT 2024F	% YoY	ROE 2023	ROE 2024F	P/E trailing	P/E fw 2024
	VND	VND	%	VND bn	%	VND bn	%	%	%	x	x



QTP	16,900	20,500	21.3%	12,249	1.6%	927	51.5%	10.7%	17.6%	9.9	8.2
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Source: FiinPro-X, TVS Research forecast

High dividend yield stocks – Attractive for cash flow in a low deposit interest rate environment

High cash dividend stocks may attract risk-averse investors.

TVS Research continues to maintain recommendations for high cash dividend stocks for risk-averse investors. Based on historical dividend payment data and profit distribution plans for 2023 of companies, we have filtered out a list of stocks with high dividend yields (compared to the price as of May 15, 2024), good liquidity, and favorable profit prospects in the coming time, presented in Table 8. Stocks with high dividend ratios are concentrated in essential consumer sectors with stable demand such as Utilities, Food and Beverages, Personal and Household Goods; Industrial Park Real Estate companies with stable cash flows; and the Chemical group with dividend pressure from major shareholders.

Table 8: Summary of stocks with high dividend yields in 2024

Ticker	Stock exchange	Sector	Market cap	Current price	Average trading value	Average dividend during 18-22	Dividend yield	Cash dividend 2023	Planned dividend yield for 2023	Planned dividend for 2024	Planned dividend yield for 2023
			VND bn	VND	VND bn	VND	%	VND	%	VND	%
VEA	UpCom	Goods, Consumer Services	47,121	35,600	10.8	4,380	12.3%	N/A	N/A	N/A	N/A
DPR	HOSE	Chemicals	3,232	37,200	32.5	4,100	11.0%	N/A	N/A	N/A	N/A
NT2	HOSE	Utilities	6,161	21,400	22.5	2,230	10.4%	1,500	7.0%	N/A	N/A
DPM	HOSE	Chemicals	12,366	31,600	89.8	3,120	9.9%	2,000	6.3%	1,500	4.7%
IJC	HOSE	Real estate	5,213	13,800	41.2	1,340	9.7%	700	5.1%	500	3.6%
SAB	HOSE	Food and Beverages	69,771	54,400	50.8	4,100	7.5%	3,500	6.4%	3,500	6.4%
BFC	HOSE	Chemicals	1,555	27,200	9.5	1,940	7.1%	2,500	9.2%	1,500	5.5%
PHR	HOSE	Chemicals	7,656	56,500	33.9	3,590	6.4%	N/A	N/A	N/A	N/A
NTL	HOSE	Real estate	2,488	40,800	44.2	2,300	5.6%	2,500	6.1%	N/A	N/A

Source: FiinPro-X, TVS Research summary

Note: Average dividend yield = Average cash dividend / Closing price on 15/05/2024; N/A: No information available. We have removed from the list in the [2024 Investment Strategy Report](#): VSC due to not paying cash dividends in 2024 and MSH due to having advanced the 2023 dividend

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Rating system

Stock ratings are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield. Definitions of equity rating key:

Equity rating key	Definition
BUY	If the projected TSR is higher than 20%
HOLD	If the projected TSR is between -10% and 20%
SELL	If the projected TSR is lower than -10%

Thien Viet Sercurities – www.tvsv.vn

Ha Noi

15th floor, Harec Tower
4A Lang Ha, Ba Dinh Dict, Ha Noi
Phone: +84 (24) 7300 6588
Fax: +84 (24) 3248 4821

Ho Chi Minh

9th floor, Bitexco Nam Long Tower
63A Vo Van Tan, Dict. 3, Ho Chi Minh
Phone: +84 (28) 7300 6588
Fax: +84 (28) 299 2088

Contact detail

Research Department

Tam Vuong, CFA, FRM

Deputy Director of Research
tamvc@tvs.vn

Hanh Nguyen

Senior Analyst
hanhntk@tvs.vn

Anh Nguyen

Analyst
anhnd@tvs.vn

Phuong Dang

Intern
research@tvs.vn

Long Pham

Senior Analyst
longpn@tvs.vn

Quang Tieu

Analyst
quangtpt@tvs.vn

Dat Pham

Intern
research@tvs.vn

Dat Nguyen

Analyst
datnv@tvs.vn