

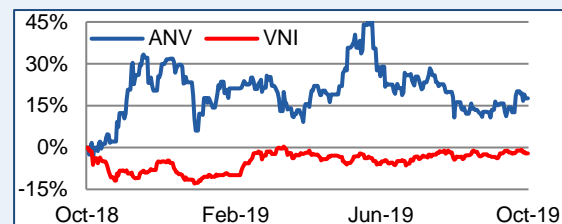
Industry: **Agricultural Products**

Report Date: **October 17, 2019**

Current Price: VND25,900

Dividend Yield: 5.8%

	2016	2017	2018
Rev y/y	13.2%	4.4%	39.6%
EPS y/y	NM	630.7%	297.2%
GPM	12.8%	14.7%	20.9%
NPM	0.7%	4.8%	14.6%
EV/EBITDA	25.0x	12.9x	5.5x
P/OCF	11.8x	4.4x	4.6x
P/E	NM	22.3x	5.6x



Market Cap:	USD144.9mn
Foreign Room:	USD67.7mn
ADTV30D:	USD600,000
State Ownership:	0%
Outstanding Shares:	127.0mn
Fully Diluted Shares	127.0mn

	ANV	Peers	VNI
P/E (ttm)	4.3x	5.0x	16.9x
P/B (curr)	1.6x	1.1x	2.4x
Net D/E	0.3%	0.9%	NA
ROE	44.0%	24.4%	14.6%
ROA	21.5%	9.4%	2.5%

Company Overview

ANV specializes in raising and exporting pangasius fish. The company used to be Vietnam's top pangasius exporter before it lost the Russian market due to trade restrictions. Now, it is the country's third-largest player, per the Vietnam Association of Seafood Exporters and Producers (VASEP).

Ha Dao
Analyst
ha.dao@vcsc.com.vn
+84 28 3914 3588 ext. 194

Phap Dang
Associate Director
phap.dang@vcsc.com.vn
+84 28 3914 3588 ext. 143

Exports to China and farming expansion buoy earnings

- ANV is the third largest pangasius exporter in Vietnam with an export share of ~6% in 2018, per our estimate. ANV's main markets include Latin America (LatAm), China and Southeast Asia.
- During 2010-2016, ANV averaged near-zero ROE due to non-core losses and hefty interest expenses. Since 2017, ANV has been refocused on its core pangasius export business. This, coupled with favorable industry conditions, catapulted ROE to 37% in 2018.
- Backed by rising internal supply and heightening Chinese demand, ANV targets its NPAT to surge 16% YoY and 43% YoY in 2019 and 2020, respectively.
- ANV's valuation looks attractive on a 2019G PER of 4.8x (company guidance), which is 37% below a three-year peer median of 7.9x, along with a dividend yield of nearly 6%. ANV's current 2019G PER is in line with our 2019F PER for industry leader VHC, which we think is undervalued.
- Key investment risks: Unexpected slowdown in demand; rising competition from tilapia; foreign exchange volatility as a result of US-China trade tensions.

Large exposure to China underpins solid growth outlook. In 8M 2019, China was ANV's top single-country market with an export value contribution of 26%. In our view, ANV's large exposure to China should drive annual double-digit volume growth over the next three years given China's rising preference for seafood, especially pangasius. In 2013-2018, Vietnam's pangasius export value to China recorded a 42% CAGR, per VASEP.

However, ANV's key markets could be unstable. For example, Brazil imposed an import ban on Vietnamese seafood for one year due to food safety concerns in 2014. Meanwhile, trade tensions between the US and China could intensify competition from Chinese tilapia (a species that competes with pangasius) in ANV's main markets if Chinese companies struggle to export to the US.

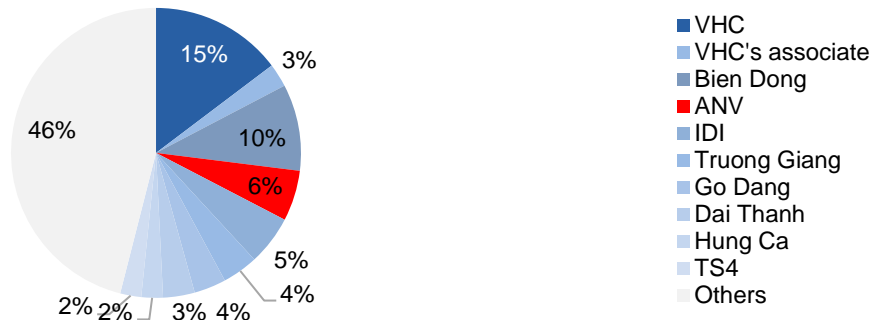
ANV boasts an integrated value chain with 100% of raw pangasius being sourced internally, bolstering its competitiveness in price-sensitive markets such as China and LatAm. ANV's value chain ranges from feed production, hatchery and farming to fillet processing and by-product recycling. However, unlike industry leader VHC, ANV has not produced value-added products (e.g, collagen and gelatin), limiting the total value the company extracts from pangasius.

Aggressive farming expansion to capitalize on strong Chinese demand. ANV's estimated investment of VND4tn (USD172mn) in the Binh Phu farming area, where production is set to commence in Q4 2019, will nearly triple its farming area from 330 ha currently to 930 ha. At maximum capacity, this farm can produce 250,000 tons of raw pangasius per annum, compared to ANV's planned production volume of 100,000 tons in 2019.

Business overview

The third largest pangasius exporter in Vietnam. Founded in 1993, ANV used to be the top player in the pangasius export industry before Russia issued a ban on pangasius fillet imports from Vietnam in 2008 due to concerns over food safety and excessive ice glazing. In 2018, ANV claimed an export share of ~6%, per our estimate.

Figure 1: Market share by export value as of 2018



Source: Agromonitor

ANV remains largely a family business. As of September 2019, ANV's chairman cum founder, Mr. Doan Toi, and his family hold a combined stake of 75% in ANV. The chairman's family also boasts a prominent presence on ANV's board of directors and management team. For example, three out of eight board members are related to ANV's chairman.

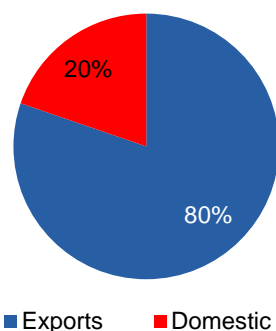
Figure 2: ANV's shareholder structure as of September 2019



Source: ANV, HSX

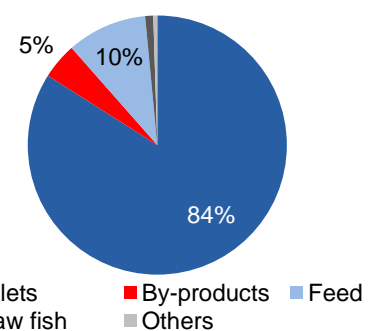
Frozen pangasius fillet exports are ANV's business mainstay. Frozen pangasius fillets, which are mainly exported, constituted 84% of ANV's revenue in 2018. The remaining revenue came from pangasius by-products such as fish meal and fish oil, pangasius feed and raw pangasius fish. The revenue contribution from frozen pangasius fillets to ANV is broadly similar to that of VHC. Nonetheless, VHC generates higher sales from value-added products (~5% of total 2018 revenue, per VHC), such as collagen and gelatin vs almost none from ANV.

Figure 3: ANV's revenue by market



Source: ANV (2018)

Figure 4: ANV's revenue by product

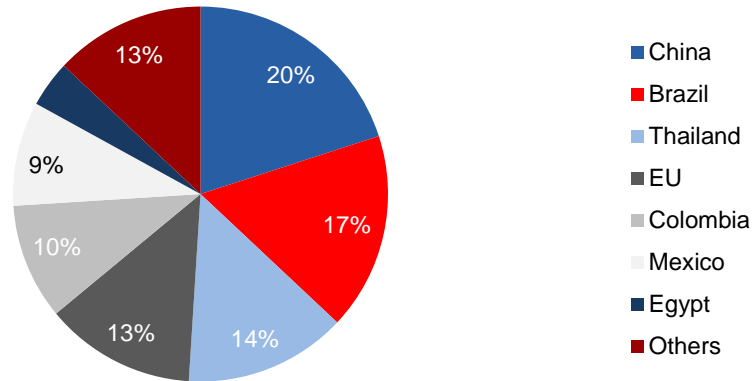


Source: ANV (2018)

Key markets include LatAm, China and ASEAN, which we consider “low-value” markets due to stiff competition. As of 2018, LatAm was ANV’s largest market with an export value contribution of ~38%, led by Brazil, Mexico and Colombia. China, which is VHC’s biggest single-country market, made up 20% of ANV’s exports in 2018, representing a sharp jump from less than 5% in 2017. Meanwhile, ASEAN countries, spearheaded by Thailand, contributed ~18% to ANV’s exports in 2018.

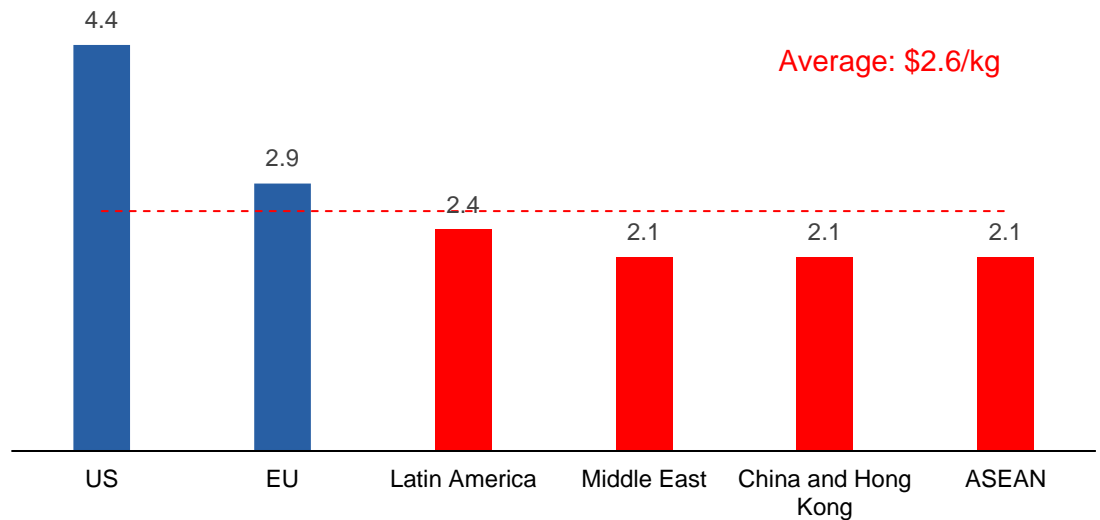
ANV’s main markets typically yield lower prices than the EU and the US (VHC’s stronghold). In our view, this is because in addition to lower income levels, these markets have lenient quality regulations compared to the EU and the US, leading to fiercer competition.

Figure 5: ANV’s export value by market in 2018



Source: ANV, VCSC

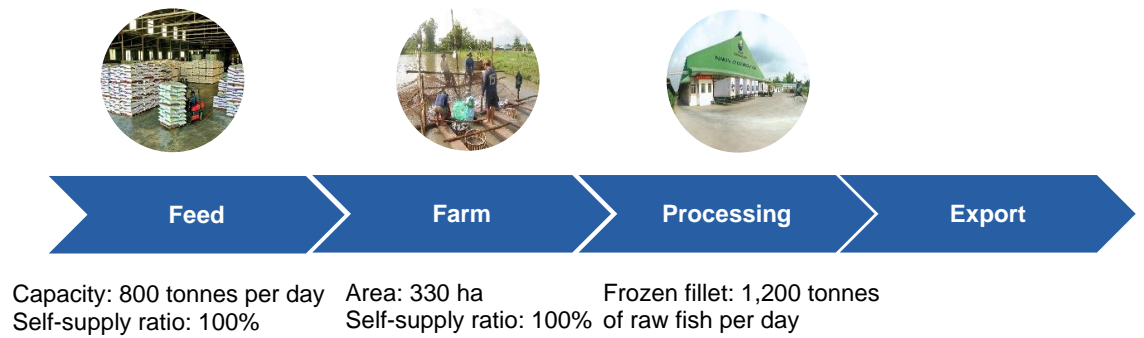
Figure 6: Pangasius export prices in selected markets in 2018 (USD/kg)



Source: Agromonitor, VCSC

ANV boasts a fully integrated value chain, ranging from feed production, hatchery and farming to fillet processing and by-product recycling. Notably, ANV’s raw fish self-supply ratio is almost 100% vs ~40% for VHC, per our estimate. As a result, ANV’s GPM tends to correlate closely with export prices while being detached from external raw fish price movements. In addition, ANV’s volume growth will be predicated on its ability to ramp up internal supply by either improving farming yields or expanding farming areas.

Figure 7: ANV's value chain as of YE2018

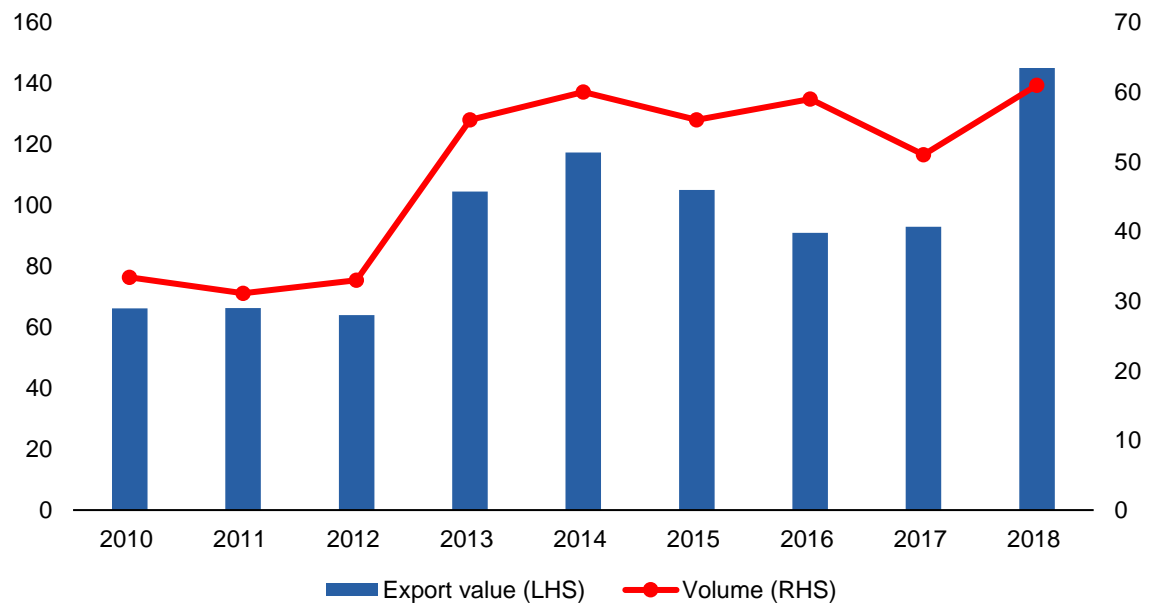


Source: VCSC, ANV

Historical performance

Top line growth primarily driven by higher export prices. Per ANV, its export volume registered a CAGR of 1.7% during 2013-2018. Meanwhile, its export revenue posted a CAGR of 6.7% in the same period as export prices surged in late 2017 and 2018 due to a pangasius supply shortage.

Figure 8: ANV's export value (USD mn) and volume ('000 tonnes) during 2010-2018

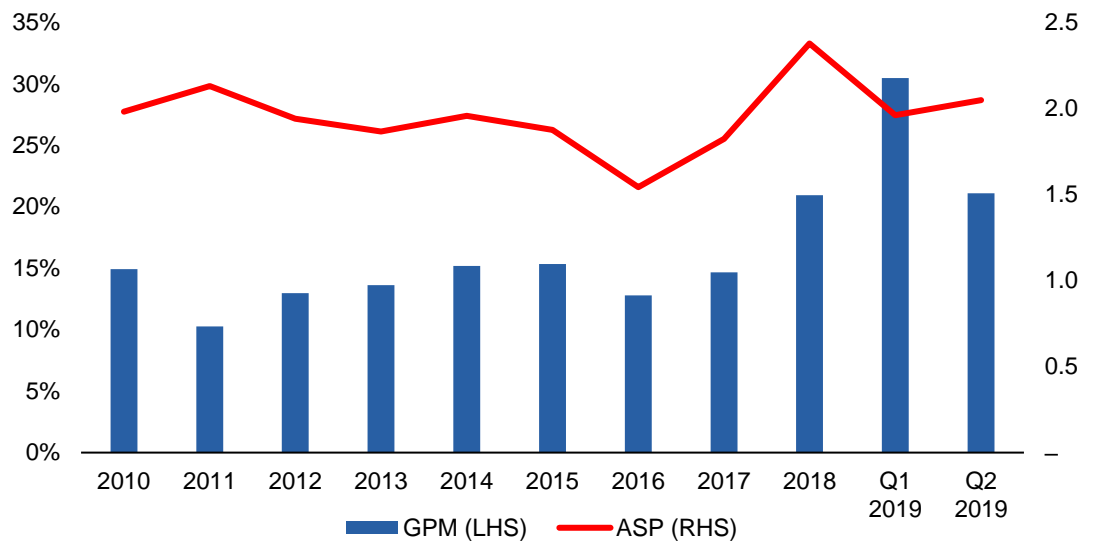


Source: ANV

GPM fluctuates widely in conjunction with ASP. During 2014-2016, ANV's GPM contracted from 15.2% to 12.8% amid a 25% decline in ASP. Conversely, from 2016 to 2018, ANV's ASP jumped 60%, leading to an eight-ppt expansion in GPM.

As discussed above, due to ANV's full ownership of its raw fish supply, its GPM displays a tighter correlation with ASP compared to other pangasius exporters whose GPM is subject to the spreads between selling prices and external raw fish prices.

Figure 9: ANV's GPM and ASP (USD per kg) during 2010-2019



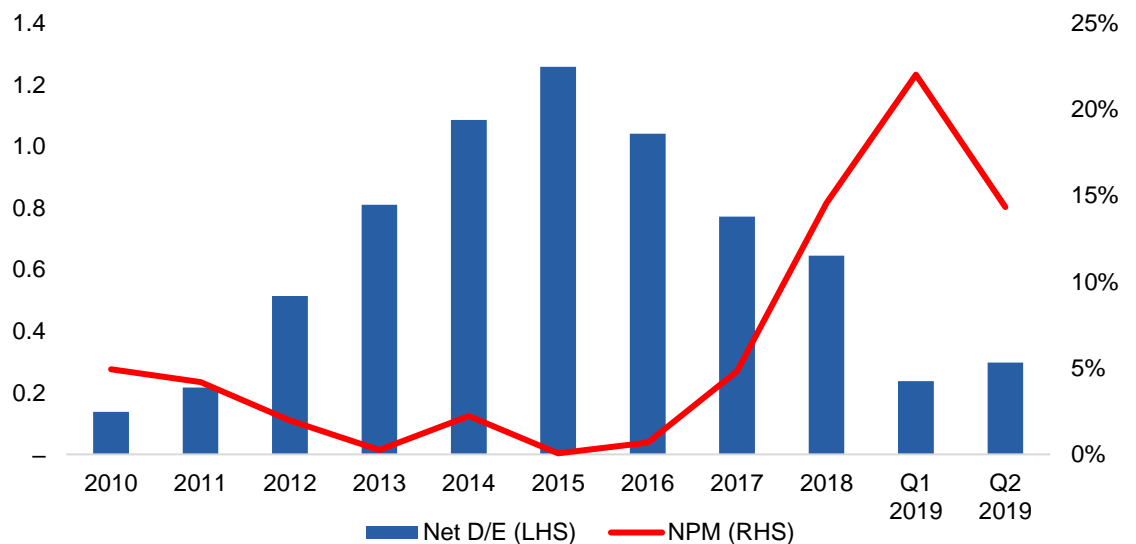
Source: ANV, VCSC

Non-core businesses undermined ANV in the past; however, the company has refocused on the pangasius export business since 2017. Starting in 2009, ANV invested a total of VND620bn (USD27.3mn) for a 40.5% stake in DAP 2 Vinachem, which produces and distributes DAP fertilizers in Vietnam. Due to fierce competition and falling selling prices in the DAP fertilizer market, the carrying amount of this investment dropped to ~VND432bn (USD19mn) in 2016. This, coupled with high gearing, almost wiped out ANV's accumulated profits from pangasius exports during 2010-2016.

In 2016, ANV sold its stake in DAP 2 Vinachem for VND540bn (USD23.8mn) to Dai Tay Duong, an entity related to its controlling family. This amount was paid through multiple tranches from 2016 to 2019. According to ANV, it has completed clearing its non-core legacy holdings as of the end of Q2 2019.

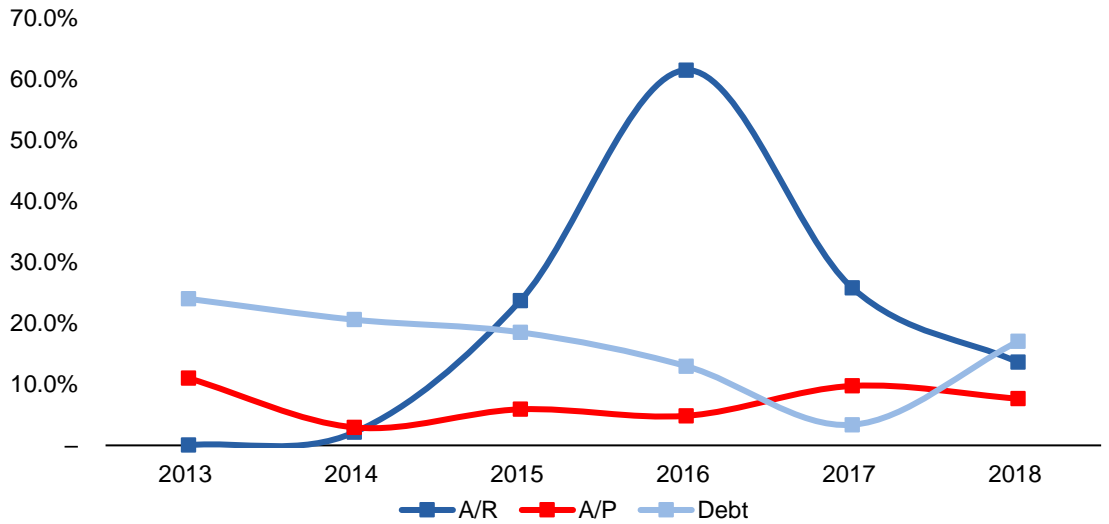
Bolstered by its divestment from DAP 2 Vinachem in 2016 and increased pangasius export prices in late 2017 and 2018, ANV's ROE strengthened to 11% in 2017 and 37% in 2018 vs ~0% during 2010-2016.

Figure 10: ANV's net D/E and NPM during 2010-2019



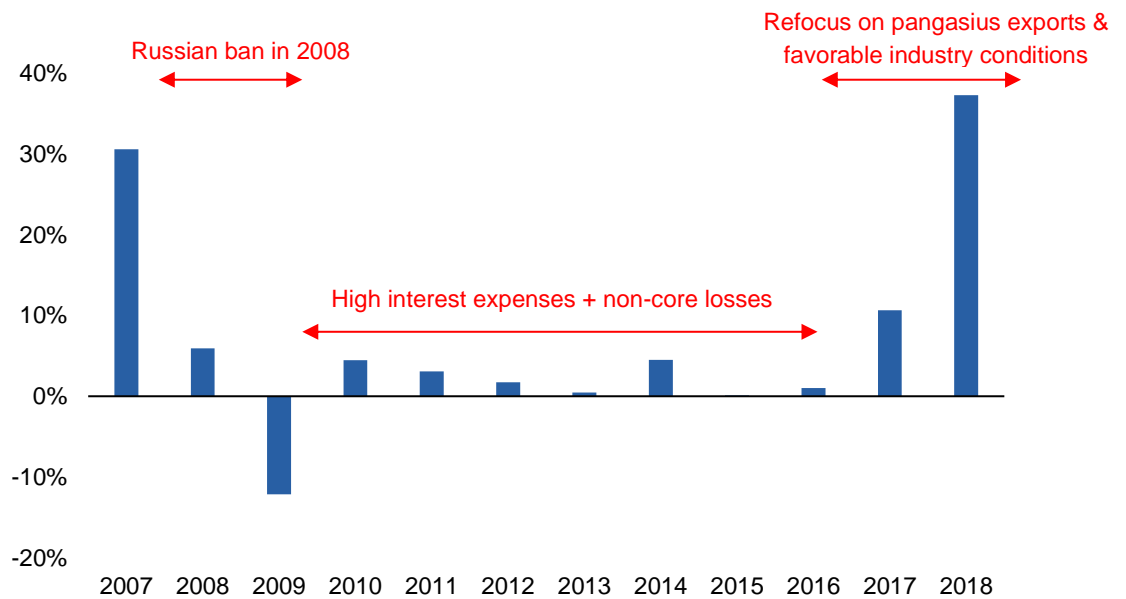
Source: ANV, VCSC

Figure 11: ANV's related-party items as % of selected balances during 2013-2018



Source: ANV, VCSC

Figure 12: ANV's ROE during 2007-2018



Source: ANV, VCSC

Outlook: New Binh Phu farm to help capitalize on rising Chinese appetite for pangasius

China is a major long-term growth driver for Vietnam’s pangasius industry thanks to its rising seafood consumption

Amid increasing seafood consumption in China, Vietnamese pangasius is standing out as an alternative to Chinese fish species such as sole and flounder. Per VASEP, Vietnam’s pangasius export value to China (including Hong Kong) delivered a CAGR of 42% over 2013-2018. This stellar growth was underpinned by booming catering services (including hotpot chains) and e-commerce in China, and compounded by proactive market penetration efforts of Vietnamese exporters.

Figure 13: Examples of Chinese dishes that use pangasius

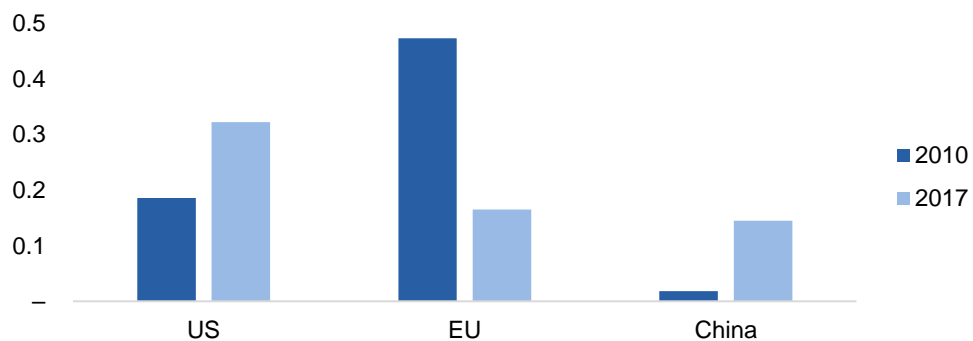


Source: VCSC compilations

Amid the growing popularity of pangasius, some farmers in southern China even switched from raising tilapia (one of China’s key farm-raised fish species) to pangasius in 2018, which raises the question of whether China will reduce Vietnamese imports in the long term. We see this risk as insignificant given the unfavorable temperature for pangasius farming in China as well as the yellow flesh of Chinese pangasius (Vietnamese pangasius has unique white flesh, which is preferred to yellow flesh). In 2018, China harvested approximately 30,000 tonnes of raw pangasius, which was less than 10% of its imports from Vietnam, per our estimate.

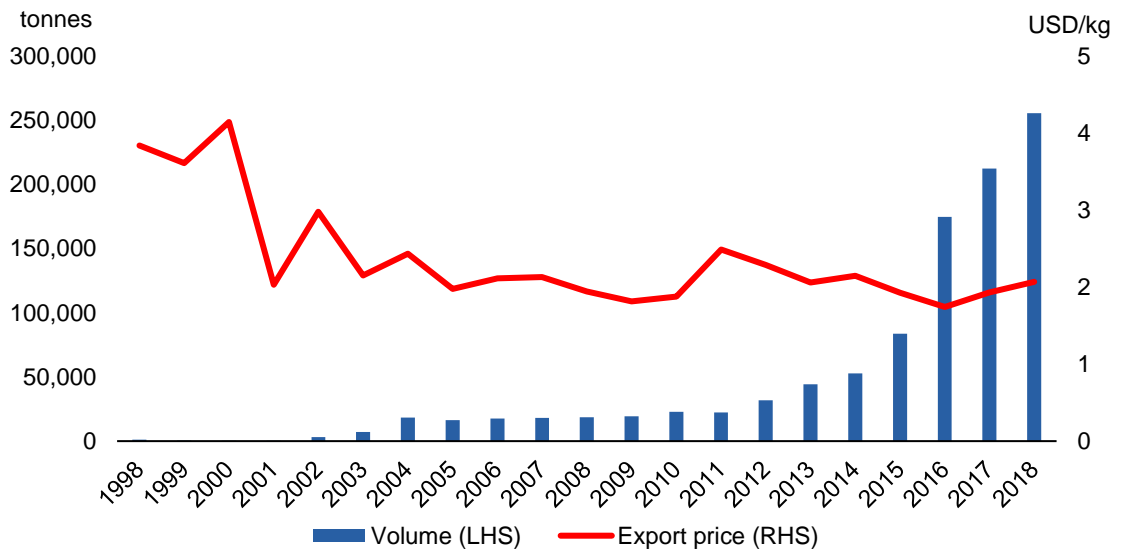
Moving forward, we believe the Chinese appetite for pangasius will continue to intensify due to the country’s expanding seafood palate amid its relatively low pangasius penetration vs the US and EU. At the same time, China’s ongoing crackdown on border trade will bode well for official exporters such as ANV.

Figure 14: Pangasius consumption per capita in major markets in 2010-2017 (kg)



Source: NOAA, VCSC estimates based on VASEP, Agromonitor data; assuming consumption is solely supplied by Vietnam.

Figure 15: Volume and price of Vietnamese pangasius exports to China (1998-2018)*



Source: VASEP, Agromonitor, VCSC estimates (*including Hong Kong)

For a more detailed discussion on the pangasius export industry, please find our report [VHC – World’s leading pangasius exporter](#) dated September 12, 2019.

ANV partners with food distributor Fenglei to ramp up presence in China

In May 2018, ANV entered a partnership with Shanghai Fenglei Ltd, a frozen seafood distributor. Per ANV, this cooperation will support its market penetration in China on the back of Fenglei’s local expertise. Fenglei will also help ANV in joining B2B (business-to-business) seafood trade shows in China to promote its products. Currently, Fenglei runs 30 wholesale stores in Shanghai, Beijing and other regions and supplies pangasius to restaurants across China. Unlike in other markets, ANV sells products under its own brand in China, per management.

Figure 16: A Feng Lei – ANV pangasius wholesale store in Shanghai, China*



Source: Feng Lei; *ANV’s logo is on the left.

Aggressive farming expansion to shore up volume

In January 2019, ANV started to invest in a new farming area of 600 ha in Binh Phu, An Giang Province. This farm almost doubles ANV's current farming area of 330 ha. Against an estimated capex of VND4tn (USD172mn), ANV plans to acquire modern technology from Israel to boost farming yields. Per our estimate, this Binh Phu project is equivalent to ~10% of the total pangasius farming area in Vietnam. In addition, it could produce up to 8% of Vietnam's total pangasius supply when operating at maximum capacity.

As of September 2019, the land construction of this farm has almost been completed. According to ANV, the farm is slated to harvest its first ~20,000 tonnes of raw fish in Q4 2019.

At the end of Q2 2019, ANV has disbursed VND558bn (USD24mn) for the Binh Phu project, mostly for land and construction costs. Management plans to finance this project with internal cash flows instead of a new share issuance as originally planned in Q4 2018.

Figure 17: Binh Phu farming project

	Land area (ha)	Investment cost (VND bn)
Hatchery phase (producing young fish)	150	1,000
Farming phase (producing raw commercial-sized fish)	450	3,000
Total	600	4,000

Source: ANV, VCSC compilations

Figure 18: ANV's Binh Phu farming area as of September 2019



Source: ANV

Plans for expansion into collagen and gelatin products as well as gaining access to the US market present potential upside of long-term growth

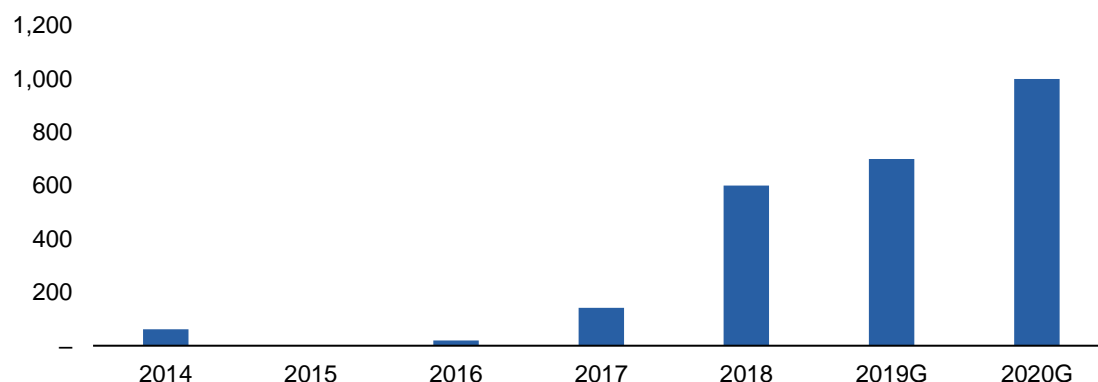
ANV is now planning to expand into the collagen and gelatin businesses by cooperating with a South Korean partner in 2020. This move mirrors VHC, which has engaged in these businesses for several years. Per our estimate, collagen and gelatin products boast a wider and more stable GPM of 30%+ vs 10%-25% of traditional frozen fillets.

On the other hand, ANV began to export to the US in small batches in 2019. In order to compete well against market leaders in the US such as VHC and Bien Dong, ANV will need to obtain favorable anti-dumping tariffs from the US by participating in the US's annual review of anti-dumping tariffs on Vietnamese pangasius. This anti-dumping tariff review requires an extensive audit of historical operational data along with cumbersome legal paperwork. Therefore, we believe ANV will need at least three years to complete the process. As such, we do not expect any material contribution from the US market to ANV's revenue in the medium term.

ANV eyes VND1tn (USD43mn) NPAT in 2020, +43% vs 2019G

This ambitious target is premised on expected robust Chinese demand and a volume ramp-up supported by the Binh Phu farm. In 2020, ANV targets to source 100,000 tonnes from Binh Phu vs 120,000 tonnes from other farms.

Figure 19: ANV's NPAT guidance for 2019-2020 (VND bn)



Source: ANV

2019 NPAT target looks attainable thanks to elevated exports to China

In 8M 2019, ANV recorded 12% YoY and 16% YoY increases in export value and export volume, respectively. Notably, the export value contribution from China widened from 20% in 2018 to 26% in 8M 2019. We note that ANV only started to focus on the Chinese market in Q4 2018.

Meanwhile, ANV's unit gross profit stayed at a healthy level of USD0.6 per kg in H1 2019, which was flat vs full-year 2018. All told, we expect ANV will accomplish its 2019 NPAT target of VND700bn (USD30mn, +14% YoY).

Figure 20: ANV's H1 2019 results and guidance for 2019

VND bn	H1 2018	H1 2019	YoY	9M 2018	9M 2019	YoY	2018	2019G	YoY
Revenue	1,683	1,975	17%	2,735	3,102	13%	4,118	4,700	14%
COGS	1,421	1,473	4%	2,304	2,364	3%	3,256	3,666	13%
Gross profit	262	502	91%	431	738	71%	862	1,034	20%
NPAT	193	354	83%	308	506	65%	604	700	16%
NPAT-MI	189	354	87%	303	506	67%	600	NA	NA
GPM	15.6%	25.4%		15.8%	23.8%		20.9%	22.0%	
NPM	13.6%	24.0%		13.3%	21.4%		18.4%	19.1%	
	H1 2018	H1 2019	YoY	8M 2018	8M 2019	YoY	2018	2019G	YoY
Export value (USD mn)	60	67	11%	83	93	12%	145	165	14%
Export volume ('000 tonnes)	30	33	12%	37	43	16%	61	70	15%
ASP (USD per kg)	2.0	2.0	-1%	2.2	2.2	-3%	2.4	2.4	-1%
Revenue per kg (USD)	2.4	2.6	5%				2.9	2.9	-1%
Gross profit per kg (USD)	0.4	0.6	71%				0.6	0.6	4%

Source: ANV, VCSC

Investment risks

Unexpected demand slowdown and trade turbulence

As China and LatAm are ANV's largest markets, any economic slowdown and/or softening of seafood consumption in these regions could dampen demand for ANV's products.

In terms of trade-related issues, as a consequence of the US import tariff imposed on Chinese tilapia (the US initially placed a 10% tariff on imported tilapia from China in September 2018 before lifting it to 25% in May 2019), Chinese tilapia producers could intensify their sales efforts in the domestic market as well as in other low-value markets such as Latin America and Southeast Asia at the expense of Vietnamese pangasius. In addition, any depreciation of the CNY against the VND could impose pricing pressure on ANV.

Potential equity dilution or increased debt as a result of farming investments

As the estimated capex for the Binh Phu project is 6x that of ANV's operating cash flow in 2018, there remains risk that ANV may either issue new equity or take on more debt to speed up the roll-out of this project. However, management is adamant on internally financing the project, which will be rolled out in phases to ease capital pressure.

Valuation

Since 2015, ANV's PER has moved within a wide range of 4x to 20x owing to its volatile earnings, especially before ANV cleared its non-core problems. However, ANV's PER has generally trended in line with that of VHC since 2017. We note that VHC's PER is currently at a three-year low, which we attribute to investor concerns over declines in its exports to the US YTD as well as possible margin contraction from 2018's record-high levels.

In our opinion, ANV should trade at a discount of around 10% to VHC due to (1) ANV's exposure to low-value and more competitive markets vs VHC's exposure to the high-value US market, (2) VHC's proven quality track record that makes it less susceptible to potential quality-related trade restrictions and (3) corporate governance concerns over ANV's historical related-party transactions.

Having said that, given its bright earnings outlook, ANV's 2019G PER of 4.8x looks attractive compared to a three-year average peer median TTM PER of 7.9x along with our implied target PER of 6.8x for VHC.

Figure 21: Estimated PERs based on company guidance

	2018	2019G	2020G
NPAT (VND bn)	600	700	1,000
EPS (VND)	4,605	5,373	7,675
PER @ share price of VND25,900	5.6x	4.8x	3.4x

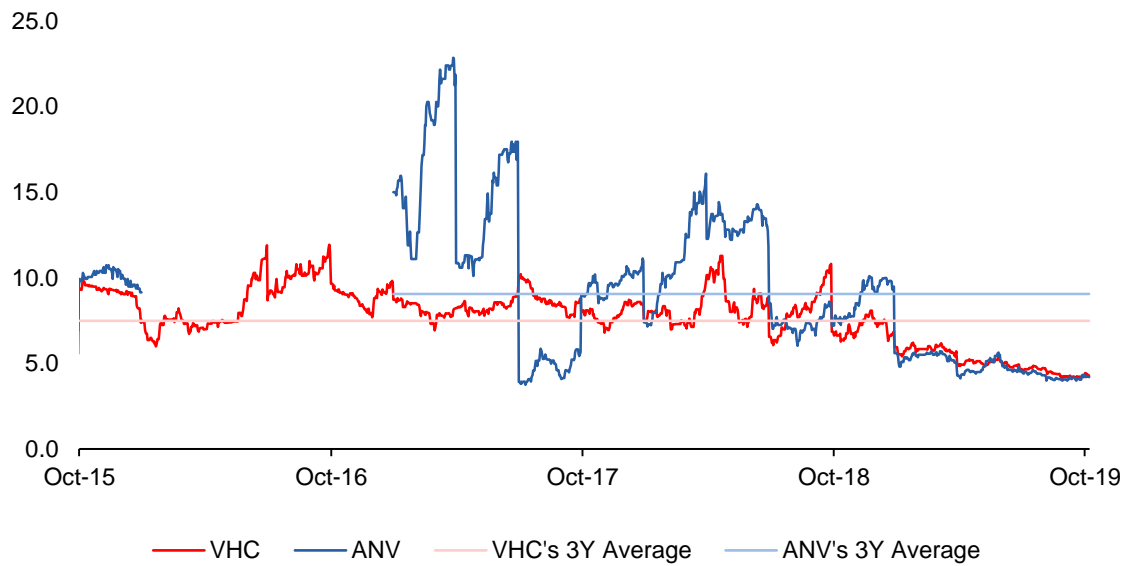
Source: ANV, VCSC calculations

Figure 22: Vietnam's listed seafood companies

Ticker	Market Cap (USD mn)	TTM Sales (USD mn)	YoY (%)	TTM NPAT (USD mn)	YoY (%)	Net D/E (x)	ROE (%)	ROA (%)	LQ PBR (x)	TTM PER (x)
MPC	203.6	735.3	8.0	30.5	10.0	1.0	24.4	7.6	1.1	4.8
VHC	318.1	397.3	11.0	73.6	183.2	0.0	44.6	29.9	1.6	4.4
HVG	26.1	354.4	-47.7	0.1	NA	1.3	14.4	2.8	0.4	5.8
IDI	62.0	275.5	23.0	27.5	-6.1	0.9	20.9	8.4	0.5	2.6
FMC	58.8	165.4	1.2	7.8	51.9	0.8	32.2	13.9	1.6	5.4
ACL	28.9	73.4	5.8	10.0	45.5	1.0	53.3	22.0	1.0	3.1
ABT	17.6	17.2	4.2	2.9	-0.3	0.0	12.9	9.4	1.0	7.4
Median	57.1	275.5	8.0	10.0	31.0	0.9	24.4	9.4	1.1	5.0
Mean	103.8	288.3	6.5	21.8	206.9	0.7	29.4	13.5	1.1	4.8
ANV	144.9	189.2	35.0	32.8	157.2	0.3	44.0	21.5	1.6	4.3

Source: Bloomberg; data as of October 17, 2019

Figure 23: TTM PER of ANV vs VHC



Source: Bloomberg; ANV's TTM PER was not meaningful during 2016

Financial Statements

P/L (VND bn)	2016	2017	2018
Revenue	2,825	2,949	4,118
COGS	-2,463	-2,517	-3,256
Gross profit	361	432	862
Selling expenses	-136	-146	-161
General & Admin exp	-134	-39	-9
Operating profit	91	247	693
Financial income	154	20	74
Financial expenses	-89	-64	-75
- o/w, interest expense	-76	-57	-46
Associates	-10	-32	1
Net other income/(loss)	-117	-5	-2
Profit before tax	29	167	690
Income Tax	-15	-23	-86
NPAT before MI	13	144	604
Minority interests	6	-2	-4
NPAT less MI, reported	19	142	600
NPAT less MI, adjusted ⁽¹⁾	19	142	576

EBITDA	169	328	773
EPS basic reported, VND	159	1,159	4,605
EPS basic adjusted ⁽¹⁾ , VND	159	1,159	4,605
EPS fully diluted ⁽¹⁾ , VND	159	1,159	4,605
DPS, VND	900	1,200	1,500
DPS/EPS (%)	567.3%	103.5%	32.6%

(1) Adjusted for one-offs

Ratios	2016	2017	2018
Growth			
Revenue growth %	13.2%	4.4%	39.6%
Op profit growth %	-40.1%	170.6%	180.3%
EBIT growth %	277.4%	-87.3%	276.6%
EPS growth %	1175.9%	630.7%	297.2%

Profitability ratios	2016	2017	2018
Gross margin	12.8%	14.7%	20.9%
EBIT margin	3.2%	8.4%	16.8%
EBITDA margin	6.0%	11.1%	18.8%
NPAT-MI margin	0.7%	4.8%	14.6%
ROE	1.0%	10.7%	37.3%
ROA	0.4%	5.0%	19.7%

Efficiency ratios	2016	2017	2018
Days inventory on hand	185.0	150.0	102.9
Days AR outstanding	48.3	48.0	38.4
Days AP outstanding	31.9	23.3	12.3
Cash conversion cycle	201.5	174.7	129.1

Liquidity/Solvency	2016	2017	2018
Current ratio	1.3	1.1	1.3
Quick ratio	0.5	0.4	0.7
Cash ratio	0.0	0.0	0.0
Debt/assets	0.5	0.4	0.4
Debt/capital	0.5	0.4	0.4
Debt/equity	1.1	0.8	0.7
Interest coverage ratio	1.2	4.4	15.1

B/S (VND bn)	2016	2017	2018
Cash & equivalents	22	26	69
ST investment	1	0	452
Accounts receivable	434	341	525
Inventories	1,195	874	962
Other current assets	256	76	82
Total Current Assets	1,908	1,317	2,090
Fixed assets, gross	1,373	1,412	1,448
- Depreciation	-757	-827	-899
Fixed assets, net	615	585	549
LT investments	412	731	326
LT assets other	82	70	461
Total LT assets	1,110	1,385	1,335
Total Assets	3,018	2,702	3,425

Accounts payable	221	100	119
Short-term debt	1,162	1,025	1,251
Other ST liabilities	103	107	198
Total current liabilities	1,487	1,232	1,568
Long-term debt	222	76	10
Other LT liabilities	0	0	0
Total liabilities	1,709	1,308	1,577

Preferred Equity	0	0	0
Share premium	612	22	22
Paid in capital	660	1,250	1,250
Retained earnings	19	153	603
Other equity	23	-27	-28
Minority interest	-6	-4	0
Total equity	1,309	1,394	1,848
Total liabilities & equity	3,018	2,702	3,425

Y/E shares out, mn	122.5	122.5	125.0
Y/E treasury shares, mn	0.4	0.4	0.4

Cash flow (VND bn)	2016	2017	2018
Beginning Cash Balance	13	22	26
Net Income	19	142	600
Dep. & amortization	77	80	80
Other adjustments	266	53	210
Chge in Working Cap	-85	476	-169
Cash from operations	278	751	721

Capital Expenditures, net	-57	-53	-432
Investments, net	145	-328	-252
Cash from investing	88	-381	-685

Dividends paid	-32	-84	-149
Δ in Share Capital	0	0	25
Δ in ST debt	-141	-137	226
Δ in LT debt	-117	-146	-67
Other financing C/F	-67	0	-28
Cash from financing	-356	-366	7

Net change in cash	9	4	43
Ending Cash Balance	22	26	69

Source: Company financial statements, VCSC

VCSC Rating System

Stock ratings are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
RATING SUSPENDED, COVERAGE TERMINATED	A rating may be suspended, or coverage terminated, if fundamental information is deemed insufficient to determine a target price or investment rating or due to a reallocation of research resources. Any previous investment rating and target price are no longer in effect.

Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

Risks: Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative.

Disclaimer

Analyst Certification of Independence

I, Ha Dao, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Institutional Equities and Investment Banking.

VCSC and its officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). VCSC may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

Copyright 2013 Viet Capital Securities Company "VCSC". All rights reserved. This report has been prepared on the basis of information believed to be reliable at the time of publication. VCSC makes no representation or warranty regarding the completeness and accuracy of such information. Opinions, estimates and projection expressed in this report represent the current views of the author at the date of publication only. They do not necessarily reflect the opinions of VCSC and are subject to change without notice. This report is provided, for information purposes only, to institutional investors and retail clients of VCSC in Vietnam and overseas in accordance to relevant laws and regulations explicit to the country where this report is distributed, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction. Investors must make their investment decisions based upon independent advice subject to their particular financial situation and investment objectives. This report may not be copied, reproduced, published or redistributed by any person for any purpose without the written permission of an authorized representative of VCSC. Please cite sources when quoting.

U.K. and European Economic Area (EEA): Unless specified to the contrary, issued and approved for distribution in the U.K. and the EEA by VCSC issued by VCSC has been prepared in accordance with VCSC's policies for managing conflicts of interest arising as a result of publication and distribution of investment research. Many European regulators require a firm to establish, implement and maintain such a policy. This report has been issued in the U.K. only to persons of a kind described in Article 19 (5), 38, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is only available to relevant persons and will be engaged in only with relevant persons. In other EEA countries, the report has been issued to persons regarded as professional investors (or equivalent) in their home jurisdiction. **Australia:** This material is issued and distributed by VCSC in Australia to "wholesale clients" only. VCSC does not issue or distribute this material to "retail clients". The recipient of this material must not distribute it to any third party or outside Australia without the prior written consent of VCSC. For the purposes of this paragraph the terms "wholesale client" and "retail client" have the meanings given to them in section 761G of the Corporations Act 2001. **Hong Kong:** The 1% ownership disclosure as of the previous month end satisfies the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. (For research published within the first ten days of the month, the disclosure may be based on the month end data from two months prior.) **Japan:** There is a risk that a loss may occur due to a change in the price of the shares in the case of share trading, and that a loss may occur due to the exchange rate in the case of foreign share trading. In the case of share trading, VCSC will be receiving a brokerage fee and consumption tax (shouhizei) calculated by multiplying the executed price by the commission rate which was individually agreed between VCSC and the customer in advance. **Korea:** This report may have been edited or contributed to from time to time by affiliates of VCSC. **Singapore:** VCSC and/or its affiliates may have a holding in any of the securities discussed in this report; for securities where the holding is 1% or greater, the specific holding is disclosed in the Important Disclosures section above. **India:** For private circulation only, not for sale. **Pakistan:** For private circulation only, not for sale. **New Zealand:** This material is issued and distributed by VCSC in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money. VCSC does not issue or distribute this material to members of "the public" as determined in accordance with section 3 of the Securities Act 1978. The recipient of this material must not distribute it to any third party or outside New Zealand without the prior written consent of VCSC. **Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. The information contained herein is under no circumstances to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities must be conducted through a dealer registered in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed judgment upon these materials, the information contained herein or the merits of the securities described herein, and any representation to the contrary is an offence. **Dubai:** This report has been issued to persons regarded as professional clients as defined under the DFSA rules. **United States:** This research report prepared by VCSC is distributed in the United States to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Decker&Co, LLC, a broker-dealer registered in the US (registered under Section 15 of Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Decker&Co, LLC in the US shall be borne by Decker&Co, LLC. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if VCSC Broker or Decker&Co, LLC is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Decker&Co, LLC and VCSC is permitted to provide research material concerning investment to you under relevant legislation and regulations.

Contacts

Corporate

www.vcsc.com.vn

Head Office

Bitexco Financial Tower, 2 Hai Trieu Street
District 1, HCMC
+84 28 3914 3588

Transaction Office

10 Nguyen Hue Street
District 1, HCMC
+84 28 3914 3588

Research

Research Team: +84 28 3914 3588
research@vcsc.com.vn

Banks and Securities

Long Ngo, Associate Director, ext 123

- Nghia Dien, Analyst, ext 138
- Anh Dinh, Analyst, ext 139
- Truc Ngo, Analyst, ext 116

Consumer and Pharma

Phap Dang, Associate Director, ext 143

- Dao Nguyen, Manager, ext 185
- Nghia Le, Analyst, ext 181

Real Estate, Construction and Materials

Hong Luu, Senior Manager, ext 120

- Anh Nguyen, Senior Analyst, ext 174
- Vy Nguyen, Senior Analyst, ext 147

Retail Client Research

Duc Vu, Senior Manager, ext 363

- Ha Dao, Analyst, ext 194
- Tra Vuong, Analyst, ext 365
- Trung Nguyen, Analyst, ext 129

Institutional Sales and Brokerage

& Foreign Individuals

Dung Nguyen

+84 28 3914 3588 ext 136
dung.nguyen@vcsc.com.vn

Retail & Corporate Brokerage

Ho Chi Minh City

Quynh Chau
+84 28 3914 3588, ext 222
quynh.chau@vcsc.com.vn

Hanoi Branch

109 Tran Hung Dao
Hoan Kiem District, Hanoi
+84 24 6262 6999

Transaction Office

236-238 Nguyen Cong Tru Street
District 1, HCMC
+84 28 3914 3588

Alastair Macdonald, Head of Research, ext 105

alastair.macdonald@vcsc.com.vn

Macro and Insurance

- Cameron Joyce, Manager, ext 163

Macro

- Luong Hoang, Senior Analyst, ext 364
- Nguyen Truong, Analyst, ext 132

Oil & Gas and Power

Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Senior Analyst, ext 135
- Thanh Nguyen, Analyst, ext 173
- Duc Le, Analyst, ext 196

Industrials and Transportation

- Nam Hoang, Senior Analyst, ext 124
- Dang Thai, Analyst, ext 149

Hanoi

Quang Nguyen
+84 24 6262 6999, ext 312
quang.nguyen@vcsc.com.vn