

STRATEGY REPORT

2021H2

“WHAT TO PLANT, WHAT TO RAISE?”

AGRISECO RESEARCH





PREFACE

Dear Valued Customer,

Vietnam's stock market is in the best period in its history. Despite the complicated developments of the Covid-19 epidemic worldwide, there are many potential risks for investors but also many opportunities for professional investors in the short term. In the Strategy Report 2021 sent to customers earlier this year, we have analyzed the main opportunities coming from low interest rate environment, strong recovery of corporate profits, return of foreign cash flow and the prospect of accelerating public investment. The list of 12 recommended stocks has presented outstanding growth with an average rate of about 3 times higher than VN-Index. For the coming period, monetary policy may be loosen with interest rates continuing to fall to support the economy. Public investment is expected to be promoted to drive economic growth and create jobs for workers. Exports remained positive thanks to recovering demand from the international market. Although the epidemic affects the economic recovery, it opens up opportunities for certain beneficial groups of industries in the short term, and at the same time, the IPO and equitization plans of SOEs will open up high-quality "sources of products" for the market.

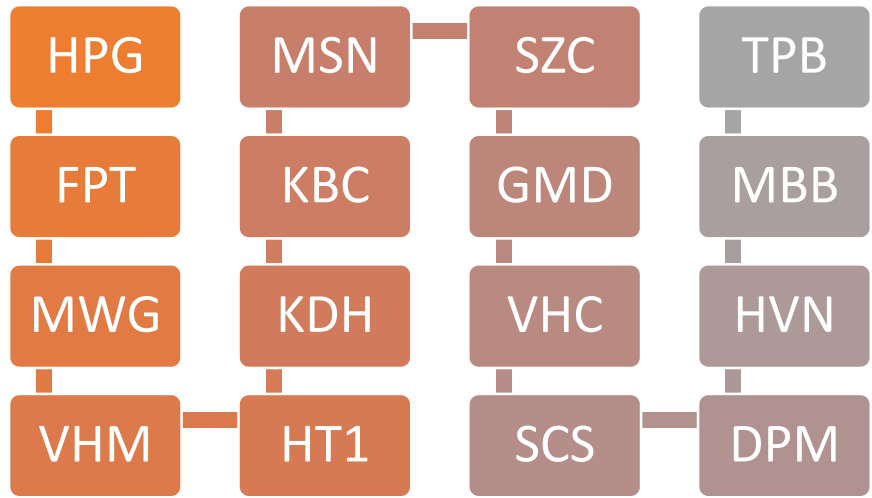
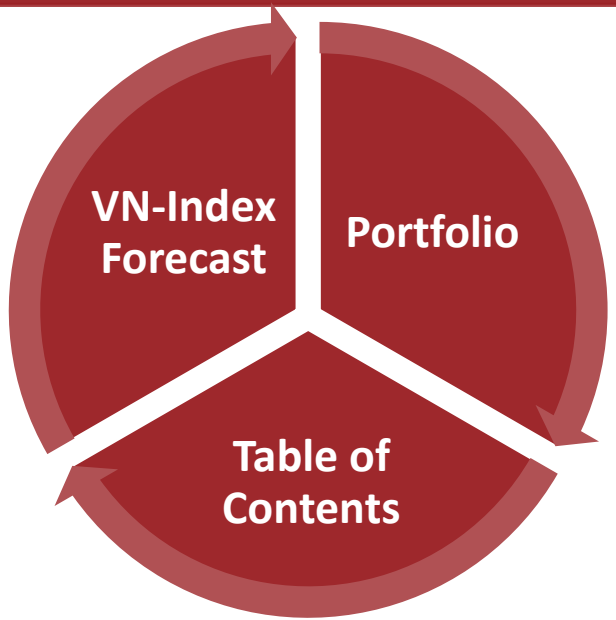
Agriseco Research assesses that these prospects create a lot of investment opportunities in the stock market. To determine "what to plant, what to raise", we would like to send you "Strategy report on equity investment in the second half of 2021"

Wishing you a fruitful investment!



SUMMARY – VN-INDEX FORECAST

- ❖ VN-Index is forecasted to reach 1,400 points by the end of 2021.
- ❖ Choosing investment opportunities will be more difficult because the market will be differentiated by industry groups and into stocks with their own stories.



Chapter 1: Macro view and Stock Market Outlook

Chapter 2: Investment Topics for 2021H2

- Opportunities from Public Investment
- Opportunities from Rising Commodity Price
- Opportunities from Economy Re-open

- Banking & Real Estate Industry
- Opportunities beyond Covid-19 Pandemics
- Opportunities from IPO, SOE divestment and others.



CHAPTER 1

MACRO VIEW & STOCK MARKET OUTLOOK

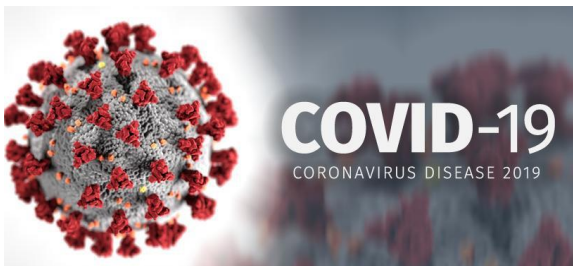


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THE COVID-19 PANDEMIC CONTINUES TO SPREAD

❖ The Covid 19 pandemic has many similarities with the Spanish Flu pandemic about 100 years ago when both pandemics appeared many outbreaks with new, more dangerous strains and high levels of infection. The new strain Delta spread rapidly globally, causing the number of new infections to increase by 80% in most countries in July (according to WHO). The spread rate of the Delta variant is about 60% higher than the previous Alpha variant. This has affected the globalization of vaccines as well as the economic recovery, especially in developing countries with low vaccination rates, including Vietnam.



Period:
1/2020 – 3/2021

Coronavirus Cases:

97,309,750

[view by country](#)

Deaths:

2,083,326

Period:
1/2020 – 7/2021

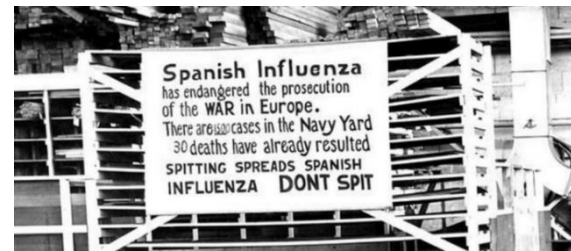
Coronavirus Cases:

191,318,574

[view by country](#)

Deaths:

4,108,177



500 mil infectetions
50 mil deaths

Period: 3 years
1/1918 – 12/1920

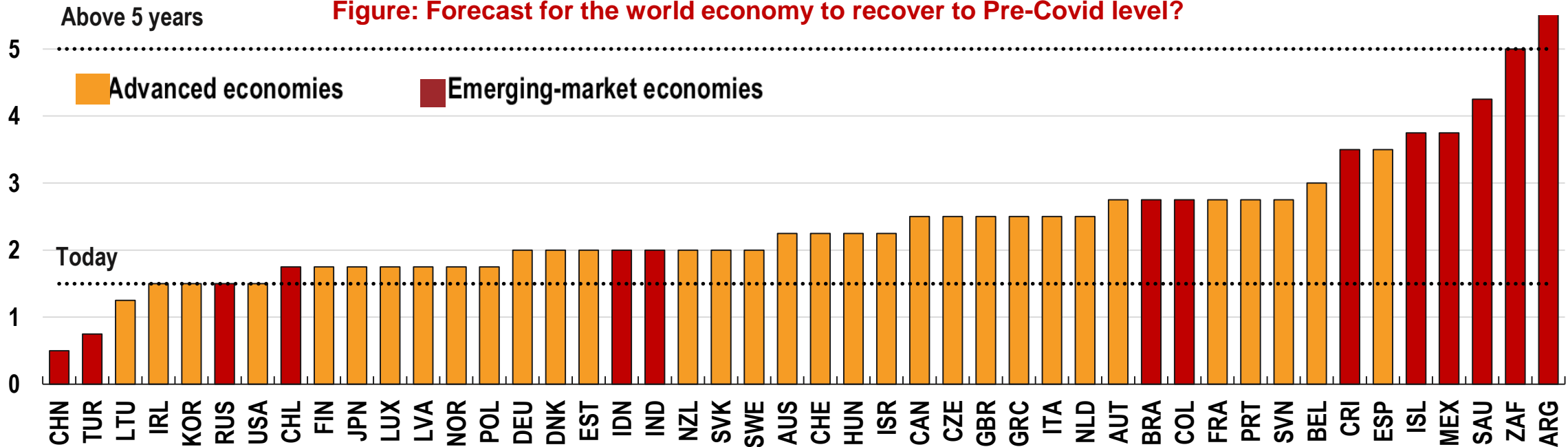




HOW LONG WILL IT TAKE FOR THE WORLD ECONOMY TO RECOVER TO PRE-COVID LEVEL?

- ❖ The economic recovery to pre-epidemic levels may be uneven globally, with a rapid recovery expected in developed countries while developing countries will be slower due to dependence on vaccine effectiveness. and public health policies.
- ❖ Developed countries with high vaccination rates are returning to pre-epidemic levels. Specifically, South Korea, the United States, and Russia have returned to the level of per capita income before the epidemic (after 1.5 years); Europe (3 years) and Africa (3-5 years),
- ❖ The economy of developing countries is expected to recover more slowly, taking up to 4-5 years due to low vaccination rates and the rapid spread of the new strain Delta.

Figure: Forecast for the world economy to recover to Pre-Covid level?



Source: OECD, Agriseco Research

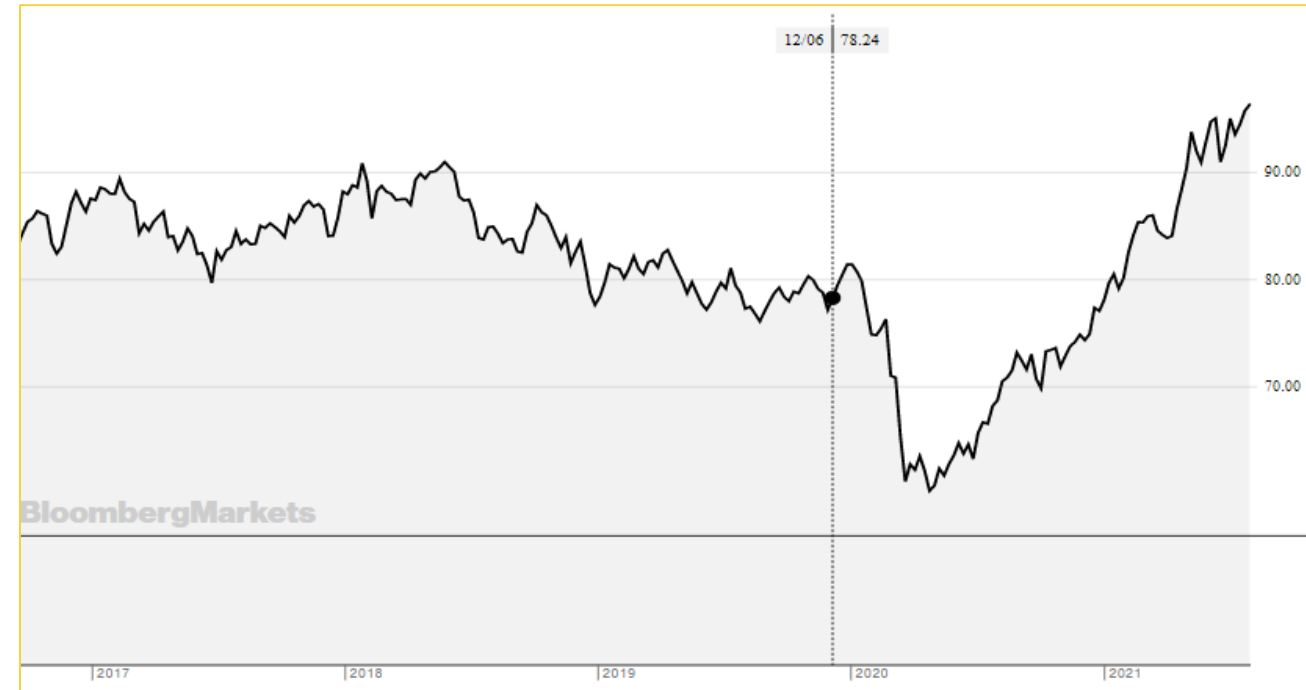




LOOSEN FISCAL/MONETARY POLICY MAY END SOONER THAN EXPECTED

- ❖ Global basic commodity prices are in a strong uptrend from the beginning of the year to now.
 - ❖ Fiscal/monetary easing policy is still in place but may end sooner than expected as inflationary pressures are becoming a global concern.
-
- ❖ At the Fed's meeting in mid-2021, the interest rate expectations of FOMC members were raised compared to the beginning of the year. Accordingly, inflation may increase sooner, possibly up to 2 times. interest rates in 2023, instead of until 2024 as forecasted at the beginning of the year. The Fed raised its inflation forecast to 2.9% - 3.1% for 2021 - nearly 1 percentage point higher than 3 months ago.
 - ❖ According to Goldman Sachs' forecast, the possible scenario is that from December 2021, the Fed will begin to gradually withdraw its bond purchases, from which, by the end of 2022, it will be reduced from 120 billion USD to 0. So in 2023, it will start. interest rate hike.

Figure: Bloomberg Commodity Index is in a strong uptrend



Source: Bloomberg





IMPACT OF THE WORLD'S MACRO ON VIETNAM'S STOCK MARKET

Opportunities

- ❖ Consumer demand in developed countries is recovering strongly after the vaccination process is widely deployed. This creates opportunities for export businesses in Vietnam.
- ❖ Foreign investment inflows are expected to grow strongly in the near future when super corporations are gradually "stabilizing their lineups" after restructuring under the impact of the pandemic. Vietnam is a destination for FDI inflows as it benefits from the industrial shift from China. Large corporations such as Apple, Samsung, and Foxconn are expanding factories in Vietnam to help many related businesses benefit, including Real Estate, Industrial Parks, and Technology..

Risks

- ❖ The fact that the Fed is starting to be more cautious and concerned about inflation concerns may cause the quantitative easing packages to end sooner than expected. There are increasing expectations that the FED will start raising interest rates in 2023, which makes foreign investment flows likely to withdraw from emerging and frontier markets, including Vietnam.
- ❖ The sharp increase in the price of basic goods also affects Vietnam's trade balance, and at the same time causes concerns about "inflation imports". The galloping increase in freight rates in the recent period may also affect the export process of Vietnam.
- ❖ New strains of the Covid-19 virus are difficult to predict and can make the global epidemic situation difficult to control, increasing the risk of infection and affecting the macro economy and Vietnam's stock market. .



VIETNAM'S MACROECONOMICS – GROWTH DRIVERS



Export

Exports grew by double digits but faced the risk of trade deficit

Consumption

Consumption lost momentum due to the impact of the 4th Covid wave

Public Investment

Public investment has not yet made progress, but there is still room for improvement



VIETNAM MACROECONOMIC FORECAST

GDP growth 2021 : 6%

GDP growth 2022 : 7%

Inflation : < 4%



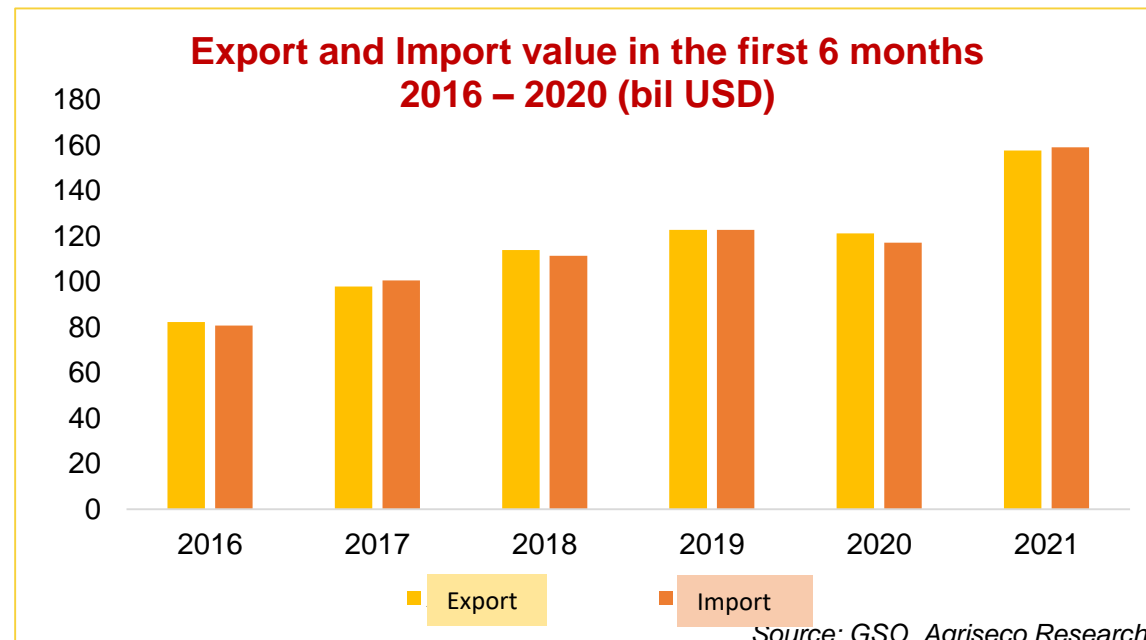


STRONG EXPORT GROWTH BUT FACE OF IMPORT RISK

- ❖ In the first six months of 2021, the trade balance has a trade deficit of 1.47 billion USD. In the context of high prices of goods and raw materials in the world, the import value increased. Currently, key export localities such as Bac Giang, Bac Ninh, Hanoi, and Ho Chi Minh City are still in a state of social distancing, affecting the production of export products.
- ❖ After many years of continuous trade surplus, Vietnam is in a state of trade deficit. Agriseco Research forecasts this situation will continue to maintain in the remaining months. However, the bright point is that the export value increased by nearly 30% in the first half of the year, which also helped many export businesses benefit such as components, textiles, seafood, and wood.



Source: GSO



Source: GSO, Agriseco Research



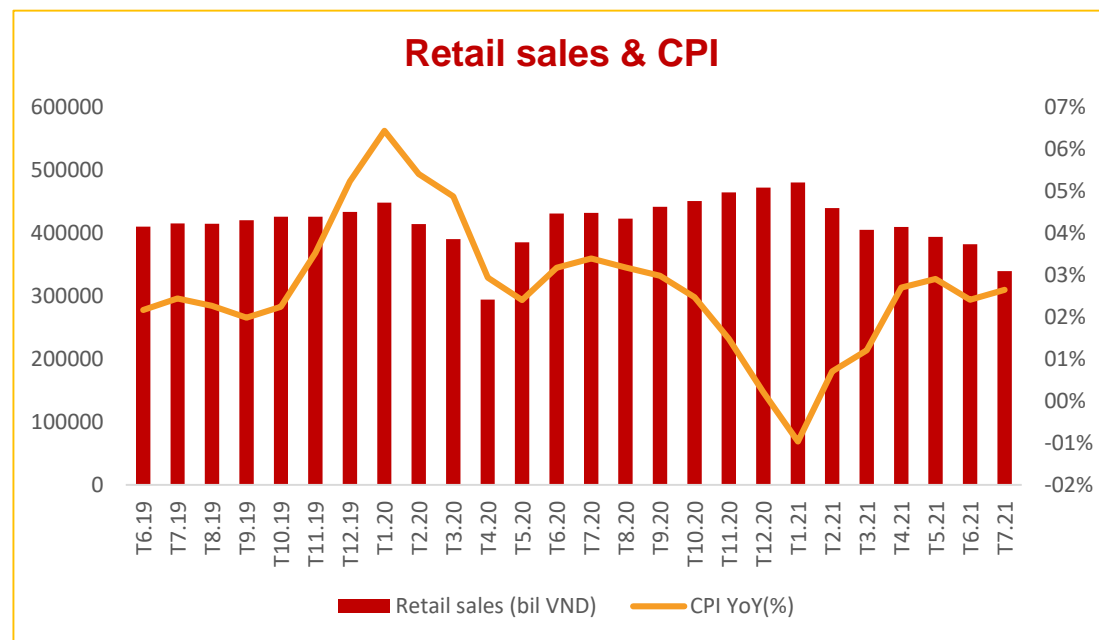


CONSUMPTION SLOW DOWN DUE TO 4th COVID

- ❖ In the first half of 2021, the total retail sales of goods and services still achieved a growth rate of 4.9% over the same period. However, in June alone, due to the impact of the Covid-19 epidemic on Ho Chi Minh City - the locality accounting for about 30% of the retail structure of the whole society - social distancing, the total retail sales decreased by 2% compared to that of the whole society. May and down 6.6% over the same period in 2020.
- ❖ It is forecasted that with the complicated situation of the Covid epidemic and spreading to provinces and cities, consumer services may be affected and are unlikely to become a driving force for economic growth in the last months of the year.



Source: GSO

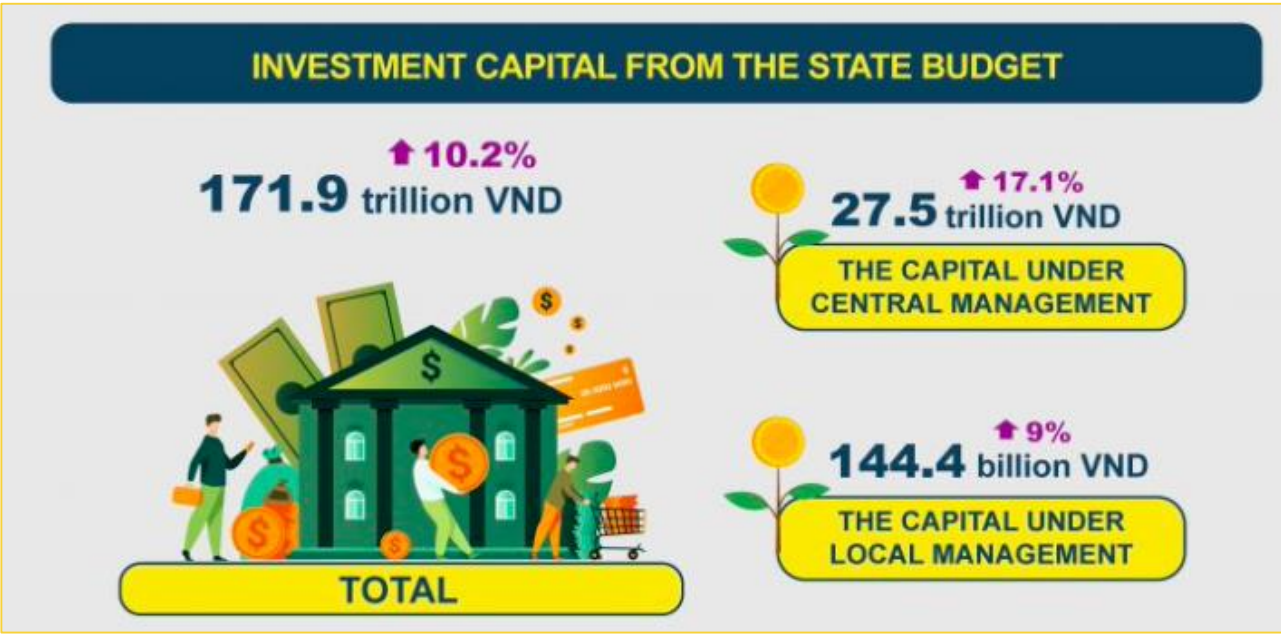


Source: GSO, Agriseco Research

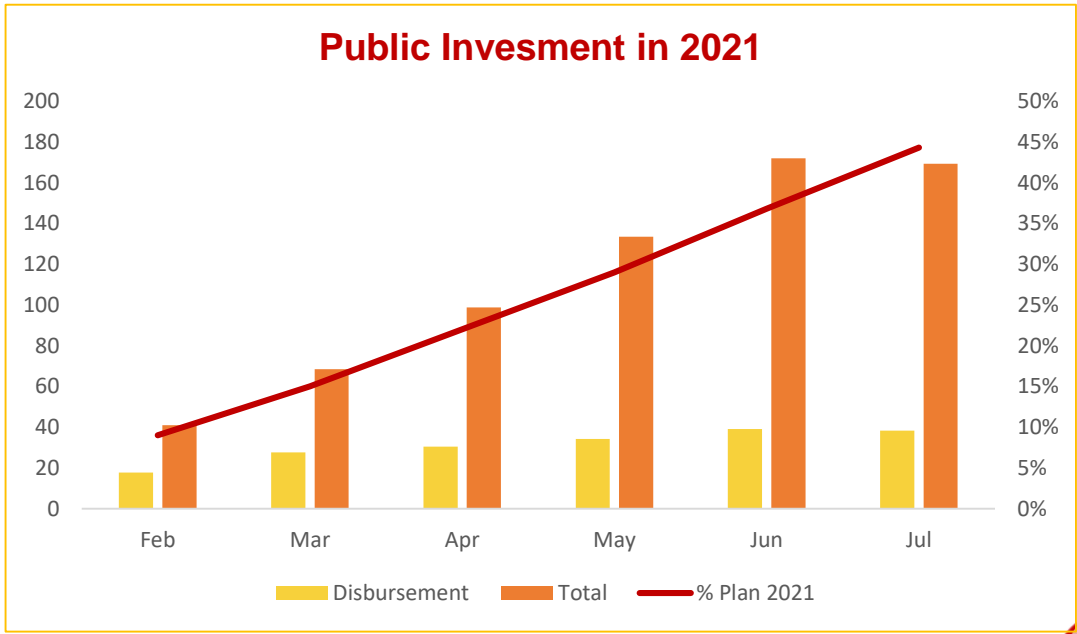


PUBLIC INVESTMENT SLOW BUT LOOK FOR IMPROVEMENT

- ❖ In the first 6 months of the year, disbursement of public investment reached 171.9 trillion dong, up more than 10% over the same period last year and only reached 36.8% of the year plan. This progress is still behind expectations and compared to the growth rate of 30% in 2020 compared to 2019.
- ❖ The Government is implementing many synchronous solutions to accelerate disbursement of public investment to promote economic growth and create jobs for workers.



Source: GSO



Source: GSO, Agriseco Research

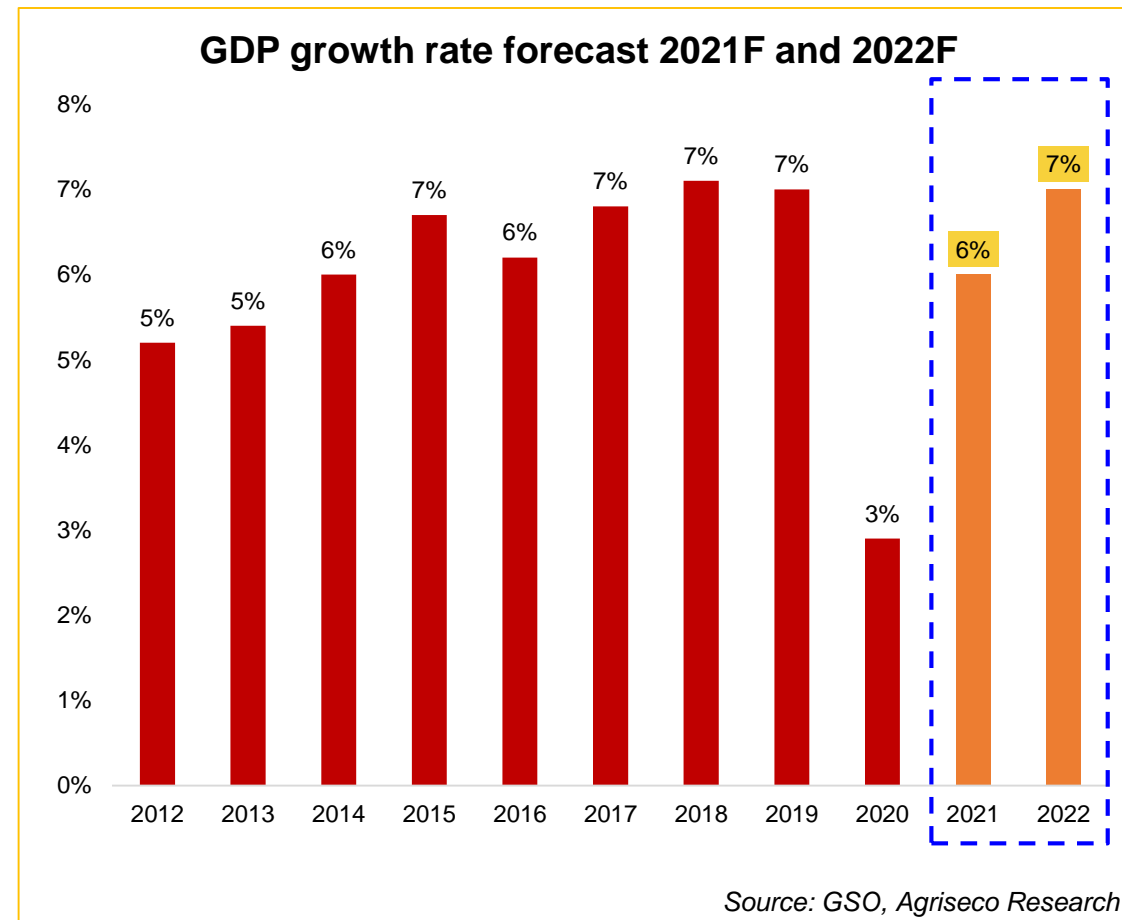




FORECAST FORMROECONOMIC INDICATORS

❖ Agriseco Research forecasts Vietnam's GDP growth in 2021 will reach about 6% in the case of accelerated public investment, and at the same time create momentum for a strong recovery in 2022 with a forecast GDP growth of 7%.

Indicators	2021H1	2021F
GDP growth rate	5,64%	6%
Inflation	0,87%	<4%
Export and Import	Exports up 28.4% Imports up 36.1% Trade balance has a trade deficit of 1,47 billion USD	Exports up 30% Imports up 40% Trade balance has a deficit of 2 billion USD
Consumption	Total retail sales up 4.9%	Total retail sales up 4%
Public Investment	Disbursement of public investment reached 171.9 trillion dong, reaching 36.8% of the plan	Disbursement of public investment reached 480 trillion dong, reaching 80% of the plan





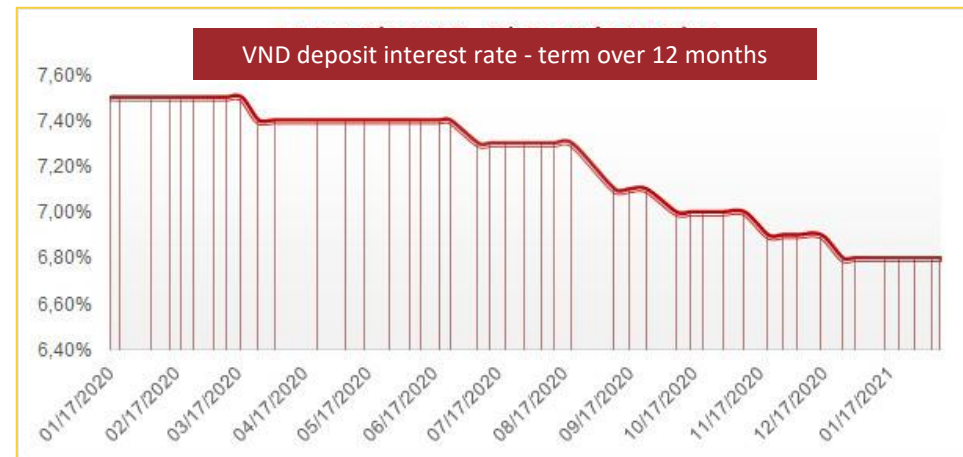
BENEFICIAL INFLATION AND INTEREST RATE ENVIRONMENT FOR STOCK MARKET

- ❖ Vietnam is in the optimal inflation level for stocks to grow. Inflation may inched up in the coming period, but statistics show that 4-8% is still a suitable environment for stocks.
- ❖ According to statistics of Agriseco Research, inflation below 4%/year is best for developing stocks. Specifically, since its establishment until now, Vietnam's economy has experienced 106 months with CPI yoy below 4% and VN-Index growing at an average of 2.73%/month in these months, which is much higher than the average. shared.

Inflation	VN-Index	Times
Under 4%	+2,73%/month	106
4% - 8%	+2,0%/month	77
Above 10%	-2,83%/month	37

*Detailed report about "Inflation and opportunities in Vietnam stock market" can be referred [here](#).

- ❖ Interest rates have decreased continuously for the past 1 year and are expected to continue to decrease in the second half of the year. Recently, 16 banks have pledged to continue reducing lending rates to support people and businesses facing difficulties due to the Covid-19 pandemic.
- ❖ In addition, the State Bank of Vietnam has extended credit limits for a number of banks, creating a premise to boost funding for the economy. In addition, the policy of lowering the required reserve ratio is also expected to be applied in the near future.



Source: FiinPro, Agriseco Research





ATTRACTIVE MARKET VALUATION REMAINS IN THE LONG-TERM

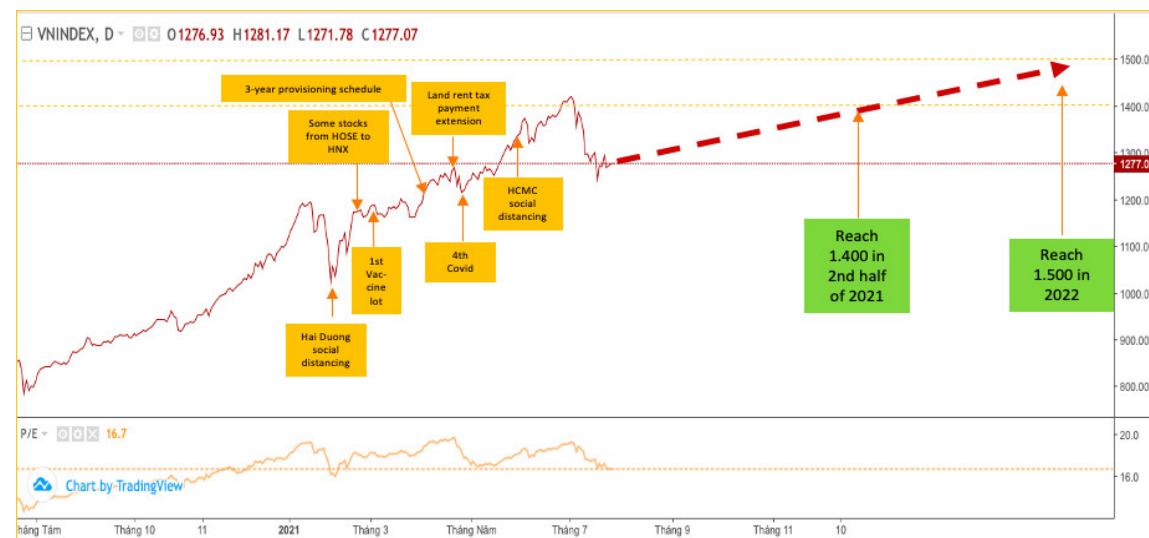
- ❖ P/E and P/B valuations of the whole market are currently at 16.8x and 2.58x respectively (as of July 23, 2021), after a recent sharp downward correction, lower than the historical peak in 2018 is 22x. Business results for the first 6 months of companies have announced a growth in NPAT of about 80% yoy. Agriseco Research forecasts that by the end of 2021, the profit growth of enterprises will be over 40% yoy and an increase of 20 - 25% in 2022. From there, it forecasts P/E of about 14 - 15x, which is a norm. low prices compared to the past and across the region.
- ❖ With the current valuation level, VN-Index is being traded at a price lower than the correlation of profit but higher than the historical and regional book value. Earnings growth is an attractive catalyst that makes a difference in the Vietnamese stock market. VN-Index is forecasted to reach 1,400 points by the end of 2021 and increase to 1,500 points in 2022.

P/E ratio of VN-Index (23/07/2021)



Source: FiinTrade

VN-Index Forecast



Source: Agriseco Research





CHAPTER 2

INVESTMENT TOPICS FOR 2021H2

Opportunities from public investment

Opportunities from rising commodity price

Opportunities from economy re-open

Opportunities in Banking & Real Estate Industry

Opportunities beyond Covid-19

Opportunities from divestment, equitization of SOEs and others

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INVESTMENT OPPORTUNITIES IN 2021

Opportunities from public investment

Opportunities from Rising Commodity Prices

Opportunities from Economy Re-open

Banking & Real Estate Industry

Opportunities beyond Covid-19 Pandemics

Opportunities from divestment and equitization of state-owned enterprises and others

**Detailed report about “Public Investment and opportunities for stock market” can be referred [here](#).*

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PUBLIC INVESTMENT WILL BE A LEADING DRIVER OF ECONOMIC GROWTH WHEN OTHER MOTORS ARE FAILING

Growth tractors have not met expectations in the first half of the year:

- ❖ Import-Export trade deficit of 1.47 billion USD in the first 6 months and the continuing trade deficit will be an obstacle to growth at the end of the year. The improvement of the situation is difficult because (1) international consumer demand depends on Covid and (2) it is difficult for Vietnam to devalue the domestic currency.
- ❖ Consumption is still affected by the complicated and spreading Covid-19 epidemic in many provinces and cities across the country. It is expected that by 2022, Vietnam will be able to achieve herd immunity.
- ❖ Public investment is the most feasible driver because Vietnam can be proactive in promoting disbursement, supporting economic growth and creating jobs for workers.

Public investment brings many benefits to the economy:

- ❖ Leadership and pervasiveness across many industry groups
- ❖ According to the GSO, it is estimated that in the period of 2021 - 2025, if public investment disbursement increases by 1%, GDP will increase by 0.058%.
- ❖ Also in the forecast for the period of 2021 - 2025, disbursing 1 dong of public investment capital entails 1.61 dong of non-state investment capital, 1.42 dong higher than the previous period.

Export

Public Investment

Consumption





PUBLIC INVESTMENT DISBURSEMENT

DISTRIBUTION PLAN 2021 – 2025 INCREASE 40% FROM THE PRIOR PHASE WITH POSITIVE MOTION FROM THE GOV

- ❖ In the period of 2021 - 2025, the public investment disbursement plan is 2.87 million billion VND - an increase of more than 40% compared to the figure implemented in the previous period. Particularly in 2021, the planned public investment capital is nearly 600,000 billion VND. However, only 36.8% of the plan was completed in the first half of the year, so the need for disbursement in the second half of 2021 is urgent. At the same time, the Government also focuses resources on large national-scale infrastructure projects and cuts down more than 1,000 unnecessary projects, and it is expected that the number of projects implemented in this period will be only 5,000 projects. projects compared to nearly 6,500 projects in the period 2016-2020.
- ❖ Resolution No. 63/NQ-CP issued in June 2021 clearly sets out the orientation to focus on solving difficulties and problems related to institutions and policies. At the same time, strive for the disbursement rate of state budget investment capital in 2021 to reach 95% - 100% of the assigned plan. In which, by the end of the third quarter of 2021, disbursement will reach at least 60% of the plan.
- ❖ Directive No. 13/CT-TTg: On speeding up and improving the quality of the formulation of the 2021-2025 Medium-term Public Investment Plan clearly states: “Public investment capital must really play a leading role, being “ “prime capital” in order to maximize the attraction of other resources”.

Important public investment projects 2021 - 2025

Projects	Scale	Investment	Completion	Procedure	Expected outcome
Trung Luong – My Thuan – Can Tho Expressway	81 km	Above 21.000 bil VND	2023	A part completed	As the last route in the North-South Expressway chain, promoting the economy and security of the Southwest region.
11 component projects of North-South Expressway	654 km	112.000 bil VND	2024	Delivered 97%. 3/8 projects in the form of public investment are about to finish. 3 PPP projects have signed BOT contracts.	Meeting transportation needs and solving traffic conditions on National Highway 1. North-South Expressway is the most important traffic route in this term.
Expanding Tan Son Nhat & Noi Bai airports		9.000 bil VND	2022	Noi Bai Airport is still under repair while Tan Son Nhat is partially operational.	Helping to increase the capacity of the country's two most important airports by about 110 million passengers per year. The airline service industry benefits.
Long Thanh International Airport Phase 1	1.180 ha	114.000 bil VND	2025	The site clearance is reaching more than 50% and the construction of phase 1 has commenced.	Estimated capacity of 25 million visitors/year for Phase1. Once completed, this will be the largest airport in Vietnam in the future, and at the same time connect many other transport networks.
Thai Binh 2 Thermal Power Plant	600 MW	41.000 bil VND	2022	Overall progress has reached more than 86%. Burning engine oil for test run in 11/2021.	Helps ensure electricity supply for the Red River Delta region, reducing dependence on hydroelectricity due to the instability of the water flow.
Long Phu 1 Thermal Power Project	1.200 MW	29.500 bil VND	2021	Unit 1 will operate in the second quarter, and unit 2 will operate in the third quarter of 2021.	Help ensure electricity supply for Soc Trang province and Mekong Delta.
Song Hau 1 Thermal Power Project	2.120 MW	72.000 bil VND	2021	Total cumulative progress has reached nearly 97%. Will connect to the grid in 2021.	To add to the national electricity grid about 7.8 billion kWh/year, in the Mekong Delta region.

Source: Agriseco Research



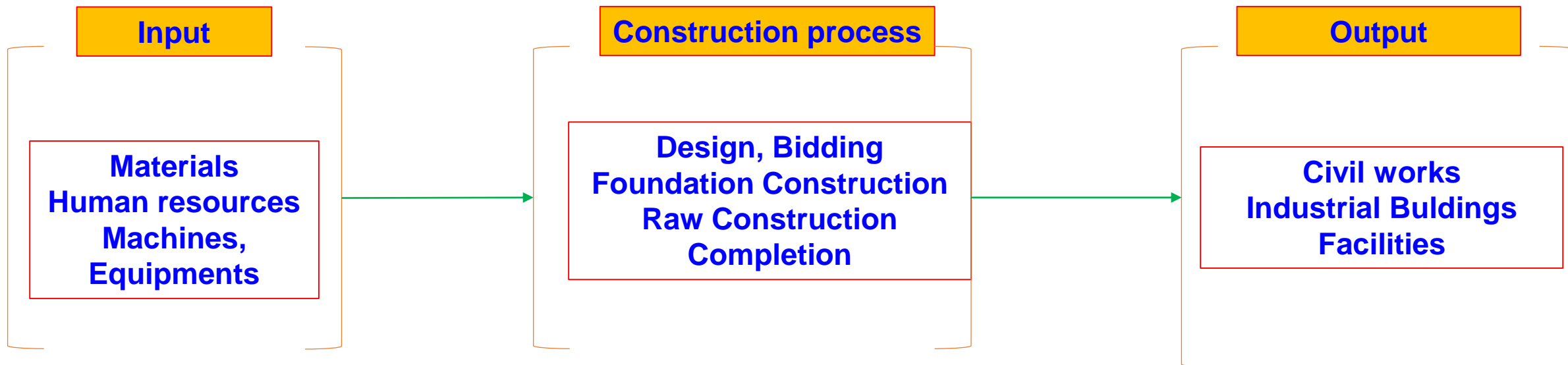
PUBLIC INVESTMENT DISBURSEMENT

BENEFICIAL INDUSTRIES

- ❖ **UPSTREAM GROUP:**
- ❖ Real estate: when information about infrastructure project planning causes land prices to rise.
- ❖ Construction materials: can increase sales thanks to increased demand.

- ❖ **MID-STREAM GROUP:**
- Construction, Construction: directly receive project bidding packages.
- Logistics & Seaport: after the infrastructure is completed.

INDIRECT BENEFICIARIES:
Banking group when enhanced credit granting to disburse public investment





PUBLIC INVESTMENT DISBURSEMENT

STOCKS PICK

Stock	Industry	Outlook
<u>VHM</u>	Real Estate	<ul style="list-style-type: none"> - Promoted public investment, approved infrastructure projects are positive catalysts for the real estate market. Supply expanded when the legality in many projects was cleared, and demand recovered in the low interest rate environment. - VHM is a leading enterprise in the industry, owns a land bank spread across the country, benefits from rising land prices and expects to accelerate public investment in infrastructure development.
<u>HPG</u>	Material - Steel	<ul style="list-style-type: none"> - Many public investment projects are using Hoa Phat steel for construction such as Vinh Tuy bridge - Hanoi, North - South Expressway, My Thuan 2 bridge, Long Thanh airport. - Hoa Phat is a leading enterprise in the steel industry. Benefiting from the steel price increase from the beginning of 2021 to now, along with owning a closed process chain to help improve Profit Margin. - Dung Quat 2 went into operation, bringing the total consumption capacity to a record high of 8 million tons of steel/year
<u>HT1</u>	Material - Cement	<ul style="list-style-type: none"> - Leading market share in the South, accounting for 8% of the country's market share. - The target sales volume in 2021 is about 6.97 million tons, the largest in the South region - Maintain high cash dividend (1,200 VND/share in 2020).
<u>KSB</u>	Material - Stone	<ul style="list-style-type: none"> - As a leading enterprise in the field of stone mining - The new policy allows quarries to increase capacity by 50% without having to adjust project planning to help clear legal obstacles - Large and expanding mining reserves, owning many well-located mines and near the national public investment center are Long Thanh airport and North-South Expressway. - High profit margin compared to the industry, over 35%
<u>FCN</u>	Foundation Construction	<ul style="list-style-type: none"> - As a leading enterprise in the field of stone mining - The new policy allows quarries to increase capacity by 50% without having to adjust project planning to help clear legal obstacles - Large and expanding mining reserves, owning many well-located mines and near the national public investment center are Long Thanh airport and North-South Expressway. - High profit margin compared to the industry, over 35%
<u>ACV</u>	Airport	<ul style="list-style-type: none"> - As a leading enterprise in the field of stone mining - The new policy allows quarries to increase capacity by 50% without having to adjust project planning to help clear legal obstacles - Large and expanding mining reserves, owning many well-located mines and near the national public investment center are Long Thanh airport and North-South Expressway. - High profit margin compared to the industry, over 35%



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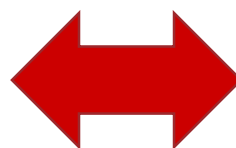
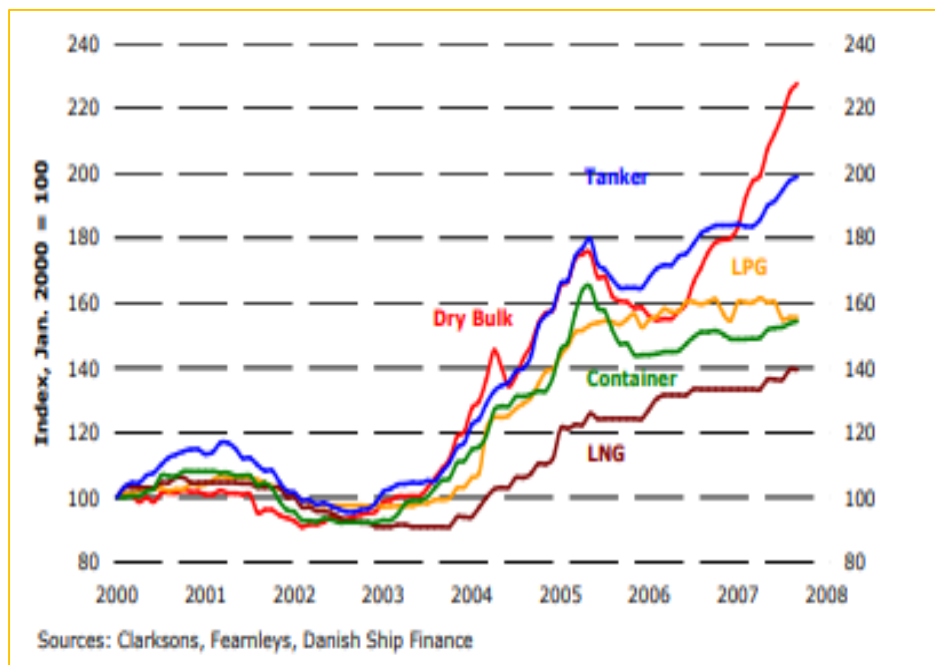


LOGISTICS & SEAPORT

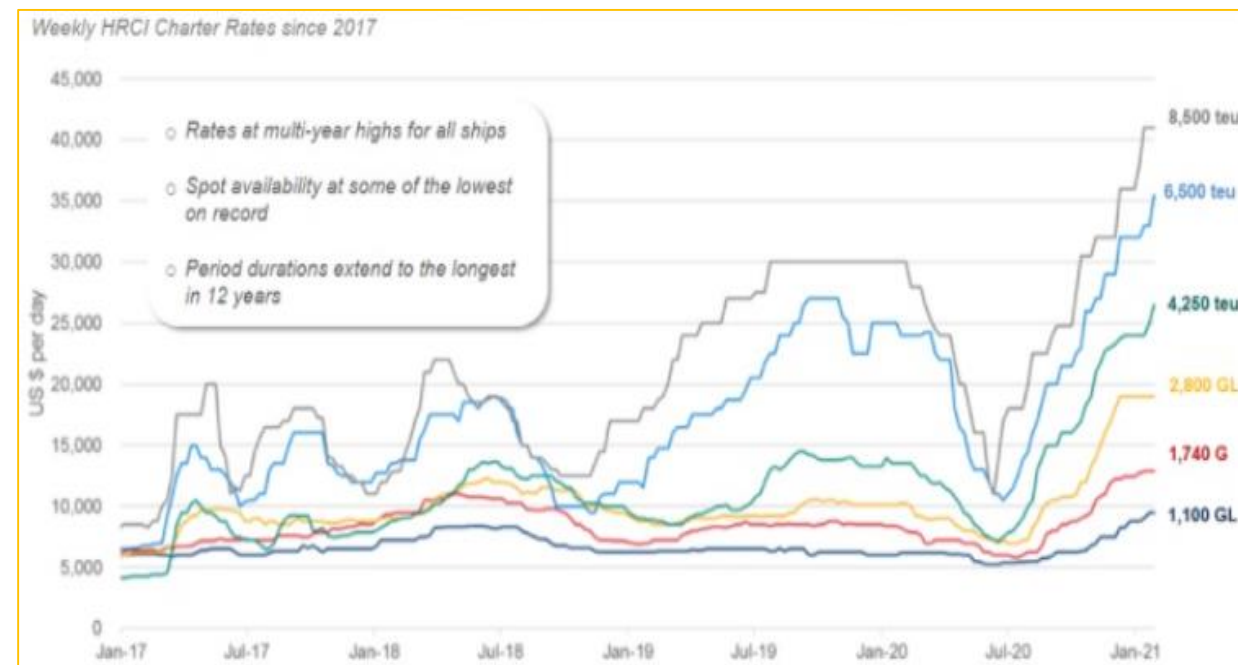
REPEAT HISTORY

- ❖ The disparity in epidemic control activities between the Pacific region and the US and EU has disrupted supply chains, exacerbated the shortage of empty containers and pushed up shipping rates.
- ❖ In this context, shipping lines will tend to consolidate or restructure to increase capacity. This increases the demand for large capacity vessels as happened in the period 2007-2008.

New ship building price for the period 2007 - 2008



Boat rental rates recently increased sharply



Source: Research gate

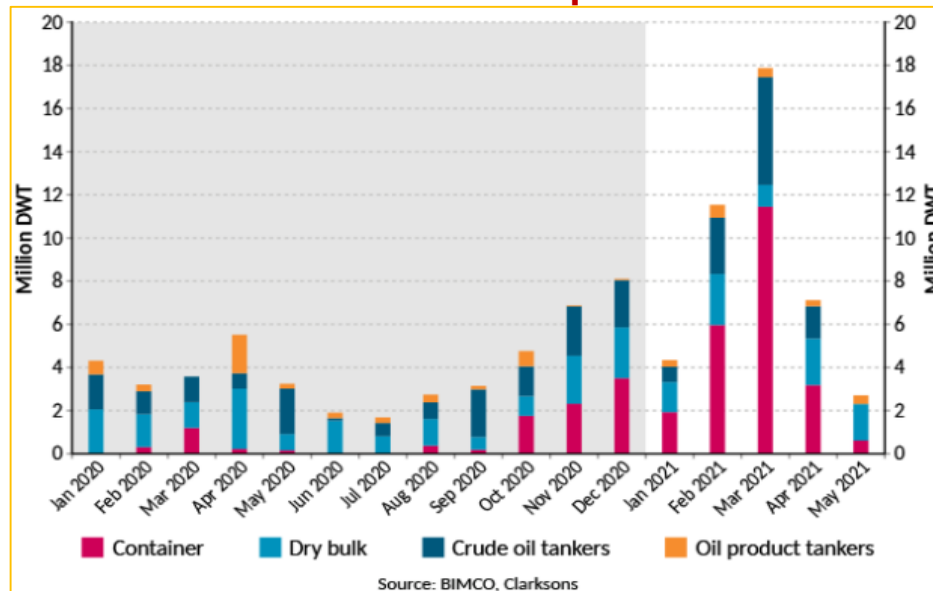


LOGISTICS & SEAPORT

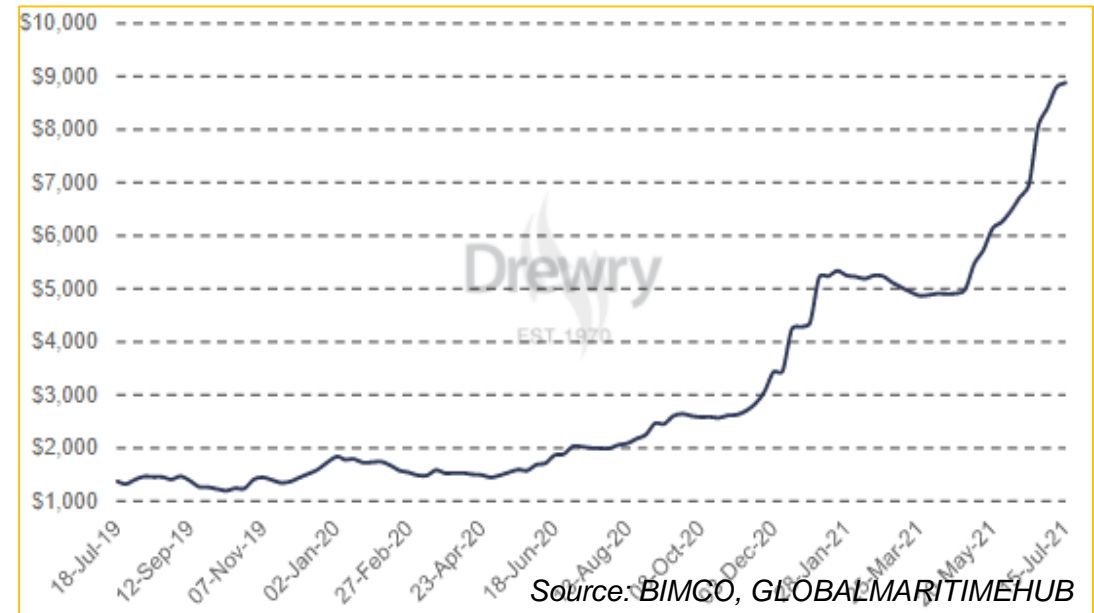
UNDERSTANDED TRANSPORTATION PRICE FORECAST

- ❖ The number of new shipbuilding orders remained quite low in 2020 and only started to increase sharply at the end of the first quarter of 2021. Statistics show that the average time to build a new ship is about 7-8 months, so Agriseco Research estimates that the supply will continue to be low in the following months.
- ❖ The demand for freight is expected to increase in the last 2 quarters of the year because this is the time when there are many major holidays such as Christmas and New Year. With the current situation, it is likely that the growth rate of supply will not meet the demand in the last months of the year, so it is forecast that international shipping rates will continue to increase in the coming time.

The number of new shipbuilding orders increased sharply from the end of the first quarter of 2021

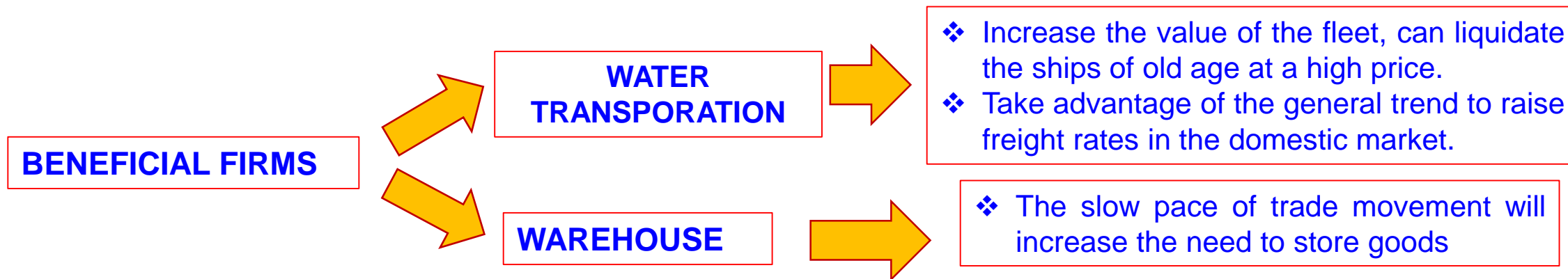


It is forecast that freight rates will not slow down





LOGISTICS and SEAPORT



PICKED STOCKS – HAH

- ❖ Owning a complete supply chain from seaports, shipping and warehousing.
- ❖ The fleet is large in size and the average age is low.
- ❖ Freight rates for some domestic routes have increased significantly since the beginning of 2021 thanks to the effect of the international market.

HAH is one of the largest inland waterway transport enterprises in the country

Ship team	Years	Capacity Teus
HAIAN MIND	8	1.800
HAIAN LINK	10	1.100
HAIAN VIEW	11	1.700
HAIAN EAST	12	1.700
HAIAN WEST	13	1.700
HAIAN BELL	17	1.200
HAIAN TIME	19	1.000
HAIANPARK	20	800
Total		11.000



Rivals	Capacity TEUs
Vietsun	2.500
Vsico	2.300
Tan Cang shipping	1.700
Vinafco	1.100
Gemadept	1.000
East Sea	4.600
Total	13.200

Source: Agriseco Research

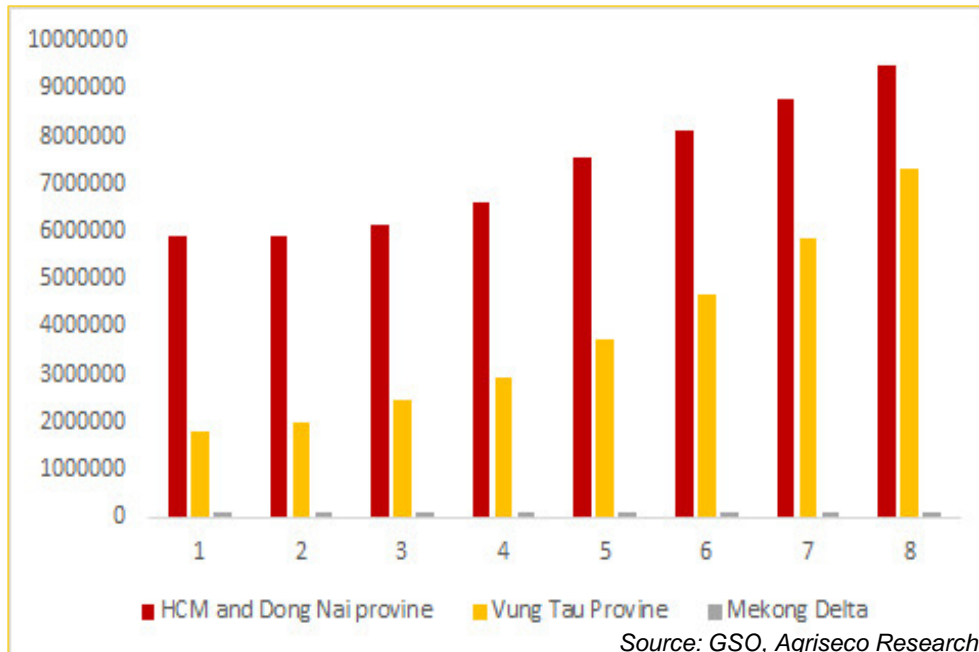


LOGISTICS and SEAPORT

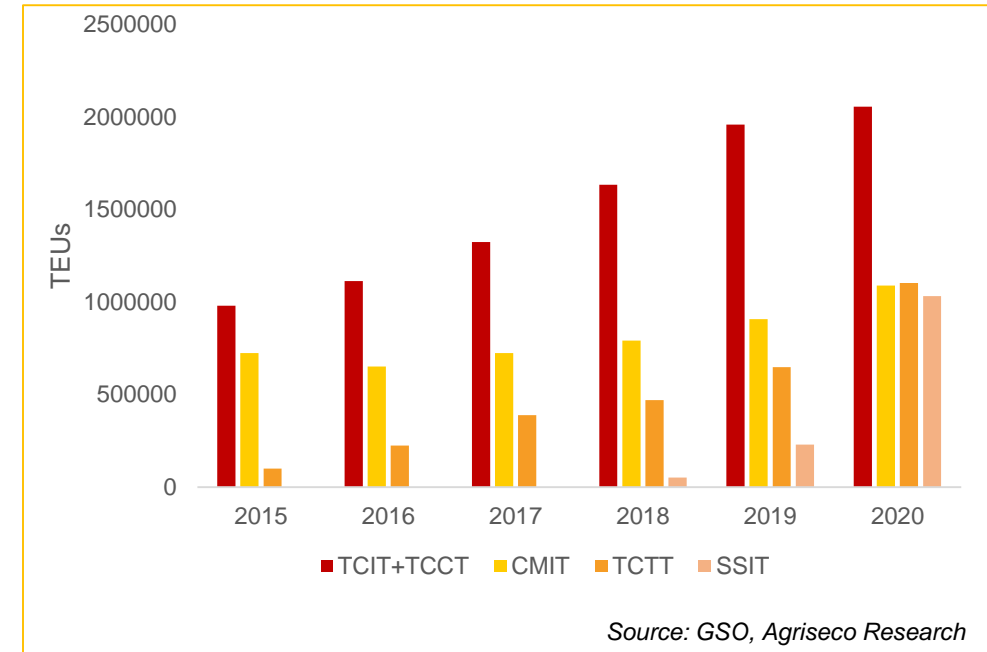
Seaport GROUP: Cai Mep - Thi Vai area maintains its rapid increase thanks to the advantage of a deep water port.

- ❖ The average growth rate in the last 3 years of this region is over 23%. More notably, the volume of container cargo docked in the first 6 months of this year in Vung Tau province has increased by more than 41% over the same period.
- ❖ It is forecasted that deep-water ports will continue to promote their advantages and receive priority from shipping lines, helping the region maintain its rapid growth momentum recently.

Capacity statistics of the southern port area



Capacity of ports in Cai Mep – Thi Vai area



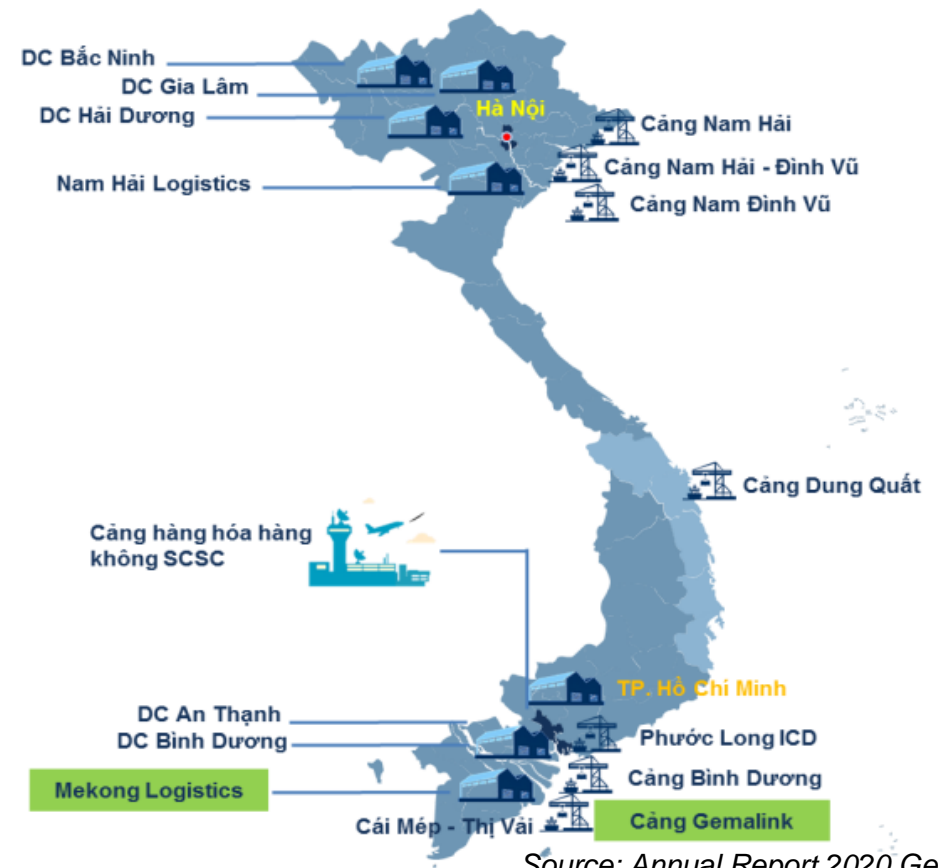


LOGISTICS and SEAPORT

FAVORITE STOCKS – GMD

- ❖ Growth driver from Gemalink port: This is a port with a designed capacity of phase 1 of about 1.5 million TEUs/year; operating in the fast-growing area of Cai Mep - Thi Vai. According to information from the Board of Directors, GML port has been full of capacity since the second quarter and will start to record profit from the third quarter of this year.
- ❖ Benefiting from the increase in regional service prices: According to the scheme of the Association of Seaports sent to the Ministry of Transport and Communications; Cai Mep - Thi Vai port area is currently operating with service prices much lower than the international area. Therefore, the Association has submitted a proposal to raise the service price by 10% per year until it reaches over 80% of the service price in Asia. If it becomes a reality, it will be a great motivation for GMD to accelerate the implementation of phase 2 of Gemalink port, bringing the total capacity of the whole project to 2.5 million TEUs/year.

Gemadept has the advantage of owning a system of ports spanning 3 regions of the country

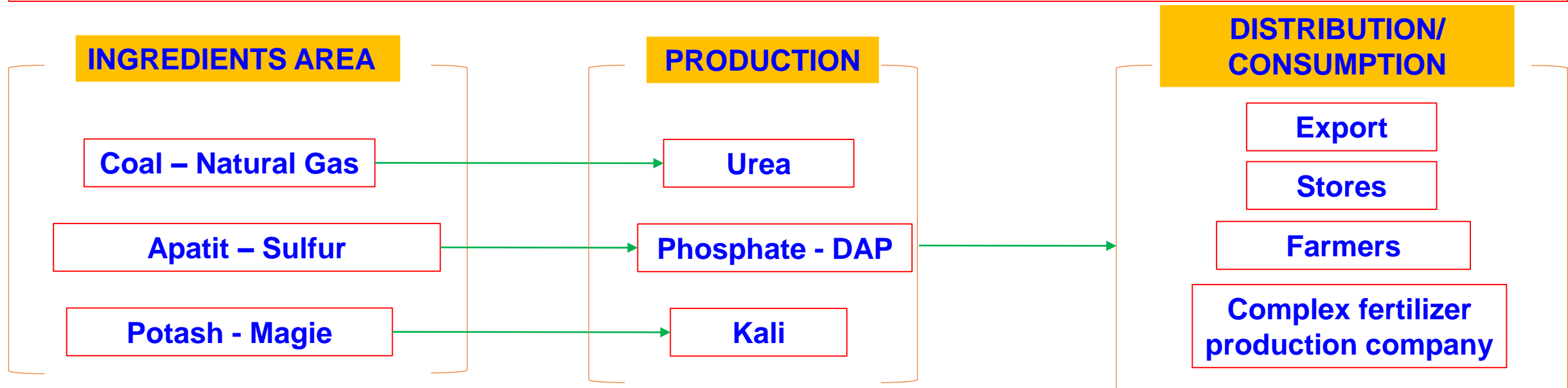




FERTILIZER INDUSTRY

FERTILIZER INDUSTRY VALUE CHAIN

- ❖ Although the price of F0 oil (input material) has increased significantly since the beginning of the year, fertilizer producers still benefit from the upward trend in commodity prices (especially the price of agricultural products). such as rice and wheat) thanks to the advantage of being in the middle of the supply chain.
- ❖ Domestic demand for fertilizer increased thanks to increased agricultural productivity (export turnover in the first 6 months of 2021 increased by more than 11% YoY). Meanwhile, the sharp increase in international transportation costs and the imposition of safeguard duties on some fertilizers have reduced the import volume of fertilizers. Therefore, by the end of the second quarter of 2021; Average wholesale price of Urea fertilizer increased by over 25% svck. According to Argimonitor, fertilizer demand in 2021 could reach over 10 million tons (+5.5% YoY). In which, the products are expected to increase the sudden demand such as DAP fertilizer (+12%); phosphate fertilizer (+8.7%); NPK fertilizer (+4.6%).



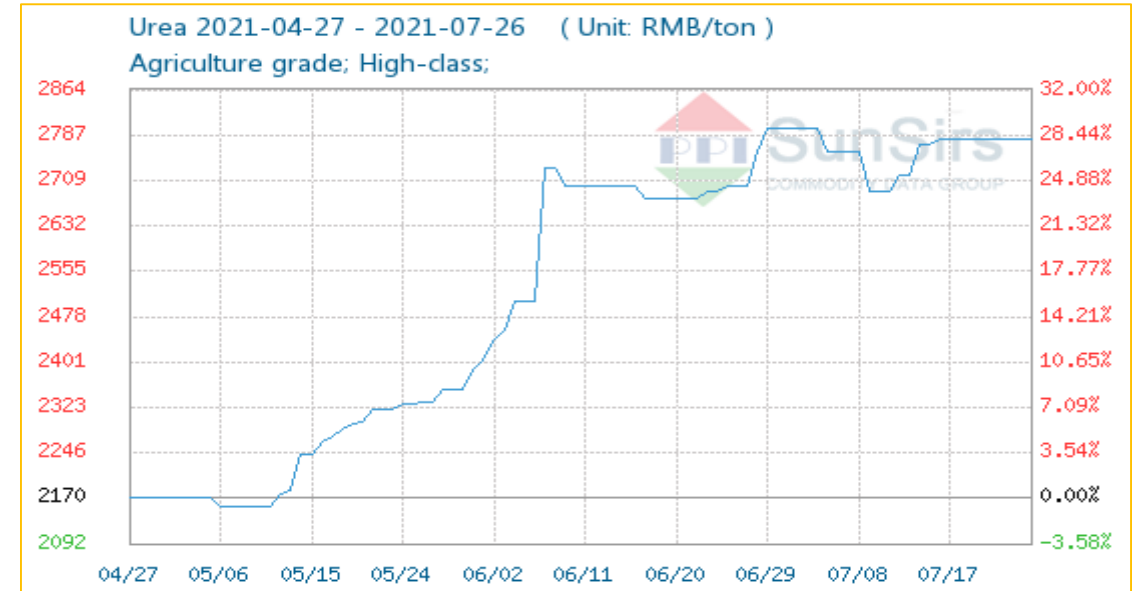


FERTILIZER INDUSTRY

INDUSTRY PROSPECTS – OUTPERFORM

- ❖ Agriseco Research believes that fertilizer companies still have many things to look forward to in the second half of 2021 due to:
- ❖ The outlook for agricultural products in 2021 is positive thanks to the need to ensure food security during the epidemic. In addition, the influence of La Nina phenomenon will create favorable weather conditions for increasing productivity and crop output.
- ❖ Fertilizer inventory is low, domestic demand and export continue to be positive.

Urea fertilizer price at high level in 2021



Source: SunSirs





FERTILIZER INDUSTRY

PICKED STOCKS – DPM

- ❖ Fertilizer demand increased sharply: total fertilizer export in the first 6 months of 2021 was estimated at 660 thousand tons (+45% YoY). In addition, the favorable climate situation during the year as well as the high price of agricultural products are the driving force to stimulate demand for fertilizer to expand cultivation.
- ❖ Benefit from the proposal to impose VAT on fertilizer products: The revised VAT Law is expected to be passed by the National Assembly in 2021, whereby fertilizer enterprises will be refunded input VAT if approved. , which helps to reduce COGS and improve profit margin. Agriseco Research believes that if it comes to fruition, DPM will save over VND200 billion in input costs per year, helping to increase competitiveness for imported fertilizer products.

Input	Input tax	Output	Output tax
Coal	10%	Ure	5%
Natural gas	10%		
Apatit ore	5%	Phosphate	5%
Sulfure	10%		
Ure	5%	NPK	5%
DAP/SA/P	5%		
Kali	5%		

Source: Agriseco Research



From the table above, it can be seen that Urea fertilizer producers will benefit the most from this policy due to the large tax difference between input and output.



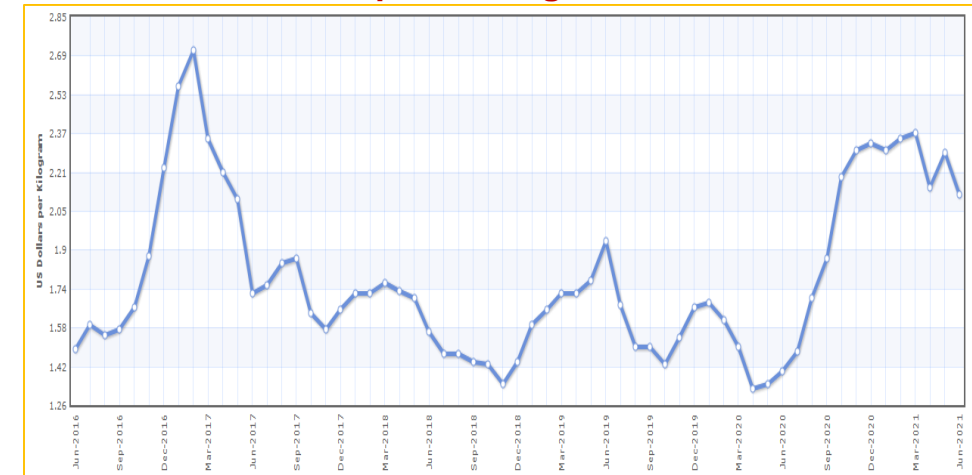
RUBBER INDUSTRY

RUBBER PRICE FORECAST IN MIDDLE AND LONG-TERM UP STANDING

Supply-demand gap: The gap in supply and demand has started since 2020 and will become even more obvious in 2021. Accordingly, the total world rubber output in the first half of 2021 will reach about 4.5 million tons. , while total consumption is estimated at around 5.4 million tons (according to ANRPC). The slow growth of rubber production in recent years is the result of a decrease in the number of new planting areas, plus the effect of the rubber tree defoliation disease in Southeast Asia (where up to 65% of the global natural rubber latex).

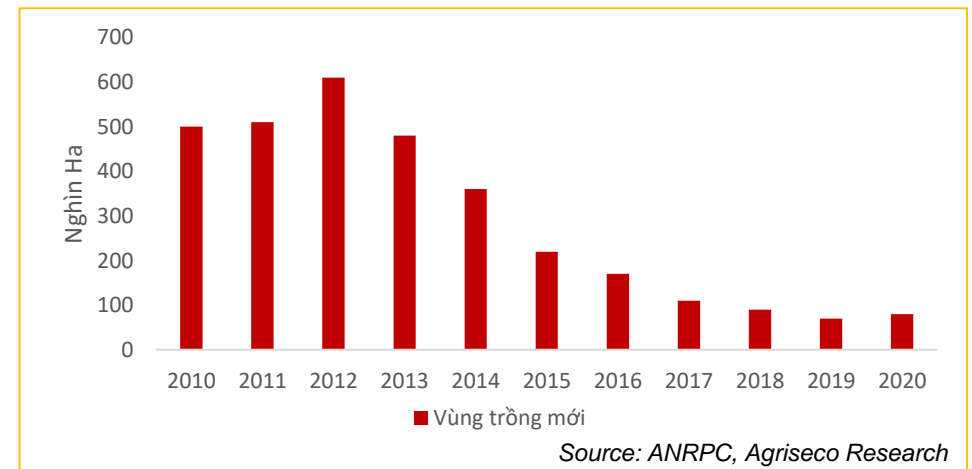
Demand for rubber products: We believe that the demand for non-tire rubber products will increase sharply during the epidemic season, especially for gloves and medical equipment. In addition, in the current over-demand context, the sharp increase in input costs (crude oil prices) in 2021 will cause rubber prices to increase, thereby creating an incentive for rubber manufacturers to offset the loss. decrease in output in previous years.

Rubber price rising since 2020



Source: Indexmundi

The decrease in new planting areas in recent years



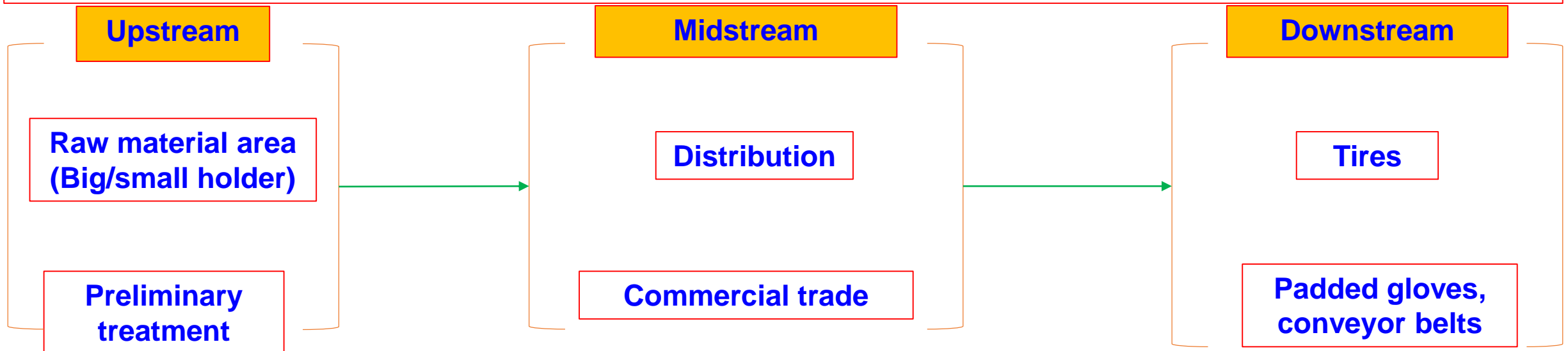
Source: ANRPC, Agriseco Research



RUBBER INDUSTRY

IMPACT BUSINESS GROUPS

- ❖ Upstream group benefits: includes companies specializing in planting, exploiting and preliminarily processing rubber latex. Companies specializing in the production of natural rubber listed on the floor of the Upstream group such as PHR, DPR, TRC, HRC, GVR.. Agriseco Research said that when rubber prices remain high, this group will benefit. benefit the most because they can take advantage of the opportunity to increase output prices.
- ❖ The Midstream and Downstream groups are affected: With the characteristics of only doing business, the biggest risk of the Midstream group is not owning a rubber garden, so it will depend entirely on the market and unstable profits. For the downstream group, an increase in the price of preliminarily processed rubber will lead to a cost of capital, which will be even more negative in the context of a strong outbreak of the disease in Vietnam, causing a decrease in traffic demand and demand tire production.





INVESTMENT OPPORTUNITIES IN 2021

Opportunities from public investment

Opportunities from Rising Commodity Prices

Opportunities from Economy Re-open

Banking & Real Estate Industry

Opportunities beyond Covid-19 Pandemics

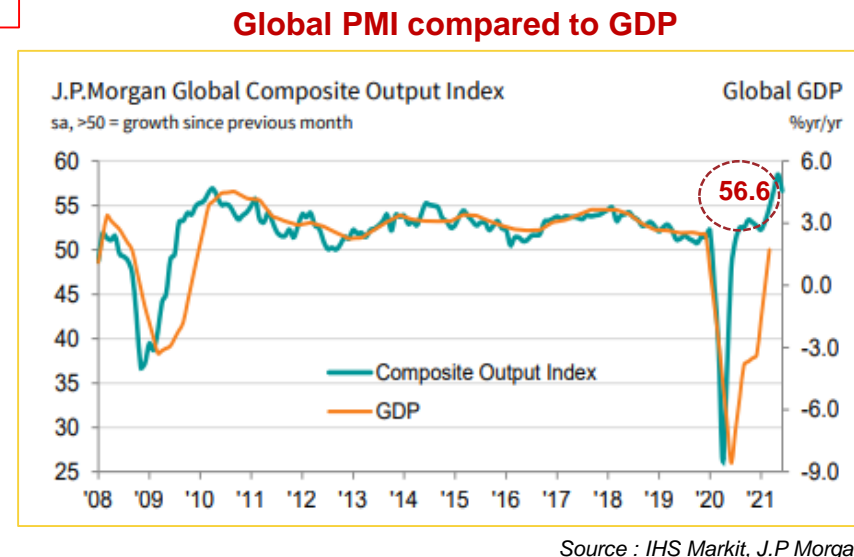
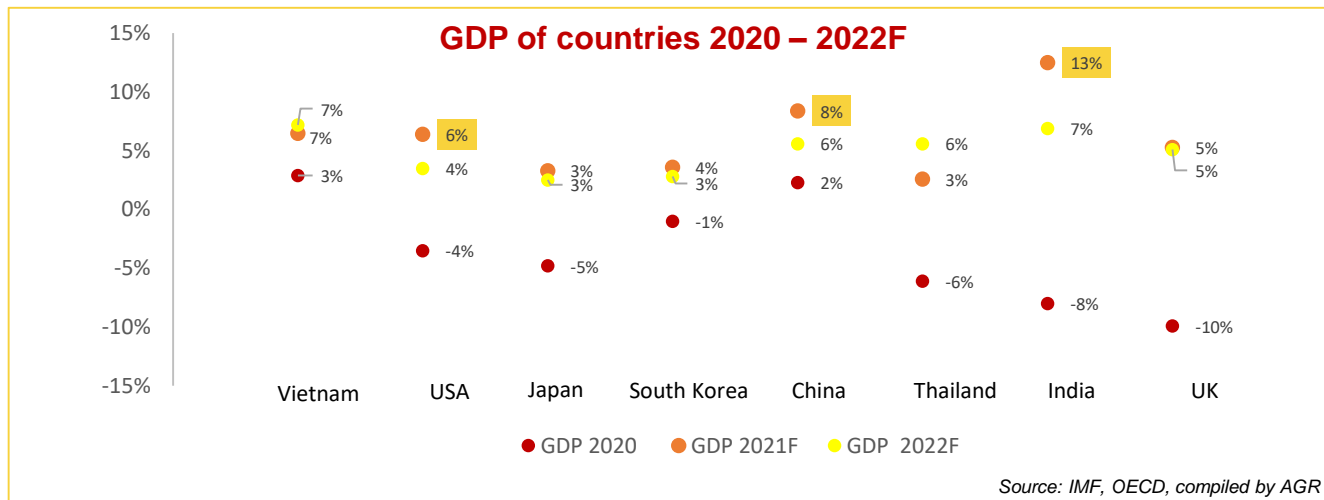
Opportunities from divestment and equitization of state-owned enterprises and others

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STARTING TO REOPEN THE ECONOMY

- ❖ The economy is gradually recovering and reopening leading to increased demand in Vietnam's main export markets such as the US and China when the vaccine is deployed. Vietnam's trade surplus with the US is the highest with more than **60 billion USD**. In December 2020, Vietnam was labeled a currency manipulator by the US. However, on July 20, 2021, the US and Vietnam reached a general agreement on monetary policy. This is a positive point for the Vietnamese economy.
 - ❖ The global PMI in June 2021 reached **56.6** points and increased sharply compared to the same period last year. This has shown that global production is picking up again.
 - ❖ However, the new variant Delta has the potential to threaten the global economy, especially in the EU, as the ECB president will continue to keep the policy of large-scale economic stimulus for the Eurozone to raise the inflation growth target to 2% and maintain low interest rates..
- => The recovery of the economy will create a driving force for the following industries: Aviation; Service; industries with a large proportion of exports such as Fisheries, Wood and Retail industries.



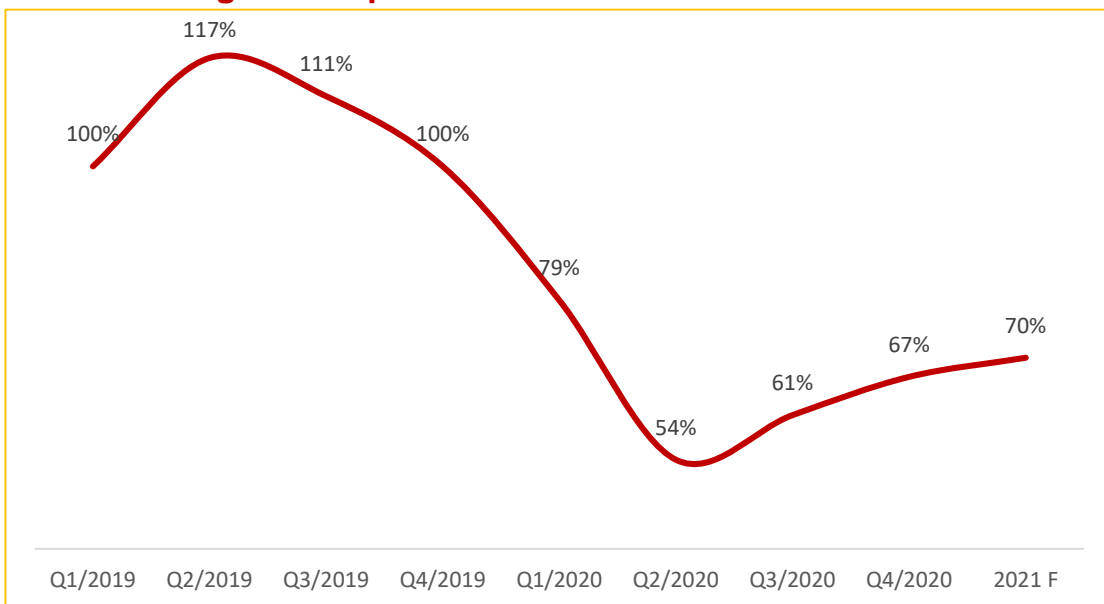


AVIATION AND SERVICES INDUSTRY - RECOVERY EXPECTATIONS

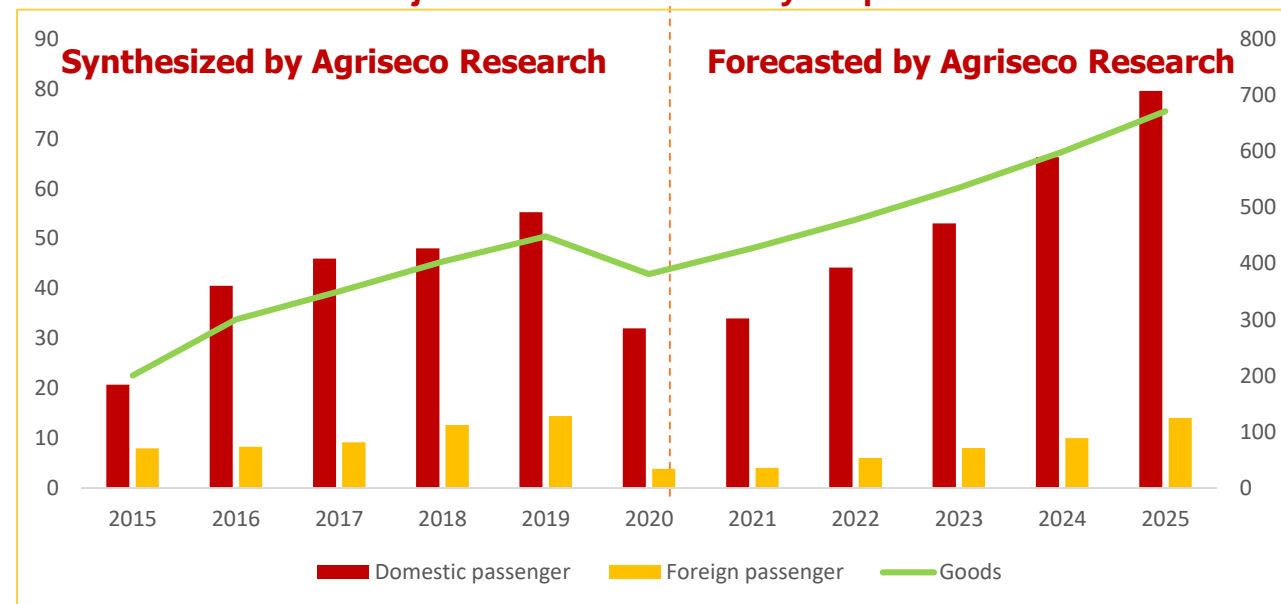
AVIATION – THE RECOVERY DRIVER FROM THE DOMESTIC MARKET

- ❖ The volume of passengers arriving at the airport in 2021 is forecast to reach about 34 million, a slight recovery of 7% compared to the same period last year. The fulcrum comes from: (1) the average service ticket price has dropped sharply to stimulate tourism and (2) Some national holidays passing which are no longer affected by the social distancing have helped the tourism industry to recover in the short term.
- ❖ Agriseco Research expects domestic visitor volume will be recovered to pre-epidemic levels by 2023 when the progress of vaccination for domestic people reach over 70%. International passenger volume is likely to begin to recover in 2022 when the "Vaccine passport" scheme is applied and international commercial routes operate at a higher frequency.

The average ticket price decreased to stimulate tourism demand



Projected aviation industry output to 2025



Source: GSO, compiled by AGR

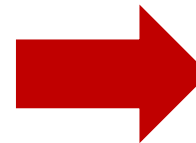


AVIATION AND SERVICES INDUSTRY - RECOVERY EXPECTATIONS

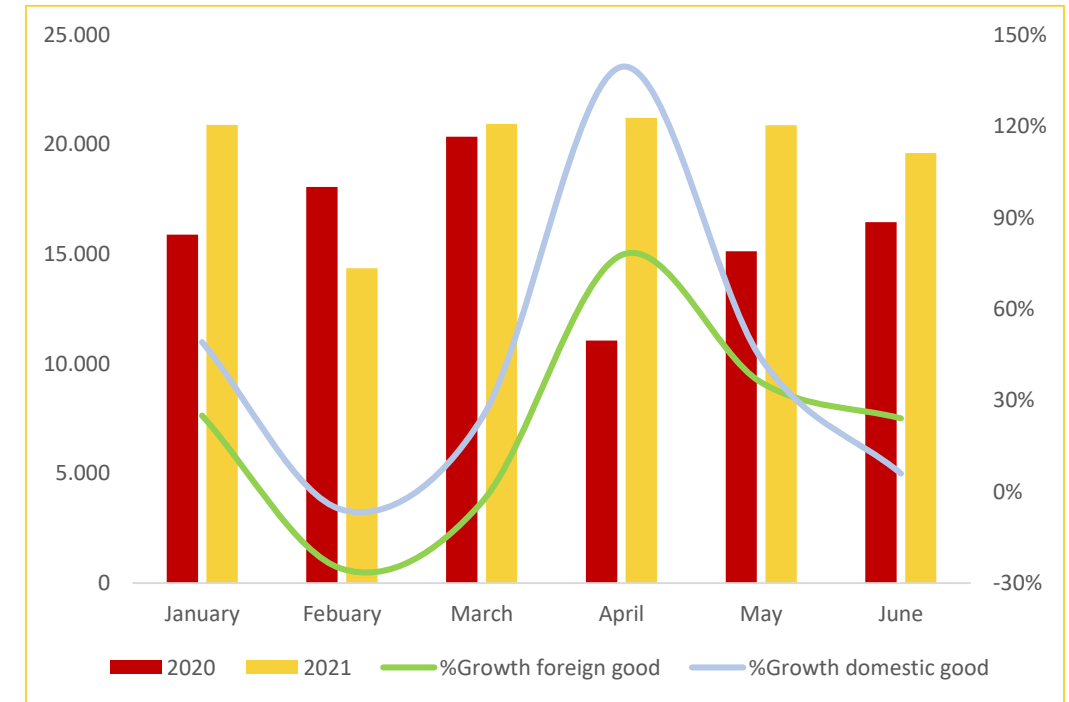
COMMODITY SERVICE

Agriseco Research forecasts that cargo volume arriving at airports in 2021 will reach about 427 thousand tons, up 14% over the same period, and reach 95% compared to the pre-epidemic period. Key expectations base from:

- ❖ The trend of shifting production lines to Vietnam will promote the export of electronic components.
- ❖ The recovery of the global economy will promote an increase in the demand for trade and transport of goods.
- ❖ The demand for transportation of Vaccines and essential medical products increased in the third quarter to cope with the 4th outbreak.



Update output of typical enterprises in the service industry: SCS

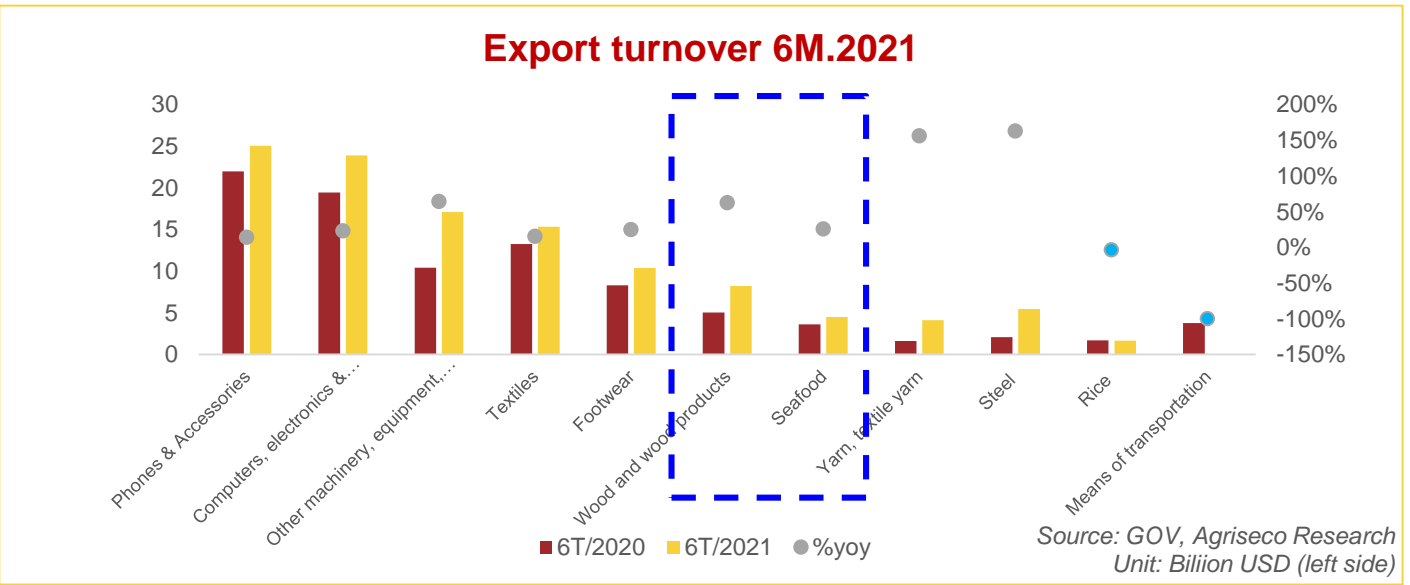


Source: SCS, Agriseco Research



EXPORTING BUSINESSES ENJOY BENEFITS

- ❖ **Benefit from the reopening of the economy:** Although in the first 6 months of 2021, the trade balance was in deficit of USD 993 million. Compared to the surplus in the same period last year (1.85 billion USD), this deficit is due to the need to import production materials of enterprises that are recovering. Export turnover in Q2 was estimated at USD 79.23 billion, up 33.5% (yoy) and up 1.1% (qoq). In which, the export turnover of the FDI sector reached USD 57.4 billion, up 38.2% (yoy) and the export turnover of the domestic economic sector reached USD 21.8 billion, up 22.5% (yoy). In general, in the first half of 2021, export turnover of goods is estimated at 158.34 billion USD, up 35.57 billion USD, up 29% respectively (yoy).
- ❖ **Benefit from signed trade agreements:** EVFTA, CPTPP and UKFTA bring benefits to enterprises exporting to foreign markets.
- ❖ **Export products increased well in the first half of 2021:** seafood, wood and wood products, rubber, textiles, vegetables, iron and steel, and electronics. In which, steady growth is back in the wood and marine products industry.

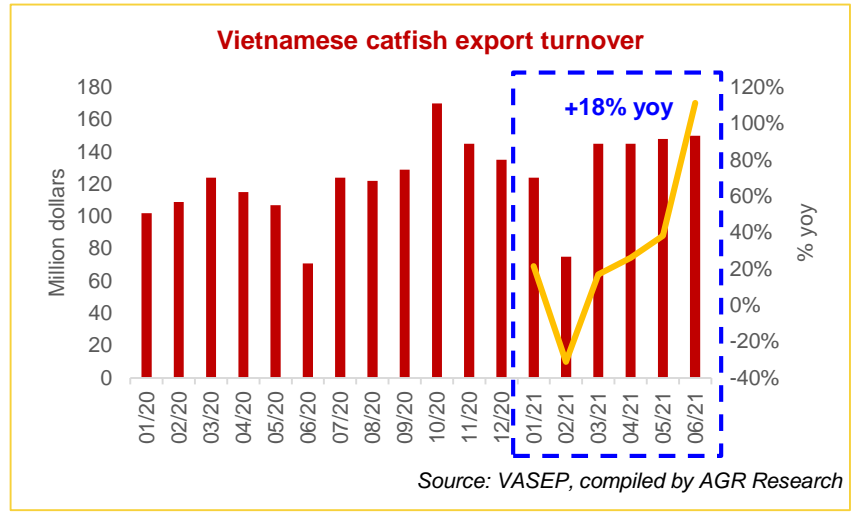




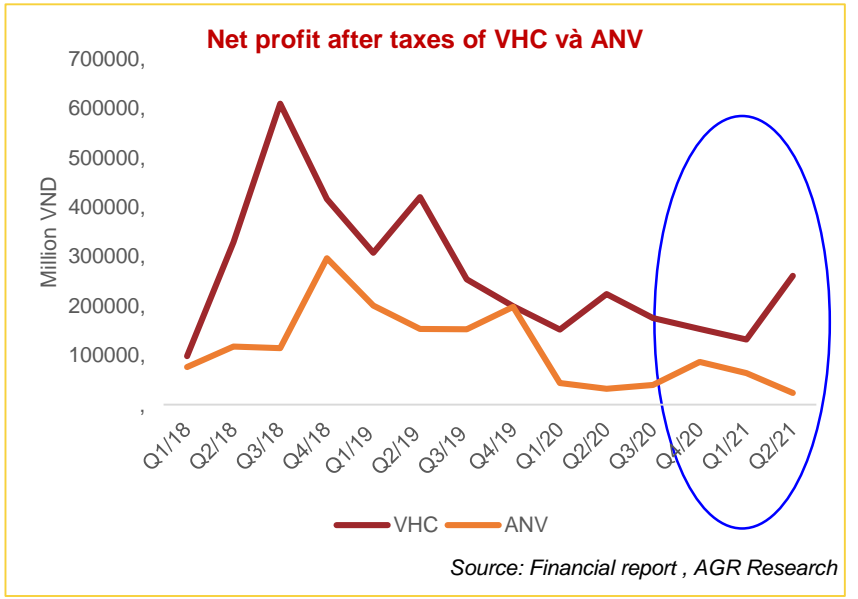
SEAFOOD INDUSTRY: EXPORT DEMAND RETURNS

CATFISH- PROSPECTS FROM THE EXPORT MARKET

- ❖ The recovery of export markets led to a sharp increase in demand for catfish and basa fish, especially in the US and Australian markets. Catfish export turnover in the first 6 months of 2021 increased by 18% over the same period last year, of which exports to the US market increased by 170%, and to other markets such as Mexico, Brazil, the Netherlands and Russia increased by 100-450%.
 - ❖ The fact that the US did not put Vietnam on the list of currency manipulators further boosted the business performance of exporters to the US market.
 - ❖ Positively benefit from the EV FTA and CPTPP in the long term..
- ⇒ **Preferred stocks: VHC and ANV**



Enterprises	Bases	Target price	Risks
VHC	<ul style="list-style-type: none"> - Exporting to the US recovered and grew strongly - Maintaining position for 10 years enjoy anti-dumping duties - M&A Sa Giang can promote EU market growth 	50.000đ	<ul style="list-style-type: none"> - Increased freight costs, affecting profit margins - High cost leads to many EU orders being canceled - The complexity of the epidemic
ANV	<ul style="list-style-type: none"> - Successfully building a closed catfish farming and processing chain will help reduce input costs. - New project: Farming area, Collagen approved. - The US export market recovered thanks to the preferential tax rate of 0 USD/kg when exporting to the US. - The solar power segment comes into operation to support profits. 	30.000đ	<ul style="list-style-type: none"> - Q2 profit decreased due to high freight costs. - Complicated developments from the epidemic.

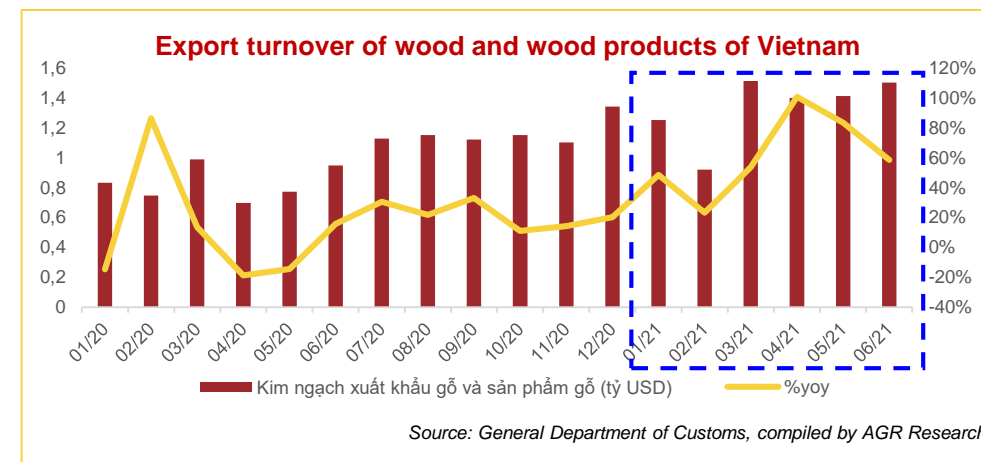




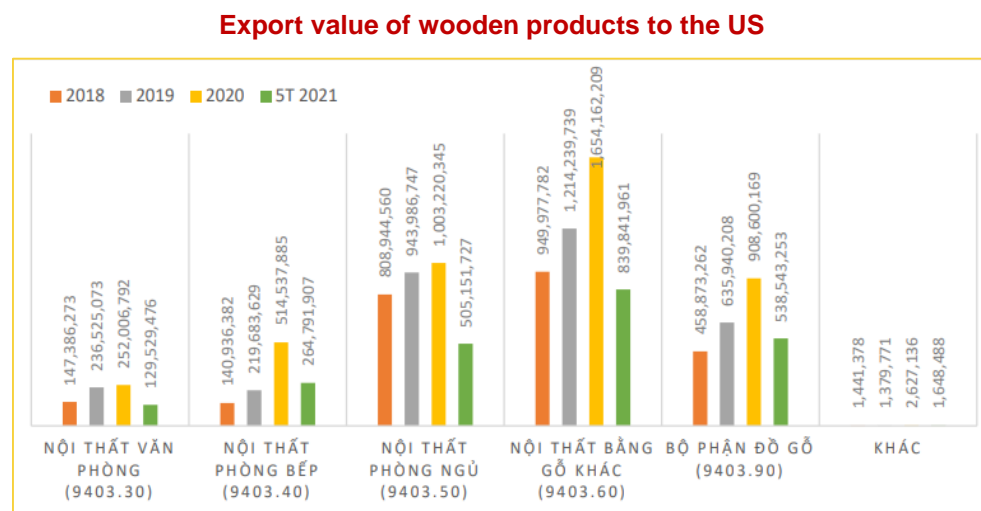
WOOD INDUSTRY: HIGH DEMAND

HIGH DEMAND FROM EXPORT MARKET FOR WOODEN FURNITURE PRODUCTS

- ❖ In the first half of 2021, the wood export industry increased strongly by 63% over the same period and is forecasted to still increase positively when demand remains high.
- ❖ The US is the largest importer in Vietnam and is expected to increase sharply in the near future when Vietnam is currently the first choice for replacing Chinese furniture. The US imposes import duties on wood furniture in China due to the trade war, while China is a major exporter of wood and wood products in the US.
- ❖ Potential from interior wood products: (1) The demand for home repair and construction in the US increased sharply after the Covid pandemic thanks to the shift of the supply chain from China; (2) The EVFTA Agreement helps to increase price competition compared to products of the same type with competitors in the EU.
- ❖ Some businesses with strong growth in wood business such as GDT and PTB will have opportunities in the second half of 2021.



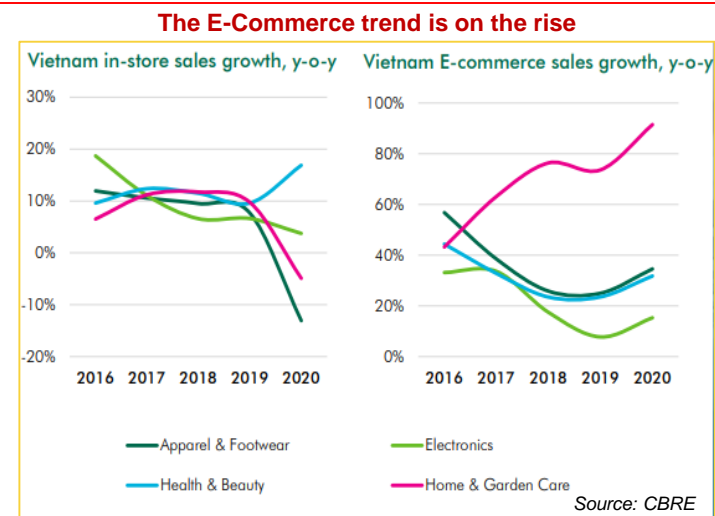
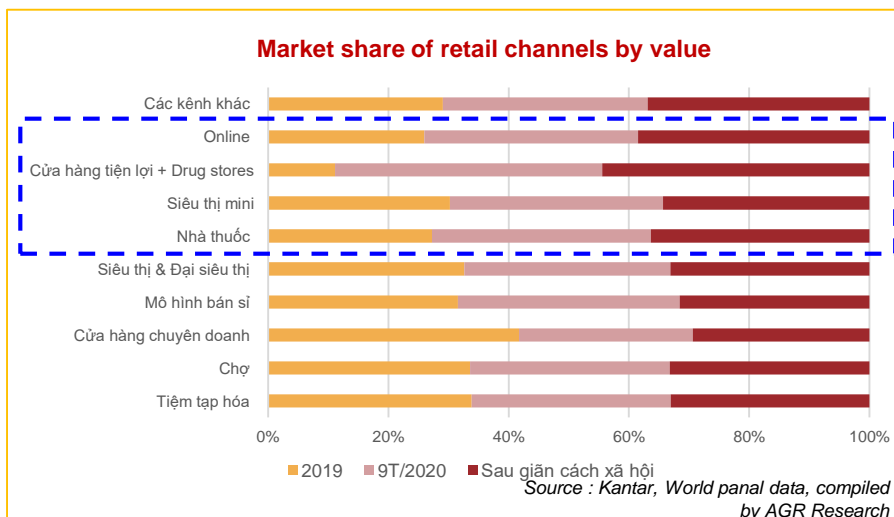
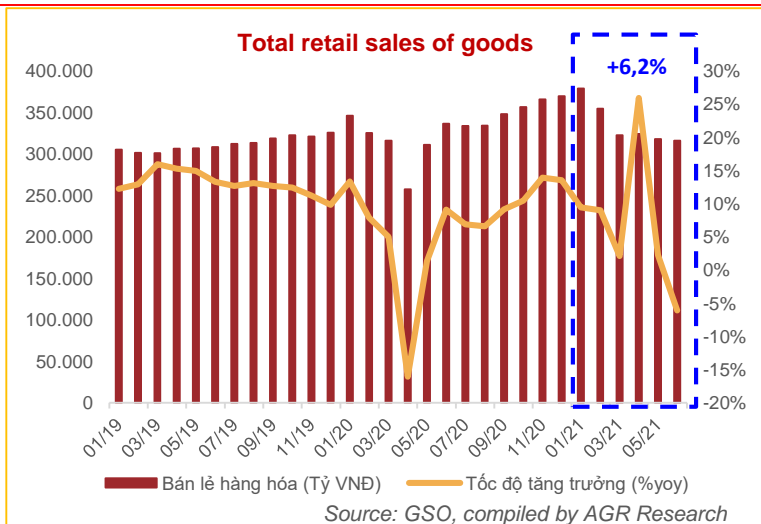
Enterprises	Price	P/E	Net profit after taxes growth					
			Q1.20	Q2.20	Q3.20	Q4.20	Q1.21	Q2.21
GDT	53.5	10.7x	19%	-25%	16%	26%	24%	23%
PTB	96	11.5x	-26%	-22%	-11%	-12%	68%	50%





RETAIL AND COMSUMPTION REBOUNDED

- ❖ **Vietnam is one of the potential countries for retail growth:** The retail industry growth rate in 6M/2021 increased by 6.2% over the same period in 2020 and did not decrease as sharply as the first epidemic. The urbanization rate is still low at less than 40% compared to Southeast Asian countries (Thailand and Philippines) and is expected to increase to 50% by 2030. The young population structure from 18 to 50 accounts for up to 60% of the population. GDP per capita doubled in 10 years from 1,300 USD/person to 2,700 USD/person.
- ❖ **The boom of e-commerce and online shopping:** Covid is a catalyst to accelerate the trend of online consumption when the growth rate of e-commerce and online sales increased sharply by 18% in 2020, reaching USD 11.8 billion (accounting for 5% of total retail sales and goods services). 77% of internet users aged 16-64 make online shopping every month. According to Mckinsey, at least two-thirds of consumers said they had tried online shopping and 13.65% of them will continue to use this model. In Vietnam, the trend is shifting to **online** retail channels, **drugstores, and mini supermarkets**. These channels are accounting for the greatest value in shopping channels. This will be an opportunity for retail businesses to develop e-commerce.
- ❖ **FCMG market still attracts consumers:** FMCG market has returned to pre-epidemic growth in both value and consumption volume. Currently, due to the epidemic situation, there is a tendency to reduce spending on consumer goods in the short term, but purchasing power is still higher than 2 years ago with an increase of more than 10%.
- ❖ **The electronics retail segment benefits:** It is forecasted that in the second half of 2021 after the 4th wave is controlled, availability demand recovers along with the cell phone replacement cycle, electronics retail businesses will grow well. In addition, the demand for computers and electronic devices for remote working/learning also increased after the epidemic.





RETAIL AND CONSUMPTION REBOUNDED

PREFERRED STOCKS: MWG, FRT, MSN

MWG – Leading market share – Increasing retail market share during and after the pandemic

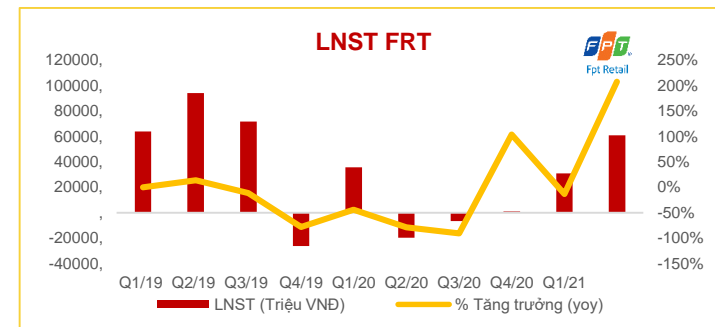
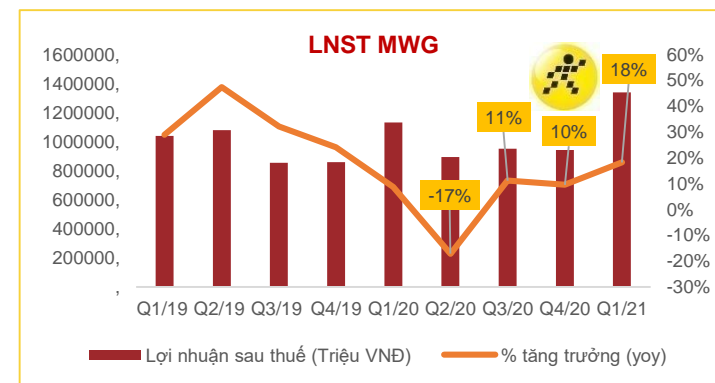
- ❖ BHX: Expecting strong revenue growth of online BHX model in the second half of 2021 when social distancing causes the demand for online orders to increase sharply. The number of online orders and revenue increased by 5 times and 4.4 times respectively over the same period in 2020. The average number of orders is 8,000 – 10,000 orders per day.
- ❖ Actively improve market share outlying provinces thanks to DMX and DMX supermini segment as demand rebounded.
- ❖ Mobile World JSC: Implement a new strategy at TGDD stores: Launching the business of adding watches and bicycles.

FRT - 2nd market share- Recovery profit benefited by changing consumer trends

- ❖ Modeling the F-Beauty chain, Long Chau Pharmacy benefits from the increased demand for beauty products and online pharmacies. In the second quarter of 2021, the pharmacy chain recorded a 3 times increase in revenue over the same period, contributing 15% of total revenue. This segment is expected to be the main growth driver when FRT increases the number of stores to 268 stores.
- ❖ FPT Shop and F-Studio benefit from the need to buy phones and computers when working from home during the epidemic.

MSN – Potential from the M&A trend and benefit from the 4th epidemic wave

- ❖ Long-term growth expectations from Vincommerce – Phuc Long – Techcombank ecological chain. After the M&A, Vincommerce contributed more than 40% of MSN's total revenue. However, it is expected to record net profit after tax in 2022.
- ❖ The strategic cooperation of MSN - Lazada and MSN - Phuc Long Heritage is the driving force in promoting business models through e-commerce platforms.
- ❖ The benefit from social distancing in the city. Ho Chi Minh City, Hanoi and many other provinces have boosted the demand for food to help MSN to sell more products. Specifically, the Vinmart chain recorded a 20% increase in direct customers and a 50% increase in orders.



Source: Financial report , AGR Research



INVESTMENT OPPORTUNITIES IN 2021

Opportunities from public investment

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Opportunities from Economy Re-open

Banking & Real Estate Industry

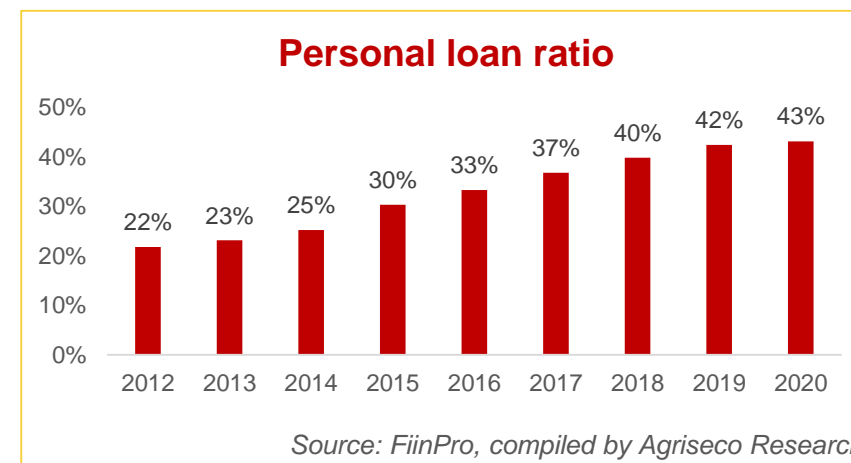
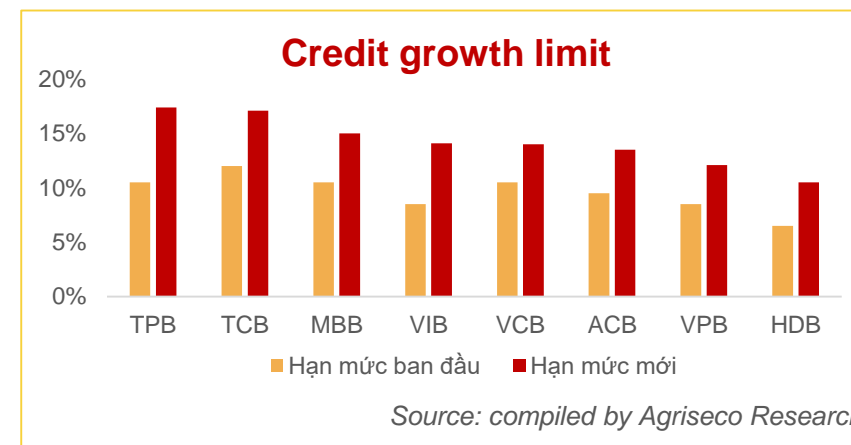
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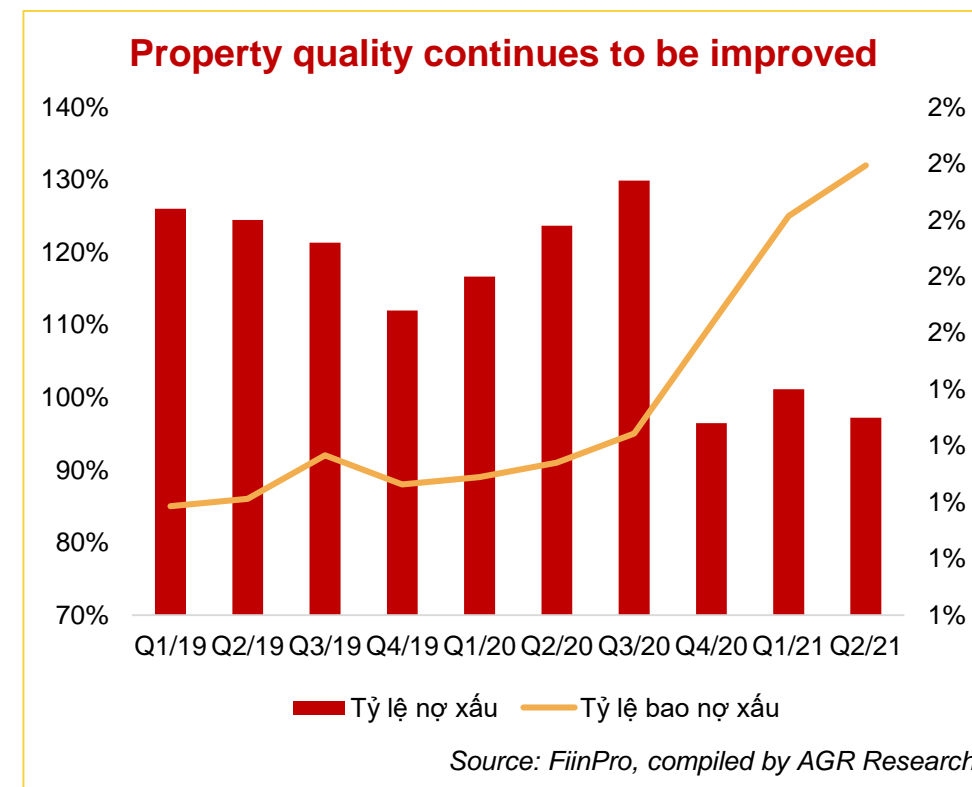
EXPECTED PROFIT GROWS POSITIVELY FROM BOTH INTEREST AND NON-INTEREST INCOME

- ❖ Interest rate exemption and reduction activities for those affected by Covid-19 are not expected to significantly affect the net interest income of banks, especially private banks. Through discussions with several banks, Agriseco Research found that loans with interest rate reductions accounted for less than 10% of private banks.
- ❖ The space to increase NIM still exists thanks to the continued promotion of retail lending. CASA becomes an important target for all banks.
- ❖ Credit growth in the first 6 months of the year was positive, signaling a high level of credit growth for the whole year. Many private banks have been extended credit limits after reaching the initial limit.
- ❖ Besides banks that just started to record income from prepaid bancassurance fees such as ACB, CTG, and VCB. In 2021 it is expected that there will continue to be two banks signing exclusive bancassurance cooperation contracts, namely MSB and HDB.



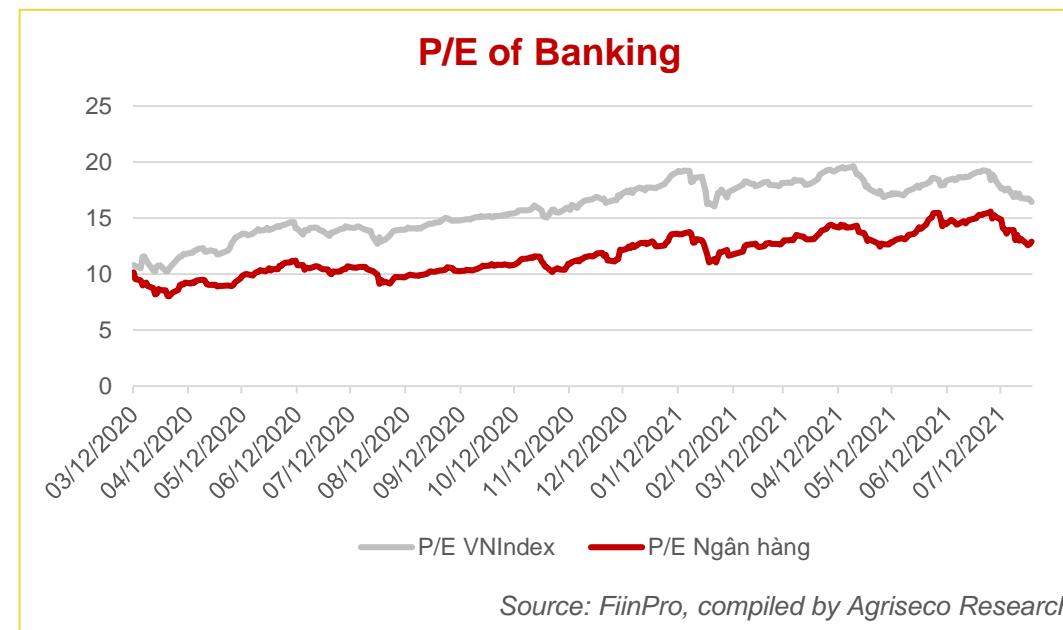
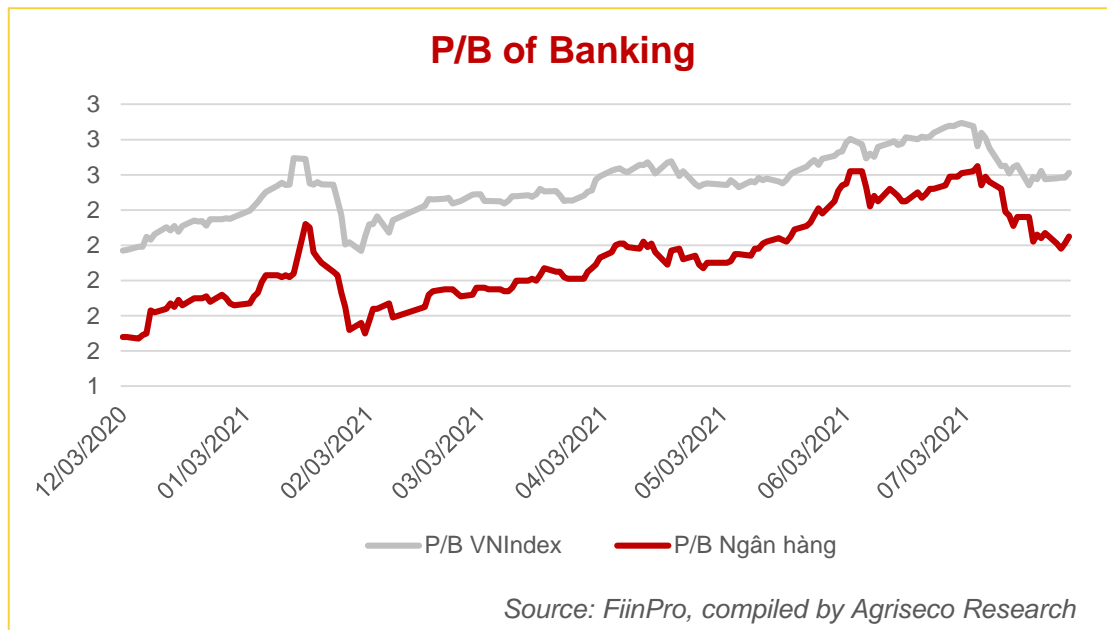
PROPERTY QUALITY CONTINUES TO BE IMPROVED

- ❖ Through discussions with some banks, we found that the restructuring debt balance under Circular 01 has decreased by about 50% compared to the beginning of the year, from 2% to 1% of total outstanding loans. At the same time, banks are also quite confident about the recovery of the remaining restructuring debts.
- ❖ The asset quality of banks in the first 6 months of the year is generally still maintained at a good level, some banks have proactively made early provisions to catch the 4th wave of covid to help the bad debt coverage ratio continue to increase.
- ❖ The 4th Covid wave has more complicated developments. However, Agriseco Research believes that the fact that banks have had experience in acting from previous waves and the Government's drastic action in the dissemination of vaccines will help economic activities return to normal soon.



VALUATION IS STILL ATTRACTIVE

- ❖ Both P/E and P/B valuation indexes of the banking industry are lower than the general market. Currently, the P/E and P/B of the whole banking industry are close to 13x and 2.25x while the market average is more than 16x and 2.6x.
- ❖ The banking sector's valuation is being supported by the strong growth in business results. According to statistics in the first half of 2021, the industry's average profit will grow by about 60% compared to the same period in 2020.



POTENTIAL STOCKS

Ticker	Information	ROE	P/B
MBB	<ul style="list-style-type: none"> - Good asset quality and a large allowance for credit losses make it more resilient to events from the Covid-19 pandemic than other banks. - Potential to expand NIM from continuing to increase CASA ratio and increasing retail lending through digital banking products in cooperation with Viettel, the establishment of deposit market, etc. - In the first 6 months of the year, MBB has used up the credit limit assigned by the State Bank. Recently, MBB's credit limit has been extended from 10.5% to 15%, signaling that credit growth will remain positive in the second half of the year. - In 2021, MBB is expected to invest in a new office building in Ho Chi Minh City, initially demonstrating its determination to strengthen its presence in the southern market. - MBB's valuation is currently at a relatively attractive level compared to the industry average. MBB's current P/B is only about 2.1x, while the industry average P/B is about 2.3x. ROE and asset quality of MBB are also better than the industry average. 	20.1%	2.05
TPB	<ul style="list-style-type: none"> - As the bank with the highest credit limit growth by the State Bank, from 10.5% to 17.4%, TPB has the highest credit growth potential in 2020. - Similar to MBB, TPB actively increased provisioning in the second quarter, creating a safe buffer against the events of the Covid-19 pandemic. - TPB's valuation is currently at a relatively attractive level compared to the industry average. TPB's current P/B is only about 1.9x, ROE and asset quality are better than the industry average while the industry average P/B is about 2.3x. 	24.4%	1.85
Industry average		19.5%	2.25x

THE REAL ESTATE MARKET STILL ATTRACTS MONEY IN A LOW-INTEREST RATE ENVIRONMENT

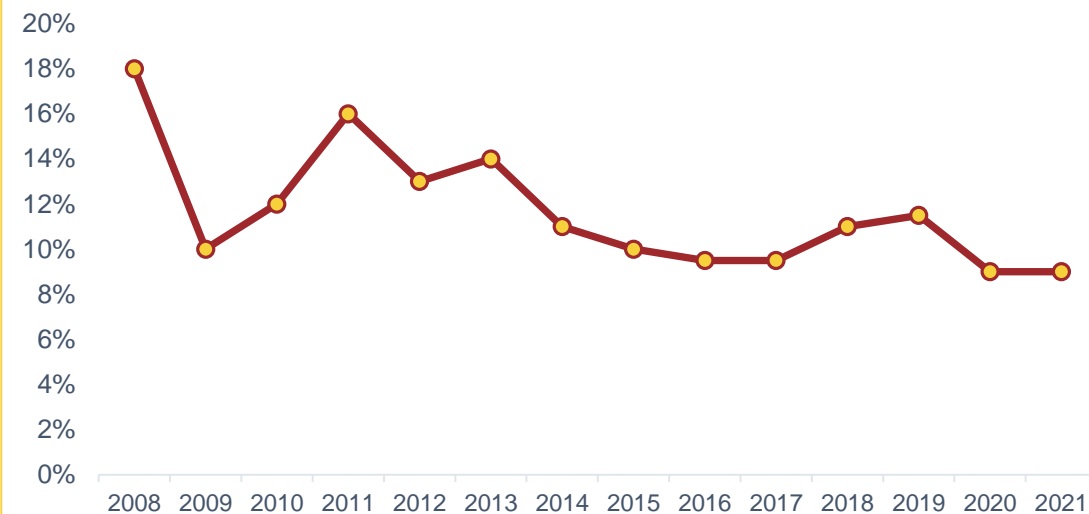
- ❖ Interest rates for home loans in 2021 are at historic lows in the last 10 years, around 8%-9%, helping to stimulate demand in the market, especially in the low and mid-end segments.
- ❖ The general interest rate level in the market is still low after Covid due to loosening policies, and recently banks also actively cut interest rates by 1% to support people's credit needs during this difficult period. Inflation and low-interest rates are favorable conditions for cash flow to find investment channels. The real estate market is still a priority choice of Vietnamese people.

The level of interest in the real estate market is still in an uptrend

Loại BĐS	Lượng đăng tin Q2/2021				Mức độ quan tâm Q2/2021			
	Xu hướng	QoQ	YoY	Xu hướng	QoQ	YoY		
1. Toàn trang		↑ 23%	↑ 4%		↑ 8%	↑ 13%		
2. BĐS dự án		↑ 15%	↓ -5%		↑ 14%	↑ 8%		
3. Thổ cư		↑ 28%	↑ 4%		↑ 12%	↑ 16%		
4. Đất nền		↑ 30%	↑ 15%		↑ 0%	↑ 21%		
5. Khác		↑ 9%	↑ 8%		↑ 13%	↓ -7%		

Source: Batdongsan.com.vn

Interest rates on home loans of banks



Source: From banks, compiled by Agriseco Research

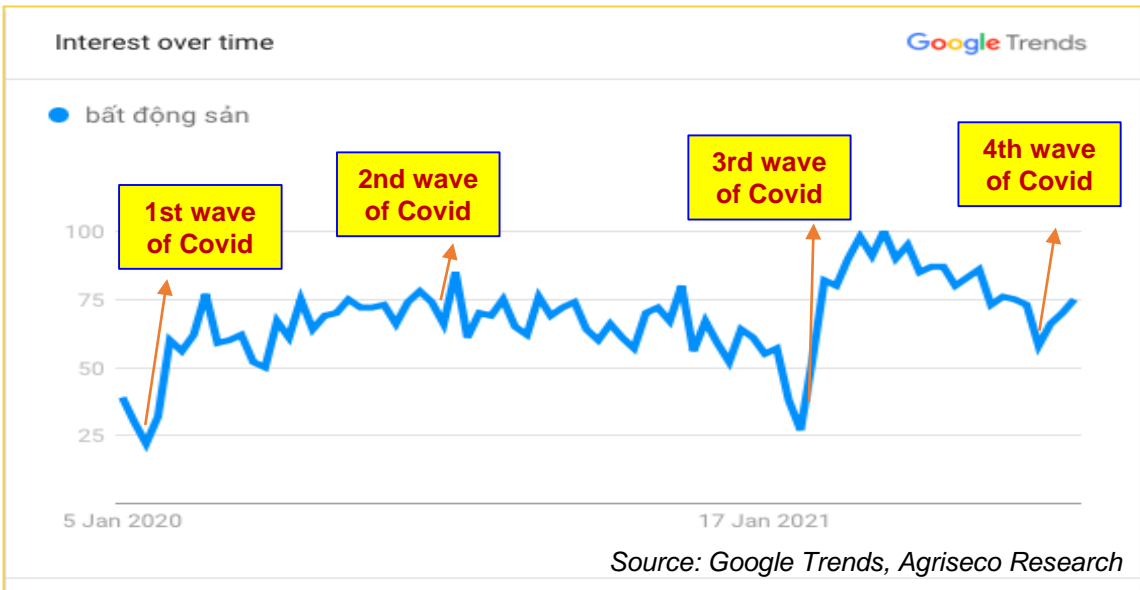
MARKET SUPPLY AND DEMAND WILL CONTINUE TO EXPAND

On the demand side, observing the trend of the indicator of interest in the real estate market shows that: Demand will bottom out during the outbreak of the epidemic and the establishment of a state of social distancing. However, as soon as the expectation of controlling the epidemic returns, demand will rebound strongly. Agriseco Research expects this fourth wave of the epidemic to be controlled in the third quarter, making the real estate market exciting again.

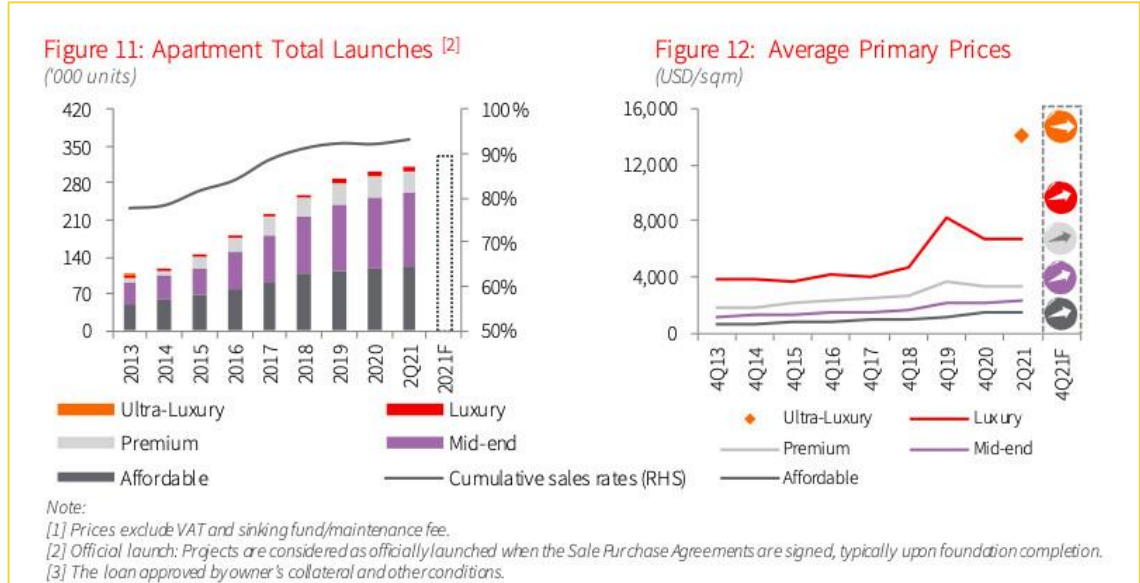
Supply is expanded when the legal is expected to ease in the second half of the year. Some notable legal frameworks in the second half of 2021:

- Dispatch 132/TB-VP solves difficulties in the mixed land fund for 61 real estate projects in the HCMC area.
- Draft amendments to the 2022 Land Law on Agricultural Land Use Rights, harmonizing the interests of the State, the Investor, and the people.

Level of interest in the estate market



Supply and selling prices are both forecasted to grow in the second half of 2021



Source: JLL, Real Estate Market Report Q2/2021



THE DEVELOPMENT OF INFRASTRUCTURE ACCORDING TO THE PROSPECT OF PUBLIC INVESTMENT HAS PUSHED UP LAND PRICES

Following the prospect of Public Investment, the Real Estate market will directly benefit from:

- ❖ Public investment is the key to promoting economic growth in the second half of 2021 and is an urgent need to accelerate disbursement in the coming time to complete the plan.
- ❖ Development of transport infrastructure causes market demand to tend to drift away from the inner city and spread to other provinces. At the same time, it caused land prices in these localities to increase with the asking price increasing by about 3-6% in the past 2 quarters. The northern area is the edge of Hanoi, Hoai Duc, Dong Anh, Hung Yen, Hai Phong, Bac Giang, and Bac Ninh. The southern region is Thu Duc city, the provinces of Ba Ria - Vung Tau, Long An, Binh Duong, and Dong Nai.
- ❖ New master plans are approved according to the strategy of developing satellite cities, socio-economic development, and uniform migration away from the central core. News of the proposed new plans is the catalyst that causes land prices in the above areas to increase rapidly. In the past half-year, land prices in areas benefiting from the Red River Planning have increased by more than 10% compared to the beginning of the year.

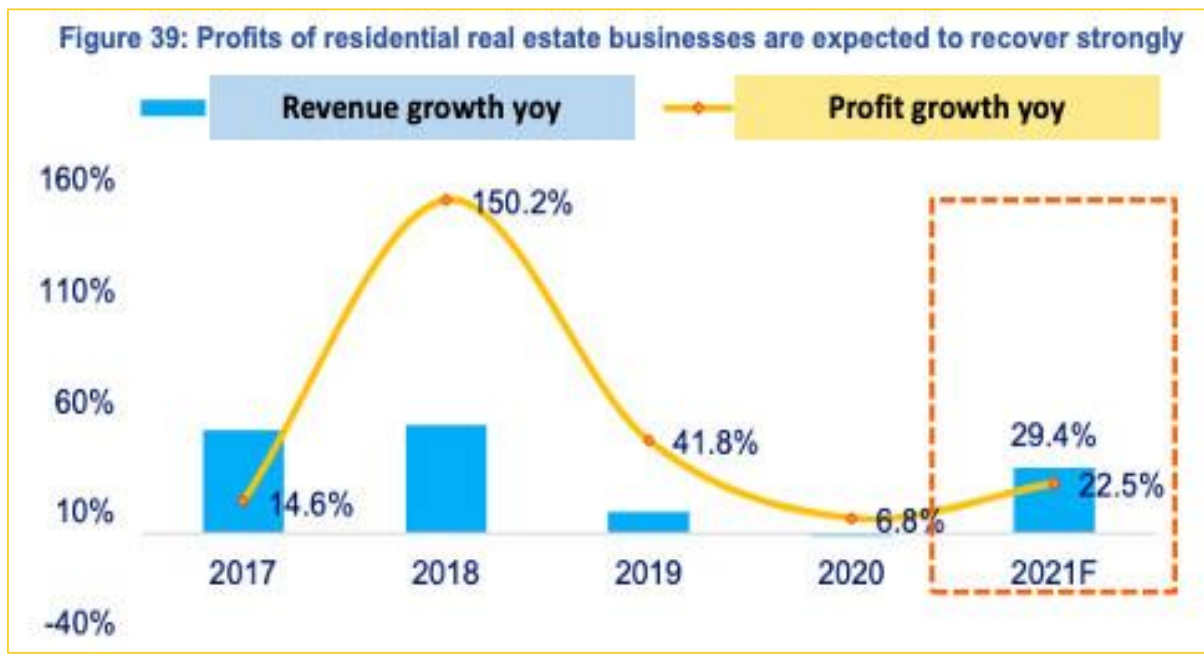
Key plans in Hanoi and Ho Chi Minh City	Areas of Benefit
Hanoi historical inner city area, including Hoan Kiem, Ba Dinh, Dong Da, Hai Ba Trung districts	Hanoi city center area
Draft planning of Red River: 40km in scale, 11 thousand hectares, passing through 13 districts around Hanoi city.	The area around Dong Anh, Gia Lam
5 districts in Hanoi including: Hoai Duc, Gia Lam, Dong Anh, Thanh Tri and Dan Phuong will be upgraded to district level 2021 - 2025 3 districts of Thanh Oai, Thuong Tin and Me Linh will be upgraded to district level in the period 2026 - 2030	8 districts mentioned above
5 districts in Ho Chi Minh City will be upgraded to district level from 2021 to 2030: Can Gio, Cu Chi, Binh Chanh, Hoc Mon and Nha Be	The suburbs of Ho Chi Minh City
The Northwest City includes Cu Chi and Hooc Mon	Cu Chi, Hooc Mon



EXPECT THE PROFIT DROP POINT AT THE END OF THE YEAR WHEN BUSINESSES RECORD SUDDEN PROFITS

- ❖ The falling point of real estate businesses often falls at the end of the year, when handing over projects and recognizing revenue. At the same time, this is also the time when public investment is urgently promoted, credit is provided, which are the catalysts for the stock price of the real estate industry to increase sharply.
- ❖ According to FiinPro, the revenue of residential real estate businesses is forecast to increase by 22.5% and profit after tax to increase by 29.4% yoy. The main driving force is the increase in land prices following the development of infrastructure. VHM will be the largest contributor to earnings growth with forecast growth of 12.3%.
- ❖ The P/E of this industry group in 2019 and 2020 is about 19x, the forecast P/E in 2021 of residential real estate group will be around 16x with a positive profit prospect this year, which is an attractive P/E level to invest in the second half of 2021.

Forecast of profit growth in 2021 of residential real estate businesses.



Source: FiinPro



POTENTIAL STOCKS

Ticker	Information
<u>VHM</u>	<ul style="list-style-type: none"> - Vinhomes is the first choice for the real estate industry group based on its advantages: a leading enterprise, a large land bank exceeding 16,000 hectares, a large untapped potential area of over 90%. - With the goal of opening and selling 37,000 products in 2021 from Vinhomes Dream City, Vinhomes Co Loa, and Vinhomes Wonder Park projects, VHM's sales in 2021 can reach VND 90 trillion, an increase of 45% compared to 2020.
KDH	<ul style="list-style-type: none"> - Khang Dien is also a reputable real estate brand in the Ho Chi Minh City area with a housing land fund of 578 hectares, concentrated in Ho Chi Minh City where the supply is scarce. This makes KDH's house prices have room to increase until the end of the year in Armena (Thu Duc City), Clarita and 158 An Duong Vuong projects. - KDH also owns 110 hectares of land in the industrial area in the second quarter of 2021, creating more potential for stable income in the long term.
NLG	<ul style="list-style-type: none"> - Nam Long owns a land bank of 681 hectares in Ho Chi Minh City, Dong Nai, Long An, Can Tho. All of which have a sharp increase in land prices in 2021 and benefit from public investment and transport infrastructure development. The Izumi and Can Tho projects will bring profit to NLG at the end of the year when the profit at Izumi has not been recorded in the last quarter. - In the short term, NLG needs to raise capital and if successful, it will create a positive stock price increase.
HDC	<ul style="list-style-type: none"> - HDC is a prominent real estate enterprise in Ba Ria - Vung Tau area with the advantage of a land bank of 400 hectares, including legal 100 hectares with low-cost thanks to its predecessor as a state-owned enterprise. Recently, the transfer of 11 hectares of land at the Ocean project is a prospect to help businesses record sudden profits in the coming time. - In addition, The Light, Tay 3/2, Ecotown Phu My, and Ngoc Tuoc projects also contribute to corporate profits when revenue will be recognized at the end of the year.
DIG	<ul style="list-style-type: none"> - DIG is also a famous real estate brand in Ba Ria - Vung Tau province in the affordable and resorts real estate segment. Long Tan, North Vung Tau and Vi Thanh residential projects are the projects that will bring profit to DIG this year. In addition, with a large land bank of 8,000 hectares, which is superior to the current business size, it also opens up a long-term prospect for DIG when the company announces its future implementation plans.
<u>AGG</u>	<ul style="list-style-type: none"> - AGG is an emerging real estate development brand with a land bank located in Ho Chi Minh City, Binh Duong, and Vung Tau. Because of a healthy financial structure when combined with foreign strategic partners, AGG is growing from small to mid-sized businesses quickly. Featured projects: Sky 89, Panorama, The Song, and The Gio.



INVESTMENT OPPORTUNITIES IN 2021

Opportunities from public investment

Opportunities from Rising Commodity Prices

Opportunities from Economy Re-open

Banking & Real Estate Industry

Opportunities beyond Covid-19 Pandemics

Opportunities from divestment and equitization of state-owned enterprises and others

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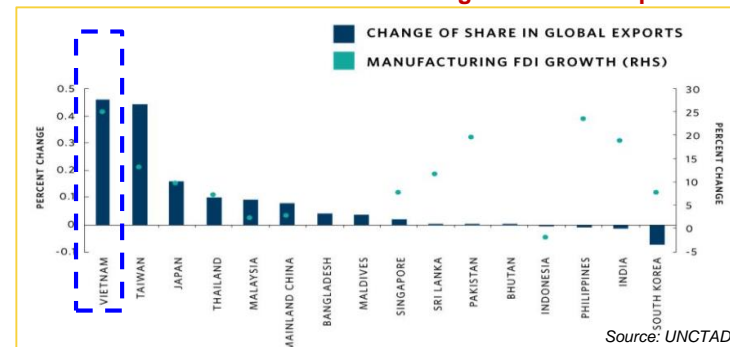
LONG TERM POTENTIAL OF INDUSTRIAL LAND

INCREASING FDI INFLOWS BENEFITING FROM TRADE WAR AND FTA

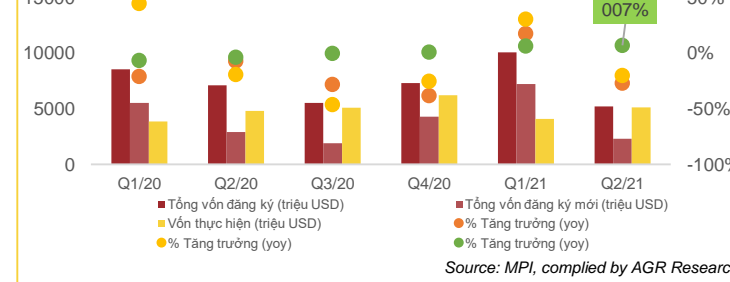
- ❖ **Vietnam remains being a bright spot in FDA attraction:** FDI influx to Vietnam has increased over years. According to the GSO, regardless of the significant effect of the pandemic from 2020, many large projects came into operation on schedule, i.e. Long An I and II LNG power plant project (Singapore) with registered capital of more than 3.1 billion USD; O Mon II thermal power plant project (Japan) in Can Tho with registered capital of more than 1.31 billion USD and LG Display Hai Phong (Korea) project increased its investment capital by 750 million USD, etc.
- ❖ **The US - China trade war** has forced foreign investors to look for alternative markets and Vietnam become attractive destination. This is due to low land lease fee in Vietnam comparing to other Asian countries, availability of industrial land, incentive policies from the Government as well as the our geographical location near China. Some large investors shifted operations to Vietnam such as: Samsung, Foxconn, Oppo, Microsoft, LG, Pegatron.
- ❖ **EVFTA** dated August 2020 is expected to promote investment flows to Vietnam in the coming period.

- ❖ **Industrial zones have opportunity thanks to growth in manufacturing and commercial real estate:** While total registered investment capital in manufacturing sector has always been top-ranked, the number for real estate has stand on third place for years. This shows that demand in factories in the industrial shall continue to increase and accordingly growth of enterprises in industrial real estate sector is expected to remain high.
- ❖ **Vietnamese government is accelerating investment in infrastructure and logistics to attract more foreign investment:**
 - **North Vietnam:** Infrastructure has been improved significantly in recent years. It is shown by approval of new projects relating to key economic provinces, including Hanoi, Bac Ninh, Hai Phong, Hai Duong, Quang Ninh, ie. Van Don - Mong Cai highway, Ninh Binh - Hai Phong, Huu Nghi - Chi Lang, Van Don airport.
 - **South Vietnam:** The Southeast area is the most vibrant economic region in the country with comprehensive infrastructure including traffic, seaport and warehouse system. In the future, important highways will continue to be commenced, reaching to southwestern provinces and big projects such as Long Thanh airport and Cai Mep port.

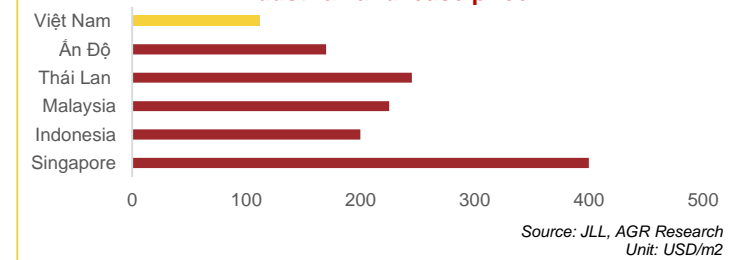
Vietnam ranks first in attracting investment capital



FDI influx to Vietnam



Industrial land lease price

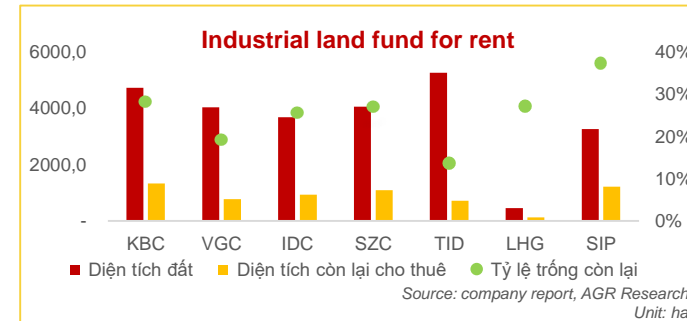
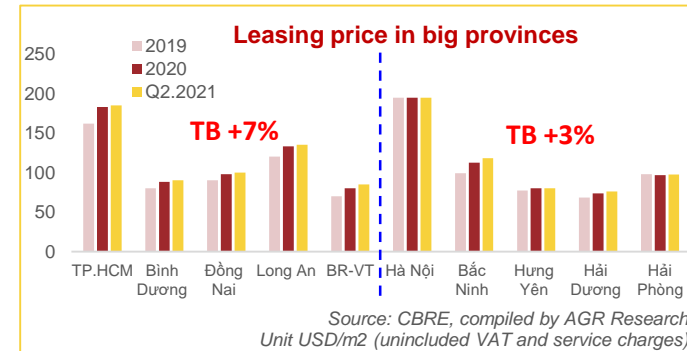
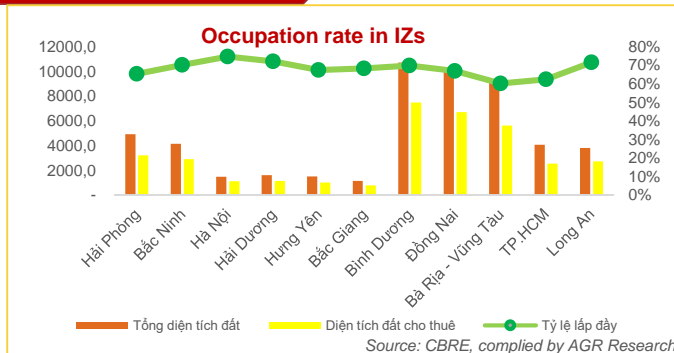




LONG TERM POTENTIAL OF INDUSTRIAL LAND

EXPECTATION IN EXPANDING INDUSTRIAL LAND SOURCE FOR PRICE STABILIZATION

- ❖ **Demand in industrial land rental increases sharply:** Thanks to recent benefit to Vietnam, the demand for industrial land rental is impressively high in Long An, Binh Duong, Bac Giang, etc., with the occupancy rate of more than 70%. In 1H2021, Vietnam has 804 newly licensed projects with the registered capital increases by 13.2% comparing to 1H2020. Foreign investors from Singapore, Japan, and South Korea has expand their operation in Vietnam via new projects such as Long An Power Plant, O Mon Thermal Power Plant, LG Display.
- ❖ **Supply is expected to increase sharply:** Industrial land supply is gradually becoming scarce, leading to rise in land lease fee. However, according to JLL, supply in South and North Vietnam will grow in the next 3 to 5 years. Accordingly, supply in North Vietnam shall increase with new land for rent in Yen My IZ, Thuan Thanh 1 IZ in Quarter II of 2021. In South Vietnam, supply from Tran Anh Tan Phu IZ (Long An) raise total area of industrial zones in the South to 25,220 ha.
- ❖ **Land lease fee remains stable in the upcoming period in general while this for some areas increases:** Most of the rents of IZ projects in the two regions will remain stable due to increase in supply. Regardless of recent increase (by 7% in South Vietnam and 3% in North Vietnam), land lease fee is still lower than in previous years. The increase in rent mainly comes from areas with favorable location in Bac Ninh, Hai Phong, Binh Duong, Dong Nai or Long An, which has increased by 5% to 10% during 1H2021.
- ❖ *Given the above, IZs in satellite provinces such as Binh Duong, Dong Nai, Long An, Ba Ria - Vung Tau, Bac Ninh, Bac Giang and Hai Duong with large available land for lease will continue to be attractive that companies with available land for lease are expected to benefit in the near future such as KBC, VGC, IDC, SZC, TID, LHG, SIP.*





LONG TERM POTENTIAL OF INDUSTRIAL LAND

RECOMMENDED STOCKS

Ticker	Information
KBC	<ul style="list-style-type: none">- KBC has the second largest industrial land fund for lease (more than 1,300ha), behind VGC. Hence the company does have growth potential in the long term.- It is expected that the 3Q2021 and 4Q2021 will witness profit fall due to completion the projects being implemented from the previous year and newly licensed projects such as Quang Chau IZ, Tan Phu Trung IZ and Nam Son Hap Linh IZ.- Potential growth from approved projects in the coming years: The approved Trang Due 3 IZ project belongs to Dinh Vu - Cat Hai economic zone and has signed lease agreements; Quang Chau IZ expansion with an area of 90ha has also been approved.
VGC	<ul style="list-style-type: none">- The company owns the largest land fund in the Northern region and is currently participating in the bidding process to develop 11 more industrial zones with a total area of 3,000-4,000 ha.- As the occupancy rate of new projects in the North is still low, the potential long-term growth should be high such as Yen Phong IIC IZ, Yen My IZ, and Phong Dien IZ projects.
IDC	<ul style="list-style-type: none">- The large land fund of the company is mainly concentrated in provinces attracting FDI such as Long An, Vung Tau, Dong Nai and Bac Ninh with low occupancy rates such as Phu My II and expanded Phu My II Industrial Parks, and Huu Thanh Industrial Park.- The company is currently applying for investment approval for 3 new industrial parks in Thai Binh and Hai Phong.- The advantage of low cost of investment is expected to increase profit margin.
SZC	<ul style="list-style-type: none">- The company benefits from the attraction of FDI inflow in potential areas such as Ba Ria Vung Tau.- The remaining available-for-lease area is approximately 1,000 ha, the selling price increases every year and the low cost of capital contributes to improved profitability.- Price of residential real estate is increasing steadily.
TID	<ul style="list-style-type: none">- The company benefits from FDI inflow to Dong Nai and Vung Tau provinces.- The occupancy rate of Tan Phu, Nhon Trach 6, Bau Xeo and Dat Do IZ has increased rapidly while the area for available for lease is still large, potential growth in the future remains unchanged.
SIP	<ul style="list-style-type: none">- The company owns large land fund of industrial zones and residential areas and healthy financial situation with plentiful amount of cash.- SIP could increase rental price thanks to a strong influx of FDI, indirectly benefiting from the urbanization in the suburbs of HCMC- In 2021, compensation for site relocation of Phuoc Dong Industrial Park, phase 3 is still in the process.

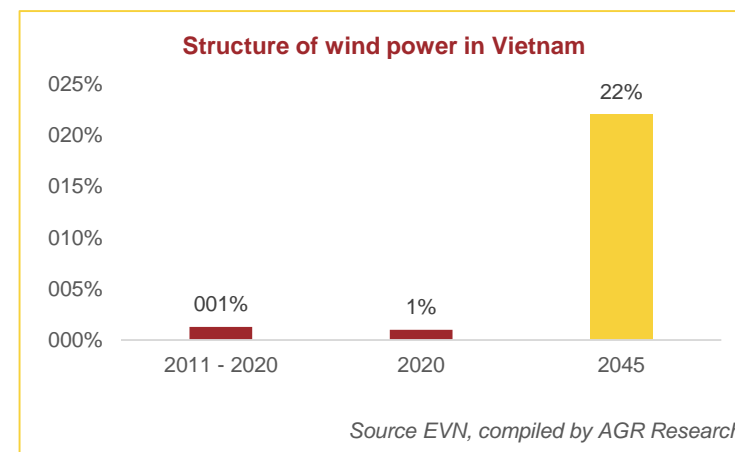
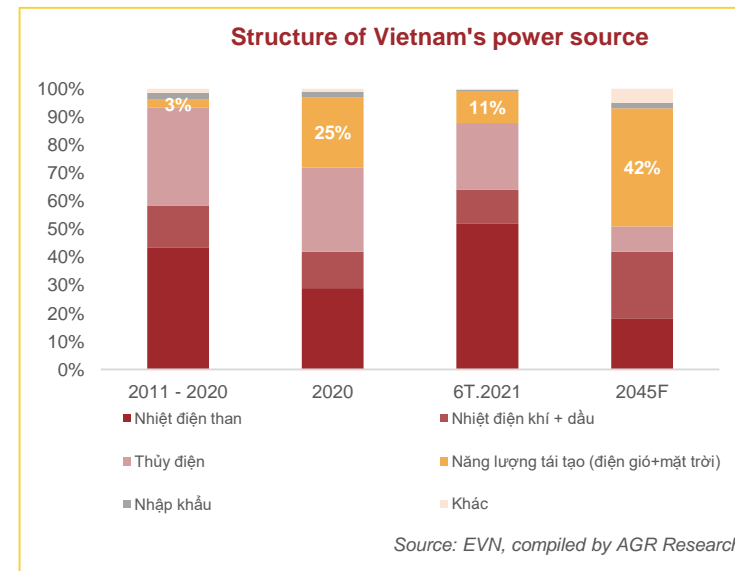


POTENTIAL OF RENEWABLE ENERGY DEVELOPMENT

LONG-TERM GROWTH ENGINE OF WIND ENERGY

Great potential from wind energy: Vietnam is the top runner in developing wind energy comparing to Laos, Cambodia, and Thailand. Number of wind power projects has doubled from 2012 thanks to:



- ❖ **Favorable geographical location:** Vietnam is located in a tropical monsoon climate zone, with a coastline of 3000km and average wind speed of 6m/s, equivalent to a potential capacity of about 400GW. As the matter of fact, current wind power capacity is at more than 2000MW (calculated by the number of plants that have been operated and are registered), equivalent to nearly 0.5% of the potential capacity.
- ❖ **Benefit from preferential pricing policy:** Wind power projects operating before November 2021 will enjoy a higher price than other power projects (i.e. for onshore projects: 8.5 USDcents/kWh, offshore projects: 9,8 USDcents/kWh).
- ❖ **Foreign investment attraction:** In 2019 and 2020 Vietnam has attracted investment capital for projects such as the offshore wind power project Thang Long Wind (scale of 3.4GW); La Gan project with a capacity of 3.5GW. If the offshore wind capacity is raised to 10GW by 2030, it is expected to attract more capital.
- ❖ **Potential of being an alternative power sources:** Vietnam current total installed capacity is about 70 GW for all types of energy resources, and is expected to increase to 140 GW by 2030. Accordingly, in case wind power is strongly developed, it could meet the electricity demand for the country itself.
- ❖ **The enhancing focus on the renewable energy segment:** Wind power is expected to account for from 1% to 22% total energy supply by 2045 according to the Government's Power Plan No. 8. This change is in line with the general target in reducing the proportion of coal-fired power and hydroelectricity - the cause of environmental pollution.
- ❖ **Excessive supply in solar energy:** The rapid growth of solar power capacity leads to excessive capacity in some points of time. It is expected that 500 million kWh (equivalent to 39% of the power cut) of solar power will be cut in 2021.





POTENTIAL OF RENEWABLE ENERGY DEVELOPMENT

Our recommendation: REE, PC1

Ticker	Our opinion
<p data-bbox="351 491 422 519">REE</p> 	<ul style="list-style-type: none"> <li data-bbox="570 494 2206 665">▪ REE has invested in several renewable energy and hydropower projects. Therefore, Agriseco Research expects favorable hydrological situation in the second half of the year to help this segment bring profit to REE. It is notable that REE invests in the wind power segment and is expected to be a driver of long-term growth potential. <li data-bbox="570 672 2206 793">▪ Phong Dien Thuan Binh wind power project helps increase revenue and profit of the utility segment: Revenue and NPAT recorded VND 46 billion (+17%yoy) and VND 21 billion (+177%yoy). <li data-bbox="570 801 2206 929">▪ Potential projects in 2021: wind power project in Tra Vinh, two onshore wind power plants - Phu Lac 2 in Binh Thuan province and Loi Hai 2 in Ninh Thuan province - with a total capacity of 102.1 MW . In late 2021, the plants will produce about 328 million kWh of clean energy per year.
<p data-bbox="351 979 422 1008">PC1</p> 	<ul style="list-style-type: none"> <li data-bbox="570 979 2206 1108">▪ Investment vision: PC1 has 60 years of experience in the field of electrical infrastructure and is currently cooperating with Renova, a Japanese developer, to implement several wind power projects. <li data-bbox="570 1115 2206 1243">▪ Potential for revenue and profit growth depends on 3 large wind power projects Lien Lap, Phong Nguyen, Phong Huy (total capacity of nearly 150MW). These projects are expected to operate by 2022 and are expected to offset the decline in hydropower segment due to Enino.



TECHNOLOGY SECTOR – BUCKING THE 4.0 TREND

HIGH DEMAND FOR 4.0 REVOLUTION IN THE COVID CIRCUMSTANCES

Demand in digital transformation from Covid pandemic

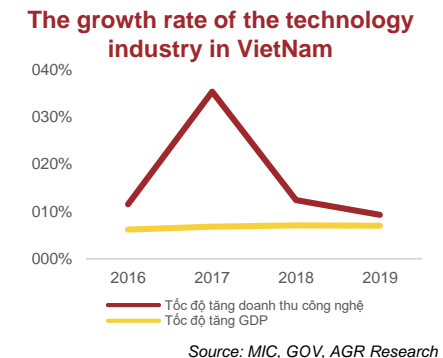
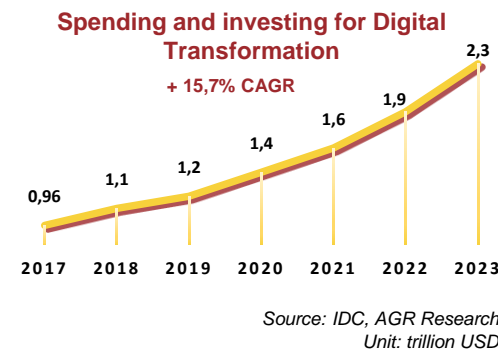
- ❖ The pandemic has accelerated the need for global digital transformation. The growth rate of Digital Transformation (Dx) in APAC increased sharply by 17% per year and capital directly poured into Dx grew by 15.7% from 2017 to 2022F. The digital transformation market is expected to grow by 16%/year compared to the industry's general growth rate of 7-8%/year.
- ❖ In Vietnam, the IT industry in Vietnam has a faster growth rate than GDP growth. That shows the growth potential of the technology industry in Vietnam, especially the demand for Dx. Dx is taking place rapidly at government agencies, banks and businesses such as digital government, digital banks, Grab, VinID. Up to 98% of businesses expect to apply digital technology in their business activities.

5G technology – Pioneering trend in the 4.0 technology era

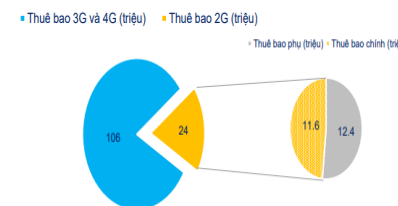
- ❖ The coverage speed of 5G is forecasted to increase from 15% in 2020 to 60% in 2026 due to much faster transmission speed than 4G. The 5G trend is necessary with rapidly increasing digital transformation needs.
- ❖ Vietnam has tested 5G and is one of the pioneer countries in the region in terms of 5G deployment in both hardware and software equipment. Viettel has reached the top 6 telecommunications companies providing 5G equipment in the world, next to Nokia, Ericsson, Samsung, Huawei and ZTE.
- ❖ Many businesses benefit from 5G tech: network development companies such as Viettel, Vinaphone, and Mobiphone are the examples. Many technology businesses, businesses involved in building infrastructure and training high-quality human resources will also benefit.

Labor force should be advantage in the international technology market

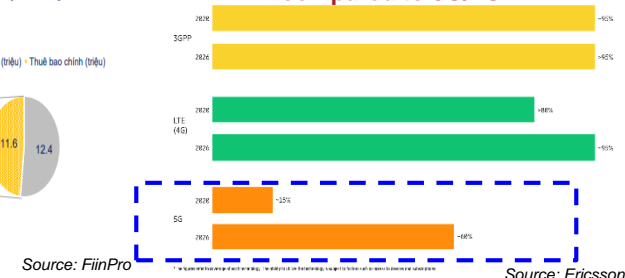
- ❖ The demand for high-quality labor has increased rapidly in recent years in tandem with the digital revolution. Vietnam now has more than 1 million technology employees, an increase of nearly 1.5 times compared to 2015
- ❖ The per capita income of the IT industry is lower than India, but the level of technology engineer in Vietnam is equivalent to creating a position to help IT enterprises receive orders from foreign partners.



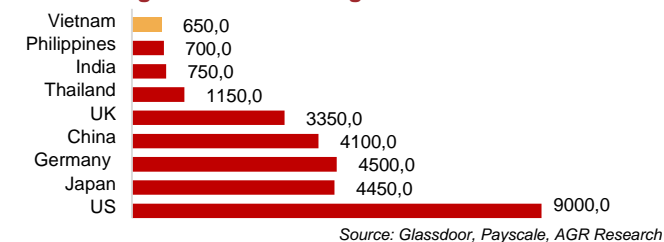
Khoảng 24 triệu thuê bao 2G cần thay mới điện thoại từ nay đến 2022



The growth rate of 5G is the highest compared to 3G/4G



Average income of IT engineers in Vietnam





TECHNOLOGY SECTOR – BUCKING THE 4.0 TREND

Our recommendation: FPT and CTR



viettel
construction

CTR

Our point of view

- PT is the leading technology company in Vietnam. Technology revenue grew by over 20% thanks to new contracts to provide foreign and domestic information services. FPT Software's recent investment in a digital transformation consulting company in the US Intertec International will help boost new registration revenue in the US market. At the same time, the potential from the need for digital transformation in domestic enterprises is huge when revenue increased by 40% in 6M.2021.
 - The telecommunications segment maintains a growth rate of 13-14% per year and expects the boom of 5G.
 - The education sector is the foundation for creating high-quality human resources to strengthen FPT's position in the international market and strengthen its leading position in Vietnam.
 - *Please refer to our update for FPT [here](#)
-
- Promoting rental infrastructure services - the business segment that brings the best profit margin for CTR. In 2021, CTR has invested VND 2,000 billion in this segment and in Q2.2021 alone, boosting investment in nearly 500 BTS stations to ensure that 2,000 BTS stations can be met.
 - Benefit greatly from the 5G technology trend, Viettel has invested and we expect that CTR could enter in several lease telecommunications infrastructure for 5G technology contracts.
 - Business results have grown over the years. Accumulated in the first 6 months of the year, Viettel Construction recorded VND 3,546 billion, up 32% and profit after tax of VND 153 billion, up 55% over the same period in 2020.



INVESTMENT OPPORTUNITIES IN 2021

Opportunities from public investment

Opportunities from Rising Commodity Prices

Opportunities from Economy Re-open

Banking & Real Estate Industry

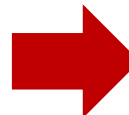
Opportunities beyond Covid-19 Pandemics

Opportunities from divestment and equitization of state-owned enterprises and others

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OPPORTUNITIES FROM equitization of SOEs

- ❖ According to Decision No. 908/QD-TTg, there are 120 enterprises in Vietnam subjects to divestment task before 31/12/2020. However, the actual implementation progress is somewhat slow when by the end of 2020, only 11% of the total proposed capital value has been withdrawn, the Government has issued Official Letter 580/VPCP-DMDN on the extension of the real time. current Decision No. 908/QD-TTg, according to which 106 enterprises must complete equitization in the period from now to 2025. Accumulated in the first 5 months of 2021, the total proceeds from equitization activities, divestment paid to the fund is 228 billion dong. Meanwhile, the expected amount from the fund to be paid into the state budget in 2021 is VND 40,000 billion. Therefore, in order to ensure revenue for the state budget in 2021, the equitization and divestment of large-scale enterprises will need to be promoted in the coming time.
- ❖ Benefits from IPOs and divestments of SOEs can be mentioned as (1) helping to attract domestic and foreign capital flows, (2) reducing financial pressure on the state budget and (3) creating motivation for enterprises to restructuring, improving business efficiency.



List of 20 SOEs with highest asset amount (Unit: billion VND)

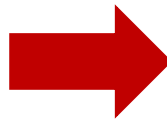
No.	Company name	Sector	Assets
1	EVN	Energy	721.460
2	VNPT	Post -Telecommunication	99.238
3	GENCO1	Energy	97.739
4	GENCO2	Energy	53.306
5	Vinacomin	Mineral	40.712
6	Vicem	Cement	40.027
7	Mobiphone	Post -Telecommunication	30.893
8	VIMC	Port - Logistic	24.482
9	HUD group	Real estate	13.623
10	Dong Bac group	Mineral	12.477
11	VINAMOTOR	Automotive	5.911
12	Khanh Viet group	Textile, tobacco	5.285
13	Dofico corporation	Tobacco, rubber, mineral	4.796
14	Saigon industry corp	Rubber, Electric product	4.530
15	VATM CO.,LTD	Aviation services	3.880
16	Ben Thanh group	Real estate and services	3.266
17	Vinasugar1	F&B	1.913
18	SJC	Retail - Jewelry	1.800
19	VIETTEL	Post -Telecommunication	N/A
20	Vinasugar2	F&A	N/A



Divestment and State-owned enterprise equitization

OPPORTUNITY FROM DIVESTMENT FROM SCIC

- ❖ SCIC has announced a list of 88 state-owned enterprises that will divest in 2021, of which 31 ones are listed in the stock market.
- ❖ It is the fact that information about the timeline and quoted price shall impact price of related stocks. Agriseco Research summarized basic information about listed firm that in the list of divestments and selected potential businesses. Details of the opportunity report from the topic of SCIC divestment can be found [here](#).



Notable cases in the list of SCIC divestments

No.	Ticker	Total assets	Chartered capital	Ownership	Rating
1	VGT	17.661	5.000	53,50%	Potential
2	BMI	6.552	914	50,70%	Potential
3	SEA	3.408	1.250	63,40%	Potential
4	VNP	442	194	65,90%	Potential
5	CAG	154	138	53,00%	Potential

Source: FiinPro, Agriseco Research



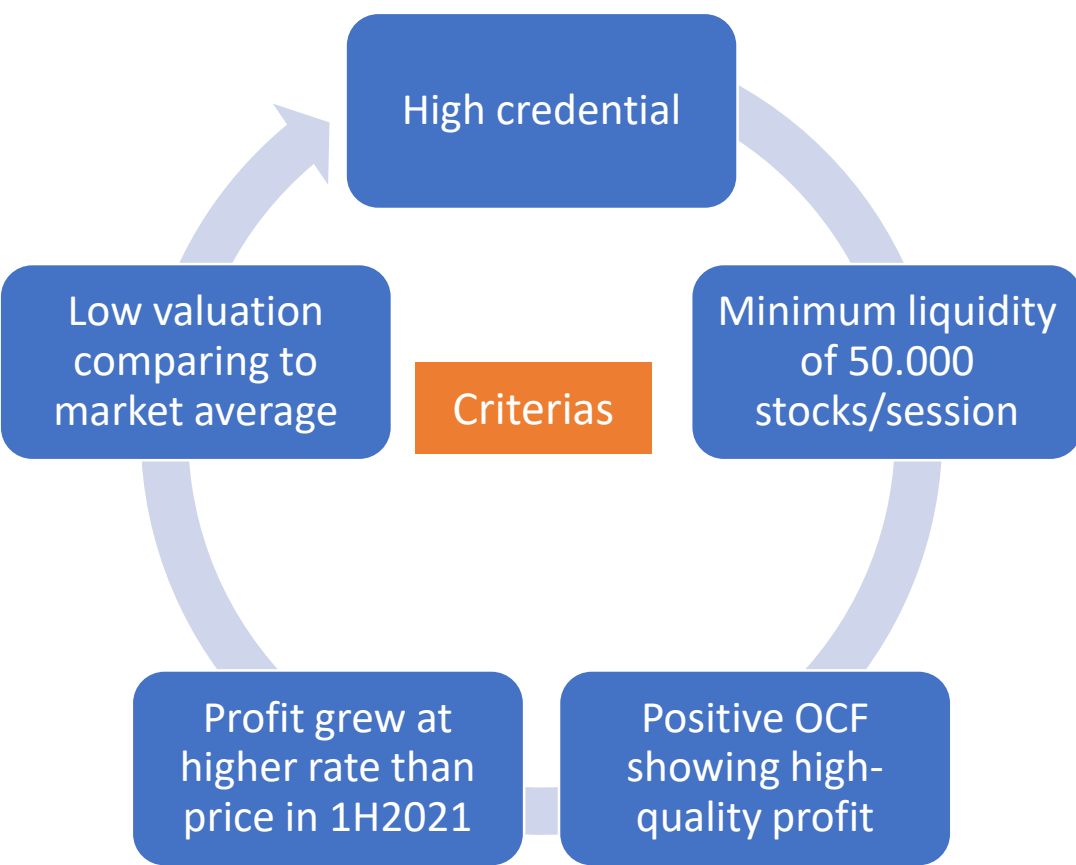
Divestment and State-owned enterprise equitization

SPECIFIC CASES

No.	Company name	Information
1	Vietnam textile group – VGT	<ul style="list-style-type: none"> Vinatex is one of the leading companies in Vietnam's textile industry with a design capacity of up to 155,525 tons of yarn/year, 170 million m² of woven fabric/year, 22,225 tons of knitted fabric and 352 million garment units per year. five. Vinatex currently accounts for 95.5% of yarn production and 42.3% of fiber production along with 25.7% and 20% of the country's total fabric and dyeing production.
2	Bao Minh group – BMI	<ul style="list-style-type: none"> Bao Minh currently has 62 member companies with 550 transaction offices spread across the country. With the support from the parent company: State Capital Investment Corporation (SCIC) helps BMI to perform well in finding customers, expanding its insurance network nationwide and gradually developing it into the world. foreign markets. By the end of 2020: BMI market share accounted for 7.63% (ranked 4th out of 29 non-life insurance enterprises in Vietnam, after Baoviet, PVI and PTI)
3	Vietnam Seaproducts Joint Stock Corporation – SEA	<ul style="list-style-type: none"> SEA's main business is the production and processing of aquatic products for export and domestic consumption. The company is also implementing a project to raise commercial sturgeon with an estimated output of more than 100 tons/year at Kala Irrigation Lake, Lam Dong Province.
4	VINAPLAST CORP – VNP	<ul style="list-style-type: none"> VNP specializes in providing products such as plastic beads, synthetic resins, pulp, chemical additives and pulp. By the end of the first 6 months of 2021, VNP has recorded revenue and profit of VND 196 billion and VND 52 billion, up 320% and 230% respectively over the same period last year.
5	An Giang port JSC. - CAG	<ul style="list-style-type: none"> The company is currently managing and operating 02 ports in An Giang province, namely My Thoi An Giang Port and Binh Long Port. My Thoi Port is an international seaport belonging to Group 6 of the Vietnam Seaport System. My Thoi port can receive ships with a tonnage of 3,000 - 10,000 DWT. Regarding the warehousing system, My Thoi Port is located on the right bank of Hau River, with an area of 42,585.2 m², 160 km downstream from "0" buoy of Dinh An channel and 10 km from Long Xuyen city. Upstream, there are 5,900 m² of warehouse and 10,500 m² of general cargo yard. Binh Long port has 6,159 m² of warehouse and 3,200 m² of general cargo yard, with many cranes, tractors, trailers of all kinds.



POTENTIAL SECURITIES YET IN THE UPWARD TREND



STT	Ticker	Company name	Profit in 1H2020	Profit in 1H2021	Profit growth rate in 2021H1 (YoY)	Change from the beginning of 2021	P/E	P/B
1	DHC	Dong Hai Ben Tre	168,89	301,14	78,31%	63,88%	11,75	3,84
2	TLG	Thien Long Group	17,1	176,01	929,30%	-1,00%	8,41	1,62
3	IJC	Becamex IJC	159,71	469	193,66%	3,99%	6,05	1,63
4	TDM	TDM water JSC.	77,89	167,21	114,67%	11,52%	11,58	1,69

Unit: Billion VND





Thank you

DISCLAIMER

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