Shinhan Securities

Investment Outlook 2025

UNLOCK GROWTH



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Foreword

Building on the recovery momentum from the final quarter of 2023, Vietnam's economy closed 2024 with remarkable achievements, exceeding most of the socio-economic targets set by the National Assembly. Key policy changes were implemented across critical economic sectors, such as real estate, electricity, and public investment,… aimed at removing obstacles and "unlocking" growth drivers for the economy.

Looking ahead to 2025, the global economic landscape presents numerous challenges and uncertainties. However, the Government has designated 2025 as a pivotal year for acceleration and breakthroughs, striving to achieve a GDP growth rate exceeding 8% (surpassing the National Assembly's target). This ambitious goal requires not only revitalizing traditional growth drivers (investment, consumption, and exports) but also fostering innovation and advancing new growth pillars, including digital transformation, green economy, and high technology.

With strong internal foundations, we are confident that Vietnam's economy will sustain its high-growth momentum in 2025 and boldly step into a new era—an era of national prosperity driven by the full potential of its growth engines.

Research Team
Shinhan Securities Vietnam
December 27th, 2024

Macroeconomic outlook

To achieve the ambitious economic growth target in 2025, the economy will leverage its internal strengths (domestic consumption and investment), supported by fiscal policies and legal reforms. Meanwhile, with inflation expected to rise, monetary policy will face constraints, and exchange rate pressures are likely to persist, at least through the first half of 2025, amid unpredictable risks under a potential Trump 2.0 administration. For the full year 2025, we project GDP growth could reach 7%, inflation could be controlled below 4%, and the VND may depreciate further by 2-3%.

Stock market outlook

We believe the VNIndex has not yet fully reflected the growth potential of Vietnam's economy in 2024, largely due to concerns over net foreign capital outflows. However, we anticipate these pressures will ease when Fed continues its interest rate cut trajectory in 2025 (albeit slower than anticipated), coupled with the potential upgrade to FTSE Emerging Market status in September 2025.

We are confident that the stock market will be driven by the economy's internal strength, supported by an estimated 20% profit growth of listed companies in 2025. This growth could sustain the VNIndex within the 1,200–1,285 range in a bearish scenario (target P/E of 10x–11x, -2 standard deviations from the 10-year average) and toward its previous peak of 1,500 in a base-case scenario (target P/E of 13x, -1 standard deviation from the 10-year average).

Potential Sectors

The Investment Outlook 2025 covers some key sectors such as Banking, Real Estate, Industrial Real Estate, Steel, Electricity, Logistics, Food & Beverage, Retail, and Technology. We believe these sectors stand to benefit significantly from the promotion of domestic investment and consumption. Along with Financial Services, these are also the sectors likely to attract substantial foreign capital inflows if the market is upgraded, given their large market capitalization and available room after a prolonged period of foreigners' net selling.

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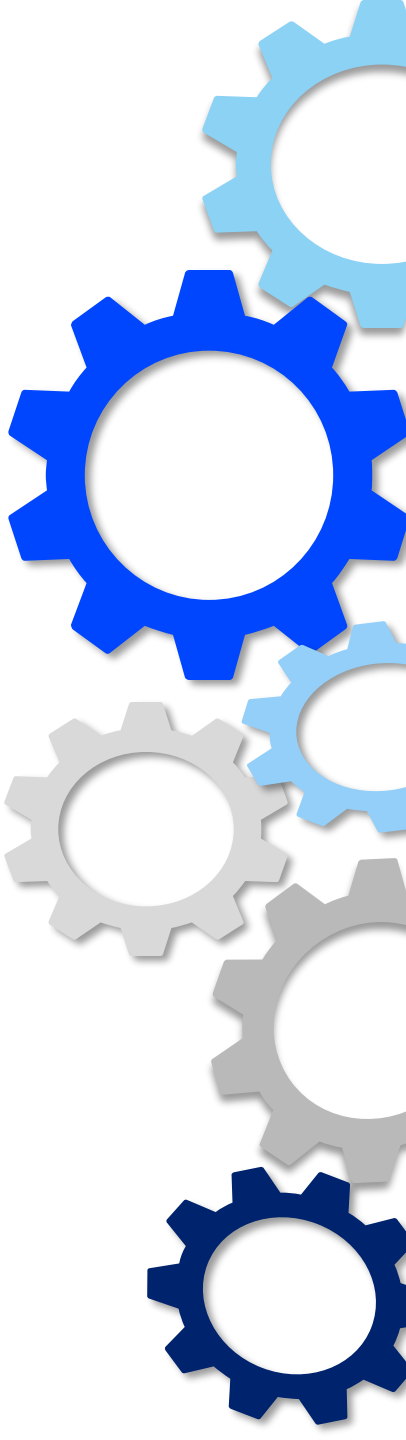
9 Food & Beverage: **The recovery of consumption**

10 Retail: **Breakthrough profit**

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Stock pick recommendation 2025

- [ACB/Target price: 34,600, +38.4%] – Strong credit growth
- [HDB/Target price: 28,400, +19.6%] – Aiming for profit target of VND 20,000 bn for 2025
- [TCB/Target price: 29,500, +22.9%] – Maintain growth thanks to warming real estate market
- [VPB/Target price: 25,000, +31.9%] – Profits recover along with capital advantage
- [VCB/Target price: 109,400, +18.7%] – Brand of stability
- [VHM/Target price: 51,700, +28.1%] – Strong long-term position
- [NLG/Target price: 46,400, +30.0%] – Steady growth driven by a large backlog
- [KDH/Target price: 37,100 +3.2%] – Strong growth thanks to the handover of low-rise projects in 2025
- [DXG/Target price: 20,900, +27.1%] – Datxanhhomes Riverside unlocks presales for 2025
- [BCM/Target price: 80,900, +19.0%] – Cay Truong Industrial park capitalizes on opportunities from FDI
- [KBC/Target price: 34,600, +25.0%] – Prospects for Trang Due 3 project and growth potential with expanded land fund
- [IDC/Target price: 64,800, +16.0%] – Take advantage of Phu My II Industrial Park and Huu Thanh Industrial Park

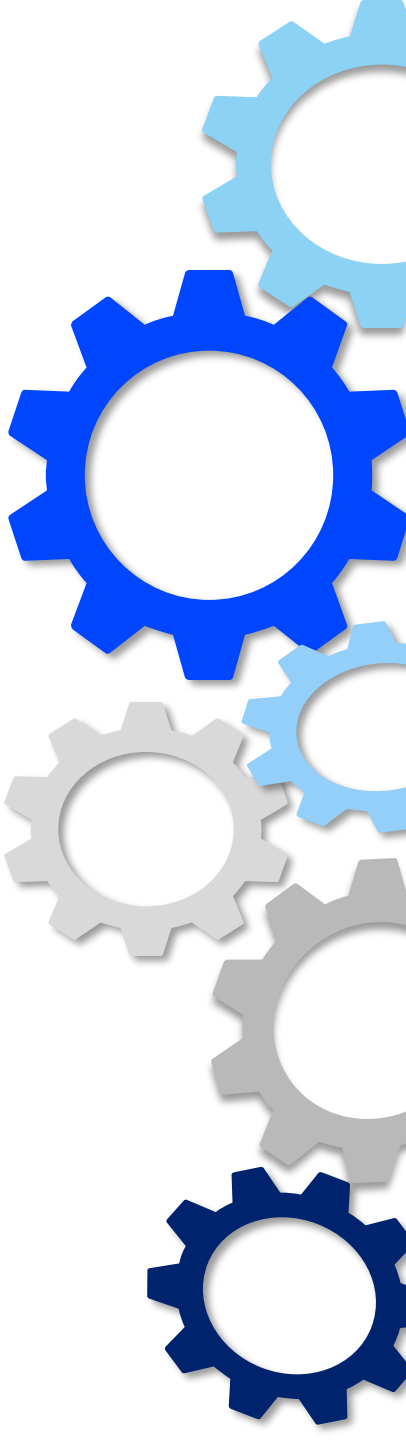


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Source: Shinhan Securities Vietnam, upside estimated based on closing price on December 24th, 2024

Stock pick recommendation 2025

- [SZC/Target price: 49,800, +14.0%] – Benefit from FDI capital flow with Chau Duc Industrial Park
- [HPG/Target price: 37,400, +30.0%] – Back on track
- [HSG/Target price: 23,100, +23.9%] – Benefit from the anti-dumping tax policy on imported galvanized steel
- [NKG/Target price: 17,400, +15.5%] – Nam Kim Phu My factory will be the key driver
- [POW/Target price: 14,900, +21.0%] – Nhon Trach 3 & 4 drive long-term growth
- [QTP/Target price: 16,300, +19.8%] – High electricity demand drives growth in 2025
- [TNG/Target price: 31,500, +18.8%] – A long-term race
- [MSH/Target price: 58,000, +8.6%] – Go further
- [TCM/Target price: 59,400, +24.0%] – Thanh Cong comes back
- [STK/Target price: 28,544, +16.0%] – Stepping over obstacles
- [VHC/Target price: 84,000, +13.5%] – Gradual recovery
- [FMC/Target price: 53,200, +11.4%] – Building endurance

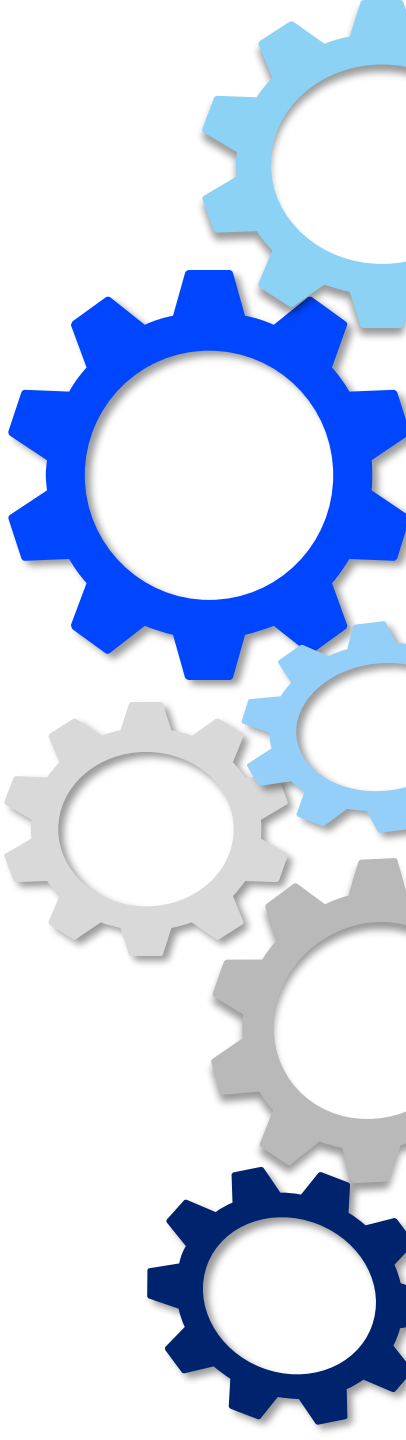


Shinhan Securities

Source: Shinhan Securities Vietnam, upside estimated based on closing price on December 24th, 2024

Stock pick recommendation 2025

- [GMD/Target price: 70,000, +11.6%] – A solid foundation
- [HAH/Target price: 54,000, +6.2%] – Keep the ball rolling
- [MWG/Target price: 71,000, +15.3%] – Bittersweet journey of Bach hoa Xanh
- [FRT/Target price: 197,100, +7.9%] – Long Chau chain and the strategic long-term game
- [DGW/Target price: 46,450, +12.2%] – Accelerating growth from 2024 good base
- [QNS/Target price: 68,700, +35.2%] – Sugar sector's performance is positive thanks to high sugar prices
- [SAB/Target price: 71,300, +24.7%] – Expecting the recovery of consumption demand
- [MSN/Target price: 99,100, +41.2%] – Retail consumer segment grew beyond expectations
- [VNM/Target price: 76,100, +18.4%] – Motivation from overseas markets
- [FPT/Target price: 161,500, +7.4%] – To the Digital Infinity and Beyond



Source: Shinhan Securities Vietnam, upside estimated based on closing price on December 24th, 2024

Shinhan Securities

Vietnam Macroeconomics 2025

Internal strength



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Content

Vietnam Macroeconomics 2025 – Internal Strength

1. The ambitious target

   Vietnam National Assembly set the FY2025 GDP growth target of 6.5% – 7%. Furthermore, Vietnam aims to become a modern, high-income economy by 2045, equivalent to a GDP CAGR of 6% in the next 2 decades.

2. Internal strength

   Fiscal policies and reforms in regulation will play a key role in bolstering total domestic consumption and investment.

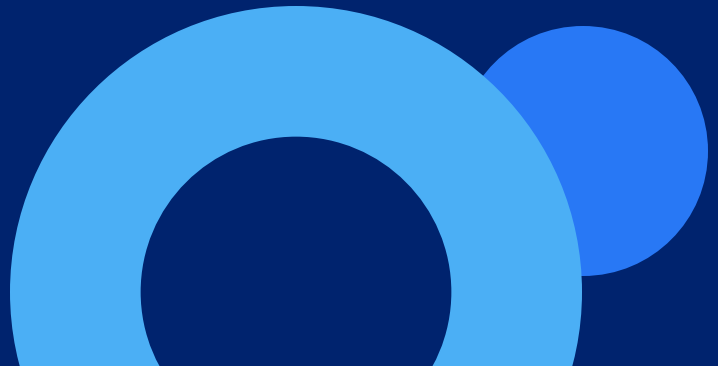
3. Uncertainties from global macroeconomic prospects

   The looming global economic outlook due to uncertainties from the upcoming Trump administration will limit the scope of SBV's monetary policy on Vietnam's economic growth.

01

The ambitious target

Keeping the growth momentum of GDP in 2024, the Vietnam National Assembly set the FY2025 GDP growth target of 6.5% – 7%. The target was ambitious, which was higher than many international institutions' consensus numbers.



1. The ambitious target

2025 GDP target surpasses the consensus numbers

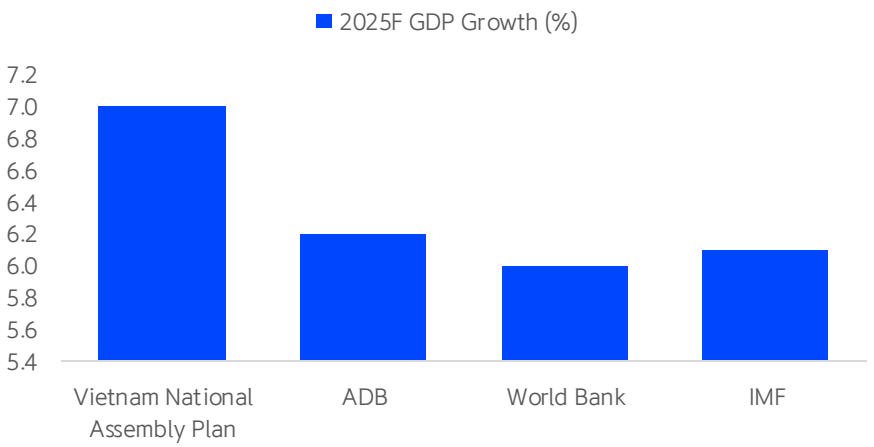
- Vietnam aims to become a modern, high-income economy by 2045, equivalent to a GDP CAGR of 6% in the next 2 decades. The year 2025 will be a pivotal year for Vietnam's economic development plan in the long term. **Deeper integration into global markets and advancing up the value chain will be the key driver of Vietnam's development success.**
- On 21 November 2024, the Vietnam National Assembly approved the economic plan for FY2025. **The target GDP growth was 6.5% – 7% and the target CPI was 4.5%.** The GDP target is higher than many international institutions' consensus number. The consensus numbers from the International Monetary Fund (IMF), World Bank (WB), and Asia Development Bank (ADB) were below 6.5%. The target was very ambitious in the current global economic situation. Meanwhile, the target CPI implies a higher inflation next year. The higher inflation is partly attributable to the increase in electricity power price, growing by 4.8% from 11 October 2024. The increase in electricity price will push the price of foodstuffs, which contributes a large weight in CPI calculation.

Vietnam National Assembly's Economic Development Plan

	2024	2025
GDP growth	6% - 6.5%	6.5% - 7%
GDP per capita	4700 USD	4900 USD
Manufacturing weight in GDP	24.1%	24.1%
CPI	4% - 4.5%	4.5%

Source: Vietnam National Assembly, Shinhan Securities Vietnam

Vietnam Plan vs International Organizational Forecasts



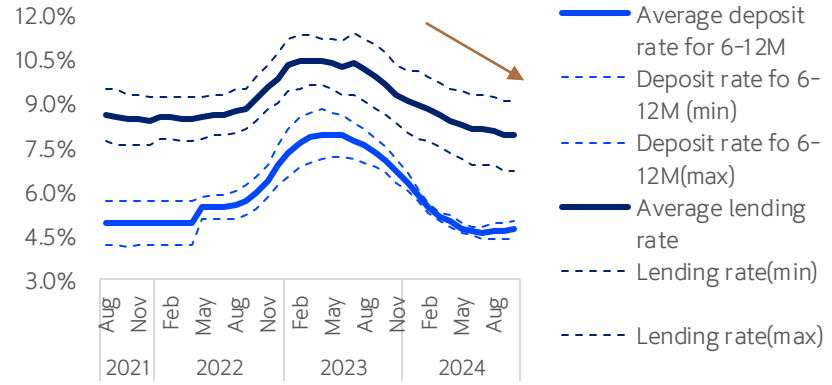
Source: Vietnam National Assembly, ADB, WB, IMF, Shinhan Securities Vietnam

1. The ambitious target

Balanced mix of monetary and fiscal policies created the momentum in 2024 for the target

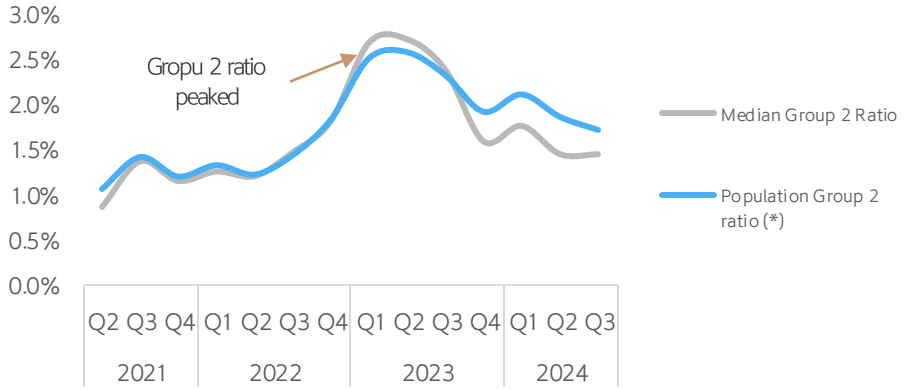
- GDP growth in Q3 2024 is 7.4% YoY and in 9M2024 is 6.82% YoY thanks to the balanced mix of monetary and fiscal policies supporting the economy. The State Bank of Vietnam (SBV) maintained a flexible monetary policy to facilitate low-cost financing for supporting economic growth. A remarkable feat from policies was the inflation under control in 2024. Despite inching over 4% YoY in Q2 2024, the inflation cooled down in Q3 and it allowed SBV to loose the credit quota for some banks at year-end to achieve the target of sector credit growth. In addition, SBV extended the deadline of Circular 02, a regulatory forbearance for clients facing difficulties, until 31 December 2024. Thanks to the Circular 02 and the flexible interest rate, the group 2 ratio peaked in 2023.
- Many fiscal policies (like basic salary increase, VAT reduction …), which became effective in the period 2023 – 2024, also supported the economic activity. The change in base salary has shown positive impacts in maintaining purchasing power during the challenging economic situation. The increase of 20.8% and 30.0% in the basic salary, in 2023 and 2024 respectively, kept consumption growing. Retail and service sales in 2023 and 11M2024 increased by 9.6% YoY and 8.5% YoY respectively. Consumption of the whole economy increased by 4.09% YoY in 2023 and 6.8% YoY in 9M24.

Average lending and deposit rates from 2021 to 2024



Source: SBV, Shinhan Securities Vietnam

Group 2 ratio has peaked thanks to flexible monetary policy

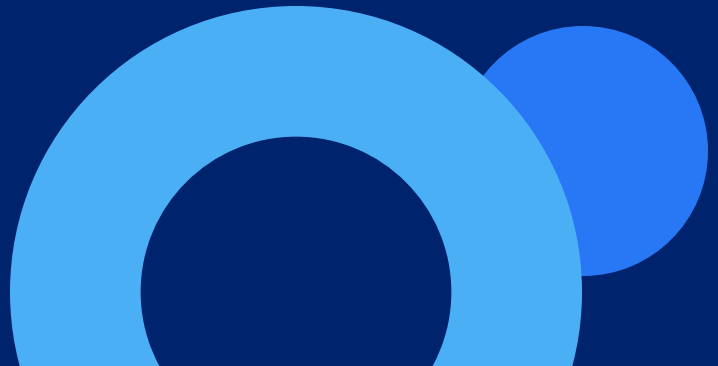


Source: Fiinpro, Shinhan Securities Vietnam,
(*) Calcuated by summing all the number of 27 listed banks

02

Internal Strength

Fiscal policies and reforms in regulation will play a key role in bolstering total domestic consumption and investment.

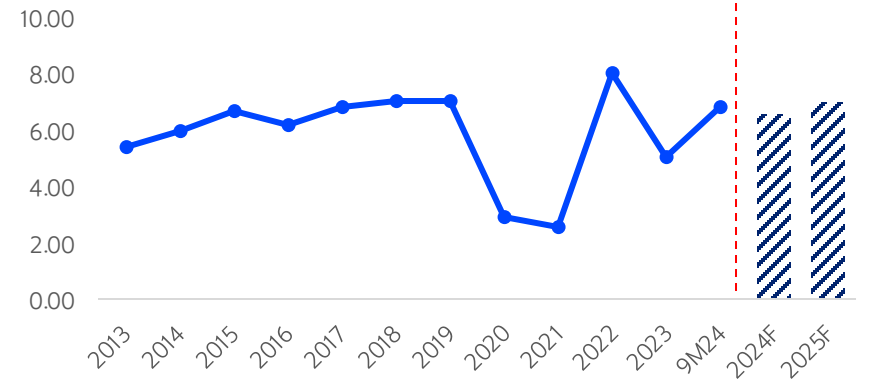


2. Internal Strength

Domestic demand will drive the GDP growth in 2025

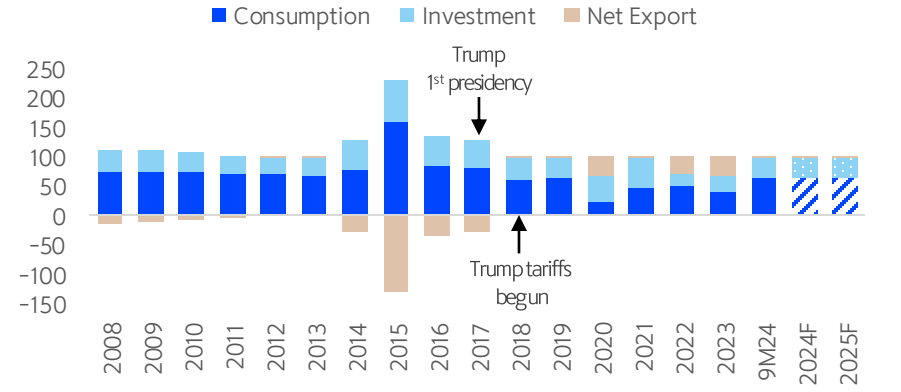
- The re-election of Mr. Trump and the Republican majority in US Congress could bring significant policy changes. While the specifics and timings of policy changes are still unknown, many tariff announcements have been made, which loomed over the global economic outlook and rattled global investors. Amid the uncertain global macroeconomics, to achieve the ambitious plan in 2025, Vietnam will utilize its internal strength inside the country – the domestic demand.
- Vietnam's GDP growth in the last 10 years mainly comes from domestic demand (domestic consumption and investment). The contribution to GDP growth from trading was positive from 2018 - a year that Trump imposed tariffs on Chinese imports. The contribution from trading (net export and import of goods & services) accounted for a big part in 2020, 2022, and 2023. In 2021, due to the social distancing in Vietnam caused by Covid, the net export contribution decreased. In 2024, the import increased faster than the export due to the inventory stocking for global economic recovery expectation, the net export contribution was also small compared to 2023. In 2025, because of Trump tariffs, **we believed that the contribution from net export will be low and the main contribution will be from domestic consumption and investment.**

GDP growth from 2013 to 2025F (%)



Source: GSO, Shinhan Securities Vietnam

Component contribution to the overall growth (%)



Source: GSO, Shinhan Securities Vietnam

2. Internal strength

Comprehensive regulatory reforms will support the domestic demand

- In 2024, numerous crucial amendments and policies were approved, addressing the bottlenecks in sectors like public investment, real estate, power... They will create a favorable business landscape for Vietnam enterprises in the long-term, which will improve the macroeconomic conditions. At the 8th session of the 15th National Assembly, 18 laws and 21 resolutions were passed. Many important projects and issues have been approved like the North-South high-speed railway project, restarting Ninh Thuan nuclear power project…

Some new key changes in the new laws

Name	New changes	Sector Impact
Land Law 2024	• Update the land price framework annually • Tighten the process of land clearance and land transfer	Real Estates
Real Estate Business Law	• Allow overseas Vietnamese to buy property in Vietnam • Set the rate of 5% as the maximum deposit of the sale or lease-purchase price • Tighten the projects transfer process • Restrict land division and sale of vacant land in major cities are restricted	Real Estates
Housing Law	• Do not specify the ownership period, but only the period of usage of the apartment building • Allow to have maximum 10% net profit from the social housing construction projects if not using public investment capital.	Real Estates
Direct Power Purchase Agreement (DPPA)	• Allow renewable energy suppliers to sell directly to large consumers through EVN's transmission grid	Electricity
Public Investment Law	• Decentralize the investment approval process based on the project classifications	Construction, Materials, Industrial Parks

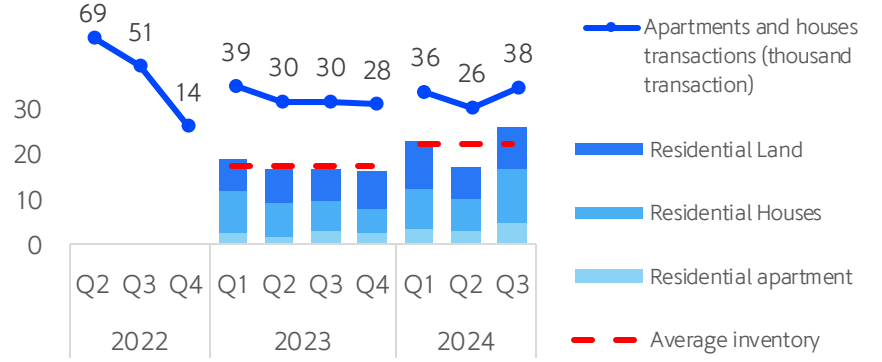
Source: The National Assembly, Vietnam Law, Shinhan Securities Vietnam

2. Internal Strength

Sector progresses in 2024 will continue in 2025, driving the investment

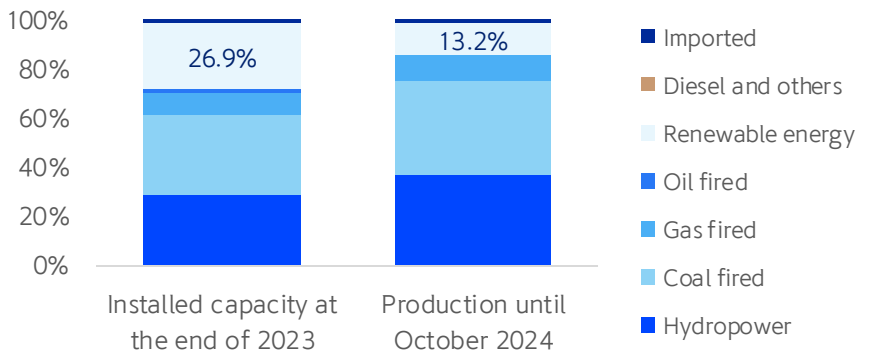
- Thanks to policy amendments, after a struggling year in 2023, the real estate market recovered gradually. The number of transactions related to apartments and houses dropped sharply from 51 thousand transactions in Q3 2022 to only 14 thousand transactions in Q4 2022. Although the number of transactions recovered and went flat in 2023, the number in 2024 gradually improved. By Q3 2024, the number of transactions reached 38 thousand, increasing by 29% YoY. Market liquidity has gradually improved and the market has become more vibrant. Moreover, the inventories also increased. At the end of Q3 2024, the inventory number of apartments grew by 47% YoY. The real estate market will gradually improve in 2025 when the new legal implementation takes place more. It will support the related sectors in 2025 like construction, materials…
- The electricity market also had a pivotal progress when the direct power purchase agreement (DPPA) mechanism was approved. The mechanism would support renewable energy plants to reach customers in need, especially FDI customers. Currenlty, the installed capacity of renewable energy is higher than the production. Allowing renewable energy plants to sell directly to customers will solve the problem of excess renewable energy capacity, while also attracting FDI capital flows from manufacturing companies that set high ESG criteria.

Real Estate Inventory (unit: thousand)



Source: MOC, Shinhan Securities Vietnam

Installed capacity and Production by power type



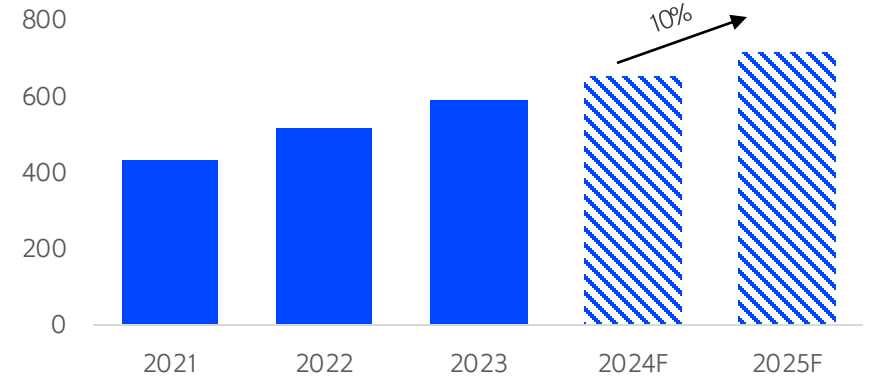
Source: EVN, Shinhan Securities Vietnam

2. Internal Strength

Besides regulatory reforms, fiscal support will also support the domestic demand

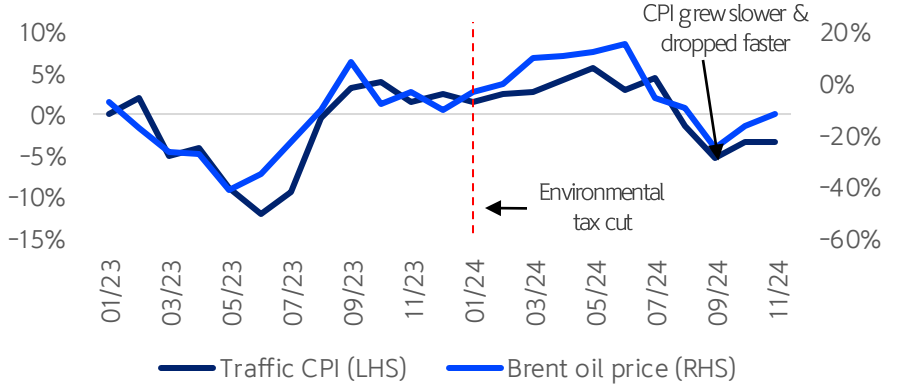
- Fiscal policies will boost the domestic demand. A stronger execution of fiscal stimulus, such as accelerating the disbursement of public investment, will be required. According to GSO, until November 2024, the disbursement of public investment from the State budget is estimated at VND 572 trillion, increasing by 2.4% YoY. Because 2025 is the last year of the 2021-2025 plan for a medium-term investment plan, all ministries and central government agencies will redouble their efforts to follow the public investment plan. We forecasted that with the high determination from the Government, the disbursement will grow by 10% YoY.
- Furthermore, some fiscal policies supporting purchasing power and inflation control will become effective in 2025. For example, the Social Insurance Law 2024 will replace the Social Insurance Law 2014 in 2025. The new law will increase the monthly pension for those under VND 3.5 million. It will increase the fixed nominal incomes of the elderly. Moreover, the Ministry of Finance also proposed extending the 50% environmental tax cut for petroleum in 2025 since applying from January 2024, which is attributable to stabilize the traffic basket in CPI inflation of 2024.

Disbursement of public investment from 2021 to 2025 (VND trillion)



Source: GSO, Media, Shinhan Securities Vietnam

Traffic CPI and global Brent oil price YoY growth



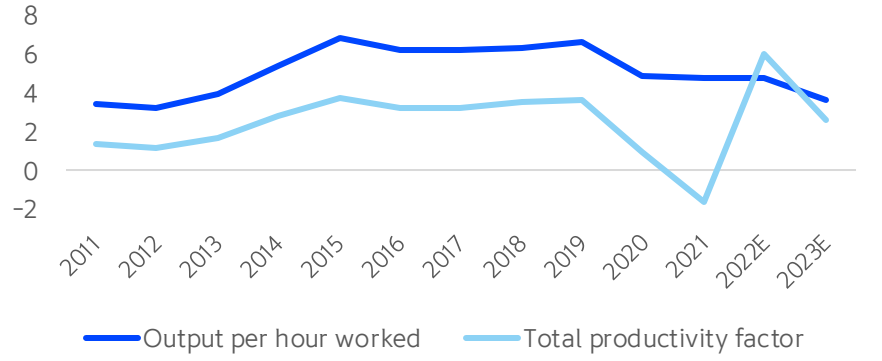
Source: GSO, Bloomberg, Shinhan Securities Vietnam

2. Internal Strength

Technology improvement for increasing productivity is a key for the development in depth

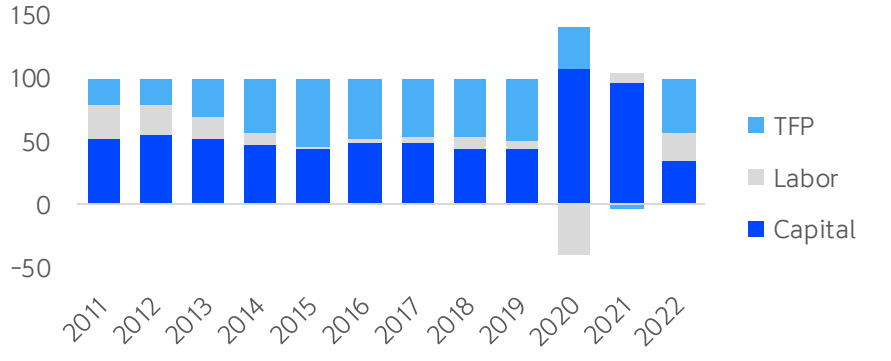
- Output per hour worked in Vietnam declined gradually since 2020. Vietnam's productivity in the last 5 years shows signs of slowing down. For the long-term development plan, Vietnam will need to rely on intensive growth instead of extensive growth. Extensive growth is output quantity growth based on the expansion of input quantity, while intensive growth is growth thanks to inputs being used effectively.
- Total factor productivity (TFP) is the efficiency measure of using fixed assets thanks to the impact of intangible factors such as technological innovation, production optimization, improving labor skills… From the supply side, the modest contribution of the TFP factor shows that Vietnam's growth in recent times has still been carried out according to the extensive growth model, growth is also more inclined towards the capital factor than the labor factor.
- Technology development will be an important key to improving productivity. AI and semiconductor sectors are strategic focuses of Vietnam's development plan. On December 2024, Vietnam Government and Nvidia signed a cooperation agreement to promote R&D in artificial intelligence (AI). It is an important milestone for Vietnam to become a leading AI research and development center in Asia, and also a step to bring AI into economic development.

Output per hour worked and TFP YoY growth (%)



Source: GSO, MOF, SBV, Shinhan Securities Vietnam

Contribution of capital, labor, TFP on GDP growth (%)

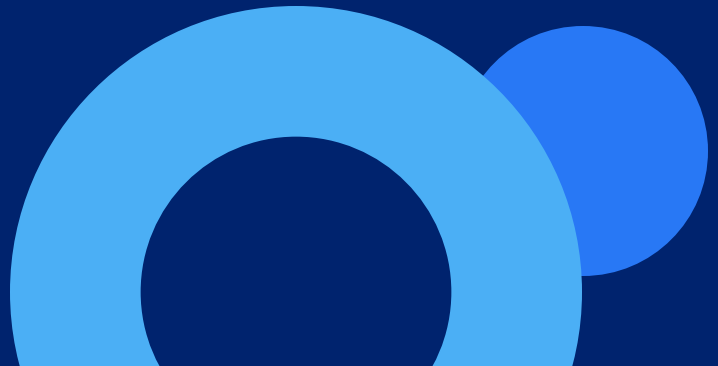


Source: GSO, Shinhan Securities Vietnam

03

Uncertainties from global macroeconomic landscapes

Amid the looming global economic prospects due to the uncertainties surrounding the policies of the incoming Trump administration, SBV will have limited space in the monetary policy.

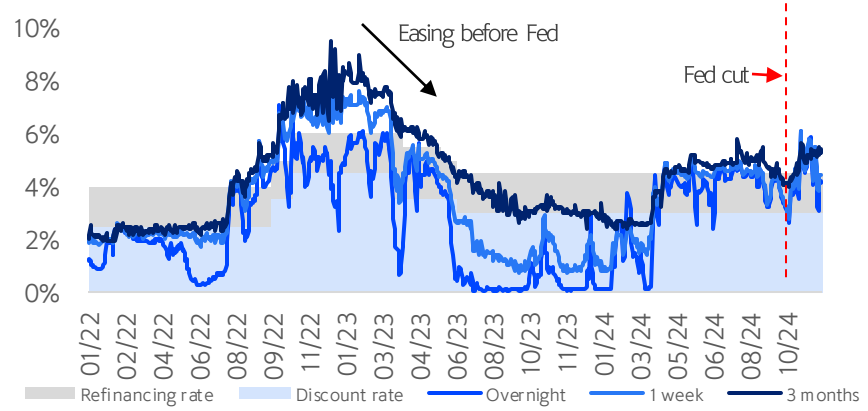


3. Uncertainties from global macroeconomic landscapes

The monetary policy is constrained (1)

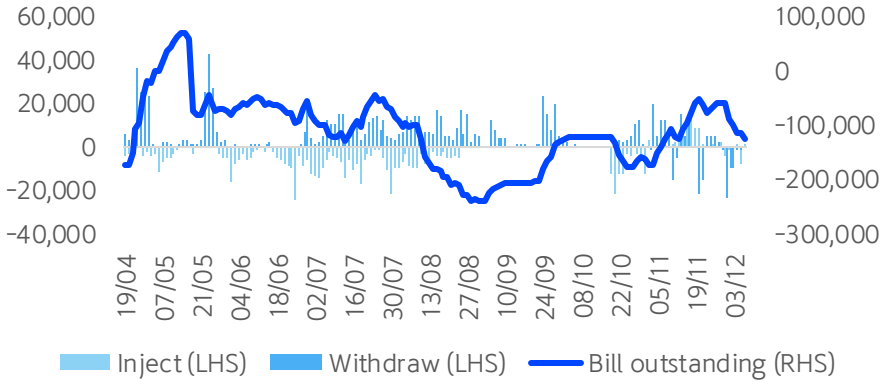
- SBV pursued a flexible monetary policy to facilitate low-cost financing for supporting economic growth in 2023 and early 2024. Interbank interest rate declined gradually from 2023 and maintained at the low level of 0.1% - 3% in Q4 2023 and early 2024. In 2024, the VND/USD increased dramatically 2 times in Q2 and Q4. SBV timely intervened in the foreign exchange rate market and in open market operations.
- In April 2024, VND/USD exchange rate increased by 3.5% YTD. SBV had to increase the interbank rate at the new high level but the the exchange had not cooled down, hovering at the high level in the next 3 consecutive months. SBV withdrew bills in the open market. Then the exchange rate gradually declined and the interbank rate was at the range of 3%-4% until Fed rate cut announcement.
- Similar actions from SBV in November, the exchange rate increased once again. The interbank rate went up to the new range at 4%-5%. The exchange rate continued being high until the end of 2024 and brought the pressure on the monetary policy in 2025.

Interbank rate



Source: Fiinpro, Shinhan Securities Vietnam

Open market operation in 2024 (VND billion)



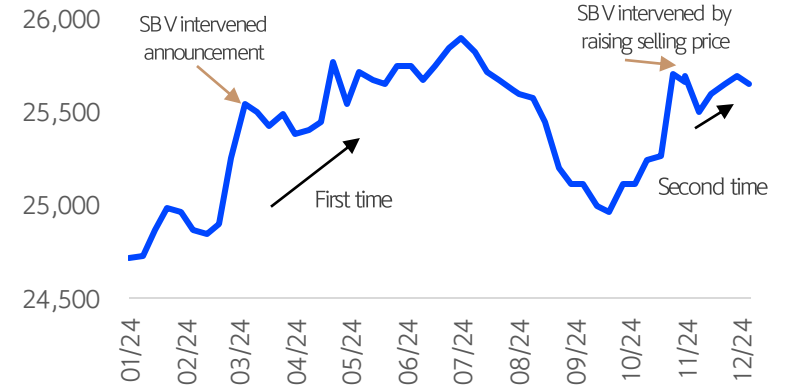
Source: Fiinpro, Shinhan Securities Vietnam

3. Uncertainties from global macroeconomic landscapes

The monetary policy is constrained (2)

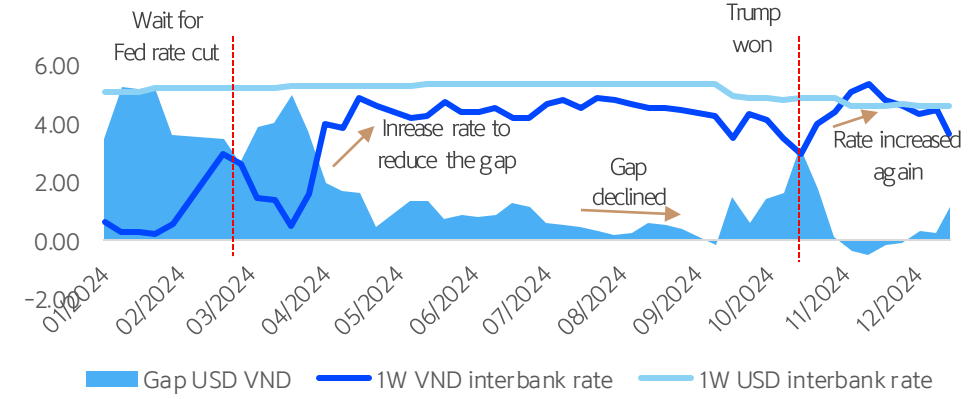
- Both times of the rising exchange rate mainly came from the same reason – the stronger US dollar. US Dollar Index (DXY) reached the high peak at 106 in Q2 and 108 in Q4.
- However, the reasons for the US strength were different each time. In Q2, when investors was expecting a rate cut in early 2024, Fed sent a message that there was no specific time for easing its monetary policy. Otherwise, the rally in Q4 came from the expectation that the US dollar will get stronger when Trump was re-elected. Despite the easing monetary cycle would start from September Fed's rate cut, the concerns over Trump's policies on tariffs and US inflation rattled global investors.
- Although the State Bank of Vietnam (SBV) will continue to pursue an accommodative monetary policy, the policy space will be limited in H1 2025 due to the pressure and heightening risks from the increasing exchange rate. If the exchange rate keeps increasing, it will be difficult for the interest rate to remain low and put pressure on the foreign reserves. The interest rate gap between USD and VND should be within a controlled level by SBV to attract FDI flow and country's trading activities.

Exchange rate



Source: Fiinpro, Shinhan Securities Vietnam

Interest rate gap between USD-VND



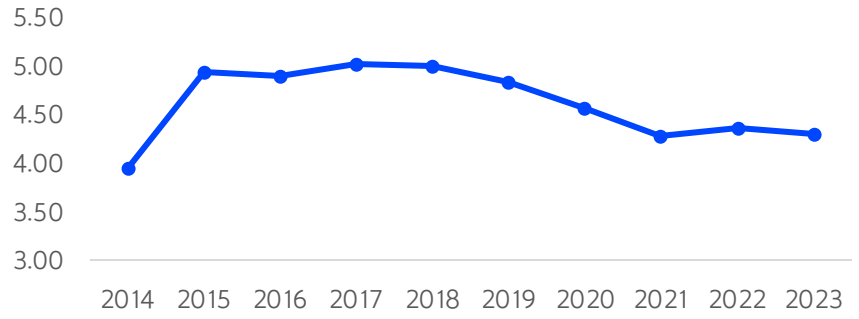
Source: SBV, Fiinpro, Shinhan Securities Vietnam,

3. Uncertainties from global macroeconomic landscapes

The base case is a stable FDI growth, but headwinds have appeared

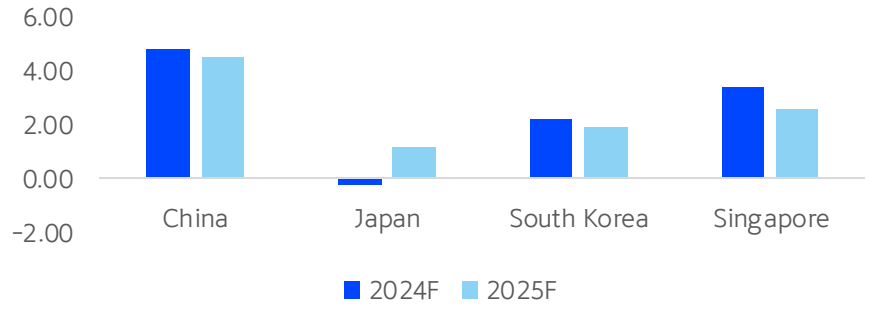
- Although FDI only accounted for around 4% of GDP in the last 10 years, FDI played an important role in technology transfer and raising national competitiveness. Vietnam FDI disbursement has grown around a CAGR of 6% in the 10 years from 2014 to 2023. We expected that the growth will be around this level in 2025.
- The top countries with FDI inflow to Vietnam are China, South Korea, Japan, Singapore… However, headwinds for FDI have appeared. Per consensus, most countries which have high FDI inflow to Vietnam have a slower GDP in 2025F. According to Bloomberg, China's GDP will be 4.8% in 2024F and 4.5% in 2025F. South Korea's GDP will be 2.2% in 2024F and 1.9% in 2025F. With the tariff announcements from the upcoming Trump's administration, China's economy will face a challenging year ahead when Trump suggested an additional 10% on Chinese goods.
- However, if looking into the brighter side, the capital may look for the investment opportunities in stable countries with the attractive yield and supportive policies. Vietnam can be one of them. FDI can continue flowing to Vietnam into the semiconductor AI and related sectors.

FDI, net inflows (% of Vietnam GDP)



Source: World Bank, Shinhan Securities Vietnam

GDP forecast consensus (%)



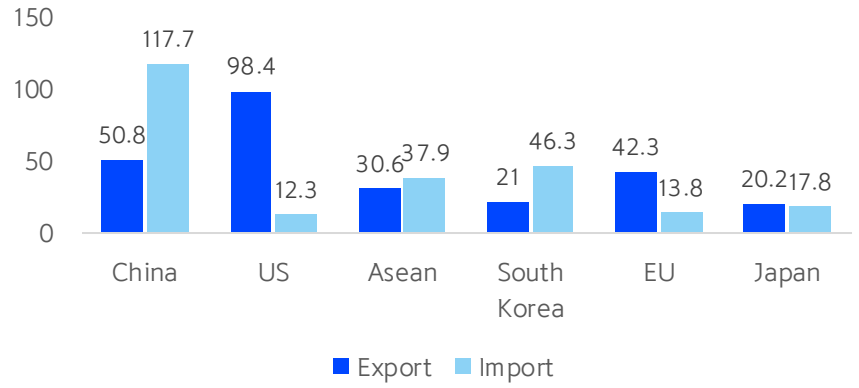
Source: Bloomberg, Shinhan Securities Vietnam

3. Uncertainties from global macroeconomic landscapes

Export will face uncertainties under Trump 2.0

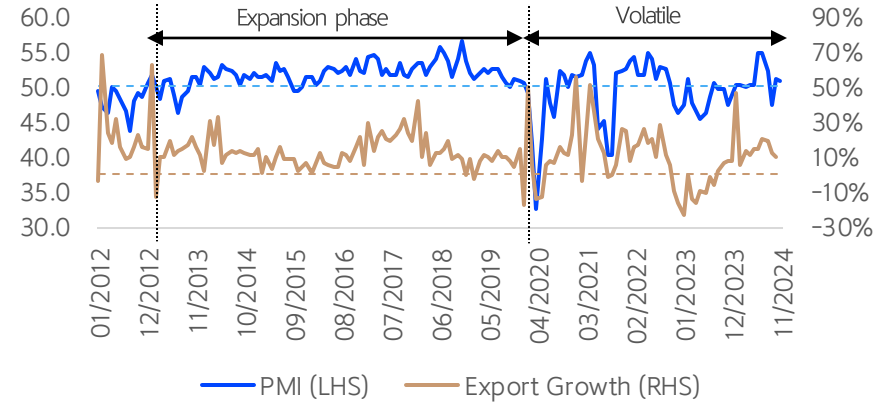
- Vietnam could be impacted by Trump's tariff measures. There is a risk that Trump could implement tariffs on countries having high export value to the US like, Trump suggested enacting a 25% tariff on goods from like Mexico and Canada. While the US is the largest Vietnam export market, China is the largest Vietnam import market. During the first Trump administration, China decreased its export exposure to the US and rerouted goods through other economies – like Vietnam. The export value from Vietnam to the US in 10M2024 was USD 98.4 billion.
- Vietnam exports have also shown some weakening signs after Trump's re-election. PMI could signal export growth in the upcoming months. During the expansion phase, PMI was over 51, during 2013-2020, export growth was always positive. PMI index in November 2024 reached 50.8, going down from 51.2 in October. Weak international demand hindered overall growth. New orders decreased gradually following a slight rise in the previous month, with exports down to the largest extent since July 2023. The export will face uncertainties in 2025. The global manufacturers may wait until Mr.Trump announces his tariff plan, then will action based on that.

Export and import value by countries in 10M2024 (USD bn)



Source: GSO, Shinhan Securities Vietnam

PMI & Export Growth



Source: S&P Global, Shinhan Securities Vietnam

Internal Strength

Section Summary

- 2025 will be an important year for Vietnam economy to transform. Vietnam laid the foundation for the country's long-term development plan by reforms the regulation in 2024. Heading to 2025, Vietnam set an ambitious economic growth target amid uncertainties from global macroeconomic prospects. To achieve that growth, the economy will utilize its internal strengths (domestic consumption and investment), which are supported by fiscal policies and regulatory reforms. We believe that H1 2025, monetary policy will have limited space to support the economy under the upcoming Trump administration. Sectors that benefit from changes in policies, newly amended laws, and fiscal policies will have many opportunities to achieve the remarkable performance.
- From the macroeconomic perspective, in 2025, we put the stock investment opportunities in the context of the country's long-term development plan and the current global economic context. Below is our preliminary analysis of major sectors:
  - Bank – With an irreplaceable role in economic development, the bank sector will always be **an investment for economic development theme**. However, in H1 2025, differentiation will appear in the sector when the whole industry faces risks from asset quality. The bad debt ratio tends to increase. In addition, banks' NIM will have little chance of increasing compared to 2024 because deposit interest rates will remain high. SBV will likely maintain a high interest rate level to keep the USD-VND interest rate gap at a reasonable level. Meanwhile, lending interest rates will have to remain affordable level to support domestic enterprises. Bank with the customer niche in the public investment may have a good H1 when the acceleration of public spending will be required.
  - Real estate – New changes in policy helped the real estate market warm up again. Although large companies are facing difficulties in their key projects, small and medium enterprises have completed their projects and begun selling thanks to the regulatory reforms. In 2025, **the sector outlook will become brighter** when the sentiment has gradually recovered.
  - Technology – Like the bank sector, technology is **an investment for a big theme**. Technology is a key sector in improving the labor productivity of the whole society. Vietnam Government made a milestone in becoming a leading AI research and development center in Asia by signing a cooperation with Nvidia in late 2024.

Internal Strength

Forecast Table

Economic indicators	2021	2022	2023	2024E	2025F
GDP growth (% YoY)	2.6	8.1	5.1	6.8	7.0
CPI (% YoY)	1.8	3.2	3.3	3.7	3.9
IIP (% YoY)	4.7	7.4	1.3	8.5	8.8
Retail (% YoY)	-3.8	21.7	9.3	8.9	9.1
Export growth (% YoY)	18.9	10.6	-4.6	15.1	7.1
Import growth (% YoY)	26.7	8.1	-9.2	17.2	8.5
FDI disbursement (USD billion)	19.7	22.4	23.2	24.8	26.6
Public Investment (VND trillion)	424	512	625	649	714
Credit growth (% YoY)	13.6	14.2	13.8	15.0	15.0
Refinancing central bank rate (%)	4.00	6.00	4.50	4.50	4.50
Exchange rate	23,470	23,715	24,720	25,600	26,200

Source: Shinhan Securities Vietnam

Shinhan Securities

Stock Market Outlook 2025

Conquering challenges



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Content

Stock Market Outlook 2025 – Conquering challenges

1. Stock Market Developments in 2024

- Major events of stock market in 2024
- VNINDEX is currently offering extremely attractive returns and is at its lowest valuation in the past 10 years, yet it has not been able to achieve a breakthrough.
- Margin debt has reached new highs, while trading value and client deposits have declined.
- Foreign investors have increased their net selling since October 2024, which has been well absorbed by individual investors.
- Cash flow is trending toward sectors with strong profit growth potential.

2. Stock Market Outlook 2025

- Positive interest rate differentials are expected to ease the net selling pressure from foreign investors.
- Corporate profit growth is set to drive market expansion. Profit growth in 2025 is projected at around 20%.
- The banking sector is expected to keep growing and contributing significantly to overall profit growth of listed companies in 2025.
- Banking and real estate sectors, currently trading at low valuations, have the potential to attract new investors.
- The strive for an upgrade to FTSE emerging market in September 2025

3. Market scenario

- Base case: VNINDEX aims to reclaim its previous peak of 1,500 points.

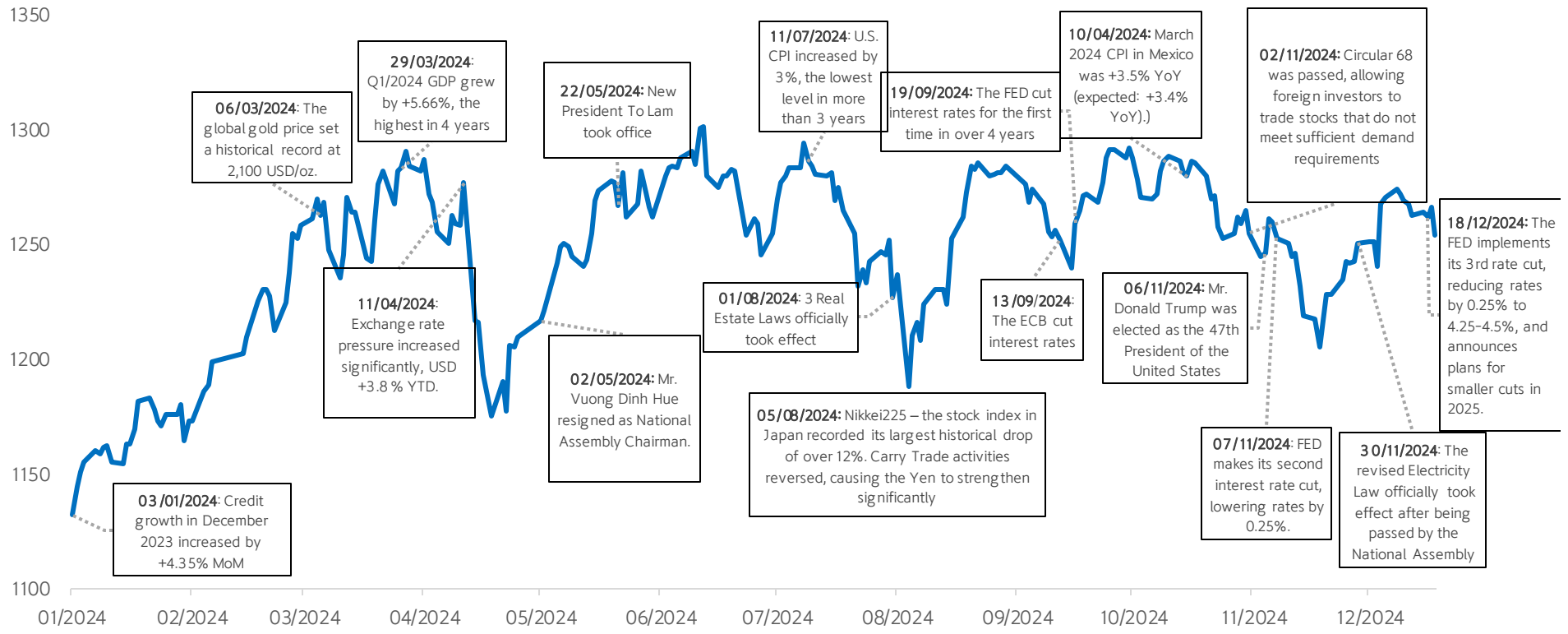
01

Stock Market Developments in 2024

The market in 2024 can be roughly divided into two main phases. In the first phase, VNINDEX began to rise from the 1,130 level, reaching its peak in June 2024 at 1,302 points. In the second phase, the market has been trading within the 1,200–1,300 range up to the present. This phase has also seen a sharp decline in liquidity, an increase in net selling by foreign investors, and a continuous rise in margin debt to new highs. On the brighter side, VNINDEX could offer extremely attractive returns, is trading at low valuations, and the profit growth of listed companies has remained strong this year.



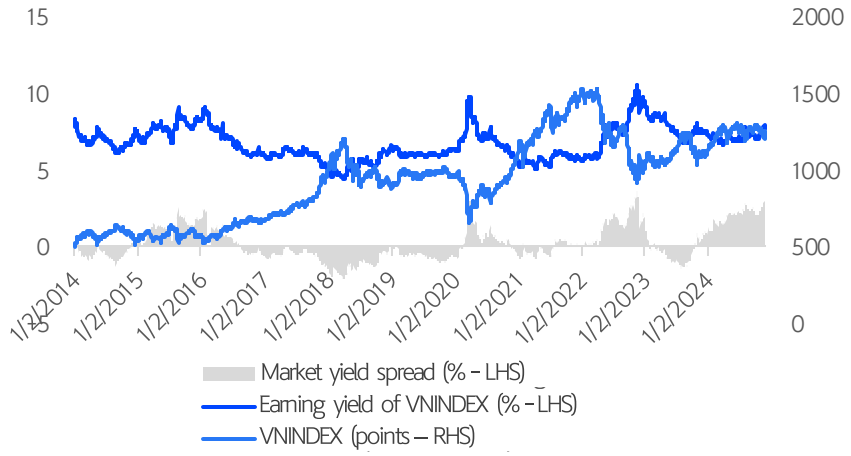
Major events of stock market in 2024



Source: Bloomberg, Shinhan Securities VietNam
Data as of 02/12/2024

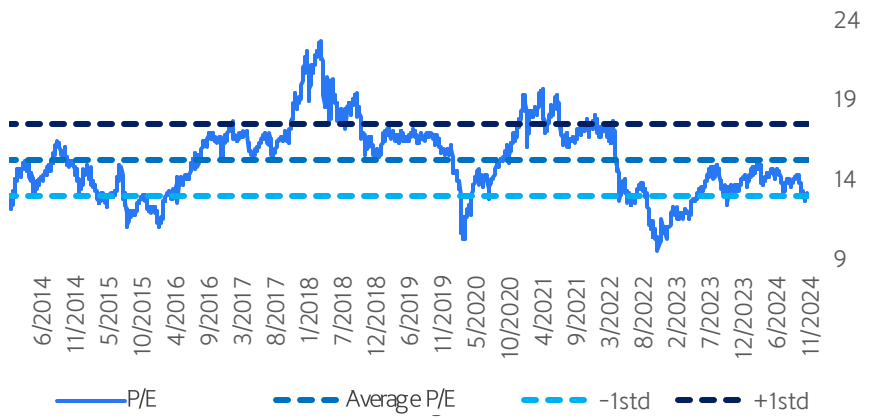
VNINDEX is showing extremely attractive returns over the past 10 years, but it has yet to achieve a breakthrough

The market yield spread has reached a 10-year peak



Source: Fiinpro, Bloomberg, Shinhan Securities Vietnam
Market yield spread = Earning yield of VNINDEX (E/P) – The highest of deposit interest rate 6M -12M
Data as of 28/11/2024

The market is currently trading at a P/E ratio of 13x, lower than the 10-year average P/E of 15x

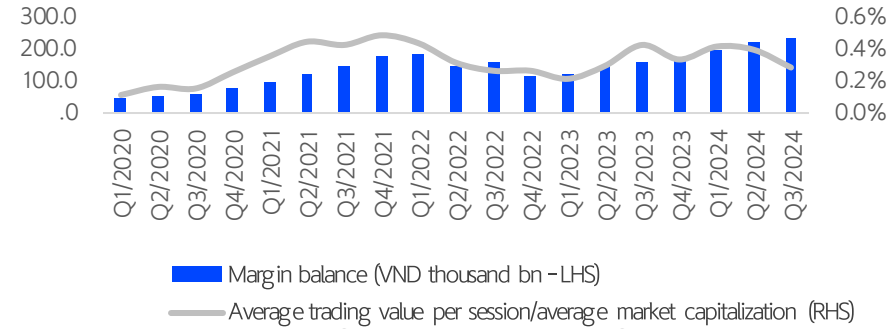


Source: Fiinpro, Shinhan Securities Vietnam
Data as of 28/11/2024

- **The spread of VNINDEX earnings yield (E/P) and deposit interest rates is currently at its highest level in the past 10 years, indicating the attractiveness of the stock investment channel**. Based on data from the past 10 years, all three instances where the market return spread exceeded 2% coincided with VNINDEX trading at its bottom and subsequently returning to an upward trend (2015, 2020, and 2023). We see the similarity between 2024 and the period 2015-2016 when the spread remained above 2% for an extended period, the index had not yet broken out. However, by 2017, the market witnessed one of the strongest rallies in history, we expect a similar strong upward momentum to occur in the near future.

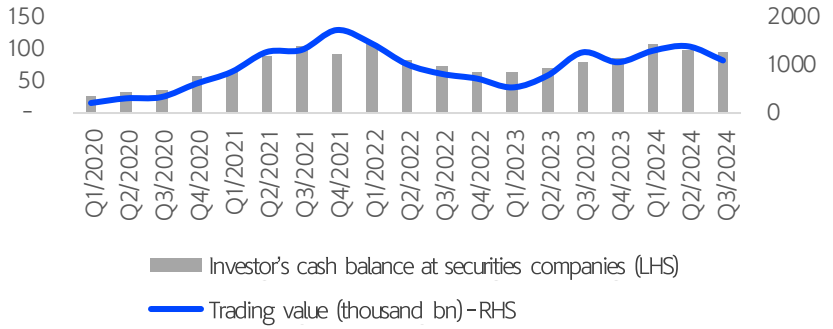
Margin balances has surpassed previous peaks, but lending capacity remained ample thanks to the capital increases of securities companies

Margin lending balances have continuously increased, but the trading value-to-market capitalization ratio has shown a downward trend.



Source: Fiinpro, Shinhan Securities Vietnam

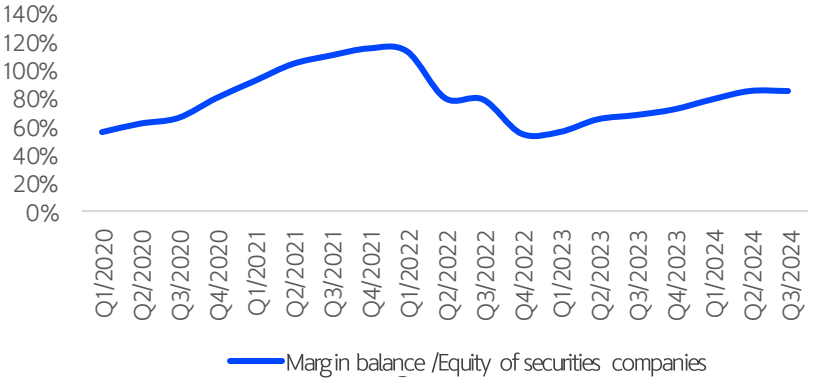
Trading value and client deposits showed a downward trend (VND thousand billion)



Source: Fiinpro, Shinhan Securities Vietnam

- **Margin lending has continuously increased across quarters, surpassing previous peaks**. However, the ratio of trading value to market capitalization has been declining, indicating that margin borrowing might not be driven by high-frequency individual traders, especially in a sideways market. Additionally, client deposits at securities companies have been trending downward over the past two quarters, further suggesting that investors were withdrawing funds from the stock market.
- **On a positive side, securities companies still have significant margin lending capacity, as reflected by the margin balance-to-equity ratio remaining low.** This is due to the strong capital increases by securities firms since 2022. With ample lending capacity and the potential for market upgrades, securities companies can fully support prefunding activities to accommodate foreign capital inflows in 2025.

Securities companies still have significant lending capacity



Source: Fiinpro, Shinhan Securities Vietnam

Cash flow trends to go into sectors with strong profit growth

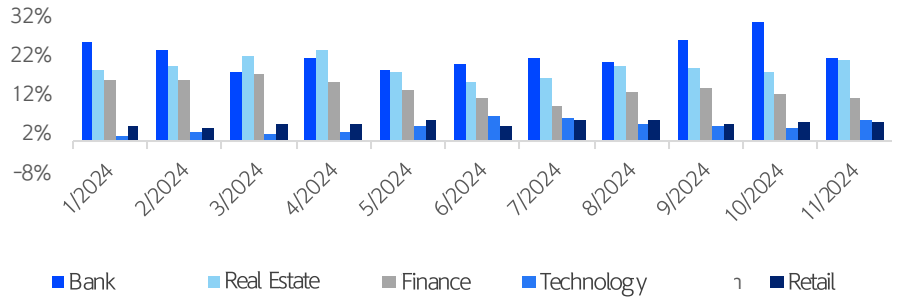
- **Trading value peaked in June 2024 and then declined sharply towards the end of the year in most sectors. However, cash flow continued to go into sectors with strong profit growth.**
- Sectors that attracted significant cash flow and high investment ratios from the beginning of the year also recorded strong business performance, such as information technology, retail, industrial goods and services, tourism and entertainment, and chemicals.
- Sectors that experienced a sharp decline in cash flow and low investment ratios also recorded declining business performance, such as oil and gas, healthcare, and automobiles & parts.

Average daily trading value by month (bn VND)

	1/2024	2/2024	3/2024	4/2024	5/2024	6/2024	7/2024	8/2024	9/2024	10/2024	11/2024
Banks	3,687	4,339	4,301	4,110	3,417	3,861	3,183	2,934	3,497	4,301	2,683
Real Estate	2,695	3,565	5,299	4,478	3,347	2,914	2,436	2,829	2,561	2,479	2,601
Financial Services	2,314	2,900	4,224	2,877	2,417	2,160	1,344	1,826	1,824	1,722	1,348
Food & Beverage	1,049	1,524	2,061	1,516	1,863	1,694	1,236	1,436	1,051	1,195	1,044
Basic Resources	1,301	1,370	1,660	1,114	1,308	1,474	1,023	959	928	865	766
Chemicals	513	939	1,143	789	1,135	1,308	1,020	806	724	572	594
Retail	544	633	1,030	873	970	733	836	784	608	721	613
Technology	213	395	431	438	726	1,295	897	628	537	469	690
Construction & Materials	947	1,254	1,515	938	873	907	600	550	530	516	575
Industrial Goods & Services	713	879	1,442	1,090	1,361	1,600	1,069	708	476	551	799
Utilities	179	219	288	239	360	496	373	321	218	171	216
Personal & Household Goods	160	184	347	253	346	371	312	329	203	148	150
Oil & Gas	132	215	292	241	277	212	190	201	166	155	112
Travel & Leisure	87	87	104	177	269	294	262	155	119	140	180
Health Care	17	22	31	23	36	59	77	42	54	48	34
Automobiles & Parts	65	81	99	88	117	134	100	60	42	56	54
Insurance	26	34	43	22	64	78	63	39	29	23	21
Media	10	16	20	9	13	15	20	8	7	16	25

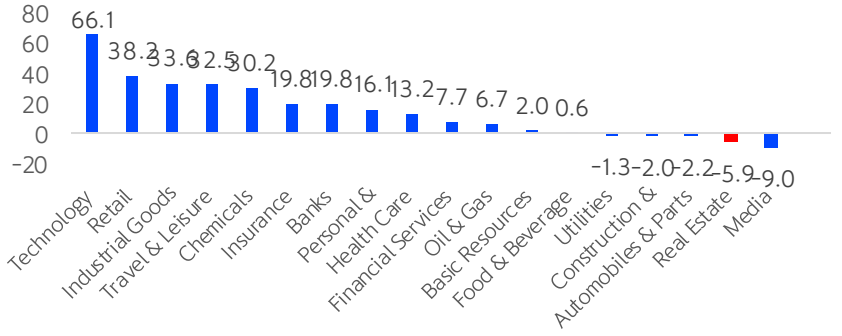
Source: Bloomberg, Shinhan Securities Vietnam
Data as of 28/11/2024

Average trading value proportion per session for selected sectors (%)



Source: Bloomberg, Shinhan Securities Vietnam
Data as of 28/11/2024

Investment performance by sector YTD (%)



Source: Bloomberg, Shinhan Securities Vietnam

1. Stock Market Developments 2024

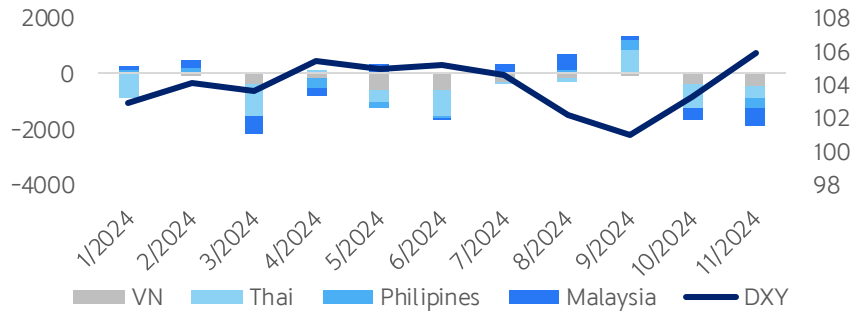
Foreign investors have increased their net selling from October 2024 in several SEA countries

Net equity flows by country (million USD)

	WTD	MTD	QTD	YTD
China*	n.a	96,396	70,179	52,200
India	71	2,981	-10,128	906
Indonesia	24	91	-1,691	1,558
Japan*	-4,058	-1,834	14,776	8,775
Maylaysia	-48	-219	-1,330	-524
Philippines	12	-20	-347	-325
S.Korea	201	43	-6,563	3,999
Sri Lanka	0	-3	-15	-34
Taiwan	-651	1,965	-4,950	-18,291
Thailand	-115	-155	-1,399	-3,979
Vietnam	-24	-31	-895	-3,120

Source: Bloomberg, Shinhan Securities Vietnam;
*China: Data lagged for 1 quarter, Japan: Data lagged for 1 week
Data as of 02/12/2024

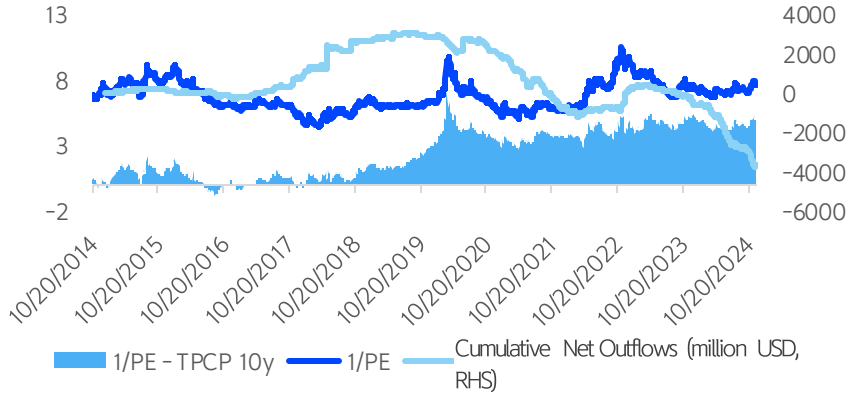
Net monthly flows in countries (million USD)



Source: Bloomberg, Shinhan Securities Vietnam
Data as of 02/12/2024

- **Net equity investment flows in Southeast Asian countries tend to fluctuate with the strength of the USD and the exchange rates of those nations.** In 1H2024, the DXY index increased by approximately 5% and reached a peak of 106. This period also saw foreign investors consistently increasing their net selling activities in many Southeast Asian countries.
- Subsequently, the DXY cooled off until early October, when the U.S. presidential election caused the DXY to surge, at times reaching 107–108 (the highest level in the past two years), leading to a renewed trend of increased net selling by foreign investors. The Vietnamese market seems less attractive and riskier (reflected by a higher risk premium) to foreign investors in the post-Covid period. This is evident in the trend of net capital outflows and a shift toward other asset classes.

The market is trading with a higher risk premium post-2020 (Covid period)



Source: Bloomberg, Fiinpro, Shinhan Securities Vietnam
Risk premium = Earning yield of VNINDEX (E/P) - Vietnam government bond 10 years
Data as of 02/12/2024

Foreign investors' strong net selling was well absorbed by individual investors' inflows

Net buying/selling by sector and investors year-to-date (bn VND)

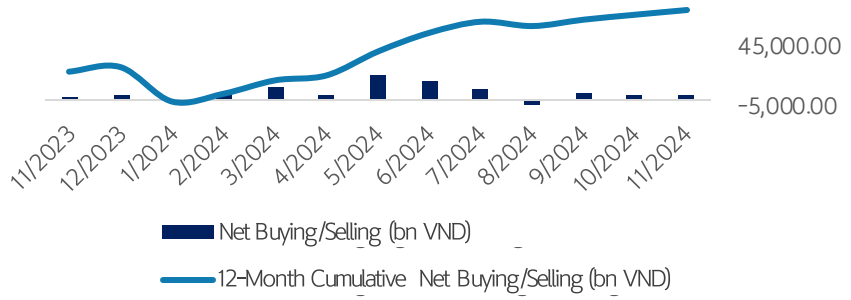
ICB Industry Level 2	Proprietary trading (VND bn)	Foreign (VND bn)	Local Individual (VND bn)	Local Institutions (VND bn)
Real Estate	-564	-27,414	18,408	9,007
Basic Resources	566	-6,650	7,757	-1,107
Media	0	78	-54	-24
Industrial Goods & Services	-169	-197	-1,331	1,528
Health care	153	305	-519	214
Chemicals	321	-1,488	1,447	41
Financial Services	11,126	-15,335	4,159	11,177
Travel & Leisure	48	-2,071	1,864	207
Banks	-960	-18,079	23,493	-5,414
Construction & Materials	725	-650	1,592	-942
Food and Beverage	357	-9,001	7,261	1,740
Retail	-779	1,680	-2,899	1,218
Utilities	469	-2,181	2,063	118
Personal & Household Goods	-848	346	-694	349
Technology	-1,301	-6,407	11,156	-4,750
Automobiles & Parts	-53	291	-318	27
Insurance	-37	96	-159	63
Oil & Gas	11	-1,804	1,829	-25
Total	9,065	-88,482	75,056	13,427

Source: Fiinpro, Shinhan Securities Vietnam

The put-through transaction value is not included

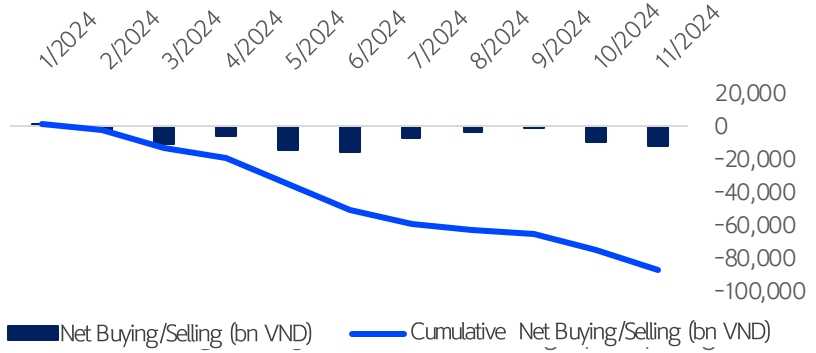
Data as of 28/11/2024

Net Buying/selling activity of individual investors YTD



Source: Fiinpro, Shinhan Securities Vietnam; Data updated as of 28/11/2024

Net Buying/Selling activity of foreign investors YTD

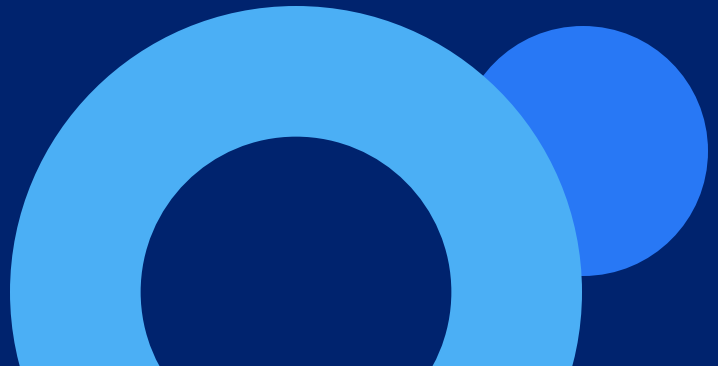


Source: Fiinpro, Shinhan Securities Vietnam
Data updated as of 28/11/2024

Stock market outlook 2025

02

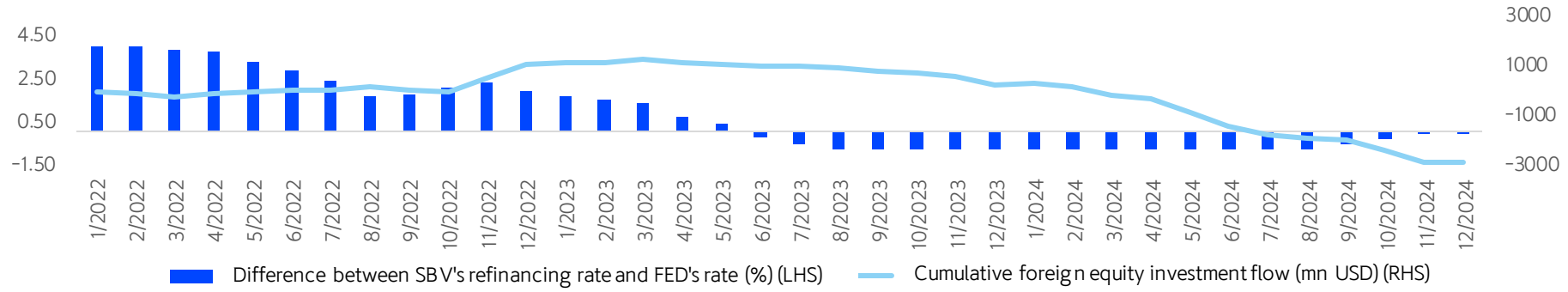
Amid the unpredictable landscape and ongoing risks in 2025, we believe the VNINDEX still has a sufficient momentum to reach the 1,500-point level, supported by the solid foundation of the domestic economy and the profit growth momentum of listed companies. Specifically, in 9M2024, listed companies achieved a profit growth of +15% YoY, in line with our forecasts. In 2025, we expect profit growth to reach a higher level of around 20%. Additionally, we anticipate that the FTSE market upgrade, expected in September 2025, will serve as a strong catalyst to boost trading liquidity, thereby driving the index toward its target level.



2. Stock market outlook 2025

Expectations of a return to positive interest rate gap will reduce foreign selling pressure

Negative interest rate gap contributed to the foreign capital withdrawal from Vietnam's stock market in 2024

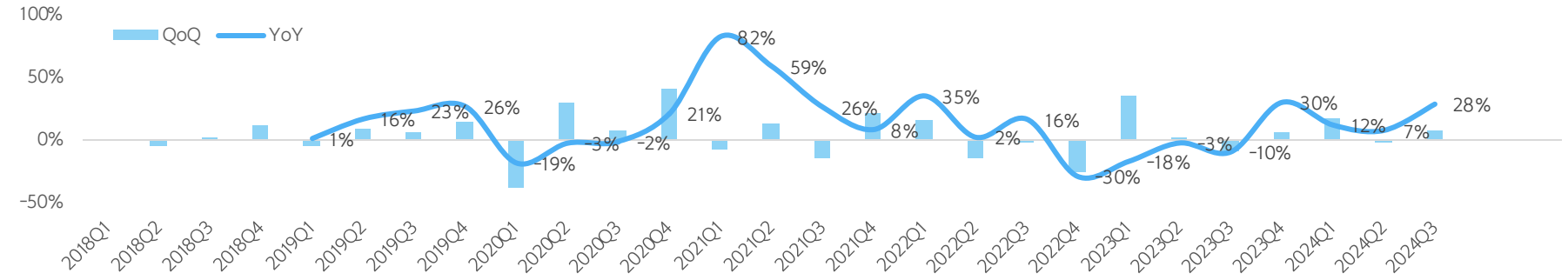


Source: Bloomberg, Shinhan Securities Vietnam, data as of 02/12/2024

- **Expectations that the Fed will cut interest rates several times in 2025 will help restore the positive interest rate gap, thereby partially reduce foreign selling pressure.** In 2024, the Fed cut interest rates three times from 5.25–5.5% to 4.25–4.5%, while the SBV's refinancing rate remained stable at 4.5%. We observed that the pace of foreign investors' net selling began to slow down after the FED implemented its first rate cut in recent four years in September 2024, reducing rates by 50 basis points. Previously, net selling ranged around 400–500 million USD/month, but it has now dropped to 100 million USD/month in August and September. Although net selling resumed in October and November, this was likely driven by short-term sentiment following Donald Trump's re-election as president. With expectations that the FED may cut rates two more times, from 4.5% to 4.0% in 2025 (-0.25% for each rate cut), and that the SBV's refinancing rate is unlikely to decrease further, a positive interest rate differential of at least 0.5% will partially encourage foreign investors to reduce their net selling pressure.

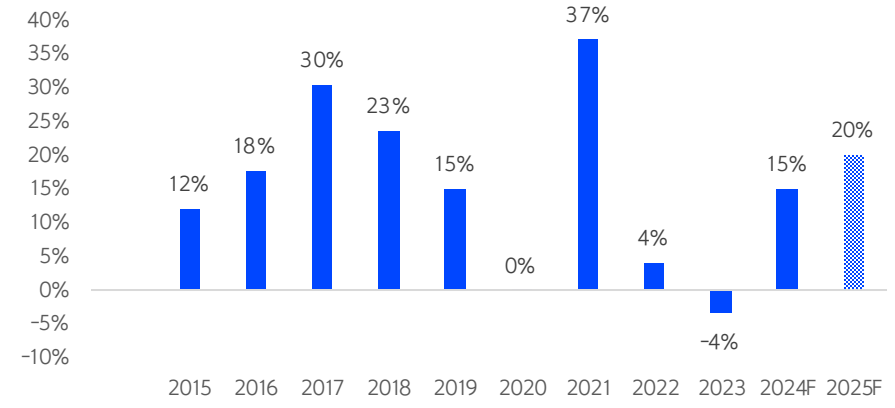
The market's overall profits continue to rise and are projected to grow by 20% in 2025

Quarterly earning growth of listed companies on HSX



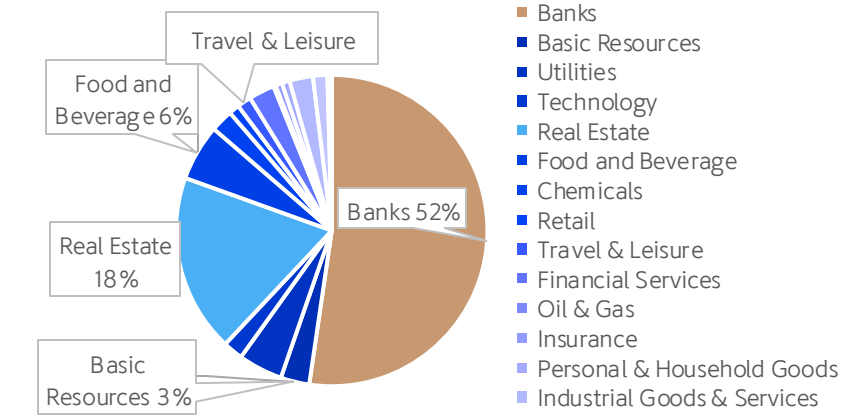
Source: FiinPro, Shinhan Securities Vietnam

Yearly earning growth of listed companies on HSX



Source: FiinPro, Shinhan Securities Vietnam

Earning structure in HSX by industries level 2 (2024Q3)



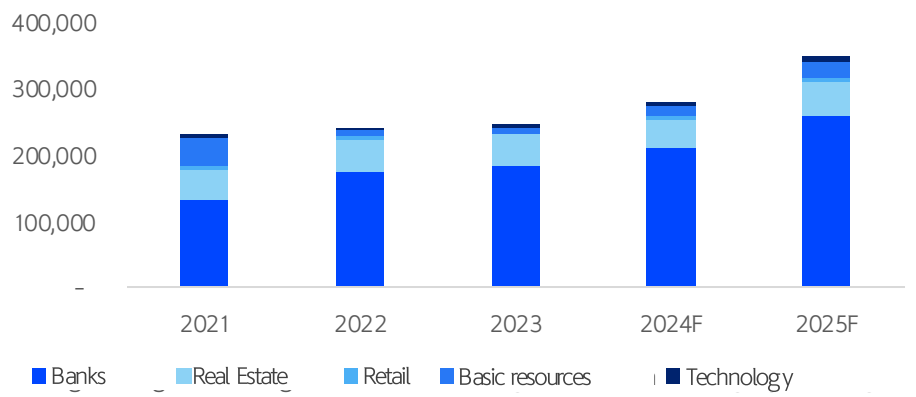
Source: FiinPro, Shinhan Securities Vietnam

2. Stock market outlook 2025

The banking sector is expected to continue to be the main contributor to overall profit growth among listed companies

- **Overall, in 9M2024, the banking sector served as the main driver supporting the market's recovery. Additionally, the retail, basic resources, and media sectors showed strong growth from a low base.** Several sectors also benefited from positive growth for the year, such as Travel & Leisure and Technology.
- In Q3/2024, the real estate sector recorded a very strong profit growth (+48% YoY), primarily driven by VIC and NVL, which reported impressive profits compared to the low base of the same period last year and the previous quarter. Meanwhile, VHM saw a profit decline of -26% YoY and -28% QoQ. Additionally, the industrial real estate sector achieved good growth.
- In 2025, with an expected market-wide profit growth of 20%, the following sectors are projected to outperform the market: Basic resources (+57%); Retail (+47%); Technology (+24%); and Banking (+23%).

NPAT-MI forecast for 2025F across some key sectors



Source: Fiinpro, Bloomberg, Shinhan Securities Vietnam
Data updated by the top 100 largest market capitalization companies representing the market

NPAT-MI growth of sectors (QoQ)

	Q1/2023	Q2/2023	Q3/2023	Q4/2023	Q1/2024	Q2/2024	Q3/2024
Banks	21%	-4%	-5%	12%	7%	4%	-6%
Real Estate	45%	-0%	-11%	-35%	31%	-59%	320%
Food and Beverage	96%	73%	-17%	-17%	11%	28%	6%
Utilities	-4%	-11%	-49%	60%	-42%	40%	10%
Chemicals	-49%	-29%	7%	76%	-26%	34%	-21%
Basic Resources	121%	81%	74%	9%	30%	5%	-21%
Financial Services	690%	62%	0%	-11%	31%	-7%	-3%
Technology	7%	7%	13%	3%	-1%	9%	7%
Industrial Goods & Services	-14%	92%	-44%	-11%	24%	34%	-23%
Travel & Leisure	106%	-496%	N/A	N/A	303%	-71%	4%
Construction & Materials	355%	172%	-3%	37%	2%	10%	-20%
Retail	-81%	-133%	-503%	-26%	560%	23%	-16%
Oil & Gas	-44%	42%	-9%	-6%	47%	9%	-82%
Personal & Household Goods	10%	-29%	-23%	85%	7%	-16%	-22%
Insurance	31%	-6%	-4%	-3%	29%	-11%	-11%
Health Care	6%	-5%	-23%	23%	-15%	-1%	-19%
Automobiles & Parts	-64%	16%	26%	97%	-27%	2%	-64%
Media	-73%	105%	-64%	392%	-50%	41%	11%
HSX	35%	1%	-10%	5%	17%	-3%	0%

Source: Fiinpro, Shinhan Securities Vietnam

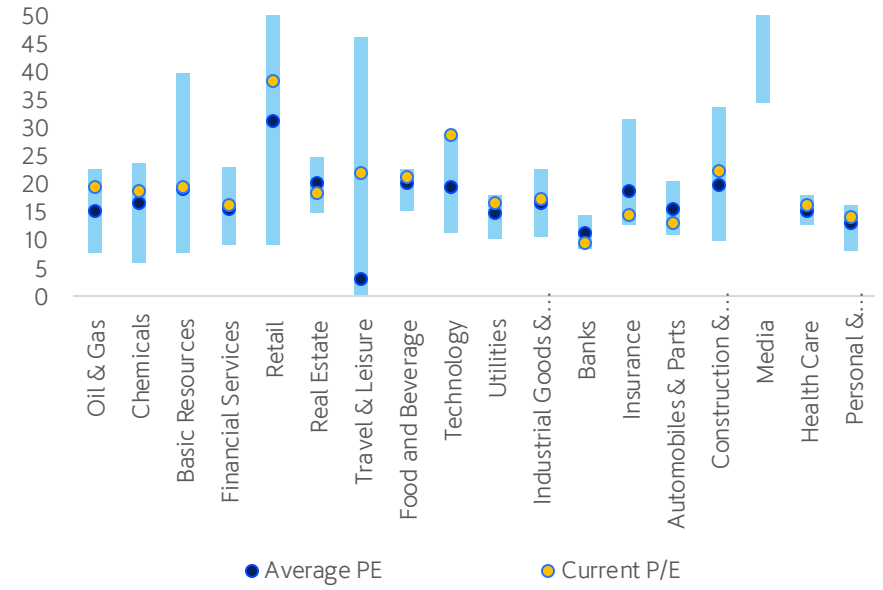
NPAT-MI growth of sectors (YoY)

	Q2/2023	Q3/2023	Q4/2023	Q1/2024	Q2/2024	Q3/2024	9M2024
Banks	2%	-1%	24%	10%	19%	17%	15%
Real Estate	51%	-39%	-24%	-31%	-69%	48%	-21%
Food and Beverage	-19%	-21%	133%	32%	-2%	26%	16%
Utilities	-24%	-49%	-30%	-58%	-30%	63%	-24%
Chemicals	-71%	-60%	-32%	-2%	86%	37%	36%
Basic Resources	-69%	195%	171%	347%	159%	17%	116%
Financial Services	98%	155%	1042%	89%	9%	6%	26%
Technology	9%	18%	33%	23%	25%	18%	22%
Industrial Goods & Services	37%	-20%	-17%	19%	-16%	14%	1%
Travel & Leisure	N/A	16%	63%	1577%	224%	179%	-385%
Construction & Materials	-27%	3%	1536%	266%	48%	9%	66%
Retail	N/A	-82%	-81%	554%	2536%	408%	967%
Oil & Gas	1026%	1263%	-32%	80%	38%	-72%	11%
Personal & Household Goods	-37%	-38%	19%	8%	28%	30%	20%
Insurance	41%	23%	15%	13%	7%	-1%	7%
Health Care	11%	-19%	-5%	-24%	-20%	-16%	-20%
Automobiles & Parts	-64%	-46%	4%	110%	85%	-47%	39%
Media	-38%	-72%	38%	152%	25%	286%	106%
HSX	-3%	-10%	30%	12%	7%	28%	15%

Source: Fiinpro, Shinhan Securities Vietnam
N/A: At the time of calculation, certain profits were negative; profits in the Travel & Leisure sector turned positive from Q2-Q4/2023.

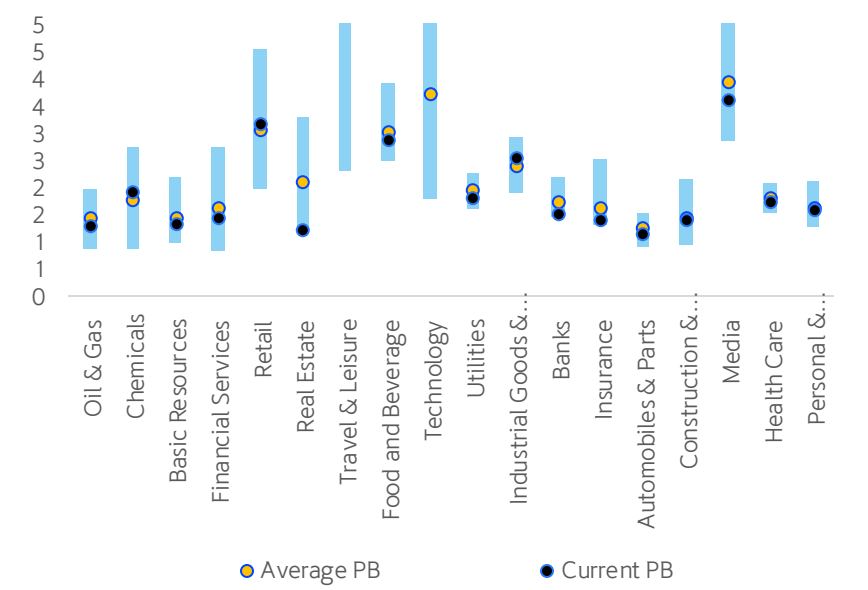
The banking and real estate sectors are currently trading at low valuations, presenting an opportunity to attract new investment capital

P/E valuation from 2018 to Q3/2024 by level 2 sectors



Source: Fiinpro, Shinhan Securities Vietnam;
Data as of 02/12/2024

P/B valuation from 2018 to Q3/2024 by level 2 sectors



Source: Fiinpro, Shinhan Securities Vietnam

2. Stock market outlook 2025

The prospects for an upgrade to Emerging Market status are becoming clearer as the solutions are being implemented

2023 | 2024 | 2025 | 2026

Improvements needed

- X Foreign ownership limit level
- X Foreign room level
- X Equal rights to foreign investors
- X Foreign exchange market liberalization level
- X Information flow
- X Clearing and Settlement (no overdraft facilities/pre-funding of trades required)
- X Transferability
- X Stock lending
- X Short-selling

Solutions

- ✓ Through Circular 68/2024/TT-BTC, amendments were made to relevant circulars regarding foreign investors' margin solutions and the disclosure of information in English.
- ✓ Through the amended Law on Securities, stricter regulations were introduced for the operation of the Central Counterparty Clearing (CCP) system: allowing commercial banks and branches of foreign banks to act as clearing counterparties for underlying securities; permitting VSDC to establish subsidiaries to implement CCP operations; and setting a deadline for the implementation of CCP no later than December 31, 2027.

Upgrade to FTSE Emerging Market

- ✓ FTSE requires at least six months to consult investors regarding the non-prefunding solution, starting from its effective date on November 2, 2024. Therefore, September 2025 is the most feasible scenario for the expectation of FTSE upgrading Vietnam's market to Secondary Emerging Market status.
- ✓ Continuing to address issues such as foreign ownership limits, foreign investor quotas, and the operation of the CCP system.
- ✓ KRX is expected to be launched

Upgrade to MSCI Emerging Market

- ✓ Smooth implementation of the proposed solutions and positive feedback from market participants will help Vietnam's market be upgraded to Emerging Market.
- ✓ Once upgraded, Vietnam's market is expected to have a weighting of approximately 0.7%–1.2% in the Emerging Market Index, potentially attracting $4–7 billion from passive investment funds (ETFs, index-tracking mutual funds, etc.) and active funds focused on emerging markets.
- ✓ Historical data indicates that stock markets typically experience significant growth in the two years leading up to an official upgrade.

Vietnam Market Weight & Attracted Investment Capital

The weighting of each market in the Emerging Markets Index is typically determined by the proportion of each market's free-float-adjusted market capitalization relative to the total market capitalization of the index. According to the latest MSCI update on November 29, 2024, the Emerging Markets Index has a total market capitalization of $7,688 billion, while Vietnam's free-float-adjusted market capitalization stands at $31.43 billion, equivalent to 0.41% of the total after being added.

To be upgraded by MSCI, Vietnam must implement several measures to reduce foreign ownership limits, thereby increasing free-float-adjusted market capitalization. Solutions such as non-voting depository receipts (NVDRs) and easing foreign ownership restrictions in various sectors are essential. Based on these efforts, we estimate that Vietnam, upon being upgraded, could achieve a weighting of 0.7%–1.2% in the Emerging Markets Index.

According to data published by MSCI, FTSE Russell, and Bloomberg, SSV estimates that investment inflows into Vietnam could reach approximately $4–7 billion, driven by passive funds (ETFs, index-tracking mutual funds, etc.) and active funds focusing on emerging markets.

Market Index	Free-float-adjusted MarketCap (bil. USD)	Weight in Emerging Markets Index
MSCI China Index	2,075	26.99%
MSCI India Index	1,532	19.93%
MSCI Taiwan Index	1,451	18.88%
MSCI Korea Index	748	9.73%
MSCI Brazil Index	346	4.50%
MSCI Vietnam Index	31	*0.41%
MSCI Emerging Markets Index	**7,688**	**100.00%**

Source: MSCI, Shinhan Securities Vietnam

SSV estimates

Stocks Benefiting from Market Upgrade

According to event statistics, when a market is upgraded, the overall market index of that market tends to increase by an average of 23.2% during the period between the announcement and the effective date. However, the impact on individual stocks is less predictable. Based on our analysis, two groups of stocks are expected to benefit the most from the market upgrade:

1. Stocks that meet the criteria for inclusion in the Emerging Markets Index, thereby attracting the majority of foreign investment.
2. Securities sector stocks, particularly companies with strengths in institutional client brokerage, as this group is likely to see significant increases in transaction fees from new capital entering the market.

For Group (1), notable companies include: Hoa Phat Group JSC (HPG), VINHOMES JSC (VHM), Joint Stock Commercial Bank for Foreign Trade of Vietnam (VCB), MaSan Group JSC (MSN) and Vietnam Dairy Products JSC (VNM). For Group (2), three securities companies currently dominating the institutional client brokerage market are: SSI Securities Corporation (SSI), Ho Chi Minh City Securities Corporation (HCM), and Vietcap Securities JSC (VCI).

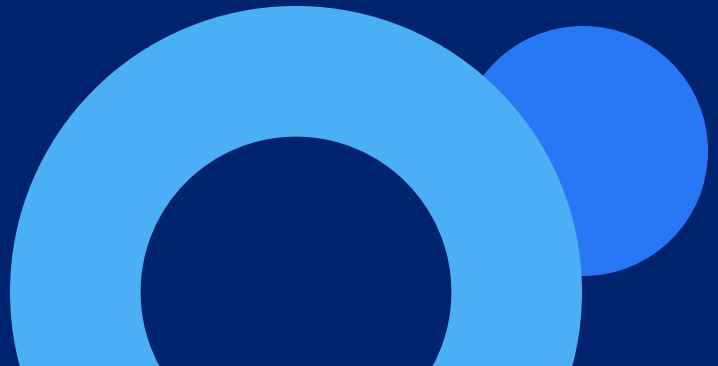
Company (Stock ticker)	Free-float-adjusted MarketCap (bil. USD)	Weight in MSCI Vietnam Index
Hoa Phat Group JSC (HPG)	3.31	10.52%
VINHOMES JSC (VHM)	2.45	7.80%
JS Commercial Bank for Foreign Trade of Vietnam (VCB)	2.06	6.55%
MaSan Group JSC (MSN)	1.87	5.95%
Vietnam Dairy Products JSC (VNM)	1.86	5.93%
Vingroup JSC (VIC)	1.83	5.83%
SSI Securities Corporation (SSI)	1.33	4.24%
Vietnam Prosperity Joint Stock Commercial Bank (VPB)	0.90	2.86%
Duc Giang Chemicals Group JSC (DGC)	0.80	2.56%
Vincom Retail JSC (VRE)	0.66	2.09%
Total	**17.08**	**54.33%**

Source: MSCI, Shinhan Securities Vietnam

Market scenario

03

- Base Scenario: The VNINDEX is expected to head toward the 1,500 point level. The VNINDEX is anticipated to break out strongly and move toward a more reasonable valuation range. The primary driver comes from profit growth of listed companies in 2025. Additionally, the catalyst of a potential market upgrade will help the index reach its target level more easily.
- Negative scenario: the VNINDEX could trade in the 1,200–1,285 range. This would be due to worsening risk factors, primarily stemming from Trump's policies. Moreover, market sentiment could turn less optimistic if the market does not achieve an upgrade in 2025.



Selecting an appropriate P/E level and forecasting the VNINDEX

P/E based on earnings yield Spread (E/P) and the highest deposit interest rates 6M-12M

The spread of earnings yield (E/P) and the highest deposit interest rates 6M-12M

The highest deposit interest rate 6M-12M	2.1%	2.3%	2.6%	2.9%
4.8%	14.5	14.1	13.5	13.0
5.0%	14.1	13.7	13.2	12.7
5.3%	13.5	13.2	12.7	12.2
5.6%	13.0	12.7	12.2	11.8
5.9%	12.5	12.2	11.8	11.4

Source: Fiinpro, Bloomberg, Shinhan Securities Vietnam
Data as of 28/11/2024

VNINDEX based on P/E and forecasted corporate profit growth

Forecasted profit growth for 2025F

Earnings yield (E/P)	P/E	18%	20%	22%
9.3%	10.7	1,207	1,228	1,248
8.9%	11.2	1,263	1,285	1,306
8.2%	12.2	1,376	1,400	1,423
7.6%	13.2	1,489	1,514	1,540
7.3%	13.7	1,545	1,572	1,598
7.0%	14.2	1,602	1,629	1,656

Source: Fiinpro, Bloomberg, Shinhan Securities Vietnam

3. Market scenario

Supporting and risk factors of stock market in 2025

Supporting factors

- Interest rates remain low, supporting economic growth and stimulating cash flows into the stock market.
- The Vietnamese stock market will officially be upgraded, attracting significant capital inflows.
- Market valuation is still cheaper compared to the 10-year average.
- Margin regulations remain in a safe state.
- Expectations for further FED interest rate cuts.
- Opportunities for many sectors to benefit under Trump 2.0 policies.
- Streamlining the organizational structure of the political system contributes to more effective socio-economic development.

Risk factors

- Exchange rate pressures could increase more strongly than expected.
- Limited room for further policy interest rate cuts.
- The real estate market and corporate bond market continue to face difficulties.
- Foreign investors persistently net sell.
- Protectionist trade policies from the U.S. under Trump 2.0.
- Political tensions (e.g., Russia-Ukraine, Israel-Hamas, etc.).
- Delays in implementing the government restructuring plan (expected to finish in Q1/2025) could affect economic activities.

Market scenario for 2025: VNINDEX aims to reclaim its previous peak of 1,500 points

The market's profit growth for 9M2024 stands at 15%, aligning with the target projection we outlined in our strategic report at the start of the year. However, in terms of index performance, the VNINDEX has yet to achieve corresponding growth and surpass the 1,300-point level as per our base-case scenario. That said, since early 2024, the VNINDEX did reach its highest level at 1,300 (+15% YTD) and closed at 1,260 (+11.5% YTD, as of 12/24/2024). Given the index's underwhelming growth relative to profit performance, we believe the market remains undervalued, and 2025 will be a more explosive year for the market. Below are the updated scenarios for 2025:

Base Scenario: VNINDEX reaches 1,500	P/E = 13x	- We set a target P/E level of 13x (lower than the 10-year average P/E) to reflect uncertainties amid new risks and opportunities in 2025. Specifically, geopolitical risks and exchange rate pressures remain present and may even increase, driven by Trump's policies, contributing to greater fluctuations in the index's valuation range. - We also believe that expectations of a market upgrade will help support the index's upward momentum.
	EPS Growth ~ 20%	- The projected profit growth for 2025 comes from: (1) Profit growth of the banking sector at approximately 23%, (2) Expected growth of the real estate sector at around 17%, (3) Stable growth in the industrial goods sector and others.

❖ **Due to unpredictable risks in 2025, mainly stemming from Trump's policies, we propose a negative scenario where VNINDEX will trade in the range of 1,200–1,285** based on the following assumptions: (1) VNINDEX trades at a lower P/E valuation of 10x–11x, corresponding to -2 standard deviations. This range is also the lowest in the past 10 years, similar to early 2020 during the initial Covid outbreak and mid-2022 when the FED continuously raised interest rates; (2) Profit growth of listed companies falls below estimates.

More specifically, potential risks include escalating political tensions, trade wars, a weakening global economy, a stronger USD, and persistent strong net selling by foreign investors in emerging markets, including Vietnam. Additionally, Vietnam being placed on the currency manipulation watch list could further strain the market. Domestically, the risk of not being upgraded by FTSE in September 2025 could create negative sentiment in the market.

Shinhan Securities

Banking Industry

Individuals driving growth



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Banking industry – Individuals driving growth

Content

1. Despite natural disaster, Vietnam's economy maintained good growth in Q3/2024

   Economic indicators all showed a positive recovery of the economy, especially the industrial production sector. Domestic consumer confidence and export situation have both improved. Thanks to that, growth has been spread evenly over 9M/2024 instead of focusing on disbursement in just the 4th quarter of the fiscal year.

2. Business results of listed banks

   In general, the listed banking group had a more even credit growth in 9M/2024 compared to the previous year. In particular, banks with large retail portfolios have begun to show a recovery in lending demand.

   After 9 months of implementation, banks in this group have achieved more than 70% of the annual plan. Most banks are sticking to or exceeding the plan approved at the beginning of the year.

3. Outlook for 2025

   We forecast consolidated PBT growth of the banking sector at 15% for 2024 and 22% for 2025. Individual segment with consumer finance loans and home loans is expected to be the driving force of the entire industry. In 9M/2024, the PBT of listed banking group grew about 16% yoy, in line with our annual forecast.

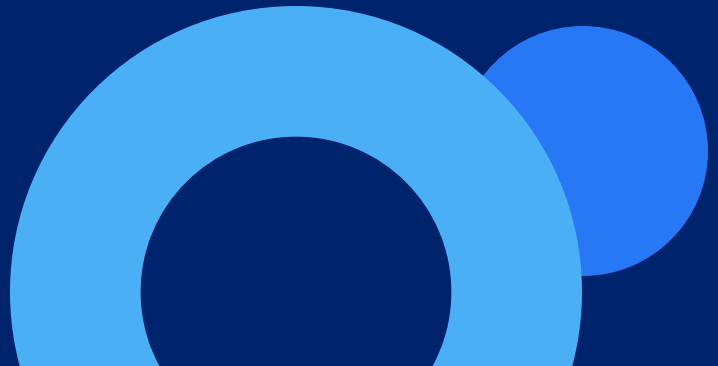
4. Potential bank stocks

   ACB, VCB, HDB, TCB, VPB

01

Despite natural disaster, Vietnam's economy maintained good growth in Q3/2024

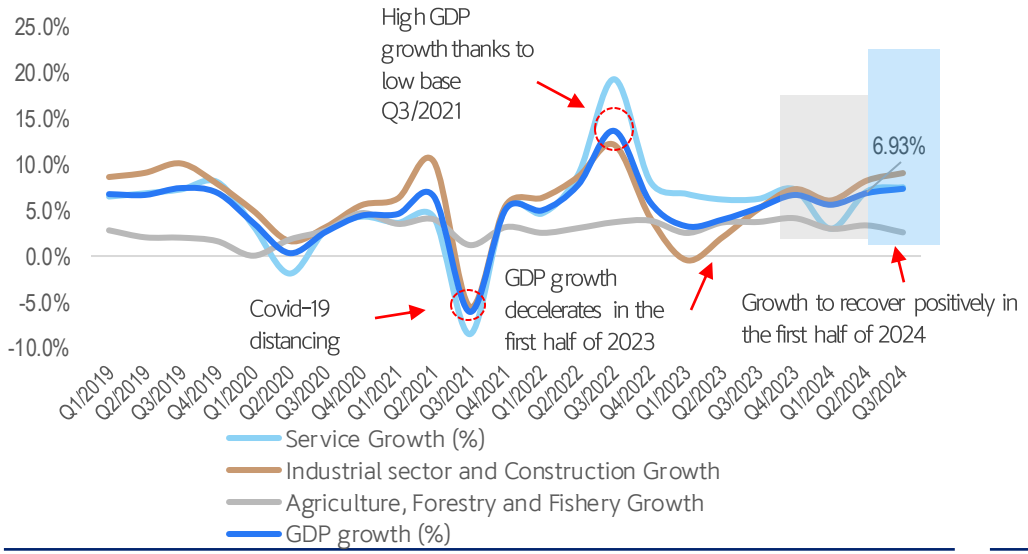
Economic indicators all showed a positive recovery of the economy, especially the industrial production sector. Domestic consumer confidence and export situation have both improved. Thanks to that, growth has been spread evenly over 9M/2024 instead of focusing on disbursement in just the 4th quarter of the fiscal year.



1. The economy is recovering from its low point

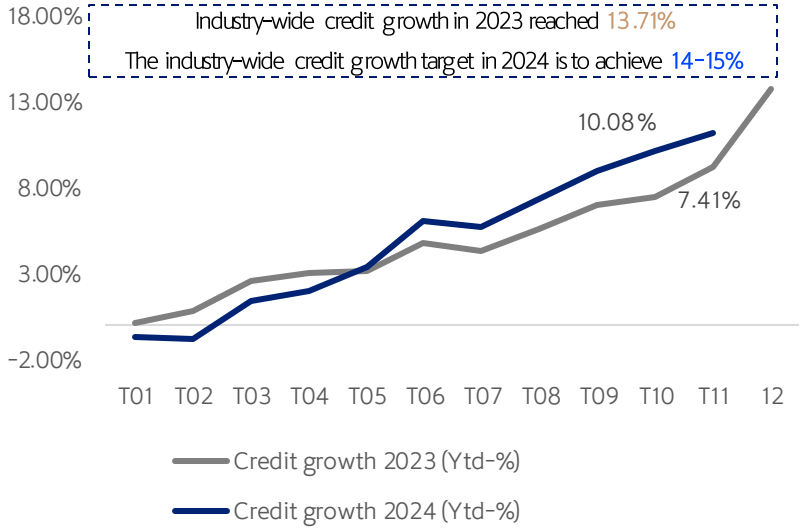
Credit growth has experienced positive year-on-year momentum.

Quarterly GDP growth 2019-2024 (YoY)



Source: GSO, Fiinpro , Shinhan Securities Vietnam

Cumulative credit growth in 2024 (Ytd %)



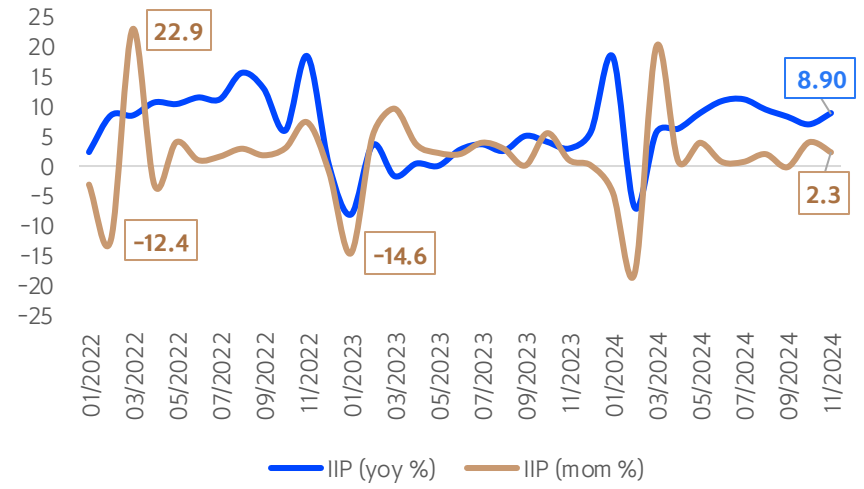
Source: SBV, Fiinpro, Shinhan Securities Vietnam

- Despite the significant impact of Typhoon Yagi, Vietnam's GDP still achieved an impressive 7.4% growth in the third quarter of 2024. When accumulated over the first nine months of the year, GDP grew by 6.82%. In contrast to 2023, the Industry and Construction sector experienced a strong recovery, reaching an 8.19% growth rate in the first nine months of 2024. The Services sector also saw a growth of 6.95%. The Agriculture, Forestry, and Fishery sector, however, was affected by Typhoon Yagi in September 2024, resulting in a slower growth rate compared to the previous year, with a 3.2% increase over the first nine months of 2024.
- Credit growth also indicated a synchronized recovery with the overall economy. As of November 22, 2024, total outstanding loans increased by 11.12% (higher than the 9.19% at the end of November 2023). Thanks to the recovery in production and exports, along with public investment projects, bank credit has grown more evenly rather than being concentrated solely on real estate development companies.

1. The economy is recovering from its low point

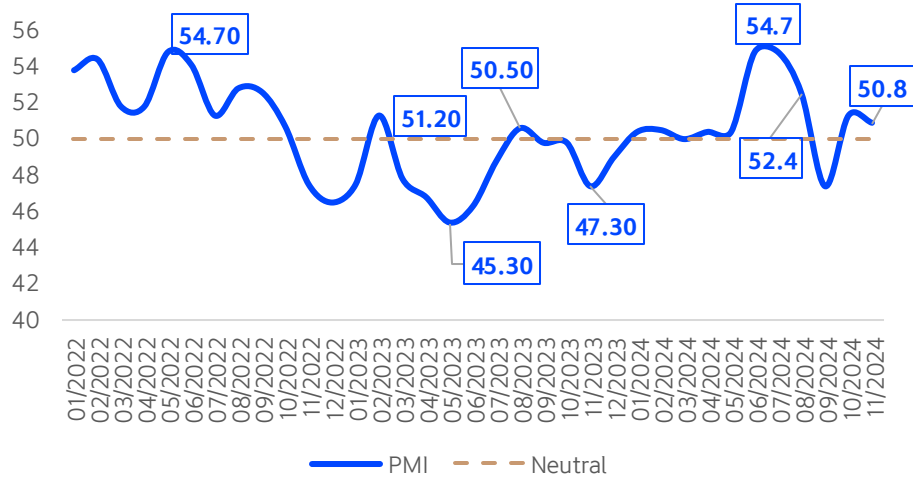
IIP and PMI indexes show good recovery of manufacturing sector but growth momentum is slowing towards year-end

Industrial Production Index – IIP period 2022-11/2024



Source: GSO, Shinhan Securities Vietnam

S&P Global PMI Vietnam Index 2022-11/2024



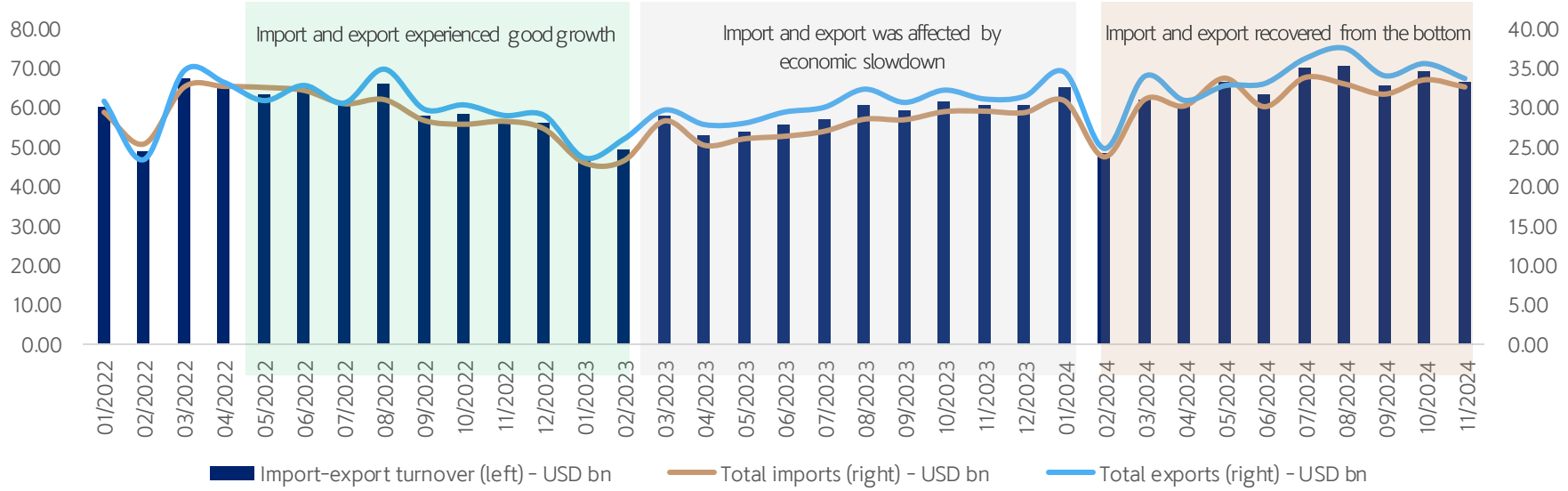
Source: PMI, Shinhan Securities Vietnam

- Vietnam's manufacturing sector has shown significant improvement in Q2 and Q3 of 2024. The Purchasing Managers' Index (PMI) has consistently remained above 50 from June to November (except for September due to the impact of Typhoon Yagi), indicating a steady recovery trend in Vietnam's manufacturing industry throughout 2024.
- S&P Global's November report highlights an increase in total new orders amidst improving demand and the acquisition of new customers. However, the overall growth rate was impacted by weak international demand. The report also revealed that purchasing activity has contracted for the third consecutive month (September, October and November), suggesting relatively weak order intake in the final months of the year and a less robust growth than anticipated.
- **Looking ahead to the next year**, manufacturers remain optimistic about production improvements driven by new products and expansion plans. However, this optimism is tempered by a concurrent focus on cost control measures, which may lead to job cuts in some companies.

1. The economy is recovering from its low point

Import and export had positive signals in the first months of 2024

Import and export activities have shown signs of improvement for many consecutive months



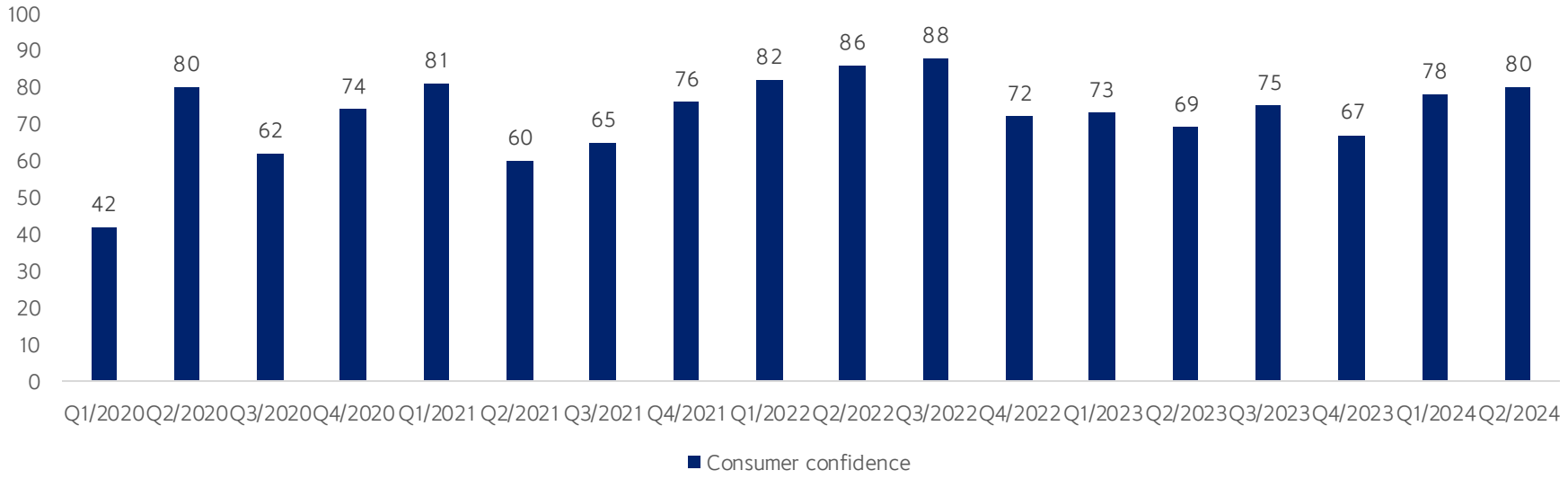
Source: GSO, Fiinpro , Shinhan Securities Vietnam
* Lunar New Year 2024 fell in February, Lunar New Year 2023 fell in January, seasonal decline in exports appeared during the Tet holiday months.

- Export-oriented manufacturing activities continued their recovery trend as reflected in the 11-month import-export turnover in 2024. As of November, the total import-export turnover was estimated at US$715.55 billion, a 15.4% increase compared to the same period in 2023. Of this, exports grew by 14.4% and imports by 16.4%. The trade balance recorded a surplus of US$24.31 billion.
- Vietnam's major export products, including computers, machinery, equipment, phones, electronic products and components; textiles, footwear; wood and wood products; seafood; and agricultural products, all demonstrated positive growth in the first 11 months of 2024. This was in stark contrast to the gloomy developments of 2023.

1. The economy is recovering from its low point

Consumer sentiment has improved significantly in 2024

The economic situation will be better or the same in the next 12 months (% households agree in 4 key urban cities)



Source: Kantar, Shinhan Securities Vietnam

- Income and living costs remained key concerns for consumers. However, positive economic developments have helped boost consumer confidence in the first half of 2024 (reaching 78 and 80 in Q1/2024 and Q2/2024, respectively), surpassing the levels of 2023 (ranging from 67 to 75). This optimism is comparable to the levels seen in Q1/2021 and Q1-Q2/2022.

02

Business results of listed banks

Credit growth showed positive growth in the retail customer group but was still relatively weaker than expected. Accordingly, credit growth is still being led by corporate customers, with the recovery of the manufacturing and export groups

The pressure to reduce lending interest rates to compete has put strong pressure on the NIM of the entire industry. The low interest rate context has made mobilization from market 1 slower than the demand for loans, banks therefore have increased the issuance of valuable papers in 9M/2024.

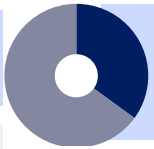
NPL was still under increasing pressure in 9M/2024.

2. Business results of listed banks

Overview of banks listed on HOSE

18 banks listed on HOSE exchange

Vietcombank, BIDV, VietinBank, TECHCOMBANK, VPBank, MB, ACB, HDBank, Sacombank, TPBank, SHB, VIB, SeABank, EXIMBANK, MSB, OCB, LienVietPostBank, NAM A BANK



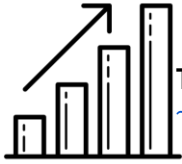
Industry market capitalization
~40% of market capitalization



Transaction value
~26% of total market transaction value



Trading volume
~35% of the market's trading volume

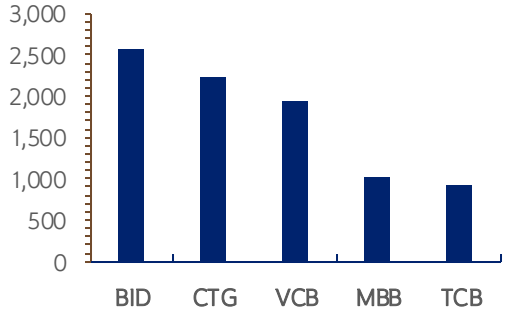


Total asset : 16/12/2024
~14.95 trillion dong



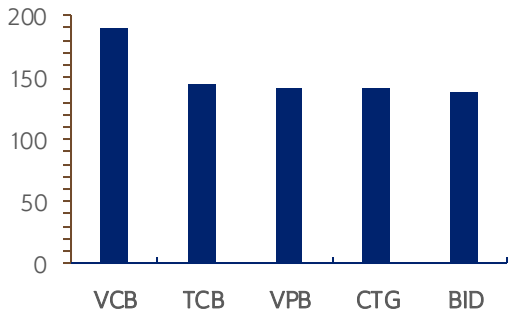
Total Equity: 16/12/2024
~1.36 trillion dong

Top 5 banks with the largest assets (VNDtn)



Source: Company data, Fiinpro, Shinhan Securities Vietnam

Top 5 banks with the largest equity capital (VNDtn)



Source: Company data, Fiinpro, Shinhan Securities Vietnam

Source: Fiinpro, Shinhan Securities Vietnam

Data as of December 9, 2024

2.1 Business results of listed banks

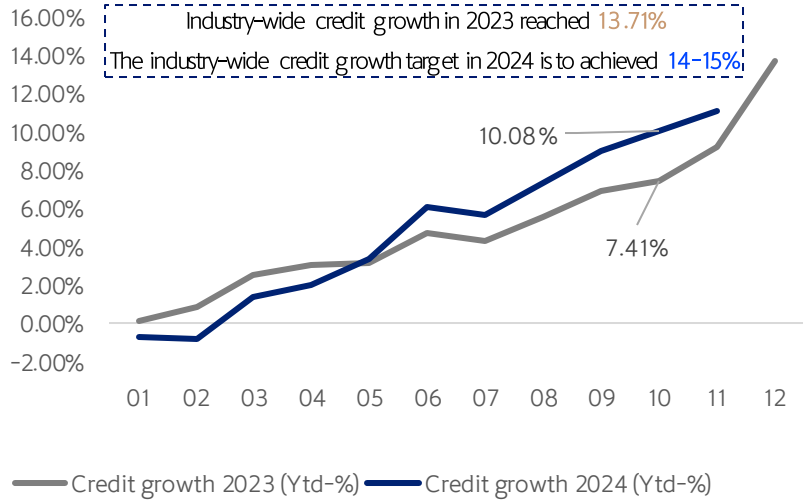
Overall, listed banks have demonstrated more consistent loan growth in the first nine months of 2024 compared to the previous year. Particularly, banks with significant retail portfolios have begun to show signs of a recovery in lending demand.

After nine months of operations, these banks have achieved more than 70% of their annual targets. Most banks are either on track or ahead of their targets set at the beginning of the year.

2.1 – The individual segment recovered positively in Q3/2024

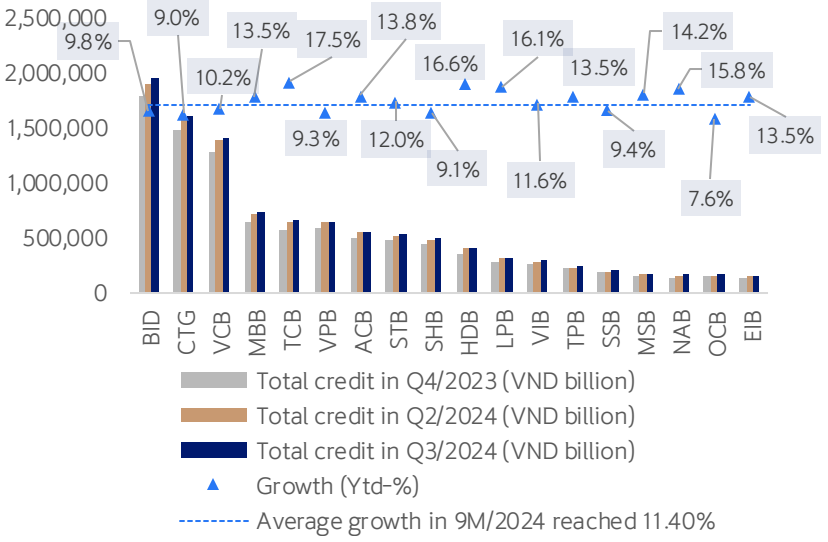
The individual segment experienced notable growth in Q3/2024.

Credit of the entire banking system in 2024



Source: Fiinpro, SBV, Shinhan Securities Vietnam

Credit growth of banks on HOSE 9M/2024



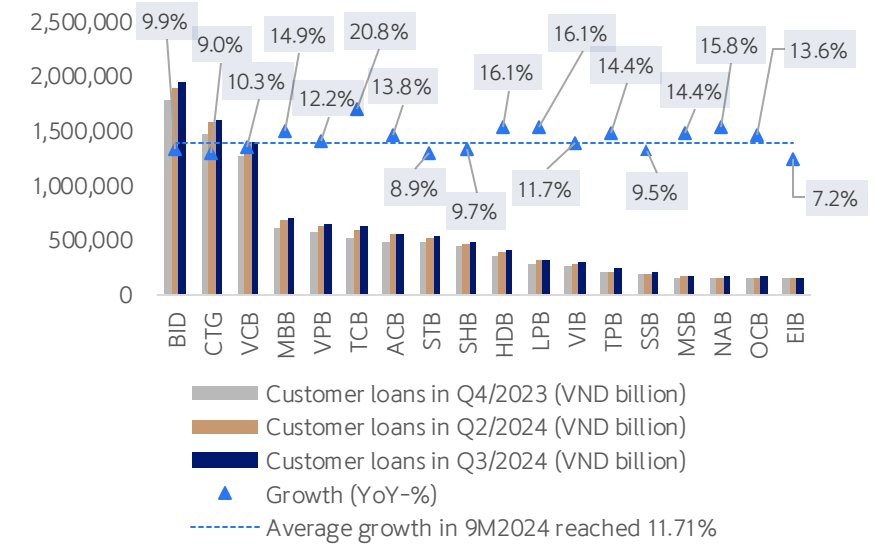
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- Based on our compilation of financial statements from 18 listed banks on HOSE, credit growth in the first nine months of 2024 reached 11.40% year-to-date (compared to 9% at the end of September for the entire banking system). The positive growth was attributed to increased public investment, expanded production activities, and a slight rebound in consumer borrowing demand.
- Several banks with a high retail lending segment have shown more favorable credit growth in the third quarter, including VIB (+6.9%), TPB (9.5%), STB (5.0%), and OCB (3.9%). ACB maintained steady growth throughout all three quarters of 2024, with a balanced contribution from both corporate and individual customers. CTG's retail segment portfolio also showed a good increase of +5.2% quarter-on-quarter at the end of the third quarter.
- The group of State-owned commercial banks (SOBs) achieved a positive credit growth of 9.63%. The average credit growth of private joint-stock commercial banks reached 12.97%. Banks with the best credit growth in the first half of 2024 include TCB, ACB, HDB, and LPB.

2.1 – The individual segment recovered positively in Q3/2024

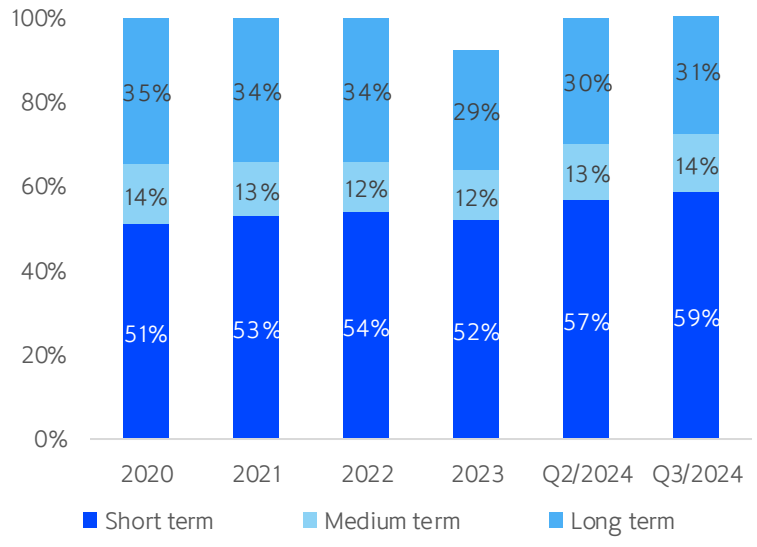
Short-term lending structure increased sharply in 2024

Customer loans of banks at the end of Q3/2024 (VND billion)



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Customer loans by term



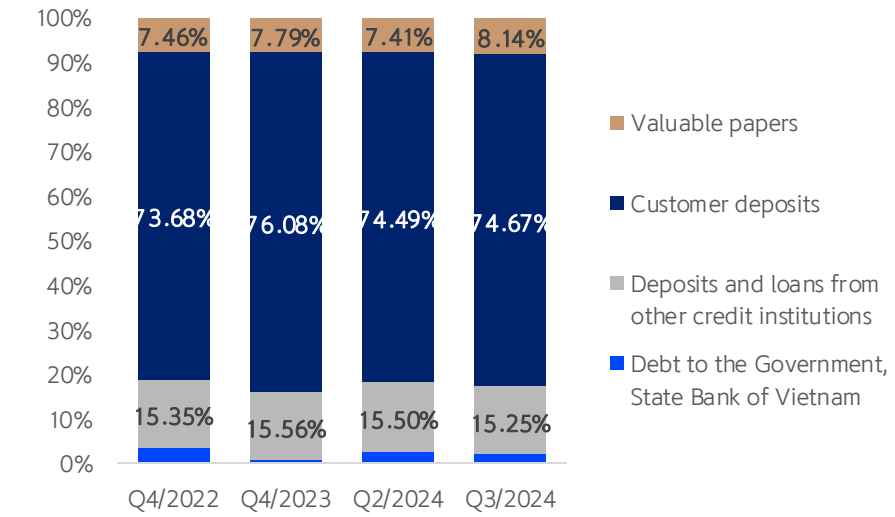
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- Banks continued to reduce their corporate bond portfolios in the first half of 2024. Customer loan growth played a key role in overall credit growth. Average customer loan growth in the first nine months of 2024 reached 11.71% YTD.
- In terms of loan maturity structure, the recovery of manufacturing activities increased short-term borrowing demand from enterprises. Meanwhile, personal loans for home purchases (long-term loans) did not recover as quickly as expected (with a slower recovery in the Southern region compared to the Northern region), leading to an increase in the short-term loan ratio from 52% at the end of 2023 to 59% at the end of Q3 2024, while long-term loans decreased from 34% in 2022 to 29-31% in 2023-2024. We expect that a recovery in personal loan growth will help improve the long-term loan ratio to 34-35% over the next two years.

2.1 – The individual segment recovered positively in Q3/2024

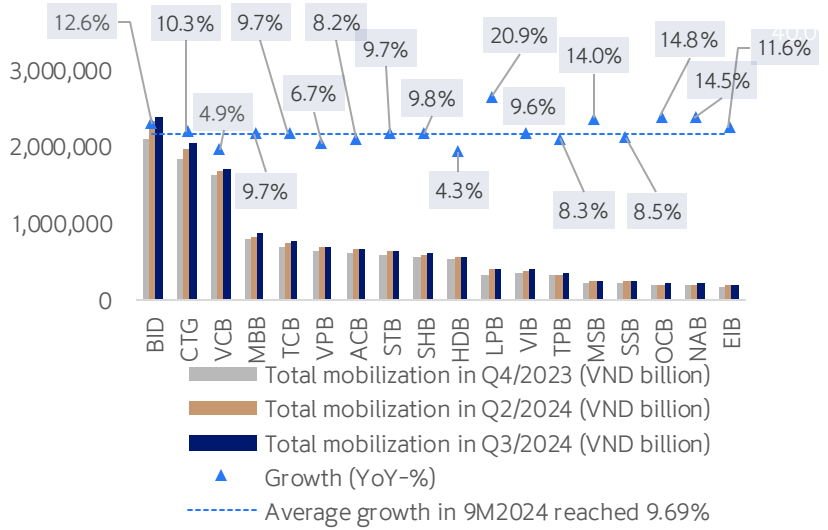
Banks are working to increase total deposits to keep up with the rising demand for loans

Mobilization structure at the end of Q3/2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Total mobilization growth at the end of Q3/2024 (%)



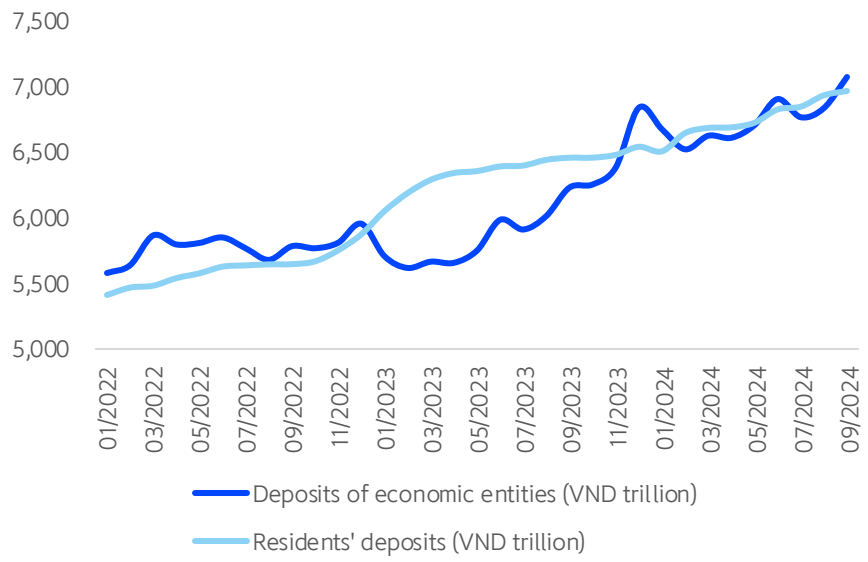
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- Deposit growth in the first nine months of 2024 reached 9.69% year-to-date. Banks including BID, LPB, OCB, BID, and MSB recorded the highest growth in total deposits. In contrast, HDB, VCB, and VPB exhibited the lowest deposit growth rates.
- Regarding the deposit structure, customer deposits experienced a decline in proportion (from 76.08% at the end of 2023 to 74.67% at the end of Q3/2024). Banks have been inclined to increase the issuance of valuable papers in 2024 as growth from the primary market has been lower compared to 2023.
- State-owned commercial banks (SOBs) have benefited from Circular 26/2022/TT-NHNN, which allows for a portion Vietnam State Treasury deposits to be included in the loan-to-deposit ratio (LDR). In 2024, 60% of the outstanding balance of Vietnam State Treasury deposits will be excluded from the LDR calculation. This exclusion will increase to 80% in 2025 and 100% in 2026.

2.1 – The individual segment recovered positively in Q3/2024

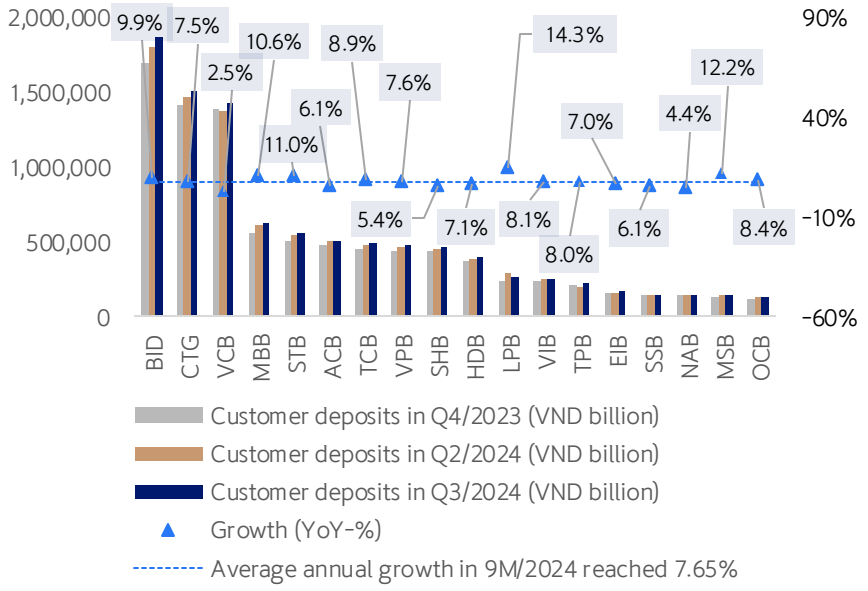
Low deposit interest rates were causing a slowdown in customer deposit growth

Deposits of economic organizations and residents grew more evenly in 2024



Source: SBV, Shinhan Securities Vietnam ; Detailed data will be officially updated on the State Bank website until Sep 2024.

Growth of customer deposits at banks on HOSE (%)



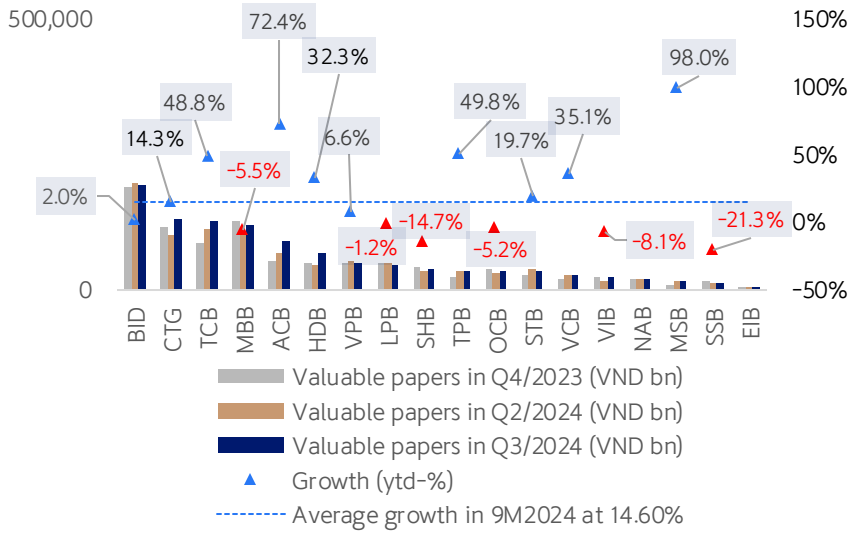
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- Customer deposit growth at the end of Q3/2024 reached an average of 7.65% ytd, significantly lower than the 11.18% in the same period in 9M2023. The economic recovery along with low deposit interest rates were the main factors slowing down bank deposit growth.
- The relatively stable deposit structure in both economic organizations and residents also partly reflected an improved business environment in 2024 compared to 2023.

2.1 – The individual segment recovered positively in Q3/2024

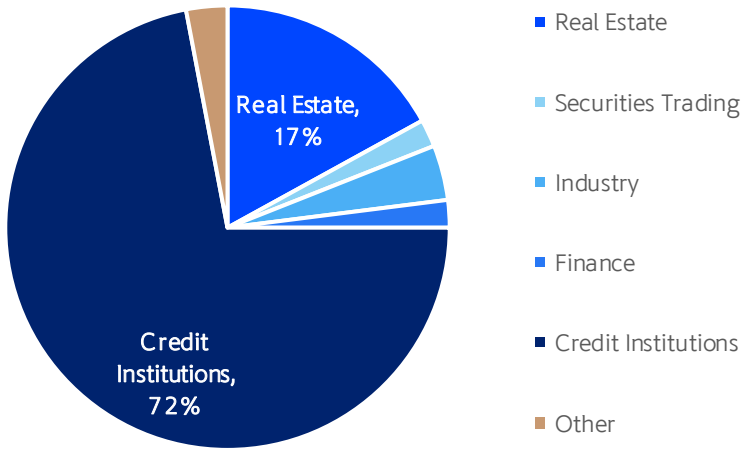
Mobilizing valuable papers were promoted by most banks

Valuable papers at banks on HOSE at the end of Q3/2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Proportion of bonds issued in 10M/2024 (%)



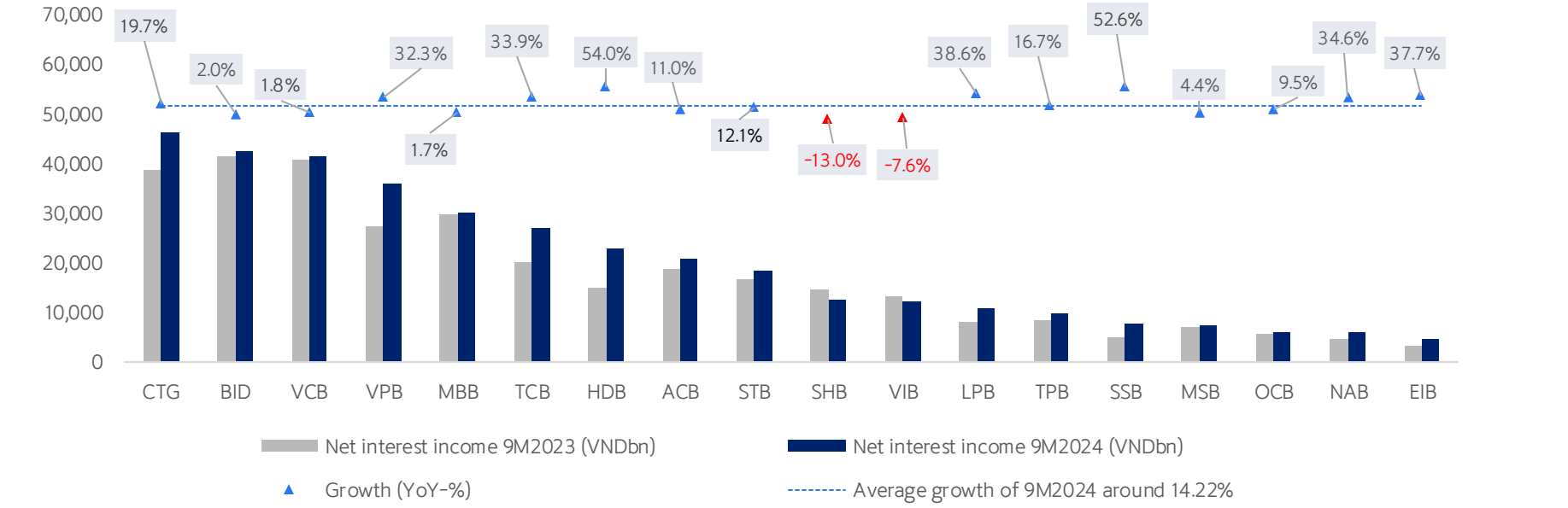
Source: VBMA report Oct 2024, Shinhan Securities Vietnam

- Bank mobilization of valuable papers was vibrant in Q3/2024 with a growth rate of 14.6% YTD (compared to 6% YTD at the end of Q3/2023 and 2% YTD at the end of Q2/2024). Loan growth accelerated in Q3/2024 with the highlight from the individual customer group along with slow deposit mobilization growth, promoting bank to increase mobilization from valuable papers.
- According to data compiled by VBMA, the proportion of bonds issued by credit institutions reached about 72% of the total issuance value, as of October 2024.

2.1 – The individual segment recovered positively in Q3/2024

Net interest income had better growth in 2023

Net interest income of banks listed on HOSE in 2024



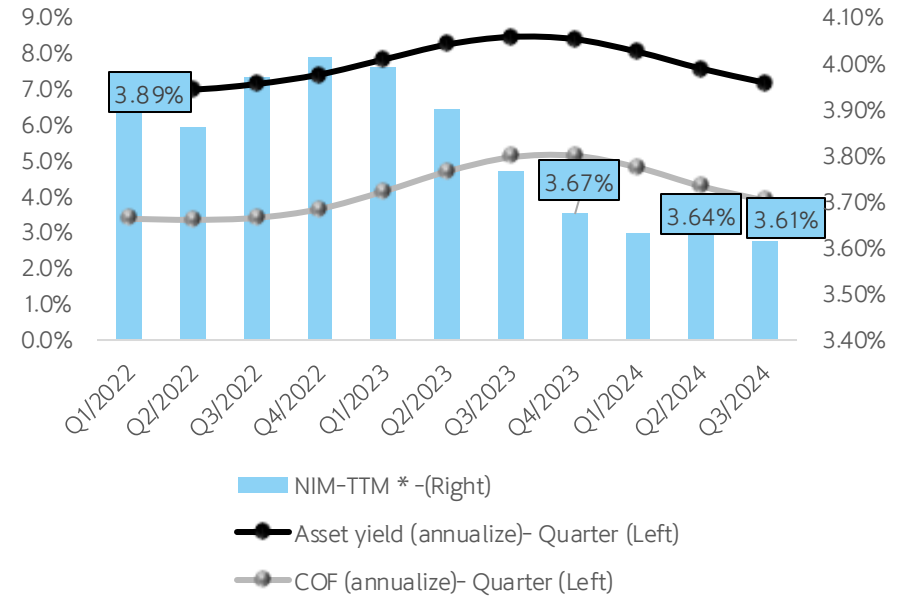
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- Net interest income of banks has shown positive growth compared to the same period in 2023. In the first nine months of 2024, net interest income of listed banks on HOSE achieved a year-on-year growth of 14.2%. Except for SHB and VIB, which experienced negative growth in the same period, the remaining banks generally remained flat or saw positive recoveries. The decrease in average funding costs helped reduce pressure on the net interest margin (NIM) in 2024. However, preferential lending policies aimed at stimulating credit growth have limited the potential for expanding the industry's NIM.

2.1 – The individual segment recovered positively in Q3/2024

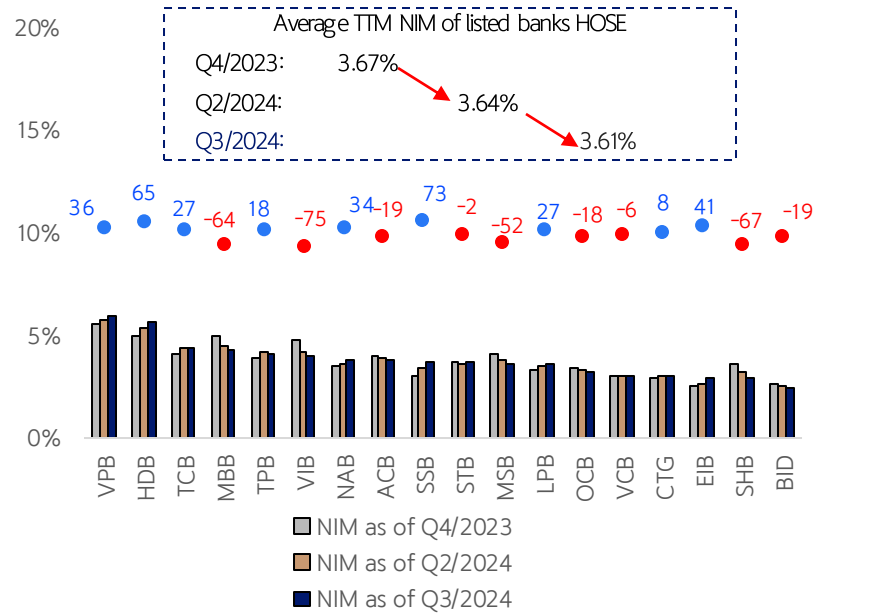
Competitive lending rates between banks

Asset yield (IAE), Cost of capital (COF), Net interest margin (NIM) of banks on HOSE 2022-2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam
* NIM TTM is calculated as net interest income of the last 4 quarters divided by the average of earning assets of the last 4 quarters. Changed from the calculation method at the beginning and end of the period in the latest report.

Net profit margin (NIM) – TTM



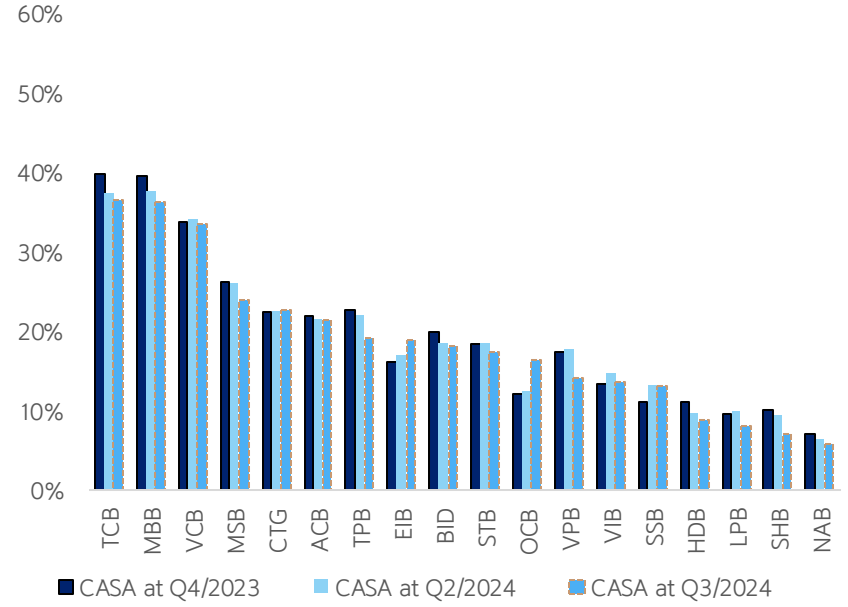
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam
* NIM TTM is calculated as net interest income of the last 4 quarters divided by theaverage of the earning assets of the last 4 quarters. Changed from the calculation method at the beginning and end of the period in the latest report.

- Bank's cost of funds (COF) peaked in Q3 2023 and has been declining steadily since then, aligning with the overall industry trend of decreasing deposit interest rates. However, the net interest margin (NIM) of banks remained stable rather than expanding due to aggressive cuts in lending rates to stimulate credit growth. Additionally, government bond yields in 2024 were traded at low levels (no improvement compared to 2023), hovering below 3%, which also impacted asset yields and consequently the banks' NIM. As of the end of Q3 2024, the industry's trailing twelve-month (TTM) NIM slightly decreased to around 3.6%.
- There is a clear differentiation among banks, with some such as TCB, HDB, VPB, and SSB experiencing significant NIM expansion. On the other hand, MBB, VIB, MSB, and SHB witnessed a contraction in their NIM.

2.1 – The individual segment recovered positively in Q3/2024

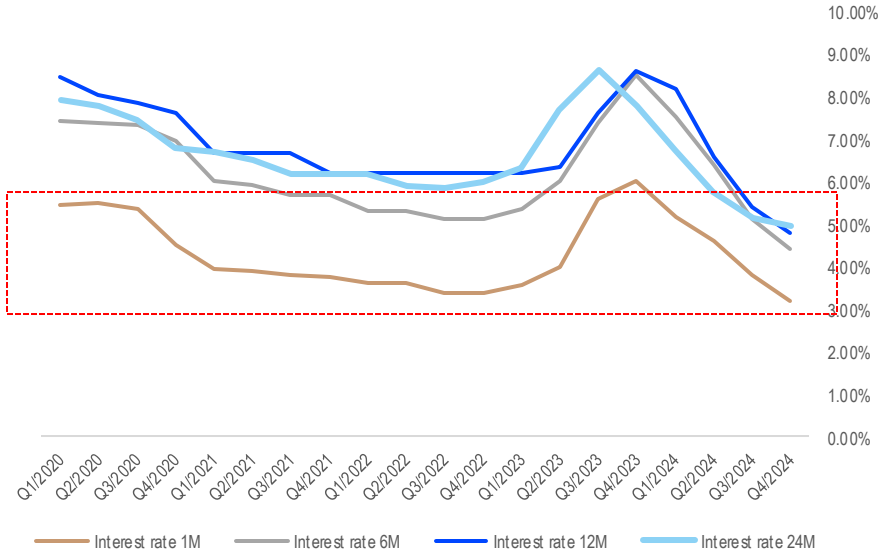
CASA ratio stable with little fluctuation in 9M/2024

CASA of banks by the end of **Q3/2024 (%)**



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Bank deposit interest rate (%)



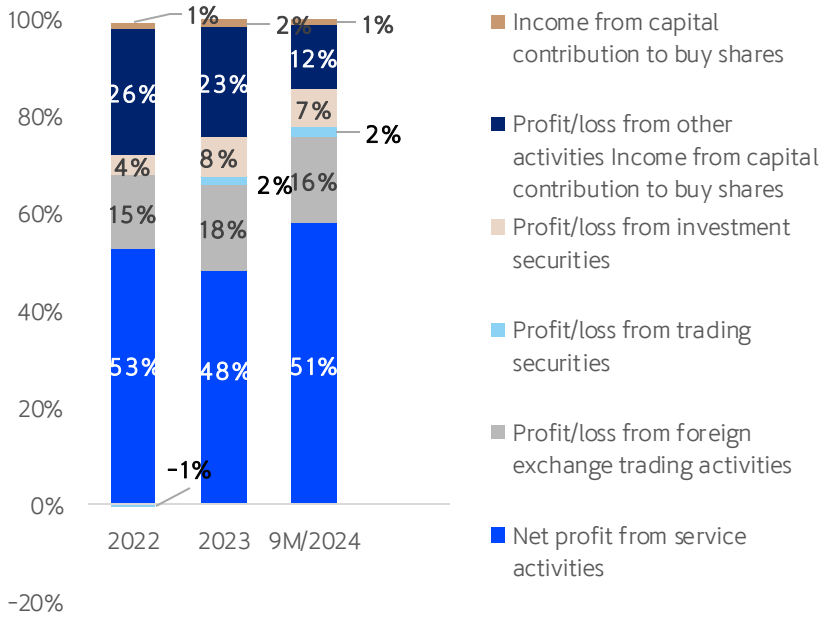
Source: Website of VCB, CTG, BID, ACB, TCB, MBB, VIB, HDB updated at the end of 11/2024

- MBB and TCB continued to lead in terms of CASA ratio, both accounting for over 36% of total customer deposits. The total CASA for listed banks on HOSE stands at 21.7%, slightly down from 22.89%. CASA balances in the system typically increased towards the end of each year due to seasonal factors, before the traditional Tet holiday. Our research shows that the average 12-month deposit interest rate was only 5% in Q3/2024, a significant decrease from 8% in Q3/2023.
- The SOBs group had an average 12-month deposit interest rate of around 4.6-4.7% (unchanged since Q3/2024).

2.1 – The individual segment recovered positively in Q3/2024

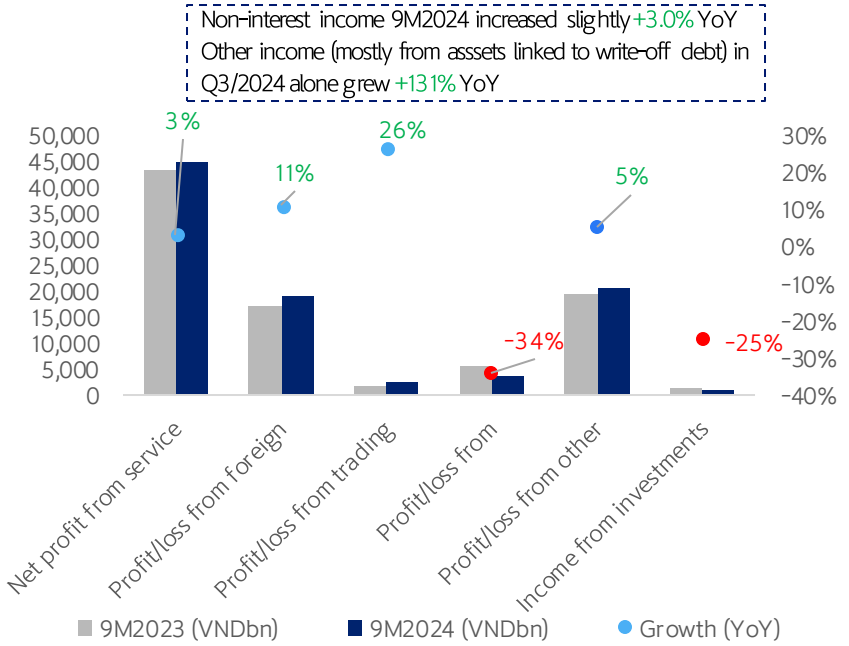
Overall, non-interest income did not made any strong recovery yet

Non-interest income structure of banks on HOSE in 9M2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Non-interest income has mixed performance in 9M2024



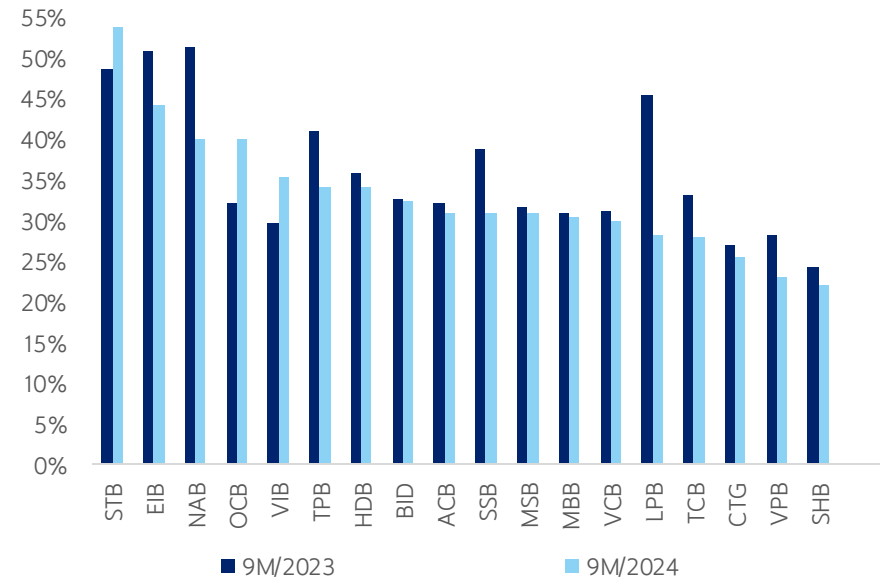
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- Fee income accounted for approximately 51% of the non-interest income structure of HOSE-listed banks in the first nine months of 2024.
- Net fee and commission income remained stagnant, and bancassurance operations have yet to show signs of recovery as we had expected.
- Fee growth was largely driven by the payment segment. Notably, in Q3/2024, other operating income (primarily from income on assets held for sale) surged 131% year-on-year. CTG reported nearly VND 4,000 billion in other income in Q3/2024 (up 181% YoY). In terms of structure, due to a lack of deals, other income of the banking industry decreased to around 12% in the first nine months of 2024 (compared to over 20% in 2022 and 2023).

2.1 – The individual segment recovered positively in Q3/2024

Tight cost control and increasing trend of technology application

CIR to be tightly controlled by banks in 2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Banks' operating efficiency to slightly decline in 2024

Ticker	ROE TTM end of Q4/2023 (%)	ROE TTM end of Q3/2024 (%)	Changes (bps)
ACB	24.80%	22.31%	-249
BID	18.94%	18.14%	-80
CTG	17.00%	16.41%	-59
EIB	10.09%	11.77%	168
HDB	23.59%	26.90%	331
LPB	19.16%	28.82%	967
MBB	23.45%	21.15%	-231
MSB	16.03%	15.87%	-16
NAB	18.80%	22.66%	387
OCB	12.28%	7.45%	-483
SHB	15.78%	14.34%	-143
SSB	13.01%	15.24%	223
STB	18.30%	18.42%	12
TCB	14.69%	16.64%	195
TPB	13.74%	14.16%	42
VCB	21.80%	19.81%	-199
VIB	24.26%	18.91%	-535
VPB	8.20%	10.39%	219
Median	**17.65%**	**17.39%**	-26

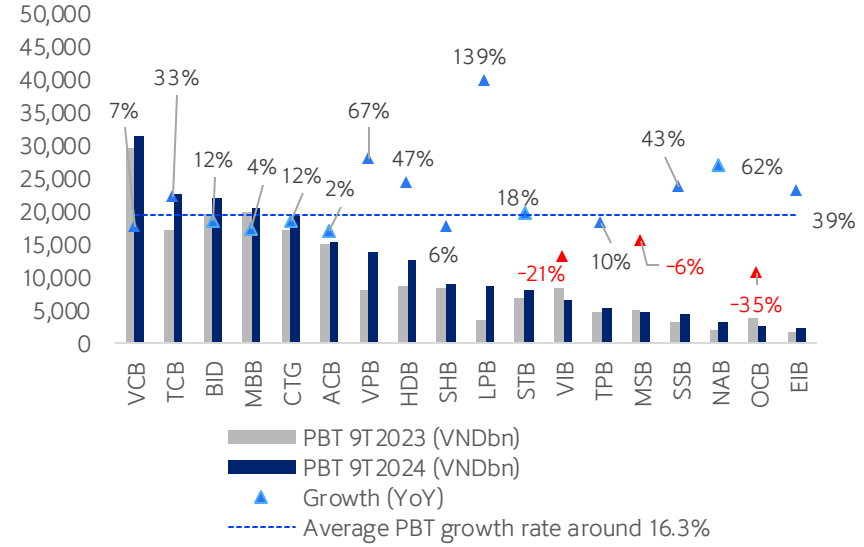
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- The banking industry's cost-to-income ratio (CIR) continued its downward trend in the first nine months of 2024, averaging 31.5% compared to 32.8% in the same period of 2023. Banks have maintained strict control over operating costs throughout 9M/2024, resulting in a modest 7.4% year-on-year increase. This cost control trend has been evident in numerous banks over the past two years, particularly amid challenging market conditions. Another significant factor contributing to the decline in the industry's CIR is the adoption of digital transformation, technology, and cloud computing to enhance operational efficiency. Investments in these areas were accelerated during periods of strong industry revenue growth, such as 2021-2022.
- The median return on equity (ROE) at the end of Q3/2024 slightly decreased to 17.39%. The downward trend in the banking industry's operational efficiency has persisted for the past two years, from the end of 2022 to 2024.

2.1 – The individual segment recovered positively in Q3/2024

Realized profits of banks are differentiated

Bank's profit before tax in 9M2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Profit before tax compared to the target plan of banks in 2024

Stock	PBT 9M2024 (VNDbn)	PBT plan 2024 (VNDbn)	Complete(%)
ACB	15,335	22,000	69.70%
BID	22,047	30,348	72.65%
CTG	19,513	27,909*	69.92%
EIB	2,378	5,180	45.91%
HDB	12,655	16,000	79.09%
LPB	8,818	10,500	83.98%
MBB	20,736	28,410	72.99%
MSB	4,902	6,800	72.08%
NAB	3,323	4,000	83.08%
OCB	2,553	6,885	37.08%
SHB	9,033	11,286	80.04%
SSB	4,508	5,888	76.57%
STB	8,094	10,000	80.94%
TCB	22,842	27,100	84.29%
TPB	5,463	7,500	72.84%
VCB	31,533	42,000	75.08%
VIB	6,603	12,045	54.82%
VPB	13,852	23,165	59.80%
Total	**214,190**	**297,016**	**72.11%**

Source: Information from the resolution of the Annual General Meeting, Shinhan Securities Vietnam

- Profit before tax (PBT) grew quite promisingly in the first nine months of the year, at a year-on-year (YoY) rate of 16.3% (closely following our annual plan and forecast). Banks such as TCB and VPB, which had a low base from the previous year, achieved strong growth in 9M/2024. However, despite high growth, VPB has only completed 60% of its annual profit target. Banks with good credit growth and improved NIM, such as HDB, SSB, NAB, and LPB, also reported favorable profits in 9M/2024.
- A decline in profits was evident at VIB and OCB, driven by factors such as low retail lending demand, significant NIM compression due to rising interbank interest rates, preferential interest rates on home loans and business loans, and a rise in retail bad debts. In addition to these factors, OCB drew attention due to numerous changes in key personnel positions in 2024, while VIB experienced the divestment by its strategic partner CBA.
- Compared to the 2024 profit plan, the listed banks achieved 72.11%, with banks like VIB, VPB, EIB, and OCB performing below their targets after nine months of operation.

2.2

Bank asset quality continues to face pressure

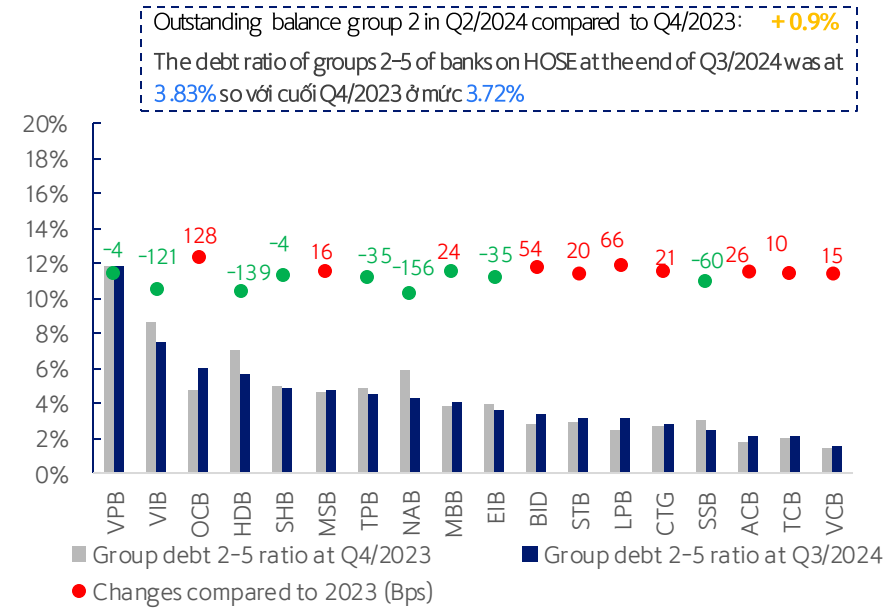
Non-performing loans remained elevated, leading to increased provisioning costs, which in turn dampened banks' profit growth. The provision coverage ratio of listed banks continued to decline in the first nine months of 2024.

NPL continues to be under pressure, especially from individual customers and SMEs. In case Circular 02/2023/TT-NHNN is not extended, we assess that the impact on the banking system will be insignificant because most banks have made risk provisions.

2.2 – Bank asset quality continues to face pressure

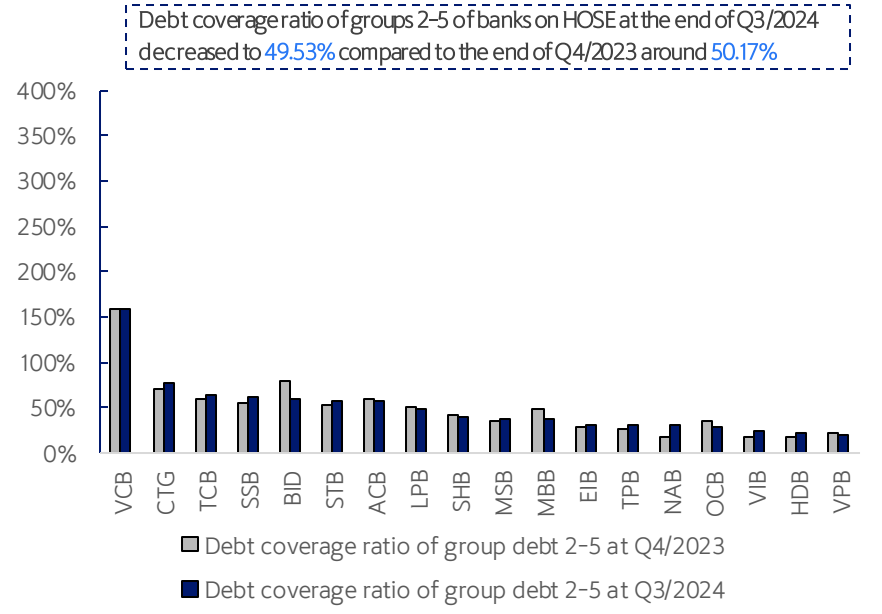
Overdue debt ratio has stabilized, group 2 debt has decreased significantly from its peak in Q2/2023

Debt group 2-5 ratio at banks on HOSE at the end of Q3/2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Debt coverage ratio of groups 2-5 of listed banks at Q3/2024



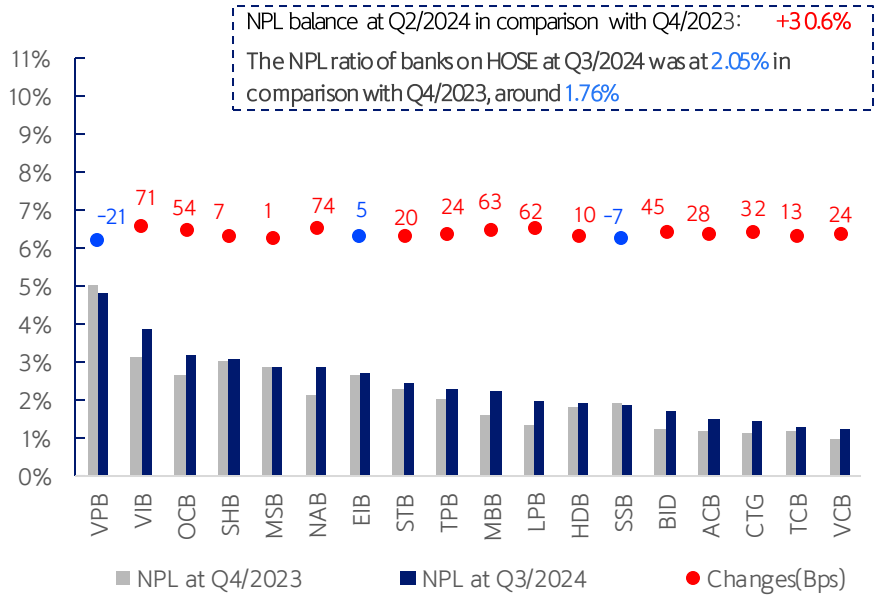
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- Group 2 outstanding loans at the end of Q4/2023 decreased by 17.48% compared to the peak at the end of Q2/2023 and remained at this level in 9M/2024. By the end of Q3/2024, group 2 outstanding loans increased slightly by 1% compared to the end of 2023, the ratio of group 2 debt/total outstanding loans to customers decreased from the peak of 2.5% at the end of Q2/2023 to 1.8% at the end of Q3/2024. This is a positive trend for the banking group.
- The debt coverage ratio of group 2-5 decreased slightly from 50.17% at the end of 2023 to 47.94% at the end of Q2/2024 but recovered slightly in Q3/2024 to 49.53%.

2.2 – Bank asset quality continues to face pressure

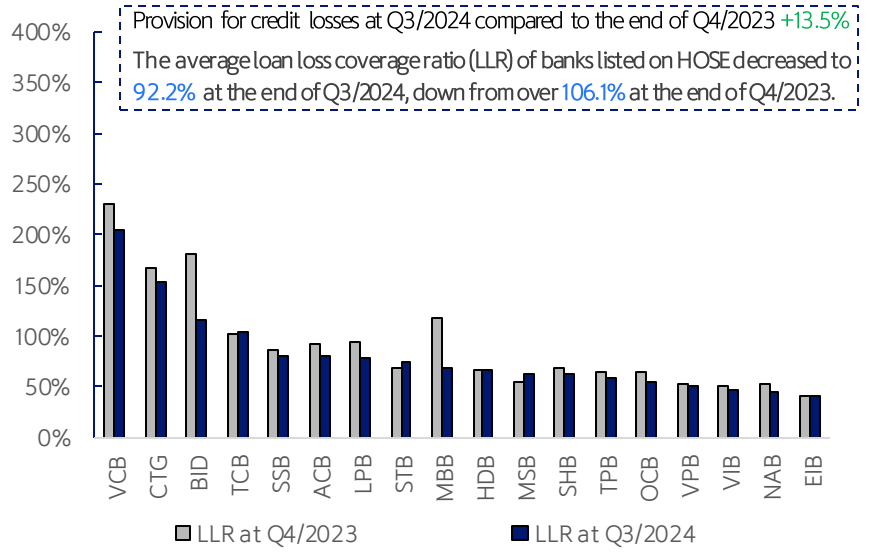
Non-performing loan (NPL) ratio remained at high level

NPL of banks listed on HOSE at the end of Q3/2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Loan loss coverage ratio of banks on HOSE at Q3/2024



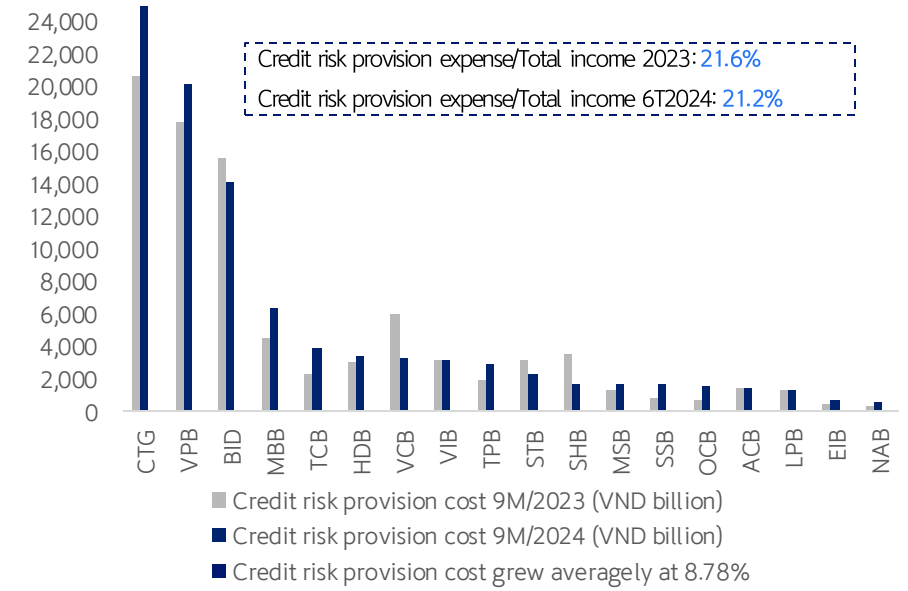
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- While Group 2 debt has stabilized and decreased from its peak, we anticipate that short-term pressure on non-performing loans (NPLs) will persist. The Group 2 debt ratio remains elevated compared to historical averages, indicating that banks will require time to make provision for, write off, and gradually reduce NPLs to the historical average levels. As of the end of Q3/2024, the average NPL ratio for banks reached 2.05%, up from 1.76% at the end of Q4/2023. Given the typical year-end write-offs by banks, we expect the NPL ratio to slightly decrease in Q4/2024 (although it will remain higher than in 2023). NPLs in recent periods have largely stemmed from individuals and SME customers at the banks we cover. These segments are often more vulnerable to income fluctuations.

2.2 – Bank asset quality continues to face pressure

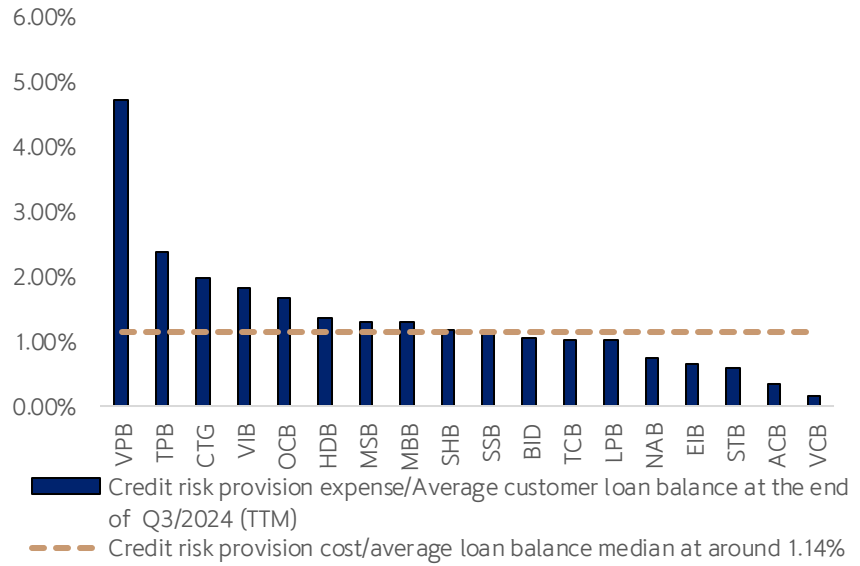
Provisioning costs increased under pressure from NPL

Bank provisioning costs for 9M/2024



Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

Provision cost/average loan balance (%)



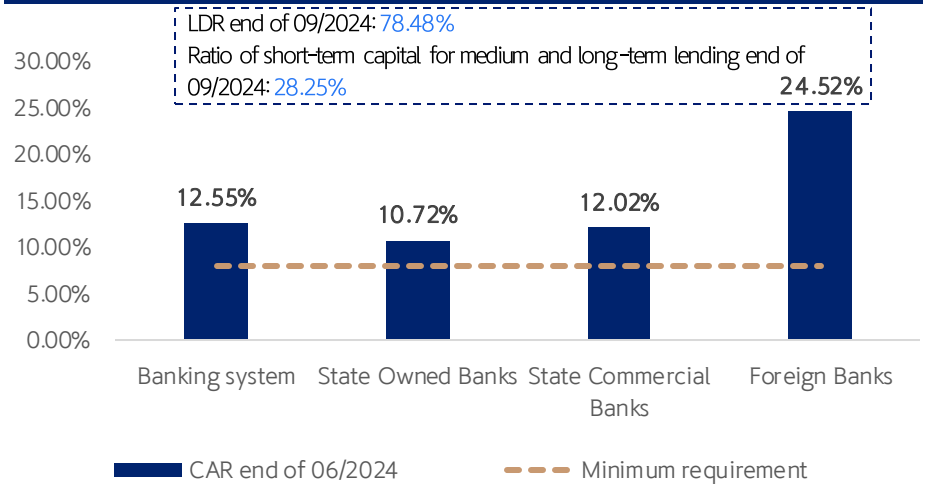
Source: Fiinpro, Financial statements of Banks, Shinhan Securities Vietnam

- Credit risk costs increased by 9% in the first nine months of 2024 compared to the same period in 2023. The average credit loss provision to loan ratio remained relatively stable in 9M/2024, hovering around the median of 1.1–1.2%.
- It is likely that Circular 02/2023/TT-NHNN will not be extended for the following year, given that the restructured debt balance currently stands below 1% in the banking system. Moreover, under this circular, banks were required to make 100% provisions for restructured bad debts in 2024, which leads us to believe that the provisioning costs related to this circular will not have a significant impact on banks.
- Circular 53/2024/TT-NHNN on restructuring debt repayment terms for customers facing difficulties due to Typhoon Yagi was approved on December 10, 2024. This circular further demonstrates the government's efforts to control bad debts in the banking system.

2.2 – Bank asset quality continues to face pressure

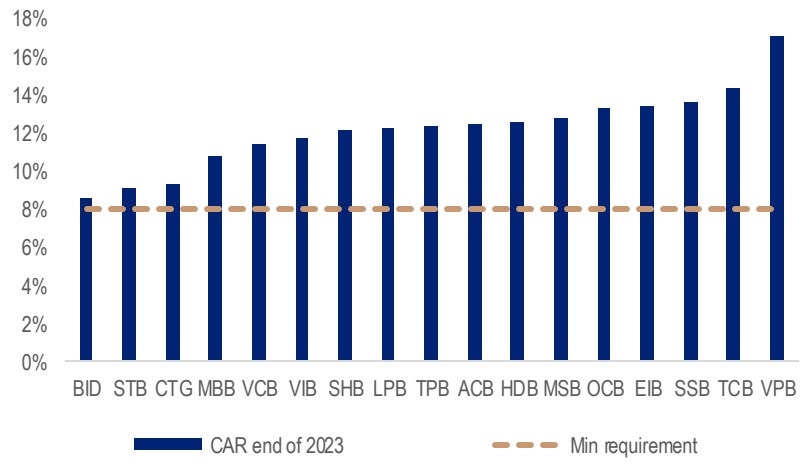
Capital adequacy ratio (CAR) improved in large banks

CAR of the entire banking system at the end of June 2024



Source: SBV, Shinhan Securities Vietnam

CAR of banks on HOSE at the end of December 2023



Source: Financial statements of Banks, Shinhan Securities Vietnam

- Following the payment of cash dividends, the Capital Adequacy Ratio (CAR) of some private joint-stock commercial banks in the system experienced a slight decline in Q2/2024. However, data from the end of August 2024 showed a simultaneous improvement in CAR across the three banking groups in the system, reaching 12.55% (up from 11.96% in Q2/2024). This recovery in CAR in 2024 was also attributed to increased lending to customer segments and industries with lower risk profiles (e.g., manufacturing instead of real estate and construction).

03

Outlook for 2025

We maintain our view from the latest report that: After two years of focusing on corporate lending, we expect the recovery of the retail segment and the ability to recover and dispose of bad debts to be the highlights of the banking industry in 2024-2025.

We forecast a 15% growth in the banking industry's profit before tax (PBT) for 2024 and 22% for 2025. In the first nine months of 2024, PBT of listed banks have grown by approximately 16% year-on-year, which is in line with our annual forecast.

3. Outlook for 2025

Vietnam's economy has recovered well in 2024 and is expected to sustain this momentum 2025

Consensus projections of some economies around the world for the period 2024-2026

Index	Real GDP			CPI			Unemployment rate		
Country/year	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**	**2024**	**2025**	**2026**
Vietnam	**6.0%**	**6.5%**	**6.5%**	**3.8%**	**3.5%**	**3.7%**	**2.2%**	**2.2%**	**2.2%**
China	4.8%	4.5%	4.2%	0.5%	1.5%	1.8%	5.1%	5.1%	5.0%
Hong Kong	3.0%	2.5%	2.5%	1.8%	2.1%	2.0%	3.0%	2.9%	2.8%
India	7.8%	6.9%	6.6%	4.8%	4.5%	4.5%			
Indonesia	5.0%	5.1%	5.1%	2.8%	2.8%	2.7%	5.0%	5.0%	5.0%
South Korea	2.5%	2.2%	2.2%	2.5%	2.0%	2.0%	2.9%	3.0%	3.0%
Malaysia	4.9%	4.6%	4.5%	2.3%	2.6%	2.3%	3.3%	3.3%	3.3%
Phillipines	5.8%	6.0%	6.1%	3.5%	3.0%	3.0%	4.2%	4.3%	4.3%
Singapore	2.6%	2.5%	2.7%	2.6%	2.0%	1.9%	2.1%	2.0%	2.0%
Taiwan	4.0%	2.6%	2.5%	2.1%	1.9%	1.8%	3.4%	3.4%	3.3%
Thailand	2.5%	3.0%	3.1%	0.8%	1.4%	1.6%	1.1%	1.0%	1.0%
USA	2.5%	1.7%	2.0%	2.9%	2.3%	2.3%	4.1%	4.3%	4.2%
Japan	0.0%	1.2%	0.9%	2.5%	2.0%	1.6%	2.5%	2.5%	2.3%
Euro	0.7%	1.3%	1.4%	2.4%	2.1%	2.0%	6.5%	6.5%	6.4%
United Kingdom	1.1%	1.4%	1.5%	2.6%	2.3%	2.0%	4.3%	4.5%	4.5%
Canada	1.1%	1.7%	2.0%	2.6%	2.2%	2.0%	6.3%	6.6%	6.2%
Australia	1.2%	2.2%	2.5%	3.4%	2.8%	2.6%	4.2%	4.5%	4.5%
Sweden	0.7%	1.9%	2.1%	3.0%	1.7%	1.8%	8.4%	8.2%	7.8%
New Zealand	0.5%	2.0%	2.7%	3.1%	2.2%	2.0%	4.7%	5.3%	5.0%
Switzerland	1.3%	1.4%	1.5%	1.3%	1.1%	1.1%	2.3%	2.3%	2.2%
Denmark	1.8%	2.0%	1.8%	1.5%	2.0%	2.0%	5.4%	5.2%	
Norway	0.7%	1.5%	1.8%	3.4%	2.5%	2.3%	4.1%	4.1%	3.8%
Germany	0.1%	1.0%	1.3%	2.4%	2.2%	2.0%	6.0%	6.1%	5.8%
France	1.1%	1.1%	1.4%	2.5%	1.9%	1.9%	7.5%	7.4%	7.3%
Italy	0.8%	1.0%	1.1%	1.2%	1.8%	1.7%	7.2%	7.0%	7.2%

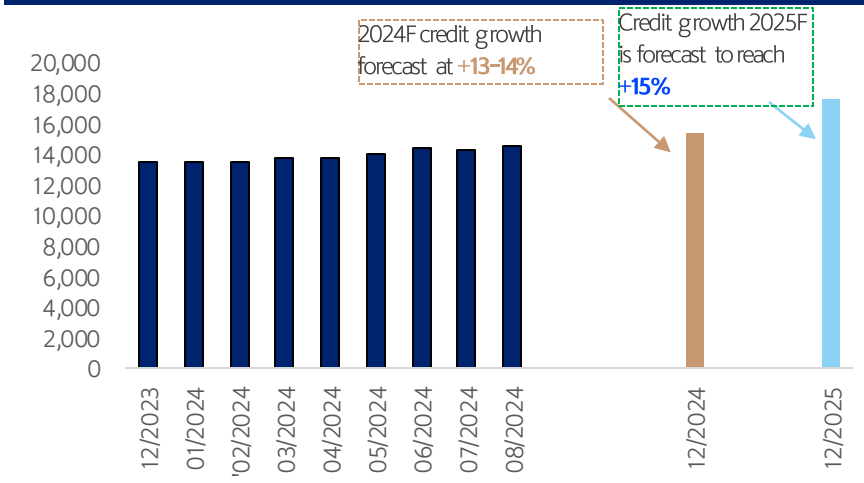
Source: Bloomberg Consensus, Shinhan Securities Vietnam

- According to Bloomberg's data, the consensus GDP growth forecast for Vietnam in the 2024-2026 period is around **6-6.5%**, with CPI controlled below **4%**.
- These forecasts are relatively conservative compared to the estimated GDP growth of **7%** in 2024 - as stated by Prime Minister Pham Minh Chinh. **In 2025**, Vietnam aims for a growth rate of around **6.5-7%** and strives to achieve a growth rate of **7-7.5%**, or even **8%**. For the period **2026-2030**, the Prime Minister expects to achieve **7.5-8.5%** growth annually. We believe that to achieve this goal, the disbursement of public investment projects will be a crucial factor for growth in 2025 and beyond.

3. Outlook for 2025

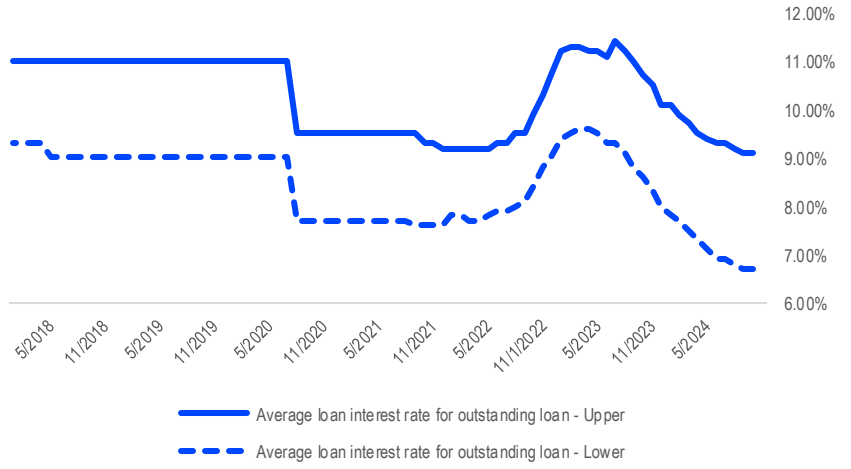
Banks working hard for the 15% credit growth target in 2024

Credit of Vietnam's economy 2023-2025 (VND trillion)



Source: Fiinpro, Shinhan Securities Vietnam

Lending rates have returned to low levels and may increase slightly in 2025



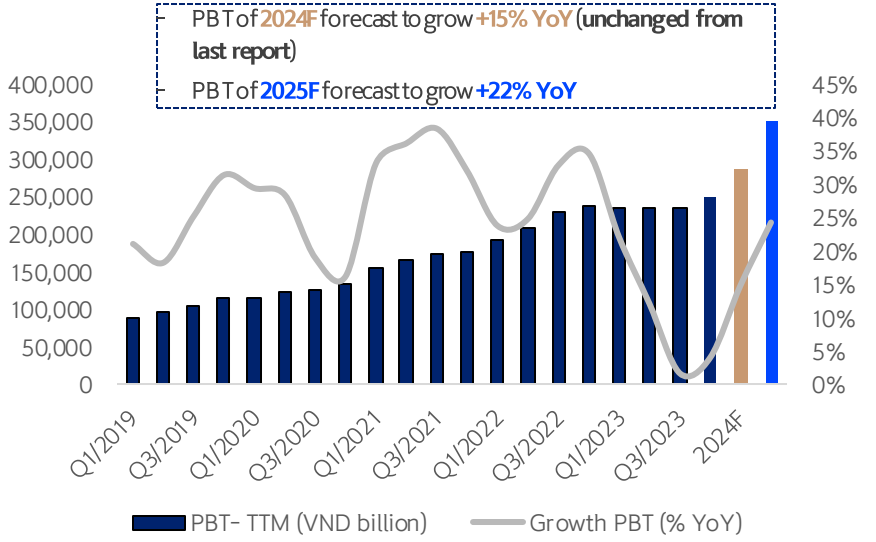
Source: SBV, Shinhan Securities Vietnam

- Based on the State Bank's credit growth data for the first 11 months, we anticipate that Vietnam's overall credit growth could surpass our initial forecast of +13-14% YoY and achieve the target of +15% for 2024.
- For 2025, we expect credit growth to remain at +15% YoY. While the overall growth rate is not expected to change significantly between 2024 and 2025, we anticipate a shift in the credit structure, with retail credit accelerating in the second half of 2025 and driving overall growth, similar to the 2021-2022 period.
- Average lending rates declined rapidly in 2024 (averaging around 6.7-9.1% in October 2024), returning to the low interest rate environment of 2021-2022. We expect interest rates to stabilize at this level for the remainder of 2024 and may increase slightly by around 50 basis points in 2025.
- Deposit growth has lagged behind loan growth this year due to low interest rates environment, therefore, we expect deposit rates to increase at some banks to meet borrowing demand in 2025. Deposit rates at joint-stock commercial banks have already shown a slight upward trend in Q3 and Q4/2024. However, given the State Bank's accommodative monetary policy, interest rates are unlikely to rise significantly.

3. Outlook for 2025

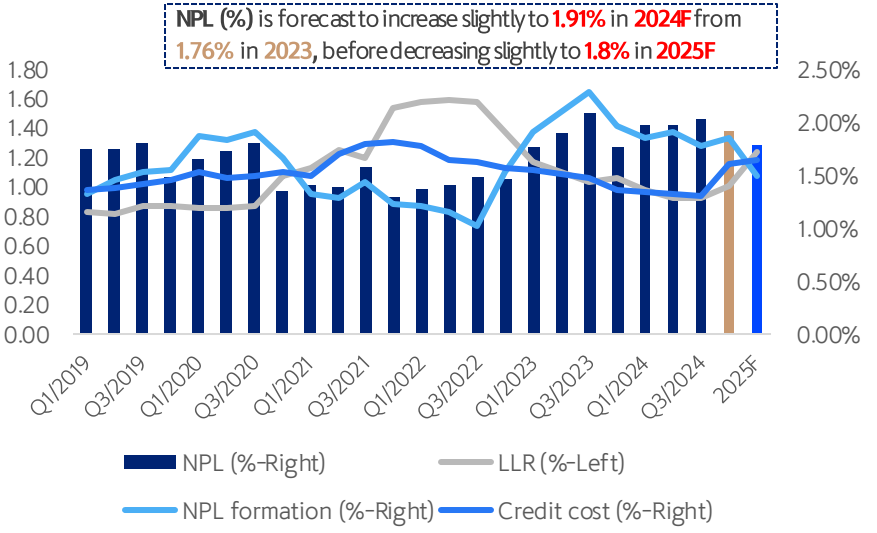
Pre-tax profit of banks listed on HOSE are forecasted to increase by 22% in 2024

Profit before tax (VNDbn)



Source: Fiinpro, Shinhan Securities Vietnam

Forecasted non-performing loan ratio(NPL)



Source: Fiinpro, Shinhan Securities Vietnam

- **Key assumptions for net profit of 18 banks listed on HOSE:**
- NIM stable at **3.6%** for **2024F** and slightly increasing to **3.8%** for **2025F**
- Interest income to increase by **16.3%** for **2024F** and **22.0%** for **2025F**
- Non-interest income growth at **15.0%** for **2024F** and **20%** for **2025F**
- Operating expenses to increase slightly at **4.3%** for **2024F** and **21.6%** for **2025F**
- In **2024F**, NPL increases slightly to **1.91%** (vs. 1.76% in 2023); LLR (%) remains at **100%**; Credit cost expected at **1.60%**
- In **2025F**, NPL decreased to **1.8%** (compared to 1.91% in 2024); LLR (%) improved by **124%**; Credit cost expected at **1.65%**
- In **2024F**, the group's pre-tax profit is expected to grow by **15%** and reach **22%** growth for **2025F**
- P/B TTM is trading around **1.5x** (5-year average at 1.8x), P/B forward 2024 at **1.39x**, PB forward 2025 at **1.13x**

3. Outlook for 2025

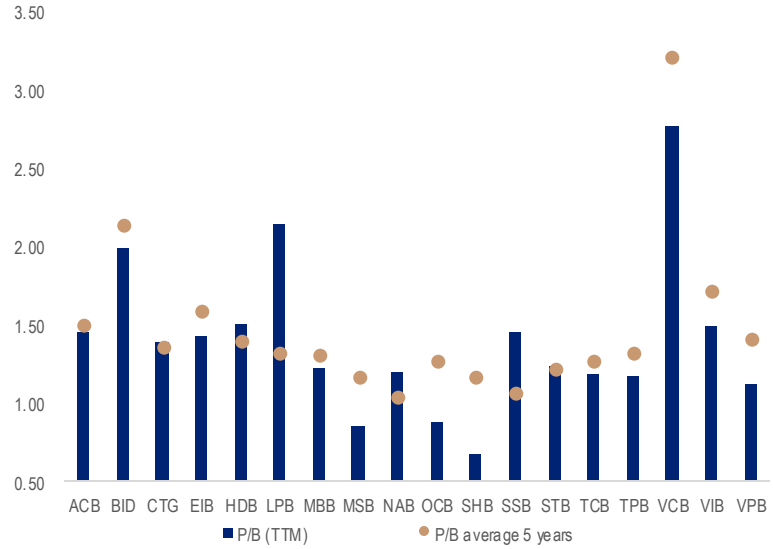
Bank valuations remain below 5-year average

Valuation of banks on HOSE (P/B)



Source: Bloomberg 18/12/2024, Shinhan Securities Vietnam

P/B of listed banks



Source: Bloomberg 18/12/2024, Fiinpro , Shinhan Securities Vietnam

- The banking sector's price-to-book (P/B) ratio continues to remain below the 5-year industry average of 1.8x. The current industry P/B is at 1.5x. Concerns about asset quality deterioration, coupled with the overall recovery of the Vietnamese economy, have significantly impacted the lower valuation of banks compared to the past.
- Most banks listed on HOSE are trading below the industry average, with only a few such as ACB, CTG, STB, and HDB trading in line with the 5-year average P/B. While ACB maintains top asset quality despite market challenges, CTG consistently makes provisions to ensure a stable provision coverage ratio, STB's valuation is driven by restructuring expectations, and HDB's strong growth over the past two years.

04

Potential bank stocks

ACB, VCB, HDB, TCB, VPB

4. Listed banks on HOSE

Stock	Market Cap (VND bn)	Close price (VND)	Target price 2025 (VND)	Upside (%)	PBT growth 9M/2024 (% YoY)	PBT growth in 2025F (% YoY)	Asset/Equity (x)	NIM (TTM)	NPL (%)	LLR (%)	CIR (TTM)	ROE (TTM)	P/B (TTM)	PB Forward 2025
VCB	516,432	92,100	**109,400**	**18.7%**	7%	**22%**	11.14	3.0%	1.2%	204.6%	32.5%	19.8%	2.71	2.14
BID	266,589	39,150	**57,000**	**45.6%**	12%	**20%**	18.73	2.4%	1.7%	115.7%	35.0%	18.1%	2.03	1.85
CTG	205,134	38,100	**39,000**	**2.4%**	12%	**18%**	16.15	3.0%	1.4%	153.0%	28.2%	16.4%	1.46	1.00
TCB	172,736	24,000	**29,500**	**22.9%**	33%	**36%**	6.45	4.4%	1.3%	103.5%	29.4%	16.6%	1.20	1.00
VPB	152,331	18,950	**25,000**	**31.9%**	67%	**21%**	5.85	5.9%	4.8%	50.7%	24.5%	10.4%	1.10	0.95
MBB	129,740	24,600	**29,000**	**17.9%**	4%	**11%**	9.77	4.3%	2.2%	68.8%	30.9%	21.1%	1.23	0.90
ACB	113,676	25,000	**34,000**	**38.4%**	2%	**22%**	10.13	3.8%	1.5%	80.5%	33.5%	22.3%	1.44	1.10
LPB	87,598	34,200			139%		11.22	3.6%	2.0%	77.5%	27.6%	28.8%	2.15	
HDB	83,532	23,750	**28,400**	**19.6%**	47%	**25%**	12.98	5.6%	1.9%	65.9%	33.7%	26.9%	1.61	1.14
STB	68,339	36,950	**42,000**	**13.7%**	18%	**47%**	14.75	3.7%	2.5%	75.0%	50.9%	18.4%	1.36	1.02
VIB	57,199	19,500	**20,600**	**5.6%**	-21%	**39%**	10.80	4.0%	3.9%	47.1%	34.2%	18.9%	1.45	1.09
SSB	48,904	17,200			43%		8.78	3.7%	1.9%	80.8%	33.5%	15.2%	1.44	
TPB	43,328	16,450	**19,789***	**20.3%**	10%	**25%***	10.89	4.1%	2.3%	58.8%	36.5%	14.2%	1.20	1.14 *
SHB	37,723	10,300			6%		12.59	2.9%	2.5%	62.1%	23.7%	14.3%	0.68	
EIB	36,323	19,250			39%		8.97	2.9%	2.7%	39.9%	43.5%	11.8%	1.48	
MSB	29,900	11,450			-6%		8.53	3.6%	2.9%	62.9%	40.5%	15.9%	0.84	
OCB	27,124	10,850			-35%		8.41	3.2%	3.2%	53.9%	41.6%	7.4%	0.88	
NAB	21,824	15,900			62%		13.77	3.8%	2.9%	45.3%	39.1%	22.7%	1.18	

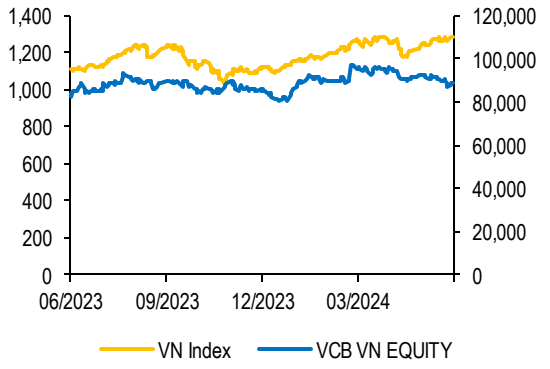
Source: Bloomberg updated on December 24, 2024, Shinhan Securities Vietnam
* Bloomberg Consensus data

Bank for Foreign Trade of Vietnam (HOSE:VCB)

Vietcombank

Target price (year 2025)	**VND 109,400**
Current price (12/24/24)	VND 92,100
Upside (%)	18.7%
VNINDEX	1,260
PE market (25F)	11.8
Market cap (VNDbn)	514,755
Outstanding shares (shares mn)	5,589
Free Float (shares mn)	1,408
52-week high/low (VND)	100,500/ 80,100
Average trading volume 90 days (shares mn)	1.39
Average trading value of 90 days (VNDbn)	132
Foreign ownership (%)	23.48
Major shareholder(%) SBV	74.80
Mizuho	15.0

Performance	**3M**	**6M**	**12M**
Absolute (%)	-7.2	3.7	6.8
Relative to VN-Index (%)	-8.4	-11.4	-10.3



Shinhan Securities

Brand of stability

Vietnam Joint Stock Commercial Bank for Foreign Trade (HoSE: VCB) is one of the "Big 4" state-owned banks with the largest market capitalization in the banking sector. VCB has consistently maintained its position as the most efficient bank, with improving asset quality over the years, and has been actively pursuing digital transformation. Using the residual income (RI) method and a relative valuation approach based on the price-to-book (P/B) ratio, we update our target price for VCB for 2025 to VND 109,400.

Business results 9M/2024

- Vietcombank (VCB) reported a credit growth of over 10% YoY in 9M/2024. However, VCB's net interest margin (NIM) continued to face downward pressure, currently standing at 2.99%. Net interest income for the first nine months reached over VND 41,563 billion (+1.8% YoY). Non-interest income for the same period decreased by 15% YoY due to lower foreign exchange trading income and reduced income from the disposal of risk-mitigating assets. VCB's tight control over personnel and operating costs helped maintain the cost-to-income ratio (CIR) at around 31% in 9M/2024.
- In terms of asset quality, VCB's non-performing loan (NPL) ratio at the end of Q3/2024 remained relatively unchanged from Q2/2024, standing at 1.2% (in line with our forecast). VCB's loan loss reserve coverage ratio (LLR) remains above 200%. Contrary to the upward trend in credit costs, VCB's provision for credit losses decreased by 44% YoY.
- VCB's pre-tax profit (PBT) in 9M/2024 reached an accumulated VND 31,533 billion (+6.7% YoY), completing 75% of the annual profit target approved by the General Meeting of Shareholders. VCB's plan to issue private shares to improve its capital adequacy ratio (CAR), but has been postponed to 2025. VCB expects its CAR for 2025-2026 to reach 13-13.5%.
- In October 2024, VCB officially received the compulsory transfer of CBBank. CBBank will continue to operate as an independent legal entity and will not be consolidated into VCB's financial statements. VCB has the right to merge or divest CBBank after the completion of the compulsory transfer.

Investment thesis

- Good asset quality, NPL ratio maintained below 1.5%, highest LLR ratio in the industry
- Diversified capital sources (advantage from State Treasury deposits) and relatively low funding costs help the bank's NIM to be less volatile. In 2024, when funding costs return to low levels as expected, we forecast that VCB's NIM may increase slightly to 3.1%.
- VCB is still in the process of seeking investors for the private placement. This deal will help improve the bank's capital adequacy ratio by about 150-200 basis points.

Outlook 2024-2025

- Key assumptions for VCB's 2024-2025 business results: Credit growth reaches 14% for both 2024 and 2025; NIM slightly decreases to 2.94% and increases again to 3.18% in 2025 (down 7bps compared to the latest report); non-interest income growth in 2024 and 2025 reaches -9% and 43% respectively, NPL ratio in 2024 and 2025 is around 1.1-1.2%; credit risk cost/total credit in 2024 is at 0.4% and 0.8% in 2025, PBT in 2024 and 2025 reaches growth rates of 3.42% YoY and 21.69% YoY respectively.

Risks: (1) Lending interest rates continue to fall and credit growth slows, causing NIM to continue to narrow. (2) Rapidly increasing bad debt puts pressure on risk provisioning costs.

Year	2021	2022	2023	2024F	2025F
Net interest income (VND bn)	42,273	53,246	53,621	57,079	72,208
Net non-interest income (VND bn)	14,357	14,836	14,103	12,829	18,403
TOI (VND bn)	56,630	68,083	67,723	69,908	90,611
Profit before tax (VND bn)	27,486	37,359	41,244	42,653	53,455
Growth of PBT (%)	19.25	35.92	10.50	3.42	21.69
P/E (x)	18.9	13.7	14.7	15.4	12.68
P/B (x)	3.4	2.8	2.7	2.6	2.15
ROE (%)	21.64%	24.19%	21.57%	18.34%	18.50%

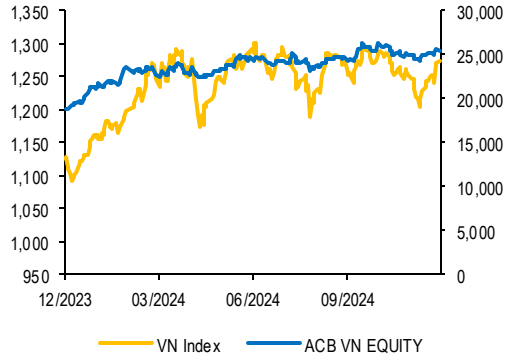
Source: Bloomberg, Shinhan Securities Vietnam

Asia Commercial JSB (HOSE: ACB)

ACB

Target price (year 2025)	**VND 34,600**
Current price (12/24/24)	VND 25,000
Upside (%)	38.4%
VNINDEX	1,260
PE market (25F)	11.8
Market cap (VNDbn)	111,666
Outstanding shares (shares mn)	4,467
Free Float (shares mn)	3,529
52-week high/low (VND)	26,500/ 19,348
Average trading volume 90 days (shares mn)	7.28
Average trading value of 90 days (VNDbn)	196
Foreign ownership (%)	30
Major shareholder(%) Sather Gate	4.99
Major shareholder(%) Tran Hung Huy	3.94

Performance	3M	6M	12M
Absolute (%)	4.3	3.7	30.9
Relative to VN-Index (%)	3.8	4.7	17.6



Shinhan Securities

Strong credit growth

Asia Commercial Joint Stock Bank (ACB) aims to become a leading retail bank in Vietnam. This bank also adopts a cautious growth strategy, avoiding investments in corporate bonds. In 2024, ACB has been actively expanding its corporate customer base to diversify its loan portfolio and support more sustainable growth in the future. In terms of asset quality, ACB is one of the pioneers in meeting BASEL III standards. ACB has experienced strong credit growth and is continuously improving its business model. Assuming an average profit growth rate of over 15% for the period 2024-2028 and stable business results in 2024-2025, ACB's target for 2025 is 34,600 VND.

Business results 9M/2024

- ACB's credit growth in 9M/2024 was very positive, reaching 12.8% YTD. Of which, the retail customer group increased by 12% YTD (the home loan group increased positively by 14%), the corporate customer group achieved an increase of more than 15% YTD (from the trade and production and business sectors). With a low deposit interest rate base, ACB's mobilization growth could only reached about 6.2% YTD (higher than the industry average of 4.8% YTD). The high level of competition in lending interest rates among banks caused ACB's NIM to narrow compared to the beginning of the year from 4.0% at the end of 2023 to 3.8% at the end of Q3/2024. Net interest income in 9M/2024 increased by 11% (YoY), reaching VND 20,714 billion. Non-interest income in 9M/2024 decreased sharply by -26% YoY. Fee income still showed positive growth of 8%, with the main contribution from the card and payment services segment. Meanwhile, due to interest rate developments not allowing ACB to record gains from the government bond portfolio, this segment has decreased sharply. In 9M/2024, ACB controlled operating expenses relatively in line with the bank's income growth, with CIR in 9M/2024 at 33% (compared to 32% in 9M/2023).

- Regarding asset quality, ACB's non-performing loan (NPL) ratio has stabilized at below 1.5%. Restructured NPL according to Circular 02 is currently only at 0.2%. ACB's pre-tax profit for 9M/2024 reached VND 15,335 billion (+2.1% YoY), completing 70% of the yearly plan.

Investment thesis

- ACB Bank operates cautiously, does not invest in corporate bonds and limits lending to real estate businesses. Despite being a retail bank, ACB still maintains its position in the top group of banks with the lowest NPL ratio in the system.
- ACB is showing progress in lending to corporate customers.
- In the period of 2023-2027, we forecast that ACB's assets and profits can maintain sustainable growth with a positive compound annual growth rate (CAGR) of over 15%.

Outlook for 2024-2025

- ACB has been granted a credit limit of 18.4% by SBV, and we forecast that ACB can fully utilize this limit in 2024 and will grow by 16% in 2025. NPL ratio is controlled at around 1.5%. NIM is under pressure to narrow and decrease slightly to around 3.7-3.8% for 2024-2025. Non-interest income in 2024 will decrease by 9.2% YoY, before recovering by more than 30% in 2025. With a cautious lending appetite, we maintain ACB's credit cost at around 0.5% for 2024-2025. ACB's pre-tax profit for 2024 and 2025 could reach VND21,145 billion (+5% YoY) and VND25,855 billion (+22.3% YoY).

Risks: (1) Retail credit recovers slowly; (2) Bad debt continues to be at high level and bad debt handling activities are ineffective

Year	2021	2022	2023	2024F	2025F
Net interest income (VND bn)	18,945	23,534	24,960	28,095	32,441
Net non-interest income (VND bn)	4,619	5,257	7,787	7,071	9,334
TOI (VND bn)	23,564	28,790	32,747	35,166	41,775
Profit before tax (VND bn)	11,998	17,114	20,068	21,145	25,855
Growth of PBT (%)	25.0	42.6	17.3	5.3	22.3
P/E (x)	6.9	6.0	5.8	6.7	5.5
P/B (x)	1.5	1.4	1.3	1.4	1.1
ROE (%)	23.9	26.5	24.8	21.76	22.30

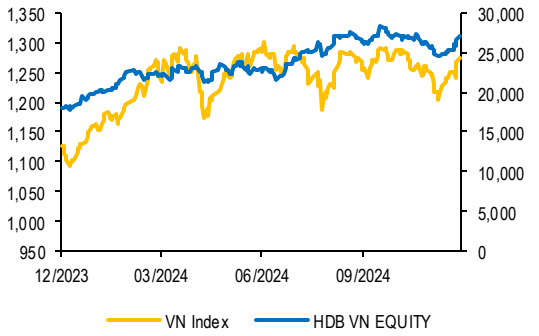
Source: Bloomberg, Shinhan Securities Vietnam

Ho Chi Minh City Development JSB (HOSE: HDB)

HDBank

Target price (year 2025)	**VND 25,833**
Current price (12/24/24)	VND 23,750
Upside (%)	19.6%
VNINDEX	1,260
PE market (25F)	11.8
Market cap (VNDbn)	81,784
Outstanding shares (shares mn)	3,495
Free Float (shares mn)	2,458
52-week high/low (VND)	28,600/ 18,150
Average trading volume 90 days (shares mn)	7.41
Average trading value of 90 days (VNDbn)	204
Foreign ownership (%)	16.4
Major shareholder(%) Sovico	14.27

Performance	3M	6M	12M
Absolute (%)	1.9	13.9	44.0
Relative to VN-Index (%)	1.4	15.0	30.7



Aiming for profit target of VND 20,000 billion for 2025

HDBank has positioned itself as a multi-purpose retail bank, targeting small and medium-sized enterprises, as well as individual customers in tier-two cities and rural areas through the development of specialized financial products and services tailored to their needs. Concurrently, HDB is strengthening its digital banking platform to enhance customer reach. This targeted strategy is evident in the bank's impressive performance over the past few years, with asset and profit growth exceeding 25% annually from 2019 to 2023. We believe HDB can maintain this positive growth trajectory and achieve its 2025 profit target of over 20,000 billion VND. Based on this foundation, HDBank's share price is projected to reach 34,100 VND in 2025.

Business results 9M/2024

HDB's credit growth is positive in 9M/2024, with an increase of more than 16% YTD. The consumer finance segment at HD SAISON continues to recover strongly with outstanding loans increasing by 15% YoY. Thanks to the low LDR advantage, HDB can expand NIM in 9M/2024 - going against the trend of NIM decline of the whole industry. By the end of Q2/2024, HDB's NIM improved to 5.6% from 4.98% at the end of 2023. NIM expansion along with a high credit base compared to the same period, HDB's interest income in 9M/2024 reached more than VND 14,880 billion (+54% YoY). In contrast, HDB's fee income is still facing difficulties when 9M/2024 decreased by more than 37% YoY. In addition to fee income, other business segments such as foreign exchange trading, trading securities and investment did not have positive highlights in 9M/2024. Debt collection activities are also flat as the real estate market thaws more slowly than expected, despite signs of improvement in Q3/2024.

HDB's NPL ratio at the end of Q3/2024 was at 1.9% (up from 1.79% at the end of 2023, lower than the industry average). HDB's loan loss coverage ratio (LLR) at the end of Q3/2024 increased slightly to 72.4%. HDB's pre-tax profit in 9M/2024 reached nearly VND 12,655 billion (+47% YoY), completing more than 79% of the annual profit plan. HD Saison achieved pre-tax profit in 9M/2024 at VND 906 billion (+126% YoY)

Investment thesis

- HDB has an LDR ratio of around 70%, much lower than the prescribed limit of 85%. The low LDR ratio, when combined with positive credit growth, can expand HDB's NIM in 2024. In addition, the recovery of the consumer finance sector and the personal and SME lending segment is expected to help HDB maintain a NIM of over 5% in 2024-2025.
- HDB is highly evaluated and ranked by the State Bank of Vietnam in the banking system. In addition, participating in the restructuring of weak banks helps the bank receive high credit room. The strong ecosystem from partners such as Vietjet, Petrolimex, PVOIL, Unilever, CP, ... is expected to contribute to promoting growth for HDBank in the future.

Outlook 2024-2025

- Credit growth in 2024 is expected to be 23.7%, NIM is stable at around 5%. Bad debt is below 2%, non-interest income increases by 13.7% YoY. Pre-tax profit is expected to be VND 16,170 billion, up 24.2% YoY. In 2025, assuming credit growth of more than 20%, we believe that HDB's target of exceeding VND 20,000 billion in profit is relatively optimistic. According to information from HDB, the bank is currently in the process of looking for a strategic investor.

Risk: 1) Slower-than-expected economic recovery could cause bad debt pressure to persist; 2) Real estate market continues to recover slowly; 3) NIM narrows if deposit interest rates increase rapidly

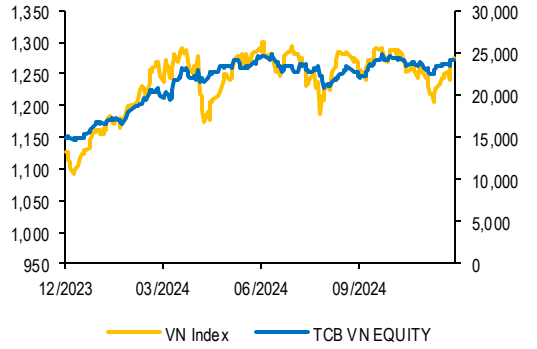
Year	2021	2022	2023	2024F	2025F
Net interest income (VND bn)	13,891	18,012	22,184	29,608	35,515
Net non-interest income (VND bn)	2,867	3,956	4,230	3,098	4,212
TOI (VND bn)	16,758	21,967	26,414	32,706	39,727
Profit before tax (VND bn)	8,070	10,268	13,017	16,269	20,324
Growth of PBT (%)	38.87%	27.21%	25.90%	25.0%	24.9%
P/E (x)	10.2	5.2	5.8	6.0	4.8
P/B (x)	2.1	1.1	1.3	1.4	1.1
ROE (%)	23.3	23.5	24.2	25.4	26.1

Source: Bloomberg, Shinhan Securities Vietnam

Vietnam Technological and Commercial JSB (HOSE: TCB)

Target price (year 2025)	**VND 29,500**
Current price (12/24/24)	VND 24,000
Upside (%)	22.9%
VNINDEX	1,260
PE market (25F)	11.9
Market cap (VNDbn)	169,556
Outstanding shares (shares mn)	7,065
Free Float (shares mn)	4,823
52-week high/low (VND)	25,250/ 14,900
Average trading volume 90 days (shares mn)	14.31
Average trading value of 90 days (VNDbn)	324
Foreign ownership (%)	22.4
Major shareholder(%) Masan	14.9

Performance	3T	6T	12M
Absolute (%)	6.6	-1.6	56.1
Relative to VN-Index (%)	6.1	-0.6	42.8



Maintain growth thanks to warming real estate market

Techcombank is one of the largest joint-stock commercial banks in Vietnam with significant achievements. TCB has always focused on developing technology to lead the digital transformation of the finance industry, thereby enhancing customer experience and attracting new customers. TCB focuses on developing the real estate development and home loan segments, which we believe have significant growth potential. Using the residual income (RI) method and the price-to-book (P/B) ratio comparison method, we update the target price for TCB at 29,500 VND (shifting the valuation base to 2025).

Business results 9M/2024

TCB achieved an impressive 9M/2024 credit growth of 17.4% ytd (compared to the industry's 9%). The loan portfolio for individual customers in Q3/2024 grew by nearly 11% ytd - home loan products maintained positive growth, while auto loans still faced difficulties. Loans to economic organizations grew by 26% ytd, thanks to the processing and manufacturing industry group being boosted in lending in 9M/2024. Meanwhile, the real estate business loan group grew more slowly and reduced its proportion in TCB's loan portfolio. With the pressure of a sharp decline in asset yields to stimulate credit growth, TCB's NIM (TTM) decreased slightly to around 4.37%. TCB's net interest income in Q3/2024 increased by 22.8% YoY, down slightly by -5.8% QoQ. Asset quality remains stable with NPL at 1.3% at the end of Q3/2024. Fee income continues to face many obstacles in Q3/2024. Lower demand for UPAS/LC and narrowing Bancassurance segment were the main factors causing TCB's fee segment to decrease by -7% YoY in Q3/2024. Also during this period, TCB announced the termination of the exclusive insurance distribution agreement with Manulife. This termination will cause TCB to record compensation costs of VND 1,800 billion. In addition, in October 2024, TCB participated in contributing capital to establish Techcom Non-Life Insurance Company (TCGIns).

TCB's pre-tax profit in Q3/2024 reached VND 7,214 billion (+23.5% YoY), slowing down compared to the first 2 quarters of the year but completing more than 84% of the 2024 profit plan.

Investment thesis

- Demand for home loans has clearly recovered, especially in the Northern market. With the prospect of Vietnam's economic growth continuing to be good, the personal loan portfolio may grow more positively in 2025.
- NPL still show stability when maintained at around 1-1.5%.
- CASA returning to above 40% will help bring capital cost advantages to TCB in the coming years.

Outlook 2024-2025

- Key assumptions for 2024 include Consolidated credit growth of over 22%, NIM recovering to 4.38%, NPL controlled at around 1.3%, Credit risk cost/total credit below 1.0%, CIR 31%. TCB's pre-tax profit in 2024 is forecast to reach VND 26,940 billion (+17.7% YoY), revised down from the latest report due to costs arising from the termination of exclusive distribution of Manulife. In 2025, we expect TCB's credit growth to reach around 18%, NIM stable at 4-4.5%, NPL ratio around 1-1.5%, CIR ratio falling below 30% thanks to technological advantages, we forecast pre-tax profit in 2025 to reach VND 34,734 billion (+28.9% YoY).
- **Risks:** (1) Real estate market recovers slower than expected; (2) Rapidly rising interest rates put pressure on NIM. (3) Bad debt increases rapidly.

Year	2021	2022	2023	2024F	2025F
Net interest income (VND bn)	26,699	30,290	27,691	36,228	42,945
Net non-interest income (VND bn)	10,378	10,612	12,370	11,063	15,118
TOI (VND bn)	37,076	40,902	40,061	47,291	58,063
Profit before tax (VND bn)	23,238	25,568	22,888	26,940	34,734
Growth of PBT (%)	47.1	10.0	-10.5	17.7	28.9
P/E (x)	5.5	5.0	6.2	7.9	6.1
P/B (x)	1.1	0.9	1.0	1.1	1.0
ROE (%)	21.7	19.7	14.8	15.4	17.4

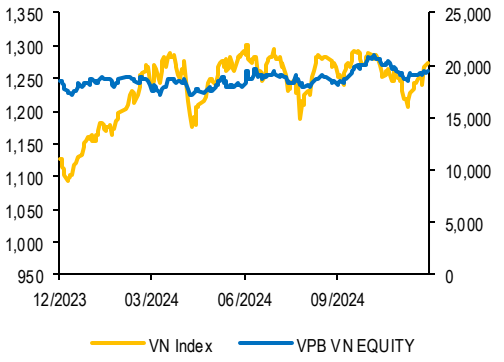
Source: Bloomberg, Shinhan Securities Vietnam

Vietnam Prosperity JSB (HOSE: VPB)

VPBank

Target price (year 2025)	**VND 25,000**
Current price (12/24/24)	VND 18,950
Upside (%)	31.9%
VNINDEX	1,260
PE market (25F)	11.8
Market cap (VNDbn)	150,347
Outstanding shares (shares mn)	7,934
Free Float (shares mn)	7,086
52-week high/low (VND)	21,050/ 17,500
Average trading volume 90 days (shares mn)	21.26
Average trading value of 90 days (VNDbn)	443
Foreign ownership (%)	25.2
Major shareholder(%)	Sumitomo Mitsui 15.0

Performance	3M	6M	12M
Absolute (%)	5.7	7.8	-1.0
Relative to VN-Index (%)	5.2	8.8	-14.3



Shinhan Securities

Profits recover along with capital advantage

Established in 1993, VPBank is a modern retail banking institution. VPB has grown significantly thanks to its ability to expand its branch network nationwide and develop a diverse range of products. FE Credit, a subsidiary of VPBank, is currently in the final stages of restructuring its loan portfolio. With its leading position in consumer finance, FE Credit is expected to achieve positive growth in 2024 and a more pronounced recovery in 2025-2028. In early 2023, VPB reached an agreement to sell a 15% stake to SMBC through a private placement. VPB's capital adequacy ratio at the end of 2023 is the highest among listed banks in Vietnam. Two other subsidiaries, VPBankS (Securities) and OPES (Insurance), are also gradually contributing more to the bank's operations. Based on the residual income method and P/B ratio comparison, we estimate VPB's 2025 target price at 25,000 VND/share.

Business results 9M/2024

- VPB's consolidated credit growth at the end of Q2/2024 reached 9.93% (VPB parent reached more than 10%). FE Credit's outstanding loans returned to positive growth at the end of Q3/2024. FE Credit's bad debt decreased sharply from more than 22% at the end of 2023 to less than 18% at the end of 2024. The management also said that the restructuring process of FE Credit was relatively successful and expected the business to contribute more positive profits to VPB in the coming time. VPB's consolidated interest income in 9M/2024 reached VND 35,887 billion (+32.3% YoY), consolidated NIM improved from 5.6% at the end of Q4/2023 to 5.9% at the end of Q3/2024. Non-interest income in 9M/2024 decreased slightly by nearly 6% YoY, the decline mainly came from fee income (-12% YoY). Regarding asset quality, VPB's consolidated NPL decreased from 5% at the end of 2023 to 4.8% at the end of Q3/2024. However, the positive decline came mostly from FE Credit, while VPB's individual NPL increased from 3.2% at the end of 2023 to 3.6% at the end of Q3/2024. VPB's consolidated pre-tax profit reached VND 13,582 billion, reaching 60% of the annual profit plan.

Investment thesis

- VPB has the highest CAR ratio, 15.7% at the end of Q3/2024 after paying cash dividends. With a high CAR ratio, VPB has a large room for asset growth in the future. A high CAR ratio and good growth help VPB maintain its cash dividend payment policy in the coming years.
- Bad debt is expected to peak in 2024 and begin to decline gradually in the coming years.
- FE Credit has completed the restructuring phase and is aiming for positive growth in the coming time. With the prospect of consumer finance returning to a positive level, policy support with Circular 12/2024 allows credit institutions to lend small amounts, not exceeding VND 100 million without requiring a feasible capital use plan. Fe Credit is expected to recover positively in 2025-2026. FE Credit in Q3/2024 achieved a pre-tax profit of nearly VND 300 billion.

Outlook for 2024-2028F

- Key assumptions for the 2024-2028F period: Total assets growth: 18.6%/year; Total credit growth: 21.5%/year; Equity growth: 11.8%/year (assuming cash dividend payment of 30% of annual profit); Target CAR ratio around 14%; NPL ratio peaks at 5.1% before gradually decreasing to below 4%; Credit cost/Credit balance controlled around 4.5-5%; NIM gradually improves to 7.5% by the end of 2027-2028; Profit after tax growth over 30%/year

Risks: (1) Slower-than-expected economic recovery may cause bad debt pressure to continue; 2) Real estate market continues to recover slowly; 3) FE Credit recovers more slowly than expected

Year	2021	2022	2023	2024F	2025F
Net interest income (VND bn)	26,200	36,023	38,175	49,409	61,994
Net non-interest income (VND bn)	10,735	9,570	11,569	11,790	14,412
TOI (VND bn)	36,934	45,593	49,743	61,199	76,406
Profit before tax (VND bn)	16,527	22,729	10,987	18,475	22,273
Growth of PBT (%)	54.6	37.5	-48.9	68.2	21.0
P/E (x)	15.4	7.1	13.4	10.5	8.7
P/B (x)	1.8	1.0	1.1	1.0	0.95
ROE (%)	17.8	7.1	9.4	10.2	11.4

Source: Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

Real estate

Unleashing legal pathways



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Content

Real estate – Unleashing legal pathways

1. Update on real estate industry

   The real estate sector has shown many positive signs as (1) it continues to attract strong foreign direct investment (FDI), (2) consumer credit for real estate grows, (3) the payment ability of the corporate bond market has significantly improved, and (4) the number of licensed projects continues to increase. However, we still see challenges in the market as (1) although overall supply and demand have grown, it remains uneven between the South and the North, and (2) the activity of issuing real estate corporate bonds has been lackluster in the second half of the year.

2. Listed Real Estate Companies Updates

   In 9M2024, major listed residential real estate companies showed: (1) divergent presales, (2) weak revenue and profit, and (3) slight increases in inventory and debt compared to the beginning of the year.

3. Prospects of the real estate industry in 2025

   We remain optimistic that the real estate market will continue its recovery in 2025, driven by (1) improved legal frameworks and (2) attractive interest rates supporting ample supply.

4. Real Estate Stock Pick

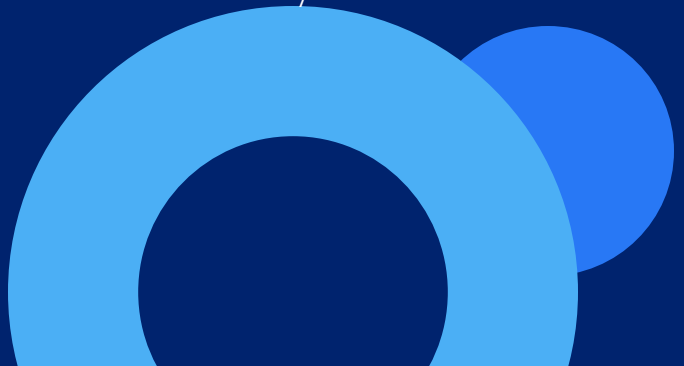
   VHM, NLG, KDH & DXG

5. Appendix

Update on real estate industry

01

The real estate sector has shown many positive signs as (1) it continues to attract strong foreign direct investment (FDI), (2) consumer credit for real estate grows, (3) the payment ability of the corporate bond market has significantly improved, and (4) the number of licensed projects continues to increase. However, we still see challenges in the market as (1) although overall supply and demand have grown, it remains uneven between the South and the North, and (2) the activity of issuing real estate corporate bonds has been lackluster in the second half of the year.

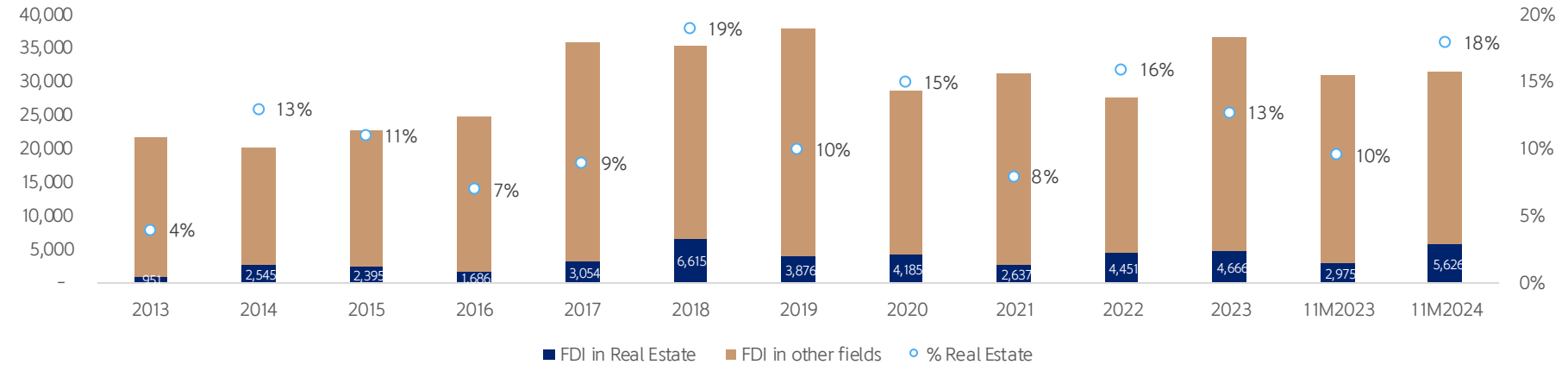


1.1 – Update on real estate industry – FDI

The real estate sector continues to strongly attract FDI

The real estate business sector continues to maintain its position as the second most attractive field for registered FDI. However, its share has significantly increased to **18%**, compared to just **10%** during the same period last year. In the first 11 months of 2024, the total investment in real estate reached **USD 5,626 million (+89.1% YoY),** accounting for **18%** of the total registered investment, second only to the manufacturing and processing industry, which attracted **USD 20,197 million**, representing **64.4%**.

Real estate continues to maintain its position as the second most attractive sector for FDI (million USD)



Source: FiinPro, Shinhan Securities Vietnam

1.2 – Update on real estate industry – Interest Rate

Mortgage loan interest rates remain attractive

According to Batdongsan.com.vn, as of November 2024, a few banks have slightly increased interest rates; however, the majority of banks are still maintaining attractive low interest rates for home loans.

Currently, home loan structures commonly include two types of interest rates: (1) preferential interest rates and (2) post-preferential interest rates. The adjustment margin between these two rates ranges from **1.9% to 4.0%.** Specifically, preferential interest rates for purchasing commercial housing at banks range from **5.50% to 7.90%** per year. After the preferential period ends, interest rates range from **7.40% to 11.90%** per year.

Changes in commercial home loan interest rates at some major banks

Bank	01/2024			11/2024		
	Preferential rate (%/year)	Maximum loan rate (%)	Maximum tenor (year)	Preferential IR (%/year)	Maximum loan rate (%)	Maximum tenor (year)
Vietcombank	6.7	70	20	5.5	70	20
Shinhan bank	6.6	70	30	7.0	70	30
Techcombank	10.5	70	35	6.7	80	35

Source: Batdongsan.com.vn, Shinhan Securities Vietnam

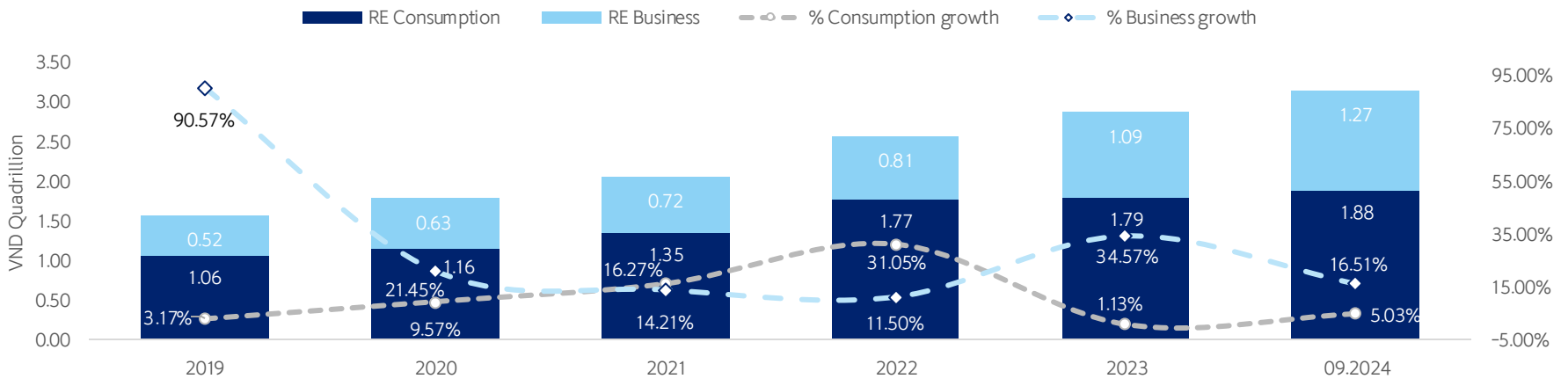
1.3 – Update on real estate industry – Credit

Positive signs from credit for real estate consumption

Credit for the real estate sector in the first nine months of 2024 followed the overall trend of credit across the economy. As of September 31, 2024, total credit for the entire economy reached **VND 14.79 quadrillion (+9.0% YTD)**, with credit for the real estate sector increasing by **9.15% YTD** to reach **VND 3.15 quadrillion**.

Specifically, by purpose of use: credit for real estate business reached **VND 1.27 quadrillion (+16.51% YTD),** while credit for real estate consumption rose by **5.03% YTD** to **VND 1.88 quadrillion**. Although the growth in real estate consumption credit remains modest, it is still a significant and positive signal. During the same period last year, the indicator even recorded negative growth of **-2.7% YTD**, reflecting the market's negative sentiment at the time. Coupled with a recovery in transaction values, this indicates a more optimistic sentiment and increasing demand in the real estate market.

The credit for real estate shows positive signs



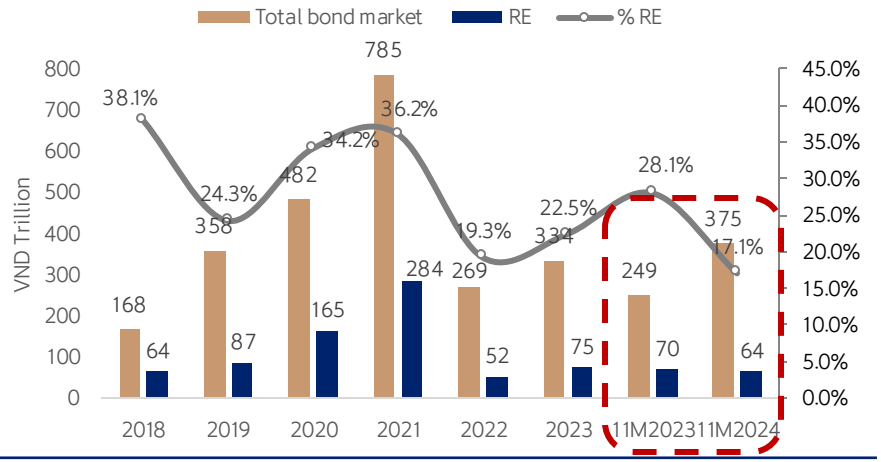
Source: Ministry of Construction, State Bank of Vietnam, Shinhan Securities Vietnam

1.4 – Update on real estate industry – Bonds

The activity of issuing real estate corporate bonds has been less active in the 2H2024

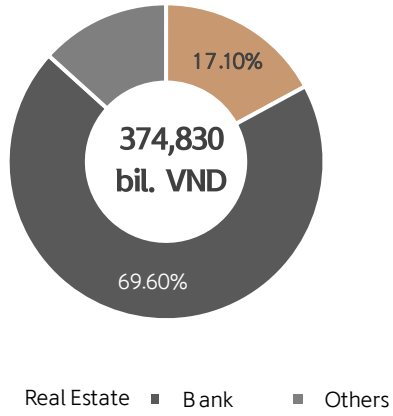
More positive than the banking credit channel, the corporate bond market in the first 11 months of 2024 saw impressive growth in issuance value, particularly driven by the banking sector. Specifically, the total cumulative value of corporate bonds issued in the 11-month period reached **374,830 billion VND (+50.3% YoY),** with the banking sector leading, accounting for **69.6**% of the total, equivalent to **260,882 billion VND (+113% YoY).** However, in the real estate sector, companies were not actively issuing bonds in the latter half of the year, resulting in a cumulative issuance value that recorded a negative growth of -9.2% YoY, reaching **64,096 billion VND**, in stark contrast to the strong growth seen in the first half of the year.

The value of corporate bonds issued in 11M/2024



Source: VBMA, Shinhan Securities Vietnam

Real estate was the second largest issuer in 11M/2024



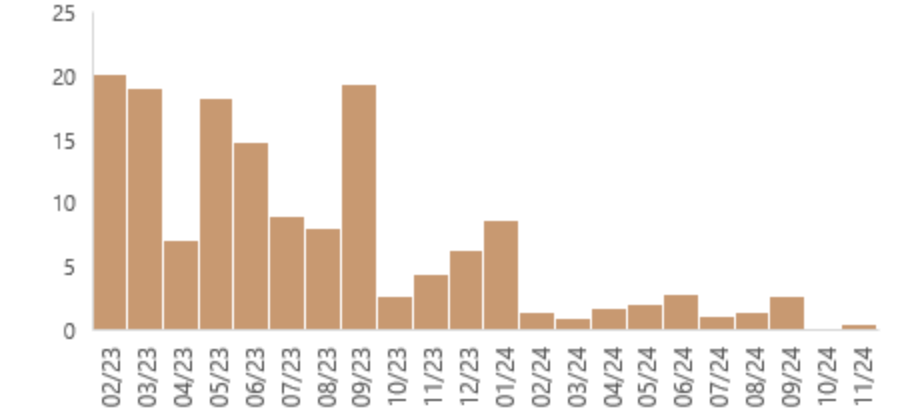
Source: VBMA, Shinhan Securities Vietnam

1.4 – Update on real estate industry – Bonds

The ability to pay on the corporate bond market has improved significantly

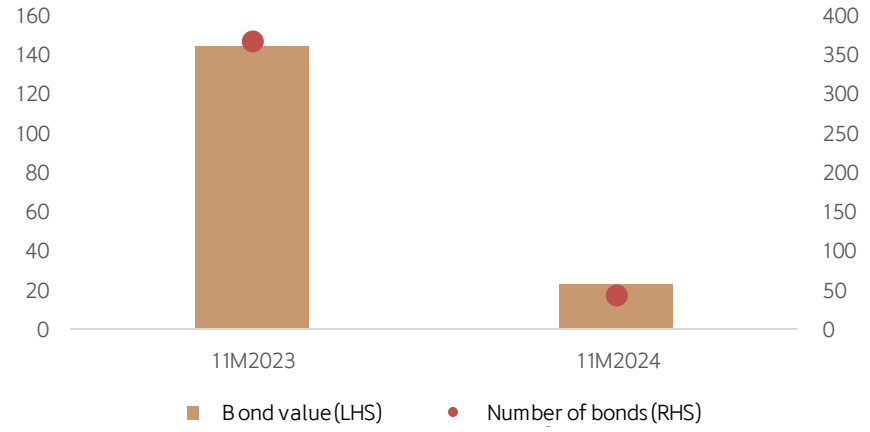
The ability to pay on the corporate bond market has shown signs of improvement, as reflected by the significant reduction in the number and value of delayed interest and principal payments in 2024. Some businesses have fully or partially settled overdue bond payments to investors. Specifically, the number of corporate bonds with delayed interest and principal payments for the first time has dropped sharply to **43** from **369** bonds in the same period, with the corresponding overdue value decreasing to **23.2 trillion VND** from **144.3 trillion VND.**

Value of overdue corporate bonds (trillion VND)



Source: VBMA, VIS Rating, Shinhan Securities Vietnam

Delayed corporate bond value drops sharply (trillion VND)



Source: VBMA, VIS Rating, Shinhan Securities Vietnam

1.5 – Update on real estate industry – Implementation of Laws

Real Estate Laws are being implemented concurrently, but their impact remains limited

In the first nine months of 2024, Vietnam's real estate market experienced significant policy shifts, including (1) the approval of the Land Law by the National Assembly in January 2024 and (2) the early implementation of three Real Estate Laws from August 1, 2024. However, the overall impact of these newly enacted real estate laws remains limited due to:

Limitations

- As of October 7, many localities have not yet issued the detailed regulatory documents required under their jurisdiction for the implementation of Laws. This has resulted in a lack of consistency in the enforcement and application of the Real Estate Laws.
- Many localities are facing challenges in issuing revised land price tables. As a result, developers must wait for the calculation of land use fees (LUF) to fulfill their financial obligations and proceed with project development.
- Many projects are still awaiting adjustments to their planning or decisions related to the requirement that 20% of the land banks must be designated for social housing.
- Businesses and local authorities will need time to understand and apply the new regulations.

Overall, after two months of the simultaneous enforcement of the three Real Estate Laws, their impact at the local level has been limited and uneven. While the northern market has seen a strong recovery in both new supply and the number of licensed projects, the southern market has been quieter.

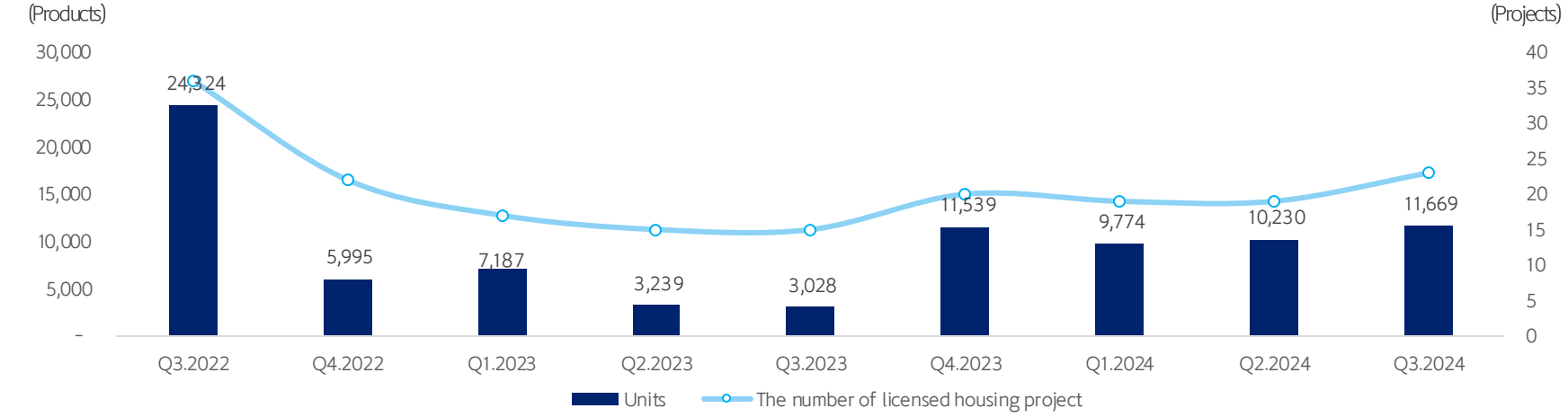
1.6 – Update on real estate industry– Supply and Demand

The number of approved projects continues to improve

The number of projects granted licenses in 9M 2024 has seen positive changes. Specifically, the total number of projects approved nationwide in 9M 2024 reached **61 projects (+29.8% YoY)**. This growth in the number of approved projects indicates greater diversification in the market for the upcoming period.

However, we observe that the Southern market remains sluggish, with only **three new projects** approved in the first nine months, mainly due to challenges related to LUF valuation and planning issues. In contrast, newly approved projects are primarily concentrated in the North and Central regions, accounting for **95.1% of the total approved projects**.

The number of approved projects continues to improve



Sources: Ministry of Construction, Shinhan Securities Vietnam

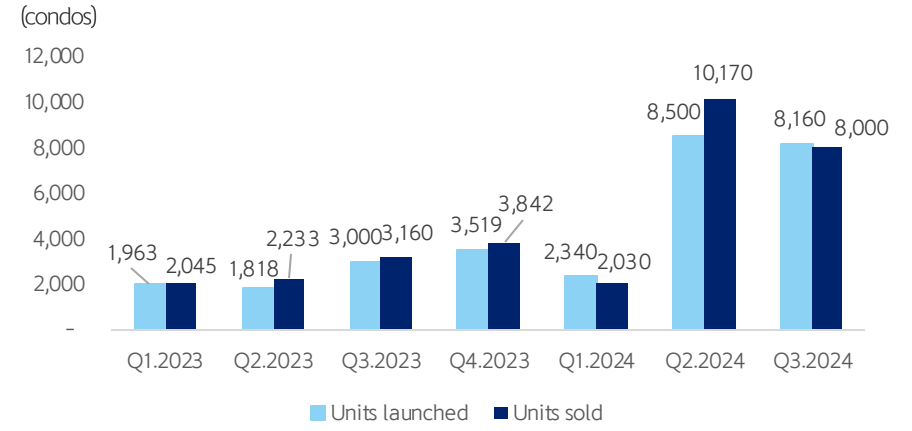
1.6 – Update on real estate industry – Supply and Demand

The new housing supply in Hanoi has experienced a strong recovery in 9M2024

In Hanoi, the supply of new residential properties has rebounded strongly. Specifically, new condominium supply in the first nine months of 2024 reached **19,000 units (2.8 times higher than the same period in 2023)**, the highest in the past five years, coming from **11 projects**. Although approximately 75% of these units are high-end, the absorption level has been high, with around **20,200 units sold** (**2.7 times higher than the same period**). This indicates a positive sentiment among homebuyers as the legal framework continues to improve.

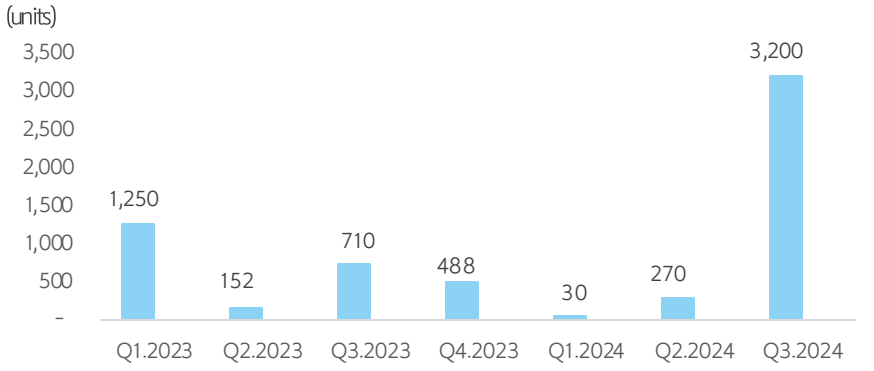
Meanwhile, landed properties in the first nine months of 2024 amounted to **3,500 units (1.5 times higher than the same period in 2023)**, primarily from one large-scale urban project in Dong Anh.

New condos supply in Hanoi surges



Source: CBRE, Shinhan Securities Vietnam

New supply of landed property has rebounded strongly



Source: CBRE, Shinhan Securities Vietnam

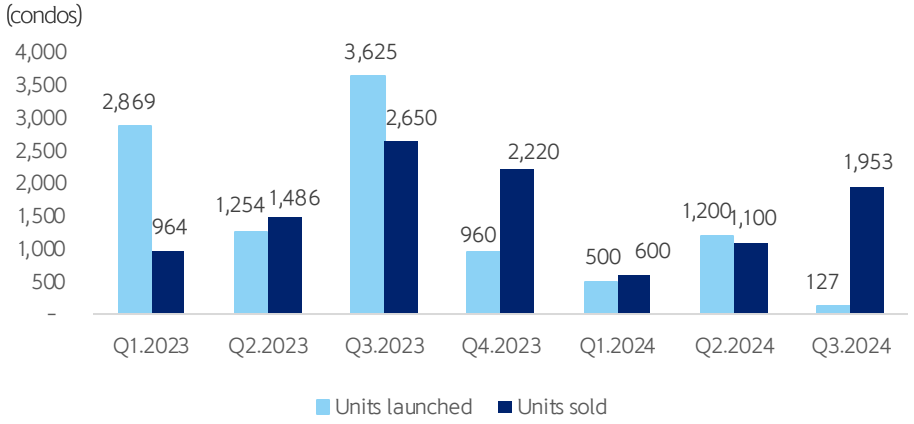
1.6 – Update on real estate industry – Supply and Demand

On the other hand, the housing market in Ho Chi Minh City is recovering slowly

In Ho Chi Minh City, the supply of new condos remains relatively weak in the first 9 months of 2024. Specifically, the total new condos supply reached only **1,827 units (-76% YoY)**. This trend contrasts with the growing supply in the Northern market, as the number of condos launched in HCMC in 9M 2024 accounted for just **10%** of the supply in Hanoi. Despite the ongoing supply shortage, a positive signal for the HCMC real estate market in Q3 was the **resolution of legal issues for over 300 units** in projects that had been halted 1-2 years ago (CBRE).

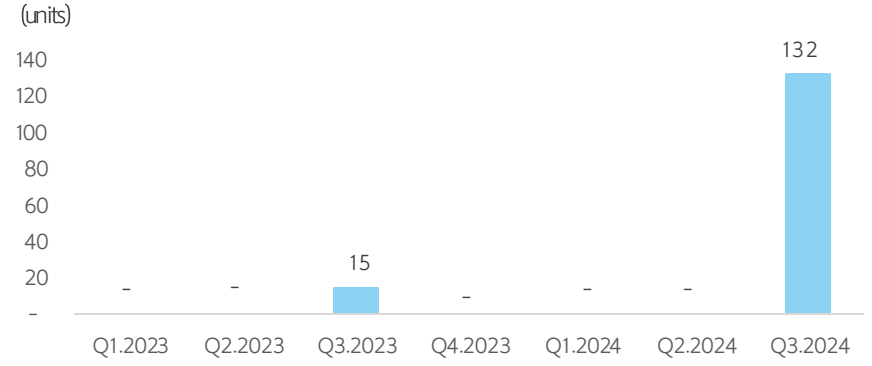
For landed property, the new supply reached **132 units**, after several consecutive quarters without new supply. These units mainly come from the The Meadow project by Gamuda Land, which has seen an absorption rate of over **90%.**

The new apartment supply in HCMC is recovering slowly



Source: CBRE, Shinhan Securities Vietnam

New supply of landed property in HCMC is returning



Source: CBRE, Shinhan Securities Vietnam

02

2. Listed Real Estate Companies Updates

In 9M2024, major listed residential real estate companies showed: (1) divergent presales, (2) weak revenue and profit, and (3) slight increases in inventory and debt compared to the beginning of the year.

Presales for the first 9 months of 2024 among major listed companies shows divergence

Presale is the basis for estimating revenue recognition in the subsequent periods. Generally, presales of major listed companies in 9M2024 have shown opposite trends. While some companies, such as VHM and NLG, experienced remarkable growth in their presales, others, including KDH and DXG, did not launch any new projects during the same period. The stagnation in presales could be due to (1) legal hurdles preventing the launch of projects or (2) companies waiting for market stability before launching. Specifically:

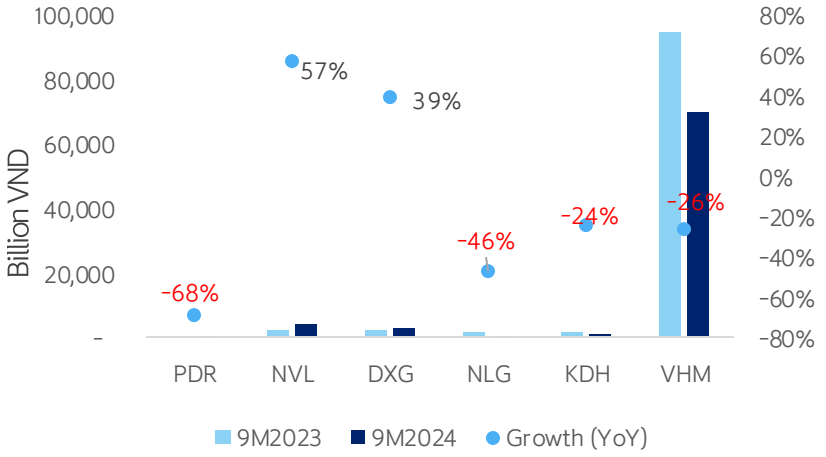
Company	Presales 9M2024 (Billion VND)	%YoY	Note
VHM	89,600	+58%	The sales launch event of Vinhomes Royal Island in Q2/2024 serves as a key growth driver for Vinhomes, generating over VND 60 trillion in presales.
NLG	3,523	+99%	Primarily driven by the Akari P2 project (accounting for 46% of presales) and the Southgate project (accounting for 32.5% of presales).
DXG	-	n/a	The GSW project has not yet reopened sales for the next phase, and therefore no presales value has been recorded.
KDH	-	n/a	KDH has not yet launched sales for the Binh Trung Dong project, a joint venture with Keppel. We anticipate that when sales commence in late 2024 or early 2025, KDH may recognize revenue early, as the project will have largely completed its infrastructure and be ready for handover.

2. Listed Real Estate Companies

Revenue and profit of major listed real estate companies remain underwhelming

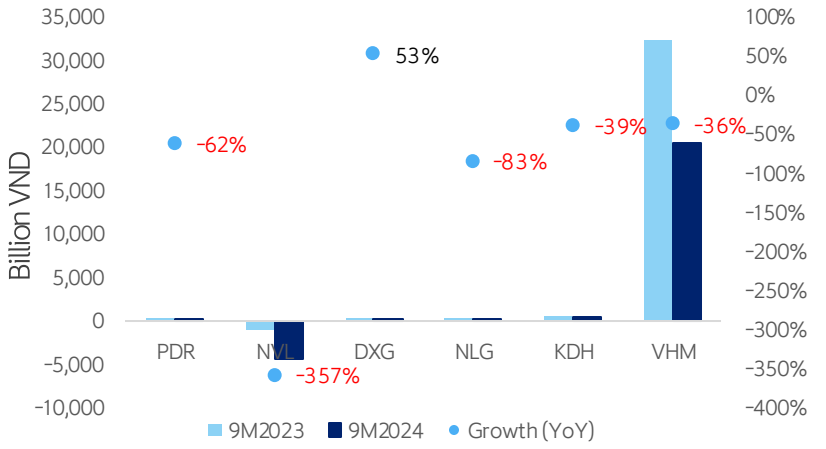
- The revenue of residential real estate companies in 9M 2024 has generally decreased compared to the same period last year. We estimate that the total industry revenue has **fallen by 11.8% YoY**, with net profit (NPAT) **dropping 34.3% YoY**. Excluding the impact of VHM and NVL, the industry's revenue **declined by 12.5% YoY**, while NPAT saw a slight **decrease of 0.4% YoY**.
- The low NPAT of large listed real estate companies in 9M 2024 is mainly due to:
  1) The handover schedules of many listed companies falling in Q4 (NLG, KDH).
  2) Companies having to provision for additional land rental and land use fees (NVL).
  3) Companies no longer having significant wholesale revenue like in previous years (VHM).
  4) Key projects are still in the process of legal finalization (PDR).

Revenue among large listed companies is showing divergence



Sources: FiinProX, Shinhan Securities Vietnam

The profits are generally underwhelming

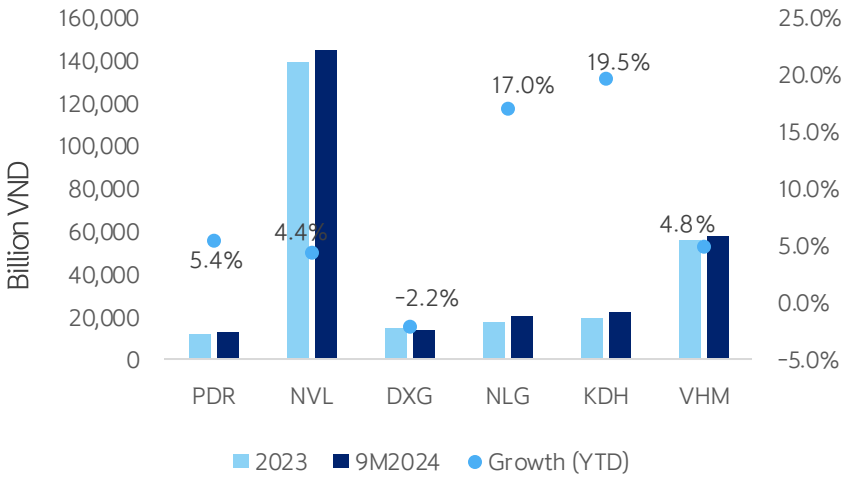


Sources: FiinProX, Shinhan Securities Vietnam

The inventory has slightly increased compared to the beginning of the year

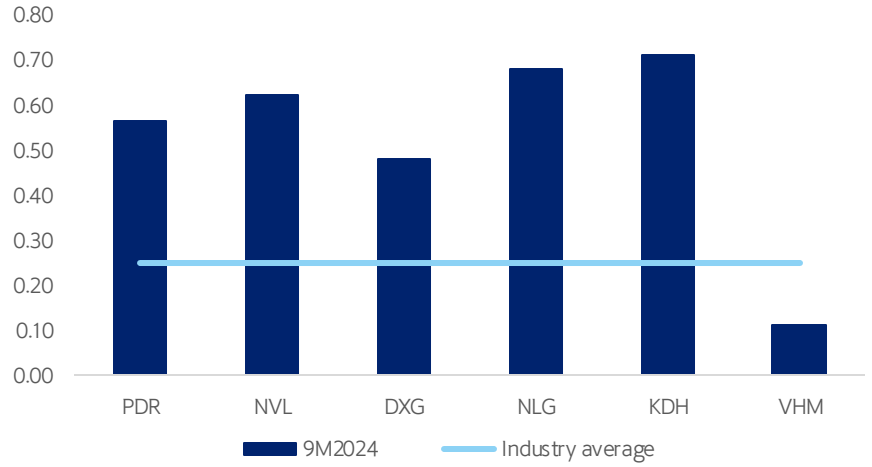
- The inventory of large listed companies has slightly increased compared to the beginning of the year **(+12% YTD)**. Among these, the inventory of Vin, NVL, and KDH accounts for **77.0%** of the total inventory.
- Some large listed companies have the capacity to deploy projects more quickly than the handover rate, which has resulted in continuous increases in inventory, such as NLG **(+17.0% YTD)** and KDH **(+19.4% YTD).** These companies are expected to have projects handover by Q4/2024, which will help release a large volume of inventory and free up resources for future project development.
- On the other hand, other large listed companies have relatively similar project handover and development speeds, causing their inventory to remain stable or trend downward compared to the beginning of the year. We expect that legal bottlenecks will be resolved, allowing companies to resume project launches and, in turn, increase inventory to sustain future revenue growth.

The inventory of large listed companies has slightly increased



Sources: FiinProX, Shinhan Securities Vietnam

The inventory/total assets of large listed companies



Sources: FiinProX, Shinhan Securities Vietnam

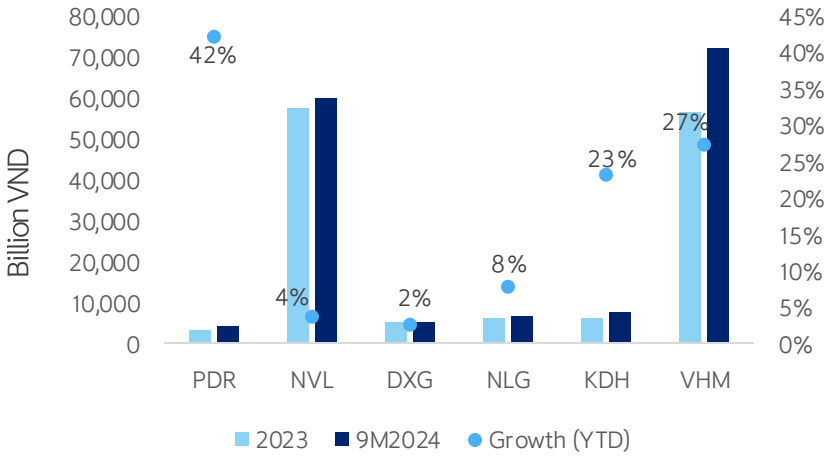
The debt of large listed companies is showing a slight upward trend

- The debt of listed residential real estate companies increased by **4% YTD**, with Vin and NVL accounting for **84.3%** of the sector's total debt.
- Analyzing the growth in debt relative to the growth in inventory, we observe two main trends:

1) Debt growth aligns with inventory growth: This group includes companies that (1) face difficulties in accessing loans and have stalled project development (e.g., NVL) or (2) demonstrate strong capital-raising capabilities and efficient project execution (e.g., NLG, KDH).

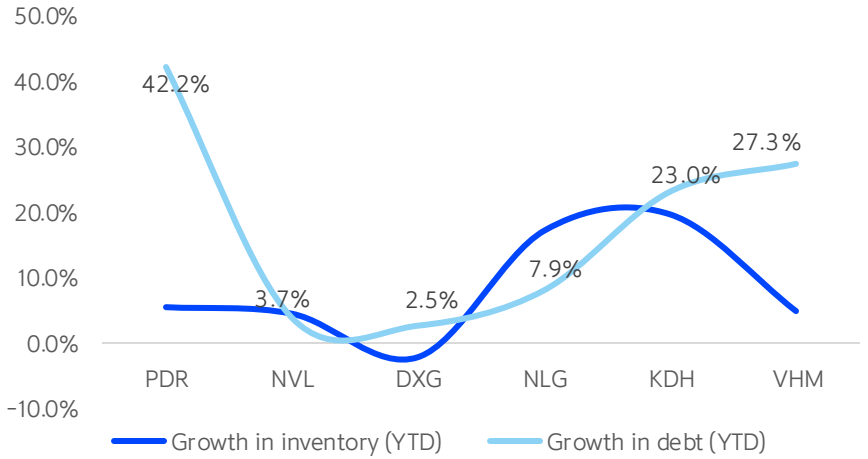
2) Debt growth exceeds inventory growth: This includes companies like PDR and VHM, where the increase in debt is primarily aimed at optimizing their capital structure by diversifying funding sources.

The outstanding debt of major listed companies grew in Q3 2024



Sources: FiinProX, Shinhan Securities Vietnam

Increase in debt compared to the increase in inventory ratio



Sources: FiinProX, Shinhan Securities Vietnam

03

3. Prospects of the real estate industry in 2025

We remain optimistic that the real estate market will continue its recovery in 2025, driven by (1) improved legal frameworks and (2) attractive interest rates supporting ample supply.

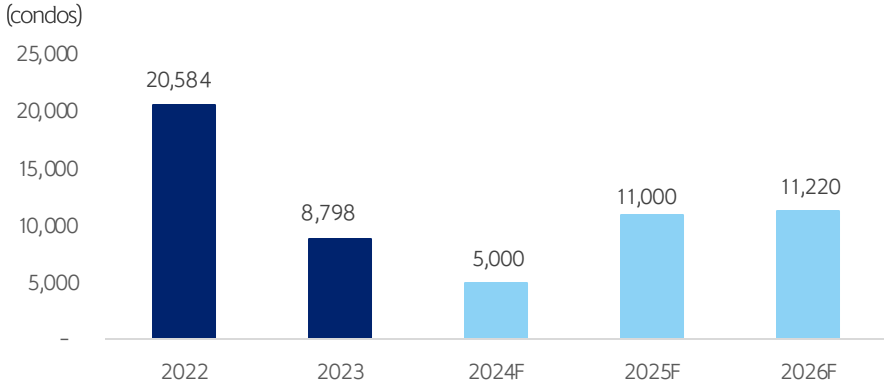
3. Prospects of the real estate industry in 2025

The legal framework is expected to be completed, which will help boost the supply of real estate

We expect that continued development of the legal framework and the issuance of specific resolutions will help address obstacles and increase the supply for the real estate market. Specifically:

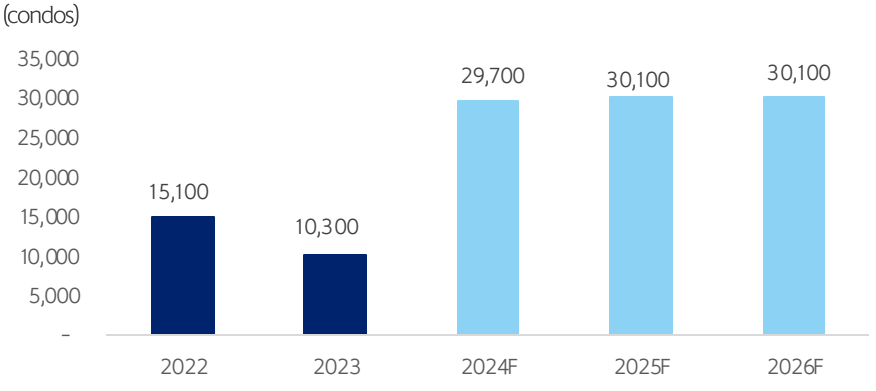
- Numerous resolutions and circulars guiding the implementation of Real Estate Laws have already been issued (detailed in Appendix 1). These documents provide a foundation for translating the laws into actionable policies, thereby unlocking market supply.
- Furthermore, during the 8th Session of the 15th National Assembly, several policies were approved to address challenges and support real estate market development. These include: (1) a Resolution on pilot projects for commercial housing development through agreements on land use rights acquisition or for projects already holding LUR **(Resolution No. 171/2024/QH15)** and (2) **Resolution No. 161/2024/QH15**, titled "Enhancing the effectiveness and efficiency of policies and laws governing real estate market management and social housing development" (detailed in Appendix 2).

The supply of condos in HCM is expected to continue recovering



Source: CBRE, Shinhan Securities Vietnam

The supply of new condos in Hanoi continues accelerating



Source: CBRE, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

The legal framework is expected to be completed, which will help boost the supply of real estate

We evaluate the impact of several major policies on the real estate market, such as:

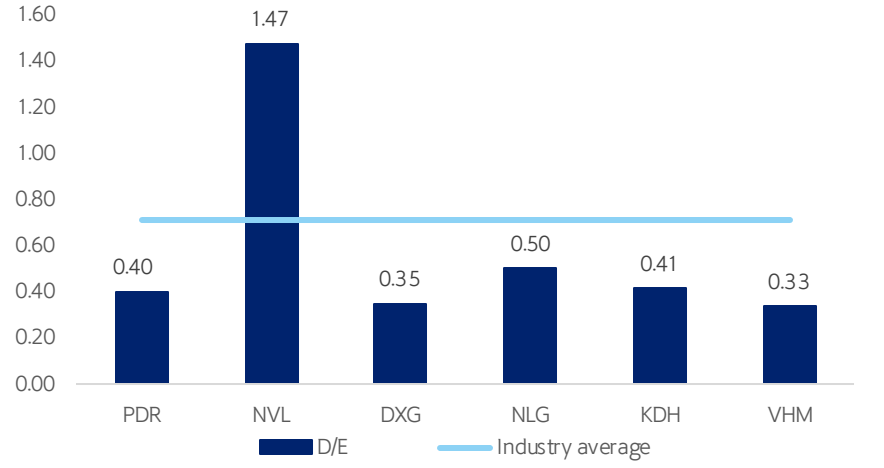
Documents	Content	Impact
Land Law	Replace the 5-year land price framework with an annual land price table that more closely aligns with market valuations.	The land price table is utilized for compensation and land clearance purposes. Therefore, adopting a new land price table that aligns more closely with market values could **expedite the land clearance process**. However, this approach may also **increase compensation costs for enterprises.**
Law on real estate trading	The law mandates a minimum equity capital requirement/total invesrment of 20% for projects with a land area below 20 hectares and 15% for projects with a land area exceeding 20 hectares.	Previously, the minimum equity ratio requirement was established under Decree 02/2022/ND-CP. However, its codification into law signifies a **stricter enforcement of this requirement.**
	Disclosure of information on real estate for business purposes.	Contributing to the **transparency of the real estate market and ensuring the protection of homebuyers.**
Decree No. 96/2024/ND-CP on real estate trading	The regulations impose stricter debt-to-equity ratio requirements for projects based on their land use scale. For projects utilizing land areas below 20 hectares, the maximum allowable debt-to-equity ratio is capped at 4x, while for projects exceeding 20 hectares, the ratio is set at 5.67x.	This regulation contributes to **maintaining the financial safety ratio of real estate enterprises and ensuring the overall health of the market**. Under these provisions, real estate companies that use leverage beyond the prescribed limits may face restrictions on further increasing their debt levels to finance ongoing or new projects.
Decree 71/2024/ND-CP on Land Prices	Additional costs to be included in the land development expenses include provisions for price escalation, interest expenses, consulting fees for investment and construction, project management costs, and other related expenditures.	We expect that incorporating additional costs incurred during the project development process into the land development costs for calculating land use fees will contribute to the **rationalization of land use fees for businesses, thereby stabilizing the real estate market.**
Resolution No. 171/2024/QH15	Land designated for projects can be expanded to include agricultural land, non-agricultural land that is not designated for residential use, residential land, or other land within the same parcel, in cases where there is an agreement regarding the right to transfer the land.	The specific resolutions are supplementary to the laws already enacted, aimed at addressing issues and difficulties in projects that have not been resolved by the Real Estate Laws. We anticipate that these resolutions, in conjunction with the Real Estate Laws, will **help alleviate bottlenecks in stalled projects, thereby stimulating market supply starting in 2025.**
Resolution No. 161/2024/QH15	Addressing the issuance of policies to resolve market obstacles in the real estate sector arising from the equitization process, changes in the legal framework, and other related factors.	

3. Prospects of the real estate industry in 2025

The legal framework is expected to be completed, which will help boost the supply of real estate

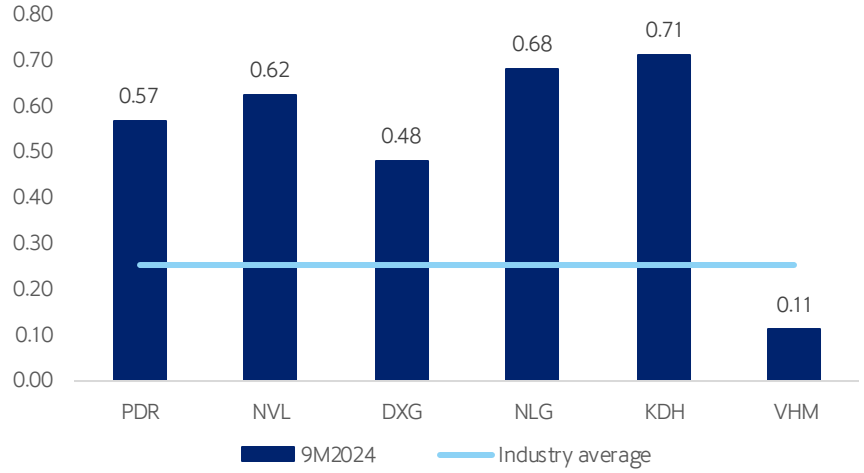
In general, we believe that real estate companies with strong capital, large land banks, and projects with clear legal standing, such as NLG, KDH, and VHM, are likely to benefit in the near future as project development costs are expected to rise, capital requirements become more stringent, and the market is anticipated to become more transparent.

The debt/equity ratio of large listed real estate companies (Q3/2024)



Source: FiinProX, Shinhan Securities Vietnam

The ratio of inventory/total assets of large listed companies



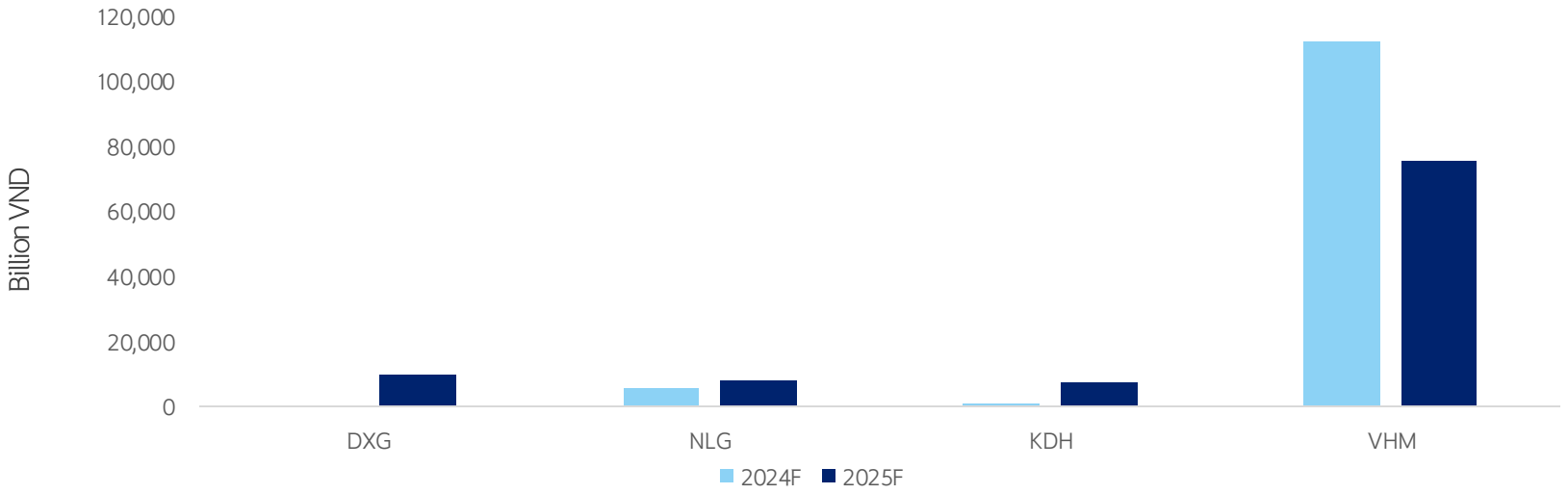
Source: FiinProX, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

The legal framework is expected to be completed, which will help boost the supply of real estate

In 2025, large listed companies are expected to continue selling projects that have been established and completed this year. Overall, we forecast that the presale value of most companies will improve compared to 2024 when (1) many projects have legal issues resolved and (2) buyer sentiment is more positive as the market recovers.

The presales for 2025 is expected to recover compared to 2024.

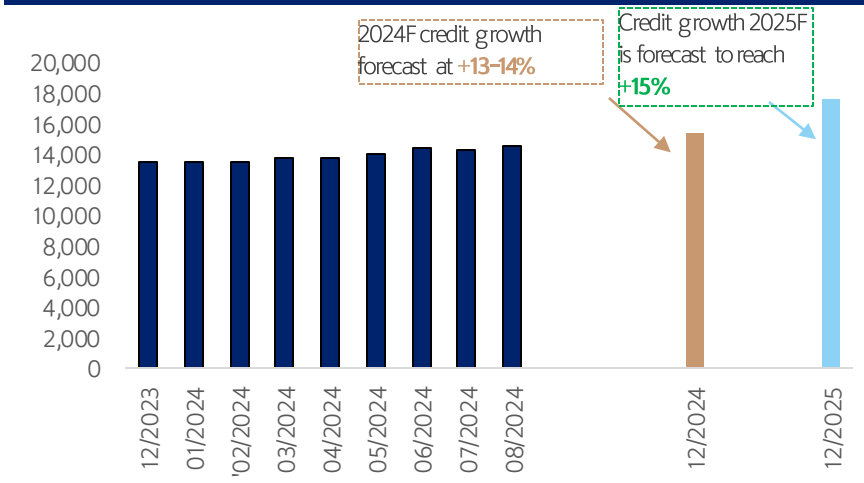


Source: Company Data, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

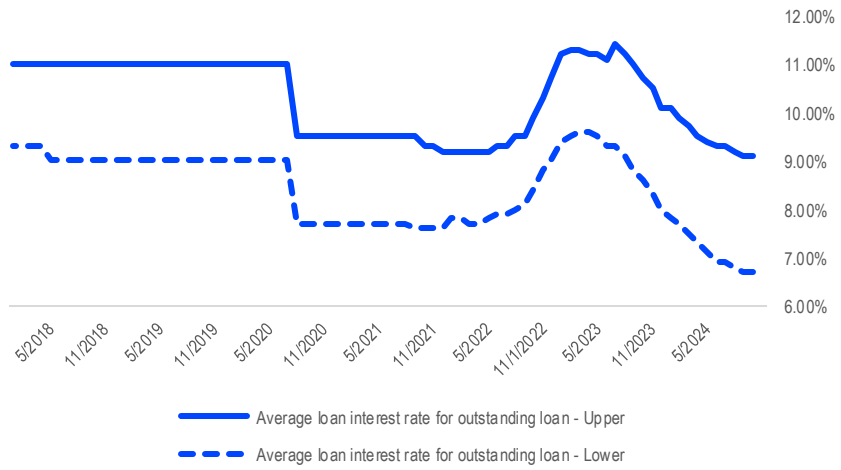
Interest rate environment remains favorable

Credit of Vietnam's economy **2023-2025 (VND trillion)**



Source: Fiinpro, Shinhan Securities Vietnam

Lending rates have returned to low levels and may increase slightly in 2025



Source: SBV, Shinhan Securities Vietnam

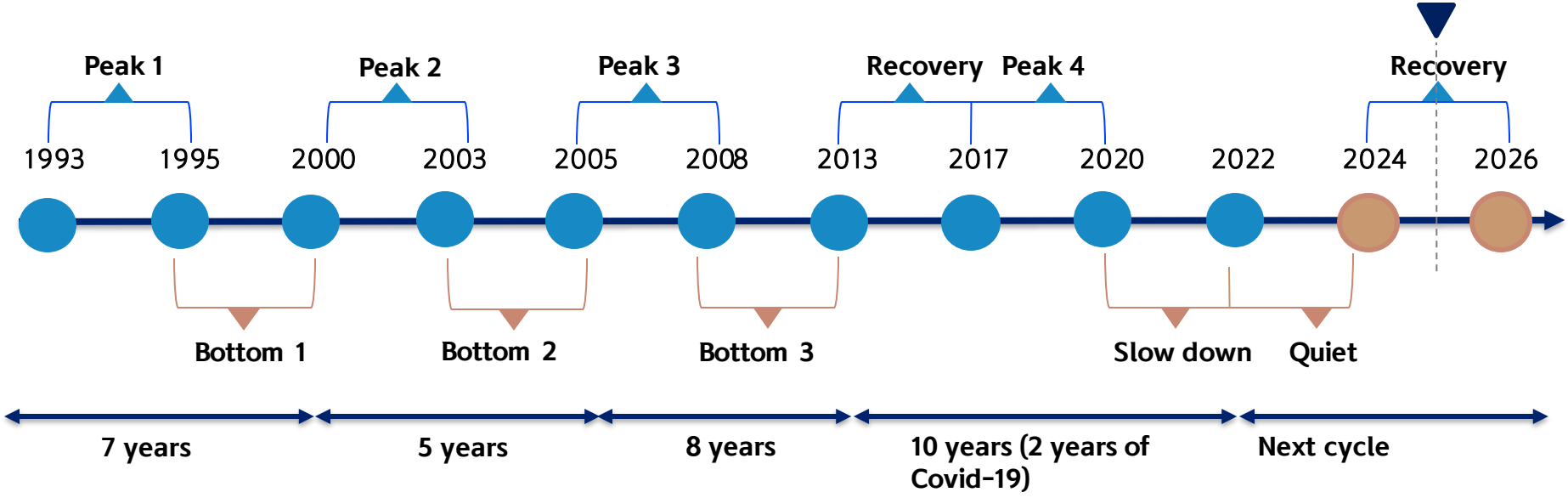
With expectations of: (1) credit growth maintaining a level of +15% YoY, driven by the retail credit segment, and (2) average lending rates slightly increasing from the current low levels (6.7-9.1% in October 2024), we believe 2025 will continue to feature a favorable interest rate environment, boosting real estate consumption demand. This will be further amplified compared to 2024 by several positively shifting fundamentals, including: (1) specific impacts from recently completed legal frameworks, (2) an anticipated revival of market supply, and (3) a positive market sentiment.

3. Prospects of the real estate industry in 2025

We maintain our view that the real estate industry entered a recovery phase in the 2H2024

In short, we maintain the view expressed in the 2024 Real Estate Industry Outlook Report that the most challenging period for the real estate industry has passed and that real estate industry entered a recovery phase, with expectations that:

- ❖ Interest rates will remain attractive;
- ❖ Legal completions will drive up the supply of real estate.

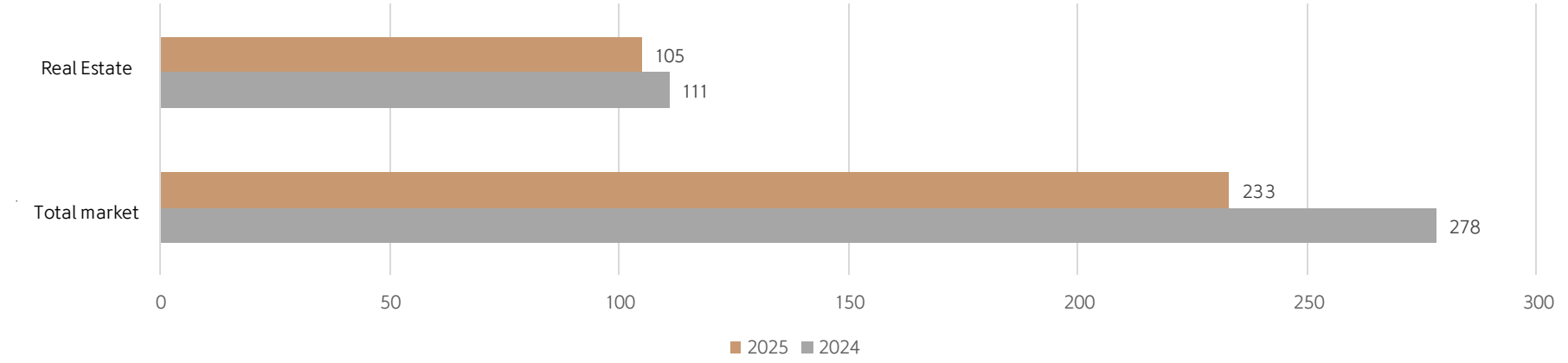


Source: Cushman &Wakefield, Shinhan Securities Vietnam

The risk is still present but has been better controlled

The pressure of corporate bond maturities in general and the real estate sector in particular in 2025 does not show significant changes compared to 2024, with the maturity value at **VND 105 trillion**, a decline of about **6% YoY.** However, with several positive factors, including (1) increased transaction values in the real estate market, (2) recovery of real estate consumption credit, and (3) improved legal frameworks, we believe that the risks associated with bond maturity pressure in 2025 will be better managed thanks to the recovery in business activities of enterprises. This has been partly reflected in the sharp reduction of overdue interest and principal payments on corporate bonds in 2024.

The value of maturing bonds in 2025 will slightly decrease (trillion VND)



Source: VBMA, VIS Rating, Shinhan Securities Vietnam

3. Prospects of the real estate industry in 2025

The risk is still present but has been better controlled

Similar to the general picture of the corporate bond market, the corporate bond repayments of listed real estate companies in 2025 will not change significantly compared to 2024. However, with expectations for positive changes in business operations, we believe that the risks will be better controlled than during the 2023-2024 period.

Value of maturing corporate bonds (VND billion)	Short-term (next 12 months)	Long-term(>12 months)	Total
NVL	23,746	15,135	38,881
VHM	3,770	27,491	31,261
NLG	980	2,635	3,615
DXG	449	940	1,389
KDH	1,100	0	1,100
PDR	0	0	0
Total	30,045	46,201	76,246

Source: FS at Q3/2024, Shinhan Securities Vietnam

04 Real Estate Stock Pick

VHM, NLG, KDH & DXG

Large listed companies

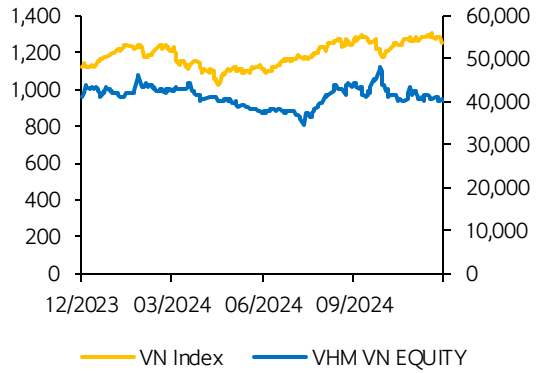
Stock	Mkt. Cap (VND bn)	Current price (VND)	Target price* (VND)	Upside (%)	Forecasted revenue in 2025 (VND bn)	% YoY (%)	Forecasted NPAT in 2025 (VND bn)	% YoY (%)	Debt/Equity	Inventory/ Total assets	P/B (TTM)	P/E (TTM)
VHM	165,734	40,350	51,700	28.1%	102,589	0.7%	33,093	6.6%	0.33	11%	0.83	8.59
NLG	13,737	35,700	46,400	30.0%	6,842	29.9%	1,338	24.6%	0.50	68%	1.52	45.68
KDH	36,351	35,950	37,100	3.2%	5,277	33.5%	1,709	79.3%	0.41	71%	2.16	68.95
DXG	11,856	16,450	20,900	27.1%	4,671	7.9%	567	52.8%	0.35	48%	1.19	85.24
NVL	20,086	10,300	N/A	N/A	5,312	-16%	N/A	N/A	1.47	62%	0.60	N/A
PDR	17,637	20,200	N/A	N/A	1,418	+488.4%	489	-28.6%	0.40	57%	1.65	36.69
VRE	38,743	17,050	N/A	N/A	9,153	0.0%	4,127	-6.4%	0.10	1%	0.95	9.50
	Total				**135,262**	**3.1%**	**41,323**	**7.2%**				

Profit excluding Novaland.
(*) Target price (fair value) for the next 12 months
Source: Fiinpro, Shinhan Securities Vietnam
Data as of December 24th, 2024

Vinhomes JSC (HOSE: VHM)

Target price (12 months)	VND 51,700
Current price (12/24/24)	VND 40,350
Return (%)	28.1%
VNINDEX	1,258
Market P/E (x)	11.8
Market cap (billion VND)	165,734
Outstanding shares (mil shares)	4,107
Free-float (mil shares)	871
52-week high/low (VND)	48,550/34,000
90-day avg. trading volume (mil shares)	12.54
90-day avg. turnover (bn VND)	532
Major SHDs (%) VIC	69.34
Major SHDs (%) Government of Singapore	4.99

Performance	3M	6M	12M
Absolute (%)	-8.8	7.7	0.1
Rel.to VN-Index (%)	-7.3	7.4	-13.9



Strong long-term position

Vinhomes is a leading real estate company in Vietnam. Vinhomes possesses several overwhelming advantages, including: (1) a large and high-quality land bank that continues to grow, (2) an outstanding track record with many effective investment projects, and (3) a high-value, reputable brand in the market.

Investment Thesis

- **The large, clean, and continually expanding land bank provides long-term growth potential.** Vinhomes owns some of the most prime land in the market, with key projects like Vinhomes Long Beach Can Gio, Vinhomes Ha Long Xanh, and Vinhomes Cam Ranh driving long-term growth.
- **Vinhomes is well-positioned to benefit from the new phase of the real estate market,** with strong financial capabilities, exceptional legal expertise, and high-quality projects, making the company well-positioned to benefit from new laws.

Update

- **Business Performance in 9M2024: presales reached VND 89.6 trillion (+58% YoY),** with over 10,300 new contracts signed (compared to 9,200 in the same period last year), mainly driven by the Vinhomes Vu Yen project, which accounted for 67% of presales. **Unbilled revenue grew to VND 123 trillion,** with Vinhomes Vu Yen contributing the highest share at **41%.**
- **Valuation:** Adjustments due to (1) new economic benefits from key projects such as Wonder Park and Global Gate, and (2) increased discount rate to account for group risks, the new target price for VHM shares is **VND 51,700.**

Outlook for 2025

- Projected revenue for 2025 is **VND 102.59 trillion (+0.7% YoY),** driven by the delivery of new products at Vinhomes Royal Island and continued handovers at The Crown and The Empire.
- Net profit is expected to reach **VND 33.09 trillion (+6.6% YoY).**

Risks: (1) Legal bottlenecks; (2) Credit scarcity; (3) Low absorption rate.

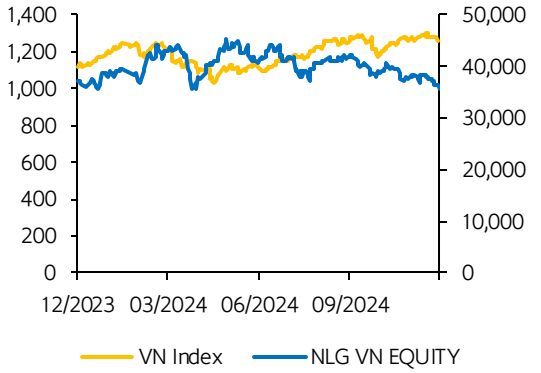
Year	2021	2022	2023	2024E	2025F
Revenue (bil VND)	84,986	62,393	103,334	101,895	102,589
Operating Income (bil VND)	48,460	30,696	35,707	34,160	34,152
NP (bil VND)	38,825	28,831	33,125	31,044	33,093
EPS (VND)	8,904	6,611	7,597	7,163	8,057
OPM	57.0	49.2	34.5	33.5	33.3
NPM	45.8	46.7	32.2	30.5	32.2
ROE (%)	29.6%	19.6%	18.3%	17.5%	16.1%
P/E (x)	4.6	6.2	5.4	7.2	6.4
P/B (x)	1.4	1.3	1.0	0.9	0.8

Source: Company data, Shinhan Securities Vietnam

Nam Long Investment Corporation (HOSE: NLG)

Target price (12 months)	**VND 46,400**
Current price (12/24/24)	VND 35,700
Return (%)	30.0%
VNINDEX	1,258
Market P/E (x)	11.8
Market cap (billion VND)	13,737
Outstanding shares (mil shares)	385
Free-float (mil shares)	218
52-week high/low (VND)	46,150/35,600
90-day avg. trading volume (mil shares)	1.39
90-day avg. turnover (bn VND)	53
Major SHDs (%) BOD and related parties	18.9
Major SHDs (%) Ibeworth Pte.Ltd	8.2

Performance	3M	6M	12M
Absolute (%)	-14.8	-12.4	-2.7
Rel.to VN-Index (%)	-13.3	-12.7	-16.8



Steady growth driven by a large backlog

Nam Long Investment Corporation (HOSE: NLG) is one of Vietnam's leading affordable real estate developers. The company also owns a large land bank of 684 hectares with excellent infrastructure connectivity. We expect (1) the focus on the affordable segment and (2) the ownership of a land bank ready for project development to help NLG take the lead in the real estate market recovery.

Investment Thesis

- **NLG is a reputable real estate developer, owning a clean land bank of up to 684 hectares, with potential for long-term development.** NLG's land bank is typically ahead of the market by 10-15 years, giving it an advantage as large clean land areas around Ho Chi Minh City become increasingly scarce and land prices rise. According to the leadership, NLG's land bank is sufficient to develop projects for the next 5 years.

- **The revenue of NLG in 2025 reached VND 6,842 billion (+29.9% YoY) and NPAT was VND 1,338 billion (+24.6% YoY),** mainly due to the continued handover of the Akari project and the Southgate project.

Update

- **Business Performance in 9M2024:** NLG's net revenue reached VND 828 billion (-46.5% YoY), and NPAT was VND 54 billion (-82.9% YoY). Thus, NLG has achieved 12% of its revenue target and 7% of its profit target. The poor performance in revenue and profit during the first 9 months of 2024 is due to NLG's focus on handover mainly in Q4.

- **Valuation:** Adjusting based on (1) Q3/2024 financial data and (2) adjusting the discount rate to 10% with the expectation that legal risks for NLG will be mitigated as laws are uniformly enforced, we set a new target price for NLG shares at **46,400 VND per share.**

Outlook for 2025

We project NLG's revenue in 2025 to reach **VND 6,842 billion (+29.9% YoY)** and NPAT to be **VND 1,338 billion (+24.6% YoY).** Of this, two projects are expected to contribute about 70% of NLG's revenue in 2025: the Akari Phase 2 project (VND 3,424 billion) and Southgate (VND 1,373 billion).

Risks: (1) Legal bottlenecks; (2) Credit scarcity; (3) Low absorption rate.

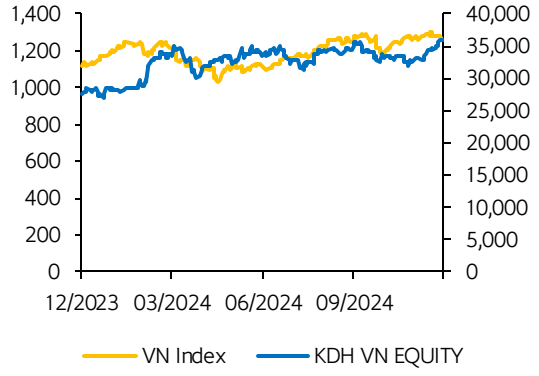
Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	5,206	4,339	3,181	5,267	6,842
Operating Income (bil VND)	782	829	582	1,008	1,557
NP (bil VND)	1,479	866	801	1,074	1,338
EPS (VND)	3,099	1,345	1,187	1,771	2,271
OPM	15.0	19.1	18.3	19.1	22.8
NPM	28.4	20.0	25.2	20.4	19.6
ROE (%)	10.9	6.5	5.9	7.6	8.8
P/E (x)	9.8	27.3	31.8	26.2	20.4
P/B (x)	1.13	1.69	1.56	1.8	1.7

Source: Company data, Shinhan Securities Vietnam

Khang Dien House Trading And Investment JSC (HOSE: KDH)

Target price (12 months)	**VND 37,100**
Current price (12/24/24)	VND 35,950
Return (%)	3.2%
VNINDEX	1,258
Market P/E (x)	11.8
Market cap (billion VND)	36,351
Outstanding shares (mil shares)	1,011
Free-float (mil shares)	631
52-week high/low (VND)	36,364/26,545
90-day avg. trading volume (mil shares)	2.83
90-day avg. turnover (bn VND)	90
Major SHDs (%) Tien Loc Investment JSC	13.0
Major SHDs (%) Gam Ma Investment Consultancy JSC	8.8

Performance	3M	6M	12M
Absolute (%)	2.7	7.9	31.6
Rel.to VN-Index (%)	4.2	7.6	17.5



Strong growth thanks to the handover of low-rise projects in 2025

Khang Dien House Trading and Investment JSC (HOSE: KDH) is one of the few developers that holds a substantial land bank within Ho Chi Minh City (HCMC – over 600 hectares). KDH is also a leading listed company in the development of mid- to high-end residential projects. The revenue and NPAT of KDH will increase in the future because: (1) KDH is among the top reputable developers and owns a substantial land bank in HCMC; (2) KDH can lead the recovery of the landed property market from 2025 to 2026 by launching Emeria and Clarita; and (3) having strong financial potential, with a high inventory-to-total assets ratio.

Investment Thesis

-**KDH is one of the top reputable developers in Vietnam and owns a large land bank in HCMC (over 600 hectares) with long-term development potential.** Most of KDH's land has been compensated for many years ago. This provides KDH with an advantage as large land plots in this area are increasingly scarce and land prices continue to rise. We project that KDH's current land bank is sufficient to develop projects for the next 7-9 years.

-**We forecast KDH's revenue in 2025 to reach VND 5,277 billion (+33.5% YoY) and NPAT to be VND 1,709 billion (+79.3% YoY),** mainly driven by the handover of the Emeria and Clarita projects.

Update

- **9M2024 Financial Performance:** KDH's revenue reached VND 1,231 billion (-24.2% YoY), and NPAT was VND 410 billion (-38.5% YoY), mainly due to (1) the continued handover of the remaining part of the Classia project and (2) restructuring of some individual land plots.

- **Valuation:** Adjusted based on (1) Q3 2024 financial data, (2) cautious delay in the sales of the Emeria and Clarita projects to 2025, and (3) KDH's dividend distribution for 2023 in shares, at a ratio of 100:10 on October 17, 2024, we set a new target price for KDH shares at **VND 37,100 per share.**

Outlook for 2025

We forecast KDH's revenue in 2025 to reach **VND 5,277 billion (+33.5% YoY)** and NPAT to be **VND 1,709 billion (+79.3% YoY),** mainly from the handover of the low-rise projects Emeria and Clarita. NPATAMI is expected to be VND 846 billion (-11.2% YoY).

Risk: (1) Risk of increased compensation costs when the new land price table is applied from 2026, (2) risk of delays in administrative procedures and the implementation of new laws, (3) risk of lower absorption rates than expected.

Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	3,738	2,912	2,088	3,953	5,277
Operating Income (bil VND)	1,406	1,066	1,220	1,362	2,313
NP (bil VND)	1,204	1,084	729	953	1,709
EPS (VND)	1,777	1,539	895	894	787
OPM	37.6	36.6	58.4	34.5	43.8
NPM	32.2	37.2	34.9	24.1	32.4
ROE (%)	11.8	9.8	5.3	5.6	8.7
P/E (x)	14.8	20.2	36.8	41.7	47.6
P/B (x)	1.7	1.9	2.0	2.3	2.1

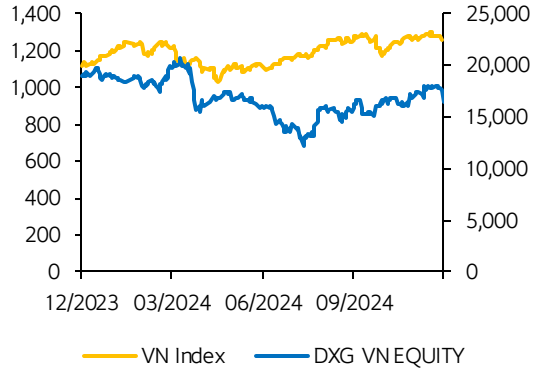
Source: Company data, Shinhan Securities Vietnam

Dat Xanh Group JSC (HOSE: DXG)

DAT XANH GROUP

Target price (12 months)	**VND 20,900**
Current price (12/24/24)	VND 16,450
Return (%)	27.1%
VNINDEX	1,258
Market P/E (x)	11.8
Market cap (billion VND)	11,856
Outstanding shares (mil shares)	721
Free-float (mil shares)	574
52-week high/low (VND)	20,850/12,050
90-day avg. trading volume (mil shares)	15.21
90-day avg. turnover (bn VND)	256
Major SHDs (%) BOD and related parties	18.1
Major SHDs (%) Prusix Asian Smaller Companies Fund	4.8

Performance	3M	6M	12M
Absolute (%)	4.1	2.8	-12.3
Rel.to VN-Index (%)	5.6	2.5	-26.3



Datxanhhomes Riverside unlocks presales for 2025

Dat Xanh Group JSC (HOSE: DXG) is a major listed company in the mid-range property segment. Additionally, DXG holds a leading market share in the brokerage sector nationwide (33%). The company's revenue and profit are expected to grow in the near future due to: (1) DXG being a key developer in the mid-range segment with a land bank exceeding 100 hectares; (2) The relaunch of DatxanhHomes Riverside and Gem Sky World (GSW) is anticipated to boost sales growth for DXG during 2025-2026; (3) The brokerage segment is expected to thrive alongside the recovery of the real estate market.

Investment Thesis

-**DXG is one of the largest developers in the mid-range segment, owning a land bank of over 100 hectares.** The company is actively seeking new land to expand its long-term land banks.

-**Presales in 2025: Expected to reach VND 9,507 billion, significantly higher than 2024 (when no projects were launched).** This will primarily come from the relaunch of the two outstanding projects. Specifically, presales from DatxanhHomes Riverside are estimated at VND 6,653 billion, and GSW at VND 2,854 billion.

Update

-**9M2024 Business Performance:** DXG reported net revenue of VND 3,204 billion (+38.9% YoY). This positive result stems from (1) the delivery of subsequent products from two projects, Opal Skyline and GSW and (2) strong growth in the brokerage segment (+109.3% YoY) due to the recovery of the northern real estate market.

-**Valuation:** Based on the RNAV method, we recommend DXG stock with a target price of **VND 20,900.**

Outlook for 2025

We project DXG's revenue in 2025 to reach **VND 4,671 billion (+7.9% YoY),** primarily driven by (1) continued handover of the GSW project and (2) strong growth in the brokerage segment due to the ongoing recovery of the market.

Risks: (1) Lower-than-expected absorption rates at the DatxanhHomes Riverside project due to concerns over the cancellation of preliminary agreements signed with customers (from 2018); (2) delays in the relaunch of the Gem Sky World project; (3) Administrative delays and challenges in implementing new legal regulations.

Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	10,089	5,512	3,725	4,331	4,671
Operating Income (bil VND)	2,712	830	734	829	1,369
NP (bil VND)	1,594	534	151	371	567
EPS (VND)	1,942	355	273	390	596
OPM	26.9	15.1	19.7	19.1	29.3
NPM	15.8	9.7	4.1	8.6	12.1
ROE (%)	11.9	3.8	1.1	2.5	3.8
P/E (x)	6.9	53.4	60.0	53.8	35.2
P/B (x)	0.9	1.2	1.1	1.5	1.6

Source: Company data, Shinhan Securities Vietnam

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05 Appendix

Appendix 1 – List of some guiding documents for implementation

No.	Document	Content	Date of Issue	Effective Date
1	Decree 123/2024/NĐ-CP	Regulations on administrative sanctions in the land sector	4/10/2024	4/10/2024
2	Decree 112/2024/NĐ-CP	Guidelines on rice land management	11/9/2024	11/9/2024
3	Decree 104/2024/NĐ-CP	Regulations on Land Development Fund	31/07/2024	1/8/2024
4	Decree 103/2024/NĐ-CP	Regulations on land use fees and land rental fees	30/07/2024	1/8/2024
5	Decree 102/2024/NĐ-CP	Detailed implementation regulations of the 2024 Land Law	30/07/2024	1/8/2024
6	Decree 101/2024/NĐ-CP	Regulations on land data systems; registration, issuance of certificates, and information systems	29/07/2024	1/8/2024
7	Decree 88/2024/NĐ-CP	Regulations on compensation, support, and resettlement for state land recovery	15/07/2024	1/8/2024
8	Decree 71/2024/NĐ-CP	Regulations on land prices	27/06/2024	1/8/2024
9	Circular 11/2024/TT-BNV	Regulations on the preparation and management of administrative boundary records issued by the Ministry of Home Affairs	18/10/2024	18/10/2024
10	Circular 12/2024/TT-BTNMT	Guidelines for training, education, and knowledge updates for professionals in the land management sector	31/07/2024	1/8/2024
11	Circular 08/2024/TT-BTNMT	Regulations on data systems, statistics, and mapping of land use status issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
12	Circular 09/2024/TT-BTNMT	Regulations on content, structure, and technical standards for land database systems and national data integration software issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024

Source: Legal Library, Shinhan Securities Vietnam

Appendix 1 – List of some guiding documents for implementation

No.	Document	Content	Date of Issue	Effective Date
13	Circular 10/2024/TT-BTNMT	Regulations on cadastral records, land use rights certificates, and property ownership rights issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
14	Circular 11/2024/TT-BTNMT	Regulations on valuation techniques, protection, and restoration of land issued by the Ministry of Natural Resources and Environment	31/07/2024	1/8/2024
15	Circular 56/2024/TT-BTC	Regulations on fees, collection, submission, management, and use of national land database data issued by the Ministry of Finance	31/07/2024	1/8/2024
16	Decree 94/2024/NĐ-CP	Guidelines on the Law on Real Estate Business regarding project construction and management of information systems and data on real estate markets	24/07/2024	1/8/2024
17	Decree 96/2024/NĐ-CP	Guidelines on the Law on Real Estate Business	24/07/2024	1/8/2024
18	Circular 04/2024/TT-BXD	Guidelines on training framework and knowledge updates for real estate brokerage professionals issued by the Ministry of Construction	30/07/2024	1/8/2024
19	Circular 49/2024/TT-NHNN	Amendments to Circular 11/2022/TT-NHNN dated 30/09/2022 on foreign currency credit management	25/10/2024	10/12/2024
20	Decree 95/2024/NĐ-CP	Guidelines on the Law on Housing	27/06/2024	1/8/2024
21	Decree 98/2024/NĐ-CP	Guidelines on housing renovation, reconstruction, and apartment buildings	26/07/2024	1/8/2024
22	Decree 100/2024/NĐ-CP	Guidelines on the development and management of social housing	26/07/2024	1/8/2024
23	Circular 05/2024/TT-BXD	Guidelines issued by the Ministry of Construction	31/07/2024	1/8/2024

Source: Legal Library, Shinhan Securities Vietnam

Annex 2 – Special Resolution for resolving projects

The legal framework is expected to be completed, which will help boost the supply of real estate

Resolution No. 171/2024/QH15 and Resolution No. 161/2024/QH15 are supplements to the existing laws to address the issues and difficulties in projects that have not been resolved by the Real Estate Laws. Specifically:

Three Real Estate Laws

The land for the commercial housing project must have residential land (according to the amended Land Law).

Resolution No. 171/2024/QH15

The land for the project is expanded to include agricultural land, non-agricultural land that is not residential land, residential land, or other land within the same plot in the case of an agreement on land use rights transfer.

The pilot project in **urban areas or areas designated for urban development nationwide.**

The total residential land area in the pilot projects [...] does not exceed 30% of the additional residential land area in the planning period...

The resolution will be effective from **April 1, 2025**, and will be implemented for a period of **5 years**.

According to the report from the Ministry of Natural Resources and Environment, between 2014 and 2023, there were about **189 projects in Hanoi** and **126 projects in HCMC** facing issues related to the requirement of having "residential land." Therefore, we expect that the pilot program allowing other types of land to be used for projects can help resolve **some of the projects** that have been stuck in legal limbo for many years.

Annex 2 – Special Resolution for resolving projects

The legal framework is expected to be completed, which will help boost the supply of real estate

Three Real Estate Laws

There are no regulations for resolving issues related to the project or land that are entangled in inspection, audit conclusions, or judgments.

Resolution No. 161/2024/QH15

There is a suitable solution to **resolve the real estate projects facing difficulties, legal obstacles, and delays** due to the prolonged implementation process and changes in the law over time.

"There are specific solutions and guidelines for ministries, sectors, and localities to **resolve obstacles related to land management and usage during the equitization of state-owned enterprises** and the divestment of state capital in enterprises [...]."

Urgently issue all detailed regulatory documents and organize effective implementation of the Resolution on specific mechanisms and policies to **resolve difficulties and obstacles related to projects, land issues in inspection, audit conclusions, and judgments** in HCMC, Da Nang City, and Khanh Hoa Province.

A series of obstacles have been highlighted in the resolution, along with a strong determination to resolve long-standing bottlenecks. For example, in Da Nang, the city is currently carrying out four conclusions from the Government Inspectorate (three court rulings from various levels of courts) with thousands of projects "stuck." Among them are cases dating back nearly 20 years, which were concluded by inspections in 2013, and Da Nang is still implementing them. Therefore, we hope that once the specific policies to resolve these issues are enacted, they can unlock the supply for the market.

Shinhan Securities

Industrial park real estate

Solid foundation



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Content

Industrial real estate – Solid foundation

1. Update on the industrial real estate

Industrial real estate in southern and northern regions maintained strong demand. With high occupancy rates, rental prices experienced steady growth throughout 9M2024.

2. Potential of industrial real estate

Robust infrastructure investment coupled with steadily increasing FDI capital inflows, provides a strong foundation for the growth and advancement of industrial real estate.

3. Update on industrial real estate stocks

Industrial real estate businesses experienced growth in 9M2024, driven by rising demand and higher rental prices, benefiting companies with available land reserves for lease.

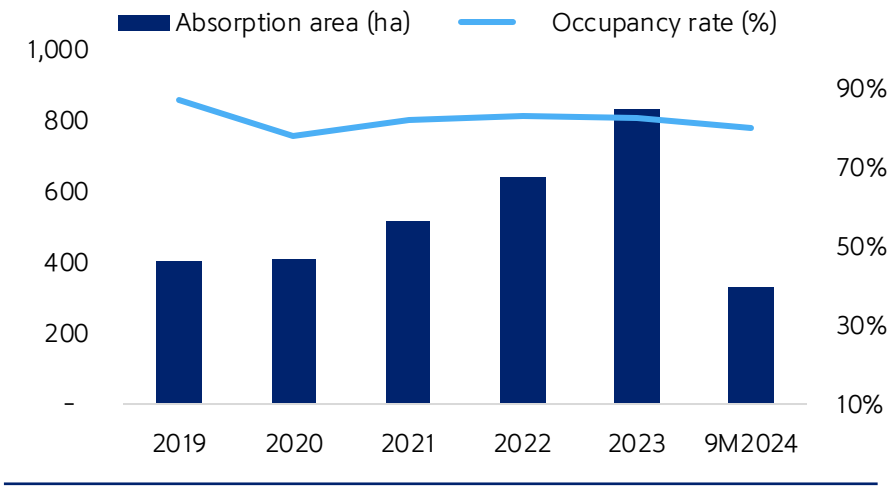
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Update on the industrial real estate

Industrial real estate in southern and northern regions maintained strong demand. With high occupancy rates, rental prices experienced steady growth throughout 9M2024.

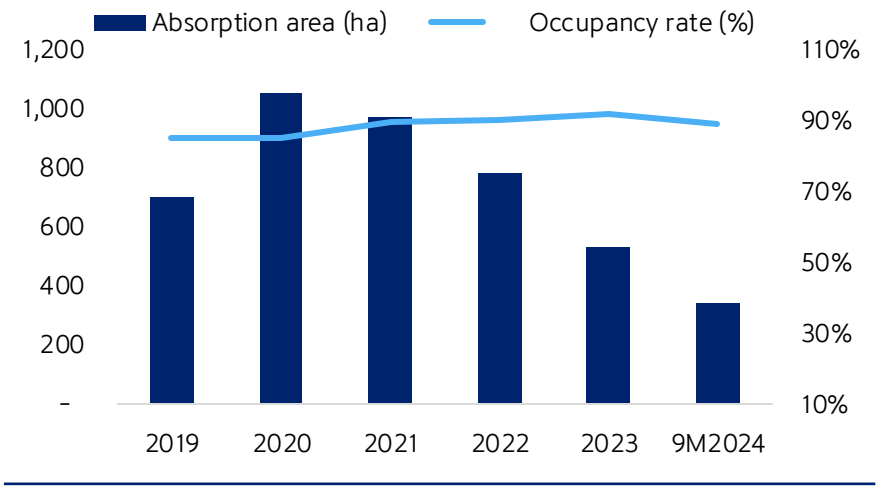
Occupancy rates remain high with rental prices showing a slight increase

Industrial park absorption and occupancy rate from 2019 – 9M2024 in the North



Source: CBRE, Shinhan Securities Vietnam

Industrial park absorption and occupancy rate from 2019 – 9M2024 in the South

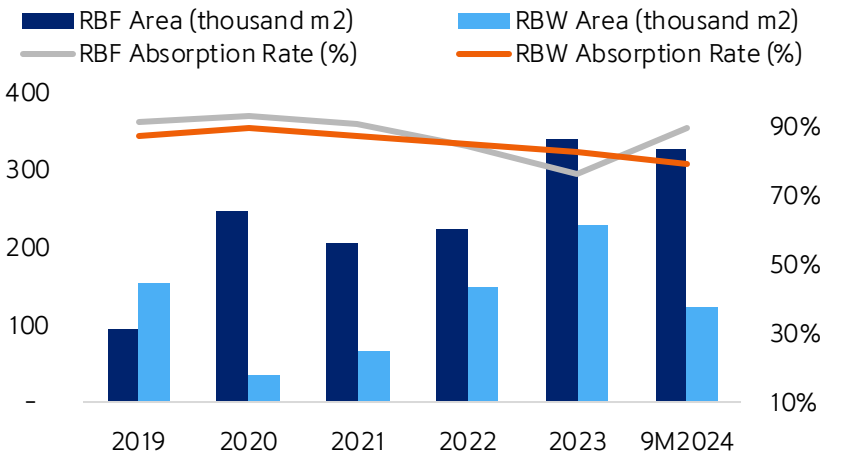


Source: CBRE, Shinhan Securities Vietnam

- In the 9M2024, the Northern region reported an absorption area of 330 ha with an occupancy rate of 80%, while the Southern region saw a slight increase, reaching over 344 ha of absorption area and an occupancy rate of 89%. The average rental price in the Northern region was USD 137/m² per lease cycle (+4.6% YoY), while the Southern region recorded an average rental price of USD 174/m² per lease cycle (+1.0% YoY).
- In the South, land absorption was primarily concentrated in provinces like Long An and Ba Ria – Vung Tau, characterized by abundant industrial park land and competitive pricing, catering to a diverse range of manufacturing industries. Meanwhile, the Northern region attracted electronics and high-tech manufacturing enterprises, with activity concentrated in key cities such as Bac Ninh, Hai Phong, Hung Yen, Hanoi, and Bac Giang.

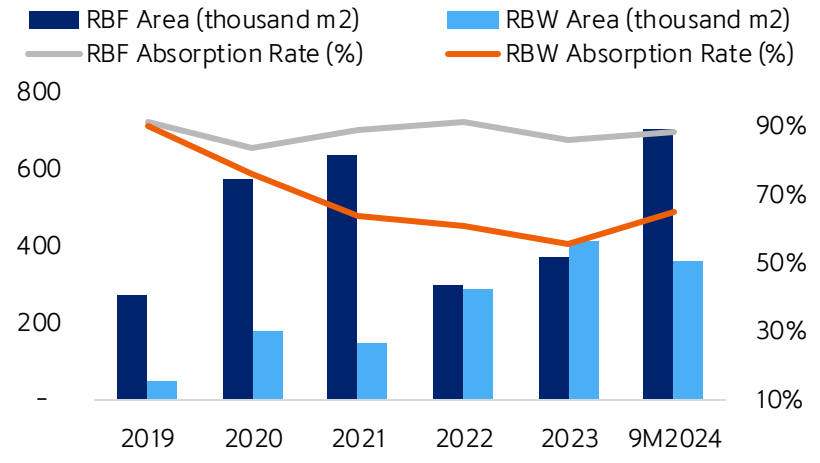
Rental demand for RBW/RBF remains high, and the absorption rate is prospered

Absorption area and Occupancy rate of RBW/RBF from 2019 – 9M2024 in the North



Source: CBRE, Shinhan Securities Vietnam

Absorption area and Occupancy rate of RBW/RBF from 2019 – 9M2024 in the South



Source: CBRE, Shinhan Securities Vietnam

- The Northern region demonstrated improved absorption rates for the 9M2024 compared to the same period in 2023. Ready-built factories (RBF) achieved an absorption rate of 89%, reflecting notable growth, while ready-built warehouses (RBW) reached 79%, marking a decline compared to the previous year. The Southern region's activity remained robust, with increasing absorption rates during 9M2024. RBF posted an absorption rate of 88%, and RBW followed at 65%, benefiting from the expansion of e-commerce businesses and high-tech manufacturing, particularly in electronics.
- Rental prices also showed an upward trend in both regions. In the North, rental prices for RBF and RBW averaged USD 4.87/m² and USD 4.62/m², respectively, while in the South, rates were slightly higher for RBF at USD 4.9/m² and USD 4.5/m² for RBW. This performance highlights the continued demand driven by evolving industrial and technological developments.

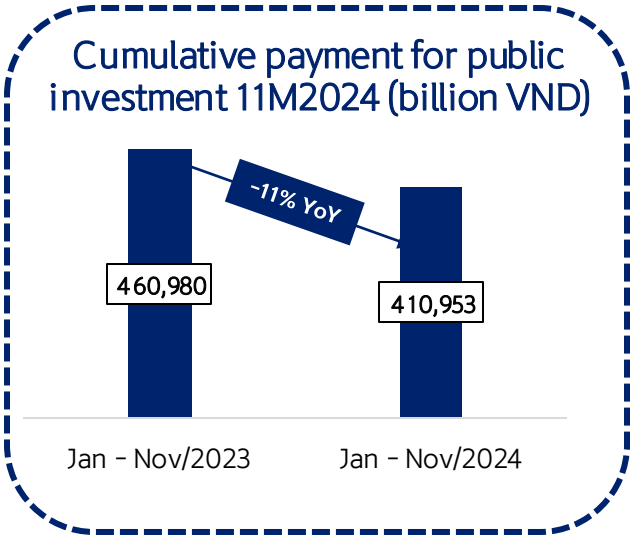
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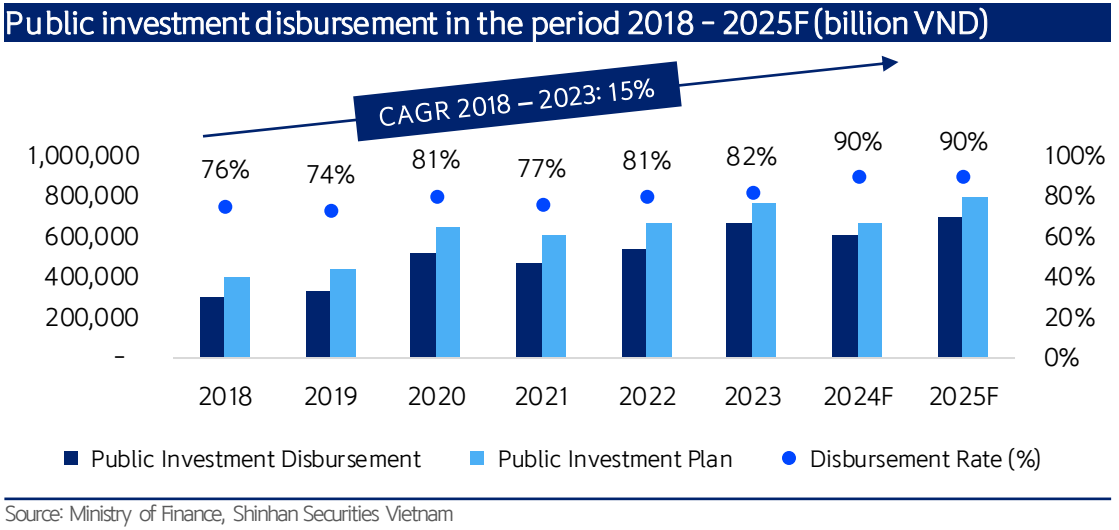
Potential of industrial real estate

Robust infrastructure investment coupled with steadily increasing FDI capital inflows provides a strong foundation for the growth and advancement of industrial park real estate.

2. Potential of industrial real estate

Strong public investment contributes to promoting infrastructure development





Source: Ministry of Finance, Shinhan Securities Vietnam

- The Ministry of Finance reported that as of November 30, 2024, accumulated public investment disbursement was estimated at VND 410,953 billion (-11% YoY), achieving 60.43% of the target set by the Prime Minister. The disbursement rate in 11 months of 2024 experienced a decline compared to the same period in 2023, decreasing from 65.1% to 60.4%. To address this slowdown, the Government issued Official Dispatch No. 104/CD-TTg on October 10, 2024, urging expedited disbursement of public investment funds at the end of the year.
- Entering 2025, the Government issued Decision 1508/QĐ-TTg on December 4, 2024, approving the state budget investment plan for the year, which allocates VND 790,727 billion for public investment—a significant increase of approximately VND 120,000 billion compared to the VND 670,000 billion plan for 2024.
- Furthermore, on November 29, 2024, the 15th National Assembly enacted the amended Law on Public Investment. The revised law aims to enhance transparency by clearly defining accountability in using state funds and improving the oversight of capital expenditure. These reforms are anticipated to accelerate the pace of disbursement, helping to meet the targeted disbursement rates more effectively.

2. Potential of industrial real estate

Amended Public Investment Law expected to boost disbursement in 2025

Additional regulations	Contents	Impact Assessment
Changes in decentralization	The decision on investment policy for Group B projects, and Group C* has been assigned to the People's Committees instead of the People's Councils as before.	Increase flexibility in the project approval process, speed up approval progress, and supervise projects plan more closely
Adjustment of the medium-term public investment plan	The Prime Minister is given the right to adjust the medium-term public investment plan of the central budget between agencies and localities, as long as it does not exceed the total capital approved by the National Assembly.	Be more flexible in adjusting and capital sources between ministries, central and local agencies.
20% limit over two medium-term periods	The regulation limiting 20% of the total capital of the medium-term public investment plan for projects lasting over two medium-term periods is still maintained, but a provision is added allowing an excess of 20% in special cases. In case of excess, it is required to report to the competent authority for approval and ensure that it does not exceed 50% of the total capital of the previous medium-term plan.	Increase flexibility in public investment management, while ensuring effective and transparent use of capital sources, especially in the context of large projects that can span many medium-term periods.
Special mechanisms and policies	Separate compensation and resettlement work into independent projects.	Add mechanisms to help speed up project progress.
	Assign 01 provincial People's Committee as the competent authority to implement projects that pass through 02 or more provincial administrative units.	Clear division of roles and responsibilities in project management.
	Allow the provincial People's Council to allocate local budget capital to entrust the implementation of credit policies through the Social Policy Bank.	Help localities flexibly use capital sources to solve local problems.

* Group B: projects with a total investment of 90 billion VND to less than 4,600 billion VND, depending on the field; Group C: projects with a total investment of less than 240 billion VND, depending on the field.

Key public investment projects

Name of project	Time	Total investment (billion VND)	Investment status of projects
North-South Expressway Phase 1	2017 – 2024	118,716	Completed and put into operation
North-South Expressway Phase 2	2023 – 2025	146,990	As of December 10, 2024, the project met the set schedule. The total construction output was about 46% of the total investment.
Ring Road 3 (Ho Chi Minh City)	2022 – 2026	75,378	The overall project reached 17% of the construction progress. The construction progress through the sections in Ho Chi Minh City and Binh Duong reached about 20% - 30%, the section through Dong Nai was behind schedule, only reaching about 6% (due to delays in handing over the site). Site clearance through the provinces and cities reached more than 90%.
Ring Road 4 (Hanoi)	2022 – 2026	85,813	The site clearance through the provinces and cities reached over 95%, and the overall construction progress of the component projects of the Ring Road 4 project (Hanoi) reached about 20%.
Long Thanh Airport Phase 1	2020 – 2025	114,451	The Long Thanh Airport Phase 1 project consists of 4 component projects, of which projects 1, 2, and 3 achieved or exceeded the schedule, but component project 4 was still behind schedule. Package 5.10, the largest item of the passenger terminal, completed 30.4% of the volume by October 2024, equivalent to VND 10,110 billion.

Source: Ministry of Transport, Shinhan Securities Vietnam

Disbursement status of public investment projects

Name of project	Disbursement plan in 2024 (billion VND)	Accumulated disbursement to November 30, 2024 (billion VND)	Disbursement rate (%)
North-South Expressway Phase 2	36,399	25,662	70.5%
Khanh Hoa – Buon Ma Thuot Expressway Phase 1	4,697	3,206	68.3%
Bien Hoa – Vung Tau Expressway Phase 1	6,489	3,154	48.6%
Chau Doc – Can Tho – Soc Trang Expressway Phase 1	10,734	7,358	68.5%
Ring Road 4 – Hanoi	9,805	2,189	22.3%
Ring Road 3 – Ho Chi Minh City	21,540	4,753	22.1%
Ho Chi Minh Road	4,975	3,605	72.5%
...			
Total	**101,259**	**53,179**	**52.5%**

Source: Ministry of Finance, Shinhan Securities Vietnam

2. Potential of industrial real estate



Infrastructure projects contribute to industrial park development

Strong investment for infrastructure projects in the period 2020 - 2030

- A total of VND 1,874 trillion will be invested in infrastructure projects nationwide in the 2021-2030 period. Of which, road infrastructure accounts for 48% of the state budget.
- By December 2024, the country operated over 2,000 km of expressways. The government aims to expand the network to approximately 3,000 km by 2025 and further to 5,000 km by 2030, reflecting the commitment to enhancing transportation infrastructure.

Infrastructure projects help connect the country effectively and attract FDI capital

- Infrastructure development plays a vital role in attracting foreign investors to Vietnam. Enhanced infrastructure improves internal connectivity, streamlining the transport of goods and raw materials, which in turn increases production efficiency and lowers costs. Additionally, robust infrastructure establishes stronger connections to major seaports and airports, further facilitating export growth and bolstering the economy.

Source: Ministry of Transport, Shinhan Securities Vietnam

Long-term outlook for future infrastructure investment projects



North-South Expressway Project Phase 3

- Total expected length: 361 km
- Project implementation period: 2026 – 2030
- Total investment: VND 69,123 billion
- Main sections: Bai Vot (Ha Tinh) - Cam Lo (Quang Tri), Quang Ngai - Nha Trang (Khanh Hoa), Can Tho - Ca Mau



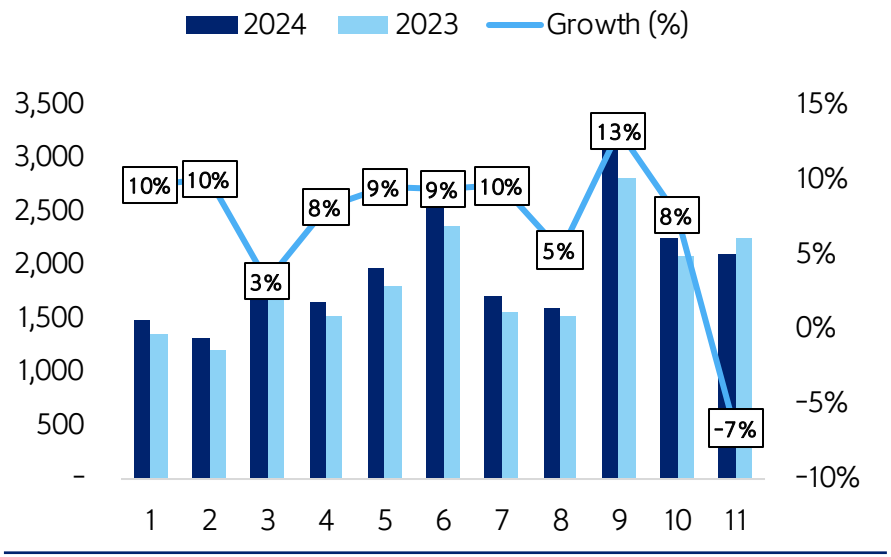
High-speed railway project on the North-South axis

- Total expected length: About 1,541 km, connecting Hanoi and Ho Chi Minh City, passing through 20 provinces and cities
- Project implementation period: 2025 - 2026 (establishing and approving feasibility report, overall technical design), 2027 - 2030 (starting construction)
- Total investment: VND 1,713,548 billion (equivalent to USD 67.3 billion)
- Design speed: 350 km/h, helping to reduce travel time between the two ends of the country to about 5 hours.

Source: Ministry of Transport, Shinhan Securities Vietnam

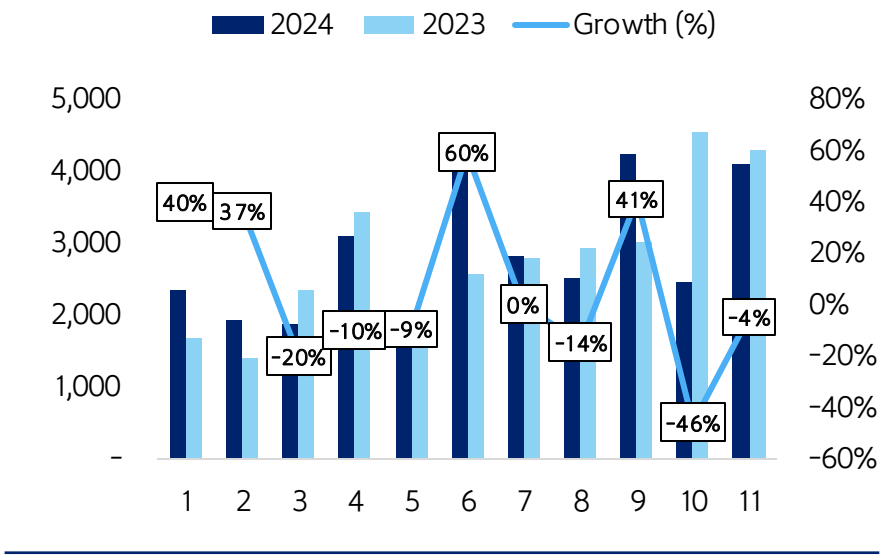
FDI inflows continue to maintain steady growth in 2024

Realized FDI capital 11 months 2023 vs 2024 (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Registered FDI capital 11 months 2023 vs 2024 (million USD)

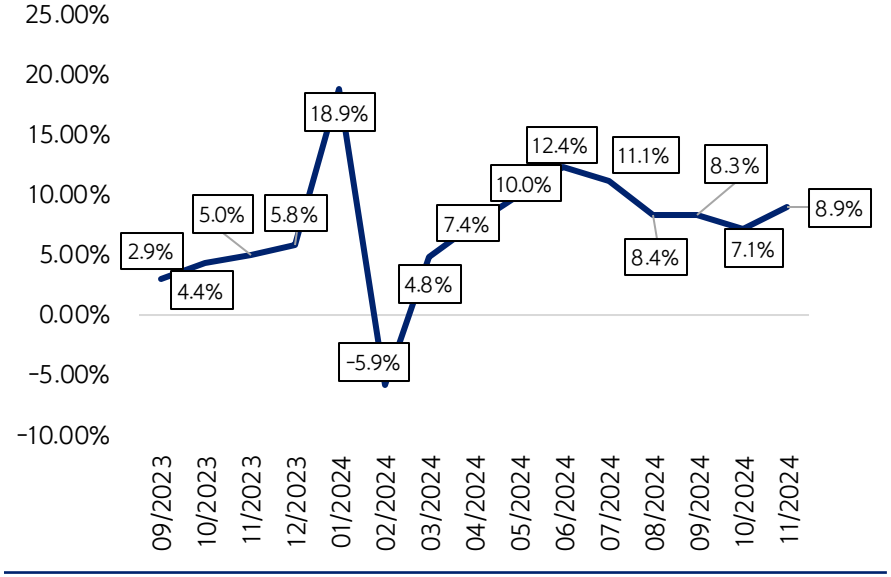


Source: Fiinpro, Shinhan Securities Vietnam

- Disbursed FDI capital in Vietnam showed stable growth, with 11M2024 figures reaching USD 21.68 billion (+7.1% YoY), the highest level in five years. Registered FDI capital also rose to USD 31.4 billion (+1.0% YoY). According to the Foreign Investment Agency, foreign investment in Vietnam remained on a positive trajectory, driven by growth in both new investments and capital increase in the number and scale of projects.
- In terms of total newly registered capital, adjustments, and share contributions, 3,035 (+1.6% YoY) new projects were granted Investment Registration Certificates during the period, with total registered capital nearing USD 17.39 billion (+0.7% YoY).
- While FDI capital declined in the final months of the year, we anticipate that FDI inflows into Vietnam will continue to experience growth in the coming years, driven by robust infrastructure investment opportunities and the ongoing "China +1" strategy.

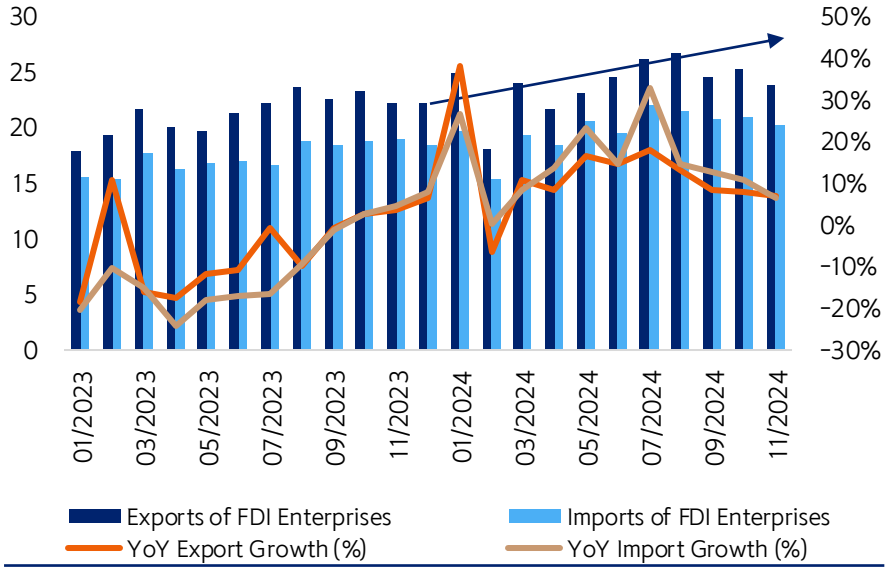
Production situation of FDI enterprises in Vietnam

Industrial production index - IIP 09/2023 – 11/2024 (%)



Source: Fiinpro, Shinhan Securities Vietnam

Import-export FDI enterprises 01/2023 – 11/2024 (billion USD)



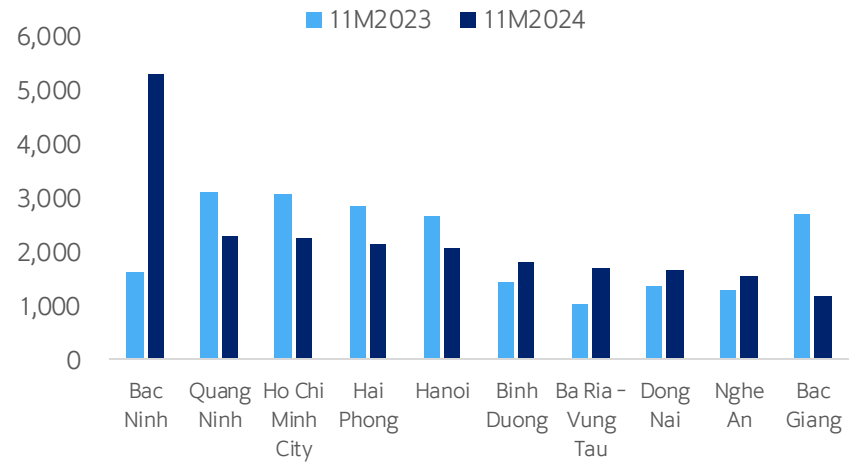
Source: Fiinpro, Shinhan Securities Vietnam

- The industrial production index has demonstrated strong growth in 2024, reflecting a significant improvement in production activities as the global economy enters a recovery phase.
- Over the 11M2024, cumulative exports from FDI enterprises reached USD 266.05 billion (+13.2% YoY). The import-export performance of FDI enterprises showed consistent monthly improvements, underscoring the sustained positive contributions of these enterprises to Vietnam's economy. This upward trend further reinforces the foundation for continued growth in FDI capital inflows.

2. Potential of industrial real estate

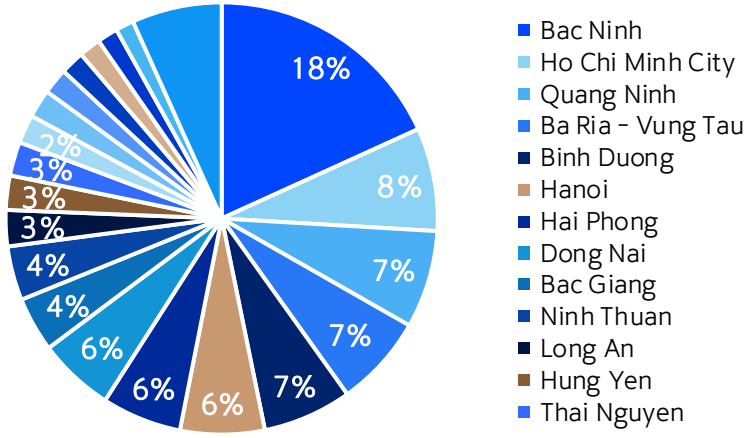
Northern and Southern provinces continue to receive the majority of FDI capital.

Top 10 localities receiving cumulative registered FDI capital in the first 11 months of 2023 and 2024 (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Top 10 localities receiving registered FDI capital in 11M2024 (%)



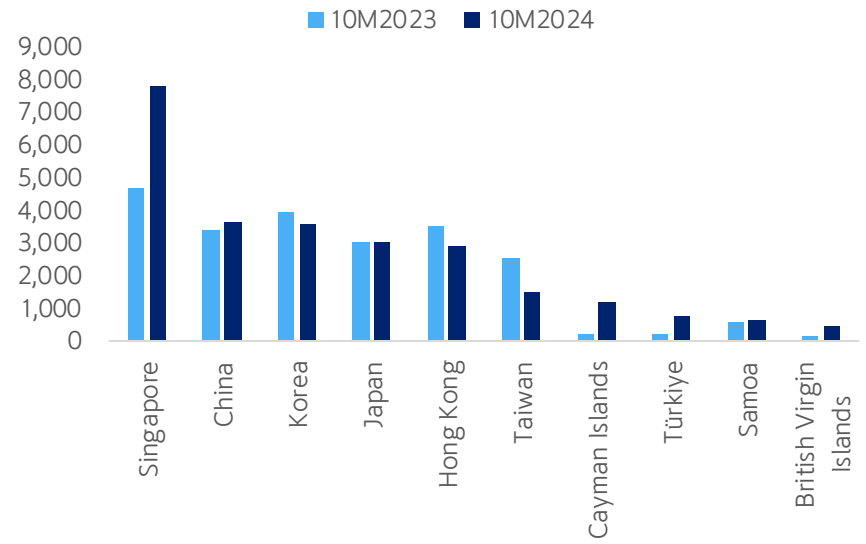
Source: Fiinpro, Shinhan Securities Vietnam

- Provinces and cities such as Bac Ninh, Quang Ninh, Ho Chi Minh City, Hai Phong, Hanoi, Binh Duong, Ba Ria – Vung Tau, and Dong Nai remained primary hubs for FDI capital inflows in Vietnam. Among these, Ba Ria – Vung Tau and Bac Ninh saw exceptional growth, increasing by 2.27 times and +66%, respectively, compared to the same period last year. Strategic geographic locations and robust infrastructure investment were driving FDI growth in these areas.
- Northern provinces and cities, in particular, continued to attract substantial FDI capital due to their ample industrial park real estate supply and more affordable rental costs compared to southern provinces, making them highly favorable destinations for foreign investors.

2. Potential of industrial real estate

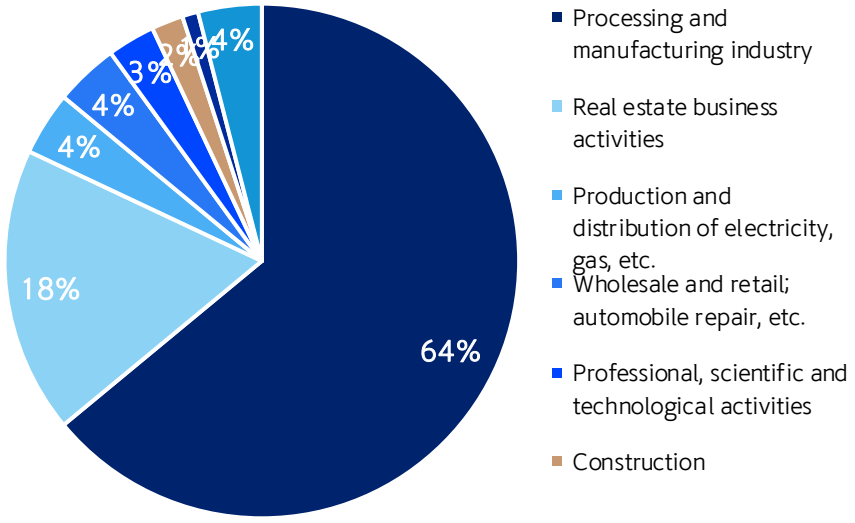
Asian countries play an important role in the structure of FDI capital sources.

Top 10 countries investing in Vietnam in 10 months (million USD)



Source: Fiinpro, Shinhan Securities Vietnam

Structure of sectors registered FDI in 10M2024 (%)

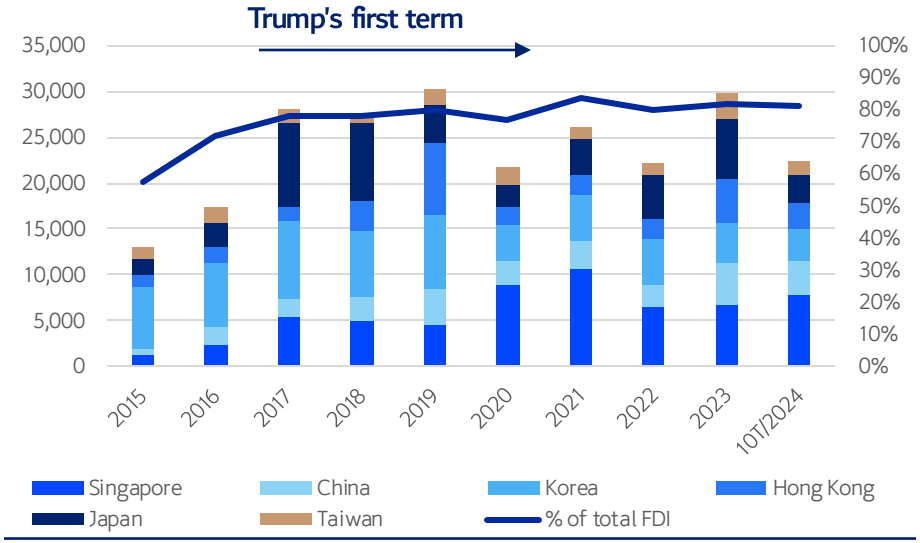


Source: Fiinpro, Shinhan Securities Vietnam

- Asian investors, including Singapore, Japan, China, South Korea, Hong Kong, and Taiwan, continued to dominate as Vietnam's traditional investment partners. In the 10M2024, these six countries accounted for 86% of the total registered FDI capital.
- The processing and manufacturing sector remained the primary focus for foreign investment, comprising 64% of FDI capital. Additionally, the real estate sector saw significant growth, with total registered FDI capital reaching USD 5.626 billion—1.95 times higher than the same period last year. Key beneficiaries of FDI capital in the real estate sector included industrial park real estate, as well as housing and office real estate, highlighting their appeal to foreign investors.

Expectations of FDI capital to continue to grow after Donald Trump become the President for the second time

Registered FDI capital of top 6 countries investing FDI in Vietnam in the period 2015 – 10M/2024 (million USD)



Nguồn: Fiinpro, Shinhan Securities Vietnam

FDI inflows to ASEAN countries 2015 – 2023 (million USD)



Nguồn: ASEANstats, Shinhan Securities Vietnam

- During the first term of U.S. President Donald Trump (January 20, 2017 – January 20, 2021), the imposition of a 25% tariff on Chinese goods sparked a trade war, leading many companies to relocate production to reduce dependency on China, particularly in the processing, manufacturing, and technology sectors. The "China +1" strategy gained momentum, and a significant portion of FDI capital shifted to ASEAN countries, including Vietnam. In 2017, FDI inflows to ASEAN nations increased by approximately 39%, with Vietnam's registered FDI capital rising by 47%. Notably, FDI from developed Asian countries, which accounted for over 80% of total FDI, grew by 61% that year.
- As President Trump entered his second term, he pledged to raise import tariffs on Chinese goods, potentially as high as 60%. This could further accelerate the shift of FDI capital to Vietnam and other ASEAN countries, reinforcing the trend of diversifying production away from China.

2. Potential of industrial real estate

Vietnam continues to be a destination for technology FDI capital flows.



Prime Minister Pham Minh Chinh and Mr. Jensen Huang - Chairman and General Director of NVIDIA Corporation (USA)



Representatives of FPT Corporation and representatives of Nvidia Corporation signed a comprehensive strategic cooperation agreement.

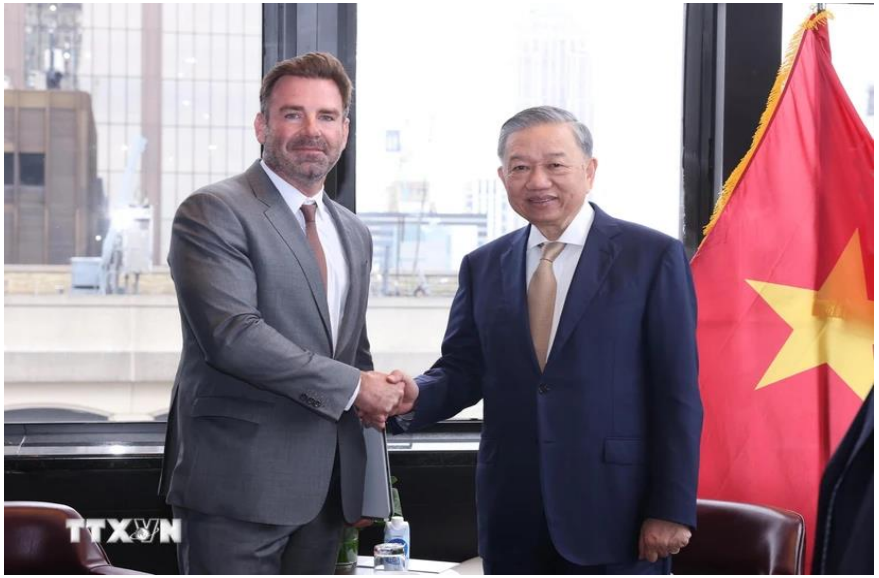
- On December 5, 2024, the Chairman of NVIDIA Corporation attended the signing ceremony for an agreement between the Government of Vietnam and NVIDIA to establish the NVIDIA Artificial Intelligence (AI) Research and Development Center and an AI Data Center in Vietnam. This collaboration marks the beginning of a promising AI technology industry worth billions of USD in the coming years.
- Before this, FPT Corporation and NVIDIA signed a comprehensive strategic cooperation agreement to build a USD 200 million AI factory. This facility will focus on key sectors, including automotive technology, manufacturing, finance, and cloud gaming, further cementing Vietnam's growing role in the global AI and tech landscape.

2. Potential of industrial real estate

The Government strives to promote and support foreign enterprises to invest in Vietnam.



General Secretary and President To Lam and Managing Director of the International Monetary Fund (IMF) Kristalina Georgieva



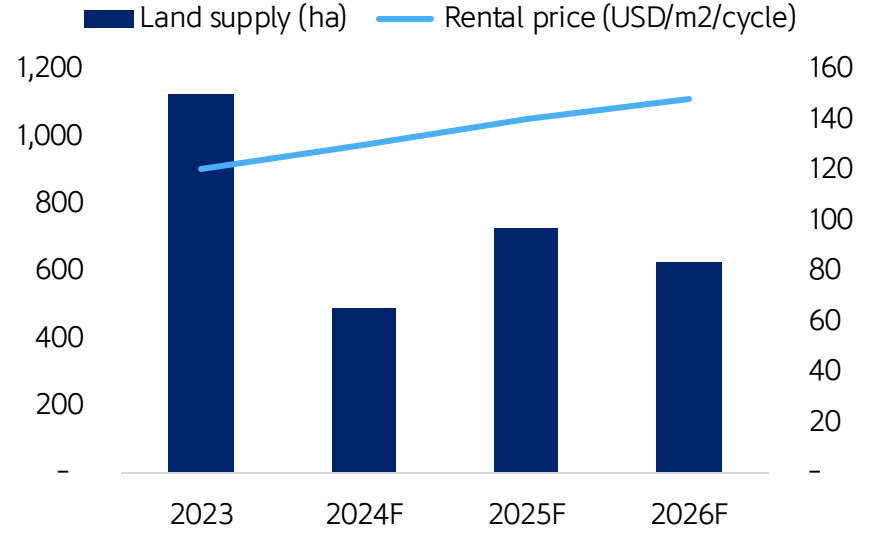
General Secretary and President To Lam and the leader of Apple Corporation

- During the 79th United Nations General Assembly High-Level Week on September 23, 2024, General Secretary and President To Lam held meetings with leaders from prominent US and international technology companies, and investment funds, including Apple, Meta, Super Micro, Blackstone, Warburg Pincus, and former Google CEO Eric Schmidt. These discussions aimed at encouraging major US technology firms to increase their investments in Vietnam.
- On September 24, 2024, during his visit to the United States, General Secretary and President To Lam also met with Ms. Kristalina Georgieva, Managing Director of the IMF. In this meeting, he requested IMF support for Vietnam's economic restructuring, and digital & green transformation, including the development of new technologies such as AI.

2. Potential of industrial real estate

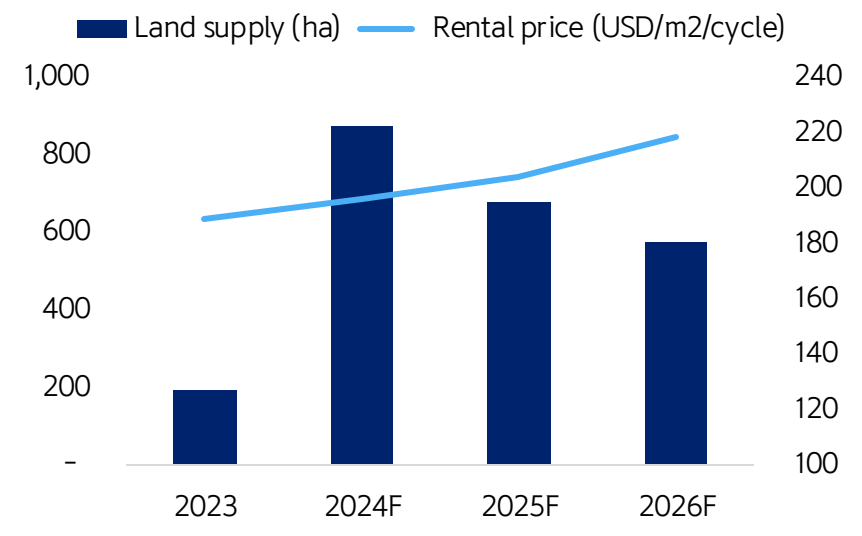
Industrial real estate prospects continue to maintain stable growth in the future

Projected cumulative area and industrial park land rental price from 2023 – 2026F in the North



Source: CBRE, Shinhan Securities Vietnam

Projected cumulative area and industrial park land rental price from 2023 – 2026F in the South

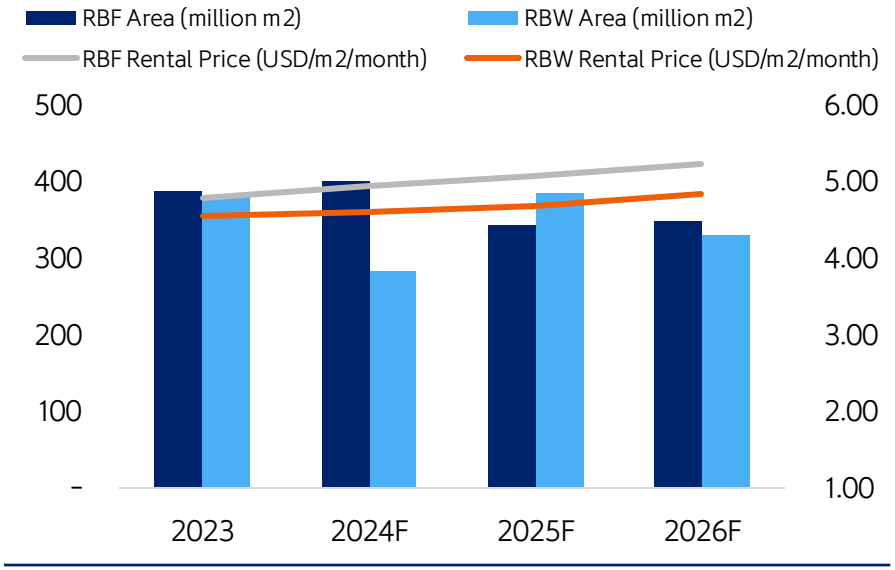


Source: CBRE, Shinhan Securities Vietnam

- In 2025, the supply of industrial real estate is projected to grow significantly, with an estimated 700 ha in the North and 650 ha in the South. In the North, the supply will concentrate in provinces such as Bac Ninh, Hai Phong, and Hung Yen, while in the South, key provinces like Binh Duong, Dong Nai, Long An, and Ba Ria – Vung Tau will see the majority of the supply.
- Industrial land prices are expected to experience steady growth of 5% – 10% annually during the 2025–2026 period, driven by stable rental demand and the continued influx of FDI capital into Vietnam. Occupancy rates are forecasted to remain high, with the North at 83% and the South at 90%, reflecting strong demand for industrial real estate in both regions.

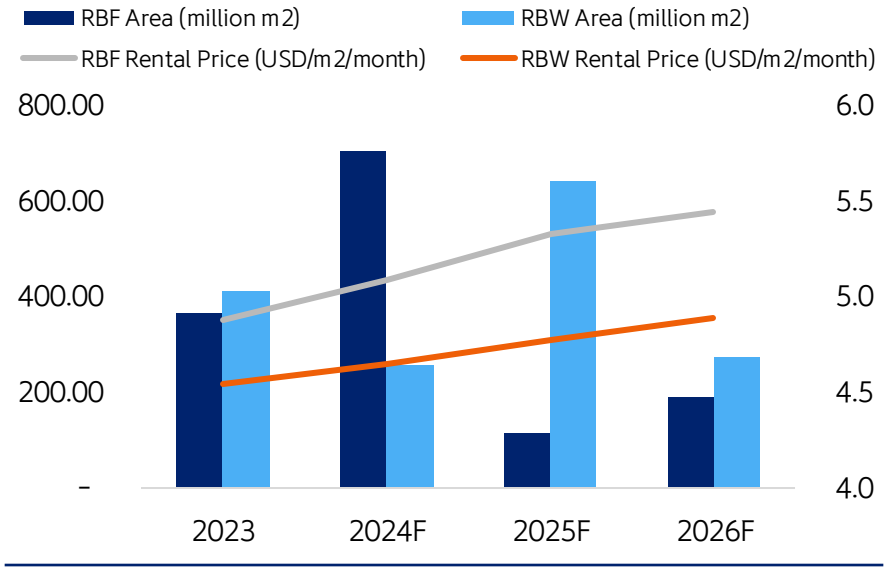
Supply of RBF and RBW continues to grow according to market demand

Projected absorption area and RBF/RBW price 2023 – 2026F in the North



Source: CBRE, Shinhan Securities Vietnam

Projected absorption area and RBF/RBW price 2023 – 2026F in the South



Source: CBRE, Shinhan Securities Vietnam

- According to CBRE's forecast, the supply of RBF and RBW is expected to increase by 15% – 20% in the Northern region and 8% – 16% in the Southern region from 2024 to 2026.
- This growth is driven by the continued expansion of technology and e-commerce companies in Vietnam. Rental prices for RBF and RBW are anticipated to rise steadily at an average rate of about 3% per year. Similarly, absorption rates are expected to improve, supported by the growing demand from these sectors.

03

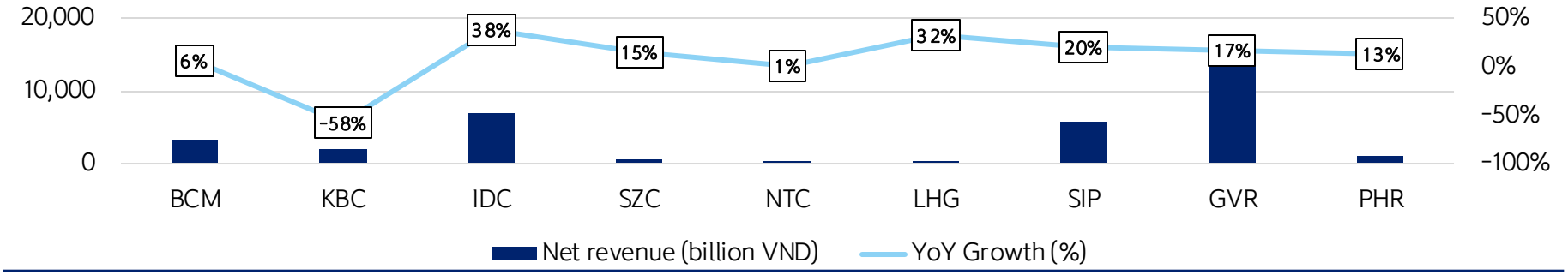
Update on industrial real estate stocks

Industrial real estate businesses experienced growth in 9M2024, driven by rising demand and higher rental prices, benefiting companies with available land reserves for lease.

3. Update on industrial real estate stocks

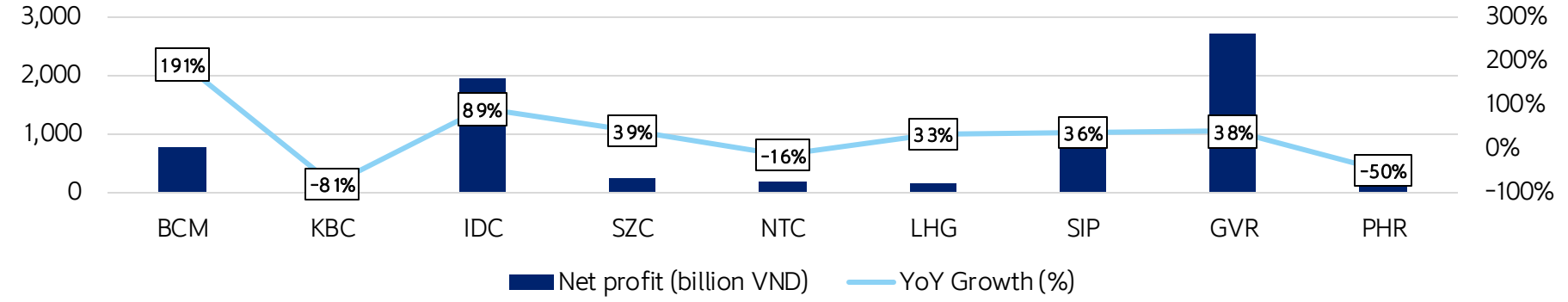
Update on the business situation of some prominent stocks

Net revenue of industrial park real estate enterprises in 9M2024



Source: Fiinpro, Shinhan Securities Vietnam

Net profit of industrial park real estate enterprises in 9M2024

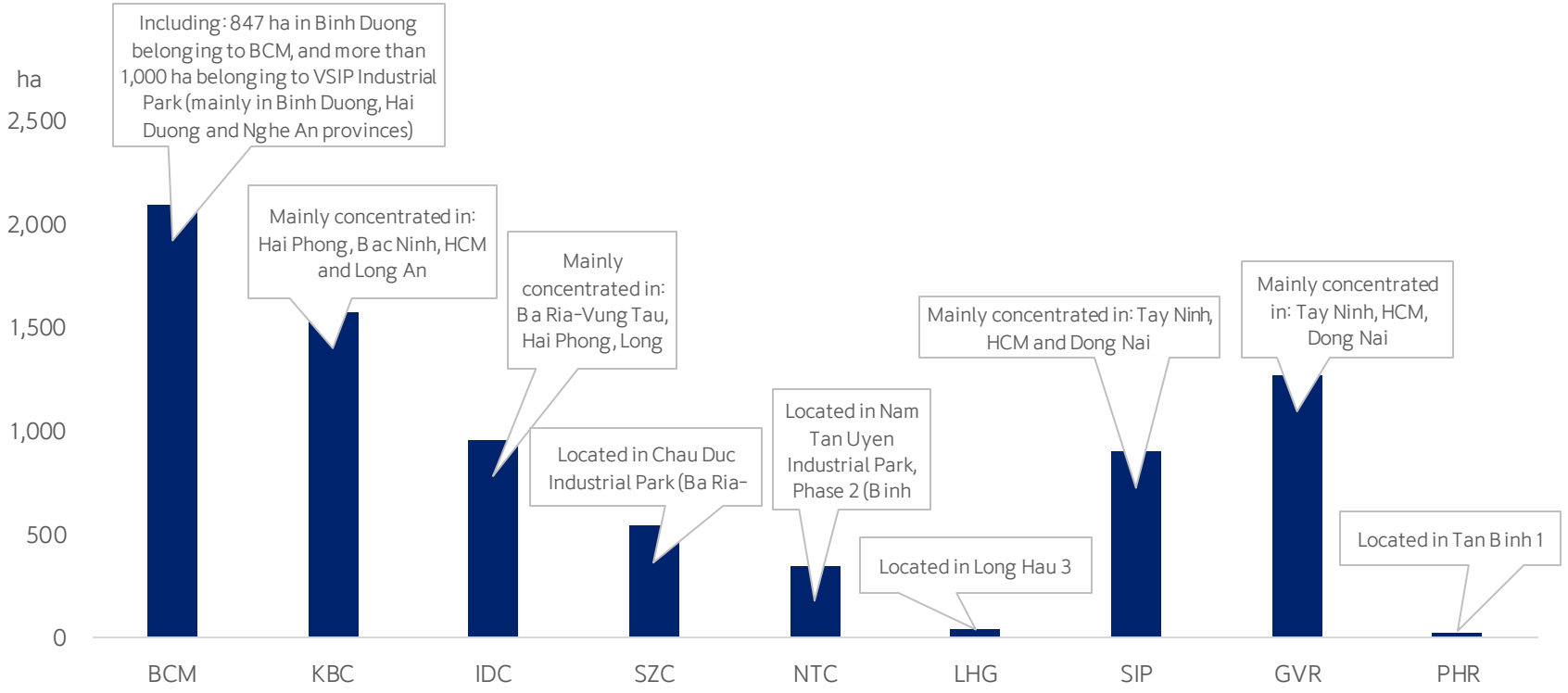


Source: Fiinpro, Shinhan Securities Vietnam

- In the 9M2024, industrial park enterprises demonstrated positive business growth, primarily driven by rising demand and increased FDI inflows. Gross profit margins improved year-over-year, largely due to higher rental prices. Nevertheless, some enterprises, such as KBC, experienced performance declines, mainly due to delays in finalizing land lease procedures. Despite these challenges, we maintain an optimistic outlook for these enterprises, anticipating that legal obstacles will be resolved soon, enabling them to realize potential revenue soon.

Estimated area of industrial park land available for lease

Land area available for lease of some industrial park real estate enterprises at the end of 2023



Source: Company reports, Shinhan Securities Vietnam

3. Update on industrial real estate stocks

Ticker	Mkt price (VND)	Target price* (VND)	Upside (%)	Mkt cap (Billion VND)	Revenue forecast in 2024 (Billion VND)	Revenue growth (% YoY)	Net profit forecast in 2024 (Billion VND)	Profit growth (% YoY)	ROA – TTM (%)	ROE – TTM (%)	GPM – TTM (%)	D/E	P/E – TTM	P/B – TTM
BCM	67,900	80,900	19%	70,277	7,848	20%	2,034	20%	5%	14%	55%	1.08	26.42	3.5
KBC	27,600	34,600	25%	21,186	9,285	140%	2,865	109%	3%	5%	62%	0.2	25.35	1.37
IDC	56,000	64,800	16%	18,480	8,363	-5%	1,899	-8%	11%	40%	38%	0.47	10.63	3.99
SZC	43,500	49,800	14%	7,829	1,210	19%	408	28%	4%	14%	43%	0.9	19.18	2.59
NTC	210,000	238,000	13%	5,040	488	94%	493	60%	6%	30%	71%	0.22	18.28	5.08
LHG	37,300	42,000	13%	1,865	539	15%	216	9%	5%	10%	52%	0.11	11.98	1.1
SIP	84,500	87,100	3%	17,790	8,048	8%	1,190	9%	5%	29%	14%	0.48	15.7	4.27
GVR	30,700	35,450	15%	122,800	24,317	0%	4,138	-2%	3%	5%	21%	0.11	55.76	2.76
PHR	53,600	59,500	11%	7,263	1,619	13%	495	13%	8%	13%	26%	0.08	18.3	2.29

* Target price (fair value) for the next 12 months

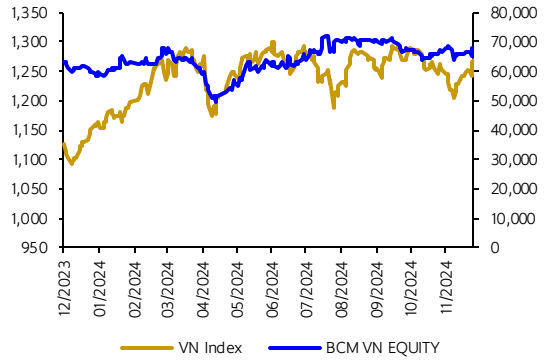
Source: SSV Research, Bloomberg, Fiipro
Data as of 12/24/2024

- We highly recommend the industrial park group, including BCM, KBC, IDC, and SZC, thanks to their abundant land fund available for lease, concentrated in key provinces and cities (destinations of FDI capital flows) such as Bac Ninh, Binh Duong, Hai Phong, Vung Tau, Ho Chi Minh City, and Bac Giang.

Investment And Industrial Development Corporation (HOSE: BCM)

Target price (12 months)		**VND 80,900**
Current price (12/24/24)		VND 67,900
Return (%)		19%
VNINDEX		1,260
PE market (25Fx)		11.8
Market cap (billion VND)		70,277
Outstanding shares (mil shares)		1,035
Free-float (mil shares)		35
52-week high/low (VND)		74,500/50,400
90-day avg. trading volume (mil shares)		0.45
90-day avg. turnover (bn VND)		20
Foreign ownership (%)		0.05
Major shareholders (%)	Binh Duong Provincial People's Committee	95.44
	Nguyen Van Hung	0.6

Performance	3M	6M	12M
Absolute (%)	-5.5	4.2	3.5
Rel.to VN-Index (%)	-5.7	5.5	-9.4



Cay Truong Industrial park capitalizes on opportunities from FDI

Became IDC Investment and Industrial Development Corporation (HoSE: BCM) was established in 1976 and is one of the leading industrial park developers in Vietnam. Becamex is a prestigious brand with experience in developing industrial parks in Binh Duong province. During its operation, Becamex has attracted more than 500 enterprises from 30 different countries. Becamex currently owns 6 industrial parks with an area of over 4,000 ha. In addition, BCM also participates in a joint venture with a Singaporean enterprise to develop the VSIP industrial park (BCM owns 49%). VSIP is the leading developer of industrial parks and integrated urban areas in Vietnam, including 12 projects nationwide with a total area of over 10,000 ha.

At the end of 9M2024, BCM recorded revenue of VND 3,195 billion (+6% YoY), a profit after tax of VND 769 billion, 1.9 times higher than the same period. Gross profit margin grew strongly, increasing from 57.3% in 9M2023 to 64.2% in 9M2024. Improved demand and increased industrial park land prices helped the company improve revenue and gross profit margin. In addition, profits from joint ventures and associates also increased 3.47 times over the same period with significant contributions from the VSIP industrial park group.

We estimate revenue in 2024 and 2025 to reach VND 6,540 billion (-17% YoY) and VND 7,848 billion (+20% YoY), respectively, and profit after tax in 2024 and 2025 to reach VND 1,693 billion (-30% YoY) and VND 2,034 billion (+20% YoY), respectively, with the main contribution from the industrial park segment. BCM currently owns 628 ha of land available for lease. BCM's Cay Truong industrial park project (with a total commercial land area of 490 ha) was approved by Binh Duong province for a 1/2000 scale construction zoning plan and started construction on 26/09/2024. The project is expected to start recording revenue in 2025 and contribute significantly to BCM's business results.

Risks: (1) Declining demand for industrial park real estate; (2) High debt/equity ratio; (3) Slow progress in implementing industrial park projects.

Year	2021	2022	2023	2024F	2025F
Revenue (billion VND)	6,982	6,506	7,883	6,540	7,848
Operating profit (billion VND)	2,002	1,437	2,783	2,293	2,752
OPM (%)	28.7	22.1	35.3	35.1	35.1
NPAT (billion VND)	1,451	1,685	2,423	1,693	2,034
NPM (%)	20.8	25.9	30.7	25.9	25.9
EPS (VND)	1,232	1,482	2,341	1,636	1,965
ROE (%)	8.1	9.3	12.2	9.0	10.3
P/E (x)	51.9	54.4	29.5	42.6	35.5
P/B (x)	4.1	4.9	3.6	3.5	3.3

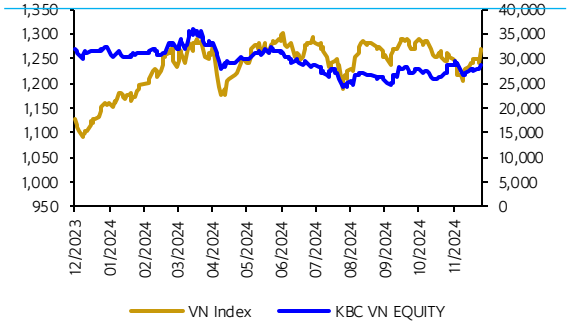
Source: Bloomberg, Shinhan Securities, Data as of 24/12/2024

Kinh Bac City Development Holding Corporation (HOSE: KBC)

Prospects for Trang Due 3 project and growth potential with expanded land fund

Target price (12 months)	**VND 34,600**
Current price (12/24/24)	VND 27,600
Return (%)	25%
VNINDEX	1,260
PE market (25F,x)	11.8
Market cap (billion VND)	21,186
Outstanding shares (mil shares)	768
Free-float (mil shares)	426
52-week high/low (VND)	36,300/24,200
90-day avg. trading volume (mil shares)	4.25
90-day avg. turnover (bn VND)	13.3
Foreign ownership (%)	19.92
Major shareholders (%)	Dang Thanh Tam 18.06%
	Kinh Bac Investment and Consulting JSC 8.11%

Performance	3M	6M	12M
Absolute (%)	9.1	-9.2	9.1
Rel.to VN-Index (%)	8.9	-7.8	8.9



Kinh Bac Urban Development Corporation (HoSE: KBC) was established in 2002 and is one of the leading industrial park real estate developers in Vietnam. KBC has experience working with and attracting leading FDI corporations in Vietnam. More than 90% of customers in KBC's industrial parks are foreign corporations, from countries such as Japan, Taiwan, Korea, and China with big names such as Canon, Foxconn, LG...

Kinh Bac recorded net revenue in 9M/2024 of VND 1,994 billion (-58% YoY), of which the industrial park segment (IP) reached VND 1,116 billion (-76% YoY), profit after tax reached VND 397 billion (-81% YoY). The estimated leasable industrial park land area in 9M/2024 was only about 30 ha due to problems related to site clearance and legal issues.

We estimate KBC's revenue will reach about VND 3,873 billion (-33% YoY) in 2024 and VND 9,285 billion (+140% YoY) in 2025. Profit after tax in 2024 is expected to reach VND 1,513 billion (-33% YoY) and profit after tax in 2025 is expected to reach VND 3,167 billion (+109% YoY).

We expect: (1) Industrial park land area for lease will reach about 60 ha in 2024 and 150 ha in 2025 with the main contribution of Nam Son Hap Linh, Tràng Duệ 3, and Long An industrial parks. (2) The urban real estate segment will continue to grow in 2024 thanks to the Nenh Social Housing project and be expected to explode in 2025 when the Trang Cat urban area project completes legal procedures and begins offering for sale.

Risk: (1) Demand for industrial park real estate rentals has decreased; (2) Debt/equity ratio is high; (3) FDI inflows have weakened; (4) Slow progress in industrial park project implementation.

Year	2021	2022	2023	2024F	2025F
Revenue (billion VND)	4,246	950	5,618	3,873	9,285
Operating profit (billion VND)	1,849	-245	2,883	1,102	3,607
OPM (%)	43.5	-25.7	51.3	28.5	38.8
NPAT (billion VND)	1,095	1,526	2,031	1,368	2,865
NPM (%)	25.8	160.6	36.1	35.3	30.9
EPS (VND)	1,441	1,993	2,646	1,783	3,732
ROE (%)	9.2	10.1	11.9	7.1	13.2
P/E (x)	31.64	12.14	12.00	15.34	7.33
P/B (x)	2.45	1.16	1.34	1.10	0.97

Source: Bloomberg, Shinhan Securities, Data as of 24/12/2024

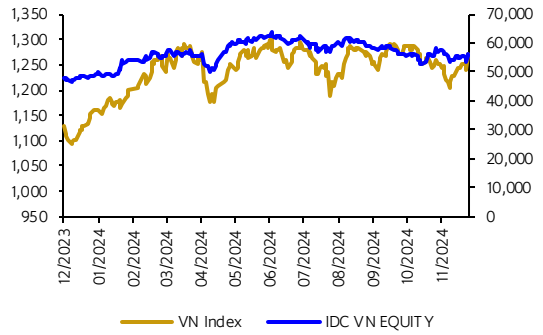
IDICO Corporation (HOSE: IDC)

IDICO

Take advantage of Phu My II Industrial Park and Huu Thanh Industrial Park

Target price (12 months)	**VND 64,800**
Current price (12/24/24)	VND 56,000
Return (%)	16%
VNINDEX	1,260
PE market (25Fx)	11.8
Market cap (billion VND)	18,480
Outstanding shares (mil shares)	330
Free-float (mil shares)	210
52-week high/low (VND)	66,000/49,500
90-day avg. trading volume (mil shares)	1.09
90-day avg. turnover (bn VND)	57
Foreign ownership (%)	**21.14**
Major shareholders (%)	SSG Group Joint Stock Company 22.5%
	Bach Viet Production and Trading Company Limited 11.93%

Performance	**3M**	**6M**	**12M**
Absolute (%)	-4.6	-8.8	12.8
Rel.to VN-Index (%)	-4.8	-7.4	-0.1



IDICO Corporation (HoSE: IDC) was established in 2000, formerly known as Vietnam Urban and Industrial Zone Development Investment Corporation. IDC operates mainly in the industrial park sector (accounting for 44%), the electricity business sector (accounting for 38%), and the BOT toll collection sector (accounting for 5%). IDC is investing and managing 10 industrial parks in (IPs) Vietnam with a total area of nearly 3,267 ha. IDC owns 7 IPs in the South, and 3 IPs in the North spanning the provinces of Dong Nai, Ba Ria-Vung Tau, Long An, Vinh Phuc, Bac Ninh, and Thai Binh. Regarding the electricity sector, IDC owns 2 hydropower plants with a total capacity of up to 114 MW, and a system of 2 transformer stations contributing over 80% of the total electricity revenue at IDC, creating a stable source of revenue for IDC.

At the end of 9M2024, IDC achieved net revenue of VND 6,891 billion (+38% YoY). Of which, industrial park revenue reached VND 2,764 billion (+62% YoY). The company's after-tax profit reached VND 1,955 billion (+89% YoY). Of which, the area of IP land handed over reached about 90 ha with the contribution of Huu Thanh IP, Phu My 2 IP and Phu My 2 IP expansion, Cau Nghin IP, and Que Vo 2 IP.

We estimate revenue in 2024 and 2025 to reach VND 8,803 billion (+22% YoY) and VND 8,363 billion (-5% YoY), respectively. Revenue in 2025 is expected to decline slightly, mainly due to the decline in MOU contracts in 2024. Profit after tax in 2024 and 2025 are expected to reach VND 2,067 billion (+48% YoY) and VND 1,899 billion (-8.1% YoY), respectively. With 580 ha of IP land available for lease, we estimate that IDC will lease about 100 ha of IP land per year from 2024 to 2025. IDC's power segment is expected to grow by about 10% from 2024 to 2025, mainly from the power distribution segment.

Regarding the long-term outlook, IDC is actively expanding its land fund, including 2 industrial parks (Tan Phuoc 1 IP (470 ha) and My Xuan B1 expansion IP (110 ha) which received investment approval in 2024) and has set the plan to expand to more than 1,500 ha.

Risks: (1) Declining demand for industrial park real estate; (2) Weakening FDI inflows; (3) Slow progress in implementing industrial park projects.

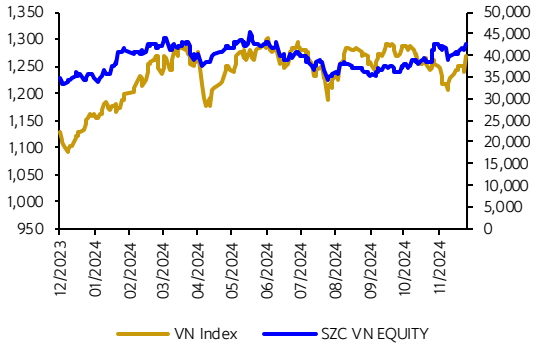
Year	2021	2022	2023	2024F	2025F
Revenue (billion VND)	4,301	7,485	7,237	8,803	8,363
Operating profit (billion VND)	477	2,726	2,060	3,016	2,782
OPM (%)	11.1	36.4	28.5	34.3	33.3
NPAT (billion VND)	454	1,768	1,393	2,067	1,899
NPM (%)	10.6	23.6	19.2	23.5	22.7
EPS (VND)	1,376	5,356	4,221	6,263	5,756
ROE (%)	11.2	40	28.1	36.3	28.9
P/E (x)	48	5.9	12.3	9.2	10.0
P/B (x)	5.6	2.1	3.5	2.6	2.3

Source: Bloomberg, Shinhan Securities, Data as of 24/12/2024

SONADEZI Chau Duc Shareholding Company (HOSE: SZC)

Target price (12 months)	**VND 49,800**
Current price (12/24/24)	VND 43,500
Return (%)	14%
VNINDEX	1,260
PE market (25Fx)	11.8
Market cap (billion VND)	7,829
Outstanding shares (mil shares)	180
Free-float (mil shares)	110
52-week high/low (VND)	46,500/34,050
90-day avg. trading volume (mil shares)	1.56
90-day avg. turnover (bn VND)	69
Foreign ownership (%)	6.79
Major shareholders (%)	Industrial Park Development Corporation 46.84%
	Sonadezi Long Thanh Joint Stock Company 10.08%

Performance	3M	6M	12M
Absolute (%)	19.2	1.7	21.4
Rel.to VN-Index (%)	19.0	3.0	8.4



Benefit from FDI capital flow with Chau Duc Industrial Park

Sonadezi Chau Duc Joint Stock Company (HoSE: SZC) was established on June 26, 2007, SZC operates mainly in the field of industrial park land leasing, real estate business, and investment in BOT projects. SZC's industrial park real estate segment accounts for more than 80% of the total revenue structure. SZC owns a large land area of up to 2,287 ha in Chau Duc district, Ba Ria Vung Tau province, of which industrial park land accounts for 1,556 ha, the rest is mainly for urban areas and golf courses.

SZC's 9M2024 revenue results reached VND 641 billion (+15% YoY), and profit after tax reached VND 227 billion (+39% YoY). Of which, revenue from the industrial park segment accounted for 89% (+23% YoY). Gross profit margin increased from 46% in 9M2023 to 52% in 9M2024 due to improved rental prices.

With a favorable geographical location and competitive rental prices compared to the region, we estimate that SZC will lease about 45 hectares in 2024 and maintain about 40 hectares/year for the following years. In addition, Sonadezi Chau Duc's industrial park land rental price is expected to grow by 5% - 8% in the period of 2025 - 2028. The business results in 2025 will be further contributed by the Sonadezi Huu Phuoc Residential Area project phase 2 (start selling in Q4/2024). The Golf course project will start full operation and the return of operation of the BOT 768 project will contribute positively to SZC's business results.

We expect SZC's revenue in 2024 and 2025 to reach VND 1,020 billion and VND 1,210 billion (+18% YoY), respectively, with expected profit after tax reaching VND 318 billion (+45% YoY) in 2024 and VND 408 billion (+28% YoY) in 2025.

Risks: (1) Declining demand for industrial park real estate; (2) Weakening FDI inflows; (3) Legal issues and compensation costs for Chau Duc Industrial Park; (3) Slow progress in implementing industrial park projects.

Year	2021	2022	2023	2024F	2025F
Revenue (billion VND)	713	859	818	1,020	1,210
Operating profit (billion VND)	386	260	295	407	521
OPM (%)	54.2	30.2	36.1	39.9	43.0
NPAT (billion VND)	324	197	219	318	408
NPM (%)	45.4	23.0	26.8	31.2	33.7
EPS (VND)	2,395	1,458	1,331	1,765	2,268
ROE (%)	21.1	11.7	11.9	12.4	14.2
P/E (x)	23.7	15.0	27.5	23.1	18.0
P/B (x)	4.6	1.7	3.1	2.9	2.5

Source: Bloomberg, Shinhan Securities, Data as of 24/12/2024

Shinhan Securities

Steel industry

The rebound of domestic demand



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Steel industry – The rebound of domestic demand

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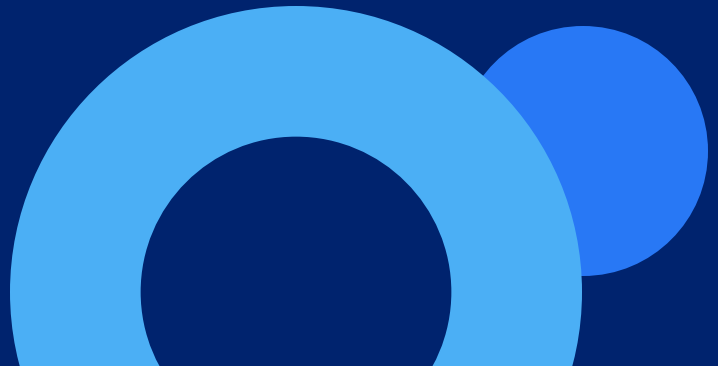
World steel market

Output continues to decline, bright spot from developing economies

World steel prices rise on “psychology”

A decline in input prices help increase profit margins for steel industry

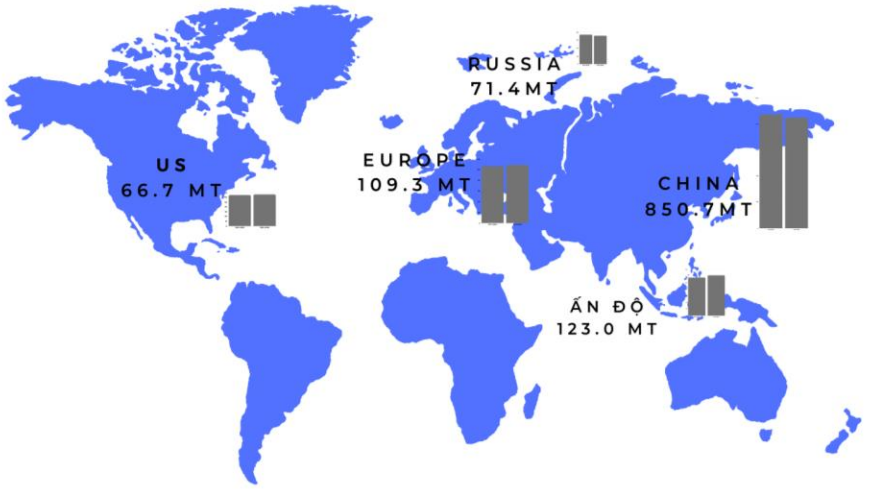
World Steel Association lowers forecast for global steel demand growth



Crude steel output in key markets in 10M2024

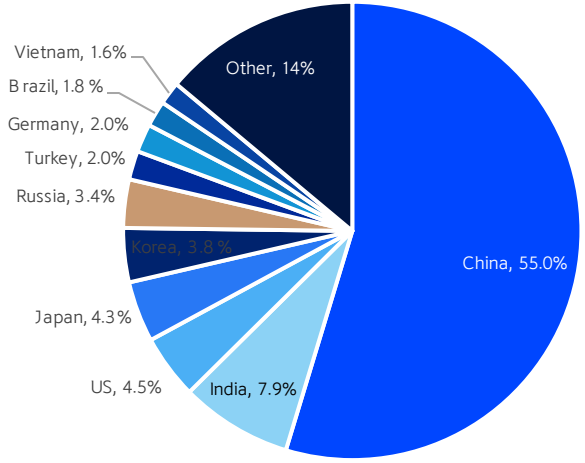
- In the first 10 months of 2024, the world's crude steel output of 71 countries decreased slightly, reaching 1.547 million tons (-1.6% YoY). Some countries recorded an increase in output compared to the same period, such as India (123 million tonnes, +5.6% YoY), Germany (31.6 million tonnes, +5%), ... Currently, Vietnam ranks 13th in the world in terms of steel production output.
- In general, 2024 was still a difficult year for the global steel industry, when steel consumption in key countries such as the US, China, ... decreased compared to the same period. The reasons resulted from a weak demand for civil construction and infrastructure as the global economy continued to face many difficulties with increasing geopolitical instability and tightened monetary policies.

Steel production output in key countries 10M/2023 and 10M/2024



Source: WSA, Shinhan Securities Vietnam

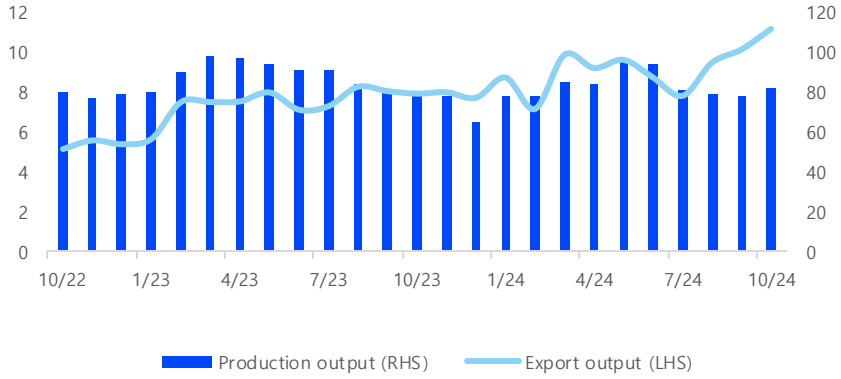
Steel production by region 10M/2024



Source: WSA, Shinhan Securities Vietnam

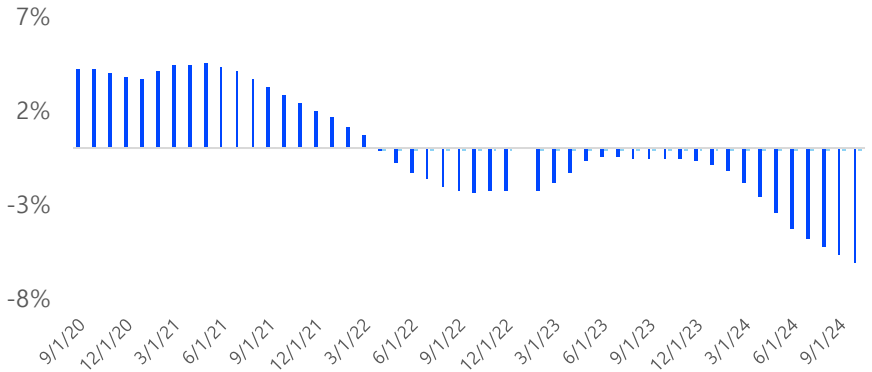
China is “indifferent” to the government's policies

China crude steel output by month (million tonnes)



Source: Bloomberg, Shinhan Securities Vietnam

China House Price Growth (YoY)



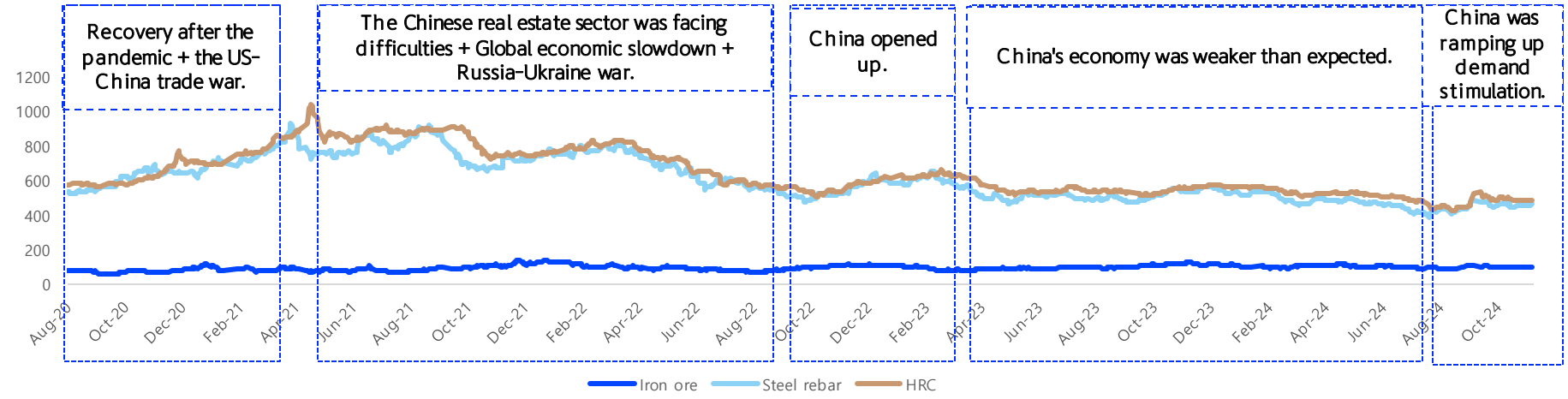
Source: Bloomberg, Shinhan Securities Vietnam

- In September 2024, the Chinese government introduced new policies to revive the real estate market. However, these measures only improved the steel market sentiment in the short term. In fact, construction demand in China has not shown any signs of improvement because of (1) a continued decline in Chinese home prices since the real estate downturn in early 2022 and (2) a decrease in China's crude steel production in Q3/2024.
- China's steel exports continued to increase sharply, reaching 91.893 million tonnes in 10 months (+23.3% YoY) due to weak demand in the domestic market. However, we believe that in 2025, China's steel exports will decline from the peak in October 2024 due to (1) anti-dumping duties on Chinese steel applied in many countries, (2) the US-China trade conflict escalated when President Donald Trump was re-elected, thereby limiting the amount of Chinese steels imported into the US.

1. World steel market

The global steel prices are rising due to "market sentiment"

Global steel prices (USD/ton)



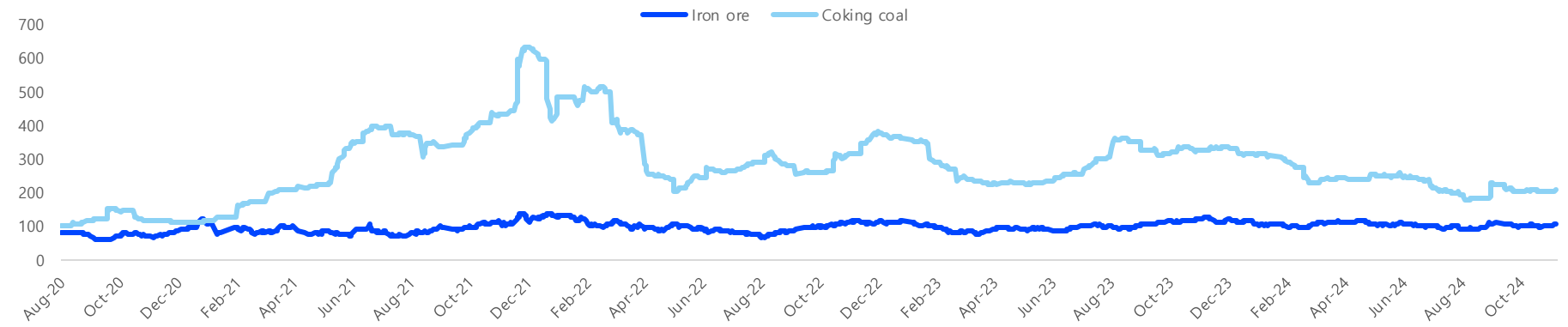
Source: Bloomberg, Shinhan Securities Vietnam

- HRC and rebar steel prices in China surged significantly (~20% MoM) in September 2024. This is the "market sentiment" when the Chinese government introduced new policies aimed at revitalizing the real estate market (which accounts for ~33% of China's steel demand). However, steel prices returned to a downward trend (-10% MoM) in 10/2024, as actual demand failed to recover as anticipated: (1) the continued decline in Chinese housing prices since the real estate downturn at the beginning of 2022, and (2) a decrease in crude steel production in China during Q3/2024.
- We believe that Chinese steel prices hit bottom in August 2024 and are on the path to recovery, thanks to a cooling of oversupply as Chinese steel mills participate in production cuts in line with government policies. However, we forecast that Chinese steel demand will remain weak until the end of 2025, as the real estate market in the country shows no signs of recovery.

1. World steel market

The decrease in input material costs helps increase profit margins for the steel industry.

Global prices of iron ore and coke (USD/ton)

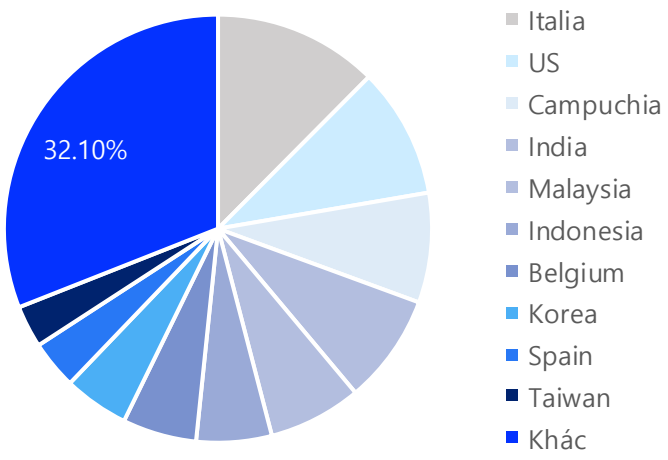


Source: Bloomberg, Shinhan Securities Vietnam

- The prices of key input materials continue to stay low in 2024. This is a golden opportunity for steel companies to stock up on cheap materials in preparation for a new industry cycle. Specifically: (1) Coking coal prices have dropped 37% YTD, to USD 206/tonne due to (1) oversupply of steel in China leading to reduced demand for raw materials, (2) increased coal supply from Australia, and (3) China's coal price regulation policies, (4) Iron ore prices have also fallen 11% YTD, to USD 105/tonne as major iron ore miners like Vale (Brazil) and Rio Tinto (Australia) have increased production.
- We believe that iron ore and coking coal prices will remain at low levels in 2025, potentially reaching USD 95/tonne (-9% YoY) and USD 190/tonne (-7% YoY), respectively, with the expectation of increased export supply from Australia and continued weak steel production demand in China throughout 2025.

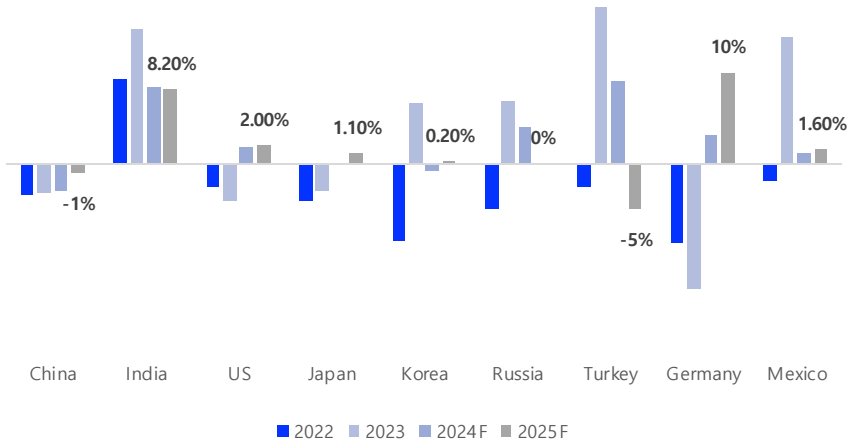
The World Steel Association has lowered its global steel demand growth forecast

Countries importing steel from Vietnam



Source: Customs Department , Shinhan Securities Vietnam

Forecast for steel demand growth in different countries



Source: WSA, Shinhan Securities Vietnam

- The World Steel Association (WSA) has revised its global steel demand forecast from +1.7% YoY to -1.9% YoY for 2024. This marks the third consecutive year of negative growth. In 2025, WSA forecasts global steel demand to grow by +1.2% YoY, corresponding to a production volume of 1.77 billion tonnes.
- Specifically, the WSA believes that the global economy is facing numerous challenges, including geopolitical instability and trade tensions, which are causing continued weakness in production activities and reduced purchasing power in most major economies. Accordingly, the WSA forecasts steel demand in key countries such as China (2024: -3% YoY, 2025: -1% YoY), and India (2024: +8% YoY, 2025: +8.5% YoY). Meanwhile, the ASEAN region is expected to experience stable growth (2024: +4.5% YoY, 2025: +3.5% YoY).

02

Vietnam steel market

Steel production recovery, driven by the domestic market

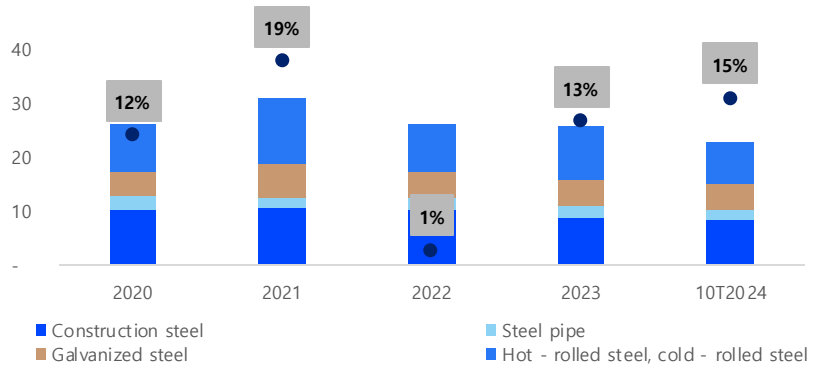
Steel exports show growth compared to the same period last year

Business outlook for steel companies

Investment returns are varied, but "underperform" the market

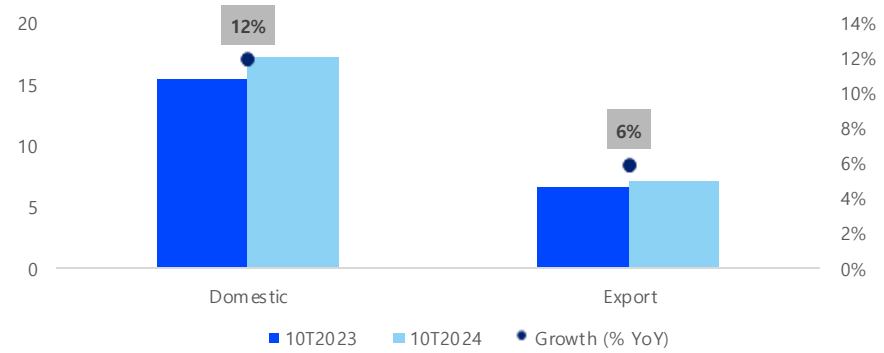
Steel production recovery, driven by the domestic market

Steel sales volume by product from 2020 to October 2024 (million tonnes)



Source: VSA, Shinhan Securities Vietnam

Steel sales volume by market in October 2024 (million tonnes)



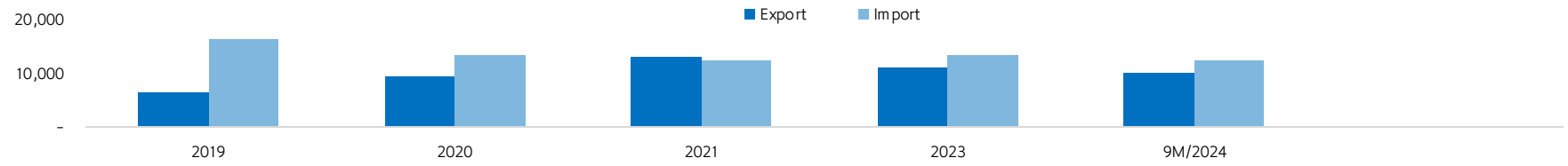
Source: VSA, Shinhan Securities Vietnam

- Domestic steel consumption recorded a positive recovery in 10M/2024, driven mainly by the domestic market: (1) Increased demand for construction materials after Typhoon Yagi, and (2) More active construction thanks to the recovery of the real estate market and accelerated public investment in the second half of the year.
- Steel production in 10M/2024 reached 22.6 million tonnes (+15% YoY), with domestic production rising by 12% YoY, accounting for 65% of total output. The largest growth came from construction steel (8.2 million tonnes, +15.7% YoY), galvanized steel (4.6 million tonnes, +35% YoY), and steel pipes (1.9 million tonnes, +7% YoY), while hot-rolled coil (HRC) consumption remained stable at 7.8 million tonnes, nearly the same as last year.
- Assessment: The gross profit margin for domestic steel sales (~15%) is higher than for exports (~9%), so the recovery in domestic demand will give steel companies a significant advantage. Overall, production has achieved a balance between supply and demand, positioning the industry for a new steel cycle in 2025-2026.

Steel exports have grown compared to the same period last year

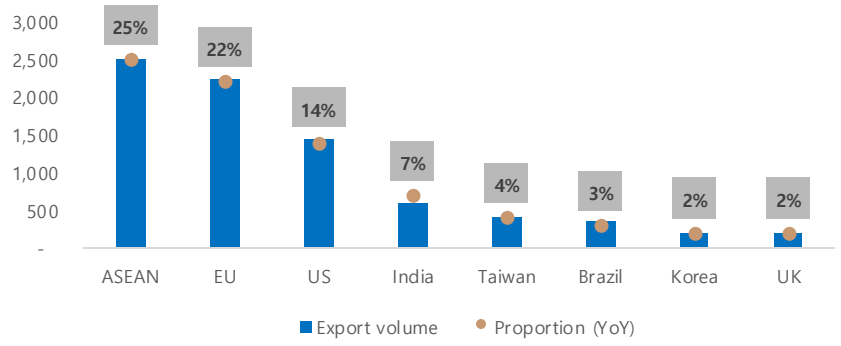
- In the first 9 months of 2024, Vietnam's steel exports increased to 9.94 million tonnes, up 21.02% YoY. The export value reached USD 7.21 billion, +14.75% YoY. Vietnam's steel imports reached about 12.29 million tonnes, with a value of over USD 8.92 bn, +31.65% YoY.
- In terms of export value share for the first 9 months of 2024, the ASEAN region was the largest consumer of Vietnamese steel, accounting for 25% of total export value. The EU market ranked second with 22%, followed by the US market at 15%. Overall, steel exports to major markets showed YoY growth, though they have not yet returned to the high levels of 2021. This is due to steel oversupply and ongoing protectionist measures in some countries.

Vietnam Steel Export and Import (2019 – 9M/2024) (thousand tonnes)



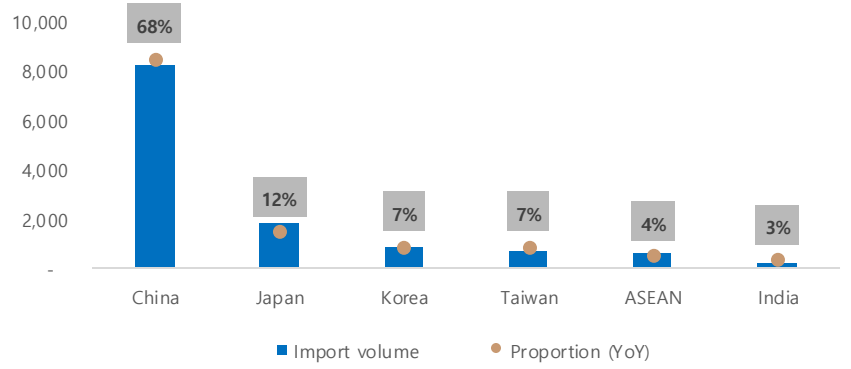
Source: VSA, Shinhan Securities Vietnam

Vietnam's Steel Export Market in 9M 2024 (thousand tonnes)



Source: VSA, Shinhan Securities Vietnam

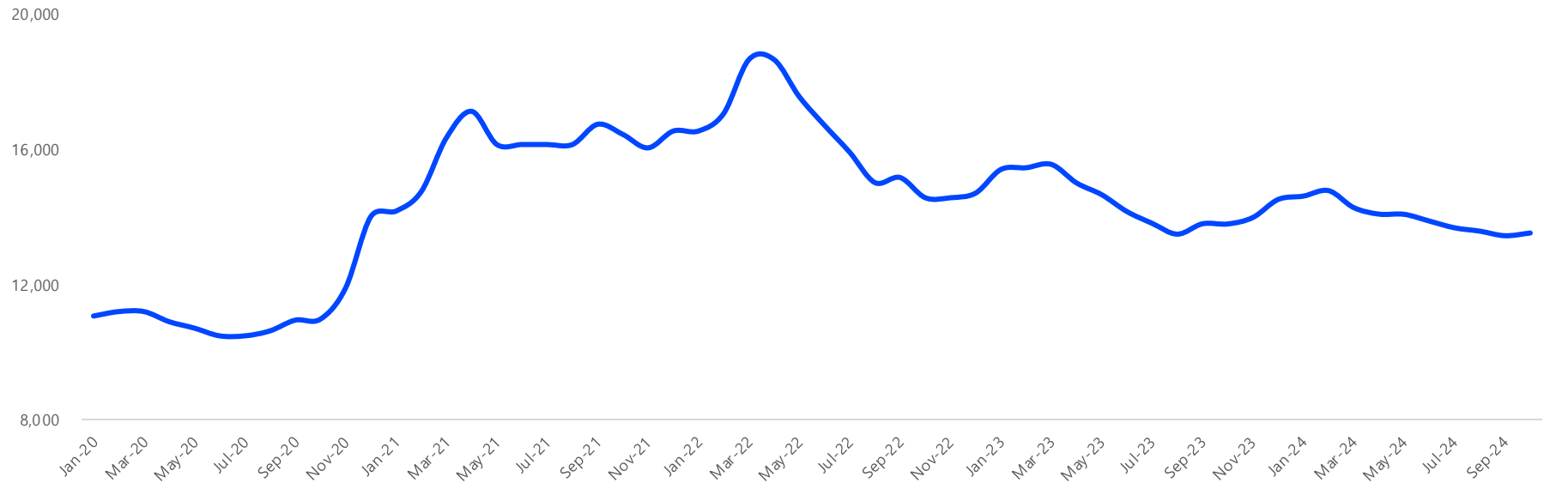
Vietnam's Steel Import Market in 9M 2024 (thousand tonnes)



Source: VSA, Shinhan Securities Vietnam

Domestic steel prices have been fluctuating at a 4-year low

Domestic steel price trend (VND/kg)

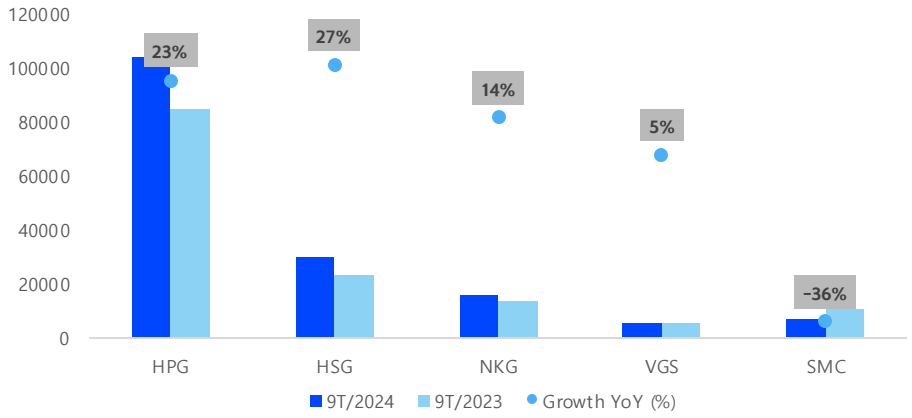


Source: Bloomberg, Shinhan Securities Vietnam

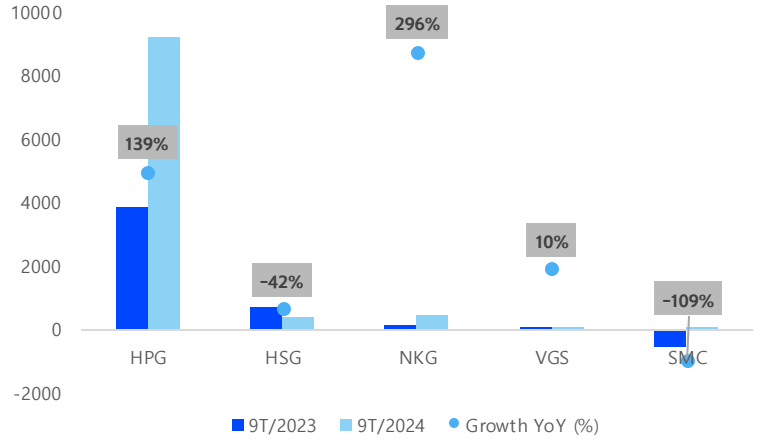
- Domestic steel prices cooled down in the first 9 months of 2024, stabilizing around 13,500 – 14,000 VND/kg, the lowest price range in the past 4 years. We project that steel prices will remain stable at the end of 2024 and increase by 5% YoY in 2025, driven by key factors such as (1) the recovery of the residential real estate market with government support, (2) the acceleration of infrastructure construction activities, (3) the decline in competititive pressure from Chinese steel, and (4) a global steel price recovery.

The business outlook of steel companies

Net revenue of typical steel companies



Net profit of typical steel companies



Source: Fiinpro, Shinhan Securities Vietnam

The steel industry picture in 9M 2024 showed strong differentiation, with profit margins continuing to improve.

- The steel industry's business outlook in 9M/2024 generally showed a slight recovery compared to the same period last year for leading companies (HPG, HSG, NKG). Leading the race is "giant" HPG with net revenue of nearly 104,364 billion VND (+23.4% YoY) and profit exceeding 9,210 billion VND (+140% YoY), driven by an increase in construction steel production and a strengthened agricultural sector. In the galvanized steel segment, Nam Kim Steel stood out with a 14% YoY revenue growth and improved gross profit margin, rising from 5.9% to 9.4% thanks to optimized production costs.
- We believe that the industry's gross profit margin hit its bottom in late 2022 and is now on a recovery path. Currently, both input material prices and steel output prices are showing signs of recovery, though with a time lag depending on the period. This requires companies to have a flexible inventory management strategy in order to maintain stability and improve profit margins in 2025.

03 Outlook for the Steel Industry in 2025

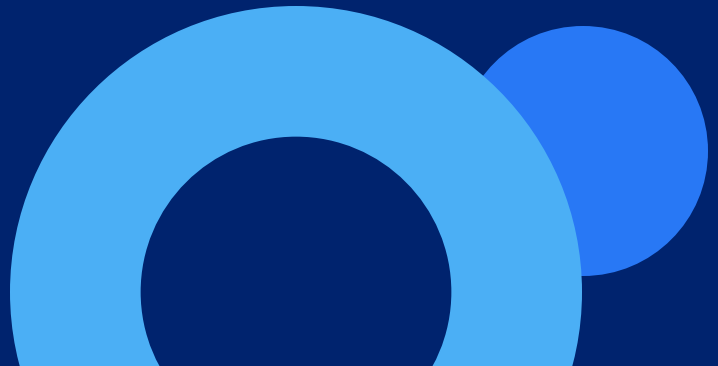
Real estate recovery thanks to the approval of legal regulations

Acceleration of key infrastructure projects

Steel output price recovery contributes to margin improvement

Export steel outlook: Growth driven by the North American and European markets

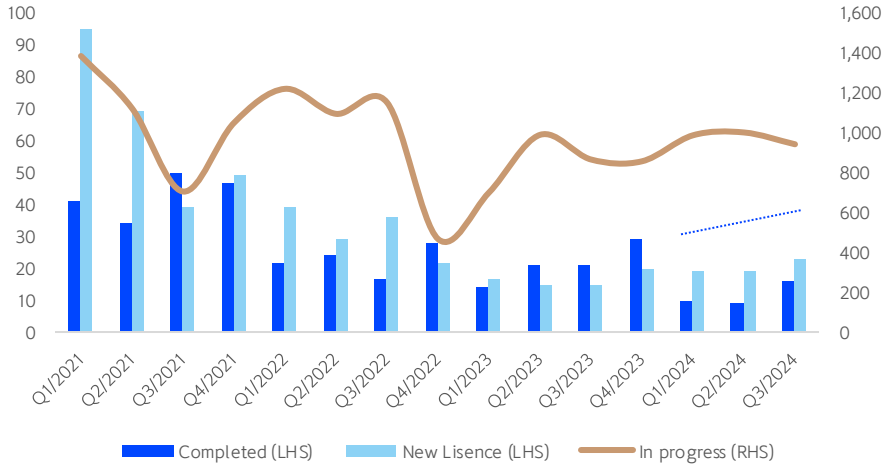
Trade protection policies reduce competitive pressure from imported steel



3. Outlook for the Steel Industry in 2025

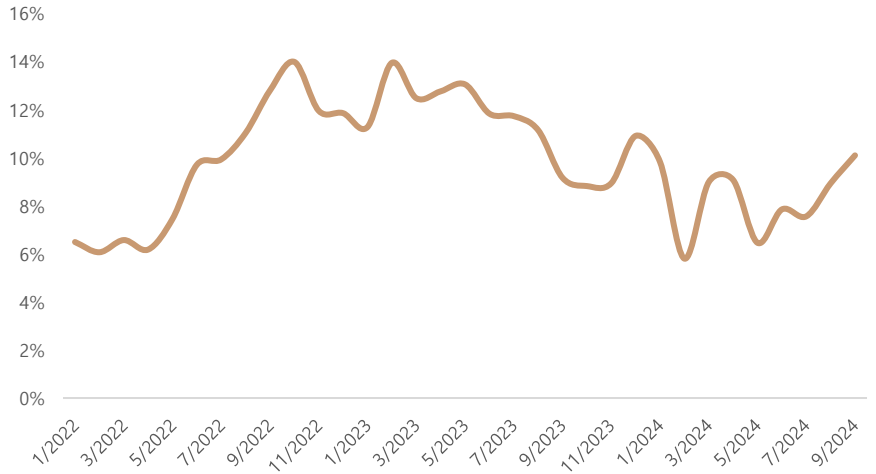
Real estate recovery driven by the easing of legal regulations

Number of commercial housing projects (projects)



Source: Ministry of Construction , Shinhan Securities Vietnam

Growth in credit outstanding for the Construction sector (% YoY)



Source: Fiinpro, Shinhan Securities Vietnam

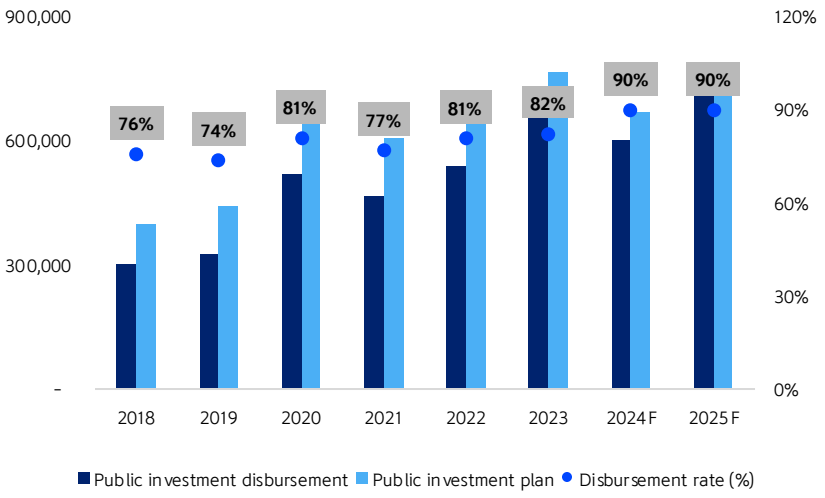
Residential real estate – the primary domestic market for the steel industry – is showing signs of recovery quarter by quarter. Specifically, the number of completed and newly lisenced projects increased 77% QoQ and 21% QoQ, respectively, in Q3/2024. Credit outstanding for the construction sector also recorded a 10% YoY growth in September 2024. Additionally, according to CBRE, the supply of apartments in Hanoi and Ho Chi Minh City is expected to increase by 30% YoY and 20% YoY, respectively, for the entire year of 2024.

Assessment: 2024 is a crucial transitional year as (1) three real estate laws effective from August 1st will establish the necessary legal framework, (2) interest rates remain low (an average of 7.9% for medium and long-term loans as of October 2024), and (3) both supply and housing prices are showing signs of recovery, especially in the northern region. We believe that 2024 will be a pivotal year for the new growth cycle of the real estate market starting in 2025.

3. Outlook for the Steel Industry in 2025

Accelerating the construction of key infrastructure projects

Public investment disbursement over the years (% YoY)



Source: Ministry of Construction, Shinhan Securities Vietnam

Key infrastructure projects

Project	Investment amount (Trillion VND)	Progress	Construction duration
Long Thanh Airport phase 1	114	In progress	2021- 2026
North-South Expressway (Phase 2)	147	In progress	2021-2025
Ring Road 3 (Ho Chi Minh City)	75	In progress	2022-2025
Ring Road 4 (Hanoi)	86	In progress	2023-2026
Can Gio International Port	113	Not yet implemented	Begin construction in 2025
North-South High-Speed Railway	1,714	Not yet implemented	2027 -2035 (estimated)

Source: GSO, Shinhan Securities Vietnam

The pressure to accelerate public investment progress presents a significant opportunity for steel companies.

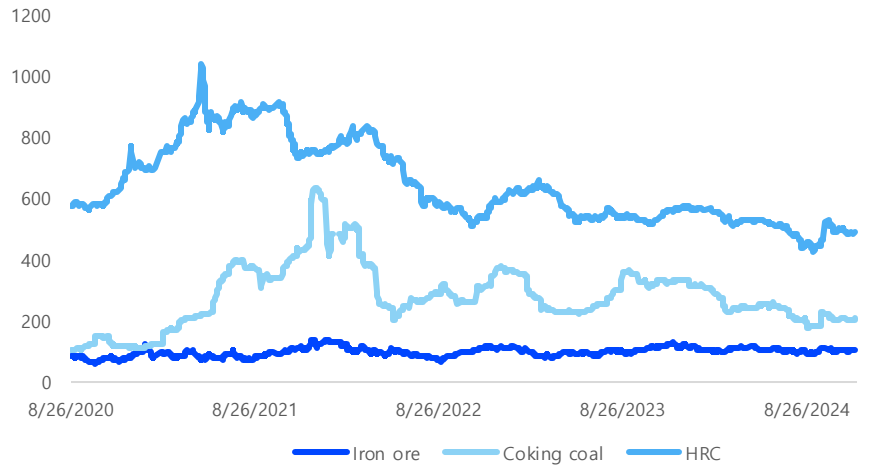
According to the Ministry of Finance, it is estimated that public investment disbursement by the end of November 2024 will reach approximately 411 trillion VND, completing 54.8% of the plan and 60.4% of the target set by the government. This rate is lower than the same period last year, indicating that public investment from local budgets is being disbursed slowly. With the goal of achieving 95% of the 2024 plan, at least 230 trillion VND (~35% of the plan) needs to be disbursed in the final month of 2024.

For key projects in 2024-2025 such as Long Thanh Airport, Can Gio International Port, Ring Road 3, North-South Expressway, and others, the large disbursement will create an opportunity for steel companies to increase consumption. In the long term, the North-South High-Speed Railway project, which was approved by the National Assembly on November 30, 2024, will be a major driver for the steel industry. This project is expected to consume approximately 6 million tonnes of steel, well within the production capabilities of Vietnam's steel industry.

3. Outlook for the Steel Industry in 2025

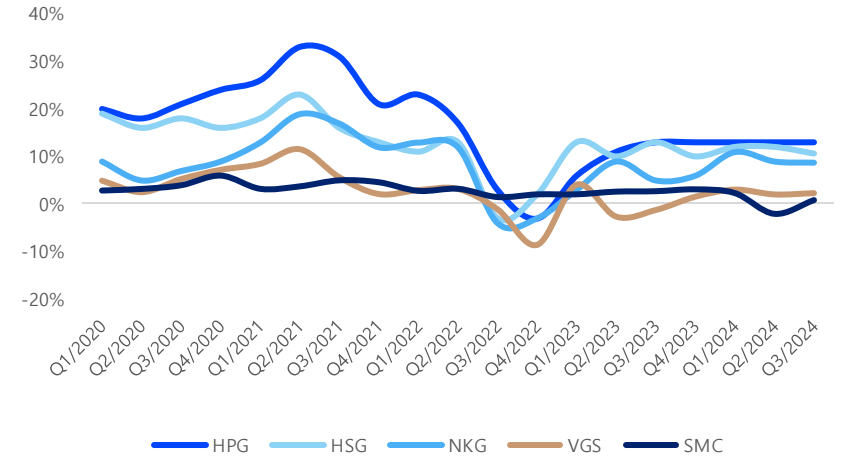
The profit margins are expected to improve

Prices of coal, iron ore, and HRC (USD/ton)



Source: Bloomberg, Shinhan Securities Vietnam

Gross profit margin of steel companies (%)



Source: Bloomberg, Shinhan Securities Vietnam

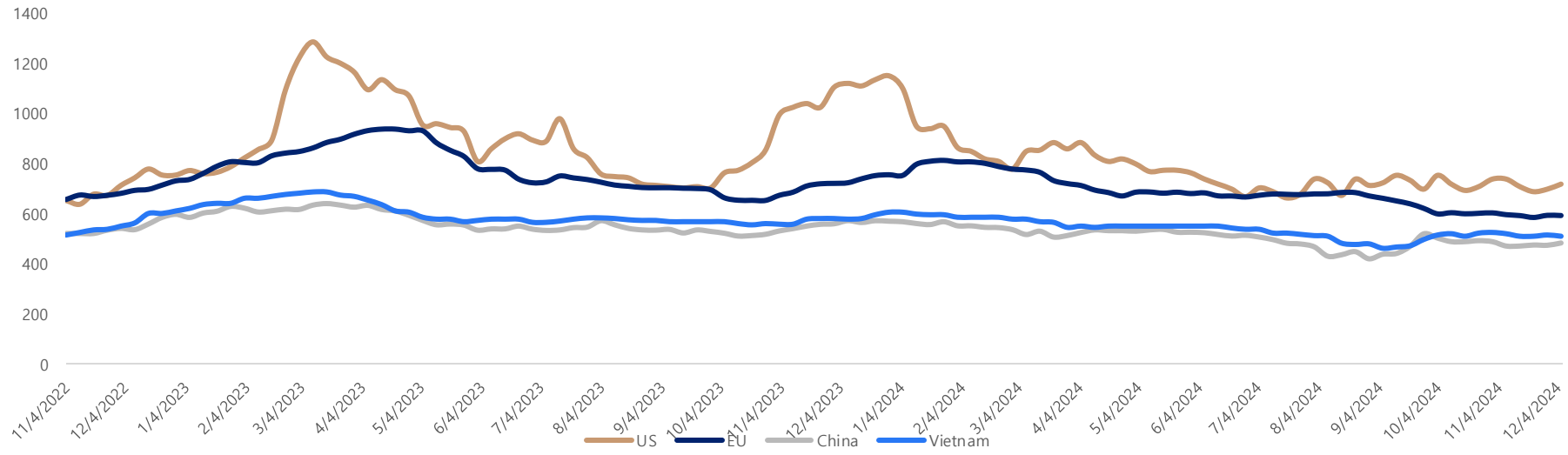
The widen input-output price gap is expected to drive profit margin improvement for steel companies.

In Q3/2024, coking coal and iron ore prices fell by 11% QoQ and 13% QoQ respectively, while steel prices declined by 3% QoQ. This has positively impacted the gross profit margins of steel producers. We forecast a 5% YoY increase in steel prices in 2025, driven by optimistic expectations for the residential real estate market and infrastructure spending. Additionally, steel export volumes will benefit from a slight recovery in global steel demand. Meanwhile, we anticipate coking coal and iron ore prices to drop by 9% and 7% YoY, respectively, due to rising export supply from Australia.

With favorable steel demand conditions, steel producers will see significant benefits from rising prices outpacing input cost increases, especially with cost-effective raw materials secured through long-term contracts, enhancing profit margins. Steel distributors will also benefit from efficient inventory management.

Export Steel Outlook: Growth Drivers from North America and Europe

HRC price trends across countries (USD/Ton)



Source: GSO, Shinhan Securities Vietnam

HRC price differential enhances appeal for Vietnamese steel in these markets

Currently, the price gap between HRC in Europe and the U.S. compared to Asia stands at USD 200-250/tonne, encouraging importers to seek supplies from Asia. Notably, we believe that the strong tariff policies imposed by President Donald Trump on Chinese steel could further boost Vietnamese steel exports to the U.S.

Additionally, according to the World Steel Association (WSA), global steel demand is projected to grow by 1.2% YoY in 2025, reaching 1.77 billion tonnes after three years of decline. This will support the recovery of Vietnam's steel export volumes, positioning it as a key growth segment for the industry in 2025.

Trade protection policies ease competitive pressure from imported steel

Anti-Dumping tax on Vietnamese steel by foreign countries

Types of trade defense investigations	Number of case
Anti-dumping cases	46
Anti-subsidy cases	3
Anti-dumping and countervailing cases	8
Safeguard investigations	13
AD & CVD tax avoidance cases	9

Source: VSA, Shinhan Securities Vietnam

Vietnam's Anti-Dumping duties on foreign steel

Countries	Year	Product
China, Korea	2016	Galvanized Steel (AD02)
China, Indonesia, Malaysia, Taiwan	2018	Cold Rolled Stainless Steel (AD01)
China	2019	Cold Rolled Carbon Steel
China, Korea	2020	Color Coated Steel (AD04)
China, Malaysia, Thailand	2023	Prestressed Steel Cable (AD17)
China, Korea	2024	Galvanized Steel (AD19)
India, China	2024	Hot Rolled Steel Coil (AD20)

Source: VSA, Shinhan Securities Vietnam

Anti-Dumping tax on HRC and Galvanized Steel to ease competition from imported steel

HRC: On July 29, 2024, the Ministry of Industry and Trade initiated an anti-dumping investigation into hot-rolled steel products (HRC) imported from China and India. The investigation period, which examines the dumping practices and associated damage, spans from July 1, 2023, to June 30, 2024. We expect preliminary results of this investigation announced in Q1/2025

Galvanized Steel: On October 24, 2024, the Ministry of Industry and Trade officially imposed anti-dumping duties on galvanized steel imports from China and South Korea, with duties ranging from 2.56% to 34.27%.

The implementation of these protective measures supports domestic producers by shielding them from surging imports, thereby increasing local steel production and reinforcing the industry's recovery prospects for 2025.

04 Typical stocks in steel industry

HPG, HSG & NKG

4. Typical stocks in the steel industry

Listed steel companies

General information			Stock price			Forecast				Financial ratio (**)				Valuation (25F)	
No.	Ticker	MarketCap (billion VND)	Price (VND)	Tarrget* (VND)	Upside (%)	Forcast Revenue 2025F	Growth 2025F	Forcast profit 2025F	Growth 2025F	Gross profit margin	D/E	ROA	ROE	P/B (x)	P/E (x)
1	HPG	170,779	26,700	37,400	30%	176,036	27%	18,921	57%	13.4%	0.89	11.52%	6.33%	1.3	9.8
2	HSG	11,581	18,650	23,100	23.9%	45,933	17%	1,213	137%	10.6%	0.79	2.76%	4.70%	1.1	10.3
3	NKG	3,896	14,800	17,100	15.5%	22,938	15%	1,038	55%	9.4%	1.35	3.52%	8.11%	0.9	7.5
4	TVN	5,424	8,000	N/A	N/A	N/A	N/A	N/A	N/A	2.8%	1.62	0.42%	1.08%	N/A	N/A
5	DTL	612	10,100	N/A	N/A	N/A	N/A	N/A	N/A	1.7%	1.92	-1.44%	-3.94%	N/A	N/A
6	POM	584	2,100	N/A	N/A	N/A	N/A	N/A	N/A	-5.6%	17.39	-11.01%	-88.03%	N/A	N/A

* Target price (fair value) for the next 12 months

** Data of 12 months up to Q3/2024

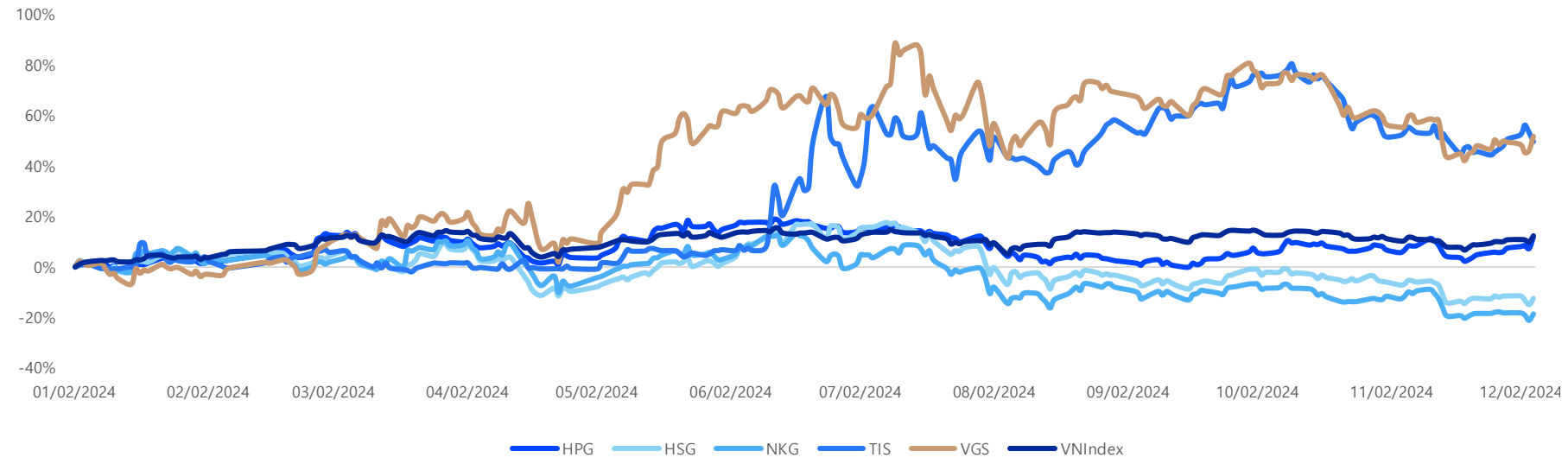
Source: SSV Research, Bloomberg

Data collected on 12/24/2024

4. Typical stocks in the steel industry

The investment yield is highly differentiated, but it "underperforms" the market

Growth of steel industry stocks and VNIndex (%)



Source: Bloomberg, Shinhan Securities Vietnam

The price movements of steel sector stocks have a lower return compared to the VN-Index. However, steel stocks show high differentiation, with the leading stocks (HPG, HSG, NKG) experiencing unfavorable price fluctuations. On the other hand, smaller stocks like VGS and TIS, which have unique stories (such as extraordinary profits from asset liquidation, expansion into the real estate sector, etc.), have shown better returns.

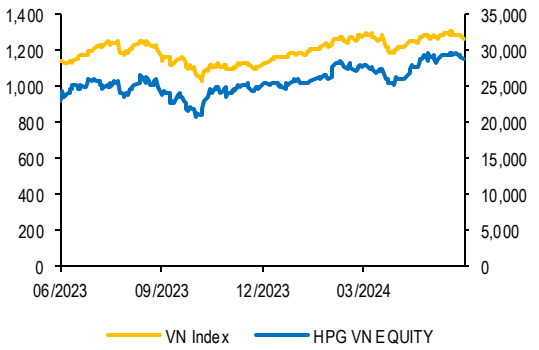
We expect that the stock prices in the steel sector have now reached a reasonable discount level, providing sufficient momentum to begin a new growth cycle in 2025-2026.

Hoa Phat Group (HOSE : HPG)

Target price (12 months)	VND 37,400
Current price (12/24/24)	VND 26,700
Return (%)	30%

VNINDEX		1,260
Market P/E (x)		11.8
Market Cap (VND bn)		170,780
Outstanding shares (mil shares)		6,396
Free-float (mil shares)		3,578
52-week high/low (VND)		29,950/24,591
90-day avg. trading volume (mil shares)		19.99
90-day avg. turnover (bn VND)		533
Major shareholder (%)	Tran Dinh Long	26.08
	Dragon Capital	7.65

Performance	3M	6M	12M
Absolute (%)	3.3	-7.0	8.6
Rel.to VN-Index (%)	4.6	-7.5	-5.7



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Back on track

Hoa Phat Group Joint Stock Company (HoSE: HPG) Hoa Phat Group Joint Stock Company (HPG), established in August 1992, initially started as a construction machinery trading company. It has since gradually expanded into other sectors such as steel pipes, construction steel, furniture, refrigeration, real estate, and agriculture. The main steel products of Hoa Phat include construction steel, hot-rolled coils (HRC), steel billets, steel pipes, and galvanized steel sheets. Among these, construction steel currently accounts for 59% of the total steel consumption. Hoa Phat holds the largest market share in construction steel (38%) and steel pipes (27%).

Business Results: In Q3/2024, revenue reached VND 34,300 billion (+19% YoY), and net profit after tax (NPAT) was VND 3,021 billion (+51% YoY). For the first 9 months of 2024 (9T/2024), HPG recorded net revenue of VND 104,364 billion (+23% YoY) and NPAT of VND 9,210 billion (+140% YoY), achieving 92% of the annual profit target.

Outlook for 2025: We believe that: (1) Construction steel output will gradually recover as the real estate market rebounds, especially with projects from last year being legally cleared as new laws regulating the market come into effect in mid-2024; (2) The government will accelerate public investment in major infrastructure projects; (3) The company will benefit from the steel price differential with the U.S. and EU markets; (4) Steel prices will rise faster than raw material costs. As a result, 2025 revenue is projected to reach VND 176,036 billion (+27% YoY), with net profit after tax (NPAT) estimated at VND 18,921 billion (+57% YoY). **In the long term**, the Dung Quat 2 Phase 1 project, with a capacity of 2.8 million tons of HRC per year, is undergoing trial runs and will start contributing to production from Q1/2025, with full capacity expected by 2027.

Key factors: (1) Interest rate developments from 2024 to 2026, as HPG increases borrowing to fund the Dung Quat 2 project; (2) The Ministry of Industry and Trade's decision regarding anti-dumping duties on Chinese HRC steel.

Risk: (1) The risk of economic recession affecting steel demand and pushing steel prices down; (2) The risk of competition from hot-rolled steel products from China and India.

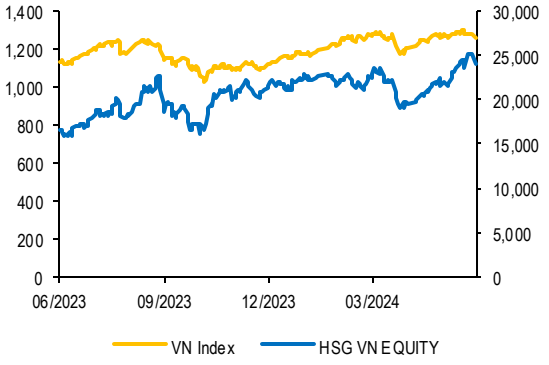
Year	2022	2023	2024F	2025F	2026F
Revenue (billion VND)	141,409	118,608	138,608	176,036	234,396
Operating profit (billion VND)	9,794	7,651	12,143	19,680	36,731
Operating profit margin (%)	6.9	6.4	8.7	11.1	15.6
Net profit after tax (billion VND)	8,444	6,800	12,003	18,921	34,092
Net profit margin (%)	5.9	5.7	8.6	10.7	14.5
EPS (VND)	1,452	1,117	1,869	2,682	4.399
ROE (%)	9	7	10	13	18
P/E (x)	11	23.8	14.1	9.8	6.0
P/B (x)	1.1	1.6	1.4	1.3	1.1

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Hoa Sen Group (HOSE : HSG)

Target price (12 months)	VND 23,100
Current price (12/24/24)	VND 18,650
Return (%)	23.9%
VNINDEX	1,260
Market P/E (x)	11.8
Market Cap (VND bn)	11,581
Outstanding shares (mil shares)	621
Free-float (mil shares)	472
52-week high/low (VND)	26,100/17,550
90-day avg. trading volume (mil shares)	8.17
90-day avg. turnover (bn VND)	146
Major shareholder (%) Le Phuoc Vu	16.96

Performance	3M	6M	12M
Absolute (%)	-7.4	-22.3	-13.7
Rel.to VN-Index (%)	-6.1	-22.8	-27.9



Benefit from the anti-dumping tax policy on imported galvanized steel

Hoa Sen Group Joint Stock Company (HoSE: HSG) is a leading enterprise in the galvanized steel industry in Vietnam, holding 20% of the domestic market share and 35% of the sector's export market share. Hoa Sen mainly produces galvanized steel, steel pipes, plastic pipes, and retails building materials. The company currently holds the largest market share in galvanized steel at 29%. Additionally, it owns a distribution chain of building materials with over 100 Hoa Sen Home stores.

Business Results: In Q4 of the 2023-2024 fiscal year, HSG recorded net revenue of VND 10,109 billion (+24% QoQ, +25% YoY) and net profit after tax (NPAT) of VND 152 billion (-10% QoQ, -65% YoY). The decline in profit margin was due to high transportation costs (leading to SG&A expenses rising by +69% YoY). For the full fiscal year, Hoa Sen achieved net revenue of VND 39,272 billion (+24% YoY), NPAT of VND 510 billion (16 times higher than the same period last year), exceeding the target by 2%.

Outlook for 2025: We believe that: (1) The recovery of the residential real estate market and the initiation of projects will boost domestic demand for galvanized steel; (2) The export trend to the EU and North America will benefit from competitive pricing, (3) Anti-dumping measures on imported galvanized steel from China and South Korea (AD02) will increase domestic consumption. Thus, for the 2024-2025 fiscal year, revenue is estimated at VND 45,933 billion (+17% YoY), with NPAT estimated at VND 1,213 billion (+137% YoY). In the long term, the goal of opening 600 Hoa Sen Home building material supermarkets will be the next strategic step for the company. As of November 2024, Hoa Sen Home operates 115 stores nationwide.

Key factors: (1) Input HRC prices and output galvanized steel prices, (2) Anti-dumping duties imposed by other countries on Vietnamese steel.

Risks: The risk of economic recession affecting steel demand.The risk of declining steel prices.The risk of anti-dumping taxes on Vietnamese steel.

Year	2022	2023	2024	2025F	2026F
Revenue (billion VND)	49,711	31,651	39,272	45,933	53,612
Operating profit (billion VND)	584	177	413	1,526	1,895
Operating profit margin (%)	1.1	0.5	1.0	3.3	3.5
Net profit after tax (billion VND)	251	22	510	1,213	1,457
Net profit margin (%)	0.5	0.0	1.2	2.6	2.7
EPS (VND)	420	49	828	1,970	2,151
ROE (%)	2.3	0.2	4.7	9.4	9.8
P/E (x)	11.0	23.8	24.5	10.3	9.4
P/B (x)	1.1	1.6	1.1	1.1	1.0

Source: Dữ liệu công ty, Bloomberg, Shinhan Securities Vietnam

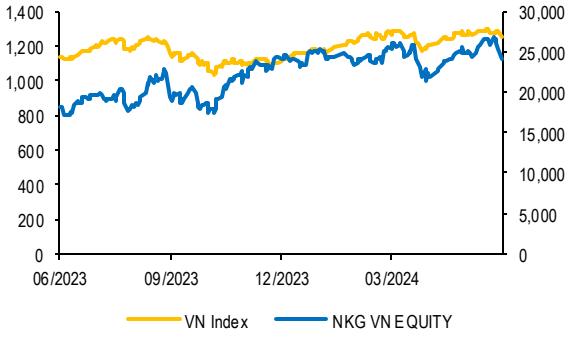
Nam Kim Steel Joint Stock Company (HOSE: NKG)

TÔN NAM KIM

Target price (12 months)	VND 17,100
Current price (12/24/24)	VND 14,800
Return (%)	15.5%

VNINDEX		1,260
Market P/E (x)		11.8
Market Cap (VND bn)		6,624
Outstanding shares (mil shares)		448
Free-float (mil shares)		337
52-week high/low (VND)		21,189/13,866
90-day avg. trading volume (mil shares)		5.54
90-day avg. turnover (bn VND)		86
Major shareholder (%)	Ho Minh Quang	14.2
	Unicoh Specialty Chemicals	5.88

Performance	3M	6M	12M
Absolute (%)	-10.0	-21.5	-21.8
Rel.to VN-Index (%)	-8.7	-22.0	-36.1



Nam Kim Phu My factory will be the key driver

Nam Kim Steel Joint Stock Company (HoSE: NKG) is one of the top 3 galvanized steel producers in Vietnam. NKG focuses on manufacturing galvanized steel and steel pipes. The company operates 4 factories with a total capacity of 1.2 million tons per year, holding a 17.4% market share. Nam Kim's distribution network primarily covers the southern regions of Vietnam, including Ho Chi Minh City, Dong Nai, and neighboring provinces. 60% of its revenue comes from exports, while 40% comes from the domestic market.

Business Results: In Q3/2024, NKG reported revenue of VND 5,188 billion (-8% QoQ, +22% YoY) and net profit of VND 65 billion (-70% QoQ, +174% YoY). For the first 9 months of 2024, the company achieved revenue of VND 16,208 billion (+14.5% YoY) and net profit of VND 434 billion (+295% YoY). Notably, 67.8% of total consumption came from exports, focusing on Europe and North America.

Outlook for 2025: (1) The growth in U.S. demand thanks to policies restricting Chinese steel imports under the Trump administration; (2) Steel prices are expected to have bottomed out in Q3/2024, entering a new growth cycle in 2025; (3) Stronger domestic demand thanks to the recovery of residential real estate and increased infrastructure development. However, in the short term, protectionist measures in key markets like North America and the EU could impact Nam Kim's export volumes. In the long term, the Nam Kim Phu My project will double the company's capacity to 2.2 million tons per year by 2027, with the project phased over 2024, 2025, and 2027, each adding 400,000 tons.

Key factors: (1) Price trends for input HRC and output galvanized steel.; (2) Anti-dumping duties on Vietnamese steel by other countries.

Risks: (1) Economic recession risks affecting steel demand; (2) The risk of declining steel prices; (3) The risk of anti-dumping taxes on Vietnamese steel.

Year	2022	2023	2024	2025F	2026F
Revenue (billion VND)	28,173	23,071	18,596	19,905	22,938
Operating profit (billion VND)	2,749	93	177	816	1,285
Operating profit margin (%)	9.8	0.4	0.9	4	5.6
Net profit after tax (billion VND)	2,225	-125	117	666	1,038
Net profit margin (%)	7.9	-0.5	0.6	3.3	4.5
EPS (VND)	8,683	-474	446	2,164	2,833
ROE (%)	50.0	-2.3	3.0	11.6	14.6
P/E (x)	3.7	N/A	56.2	9.8	7.5
P/B (x)	1.5	0.6	1.3	1.0	0.9

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

Power

A paradigm shift in policy



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Glossary of abbreviations

COD	Commercial operation date
CAN	Capacity Add-on Price
CfD	Contract for Difference
EPTC	Electricity Power Trading Company
ERAV	Electricity Regulatory Authority of Vietnam
EVN	Vietnam Electricity Corporation
FDP	Field Development Plan
FID	Final Investment Decision
FMP	Full Market Price
GSA	Gas Sales Agreement
IEA	International Energy Agency
LNG	Liquefied Natural Gas
MOIT	Ministry of Industry and Trade
ODP	Outline Development Plan
Pc	Contractual Price
Pmax	Maximum Capacity
PPA	Power Purchase Agreement (signed between EVN/EPTC)
PSC	Production Sharing Contract
PVN	Vietnam Oil and Gas Group
Qc	Contract Quantity
Qm	Metered Quantity
SMP	System Marginal Price
TKV	Vietnam National Coal and Mineral Industries Group
VCGM	Vietnam Competitive Generation Market

Power Industry – A paradigm shift in policy

Content

I. Power Industry Update 2024

_ Electricity output growth reached double digits. The Northern region still faces risks of power shortages.

_ High input costs and declining selling prices put pressure on profit margins across the entire industry.

_ Renewable energy projects are still operating under transitional pricing policies, with relatively stable output.

_ The full market price (FMP) of electricity saw a slight decrease in 2024 but is expected to rise significantly in 2025.

_ EVN continues to increase retail electricity prices.

II. Power Industry Outlook 2025

1. Coal-fired: Stable but long-term growth has ceased. In 2025, output is projected to grow at a double-digit

2. Hydropower: The La Nina phase is ongoing but weaker than expected

3. Renewable energy and gas power: The power source for the future

A. Gas-fired power – The inevitable trend of the future

B. Direct Power Purchase Agreement (DPPA) mechanism

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III. Investment opportunities: POW & QTP

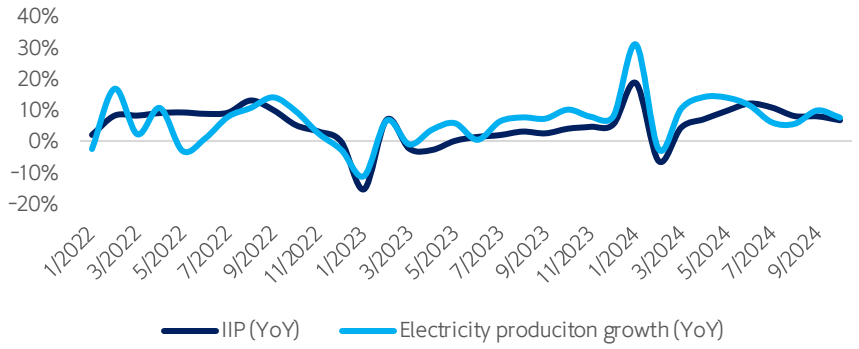
Power Industry Update 2024

1

For 10M/2024:The total electricity output of the system reached 258.7 billion kWh (+10.49% YoY), driven by sustained robust growth in industrial production activities. Hydropower output was heavily mobilized starting from June 2024 as the La Nina phase began to return.

Electricity production growth reached double digits and is expected to keep its strong growth in 2025

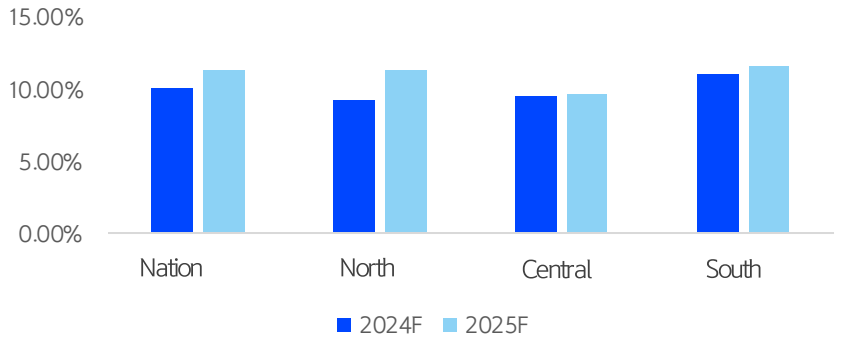
Growth in electricity production and industrial production index (IIP)



Source: EVN, Fiinpro, Shinhan Securities Vietnam

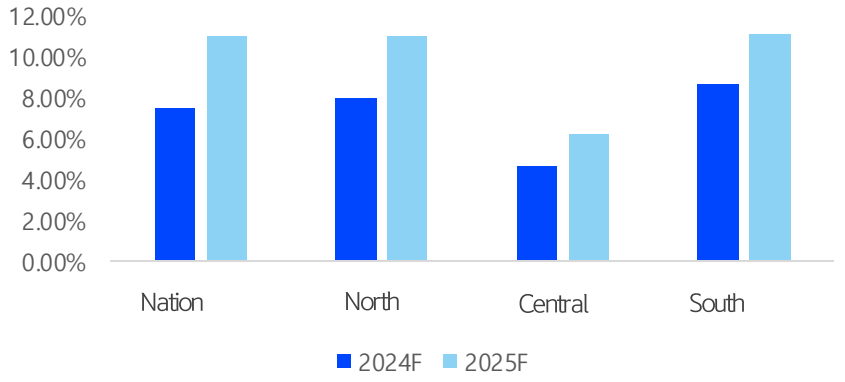
- Accumulated in 10M/2024, the total electricity production of the entire system reached 258.7 billion kWh (+10.49% YoY), driven by strong and sustained growth in industrial production activities. In October 2024, electricity production was 26.1 billion kWh (+7.72% YoY), and the IIP Index grew by 7.05% YoY. This indicates that electricity production growth is on track with the plan approved by the MOIT, which set a target of 310.6 billion kWh (+10.4% YoY) at the beginning of the year.
- For 2025, the approved national electricity production target is 344 billion kWh (+11.31% YoY), with a nationwide peak capacity of 54,328 MW (+10.98% YoY). Notably, the Northern region is forecasted to continue experiencing very high growth rates.

Forecasted growth in target electricity production for 2024F-2025F by region



Source: EVN, MOIT, Shinhan Securities Vietnam estimates

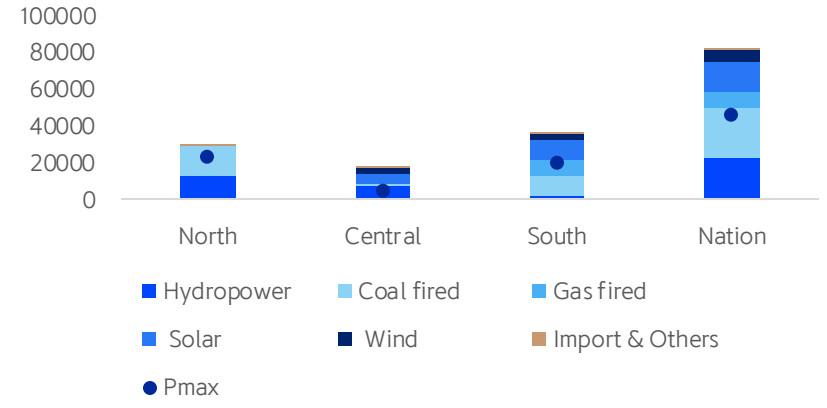
Forecasted growth in Pmax by regions for 2024F-2025F



Source: EVN, MOIT, Shinhan Securities Vietnam estimates

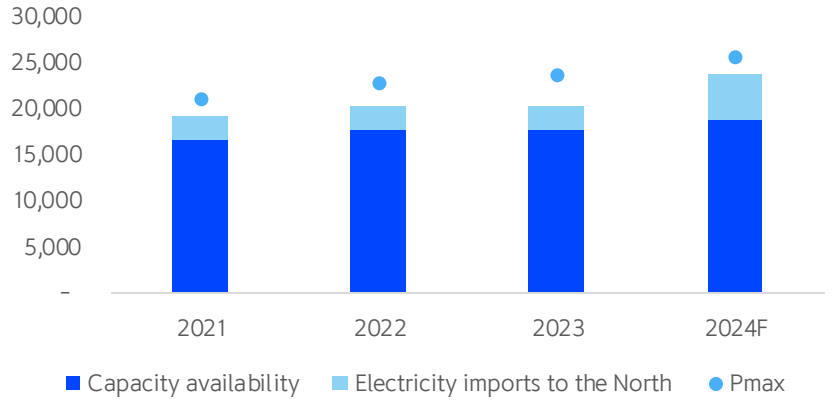
High electricity demand poses risks of power shortages in the Northern region

Installed capacity and Pmax by region in 2023 (MW)



Source: ERAV, Shinhan Securities Vietnam estimates

Capacity availability and maximum electricity demand in the Northern region (MW)

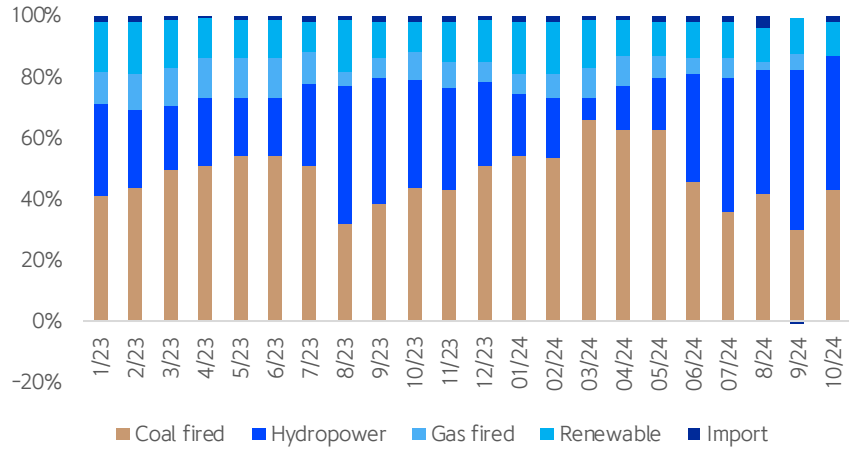


Source: Shinhan Securities Vietnam estimates

- **In recent years, the Northern region has faced electricity shortages during certain periods of the dry season, with 2023 being the peak year.** Due to the uneven distribution of power sources across regions, particularly with hydropower concentrated mainly in the North, the region faces a higher risk of power shortages during dry seasons when electricity demand surges, as seen in 2023. Specifically, in 2023, only about 30% of the designed hydropower capacity was available, resulting in a shortfall of approximately 3,000 MW in the North. This was exacerbated by frequent failures in coal-fired power plants operating at 100% capacity and gas shortages. However, the situation improved significantly in 2024 thanks to two key measures implemented by EVN: (1) Storing water in hydropower reservoirs for the dry season, (2) operating the third 500kV transmission line, which increased transmission capacity from the Central to the North by 2,500 MW, reaching a total of 5,000 MW.
- In 2025, despite the experience gained and measures taken, the Northern region is still projected to face a peak shortfall of approximately 776 MW in June 2025. This forecast assumes scenarios of unexpected failures in coal-fired power plants, a sudden surge in electricity demand, abnormal weather conditions, and coal shortages.

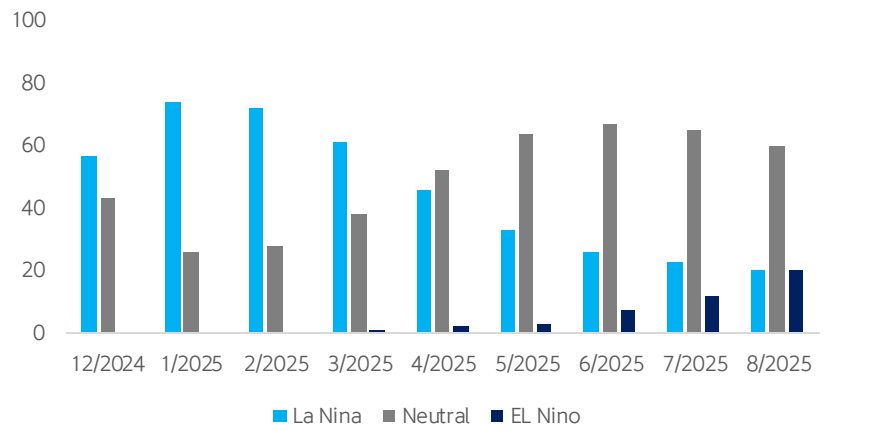
Hydropower was mobilized at high levels from June 2024 as the La Nina phase began to return

Proportion of hydropower mobilization improving steadily since June



Source: EVN, Shinhan Securities Vietnam

NOAA probability forecast for El Niño (%)



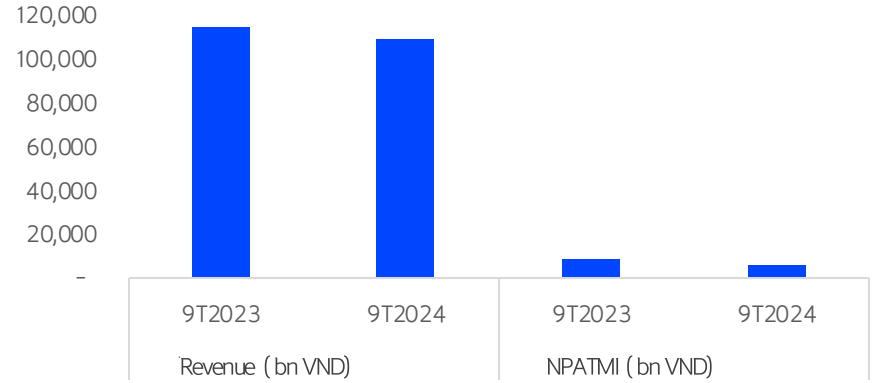
Source: IRI, Shinhan Securities Vietnam

- **Hydropower production was mobilized at high levels from June 2024 as the La Nina phase began to return**. Accumulated in 10M/2024, hydropower production reached 76.3 billion kWh (+14% YoY), accounting for 29% of the power sources (increased from 19% in 1H2024). Meanwhile, coal-fired power production reached 125.9 billion kWh (+17% YoY), accounting for 49% of the power sources (down from 57% in 1H2024).
- According to IRI, the La Nina phenomenon shows signs of weakening and is expected to gradually transfer to neutral conditions in 2025. We anticipate that rainfall will remain abundant, and water inflows into hydropower reservoirs will be relatively favorable at least until March and April. However, during this period, hydropower production may be kept low as plants continue implementing water storage strategies to prepare for the dry season in June and July.

1. Power Industry Update 2024

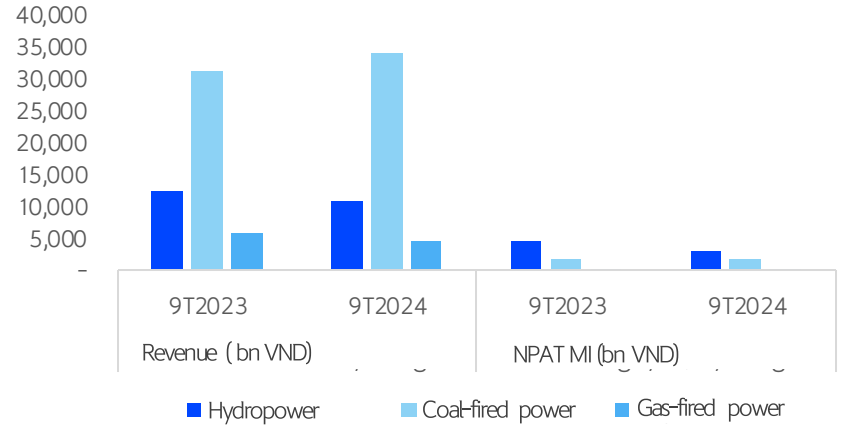
High input costs and declining selling prices put pressure on the profit margins of the entire industry

Business results of electricity enterprises in the 9T2024



Source: Fiinpro, Shinhan Securities Vietnam
* Estimated from 45 listed electricity tickers on 3 trading exchanges

KQKD của các DNNY theo Source phát điện 9T/2024



Source: Fiinpro, Shinhan Securities Vietnam

Listed companies in the power sector recorded revenue of VND 115,090 billion (-5% YoY) and NPAT-MI of VND 7,078 billion (-31% YoY) in 9M/2024:

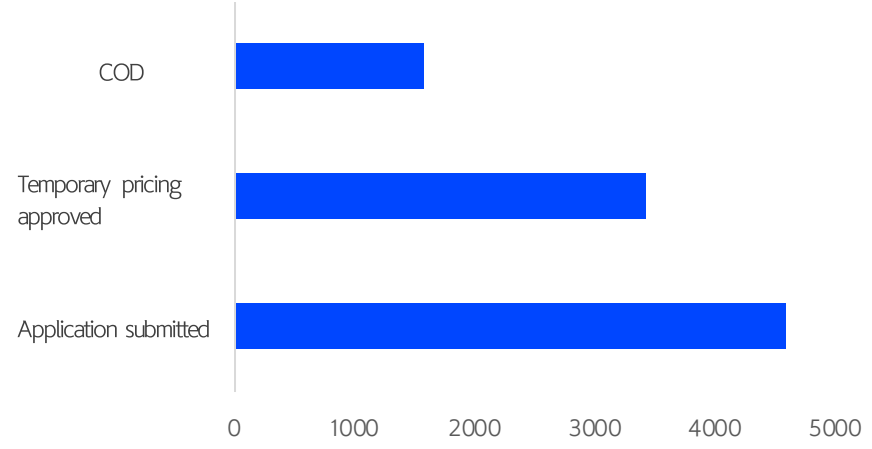
• Coal-fired power: The only segment to record positive revenue growth, with revenue +9% YoY, but NPAT MI declined by -2% YoY, due to low coal-fired power mobilization towards the end of the year, high costs of blended coal, a reduction of Qc proportion, and a decrease in selling prices on the CGM.

• Hydropower: Revenue decreased by -11% YoY, and NPAT dropped by -32% YoY, due to an increase in Qc proportion to 98%, lower CGM selling prices, and water storage strategies for the dry season during 1H2024.

• Gas-fired power: The worst-performing segment, with revenue falling -25% YoY and NPAT plunging -93% YoY, caused by high gas prices combined with declining gas field output, leading to low mobilization of gas-fired power plants.

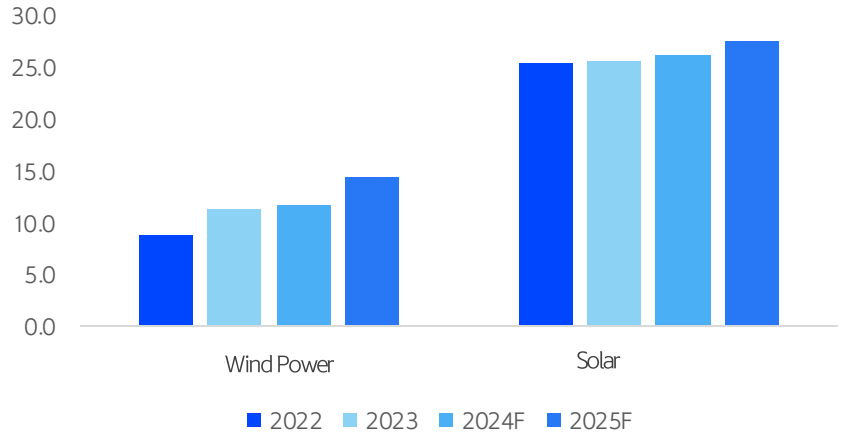
Renewable energy projects are still applying transitional price – production remains relatively stable

Update on Transitional Projects, Capacity (MW)



Source: EVN, Shinhan Securities Vietnam

Wind and solar power output remains relatively stable over the years

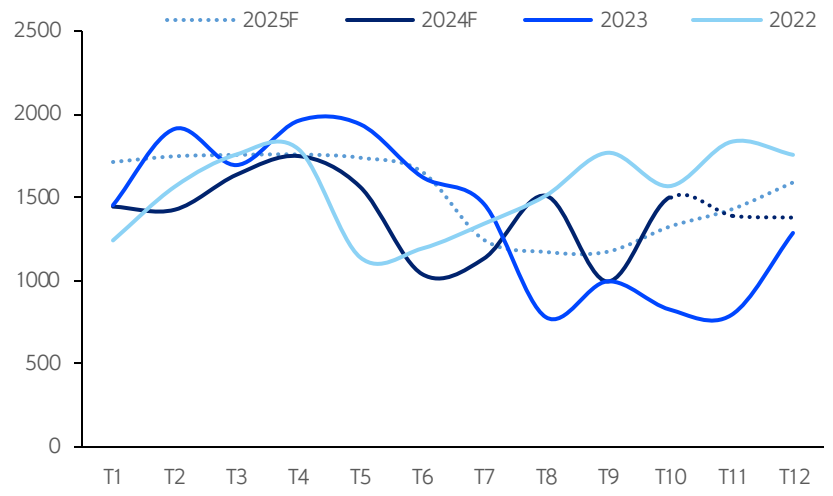


Source: MOIT, Shinhan Securities Vietnam estimates

- As of September 30, 2024, the number of transitional renewable energy (RE) projects that have submitted documents for electricity price negotiations and power purchase agreements (PPA) has reached 81 out of 85 projects, with a total capacity of 4,597.86 MW. Among them, 72 transitional renewable energy projects of 4,128.01 MW in total capacity have applied for the ceiling price based on Decision No. 21/QD-BCT dated January 7, 2023, issued by the Ministry of Industry and Trade. So far, EVN and investors have completed price negotiations and signed PPA contracts for 64/72 projects, while the Ministry of Industry and Trade has granted temporary approval for 63 projects, with a total capacity of 3,429.41 MW.
- Electricity generation from wind power is expected to reach approximately 12 billion kWh (+4% YoY) in 2024 and around 14.5 billion kWh (+22% YoY) in 2025, thanks to the expectation that several new power sources will be put into operation. However, opportunities for further development of renewable energy, such as wind and solar, are relatively limited compared to other energy types. This type is no longer the focus for business expansion (at least not until after 2030).

The FMP price remained high at the beginning of the year but is expected to gradually decrease by year-end

The FMP on the CGM market (VND/kWh)



Source: EVN, Genco3, Shinhan Securities Vietnam

The FMP (VND/kWh) and Qc ratio over the years

	SMP	CAN	FMP = SMP + CAN	Qc ratio of Hydropower	Qc ratio of Coal-fired power
2024	1,510	330.5	1,840.5	98%	70%
2023	1,778.8	293	2,071.8	90%	80%
2022	1,602.3	379.4	1,981.7	90%	80%
2021	1,503.5	150.7	1,654.2	90%	80%
2020	1,342.3	63.5	1,405.8	90%	80%
2019	1,319	140.9	1,459.9	80%	80%

Source: The plan for electricity supply and operation of the national power system; Shinhan Securities Vietnam

- In 10M/2024, the average electricity selling price on the competitive market reached 1,396 VND/kWh (-4.8% YoY). Despite a record-high mobilization of coal-fired power, the international coal price during the same period dropped by 46%, leading to a corresponding decline in coal-fired electricity prices. Meanwhile, gas-fired power plants were mobilized at very low levels due to high input gas prices.
- We forecast the average electricity price in 2024F and 2025F to reach 1,393 VND/kWh (+0% YoY) and 1,522 VND/kWh (+9% YoY), respectively. In 2025, electricity prices are expected to rise due to the following assumptions: (1) a higher proportion of thermal power generation in 1H/2025, (2) an increase of coal blending ratio in power plants, leading to higher input coal prices, and (3) high electricity demand, especially in the northern region.

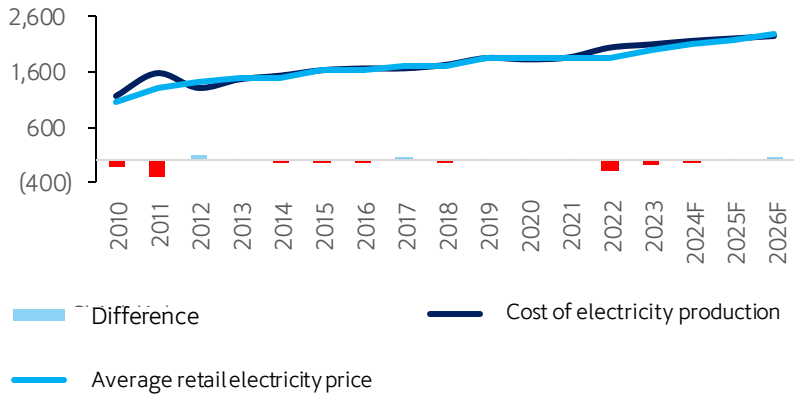
EVN continued to increase retail electricity prices, showing some improvement but still reporting losses

Average retail electricity selling price from 2010-2023 (VND/kWh)



Source: EVN, Shinhan Securities Vietnam

Cost of production and retail electricity selling prices(VND/kWh)



Source: EVN, Shinhan Securities Vietnam

- On May 15, 2024, Decision 05/2024/QĐ-TTg regarding the mechanism for adjusting the average retail electricity price came into effect. Notably, EVN is now allowed to adjust retail electricity prices more frequently, from an average of every 6 months to every 3 months. This enabled EVN to promptly reflect changes in input costs, particularly given the persistently high prices of coal and gas.
- From October 11, 2024, EVN issued Decision No. 1046/QĐ-EVN to adjust the average retail electricity price to 2,103.1159 VND/kWh (+4.8%) (excluding VAT). In the first half of 2024, EVN recorded a loss of approximately 8 trillion VND, a significant improvement compared to the loss of over 29 trillion VND in the same period last year. However, EVN currently has an accumulated loss of over 52.016 trillion VND.
- The electricity price hike will somewhat improve EVN's production and business operations, facilitate timely payments to many power generation enterprises, and accelerate project investment progress, particularly as EVN is about to purchase high-priced LNG electricity, which will soon come into operation. Therefore, we expect electricity prices to continue rising in the coming years by about 4-5% annually. By 2025, we forecast that EVN could achieve a positive result, though it will take at least until the end of 2026 for EVN to eliminate its accumulated loss of over 50 trillion VND.

Update future prospects of different power sources

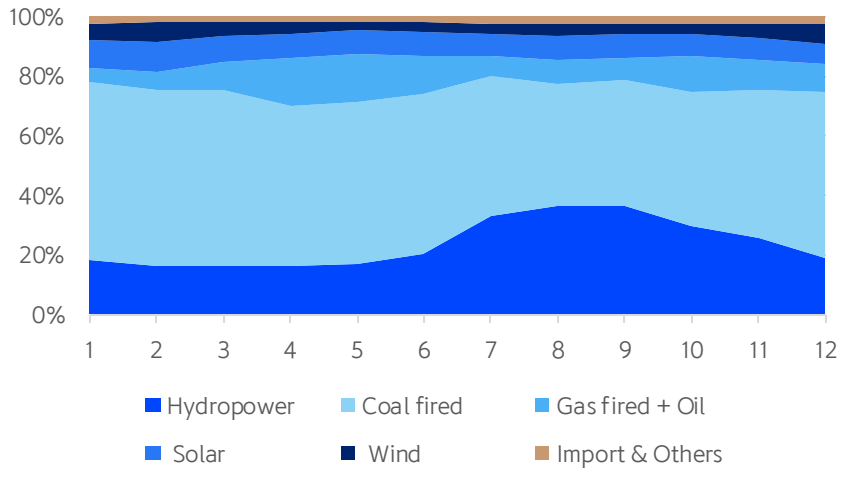
2

1. Coal-fired: Stable but long-term growth has ceased. In 2025, output is projected to grow at a double-digit
2. Hydropower: The La Nina phase is currently occurring but weaker than expected.
3. Renewable energy and gas-fired power: The power source for the future
    A. Gas-fired power – The inevitable trend of the future
    B. Direct Power Purchase Agreement (DPPA) mechanism
    C. New advancements in wind power
    D. Solar power: Self-production and self-consumption mechanism for rooftop solar
4. Summary of the amended Electricity Law and its impacts

2.1 – Coal-fired power: Stable but long-term growth has ceased

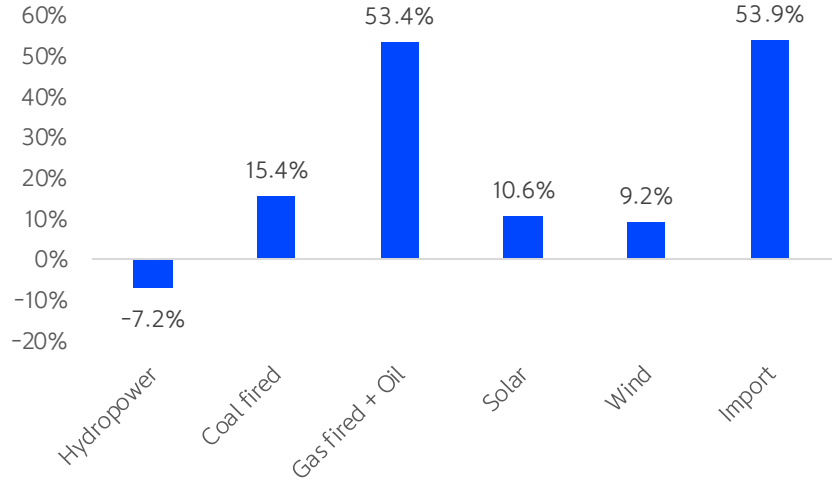
Coal-fired power output is projected to achieve double-digit growth in 2025

Projected proportion of electricity generation by sources in 2025



Source: EVN, MOIT, Shinhan Securities Vietnam estimates

Projected electricity output growth by sources in 2025



Source: EVN, MOIT, Shinhan Securities Vietnam estimates

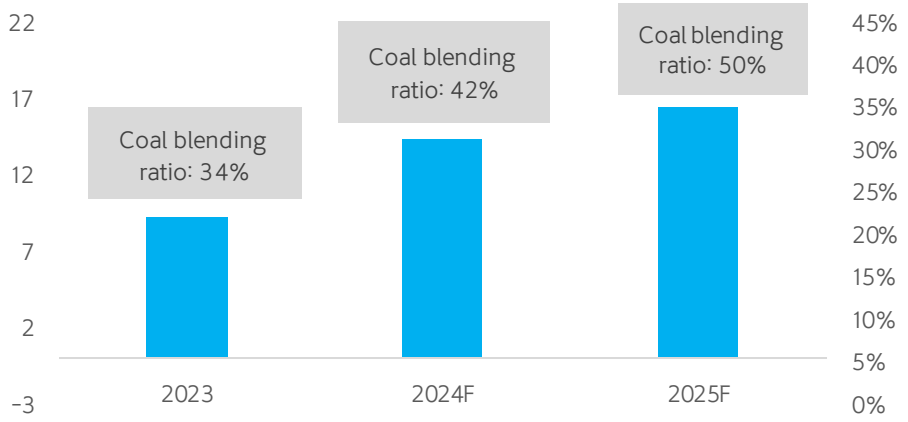
Based on the 2025 scenario outlined by the MOIT, we forecast that coal-fired power will be strongly mobilized throughout most of 2025 as nationwide electricity demand rises, the La Nina phase weakens, and water inflow to hydropower reservoirs remains low.

- Coal-fired power is projected to achieve an output of approximately 176 billion kWh (+15.4% YoY), while hydropower is expected to reach 82.2 billion kWh (-7.2% YoY). Coal-fired power may be prioritized in the first half of 2025 to allow hydropower plants to store water for use during the dry season.
- Gas-fired and oil-fired power are forecasted to reach 34.8 billion kWh (+53.4% YoY), primarily due to a sharp increase in oil-fired power generation plans compared to a very low baseline in the previous period, as well as the trial operations of the NT3 and NT4 plants. Oil-fired power generation will significantly raise electricity purchase costs but is deemed necessary amidst a sudden surge in demand and the potential for localized shortages of coal and gas supplies.
- Renewable energy is expected to grow steadily in line with the general demand of the electricity sector, with new wind power capacity anticipated in 2025.
- Additionally, electricity imports from Laos and China are projected to rise sharply, reaching 8.2 billion kWh (+53.9% YoY).

2.1 – Coal-fired power: Stable but long-term growth has ceased

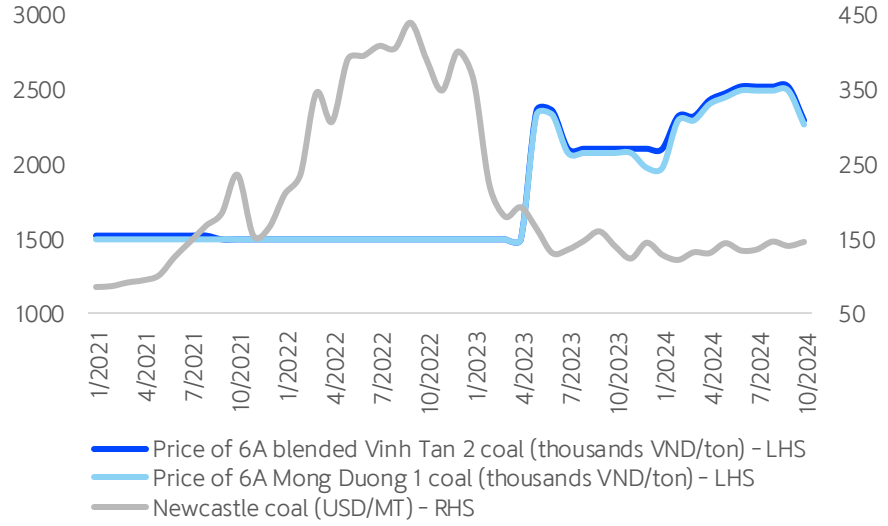
International coal prices remained low, but high blending ratio caused coal prices to increase

Imported coal (mn ton) and coal blending ratio shown an increasing trend over the years



Source: TKV, Shinhan Securities Vietnam

Coal prices climbed as many plant switched to coal blending in early 2023



Source: Bloomberg, GENCO3, Shinhan Securities Vietnam

- Coal prices began to trend upward from the beginning of 2023 as TKV had to import more coal for blending, given its domestic production couldn't keep up with the demand from thermal power plants. Looking ahead to 2024, TKV aims to increase its coal imports by approximately 14 million tons (+50% YoY) and raise the blending ratio to 42%. This will put upward pressure on input coal prices as imported coal is generally more expensive than domestic coal. While global coal prices are stabilizing, the growing demand for imported coal for blending continues to push up coal prices for power plants year after year.
- For 2025, TKV plans to supply 12.76 million tons of coal to BOT power plants and 18.46 million tons to EVN power plants. We estimate that coal imports in 2025 will reach 16.4 million tons (+15% compared to the 2024 plan) with a blending ratio of 50%. The price of coal grade 6a is projected to be approximately 2.465 million VND/ton (+8.6% YoY).

2.1 – Coal-fired power: Stable but long-term growth has ceased

Only about 5,000 MW of coal power to be developed by 2030

No.	Project Name	Capacity (MW)	Province/City	Operation Year	Notes
1	Van Phong 1 Thermal Power Plant	1,432	Khanh Hoa	2024	In operation
2	Vung Ang 2 Thermal Power Plant	1,330	Ha Tinh	2025-2026	
3	Na Duong II Thermal Power Plant	110	Lang Son	2026	Preparing for construction
4	Quang Trach 1 Thermal Power Plant	1,403	Quang Binh	2026	Under construction
5	An Khanh - Bac Giang Thermal Power Plant	650	Bac Giang	2027	Having difficulty in arranging capital
6	Long Phu 1 Thermal Power Plant	1,200	Soc Trang	2027	

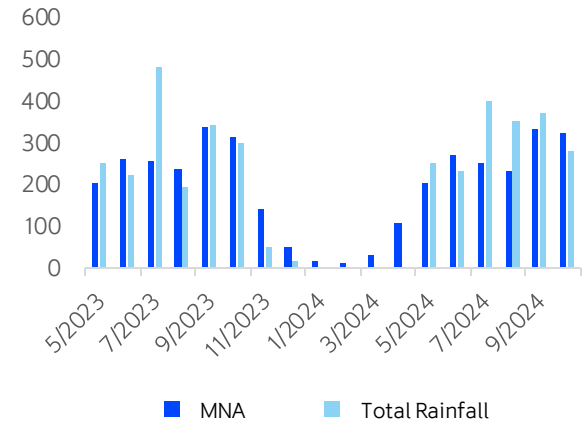
Source: PDP VIII Implementation Plan, Shinhan Securities Vietnam

- In the long term, coal-fired power will no longer be a focus of development. From now until 2030, only about 5,000 MW of additional coal-fired power will be developed, bringing the total coal-fired power capacity to 30,127 MW (according to the implementation plan of the PDP VIII).

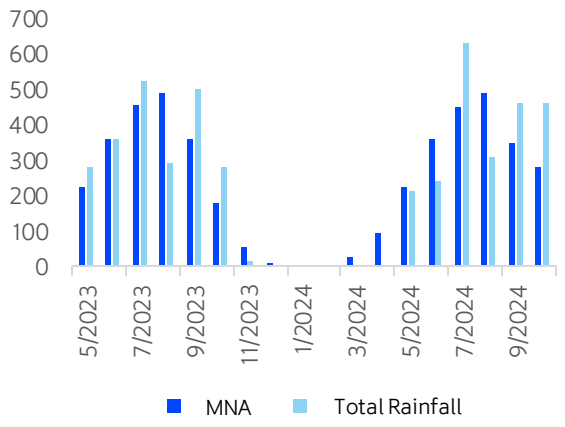
2.2 – Hydropower: The La Nina phase is ongoing but weaker than expected

Rainfall generally remained high but tends to decrease toward the end of the year at some stations (mm)

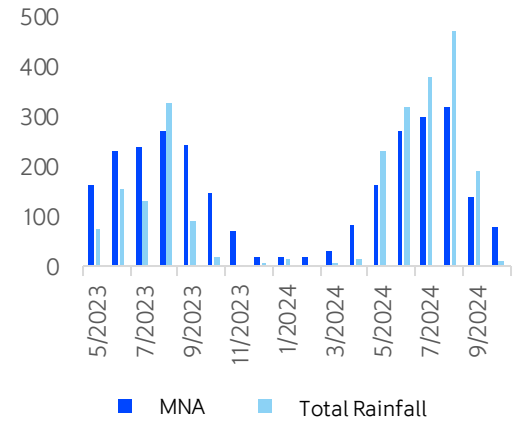
Xuan Loc Station, Dong Nai Province



Pleiku Station, Dak Lak Province

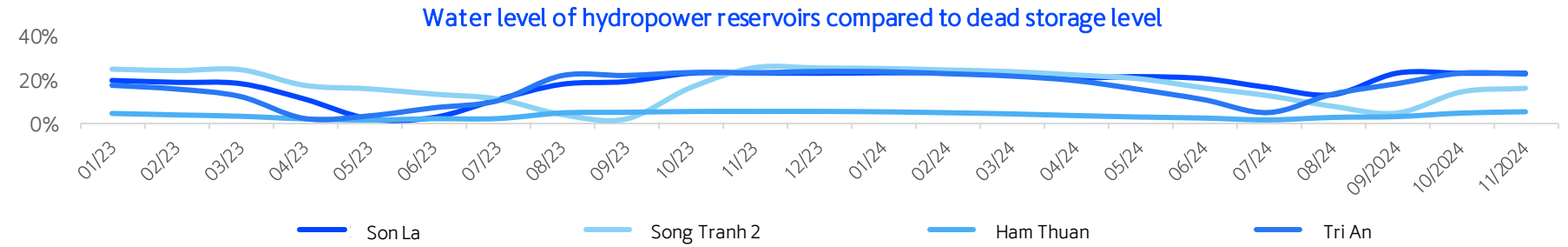


Dien Bien Station, Dien Bien Province



Source: IMHEN, Shinhan Securities Vietnam;
MNA: Many year average

Hydropower reservoirs continue the strategy of starting to store water at the end of the year for electricity generation during the dry season



Source: EVN, Shinhan Securities Vietnam

Conventional power sources expected to come into operation

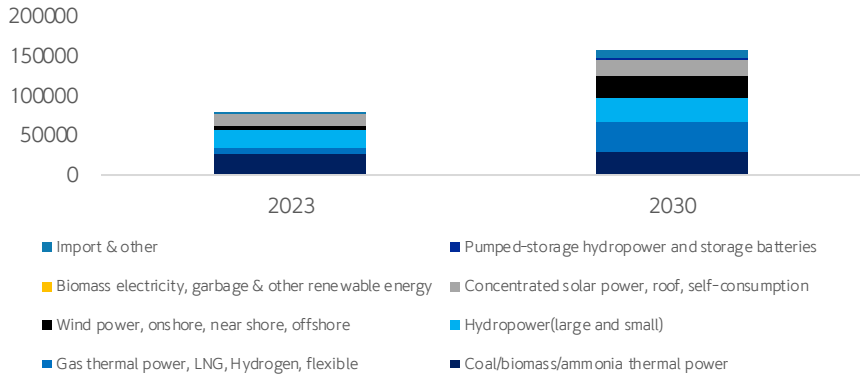
Power Plant	Capacity (MW)	Planned COD Progress (EPTC approval)
Total sources expected to operate from now until the end of 2025	4,025	
Ialy Hydropower MR	360	
H1	180	11/2024
H2	180	12/2024
Dak Mi 1	84	5, 6/2025
Ban Mong	45	Quarter III/2025
Nhon Trach 3	812	15/6/2025
Nhon Trach 4	812	13/9/2025
Vung Ang 2 (BOT)	1,330	
S1	665	26/6/2025
S2	665	26/6/2025
Hoi Xuan	102	
H1	34	18/7/2025
H2	34	18/8/2025
H3	34	18/9/2025
Hoa Binh MR	480	7, 8/2025
Total delayed beyond 2025	650	
An Khanh Bac Giang Thermal	650	12/2025

Source: MOIT, Shinhan Securities Vietnam

2.3 – Renewable and Gas-fired power: The power source for the future

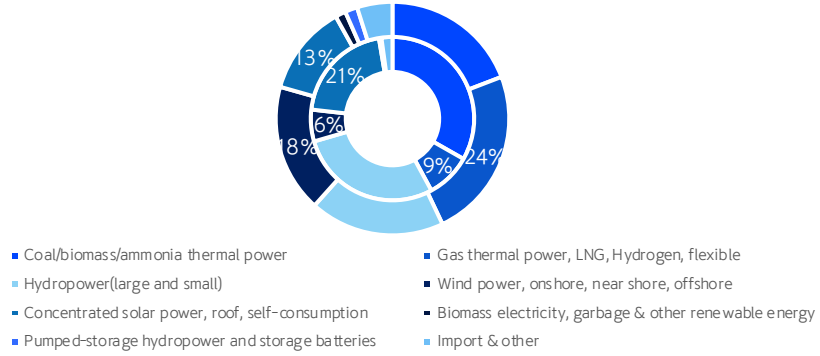
Focus on developing wind power and LNG power to 2030 (MW)

Power capacity by source 2023-2030 (MW)



Source: PDP VIII Implementation Plan, Shinhan Securities Vietnam

Proportion of power capacity by source in 2023 and 2030



Source: PDP VIII Implementation Plan, Shinhan Securities Vietnam

_ **The PDP VIII Implementation Plan aligns with the objectives of the plan, focusing on the development of wind power and LNG-fired power by 2030**. In 2023, the installed capacity of wind power was approximately 5,059 MW. The target by 2030 is to reach 27,880 MW (including 6,000 MW of offshore wind and 21,880 MW of onshore wind), corresponding to a CAGR of about 28% per year. For gas-fired power, the capacity in 2023 is around 7,160 MW, with a 2030 target of 37,330 MW (including 14,930 MW of gas-fired power and 22,400 MW of LNG-fired power), representing a CAGR of 27% per year.

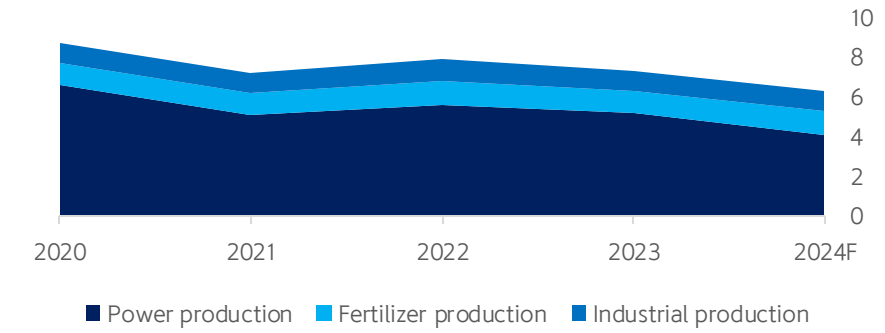
_ **Overall, we believe the long-term growth potential for renewable energy (notably wind power) and LNG-fired power is significant. However, the development of these two sources faces considerable challenges**. For wind power, many experts suggest that the implementation timeline is 6-8 years, and the investment cost is very high at approximately USD 2.5-3 billion per 1,000 MW, making it difficult to achieve 6,000 MW of offshore wind power by 2030 under current conditions. For LNG-fired power, project implementation often takes 8-10 years from planning to operation. Additionally, challenges such as the lack of specific policies, land clearance, and other issues remain significant obstacles.

_ **Last September, the MOIT proposed adjustments to PDP VIII.** The primary reason was that actual growth in commercial electricity production has been significantly higher than planned, and approved power sources have not met the planned schedule, affecting national energy security. We expect that by 2025, an adjustment to PDP VIII could be issued, possibly focusing on developing other power sources such as biomass power, waste-to-energy, pumped-storage hydropower, battery storage, or imported electricity from Laos to meet domestic electricity demand.

2.3A – Gas-fired power: The inevitable trend of the future

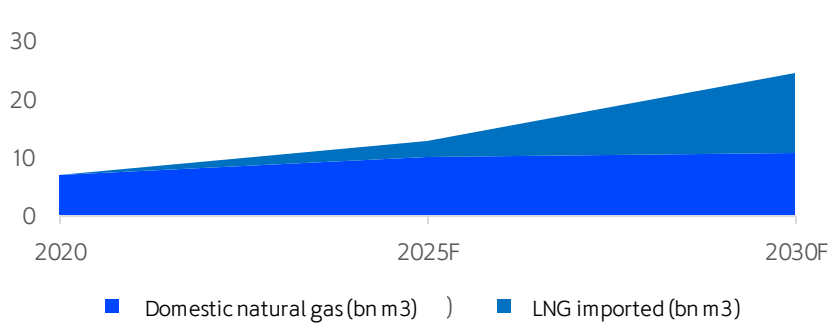
Domestic natural gas supply continued to decline, increasing the demand for LNG imports for power generation

Gas consumption has significantly decreased over the years (bn m³/year)



Source: GAS, Shinhan Securities Vietnam

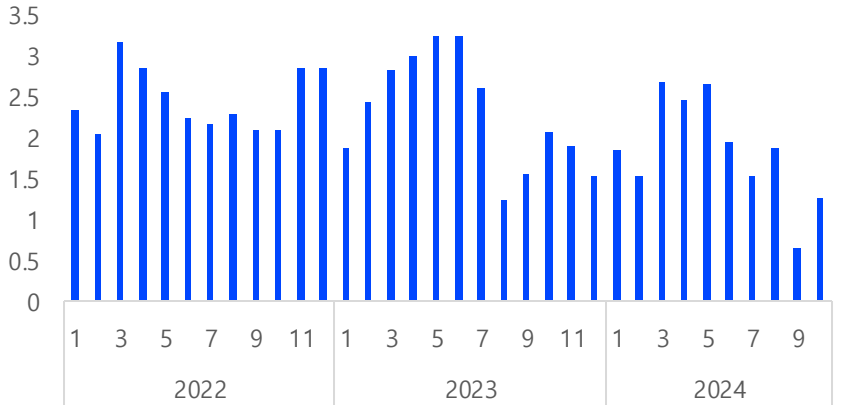
Annual natural gas demand for power generation (bn m³/year)



Source: MOIT, National Energy Master Plan 2021-2030, Shinhan Securities Vietnam

- Natural gas consumption for power generation accounted for approximately 70% of total consumption, reaching 5.1 billion m³ in 2023 (-8% yoy). This decline is attributed to the depleting reserves of domestic gas fields. Meanwhile, the demand for natural gas in power generation is projected to grow significantly by about 13% annually from 2020 to 2030. Therefore, the development of new gas fields from 2025 onward and the importation of LNG to meet the growing demand for power generation are urgently needed.
- According to the plan, several domestic gas fields such as Lan Tay – Lan Do, Nam Du – U Minh, and Lo B are expected to commence initial gas production between 2025 and 2027, increasing domestic gas production to approximately 7.3 to 10.5 billion m³ per year.
- According to the MOIT, the plan for gas supply for power generation in 2025 is 3.04-4.21 billion m³ (a decrease of approximately 11.6% compared to the 2024 plan), of which the Southeast region accounts for 1.79-2.86 billion m³ (including 800 million m³ of LNG) and the Southwest region accounts for 1.25-1.35 billion m³.

Gas-fired power output continues to decline (billion kWh)



Source: EVN, Shinhan Securities Vietnam

2.3A – Gas-fired power: The inevitable trend of the future

LNG-fired power projects in the implementation plan of PDP VIII

No.	Project Name	Capacity (MW)	Province/City	Operation Year	Notes
1	NT3 Thermal Power Plant	1,624	Dong Nai	2024-2025	Under construction
2	Hiep Phuoc LNG Phase I	1,200	Ho Chi Minh City	2025	
3	Bac Lieu LNG	3,200	Bac Lieu	2027-2028	Conducting feasibility study
4	Son My I Thermal Power Plant	2,250	Binh Thuan	2027-2029	
5	Son My II BOT Thermal Power Plant	2,250	Binh Thuan	2028-2029	
6	Quang Ninh LNG	1,500	Quang Ninh	2028-2029	
7	Hai Lang LNG Phase I	1,500	Quang Tri	2028-2029	
8	Thai Binh LNG	1,500	Thai Binh	2029	Selecting investors
9	Nghi Son LNG	1,500	Thanh Hoa	2029-2030	
10	Ca Na LNG	1,500	Ninh Thuan	2029-2030	
11	Quang Trach II LNG	1,500	Quang Binh	2029-2030	Preparing FS
12	Quynh Lap LNG	1,500	Nghe An	2029-2030	
13	Long An I LNG	1,500	Long An	2029-2030	

Source: Implementation PDP VIII, Shinhan Securities Vietnam

Some gas fields are expected to operate in 2025-2030

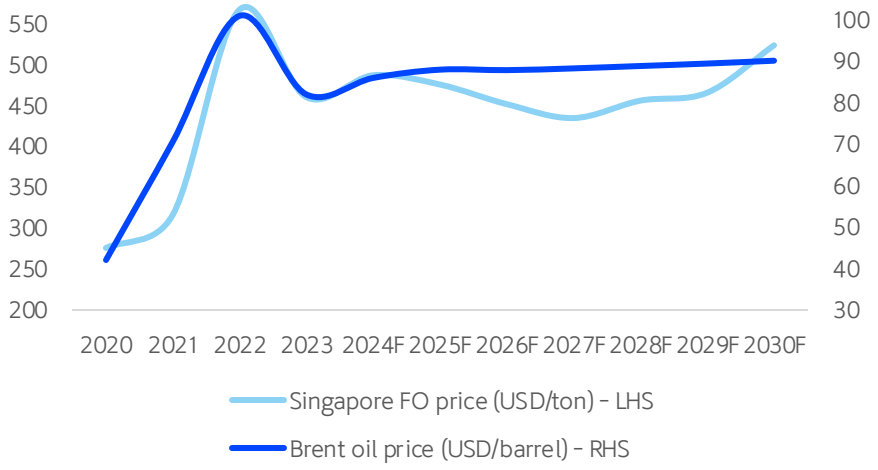
Some Typical Gas Field Projects	Block	Remaining Reserves (billion m³)	Status	Estimated First Gas Production
White Lion - Phase 2B	05.1A	16.01	Awaiting PSC extension	2026
Nam Du - U Minh	46/07 and 51	4.44	Submitting FDP	2026
Ca Voi Xanh	117 - 119	124.76	ODP Approved	2030
Lan Tay - Lan Do	6.1	3.24	Awaiting PSC extension	2025
Thien Nga – Hai Au, Block 12.11	11-Dec	4.01	Submitting FDP	Q4/2026
Kim Long, Ac Quy, Ca Voi, Thien Ha and Vang Den	Block B	87.74	Awaiting FID	2027

Source: Shinhan Securities Vietnam

2.3A – Gas-fired power: The inevitable trend of the future

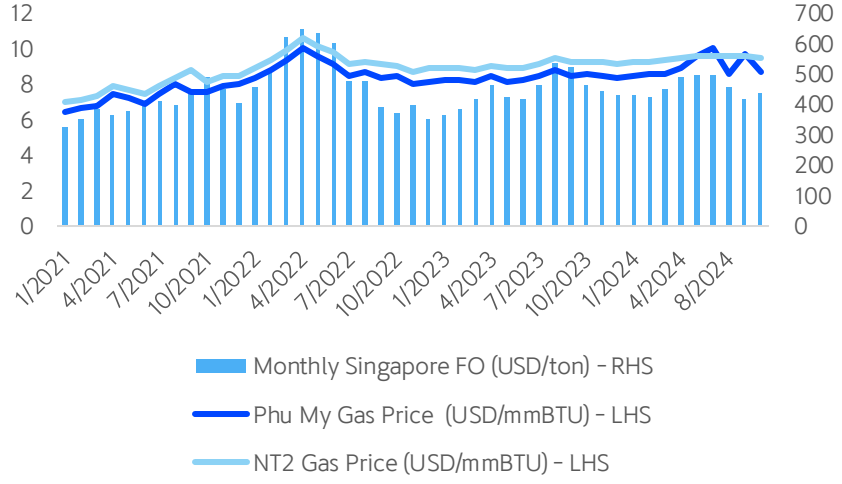
The price of natural gas and LNG is anchored at a high level

Brent oil and Singapore oil price



Source: EIA, Shinhan Securities Vietnam

The gas price for NT2 and Phu My plants is still anchored at a high level

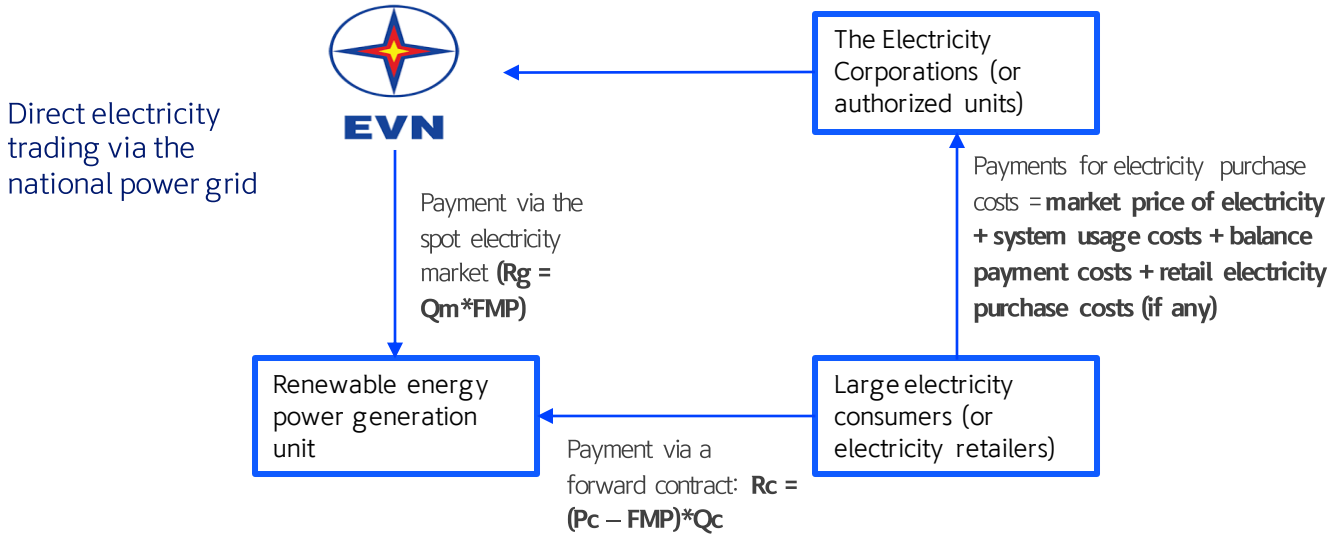


Source: Bloomberg, Company data, Shinhan Securities Vietnam

- Brent oil price and Singapore FO gas price are the basis for calculating LNG gas price and natural gas price respectively. Although it has cooled down significantly in 2023, it is forecasted to stay at a high level, making the cost of generating gas from these two gas sources quite expensive.
- In May 2024, the Ministry of Industry and Trade approved a ceiling price for LNG power generation of 2,590.85 VND/kWh with an LNG price (excluding VAT and other related costs) of 12.9702 USD/MMBTU. This price is 30% higher than EVN's current average retail price. However, according to our calculations, LNG power plants will still find it difficult to operate efficiently at the above price when considering other costs in power generation.
- Based on EIA's forecast of Brent oil prices of around 86-88 USD/barrel until 2030, LNG prices will be around 12-12.4 USD/MMBTU and remain high during this period, making formal power purchase agreement negotiations challenging. In the short term, we expect EVN to have a lot of motivation to raise retail electricity prices in the near future to be able to pay for LNG electricity.

2.3B – Renewable energy: Direct Power Purchase Agreement (DPPA)

The direct power purchase mechanism creates opportunities for the renewable energy sector



On July 3, 2024, the Government officially issued regulations on the direct power purchase mechanism between RE electricity generation units and large electricity consumers. This power trading mechanism includes two main forms:

- 1) Direct power purchase through the national grid: Involving three parties (EVN, a large electricity consumer, and a RE electricity generation unit), three payment contracts will be signed as shown in the figure. In which, the RE electricity generation unit will receive two payment sources from EVN and large electricity consumers, respectively, as Rg + Rc. Notably, the RE electricity generation unit must have a required capacity of 10 MW or more, and the large electricity consumer must have an average monthly consumption of 200,000 kWh or more.
- 2) Power purchase through a dedicated connection line: The power purchase contract is negotiated directly between the large electricity consumer and the RE electricity generation unit in accordance with Article 22 of the Electricity Law.

We expect more specific guidance on the implementation of the DPPA mechanism in 1H2025. We evaluate that the DPPA mechanism brings significant value to both customers and RE electricity generation units. Specifically, RE electricity generation units are motivated to seek customers and negotiate appropriate prices, increasing market competitiveness; consumers will have an additional source of green power in their business operations. The DPPA mechanism is also a stepping stone for the Vietnamese electricity market to move towards a competitive retail market in the future.

2.3C – Renewable energy: A new milestone for wind power

EVN has submitted the wind power generation price framework for wind farms

Additional wind power capacity by region 2023-2030 (MW)

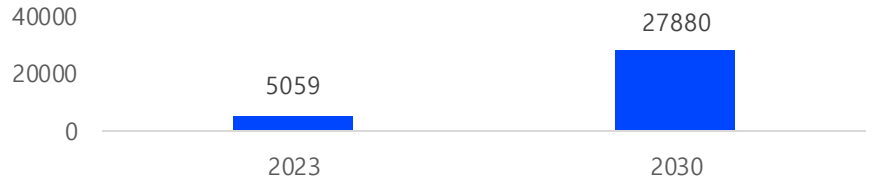
	Region Name	Offshore wind power (MW)	Onshore windpower (MW)
1	Northern	2,500	3,816
2	North Central Coast	0	1,948
3	South Central Coast	500	1,229
4	Central Highlands	0	3,062
5	South Central Coast	2,000	2,121
6	Southern Vietnam	1,000	5,720
	Total Capacity	**6,000**	**17,894**

Source: PDP VIII Implementation Plan, Shinhan Securities Vietnam

	Price submitted by EVN to MOIT (VND/kWh)	Compared to the transitional ceiling price
Offshore wind power	1,890.68	4%
Onshore wind power	1,610.56	1%

Source: EVN, Shinhan Securities Vietnam

Installed wind power capacity (MW)

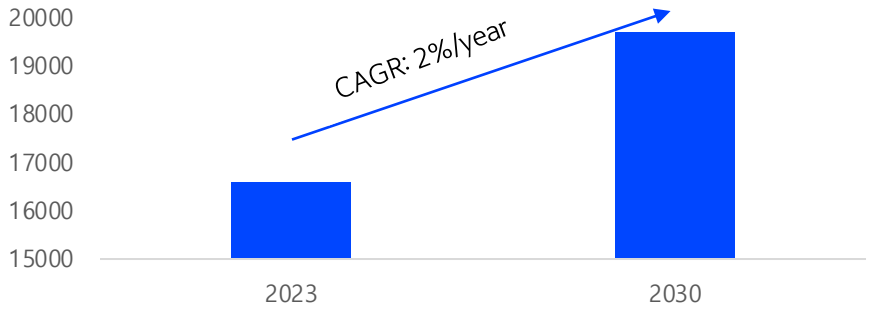


Source: PDP VIII Implementation Plan Shinhan Securities Vietnam estimates

- On December 4, 2024, EVN submitted to the Ministry of Industry and Trade (MOIT) and the Department of Electricity Regulation a wind power generation price framework for offshore and onshore wind farms applicable for 2025. This pricing framework was calculated based on Circular 19/2023/TT-BCT and aligns closely with previous projections.
- We have observed that parameters such as investment rate, capacity mobilization rate, interest rate, etc., have a significant impact on the selling price of electricity. Therefore, investors with experience in investing and operating power plants such as GEG and REE, or the ability to mobilize low-cost capital sources like PC1, will have a significant advantage in efficiently operating power plants. In addition, this also continues to be a new step forward for wind power investors, especially offshore wind power.

Solar power is primarily developed for self-produced and self-consumed purposes

Installed solar power capacity (MW)



Source: PDP VIII Implementation Plan Shinhan Securities Vietnam estimates

Installed capacity of rooftop solar power (self-produced and self-consumed) by region (MW)

TT	Region Name	Rooftop solar power (MW)
1	Northern	927
2	North Central Coast	231
3	South Central Coast	168
4	Central Highlands	32
5	South Central Coast	136
6	Southern Vietnam	1,109
	Total Capacity	**2,600**

Source: PDP VIII Implementation Plan Shinhan Securities Vietnam estimates

- **Self-produced and self-consumed rooftop solar power will be prioritized for development from now until 2030, with a total additional capacity of 2,600 MW**. On October 22, 2024, the government issued Decree No. 135/2024/NĐ-CP, outlining mechanisms and policies to encourage the development of self-produced and self-consumed rooftop solar power. The decree primarily promotes the self-production and consumption of electricity by individuals or organizations, with provisions that: there are no capacity limits, and exemption from electricity operation licenses is granted if: (1) the system is not connected to the national electricity grid, (2) consumption capacity is under 100 kW, or (3) the system is equipped with anti-reverse power flow into the national grid.
- For organizations or individuals installing self-produced and self-consumed rooftop solar systems with a capacity of 1,000 kW or more and selling surplus electricity to the national grid, they must follow procedures related to power planning and apply for an electricity operation license in accordance with legal regulations. Exceptions apply if the installed capacity aligns with the local power planning or implementation plan.
- **Self-produced and self-consumed rooftop solar systems can sell unused electricity to the national grid, but not exceeding 20% of the actual installed capacity.** The price for surplus electricity sold to the grid will be equal to the average market electricity price of the preceding year, as announced by the electricity system and market operator. This aims to ensure appropriate incentives for the development of the national electricity system in different stages.

2.4 – Summary of the amended Electricity Law and its impacts

On 30/11/2024, the amended Electricity Law was officially passed and will take effect on 01/02/2025. This marks a significant and positive step forward in ensuring the development of the power sector aligns with national objectives and security.

	Main points	Impact
Supplementing forward and option contracts, removing cross-subsidization in electricity prices	Implementing a retail electricity price structure. Reducing cross-subsidization between different customer segments in usage and production.	_ Creates conditions to expand the scope of competitive retail electricity markets. Ensures transparent, fair, and publicly disclosed electricity prices. Enhances power sources to meet increasing electricity demand.
Development of nuclear power	_ Nuclear power development planning must be closely linked, synchronized, and consistent with the national electricity development plan. Aims to ensure the goals of energy security and a stable electricity supply.	_Increases power sources to meet the growing demand for electricity.
Two-part electricity pricing mechanism	_ Introducing a two-part pricing mechanism consisting of capacity charges (subscription fees) and energy charges. This ensures more accurate and fair electricity pricing reflecting production costs.	_ EVN and power plants benefit by ensuring cost recovery and profitability. _ Customers will use electricity more efficiently and economically.
Development of renewable energy projects	_ Allows RE generators to directly negotiate electricity sale prices with private buyers. _ EVN proposes piloting direct power purchase agreements (PPAs) starting in early 2025 as per Decree 80/2024/ND-CP.	_ Many renewable energy projects with low-cost mechanisms will have opportunities to negotiate higher prices under the DPPA. RE generators such as **GEG, REE,** and **BCG** will benefit. _ Electricity prices will no longer depend entirely on EVN's policies, allowing flexible negotiation between buyers and sellers.
Electricity trading with foreign countries	_ **Export:** a) Electricity exports not routed through the national grid must not exceed the maximum domestic production price for similar sources. b) In cases of export through the national grid, the export price must not be lower than the maximum average retail electricity price. _ **Import:** Imported electricity prices are determined at Vietnam's border and must comply with regulations and agreements between buyers and sellers.	_ **Export**: Helps enterprises, especially renewable energy companies, utilize excess capacity during periods of low domestic electricity demand. _ **Import:** Prevents electricity shortages in the short term, especially in northern regions during dry seasons.
Legal framework for offshore electricity projects	_ Introduces a long-term minimum contracted electricity volume mechanism for offshore wind projects connected to the national grid. Reduces land use and lease fees for coastal and offshore areas. _ Allows foreign investors to contribute capital and transfer shares, subject to approval by competent authorities.	_ Provides clearer risk frameworks for offshore RE investors like **REE, and GEG** _ **PVS** also gain advantages thanks to their experience with offshore transformer stations, foundations, and related infrastructure.
Mechanism for LNG power	_ Prioritizing the use of domestic gas. Developing power plants with LNG storage and import infrastructure to lower production costs. _ Introducing minimum long-term contracted volumes to ensure cost-effectiveness.	Enhances ease of signing contracts for LNG supply and long-term volume guarantees. **POW and GAS** will benefit significantly from these mechanisms.

3 Investment Opportunities

POW & QTP

Updated business results of some listed power companies

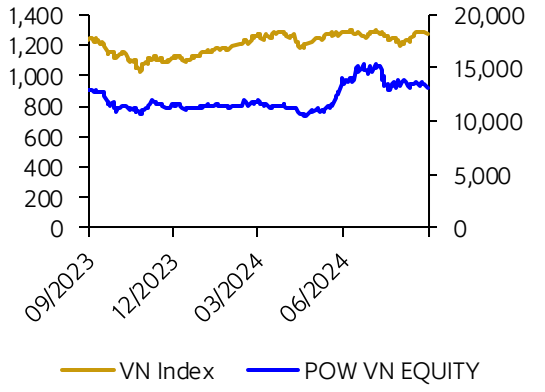
General Information					Stock Price			Key financials				Growth 9M/2024		Valuation 25F	
No.	Ticker	Industry	Capacity (MW)	Market Cap (billion VND)	CP (VND)	TP* (VND)	Upside (%)	GPM (%)	D/E (x)	ROA (%)	ROE (%)	Revenue (% YoY)	EPS (% YoY)	P/B (x)	P/E (x)
1	VSH	Hyropower	356	11,812	50,000	45,800	-8.4	45.10	0.81	4.14	8.10	-40.03	-80.8	2.1	17.0
2	REE	Diversified	1,091	31,793	67,500	68,600	1.6	37.37	0.64	5.18	10.29	-7.02	-21.9	1.8	14.6
3	HDG	Renewable	444	10,090	30,000	31,400*	4.7	57.43	0.85	5.01	11.69	-2.74	0.0	1.5	14.1
4	POW	Gas-fired Power	4,208	28,220	12,050	14,900	21.0	7.60	1.33	1.84	4.43	0.71	43.5	1.0	17.9
5	NT2	Gas-fired Power	750	5,945	20,650	22,200	7.5	3.55	1.53	2.69	6.02	-19.73	-96.7	1.5	26.0
6	QTP	Coal-fired Power	1,200	6,570	16,300	13,600	19.8	7.48	0.36	9.28	12.62	-2.03	15.0	1.3	10.1
7	PPC	Coal-fired Power	1,040	3,591	11,200	14,400*	28.6	1.76	0.17	6.47	8.68	46.65	-13.8	0.8	5.8
8	PC1	Power construction	313	8,136	22,750	25,700	13.0	19.12	1.76	2.26	8.87	46.66	13,295	1.7	15.8
9	GEG	Renewable	503	4,192	11,700	13,350	14.1	47.89	1.75	0.83	3.05	10.99	-3.34	0.9	13.7
10	PGV	Diversified	5,983	21,346	19,000	25,000*	31.6	7.07	2.58	-0.66	-2.54	-18.12	-136.8	1.7	24.5

Target Price (fair value) for the next 12 months; * Consensus prices from Bloomberg
Source: Bloomberg, Fiinpro, Shinhan Securities Vietnam
Data as of 12/24/2024

Petrovietnam Power Corporation (HOSE: POW)

Target price (12 months)	VND 14,900
Current price (12/24/24)	VND 12,050
Return (%)	21.0%
VNINDEX	1,276
Market P/E (x)	11.7
Market cap (billion VND)	30,913
Outstanding shares (mil shares)	2,342
Free-float (mil shares)	470
52-week high/low (VND)	15,900/10,400
90-day avg. trading volume (mil shares)	12.72
90-day avg. turnover (bn VND)	192
Major SHDs (%) PVN	24.9

Performance	3T	6T	12M
Absolute (%)	-4.4	-19.7	7.1
Rel.to VNIndex (%)	-3.1	-20.2	-7.1



Nhơn Trach 3&4 drive long-term growth

_ POW is a power generation company with a total designed capacity of 4,208 MW, the second largest in Vietnam after EVN. Notably, POW's most prominent power plants are the Cà Mau & Nhơn Trạch 1&2 gas-fired power plants, with a combined capacity of 2,700 MW. In the energy sector, POW is one of the enterprises best aligned with the Power development plan VIII during the period of 2022-2030, especially in the field of LNG gas-fired power

Investment Outlook

_ The company sets a 2025 target: consumption volume to reach 19 billion kWh (+14% YoY), with three key plants operating as primary drivers: Ca Mau, Vung Ang 1, and Nhon Trạch 2.

_ Coal Power: Vung Ang 1 is expected to achieve a production volume of approximately 5.7 billion kWh (+7% YoY), driven by high demand for coal-fired electricity.

_ Gas Power: Ca Mau 1&2 are projected to maintain stable output in 2025; NT2 and NT1 plants are expected to see higher mobilization as EVN has no plans to mobilize Phu My 2.2 and 3 (due to the expiration of gas purchase agreements for these plants).

_ Updates on NT3 & NT4 progress: Projected capacity mobilization rate is around 65%, with a Qc proportion of approximately 70%. A PPA was signed with EPTC on Oct, 4th, 2024, with fixed pricing equivalent to NT2. EPC package progress is estimated at 95%. NT3 and NT4 are expected to begin commercial operation in 06/2025 and 09/2025, respectively. The GSA is expected to be signed by the end of the year. Trial runs for NT3 and NT4 are scheduled for January 2025 and March 2025, respectively. Expected revenue contributions from the two plants are projected at 12.4% in 2025 and 34.6% in 2026.

_ Additionally, POW stated that insurance companies have agreed to compensate approximately 1,000 billion VND for the incident at Vung Ang 1 plant, with the amount expected to be recorded in 2025. On October 30, 2024, POW officially inaugurated its first pilot electric vehicle charging station in Hanoi. POW and VIC have entered into a partnership.

Risks: (1) Shortage of input gas supply with high prices for input gas and coal; (2) Difficulties at EVN affecting POW's ability to collect payment for electricity sales; (3) High LNG electricity selling prices make it difficult for the plant to compete with other types of power.

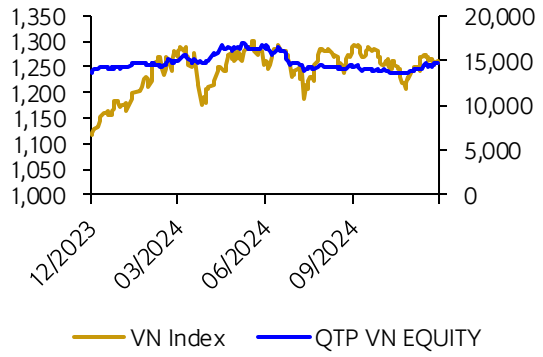
Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	24,561	28,224	28,329	29,620	40,292
OP (bil VND)	2,459	2,765	1,290	1,677	2,132
NP (bil VND)	2,052	2,323	1,283	1,693	2,161
EPS (VND)	757	871	443	661	832
BPS (VND)	12,228	13,030	13,414	14,073	14,905
OPM	10.0	9.8	4.6	5.7	5.3
NPM	8.4	9.0	4.5	5.7	5.4
ROE (%)	6.6	7.7	3.8	7.2	9.2
P/E (x)	23.1	13.1	25.4	22.5	17.9
P/B (x)	1.4	0.8	0.8	1.1	1.0
EV/EBITDA (x)	8.3	4.7	7.3	15.20	11.21

Source: Company data, Fiinpro, Bloomberg, Shinhan Securities Vietnam

Quang Ninh Thermal Power JSC (HOSE: QTP)

Target price (12 months)	VND 16,300
Current price (12/24/24)	VND13,600
Return (%)	19.8%
VNINDEX	1,262
Market P/E (x)	14.8
Market cap (billion VND)	6,435
Outstanding shares (mil shares)	450
Free-float (mil shares)	213
52-week high/low (VND)	17,700/13,500
90-day avg. trading volume (mil shares)	0.2
90-day avg. turnover (bn VND)	3
Major SHDs (%) EVNGENCO 1	42.0
PPC	16.0

Performance	3T	6T	12M
Absolute (%)	1.4	-14.6	0.7
Rel.to VNIndex (%)	2.7	-15.1	-13.6



High electricity demand drives growth in 2025

Quang Ninh Thermal Power JSC (UPCOM: QTP) is one of the largest designed capacity thermal power companies on the stock exchange (1200MW). Quang Ninh 1&2 Thermal Power Plant supplies electricity directly to the key economic region of the North with stable demand. In addition, this plant is also located in the area with the most abundant coal reserves in the country

Investment Outlook

_ In 2025, we expect QTP's electricity output to be mobilized similarly to 2023, at approximately 7.1 billion kWh (+2.4% YoY), with revenue reaching around 12,582 billion VND (+7% YoY) and net profit after tax (NPAT) at 728 billion VND (+8% YoY). The average selling price is expected to reach 1,755 VND/kWh (+4.4% YoY), while input material costs are projected at 1,435 VND/kWh (+5% YoY).

_ We believe QTP can achieve this growth due to the following factors: (1) strong growth in national electricity demand, especially in the Northern region, which is forecasted to increase by 11.3% in 2025 amid ongoing electricity shortages in the area, (2) increasing probability of neutral phases and water storage strategies for the dry season in hydropower reservoirs during 1H2025, (3) rising electricity selling prices in the competitive market while international coal prices stabilize, (4) improved business conditions at EVN supporting faster payment collection for QTP, (5) efficient and effective plant operations reducing operating costs and enhancing QTP's competitiveness in the electricity market.

_ On December 27, 2024, QTP will spend 450 billion VND on an interim dividend payment for 2024 at a rate of 10% (1,000 VND per share), with payment scheduled for February 27, 2025. We anticipate that QTP will maintain an annual dividend payout ratio of 14% - 18%

_ Risk: (1) Input material risks; (2) Unfavorable weather; (3) Risk from other peer power sources ; (4) Risk from an accident at the power plant.

Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	8,571	10,417	12,058	11,767	12,582
OP (bil VND)	621	815	651	749	809
NP (bil VND)	578	770	614	674	728
EPS (VND)	1,284	1,712	1,365	1,498	1,618
BPS (VND)	13,712	13,694	11,481	12,863	12,540
OPM	9%	9%	6%	6%	6%
NPM	7%	7%	5%	6%	6%
ROE (%)	9%	13%	12%	12%	13%
P/E (x)	14.8	7.7	8.8	10.9	10.1
P/B (x)	1.4	0.9	1.1	1.3	1.3
EV/EBITDA (x)	5.6	3.2	4.3	4.1	4.0

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

Import – Export

Adaptability



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Content

Import – Export – Adaptabilty

1. Vietnam's import – export performance in 11M/2024

   Total import-export turnover of goods in the first 11 months of 2024 reached USD 715 bn, up 15.4% YoY. Import-export activities recorded positive results, maintaining a high growth rate, especially for key product groups such as computers, electronic products, textiles, and seafood,…which all experienced double-digit growth.

2. Vietnam 's import- export outlook for 2025

   We expect Vietnam's import-export activities to maintain a growth momentum in 2025 thanks to the stable production and export-import activities of domestic enterprises, especially as key product groups continue to perform well. In the short term, changes in US tariff policies may lead to a surge in "frontloading" of imports, creating opportunities for Vietnam's import-export activities.

3. Import – Export stock pick

   TNG, MSH, TCM, STK, VHC, FMC, GMD & HAH

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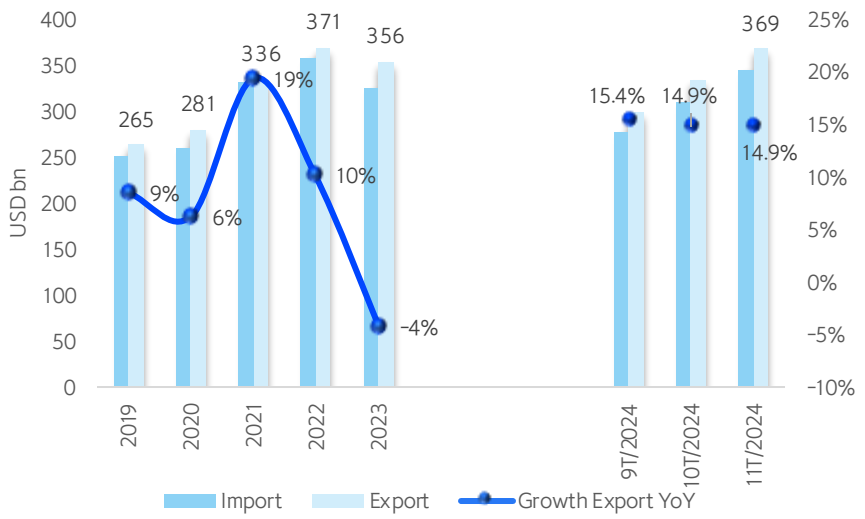
Vietnam's import – export performance in 11M/2024

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1. Vietnam's import – export performance in 11M/2024

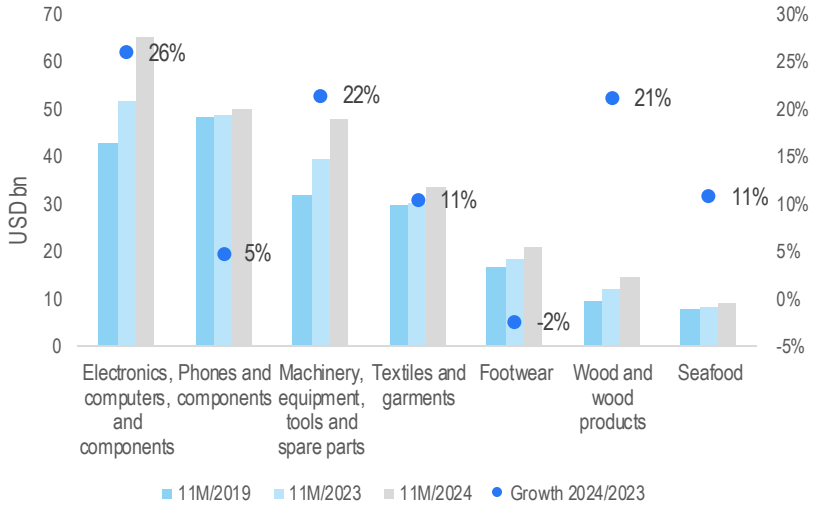
Import-export activities are showing a strong recovery

Vietnam's import-export growth



Source: GSO, Shinhan Securities Vietnam

The growth of exported groups in 11 months of 2024



Source: GSO, Shinhan Securities Vietnam

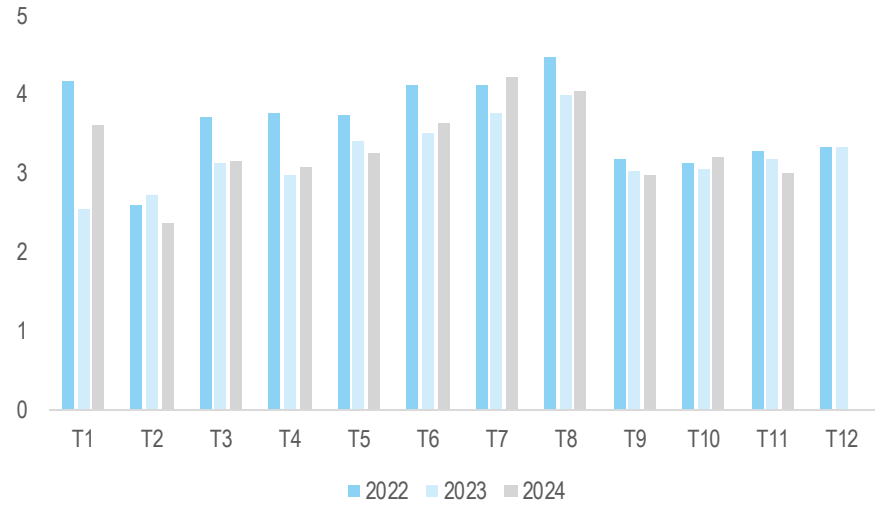
- Accumulated 11 months of 2024, total import and export turnover of goods reached USD 715 bn, up 15.4% YoY. In which, exports increased by 14.4% and imports increased by 16.3%.

- Vietnam's key industrial exports have shown strong signs of recovery. Notably, wood and wood products recorded impressive growth, reaching USD 14.7 billion, a 21% increase. The textile industry also performed well, achieving USD 33.6 billion in exports, an 11% rise. Meanwhile, the export of computers, electronics, and components witnessed a significant surge, reaching USD 65.2 billion after 11 months of 2024, a significant increase of 26% compared to the same period last year.

1. Vietnam's import – export performance in 11M/2024

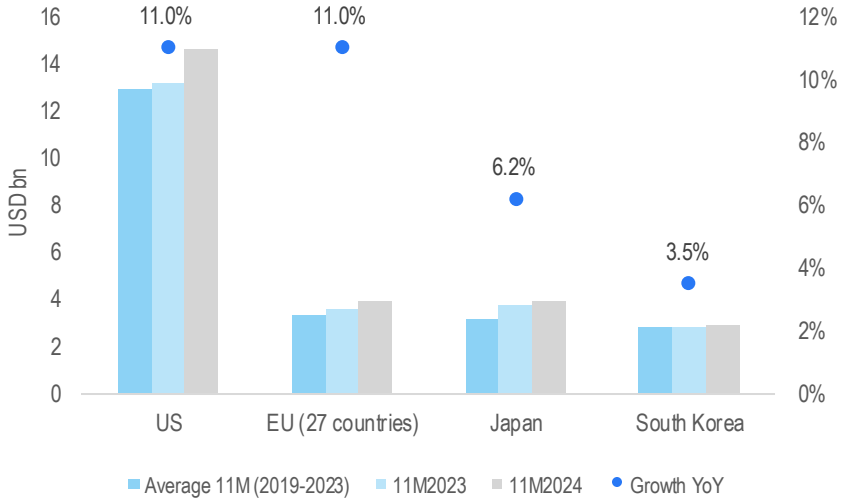
Textile exports are on the rise

Textile and garment exports in 11M2024 (USD bn)



Source: GSO, Shinhan Securities Vietnam

The value of textile and garment exports to key markets



Source: GSO, Shinhan Securities Vietnam

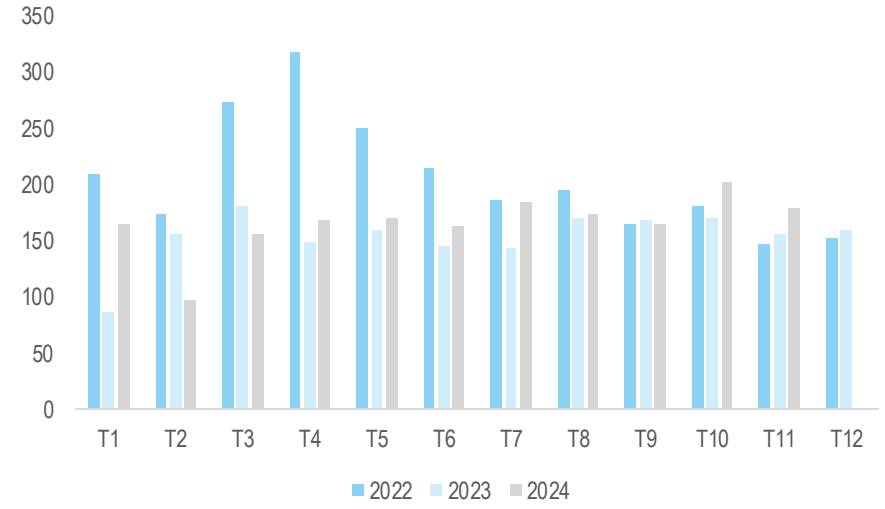
- Accumulated 11 months of 2024, textile and garment export turnover is estimated to reach USD 33.6 billion, representing a 10.6% year-on-year increase. Textile and garment exports have grown in most markets, with the US remaining the largest market with an estimated export turnover of USD 14.6 billion, up 11% year-on-year and accounting for nearly 43% of the total export turnover.

- The textile market has recovered thanks to the shift of orders from China, Bangladesh, and Myanmar to Vietnam. The political instability in countries like Bangladesh and Myanmar has benefited Vietnam's textile industry, increasing orders and building trust with major global customers. A key factor driving Vietnam's textile exports is the well-controlled inflation in major economies, which has helped boost consumer purchasing power.

1. Vietnam's import – export performance in 11M/2024

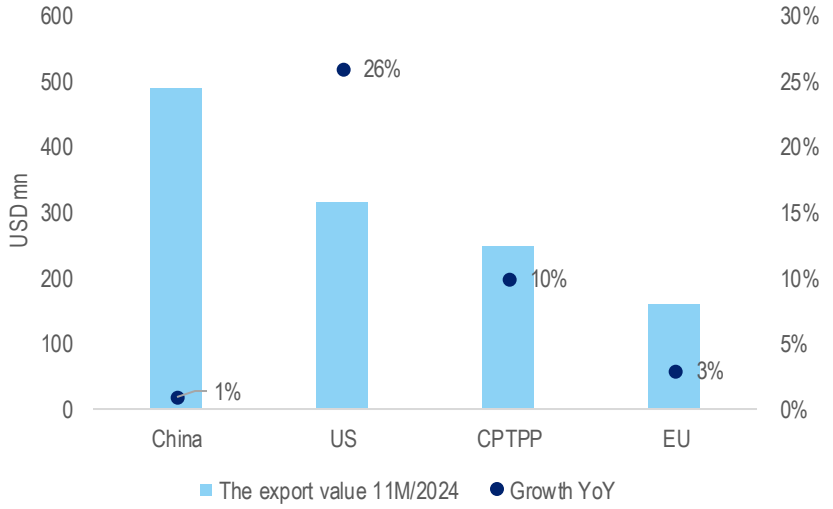
Pangasius exports are on track to reach the target

Pangasius exports in 11M2024 (USD mn)



Source: Vasep, Shinhan Securities Vietnam

The value of pangasius exports to key markets



Source: Vasep, Shinhan Securities Vietnam

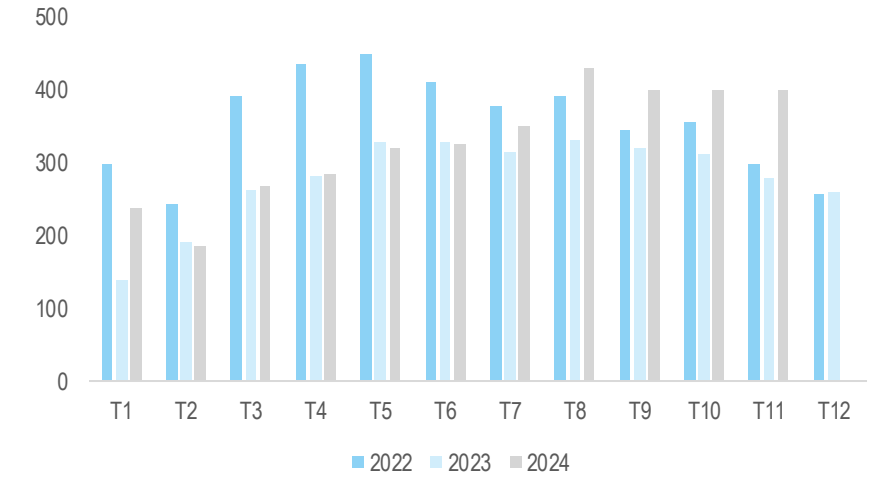
❑ Accumulated 11 months of 2024, Vietnam's pangasius export turnover reached USD 1.8 bn, a 10% year-on-year increase. Specifically, in November 2024 alone, pangasius export turnover was nearly USD 179 mn, up 16% compared to November 2023. In which:

- China, a key export market for Vietnamese pangasius, recorded an export value of USD 491 mn in the first 11 months of 2024, a slight increase of 1% YoY increase due to intense competition from other countries and competition from other white-meat products
- On the contrary, the total value of pangasius exports to the US in the 11 months reached nearly USD 317 mn, a YoY increase of 26%. In November alone, Vietnam's pangasius exports to the US exceeded USD 26 mn, a 14% YoY increase. According to VASEP, this recovery is attributed to lower pangasius inventories in the US compared to the same period in 2023, prompting retailers to replenish their stocks for the year-end holiday season.

1. Vietnam's import – export performance in 11M/2024

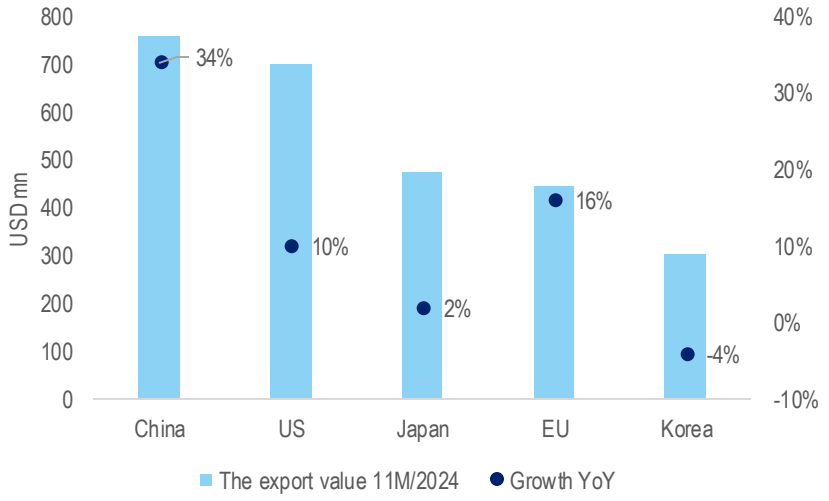
Shrimp export continues to stand firm

Shrimp exports in 11M2024 (USD mn)



Source: Vasep, Shinhan Securities Vietnam

The value of shrimp exports to key markets



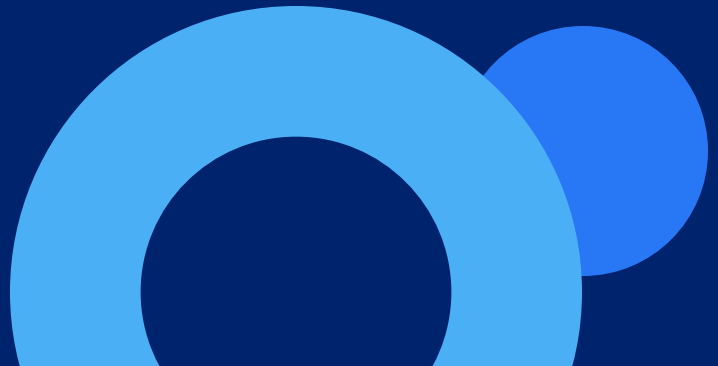
Source: Vasep, Shinhan Securities Vietnam

- Accumulated 11 months of 2024, Vietnam's shrimp export revenue reached USD 3.6 bn (+14% YoY). Notably, shrimp exports to China in the same period reached USD 761 mn, up 34% YoY. In this market, Vietnam's biggest competitor, Ecuador, has faced challenges due to China detecting excessive levels of sodium metabisulfite in their shrimp. Meanwhile, shrimp exports to the US in the first 11 months of 2024 reached USD 702 million, a 10% YoY increase.
- In October 2024, the U.S. Department of Commerce (DOC) released the final results of its anti-dumping duty (AD) and countervailing duty (CVD) investigations on frozen warm-water shrimp. The results showed that CVD on Indian shrimp is 5.77%, on Ecuadorian shrimp 3.78%, and AD on Indonesian shrimp 3.9%, all higher than Vietnam's CVD of 2.84%. Consequently, with the U.S. imposing higher anti-dumping and countervailing duties on shrimp products from Ecuador, India, and Indonesia by the end of December 2024, Vietnam's shrimp industry is poised to capitalize on this opportunity in the near future.

02

Vietnam's import – export outlook in 2025

We expect Vietnam's import-export activities to maintain a growth momentum in 2025 thanks to the stable production and export-import activities of domestic enterprises, especially as key product groups continue to perform well. In the short term, changes in US tariff policies may lead to a surge in "frontloading" of imports, creating opportunities for Vietnam's import-export activities.



2. Vietnam's import – export outlook in 2025

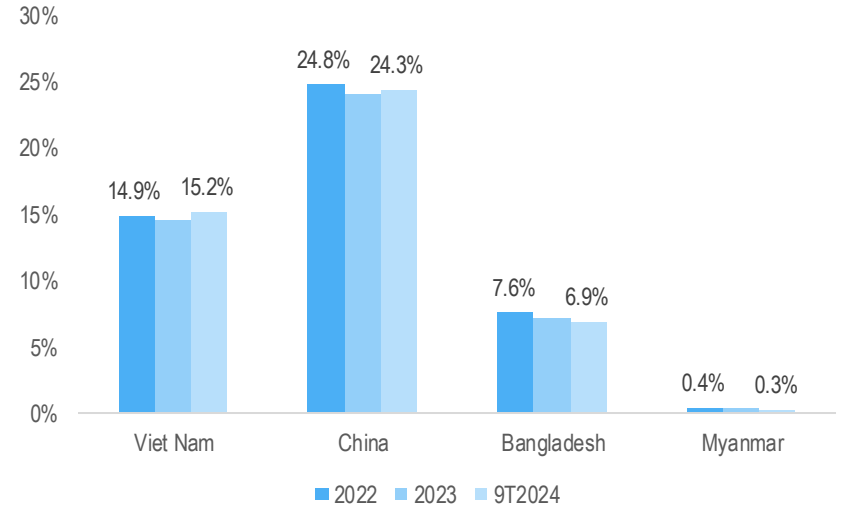
Textile exports - Reaching new peaks

The value of textile and garment exports



Source: GSO, Shinhan Securities Vietnam

Shares in US textile and apparel imports



Source: Otexa, Shinhan Securities Vietnam

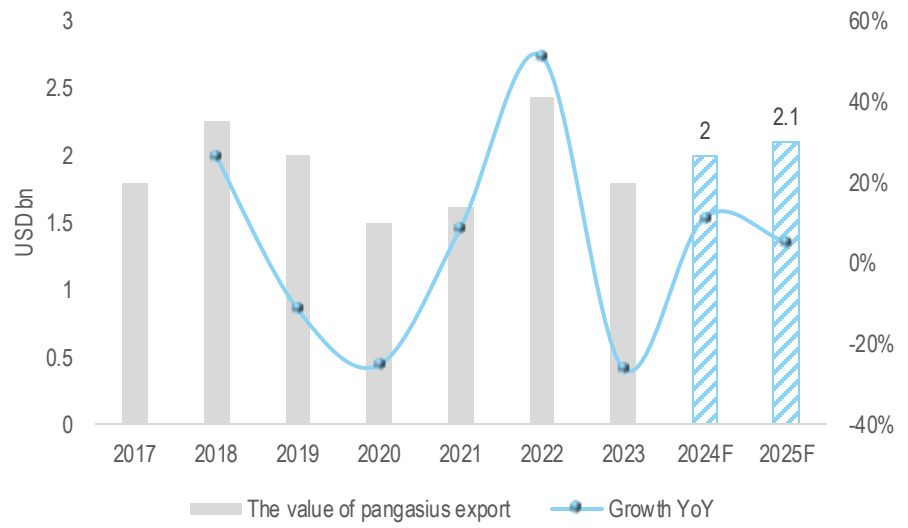
- Vietnam's textile and garment exports are forecasted to continue their upward trend in 2025 thanks to (1) the high demand for goods during the year-end holidays and the following spring-summer season, (2) low inventory levels in major export markets like the US, and (3) the shift of orders from competing countries such as Bangladesh, Myanmar, and China.

- Currently, the United States accounts for 44% of Vietnam's total textile and garment exports. With potential tariffs of up to 60% on Chinese textile products, Vietnam is well-positioned to increase its market share in the US, thanks to its competitive labor costs and stable supply capacity. We anticipate that Vietnam will maintain its export market share in the US if current trade policies remain in place.

2. Vietnam's import – export outlook in 2025

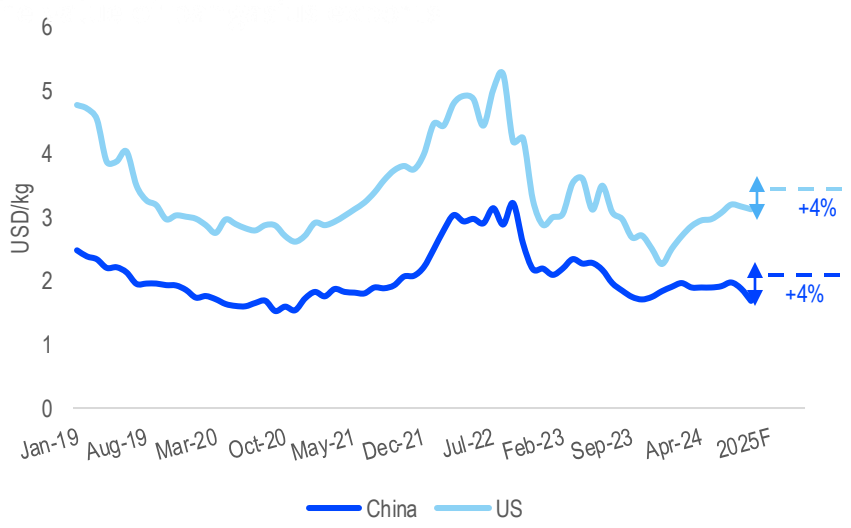
Pangasius exports – A bright outlook

The value of pangasius exports



Source: Vasep, Shinhan Securities Vietnam

The export price of fillet fishes to China and US



Source: Vasep, Shinhan Securities Vietnam

❑ The Ministry of Agriculture and Rural development has set a target of approximately USD 2 bn for pangasius export in 2025, which is on par with 2024. We assess this target as conservative and believe that the value of pangasius exports in 2025 could increase slightly by about 5% YoY, thanks to:

- Overfishing and environmental factors have significantly reduced the natural yield of white-fleshed fish that directly compete with pangasius, especially tilapia and cod. Combined with the unprofitable tilapia farming in China, it has opened up a significant opportunity for pangasius to become an attractive alternative in the US market
- According to the latest preliminary results of the anti-dumping duty review on imports from Vietnam (POR20), 8 Vietnamese companies are eligible for a zero-duty rate. If the final results, to be announced in late Q1/2025, remain unchanged, this will create a significant opportunity for Vietnamese pangasius in the US market.

2. Vietnam's import – export outlook in 2025

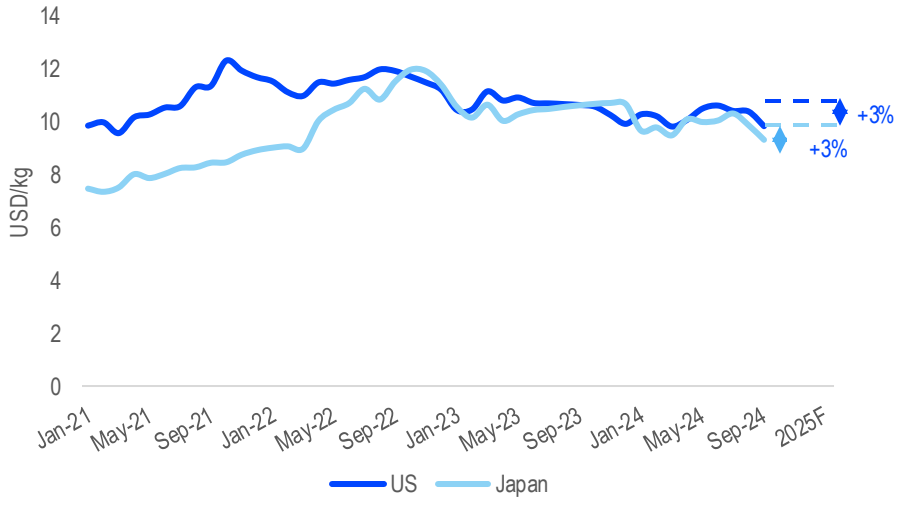
Shrimp export – A focus on quality

The value of shrimp exports



Source: Vasep, Shinhan Securities Vietnam

The export price of shrimps to Japan and US



Source: Vasep, Shinhan Securities Vietnam

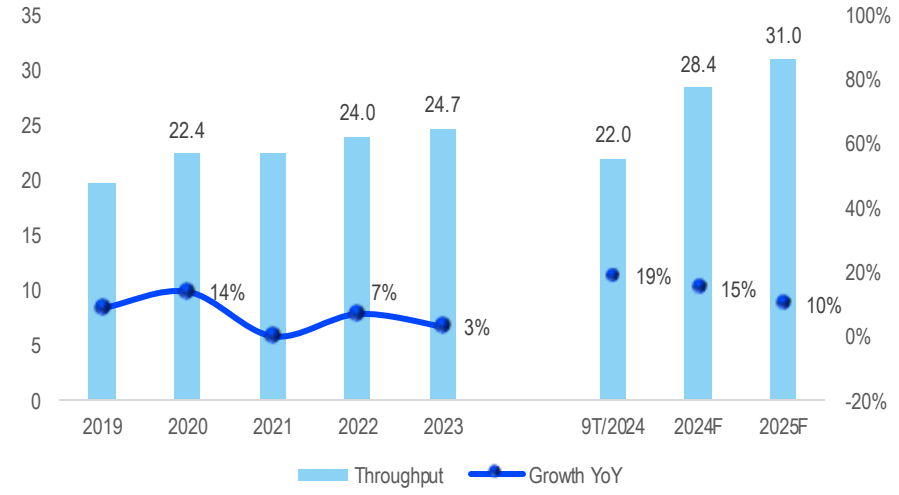
❑ Given the impressive growth in shrimp export revenue during the final months of the year, we anticipate a 5% year-on-year increase in shrimp export value in 2025, driven by:

- International bodies have raised concerns over labor practices and food safety standards in Vietnam's main competitors, India and Ecuador. This has created a substantial market gap for Vietnam to capitalize on by boosting its shrimp exports to the EU, US, and China.
- With the US increasing anti-dumping and countervailing duties on shrimp imports from Ecuador, India, and Indonesia starting from December 2024, the Vietnamese shrimp industry is expected to seize the opportunity to expand its share in this market.

2. Vietnam's import – export outlook in 2025

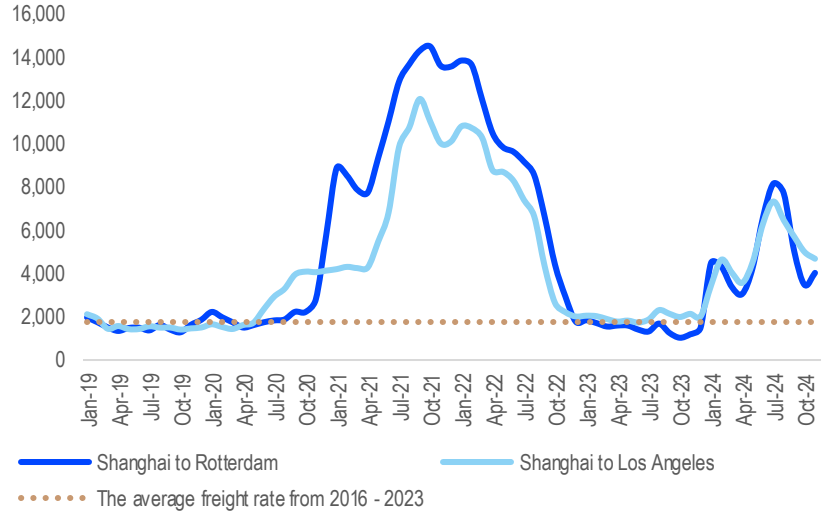
Logistics – Adapting to a dynamic environment

Vietnam's container throughput (TEU mn)



Source: VPA, Shinhan Securities Vietnam

Container freight rate (USD/FEU, 40' containers)



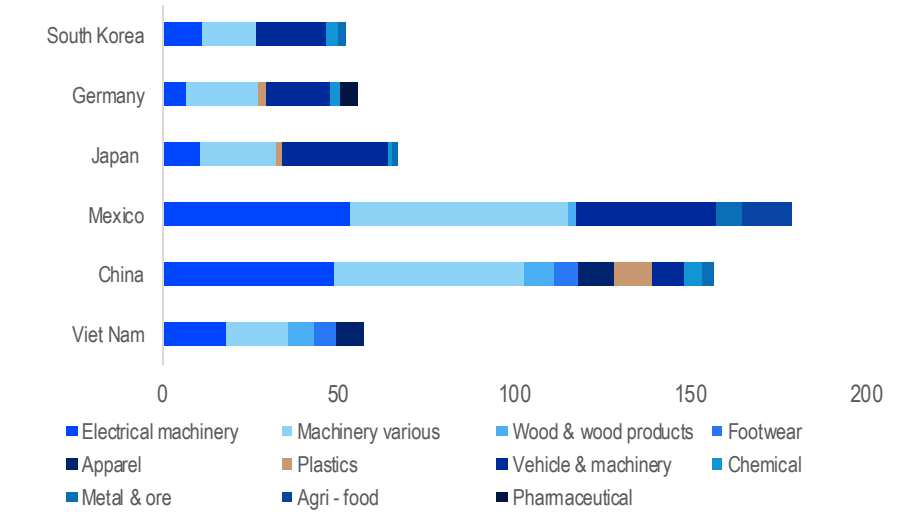
Source: Bloomberg, Shinhan Securities Vietnam

- We expect Vietnam's import-export activities to maintain a growth momentum in 2025 thanks to the stable production and export-import activities of domestic enterprises, especially as key product groups continue to perform well.
- Freight rates are expected to fluctuate significantly before the new tariffs are implemented, but they are unlikely to experience a sudden surge. Maersk forecasts a 5-7% growth in container shipping demand in 2025, while transport capacity is estimated to increase by 8% YoY. 2025 is anticipated to be a year of significant fluctuations, especially in the US market, due to the risk of port strikes and import tariffs.
- The outlook for 2025 presents both challenges and opportunities for the global maritime transportation industry, including Vietnam. However, in the short term, we assess that Vietnam's logistics industry may benefit from a surge in US imports as businesses 'frontload' before new tariffs are implemented.

2. Vietnam's import – export outlook in 2025

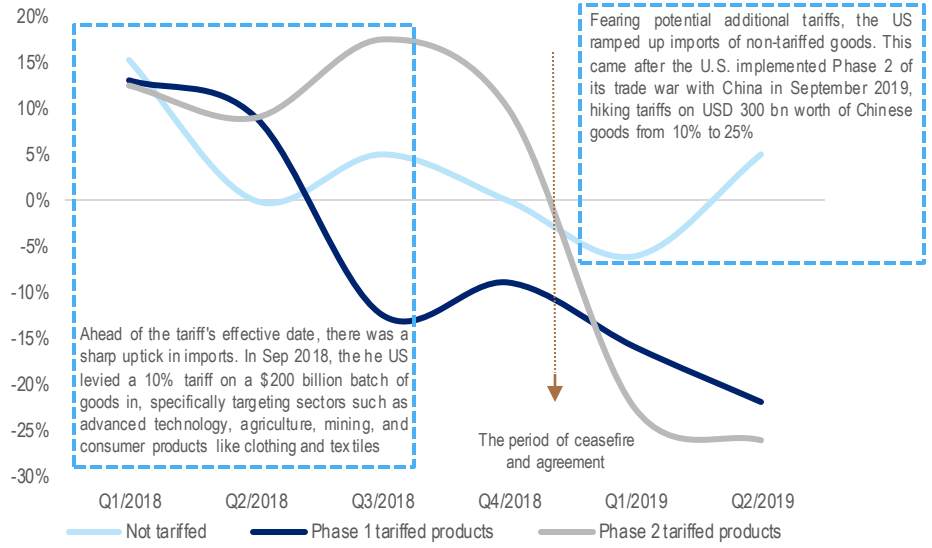
Logistics – Adapting to a dynamic environment

US imports by country and product type in 8M2024 (USD bn)



Source: US bureau statistics, Shinhan Securities Vietnam

Percentage changes in the value of US imports from China



Source: UNCTAD, Shinhan Securities Vietnam

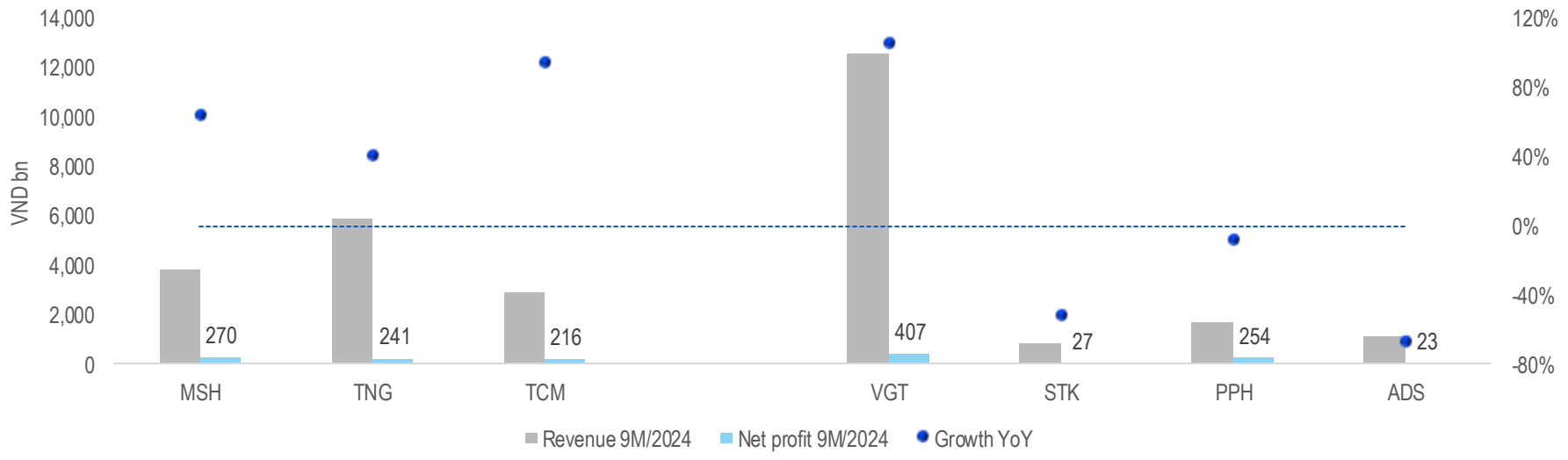
- Over the past 2 years, the U.S. economy has experienced a significant trade deficit. Imports have surged driven by demand for consumer goods, machinery, and semiconductors. To mitigate this trade deficit, we forecast that the U.S. will likely focus more on products such as components, vehicles, and electronic machinery rather than food products.
- Before the US imposed new tariffs on any products, based on 2018 data, we predicted a sharp increase in US imports for at least the 3 quarters prior to the tariff's implementation. The "frontloading" strategy had already caused ocean freight rates from Asia to the US to double in 2018.
- The imposition of steep tariffs on imports, particularly from China, is likely to disrupt global trade flows. This could lead to a significant shift in maritime shipping routes. As a result, ocean freight rates, especially on the trans-Pacific trade lanes, may experience a sharp increase. This disruption could reshape global supply chains, with countries such as Vietnam and India potentially emerging as alternative manufacturing hubs and export destinations.

03 Import – Export stock pick

TNG, MSH, TCM, STK, VHC, FMC, GMD & HAH

Profit growth differentiation among textile – garment enterprises

Business results of textile – garment enterprises

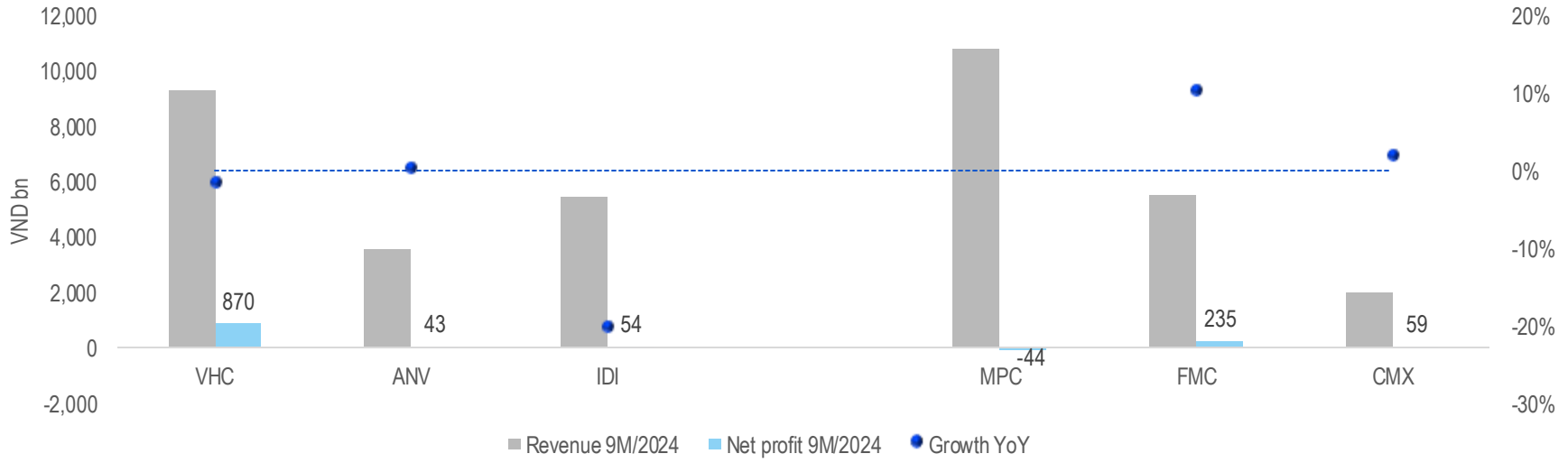


Source: Fiinpro, Shinhan Securities Vietnam

- Garment: In 9M/2024, apparel manufacturing businesses have seen a growth primarily driven by an increase in orders and recovering demand from major markets like the US and EU. TNG successfully expanded into new export markets, experienced a resurgence in orders from the US and EU, and focused on developing complex and challenging product lines. TCM saw an increase in orders from its Korean partner Eland and the Chinese market, while also reducing interest expenses. MSH signed numerous high-value orders and has a plentiful order book.
- Textile: In 9M/2024, with the exception of VGT which recorded a significant increase in profit, the remaining textile enterprises generally experienced a sharp decline in profits. VGT's improvement in order volume was attributed to its ability to capitalize on the shift in demand from markets such as China, Bangladesh, and Myanmar. Meanwhile, STK and PPH were adversely impacted by exchange rate fluctuations and a decrease in order volume. ADS was affected by volatile cotton prices and underutilized plant capacity.

Profit growth differentiation among fishery enterprises

Business results of fishery enterprises

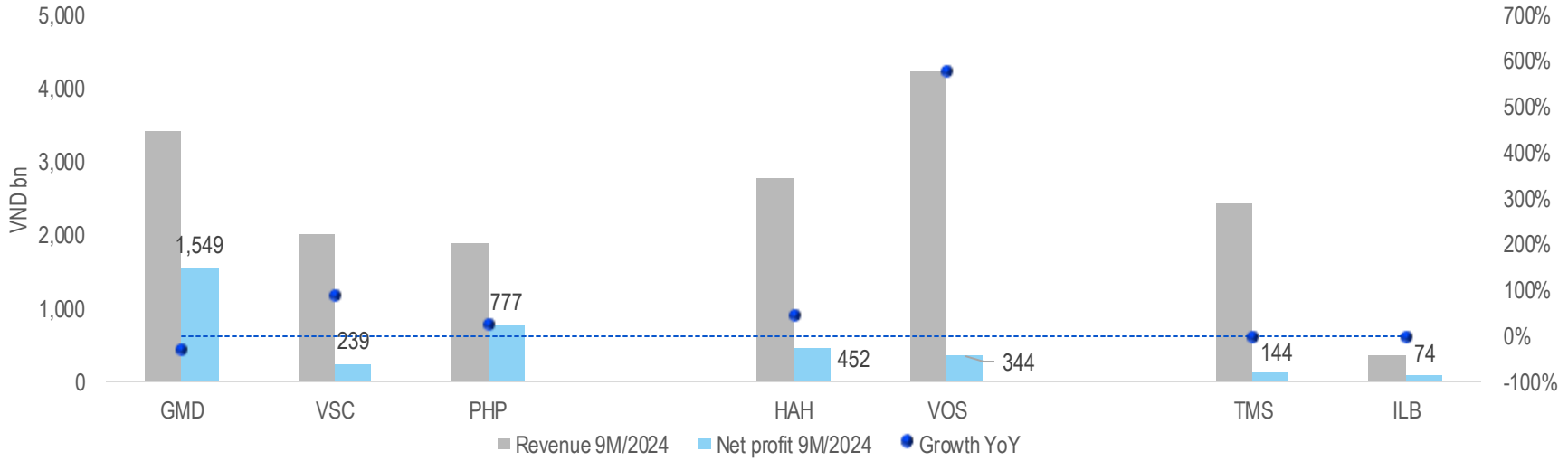


Nguồn: Fiinpro, Shinhan Securities Vietnam

- Pangasuis exporting companies: In 9M/2024, the profits of pangasuis exporting companies have remained relatively flat compared to the same period last year. Business performance has been significantly impacted by fluctuating shipping costs. For instance, ANV's transportation costs in the third quarter of 2024 tripled year-on-year, while VHC's increased by approximately 233%. However, there has been a surge in pangasuis exports during the third quarter of 2024, indicating a positive outlook for the industry in the coming year. Notably, VHC recorded its highest quarterly profit in the past four quarters during the third quarter of 2024.
- Shrimp exporting enterprises: In 9M/2024, the profits of shrimp exporting companies seen a more favorable trend. However, businesses also had to deal with increased shipping costs. Notably, in the third quarter of 2024, FMC recorded a record-breaking revenue. MPC reported a loss due to the performance of its shrimp seed and commercial shrimp farming companies compared to the same period last year.

Profit growth differentiation among logistics enterprises

Business results of logistics enterprises



Source: Fiinpro, Shinhan Securities Vietnam

- Port companies: In 9M/2024, the port companies reported robust business performance. Excluding the abnormal profit from divestment in 2023, GMD's core business is estimated to grow by 20% year-on-year. VSC experienced significant growth following the acquisition of Nam Hai Dinh Vu Port from GMD and the divestment of non-core assets. PHP recorded growth in its business performance and received a substantial profit from the compensation provided by Hai Phong City for the relocation of Hoang Dieu Port.
- Shipping companies: Thanks to the bustling maritime transportation activities and high freight rates, the shipping companies achieved positive business results. HAH has also benefited from new ships added from late 2023 to mid-2024, bringing in significant revenue for the company. VOS recorded a surge in profit from ship sales
- Warehouse companies: TMS has yet to experience a significant profit increase, despite steadily rising financial costs and declining profits from joint ventures.

Listed textile & garment enterprises

General Info				Price			Key financial ratios			Business result forecast		Valuation 25F	
No.	Ticker	Sector	Mkt.Cap (VND bn)	CP (VND)	TP (*) (VND)	Upside (%)	GPM TTM (%)	ROA TTM (%)	ROE TTM (%)	NPAT 2025 (VND bn)	NPAT growth 2024 (% YoY)	P/E (x)	P/B (x)
1	VGT	Textile & garment	7,600	15,200	-	-	9.5	1.0	2.9	-	-	-	-
2	TCM	Textile & garment	4,878	47,900	59,400	24.0	16.4	6.7	11.3	297	8.0	20.3	1.6
3	STK	Textile & garment	2,377	24,600	28,544	16.0	12.7	1.7	3.5	215	489.2	11.9	1.4
4	MSH	Textile & garment	4,005	53,400	58,000	8.6	14.0	8.9	19.9	390	20.3	11.1	2.6
5	TNG	Textile & garment	3,248	26,500	31,500	18.8	15.3	5.4	16.7	347	14.1	11.0	1.8
6	ADS	Textile & garment	676	8,850	-	-	7.7	1.2	3.5	-	-	-	-

(*) Target price (fair value) for the next 12 months
Source: Fiinpro, Shinhan Securities Vietnam
Data as of 12/24/2024

Listed fishery enterprises

General Info				Price			Key financial ratios			Business result forecast		Valuation 25F	
No.	Ticker	Main product	Mkt.Cap (VND bn)	CP (VND)	TP (*) (VND)	Upside (%)	GPM TTM (%)	ROA TTM (%)	ROE TTM (%)	NPAT 2025 (VND bn)	NPAT growth 2024 (% YoY)	P/E (x)	P/B (x)
1	VHC	Pangasius	16,609	74,000	84,000	13.5	12.8	7.0	10.2	1,253	16.9	15.0	2.3
2	ANV	Pangasius	5,431	20,400	22,200	8.8	11.5	0.8	1.4	230	130	20.6	1.8
3	MPC	Shrimp	6,014	15,000	-	-	9.3	0.5	1.0	-	-	-	-
4	FMC	Shrimp	3,102	47,450	53,200	12.1	10.0	7.8	13.6	401	29.3	8.6	1.9

(*) Target price (fair value) for the next 12 months
Source: Fiinpro, Shinhan Securities Vietnam
Data as of 12/24/2024

Listed logistics enterprises

General Info				Price			Key financial ratios			Business result forecast		Valuation 24F		
No.	Ticker	Sector	Mkt.Cap (VND bn)	CP (VND)	TP (**) (VND)	Upside (%)	GPM TTM (%)	ROA TTM (%)	ROE TTM (%)	NPAT 2024 (VND bn) (**)	NPAT growth 2024 (% YoY)	P/E (x)	EV/Sale (x)	EV/EBITDA (x)
1	GMD	Port services	27,918	65,700	70,000	6.5	43.9	9.4	14.7	1,758	11.9	18.1	2.2	10.4
2	HAH	Port services	6,164	50,800	54,000	6.2	25.0	7.3	15.5	758	19.6	9.6	1.6	2.2
3	VSC	Port services	4,631	16,150	18,100	12.0	31.6	3.4	5.9	370	17.0	20	1.3	2.5
4	ILB	Warehousing services	820	33,500	-	-	40.2	6.2	19.5	-	-	-	-	-
5	TMS	Warehousing services	7,230	42,700	-	-	16.8	3.4	6.7	-	-	-	-	-
6	VOS	Inland transport	2,506	17,900	-	-	3.0	15.2	24.1	-	-	-	-	-
7	VIP	Inland transport	1,027	15,000	-	-	20.8	4.6	5.1	-	-	-	-	-
8	VTO	Inland transport	1,233	15,450	-	-	24.5	7.2	10.3	-	-	-	-	-

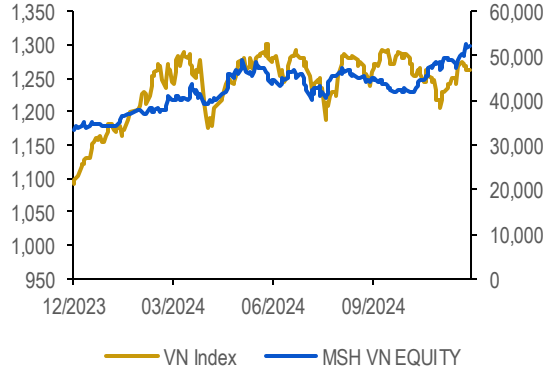
(*) Target price (fair value) for the next 12 months
(**) We exclude abnormal profit from asset disposals
Source: Fiinpro, Shinhan Securities Vietnam
Data as of 12/24/2024

Song Hong Garment Joint Stock Company (HOSE: MSH)

Target price (12 months)	58,000 VND
Current price (12/24/24)	53,400VND
Return (%)	8.6%

VN-INDEX	1,260
HNX-INDEX	228
Market Cap (bn VND)	4,005
Outstanding shares (mn)	75
Free-Floating (mn)	37
52-Wk High/Low (VND)	54,100/36,100
90-day avg. trading volume (mn)	0.18
90-day avg. turnover (bn VND)	10
Shareholders (%) Bui Duc Thinh	23.9
Shareholders (%) FPT Securities JSC	12.79

Performance	3M	6M	12M
Absolute (%)	10.5	13.3	45.4
Relative to VNIndex(%)	12.0	12.9	31.4



Go further

MSH is one of Vietnam's leading manufacturers of garments and bedding. With a current production capacity of approximately 96 million products per year (excluding the Xuan Truong factory), Song Hong Garment's export turnover is among the top in Vietnam's total of over 6,500 textile and garment enterprises, exceeding 300 million USD. Notably, exports to the US alone rank second in Vietnam, surpassing 200 million USD. After 35 years, MSH has established itself as a trusted manufacturer for renowned fashion brands such as Columbia Sportswear, Haddad Brands, GIII,…

Investment thesis & Catalyst

- The new Xuan Truong factory will be a growth driver in the medium and long term. The factory is expected to begin operations in 2025 and reach full capacity by 2027. This project is forecast to bring in approximately VND 1,500 bn in revenue, equivalent to 30% of current revenue, and increase capacity by about 25% compared to before
- The factory in Egypt has completed construction and is scheduled to begin production of export orders to the US from April 2025. We anticipate that this project will leverage (1) the cost advantage of labor force, (2) a favorable geographic location that shortens the transportation of goods to markets like the US and EU, and (3) the free trade agreement with Israel, providing opportunities to export goods from Egypt to the US with a 0% tariff rate
- Maintain a high dividend policy with an annual yield of approximately 6%

Outlook for 2025

- In 9M/2024, MSH recorded a net revenue of VND 3,852 bn (+14% YoY) and NPAT of VND 260 bn (+57% YoY). The increase in order volume and the signing of many high-value contracts were the main factors contributing to MSH's profit recovery. In 2025, we expect MSH's business performance to continue growth momentum, thanks to (1) the new Xuan Truong II plant and the plant in Egypt coming into operation, (2) abundant order volume, and (3) a focus on exporting high-value products

Downside risks: (1) World economic risk and (2) Slow down in demand.

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	4,478	5,521	4,452	5,817	6,398
OP (VND bn)	487	359	187	277	370
NP (VND bn)	442	375	245	324	390
EPS (VND)	5,897	4,998	3,260	4,303	5,200
OPM (%)	10.3	6.5	4.1	5.3	5.8
NPM (%)	9.3	6.8	5.4	6.2	6.1
ROE (%)	31.7	24.7	15.0	16.4	17.1
P/E (x)	8.9	6.6	11.1	15.4	11.1
P/B (x)	2.8	1.5	1.7	2.3	2.6

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

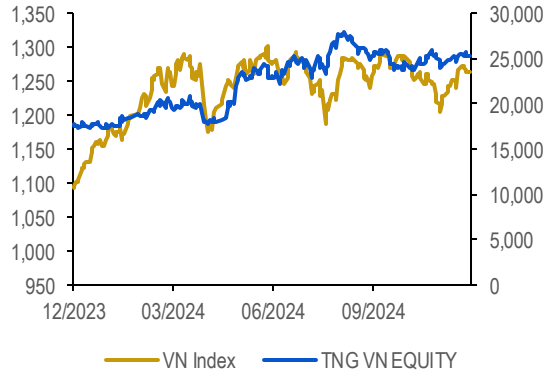
TNG Investment and Trading JSC (HNX: TNG)

TNG

Target price (12 months)	31,500 VND
Current price (12/24/24)	26,500VND
Return (%)	18.8%

VN-INDEX		1,260
HNX-INDEX		228
Market Cap (bn VND)		3,248
Outstanding shares (mn)		123
Free-Floating (mn)		58
52-Wk High/Low (VND)		29,000/16,667
90-day avg. trading volume (mn)		205
90-day avg. turnover (bn VND)		49
Shareholders (%)	Nguyen Van Thoi	18.53
	Nguyen Duc Manh	7.12

Performance	3M	6M	12M
Absolute (%)	0.0	13.2	42.5
Relative to VNIndex(%)	1.5	12.9	28.5



A long-term race

TNG is one of Vietnam's largest garment exporters, primarily engaged in industrial garment manufacturing for export and domestic production under the TNG brand. Recently, it has expanded into the real estate sector. TNG specializes in supplying garments to partners such as Decathlon, Columbia, Costco, Nike,…. Additionally, it exports cotton as a raw material for producing jackets for partner clients in India, Indonesia, and other markets. Currently, TNG is the only garment enterprise in Vietnam that fully meets all 17 UN ESG criteria, which has helped secure more production contracts with major brands

Investment thesis & Catalyst

- The recovery of key markets has led to an increase in the number of orders. Specifically, for the two main markets of the US and the EU, orders are expected to continue to increase thanks to low inventories, which is driving import demand.
- Expanding new export markets to Mexico and Singapore thanks to tariff preferences and market access commitments from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
- Gross profit margin improved thanks to the exploitation of product lines with high profit margins (such as jackets). Additionally, TNG focused on FOB orders (which have better profit margins than CMT orders), high-value orders amid the textile industry's gradual recovery, and continuously collaborated with new customers

Outlook for 2025

- In the first nine months of 2024, TNG recorded a net revenue of VND 5,884 bn (+8% YoY) and NPAT of VND 241 bn (+47% YoY). The strong business growth is attributed to successful expansion into new export markets, the recovery of orders from the US and EU, and a focus on exploiting complex, high-value product lines. We expect TNG's profits to continue to soar in 2025, driven by (1) the recovery of key export markets and (2) improved gross profit margin thanks to high-value product lines.

Downside risks: (1) Exchange rate risk, (2) Slow down in demand, (3) Supply chain disruption and (4) Payment risk

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	5,444	6,772	7,095	7,780	8,869
OP (VND bn)	398	553	519	590	670
NP (VND bn)	232	293	218	304	347
EPS (VND)	2,312	2,332	1,775	2,307	2,844
OPM (%)	7.3	8.2	7.3	7.5	7.5
NPM (%)	4.3	4.3	3.1	3.9	4.0
ROE (%)	17.8	18.5	13.0	14.5	15.2
P/E (x)	11.3	4.9	10.4	13.6	11.0
P/B (x)	2.1	0.9	1.3	1.6	1.8

Source: Company data, Bloomberg, Shinhan Securities Vietnam

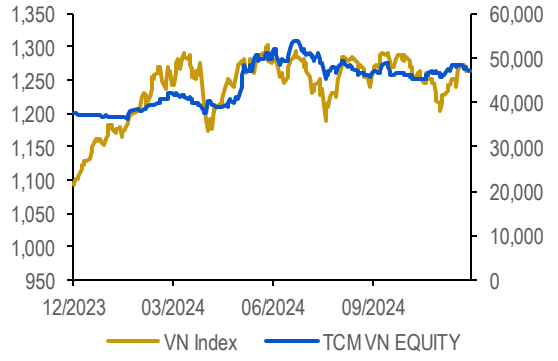
Shinhan Securities

Thanh Cong Textile Garment Investment Trading JSC (HOSE: TCM)

Target price (12 months)	59,400 VND
Current price (12/24/24)	47,900 VND
Return (%)	24.0%

VN-INDEX	1,260
HNX-INDEX	228
Market Cap (bn VND)	4,878
Outstanding shares (mn)	102
Free-Floating (mn)	44
52-Wk High/Low (VND)	54,400/36,091
90-day avg. trading volume (mn)	1.95
90-day avg. turnover (bn VND)	93
Shareholders (%) E-land	47.02
Nguyen Van Nghia	10.0

Performance	3M	6M	12M
Absolute (%)	1.9	-1.7	27.7
Relative to VNIndex(%)	3.4	-2.0	13.6



Thanh Cong comes back

TCM is one of the few textile enterprises in Vietnam that has a closed-loop production process, from yarn to knitting/weaving, dyeing, and sewing. This enables TCM to have a self-sufficient fabric supply, allowing it to benefit the most from the two trade agreements: CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) and EVFTA (Vietnam – EU Free Trade Agreement). Moreover, TCM is one of the leading textile enterprises in Vietnam with a garment manufacturing capacity of up to 18 million products per year. TCM's products are primarily exported to the US, Japan, Europe, South Korea, and China.

Investment thesis & Catalyst

- The TC Tower real estate project has been restarted in cooperation with DBFS Joint Stock Company, bringing growth prospects for TCM in the medium and long term. The project is expected to commence in early 2026, with projected revenues of 2,800 billion VND and profits of VND 1,100 bil
- The M&A deal with SY Vina enables TCM to solidify its closed-loop production process and expand its manufacturing capacity. With an additional capacity of over 8 million meters of fabric per year to complement its traditional knitted fabrics, a dyeing plant capable of processing more than 19.5 million meters of fabric annually, and a sewing factory producing over 69.6 million towel products per year, we anticipate that this acquisition will significantly contribute to the company's revenue and profit growth in the medium to long term.
- Strong order growth from the Asian market, particularly South Korea, is expected to continue. TCM's major client, E-land Group, is projected to increase orders in 2025, ensuring a stable order pipeline.

Outlook for 2025

- In 9M/2024, TCM recorded a net revenue of VND 2,885 bn (+15% YoY) and NPAT of VND 215 bn (+95% YoY). The strong business performance was driven by large orders from South Korean partner Eland and China. We expect TCM's profit to grow strongly in 2025, thanks to (1) the recovery of key export markets and (2) increased production capacity and optimization of the closed-loop production process from yarn-knitting/weaving-dyeing-sewing

Downside risks: (1) Exchange rate risk, (2) Slow down in demand, (3) Supply chain disruption and (4) Payment risk

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	3,535	4,337	3,325	4,465	4,911
OP (VND bn)	159	363	215	384	422
NP (VND bn)	143	279	132	275	297
EPS (VND)	1,189	2,331	1,101	2,696	2,915
OPM (%)	4.5	8.4	6.5	8.2	8.5
NPM (%)	4.0	6.4	4.0	5.9	6.0
ROE (%)	7.3	12.9	5.6	13.9	13.8
P/E (x)	38.4	18.3	33.6	17.4	20.3
P/B (x)	2.7	2.2	1.9	1.3	1.6

Source: Company data, Bloomberg, Shinhan Securities Vietnam

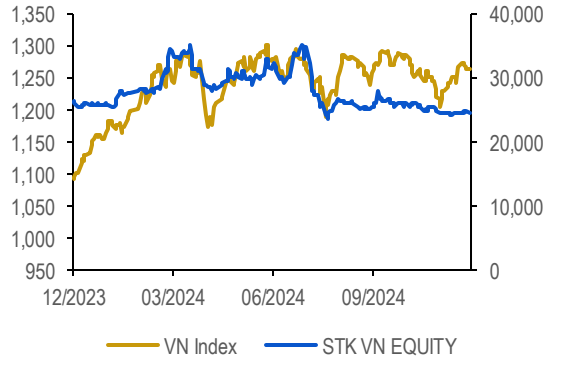
Shinhan Securities

Century Synthetic Fiber Corporation (HOSE: STK)

Target price (12 months)	28,544 VND
Current price (12/24/24)	24,600VND
Return (%)	16.0%

VN-INDEX	1,260
HNX-INDEX	228
Market Cap (bn VND)	2,377
Outstanding shares (mn)	97
Free-Floating (mn)	59
52-Wk High/Low (VND)	36,600/23,050
90-day avg. trading volume (mn)	0.05
90-day avg. turnover (bn VND)	1
Shareholders (%) Nguyen Van Thoi	18.53
Nguyen Duc Manh	7.12

Performance	3M	6M	12M
Absolute (%)	-8.6	-17.9	-3.5
Relative to VNIndex(%)	-7.1	-18.3	-17.6



Stepping over obstacles

STK is one of the leading synthetic yarn manufacturers in Vietnam, ranking third in terms of both sales market share and export value. The company's primary products are polyester filament yarns, including DTY (Drawn Textured Yarn), FDY (Fully Drawn Yarn), and recycled yarn. Notably, STK is prominent in producing recycled yarn using Chips Spinning technology, which contributes approximately 50% of the company's total revenue. STK's primary customers are foreign-invested enterprises (FDI) with factories in Vietnam (accounting for 70%) and textile mills based in Thailand, South Korea, and Japan (accounting for 17%).

Investment thesis & Catalyst

- Recycled fiber products are the driving force behind Sợi Thế Kỷ's medium and long-term growth. STK's strategy of focusing on high-quality recycled fibers aligns with the global trend of greening the textile industry, providing a competitive advantage through a focus on high-quality products and helping to improve gross profit margins
- Unitex Phase 1 is set to commence operations from early 2025, increasing our overall capacity by 60%. Upon becoming operational, we anticipate a 45% surge in revenue and a 46% increase in gross profit for STK compared to the average of the past five years
- The demand for textiles is showing a strong recovery.

Outlook for 2025

- In 9M/2024, STK recorded revenue of VND 876 billion (-18% YoY) and net profit after tax of VND 27 billion (-52% YoY). The decline in STK's revenue and net profit after tax was primarily due to weakening demand for raw materials and foreign exchange loss. We expect STK's profit to rebound in 2025, driven by (1) improved gross profit margin, (2) the commencement of operations at Unitex phase 1, and (3) a strong recovery in textile demand.

Downside risks: (1) Risk of weaker-than-expected demand recovery; (2) Risk of oil price volatility; (3) Risk of dumping from China; (4) Risk of exchange rate appreciation.

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	2,042	2,115	1,425	1,120	2,450
OP (VND bn)	276	290	112	81	270
NP (VND bn)	278	242	88	37	215
EPS (VND)	4,084	3,341	993	378	2,228
OPM (%)	19.1	13.7	7.9	7.3	11.0
NPM (%)	13.6	11.5	6.2	3.3	8.8
ROE (%)	22.1	15.7	5.4	2.2	11.7
P/E (x)	13.9	11.7	30.5	70.1	11.9
P/B (x)	2.5	2.5	1.6	1.5	1.4

Source: Company data, Bloomberg, Shinhan Securities Vietnam

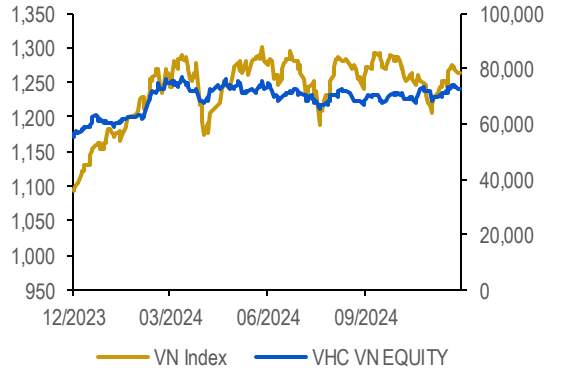
Shinhan Securities

Vinh Hoan Corporation (HOSE: VHC)

Target price (12 months)	84,000 VND
Current price (12/24/24)	74,000VND
Return (%)	13.5%

VN-INDEX	1,260
HNX-INDEX	228
Market Cap (bn VND)	16,609
Outstanding shares (mn)	224
Free-Floating (mn)	112
52-Wk High/Low (VND)	82,200/60,333
90-day avg. trading volume (mn)	0.62
90-day avg. turnover (bn VND)	49
Shareholders (%) Nguyen Van Thoi	18.53
Nguyen Duc Manh	7.12

Performance	3M	6M	12M
Absolute (%)	2.2	2.9	22.0
Relative to VNIndex(%)	3.7	2.6	7.9



Gradual recovery

Vinh Hoan Corporation is a leading pangasius enterprise in Vietnam, accounting for over 15% of the country's total pangasius export value. Vinh Hoan's primary export markets include the United States, the European Union, and China.

Investment thesis & Catalyst

- The natural production of white-fleshed fish, which directly competes with pangasius, has significantly decreased. Additionally, the losses incurred by Chinese tilapia farming could create a substantial opportunity for pangasius to become an attractive alternative in the US market.
- We expect the gross profit margin to improve thanks to a decrease in both farming and transportation costs. We expect soybean prices to gradually decline, which will reduce aquaculture feed costs in 2025. Additionally, transportation costs are not expected to increase significantly in 2025, thereby improving VHC's profit margin
- The story of expanding the ecosystem such as producing shrimp crackers, rice products, etc., will continue to be a bright spot in the medium and long term, helping to reduce dependence on the fluctuations of the pangasius export business.

Outlook for 2025

- In the first nine months of 2024, VHC recorded a net revenue of VND 9,329 bn (+22.1% YoY) and NPAT of VND 870 bn (-1% YoY). Revenue growth was observed across most business segments, with the pangasius segment contributing 5,099 billion VND (+17.8% YoY), primarily driven by a 21% YoY increase in production volume. However, profits in 9M/2024 were eroded by transportation costs and financial expenses (foreign exchange losses). For 2025, we forecast an 18% YoY growth in VHC's profits, driven by (1) an expected increase in US pangasius consumption as inventories remain low and Chinese tilapia production declines, and (2) an expected increase in catfish selling price by about 4% YoY and (3) a cooling of freight rates.

Downside risks: (1) disease risks and unfavorable weather conditions for aquaculture, (2) Risk of shortage in the supply of raw pangasius, (3) Risk of high transportation costs

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	9,054	13,231	10,039	12,147	13,361
OP (VND bn)	1,199	2,254	928	974	1,129
NP (VND bn)	1,107	2,013	974	1,071	1,226
EPS (VND)	5,933	10,771	3,994	4,513	5,159
OPM (%)	13.2	17.0	9.2	8.0	8.4
NPM (%)	12.2	15.2	9.5	8.8	9.3
ROE (%)	20.0	29.6	11.7	13	14.1
P/E (x)	10.5	6.5	15.1	17.4	15.0
P/B (x)	2.0	1.7	1.6	2.1	2.3

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

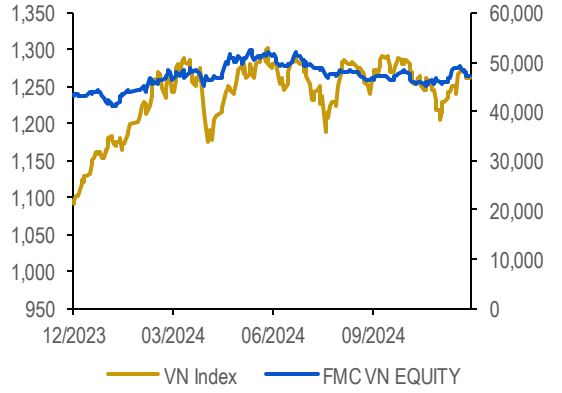
Sao Ta Foods JSC (HOSE: FMC)

FIMEX VN
A MEMBER OF THE PAN GROUP
THE PAN GROUP

Target price (12 months)	53,200 VND
Current price (12/24/24)	47,750VND
Return (%)	11.4%

VN-INDEX	1,260
HNX-INDEX	228
Market Cap (bn VND)	3,102
Outstanding shares (mn)	65
Free-Floating (mn)	15
52-Wk High/Low (VND)	55,000/42,500
90-day avg. trading volume (mn)	0.04
90-day avg. turnover (bn VND)	2
Shareholders (%) Nguyen Van Thoi	18.53
Nguyen Duc Manh	7.12

Performance	3M	6M	12M
Absolute (%)	-1.3	-5.7	3.6
Relative to VNIndex(%)	0.2	-6.0	-10.5



Shinhan Securities

Building endurance

Sao Ta Food Corporation is one of Vietnam's leading shrimp exporters, consistently ranking among the top 5 largest shrimp exporters in Vietnam. FMC is currently self-sufficient in 30% of its raw shrimp supply and owns a vast farming area of 505 hectares

Investment thesis & Catalyst

- We expect the Sao Ta and Tam An 2 Seafood Plants, which commenced operations in the first half of 2023, to gradually reach full capacity, meeting demand and increasing market share in export markets.
- Deep processing helps FMC maintain business efficiency, enhance the value of exported shrimp products on the global market, thereby maintaining market share in Japan (a market that demands meticulous processing techniques) and the US (in the face of pressure from the processed shrimp of Ecuador, India, and Indonesia).
- "Green production" and the application of technology in shrimp farming. The 200-hectare farming area of FMC, certified by ASC (Aquaculture Stewardship Council), will facilitate market penetration in Western Europe. Additionally, the application of technology to increase the success rate of farming and reduce production costs will enhance competitiveness compared to shrimp from Ecuador and India.

Outlook for 2025

- In 9M/2024, FMC recorded a net revenue of VND 5,549 billion (+44.7% YoY) and NPAT of VND 235 billion (+10.3% YoY). The significant increase in revenue was primarily driven by the strong performance of the shrimp segment, with a 32% YoY growth in sales volume and an approximately 11% YoY increase in selling price. However, the growth rate of net profit was lower due to a substantial increase of 131% YoY in selling expenses (FMC had to provision approximately VND 50 billion for CITP (POR 20) tax and VND 23 billion for anti-dumping tax on shrimp exports to the US market).
- For 2025, we forecast FMC's core profit to grow thanks to (1) increased capacity from Sao Ta 2 Seafood Plant and Tam An Plant leading to higher production, (2) recovery of VND 42 billion in CITP POR19 tax provisioned in 2023, and (3) a decrease in freight rates

Downside risks: (1) Competitive risks, (2) Risks of diseases and unfavorable weather conditions for cultivation, (3) Risks of input materials, (4) Risks of high transportation costs.

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	5,199	5,702	5,087	6,700	7,618
OP (VND bn)	265	307	292	300	385
NP (VND bn)	287	321	302	310	401
EPS (VND)	4,677	4,605	4,221	4,301	6,169
OPM (%)	5.1	5.4	5.7	4.5	5.0
NPM (%)	5.5	5.6	5.9	4.6	5.3
ROE (%)	22.4	15.7	13.9	13.9	14.2
P/E (x)	10.8	7.0	7.6	12.6	8.6
P/B (x)	1.7	1.0	0.9	1.6	1.9

Source: Company data, Bloomberg, Shinhan Securities Vietnam

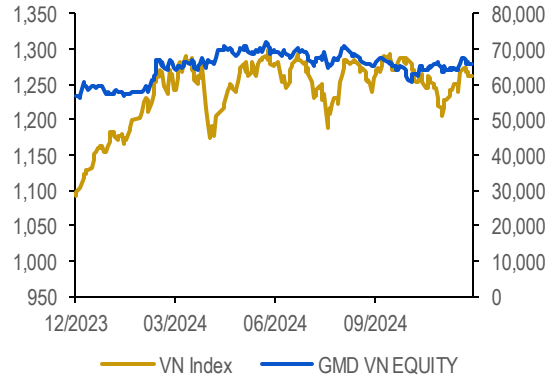
Gemadept Corporation (HOSE: GMD)

GEMADEPT CORPORATION

Target price (12 months)	70,000 VND
Current price (12/24/24)	65,700VND
Return (%)	11.6%

VN-INDEX	1,260
HNX-INDEX	228
Market Cap (bn VND)	27,198
Outstanding shares (mn)	414
Free-Floating (mn)	388
52-Wk High/Low (VND)	74,778/57,318
90-day avg. trading volume (mn)	1.01
90-day avg. turnover (bn VND)	65
Shareholders (%) VII FUND II,LP	13.81
SSJ Consulting VN	7.17

Performance	3M	6M	12M
Absolute (%)	-2.9	-6.5	12.3
Relative to VNIndex(%)	-1.5	-6.8	-1.8



Shinhan Securities

A solid foundation

GMD is one of the leading logistic companies in Vietnam, having modern and large-scale ports system, being located at critical economic positions. The main operating businesses: Port operation; logistic activities. GMD owns a total of 7 seaports, with an annual capacity of up to 5 million TEUs and 5 million tons of bulk cargo.

Investment thesis & Catalyst

- We expect strong import-export activity in 2025 thanks to peak seasons in the US and EU, coupled with pre-emptive stockpiling ahead of potential tariff changes.
- Core profit is expected to continue growing due to port service prices, which are expected to maintain a growth momentum of 5-8% per year. In 2025, we expect GMD's throughput to grow by 9.5% YoY as Nam Dinh Vu Port Phase 2 and Gemalink Port have operated at near full capacity in 2024. Additionally, Gemalink is continuously signing cooperation agreements with shipping lines, adding many new shipping routes, which is expected to bring in more new shipping lines to the port
- Furthermore, in 2025, GMD will proceed with legal procedures and construction for Phase 3 of Nam Dinh Vu Port and Gemalink 2A, aiming to commence operations in the first and third quarters of 2026, respectively. This will contribute an additional 1.4 mn TEU of capacity to GMD from 2026, resulting in a 20% increase in overall capacity

Outlook for 2025

- In 9M/2024, GMD recorded a total revenue of VND 3,241 billion, +22% YoY. However, its NPAT declined by 45.5% YoY. Excluding the impact of divestments, GMD's core profit is estimated to increase by approximately 35% YoY. The company's strong business performance was driven by the recovery in container volume, with significant growth of 12% and 97% YoY at Nam Dinh Vu Port and Gemalink Port, respectively. We forecast that GMD's core profit will continue to grow in 2024, supported by (1) a 5-8% increase in service fees, while the throughputs are expected to grow modestly at 9.5% YoY.

Downside risks: (1) World economic risk and (2) Slow down in demand.

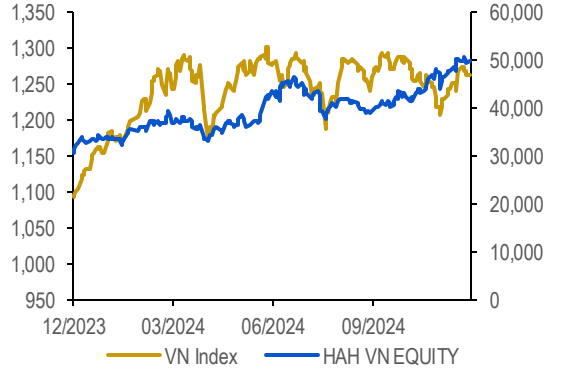
Year to Dec	2021	2022	2023	2024F	2025F
Core revenue (VND bn)	3,206	3,916	3,846	4,181	4,621
OP (VND bn)	693	1,104	1,116	1,322	1,500
Core NP (VND bn)	721	1,157	1,061	1,540	1,758
EPS (VND)	1,869	3,054	2,366	3,876	4,373
OPM	21.6	28.2	29.0	31.6	32.5
NPM	19.1	25.4	27.6	29.8	31.2
ROE (%)	10.0	15.0	10.1	14.2	14.1
P/E (x)	33.7	20.6	26.6	20.0	18.1
P/B (x)	2.9	2.6	2.2	2.5	2.2

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Hai An Transport & Stevedoring JSC (HOSE: HAH)

Target price (12 months)	54,000VND
Current price (12/24/24)	50,800 VND
Return (%)	6.2%
VN-INDEX	1,260
HNX-INDEX	228
Market Cap (bn VND)	6,164
Outstanding shares (mn)	121
Free-Floating (mn)	46
52-Wk High/Low (VND)	51,300/32,000
90-day avg. trading volume (mn)	248
90-day avg. turnover (bn VND)	116
Shareholders (%)	Hai Ha Investment and Transport JSC 16.8

Performance	3M	6M	12M
Absolute (%)	23.1	20.4	53.1
Relative to VNIndex(%)	24.6	20.1	39.1



Keep the ball rolling

Hai An Transport and Handling Joint Stock Company (HAH) is one of the leading shipping enterprises in Vietnam. Hai An is one of the few companies with a complete value chain in the shipping industry. Hai An provides a full range of shipping services including freight services (for North-South routes and international maritime routes), shipping agency, port operation services through Hai An port (such as receiving ships, loading, and unloading goods), warehousing services (withdrawing and storing goods) and logistics services. The complete value chain helps Hai An operate efficiently and optimize costs.

Investment thesis & Catalyst

- We expect strong import-export activity in 2025 thanks to peak seasons in the US and EU, coupled with pre-emptive stockpiling ahead of potential tariff changes.
- Expanding the fleet contributes to increased capacity. HAH has successfully added 4 new vessels in Q3/2024 and continues to approve ship purchase plans in October 2024. Upon completion, HAH's fleet size will reach 16 vessels with a total carrying capacity increasing by up to 15%, reaching 26,500 TEU.
- HAH is actively forming joint ventures with shipping companies ZIM and ONE (expected in Q4/2024) to explore new shipping routes and increase operational output. The cooperation with ZIM and ONE has already started generating profits since Q2/2024, and it is expected that profits will continue to improve in the coming years.

Outlook for 2025

- In 9M/2024, HAH recorded a net revenue of VND 2,781 bn (+43% YoY) NPAT of VND 452 bn (+42.1% YoY). HAH has put three new vessels into operation, along with increased cargo volume and freight rates. For 2025, we forecast HAH's core profit to continue growing driven by (1) new vessels received in 2024 with favorable freight rates, expected to increase by around 10% compared to the beginning of 2024, (2) the opening of new intra-Asia routes, and (3) the expected positive demand on intra-Asia routes before new tariff policies.

Downside risks: (1) World economic risk , (2) Slow down in demand and (3) Rising fuel costs

Year to Dec	2021	2022	2023	2024F	2025F
Revenue (VND bn)	1,955	3,206	2,613	3,844	4,042
OP (VND bn)	629	1,308	447	803	950
NP (VND bn)	551	1,041	358	634	758
EPS (VND)	9,133	11,699	3,648	4,712	5,635
OPM	32.2	40.8	17.1	20.9	23.5
NPM	28.2	32.5	13.7	16.5	18.8
ROE (%)	28.9	36.1	11.2	16.3	16.1
P/E (x)	5.4	4.2	13.6	10.1	9.6
P/B (x)	1.6	1.5	2.0	1.7	1.6

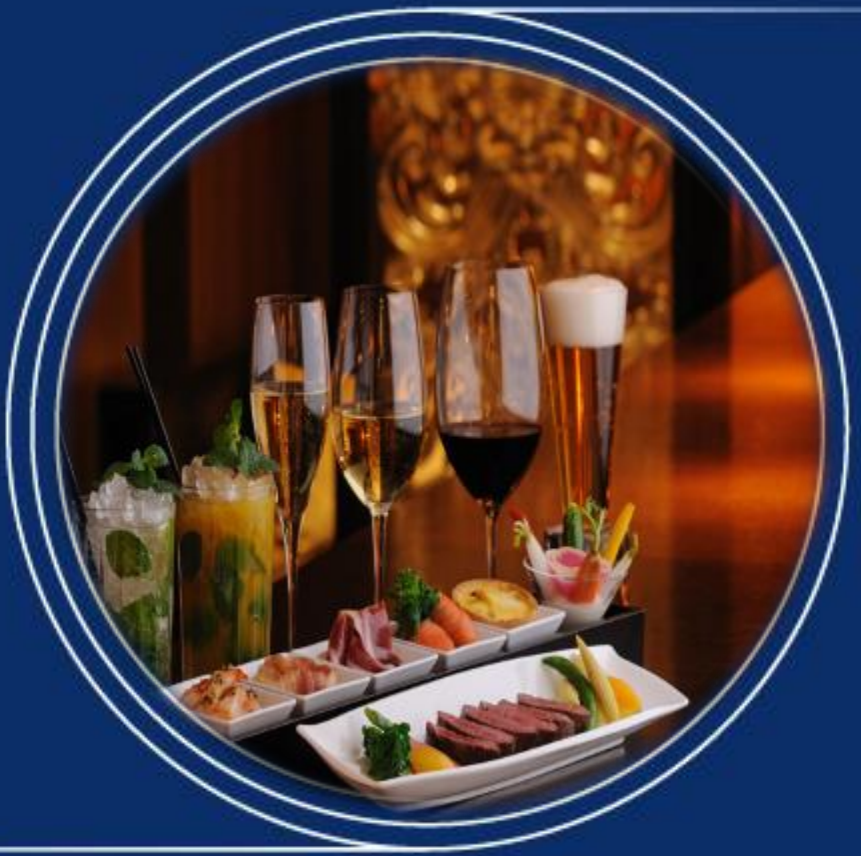
Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

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Food and Beverage

The recovery of consumption



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Content

1. F&B sector 2024: Tightened spending remained a prominent feature

The tightening trend in spending still remained a prominent feature of 2024, however the long-term outlook opens up many bright opportunities for the F&B sector in Vietnam.

2. Outlook for F&B sector 2025

Sugar industry: Sugar price is projected to maintain at a high level and support profits for companies in sugar industry.

Beer industry: Increasing excise tax may affect business results in the short term but will soon recover

Dairy industry: Projected to grow at the compound rate of 4.1%/year until 2028 while the rise of imported raw materials will soon fade

3. Investment opportunities

QNS, SAB, VNM & MSN

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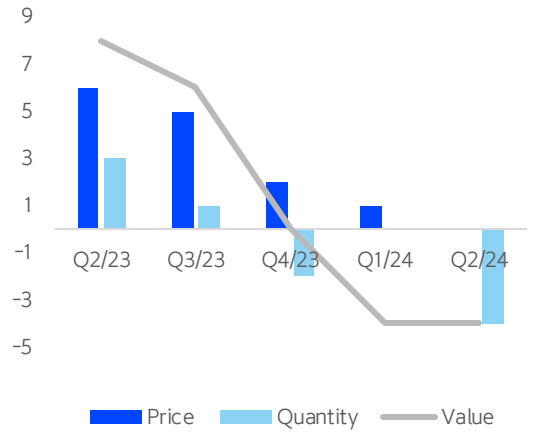
F&B sector 2024: Tightened spending remained a prominent feature

The tightening trend in spending still remained a prominent feature of 2024, however the long-term outlook opens up many bright opportunities for the Food and Beverage sector in Vietnam.

1. F&B sector 2024: Tightened spending remained a prominent feature

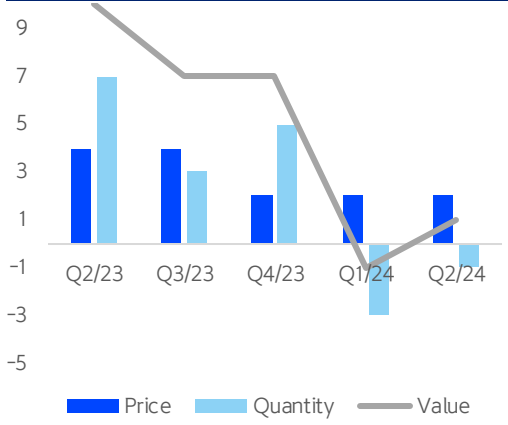
FMCG consumption declined in both urban and rural areas in comparison to the last year's same period

FMCG expenditure change in urban areas (% YoY)



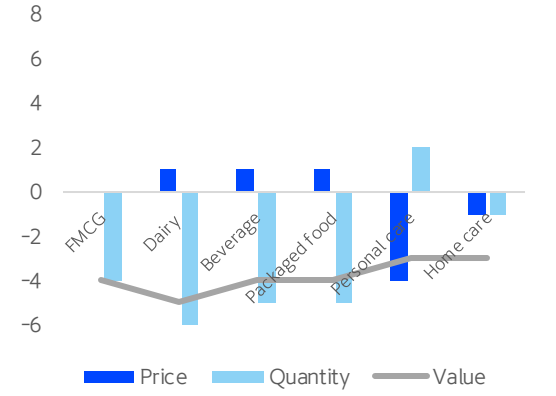
Source: Kantar World Panel, Shinhan Securities Vietnam

FMCG expenditure change in rural areas (% YoY)



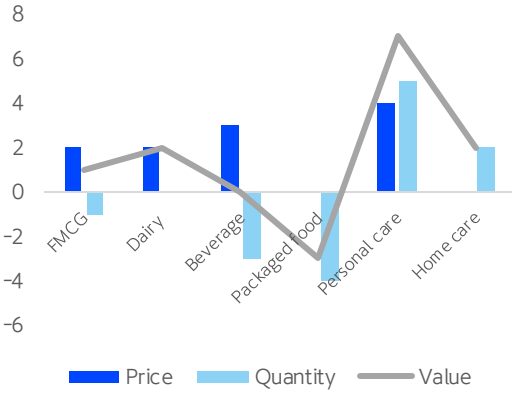
Source: Kantar World Panel, Shinhan Securities Vietnam

Detail FMCG expenditure change in urban areas Q2 (% YoY)



Source: Kantar World Panel, Shinhan Securities Vietnam

Detail FMCG expenditure change in rural areas Q2 (% YoY)



Source: Kantar World Panel, Shinhan Securities Vietnam

Data shows that FMCG consumption at home has declined since the beginning of the year in both areas. The increase in selling prices has not been able to compensate for the decrease in consumption volume, leading to a decline in total expenditure. Urban areas were hit harder by the economic difficulties with spending falling 4% YoY in both quarters, while rural areas showed signs of recovery in Q2.

Negative growth resulted mainly from the Food and beverage sector. The reasons for the impact on the dairy sector include a declining birth rate, an increasing breastfeeding rate and fierce competition with nutritional alternatives. For beverages, **Decree 100*** continued to hamper beer growth. For packaged foods, basic cooking spices were competing with more convenient cooking products.

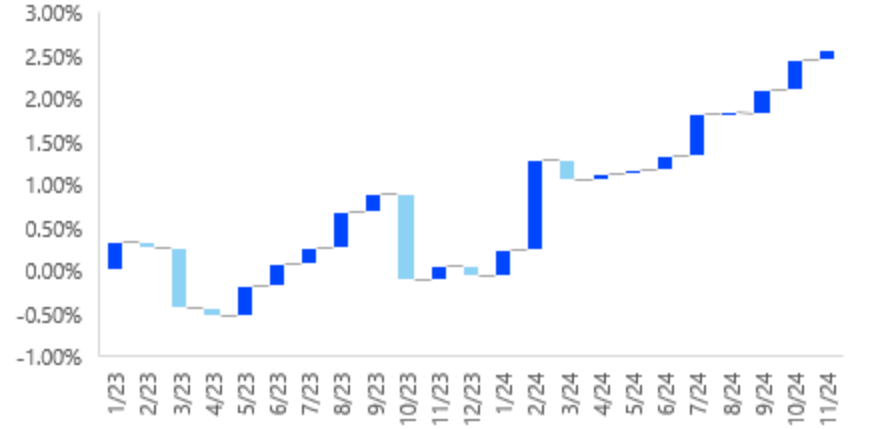
On the other hand, Personal Care and Home Care both saw an increase in expenditure in both sectors as the trend towards better health and living environment attracted more attention.

**Decree 100/2019/ND-CP is a regulation on administrative penalties for violations when participating in road traffic and rail transport.*

1. F&B sector 2024: Tightened spending remained a prominent feature

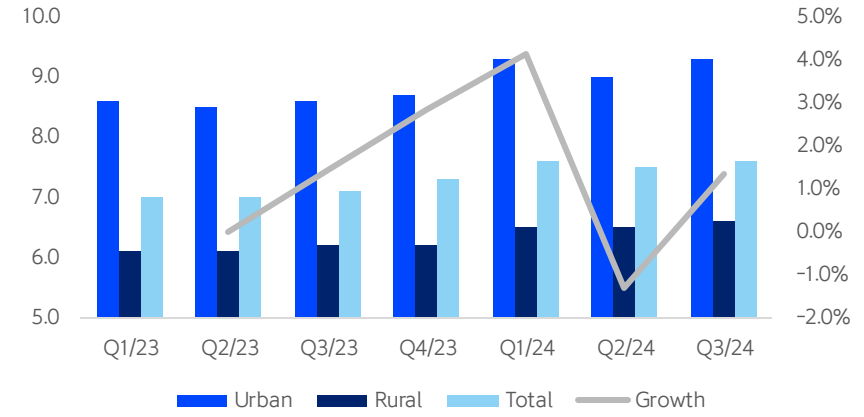
The disproportionate growth between income and commodity prices was the main reason why consumers reduced their spending on FMCG products.

Consumer Price Index (%)



Source: GSO, Shinhan Securities Vietnam

Per capita income (millions VND/month)



Source: GSO, Shinhan Securities Vietnam

CPI in the first 11 months increased by 2.64%. The average price index of food and catering services in 11 months increased by 4.05% YoY, causing the overall CPI to increase by 1.36 percentage points. Of which, the price index of:

- The victuals group increased by 12.91%, causing the CPI to increase by 0.47 percentage points (rice prices increased by 16.96%, causing the overall CPI to increase by 0.43 percentage points);
- The eating out group increased by 4% due to increased consumer demand and labor costs;
- The food group increased by 2.61%, causing the overall CPI to increase by 0.56 percentage points;

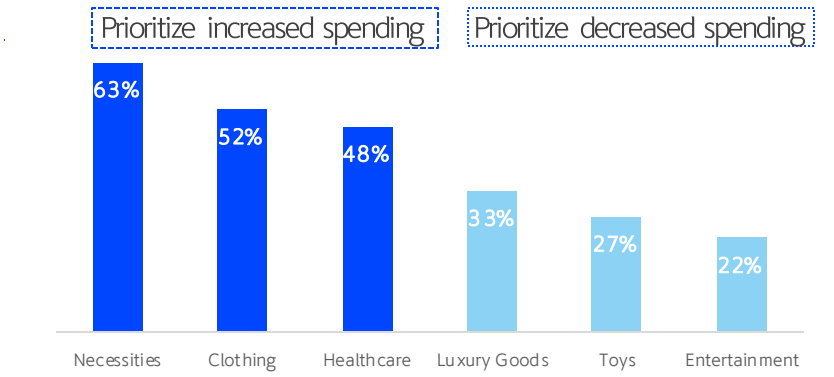
However, the growth rate of per capita income was quite modest, leading to pressure on household budgets, combined with cautious sentiment due to fears of recession reduced consumers' purchasing power. The average income per capita nationwide as of the end of Q3 was 7.6 million VND/month, which had grew around 4% since the beginning of the year at 7.3 million VND/month.

1. F&B sector 2024: Tightened spending remained a prominent feature

Rising prices and affordability are the top challenges facing Vietnamese consumers.

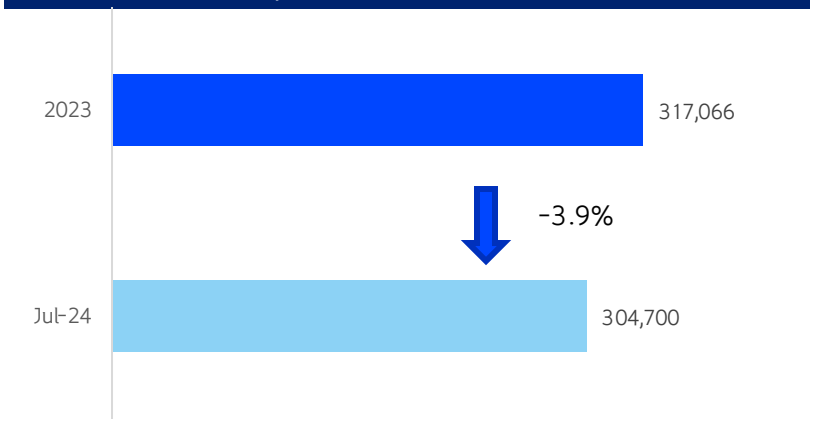
According to a survey report by PwC in August 2024, rising prices and ensuring affordability were the main concerns of Vietnamese consumers. In general, they tended to spend more cautiously through (1) cutting back on non-essential items such as luxury goods, entertainment products, books/newspapers; (2) prioritizing essential products/services such as necessities, clothing and healthcare.

Expected consumer spending level



Source: PwC, Shinhan Securities Vietnam

Number of F&B enterprises



Source: iPos, Shinhan Securities Vietnam

As of July 2024, Vietnam recorded 304,700 F&B enterprises, -3.09% compared to the end of 2023. At least 30,000 have closed nationwide, along with a somewhat limited number of new openings. In particular, Ho Chi Minh City was the most heavily affected area with the number of stores decreasing by 5.97%. In Hanoi, the number of stores gained a slight growth of about 0.1%. This partly reflects the difficulties and great competitive pressure in the industry, but at the same time also plays a role in improving the industry structure when weak businesses are eliminated.

This is also an opportunity to expand market share for businesses with strong potential and development strategies that are able to adapt to new consumer trends.

02

Outlook for F&B sector 2025: The recovery of consumption

Sugar industry: Sugar price is projected to maintain at a high level and support profits for companies in sugar industry.

Beer industry: Increasing excise tax may affect business results in the short term but will soon recover

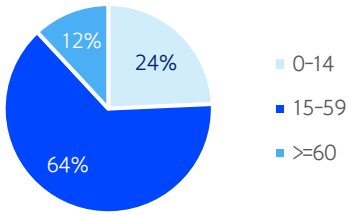
Dairy industry: Projected to grow at the compound rate of 4.1%/year until 2028 while the rise of imported raw materials will soon fade

2. Outlook for F&B sector 2025

F&B is still a potential industry in the long term thanks to the favorable demographic factors

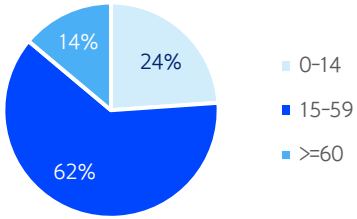
Advantages from the golden population structure which is expected to maintain until at least 2036

Population structure by age 2019 (%)



Source: GSO, Shinhan Securities Vietnam

Population structure by age 2023 (%)



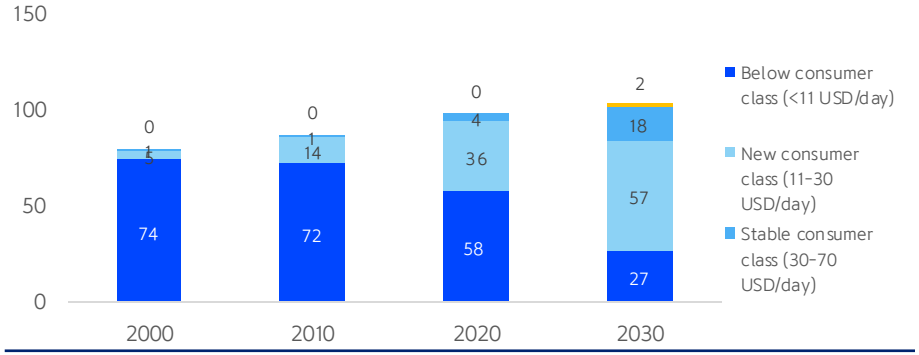
Source: GSO, Shinhan Securities Vietnam

While experiencing the aging trend, Vietnam still possesses the golden population structure and is expected to maintain it until at least 2036 (according to the United Nations Population Fund).

The high proportion of the population aged 15-59 (62.2% by the end of 2023) will bring many driving forces for growth in general and the Food and Beverage industry in particular thanks to diverse consumer demand, the ability to expand income and modern consumption habits. Along with that are the challenges of product innovation and upgrading to meet the ever-changing needs of consumers.

The expansion of the middle class creates momentum for consumption in the long term

Population structure by income (millions people)



Source: McKinsey, Shinhan Securities Vietnam

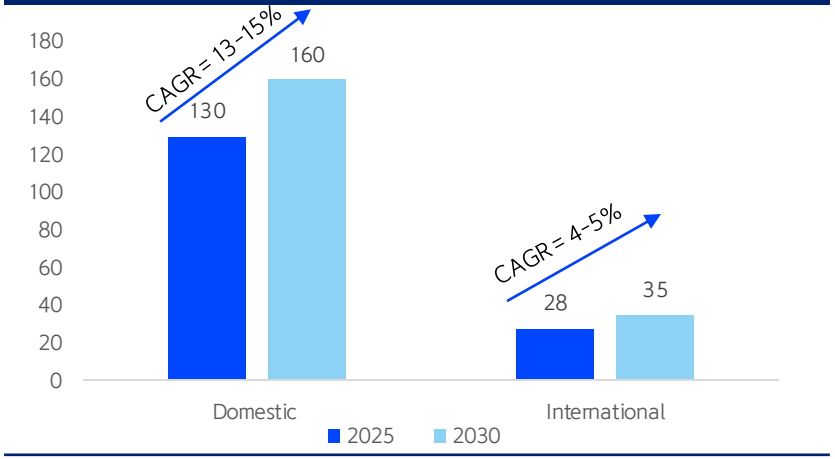
According to a McKinsey report, Vietnam could welcome additional 37 million people into the consumer class by 2030 (defined as those who spend at least $11 a day on purchasing power parity method).

In 2000, less than 10% of Vietnam's population was in the consumer class, but that number has now risen to 40%. By 2030, that figure could reach nearly 75%. The increased purchasing power will come not only from those entering the consumer class for the first time, but also from the expansion of incomes to higher levels of consumption.

2. Outlook for F&B sector 2025

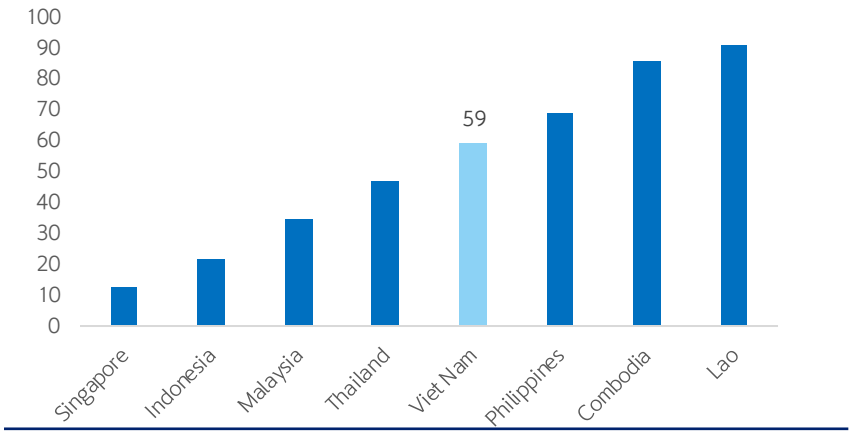
Besides, the potential for tourism development is also an important driving force to boost consumption and promote Vietnam F&B to the world market.

Number of tourists according to Government planning (millions)



Source: Government, Shinhan Securities Vietnam

Tourism & Travel Development Index 2024



Source: WEF, Shinhan Securities Vietnam

According to the recent 2024 Tourism & Travel Development Index (TTDI) ranking of the World Economic Forum (WEF), Vietnam ranked 59/119 globally and ranked 5th in the East Asia – Pacific region.

According to the Prime Minister's approval of the tourism system planning for the period 2021 – 2030, the goal is to welcome 25-28 million international visitors and 130 million domestic visitors by 2025. In 2030, it is expected to welcome 35 million international visitors and 160 million domestic visitors, contributing 13-14% to GDP.

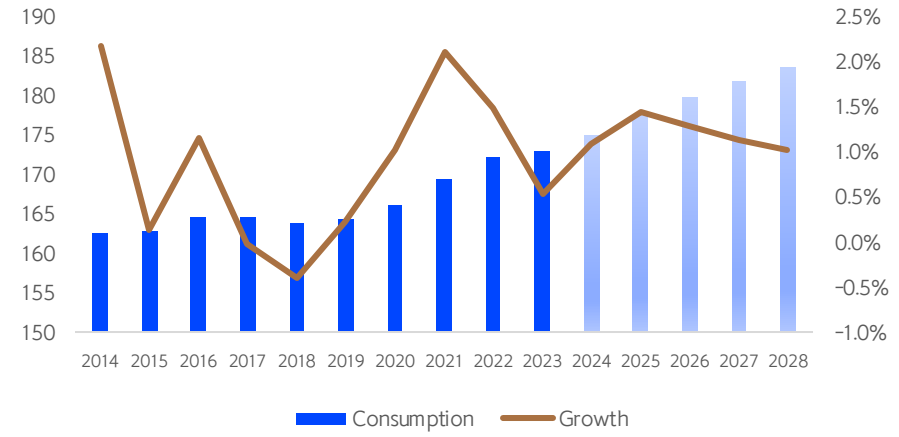
2. Outlook for F&B sector 2025: Sugar

Global Sugar Industry: Expected to maintain a CAGR of 1.2% per year in 2024-2033 period

Global sugar consumption has grown at a CAGR of 0-2% over the past decade. According to the OECD, global sugar consumption is expected to grow at a CAGR of 1.2% over 2024-2033 to reach 198 million tonnes, which is equivalent to the per capita consumption of 22.8 kg/person in 2033. The growth momentum comes from low and middle-income countries in Asia and Africa, where per capita consumption is low.

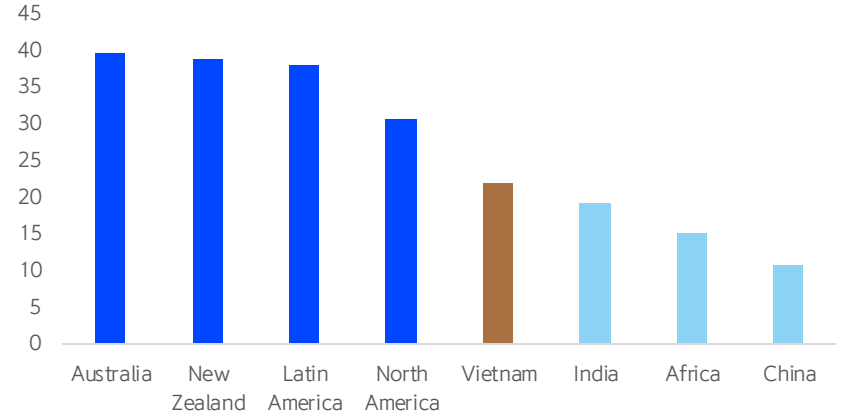
Despite efforts to find substitutes, sugar will remain the main source of sweeteners providing energy, accounting for up to 80% of the total in the next decade (according to OECD forecast).

Global sugar consumption (millions tonnes)



Source: OECD, Shinhan Securities Vietnam

Per capita sugar consumption 2023 (kg/person)



Source: OECD, Shinhan Securities Vietnam

Currently, the gap in sugar consumption between countries is quite large. In Africa and Asia (China and India), sugar consumption per capita remains low (under 20 kg/person). Meanwhile, in other developed regions such as Europe, America and Oceania, per capita consumption is high but tends to decrease in the future due to health concerns.

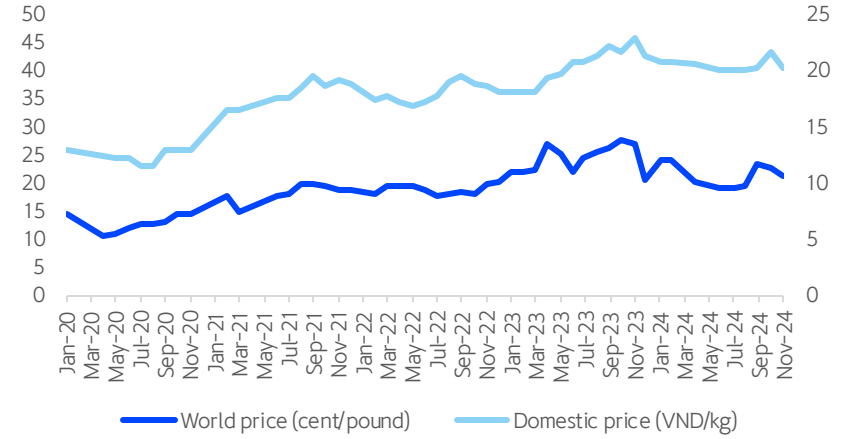
2. Outlook for F&B sector 2025: Sugar

Sugar price forecast: Projected to maintain at a high level and support profits for companies in sugar industry

World sugar price has generally been anchored at a fairly high level in recent years. After peaking in November 2023, world sugar price cooled down in 2024, mainly due to the recovery of sugar supply in Brazil when the weather was more favorable (El Nino weakened), helping sugar production increase again. On the other hand, sugar production in the 2023/2024 crop year of Thailand and India also showed better figures than forecast.

However, India (the world's second largest sugar producer, after Brazil) banned sugar exports indefinitely starting in October 2024 due to food security concerns, combined with forest fires and droughts that devastated sugarcane fields in Brazil, has caused world sugar price to rebound since September 2024 and are currently maintained at 20-21 cents/pound (equivalent to about 11-12 thousand VND/kg).

World sugar price (left) and domestic sugar price (right)



Nguồn: Bloomberg, Agromonitor, Shinhan Securities Vietnam

Domestic sugar price is relatively in line with world sugar price when it rebounded in July and has now increased by about 4% since the beginning of the year, maintaining at around 21-22 thousand VND/kg.

According to OECD forecast, world sugar price in 2025 may decrease slightly due to favorable cultivation. However, we suppose that domestic sugar price will still remain at a relatively high level compared to history. Businesses in the industry are expected to benefit from the high anchoring of sugar price.

Please note that in addition to the influence of world sugar prices, domestic sugar prices are also affected by seasonal factors, antidumping policies on Thailand sugar and illegal sugar importation.

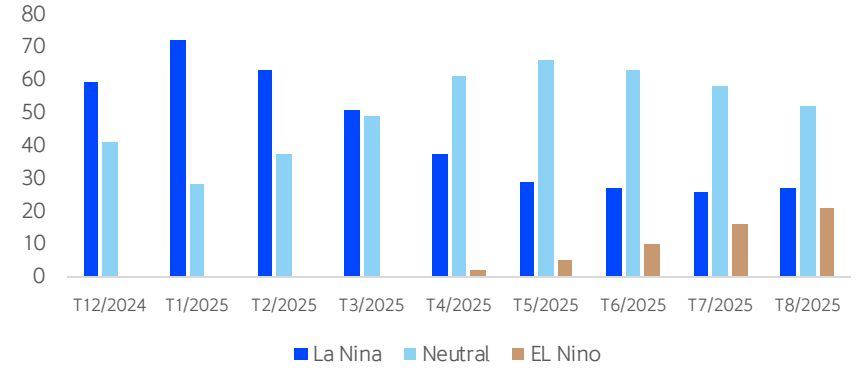
2. Outlook for F&B sector 2025: Sugar

Sugar price forecast: Projected to maintain at a high level and support profits for companies in sugar industry

According to the official forecast of the CPC (United States Weather Prediction Center) released in November, La Nina shall start sometimes around October-December 2024 with a probability of 57%. This situation may last until February, but most of 2025 will be in the neutral ENSO phase. Thus, the climate conditions for next year will be relatively favorable for global sugarcane cultivation and harvesting.

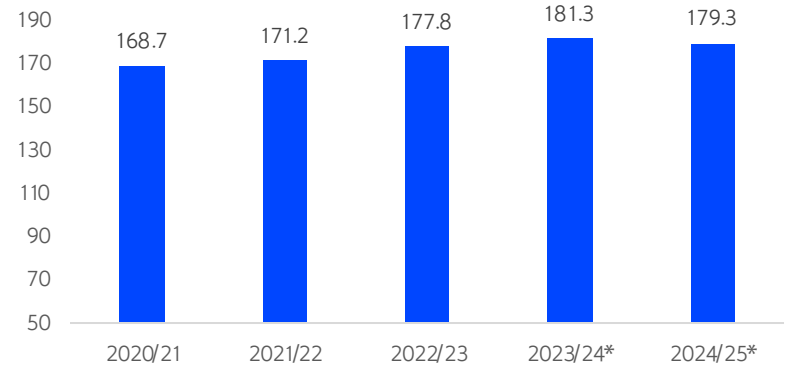
Global sugar production is expected to reach 179.3 million tonnes for the 2024/25 crop, decreasing slightly from 181.3 million tons in the previous crop year but still at a high level compared recent years. OECD forecasts that world sugar price is expected to decline slightly due to more favorable cultivation, but still at a high level in the last 5 years.

ENSO probabilities (%)



Source: CPC, Shinhan Securities Vietnam

Estimated global sugar production (millions tonnes)



Source: Agromonitor, Shinhan Securities Vietnam

One factor that should be tracked is that rising oil price could be a risk to the forecast, as higher oil price will encourage the use of sugarcane for ethanol production instead of sugar.

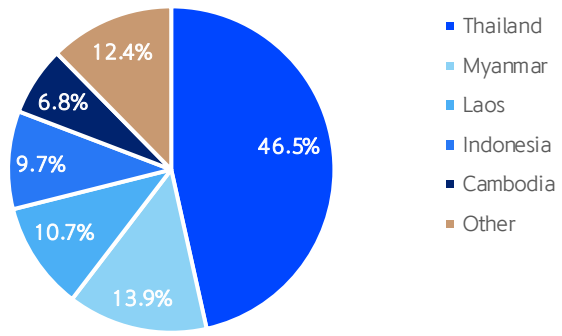
Please note that in Brazil, when ethanol price is 70% below gasoline price, it is much more profitable to use ethanol instead of gasoline. In India, the implementation of policies to promote biofuel development will put further pressure on sugarcane resources, with the Ethanol Blended Petrol Program (EBP) aiming for a 20% ethanol blend in gasoline (E20) by 2025/26. Any further policy developments that promote ethanol production could impact sugar production.

2. Outlook for F&B sector 2025: Sugar

Tax policy on imported sugar supports domestic enterprises

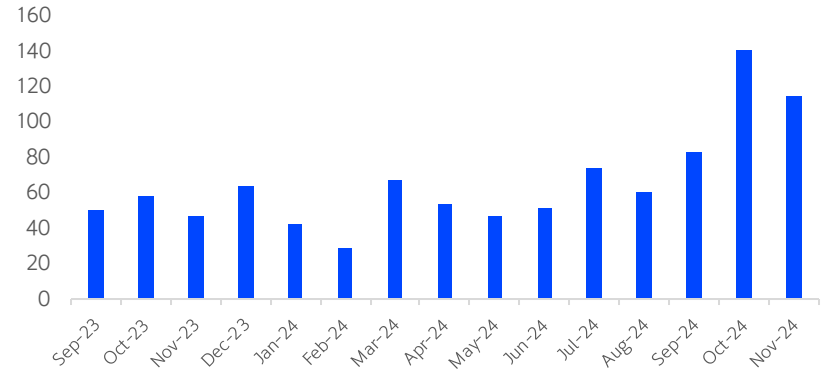
The current structure of the domestic sugar industry only meets about 1/3 of the total demand, which means we still depend a lot on imported sugar, including official imports (mainly Thai sugar with a proportion of nearly 50%) and illegally imported sugar.
Thai sugar is cheaper than Vietnamese sugar due to advantages in raw material resources and lower production cost. Under pressure from dumping and subsidies of imported sugar which caused harm to domestic enterprises, the Vietnamese government has adopted a number of policies to protect the domestic sugar industry.

Import structure of raw sugar and refined sugar 9M/2024



Source: Agromonitor, Shinhan Securities Vietnam

Officially imported sugar output (thousandstonnes)



Source: Agromonitor, Shinhan Securities Vietnam

The protection policies currently in effect are:

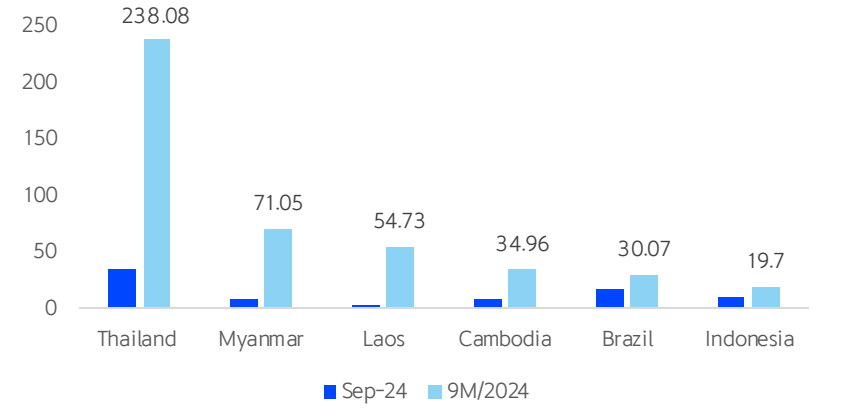
- Import tariff quota: In 2024, Vietnam set a sugar import quota of 126,000 tons, of which 121,000 tons have been allocated through auctions.
- Import tax: Sugar imported within the quota is subject to preferential tax rates according to commitments (Example: 5% for refined sugar under ATIGA*). Sugar outside the quota is subject to higher tax rates, up to 80-85% to limit uncontrolled imports.
- Anti-tax evasion measures: Vietnam has imposed anti-dumping and anti-subsidy taxes on sugar from Thailand since 2021. In addition, if sugar imported from Cambodia, Indonesia, Laos, Malaysia and Myanmar uses raw materials from Thai sugar, the same tax rate as for Thailand will also be applied (starting from 2022). The total applicable tax rate is 47.64%, of which the anti-dumping tax is 42.99% and the anti-subsidy tax is 4.65%.

ATIGA: ASEAN Trade in Goods Agreement*

2. Outlook for F&B sector 2025: Sugar

Thailand retained its dominant position in import quantity in 9M/2024

Raw and refined sugar imports by country (thousands tonnes)



Source: Agromonitor, Shinhan Securities Vietnam

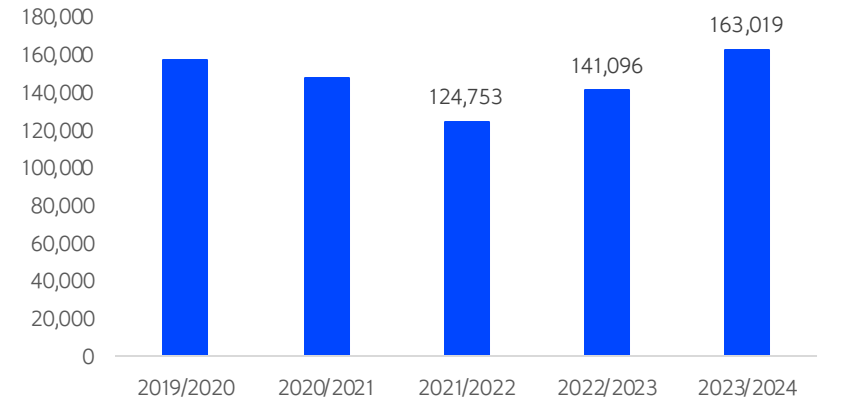
In September, Vietnam's raw sugar import reached nearly 51 thousand tonnes, increasing from the previous month but still decreased 43% YoY (September 2023: 89.3 thousand tonnes). Refined sugar import was about 31.59 thousand tons, +34.59% MoM and +40.4% YoY (September 2023: 22.5 thousand tonnes).

Import prices fluctuated around 483-559 USD/ton CFR for raw sugar and 594-764 USD/ton CFR for refined sugar.

Accumulated in 9M, Thailand still held the leading position with a total import volume from the beginning of the year of about 238.08 thousand tonnes. Following are Myanmar, Laos and Cambodia, respectively...

Improved sugarcane growing area and application of digital transformation in cultivation to increase productivity

Sugarcane area harvested over the years (ha)



Source: VSSA, Shinhan Securities Vietnam

Since the recovery from the COVID pandemic and the application of trade defense measures since 2021, the domestic sugar industry has been recording a revival. The sugarcane growing area has increased strongly in the 2021-2024 period. Sugarcane harvested area in the 2023/2024 crop year was 163,019 hectares, an increase of 11.4% compared to the previous crop year. The reason behind this was the rise in sugarcane purchase price, which guaranteed a stable source of income for farmers.

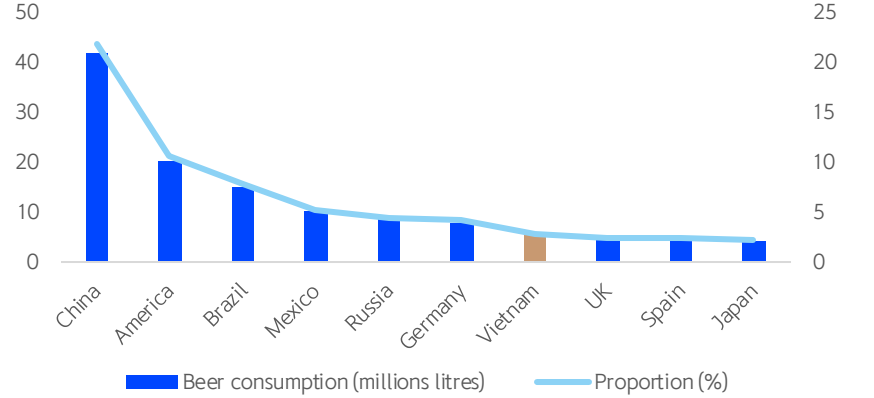
Thanks to the application of technology and foreign funding, digital transformation in the management of the sugarcane value chain is being carried out to improve sugarcane productivity and quality. Mechanization has been applied in many stages such as land preparation (mechanization rate over 90%), irrigation, although still limited in the care and weeding stages, etc.

2. Outlook for F&B sector 2025: Beer

Vietnam is in the top 10 countries with the highest beer consumption in the world

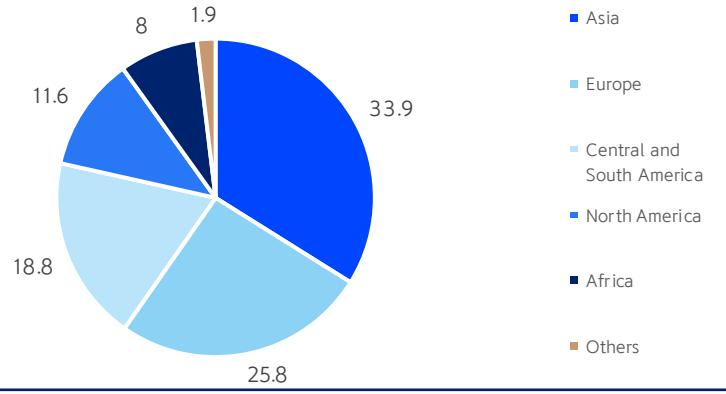
According to World Population Review, Vietnam is in the top 10 countries with the highest beer consumption in the world (2022). Specifically, beer consumption in Vietnam accounts for 2.7% of total global beer consumption. However, beer consumption per capita in Vietnam is only 43% compared to the average of the 10 countries with the highest beer consumption in the world. Therefore, we believe that Vietnam is still an attractive market. In addition, Asia is also the world's largest beer consumption market by geographical with a share of 33.9% in 2022.

Beer consumption by country (left) and proportions (right) 2022



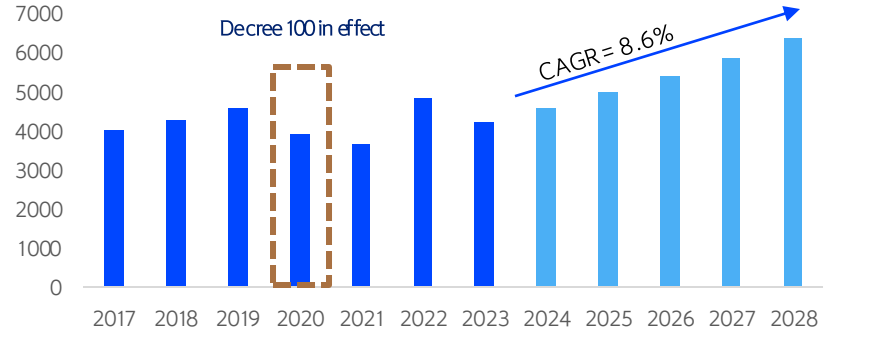
Source: World Population Review, Shinhan Securities Vietnam

Beer consumption by geography 2022 (%)



Source World Population Review, Shinhan Securities Vietnam

Beer consumption (millions litres)



Source: Euromonitor, Shinhan Securities Vietnam

Beer consumption in 2023 decreased by 12% to 4.2 billion litres due to the double impact of Decree 100 and the trend of tightening spending among economic difficulties, in which the popular beer segment was more affected than the premium beer.

However, the beer industry is still forecasted to grow at a compound rate of 8.6%/year in the 2024-2028 period and reach 6.4 billion litres in 2028 (Euromonitor) thanks to the economic recovery and consumers gradually adapting to the alcohol content penalty regulations, combined with the rapid expansion of ride-hailing services such as Grab, XanhSM, Be...

2. Outlook for F&B sector 2025: Beer

Characteristics and trends in beer consumption in Vietnam

For Vietnamese people, beer is not simply an alcoholic beverage but also associated with many factors related to culture and society.

Drinking beer has become a part of the communication culture to enhance relationships. In addition, the hot and humid climate makes beer, especially cold beer, a popular choice for quenching thirst – for both locals and tourists.



Market segments and products



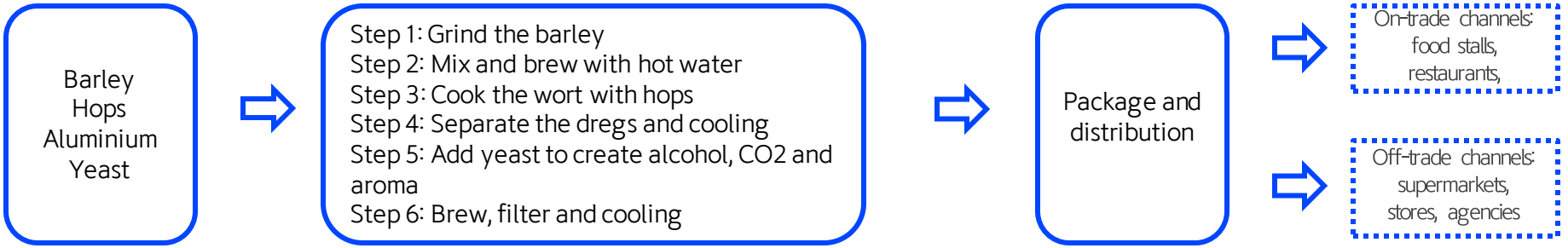
Non-alcoholic and low-alcoholic beers is on the rise

Consumers are increasingly concerned about health issues and prioritize products that provide a lower "hangover". According to a study by the global beverage market analysis company International Wine and Spirits Record (IWSR), Generation Z drinks less than Millennials. Realizing this need, businesses have launched products to meet users' demand, such as Heneiken 0.0, Sabibeco's Sagota beer or Sabeco's Lac Viet Beer.

Economy	Mid-priced	Premium and super premium
• For low and middle income class with prices below 30,000 VND/litre (equivalent to 10,000 – 12,000 VND/can). • Huda and Larue, in addition to Vietnamese fresh beer.	• For average income class with prices of VND30,000 – VND40,000/litre. • Habeco, Sabeco, Heineken and Carlsberg.	• For higher than average income class with prices higher or around 40,000 VND/litre. • Heniken with two products Heineken and Tiger has a market share of around 68%, followed by Sabeco with Saigon Chill and Saigon Gold.

2. Outlook for F&B sector 2025: Beer

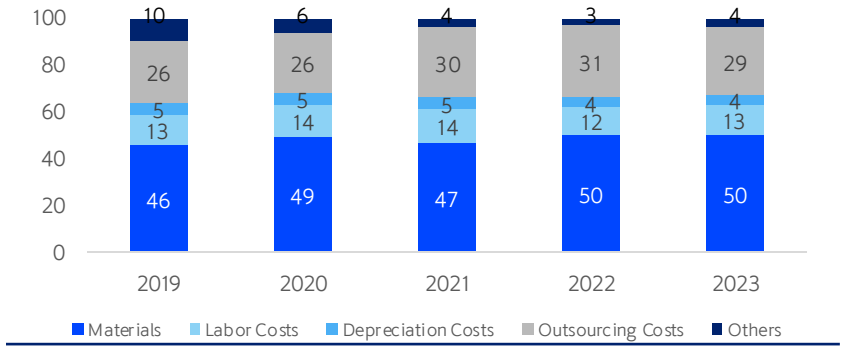
Value chain of beer industry: Imported raw materials account for a large proportion of the cost structure



Due to unsuitable tropical climate and soil conditions for cultivation, raw materials such as barley and hops must be imported from countries in Europe, Australia and the US – where the climate is more favourable. These raw materials often account for a large proportion of the production cost structure (this ratio at SAB is approximately 50%), so fluctuations in the imported raw materials' price can affect the gross profit margin.

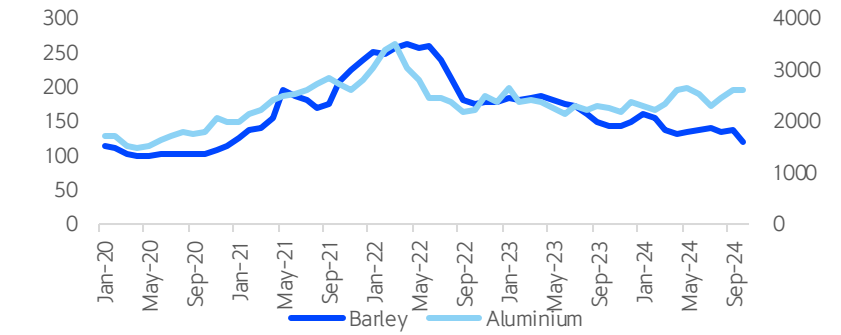
Recently, aluminum price in the international market has been on an uptrend, mainly due to tight supply and high demand from energy transition projects as well as electric vehicle manufacturing in China. On the contrary, barley price has been declining thanks to increased output from countries such as Australia and Canada, which helped to improve supply.

Production cost structure of SAB (%)



Source: Company data, Shinhan Securities Vietnam

Barley price (USD/tonne – left) and aluminium price (USD/tonne – right)

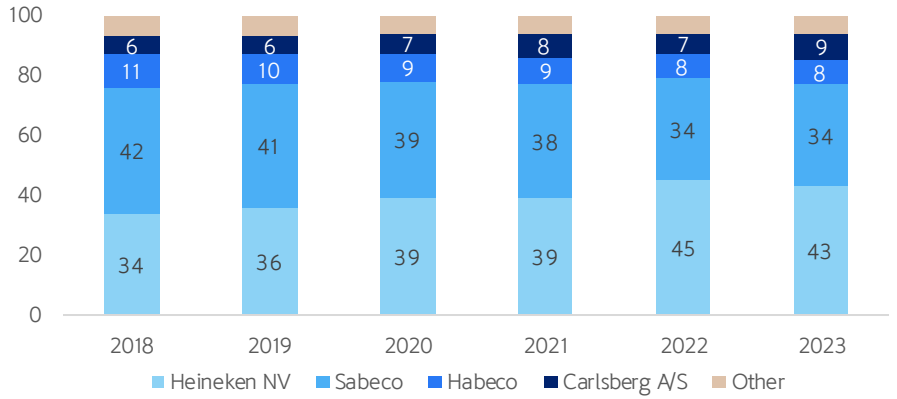


Source: IMF, Bloomberg, Shinhan Securities Vietnam

2. Outlook for F&B sector 2025: Beer

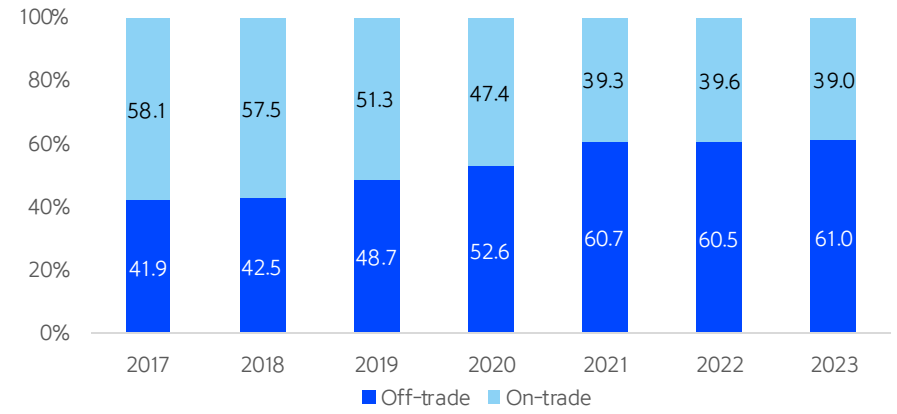
Concentrated market and the shift in consumption trend featured by increasing sales through Off-trade channel

Vietnam beer market shares (%)



Source: Euromonitor, Shinhan Securities Vietnam

Beer distribution via channels (%)



Source: Euromonitor, Shinhan Securities Vietnam

Vietnam beer market is quite concentrated with about 80% of shares in the hands of two giants, Heineken and Sabeco

In general, Heineken's market share increased over the years (except for 2023). This can be explained by Heineken's effective strategies during the pandemic, while Sabeco's market share reflected the general market situation.

This dual-dominant position is expected to maintain for the upcoming periods, while Carlsberg has been gaining more market share over the past 5 years.

The proportion of sales through the Off-trade channel is gradually Increasing

Beer is distributed through two channels: On-trade (on-site consumption at pubs, restaurants, hotels) and Off-trade (take-away at supermarkets, convenience stores and agencies).

Although the On-trade channel has recovered, the Off-trade channel still accounted for a larger market share due to its convenience and price advantage, especially since the COVID pandemic and Decree 100, which affected consumer habits. This trend is expected to continue, especially with the strong boom of e-commerce and online shopping.

2. Outlook for F&B sector 2025: Beer

Draft Law on Excise Tax may affect businesses in the industry in the short term

According to the Global Excise Tax Application and Trends 2023 report, Vietnam is among the 27% of countries in the world that mainly apply the percentage method of calculating excise tax.



Currently, there are two streams of opinions about the method of calculating excise tax:
(1) continue to apply the ad valorem tax which is calculated based on percentage (relative method) and adjust the tax rate according to the roadmap;
(2) switch to a hybrid tax calculation method (both ad valorem and specific tax methods combined).

The rationale behind the need to change the tax calculation method is as follows: For products such as alcohol, the factors that directly affect consumers' health are the amount consumed and the alcohol content, rather than the prices of the products. Taxing based only on the selling prices can create motivation for consumers to switch to cheaper products to reduce tax obligations. At the same time, ad valorem taxes can also reduce the incentive for manufacturers to develop high-quality products at higher prices, because higher prices will lead to higher taxes.

Method	Definition	Advantage	Disadvantage
Ad valorem	Determining tax as a percentage of the taxable value of goods	• Progressive tax • Self-adjusting for inflation	• Unstable, unpredictable revenue • Unfair, leading to incentives to use cheap, low-quality products • Affected by the manufacturer's pricing strategy
Specific	Specify a certain amount of tax on a unit of goods	• Transparent, consistent • Ensure stability in estimated tax revenue	• Unable to keep up with price fluctuations during inflation and deflation • Must be adjusted frequently
Hybrid	Apply both the percentage tax calculation method and the absolute tax calculation method at the same time.	• Overcome the disadvantages of both methods • Ensure public health goals	• Complex tax system leads to high costs for both state management and manufacturers

Source: Shinhan Securities Vietnam

2. Outlook for F&B sector 2025: Beer

Draft roadmap for increasing excise tax on alcohol, beer and spirits is as follows:

Product	Effective tax rate	Option 1	Option 2
Wine from 20% ABV*	65%	Increase from 70% to 90% in the 2026-2030 period (increase 5% each year).	Increase from 80% to 100% in the 2026-2030 period (increase 5% each year).
Wine below 20% ABV	35%	Increase from 40% to 60% in the 2026-2030 period (increase 5% each year).	Increase from 50% to 70% in the 2026-2030 period (increase 5% each year).
Beer	65%	Increase from 70% to 90% in the 2026-2030 period (increase 5% each year).	Increase from 80% to 90% in the 2026-2030 period (increase 5% each year).
Spirits with sugar content over 5g/100ml	Not applicable	10%	10%

Source: Government, Shinhan Securities Vietnam

Among these two options, the Government is more in favor of option 2. According to this option, the selling price of alcohol and beer in 2026 will increase by about 10% compared to 2025, and increase by 2-3% compared to the previous year in the following years to ensure that product prices increase correspondingly with the inflation rate and income increase.

This draft law was submitted to the National Assembly in the October 2024 session, will be reviewed for approval in the May 2025 and will begin to be applied in January 2026.

**ABV: alcohol by volume*

2. Outlook for F&B sector 2025: Beer

Increasing excise tax may affect business results in the short term but will soon recover

We cannot yet quantify the impact of the new tax law on the profits of businesses in the industry. However, we believe that the impact will likely be short-term, after which the industry will quickly return to growth because of three reasons:

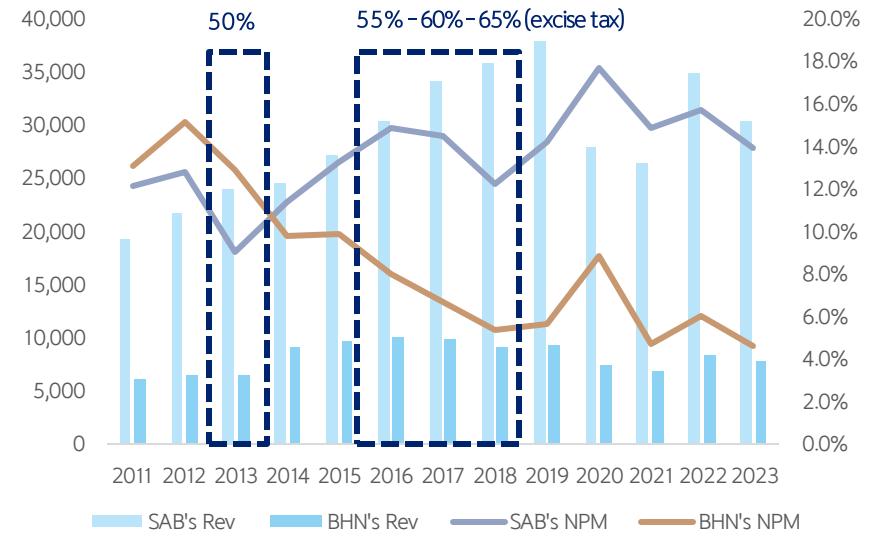
(1) Due to many cultural factors, wine and beer are not simply a drink but also a habit for many people, indispensable in parties or intimate meetings;

(2) Consumption trends and consumer behavior are not only affected by product prices but also by other factors such as demographics, regions, and culture;

(3) Companies can pass the increased tax on to consumers through higher prices.

Looking back at previous increases in excise tax on beer

Revenue (billion VND) and net profit margin (NPM) of beer enterprises



Source: Company data, Shinhan Securities Vietnam

Vietnam has experienced 4 increases in excise tax on beer. The tax rate applied was 45% in the 2010-2012 period, then increased to 50% from 2013, 55% from 2016, 60% from 2017 and 65% from 2018.

- For Sabeco (SAB), its revenue was almost unaffected by the excise tax increase (excluding the impact of the COVID pandemic in 2020-2021); except for 2014 when revenue almost saw no growth, the revenues in 2016-2018 still increased at a rate of 12%/12%/5% respectively. Net profit margin decreased during the years of tax increase and then quickly recovered.
- Hanoi Beer (BHN) seemed to have been more heavily affected by the excise tax increase. Revenue and profit margin both decreased during the periods of tax increase. This could be attributable to the fact that BHN was gradually losing power in the market share race when it could not compete in the mid-range and high-end segments.

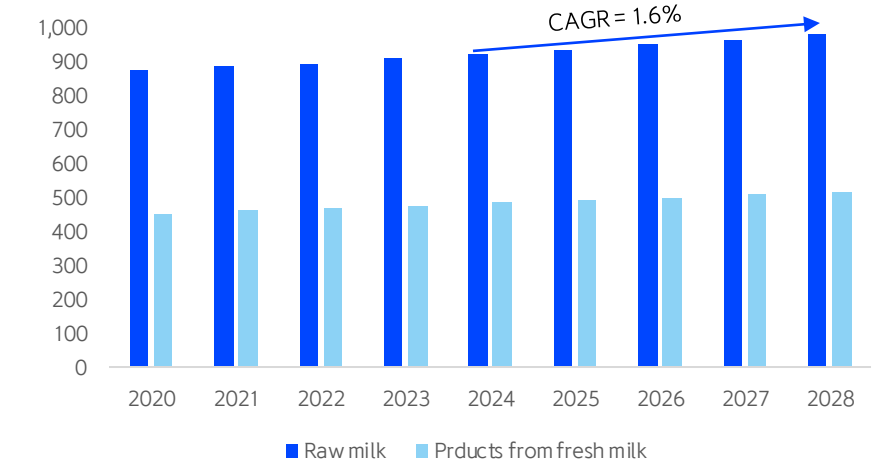
2. Outlook for F&B sector 2025: Dairy

Global milk production: Expected to maintain a CAGR of 1.58% in 2024-2028

Global milk production growth (constituted by 81% cow milk, 15% buffalo milk, 4% goat, sheep and camel milk respectively) is expected to grow at a CAGR of 1.58% per year in 2024-2028 period to reach 981 million tonnes in 2028. The growth is mainly driven by India and Pakistan, which together account for around 30% of global milk production.

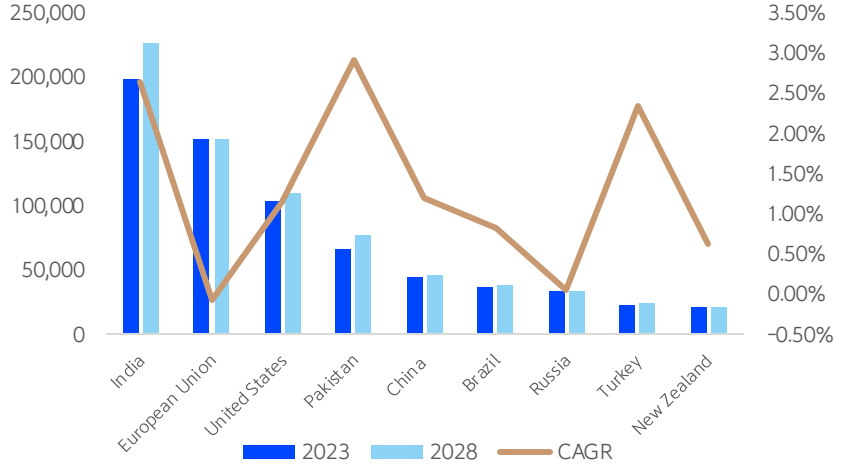
India – the world's largest milk producer – is expected to maintain a CAGR of 2.5% per year until 2028 although almost all of its milk is used for domestic consumption. In the second ranking, the EU's milk production is likely to show negative growth due to declining herd numbers and milk productivity. In addition, the US and Pakistan are also expected to increase their milk production. As US domestic demand is mainly for full-fat milk, the country will continue to expand exports of skim milk powder (SMP).

Global milk production (million tonnes)



Source: OECD, Shinhan Securities Vietnam

Top 10 largest milk producers in the world (thousand tonnes)



Source: OECD, Shinhan Securities Vietnam

2. Outlook for F&B sector 2025: Dairy

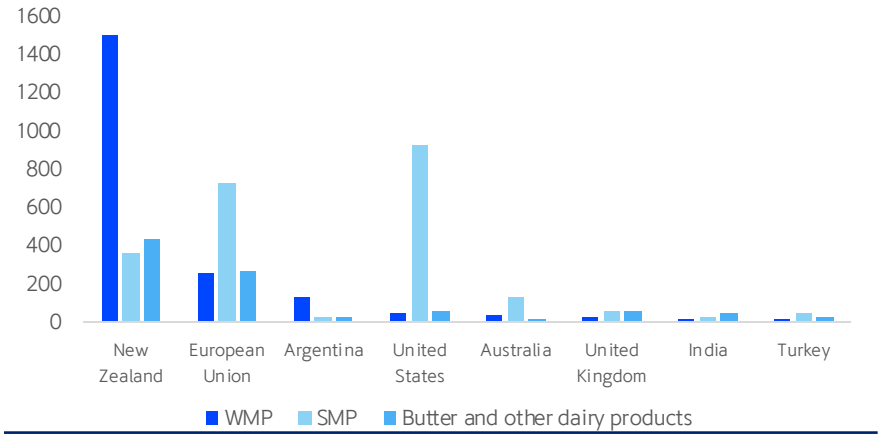
New Zealand takes the lead in exports, China retains its top import position despite expected output decline

Despite accounting for only about 2.5% of global milk production, New Zealand is the world's leading dairy exporter, with exports of 2.3 million tonnes in 2023, equivalent to 35% of global exports.

New Zealand, the US and EU are the top three exporters of processed dairy products, accounting for about 70% of the global share. New Zealand is the leading exporter of butter and whole milk powder (WMP), while the EU is the main exporter of cheese. Since 2021, the US has surpassed the EU to become the world's dominant exporter of skimmed milk powder (SMP), and this trend is expected to continue in the medium term.

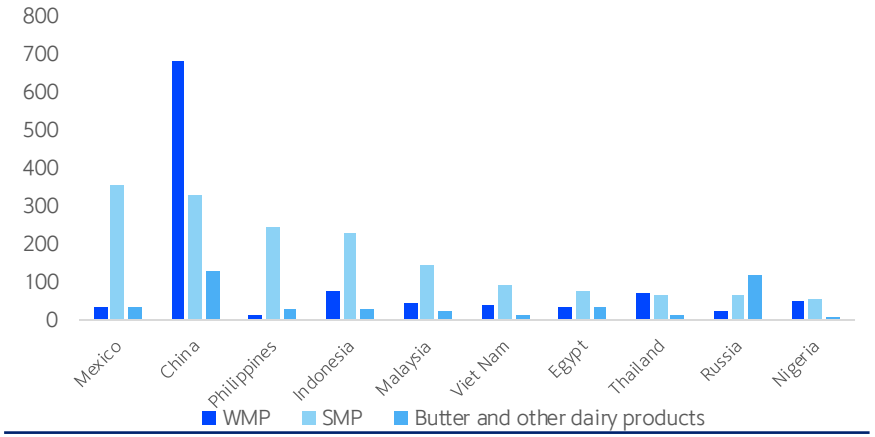
China is expected to remain the world's largest importer of dairy products, including SMP, WMP, cheese and butter. However, the country is expected to import less WMP due to inventory reason, government subsidies to stabilize the domestic processing industry and consumer preferences shifting to raw milk products over reconstituted milk. Vietnam is also among the top importers due to a shortage of domestic milk supply. These materials will be used in the processing of liquid milk, yogurt, or other products such as cheese, formula milk, etc.

Exports by country in 2023 (thousand tonnes)



Source: OECD, Shinhan Securities Vietnam

Imports by country in 2023 (thousand tonnes)

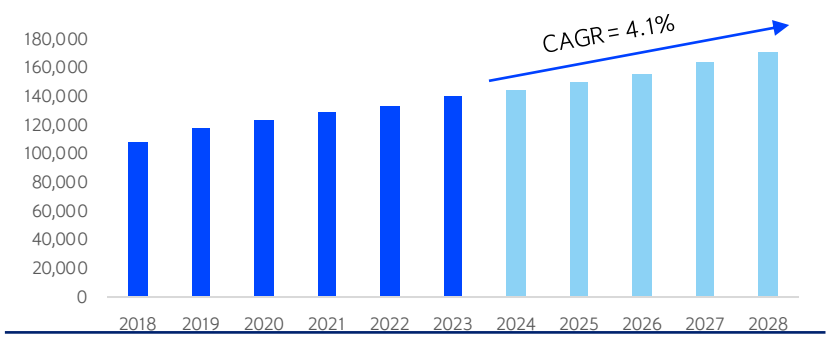


Source: OECD, Shinhan Securities Vietnam

2. Outlook for F&B sector 2025: Dairy

Vietnam's dairy market: Expected annual compound growth rate of 4.1% in the 2024-2028 period

Size of Vietnam's milk market (billion VND)



Source: Euromonitor, Shinhan Securities Vietnam

The demand for milk and dairy products is forecasted to grow at the CAGR of 4.1% in the 2024 – 2028 period (Euromonitor), which is higher than the growth rate of the world.

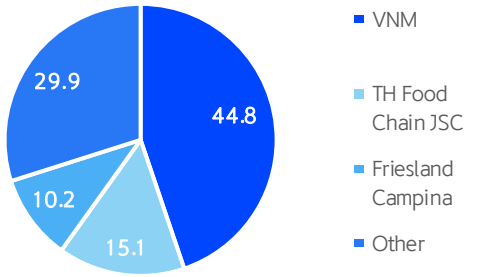
The growth momentum comes from increased spending on healthy foods motivated by improved incomes, and rich consumption potential when milk consumption in Vietnam is low compared to other Southeast Asian countries, only reaching 26-28 litres/person/year (those figures for Thailand is 35 litres and Singapore is 45 litres).

Vietnam milk market is quite concentrated with market shares in the hands of big players

The Vietnamese dairy market is quite concentrated and dominated by a few large companies such as VNM, Friesland or TH Food Chain JSC. VNM holds a leading position in the liquid milk, yogurt and condensed milk industry, and ranks second in the children milk.

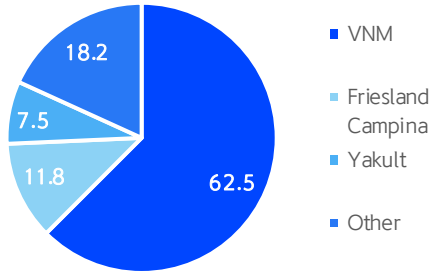
The Vietnamese dairy industry only meets 40-50% of domestic milk demand. There is still room for growth, but it is subject to huge competitive pressure from imported milk.

Fresh Milk Market Share 2023 (%)



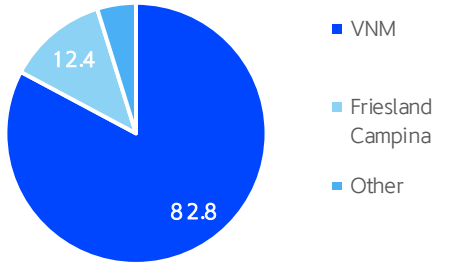
Source: Euromonitor, Shinhan Securities Vietnam

Yogurt Market Share 2023 (%)



Source: Euromonitor, Shinhan Securities Vietnam

Condensed Milk Market Share 2023 (%)



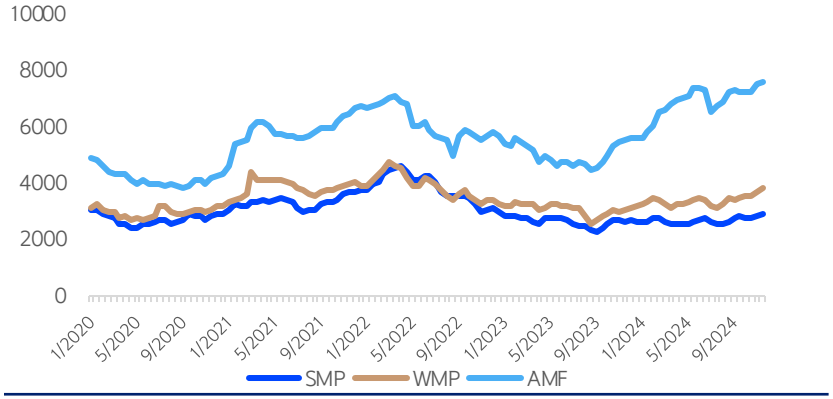
Source: Euromonitor, Shinhan Securities Vietnam

2. Outlook for F&B sector 2025: Dairy

Imported raw material prices are on the rise, but it will be difficult for the increase momentum to maintain

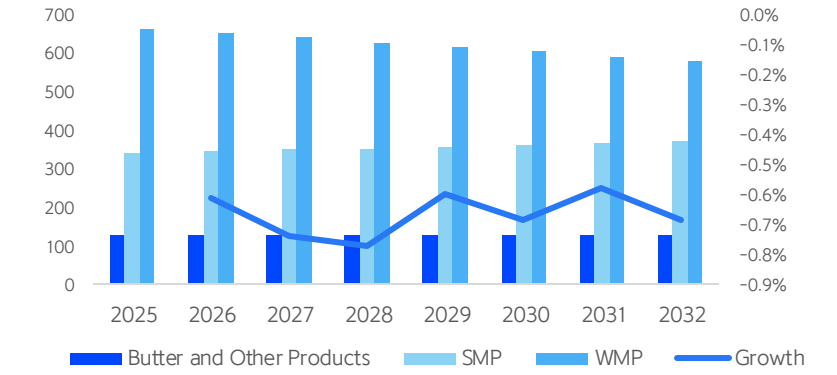
Due to the unfavorable climate and soil conditions for dairy farming as well as restrictions on land to expand raw material sources, the Vietnamese dairy industry still depends heavily on imported milk. Domestic enterprises must import additional raw materials including whole milk powder (WMP), skimmed milk powder (SMP) and anhydrous butter (AMF) from countries such as the US, Europe and New Zealand, causing gross profit margins to be affected by the price of those imported raw materials.

Material prices (USD/tonnes)



Source: Bloomberg, Shinhan Securities Vietnam

China's import forecast (thousands tonnes)



Source: OECD, Shinhan Securities Vietnam

Anhydrous butter (AMF) price remains significantly higher than milk powder prices due to increased demand for milk fat compared to other dairy solids.

After a period of declining in the first half of the year, milk powder prices including Skimmed Milk Powder (SKM), Whole Milk Powder (WMP) and Anhydrous Butter (AMF) have all increased since July 2024.

As the world's largest importer, China has been orienting its domestic dairy industry towards self-sufficiency. The country set a target of increasing milk production to 10 million tons in the 2018-2025 period and actually achieved it in 2023. Given that China is in the process of reducing imports (especially for whole milk powder WMP) while global milk supply is forecasted to increase; we believe that it will be difficult for the upward momentum of milk powder prices to maintain.

03

Investment opportunities with stocks in the F&B sector

QNS, SAB, VNM & MSN

3. Typical listed companies in F&B sector

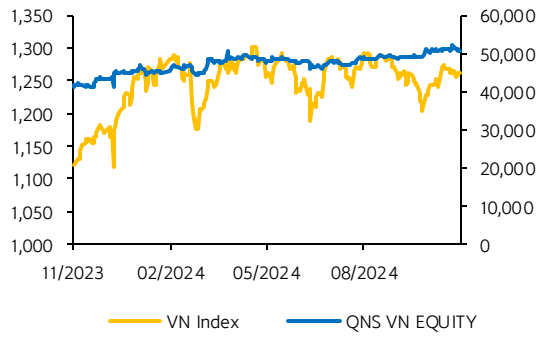
Ticker	Market Cap	Current price	Target price 2025	Upside (%)	Revenue forecast 2025	Revenue growth YoY	Net profit forecast 2025	Net profit growth YoY	Debt/Equity	P/B (2025F)	P/E (2025F)
	(VND billion)	(VND)	(VND)		(VND billion)	(%)	(VND billion)	(%)			
VNM	134,175	64,300	76,100	18.4%	64,021	2.4	10,025	2.9	0.5	4.7	17.7
SAB	73,747	57,200	71,300	24.7%	34,238	5.8	4,857	4.7	0.3	3.5	21
QNS	18,750	50,800	68,700	35.2%	11,248	4.8	2,357	3.3	0.4	2.3	8.8
MSN*	105,719	70,200	99,100	41.2%	91,732	7.4	5,737	31.3	2.7	4.4	40.2
SBT*	9,441	12,750	14,800	16.1%	31,343	8	871	8.1	2.1	1.1	10.8
	Total				**232,582**	**5.7%**	**23,847**	**9.2%**			

(*) Consensus data
Source: Bloomberg, Shinhan Securities Vietnam
Data collected on 12/24/2024

Quang Ngai Sugar JSC (UpCom: QNS)

Target price (12 months)	**VND 68,700**
Current price (12/24/24)	VND 50,800
Return (%)	35.2
VNINDEX	1,260
PE market (25Fx)	11.8
Market cap (billion VND)	18,677
Outstanding shares (mil shares)	368
Free-float (mil shares)	247
52-week high/low (VND)	52,300/43,600
90-day avg. trading volume (mil shares)	0.34
90-day avg. turnover (bn VND)	17
Foreign ownership (%)	13.43
Major shareholders (%) Thanh Phat Trading	15.56
Major shareholders (%) Vinacapital	6.54

Performance	3M	6M	12M
Absolute (%)	4.3	4.7	13.4
Rel.to VN-Index (%)	5.6	4.2	-0.9



Shinhan Securities

Sugar sector's performance is positive thanks to high sugar prices

Investment thesis

Quang Ngai Sugar JSC (UpCOM: QNS) is the leading enterprise in the production of soy milk and the second largest producer of cane sugar in Vietnam. We expect: (1) Positive revenue and profit in the sugar segment in 2024 thanks to domestic sugar price remaining at a high level at VND 20-21/kg despite fluctuations in world sugar price; (2) QNS continues to reinforce its leading position in the soy milk industry due to large growth potential and improved gross profit margin; (3) Efforts to control selling expenses to improve profit margin; and (4) Steady cash dividend payout ratio of 30-40%/year (equivalent to a yield of about 6%). Based on FCFF and PE methods, we recommend buying QNS with a target price of VND68,700

Business results update and forecast:

In Q3/2024, QNS recorded revenue of VND 2,726 billion, +10.5% YoY and -3.3% QoQ. Net profit reached VND 531.95 billion, -25.3% YoY and -23% QoQ. Although Q3's net profit decreased compared to the same period, the accumulated three quarters' revenue still reached VND 8,069 billion and net profit reached VND 1,754 billion, +4.1% YoY and +14.3% YoY, respectively. This result was achieved thanks to the good increase in gross profit margin in 9M, reaching 33.5%, which improved compared to the same period of 31.7%. Thus, QNS has completed 90% of the annual revenue target and 131% of the annual profit target after nine months.

The business results partly resulted from the increased sugar output and relatively high sugar price. We expect sugar price to remain favorable in the last quarter of the year, and forecast total revenue and net profit for 2024 are VND10,737 billion and VND2,281 billion (+7% YoY and +4% YoY, respectively). Forecasted revenue and net profit for 2025 are VND11,248 billion (+5% YoY) and VND2,357 billion (+3% YoY).

Risks (1) Sugar price risk; (2) Risk of weaker-than-expected demand for soy milk; (3) Risk of smuggled sugar affecting the sugar segment.

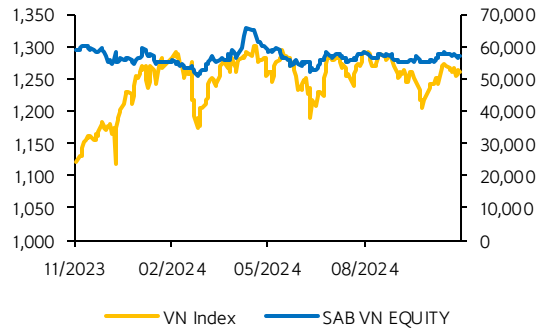
Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	**7,335**	**8,255**	**10,021**	**10,736**	**11,248**
Operating Income (bil VND)	1,392	1,466	2,356	2,450	2,498
NP (bil VND)	**1,254**	**1,287**	**2,183**	**2,281**	**2,357**
EPS (VND)	4,117	4,226	7,172	7,578	7,831
BPS (VND)	19,877	20,914	24,039	26,596	29,246
OPM (%)	19	18	24	23	22
NPM (%)	17	16	22	21	21
ROE (%)	**18**	**18**	**27**	**25**	**24**
P/E (x)	9.3	7.2	5.9	9.1	8.8
P/B (x)	1.9	1.5	1.8	2.6	2.3

Source: Company data, Shinhan Securities Vietnam

Saigon Beer – Alcohol – Beverage Corporation (HOSE: SAB)

Target price (12 months)	**VND 71,300**
Current price (12/24/24)	VND 57,200
Return (%)	24.7
VNINDEX	1,260
PE market (25Fx)	11.8
Market cap (billion VND)	73,363
Outstanding shares (mil shares)	1,283
Free-float (mil shares)	134
52-week high/low (VND)	69,400/52,000
90-day avg. trading volume (mil shares)	0.58
90-day avg. turnover (bn VND)	29
Foreign ownership (%)	60.75
Major shareholders (%) Vietnam Beverage	53.59

Performance	3M	6M	12M
Absolute (%)	-0.5	-7.0	-7.0
Rel.to VN-Index (%)	0.8	-7.5	-21.3



Expecting the recovery of consumption demand

Investment thesis

Saigon Beer – Alcohol – Beverage Corporation (Sabeco, HOSE: SAB) is the second largest beer producer in Vietnam with the market share of 34%. SAB is the leader in in terms of breweries quantity (26 breweries) with a capacity of 2.4 billion litres/year, providing products from mid-priced to premium segments. We expect that (1) beer consumption shall improve in Q4 thanks to the shopping trend in preparation for the year-end holidays and consumers gradually shifting from on-trade to off-trade consumption under the influence of Decree 100 on alcohol contention, (2) SAB shall continue to maintain stable cash dividends and (3) the plan to increase its ownership in Sabibeco (UPCOM: SBB) from 16.4% to 65.9% in 2025 will bring advantages in expanding packaging line capacity, although profits would not be much impacted. Based on FCFF and PE methods, we recommend buying SAB with a target price of VND71,300

Business results update and forecast:

In Q3/2024, Sabeco recorded VND 7,670 billion revenue, +3.4% YoY and -5.1% QoQ. Net profit reached VND 1,161 billion, +8.1% YoY and -11.9% QoQ. Accumulated in 9M, revenue reached VND 22,940 billion (+4.6% YoY) and net profit reached VND 3,504 billion (+6.6% YoY), respectively completing 66.7% and 76.5% of the yearly plan. Management shared that the company gained more market share in the first 9M thanks to rural areas with the increasing number of distribution points and revenue per point.

We forecast that Q4 business results could maintain good growth due to the peak consumption season and overall in 2024, Sabeco will record revenue of VND32,348 billion (+6.2% YoY) and net profit of VND4,638 billion (+9.0%). For 2025, we forecast revenue and net profit to reach VND34,238 billion (+5.8% YoY) and VND4,857 billion (+4.7% YoY), respectively.

Risks: (1) Policy risks; (2) Risks of rising raw material prices; (3) Risks of weak consumption demand; (4) Risks of excise tax regulations.

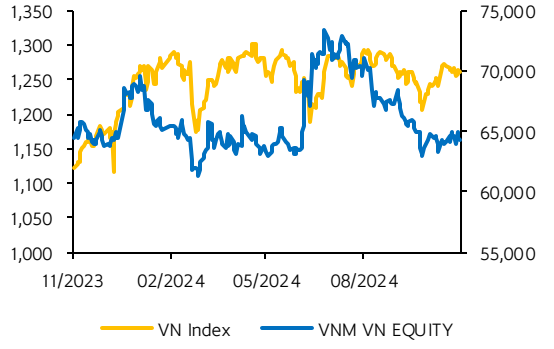
Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	**26,374**	**34,979**	**30,461**	**32,348**	**34,238**
Operating Income (bil VND)	4,780	6,830	5,403	5,801	6,093
NP (bil VND)	**3,929**	**5,500**	**4,255**	**4,638**	**4,857**
EPS (VND)	5,471	7,961	3,121	3,367	3,555
BPS (VND)	33,092	36,083	18,877	20,059	21,289
OPM (%)	18	20	18	18	18
NPM (%)	14.9	15.7	14.0	14.3	14.2
ROE (%)	**18**	**23**	**17**	**18**	**17**
P/E (x)	26	21	20	22	21
P/B (x)	4.3	4.6	3.3	3.8	3.5

Source: Company data, Shinhan Securities Vietnam

Vietnam Dairy Products JSC (HOSE: VNM)

Target price (12 months)		**VND 76,100**
Current price (12/24/24)		VND 64,300
Return (%)		18.4
VNINDEX		1,260
PE market (25Fx)		11.8
Market cap (billion VND)		134,384
Outstanding shares (mil shares)		2,090
Free-float (mil shares)		737
52-week high/low (VND)		76,200/62,900
90-day avg. trading volume (mil shares)		2.90
90-day avg. turnover (bn VND)		165
Foreign ownership (%)		51.65
Major shareholders (%)	F&N Dairy Investment Pte	17.69
	Platinum Victory Pte	10.62

Performance	3M	6M	12M
Absolute (%)	-8.5	-1.8	-4.9
Rel.to VN-Index (%)	-7.2	-2.3	-19.1



Shinhan Securities

Motivation from overseas markets

Investment thesis

Vietnam Dairy Products JSC (Vinamilk, HOSE: VNM) is the leading dairy company in Vietnam in terms of market share, which possesses the largest distribution system and herd of dairy cows. In addition, the company is also continuously expanding to large territories such as China and the Middle East. At the current price, VNM is a worthy investment because of three reasons: (1) High dividend payout ratio and strong financial potential to meet future expansion investment needs, (2) Growth momentum comes from export markets and overseas companies and (3) There is still room for growth in Vietnam's dairy industry when the compound growth rate is forecasted at 4.1%/year in the period 2024-2028 (Euromonitor) and per capita milk consumption is still low.

Business results update and forecast

Net revenue in Q3 reached VND15,537 billion, -6.7% QoQ and approximately equal to the same period last year. Net profit reached VND2,403 billion, -11% QoQ and -4% YoY. Accumulated in 9 months, VNM recorded more than VND46,000 billion in revenue and VND7,300 billion in net profit, completing 73% and 71% of the yearly plan, respectively.

The decline in Q3 came from the domestic business segment (accounting for more than 83% of the revenue structure) with the sharpest decline in liquid milk products, due to (1) the impact of Typhoon Yagi on domestic consumption and (2) the slow recovery of FMCG market.

We forecast 2024 revenue to reach VND62,552 billion (+3.6% YoY) and net profit to reach VND9,742 billion (+8.0% YoY); 2025 revenue and net profit will reach VND64,021 billion (+2.4% YoY) and VND10,025 billion (+2.9% YoY) respectively. We believe that 2024 domestic revenue will grow by about 2% and revenue from overseas markets will increase by 12% based on positive results achieved in the first 3 quarters and maintain at 4-5% for the following years.

Risks (1) Rising prices of imported raw materials reduce gross profit margins; (2) Geographical constraints on farm expansion and productivity growth; (3) Weaker-than-expected consumption recovery.

Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	**60,919**	**59,956**	**60,369**	**62,552**	**64,021**
Operating Income (bil VND)	11,760	9,753	9,771	10,989	11,471
NP (bil VND)	**10,633**	**8,577**	**9,019**	**9,742**	**10,025**
EPS (VND)	4,517	3,632	3,796	4,148	4,269
BPS (VND)	15,829	14,282	15,166	15,627	16,101
OPM (%)	19.3	16.3	16.2	17.6	17.9
NPM (%)	17.5	14.3	14.9	15.6	15.7
ROE (%)	**30.6**	**25.0**	**26.6**	**27.4**	**27.5**
P/E (x)	16.4	19.2	17.0	18.2	17.7
P/B (x)	4.7	4.9	4.3	4.8	4.7

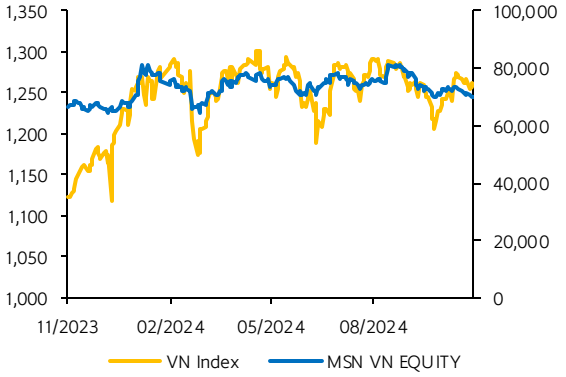
Source: Company data, Shinhan Securities Vietnam

Masan Group JSC (HOSE: MSN)

MASAN GROUP

Target price (12 months)	**VND 99,100**
Current price (12/24/24)	VND 70,200
Return (%)	41.2
VNINDEX	1,260
PE market (25Fx)	11.8
Market cap (billion VND)	100,972
Outstanding shares (mil shares)	1,438
Free-float (mil shares)	664
52-week high/low (VND)	82,300/63,200
90-day avg. trading volume (mil shares)	4.86
90-day avg. turnover (bn VND)	379
Foreign ownership (%)	26.25
Major shareholders (%) Masan	31.19
Major shareholders (%) Hoa Huong Duong Construction	13.21

Performance	3M	6M	12M
Absolute (%)	-6.1	-4.7	11.4
Rel.to VN-Index (%)	-4.8	-5.2	-2.8



Shinhan Securities

Retail consumer segment grew beyond expectations

Investment thesis

Masan Group Corporation (Masan, HOSE:MSN) is a multi-industry enterprise operating in the consumer sector including FMCG, retail and meat value chain. In addition, the company also participates in other segments such as metal materials and has an affiliated company stake in TCB. At the current price, we recommend buying MSN with the following expectations: (1) Positive growth in the retail consumer segment is the driving force for profit growth; (2) Restructuring of non-core business activities helps reduce leverage and reinforce the focus on the main segment and (3) 2024 business results growth reaching a high level thanks to the low base of the same period last year. The expected target price is VND99,100.

Business results update and forecast

Q3's net revenue reached VND21,486 billion (+7% YoY) and NPATMI increased 14.5 times YoY, reaching VND701 billion. Accumulating in 9 months, MSN recorded VND60,476 billion in revenue and VND1,308 billion in NPATMI, completing 130.8% of the base scenario net profit plan. This result was achieved thanks to the retail consumer business segment maintaining positive growth momentum combined with higher profits from non-core activities, in which: (1) WCM had its first profitable quarter since the COVID period with a 9.1% YoY revenue growth, mainly contributed by the new store models Winstore in urban areas and WinMart + Rural in rural areas, (2) MML reported profits after many quarters of losses thanks to rising pork and chicken prices and growth in processed meat sales, (3) MCH achieved a 10.4% YoY revenue growth and maintained a high gross profit margin of 46.8%, (4) Phuc Long Heritage (PLH) revenue also increased by 12.8% YoY thanks to the contribution from 21 new stores outside WCM opened in the same quarter and (5): TCB associate also contributed VND 1,136 billion to Q3 EBITDA (+8.7% YoY). Management expects MCH to continue its double-digit revenue and profit growth momentum and enter an acceleration phase as the trend of premiumization and out-of-home consumption increases. Based on this, we forecast 2024 revenue and NPATMI to reach VND85,433 billion and VND2,326 billion (+9.2% and 5.5x YoY respectively). For 2025, we forecast revenue and NPATMI to reach VND91,732 billion (+7.4%) and VND3,625 billion (+55.8%).

Risks (1) Weaker-than-expected consumption; (2) Livestock profit margin fluctuates; and (3) MSR achieves lower-than-expected profits.

Year	2021	2022	2023	2024F	2025F
Revenue (bil VND)	**88,629**	**76,189**	**78,252**	**85,433**	**91,732**
Operating Income (bil VND)	11,273	5,223	2,350	7,096	8,557
NP (bil VND)	**10,101**	**4,754**	**1,870**	**4,369**	**5,737**
EPS (VND)	2,028	2,511	129	1,565	2,467
BPS (VND)	23,161	18,369	18,562	20,450	22,405
OPM (%)	12.7	6.9	3.0	8.3	9.3
NPM (%)	11.4	6.2	2.4	5.1	6.3
ROE (%)	**35.1**	**12.1**	**1.6**	**7.9**	**11.5**
P/E (x)	74.5	22.5	32.2	63.3	40.2
P/B (x)	6.5	5.2	3.6	4.8	4.4

Source: Company data, Shinhan Securities Vietnam

Shinhan Securities

Retail Sector

Breakthrough profit



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Contents

Retail Sector – Breakthrough profit

1. Update Global Retail Market

   In 2024, global retail market revenue is estimated to reach USD 31.5 trillion (+5% YoY). Growth is projected to remain stable at 3-4% annually from 2024 to 2027.

2. Vietnam's Retail Market

   In 2024, the growth momentum of Vietnam's retail sector is expected to remain stable compared to 2023. As of 11M2024, the cumulative retail sales of goods and services reached VND 5,822 trillion (+8.8% YoY).

3. Vietnam's Retail Sector Outlook 2025

   Retail sector growth is anticipated to maintain a momentum of 9-10% in 2025, driven by: (1) Positive economic growth prospects; (2) Improved income levels and a high urbanization rate; (3) Continued growth momentum from new retail segments.

4. Typical Stocks in Retail Sector

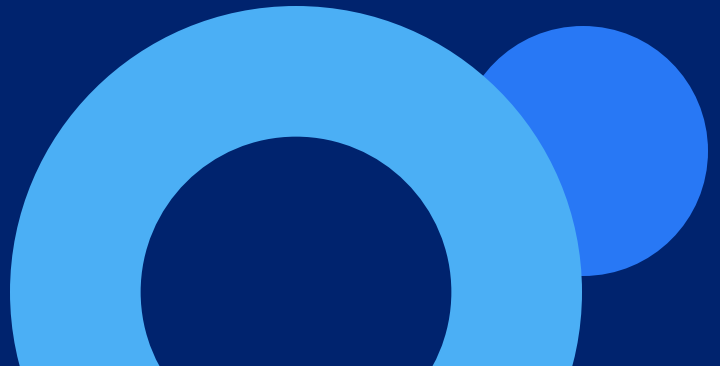
   MWG, FRT, DGW

01

Update Global Retail Market

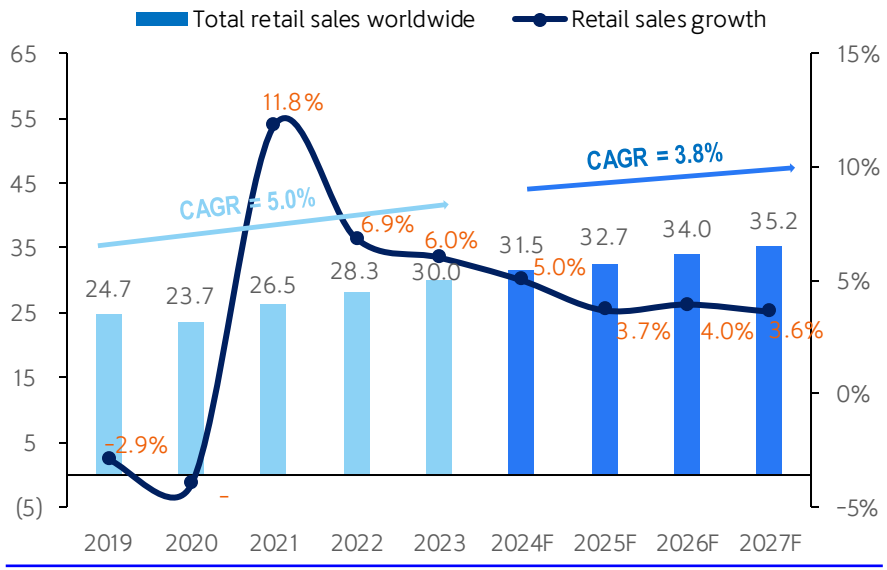
Growth in the retail sector plays a significant role in the overall recovery of the economy after each disruptive event.

In 2024, global retail market sales is estimated to reach USD 31.5 trillion, an increase of 5% compared to the same period in 2023. Over the 2024-2027 period, it is forecast that growth will remain stable at 3-4% per annum.



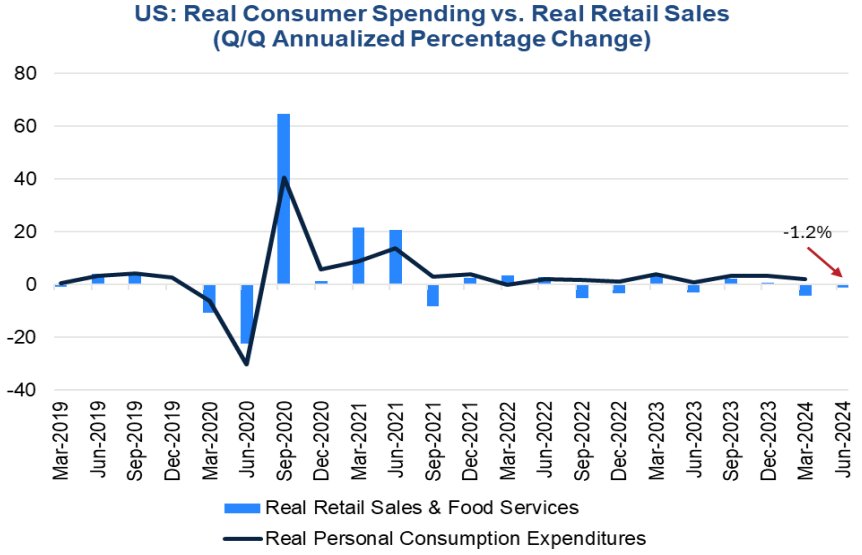
1. Update Global Retail Market

Total Global retail sales and forecast (USD tn)



Source: Insider Intelligence, eMarketer (2024), Statista, Shinhan Securities Vietnam

Actual retail sales and Actual spending changes (% QoQ)

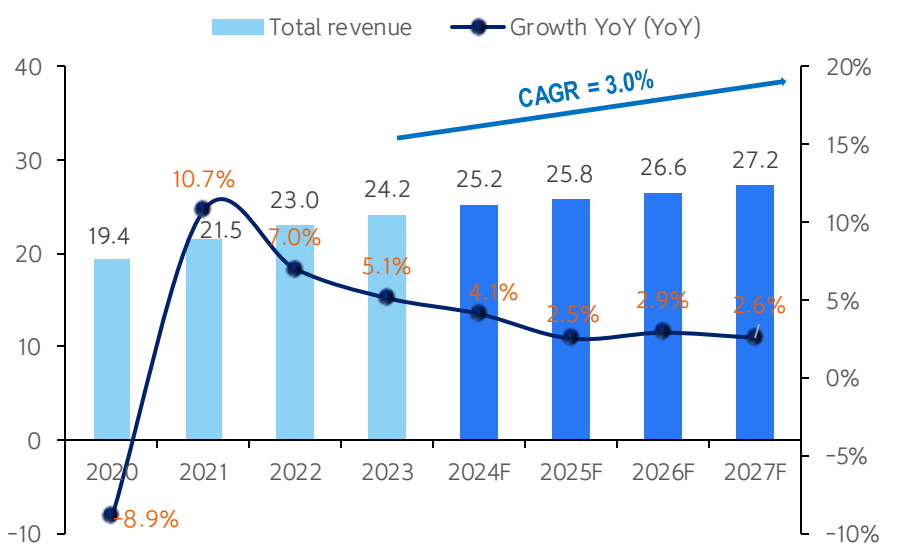


Source: The Conference Board, Shinhan Securities Vietnam

- Global retail growth is expected to cool as the global economy continues to experience volatility. Slow wage growth, depleted savings, and high credit debt are limiting spending, particularly on non-essential and high-value goods. High interest rates and rising prices also contributed to the decline in shopping demand.
- The Conference Board reports that real retail sales (inflation-adjusted) and actual consumer spending are trending downward in 2024. This decline reflects a shift in spending from goods to services (entertainment, dining, personal care, travel, education), with a greater emphasis on experiences over material possessions.
- In the coming years, global retail revenue growth is projected to decelerate, with CAGR of 3.8% during the 2024-2027 period.

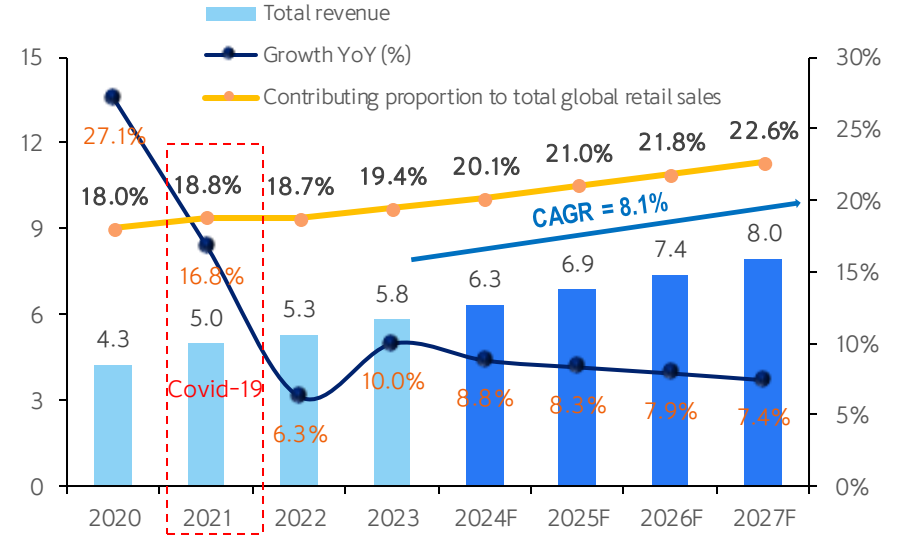
1. Update Global Retail Market

Global revenue of Offline retail channels (USD tn)



Source: Insider Intelligence, eMarketer (2024), Shinhan Securities Vietnam

Global revenue of Online retail channels (USD tn)



Source: Insider Intelligence, eMarketer (2024), Shinhan Securities Vietnam

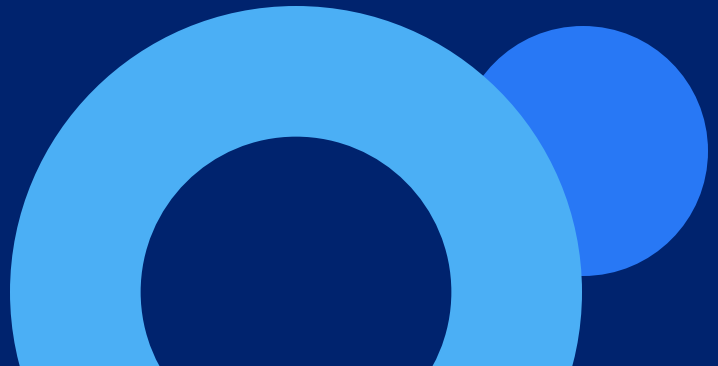
- Revenue from physical retail stores (a traditional and familiar retail channel) is estimated to reach USD 25.2 trillion (+4.1% YoY), accounting for 80% of total global retail revenue. Growth in this channel is expected to slow, with a projected CAGR of 3%/year during the 2023-2027 period.
- Meanwhile, e-commerce (B2C) is becoming increasingly popular worldwide. The e-commerce retail channel has experienced impressive growth since the Covid-19 social distancing period. Its contribution to global retail revenue has significantly improved, projected to maintain a share of 20-23% with stable growth, corresponding to a CAGR of 8.1% during the 2023-2027 period.

02

Vietnam's Retail Market

In 2024, although both the domestic and global economies have yet to fully stabilize, Vietnam's retail sector is expected to maintain stable growth compared to 2023.

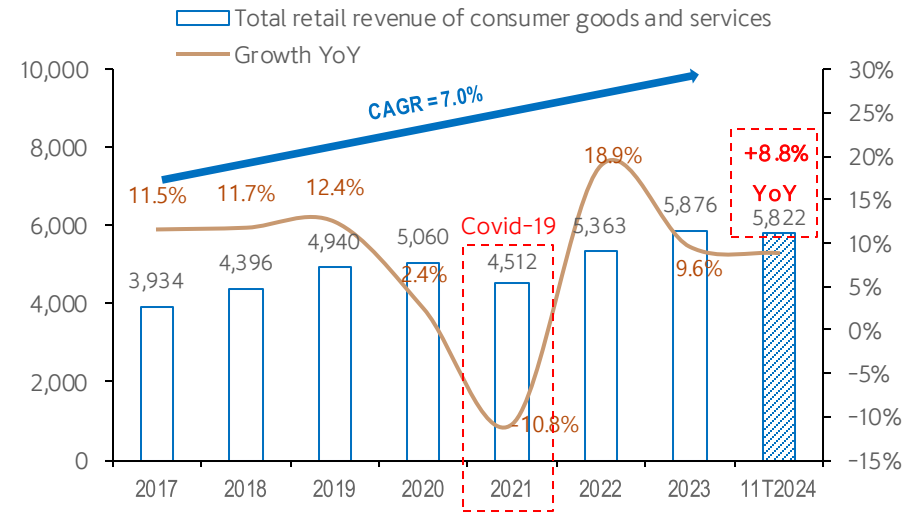
Retail sales of goods and services in Vietnam for 2024 are estimated to reach VND 6,400 trillion, equivalent to a market size of approximately USD 272 billion, contributing ~60% of the country's GDP.



2. Vietnam's Retail Market

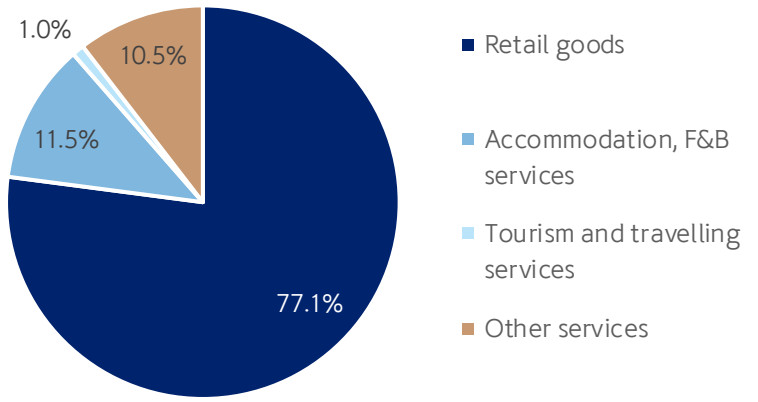
Update Retail of goods and services

Sales of retail goods and services in Vietnam (trillion VND)



Source: GSO, Shinhan Securities Vietnam

Sales contributing segment of retail sector in 11M2024

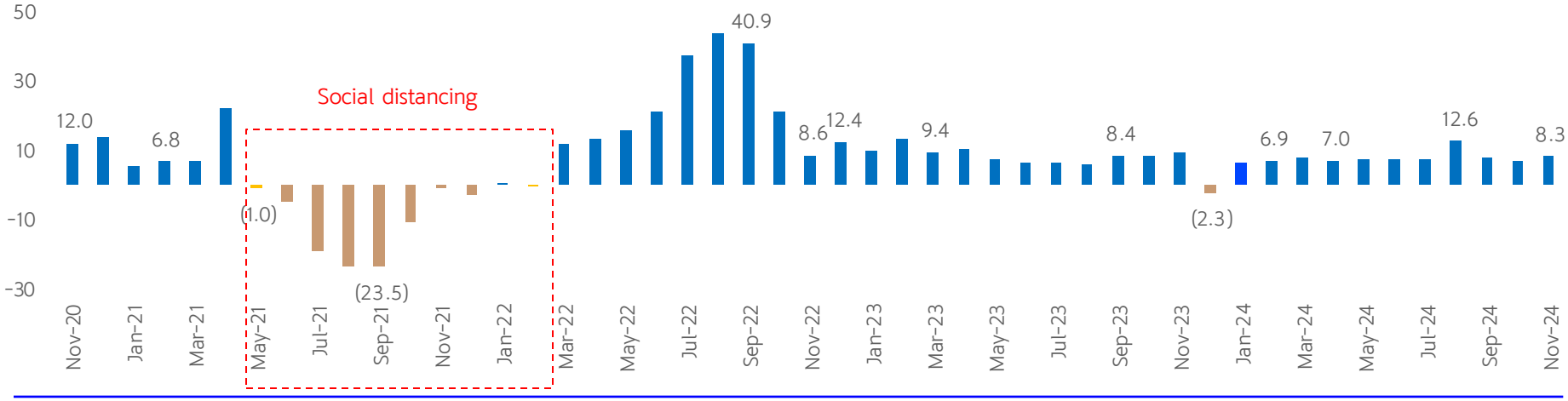


Source: GSO, Shinhan Securities Vietnam

- Retail is one of Vietnam's key industries, with a market size of approximately USD 272 billion in 2024, projected to reach USD 300 billion by 2025, maintaining a contribution of over 60% to Vietnam's GDP.
- The retailing activities in Vietnam include 4 main groups: (i) Retail goods; (ii) Accommodation and F&B services; (iii) Tourism and traveling; (iv) Other services. Particularly, the "Retail goods" group always contributes over 75% of the entire Vietnam's retail sector sales.
- As of 11M2024, total retail sales of goods and services reached VND 5,822 trillion (+8.8% YoY). Despite significant fluctuations in both the domestic and global economies, the retail sector's growth momentum in 2024 has remained stable compared to 2023.

Update on Retail goods segment

Monthly growth of Retail goods sales (% YoY)

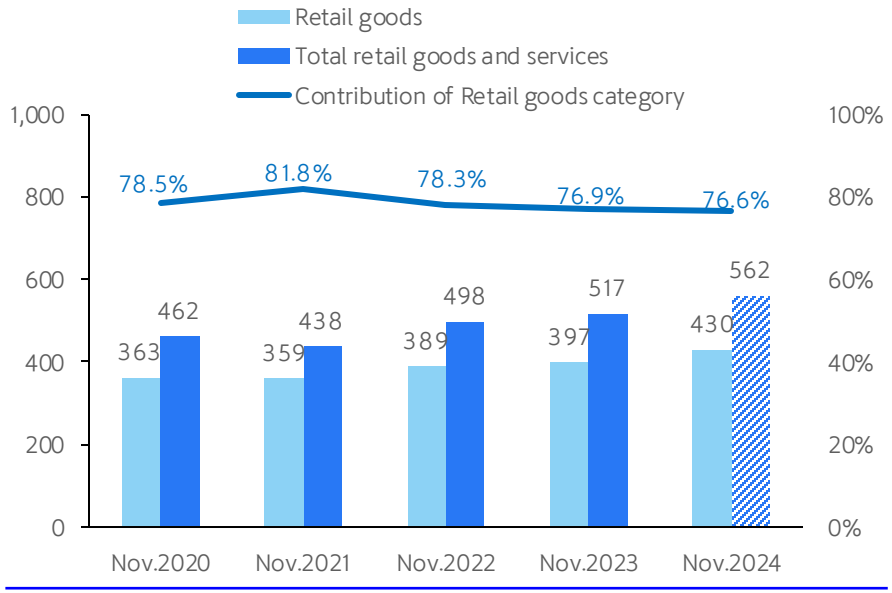


Source: GSO, Shinhan Securities Vietnam

- After a period of severe economic impact due to the COVID-19 pandemic, timely support from government stimulus policies has helped the retail industry gradually recover and maintain stability.
- The growth rate of the retail sector showed positive signs in 2022 and remained stable in 2023 and 2024. Although the surge and improvement in growth began to cool off from late 2022 due to economic fluctuations and a consumer shift toward prioritizing essential goods, the "Retail of goods" segment has continued to maintain stable growth compared to previous years.
- Sales of "Retal goods" is projected to grow steadily by 8.5-9.0% YoY in 2024, reflecting the resilience and sustainability of Vietnam's retail industry.

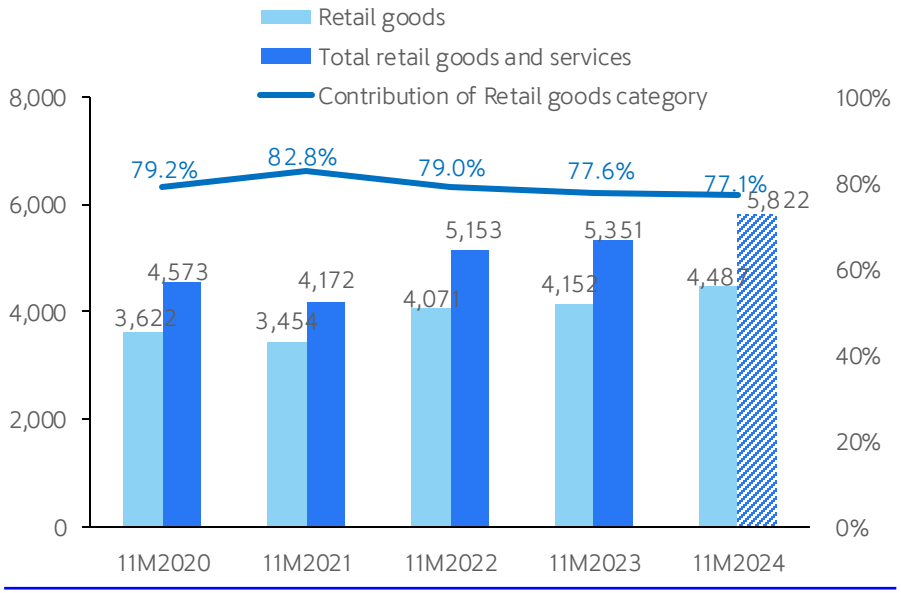
Update on Retail goods segment

Sales of retail goods in November 2024 (trillion VND)



Source: GSO, Shinhan Securities Vietnam

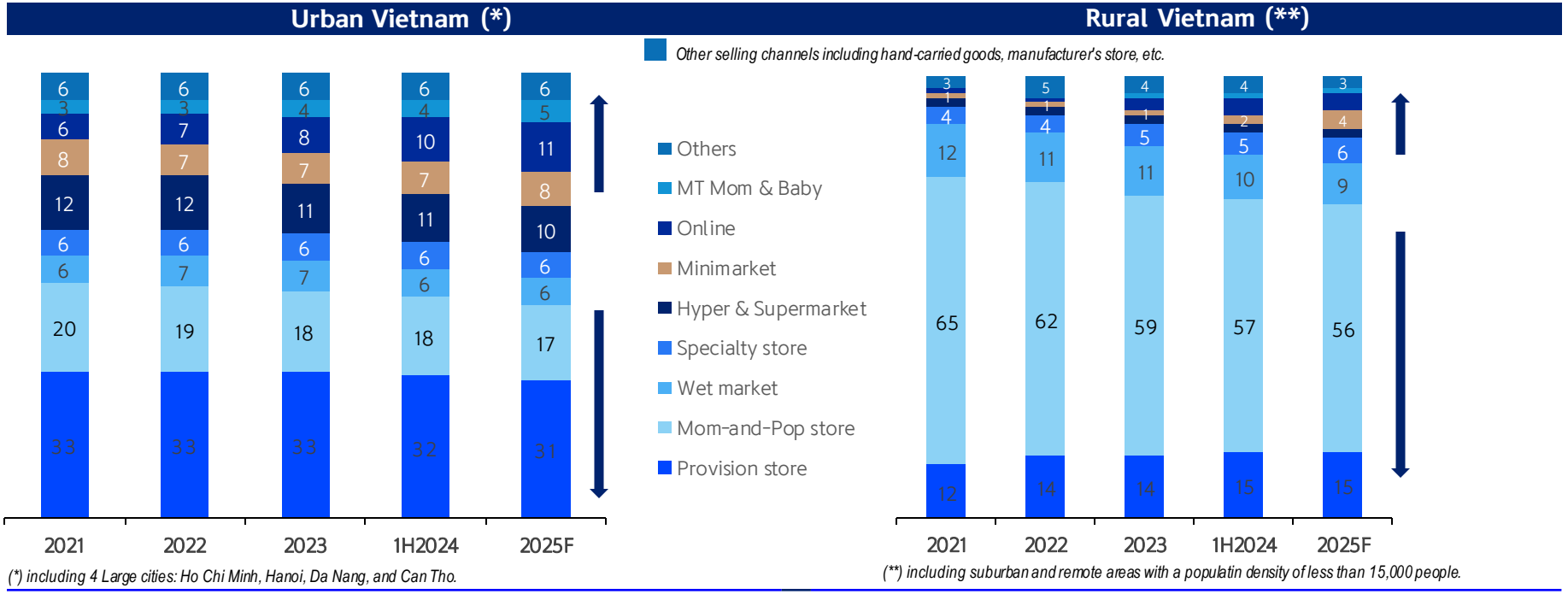
Accumulated 11M2024 retail goods sales (trillion VND)



Source: GSO, Shinhan Securities Vietnam

- Sales of "Retail goods" in November 2024 is estimated to reach VND 430.4 trillion (+8.3% YoY); Cumulatively in 11M2024, this segment recorded VND 4,487.3 trillion (+8.1% YoY), accounting for 77.1% of total sales of retail goods and services (11M2023: 77.6%).
- We forecast the total sales of retail goods and services in 2024 to reach VND 6,400 trillion (+8.9% YoY); of which revenue from "Retail goods" continues to contribute the largest portion of ~77% the entire sector, estimated at VND 4,901 trillion (+8.5% YoY).

Contribution of retail goods value by channel (%)

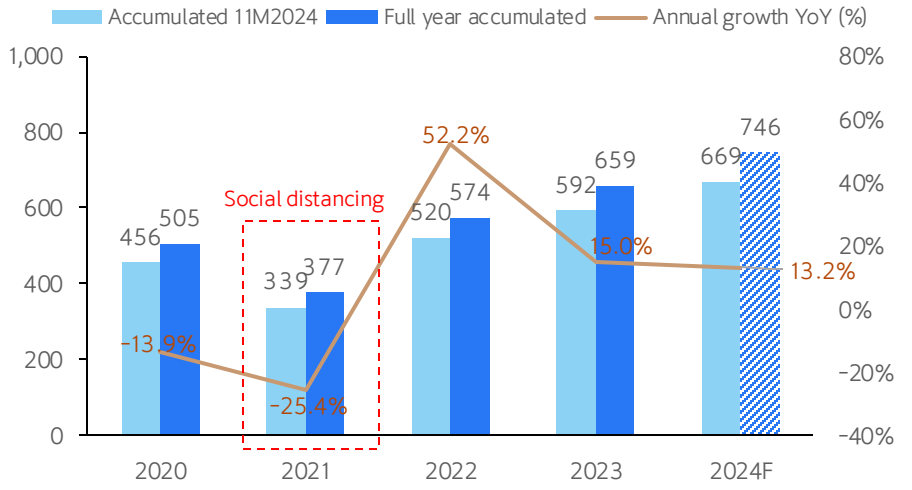


Source: Kantar Worldpanel, Shinhan Securities Vietnam

- In terms of contribution share across retail channels, grocery stores still hold the largest market share but are gradually shrinking due to the strong expansion of modern retail models and chains, leading to shifts in consumer behavior.
- Many brands are increasing their presence across various sales channels, leveraging the potential of online sales platforms to create a seamless and convenient shopping experience for consumers. Modern retail channels are also expanding their reach to rural areas.
- With the development of internet infrastructure, e-commerce (B2C) retail platforms have become increasingly familiar to Vietnamese consumers, boosting the contribution share of online channels in both urban and rural areas. This presents opportunities for brands, from small to large, to attract and develop their loyal customer base.

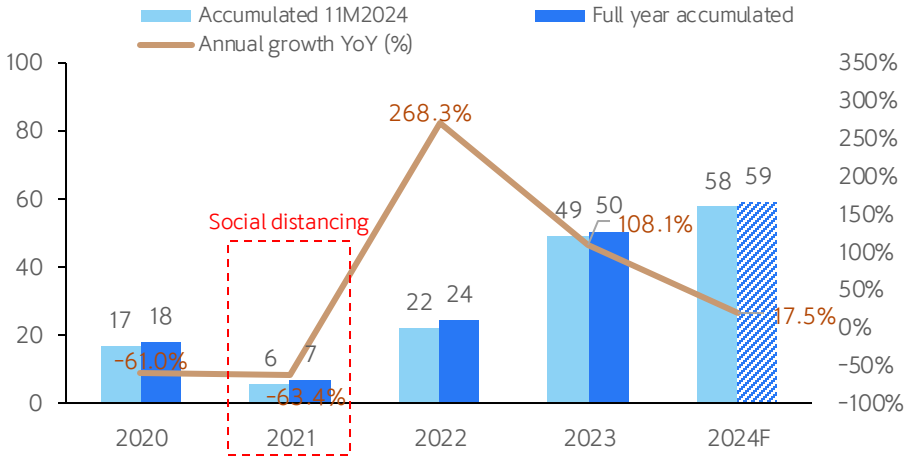
Update on Accommodation, F&B, and Tourism services

Revenue of the Accommodation and Food Services group (tn VND)



Source: GSO, Shinhan Securities Vietnam

Tourism revenue (tn VND)



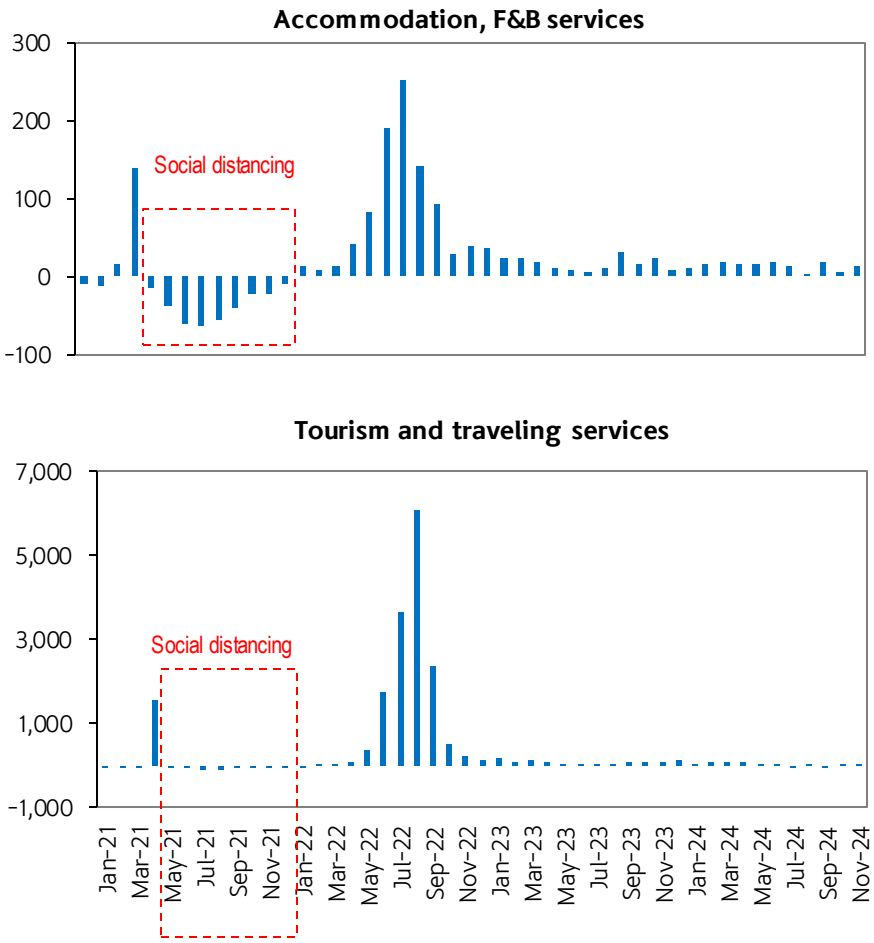
(*) Only includes service revenue of travel companies, not including expenses outside of travel services (food, shopping, transportation, other entertainment services, etc.)

Source: GSO, Shinhan Securities Vietnam

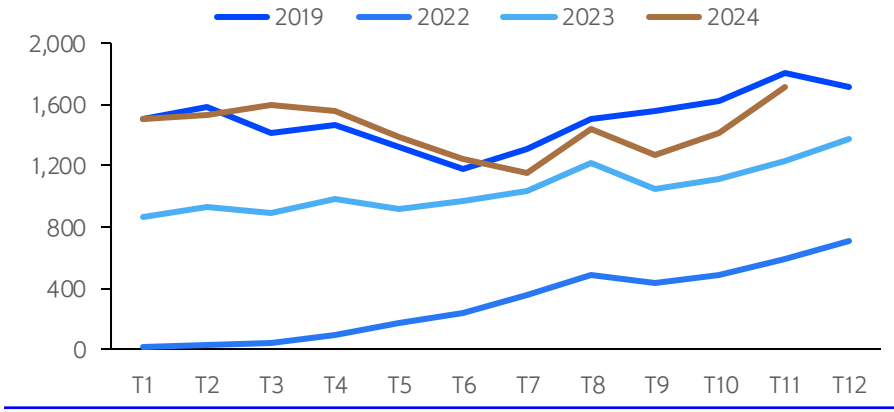
- After being affected by the Covid-19, tourism demand has been strongly recovering. 11M2024, revenue from accommodation and F&B services reached VND 669.1 trillion (+13.0% YoY), while revenue from travel and tourism services recorded VND 57.5 trillion (+17.3% YoY).
- **Inbound tourism**: 11M2024, Vietnam welcomed 15.8 mn international visitors (+41% YoY), approaching the target of 17-18 mn visitors. Notably, November 2024 recorded the highest number of international visitors YTD (1.71 mn, +20.5% MoM, +38.8% YoY). Total 11M2024 revenue from international tourism reached approximately VND 758 trillion.
- **Domestic tourism:** Vietnam served 105 mn domestic tourists in 11M2024 (+1.7% YoY). The domestic travel demand shows no signs of slowing down, which plays a key driving role of Vietnam's tourism recovery post-pandemic, supported by various local entertaining and promotional activities.
- **Tourism Development Plan (2021-2030):** By 2025, Vietnam aims to attract 25-28 mn international visitors and 130 mn domestic tourists (annual growth rate of 8-9%). In terms of economic contribution, the tourism sector is expected to contribute 8-9% of GDP in 2025 and 13-14% of GDP by 2030.

Update on Accommodation, F&B, and Tourism services

Monthly growth of retail service industries in Vietnam (% YoY)

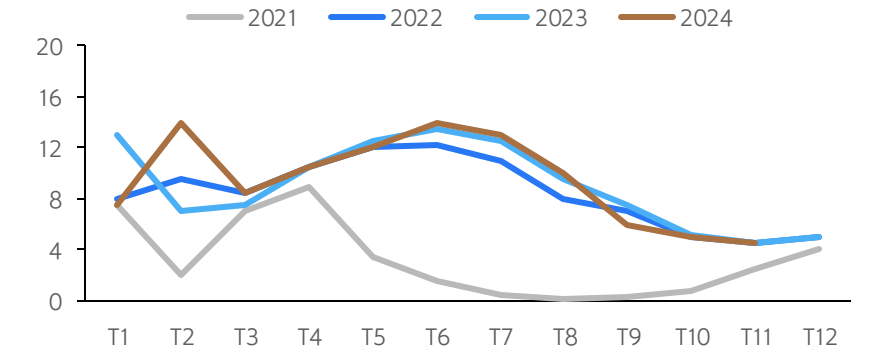


Inbound visitors to Vietnam (thousand)



Source: GSO, Shinhan Securities Vietnam

Domestic tourists (thousand)



Source: Vietnam National Tourism Administration, Shinhan Securities Vietnam

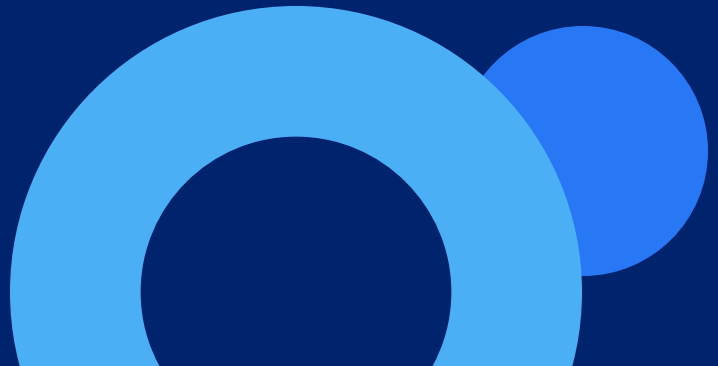
03

Vietnam's Retail Sector Outlook 2025

Retail sector growth is expected to reach 8.9% YoY in 2024 and further grow by 9-10% in 2025.

Key drivers of Vietnam's retail sector growth::

+ Positive economic growth prospects;
+ Improved income levels and a rising urbanization rate;
+ Growth momentum from new retail segments.



3. Vietnam's Retail Sector Outlook

Distribution channels in Vietnam retail market

Familiar distributing, selling points channels

Other emerging channels in recent years

Physical Channel (Single channel)

Virtual Channel

Multi-channels (Omni channel)



Small retail store; Wet market



Catalog Station



E - commerce



TV Home shopping





MWG, FRT, MCH
Lotte Mart, Saigon Co.op

VRE , FRT, PNJ, MWG, Concung

Department stores, convenience stores

HTV Co.op, VTV Hyundai, HTVC Shopping,…

- Many retailers are adopting the omni-channel sales model to optimize sales across both traditional and online channels.
- According to market research units, modern shopping channels will account for more than 30% of the total retail market share by 2025. Currently in Vietnam, an average of 100,000 people will need 1 hypermarket and 1 shopping mall; 10,000 people will need 1 medium-sized supermarket; 1,000 people will need 1 - 3 convenience stores. These are potential factors and favorable conditions for retail businesses to expand their market share and have a lot of room for development.

Retail Market Trend

VARIETY OF RETAIL BRANDS

In addition to the market penetration and expansion of international brands, domestic ones also grow significantly and expand throughout the market.

Entertainment shopping, digital content creation along product marketing (Shoppertainment) continue to be the main trends in the coming years.



MULTI-CHANNELS (OMNI CHANNEL)

The explosive growth of online retail and e-commerce will not only reduce demand in traditional retail channels but can also complement and promote mutual sales activities.

The average sales volume related to entertainment and streaming platforms from content creators will increase sharply.

CONTINUOUS IMPROVEMENT AND UPGRADE

The competition between domestic and international brands, along with the explosion of online retail

Market selling players will continuously improve products and upgrade sales space to attract more customers.

3. Vietnam's Retail Sector Outlook

Vietnam's GDP growth rate estimates		
	2024F	**2025F**
The Government	**Adjusted target: 6.8-7.0%** (9M2024: 6.82%)	6.5-7.0%
World Bank (WB)	6.1%	6.5%
International Monetary Fund (IMF)	6.1%	6.1%
Asian Development Bank (ADB)	6.4%	6.6%
Moody's	6.0%	6.5%
Fitch Ratings	6.3%	7.0%
UOB	6.4%	6.6%
Standard Chartered	6.8%	6.7%
HSBC Global Research	7.0%	6.5%

Source: Shinhan Securities Vietnam summarized

Recent change of Vietnam's sovereign credit rating		
	Nearest rating score	**Revised date**
Moody's	Ba2 (stable outlook)	August 22nd, 2024
S&P Global Ratings	BB+ (stable outlook)	June 20th, 2024
Fitch Ratings	BB+ (stable outlook)	June 28th, 2024

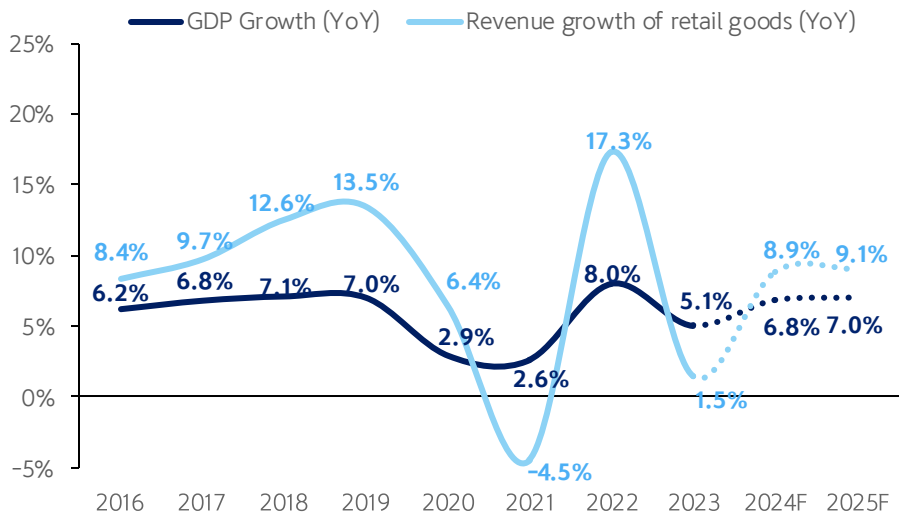
Source: Shinhan Securities Vietnam summarized

- GDP growth results for Q1, Q2, and Q3 of 2024 exceeded expectations, reaching 5.66%, 6.93%, and 7.40%, respectively. Vietnam's GDP growth for 2024 is projected to meet the target.
- In 2024, Vietnam's GDP is expected to exceed USD 460 billion, ranking 5th in Southeast Asia by GDP value according to the IMF (behind Indonesia, Thailand, Singapore, and the Philippines) and becoming the 34th largest economy in the world (+1 rank YoY).
- Improved income, increasing urbanization rate, and timely government support policies. ICT retail businesses have been recovering following the price war among retailers in 2023. Besides, the potential from new retail segments is also the motivation for retailers in the coming periods.
- In long-term perspectives, many financial institutions evaluate Vietnam as a country with a stable economy and forecast its GDP growth will remain at 6.5-7.0% in 2024 and 2025.

3. Vietnam's Retail Sector Outlook

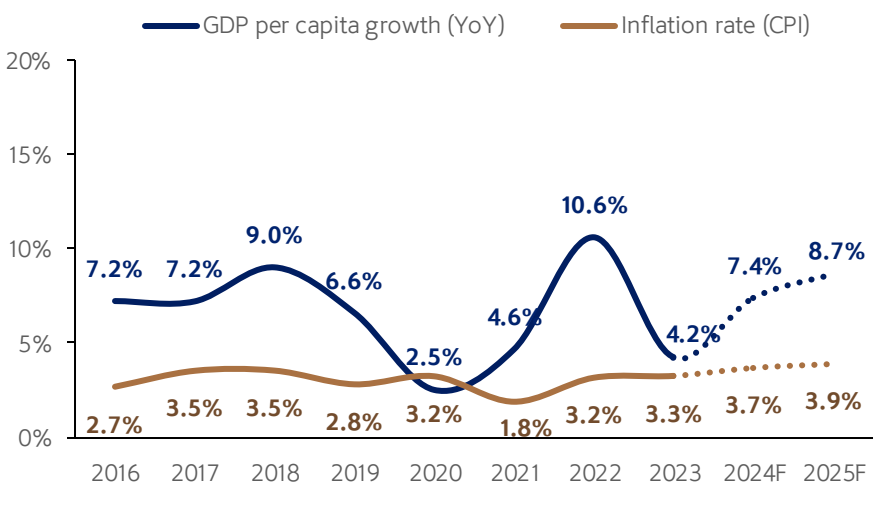
Impact of the economy on Vietnam's retail sector

Growth of Vietnam GDP and revenue of retail goods (% YoY)



Source: World Bank, GSO, Shinhan Securities Vietnam

Vietnam GDP per capita growth and CPI rate



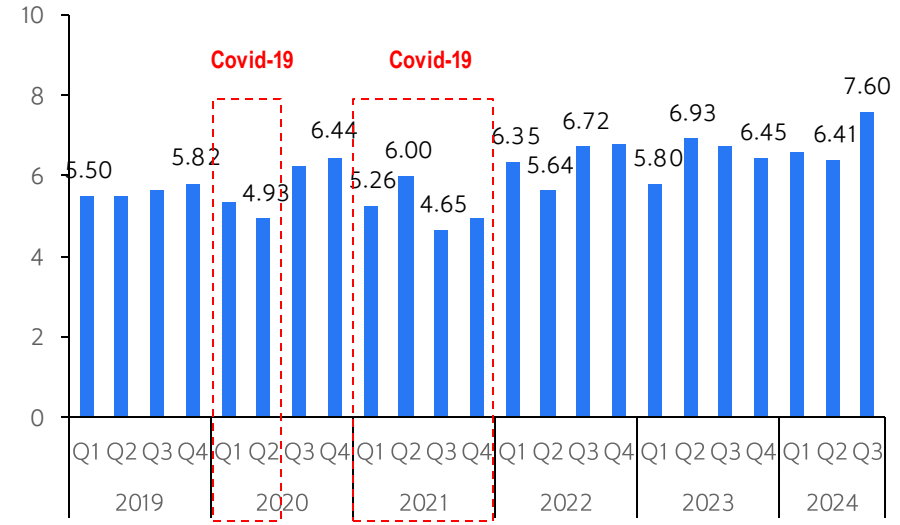
Source: World Bank, IMF, GSO, Shinhan Securities Vietnam

- The 2024 GDP growth target is optimistic (6.8-7.0%), along with retail sales growth of goods reaching approximately 8.8% YoY in the first 11 months of 2024. We anticipate retail sales of goods to grow by +8.9% YoY in 2024 and 9-10% YoY in 2025. Average income per capita is steadily improving and is projected to reach USD 4,600 in 2024 (+7.4% YoY). The IMF expects this figure to surpass USD 5,000 by 2025.
- Efforts by the Prime Minister: (i) Maintaining a low inflation rate (below 4%); (ii) Continuing to approve the proposal to extend the 2% VAT reduction until June 30, 2025 (initially applied from February 1, 2022); (iii) Increasing the regional minimum wage. These measures will act as catalysts to drive sustainable growth in Vietnam's retail sector and economy in the coming years.

3. Vietnam's Retail Sector Outlook

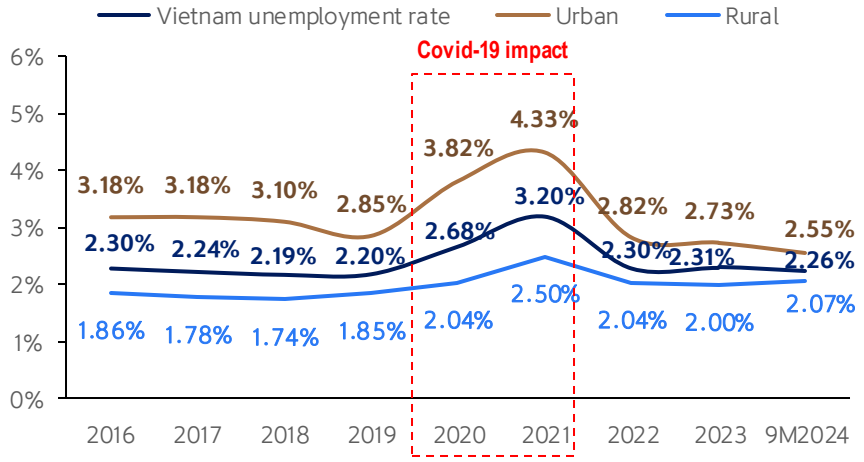
Impact of the economy on Vietnam's retail sector

Estimated average monthly income (million VND/month)



Source: GSO, Shinhan Securities Vietnam

Unemployment rate (%) (*)



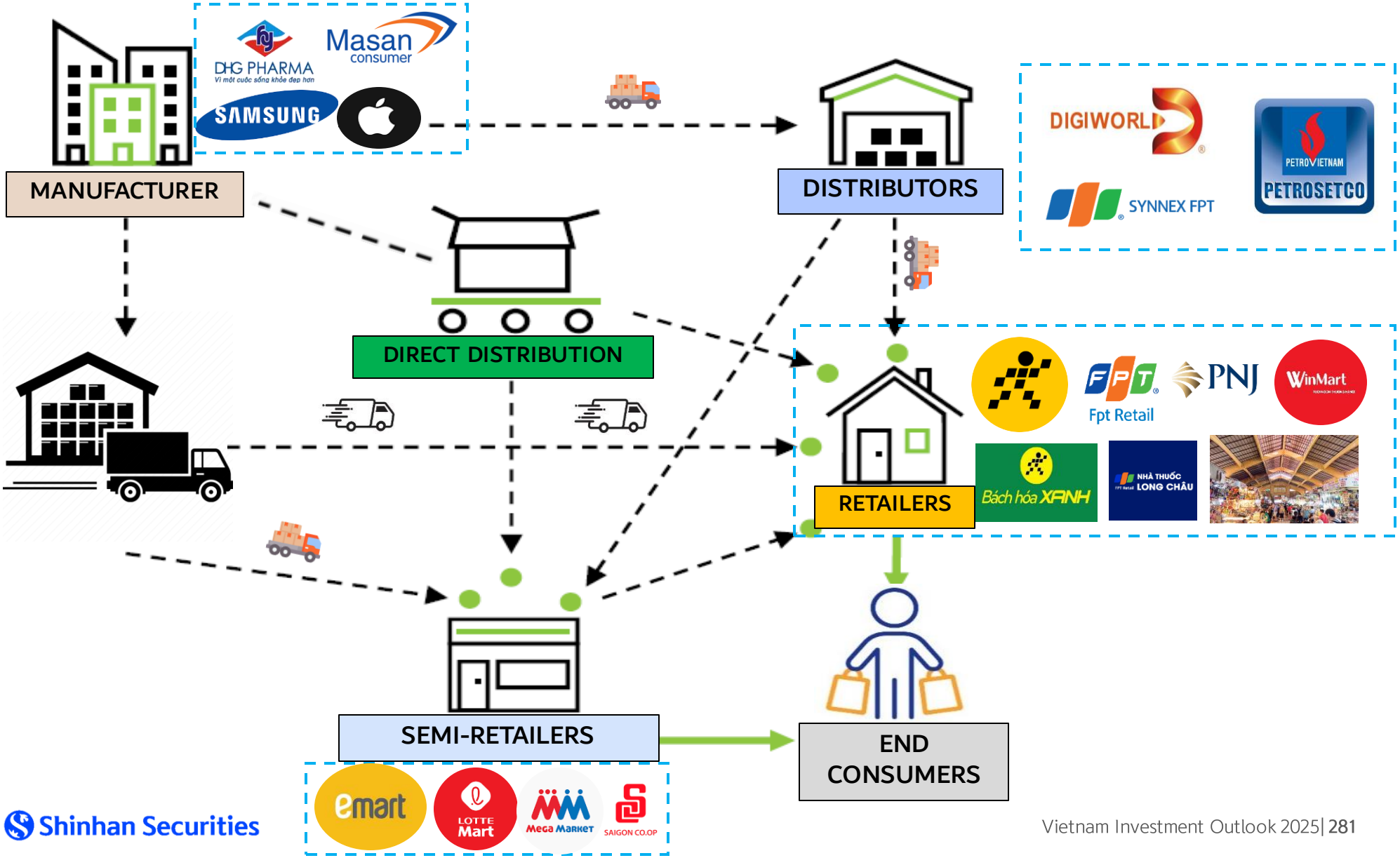
(*) The percentage of unemployed people compared to the labor force.
Unemployed people: People aged 15-61 (male) or 15-56 (female) who have all 3 factors: Not working, looking for work and ready to work.

Source: GSO, Shinhan Securities Vietnam

- In Q3/2024, citizens' income saw a clear improvement after the approval of a 6% increase in regional minimum wages, effective from July 1, 2024. Except for 2021, due to the pandemic, the National Wage Council has reviewed and proposed annual increases in regional minimum wages since 2012. This policy plays a critical role in enhancing living standards and social welfare, boosting consumer purchasing power, stabilizing society, and providing opportunities for personal development, thereby contributing to the sustainable growth of the economy.
- In Q3/2024, Vietnam recorded ~1.05 million unemployed individuals at working age (-22,200 QoQ; -24,300 YoY). The unemployment rate in 9M2024 is estimated at around 2.26%, aligning with the government's target of maintaining below 3%.

3. Vietnam's Retail Sector Outlook

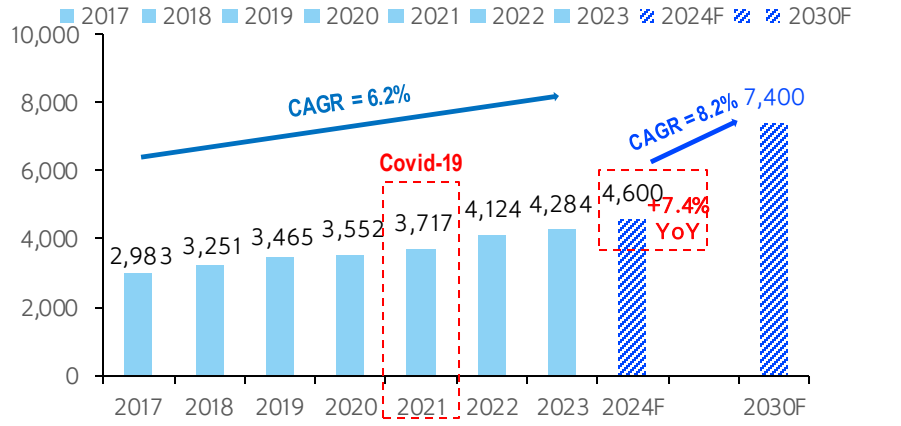
Typical key players in Vietnam retail market



3. Vietnam's Retail Sector Outlook

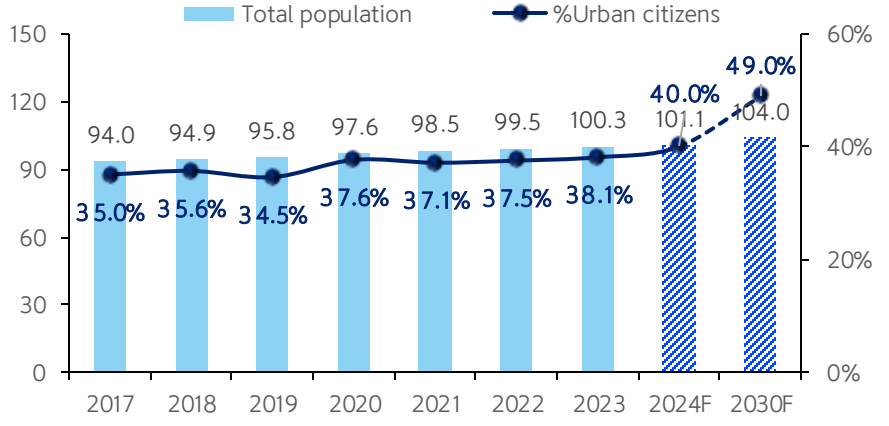
Outlook of ICT retail

Average annual income per capita in Vietnam (USD)



Source: GSO, Shinhan Securities Vietnam

Vietnam population over the years (million people)



Source: GSO, Ministry of Health, Shinhan Securities Vietnam

- Catalysts driving the growth of vietnam's retail market value:

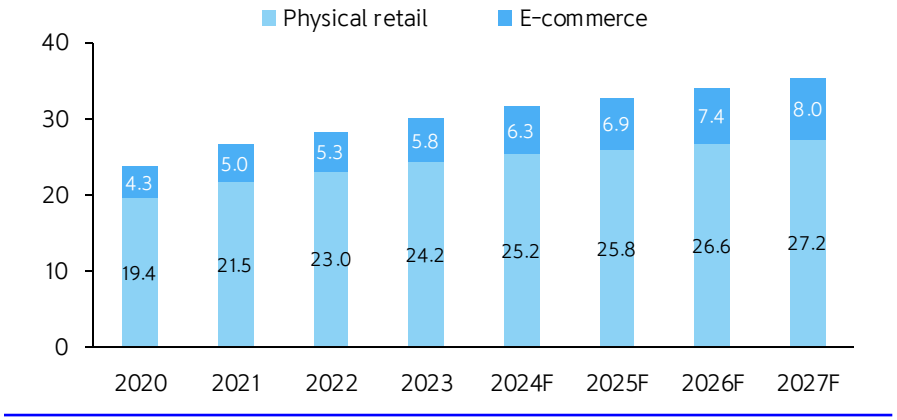
1. Economic factors: (i) Urbanization is expected to continue increasing in the coming years; (ii) Improved income levels, projected to grow by 8.2%/year over the 2024-2030 period.

2. ICT device replacement cycle: Following the 2020-2021 social distancing period, individuals have become accustomed to learning and working from home. The ICT device replacement cycle resumed in 2024 and is expected to strengthen further in 2025, driven by improved economic conditions and supportive government policies.

- In 2024, profits of ICT retailers such as MWG and FRT have recovered significantly from their 2023 lows. Furthermore, MWG and FRT's other retail segments have shown positive results in 2024 (Bach hoa Xanh has been profitable, begun expanding again; Long Chau pharmacies continue to maintain monthly revenue exceeding VND 1 billion/store and keep expanding their chain; Long Chau vaccination centers have stabilized operations and are now focusing on expansion).

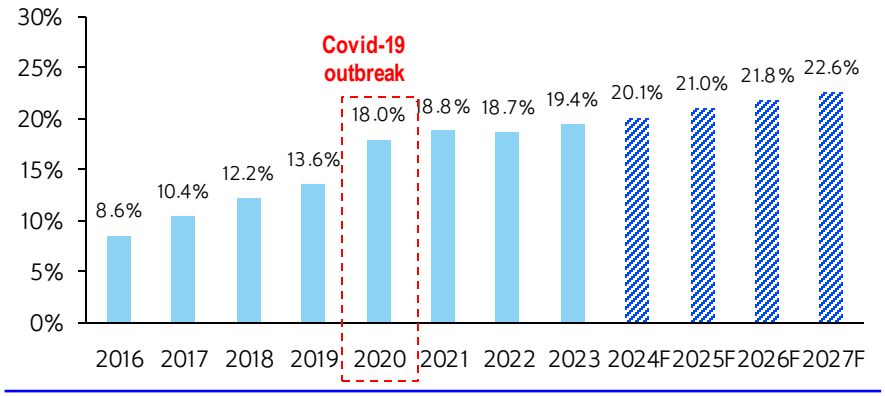
Retail prospects through e-commerce channel

Sales of in-store retail and e-commerce channel (trillion USD)



Source: Insider Intelligence, eMarketer (2024), Statista, Shinhan Securities Vietnam

Proportion of e-commerce retail sales in global retail sales (%)



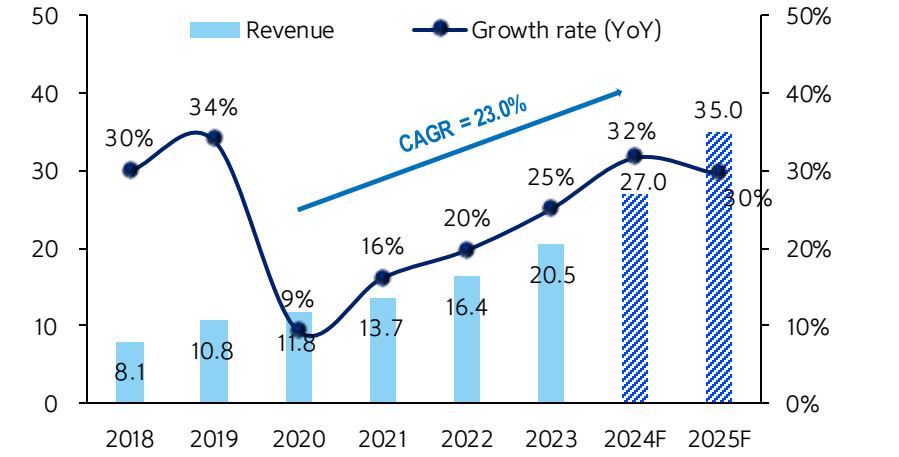
Source: Insider Intelligence, eMarketer (2024), Statista, Shinhan Securities Vietnam

- In 2023, global e-commerce revenue was estimated to be USD 5.8 trillion (+9.4% YoY), which over 70% of revenue was generated through transactions on smartphones. E-commerce has become a potential retail channel and is receiving attention from many retailers, integrated into the Omni-channel sales strategy.
- The COVID-19 pandemic has spurred a rapid shift towards internet-based activities, leading to the adoption of new habits among Vietnamese people, such as working and studying from home, ordering food online, and shopping online, etc. Vietnam is one of the fastest-growing e-commerce markets in the world, with a young and tech-savvy population that is increasingly embracing online shopping.
- The government also encouraged the use of cashless payments in 2020, helping leading e-wallets and e-commerce platforms in Vietnam benefit strongly from the change in shopping and payment habits and the increasing number of users in recent years.

3. Vietnam's Retail Sector Outlook

Update on Vietnam e-commerce market

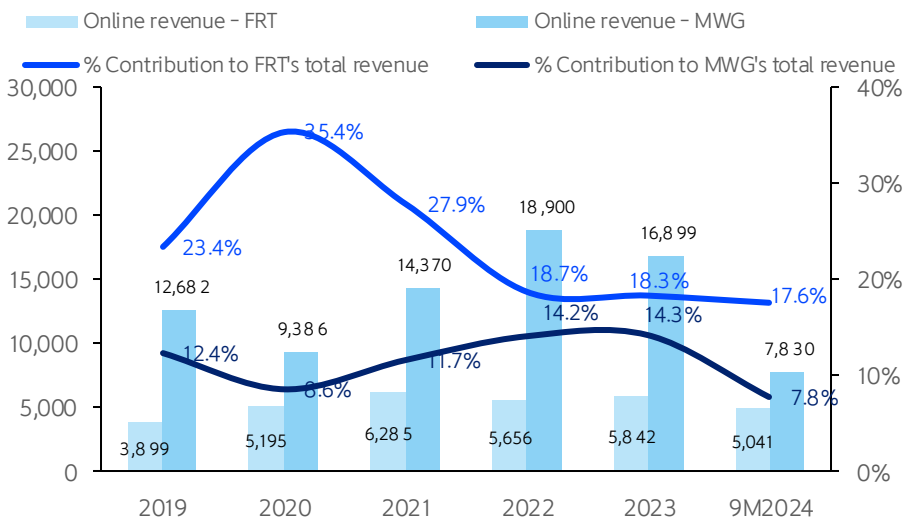
Vietnam e-commerce revenue (USD billion) (*)



(*) The above revenue only includes retail sales of goods (B2C) through e-commerce channels (excluding online revenue from payment, service, banking, credit, insurance, online games, advertising, etc.)

Source: Ministry of Industry and Trade, Shinhan Securities Vietnam

Online revenue of typical retail firms in Vietnam (billion VND)



Source: Company data, Shinhan Securities Vietnam

- E-commerce retail revenue plays a crucial role in driving growth in the retail industry and stimulating consumer demand. In the first six months of 2024, Vietnam's e-commerce retail revenue reached 13.2 billion USD (+28% YoY), with expectations of reaching 27 billion USD for the entire year of 2024 (corresponding to a CAGR of 23% per year from 2020-2024), accounting for 13-14% of the total retail revenue nationwide.
- Besides popular e-commerce platforms (Shopee, Lazada, TikTok Shop), leading retail enterprises are also focusing on investing in online sales channels: MWG (Dien May Xanh, The Gioi Di Dong, Bach Hoa Xanh); FRT (FPT Shop, Long Chau pharmacy). MWG's AvaKids chain aims to limit the expansion of physical stores and solely concentrates on boosting online sales in the coming years.
- Vietnam currently ranks 3rd in terms of online retail value in Southeast Asia and is among the top 5 countries with the highest e-commerce growth rate globally. The Ministry of Industry and Trade sets a target for e-commerce retail revenue to continue booming, expecting to reach 35 billion USD by 2025 (rank second, only behind Indonesia).

04 Typical Stocks in Retail Sector

MWG, FRT, DGW

4. Typical stocks in the retail sector

Update business results of retail firms

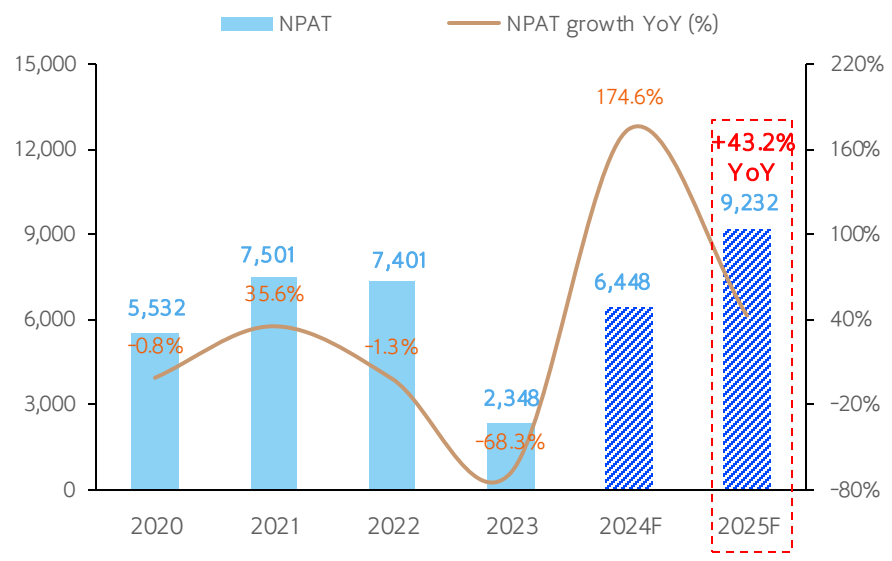
Update revenue of typical retail firms (*) (VND bn)



(*) Including typical retail firms listed on HoSE: MWG, FRT, DGW, PET, PNJ, HAX.

Source: FiinPro, Shinhan Securities Vietnam

Forecast profit of typical retail firms (*) (VND bn)



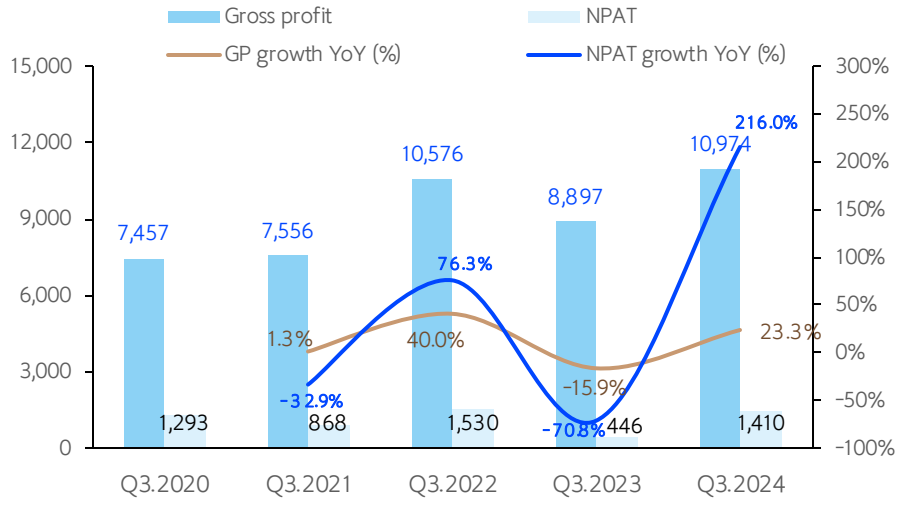
Source: FiinPro, Shinhan Securities Vietnam

- In 9M2024, revenue and profit margins of retailers have improved significantly compared to previous years. Positive economic growth prospects, improved incomes, and maintaining VAT at 8% are bright points that enhance the overall purchasing power of consumers.
- In 2024, many retail firms possibly achieve positive business results, rebounding from the bottom in 2023. Revenue growth of typical retail businesses in 2024 and 2025 is forecast to reach 15.6% YoY and 7.7% YoY, respectively.
- We assess 2024 as the foundational year for new business segments of retail enterprises to accelerate profit growth in 2025. These new business segments are becoming bright spots, delivering high efficiency and driving profit growth for retail businesses in the coming years. We forecast the NPAT of retail enterprises to reach VND 9,232 bn (+43.2% YoY).

4. Typical stocks in the retail sector

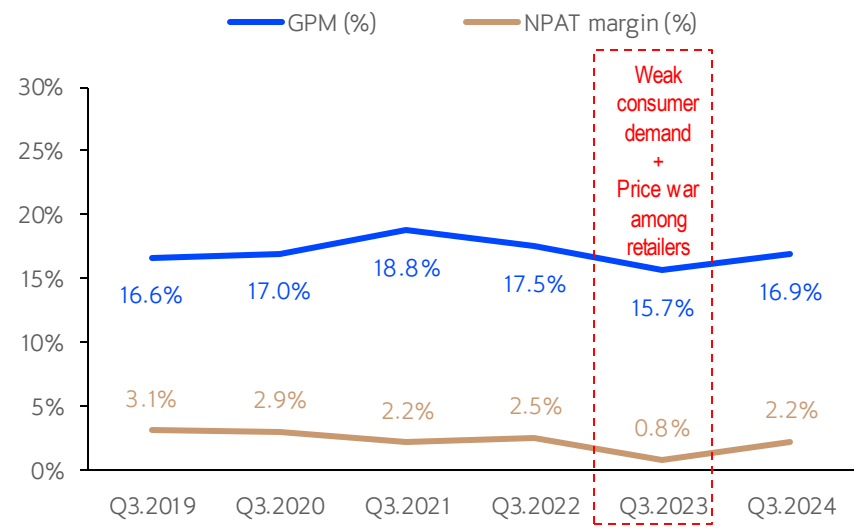
Update business results of retail firms

Business results of typical listed retail firms (trillion VND)



Source: FiinPro, Shinhan Securities Vietnam

Quarter 3 profit margin of typical listed retail firms



Source: FiinPro, Shinhan Securities Vietnam

- MWG's Bach hoa Xanh has reported positive net profits and begun expanding its chain after a prolonged period of downsizing and restructuring. Furthermore, MWG has announced multiple upcoming partnerships aimed at boosting sales revenue and services while optimizing idle cash flow.
- FRT has transitioned its mobile phone retail stores into home appliance retail outlets, helping to improve profit margins in the ICT segment. Additionally, Long Chau pharmacy and vaccination centers continue to expand, with revenue and profit showing double-digit YoY growth consistently over the next 3-5 years. The Long Chau chain is projected to become the primary contributor to FRT's business performance in the near future.

4. Typical stocks in the retail sector

Typical listed retail firms

General information				Share price					Key financial ratios(**)					Valuation (25F)	
No.	Ticker	Retail industries	Mkt. Cap. (VND bn)	CP (VND)	TP* (VND)	Return (%)	1M (%)	YTD (%)	Revenue 24F (VND bn)	Revenue 25F (VND bn)	GPM 25F	ROA (25F)	ROE (25F)	P/B (x)	P/E (x)
1	MWG	ICT	89,615	61,300	71,000	15.8	3.9	44.4	133,580	142,394	21.9%	7.6%	17.7%	3.1	19.0
2	FRT	ICT, Pharmacy	24,878	182,600	197,100	7.9	5.2	70.7	39,972	46,289	19.8%	6.3%	30.9%	6.1	21.3
3	DGW	ICT distribution	9,074	41,400	46,450	12.2	1.6	3.8	22,039	24,499	9.2%	5.0%	13.8%	3.7	23.2
4	PET	ICT distribution	2,679	25,100	30,000	19.5	0.6	-9.1	19,258	21,178	4.7%	2.2%	8.7%	n.a	n.a
5	PNJ	Jewelry	32,844	97,200	112,450	15.7	4.6	15.3	38,094	36,970	20.7%	13.5%	19.1%	2.5	13.5
6	HAX	Automobiles	1,864	17,350	16,500	-4.9	9.1	46.2	5,189	6,583	8.6%	6.7%	12.3%	1.4	11.9

* Target price (fair value) for the next 12 months

** Data for 12 months up to Q3/2024

Source: SSV Research, Bloomberg

Data as of December 24th, 2024

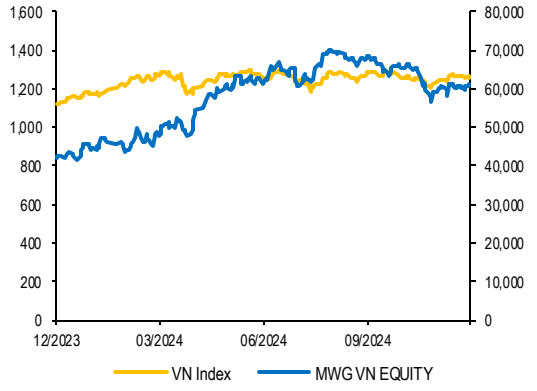
Mobile World Investment Corporation (HOSE: MWG)

MWG

Target price (12 months)	**VND 71,000**
Current price (12/24/24)	VND 61,300
Return (%)	15.3%
VNINDEX	1,260
Market P/E (x)	11.8
Market Cap. (bn VND)	89,615
Outstanding Shares (mn)	1,462
Free Floating Shares (mn)	1,177
52-Wk High/ Low (VND)	70,800/ 41,800
3M Avg. Trading Vol. (mn)	7.24
3M Avg. T/O (bn VND)	462
Beta (12M)	1.2

Major shareholders(%)	Retail World Investment Consulting	10.49
	Groups of Dragon Capital	7.95

Performance	3M	6M	12M
Absolute (%)	-10.0	-1.1	44.7
Relative to VN-Index (%)	-8.7	-1.6	30.5



Shinhan Securities

Bittersweet journey of Bach hoa Xanh

Investment points

Mobile World Investment Corporation (Mobile World, HSX: MWG) is a leading retail enterprise in Vietnam, offering an ecosystem that meets the diverse needs of customers. MWG remains the leading retailer of mobile phones and electronics in Vietnam, holding over 50% of the market share; also to be the largest consumer goods retailer nationwide.

9M2024 result: Consolidated revenue and NPAT reached VND 99,767 bn (+14.9% YoY) and VND 2,881 bn (~4.6x YoY), completing 79.8% and 120% of the 2024 plan, respectively.

Outlook of 2025: MWG is expected to sustain growth in both revenue and profit. Forecast revenue and NPAT in 2025 are VND 142,394 bn (+6.6% YoY) and VND 4,959 bn (+48.6% YoY), respectively. The positive performance of Bach hoa Xanh, with increasingly clear profitability, will be a key growth driver for MWG in the coming years.

ICT chains: Positive economic growth, improved purchasing power and ICT equipment replacement cycle are expected to boost MWG's revenue and profit in 2025. Revenue of ICT chains (Thegioididong, Topzone, DienmayXanh) is projected to reach VND 89,331 bn (+1.9% YoY), contributing 62.7% of total projected revenue for 2025 (2024: 65.6%). After restructuring all underperforming ICT stores, MWG's ICT segment is now leaner, operating more efficiently, and focused on expanding its product portfolio.

Bach hoa Xanh: Revenue is projected to reach VND 49,468 bn (+15.3% YoY) in 2025. After reporting profits and successfully selling a 5% stake to a Chinese partner, MWG plans to open 100-200 new Bach hoa Xanh stores in 2025 to target new customer regions, after nearly two years of focusing on profitability improvement.

EraBlue chain: With over 80 stores, EraBlue achieved profitability in Q3.2024 after several loss-making quarters. MWG plans to continue expanding the chain with ambitions of an IPO by 2027.

Risks: (1) Competitive risk; (2) Risk from weak retail consumption; (3) Risk from having many diversified retail chains; (4) Risk from impairment of inventory.

FY	2022	2023	2024F	2025F	2026F
Revenue (bn VND)	**133,405**	**118,280**	**133,580**	**142,394**	**150,747**
OP (bn VND)	6,575	1,018	5,024	6,858	8,148
NP (bn VND)	**4,102**	**168**	**3,338**	**4,959**	**5,912**
EPS (VND)	2,810	115	2,281	3,389	4,040
BPS (VND)	16,321	15,944	17,722	20,618	24,165
OPM (%)	4.9	0.9	3.8	4.8	5.4
NPM (%)	3.1	0.1	2.5	3.5	3.9
ROE (%)	**17.1**	**0.7**	**12.9**	**16.4**	**16.7**
PER (x)	15.1	372.2	29.8	19.0	15.8
PBR (x)	2.6	2.7	3.8	3.1	2.6
EV/EBITDA (x)	5.8	11.5	9.3	7.3	7.9

Source: Company data, Bloomberg, Shinhan Securities Vietnam

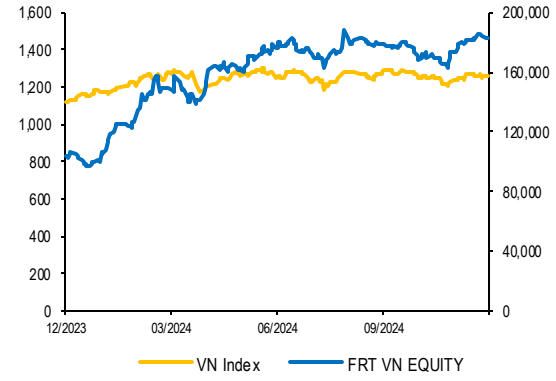
FPT Digital Retail JSC (HOSE: FRT)

FPT Retail

Target price (12 months)	**VND 197,100**
Current price (12/24/24)	VND 182,600
Return (%)	7.9%
VNINDEX	1,260
Market P/E (x)	11.8
Market Cap. (bn VND)	24,878
Outstanding Shares (mn)	136
Free Floating Shares (mn)	62
52-Wk High/ Low (VND)	189,100/ 95,700
3M Avg. Trading Vol. (mn)	0.47
3M Avg. T/O (bn VND)	77
Beta (12M)	0.9

Major shareholders (%)	CTCP FPT	46.53
	Dragon Capital Fund	13.03

Performance	3M	6M	12M
Absolute(%)	2.1	3.8	78.1
Relative to VN-Index (%)	3.4	3.3	63.9



Shinhan Securities

Long Chau chain and the strategic long-term game

Investment points

FPT Digital Retail JSC (FRT Retail, HSX: FRT) is one of the leading retailers of ICT equipment and products in Vietnam. FRT owns two ICT retail chains, FPT Shop and F. Studio, with a total of 637 stores. Additionally, FRT's Long Chau pharmacy chain has become a familiar brand, leading the market with 1,849 pharmacies nationwide.

9M2024 result: Net revenue and EBT reached VND 28,657 bn (+23.7% YoY) and VND 357.6 bn, respectively (9M2023: loss of VND 197.0 bn), completing 76.8% and 286% of the year plan. GPM improved from 15-16% in 2023 to 19-20% in 2024.

Outlook of 2025: Forecast revenue and NPAT are VND 46,289 bn (+15.8% YoY) and VND 949 bn (+94.7% YoY), respectively. Long Chau chain will continue to drive growth, boosting FRT's performance in the coming years. Additionally, FRT has selected UBS as an advisor for the plan to sell 10-20% of FPT Long Chau's equity, expected to be done in 2025.

ICT chain: Improved consumer demand and the strategy of opening new FPT Electronics stores will contribute to enhancing FRT's overall GPM in 2025. Notably, the GPM of the ICT chain in 2024 returned to its 2020 peak at approximately 13.5% (FY2023: 9-10%). FPT Shop reported positive NPAT in Q3.2024 after six consecutive quarters of losses.

Long Chau chain: Revenue is estimated to account for 2/3 of FRT's revenue in 2024 and 2025. Current average revenue remains positive, reaching VND 1.1-1.2 bn/pharmacy/month. GPM is stable at 23-24%, with NPAT margin standing around 2%.

Vaccination center: Long Chau vaccination chain has been operating smoothly, with monthly revenue maintained at VND 1.2-1.3 bn/center in 2024. At the end of Q3.2024, FRT has 115 centers (105 new openings YTD), surpassing the 100-target-center by year-end 2024.

Long-term strategy: Long Chau plans to expand its ecosystem and healthcare platform with: (i) new business activities in diagnostics and treatment (e.g., clinics), and (ii) continued expansion of existing businesses and services (pharmacy, vaccination, home health monitoring, and medicine insurance).

Risks: (1) High leverage exposure; (2) Competitive risk; (3) Weak retail consumption; (4) Risk from impairment of inventory.

FY	2022	2023	2024F	2025F	2026F
Revenue (bn VND)	**30,166**	**31,850**	**39,972**	**46,289**	**54,048**
OP (bn VND)	474	-297	625	1,180	1,625
NP (bn VND)	**398**	**-329**	**487**	**949**	**1,327**
EPS (VND)	2,865	-2,537	3,003	5,700	7,337
BPS (VND)	10,696	10,944	15,311	19,956	25,345
OPM (%)	1.6	-0..9	1.6	2.5	3.0
NPM (%)	1.6	-1.0	1.2	2.0	2.5
ROE (%)	**19.4**	**-19.1**	**22.0**	**30.6**	**31.0**
PER (x)	20.8	-23.5	65.6	21.3	9.3
PBR (x)	5.3	7.3	12.9	6.1	2.7
EV/EBITDA (x)	12.7	62.8	15.8	10.9	8.5

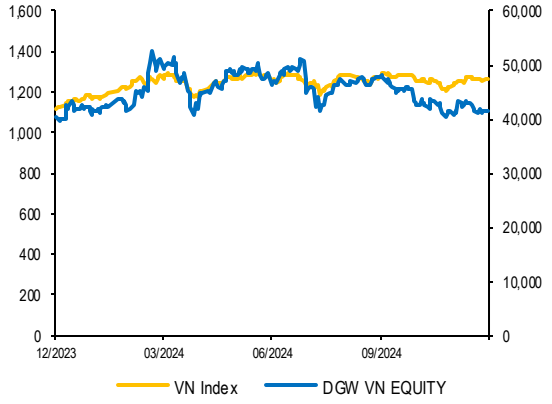
Source: Company data, Bloomberg, Shinhan Securities Vietnam

DIGIWORLD Corporation (HOSE: DGW)

Target price (12 months)	**VND 46,450**
Current price (12/24/24)	VND 41,400
Return (%)	12.2%
VNINDEX	1,260
Market P/E (x)	11.8
Market Cap. (bn VND)	9,074
Outstanding Shares (mn)	219
Free Floating Shares (mn)	129
52-Wk High/ Low (VND)	53,800/ 39,400
3M Avg. Trading Vol. (mn)	1.26
3M Avg. T/O (bn VND)	51
Beta (12M)	1.4

Major shareholders (%)	
Created Future Co, Ltd	32.02
DKP Co, Ltd	5.08

Performance	3M	6M	12M
Absolute (%)	-13.6	-11.5	4.7
Relative to VN-Index (%)	-12.3	-12.0	-9.6



Shinhan Securities

Accelerating growth from 2024 good base

Investment points

Digital World Corporation (Digiworld, HSX: DGW) is a leading provider of market research, market entry services, and distribution of international brands' products in the Vietnamese market. Additionally, DGW is expanding its distribution to home appliances and consumer goods and pursuing M&A with potential companies that align with DGW's value chain. This represents a new growth driver, which is expected to improve Digiworld's profit margins in the near future.

Outlook of 2025: Sales and profit margin from mobile phone products are expected to improve significantly thanks to the product replacement cycle and the government's policy to phase out 2G networks.

Vietmoney pawnshop chain: DGW is still in the process of restructuring and rebranding, delaying expansion. Currently, there are 16 Vietmoney stores, with profitability reported at the store level.

DGW continues expanding its product distribution portfolio, including: AI gaming laptops from Gigabyte, Philips home appliances, and Xiaomi refrigerators and air conditioners (generating revenue from Q4.2024). Additionally, DGW has partnered with AB InBev to develop an on-premise channel (direct distribution to consumers at restaurants), complementing its existing GT and MT distribution channels.

Q3.2024 result: Revenue reached VND 6,226 bn (+15% YoY); GPM of 9.67% (Q3.2023: 7.11%). Notably, DGW's Q3.2024 NPAT was the highest in the past seven quarters, at VND 121.7 bn (+19% YoY).

9M2024 result: Revenue and NPAT were VND 16,219 bn (+16% YoY) and VND 303 bn (+15% YoY), completing 71% and 62% of the year plan, respectively. Specifically, mobile phones is the major contributor, with 9M24 revenue of VND 6,893 bn (+18% YoY), accounting for 42.5% of total revenue. However, this is also the product line with the lowest profit margin. The following contributions were 32% in the laptop & tablet group (VND 5,135 bn, +6% YoY); 19% in the office equipment group (VND 3,019 bn, +30% YoY); 4% in the home appliances group (VND 629 bn, +27% YoY); and 3% in the consumer goods group (VND 543 bn, +18% YoY).

Risks: (1) Weak consumer demand; (2) Underperformance of new business segments and distributed brands.

FY	2022	2023	2024F	2025F	2026F
Revenue (bn VND)	**22,028**	**18,817**	**22,039**	**24,499**	**26,826**
OP (bn VND)	868	469	561	749	623
NP (bn VND)	**684**	**354**	**451**	**559**	**675**
EPS (VND)	4,219	2,161	1,393	1,821	1,805
BPS (VND)	11,294	11,946	14,706	11,253	18,231
OPM (%)	3.9	2.5	2.8	2.5	2.8
NPM (%)	3.1	1.9	2.2	1.9	2.2
ROE (%)	**32.8**	**14.2**	**16.2**	**18.3**	**11.7**
PER (x)	6.9	20.1	30.3	23.2	23.4
PBR (x)	2.6	3.2	2.9	3.7	2.3
EV/EBITDA (x)	7.1	13.4	15.8	12.4	n.a

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Shinhan Securities

Technology Sector

The age of ascension



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Contents

Technology Sector – The age of ascension

1. Worldwide IT Trends Update

   Worldwide IT spending was rebounding strongly in 2024 and is expected to become more pronounced in 2025 as economic uncertainties gradually stabilize.

2. Vietnam's IT Industry

   Vietnamese IT companies are gradually moving up the value chain in the software industry, reducing their role as merely low-cost outsourcing providers.

   Revenue growth of IT companies in 2025 is expected to maintain double-digit levels, with improved profit margins driven by:

   (i) Increasing demand for digital transformation across various enterprises;
   (ii) Deeper involvement in IT product development;
   (iii) Growth potential in the data center services in Vietnam.

3. Typical Stock in Technology Sector

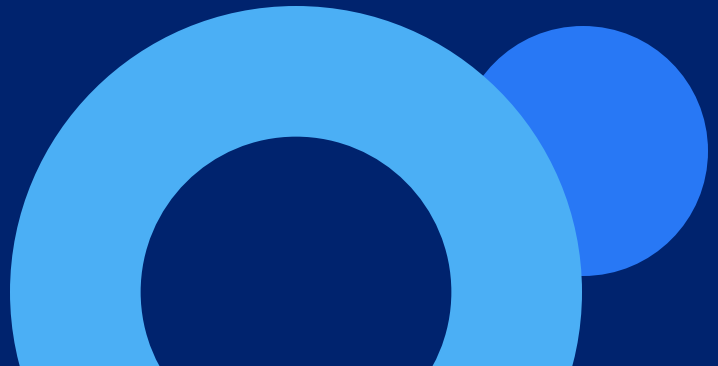
   FPT

01

Worldwide IT trends update

Worldwide IT spending was rebounding strongly in 2024 and is expected to become more pronounced in 2025 as economic uncertainties gradually stabilize.

The spending is projected to surpass USD 5,200 billion (+7.5% YoY) in 2024, driven by robust growth momentum in the software segment (+12.6% YoY) and IT services (+7.1% YoY).



Worldwide IT Spending Trends

Worldwide IT spending over the period 2019 – 2024 (USD bn)

	2019	2020	2021	2022	2023	2024F	2025F
Data Center	175.1	179.5	194.7	227.0	236.1	318.0	367.2
IT devices	588.0	641.6	790.8	740.9	692.8	735.8	805.7
Software	707.7	697.1	789.2	873.6	974.1	1,087.8	1,239.8
IT services	1,053.0	1,070.9	1,333.4	1,433.5	1,503.7	1,587.9	1,737.8
Communication services	1,425.1	1,405.1	1,473.5	1,445.5	1,491.7	1,530.3	1,596.9
Total spending	**3,948.9**	**3,994.1**	**4,581.6**	**4,720.5**	**4,898.4**	**5,259.8**	**5,747.3**
Growth (% YoY)		Peak of Covid-19 pandemic and beginning of social distancing					
Data Center	*1.0*	*2.5*	*6.4*	*16.6*	*4.0*	*34.7*	*15.5*
IT devices	*-0.3*	*9.1*	*14.7*	*-6.3*	*-6.5*	*6.2*	*9.5*
Software	*11.7*	*-1.5*	*16.0*	*10.7*	*11.5*	*11.7*	*14.0*
IT services	*4.8*	*1.7*	*12.8*	*7.5*	*4.9*	*5.6*	*9.4*
Communication services	*-0.6*	*-1.4*	*3.8*	*-1.9*	*3.2*	*2.0*	*4.4*
Total spending	***2.4***	***0.9***	***10.2***	***2.8***	***3.8***	***7.2***	***9.3***

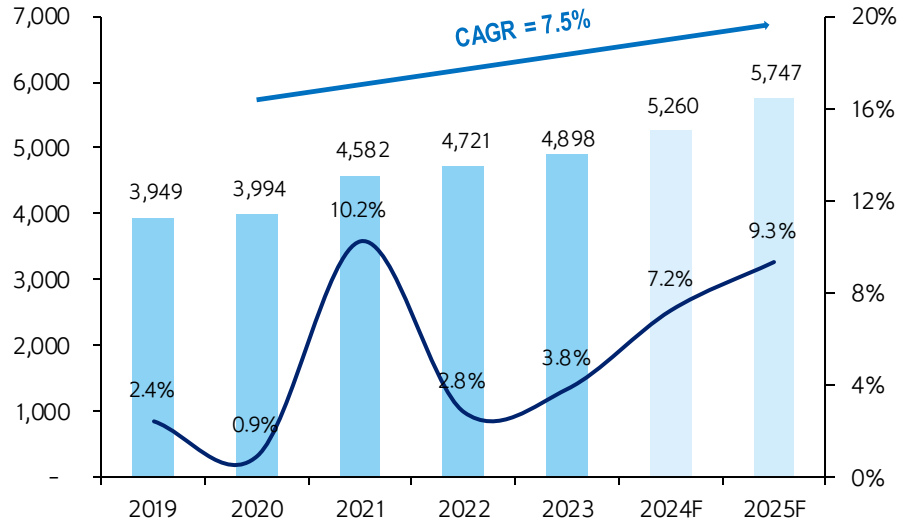
Source: Gartner (Oct. 2024), Shinhan Securities Vietnam

- Investing in technology is a sustainable investment that delivers companies' long-term returns.
- IT has become integral to revenue-generating activities, boosting operational efficiency, creating new products, services, and improving customer experiences. These advancements enable firms to optimize costs, generate added value, and drive sustainable growth.
- According to Gartner, global IT spending is projected to rebound strongly in 2024 and gain further momentum in 2025 as economic uncertainties gradually subside.

1. Worldwide IT trends update

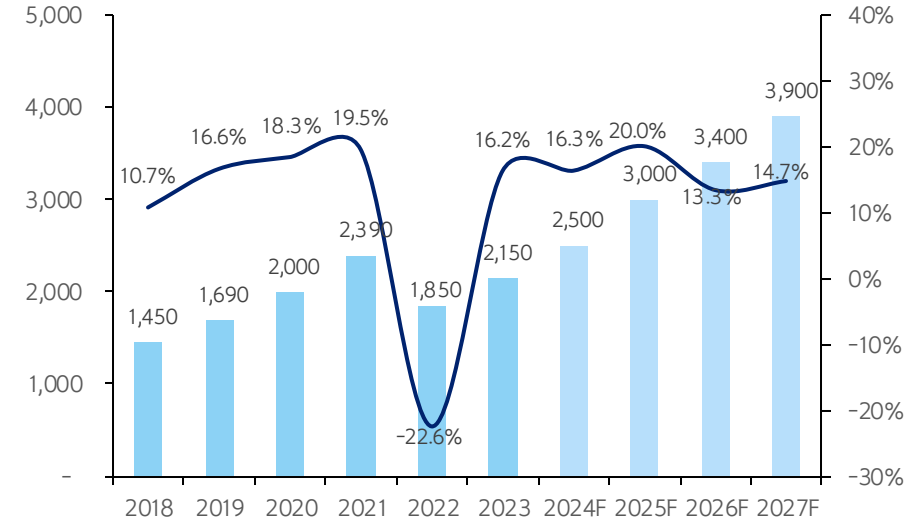
Digital Transformation – The Technology Revolution Shaping the Globe

Worldwide IT Spending (USD tn)



Source: Gartner (Oct. 2024), Shinhan Securities Vietnam

Global DX Spending (USD bn)

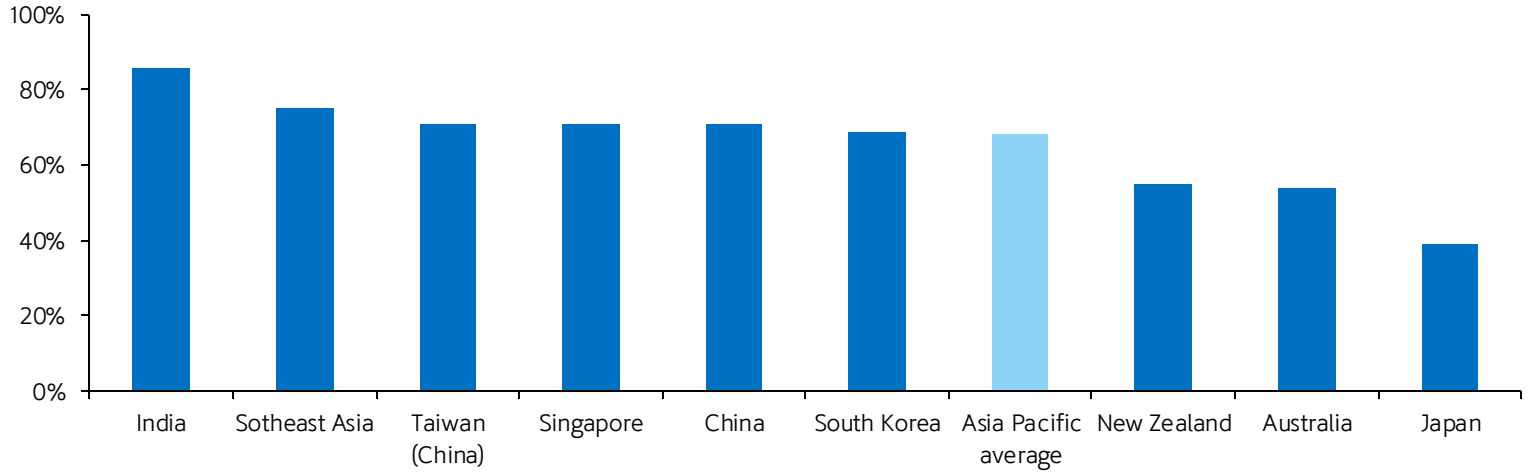


Source: IDC (2024), Shinhan Securities Vietnam

- IT spending is forecasted to reach USD 5,747.3 billion (+9.3% YoY) by 2025, with a CAGR of 7.5% over the 2020–2025 period. Growth is driven by robust momentum in the software segment (+14.0% YoY) and IT services (+9.4% YoY).
- Besides, as part of the "Product Development" cycle, Digital Transformation (DX) trend has emerged since 2010, fueled by rapid IT and Internet advancements. IDC (International Data Corporation) predicts that global DX spending will hit USD 3.9 trillion by 2027, reflecting a 16.1% CAGR from 2023–2027.

Artificial Intelligence – A Game-Changer in the Era of Digital Transformation

AI adoption rate in Asia Pacific countries in 2024 (%)

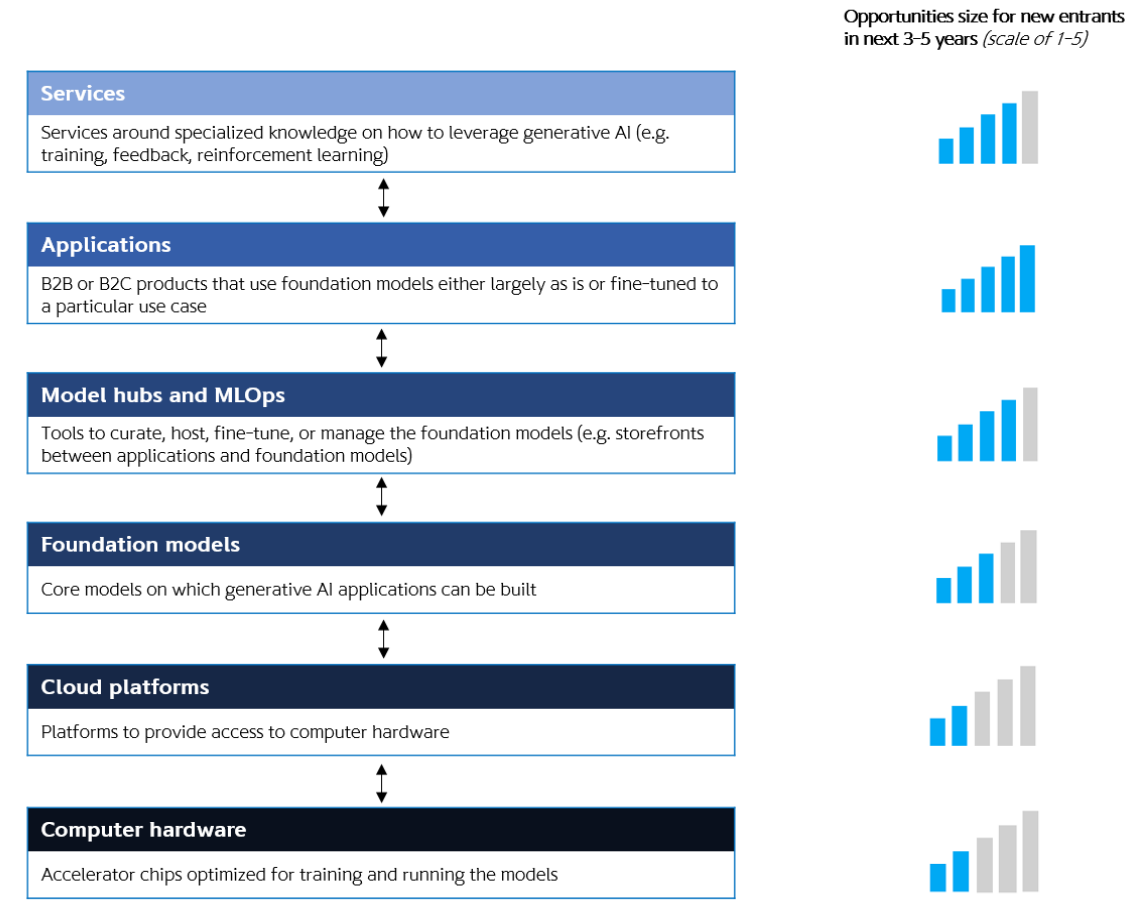


Source: Deloitte Insights 2024, Shinhan Securities Vietnam

- As DX becomes a global trend, AI plays a pivotal role in enhancing efficiency and transforming operational paradigms across various industries. It primarily targets two sectors: (i) Government institutions; (ii) Private enterprises (for data storage, management, and analysis; and supporting strategic and business decision-making). DX acts as the foundation for the creation of a Digital Government, Digital Economy, Digital Society, and Digital World in the future.
- According to PwC and Gartner, DX could contribute 30-40% to global GDP by 2030 thanks to the deep integration of digital technologies into every aspect of the economy.
- Leading businesses are already incorporating AI across operations, such as customer behavior analysis, supply chain and warehousing management, etc. in order to gain competitive advantages. Deloitte projects that in 2024, developing countries in the Asia Pacific region will adopt AI at the highest rate compared to neighboring regions.

Breakthroughs in Artificial Intelligence Development

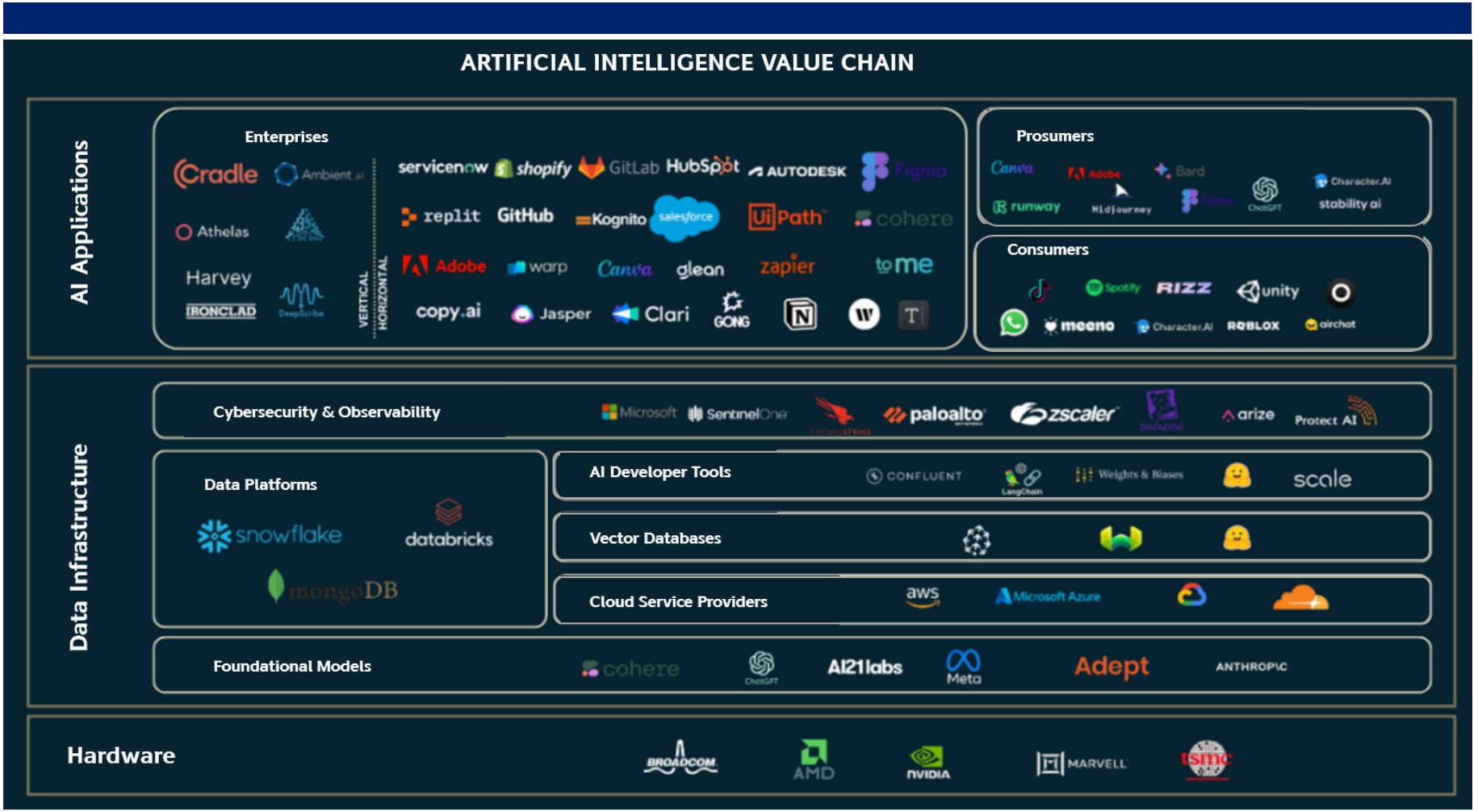
Generative AI Value Chain (GenAI)



Source: McKinsey & Company, Shinhan Securities Vietnam

- Currently, AI has advanced to the point where it can synthesize existing data to create new data, fully simulate human behaviors, and integrate features of traditional AI.
- With the emergence of Generative AI (GenAI), AI can now generate new images and sounds from existing data, bringing it closer to comprehensive human simulation.
- According to IDC, global spending on AI, including AI-enabled applications, infrastructure, and related IT services, is projected to double by 2028, reaching USD 632 bn. McKinsey reported that in 2023, 55% of enterprises used AI for at least one function in their systems, and 33% had implemented GenAI. By 2024, this figure is expected to rise to 72% in business operations.
- In the future, AI will surely boost the productivity in the software development industry.

Tech firms in the Global AI Ecosystem



Source: Nasdaq, Spear Invest, Shinhan Securities Vietnam

02

Vietnam's IT Industry

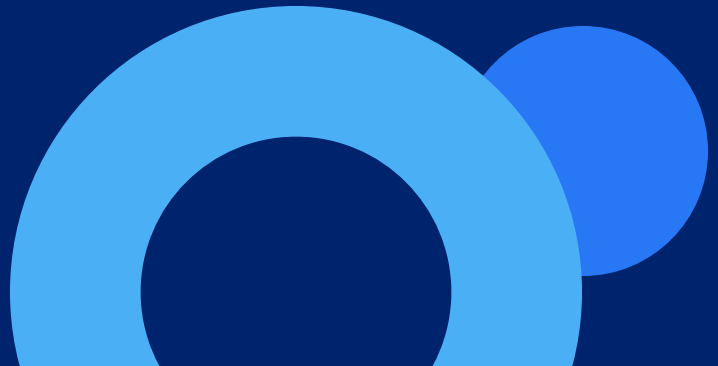
Vietnamese IT companies are gradually moving up the value chain in the software industry, reducing their role as merely low-cost outsourcing providers.

Revenue growth of IT companies in 2025 is expected to maintain double-digit momentum, with improved profit margins driven by:

(i) Increasing demand for digital transformation across various enterprises;

(ii) Deeper involvement in IT product development;

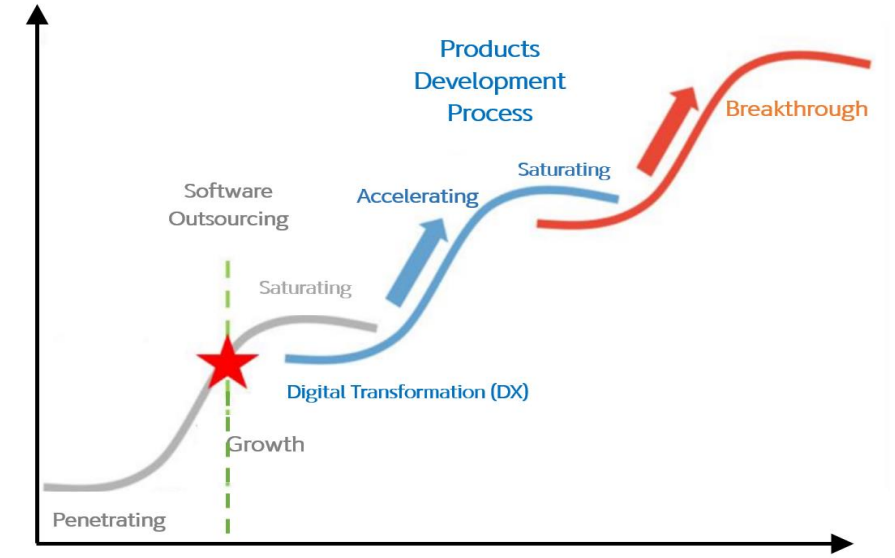
(iii) Growth potential in the data center services in Vietnam.



2. Vietnam's IT Industry

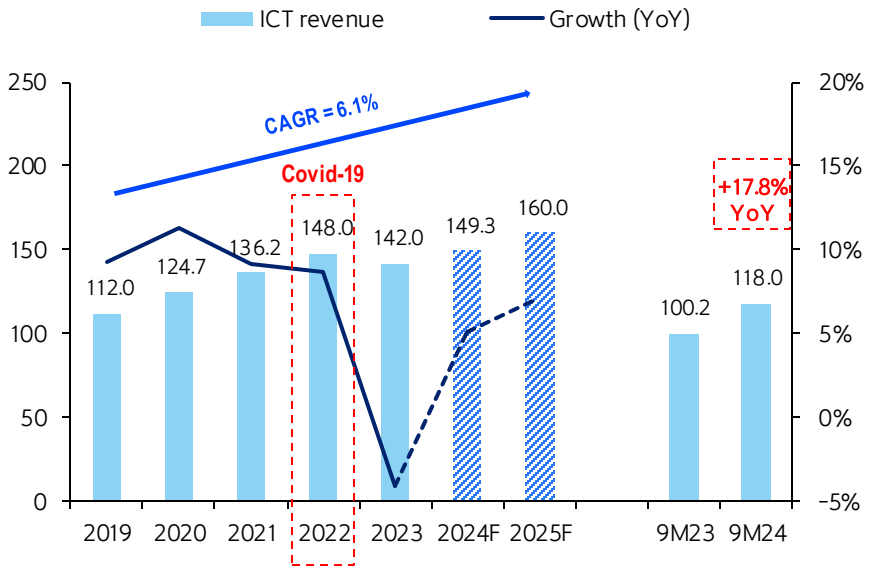
Software industry cycles and the shifts in the value chain

Vietnam's software industry cycles



Source: Shinhan Securities Vietnam summarized

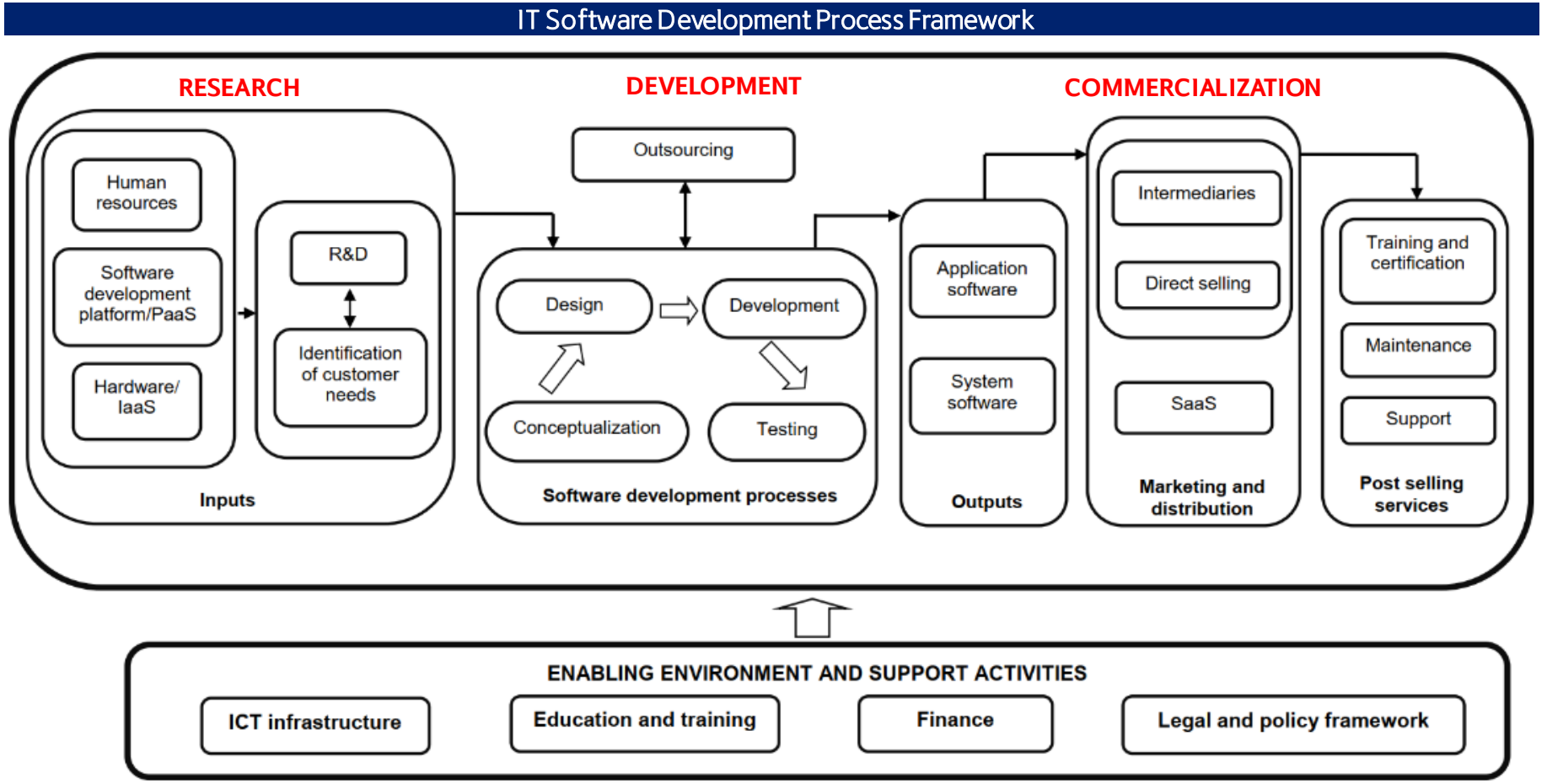
Revenue of Vietnam's ICT Industry (USD bn)



Source: Ministry of Information and Communications, Shinhan Securities Vietnam

- Currently, major IT companies in Vietnam are in the "Growth" phase of the software outsourcing cycle, gradually transitioning into the "Acceleration" phase of the Product Development cycle, which includes Digital Transformation (DX).
- This shift enables Vietnam's IT industry to ascend the value chain in the software industry, moving beyond the low-cost outsourcing model with limited added value.
- The total revenue of Vietnam's ICT sector is estimated to reach USD 160 billion (+7.2% YoY) by 2025. Growth is expected to remain robust as the Government identifies IT as one of the nation's key economic sectors.

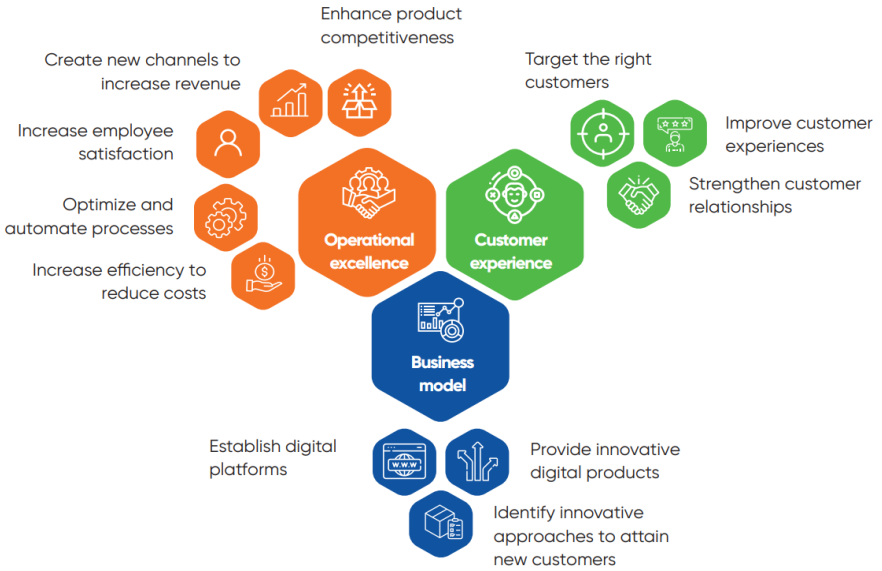
The Software Industry Cycle



Source: Shinhan Securities Vietnam summarized

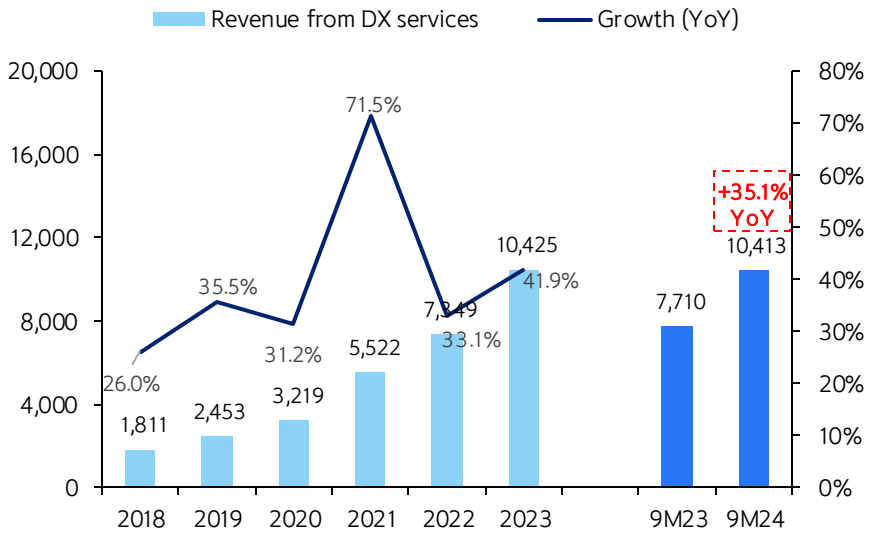
The Race to Complete the DX Value Chain

Focusing on end-user benefits via DX



Source: FPT, Shinhan Securities Vietnam

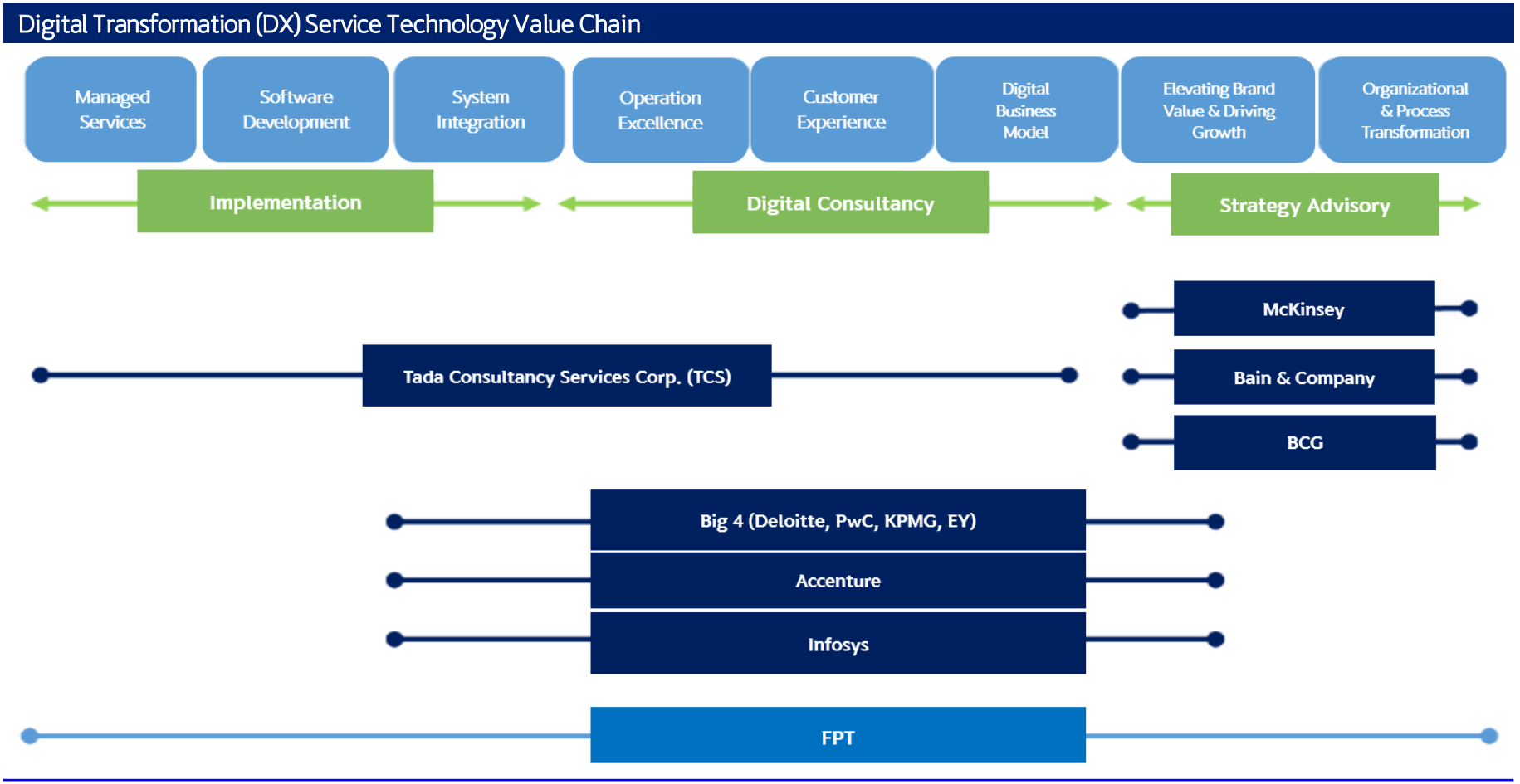
FPT's DX revenue (USD bn)



Source: FPT, Shinhan Securities Vietnam

- DX remains a relatively new business, therefore, leading major tech firms (such as Infosys and Tata in India) still have to continue relying on traditional IT services to ensure sustained growth. The ultimate goal of DX is to benefit end users by achieving "Seamless operations", "Enhanced customer experiences", and establishing "Digital business models".
- In Vietnam, FPT stands out as a pioneering technology enterprise, adapting to the Industry 4.0 revolution by integrating digital solutions into practical applications and partnering with clients in the race toward DX.
- With the skilled and large workforce whose technical capabilities have been proven over the years, Vietnam continues to be a preferred destination for global IT companies.

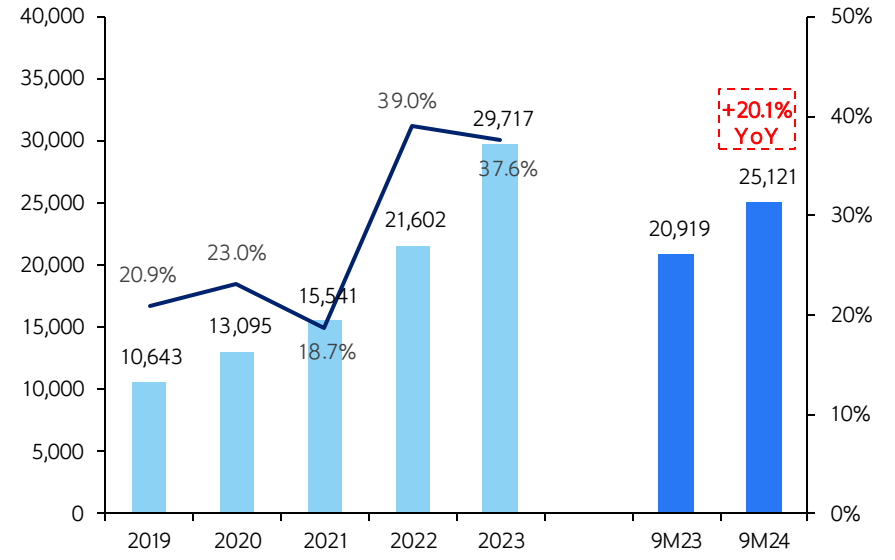
The Race to Complete the DX Value Chain



Source: Shinhan Securities Vietnam summarized

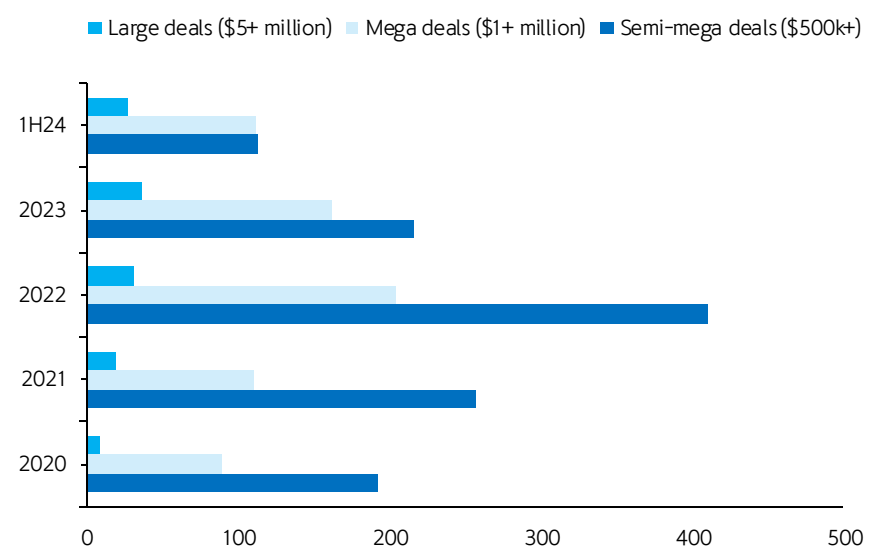
The Race to Complete the DX Value Chain

FPT's new signed revenue each year (VND bn)



Source: FPT, Shinhan Securities Vietnam

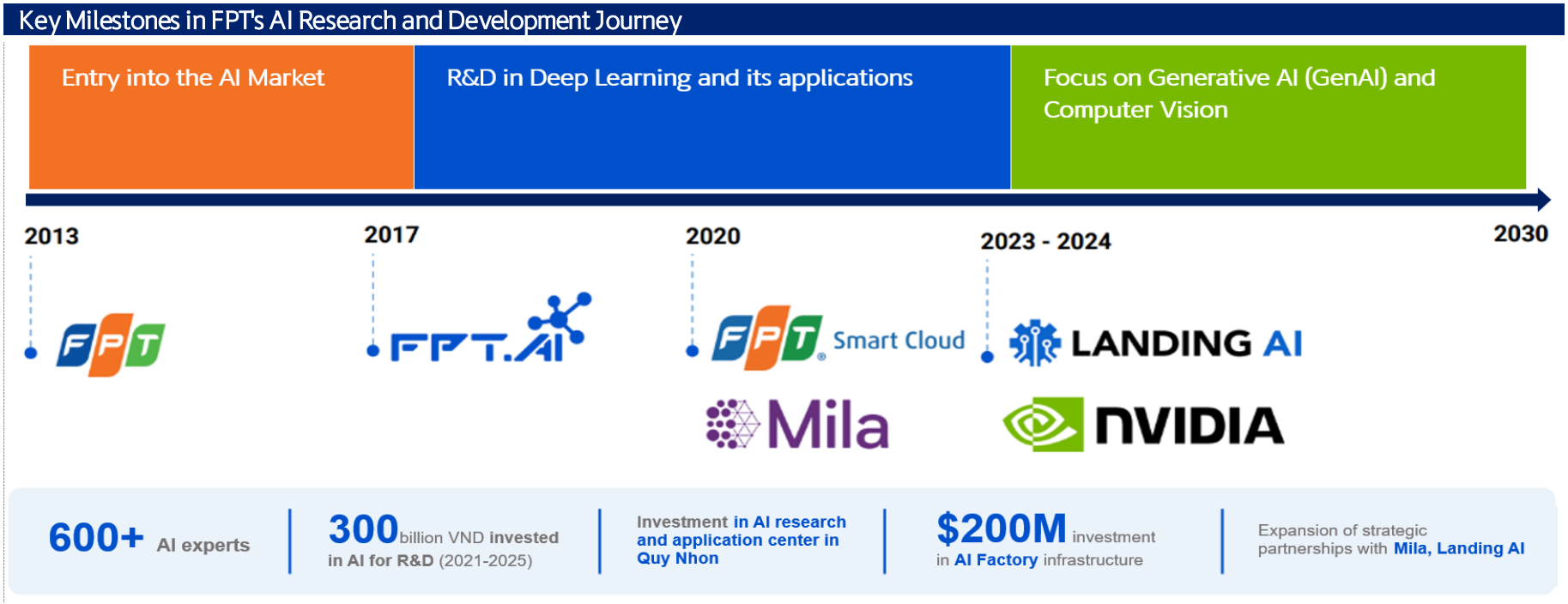
Number of newly signed deals by contract value of FPT



Source: FPT, Shinhan Securities Vietnam

- The completion of the DX value chain allows tech firms such as FPT to develop and implement holistic DX plans and roadmaps for clients, enabling FPT to secure multiple high-value contracts exceeding USD 1 million and even USD 5 million.
- Currently, FPT targets two primary customer groups within the DX ecosystem. For large corporations, FPT provides comprehensive DX services, ranging from consulting to implementation, ensuring sustainable revenue and long-term profitability (3–5 years or more).

The Race to Complete the Artificial Intelligence (AI) Value Chain

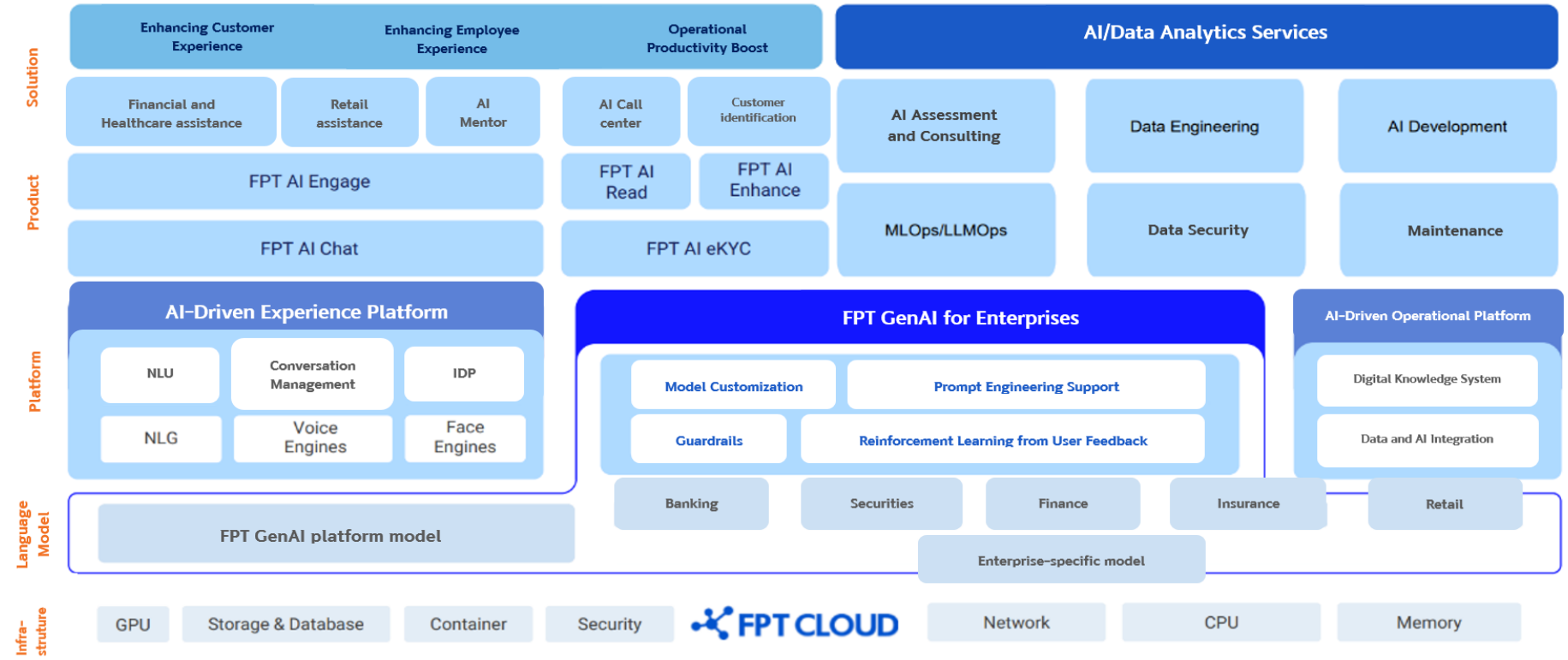


Source: FPT Smart Cloud, Shinhan Securities Vietnam

- During the process of DX value chain's completion, FPT is also committed to developing and enhancing Vietnam's Artificial Intelligence (AI) ecosystem. With the ambition of joining the ranks of the world's leading AI Labs, FPT is continuing its investment in the AI Center project in Quy Nhon, Binh Dinh Province, in 2024. The project spans 93.24 hectares with a total investment of over VND 4,300 billion.
- FPT actively expands its AI ecosystem and integrates this technology into all products and solutions within its Made-by-FPT ecosystem, delivering significant benefits to end users.

The Race to Complete the Artificial Intelligence (AI) Value Chain

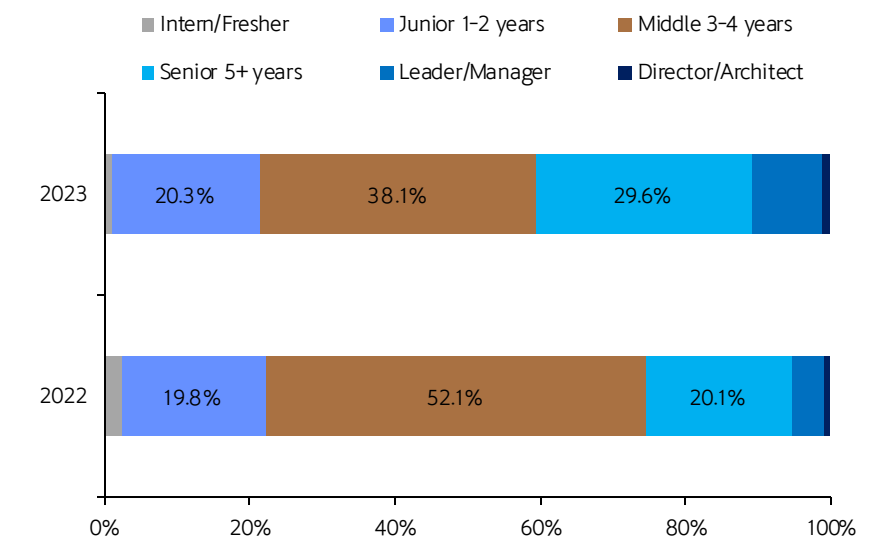
Comprehensive AI ecosystem of FPT



Source: FPT Smart Cloud, Shinhan Securities Vietnam

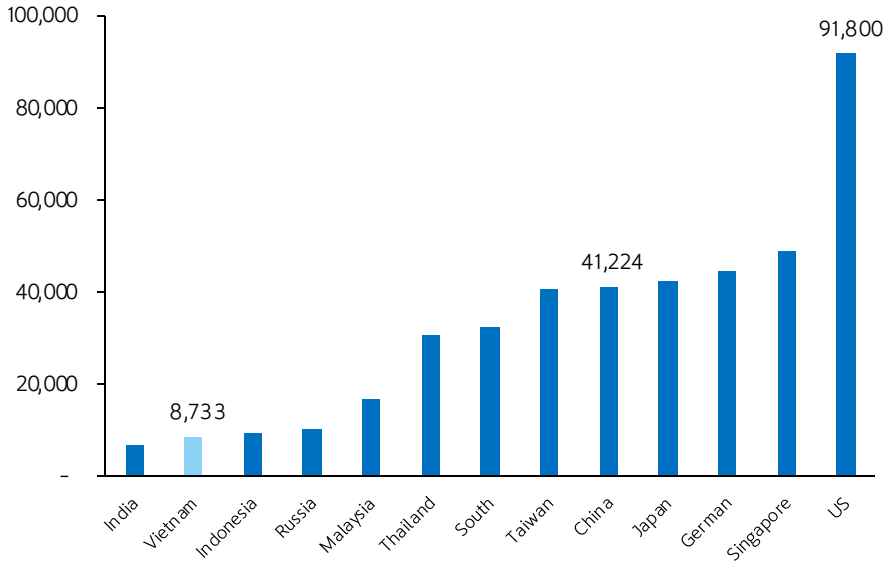
The state of the IT workforce in Vietnam

Changes in qualifications required for IT recruitment



Source: TopDev, Shinhan Securities Vietnam

Average salary of IT engineer in 2023 (USD/year)



Source: Salary Explorer, Shinhan Securities Vietnam

- Vietnam benefits from a golden population structure (over 60% of the population is of working age). Annually, around 57,000 IT students graduate in Vietnam. However, according to TopDev, 65% of newly graduated IT personnel fail to meet job requirements and require additional training.
- It is estimated that Vietnam will face an annual shortage of 150,000–200,000 skilled IT professionals between 2023 and 2025. To address this issue, leading tech firms such as FPT and CMC, have established universities to train future talent for their organizations.
- Nevertheless, Salary Explorer indicates that IT engineers in Vietnam earn some of the lowest wages globally, comparable to engineers in India but significantly lower by 5 to 10 times compared to their counterparts in China and the US.

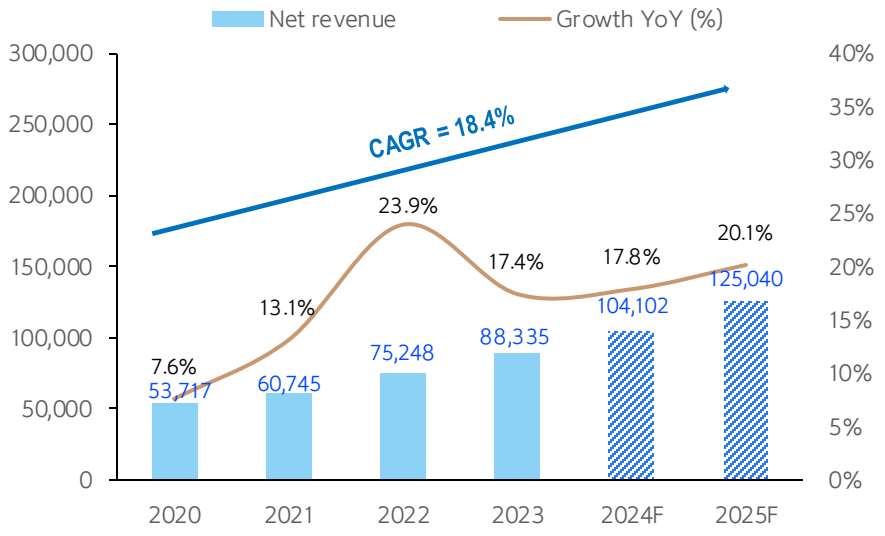
Global Ranking of Vietnamese IT Engineers



- Rank 23, Worldwide Developer Skills Chart by HackerRank (2016).
- Rank 6, Worldwide Developer Skills Chart by TopCoder (2016).
- Rank 18, Tholons Top 100 Outsourcing Destinations (2016).
- Rank 29, Worldwide Developer Skills Chart by SkillValue (2019).
- Ranked 5, Kearney Global Services Location Index, only behind India, China, Malaysia and Indonesia (2019).
- Rank 13, Tholons Services Globalization Index (2019).
- Rank 42, Global Innovation Index (GII) (2019).
- Rank 22, Global Skills Index (GSI) (2020).
- Rank 45, Network Readiness Index (NRI) (2024).
- Rank 26, Global AI Research Ranking (2024).

Update business results of technology firms

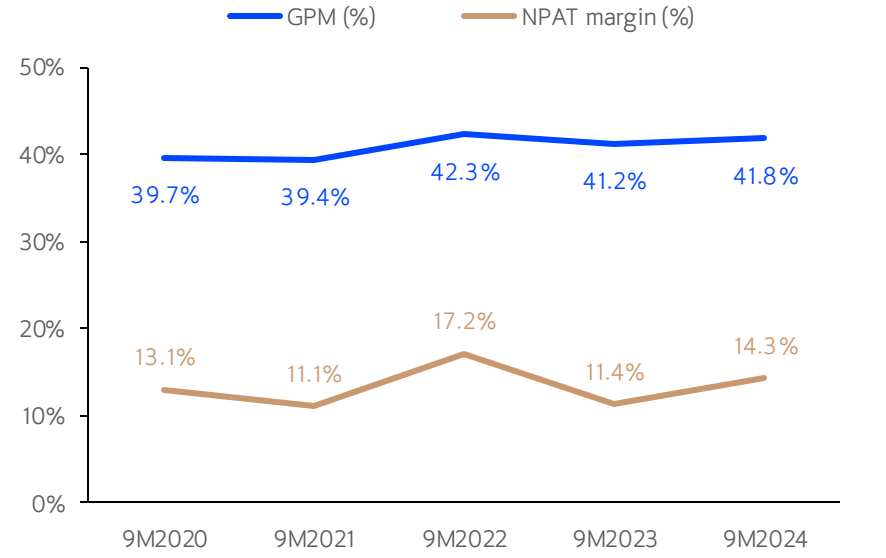
Total net revenue of typical tech. firms in Vietnam (*) (VND bn)



(*) Including typical listed technology and telecommunications enterprises: FPT, CMG, VGI.

Source: FiinPro, Shinhan Securities Vietnam

9M2024 profit margins of typical tech. firms in Vietnam (*)



Source: FiinPro, Shinhan Securities Vietnam

- As of 9M2024, the total revenue of prominent technology and telecommunications firms in Vietnam (FPT, CMG, VGI) reached VND 76,592 billion (+19.8% YoY). Among them, FPT continued to contribute the most to the sector's financial performance, accounting for nearly 60%.
- Vietnamese IT companies are gradually transitioning into the acceleration phase of the product development cycle, moving beyond their traditional role as outsourcing providers. This shift not only drives stable revenue growth but also expands profit margins for these companies.
- We project that the revenue growth of Vietnamese IT companies will remain double-digit in 2025, accompanied by improved profit margins, driven by: (i) Increasing demand for digital transformation among enterprises; (ii) Deeper involvement in IT product consulting and development for both domestic and international clients; (iii) Growth potential in Vietnam's data center sector.

03 Typical Stock in Technology Sector

FPT

3. Typical Stocks in Technology Sector

Listed technology firms

General information				Share price					Key financial (**)					Valuation (25F)	
No.	Ticker	Tech. Sectors	Mkt. Cap. (VND bn)	CP (VND)	TP* (VND)	Return (%)	1M (%)	YTD (%)	Revenue 24F (VND bn)	Revenue 25F (VND bn)	GPM 25F	ROA (25F)	ROE (25F)	P/B (x)	P/E (x)
1	FPT	Technology	221,249	150,400	161,500	7.4	13.1	82.5	62,478	74,560	39.0%	14.7%	25.5%	7.2	27.4
2	CMG	Technology	10,472	55,000	67,300	22.4	4.2	26.4	7,323	8,640	19.8%	5.1%	13.4%	2.9	25.9
3	FOX	Telecom	47,823	97,100	97,700	-0.4	6.1	92.3	17,316	18,776	48.3%	11.6%	41.5%	5.5	22.2
4	VGI	Telecom	289,162	95,000	106,200	11.8	15.0	268.2	34,301	41,840	50.4%	1.1%	11.4%	9.3	443.4

* Target price (fair value) for the next 12 months

** Data for 12 months up to Q3/2024

Source: SSV Research, Bloomberg

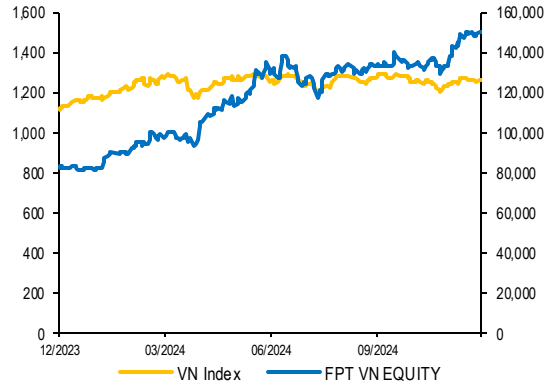
Data as of December 24th, 2024

CTCP FPT (HOSE: FPT)

Target price (12 months)	**VND 161,500**
Current Price (12/24'24)	VND 150,400
Return (%)	7.4%
VNINDEX	1,260
Market P/E (x)	11.8
Market Cap. (bn VND)	221,249
Outstanding Shares (mn)	1,471
Free Floating Shares (mn)	1,144
52-Wk High/ Low (VND)	151,900/ 81,800
3M Avg. Trading Vol. (mn)	3.82
3M Avg. T/O (bn VND)	534
Beta (12M)	0.97

Major shareholders (%)	
Truong Gia Binh	6.99
SCIC	5.75

Performance	3M	6M	12M
Absolute (%)	11.8	13.9	82.8
Relative to VN-Index (%)	13.9	13.6	70.1



Shinhan Securities

To the Digital Infinity and Beyond

Investment points

FPT Corporation (HSX: FPT) is a leading technology company in Vietnam with three main business segments: Technology, Telecommunications, and Education. FPT plays a pivotal role in technology and digital transformation consulting for numerous domestic and international enterprises. With its strong technological capabilities and stable financial health, along with regular dividends, FPT is not only the top leading tech firm in Vietnam but also a worthwhile long-term investment. Semiconductors, AI, and automotive technology are key strategic chosen path that shapes FPT's future in the coming years.

Update 11M2024 business result: Net revenue and pre-tax profit reached VND 56,404 bn (+19.5% YoY) and VND 10,239 bn (+19.8% YoY), completing 91.2% and 94.2% of the 2024 target, respectively. Specifically:

- **Technology segment:** Revenue reached VND 34,970 bn (+25% YoY), making up 62% of net consol. revenue. Particularly, international markets generated VND 28,270 bn (+28.1% YoY), while the domestic market was VND 6,700 bn (+13.5% YoY).
- **Telecommunications segment:** Revenue recorded VND 15,900 bn (+10.9% YoY), accounting for 28% of total consol. revenue.
- **Education, investment, and other segments:** Revenue stood at VND 5,534 bn (+14.1% YoY).

Outlook for 2025: We project FPT's revenue and EBT in 2025 to reach VND 74,560 billion (+19.3% YoY) and VND 13,669 billion (+17.2% YoY), respectively. Key drivers for sustainable business performance include: (i) High demand for digital transformation and global IT spending; (ii) FPT's shifting in the software industry; (iii) Stable annual performance in the Telecom segment; (iv) The Education segment ensures a pipeline of future high-quality workforce.

The strategic partnership between NVIDIA and FPT to invest in and build an AI factory in Vietnam is expected to unlock FPT's untapped potential and deepen its involvement in semiconductor technology.

Risks: (1) Economic instability; (2) Shortage of IT workforce; (3) Exchange rate risk; (4) Competition pressures; (5) IT industry growth slower than expected.

FY	2022	2023	2024F	2025F	2026F
Revenue (bn VND)	**44,401**	**52,618**	**62,478**	**74,560**	**88,113**
OP (bn VND)	7,589	9,112	11,634	13,558	16,042
NP (bn VND)	**6,491**	**7,788**	**9,448**	**11,366**	**13,627**
EPS (VND)	3,847	4,661	5,331	5,594	5,819
BPS (VND)	18,021	16,240	19,449	21,226	22,843
OPM (%)	4.9	0.9	3.8	4.8	5.4
NPM (%)	3.1	0.1	2.5	3.5	3.9
ROE (%)	**25.6**	**26.0**	**26.4**	**25.5**	**24.8**
PER (x)	15.3	14.8	30.3	27.4	24.8
PBR (x)	3.3	4.2	8.3	7.2	6.3
EV/EBITDA (x)	5.7	7.3	16.7	14.5	13.2

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Important Disclosure

Stock

- **BUY:** Expected 12-month gain of 15% or more
- **HOLD:** Expected 12-month loss of 15% to gain of 15%
- **SELL:** Expected 12-month loss of 15% or more

Sector

- **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY
- **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD
- **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL



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