

1Q19 RECAP – A WEAK QUARTERLY RESULTS SEASON BUT NOT AS BAD AS FEARED

Tuan Nguyen Thanh – tuan.nguyenthanh@vndirect.com.vn

10 May 2019

As of 08 May 2019, 1,009 listed companies on 3 bourses have released 1Q results, representing 61% of total stocks and 96% of market capitalization.

Market's earnings snapshot

	1Q19 revenue growth	1Q18 revenue growth	1Q19 NP growth	1Q18 NP growth
VNINDEX	3.7%	19.1%	0.8%	31.7%
VN30	3.1%	32.3%	2.4%	37.8%
Large caps	2.9%	27.1%	7.5%	45.0%
Mid caps	5.0%	15.1%	-7.2%	-0.1%
Small caps	4.1%	8.2%	-30.5%	-24.3%

A weak quarterly results season but not as bad as feared

Corporates' aggregate net profit grew a slim 0.8% yoy on the back of net sale growth of 3.7% yoy, much lower than results seen in 1Q18 (NP and revenue jumped 19.1% yoy and 31.7% yoy, respectively). We observed that corporates' earnings growth is trailing behind the country's nominal GDP growth, which both marked a deceleration since 2Q18. Under our coverage, 40% posted 1Q19 results were in line with our expectations, while 36% were above our forecasts and the remaining 24% were well short of our expectations.

Flattish earnings growth due to the slowdown of banking and the weakness of real estate

RE had a lacklustre start with a dive of 3% yoy in bottom line (vs. +66% yoy in 1Q18) as a result of weak deliveries from most property developers. Meanwhile, banking, one of market's largest contributor on market cap-weighted basis, posted a lukewarm 1Q19 results with net profit growth of 12% yoy, much lower than the growth of 56% yoy in same period last year.

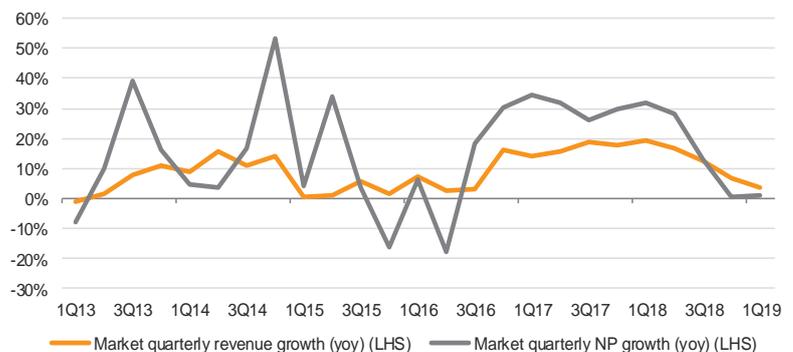
Consumer-related sectors took centre-stage in 1Q19

Consumer-related sectors were the key drivers to market earnings growth. Retail earnings grew 25% yoy on the back of network expansion and FMCG recovery as top producers (VNM, SAB, QNS, MCH) posted favorable results after a few sluggish past quarters. Automobiles exhibited a good performance thanks to impressive sale volume growth (10 times yoy) after car import procedures were cleared since 2H18.

Not yet time for bottom-fishing

VNINDEX increased by 6.1% YTD; market trailing P/E came at 16.4x as of 9th May 2019, nearly the same levels seen in Jul 2018. However, trailing-twelve-month (TTM) earnings grew 11.0% yoy by end-Mar FY19, deeply lower than the 26.3% TTM earnings growth by end-Jun FY18, thus, making VN-Index not very attractive, in our view. We still see some potential names for long-term horizon trading. Retailers (MWG, PNJ) still experienced solid growth on the back of network expansion and high consumer confidence index. A few property developers (NLG, VHM) might get back to the centre stage as high-rise projects will be launched for sale in 2H19F after a long time pending due to license approval delay.

Figure 1: Muted growth in both revenue and NP growth



Source: VNDIRECT, FiinPro

1Q19 RESULTS RECAP

Deceleration streak extended in line with macro

Aggregate net profit grew a slim 0.8% yoy on the back of net sale growth of 3.7% yoy, much lower than results seen in 1Q18 (NP and revenue jumped 19.1% yoy and 31.7% yoy, respectively).

We have known so far that listed corporate growth might not be broadly in line with GDP growth in emerging markets due to the difference of sectorial structure of the economy and stock market. However, we observed that listed companies' earnings growth has trailed behind the country's nominal GDP growth, which both marked a deceleration since 2Q18. This can be partly explained by the fact that market capitalization grew rapidly in the past few years, to come in at 72.5% of GDP by end-2018, a big jump from the level of 43.2% seen by end-2016.

Noted that a surge in 4Q18 GDP growth was mainly driven by strong agriculture and retails, both were not significant contributors to market's total sales.

Figure 2: GDP growth and corporates' earnings growth



Source: VNDIRECT, GSO

More positive surprises than disappointments in 1Q19

Our tally of net profit under coverage universe grew 16.9% yoy in 1Q19. At the beginning of 2019, we expected that corporate earnings would decelerate this year from a high base last year. Therefore, the concerns on earnings slowdown was largely taken into our forecasts, bringing 40% of companies under our coverage to post 1Q19 results in line with our expectations. On the other hand, we believe 1Q19 performances were not that bad as number of positive surprises outstripped the number of disappointed ones. That said, 36% of our covered companies beat our expectation, while the remaining 24% was well short of our forecasts.

Figure 3: Top positive surprises under our coverage

	Net profit growth 1Q19	Our latest forecast net profit growth for full year
NLG	568.90%	16.80%
ACV	107.15%	11.80%
MBB	24.80%	12.60%
GAS	16.20%	-10.10%
PVT	15.50%	9.20%

Source: VNDIRECT

Figure 4: Top disappointed ones under our coverage

	Net profit growth 1Q19	Our latest forecast net profit growth for full year
DPM	-70.80%	8.00%
QNS	-18.10%	12.60%
VPB	-31.90%	14.30%
TCM	-12.40%	-1.80%
HPG	-18.60%	5.37%

Source: VNDIRECT

RESULTS REVIEW BY SECTOR

Flattish earnings growth due to the slowdown of banking and the weakness of real estate

The three sectors that posted the strongest yoy earnings growth were industry goods (+142% yoy); automobiles & parts (+46% yoy) and oil & gas (+37% yoy). The tremendous jump in earnings of industry goods came mainly from 4.3x earning growth of AAA, the biggest plastic & packaging producer. Robust performance of CTF (9-fold yoy in 1Q19 NP) and SVC (+55% yoy) was attributed to the decent growth of automobiles & parts. Meanwhile, strong oil & gas earnings growth was largely driven by fuel oil price spike in 1Q19 (+8.4% yoy). On the other hand, sectors that registered a sharp plunge in 1Q19 earnings were chemical & rubbers (-53% yoy), industry metals (-50% yoy) and mining (-47% yoy).

Consumer-related sectors were the main contributors to market earnings growth. Retail earnings grew 25% yoy on the back of network expansion and emergence of FMCG recovery after a few sluggish past quarters. Automobiles exhibited a good performance thanks to impressive sale volume growth (10-time growth yoy) after car import procedures were cleared since 2H18. Banking, one of market's largest contributor on market cap-weighted basis, posted a lukewarm 1Q19 results with net profit growth of 12% yoy, much lower than the growth of 56% yoy in the same period last year. Moderate earnings growth of banking sector was largely driven by lower loan growth in 1Q19 (2.3% YTD vs. 3.5% YTD in 1Q18).

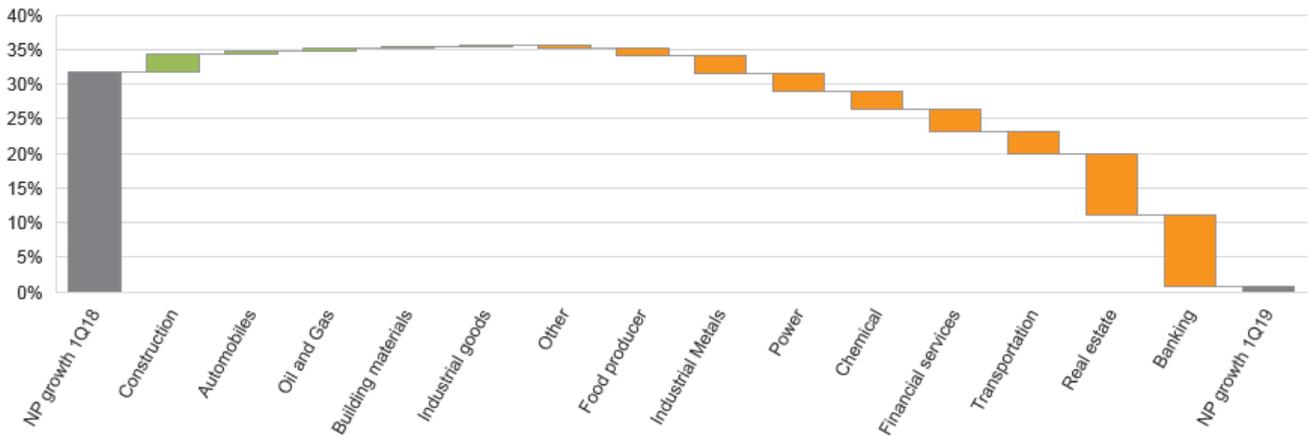
All these positives equally offset the earnings drag from industrial metal (-50% yoy), chemical and rubber (-53% yoy), financial services (-44% yoy) and real estate (-3% yoy).

Figure 5: Revenue and net profit growth review by sectors

	1Q19 revenue growth	1Q18 revenue growth	Contribution to total market revenue growth 1Q19	1Q19 NP growth	1Q18 NP growth	Contribution to total market earnings growth 1Q19
Retail	9.0%	35.0%	0.5%	25.0%	40.0%	0.5%
Insurance						0.2%
Real estate	-11.0%	50.0%	-1.1%	-3.0%	66.0%	-0.4%
Beverage	16.0%	9.0%	0.3%	9.0%	0.0%	0.2%
Financial services	-32.0%	28.0%	-0.3%	-44.0%	81.0%	-1.4%
Transportation	5.0%	11.0%	0.5%	4.0%	38.0%	0.4%
Pharmaceuticals	7.0%	-3.0%	0.1%	0.0%	-4.0%	0.0%
Personal goods	4.0%	17.0%	0.1%	-6.0%	28.0%	-0.1%
Industrial goods	40.0%	58.0%	0.2%	142.0%	-26.0%	0.2%
Consumer appliances	-13.0%	4.0%	0.0%	-27.0%	-34.0%	0.0%
Chemical and rubber	0.0%	8.0%	0.0%	-53.0%	-14.0%	-1.5%
Mining	15.0%	18.0%	0.3%	-47.0%	47.0%	-0.2%
Industrial Metals	5.0%	37.0%	0.4%	-50.0%	-4.0%	-2.6%
Banking	10.0%	20.0%	1.0%	12.0%	56.0%	3.4%
Gas, Water & Multi-utilities	4.0%	26.0%	0.2%	18.0%	18.0%	0.9%
Automobiles & Parts	27.0%	-14.0%	0.3%	46.0%	-43.0%	0.1%
Technology	21.0%	-37.0%	0.2%	27.0%	5.0%	0.2%
Power	-1.0%	8.0%	0.0%	-6.0%	16.0%	-0.3%
Oil and Gas	0.0%	28.0%	0.0%	37.0%	-8.0%	0.6%
Food producer	5.0%	3.0%	0.4%	14.0%	32.0%	1.2%
Communication	-7.0%	14.0%	0.0%	-8.0%	81.0%	0.0%
Telecommunication	21.0%	-20.0%	0.1%	14.0%	23.0%	0.1%
Construction	11.0%	13.0%	0.6%	-12.0%	-51.0%	-0.3%
Building materials	4.0%	5.0%	0.1%	16.0%	-20.0%	0.2%

Source: VNDIRECT, Fiipro

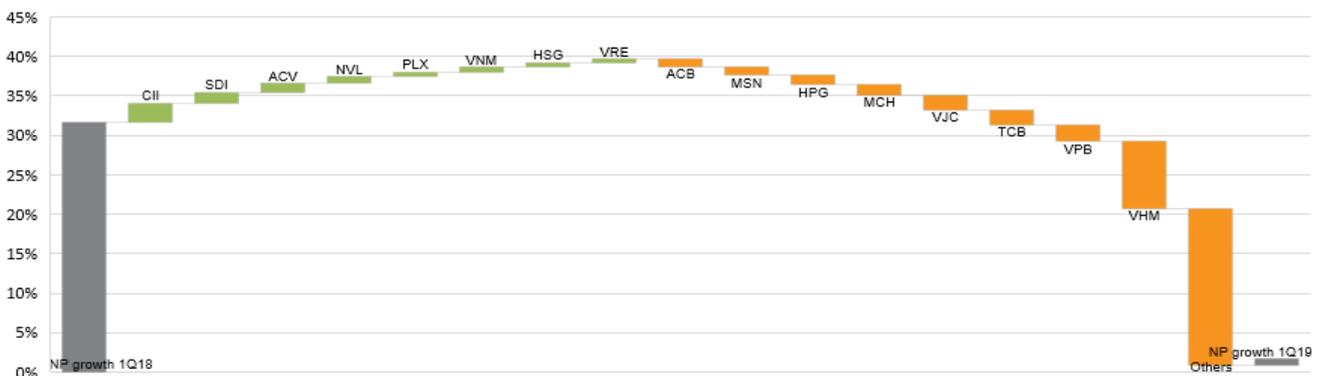
Figure 6: Real estate's negative growth, banking and transportation's lower growth rate contributed to market's deceleration



Source: VNDIRECT

Green: Positive contribution, Orange: negative contribution

Figure 7: Companies drove market NP growth from 31.7% yoy to 0.8% yoy



Source: VNDIRECT, FiiPro

Green: Positive contribution, Orange: negative contribution

A mix bag in 1Q19 gross margin across the board

Overall gross margin arrived at 15.8% in 1Q19, 0.3% pts higher than 4Q18, but significantly lower than the level of 16.7% in 1Q18.

Figure 8: Gross margin performance of sectors

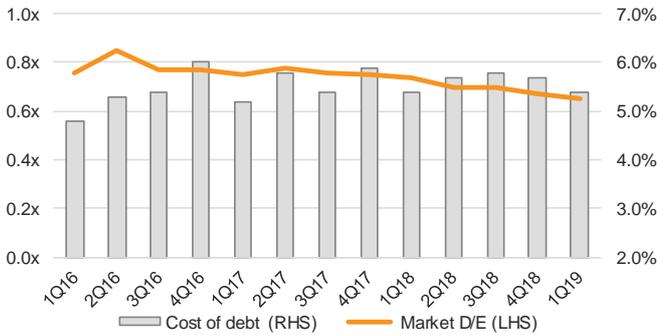
	1Q18	2Q18	3Q18	4Q18	1Q19
Technology	33.6%	32.1%	33.3%	32.2%	39.7%
Consumer appliances	20.9%	21.3%	22.9%	19.7%	25.5%
Financial services	52.7%	40.1%	59.0%	37.9%	55.9%
Industrial goods	11.1%	9.1%	9.2%	9.9%	12.8%
Transportation	16.9%	17.0%	16.3%	14.1%	17.9%
Building materials	16.7%	18.2%	17.5%	18.6%	17.7%
Gas, Water & Multi-utilities	20.1%	21.3%	22.1%	21.4%	20.9%
Retail	15.8%	16.0%	16.0%	16.3%	16.5%
Food producer	26.4%	27.7%	27.7%	25.1%	27.1%
Oil and Gas	7.0%	7.3%	6.9%	3.9%	7.6%
Automobiles & Parts	8.6%	9.7%	9.0%	7.8%	7.8%
Personal goods	14.5%	14.3%	15.0%	12.9%	13.6%
Real estate	24.8%	25.1%	29.2%	24.1%	23.8%
Beverage	23.7%	22.5%	21.6%	20.6%	22.2%
Communication	29.2%	29.6%	26.3%	40.3%	27.1%
Chemical and rubber	17.1%	15.4%	16.3%	15.7%	14.7%
Pharmaceuticals	21.6%	21.5%	19.6%	21.6%	19.1%
Power	18.2%	16.2%	14.9%	17.4%	15.1%
Mining	15.4%	13.0%	11.5%	15.5%	11.8%
Industrial Metals	12.2%	9.9%	9.7%	7.5%	8.5%

Source: VNDIRECT

Corporates (non-banks)'s deleveraging suggests a soft slowdown of market

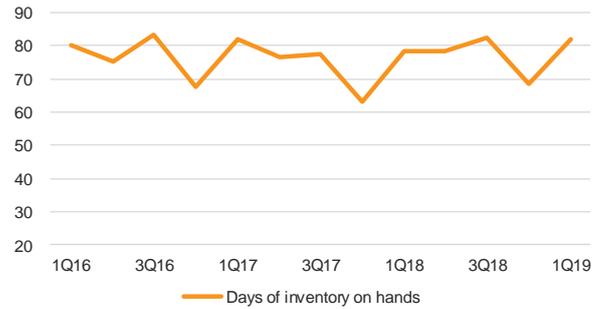
Corporates (non-banks)' deleveraging suggests a soft landing as D/E decreased to 0.65x by end-1Q19 while cost of debt reversed after a 3-quarter gaining streak. Another indicator for our thesis is inventory still at controllable level, despite of increases in days of inventory in 1Q19.

Figure 9: Low debt burden can hardly bring a sharp downturn to the market



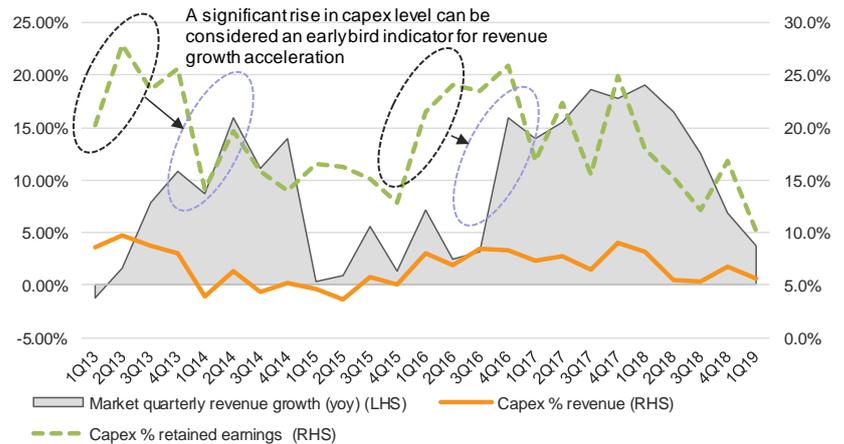
Source: VNDIRECT, FiinPro

Figure 10: Days of inventory on hand is still at average level



Source: VNDIRECT, FiinPro

Figure 11: But a low-level capital expenditure implied that a period of strong revenue growth is unlikely



Source: VNDIRECT

MARKET VALUATION OUTLOOK: NOT YET TIME FOR BOTTOM-FISHING

VNINDEX increased by 6.1% YTD, market trailing P/E came at 16.4x as of 9th May 2019, nearly the same levels seen in Jul 2018. However, TTM earnings grew 11.0% yoy by end-Mar FY19, deeply lower than the 26.3% TTM earnings growth by end-Jun FY18, thus, making VN-Index not very attractive, in our view.

We believe, in short-term, that the market is likely to fail to find direction, due to the lack of: 1) earnings catalyst as results have been largely in line, albeit with slight positive surprises; 2) new listings or IPOs – there will be no major listings or IPOs towards year-end. In addition, the trade war tension still casts shadow on market sentiment. Therefore, we believe time for a bottom-fishing has not yet arrived.

Figure 12: VNINDEX performance and TTM P/E



Source: VNDIRECT, Bloomberg

Amid the nuanced market, we still see some potential names for long-term horizon trading. Retailers (MWG, PNJ) still experienced the solid growth on the back of network expansion and high consumer confidence index. A few property developers (NLG, VHM) might get back to the centre stage as high-rise projects will be launched for sale in 2H19 after a long time pending due to license approval delay.

DISCLAIMER

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to VNDIRECT Securities Corporation, and is distributed by CGS-CIMB or CIMB Investment Bank Berhad ("CIMB"), as the case may be, pursuant to an arrangement between VNDIRECT Securities Corporation and CGS-CIMB. VNDIRECT Securities Corporation is not an affiliate of CGS-CIMB or CIMB.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CGS-CIMB or CIMB, as the case may be.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. VNDIRECT Securities Corporation may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. None of VNDIRECT Securities Corporation, CGS-CIMB or CIMB is under any obligation to update this report in the event of a material change to the information contained in this report. None of VNDIRECT Securities Corporation, CGS-CIMB or CIMB has any and will accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, VNDIRECT Securities Corporation, CGS-CIMB and CIMB and their respective affiliates and related persons including China Galaxy International Financial Holdings Limited ("CGIFHL") and CIMB Group Sdn. Bhd. ("CIMBG") and their respective related corporations (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, VNDIRECT Securities Corporation, CGS-CIMB and CIMB disclaim all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CGS-CIMB, CIMB, or VNDIRECT Securities Corporation, or their respective affiliates (including CGIFHL, CIMBG and their respective related corporations) to any person to buy or sell any investments.

CGS-CIMB, CIMB and/or VNDIRECT Securities Corporation and/or their respective affiliates and related corporations (including CGIFHL, CIMBG and their respective related corporations), their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMB, CIMB and/or VNDIRECT Securities Corporation, and/or their respective affiliates and their respective related corporations (including CGIFHL, CIMBG and their respective related corporations) do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS-CIMB, CIMB and/or VNDIRECT Securities Corporation and/or their respective affiliates (including CGIFHL, CIMBG and their respective related corporations) may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CGS-CIMB, CIMB and/or VNDIRECT Securities Corporation may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. The analyst(s) who prepared this research report is prohibited from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality,

available on request.

The term “VNDIRECT Securities Corporation” shall, unless the context otherwise requires, mean VNDIRECT Securities Corporation and its affiliates, subsidiaries and related companies. The term “CGS-CIMB” shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, CIMB Securities International Pte. Ltd. and its affiliates, subsidiaries and related corporations.

CGS-CIMB

Country	CGS-CIMB Entity	Regulated by
Hong Kong	CGS-CIMB Securities Limited	Securities and Futures Commission Hong Kong
India	CGS-CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Indonesia	PT CGS-CIMB Sekuritas Indonesia	Financial Services Authority of Indonesia
Singapore	CGS-CIMB Research Pte. Ltd.	Monetary Authority of Singapore
South Korea	CGS-CIMB Securities Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS-CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

CIMB

Country	CIMB Entity	Regulated by
Malaysia	CIMB Investment Bank Berhad	Securities Commission Malaysia

(i) As of 13 May 2019 VNDIRECT Securities Corporation has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

(ii) As of 13 May 2019, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

This report does not purport to contain all the information that a prospective investor may require. CGS-CIMB, and VNDIRECT Securities Corporation and their respective affiliates (including CGIFHL, CIMBG and their related corporations) do not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. None of CGS-CIMB, CIMB and VNDIRECT Securities Corporation and their respective affiliates nor their related persons (including CGIFHL, CIMBG and their related corporations) shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CGS-CIMB's, CIMB's and their respective affiliates' (including CGIFHL's, CIMBG's and their respective related corporations') clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited. This research is only available in Australia to persons who are “wholesale clients” (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a “wholesale client”. This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited do not hold, and are not required to hold an Australian financial services license. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited rely on “passporting” exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

Canada: This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

China: For the purpose of this report, the People’s Republic of China (“PRC”) does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing

information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Germany: This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act (WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

Hong Kong: This report is issued and distributed in Hong Kong by CGS-CIMB Securities (Hong Kong) Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CGS-CIMB Securities (Hong Kong) Limited. The views and opinions in this research report are of VNDIRECT Securities Corporation as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK.

CHK does not make a market on other securities mentioned in the report.

India: This report is issued and distributed in India by CGS-CIMB Securities (India) Private Limited ("CIMB India") which is registered with the National Stock Exchange of India Limited and BSE Limited as a trading and clearing member under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. In accordance with the provisions of Regulation 4(g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CGS-CIMB India is not required to seek registration with the Securities and Exchange Board of India ("SEBI") as an Investment Adviser. CGS-CIMB India is registered with SEBI as a Research Analyst pursuant to the SEBI (Research Analysts) Regulations, 2014 ("Regulations").

This report does not take into account the particular investment objectives, financial situations, or needs of the recipients. It is not intended for and does not deal with prohibitions on investment due to law/jurisdiction issues etc. which may exist for certain persons/entities. Recipients should rely on their own investigations and take their own professional advice before investment.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CGS-CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CGS-CIMB India or its affiliates. CIMB India has not received any compensation from the companies mentioned in the report in the past 12 months.

Indonesia: This report is issued and distributed by PT CGS-CIMB Sekuritas Indonesia ("CGS-CIMB Indonesia"). The views and opinions in this research report are our own as of the date hereof and are subject to change. CGS-CIMB Indonesia has no obligation to update its opinion or the information in this research report. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations. This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

Ireland: CGS-CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CGS-CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

Malaysia: This report is distributed by CIMB solely for the benefit of and for the exclusive use of our clients. CIMB has no obligation to update, revise or reaffirm its opinion or the information in this research reports after the date of this report.

New Zealand: In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

Singapore: This report is issued and distributed by CGS-CIMB Research Pte Ltd ("CGS-CIMBR"). CGS-CIMBR is a financial adviser licensed under the Financial Advisers Act, Cap 110 ("FAA") for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. Accordingly CGS-CIMBR is a subject to the applicable rules under the FAA unless it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CGS-CIMB Research Pte Ltd, 50 Raffles Place, #16-02 Singapore Land Tower, Singapore in respect of any matters arising from, or in connection with this report. CGS-CIMBR has no obligation to update its opinion or the information in this

research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CGS-CIMBR directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CGS-CIMBR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CGS-CIMBR is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following : (a) Section 25 of the FAA (obligation to disclose product information);

(b) Section 27 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;

(c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];

(d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];

(e) Section 36 (obligation on disclosure of interest in securities), and

(f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are relates to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that a CGS-CIMBR is exempt from Section 27 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMBR for any loss or damage arising from the recipient's reliance on any recommendation made by CGS-CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMBR for any loss or damage arising from the recipient's reliance on any recommendation made by CGS-CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA.

CGS-CIMBR, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMBR, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

As of 9 May 2019,, CIMBR does not have a proprietary position in the recommended securities in this report.

CGS-CIMBR does not make a market on the securities mentioned in the report.

South Korea: This report is issued and distributed in South Korea by CGS-CIMB Securities (Hong Kong) Limited, Korea Branch ("CGS-CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea ("FSCMA").

Spain: This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CGS-CIMB is not registered with the Spanish Comision Nacional del Mercado de Valores to provide investment services.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Switzerland: This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers' Association (Directives on the Independence of Financial Research).

Thailand: This report is issued and distributed by CGS-CIMB Securities (Thailand) Co. Ltd. ("CGS-CIMB Thailand") based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CGS-CIMB Thailand has no obligation to update its opinion or the information in this research report.

CGS-CIMB Thailand may act or acts as Market Maker, and issuer and offerer of Derivative Warrants and Structured Note which may have the following securities as its underlying securities. Investors should carefully read and study the details of the derivative warrants in the prospectus before making investment decisions.

AAV, ADVANC, AMATA, ANAN, AOT, AP, BA, BANPU, BBL, BCH, BCP, BCPG, BDMS, BEAUTY, BEC, BEM, BJC, BH, BIG, BLA, BLAND, BPP, BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, DELTA, DTAC, EA, EGCO, EPG, GFPT, GLOBAL, GLOW, GPSC, GUNKUL, HMPRO, INTUCH, IRPC, ITD, IVL, KBANK, KCE, KKP, KTB, KTC, LH, LHBANK, LPN, MAJOR, MALEE, MEGA, MINT, MONO, MTLs, PLANB, PSH, PTL, PTG, PTT, PTTEP, PTTGC, QH, RATCH, ROBINS, S, SAWAD, SCB, SCC, SCCC, SIRI, SPALI, SPRC, STEC, STPI, SUPER, TASCO, TCAP, THAI, THANI, THCOM, TISCO, TKN, TMB, TOP, TPIPL, TRUE, TTA, TU, TVO, UNIQ, VGI, WHA, WORK.

Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside

information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and European Economic Area (EEA): In the United Kingdom and European Economic Area, this material is also being distributed by CGS-CIMB Securities (UK) Limited (“CGS-CIMB UK”). CGS-CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 27 Knightsbridge, London, SW1X7YB. The material distributed by CGS-CIMB UK has been prepared in accordance with CGS-CIMB’s policies for managing conflicts of interest arising as a result of publication and distribution of this material. This material is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CGS-CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (c) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, material(all such persons together being referred to as “relevant persons”). This material is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

Where this material is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent “research” (cannot remove research from here under the applicable rules of the Financial Conduct Authority in the UK. Consequently, any such non-independent material will not have been prepared in accordance with legal requirements designed to promote the independence of research (cannot remove research from here) and will not subject to any prohibition on dealing ahead of the dissemination of research. Any such non-independent material must be considered as a marketing communication.

United States: This research report is distributed in the United States of America by CGS-CIMB Securities (USA) Inc, a U.S. registered broker-dealer and a related company of CGS-CIMB Research Pte Ltd, PT CGS-CIMB Sekuritas Indonesia, CGS-CIMB Securities (Thailand) Co. Ltd, CGS-CIMB Securities (Hong Kong) Limited, CGS-CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as “U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CGS-CIMB Securities (USA) Inc. is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc.

CGS-CIMB Securities (USA) Inc. does not make a market on other securities mentioned in the report.

CGS-CIMB Securities (USA) Inc. has not managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. has not received compensation for investment banking services from any of the company mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

- Add The stock's total return is expected to reach 15% or higher over the next 12 months.
- Hold The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
- Reduce The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

Hien Tran Khanh – Deputy Head of Research

Email: hien.trankhanh@vndirect.com.vn

Tuan Nguyen Thanh – Head of S&M Research

Email: tuan.nguyenthanh@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>