

VIETNAM SECTORS OUTLOOK

Q4.2024

| FIND THE GEMS

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Viet Nam Macroeconomic Outlook 2024 - 2025

	8-year-average (15-22)	2023	BSC Scenario 1		BSC Scenario 2		Consensus 2024			Consensus 2025		
			2024	2025	2024	2025	Min	Average	Max	Min	Average	Max
GDP (YoY%)	6.1	5.05	6.3	6.5	6.7	6.7	5.8	6.2	6.8	6.0	6.6	6.8
Average CPI (YoY%)*	2.7	3.26	4.50	4.50	3.86	3.50	3.3	3.9	4.4	3.1	3.7	4.3
Export (%YoY)	12.1	-4.36	12.0	8.0	17.0	15.0						
Import (%YoY)	12.0	-8.92	15.0	8.0	20.0	15.0						
Interest rate (%)	4.0 - 6.5	4.5	4.5	5.0	4.5	4.5		4.5			4.5	
Average Interbank USD/VND	22,842	23,839	24,988	24,677	24,555	24,249						

Notes: Consensus: Average forecast~ 30 financial institutions compiled by Bloomberg

Source: BSC compiled data from Bloomberg

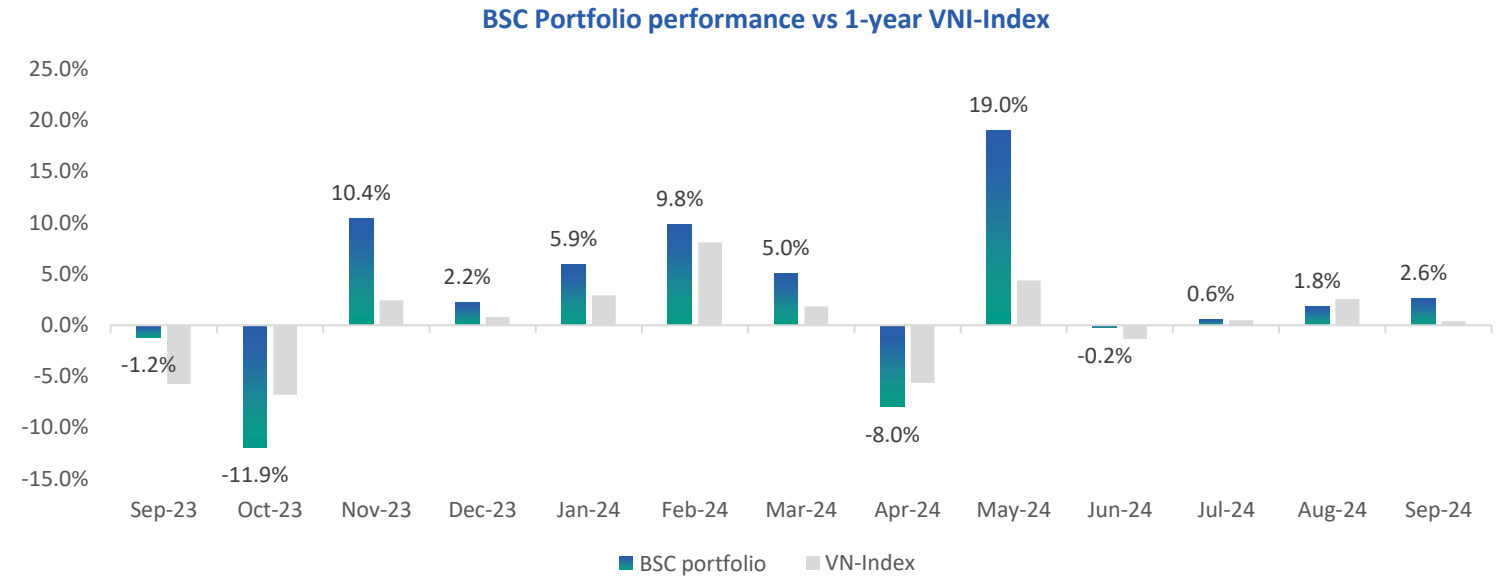
- Hypothesis
- Viet Nam
- Monetary policy
 - Fiscal policy
 - FDI / Export - Import
 - Non-performing loans / Corporate bonds

Scenario 1	Scenario 2
Easing	Further easing
Slow disbursement	Quick disbursement
+	++
--	-

BSC-10 records cumulative performance of 40.2% in 09M2024

2023	BSC 10 Portfolio	VN-Index
Mar-23	7.7%	4.0%
Apr-23	-2.5%	-2.3%
May-23	5.4%	4.7%
Jun-23	5.3%	3.1%
Jul-23	10.8%	8.0%
Aug-23	8.7%	0.2%
Sep-23	-1.2%	-5.7%
Oct-23	-11.9%	-6.8%
Nov-23	10.4%	2.4%
Dec-23	2.2%	0.8%
Cummulative 2023	37.9%	7.5%

2024	BSC Portfolio	VN-Index
Jan-24	5.9%	2.9%
Feb-24	9.8%	8.1%
Mar-24	5.0%	1.8%
Apr-24	-8.0%	-5.6%
May-24	19.0%	4.4%
Jun-24	-2.0%	-1.3%
Jul-24	0.6%	0.5%
Aug-24	1.8%	2.6%
Sep-24	2.6%	0.4%
Cummulative 2024	40.2%	13.9%



The BSC10 portfolio is built based on the following criteria:

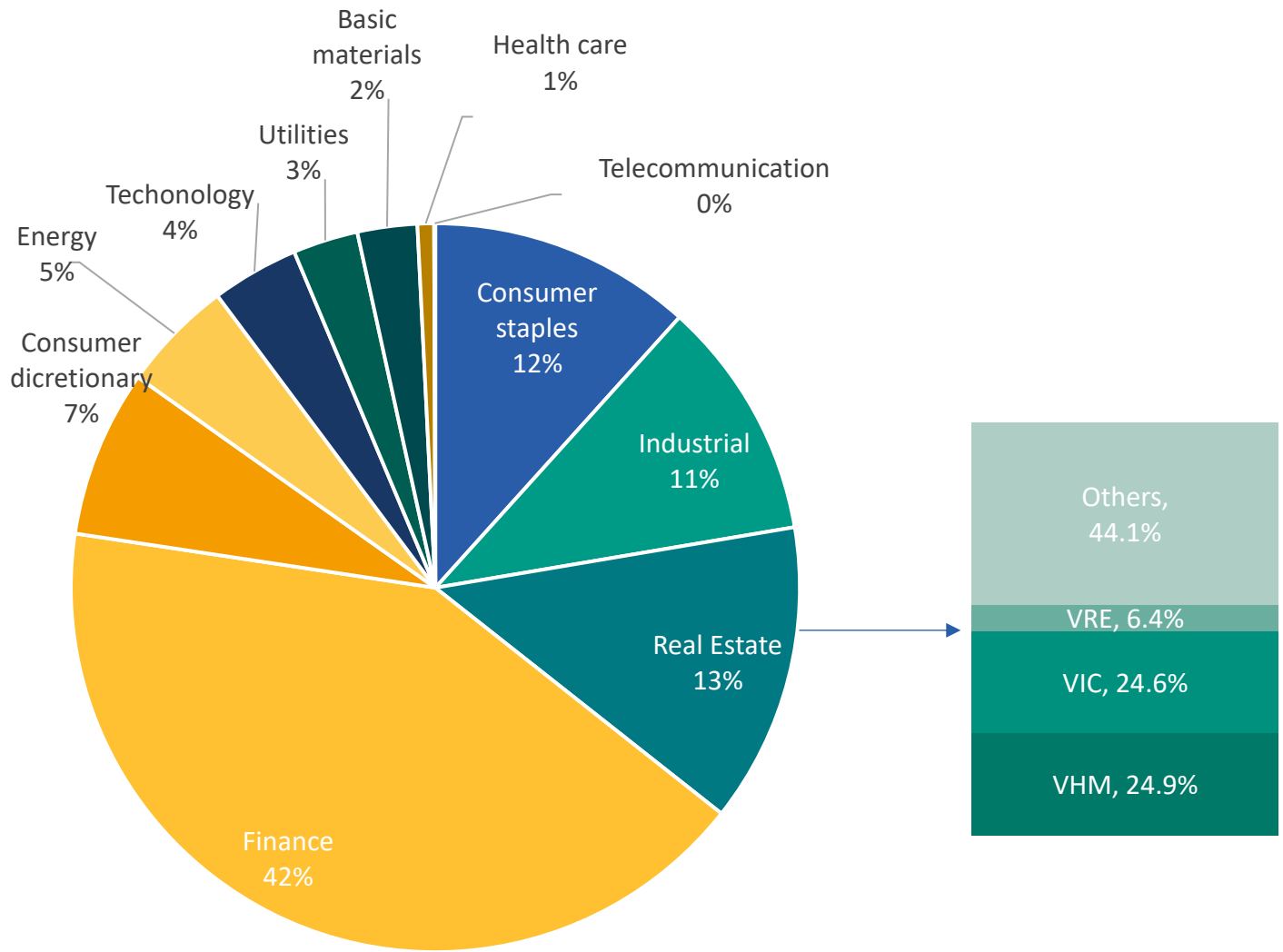
- Characteristic: The portfolio is based on basic, high exposure fundamentals; focusing on industry-leading enterprises with medium and large capitalization and high liquidity.
- Capital: > 2,000 billion VND
- Liquidity: > 20 billion VND/ average 60 sessions

[Portfolio performance link](#)



Basic materials, industrial, export, retail-consumer and banking: Key sectors to watch in the economic recovery cycle

Market capitalization by industry

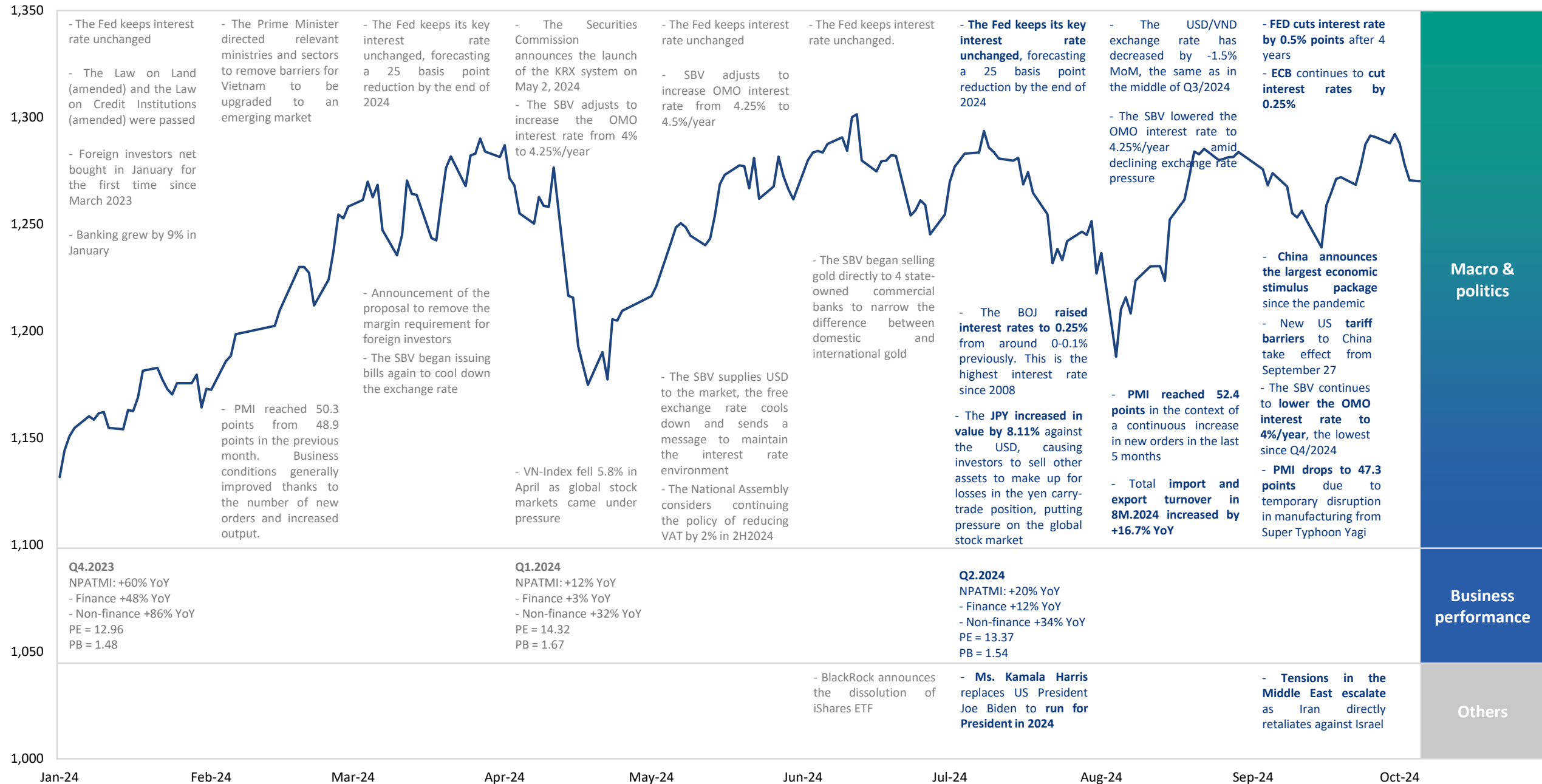


Industry	% YTD performance
Information technology	56.9%
Retail	51.7%
Telecommunication	35.3%
Medical	26.7%
Bank	23.0%
Transport	20.0%
Basic materials	19.7%
Financial services	19.7%
Energy	18.3%
Consumer discretionary	13.8%
VNIndex	13.2%
F&B	3.4%
Utilities	2.8%
Real Estate	-4.3%

As of 04/10/2024

Source: Bloomberg, Fiiipro, BSC Research

VN-Index and some main events in 09M2024



2025F profit growth and reasonable valuation will be the core factors for selection

- ✓ The market-wide profit growth is forecast to reach >15% YoY thanks to the recovery of output & margin, exchange rate interest & interest expense reduction over the same period.
- ✓ The economy has begun to recover, positive credit growth is expected to reach 14-15% in 2025, accompanied by a low Q3/2023 profit base in some industries such as: *Banking, Basic Resources, Chemicals, Utilities, Retail, Construction, and Materials*
- ✓ EPS growth in 2025 is expected to reach ~20%, which is the driving force for the upward movement of VN-Index

Narrowing the valuation gap between the Bluechip group and the Mid-Small cap group

- ✓ The large-cap group of stocks is expected to continue to maintain superior performance to the mid-small cap group until the profit growth of the small and medium-cap group catches up in 2025.
 - *Recommendation to prioritize large-cap stocks 1H2025 and 2H2025 as opportunities for small and medium-sized stocks*
- ✓ Valuation reflects growth in 2024 – Looking to 2025 for opportunities – P/E is more focused and P/B will be the lower when the market is volatile.

"Reverse wind" in foreign cash flow trend & Expectation of market upgrade in 2025

- ✓ Central banks start the monetary easing cycle when economic growth shows signs of weakening
- ✓ ... Leading to a gradual reversal of capital flows to emerging market areas with attractive valuations and stories as well as reducing exchange rate risk pressure with EM countries: *Prioritizing large-cap stocks for the above story*



Industry	BSC's 2H2024 perspective	BSC's 2025 Outlook	Notable stocks
Technology - Telecommunications	Positive	Positive	FPT, CTR, ELC
Industrial	Positive	Positive	KBC, SZC
Fishery	Neutral	Positive	VHC
F&B - Retail	Positive	Positive	MWG, PNJ, MSN, VNM
Material	Positive	Positive	HPG, HSG
Textile	Positive	Positive	TNG
Utilities	Positive*	Positive*	REE, HDG, DPG
Bank	Neutral	Positive	BID, CTG, ACB, MBB, VPB, TCB
Chemicals & Fertilizers	Positive	Positive	DCM, DPM, DDV, DGC
Sea Freight	Positive	Positive	PVT, HAH
Petroleum	Neutral	Positive	BSR, PVS, PVD
Real Estate	Neutral	Positive	KDH, NLG, PDR, DXG, VHM
Automobile	Neutral	Positive	VEA
Tire Tubes	Neutral	Neutral	DRC
Construction	Neutral	Neutral	LCG, C4G, HHV

Classifying rules:

Positive: Profit after tax grew by over 15%

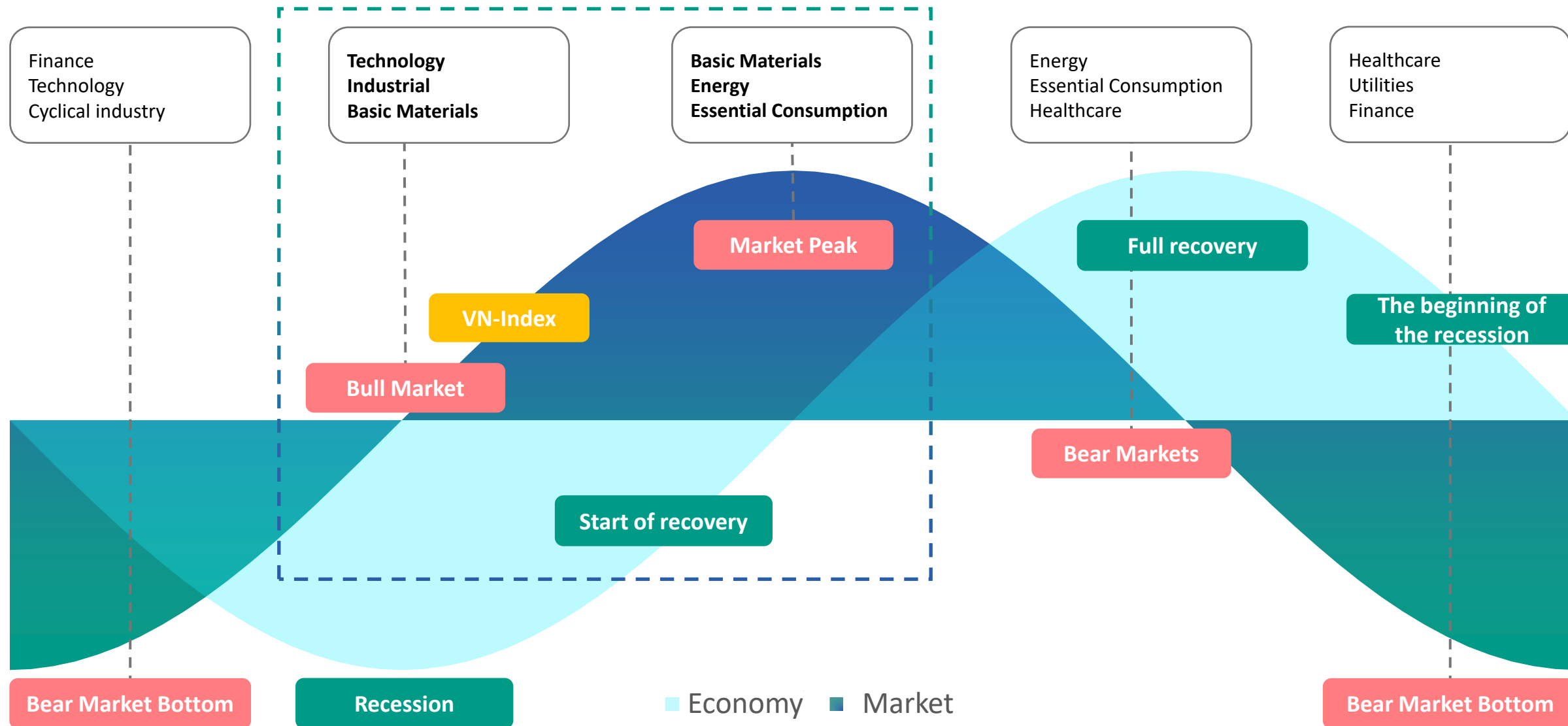
Neutral: Profit growth of less than 15%

(*) Exclusion of unusual profits

Group	Industry	Tickers	Net revenue 2024 (billion VND)	% YoY	NPATMI 2024 (billion VND)	% YoY	EPS 2024	P/E FWD 2024	P/B FWD 2024	ROA 2024	ROE 2024	Price at 16/10/2024	Target price 2025	Upside (%)
Electricity - Nitrogen - Gas	O&G	PVS	22,999	19%	1,200	17%	2,510	16.09	1.58	3.6%	9.5%	40,400	50,900	26%
	O&G	PVD	7,930	37%	768	31%	1,236	19.62	0.99	3.7%	5.4%	27,100	33,500	24%
	O&G	BSR	127,395	-14%	4,823	-44%	1,556	15.17	1.08	8.0%	14.0%	23,600	27,030	15%
	Utilities	HDG	2,661	-8%	811	22%	2,412	11.48	1.15	6.5%	12.8%	27,700	33,000	19%
	Utilities	REE	9,122	6%	2,298	5%	4,889	13.51	1.33	8.1%	13.1%	65,900	76,900	17%
	Fertilizer	DDV	3,527	11%	149	116%	1,018	16.31	1.79	8.2%	11.0%	16,600	24,400	47%
	Fertilizer	DCM	13,192	5%	1,974	78%	3,737	10.16	1.88	12.9%	18.4%	37,900	44,500	17%
	Fertilizer	DPM	13,757	1%	1,007	94%	2,540	13.60	1.11	6.9%	8.2%	35,000	42,000	20%
	Chemicals	DGC	10,338	6%	3,324	7%	8,753	13.27	3.10	21.6%	26.9%	116,200	135,000	16%
Steel - Real Estate	Steel	HSG	36,369	15%	731	3081%	1,222	17.76	1.07	3.7%	6.3%	20,900	28,350	36%
	Steel	HPG	138,050	16%	12,300	80%	1,923	14.07	1.50	5.9%	10.7%	27,050	36,000	33%
	Construction	DPG	4,285	24%	250	23%	3,949	13.96	1.75	4.4%	12.7%	55,400	76,900	39%
	Construction	LCG	2,044	2%	123	19%	644	17.14	0.78	2.1%	4.6%	10,950	14,000	28%
	Construction	C4G	4,028	53%	212	63%	594	14.65	0.78	1.9%	5.3%	8,700	11,800	36%
	Construction	HHV	3,061	14%	414	28%	1,004	12.81	0.63	1.1%	4.5%	12,250	14,500	18%
	Industrial RE	IJC	1,731	16%	496	26%	1,261	10.66	1.01	6.7%	9.5%	14,000	18,800	34%
	Industrial RE	KBC	3,847	-32%	1,081	-47%	1,409	19.70	0.99	2.8%	5.0%	27,750	32,000	15%
	Commercial RE	DXG	4,128	11%	265	54%	367	41.20	1.00	1.2%	2.3%	15,150	23,600	56%
	Commercial RE	VHM	104,690	1%	33,490	0%	7,614	5.90	0.93	7.3%	15.6%	45,350	62,200	37%
	Commercial RE	NLG	7,059	122%	724	50%	1,806	21.10	1.51	3.0%	6.4%	39,700	50,300	27%
	Commercial RE	PDR	2,656	330%	836	22%	933	21.83	1.56	3.5%	7.1%	20,900	26,400	26%
	Commercial RE	KDH	4,032	93%	1,060	48%	1,119	32.04	1.93	3.8%	5.4%	37,350	42,900	15%
Import/Export - Logistics - Retail	Woods/Stones	PTB	6,113	9%	383	49%	5,839	10.80	1.29	6.7%	11.9%	61,800	79,200	28%
	Sea port	HAH	3,610	38%	417	8%	3,692	12.48	1.62	7.0%	12.0%	42,900	53,500	25%
	Retail	MWG	132,968	12%	4,185	2396%	2,859	22.22	3.38	6.0%	15.0%	63,600	82,400	30%
	Retail	MSN	82,233	5%	1,762	321%	1,197	65.55	3.51	3.0%	9.0%	80,300	100,000	25%
	Retail	PNJ	40,041	21%	2,137	8%	5,787	14.97	2.83	14.0%	19.0%	94,700	118,000	25%
	Consume	VNM	64,371	7%	10,082	14%	4,342	13.93	4.32	19.0%	28.0%	67,200	83,000	24%
	Automobile	VEA	3,910	3%	6,368	3%	4,955	9.14	1.81	17.0%	17.6%	43,800	51,600	18%
Bank	Bank	VPB	62,243	63%	14,830	49%	1,869	11.05	1.16	1.7%	10.7%	20,650	26,200	27%
	Bank	TCB	49,525	79%	22,157	23%	3,145	7.74	1.15	2.4%	15.9%	24,350	30,000	23%
	Bank	CTG	80,923	53%	23,187	16%	4,318	8.35	1.31	1.1%	17.0%	36,050	43,650	21%
	Bank	ACB	36,271	45%	18,229	14%	3,986	6.36	1.40	2.3%	23.2%	25,950	30,300	17%
	Bank	VCB	74,703	39%	35,609	8%	4,803	14.35	2.85	1.8%	17.7%	91,400	103,000	13%
	Bank	BID	81,424	45%	24,796	15%	4,350	11.36	1.66	1.0%	17.3%	49,400	53,000	7%



INTER-INDUSTRY ROTATION MODEL

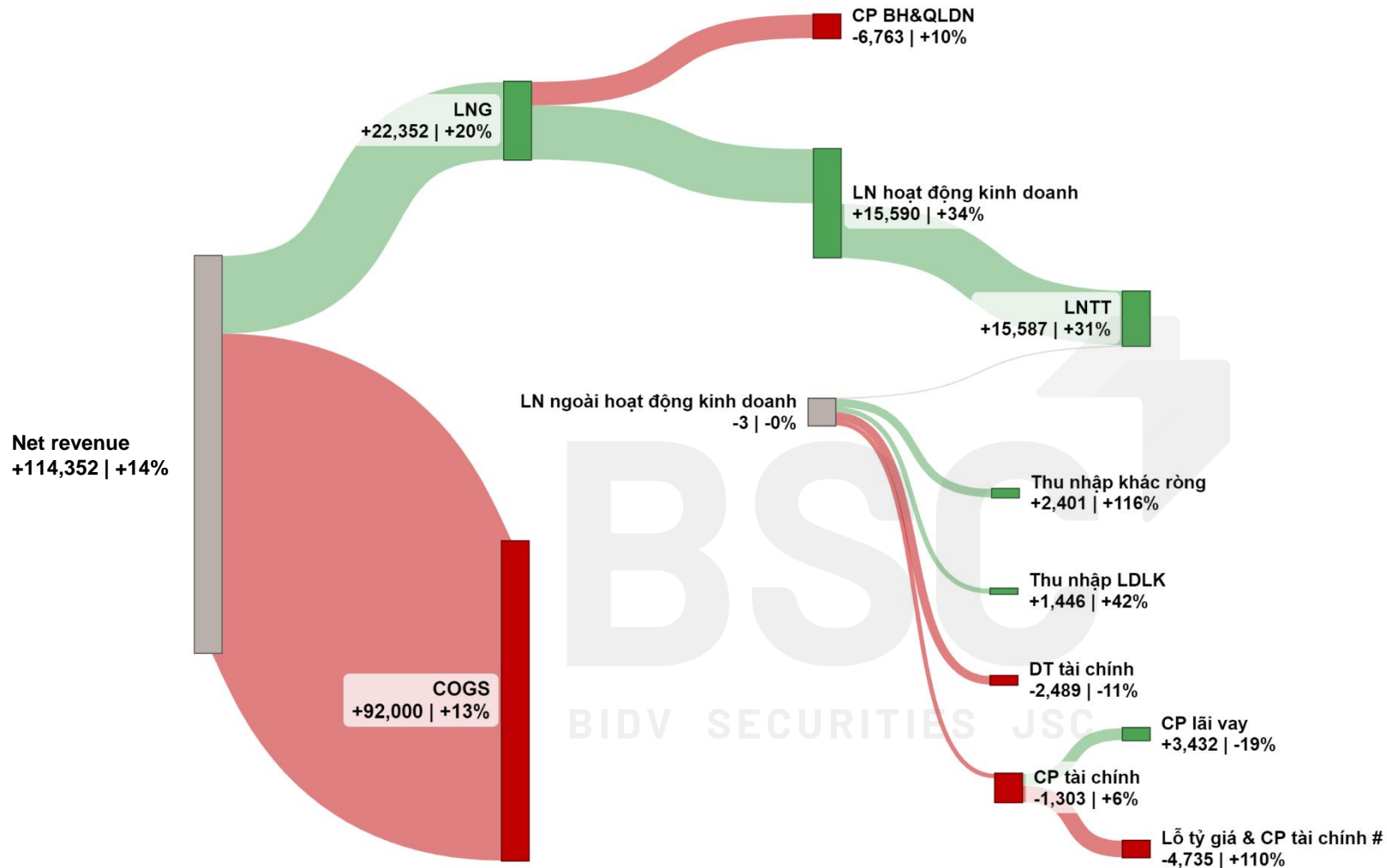




Industries with a low base will record positive profit growth over the same period

Year	2020				2021				2022				2023				2024	
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
Communication	-40%	-16141%	-265%	-113%	-10%	-111%	-55%	4122%	177%	-1609%	136%	-63%	24%	43%	9%	3%	-2%	-8%
Industrial Goods & Services	-20%	-45%	-34%	-38%	22%	89%	-27%	68%	25%	45%	162%	-20%	-11%	11%	-9%	101%	35%	7%
Chemicals	-25%	18%	4%	128%	178%	59%	111%	111%	318%	144%	37%	-39%	-72%	-64%	-70%	5%	4%	60%
Health	10%	-1%	-6%	-27%	-6%	12%	8%	29%	23%	-6%	31%	14%	34%	40%	-8%	-24%	-17%	-12%
Utilities	-77%	-13%	-23%	7%	252%	18%	16%	-8%	43%	24%	18%	41%	-5%	-17%	-30%	-30%	-39%	-19%
Personal & Household Goods	-21%	-15%	-4%	27%	30%	105%	-10%	29%	45%	28%	57%	-48%	-56%	-64%	-47%	-10%	29%	10%
Retail	-39%	-57%	-36%	-37%	52%	120%	-19%	358%	85%	22%	25%	-79%	-72%	-83%	-72%	-50%	64%	393%
Construction and Materials	-11%	-16%	12%	-4%	58%	37%	-43%	20%	54%	16%	16%	-93%	-79%	-43%	-10%	208%	139%	36%
Food & Beverage	-19%	19%	17%	-12%	16%	3%	-14%	27%	24%	1%	19%	-51%	-26%	-1%	-7%	67%	19%	4%
Basic Materials	25%	12%	116%	181%	268%	337%	136%	49%	5%	-61%	-136%	-134%	-89%	-87%	-146%	-200%	179%	339%
Financial Services	-110%	105%	62%	99%	-3307%	126%	112%	106%	38%	-101%	-68%	-104%	-64%	-4748%	133%	-2546%	117%	15%
Real Estate	22%	-35%	32%	-2%	43%	104%	4%	-43%	-10%	-39%	41%	-9%	31%	35%	-38%	-22%	-29%	-16%
Insurance	-48%	84%	40%	-5%	131%	-13%	101%	82%	9%	-49%	-27%	-42%	4%	140%	-22%	30%	16%	32%
Tourism and Entertainment	-229%	-428%	-269%	-39%	34%	21%	-27%	-394%	-50%	-38%	-34%	295%	-110%	-50%	-32%	-60%	1742%	-261%
Petroleum	-355%	-283%	-35%	-22%	-184%	-281%	66%	306%	31%	373%	-52%	-66%	-19%	-81%	770%	278%	-2%	-34%
Bank	8%	20%	7%	28%	78%	42%	19%	35%	30%	37%	54%	-4%	-2%	0%	-2%	52%	9%	20%
Automotive & Parts	69%	69%	82%	0%	19%	-23%	-67%	-23%	-20%	-8%	-31%	-12%	6%	-14%	65%	96%	117%	109%
Telecommunication	228%	-76%	176%	-161%	-112%	292%	-64%	33%	-1202%	52%	351%	92%	-46%	-149%	-20%	-174%	107%	-305%

Figure: Non-financial group profit before taxes in Q2/2024 grew +31% YoY



Source: BSC Research

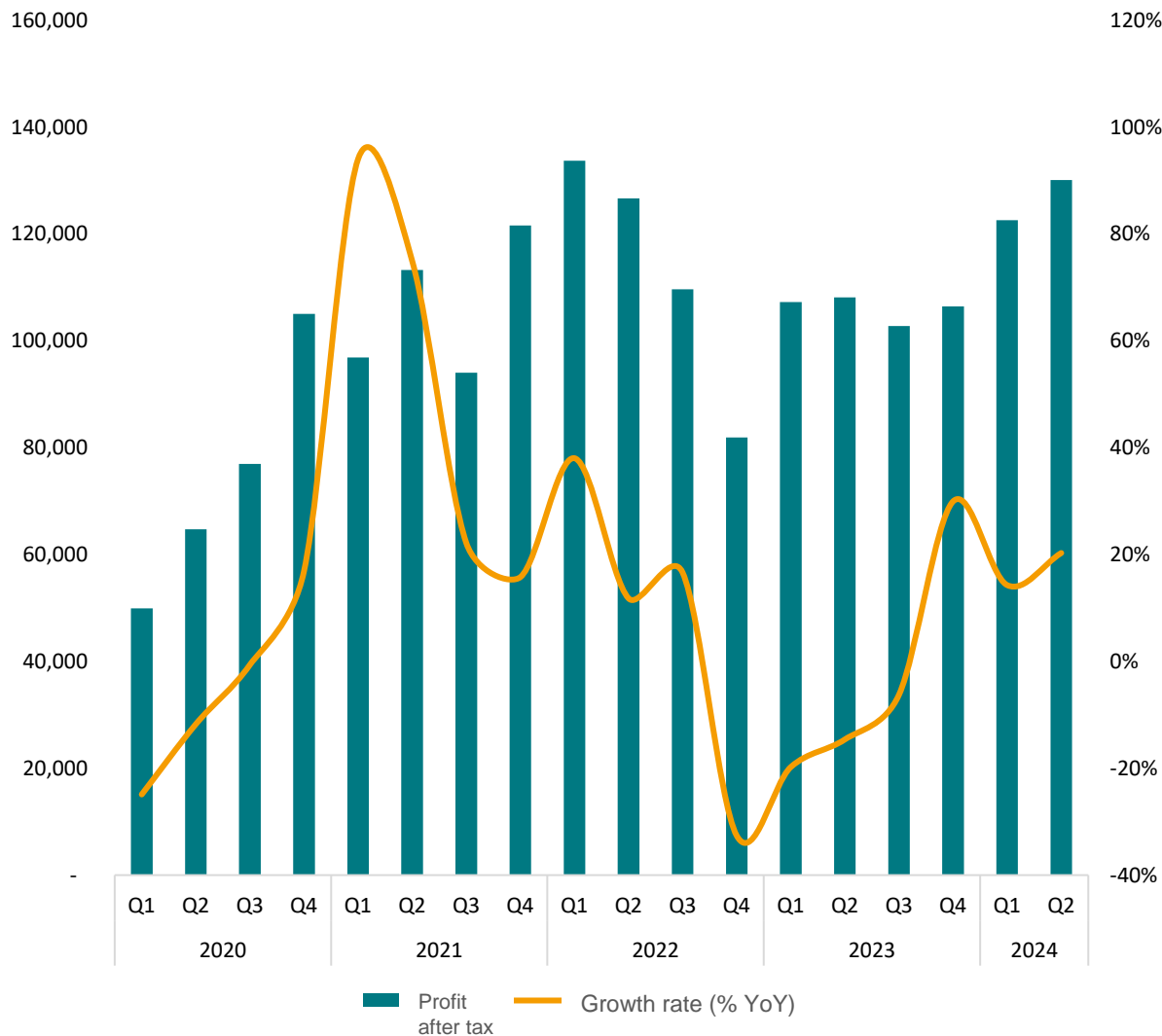
BSC Review

Based on the financial statements of Q2/2024 and Q3/2023, BSC finds that **the business performance of enterprises is expected to record a significant recovery compared to the same period in 2023, estimated to increase by about 16-20% YoY** based on a number of key factors as follows

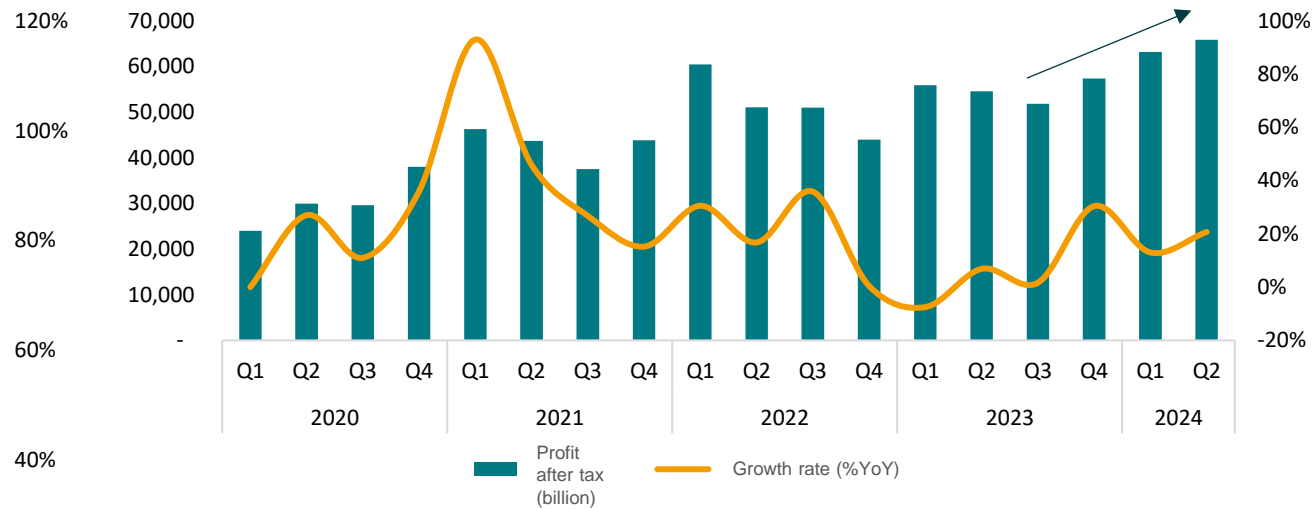
- 1. Low base level of some industries in Q3/2023:** Banking, Retail, Chemicals, Utilities, Building Materials, Basic Resources.
- 2. Revenue continues to improve** thanks to the recovery of orders (PMI T8 maintained at 58.4 points), and **profit margin is expected to recover** thanks to the decrease in input material prices accompanied by a gradual recovery in purchasing power.
- 3. Interest expense will be lower** than the same period, which has been reflected in Q2/2024.
- Exchange rate losses & other financial costs recorded a spike in Q2/2024, however cumulatively up to September 30, 2024, the exchange rate only recorded 1.31% YTD compared to 4.31% as at June 30, 2024. Therefore, **it is expected that businesses that record large exchange rate losses in Q2/2024 will be recorded exchange rate gains in Q3/2024.**



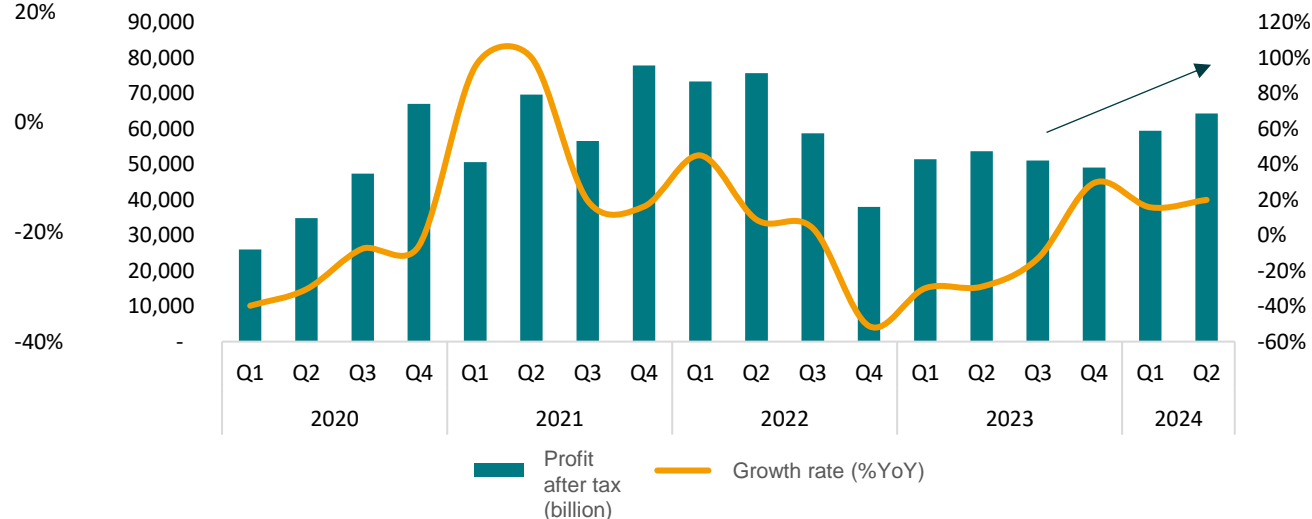
Profit and loss growth of the whole market (% YoY)



Financial Group Profit Growth (% YoY)



Non-financial growth (% YoY)

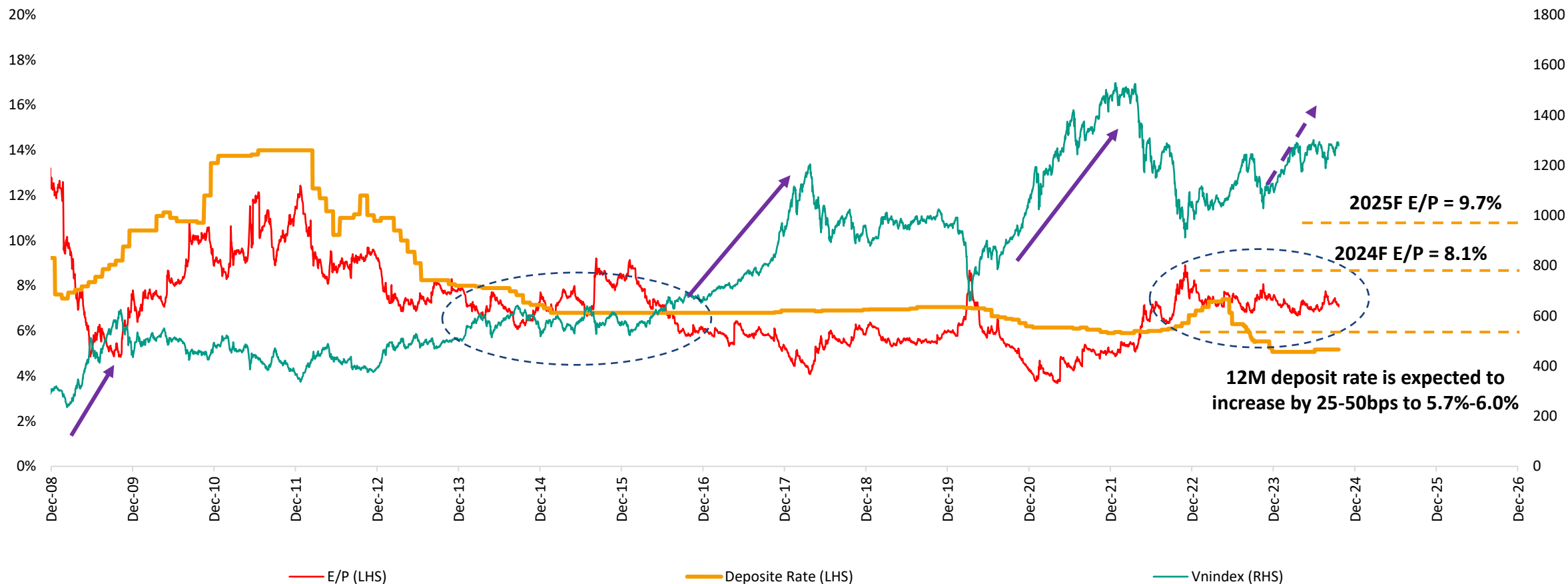


• Note: Financial Group: Securities, Banking, Insurance and Real Estate,
Source: BSC Research

% Growth in profit after tax in all sectors	2023	2024F cũ	2024F new	2025F	Total BSC- Universal portfolio capitalization
Material	-28%	103%	82%	62%	5%
Fishery	-60%	9%	24%	49%	1%
Industrial Park	48%	15%	6%	34%	6%
Construction	-69%	51%	52%	29%	0%
Textile	-65%	42%	39%	28%	0%
Retail	-34%	225%	223%	27%	4%
Bank	4%	16%	16%	23%	46%
Chemicals & Fertilizers	-6%	17%	30%	20%	2%
Information Technology	20%	21%	19%	20%	5%
Petroleum	-22%	-5%	-10%	16%	8%
Tire Tubes	-17%	24%	24%	9%	0%
Transportation & Seaports (*)	-20%	-18%	-14%	8%	1%
Real Estate (*)	-21%	1%	2%	7%	8%
Automobile	25%	3%	3%	4%	1%
F&B	39%	21%	24%	-3%	9%
Utilities	-6%	43%	45%	-3%	3%
Total Profit After Tax of Tracked Portfolio (%)	-5.0%	16.5%	16.1%	19.8%	

BSC – Universe portfolio is a portfolio of stocks that BSC monitors, evaluates, and forecasts profits to recommend:

- Total number of Cover Shares: 84
- Number of cover industries: 16
- Total portfolio capitalization of BSC – Universe: accounting for 75.6% of the total capitalization of VN-Index



Source: Bloomberg, Fiinpro, BSC Research

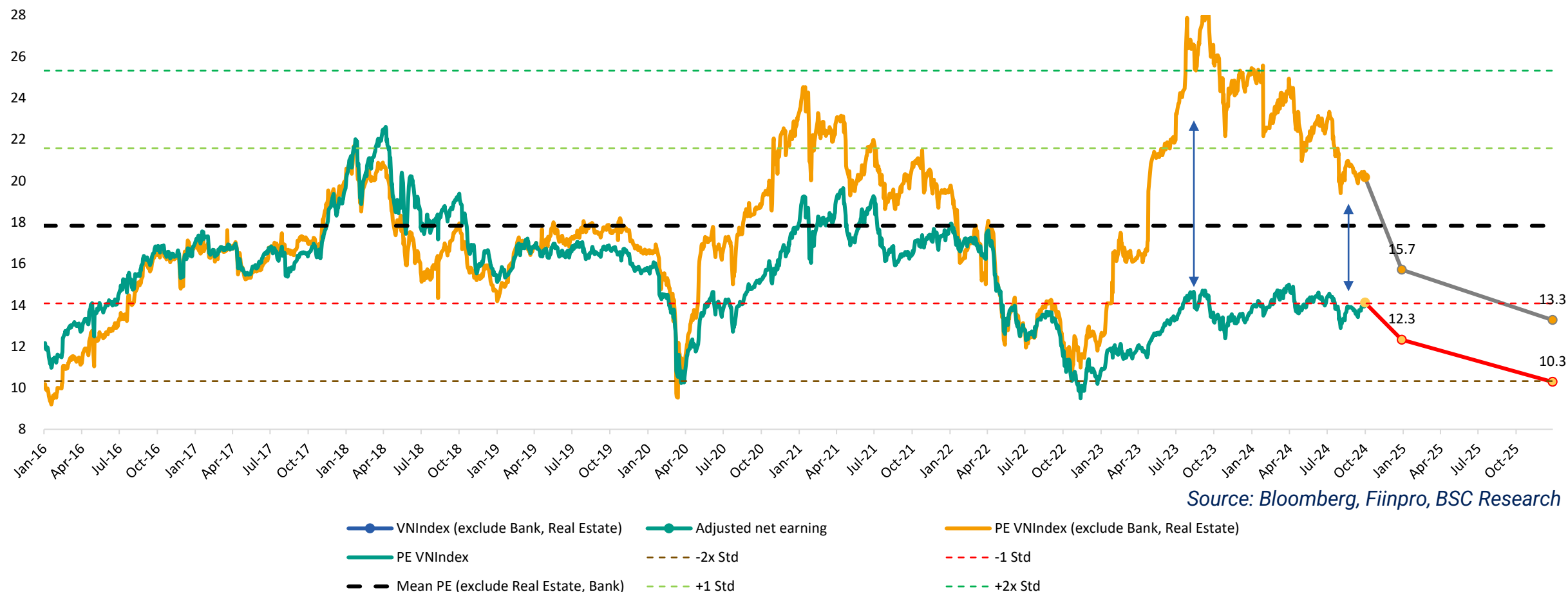
Comparing the market's profitability and savings interest rate, which is our preferred indicator, we find that the conditions necessary to form a medium- and long-term uptrend in the market come from **(1) The profitability of the stock market is more attractive than other investment channels, and sufficient conditions are (2) EPS maintains the growth rate to ensure that the expected profitability continues to maintain an attractive level, similar to what happened in 2015-2016, 2020-2021.** BSC realizes that the 2023-2025 period will be quite similar to the 2015-2016 period, in addition, the growth of profit after tax in 2025 will mainly come from core business activities instead of the contribution of finance costs (lower lending rate environment), & liquidation of other assets.

(2020-now)	Highest PE	Lowest PE	Average PE	PE ttm	2024FW PE	2025FW PE	% Upside 2025	% Upside 2024
Fishery	209.82	-175.01	20.33	27.7	17.3	11.7	74%	18%
Industrial	25.96	9.62	15.25	12.0	11.0	9.8	56%	39%
Real Estate	19.64	13.69	14.18	14.6	10.8	9.6	47%	31%
Construction	63.99	10.13	18.33	16.5	16.3	12.7	45%	12%
Textile	23.92	5.3	11.09	12.1	9.9	7.8	42%	12%
Seaport	44.19	11.41	18.1	15.8	13.8	12.8	42%	32%
Material	989.25	-133.68	12.64	15.3	14.6	9.0	41%	-13%
Bank	16.23	9.1	9.42	10.0	9.1	7.4	26%	3%
F&B	25.11	13.71	20.54	20.6	18.4	16.4	25%	12%
Retail	115.78	7.47	18.62	34.9	23.0	18.2	2%	-19%
Utilities	19.79	8.91	13.8	19.9	14.1	14.6	-5%	-2%
Petroleum	56.29	5.2	12.6	14.3	15.3	13.2	-4%	-17%
Technology	29.54	9.49	18.58	27.8	25.6	21.3	-13%	-28%

As of 04/10/2024

Notes:

- Highest, lowest and average PE based on all tickers on the stock market
- PE trailing and PE forward based on BSC's tracking range - Universe



- ✓ The large-cap group of stocks is expected to continue to maintain superior performance to the mid-small cap group until the profit growth of the small and medium-cap group catches up in 2025.

- Recommendation to prioritize large-cap stocks 1H2025 and 2H2025 as opportunities for small and medium-sized stocks**

(2020-Now)	Highest PB	Lowest PB	Average PB	PB ttm	2024FW PB	2025FW PB	% Upside 2025	% Upside 2024
Utilities	2.52	1.37	1.9	1.1	1.0	0.9	101%	85%
Seaport	3.95	0.79	2.67	1.6	1.6	1.4	87%	66%
Real Estate	3.59	1.24	2.41	1.7	1.4	1.3	82%	70%
Bank	2.65	1.25	1.65	1.4	1.2	1.0	61%	36%
F&B	3.98	1.91	2.99	2.9	2.6	2.4	22%	14%
Industrial	3.25	1.08	2.17	2.1	2.2	2.0	11%	-3%
Material	2.76	0.69	1.35	1.5	1.5	1.3	7%	-8%
Fishery	2.29	0.82	1.33	1.8	1.6	1.5	-8%	-18%
Construction	2.45	0.71	1.29	1.4	1.3	1.4	-4%	1%
Retail	4.68	1.56	2.78	3.8	3.6	3.1	-9%	-22%
Petroleum	2.32	0.76	1.28	1.8	1.7	1.5	-17%	-25%
Textile	2.13	0.7	1.12	1.7	1.6	1.5	-26%	-30%
Technology	7.1	1.7	3.18	6.1	6.0	5.4	-41%	-47%

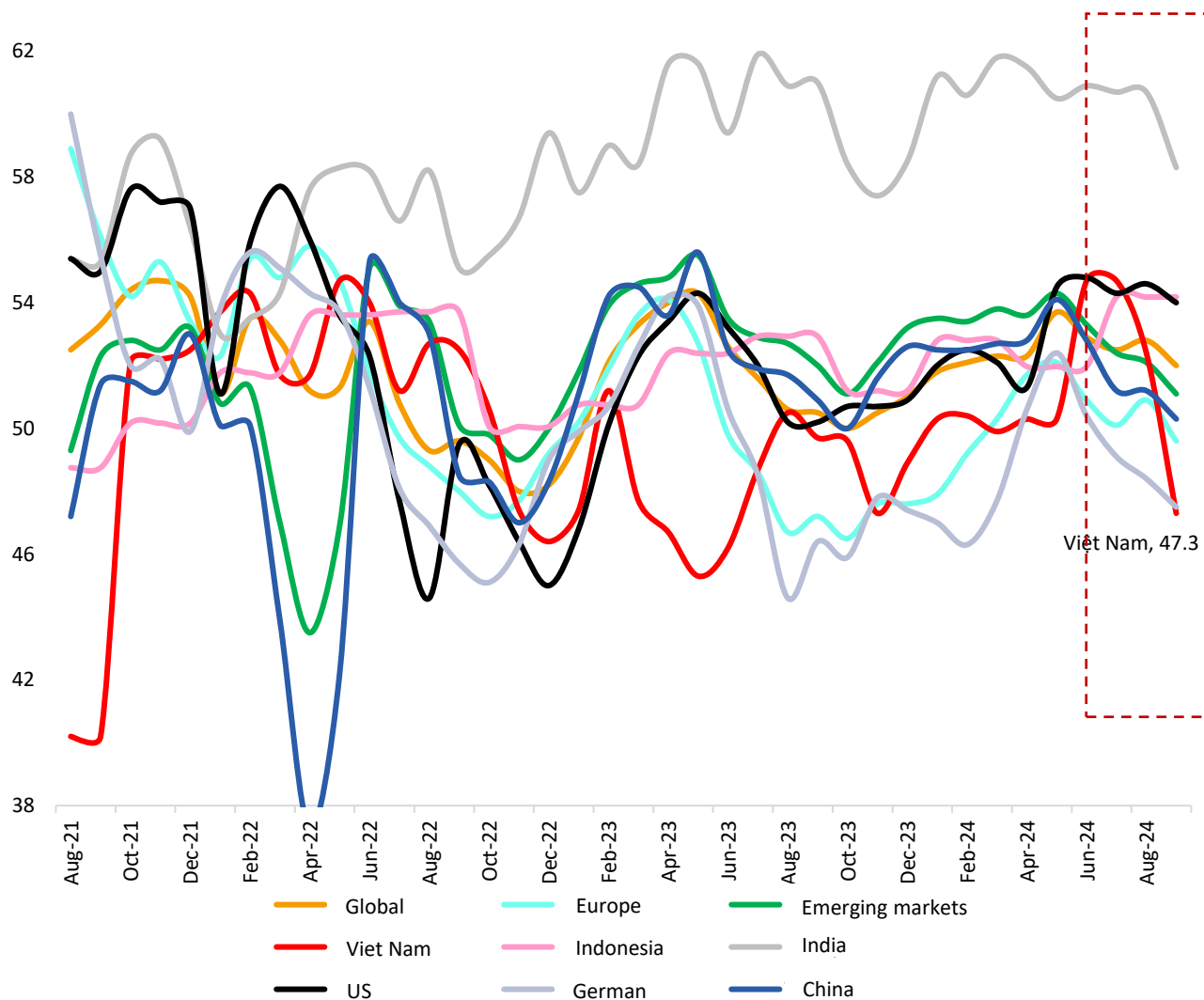
As of 04/10/2024

Notes:

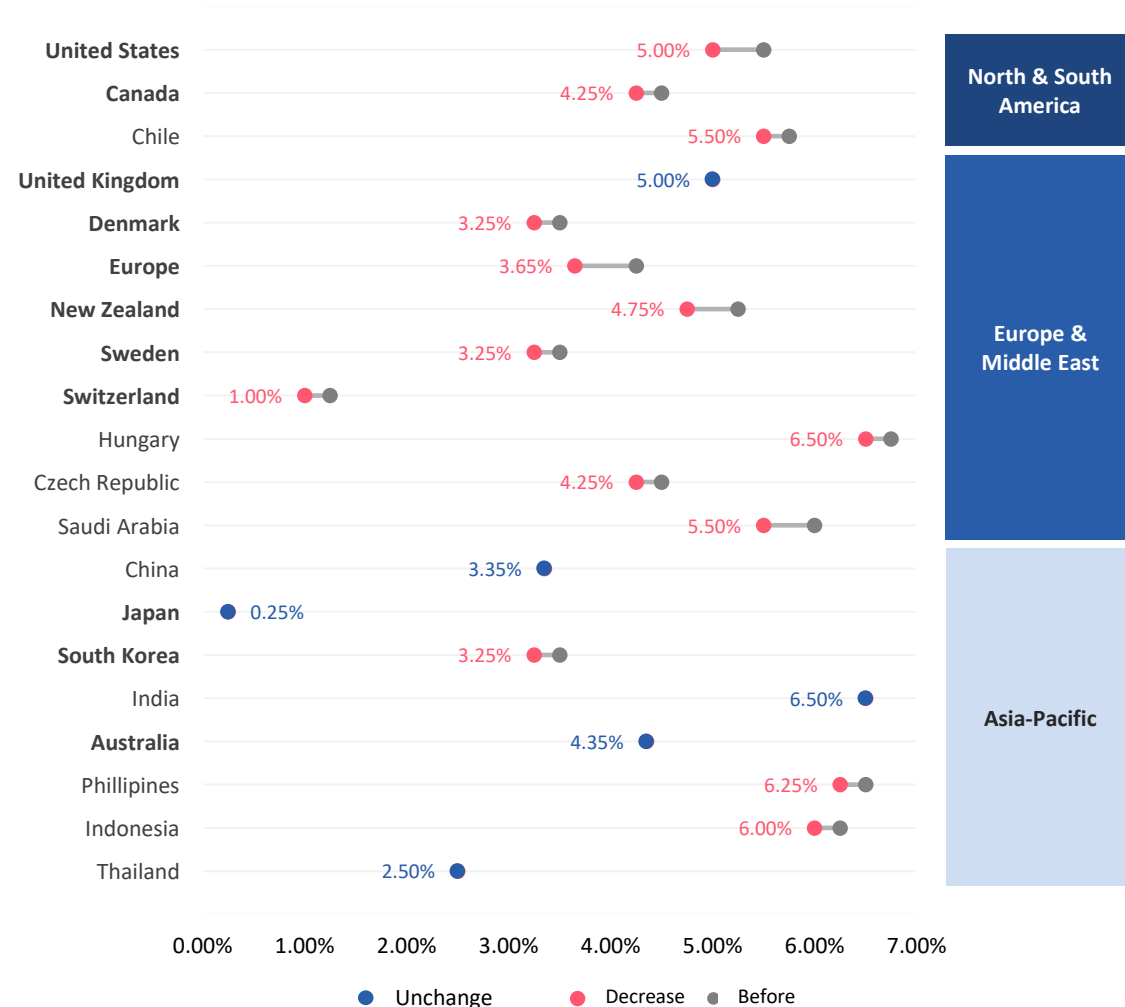
- Highest, lowest and average P/B based on all tickers on the stock market
- Trailing P/B and forward P/B based on BSC's tracking range - Universe



1. The declining PMI trend shows that economic growth is showing signs of slowing down



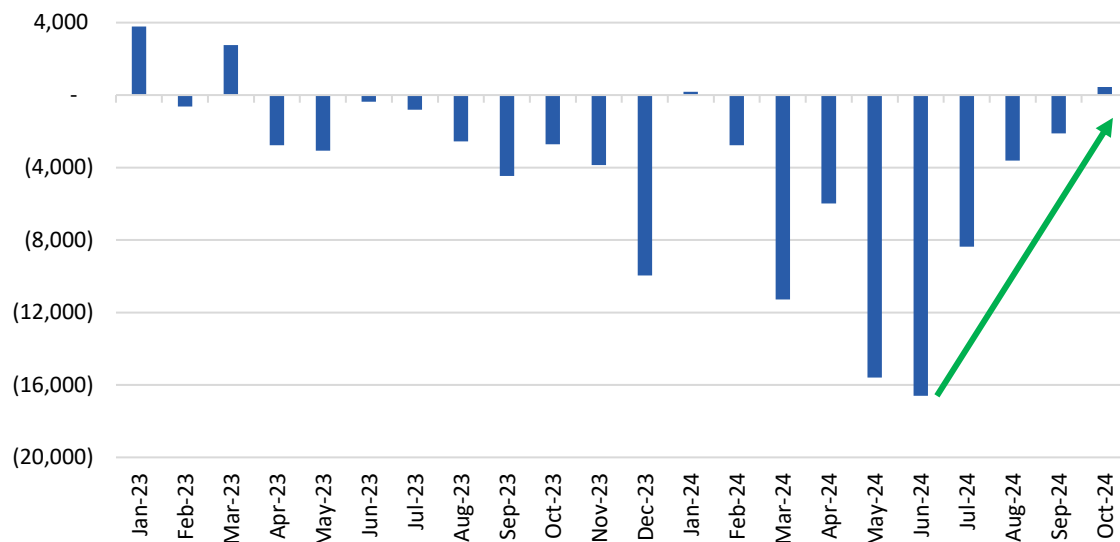
2. Central banks around the world have started the cycle of monetary easing again to support economic growth





... Leading to a gradual reversal of capital flows to emerging market areas with attractive valuations and stories as well as reducing exchange rate risk pressure with EM countries

The period of net selling of foreign investors has passed the climax and is showing signs of reversal

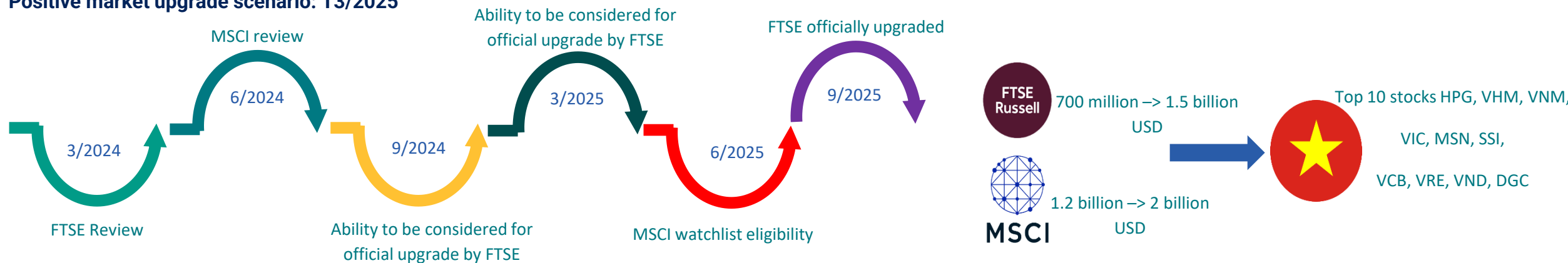


* Unit: billion VND, Data is updated until 10/10/2024

Market	Q1/2024	Q2/2024	Q3/2024	Cumulative T10/2024	YTD (10/10/2024)
China	(3,356)	(14,623)	n.a	n.a	(17,979)
India	1,618	(1,004)	10,576	(5,663)	5,526
Indonesia	1,686	(2,113)	3,676	(400)	2,850
Japan	10,405	28,631	(45,037)	6,182	181
Malaysia	(187)	14	979	(197)	609
Philippines	163	(690)	553	57	82
S. Korea	12,189	4,939	(6,566)	(624)	9,938
Sri Lanka	(25)	(4)	10	(0)	(19)
Taiwan	4,729	(347)	(16,378)	(1,238)	(13,234)
Thailand	(1,933)	(1,297)	650	(484)	(3,065)
Vietnam	(401)	(1,276)	(548)	18	(2,207)

* Unit: million USD, Data updated to 10/10/2024

Market upgrade base scenario: T9/2025
Positive market upgrade scenario: T3/2025





POWER - FERTILIZER – GAS SECTOR



Update information: By the end of Q3 2024, world oil prices fluctuated slightly: Brent oil prices fell 14% QoQ to \$73.39/barrel, WTI oil prices fell 15% QoQ to \$68.6/barrel. Oil prices recorded a fairly large correction when (i) OPEC signaled to increase production to regain market share in 2025 (ii) demand from China declined. However, in early October, oil prices soared amid escalating political tensions in the Middle East, with Brent rising to \$80 a barrel and WTI rising to \$76.3 a barrel.

BSC lowered its oil price forecast to \$83 per barrel for 2024 (-4% lower than the previous forecast, equivalent to the median forecast of 14 major organizations in the world).

Organization	Forecast			
	Q4.2024	Q1.2025	2024	2025
Australia & New Zealand Banking Group Ltd	86	89	88	92
Bank of America Merrill Lynch	74	74	80	75
Barclays PLC	90	88	84	85
Capital Economics Ltd	77	75	80	73
Commerzbank AG	75	75	75	80
Emirates NBD PJSC	75	75	80	73
Goldman Sachs	77	77	81	76
JPMorgan Chase & Co	80	82	83	75
Morgan Stanley	75	75	83	77
MPS Capital Services	82	80	83	90
Rabobank	71	68	80	70
Societe Generale SA	83	80	83	76
Standard Chartered Bank	87	89	98	92
UBS Group AG	87	87		
Median	79	79	83	76

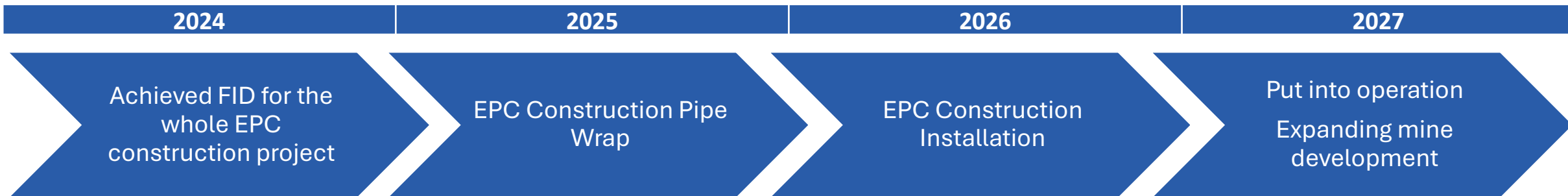
Source: Bloomberg



Update information related to Lot B – O Mon:

- + Two bidding packages EPCI#1 and EPCI#2 have been awarded Full Qualifications. Thus, two bidding packages are eligible to proceed without FID of the whole project.
- + On September 18, 2024, the Lot B - O Mon project was officially started: the steel cutting ceremony for the superstructure and the base of the HUB/WHP rig.
- + Upstream, the gas reception schedule has been adjusted compared to the original plan: Quarter 4/2027 (O Mon 4), Quarter 1/2028 (O Mon 2) and Quarter 4/2029 (O Mon 3).

DEVELOPMENT PLAN OF LOT B – O MON PROJECT (tentative)



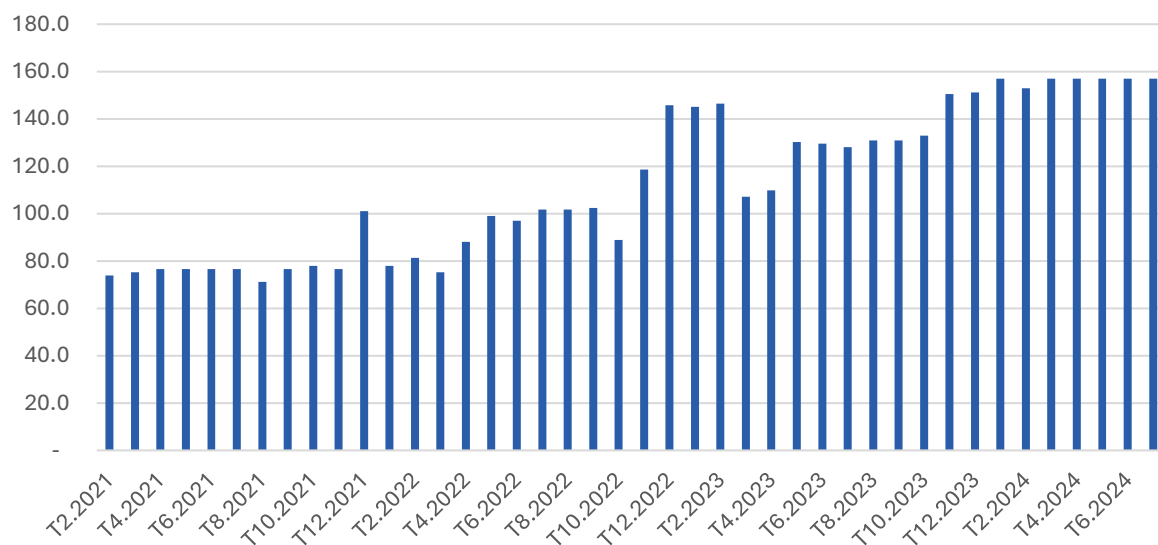
Stage	Early Phase (2024- 2025)	Later period (2025- 2026)	Exploitation phase (2027 onwards)
Activity	Drilling/ Well Services EPCI construction of truss construction	Construction of EPCI gas pipeline Tube Wrap	Construction and installation of power plants Gas Extraction, Transportation and Distribution Continue to develop and expand the mine
Beneficial enterprises	PVS: (i) EPCI#1 (Q2.24 – Q4.26) 493 million USD (ii) EPCI#2 (Q2.24 – Q4.25) 300 million USD	PVS (Q4.24 - Q4.26): 268 million USD PVB (Q4.24 - Q4.26): 92 million USD PVC (Q4.25 – Q4.26): ~ 1 million USD/ well PVD (Q4.25 – Q4.26: N/A (Lot B expect to bid for 2 drilling rigs)	GAS (Q4.26 onwards): ~\$9.6 billion in gas transportation revenue <i>Source: BSC Research tổng hợp</i>



Update other information:

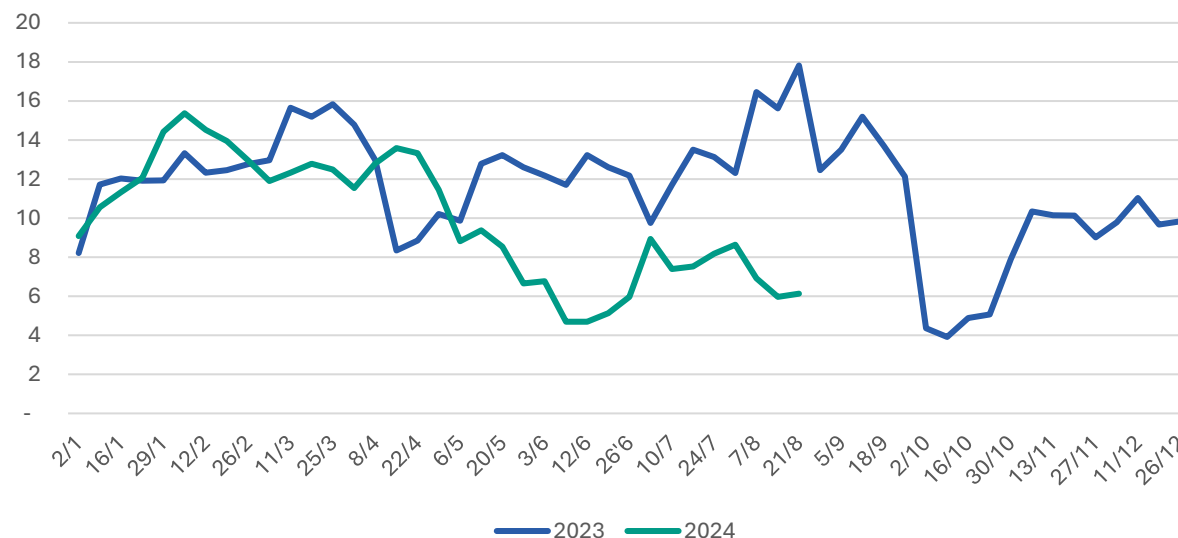
- + Rig rental prices in Southeast Asia have slowed down but are still anchored at a high level compared to the past: +1% QoQ/ +8% YTD. BSC expects rig rental prices to be difficult to reduce in the short and medium term because rental demand still tends to increase slightly while supply remains unchanged.
- + Crackspread mogas 92 traded at a low level: the average in July and August reached 7.46 USD/barrel (-45% YoY). BSC believes that crackspread has not yet had the momentum to increase sharply in the short term in the context that oil prices have just undergone a downward correction.

Figure: Truss rental prices in Southeast Asia have been flat for 3 consecutive months (PVD)



Source: BSC Research compiled

Figure: Crackspread remains low over the same period (BSR)



Source: BSC Research

Update other information:

BSC maintains a **NEUTRAL** stance on the Oil and Gas industry in 2H2024 when Block B - O Mon has not officially had an FID. However, BSC expects the situation to be **MORE POSITIVE** in 2025 as oil and gas enterprises will record profit growth compared to 2024 coming from

- (i) growth from the 2024 low (BSR) due to the failure to carry out overall maintenance
- (ii) recording revenue and profit related to the Lot B - O Mon project(PVS, PVB, PVD)
- (ii) LNG and LPG growth compensated for the decline in traditional gas when Nhon Trach 3 plant came into operation(GAS)

Figure: PVS approaches an attractive valuation area for the investment period of 2024 - 2025

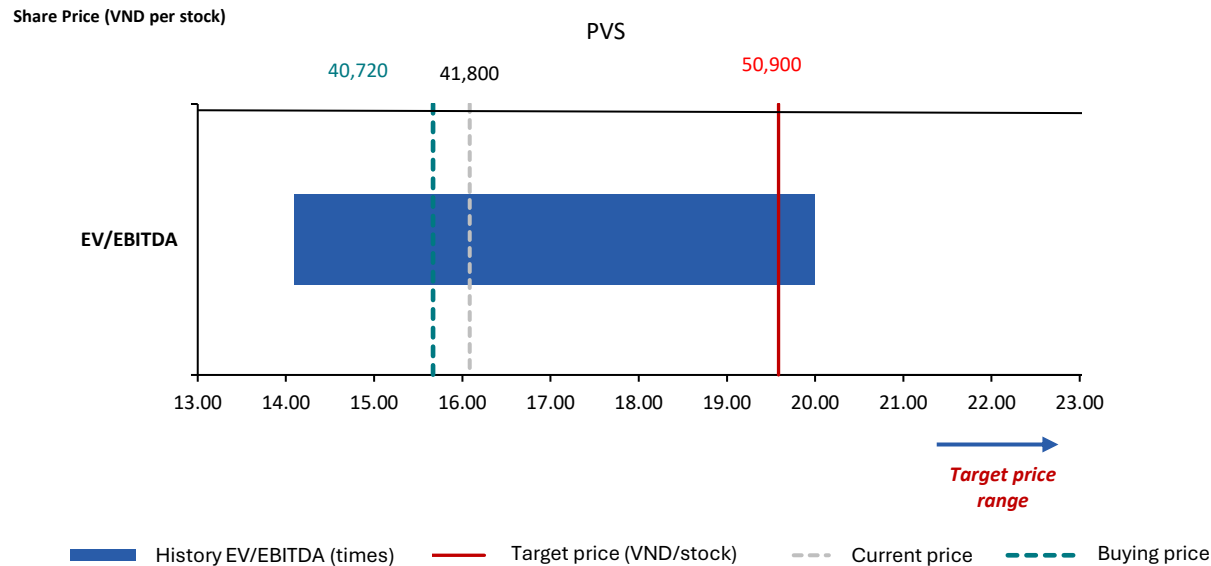
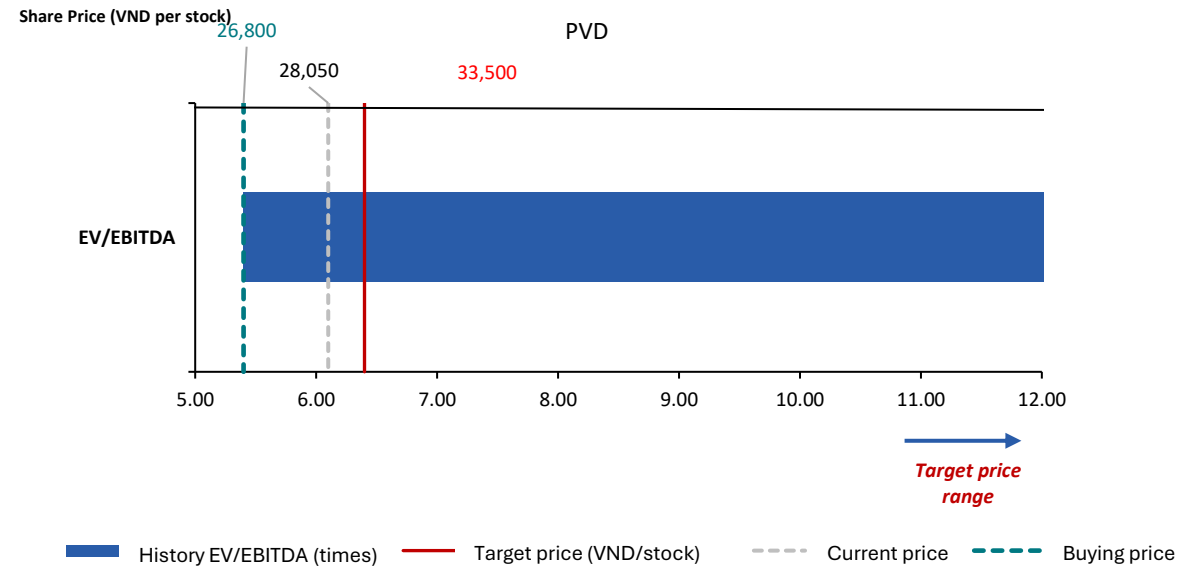


Figure: PVD is currently in a reasonable valuation area for the investment period of 2024 - 2025



Source: BSC Research



1. Hydropower plants benefit from La nina.

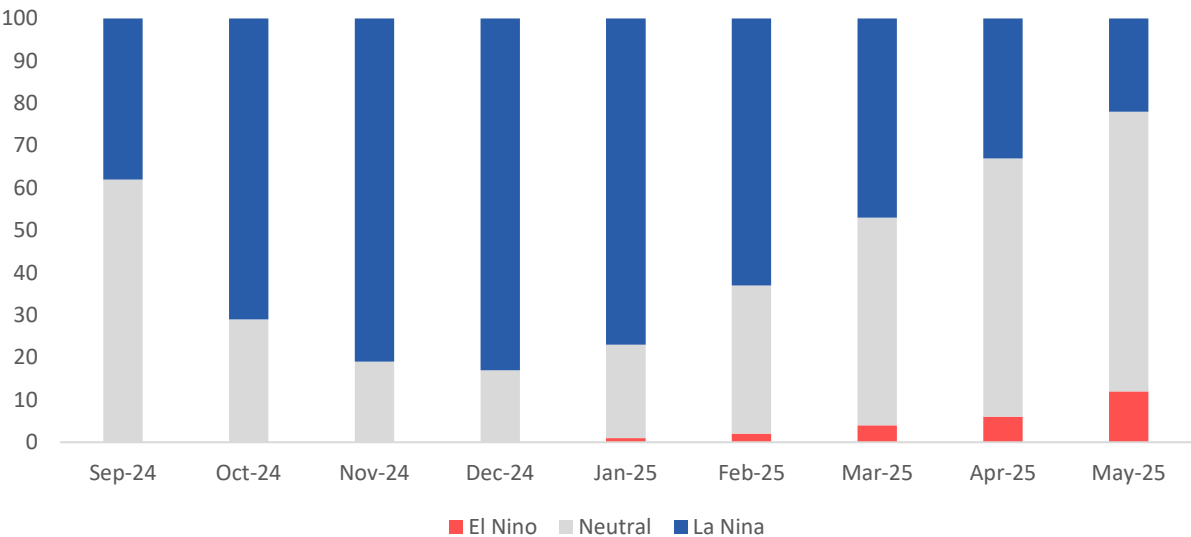
In Q3/2025, hydropower output will increase by 27% YoY and gas power will suddenly decrease by -26% YoY (extending the decline for 3 consecutive quarters) due to the influence of La Nina. According to NOAA, La nina will remain strong until April 2025, which will help support hydropower generation and put pressure on the gas and coal power groups. Although the neutral phase dominates after April 2025, however, hydropower production can still maintain slight growth due to the impact of El Nino in 1H2024.

In 2024, EVN will increase the output of QC contracts with hydropower plants to 95-98%, causing the average selling price to decrease by about 10-15% YoY, especially hydropower plants with a capacity of less than 30MW will be applied at an avoidable cost price, so the selling price will not change much compared to 2023.

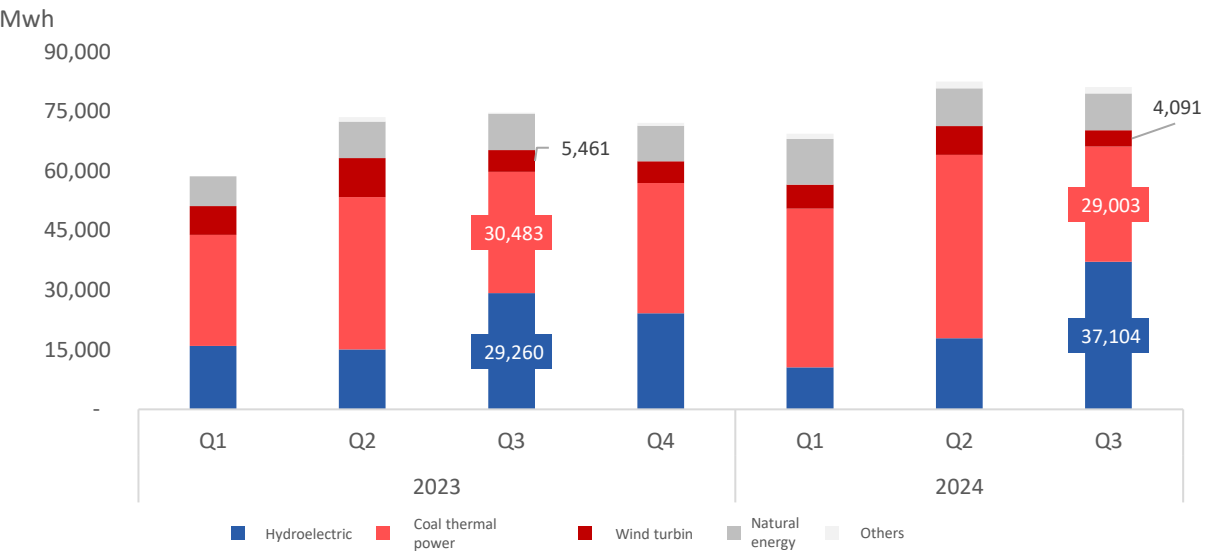
Hydropower companies that benefit include REE, HDG, PC1, DPG, GEG.

We believe that the gas power group has gone through the most difficult period, however, gas power demand can still remain low until the end of Q4/2024 when LNG prices are anchored at a high level of about 12-13 USD/MMBTU (from April 2024, domestic plants will start using LNG next to domestic gas sources). **Thermal power companies affected: POW, NT2, PGV.**

The La Nina forecast will remain until April 2025 and gradually turn neutral



In Q3/2024, hydropower output increased by 27% YoY, gas power suddenly decreased by -26% YoY



Source: BSC Research, EVN

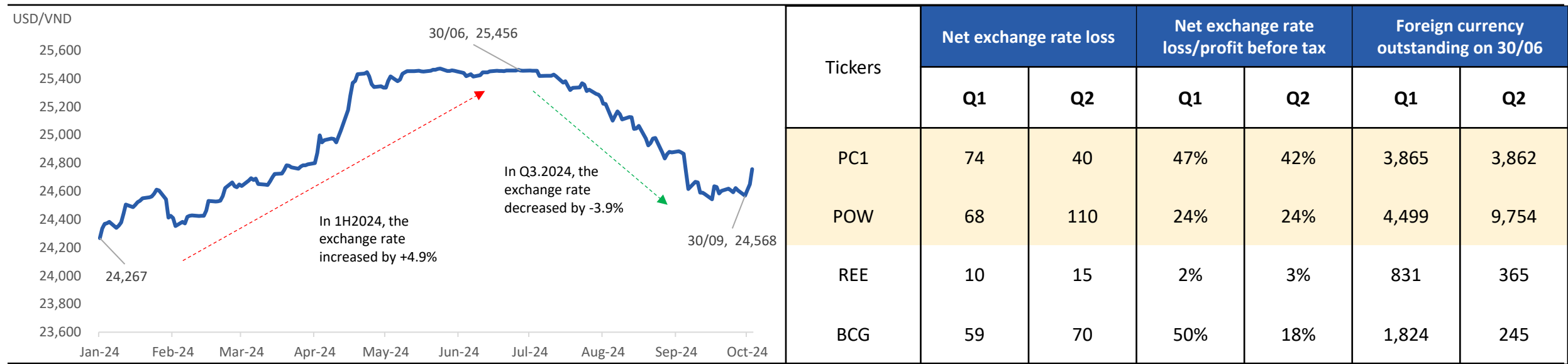
2. The cooling exchange rate helps reduce pressure on the profits of businesses.

In 1H2024, the USD/VND exchange rate increased by 4.9% compared to the beginning of the year, causing significant exchange rate losses for PC1, POW, BCG – businesses with many loans in USD. In Q3/2024, the exchange rate heat has cooled down thanks to the prospect of the Fed's interest rate cut, and we expect the exchange rate to increase by about 2% (2.9 percentage points lower than the peak in June 2024) for the whole year 2024).

In general, PC1 and POW enterprises will be partially reimbursed exchange rate losses and support accounting profits in 2H2024. Particularly for BCG, we found that the company has settled its debts in USD in Q2/2024, resulting in the recording of a small part of the exchange rate loss in Q3/2024.

It is forecasted that the exchange rate will increase by about 3% in 2024

PC1 and POW expect to significantly recoup exchange rate losses in Q3



Source: BSC Research, Bloomberg



3. NT3 and NT4 put pressure on other gas-fired power plants in the region.

On October 4, POW signed a power purchase agreement (PPA) for NT3 and NT4 plants with EVNEPTC, then can sign a gas purchase agreement with GAS. Thus, most of the important bottlenecks of the project have been solved and it is expected that the plants will operate as planned in January 2025 (NT3) and May 2025 (NT4). We believe that these two factories may lose about 200-400 billion VND in the first year of operation and break even from 2026.

In the first 9 months of 2024, the system mobilized about 17 million kwh from the gas power group, down -22% YoY, corresponding to gas power plants operating at about 25-30% of capacity. **In 2025, the NT3 & NT4 gas power plants that consume large volumes (about 4.8 million kWh in the first year) will put additional pressure on the Phu My Cluster (PGV) and Nhon Trach 1 & 2 (POW) plants, which are already struggling in the short term.**

Other Information:

1. Proposal to adjust the Planning Board 8

On August 30, the Ministry of Industry and Trade submitted to the Prime Minister a draft assessment of the implementation of the 8th National Plan and proposed adjustments to a number of main contents as follows:

- Gas and LNG power: most projects are behind schedule, without fundamental solutions, leading to a huge risk of capacity shortage in the period of 2026 – 2030.
- Coal power: New coal power projects are facing many difficulties, not receiving consensus in localities as well as credit institutions. In addition, new coal-fired power plants have to use imported coal, leading to a new coal-fired power source that is not highly feasible.
- Hydropower: 6.6GW of room for development, however, according to the assessment potential, it can develop up to 36.6GW of hydropower capacity. BCT proposes to re-evaluate the feasibility of new hydropower projects.
- Concentrated solar power: according to the capacity plan in 2030 is 12.8GW, there is room for growth of about 1.5GW. In the context that gas and coal power sources are difficult to meet the schedule, it is necessary to increase the scale of solar power development in the short term.

Thus, the Ministry of Industry and Trade is looking to adjust the 8th Plan, expand more concentrated solar power projects and the list of hydropower projects. This could open up major investment opportunities, significantly increasing capacity for renewable energy companies in Vietnam, Therefore, we will continue to observe and update when there is official information in the following report.

2. Increase in electricity retail price: on October 11, 2024, the average electricity retail price will increase from 2,006 VND/Kwh to 2,103 VND/Kwh (+4.8%), helping EVN improve its financial situation and reduce debt for power generation companies. The retail price of electricity in the future may increase faster because 1) EVN begins to use more high-priced fuel sources such as LNG, 2) the load continues to maintain growth of more than 9%/year and 3) the new capacity of hydropower increases insignificantly.

OPINION UPDATES:

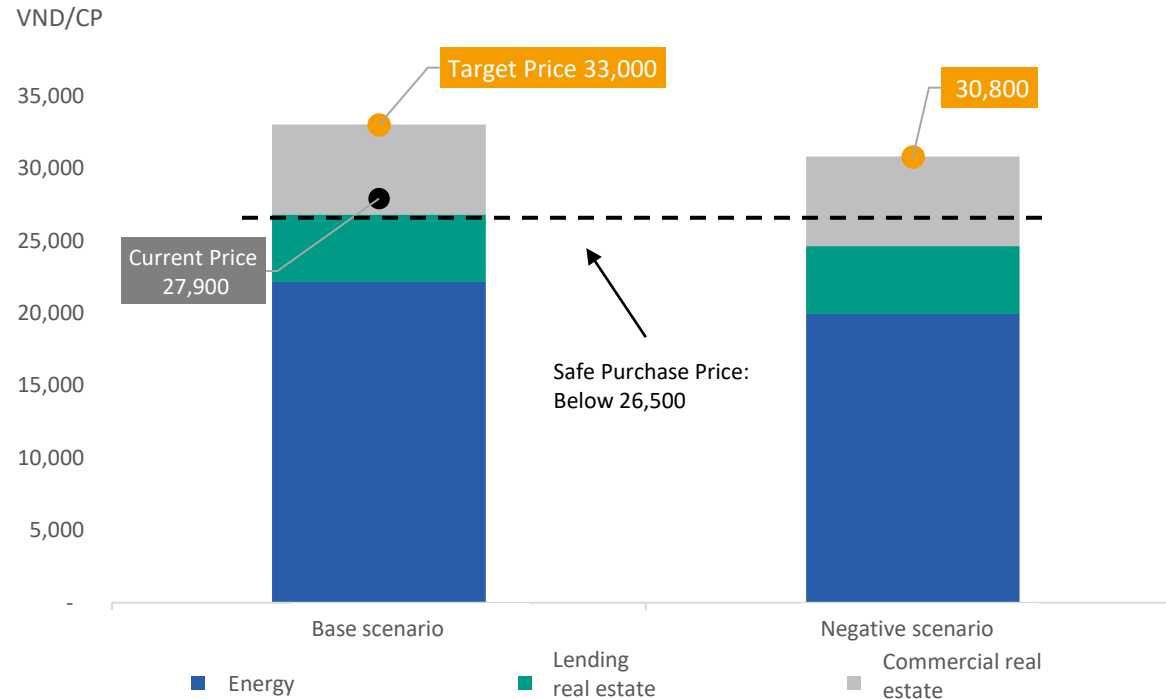
We maintain a **POSITIVE** outlook on the power industry.

Recommended Stocks: HDG ([reference report](#)), REE ([reference report](#))

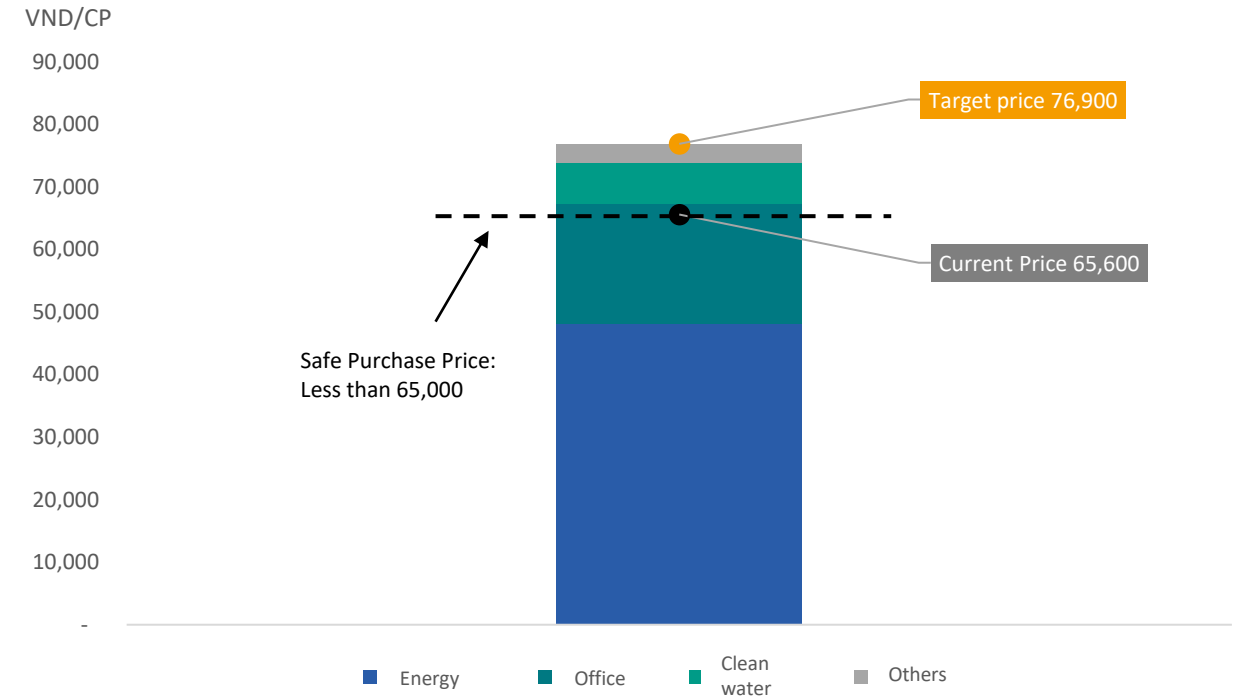


With the prospect of La nina lasting until Q1/2025, BSC recommends **BUY** for **HDG** stocks and **REE** stocks.

Partial valuation of HDG stock code



Partial valuation of REE stock code



Bad scenario caption: Hong Phong 4 power project temporarily suspends operation

Source: BSC Research



BSC maintains a **POSITIVE** outlook on the Fertilizer sector in Q4/2024 with advantages and difficulties intertwined:

- Advantages: (i) The ability to pass the amended VAT law to help fertilizer enterprises get input tax refunds; (ii) The cost of producing urea from gas decreased due to lower oil prices and exchange rates and (iii) India increased fertilizer imports in the context of China's export restrictions as a driving force supporting world fertilizer prices;
- Difficulty: Rice prices fall

Recommended Stocks: [DCM](#), [DDV](#), [DPM](#) (References)

1.1 It is expected to consider including fertilizers in VAT (5%) effective from 2025 *(Refer to the latest industry report)*

- Summarizing the opinions of the afternoon discussion session on 24/06/2024 at the 7th meeting of the National Assembly:
 - Members of the National Assembly basically agree with the inclusion of fertilizers in VAT-liable items.
 - However, there are 2 streams of opinions discussing whether the VAT rate applied to fertilizers is 0% or 5% and the National Assembly members proposed that the Ministry of Finance should have a more detailed assessment report on the impact of the imposition of 5% VAT on fertilizers on farmers. to domestic fertilizer prices;
- The Ministry of Finance will study and officially submit the draft at the 8th National Assembly meeting (expected to take place in October 2024).
 - In the base scenario, the tax rate we expect is 5%;
 - In case the proposed tax rate is 0%, this would be a more positive scenario than we expected.

Table: Estimated NPATMI fertilizer enterprises in 2025F when VAT is approved

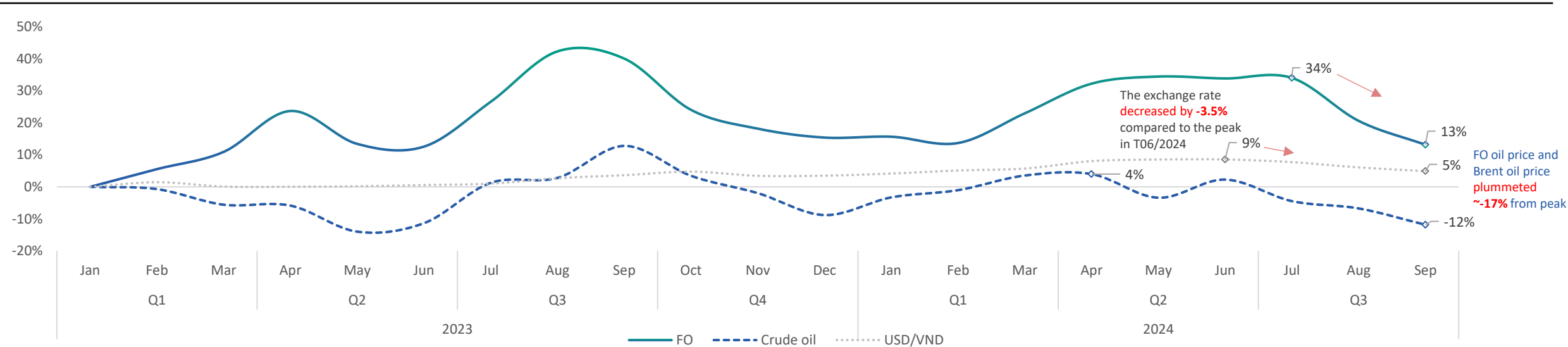
VAT	Not approved		Approved (%Enterprises share output VAT with farmers)				
2025F			100%	70%	50%	30%	0%
NPATMI							
DCM		2,145	2,174	2,294	2,374	2,455	2,575
DDV		224	236	254	267	279	297
DPM		956	1,193	1,335	1,430	1,525	1,668
%YoY NPATMI							
DCM		10%	12%	18%	22%	26%	32%
DDV		51%	59%	71%	79%	87%	100%
DPM		5%	31%	46%	57%	67%	83%

Source: BSC Research

1.2 The cost of producing urea from gas DECREASED due to (i) lower oil prices and (ii) lower USD/VND exchange rate

- The average price of Brent oil and FO oil in Q3/2024 reached 77 USD/ton (-14% YoY) and 457 USD/ton (-10% YoY), respectively, the USD/VND exchange rate reached 24,902, up +4% YoY.
- Contrary to BSC's forecast in the latest industry report, oil prices cooled down in August 2024 and remained low for the rest of the third quarter, helping the average oil price in Q3 fall to a low level of the third quarter. BSC lowered its oil price forecast to \$83 per barrel for 2024, down -4% from the old forecast ([see Oil&Gas Industry report](#)).
- As forecast in the latest industry report, the exchange rate remained high in Q3/2024 and began to decline in September when the FED signal of a policy reversal became clearer. We expect the exchange rate to continue to decline slightly in Q4/2024 and remain stable throughout 2025.
- With the forecast of falling oil prices and falling exchange rates, we expect the cost of production of urea enterprises from gas in Q4/2024 to improve compared to the high level in 6M/2024.

Figure: Oil price + Cooling exchange rate



Source: Bloomberg, BSC Research



1.3 Urea imports decreased while DAP imports remained high in Q3/2024

Figure: Vietnam reduces urea imports in Q3/2024 yoy and compared to Q2

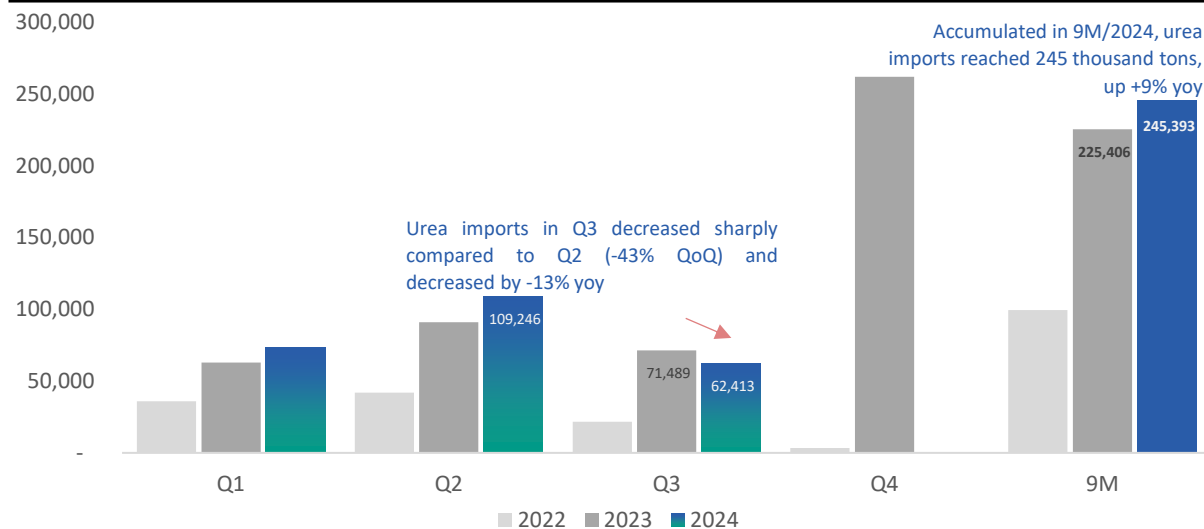
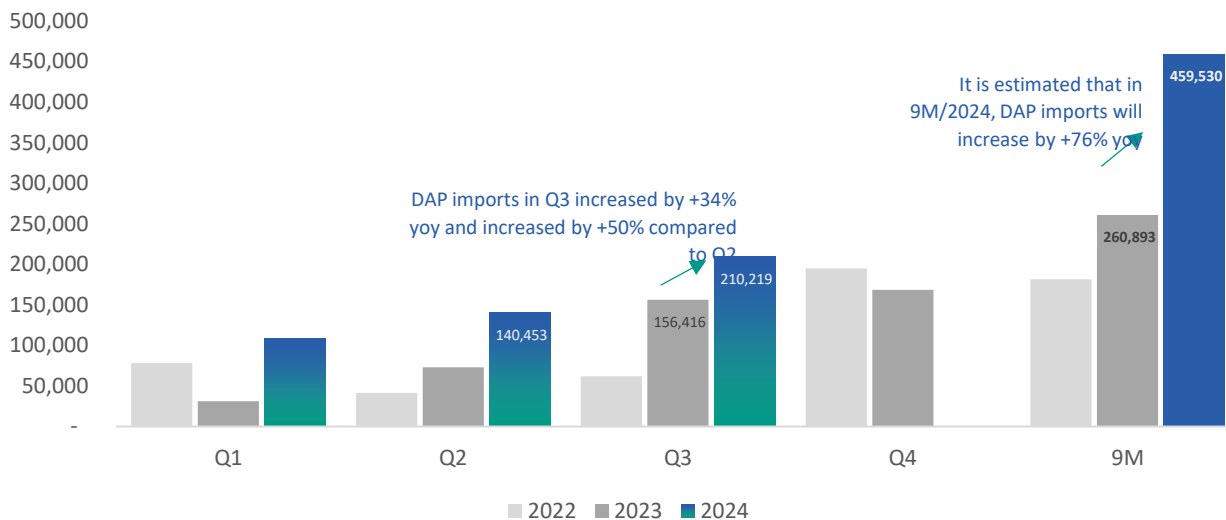


Figure: DAP imports in Q3/2024 are estimated to increase by +34% YoY and increase by +50% compared to Q2



Source: Customs, BSC Research

Fertilizer imports are mixed in Q3/2024

- **Ure:** It is estimated that in Q3, Vietnam imported 62 thousand tons of urea, respectively, down -13% yoy and down -43% compared to Q2;
- **DAP:** It is estimated that in Q3, Vietnam imported 210 thousand tons of DAP, up +34% yoy and +50% compared to Q2 and mainly imported from China

Although fertilizer imports were mixed, fertilizer prices agreed to increase in Q3 with different price growth drivers.



1.3 Differentiated fertilizer prices: Urea increased slightly due to a decrease in imports while DAP increased sharply with momentum thanks to high world DAP prices

- Urea imports decreased slightly, supporting the average price of urea in Q3 to reach 10,100 – 10,200 VND/kg, equivalent to the same period and up +4% compared to Q2;
- Although DAP imports increased sharply, DAP prices still increased sharply thanks to the momentum from world DAP prices maintaining high levels. The average DAP price reached 14,700 VND/kg, up +17% yoy and up +4% compared to Q2;

Figure: Price of Phu My Urea and Ca Mau Urea (VND/kg)

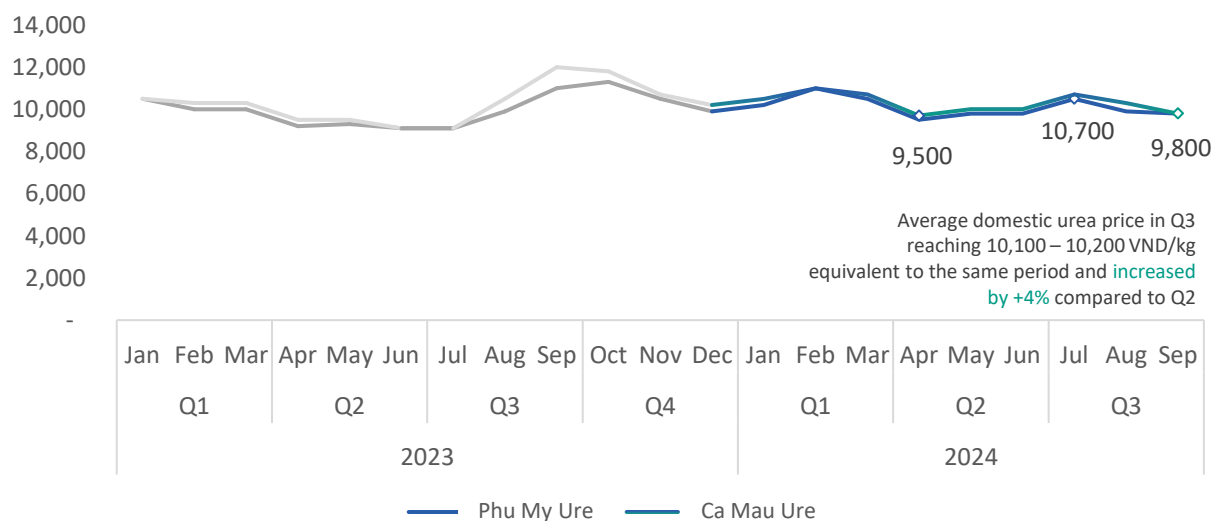
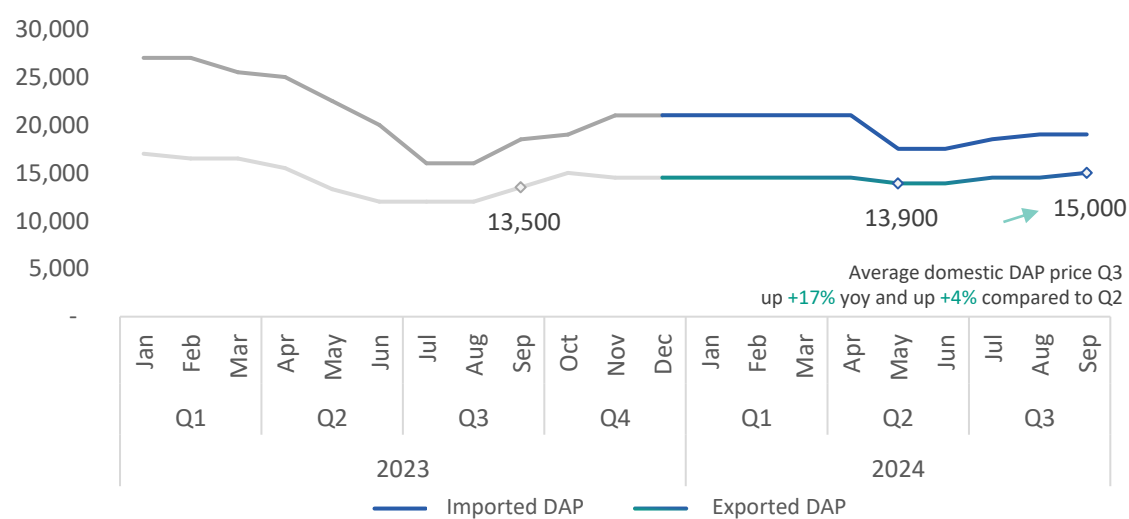


Figure: Domestic DAP and imported DAP prices (VND/kg)



Source: Customs, BSC Research

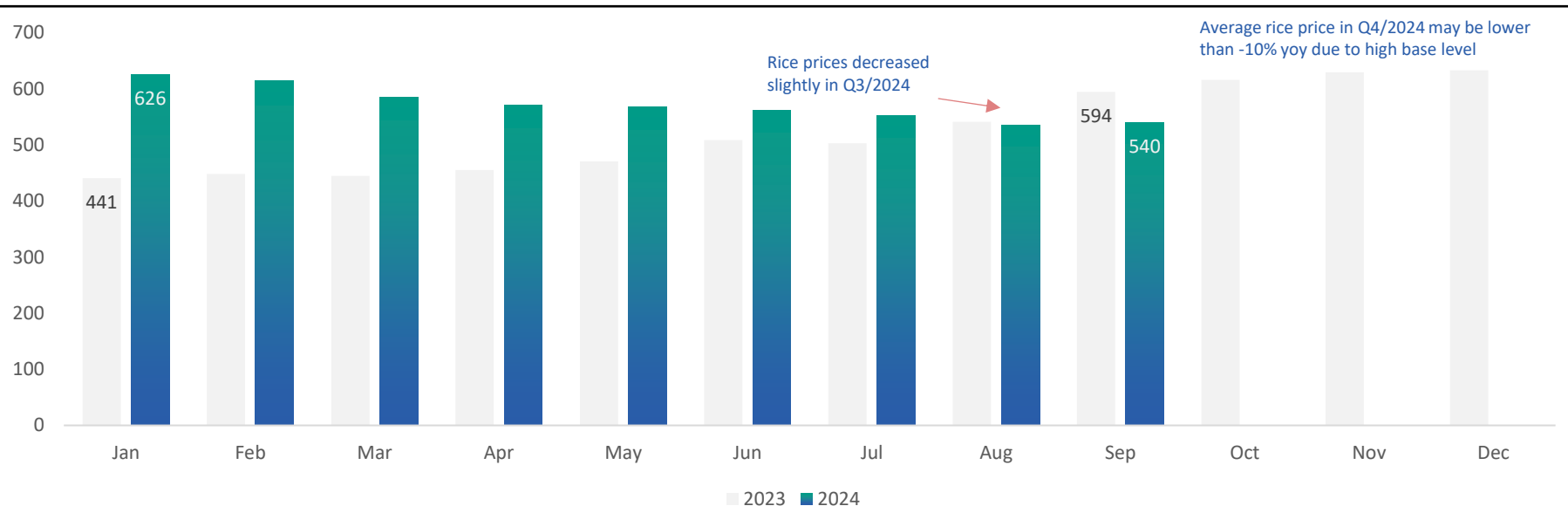
China and India have made changes in fertilizer import and export policies at the end of Q3/2024 in the direction of actively supporting world fertilizer prices. BSC expects Chinese and Indian policies to support fertilizer prices to remain high in Q4/2024.

- **China:** maintain the policy of restricting Urea exports from the beginning of 2024 and promulgate a policy to restrict DAP exports from 08/2024 to the end of Q1/2025;
- **India:** increase imports of Urea and DAP to prepare for the year-end season, thereby supporting world Urea and DAP prices anchored at a high level.

1.4 Rice prices: India returns to export market, rice prices decrease slightly

- The average price of 5% broken rice in Q3/2024 reached 543 USD/ton, down -4% compared to Q2 and equivalent to the same period last year;
- India has lifted some restrictions on rice exports in September 2024, causing rice supply on the world market to increase and rice prices to tend to decline slightly;
- With the lifting of India's rice export restrictions, we believe that world rice prices may decrease slightly in Q4/2024 (-10% yoy due to the high comparative base in Q4/2023) and are equivalent to the average level for the whole year 2023;

Figure: Anchored rice prices at a high level help increase farmers' affordability, but rice prices are trending down slightly (USD/ton)



Source: Bloomberg, BSC Research

➡ With the expectation that rice prices will decrease slightly in Q4/2024, but still equivalent to the average

Based on positive earnings growth expectations of DCM and DPM and the market context with strong discount in valuation, BSC recommends the following stock valuation range for these two stocks:

- (1) DCM: suitable valuation range for investment in 2024-2025 EV/EBITDA FW 2024 is 3.8 – 5.0 times;
- (2) DPM: suitable valuation range for investment in 2024-2025 P/B FW 2024 is 1.0 – 1.15 times;

Figure: DCM's valuation is attractive relative to the company's growth expectations.

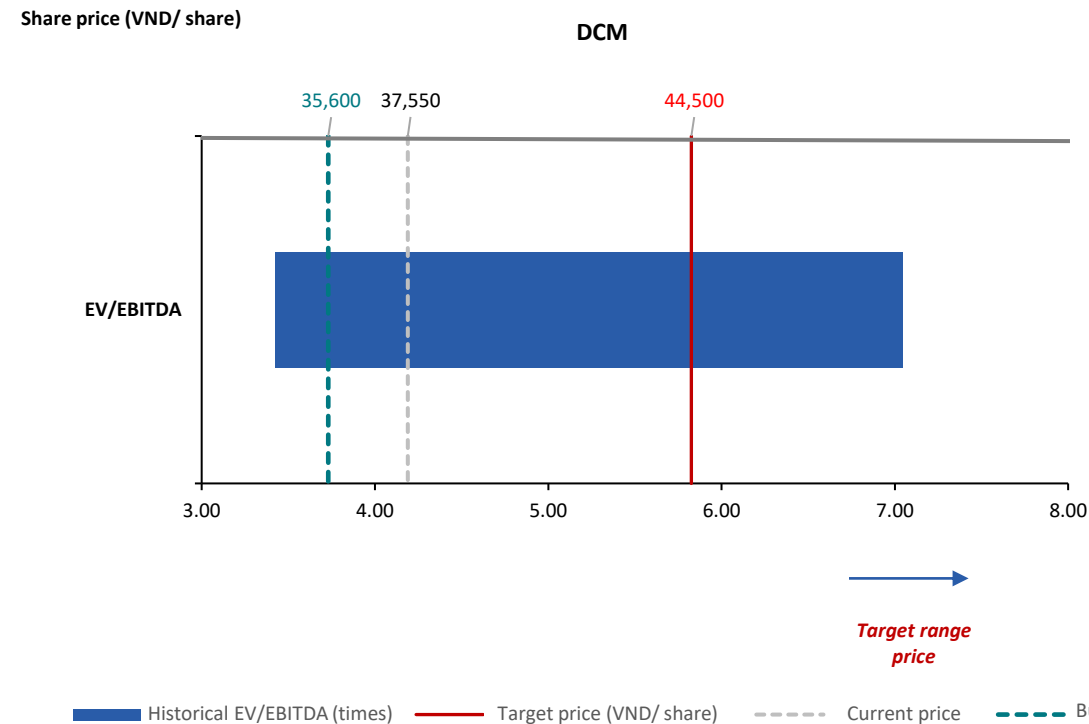
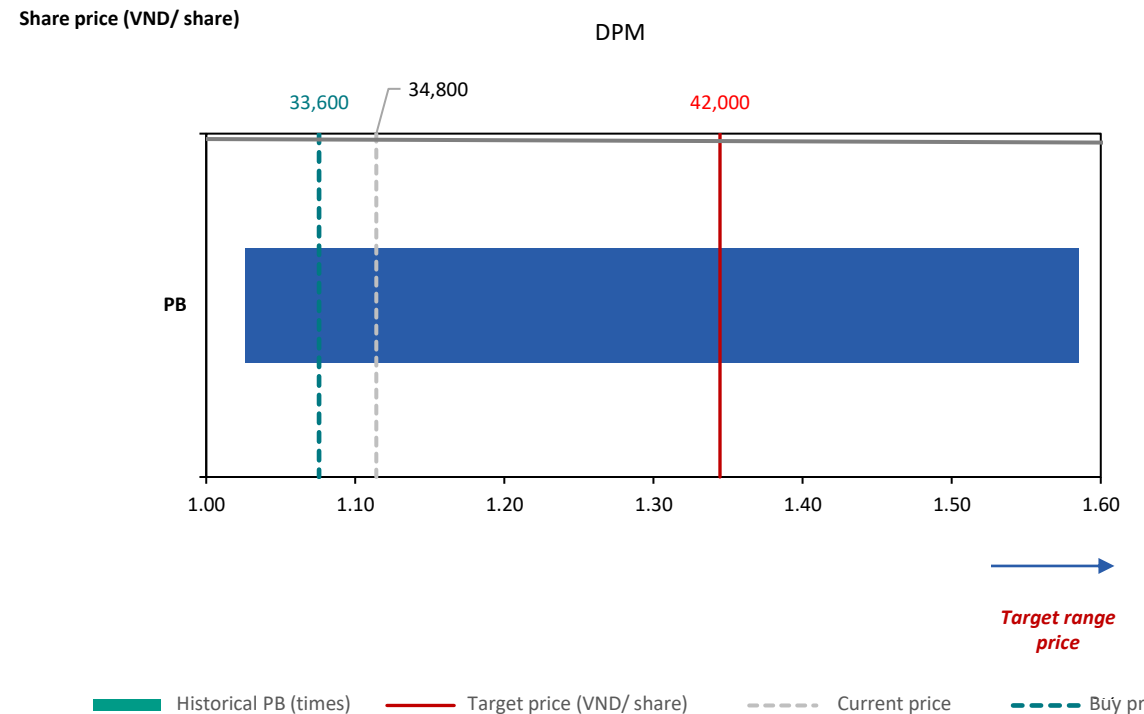


Figure: DPM's valuation is attractive compared to the company's growth expectations.



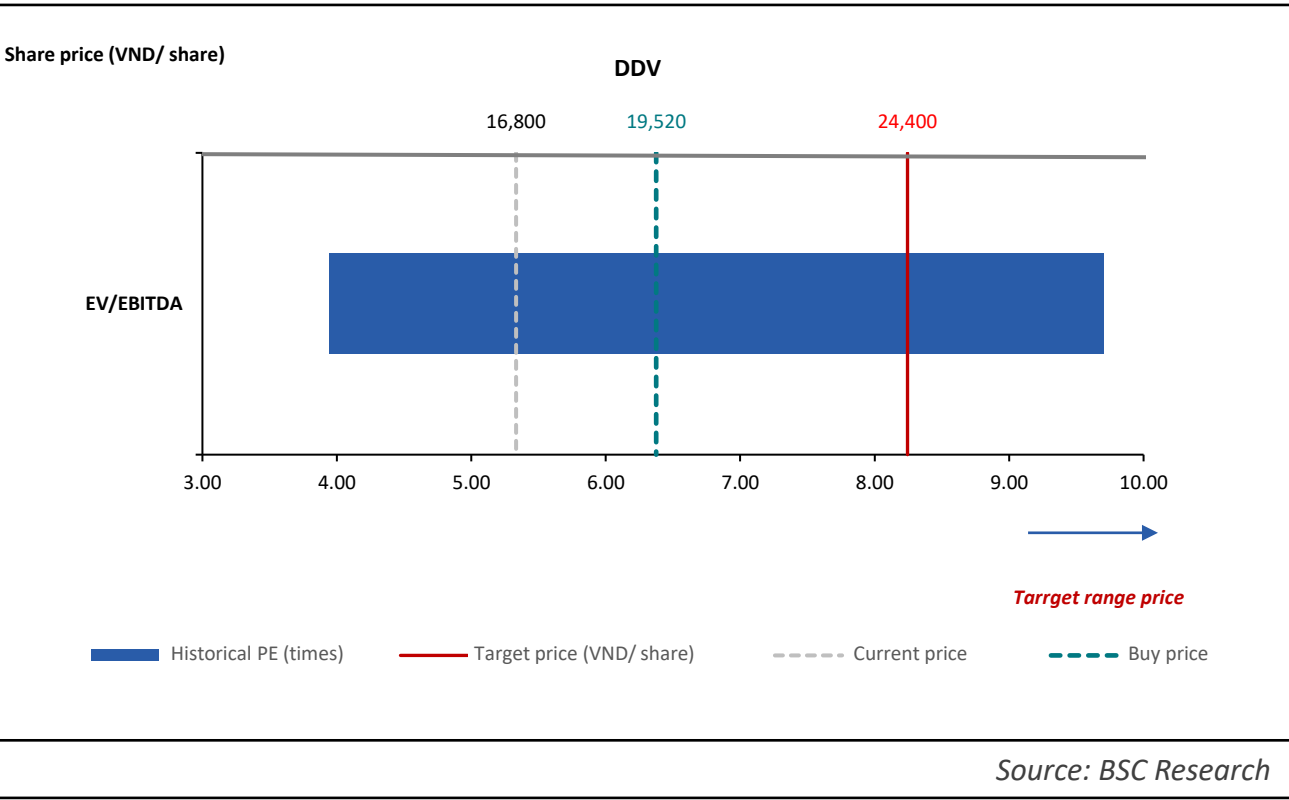


Based on the market context with strong discount in valuation and positive growth expectation of DDV's profit in the period 2024F - 2025F coming from:

- (1) Fertilizer demand recovery boosts DAP sales volume;
- (2) The fully depreciated factory will save VND57 billion in 2025 and it is expected that the passing of the VAT law in 2025 will help reduce input costs;

BSC recommends an **attractive price range for investing in DDV shares in the 2024-2025 period, which is EV/EBITDA fw from 5.4 to 6.4 times**, corresponding to a **price range from 16,000VND/share to VND 19,000VND/share**;

Figure: DDV's valuation is attractive compared to the company's growth expectations.





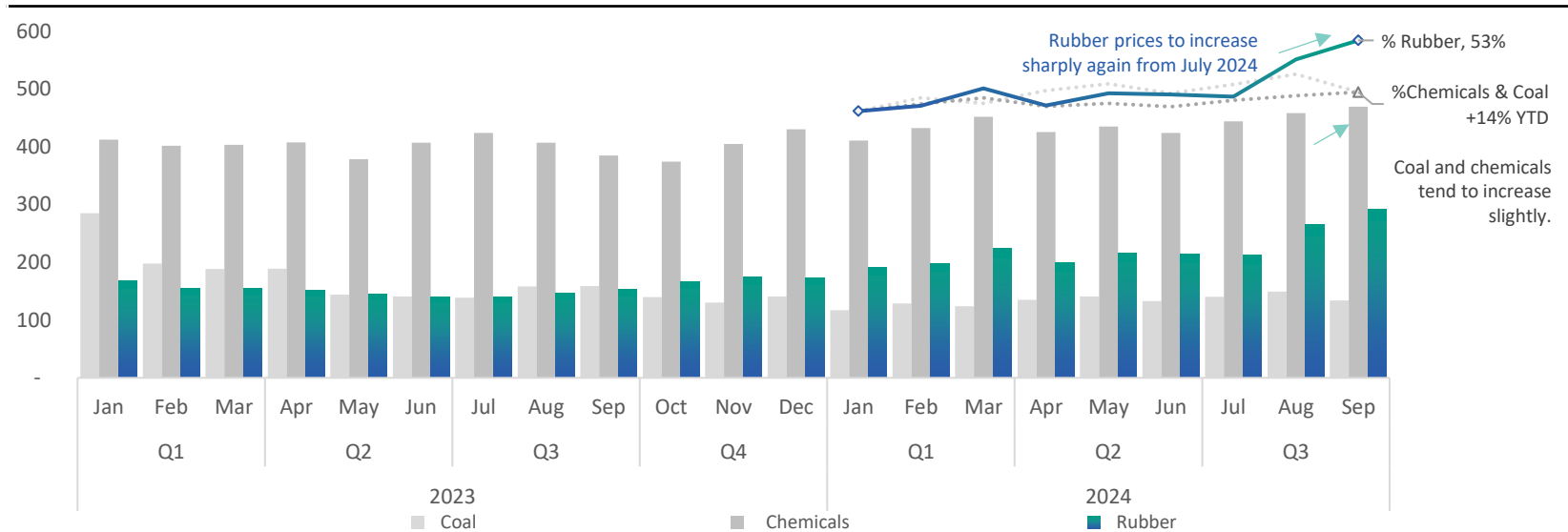
BSC changes our view from **POSITIVE** to **NEUTRAL** for the Tire sector in Q4/2024 with difficulties gradually becoming apparent:

- Difficulties: Increasing input material prices, risk of narrowing gross profit margin
- Advantages: (i) Container freight rates cool down compared to the peak in July 2024; (ii) Expected results of anti-dumping of Thai tires

2.1 Production costs increased due to signs of rising prices of some raw materials, especially rubber.

- Contrary to the expectation in [the Q2 industry report](#) that rubber prices would cool down in 2H/2024, the average rubber price in Q3/2024 reached 256 USD/ton, up +22% compared to Q2 and up +75% yoy;
- The average coal price in Q3 reached 141 USD/ton, up slightly +4% compared to Q2 but still lower than -7% yoy;
- The average chemical price index in Q3 reached 457 USD/ton, up +7% compared to Q2 and up +13% yoy;
- With unfavorable weather such as heavy rain and rubber tree diseases reducing rubber production in Southeast Asia and the continued demand for raw rubber storage in China, we believe that rubber prices will continue to stay high in Q4/2024 and even in Q1/2025.

Figure: Prices of some input materials (USD/ton)



*Rubber: USD/100kg

Source: Bloomberg, BSC Research



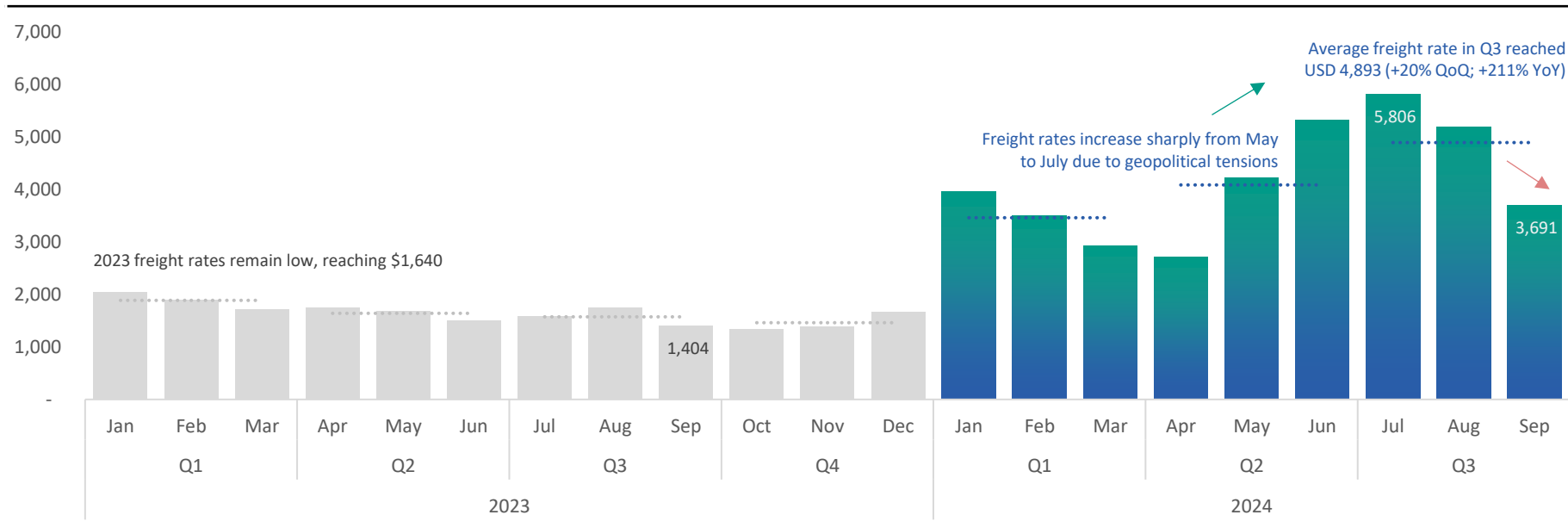
With rubber prices forecast to remain high and coal and chemical prices tending to increase again, we believe that production costs of tire and tube enterprises will increase again in 2H/2024. Gross profit margins tend to narrow in 2H/2024, however, the extent of the decrease in gross profit margins depends on the ability of enterprises to increase selling prices.



2.2 Global freight rates cool, down -36% from July 2024 peak and remain flat at higher base due to changing shipping routes

- Average freight rates in Q3/2024 reached USD 4,893, up +20% compared to Q2 and +211% compared to the same period;
- Ocean freight rates increased sharply from May to July due to geopolitical tensions before cooling down again from August;
- Currently, freight rates are USD 3,691, down -36% compared to the peak in July and down -7% compared to the beginning of the year, but still +163% higher than the same period;
- Given the geopolitical tensions and port congestion in the US, we believe that there is no clear driving force for freight rates to maintain the downward trend, so freight rates will continue to hover around the current level for the rest of 2024.

Figure: World freight rates cooled down, down -36% from the peak in July 2024 but still +163% higher than the previous year.



Source: Bloomberg, BSC Research



Export orders are mainly on FOB basis so they will not be affected by freight rates. However, in case of sudden and sharp increase in freight rates, it may affect the competitiveness of businesses.



2.3 Update on anti-dumping investigation on Thai tires imported into the US - New anti-dumping margin increased 5.2 times to 12.33%

- On May 15, 2024, the US Department of Commerce (US Commerce) announced a preliminary decision in the anti-dumping duty investigation on Thai tires with a margin of 2.35% [\(refer to the latest report here\)](#);
- On June 12, 2024, the ITC issued guidance on the timelines to be noted in the anti-dumping tax investigation on Thai tires, in which the deadline for submitting final comments on the results of the hearing of the parties concerned is November 1, 2024.
- On October 10, 2024, the US Department of Commerce (US Commerce) announced the final decision in the anti-dumping tax investigation on Thai tires with a margin of 12.33% instead of 2.35% as the previous preliminary conclusion;
- The anti-dumping tax is expected to be officially issued on December 2, 2024 after the final confirmation from the ITC on November 25, 2024;
- We believe that the imposition of anti-dumping tax on Thai tires will have a positive impact on the export of TBR tires from Vietnam to the US, in which the direct beneficiary is DRC

Table: Timeline update of anti-dumping investigation into Thai tires to the US

Event	Margin	Date
File a lawsuit		17/10/2023
Initiation of investigation		06/11/2023
Preliminary determination by the United States International Trade Commission (ITC)	48.39%	01/12/2023
Preliminary determination by the United States Department of Commerce (US Commerce)	2.35%	14/05/2024
Final decision of the US Department of Commerce (US Commerce)	12.33%	10/10/2024
Final Decision of the United States International Trade Commission (ITC)		25/11/2024
Issue anti-dumping duties*		02/12/2024
<i>*This will only occur in the event of a final affirmative decision from the (ITC).</i>		

Source: ITC, BSC Research

Table: Final dumping margin

(Updated 10/10/2024)

Exporter/Manufacturer	Preliminary dumping margin	Final dumping margin
Bridgestone Corporation	2.35%	48.39%
Prinx Chengshan Tire (Thailand) Co., Ltd.	0.00%	12.33%
Other manufacturers	2.35%	12.33%



BSC maintains a **POSITIVE** view on the Chemical sector in 2024. We expect chemical consumption demand to recover, driven by:

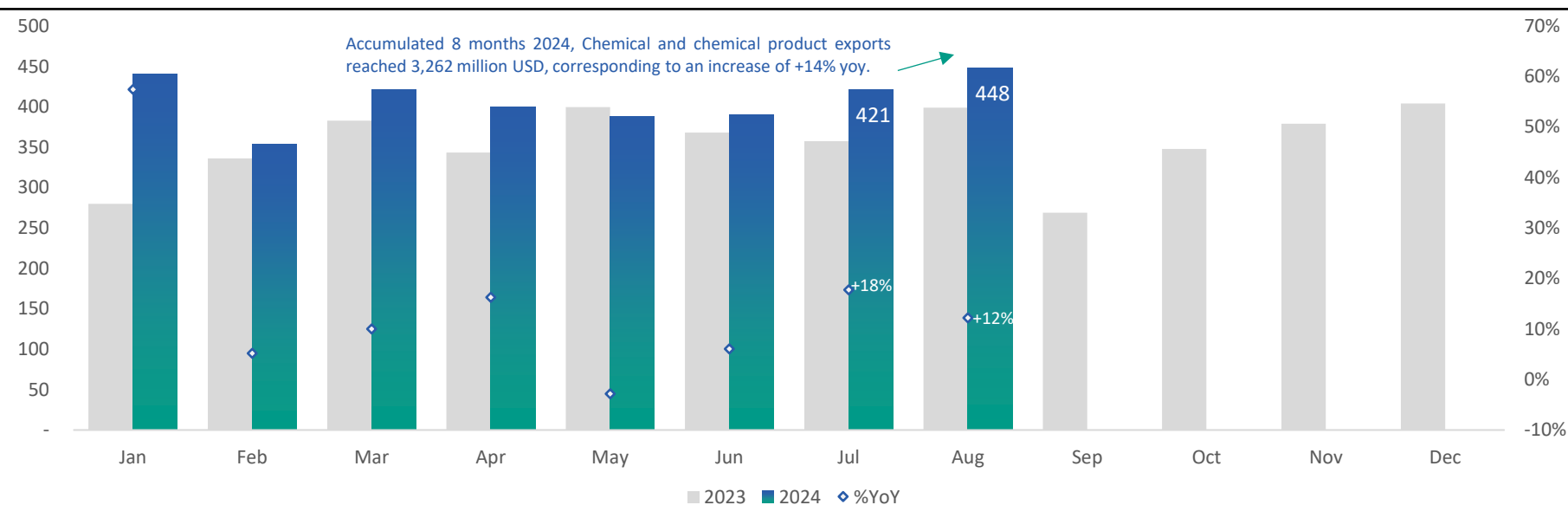
- Exports of chemicals and chemical products increased by +14% YoY in the 2 months (7 + 8) alone as well as the first 8 months of 2024;
- Electronic components manufacturing activities maintain recovery momentum and semiconductor inventories continue to decline

Recommended stock: DGC [\(refer to repor\)](#)

3.1 Export of chemicals and chemical products in 8M/2024 increased by +14% over the same period

- Accumulated export value of chemicals and chemical products in Vietnam in 8M/2024 reached 3,262 million USD, equivalent to an increase of +14% compared to the same period in 2023, of which:
 - i. Export value of chemicals reached 1,674 million USD, an increase of +17% yoy
 - ii. Export value of chemical products reached 1,589 million USD, an increase of +11% yoy
- In the first 2 months of the third quarter alone (July + August), the export value of chemicals and chemical products reached 869 million USD, +15% yoy and +10% compared to the second quarter;

Figure: Exports of chemicals and chemical products continued to grow +14% y-o-y in the first 2 months of the third quarter.



Source: FiinX, BSC Research



However, the recovery of chemical prices is still slow, export value increased thanks to the momentum from increased export volume while chemical prices have not improved strongly.

3.1 Export of chemicals and chemical products in 8M/2024 increased by +14% over the same period

However, the recovery momentum of chemical prices is still slow

- In Q3/2024, the prices of some key chemicals tend to improve compared to Q2, in which: yellow phosphorus and caustic soda increased slightly by +5% QoQ and +6% QoQ respectively, while sulfuric acid improved strongly by +32% QoQ;
- Specifically, in Q3/2024, the average price of yellow phosphorus reached 3,302 USD/ton (+5% QoQ; -5% YoY) and caustic soda reached 116 USD/ton (+6% QoQ, equivalent to the same period) while the price of sulfuric acid reached 63 USD/ton (+32% QoQ; +84% YoY)

Figure: Yellow phosphorus prices in China in Q3 increased slightly compared to Q2 (USD/ton)

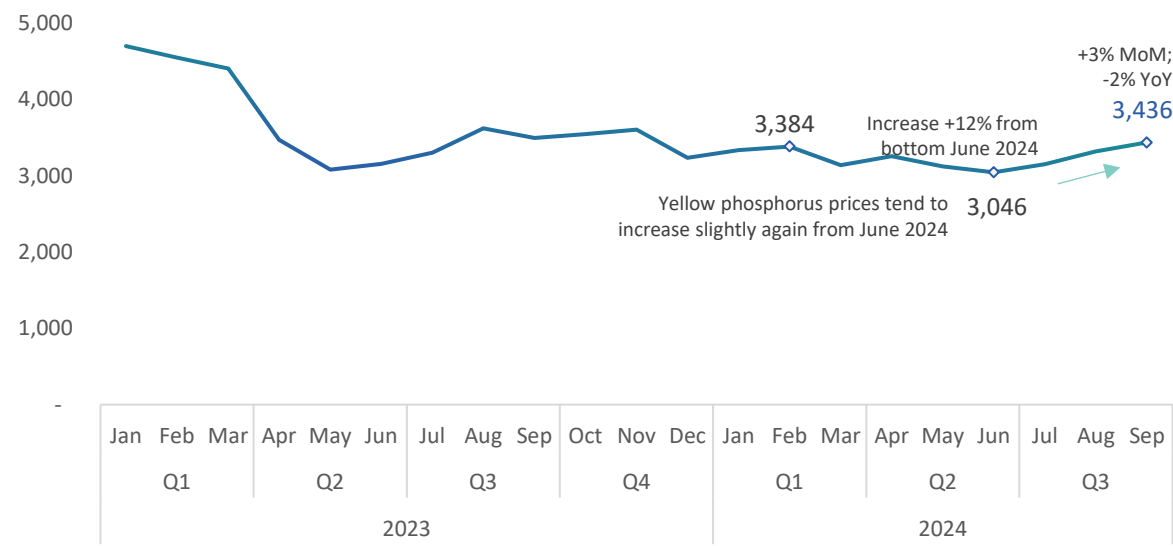
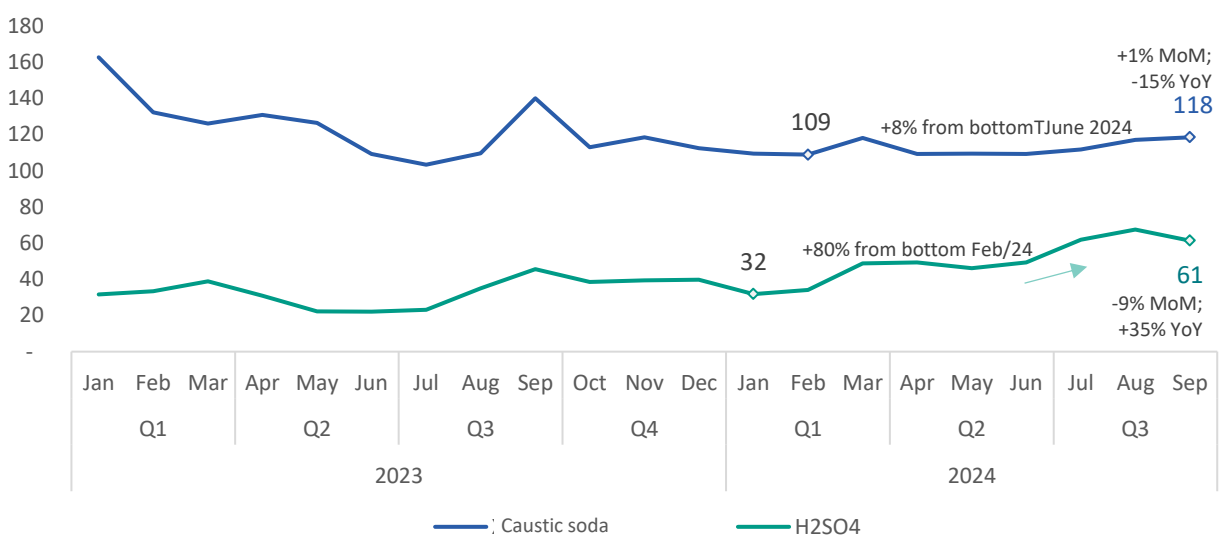


Figure: China's caustic soda prices in Q3 increased slightly compared to Q2 (+6% QoQ) while sulfuric acid prices had a more positive development, +32% QoQ (USD/ton)



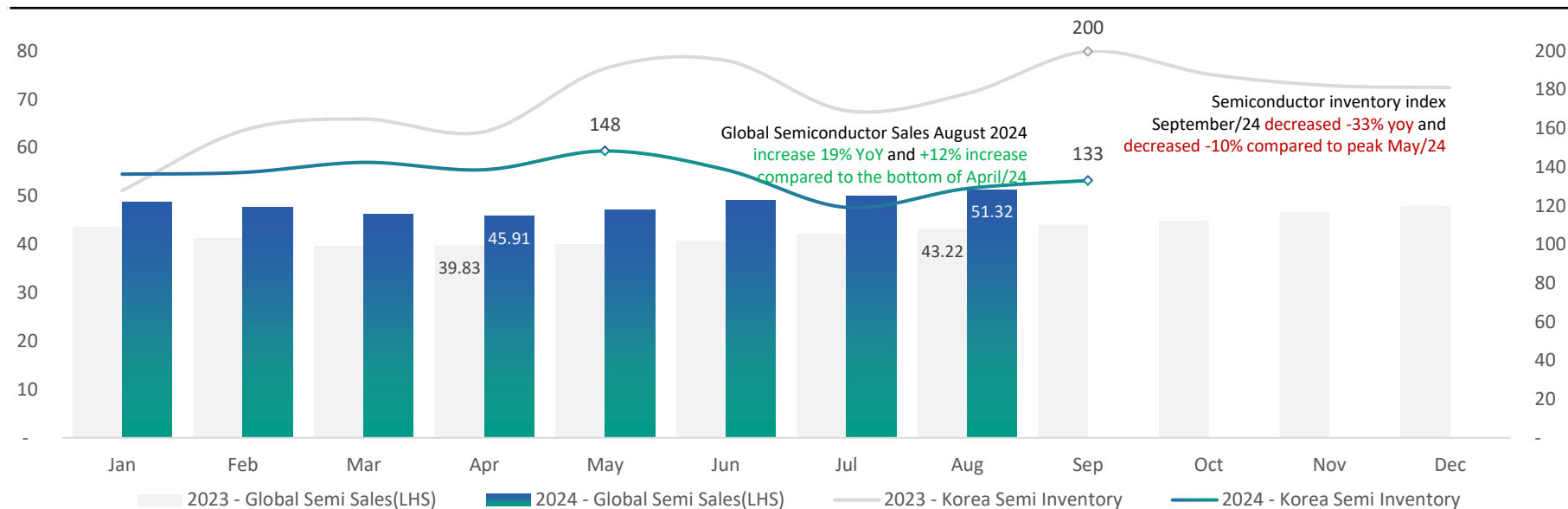
Source: Customs, BSC Research



3.2 Electronics manufacturing activity maintains recovery momentum with semiconductor inventory index continuing to decline

- Average global semiconductor sales in the first two months of Q3 increased by +19% YoY and +9% QoQ, indicating that semiconductor manufacturing demand continued to recover in Q3/2024.
- In addition, the inventory tracking index of semiconductors and electronic components in Korea also shows that the trend of inventory reduction continues in the third quarter. The inventory index at the end of September 2024 decreased to 127 equivalent corresponding to a decrease of -30% in YoY and a decrease of -10% compared to the second quarter.

Figure: Semiconductor sales maintain upward momentum and semiconductor inventories continue to decline in Q3/2024



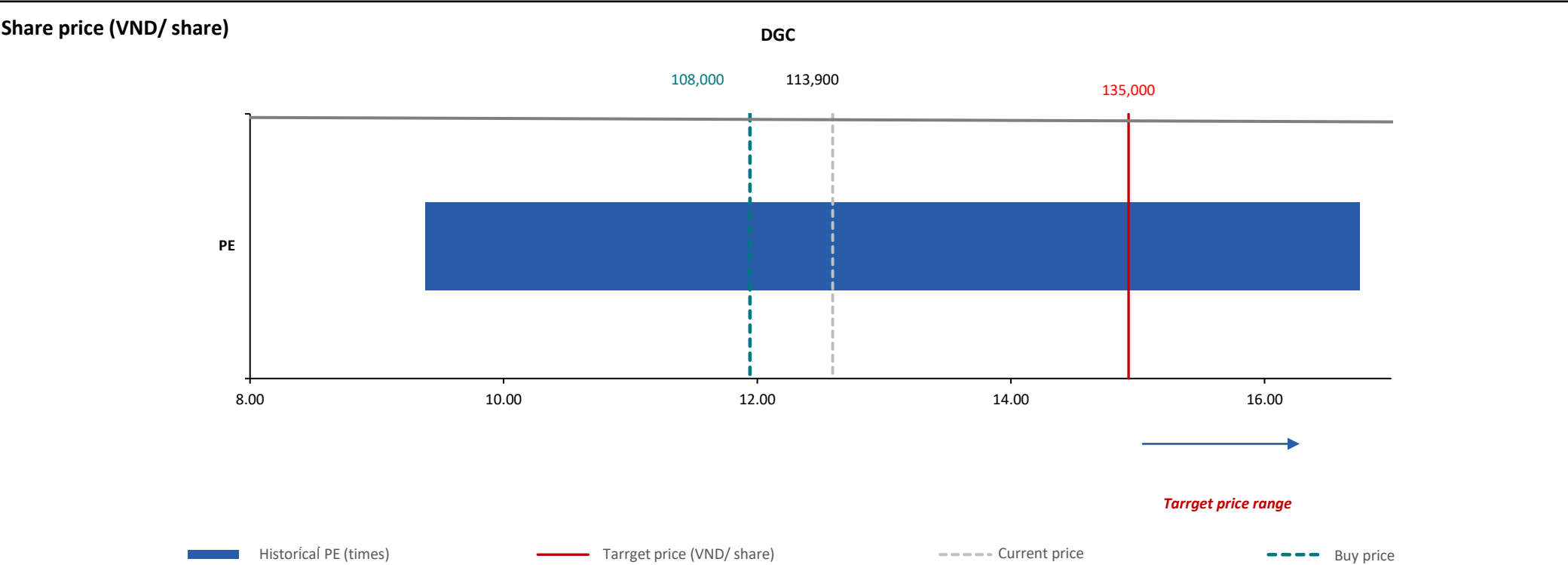
Source: Bloomberg, BSC Research



With low inventory levels trend and demand for electronic components rising as expected, we maintain our view as in our last report that chemical demand will continue to recover in the remainder of 2024 and 2025.

Based on the recovery expectations of the Chemical sector and positive growth in DGC's profits and the market context with strong discounts in valuation, we recommend **an attractive price range to accumulate DGC shares in the period of 2024-2025 at P/E fw from 12.0 to 13.0 times, corresponding to a price range from 108,000 VND /share to 114,000 VND/share;**

Figure: DGC's valuation is approaching a reasonable level for investment in the 2024F - 2025F period



Source: BSC Research



STEEL – REAL ESTATE SECTOR

BSC'S UPDATED VIEW:

BSC maintains a **POSITIVE** outlook for the steel industry in 2025, driven by:

- Steel production recovery due to (i) the rebound of the domestic real estate market, and (ii) the Ministry of Industry and Trade's approval of anti-dumping taxes on coated steel and HRC.
- Gross profit margins will gradually return to the average level of a steel cycle, thanks to the increase in domestic market share, which typically has higher gross profit margins (15%-20%) compared to the export market (7%-8%). This is supported by Vietnam's approval of anti-dumping duties on HRC and coated steel.

In the medium and long term, several strong- financially companies are planning to expand their business, such as HPG with the Dung Quat 2 project, NKG with the Nam Kim Phu My plant project, and GDA with its No. 4 plant. BSC considers this a positive factor, as the plants have low investment costs while the steel industry is at the bottom of its cycle.

Recommended stocks: HPG, HSG

KEY EVENTS IN Q4.2024:

- 18/10: Deadline for submitting responses regarding the anti-dumping investigation on HRC steel from China and India (AD20).
- Before 23/10: Final review results of the anti-dumping investigation on color-coated steel from China and South Korea (AD04).
- November - December: Dung Quat 2 Plant – Phase 1 begins trial operations and product output.
- October: China launches a new stimulus package related to the real estate sector.



In Quarter 3, domestic consumption volume is estimated to reach 4.8 million tons (+22% YoY, -5% QoQ), mainly due to seasonal factors. Despite (1) global steel prices decreasing sharply and (2) the impact of storms and flooding in the North affecting construction activities, the domestic market is still maintaining a steady monthly volume of 1.6 million tons, which is very positive. BSC maintains a positive view of the recovery trend continuing into 2H.2024 - 2025, supported by a thriving domestic real estate market. BSC also maintains a forecast for domestic steel output at +10-15% YoY in 2024.

In Quarter 3, total steel export volume reached 2 million tons (-17% YoY, +15% QoQ). With several major countries (1) starting to reverse interest rate policies—partly reflecting a slowing global economy, and (2) creating trade barriers for Vietnamese steel (e.g., the EU’s anti-dumping investigation on Vietnamese HRC), BSC believes export volumes will face risks of declining further toward the end of the year. BSC forecasts export volumes to decrease by -7% to -8% YoY in 2024 - 2025.

Chart: Total Domestic Consumption

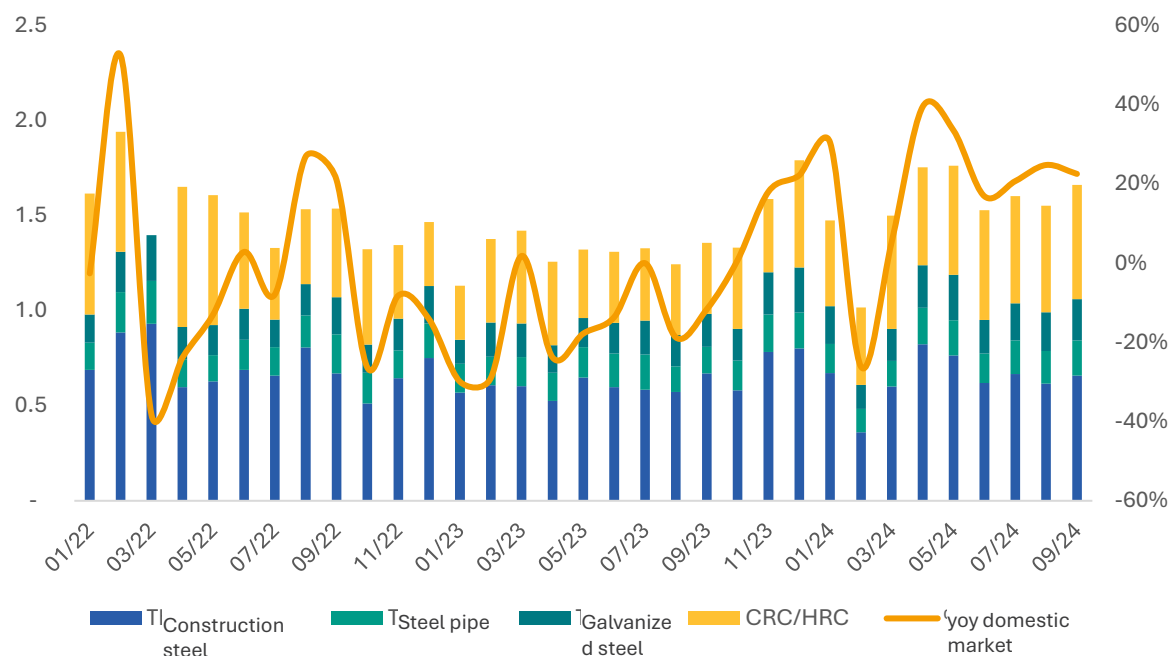
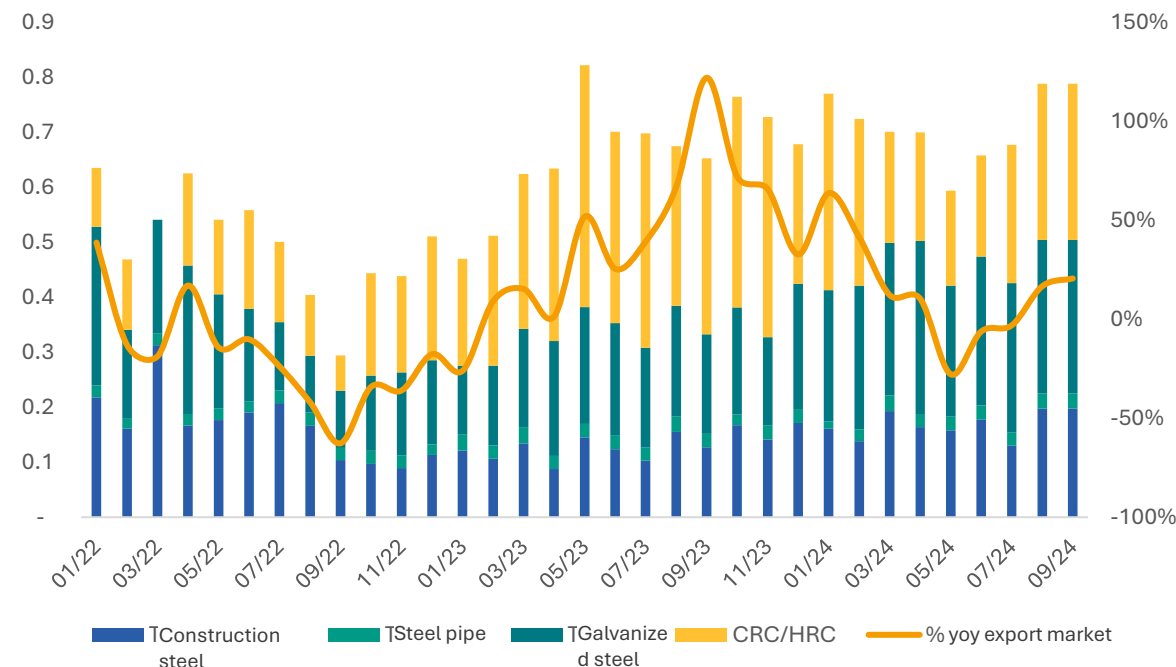


Chart: Total Export Consumption



- In Q3, Chinese steel prices decreased by -9% YoY, -9.4% QoQ, and Vietnamese steel prices fell by -9% YoY, -7% QoQ (excluding external support).
- The trend of steel prices has met expectations, as highlighted by BSC in its Q3 industry report. Steel prices declined from June to August and stabilized in September. BSC believes that steel prices have hit a short-term bottom and will continue to recover slowly through Q4.2024, extending into mid-Q1.2025, driven by two factors: (1) large-scale stockpiling during the import season, and (2) supporting information from China's real estate and broader economy.

Chart: Steel price trends in China (USD/ton)

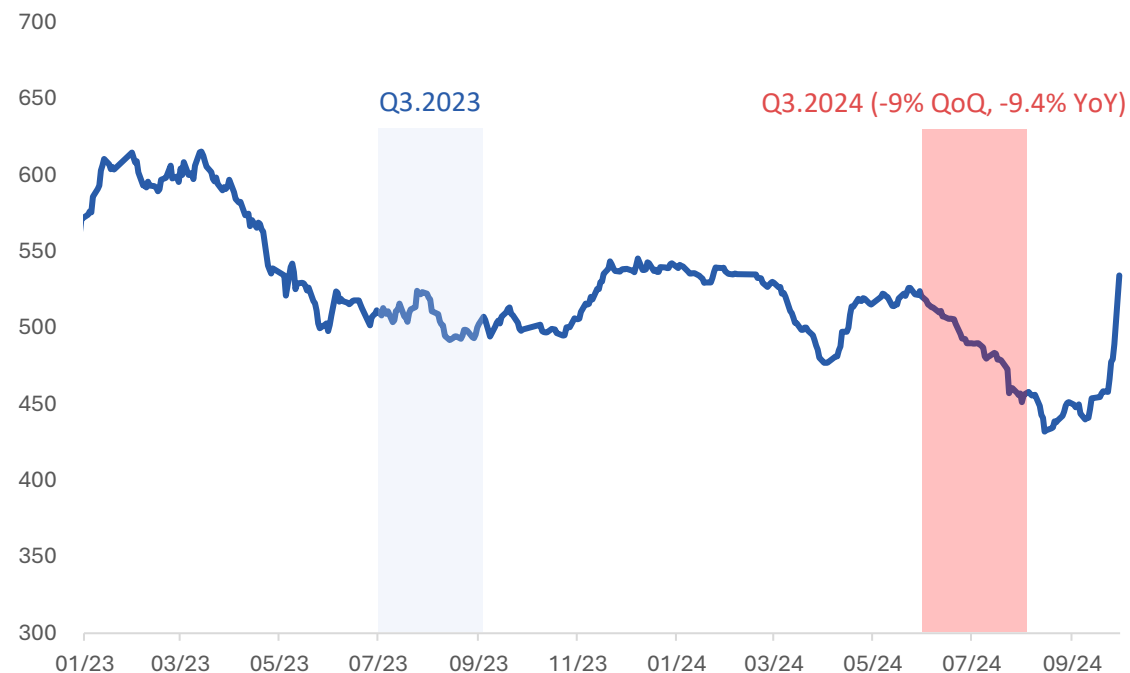
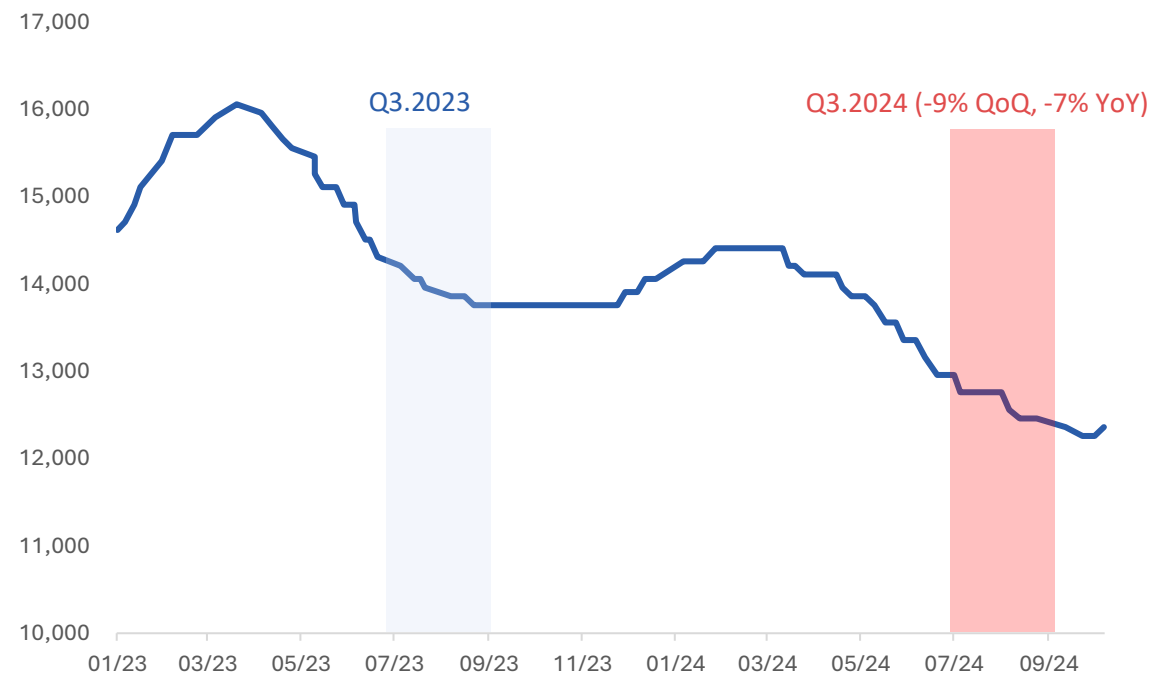


Chart: Domestic steel price trends (VND/kg)



1. Anti-dumping duties on hot-rolled coil (HRC) steel imports from India, China (Case code: AD20). In September, the Ministry of Industry and Trade extended the deadline for submitting answers to the investigation by one more month. Compared to the Q3 industry report, BSC has pushed back its expectation for temporary anti-dumping duties from the end of Q1 to Q2.2025.

No.	Event	Date	BSC comments
1	Investigation initiation	26/7/2024	
2	Submission of investigation responses	18/10/2024	Extended by 1 month from 18/9/2024
3	Temporary anti-dumping duties	BSC expects as early as Q2.2025	Based on previous cases, BSC estimates it will take 6-8 months for the Ministry of Industry and Trade to reach a preliminary conclusion (e.g., the 2016 anti-dumping case on coated steel imports from China and South Korea took 8 months from the initiation of the investigation). BSC expects temporary anti-dumping duties no sooner than Q2.2025. BSC adjusts its expectations from Q1.2025 to Q2.2025 due to the Ministry extending the deadline for responses.
4	Inspection, public consultation	-	
5	End of investigation + conclusion	26/7/2025	According to Article 70 – Law on Foreign Trade Management 2017, the investigation period is 12 months, with a possible extension of an additional 6 months. BSC expects official anti-dumping duties to be applied in Q3.2025.

2. Anti-dumping duties on cold-rolled steel imports from South Korea and China (Case code: AD19). Case's progress remains in line with BSC's expectations.

No.	Event	Date	BSC comments
1	Investigation initiation	14/06/2024	
2	Submission of investigation responses	07/08/2024	Extended by 1 month from 18/9/2024
3	Temporary anti-dumping duties	BSC expects as early as Q1.2025	Based on previous cases, BSC estimates it will take 6-8 months for the Ministry of Industry and Trade to reach a preliminary conclusion (e.g., the 2016 anti-dumping case on coated steel imports from China and South Korea took 8 months from the initiation of the investigation). BSC expects temporary anti-dumping duties no sooner than Q1.2025.
4	Inspection, public consultation	-	
5	End of investigation + conclusion	14/06/2025	According to Article 70 – Law on Foreign Trade Management 2017, the investigation period is 12 months, with a possible extension of an additional 6 months. BSC expects official anti-dumping duties to be applied in Q3.2025.

3. Final review of anti-dumping duties on color-coated steel from China, South Korea (Case code: AD04). BSC expects the Ministry of Industry and Trade to announce the final review results in October 2024 and continue to extend the duty rates from 2.56% to 34.27% for color-coated steel from China and 4.95% to 19.25% for color-coated steel from South Korea for the next 5 years.

TT	Event	Date	BSC comments
1	Final review	23/10/2024	
2	Final review conclusion	23/10/2025	The final review period is 9 months after the review decision, and it can be extended once, but no more than 3 months.

The risk of declining total industry output from export markets. In Q2 – Q3.2024, Vietnam was subjected to multiple anti-dumping investigations on steel. Typically, anti-dumping cases last 1-1.5 years, so the pressure of declining output from the export market is expected to drop in 2H.2025.

Table: Update on recent anti-dumping cases on Vietnamese steel

Country	Measures	Investigation Start Date
EU	Possible anti-dumping investigation on coated steel from VN	
USA	Launched investigation on countervailing and anti-dumping measures on corrosion-resistant steel from VN	10/2024
Thailand	Launched anti-dumping investigation on cold-rolled steel (CRC) from VN	10/2024
EU	Launched anti-dumping investigation on hot-rolled steel from VN	08/2024
India	Launched anti-dumping investigation on hot-rolled steel from VN	08/2024
Korea	Launched anti-dumping investigation on cold-rolled steel (CRC) from VN	05/2024
Canada	Launched anti-dumping investigation on wire steel from VN	03/2024
Mexico	Imposed anti-dumping duties on welded pipes from VN	01/2024
India	Launched anti-dumping investigation on seamless pipes from VN	09/2023

The risk of oversupply from Chinese steel: In the first half of 2024, China's steel export volume reached 53 million tons (+25% YoY), equivalent to about 10%-15% of China's total steel production. In 2024, several countries have initiated anti-dumping investigations on Chinese steel. These countries are estimated to account for 29% of China's total steel exports.

With typical cases lasting 1-2 years, BSC forecasts that China's steel export volume will begin to decline sharply by 2026. Thus, if the Chinese government does not aggressively reduce steel supply, this could result in a significant price fluctuation due to stockpiling (similar to what occurred in Q2.2024).

Table: Recent updates on anti-dumping cases against Chinese steel

Country	Measures	Investigation Start Date	% of Chinese steel exports (7 months of 2024)
Vietnam	Launched anti-dumping investigation on HRC steel from China	06/2024	11%
South Korea	Hyundai Steel and Dongkuk Steel filed a case against Chinese H-beam steel	06/2024	1%
Indonesia	Expected to impose 200% duty on Chinese steel	07/2024	4%
Brazil	Launched anti-dumping investigation on Chinese steel	03/2024	3%
Malaysia	Extended anti-dumping duties on cold-rolled steel from China for 5 more years	08/2024	3%
India	Extended duties on Chinese steel textiles for 5 more years	09/2023	3%
Mexico	Imposed 80% duties on Chinese steel	12/2023	2%
USA	Raised duty rates by 7.5% to 22.5% on some Chinese steel	08/2024	1%
EU	Imposed anti-dumping measures on Chinese steel	05/2023	1%
Canada	Expected to impose 25% duties on Chinese steel	10/2024	0.4%
Turkey	Launched anti-dumping investigation on Chinese HRC steel	07/2024	0.4%
Total			29%



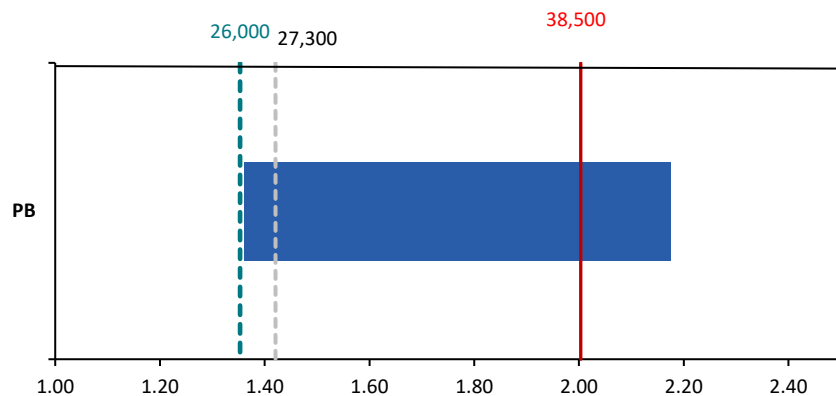
- BSC selects HPG and HSG stocks, benefiting from (1) anti-dumping policies against Chinese steel, and (2) their dominance in the domestic market.
- After the adjustments in July 2024, HPG and HSG stocks are currently trading at a forward P/B ratio of 1.2 and 1.1, approaching attractive valuation ranges. Considering factors such as domestic production recovery amid lower volatility, declining steel prices due to decreased Chinese steel prices, and steel companies' ability to maintain profit margins in positive territory in Q4 and into 2025, BSC believes steel stocks have already priced in risks, and initial signs of recovery are evident. Therefore, BSC sees the current P/B valuation levels as below the buying level for steel stocks.

Attractive valuation range for HPG based on forward P/B 2024 = [1.1, 1.3]

Attractive valuation range for HSG based on forward P/B 2024 = [0.7, 1.0]

Stock price (VND/share)

HPG



Target price range

PB history (times)

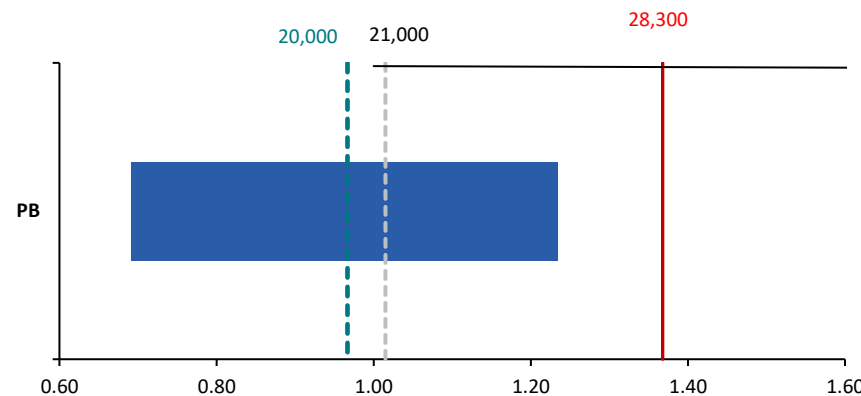
Target price (VNP/share)

Current price

Buying price range

Stock price (VND/share)

HSG



Target price range

PB history (times)

Target price (VNP/share)

Current price

Buying price range



As of Q3/2024, total disbursement of public investment capital reached 428.1 trillion VND (+3% YoY), achieving 56% of the yearly plan. Specifically, for the Ministry of Transport, public investment capital disbursement reached 46.7 trillion VND (-17% YoY), completing 65% of the yearly plan. BSC assesses:

- Public investment disbursement progress is in line with the plan. Compared to the disbursement levels of 2021-2023, the disbursement/plan ratio remains strong (around 40-44% of the plan).
- Public investment disbursement growth is slow (+3% YoY), mainly due to the -5% decline in the early 2024 public investment plan.

BSC maintains a positive outlook for public investment in 2024, with total disbursement expected to reach 650.6 trillion VND (+4% YoY), achieving 90% of the yearly plan by (1) the government continuing to push forward key projects supporting economic growth in 2H.2024 (such as Long Thanh Airport, Ring Road 3 in HCM City, Ring Road 4 in Hanoi, the North-South Expressway, etc.) and (2) the basic resolution of material shortages in 2023 - the first half of 2024.

Chart: Cumulative public investment disbursement by month (trillion VND)

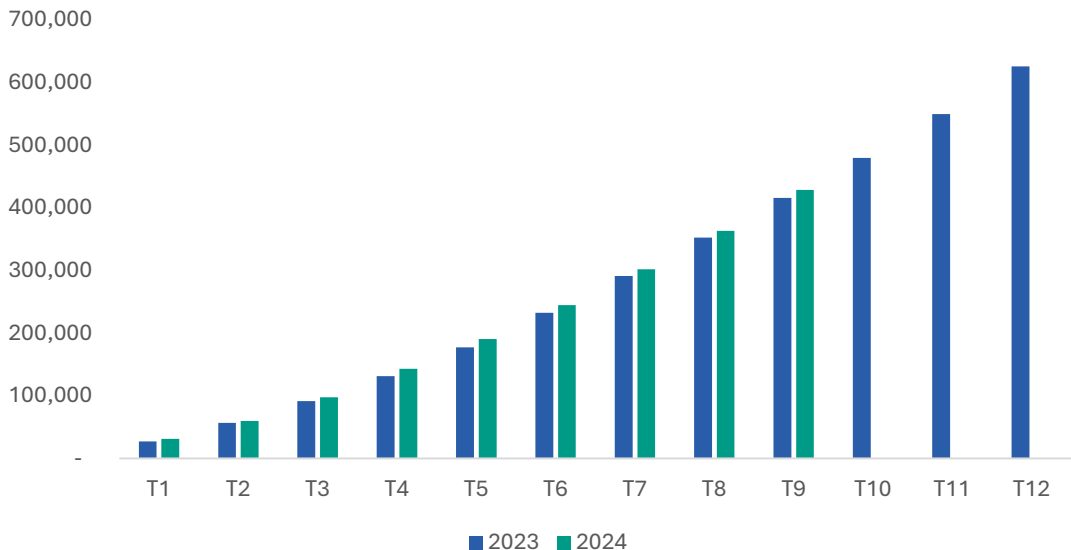
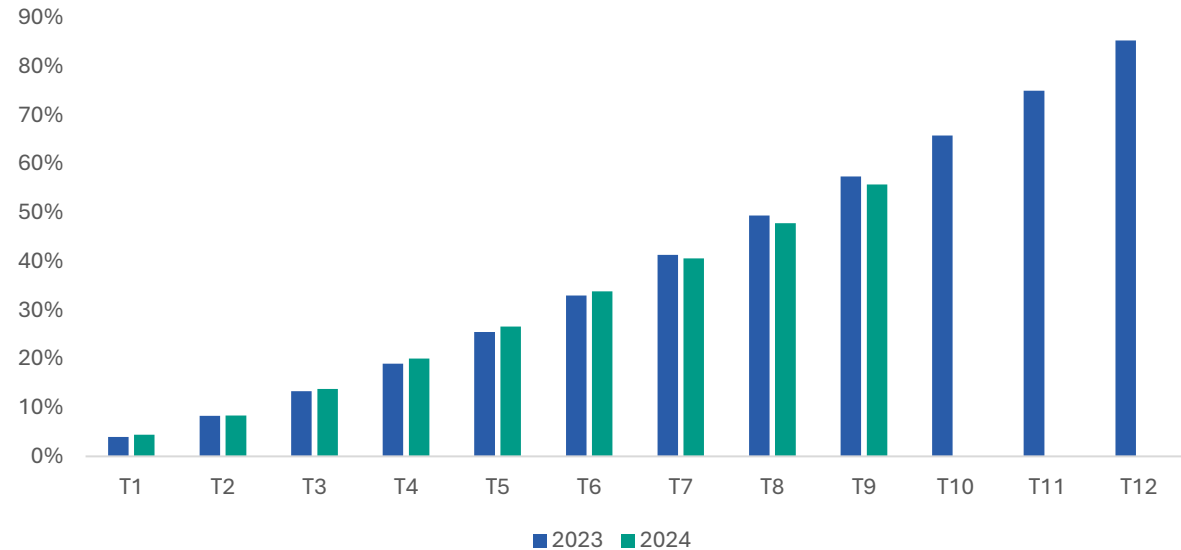


Chart: % of annual plan completion



UPDATED VIEW:

BSC maintains an **OPTIMISTIC** view of listed companies in the construction industry for 2H.2024 – 2025. The key driver is:

- The project handover timeline of key North-South Expressway Phase 2 projects concentrated in 2H.2024 – 2025.

Recommended stocks: LCG, C4G, HHV

Project	Component bids	Start date	Expected completion	Progress update as of Oct.2024
Long Thành airport	DATP 1 – Government HQ	-	-	No capital allocation or investment approval yet. However, this is a typical construction, ensuring timely completion with other components.
	DATP 2- Air Traffic Control Center	-	April/2025	2 months ahead of schedule
	DATP 3:			
	4.6 - Runways, taxiways	Aug/2023	April/2025	- Completed 29% of contract value - The runway has completed the foundation and subgrade layers
	4.7 - Aircraft parking areas, other works	Jul/2024	Aug/2026	- Bidding ongoing, slower than expected
	4.8 - Internal roadways and airport technical connections	Jul/2024	Jul/2026	- Bidding ongoing, slower than expected
	4.9 - Aircraft fuel supply system	Jul/2024	May/2026	- Bidding ongoing
	5.10 - Passenger terminal	Aug/2023	Nov/2026	- 100% of foundation completed, 20 days ahead for basement, and 10 days ahead overall. 25% of contract value completed
	6.12 - Transportation connecting T1 and T2	Jun/2023	Dec/2025	- Line 1: 24% of construction volume completed - Line 2: 36% of construction volume completed
	7.8 - Cargo terminal No.1, other auxiliary works	Jan/2025	May/2026	- Bidding ongoing
	11.5 - Parking structures	Jan/2025	Aug/2026	- Bidding ongoing



Project	Component bids	Start date	Expected completion	Progress update as of Oct.2024
Ring Road 3 HCMC		Jun/2023	Jun/2026	<ul style="list-style-type: none"> - Component project 1 through HCMC (22,412 billion VND): 4 bids started in June 2023, 24% completed; 6 bids started in January 2024, 10% completed. - Component project 5 through Binh Duong (5,752 billion VND): 8-23% completed, facing land clearance issues due to sand shortages. - Component project 7 through Long An (3,040 billion VND): 50% completed. - Component project 3 through Dong Nai (2,584 billion VND): All 3 bids commenced by September 2024. Progress is slower compared to other provinces due to delays in land handover.
Ring Road 3 Hanoi	08, 09, 10	Jun/2023	Jun/2026	<ul style="list-style-type: none"> - On schedule - 97% of the total land handed over to the investor, 100% expected by Nov. 2024
	Bãi Vọt - Hàm Nghi	Jan/2023	April/2025	- 62% completed
	Hàm Nghi - Vũng Áng	Jan/2023	Dec/2024	- 55% completed, land clearance sped up by 8 months compared to the plan
	Vũng Áng - Bùng	Jan/2023	Jun/2025	- 67% completed, 1.3% ahead of project timeline
	Bùng - Vạn Ninh	Jan/2023	April/2025	- 6 months ahead of schedule
North-South Expressway Phase 2	Vạn Ninh - Cam Lộ	Jan/2023	April/2025	<ul style="list-style-type: none"> - 55% completed - Risk of delayed progress in Quang Tri due to land clearance handover issues.
	Quảng Ngãi - Hoài Nhơn	Jan/2023	April/2025	- 8 months ahead of schedule
	Hoài Nhơn - Quy Nhơn	Jan/2023	Sep/2025	- On schedule, 56% completed
	Quy Nhơn - Chí Thạnh	Jan/2023	Dec/2025	- On schedule
	Chí Thạnh - Vân Phong	Jan/2023	Dec/2025	- On schedule, 60% completed
	Vân Phong - Nha Trang	Jan/2023	April/2025	- On schedule
	Cần Thơ - Hậu Giang	Jan/2023	-	- 15% slower than planned due to sand shortages
	Hậu Giang - Cà Mau	Jan/2023	-	- 15% slower than planned due to sand shortages



In Q3.2024, the Ministry of Planning and Investment gathered feedback on draft amendments to the PPP Investment Law. The three key points are:

- (1) Measures to accelerate the implementation of PPP projects**, such as revising the maximum capital participation ratio from the state, expanding project sectors, and adjusting minimum capital requirements, including regulations for O&M contracts.
- (2) Measures to resolve challenges for BT (Build-Transfer) projects from previous phases**, such as lack of funding for revenue shortfalls, delayed payments for completed projects without signed contracts, and inconsistencies with current regulations.
- (3) Decentralization and delegation of authority to agencies to streamline procedures for PPP projects.**

Content	Article	Challenges	Solutions
Investment Sectors	Article 4, PPP Law	Currently limited to 5 sectors: transportation, power grid, irrigation, water supply and drainage, education, ICT infrastructure. In reality, some sectors such as healthcare, education, and vehicle infrastructure are not included.	Expand and diversify investment sectors.
Minimum Investment Scale	Article 4, PPP Law	Minimum capital set at 200 billion VND. In reality, this threshold is too high for sectors like healthcare and education.	Lower the minimum capital requirement.
BT Contract Type	BT Law	BT contracts have been discontinued since January 1, 2021, for projects that do not serve public purposes or have unclear objectives. Some ministries and sectors still advocate for BT projects due to their contributions.	Consider resuming BT contracts for specific cases.
BOT Contracts for Renovating Existing Works	Article 45, PPP Law	Currently, BOT contracts are not applied to renovation projects, limiting the scope for expanding works.	Revise the law and expand its application.
State Capital Participation in PPP	Article 69, PPP Law	Currently, state capital participation is capped at 50%. However, some projects face difficulties securing financing due to low profitability and require higher state capital participation.	Revise the cap based on project needs.
Funding for Delayed Payments	Article 52, PPP Law	The law is unclear about sources of funds for compensating contractors for delayed payments before contract termination.	Add clarification on funding sources.
Revenue Sharing for Losses	Article 82, PPP Law	The law only provides for sharing excess revenues with the central budget, but not for losses.	Add provisions for covering losses from other sources.
Decentralization of Authority	Article 5, PPP Law	Some PPP projects are under the jurisdiction of multiple agencies, causing delays in decision-making. The law does not clarify who holds final authority.	Revise to empower local governments for decision-making.

Content	Article	Challenges	Solutions
Appraisal of feasibility study reports	Article 6, PPP Law	The law requires an industry-level appraisal council for assessing feasibility study reports. This reduces local authority autonomy (such as provincial departments approving projects), placing a burden on the appraisal council.	Delegate the responsibility to local appraisal councils (e.g., ministry or provincial committees).
Implementation of O&M contracts	Articles 11 and 19, PPP Law	The law sets rules for implementing and applying feasibility study reports to all PPP projects, including O&M projects. However, as these are service contracts (with no construction component), they do not fully align with current regulations.	Add specific rules for O&M contract implementation.
Loan interest payment after construction	Article 101, PPP Law	Currently, total investment costs do not include interest expenses that arise after construction delays. The law lacks provisions for handling these payments.	Include loan interest after construction delays as part of total project financial plans.
Application of the PPP Law to contracts signed before the law took effect	Article 4, PPP Law	Contracts signed before the law came into effect (under earlier regulations such as Decree 108/2009/ND-CP, Decree 15/2015/ND-CP, and Decree 63/2018/ND-CP) face challenges as these decrees do not cover the amendments, creating gaps in implementation.	Add provisions for applying the PPP Law to contracts signed before the law came into effect.
Payments to investors for projects signed but inconsistent with current regulations	Article 101, PPP Law	For projects signed but not compliant with current laws, the PPP Law does not specify how to handle such cases. Investors struggle with contract provisions not aligning with present laws.	Amend the law to address these issues.

Impact on listed companies: We believe that some companies with delayed payments from construction projects (such as C4G, ...) and those with slow fulfillment of contractual obligations (like HHV) could see progress in the coming time.

In Q3 2024, the Ministry of Planning and Investment is collecting feedback on the draft amended Investment Law. The key change is related to the decentralization of authority to provincial-level People’s Committees for approving investment policies for industrial park projects, Type 1 seaport projects with a capital scale of < 2,300 billion VND. This helps shorten the project implementation timeline.

Content	Article	Issue	Solution
Authority to approve investment policies	Article 31 Investment Law	According to the current law, approval of investment policies by the Prime Minister has been stipulated. However, there are some limitations as follows: (1) multiple contents of the investment policy have already been included in regional planning, (2) laws on regional planning have integrated the development of industrial parks into land use purposes, (3) Decree No. 35/2022/ND-CP stipulates the conditions for establishing industrial parks (IP), and from 2024, the authority to transfer land use purposes will be under the Provincial People’s Council.	Amending the decentralization for the Provincial People's Committee to be approved for investment in the industrial park + type 1 seaport project with an investment capital of <2,300 billion VND
Appraisal of project suitability with urban planning	Article 33 Investment Law	The appraisal content proposes that approval of the investment policy includes assessing the suitability of the project with urban planning. However, this requires clear guidance.	Supplementing specific instructions
Termination of project activities	Articles 47 + 48 Investment Law	There is no clear requirement on the conditions for terminating the project activities related to land use and land lease delays. This rule applies only to land allocation delays but not to delays in land leasing, land sublease, or delays in other related steps such as ground clearance. The law currently does not regulate termination conditions when investment policy approvals are delayed, creating uncertainty and unmanageable risk.	Amend the regulations regarding the termination of project activities.

Impact on listed companies: Not significantly affecting companies involved in industrial park real estate development. The procedures will be shortened as provincial-level People’s Committees are decentralized to approve investment policies.

In Q3 2024, the Ministry of Planning and Investment is collecting feedback on the draft amendments to the Public Investment Law. The main objectives are to address (1) thorough decentralization of authority to shorten procedures and (2) overlapping legal content.

Challenges	Issues
Incomplete decentralization, multi-step approval procedures	<ul style="list-style-type: none"> Adjusting medium-term public investment plans must go through the National Assembly, the National Assembly’s Standing Committee, and only then is it submitted to the Prime Minister for adjustment. This multi-step process often results in minimal practical significance. Some contents can be decentralized at various levels, such as authorizing provincial People’s Councils to approve investment policies for Group A projects using ODA loans and preferential loans (currently under the Prime Minister’s authority).
Some overlapping content between laws	<ul style="list-style-type: none"> No regulations on adjusting investment policies in certain cases. Existing construction debt is currently governed by regulations on actual quantities, but no provisions for planned funding. The current law categorizes construction plans into two types: planned capital construction without allocations and allocated capital construction without a funding plan. However, confusion has arisen recently over compliance with the regulations under the Public Investment Law, requiring approval through a complex review process. The current law does not define clear approval authority for capital allocation adjustments for projects using legally appropriate funding sources from agencies.

In Q3 2024, the Ministry of Planning and Investment is collecting feedback on the draft amendments to the Bidding Law. The main objectives are to address obstacles related to procedures for ODA-funded projects and projects with foreign preferential loans.

Content	Article	Issue	Solution
Allowing certain bidding activities before contract signing	Article 42 Bidding Law	<ul style="list-style-type: none"> For bidding packages using ODA funds and concessional loans: The 2023 Bidding Law does not allow the approval of results and contractor selection or contract signing before completing international treaties and agreements on ODA and preferential loans. However, many European funders require concurrent commercial contracts. For other funded projects: These regulations, especially regarding ODA and preferential loans from foreign sponsors, only allow contractor selection for goods procurement, consulting, and construction once the necessary approvals are in place. This prolongs the bidding process. 	Amendments are needed to simplify bidding procedures.
Selecting contractors in special cases	Article 29 Bidding Law	Consider adding other special cases: <ul style="list-style-type: none"> Packages requiring urgent asset valuation for investigative purposes Urgent consulting and conference packages Film production packages Packages for purchasing services from organizations with specific international tasks, like procuring services related to Vietnam's SWIFT system Urgent contractor selection to handle embargo situations or foreign sanctions issues. 	Add specific cases where contractor selection is allowed instead of bidding.
Applying international bidding practices or limited bidding	Articles 11 and 22 Bidding Law	Currently, the Bidding Law stipulates that international bidding and restricted bidding are only allowed in cases where signed international agreements or loan agreements permit their application . In cases where the Bidding Law does not provide guidelines or there are alternative bidding requirements, a report must be submitted to the Government. However, most current ODA-funded projects require international or restricted bidding, resulting in an increase in administrative procedures.	Amend the law to expedite the negotiation process.

Impact on listed companies: Not significantly affecting most companies due to their involvement primarily in domestic public investment projects, whereas ODA-funded projects are more relevant to the government.



The total realized FDI investment in Vietnam recorded impressive growth in the first nine months of 2024 (9M2024), reaching 17.34 billion USD (+8.9% YoY), despite the global economy still facing significant political instability, recession, and global minimum taxes. This growth is primarily driven by (1) the government’s strong focus on international diplomacy, especially elevating the strategic partnership with key global players in the past two years, (2) the shifting trend away from China +1, and (3) the development of transportation infrastructure.

FDI flows showed a notable surge in Vung Tau, where total registered investment reached 1.68 billion USD in 9M2024 (3.35x higher than the same period in 9M2023), largely thanks to infrastructure improvements (Bien Hoa – Vung Tau expressway, Phuoc An port, local waterway ports, etc.) and the availability of industrial park land in the region.

Chart: Realized FDI investment in 9M2024 (million USD) – Highest in 5 years

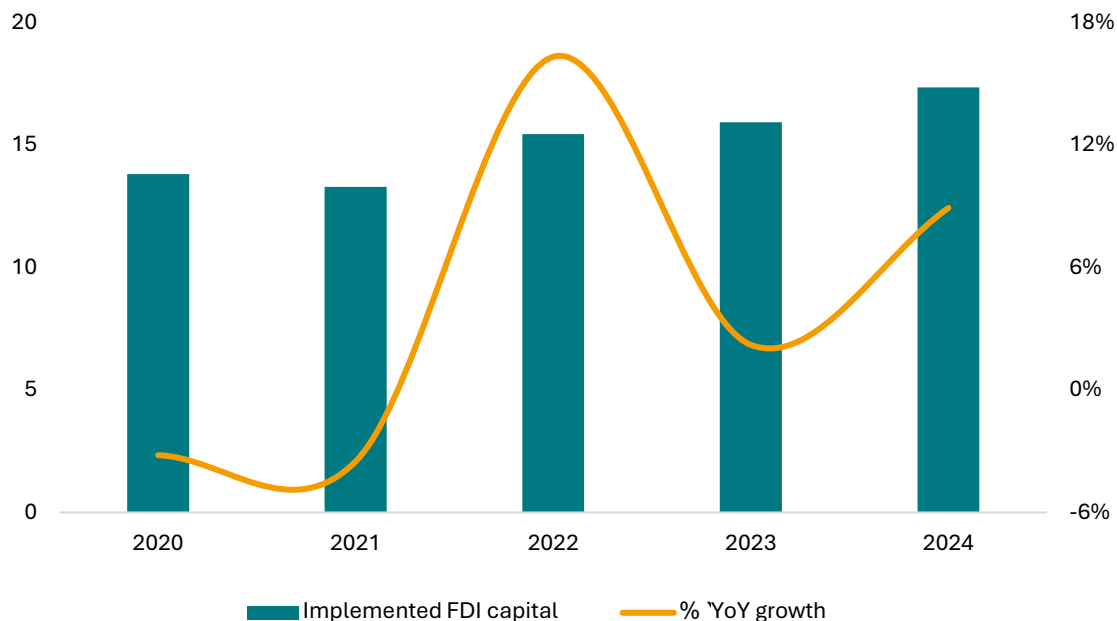
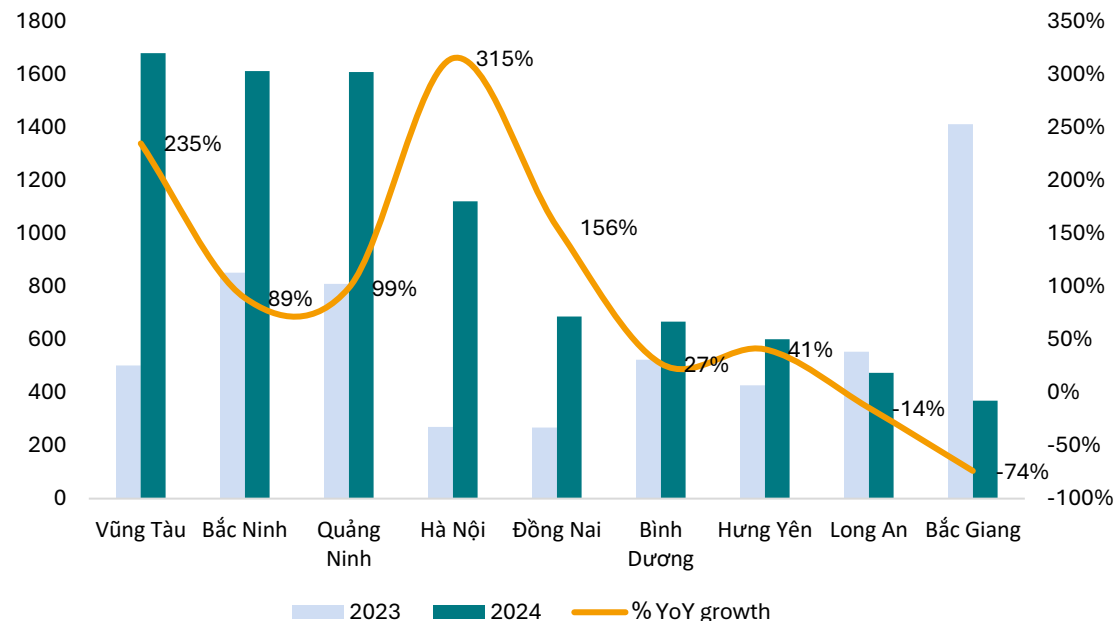


Chart: Top 10 provinces/cities with the largest registered FDI in the country in 9M2024





In the first nine months of 2024 (9M2024), 18 industrial parks (IPs) with a total area of ~5,603 ha have been approved for investment policy by the Prime Minister. As stated in our [Q1 2024 Industry Outlook Report](#), BSC believes that the 4th wave of FDI will continue to accelerate the unlocking of industrial park land in Vietnam in the coming period, as many provinces and cities with industrial centers have already fully utilized their industrial park land and recently received approval to unlock more land via Decision 227/QĐ-TTg on March 12, 2024, including Bac Ninh, Quang Ninh, Thai Binh, Binh Phuoc, and Hung Yen...

Industrial Park	Area (ha)	Location	Investor
Doc Da Trang IP	300	Khanh Hoa	Viglacera Yen My
Phuc Son IP	123.9	Bac Giang	CTCP Le Delta
Viet Han IP Expansion	147.3	Bac Giang	Fuji Phuc Long
Song Cong II IP (Phase 2)	296.2	Thai Nguyen	Viglacera Thai Nguyen
Dong Anh IP	299.4	Hanoi	VCG
Hiep Phung IP	174.9	Hanoi	Hoa Phu Invest
Hiep Thanh 1 IP	495.2	Tay Ninh	GVR
Thinh Phat IP	112.9	Long An	CTCP Dau tu Thinh Phat
Tan Phuoc 1 IP	470	Tien Giang	IDC
Tho Hoang IP	250	Hung Yen	CTCP Dau tu va Phat trien ha tang An Thi
Phuc Long IP	328.8	Long An	CTCP Dau tu Phuc Long
Dong Van V IP (Phase 1)	237.3	Ha Nam	CTCP Ha tang Ha Nam
Hoang Mai II IP	334.79	Nghe An	CTCP Hoang Thinh Dat
Son My 2 IP (Phase 1)	468.35	Binh Thuan	CTCP Dau tu va Phat trien Dong Sai Gon
Chau Minh – Bac Ly – Huong Lam IP (Phase 1)	105.5	Bac Giang	CTCP Dau tu va Phat trien ha tang Hightech
Yen Lu IP (Expansion Phase 1)	119.83	Bac Giang	CTCP Dau tu Western Pacific
Bau Can – Tan Hiep IP (Phase 1)	1000	Dong Nai	CTCP KCN Tan Hiep
Hung Phu IP	345	Thai Binh	CTCP KCN Geleximco Hung Phu

In Q3 2024, the Ministry of Planning and Investment collected feedback on the draft amendments to the Planning Law. The main adjustments focus on (1) reducing overlaps in the planning system and (2) delegating authority to provincial People's Committees for the implementation of planning. These changes aim to shorten the project implementation timeline.

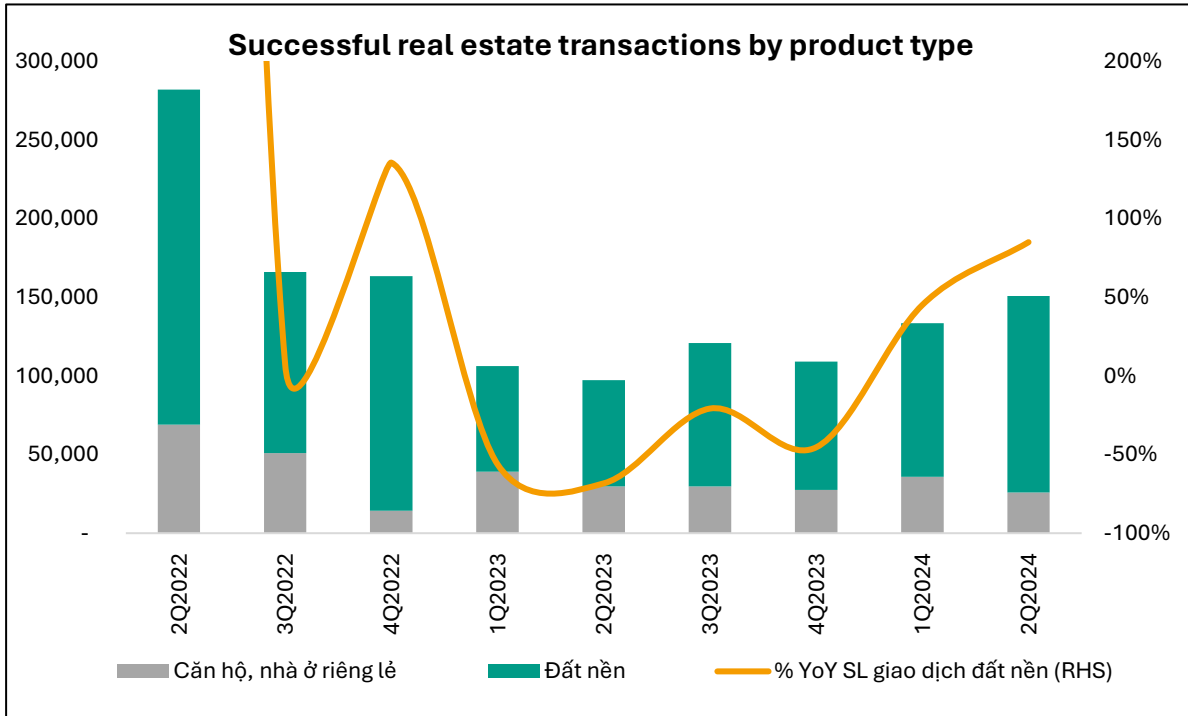
Content	Article	Issues	Solution
Overlapping planning system	Article 5 Planning Law	<ul style="list-style-type: none"> Some planning categories in the Planning Law involve more than two layers or have nationwide impacts. For example, general planning for natural resource surveys and environmental protection often overlap with other specialized and technical plans. Urban planning and rural planning are part of the national planning system, but they have the characteristics of technical and specialized planning. 	Amend and standardize definitions and concepts of the planning system to ensure consistency.
Planning content	Articles 22-27 Planning Law	Planning content includes lists of projects and their prioritization, which overlaps with the national mid-term public investment plan. Currently, there is no clear definition of project prioritization.	Amend and separate the list of national projects from the list of prioritized projects for phased implementation.
Approval authority for planning implementation	Articles 55-56 Planning Law	Approval authority for planning implementation: According to the current law, the provincial People's Committees submit the plan to the Prime Minister for approval.	Amend to delegate the authority to approve the plan to provincial People's Committees.
Procedures for adjusting plans	Article 54 Planning Law	Procedures for adjusting plans: Currently, the law requires comprehensive reviews and consultations before making adjustments, which leads to prolonged procedures.	Amend Article 54 to streamline the process by focusing only on key stakeholder input before final approval.
Funding for planning activities	Article 9 Planning Law	The Planning Law stipulates the use of public investment capital, but it does not specify funding for technical or specialized planning activities.	Add provisions allowing for the use of recurrent funding and other legal sources for planning activities.

UPDATED VIEWPOINT:

BSC upgrades its recommendation from **NEUTRAL** to **POSITIVE** for the commercial real estate sector in 4Q2024–2025, as delayed policy tightening compared to previous periods helps unlock supply and allows businesses to be proactive in their deployment strategies. We maintain the following positive factors for the sector, including:

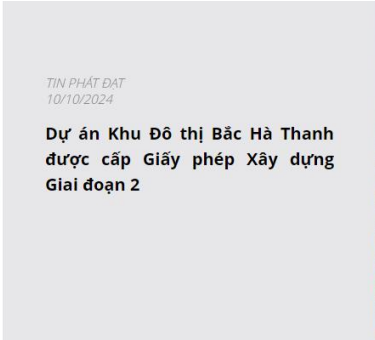
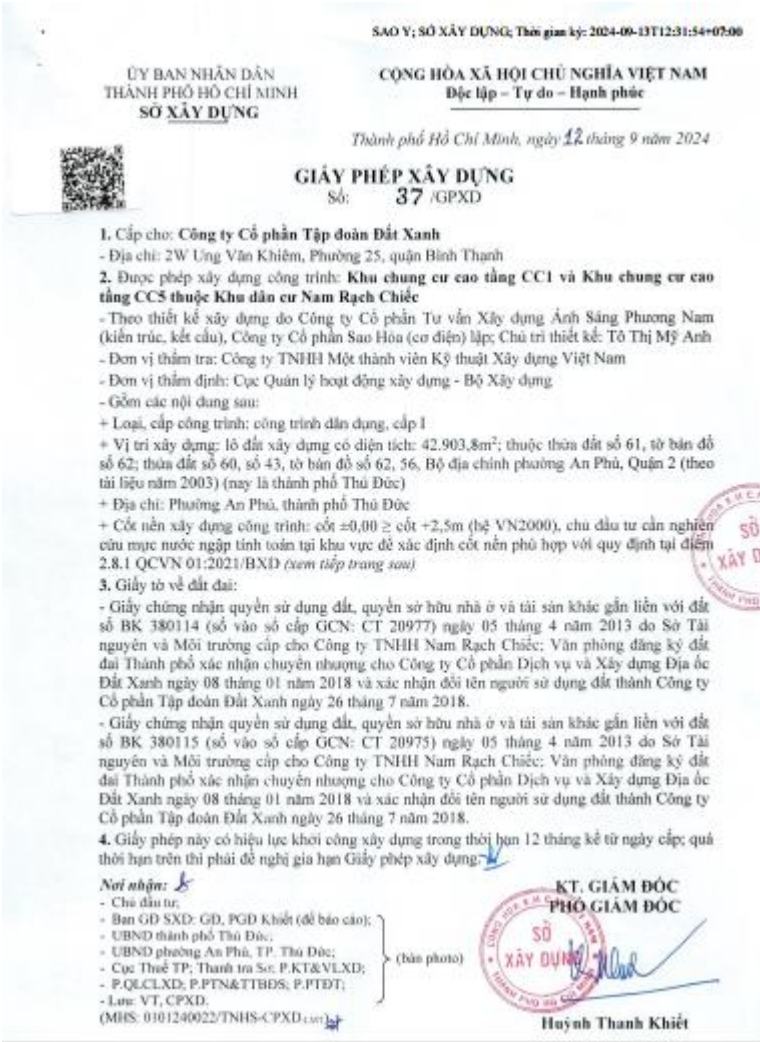
- **Positive factors:** (1) Investors with strong capital have already gone through the market cleansing process, (2) legal bottlenecks are easing, (3) projects with complete legal documentation are supporting the ability to access M&A capital and bank loans.
- **Negative factors:** (1) Pressure from maturing bonds will likely reduce from early 2025, after postponement and reduction policies under Decree 08/ND-CP, (2) market size, limited supply, and (3) real estate sector profit margins are shrinking.

Considering the sector's business prospects and valuation, we believe now is an opportune time to invest in accumulating shares of the following real estate companies: **KDH, NLG, PDR, DXG, VHM**. This recommendation is based on (1) anticipated revenue from new sales (presales) recovering in 2025, which will be reflected in earnings and strong cash flow from 2H2025-2026, and (2) maintaining attractive valuations during the sector's recovery cycle.



- As mentioned in the [Q1 2024 Industry Outlook Report](#) and the [Q3 2024 Industry Outlook Report](#) regarding the impact of the 2024 Land Law, BSC identifies that the primary obstacles for current projects come from delays related to land use rights and site clearance compensation (GPMB) adjustments.
- According to the Ministry of Construction, in 2Q2024, the number of apartment and private housing transactions reached 25,885 transactions (-27.8% QoQ, -12.9% YoY), while the land segment saw 124,991 transactions (+28% QoQ, +85.1% YoY). The declining number of transactions in the apartment and private housing segments stems from multiple reasons, including (1) high land prices in 2023, (2) tightened financing sources from banks in the northern market. **However, we believe the strong growth in land transactions is a crucial indicator that the real estate market is gradually recovering.**

The policy delay has been reduced: Actively addressing legal bottlenecks in real estate projects.



Dự án Khu Đô thị Bắc Hà Thanh chính thức được UBND tỉnh Bình Định phê duyệt giá đất

25/09/2024

Ngày 23/09/2024, UBND tỉnh Bình Định đã chính thức phê duyệt giá đất áp dụng cho Dự án Khu Đô thị Bắc Hà Thanh do Công ty Cổ phần Phát triển Bất động sản Phát Đạt (HoSE: PDR) làm Chủ đầu tư, đánh dấu một bước tiến quan trọng trong quá trình triển khai pháp lý Dự án.

Theo Quyết định số 3322/QĐ-UBND, UBND tỉnh Bình Định phê duyệt giá đất cụ thể để tính thu tiền sử dụng đất, tiền thuê đất đợt 1 cho Dự án Khu Đô thị Bắc Hà Thanh (Bình Định) với diện tích gần 21,3 ha. Diện tích này bao gồm đất ở, đất công trình công cộng và hạ tầng kỹ thuật như cây xanh, công viên và giao thông.

Tổ hợp Dự án Thuận An 1 và 2 nhận đủ Giấy phép Xây dựng

17/09/2024

Sau thời gian gấp rút và nỗ lực hoàn thiện các thủ tục pháp lý, ngày 09/9/2024 vừa qua, với việc Dự án Thuận An 2 được cấp Giấy phép cho giai đoạn 2, Tổ hợp dự án Khu nhà ở phức hợp cao tầng Thuận An 1 và Thuận An 2 đã nhận đầy đủ Giấy phép xây dựng từ Sở Xây dựng tỉnh Bình Dương.

tpcm.chinhphu.vn/cuc-thue-tpcm-giai-quyet-xong-ho-so-dat-dai-ton-dong-101241007165152562.htm

Cục thuế TPHCM giải quyết xong hồ sơ đất đai tồn đọng

07/10/2024 4:57 PM

(Chinhphu.vn) - Cục Thuế TPHCM đã giải quyết xong 3.188 hồ sơ đất đai phát sinh mới, hiện còn 1.970 hồ sơ còn đang trong thời hạn giải quyết.

ỦY BAN NHÂN DÂN
THÀNH PHỐ HỒ CHÍ MINH
SỞ TÀI NGUYÊN VÀ MÔI TRƯỜNG
Số: 9204 /STNMT-KTD

CỘNG HÒA XÃ HỘI CHỦ NGHĨA VIỆT NAM
Độc lập – Tự do – Hạnh phúc
Thành phố Hồ Chí Minh, ngày 12 tháng 9 năm 2024

Về các dự án dự kiến trình Hội đồng
Thẩm định giá đất cụ thể Thành phố
trong Quý IV/2024.

Kính gửi: Sở Tài chính (Thường trực Hội đồng Thẩm
định giá đất cụ thể Thành phố).

Để đảm bảo dự toán nguồn thu ngân sách năm 2024 từ các khu đất dự kiến
thu nghĩa vụ tài chính trên địa bàn Thành phố, Sở Tài nguyên và Môi trường dự
kiến trình Hội đồng Thẩm định giá đất cụ thể Thành phố **22 dự án** trong Quý
IV/2024, với số tiền khoảng **25.483 tỷ đồng**, chi tiết như sau:

Đấu thầu dự án đầu tư có sử dụng đất: Gỡ khó xác
định giá trị nộp ngân sách

Tác giá: Nguyệt Minh | 03/10/2024 10:00

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Nam miền Bắc

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(BĐT) - Nghị định 115/2024/NĐ-CP (NĐ 115) đã đổi mới tiêu chuẩn đánh giá về hiệu quả sử dụng đất theo hướng áp dụng “tỷ lệ nộp ngân sách nhà nước tối thiểu” thay cho “giá sàn nộp ngân sách nhà nước”, cùng với phương pháp xác định thuận lợi, dễ thực hiện hơn. Đây là tiêu chí quan trọng tại hồ sơ mời thầu (HSMT), góp phần tăng cạnh tranh trong đấu thầu dự án đầu tư có sử dụng đất, sàng lọc nhà đầu tư có năng lực, tăng hiệu quả sử dụng nguồn lực đất đai...

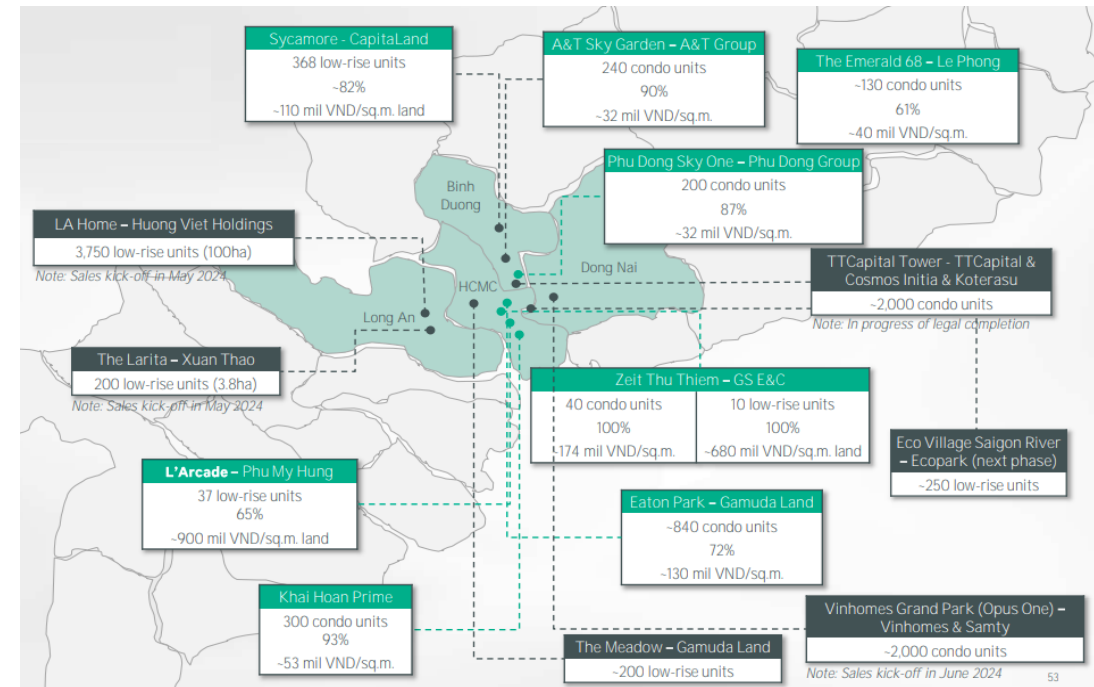
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The trend of expanding demand to areas outside HCMC: New residential areas are expanding to the East-West zones and especially provinces like Binh Duong and Long An, thanks to (1) industrial hubs with high demand for a large workforce, ranking 7th in the country, and (2) the gateway locations with strong, synchronized infrastructure. Additionally, the real estate price levels are lower than in HCMC. According to Batdongsan.com.vn, currently, Binh Duong is considered the province with the highest level of interest in strong real estate growth in 2023: real estate interest in Binh Duong increased by 32%, Long An by 17%, Dong Nai by 18%, and Ba Ria - Vung Tau by 22%.

The trend of expanding demand to suburban areas around Hanoi: New residential areas are expanding to areas around Ring Road 4. The real estate market has seen strong growth in both interest levels and land prices in regions near Hanoi, including Hoai Duc, Dong Anh, Thanh Oai, as well as provinces like Bac Giang, Hung Yen, Bac Ninh. Although the focus has been primarily on infrastructure development and legal changes, we believe that the trend of transactions shifting to suburban areas will continue, especially as Ring Roads 3.5 and 4 are completed, and suburban areas develop into secondary urban centers.

Some notable real estate projects launched in 2H2024	Location	Product
HCMC & surrounding areas		
The Meadow	Bình Chánh, HCMC	High-rise
LA Home	Bến Lức, Long An	Low-rise
The Larita	Bến Lức, Long An	High-rise
Sycamore	Thủ Dầu Một, Bình Dương	High-rise
A&T Sky Garden	Thuận An, Bình Dương	High-rise
The Emerald 68	Thuận An, Bình Dương	High-rise
Boulevard Royale	Thuận An, Bình Dương	High-rise
Eco Village	Nhơn Trạch, Đồng Nai	Low-rise
Hanoi & surrounding areas		
Vinhomes Cổ Loa	Đông Anh, Hà Nội	Low-rise & High-rise
The Matrix One	Nam Từ Liêm, Hà Nội	High-rise
Vaquarius Van Giang	Hưng Yên	High-rise
The Beverly	Gia Lâm, Hà Nội	High-rise



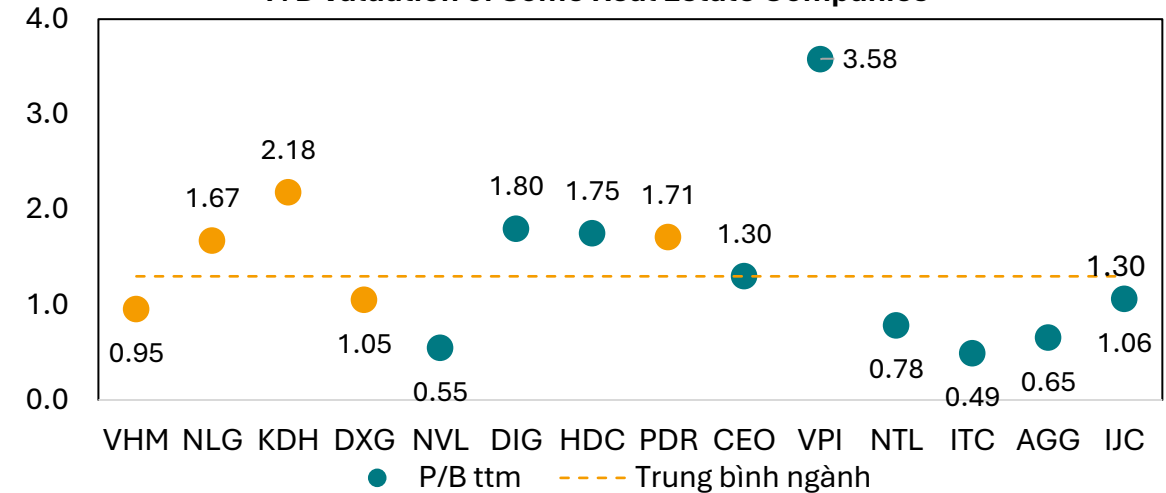
Compared to previous reports, BSC has upgraded the ratings of DXG and PDR from **Average** to **Good** based on their ability to capture the new cycle and complete legal procedures. According to our business forecast, excluding abnormal income contributions from VHM, these companies are expected to record (1) strong profit growth of 8.9% YoY in 2025, fully attributed to core business operations compared to the abnormal income in 2024, and (2) a significant 153% YoY increase in new sales in 2025.

	Financial Foundation	Legal Completion Capability	Benefits from Infrastructure Connectivity	Presales 2025 (billion VND)	Corporate Restructuring	Product Segment	Key Projects 2024-2026
VHM	Good	Good	Good	165,926 (+22% YoY)	N/A	High-end Affordable housing in Khánh Hòa, Hải Phòng	Royal Island (Hải Phòng), Ocean Park (Hưng Yên), Grand Park (TP HCM), Vinhomes Cổ Loa, Wonder Park (Hà Nội)
KDH	Good	Good	Good	6,860 (-7% YoY)	N/A	High-end in HCMC	Privia, Emeria, Clarita, Solina, KCN Lê Minh Xuân
NLG	Good	Good	Good	13,111 (+67% YoY)	N/A	Affordable housing in Long An, Can Tho, mid-range in HCMC, high-end in Long An, Dong Nai	Akari, Mizuki (HCMC), Southgate (Long An), Central Lake (Cần Thơ)
PDR	Good	Good	Average	6,367 (+229% YoY)	Reorganized finances and projects	Land in Binh Dinh, mid-range in Binh Duong, resort real estate in Binh Dinh, Vung Tau, Binh Dinh, Da Nang, Phu Quoc, Quang Ngai	Bắc Hà Thanh, Cadia Quy Nhơn (Bình Định), Bình Dương Tower (Bình Dương)
DXG	Average	Good	Average	9,145 (after 2 years of no new sales)	Under financial restructuring	Under financial restructuring	Under financial restructuring

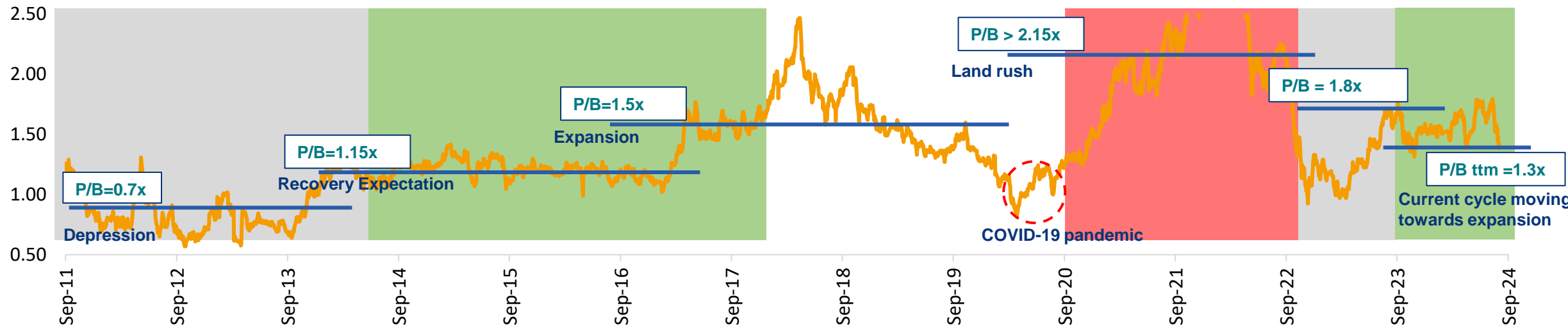
Considering the business outlook and industry valuation, we believe now is an appropriate time to invest in accumulating shares of real estate companies to prepare for the new cycle.

- Maintaining the viewpoint from the [3Q2024 Industry Outlook Report](#), we believe that KDH, NLG, PDR, and IJC will have strong investment performance in the near future. The stocks in the sector are differentiated based on (1) their ability to capture the new cycle - completed legal processes and strong financial foundations for deployment, and (2) appropriate valuations.
- BSC believes that the sector's valuation during each phase of the cycle will be higher than in previous cycles** due to (1) the accumulated land fund from the previous cycle, resulting in lower costs, and the ability to adjust sales prices to cover rising development costs, and (2) the current housing demand, which is significantly larger than during the 2011-2013 downturn.

P/B Valuation of Some Real Estate Companies



Valuation of the real estate sector over different phases of the cycle





EXPORT-IMPORT - LOGISTICS – RETAIL SECTOR

VIEWPOINT UPDATE

(1) Outlook on Business Results:

- 2024: (i) A general foundation for recovery from the lows of 2023 and (ii) projected performance improvements with differentiation among industry groups.
- 2025: (ii) Factors supporting recovery will come from the economies of the U.S. and China, where demand recovery is expected, especially in the export-import sector and companies with solid financial foundations for growth.

We maintain a positive recovery outlook on the economy and business results of companies, as highlighted in the 3Q2024 sector report ([link](#)), and expect further positive data as follows:

(1) Positive Domestic Data: According to GSO, (i) GDP Q3/2024 +7.4%YoY, driven by the industrial and construction sectors (+9.11%) and (ii) total retail sales increased by 8.4% YoY; (iii) PMI in September 2024 declined to 47.3 points, indicating a decrease in production activity. However, labor demand remains stable, reflecting that businesses expect a positive outlook for the manufacturing sector in 2025.

(2) Global Events Showing Positive Signals from (i) The Fed held interest rates steady at 50 basis points during the September meeting, signaling an intention to reduce rates by an additional 200 basis points by 2026 (ii) [China has implemented a series of stimulus measures to support the housing market and the stock market..](#)

Chart: Macro recovery trends in 9M/2024

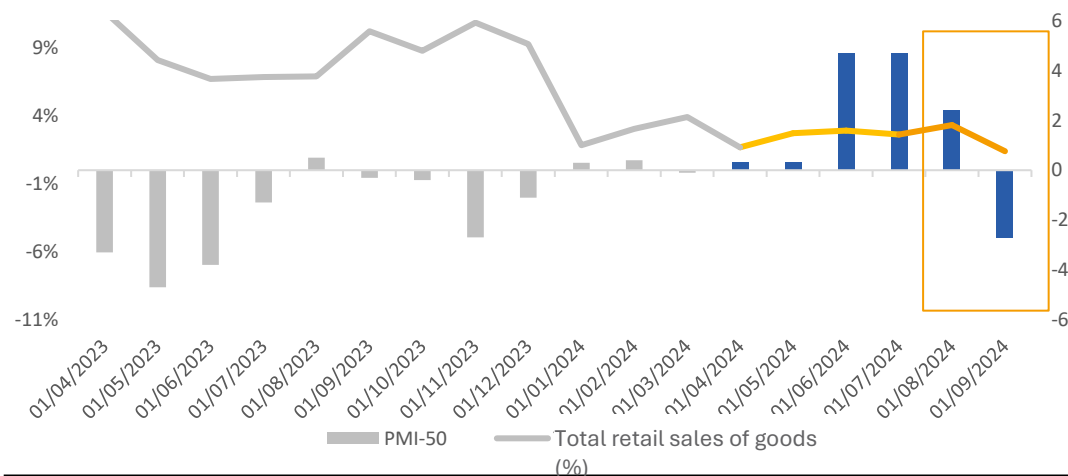
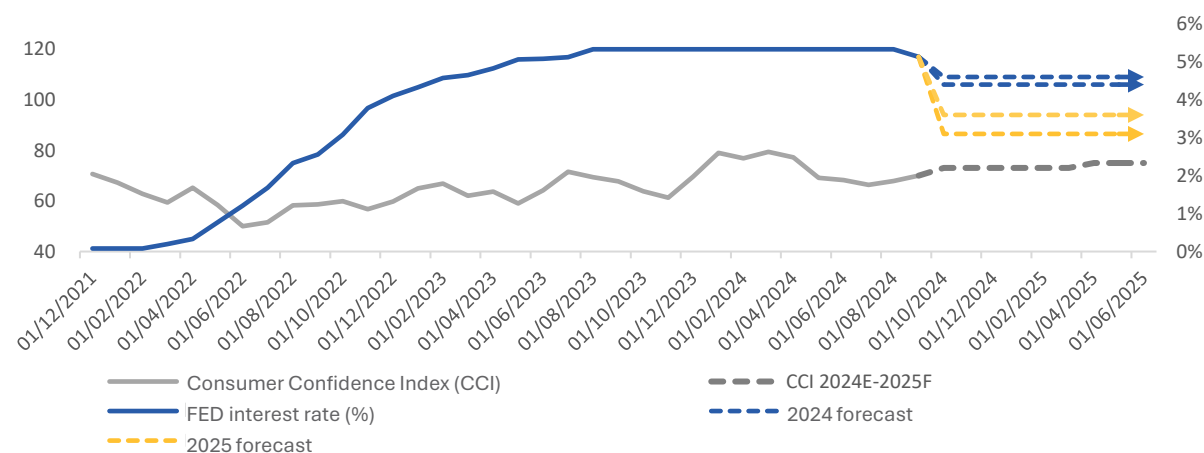


Chart: The Fed's rate cuts positively influence consumer growth expectations





OUTLOOK UPDATE

(1) Outlook on Business Performance

- 2024: (i) The general recovery backdrop emerging from the low points of 2023, and (ii) projected differentiation in business performance across industry groups.
- 2025: (ii) Favorable macro factors from major economies like the U.S. and China are expected to drive demand recovery, particularly benefiting export-import companies and businesses with strong financial and customer acquisition capabilities, thus supporting growth momentum.

Based on key domestic and global data in 9M/2024, we maintain a positive outlook for the 2024-2025 business performance of the following sectors: (1) Export: Expectations of demand recovery supporting sales volume and business revenue; (2) Port and logistics: Sustained high freight rates continue to support operating profit margins; (3) Consumer retail: Policy support and stimulus measures contribute to household income and demand recovery.

Additionally, we note potential risk factors that could impact the outlook, including: **(1) External factors:** Uncertainty around the Fed's policy adjustments in the upcoming cycles and its impact on consumer demand and global economic trends and **(2) Domestic factors:** Shifts in domestic policy direction and economic stimulus adjustments.

Chart: Positive trends in 2024 profit growth driven by sector improvements.

Notes: Consumer - Positive outlook from VNM's market expansion potential, Retail benefiting from MWG's easing promotional pressures, and minimal impact from Yagi and PNJ's increased marketing costs in Q3/2024.

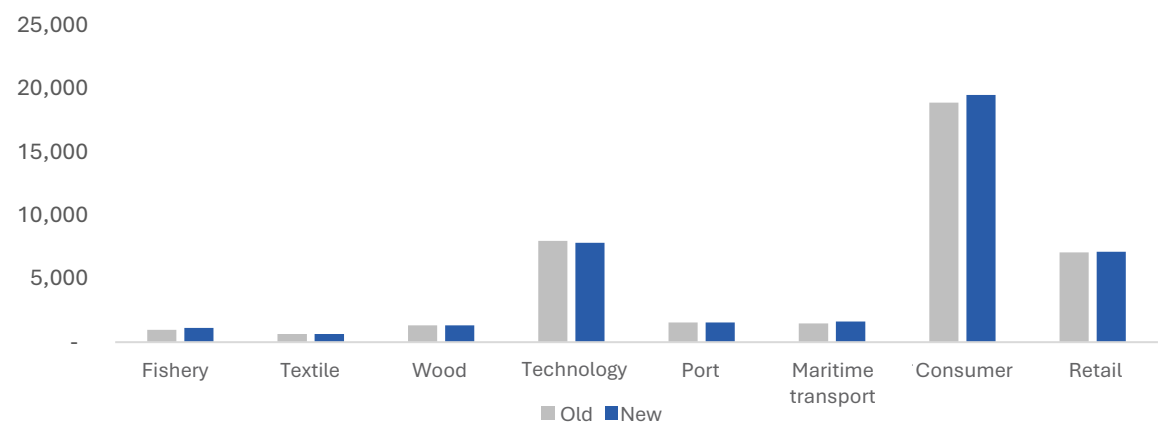
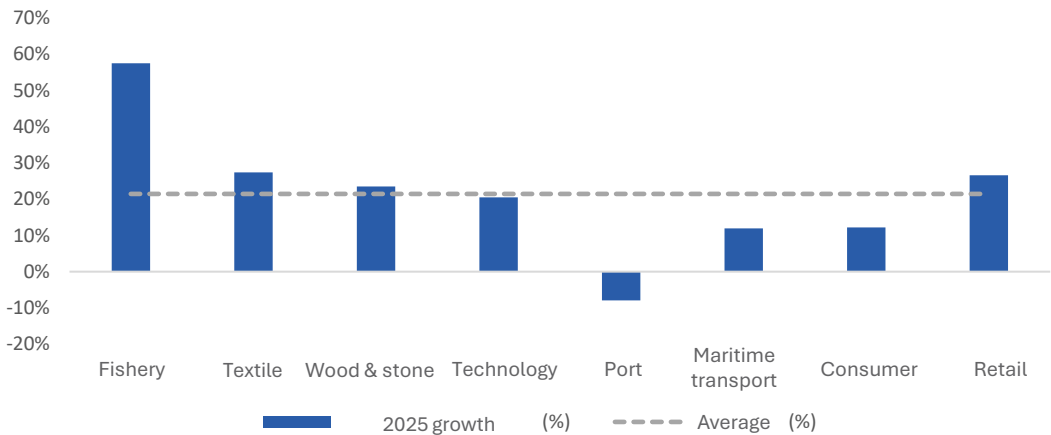


Chart: 2025 outlook driven by demand recovery

Notes: Aquaculture sector expected to improve with 5% YoY growth; however, the seafood processing sector may face challenges in generating profitability.





OUTLOOK UPDATE

(2) Investment outlook: [STOCK PICKS]

- **Textile [POSITIVE]** – TNG, PTB – (1) Picking companies with recovery in both volume and pricing; (2) Reasonable valuations for increased exposure.
- **Ports and shipping [POSITIVE]** – HAH – Picking companies with capacity to expand supply to capture recovery trends.
- **Consumer-retail: [POSITIVE]** – MWG, PNJ, MSN, VNM - Picking companies with valuation growth potential driven by medium-term profit expectations for 2025-2026.

BSC maintains the view that the sector's valuation reflects the recovery cycle and anticipated 2025 profit expectations, with the investment strategy following a selective approach, including:

- (1) Stocks consistently recommended include TNG, HAH, MWG, PNJ, MSN, and VNM, due to business growth prospects and positive recovery trends, along with new buying points suggested in the following slides.
- (2) Newly recommended stocks: **PTB** – a wood and stone export company added based on positive business outlook for 2024/2025 (+31%/45% YoY growth) and attractive valuation at a safe discount level with a forward P/E of ~7-8x ([link](#)).

Chart: Valuation of export-import group

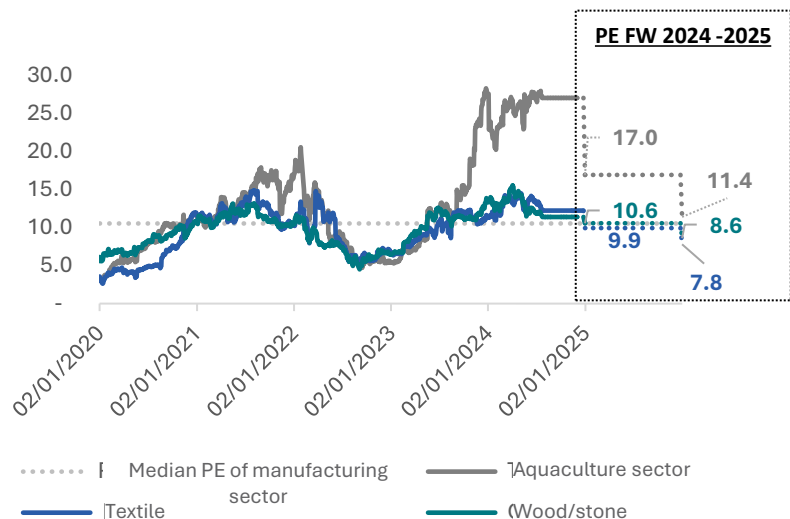


Chart: Valuation of ports and shipping group

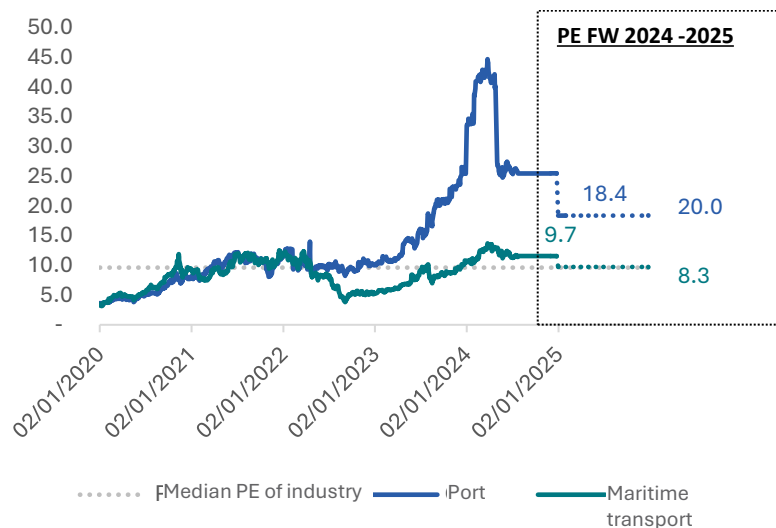
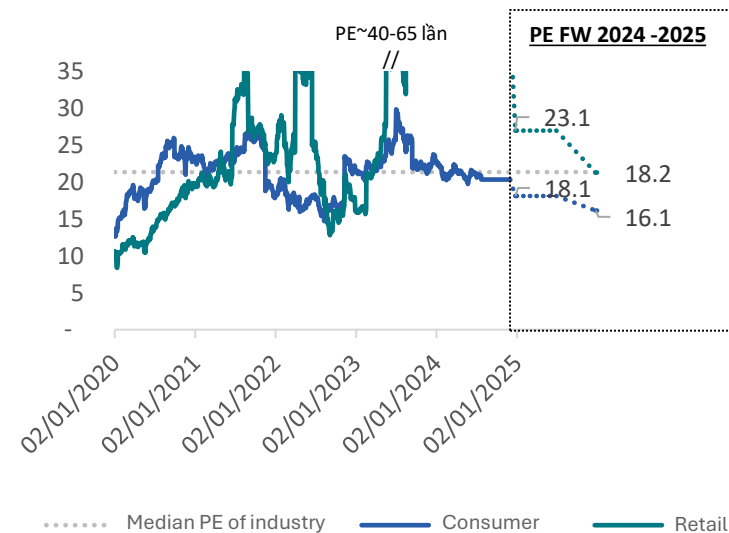


Chart: Valuation of consumer-retail group



Source: BSC Research, GSO

BSC maintains a **NEUTRAL** view on the pangasius export sector for Q4 2024 and 2025 at the current time due to:

- BSC believes that pangasius export prices are unlikely to experience strong growth as they did in the recovery phase before Q4 2024 and 2025** because (i) consumer demand in major export markets (U.S., China) has not yet fully recovered, and prices remain low, mainly due to demand levels reaching a temporary bottom. (ii) Businesses in the pangasius export industry still need to keep prices at or just above breakeven to clear inventories. (iii) The supply source remains limited due to shortages in fish farming areas (Mekong Delta provinces such as An Giang, Dong Thap, etc.).
- For export volume, BSC believes the trend of a gradual volume improvement will be sustained through Q4 2024 and 2025** thanks to (i) lower price levels in 2023 compared to the period before September–November 2023, and the anticipated positive impact from the Fed's rate cuts and China's demand stimulus, which may boost consumption. However, BSC expects the real recovery will likely take effect from the second half of 2025 when economic policies fully impact demand. (iii) The cyclical factors that typically support demand in Q3 and Q4 as the festive season approaches will also play a role.
- In terms of valuation, current pangasius export stocks (such as VHC, ANV) are trading at a forward PE for 2025 between 10–16x. BSC assesses this as a relatively unattractive buying level** due to (i) lower profit margins compared to previous cycles and (ii) limited benefits from the next profit cycle.

Chart: Pangasius export volume and prices to the U.S. show signs of improvement in Q3 2024.



Chart: Pangasius export prices to China have shown limited improvement in Q3 2024.



BSC maintains an OPTIMISTIC view on the export textile sector for Q4 2024 and 2025, with the overall outlook for current orders remaining stable due to:

- 1) Recovery in U.S. market demand for Q4 2024 and 2025**, with (i) retail sales in the U.S. increasing by +1.3% YoY in July 2024 and showing signs of sustained recovery from March 2024, and (ii) the Fed beginning to cut interest rates from September 2024, which will help boost U.S. demand.
- 2) Low U.S. apparel inventory levels comparable to pre-pandemic levels (2021-2022), supporting order volumes until the end of 2024. Some export textile companies have started negotiating orders for 1H 2025.**
- 3) Export textile prices are expected to maintain a recovery trend in Q4 2024 and 2025**, driven by demand improvement, and this has already reflected in improved profit margins of 3–5% for textile companies in 1H 2024.
- 4) Risk management and credit for key customers (e.g., TCP) are currently under control**, with (i) TNG securing credit from major U.S. banks, such as Wells Fargo, National Association, and Mithaq Capital Investment (an investor based in Saudi Arabia, now the largest shareholder in TCP), and (ii) companies actively working to mitigate operational risks by filling senior positions with experienced industry professionals.

Chart: U.S. apparel retail sales showing a recovery trend (seasonally adjusted data)

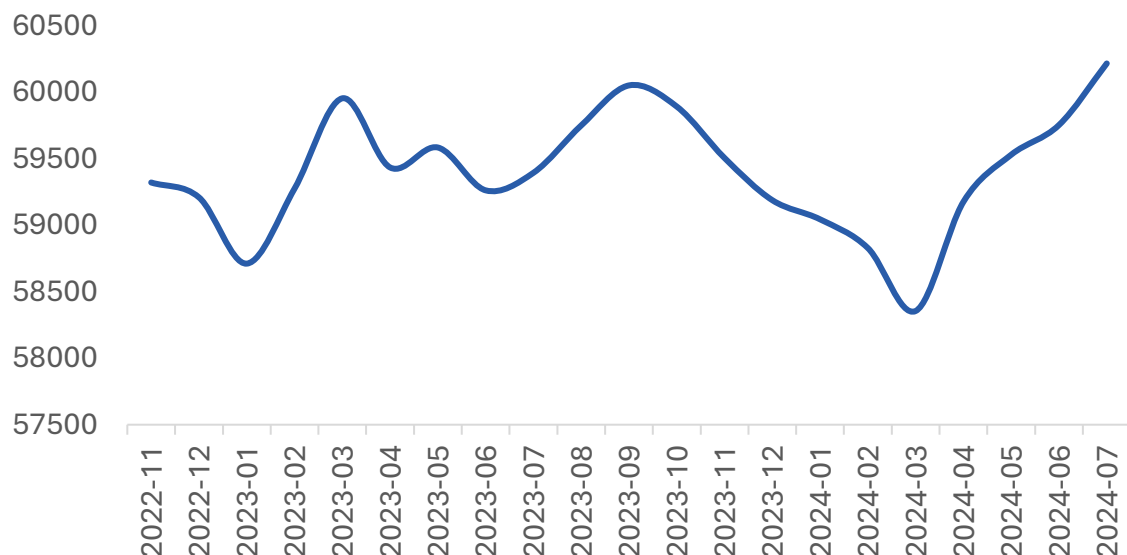
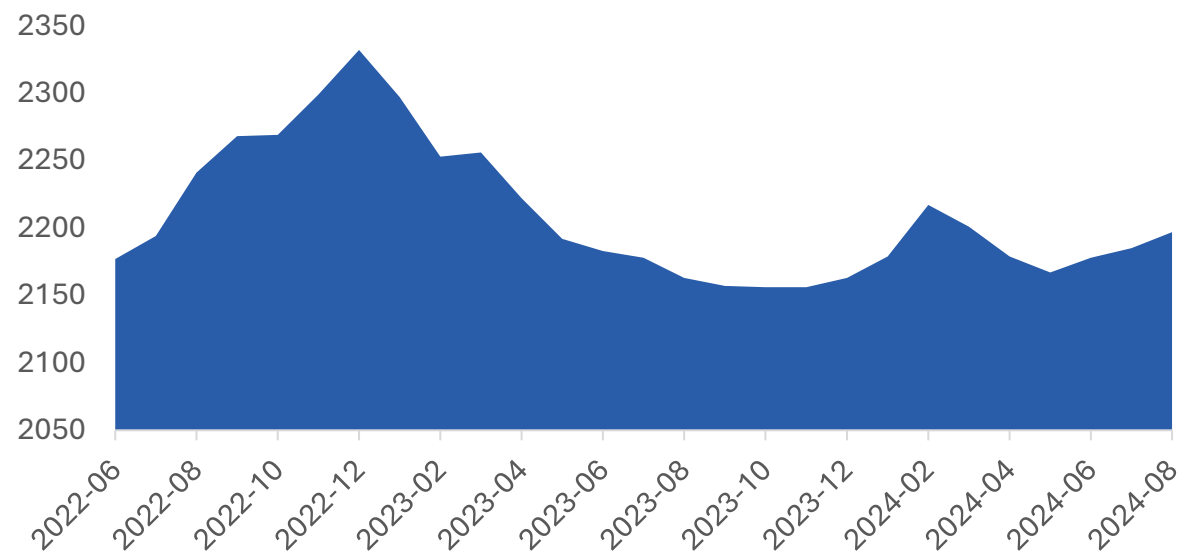


Chart: U.S. apparel inventory remains at low levels



BSC maintains a **NEUTRAL** view on the business performance outlook of the IT-Telecom group in Q4 2024 and 2025 due to:

- 1) Software Group (FPT):** Business results for Q4 2024 and 2025 are expected to be driven by (i) the trend of AI, data storage, and processing on cloud platforms in Japan, APAC, and the U.S. (ii) a large new workforce (+22.4% YoY), and expanding customer base benefiting from favorable pricing due to competitive advantages, ensuring demand meets customer needs, and (iii) interest rates stabilizing in the U.S., with clearer policy expectations after the U.S. election in 2025, motivating businesses to continue investing in digital transformation.
- 2) Telecom Group (CTR):** Demand for base stations is expected to surge in Q4 2024 and 2025 as Viettel Group intensifies the deployment of 4G and 5G networks while retiring 2G and 3G networks.
- 3) ITS group (ELC, ITD):** According to the latest sector updates, ITS projects under the five-year telecom infrastructure plan, including North-South Highway phase 1, are awaiting approval from the National Assembly regarding pricing policy for infrastructure services. This approval will secure substantial workloads for the ITS group in 2025.

Chart: Projected technology spending with +20% CAGR (2022-2026) driven by AI

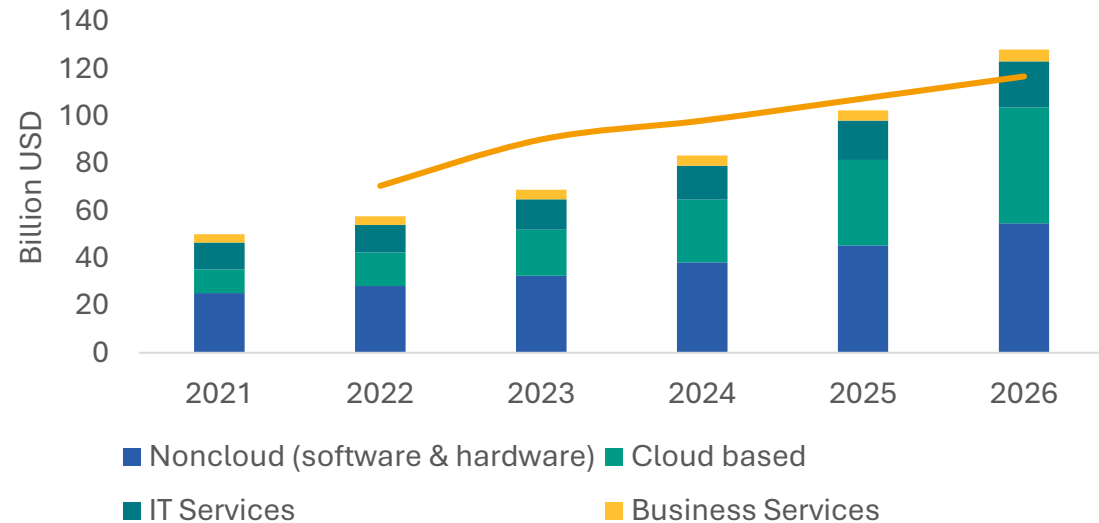
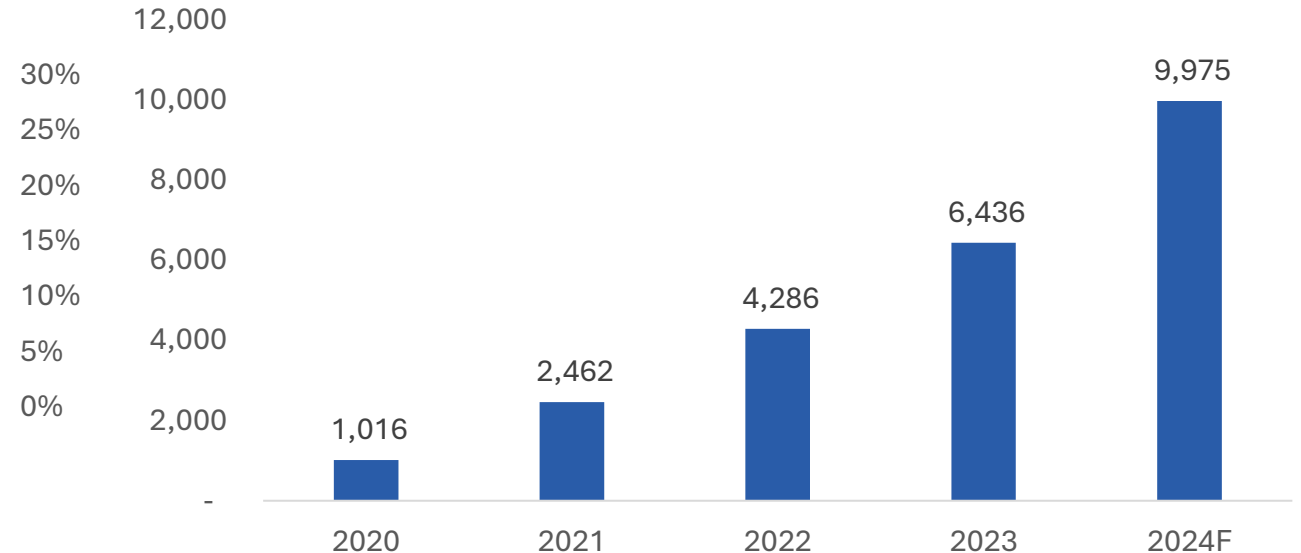


Chart: CTR's goal to maintain the #1 position in telecom infrastructure rental



Source: Inc, CTR

Compared to previous reports, BSC maintains a positive business outlook for the maritime transport sector with a clear improvement in profit margins for 2024 and 2025 due to:

- 1) **Charter activities with expected strong margin improvement** due to (i) Fixed charter rates have established a new base level (15k–20k USD/day), higher than regional rates (12–13k USD/day) with many contracts extended for 3-month or 1-year terms; (ii) a shift to long-term contracts from predominantly spot contracts; and (iii) vessel owners primarily focusing on charter markets with limited demand.
- 2) **Operating activities expected to see moderate margin growth primarily** due to (i) production recovery as domestic and international demand rebounds, with peak season effects expected towards year-end; (ii) anticipated growth in margin rates for operating activities (+5–6% YoY) due to the volume stability of Vietnamese shipping companies, which predominantly serve domestic markets, and price competition.

We believe companies with capacity and expanded fleets, such as HAH and PVT, will be the biggest beneficiaries from these two global trends.

Chart: Fixed charter rates have established a new base level

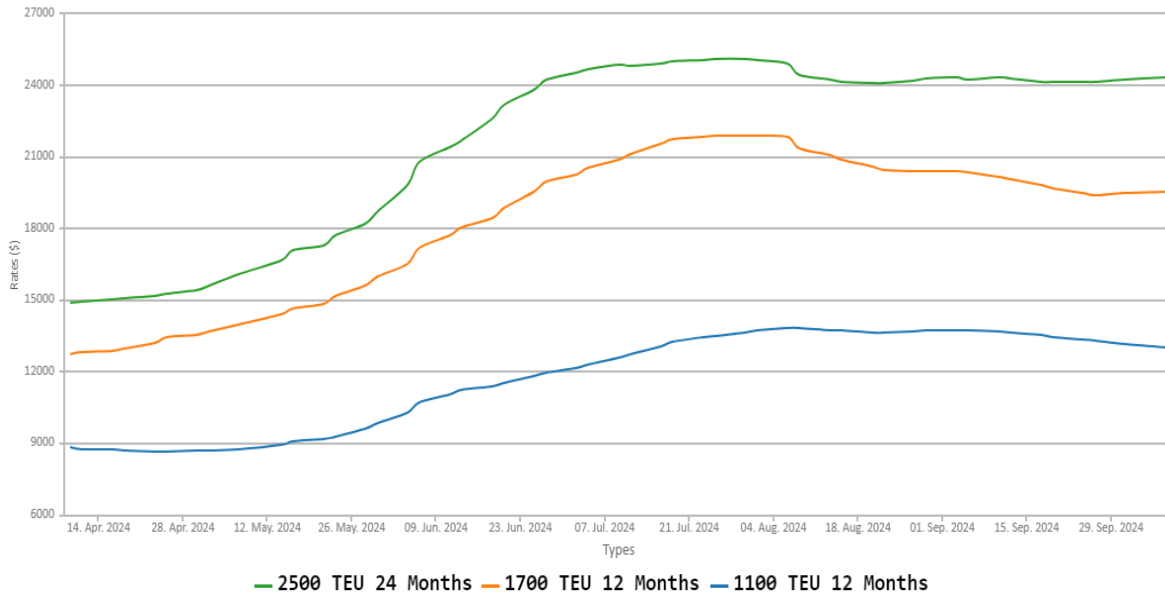
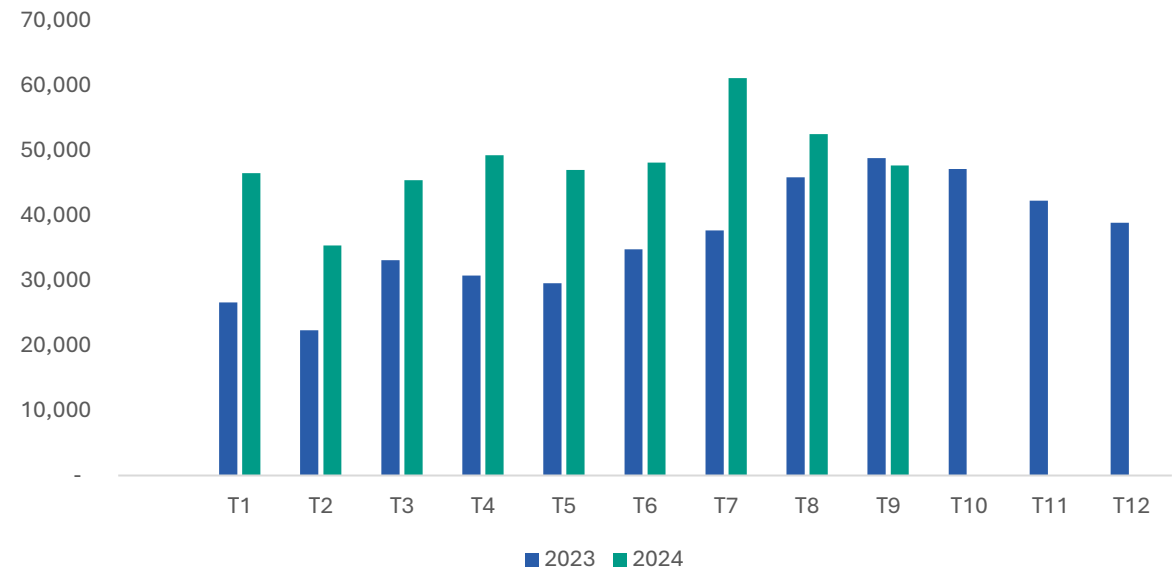


Chart: Self-operated capacity continues to improve in Q3 2024



Source: VBSS, BSC compiled

Compared to the previous update, BSC maintains a positive recovery outlook for the business results of the port sector due to:

- 1) Volume recovery driven by (i) the rebound in import-export demand, reflected in the PMI index, which recorded three consecutive months of growth, with new orders at the highest level since March 2021. (ii) Shipping lines are adjusting routes to reduce port congestion risks following incidents in Singapore and Shanghai. (iii) Many new routes have been launched by major shipping lines such as Evergreen, ONE, and Zim, mainly in the Hai Phong and CMTV (primarily serving inland routes) areas.
- 2) Improved profit margins supported by handling fee increases of approximately 3%–10% YoY (depending on the port area).

Chart: Volume through ports continues to show strong recovery since the beginning of the year (thousand TEUs).

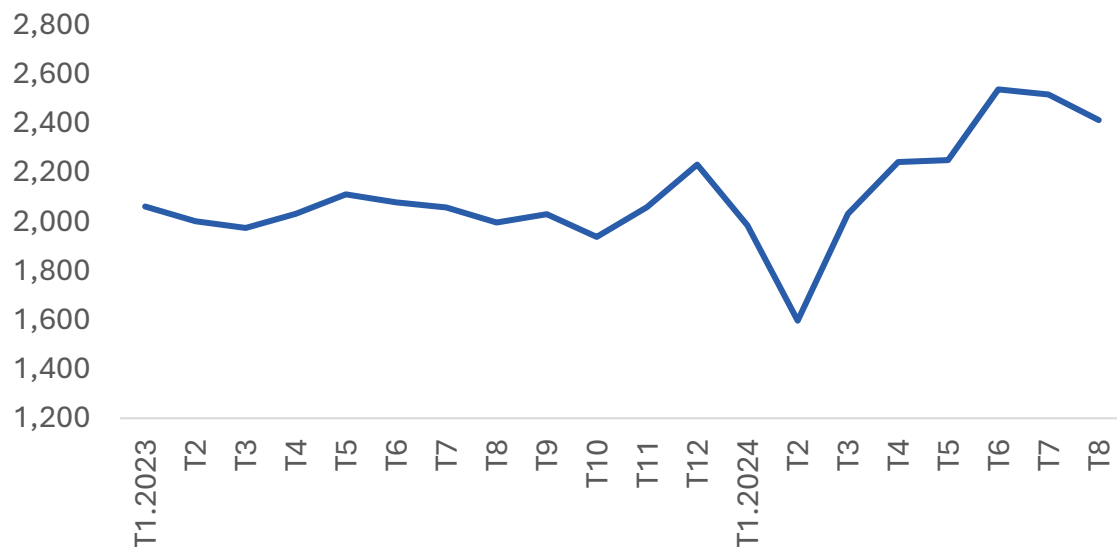
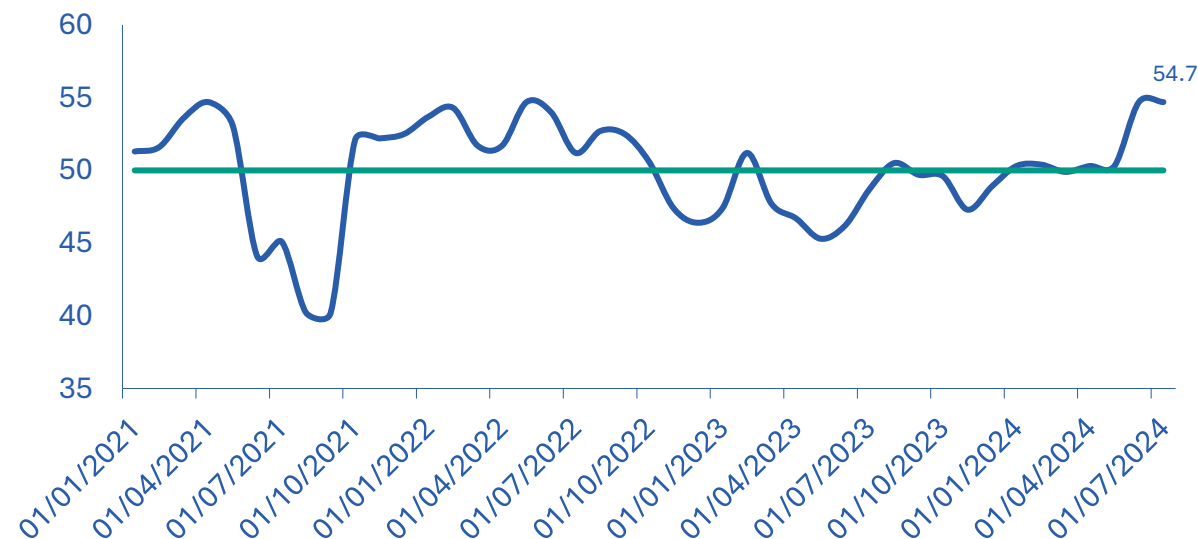


Chart: PMI in July reached 54.3, marking the third consecutive month of growth.





Based on the investment strategy proposed at the beginning of the year, we see two attractive investment opportunities in the import-export - maritime transport industry as follows:

(1) HAH has a suitable valuation range for investment in the period 2024-2025 from 8-9.5 times.

(2) PTB – Stock followed due to positive 2024/2025 business results +31%/45%YoY and valuation has been discounted to a level with a good margin of safety ~PE FW 2025 ~7-8x[\(link\)](#)

Figure: HAH valuation approaches reasonable level for investment in 2024-2025 period

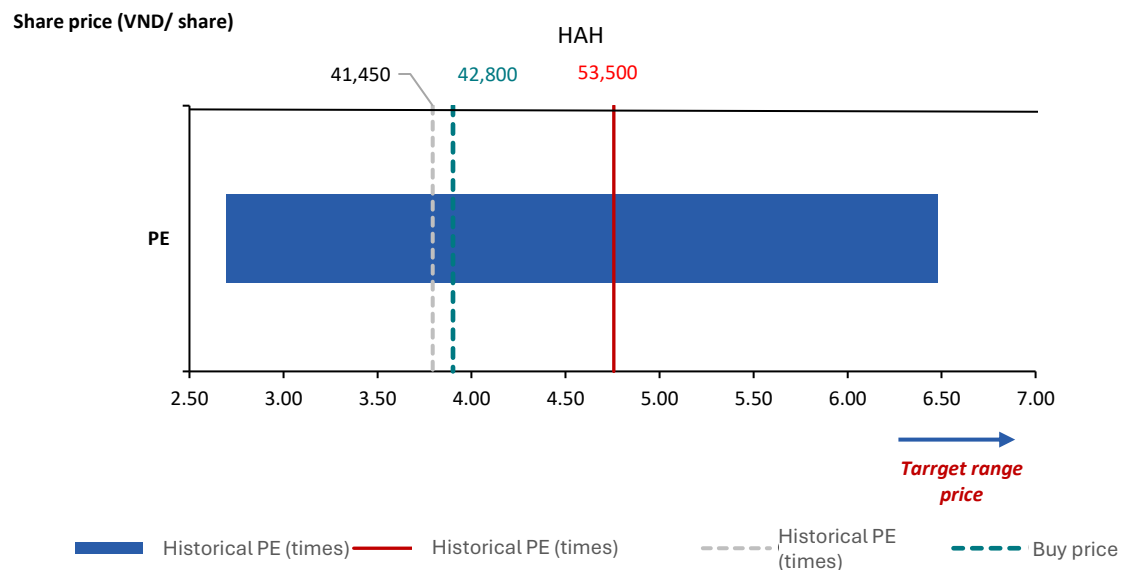


Figure: PTB's valuation is attractive compared to the company's growth expectations.



Source: BSC Research

UPDATED VIEWPOINT:

BSC maintains a **POSITIVE** view on the Consumer – Retail sector in 2024-2025. We expect the business results of leading enterprises in the Consumer – Retail sector to maintain a positive trend in 2H.2024 thanks to:

- Economic stimulus policies lead to recovery trend of consumer demand
- Taking advantage of competitive advantages to expand customer base and market share, initially only recording growth in business output when demand has not improved significantly in 2024 and maintaining growth momentum thanks to expectations of average unit price/order in 2025.

Recommended stocks: MWG, PNJ, MSN, VNM

BSC maintains POSITIVE outlook similar to the most recent industry report ([link](#)).

Based on positive macro data, we forecast consumer – retail group Q3/2024 to grow +35% YoY, led by leading businesses such as:

- **VNM: (i)** Positive market share expansion signals in July (+1.4% market share) and continued growth in overseas revenue on a low base and **(ii)** improved gross profit margin thanks to a reasonable product mix.
- **MSN (i)** estimated that the core consumer segment TCX will continue to grow in double digits and WCM expects to be profitable thanks to a combination of LFL revenue/sales growth in July and August 2024 of +7%YoY, 10.6%YoY respectively and an increase in the number of stores in line with the market context **(ii)** reducing pressure on declining exchange rates and reducing debt leverage, positively supporting financial operating income (net).
- **MWG (i)** Revenue growth is positive through the figures of Jul + Aug 2024 +12.3% YoY, led by TGDD + DMX expanding market share and BHX continuing to grow FMCGs and fresh goods, initially expanding SLCH **(ii)** operating profit margin improves thanks to low base, optimizing operating cost efficiency. However **(iii)** closing underperforming stores in Q3/2024 may put short-term pressure on the company's net profit after tax.
- **PNJ (i)** Retail revenue still grew positively, offsetting the decline in gold bar revenue due to market fluctuations (proven in the July + August 2024 business results +3.6% YoY **(ii)** profit margin decreased slightly due to product structure and accounting for marketing costs in Q3/2024 to stimulate retail revenue during the peak season in Q4/2024

In addition, the **livestock industry (DBC and BAF)** is estimated to grow strongly on a low base in Q3/2023 thanks to the positive trend of pork prices +9% YoY and the decrease in raw material prices -10-15% YoY. However, the risk of widespread disease due to complicated weather developments puts pressure on the total herd and the interest pressure on the performance of newly operated farms has not reached break-even efficiency.

We maintain our expectation that Q4/2024-2025 business results will maintain double-digit growth thanks to **(1)** expanding market share to anticipate recovering demand and positive signals from the consumer finance industry supported by positive domestic and foreign macro events **(2)** input material prices remaining low and **(3)** stable exchange rates and reduced interest rate pressure.

UPDATE VIEWPOINT:

BSC maintains a **POSITIVE** view on the Consumer – Retail sector in 2024-2025. We expect the business results of leading enterprises in the Consumer – Retail sector to maintain a positive trend in 2H.2024 thanks to:

- Domestic economic policies leading to the recovery trend of consumer demand including: maintaining VAT rate of 8% until the end of 2024, increasing the basic salary from 7/2024,...
- Taking advantage of competitive advantages to expand customer base and market share, initially only recording growth in business output when demand has not improved significantly in 2024 and maintaining growth momentum thanks to expectations of average unit price/order in 2025.

Recommended stocks: MWG, PNJ, MSN, VNM

Maintaining a consistent investment perspective of **stock picking** including (1) a group of stocks with potential to increase valuation from the prospects of business segments and (2) stocks that have been discounted to an attractive level.

Figure: Group of stocks with potential to increase valuation from business segment prospects

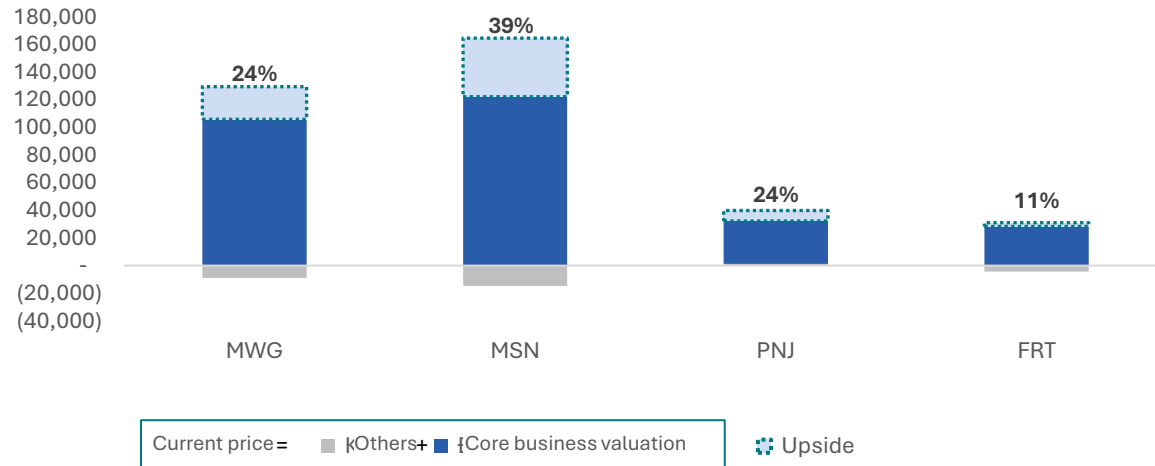
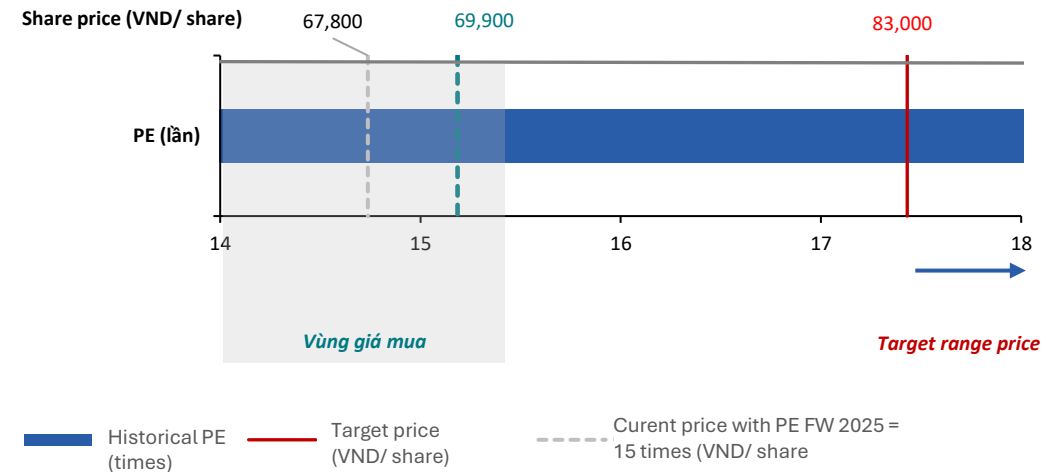


Figure: VNM stock price has been discounted to an attractive level compared to growth expectations and attractive dividend yield of ~5.5%



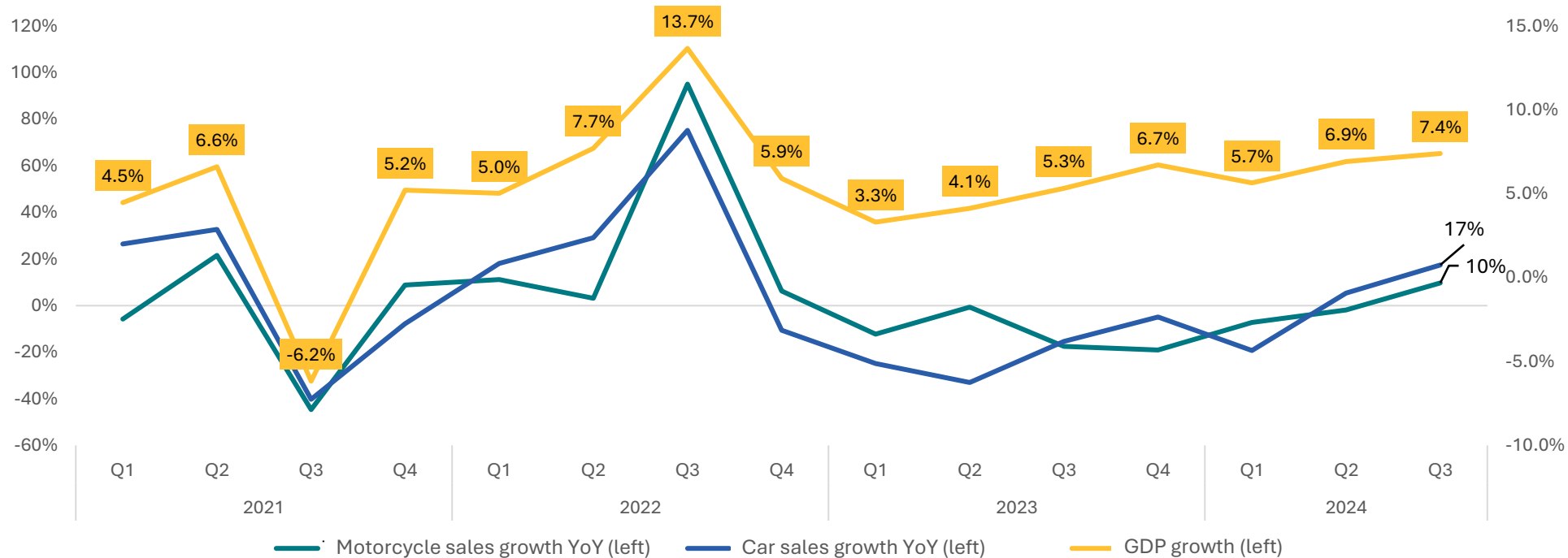


1. Car and motorbike sales are up.

In Q3/2024, automobile and motorbike sales in Vietnam reached 94.7 thousand units (+17% YoY, +20% QoQ) and 693.5 thousand units (+10% YoY, +17% QoQ), respectively, with positive sales growth after 6 consecutive quarters of negative growth, confirming the recovery trend.

These positive figures come from 1) GDP has recovered well in the last 4 quarters and 2) input material costs have decreased sharply (iron, steel, plastic, electronic chips, etc.), helping to cool down selling prices, stimulating demand. **We believe that the recovery trend in motorbike and car sales will continue** in 2H2024 and 2025 with GDP forecasts for 2024/2025 of 6.1% and 6.4%, respectively.([refer to BSC macro](#)).

For the first time, motorbike and car sales will return to positive growth after 6 quarters of negative growth.



Source: BSC Research, Honda Viet Nam, VAMA, Hyundai

2. Policy to reduce registration fees for domestically assembled cars.

In September - November 2024, domestically assembled cars will have their registration fees reduced by 50%. All reductions in registration fees have had a positive impact on the industry's sales. Referring to the 2H2023 reduction in registration fees, joint venture car sales (Honda, Ford, Toyota) recorded a decrease of -14% YoY, significantly narrowing compared to the -26% YoY decrease in 1H2023 (all with high comparison bases).

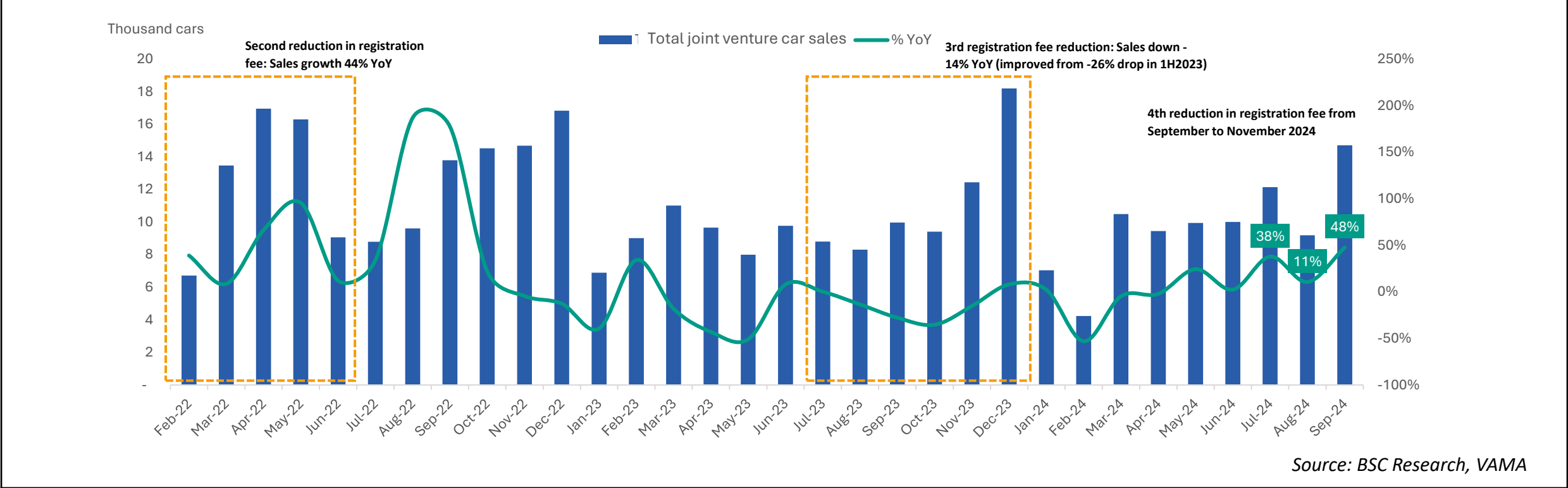
In the first month of the fourth policy, joint venture car sales grew strongly by 48% YoY, which could put pressure on imported cars that are not subject to this policy. **VEA will be one of the stocks that benefit.**

UPDATE VIEWPOINT

BSC changes its NEUTRAL view to POSITIVE for the auto industry in 2025 thanks to good sales recovery.

Recommended stock: VEA [\(Report reference\)](#)

Expectations that the 4th reduction in registration fees will help car sales make a breakthrough



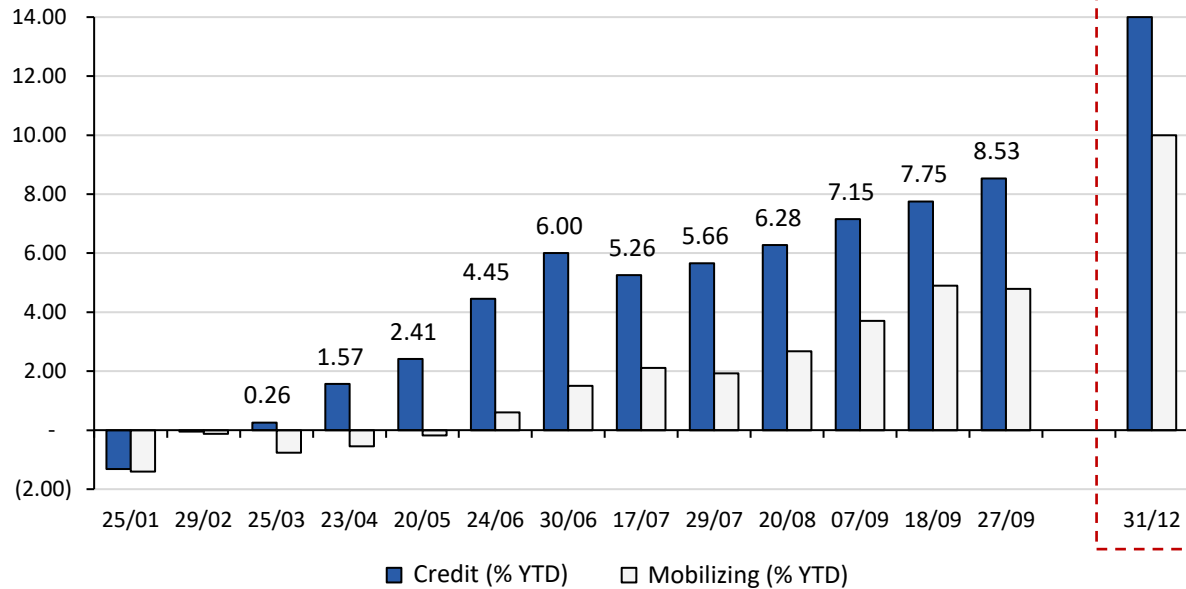


BANKING SECTOR

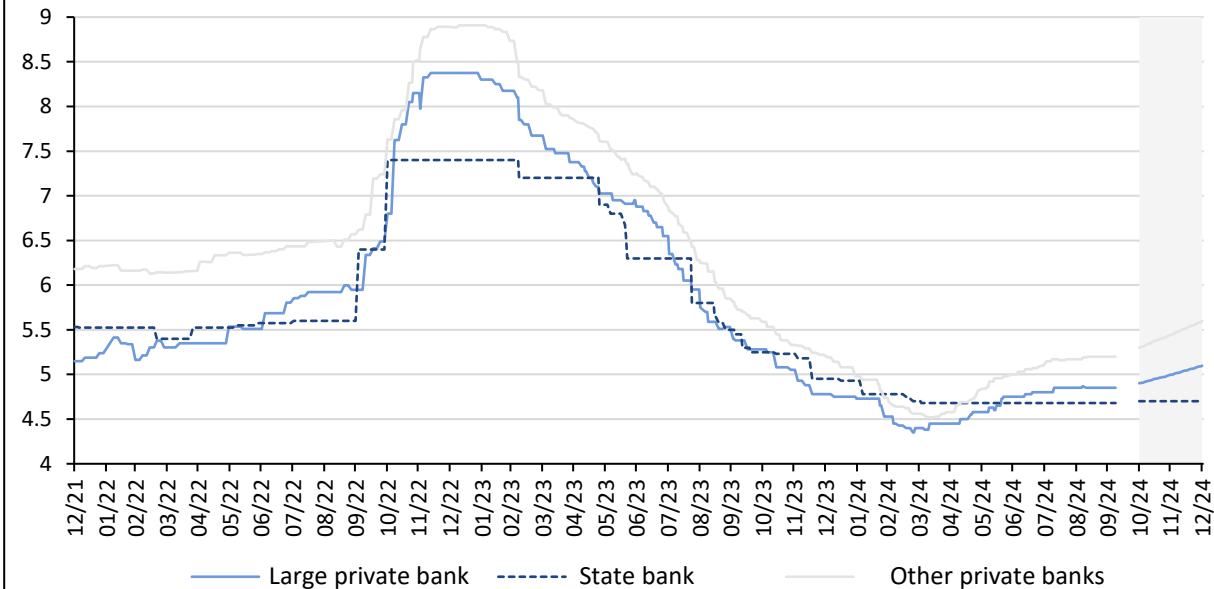
Credit growth is on track with the target of 14-15% for the whole year of 2024.

- As of 09/27/24, the credit growth and mobilization of the whole system are estimated to reach 8.53% and 4.79% YTD, respectively. This figure continues to be on track compared to the credit growth target of 14-15% in 2024 of the SBV. In addition, with the exchange rate pressure relieved, the SBV has stopped withdrawing treasury bills since the end of 08/24, but has continued to maintain liquidity injection through the OMO channel and kept the overnight interbank interest rate at a relatively high level in the last days of 09/24 (around 4% then gradually decreasing). BSC believes that this is consistent with the picture of accelerating credit.
- BSC maintains its forecast of 14% and 10% for credit growth and mobilization in 2024, respectively. The main driving force comes from the private sector, revolving around banks that benefit from credit limits after the SBV's adjustment document at the end of August 2024 such as ACB (forecast +15.6%), HDB (forecast +23.4%), MSB (forecast +19.2%), TCB (forecast +20.0%) and some other names that have advantages thanks to the takeover of weak credit institutions such as MBB (forecast +19.4%), VPB (forecast +24.0%).
- BSC believes that the economic growth target will be the priority of the regulatory agency in the last 3 months of the year, especially after the negative impact of Typhoon Yagi, so it is expected that the deposit interest rate of the state-owned banking group will be maintained at the current level until the end of the year (average of about 4.7% for a 12-month term), in line with the SBV's orientation in supporting the economy's borrowing needs. Note that the interest rate of the private banking group is still forecast to increase slightly until the end of the year as mentioned in the previous report.

Maintain forecasts for system-wide credit and deposit growth of 14% and 10% respectively in 2024



Listed deposit interest rates for SMEs of state-owned banks are expected to remain at the current level until the end of the year.

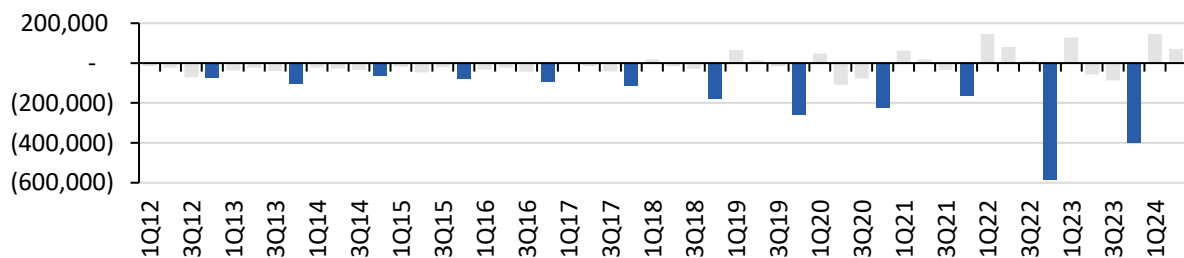




Besides private credit, there are expected to be many drivers of increased money supply to the market in the last quarter of the year.

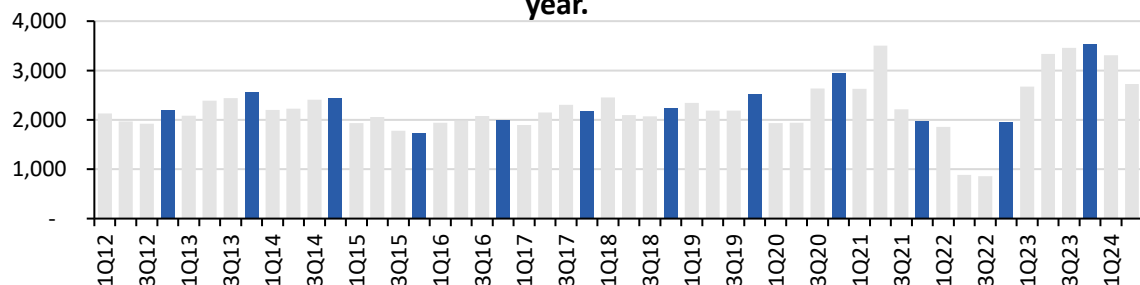
- In addition, compared to the record amount of deposits that the State Treasury left at state-owned banks reaching nearly 292 trillion VND at the end of Q2/24 (the highest level in the past 2 years), the growth in mobilization continued to increase steadily over the months and the balance of deposits of the State Treasury at commercial banks has been decreasing sharply since September 24 to early October 24, showing efforts to disburse public investment in the last period of the year, thereby releasing a certain amount of money into the economy.
- The increase in public investment in the last months of the year (which often causes the State budget balance to have a strong deficit in Q4 of each year) and the forecast of an increase in net foreign currency assets at commercial banks (thanks to the cooling exchange rate and the tendency of remittances to increase in Q4 to serve the holidays) are the basis for the forecast that the money supply to the market 1 will continue to increase in Q4/24, in addition to the driving force from private sector credit. Thereby, BSC believes that the growth in money supply (which is also the growth in mobilization) and credit growth will narrow the phase difference in the coming months, bringing higher sustainability to growth.

The state budget balance often has a strong deficit in the fourth quarter of each year.



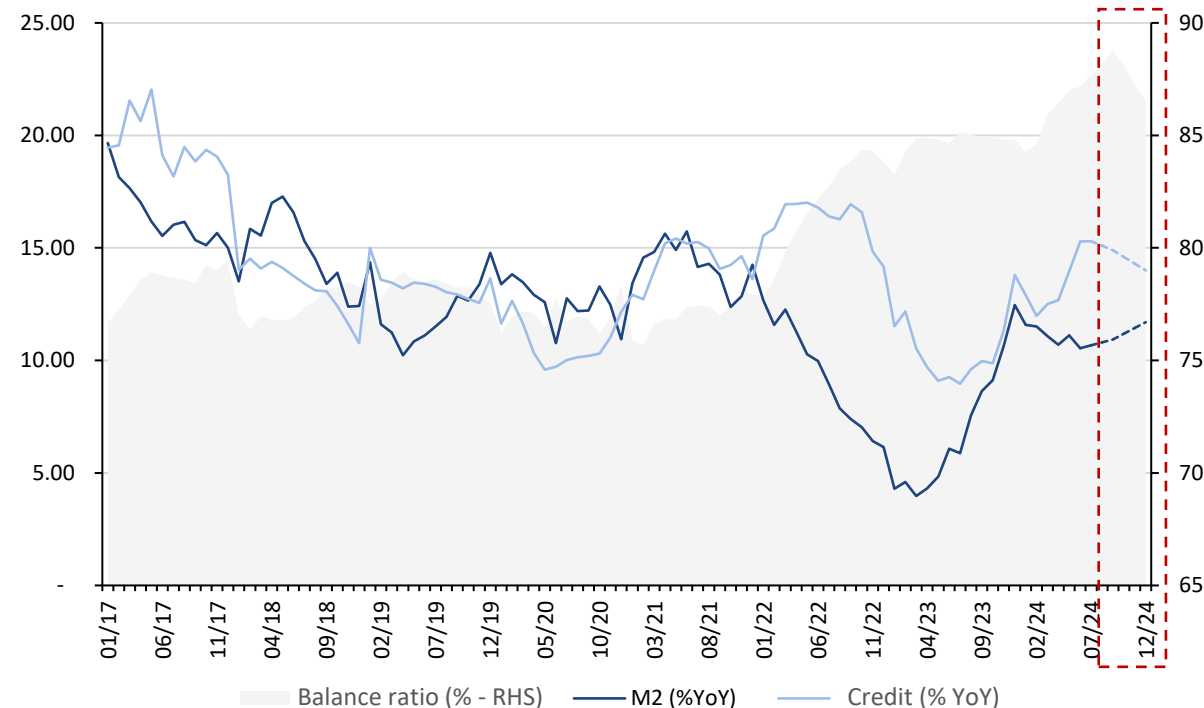
Unit: billion VND

Net remittances tend to be transferred in large amounts in Q4 of each year.



Source: SBV, MoF, IMF, BSC Research

The gap between money supply and credit growth is expected to narrow.



* Money supply forecasts are based on the latest [IMF Monetary Survey](#) released on 27 September 2024, with BSC adjusting its credit growth assumption to 14%.



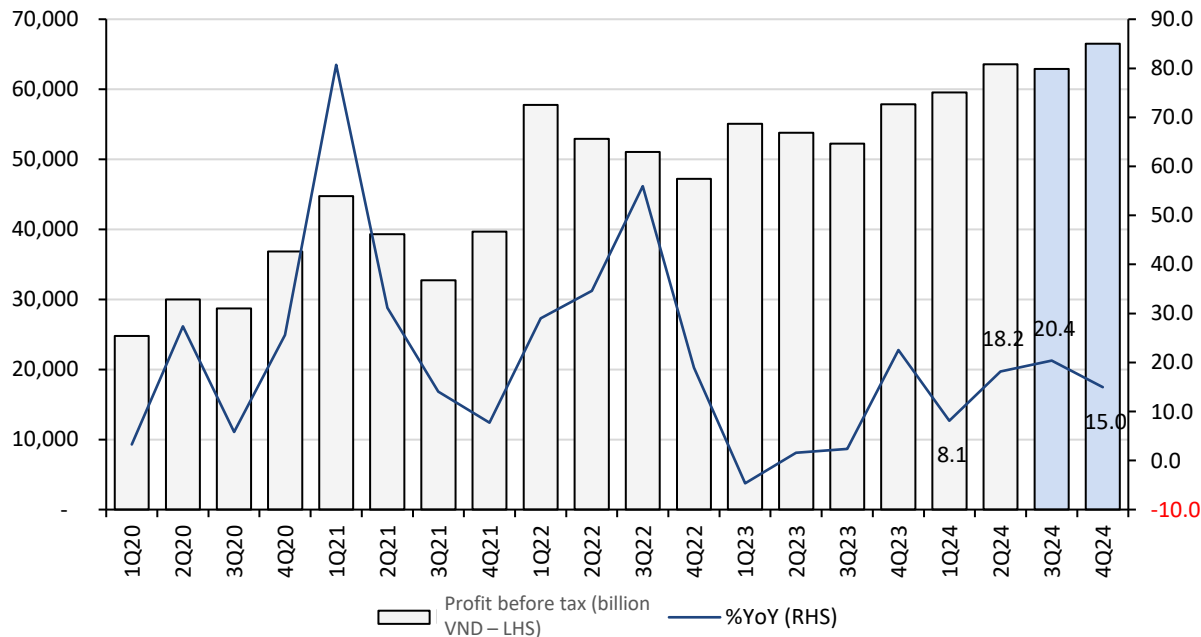
The banking industry's pre-tax profit is forecast to maintain positive growth compared to the same period in the last two quarters of the year, but there are few surprises.

- With a low base of profits recorded in Q3/23, BSC estimates that the total PBT of monitored banks in Q3/24 reached a high level of +20% YoY thanks to continued accelerating credit growth and industry average NIM. expected to go sideways. We basically maintain our forecast for total pre-tax profit growth in 2024F at +16% YoY, corresponding to a growth rate of +15% YoY in Q4/24.

The draft Circular of the SBV to support customers facing difficulties due to Typhoon Yagi helps limit the negative impact on the health of the banking system's balance sheet.

- In early October 2024, the SBV announced and is seeking comments on a draft Circular to support customers facing difficulties due to Typhoon Yagi. It is estimated that the total outstanding debt affected by Typhoon Yagi is about 165 trillion VND (accounting for 1.16% of the system's credit as of mid-September 2024). In comparison with Circular 02 of the same nature, the SBV said that the total restructured debt of the entire system is currently 230 trillion VND (accounting for 1.62% of the system's credit).
- BSC believes that this Draft is more supportive for banks as: **(1)** debt repayment terms are restructured multiple times, **(2)** for both current and overdue debts, and **(3)** taking into account indirect causes such as customers' partners. With this support policy, BSC believes that the impact of storm damage on banks' balance sheets will be low, thus not having a significant impact on the 2024F forecast.

Profit before tax forecast of BSC's watchlist in the last 2 quarters of the year remains positive despite few surprises



Draft Circular to support customers facing difficulties due to storm No. 3 (storm Yagi)

Object	Customers in 26 provinces and cities in the North and Central regions (specified in the Draft) are having difficulty repaying their debts due to the impact of storm No. 3.
Restructuring debt repayment terms	Principal balance arising before September 7, 2024 and from lending and financial leasing activities. The obligation to repay principal and/or interest arises between September 7, 2024 and December 31, 2025.
	The outstanding balance of the debt with restructured repayment term is within the due date or overdue up to 10 days from the due date.
	For outstanding debts that are overdue for more than 10 days between September 7, 2024 and the effective date of this Circular, credit institutions are allowed to restructure the debt repayment period once.
	The customer is assessed by the credit institution to be facing difficulties because: (1) the customer is directly affected by storm No. 3; or (2) the customer's partner is affected and therefore cannot fully fulfill its commitments and agreements with the customer.
	Customers are assessed by credit institutions as: (1) having the ability to fully repay the principal and/or interest according to the restructured repayment period; or (2) customers need time to rebuild a business recovery plan, in which case the review will be carried out within the first 03 months from the effective date of this Circular and the debt repayment period will not exceed 01 year from the date of restructuring.
Time of application	The review of debt repayment term restructuring is carried out from the effective date of this Circular until December 31, 2025 and there is no limit on the number of times the debt repayment term can be restructured (except for the case mentioned above).
Structure term	The final repayment date of the restructured debt balance (including debt extension) shall not exceed December 31, 2026.
Interest receivable	From the date of restructuring, credit institutions do not have to account for income (accrued revenue) but monitor it off-balance sheet, only accounting for income Source it is received according to legal regulations.
Provisions	Not mentioned.

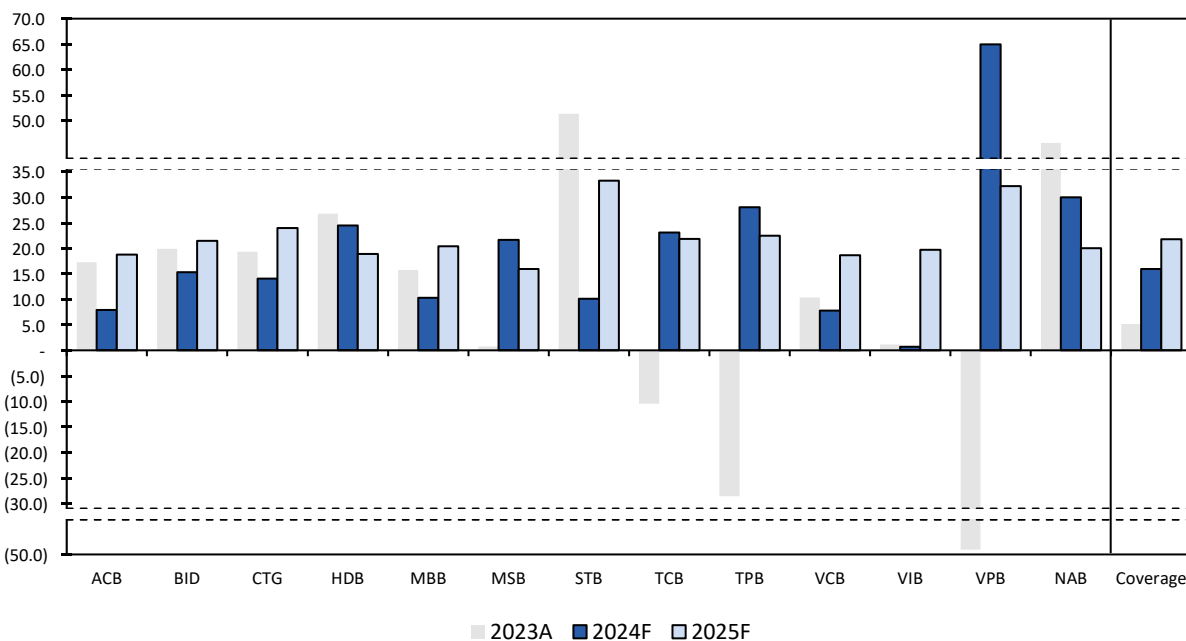
Source: NHNN, BSC Research



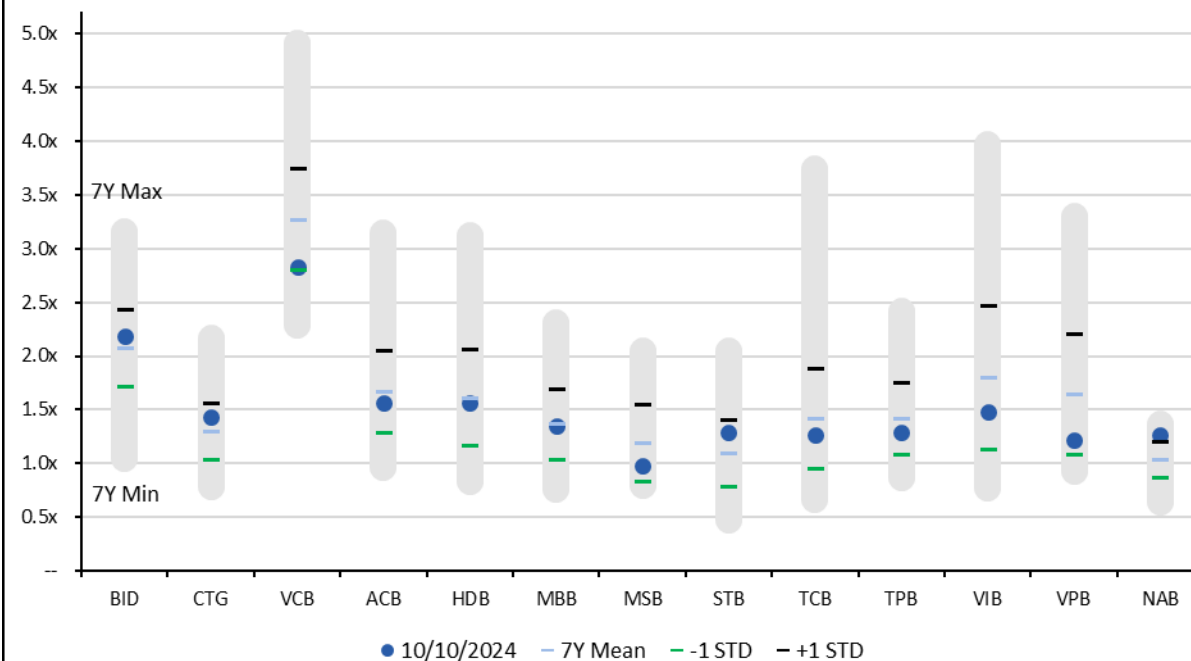
UPDATE VIEWPOINT 2024F-2025F:

- With no significant changes to the profit forecast for the rest of 2024, BSC maintains a **NEUTRAL** view on the industry's profit outlook.
- Looking to 2025, we continue to give a **POSITIVE** view with a forecast of +22% YoY growth in pre-tax profit for the list of banks under our watch list. Some names that BSC forecasts will record outstanding profit growth next year include CTG (forecast +24%), MBB (forecast +20%), STB (forecast +33%), TCB (forecast +22%), VPB (forecast +32%).
- The core drivers will come from **(1)** more favorable domestic monetary policy thanks to the reduction of exchange rate pressure, the cooling of interest rate competition in the industry, and **(2)** the improved debt repayment capacity of retail customers following the recovery of economic growth, helping to reduce pressure on newly formed bad debts as well as provisioning costs.
- In terms of valuation, BSC continues to believe that the growth prospects next year have not been reflected in stock prices as many banks are currently priced relatively low compared to history. Therefore, we still recommend accumulating bank stocks for a medium- and long-term vision even though the short-term profit growth prospects have not been surprising. Banks with strong and sustainable growth momentum, while not yet being paid appropriate valuations such as ACB, CTG, MBB, TCB, VPB (often mentioned in monthly reports) are still BSC's priority.

2024F-2025F NPAT growth forecast (%) of the watchlist is 16% and 22% YoY respectively



Valuations of many bank stocks are still in attractive range.





RECOMMENDATION

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