

19 Oct 2022

Tien Phong Securities (ORS)

Improvement in FVTPL performance

On October 18th, Tien Phong Securities (ORS) announced financial report for 3Q22. Revenue was VND550bn (-17% qoq, +57% yoy) and net profit was VND71bn (+138% yoy). In 9M22, ORS recorded a VND2,022.6bn revenue (+127% yoy) and a VND163bn net profit (-9.6% yoy). The company completed 102% of revenue guidance but lagged behind profit guidance by 33% due to a large loss in 2Q22.

The improvement in FVTPL performance

- ORS lifted up their FVTPL balance to VND1,217bn (+58.4% qoq) by focusing to leverage deposit balance (+153% qoq), unlisted share balance (+171% qoq) in 3Q22. Unlisted bond slightly declined in 3Q22 since this segment caused a big loss in 2Q22. Up to Sep-22, unlisted bond balance was VND71.5bn (-90.6% YTD).
- FVTPL performance was back to green with VND12bn in 3Q22. Of which, 3Q22 realized loss from selling FVTPL assets was VND109.3bn, 40% lower than VND194bn loss in previous quarter. The reason for this improvement lied in the controlled loss. In this quarter, ORS recorded flat profit in selling listed stock and VND113bn loss in selling unlisted bond.
- Another improvement was revenue from dividends and interest from holding FVTPL asset. With the increasing balance in deposit certificates, 3Q22 revenue from this source recorded VND151bn (+24% qoq, +380% yoy).

IB revenue drop and custody services revenue boom

- Corporate bond market in 3Q22 maintained quiet and IB revenue dropped significantly to VND78bn (-65% qoq, -44% yoy).
- Business result was saved by a big book in custody services revenue. ORS recorded VND167bn in custody service (+92.4% qoq, +160% yoy).
- Other revenue sources from brokerage, margin lending and HTM income have insignificant quarter-over-quarter changes.

	2017A	2018A	2019A	2020A	2021A
Net Revenue (VND bn)	17.9	20.6	173.4	390.1	540.9
chg. (% YoY)	34.6	15.3	742.0	125.0	38.7
EBT (VND bn)	(3.0)	(10.7)	50.9	103.7	175.5
Net profit (VND bn)	(3.0)	(10.7)	54.4	89.3	150.6
BPS (VND)	2,858	2,370	6,781	9,605	10,860
EPS (VND)	(125)	(444)	1,359	893	1,053
PB (x)	5.2	6.3	2.2	1.6	1.4
PE (x)	(119.5)	(33.5)	11.0	16.7	14.1
ROA (%)	(0.7)	(4.1)	27.2	7.1	6.1
ROE (%)	(4.3)	(17.0)	33.1	14.5	13.5

Source: Fiiipro, Company data, KIS

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Non-rated

Stock Data

VNIndex (19 Oct, pt)	1,060
Stock price (19 Oct, VND)	9,630
Market cap (USD mn)	79
Shares outstanding (mn)	200
52-Week high/low (VND)	34,100/9,120
6M avg. daily turnover (USD mn)	1.03
Free float / Foreign ownership (%)	82.3/6

Major shareholders (%)

Tien Phong Bank	9.01
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Source: Company data

Performance

	1M	6M	12M
Absolute (%)	(25.9)	(56.0)	(66.7)
Relative to VNIndex (%p)	(14.0)	(32.2)	(43.7)

Stock price trend



Source: Bloomberg

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Table 1. Quarterly earnings

(VND bn, %)

	3Q21	3Q22	YoY	9M21	9M22	YoY
Operating income	350.8	550.0	56.8	891.7	2,022.6	126.8
FVTPL gain	98.8	243.6	146.5	207.5	841.3	305.5
HTM income	0.2	4.4	1,850.8	0.2	12.9	5,492.7
AFS income	0.0	0.0	n.a	0.0	0.0	n/a
Loans and receivables	25.9	40.1	55.0	39.1	134.3	243.2
Brokerage	21.0	15.3	(27.1)	55.7	58.2	4.4
IB	140.2	78.1	(44.3)	449.5	674.5	50.1
Others (inc. custody services)	64.6	168.6	160.9	139.6	301.4	115.8
Operating expenses	223.7	353.9	58.3	486.2	1,477.6	203.9
FVTPL loss	96.2	231.9	141.0	195.9	982.1	401.4
AFS loss and revaluation	0.0	0.0	n/a	0.0	0.0	n/a
Prop trading expenses	0.0	1.0	6,701.7	0.0	3.2	16,019.8
Provision and interest expenses	0.0	0.0	n/a	0.0	0.0	n/a
Brokerage expenses	28.7	22.0	(23.3)	52.5	70.8	35.0
IB expenses	53.2	21.3	(60.0)	146.8	142.3	(3.1)
Others (inc. custody services)	45.5	77.7	70.9	91.1	279.2	206.4
Gross Profit	127.1	196.0	54.2	405.4	545.1	34.4
Financial activities	(51.7)	(68.0)	n/a	(118.2)	(217.9)	n/a
Revenue	0.4	0.3	(22.9)	0.9	1.2	32.1
Expenses	52.1	68.3	31.0	119.1	219.1	84.0
SG&A expenses	28.6	39.5	38.0	69.8	120.0	71.9
Operating profit	46.8	88.5	89.3	217.5	207.2	(4.7)
Other income	0.3	(0.2)	n/a	5.1	(0.4)	n/a
Earnings before tax	47.1	88.3	87.4	222.6	206.8	(7.1)
Earning after tax	29.7	70.6	137.7	180.3	163.0	(9.6)

Source: Company data, Korea Investment & Securities

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