

# Xin Chao Vietnam

## Market performance

	07 May	1D	1M	3M	YTD
VNIndex (pt, % chg.)	782.59	2.41	6.22	(16.62)	(18.56)
Turnover (VND bn)	6,372				
VN30 (pt, % chg.)	725.94	2.10	6.34	(15.87)	(17.42)

## Major indicators

	07 May	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	1.72	(0.05)	(0.74)	0.06	0.28
3-yr gov't bonds (% bp chg.)	2.04	0.04	(0.66)	0.02	0.37
VND/USD (% chg.)	23,413	0.04	0.17	(0.83)	(1.03)
VND/JPY (% chg.)	22,038	(0.24)	(2.55)	(4.21)	(3.24)
VND/EUR (% chg.)	25,398	0.63	(0.08)	0.59	2.28
VND/CNY (% chg.)	3,300	0.48	0.23	0.93	0.84
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.67	0.01	0.00	(0.97)	(1.24)
WTI (USD/bbl, % chg.)	25.43	3.54	(2.49)	(50.09)	(58.35)
Gold (USD/oz, % chg.)	31.75	2.52	(3.93)	(42.20)	(51.89)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
SAVICO	73.87	FPT Corp	(17.93)
VietinBank	24.61	Nam Kim Steel	(4.23)
Vinhomes	16.09	TANIMEX	(3.19)
Khang Dien House	6.99	OPC Pharmaceutical	(3.17)
Hoa Phat Group	5.45	Mobile World Investment	(2.77)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
Hoa Sen Group	9.28	Vinhomes	(2,175.21)
VPBank	6.64	Sacombank	(40.62)
Digiworld Corporation	5.49	Vincom Retail	(27.30)
Petrolimex	4.48	VietinBank	(26.92)
Masan Group	4.32	Vietcombank	(14.98)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
NullGroup	6.58	Consumer Services	(0.52)
Health Care	4.60	Software & Services	(0.23)
Technology	3.98	Household & Personal Products	0.00
Utilities	3.65	Pharmaceuticals	0.63
Energy	3.54	Transportation	0.94

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Members of Vingroup lead market higher
- **Preliminary result of support measures of the banking system to the economy:** The banking system also restructured the repayment schedule for a loan balance of VND130 tn, reduced or exempted interest payment for loans of VND29 tn, lowered interest rate for the existing loan balance of VND980 tn, and made approximately VND500 tn with the preferential interest rates
- **PLX:** Oil price reduction is the main factor

### Sector & company report

- **Binh Minh Plastic (BMP):** 1Q20 review
- **MBBank (MBB):** 1Q20 review

## KIS market view

	OP (VND bn)	NP (VND bn)	EPS growth (% yoy)	PE (x)	PB (x)	EV/EBITDA (x)	ROE (x)
2018	186,396	115,391	35.3	14.7	2.7	14.0	18.2
2019	231,781	139,009	23.3	13.3	2.4	11.1	17.7
2020F	239,645	133,501	(6.3)	11.4	1.7	8.5	14.7
2021F	294,159	164,644	24.9	9.1	1.4	6.2	15.8

Note: KIS Universe coverage of 35 companies that account for 58% of all listed (VNIndex) firms' earnings based on the past three-year average

## Macro forecast

	2Q19	3Q19	4Q19	1Q20	2019	2020F	2021F
GDP (% yoy)	6.7	7.3	7.0	3.8	7.0	5.9	7.4
Current account (USD bn)	n.a	n.a	n.a	n.a	4.0	1.8	2.1
CPI (% yoy)	2.1	2.0	5.2	4.9	5.2	4.0	3.5
Refinancing rate (% EoP)	6.25	6.00	6.00	5.00	6.00	5.85	5.75
VND/USD (avg.)	23,306	23,213	23,195	23,240	23,236	24,000	23,200
US GDP (% yoy) *	2.0	2.1	2.1	1.0	2.3	-3.5	3.8
China GDP (% yoy) *	6.2	6.0	6.0	-6.8	6.1	3.0	6.5

Note: \* Data compiled by Bloomberg

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## Market commentary & News

### Market commentary

#### Members of Vingroup lead market higher

Hieu Tran  
hieu.ttm@kisvn.vn

Vietnam stock market jumped yesterday after the global financial market continued its uptrend this week.

At the close, the VNIndex gained 2.41% to close at 782.5 pts. Trading volume increased to 272.4 million shares or VND6,372bn.

Foreign investors continued to sell with a net value of VND2,380bn on HSX. They sold heavily VHM, STB, VRE with net values of VND2,175bn, VND40.6bn, and VND27.3bn, respectively.

Cash flowed into members of the Vingroup, such as VIC (+2.5%), VHM (+5.3%), and VRE (+6.2%). In which, foreigners sold a net 35.8mn shares of VHM by put through transactions.

Besides, Energy stocks outperformed the benchmark index, namely GAS (+4.7%), PVT (+2.6%), PVD (+2.1%), PVS (+2.5%), and PLX (+3.8%) due to the rebound of the global oil price.

Notable, CTD limited up thanks to its higher-than-expected business result in 1Q20.

In contrast, HDB (-1.2%), KBC (-1.6%), AAA (-1.2%), and BMP (-1.4%) closed in red territory.

Technically speaking, the short-term uptrend is confirmed as the VNIndex has broken out the medium-term moving average (50-day moving average). Therefore, traders can increase long positions and focus on leading stocks.

### Breaking news

#### ► Preliminary result of support measures of the banking system to the economy

In the regular government meeting for the socio-economic development in April 2020 on Tuesday, the banking system gave out a groundbreaking result of several support measures to households and businesses heavily affected by the COVID-19 pandemic. As of 28 April, the total credit to the economy grew by 1.32% YTD. More importantly, the banking system also restructured the repayment schedule for a loan balance of VND130 tn, reduced or exempted interest payment for loans of VND29 tn, lowered interest rate for the existing loan balance of VND980 tn, and made approximately VND500 tn with the preferential interest rates. (State Bank of Vietnam)

#### ► PLX: Oil price reduction is the main factor

PLX explained that the significant decrease of profit after tax driven by the reduction of oil price (WTI). Besides, petrol and oil sales volume in the entire Petrolimex system decreased by 10% Yoy due to the impact of Covid-19 epidemic. Additionally, the profit of PLX's subsidiaries also dropped significantly. (Petrolimex)

## Sector & company

### Binh Minh Plastic (BMP)

#### HOLD (Maintain)

#### 1Q20 review: COVID-19 cannot stop Binh Minh

Vinh Chu  
vinh.cd@kisvn.vn

#### ► Facts: Strong output, consistent OP

Binh Minh sold 24.3k tonnes of plastic pipe, growing by 10.1% YoY, so that net revenue came in at VND1,020bn, up 9.5% YoY. Thanks to lower input cost, gross margin expanded to 24.1% from 22.1% in 4Q19 and 22.6% in 1Q19. However, OP was flat at VND136bn due to higher proportion of selling expense as % of revenue from 8.0% in 1Q19 to 10.7% in 1Q20. Combined with additional VND17bn of interest income, NPAT of controlling interest reached VND102bn, up 12.3% YoY.

► Pros & Cons: Falling input cost to buoy 2Q20

Given a weak construction industry and COVID-19 impact, we believe the strong selling volume of Binh Minh came from (1) individuals are main customers and directly accounted for 97% of total sales in 1Q20 and (2) an aggressive selling promotion. We estimate that proportion of total discount (trade discount + sales discount + settlement discount) as % of revenue increased from 5.1% in 1Q19 and 5.9% in 4Q19 to 8.4% in 1Q20. The company said that it might have gained more 1-2% market share in 1Q20.

We expect positive results of both revenue and gross margin in 2Q20. Binh Minh has shared that output volume still grew by 6% YoY even during national lockdown in April. Meanwhile, Binh Minh has also expected input cost to decrease by 20-30% QoQ

► Action: HOLD recommendation

For 2020, we estimate BMP to record revenue and net profit at VND4,558bn and VND488bn, up 5.0% YoY and 15.8% YoY respectively based on aggressive promotion program to gain market share and lower input cost. As oversupply situation can remain until 2023, we maintain our HOLD recommendation.

## **MBBank (MBB)**

**BUY (Maintain), TP VND25,600**

**1Q20 review: Admit short-term pain**

Yen Tran  
yen.tt@kisvn.vn

► Facts: 1Q20 NP down 8% yoy

1Q20 NP decreased by 8% yoy to VND1.7tn as MBB lifted credit provision to VND2.1tn (+117% yoy) upon cloudy economy picture. NII grew 14% yoy but was down 4% qoq. Non-interest income showed a growth of 25% yoy thanks to securities investments and bancassurance but dropped by 9% against 4Q19 given weak NFI and recovery of written-off debts.

► Pros & Cons: Scale down risky businesses and emphasize non-interest income sources

Total credit tapered by 1.47% qoq to VND262tn. Overdue ratio escalated to 3.5%, up 1.2 %p qoq and NPL ratio mounted to 1.6%, up 0.5 %p qoq. Both parent bank and MCredit faced shrinking credit and buoyant late payment. MBB said that COVID-19 restructured debts were insignificant, which provides a transparent assets quality in 1Q20 and obvious outlook for coming quarters. We expect MBB to contain NPL ratio at 1.5% at parent bank and 10.5% at MCredit with a credit cost of 2.8% in 2020.

Customer deposit dipped 12% qoq to VND241tn, driving customer loan to customer deposit ratio peaked at 103%. Main dragger was 22% qoq plummet in CASA since enterprises must spent for working capital amid declining revenue condition. We expect the CASA stream to return since 2Q20 following lockdown removal decision on 23 April but may be still below the 4Q19 level. Given that, we raise 2020F valuable papers mobilization to reached VND43.3tn, up VND17tn from end-2019 level.

► Action: Reiterate BUY

Despite trimming TP to VND25,600, we reiterate BUY. 2020F NP is expected at VND7.2tn, down 11% yoy given slimmer NIM and higher credit cost. Lending and mobilization are forecasted to increase healthily since 3Q20. CASA ratio may rally to 32% from 1Q20 level of 30%, preserving top three highest CASA position vs. peers. Since MBB straightly admitted high overdue ratio right in the first quarter, we believe the credit cost may be well contained since 4Q20.

*Please click on the underlined companies and sectors to see the full reports.*

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- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

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