

Xin Chao Vietnam

Market performance

	12 May	1D	1M	3M	YTD
VNIndex (pt, % chg.)	835.32	0.8	10.2	(10.9)	(13.1)
Turnover (VND bn)	5,794				
VN30 (pt, % chg.)	782.45	0.7	12.5	(9.4)	(11.0)

Major indicators

	12 May	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	1.59	(0.0)	(0.6)	(0.1)	0.2
3-yr govt bonds (% bp chg.)	1.95	0.0	(0.4)	(0.1)	0.3
VND/USD (% chg.)	23,396	(0.3)	0.2	(0.7)	(1.0)
VND/JPY (% chg.)	21,707	(0.2)	0.2	(2.8)	(1.8)
VND/EUR (% chg.)	25,167	0.6	1.8	0.8	3.2
VND/CNY (% chg.)	3,291	(0.1)	1.0	1.2	1.1
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.71	0.0	(0.0)	(0.9)	(1.2)
WTI (USD/bbl, % chg.)	25.06	3.8	10.1	(51.0)	(59.0)
Gold (USD/oz, % chg.)	30.18	1.9	(4.1)	(45.9)	(54.3)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
E1VFN30	18.2	PHR	(38.7)
POW	9.1	HPG	(27.1)
TCB	7.9	FPT	(26.5)
PTB	5.6	MWG	(22.0)
VJC	4.9	CII	(20.4)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	155.0	VIC	(48.4)
VCB	69.5	HRC	(36.2)
VPB	58.3	VRE	(32.5)
KDH	49.4	POW	(31.2)
VHM	11.0	BVH	(22.0)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Consumer Durables	6.0	Telecommunication	(6.3)
Household Products	4.0	Retailing	(1.8)
Insurance	3.1	Health Care	(1.5)
Consumer Services	2.8	Real Estate	(0.2)
Energy	2.6	Transportation	(0.1)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** VNM leads market gains
- **SBV:** State Bank of Vietnam lowers policy rates supporting the economy
- **VNM:** 275,000 shares are registered to sell

Sector & company report

- **Viglacera (VGC):** 1Q20 review
- **Techcombank (TCB):** 1Q20 review
- **Masan Group (MSN):** 1Q20 review

New listing & Public offerings

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)	12.8	1.9	9.5	14.7
2021F	294,159	164,644	24.9	10.2	1.6	6.9	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)	6.3	6.0	6.0	5.0	6.0	5.9	5.8
VND/USD (avg.)	23,306	23,213	23,195	23,240	23,236	24,000	23,200
US GDP (% qoq)	(3.2)	(27.3)	9.0	6.4	2.3	(4.5)	3.6
China GDP (% yoy)	(6.8)	1.2	5.1	6.0	6.1	1.8	8.0

Note: * Data compiled by Bloomberg

Analysts who prepared this report are registered as research analysts in Vietnam but not in any other jurisdiction, including the U.S.
PLEASE SEE ANALYST CERTIFICATIONS AND GLOBAL DISCLAIMER AT THE END OF THIS REPORT.

Market commentary & News

Market commentary

VNM leads market gains

Hieu Tran
hieu.ttm@kisvn.vn

Vietnam stock market recorded fifth consecutive gaining sessions amid the State Bank of Vietnam (SBV) decided to reduce interest rate. Particularly, annual refinancing rate has been cut by 0.5% to 5%, rediscount rate (from 3.5% to 3%), and overnight interbank rate (from 6% to 5.5%)

At the close, the VNIndex gained 0.84% to close at 835.3 pts. Trading volume decreased to 322 million shares or VND5,794bn.

Foreign investors reversed to buy with a net value of VND95bn on HSX. They bought VNM the most with a net value of VND155bn.

Energy was still the market leader thanks to GAS (+0.3%), PVT (+1.4%), PVD (+1.4%), PVS (+1.6%), POW (+2.5%), PLX (2.8%), and BSR (+3.2%). The local fuel price is expected increase today.

Notably, VNM surged by 5% due to the process of buying 17,5 million treasury shares from 21 May to 20 Jun 2020.

Besides, HSG limited up as a positive business result in Apr.

In contrast, few constituents of the VN30Index slumped more than 1% such as HPG (-1.2%), MSN (-1.7%), MWG (-2.0%), NVL (-2.4%), ROS (-1.1%), SBT (-2.0%), and VJC (-1.0%).

Due to the bullish sentiment market, the short-term uptrend has been still intact. Therefore, traders can increase long positions and focus on leading stocks.

Breaking news

- ▶ SBV: State Bank of Vietnam lowers policy rates supporting the economy

In the context that the COVID-19 pandemic has affected severely to households and businesses, the State Bank of Vietnam (SBV) announced an additional policy rate cut as efforts to support the economy to recover quickly. According to the Decision No. 918/QD-NHNN, SBV decided to lower refinancing rate from 5.0% to 4.5%, rediscount rate from 3.5% to 3.0%, discount window rate from 6% to 5.5%. Furthermore, they also reduced the lending rate on repurchase agreement from 3.5% to 3.0%. Most importantly, the policymaker strongly cut the dong-denominated maximum interest rates from 0.5% to 0.2% for demand deposits, from 4.75% to 4.25% for deposits with terms from 1 to less than 6 months. (State Bank of Vietnam)

- ▶ VNM: 275,000 shares are registered to sell

SIC has registered to sell 275,000 shares of VNM via orders matching or put-through method. The transaction is expected to be conducted from 15 May to 12 June 2020. (HOSE)

Sector & company

Viglacera (VGC)

BUY (Maintain), TP VND20,600

1Q20 review: Industrial parks on fire

Vinh Chu
vinh.cd@kisvn.vn

- ▶ Facts: Materials and industrial parks see divergence

Viglacera released 1Q20 revenue of VND2,374bn, up 4.6% YoY. While properties revenue grew to VND907bn, up 28.1% YoY and driven by industrial parks, material one contracted to VND1,467bn, down 6.0% YoY and of which (1) tile was VND496bn, down 10.9% YoY (2) terracotta was VND456bn, down 5.6% YoY (3) sanitary and glass were VND382bn, down 12.2% YoY.

Gross profit was VND534bn, up 9.1% YoY. For properties segment, gross profit soared to VND275bn, up 43.5% YoY. For

material, gross profit narrowed to VND258bn, down 13.0% YoY. However, SG&A was VND278bn, up 23.4% YoY and which we estimate that of material segment increased by 29.5% YoY while properties segment increased by 14.7% YoY. As the result, NPAT of controlling interest went flat YoY at VND159bn.

► Pros & Cons: Industrials park continues to bear fruit

We believe the poor performance of material segment is due to weak construction industry amid COVID-19 pandemic. For properties segment, amazing results came from pre-sales contracts in 2019, of which short-term advances from customers was VND1,816bn, up 129.6% YoY, and long-term unrealized revenue was stable at VND2,910bn.

In 2Q20, we expect material segment will continue to slow down because of COVID-19-derived weak demand but properties segment will keep growing. Even though registered and disbursed FDI of manufacturing sector in 4M20 plunged by 43% YoY and 9.6% YoY, large short-term advances which we estimate at around VND1,700bn at the end of 1Q20 will guarantee 2020 profit.

► Action: BUY recommendation

For 2020, we estimate VGC to record revenue of VND9,761bn, down 3.8% YoY, and net profit of VND658bn, up 1.5% YoY. We believe Viglacera will be a beneficiary of the away-from-China resettlement of the global producers. Using sum of the parts method, we evaluate VGC share at VND20,600 by the end of 2020. Including the VND1,000 cash dividend per share, total expected return is 27.7% at the current price of VND16,900. Therefore, we maintain BUY.

Techcombank (TCB)

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

1Q20 review: NIM improves despite of difficulties

Yen Tran
yen.tt@kisvn.vn

► Facts: Non-interest income skyrockets, NIM up 22bps qoq

TCB reported 1Q20 controlling-interest NP at VND2.5tn, up 20% yoy on revenue of VND6tn, up 37% yoy. Of which, NII made up VND4.2tn, up 23% yoy, while non-interest income skyrocketed by 89% yoy to VND1.8tn, which was driven by 1) IB activities, producing VND290bn underwriting fee (5.5x vs. 1Q19), 2) transaction banking with a net fee of VND335bn, up 39% yoy, 3) impressive fund management with a fee of VND64bn (2x vs. 1Q19) on magnifying AUM (~160% yoy) and 4) gain on securities investment and trading of VND631bn (+324% yoy).

Notably, NIM improved by 22bps qoq to 4.74% given contrary movements of funding cost (-4bps qoq) and asset yield (+21bps qoq). Total credit grew 3.7% ytd and total mobilization including deposit and valuable papers increased by 1.53% ytd. OPEX were well-controlled with CIR at 35%, same with 4Q19 but was down 1.15 %p against 1Q19, while credit provision swelled to VND772bn, up VND460bn qoq and up VND605bn yoy.

► Pros & Cons: Mortgage lending and IB business to keep it up

We believe positive 1Q20 NIM movement was because house handover of Vinhomes projects (such as Vinhomes Ocean Park, Vinhomes Smart City, Vincity Grand Park etc.) had ended preferable interest rates period of the bank's mortgage loans. The trend is expected to continue in 2Q20 following massive delivery of the above projects and will offset pressure from restructured COVID-19 impacted loans. 2020F NIM is forecast at 4.52%, up 11bps yoy.

Since corporates may accelerate bond issuance before the Government imposes stricter regulations on corporate bond issuance via private placement and corporate bond investment of commercial banks, we expect TCB to achieve a non-interest income of ~VND1.5tn in the next three quarters.

► Action: Reiterate BUY

Despite of concerns on high concentrate risk, the ability to maximize income per client among its wholesale clients' value chain make us maintain BUY with TP of VND23,800.

Masan Group (MSN)**BUY (Maintain), TP VND77,000****1Q20 review: Masan Consumer to lead recovery in 2Q****Toan Dao**
toan.dp@kisvn.vn

- Facts: Masan Group recorded loss in 1Q20

In 1Q20, Masan Group recorded net revenue of VND17,638bn, increasing 116% yoy, driven by the consolidation of VND8,708bn of VinCommerce and Masan Consumer organic growth of +16.3% yoy. Masan MEATLife reached revenue of VND3,318bn, increasing 4% yoy, while Masan Resources recorded revenue of VND1,065bn, decreasing 10.4% yoy.

Despite posting 2x revenue growth, Masan Group recorded NPATMI loss of VND78bn in 1Q20 due to VinCommerce's negative EBITDA margin of -5.1%, MEATDeli's overheat input live hog price and yoy decrease of metal price.

- Pros & Cons: 2Q20 recovery by Masan Consumer

We estimate negative factors of 1Q20 including overheat live hog price, low metal price and VinCommerce's operational loss to continue to make an adverse impact on Masan Group's performance in 2Q20. However, we expect a strong recovery of the bottom line in 2Q20, based on following points:

(1) Masan Consumer's revenue to grow at double-digit rate, thanks to the acceleration of MT channel and the post-COVID-19 rebound of seasonings in HORECA channel (hotel, restaurant and catering).

(2) Masan Consumer's operating profit margin to widen thanks to larger revenue portion of seasonings, which have higher profit margin than convenience food.

(3) VinCommerce to see EBITDA margin's improvement, driven by revenue ramp-up of stores opened in 2019, including 27 Vinmart stores and 1,192 Vinmart+ stores, and cost saving attempts, which we expect to go forward in the coming quarters.

- Action: Maintain BUY at TP of VND77,000

Despite of cautious views about live hog price and metal price, we expect Masan Consumer's profit growth in combination with VinCommerce's cost restructuring to lead Masan Group's profit recovery in 2Q20. We maintain BUY for MSN share with TP of VND77,000. Total expected return is 24%.

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

New listing & Public offerings

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
5/14/2020	BBH	Hoang Thach Joint Stock Bagging Company	UPCoM	20.5	2,047,932	26,800

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
5/15/2020	VIRESCO	Vinh Long Real Estate JSC	26.5	1,937,770	24,700	Whole lot sale
5/14/2020	DETESCO	Vietnam Economic and Technical Development JSC	53.0	5,269,432	10,800	Whole lot sale

■ Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance

- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

■ Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months

- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

■ Analyst Certification

I/We, as the research analyst/analysts who prepared this report, do hereby certify that the views expressed in this research report accurately reflect my/our personal views about the subject securities and issuers discussed in this report. I/We do hereby also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

Global Disclaimer

■ General

This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of KIS Vietnam Securities Corp., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of KIS Vietnam Securities Corp..

This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. KIS Vietnam Securities Corp. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. KIS Vietnam Securities Corp., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or KIS Vietnam Securities Corp. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.

■ Country-specific disclaimer

United States: This report is distributed in the U.S. by Korea Investment & Securities America, Inc., a member of FINRA/SIPC, and is only intended for major U.S. institutional investors as defined in Rule 15a-6(a)(2) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Korea Investment & Securities, Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Korea Investment & Securities America, Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. person absent registration or an applicable exemption from the registration requirement.

United Kingdom: This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

Hong Kong: This research report and marketing materials may be distributed in Hong Kong to institutional clients by Korea Investment & Securities Asia Limited (KISA), a Hong Kong representative subsidiary of Korea Investment & Securities Co., Ltd., and may not otherwise be distributed to any other party. KISA provides equity sales service to institutional clients in Hong Kong for Korean securities under its sole discretion, and is thus solely responsible for provision of the aforementioned equity selling activities in Hong Kong. All requests by and correspondence with Hong Kong investors involving securities discussed in this report and marketing materials must be effected through KISA, which is registered with The Securities & Futures Commission (SFC) of Hong Kong. Korea Investment & Securities Co., Ltd. is not a registered financial institution under Hong Kong's SFC.

Singapore: This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Korea Investment & Securities Co., Ltd. has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person. Please contact Korea Investment & Securities Singapore Pte Ltd in respect of any matters arising from, or in connection with, the analysis or report (Contact Number: 65 6501 5600).

Copyright © 2020 KIS Vietnam Securities Corp.. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of KIS Vietnam Securities Corp..