

Xin Chao Vietnam

Market performance

	18 May	1D	1M	3M	YTD
VNIndex (pt, % chg.)	837.01	1.2	6.0	(9.8)	(12.9)
Turnover (VND bn)	4,444				
VN30 (pt, % chg.)	787.27	1.7	7.1	(8.6)	(10.4)

Major indicators

	18 May	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	1.59	0.0	(0.5)	(0.0)	0.2
3-yr govt bonds (% bp chg.)	1.94	0.0	(0.4)	0.1	0.3
VND/USD (% chg.)	23,340	0.0	0.5	(0.5)	(0.7)
VND/JPY (% chg.)	21,754	0.2	0.2	(2.8)	(2.0)
VND/EUR (% chg.)	25,288	(0.2)	0.7	(0.6)	2.7
VND/CNY (% chg.)	3,280	0.3	1.1	1.2	1.5
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.64	0.0	0.0	(0.9)	(1.3)
WTI (USD/bbl, % chg.)	31.33	6.5	71.5	(39.8)	(48.7)
Gold (USD/oz, % chg.)	34.01	4.6	21.1	(41.1)	(48.5)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	21.5	FUEVFNVD	(42.2)
VPB	11.1	SBT	(41.1)
VCB	6.4	CII	(13.7)
NKG	6.1	NT2	(6.3)
DBD	5.8	GEX	(4.6)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VPB	61.3	VHM	(37.5)
FUEVFNVD	42.1	BID	(26.7)
VCB	40.9	CTG	(17.8)
PLX	11.0	MSN	(16.4)
HPG	8.6	HDC	(14.3)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Media & Entertainment	6.9	Household Products	(2.4)
Materials	4.3	Software & Services	(1.5)
Retailing	3.6	Transportation	(0.5)
Utilities	2.6	Telecommunication	0.0
Banks	2.3	Real Estate	0.1

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** HPG limits up
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Macro & strategy

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Sector & company

- **Power Construction No.1 (PC1):** 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 (%)
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)	12.9	1.9	9.5	14.7
2021F	294,159	164,644	24.9	10.3	1.6	6.8	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)	(4.8)	(33.5)	15.0	7.5	2.3	(5.7)	4.0
China GDP (% yoy)	(6.8)	1.1	5.0	6.0	6.1	1.8	8.0

Note: * Data compiled by Bloomberg

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Market commentary & News

Market commentary

HPG limits up

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Vietnam stock market resumed its uptrend yesterday thanks to re-open businesses of economies and investors' excitement.

At the close, the VNIndex gained 1.21% to close at 837 pts. Meanwhile, trading volume decreased to 254 million shares or VND4,444bn.

Foreign investors reversed to sell with a net value of VND88bn on HSX. They sold VHM, BID, and CTG the most with net values of VND37bn, VND26bn, and VND17bn, respectively.

Banking was the market leader driven by CTG (+2.2%), VCB (+3.3%), HDB (+1.5%), TCB (+2.0%), VPB (+5.2%), and EIB (+1.6%).

After global oil prices rebounded, cash flowed into Energy sector namely GAS (+3.7%), PVT (+0.9%), PVD (+4.3%), PVS (+1.6%), POW (+1.0%), and PLX (+1.9%).

Moreover, Material stocks outperformed the benchmark index as HPG and HSG limited up because of their positive business results in 1Q20.

In contrast, some constituents of the VN30Index closed in red territory such as REE (-0.1%), ROS (-0.5%), SBT (-0.6%), STB (-0.7%), and VIC (-0.5%).

The market sentiment has become optimistic as the sharp rebound of the VNIndex. The short-term downside risk has reduced. Therefore, traders can increase long positions and focus on leading stocks.

Breaking news

- ▶ Vietnam GPD: The government lowers the 2020's targeted economic growth

At the 45th National Assembly Standing Committee meeting on Friday, the Minister of Planning and Investment proposed a newly revised plan of the 2020's socio-economic development, of which the severe economic impact of the COVID-19 pandemic would be accounted for in the economic growth target. Particularly, the base case for the 2020 GDP growth is adjusted lowered to 4.5%, reducing by 2.3% compared to in the previous assessment, while the figure for the best case is 5.4% if the domestic and global economies will recover quickly after the health crisis. Besides, the trade activities are also expected to reduce markedly as the trade value are revised down to 4% from 7% in the previous report, and the state budget deficit is projected to reach 4.75% as the government is planning to accelerate the government infrastructure investment nationwide in boosting the sluggish economy. (baochinhphu.vn)

- ▶ VHM: Establish new subsidiary

On May 15, Board of Directors of Vinhomes (HOSE: VHM) issued a decision to establish S-VIN Vietnam. Particularly, this enterprise has a chartered capital of VND1,032bn, of which VHM contributes VND1,012bn, accounted for 98.06% of S-VIN's charter capital. (Fiinpro)

Macro & strategy

Fundflow 11 – 15 May

MSN leads foreign activities

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- ▶ Vietnam foreign flow

Last week, foreign buying activities increased dramatically, recorded a net buy value of USD91.1mn, a one-year high.

Consumer Staples, Financials and IT attracted most foreign demand, recorded net buy value of USD117mn, USD13mn and USD0.8mn, respectively. Particularly, Consumer Staples and Financials' inflow mainly driven by MSN, VNM, CMX, VCB and VPB, fading strong selling on VCI and BVH. Most importantly, foreigners accumulated a net 39mn shares of MSN via put-through method. Besides, IT also attracted foreign buying activities thanks to large buy orders of DGW. On the contrary, Industrials and Real Estate kept experiencing an outflow, mainly driven by selling pressure on PC1, VJC, VIC and VRE. ▶ Chart: Wait for a confirmation signal.

▶ South East Asia ETF flow

South East Asia continued to experience an outflow, recorded the net outflow of USD6mn, up 20% WoW. To be specific, divestment away from Thailand was the main driver, recorded a net outflow at USD17mn. However, the flow of money came back to Indonesia after experiencing 6 consecutive weeks without money inflow, recorded the net inflow of USD12mn.

In this scenario, money outflow across Vietnam decreased slightly, recorded a net outflow at USD0.4mn. Of which, VFMVN30 ETF and SSIAM VNFN LEAD attracted money inflow whilst X FTSE and VanEck Vietnam ETF were the main contributors for the outflow of money.

Sector & company

Power Construction No.1 (PC1)

BUY (Maintain), TP VND23,300

1Q20 review: Savior, namely real estate

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▶ Facts: Real estate to offset power drop

PCC1 released 1Q20 revenue of VND1,370bn, up 6.5% YoY and of which (1) construction was VND1,109bn, down 11.4% YoY, (2) power generation was VND94bn, down 29.3% YoY, and (3) real estate was VND261bn, up 661.2% YoY.

Gross profit was VND199bn, up 9.0% YoY despite of the 39.7% YoY plunge of power generation. As Mong An hydropower plant has officially run since 1Q20, PCC1 recorded additional interest expense of VND20bn, making NPAT only grow by 5.9% YoY to VND93bn

▶ Pros & Cons: Wind power kicks off

We believe the poor performance of power segment with 1Q20 selling volume of only 36mn kWh, down 36.9% YoY was due to El Nino impact. For real estate segment, amazing results came from the handover of Thanh Xuan project. Looking forward, we also expect the same mixed situation of power segment and real estate in 2Q20.

On 08 May 2020, Renova Inc (TYO: 9519) announced the partnership with PCC1 by buying 40% stake of Lien Lap, Phong Huy and Phong Nguyen onshore wind projects with total capacity of 144MW. This action is in line with our expectation that PCC1 needs investors to finance their wind projects. These 3 power plants play integral role for sustainable growth of PCC1 as 1) they provide VND5,100bn backlog for construction segment in 2020 and 2021 and a historical tracking record for future EPC bidding 2) they improves earnings quality from 2022. Meanwhile, we expect a lower business risk as MoIT is proposing a plan to extend the deadline for the feed-in tariff.

▶ Action: BUY recommendation

For 2020, we estimate PCC1 to record revenue of VND6,227bn, up 6.5% YoY, and net profit of VND493bn, up 22.6% YoY. We believe PCC1 has a long-term prospect based on the growth of power generation part to improve earnings quality. Using sum of the parts method, we evaluate PCC1 share at VND23,300 by the end of 2020 so that total expected return is 33.4% at the current price of VND17,500. Recommend BUY.

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
5/20/2020	VXT	Transport - Warehousing and Trade service JSC	UPCoM	23.5	2,350,400	11,900

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
6/12/2020	PTT	Indochina Petroleum Transportation JSC	100.0	1,000,000	31,931	Whole lot sale; local investors only
6/9/2020	HLENNVI	Ha Long Urban Environment Company	25.7	2,208,105	18,079	
6/8/2020	BTU	Ben Tre Urban Project JSC	36.0	864,000	14,630	

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- 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.

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