

Xin Chao Vietnam

Market performance

	19 May	1D	1M	3M	YTD
VNIndex (pt, % chg.)	845.92	1.1	7.1	(8.9)	(12.0)
Turnover (VND bn)	8,061				
VN30 (pt, % chg.)	799.31	1.5	8.8	(7.5)	(9.1)

Major indicators

	19 May	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	1.50	(0.1)	(0.5)	(0.1)	0.1
3-yr govt bonds (% bp chg.)	1.89	(0.0)	(0.4)	0.0	0.2
VND/USD (% chg.)	23,311	0.1	0.6	(0.3)	(0.6)
VND/JPY (% chg.)	21,665	0.4	0.6	(3.7)	(1.6)
VND/EUR (% chg.)	25,462	(0.7)	0.0	(1.4)	2.0
VND/CNY (% chg.)	3,279	0.1	1.1	1.3	1.5
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.71	(0.0)	0.1	(0.9)	(1.2)
WTI (USD/bbl, % chg.)	32.25	1.4	76.5	(39.5)	(47.2)
Gold (USD/oz, % chg.)	34.72	(0.3)	23.6	(41.3)	(47.4)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HNG	220.7	DIG	(198.5)
HPG	42.1	E1VFN30	(38.1)
FPT	38.8	FUEVFN30	(21.6)
TCB	38.8	TMT	(20.6)
VNM	27.3	GEX	(16.9)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
E1VFN30	25.9	VRE	(71.9)
CTG	24.1	HPG	(31.4)
VPB	22.1	VIC	(24.0)
FUEVFN30	19.6	NKG	(14.7)
KBC	17.8	HDC	(12.8)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Media & Entertainment	5.1	Health Care	(2.1)
Energy	2.9	Pharmaceuticals	(0.3)
Materials	2.5	Insurance	(0.3)
Household Products	2.4	Commercial Services	(0.1)
Technology	1.8	Others	0.1

WHAT'S NEW TODAY

Market commentary & News

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- **COVID-19:** People hope on an early success of a COVID-19 vaccine
- **POW:** Revenue reduction

Sector & company

- **Techcombank (TCB):** Company brief

New listing & Public offerings

KIS 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)	13.0	1.9	9.6	14.7
2021F	294,159	164,644	24.9	10.4	1.7	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)	(4.8)	(34.0)	15.2	8.0	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

Cash flows into large-cap stocks

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Vietnam stock market recorded two consecutive gaining sessions amid the uptrend of the global financial market and oil prices.

At the close, the VNIndex gained 1.06% to close at 845.9 pts. Meanwhile, trading volume increased to 385 million shares or VND8,061bn.

Foreign investors continued to sell with a net value of VND95bn on HSX. VRE, HPG, and VIC were sold the most with net values of VND71bn, VND31bn, and VND24bn, respectively.

Banking was still the market leader driven by CTG (+4.4%), VCB (+0.6%), BID (+0.5%), HDB (+1.5%), TCB (+3.1%), ACB (+1.8%), MBB (+2.1%), STB (+1.7%), and EIB (+3.2%). In particular, TCB disbursed its first USD500mn syndicated loan facility.

Energy stocks closed in green territory namely GAS (+1.8%), PVT (+0.5%), PVD (+2.3%), PVS (+0.8%), POW (+1.0%), BSR (+1.6%), and PLX (+3.2%) because of the upward global oil prices.

Cash flowed into HPG (+4.2%) and HSG (+2.5%) on Material industry after their positive business results in 1Q20.

In contrast, BVH (-0.4%), CTD (-0.7%), ROS (-0.5%), SAB (-0.5%), and VPB (-0.4%) went against the benchmark index.

The short-term uptrend is still intact as the market sentiment has become optimistic. The short-term downside risk has reduced. Therefore, traders can increase long positions and focus on leading stocks.

Breaking news

- ▶ COVID-19: People hope on an early success of a COVID-19 vaccine

Moderna Inc., a Massachusetts-based biotechnology company, made a big hit on Monday as it disclosed a success in an early stage of the COVID-19 vaccine trial on a small group of people. This development gives hope to global investors that the pandemic will soon be contained and the global economy will eventually return to the normal state. Furthermore, as the major economies are gradually re-opening most economic activities, the global oil price sees a sharp rebound after the historical plunge in late April. In particular, the U.S. crude oil benchmark WTI futures closed at its near-daily highest level of USD32.67 per barrel on Monday, up by more than 30% from the last week. (Bloomberg)

- ▶ POW: Revenue reduction

PV Power (HOSE: POW) announced that the total electricity output in April 2020 reached 1.73bn kWh, fulfilling 90% of the monthly plan. Accumulated 4 months reached more than 7bn kWh, equivalent to 32.4% of the annual target. Besides, revenue from factories reached VND2,411bn, equaling 81% of the month plan. The accumulated revenue of 4 months is VND10,288bn, fulfilling 30% of the yearly plan. (ndh.vn)

Sector & company

Techcombank (TCB)

BUY (Maintain), TP VND23,800 (Maintain)

Brief: 1Q20 highlights and 2020 vision

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- ▶ 2020F NIM expected at 4.5% - 4.7%
 - TCB's representatives expect a 2020F NIM at around 4.5%-4.7% as a drop in assets yield following restructuring loans under Circular 01 may be offset by lower funding cost.
 - Restructured loans accounted for 0.2% of total loan book (VND232tn) in 1Q20 and mainly from WB and BB segment.

The size of COVID-19 restructured loans is expected to enlarge to 7% of loan book by the end 2020.

- CASA of retail customer was up 52% yoy and that of corporate customer was up 7% yoy, driving the bank's CASA ratio to 32% as of 1Q20 (up 4%p yoy but down 2%p qoq).
- USD500mn of 3-year syndicated loan at LIBOR + 1.50% per annum is meaningful for lowering the funding cost.
- CAR peaked at 16.6% as of March 2020 from 15.5% at the end of 2019.

► Impressive outcome from digitalization

- E-banking accounted for 70% of volume transaction in 1Q20 vs.60% in 2019.
- Digital transaction of retail customers increased by 124% yoy in value to VND967tn (~35.4% of the total of 2019) and 154% yoy in volume to 73 mn (~39.7% of 2019).
- Digital payment transaction of corporate customers increased by 72% yoy in value and 37% yoy in numbers of transaction in 1Q20.
- 43% of term deposit value was made via digital channel vs. 36% in 2019; 34% of new issued credit card was opened online vs.11% in 2019.
- Spending for technology upgrade may lift the bank's CIR above current level of 35.4% in 1Q20.

► Mortgage NPL moves up to 0.8%

- Slight increase of the bank's loan book (from VND231tn in 2019 to VND232tn in 1Q20) came from WB segment while that of BB was flat at VND44tn and that of retail was down 2.9% qoq to VND102tn given weaker mortgage balance.
- NPL ratio of BB and WB were down from 0.9% in 2019 to 0.3% in 1Q20. In the meantime, that of retail segment increased from 1.8% to 2.1%. Of which mortgage NPL ratio was up from 0.6% to 0.8%.
- The bank's managers expect to control overall NPL ratio at below 2% and 2020 credit growth target is 13%.

► NFI grows outstandingly in 1Q20 but may slow down for whole 2020

- 89% yoy growth in non-interest income in 1Q20 was mainly contributed by bond advisory fee (VND290bn on issuance volume of VND9.9tn, doubling that in 1Q19). Meanwhile, value of bond distribution to retail customers reached VND15tn in 1Q20, up 24% yoy (~25% that of 2019).
- For the rest the year, it is hard to keep that NFI growth.

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
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- 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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