

# Xin Chao Vietnam

## Market performance

	8 Jun	1D	1M	3M	YTD
VNIndex (pt, % chg.)	899.92	1.5	10.6	1.0	(6.4)
Turnover (VND bn)	8,432				
VN30 (pt, % chg.)	838.52	1.5	10.3	0.3	(4.6)

## Major indicators

	8 Jun	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	1.09	0.0	(0.6)	(0.3)	(0.3)
3-yr govt bonds (% bp chg.)	1.62	0.0	(0.4)	(0.0)	(0.0)
VND/USD (% chg.)	23,260	0.0	0.7	(0.2)	(0.4)
VND/JPY (% chg.)	21,263	(0.2)	3.1	5.6	0.3
VND/EUR (% chg.)	26,298	0.2	(3.8)	1.0	(1.2)
VND/CNY (% chg.)	3,288	(0.1)	0.5	1.6	1.2
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.91	0.0	0.2	0.1	(1.0)
WTI (USD/bbl, % chg.)	39.67	0.3	60.3	(3.9)	(35.0)
Gold (USD/oz, % chg.)	42.64	0.8	37.7	(5.8)	(35.4)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
TCB	27.9	FUEVFNVD	(191.2)
STB	11.4	HSG	(48.4)
CII	7.9	GEX	(37.5)
CTG	7.8	HPG	(27.2)
E1VFN30	7.2	ROS	(21.3)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FUEVFNVD	191.3	CII	(41.3)
VNM	65.3	MSN	(23.1)
HPG	64.1	VJC	(15.0)
VCB	30.1	HSG	(13.2)
BID	27.9	DPM	(11.1)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Software & Services	6.9	Health Care	(0.2)
Telecommunication	6.8	Household Products	0.2
Retailing	4.3	Pharmaceuticals	0.4
Consumer Durables	3.2	Transportation	0.7
Diversified Financials	2.5	Others	0.7

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Traders bet on V-shaped recovery
- **U.S. unemployment:** Unemployment unexpectedly declines in May

### Sector & company report

- **Mobile World (MWG):** 2020 AGM 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	35.2	14.7	2.7	14.0	18.2
2019	231,781	139,038	23.9	13.3	2.3	11.0	17.7
2020F	238,766	129,763	(9.0)	14.5	2.1	10.4	14.3
2021F	275,785	142,326	11.0	13.1	1.8	9.0	14.1

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)	(34.3)	15.0	7.9	2.3	(5.7)	3.9
China GDP (% yoy)	(6.8)	1.1	5.1	5.9	6.1	1.7	8.0

Note: \* Data compiled by Bloomberg

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## Market commentary & News

### Market commentary

#### Traders bet on V-shaped recovery

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Vietnam stock markets jumped together with Asia yesterday after the U.S. surged and OPEC+ cut agreement was extended last weekend. Accordingly, the U.S. job data beat consensus, signaling a strong economic economy, while OPEC+ has agreed to extend the reduction of 9.6 mn barrels per day next month.

The VNIndex did break above 900 intraday but drifted downward by the end of the session and closed at 899.92 eventually, up 1.55%. There were 572 million shares worth VND8,432bn changed hands on HSX. Two third of the constituents of the VNIndex enjoyed gains.

Foreigners turned around to buy a net of VND355bn on HSX, focusing on VFM Diamond ETF, VNM, HPG, VCB and BID. On the contrary, this group net sold CII, MSN, VJC, HSG the most.

As the VNIndex has approached resistance 900, selling pressure will increase in the coming sessions. We recommend traders not to chase price for the time being.

### Breaking news

- ▶ U.S. unemployment: Unemployment unexpectedly declines in May

On Friday, the unemployment number from the U.S. Department of Labor surprisingly beat the global economist's expectation when declining by 2.509mn jobs versus about a further 8mn rise from market consensus. The lifting of social-distancing order nationwide in early May brought these jobs back to U.S. employees after the record jump of 20.7mn people unemployed in April. Furthermore, Fed is playing a crucial role in helping the economy overcome the severe economic loss as it put the Small Business Administration's Paycheck Protection Program Liquidity Facility (PPP) into operation and keeps providing massive funding to U.S. employers, which recorded more than USD55bn as of 3rd June. (U.S. Bureau of Labor Statistics, Bloomberg, KIS

## Sector & company

### Mobile World (MWG)

#### Non-rate

#### 2020 AGM Brief: Bach Hoa Xanh to make profit at EBIT level post pandemic

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- ▶ Bach Hoa Xanh to make profit at EBIT level post pandemic

On 06 Jun, we joined 2020 AGM of Mobile World to update about its business situation, which mainly focuses on Mobile World's post-pandemic plan.

Per management, Bach Hoa Xanh will reach revenue of over VND20,000bn in 2020 (+86% yoy). Store network is expected to reach 1,800-1,900 stores by the end of 2020, placing footprint in 25 provinces.

Bach Hoa Xanh has reached gross margin of 24%-25% in Apr 2020 and May 2020, at which all operating expenses are totally covered.

In 2021, Bach Hoa Xanh targets to make profit at EBIT level, driven by:

(1) The increase of average revenue per store, which is expected to reach over VND2bn/store in 2021, compared to VND1.4bn/store in April 2020.

(2) Gross margin enhancement thanks to DC expense optimization post pandemic. After opening new 14 DCs by the end of 2020, Bach Hoa Xanh will focus on improving utility of DCs and reducing spoilage rate to widen operating margin in 2021. ▶

Pros & Cons: Falling input cost to buoy 2Q20

- ▶ Dien May Xanh to see revenue recovery in May 2020

Monthly revenue of Dien May Xanh is recovering well after social distancing as average revenue can reach growth rate of 10%-15% yoy in May 2020. Laptop and refrigerator can even achieve revenue growth rate of 100% yoy. At the market share of 38%, Dien May Xanh has larger room for revenue growth than that of The Gioi Di Dong, which has shown market saturation and will face extending revenue drop in coming months.

In Cambodia, Dien May Xanh is reaching monthly average revenue per store at VND1.2-1.5bn. Mobile World targets to have 50-60 Dien May Xanh stores in Cambodia by the end of 2020. Benchmarking to monthly average revenue per store of Dien May Xanh in Vietnam (VND5-7bn), Mobile World believes Dien May Xanh can reach higher revenue growth in Cambodia in coming years.

- ▶ Mobile World targets net income to slid by 10% yoy in 2020

Per management, weakening social purchasing power will definitely drag down revenue of services sector in 2020. Mobile World believes this negative impact will be reflected more clearly on operating performance of The Gioi Di Dong and Dien May Xanh in the next two months.

Due to the impact of pandemic, Mobile World revised down its 2020 business guidance. Revenue targets to reach VND110,000bn (+8% yoy) and NPAT targets to record VND3,450bn (-10% yoy) in 2020. In case Mobile World completes 2020 business guidance, ESOP issuance rate will remain at 3%.

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

## New listing & Public offerings

### ▶ New listing

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
6/24/2020	PSH	Nam Song Hau Trading Investing Petroleum JSC	HSX	1,262.0	126,196,780	16,000

### ▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
6/26/2020	GCB	Petec Binh Dinh JSC	40.4	1,274,064	30,810	Whole lot sale; Local investors only
6/22/2020	APH	An Phat Holdings JSC	1,423.8	4,300,000	25,000	-
6/18/2020	HND	Hai Phong Thermal Power JSC	5,000.0	45,000,000	26,000	Whole lot sale
6/15/2020	HAB	Hanoi School Books and Equipment JSC	20.0	751,800	49,800	Local investors only
6/12/2020	PTT	Indochina Petroleum Transportation JSC	100.0	1,000,000	31,931	Whole lot sale; local investors only
6/9/2020	HLENI	Ha Long Urban Environment Company	25.7	2,208,105	18,079	-

- **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.

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