

Xin Chao Vietnam

Market performance

	21 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	861.69	0.0	(0.8)	12.4	(10.3)
Turnover (VND bn)	4,518				
VN30 (pt, % chg.)	804.70	0.2	(0.4)	13.9	(8.5)

Major indicators

	21 Jul	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.71	0.0	(0.1)	(1.3)	(0.7)
3-yr govt bonds (% bp chg.)	1.31	0.1	(0.1)	(1.0)	(0.4)
VND/USD (% chg.)	23,176	0.0	0.1	1.2	(0.0)
VND/JPY (% chg.)	21,613	(0.0)	0.4	0.7	(1.3)
VND/EUR (% chg.)	26,611	(0.3)	(2.4)	(4.3)	(2.4)
VND/CNY (% chg.)	3,315	0.1	(1.0)	(0.2)	0.4
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.62	0.0	(0.1)	0.0	(1.3)
WTI (USD/bbl, % chg.)	41.64	2.0	4.8	316.0	(31.8)
Gold (USD/oz, % chg.)	44.17	2.1	4.7	128.5	(33.1)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
MWG	8.7	VJC	(25.7)
HPG	7.8	GEX	(4.4)
VCB	5.0	CTG	(3.8)
HVN	4.0	VNM	(3.8)
TCB	3.9	KDC	(3.2)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
KDC	12.4	VHM	(77.3)
STB	9.5	HPG	(66.2)
TCH	5.5	DXG	(34.8)
NVL	4.8	VNM	(34.1)
PC1	2.9	SSI	(31.0)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Household Products	3.7	Automobiles	(2.3)
Consumer Services	1.5	Health Care	(1.9)
Technology	1.1	Software & Services	(1.7)
Capital Goods	0.6	Others	(1.2)
Retailing	0.5	Energy	(0.9)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Support 860 holds
- **EU:** EU reaches a historic economic stimulus for post-pandemic economic recovery

Sector & company report

- **Banks:** Hanoi tour - 2Q20 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)	14.0	2.0	10.3	14.3
2021F	275,785	142,326	11.0	12.6	1.8	8.9	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

KIS macro forecast

	1Q20	2Q20	3Q20F	4Q20F	2019	2020F	2021F
GDP (% yoy)	3.8	0.4	4.1	5.0	7.0	4.3	5.9
Trade balance (USD bn)	1.7	0.6	5.7	5.1	10.4	7.9	1.8
CPI (% yoy, avg.)	5.6	2.8	1.3	0.7	2.8	2.5	2.6
Discount rate (% EoP)	3.5	3.0	3.0	3.0	4.0	3.0	3.0
VND/USD (avg.)	23,264	23,335	23,300	23,317	23,231	23,304	23,296
US GDP (% qoq)	(4.8)	(33.0)	18.4	6.5	2.3	(5.5)	3.9
China GDP (% yoy)	(6.8)	1.8	5.0	6.0	6.1	1.8	8.0

Source: KIS, 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

Support 860 holds

Hieu Tran
hieu.ttm@kisvn.vn

Vietnam stock markets pared initial losses and closed with some gain yesterday after EU approved the record relief package worth EUR750bn. At the end, the VNIndex inched up 0.03% to 861.69 with volume contracting to 245 million shares worth VND4,518bn.

Foreigners continued to divest more than VND300bn yesterday, focusing on VHM (VND77bn), HPG (VND66bn), DXG (VND35bn), VNM (VDN34bn) and SSI (31bn). On the opposite side, this group net bought KDC for the tenth session with VND12bn as the company is going to return to its mooncake business with the new brand Kingdom in 3Q20.

Hochiminh Stock Exchange has just released the new basket of its indices. Accordingly, VN30 Index will remove CTD and BVH while adding KDH and TCH. Moreover, BVH is also deleted in VNFIN LEAD and there is no constituent change in VNDIAMOND. All changes are effective on 03 August. Currently, there are 5 ETFs tracking these indices with total AUM of around USD330mn. Yesterday was also the first trading day of VND100 ETF of VinaCapital, increasing the number of ETFs tracking Vietnam markets to 9 with total AUM of nearly USD1bn, including 6 locals and 3 overseas.

As support 860 held yesterday, the VNIndex may recover today and traders may increase their long exposures.

Breaking news

- ▶ EU: EU reaches a historic economic stimulus for post-pandemic economic recovery

On Tuesday, 27 leaders of the European Union members successfully reached the largest-ever stimulus package after days of negotiation. As a result, the European Commission, representing its 27 states, will be authorized to raise EUR750bn (USD860bn), and then allocate this massive fund to member countries in order to support their economic recovery progress after the health crisis. In particular, about EUR390bn will be provided in non-repayable grants, and the rest EUR360bn will be funded at low interest rates. Italy, the hardest-hit country among others, will likely get the largest piece of this envelope, of about EUR82bn in grants and EUR127bn in loans, according to Bloomberg. (European Commission, Bloomberg)

Sector & company

Banks

Overweight (Maintain)

2Q20 brief: Banks see a brighter picture

Yen Tran
yen.tt@kisvn.vn

- ▶ 2Q20 outcome is better than our expectation

Last week, we had paid visits to some banks in Hanoi. In overall, they have a positive view about the recovery of local economy and industry in the coming quarters as compared to the previous months, which are thanks to 1) supportive policies by the Government, 2) a "new normal life" with virus-free, and 3) resilient domestic demand.

They do not expect surges in NPL ratios in 2H20. In case the economy turns out to be more negative due to the pandemic situation globally, an extension of the Circular 01 is expected to rescue bank's balance sheets.

NIM is expected to be flat or decreased slightly in 2020F due to the lower lending rates of relief credit packages and restructured loans.

Given uncertainty from the COVID-19, banks said that they are more defensive in expanding credit. They will focus on segments that are believed to be the least affected ones such as retail at VCB and CIB at MBB.

- ▶ Resilient domestic demand

In our flights from HCM to Hanoi and backward, we saw the crowded airports with many families traveling for their summer vacations. Local presses have reported that domestic tourism has posted a strong rebound and many tourism companies are fully booked until August. However, travel demand post - 2020 summer holiday season is still unsure due to the virus situation.

In the meantime, the Prime Minister has required to speed up public investment in 2H20 with great efforts to improve the disbursement ratio from 35% in 1H20 to 100% until the end of 2020. In 2H20, local authorities have to report disbursement progress to the central Government and the Prime Minister once every 15 days.

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
7/28/2020	APH	An Phat Holdings JSC	HSX	1,325.6	132,562,459	41,500
7/23/2020	AAS	SmartInvest Securities JSC	UPCoM	310.0	31,000,000	12,500

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
8/7/2020	FPT	FPT Corporation	7,839.9	46,019,295	49,400	Whole lot sale; Local investors only
7/23/2020		Vinh Son JSC	1,150.0	4,588,500	201,042	Whole lot sale
7/22/2020	KSE	Khanh Hoa Seafoods Exporting JSC	14.8	200	32,200	-

- **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..