

# Xin Chao Vietnam

## Market performance

	29 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	790.84	(2.8)	(4.6)	2.8	(17.7)
Turnover (VND bn)	5,312				
VN30 (pt, % chg.)	735.16	(2.8)	(5.1)	2.8	(16.4)

## Major indicators

	29 Jul	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.72	0.1	(0.1)	(1.2)	(0.7)
3-yr gov't bonds (% bp chg.)	1.25	(0.0)	(0.2)	(0.9)	(0.4)
VND/USD (% chg.)	23,180	(0.0)	0.1	0.6	(0.0)
VND/JPY (% chg.)	22,092	(0.2)	(2.4)	(0.5)	(3.5)
VND/EUR (% chg.)	27,214	0.4	(4.2)	(6.6)	(4.5)
VND/CNY (% chg.)	3,312	(0.1)	(1.1)	(0.0)	0.5
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.59	0.0	(0.0)	(0.0)	(1.3)
WTI (USD/bbl, % chg.)	41.45	1.0	4.4	175.2	(32.1)
Gold (USD/oz, % chg.)	43.76	1.2	4.9	94.1	(33.7)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
DIG	200.9	FUEVFNVD	(51.0)
CII	18.8	FUESSVFL	(28.0)
EIB	8.1	GTN	(10.8)
REE	6.2	HPG	(9.4)
DHC	5.7	TCB	(8.0)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
KDC	124.8	HPG	(32.8)
FUEVFNVD	48.2	SSI	(13.3)
VCB	35.2	NLG	(7.5)
FUESSVFL	25.3	HCM	(7.1)
VIC	21.0	GAS	(7.0)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
		Media & Entertainment	(5.7)
		Household Products	(5.2)
		Energy	(4.5)
		Utilities	(4.5)
		Consumer Durables	(4.0)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Sharp reduction
- **VNM:** Profit after tax ups 6% YoY
- **Vietnam:** Domestic petroleum prices rebound further in the late-July adjustment

### Sector & company report

- **Asia Commercial Bank (ACB):** 2Q20 review
- **Nam Viet Corporation (ANV):** 2Q20 review

### New listing & Public offerings

## KIS market view

	OP (VND bn)	NP (VND bn)	EPS growth (% yoy)	PE (x)	PB (x)	EV/EBITDA (x)	ROE (%)
<b>2018</b>	186,396	115,391	35.2	14.7	2.7	14.0	18.2
<b>2019</b>	231,781	139,038	23.9	13.3	2.3	11.0	17.7
<b>2020F</b>	238,766	129,763	(7.9)	12.6	1.8	9.5	14.3
<b>2021F</b>	275,785	142,326	11.2	11.4	1.6	8.2	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)	(32.8)	18.0	6.5	2.3	(5.5)	3.9
China GDP (% yoy)	(6.8)	2.0	5.2	6.0	6.1	2.0	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

#### Sharp reduction

Hieu Tran  
hieu.ttm@kisvn.vn

Vietnam stock markets resumed its downtrend as investors worried about COVID-2019 infection in the community with new cases in Danang city and other provinces.

At the close, the VNIndex slid by 2.77% to close at 790.8 pts. Meanwhile, trading volume increased to 351 million shares or VND5,311bn.

Foreign investors maintained to buy with a net value of VND303bn, fourth net buying session in a row, on HSX. They purchased KDC, FUEVFNVD, and VCB the most with net values of VND124bn, VND48bn, and VND35bn, respectively.

29 out of 30 constituents of VN30Index closed in red territory, and of which, CTD (-5.6%), GAS (-6.3%), ROS (-6.7%), SAB (-5.0%), SBT (-5.7%), and VPB (-6.0%) fell more than 5%.

Moreover, the VNSML-Index underperformed the benchmark index driver by FIT (-7.0%), KSB (-6.4%), HQC (-7.0%), HHS (-6.4%), FTS (-4.0%), TCM (-4.0%), AMD (-6.9%), and TDH (-4.2%).

In contrast, cash flowed pushed a few mid- and small-cap to rise, namely HNG (+2.5%), DHG (+0.9%), CSM (+0.3%), and SAM (+1.9%).

In the short term, the downside risk is still high because of the high volatility of investor sentiment. Besides, the VNIndex closes below the lower line of the downward channel again, showing the short-term downtrend. Therefore, traders should be careful and stay on the sidelines.

### Breaking news

- ▶ Vietnam: Domestic petroleum prices rebound further in the late-July adjustment

Following the global crude oil prices going upward recently, on Tuesday 29th July, the Ministry of Industry and Trade announced the latest adjustment for the domestic gasoline prices. Accordingly, while the E5RON92 was adjusted higher by 1.06% from its previous level, the RON95-III gasoline remained unchanged for the second adjustment. In particular, the E5RON92 price is sold at VND14,409 per liter, while the RON95-III remains at VND14,973 per liter. As a result, it will somewhat put upward pressure on the traffic price in August. (Ministry of Industry and Trade)

- ▶ VNM: Profit after tax ups 6% YoY

VNM: In the second quarter, VNM's profit after tax reached VND3,085bn, up 6% YoY. After 6 months, the Company recorded the net revenue of VND29,648bn, up nearly 7% YoY and profit after tax reached VND5,861bn, up nearly 3% YoY. (ndh.vn)

## Sector & company

### Asia Commercial Bank (ACB)

**BUY (Maintain), TP VND28,900**

**2Q20 review: Solid non-interest income**

Yen Tran  
yen.tt@kisvn.vn

- ▶ Facts: 2Q20 NP flat at VND1.5tn

ACB reported 2Q20 controlling-interest NP at VND1.5tn, staying flat for five consecutive quarters. TOI dropped 6.3% qoq to VND4.1tn as the consequence of a thinner NIM at 3.3% while non-interest income remained strong at VND990tn. Operating expenses dropped 25% qoq to VND1.8tn because of no abnormal surge in labor expenses like 1Q20. Credit provision jumped to VND440bn in 2Q20 from VND93bn in 1Q20. Notably, the credit provision uplift in 2Q20 (~VND330bn) mostly came from interbank loans which is unusual amid ample liquidity in the local banking system. Provision for customer loans was stable at

VND114bn without significant change in assets quality, except VND9tn of COVID-19 restructured loans.

- Pros & cons: Strong deposit and good non-interest income

Customer deposit jumped 7.3% ytd to VND331tn while lending grew just 5.6% ytd to VND284tn. Since ACB is conservative in credit expansion amid the uncertainty of the pandemic, stronger deposit growth puts a strain on NIM. We believe ACB is still cautious for new lending at this time. However, some expired restructured COVID-19 loans and interest payments may help to improve 2H NIM.

Non-interest income was solid at VND1.9tn in 1H20, up 16% yoy despite of the reclassification of VND205bn credit card fees to interest income. Of note, trading and investments securities posted an outstanding gain of VND753bn when ACB realized profit from a part of its government bond investments.

- Action: Solid client base to send NII further

We reaffirm BUY at TP of VND28,900. Credit provision is expected to escalate to VND1.2tn in 2H from VND530bn in 1H20. However, healthy non-interest income stream with a main push from bancassurance may offset weak credit activities. We believe the bank's solid retail client base will help it to develop NII further, particularly following exclusive bancassurance distribution agreement expected in 4Q20.

## **Nam Viet Corporation (ANV)**

### **Sell (Downgrade)**

#### **2Q20 review: Low export price to hit profit margins in 2H20**

**Toan Dao**  
toan.dp@kisvn.vn

- Facts: Low export price hit 2Q20 NPAT

In 2Q20, Nam Viet recorded revenue of VND884bn, decreasing 17% yoy. In which, export revenue recorded VND399bn (-52% yoy), which we estimate to be hit by export price plunge in top three markets, including China (-26% yoy), EU (-18% yoy) and ASEAN (-16% yoy).

Nam Viet's gross margin narrowed by 10.9%p yoy to 10.2% in 2Q20 as the result of worse export price decrease compared to material price decrease, which was mainly impacted by tougher price competition in the off-premise channel. Due to the 60% decrease of 2Q20 gross profit, Nam Viet recorded NPAT of VND32bn (-79% yoy). In overall, Nam Viet's 1H20 NPAT completed 38% of the year target.

- Pros & cons: Low gross margin to extend in 2H20

Assuming that China will not see a big second wave of pandemic in 2H20, we expect Nam Viet's pangasius export volume to China to lead Nam Viet's volume growth in 2H20 after this market has fully recovered since June 2020, thanks to the high demand of off-premise channel and customer traffic recovery of restaurant channel. On the contrary, it is hard for EU and ASEAN to see yoy volume growth in 2H20 due to weak restaurant channel.

We are concerned that Nam Viet's revenue will continue to contract and gross margin will improve slowly in 2H20 as we expect pangasius export price to remain low, driven by (1) weak demand in EU and ASEAN, (2) higher pangasius price competition in Chinese off-premise channel and (3) the upside limit of export price to China due to price-cutting menu strategy of Chinese mid-range and low-range restaurants to offer affordable meals. Due to low export price, we revise down our gross margin estimate to 11.5% in 2020. In overall, we estimate Nam Viet's 2020 revenue and 2020 NPAT to record VND3,913bn and VND170bn, decreasing 16% and 63%, respectively, compared to our previous estimates.

- Action: Downgrade to Sell

We keep our cautious view that contracting gross margin and volatility of export volume to EU and ASEAN to offset strong Chinese volume recovery in 2H20. Therefore, we downgrade our rating for Nam Viet's share to Sell in 2020.

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

## **New listing & Public offerings**

► **Public offerings**

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
8/20/2020	BMF	Dong Nai Building Material and Fuel JSC	41.6	443,500	28,600	-
8/7/2020	FPT	FPT Corporation	7,839.9	46,019,295	49,400	Whole lot sale; Local investors only

- **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..