

Xin Chao Vietnam

Market performance

	30 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	801.13	1.3	(2.9)	4.2	(16.6)
Turnover (VND bn)	3,057				
VN30 (pt, % chg.)	746.02	1.5	(3.2)	4.3	(15.1)

Major indicators

	30 Jul	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.61	(0.1)	(0.1)	(1.3)	(0.8)
3-yr govt bonds (% bp chg.)	1.12	(0.1)	(0.2)	(1.1)	(0.6)
VND/USD (% chg.)	23,178	(0.0)	0.1	1.1	(0.0)
VND/JPY (% chg.)	22,069	0.1	(2.6)	(0.9)	(3.4)
VND/EUR (% chg.)	27,345	(0.5)	(4.6)	(7.1)	(5.0)
VND/CNY (% chg.)	3,309	0.0	(0.8)	0.3	0.6
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.56	(0.0)	(0.1)	(0.1)	(1.4)
WTI (USD/bbl, % chg.)	40.73	(1.3)	3.7	116.2	(33.3)
Gold (USD/oz, % chg.)	43.24	(1.2)	5.1	71.1	(34.5)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
KDH	95.5	EIB	(85.4)
CII	41.1	FUEVFNVD	(6.9)
VCB	10.0	HT1	(4.7)
MBB	8.8	BVH	(3.0)
FPT	7.0	AST	(3.0)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	39.3	HCM	(28.7)
VHM	30.2	VCB	(19.6)
KDC	22.7	HPG	(15.2)
PHR	8.8	NLG	(10.1)
POW	8.4	SAB	(8.4)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Utilities	2.4	Household Products	(0.8)
Real Estate	2.2	Consumer Services	(0.5)
Software & Services	1.8	Commercial Services	(0.3)
Retailing	1.7	Others	(0.1)
Energy	1.5		

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Cautious rebound
- **Vietnam:** Industrial recovery hits limit
- **MWG:** Business resultst in 1H20

Sector & company report

- **Long Hau Corp (LHG):** 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 (%)
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	(7.9)	12.8	1.8	9.7	14.3
2021F	275,785	142,326	11.2	11.5	1.6	8.4	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	6.1	6.1	2.0	7.9

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

Cautious rebound

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Vietnam stock markets reversed to go up as earning report in 2Q20 has been better than expected.

At the close, the VNIndex gained 1.3% to close at 801.1 pts. Meanwhile, trading volume increased to 181 million shares or VND3,056bn.

Foreign investors maintained to buy with a net value of VND14bn, fifth net buying session in a row, on HSX. They purchased VNM, VHM, and KDC the most with net values of VND39bn, VND30bn, and VND22bn, respectively.

Real Estate was the market leader, driven by VIC (+1.9%), VHM (+3.5%), VRE (+1.6%), NVL (+0.9%), and KDH (+1.9%). Among which, VIC's EBT in 1H20 reached VND6,085bn (-11.0% YoY).

Moreover, cash flowed into Banking stocks namely CTG (+2.4%), BID (+0.7%), HDB (+1.3%), TCB (+2.5%), ACB (+1.8%), MBB (+1.3%), and VPB (+1.8%).

In contrast, EIB (-3.1%), VCB (-0.1%), ROS (-0.9%), SAB (-0.5%), and KBC (-0.8%) closed in red territory.

Despite the recovery, the short-term downside risk is still intact due to the high volatility of investor sentiment. The downtrend is formed as the 20-period moving average of the VNIndex closes below the 50-periods moving average. Therefore, traders should be careful and stay on the sidelines.

Breaking news

▶ Vietnam: Industrial recovery hits limit

In July, it seems to be that the industrial sector was getting limited space for further recovery as current upward driving factors, primarily domestic and global demand for goods, were most likely already reflected in June's result. In particular, the IIP grew at a slower pace in the month, by just 1.10% YoY after a 7% rebound in June, largely attributed to a 2.05% growth in the manufacturing sector. Mining sector remained subdued as still plunging by 7.93% YoY. Besides, the electricity production & distribution sector was up by 2.71% YoY, while water supply & other related activities increased by 4.49% YoY. (GSO, KIS)

▶ MWG: Business resultst in 1H20

In 1H20, MWG recorded the consolidated net revenue of VND55,639bn (+ 8% YoY) and net profit after tax (NPAT) of VND2,027bn (-4% YoY). Year to date, MWG fulfilled 51% of revenue and 59% of net profit target for 2020. Breaking down by segments, online revenue made up 9% of MWG's total sales in 1H20. For TGDD and DMX only, proportion of online sales was 11% of their respective combined top lines (equivalent to that in May to December of FY2019). (MWG)

Sector & company

Long Hau Corp (LHG)

Hold (Downgrade)

2Q20 review: Solid performance

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▶ Facts: 2Q20 net profit fueled by higher land sales

Long Hau's 2Q20 net profit were -30.9% qoq and +80.5% yoy to VND43.6bn, mainly fueled by robust revenue growth of land sales to VND126bn, +108.3 yoy. The exciting 1H20 revenue growth of land sales of 48.9% yoy were also the key driver to boost net 1H20 total revenue up to VND388bn, 38.2% yoy and 1H20 net profit to VND107bn, +35.2% yoy. Its 1H20 net profit formed 87.7% the company guidance and 66% our forecast.

► Pros & cons: A sustainable 2H20 net profit

We forecast the 4ha backlog of land area at end-1H20 could translate into 2H20F revenue, adding to total FY20F land sale area of 12ha. We lower our land presales for 2020F to 12ha as Covid-19 will likely delay buying decisions by foreign investors given the travel restrictions. Despite a diminishing land sale area of 40%, the FY20F revenue is expected to slide by 9.9% as we witness a 33% surge yoy in LHG's land rent in 2Q20. Our new gross margin assumption is up by 4% pts, helping to offset the 20% revenue cut in our new forecast. Our new net profit stays unchanged.

► Action: Downgrade to Hold

We downgrade our rating to Hold as we think the potential catalyst and lure dividend yield have priced in the market price. In the medium term, we expect the new bank of Long Hau industrial park 3 phase 2 could trigger a surprising business growth FY22-23F.

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.

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