

Xin Chao Vietnam

Market performance

	31 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	798.39	(0.3)	(3.2)	3.8	(16.9)
Turnover (VND bn)	3,760				
VN30 (pt, % chg.)	740.73	(0.7)	(3.9)	3.6	(15.7)

Major indicators

	31 Jul	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.59	(0.0)	(0.1)	(1.3)	(0.9)
3-yr govt bonds (% bp chg.)	1.13	0.0	(0.2)	(1.0)	(0.5)
VND/USD (% chg.)	23,181	(0.1)	0.1	1.1	(0.0)
VND/JPY (% chg.)	22,117	0.0	(2.8)	(1.1)	(3.6)
VND/EUR (% chg.)	27,541	(0.7)	(5.3)	(7.7)	(5.7)
VND/CNY (% chg.)	3,323	(0.5)	(1.2)	(0.1)	0.2
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.53	(0.0)	(0.1)	(0.1)	(1.4)
WTI (USD/bbl, % chg.)	40.13	0.5	2.2	113.0	(34.3)
Gold (USD/oz, % chg.)	43.28	0.8	5.2	71.3	(34.4)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VIC	54.6	VNM	(23.1)
KDH	47.0	MSN	(20.9)
MWG	27.4	DXG	(15.3)
MBB	21.8	HDG	(12.2)
TCH	20.9	TCB	(11.6)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	27.5	KDH	(49.7)
VHM	23.2	MSN	(24.6)
PHR	15.7	VIC	(21.9)
NVL	15.0	SAB	(21.7)
BVH	3.9	VRE	(21.4)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Health Care	6.9	Media & Entertainment	(2.3)
Real Estate	1.3	Materials	(1.6)
Pharmaceuticals	0.4	Technology	(1.5)
Household Products	0.3	Diversified Financials	(1.3)
Others	0.1	Banks	(1.3)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Resume downtrend
- **U.S.:** Economic growth sets a record low in 2Q20
- **NVL:** Profit after tax ups 48% YoY

Macro & strategy

- **Chart of the day:** Wait for the tipping point

Sector & company report

- **Nam Long Investment Corp (NLG):** 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)	12.7	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	2.2	(5.5)	3.9
China GDP (% yoy)	(6.8)	2.0	5.2	6.1	6.1	2.0	7.9

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

Resume downtrend

Hieu Tran
hieu.ttm@kisvn.vn

Vietnam stock markets resumed its downtrend as the investors worried about COVID-19 infection. In particular, the Da Nang city had become the center of an epidemic when many new cases were recorded.

At the close, the VNIndex lost 0.34% to close at 798.3 pts. Meanwhile, trading volume increased to 241 million shares or VND3,759bn.

Foreign investors reversed to sell with a net value of VND129bn after fifth net buying session in a row, on HSX. They sold KDH, MSN, and VIC the most with net values of VND49bn, VND24bn, and VND21bn, respectively.

Banking was the worst sectors driven by CTG (-0.7%), VCB (-1.3%), BID (-1.5%), HDB (-0.6%), TCB (-2.4%), MBB (-0.6%), STB (-1.0%), and EIB (-3.2%).

Moreover, a few constituents of VN30 fell more than 2% such as CTD (-2.0%), ROS (-5.0%), SBT (-2.2%), and VRE (-3.2%).

In contrast, cash flowed into some large-cap stocks namely MSN (+1.4%), MWG (+0.2%), NVL (+1.5%), PNJ (+0.1%), VHM (+1.4%), and VIC (+2.8%).

Market sentiment has become cautious as the downside risk is still intact. Besides, the short-term 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

- ▶ U.S.: Economic growth sets a record low in 2Q20

As the COVID-19 pandemic has still haunted the largest economy, on Friday, its GDP growth plummeted to a record low in 2Q20, pushing it down to the deepest contraction since the data first being reported 73 years ago. According to the latest data released from the U.S. Bureau of Labor Statistics, the GDP collapsed at a pace of 32.9% annualized QoQ in 2Q20 or about 9.5% YoY, roughly in line with economists' expectations of 34.1% decline from Reuter surveyed. Besides, the U.S. Federal Reserves Chair Jerome Powell firmly said that there have been signs that the economic recovery has been slowing down recently in the press conference from the latest Fed's meeting (U.S. Bureau of Labor Statistics, Fed, Reuters)

- ▶ NVL: Profit after tax ups 48% YoY

NVL's total consolidated revenue for the first half of the year recorded at VND4,361bn, including sales from sales and service provision and project transfer activities. Besides, profit before tax reached VND1,487bn and profit after tax reached VND1,177bn, up 12% YoY and 48% YoY, respectively. (ndh.vn)

Macro & strategy

Chart of the day

Wait for the tipping point

Dang Le
Dang.lh@kisvn.vn

- ▶ Market performance

The VNIndex consolidated after the occurrence of the opening gap on Monday, signaling the hesitation among investors.

- ▶ Chart: The balance stage between supply and demand

In the long-term, the uptrend is still inactive due to the downward sloping MA200. Notably, MA20 and MA50 rejected to compress with MA200 → investors still selling.

Besides, the short-term downtrend is confirmed, signaling by the downward crossover between MA20 and MA50 as well as these MAs kept the downward movement.

However, as the most important retracement level – 50% is reached, the market is traded in the balance stage between supply and demand.

760-770 pts zone plays as a solid support; the bear will completely control the market if this zone is broken. On the upside, 860 pts set the medium-term resistance.

→ In the short-term, the bearish market is active. Nevertheless, the consolidation phase is expected on this week due to the aforementioned outcomes.

- ▶ Technical strategy: Wait for the tipping point

Despite the market is traded at balance stage, indicators give the confirmation for the bearish market as well as market sentiment has become pessimistic in the short-term. Thus, investors should reduce proportion of leading stocks during this scenario and stay on the sidelines.

Sector & company

Nam Long Investment Corporation (NLG)

BUY, TP VND29,200

2Q20 review: 1H20 weak results just a blip

Nhan Lai
nhan.lt@kisvn.vn

- ▶ Facts: Tepid 1H20 earnings as expected

NLG's 2Q20 revenue fell 60% yoy, bringing 1H20 revenue to VND658bn (-29.6% yoy), which met 42.9% of our full-year forecast. Most of 2Q20 revenue came from the small remainders of Flora Novia, Nguyen Son projects. 1H20 gross profit surged 44.8% yoy to VND295bn, likely thanks to the higher gross margin for valora. However, with the absence of one-off other income, 1H20 net profit dropped 32.3% yoy to VND178.6bn, meeting 22.6% of our FY20F forecast.

- ▶ Pros & cons: A strong rebound in 2H20F net profit

We expect a VND622bn net profit in 2H20F due to 1) an extraordinary income of VND401bn from Waterfront and Dai Phuoc projects 2) a (BCC) income of VND113bn from newly-sold shophouse Southgate project.

NLG's 1H20 presales value reached VND1.019bn despite COVID-19 outbreak, thanks to the Akari and Southgate projects, making up 20.4% of our full-year forecast of VND4.9tn. We expect presale value of VND3.9tn in 2H20F from the launch of the next phase of Akari project, Mizuki, Southgate projects. We believe our FY20F presale forecast is achievable, as we note that booking-to-contract conversion rate of these two projects is c.70-90%

- ▶ Action: Maintain BUY at TP of VND29,200

We retain our Add rating with a TP of VND29,200 based on 30-50% discount to each project's RNAV. Presales at Waterpoint is now critical for the share price performance because of their significant RNAV contributions to our valuation. Risks to our call: 1) a prolonged COVID-19 that curbing buyer purchasing power for its mid-range condos and rescheduling sales events 2) regulatory changes causing more project delays.

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	6,019,295	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..