

Xin Chao Vietnam

Market performance

	5 Aug	1D	1M	3M	YTD
VNIndex (pt, % chg.)	837.80	1.2	(1.2)	9.6	(12.8)
Turnover (VND bn)	5,293				
VN30 (pt, % chg.)	780.71	1.6	(1.2)	9.8	(11.2)

Major indicators

	5 Aug	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.68	0.1	(0.0)	(1.1)	(0.8)
3-yr gov't bonds (% bp chg.)	1.06	0.0	(0.3)	(0.9)	(0.6)
VND/USD (% chg.)	23,175	(0.0)	0.1	1.1	(0.0)
VND/JPY (% chg.)	21,926	(0.1)	(1.5)	0.3	(2.7)
VND/EUR (% chg.)	27,401	(0.4)	(4.6)	(6.7)	(5.2)
VND/CNY (% chg.)	3,338	(0.5)	(1.0)	(0.7)	(0.3)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.52	0.0	(0.1)	(0.1)	(1.4)
WTI (USD/bbl, % chg.)	42.51	1.9	4.6	73.1	(30.4)
Gold (USD/oz, % chg.)	45.26	1.9	5.7	46.1	(31.4)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VHM	30.4	FUEVFNVD	(18.1)
POW	24.6	SAB	(10.4)
CTD	24.5	DHC	(8.5)
CTG	24.2	HDG	(8.3)
BID	19.1	TCM	(4.8)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	24.6	NVL	(27.5)
VHM	22.2	POW	(20.5)
FUEVFNVD	22.1	VNM	(19.0)
CTD	21.8	VRE	(16.2)
MSN	17.8	VIC	(13.0)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Materials	3.4	Telecommunication	(6.9)
Transportation	3.0	Health Care	(1.1)
Retailing	2.6	Commercial Services	(0.2)
Others	2.4	Pharmaceuticals	(0.0)
Consumer Durables	2.0	Real Estate	(0.0)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Island Reversal Pattern
- **NVL:** Profit after tax ups 48% YoY
- **Vietnam:** Trade to face challenges

Macro & strategy

- **August Fixed Income view:** Excess liquidity flows to G-bond markets

Sector & company report

- **Nam Tan Uyen JSC (NTC):** 2Q20 review
- **Vinh Hoan Corp (VHC):** 2Q20 review
- **MBBank (MBB):** 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)	13.5	1.9	10.1	14.3
2021F	275,785	142,326	11.2	12.1	1.7	8.8	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)	18.0	6.5	2.2	(5.5)	3.9
China GDP (% yoy)	(6.8)	1.6	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

Island Reversal Pattern

Hieu Tran
hieu.ttm@kisvn.vn

Vietnam stock markets maintained its bullish trend because the spread of the COVID-2019 virus has been controlled in Danang city and Quang Nam province.

At the close, the VNIndex gained 1.24% to close at 837.8 pts. Meanwhile, trading volume increased to 295 million shares or VND5,293bn.

Foreign investors reversed to buy with a net value of VND22bn on HSX. They purchased HPG, VHM, and FUEVFNDD the most with net values of VND24bn, VND22bn, and VND22bn, respectively.

Banking stocks were still the market leaders, namely CTG (+2.7%), VCB (+1.0%), BID (+2.2%), HDB (+3.4%), TCB (+3.2%), ACB (+1.3%), and VPB (+1.9%), as their business results in 2Q20 were recorded more than expected.

Moreover, the global oil price reached a new high that pushed Energy stock, such as GAS (+0.7%), PVT (+3.0%), PVD (+3.6%), PVS (+2.6%), and OIL (+2.7%) up.

Cash flowed into some constituents of VN30 driven by HPG (+4.7%), MWG (+2.8%), PNJ (+2.6%), SAB (+2.8%), VJC (+2.8%) and SBT (+2.5%).

Market sentiment has become optimistic thanks to the high demand on large-cap stocks. Besides, the island reversal pattern is confirmed, implying the short-term uptrend. Therefore, traders should increase their long position and focus on leading stocks.

Breaking news

▶ Vietnam: Trade to face challenges

According to the latest estimate of GSO, the trade activity seems to lose its recovery path starting from the previous month as export slightly went up by 0.31% YoY and import decreased by 2.94% YoY, posting USD23bn and USD22bn, respectively. Rising concerns about virus containment, economic prospect, and upcoming expiration in fiscal stimulus package hinder U.S. customers from increasing purchases and hence made Vietnam's goods and services harder to consume in the U.S. market. (KIS, GSO, VN Customs)

▶ NVL: Profit after tax ups 48% YoY

NVL: NVL announced business results for the first 6 months of 2020 with the consolidated revenue to recorded VND4,361bn (including sales and project transfer). Notably, profit after tax reached VND1,177bn, up 48% YoY. (ndh.vn)

Macro & strategy

August Fixed Income view

Excess liquidity flows to G-bond markets

Tuan Doan
tuan.doan@kisvn.vn

▶ OMO remains silent

Transaction in the OMO market remained silent in July 2020. SBV conducted only two auction sessions to offer a trivia amount of repo contracts at USD7.36bn. We argue that OMO's silence will remain in the next month to wait for signals from the first lending markets.

▶ Interbank rates to change slightly

Interbank rates continued staying low, along with the increase in trading value in July 2020. Such interbank tendency was mainly attributed to weak demand in the first lending market. We use the credit growth- interbank rates linkage and recent movements

of the interbank market to predict that the ON rate will increase by 30bps to 0.51% in August 2020.

- ▶ G-bond issuance sets a record high

In July, participants from both buy and sell sides were rushing to take actions in the G-bond bidding sessions as G-bond issuance set a record high. High demand for G-bond drives its yields down to low levels both in the primary and secondary markets. Looking forward to August, we expect the downward transmission from short-term yields to longer-term yields to continue to materialize.

Sector & company

Nam Tan Uyen JSC (NTC)

Hold (Maintain)

2Q20 review: Well-positioned for long-term growth

Nhan Lai
nhan.lt@kisvn.vn

- ▶ Facts: Gross margin contract on the higher land using fee

Nam Tan Uyen's 2Q20 revenue grew slightly 6% yoy and the 2Q20 net profit plummeted 8% yoy to VND56bn mainly due to gross margin (GM) contraction and higher tax expense. 2Q19 GM slid by 9.8% pts yoy to 65%, dragged by higher land payment fee to the State. Higher tax expense was blamed for some bank parcels have not exempted for tax payment. Overall, 1H20 net profit increased by 7.6% yoy, meeting 79%/58% company guidance/our forecast.

- ▶ Pros and cons: Earnings outlook remain promising

We cut our land presales to 3ha vs 5ha for lump sum payment and to 40ha vs 45ha for period payments as Covid-19 could likely delay buying decisions by foreign investors given the travel restrictions. We estimate 1) FY20F revenue is expected to rise by 57.7% yoy thanks to the first revenue recognition of lump sum rental payment 2) FY20F net profit grow at lower rate of 2.5% yoy to VND242.9bn due to a combination of a contraction in FY20F GM by 8% pts yoy and a surge in interest expense in FY20F.

- ▶ Presales rebound in FY21F-22F

We think the NTC's land presales target miss in FY20F is temporary as certain land demand is shifted to 2021F from the expected delay in lifting of travel restrictions. Hence, we expect NTC's land presale could rebound in FY21F-22F.

- ▶ Actions: Maintain Hold

NTC's market price has been exploded from year to date as the investors are waiting for land granting decision from Binh Duong People Committee to the company to develop NTU3 industrial park. We believe this event could exist soon as the Vietnam government is eager to approve the new expansion/establishment of industrial properties on the reap of supply chain relocation wave in China to Vietnam. However, we think retail investors seem overreacted to underlying land presale surge as the travel restriction could prolong, in our view. Upcoming capital increase and switch to Hose bourse could excite the trading of NTC shares.

MBBank (MBB)

BUY (Maintain), TP VND22,200

2Q20 review: Regaining

Yen Tran
yen.tt@kisvn.vn

- ▶ Facts: 2Q20 NP recuperates on better asset quality ratios

MBB's 2Q20 controlling-interest NP made a 32% qoq (18% yoy) growth to VND2.3tn, mostly thanks to the significant drop of credit provision expenses (-42% qoq and -13% yoy). The bank's credit cost (annualized) at the parent bank came back to normal level of 1.8% in 2Q20 from 3.2% in 1Q20 as the delinquency ratio and NPL decreased to 2.9% (-0.7%p qoq) and 1.4% (0.2%p qoq) respectively. Restructured COVID-19 loans made up ~2.7% of total loan book (VND~7tn). MBB's NIM narrowed by 12bps qoq to 4.81% in 2Q20, same move with its peers even though a 3%p qoq enhancing in CASA ratio to 33%.

- ▶ Pros & cons: Credit skews to CIB segment

MBB posted a credit growth of 7.6% ytd as of 2Q20-end from a decrease of 1.2% ytd as of 1Q20-end. The new credit mainly

came from corporate bond investment, up 60% ytd to VND24tn while loan book at parent bank grew 4.5% ytd to VND246tn, margin loan declined by 3.5% ytd to VND2.6tn and loan book at MCredit weakened by 8% ytd to VND7.9tn. The moves are in line with its recent direction of focusing on CIB (Corporate and investment banking) segment rather than retail and SMEs upon the gloomy economy following COVID-19 situation. Additionally, MBB plans to encourage cross-selling between the parent bank and its subsidiaries. Given that we expect investment banking (bond advisory and bond distribution) will be another sword besides bancassurance to accelerate NFI/TOI to 16-17% from 13% in 2019.

► Action: Reiterate BUY despite of trimming TP

Thanks to improvement in assets quality in 2Q20, we adjust upward 2020F controlling-interest NP to VND7.5tn (-4% yoy) by 7.5% from our latest update. We believe MBB has determined proper approaches in the COVID-19 infected economy and exposed itself less to high credit risk segments. As such, we trim NIM from 2021 onward by 7-20bps and trim credit provision by 9-12% from latest forecast.

We cut TP by 13.3% to VND22,200 after adjusting downward 2020F P/B to 1.11x due to MBB's traditional poor market performance against the peers. However, with the upside of 37%, we maintain BUY recommendation on MBB.

Vinh Hoan Corp (VHC)

Hold (Maintain)

2Q20 review: EU surge to cushion the U.S. slow recovery

Toan Dao
toan.dp@kisvn.vn

► Facts: COVID-19 hit Vinh Hoan's pangasius export to the U.S.

In 2Q20, Vinh Hoan recorded consolidated net revenue of VND1,630bn (-19.5% yoy). Export to the U.S. recorded only VND402bn (-48% yoy) as the pandemic hit restaurant channel in the U.S. in 2Q20. China recorded VND281bn (-28% yoy) while export to EU reached VND419bn (+61% yoy).

Vinh Hoan recorded gross profit of VND320bn (-26.7% yoy) and gross margin contracted 1.9%p yoy. Overall, Vinh Hoan recorded NPAT of VND215bn in 2Q20 (-48.7% yoy). If excluding VND108bn income of equity divestment from Van Duc Tien Giang in 2Q19, Vinh Hoan's 2Q20 NPAT decreased 31% yoy.

► Pros & cons: EU market to lead revenue growth in 2H20

We estimate Vinh Hoan's export revenue to EU to blossom in 2H20, which will be backed by the surge of pangasius consumption in retail channel amid the pandemic and Vinh Hoan's quality-based competitive advantage. Besides, Vinh Hoan's export volume to China can maintain volume growth in 2H20 as this market has fully recovered since June 2020. Meanwhile, we are concerned that export volume to the U.S. will recover slower than our expectation in 2H20 due to the persistently weak demand of the U.S. restaurant channel, which still see just half of pre-crisis customer traffic since May 2020.

We expect Vinh Hoan's 2H20 gross margin to remain stable at that of 2Q20 thanks to (1) negligible inventory provision as material price is stable, and (2) higher revenue contribution of Collagen & Gelatin, which we estimate to increase from 10.3% in 1H20 to 12.1% in 2H20.

In overall, we estimate Vinh Hoan's 2020 revenue and 2020 NPAT to record VND7,270bn and VND919bn, decreasing 14% and 20%, respectively, compared to our previous estimates, mainly due to lower-than-expected recovery of export volume to the U.S.

► Action: Maintain Hold

We expect the surge of pangasius export volume to EU coupled with revenue acceleration of Collagen & Gelatin will offset the slow recovery of pangasius export to the U.S. in 2H20. Therefore, we maintain Hold for Vinh Hoan's share.

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
8/31/2020	HDLB	Hai Duong livestock genetics one member Co., Ltd	37.8	2,414,700	13,800	IPO
8/21/2020	TSCC	Truong Son Advisory JSC	27.3	1,389,750	12,300	-
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..