

Xin Chao Vietnam

Market performance

	11 Aug	1D	1M	3M	YTD
VNIndex (pt, % chg.)	843.08	(0.0)	(3.2)	1.8	(12.3)
Turnover (VND bn)	4,081				
VN30 (pt, % chg.)	784.57	0.0	(3.0)	1.0	(10.7)

Major indicators

	11 Aug	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.81	0.0	0.1	(0.8)	(0.6)
3-yr govt bonds (% bp chg.)	1.34	0.0	(0.0)	(0.6)	(0.3)
VND/USD (% chg.)	23,175	0.0	0.0	0.7	(0.0)
VND/JPY (% chg.)	21,845	0.1	(1.1)	(0.8)	(2.4)
VND/EUR (% chg.)	27,222	0.2	(3.4)	(7.0)	(4.6)
VND/CNY (% chg.)	3,336	(0.3)	(0.7)	(1.5)	(0.2)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.60	0.0	(0.0)	(0.1)	(1.3)
WTI (USD/bbl, % chg.)	42.44	1.2	4.7	75.8	(30.5)
Gold (USD/oz, % chg.)	45.36	0.8	4.9	53.1	(31.3)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	17.6	DHC	(27.0)
MWG	12.1	LDG	(22.9)
VCB	10.8	DBC	(13.7)
VNM	8.3	GTN	(7.6)
PLX	7.9	GEX	(7.0)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
DHC	12.4	VHM	(29.6)
MSN	11.2	HPG	(18.9)
DPM	10.3	VRE	(13.7)
HDB	6.4	VNM	(11.3)
SAB	4.9	DXG	(9.7)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Diversified Financials	1.6	Telecommunication	(2.5)
Media & Entertainment	1.3	Health Care	(1.1)
Energy	1.0	Software & Services	(0.6)
Banks	0.6	Utilities	(0.6)
Retailing	0.6	Commercial Services	(0.6)

WHAT'S NEW TODAY

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- **Masan Group (MSN):** 2Q20 review

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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)	13.6	1.9	10.2	14.3
2021F	275,785	142,326	11.2	12.2	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)	(32.9)	18.0	6.5	2.2	(5.5)	3.9
China GDP (% yoy)	(6.8)	2.1	5.2	6.1	6.1	2.0	8.0

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

Close in red territory

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After the sixth gaining session in a row, Vietnam stock markets closed in red territory as profit-taking on Real Estate stocks, namely VIC (-0.8%), VRE (-1.3%), DXG (-1.1%), KDH (-0.4%), TCH (-0.5%), and ROS (-0.8%).

At the close, the VNIndex closed almost unchanged at 843.0 pts. Meanwhile, trading volume decreased to 242 million shares or VND4,080bn.

Foreign investors reversed to sell with a net value of VND120bn on HSX. They sold VHM, HPG, and VRE the most with net values of VND29bn, VND18bn, and VND13bn, respectively.

Energy tickers underperformed the benchmark index driven by GAS (-0.7%), PVD (-0.5%), POW (-0.7%), and NT2 (-0.9%).

In contrast, Banking was the market leader namely CTG (+1.8%), BID (+1.0%), HDB (+0.8%), TCB (+0.3%), MBB (+0.3%), and EIB (+0.8%). Notably, ACB jumped 6.7% after it announced that it would switch to listing on HSX and close the right to pay a 30% stock dividend.

In addition, MSN (+0.1%), MWG (+0.6%), PLX (+1.1%), and SSI (+2.0%) outperformed the benchmark index.

Despite the contraction, the short-term uptrend is still intact as the VNIndex closes above the 20-period moving average. Therefore, traders should increase their long position and focus on leading stocks.

Breaking news

- ▶ The U.S.: Temporary financial aid to U.S. households backed by U.S. President Donald Trump

In a time that the COVID-19 pandemic shows no stop on spreading to the U.S. society, the people more than ever rely on the financial supports from the government. As two parties Democrats and Republicans are struggled to reach an agreement on the next stimulus bill, President Donald Trump signed executive orders that restore some enhanced unemployment benefits and also suspend payroll taxes for the benefits of the U.S. people. Most importantly, after the USD600 extra unemployment benefits from the CARES Act being already expired by the end of July, the new orders would provide an extra USD400 per week in unemployment payments, which is expected to restore U.S. consumer spending in the near term. (Reuters)

Sector & company

Masan Group (MSN)

BUY (Maintain), TP VND74,000

2Q20 review: Masan Consumer to buoy 2H20 earning

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- ▶ Facts: Masan Group reached positive EPS in 1H20

In 2Q20, Masan Group recorded net revenue of VND17,766bn (+92.1% yoy), driven by the consolidation of VND7,104bn of VinCommerce and Masan Consumer growth of 34.6% yoy. Masan Group's NPAT post-MI recorded VND195bn (-80.8% yoy) due to Masan Hi-Tech Materials's net loss of VND-198bn as metal price has remained low, operating loss of VinCommerce at -8.6% EBITDA margin and 86% NPAT post-MI decrease of Masan MEATLife due to overheat live hog price and slow recovery of Vietnam pig farm. In aggregate, Masan Group recorded NPAT post-MI of VND117bn (-93.8% yoy) in 1H20 thanks to earning acceleration of Masan Consumer.

- ▶ Pros & cons: Masan Consumer to maintain outstanding performance

We expect Masan Consumer surge to maintain earning growth pillar of Masan Group and offset negative impact of Masan Hi-Tech Materials in 2H20, premised by (1) revenue surge of premium products in modern trade channel, which saw revenue

blossom in 1H20, (2) profit consolidation of Netsco and (3) profit margins expansion thanks to larger revenue portion of Masan Consumer's higher-margin premium products. We revise up Masan Consumer's NPAT by 13% in 2020, compared to our previous estimates, to reach VND4,057bn in 2020.

As VinCommerce closed 146 weak-performed Vinmart+ stores and 4 Vinmart stores in 2Q20, we believe that cost restructuring acceleration will support for VinCommerce's EBITDA margin in 2H20. However, in order to reach EBITDA breakeven point this year, VinCommerce will need more efforts as we are concerned that low customer traffic of Vinmart inside Vincom Retail centers and slower-than-expected new store opening will refrain VinCommerce from achieving such a target in 4Q20. Therefore, we maintain our estimate for VinCommerce's 2020 EBITDA margin at -6%, improving 1.5%p yoy.

► Action: Maintain BUY

Although we are concerned VinCommerce will deliver operating loss in 2020, we believe the outstanding performance of Masan Consumer will maintain the attractive valuation for Masan Group. Therefore, we maintain BUY for MSN share with TP of VND74,000. Total expected return is 37%.

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
8/13/2020	HVG	Hung Vuong Corporation	UPCoM	2,270.4	227,038,291	5,400

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
9/4/2020	TEL	Telecommunication Project Construction Development JSC	50.0	2,450,000	21,801	-
9/1/2020	CC4	Investment and Construction JSC nO.4	160.0	4,137,500	16,100	Local investors only
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	-

- **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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