

Xin Chao Vietnam

Market performance

	1 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	914.09	1.0	2.5	8.4	(4.9)
Turnover (VND bn)	6,762				
VN30 (pt, % chg.)	867.58	1.1	4.3	10.3	(1.3)

Major indicators

	1 Oct	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.59	0.1	(0.1)	(0.1)	(0.8)
3-yr govt bonds (% bp chg.)	1.13	0.3	(0.1)	(0.2)	(0.5)
VND/USD (% chg.)	23,187	(0.0)	(0.1)	0.1	(0.1)
VND/JPY (% chg.)	21,957	0.1	(0.4)	(1.7)	(2.9)
VND/EUR (% chg.)	27,214	0.2	1.8	(4.2)	(4.5)
VND/CNY (% chg.)	3,414	(0.0)	(0.6)	(3.9)	(2.5)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.70	0.0	0.0	0.0	(1.2)
WTI (USD/bbl, % chg.)	39.84	(0.9)	(6.8)	0.1	(34.8)
Gold (USD/oz, % chg.)	41.96	(0.8)	(7.9)	(0.2)	(36.4)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
EIB	99.6	GAB	(100.5)
HPG	51.4	TPB	(46.8)
DBD	41.7	DIG	(18.6)
VJC	40.8	CTG	(15.9)
MBB	27.0	VNM	(6.7)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
GEX	9.5	HPG	(78.0)
DPM	7.3	VNM	(46.7)
SSI	7.2	VJC	(36.3)
VHM	6.2	VND	(17.7)
MSN	5.5	DBC	(16.3)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Diversified Financials	4.4	Telecommunication	(6.0)
Media & Entertainment	3.2	Household Products	(1.5)
Technology	1.5	Health Care	(0.8)
Capital Goods	1.5		
Materials	1.4		

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Bullish market
- **Vietnam:** Manufacturing PMI backs into growth territory

Sector & company report

- **Vinamilk (VNM):** Preliminary 3Q20 brief

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	191,785	119,519	29.6	14.8	2.6	13.6	17.8
2019	238,659	144,922	24.3	13.4	2.3	11.0	17.4
2020F	261,642	146,123	2.2	13.2	2.0	9.2	15.5
2021F	293,650	165,232	14.1	11.6	1.8	8.1	15.4

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)	(31.7)	25.1	5.0	2.2	(4.4)	3.7
China GDP (% yoy)	(6.8)	3.2	5.2	6.0	6.1	2.1	8.0

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

Bullish market

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Vietnam stock markets continued to go up amid the recovery of the industrial sector. In particular, Vietnam PMI in September reached 52.2, the highest level in 2020.

At the close, the VNIndex gained 0.98% to close at 914.0 pts. Meanwhile, trading volume increased to 352 million shares or VND6,761bn.

Foreign investors resumed selling with a net value of VND270bn on HSX. They sold HPG, VNM, and VJC the most with net values of VND77bn, VND46bn, and VND36bn, respectively.

Real Estate was the market leader thanks to VIC (+1.1%), VHM (+2.1%), VRE (+0.4%), NLG (+1.9%), and DXG (+2.5%). Notably, SCR limited up.

Moreover, Energy tickers outperformed the benchmark index due to GAS (+1.5%), PVT (+1.1%), PVD (+0.9%), PVS (+2.2%), BSR (+1.4%) and PLX (+1.0%).

In contrast, some constituents of VN30, such as NVL (-0.3%), ROS (-0.4%), STB (-0.3%), and TCH (-0.4%), closed in red territory.

Based on the optimistic market sentiment, the uptrend of the VNIndex is still intact. Therefore, investors may be held their long position and focus on leading tickers.

Breaking news

- ▶ Vietnam: Manufacturing PMI backs into growth territory

According to the latest report from IHS Markit, business conditions improved markedly in September as the Vietnam manufacturing PMI index in the month recorded 52.2 from 45.7 in August. More details, expansion in output and new orders were driving the manufacturing growth. Most notably, business confidence also reached 14-month high since July 2019 after the resurgence of COVID-19 by late-July has been well controlled. (IHS Markit)

Sector & company

Vinamilk (VNM)

Hold (Maintain)

Preliminary 3Q20 NPAT grows 16%

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- ▶ Vinamilk's NPAT growth to elevate in 3Q20

On 01 Oct, Vinamilk released preliminary 3Q20 business results, which highlighted more optimistic earning growths than those of previous quarters. Moreover, we also have a call with Vinamilk to update more about 3Q20 business results.

In 3Q20, Vinamilk estimates consolidated revenue to reach VND15,561bn (+8.8% yoy) and consolidated NPAT to reach VND3,106bn (+16% yoy), mainly driven by:

(1) More favorable input milk price, mainly contributed by low-price imported whole milk powder in 1H20. The impact of favorable input milk price will extend to October 2020 and Vinamilk estimates overall input milk price in 4Q20 will be higher than that of 3Q20 due to the qoq increase of 3Q20 whole milk powder import price.

(2) Lower SG&A expense ratio. The decrease of marketing cost has offset the increase of promotion cost and lead to yoy lower SG&A expense ratio in 3Q20.

(3) Better earning contribution of GTNFoods, which has shown the yoy profit margin improvement since 1Q20.

Basing on preliminary 3Q20 results, Vinamilk estimates to reach VND45,277bn consolidated revenue (+7.4% yoy) and VND8,967bn consolidated NPAT (+7% yoy) in 9M20.

Vinamilk maintains its domestic market share at 60% by volume and 54% by value in 8M20. Discussing about export activities, Vinamilk expects milk export to Middle East will deliver higher revenue growth than 1H20's figure, despite of the fact that this market has suffered intensely from second wave of pandemic.

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
10/21/2020		Vinh Son JSC	1,150.0	4,588,500	201,042	Whole lot sale
10/16/2020		Mua Xuan Agriculture Center	29.8	700,938	10,000	IPO
10/9/2020	AGFERRY	An Giang Ferry One Member Company Limited	167.5	5,291,520	16,720	IPO
10/6/2020	BWE	Binh Duong Water Environment JSC	1,500.0	37,500,000	25,500	-
10/5/2020	LIBREXCO	Tien Giang Livestock Breeding Company	51.0	4,968,600	10,000	Whole lot sale

- **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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