

Xin Chao Vietnam

Market performance

	8 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	918.84	(0.1)	3.2	6.3	(4.4)
Turnover (VND bn)	7,685				
VN30 (pt, % chg.)	869.82	(0.1)	5.1	8.0	(1.1)

Major indicators

	8 Oct	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.47	(0.1)	(0.2)	(0.4)	(1.0)
3-yr govt bonds (% bp chg.)	0.69	(0.2)	(0.5)	(0.7)	(1.0)
VND/USD (% chg.)	23,192	0.0	(0.1)	0.0	(0.1)
VND/JPY (% chg.)	21,885	0.0	(0.2)	(1.2)	(2.6)
VND/EUR (% chg.)	27,305	(0.3)	0.3	(4.3)	(4.9)
VND/CNY (% chg.)	3,415	0.0	(0.9)	(3.1)	(2.5)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.77	(0.0)	0.1	0.1	(1.1)
WTI (USD/bbl, % chg.)	40.56	1.5	10.3	(0.8)	(33.6)
Gold (USD/oz, % chg.)	42.70	1.7	7.3	(1.4)	(35.3)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VHM	21.9	CTD	(55.5)
TCB	8.4	VNG	(28.9)
REE	8.0	CII	(28.4)
POW	7.3	MBB	(18.6)
NBB	7.3	MSN	(17.1)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	60.7	VNM	(41.2)
MBB	18.5	BID	(26.4)
DPM	16.5	AGG	(23.2)
VCB	15.8	KBC	(19.2)
FUEVFVND	9.2	CTG	(14.1)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	3.3	Telecommunication	(5.4)
Consumer Durables	2.1	Health Care	(1.7)
Retailing	1.7	Automobiles	(1.4)
Technology	1.3	Consumer Services	(0.8)
Materials	0.7	Media & Entertainment	(0.6)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** The cautious
- **U.S.:** service sector continues recovering further in September

Sector & company report

- **Dat Xanh Group (DXG):** 3Q20 preview

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	3.0	13.2	2.0	9.3	15.4
2021F	293,650	165,232	14.1	11.6	1.8	8.2	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)	25.3	5.0	2.2	(4.3)	3.8
China GDP (% yoy)	(6.8)	3.2	5.1	6.0	6.1	2.1	8.0

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

The cautious

Hieu Tran
hieu.ttm@kisvn.vn

Vietnam stock markets reversed to go down due to a lack of positive news.

At the close, the VNIndex lost 0.10% to close at 918.8 pts. Meanwhile, trading volume decreased to 448 million shares or VND7,684bn.

Foreign investors resumed selling with a net value of VND91bn on HSX. They sold VNM, BID and AGG the most with net values of VND41bn, VND26bn, and VND23bn, respectively.

Selling pressure pushed Banking and Real Estate down namely EIB (-1.7%), VPB (-1.3%), STB (-1.1%), TCB (-2.1%), HDB (-0.8%), DXG (-2.2%), TCH (-1.4%), and KDH (-1.4%).

Moreover, some constituents of VN30 underperformed the benchmark index such as POW (-0.4%), SAB (-1.0%), and SBT (-1.2%).

In contrast, PNJ (+2.7%), MWG (+1.7%), MSN (+3.2%), HPG (+1.0%), FPT (+1.3%), and CTG (+0.5%) closed in the green territory.

Despite the contraction, the short-term uptrend of the VNIndex is still intact as the VNIndex closes above significant moving averages. Therefore, investors may hold their long position and focus on leading tickers.

Breaking news

- ▶ U.S.: service sector continues recovering further in September

Along with a strong expansion in the manufacturing sector, the U.S. service sector also saw a solid upturn in the month. According to the latest update from IHS Markit, the U.S. service PMI index recorded 54.6 index point in September, following a sharp increase of 55 in August. The expansion was mainly driven by rising new business and faster new sales growth, signalling stronger demand conditions. However, participants' expectations about the outlook for output in the service sector slumped by end-September amid the ongoing COVID-19 outbreak. (IHS Markit)

Sector & company

Dat Xanh Group (DXG)

BUY (Maintain), TP VND12,800

3Q20 preview: Growth on track

Nhan Lai
nhan.lt@kisvn.vn

- ▶ Likely positive 3Q20F result

Based on a phone call to DXG's IR on Oct 7, we estimate DXG could reach VND1,032bn revenue and VND116bn net profit in 3Q20F. Despite a 29% yoy drop in revenue and 67% yoy decline in net profit in 3Q20F, they signal a positive growth as DXG's business results are not exposed to any potential loss in foreseeable future.

- ▶ Promising presales in 3Q20F

In 3Q20F, we expect DXG receive non-refundable deposit (10-25% total value of each unit) for 1) 1,000 units in Opal Skyline condo project (total 1,500 units) and 2) 150 units of St Moritz condo project. We estimate around VND2,000-2,292bn is added to total presales in FY20F, securing the revenue growth in FY22-23F.

- ▶ Gem Sky World project the key driver of presales in 4Q20F

DXG is going to hold another sales event for Gem Sky World (GSW) townhouse project in Long Thanh district, Dong Nai province (total 4,000 units) in Dec. We expect DXG could receive non-refundable deposit at the 5-10% price increase vs July for 500-600

units. The company also holds sales event for the remainder of Opal Skyline project in late Oct.

- ▶ Reiterate BUY with TP of VND12,800

We reiterate BUY rating as sales of GSW and St Moritz condo projects could be on track in FY20F-21F. Our RNAV-based target price remains at VND12,800. Our mid-to-long-term investment thesis depends on whether DXG can successfully unlock its mega-sized Gem Riverside project in Dist 2 in FY20-21F. Key downside risks to our call is deteriorated economy growth that could dampen our presale outlook.

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
10/9/2020	NAB	Nam A Commercial JSB	UPCoM	3,890.1	389,005,328	13,500

▶ Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
10/26/2020	EVF	EVN Finance JSC	2,649.8	2,650,000	17,411	-
10/26/2020	XLAG	An Giang Construction One Member Co., Ltd	287.2	7,722,638	45,400	IPO
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

- **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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