

Xin Chao Vietnam

Market performance

	13 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	929.86	0.4	4.6	7.0	(3.2)
Turnover (VND bn)	6,504				
VN30 (pt, % chg.)	878.35	0.4	6.4	9.0	(0.1)

Major indicators

	13 Oct	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.55	0.1	0.0	(0.1)	(0.9)
3-yr govt bonds (% bp chg.)	1.01	0.1	0.0	(0.2)	(0.7)
VND/USD (% chg.)	23,181	(0.0)	(0.0)	0.0	(0.0)
VND/JPY (% chg.)	21,973	0.2	(0.3)	(1.7)	(3.0)
VND/EUR (% chg.)	27,359	0.2	0.4	(3.9)	(5.1)
VND/CNY (% chg.)	3,442	(0.2)	(1.2)	(3.8)	(3.3)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.76	(0.0)	0.1	0.1	(1.2)
WTI (USD/bbl, % chg.)	40.17	1.9	7.6	0.2	(34.2)
Gold (USD/oz, % chg.)	42.43	1.7	6.5	(0.7)	(35.7)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FLC	76.1	HPG	(56.0)
SBT	53.3	VCB	(47.1)
EIB	25.2	SAB	(38.2)
TCB	16.0	CTG	(33.6)
MWG	11.2	GVR	(18.9)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VCB	50.0	MSN	(92.8)
HPG	26.4	BID	(18.3)
CTG	19.2	HSG	(14.1)
VIC	15.8	CTD	(11.3)
DCM	12.2	KDH	(9.8)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	2.2	Media & Entertainment	(1.7)
Insurance	1.7	Diversified Financials	(1.0)
Health Care	1.6	Retailing	(1.0)
Banks	1.1	Pharmaceuticals	(1.0)
Consumer Durables	0.9	Telecommunication	(0.9)

WHAT'S NEW TODAY

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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	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	13.4	2.1	9.5	15.4
2021F	293,650	165,232	14.1	11.8	1.8	8.3	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)	29.3	4.0	2.2	(4.0)	3.7
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

MSN and CTG in the spotlight

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Vietnam stock markets recorded the three gaining sessions in a row thanks to CTG (+5.0%) and MSN (+6.6%).

At the close, the VNIndex gained 0.44% to close at 929.8 pts. Meanwhile, trading volume decreased to 359 million shares or VND6,503bn.

Foreign investors continued to sell with a net value of VND26bn on HSX. They sold MSN, BID, and HSG the most with net values of VND92bn, VND18bn, and VND14bn, respectively.

Real Estate and Banking were the market leader due to BID (+0.7%), VCB (+0.7%), TCB (+0.9%), ACB (+0.4%), STB (+1.1%), EIB (+1.2%), VHM (+0.8%), DXG (+1.8%), and FLC (+6.2%).

Moreover, cash flowed into some constituents of VN30, namely PNJ (+0.8%) and SBT (+0.9%).

In contrast, selling pressure pushed some large-cap stock down more than 1% such as HDB (-1.4%), KDH (-1.0%), MWG (-1.2%), SAB (-2.1%), and SSI (-1.6%). Notably, HVN fell by 0.4% after Mr. Tran Thanh Hien, Chief Accountant - Head of Financial Accounting Department, said that the 9-month revenue of HVN (including Vietnam Airlines, Pacific Airlines, and Vasco) reached VND23,948bn, down by 58.3% YoY.

Based on the gaining session, market sentiment has become optimistic in the short term. The target price of the rectangle pattern is 940-950 pts. Therefore, investors may hold their long position and focus on leading tickers.

Breaking news

- ▶ World: Global manufacturing PMI continues upturn by 3Q20 end

As many countries continue lifting lockdowns and restrictions in response to the COVID-19 pandemic, the global manufacturing expansion accelerated at the fastest pace since August 2018. According to the latest report from IHS Markit, the J.P.Morgan Global Manufacturing Output Index grew to a 25-month high of 52.3 in September, up from 51.8 in the previous month. Most notably, the business optimism reached a 28-month high as the confidence recorded increasing across consumer, intermediate, and investment goods industries. (IHS Markit)

Sector & company

Sai Gon Bank (SGB)

Reference price: VND25,800

Pre-listing brief

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- ▶ Overview

Sai Gon Bank for Industry and Trade (Saigonbank) is a small commercial bank with total assets of VND21tn in June 2020. It focuses on retail market with key clients, including individual and household businesses, account for 72% of loan books. The bank's distribution network comprises one head office in Ho Chi Minh city, 33 branches, 55 transaction offices and one card center as of June 2020.

- ▶ Financial highlights

SGB 1H20 NP skyrocketed by 42% yoy to VND100bn since credit provision was insignificant at VND6bn vs. VND44bn in 1H19. Given that, SGB fulfilled 96% of 2020 NP target.

Its loan book trimmed by 2.8% ytd to VND14.2tn while NPL ratio rose to 2.3% from 1.9% as of 2019-end. Net VAMC bonds was VND590bn, which implies a real NPL ratio of around 7.2%. NPL coverage ratio was small at 35% on reported NPLs and 26%

on real NPLs. On the other hand, its Basel CAR was outstanding at 16.9%.

- ▶ Most interesting item is property

Former Saigonbank was established at the very first stage of “Vietnam Doi Moi reforms” in July 1987 by HCM’s government. Given that historical advantages, SGB owns many valuable properties at “diamond locations” in CBD HCM where are the bank’s existing head office and branches.

SGB has a condensed ownership structure despite of massive divestments of CTG and VCB two years ago. Four major shareholders which comprise HCM Municipal Party Committee and its three subsidiaries, occupy 65.25% of SGB’s stake at present.

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
10/15/2020	SGB	Sai Gon Bank for Industry and Trade	UPCoM	3,080.0	308,000,000	25,800
10/15/2020	HGT	Huong Giang Tourist JSC	UPCoM	200.0	20,000,000	10,000

▶ 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

- **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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