

Xin Chao Vietnam

Market performance

	15 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	942.76	0.3	5.2	8.4	(1.9)
Turnover (VND bn)	9,407				
VN30 (pt, % chg.)	899.20	0.8	7.9	11.0	2.3

Major indicators

	15 Oct	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.64	0.1	0.0	0.0	(0.8)
3-yr govt bonds (% bp chg.)	1.07	0.0	(0.1)	(0.1)	(0.6)
VND/USD (% chg.)	23,177	0.0	0.0	0.0	(0.0)
VND/JPY (% chg.)	22,020	0.0	(0.2)	(1.6)	(3.2)
VND/EUR (% chg.)	27,252	(0.0)	1.0	(2.7)	(4.7)
VND/CNY (% chg.)	3,444	0.2	(0.8)	(3.7)	(3.4)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.70	(0.0)	0.0	0.1	(1.2)
WTI (USD/bbl, % chg.)	39.93	(2.7)	4.3	(3.1)	(34.6)
Gold (USD/oz, % chg.)	42.24	(2.5)	4.2	(3.5)	(36.0)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
TCB	77.4	CTG	(128.2)
FLC	76.9	HPG	(50.8)
MWG	19.5	GVR	(32.0)
KBC	16.6	VNG	(21.5)
VCB	7.7	DCM	(19.2)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VCB	62.6	MSN	(255.0)
CTG	49.8	SAB	(56.0)
HPG	38.1	PVT	(37.0)
VNM	28.8	VPB	(31.8)
GVR	26.7	CII	(29.1)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Media & Entertainment	2.2	Health Care	(1.8)
Consumer Durables	1.9	Insurance	(1.0)
Diversified Financials	1.3	Others	(0.9)
Materials	1.2	Commercial Services	(0.8)
Software & Services	0.9	Pharmaceuticals	(0.5)

WHAT'S NEW TODAY

Market commentary & News

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- **World:** Global economy improves at a faster-than-anticipated pace

Sector & company report

- **Vinh Hoan Corp (VHC):** 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	13.7	2.1	9.6	15.4
2021F	293,650	165,232	14.1	12.0	1.8	8.4	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)	29.2	4.0	2.2	(4.0)	3.7
China GDP (% yoy)	(6.8)	3.2	5.0	6.0	6.1	2.1	8.0

Source: KIS, Bloomberg

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Market commentary & News

Market commentary

Resume short-term uptrend

Hieu Tran
hieu.ttm@kisvn.vn

Vietnam stock markets maintained its uptrend as the cash flowed into large-cap tickers.

At the close, the VNIndex gained 0.27% to close at 942.7 pts. Meanwhile, trading volume recorded to 470 million shares or VND9,406bn.

Foreign investors continued to sell with a net value of VND266bn on HSX. They sold MSN, SAB, and PVT the most with net values of VND254bn, VND55bn, and VND36bn, respectively.

Banking was still the market leader due to EIB (+1.1%), STB (+2.6%), VCB (+0.5%), ACB (+2.1%), and HDB (+1.4%).

Moreover, some constituents of VN30 jumped more than 1% such as HPG (+2.4%), MSN (+1.3%), PNJ (+3.3%), REE (+1.7%), VIC (+2.6%), and VJC (+1.3%). Among which, HPG announced revenue in 3Q20 reached VND24,900bn, up by 62.7% YoY, and net income was VND3,785bn, up by 110% YoY. In the first nine months, after-tax profit posted VND8,845bn (+56% YoY).

In contrast, selling pressure pushed BID (-1.5%), VHM (-1.2%), DHG (-1.0%), and CTD (-5.4%) down.

In the short term, the uptrend is still intact due to the high demand on large-cap stocks. 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 economy improves at a faster-than-anticipated pace

As many countries have been making great efforts in easing social lockdowns and re-opening economic activities in fighting with the health crisis, the economic impact of the pandemic become less severe than anticipated earlier. According to the latest update of IMF's world economic outlook in October, the global economy is likely to see a less severe contraction of 4.4% YoY in 2020 from a projection of -4.9% YoY in June's update, reflecting a "better-than-anticipated second-quarter GDP outturns" from advanced economies where economic activities have re-opened sooner than expected. Looking forward to 2021, the world economy is expected to rebound at 5.2% YoY. (IMF)

Sector & company

Vinh Hoan Corp (VHC)

BUY (Upgrade), TP VND50,000

3Q20 preview: Earnings to rebound in 3Q20

Toan Dao
toan.dp@kisvn.vn

- EU market to lead revenue growth in 3Q20

We expect Vinh Hoan's pangasius export revenue to EU to extend its blossom in 3Q20, which is estimated to surge by 65% yoy, backed by high demand of pangasius consumption in retail channel amid pandemic and Vinh Hoan's quality-based competitive advantage.

As Chinese pangasius consumption has fully recovered since June 2020, we expect that Vinh Hoan's pangasius export volume to China can recover to 3Q19 level. However, we are cautious that pangasius export price to China still remains low due to existing price competition in Chinese off-premise channel. Therefore, we estimate Vinh Hoan's pangasius export revenue to China to decrease by 18% yoy in 3Q20, mainly dragged down by low pangasius export price.

Vietnam pangasius export volume to the U.S. reached positive growths in Jul 2020 (+38% yoy) and Aug 2020 (+25% yoy), thanks to customer traffic recovery of restaurant channel, which beat our previous expectation. We estimate Vinh Hoan's pangasius export volume to the U.S. to grow 5% yoy in 3Q20. As pangasius export price to the U.S. in 3Q20 still remains low,

we estimate Vinh Hoan's pangasius export value to the U.S. to decrease 9% yoy in 3Q20.

In overall, we estimate Vinh Hoan to post revenue of VND1,833bn in 3Q20, decreasing slightly at 2.6% yoy, thanks to the surge of pangasius export to the EU and better recovery of pangasius export volume to the U.S. and China.

- ▶ Vinh Hoan's NPAT to grow 10.3% yoy in 3Q20

We estimate Vinh Hoan's 3Q20 NPAT at VND280bn, (+10.3% yoy), premised by:

(1) 3Q20 gross margin to remain stable at that of 2Q20, thanks to the better gross margin of pangasius fillet amid stable material price. (2) Higher revenue contribution of Value-Added pangasius products in 3Q20, which will offset lower revenue contribution of Collagen & Gelatin. (3) Lower operating margin in 3Q20, compared to that of 3Q19. (4) Realized income from financial investment in MWG, FPT and HPG.

- ▶ 2021 NPAT to rise on the surge of Collagen & Gellatin

For aggregate 2020, we revise up Vinh Hoan's revenue to VND7,366bn (-6.4% yoy) in 2020, driven by the surge of export revenue to the EU, coupled with more optimistic recovery of export volume to the U.S. We also revise up Vinh Hoan's NPAT to VND982bn (-16.7% yoy), driven by better profit margins with realized income from financial investment.

In 2021, we expect that Vinh Hoan will achieve better business results than that of 2020F. Particularly, we estimate Vinh Hoan's revenue at VND8,036bn (+9.1% yoy), mainly driven by Collagen & Gellatin revenue growth of 48.6% yoy in 2021 thanks to full capacity utilization, including new capacity commenced in 4Q20. Besides, we estimate that Vinh Hoan's pangasius export will recover slowly at yoy revenue growth of 3.8% as pandemic has still spread in the U.S. while competitiveness will increase in the EU.

Because of the revenue surge of Collagen & Gellatin, which delivers higher profit margins than those of pangasius fillet, we estimate Vinh Hoan's NPAT at VND1,147bn (+16.9% yoy) in 2021.

- ▶ Action: Reiterate BUY for VHC share with TP of VND50,000

Although pangasius export can still recover slowly, we believe Vinh Hoan's business results will improve significantly in 2021 thanks to Collagen & Gellatin surge. Therefore, we reiterate BUY for VHC share with TP of VND50,000. Total expected return is 22.1%.

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
10/26/2020	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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