

Xin Chao Vietnam

Market performance

	30 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	925.47	0.7	2.2	15.5	(3.7)
Turnover (VND bn)	6,558				
VN30 (pt, % chg.)	892.55	0.7	4.0	19.6	1.5

Major indicators

	30 Oct	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.56	0.0	0.1	(0.0)	(0.9)
3-yr gov't bonds (% bp chg.)	0.99	0.3	0.2	(0.1)	(0.7)
VND/USD (% chg.)	23,178	0.0	0.0	0.0	(0.0)
VND/JPY (% chg.)	22,187	(0.1)	(0.9)	(0.3)	(3.9)
VND/EUR (% chg.)	27,085	0.7	0.6	1.0	(4.1)
VND/CNY (% chg.)	3,466	(0.4)	(1.5)	(4.6)	(4.0)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.83	0.0	0.1	0.3	(1.1)
WTI (USD/bbl, % chg.)	36.28	0.3	(9.8)	(9.1)	(40.6)
Gold (USD/oz, % chg.)	37.73	0.2	(7.9)	(12.1)	(42.8)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
TCB	41.1	GAB	(67.8)
PNJ	30.6	DXG	(67.2)
VIC	29.3	VCB	(17.9)
KDH	27.3	HPG	(17.0)
VRE	12.9	MWG	(16.0)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
DXG	21.2	MSN	(229.0)
VPB	16.8	VNM	(82.2)
SBT	8.4	HPG	(38.8)
GVR	8.3	VRE	(29.8)
SSI	6.3	KDH	(29.4)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Health Care	3.0	Utilities	(0.6)
Others	2.7	Banks	(0.5)
Consumer Durables	2.7	Telecommunication	(0.4)
Real Estate	2.3	Consumer Services	(0.2)
Retailing	2.0	Household Products	(0.1)

WHAT'S NEW TODAY

Market commentary & News

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Sector & company

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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	13.3	2.1	9.6	15.4
2021F	293,650	165,232	14.1	11.7	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	3Q20	4Q20F	2019	2020F	2021F
GDP (% yoy)	3.8	0.4	2.6	5.0	7.0	4.3	5.9
Trade balance (USD bn)	1.7	0.6	7.4	5.1	10.4	7.9	1.8
CPI (% yoy, avg.)	5.6	2.8	3.2	3.5	2.8	3.8	3.5
Discount rate (% EoP)	3.5	3.0	3.0	3.0	4.0	3.0	3.0
VND/USD (avg.)	23,264	23,206	23,188	23,197	23,231	23,214	23,206
US GDP (% qoq)	(4.8)	(31.7)	30.0	4.0	2.2	(4.0)	3.8
China GDP (% yoy)	(6.8)	3.2	5.0	5.9	6.1	2.1	8.0

Source: KIS, Bloomberg

Market commentary & News

Market commentary

VIC jumps 5.8%

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Vietnam stock markets reversed to go up as cash flowed into VIC (+5.8%), the largest proportion in the index, at the ATC session.

At the close, the VNIndex gained 0.70% to close at 925.4 pts. Meanwhile, trading volume decreased to 312 million shares or VND6,557bn.

Foreign investors continued to sell with a net value of VND229bn on HSX. They sold MSN, VNM, and HPG the most with net values of VND229bn, VND82bn, and VND38bn, respectively.

Some Energy tickers outperformed the benchmark index due to BSR (+1.5%), PLX (+1.7%), NT2 (+0.9%), PVT (+0.4%), and PVD (+0.9%). Notably, PVS closed unchanged after it posted VND5,966bn (+28% YoY) of revenue and VND223bn (+165% YoY) of net income in 3Q20.

Some constituents of VN30Index soared more than 1% such as FPT (+1.1%), HDB (+2.5%), KDH (+4.3%), MWG (+2.3%), PLX (+1.6%), PNJ (+4.0%), SBT (+1.3%), VNM (+1.0%), and VPB (+1.2%).

In contrast, POW (-1.9%), STB (-1.4%), TCB (-2.0%), TCH (-1.0%), VJC (-1.0%), and VRE (-1.1%) closed in red territory.

Despite the recovery, the short-term downtrend is still intact as the VNIndex closes below the significant moving average. Thus, investors should decrease their proportion and stay on the sidelines.

Breaking news

- ▶ Vietnam: Trade balance recorded the sixth consecutive month of surplus

According to GSO's estimates, trade activities in October extended its recovery path to five months with slower export and import rates than the previous month. Specifically, export and import rose by 9.91% YoY and 10.05% YoY, posting USD26.70bn and USD24.50bn, respectively. Consequently, the trade balance recorded a surplus of USD2.20bn, marking the sixth month in series starting from May.

Macro & strategy

Chart of the day

Short-term downtrend?

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- ▶ Market performance

The VNIndex reversed to go down last week due to high selling pressure on some large-cap stocks.

- ▶ Chart: Retest 900-920 pts

The uptrend is still intact in the medium and long term as the VNINDEX closes above moving averages such as the 50-period and 100-period moving averages. Besides, the index forms a new peak since March 2020, around 960 pts.

In the short term, the VNIndex breaks down the MA10 and MA20 with high volume, implying the short-term downtrend. Moreover, the momentum and breadth indicators show the negative signals that support the bearish market.

The 900-920 pts, which overlaps with the MA50 and upper line of the rectangle pattern, is significant support. On the upside, 960-970 pts is the short-term resistance for the index.

→ The short-term downtrend is still active due to signals of following trend indicators.

- ▶ Technical strategy: Stay on the sidelines

As mentioned above, the downtrend forms in the short term that pushes downside risk high. Therefore, investors should decrease their proportion and stay on the sidelines.

Sector & company

Vinamilk (VNM)

Hold (Maintain)

3Q20 brief: NPAT post-MI increased 14.4% yoy

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- ▶ Revenue rose 8.9% yoy in 3Q20

On Oct 30, Vinamilk announced 3Q20 official business results, which highlighted elevated earnings than those of previous quarters.

In 3Q20, Vinamilk reached VND15,563bn revenue (+8.9% yoy), thanks to:

(1) Vinamilk's domestic revenue reached VND11,902bn (+1.5% yoy).

(2) Revenue contribution of GTNFoods, reaching VND776bn revenue and accounting for 5% Vinamilk's total revenue in 3Q20. In aggregate 9M20, GTNFoods contributed 4.7% to Vinamilk's total revenue.

(3) Export revenue rose by 9.1% yoy thanks to Iraq market despite Covid-19's spread. Particularly, export revenue to Iraq reached VND1,576bn (+19.5% yoy) while export via foreign subsidiaries (Drifwood, Angkor Milk) recorded VND724bn (-8.2% yoy).

- ▶ NPAT post-MI to increase 14.4% yoy in 3Q20

In 3Q20, Vinamilk reached VND3,077bn NPAT (+14.4% yoy), mainly driven by:

(1) Gross margin improvement of Vinamilk domestic market (+0.13%p yoy), thanks to more favorable input milk price, mainly contributed by low-price imported whole milk powder in 1H20.

(2) SG&A expense ratio decrease 1.2%p yoy, driven by 2.0%p yoy decrease of marketing expense ratio, offsetting 0.5%p yoy increase of promotion expense ratio in 3Q20.

(3) Better earning contribution of GTNFoods, which has shown yoy profit margin improvement since 1Q20. In 3Q20, GTNFoods delivered VND87.1bn NPAT (+289% yoy) and net margin of 11.2% (+8.5%p yoy).

Masan Group (MSN)

Hold (Downgrade)

3Q20 brief: NPAT post-MI surged 4.4x qoq

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- ▶ Masan Consumer reached 32% yoy revenue growth in 3Q20

On Oct 30, Masan Group released 3Q20 business results with optimistic results, compared to 2Q20 figures.

Masan Consumer showed robustly positive business result as revenue grew 32.0% yoy, thanks to revenue increase of Seasonings (+26.1% yoy), Convenience foods (+27.5% yoy), Processed meat (+2.8x yoy). Besides, Home Personal Care's revenue contribution of VND385bn has contributed to elevated revenue growth of Masan Consumer in 3Q20.

Masan Consumer reached VND1,499bn EBITDA (+43.6% yoy) in 3Q20 and 24.6% EBIT margin (+2.0%p yoy) thanks to improved gross margins of seasonings and beverages, coupled with lower operating expense ratio.

- ▶ Masan MEATLife posted 32.7% yoy EBITDA growth in 3Q20

Masan MEATLife reached revenue of VND4,210bn (+25.2% yoy) in 3Q20, thanks to revenue contribution of integrated meat

business and feed revenue (+11.0% yoy).

In 3Q20, standalone meat business revenue reached VND583bn, increasing 11.0% qoq, driven by 27% growth in sales of branded packaged meat. On the contrary, animal feed reached better recovery as both pig feed and poultry feed posted over 20% yoy revenue growth.

Masan MEATLife delivered VND540bn EBITDA (+32.7% yoy) in 3Q20 and 12.8% EBIT margin (+0.7%p yoy).

- ▶ VinCommerce posted -2.8% EBITDA margin in 3Q20

VinCommerce recorded VND-221bn EBITDA and -2.8% EBITDA margin. VinCommerce's EBITDA margin improved 5.8% qoq thanks to: (1) Total commercial margin improvement (which takes into account both front and back margins), driven by better assortment, pricing policy and realization of supplier negotiation in 2020. (2) Operating cost improvement from both store operating cost and headquarter/back office cost. (3) Positive EBITDA margin of all Vinmart+ stores opened before 2019 and positive EBITDA margin at store level of Vinmart in Hanoi.

- ▶ Masan High-Tech Materials made profit after tax in 3Q20

Masan High-Tech Materials delivered VND2,503bn in 3Q20 (151.6% yoy). In aggregate 9M20, Masan High-Tech Materials posted net revenue of VND5,073bn (+37.7% yoy).

Masan High-Tech Materials recorded EBITDA of VND1,007bn (-35.9% yoy) in 9M20, primarily due to low selling prices of tungsten and copper.

Masan High-Tech Materials delivered NPAT post-MI of VND68bn in 9M20.

- ▶ Masan Group's NPAT post-MI surged 4.4x qoq

Masan Groups delivered VND20,214bn consolidated revenue (+125.4% yoy) and VND973bn consolidated NPAT (-59.9% yoy) in 3Q20.

Masan Group delivered VND852bn NPAT post-MI in 3Q20, decreasing 61.8% yoy but increasing +337% qoq.

Khang Dien House (KDH)

BUY (Maintain), TP VND27,000

3Q20 review: No change to growth prospects

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- ▶ Facts: Exciting 3Q20 net profit growth

KDH reported a stellar 3Q20 revenue growth of 187.2% yoy to VND1.7tn and net profit growth of 22% to VND362bn on the back of first delivery batch of 800 units of Safira project. As the lower-margin condo house (30-35%) majored, blended gross margin contracted by 37.3% pts yoy in 3Q20, which resulted in the weaker net profit increase vs revenue growth in 3Q20. Overall, 9M20 net profit reached VND769bn, 50.5% yoy, forming 67.7% our full-year forecast.

- ▶ Pros & cons: 4Q20F net profit is secured

We expect KDH could achieve 4Q20F net profit of VND336bn backed by the delivery of around 400 units in Safira condo project and of 20 units in Verosa project

We are waiting for the peak season of sales events in 4Q20F where we believe KDH could enjoy healthy momentum presales growth in Verosa, Lovera Vista, Amerna and Clarita projects. We forecast KDH could get the FY20F presale value of VND1,958bn, -52.3% yoy.

In 4Q20, the company is going to build infrastructure in Le Minh Xuan industrial park (extension) which is expected to come into operation in FY22F-23F, in our view. We could factor in the potential contribution from the industrial segment when more information is available.

- ▶ Action: Maintain Buy

We adjust our RNAV-based target price to VND27,000 to reflect a 4.8% stock dividend increase in 3Q20. We maintain our BUY rating driven by underlying earnings growth prospect in FY21F and on track presales growth. Upside risks in the short term could come from successful presales of new projects in 2022F; our mid- to long-term investment thesis depends on whether KDH can

successfully unlock its mega-sized projects in FY21-22F and industrial estate. Key downside risks to our call include: 1) slow process in obtaining building permits, delaying new launches; and 2) sluggish economic recovery that curb the demand.

New listing & Public offerings

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
11/9/2020	LPB	Lien Viet Post Bank	HSX	9,769.5	976,948,319	11,800
11/2/2020	SBR	Song Be Rubber JSC	UPCoM	814.0	81,396,192	10,100

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
11/30/2020	ITJ	Becamex Infrastructure Development JSC	1,371.0	80,000,000	12,500	-
11/27/2020	IDC	IDICO Corporation	3,000.0	108,000,000	26,930	Local investors only
11/24/2020	ITS	Vinacomin – Investment, Trading and Service JSC	2,649.8	4,536,000	17,500	-
11/16/2020		Viet Nam Agriculture Tourism Trading JSC	230.0	5,290,000	15,530	-
11/12/2020		Ninh Binh Urea Fertilizer Port JSC	100.0	4,900,000	15,815	-
11/11/2020	VTP	Viettel Post	830.5	4,982,876	105,500	-
11/6/2020		Industrial Gas and Welding Electrode JSC	293.5	13,840,000	26,700	Local investors only

- **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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