

Xin Chao Vietnam

Market performance

	10 Nov	1D	1M	3M	YTD
VNIndex (pt, % chg.)	951.90	(0.0)	3.0	12.9	(0.9)
Turnover (VND bn)	9,564				
VN30 (pt, % chg.)	916.50	(0.1)	4.8	16.9	4.3

Major indicators

	10 Nov	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.52	0.0	0.0	(0.3)	(0.9)
3-yr govt bonds (% bp chg.)	0.98	(0.0)	0.1	(0.3)	(0.7)
VND/USD (% chg.)	23,175	0.0	0.0	0.0	(0.0)
VND/JPY (% chg.)	21,995	(0.1)	0.1	(0.6)	(3.0)
VND/EUR (% chg.)	27,394	0.6	0.0	(0.4)	(5.2)
VND/CNY (% chg.)	3,505	(0.3)	(2.0)	(5.1)	(5.1)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.95	0.0	0.2	0.4	(1.0)
WTI (USD/bbl, % chg.)	40.63	0.8	0.1	(3.1)	(33.5)
Gold (USD/oz, % chg.)	42.86	1.1	0.0	(4.7)	(35.1)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VJC	141.0	FLC	(148.1)
VNM	36.3	GEX	(31.8)
NBB	33.6	PLX	(26.5)
VIC	27.5	VRE	(22.5)
VPB	21.0	HVN	(10.1)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VRE	124.5	HPG	(186.6)
VJC	23.0	MSN	(132.7)
BVH	18.1	VNM	(121.9)
DGW	7.8	CTG	(106.1)
PVD	7.5	MBB	(57.0)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Transportation	5.0	Commercial Services	(1.5)
Consumer Services	2.6	Consumer Durables	(1.0)
Diversified Financials	2.3	F&B	(0.8)
Health Care	1.2	Materials	(0.5)
Insurance	1.0	Technology	(0.5)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Negative reaction at October's peak
- **US:** U.S. business confidence up to 2-year high thanks to the fast-recovering economy

Sector & company

- **Nam Long Investment Corp (NLG):** 3Q20 review
- **Dat Xanh Group (DXG):** 3Q20 review

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	9.8	15.4
2021F	293,650	165,232	14.1	12.0	1.8	8.6	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	(3.9)	3.8
China GDP (% yoy)	(6.8)	3.2	4.9	5.7	6.1	2.0	8.0

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Negative reaction at October's peak

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VNIndex decreased on the afternoon session when the October's peak is approached as well as short-term profit taking among the market.

At the close, the VNIndex closed almost unchanged at 952 pts with the increase in trading volume.

Foreign investors resumed selling with a net value of VND762bn on HSX. They sold HPG, MSN, and VNM the most with net values of VND187bn, VND133bn, and VND122bn, respectively.

Among top 5 VN30Index's weight tickers, only TCB (+0.2%) positively impacted the index whilst VPB (-0.4%), VIC (-0.5%), HPG (-0.6%), and VNM (-1.2%) dragged the benchmark down.

In contrast, a few constituents of VN30Index outperformed the benchmark, such as VJC (+7.0%), VRE (+2.3%), GAS (+1.1%), and SSI (+1.1%).

Domestic institutions' buying activities focused on VJC, VNM, and NBB.

Despite the negative reaction at October's peak, the upward trending market has already taken place. Thus, investors should focus on leading stocks and increase the proportion when short-term correction or consolidation phase occurs.

Breaking news

- ▶ US: U.S. business confidence up to 2-year high thanks to the fast-recovering economy

According to the IHS Markit Business Outlook survey, the majority of U.S. companies in the private sector showed optimism about the business activity in the coming year with hopes of a successful COVID-19 vaccine halting the ongoing pandemic and also pent-up demand accelerating. Therefore, firms also expect staff level and capital and R&D investment to rise to meet up higher output, according to October's survey. (IHS Markit)

Sector & company

Nam Long Investment Corp (NLG)

BUY, TP VND30,900

3Q20 review: Negative reaction at October's peak

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- ▶ Facts: Tepid 9M20 earnings trailed our forecast

The sharp decrease net profit of 49.5% yoy to VND208bn in 9M20 was blamed for a -11.8% pts yoy gross margin narrow and the absence of VND138.6bn other income in 9M19. 9M20 NPATMI fulfilled 25.2% of our FY20F forecast, in line with our expectation

- ▶ Pros and cons: Stake transfer in Waterfront lead 4Q20F

We expect a VND618bn net profit in 4Q20F mainly on the back of 1) an extraordinary financial gain of VND612bn from a 35% equity stake transfer in Waterfront project 2) a (BCC) income of VND119bn from newly-sold 440 shophouses in Southgate project.

We expect presale value of VND1.3-1.4tn in 4Q20F from the launch of the next phase Mizuki (600 units), Southgate projects (34 units), adding to NLG's FY20F presale value of VND4.7tn, making up 95.9% of our full-year forecast of VND4.9tn.

- ▶ FY21F net profit growth of 34.6% yoy expected

We increase our FY21F net profit estimate by 16.9% to VND1,112bn (+34.6% yoy) to factor in the higher-than-expected delivery of Southgate and a VND310bn financial income from 100% transfer stake in Dai Phuoc project. FY21F earnings should largely come from handover of Southgate (569 units) and Akari project (1,200 units).

- ▶ Actions: Reiterate BUY with upgraded TP of VND30,900

Given the higher Southgate GDV and additional Waterfront project's RNAV, we revise up our TP to VND30,900, which implies 15% upside to market price. Our FY20-21F EPS are higher than the consensus as we have factored in the change in Akari, Mizuki, Waterpoint, and Hai Phong projects. Key downside risks are: 1) slow regulatory approval process; 2) slower-than-expected presales at key projects dragged by mild recovery economic growth

Dat Xanh Group (DXG)

BUY, TP VND14,600

3Q20 review: Gem Sky World project lead 4Q20F net profit

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- ▶ Facts: Weak 3Q20 earnings amid the tepid brokerage market

Dat Xanh reported moderate 3Q20 earnings at VND100bn, -71.5% in line with our preview report, amid the weak revenue of VND797bn, -45.3% yoy and higher interest expense of VND94bn, +68.1% yoy. The 3Q20 top line growth decrease was mainly attributable to a sluggish brokerage revenue growth of -46.2% yoy which saw a 30% drop in volume transaction nationwide in 1H20. Overall, 9M20 bottom line loss fell to -VND388bn

- ▶ Pros and cons: Gem Sky World project shines 4Q20F

On 22 Nov, DXG is going to hold second sales event for another 700 land lot units in Gem Sky World (GSW) townhouse project in Long Thanh district, Dong Nai province (total 4,000 units), per management. A 1,630- condo unit project in Binh Duong City name Opal Cityview is expected to launch in late 4Q20F or 1Q21F, in our view. We estimate presales in FY20F could reach VND3,499bn, helping secure DXG's property revenue in FY21-22F

Despite solid presale value, we reduce our FY20F NPATMI to VND190bn from VND834bn. We factor in the outbreak weight on our forecast as following 1) the second launch of GSW project scheduled to late Nov could not translate to 4Q20F revenue 2) the brokerage revenue could decrease by 25% yoy in FY20F following a 40% contraction in 9M20. GSW project could deliver a VND223bn net profit out of a total net profit VND578bn in 4Q20F, in our view.

- ▶ Actions: Maintain BUY as presale growth on track

We maintain BUY rating at higher target price of VND14,600 as we reduce the execution risk on three on-going projects including Opal Skyline, Opal Cityview, GSW, St Moritz as we have more information about the sales plans and witness the real interest from homebuyers which guarantee us presale forecast.

New listing & Public offerings

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
12/3/2020	AFX	An Giang Agriculture and Foods Import-Export JSC	350.0	17,850,000	18,900	Whole lot sale; Local investors only
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
11/25/2020	CC1	Construction Corporation Number 1 JSC	1,100.0	44,583,500	23,030	-
11/24/2020	ITS	Vinacomin – Investment, Trading and Service JSC	2,649.8	4,536,000	17,500	-
11/23/2020		Vinh Long Public Works JSC	35.4	1,569,728	40,800	-
11/20/2020	AFX	An Giang Agriculture and Foods Import-Export JSC	350.0	3,018,750	18,961	Whole lot sale; Local investors only
11/16/2020	AGRITOUR	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	-

- **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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