

Xin Chao Vietnam

Market performance

	11 Nov	1D	1M	3M	YTD
VNIndex (pt, % chg.)	952.22	0.0	2.9	12.4	(0.9)
Turnover (VND bn)	7,827				
VN30 (pt, % chg.)	916.68	0.0	4.8	16.3	4.3

Major indicators

	11 Nov	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.53	0.0	0.0	(0.3)	(0.9)
3-yr gov't bonds (% bp chg.)	0.97	(0.0)	0.0	(0.4)	(0.7)
VND/USD (% chg.)	23,166	0.0	0.1	0.0	0.0
VND/JPY (% chg.)	21,972	(0.0)	0.2	(1.4)	(2.9)
VND/EUR (% chg.)	27,402	(0.0)	(0.0)	(0.7)	(5.2)
VND/CNY (% chg.)	3,493	(0.0)	(1.6)	(4.4)	(4.7)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.96	(0.0)	0.2	0.3	(1.0)
WTI (USD/bbl, % chg.)	41.53	0.2	5.3	(2.7)	(32.0)
Gold (USD/oz, % chg.)	43.80	0.4	2.2	(1.6)	(33.6)

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
EIB	25.4	FLC	(72.0)
VJC	10.4	GEX	(57.6)
COM	10.2	MWG	(52.3)
HPG	7.6	VRE	(37.4)
VCI	5.1	MSN	(14.3)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HSG	30.3	MSN	(128.0)
VRE	29.3	HPG	(105.4)
PHR	18.4	VNM	(80.3)
VJC	18.1	MBB	(62.9)
IMP	8.9	CTG	(49.5)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Household Products	1.9	Consumer Durables	(0.5)
Retailing	1.9	Real Estate	(0.3)
Others	1.6	Transportation	(0.3)
Utilities	0.9	Health Care	(0.2)
Materials	0.7	Technology	(0.2)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Energy in the spotlight
- **Vietnam:** High economic growth is set in the Resolution on socio-economic development plan in 2021

Sector & company

- **Vinamilk (VNM):** 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

Energy in the spotlight

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Vietnam stock markets moved in a tight range as the market lacked positive news.

At the close, the VNIndex closed almost unchanged at 952.2 pts. Meanwhile, trading volume recorded to 376 million shares or VND7,827bn.

Foreign investors resumed selling with a net value of VND590bn on HSX. They sold MSN, HPG, and VNM the most with net values of VND128bn, VND105bn, and VND80bn, respectively.

Energy was the market leader, namely GAS (+1.4%), PVT (+1.1%), PVD (+3.4%), and PVS (+4.9%) because the global oil price jumped more than 3%.

Besides, some constituents of VN30Index closed in green territory such as HDB (+1.1%), MWG (+1.8%), MBB (+0.8%), REE (+0.1%), VIC (+0.1%), and VJC (+0.3%).

In contrast, a few key tickers slid more than 1% due to PNJ (-1.5%), POW (-1.0%), SSI (+1.1%), TCH (-1.3%), and VHM (-1.0%).

The short-term uptrend confirms as the VNIndex closes above the significant moving average. Thus, investors should focus on leading stocks and increase the proportion when a short-term correction or consolidation phase occurs.

Breaking news

- ▶ Vietnam: High economic growth is set in the Resolution on socio-economic development plan in 2021

The Resolution on socio-economic development plan in 2021 was approved by the National Assembly yesterday with several important goals specified. According to the Resolution, 2021's GDP growth is expected to reach 6% YoY after slowing down this year due to a severe impact of the COVID-19 pandemic. Therefore, GDP per capita would be about USD3,700 by end of 2021. Also, the inflation-control target remains unchanged at below 4%. (Ministry of Finance)

Sector & company

Vinamilk (VNM)

Hold (Maintain)

3Q20 review: Favorable SG&A ratio to drive 4Q20 NPAT

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- ▶ Facts: NPAT post-MI increased 14.4% yoy in 3Q20

In 3Q20, Vinamilk recorded revenue of VND15,563bn (+8.9% yoy), thanks to: (1) Vinamilk's domestic revenue reached VND11,902bn (+1.5% yoy), (2) export revenue rose by 9.1% yoy thanks to Iraq market despite Covid-19's spread.

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) (2) SG&A expense ratio decrease 1.2%p yoy (3) Better earning contribution of GTNFoods with VND87.1bn NPAT in 3Q20

- ▶ Pros & cons: yoy SG&A ratio improvement to drive 4Q20 NPAT growth

In 4Q20, we are concerned that Vinamilk's domestic revenue will be negatively impacted by weakening demand in the Central, caused by the worst flood in history. We estimate Vinamilk can lost VND1,620bn revenue in Central market in 4Q20. As Vinamilk's Central market has been hit by severe flood, we estimate Vinamilk's domestic revenue at VND50,241bn (-1.8% yoy) in 4Q20.

Although milk export to Middle East market reached double-digit yoy revenue growth in 9M20, we have cautious view that milk export to the U.S. will remain low, decreasing 22.4% yoy amid Covid's wider spread in the winter. We estimate Vinamilk's export revenue at VND8,991bn (-0.2% yoy) in 4Q20.

Per our estimate, the improvement of SG&A ratio continues to become Vinamilk's NPAT growth driver in 4Q20, offsetting the negative impacts of Central flood and higher input milk price. We estimate Vinamilk to deliver VND14,021bn revenue (-1.5% yoy) and VND2,531bn NPAT (+16.3% yoy) in 4Q20. In aggregate 2020, we revise up Vinamilk's revenue and NPAT to VND59,232bn (+5.2% yoy) and VND11,530bn (+9.2% yoy), respectively.

► Action: Maintain Hold

Although Vinamilk's 2H20 business results beat our expectation, we maintain our view that Vinamilk will maintain its single-digit NPAT growth in the period of 2020F-2021F. Besides, we believe that Vinamilk's prospect is fairly priced at forward PE multiple of 21.6. Therefore, we maintain our Hold recommendation for Vinamilk's share in 2021.

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	-

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- 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.

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- 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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