

# Xin Chao Vietnam

## Market performance

	23 Nov	1D	1M	3M	YTD
VNIndex (pt, % chg.)	994.19	0.4	3.4	16.3	3.5
Turnover (VND bn)	10,421				
VN30 (pt, % chg.)	960.03	1.0	3.2	21.0	9.2

## Major indicators

	23 Nov	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.54	0.0	0.0	(0.2)	(0.9)
3-yr gov't bonds (% bp chg.)	0.99	0.3	0.0	(0.3)	(0.7)
VND/USD (% chg.)	23,171	(0.0)	(0.0)	0.0	0.0
VND/JPY (% chg.)	22,337	(0.1)	(1.0)	(2.1)	(4.5)
VND/EUR (% chg.)	27,515	0.0	(0.6)	(0.3)	(5.6)
VND/CNY (% chg.)	3,529	0.0	(1.8)	(5.1)	(5.7)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.85	0.0	0.0	0.2	(1.1)
WTI (USD/bbl, % chg.)	43.06	1.5	8.1	1.7	(29.5)
Gold (USD/oz, % chg.)	45.73	1.7	9.5	3.1	(30.7)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VJC	295.3	VHM	(159.6)
TCB	55.8	MBB	(24.6)
KDH	36.0	VPB	(22.8)
FPT	23.7	VIC	(16.7)
HPG	21.9	FUEVFNVD	(16.4)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VHM	118.5	HDB	(42.6)
HPG	62.0	MSN	(34.7)
VNM	41.2	HCM	(17.3)
GAS	26.6	NKG	(15.4)
VRE	23.5	CVT	(14.1)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Technology	6.9	Others	(2.1)
Consumer Durables	3.5	Household Products	(1.2)
Health Care	3.3	Transportation	(0.6)
Materials	3.1	Media & Entertainment	(0.4)
Retailing	2.1	Banks	(0.4)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** VNIndex is approaching the 1,000-pts threshold
- **European:** The second lockdown puts the European economy in danger

### Macro & strategy

- **Fundflow 16 - 20 Nov:** Vietnam maintains the positive flow of money

### Sector & company

- **Asia Commercial Bank (ACB):** Earnings review

### New listing & Public offerings

## KIS market view

	OP	NP	EPS growth	PE	PB	EV/EBITDA	ROE
	(VND bn)	(VND bn)	(% yoy)	(x)	(x)	(x)	(%)
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	3.5	14.3	2.2	10.2	15.5
2021F	293,650	165,232	13.9	12.6	1.9	8.9	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)	33.1	4.0	2.2	(3.6)	3.8
China GDP (% yoy)	(6.8)	3.2	4.9	5.7	6.1	2.0	8.1

Source: KIS, Bloomberg

## Market commentary & News

### Market commentary

#### VNIndex is approaching the 1,000-pts threshold

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Vietnam stock market maintained its uptrend for the fifth-gaining session in a row thanks to the high demand on some large-cap stocks, namely VHM (+2.6%), HPG (+5.0%), MSN (+1.3%), MWG (+2.1%), and GAS (+2.0%).

At the close, the VNIndex gained 0.42% to close at 994 pts. Meanwhile, trading volume decreased to 458 million shares or VND10,421bn.

Foreign investors continued to buy with a net value of VND161bn on HSX. They purchased VHM, HPG, and VNM the most with net values of VND118bn, VND62bn, and VND41bn, respectively.

Brokerages and Real Estate outperformed the benchmark index thanks to SSI (+2.7%), HCM (+3.6%), VND (+0.9%), FLC (+3.1%), SCR (+1.3%), and TCH (+2.7%).

PNJ jumped by 4.2% after it announced revenue of VND1,827bn (+6.5% YoY) and net income of VND175bn (+35% YoY) in October.

In contrast, CTG (-0.9%), SAB (-0.7%), VCB (-0.9%), DXG (-2.5%), and HSG (-3.8%) closed in red territory.

The short-term uptrend is still intact thanks to an optimistic market sentiment. Thus, traders should hold their long position and focus on leading stocks.

### Breaking news

- ▶ European: The second lockdown puts the European economy in danger

The resurgence of the COVID-19 pandemic across European nations have dampened almost economic activity as most of the countries have implemented much stricter social-distancing measures on business activity. According to the latest number from IHS Markit, the Flash PMI index signals steep downturn in the economic activity, especially in the services sector, as the Flash Eurozone PMI Composite Output Index was at a 6-month low of 45.1 index point in November. More specifically, the Flash Eurozone Services PMI Activity index just recorded 41.3, the lowest since June, while the Flash PMI for the manufacturing sector posted at 55.5, a 4-month low. (IHS Markit)

## Macro & strategy

### Fundflow 16 - 20 Nov

#### Vietnam maintains the positive flow of money

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- ▶ Vietnam foreign flow

Last week, buying activities ticked up. Net buy value recorded at USD17mn.

Breaking down by sectors, buying activities were attracted by Real Estate, Industrials, and Consumer Staples. Net buy value recorded at USD17mn, USD11mn, and USD5mn, respectively. Particularly, foreign buying activities mainly focused on VIC, VRE, VJC, HDG, GEX, and VNM, fading the sharp selling activities on VHM, KDH, CII, and MSN. Besides, Consumer Discretionary also attracted high foreign demand thanks to large buy orders on PNJ. On the contrary, Financials, Energy, and Materials were sold the most due to the strong selling pressure on HDB, CTG, VPB, PLX, and HPG.

- ▶ South East Asia ETF flow

SEA recorded the first week of outflow since mid-October 2020 with the net outflow of USD54mn, a 9-month high. To be specific, the surge in money outflow mainly driven by the massive outflow of Thailand and Indonesia. In contrast, Singapore continued

to maintained the positive flow of money for seven consecutive weeks.

Unlike other SEA countries, inflow across Vietnam ticked up. Net inflow recorded at USD3mn, three times higher than the previous week. Of which, VFMVN30 ETF was the main contributor which attracted the total of USD3.8mn (a 3-month high) last week.

## Sector & company

### Asia Commercial Bank (ACB)

**BUY (Maintain), TP VND33,400**

**Earnings review: Raise TP to VND33,400**

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- Facts: USD370mn of upfront fee is above our expectation

On 23 Nov ACB hold a conference call to provide detailed information regarding to the exclusive bancassurance agreement signed on 18 Nov 2020 with new partner, Sunlife Vietnam. Accordingly, the bank and Sunlife have agreed an upfront payment worth of USD370bn (~VND8.5tn) for the exclusive distribution right via ACB's network in the next 15 years, 2021-2036. The number beats our expectation of VND3.5tn and could record as the most expensive bancassurance agreement in Vietnam if comparing to the bank's distribution network, customer base and deposit size. ACB has yet disclosed the time receiving that huge upfront and how that amount is recorded on the bank's P&L statement.

- Pros & cons: Big upfront to compensate for business disruption

We believe such huge upfront payment is to compensate for less popular of Sunlife's branding in Vietnam vs. ACB's previous partners and for growth disruption in ACB's banca income during the establishment period, which may start since Dec 2020. Given the focused execution from both ACB and Sunlife, and available insurance specialist team, the bank's banca business may resume strongly since 2022. We forecast the banca fee income growth to achieve a CAGR of 26% in 2020-2024.

- Action: Lift TP to VND33,400

We highly appreciate the bank's efforts in fulfilling 2020 goals including financial guidance, exclusive banca agreement and its relisting on HSX. We believe that the 2021 should be another exciting year for ACB, particularly following the bank's presence in HSX's new indexes. We reaffirm BUY and lift TP by 15% to VND33,400. The new TP implies a forward P/B of 1.76x on 2021 earnings.

## New listing & Public offerings

### ► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
12/8/2020	FUEMAV30	MAFM VN30 ETF	HSX	115.0	11,500,000	
12/1/2020	GMA	Viet Nam Enteco Corporation	HNX	60.0	6,000,000	11,600

### ► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
12/10/2020	VTK	Viettel Consultant and Design JSC	41.6	630,748	27,500	-
12/9/2020	SGC	Sa Giang Import - Export Corporation	71.5	3,565,759	97,500	Whole lot sale; Local investors only
12/7/2020	CTR	Viettel Construction JSC	704.1	7,746,801	46,600	-
12/4/2020		Thanh Hoa Industrial Zone Infrastructure Investment JSC	25.0	1,143,633	39,900	Local investors only
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
12/2/2020		Phat Tai JSC	18.1	50,000	27,210	Whole lot sale
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
11/26/2020		Chau Duc Construction and Urban Development JSC	17.4	1,152,000	29,750	Whole lot sale; Local investors only
11/25/2020	CC1	Construction Corporation Number 1 JSC	1,100.0	44,583,500	23,030	-

- **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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