

# Xin Chao Vietnam

## Market performance

	22 Dec	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,083.45	0.2	9.0	18.7	12.7
Turnover (VND bn)	14,590				
VN30 (pt, % chg.)	1,052.23	0.2	9.6	22.6	19.7

## Major indicators

	22 Dec	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.49	(0.0)	(0.0)	(0.1)	(0.9)
3-yr gov't bonds (% bp chg.)	0.90	0.2	0.2	(0.2)	(0.8)
VND/USD (% chg.)	23,129	0.0	0.2	0.2	0.2
VND/JPY (% chg.)	22,329	(0.0)	(0.8)	(1.5)	(4.5)
VND/EUR (% chg.)	28,326	(0.2)	(2.9)	(3.6)	(8.3)
VND/CNY (% chg.)	3,535	(0.1)	(0.5)	(3.3)	(5.9)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	0.90	(0.0)	0.0	0.2	(1.0)
WTI (USD/bbl, % chg.)	46.45	(1.2)	7.9	16.3	(23.9)
Gold (USD/oz, % chg.)	49.51	(1.1)	7.5	18.5	(25.0)

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
NVL	87.1	MBB	(80.0)
DBD	58.2	STB	(46.2)
TCB	52.1	FLC	(32.6)
HPG	44.0	VNM	(13.6)
MWG	34.3	DBC	(10.9)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	68.3	LCG	(107.0)
MBB	49.9	VNM	(46.8)
CTG	27.3	VRE	(34.2)
TPB	24.7	KBC	(29.5)
VCI	23.3	VND	(26.4)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	6.4	Energy	(1.3)
Telecommunication	6.0	Transportation	(1.0)
Health Care	4.4	F&B	(0.5)
Diversified Financials	3.0	Utilities	(0.5)
Retailing	2.9	Banks	(0.4)

## WHAT'S NEW TODAY

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- **Vietnam:** Strong manufacturing output to offset downward pressure on services area

### Sector & company

- **Maritime Bank (MSB):** Pre-listing brief

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## 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	29.7	15.2	2.7	13.6	17.7
2019	238,659	144,922	24.2	13.8	2.4	11.0	17.4
2020F	270,014	151,973	7.1	15.5	2.5	10.7	16.1
2021F	304,264	177,159	18.9	13.1	2.1	9.6	16.4

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	4.6	2.2	(3.5)	3.9
China GDP (% yoy)	(6.8)	3.2	4.9	5.9	6.1	2.0	8.2

Source: KIS, Bloomberg

## Market commentary & News

### Market commentary

#### Heading to the all time high

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Vietnam stock market maintained its uptrend thanks to optimistic market sentiment.

At the close, the VNIndex was added 0.2% to close at 1,083 pts, reaching the highest level since May 2018 with the increasing volume.

Foreign investors' selling activities ticked up, net sell value recorded at VND84bn on HSX. They purchased HPG, MBB, and CTG the most.

Notably, cash kept flowing to Brokerages, namely SSI (+3.3%) and VND (+6.6%) whilst HCM (-0.3%) underperformed its sector.

Some constituents of VN30Index hit the limit up, such as EIB (+6.8%) and ROS (+6.8%). In contrast, VJC (-1.7%), PLX (-1.5%), HDB (-1.4%), BID (-1.3%), and MSN (-1.2%) was top 5 index laggards. HPG (+2.1%) contributed to the index gains whilst VPB (0%), VIC (-0.7%), TCB (-0.7%), and VNM (-1.0%) faded the benchmark and became index laggards.

In the short term, the uptrend is strong thanks to the high demand on large-cap stocks. Therefore, traders should hold their long position and focus on leading stocks.

### Breaking news

- ▶ Vietnam: Strong manufacturing output to offset downward pressure on services area

After a disruption in business activity in November due to the social lockdown across many Europe countries, the downward pressure has been eased somewhat driven by strong growth in manufacturing sector. According to the latest number from IHS Markit, the Flash PMI Composite Output index for December recorded nearly unchanged from a month ago, at 49.8 index point. More specifically, the growth in the manufacturing sector continued to gain more momentum as the corresponding Flash PMI for manufacturing output climbed to 56.6 from 55.3 in the previous month. Meanwhile, the services sector saw a marginal contraction after a steep downturn when the Flash PMI for business activity posted 47.3, significantly higher than 41.7 in November. (IHS Markit)

## Sector & company

### Maritime Bank (MSB)

#### Pre-listing brief

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- ▶ Overview

The Maritime Commercial Joint Stock Bank (MSB) is the first commercial bank established in 1991 with VND166tn total asset in September 2020. MSB focuses on affluent and mass affluent in retail banking segment and SME in corporate banking segment. The bank's branch network comprises one head in Ho Chi Minh city, 263 branches in 51 cities or provinces and 100% owned FCCOM and MSB AMC subsidiaries.

- ▶ Financial highlights

PBT reached VND1,666bn in 9M20, completed 116% target. PBT is expected to reach VND2,000bn in 2020, exceeding 53-60% target.

Total outstanding of loans & corporate bonds were VND77,127bn, increasing by 13.5% in 9M20 while customer deposit decreased by 1% ytd.

The CASA ratio was 22.8% ytd, increasing 3.4% in 9M20, keeping the target above 23% at the end of the year. However, the high CASA ratio was reflected by the low total deposit since the deposit from customer, just accounted 48% out of total asset,

which is lower than another bank. Also, MSB is active in interbank market with a net lending of VND38.5tn in 9M20, increasing by 46% from 2019-end. Meanwhile, the bank's pure LDR increased from 75% in 2019 to 92% in 9M20.

Net value of VAMC bonds was VND1.2tn in 2019. In 9M20, MSB cleared all VAMC bonds by retrieving and provision, thereby creating the gap growth earning to record as profit in 2021.

MSB revealed that secured loan book acquired 85.7% out of total since MSB focuses on managing low NPL and increasing secured loan in unstable COVID period.

NPL ratio and delinquency ratio were 2.32% and 3.8% by 3Q20, up 27bps and 2bps ytd. On the other hand, outstanding of COVID-19 restructured loans were VND5.3tn in 10M20, accounting 6.6% of total loan portfolio.

MSB completed the implement of compliance pillar 1 and 3 in 2019 and pillar 2 in March 2020. The bank is proceeding to building the compliance of Basel III.

In 2021, MSB expect to divest VND500bn charter capital of FCCOM with negotiating value of VND1.8-2tn. Whether divesting 100% or 50% capital, MSB may record of profit VND1.3tn or VND600bn respectively.

The bank will renew exclusive bancassurance partnership contract in 1Q21. Currently, Prudential is the exclusive bancassurance partner from contract signed in 2013 and coming into force for 10 years. In 2020, MSB recorded APE of VND54bn from this contract each month, secured their position in top 10. Therefore, the bank expects to get high upfront fee from bancassurance channel and gain abnormal profit from this affair in 2021.

MSB concentrates on building the most modern of Technology Optimization & Digital Banking Tnex Bank launched in 4Q20, which was targeted for upper mass, middle mass and lower mass. The bank targets to acquire 3 million customers in 2023.

## New listing & Public offerings

### ► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
12/24/2020	PRE	PVI Reinsurance JSC	HNX	728.0	72,800,000	20,000
12/24/2020	PGB	Petrolimex Group Commercial JSB	UPCoM	3,000.0	300,000,000	15,500
12/23/2020	MSB	Vietnam Maritime Commercial JSB	HSX	11,750.0	1,175,000,000	15,000

### ► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
1/7/2021	HATIFA	Hatifa., JSC	35.0	1,260,000	16,100	Whole lot sale
12/31/2020		Bong Sen Guest House	93.0	5,899,200	10,000	-
12/30/2020		Binh Thuan - Transportation Works JSC	20.7	1,905,177	20,600	Whole lot sale
12/29/2020	BENOVAS	Benovas Oncology JSC	100.0	2,900,000	11,300	Whole lot sale
12/25/2020	SHG	Song Hong Corporation	270.0	13,241,200	10,000	-
12/24/2020	TEC	Traenco JSC	16.6	321,638	10,000	Whole lot sale
12/23/2020	MSB	Maritime Bank	11,750.0	4,031,812	13,000	Whole lot sale

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- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
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- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
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