

# Xin Chao Vietnam

## Market performance

	1 Feb	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,035.51	(2.0)	(6.2)	11.9	(6.2)
Turnover (VND bn)	13,651				
VN30 (pt, % chg.)	1,029.86	(1.8)	(3.8)	15.4	(3.8)

## Major indicators

	1 Feb	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.55	0.0	0.1	(0.0)	0.1
3-yr govt bonds (% bp chg.)	0.71	(0.2)	(0.1)	(0.3)	(0.1)
VND/USD (% chg.)	23,041	0.0	0.2	0.6	0.2
VND/JPY (% chg.)	21,965	0.2	1.8	0.7	1.8
VND/EUR (% chg.)	27,950	0.3	1.9	(3.4)	1.9
VND/CNY (% chg.)	3,564	0.6	(0.7)	(2.9)	(0.7)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.08	0.0	0.2	0.2	0.2
WTI (USD/bbl, % chg.)	52.47	0.5	8.1	46.6	8.1
Gold (USD/oz, % chg.)	55.48	0.8	7.1	48.1	7.1

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
KBC	170.5	HPG	(78.2)
VIC	75.1	FUEVFNVD	(62.2)
TPB	61.7	MBB	(48.5)
DXG	28.8	MWG	(41.2)
FCN	24.4	GMD	(31.6)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	87.5	BVH	(49.0)
HPG	87.4	HSG	(39.2)
VRE	81.0	VJC	(30.7)
FUEVFNVD	58.6	CTG	(25.7)
VCI	30.5	VHM	(20.4)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Technology	2.0	Telecommunication	(6.7)
Software & Services	0.9	Retailing	(6.6)
		Diversified Financials	(5.6)
		Insurance	(5.3)
		Automobiles	(4.9)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Sell-off in ATC session
- **Vietnam:** Industrial growth turns into negative territory

### Macro & Strategy

- **Fundflow 25 - 29 Jan:** Vietnam - The main driver
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### Sector & Company

- **MBBank (MBB):** 4Q20 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	29.7	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	7.3	14.8	2.4	10.5	16.1
2021F	304,264	177,159	18.9	12.4	2.0	9.4	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	4.2	(3.5)	(3.5)	4.1
China GDP (% yoy)	(6.8)	3.2	4.9	5.4	6.1	2.3	8.4

Source: KIS, Bloomberg

## Market commentary & News

### Market commentary

#### Sell-off in ATC session

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The Vietnam stock market resumed its downtrend yesterday because of selling pressure in the ATC session. Vietnam continued to record more new cases of COVID-19 infections in the community, thereby forcing the government to adopt more drastic policies in recent days. Specifically, 23 provinces and cities have allowed students to leave school starting from February 1, 2021.

At the close, the VNIndex tumbled by 2.00% to close at 1,035 pts. Meanwhile, trading volume recorded to 634 million shares or VND13,651bn.

Foreign investors continued to buy with a net value of VND184bn on HSX. They purchased VNM, HPG, and VRE the most with a net value of VND87bn, VND87bn, and VND80bn, respectively.

Brokerage and Real Estate underperformed the benchmark index due to VND (-6.6%), VHM (-5.6%), and VRE (-6.4%). Notably, DXG, ROS, FLC, SCR, TCH, SSI, and HCM limited down.

26 out of 30 stocks of the VN30Index closed in the red territory due to SBT (-6.7%), MBB (-6.2%), BVH (-5.3%), and PNJ (-5.2%).

MSN slid 4.1% after its has just released 4Q20 financial results. In 4Q20, total net revenue reached VND21,600bn (+96% yoy). NPAT recorded VND265bn (-81% yoy). In 2020, total net revenue reached VND77,218bn (+106% yoy). NPAT recorded VND1,234bn (-77% yoy).

MWG (-6.8%) announced that net revenue reached VND108,546bn (+6% yoy) in 2020, while NPAT reached VND3,920bn (+2% yoy).

In contrast, cash flowed into few tickers thanks to CTG (+4.9%), VPB (+3.3%), FPT (+1.3%), and TCB (+0.6%).

The market sentiment has become pessimistic in the short term due to the bearish market of the VNIndex. Thus, traders should reduce long positions and wait for the next signals.

### Breaking news

#### ▶ Vietnam: Industrial growth turns into negative territory

In January, the industrial sector saw a marked broad-based decline from mining to manufacturing. Specifically, IIP recorded the biggest drop of 3.25% MoM since the COVID-19 pandemic began in April, although still increasing 22.16% YoY thanks to a seasonal factor. Breaking down by sub-sector, the manufacturing sector saw the worst performance in 9 months, dropping by 3.12% MoM but increasing by 27.15% YoY. Regarding the mining sector, after a big jump in December, this sector growth again turned negative, in which the decreasing pace reached a 5-month low of 9.77% MoM (thanks to the seasonality, the year-over-year growth rate was down by just 6.22%). (GSO, KIS)

## Macro & Strategy

### Fundflow 25 - 29 Jan

#### Vietnam - The main driver

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#### ▶ Vietnam foreign flow

Last week, buying activities ticked up. Net buy value recorded at USD60mn, a five-month high.

Breaking down by sectors, Real Estate continued to attract the most foreign demand across the market thanks to large buy orders on VHM, NVL, and KBC, fading the sharp selling activities on VRE and KDH. Besides, foreign buying activities also

focused on Financials, driven by STB, LPB, CTG, and VCI. On the contrary, Materials and Consumer Staples were sold the most. Foreign selling activities were mainly absorbed by HPG and VNM. Industrials, Utilities, and Energy also ended up to be net sold due to the high divestment away from VGC, FCN, GAS, and PLX.

► South East Asia ETF flow

The flow of money across SEA turned back to be positive but the money inflow was quite weak. Net inflow recorded at USD2mn. To be specific, the drop of inflow continued to be driven by the negative flow of money across Indonesia and Thailand. In contrast, Vietnam and Singapore continued to attract the flow of money whilst Malaysia and Philippines recorded no money inflow/outflow last week.

Vietnam has continued to maintain its role as a leader of SEA despite the drop in money inflow of other countries. Net inflow recorded at USD20mn, 3 times higher than the previous week. Of which, VFMVN Diamond and SSIAM VNFIN LEAD ETF led the flow of money which attracted the total of USD24mn.

## Economic Flash

### Export's momentum strengthens

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► Trade sustains uptrend

Trade activities in January 2021 recorded a striking growth due to a later-than-previous Tet season and the recent upward momentum. GSO, export and import sustained their upward momentums in this period by increasing by 50.53% YoY and 41.00% YoY, posting USD27.70bn and USD26.40bn. The trade balance recorded a surplus of USD1.30bn this month, returning to the previous trend after a short halt in December 2020.

► Retail sales slows down

The upturn of retail sales became less strong in this period due to the slowdown in the retail sector despite contractions in accommodation and catering (A&C) and traveling activities were softening.

► FDI slows down to multi-month lows

FDI saw a low start in the first month of 2021 for both the registration activity and the disbursement. In detail, the total registered FDI recorded a 4-month low of USD2.02bn, down by 62.16% YoY, while the disbursed FDI also dropped to USD1.51bn from the record high in December.

► Industrial growth turns into negative territory

In January, the industrial sector saw a marked broad-based decline from mining to manufacturing. Specifically, IIP recorded the biggest drop of 3.25% MoM since the COVID-19 pandemic began in April, although still increasing 22.16% YoY thanks to a seasonal factor

## Sector & Company

### MBBank (MBB)

**BUY (Maintain), TP VND29,150**

**4Q20 review: Skyrocketed 4Q20's credit growth**

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► Facts: 4Q20 provision below our expectation

MBB reported consolidated 4Q20 NP at VND1,931bn, down 18% qoq, surpassing our estimation by 3%, which was attributed to better NFI, lower credit provision and higher CIR. While the NII was in line with our projection at VND5.8tn (+12% qoq; 19%yoy), the non-interest income came at VND1.9tn (+22% qoq; 6% yoy; +46% above the KIS forecast) thanks to stronger FX activities, bancassurance and brokerage services. Credit provision was VND1.9tn (+118% qoq; 59% yoy; and 11% below the KIS forecast), or a credit cost recorded as of ~2.5% vs. 1.2% in 3Q20 and 1.8% in 2Q20. CIR was 42% in 4Q20 vs. 35% in our forecast. Given that, MBB ended 2020 with a NP of VND8.3tn, up 5.6% yoy on a TOI of VND34.5tn, up 26.2%.

► Pros & cons: Pursuit to rapid growth

Notably, lending was superior than our expectation with a consolidated growth of 11% qoq in 4Q20. All parent bank, MB Securities and MCredit showed remarkable loan growths of 10% qoq, 37% qoq and 27% qoq in the fourth quarter respectively. While corporate bond outstanding was almost flat qoq at VND28.5tn after recording an impressive growth of 87% ytd in 9M20. MBB shows its ambition to keep magnifying the lending market share with credit growth of 23.1% in 2020 and a target of 26% for 2021 vs. the industry figure of 12.13% for 2020 and 12% for 2021F (SBV's guidance). MBB continuously focuses on retail, SME and consumer lending loans for upgrading NIM in coming years.

Meanwhile, COVID-19 restructured loans dropped by 48% qoq to VND2.5tn (~0.9% of total loans) and not expect significant bad debts originated from these amounts. NPL ratio and delinquency ratio fell to 1.09% and 1.9% in 4Q20 from 1.5% and 3.0% in 3Q20 respectively.

MBB plans to develop non-interest incomes further in 2021 which may leverage from the bank's digitalization journey, its existing client base and strong subsidiaries such as MB Ageas in life insurance, MIG in non-life insurance, and MBS in securities.

► Action: TP is revised up to VND29,150

We upgrade 2021 NP to VND10.3tn (+17% vs. 3Q20 review), up 24.3% yoy, given changes in key assumptions related to credit growth, credit cost and non-interest income in order to reflect 2020 outcomes and 2021's initial guidance. We lift TP by 20% (from VND24,200) to VND29,150 and reaffirm BUY with key investment themes as following:

- 1) NIM keeps improving from 2020 level thanks to the bank's focus on SME, micro SME, retail and consumer finance segments.
- 2) NFI/TOI is forecasted to up 4%p to 19% given the bank's road map to elevate non-interest income.
- 3) In the meantime, robust revenue growth is sufficient to compensate for a rise in credit cost (1.8 - 2.1% in forecast period vs. 1.5-2.1% in the last three years).

## New listing & Public offerings

► **Public offerings**

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
2/8/2021	EVNGENCO2	Power Generation Corporation 2	11,866.4	580,120,840	24,520	IPO

- **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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