

# Xin Chao Vietnam

## Market performance

	2 Feb	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,075.53	3.9	(2.6)	15.2	(2.6)
Turnover (VND bn)	12,553				
VN30 (pt, % chg.)	1,079.70	4.8	0.8	20.1	0.8

## Major indicators

	2 Feb	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.54	(0.0)	0.1	0.0	0.1
3-yr govt bonds (% bp chg.)	0.72	0.0	(0.1)	(0.3)	(0.1)
VND/USD (% chg.)	23,027	0.1	0.3	0.7	0.3
VND/JPY (% chg.)	21,933	0.1	2.0	0.8	1.9
VND/EUR (% chg.)	27,938	0.0	1.3	(3.3)	1.9
VND/CNY (% chg.)	3,566	(0.1)	0.1	(2.9)	(0.8)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.10	0.0	0.2	0.3	0.2
WTI (USD/bbl, % chg.)	54.78	2.3	12.9	48.8	12.9
Gold (USD/oz, % chg.)	57.59	2.2	11.2	47.8	11.2

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VIC	115.5	DIG	(33.3)
VNM	81.8	PLX	(31.8)
VRE	62.0	FUEVFNVD	(10.8)
MBB	49.2	PC1	(8.6)
FPT	46.3	KSB	(5.6)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	152.2	VRE	(53.8)
VNM	120.3	HSG	(44.4)
VHM	97.2	MSN	(37.8)
KBC	91.2	NVL	(37.6)
VIC	17.1	BID	(37.4)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Real Estate	5.5	Telecommunication	(6.9)
Technology	5.5	Media & Entertainment	(4.8)
Banks	4.7	Pharmaceuticals	(0.8)
Software & Services	4.0		
Materials	3.8		

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Optimistic market
- **Vietnam:** Manufacturing growth continues at a slower pace

### Sector & Company

- **Masan Group (MSN):** 4Q20 brief, AM brief

### 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	15.4	2.5	10.9	16.1
2021F	304,264	177,159	18.9	13.0	2.1	9.8	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

#### Optimistic market

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The Vietnam stock market reversed to go up yesterday thanks to high demand on large-cap stocks. However, the number of covid-19 infections in the community has been increasing, and the Vietnam government has taken various measures to prevent the epidemic.

At the close, the VNIndex jumped by 3.86% to close at 1,075 pts. Meanwhile, trading volume decreased to 569 million shares or VND12,553bn.

Foreign investors continued to buy with a net value of VND105bn on HSX. They purchased HPG, VNM, and VHM the most with a net value of VND152bn, VND120bn, and VND97bn, respectively.

Cash flowed into Real Estate, namely VRE (+6.5%), TCH (+2.7%), and KDH (+2.2%). Notably, VIC, VHM, DXG, and FLC limited up.

All constituents of the VN30Index closed in the green territory thanks to VPB (+6.9%), REE (+6.8%), SBT (+6.8%), STB (+6.5%), and MBB (+6.1%).

PLX (+2.5%) estimated business result with revenue of VND123tn (-35% YoY) and PBT of VND1,268bn (-77% YoY) in 2020.

GAS increased by 1.7% after it released in 2020 business result with revenue of VND64,150bn (-14% YoY) and PBT of VND9,937bn. Moreover, GAS and OIL signed a business cooperation agreement for 5 years (2021-2025), GAS will promote production (Condensate) to supply raw materials for OIL's gasoline production (RON 91).

In contrast, CTD (-1.3%), HBC (-1.6%), and GMD (-0.2%) underperformed the benchmark index.

Despite the sharp recovery, the short-term downtrend confirms. Thus, traders should reduce long positions and wait for the next signals.

### Breaking news

- ▶ Vietnam: Manufacturing growth continues at a slower pace

According to the latest data from the IHS Markit, Vietnam's manufacturing sector continued growing for the second month, but the upward momentum reduced modestly. More specifically, Vietnam's Manufacturing PMI Index recorded 51.3 in the first month of 2021, down from 51.7 in December. Output, employment level, and purchasing activity of the manufacturers remained mostly unchanged, while the new orders grew at a slower pace. (IHS Markit)

## Sector & Company

### Masan Group (MSN)

#### Hold (Maintain)

#### 4Q20 brief: Spotlight from Consumer segment

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- ▶ Masan Consumer reached 27.2% yoy revenue growth in 2020

On Jan 29, Masan Group released 4Q20 & 2020 business results.

In 2020, Masan Consumer showed robustly positive business result as revenue grew 21.7% yoy, thanks to revenue increase of Seasonings (+8.7% yoy), Convenience foods (over +25% yoy), Processed meat (+2.0x yoy). Besides, Home Personal Care's revenue contribution of VND1,263bn has contributed to elevated revenue growth of Masan Consumer in 2020.

Overall, Masan Consumer reached VND23,971bn revenue (+27.2% yoy) and VND5,749bn EBITDA (+22.4% yoy). EBITDA margin posted 24% (-0.9%p yoy).

- ▶ Masan MEATLife posted 20.4% yoy EBITDA growth in 2020

Masan MEATLife reached revenue of VND16,119bn (+16.8% yoy) in 2020, thanks to revenue contribution of integrated meat business (5x revenue growth) and feed revenue (+3.0% yoy).

In 2020, standalone meat business revenue reached VND2,378bn, accounting for 15% of total revenue. Animal feed reached positive recovery as posting over 3% yoy revenue growth.

Masan MEATLife delivered VND1,881bn EBITDA (+20.4% yoy) and 11.7% EBIT margin (+0.4%p yoy) in 2020.

- ▶ VinCommerce reached 0.2% EBITDA margin in 4Q20

VinCommerce reached revenue of VND30,978bn in 2020 (+14% yoy), mainly thanks to 11% yoy revenue growth of Vinmart+ chain, offsetting 13% yoy revenue decrease of Vinmart chain due to revenue decline from supermarkets inside Vincom Retail.

VinCommerce reached 0.2% EBITDA margin in 4Q20, partially leading to 4%p improvement of 2020 EBITDA margin in 2020.

Particularly, VinCommerce recorded VND-1,234bn EBITDA and -4.0% EBITDA margin in 2020. VinCommerce's EBITDA margin improved 4% yoy thanks to: (1) 60% yoy revenue growth (2) 10% yoy gross margin improvement (3) 30% store operating cost efficiency

- ▶ Masan High-Tech Materials delivered VND167bn NPAT in 2020

Masan High-Tech Materials delivered VND7,426bn in 2020 (+57.6% yoy), mainly thanks to revenue consolidation of H.C.Starck in 2H20.

Masan High-Tech Materials recorded EBITDA of VND1,433bn (-23.8% yoy) in 2020, primarily because the entire tungsten value chain demand fell off a cliff due to global economic uncertainty as a result of the COVID-19 pandemic and geopolitical conflicts.

- ▶ Masan Group's NPAT post-MI completed the 2020 low target

Masan Groups delivered VND77,218bn consolidated revenue (+106.7% yoy) and VND1,395bn consolidated NPAT (-78.1% yoy) in 2020.

Masan Group delivered VND1,234bn NPAT post-MI in 2020 (-77.8% yoy).

## **Masan Group (MSN)**

**Hold (Maintain)**

**AM brief: 2021 yoy revenue grow to reach 20 - 40%**

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- ▶ Masan Group sets up ambitious 2021 preliminary guidance

On 02 Feb 2021, we join in Masan Group's analyst meeting to update more details about 2021 business guidance.

Masan Group announced its draft 2021 actual plan, including 20-40% revenue growth, EBITDA margin of 15-20% and net margin of 3-5%, which are driven by:

**Masan Consumer:** Yoy net revenue growth can reach 15-20%, which are led by innovation, food premiumization, scaling up of beverage and home personal care category. Masan Consumer expects to maintain stable EBITDA margin while keep investing in power brands and innovation.

**Masan MEATLife:** Yoy net revenue growth can reach 25-50% thanks to scaling up of meat. Meat is expected to contribute 20-40% of total revenue, driven by both increasing availability of chilled meat (pork & poultry) and expanding processed meat portfolio. Better product mix will improve EBITDA margin of meat segment. Although corn price and soybean price are in the uptrend, Masan MEATLife will attempt to maintain EBITDA margin of animal feed in range of 10-12%.

**Masan High-Tech Materials:** Accelerating H.C.Starck integration to transform core business to mid-stream segment will remain bright point, which is expected to result in 50-100% yoy net revenue growth in 2021. Second motivation for 2021 revenue growth is the uptrend of commodity prices.

VinCommerce: Revenue growth & store expansion of minimarts and re-positioning of supermarket are expected to result in yoy net revenue growth of 15-20%. EBITDA margin will be positive for the whole 2021 thanks to strong revenue growth and total commercial margin that is on par with best-in-class peers.

- ▶ VinCommerce to step in store expansion phase

To fulfill revenue growth target, VinCommerce will focus on three pillars, including:

- (1) Increasing the presence of fresh foods in both Vinmart+ and Vinmart
- (2) Focusing on the efficiency of sales department and operational department
- (3) Developing fresh food logistic by co-operating with independent partners

In 2021, VinCommerce will accelerate its store count in 2021 after fast store closure in 2020. VinCommerce plans to open 300-700 new Vinmart+ stores in 2021. Instead of opening new Vinmart supermarket, VinCommerce will focus on cost efficiency due the fact that Vinmart chain still maintains core profit-driven factor of the whole VinCommerce.

VinCommerce is developing new Vinmart+ store concept with 02 stores in Ha Noi and 01 store in Ho Chi Minh. New concept sizes at 100-120 m2 and product location is restructured on the path of larger fresh foods exposure for customers (fresh foods accounting for 50% total store area).

According to empirical survey, new concept in Ho Chi Minh has reach more optimistic revenue performance than existing concept with VND40-45mn daily revenue compared to VND22-24mn daily revenue of existing store concept.

## 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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