

# Xin Chao Vietnam

## Market performance

	9 Feb	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,114.93	2.9	(4.5)	17.1	1.0
Turnover (VND bn)	12,896				
VN30 (pt, % chg.)	1,129.49	3.4	(1.6)	23.2	5.5

## Major indicators

	9 Feb	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.52	0.0	0.0	0.0	0.1
3-yr govt bonds (% bp chg.)	0.91	0.2	0.2	(0.1)	0.1
VND/USD (% chg.)	22,996	0.0	0.3	0.8	0.4
VND/JPY (% chg.)	21,678	0.0	2.6	2.6	3.1
VND/EUR (% chg.)	27,798	0.6	0.5	(1.1)	2.4
VND/CNY (% chg.)	3,561	0.0	(0.2)	(1.2)	(0.6)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.31	(0.0)	0.2	0.5	0.4
WTI (USD/bbl, % chg.)	59.88	(0.3)	14.4	44.5	23.4
Gold (USD/oz, % chg.)	63.35	0.1	15.0	44.6	22.3

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
TCB	122.5	KBC	(51.7)
HPG	113.6	E1VFN30	(48.6)
VNM	90.7	FUEVFVND	(27.0)
MWG	71.1	DXG	(25.9)
VPB	67.8	REE	(16.4)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
KBC	93.1	VCB	(185.0)
E1VFN30	48.5	HPG	(119.9)
MSN	32.3	MBB	(86.4)
GMD	31.3	VRE	(71.4)
FUEVFVND	27.1	SSI	(47.8)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Technology	6.9		
Commercial Services	5.4		
Software & Services	4.4		
Insurance	4.1		
Consumer Durables	3.5		

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Strong rebound
- **Vietnam:** Trade activities recorded a striking growth

### Sector & Company

- **Saigon Cargo Services (SCS):** 4Q20 review

## 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	29.7	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	7.2	16.0	2.6	11.2	16.1
2021F	304,264	177,159	18.9	13.4	2.2	10.0	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)	4.8
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	6.1	2.3	8.4

Source: KIS, Bloomberg

## Market commentary & News

### Market commentary

#### Strong rebound

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The Vietnam stock market resumed its uptrend thanks to the optimistic sentiment before the Tet holiday.

At the close, the VNIndex jumped by 2.93% to close at 1,114 pts. Meanwhile, trading volume recorded to 502 million shares or VND12,896bn.

Foreign investors continued to sell with a net value of VND483bn on HSX. They sold VCB, HPG, and MBB the most with a net value of VND185bn, VND119bn, and VND86bn, respectively.

Banking was the market leader because of CTG (+4.0%), VCB (+3.3%), BID (+1.7%), HDB (+2.8%), TCB (+2.9%), ACB (+3.8%), MBB (+3.6%), and STB (+4.3%). Notably, VPB limited up.

Based on the high price of global oil, Energy outperformed the broad market, namely BSR (+3.6%), OIL (+3.5%), PVD (+4.4%), and PVS (+3.3%).

Moreover, some constituents of the VN30Index rose more than 4% such as SBT (+6.6%), REE (+5.6%), VIC (+5.1%), FPT (+4.6%), and BVH (+4.4%).

In contrast, ROS (-4.1%), DRC (-0.9%), and FIT (-4.8%) closed in red territory.

Despite the rebound, the downside risk is still intact in the short term. Therefore, traders should be careful and wait for the next signals.

### Breaking news

- ▶ Vietnam: Trade activities recorded a striking growth

Trade activities in January 2021 recorded a striking growth due to a later-than-previous arrival of Tet season and the recent upward momentum. According to 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, respectively. Therefore, the trade balance recorded a surplus of USD1.30bn this month, returning to the previous trend after a short halt in December 2020. (GSO)

## Sector & Company

### Saigon Cargo Services (SCS)

**BUY (Maintain), TP VND152,600**

**4Q20 review: Recovering faster than expected**

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- ▶ COVID-19 impact on 2020's business

In 4Q20, reductions in revenue and net income were mitigated to VND197bn and VND128bn, down by 1.0% YoY and 5.9% YoY, better than our estimates. We believe that this recovery is supported by 1) converting passenger aircraft into a freighter by airlines; 2) demand for consumption and manufacturing goods have been facing disruptions since 2Q20; 3) resumption in domestic air travel.

Due to the COVID-19 impact, 2020 revenue and net income declined to VND693bn (-7.4% YoY) and VND464bn (-7.6% YoY). Total cargo volume saw a slight decrease of 3.8% YoY, mainly dragged down by a slump in the international cargo (-7.1% YoY), although domestic cargo recorded 6.7% YoY growth in the year.

- ▶ Catalysts for 2021 business recovery

Recently-signed FTAs and the shifting of the global supply chain to Vietnam bring tremendous opportunities for Vietnam's export

sector, and cargo-service providers like SCS will definitely benefit from this ongoing trend.

Additionally, the development of E-commerce worldwide has pushed global trade further, and air freight is benefited significantly with significantly faster time delivery than other shipping methods. SCS, with a large air cargo terminal and also modern handling service, would stay on the first choice for international and domestic cargo airlines.

Besides, with IATA's CEIV Pharma certificate for qualified covid-19 vaccines cold storage, SCS has a lot of advantages to achieve covid-19 vaccine contract storage from the vaccine distributors in 2021.

► Recommend BUY with TP at VND152,400

By applying a pure 5-year DCF method to value SCS with WACC and Terminal growth at 12.8% and 3.0%, we reiterate our BUY rating for SCS and we lift TP to VND152,600 with a strong 2021 outlook.

We forecast 21F/22F EPS to rise by 4.4% YoY/10.2% YoY thanks to 6.2% YoY/6.0% YoY and 3.6% YoY/6.0% YoY international and domestic cargo volume in 2020 and 2021, respectively. Based on our current 2021 forecast, SCS is trading at a 2021F EV/EBITDA of 10.8x and a 2021F P/E of 13.5x.

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- 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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