

# Xin Chao Vietnam

## Market performance

	31 Mar	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,191.44	0.4	2.0	7.9	7.9
Turnover (VND bn)	14,420				
VN30 (pt, % chg.)	1,196.24	0.5	1.9	11.7	11.7

## Major indicators

	31 Mar	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.48	(0.0)	0.0	0.1	0.1
3-yr govt bonds (% bp chg.)	0.91	0.2	0.0	0.1	0.1
VND/USD (% chg.)	23,076	(0.0)	(0.2)	0.1	0.1
VND/JPY (% chg.)	20,852	0.3	3.4	7.2	7.2
VND/EUR (% chg.)	27,091	0.1	2.4	5.1	5.1
VND/CNY (% chg.)	3,521	(0.3)	1.1	0.5	0.5
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.73	0.0	0.3	0.8	0.8
WTI (USD/bbl, % chg.)	60.25	(0.5)	(2.0)	24.2	24.2
Gold (USD/oz, % chg.)	63.86	(0.4)	(3.4)	23.3	23.3

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VIC	305.7	VPB	(74.5)
PLX	74.6	HPG	(73.4)
TDM	60.4	TCB	(36.5)
FLC	59.7	VNM	(31.9)
STB	58.5	MBB	(28.1)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VIC	382.1	CTG	(151.8)
STB	35.1	VNM	(139.9)
OCB	19.3	VRE	(65.6)
CII	11.4	VCI	(55.3)
MSN	9.2	MBB	(52.0)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	4.9	Telecommunication	(5.9)
F&B	1.2	Health Care	(3.1)
Consumer Durables	1.0	Technology	(1.8)
Software & Services	0.6	Household Products	(1.1)
Real Estate	0.6	Insurance	(0.7)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Approach 1,200-pts threshold again
- **Vietnam:** FDI accelerates to a new high since early 2020

### Macro & Strategy

- **Economic Flash:** Domestic output grows at modest rate

### Sector & Company

- **An Gia Group (AGG):** AGM brief

### 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	29.7	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	16.7	2.7	11.3	16.1
2021F	304,264	177,159	18.9	14.0	2.3	10.1	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	2020	2021F
GDP (% yoy)	3.8	0.4	2.6	4.5	7.0	2.9	5.9
Trade balance (USD bn)	3.8	1.9	10.7	2.5	10.4	19.0	1.8
CPI (% yoy, avg.)	4.9	3.2	3.0	0.2	5.2	3.2	2.4
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	23,252	23,231	23,252	23,219
US GDP (% qoq)	(4.8)	(31.7)	33.1	4.0	(3.5)	(3.5)	5.7
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	2.3	2.3	8.5

Source: KIS, Bloomberg

## Market commentary & News

### Market commentary

#### Approach 1,200-pts threshold again

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The Vietnam stock market maintained its uptrend for the third gaining session after FTSE announced that Vietnam would remain to stay in the frontier market group (Frontier) and be on the Secondary Emerging Watch List.

At the close, the VNIndex jumped by 0.43% to close at 1,191 pts. Meanwhile, trading volume was 683 million shares or VND14,420bn.

Foreign investors continued to sell with a net value of VND223bn. They sold CTG, VNM, and VRE the most with a net value of VND151bn, VND139bn, and VND65bn, respectively.

Real Estate was the market leader thanks to VIC (+0.8%), VHM (+1.0%), VRE (+0.3%), NLG (+0.6%), ROS (+1.3%), FLC (+1.2%), and TCH (+0.4%).

In the AGM meeting, MSN (+4.5%) targeted revenue of VND92tn to VND102tn and net profit of VND2,500bn to VND4,000bn in 2021. Meanwhile, the company would not pay 2021 dividends.

Moreover, cash flowed into Material namely HSG (+2.0%), HPG (+0.8%), and NKG (+2.8%). Among which, the Board of Directors of NKG approved the purchase of the paper company, Dae Myung Paper Vietnam Co., Ltd.

In contrast, VJC (-1.4%), REE (-1.1%), VNM (-0.8%), VPB (-0.7%), and PLX (-0.7%) closed in red territory.

Despite the third recovery, the downside risk is still intact in the short term due to the rectangle pattern. If the VNIndex does not break out the 1,200-pts threshold, the index will retest the 1,150-pts threshold. Therefore, traders should be careful and wait for the confirmation signals.

### Breaking news

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- ▶ Vietnam: FDI accelerates to a new high since early 2020

Data released recently showed that FDI saw the best quarter in 1Q21 since early 2020 when the global COVID-19 pandemic disrupted the global investment flows. In more detail, newly registered FDI reached the highest level since January 2020 at USD3.91bn, while the additional capital registered for existing projects remained low at USD0.50bn. Meanwhile, foreign investment through stock purchase activity continued to slow down, recording the second slowest in 4 years, at USD0.26bn. In total, the newly registered capital recorded USD4.67bn in March, a 14-month high and increasing 124.27% YoY. Besides, the disbursement activity also rebounded to a 3-month high of USD1.6bn, up by 14.29% YoY. (MPI, KIS)

## Macro & strategy

### Economic Flash

#### Domestic output grows at modest rate

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- ▶ GDP grows modestly

GSO's figures show that Vietnam's real gross domestic product (GDP) sustained its modest growth rate at 4.48%, leaning back on the impressive improvements in taxes-less-subsidies (TLS) and industry and construction (I&C) items in the context of slowdowns in remaining sectors. We believe that the Decree 41 tax deferral policy drove the TLS's to grow notably this period.

- ▶ CPI retreats after a three-month uptrend

According to GSO, the Consumer Price Index (CPI) in March experienced a reduction compared to the previous month mainly due to the decrease in the food and foodstuff (F&Fs) index, while the traffic index surged and push upward pressure on the

overall price.

- ▶ FDI accelerates to a new high since early 2020

Data released recently showed that FDI saw the best quarter in 1Q21 since early 2020. Far beyond our expectation, the newly registered capital recorded USD4.67bn in March, a 14-month high and increasing 124.27% YoY. Besides, the disbursement activity also rebounded to a 3-month high of USD1.6bn, up by 14.29% YoY.

- ▶ Uneven rebound in IIP ends a bad quarter

After an interruption in industrial production activity in February, a rebound in March was less than expected and significantly lower than in late-2020. Accordingly, in March, IIP bounced back by 22.1% MoM and 3.86% YoY, but the absolute production level posted the lowest level in 8 months if excluding Tet's February.

## Sector & Company

### **An Gia Group (AGG)**

#### **Solid growth profile**

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- ▶ AGM Briefing

On Mar 31, we attended AGG's 2021 AGM, and the presentation was largely centered on the FY21F guidance, contract sale target, and share issuance plan.

- ▶ FY21F: To see 20.1% yoy earnings growth

The company sets a target to post a VND3.6tn revenue, 105.3% yoy driven by a handover of over 2,000 units in the Sky89 (430 units) and The Song (1,650 units) condo projects. Net profit grows slower by 20.1% yoy to VND500bn in FY21F due to the absence of a VND338.7bn goodwill income recorded in FY20.

Moreover, the company reaffirms its net profit CAGR of 20-25% in FY19-23F.

- ▶ Rebounding contract sales in FY21F

AGG aims at VND8tn contract sales, 2 times higher yoy growth in FY21F thanks to the sale launches of 3,600 units. Among the projects launched in FY21F is the Signal 27 (first 600 units), Standard low-rise project (200 units), and a 3ha-Binh Duong project (first 1,000 units).

- ▶ Potential diluted EPS on right issuance

To meet the demand for funds in the 3ha-Binh Duong project, AGG is going to issue at par with a ratio 1:1 to existing shareholders. Besides, the company would pay a 10% share dividend in 2H21F.

- ▶ Land bank centered on Binh Duong province

In the meeting, we are told that the legal process of acquiring around 43-53ha in Binh Duong province could finish this year. Ho Chi Minh City is still the strategic destination but could not be the most ideal in the prolonged licensing process.

- ▶ Valuation looks undemanding despite a solid growth outlook

Per management guidance, FY21F earnings translate into a forward PE of 6.8x and PB of 1.6x, unwarranted with the local peer median of 14x and 2.1x, respectively. We think investors seem to have overreacted to the moderate land bank area of 43-53ha and neglect the solid growth outlook in FY21F-22F.

## New listing & Public offerings

### ► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
4/19/2021	KHG	Khai Hoan Land Real Estate JSC	1,600.0	16,000,000	10,000	
4/12/2021		VietNam National Salt Company Limited	43.7	1,279,392	21,300	IPO; Local investors only
4/12/2021		Luong Yen Food Company Limited	35.4	1,671,308	16,800	
4/5/2021		Newspaper Nghe An Printing Co., Ltd	34.5	3,355,370	12,000	

- **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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