

Xin Chao Vietnam

Market performance

	12 Apr	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,252.45	1.7	6.0	5.0	13.5
Turnover (VND bn)	20,902				
VN30 (pt, % chg.)	1,278.19	2.0	7.6	9.3	19.4

Major indicators

	12 Apr	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.55	0.1	0.1	0.1	0.1
3-yr gov't bonds (% bp chg.)	0.96	0.3	0.2	0.0	0.1
VND/USD (% chg.)	23,067	(0.0)	(0.1)	(0.0)	0.1
VND/JPY (% chg.)	21,100	(0.3)	0.2	5.3	6.0
VND/EUR (% chg.)	27,435	(0.0)	0.4	2.6	3.8
VND/CNY (% chg.)	3,523	(0.1)	0.5	1.2	0.4
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.65	(0.0)	0.0	0.5	0.7
WTI (USD/bbl, % chg.)	59.53	0.4	(9.3)	11.9	22.7
Gold (USD/oz, % chg.)	63.29	0.5	(8.6)	11.9	22.2

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VHM	84.9	FUEVFVND	(56.1)
IMP	53.7	MSB	(46.4)
HPG	41.1	KBC	(38.5)
TCB	39.2	HAH	(24.2)
FLC	28.9	SSI	(23.4)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VIC	104.7	VPB	(97.4)
STB	94.7	VCB	(90.6)
NVL	72.7	GAS	(85.1)
FUEVFVND	55.0	CTG	(77.0)
HPG	39.1	VHM	(60.2)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Telecommunication	7.0	Media & Entertainment	(2.3)
Health Care	4.4	Technology	(1.9)
Real Estate	3.6	Consumer Services	(0.6)
Diversified Financials	2.3	Household Products	(0.6)
Banks	1.9	Pharmaceuticals	(0.5)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Volume increases
- **Vietnam:** CPI declines as food prices drop quickly after Tet

Macro & Strategy

- **Fundflow 05 – 09 Apr:** Inflow ticks up across SEA

Sector & Company

- **Kinh Bac City (KBC):** AGM brief
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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	7.3	17.5	2.8	11.6	16.1
2021F	304,264	177,159	18.9	14.7	2.4	10.4	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	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)	6.2
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

Volume increases

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The Vietnam stock market resumed its uptrend as trading volume and value increased. Accordingly, on April 10, the Ho Chi Minh City Stock Exchange tested trading with securities companies to solve trading overload issues on HSX.

At the close, the VNIndex gained 1.69% to close at 1,252 pts. Meanwhile, trading volume increased to 857 million shares or VND20,901bn.

Foreign investors reversed to sell with a net value of VND218bn. They sold VPB, VCB, and GAS the most with net values of VND97bn, VND90bn, and VND85bn, respectively.

Real Estate was the market leader thanks to VIC (+5.7%), VHM (+2.9%), NVL (+5.9%), NLG (+3.9%), ROS (+6.9%), FLC (+2.5%), and SCR (+5.1%).

Some constituents of the VN30Index jumped more than 3% such as VPB (+3.8%), SSI (+3.5%), HPG (+3.3%), and STB (+3.3%).

POW (+3.3%) expected a VND7,783bn revenue (-2% YoY) and a VND720bn net income (+43% YoY) due to reduction of output from power plants such as Ca Mau 1 & 2, Nhon Trach 1, Nhon Trach 2. Moreover, it had sold 20 million shares of PVM with the total amount of VND 552bn at the selling average price of VND27,595 per share.

In contrast, TCH (-1.9%), GAS (-1.0%), SBT (-0.9%), and PDR (-0.4%) closed in red territory.

VHC (-1.4%) planned revenue of VND8,600bn (+22% YoY) and net income of VND700bn (-3% YoY) which its cash dividend yield would be at 10% to 20%. In 2021, VHC will invest VND1,300bn to build an animal feed factory, Vinh Hoan Fish Hatchery...

The VNIndex confirms the small new rectangle pattern, which is a continuation pattern. That implies the next target price will be 1,350 pts. Therefore, traders should hold their long position and focus on leading stocks such as Banking and Real Estate.

Breaking news

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► Vietnam: CPI declines as food prices drop quickly after Tet

According to GSO, the Consumer Price Index (CPI) experienced a reduction compared to the previous month mainly due to the decrease in food and foodstuff (F&Fs), while traffic surged and push upward pressure on the overall price index. CPI in March 2021 declined by 0.27% MoM, marking the first retreat after a three-month straight of uptrend. Regarding sectoral contributions, F&Fs recorded a notable contraction at 1.46% MoM as a result of the Tet-end, mainly driving the CPI down by subtracting 53 basis points (bps) from the monthly overall change. Oppositely, the traffic index increased by 2.29% MoM and added 21bps to the CPI's monthly change. (GSO, KIS)

Macro & strategy

Fundflow 05 – 09 Apr

Inflow ticks up across SEA

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► Vietnam foreign flow

Last week, massive foreign demand continued to be attracted. Net buy value was USD103mn, a ten-month high.

Breaking down by sectors, Real Estate and Materials attracted the most foreign demand. Particularly, large buy orders mainly focused on VHM, VRE, VIC, and HPG, fading the sharp selling activity on KDH and DXG. On the contrary, Financials and Energy were sold the most. Particularly, the selling pressure mainly focused on CTG, BID, VPB, and PLX whilst STB and HDB ended up to be net bought. Utilities also turned around to be net sold, driven by high divestment on GAS. Besides, over supply

maintained across Consumer Staples due to VNM and VHC.

► South East Asia ETF flow

SEA recorded the positive flow of money after experiencing 6 consecutive weeks of outflow. Net inflow was USD26mn. To be specific, the surge in money inflow was mainly contributed by the positive money flow across Vietnam and Indonesia as well as the decrease of outflow in Singapore. Most notably, Indonesia recorded the strong inflow (USD18mn), reaching the one-year high.

Money inflow across Vietnam was USD12mn, down 30% WoW. Particularly, inflow slightly decreased due to the outflow of SSIAM VNFN Lead ETF and the drop in inflow across VFMVN30 ETF (down 87% WoW) and X FTSE Vietnam (down 50% WoW) whilst VFMVN Diamond kept attracting the high level of money inflow.

Sector & Company

Kinh Bac City (KBC)

Hold (Maintain)

AGM brief: Back to glory

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► Bouncing back to the unprecedented growth

In FY21F, KBC targets the highest record of profit after tax guidance to VND2tn, 573% yoy driven by the handover of industrial land bank and residential units mounting to VND6.6tn (3 times higher yoy).

The industrial estate growth is propelled by a 100ha area of land bank in Nam Son Hap Linh industrial park while residential segment growth is buoyed by a 2.3ha land bank in Trang Due townhouse project.

A 10% dividend at par or no dividend payment in FY21F, per management.

► Unlock the iceberg Trang Cat townhouse project

The company aims to monetize the 581ha land parcel Trang Cat townhouse project which has been idle since 2012 on the dream of reaping VND60tn gross development value.

► Aggressive fund demand

To fund for the expansion of at least 6 projects, pending further information, the company is in the need of at least VND5tn investment fund this year either in the form of equity or bond issuances.

► Potential diluted EPS

At the presentation, an equity raising of 100mn shares prioritized to issue to existing shareholders than controlling interest could be proceeded this year.

Phuoc Hoa Rubber (PHR)

BUY (Initiate), TP VND70,500

Fired up by industrial property outlook

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► The approval of VSIP3 could end in FY21F

We expect the VSIP 3 IP operator could get the license to deploy the VSIP 3 IP in the 2H21F, allowing PHR to obtain the full land compensation of VND898bn in 4Q21F-1Q22F. In addition to the upfront payment, PHR is entitled to recognize 20% of shared gross profit from selling VSIP3 IP's land sales and associate income from 20% stake in this affiliate in FY22F.

► Upbeat on approval of self-development IP in FY22F-24F

The Tan Lap 1 (200ha) could get the biggest milestone in licensing process this year, based on our estimates. To the remainders, we think the regulatory process for approval could end in FY22F-24F, as the company are initiating some baby beginning steps.

Healthy exposure to growing IP business could yield from FY23F onward.

► Rosy earnings outlook for FY21F-23F

Our deep dive earnings forecast indicates a flattish growth to VND1,126bn thanks to the VND898bn compensation income from VSIP3IP in FY21F. However, net profit could bounce strongly to VND1,360bn in FY23F, propelled by compensation income of VND1,580bn from Lai Hung IP.

► Initiate with BUY rating with TP of VND70,500

We initiate coverage with a BUY rating and TP of VND70,500, based on a 10% discount to our SOP valuation. PHR is firing on all cylinders, with a promising outlook of faster approval for VSIP3 while its rubber segment continues to expand steadily. Valuation is attractive, in our view, at 7.1X FY21F PE while providing a stable dividend yield of 6.7%.

New listing & Public offerings

► **Public offerings**

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
5/4/2021	AAA	An Phat Bioplastics JSC	2,217.6	75,000,000	14,000	-
4/19/2021	KHG	Khai Hoan Land Real Estate JSC	1,600.0	16,000,000	10,000	IPO; Local investors only

■ 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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