

Xin Chao Vietnam

Market performance

	27 Apr	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,219.75	0.3	5.0	11.2	10.5
Turnover (VND bn)	14,267				
VN30 (pt, % chg.)	1,283.81	0.7	10.0	18.5	19.9

Major indicators

	27 Apr	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.49	(0.1)	(0.0)	(0.1)	0.1
3-yr gov't bonds (% bp chg.)	0.71	(0.2)	(0.2)	(0.2)	(0.1)
VND/USD (% chg.)	23,047	0.0	0.1	0.1	0.2
VND/JPY (% chg.)	21,287	0.2	(1.3)	4.1	5.0
VND/EUR (% chg.)	27,807	0.3	(2.1)	1.2	2.4
VND/CNY (% chg.)	3,554	0.0	(1.2)	0.1	(0.4)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.58	0.0	(0.1)	0.6	0.7
WTI (USD/bbl, % chg.)	62.17	0.4	2.0	17.6	28.1
Gold (USD/oz, % chg.)	65.84	0.3	2.0	18.0	27.1

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
MWG	58.8	HPG	(134.7)
LPB	55.9	NVL	(112.0)
AMD	20.1	VPB	(70.8)
TCB	19.8	VIC	(41.6)
VIB	16.1	VRE	(33.5)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	174.0	VPB	(116.7)
NVL	90.9	CTG	(56.7)
MSN	87.4	MBB	(43.9)
STB	80.0	PLX	(29.5)
VHM	77.1	BID	(20.6)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Health Care	2.1	Technology	(4.2)
Automobiles	1.6	Media & Entertainment	(2.8)
Consumer Durables	1.3	Energy	(2.3)
Others	1.0	Commercial Services	(1.9)
Materials	1.0	Consumer Services	(0.8)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** "Buy the dip" strategy
- **U.S.:** Economic growth speeds up at a record pace in April

Sector & Company

- **Novaland (NVL):** 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	7.3	17.2	2.8	11.6	16.1
2021F	304,264	177,159	18.9	14.4	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)	6.3
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

“Buy the dip” strategy

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The Vietnam stock market consolidated on the previous trading day, but bearish momentum is not faded and increasing the tendency to retest 1,200 pts level.

Among VN30 Index, NVL (+6.2%), MSN (+3.2%), STB (+2.4%), HPG (+2.2%), and TCH (+1.2%) were index top 5 outperformers whilst PLX (-2.7%), PDR (-2.7%), VRE (-1.8%), SBT (-1.5%), and BVH (-0.9%) were top 5 index laggards.

Among top 5 index weight tickers (VN30), HPG (+2.2%), VIC (+0.5%), VPB (+0.4%), and TCB (+0.1%) contributed to the index gains whilst VNM (-0.3%) faded the benchmark and became index laggard.

Relating to foreign trading activities, buying activities surged, with net buy value recorded at VND380bn. Particularly, VPB, CTG, and MBB were sold the most whilst HPG, NVL, and MSN attracted the most demand across VN30.

The VNIndex ended up to be net bought with net buy value of VND400bn.

The collapse on Monday has confirmed the short-term correction phase as well as the followed consolidation phase has shown no signal for the rebound. However, uptrend still maintains in wider time frame as well as 1,200 pts level will set the strong demand zone for the market. In this case, investors should buy leading stocks when VNIndex positively reacted with this area.

Breaking news

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- ▶ U.S.: Economic growth speeds up at a record pace in April

Recent data pointed out that the U.S. economy continues recovering at a record pace in April. According to the latest report from the IHS Markit, 3 over 4 indexes measuring the business activity of the U.S. private sector recorded new fresh highs in April, including U.S. Composite Output Index, U.S. Services Business Activity, and U.S. Manufacturing PMI. More specifically, the Flash Composite Output PMI posted a record high of 62.2 in April, up from 59.7 in March. Meanwhile, the Flash Manufacturing Index and the Flash Services Business Activity also surged to the highest levels since data collection began, at 60.6 and 63.1, respectively. (IHS Markit)

Sector & Company

Novaland (NVL)

Transformation in progress

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- ▶ AGM Briefing

On April 27, NVL made an AGM presentation briefing for the upcoming business expansion plan. Key focus areas are FY21F guidance, presale growth, and its fund demand.

- ▶ Ambitious but feasible FY21F guidance

In FY21F, NVL's net profit estimate almost stays flattish by 5% yoy to VND4.1tn despite a booming revenue growth of 5 times yoy to VND27.5tn.

We regard this FY21F net profit guidance as ambitious if excluding the one-off financial income of VND5.1tn recorded in FY20, the adjusted net profit in FY20 is almost minimal.

However, we also deem it feasible thanks to the starting handover of around 3,000 units in the coastal cities and HCMC's neighboring provinces (NovaWorld Phan Thiet, NovaWorld Ho Tram, NovaHill Mui Ne, NovaBeach Cam Ranh, and Aqua City)

► Aggressive presales target concerned

Per management, at least 10,000 units could be launched in FY21F despite the moderate number last year (around 6,000 units) and the prolonged COVID-19 fallout that impedes the sales events. We estimate the company could grab at least VND80-120tn contract sales in FY21F based on an average selling price VND8-12bn/unit

► Huge fund raising required

Further information (verification) is required, to fund for the development of projects in FY21F, the company needs to raise an investment fund of 40 m shares this year

► Uncertain on bottlenecks in HCMC's CBD projects

In the meeting, the management commits to push the relevant parties in HCMC's People Committee to quickly solve the issues in NVL's projects. We understand that it could be clumsy for NVL to envisage a clear picture of those projects to the audience as these problems require an extensive discussion with authority.

► Fair valuation as the growth has priced in

We favour NVL thanks to 1) Novaland (NVL) owns the second-largest land bank among listed property developers in Vietnam, only behind Vinhomes which helps NVL sustain at least 10 years of development 2) The strategy of developing satellite urban area properties with the mega project Aqua City will bring significant revenue in the long term from FY22F. However, we remain conservative on this move as we observe that the hospitality market is slowing down and takes times to bounce back. Risks of high leverage and of potentially diluted shares from a US\$600mn convertible bond result us to rate a Neutral view on NVL

New listing & Public offerings

► **New listing**

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Charter	Listed Shares	Reference price
4/28/2021	HLY	Viglacera Ha Long I JSC	UPCoM	10.0	1,000,000	17,000

► **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	-

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- 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.

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- 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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