

Xin Chao Vietnam

Market performance

	27 May	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,303.57	(1.0)	6.9	11.6	18.1
Turnover (VND bn)	23,758				
VN30 (pt, % chg.)	1,437.38	(1.2)	12.0	22.5	34.2

Major indicators

	27 May	1D	1W	1M	YTD
1-yr govt bonds (% bp chg.)	0.54	0.0	0.0	0.1	0.1
3-yr govt bonds (% bp chg.)	0.95	0.2	0.2	0.1	0.1
VND/USD (% chg.)	23,051	0.0	(0.0)	(0.1)	0.2
VND/JPY (% chg.)	21,113	0.0	0.4	2.1	5.9
VND/EUR (% chg.)	28,122	0.3	(1.1)	(1.4)	1.2
VND/CNY (% chg.)	3,615	(0.2)	(1.7)	(1.5)	(2.1)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.58	0.0	(0.0)	0.2	0.7
WTI (USD/bbl, % chg.)	65.67	(0.8)	4.3	6.8	35.3
Gold (USD/oz, % chg.)	68.35	(0.8)	2.9	3.4	31.9

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
APH	77.1	IJC	(60.0)
VPB	64.3	VCG	(30.2)
STB	64.2	ACB	(27.7)
MSN	47.0	DXG	(26.3)
TPB	46.4	SSI	(22.5)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
PLX	136.0	HPG	(156.3)
VNM	67.1	VPB	(82.4)
VCB	44.2	TPB	(71.8)
VRE	37.0	MBB	(52.1)
MSN	34.9	VHM	(48.7)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Insurance	0.8	Technology	(3.6)
Others	0.7	Energy	(2.4)
Health Care	0.3	Diversified Financials	(1.9)
Pharmaceuticals	0.3	Consumer Services	(1.8)
Capital Goods	0.0	Telecommunication	(1.7)

WHAT'S NEW TODAY

Market commentary & News

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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	7.4	18.9	3.0	12.1	16.1
2021F	304,264	177,159	18.9	15.9	2.6	10.9	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

	3Q20	4Q20	1Q21	2Q21F	2019	2020	2021F
GDP (% yoy)	2.6	4.5	4.5	4.5	7.0	2.9	6.4
Trade balance (USD bn)	10.7	3.3	2.8	3.7	10.4	19.8	1.8
CPI (% yoy, avg.)	3.2	1.4	0.3	2.8	5.2	3.2	2.4
Discount rate (% EoP)	3.0	3.0	3.0	3.0	4.0	3.0	3.0
VND/USD (avg.)	23,179	23,159	23,054	23,252	23,231	23,252	23,174
US GDP (% qoq)	(4.8)	(31.7)	33.1	4.0	(3.5)	(3.5)	6.5
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

Short-term profit-taking

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The Vietnam stock market reversed to go down due to investors' fears about the COVID-19 epidemic in Ho Chi Minh City when the city recorded some new infections in the community.

At the close, the VNIndex lost 1.00% to close at 1,303 pts. Meanwhile, the trading volume was 712 million shares or VND23,758bn.

Foreigners continued to net buy VND105bn on HSX. They purchased PLX, VNM, and VCB the most with net values of VND135bn, VND67bn, and VND44bn, respectively.

Selling pressure pushed Banking down namely CTG (-2.5%), VCB (-1.7%), BID (-2.7%), HDB (-2.4%), TCB (-2.7%), and MBB (-2.7%).

Some constituents of the VN30Index slid more than 2%, such as TCH (-3.9%), SSI (-3.3%), PLX (-2.5%), and GAS (-2.2%).

In AM, MSN (-3.2%) announced that the firm would be entering a partnership with Lazada to develop LazMall online platform after Alibaba and Baring hold a 5.5% stake in the company. This platform will exploit Ho Chi Minh and Hanoi markets, delivering fresh products in 4 hours.

In contrast, KDH (+5.1%), PDR (+3.6%), BVH (+1.1%), and STB (+1.0%) closed in red territory.

NVL (+1.9%) announced that Jun 10th, 2021 is the date of record to pay stock dividends of 385,9 million shares. After the issuance, its charter capital increased to VND14,676bn from VND10,817bn.

Despite the contraction, the uptrend is still intact in the short term as the index closes above the 1,300-pts threshold. Hence, traders can hold their long position and focus on leading stocks.

Breaking news

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- ▶ Vietnam: Domestic petroleum prices remain unchanged under increasing global energy prices

The Ministry of Industry and Trade announced the latest adjustment for the domestic gasoline prices from Thursday. Accordingly, the E5RON92 and RON95-III prices remained unchanged from the previous adjustment in mid-May, at VND18,426 and VND19,531 per liter. As a result, this will ease upward pressure on the traffic price and the CPI as well in June. (Ministry of Industry and Trade)

Breaking news

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- ▶ Vietnam: SCIC announces the list of divestments in 2021

State Capital Investment Corporation (SCIC) has just announced the list of divestments in 2021. Accordingly, SCIC is expected to divest in 88 enterprises. Notably, SCIC will divest 230 million shares (equivalent to 36%) from Saigon Beer - Alcohol - Beverage Corporation (SAB), this share has just been transferred by the Ministry of Industry and Trade. In addition, some stocks that are interested in foreign investors in this list are BMP, BMI, SAB, and BVH... all listed companies included in this list are shown in the table below. (SCIC and KIS Vietnam)

Listed companies in SCIC's list of divestments

(VND, VND bn, x, %)

No	Ticker	Exchange	Sector	Price (VND)	Market Cap (VNDbn)	PER	SCIC ownership	Available shares for foreigners	Main business
1	BMI	HOSE	Insurance	34,000	3,106	1,813	50.70%	15.7%	non-life insurance and financial investment
2	SAB	HOSE	Food & Beverage	163,800	105,042	7,133	36.00%	37.1%	beer and beverages production
3	NTP	HNX	Construction & Materials	43,800	5,159	3,387	37.10%	29.6%	manufacture plastic pipes, spare parts for construction, water supply and drainage
4	BMP	HOSE	Construction & Materials	58,700	4,805	6,384	0.02%	18.0%	hard PVC pipes, PEHD, fittings of pipes, sprayers for pesticide, protection helmets and other plastic products.
5	FPT	HOSE	Technology	95,300	75,203	4,120	5.93%	0.0%	software, information and system integration, telecommunications, education and training"
6	FIC	UPCOM	Construction & Materials	9,067	1,152	448	40.08%	49.0%	producing, trading, importing and exporting building materials, exploiting, processing, and trading minerals, and investing, developing and trading industrial and civil works, real estate
7	CAG	HNX	Industrial Goods & Services	14,900	206	259	52.98%	49.0%	warehousing, stevedoring, freight loading and forwarding
8	AGM	HOSE	Food & Beverage	29,600	539	1,359	28.17%	42.6%	producing, processing and trading food and sales and services of motorcycles and accessories
9	SVL	UPCOM	Industrial Goods & Services	18,500	60	27	74.99%		vocational training, labour export and management
10	AGF	HOSE	Food & Beverage	3,300	93	(9,094)	8.24%	48.5%	an export frozen Cat fish processor
11	VXB	HNX	Construction & Materials	6,300	26	(4,454)	49.76%	49.0%	producing and trading construction materials, exploiting sand
12	BVH	HOSE	Insurance	55,500	41,199	2,078	3.26%	21.6%	financial industries, such as insurance, banking, securities, funds management and real estate of which insurance is the core business
13	SON	UPCOM	Industrial Goods & Services	11,200	109	(705)	98.31%		invocational training, labour export and management
14	SJG	UPCOM	Construction & Materials	10,733	4,825	17	99.79%		construction of power, transport, infrastructure, civil and industrial works, production and provision of building materials, equipment and technologies
15	VIW	UPCOM	Utilities	9,433	547	35	98.16%	49.0%	construction and provision of design consultation services in waterworks, and trading materials and equipment in water supply and drainage
16	LIC	UPCOM	Construction & Materials	7,000	630	108	40.71%	49.0%	construction of industrial, civil and infrastructure works, industrial and building materials production, housing and urban areas and power generation
17	VGW	UPCOM	Real Estate	9,100	326	665	87.32%	49.0%	investment and construction consultancy services, including design, equipment procurement construction (EPC) for projects of civil engineering, industry, transportation, irrigation, urban infrastructure, industrial zone, and other kinds of buildings
18	TTL	HNX	Construction & Materials	7,900	331	310	25.05%	49.0%	Construction of transport, civil and industrial zone projects, warehouse leasing, and manufacturing and trading building materials
19	SEA	UPCOM	Food & Beverage	23,303	2,913	2,139	63.38%	49.0%	raising and processing sea products for export, and shipbuilding
20	HEJ	UPCOM	Construction & Materials	23,000	101	1,012	49.00%	48.0%	provision of consultation, survey and design services in irrigation and other construction works
21	VGT	UPCOM	Personal & Household Goods	17,270	8,635	570	53.49%	35.9%	manufacturing, trading and exporting textile and garment products
22	VOC	UPCOM	Food & Beverage	24,414	2,974	1,926	36.30%	49.0%	production of vegetable oil and provision of port services and warehouse and office rental services

23	VEC	UPCOM	Technology	9,513	417	(241)	87.97%	49.0%	manufacturing and trading of household electronic products and electronic devices
24	VIN	UPCOM	Industrial Goods & Services	14,500	370	2,210	99.46%	48.8%	international shipping and receiving and logistics activity
25	VNP	UPCOM	Chemicals	11,877	231	1,388	65.85%	48.1%	flexible packaging, beer bottle box and plastic products, trades in and supplies primary plastic resins such as PE, PP, PVC and PET granules; recycled plastic such as PC, PE, PP, ABS and additives for PVC ...
26	VNB	UPCOM	Media	16,162	1,097	555	10.00%	49.0%	business in the trade of books by retail activities at supermarkets, expanding and seeking wholesale markets for schools
27	VNC	HNX	Industrial Goods & Services	33,400	351	3,351	30.00%	46.3%	surveying, analyzing, testing services and other services related to surveying fields for internal and external customers, the superintendence and inspection field in Vietnam

Breaking news

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► Vietnam: "Digital Transformation Plan for Banks to 2025, target for 2030"

On May 11th, 2021, SBV approved "Digital Transformation Plan for Banks to 2025, target for 2030". There are 2 categories as below: (1) State Bank and (2) Financial Institution (incl. financial institutions and foreign bank branches). Some important contents are summarized in the table below.

Main targets of State Bank and Financial Institutions for 2020 and 2030

		Note
Targets for 2020		
State Bank	a)	100% of public services raise to level 4.
	b)	100% of public services level 4 integrated on the National Public Service Portal.
	c)	90% of documents processed in a digital environment (except confidential data)
	d)	At least 50% of monitoring activities are performed in a digital environment.
	e)	100% of reports, indicators of periodic reports are digitally signed and sent through the information technology system.
	f)	100% of transactions through Public Service Portal and Information systems are electronically authenticated.
Financial Institutions	a)	50% of banking services are performed in a digital environment.
	b)	50% of adults use e-payment services.
	c)	70% of transactions through digital channels.
	d)	60% of financial institutions have revenue from digital channels accounting for more than 30%
	e)	50% of disbursement and lending decisions for small loans, consuming loans towards Individual customers are digital and automatical.
	f)	70% of documents processed in a digital environment
Targets for 2030		
State Bank	a)	At least 70% of monitoring activities are performed in a digital environment.
	b)	100% of documents processed in a digital environment (except confidential data)
Financial Institutions	a)	70% of banking services are performed in a digital environment.
	b)	80% of adults use e-payment services.
	c)	80% of transactions through digital channels.
	d)	70% of financial institutions have revenue from digital channels accounting for more than 30%
	e)	90% of documents processed in a digital environment

Macro & strategy

ETF Review

Foreign ETFs' buy HSG and PDR

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Based on data of 26 May, we expect that FTSE Vietnam ETF will add HSG in the 3Q21, while it will exclude DXG in this quarterly review. Besides, VanEck Vectors Vietnam ETF will not remove ticker but add HSG and PDR in this quarterly review.

► FTSE Vietnam ETF (FTSE ETF) review – 3Q21

Based on data of 26 May, we forecast that FTSE Vietnam Index will add HSG in this quarterly review. On the opposite, it will exclude DXG.

We expect STB and HSG will be bought the most with net million shares of 14.3 and 4.6. On the other hand, VRE and DXG are expected to be sold heavily with net million shares of 4.9 and 3.8.

The results will be announced on 04 June 2021, the new weight will be effective on 21 June 2021.

- ▶ VanEck Vectors Vietnam ETF (VNM ETF) review – 3Q21

Based on data of 26 May, we forecast that VanEck Vectors Vietnam ETF (VNM ETF) will add PDR and HSG and not exclude Vietnam stocks in this quarterly review.

We expect the net buying of PDR and HSG to be the largest at 5.8 million shares and 5.4 million shares. On the contrary, NVL, SBT, and POW are expected to be the heavy net sellers at 4.0 million, 3.4 million, and 1.7 million shares.

The results will be announced on 11 June 2021, the new weight will be effective on 21 June 2021.

Sector & company

Masan Group (MSN)

Hold (Maintain)

AM brief: Win – win strategies

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- ▶ LazMall: The leading partnership

Alibaba Group and Baring invested USD400mn, equivalent to 5.5% ownership of The CrownX as of end-April. CrownX aims to build LazMall e-commerce platform co-operated by Lazada Vietnam (a subsidiary of Lazada Group who has been acquired by Alibaba Group) and CrownX.

The competitive synergies arising from the partnership between The CrownX and Lazada e- commercial platform are propelled by:

- The CrownX is the leading offline grocery in Vietnam thanks to owning 1) a strong network with 2,200 modern retail outlets across the country, 2) a 9-million loyal consumer base, 3) a well-diversified portfolio of fresh products including Meatdeali, 3F and VinEco, and 4) the Masan Consumer Holding (MCH) is the popular FMCG brand who reaches 98% Vietnamese households and 300,000 general stores.
- Lazada Vietnam is among the top 3 e-commerce platforms in Vietnam and in Southeast Asia with 20 million active users thanks to 1) owning B2C logistic system across the country, 2) inheriting a well-developed ecosystem embedded in Lazada Group of which RedMart (operated by Lazada Singapore), the partner of Lazada Vietnam, is the top grocery delivery platform in Singapore.

LazMall chooses Ho Chi Minh and Hanoi markets to run the delivery service in 4 hours from placing an order, focusing on delivering fresh and FMCG products.

- ▶ Phuc Long Kiosk: Leverage Vietnamese tea & coffee brand

MSN acquired 20% stake of Phuc Long Heritage in May and is eyeing building Phuc Long Kiosks (store in-store concept) inside VinMart+.

Per management, Phuc Long Heritage is one of the icon brands name in the beverage sector and could ride on buoyant opportunities to scale up on the back of:

- The number 1 in the retail coffee and tea market in Vietnam with innovated traditional products.
- Phuc Long is among the most popular brands trusted by consumers, especially the young segment.
- Benefiting from the abundant room for growth in the Northern market if the Phuc Long Heritage expands from the current Ho Chi Minh market, the key location centering with 85 stores 200 sqm wide.
- The synergies impulse by the collaboration model between Phuc Long and VinMart+.

MSN opened 4 pilot kiosks inside VinMart+ in 21 days as of April, recording a VND8mn revenue and 100 bills per day for each

kiosk. The break-even is at 40 bills, per management.

MSN aims to open 200-400 kiosks in 2021 and guilds for VND5mn per day/kiosk. Phuc Long Kiosk will enjoy a 20% revenue sharing scheme, which could contribute VND1mn revenue per day and around VND32bn-50bn NPAT for Vinmart+ in 2021. With 2% EBITDA as guidance, it will enhance the expected EBITDA of Vinmart+ from 2% to 4%.

New listing & Public offerings

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
6/17/2021	-	Vinacomin – Pilot Company Limited	20.2	404,400	15,550	IPO

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- BUY: Expected total return will be 15% or more
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- 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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