

# Xin Chao Vietnam

## Market performance

	8 Jun	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,319.88	(2.9)	6.3	13.0	19.6
Turnover (VND bn)	29,758				
VN30 (pt, % chg.)	1,438.97	(3.0)	7.3	23.0	34.4

## Major indicators

	8 Jun	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.53	0.0	0.1	0.1	0.1
3-yr gov't bonds (% bp chg.)	0.92	0.0	0.0	0.2	0.1
VND/USD (% chg.)	22,964	0.4	0.4	0.4	0.6
VND/JPY (% chg.)	20,990	0.4	0.9	0.8	6.5
VND/EUR (% chg.)	27,945	0.2	0.4	(2.0)	1.9
VND/CNY (% chg.)	3,589	0.3	0.1	(1.6)	(1.4)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.55	(0.0)	(0.0)	(0.0)	0.6
WTI (USD/bbl, % chg.)	68.70	(0.8)	5.9	5.6	41.6
Gold (USD/oz, % chg.)	70.94	(0.8)	3.9	4.0	36.9

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
TCB	206.1	VPB	(48.7)
HPG	78.1	PLX	(46.2)
LPB	64.6	DXG	(45.2)
VIC	61.6	FUEVFNVD	(41.6)
VCB	56.1	KBC	(40.7)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
PLX	134.6	DXG	(216.1)
VRE	106.7	HPG	(204.4)
OCB	90.5	VIC	(150.7)
SSI	61.0	VNM	(104.5)
CTG	42.6	MBB	(73.7)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Transportation	2.3	Diversified Financials	(5.5)
Media & Entertainment	2.0	Materials	(4.8)
Pharmaceuticals	0.8	Banks	(4.4)
Health Care	0.5	Energy	(3.9)
F&B	0.2	Others	(3.9)

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Crash?
- **Vietnam:** SBV adjusts USD-purchasing forward price to be lower

### Sector & Company

- **Century Synthetic Fiber (STK):** Company 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	9.7	18.6	3.0	12.1	16.1
2021F	304,264	177,159	19.0	15.6	2.6	10.8	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)	6.6
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

#### Crash?

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The Vietnam stock market tumbled yesterday as investors worried about the sustainability of the uptrend. Besides, Ha Tinh city applied Directive 16 about social distancing for the whole province from noon yesterday to fight the COVID-19.

At the close, the VNIndex lost 1.11% to close at 1,358 pts. Meanwhile, trading volume was 904 million shares or VND29,757bn in value

Foreigners continued to net sell VND359bn on HSX. They sold DXG, HPG, and VIC the most with net values of VND216bn, VND204bn, and VND150bn, respectively.

Oil and Gas was the worst sector driven by BSR (-10.3%), PLX (-3.4%), OIL (-11.3%), GAS (-2.9%), PVT (-6.9%), PVD (-6.9%), and PVS (-10.0%).

Quang Ngai province approved the investment policy for the Dung Quat 2 steel plant of HPG (-5.1%). The project will be built on an area of 279 hectares and is expected to be completed in 2024 with a capacity of 5.6 million tonnes of steel per year.

Based on AGM guidance, VEA (-1.5%) planned net income of VND5,930bn in 2021 (-19% YoY) due to the high input costs and the impact of COVID-19.

Real Estate underperformed the benchmark index, namely VRE (-5.1%), NLG (-2.8%), ROS (-2.8%), FLC (-5.6%), and TCH (-3.1%). Based on AGM guidance, DXG (-6.8%) planned revenue of VND9,000bn (+3 times YoY) and net income of VND1,350bn vs the loss in 2020. In addition, BOD planned to issue 200 million private shares (accounting for 38.59% of the outstanding number) and 7 million ESOP shares (accounting for 1.35% of outstanding shares). After issuance, charter capital will increase to VND7,270bn.

Moreover, VIC (-2.6%) established Vinbiocare Biotechnology Joint Stock Company (Vinbiocare) on June 3 with a charter capital of VND200bn, with 69% paid in by VIC, 30% by Mr. Phan Quoc Viet and 1% by Ms. Phan Thu Huong.

NVL (-1.9%) is reported to reach an end for a project transfer with the total value of VND40,000bn. The financial income inherited from this deal is about VND8,000bn and could be recorded in 2021-2022.

Some constituents of the VN30Index slid more than 6%, such as HDB (-6.8%), STB (-6.8%), SSI (-6.7%), MBB (-6.2%), and POW (-6.2%).

The high selling pressure on large-cap stocks pushed the market sentiment pessimistic in the short term. The VNIndex may record some losing sessions. However, the long-term uptrend is still intact, thanks to the significant cash flow of local individual investors. Therefore, the contraction period is the opportunity to increase the long position.

### Breaking news

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- ▶ Vietnam: SBV adjusts USD-purchasing forward price to be lower

Vietnam's foreign exchange market saw a significant change yesterday as SBV, the primary USD-purchasing player, lowered the USD-purchasing price for the 6-month forward contract. It is adjusted to 22,975 from the previous level of 23,125, equivalent to about 0.7% depreciation in USD value relatively to VND. This is the largest adjustment that SBV has made for more than a year. The foreign exchange rate in the interbank market was also down by about 90-100 dong in 2 days. (SBV)

## Sector & Company

### **Century Synthetic Fiber (STK)**

**Hold (Maintain)**

**Modest headwind from U.S. anti-dumping tax**

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- ▶ Trivial US anti-dumping tax

On June 2, US Department of Commerce (DOC) made preliminary conclusions on anti-dumping investigation into Polyester Textured yarn (PTY) products from Vietnam and other countries. According to details given by the Trade Remedies Authority, Vietnamese enterprises were determined to have a dumping margin of between 2.67% and 22.82%. Due to the impact of the COVID-19 pandemic, the DOC will not conduct on-site verification, but will instead require businesses to provide additional information in order to verify data before making a final conclusion due on Oct 9.

Per management, STK completed providing required information and documentation in 1Q21 and co-operated closely with the investigation agency and the Trade Remedies Authority as a means of ensuring positive results. However, STK believes this action slightly hit its business, given by 1) the US market contributed a VND46bn revenue, accounting about 2.6% in FY20 and could be still minimal in FY21F, and 2) low anti-dumping tax rate is expected by STK.

- ▶ Bright outlook on demand recovery

In 1Q21, STK recorded a VND567bn net revenue, (-8% yoy) and a VND112bn gross profit (+18% yoy), assisted by rising yarn price. NPAT also spiked VND70.6bn (+36% yoy) on lower financial expense and operating cost, making up 28.5% company guidance. We believe that STK could complete its full-year net profit target given the healthy recovery on yarn demand. The resumption of textile and garment industry in the EU and US are boosting the demand for yarn in Vietnam which witness a 36% yoy growth in volume to 71,000 tonnes in 1Q21.

## New listing & Public offerings

### ▶ **New listing**

(VND bn, share, VND)

Date of Listing	Ticker	Company	Exchange	Listed Value	Listed Shares	Reference Price
6/9/2021	PXT	Petroleum Pipeline & Tank Construction JSC	UPCoM	200.0	20,000,000	2,200

### ▶ **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

- **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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