

# Xin Chao Vietnam

## Market performance

	30 Jul	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,310.05	1.3	(7.0)	5.7	18.7
Turnover (VND bn)	21,553				
VN30 (pt, % chg.)	1,447.23	1.4	(5.3)	10.3	35.2

## Major indicators

	30 Jul	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.48	(0.0)	(0.1)	(0.0)	0.1
3-yr gov't bonds (% bp chg.)	0.89	(0.0)	0.1	0.1	0.0
VND/USD (% chg.)	22,964	0.1	0.2	0.4	0.6
VND/JPY (% chg.)	20,964	0.1	(1.2)	0.6	6.7
VND/EUR (% chg.)	27,327	(0.1)	0.2	2.3	4.2
VND/CNY (% chg.)	3,556	0.0	0.2	0.1	(0.5)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.25	(0.0)	(0.2)	(0.4)	0.3
WTI (USD/bbl, % chg.)	73.39	(0.3)	(0.1)	15.4	51.3
Gold (USD/oz, % chg.)	75.93	(0.2)	1.1	12.9	46.6

## Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
ACB	608.6	VHM	(283.2)
VIC	135.0	VNM	(141.8)
MSB	98.1	MBB	(110.6)
LPB	97.8	VPB	(107.6)
NLG	91.9	MWG	(98.5)

## Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
SSI	177.3	SAB	(44.8)
STB	126.2	VNM	(41.8)
MSN	102.1	E1VFN30	(41.7)
CTG	89.0	VRE	(33.7)
MBB	61.9	DCM	(23.5)

## Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Health Care	4.1	Others	(0.7)
Household Products	2.6		
Diversified Financials	1.9		
Consumer Durables	1.9		
Transportation	1.7		

## WHAT'S NEW TODAY

### Market commentary & News

- **Market commentary:** Breakout for 1,300-pts threshold
- **Vietnam:** Retail sales tumble under stricter restrictions

### Macro & Strategy

- **Chart of the day:** Flat movement will take place

### Sector & Company

- **Vingroup (VIC):** AM brief

### Event Calendar

## 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	16.3	17.4	2.8	12.4	16.0
2021F	304,264	177,159	19.4	14.6	2.4	11.1	16.3

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	2Q21	2019	2020	2021F
GDP (% yoy)	2.6	4.5	4.5	6.6	7.0	2.9	6.4
Trade balance (USD bn)	10.7	3.3	2.8	(4.3)	10.4	19.8	1.8
CPI (% yoy, avg.)	3.2	1.4	0.3	2.6	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	(3.4)	(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

#### Breakout for 1,300-pts threshold

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Vietnam stock market maintained to go up for the fifth gaining session in a row last Friday.

At the close, the VNIndex gained 1.27% to close at 1,310 pts. Meanwhile, the trading volume was 633 million shares or VND21,552bn.

Foreign investors reversed to net buy with a net value of VND449bn on HSX. They purchased SSI, STB, and MSN the most with net values of VND177bn, VND126bn, and VND102bn, respectively.

Banking was the market leader driven by ACB (+5.86%), CTG (+1.47%), EIB (+1.54%), HDB (+0.90%), MBB (+1.76%), NVB (+7.66%), SHB (+2.58%), STB (+2.05%), and VPB (+5.72%).

Besides, Brokerages and Real Estate outperformed the benchmark index as DXG (+1.41%), DIG (+1.79%), FLC (+1.36%), KDH (+2.26%), NLG (+4.05%), PDR (+1.76%), SCR (+6.63%), and VIC (+2.00%). Among these, in 2Q21, DXG reported a VND3.5tn revenue (+7.5 times higher YoY) and a VND298bn net profit vs a loss of VND566 in 2Q20.

In 2Q21, HPG (+0.42%) recorded a VND35tn revenue (+71% YoY) and a VND9.7tn net profit (+3.6 times higher YoY). 1H21, HPG posted a VND66.9tn revenue (67% YoY) and a VND16.9tn net profit (231% YoY), completing 56%/93% company estimates.

Moreover, some constituents of the VN30Index jumped more than 2%, such as REE (+4.96%), MSN (+4.93%), and PNJ (+3.01%).

In contrast, VNM (-0.81%), VJC (-1.22%), HAG (-0.60%), and PC1 (-0.19%) closed in red territory.

The VNIndex closes above the 1,300-pts zone, the significant resistance. That implies the downtrend may be reversed in the short term. Therefore, trader may open long positions with a small proportion, focusing on leading stocks such as Banking and Brokerages.

### Breaking news

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#### ► Vietnam: Retail sales tumble under stricter restrictions

In July, the retail sales tumbled as the government generally tightened the restrictions to deal with the widespread transmission in the southern epicenters, including Hochiminh city, the country's economic center. According to GSO's estimates, the retail sales in July 2021 dropped strongly to VND339.36tn from the previous value of VND358.07tn, marking a notable reduction of 5.23% MoM or 13.30% YoY. This reduction focused on the decrease in retailing activities in southern areas, including Hochiminh city, where Directive No. 16 was applied strictly to limit the complicated development of the outbreak. (GSO, KIS)

## Macro & strategy

### Chart of the day

#### Flat movement will take place

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#### ► Market performance

VNIndex positively reacted with 1,200-1,220 pts zone, forming the upward swing, but there is the tendency for the consolidation phase to occur this week.

#### ► Chart: 1,200 pts zone is the long-term demand zone

Rebound phase has occurred on VNIndex, respecting the long term demand zone (1,200 pts area).

However, the short-term downtrend is active, signaling by the downward crossover between MA20 and MA50.

1,350 pts zone sets the strong supply area for the upward resumption phase in this week whilst 1,200 pts area is the significant demand zone.

The long-term uptrend is not faded when MA50 and MA200 are upward sloping. However, consolidation phase is needed in order to balance supply and demand for the upcoming swing.

→ The VNIndex is expected to consolidate this week.

- ▶ Technical strategy: Hold the position

As mentioned above, the long-term uptrend is confirmed as well as the upward resumption phase has high probability to occur after consolidation phase. In this case, investors should continue to hold the current positions on leading stocks.

## Sector & Company

### Vingroup (VIC)

**AM brief: Drags on industrial and hospitality**

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- ▶ Mixed performance

Vingroup reported its stunning 2Q21 revenue at VND38.4tn, 64.6 % yoy driven by two engines 1) property revenue grew by 62.1% yoy to VND26.8tn, 2) service contractor revenue skyrocketed by 413% yoy to VND3.8tn. In addition to a 12.5%p gross margin expansion, gross profit surged by 205.3% to VND10.4tn. Hence, operating profit bounced to a positive VND2.7tn in 2Q21 even the SG&A spiked by 103.8% due to more aggressive industrial sales

Despite the encouraging revenue growth and spectacular gross margin expansion, NPATMI slid by 40.8% yoy to VND1,211bn in 2Q21. Many attributes hurt the controlling-interest profit in 2Q21 including 1) financial income dropped by 42.1% yoy to VND3,907bn (a VND3.2tn gain from investment activities of which the majority gain came from selling further stakes in consumer-retail platform CrownX, a VND568bn interest income, and other financial income at VND122bn.), 2) the effective tax rate came to 84.4% in 2Q21 vs 66.7% in 2Q20. The high effective tax rate reflects losses at some subsidiaries and cannot be used to offset tax paid on profitable businesses and financial gains.

Overall, total revenue and profit after tax in 1H21 came in to VND61.7tn and VND1.4tn, fulfilling 36.3%/31.7% of the full-year company estimates.

- Property sales: Continuing feeding the whole VIC's businesses with a VND26.9tn revenue in 2Q21, +62.1% yoy, making up 70% of total revenue The 2Q21 property segment witnessed 11,400 units handed in three mega townhouse projects and in commercial shophouse/condotel projects. GM also expanded by 13%p yoy.
- Industrials: Vinfast generated a 52.8% yoy revenue growth to a VND4.6tn thanks to the sales of over 26,500 units in 2Q21. However, the GM deterioration to -79.5%, - 20.5%p yoy in 2Q21.
- Other income: VIC posted a VND3.3tn other revenue of service of contractor management, 5 times higher yoy backed by stronger handover value of construction service.
- Hospitality and entertainment service: this segment recorded the revenue increase by 14.8% yoy in 2Q21 thanks to lower base in the same period last year which were severely hit by COVID-19 fallout in 2Q20.

## Event Calendar

### ► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Listed Value	Listed Shares	Reference Price
04/08/2021	SSH	Sunshine Homes Development JSC	UPCoM	2,500.0	250,000,000	21,600
04/08/2021	ACG	An Cuong Wood - Working JSC	UPCoM	876.5	87,650,344	90,000
04/08/2021	GH3	Hanoi Transport Project JSC	UPCoM	115.0	11,500,000	10,000

### ► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
25/08/2021	BVB	Viet Capital Commercial JSB	3,670.9	8,261,611	22,800	-

### ► Event calendar

Ex-right date	Exercise day	Ticker	Exchange	Right	Rate	Value
02/08/2021	02/08/2021	OCB	HOSE	Share Issue	25%	
03/08/2021	20/08/2021	AGP	UPCOM	Cash Dividend	10%	1,000
04/08/2021	26/08/2021	BIC	HOSE	Cash Dividend	12%	1,200
04/08/2021	25/08/2021	BMD	UPCOM	Cash Dividend	10%	1,020
04/08/2021	25/08/2021	DVP	HOSE	Cash Dividend	25%	2,500
05/08/2021		AAV	HNX	Extraordinary General Meeting		
05/08/2021	05/08/2021	CMX	HOSE	Share Issue	100%	
05/08/2021	08/09/2021	HVX	HOSE	Cash Dividend	2%	200
05/08/2021		LMC	UPCOM	Extraordinary General Meeting		
05/08/2021	25/08/2021	MDG	HOSE	Cash Dividend	3%	300
05/08/2021	25/08/2021	MDG	HOSE	Cash Dividend	3%	300
05/08/2021	24/08/2021	SAL	UPCOM	Cash Dividend	4%	445
05/08/2021	19/08/2021	SEB	HNX	Cash Dividend	10%	1,000
05/08/2021	05/08/2021	TTA	HOSE	Share Issue	8%	
06/08/2021		AMP	UPCOM	Annual General Meeting		
06/08/2021		KOS	HOSE	Extraordinary General Meeting		
06/08/2021	25/08/2021	TGG	HOSE	Extraordinary General Meeting		

- **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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