

Xin Chao Vietnam

Market performance

	20 Sep	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,350.48	(0.2)	1.6	(2.0)	22.3
Turnover (VND bn)	24,165				
VN30 (pt, % chg.)	1,458.66	0.2	0.6	(1.5)	36.2

Major indicators

	20 Sep	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.46	(0.1)	(0.0)	(0.1)	0.0
3-yr gov't bonds (% bp chg.)	0.80	0.0	(0.1)	0.0	(0.0)
VND/USD (% chg.)	22,773	(0.0)	0.2	1.1	1.4
VND/JPY (% chg.)	20,762	(0.3)	0.1	0.7	7.7
VND/EUR (% chg.)	26,674	0.0	0.4	2.6	6.7
VND/CNY (% chg.)	3,522	(0.0)	(0.4)	1.0	0.5
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.33	(0.0)	0.1	(0.1)	0.4
WTI (USD/bbl, % chg.)	70.54	(2.0)	13.2	(1.5)	45.4
Gold (USD/oz, % chg.)	74.08	(1.7)	13.7	0.8	43.0

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
HPG	167.6	VCB	(113.7)
TCB	56.4	KDH	(66.0)
VHM	35.2	MBB	(58.9)
LPB	34.9	CTG	(30.7)
TPB	29.9	MWG	(30.5)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VCB	106.6	VIC	(163.4)
VNM	93.9	NVL	(43.9)
MBB	68.1	HSG	(36.6)
STB	62.0	DGC	(26.5)
VCI	62.0	NKG	(20.2)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Health Care	3.4	Automobiles	(3.4)
Technology	1.7	Utilities	(2.4)
Banks	1.4	Transportation	(1.5)
Others	0.8	Consumer Durables	(1.5)
Insurance	0.6	Materials	(1.4)

WHAT'S NEW TODAY

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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	23.7	16.6	2.7	12.9	16.5
2021F	304,264	177,159	19.0	13.9	2.3	11.5	16.7

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)	5.9
China GDP (% yoy)	(6.8)	3.2	4.9	5.8	2.3	2.3	8.4

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Close in red territory

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The stock market went down amid the China and Hong Kong stock market tumble yesterday.

At the close, the VNIndex lost 0.16% to closed at 1,350 pts. Meanwhile, the trading volume was 860 million shares or VND24,165bn.

Foreign investors reversed to net buy with a net value of VND45bn on HSX. They purchased VCB, VNM, and MBB the most with net values of VND106bn, VND93bn, and VND68bn, respectively.

Selling pressure pushed Energy down, namely GAS (-3.37%), NT2 (-2.84%), OIL (-2.19%), PLX (-1.38%), PVC (-3.64%), PVS (-4.26%), and VSH (-0.71%).

Consumer Staple and Material outperformed the benchmark index, such as ANV (-3.27%), FRT (-4.26%), MSN (-2.05%), PAN (-3.08%), SAB (-1.68%), VHC (-3.67%), HPG (-0.97%), HSG (-4.26%), and NKG (-3.44%).

Some constituents of the VN30Index slid more than 1%, such as GVR (-2.98%), VHM (-1.60%), and FPT (-1.36%).

In contrast, cash flowed into Banking thanks to ACB (+1.58%), CTG (+0.16%), HDB (+0.98%), MBB (+1.44%), NVB (+2.33%), SHB (+0.75%), STB (+1.12%), TCB (+1.91%), VCB (+2.47%), and VPB (+0.75%).

Despite the contraction, the short-term uptrend is intact as the VNIndex closes above the upper line of the symmetry triangle pattern. Hence, traders should hold long positions and focus on the leading sector.

Breaking news

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► Vietnam: Credit growth reaches 7.42% by end-August

According to the Credit Department of Vietnam's state bank, as of end-August, the credit growth has reached 7.42% from 2021's beginning, equivalent to total outstanding loans of VND9.87 trillion billion, in which loan growths in prioritized sectors with cheaper borrowing costs, including agriculture & export sectors, supporting industries, and high-tech businesses, is much higher than in general. Besides, about interest rate support from the banking sector directed by SBV, more than 1.13 million customers with more than VND1.58 trillion billion have benefited from interest rate exemption & reduction. The total amount of interest support from the banking system is accumulated up to VND26,000bn in 8M21. (Vietnam's state bank)

Macro & strategy

Fundflow 13 – 17 Sep

Divestment among major ETFs

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► Vietnam foreign flow

Foreign selling pressure stayed at high level. Net sell value was 145USDmn.

Foreign selling pressure kept focusing on Real Estate. Particularly, VIC, VNL, and VHM were divested the most, fading the solid demand across THD. Financials and Materials has turned around to be net sold, mainly driven by large sell orders on VCB, SSI, STB, and HPG. On the contrary, Energy and Consumer Staples attracted the most demand across the market, contributed by the strong demand on PVS, SAB, VHC, and DGC.

► South East Asia ETF flow

SEA kept experiencing the strong outflow; net outflow was USD21mn, three times higher than the previous week. The surge of outflow was mainly contributed by Vietnam. However, the outflow was partially recovered thanks to the strong inflow across

Singapore and Indonesia.

Money outflow across Vietnam was doubled, recording at USD32mn. Importantly, the strong outflow was mainly driven by the divestment across X FTSE Vietnam (USD25mn). Besides, VFMVN30 ETF and VFMVN Diamond ETF also experienced the outflow. Although there was the strong divestment across X FTSE Vietnam (USD25mn), this ETF was impacted by rebalancing event which is not the negative signal for the flow of money. However, VFMVN Diamond ETF has been divested for 5 consecutive weeks which gives sign for the weakness of the flow of money across Vietnam.

Sector & company

Nam Kim Steel (NKG)

August 2021 – Operational updates

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- ▶ Rosy export volume amid weak local demand in August

Total August steel sales volume generated 90,879 tonnes, increasing by 9.9% mom and 29.1% yoy. Steel coat volume made up most of the August total sales volume (95%) at 86,299 tonnes, +63.5% yoy and +14.3% mom. The coated steel export volume (80,610 tonnes) performed splendidly +30.1% mom and 146.2% yoy.

The domestic market continued to contribute minor impact to total sales volume: Domestic volume of steel coat recorded 5,689 tonnes (-71.6% yoy; -58% mom) and steel pipes volume posted 4,580 tonnes (-36.2% mom and -74.0% yoy).

- ▶ The 8M21 export volume a key driver growth

The August performance was struck by the dim domestic purchasing power due to the lockdown policy in some big cities which interrupted the supply chain.

Nevertheless, the total sale volume in 8 months came in at 694,818 tonnes, +60.2% yoy on the back of the steel coat volume growth of 57.7% yoy to 580,933 tonnes and the steel pipes growth of 73.88% yoy to 113,885 tonnes.

The total export volume (accounted for 62.6%; 434,797 tonnes) grew +134.7% yoy and the local sales volume (260,021 tonnes) went up 4.6% yoy amid the management's strategy skewed in favor of an expansion of sale channels to export markets.

- ▶ Hedging on the commodity price rally

Based on VSA figures, NKG's inventory as of end-August continued to move in contrast trends but in line with current business environments. Steel pipe inventory dropped 59.9% mom, 87.3% yoy to 2,246 tonnes, which could be explained by the full impact of COVID-19 resurgence that suspends the production and consumption. Steel coat inventory, on the other side, increased 10.8% mom, spiked 449.9% yoy following the hedging demand.

Dai Thien Loc (DTL)

August 2021 – Operational updates

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- ▶ August sale momentum growth sustained

The August sales volume remained unchanged comparing on mom basis but went up by 85% yoy to 10,167 tonnes. Of which, steel pipes sale volume made up only 337 tonnes, +0% mom, -1.5% yoy. Steel coat sale volume came at 9,830 tonnes (+0% mom, +90.8% yoy). The domestic sale market contributed a majority impact to total coated steel sales volume (98.5%) with 9,683 tonnes (+0% mom, +101% yoy).

- ▶ 8M21 performance robust

The total sale volume in 8 months came in at 68,994 tonnes, +82.7% yoy in the light of the steel coat volume growth of 86.3% yoy to 67,097 tonnes and the steel pipes growth of 9.1% yoy to 1,897 tonnes.

The total export volume of 2,270 tonnes grew 230.4% yoy and accounted for 3.3% total sales volume. Given the export-focused trend is prevailing in Vietnam steelmakers, DTL's export share in total sales volume was extremely trivial comparing to other rivals, and that could be suffered by severe competition and protective duties in the overseas markets.

According to the management, DTL is looking for other opportunities in Africa, Europe, and South America markets to ramp up export sale volume in the upcoming years.

► Lag behind full-year guidance

DTL sets for a VND1,800bn revenue and a VND100bn NPAT in 2021. In 1H21, revenue and PBT posted VND648.6bn (-17% yoy) and VND10.1bn (vs. a PBT loss of VND105.6bn in 1H20), completing 36%/9.9% of the company's full-year guidance, respectively.

In details, 2Q21 PBT was VND8.9bn (vs a PBT loss of VND13.1bn in 2Q20) while revenue rose to VND431.5bn (+13.5% yoy and +98% qoq).

However, it's likely that DTL could fail behind the full-year guidance owing to the low fulfillment percentage of annual targets in 1H21 and the impact of covid-19 resurgence on the company's 2H21F operation. According to the management, in addition to the decline in local consumption, DTL's production in Thu Dau Mot city has been suspended since 9 July, therefore, 2H21F results could be hit.

Event Calendar

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
27/09/2021	BVB	Viet Capital Commercial JSB	3,670.9	8,261,611	22,800	-
24/09/2021	TEG	Truong Thanh Energy and Real Estate JSC	323.8	10,000,000	10,000	-
21/09/2021		Vinh Son JSC	1,150.0	4,588,500	201,044	Whole lot sale; Local investors only

► Event calendar

Ex-right date	Exercise day	Ticker	Exchange	Right	Rate	Value
21/09/2021	12/10/2021	ALT	HNX	Cash Dividend	7%	700
21/09/2021	22/10/2021	ARM	HNX	Cash Dividend	6%	550
21/09/2021	08/10/2021	LBM	HOSE	Cash Dividend	15%	1,500
21/09/2021	12/10/2021	LHC	HNX	Cash Dividend	20%	2,000
21/09/2021	21/09/2021	NAG	HNX	Share Issue	5%	
21/09/2021	21/10/2021	PPC	HOSE	Extraordinary General Meeting		
21/09/2021	22/10/2021	PPC	HOSE	Cash Dividend	13%	1,250
21/09/2021	15/10/2021	PVE	UPCOM	Extraordinary General Meeting		
21/09/2021	12/10/2021	SBH	UPCOM	Cash Dividend	30%	2,980
21/09/2021	11/10/2021	STP	HNX	Cash Dividend	8%	800
21/09/2021	22/10/2021	VCG	HOSE	Cash Dividend	12%	1,200
21/09/2021		VSF	UPCOM	Extraordinary General Meeting		
22/09/2021	20/10/2021	CTD	HOSE	Cash Dividend	10%	1,000
23/09/2021		BKG	HOSE	Extraordinary General Meeting		
23/09/2021	12/10/2021	CAT	UPCOM	Cash Dividend	10%	1,000
23/09/2021	25/10/2021	KTC	UPCOM	Cash Dividend	6%	600
23/09/2021	25/10/2021	POS	UPCOM	Cash Dividend	15%	1,500
23/09/2021	22/10/2021	SBV	HOSE	Cash Dividend	12%	1,200
23/09/2021	05/10/2021	TMP	HOSE	Cash Dividend	12%	1,230

23/09/2021	08/10/2021	TMS	HOSE	Cash Dividend	5%	500
23/09/2021	23/09/2021	TMS	HOSE	Share Issue	15%	
24/09/2021	31/03/2022	DQC	HOSE	Cash Dividend	5%	500
24/09/2021	27/10/2021	TVH	UPCOM	Cash Dividend	34%	3,434

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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.

- **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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