

Xin Chao Vietnam

Market performance

| | 27 Sep | 1D | 1M | 3M | YTD |
|----------------------|----------|-------|-----|-------|------|
| VNIndex (pt, % chg.) | 1,324.99 | (1.9) | 0.9 | (5.7) | 20.0 |
| Turnover (VND bn) | 21,538 | | | | |
| VN30 (pt, % chg.) | 1,439.20 | (1.4) | 1.5 | (5.4) | 34.4 |

Major indicators

| | 27 Sep | 1D | 1W | 1M | YTD |
|-------------------------------|-------------|-------|-------|-------|------|
| 1-yr gov't bonds (% bp chg.) | 0.52 | (0.0) | 0.0 | 0.0 | 0.1 |
| 3-yr gov't bonds (% bp chg.) | 0.86 | 0.2 | 0.0 | (0.1) | 0.0 |
| VND/USD (% chg.) | 22,765 | 0.0 | 0.1 | 1.1 | 1.5 |
| VND/JPY (% chg.) | 20,520 | 0.4 | 1.1 | 1.5 | 9.0 |
| VND/EUR (% chg.) | 26,633 | 0.1 | 1.0 | 3.2 | 6.9 |
| VND/CNY (% chg.) | 3,523 | (0.1) | (0.1) | 1.1 | 0.5 |
| | Prev. close | 1D | 1W | 1M | YTD |
| 10-yr US Treasury (% bp chg.) | 1.49 | 0.0 | 0.2 | (0.0) | 0.6 |
| WTI (USD/bbl, % chg.) | 75.00 | 1.4 | 9.1 | 1.3 | 54.6 |
| Gold (USD/oz, % chg.) | 79.19 | 1.4 | 8.9 | 4.0 | 52.9 |

Domestic institutions net buy / sell

| Net buy | (VND bn) | Net sell | (VND bn) |
|----------|----------|----------|----------|
| VHM | 169.8 | GEX | (122.0) |
| KBC | 56.6 | KDH | (78.7) |
| MWG | 45.3 | VSC | (69.9) |
| E1VFVN30 | 27.4 | VPB | (50.0) |
| VRE | 23.7 | HCM | (29.9) |

Foreign net buy / sell

| Net buy | (VND bn) | Net sell | (VND bn) |
|---------|----------|----------|----------|
| VNM | 108.3 | HPG | (139.8) |
| VHM | 90.0 | VIC | (66.6) |
| STB | 34.8 | VND | (52.0) |
| KBC | 31.9 | VCI | (46.3) |
| VHC | 25.3 | CTG | (43.6) |

Daily performance by sector

| Top five sectors | % chg. | Bottom five sectors | % chg. |
|------------------|--------|------------------------|--------|
| Transportation | 0.6 | Telecommunication | (5.3) |
| Health Care | 0.1 | Diversified Financials | (5.2) |
| | | Capital Goods | (3.9) |
| | | Insurance | (3.8) |
| | | Technology | (3.6) |

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Sell-off
- **Vietnam:** The Vietnam state bank to plan for interest rate support to the economy

Macro & Strategy

- **Fundflow 20 – 24 Sep:** Outflow keeps increasing

Sector & Company

- **Hoa Sen Group (HSG):** Company 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 | 23.9 | 16.3 | 2.7 | 12.6 | 16.5 |
| 2021F | 304,264 | 177,159 | 19.0 | 13.7 | 2.3 | 11.3 | 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) | 33.1 | 4.0 | 4.2 | 6.6 | 2.3 | (3.4) | 5.9 |
| China GDP (% yoy) | 4.9 | 5.8 | 18.3 | 7.9 | 6.0 | 2.3 | 8.4 |

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Sell-off

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The stock market slid yesterday because the Ho Chi Minh City Department of Health said that an additional 150,000 cases of COVID-19 could be recorded. These were cases recorded from August 20 by the HCMC health department but not yet recorded by the Ministry of Health.

At the close, the VNIndex tumbled 1.94% to close at 1,324 pts. Meanwhile, the trading volume was 760 million shares or VND21,538bn.

Foreign investors resumed to net sell with a net value of VND262bn on HSX. They sold HPG, VIC, and VND the most with net values of VND139bn, VND66bn, and VND52bn, respectively.

Brokerage was the worst sector due to BSI (-4.17%), BVS (-2.13%), FTS (-6.88%), HCM (-5.14%), MBS (-4.73%), SHS (-6.25%), SSI (-4.31%), VCI (-6.40%), and VND (-4.56%).

Consumer Staple and Banking underperformed the benchmark index namely MSN (-5.20%), MWG (-3.45%), PAN (-2.86%), VNM (-2.09%), CTG (-2.21%), MBB (-2.44%), TCB (-2.17%), and TPB (-3.85%).

Moreover, some constituents of the VN30Index fell more than 3%, such as BVH (-3.91%) and GVR (-3.78%).

In contrast, VJC (+3.20%), PLX (+0.20%), DGC (+0.14%), NAF (+3.93%), and ABS (+4.78%) closed in green territory.

Based on the third losing session in a row, the downside risk increases. The uptrend may be reversed as the breakout signal of the symmetrical triangle is false. Therefore, traders should be careful and reduce long positions.

Breaking news

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- ▶ Vietnam: The Vietnam state bank to plan for interest rate support to the economy

In a press conference recently, Head of Credit Department of Vietnam state Bank Nguyen Tuan Anh disclosed a plan for a new interest support package worth VND3,000bn in order to support the economy in the early re-opening stage. With the VND3,000bn worth of support, it is expected to be equivalent to a scale of about VND100,000bn new loans with 3% - 4% interest rates to support households and businesses. Furthermore, he said SBV holds a positive view of credit expansion, and 2021's credit growth target of 12% YTD is flexible and can be expanded to support the economy. (Vneconomy)

Macro & strategy

Fundflow 20 – 24 Sep

Outflow keeps increasing

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- ▶ Vietnam foreign flow

Foreign selling activity kept overwhelming but selling pressure slowed down. Net sell value was USD35mn, four times lower than the previous week.

Foreign selling pressure continued to focus on Real Estate and Materials. Particularly, VIC, NVL, VPH, HPG, and NKG were sold the most, fading the solid demand across VHM, KDH, and DXS. Consumer Staples also impacted by selling pressure, contributed by strong divestment on DGC and MSN. In contrast, Financials has turned around to be net bought, mainly driven by large buy orders on MBB, VCB, and VCI.

- ▶ South East Asia ETF flow

SEA kept experiencing the negative impact of outflow, net outflow was USD33mn. The outflow was mainly driven by Vietnam.

Besides, the inflow among Singapore and Indonesia has started to slow down.

Money outflow across Vietnam kept increasing, recording at USD37mn, up 15% WoW. The strong outflow was mainly driven by the divestment across X FTSE Vietnam, VFMVN30 ETF, and VFMVN Diamond ETF. Importantly, VFMVN Diamond ETF has been divested for 6 consecutive weeks as well as the money flow across this ETF has turned around to be negative within 6 months period. Furthermore, the divestment has started to spread to major ETFs, giving the signal for the weakness of the flow of money across Vietnam.

Sector & company

Hoa Sen Group (HSG)

August 2021 – Operational updates

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► August sales volume slowed down

Total August sales volume posted 166,645 tonnes, decreased by 4.4% yoy, 11.3 mom.

Steel coat volume dropped 4.5% mom to 150,781 tonnes but increased by 16% yoy. The coated steel export volume (123,080 tonnes) remained unchanged comparing on mom basis but increased by 46.8% yoy.

Steel pipe volume was severely hit due to the southern lockdown and hence, dropped 64.3% yoy and 47.3% mom to 15,864 tonnes.

► 11M performance robust

The total sale volume in 11 months (Oct20 – Aug21) came in at 2,086,316 tonnes, +45% yoy backed by the steel coat volume growth of 50.6% yoy to 1,636,793 tonnes and the steel pipes growth of 27.8% yoy to 449,491 tonnes.

The total export volume of 1,140,472 tonnes grew 92.5% yoy and accounted for 54.6% total sales volume amid the management's strategy skewed in favor of the export market.

► Hedging on the commodity price rally

Steel pipe inventory dropped 2.7% mom, but +18.4% yoy to 52,606 tonnes, which could be explained by the impact of COVID-19 resurgence on the production and consumption.

Steel coat inventory, on the other side, increased 27.6% mom, +84.7% yoy following the hedging demand.

► Robust earnings driven by stellar sales

In August 2021, HSG recorded a VND320bn net profit, +47% yoy while revenue growth was 66% yoy to VND4,701bn.

The operating results in 11 months were far exceeding with revenue and NPAT were VND42.5tn (+74% yoy) and VND3.9tn (+279% yoy), completing 129%/266% of the company's guidance.

Comparing on a mom basis, the net profit margin improved to 6.8% in August 2021 vs 6.1% in July 2021 but contracted by 0.9%p on yoy basis.

Event Calendar

► Event calendar

| Ex-right date | Exercise day | Ticker | Exchange | Right | Rate | Value |
|---------------|--------------|--------|----------|-------------------------------|------|-------|
| 28/09/2021 | | ACG | UPCOM | Extraordinary General Meeting | | |
| 28/09/2021 | 11/10/2021 | GLW | UPCOM | Cash Dividend | 3% | 300 |
| 29/09/2021 | 20/10/2021 | CNG | HOSE | Cash Dividend | 20% | 2,000 |
| 29/09/2021 | 23/11/2021 | DBC | HOSE | Cash Dividend | 20% | 2,000 |
| 29/09/2021 | 29/10/2021 | GVR | HOSE | Extraordinary General Meeting | | |
| 29/09/2021 | 29/09/2021 | HBC | HOSE | Share Issue | 5% | |
| 29/09/2021 | | HDG | HOSE | Extraordinary General Meeting | | |
| 29/09/2021 | | HUT | HNX | Extraordinary General Meeting | | |
| 29/09/2021 | 28/10/2021 | NT2 | HOSE | Cash Dividend | 10% | 1,000 |
| 29/09/2021 | 23/10/2021 | YBM | HOSE | Annual General Meeting | | |
| 30/09/2021 | 15/10/2021 | ABS | HOSE | Cash Dividend | 5% | 500 |
| 30/09/2021 | 14/10/2021 | CLL | HOSE | Cash Dividend | 22% | 2,200 |
| 30/09/2021 | 15/10/2021 | DNT | UPCOM | Cash Dividend | 3% | 300 |
| 30/09/2021 | 11/10/2021 | HLD | HNX | Cash Dividend | 25% | 2,500 |
| 30/09/2021 | 02/11/2021 | HMG | UPCOM | Extraordinary General Meeting | | |
| 30/09/2021 | 04/11/2021 | POW | HOSE | Cash Dividend | 2% | 200 |
| 30/09/2021 | 25/10/2021 | PVO | UPCOM | Cash Dividend | 1% | 100 |
| 01/10/2021 | 03/11/2021 | CTG | HOSE | Extraordinary General Meeting | | |
| 01/10/2021 | 25/10/2021 | DND | UPCOM | Cash Dividend | 11% | 1,100 |
| 01/10/2021 | | GIL | HOSE | Extraordinary General Meeting | | |
| 01/10/2021 | | HHV | UPCOM | Extraordinary General Meeting | | |
| 01/10/2021 | | PCG | HNX | Extraordinary General Meeting | | |
| 01/10/2021 | 19/10/2021 | SVT | HOSE | Cash Dividend | 20% | 2,000 |

- **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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