

Xin Chao Vietnam

Market performance

	21 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,384.77	(0.6)	3.4	9.0	25.4
Turnover (VND bn)	20,847				
VN30 (pt, % chg.)	1,489.26	(1.0)	3.0	5.9	39.1

Major indicators

	21 Oct	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.52	0.0	0.1	(0.0)	0.1
3-yr gov't bonds (% bp chg.)	0.88	0.0	0.1	0.1	0.0
VND/USD (% chg.)	22,754	0.0	0.1	1.2	1.5
VND/JPY (% chg.)	19,958	(0.2)	4.4	4.6	12.0
VND/EUR (% chg.)	26,491	(0.0)	0.8	2.5	7.5
VND/CNY (% chg.)	3,556	0.1	(1.0)	0.1	(0.5)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.65	(0.0)	0.3	0.4	0.7
WTI (USD/bbl, % chg.)	82.78	(0.8)	17.3	17.8	70.6
Gold (USD/oz, % chg.)	84.85	(1.1)	14.1	17.5	63.8

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
DBD	32.9	HPG	(249.1)
APH	31.1	TCB	(102.3)
PVD	24.3	VNM	(67.4)
FLC	20.5	VPB	(65.7)
AGG	20.3	VIC	(63.4)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VNM	104.5	HPG	(310.1)
FUESSVFL	61.7	NLG	(99.1)
VHC	29.0	VIC	(88.4)
TNH	25.1	SSI	(82.9)
GMD	23.7	VHM	(78.4)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Others	2.4	Telecommunication	(1.9)
Capital Goods	1.3	Automobiles	(1.6)
Consumer Durables	0.8	Utilities	(1.5)
Commercial Services	0.4	Retailing	(1.4)
Health Care	0.4	F&B	(1.3)

WHAT'S NEW TODAY

Market commentary & News

- **Market commentary:** Impact of rolling futures contracts
- **Vietnam:** Congress passes COVID-19 fiscal support programs

Sector & Company

- **Nam Long Investment (NLG):** 3Q21 review

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
2020	270,014	151,973	29.4	15.9	2.6	13.2	16.5
2021F	304,264	177,159	18.7	13.4	2.2	11.8	16.6

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)	5.8
China GDP (% yoy)	4.9	5.8	18.3	7.9	6.0	2.3	8.2

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Impact of rolling futures contracts

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The stock market unexpectedly fell in the ATC session due to the expiration date for futures contracts.

At the close, the VNIndex lost 0.65% to close at 1,384 pts. Meanwhile, the trading volume was 686 million shares or VND20,847bn.

Foreign investors continued to net sell with a net value of VND788bn on HSX. They sold HPG, NLG, and VIC the most with net values of VND310bn, VND99bn, and VND88bn, respectively.

Banking was the worst sector due to ACB (-1.70%), BID (-0.63%), CTG (-0.83%), HDB (-1.80%), MBB (-1.06%), SHB (-2.83%), TPB (-0.91%), MSB (+2.93%), VCB (-1.05%), and VPB (-1.96%). Of whom, in 9M21, MSB reported a VND7.5tn TOI (+61% YoY) and a VND4.1tn PBT (+2.5 times YoY). TOI was bolstered largely by a massive NFI growth of 5 times YoY to VND2.4tn driven by Banca, besides a 38% YoY growth of NII with VND4.4tn. NPL reduced to 1.31% as of end-3Q21 vs 1.6% in the last quarter. Credit growth was exciting with 23% YTD.

Selling pressure pushed Brokerage and Energy down, namely GAS (-2.01%), PLX (-0.74%), POW (-2.03%), PVS (-1.04%), BVS (-1.82%), FTS (-2.19%), SSI (-1.49%), and HCM (-1.55%). Among these, in 3Q21 revenue and NP of HCM were VND1,093bn (+113% YoY) and VND318.5bn (+124% YoY), bringing revenue at VND3,338bn (+138.5% YoY) and NP at VND923.4bn (+135% YoY) in 9M21.

FPT (-0.92%) recorded 9M21 revenue at VND24,953bn (+17.9% YoY) and PBT at VND4,575bn (+20% YoY).

Besides, some constituents of the VN30Index slid more than 2%, such as VJC (-3.02%), SAB (-2.06%), and MSN (-2.03%).

In contrast, cash flowed into Material and Real Estate, namely DXG (+2.59%), HDG (+0.15%), KDH (+1.35%), NLG (+0.59%), HPG (+0.53%), HSG (+0.41%), and NKG (+0.36%).

VHC (+2.23%) recorded 3Q21 revenue at VND2,231bn (+24% YoY) and NPAT post-MI at VND255bn (+45% YoY). In 9M21, consolidated revenue reached VND6,361bn (+25% YoY) and NPAT post-MI reached VND647bn (+17% YoY).

Despite the contraction, the uptrend of the VNIndex is still intact in the short term as the index hold 1,380 pts. Therefore, the traders should increase their long position and focus on leading stocks.

Breaking news

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► Vietnam: Congress passes COVID-19 fiscal support programs

In the 2nd session of the 15th National Assembly, Vietnam's Congress unanimously passed on a resolution about tax reduction/exemption support for households and businesses, including personal & corporate income taxes, VAT tax, and other taxes and fees. More specifically, corporate income tax in 2021 will be reduced by 30% in the case that companies with less than VND200bn in 2021's total revenue occur 2021 revenue lower than in 2019. Furthermore, personal income tax, VAT tax, and other payable taxes for production & business activities in 3Q21 and 4Q21 for households and individuals in COVID-19 affected areas will be exempted. Besides, late payment for taxes, land-use fees, land rent in 2020 and 2021 for enterprises and organizations occurring losses in 2020 will be forgone. Congress also assigns the government to review and implement other support programs, including other corporate-tax reduction & subsidizing loan interest-rate programs, for affected businesses and organizations. (Vietnam Congress)

Sector & Company

Nam Long Investment (NLG)

BUY (Maintain), TP VND45,300

3Q21 review: Better-than-expected 3Q21 earnings

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- Facts: 3Q21 brisk earnings beat the consensus

NLG's revenue plunged 76.4%y to VND151bn in 3Q21 due to: 1) a 98.2% yoy drop in property sale (VND5bn); and 2) a -76.6% yoy growth in contractor service revenue to VND22bn. Contrary to tepid revenue, net profit boomed with VND297bn, +915.5% yoy in 3Q21, largely driven by a VND361bn financial gain.

In 3Q21, revenue from product handover was minimum, mainly due to social lockdown in Southern Vietnam which prevented Nam Long from handover Akari City, Southgate project as planned. However, NLG earned a VND361bn revaluation gain from the consolidation of Southgate JSC driven by receiving an additional 15% voting right to 65%.

Together with a VND429bn goodwill income booked in 1Q21 thanks to a further 30.1% stake acquisition to 65.1% of Waterfront (Izumi) project, 9M21 net profit reached VND709bn. Hence, 9M21 net profit formed c.60% of NLG's FY21F target and at c.57.6% of our FY21F forecast.

- Pros and cons: Akari condo project lead 4Q21F

We estimate that 4Q21 revenue will record the first batch of Akari condo project with total of 1,700 units that could be handed in FY21F.

The fourth wave of COVID-19 in Vietnam has been impeding the launching events of NLG in 3Q21, resulting in only VND5tn contract value being achieved in the 9M21, per management.

We will revisit our forecast on the full-year presale value of which we projected a VND15.4tn could be completed thanks to a lengthened pipeline of launching projects in 4Q21F.

- Action: Rating are under review

NLG price has far been beyond our target price driven by the better-than-expected net profit in 3Q21. Furthermore, the market is anticipating reaping the pent-up demand for houses post-lockdown period. We will adjust the revaluation gains in 3Q21 to reflect the true landscape of NLG's earnings in FY21F and review our target price.

Event Calendar

► Public offerings

(VND bn, share, VND)

Date of auction	Ticker	Company	Charter	Offered Shares	Min Bid	Note
12/11/2021		Minh Hung Quang Tri JSC	160.0	500,000	11,000	Local investors only
12/11/2021	PHC	Phuc Hung Holdings Construction JSC	257.0	10,000,000	12,000	-

► **Event calendar**

Ex-right date	Exercise day	Ticker	Exchange	Right	Rate	Value
22/10/2021	08/11/2021	ATB	UPCOM	Annual General Meeting		
22/10/2021	18/11/2021	BXH	HNX	Cash Dividend	8%	800
22/10/2021	30/12/2021	CCL	HOSE	Cash Dividend	10%	1,000
22/10/2021	23/11/2021	CEG	UPCOM	Annual General Meeting		
22/10/2021	19/11/2021	TGG	HOSE	Extraordinary General Meeting		
22/10/2021	18/11/2021	VLA	HNX	Cash Dividend	5%	500
22/10/2021		VSA	HNX	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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