

Xin Chao Vietnam

Market performance

	29 Oct	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,444.27	0.4	8.2	10.2	30.8
Turnover (VND bn)	28,679				
VN30 (pt, % chg.)	1,532.35	0.2	6.3	5.9	43.1

Major indicators

	29 Oct	1D	1W	1M	YTD
1-yr gov't bonds (% bp chg.)	0.51	(0.0)	0.0	0.0	0.1
3-yr gov't bonds (% bp chg.)	0.65	(0.2)	(0.2)	(0.2)	(0.2)
VND/USD (% chg.)	22,752	0.0	0.0	1.0	1.5
VND/JPY (% chg.)	20,015	0.1	1.5	4.8	11.7
VND/EUR (% chg.)	26,555	(0.5)	(0.0)	2.8	7.2
VND/CNY (% chg.)	3,560	0.0	(1.2)	(0.1)	(0.6)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.60	0.0	0.1	0.3	0.7
WTI (USD/bbl, % chg.)	83.13	0.4	11.1	12.9	71.3
Gold (USD/oz, % chg.)	84.64	0.4	7.6	11.3	63.4

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
ACB	280.9	NLG	(166.1)
VHM	165.5	FUESSVFL	(148.5)
KDH	114.6	CTG	(92.2)
PNJ	72.5	LPB	(61.9)
MBB	68.3	FLC	(49.4)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
VHM	159.2	NLG	(116.6)
FUESSVFL	149.8	PAN	(87.4)
CTG	70.7	VRE	(67.4)
VCB	65.6	HPG	(38.6)
TNH	48.4	CSV	(38.1)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Telecommunication	6.9	Commercial Services	(1.3)
Real Estate	2.3	Technology	(1.3)
Capital Goods	2.0	Energy	(1.1)
Health Care	1.9	Software & Services	(0.9)
Consumer Durables	1.7	Materials	(0.9)

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
2020	270,014	151,973	29.4	16.6	2.7	13.9	16.5
2021F	304,264	177,159	18.7	13.9	2.3	12.4	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)	5.7
China GDP (% yoy)	4.9	5.8	18.3	7.9	6.0	2.3	8.1

Source: KIS, Bloomberg

Market commentary & News

Market commentary

Test the 1,450-pts threshold

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The stock market maintained its uptrend, and the VNIndex tested the 1,450-pts support.

At the close, the VNIndex gained 0.44% to close at 1,444 pts. Meanwhile, the trading volume was 939 million shares or VND28,678bn.

Foreign investors continued to net buy with a net value of VND62bn on HSX. They purchased VHM, FUESSVFL, and CTG the most with net values of VND159bn, VND149bn, and VND70bn, respectively.

Real Estate was the market leader driven by CEO (+4.24%), DIG (+3.88%), KBC (+0.72%), KDH (+3.03%), LDG (+6.99%), NVL (+1.39%), PDR (+0.73%), VHM (+5.56%), VIC (+0.84%), and VRE (+0.65%). In 3Q21, VHM released better-than-expect NPATMIT of VND11.2tn (+184.3% YoY) although revenue dropped 21.9% to VND20.6tn.

Some constituents of the VN30Index jumped more than 2%, such as BID (+4.14%), ACB (+3.61%), and PNJ (+2.36%).

In contrast, selling pressure pushed Material down, namely NKG (-2.16%), HSG (-1.25%), and HPG (-1.55%). Of which, NKG posted 3Q21 revenue of VND7,531bn (+123% YoY) and NPAT-MI VND607bn (7.3 times YoY), bringing 9M21 revenue of VND19,393bn (+138% YoY) and NPAT-MI of VND1,773bn (12.5 times YoY)

The VNIndex tested the 1,450-pts threshold, implying the short-term uptrend. The target price of a small rectangle pattern is 1,470-1,500-pts. Therefore, the traders should hold their long position and focus on leading stocks.

Breaking news

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- ▶ Vietnam: Industrial production surpasses a pre-pandemic level

October data showed that the industrial sector has been through a resilient recovery in just the first two months of the re-opening phase with its production level already surpassing a pre-pandemic level. It is evident that the COVID-19 pandemic just causes a temporary disruption during a lockdown, and the sector is quickly adapting to new normalization when social-distancing restrictions are lifted. According to the latest update from GSO, the recovery in the industrial sector continued for the second month at an accelerating pace, by 6.87% MoM, to a 9-month high and the second-highest level in the year. However, the year-over-year growth remained in the contraction territory for the third month, down by 1.6% YoY. (GSO, KIS)

Macro & strategy

Chart of the day

Form a new high

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- ▶ Market performance

The VNIndex broke out last week as the index formed the highest peak.

- ▶ Chart: Form a new high

The uptrend is still intact in the long term as the index closes above long-term moving averages such as the MA100 and the MA200, which go up. Moreover, the long-term target price for the symmetry triangle pattern is 1,530-1,550 pts.

The VNIndex broke out the 1,400-pts zone and formed a new high, implying the short-term uptrend. Besides, the small rectangle pattern is confirmed, showing the short-term target price for the pattern is a range of 1,470-1,500 pts. The trading volume has increased, supporting the current upward trend.

The area of 1,400 pts has turned around to act as the important short-term support. On the upside, the 1,500-pts area is expected

to be the weekly resistance.

→ The VNIndex confirms the short-term uptrend thanks to a small rectangle pattern with the target price of 1,470-1,500 pts.

- ▶ Technical strategy: Hold long position

In this situation, traders should hold their long position and focus on the leading sector because of the small rectangle pattern. However, the long-term uptrend is still intact. Hence, the contraction is the opportunity to accumulate stocks for long-term positions at significant supports such as the 1,400-pts threshold.

Sector & company

Tien Phong Securities (ORS)

Pre-listing brief

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- ▶ The old days have passed

ORS was formerly known as Orient Securities Corporation, established in 2006. Suffering a net loss streak in 2016-2018, ORS was delisted from HNX and moved to Upcom due to a violation of listing requirements. In Apr 2019, the company changed its name to Tien Phong Securities, and belongs to Tien Phong Bank (TPB VN Equity) ecosystem. ORS quickly changed the management team as well as the strategy to restructure the business. In 2020, revenue pegged at VND390bn (+125% yoy), and net profit was 104bn (+96% yoy). In 1H21, net profit swelled to VND150bn, exceeding FY2020 by 69%.

- ▶ Investment banking speeds up the revamp

Breaking down the revenue structure in 2020, investment banking was the major revenue generator with VND306bn (+97% yoy, 78% of total revenue). The size of this revenue was even bigger than companies who also focus on IB activities such as Military Bank Securities (MBS), Vietnam Prosperity Bank Securities (VPBS). Notably, ORS actively plays the roles of bond advisory service provider and bond market maker.

- ▶ Leverage the technology

Per management, its largest shareholder, TPB is among the best banks in digitalization with state-of-the-art technology. The bank experiences in operating Timo, a digital banking platform, and LiveBank, an automatic banking stall thanks to a high-skill IT workforce. By integrating securities services with the current banking system, ORS benefits from banks' clients and achieves cost efficiency. Techcombank securities (TCBS) is the pioneer with such strategy and currently performs well. Thus, we are positive that the direction is promising for ORS. In addition, ORS also enhances its strength in advisory services in debt markets and develops other IB activities in the equity market.

2021F guidance conservative

In 2021F, ORS sets a net profit target of VND146bn, +63.5% yoy and a TOI of VND623bn, +59.7% yoy. Vietnam surprisingly enormous market liquidity spurred all broking players, and ORS was among the beneficiaries. In 9M21, TOI swelled at VND891.7bn, +3.5x yoy and net profit jumped to VND180.3bn, 3x yoy which all far exceeded the full-year guidance. The market is anticipating that ORS could reap a VND200bn net profit in 2021F driven by the buoyant market liquidity of VND20-21tn stayed unchanged in Oct.

Khang Dien House (KDH)

BUY (Maintain), TP VND37,5000

3Q21 review: Buoyant 4Q21F ahead

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- ▶ Facts: Tepid 3Q21 earnings trailed the forecast

Khang Dien House Trading and Investment JSC's (KDH) 3Q21 revenue reached VND1,199bn, -31.7% yoy and net profit posted VND316.6bn, -12.4% yoy. We estimate that around 550-580 units in the Lovera Vista high-rise mid-end project were delivered in 3Q21.

Gross margin (GM) in 3Q21 expanded by 8.8% p yoy to 39.8%, due to the higher-margin contribution of Lovera Vista vs lower one of Safira condo project seen in 3Q20. Moreover, the SGA expense was significantly lower by 24.9% yoy to VND45.3bn owing to sluggish marketing activities.

Despite the weak earnings growth in 3Q21, we view the results positive amid the strict and prolonged social distancing requirements from late May to Sep.

Overall, the 9Q21 performance was mixed with a -2.9% yoy total revenue growth to VND3.1tn and a 2.4% yoy net profit growth to VND788bn. These are making up 69.4%/57.4% of our full-year estimates.

► Pros & cons: 4Q21F net profit is secured

We expect KDH could maintain quarterly momentum growth in 4Q21F backed by the acceleration from Lovera Vista condo project.

Our FY21F projection stays unchanged as following: we estimate revenue growth to VND4.5tn and 19.2% yoy net profit growth to VND1,374bn.

We still keep our concern that buying sentiment would not be relaxed until 2022F given the transmission fear could postpone the sales events and deter the traffic for show flats. Hence, the launches of Armena and Clarita townhouse projects could be hit. We will revisit our models to reflect the rescheduled pipelines of those three projects including 158 An Duong Vuong condo project, two above townhouse projects.

Event Calendar

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Listed Value	Listed Shares	Reference Price
01/11/2021	IPA	I.P.A Investments Group JSC	HNX	891.0	89,098,248	71,300

► 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	-
08/11/2021	VOC	Vietnam Vegetable Oils Industry Corp.	1,218.0	44,211,900	28,400	Whole lot sale

► Event calendar

Ex-right date	Exercise day	Ticker	Exchange	Right	Rate	Value
01/11/2021	10/11/2021	BTD	UPCOM	Cash Dividend	40%	4,000
01/11/2021	30/11/2021	CAV	HOSE	Extraordinary General Meeting		
01/11/2021	25/11/2021	MTV	UPCOM	Cash Dividend	10%	1,000
01/11/2021		TNH	HOSE	Extraordinary General Meeting		
02/11/2021	30/11/2021	HVN	HOSE	Extraordinary General Meeting		
02/11/2021	02/11/2021	NBB	HOSE	Share Issue	28%	
02/11/2021	29/11/2021	PYU	UPCOM	Extraordinary General Meeting		
02/11/2021		VND	HOSE	Extraordinary General Meeting		
03/11/2021		IPA	UPCOM	Extraordinary General Meeting		
04/11/2021		BMC	HOSE	Annual General Meeting		

04/11/2021	24/11/2021	NTP	HNX	Cash Dividend	15%	1,500
04/11/2021	04/11/2021	PC1	HOSE	Share Issue	20%	
04/11/2021	03/12/2021	PGI	HOSE	Extraordinary General Meeting		
05/11/2021	01/12/2021	DAN	UPCOM	Extraordinary General Meeting		
05/11/2021	07/12/2021	DHN	UPCOM	Annual General Meeting		
05/11/2021	09/12/2021	HRT	UPCOM	Extraordinary General Meeting		
05/11/2021	09/12/2021	HSL	HOSE	Extraordinary General Meeting		
05/11/2021		JVC	HOSE	Extraordinary General Meeting		
05/11/2021		KLB	UPCOM	Extraordinary General Meeting		
05/11/2021	03/12/2021	TDF	UPCOM	Extraordinary General Meeting		
05/11/2021	03/12/2021	VC9	HNX	Extraordinary General Meeting		
05/11/2021	07/12/2021	VSH	HOSE	Extraordinary General Meeting		
05/11/2021		YTC	UPCOM	Annual General Meeting		

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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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