

Xin Chao Vietnam

Market performance

	1 Nov	1D	1M	3M	YTD
VNIndex (pt, % chg.)	1,438.97	(0.4)	7.8	9.8	30.4
Turnover (VND bn)	33,119				
VN30 (pt, % chg.)	1,516.75	(1.0)	5.2	4.8	41.7

Major indicators

	1 Nov	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.)	0.89	0.2	0.2	(0.0)	0.0
VND/USD (% chg.)	22,753	(0.0)	0.0	0.9	1.5
VND/JPY (% chg.)	19,918	0.1	2.9	5.1	12.3
VND/EUR (% chg.)	26,327	(0.2)	0.2	3.7	8.1
VND/CNY (% chg.)	3,555	(0.1)	(0.7)	(0.1)	(0.5)
	Prev. close	1D	1W	1M	YTD
10-yr US Treasury (% bp chg.)	1.58	0.0	0.1	0.4	0.7
WTI (USD/bbl, % chg.)	84.01	0.5	10.7	13.6	73.1
Gold (USD/oz, % chg.)	84.50	0.9	6.6	10.7	63.1

Domestic institutions net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
FUEVFNVD	48.7	SSI	(166.3)
NVL	47.3	HPG	(142.6)
IMP	37.5	VND	(89.9)
FLC	23.4	DCM	(77.1)
ACB	22.0	GEX	(62.3)

Foreign net buy / sell

Net buy	(VND bn)	Net sell	(VND bn)
CTG	57.2	HPG	(224.6)
STB	42.4	NLG	(163.9)
VCB	38.9	SSI	(155.4)
VCI	26.4	MSN	(123.5)
NTL	24.3	VNM	(118.8)

Daily performance by sector

Top five sectors	% chg.	Bottom five sectors	% chg.
Diversified Financials	4.1	Utilities	(1.6)
Automobiles	1.6	Materials	(1.3)
Capital Goods	1.4	Insurance	(1.0)
Media & Entertainment	1.0	Consumer Durables	(0.9)
Pharmaceuticals	0.8	Software & Services	(0.9)

WHAT'S NEW TODAY

Market commentary & News

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Macro & Strategy

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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
2020	270,014	151,973	29.4	16.4	2.7	13.7	16.5
2021F	304,264	177,159	18.7	13.8	2.3	12.3	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

Contraction

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The stock market reversed to go down due to the sell-off on large-cap stocks. At the close, the VNIndex lost 0.37% to close at 1,438 pts. Meanwhile, the trading volume was 1,087 million shares or VND33,118bn.

Foreign investors reversed to net sell with a net value of VND1,261bn on HSX. They sold HPG, NLG, and SSI the most with net values of VND224bn, VND163bn, and VND155bn, respectively.

Energy was the worst sector driven by BSR (-0.41%), GAS (-2.57%), NT2 (-1.07%), PLX (-0.37%), PVB (-2.38%), PVC (-2.31%), PVD (-1.96%), PVS (-2.97%), and VSH (-3.45%). Some constituents of the VN30Index slid more than 3%, such as KDH (-3.92%), MSN (-3.58%), TPB (-3.23%), and PDR (-3.02%).

In contrast, cash flowed into Brokerage, namely BSI (+3.15%), BVS (+3.93%), FTS (+6.94%), HCM (+3.40%), SSI (+2.22%), VCI (+6.08%), and VND (+3.68%).

Construction, namely HBC (+6.88%) and CTD (+1.67%), outperformed the benchmark index. Of which, HBC announced revenue of VND2,094bn (-20% YoY) and NPAT-MI of VND13.9bn (-73% YoY) in 3Q21.

In 9M21, NVL (+0.27%) reported revenue of VND10.4tn, including property handover of VND9,282bn and service of VND1,080bn. Net profit after tax reached VND2,549bn (-23% YoY).

Despite the bearish session, the uptrend of the VNIndex is still intact in the short term. 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: Manufacturing sector recovers in the early reopening

A four-month plunge in manufacturing sector ended in October thanks to the easing social-distancing activities. According to the latest update from IHS Markit, Vietnam Manufacturing PMI reaches above the neutral 50-point mark in October, at 52.1 point, after plunging in 4 months during the fourth wave of COVID-19. Data also pointed out that production, new orders, and purchasing activity recorded expansion in the month, signaling firms ramping up production activities in the early resumption phase. Business confidence also improved markedly to a 29-month high, reflecting a hope that the pandemic would remain under control in the future. (IHS Markit)

Macro & strategy

Fundflow 25 – 29 Oct

Inflow starts to surge

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- ▶ Vietnam foreign flow

Foreign demand ticked up. Net buy value was USD13mn.

Foreign demand spread to Financials and Utilities. Particularly, STB, CTG, VCB, and GAS attracted the most of foreign buying activity. Besides, Materials has turned around to be net bought thanks to the solid demand on HPG. However, DPM, CSV, and NKG ended up to be net sold. On the contrary, Real Estate kept experiencing the selling pressure, mainly driven by NLG, VRE, and NVL. Industrials and Consumer Staples also ended up to be net sold due to large sell order on VJC, PC1, PAN, and VNM.

- ▶ South East Asia ETF flow

SEA kept attracting the positive flow of money. Net inflow was USD18mn. The positive flow of money has continued to spread to major countries. Particularly, inflow kept increasing strongly across Indonesia. Besides, Malaysia and Thailand were also

positively impacted by the surge of money inflow across SEA. However, Singapore has experienced the negative flow of money for 5 consecutive weeks.

Money inflow across Vietnam surged. The net inflow was USD13mn, two times higher than the previous week. The positive flow of money was led by the solid demand on VFMVN30 ETF and SSIAM VNFIN Lead ETF. Notably, inflow was maintained on VFMVN Diamond ETF after 2 months of outflow. However, the inflow was partially faded by the divestment on Fubon FTSE Vietnam.

Sector & company

Vingroup (VIC)

AM briefing: Earnings slumped on outbreak

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▶ 3Q21 analyst meeting briefing

We tuned in to VIC's analyst meeting on Nov 1 which features the strategical visibility on Vinfast and sheds some lights on its 3Q21 operational updates.

▶ Fallout weighs the bottom-line

Vingroup reported its loss 3Q21 NPATMI at VND351bn in light of a shrinking revenue growth of 16.2% yoy to VND30.1tn and a 21.3%p yoy expansion in blended gross margin (GM).

Property sales: Not surprising at all, this segment plays a real milk cow with a VND19.6tn revenue in 3Q21, contributing 55% of total revenue despite producing a 24.4% yoy drop. The GM also expanded by 42.4%p yoy to 77.9% thanks to domination of high-margin bulk sales.

Industrials: this segment suffers a revenue slump of 25.5% yoy to VND3.5tn of which the Vinfast accounted VND3.1tn. GM deteriorated to -76.3%, -23.6%p yoy in 3Q21 and that casts a long shadow on the upturn of business profitability.

Hospitality and entertainment service: this division earned a VND644bn revenue thanks to offering accommodation service to expats and isolated area to overseas. We think this segment was the hardest hit in 3Q21 when Vietnam implements the lingering social distancing requirements nationwide.

Education: Vinschool was not immunized from the outbreak with a VND219bn revenue, -60.1% yoy, and recorded a negative GM of 118.3% in 3Q21.

Other income: the only segment earning a positive revenue growth was the service of contractor management with a VND4.5tn revenue, 4.6 times higher yoy backed by stronger handover value of construction service.

▶ Further headways in industrials and technology

VinFast retained the number 1 position domestically with Fadil being the best-selling car model. Vinfast also rolled out more than 10k charging ports, covering 62/63 provinces and cities across Vietnam.

Vinfast polished its international image by introducing the VFe34's design, smart features, and charging network via a well-attended online event in October and the VFe35 and VFe36 at Los Angeles Auto Show in Nov.

Industrial manufacturing: From the management, VIC maintains to plan to lead EV means of transportation 1) launch 5 e-motorcycle models, 2) prepare for the launch of 3 new smart EV (electric vehicle) and ICE (internal combustion engine) car models, and 3) commence the operation of EBus in both Vinhomes/Vinpearl locations and public transportation system of Hanoi, HCMC, and Phu Quoc in 4Q21F.

Education: Open 4 new VinSchool campuses in Thanh Hoa and Hanoi. VinUni (Vingroup University) will recruit leading professors, promote applied interdisciplinary research and the implementation of technology-enabled active learning.

Event Calendar

► New listing

(VND bn, share, VND)

Date of listing	Ticker	Company	Exchange	Listed Value	Listed Shares	Reference Price
04/11/2021	ORS	Tien Phong Securities Corporation	HSX	2,000.0	200,000,000	28,300

► 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
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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