

21 Apr 2022

SSI Securities (SSI)

Squeezed brokerage performance

On April 20, SSI Securities (SSI) announced consolidated business results for 1Q22. Revenue was pegged VND2,008bn (-17% qoq, +33% yoy) and NPAT was VND706bn (-29% qoq, +67% yoy). 1Q22 fulfilled 19% and 20% of full-year company's target for revenue and profit, respectively.

Effective margin lending activities

- Margin balance at end-Mar was VND20,620bn (-9.4% qoq) and still the top 1 in margin provider.
- Although margin balance dropped by 10%, revenue from this profession recorded VND566bn (+2% qoq, +131% yoy) thanks to improved lending rate. We estimated lending rate in 1Q22 was 9.5% (+0.4%p qoq).

Lost market share squeezed the brokerage performance

- As mentioned in [1Q22 Market updates](#), SSI's brokerage market share on HSX exchange decreased to 9.66%, a record low in 5-year period. In addition, trading activities also narrowed with average daily trading value (ADTV) of VND31.2tn (-7.1%qoq). Thus, a decrease in brokerage income was expected.
- The brokerage revenue was VND599bn (-24% qoq, +37% yoy). Brokerage rate was also reduced to 0.1845% (-0.43bps qoq).

Principal investment was suffered in first quarter

- SSI kept decreasing HTM balance to VND5,640bn (-28% qoq) and revenue from HTM portfolio was modest at VND130bn (-26% qoq, -24% yoy).
- In general, FVTPL performance is in-line with the growth pace when gross profit from FVTPL was VND283bn (-15% qoq, +35% yoy). In detail, the company made a high record realized profit from selling financial assets with VND240bn (+130% qoq, +126% yoy). But, there was a surprisingly big book in revaluation of issued covered warrant with -168bn (40x qoq, 4.8x yoy) which offsetted the gain. To explain for this negative book, market value of issued covered warrant has changed from VND173bn in 4Q21 to VND32bn in 1Q22.

	2017A	2018A	2019A	2020A	2021A
Net Revenue (VND bn)	2,898	3,673	3,235	4,367	7,443
chg. (% YoY)	30.7	26.7	(11.9)	35.0	70.4
EBT (VND bn)	1,405	1,623	1,106	1,558	3,365
Net profit (VND bn)	1,161	1,303	907	1,256	2,695
BPS (VND)	9,727	10,165	10,465	10,818	14,440
EPS (VND)	1,350	1,487	1,018	1,383	2,738
PB (x)	1.4	1.3	0.9	2.0	3.1
PE (x)	10.4	9.0	9.3	15.5	16.4
ROA (%)	7.3	6.1	3.6	4.0	6.2
ROE (%)	14.7	14.7	9.8	13.0	22.4

Source: Fiinpro, Company data, KIS

Stock Data

VNIndex (20 Apr, pt)	1,385
Stock price (20 Apr, VND)	35,200
Market cap (USD mn)	1,558
Shares outstanding (mn)	993
52-Week high/low (VND)	55,900/20,546
6M avg. daily turnover (USD mn)	29.69
Free float / Foreign ownership (%)	87.1/37.5

Major shareholders (%)

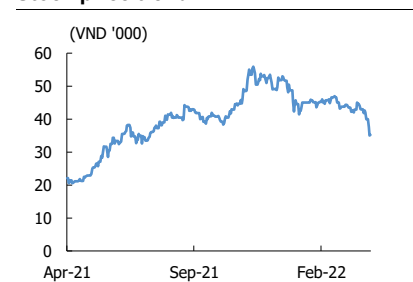
Daiwa Securities Group	15.7
NDH Investment	9.6
Sai Gon Dan Linh Real Estate	5.6

Source: Company data

Performance

	1M	6M	12M
Absolute (%)	(19.6)	(9.2)	63.1
Relative to VNIndex (%p)	(13.9)	(9.3)	53.0

Stock price trend



Source: Bloomberg

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Table 1. Quarterly earnings

	1Q21	4Q21	1Q22	QoQ	YoY
Operating income	1,505.6	2,423.3	2,007.6	(17.2)	33.3
FVTPL gain	600.1	795.5	625.4	(21.4)	4.2
HTM income	171.5	175.2	130.5	(25.6)	(23.9)
AFS income	0.0	0.3	0.0	(100.0)	n.a
Loans and receivables	245.6	555.6	566.4	2.0	130.6
Brokerage	436.5	792.1	599.4	(24.3)	37.3
IB	15.3	40.0	27.9	(30.2)	82.3
Others (inc. custody services)	36.5	64.7	57.9	(10.5)	58.6
Operating expenses	695.6	1,070.0	816.3	(23.7)	17.4
FVTPL loss	384.2	427.6	322.4	(24.6)	(16.1)
AFS loss and revaluation	0.9	0.0	0.0	#DIV/0!	n/a
Prop trading expenses	6.6	34.8	19.5	(44.0)	194.5
Provision and interest expenses	(10.0)	(20.5)	(0.0)	(99.9)	n/a
Brokerage expenses	257.3	498.3	388.1	(22.1)	50.9
IB expenses	15.7	21.2	11.7	(44.9)	(25.3)
Others (inc. custody services)	41.0	108.6	74.6	(31.3)	82.1
Gross Profit	810.0	1,353.3	1,191.3	(12.0)	47.1
Financial activities	(231.0)	(20.6)	(241.1)	1,067.7	4.4
Income	12.0	292.5	60.4	(79.3)	404.8
Expenses	242.9	313.2	301.6	(3.7)	24.1
SG&A expenses	49.8	78.6	67.2	(14.6)	34.8
Operating profit	529.2	1,254.0	883.0	(29.6)	66.9
Other income	0.9	(1.0)	0.3	(131.0)	(65.8)
Earnings before tax	530.1	1,253.1	883.3	(29.5)	66.6
Earning after tax	423.7	997.9	706.3	(29.2)	66.7

Source: Company data, Korea Investment & Securities

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