

22 Jul 2022

Tien Phong Securities (ORS)

Big loss from FVTPL, mostly unlisted bonds

On July 20, Tien Phong Securities (ORS) announced financial report for 2Q22. Revenue was VND661.6bn (-18% qoq, +132% yoy) and net loss was VND128.9bn. In 1H22, ORS recorded VND1,472.6bn revenue (+172% yoy) and VND92.5bn net profit (-38.6% yoy). The net loss in this quarter is mainly due to a surprising loss in FVTPL portfolio.

How bad was FVTPL portfolio performance?

- TPS significantly cut their FVTPL balance in 2Q22 from around VND1,900bn in 1Q22 to VND768bn (-59% qoq).
- Realized loss from FVTPL was VND194bn and unrealized loss was VND176bn. In spite of good revenue from dividends and interest from holding FVTPL assets, FVTPL gross loss was VND248bn which significantly drew down company's profit. The surprise is this big loss following 1Q22 high record of the company in FVTPL profit.
- Main contribution in FVTPL loss was from unlisted bonds when it brought VND136bn realized loss (~70% of FVTPL's realized loss).

IB revenue eroded

- Another main income source of TPS was from IB activities. In 2Q22, IB revenue recorded VND223bn (-40% qoq, +74% yoy). The decrease can be explained by the action from Government's actions in reviewing and cleaning corporate bond market which caused the stagnation in bond business.

Stock Data

VNIndex (21 Jul, pt)	1,198
Stock price (21 Jul, VND)	14,900
Market cap (USD mn)	127
Shares outstanding (mn)	200
52-Week high/low (VND)	34,100/14,100
6M avg. daily turnover (USD mn)	1.58
Free float / Foreign ownership (%)	82.3/6

Major shareholders (%)

Tien Phong Bank	9.01
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Source: Company data

Performance

	1M	6M	12M
Absolute (%)	4.9 (38.1)	(33.7)	
Relative to VNIndex (%p)	2.3 (20.1)	(27.6)	

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020A	2021A
Net Revenue (VND bn)	17.9	20.6	173.4	390.1	540.9
chg. (% YoY)	34.6	15.3	742.0	125.0	38.7
EBT (VND bn)	(3.0)	(10.7)	50.9	103.7	175.5
Net profit (VND bn)	(3.0)	(10.7)	54.4	89.3	150.6
BPS (VND)	2,858	2,370	6,781	9,605	10,860
EPS (VND)	(125)	(444)	1,359	893	1,053
PB (x)	5.2	6.3	2.2	1.6	1.4
PE (x)	(119.5)	(33.5)	11.0	16.7	14.1
ROA (%)	(0.7)	(4.1)	27.2	7.1	6.1
ROE (%)	(4.3)	(17.0)	33.1	14.5	13.5

Source: Fiinpro, Company data, KIS

Tri Duong

tri.dd@kisvn.vn

Table 1. Quarterly earnings

(VND bn, %)

	2Q21	2Q22	YoY	1H21	1H22	YoY
Operating income	285.7	661.7	131.6	540.9	1,472.6	172.3
FVTPL gain	76.5	279.4	265.1	108.7	597.7	450.0
HTM income	0.0	4.3	54,953.4	0.0	8.6	109,401.8
AFS income	0.0	0.0	n.a	0.0	0.0	n/a
Loans and receivables	9.9	47.9	384.9	13.3	94.2	610.7
Brokerage	25.2	18.4	(26.8)	34.7	42.8	23.6
IB	128.1	222.9	74.1	309.3	596.4	92.9
Others (inc. custody services)	46.0	88.7	92.7	75.0	132.8	77.0
Operating expenses	162.8	698.0	328.7	262.6	1,123.6	327.9
FVTPL loss	89.7	527.9	488.7	99.6	750.2	652.9
AFS loss and revaluation	0.0	0.0	n/a	0.0	0.0	n/a
Prop trading expenses	0.0	1.1	22,847.7	0.0	2.2	43,127.2
Provision and interest expenses	0.0	0.0	n/a	0.0	0.0	n/a
Brokerage expenses	15.5	24.0	55.0	23.7	48.8	105.8
IB expenses	39.6	39.0	(1.4)	93.6	121.0	29.3
Others (inc. custody services)	18.1	105.9	485.8	45.6	201.4	341.5
Gross Profit	122.9	(36.2)		278.3	349.0	25.4
Financial activities	(41.9)	(82.1)	95.7	(66.5)	(150.0)	n/a
Revenue	0.1	0.3	132.1	0.5	0.9	78.6
Expenses	42.1	82.4	95.9	66.9	150.8	125.3
SG&A expenses	23.9	42.8	79.2	41.2	80.4	95.5
Operating profit	57.0	(161.2)	n/a	170.7	118.6	(30.5)
Other income	2.3	0.0	n/a	4.7	(0.2)	n/a
Earnings before tax	59.3	(161.2)	n/a	175.5	118.5	(32.5)
Earning after tax	53.7	(128.9)	n/a	150.6	92.5	(38.6)

Source: Company data, Korea Investment & Securities

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Prepared by: Tri Duong

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