

21 Jul 2022

SSI Securities (SSI)

Tough challenges

On July 20, SSI Securities (SSI) announced MI financial report for 2Q22. Revenue was VND1,583bn (-17% qoq, -8.4% yoy) and net profit was VND416bn (-39% qoq, -26.4% yoy). In 1H22, SSI recorded VND3,198bn revenue (+10.6% yoy) and VND998bn net profit (+10.9% yoy).

Margin lending slowing down

- Margin balance at end-June was VND14,560bn (-29.4% qoq, -6.3% yoy). The decreasing pace is slower than the average trading value on 3 bourses which was around VND20,525bn (-34.2% qoq, -21.8% yoy).
- Revenue from loans and receivables in 2Q22 was VND483bn (-15% qoq, +42.9% yoy). The sluggish revenue in qoq is due to the sharp decrease in lending activities impacted by unfavorable market movements from April. However, yoy revenue is flourishing because of soft landing of the company for margin balance.

Brokerage activities was eroded

- As mentioned above, the average trading value in 2Q22 decreased significantly. Although SSI had an improvement in market share (SSI's 2Q22 market share was 10.02%, +0.36%p qoq), the result is still lagged behind. Revenue from brokerage was VND450bn (-25% qoq, -27.9% yoy).

Principal investment continued to suffered

- HTM balance stall at VND5,474bn (-2.8% qoq, -29.8%). SSI has stopped decreasing their HTM balance from 1Q22. Revenue from HTM was VND123bn (-5% qoq, -21.6% yoy)
- In general, investment performance of SSI was not bad as other colleagues. FVTPL gross profit was VND163bn (-46% qoq, -40% yoy), still in the black due to controlled loss from re-evaluation of financial assets, good income from selling financial assets and dividend received from holding financial assets.
- Financial activities recorded a big loss at VND347bn (+38% qoq, +52% yoy) due to loss from exchange rate difference, and increased interest expenses.

	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

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Stock Data

VNIndex (20 Jul, pt)	1,194
Stock price (20 Jul, VND)	21,300
Market cap (USD mn)	1,355
Shares outstanding (mn)	1,490
52-Week high/low (VND)	49,669/16,261
6M avg. daily turnover (USD mn)	18.06
Free float / Foreign ownership (%)	91.4/21.7

Major shareholders (%)

Daiwa Securities Group	10.4
NDH Investment	6.3
Sai Gon Dan Linh Real Estate	3.7

Source: Company data

Performance

	1M	6M	12M
Absolute (%)	24.3	(46.4)	(29.8)
Relative to VNIndex (%p)	22.7	(28.2)	(25.3)

Stock price trend



Source: Bloomberg

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Table 6. Quarterly earnings

(VND bn, %)

	2Q21	2Q22	YoY	1H21	1H22	YoY
Operating income	1,729.2	1,583.1	(8.4)	3,198.3	3,538.3	10.6
FVTPL gain	579.9	423.1	(27.0)	1,158.8	1,039.1	(10.3)
HTM income	157.3	123.4	(21.6)	328.7	253.6	(22.8)
AFS income	0.0	2.6	n.a	0.0	2.6	n/a
Loans and receivables	338.0	483.0	42.9	583.5	1,049.4	79.8
Brokerage	623.5	449.8	(27.9)	1,061.1	1,049.5	(1.1)
IB	10.6	38.1	260.7	24.6	63.4	157.9
Others (inc. custody services)	19.9	63.2	217.3	41.6	80.7	94.0
Operating expenses	734.8	653.5	(11.1)	1,420.2	1,437.3	1.2
FVTPL loss	305.5	259.7	(15.0)	689.3	571.3	(17.1)
AFS loss and revaluation	0.0	0.0	n/a	0.0	0.0	n/a
Prop trading expenses	10.1	11.3	12.0	19.1	33.7	76.4
Provision and interest expenses	0.5	(1.2)	n/a	(9.5)	(1.2)	n/a
Brokerage expenses	369.8	332.5	(10.1)	627.1	720.6	14.9
IB expenses	15.2	14.5	(4.9)	30.9	26.2	(15.2)
Others (inc. custody services)	33.7	36.7	9.2	63.3	86.7	36.9
Gross Profit	994.5	929.7	(6.5)	1,778.1	2,101.0	18.2
Financial activities	(228.7)	(347.0)	n/a	(438.4)	(597.7)	n/a
Revenue	11.6	(4.6)	n/a	44.9	46.2	3.1
Expenses	240.3	342.4	42.5	483.2	644.0	33.3
SG&A expenses	63.3	64.7	2.3	109.7	128.1	16.8
Operating profit	702.5	517.9	(26.3)	1,230.0	1,375.2	11.8
Other income	1.0	0.2	(81.9)	1.7	0.5	(72.2)
Earnings before tax	703.5	518.1	(26.4)	1,231.7	1,375.6	11.7
Earning after tax	565.5	416.0	(26.4)	992.4	1,100.1	10.9

Source: Company data, Korea Investment & Securities

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