

What's new?

- ▶ The sector has outperformed the VNI by 10ppt since the March low.
- ▶ Weak proprietary trading results in 1Q20 could give way to substantial gains in 2Q20.
- ▶ The competitive inroads made by foreign brokers continue apace.
- ▶ The outlook for institutional brokerage and investment banking looks better in 2021.

Our view

- ▶ We maintain a [broadly positive long-term outlook](#) for the Vietnam capital markets.
- ▶ But brokerage profitability is under pressure from [intense competition](#).
- ▶ Earnings should recover given the market's sharp rally in 2Q20. SSI is the most geared to prop trading.
- ▶ HCM remains our top pick and only BUY in the sector.

Sequential recovery likely in 2Q20

Brokerage stocks have been outperforming the market. The brokers typically offer leverage on the broader market's performance and turnover. Our equal-weighted brokers index has gained 39% since the market low of March 24, outperforming the VNI by 10ppt since then. Believe it or not, we are in a bull market, and the brokerage shares should continue to reflect this.

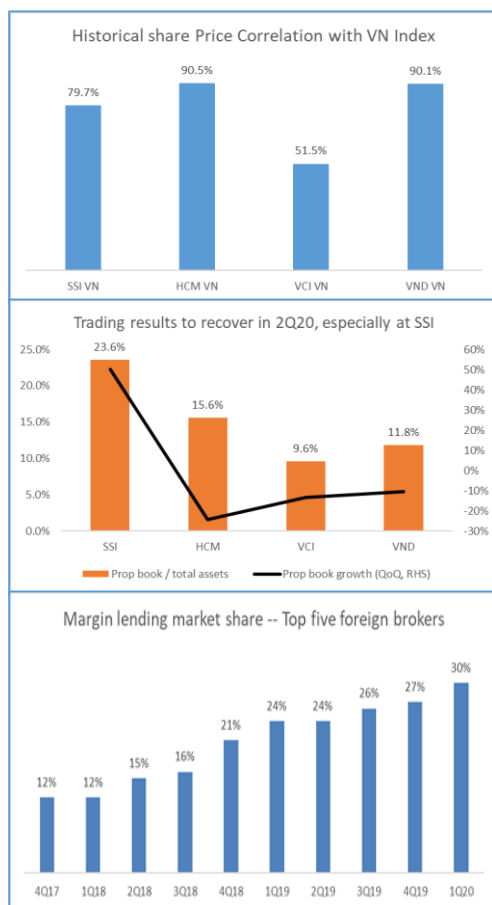
1Q20 trading losses are likely to revert to substantial gains in 2Q20. We think this is broadly true for all the brokers under coverage, but **SSI stands out** given that 1) most of its 1Q20 trading losses were unrealized, and 2) its FVPL assets expanded by 50% QoQ to reach 24% of the balance sheet at 1Q20, despite the substantial MTM losses reported during the quarter. This is the largest aggregate and relative prop book position in our universe, suggesting that SSI may have been trading opportunistically in March.

The competitive crunch continues as clearly indicated by our overview of brokerage market share rankings in 1Q20. As always, we caution against adopting a myopic focus on market share bragging rights in an environment of extreme competition—market share is easy to grow if you're willing to provide services for free, whereas shareholder returns are a function of profitability. Gross brokerage fees have been holding up, but net fees range from zero to 10bps. SSI retains its No. 1 position in brokerage market share, but foreign brokers continue to solidify their positions in margin finance, which is the key driver of retail brokerage profitability, in our view.

HCM (BUY) is still our top pick for the long run given its scale, relatively diversified revenue streams, and management's focus on profitability. The 100% dividend payout ratio on 2019 earnings doesn't hurt; the stock can be seen as an income-generating hedge on underweight positions in Vietnam.

SSI (HOLD-Outperform) could rally strongly in the short term given our view on its probable earnings recovery in 2Q20. The company's prop trading results were painful in 1Q20, but SSI's trading book appears to be well-positioned to post substantial gains in the current quarter.

We reiterate HOLD-Underperform on VND and VCI as upside catalysts are too distant or difficult to identify. Their investability (i.e. sufficient market cap and daily liquidity) and overall relevance for institutional shareholders are under question. We believe that a concerted investor relations effort (which only HCM currently provides) could be beneficial for both names.



Source: Bloomberg, FIINPro, Yuanta Vietnam

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Vietnam Brokers: Sequential earnings recovery likely in 2Q20

Fig 1: Stock recommendations

Yuanta Vietnam Coverage Universe										
Sector	Company	Stock code	Market cap (USDm)	3-month ADT (USDm)	Yuanta Rating	Current price (VND)	Target price (VND)	Up (down) side	2020E Dividend yield	12-m TSR*
Brokers	HCM City Securities	HCM VN	243	1.2	BUY	19,150	26,532	39%	6.9%	45%
	Saigon Securities	SSI VN	369	1.9	Hold-Outperform	14,150	18,328	30%	4.3%	34%
	Viet Capital Securities	VCI VN	182	0.2	Hold-Underperform	24,250	26,449	9%	3.4%	12%
	VNDirect Securities	VND VN	109	0.3	Hold-Underperform	12,250	13,231	8%	5.7%	14%

*Note: TSR = Total shareholder return over the next 12 months inclusive of expected share price change and dividends.

Stock ratings and pricing data is as of close on May 18, 2020.

Source: Bloomberg, Yuanta Vietnam

We maintain a broadly positive view on the long-term developmental outlook for the Vietnam capital markets. For investors seeking capital markets proxies, a classic option would be to purchase the stock exchange; however, that is not an option in Vietnam and not likely to become one until the mid 2020s at the earliest. For now, we view the listed brokers as the best available proxies on the market.

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Brokerage profitability remains under intense pressure as foreign players aggressively garner market share. This implies that, as everywhere in Vietnam, stock selection is key. Our view is that small brokers targeting a mass retail customer base are not well positioned to handle competition from well-funded foreign players. This is why a targeted approach that focuses on profitability over market share is key to our stock recommendations.

Long term top pick: HCM. In our view, HCM is best positioned both to weather the competitive storm and to benefit from our expectations of resurgent investment banking business in 2021. The company is also among our top picks in the Vietnam market given its solid balance sheet and quality management. HCM's 100% payout ratio on 2019 earnings doesn't hurt.

Short term trade: SSI. Our view is that SSI's trading losses of 1Q20 are likely to reverse in 2Q20, with the company particularly well placed for substantial trading gains. The shares have underperformed HCM and VCI during the market rally, but this could revert given that SSI's likely sharp earnings recovery this quarter.

Searching for relevance: VCI and VND. Although all of the brokers in our coverage should post a rebound in operational performance in 2Q20, we reiterate our HOLD-Underperform ratings on both as rerating catalysts are too distant, uncertain to occur, and difficult to identify with confidence.

Fig 2: Valuations and profitability

Yuanta Universe: Valuations and ratings																			
Stock		PER (x)			EPS Growth (%)			PEG (x)			PBV (x)			ROE (%)			ROA (%)		
Sector	Code	2018A	2019A	2020F	2018A	2019A	2020F	2018A	2019F	2020F	2018A	2019F	2020F	2018A	2019F	2020F	2018A	2019F	2020F
Brokers	HCM VN	6.7	13.1	13.1	(24.4)	(49.0)	(0.3)	(0.3)	(0.3)	(51.1)	1.9	1.3	1.3	23.1	11.7	11.0	10.39	6.23	5.92
	SSI VN	6.2	9.2	10.0	3.1	(32.5)	(8.0)	2.0	(0.3)	(1.2)	0.8	0.9	0.8	14.8	9.8	8.7	5.69	3.57	2.86
	VCI VN	4.9	5.8	8.6	(14.1)	(16.3)	(32.6)	(0.3)	(0.4)	(0.3)	1.1	1.0	0.9	25.1	18.0	11.1	12.69	9.90	5.95
	VND VN	6.7	7.0	11.0	(24.2)	(4.3)	(36.1)	(0.3)	(1.6)	(0.3)	0.9	0.8	0.8	13.6	12.3	7.4	3.81	3.28	1.88

Stock ratings and pricing data is as of close on May 18, 2020.

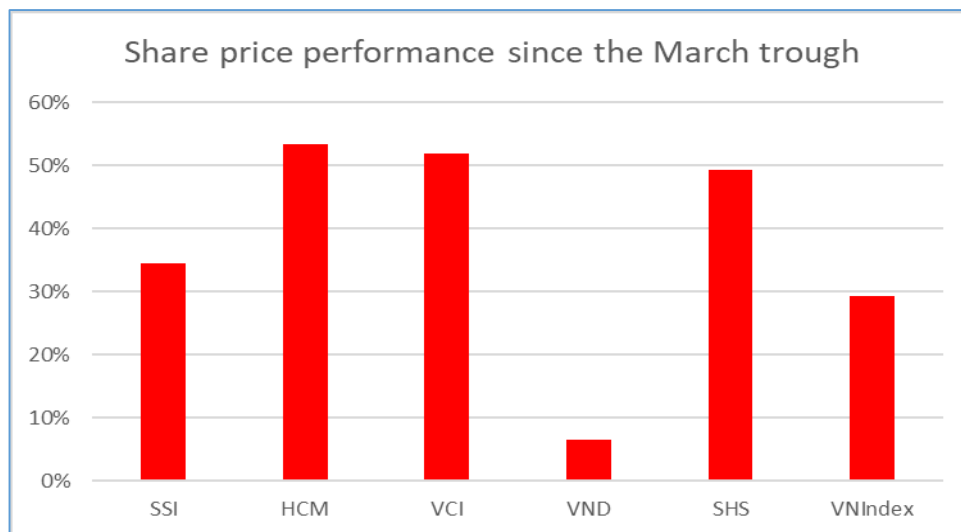
Source: Bloomberg, Yuanta Vietnam

Brokers = proxies on a resurgent market

Shares are outperforming the broader mainboard index. The brokerage stocks are performing their typical role as market proxies, providing leveraged exposure to the broader market's performance and turnover. Our simple equal-weighted Vietnam brokers index has gained 39% since the market low of March 24, outperforming the VNI by 10ppt since then.

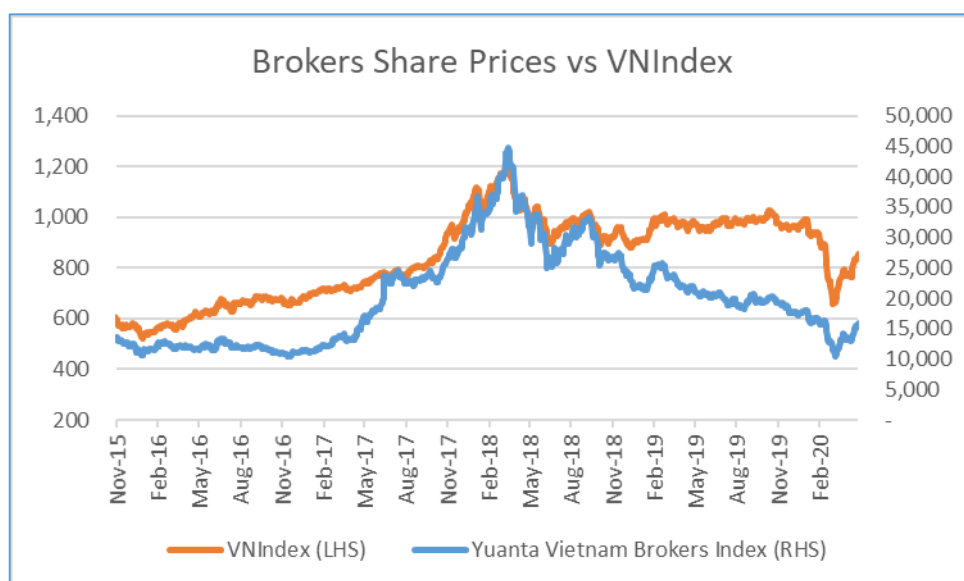
Believe it or not, we are in a bull market, and the brokerage shares should continue to provide leveraged exposure to this resurgence of share prices and overall market activity. Although a straight line to 1200 on the VNINDEX may not be a realistic expectation for 2020, we believe that the shares should remain solid heading into 2021 and a likely confluence of domestic political change (which we believe will infuse the capital markets) and global economic recovery from this year's depression. (For the record, our VNINDEX peak target remains at 1000 points).

Fig 3: Brokers have broadly outperformed the market in 2Q20



Source: Bloomberg, Yuanta Vietnam

Fig 4: Yuanta Vietnam Brokers Index vs. VNI



Source: Bloomberg, Yuanta Vietnam

Prop trading losses in 1Q20 likely to revert to substantial gains in 2Q20

We think this is broadly true for all the brokers under coverage. However, SSI stands out given that

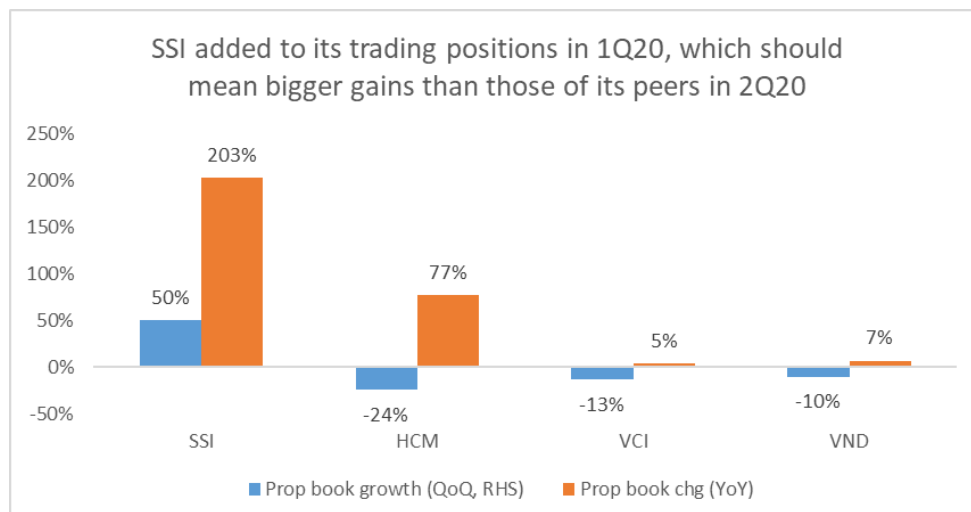
- **1) Most of SSI's 1Q20 trading losses were unrealized.** The company reported VND44bn in net realized losses in 1Q20; the bulk of its prop trading losses were from the VND310bn in unrealized mark-to-market losses, which represents a markdown of the prices that remained on the company's balance sheet of March 31. This implies substantial recoveries in the current quarter, given the 29% increase in the VNI Index that has occurred since then.
- **2) SSI appears to have added to its exposures rather than panic selling in March.** SSI's FVPL assets expanded by 50% QoQ to reach 24% of the balance sheet at 1Q20, despite the substantial MTM losses reported during the quarter. This is the largest aggregate and relative prop book position in our universe, suggesting that SSI was adding to exposures and rather than panic selling in March.

Fig 5: Proprietary trading results in 1Q20 (VND bn)

	SSI	HCM	VCI	VND
Realized returns	-44	3	263	39
Unrealized returns	-310	33	-236	-79
Total prop trading returns	-354	36	27	-40

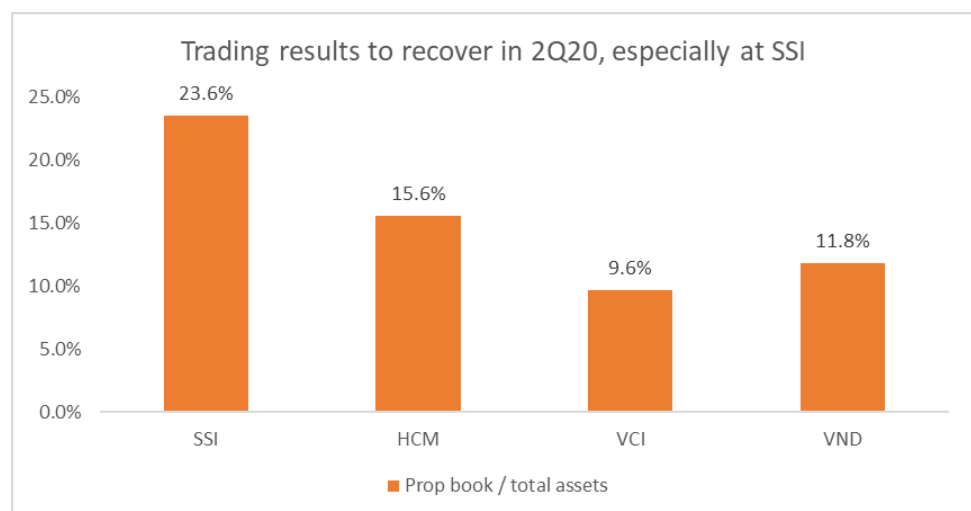
Source: Company data, Yuanta Vietnam

Fig 6: SSI grew its prop book aggressively in 1Q20



Source: Company data, Yuanta Vietnam

Fig 7: Proprietary trading results in 1Q20 (VND bn)



Source: Company data, Yuanta Vietnam

Competition: More of the same, but worse.

We don't have much to add regarding the threat of new entrants into the Vietnam brokerage industry, beyond what we wrote about in our last substantial sector update of six months ago titled "[The competitive crunch](#)". Commissions are holding up on a gross basis, but the retail investor wallet is predominantly driven by margin lending and domestic brokers are at a structural funding disadvantage which creates difficulty for them to retain their market share positions. As a result, Mirae is now by far the largest margin lender in Vietnam.

Trading commissions

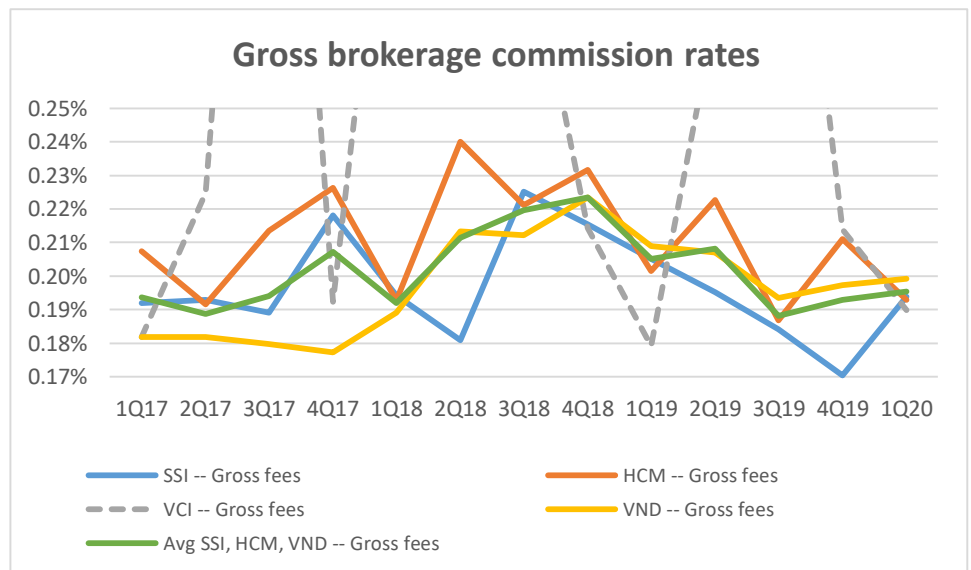
Average gross commission rate as calculated by our methodology (gross brokerage revenues as reported on the P&L divided by estimated turnover attributable to the relevant brokerage house) have been maintained in the high teen basis points among the four brokers in our coverage, which is a reasonably positive outcome

given the potential for steeper declines following the removal of the mandatory commission floor in February 2019.

To reiterate a point that we have made previously, our methodology overstates average gross commission rates by (probably) a few basis points, but we still think it illustrates the overall trend. Readers interested in 1) the source of this probable error and 2) why we think it doesn't matter are welcome to see Page 7 of our December note linked above for a discussion of the details.

The average brokerage commission rate of the four brokers in our universe was 20bps (+1bp QoQ / -1bp YoY) in 1Q20. Rates are unlikely to revert to the highs of 2018, but for now brokerage commissions appear to be holding up. The ever-growing threat of uneconomic competition (e.g., NH Securities' reported offer of zero brokerage fees and margin lending at 8%) is clearly a risk, but such brokers may face execution capability constraints given the predominance of block trading for institutional and HNWI investors.

Fig 8: Top-line brokerage fees are down YTD, but the decline has not been precipitous.



Source: HOSE, HNX, Bloomberg, Company data, Yuanta Research

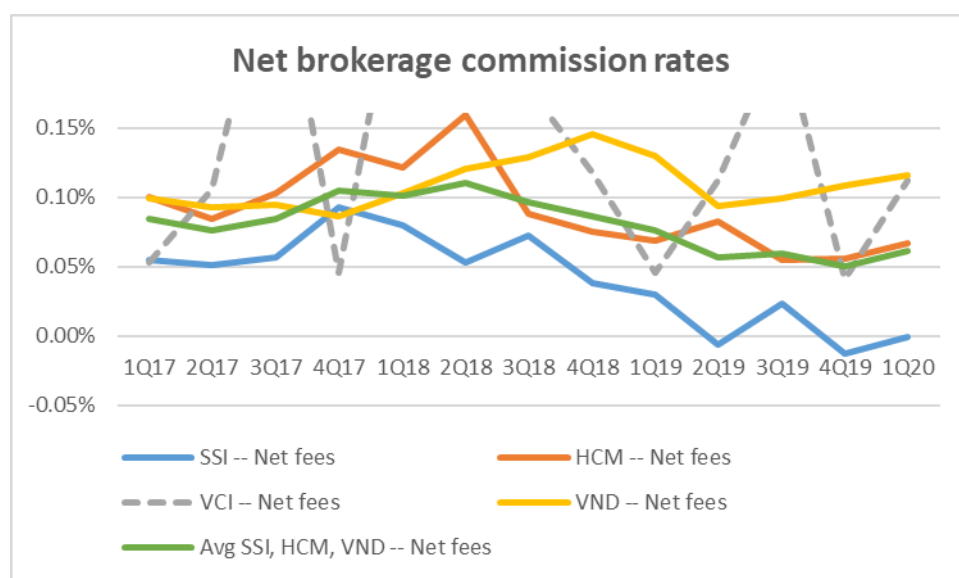
As stated previously, gross fees don't tell the entire story. Brokerage P&L statements report the revenue from brokerage commissions on top and the relevant expense line item below. Our sense is that the Street only focuses on the gross revenues, which obviously fails to capture the profitability (or, more accurately lack of profitability) of pure securities brokerage.

The good news is that our estimated average net commission actually increased by 1bp QoQ to reach 6bp (the not-so-good news is that this was a 2bp YoY decline). The average number fails to reflect the wide spread among the brokers; VCI and VND posted 11-12bp net commissions, with HCM at 7bp and SSI at nearly zero in 1Q20.

SSI appears to be the sole player in our brokerage universe that is willing tolerate negative net brokerage fees: its total net brokerage income in 2Q19-1Q20 was just VND4bn (i.e., a rounding error from zero). Although its gross commissions tend to

be lower than peers', our sense is that the key reason for this is a high-touch and therefore expensive customer service model.

Fig 9: Net brokerage fees are worse



Source: HOSE, HNX, Bloomberg, Company data, Yuanta Research

Fig 10: Net brokerage commissions / net operating revenues

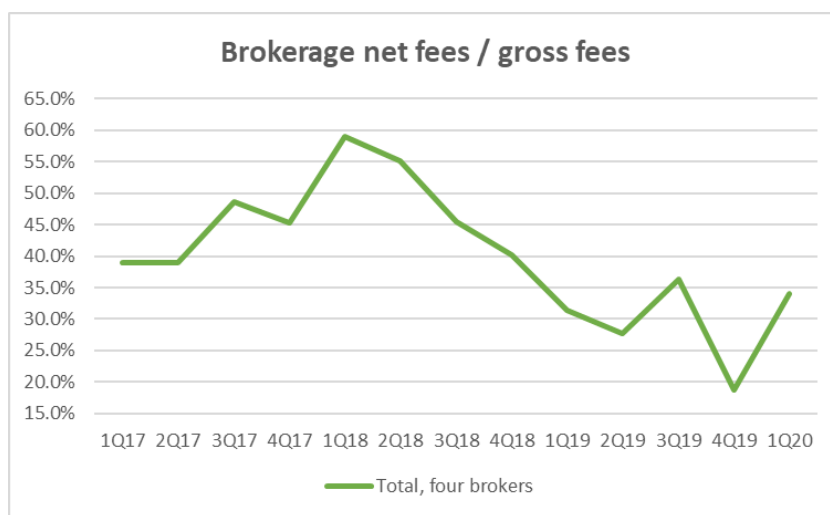
	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
SSI	8%	12%	20%	26%	30%	31%	12%	11%	6%	-1%	4%	-2%	0%
HCM	33%	26%	29%	54%	33%	67%	30%	32%	26%	27%	18%	16%	22%
VCI	9%	20%	40%	13%	56%	88%	39%	55%	8%	25%	36%	6%	37%
VND	16%	22%	23%	24%	38%	39%	29%	32%	23%	20%	17%	13%	22%
Average	17%	20%	28%	29%	39%	56%	28%	32%	16%	18%	19%	8%	20%

Source: Company data, Yuanta Vietnam

Another way to look at pure brokerage profitability is to measure the profit margin of this business by computing the ratio of net brokerage fees divided by gross brokerage revenues. This is problematic given that it ignores how these fees were earned (i.e., market share of equities turnover). However, it avoids the error introduced by our turnover estimates because it is based purely on the brokers' financial statements.

Again, there is a lot of noise in the quarterly data. But the trend generally indicates an sharp decrease among the four brokers in 2019—driven primarily by SSI—but a reasonable bounce in 1Q20 as the result of sequential increases in brokerage GMs at all four of the brokers that we cover.

Fig 11: Pure brokerage profit margins are under pressure



Source: HOSE, HNX, Bloomberg, Company data, Yuanta Research

Fig 12: HOSE Quarterly market share

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
SSI	14.1%	15.4%	16.4%	18.0%	19.0%	23.1%	15.8%	15.0%	14.5%	13.2%	13.6%	14.5%	12.3%
HCM	10.6%	9.4%	10.1%	15.8%	12.2%	11.3%	11.5%	9.5%	10.8%	11.3%	10.6%	9.7%	11.0%
VCSC	7.7%	6.8%	7.7%	10.8%	8.8%	10.5%	8.9%	17.0%	10.1%	9.4%	7.0%	6.8%	9.7%
VNDS	6.8%	6.7%	8.2%	7.1%	8.0%	6.9%	7.7%	6.4%	7.8%	6.9%	7.2%	5.7%	7.0%
VP Bank Securities	n/a	n/a	n/a	n/a	2.9%	n/a	n/a	2.9%	3.1%	3.1%	4.3%	4.9%	5.5%
Mirae Asset Securities	n/a	n/a	n/a	n/a	n/a	3.5%	n/a	n/a	n/a	3.7%	5.3%	5.4%	5.3%
MB Securities	6.1%	5.7%	5.8%	6.3%	4.2%	3.7%	5.9%	5.1%	5.4%	4.2%	4.5%	5.0%	4.7%
FPT Securities	3.6%		3.4%	3.0%	3.6%	3.1%	3.3%	3.3%	n/a	n/a	n/a	n/a	3.5%
BIDV Securities	4.6%	3.4%	3.6%	3.1%	3.1%	n/a	3.1%	n/a	n/a	n/a	n/a	3.9%	3.5%
Maybank Kim Eng Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.5%
Saigon-Hanoi Securities	6.0%	6.5%	6.3%	3.7%	6.3%	5.0%	4.5%	3.9%	3.6%	3.5%	n/a	n/a	n/a
KIS Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.1%	n/a	3.0%	n/a	n/a
ACB Securities			3.4%	3.2%	4.0%	3.5%	3.2%	2.8%	3.2%	n/a	n/a	n/a	n/a

Source: Ho Chi Minh City Stock Exchange (HOSE)

Fig 13: HNX Quarterly market share

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Saigon-Hanoi Securities	8.5%	10.3%	14.1%	10.5%	8.6%	9.5%	7.3%	7.9%	5.9%	5.5%	5.0%	3.6%	9.9%
SSI	9.9%	13.7%	11.1%	10.7%	13.6%	11.2%	11.7%	9.8%	9.9%	11.1%	10.4%	7.4%	8.4%
VNDS	8.3%	8.4%	8.1%	7.9%	9.1%	8.5%	9.6%	9.6%	9.7%	7.9%	8.2%	8.3%	7.6%
MB Securities	6.6%	7.2%	7.9%	7.8%	7.9%	7.4%	7.5%	6.7%	6.4%	6.0%	5.7%	5.0%	5.8%
HSC	7.5%	7.2%	6.6%	7.2%	9.0%	8.1%	9.4%	7.6%	7.4%	6.9%	6.7%	4.9%	5.7%
VP Bank Securities	n/a	4.2%	n/a	n/a	3.4%	n/a	n/a	4.0%	4.4%	6.0%	6.3%	6.2%	5.5%
ACB Securities	5.7%	5.3%	3.8%	8.7%	4.7%	6.8%	3.8%	4.3%	4.5%	3.6%	n/a	8.7%	4.9%
FPT Securities	4.4%	4.4%	5.0%	3.7%	4.7%	5.3%	5.0%	4.9%	4.2%	4.6%	4.6%	n/a	4.6%
Bao Viet Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5.4%	n/a	n/a	n/a	n/a	3.6%
BIDV Securities	3.8%	4.5%	4.4%	3.8%	4.2%	3.6%	3.4%	n/a	3.6%	n/a	n/a	n/a	3.4%
VCSC	3.6%	3.2%	3.2%	3.5%	4.8%	4.7%	4.2%	4.2%	3.5%	3.4%	n/a	n/a	n/a
KIS Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.2%	n/a	n/a
Vietcombank Securities	4.0%	3.3%	3.1%	5.0%	n/a	3.7%	3.5%	n/a	n/a	n/a	3.8%	n/a	n/a
Mirae Asset Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.5%	5.2%	6.7%	n/a
KIS Vietn/am	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.9%	n/a
SmartInvest Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.6%	n/a

Source: Hanoi Stock Exchange (HNX)

Fig 14: UCom Quarterly market share

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
MB Securities	4.5%	5.7%	7.2%	5.5%	5.0%	4.6%	5.7%	5.7%	6.8%	6.6%	6.7%	7.6%	13.7%
VNDS	6.8%	6.5%	16.1%	15.1%	9.3%	11.5%	13.3%	8.2%	8.4%	9.1%	9.3%	12.4%	12.6%
VP Bank Securities	n/a	n/a	n/a	n/a	n/a	n/a	4.1%	6.4%	7.3%	6.8%	8.3%	11.4%	9.4%
SSI	8.2%	8.3%	6.8%	9.4%	12.3%	8.7%	11.1%	11.8%	10.7%	9.1%	9.8%	8.4%	8.2%
HSC	9.0%	15.8%	5.9%	4.4%	6.4%	6.3%	5.5%	7.6%	6.2%	9.2%	9.0%	6.3%	7.1%
VCSC	9.5%	5.6%	4.8%	5.7%	7.1%	10.5%	7.5%	5.8%	5.3%	n/a	n/a	3.5%	4.6%
BIDV Securities	6.2%	5.1%	6.2%	8.1%	5.6%	5.1%	5.8%	5.5%	7.3%	4.3%	4.4%	4.1%	3.6%
Vietcombank Securities	4.2%	n/a	4.7%	3.4%	6.1%	4.0%	n/a	4.0%	4.2%	5.6%	4.1%	n/a	3.1%
FPT Securities	4.3%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.1%
Bao Viet Securities	n/a	n/a	5.1%	5.3%	n/a	3.8%	n/a	n/a	4.5%		4.6%	5.3%	3.0%
Saigon-Hanoi Securities	8.5%	3.9%	6.1%	10.2%	4.2%	4.7%	6.2%	5.6%	4.2%	5.0%	n/a	n/a	n/a
Maybank Kim Eng Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.3%	n/a	n/a
Vietin Bank	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.1%	n/a	n/a	n/a
Tan Viet Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10.6%	n/a	n/a
Viet Dragon	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.6%	n/a
Maybank Kim Eng Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.5%	n/a

Source: Hanoi Stock Exchange (HNX)

Fig 15: Derivatives Quarterly market share

	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
VP Bank Securities	3.8%	8.4%	6.5%	9.9%	21.8%	37.5%	51.8%	55.9%	59.6%	55.4%
VNDS	20.9%	25.3%	27.4%	24.0%	21.5%	15.2%	12.6%	12.1%	9.4%	10.4%
MB Securities	12.9%	16.2%	17.2%	15.9%	16.8%	12.8%	10.7%	10.3%	9.9%	8.6%
HSC	21.2%	20.2%	25.9%	25.4%	18.6%	13.8%	7.3%	7.0%	5.5%	7.2%
SSI	26.9%	21.9%	16.5%	15.4%	11.1%	9.9%	6.8%	5.9%	5.5%	6.5%
Mirae Asset Securities	n/a	n/a	n/a	n/a	n/a	n/a	3.4%	2.5%	2.9%	2.8%
KB Vietnam Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.5%
FPT Securities	n/a	n/a	n/a	n/a	n/a	n/a	1.0%	1.4%	1.4%	1.4%
Yuanta Vietnam Securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.1%	1.4%
BIDV Securities	9.2%	5.5%	3.8%	4.7%	3.7%	2.8%	2.0%	1.1%	1.0%	1.1%
VCSC	5.1%	2.5%	2.6%	2.8%	1.9%	1.6%	n/a	n/a	n/a	n/a
ACB Securities	n/a	n/a	n/a	n/a	0.6%	1.2%	0.9%	n/a	n/a	n/a
Vietcombank Securities	n/a	n/a	n/a	1.4%	2.2%	1.8%	1.5%	1.2%	0.9%	n/a
Viet Dragon	n/a	n/a	n/a	0.2%	1.2%	1.2%	n/a	0.9%	n/a	n/a
KIS Vietnam	n/a	n/a	n/a	0.4%	0.4%	n/a	n/a	n/a	n/a	n/a

Source: Hanoi Stock Exchange (HNX)

Margin lending

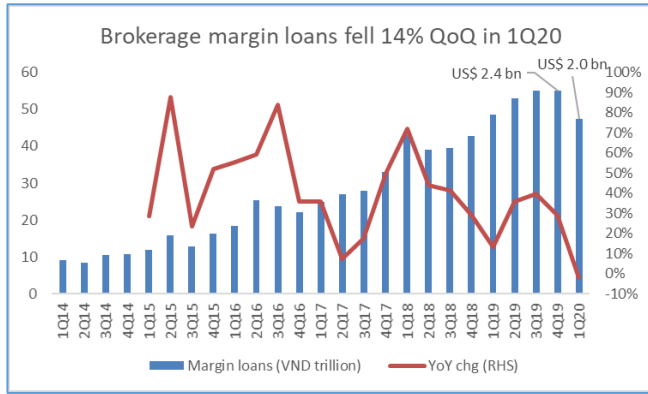
The competitive inroads made by foreign disruptors is even more evident in margin lending.

Domestic investor margin leverage likely peaked in March. As a contrarian signal, margin lending positions can be a useful indicator of retail investor sentiment and overall market leverage. This is because margin borrowers are, by definition, eventual sellers of the shares that they have purchased on margin. Thus, when margin borrowing increases sharply, the risk of a sell-down also increases.

Based on the brokers' 1Q20 balance sheet disclosures, overall margin lending in the system was VND47.5 trillion (US\$2.0bn, -13.9% QoQ / -2.2% YoY) as of the end of March. Our sense is that the bulk of the unwind likely occurred in March, given the market's abysmal performance.

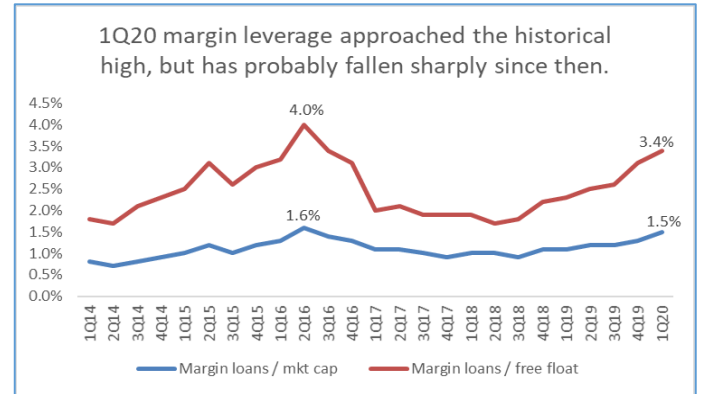
In our view, margin finance is a core driver of profitability for securities brokers, especially for those that lack a credible investment banking product. It is difficult to see a path forward for such brokers, except perhaps for market exit through M&A.

Fig 16: Margin loans declined along with the market carnage in March



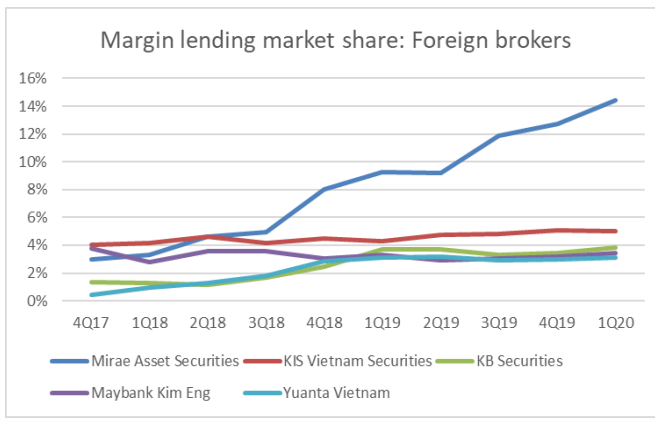
Source: FiinPro, Yuanta Vietnam

Fig 17: Margin loans / free float market cap is our preferred indicator of market leverage



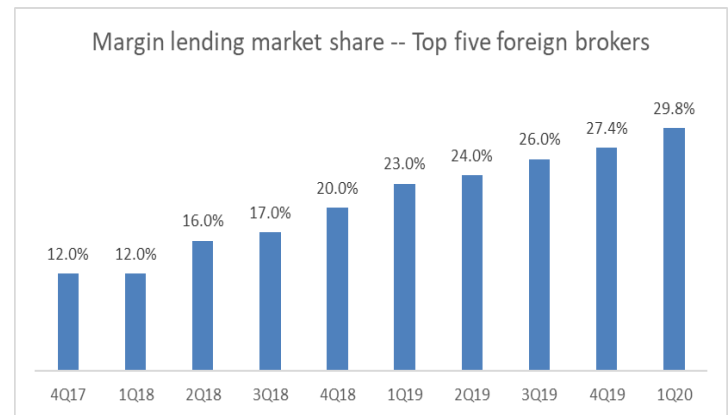
Source: FiinPro, Bloomberg, Yuanta Vietnam

Fig 18: Foreign brokers are gaining market share in margin lending...



Source: FiinPro, Yuanta Vietnam

Fig 19: ...and now account for over a quarter of outstanding margin loans



Aggregate market share of Mirae, KIS, KB, Yuanta, and Maybank-Kim Eng Securities

Source: FiinPro, Yuanta Vietnam

Fig 20: Margin Lending Quarterly market share (Top 20 brokers)

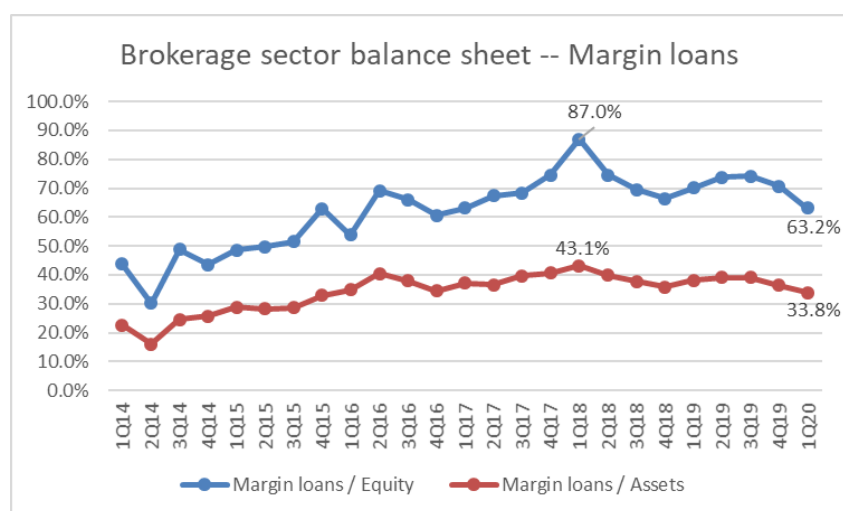
Margin Lending Market Share -- Top 20 brokers	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Mirae Asset Securities	N/A	1.16%	1.50%	2.69%	2.95%	3.28%	4.60%	4.97%	8.01%	9.27%	9.20%	11.90%	12.71%	14.40%
Saigon Securities (SSI)	16.17%	15.40%	14.61%	15.89%	17.03%	16.31%	14.92%	13.44%	13.97%	12.30%	11.28%	10.82%	10.83%	12.57%
Ho Chi Minh Securities (HCM)	12.10%	12.11%	12.75%	12.64%	13.56%	11.44%	7.70%	10.93%	7.36%	7.72%	8.78%	8.47%	8.49%	7.42%
Viet Capital Securities (VC)	5.62%	6.33%	7.73%	10.98%	10.02%	9.35%	11.04%	9.90%	6.23%	4.70%	5.27%	5.05%	5.37%	5.87%
Techcom Securities	1.11%	N/A	N/A	N/A	N/A	1.99%	2.58%	3.13%	3.18%	2.95%	3.26%	3.12%	3.22%	5.06%
KIS Vietnam Securities	N/A	N/A	N/A	N/A	4.00%	4.19%	4.61%	4.14%	4.47%	4.31%	4.72%	4.79%	5.07%	4.98%
MB Securities (MBS)	8.91%	N/A	7.71%	N/A	N/A	5.98%	5.22%	N/A	5.39%	5.09%	4.79%	4.60%	4.67%	4.79%
VNDirect Securities	8.53%	8.99%	9.13%	9.57%	9.06%	8.69%	7.06%	8.24%	5.75%	5.04%	5.60%	5.36%	5.02%	4.22%
KB Securities Vietnam	1.06%	0.91%	1.08%	1.56%	1.36%	1.26%	1.15%	1.66%	2.46%	3.69%	3.69%	3.29%	3.43%	3.82%
Maybank Kim Eng Securities	3.31%	3.01%	3.58%	3.71%	3.75%	2.79%	3.59%	3.58%	3.07%	3.33%	2.94%	3.05%	3.16%	3.45%
Yuanta Securities Vietnam (Upcom: FSC)	N/A	N/A	N/A	N/A	0.41%	0.95%	1.30%	1.78%	2.82%	3.12%	3.19%	2.94%	3.00%	3.10%
FPT Securities (HOSE: FTS)	4.80%	4.13%	4.10%	4.00%	3.95%	3.92%	4.48%	4.63%	3.55%	3.41%	3.15%	3.26%	3.10%	3.03%
Bao Viet Securities (HNX: BVS)	3.37%	2.85%	2.78%	2.98%	3.27%	2.69%	3.26%	3.04%	3.40%	3.06%	2.94%	2.92%	2.34%	2.68%
Viet Dragon Securities (HOSE: VDS)	3.69%	4.27%	3.79%	4.67%	3.63%	3.65%	3.55%	4.13%	3.16%	3.33%	2.89%	2.77%	2.35%	2.68%
Sai Gon - Ha Noi Securities (HNX: SHS)	6.76%	7.00%	6.76%	6.57%	6.11%	5.43%	5.15%	4.92%	4.20%	3.28%	3.19%	3.06%	2.80%	2.55%
Tan Viet Securities	N/A	2.75%	2.79%	3.05%	2.68%	2.37%	2.19%	2.80%	2.65%	2.58%	2.29%	2.20%	1.97%	1.97%
AgriBank Securities (HOSE: AGR)	3.14%	2.90%	2.67%	2.50%	1.85%	1.61%	1.87%	1.99%	1.94%	2.41%	1.76%	1.55%	1.52%	1.91%
Vietcombank Securities	3.14%	2.75%	N/A	3.25%	2.88%	2.92%	2.84%	2.29%	1.86%	1.79%	1.94%	1.86%	2.16%	1.91%
BIDV Securities (HOSE: BSI)	1.50%	1.57%	1.49%	2.01%	1.82%	1.93%	2.05%	1.83%	1.73%	1.46%	1.54%	1.60%	1.81%	1.88%
Phu Hung Securities	N/A	N/A	N/A	N/A	1.97%	2.00%	1.93%	2.67%	2.69%	2.35%	1.87%	1.79%	1.99%	1.76%

Source: FiinPro

Unfortunately, data on margin lending is only available on a quarterly basis, and then only in aggregate for each broker rather than loan exposure to individual stocks (both of which are available for public consideration on a daily basis in other emerging markets such as Taiwan and even China). This is a concern for investors because punters who purchase shares on margin will eventually unwind their positions. In a sharp downturn, the brokers do the selling for punters who can't/won't provide additional margin, thus exacerbating the sell-off. We think that this may have occurred in March. But interestingly, none of the five brokers that we follow (including Mirae) reported significant credit losses during the quarter, suggesting that risk management appears to be functioning.

In any case, we aren't particularly concerned about the spike in the ratio of margin loans to free float market cap in 1Q20. The spike resulted from a decline in margin loans that was less precipitous than the fall in share prices, rather than a ramp-up of margin lending. We believe that the reverse has taken place in 2Q20, and as such we think that the leverage ratio has likely fallen.

Fig 21: Margin loans are 34% of total sector assets



Source: HOSE, HNX, Bloomberg, Company data, Yuanta Research

We calculate average gross yields on market finance of about 12.6% for the four brokers that we follow. We calculate the yields in the above table by dividing the brokers' reported gross income (a flow) from the average margin lending taken from the quarterly balance sheet (a snapshot). This leaves room for distortion given normal seasonality effects, window dressing behavior, and in 1Q20, the probable rapid decline in margin positions in March. A more accurate approach would use the actual average margin loans during the quarter as the denominator, but unfortunately this information is not available to us.

Fig 22: Quarterly margin finance gross yields

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
SSI	11.6%	12.2%	11.8%	11.5%	10.9%	12.1%	11.0%	12.2%	10.5%	11.6%	12.4%	12.1%	12.4%
HSC	12.6%	12.3%	13.3%	13.1%	13.3%	13.7%	12.3%	12.4%	11.7%	12.4%	11.0%	11.4%	11.3%
VCSC	11.6%	11.2%	10.5%	11.9%	10.0%	9.1%	9.0%	18.4%	11.0%	11.6%	12.2%	12.5%	11.8%
VND	12.1%	13.5%	13.8%	13.7%	13.7%	13.8%	12.2%	13.3%	13.6%	14.9%	13.6%	18.1%	15.0%
Average	12.0%	12.3%	12.3%	12.5%	12.0%	12.2%	11.1%	14.0%	11.7%	12.6%	12.3%	13.5%	12.6%

Source: Company data, Yuanta Vietnam

Fig 23: Margin lending interest / gross revenues

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
SSI	28%	30%	52%	30%	35%	62%	27%	52%	42%	42%	37%	38%	75%
HCM	65%	50%	60%	44%	35%	60%	54%	82%	71%	74%	69%	64%	68%
VCI	24%	25%	24%	35%	22%	34%	38%	76%	26%	40%	41%	32%	63%
VND	33%	43%	46%	43%	51%	59%	40%	48%	35%	60%	39%	41%	44%
Average	38%	37%	45%	38%	36%	54%	40%	65%	44%	54%	46%	44%	62%

Source: Company data, Yuanta Vietnam

Gross income from margin loans accounted for an average 50% of 2Q19-1Q20 gross revenues across our brokerage universe. Based on our assumed funding costs (which are not disclosed), we reckon that margin finance accounted for 32% of net operating revenues in the same period. This is roughly 2x the contribution to net operating revenues earned from brokerage fees on an after-cost basis.

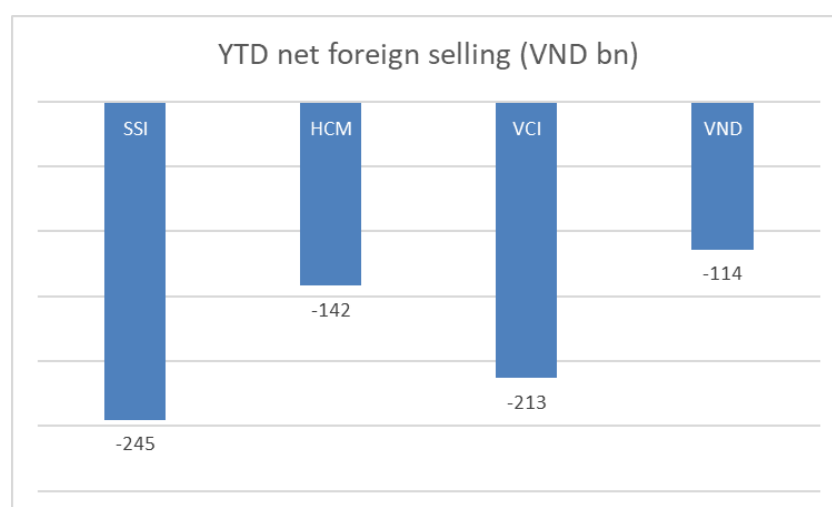
As such, we consider margin finance to be the single most critical driver of *retail* brokerage profitability.

Foreign net buying/selling of brokers

As illustrated in the charts below, foreign investors have been heavy net sellers of the brokers YTD, as they were for most of 2019. According to FiinPro data, foreign investors have net sold US\$31m of brokerage stocks YTD. Foreign selling has been concentrated in SSI (which makes sense given its VN30 Index status) and VCI, with selling of HCM slightly lower.

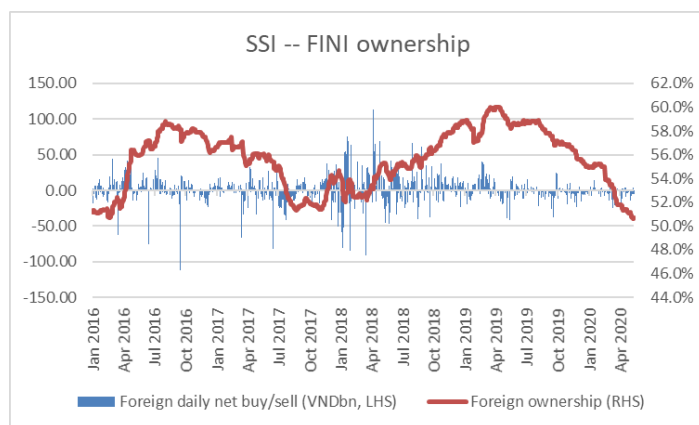
Relative to the stocks' market capitalizations, the net selling is arguably most dramatic for VCI, given that YTD net selling of VND213bn is c. 5% of its current market cap.

Fig 24: FINIs have net sold US\$31m of our 4 brokers YTD



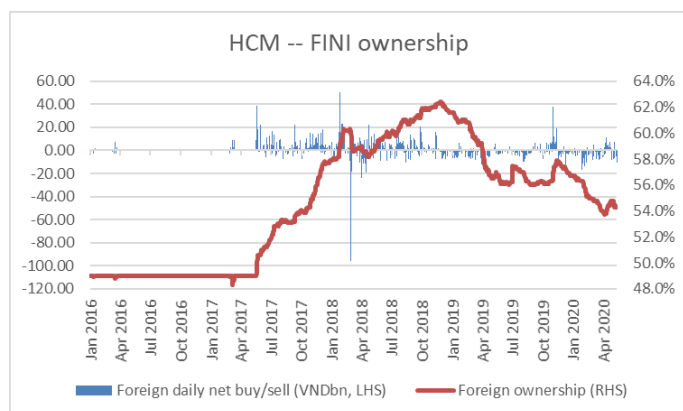
Source: HOSE, HNX, Bloomberg, Company data, Yuanta Research

Fig 25: SSI – Foreign net buy/sell



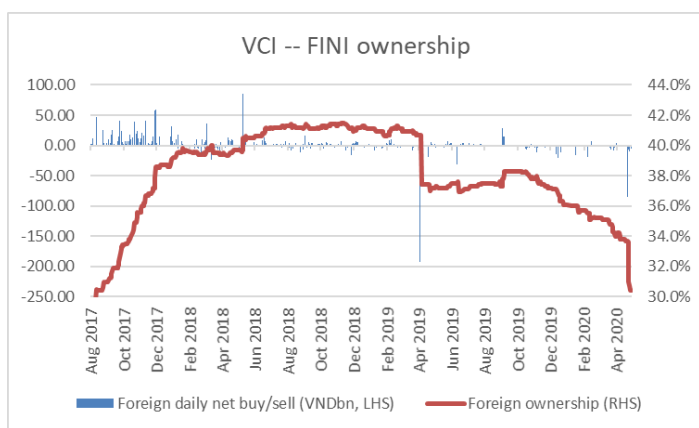
Source: FiinPro, Yuanta Vietnam

Fig 26: HCM – Foreign net buy/sell



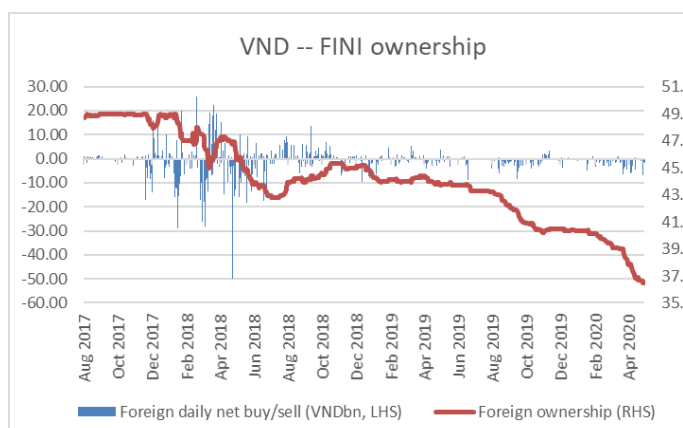
Source: FiinPro, Bloomberg, Yuanta Vietnam

Fig 27: VCI – Foreign net buy/sell



Source: FiinPro, Yuanta Vietnam

Fig 28: VND – Foreign net buy/sell



Source: FiinPro, Bloomberg, Yuanta Vietnam

1Q20 results in review

The table below summarizes the most recent quarterly results for the four brokers in our coverage. With the exception of SSI, which was pummeled by trading losses, the brokers performed reasonably well in terms of their operations in 1Q20, especially considering that March was arguably the worst (and inarguably one of the worst) months in market history.

We think that the brokers are well positioned to post strong sequential increases in earnings given the rapid recovery in Vietnam shares. SSI may be best positioned for a QoQ recovery given the substantial size of its prop trading book. In any case, the quarterly YoY comparables should also look strong in the coming quarters due to the relatively low base. However, we do not expect to see a return to high teen ROE figures for the likes of HCM and VCI until investment banking dealflow stages a strong recovery, which likely a story for 2021 but not one for this year.

Rather than simply reiterating our quarterly notes, we provide links to our 1Q20 financial results reports for each broker in the respective company breakout notes below.

Quarterly earnings summary						
	1Q20			YTD		
SSI	(VND bn)	YoY	QoQ	(VND bn)	YoY	vs our full-year target
Gross brokerage income	123	-20%	-18%	123	-20%	14%
Net brokerage income	0	-101%	-98%	0	-101%	-9%
Service fees	31	345%	115%	31	345%	78%
Gross margin income	145	-7%	-11%	145	-7%	21%
Prop trading	-354	-621%	-202%	-354	-621%	-69%
Gains from HTM assets	159	224233%	303%	159	224233%	161%
Net operating income	259	21%	2%	259	21%	31%
PBT	195	-48%	-55%	195	-48%	9%
Reported PATMI	8	-97%	-97%	8	-97%	1%

	1Q20			YTD		
HCM	(VND bn)	YoY	QoQ	(VND bn)	YoY	vs our full-year target
Gross brokerage income	107	-3%	-13%	107	-3%	22%
Net brokerage income	37	-2%	15%	37	-2%	23%
Service fees	-2	35%	-143%	-2	35%	-4%
Gross margin income	116	13%	-13%	116	13%	22%
Prop trading	36	25%	-5%	36	25%	16%
Gains from AFS assets	0	<i>nmf</i>	<i>nmf</i>	0	<i>nmf</i>	<i>nmf</i>
Gains from HTM assets	0	<i>nmf</i>	<i>nmf</i>	0	<i>nmf</i>	<i>nmf</i>
Net operating income	172	19%	-17%	172	19%	28%
PBT	126	23%	-17%	126	23%	21%
Reported PATMI	101	23%	-21%	101	23%	21%

	1Q20			YTD		
VCI	(VND bn)	YoY	QoQ	(VND bn)	YoY	vs our full-year target
Gross brokerage income	86	-2%	-2%	86	-2%	24%
Net brokerage income	51	130%	202%	51	130%	37%
Service fees	-3	38%	-114%	-3	38%	-8%
Gross margin income	87	23%	-7%	87	23%	25%
Prop trading	27	-85%	-42%	27	-85%	6%
Gains from HTM assets	5	<i>nmf</i>	<i>nmf</i>	5	168%	<i>nmf</i>
Net operating income	139	-49%	-52%	139	-49%	14%
PBT	90	-64%	-64%	90	-64%	16%
Reported PATMI	119	-41%	-41%	119	-41%	25%

	1Q20			YTD		
VND	(VND bn)	YoY	QoQ	(VND bn)	YoY	vs our full-year target
Gross brokerage income	80	-12%	1%	80	-12%	36%
Net brokerage income	47	-17%	7%	47	-17%	40%
Service fees	0	-98%	-100%	0	-98%	0%
Gross margin income	95	9%	-30%	95	9%	22%
Prop trading	-40	-218%	-135%	-40	-218%	-26%
Gains from AFS assets	45	<i>nmf</i>	3393%	45	6%	129%
Gains from HTM assets	106	76%	-1%	106	76%	43%
Net operating income	216	-13%	-35%	216	-13%	21%
PBT	72	-36%	-63%	72	-36%	23%
Reported PATMI	58	-35%	-61%	58	-35%	24%

Source: Company data, Yuanta Vietnam

Vietnam: Brokers
21 May 2020
HCM VN
BUY
TP upside (downside) +39%
Close 18 May 2020

Price	VND 19,150
12M Target	VND 26,532
Previous Target	VND 29,931
Target Change	-11%

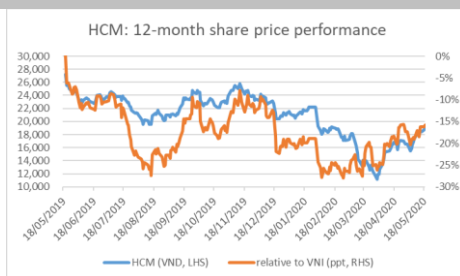
What's new?

- ▶ Targeted client approach should bear fruit going forward.
- ▶ Margin lending spreads may take a beating given the funding cost advantages of foreign players.
- ▶ Earnings forecasts cut by 16% for 2020E and -15% for 2021E.

Our view

- ▶ Stick with the winner. HCM's outperformance vs peers is likely to persist, in our view.
- ▶ Strategic focus on profitability over market share supports confidence.
- ▶ Management bench strength results in lower key man/woman risk than at certain of its peers.

Company profile: In an increasingly competitive market, HCM stands out as best positioned in our coverage to benefit from the long term development of Vietnam's capital markets given its management bench strength, focus on profitability over market share, and solid balance sheet. We also like the shareholder mix, and the stock offers sufficient trading liquidity in our view.


Ho Chi Minh City Securities (HCM VN)
Sensible strategy to drive continued outperformance

HCM remains our top pick given its strengths in institutional brokerage and investment banking. We like the governance structure, which we believe allows for an alignment of interests among minority shareholders and management. Our positive view is bolstered by HCM's willingness to present a better understanding of their overall strategy to the Street—this is common among brokers everywhere else, but extremely rare for Vietnam.

HCM's 1Q20 earnings rose +23.2% YoY, a strong result considering the truly horrible market conditions, especially in March). Brokerage net revenues were in line but service fees and margin income were weaker than expected. For a detailed summary, please see our [results note](#) of April 22.

Targeted approach to client services. Management is moving away from the high-touch mass market strategy and toward a more HNWI-centric operational approach. As such, it has cut its broker headcount by roughly half since early 2019 and plans to close several more physical branches this year as it rolls out a new client-facing trading system in 2H20.

Valuations appear reasonable assuming, as we do, that ROE will rerate to the mid-teen levels after a resurgence of dealflow starting from 2021E. The stock trades at 1.3x 2020E P/B and 8.1x 2021E P/E.

We reiterate BUY but reduce our target price to VND 26,532 based on the median result of our four valuation methodologies. Combined with a liberal dividend payout, this results in 12-m total shareholder returns of 46%.

We view HCM as the best available proxy on the long-term development of Vietnam's capital markets. Relatively high trading liquidity (especially vs VCI's) and lack of FOL restrictions make the stock relevant to institutional shareholders. As such, HCM remains our only BUY among the brokers.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Market cap	US\$369m
6M avg. daily turnover	US\$1.6m
Outstanding shares	306m
Free float	42%
FINI ownership	54%
Major shareholders	58%
1Q20 Net debt/equity	7%
2020E EV/EBITDA	6.3
2020E P/B	1.3x
Trading platform	HOSE
FOL Room	nmf*

*Note: HCM has no foreign ownership limit

Key metrics	2019A	2020E	2021E
Op rev (YoY)	-42%	13%	61%
Adj PATMI (YoY)	-36%	10%	61%
Cur ratio (x)	2.3	2.4	2.1
Debt/Equity (x)	0.3	0.2	0.4
ROA (x)	6.8%	6.4%	9.6%
ROE (x)	10.8%	10.1%	15.7%
EPS (VND)	1,465	1,462	2,356
EPS (YoY)	-49.0%	-0.3%	61.2%
PE (x)	13.1	13.1	8.1
PB (x)	1.3	1.3	1.2
Dividend yield	4.8%	6.9%	6.5%

Source: Bloomberg, Company data, Yuanta Vietnam

Matthew Smith, CFA

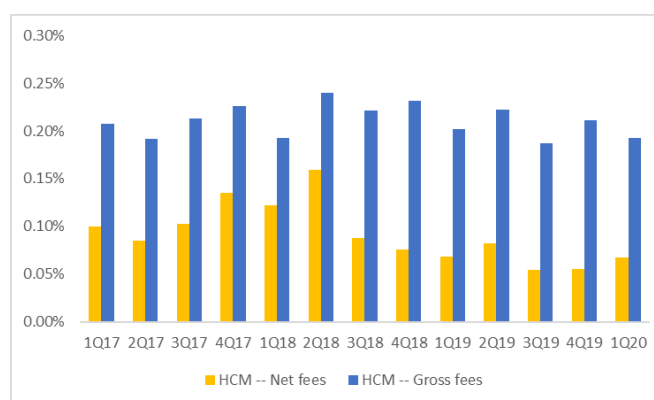
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matthew.smith@yuanta.com.vn
Bloomberg code: YUTA

Sensible strategy to drive continued outperformance

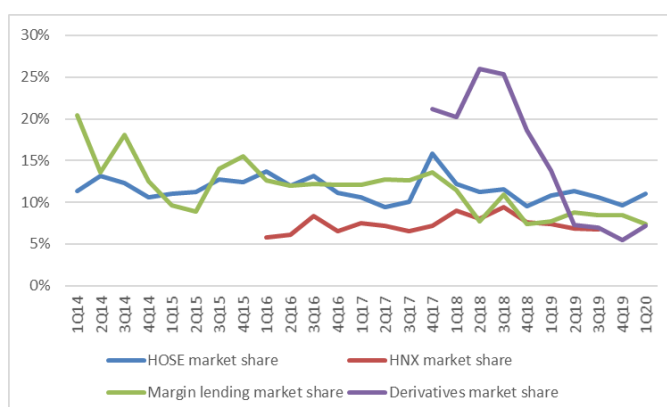
One for the long term. In our opinion, HCM offers long-term investors the best combination of market positioning, confidence in management's execution capabilities and bench strength, and overall investability (i.e., sufficient liquidity and market cap) among the four brokers that we cover. HCM also appears well positioned to benefit from our expectation for increased institutional investor presence—and more importantly, dealflow—in the years ahead. Thus, we rank HCM as our top pick for clients seeking a proxy on the long-term development of the Vietnamese capital markets, and who are willing to ride out the volatility inherent in those markets.

HCM: Brokerage fee commissions



Source: FiinPro, Yuanta Vietnam

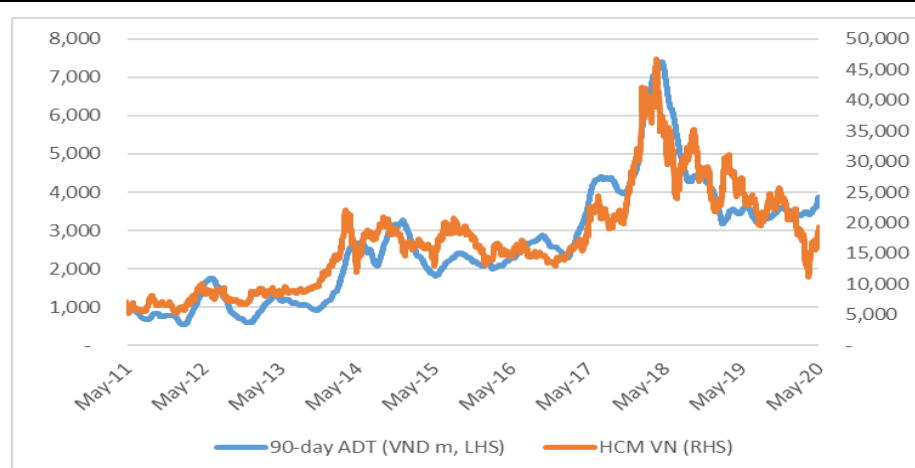
HCM: Quarterly market share



Source: HOSE, HNX, FiinPro, Company data, Yuanta Vietnam

Risks to our view. The stock is highly correlated to the VNIndex (86%) and ADT (85%), implying downside risk for both operations and the share price whenever the market tanks. Of course, the opposite is also true. This is a reality of life for investors in capital markets-facing businesses: the stocks, like the markets, are highly volatile. Our sense is that 1Q20 and particularly March was likely the trough for the market; as such, an uncontrolled secondary outbreak of COVID-19 is probably the most significant risk to our call.

Share price correlation with average daily turnover: 83%



Source: Bloomberg, Yuanta Vietnam

Perhaps a more cogent risk for HCM specifically is competition for institutional brokerage from incumbent and recent market entrants given that it ranks among the predominant players. We view margin lending and investment banking as the key drivers of brokerage profitability, and the former business is already under severe competition from foreign

players with funding advantages and domestic brokers who are less ROE-focused. Thus, we think that the IB division perhaps offers a wider moat, at least for now.

We reduce our earnings forecasts by 16% for 2020E and by 15% for 2021E, with similar cuts to our EPS assumptions. This comes largely on the back of reduced expectations for the major market-related metrics that drive our model (e.g., turnover, margin finance, and IB fee income in 2020E), and reduced brokerage profitability forecasts. We also introduce our 2022E forecasts, which imply 10% four-year earnings CAGR (using the record numbers from 2018 as the base). In other words, our expectations for 2020 are already curbed; however, we expect dramatically improved market conditions in 2021-22E.

Earnings and target price revisions									
	2020E			2021E			2022E		
	Previous	New	% chg	Previous	New	% chg	Previous	New	% chg
Net income (VND bn)	520	439	-16%	831	707	-15%	N/A	901	nmf
EPS (VND)	1,701	1,462	-15%	2,891	2,356	-19%	N/A	3,005	nmf
Target price (VND)	29,931	26,532	-11%						

Source: Yuanta Vietnam

Quarterly earnings summary						
HCM	1Q20	YoY	QoQ	YTD	YoY	vs our full-year target
	(VND bn)			(VND bn)		
Gross brokerage income	107	-3%	-13%	107	-3%	23%
Net brokerage income	37	-2%	15%	37	-2%	25%
Service fees	-2	35%	-143%	-2	35%	-5%
Gross margin income	116	13%	-13%	116	13%	22%
Prop trading	36	25%	-5%	36	25%	22%
Gains from AFS assets	0	nmf	nmf	0	nmf	nmf
Gains from HTM assets	0	nmf	nmf	0	nmf	nmf
Net operating income	172	19%	-17%	172	19%	31%
PBT	126	23%	-17%	126	23%	22%
Reported PATMI	101	23%	-21%	101	23%	22%

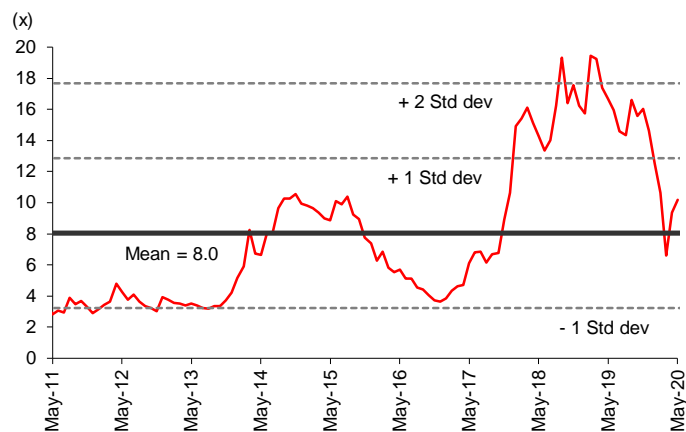
Source: Company data, Yuanta Vietnam

Valuations. Our target price is based on the median of four fair value methodologies and implies 11.3x 2021E P/E, which we view as conservative. This valuation is supported by average 2020-23E ROE of 15.2%, as we expect the 36% YOY decline in attributable income in 2019 to be followed by a modest recovery in 2020 followed by stronger results in 2021-23E. Achieving our forecasts for 2021-23E would require a resurgence in market activity and especially investment banking dealflow, from which we believe HCM would be well-positioned to benefit. Please note that these ROE figures are adjusted for below-the-line employee welfare payments. The shares currently trade at 1.3x 2020E P/BV and 13x adjusted 2020E PER. Based on the company's 100% dividend payout ratio on 2019E earnings (of which c.60% will be paid in July), we estimate a 2020E dividend yield of 6.9%.

Price multiples					
(x)	2018A	2019A	2020E	2021E	2022E
Reported P/E	7.7	12.0	12.0	7.5	5.9
Adjusted P/E	8.4	13.1	13.1	8.1	6.4
Reported P/B	1.0	1.3	1.3	1.2	1.1
Tangible P/B	1.0	1.3	1.3	1.2	1.1
EV / EBITDA	5.1	7.6	6.3	4.1	3.2
Dividend Yield	6.7%	4.8%	6.9%	6.5%	8.0%

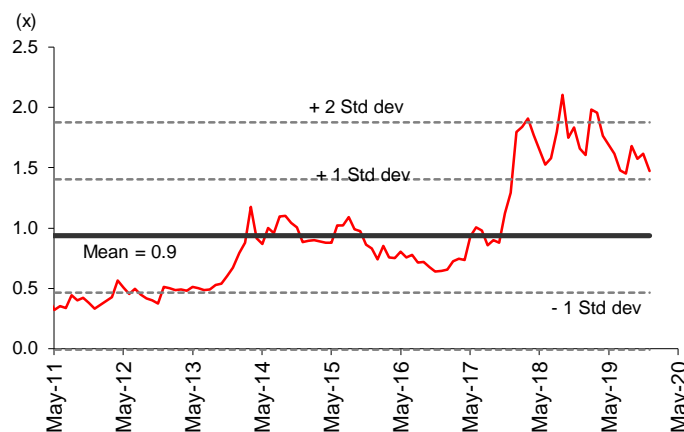
Source: Company data, Yuanta Vietnam

HCM VN: Historical 12-month forward P/E band



Source: Company data, Bloomberg, Yuanta Vietnam

HCM VN: Historical 12-month forward P/B band



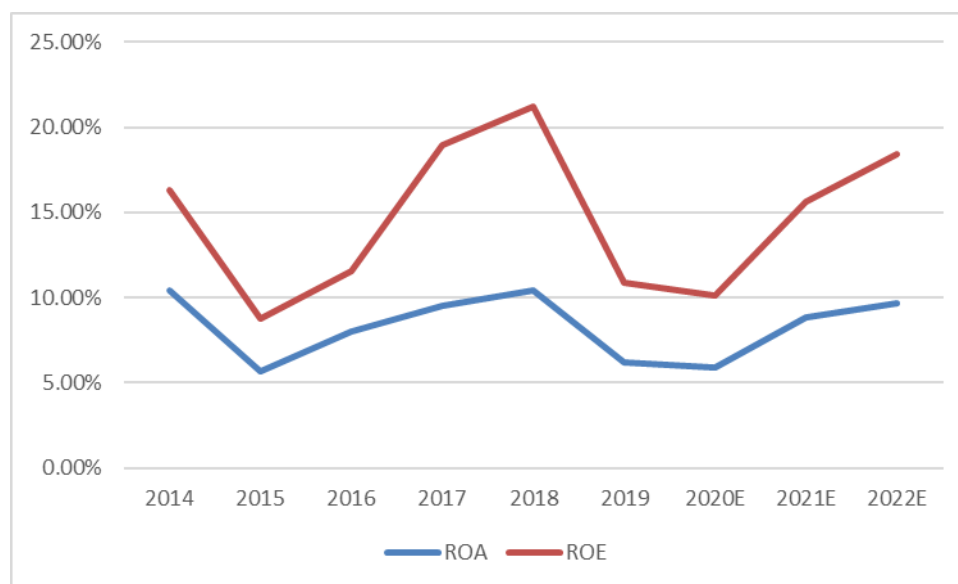
Source: Company data, Bloomberg, Yuanta Vietnam

Valuation Summary: HCM

	VND per share	Upside / downside	Implied 2020E PB (x)	Implied 2021E PE (x)
Current price	19,150		1.3	8.1
DCF valuation	27,243	42.3%	1.9	11.6
Gordon growth valuation	28,808	50.4%	2.0	12.2
DDM	25,313	32.2%	1.7	10.7
SoTP	25,821	34.8%	1.8	11.0
Mean fair value	26,796	39.9%	1.8	11.4
Median fair value	26,532	38.5%	1.8	11.3

Source: Company data, Yuanta Vietnam

HCM's focus on profitability is a key attraction. ROE should revert to the high teens once investment banking flows pick up.



Source: Company data, Yuanta Vietnam

Income Statement: HCM						
(VND bn)	2018A	2019A	2020E	2021E	2022E	2023E
Brokerage net revenues	344	151	158	166	263	399
Margin lending net revenues	470	403	327	487	666	732
Gains on trading assets	173	94	221	429	398	244
Gains on AFS & HTM assets	-	-	-	-	-	-
Other investment	30	50	71	82	93	54
Total investment revenues	203	144	292	511	491	298
Net fee income	96	37	42	64	83	104
Other operating net revenues	11	2	2	2	2	2
Net operating revenues	1,124	737	822	1,230	1,504	1,536
SG&A expenses	(181)	(187)	(201)	(229)	(246)	(263)
Operating profit	943	550	621	1,001	1,259	1,273
Associates	0	0	0	0	0	0
Non-operating revenues	2	2	2	3	3	3
Interest expense (ex margin)	(103)	(21)	(26)	(41)	(34)	(74)
Pretax profit	842	531	597	963	1,228	1,202
Tax	(167)	(99)	(119)	(193)	(246)	(240)
Minorities	-	-	-	-	-	-
Reported PATMI	675	433	478	770	982	962
PATMI plus OCI	675	433	478	770	982	962
Adjusted PATMI	620	397	439	707	901	883
Reported EPS (VND)	3,128	1,596	1,592	2,567	3,273	3,206
Adjusted EPS (VND)	2,872	1,465	1,462	2,356	3,005	2,943

Source: Company data, Yuanta Vietnam

Balance sheet: HCM						
(VND bn)	2018A	2019A	2020E	2021E	2022E	2023E
Cash & equivalents	117	907	988	1,067	1,153	1,210
Net margin loans	3,238	4,697	4,227	5,284	6,076	7,292
FVPL assets	852	1,287	1,480	1,702	1,914	2,154
AFS assets	-	-	-	-	-	-
S/T HTM assets	-	-	-	-	-	-
Other current assets	858	406	429	452	477	504
Current assets	5,065	7,296	7,123	8,505	9,621	11,159
L/T HTM assets	-	-	-	-	-	-
Associates	-	-	-	-	-	-
Other L/T assets	191	193	207	220	234	250
Total L-T assets	191	193	207	220	234	250
Total assets	5,256	7,489	7,330	8,725	9,855	11,409
S/T borrowings	1,554	2,394	1,963	2,709	3,250	3,901
S/T bonds	150	-	-	-	-	-
Other S/T liabilities	492	791	1,022	1,337	1,483	1,954
Current liabilities	2,196	3,185	2,985	4,045	4,733	5,855
Long-term bonds	-	-	-	-	-	-
Other L/T liabilities	-	-	-	-	-	-
Long-term liabilities	-	-	-	-	-	-
Shareholder equity	1,295	3,053	3,053	3,053	3,053	3,053
Reserves	594	666	666	666	666	666
Retained earnings	1,172	585	627	961	1,403	1,835
Minority interests	-	-	-	-	-	-
Total equity	3,061	4,304	4,346	4,680	5,122	5,554
Attributable equity	3,061	4,304	4,346	4,680	5,122	5,554
BVPS (VND)	23,621	14,362	14,501	15,616	17,091	18,533

Source: Company data, Yuanta Vietnam

Selected ratios: HCM

Liquidity & leverage	2018A	2019A	2020E	2021E	2022E	2023E
Current ratio (x)	2.3	2.3	2.4	2.1	2.0	1.9
Net debt / equity	47%	35%	22%	35%	41%	48%
Interest coverage ratio (x)	3.7	5.4	5.8	5.3	4.4	3.9
Equity / Assets	58.2%	57.5%	59.3%	53.6%	52.0%	48.7%
Tangible Equity / Assets	58.0%	57.4%	59.2%	53.5%	51.9%	48.6%
Asset yields	2018A	2019A	2020E	2021E	2022E	2023E
Margin loans (net)	6.6%	5.0%	5.0%	5.8%	5.8%	5.8%
FVPL realized	22.8%	8.5%	10.0%	25.0%	20.0%	10.0%
FVPL revaluation	-2.6%	0.3%	6.0%	2.0%	2.0%	2.0%
Dividends / Interest on FVPL	12.3%	12.0%	12.5%	12.5%	12.5%	10.0%
Total trading book	23.7%	13.4%	21.1%	32.1%	27.1%	14.6%
Fee income / Assets	1.6%	0.6%	0.6%	0.8%	0.9%	1.0%
Profitability	2018A	2019A	2020E	2021E	2022E	2023E
Brokerage GPM	45.4%	31.6%	32.7%	32.3%	32.0%	31.7%
Margin lending GPM	89.9%	81.2%	62.8%	65.0%	65.8%	65.8%
Brokerage / net op inc	30.6%	20.5%	19.3%	13.5%	17.5%	26.0%
Margin / net op inc	41.8%	54.7%	39.8%	39.6%	44.3%	47.7%
Fees / net op inc	8.5%	5.0%	5.2%	5.2%	5.5%	6.8%
Investments / net op inc	18.1%	19.5%	35.6%	41.6%	32.6%	19.4%
Staff comp ratio	16.3%	21.6%	22.0%	23.0%	24.0%	25.0%
Bonus & welfare / NPAT	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
Adj ROA	11.3%	6.8%	6.4%	9.6%	10.6%	9.0%
Adj ROE	21.2%	10.8%	10.1%	15.7%	18.4%	16.5%
Growth (YoY)	2018A	2019A	2020E	2021E	2022E	2023E
Brokerage revenues	8.7%	-56.0%	4.6%	4.8%	58.3%	52.0%
Margin lending net revenues	54.4%	-14.3%	-18.9%	49.0%	36.7%	10.0%
Investment revenues	19.8%	-29.3%	103.4%	74.8%	-4.0%	-39.3%
Fee income	166.2%	-61.5%	14.7%	50.7%	30.3%	25.2%
Net operating revenues	34.8%	-34.5%	11.6%	49.7%	22.3%	2.1%
SG&A expenses	47.5%	3.0%	7.7%	14.0%	7.0%	7.1%
Operating profit	32.6%	-41.7%	12.9%	61.3%	25.8%	1.1%
Reported PATMI	21.9%	-36.0%	10.4%	61.2%	27.5%	-2.1%
Adjusted PATMI	26.5%	-36.0%	10.4%	61.2%	27.5%	-2.1%
Reported EPS	-27.1%	-49.0%	-0.3%	61.2%	27.5%	-2.1%
Adjusted EPS	-24.4%	-49.0%	-0.3%	61.2%	27.5%	-2.1%
Avg margin loans	21.5%	7.5%	5.0%	35.0%	35.0%	10.0%
FVPL assets	-1.0%	51.0%	15.0%	15.0%	12.5%	12.5%
AFS assets	-	-	-	-	-	-
Short-term HTM assets	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Total current assets	-22.1%	44.0%	-2.4%	19.4%	13.1%	16.0%
Total assets	-21.3%	42.5%	-2.1%	19.0%	13.0%	15.8%
Attributable equity	9.6%	41.1%	0.9%	7.7%	9.4%	8.4%
BVPS	9.7%	-39.2%	1.0%	7.7%	9.4%	8.4%

Source: Company data, Yuanta Vietnam

Vietnam: Brokers
21 May 2020
SSI VN
BUY
TP upside (downside) +29%
Close 18 Dec 2019

Price	VND 14,150
12M Target	VND 18,328
Previous Target	VND 23,525
Target Change	-22%

Company profile: SSI is the largest domestic securities company by brokerage market share. It is now a distant No.2 in margin lending market share, and recovering its dominant position in this key segment will be difficult given the funding advantages of the very aggressive foreign players. Another key driver of earnings is its HTM book, which we consider to be deposit arbitrage. SSI is a member of the VN30 index and it is the sector's largest stock by market cap and liquidity, making it the most "investable" of the brokers from a technical standpoint.

What's new?

- ▶ **Capital raising did not presage a chase** for margin finance business.
- ▶ **Substantial trading gains appear likely in 2Q20** following the buildup of trading positions in 1Q20.
- ▶ **EPS forecasts cut** by -18% for 2020E and -6% for 2021E.

Our view

- ▶ **Short term trading idea:** SSI's sequential results in 2Q20 are very likely to turn around substantially on trading gains.
- ▶ **Investability matters.** SSI's market cap and trading liquidity are the sector's highest.
- ▶ **We reiterate HOLD-Outperform.** SSI's shares may outperform peers on strong 2Q results.


Saigon Securities (SSI VN)
Proxy on a probable market rally in 1Q20

Traders take note. We expect a sharp sequential turnaround in 2Q20 results following the pain of 1Q20. Although we prefer HCM as a long-term pick, SSI's share price performance could outperform the sector over the next few months due to its (probable) substantial trading gains.

SSI's 1Q20 earnings declined -96% QoQ and YoY as net brokerage fees were effectively zero, and its proprietary trading losses soared to VND354bn. The company only managed to avoid a bottom line loss by selling AFS assets, presumably to pad earnings during the quarter. For a more detailed summary, please see our [results note](#) of May 4.

However, 2Q20 results are likely to be substantially better. Unrealized mark-to-market losses comprised 88% of SSI's 1Q20 trading losses. Far from panic selling, SSI loaded up on its prop book as exhibited by its FVPL assets (+50% QoQ / 203% YoY) which represented 23.6% of total assets as of 1Q20 vs. 10-16% for the other three brokers in our coverage. The 29% rally in the VNI since then suggests that SSI is very likely to post substantial trading gains in the current quarter.

Valuation is reasonable. Fundamentally, SSI merits a valuation discount to HCM given that its ROEs are lower. Still, the shares trade at just 0.8x 2020E P/BV and 6.8x 2021E PER, which we believe more than discounts the company's structurally low profitability, especially if our view on the market's extrapolation of very strong earnings in 2Q20 is correct.

Downward earnings revisions. We cut our EPS by 18% for 2020E and by 6% for 2021E after factoring in the increased share count and dialing down our earnings assumptions.

We reiterate our HOLD-Outperform call. We reckon SSI's sequential earnings will improve substantially in 2Q20, which may allow for considerable outperformance as a short term trade. However, HCM remains our preferred long-term top pick in the sector.

Market cap	US\$369m
6M avg. daily turnover	US\$1.6m
Outstanding shares	590m
Free float	65%
FINI ownership	51%
Major shareholders	35%
Net debt/equity	180%
2020E EV/EBITDA	1.6x
2020E P/B	0.8x
Trading platform	HOSE
FOL Room	nmf*

*Note: SSI has no foreign ownership limit

Key metrics	2019A	2020E	2021E
Operating inc growth (YoY)	-3%	4%	31%
Adj PATMI growth (%)	-25%	-8%	39%
Current ratio (x)	1.4	1.3	1.3
Debt/Equity (x)	1.7	1.8	1.8
ROA (x)	3.6%	2.9%	3.6%
ROE (x)	9.9%	8.8%	11.4%
Adj EPS (VND/share)	1,537	1,413	1,971
EPS growth (%)	-32.5%	-8.0%	39.4%
PE (x)	10.1	7.2	6.8
PB (x)	0.9	0.8	0.8
Dividend yield	3.0%	4.3%	4.0%

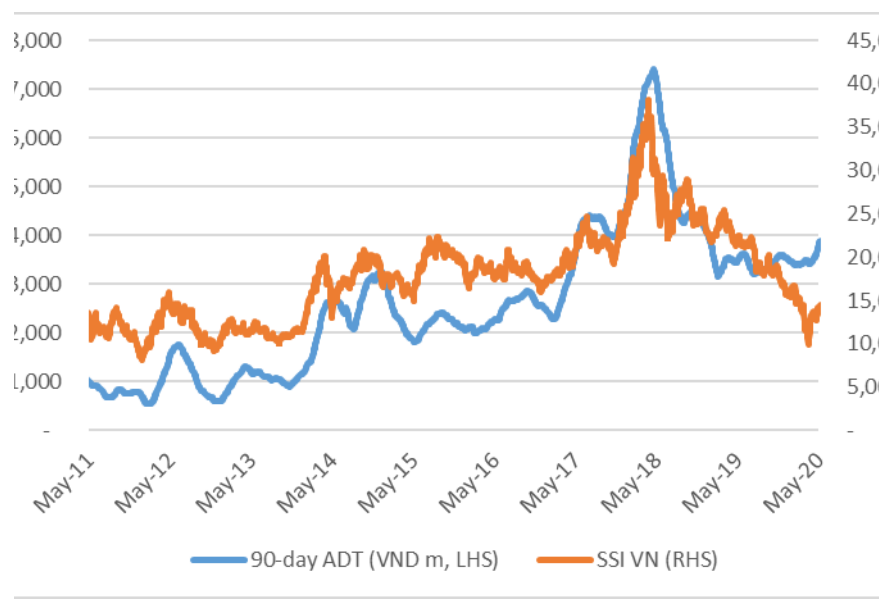
Source: Bloomberg, Company data, Yuanta Securities

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Share price correlation with average daily turnover: 79%



Source: Bloomberg, Yuanta Vietnam

We cut our PATMI forecasts by 3% for 2020E but increase our estimate by 11% for 2021E, with our EPS forecasts reduced by 18% for 2020E and by 6% for 2021E after adjusting our share count for SSI's capital call. We also introduce our 2022E earnings assumptions with publication of this note. SSI's 1Q20 performance was close to a breakeven result, but we anticipate a sharp turnaround in its proprietary trading results in 2Q20 so we think our forecasts for this year are reasonable.

Earnings and target price revisions

	2020E			2021E			2022E		
	Previous	New	% chg	Previous	New	% chg	Previous	New	% chg
Net income (VND bn)	864	834	-3%	1,050	1,163	11%	na	1,232	na
EPS (VND)	1,701	1,413	-18%	2,067	1,971	-6%	na	2,088	na
Target price (VND)	23,525	18,328	-22%						

Source: Yuanta Securities

Quarterly earnings summary

HCM	1Q20 (VND bn)	YoY	QoQ	YTD (VND bn)	YoY	vs our full-year target
Gross brokerage income	123	-20%	-18%	123	-20%	14%
Net brokerage income	0	-101%	-98%	0	-101%	-9%
Service fees	31	345%	115%	31	345%	78%
Gross margin income	145	-7%	-11%	145	-7%	21%
Prop trading	-354	-621%	-202%	-354	-621%	-69%
Gains from AFS assets	159	224233%	303%	159	224233%	161%
Gains from HTM assets	259	21%	2%	259	21%	31%
PBT	195	-48%	-55%	195	-48%	9%
Reported PATMI	8	-97%	-97%	8	-97%	1%

Source: Company data, Yuanta Vietnam

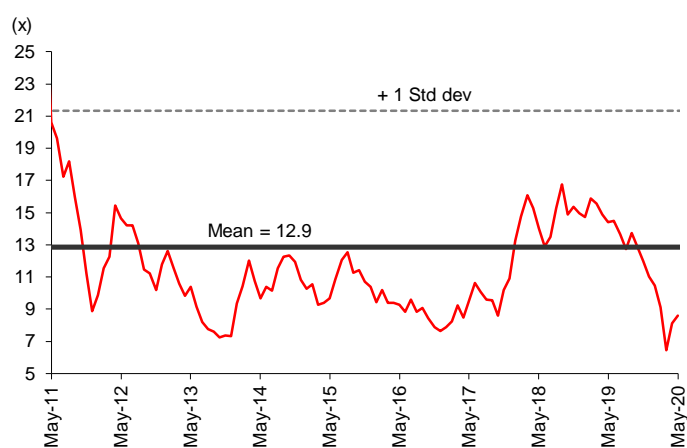
Valuations. Our target price is based on the median of four fair value methodologies and implies just 1.1x 2020E P/B and 9.3x 2021E P/E. This valuation is reasonably conservative for a capital markets-facing business with a strong (albeit not unassailable) market position. On a net basis, the company has generated

essentially zero operating income from brokerage over the past four quarters, suggesting a relatively inefficient high-touch and mass market client servicing model. This appears to be essentially a loss leader for its margin finance and treasury businesses. The latter business appears to be essentially deposit arbitrage (i.e., borrowing short and lending long) but given the realities of Vietnam banking, the duration mismatch is probably less risky than it sounds. The vagaries of the company's trading results are another key factor; generally, markets do not apply high valuation multiples to risky trading strategies. SSI's shares tend to trade at a discount to its major peers, and we don't expect this to change.

Our target price implies 1.1x 2020E P/BV and 9.3 adjusted 2021E PER. In the absence of guidance on a dividend policy, we are assuming a 40% dividend payout ratio on 2020E earnings, which translates into a 4.0% dividend yield.

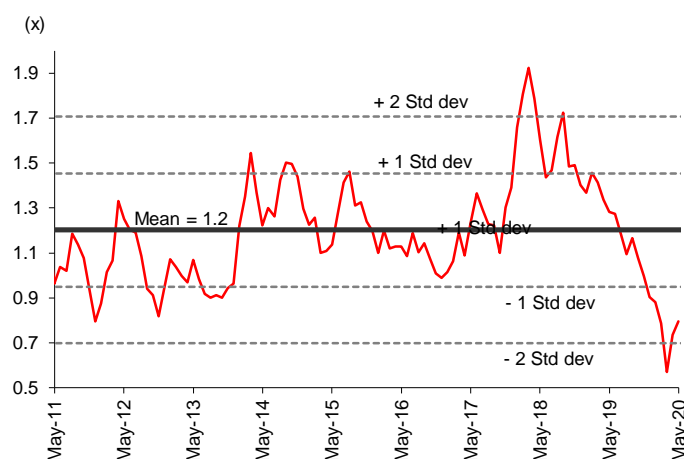
Price multiples: SSI					
(x)	2018A	2019A	2020E	2021E	2022E
Reported P/E	9.2	10.0	7.2	6.8	7.6
Adjusted P/E	9.3	10.1	7.2	6.8	7.6
Reported P/B	0.8	0.9	0.8	0.8	0.7
Tangible P/B	0.8	0.9	0.8	0.8	0.7
EV / EBITDA	1.5	1.7	1.6	1.3	1.2
Dividend Yield	7.0%	3.0%	4.3%	4.0%	5.5%

SSI VN: Historical 12-month forward P/E band



Source: Company data, Bloomberg, Yuanta Vietnam

SSI VN: Historical 12-month forward P/B band



Source: Company data, Bloomberg, Yuanta Vietnam

Summary: Valuations

	VND per share	Upside / downside	2020E PB (x)	Implied 2021E PE (x)
Current price	14,250		0.8	7.2
DCF valuation	19,452	36.5%	1.1	9.9
Gordon growth valuation	18,612	30.6%	1.1	9.4
DDM	18,044	26.6%	1.0	9.2
SoTP	16,012	12.4%	0.9	8.1
Mean fair value	18,030	26.5%	1.0	9.1
Median fair value	18,328	28.6%	1.1	9.3

Source: Company data, Yuanta Vietnam

Income Statement: SSI					
(VND bn)	2018A	2019A	2020E	2021E	2022E
Brokerage net revenues	358	27	2	3	4
Margin lending net revenues	427	316	348	400	471
Gains on trading assets	(62)	236	510	836	854
Gains on AFS & HTM assets	925	1,074	924	1,036	1,152
Other investment	46	69	53	51	24
Total investment revenues	908	1,380	1,487	1,924	2,030
Net fee income	75	52	40	68	77
Other operating net revenues	(24)	(61)	(73)	(80)	(88)
Net operating revenues	1,744	1,713	1,804	2,315	2,494
SG&A expenses	(174)	(193)	(217)	(242)	(261)
Operating profit	1,571	1,520	1,587	2,073	2,234
Associates	239	0	79	60	60
Non-operating revenues	73	39	41	43	45
Interest expense	(259)	(453)	(666)	(724)	(800)
Pretax profit	1,623	1,106	1,041	1,452	1,538
Tax	(320)	(198)	(205)	(286)	(303)
Minorities	2	-	-	-	-
Reported PATMI	1,305	907	836	1,166	1,235
PATMI plus OCI	1,214	909	838	1,168	1,238
Adjusted PATMI	1,214	907	834	1,163	1,232
Reported EPS (VND)	2,428	1,541	1,420	1,980	2,098
Adjusted EPS (VND)	2,277	1,537	1,413	1,971	2,088

Source: Company data, Yuanta Securities

Balance Sheet: SSI					
(VND bn)	2018A	2019A	2020E	2021E	2022E
Cash & equivalents	613	1,041	1,093	1,137	1,193
Net margin loans	5,937	5,318	6,382	7,100	7,632
FVPL assets	2,040	4,315	4,531	4,758	4,995
AFS assets	1,265	760	821	878	922
S/T HTM assets	12,326	10,722	12,866	14,314	15,387
Other current assets	89	135	141	148	155
Current assets	22,270	22,291	25,834	28,334	30,285
L/T HTM assets	302	3,445	4,133	4,598	4,943
Associates	764	794	794	794	794
Other L/T assets	489	514	524	534	545
Total L-T assets	1,555	4,753	5,452	5,927	6,283
Total assets	23,826	27,044	31,286	34,261	36,569
S/T borrowings	11,193	15,550	17,183	18,772	19,711
S/T bonds	255	-	-	-	-
Other S/T liabilities	2,021	859	2,215	2,481	2,967
Current liabilities	13,469	16,410	19,398	21,254	22,678
Long-term bonds	1,068	1,106	1,880	2,162	2,270
Other L/T liabilities	132	128	134	141	148
Long-term liabilities	1,201	1,234	2,014	2,303	2,418
Shareholder equity	5,235	5,225	5,225	5,225	5,225
Reserves	1,058	1,170	1,170	1,170	1,170
Retained earnings	2,795	2,941	3,413	4,242	5,009
Minority interests	67	65	66	67	69
Total equity	9,156	9,401	9,874	10,704	11,473
Attributable equity	9,089	9,336	9,808	10,637	11,404
BVPS (VND)	17,850	16,373	17,200	18,654	20,000

Source: Company data, Yuanta Securities

Select ratios: SSI						
Liquidity & leverage	2018A	2019A	2020E	2021E	2022E	
Current ratio	1.7	1.4	1.3	1.3	1.3	
Net debt / equity	1.27	1.66	1.82	1.85	1.81	
Interest coverage ratio	2.3	1.9	2.2	2.2	2.1	
Equity / Assets	38.4%	34.8%	31.6%	31.2%	31.4%	
Tangible Equity / Assets	38.3%	34.6%	31.4%	31.1%	31.3%	
Asset yields	2018A	2019A	2020E	2021E	2022E	
Margin loans (net)	7.7%	5.1%	4.5%	4.5%	5.0%	
FVPL realized	11.4%	6.6%	9.0%	10.0%	9.5%	
FVPL revaluation	-15.0%	0.8%	2.5%	8.0%	8.0%	
AFS securities	15.0%	8.2%	12.5%	10.0%	12.5%	
S/T HTM securities	6.9%	7.4%	7.0%	7.0%	7.0%	
Associates	30.3%	0.0%	10.0%	7.5%	7.5%	
Profitability	2018A	2019A	2020E	2021E	2022E	
Brokerage GPM	31.7%	4.6%	0.3%	0.3%	0.3%	
Margin lending GPM	60.0%	46.6%	51.2%	52.3%	56.0%	
Brokerage / net op inc	20.5%	1.6%	0.1%	0.1%	0.2%	
Margin / net op inc	24.5%	18.4%	19.3%	17.3%	18.9%	
Fees / net op inc	4.3%	3.0%	2.2%	2.9%	3.1%	
Investments / net op inc	52.1%	80.5%	82.4%	83.1%	81.4%	
Staff comp ratio	13.1%	0.0%	13.0%	13.0%	13.0%	
ROA	5.7%	3.6%	2.9%	3.6%	3.5%	
ROE	13.9%	9.9%	8.8%	11.4%	11.2%	
Growth (YoY)	2018A	2019A	2020E	2021E	2022E	
Brokerage revenues	35.7%	-92.6%	-91.0%	30.0%	36.5%	
Margin lending net revenues	29.1%	-26.0%	10.2%	15.0%	17.8%	
Investment revenues	-2.2%	51.9%	7.8%	29.4%	5.5%	
Fee income	47.5%	-30.3%	-23.1%	69.9%	12.9%	
Net operating revenues	11.4%	-1.8%	5.3%	28.3%	7.8%	
SG&A expenses	3.4%	11.3%	12.2%	11.4%	7.9%	
Operating profit	12.3%	-3.2%	4.4%	30.6%	7.7%	
Reported PATMI	12.3%	-30.5%	-7.8%	39.4%	6.0%	
Adjusted PATMI	12.1%	-25.3%	-8.0%	39.4%	6.0%	
Reported EPS	9.9%	-36.5%	-7.8%	39.4%	6.0%	
Adjusted EPS	3.1%	-32.5%	-8.0%	39.4%	6.0%	
Avg margin loans	35.7%	14.9%	5.0%	12.5%	10.0%	
FVPL assets	42.5%	111.5%	5.0%	5.0%	5.0%	
AFS assets	-17.6%	-39.9%	8.0%	7.0%	5.0%	
Short-term HTM assets	56.4%	-13.0%	20.0%	11.3%	7.5%	
Total current assets	29.3%	0.1%	15.9%	9.7%	6.9%	
Total assets	27.0%	13.5%	15.7%	9.5%	6.7%	
Attributable equity	7.7%	2.6%	5.0%	8.5%	7.2%	
BVPS	4.5%	-8.3%	5.0%	8.5%	7.2%	

Source: Company data, Yuanta Securities

Vietnam: Brokers
21 May 2020
VCI VN
HOLD-Underperform
TP upside +9.1%
Close 18 May 2020

Price	VND 24,250
12M Target	VND 26,449
Previous Target	VND 32,437
Target Change	-18%

What's new?

- ▶ **Downgrade to HOLD-U/P** in light of the distant catalysts for a rerating.
- ▶ **EPS forecasts cut** by -15% for 2019E and -44%/-46% for 2020/21E.
- ▶ **The stock may rally in line with the market in 1Q20**, but HCM and SSI are superior market proxies given their higher trading liquidity.

Our view

- ▶ **The stock's low liquidity could be a hurdle** to institutional interest.
- ▶ **A resurgence of IPO activity is likely** in 2021, but VCI's ability to maintain its dominance is in question.
- ▶ **We suggest a determined investor relations effort**, which could help turn around sentiment and end the de-rating.

Company profile: VCI is a market leader in Vietnamese investment banking and institutional brokerage. Following a sharp de-rating since the 1Q18 peak, the shares now trade at the lowest P/E multiples in our Vietnam brokers universe. However, the stock also has the lowest daily trading liquidity in our coverage, and this could be a reason for the valuation discount.

Viet Capital Securities (VCI VN)
The de-rating continues

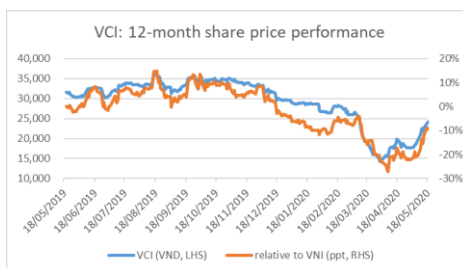
Searching for catalysts. In theory, VCI's investment banking platform should insulate it from the extreme competition in retail broking. Vietnam's ECM/DCM outlook should improve from 2021E. VCI's ability to retain its preeminence in investment banking is thus crucial, but in our view investor confidence appears to be low.

Foreign net selling is most dramatic for VCI, which has seen the sector's highest foreign net selling in relative terms at c.5% of its current market cap. A determined investor relations effort such as HCM's outreach to the Street might help to boost sentiment and the stock's valuation.

VCI is the least correlated stock to market turnover at just 57% historical correlation to 90-day average daily turnover in the VNI (vs c.80% for its peers). We would like to attribute this to due to its IB-focused business model, but the stock's seemingly endless derating over the past 26 months appears to be the actual reason. The catalyst for a turnaround in this trend (i.e., a resumption of large deals) is both distant (2021?) and uncertain.

VCI's 1Q20 earnings declined -40.9% QoQ/-41.5% YoY largely due to unrealized mark-to-market trading losses. Despite the weak headline numbers, it was a reasonable result given that the bulk of the prop book losses were unrealized and may be reversed if the rally of April persists. For a more detailed summary, please see our [results note](#) of April 24.

We reiterate our HOLD-Underperform rating. We reduce our target price to VND 26,449 based on the median result of four fundamental valuation methodologies. Our new target implies 12-month total shareholder returns of 12.5% assuming our dividend payout assumptions hold. Our target price implies an undemanding valuation of 1.0x 2020E P/B and 7.3x P/E, which obviously does not assume a rerating of the stock to its much higher historical average levels.



Market cap	US\$170m
6M avg. daily turnover	US\$ 182K
Outstanding shares	164m
Free float	62%
FINI ownership	30%
Major shareholders	28%
1Q20 Net debt/equity	57%
2020E EV/EBITDA	3.1x
2020E P/B	0.9x
Trading platform	HOSE
FOL Room	nmf*

*Note: VCI has no foreign ownership limit

Key metrics	2019A	2020E	2021E
Operating income chg (YoY)	-16%	-21%	24%
Adj PATMI growth (%)	-17%	-33%	28%
Current ratio (x)	2.3	2.2	2.2
Debt/Equity (x)	0.2	0.2	0.2
ROA (x)	10.1%	6.1%	7.0%
ROE (x)	17.7%	10.9%	12.8%
Adj EPS (VND/share)	4,163	2,803	3,600
EPS growth (%)	-16.3%	-32.6%	28.4%
PE (x)	5.8	8.6	6.7
PB (x)	1.0	0.9	0.8
Dividend yield	5.8%	3.4%	2.9%

Source: Bloomberg, Company data, Yuanta Vietnam

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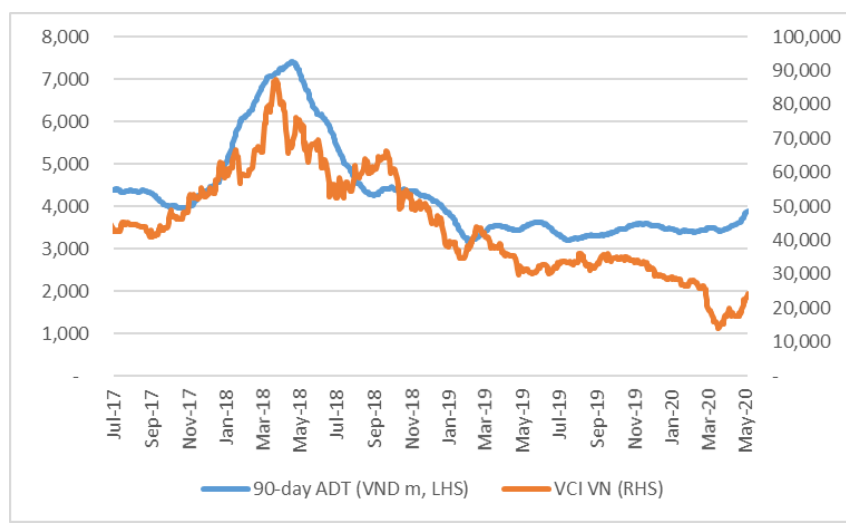
<http://yuanta.com.vn>

Bloomberg code: YUTA

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Share price correlation with average daily turnover: 57%



Source: Bloomberg, Yuanta Vietnam

Earnings revisions: The final cut? We reduce our PATMI forecasts for VCI by 23% for 2020E and 17% for 2021E after again marking down assumptions for the major market-related metrics that drive our model (e.g., turnover, margin lending, and service fees). We intend this to be the final cut and believe that the risk to these reduced forecasts is to the upside, especially if dealflow resurges for VCI's investment banking team starting from 2021E. In other words, we think that we have kitchen-sinked our earnings expectations with these revisions. We also introduce our 2022E forecasts with publication of this note.

Earnings and target price revisions

	2020E			2021E			2022E		
	Previous	New	% chg	Previous	New	% chg	Previous	New	% chg
Net income (VND bn)	593	458	-23%	706	588	-17%	na	620	na
EPS (VND)	3,636	2,803	-24%	4,331	3,600	-18%	na	3,795	na
Target price (VND)	32,437	26,449	-18%						

Source: Yuanta Vietnam

Quarterly earnings summary

VCI	1Q20		YoY	QoQ	YTD		vs our full-year target
	(VND bn)				(VND bn)		
Gross brokerage income	86		-2%	-2%	86		24%
Net brokerage income	51		130%	202%	51		37%
Service fees	-3		38%	-114%	-3		-8%
Gross margin income	87		23%	-7%	87		25%
Prop trading	27		-85%	-42%	27		6%
Gains from HTM assets	5		<i>nmf</i>	<i>nmf</i>	5		<i>nmf</i>
Net operating income	139		-49%	-52%	139		14%
PBT	90		-64%	-64%	90		16%
Reported PATMI	119		-41%	-41%	119		25%

Source: Company data, Yuanta Vietnam

Valuations. Our target price is based on the median of four fair value methodologies and implies an undemanding 1.0x 2020E P/B and 7.3x 2021E P/E. This is optically cheap given the company's historical sector-high ROEs and predominance in institutional broking and investment banking. However, we think

the upside catalysts for operations are not likely to emerge until 2021E at the earliest, and the stock's low liquidity merits a discount.

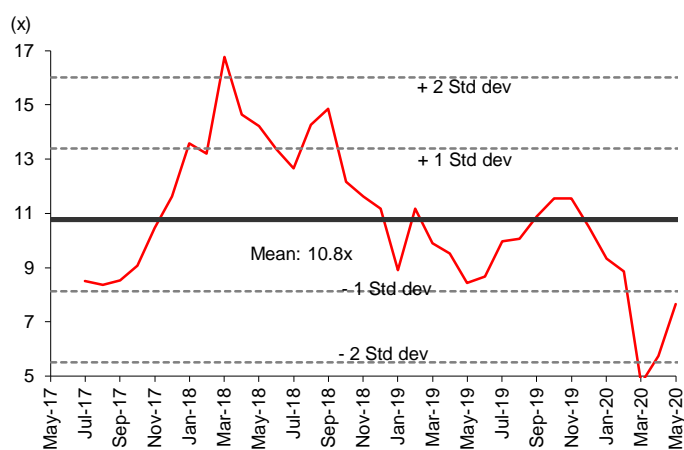
We are assuming a 20% dividend payout ratio on 2020E earnings, which translates into a 3.4% dividend yield and 12.5% expected total shareholder returns over the next 12 months.

Price multiples: VCI

(x)	2017A	2018A	2019A	2020E	2021E	2022E
Reported P/E	4.8	4.8	5.7	8.5	6.6	6.3
Adjusted P/E	4.9	4.9	5.8	8.6	6.7	6.4
Reported P/B	1.0	1.1	1.0	0.9	0.8	0.7
Tangible P/B	1.0	1.1	1.0	0.9	0.8	0.7
EV / EBITDA	3.0	2.3	2.9	3.1	2.6	2.4
Dividend Yield	2.3%	3.0%	5.8%	3.4%	2.9%	3.7%

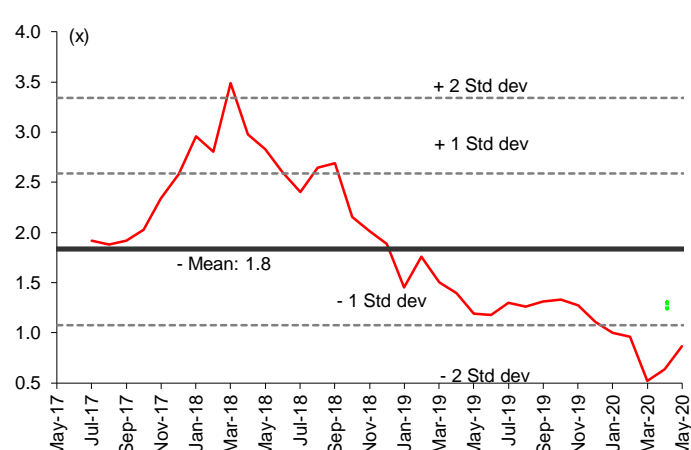
Source: Company data, Yuanta Vietnam

VCI VN: Historical 12-month forward P/E band



Source: Company data, Bloomberg, Yuanta Vietnam

VCI VN: Historical 12-month forward P/B band



Source: Company data, Bloomberg, Yuanta Vietnam

Valuation Summary: VCI

	VND per share	Upside / downside	2020E PB (x)	Implied 2021E
Current price	24,250		0.9	6.7
DCF valuation	27,590	13.8%	1.0	7.7
Gordon growth valuation	26,157	7.9%	1.0	7.3
DDM	26,586	9.6%	1.0	7.4
SoTP	26,311	8.5%	1.0	7.3
Mean fair value	26,661	9.9%	1.0	7.4
Median fair value	26,449	9.1%	1.0	7.3

Source: Company data, Yuanta Vietnam

Income Statement: VCI					
(VND bn)	2018A	2019A	2020E	2021E	2022E
Brokerage net revenues	700	168	137	181	256
Margin lending net revenues	268	233	113	163	204
Gains on trading assets	149	490	424	473	453
Gains on AFS & HTM assets	-	16	-	-	-
Other investment	66	44	88	121	85
Total investment revenues	215	550	512	594	538
Net fee income	10	33	35	44	57
Other operating net revenues	(17)	(4)	(4)	(5)	(5)
Net operating revenues	1,176	979	792	978	1,048
SG&A expenses	(94)	(67)	(74)	(85)	(102)
Operating profit	1,082	912	718	893	946
Associates	0	0	0	0	0
Non-operating revenues	16	9	10	11	11
Interest expense	(75)	(66)	(152)	(164)	(178)
Pretax profit	1,023	855	576	740	780
Tax	(189)	(162)	(110)	(141)	(148)
Minorities	-	-	-	-	-
Reported PATMI	835	693	467	599	632
PATMI plus OCI	835	693	467	599	632
Adjusted PATMI	819	680	458	588	620
Reported EPS (VND)	5,067	4,240	2,856	3,667	3,865
Adjusted EPS (VND)	4,974	4,163	2,803	3,600	3,795

Source: Company data, Yuanta Vietnam

Balance sheet: VCI					
(VND bn)	2018A	2019A	2020E	2021E	2022E
Cash & equivalents	1,144	795	874	944	991
Net margin loans	2,789	3,030	3,454	3,903	4,371
FVPL assets	425	795	835	918	1,010
AFS assets	2,039	1,731	2,060	2,286	2,469
S/T HTM assets	-	262	262	262	262
Other current assets	33	561	617	648	681
Current assets	6,430	7,173	8,101	8,961	9,784
L/T HTM assets	-	-	-	-	-
Associates	-	-	-	-	-
Other L/T assets	80	70	73	77	81
Total L-T assets	80	70	73	77	81
Total assets	6,510	7,243	8,175	9,038	9,865
S/T borrowings	985	1,451	1,741	1,863	2,049
S/T bonds	1,335	1,082	1,298	1,389	1,528
Other S/T liabilities	433	557	655	826	849
Current liabilities	2,753	3,089	3,694	4,078	4,426
Long-term bonds	-	-	-	-	-
Other L/T liabilities	114	102	107	113	118
Long-term liabilities	114	102	107	113	118
Shareholder equity	1,630	1,643	1,643	1,643	1,643
Reserves	1,148	1,145	1,145	1,145	1,145
Retained earnings	865	1,263	1,585	2,059	2,533
Minority interests	-	-	-	-	-
Total equity	3,643	4,052	4,374	4,848	5,321
Attributable equity	3,643	4,052	4,374	4,848	5,321
BVPS (VND)	22,350	24,652	26,613	29,496	32,376

Source: Company data, Yuanta Vietnam

Select ratios: VCI					
Liquidity & leverage	2018A	2019A	2020E	2021E	2022E
Current ratio	2.3	2.3	2.2	2.2	2.2
Net debt / equity	-4%	16%	20%	19%	20%
Interest coverage ratio	4.3	4.9	3.0	2.9	2.7
Equity / Assets	56.0%	55.9%	53.5%	53.6%	53.9%
Tangible Equity / Assets	55.9%	55.9%	53.5%	53.6%	53.9%
Asset yields	2018A	2019A	2020E	2021E	2022E
Margin loans (net)	1.1%	5.0%	4.5%	4.5%	4.5%
FVPL realized	51.3%	75.7%	50.0%	50.0%	45.0%
FVPL revaluation	-17.3%	4.7%	2.0%	4.0%	2.0%
Dividends / Interest on FVPL	16.7%	8.3%	12.0%	15.0%	10.0%
Total trading book	49.0%	90.1%	62.8%	67.8%	55.8%
Fee income / Assets	0.2%	0.5%	0.5%	0.5%	0.6%
Profitability	2018A	2019A	2020E	2021E	2022E
Brokerage GPM	68.9%	38.7%	37.6%	37.6%	37.6%
Margin lending GPM	60.4%	70.1%	33.1%	39.9%	43.3%
Brokerage / net op inc	59.6%	17.1%	17.3%	18.5%	24.4%
Margin / net op inc	22.8%	23.7%	14.2%	16.7%	19.4%
Fees / net op inc	0.8%	3.4%	4.4%	4.5%	5.4%
Investments / net op inc	18.3%	56.1%	64.6%	60.7%	51.3%
Staff comp ratio	0.0%	0.0%	22.0%	23.0%	22.0%
Bonus & welfare / NPAT	1.8%	1.8%	1.8%	1.8%	1.8%
Adj ROA	12.9%	10.1%	6.1%	7.0%	6.7%
Adj ROE	24.7%	17.7%	10.9%	12.8%	12.2%
Growth (YoY)	2018A	2019A	2020E	2021E	2022E
Brokerage revenues	222.4%	-76.0%	-18.1%	31.7%	41.3%
Margin lending net revenues	78.0%	-13.2%	-51.5%	44.8%	24.7%
Investment revenues	-48.0%	155.9%	-6.9%	16.1%	-9.5%
Fee income	-95.3%	239.0%	4.8%	27.6%	27.4%
Net operating revenues	20.3%	-16.7%	-19.1%	23.5%	7.2%
SG&A expenses	-27.6%	-28.3%	10.0%	15.0%	20.0%
Operating profit	27.6%	-15.7%	-21.2%	24.3%	6.0%
Reported PATMI	27.4%	-16.9%	-32.6%	28.4%	5.4%
Adjusted PATMI	27.4%	-16.9%	-32.6%	28.4%	5.4%
Reported EPS	-14.1%	-16.3%	-32.6%	28.4%	5.4%
Adjusted EPS	-14.1%	-16.3%	-32.6%	28.4%	5.4%
Avg margin loans	58.0%	-24.9%	5.0%	20.0%	15.0%
FVPL assets	-5.8%	86.9%	5.0%	10.0%	10.0%
AFS assets	11.7%	-15.1%	19.0%	11.0%	8.0%
Short-term HTM assets	0.0%	0.0%	0.0%	0.0%	0.0%
Total current assets	1.4%	11.5%	12.9%	10.6%	9.2%
Total assets	1.7%	11.3%	12.9%	10.6%	9.1%
Attributable equity	20.9%	11.3%	8.0%	10.8%	9.8%
BVPS	-11.6%	10.3%	8.0%	10.8%	9.8%

Source: Company data, Yuanta Vietnam

Vietnam: Brokers
21 May 2020
VND VN
HOLD-Underperform
TP upside +7.4%
Close 18 May 2020

Price	VND 12,250
12M Target	VND 13,150
Previous Target	VND 12,231
Target Change	-1%

What's new?

- ▶ **Weak 1Q20 results** put our earlier full-year forecasts out of reach.
- ▶ **We cut our EPS forecasts** by 30% for 2020 but just 6% for 2021E.
- ▶ **Fairly valued.** VND's valuation is low vs. its peers, but this is justified by low ROA/ROE and is in line with its historical averages.

Our view

- ▶ **VND deserves credit** for maintaining its brokerage profitability.
- ▶ **But technical factors are not attractive.** The stock's low liquidity could be a hurdle to renewed institutional interest.
- ▶ **HOLD-Underperform.** We struggle to identify catalysts for a rerating given the extreme competition in retail broking.

Company profile: VND is the smallest of the brokers in our coverage by both market share and market cap. VND offers reasonable trading liquidity and a superior trading platform that has enabled it to efficiently maintain its market share among retail investors. However, the rapid rise of heavyweight retail brokerage competitors reduces the attractiveness of VND as an investment, in our view.

VNDirect (VND VN)
In search of a catalyst

VND is close to a **pure play on retail broking** given its superior trading platform vs. peers. Based on our calculations, the company's brokerage fees and margin lending interest rates also have remained persistently strong. Operating leverage is a standout, presumably due to a lower broker/customer ratio than less efficient rivals such as SSI. This also suggests a relatively diversified client base, although we can't verify this.

However, **retail broking is a red ocean** filled with well-funded foreign trawlers. We think that this is one of the reasons for the YTD share price underperformance, and we see few catalysts for a rerating in the near term.

VND's 1Q20 earnings declined -61% QoQ/-35% YoY. The company appears to be holding on to brokerage profitability but its market share of margin lending is under pressure. This conundrum illustrates the competitive challenges facing all brokers, and especially retail-focused houses like VND. For more details, please see our [results note](#) of May 5.

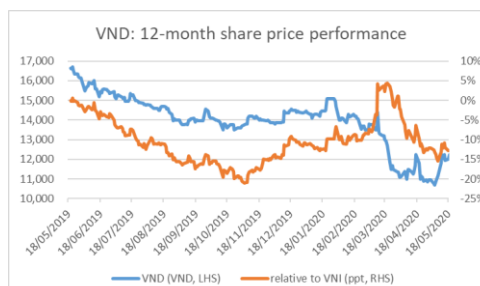
Valuation looks cheap, but it is in line with history. The stock now trades at 0.8x 2020E P/B and 6.9x 2020E PER, which might be optically cheap but is basically in line with VND's historical mean average valuations. Fundamentally, this valuation is appropriate for a low double-digit ROE generating business facing intense competition from new entrants.

Forecast revisions: We reduce our EPS forecast for 2020 by 30% after the tough 1Q20 result put our prior forecast out of reach. However, we see no point in extrapolating weak 1Q results into the future, especially given our positive view on Vietnam capital markets in the next several years.

We reiterate our HOLD-Underperform call on VND. Our target price of VND 13,150, implies 11% total shareholder returns over the next 12 months. Our target implies undemanding valuation multiples of 0.8x 2020E P/B and 7.4x 2021 P/E. Simply put, we struggle to identify catalysts for a rerating. Our top pick is HCM, although SSI could outperform as a short term trade.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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Market cap	US\$109m
6M avg. daily turnover	US\$237K
Outstanding shares	209m
Free float	90%
FINI ownership	37%
Major shareholders	40%
Net debt/equity	223%
2020E EV/EBITDA	2.1x
2020E P/B	0.8x
Trading platform	HOSE
FOL Room	12%

Key metrics	2019A	2020E	2021E
Operating income chg (YoY)	53%	-20%	36%
Adj PATMI growth (%)	2%	-36%	60%
Current ratio (x)	1.4	1.4	1.4
Debt/Equity (x)	2.0	2.1	2.1
ROA (x)	3.5%	2.0%	2.8%
ROE (x)	11.7%	7.1%	10.7%
Adj EPS (VND/share)	1,739	1,112	1,773
EPS growth (%)	-4.3%	-36.1%	59.5%
PE (x)	7.0	11.0	6.9
PB (x)	0.8	0.8	0.7
Dividend yield	4.1%	5.7%	3.6%

Source: Bloomberg, Company data, Yuanta Vietnam

Matthew Smith, CFA

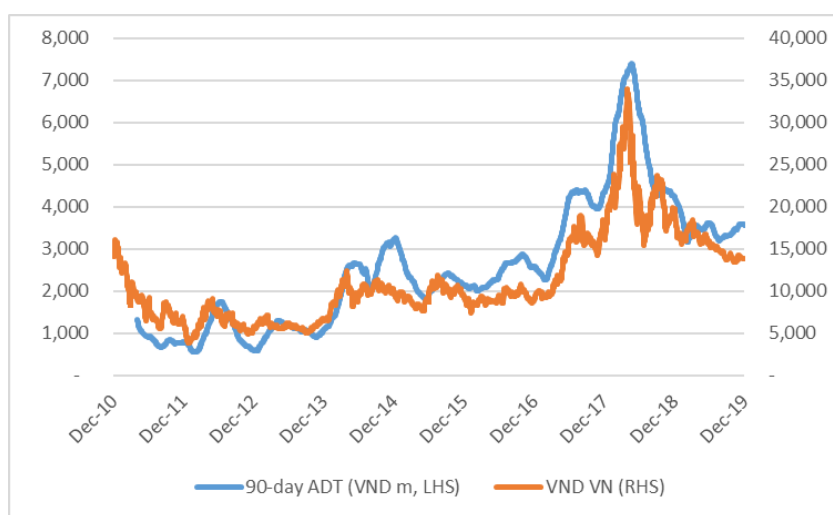
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Bloomberg code: YUTA

Share price correlation with average daily turnover: 82%



Source: Bloomberg, Yuanta Vietnam

We slash our earnings forecasts by -29% for 2020E after the 1Q20 results, which we think put our prior numbers out of reach. We expect improvements in 2021-22E despite or 5% cut to 2021E earnings. We also introducing our 2022E forecasts with publication of this note. The earnings cuts are the result of a combination of marking down our forecasts for the major market-related metrics that drive our model (e.g., turnover and margin lending), and retained modest assumptions for brokerage profitability in light of the intensity of competition in the industry.

As with all the brokers, the main risks to our view are related to unpredictable market factors (e.g., turnover, margin lending, and the degree of irrationality in the competitive environment). However, VND could also surprise on the upside by continuing to grow its market share of the retail wallet and by successfully growing its I/B business. We believe that the competitive moat for investment banking is likely wider than that of retail broking.

Earnings and target price revisions

	2020E			2021E			2022E		
	Previous	New	% chg	Previous	New	% chg	Previous	New	% chg
Net income (VND bn)	326	232	-29%	390	370	-5%	na	473	na
EPS (VND)	1,558	1,112	-30%	1,865	1,773	-6%	na	2,263	na
Target price (VND)	13,231	13,150	-1%						

Source: Yuanta Vietnam

Quarterly earnings summary

VND	1Q20 (VND bn)	YoY	QoQ	YTD (VND bn)	YoY	vs our full-year target
Gross brokerage income	80	-12%	1%	80	-12%	36%
Net brokerage income	47	-17%	7%	47	-17%	40%
Service fees	0	-98%	-100%	0	-98%	0%
Gross margin income	95	9%	-30%	95	9%	22%
Prop trading	-40	-218%	-135%	-40	-218%	-26%
Gains from AFS assets	45	n/m	3393%	45	6%	129%
Gains from HTM assets	106	76%	-1%	106	76%	43%
Net operating income	216	-13%	-35%	216	-13%	21%
PBT	72	-36%	-63%	72	-36%	23%
Reported PATMI	58	-35%	-61%	58	-35%	24%

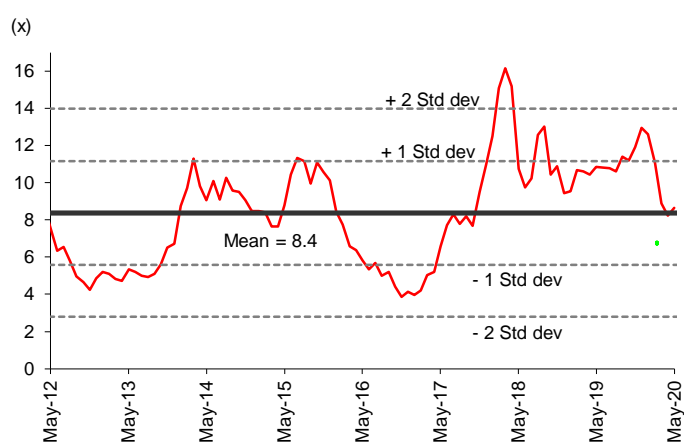
Source: FiinPro

Valuations. Our target price is based on the median of four fair value methodologies and implies undemanding valuation multiples of 0.82x 2020E P/B and 7.4x 2021E P/E. Our forecast ROEs are slightly below the theoretical cost of equity, implying that a sub-1.0x P/BV multiple is appropriate if our ROE forecasts hold water. As with all the brokers, achieving our reduced forecasts would require continued growth in market activity in 2021-22E. VND's shares currently trade at 0.77x 2020E P/BV and 6.9x adjusted 2021E PER. In the absence of guidance on a dividend policy, we are assuming a 40% dividend payout ratio on 2020E earnings, which translates into a 3.6% dividend yield on 2020 earnings. This implies 11% total shareholder returns over the next 12 months.

Price multiples: VNDirect						
(x)	2017A	2018A	2019A	2020E	2021E	2022E
Reported P/E	4.8	6.4	6.7	10.5	6.6	5.1
Adjusted P/E	5.1	6.7	7.0	11.0	6.9	5.4
Reported P/B	0.7	0.9	0.8	0.8	0.7	0.6
Tangible P/B	0.7	0.9	0.8	0.8	0.7	0.7
EV / EBITDA	2.0	2.1	1.7	2.1	1.6	1.3
Dividend Yield	6.5%	9.1%	4.1%	5.7%	3.6%	5.8%

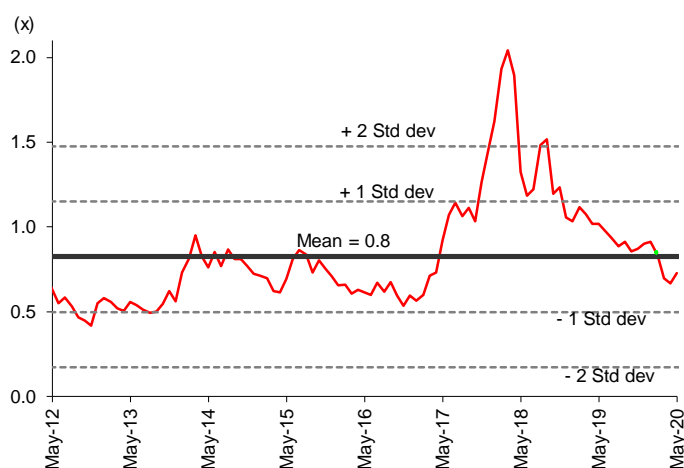
Source: Company data, Yuanta Vietnam

VND VN: Historical 12-month forward P/E band



Source: Company data, Bloomberg, Yuanta Vietnam

VND VN: Historical 12-month forward P/B band



Source: Company data, Bloomberg, Yuanta Vietnam

Valuation Summary: VNDirect

	VND per share	Upside / downside	Implied 2020E PB (x)	Implied 2021E PE
Current price	12,250		0.8	6.9
DCF valuation	14,785	20.7%	0.9	8.3
Gordon growth valuation	13,044	6.5%	0.8	7.4
DDM	12,788	4.4%	0.8	7.2
SoTP	13,257	8.2%	0.8	7.5
Mean fair value	13,468	9.9%	0.8	7.6
Median fair value	13,150	7.4%	0.8	7.4

Source: Company data, Yuanta Vietnam

Income Statement: VNDirect						
(VND bn)	2018A	2019A	2020E	2021E	2022E	2023E
Brokerage net revenues	304	180	117	0	0	0
Margin lending net revenues	285	205	278	340	425	468
Gains on trading assets	(144)	154	155	401	448	385
Gains on AFS & HTM assets	294	412	281	318	331	365
Other investment	12	25	31	33	35	38
Total investment revenues	162	592	467	752	815	788
Net fee income	18	61	72	87	104	114
Other operating net revenues	6	(8)	(9)	(11)	(12)	(13)
Net operating revenues	775	1,029	926	1,168	1,333	1,357
SG&A expenses	(305)	(309)	(347)	(383)	(416)	(448)
Operating profit	469	720	579	785	916	909
Associates	89	0	0	0	0	0
Non-operating revenues	13	0	0	1	1	1
Interest expense	(133)	(241)	(272)	(296)	(292)	(305)
Pretax profit	438	480	307	490	625	606
Tax	(65)	(97)	(62)	(99)	(127)	(123)
Minorities	-	-	-	-	-	-
Reported PATMI	373	382	245	390	498	483
PATMI plus OCI	373	382	245	390	498	483
Adjusted PATMI	354	363	232	370	473	458
Reported EPS (VND)	1,915	1,833	1,172	1,869	2,385	2,312
Adjusted EPS (VND)	1,817	1,739	1,112	1,773	2,263	2,193

Source: Company data, Yuanta Vietnam

Balance Sheet: VNDirect						
(VND bn)	2018A	2019A	2020E	2021E	2022E	2023E
Cash & equivalents	915	614	644	676	710	746
Net margin loans	2,294	2,565	2,930	3,370	3,606	3,858
FVPL assets	1,089	1,495	1,614	1,727	1,857	1,996
AFS assets	387	682	703	738	775	814
S/T HTM assets	5,371	5,649	6,665	7,425	8,390	9,062
Other current assets	174	235	247	259	272	286
Current assets	10,231	11,239	12,804	14,196	15,611	16,761
L/T HTM assets	100	105	116	121	131	140
Associates	-	-	-	-	-	-
Other L/T assets	204	233	243	254	266	279
Total L-T assets	304	338	359	376	397	419
Total assets	10,535	11,577	13,163	14,572	16,008	17,180
S/T borrowings	6,012	6,554	7,209	7,605	7,986	8,385
S/T bonds	727	700	1,019	1,370	1,712	1,969
Other S/T liabilities	311	669	1,053	1,300	1,586	1,916
Current liabilities	7,050	7,923	9,280	10,276	11,285	12,270
Long-term bonds	500	404	545	681	783	701
Other L/T liabilities	2	2	2	2	3	3
Long-term liabilities	502	406	547	684	786	704
Shareholder equity	2,003	2,003	2,003	2,003	2,003	2,003
Reserves	273	313	313	313	313	313
Retained earnings	707	932	1,019	1,297	1,621	1,890
Minority interests	-	-	-	-	-	-
Total equity	2,983	3,248	3,335	3,613	3,937	4,206
Attributable equity	2,983	3,248	3,335	3,613	3,937	4,206
BVPS (VND)	13,779	15,549	15,966	17,294	18,848	20,136

Source: Company data, Yuanta Vietnam

Select ratios: VNDirect

Liquidity & leverage	2018A	2019A	2020E	2021E	2022E
Current ratio	1.5	1.4	1.4	1.4	1.4
Net debt / equity	1.88	1.95	2.13	2.11	2.05
Interest coverage ratio	3.0	1.8	2.2	2.2	2.1
Equity / Assets	28.3%	28.1%	25.3%	24.8%	24.6%
Tangible Equity / Assets	28.2%	28.0%	25.3%	24.7%	24.5%
Asset yields	2018A	2019A	2020E	2021E	2022E
Margin loans (net)	8.8%	7.1%	7.3%	7.1%	7.1%
FVPL realized	6.1%	11.9%	5.0%	20.0%	20.0%
FVPL revaluation	-21.9%	0.0%	5.0%	4.0%	5.0%
Dividends / Interest on FVPL	1.5%	2.1%	2.1%	2.1%	2.1%
Total trading book	17.7%	45.8%	30.0%	45.0%	45.5%
Fee income / Assets	0.2%	0.6%	0.6%	0.6%	0.7%
Profitability	2018A	2019A	2020E	2021E	2022E
Brokerage GPM	58.4%	53.8%	52.6%	52.6%	52.6%
Margin lending GPM	65.5%	47.3%	63.4%	62.1%	62.1%
Brokerage / net op inc	39.2%	17.5%	12.7%	0.0%	0.0%
Margin / net op inc	36.8%	19.9%	30.1%	29.1%	31.9%
Fees / net op inc	2.3%	5.9%	7.8%	7.4%	7.8%
Investments / net op inc	20.9%	57.5%	50.4%	64.3%	61.1%
Staff comp ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Bonus & welfare / NPAT	5.1%	5.1%	5.1%	5.1%	5.1%
Adj ROA	4.0%	3.5%	2.0%	2.8%	3.3%
Adj ROE	13.0%	11.7%	7.1%	10.7%	12.6%
Growth (YoY)	2018A	2019A	2020E	2021E	2022E
Brokerage revenues	72.0%	-40.6%	-35.0%	-100.0%	-5.0%
Margin lending net revenues	41.7%	-28.1%	35.9%	22.3%	25.0%
Investment revenues	-62.1%	265.5%	-21.1%	61.0%	8.4%
Fee income	-27.0%	243.2%	18.9%	20.0%	20.0%
Net operating revenues	-6.8%	32.9%	-10.1%	26.2%	14.1%
SG&A expenses	17.1%	1.4%	12.1%	10.4%	8.8%
Operating profit	-17.7%	53.3%	-19.6%	35.7%	16.7%
Reported PATMI	-22.4%	2.5%	-36.0%	59.5%	27.6%
Adjusted PATMI	-22.4%	2.5%	-36.0%	59.5%	27.6%
Reported EPS	-24.2%	-4.3%	-36.1%	59.5%	27.6%
Adjusted EPS	-24.2%	-4.3%	-36.1%	59.5%	27.6%
Avg margin loans	24.4%	4.6%	5.0%	25.0%	25.0%
FVPL assets	48.2%	37.2%	8.0%	7.0%	7.5%
AFS assets	-48.3%	76.3%	3.0%	5.0%	5.0%
Short-term HTM assets	137.9%	5.2%	18.0%	11.4%	13.0%
Total current assets	42.6%	9.9%	13.9%	10.9%	10.0%
Total assets	30.8%	9.9%	13.7%	10.7%	9.9%
Attributable equity	20.1%	9.1%	2.7%	8.3%	9.0%
BVPS	-17.0%	12.8%	2.7%	8.3%	9.0%

Source: Company data, Yuanta Vietnam

Appendix A: Important Disclosures

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