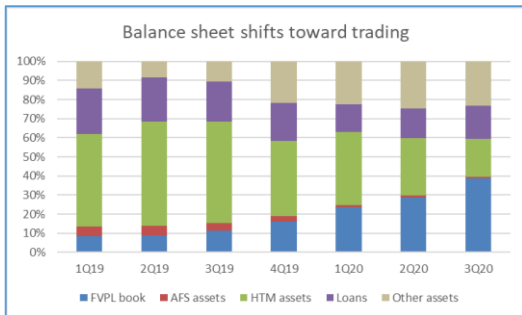
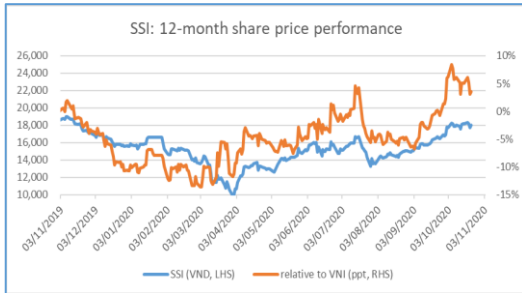


Vietnam: Brokers

4 November 2020

HOLD-Outperform
Target Price upside +3%
Close 3 November 2020

 Price VND 17,350
 12M Target VND 17,810

Share price performance relative to VNI


Market cap	US\$445m
6M avg. daily turnover	US\$3.7m
Outstanding shares	601m
Free float	65%
FINI ownership	50%
Major shareholders	52%
3Q20 Net debt/equity	172%
2020E EV/EBITDA	2.5x
2020E P/B	1.0x
2020E Dividend yield	3.6%
Trading platform	HOSE
FOL Room	nmf*

*Note: SSI has no foreign ownership limit

Source: Bloomberg, FiinPro, Yuanta Vietnam
Research Analyst:

Matthew Smith, CFA

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Bloomberg code: YUTA

SSI Securities (SSI VN)
Balance sheet shifts toward trading
Event

SSI reported 3Q20 PATMI of VND343bn (-34% QoQ / +28% YoY). An examination of the balance sheet illustrates a shift from relatively stable revenue generators toward investment income drivers.

Details

Net brokerage income came in at VND30bn in 3Q20, the second consecutive quarter of positive brokerage commissions. We estimate SSI's gross fees were 19bps (+1bp QoQ) with net fees coming in at 3bps in 3Q20. This is based on turnover and SSI's 3Q20 share of HOSE trading (11.8%, which is the lowest HOSE market share for SSI since 1Q14), HNX (6.9%), and UCom (9.6%), as reported by the exchanges.

Net prop trading gains of VND105bn (-76% QoQ / +37% YoY) were the main swing factor for PATMI. 3Q20 FVPL assets reached VND10.4 trillion (+41% QoQ/+362% YoY), or 39% of total assets. As discussed in our [3Q20 results preview](#), SSI also realized substantial gains from its available-for sale holdings (VND68bn, +3x QoQ / +13x YoY).

A white flag for margin lending? Lending revenues (+8% QoQ / -35% YoY) were in line with balance sheet loans (+18% QoQ / -12% YoY). We estimate SSI's gross lending yields were 10.8% in 3Q20. SSI's market share of margin lending (7.4%) ranks it third in this category, behind MAS (14.4%) and HCM (9.8%).

SSI: 3Q20 Results Summary	3Q20 (VND bn)	YoY	QoQ
Gross brokerage income	177	19%	-7%
Net brokerage income	30	58%	-20%
Service fees	8	-73%	21%
Gross margin income	117	-35%	8%
Prop trading	105	37%	-76%
Gains from AFS assets	68	419%	1428%
Gains from HTM assets	191	-29%	-24%
Net operating income	541	11%	-36%
PBT	421	27%	-35%
Reported PATMI	343	28%	-34%

Source: Company data, FiinPro

Our view: It would be unwise to extrapolate too much from the 3Q20 results, but a shift from relatively stable revenue generators (i.e., margin finance and HTM deposits) to what we see as higher volatility drivers (i.e., proprietary trading) might be underway. If so, it would be reasonable given the intense competition for margin finance and low bank deposit rates. Regardless, **SSI's 9M20 PATMI has exceeded our full-year forecasts, and we reiterate our HOLD-Outperform rating.**

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD-Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD-Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

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