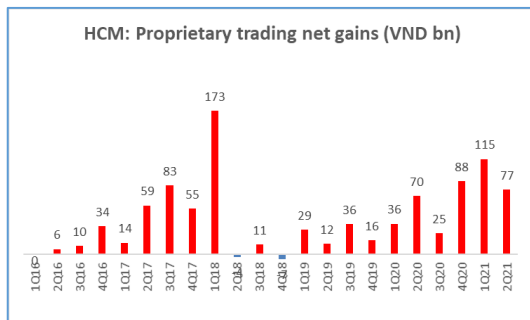
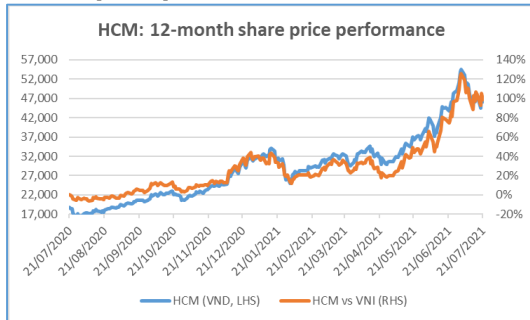


**Vietnam: Brokers**
**21 July 2021**
**HOLD-Outperform**
**Target Price downside -8%**
**Close 21 July**
**Price VND 46,100**  
**12M Target VND 42,317**
**Share price performance relative to VNI**


<b>Market cap</b>	<b>US\$627m</b>
<b>6M avg. daily turnover</b>	<b>US\$8.5m</b>
<b>Outstanding shares</b>	<b>601m</b>
<b>Free float</b>	<b>42%</b>
<b>FINI ownership</b>	<b>48%</b>
<b>Major shareholders</b>	<b>58%</b>
<b>2Q21 Net debt/equity</b>	<b>142%</b>
<b>2021E EV/EBITDA</b>	<b>8.4x</b>
<b>2021E P/B</b>	<b>3.1x</b>
<b>2021E Dividend yield</b>	<b>2.1%</b>
<b>Trading platform</b>	<b>HOSE</b>
<b>FOL Room</b>	<b>0.8%</b>

**Source: Bloomberg, FiinPro, Yuanta Vietnam**
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**Bloomberg code: YUTA**
**HCMC Securities (HCM VN)**
**Solid 2Q21 results, but few surprises**

HCM's 2Q21 earnings of VND 283bn (-12% QoQ / +89% YoY) with few surprises amid the underlying market strength and HCM's constraints on expanding the margin book. 1H21 earnings have fulfilled 63% of management's 2021 target and 46% of our full-year forecast.

**Key Highlights**

**Net brokerage income came in at VND175bn (+26% QoQ / +325% YoY).** We estimate HCM's 2Q21 gross commission rate at 17bps (-2bp QoQ / -5bp YoY) and net commission rate at 8bps (-1bp QoQ / +2bp YoY) during the quarter. This is based on market volumes and HCM's 2Q21 market share on HSX (7.1%), HNX (3.5%), and UCom (3.6%) as reported by the exchanges.

**Net prop trading gains of VND77bn (-32% QoQ / +11% YoY)** reflect the company's emphasis on avoiding bets on the market's direction, which may disappoint some observers hoping for big trading wins given the VNI's +18% appreciation during 2Q21. Specifically, HCM reported VND131bn in realized gains (-23% QoQ/+76% YoY) and VND53bn in unrealized losses. The FVPL book totaled VND2.0tn as of 2Q21 (+12% QoQ / +204% YoY), accounting for 12% of total assets.

**Margin finance meets capital constraints.** 2Q21 lending income was VND271bn (+22% QoQ/+157% YoY). Margin and other loans reached VND9.2tn (+3% QoQ/+114% YoY) to account for 59% of total assets; we ascribe the slow sequential growth to regulatory limitations. We estimate that HCM's 2Q21 gross lending yields were 12.0% (+1.2ppt QoQ), a solid result that likely reflects stable loans throughout 2Q.

<b>HCM: Results Summary</b>	<b>2Q21 (VND bn)</b>	<b>YoY</b>	<b>QoQ</b>
Gross brokerage income	361	140%	22%
Net brokerage income	175	325%	26%
Service fees	-2	11%	-121%
Gross margin income	271	157%	22%
Prop trading	77	11%	-32%
Gains from AFS assets	0	N/A	N/A
Gains from HTM assets	0	N/A	N/A
<b>Net operating income</b>	<b>412</b>	<b>76%</b>	<b>-9%</b>
PBT	352	87%	-12%
<b>Reported PATMI</b>	<b>283</b>	<b>89%</b>	<b>-12%</b>

**Source: Company data, FiinPro**

**We reiterate HOLD-Outperform on HCM.** We [downgraded](#) the brokers sector to Underweight on July 16 given our view that the valuations are stretched following the sector's extreme outperformance in recent months. HCM underperformed its peers on the way up, so its premium to fair value is relatively low. Nevertheless, this is not a closet BUY call: we expect the stock to deliver negative 12-month TSR of -6%.

The rather interesting removal of HCM from the VN Financial Leaders Index is another marginal negative (c. US\$1mn of selling on the way).

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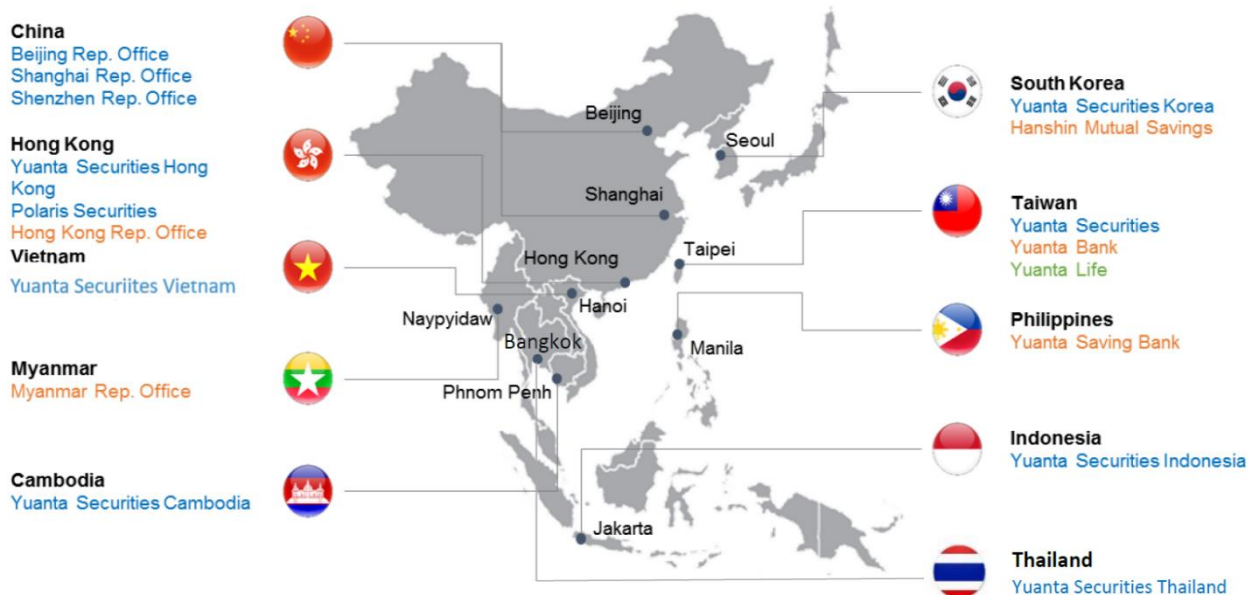
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