

Vietnam: Brokers

2 November 2021

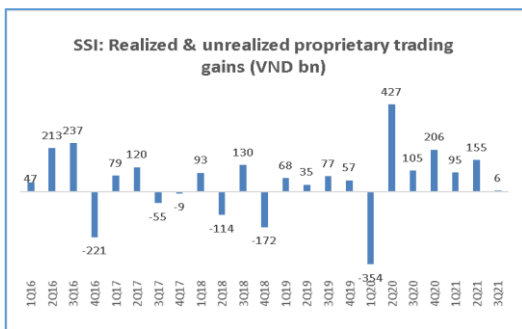
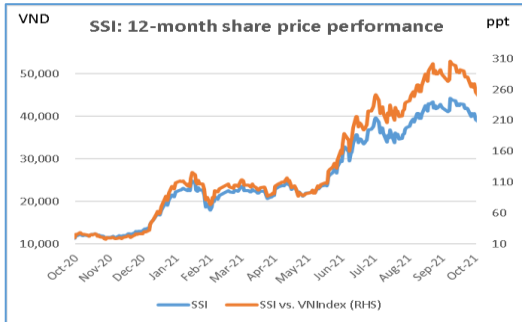
HOLD-Underperform

Target Price upside -31%

Close 1 Nov 2021

Price VND 41,400
12M Target VND 28,552

Share price performance relative to VNI



Market cap	US\$1.7bn
6M avg. daily turnover	US\$29m
Outstanding shares	982m
Free float	65%
FINI ownership	43%
Major shareholders	52%
3Q21 Net debt/equity	282%
2022E EV/EBITDA	11x
2022E P/E	23x
2021E P/B	3.0x
2020E Dividend yield	2.4%
Trading platform	HOSE
FOL Room	nmf*

*Note: SSI has no foreign ownership limit

Source: Bloomberg, FiinPro, Yuanta Vietnam

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SSI Securities (SSI VN)

Retaining the margin finance lead

Event

SSI reported 3Q21 PATMI of VND682bn (+16% QoQ / +99% YoY), largely driven by outstanding results in the brokerage and margin lending segment. Prop trading lagged, as the mainboard performance was almost flat during the quarter.

Details

Net brokerage income came in at VND299bn (+18% QoQ / +900% YoY) in 3Q21. The result again confirms our observation that SSI has improved its pure brokerage efficiency, with estimated net commissions rising from roughly zero in 2Q19–3Q20 to 6–8bps in 4Q20–3Q21. We estimate gross fees of 18bps in 3Q21 with net fees of 8bps, in line with HCM’s estimated net commissions.

Prop trading posted poor results in line with the overall market performance. SSI’s disposal gains were down to VND11 bn (-92% QoQ / -63% YoY) and FVPL asset revaluation resulted in a net loss of VND5bn (vs. a VND13bn gain in 2Q21 and VND 74bn gain in 3Q20).

Back in the vanguard of margin lending. SSI continued to hold the leading position in margin lending in 3Q21 as it levered up with the help of USD 100mn in unsecured loans from a group of Taiwanese banks. Gross lending income of VND432bn (+28% QoQ / +268% YoY) was driven by a 13% QoQ / +288% YoY increase in margin loans to VND18.3trn. This represents 38% of total assets, the second highest percentage in SSI’s history. We estimate SSI’s gross lending yields were 10.0% in 3Q21.

SSI: Results Summary	3Q21 (VND bn)	YoY	QoQ
Gross brokerage income	667	277%	7%
Net brokerage income	299	900%	18%
Service fees	24	219%	-819%
Gross margin income	432	268%	28%
Prop trading	6	-94%	-96%
Gains from AFS assets	1	-99%	nmf
Gains from HTM assets	216	13%	37%
Net operating income	1,105	85%	8%
PBT	848	102%	16%
Reported PATMI	682	99%	16%

Source: Company data, FiinPro

We reiterate HOLD-Underperform. SSI may be supported by its No.2 position in market share of brokerage and (for now) no.1 position in margin lending. Its sector-high trading liquidity and market cap and lack of FOL limitations positions it well for ETF inflows. Our stock call reflects our [cautious view](#) on brokerage valuations.

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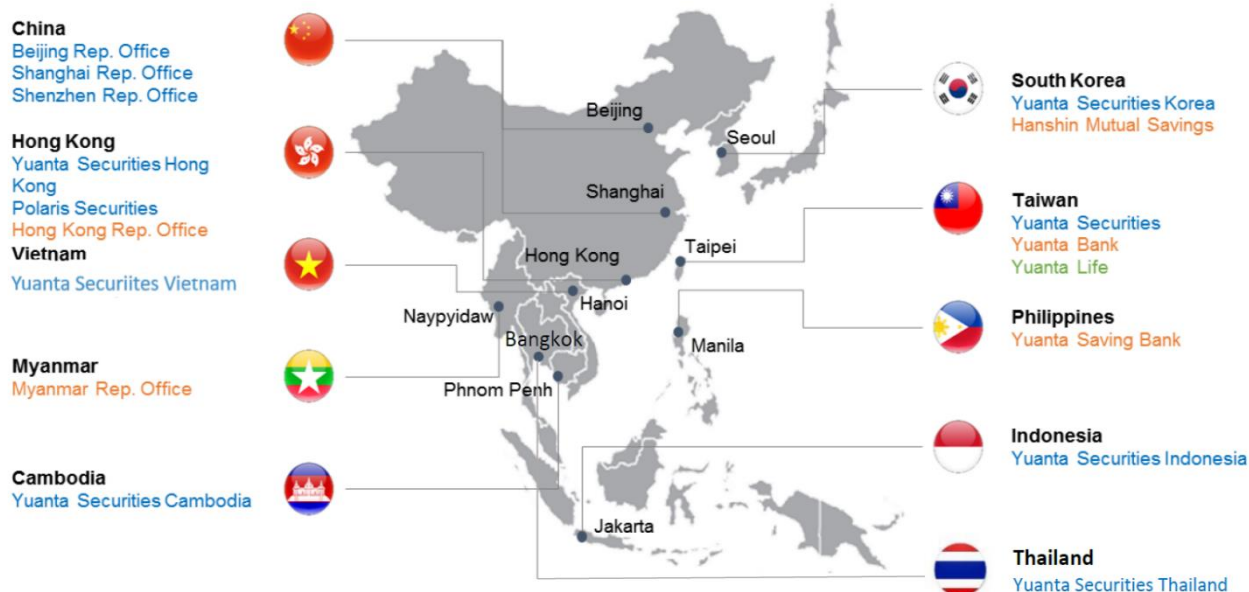
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