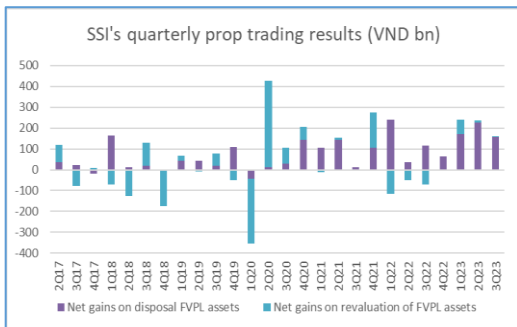
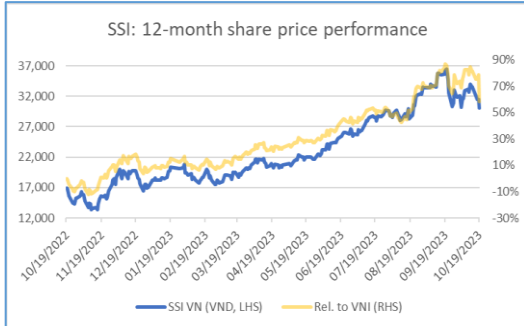


Vietnam: Brokers
20 October 2023
BUY
Target Price upside +7%
Price (Oct 19) VND 30,100
12M Target VND 32,187
Share price performance relative to VNI


Market cap	US\$1.8bn
6M avg. daily turnover	US\$21m
Outstanding shares	1,490m
Free float	65%
FINI ownership	44%
Major shareholders	35%
3Q23 Net debt/equity	133%
2024E EV/EBITDA	5.9x
2023E P/B	1.8x
2024E Dividend yield	1.9%
2024E P/E	12.4x
Trading platform	HOSE
FOL Room	No limit

Source: Bloomberg, FiinPro, Company data, Yuanta Vietnam

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SSI Securities (SSI VN)

Very solid 3Q23 results

3Q23 earnings soared by +26% QoQ / +111% YoY. SSI has delivered 87% of 2023 PBT guidance in 9M23, but only 53% of our estimate. Thus, full-year earnings will likely beat guidance but miss our forecast.

Key Highlights

Net brokerage fees in 2Q23 soared by 3.4x QoQ / 6.1x YoY on increased attributable transactions (est. +62% QoQ / +69% YoY) and a recover in net fees from near-zero in 2Q23. We estimate SSI's gross brokerage commissions were 17bp in 2Q23 (flat QoQ / -1bp YoY) with net commissions improving to 4bps (+3bp QoQ / +2bp YoY). These estimates are based on SSI's 3Q23 market share of trading on HSX (10.6%), HNX (8.1%), and UCom (7.4%). We are pleased to witness the recovery in net brokerage fees.

Margin lending gross revenues (+20% QoQ / +6% YoY) reached VND431 bn. Margin loans of VND15.3tn (+14% QoQ / -2% YoY) accounted for 28% of total assets. We estimate gross lending yields were 12.0% in 3Q23, which is roughly in line with recent quarters and does not exhibit competitive erosion.

Prop trading net gains (-32% QoQ / +239% YoY) came in at VND161 bn, driven primarily realized net gains of VND157bn and net unrealized mark-to-market gains of a *de-minimis* VND4bn. FVPL assets reached VND29.6tn (+11.5% QoQ / +38.9% YoY), representing 54% of the overall balance sheet. Note that most of this is fixed income; the 12.7% stake in PAN VN is held under associates, which in aggregate represent just 1% of SSI's total assets.

Leverage increased, as short-term borrowings grew sequentially by VND5.6tn QoQ to reach VND30 trillion (+23% QoQ / +42% YoY) to fund the increase in FVPL assets. Net debt to equity thus rose to 133% at 3Q23 (up +20ppt QoQ / +39ppt YoY) but well below peak 2021 levels of over 200% - implying that balance sheet is no constraint to continued growth.

SSI: Results summary	3Q23 (VND bn)	YoY	QoQ
Gross brokerage income	535	58%	59%
Net brokerage income	141	236%	506%
Service fees	13	762%	415%
Gross margin income	431	6%	20%
Net prop trading gains	161	239%	-32%
Gains from HTM assets	113	39%	-15%
PBT	880	112%	25%
Reported PATMI	711	111%	26%

Source: Company data, FiinPro

SSI is perhaps the best available Vietnam market proxy, in our view, as discussed in detail in our June sector update. The share price typically behaves as a leveraged play on market conditions, as exhibited by the -17% decline over the past month (underperforming the VNI by 12ppt in that period).

The good news is that SSI finally offers some upside (9% 12-m TSR) to our target price again. However, whether to follow our BUY recommendation now should depend on one's view of the overall market heading into yearend.

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.

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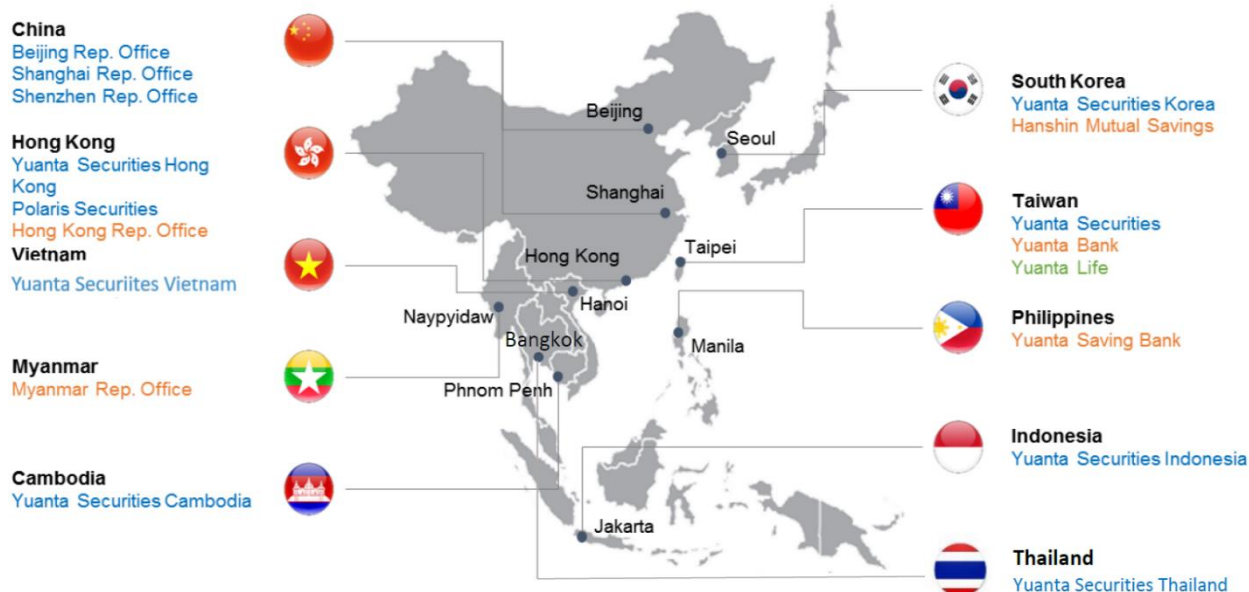
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