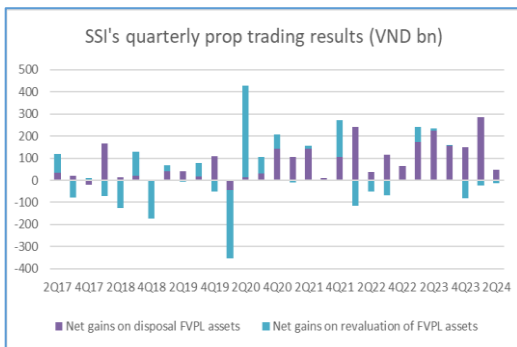
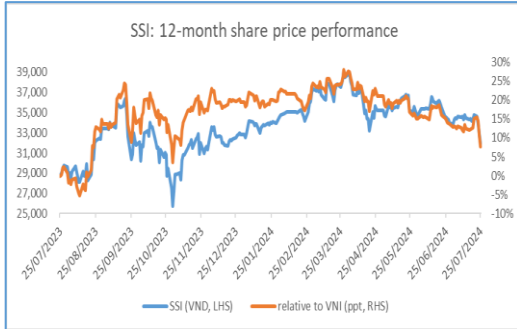


**Vietnam: Brokers**
**29 July 2024**
**BUY**
**Target Price differential: Zero**
**Price (July 29) VND 32,200**  
**12M Target VND 32,187**
**Share price performance relative to VNI**


<b>Market cap</b>	<b>US\$1.9bn</b>
<b>6M avg. daily turnover</b>	<b>US\$21m</b>
<b>Outstanding shares</b>	<b>1,509m</b>
<b>Free float</b>	<b>70%</b>
<b>FINI ownership</b>	<b>42%</b>
<b>Major shareholders</b>	<b>30eeo</b>
<b>2Q24 Net debt/equity</b>	<b>174%</b>
<b>2024E EV/EBITDA</b>	<b>5.8x</b>
<b>2024E P/B</b>	<b>1.8x</b>
<b>2025E Dividend yield</b>	<b>3.8%</b>
<b>2025E P/E</b>	<b>14.5x</b>
<b>Trading platform</b>	<b>HOSE</b>
<b>FOL Room</b>	<b>No limit</b>

*Source: Bloomberg, FiiPro, Company data, Yuanta Vietnam*
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**An Nguyen**

Assistant Analyst

**Bloomberg code: YUTA**

## SSI Securities (SSI VN)

### Solid margin lending but weak prop results

2Q24 earnings soared by +11% QoQ / +51% YoY primarily driven by a surge in lending income along with growth in the margin lending book. By contrast, the prop desk had a relatively weak quarter. SSI has now delivered 59% of 2023 PBT guidance and 42% of our full-year estimate in 1H24.

### Key Highlights

**Rebound in brokerage commissions.** 2Q24 gross brokerage fees rose by +24% QoQ / +67% YoY, while net fees increased by +2x QoQ / 9x YoY. SSI's 2Q24 brokerage market share was flattish QoQ on HSX (9.3%), HNX (7.1%), and UPCOM (7.0%), so the improvement in the P&L figures may be a result of increased commission rates, although IB-related flows may also play a role. We estimate gross brokerage fees of 20bp (+2bp QoQ / +3bp YoY) and net fees of 7bps (+3bp QoQ / +6bp YoY from the 2Q23 near-breakeven result).

**Gross lending income (+15% QoQ / +42% YoY)** reached VND513bn during the quarter. Margin loans reached VND20.4tn (+16% QoQ / +52% YoY) to account for 29% of total assets (up marginally from 27% in both 1Q24 & 2Q24). Using balance sheet data for average loans, we estimate SSI's gross lending yields were 10.9% in 2Q24 (down -63bp QoQ / -81bp YoY) and market share of margin lending at c. 9.5% (No. 2 in the sector after TCBS).

**Prop trading net gains fell sharply (-87% QoQ / -85% YoY)** to just VND34bn in 2Q24. Net realized gains were just VND47bn (-84% QoQ / -79% YoY), the lowest such quarterly result since 2Q22. Revaluation of the prop book resulted in a net unrealized loss of VND12bn during the quarter. Nevertheless, FVPL assets grew (+2% QoQ / +51% YoY) to surpass VND40tn or 56% of total assets.

<b>SSI: Results summary</b>	<b>2Q24 (VND bn)</b>	<b>YoY</b>	<b>QoQ</b>
Gross brokerage income	559	67%	24%
Net brokerage income	202	770%	99%
Service fees	18	645%	-423%
Gross margin income	513	42%	15%
Net prop trading gains	34	-85%	-87%
Gains from HTM assets	90	-32%	-15%
PBT	1,059	50%	12%
<b>Reported PATMI</b>	<b>849</b>	<b>51%</b>	<b>11%</b>

*Source: Company data, FiiPro*

**SSI is Vietnam's best available market proxy.** The stock typically trades on general market conditions, and it offers both the highest market capitalization and the most trading liquidity in the sector. Balance sheet risks are relatively low for this high-Beta sector, and SSI leverages an attractive mix of retail agency / margin lending, institutional brokerage, and proprietary trading.

**However, market conditions may not favor the brokerage stocks in 3Q24** if our cautious tactical call continues to be right. SSI's chart has broken down technically in the past week, and although the valuation is now reasonably close to fair value, we'd prefer a steeper discount before getting more engaged.

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

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**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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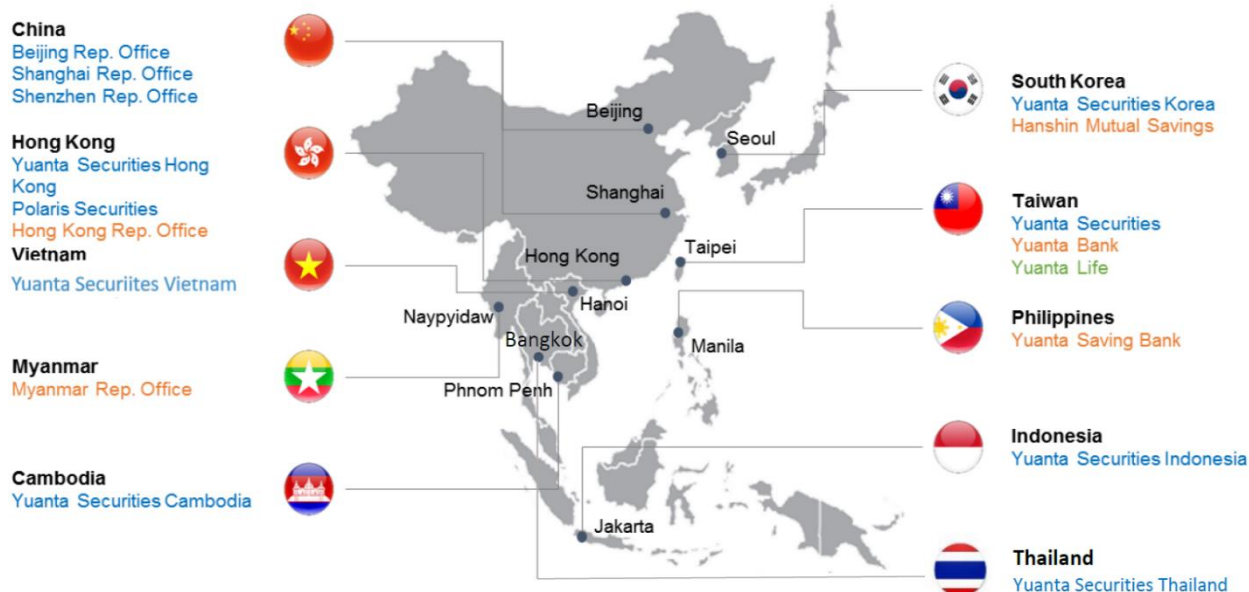
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