

**Vietnam: Brokers**

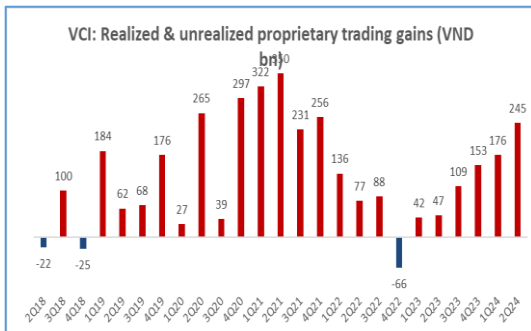
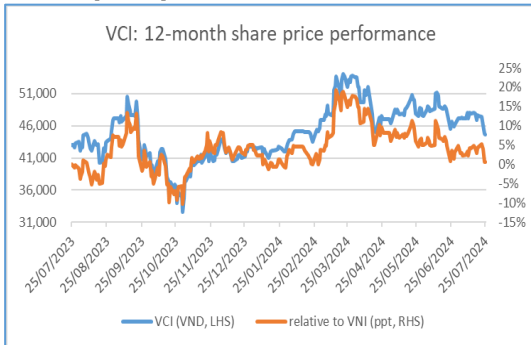
**25 July 2024**

**BUY**

**Target Price upside +2.2%**

Price (25 July) **VND 44,600**  
 12M Target **VND 45,580**

**Share price performance relative to VNI**



<b>Market cap</b>	<b>US\$776m</b>
<b>6M avg. Daily turnover</b>	<b>US\$11.5m</b>
<b>Outstanding shares</b>	<b>442m</b>
<b>Free float</b>	<b>67%</b>
<b>FINI ownership</b>	<b>19%</b>
<b>Major shareholders</b>	<b>33%</b>
<b>2Q24 Net debt/equity</b>	<b>97%</b>
<b>2025E EV/EBITDA</b>	<b>13x</b>
<b>2024E P/B</b>	<b>2.1x</b>
<b>2025E P/E</b>	<b>24x</b>
<b>2025E Dividend yield</b>	<b>3.4%</b>
<b>Trading platform</b>	<b>HOSE</b>
<b>FOL Room</b>	<b>No limit</b>

Source: Bloomberg, FiinPro, VCI, Yuanta Vietnam

**Matthew Smith, CFA**  
 Head of Institutional Research  
[matthew.smith@yuanta.com.vn](mailto:matthew.smith@yuanta.com.vn)

**An Nguyen**  
 Assistant Analyst

**Bloomberg code: YUTA**

**Vietcap Securities (VCI VN)**

**Prop gains soar to a 2-year high**

2Q23 PATMI reached 279bn (+41% QoQ / +139% YoY) driven primarily by realized prop trading gains and margin income. VCI has delivered 82% of its full-year PBT guidance and 41% of our PAT forecast in 1H24.

**Key Highlights**

**Gross brokerage revenue was VND181bn (-1% QoQ / +29% YoY).** Net brokerage fees were VND46bn (+205% QoQ / -9% YoY). Analyzing VCI's commission rates is tricky due to volatile IB-related flows. But we estimate 2Q24 gross fees of 12bps (-1bp QoQ / -5bp YoY) and net fees of 3bps (+2bp QoQ / -3bp YoY) based on VCI's 2Q24 market share of 5.3% on HSX, 2.6% on HNX (its first top-ten HNX ranking since 4Q20), and 4.6% on UPCom.

**Gross margin lending revenues reached VND234bn (+30% QoQ / +38% YoY).** 2Q24 loans reached VND7.9tn (-7% QoQ / +47% YoY) to account for 34% of total assets (down from 44% in 1Q24 and 37% in 2Q23) and c. 3.7% market share. Estimated loan yields were 11.4% in 2Q24 (-1.5ppt YoY). Our 1Q24 estimate of just 8.7% is probably wrong, due to balance sheet fluctuations (i.e., actual 1Q24 yields were very likely higher).

**Net prop trading gains reached VND245bn (+39% QoQ / +423% YoY),** driven by realized gains of VND261bn (+54% QoQ / -475% YoY) and a modest revaluation loss of VND16bn in 2Q24. VCI's FVPL position of VND1.0tn (+20% QoQ / +82% YoY) was still just 4% of total assets, a relatively low prop book allocation among the brokers that we cover.

**Available-for-sale assets expanded by +11% QoQ / +44% YoY** to VND8.5 trillion, or 37% of total assets. VCI's stake in UPCom-listed IDP (Not Rated) is booked under AFS assets, which (mercifully) means that unrealized market valuations are reflected only on the balance sheet. Unrealized asset revaluation gains expanded by +16% QoQ / +34% YoY to reach VND2.6tn.

VCI: Results Summary	2Q24 (VND bn)	YoY	QoQ
Gross brokerage income	181	29%	-1%
Net brokerage income	46	-9%	205%
Service fees	5	-174%	-131%
Gross margin income	234	38%	30%
Prop trading	245	423%	39%
Gains from AFS assets	27	-55%	-66%
Gains from HTM assets	5	-79%	-15%
<b>Reported PATMI</b>	<b>279</b>	<b>139%</b>	<b>41%</b>

Source: Company data, FiinPro

**Is it time to buy the brokers?** Our cautious strategy call since 1Q24 suggests downside share price risk for brokers, which are essentially leveraged proxies on market activity. VCI is down -17% from its 12-month high, so the valuation is less stratospheric than it was in March. However, we aren't exactly pounding the table given our c.5% expected TSR and as the stock breaks below its 200-day MA. Fundamentally, VCI's leading institutional brokerage franchise make it the go-to play on an eventual E/M upgrade, but the timing is unclear.

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Attn: Research  
Yuanta Securities Investment Consulting  
4F, 225,  
Section 3 Nanking East Road, Taipei 104  
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Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
Yuanta Securities (Hong Kong) Co. Ltd  
23/F, Tower 1, Admiralty Centre  
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Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office  
Yuanta Securities Building  
Euljiro 76 Jung-gu  
Seoul, Korea 100-845  
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Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research  
PT YUANTA SECURITIES INDONESIA  
(A member of the Yuanta Group)  
Equity Tower, 10th Floor Unit EFGH  
SCBD Lot 9  
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Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department  
Yuanta Securities (Thailand)  
127 Gaysorn Tower, 16th floor  
Ratchadamri Road, Pathumwan  
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

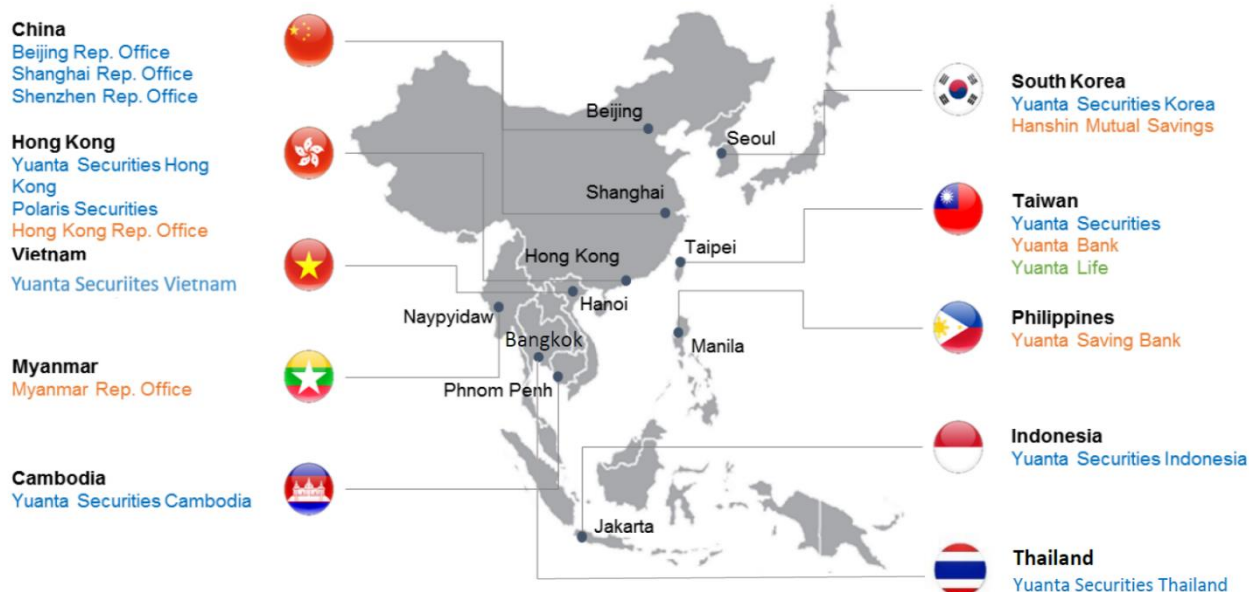
Research department  
Yuanta Securities (Vietnam)  
4th Floor, Saigon Centre  
Tower 1, 65 Le Loi Boulevard,  
Ben Nghe Ward, District 1,  
HCMC, Vietnam

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# YUANTA SECURITIES NETWORK



## YUANTA SECURITIES VIETNAM OFFICE

**Head office:** 4<sup>th</sup> Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

### Institutional Research

**Matthew Smith, CFA**

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

[matthew.smith@yuanta.com.vn](mailto:matthew.smith@yuanta.com.vn)

**Tanh Tran**

Analyst (Banks)

Tel: +84 28 3622 6868 (ext. 3874)

[tanh.tran@yuanta.com.vn](mailto:tanh.tran@yuanta.com.vn)

**Di Luu**

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

[di.luu@yuanta.com.vn](mailto:di.luu@yuanta.com.vn)

**Giang Hoang**

Assistant Analyst

[giang.hoang@yuanta.com.vn](mailto:giang.hoang@yuanta.com.vn)

**Binh Truong**

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (ext. 3845)

[binh.truong@yuanta.com.vn](mailto:binh.truong@yuanta.com.vn)

**Tam Nguyen**

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

[tam.nguyen@yuanta.com.vn](mailto:tam.nguyen@yuanta.com.vn)

**An Nguyen**

Assistant Analyst

Tel: +84 28 3622 6868 (ext. 3845)

[an.nguyen@yuanta.com.vn](mailto:an.nguyen@yuanta.com.vn)

### Institutional Sales

**Lawrence Heavey**

Head of Institutional Sales

Tel: +84 28 3622 6868 (ext. 3855)

[lawrence.heavey@yuanta.com.vn](mailto:lawrence.heavey@yuanta.com.vn)

**Hien Le**

Sales Trader

Tel: +84 28 3622 6868

[hien.le@yuanta.com.vn](mailto:hien.le@yuanta.com.vn)

**Vi Truong**

Sales Trader

Tel: +84 28 3622 6868 (ext. 3940)

[vi.truong@yuanta.com.vn](mailto:vi.truong@yuanta.com.vn)

**Tuan-Anh Nguyen**

Sales Trader

Tel: +84 28 3622 6868 (ext. 3909)

[anh.nguyen2@yuanta.com.vn](mailto:anh.nguyen2@yuanta.com.vn)

**Dat Bui**

Sales Trader

Tel: +84 28 3622 6868 (ext. 3941)

[dat.bui@yuanta.com.vn](mailto:dat.bui@yuanta.com.vn)