

Vietnam: Brokers

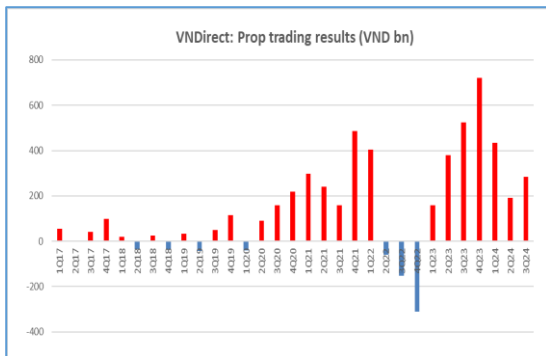
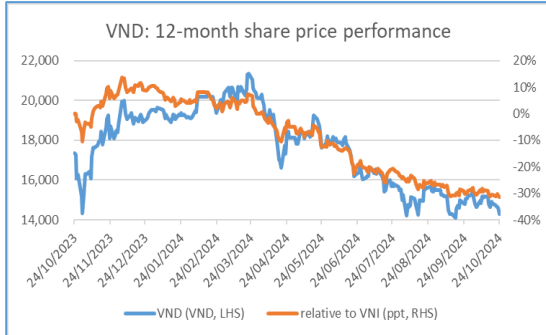
29 October 2024

BUY

Target Price upside +40%

Price (Oct 28) VND 14,600
12M Target VND 20,449

Share price performance relative to VNI



Market cap	US\$878m
6M avg. daily turnover	US\$7.9m
Outstanding shares	1,522m
Free float	75%
FINI ownership	12%
Major shareholders	25%
2Q24 Net debt/equity	122%
2024E EV/EBITDA	4.1x
2024E P/B	1.2x
2025E Dividend yield	3.4%
2025E P/E	8.9x
Trading platform	HOSE
FOL Room	No limit

Source: Bloomberg, FiinPro, Company data, Yuanta Vietnam

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VN Direct Securities (VND VN)

Earnings are up, but the shares are not

3Q24 earnings bounced by +46% QoQ from a weak second quarter. VND has delivered 73% of its 2024E PAT guidance and 79% of our full-year forecast in 9M24, a very solid result considering the IT disruptions earlier this year.

Key Highlights

3Q24 net brokerage fees fell by -31% QoQ / -52% YoY. We estimate gross brokerage commissions were 8bp in 3Q24 (-1bp QoQ / -5bp YoY), a record low on our numbers. Meanwhile, estimated 3Q24 net fees were 3bp (-1bp QoQ / -2bp YoY). These estimates are based on VND's 3Q market share of 5.7% on HSX (-76bp QoQ / -151bp YoY), 7.0% on HNX, and 5.7% on UCom.

Margin lending gross revenues (+5% QoQ / -13% YoY) reached VND313bn. Margin loans totaled VND11.2tn (-3% QoQ / -1% YoY), representing 25% of total assets and roughly c.5% market share. We estimate gross yields of 11.3% in 3Q24 (flat QoQ / -2.8ppt YoY), suggesting stable yields relative to peers.

Net prop trading gains (+49% QoQ / -46% YoY) reached VND285bn in 3Q24. Disposal gains of VND312bn (-14% QoQ / -33% YoY) were the key driver, while unrealized MTM losses were just VND27bn.

FVPL assets reached VND24tn (+16% QoQ / +27% YoY) or a very substantial 56% of total assets. Bonds comprise VND13.1tn of "trading" assets, and we believe that this still includes at least VND8tn of corporate bonds from the 2022 events, which are not marked to market on the P&L or balance sheet. We would warmly welcome any correction / clarification from management.

VNDirect: Results summary	3Q24 (VND bn)	YoY	QoQ
Gross brokerage income	168	-44%	-8%
Net brokerage income	58	-52%	-31%
Service fees	-8	95%	-133%
Gross margin income	313	-13%	5%
Prop trading	285	-46%	49%
Gains from HTM assets	97	-35%	-17%
PBT	620	-22%	46%
Reported PATMI	505	-21%	46%

Source: Company data, FiinPro

VND is not one for the faint-of-heart, as discussed in detail in our (seriously overdue for a refresh) [sector report](#) last year. Confirming this view, the stock has fallen by -18% YoY and underperformed the VNI by -31% YoY. As a predominantly retail investor-focused broker, VND may face greater risk vs. the other 3 brokers in our coverage from disruptors like VPS and TCBS.

What's in the price? No point in sugar coating it: the shares have performed abysmally (down -54% from the Apr-2022 peak). VND's 1.2x 2024E P/BV multiple represents a c.45% discount to peers (at round 2.0x). Assuming the corporate bond exposure is the only reason for the derating, the market has effectively discounted a 100% writeoff of the original VND8.1 trillion in CBs.

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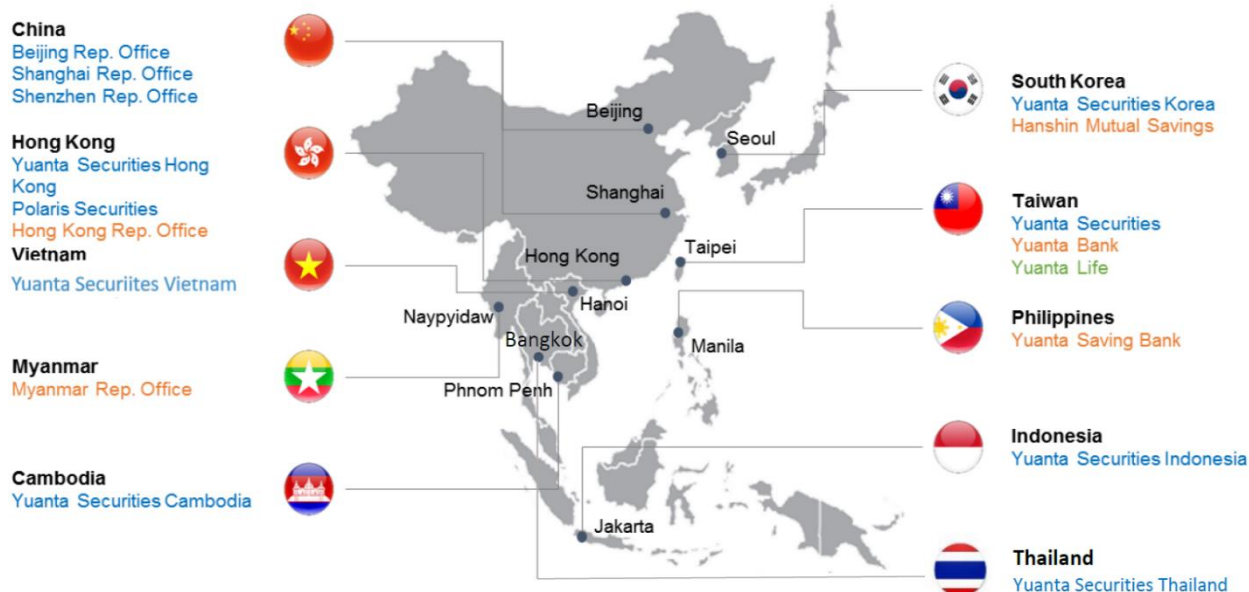
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