

Vietnam: Brokers

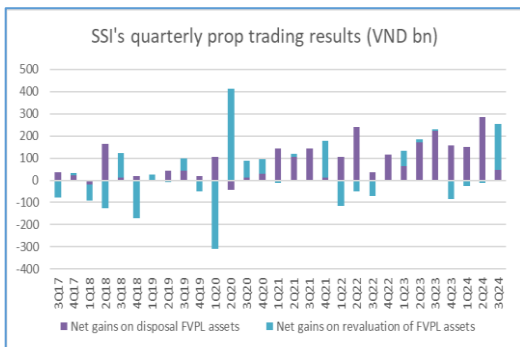
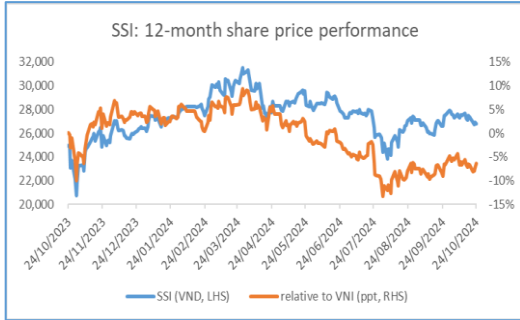
1 November 2024

BUY

Target Price differential: -1.2%

Price (Nov 1) VND 26,200
12M Target VND 25,898

Share price performance relative to VNI



Market cap	US\$2.1bn
6M avg. daily turnover	US\$17m
Outstanding shares	1,962m
Free float	70%
FINI ownership	43%
Major shareholders	30%
3Q24 Net debt/equity	161%
2024E EV/EBITDA	5.5x
2024E P/B	2.0x
2025E Dividend yield	3.3%
2025E P/E	10.2x
Trading platform	HOSE
FOL Room	No limit

Source: Bloomberg, FiiPro, Company data, Yuanta Vietnam

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SSI Securities (SSI VN)

Soft agency fees offset by trading gains

3Q24 earnings were down -7% QoQ but up 12% YoY, as a surge in unrealized trading gains was offset by soft brokerage fees. SSI has delivered 88% of 2024 PBT guidance and 67% of our full-year PAT estimate in 9M24.

Key Highlights

Compressed brokerage commissions. 3Q24 gross brokerage fees fell by -39% QoQ / -37% YoY, while net fees declined by -78% QoQ / -68% YoY. The sequential decline confirms our view that the 2Q24 surge was IB-related. We estimate gross brokerage fees were 12bp (-8bp QoQ / -5bp YoY) and net fees were just 2bps (-5bp QoQ / -2bp YoY).

SSI's 3Q24 brokerage market share of HSX trading fell to a decade low of 8.8% (-47bp QoQ / -175bp YoY), while its share of trading on HNX was 6.4% and UCom was 6.9%. These figures represent the basis of our fee estimates.

Gross lending income (+7% QoQ / +27% YoY) reached VND549bn in 3Q24. Margin loans were VND19.5tn (-4% QoQ / +28% YoY) to account for 29% of total assets (flat from 2Q24). Using balance sheet data for loans, we estimate gross lending yields were 11.0% in 3Q24 (+20bp QoQ / -99bp YoY) and 9.0% market share of margin loans, edging out HCM and behind only TCBS.

Net prop trading net gains soared (+650% QoQ / +60% YoY) to VND258bn, a key swing factor in 3Q24 earnings. Revaluation gains of VND209bn (vs. a 2Q24 loss and +58x YoY) were the highest since 2Q20, while disposal gains were VND49bn (+6% QoQ / down -69% YoY).

FVPL book reached VND37tn (-7% QoQ / +26% YoY) or 56% of total assets, roughly 91% of which (VND34tn) is bonds and money market instruments.

SSI: Results summary	3Q24 (VND bn)	YoY	QoQ
Gross brokerage income	340	-37%	-39%
Net brokerage income	45	-68%	-78%
Service fees	-1	-111%	-107%
Gross margin income	549	27%	7%
Net prop trading gains	258	60%	650%
Gains from HTM assets	61	-46%	-32%
PBT	987	12%	-7%
Reported PATMI	795	12%	-6%

Source: Company data, FiiPro

Our view is that SSI is Vietnam's best available market proxy. The stock typically trades on general market conditions, and it offers both the highest market cap 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.

Believe it or not, there is now a Consensus view on SSI with Bloomberg listing 5 houses actively covering the stock (and no, SSI is *not* one of the five). Perhaps it's just the eternal battle between elderly cynicism and youthful exuberance, but our target price is the lowest on the Street (-22% below the BBG Consensus).

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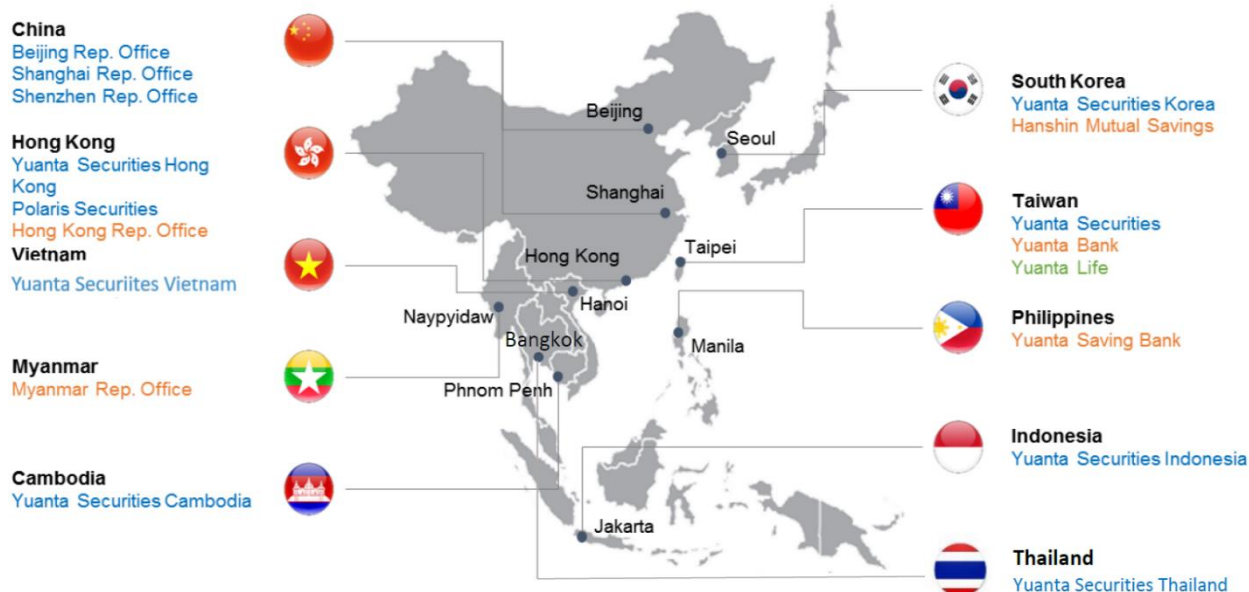
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