

Vietnam: Brokers

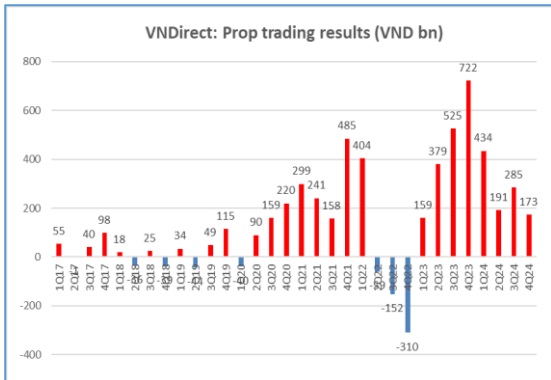
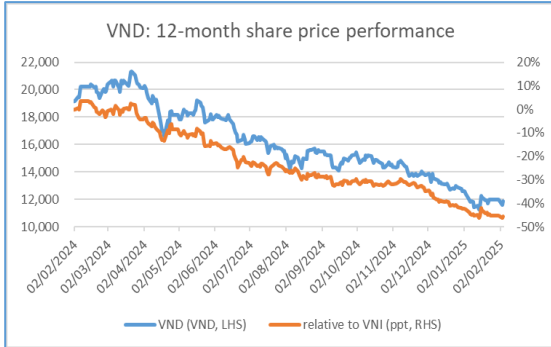
6 February 2025

BUY

Target Price upside +22%

Price (Feb 5) VND 12,450
12M Target VND 15,127

Share price performance relative to VNI



VN Direct Securities (VND VN)

Is the De-rating Complete?

4Q24 earnings (-50% QoQ / -69% YoY) came in at a full-year low of VND251bn, largely on soft prop trading results. VND thus delivered 85% of 2024E PAT guidance and 92% of our full-year forecast.

Key Highlights

4Q24 brokerage revenues softened (-15% QoQ/-34% YoY) and net brokerage fees were just VND23bn (-60% QoQ/+3% YoY). Est. gross commission rate was 12bp in 4Q24 (flat QoQ / -1bp YoY), while net fees were 2bp (-2bp QoQ/+1bp YoY). 4Q24 market share on HOSE was 5.1% (-62bp QoQ / -193bp YoY), a record low in the past decade; HNX (6.2%), and UPCom (4.6%).

4Q24 lending revenues (+4% QoQ / +20% YoY) reached VND327bn. Margin loans totaled VND10.3tn (-5% QoQ / +1% YoY), representing 23% of total assets and 4.2% market share. We estimate gross yields of 12.3% in 4Q24 (+1ppt QoQ / -0.1ppt YoY), the highest among the 4 brokers that we cover.

Net prop trading gains (-39% QoQ / -76% YoY) reached VND173bn in 4Q24. Disposal gains of VND212bn (-14% QoQ / -33% YoY) once again drove the prop trading income, while unrealized MTM losses were VND13bn.

FVPL assets remain the largest balance sheet item at VND24.5tn (flat QoQ / +47% YoY) or an enormous 55% of total assets. Bonds comprise VND14.6tn or 60% of held-for-trading securities. We believe that this still includes c.VND8.1tn of troubled corporate bonds from the events of 2022, which are held at cost and not marked to market on the P&L or balance sheet.

Market cap	US\$743m
6M avg. daily turnover	US\$5.4m
Outstanding shares	1,522m
Free float	75%
FINI ownership	11%
Major shareholders	25%
4Q24 Net debt/equity	111%
2025E EV/EBITDA	10.6x
2024E P/B	1.1x
2025E Dividend yield	3.4%
2025E P/E	9.7x
Trading platform	HOSE
FOL Room	No limit

Source: Bloomberg, FiinPro, Company data, Yuanta Vietnam

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VNDirect: Results summary	4Q24 (VND bn)	YoY	QoQ
Gross brokerage income	142	-34%	-15%
Net brokerage income	23	3%	-60%
Service fees	53	-60%	-760%
Gross margin income	327	20%	4%
Prop trading	173	-76%	-39%
Gains from HTM assets	64	-53%	-34%
PBT	275	-72%	-56%
Reported PATMI	251	-69%	-50%

Source: Company data, FiinPro

VND is not one for the faint-of-heart, as suggested by the recent extreme underperformance vs the sector and the overall market. Assuming the corporate bond problems were the driver of the derating, the 1.1x P/B multiple effectively discounts a 100% writeoff of the original VND8.1tn in CBs.

Something we should have done a long time ago... We slash our target price by -26% to VND15,127 after stripping out the estimated VND8.1tn in problematic corporate bonds from our fair value estimate. We don't have a view on Trung Nam, but the market's collective assessment is visible in VND's valuation. That said, any positive news on the troubled bond issuer would be a positive catalyst for VND, as illustrated by its limit-up bounce on Jan 16.

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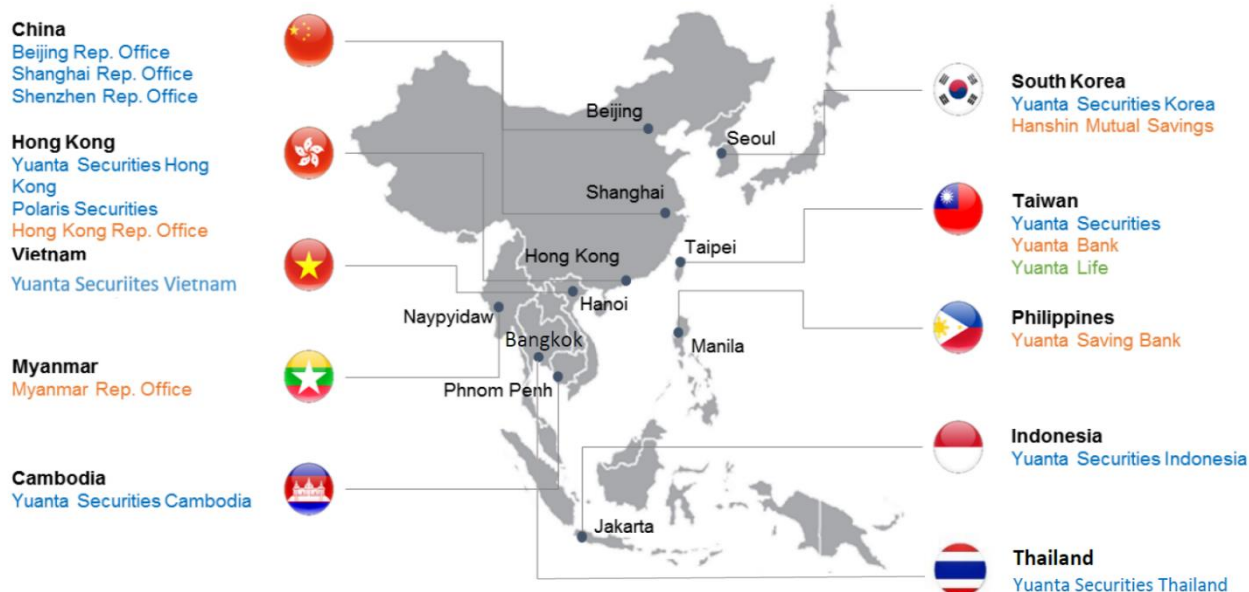
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