

Stock Market Outlook 2022

Post-pandemic rebounds

The uptrend of Vietnam's stock market will continue in 2022 with improved market conditions thanks to the Government's economic stimulus package and waning COVID-19 pandemic given the effectiveness of the vaccination program. The valuation of VN-Index remains attractive, underpinned by high earnings growth of listed companies during the past year.

However, the outstanding growth of the stock market during the last two years is unlikely to be repeated given the potential risks of rising inflation, interest rate hikes, bad debt increases, tightened monetary policies of central banks across the world, slow growth and China's default risks. We therefore expect VN-Index to experience strong fluctuations, especially in the first half of 2022 when favorable factors/risks emerge. With an overall upward trend, VN-Index will be approaching **the equilibrium of VN-Index at 1,760 points by the end of 2022, equivalent to P/E of 17.5x and the average EPS of listed companies increasing by 15.7% YoY.**

With the market's main growth driver in 2022 being the post-pandemic economic recovery driven by the Government's stimulus package, we believe that investors' portfolio in 2022 should be weighted more with growth stocks benefiting from the favorable macroeconomic conditions like the recovery of consumer spending, domestic consumption, exports, boosted public spending, FDI inflows, and digital transformation. Meanwhile, we underweight defensive stocks.

In 2022, KBSV's Equity Research takes a positive stance on the prospect of industrial real estate, retailing, fishery, energy, banks, real estate, oil & gas, information technology, and marine transportation *(Please see more details in the last section of this report).*

Head of Macro & Strategy Tran Duc Anh
 anhdt@kbsec.com.vn

Analyst Thai Huu Cong
 congth@anhdt.com.vn

Analyst Tran Thi Phuong Anh
 anhtht@kbsec.com.vn

Analyst Le Hanh Quyen
 quyenlh@kbsec.com.vn

January 14, 2022

KBSV top pick

Ticker	Target price	Date of report	Expected upside
TIP	81,550	23/11/21	68.7%
PPH	51,500	07/12/21	59.9%
HPP	107,500	22/12/21	52.9%
HPG	68,200	11/11/21	49.2%
CTI	39,100	17/12/21	45.9%
NTC	256,000	25/10/21	34.2%
TCB	65,600	17/11/22	33.1%
CTG	45,100	25/11/21	33.0%
MCH	151,200	30/12/21	32.6%
FPT	123,000	27/12/21	31.4%
VHM	105,600	12/12/21	29.4%
GAS	125,000	17/12/21	28.9%
MWG	168,800	17/11/21	25.7%
VNM	106,800	03/12/21	25.2%
DHA	68,200	02/11/21	23.8%
DRC	39,900	17/12/21	22.2%
SSH	121,700	20/12/21	21.8%
MCM	68,000	23/12/21	19.7%
GMD	56,300	28/12/21	19.0%
VPB	41,600	21/12/21	17.5%
BID	40,900	14/12/21	15.5%
PVT	27,500	13/12/21	15.5%
DPM	54,900	22/11/21	10.9%
DBC	77,100	05/11/21	7.1%
QTP	20,200	14/12/21	6.9%
CTD	114,700	01/12/21	6.7%

Note: Expected stock upside was based on closing prices on December 30. Investors can refer to the model portfolio in Section V of this report.

Contents

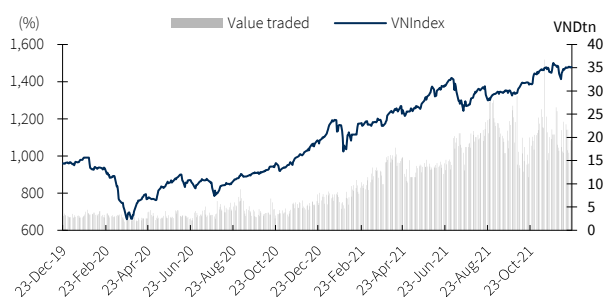
I. 2022 stock market outlook	3
II. Business activities	5
III. The trend of cash flow	7
IV. Market drivers	
1. Recovery of production and economy	9
2. Stimulus package	12
3. Domestic inflation	14
4. US inflation and monetary policy	15
V. Investment themes and model portfolio	19
VI. Sectors' prospects	20
1. Industrial real estate	20
2. Retailing	24
3. Fishery	27
4. Energy	29
5. Banks	32
6. Residential real estate	37
7. Oil & gas	41
8. IT	45
9. Marine transportation	48

I. 2022 stock market outlook

The absolute value and trading value of VN-Index increased significantly in 2021

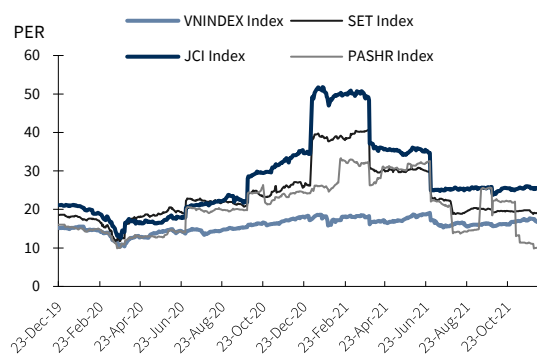
Vietnam's stock market saw a steep rise in 2021, following the uptrend of 2020 with the main driving force coming from the high earnings growths of listed companies and the low interest rate policy. For the whole year of 2021, VN-Index gained 35% in terms of absolute value while the average trading value is 3.4 times higher than that of the same period in 2020.

Fig 1. Vietnam – VN-Index fluctuation



Source: Bloomberg, KB Securities Vietnam

Fig 2. ASEAN4 – P/E movements of stock indices



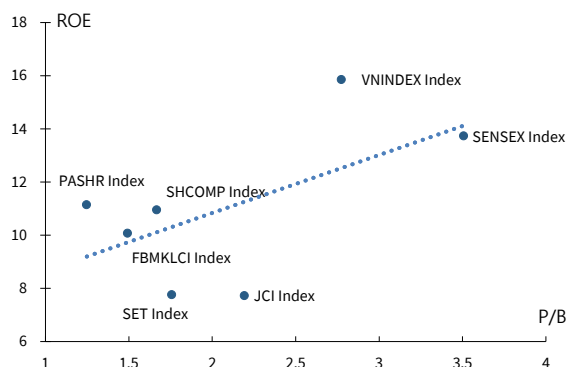
Source: Bloomberg, KB Securities Vietnam

VN-Index valuation remains attractive

Besides, the trailing 12-month average EPS of the companies listed on the Ho Chi Minh City Stock Exchange (HSX) also jumped by 33% which resulted in a modest gain in P/E from 17.25x to 17.4x. While the 2021 P/E is higher than the average P/E of the last two years at 15.8x, it is still lower than the P/E of ASEAN4 countries (Figure 2) and supported by favorable macroeconomic factors such as low interest rates, the upcoming stimulus package and the post-pandemic economic recovery.

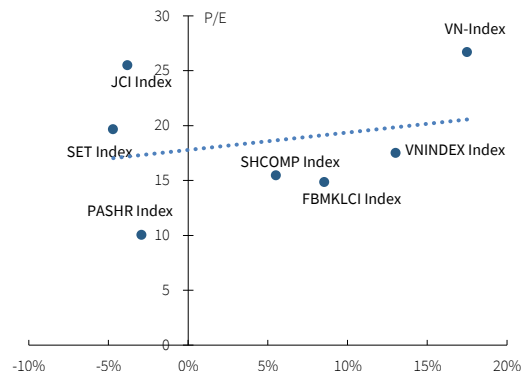
When comparing VN-Index to regional peers, Vietnam's stock market remains attractive in the correlation between P/B & ROE (Figure 3), and P/E & average EPS growth during the last three years (Figure 4).

Fig 3. Asian markets – Correlation between P/B and ROE



Source: Bloomberg, KB Securities Vietnam

Fig 4. Asian markets – P/E and three-year CAGR of EPS



Source: Bloomberg, KB Securities Vietnam

The reasonable target for VN-Index by the end of 2022 is 1,760 points

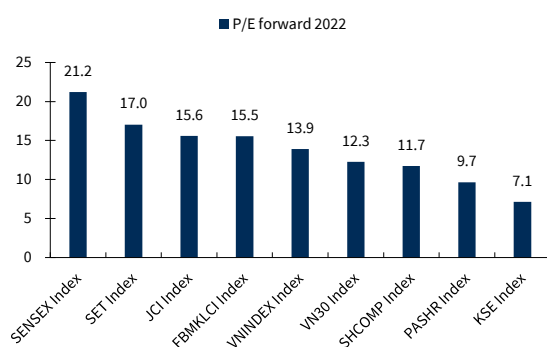
In the base scenario, we forecast the EPS growth of HSX-listed companies to be 15.7% in 2022 vs. 30% in 2021 (See also Section II. Business activities). Investment environment this year is forecast to improve given better pandemic control, the large-scale stimulus package and potential reclassification of the market ranking in the coming years. Therefore, we expect VN-Index to reach 1,760 points by the end of 2022 with a reasonable P/E of 17.5x vs. 17.4x currently, despite potential risk of a marginal increase in interest rates, inflationary pressure (projected to gain 0.5% in the base scenario) and tightened monetary policies.

Table 1. Vietnam – Key factors affecting the market in 2022 (See also section IV of this report)

Favorable factors	Impact	Possibility	Risks	Impact	Possibility
Post-covid economic recovery	Strong	High	Inflation and fund rate increases	Severe	Average
Fiscal stimulus	Average	High	Hawkish monetary policy	Mild	High
Positive earnings growth of listed companies	Average	High	Domestic and global covid resurgence	Mild	Average
			Slow GDP growth and default risk of Chinese businesses	Mild	Average

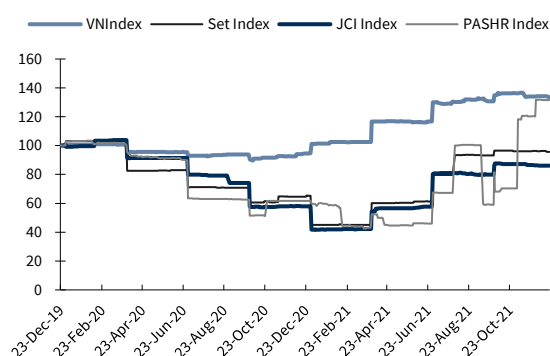
Source: KB Securities Vietnam

Fig 5. Vietnam –P/E forward 2022



Source: Bloomberg, KB Securities Vietnam

Fig 6. ASEAN4 – EPS movements



Source: Bloomberg, KB Securities Vietnam

II. Business activities

Listed companies continued to record higher-than-expected profits despite the negative impact of the lockdowns in major cities

Following the growth momentum in the first two quarters, listed companies continued to record higher-than-expected earnings despite the disruptions caused by the strict social distancing rules in major cities. Statistically, the total profit and revenue of HSX-listed enterprises in the third quarter grew by 19.4% YoY and 2.6% YoY respectively, driven by the growth of materials (+123% YoY), utilities (+44.7%), finance (+18.9% YoY). On the contrary, pandemic-hit sectors namely energy (-79.5%), consumer discretionary (-52.9%) witnessed losses of 3.5 times YoY.

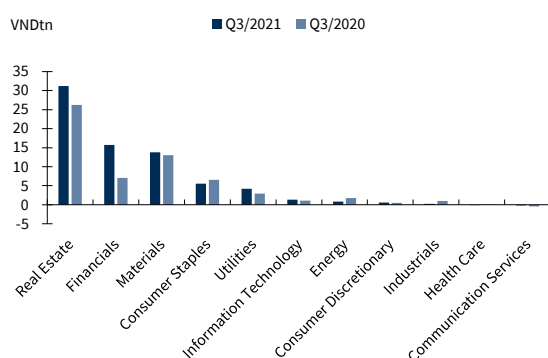
From our observation, most sectors recorded surging inventories over the same period (Figure 9) due to: (1) Rising commodity prices; (2) dwindling demand amid social restrictions in the third quarter; and (3) the hoarding of inventories by many businesses to boost sales after the lockdown is lifted.

KBSV forecasts the average EPS in 2022 of businesses on the HSX to grow by 15.7% YoY

Assuming that the pandemic is under control and nationwide social distancing measures are not reimposed, we believe that the earnings growth momentum of listed companies will continue in 2022. To be more specific, the consumer discretionary sector (+25.4%) should lead the trend when the post-pandemic demand rebounds, followed by information technology (+23.9%) thanks to national digital transformation program, and industrial real estate (+20.8%) given production recovery. Accordingly, we forecast FY22 average EPS of HSX-listed companies to gain 15.7% YoY (Figure 10).

Please note that we may downgrade our growth projections due to the risks involving the appearance of new Coronavirus strains; rising bad debts; surging raw material prices; and interest rate hikes which may affect interest expense.

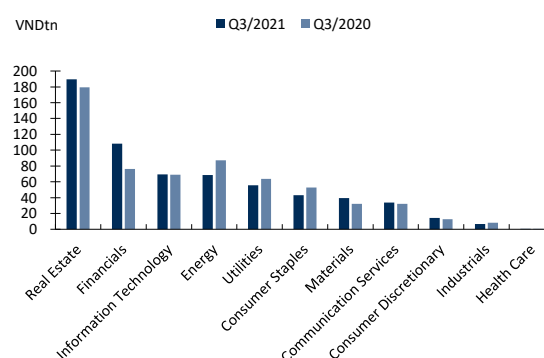
Fig 7. Vietnam – 3Q21 & 3Q20 profit across sectors (VNDtn)



Source: Bloomberg, KB Securities Vietnam

Note: Based on Global Industry Classification Standard

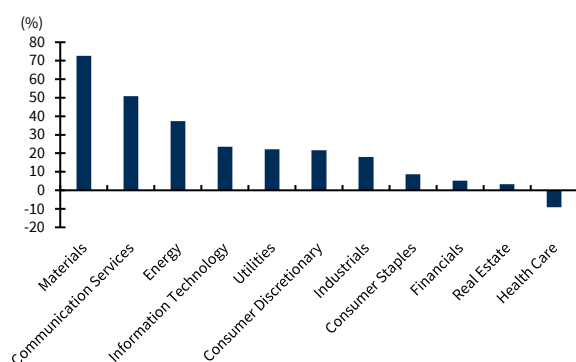
Fig 8. Vietnam – 3Q21 & 3Q20 revenue of sectors (VNDtn)



Source: Bloomberg, KB Securities Vietnam

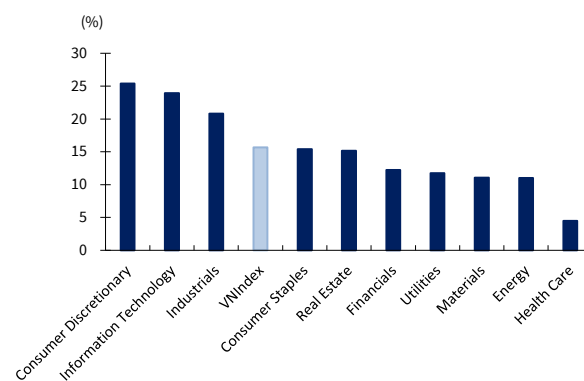
Note: Based on Global Industry Classification Standard

Fig 9. Vietnam – Inventories in 3Q21 and 3Q20 (%)



Source: Bloomberg, KB Securities Vietnam

Fig 10. Vietnam – 2021F EPS growth of industries (%)



Source: Bloomberg, KB Securities Vietnam

Note: 2021F EPS growth across industries by interpolation method was based on consensus EPS growth of leading large-cap stocks

III. The trend of cash flow

In 2022, the cash flow from domestic individual investors is forecast to be flat or reduced from the high level in 2021

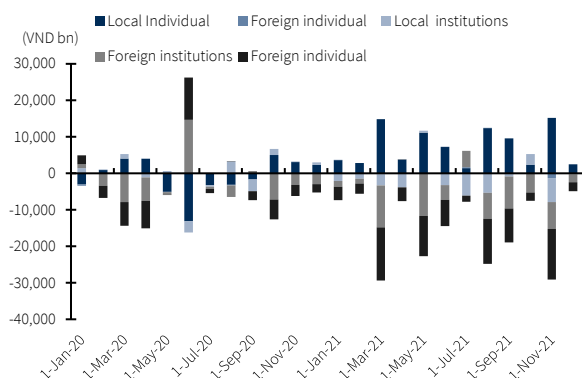
The number of newly opened securities accounts continuously remains high (threefold YoY), indicating the attractiveness of the stock market in 2021 due to lower deposit interest rates, increasing dormant capital caused by the shutdowns of production activities in response to the COVID-19 resurgence. In 2022, cash flow from domestic individual investors are anticipated to be flat or reduced from the high level of 2021 due to the following reasons: (1) Deposit interest rates are expected to inch up by 0.5% (See also interest rate forecast section in the 2022 Macro outlook report); (2) a part of the cash flow will be withdrawn to invest in production and business activities; (3) the market will follow a moderate uptrend with alternating ups/downs instead of steep rises in the period of 2020–2021, making the market less attractive to hot money.

Foreign investors are unlikely to be net buyers in 2022 since net selling pressure remains

Foreign investors accelerated withdrawing cash in 2021 with a total value of nearly VND60,000 billion, following the net selling trend from 2020 after the outbreak of the pandemic, supported by: (1) The trend of net selling in the banking sector of frontier and emerging markets and cash flows into developed markets due to the weakened economy under the impact of COVID-19, along with the FED's speeding up the normalization of monetary policy; (2) increasing profit-taking pressure when VN-Index rebounds from the bottom low of 2Q20; (3) the focus of Vietnam's stock market capitalization on banking, real estate, and industrial sectors instead of technology and pharmaceutical industries that attracted strong global capital flows in the past two years.

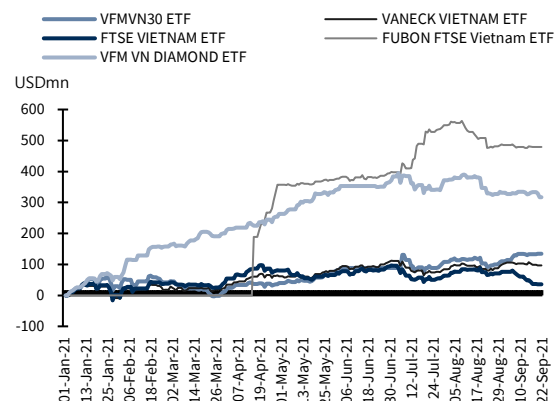
We believe that foreign investors will unlikely to be net buyers again in 2022 when net selling pressure remains, especially in the context that developed countries are gradually tightening monetary policy amid inflationary pressure (Vietnam is still more or less affected despite its relatively low inflation and strong currency (VND)). However, the net selling of foreign investors are unlikely to have a significant impact on the market performance when the trading value will continue to be dominated by local individual investors (foreign trading value are increasingly accounting for a small proportion of whole market's, decreasing from 20% before 2020 to around 5–7% recently). Factors that can attract foreign investors to be net buyer again should be the decrease of VN-Index P/E to a more attractive valuation level, state divestment, raising foreign ownership limit or higher chance of market classification.

Fig 11. Vietnam – Net sell and net buy of investors (VNDbn)



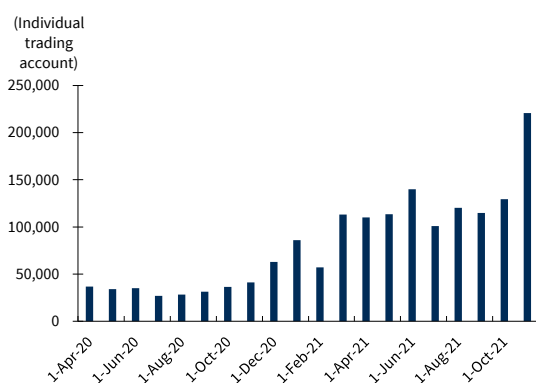
Source: Bloomberg, KB Securities Vietnam

Fig 12. Vietnam – Asset changes of main ETFs (USDmn)



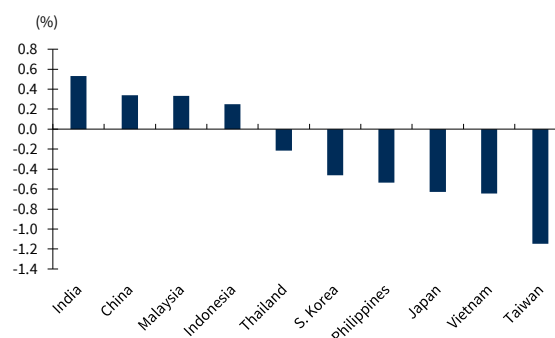
Source: Bloomberg, KB Securities Vietnam

Fig 13. Vietnam – Newly opened accounts of individuals



Source: Bloomberg, KB Securities Vietnam

Fig 14. Regional markets – Foreign net buying/selling (YTD) on total market capitalization ratio (%)



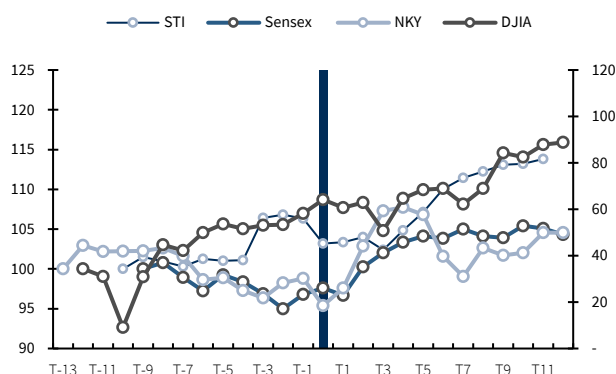
Source: Bloomberg, KB Securities Vietnam

IV. Market drivers

1. The recovery of production activities and economy

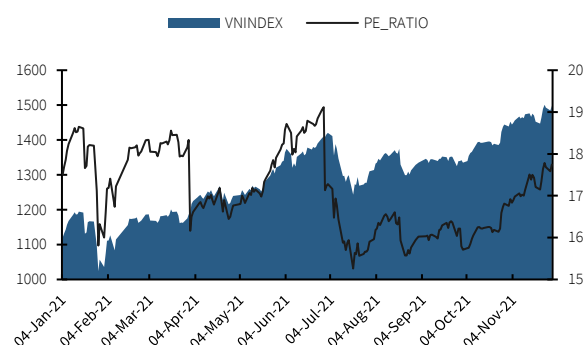
KBSV believes the main growth momentum of local stock market in 2022 will stem from the post-lockdown economic recovery. In fact, after the removal of social distancing measures, most of the stock markets around the globe experience positive gains. Specifically, Singapore's STI Index has shown a remarkable advancement of 10% within three months since the pandemic peak and eased lockdown restrictions. Other countries such as Japan (+9.61%), India (+6.87%) and the US (+6.61%) also witnessed similar growth in the same time frame (Figure 15).

Fig 15. Global – Post-pandemic movements of stock markets



Source: Bloomberg, KB Securities Vietnam

Fig 16. Vietnam – Pre- and post-pandemic VN-Index and P/E

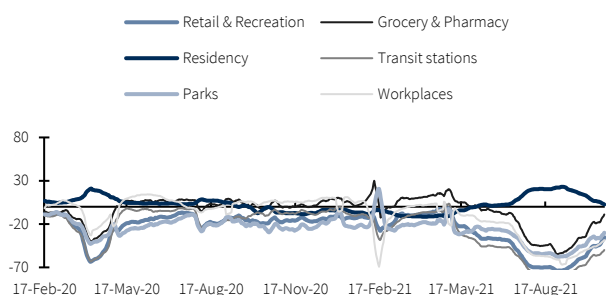


Source: Bloomberg, KB Securities Vietnam

The economic recovery can clearly be seen by the end of the third quarter with all economic indicators improving. The V-shaped recovery of the economy is expected to be the key catalyst for the listed companies to extend their growth trends. In particular, total retail sales of consumer goods (Figure 18), Purchasing Managers' Index (PMI) (Figure 19), Google mobility index (Figure 17), and export value (Figure 21) are all showing signs of growing.

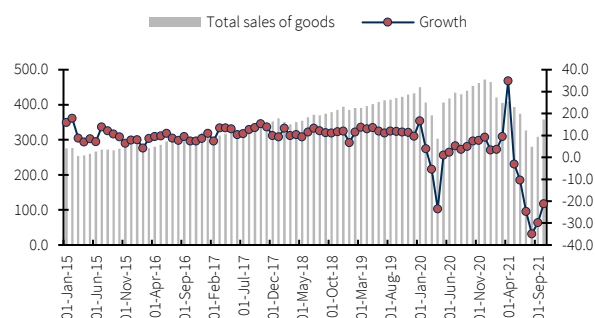
– People's travel behavior has changed with Google mobility index increasing significantly by 10–15 points after the pandemic situation is under control and social distancing measures are eased. Services are the first to benefit from the relaxation and recovering consumer demand. Data from the General Statistics Office shows that the total retail sales of goods bounced back from the bottom low of VND279.8 trillion in August to VND357 trillion in October. The growth rate also improved by 13.8 percentage points to –21.1%, equivalent to the pre-pandemic level.

Fig 17. Vietnam – Google mobility index (points)



Source: Google, KB Securities Vietnam

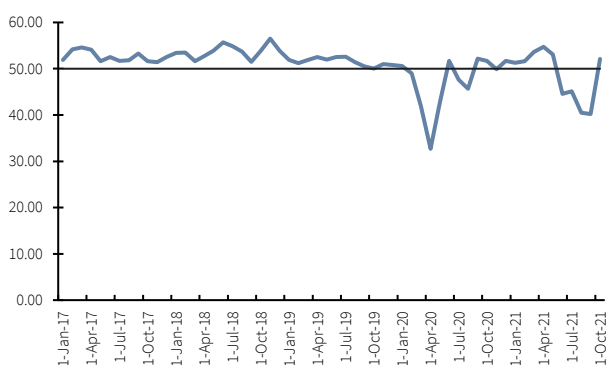
Fig 18. Vietnam – Total retail sales (VNDbn)



Source: General Statistics Office, KB Securities Vietnam

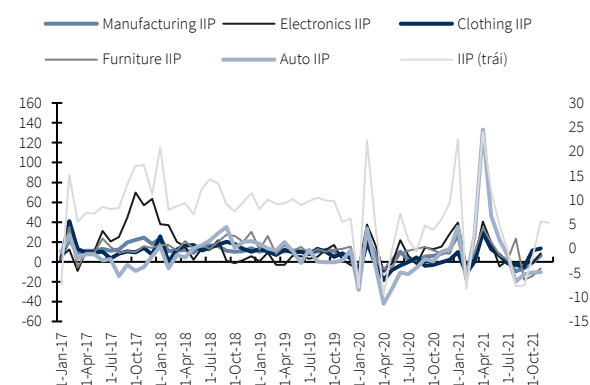
After four consecutive months of decline, the PMI in November continued to maintain above 50 points for the second straight month, reaching 52.2 points. Despite high input material costs and labor shortages, business conditions in Vietnam continue to improve with rising shipment orders and decreasing inventories. Besides, Vietnam's Index of Industrial Production (IIP) picked up 6.9% MoM (-1.6% YoY) in October. We expect the industrial sector's recovery will continue in December as major industrial zones in the South of Vietnam resume operations and workers from other provinces return after the fourth wave of COVID-19 is under control and 75% of the population are fully vaccinated.

Fig 19. Vietnam – PMI (points)



Source: HIS Markit, KB Securities Vietnam

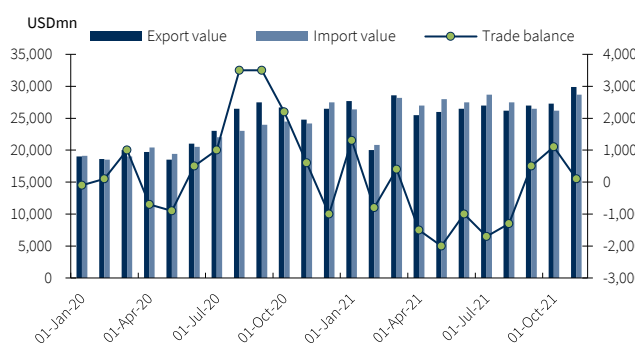
Fig 20. Vietnam – IIP (points)



Source: General Statistics Office, KB Securities Vietnam

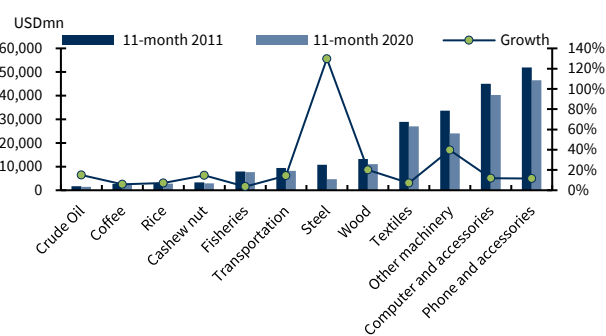
Strong consumer demand during the year-end season in the developed countries as well as the easing of social distancing measures from the end of September made October export turnover increase by 1.1% MoM (+0.3% YoY) to about USD27.3 billion. Commodities such as iron and steel (+130.0% YoY), other machinery and equipment (+40.9% YoY) and wood and wood products (+20.0%) recorded the most positive growth in October. Boosted exporting activities helped Vietnam's trade deficit to reduce by USD1,200 billion against the first 10 months of the year to USD3.8 trillion.

Fig 21. Vietnam – Export revenue (USDmn)



Source: General Statistics Office, KB Securities Vietnam

Fig 22. Vietnam – Export growth of key products (USDmn)

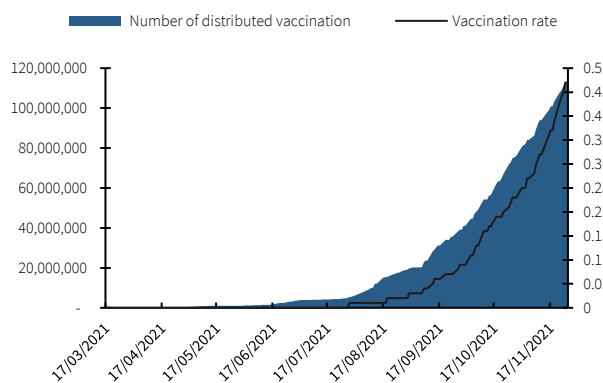


Source: General Statistics Office, KB Securities Vietnam

The resurgence of COVID-19 (*apart from the risk of inflation that is mentioned in the next section*) can cause the positive effect of economic recovery to be reversed. Although the fourth pandemic wave has been basically controlled, the number of daily infections in Vietnam stays high and severe cases are showing signs of increasing again. Vietnam is facing the risk of a fifth outbreak with a high base of new cases, putting great pressure on the healthcare system in the context of the appearance of the Omicron variant first detected in South Africa. However, thanks to the rapid and effective vaccine rollout, nationwide lockdown is less likely to occur this time (the Government may re-apply restrictions where necessary if the situation gets worse).

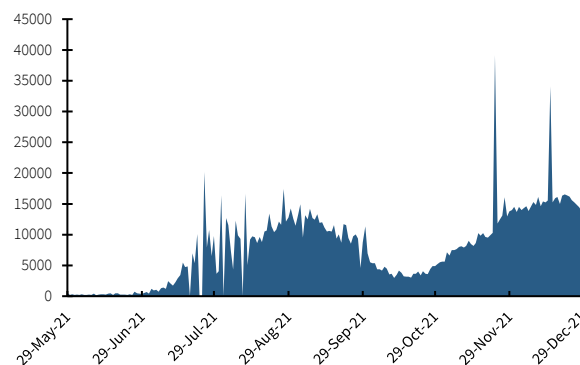
With the vaccination accelerated from 800,000 shots/day to 1.5 million shots/day, 47% of Vietnamese people were fully immunized, increasing 5.6 times after only two months. The number of vaccines administered by the end of November was 113 million doses, an increase of 74.6 million doses from late September. It is expected that 75% of the population will get two shots by the end of 1Q22, a month earlier than our previous report.

Fig 23. Vietnam – Vaccination rollout



Source: Bloomberg, KB Securities Vietnam

Fig 24. Vietnam – Daily infections (cases)



Source: Bloomberg, KB Securities Vietnam

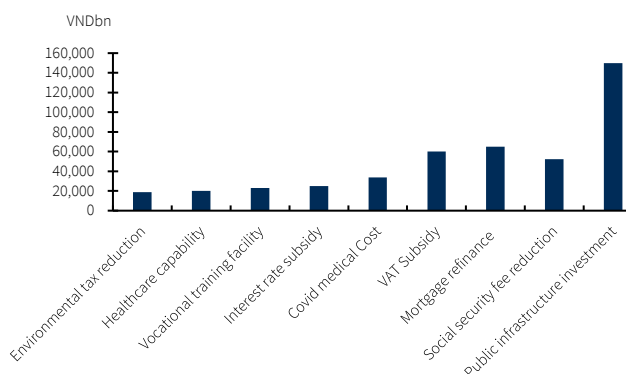
2. Stimulus package

Since the beginning of the COVID-19 outbreak, Vietnam has disbursed economic support packages equivalent to 4% of GDP, according to statistics of the International Monetary Fund (IMF). The size of those packages is much lower than that of other Asian countries such as Korea (10.33%), India (13.92%), Hong Kong (16.2%), Japan (53.7%). Along with that, the national debt in 2021 as reported in the 15th National Assembly was estimated at VND3,708 trillion or 43.7% of GDP, which is much lower than the public debt ceiling of 60% GDP.

The Government has been meeting and discussing the Stimulus Package for 2022 and we expect fiscal policy to be more supportive than it was last year. The package proposed by the Standing Economic Committee such as tax and fee reductions, interest rate compensation, refinancing housing projects, improving healthcare capacity and public spending on infrastructure amounts to VND445 trillion or 5.48% of GDP in 2021. We believe the interest rate compensation package and public spending are the two main solutions that will have a significant impact on the stock market.

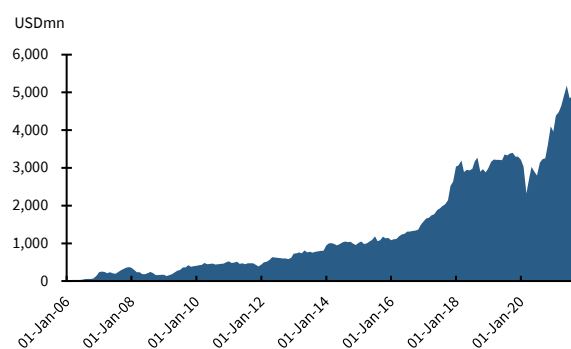
The Standing Economic Committee proposed a support package worth USD1 billion for 2022 (equivalent to that of 2009) targeting businesses in the hardest-hit sectors. The uptrend of the stock market in 2009 was underpinned by interest rate support package which made the cash flow into speculative markets such as securities and real estates. However, with the current market size being much larger than in 2009 (Figure 27), the supervision and management mechanisms have also been improved, the influence on the stock market will be limited.

Fig 26. Vietnam – Stimulus package for 2022 –2023 (VNDbn)



Source: KB Securities Vietnam

Fig 27. Vietnam – Market cap (USDmn)



Source: General Statistics Office, KB Securities Vietnam

The scale of public investment package is estimated at VND150 trillion, concentrated in key projects that are pervasive and legally eligible to improve public infrastructure and create new jobs for workers. Infrastructure construction, real estate, materials are sectors that will benefit from this stimulus package in the medium and long term. However, investors should also pay attention to the speed of disbursement of public investment capital since ministries, agencies and localities have encountered difficulties disbursing all public investment capital in the past few years given many objective reasons (COVID-19 pandemic, surging input material prices) as well as subjective ones (obstruction in site clearance process, price appraisal, administrative procedures). In the first 11 months of 2021, the disbursement progress was approximately VND367 trillion (-9.66% YoY, equivalent to 73.8% of the whole year plan). Therefore, it is essential that the Government carry out more breakthrough solutions to speed up the disbursement.

In general, the impact of the stimulus package on the stock market will not be significant enough to repeat the sudden surge as in 2009. In the medium and long term, the sustainable upside of the market will depend on whether those packages can really get the economy back to the sustainable growth trend.

Table 2. Vietnam – Key projects

Project	Scale	Total investment (VNDbn)	Progress
Long Thanh International Airport Phase 1	1180 ha	114,000	50% site clearance and start of phase 1
11 component projects of North–South Expressway	654 km	112,000	98% delivered
Expansion of Tan Son Nhat and Noi Bai International Airports		9,000	Noi Bai is being repaired, Tan Son Nhat is partially put into operation
Trung Luong – My Thuan – Can Tho Expressway	81 km	21,000	Completed a part
Thai Binh Thermal Power Plant 2	600 MW	41,000	Achieved 86% of the plan
Long Phu Thermal Power 1	1200 MW	29,500	Unit 1 will operate in 2Q21, unit 2 will operate in 3Q21
Song Hau Thermal Power 1	2120 MW	72,000	Unit 1 will operate in October 2021, unit 2 will operate in December 2021
Cai Mep – Thi Vai Interport Road		2,605	Phase 1 will be completed in 4Q20 Phase 2 – Construction of Phuoc An Bridge over Thi Vai River kicked start in 2021
Bien Hoa – Vung Tau Expressway Phase 1	53,7 km	19,600	Preparation for 2021–2022, investor selection 2022 – 2023, site clearance, resettlement 2022 – 2024, construction work 2024 – 2026
Expansion of Long Thanh – Dau Giay expressway	24 km	11,505	Start construction in 2021
Ben Luc – Long Thanh Expressway	57,8 km	31,320	98.9% of site clearance completed
Ring Road No. 4 – Hanoi	110 km	90,400	The Deputy Prime Minister approved to establish the State Appraisal Council to appraise the pre-feasibility study reports of the project

Source: KB Securities Vietnam

3. Domestic inflation

Vietnam's inflation should remain under control at 3.8% for 2022

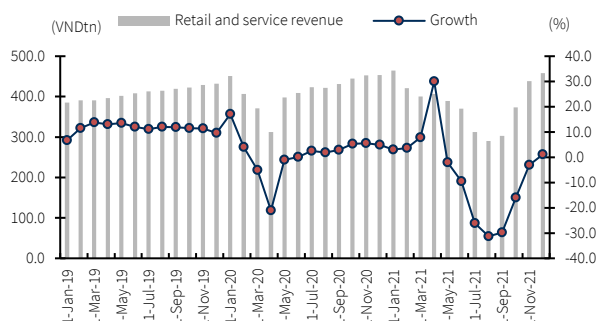
Despite some potential risks posing inflation pressure next year, we expect Vietnam's inflation to be kept under 3.8% for the whole year 2022 (In the base case scenario, the stimulus packages expected to be approved by the Government are not included here – Investors can refer to the 2022 macroeconomic outlook report) because: (1) The weak recovery of economic demand that comes from the saving habit of Vietnamese people to overcome hardship; (2) the slowdown of M2 money supply and velocity of money; (3) commodity price volatility, including pork and gasoline prices, leveling off in line with global economic recovery.

In the scenario where large-scale stimulus packages are approved, the risk of inflation exceeding 4% is present and may prompt the State Bank of Vietnam (SBV) to tighten monetary policy to curb inflation (similar to the move of central banks worldwide), thereby negatively affecting Vietnam's stock market.

Interest rates are likely to rise in 2022

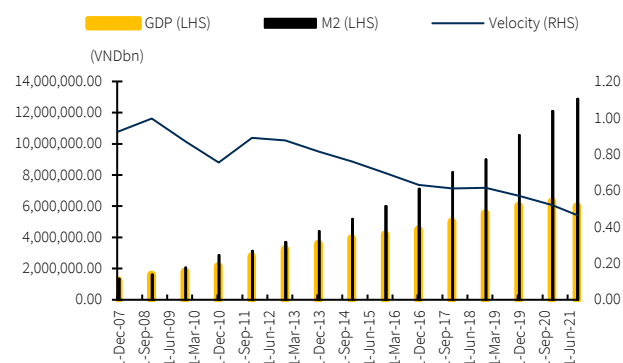
We assess that the deposit interest rate, which is currently at a low level, is likely to rise in 2022, supported by: (1) Inflation increases, causing banks to raise deposit rates to keep real rates above 0% and attractive enough to maintain competitive advantage; (2) recovering credit demand as the economy reopen; and (3) more prudent monetary policy of the SBV. The increase is likely to be relatively low at around 0.5%, corresponding to the base scenario where inflation increases to 3.8%. This will somehow negatively impact the cash flow in the stock market, but only to a small extent.

Fig 28. Vietnam – Retail sales of commodities and services (VNDbn)



Source: General Statistics Office, KB Securities Vietnam

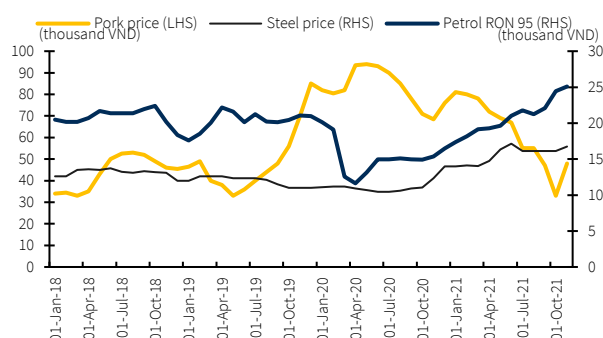
Fig 29. Vietnam – M2 money supply, nominal GDP and velocity of money (VNDbn)



Source: Fiiapro, KB Securities Vietnam

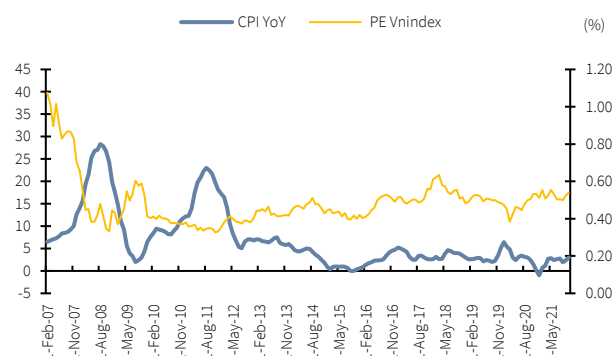
(*) Velocity of money = GDP/Money supply (M1 or M2). It is a measurement of the number of times that money moves from one entity to another in an economy in a given period of time. It decreases when GDP growth fails to keep pace with that of money supply, thereby reducing inflationary pressure of the economy.

Fig 30. Vietnam – Commodity prices (VND thousand/kg)



Source: KB Securities Vietnam

Fig 31. Vietnam – CPI (YoY), PE VN-Index

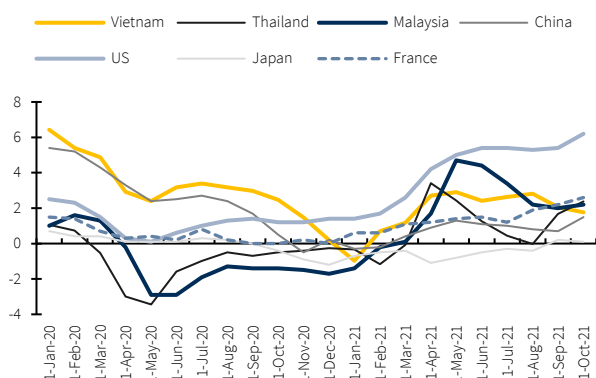


Source: KB Securities Vietnam

4. US inflation and monetary policy

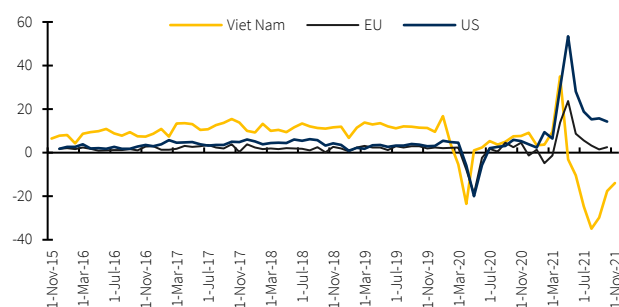
Rising inflation in many countries, especially in the US, weighed on the market. The pressure on commodity prices mainly comes from high consumer demand as stimulus packages being absorbed into the economy, higher wages due to labor shortages, and disruptions to global supply chain worsened by semiconductor shortage which negatively affected the manufacturing industry of automobiles and electronic products.

Fig 32. Global – CPI (% YoY)



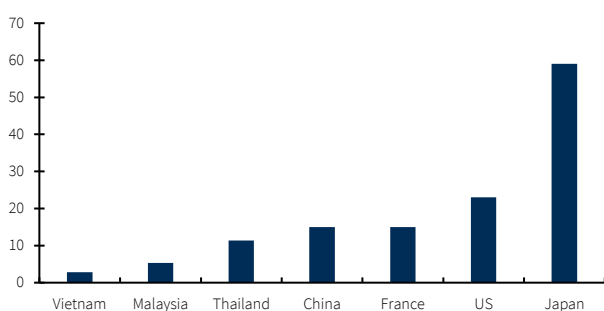
Source: Bloomberg, KB Securities Vietnam

Fig 33. US, EU – Retail and service sales (% YoY)



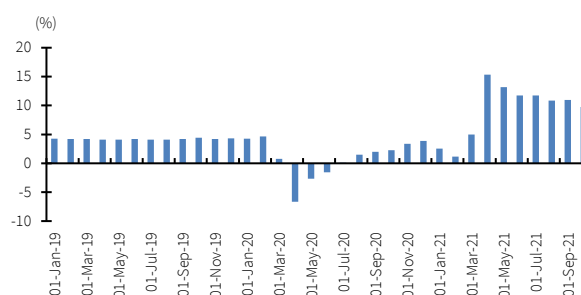
Source: Bloomberg, KB Securities Vietnam

Fig 34. Global – Size of stimulus packages (% GDP)



Source: Ministry of Planning and Investment, Bloomberg, KB Securities Vietnam

Fig 35. US – Income growth (% YoY)



Source: Trading Economics, KB Securities Vietnam

The Fed pointed to a more cautious hawkish policy at its December meeting

At its December meeting, the Fed pointed to tight (hawkish) policy with two main keynotes: (1) The Fed would speed up tapering bond purchases from USD15 billion to USD30 billion a month, thereby halting asset buying by March 2022 instead of June 2022 as previously planned. This process is more urgent than in 2014 in terms of both starting time and implementation time; and (2) the Fed Funds Rate continues to be maintained at 0–0.25%, but 10 out of 18 members of FOMC expect three rate hikes by 2022, pushing the prime rate to 0.75–1%.

The global stock markets in general and the US stock market in particular responded positively following the Fed's statement despite the more-hawkish-than-expected messages. The reason is that the market is satisfied with the step-by-step roadmap of the Fed for a cautious monetary tightening period amid rising inflation, along with the confidence in the improvement of the US economic health.

Fig 36. US – SP500, Fed Fund Rate, 10-year Government Bond



Source: Bloomberg, KB Securities Vietnam

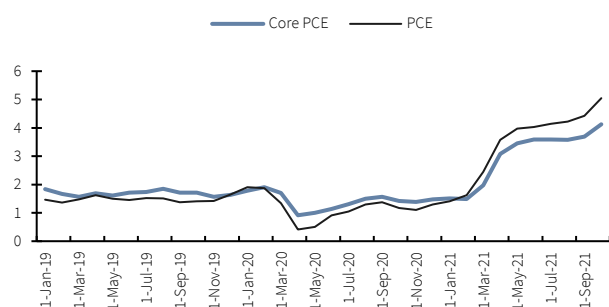
Scenarios on actions of the Fed and its impact on Vietnam's stock market

– **Base scenario:** Inflationary pressure is moderate and declines in the second half of 2022 when global supply chain bottlenecks ease off, the Fed raises interest rates three times to 0.75%–1% by the end of 2022 after ending the bond buying in March as planned. In this scenario, the negative impact on the global and Vietnamese stock markets will not be profound (similar to the period 2016–2019 – Figure 36), when the global financial markets have been well prepared against the backdrop of a new economic growth cycle, creating favorable conditions for enterprises to expand production and business activities.

– **Negative scenario (Stagflation):** Inflation remains high and shows no sign of easing, while economic growth and job market have not fully recovered, which forces the Fed to accelerate interest rate (maybe up to 1.5%–1.75%) by the end of 2022. Tight monetary policy and rising interest rates can make stock valuation less attractive, especially for growth technology stocks which accounts for a large proportion of the US stock market. In our view, if the 10-year US bond yield at 2.5% (Figure 36) breaks, it may also mean the end of the decades-long downtrend in interest rates, which should be closely watched. In this scenario, the risks of inflation, exchange rate and foreign net capital withdrawal become present for Vietnam in the wake of appreciating US dollar (under the influence of the Fed's tight monetary policy). This may cause the Government and the SBV to make appropriate policy adjustments like raising interest rates, controlling inflation, money supply and capital inflow/outflow, thereby negatively affecting the securities and real estate market.

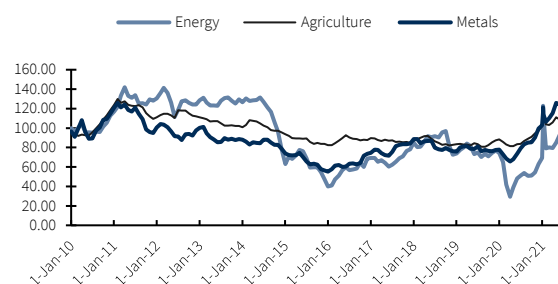
However, we do not appreciate this negative scenario because: (1) The recovery of post-lockdown demand in some countries will gradually normalize, especially after the economic stimulus packages wear off; (2) Supply chain disruption can reduce given that many countries have achieved certain vaccine coverage rates, and can better respond to the pandemic; (3) Energy prices stay high, but it is hard to repeat sharp surge as in 2021 when the Governments of major countries such as the US, China, India, Japan and the UK are all ready to release the oil reserves to stabilize fuel prices ; and (4) Basic commodity prices are showing signs of cooling.

Fig 36. US – Core PCE and PCE (%)



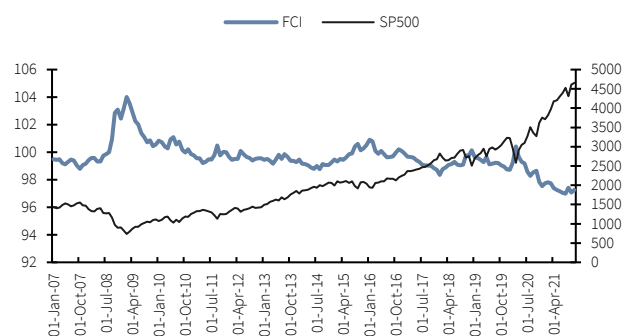
Source: Ministry of Planning and Investment, Bloomberg, KB Securities Vietnam

Fig 37. Global – Commodity prices (% YoY)



Source: World Bank, KB Securities Vietnam

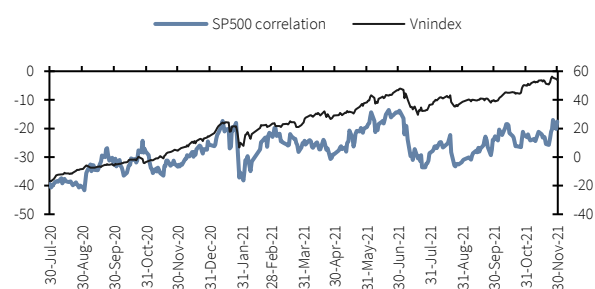
Fig 38. US – FCI & SP500



Source: Bloomberg, KB Securities Vietnam

Note: The Financial Condition Index (FCI) is a comprehensive index that measures the financial conditions of the whole economy (including monetary policy, interest rates, credit).

Fig 39. US, Vietnam – Correlation of two stock markets



Source: Bloomberg, KB Securities Vietnam

V. Investment viewpoints and model portfolio

Investment viewpoints	Beneficiary sectors	Ticker	Growth drivers
Post-pandemic rebounds	Retailing	MWG	<ul style="list-style-type: none"> - Retailing sector rebounded strongly in 'new normal' phase when consumer incomes improved along with economic recovery. - Profit is forecast to grow by more than 30% in 2022 thanks to the The gioi Di dong/Dien may Xanh (TGDD/DMX) chains with high-margin products and the expansion of Dien May Xanh Supermini (DMS) chain. - BHX is expected to record positive profit in 2022 thanks to: (1) continued increase in gross margin; and (2) suspending the massive launch of new BHX stores.
	Logistics	GMD	<ul style="list-style-type: none"> - Long-term growth driver comes from Hai Phong and Gemalink port clusters. - Gemalink was put into operation at 90% capacity, promising a profit growth of 35.1% YoY in 2022. - GMD is expected to record profit from selling 25% stake at Gemalink in 2022.
	Banking	TCB	<ul style="list-style-type: none"> - Asset quality ranks first in the whole system with the lowest NPL ratio and the fourth highest provisions in the banking sector, thereby lowering provisioning pressure in 2022. - High credit growth is expected in 2022 with the momentum gained from the economic recovery. - The IPO of TCBS is expected in the medium and long term.
Boosted public investment	Real estate	VHM	<ul style="list-style-type: none"> - VHM maintains its leading position with No.1 market share in the apartment segment. - Landbank of up to 168 million m² of floor space helps to ensure profit growth and maintain market share in the coming years. - Three major projects Wonder Park, Dream City and Co Loa will be launched in 2022, most of which are low-rise products with good potential for price appreciation.
	Construction & building materials	CTD	<ul style="list-style-type: none"> - The positive outlook for the construction industry is based on: (1) recovery of real estate supply; (2) bottlenecks in public investment solved. - Business activities recovered from the low base, the value of newly signed contracts in 2022 was over VND25,000 billion. - Financial foundation is strong with good debt structure, large amounts of cash, and attractive valuation with a P/B equivalent to half of the industry average.
		CTI	<ul style="list-style-type: none"> - 2022 net profit should increase by 74% YoY thanks to the operation of BOT 319 and other specialized road BOT projects. - The driving force of long-term development comes from the 700 ha landbank of residential and industrial zones in Dong Nai Province. - CTI benefits from public investment in Long Thanh international airport thanks to operating in various fields from quarries exploitation, construction to real estate.
Recovery of export activity that attracts FDI	Industrial real estate	TIP	<ul style="list-style-type: none"> - TIP plans to extend the industrial park's landbank from 323 ha to 826 ha in the next 3 years. - Phuoc Tan residential project with an area of 156 ha will be opened for sale in 2022. - TIP's key projects are less than 20 km from Long Thanh airport, benefiting from public investment in the area.
	Textile	MSH	<ul style="list-style-type: none"> - MSH benefits from recovering demand for textiles and garments, and two main export markets the US and EU. - MSH's production capacity is superior to other peers in the industry. The company is one of the few enterprises with a high proportion of FOB products with both FOB Type 1 and FOB Type 2 having higher gross profit margins than CMT's. - Song Hong 10 Factory's coming into operation helped increase FOB capacity by 35%.
Sectors with stable and long-term growth	Information technology	FPT	<ul style="list-style-type: none"> - Software export should be FPT's main growth driver for 2022. - Domestic enterprises' promoting digital transformation due to the impact of the COVID-19 pandemic is the driving force for the domestic technology industry. Besides, digital transformation at FPT itself helps the business to cut costs and improve profit margins. - Telecommunications sector's profit is expected to grow stably by 10-15% thanks to the prospect of broadband internet and PayTV.
	Energy	QTP	<ul style="list-style-type: none"> - Economic recovery may lead to a strong growth in load demand in 2022. - Completing the overhaul of Unit 4 of Quang Ninh 2 factory contributed to improving output. - The financial position of the company improved thanks to paying off debt of foreign currency. Stable cash flow facilitates the company's paying cash dividends.

Analyst Pham Nhat Anh
 anhpn@kbsec.com.vn

Industrial real estate

Rebounding FDI after economic reopening

New rental area exploited during the year is small due to the pandemic, but rents should keep rising for the rest of the year

The protracted pandemic has affected foreigners' demand for leasing industrial parks in 2021. Newly registered FDI in 11M21 inched up 0.1% YoY to USD26.46 billion, which is low compared to the pre-COVID CAGR of 11.5% in 2012–2019. Notably, disbursed capital dropped 4.2% YoY to USD17.1 billion. The pandemic not only makes the demand lower but also slows down the construction and delivery progress of industrial parks, shown in small newly leased area of 520 ha in 9M21. In terms of legal issues, the total area of industrial area approved by the Prime Minister in 9M21 is up to 7,670 ha, 2.2 times higher than the total area recorded in 2020. The industrial real estate industry also witnessed a significant increase in the average rent, reaching USD114/m² (+7.3 % YoY) in the South and USD108/m² (+6.1% YoY) in the North as of 3Q21.

2022 catalysts are public investment and FDI growth

The catalysts for the industrial park industry in 2022 include: (1) Accelerated public investment vs the current low of 65.7% capital disbursed in 11M21, (2) the stimulus package of VND800,000 billion, which is expected to boost the construction of infrastructure and make Vietnam's industrial parks more attractive to investors, (3) recovering FDI inflows as the need to move manufacturing bases from China is still very large, (4) shortened time for legal approval of industrial parks thanks to the government's efforts in policy reform (Currently, there are many enterprises operating in this sector have available landbank but have not been able to implement the project because of prolonged licensing process), and (5) strongly rebounding industrial park rents in 2022 thanks to increasing production demand, improving infrastructure and lacking supplies of industrial parks.

There are two main risks to industrial parks' business activities

KBSV believes the biggest risks for the industrial zone industry in the coming time are: 1) Protracted legal procedures (Vietnam's industrial park approval process is complicated, which will delay the construction progress of industrial park projects), and 2) lasting adverse effects of the pandemic on FDI flows into Vietnam.

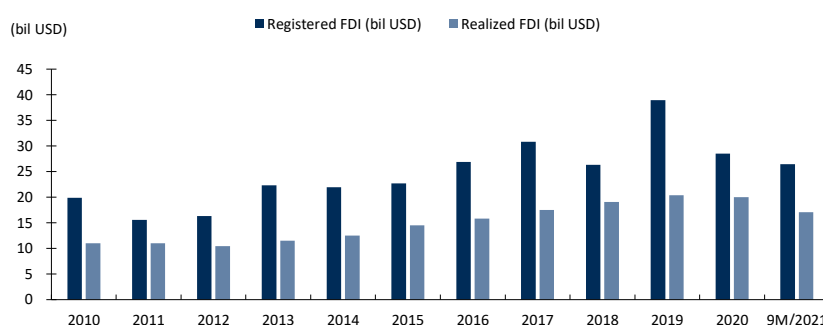
Positive monitor

Recommendations

Tin Nghia Industrial Park Development (TIP)	BUY
Current price	VND53,400
Target price	VND81,550
Cuong Thuan IDICO Development Investment (CTI)	BUY
Current price	VND25,250
Target price	VND39,100
Kinh Bac City Development (KBC)	Monitoring
Current price	VND55,700
Nam Tan Uyen JSC (NTC)	Monitoring
Current price	VND183,400
Phuoc Hoa Rubber (PHR)	Monitoring
Current price	VND70,800

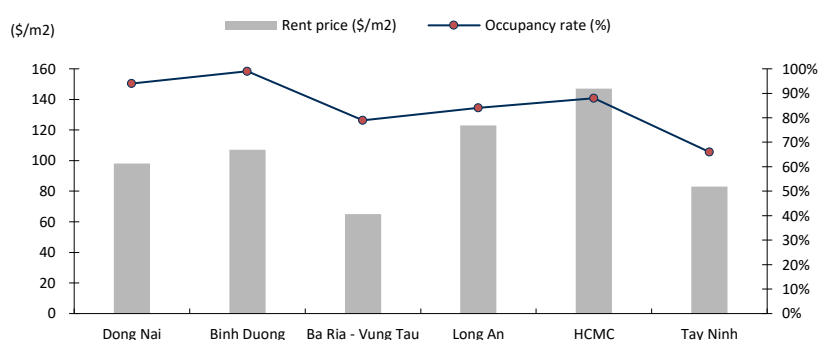
Newly registered FDI decreased and disbursed FDI was flat for the past two years due to the prolonged impacts of the COVID-19.

Fig 1. Vietnam – Registered FDI (VNDbn)



Source: Ministry of Planning and Investments, KB Securities Vietnam

Fig 2. Vietnam – 9M21 rents & occupancy rates in Southern industrial parks (USD/m², %)



Source: Jones Lang LaSalle, KB Securities Vietnam

The average rent of industrial parks in the neighboring provinces in the South is USD114/m² (+7.3 % YoY). The provinces of Dong Nai, Binh Duong and Long An have outstanding advantages in terms of rents as well as occupancy rates.

Table 3. Vietnam & regional peers – Costs of an industrial park

Countries	Rental price (USD/m ²)	Production worker salary (USD/month)	Industrial electricity price (USD/kWh)	Corporate income tax (%)
Vietnam	102	252	0.077	20%
Philippines	225	300	0.106	30%
Indonesia	198	198	0.072	25%
Malaysia	282	766	0.097	24%
Thailand	183	431	0.115	20%
China	175	968	0.103	25%

Source: KB Securities Vietnam

Vietnam has relatively low costs of building industrial parks compared to other competitive countries in the region (rental price is only USD102/m², only half of the regional average).

Cuong Thuan IDICO (CTI)

Long-term industrial park-oriented development

December 20, 2021

Analyst Pham Nhat Anh
anhpn@kbsec.com.vn

BUY recommendation – Target price: VND39,100

CTI should post VND98 billion in 2022 earnings (up 74% YoY) thanks to two new BOT projects – BOT 319 and BOT for building material transportation

Long-term drivers come from the 700 ha landbank for urban area and industrial park development in Dong Nai Province

CTI should benefit from public investment in Long Thanh International Airport

We recommend BUYING Cuong Thuan IDICO (CTI) shares with a target price of VND39,100/share, equivalent to a total yield of 55% based on the SOTP.

We expect that the toll stations of build-operate-transfer (BOT) 319 and BOT for building material transportation would bring in VND17 billion and 77billion in gross profit to CTI in 2022, raising net profit to VND386 billion (+41.5% YoY). CTI should also earn VND500 billion in refund of the discontinued BOT 91 T2 project, which will not affect CTI's profit and loss.

CTI owns 707 ha of industrial land bank in Dong Nai: 49 ha of Tan An Industrial Park, 299 ha of Phuoc Binh 2 Industrial Park, and 359 ha of Phuoc Binh 3 Industrial Park. The company is also the developer of the CTI Residence urban area (10.4 ha) on Vo Nguyen Giap Street, Phuoc Tan, Bien Hoa. Tan An industrial cluster and CTI Residence have detailed development maps (1/500 scale) and are in the progress of land clearance. They are expected to be launched in 2023. Phuoc Binh 2 & 3 industrial parks is currently waiting for the Prime Minister's approval.

We assess the potential of CTI's core businesses is high thanks to: (1) High growth potential of the new stone segment (currently 25% of design capacity), (2) high likelihood of bid winning of the construction segment given the need to disburse VND110,000 billion for Long Thanh International Airport (LTIA) and regional infrastructure, and (3) potentially increasing prices of construction projects which are adjacent to many key projects such as Metro Ben Thanh – Suoi Tien and LTIA.

Buy

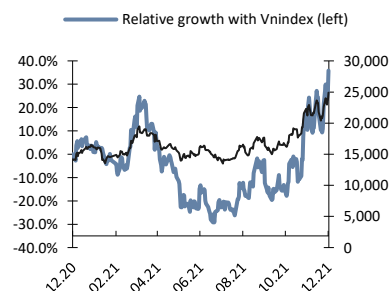
Target price	VND39,150
Upside/downside (%)	55%
Current price (Dec 20, 2021)	VND25,250
Consensus target price	N/A
Market cap (VNDbn)	1,383

Trading data	
Free float (%)	55.3
3M avg trading value (VNDbn)	29.7
Foreign ownership (%)	1.2
State shareholder	0%

Share price performance				
(%)	1M	3M	6M	12M
Absolute	10.3	61.3	65.7	76.6
Relative	26.5	38.9	33.2	35.8

Forecast earnings & valuation

FY-end	2019	2020	2021	2022
Net revenue (VNDbn)	797	915	668	791
Net revenue growth (%)	-13.1%	14.9%	-27%	18.4%
Gross profit (VNDbn)	368	280	274	386
Gross profit margin (%)	46.2%	30.6%	40.8%	48.8%
Net profit (VNDbn)	84	101	56	98
EPS (VND)	1,277	1,539	855	1,488
EPS growth (%)	-35.1%	20.5%	-44.5%	74.2%
P/E	19.2	10.5	27.7	15.9



Source: Bloomberg, KB Securities Vietnam

Tin Nghia IP (TIP)

Big ambition to expand the landbank by 800 ha

December 20, 2021

Analyst Pham Nhat Anh
anhpn@kbsec.com.vn

BUY recommendation – Target price: VND81,550

TIP plans to raise the area of land bank in Dong Nai from 323 ha to 826 ha in the next three years

Phuoc Tan Residence project with an area of 156 ha is expected to be launched in 2022

TIP's key projects are less than 20 km from Long Thanh Airport, taking great advantage of public investment in the region

We recommend BUYING Tin Nghia Industrial Park Development (TIP) shares with a target price of VND81,550/share, potential upside 52.7% based on SOTP.

TIP owns Tam Phuoc Industrial Park (323 ha and occupancy rate 100%) and considers investing in two new industrial parks, Commune Road 25 Industrial Park (250 ha) and Long Duc 3 Industrial Park (253 ha). The Commune Road 25 Industrial Park project is applying for the Prime Minister's approval of the investment policy and should be opened for sale in 2023, while the Long Duc 3 Industrial Park is waiting for the capital mobilized via share issuance.

TIP currently owns a 40% stake in Phuoc Tan Trading & Construction and develops Phuoc Tan Residence project (156 ha, of which 60 ha are saleable). We expect 35 ha of the project will be presold in the first phase in 2022 for VND16 million/m². TIP has paid compensation fee for 141 out of 156 ha and built infrastructure for the first phase.

With the advantage of location (only 20 km from Long Thanh International Airport), TIP's land lots witnessed a significantly increase in prices in recent years. Phuoc Tan Residence doubled the prices to USD16 million/m² since its launching in 2018, Commune Road 25 Industrial Park has an estimated average price of USD130/m², higher than the estimated price of only USD90/m² in 2019. The supply of industrial land in Long Thanh is limited as industrial parks have reached their full occupancy rate, which will also give TIP many benefits.

Buy

Target price	VND81,550
Upside/downside (%)	55%
Current price (Dec 20, 2021)	VND53,400
Consensus target price	N/A
Market cap (VNDbn)	1,383

Forecast earnings & valuation

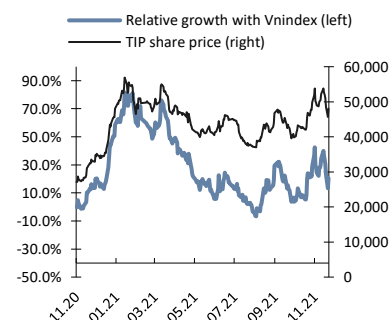
FY-end	2019	2020	2021	2022
Net revenue (VNDbn)	217	261	245	273
Net revenue growth (%)	10.1%	20.3%	-6.3%	11.4%
Gross profit (VNDbn)	132	184	151	147
Gross profit margin (%)	60.5%	70.5%	61.6%	53.8%
Net profit (VNDbn)	90	138	89	171
Net profit growth (%)	-5.9%	55.7%	-34.8%	92.5%
EPS (VND)	3,336	5,196	1,354	2,607
EPS growth (%)	-5.9%	55.7%	-73.9%	92.5%
P/E	6.02	9.24	36.5	18.9

Trading data

Free float (%)	22.5
3M avg trading value (VNDbn)	9.6
Foreign ownership (%)	20.4
State shareholder	0%

Share price performance

(%)	1M	3M	6M	12M
Absolute	16.8	24.9	18.9	96.7
Relative	26.5	14.6	23	41



Source: Bloomberg, KB Securities Vietnam

Retailing

Bouncing back from the low base

The whole industry is hit hard by the pandemic, but there are businesses taking advantage of opportunities to make a breakthrough in 2021

According to the General Statistics Office, the total retail sales of consumer goods and services in November 2021 reached VND397.1 trillion, up 6.2% MoM and down 12.2% YoY. The figure in 11M21 was VND4,128 trillion, down 8.7% YoY, of which the retail sales of goods were VND3,430.6 trillion, down 4.3% YoY. The total retail sales of goods in some big cities all tended to go down compared to the same period in 2020, namely Hanoi (–1.5%), Can Tho (–3.1%), and Ho Chi Minh City (–24.8%). In general, the pandemic and social distancing protocols have put a great pressure on retail businesses of non-essential items (Phu Nhuan Jewelry – PNJ and Vincom Retail – VRE) as they have to continuously limit direct sales or close stores for a long time, especially in 3Q21. However, e-commerce and distribution businesses are less affected thanks to the rising demand for remote learning and working (Digiworld – DGW).

2022 catalyst is businesses would recover from the low base

For 2022, we believe that the retail industry will have stronger growth than 2021, especially for companies whose business results were affected strongly in 3Q21 such as PNJ and VRE or partly affected such as Mobile World Investment (MWG). We think these businesses would have a brighter outlook in the next year, based on: (1) The Government's decision not to apply wide-scale distancing in the "new normal", which will facilitate direct selling activities, (2) larger market share for large enterprises as small ones face difficulties, and (3) improved consumption when the economy becomes more stable.

The main risk is the pandemic with unpredictable developments, causing business disruption

In our opinion, the COVID-19 is a key risk to the whole retail industry in 2022. The possibility of large-scale social distancing in the near future is very low, but the risk is still present as major cities continuously record daily new peaks of Coronavirus infections in the past months. Prolonged and large-scale social distancing measures would cause disruption to retailers' business operations and slow down new store opening speed.

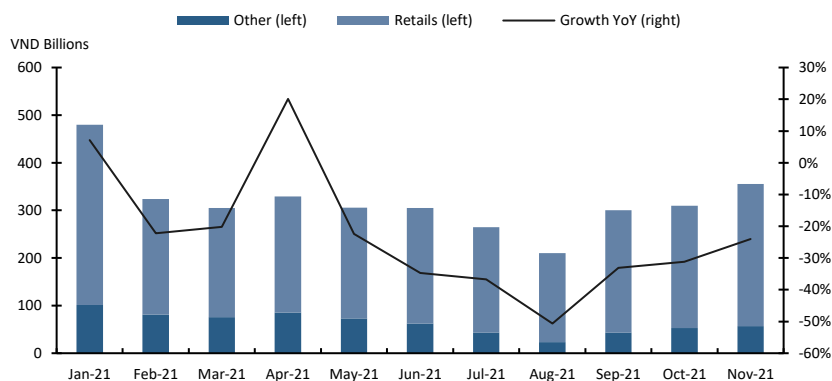
Positive monitor

Recommendations

Mobile World Investment (MWG)		BUY
Current price	VND133,000	
Target price	VND168,800	

Growth in retail sales of consumer goods and services showed a recovery since September 2021. In general, we think that the retail industry outlook in 2022 is quite positive amid the "new normal" of the whole society.

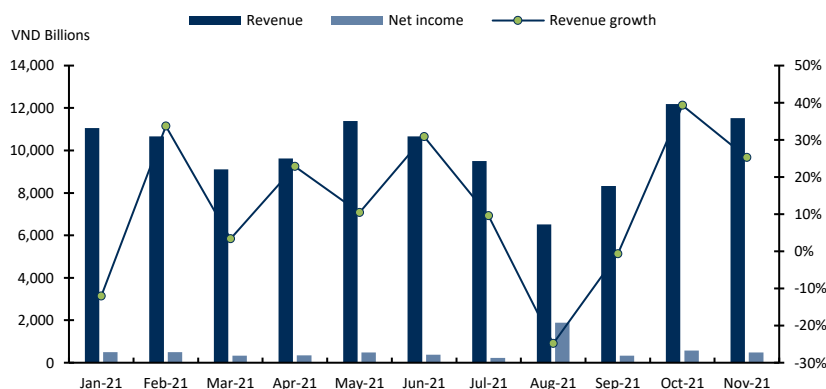
Fig 2. Vietnam – Total retail sales of consumer goods & services (VNDbn)



Source: General Statistics Office, KB Securities Vietnam

MWG's 11M21 earnings were VND4,395 billion (+22% YoY) on revenue of VND110,530 billion (+11% YoY). The recovery in the company's performance is mainly supported by two store chains (TGDD and DMX). BHX chain recorded revenue of VND1,800 billion in November and continued to record positive EBITDA.

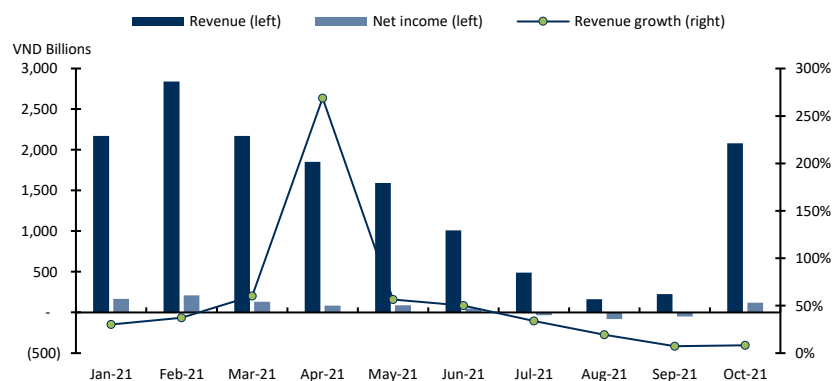
Fig 2. MWG – Earnings, revenue & revenue growth (VNDbn, %)



Source: Mobile World Investment, KB Securities Vietnam

PNJ recorded a loss of VND697 billion (~14.6% YoY) on revenue of VND14,594 billion (+8.1% YoY) in 10M21. After three months of recording write-offs due to the severe impacts of the pandemic, PNJ managed to post a profit gain from October. PNJ's 2022 outlook is mainly underpinned by a recovery from the low base of 2021.

Table 3. PNJ – Earnings, revenue & revenue growth (VNDbn, %)



Source: Phu Nhuan Jewelry, KB Securities Vietnam

November 19, 2021

Analyst Luong Ngoc Tuan Dung
dunglnt@kbsec.com.vn

3Q business results were positive despite negative impacts of the pandemic

In 9M21, Mobile World Investment (MWG) posted profit after tax (PAT) of VND3,338 billion (+12% YoY) and revenue of VND86,820 billion (+7% YoY), delivering 70% and 69% of the full-year plan for profit and revenue respectively.

Revenue of TGDD/DMX recorded a slight decrease in 9M21 compared to 9M20, expected to strongly rebound in 4Q as the lockdown was lifted

The two chains The gioi Di dong/Dien may Xanh (TGDD/DMX) recorded VND63,900 billion (-3% YoY) in revenue in 9M21, recovering 80% compared to the pre-pandemic level. In October, TGDD/DMX achieved more than VND10 trillion in revenue (+50% YoY, +60% MoM). In addition, the new chain TopZone also brought in VND40 billion thanks to sales of the Iphone 13 series.

BHX's positive revenue should continue

In the first nine months of the year, Bach Hoa Xanh (BHX) chain's revenue hit VND22,600 billion (+50% YoY); the cumulative EBITDA margin continued to rise on a corporate level thanks to positive EBITDA ratio in September. In addition, the gross profit margin also improved significantly. The BOD set a target for gross profit margin to reach 27% in 2021 vs. 24% in 2020.

We recommend BUYING MWG shares, target price is VND168,800 per share

We forecast MWG's PAT at VND4,451 billion (+13.5% YoY) on revenue of VND115,465 billion (+6.3% YoY) for 2021; and PAT at VND6,062 billion (+36% YoY) on revenue of VND138,928 billion (+20% YoY) for 2022. We recommend BUYING MWG shares with a target price of VND168,800/share, 22% higher than the closing price on November 16, 2021 at VND137,900/share

Buy update

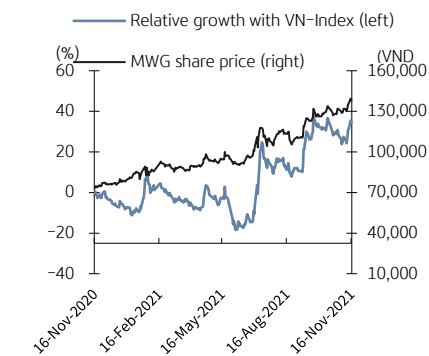
Target price	VND168,800
Upside/Downside	22%
Current price (Nov 16, 2021)	VND137,900
Market cap (VNDtn/USDmn)	98,309/4,340

Trading data	
Free float	75%
3M avg trading value (VNDbn/USDmn)	181.8/7.8
Foreign ownership	49%
Major shareholder	Retail World Investment Consultant (10.76%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	7	30	44	88
Relative	2	17	32	34

Forecast earnings & valuation

FY - end	2019A	2020A	2021F	2022F
Net sales (VNDbn)	103,485	109,801	115,465	138,928
Earnings/Loss (VNDbn)	5,035	5,413	6,143	8,367
PAT (VNDbn)	3,836	3,920	4,451	6,062
EPS (VND thousand)	8,665	8,654	6,244	8,504
EPS growth (%)	29%	0%	-27%	36%
P/E (x)	13.2	13.7	22.3	16.2
P/B (x)	4.2	3.5	5.0	4.0
ROE (%)	32%	25%	23%	24%
Dividend yield (%)	15%	15%	5%	15%



Fishery

Export turnover rebounds

Export turnover of the whole industry bounced back positively in 2021

Vietnam's fishery export revenue last year was estimated at USD7.95 billion (+3.5% YoY). In November, this figure hit USD880 million, which was one of the key products contributing to Vietnam's total export turnover. During the first 10 months of 2021, the four main export markets of Vietnamese fishery were the US, Japan, the EU and China from the top down. November fishery production was 761.8 thousand tons (+3.2% YoY), of which aquaculture and fishing output reached 468.7 thousand tons (+3.9% YoY) and 293.1 thousand tons (+2.2% YoY) respectively.

Investment highlights in 2022: Prices of raw materials for production recover and continue to maintain good growth momentum

Currently, domestic prices of raw materials (shrimp, pangasius) are increasing. According to Vietnam Association of Seafood Exporters and Producers (VASEP), in some provinces and cities such as Can Tho, An Giang, Dong Thap, Ben Tre, the price of white meat pangasius of export standards is VND23,000–24,000/kg vs. VND21,000–22,000/kg previously. The rising prices of raw pangasius was because export processing enterprises boosted purchases to meet the rising orders during the holiday season in late 2021 and early 2022. Recent input cost surges may lead to limited supply, thereby creating favorable conditions for raw pangasius prices to spike.

In general, the major export markets of fishery products all show signs of recovering demand in 2022 thanks to higher vaccine coverage along with "live with COVID" policy of many countries which encourage restaurants and eateries to get back to normal operation. In addition, the prices of raw materials of the top producing countries are increasing, pushing up export prices in the coming time.

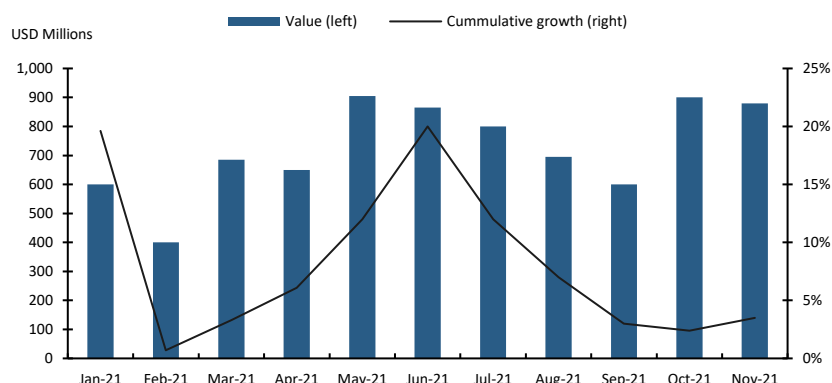
Risks: The appearance of new COVID-19 strain may reduce consumption and increase competitive pressure from other major producing countries

Given the Omicron spreading globally while the effectiveness of current vaccines against this variant is still being studied, reimposing social restrictions in major export markets of Vietnam is very likely. What's more, the increasing supply in India and Ecuador (Ecuador has a favorable location with the US which is a large export market of Vietnam) is another potential risk.

Positive monitor

In the first 11 months of 2021, fishery export turnover reached USD7.95 billion (+3.5% YoY). In November, the export value hit USD880 million with four main markets being the United States, Japan, and China, accounting for 49.3% of the total fishery export value.

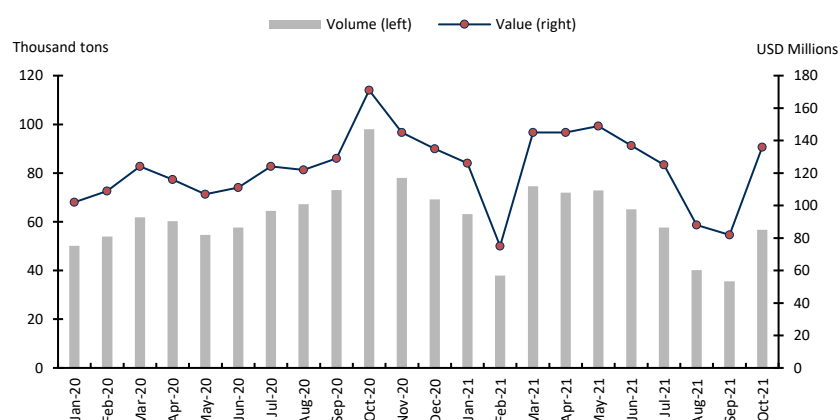
Fig 3. Vietnam – Fishery export turnover (USDmn)



Source: Vietnam Association of Seafood Exporters and Producers, KB Securities Vietnam

In the first half of 2021, Vietnam's pangasius exports decreased gradually, especially in August and September 2021, with output reaching a very low level given the disruptions of the pandemic which led to social distancing in Vietnam. However, rising output together with higher export prices of pangasius from October 2021 helped export value to increase sharply. For 2022, we take a positive stance on the growth of pangasius exporters, assuming that export prices will continue to rise.

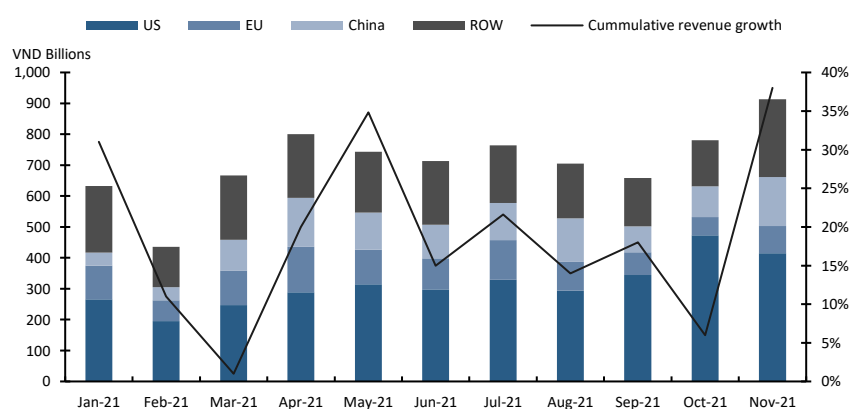
Fig 2. Vietnam – Pangasius export turnover (thousand tons)



Source: AgroMonitor, KB Securities Vietnam

The US remains Vinh Hoan Corporation's (VHC) main pangasius export market, accounting for more than 40% of total revenue. With vaccination rate of the US and EU increasing, VHC's 2022 prospect will be very bright amid recovering demand and surging export prices. In addition, the pandemic affected raw pangasius purchases of many businesses, which also benefits VHC in the near future.

Fig 3. VHC – Structure revenue and net revenue growth (VNDbn)



Source: General Statistics Office

Analyst Nguyen Ngoc Hieu
 hieunn@kbsec.com.vn

Energy

Growing power demand given economic recovery

Hydropower and renewable energy grew strongly in 2021

In 2021, the complicated developments of the pandemic led to a halt in production, business activities, low loads and decreased electricity consumption. Given the impact of La Niña phenomenon with strong intensity, hydropower is prioritized due to low loads and low costs, helping 11M21 hydropower to reach 72 billion kWh (+8.2% YoY). Besides, the looming energy crisis after post-pandemic recovery for demand in the EU, UK caused coal and gas prices to rise, thereby raising electricity production costs of coal- and gas-fired power plants. In 11M21, the output of coal- and gas-fired power plants hit only 108 billion kWh (-3.6% YoY) and 24 billion kWh (-24% YoY) respectively; and the total production of the whole system was 233 billion kWh (+4% YoY) with a large contribution from 27 billion kWh of renewable energy (+172% YoY).

Investment highlights 2022: Thermal power should regain growth momentum

Investment highlights for the power industry in 2022 include: (1) The possibility of La Niña ending in 1Q22 and fading to neutral phase is higher than that of El Niño. This will be the driving force for thermal power plants which were adversely affected by La Niña phenomenon as well as the pandemic, namely Hai Phong Thermal Power (HND), Pha Lai Thermal Power (PPC), PV Power Nhon Trach 2 (NT2), Quang Ninh Thermal Power (QTP), PV Power Corporation (POW), Ba Ria Thermal Power (BTP); (2) Coal- and gas-fired power plants have good growth rates as compared to output mobilized by Vietnam Electricity (EVN) given the pandemic, high input costs and competitive electricity prices in 2022 against 2021 because there is not much room left for cheap energy sources like hydroelectricity in 2022; (3) Unit 4 of Quang Ninh Thermal Power (QTP), Hua Na Power Plant and Unit 2 of Vung Ang 1 Thermal Power Plant of PV Power Corporation (POW) will be mobilized due to completed maintenance in 2021, ensuring stability, smooth operation and higher-than-capacity output in 2022; (4) Many power plants' domestic and foreign currency loans have decreased, helping to improve interest expenses, financial expenses and business results. After paying off debts, Pha Lai Thermal Power (PPC), PV Power Nhon Trach 2 (NT2), Hai Phong Thermal Power (HND), QTP will likely pay cash dividends thanks to large equity cash flow.

Risks to business activities

In our view, there are four major risks to business activities of power enterprises: (1) Risk of climate change; (2) risk related to the supply of input materials like coal and gas; (3) risk of re-signing the power purchase agreement after the plants' paying off debts; 4) the appearance of new Coronavirus strains.

Positive monitor

Recommendations

Hai Phong Thermal Power (HND)	BUY
Current price	VND18,900
Target price	VND22,500

Quang Ninh Thermal Power (QTP)	BUY
Current price	VND18,000
Target price	VND20,200

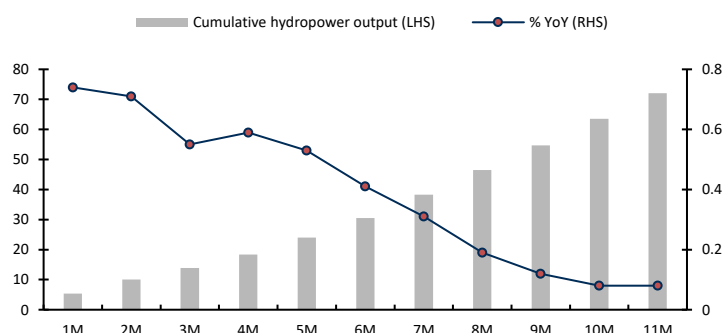
PV Power Corporation (PoW)	HOLD
Current price	VND18,250

PV Power Nhon Trach 2 (NT2)	MONITOR
Current price	VND27,000

Pha Lai Thermal Power (PPC)	MONITOR
Current price	VND23,700

Hydrology is favorable due to the occurrence of La Niña phenomenon from 2H20 and 2021, and hydroelectric power plants are also mobilized to their full capacity (depending on water flow). We expect hydropower output to decline in 2022 due to the weakening of La Nina, and output of thermal power plants to increase. However, this may lead to higher ceiling of bid prices in the competitive electricity market, ensuring revenue and profit for power plants.

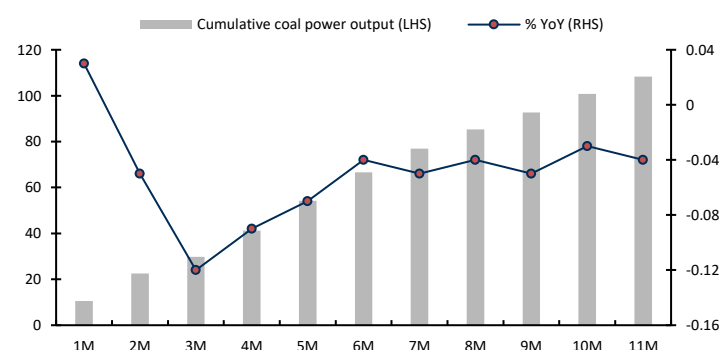
Fig 1. Vietnam – 11M21 hydropower growth (billion kWh, % YoY)



Source: Vietnam Electricity, KB Securities Vietnam

Coal-fired power output saw a slight decrease due to lower consumption as a result of social distancing measures. Rising oil prices led to high coal prices accordingly, but the domestic coal price was coordinated with supply from TKV and the Dong Bac Coal Mineral Investment Corporation, leading to only a marginal increase in input costs for power plants. Coal-fired power is always the preferred source after hydropower due to its lower cost compared to gas power. We believe that with the economic recovery in 2022, existing coal-fired plants will be prioritized for high mobilized output compared to 2021.

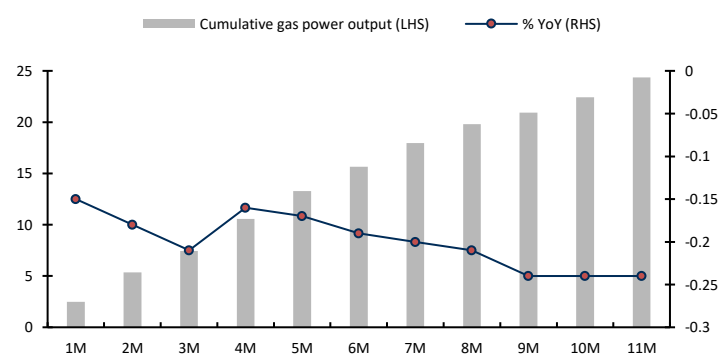
Fig 2. Vietnam – 11M21 coal-fired power output growth (billion kWh, % YoY)



Source: Vietnam Electricity, KB Securities Vietnam

The pandemic caused decreasing demand, low electricity prices because hydroelectricity was prioritized mobilizing. In addition, rising oil prices due to the growing demand for economic recovery led to high gas prices accordingly. As a result, gas-fired thermal power was not mobilized. However, in 2022, it will be prioritized given low hydroelectricity output, the relaxation of social distancing, the resumption of production and business activities, and increasing consumption.

Fig 3. Vietnam – Gas-fired thermal power output growth (billion kWh, % YoY)



Source: Vietnam Electricity, KB Securities Vietnam

Quang Ninh Thermal (QTP)

The overhaul of Unit 4 completed

December 20, 2021

Analyst Nguyen Ngoc Hieu
hieunn@kbsec.com.vn

QTP recorded positive results in 3Q21 as compared to 3Q20

Quang Ninh Thermal Power (QTP) posted 3Q21 profit of VND86 billion (up strongly from a loss of VND60 billion in 2020) on revenue of VND1,973 billion (+13% YoY) thanks to great sales and closely following the competitive electricity market. Besides, the financial revenue of the company was higher given lower interest expenses as a result of decreasing loan balance, and appreciating VND against the USD.

Economic recovery leads to strong growth in load demand in 2022

Basing on the forecast of socio-economic development in 2022 under the Resolution of the National Assembly, EVN expects a high growth in electricity demand from 8-12%, equivalent to the national electricity output of 275.5 – 286.1 billion kWh. Therefore, existing power plants will be mobilized at high levels with an aim to ensure power for economic recovery.

Overhaul of unit 4 in 2021 was completed

The maintenance of Unit 4 of Quang Ninh II factory was completed as planned, from August 2 to October 1, 2021. This will contribute to improving QTP's power output, ensuring electricity supply in the dry season in 2022 and maintaining national energy security.

We recommend to BUY QTP shares with a target price of VND20,200

It is expected that load demand will resurge when distancing measures are eased and QTP's units come into stable operation after the maintenance. We recommend to BUY QTP shares with a target price of VND20,200/share.

Buy maintain

Target price	VND20,200
Upside/Downside	12.2%
Current price (Dec 20, 2021)	VND18,000
Consensus target price	N/A
Market cap (VNDtn/USDmn)	7.6/330

Forecast earnings & valuation

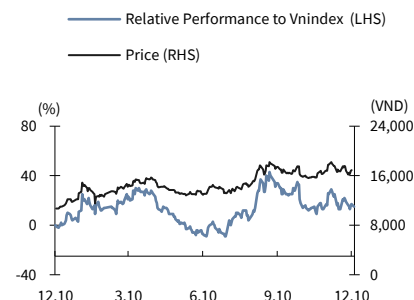
FY-end	2019A	2020A	2021F	2022F
Net sales (VNDbn)	10,127	8,614	8,545	9,218
Earnings/Loss (VNDbn)	665	813	681	873
NPAT (VNDbn)	651	765	643	825
EPS (VND)	1,447	1,700	1,429	1,834
EPS growth (%)	137	18	-16	28
P/E (x)	11.75	10	11.9	9.27
P/B (x)	1.56	1.38	1.42	1.38
ROE (%)	13.3	13.8	12	14.9
Dividend yield (%)	0	2	10	20

Trading data

Free float	16.76%
3M avg trading value (VNDbn/USDmn)	34.2/1.48
Foreign ownership	64%

Share price performance

(%)	1M	3M	6M	12M
Absolute	-6	2	17	58
Relative	-7	-7	10	15



Source: Bloomberg, KB Securities Vietnam

Senior analyst Nguyen Anh Tung
 tungna@kbsec.com.vn

Banks

Credit growth as the main momentum

Business performance in 2021

According to the SBV, as of November 25, 2021, the economy's credit growth was 10.1% (+138bps MoM). The average CASA of the listed banks studied hit 23.0% (+0.8% YTD) in 3Q21. CASA's improvement along with the SBV's policy of cutting interest rates to support the economy made the average deposit interest rates in 3Q21 reach only 3.43% (-85bps YTD). Meanwhile, the average earnings yield hit 7.04% (-42bps YTD), 3Q21 NIM was 3.82% (+38bps YTD). The third wave of COVID-19 had a negative impact on the asset quality of banks in 3Q21. The bad debt ratio of banks under our coverage reached 1.58% (+24bps YTD) and special mention loan sat around 1.40% (+41bps QoQ). As of the end of September 2021, banks made a total provision of VND121.8 trillion (+45.3% YTD), thereby raising the provisioning rate to 122.9% (+13.76% YTD).

Credit growth in 2022 should be 13–14%, following the economic recovery

With the SBV's raising credit caps for banks for the second time in 4Q21, Vietnam's high COVID-19 vaccination rate, and the resumption of production and business activities, KBSV expects credit growth in 2021 to reach 12%. This should be 13–14% for 2022 with the expectations that the pandemic will end in 2H22 and businesses will step up borrowing for operations in the context of low interest rates.

Retail banking & digital banking will be medium- and long-term trends

In our view, retail banking will still be the priority of Vietnamese commercial banks in the medium and long term when household debt balance to GDP in Vietnam stays low as compared to other regional peers. In addition, the digital banking development has also been promoted, thereby enhancing the customer experience, increasing non-interest income and reducing costs for banks. The system's average cost-income ratio (CIR) in 3Q21 reached 37% vs. 45% in 2019.

Risk of NIM reduction exists in 2022

KBSV assesses that NIM of the whole industry will likely shrink in 2022, supported by: (1) Continued decrease of lending rates to support the economy and lower interest income due to rising bad debts; (2) limited room to reduce the average cost of funds from its low base currently, along with inflationary pressure which may cause the SBV to raise the operating interest rate in 2H22.

Positive monitor

Recommendations

Techcombank (TCB)	BUY
Current price	VND49,500
Target price	VND65,600

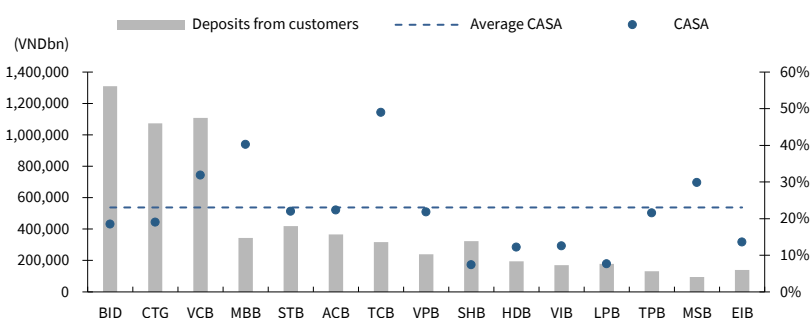
Vietinbank (CTG)	BUY
Current price	VND32,450
Target price	VND45,100

Vietnam Prosperity Bank (VPB)	BUY
Current price	VND34,150
Target price	VND41,600

Provisioning pressure is expected to remain high in 2022

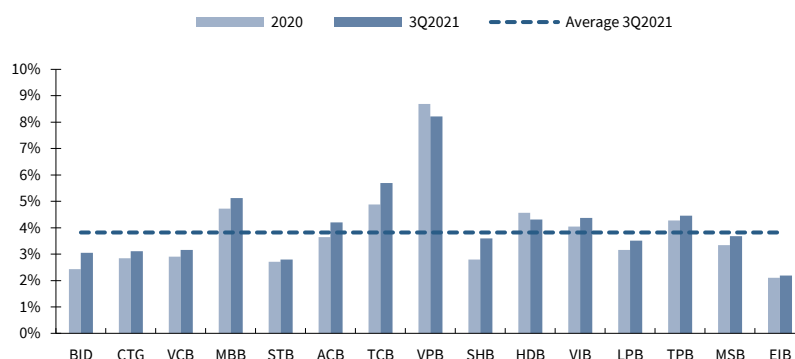
We believe that in 2022, high NPL ratio will pose more pressure on provisioning. Besides, the appearance of Omicron may negatively affect the asset quality of Vietnamese banks. VCB, MBB, TCB, ACB are among the few banks with NPL ratio below 1.2% and provisioning rate of above 180%.

Fig 1. Vietnamese banks – Customer deposits and CASA ratio in 3Q21 (VNDbn, %)



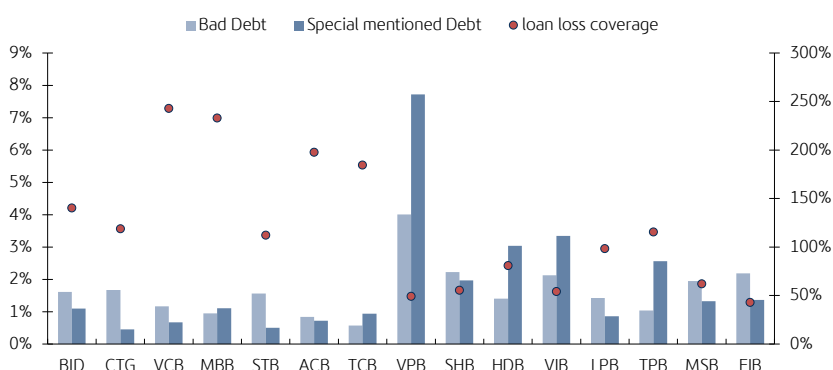
Source: KB Securities Vietnam

Fig 2. Vietnamese banks – NIM (%)



Source: KB Securities Vietnam

Fig 3. Vietnamese banks – Special mention and bad debt ratio (%)



Source: KB Securities Vietnam

The superior CASA ratio is a competitive advantage that helps improve NIM for VCB, MBB and TCB.

Meanwhile, mid-cap joint stock commercial banks such as SHB, HDB, VIB, LPB, and EIB have very low CASA ratio, showing that there is still a lot of room left for CASA to grow if these banks can make breakthroughs.

NIM of the whole banking system improved in 2021, except VPB because FE Credit was heavily affected by the pandemic. TCB, MBB, and VPB are among banks with NIM outperforming the market, while EIB and STB have the lowest NIM.

The provisioning pressure is present in 2022 if asset quality of VPB, SHB, HDB, VIB, TPB does not improve because special mention loan is large while the provisioning rate remains low.

Techcombank (TCB)

NPL ratio maintained low

November 18, 2021

Senior Analyst Nguyen Anh Tung
tungna@kbsec.com.vn

TCB's 3Q EBT went up 40.0% YoY

Techcombank (TCB) disclosed strong 3Q21 performance with EBT of VND5,562 billion (-7.6% QoQ, +40.0% YoY) and high credit growth of 33.0% YoY/17.0% QoQ.

NIM 3Q2021 reached 5.69%, down 11 bps QoQ

3Q NIM decreased slightly but remained high at 5.69% (-11bps QoQ, +84bps YoY) thanks to low cost of funds and a small decrease in earnings yield since the main customer group was not affected much by the pandemic.

3Q NPL ratio was 0.57% and LLCR reached 184.4%

Non-performing loan (NPL) ratio reached 0.57% in 3Q, up 27bps QoQ, the lowest in the banking system. During the period, TCB made a provision of VND589 billion (-43% YoY), making the loan loss coverage ratio (LLCR) down 74.5% QoQ to 184.4%, but TCB is still one of the banks with the highest LLCR in Vietnam.

TCB successfully mobilized a USD800 million syndicated loan

In 3Q21, TCB successfully mobilized a foreign syndicated loan worth USD800 million. This unsecured loan consists of two amounts: USD600 million with a term of three years and USD200 million with a term of five years. This bond source significantly complements TCB's medium and long-term capital, ensuring the bank's liquidity in the coming period.

BUY recommendation with a target price of VND65,600 apiece

We recommend BUYING TCB shares. The target price is VND65,600 per share, 26.2% higher than the closing price on November 15, 2021.

Buy maintain

Target price VND65,600

Upside/downside (%)	26.2%
Current price (July 9, 2021)	VND52,000
Consensus target price	VND61,900
Market cap (VNDtn/USDmn)	186,160

Forecast earnings & valuation

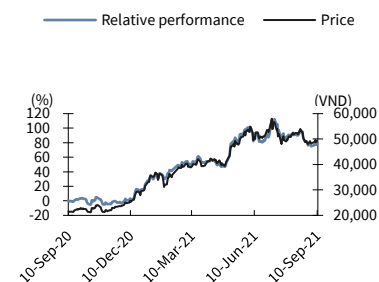
FY-end	2019A	2020A	2021F	2022F
Net income (VNDbn)	14,258	18,751	25,384	29,515
Pre-provision operating profit (VNDbn)	13,756	18,411	24,795	28,503
Profit attributable to parent (VNDbn)	10,075	12,325	16,909	19,979
EPS (VND)	2,878	3,516	4,824	5,700
EPS growth (%)	19%	22%	37%	18%
P/E (x)	15.0	12.3	9.0	7.6
Book value per share (VND)	17,734	21,289	25,313	30,213
PBR (x)	2.44	2.03	1.71	1.43
ROE (%)	18.0%	18.4%	20.8%	20.6%

Trading data

Free float (%)	84.54
3M avg trading value (VNDbn/USDmn)	762/33.7
Foreign ownership (%)	22.47
Major shareholder	Masan (MSN, 14.96%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	-1	6	-2	133
Relative	-7	-8	-14	79



Source: Bloomberg, KB Securities Vietnam

VietinBank (CTG)

Provisioning boosted in 4Q21

November 29, 2021

Senior Analyst Nguyen Anh Tung
tungna@kbsec.com.vn

3Q21 NPAT reached VND2,466 billion, up 5.3% YoY

In 3Q21, VietinBank (CTG) recorded net interest income (NII) of VND9,872 billion (-9.3% QoQ, +8.7% YoY) on TOI of VND12,255 billion (-13% QoQ, +6.6% YoY). However, provision expenses stayed high at VND5,548 billion (-21.9% QoQ, +14.2% QoQ), making 3Q21 NPAT hit VND2,466 billion (+7.4% QoQ, +5.3% YoY).

NPL ratio reached 1.67%, up 33 bps QoQ due to a sharp increase in doubtful debt

NPL ratio in 3Q21 was 1.67% (+33bps QoQ, the second consecutive quarter of increase due to COVID-19), of which doubtful debt increased sharply 96bps QoQ while bad debt fell 81bps QoQ thanks to bad debt recovery of 2Q21.

Upfront fees are expected in 1Q22

The exclusive partnership with Manulife for insurance distribution of CTG brought in upfront fees of about USD30 million that should be paid in 6 years. The management of CTG hopes to receive those upfront fees in 1Q22 instead of 4Q21 as shown in the previous report.

CTG sets a target for 2021 PBT of VND16,800 billion, driven by credit growth

Credit growth reached 9.5%, which is the credit cap granted by the State Bank to CTG. CTG submitted to expand the limit to 10-12%. CTG expects 2021 PBT to reach VND16,800 billion, equivalent to 4Q21 PBT of VND2,889 billion.

We recommend BUYING CTG shares, target price is VND45,900/share

Basing on valuation results, business outlook as well as potential risks, we recommend BUYING CTG shares with a target price of VND45,900/share for 2022, 29.7% higher than the closing price on November 24, 2021.

Buy maintain

Target price	VND45,900
Upside/Downside	29.7%
Current price (Nov 24, 2021)	VND35,400
Consensus target price	VND40,979
Market cap (VNDbn)	165,798

Forecast earnings & valuation

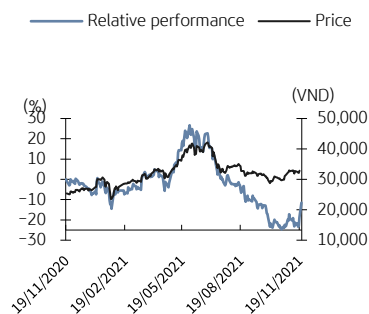
FY-end	2019A	2020A	2021F	2022F
Net income (VNDbn)	33,199	35,581	42,823	45,254
Pre-provision operating profit (VNDbn)	24,785	29,219	34,793	37,745
NPAT of parent bank (VNDbn)	9,461	13,679	14,181	20,525
EPS (VND)	2,541	3,674	2,951	4,271
EPS growth (%)	79	45	-20	45
PER (x)	17.2	11.9	14.8	10.3
Book value per share (VMD)	20,775	22,935	20,226	24,109
PBR (x)	2.11	1.91	2.17	1.82
ROE (%)	13.1%	16.9%	15.6%	19.4%
Dividend yield (%)			1.14%	1.14%

Trading data

Free float	15.81%
3M avg trading value (VNDbn/USDmn)	364/16.1
Foreign ownership	24.97%
Major shareholder	State Bank (64.46%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	15	8	-14	36
Relative	11	0	-22	-12



Source: Bloomberg, KB Securities Vietnam

VPBank (VPB)

Raising charter capital to VND45,200 via share issuance

December 15, 2021

Senior Analyst Nguyen Anh Tung
tungna@kbsec.com.vn

3Q EBT rose 4.1% YoY to VND2,698 billion

Vietnam Prosperity Bank (VPB) reported VND7,474 billion in 3Q21 net interest income (NII) (-19% QoQ, -5.2% YoY) and VND2,698 billion in earnings before taxes (EBT) (-46.4% QoQ, -4.1% YoY).

3Q NIM decreased 30bps YoY due to the decrease in average earnings yield

3Q net interest margin (NIM) decreased against the previous quarter to 8.21% (-83bps QoQ, -30bps YoY), of which the parent bank's NIM reached 5.32% (-43bps QoQ, -71bps YoY) and FEcredit's NIM was 24.13% (-158bps QoQ).

NPL ratio gained 53bps QoQ to 4.0% amid the pandemic

Non-performing loan (NPL) ratio surged in 3Q due to the COVID-19 pandemic, reaching 4.0% (+53bps QoQ). During the period, VPB made provision of VND4,979 billion (+18.6% QoQ, +28.6% YoY), and its loan loss provision coverage ratio (LLPCR) improved to 48.95% but was still low vs the banking system's average.

VPB should record profit from FE Credit divestment in 4Q21

At the end of April 2021, VPB sold 49% shares of FE Credit to SMBC Consumer Finance, a subsidiary of SMBC Group. VPB has completed the procedures so that the profit cash flow can be recorded in early 4Q21, thereby significantly improving liquidity indicators and average input costs.

BUY recommendation with the target price of VND41,600 per share

Based on valuation results, business outlook and possible risks of VPB, we suggest BUYING VPB shares. The target price is VND41,600 per share, 23.1% higher than the price on December 17, 2021.

Buy update

Target price	VND41,600
Upside/downside (%)	23.1
Current price (Dec 15, 2021)	VND33,800
Consensus target price	VND66,700
Market cap (VNDbn)	149,209

Forecast earnings & valuation

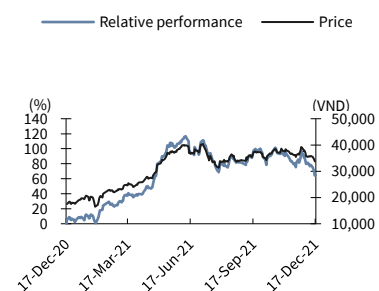
FY-end	2019A	2020A	2021F	2022F
Net interest income (VNDbn)	30,670	32,346	38,467	45,126
Pre-provisioning net revenue (VNDbn)	24,012	27,641	35,717	41,988
Profit attributable to parent (VNDbn)	8,260	10,414	12,355	15,126
EPS (VND)	3,265	4,116	2,733	3,346
EPS growth (%)	12%	26%	-34%	22%
PER (x)	18.6	14.7	22.2	18.1
Book value per share (VND)	16,684	20,867	20,033	24,264
PBR (x)	3.63	2.90	3.03	2.50
ROE (%)	21.5%	21.9%	18.5%	17.2%

Trading data

Free float (%)	95.0
3M avg trading value (VNDbn/USDmn)	541/23.9
Foreign ownership (%)	17.24
Major shareholder	Ngo Chi Dung (4.81%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	-8	-8	-9	106
Relative	-10	-18	-14	65



Source: Bloomberg, KB Securities Vietnam

Residential real estate

Expected to recover strongly

The property market in 2021 was adversely affected by the pandemic

In 9M21, the supply of real estate in Hanoi grew slightly 7% YoY. Meanwhile, the real estate market in Ho Chi Minh City (HCMC) was severely affected due to the complicated developments of COVID-19 in 3Q, causing all direct selling activities to be halted, except two projects of the high-end segment opened for sale online. The total supply in the first nine months of the year decreased by 35% YoY since the supply in 3Q sank to the lowest level in the past three years. The bright spot is high absorption rate of newly launched projects at 96% in Hanoi and 120% in HCMC as the market adapts to new sales methods. Selling prices continued to rise in both Hanoi (+16% YoY) and HCMC (+17%YoY). The property market showed signs of recovery after the social distancing measures were gradually eased from October when the pandemic was better controlled.

Investment highlights in 2022: Real estate demand is expected to rebound strongly thanks to the infrastructure completion and low interest rates.

We believe that real estate demand in 2022 will rebound positively thanks to: (1) A series of investment projects such as Long Thanh Airport, North-South Expressway, metro lines and road & bridge projects along with the proposed plans had a positive impact on the real estate market. These projects contributed to the rebound of the property market and boosted housing prices in these areas, thereby stimulating demand; (2) the relatively low interest rates on home loans, along with preferential and support programs helped promote the demand for loans to buy houses and invest in real estate.

Supply recovers after the pandemic is under control

We expect supply in HCMC to recover strongly once the pandemic is better controlled and the legal bottlenecks are solved thanks to the new Decrees and Amendments to the Investment Law and Construction Law. We expect the market in the suburbs of HCMC and neighboring provinces will continue to boom, driven by the increasingly improved infrastructure and regional connectivity.

Risks

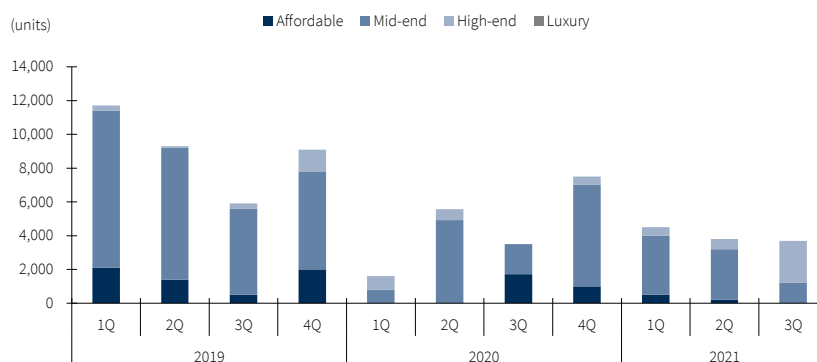
Potential risks include: (1) The pandemic worsens, affecting the launch and sales of the projects; (2) Legal procedure often takes a long time, slowing down the process of approving and granting construction permits.

Positive maintain

Recommendations	
Vinhomes (VHM)	BUY
Current price	VND83,500
Target price	VND105,600
Nam Long Group (NLG)	HOLD
Current price	VND62,500
Target price	VND61,200
Dat Xanh Group (DXG)	HOLD
Current price	VND35,500
Target price	VND31,300

New supply and sales should return to 25,000–27,000 units by 2022.

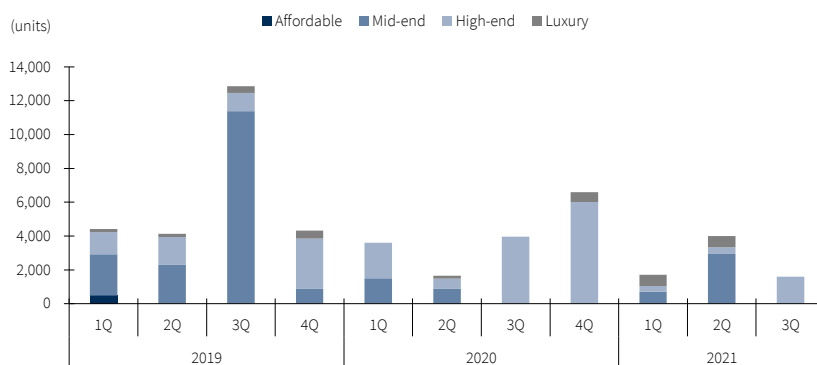
Fig 4. Vietnam – Supply of apartments in Hanoi (units)



Source: CBRE

The total number of available-for-sale apartments in 2021 should reach 13,000. The number of sold units is expected at over 12,000, equivalent to an absorption rate of 94%.

Fig 2. Vietnam – Supply of apartments in HCMC (units)



Source: CBRE

Vinhomes (VHM)

Positive outlook driven by megaprojects

December 23, 2021

Senior Analyst Pham Hoang Bao Nga
ngaphb@kbsec.com.vn

VHM continues to lead the real estate market

Vinhomes (VHM) continues to maintain its leading position in the segment of residential real estate targeting both the mid-and high-end market for the period 2016–3Q21 with a market share up to 25%, which is 3% higher than the business coming second. The group currently owns a landbank of 168 million m², helping to ensure profit growth and maintain market share in the coming years.

VHM will complete sales at two megaprojects and launch three new projects in 2022

In 2022, VHM will complete sales at two megaprojects Ocean Park and Grand Park and launch three new major projects Wonder Park, Dream City and Co Loa with high potential for price appreciation of a majority of low-rise products. The total value of new contracts signed in 2021 and 2022 is estimated at VND63 trillion (+5% YoY) and VND73 trillion (+16% YoY) respectively.

Business results should maintain growth momentum

Business results should maintain growth momentum in the years to come. We expect that VHM would record a profit after tax (PAT) of VND31,214 billion (+11% YoY) on revenue of VND80,480 billion (+12% YoY) for 2021. These figures for 2022 should raise to VND35,946 billion (+15% YoY) and VND93,327 billion (+16% YoY) respectively.

We recommend BUYING VHM shares with a target price of VND105,600/share

Basing on valuation results as well as business outlook, we maintain our BUY recommendation for VHM shares with a target price of VND105,600 apiece, 26% higher than the closing price on December 20, 2021.

Buy maintain

Target price	VND105,600
Upside/Downside	26%
Current price (Dec 20, 2021)	VND83,500
Consensus target price	VND101,800
Market cap (VNDtn/USDtn)	363.6/15.9

Forecast earnings & valuation

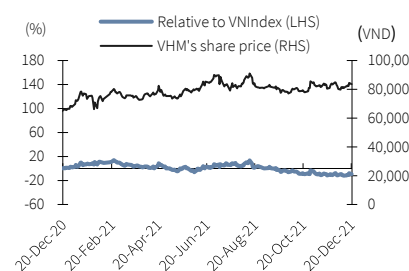
FY-end	2019A	2020A	2021F	2022F
Net revenue (VNDbn)	51,627	71,547	80,480	93,327
Earnings/Loss (VNDbn)	29,715	37,306	40,573	46,727
Profit attributable to parent (VNDbn)	21,747	27,351	30,409	29,413
EPS (VND)	6,493	8,166	6,984	6,755
EPS growth (%)	52	26	-14	-3
P/E (x)	12.34	9.81	11.96	12.36
P/B (x)	4.78	3.13	3.07	2.46
ROE (%)	39	36	26	24
Dividend yield (%)	0	6	1	0

Trading data

Free float	22.6%
3M avg trading value (VNDbn/USDmn)	530.2/23.3
Foreign ownership	26.8%
Major shareholder	Vingroup (VIC 86.66%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	1	5	-2	29
Relative	0	-5	-9	-9



Source: Bloomberg, KB Securities Vietnam

Nam Long Group (NLG)

Product delivery boosted in 4Q21

December 20, 2021

Senior Analyst Pham Hoang Bao Nga
ngaphb@kbsec.com.vn

NLG would boost sales in 4Q after direct selling in 3Q was adversely affected

In 4Q21, we estimate Nam Long Group (NLG) would sell 881 properties under projects Flora Mizuki MP9-10, Southgate, Can Tho and Izumi City, equivalent to total sales of VND3,865 billion. For the whole year, NLG would sell 2,236 properties (+98% YoY) for VND8,943 billion (+135% YoY).

Handover would be accelerated in 4Q

NLG would accelerate the handover of real estate under three projects Akari City, Southgate and Can Tho in 4Q21. We estimate NLG would bring back VND4,185 billion in revenue following the handover of 1,480 products from these projects. Thus, for the whole year, NLG would record VND4,256 billion in revenue from the sales of land, apartments, villas, townhouses.

Business results should maintain growth momentum

Business results would maintain strong growth momentum in the years to come. We estimate NLG's earnings at VND1,441 billion (+69% YoY) on revenue of VND5,109 billion (+130% YoY) for 2021 and earnings at VND1,809 billion (+26% YoY) on revenue of VND7,108 billion (+39% YoY) for 2022.

We recommend to HOLD NLG shares with a target price of VND61,200 per share

Basing on valuation results and business outlook, we recommend to HOLD NLG shares with a target price of VND61,200/share, 2% lower than the closing price on December 20, 2021.

Hold update

Target price VND61,200

Upside/Downside	-2%
Current price	VND62,500
Consensus target price	VND50,200
Market cap (VNDtn/USDmn)	20.6/0.9

Forecast earnings & valuation

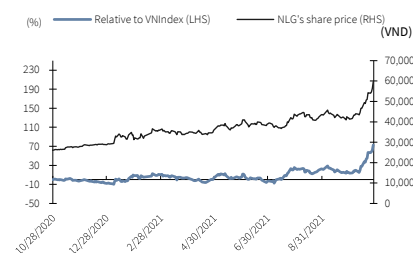
FY-end	2019A	2020A	2021F	2022F
Net sales (VNDbn)	2,546	2,217	5,109	7,108
Earnings/Loss (VNDbn)	844	1,002	1,594	1,983
Profit attributable to parent (VNDbn)	961	835	1,185	1,525
EPS (VND)	3,512	2,780	3,095	3,981
EPS growth (%)	16	-21	11	29
P/E (x)	12.10	15.29	19.29	15.00
P/B (x)	2.18	2.16	1.75	1.70
ROE (%)	17	13	11	13
Dividend yield (%)	1	1		

Trading data

Free float	61.9%
3M avg trading value (VNDbn/USDmn)	154.5/6.8
Foreign ownership	8.3%
Major shareholder	Nguyen Xuan Quang (12.6%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	40	44	73	129
Relative	33	31	55	84



Source: Bloomberg, KB Securities Vietnam

Senior Analyst Le Anh Tung
 tungla@kbsec.com.vn

Oil & gas

High world oil prices as strong driver

World oil prices stayed high during the third quarter of 2021

In 3Q21, high world oil prices made up for the business results of oil and gas businesses that were negatively affected by the fourth Coronavirus wave in Vietnam. In particular, 3Q NPAT of PV Drilling & Well Services (PVD) YoY, PV Technical Services (PVS), PV Gas (GAS) all grew 47.3% YoY, 8% YoY and 19% YoY respectively.

For 2022, we expect oil prices to remain high at USD68/barrel

We expect oil prices to remain high this year with an average of USD68/barrel vs. an estimate of USD61/barrel in 2021. GAS (BUY recommendation with a target price of VND125,000) is our top pick because of its high correlation in price with world oil prices and Vietnam's tendency to shift to using natural gas and imported LNG for electric generation. Besides, the oil and gas prices above the breakeven level of USD55/barrel helped upstream companies like PVD and PVS to grow. For PVD, TAD rig will be put into operation under exploration contract with Shell Brunei after four years of delay. For PVS, FSO/FPSO joint venture and M&C activities will explode.

Downstream businesses were underpinned by economic recovery

Vietnam National Petroleum Group (PLX) will recover in 2022 after Vietnam's transportation activities, especially the aviation sector, are back to normal in the "new normal" phase. The reopening of economic activities in Vietnam and globally in 2022 will boost oil consumption, thereby improving the freight rates for transporting oil and petroleum products of PVT (BUY recommendation with a target price of VND27,500). We also expect that PVT's new fleet expansion will help it take advantage of business opportunities in the coming time. After business disruption due to the fourth wave of COVID-19, we expect Binh Son Refinery (BSR) to operate at full capacity this year when Vietnam enters the phase of living with COVID.

Risks

Vietnam oil and gas stocks have a low free float due to delayed equitization. Meanwhile, gas field projects have been facing the risk of being behind schedule for approval. However, if these projects are approved, it can make the market encounter oversupply and pose risks to the investment of LNG terminals.

Buy

 maintain

Recommendations

PV Gas (GAS)

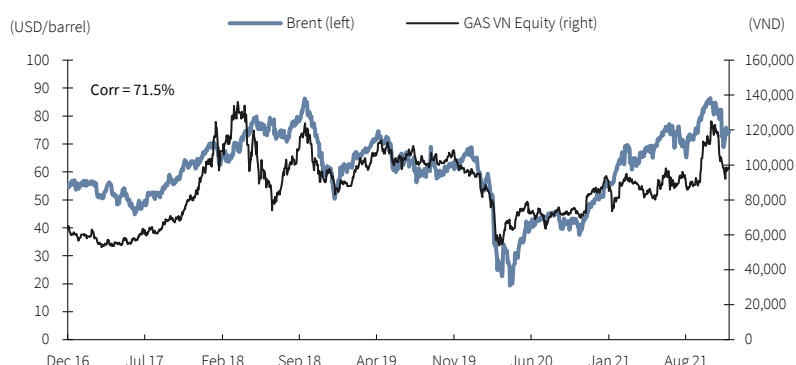
Current price	VND96,700
Target price	VND125,000

PV Transportation (PVT)

Current price	VND23,150
Target price	VND27,500

GAS has a high correlation with the high world oil prices because GAS is anchored to the Brent oil prices.

Fig 5. GAS, global – Brent oil and GAS share prices (USD/barrel, VND)



Source: Bloomberg, KB Securities Vietnam

The median forecast for high oil prices of major financial institutions remains in the near future due to concerns about tight oil supply.

Fig 2. Global – Brent oil price median forecast by world organizations (USD/barrel)



Source: Bloomberg, KB Securities Vietnam

Table 6. Vietnam – 2021E–2035E LNG terminals

LNG terminal	Expected time of operation	Capacity (MTPA)
Thi Vai LNG Terminal	2020 – 2022	1–3 MT
Hon Khoai LNG Terminal (Ca Mau)	2022 – 2025 (phase 1)	1 (phase 1)
	Sau 2025 (phase 2)	2 (phase 2)
Son My LNG Terminal (Binh Thuan)	2023 – 2025 (phase 1)	1–3 (phase 1)
	2027 – 2030 (phase 2)	3 (phase 2)
	2031 – 2035 (phase 3)	3 (phase 3)
Tien Giang Southeast Terminal	2022 – 2025	4–6
Land-based LNG Terminal (Thai Binh)	2026 – 2030	0.2 – 0.5
Cat Hai LNG Terminal (Hai Phong)	2030 – 2035	1–3
Nam Van Phong LNG Terminal (Khanh Hoa)	2030 – 2035	3
Hai Linh LNG Terminal (Vung Tau)	2021 (phase 1)	2–3 (phase 1)
	2023 – 2025 (phase 2)	6 (phase 2)

Source: Vietnam Gas Industry Master Plan, KB Securities Vietnam

PV Gas (GAS)

High world oil prices as a strong driver

December 20, 2021

Senior Analyst Le Anh Tung
tungla@kbsec.com.vn

GAS's 3Q21 profit was hard hit by COVID-19 but was offset by rising processed gas prices

PV Gas (GAS) announced its consolidated financial statement for 3Q21 with NPAT of VND2.4 trillion (+7% QoQ, +19.1% YoY) on net revenue of VND18.5 trillion (-18.3%QoQ, +16.3% YoY). Although gas consumption plummeted in 3Q due to social distancing in the southern provinces, the company's profit was still positive thanks to a strong increase in processed gas prices in line with high world oil prices.

GAS will benefit from stably high world oil prices and recovering demand for gas in the coming time

We expect gas demand to recover in 4Q when Vietnam goes into the phase of living with the Coronavirus and Brent oil prices will be likely to stay high in the near future thanks to close correlation between Mazut (FO) and Brent oil prices, which will strongly benefit GAS.

LNG is a long-term growth driver of GAS

Given high demand for electricity and the plan to raise the proportion of gas power (including LNG power) in the National Power Development Plan 8 (NPDP8), the prospect of LNG segment should be positive and become an important driving force of GAS in the coming time.

We maintain our BUY recommendation for GAS shares with a target price of VND125,000

Basing on P/E valuation method, business outlook as well as possible risks, we maintain our BUY recommendation for GAS shares. The target price is VND125,000/share, 26.8% higher than the closing price on December 16, 2021.

Buy maintain

Target price VND125,000

Upside/Downside	26.8%
Current price (Dec 16, 2021)	VND98,600
Consensus target price	VND130,300
Market cap	USD8,203mn

Forecast earnings & valuation

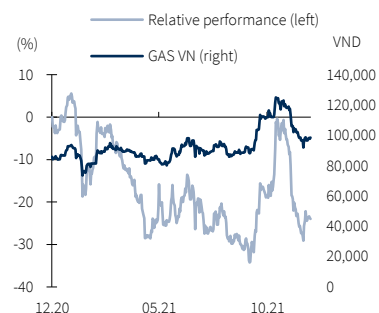
FY-end	2020A	2021P	2022P	2023P
Net sales (VNDbn)	64,135	78,236	97,897	116,423
Gross profit (VNDbn)	11,406	14,104	17,384	20,729
Profit attributable to parent (VNDbn)	7,855	9,294	11,126	13,108
EPS (VND)	4,089	4,834	5,791	6,824
EPS growth (%)	-33.6	18.2	19.8	17.8
P/E (x)	20.5	23.2	21.6	19.9
P/B (x)	3.3	4.3	4.5	4.4
ROE (%)	16.2	18.9	21.5	23.3
Dividend yield (%)	3.0	4.1	4.1	4.1

Trading data

Free float	4.2%
3M avg trading value	USD7.9mn
Foreign room available	46.3%
Major shareholder	PetroVietnam Group (PVN 95.8%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	-15.5	6.5	7.3	17.2
Relative	-16.7	6.5	-5.6	-22.2



Source: Bloomberg, KB Securities Vietnam

PV Transportation (PVT)

Positive outlook in the medium term

December 13, 2021

Senior Analyst Le Anh Tung
tungla@kbsec.com.vn

PVT's 3Q21 results were less positive due to the impact of the COVID-19 pandemic

PV Transportation (PVT) announced its consolidated financial statement for 3Q21 with VND153 billion in NPAT (-46% QoQ, -9.7% YoY) and VND1,679 billion in revenue (-11.3% QoQ, -9.5% YoY). The reasons behind the subdued performance are: (1) reduced transportation demand during the period of social distancing, and (2) incurred operating costs of Coronavirus prevention.

The main business segment of transportation may face many challenges in the short term

KBSV believes that PVT's transportation segment may still face many challenges at least until mid-2022 because: (1) freight rates remain low as global oil demand cannot rebound quickly to the pre-pandemic levels; and (2) domestic demand from two main oil refineries Dung Quat and Nghi Son is supposed to be moderate as transportation restrictions are hardly removed completely given rising new COVID-19 cases in Vietnam.

PVT increased the number of carriers and liquidated old tankers

Since the beginning of the year, PVT has bought five new ships, including three oil/chemical tankers, one LPG carrier (VLGC), one bulk carrier, and liquidated two old oil/chemical tankers Sea Lion and Jupiter.

We recommend BUYING PVT shares with a target price of VND27,500 apiece

Basing on the discounted cash flow (DCF) valuation method, we maintain our BUY recommendation for PVT shares with a target price of VND27,500, 19% higher than the closing price on December 9, 2021.

Buy maintain

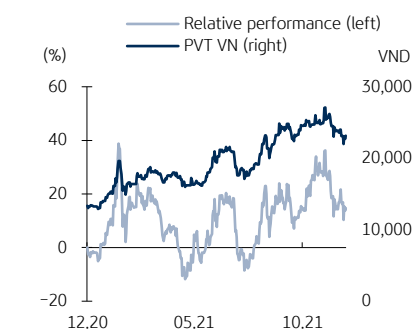
Target price	VND27,500
Upside/downside (%)	19
Current price (Dec 9, 2021)	VND23,100
Consensus target price	VND27,500
Market cap (USDmn)	325

Forecast earnings & valuation

FY-end	2020A	2021P	2022P	2023P
Net sales (VNDbn)	7,383	7,910	9,054	11,546
Gross profit (VNDbn)	1,118	1,204	1,554	2,075
Profit attributable to parent (VNDbn)	669	763	885	1,177
EPS (VND)	1,946	2,217	2,573	3,421
EPS growth (%)	-2.9	14	16.1	32.9
P/E (x)	6.9	12.2	11.7	9.9
P/B (x)	0.9	1.8	1.9	2.0
ROE (%)	14.4	15.6	17.8	22.3
Dividend yield (%)	1.5	4.3	4.3	4.3

Trading data	
Free float (%)	48.9
3M avg trading value (USDmn)	5.3
Foreign room available (%)	35.9
Major shareholder	PetroVietnam Group (PVN 51%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-14.4	-5.5	16.0	77.4
Relative	-15.6	-5.5	2.1	17.8



Source: Bloomberg, KB Securities Vietnam

Information technology

Robust growth in 2022

Business operations in 2021

Software export maintained positive growth with many new contracts signed thanks to the growing demand for software solutions and digital transformation worldwide as businesses have sought to improve business performance and save costs in the context of COVID-19. For FPT Group (FPT), software export revenue jumped 21% YoY and the number of new contracts signed expanded 30% YoY by the end of November 2021.

In 2021, the digital transformation moved rapidly at both state-owned and private enterprises. It was the pandemic that forced businesses to reform and apply new technology to reduce costs and improve business efficiency.

According to the Ministry of Information and Communications, the total revenue from telecommunications in 1H21 hit VND66,000 billion (+5.29% YoY). The broadband internet was still the growth momentum of the IT industry during the COVID-19 pandemic with the number of new Fiber to the Home (FTTH) subscribers reaching 2,152 million (+27.9% YoY) in the first 11 months of last year.

Domestic digital transformation will continue to make breakthroughs in the coming period

The potential of Vietnam's digital transformation remains in the future. The digital economy in 2020 was USD14 billion, which is 4.7 times higher than that of 2015 and expected to hit USD52 billion in 2025. As per the 8th National Congress, it should rise to 30% of GDP in 2030.

There is still a lot of growth potential for software export in the long term

KBSV assesses that Vietnam's software outsourcing segment still has a lot of growth potential thanks to: (1) Requirement for a large number of employees; (2) Vietnam's low-cost labor as compared to other leading countries in outsourcing segment such as India and China amid high world demand.

Telecommunications continues to grow thanks to broadband internet

In the long run, KBSV believes that there is still room left for the broadband internet to grow when: (1) The fixed broadband penetration rate in Vietnam stays low (only 62% in 2020) as compared to other countries like China, Korea, Japan; and (2) developing mobile broadband internet including 4G-5G will open up more opportunities for telecommunications businesses.

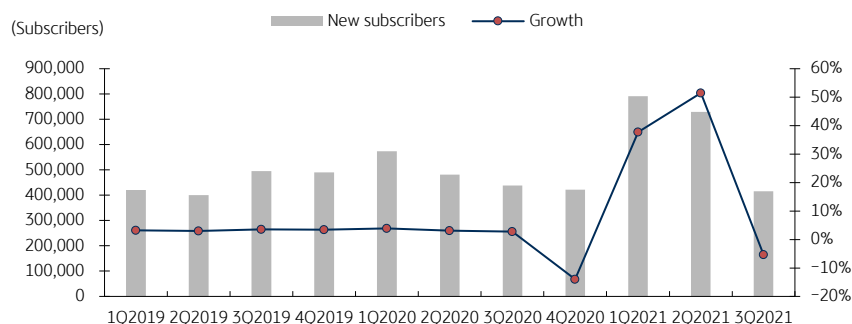
Positive monitor

Recommendations

FPT Group (FPT)	BUY
Current price	VND94,300
Target price	VND123,000

The number of FTTH subscribers rose sharply in 1H21 as businesses boosted their business operations and implemented digitalization. However, this figure dropped in 3Q21 due to the impact of social distancing.

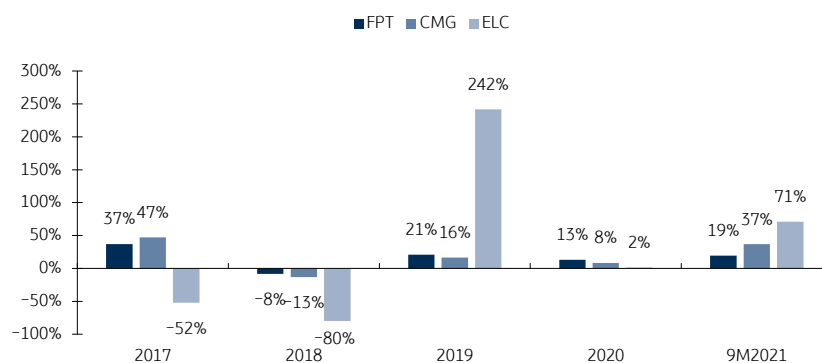
Fig 7. Vietnam – Growth in the number of new FTTH subscribers (YoY)



Source: Vietnam Electricity, KB Securities Vietnam

NPAT of IT businesses showed impressive growth in 9M21 after slowing down when the pandemic broke out, of which Electronics Communications Technology Investment Development (ELC) had the most impressive growth from its low base, with many new big contracts signed.

Fig 2. Vietnam – PAT growth of IT businesses (%)



Source: Vietnam Electricity, KB Securities Vietnam

FPT Group (FPT)

3Q earnings up 19.7% YoY

December 15, 2021

Senior Analyst Nguyen Anh Tung
tungna@kbsec.com.vn

3Q earnings rose 19.7% YoY to VND1,375 billion

FPT Group (FPT) maintained a positive growth in 3Q21 with earnings up 19.7% YoY to VND1,375 billion on revenue of VND8,725 billion, up 15.5% YoY. Of that, in October and November, the group's earnings were VND5,851 billion (up 19.8% YoY) and revenue was VND6,848 billion (up 31.6% YoY).

Software outsourcing in key markets grew strongly

The software outsourcing segment in the US, EU and APAC markets experienced impressive growth in 3Q, reaching 64% YoY, 25% YoY and 22% YoY respectively, while the Japanese market represented the largest proportion, up 9% YoY.

Technology growth should be positive thanks to domestic and international demand

In the first nine months of 2021 (9M21), the value of new orders for IT services from abroad gained 33.5% YoY to VND12,807 billion. Meanwhile, high demand for domestic digital transformation in both public and private sectors is the driving force for the development of the domestic IT service segment. The telecommunications segment should be driven by steady growth in broadband and FPT Play.

We recommend to BUY FPT shares with a target price of VND123,000

Based on valuation results, business outlook as well as considering possible risk factors, we recommend BUY for FPT stock. The target price is VND123,000/share, 30.1% higher than the price on December 15, 2021.

Buy update

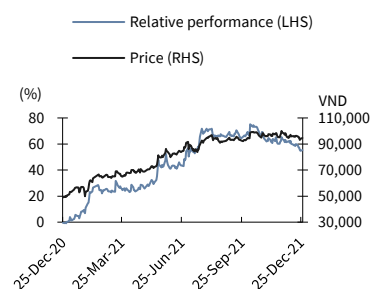
Target price	VND123,000
Upside/downside (%)	30.1
Current price (Dec 15, 2021)	VND94,300
Consensus target price	VND82,000
Market cap (VNDbn)	85,756

Trading data	
Free float (%)	87.06
3M avg trading value (VNDbn/USDmn)	247/10.9
Foreign ownership (%)	49
Major shareholder	Truong Gia Binh (7.05%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-3	0	6	95
Relative	-3	-9	-2	55

Forecast earnings & valuation

FY-end	2019A	2020A	2021F	2022F
Net revenue (VNDbn)	27,717	29,830	35,586	40,929
Revenue growth (%)	19.40	7.63	19.30	15.01
Gross profit (VNDbn)	10,712	11,814	13,879	16,208
Gross profit margin (%)	38.65	39.60	39.00	39.60
Net profit (VNDbn)	3,912	4,424	5,355	6,369
Net profit growth (%)	20.96	13.09	21.05	18.94
EPS (VND)	4,622	4,513	4,719	5,613
EPS growth (%)	8.24	-2.36	4.58	18.94
P/E (x)	19.9	20.3	19.5	16.4



Source: Bloomberg, KB Securities Vietnam

Marine transportation

FDI resurges after economic reopening

Container throughput in Vietnamese ports maintained a positive growth momentum in 2021 despite the pandemic

In 10M21, container throughput in Vietnamese ports reached 20 million TEUs (+10% YoY). This was 22% lower than that of 1H21 because the Southern port clusters posted negative growth in 3Q given social distancing.

Total tonnage of ships docked in Hai Phong port system hit 115 million tons (+1.3% YoY), of which tonnage in upstream port clusters and Lach Huyen port witnessed decreases of 2.4% YoY and 21.7% YoY respectively, in contrary to an increase of 10.3% of downstream port clusters. We believe that the downstream ports (Nam Hai Dinh Vu, Green Vip, Nam Dinh Vu, Dinh Vu) recorded positive growth because: (1) Lach Huyen area is being deposited by alluvium, which cannot accommodate large ships; (2) the upstream ports have short berth and shallow draft, restricting ships to the upstream; (3) the demand for river ports increases because most of the ships moving through Hai Phong are small- and medium-sized container ships. In the 10 months of 2021, the throughput in the Ba Ria – Vung Tau region reached 6.5 million TEUs (+22% YoY). Cai Mep – Thi Vai area is consolidating its position as a transshipment hub in the Southern region of Vietnam to the US and EU markets.

Outlook for 2022 is positive thanks to rising throughput and port charges

We are positive about the growth potential of the container port industry in the coming years due to the following reasons: (1) Throughput in Vietnamese ports is expected to maintain a growth rate of over 10% per year thanks to infrastructure improvement and supply chain shift to Vietnam, especially to the South with typical projects such as 991B Road, Phuoc Hoa – Cai Mep Road, Bien Hoa – Vung Tau Expressway, Phuoc An Bridge; (2) freight rates will continue to increase by 10%/year until 2023 in Hai Phong port system (excluding Lach Huyen) and Cai Mep – Thi Vai; (3) effective FTAs (CPTPP, EVFTA, RCEP) will promote trade with Vietnam; (4) the supply chain has been shifted to Vietnam given its adjacency to China and low-cost labor.

Risks

Vietnam's container ports may encounter some challenges because both the new master plans for seaports and the limit of port charges depend on state policies. Along with that, they have to bid successfully before expanding capacity.

Positive monitor

Recommendations

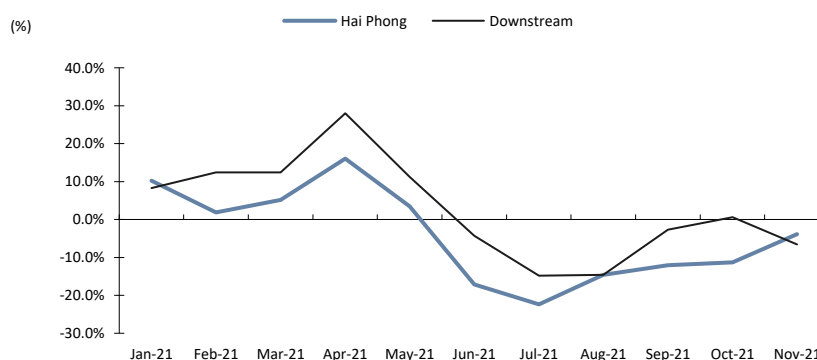
Gemadept (GMD)	BUY
Current price	VND56,300
Target price	VND48,200

Saigon Port (SGP)	MONITOR
Current price	VND35,500

Vietnam Container Shipping (VSC)	MONITOR
Current price	VND44,600

The tonnage docked in Hai Phong port system in 2021 is estimated to grow only 1.3% YoY. The downstream ports maintain a positive growth momentum thanks to competitive advantage as compared to Lach Huyen port and upstream ports.

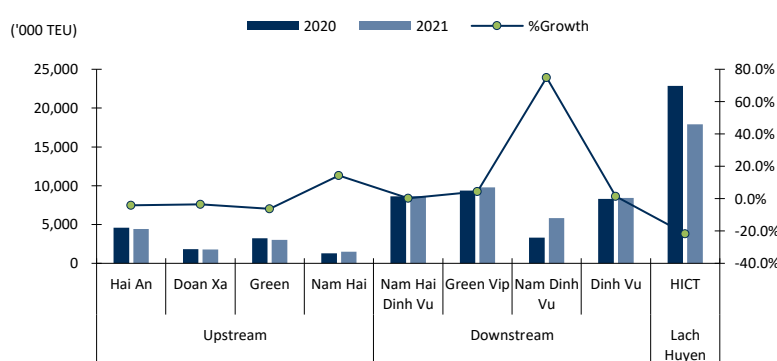
Fig 8. Vietnam – The growth of tonnage docked in Hai Phong port system (%)



Source: Ministry of Planning and Investment, KB Securities Vietnam

Most ports in Hai Phong recorded slight growth or decline in 2021. Lach Huyen area recorded a negative growth for the first year due to alluvial deposition.

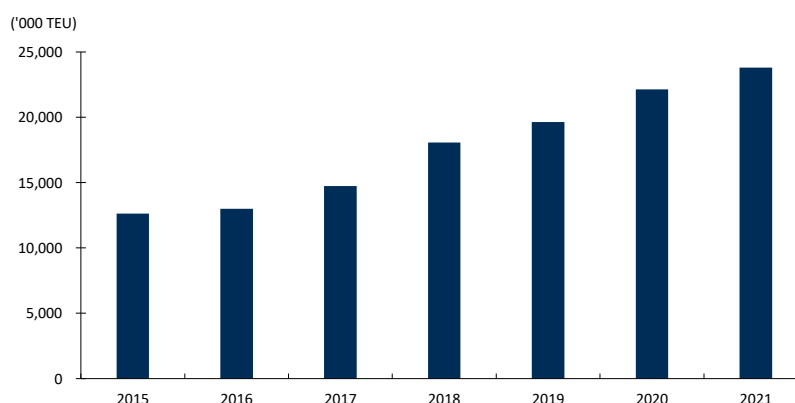
Fig 2. Vietnam – Tonnage growth in Hai Phong port system (thousand DWT)



Source: JLL, KB Securities Vietnam

Container throughput in Vietnam's port clusters achieved an average growth rate of 11.1% in the period 2015–2021. The strong momentum started in 2017 when the supply chain partially shifted to Vietnam.

Fig 3. Vietnam – Throughput in port clusters (thousand TEUs)



Source: KB Securities Vietnam

Gemadept (GMD)

2022 profit should rise 36.3% thanks to Gemalink

December 24, 2021

Analyst Pham Nhat Anh
anhpn@kbsec.com.vn

9M21 PAT and revenue increased by 34.7% YoY and 14% YoY respectively

In the first three quarters of the year, Gemadept (GMD) recorded VND575 billion (+34.7% YoY) in PAT on revenue of VND2,168 billion (+14.1% YoY), of which port operations and logistics brought in VND1,884 billion (+20% YoY) and VND284 billion (-14.2% YoY) in revenue respectively.

Haiphong port system and Gemalink are the main growth drivers

GMD's total docking capacity in 9M21 reached 1,905,000 TEUs (+52% YoY), mainly driven by Haiphong port system with 754,359 TEUs (+13% YoY) and Gemalink with 528,351 TEUs. However, the throughput in Lach Huyen port decreased 21.7% YoY because it could not accommodate large vessels due to alluvial deposits.

2022F profit growth should rise 35.1% YoY thanks to the operation of Gemalink at 90% capacity

We estimate GMD's NPAT in 2022 at VND848 billion (+36.3% YoY), the majority of which came from joint ventures at VND137 billion vs. VND3 billion of 2021, assuming Gemalink's 2022E throughput of 1.35 million TEUs (+50% YoY) and a 10% increase in freight rates.

GMD can record a sudden profit in 2022 thanks to the transfer of 25% stake at Gemalink

GMD plans to transfer 25% stake at Gemalink (effective ownership for GMD is 15%), which may bring a profit of VND343 billion for GMD. However, this isn't included in the valuation due to the need for more details.

We recommend to BUY GMD shares with a target price of VND56,300

By using SOTP valuation method, we recommend to BUY GMD shares with a target price of VND56,300, 22.9% higher than the closing price on December 24, 2021.

Buy update

Target price	VND56,300
Upside/Downside	22.9%
Current price (Dec 24, 2021)	VND45,750
Consensus target price	VND50,500
Market cap (VNDbn)	13,803

Forecast earnings & valuation

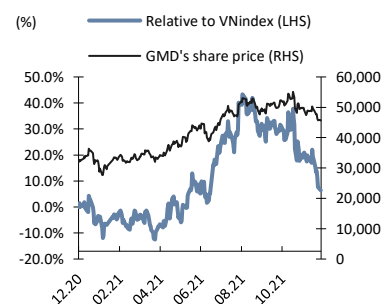
FY-end	2019A	2020A	2021F	2022F
Net revenue (VNDbn)	2,643	2,606	2,900	3,226
Earnings/Loss (VNDbn)	1,013	950	1,117	1,253
NPAT (VNDbn)	614	440	622	848
EPS (VND)	1,602	1,149	1,738	2,370
EPS growth (%)	-74.2%	-28.3%	53.6%	38.6%
P/E (x)	13.5	27.9	26.3	19.3
P/B (x)	1.0	1.5	2.0	1.8
ROE (%)	9.4%	6.7%	9.2%	11.3%
Dividend yield (%)	3%	2.6%	2.5%	2.5%

Trading data

Free float	80%
3M avg trading value (VNDbn)	151
Foreign ownership	40.8%
Major shareholders	SSJ Consulting (9.85%)

Share price performance

(%)	1M	3M	6M	12M
Absolute	-8	-7	8	43
Relative	4	-2	17	49



Source: Bloomberg, KB Securities Vietnam

KB SECURITIES VIETNAM RESEARCH

Nguyen Xuan Binh
Head of Research
binhnx@kbsec.com.vn

Equity

Duong Duc Hieu
Head of Equity Research
hieudd@kbsec.com.vn

Nguyen Anh Tung
Senior Analyst – Financials & Information technology
tungna@kbsec.com.vn

Pham Hoang Bao Nga
Senior Analyst – Property
ngaphb@kbsec.com.vn

Le Anh Tung
Senior Analyst – Oil & Gas & Banks
tungla@kbsec.com.vn

Nguyen Ngoc Hieu
Analyst – Power & Construction Materials
hieunn@kbsec.com.vn

Pham Nhat Anh
Analyst – Industrial Real Estate & Logistics
anhpn@kbsec.com.vn

Luong Ngoc Tuan Dung
Analyst – Consumers & Retailing
dunglnt@kbsec.com.vn

Research Division
research@kbsec.com.vn

Macro/Strategy

Tran Duc Anh
Head of Macro & Strategy
anhtd@kbsec.com.vn

Le Hanh Quyen
Analyst – Macroeconomics & Banks
quyenlh@kbsec.com.vn

Thai Huu Cong
Analyst – Strategy & Mid cap Stocks
conghth@kbsec.com.vn

Tran Thi Phuong Anh
Analyst – Strategy & Mid cap Stocks
anhhttp@kbsec.com.vn

Support team

Nguyen Cam Tho
Assistant
thonc@kbsec.com.vn

Nguyen Thi Huong
Assistant
huongnt3@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels G, M, 2 & 7, Sky City Tower, 88 Lang Ha Street, Dong Da District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180–192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656

Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276

Email: ccc@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

Opinions in this report reflect the professional judgment of the research analyst(s) as of the date hereof and are based on information and data obtained from sources that KBSV considers reliable. KBSV makes no representation that the information and data are accurate or complete and the views presented in this report are subject to change without prior notification. Clients should independently consider their own particular circumstances and objectives and are solely responsible for their investment decisions and we shall not have liability for investments or results thereof. These materials are the copyright of KBSV and may not be reproduced, redistributed or modified without the prior written consent of KBSV. Comments and views in this report are of a general nature and intended for reference only and not authorized for use for any other purpose.