

2Q21 stock market outlook

Positive in the medium term

The market may continue the sideways trading in the short term

In 1Q21, the VNIndex failed three times to surpass the psychological resistance of 1,200 points in the absence of domestic supportive factors, stock prices recovered significantly, foreign investors boosted net selling while the external investment environment was volatile. We believe that wobble sessions are likely to continue in the near future when the resistance zone around 1,200 points is still followed by a large profit-taking pressure at high prices while margin lending capital in securities companies is close to the maximum.

The positive medium-term outlook is maintained, the VNIndex is headed to 1,250 points in 2Q

Although the market is forecast to trade unsteadily from continuously mixed movements, we have not seen any significant risks that could delay the market rebounds in the medium term. Business operations of enterprises should also grow in line with the economic recoveries, supported by low interest rates. Accordingly, although growth trading has potential short-term risks, we believe that any deep correction of the market is a good chance to accumulate stocks for a medium- and long-term portfolio. The VNIndex is targeted at 1,250 points in 2Q, and supportive factors include: 1) The Fed and major central banks' easing monetary policy; 2) Global economic recoveries after COVID-19; 3) Well-insulated COVID-19 and vaccine mass distribution; and 4) Sharp gains in listed companies' earnings versus 1Q20.

Risk factors, though not at a warning level that can reverse the uptrend of the market, still need to be closely watched.

Risk factors include: 1) foreign investors' net selling pressure due to high US bond yields and USD's recovery trend; 2) delayed COVID-19 vaccine distribution in Europe; 3) rising inflation and interest rates domestically; and 4) resurgent COVID-19 cases.

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Market drivers in 2Q21

Vietnam's stock market movements in the first months of 2021 continued to show the dominant influence from the volatile global macro developments. The COVID-19 pandemic, oil prices, the US dollar, US Government yields, changes in fiscal and monetary policies, and inflation would still have a strong impact on Vietnam's stock market in the next few quarters.

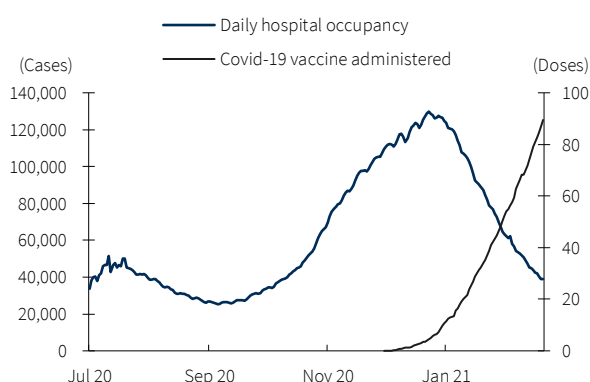
Meanwhile, hopes for the domestic economy to strongly recover from the low level of 2020 thanks to good control of COVID-19 create a favorable environment for businesses to thrive, and would underpin the stock market in the future. Risks are mainly related to inflation and interest rate increases in parallel with the recovery of the economy.

In this part of the report, we focus on analyzing the main factors that may affect Vietnam stock market in the next quarters:

1. Vietnam and global economies are gradually rebounding

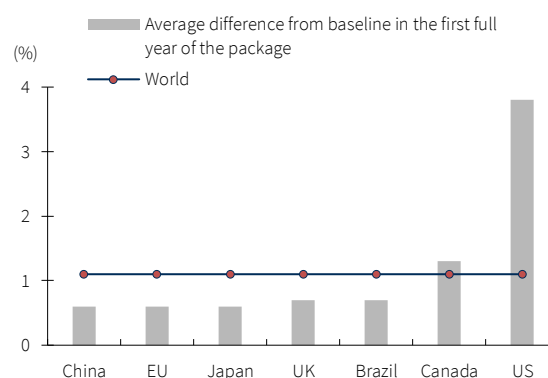
We are optimistic about the prospect of a strong global economic bounceback, which is in line with the forecasts of many economists. The rationale for the above statement comes from (1) the mass production of COVID-19 vaccines lowered hospitalization rates and helped to ease lockdown protocols; (2) the USD1.9 billion fiscal package of the Biden Government created a spillover effect; (3) the global savings-to-income ratio is high, especially in the US; and (4) loosening monetary policy continues to be maintained.

Fig 1. The US – Correlation of hospitalizations and doses of COVID-19 vaccine administered (million doses, %)



Source: Ourworldindata, Bloomberg, KB Securities Vietnam

Fig 2. The US – Impact of the new fiscal package on global economic growth (%)



Source: OECD, Bloomberg, KB Securities Vietnam

Note: First full year of the package assumed as 2Q/2021 – 1Q/2022

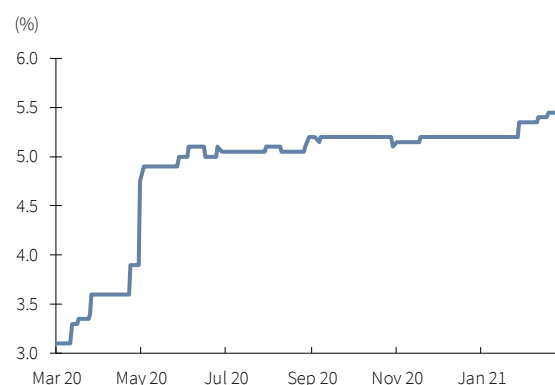
Fig 3. The US – Savings to income ratio (%)



Source: Bloomberg, KB Securities Vietnam

Note: Blue lines indicate recession period

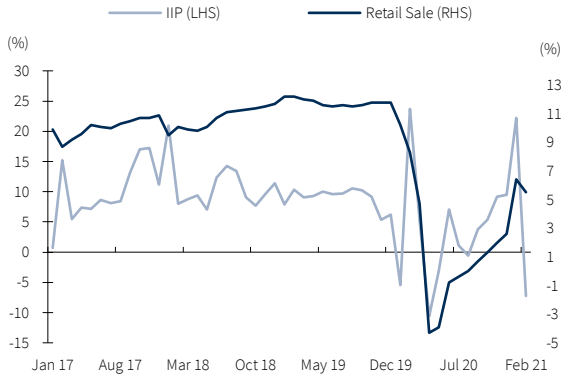
Fig 4. The US – Consensus survey of global GDP growth in 2021 (%)



Source: Bloomberg, KB Securities Vietnam

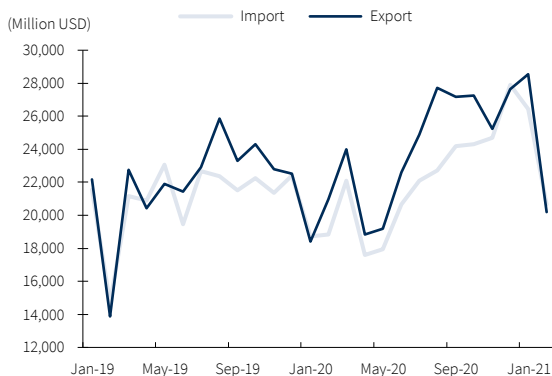
Vietnam economy may record a high growth this year. Given well-controlled COVID-19 pandemic, domestic economy starts to make steady steps to recover, reflected in the positive developments of the retail, industrial production and international trade indices in the last few months. We believe Vietnam would achieve high economic growth rate that can exceed the Government's target of 6% thanks to (1) production and trade activities benefiting from strong economic rebound; (2) easing monetary policy; (3) accelerated public investment; and (4) well-insulated COVID-19 and a timely vaccine distribution plan.

Fig 5. Vietnam - Industrial production index & retail sales (%)



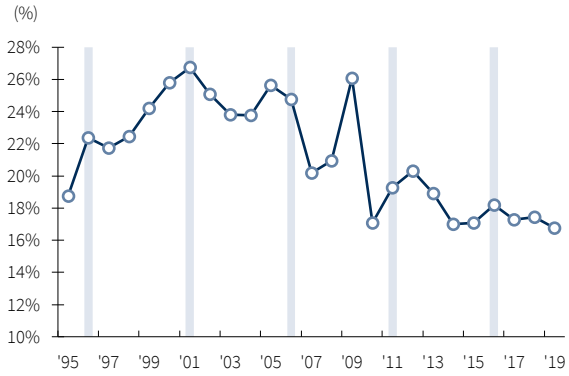
Source: Bloomberg, KB Securities Vietnam
Note: February data is affected by the Tet holiday

Fig 6. Vietnam - Import & export turnover (USDbn)



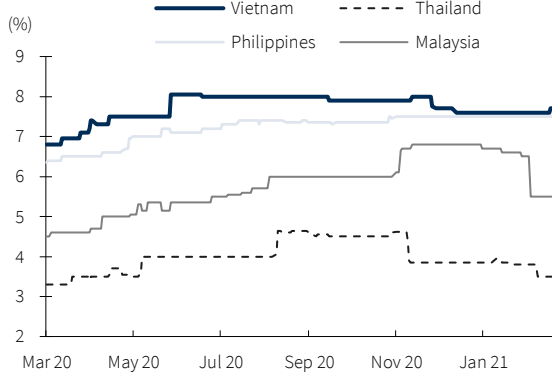
Source: GSO, KB Securities Vietnam
Note: February data is affected by the Tet holiday

Fig 7. #KBChart&TableTitle



Source: GSO, KB Securities Vietnam
Note: Blue lines indicate first year of new Communist Party Congress

Fig 8. #KBChart&TableTitle

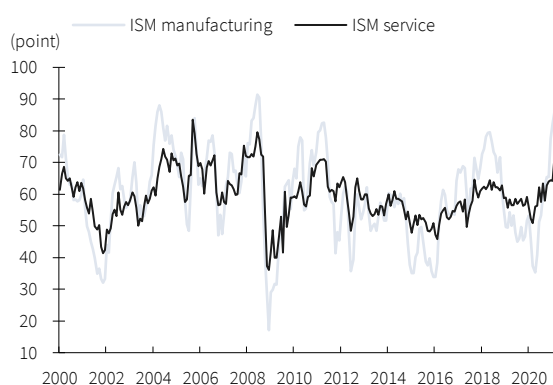


Source: Bloomberg, KB Securities Vietnam

2. The inflationary pressure on the global and domestic economies emerged but was not yet large

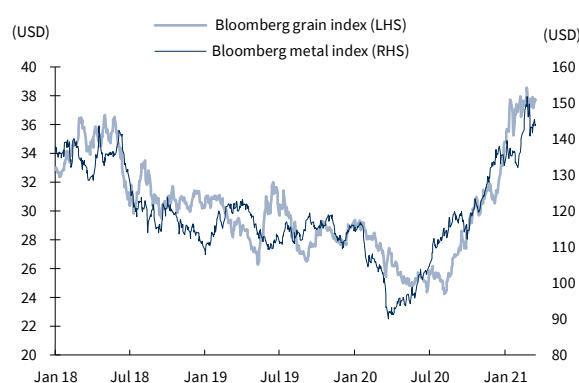
Investors started to worry about the warning signs of an increase in the US inflation in the coming time, reflected through the high increase in raw material prices, production costs, shipping costs, and the Fed's sudden growth in money supply.

Fig 9. The US – ISM of manufacturing and service prices (points)



Source: Bloomberg, KB Securities Vietnam

Fig 10. Bloomberg Index of Commodities – Input Materials (USD)



Source: GSO, KB Securities Vietnam

Fig 11. The US – M2 growth (%)



Source: Bloomberg, KB Securities Vietnam

Fig 12. Shipping costs of a 40ft container from Shanghai (China) to Los Angeles (US) (USD)

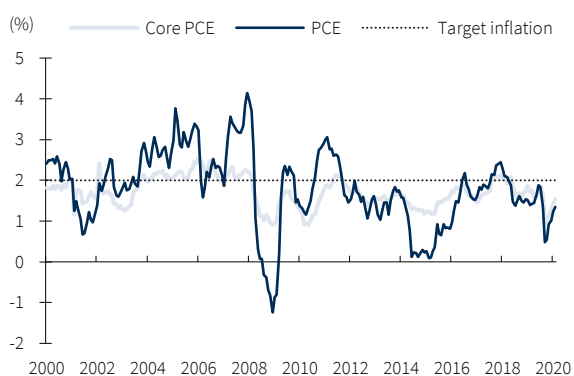


Source: Drew World Container Index, KB Securities Vietnam

We expect that the US inflationary pressure will only exist in the short term. The basis for the above statement includes (1) Price volatility due to an abnormal phase difference between demand and supply will return to a stable state when economic activities are gradually normalized; and (2) Although the US money supply growth is large but is "neutralized" by the decrease in the velocity of money.

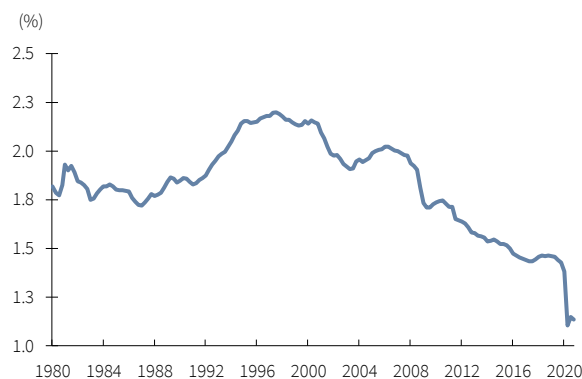
The Fed's easing monetary policy may remain unchanged, as shown through (1) the monetary policy allows inflation to remain above 2% for a certain period of time; and (2) statements and signals about keeping monetary policy unchanged until the US economy recovers are consistent. However, inflation signals and changes in the Fed's voice still need to be closely watched in the coming time.

Fig 13. The US - PCE & Core PCE (%)



Source: Bloomberg, KB Securities Vietnam

Fig 14. The US - Money velocity (%)

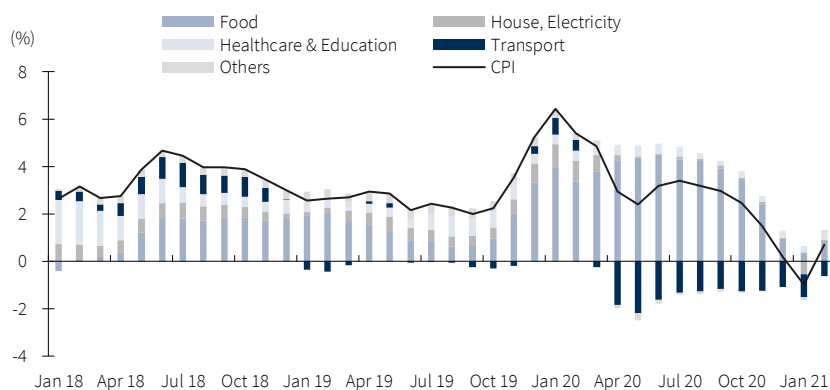


Source: Bloomberg, KB Securities Vietnam

Although there are some of risks of inflation, we expect that Vietnam's CPI is still well controlled thanks to (1) lower food prices, including pork prices to "compensate" for higher transportation prices; (2) likely unchanged health service prices to reduce inflationary pressures; and (3) moderately easing monetary policy to minimize pressure on core inflation.

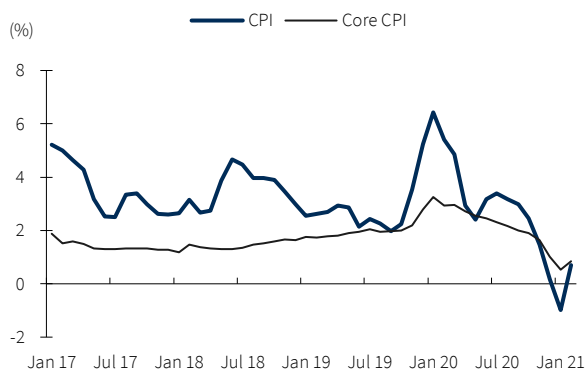
We believe that the State Bank would maintain the current monetary policy. The current policy rate is considered to be appropriate to create the necessary easing environment to promote economic growth while avoiding large inflationary pressure.

Fig 15. Vietnam - CPI structure (%)



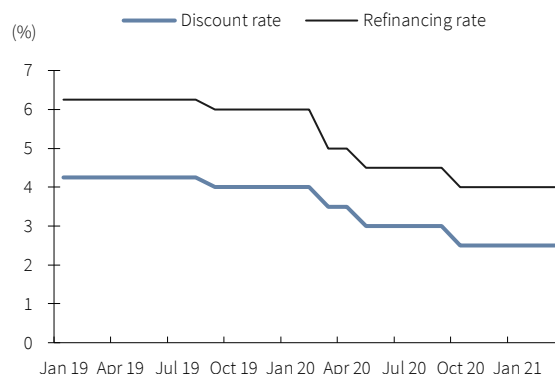
Source: GSO, KB Securities Vietnam

Fig 16. Vietnam – CPI and Core CPI (%)



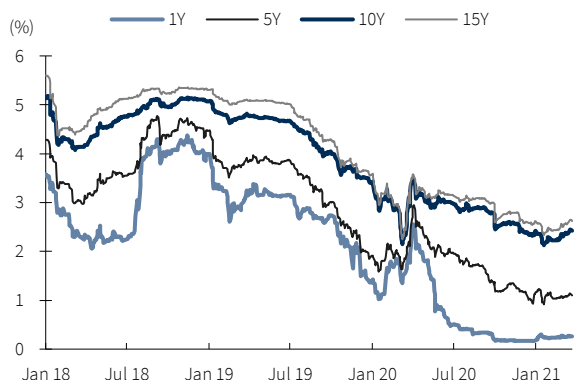
Source: Bloomberg, KB Securities Vietnam

Fig 17. Vietnam – Policy and ON interest rates (%)



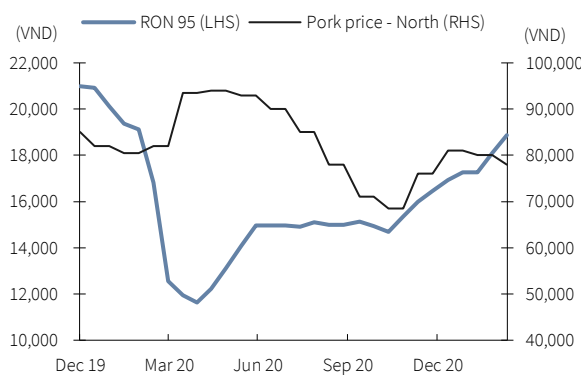
Source: Bloomberg, KB Securities Vietnam

Fig 18. Vietnam – Average interest rate yield (%)



Source: Bloomberg, KB Securities Vietnam

Fig 19. Vietnam – Pump and pork prices (VND)



Source: KB Securities Vietnam

3. US 10-Year Bond Yield, Dollar and Foreign Investor Cash Flows – risks need to be monitored

The US 10Y bond yields are on a rebounding trend, reflecting expectation of a strong economic recovery but also showing concerns of investors about inflation risks and the possibility that the Fed will raise interest rates in the future. The uptrend of bond yields is inevitable, but rapid growth in a short time is what worries us because it may cause negative disturbance to the stock market. 10-year breakeven yield peaked since 2013 "Taper Tantrum". Along with that, the US dollar has gradually recovered from the bottom of January 2021, creating a "double" pressure on the foreign cash flow.

Fig 20. The US – 10Y breakeven interest rates (%)



Source: Bloomberg, KB Securities Vietnam

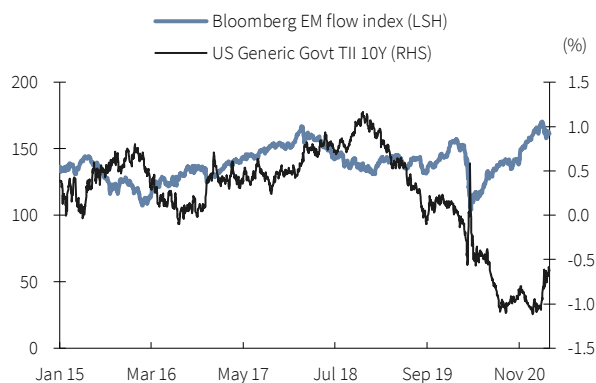
Fig 21. Vietnam – DXY index (point)



Source: KB Securities Vietnam

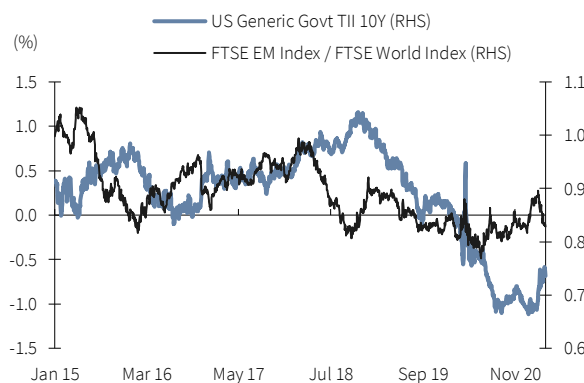
Foreign investors' net selling pressure is still strong. Emerging stock markets, including Vietnam, are particularly sensitive to negative fluctuations in US bond yields and the USD, reflected in the opposite relationship with foreign cash flow and price movements. However, we believe that the pressure of net withdrawal of foreign investors in Vietnam's stock market is not too negative compared to other countries in the region. Besides, ETFs, especially domestic ETFs, are still considered as a bright spot attracting foreign cash flow.

Fig 22. Correlation of Bloomberg EM flow index and US 10Y bond yield (point, %)



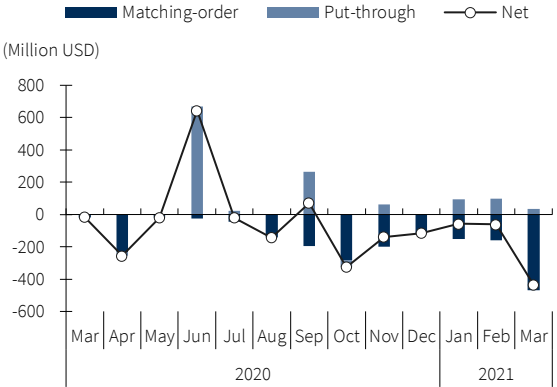
Source: Bloomberg, KB Securities Vietnam

Fig 23. Correlation of US 10Y bond yield & VNIndex's movement compared to FTSE World Index (point, %)



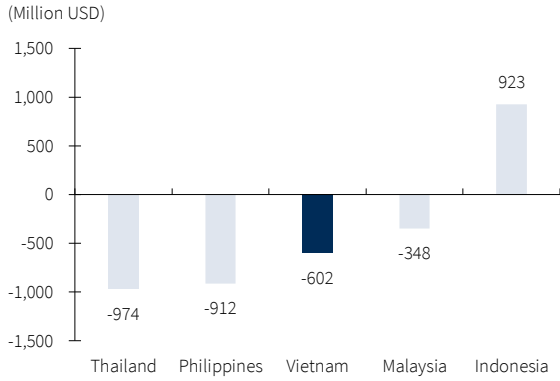
Source: Bloomberg, KB Securities Vietnam

Fig 24. Vietnam – Foreign cash flow (%)



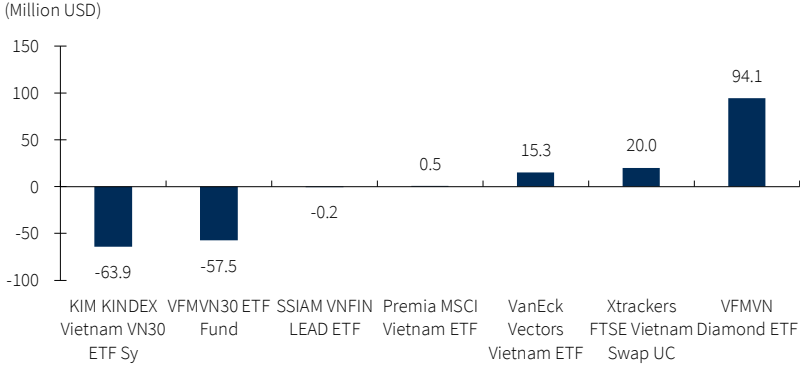
Source: Bloomberg, KB Securities Vietnam

Fig 25. Regional countries – Foreign cash flow (USDmn)



Source: Bloomberg, KB Securities Vietnam

Fig 26. Vietnam – ETF cash flow (USDmn)



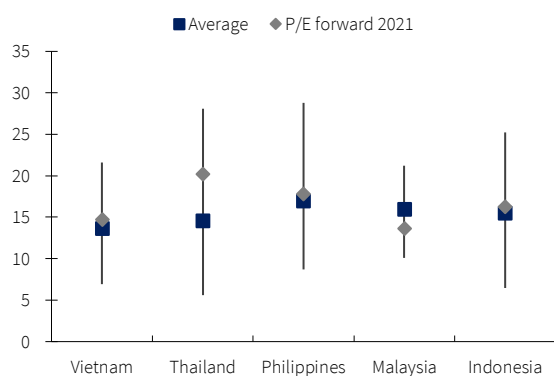
Source: Bloomberg, KB Securities Vietnam

Market commentary

We expect the VNIndex to approach 1,250 points right in 2Q as relative comparisons (with regional markets and historical data) show that the VNIndex is still in the attractive price range given supportive factors are somewhat outperforming the negative ones. The main supporters include: 1) The Fed and major central banks in the world still keep easing monetary policy; 2) Vietnam's economy and the world gradually recover from the pandemic; 3) The COVID-19 is well controlled domestically and slowed down globally thanks to accelerated vaccine distribution; and 4) Listed companies' earnings grow sharply from the low base of the 1Q last year.

Comparing P/Es of regional markets, it can be seen that 2021 forward P/E of the VN-Index is relatively lower than that of other countries. In addition, the correlation of the 12-month forward P/E with two other standard indices, the FTSE-EM Index, the comparative value of the VNIndex has remained low for many years.

Fig 27. 12-month P/E forward of VN-Index and regional countries (2009 - 2021)



Source: Bloomberg, KB Securities Vietnam

Fig 28. 12-month P/E forward of the VN-Index and the FTSE EM Index



Source: Bloomberg, KB Securities Vietnam

Table 2: The main market drivers

Advantages	Impact level	Possibility	Risks	Impact level	Possibility
Easing monetary policy at central banks, including Vietnam	Strong	High	Foreign outflow pressure from higher US Treasury yield and USD	Strong	High
Higher level of public investment	Medium	High	Another wave of Covid-19 in Vietnam	Medium	High
Re-opening economies & Covid-19 vaccine progress	Medium	Medium	Inflation risk in Vietnam and in the world	Strong	Medium
Inflow from new accounts	Medium	Medium	Vaccine distribution challenge	Medium	Medium

Source: KB Securities Vietnam

Investment viewpoints in 2Q20

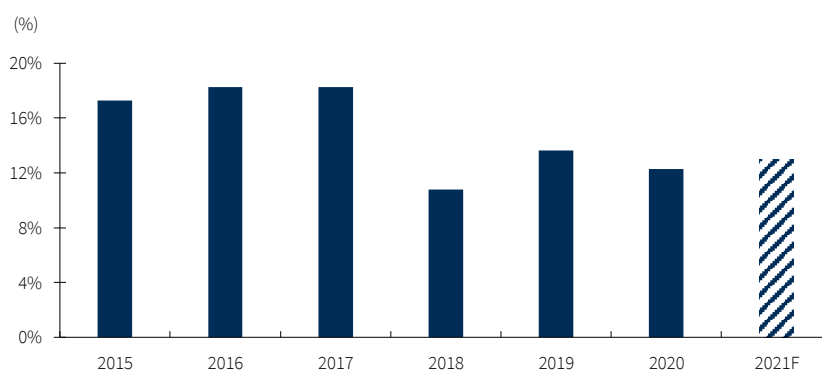
1. Economic recovery

Direct beneficiaries: Banks and real estate

The business activities of these two groups are strongly influenced by GDP growth. For banks, we expect that the restructuring debt will decline and the provision will not be too large as enterprises gradually restore their production activities after the pandemic. Along with that, we are also optimistic about the credit prospects of the whole banking industry, which should help recover the economy.

We believe that real estate credit will flourish as demand for home loans increases along with many new projects being gradually removed from procedural problems.

Fig 29. Vietnam – Credit growth (VNDtn, %)



Source: Bloomberg, KB Securities Vietnam

2. Increased demand for goods

Direct beneficiaries: construction materials (steel, stone ...) and goods (rice, rubber, coffee ...)

Some supportive factors:

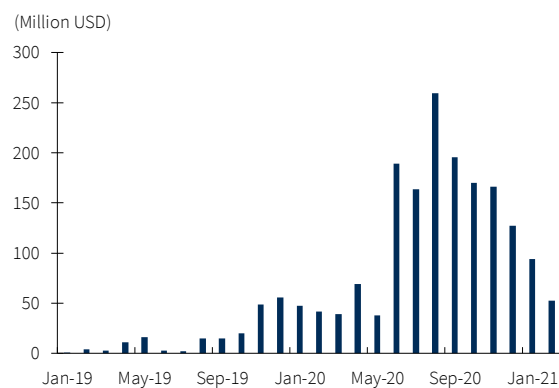
- The demand increases from accelerating public investment activities. Specifically, some key projects of the North-South expressway are facing the problem of lacking construction materials.
- The demand for goods has shown signs of improvement in the first months of the year from foreign markets (exports in 1Q are estimated to increase 22% YoY) and the domestic market (total revenue from retail sales of goods and consumer services in March 2021 increased by 9.2% YoY).
- The demand for steel from China increases when the Chinese industry starts to expand again; and China's steel industry is under tighter environmental pollution control.
- High demand for agricultural products from China after COVID-19.
- Commodity industry is also considered as a kind of asset that protects investors from inflation risks.

Fig 30. Bloomberg Commodity Index (point)



Source: Bloomberg, KB Securities Vietnam

Fig 31. Vietnam – Exports to China (USDmn)



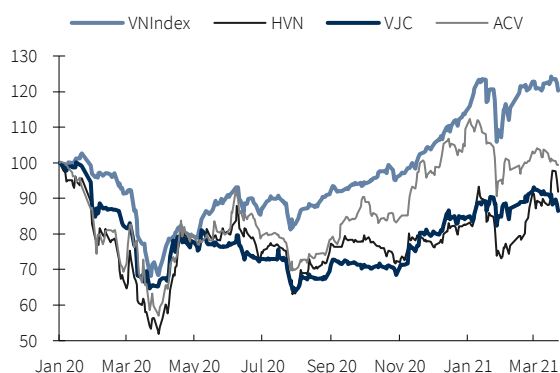
Source: Bloomberg, KB Securities Vietnam

3. Groups affected by COVID-19

Industry groups that benefit directly: aviation, aviation services, and tourism

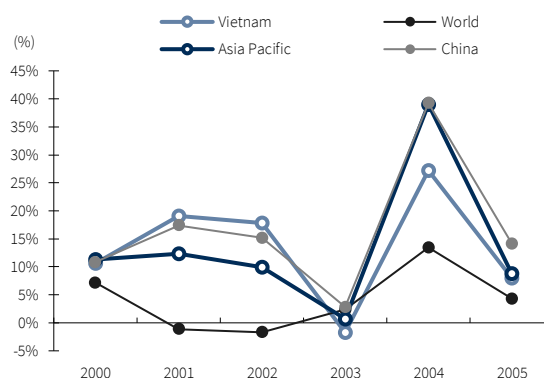
We expect that tourism and transportation activities will increase strongly in the coming time thanks to (1) accelerating the implementation of vaccination to help control the COVID-19 pandemic; (2) Vietnam has begun to study the feasibility of "vaccine passport", helping Vietnam can soon welcome back tourists.

Fig 32. Vietnam – Airline stock prices vs VN-Index (initial milestone = 100)



Source: Bloomberg, KB Securities Vietnam

Fig 33. Global airlines – Passenger growth after the SARS



Source: Bloomberg, KB Securities Vietnam

Real estate

Outlook: Positive

**Tickers: Vinhomes (VHM),
Khang Dien House (KDH),
Nam Long Group (NLG)
and Dat Xanh Group
(DXG)**

The COVID-19 pandemic and difficulties in legal procedures posed a negative impact on the residential real estate market in both Hanoi and Ho Chi Minh City (HCMC) as the number of pre-sold and sold apartments in 2020 is only about 40% -50% of the whole year 2019. The positive point is that the consumption/presale ratio is still high at 87% in HCMC and 103% in Hanoi, selling prices remained flat in Hanoi and increased by around 6% in HCMC. Residential real estate market is super busy in major urban or coastal provinces such as Dong Nai, Binh Duong, Binh Dinh and Quang Ninh since land products, resort villas or apartments attracted investment cash flow and were traded busily.

We expect that the legal problems in HCMC will be solved gradually in the 2Q21 when the new government in this city comes into stable operation. We also see some signs of that when some real estate projects located in District 1 and Thu Duc of HCMC are about to be launched to the market such as Grand Marina Ba Son, Masterise Lumiere ...

The investment highlight for the real estate industry in 2Q is still the flow of public investment in some major projects such as the North-South Expressway, Bien Hoa-Vung Tau Expressway, Long Thanh Airport and some projects in the central districts of Ho Chi Minh City that should be resumed. Low interest rate is also an important factor driving demand for home loans or real estate investment in 2021.

Enterprises with large clean land bank with healthy legal status and safe financial structure and positive sales progress in 2021 are investment opportunities when the market is more stable after the pandemic, typically stocks are VHM, KDH, NLG, and DXG.

Industrial parks

Outlook: Positive

Tickers: Kinh Bac City
Development (KBC),
Viglacera (VGC), Phuoc
Hoa Rubber (PHR) and
Nam Tan Uyen (NTC)

The COVID-19 pandemic has slowed FDI inflows in 2020 and the first two months of 2021. However, FDI has accelerated since March 2021 when as of March 20, total registered FDI reached USD10.13 billion, +18.5% YoY. Of that newly registered FDI was USD7.2 billion, +30.6% YoY. We expect the recovery in FDI inflows to continue in the next quarters of 2021 when vaccines are widely used in many countries, helping to accelerate the reopening of the economy.

On the medium-term outlook, Vietnam's industrial park real estate industry could benefit from the signed free trade contracts (FTAs) and the wave of companies moving away from China. Accordingly, the demand for industrial land and ready-built factories increased. In addition, promoting public investment helps increase connectivity between regions, connecting Vietnam with the world is also a factor to attract FDI in the future.

Some notable investment opportunities include KBC, VGC, PHR and NTC. These are enterprises with large commercial land bank, convenient location in major economic regions which are production satellites around Hanoi and Ho Chi Minh City.

Power

Outlook: Positive
Tickers: Hai Phong
Thermal Power (HND), PV
Nhon Trach 2 (NT2),
Candon HydroPower
(SJD) and Thac Mo Hydro
Power (TMP)

World Bank forecast Vietnam's GDP to grow by 6.5%, leading to an increase in the demand for electricity for production and business. Power consumption in the first two two months of 2021 hit 33.6 billion kWh, up 4.3% YoY. The modest gain in power consumption is attributable to the outbreak of COVID-19 in the community in Hai Duong and the Lunar New Year of 2021. We expect the demand for electricity will recover and grow at a rate of 8-10% in 2021, consistent with EVN's general estimates.

Investment highlights for the power sector in 2Q include:

- 1) 65% probability of La Nina phenomenon occurring, which will remain the driving force for hydropower plants after two years heavily affected by Elnino phenomenon (hit hard on SJD, TMP, CHP and SBA)
- 2) Cash dividend season for thermal power plants after "fruitful" years 2019-2020 is the peak of thermal power plants, with dividends with a return rate of 6-10% (HND, QTP, PPC and NT2).
- 3) Wind power plants that are completed and operated before November 1, 2021 will benefit from high electricity prices (VND1,927/kWh in land and sea wind power VND2,223 kWh). It is possible that PC1 will energize three wind power projects including Lien Lap, Phong Huy and Phong Nguyen in the 4Q21, and GEG also has three wind power projects of 130 MW energized by 4Q.
- 4) Many power plants are gradually reducing the majority of debt, helping to improve interest expenses and business results. After paying off the loan, the cash flow for equity of businesses will be very large and likely increase the ability to pay cash dividends (PPC, NT2, HND, QTP and POW).

Container ports

Outlook: Positive
Tickers: Gemadept (GMD,
Viconship (VSC) and Hai
An Transport &
Stevedoring (HAH)

Vietnam is one of the countries with the most impressive container throughput growth in the world. Total throughput in Vietnam has a CAGR of 10.9%, the highest in the top 6 Southeast Asian countries. We expect the CAGR of 9% per year to be maintained over the next five years based on: (1) World trade recovery after COVID-19; (2) Ongoing FDI inflows to Vietnam; (3) Effects of FTAs; and (4) Shifting global supply chains.

2M21 tonnage of Hai Phong port cluster increased 6.1% YoY thanks to the recovery of the total import-export turnover, up 25.5% YoY. KBSV expects a high growth rate for Hai Phong port cluster in 2021 based on: (1) Low base level in 2020 due to the impact of COVID-19 pandemic, (2) improved and accelerated infrastructure system and goods circulation.

According to the plan from the Ministry of Planning and Investment, the 3.4 Lach Huyen wharf will come into operation by the end of 2023. Notably, Hai Phong City People's Committee has chosen Hateco Group JSC as the contractor for the wharf project. 5-6 Lach Huyen area, expected to be operational in 2025. Increasing the number of ports in Lach Huyen port cluster will put considerable pressure on downstream and upstream ports in the coming time.

The problem of connecting infrastructure in the Cai Mep – Thi Vai port cluster is gradually being resolved. Recently, the project to build Phuoc An bridge connecting Cai Mep – Thi Vai seaport with the southern expressway has been approved, opened with an investment of 5,000 billion VND. Along with that, the Bien Hoa – Vung Tau expressway investment plan has also been finalized in 2 phases with a total investment of 23,693 billion VND. The problem of infrastructure is being solved, making the growth prospect of Cai Mep-Thi Vai port cluster already positively more attractive. According to information collected by KBSV, despite the COVID-19 pandemic, by 2020 the total output to be docked at 7.2 million TEUs, exceeding the designed capacity of 6.8 million TEUs. Meanwhile, the Gemalink port project with a capacity of 1.5 million TEU has been completed and started welcoming the first ships from January 2021.

Information technology

Outlook: Positive
Tickers: FPT Group (FPT),
CMC Corp (CMG)

Outsourcing segment grew well in the first two months of 2021. With the number of new signings increasing strongly and the prospect of good recovery from businesses after the Covid translation ends, the year 2021 promises strong growth.

The growth potential for software outsourcing is still positive due to (1) High world demand. The outsourcing segment does not require a high amount of gray matter, but the number of employees is large, the country is currently experiencing a shortage of personnel. (2) The cost of software engineer labor in Vietnam is low compared to other countries, which is a great competitive advantage. However, human resource costs are increasing sharply recently due to the pressure of competition for personnel, which is a factor to be monitored, which can affect the long-term growth of enterprises.

It is expected that software outsourcing gross margin will be improved in the medium term thanks to: (1) Trusting international partner, having more gray matter and added value contracts; (2) Increasing demand for digital transformation of domestic firms.

The broadband internet segment maintained its growth despite the COVID-19 pandemic. By the end of February 2021, the total number of fixed broadband subscribers reached 17,194 million, up 2.95% Ytd and 12.5% YoY. In the first two months, the number of new subscribers reached 495.2 thousand, up 3.9% YoY. In the long term, KBSV believes that there is room for growth but gross profit margin will decrease due to (1) lower price in the provincial market due to low income level; (2) Enterprises without infrastructure will have to outsource thereby increasing operating costs.

Banks

Outlook: Positive

**Tickers: TCB, CTG, VPB,
ACB, VCB**

In the first two months of 2021, the total market demand was still low due to the coincidence of the Lunar New Year holiday, causing credit growth in Hanoi and Ho Chi Minh City to increase only 0.6% Ytd and 1.5% Ytd, respectively. However, the COVID-19 translation is well controlled in Vietnam, businesses boosting their production activities in the last quarters, the move to cut interest rates by banks is the basis for KBSV to expect to increase. credit growth in 2021 will reach 12-14%.

In 4Q2020, among the 15 studied listed banks, CASA's drastic improvement was the driving force to reduce the weighted average deposit rate of the whole market by 41 bps QoQ, in which the SOEs group and the leading joint stock commercial banks group. most have plummeted above 40 bps QoQ. Meanwhile, the average output rate of 4Q2020 was 7.75%, a decrease of 29 bps QoQ, making NIM 4Q2020 3.57%, an increase of 3 bps QoQ.

In 4Q2020, banks speeded up the handling of bad debts along with well-controlled movements, businesses could repay their debts again, making the NPL ratio in the system to reach 1.34%, down 44 bps QoQ. NPL coverage ratio reached 109.1%, up 19.6% QoQ in which VCB, ACB and TCB had the highest provisioning, reaching 370.4%, 160.3% and 171.0%, respectively. The pressure to make provisions in 2021 will be lessened when Circular 01/2020 / TT-NHNN is in the process of amending in the direction that banks will make provisions in accordance with the nature of debts, but still keep the debt group to support. business support is not subject to interest rate increase and the provisioning roadmap will take place in 3 years from 2021 to avoid profit shock for banks.

The capitalization challenges persist as new NPLs arising from COVID-affected customers will increase the value of risky assets, which in turn poses more capitalization challenges for banks. and boosting the need to increase capital in 2021, especially banks with a CAR of less than 10%.

Banks that have good fundamentals, have set up large provisions and have many investment highlights such as changing exchanges, recording extraordinary income ... in 2021 are suitable investment opportunities of our choice, typically VCB, TCB, CTG, VPB, ACB.

Retailing

Outlook: Positive
Tickers: Mobileworld
(MWG) & Phu Nhuan
Jewelry (PNJ)

Due to the resurgence of COVID-19 outbreak and the Lunar New Year holiday, trading and service activities in February 2021 decreased compared to the previous month, but still showed some positive signs of recovery. February retail sales of consumer goods and services increased 2% YoY, accumulated the first two months of 2021 reached 904.5 trillion, + 5.5% YoY. This recovery shows that consumer demand of households as well as consumer optimism continue to increase in the second quarter of 2021. In the long term, the post-translation economy's recovery as well as the great potential of growing middle-class consumer demand will be the driving force behind the retail industry in the coming years.

In Q2 2021, under the scenario that COVID-19 does not continue to boom in Vietnam, the retail industry is expected to recover. This has been partly shown to MWG when the accumulated revenue in the first two months reached 21.5 trillion, + 5% YoY. Although 100 stores of TGDD and DMX had to close during the rebound outbreak, revenue of TGDD and DMX remained flat over the same period, while BHX revenue increased by 50% YoY. For PNJ, revenue in January 2021 reached VND 2170 billion, + 30% YoY, profit after tax increased slightly by 2.5% YoY, mainly thanks to the growth of 10% YoY in retail activities, a sharp increase in gold bar sales by 79% YoY. We expect that in the coming time, consumers' demand will continue to grow well and move towards modern commerce, whereby retail stocks that take advantage of both offline and online channels will enjoy profit.

Fisheries

Outlook: Positive
Tickers: Sao Ta Foods (FMC) and Vinh Hoan Corp (VHC)

In the first two months of the year, Vietnam's shrimp exports reached USD380 million (-1% YoY), we expect exports to recover and grow positively in Q2 / 2021 thanks to: 1) Increasing market share in the market. China and the US market when Vietnam's main competitors (India, Ecuador) are still experiencing supply disruptions due to pandemic, 2) Continuing to gain more market share in the US market from mid-Chinese competitors. US-China trade war, 3) EVFTA eliminates 4.2% tax on frozen shrimp imported to EU (favorable for FMC with EU-focused revenue), 4) Main exporter is Minh Phu can cancel anti-dumping decision.

Accumulated export of Vietnamese pangasius in the first two months of 2021 increased 1.7% YoY, reaching USD214 million, mainly due to strong growth in American markets such as the US, Canada, Mexico, and Columbia. Vietnamese pangasius exports are expected to maintain positive growth in the second quarter thanks to: 1) Impact of FTAs in US, EU, CPTPP markets and 2) Strong post-pandemic recovery in demand. key export market.

According to Vasep, fishery exports are forecasted to accelerate from March 2021 because businesses have prepared well in terms of supply. In addition, the fishery consumption market of Vietnam is forecasted to also open up the economy gradually after the COVID-19 vaccine is popularized, leading to the promotion of food consumption demand of the people. Tariff barriers on Vietnamese fishery have also been removed when FTAs come into effect and the pressure from anti-dumping duties reduces in 2021.

KB SECURITIES VIETNAM RESEARCH

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

Macro/Strategy

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

Macro Analyst – Thai Thi Viet Trinh
trinhhtt@kbsec.com.vn

Market Strategist – Le Anh Tung
tungla@kbsec.com.vn

Equity analyst – Tran Thi Phuong Anh
anhthp@kbsec.com.vn

Equity (Hanoi)

Head of Equity Research (Hanoi) – Duong Duc Hieu
hieudd@kbsec.com.vn

Information Technology & Logistics Analyst – Nguyen Anh Tung
tungna@kbsec.com.vn

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

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

Equity (Ho Chi Minh)

Head of International Research (Ho Chi Minh) – Harrison Kim
harrison.kim@kbf.com

Consumer & Retailing Analyst – Dao Phuc Phuong Dung
dungdpp@kbsec.com.vn

Oil & Gas & Fisheries Analyst – Nguyen Thanh Danh
danhnt@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

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