

HIGHLIGHTS OF THE WEEK

The increasing pressure from the world market, including escalating trade tensions and falling oil prices to the bottom within two months, triggered the correction to VN-Index for two consecutive weeks. Market sentiment also became more cautious as liquidity returned to a low level. VN-Index and HNX-Index this week closed at 959.88 (-1.05%) and 104.35 (-0.99%).

Main movements during the week:

* Medium-cap stocks, with a decline of 1.26%, led the decline of the market. Large and small cap stocks also lost but still outperformed the overall market, down by -0.93% and -0.64% respectively.

* Considering sector movements, *Computer, Containers & Packaging, Water...* witnessed the strongest increase, 10.90%, 5.5% and 4.2%... respectively. Among these sectors, *Computer Services* Industry's increase was mainly thanks to the surge of CMG shares when there was information that Samsung SDS wanted to own nearly 25% of CMC Group's capital.

On the contrary, *Tire, Equipment and Oil and Gas Services, Securities Brokerage...* saw the strongest decrease, by -6.8%, -3.9% and -2.8%, respectively. There was no investor to join in the auction phase of DRC's divestment of Vinachem shares, *Tire* stocks tumbled. In contrast to DRC, there were 4 investors registered to buy all the shares offered for sale in SRC, but this ticker still fell sharply this week due to the profit-taking pressure after the previous strong increase. *Equipment, and Oil and Gas Services* was under pressure from the drop of world oil prices. For *Securities Brokerage*, low liquidity of the stock market exacerbated the profit outlook of these companies in the 2Q, putting down pressure on many leading stocks in this sector.

* Foreign investors net sold about VND250 billion this week. Additionally, there was a big put-through transaction in VJC.

Next week forecast:

Recent macro signals, including CPI and IIP, show that Vietnam's internal picture is still relatively stable. However, the world situation, according to our assessment, is getting worse with the US economy showing signs of slowing down, China's economy struggling to find a way to recover, escalating trade tensions, and plunging world oil prices. This will more or less affect domestic investor sentiment, which has been under pressure from recent strong net selling of foreign investors.

When the positive sentiment in the previous weeks gives way to a more cautious state, most of investors will choose to stand outside the market. Therefore, if there are no positive changes in the international market, VN-Index next week will likely continue to fall into a correction with low liquidity.

KB RESEARCH

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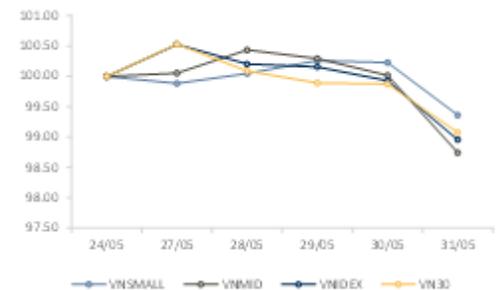
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Market Summary

	VNIndex	HNXIndex
Close	959.88	104.35
Change (%)	-1.05%	-0.99%
Increase/Decrease	124/255	100/271
Volume (mn)	891.53	159.40
Value (VNDbn)	20,846.35	1,993.41
Change (%)	-25.4%	-28.4%

Sources: Finnpro, KBSV

Stock group movements



Sources: Finnpro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Computer Services	7.50%	CMG, UNI, TST...
Containers & Packaging	5.50%	INN, SVI, MCP, SDG...
Water	4.20%	BWE, TDW, CLW, BTW...
Soft Drinks	2.80%	VCF, NAF, SCD, CTP...
Marine Transportation	2.40%	PVT, VTO, GSP, VIP...
Top 5 worst performers	Change	Major stocks in sector
Steel	-2.50%	HPG, HSG, DTL, VIS...
Software	-2.50%	FPT, SRA, VLA...
Investment Services	-2.80%	SSI, HCM, VCI, VND...
Oil Equipment & Services	-3.90%	PVS, PVD, PVB, PVC...
Tires	-6.80%	DRC, CSM, SRC, VKC...

Sources: Finnpro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Computer Services	20.00%	CMG, UNI, TST...
Brewers	11.50%	SAB, BHN, HAD, HAT...
Clothing & Accessories	9.40%	STK, TCM, TNG, FTM...
Commodity Chemicals	7.60%	PHR, AAA, DPR, HRC...
Electronic Equipment	6.40%	GEX, LGC, THI, AME...
Top 5 worst performers	Change	Major stocks in sector
Furnishings	-3.50%	RAL, GDT, DQC...
Gas Distribution	-4.20%	GAS, PGD, PGS, PGC...
Steel	-4.80%	HPG, HSG, DTL, VIS...
General Mining	-5.30%	KSB, HGM, BMC, DHM...
Business Support Services	-7.90%	PAN, VNC, TV4, PPS...

Sources: Finnpro, KBSV

HIGHLIGHTS OF THE MARKET

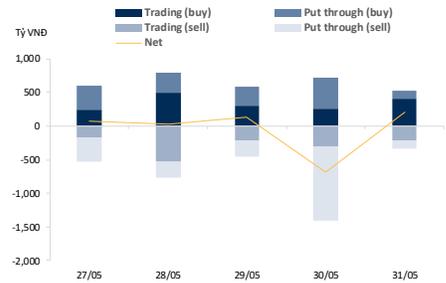
CPI climbed in May, with an increase of +0.49% compared to the previous month, +1.5% compared to December 2018, and +2.88% YoY, according to the latest data from the General Statistics Office. Average CPI in the first five months gained 2.74% YoY - the lowest five-month increase within three years. Petrol and electricity prices are the two main factors causing CPI to increase sharply in May - as our forecast.

Specifically, the transportation group has the highest growth rate of 2.64% MoM due to the impact of 2 adjustments in gasoline and oil prices on May 2, 2019 and May 17, 2019, making overall CPI gain 0.25%. Housing and construction materials increased by 1.28%, mainly due to the 6.86% increase in electricity prices; which also led to the price hikes of iron, steel and construction materials. Food prices also inched up 0.11% from the previous month under the influence of African swine fever. In particular, pork prices fell 0.6% but prices of substitutes, including beef, poultry and seafood prices increased by 0.14%, 0.3% and 0.49%, respectively. Core inflation climbed 0.13% MoM, and 1.9% YoY.

According to our assessment, the monetary policy is currently well managed as inflation is still controlled, the interest rate level in May has not changed much and the liquidity in the banking system is still relatively stable. In the next month, the development of African swine fever will be a remarkable factor since the supply is limited while the demand among Vietnamese people is likely to increase again.

In the past few days, in addition to trade war jitters, macroeconomic data in some major economies is also disappointing. The latest report showed the PMI of the US hit its 9-year low of 50.6 points this May. Similarly, China's PMI also dropped to 49.4, lower than the previous month's level of 50.1 and much lower than the expected level by many experts.

Foreign investor trading



Sources: Bloomberg, KBSV

Top transactions by foreign group

Most bought	Value (VNDmn)
E1VFN30	118,405.17
PLX	66,651.02
HVN	53,857.29
Most sold	Value (VNDmn)
VJC	499,624.54
HPG	129,197.83
VHM	123,527.58

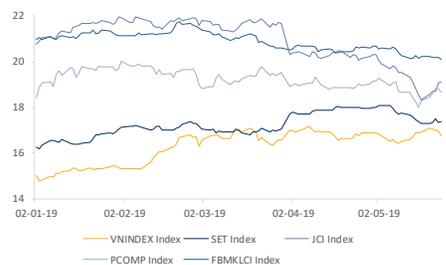
Sources: Bloomberg, KBSV

Top market movers

Most positive	Points
SAB	+1.110
VCB	+0.778
VJC	+0.746
Most negative	Points
VHM	-2.503
GAS	-1.255
BID	-1.022

Sources: Bloomberg, KBSV

P/E Vietnam vs ASEAN 4



Sources: Bloomberg, KBSV

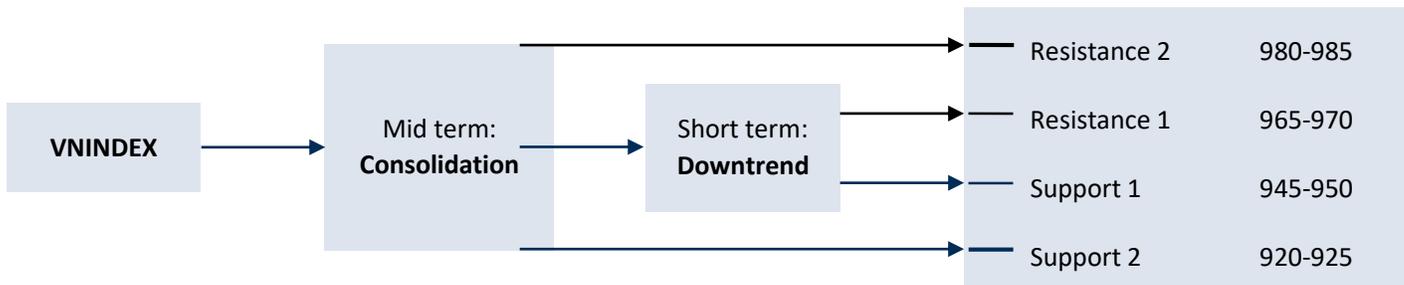
TECHNICAL ANALYSIS

In most days of the week, the VN-Index experienced was in a sideways drift before the sellers dominated, pushing the market down deeply on Friday. We believe that the pressure of a further correction is still existing because:

- (1) VN-Index surpassed the 61.8% Fibo threshold at 963 from the recent short-term peak.
- (2) This index has cut short-term MA (10) and MA (50).
- (3) Momentum indicators were negative when MACD crossed the signal line and the Stochastics indicator turned down, and RSI was below 50.

Therefore, the market is likely to return to a correction from early March and the VN-Index may fall to the support zone around 950 points at the very first days of the next week before having a chance to recover. Investors are recommended to wait for a rebound phase in the session to sell a part of the short-term positions. Short-term trading after VN-Index falls to the support area should only be considered if the holding stock proportion stays low.

TECHNICAL TREND



INVESTMENT PORTFOLIO RECOMMENDATIONS

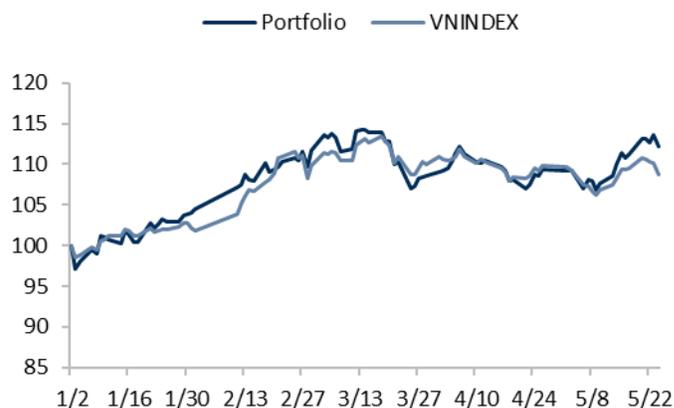
Investment Note

(1) The portfolio for mid-term investment (3-month at least) or may be flexible depending on the market movement.

(2) Profit taking threshold is +30% and cutting loss level is -15%.

(3) The fixed proportion of stocks in the portfolio is 100% (the proportion of each stock is equal) to make a comparison with VNINDEX. Investors should consider the general market trend to have a good proportion allocation and risk management

Portfolio's performance vs VNINDEX



Stocks	Date of recommendation	Closing price	Daily returns	Accumulative returns	Main investment catalysts
BVH	5/6/2019	78.4	0.5%	7.5%	<ul style="list-style-type: none"> ▪ Mathematical reserve provisioning relief. As anticipated, the Government has issued Circular 1/2019/TT-BTC, which allows life insurance companies to apply a slightly less conservative discount rate to reserves. The Circular was issued in January and became effective on February 16. This should reduce liabilities and increase book value, helping to reduce the reported PB ratio. ▪ Maintaining the competitive advantage by focusing on expanding agency network instead of bancassurance channel. The difference of this strategy compared to others of foreign life insurance companies is to promote long-term exclusive bancassurance deals. ▪ More than 12 million shares were released from ESOP in early May 2019, causing a sharp increase in supply, negatively impacting stock price movements, helping BVH price to be more attractive.
PLX	5/6/2019	77.2	-1.8%	5.9%	<ul style="list-style-type: none"> ▪ In the short-medium term, the profit from core business of PLX is expected to grow stably, in line with the increasing oil and gas consumption rate at 5% (PLX has currently owned 48% domestic oil market). ▪ In the long term, PLX's prospects depend on the strategy of adding value-added services through the system of gas stations. Currently, PLX's gas stations have sold insurance packages for vehicles, and provided gasoline purchase cards and motorbike care services. In addition, the room for developing a convenient store system at gas stations is still quite large ▪ Dramatic profit is expected to be gained from the merger of HDBank and PGBank.
VHC	18/04/2019	66	-2.2%	8.2%	<ul style="list-style-type: none"> ▪ Vinh Hoan JSC (VHC) is the largest tra fish exporter in Vietnam with an estimated market share of 50% in the US, which is the most valuable market. The company will benefit from the long-

					<p>term growth trend of global fishery consumption amid a decrease of wild-caught supply.</p> <ul style="list-style-type: none"> ▪ The rising demand, unfavorable weather conditions and a decline in white fish supply caused constraints in tra fish market, and boosted VHC's profit margin in 2018. This trend is forecast to continue in 2019. ▪ Tra fish market position is enhanced amid the US-China trade tensions and the EU-Vietnam Free Trade Agreement (EVFTA) in the future. In the 3Q/2018, the United States imposed 10% tax on tilapia imported from China and could increase to 25%, which helps to reduce the competitive pressure of tilapia on Vietnamese tra fish in the US market. The elimination of the looming import tariff of EVFTA is also an advantage for tra fish industry.
PNJ	22/03/2019	93.2	-0.3%	0.3%	<ul style="list-style-type: none"> ▪ Jewelry retail sales has witnessed a high growth as the number and value of the purchase orders increased. In 2018, PNJ jewelry retail sales surged 41%, supported by the estimated increase of 34% in the number of transactions and 5% gain in the average purchase value. ▪ Given the advantage of the available customer base, the segment of watches and accessories of PNJ is strong enough to be successful as the watch market in Vietnam has no large distribution enterprise despite gaining high value. Watches are expected to account for 5% of total revenue gained from PNJ contracts in 2022. ▪ The negative operating cash flow of PNJ in the previous years is resulted from the store system expansion, and the inventory increase. It is expected that PNJ will have a positive operating cash flow from 2019.
TCB	04/03/2019	107.5	-1.8%	7.0%	<ul style="list-style-type: none"> ▪ Operating effectiveness has been continuously improved, which helped the bank to be ranked at the top group in 2018. TCB achieved this success thanks to the strategic value chain of Vingroup - Masan - Vietnam Airlines ecosystem combined with the economic growth oriented by export, consumption and real estate investment. ▪ The bank is currently the pioneer in some core business segments: Market share ranking No.1 in mortgage loans; advisory and brokerage involved in corporate bonds; bancassurance fee; ranking at the top in transaction banking growth. Effective operating model and dynamic BOM are the premise for the current result. ▪ Strong capital base, guaranteed asset quality and the viable strategy are the foundation for TCB to keep its growth momentum in 2019.
MBB	18/12/2018	23.2	-1.9%	-12.8%	<ul style="list-style-type: none"> ▪ NOII to continue gaining traction in 2019. The current strong NFI from insurance services was mainly driven by the non-life segment through Military Insurance Corporation (MIC). ▪ A strong CASA ratio and increasing retail book (ex MCredit) are drivers for continuous NIM expansion. We believe NIM has

					<p>headroom to expand from its current high level of 4.5%, given the CASA ratio will remain at a high level and the loan yield gap between ACB and MBB has been closing since 2014. Though funding costs could inch up related to valuable papers issuance in 2019F, we expect it to still be managed below 4% due to its current strong CASA ratio.</p> <ul style="list-style-type: none"> ▪ MCredit is still finding its feet but funding advantage increases odds of success. We believe MCredit can triple its loan book in 2018 from a low base, contributing ~1.8% to the consolidated book. Half of MCredit's current funding comes from Shinsei and thus provides significant flexibility in chasing market share in the key cash loan market.
REE	11/10/2018	21.35	-1.4%	3.9%	<ul style="list-style-type: none"> ▪ In 2019, profit will likely increase by 9%-10% due to the dramatic rebound of electromechanical segment (58%) compared to the low basic level in 2018. This is achieved thanks to REE provisions, the positive growth of 37% in office for lease segment, and successful operation of E-town Central. ▪ Profit growth in the long term is maintained thanks to new M&A deals (in electricity and real estate segment). ▪ With expected EPS in 2018 at VND5,500/share, REE is comparatively low with ROE reaching 18,6%.
FPT	6/9/2018	32.9	-0.5%	0.6%	<ul style="list-style-type: none"> ▪ Software processing which is the main force of software development segment has been thriving in most of the key markets, including Japan, United States, Asia Pacific, and European. The exported software segment is expected to gain 25% in the next three years. ▪ The growth of Telecom is projected to remain stable at 15% thanks to subscriber growth and pay-TV segment which will be profitable from 2020. ▪ FPT profit is forecast to maintain a growth rate at over 20% until 2020. With the forecast EPS in 2019 of VND3,116/share, FPT shares are traded at attractive P/E compared to the potential growth and the average P/E of other regional companies of the same industry.
GMD	22/8/2018	45.6	-0.2%	21.0%	<ul style="list-style-type: none"> ▪ Potential business growth is the key driver for the bounce back of stocks, combining with the divestment of real estate projects or information about VIG divestment at the company. ▪ Increase of expected return; attractive long-term valuation. The operation of Nam Dinh Vu Phase 1 project will be the driving force for revenue growth in 2019-2020. The project has increased GMD's handling capacity from 1,250,000 teus to 2,000,000 teus, a rise by 60%. According to the plan, the occupancy rate for 2019 is 80% and 100% in 2020. ▪ Logistic profit will grow with a support from CJ Logistics. With the deeper involvement of CJ Logistic, the management expects to bring better growth motivations for the logistics sector.

PVS	15/8/2018	27.25	1.1%	12.6%
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- Despite experiencing a strong recovery from the beginning of 2019, P/E of PVS is still lower than the average P/E of other peers in the region.
 - With the forecast oil prices staying above USD60/barrel, much higher than Vietnam's average breakeven level of about USD55/ barrel, a series of large oil and gas projects will be started from 2020.
 - Core EPS in 2019-2023 is forecast to achieve a CAGR of 9.0% thanks to Sao Vang - Dai Nguyet, Gallaf, Block B and White Lion - Phase 2 projects and a stable FSO.
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