

MARKET WRAPS

Vietnam stock market continued to maintain positive momentum this week. At the end of the week, VN-Index and HNX-Index increased by 990.36 (+0.32%) and 104.14 (+1.90%) respectively.

This week key movements

* Numbers of increasing/decreasing stocks were equal. Liquidity was improved significantly on VN-Index.

* Considering stock groups, large-cap and medium-cap stocks led the market. In particular, large-cap stocks gained the most (+1.12%), followed by middle-cap stocks (+0.56%). Small-cap stocks also recorded a slight recovery (+0.28%).

* Considering sectors, Industrial Machinery group with REE lead the increase of the market this week. Investors seem to have high expectations for a new project in Uong Bi of REE's subsidiary - VIID.

* Foreign investors turned strong net sellers this week with a net value of VND543 billion.

Next week viewpoint:

As expected, the impact of positive domestic and foreign information continued last until this week, helping the market to record a rise for the 2nd week in a row. With the favorable environment, we think that investor sentiment is still positive, although the optimistic sentiment has cooled down after a rather quick surge this week. Next week, the market is likely to be more cautious ahead of the US-China meeting, which can cause a major disturbance to the market.

HIGHLIGHTS OF THE WEEK

According to the General Department of Customs of Vietnam, the trade balance of the country in the first half of September had a trade surplus of USD190 million, raising the accumulated surplus from the beginning of the year to the end of September 15 to USD 5.57 billion. Regarding exports, the total value of Vietnam's exports in the 1H September reached USD 10.45 billion. In particular, the total export value of FDI enterprises reached USD7.29 billion. From the beginning of the year to the end of September 15, the total export value of Vietnam is USD181,716 billion, of which the total export value of FDI enterprises is USD124,475 billion.

Regarding imports, the total value of imported goods of Vietnam in 1H September reached USD10,672 billion. In particular, the total import value of FDI enterprises hit USD 6,241 billion. From the beginning of the year to the end of September 15, the total import value of Vietnam is USD176.15 billion, in which the total import value of FDI enterprises is USD102,165 billion.

KBSV RESEARCH

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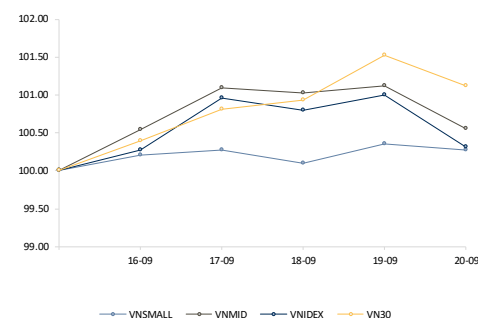
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Market Summary

	VNIndex	HNXIndex
Close	990.36	104.14
Change (%)	0.32%	1.90%
Gainers/Losers	167/187	109/117
Volume (mn/session)	994.15	150.25
Value (VNDbn/session)	22,525.13	1,991.05
Change (%)	22%	3%

Source: FinnPro, KBSV

Stock group performance



Source: FinnPro, KBSV

Sector performance in the week

Top 5 best performers	Change	Major stocks in sector
Industrial Machinery	7.50%	REE, SRF, CTB, L10...
Water	4.40%	BWE, TDW, CLW, BTW...
Automobiles	4.10%	TCH, SVC, CTF, HHS...
Specialty Finance	3.70%	IBC, OGC, FIT, BCG...
Building Materials & Fixtures	3.60%	VCS, HT1, BMP, PTB...
Top 5 worst performers	Change	Major stocks in sector
Containers & Packaging	-1.70%	INN, SVI, MCP, SDG...
Soft Drinks	-2.00%	VCF, NAF, SCD, CTP...
Marine Transportation	-2.10%	PVT, VTO, GSP, VIP...
Computer Services	-3.80%	CMG, UNI, TST...
Clothing & Accessories	-4.40%	STK, TCM, TNG, FTM...

Source: FinnPro, KBSV

Sector performance in the month

Top 5 best performers	Change	Major stocks in sector
Software	7.60%	FPT, SRA, VLA...
Paper	6.30%	DHC, HAP, CAP, VID...
Banks	5.50%	VCB, BID, CTG, MBB...
Tires	5.10%	DRC, CSM, SRC, VKC...
Industrial Machinery	4.80%	REE, SRF, CTB, L10...
Top 5 worst performers	Change	Major stocks in sector
Furnishings	-5.90%	RAL, GDT, DQC...
Computer Services	-9.20%	CMG, UNI, TST...
Property & Casualty Insurance	-9.60%	PVI, BIC, BMI, PGI...
Clothing & Accessories	-13.00%	STK, TCM, TNG, FTM...
Commodity Chemicals	-15.40%	PHR, AAA, DPR, HRC...

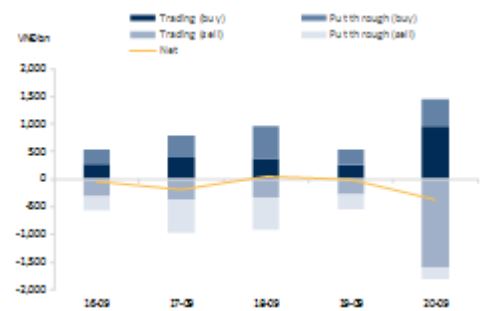
Source: FinnPro, KBSV

Crude oil import taxes are reduced to 0%, Binh Son will benefit. Prime Minister Nguyen Xuan Phuc has just signed a decision to cut the import taxes on crude oil products from the current 5% to 0% from November 01. Previously, some petrochemical refineries said that maintaining the import tax rate for crude oil at 5% made business losses and reduced the efficiency of processing petroleum products.

Information on reducing import tax on gasoline to 0% helped BSR shares rise from the historic bottom of VND 8,700/share (September 11) and sometimes hit the peak of VND10,600/share on September 18. In fact, in the 4Q of 2018, Binh Son suddenly reported a huge loss of VND1,000 billion, decreasing the net profit of the company to VND3,630 billion. In 2017, the company still had a recorded a profit of VND7,673 billion, up by 73%. BSR's 6M profit continued to decline by 79% to VND704 billion, fulfilling 24% of the year plan. Binh Son Petrochemical Refinery is the managing unit of Dung Quat Oil Refinery with a capacity of about 6.5 million tons of crude oil per year, providing 30% of the country's gasoline demand. Every year, PV Oil provides about 7 million tons of crude oil to Dung Quat Plant from Bach Ho field and imported sources. In 2018, Dung Quat was operated at 108% capacity. The plant also plans to upgrade and expand in 2021 to increase processing capacity to 8.5 million tons/year. In the middle of September, Binh Son held meetings with 10 suppliers. In particular, Shell and BP look forward to cooperating in providing crude oil for Dung Quat or consulting to provide effective crude oil type for Binh Son to evaluate and choose from time to time. The Socar supplier committed to assist BSR in the long-term strategic supply of Azeri crude oil. From 2020, Binh Son will be autonomous in purchasing crude oil, named in the contract signed directly with the supplier. PV Oil is still involved in providing crude oil to BSR as an agent.

Banks are facing difficulties in raising capital. As of January 1, 2020, banks must comply with Basel II standards according to Circular 41/2016 / TT-NHNN stipulating capital adequacy ratios for banks and foreign bank branches. However, many banks are still having difficulty raising capital to meet this standard. Up to now, the number of banks completing Basel II has just stopped at 10, namely Vietcombank, VIB, MBBank, ACB, VPBank, Techcombank, MSB and 3 other banks that are not on the pilot list of OCB, TPBank, and HDBank. CARs of some banks as of the end of June 2019 are 9.81% (Vietcombank), 9.2% (VIB), 10% (MBBank), 11.7% (ACB), 11.2% (VPBank), 15.6% (Techcombank), 9% (MSB)..., which are all 8% higher than the standards of Basel II. Prior to the deadline in 2020, many banks were racing against time. In order to meet Basel II standards, in the 2Q of 2019, VietBank submitted documents to the SBV for application of Basel II standards. ABBank, Kienlongbank, BacA Bank, NCB, Viet Capital Bank and Nam A Bank expect to meet Basel II standards early in this year.

Foreign investor trading



Source: Bloomberg, KBSV

Top buy/sell by foreign investors

Top net buyers	Net buying value (VNDmn)
VIC	558,182
HPG	184,320
MSN	59,377
Top net sellers	Net selling value (VNDmn)
VIC	222,928
NVT	217,200
VRE	207,198

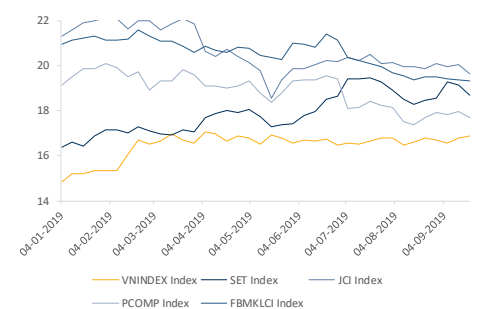
Source: Bloomberg, KBSV

Top market movers

Top 3 best performers	Points
VHM	1.583
MSN	1.28
VNM	1.03
Top 3 worst performers	Points
VIC	-2.96
VCB	-0.99
BVH	-0.48

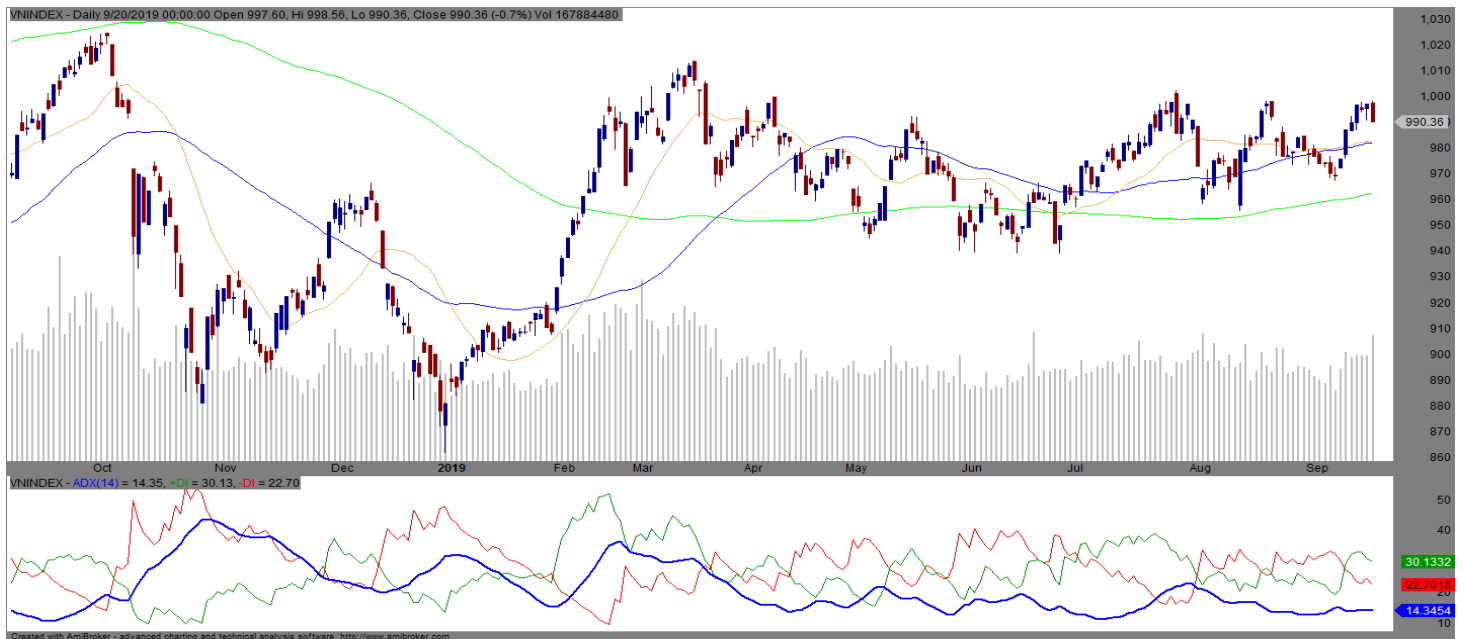
Source: Bloomberg, KBSV

P/E Vietnam vs regional market

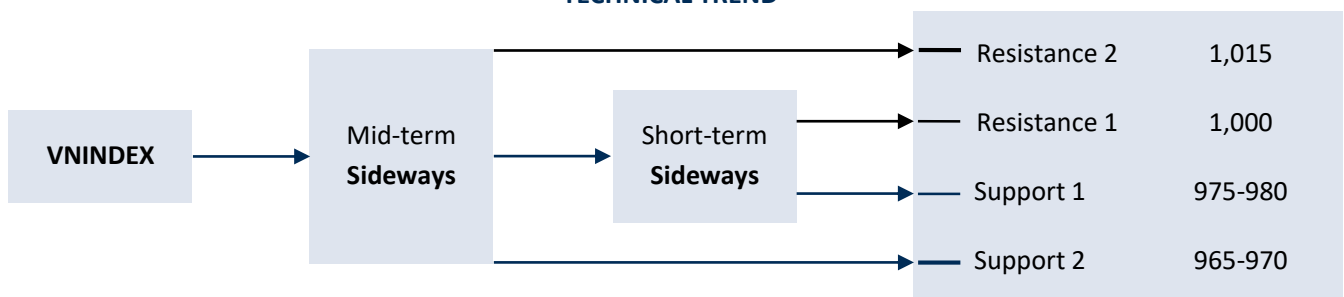


Source: Bloomberg, KBSV

TECHNICAL ANALYSIS



TECHNICAL TREND



The market maintained a slight uptrend this week with liquidity reaching the highest level since March 2019. However, the highlight belongs to the last trading day of the week when VN-Index reversed to decline, losing most of the achieved points. This is also the periodic restructuring of ETFs, so liquidity gained significantly. In general, the wave of divergence still dominated the market and the cash flow was mainly concentrated in large-cap stocks of banking group (MBB, VPB, TCB) and stocks with no room left for foreign investors (MWG, FPT, PNJ, REE...). This is also the main reason that helped the movement of VN30 Index to be more positive than the general market.

Technically, while the market still maintained the short-term uptrend, we believe that the overall market is still in the medium-term sideways trend and is currently in a fairly balanced area. There are several arguments as follows:

- The VN Index is approaching the psychological threshold of 1,000 points for the fifth time since April 2019 and has not yet exceeded this threshold. This is also the contact point with a medium-term trend line from October 2018 - acting as a resistance.
- In contrast, the basic MA lines (MA20-50) are converging around 985 points, just below the VN Index and with a quite gentle slope, so it can create a balance point for the index.

INVESTMENT PORTFOLIO RECOMMENDATIONS

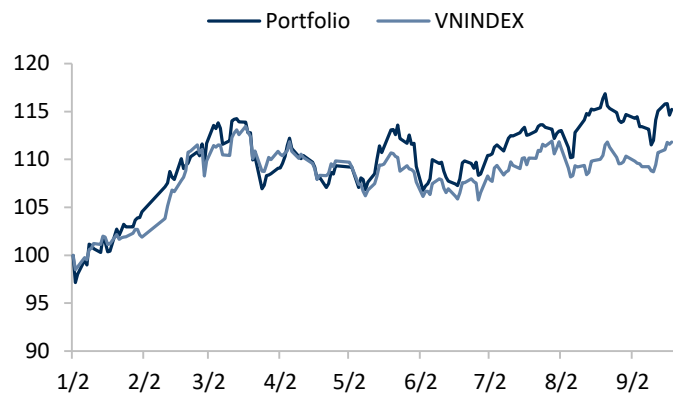
Investment Note

(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
MWG	9/8/2019	126.5	1.0%	11.9%	<ul style="list-style-type: none"> MWG has found a suitable direction and a right development strategy. MWG has also succeeded in finding the development strategy for BHX and the revenue optimization plan for the DMX and Mobile World stores, and developed new business fields such as watches and glasses. Food and consumer goods retail chain recorded an impressive revenue growth of 206% YoY for 6 months of 2019 with an average revenue per store reaching VND 1.5 billion per month. This year, BHX aims to expand its network, increase revenue per store, improve gross profit margin and breakeven at stores and distribution centers by the end of the year. In the long term, Bach Hoa Xanh (BHX) aims to account for 10-15% market share of the food retail market estimated at USD50-70 billion by raising the number of stores to 8,000 - 12,000 stores nationwide. Currently, BHX chain is concentrated in HCMC and neighboring provinces with 600 stores and. BHX is expected to have 800-900 stores by the end of 2019.
NLG	3/6/2019	28.05	-1.2%	3.7%	<ul style="list-style-type: none"> Nam Long Group (NLG) has remained its leading position in mid-high end housing development with reasonable prices. The main product lines are Ehome, Valora and Flora. In addition, NLG also cooperated with business partners with strong financial potential from Japan to develop large urban areas (UA.) The company benefits from healthy financial status with low loan ratio thanks to approaching investment capital from foreign investors. In the next period, NLG determines to become the largest UA developer with by cooperating with famous Japanese

					<p>partners to develop its projects, including Mizuki Park UA, Akari City UA, and Waterpoint UA. These are all large projects, which are expected to have a positive contribution to Nam Long profit.</p> <ul style="list-style-type: none"> ▪ In 2018-2019, Nam Long has accumulated more landbanks with the total area of 236.5ha in Dong Nai and Hai Phong provinces. These are all potential landbanks in the future.
BVH	5/6/2019	72	-2.3%	-1.2%	<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	61.2	0.2%	4.8%	<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.
PNJ	22/03/2019	83.8	1.3%	11.1%	<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.

					<ul style="list-style-type: none"> ▪ 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.
MBB	18/12/2018	22.05	0.2%	8.6%	<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 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. ▪ 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	38.8	4.3%	18.7%	<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	58.2	0.7%	58.6%	<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	27.45	0.5%	13.4%	<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	20.2	-0.5%	17.4%	<ul style="list-style-type: none"> ▪ 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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