

VIETNAM DAILY

[Market Commentary]

Stocks plunged on fears of new COVID-19 case in Hanoi right from the early morning and hit the bottom after lunch, before posting modest recoveries into the close thanks to the Prime Minister's decision on not to apply the social lockdown yet

[Futures/ETFs]

Futures traded weak on fears of the second nationwide lockdown

[Market Movers]

VNM, MBB

[Sector Updates]

Vietnam oil & gas: GAS, PLX, PVT, BRS, PVS, PVD

July 29, 2020

	Index	Chg (%, bp)
Ho Chi Minh	790.84	-2.77
VN30	735.16	-2.78
VN30 futures	720.70	-2.83
Hanoi	106.85	-1.05
HNX30	198.75	-1.04
UPCoM	54.17	-1.99
USD/VND	23,180	+0.04
10-yr govt bond (%)	2.99	+8
Overnight rate (%)	0.28	+18
Oil (WTI, \$)	41.51	+1.15
Gold (LME, \$)	1,958.85	+0.02



Market Commentary

VNIndex 790.84P (-2.77%)
Volume (mn shrs) 303.1 (+0.0%)
Value (U\$mn) 235.7 (+8.6%)

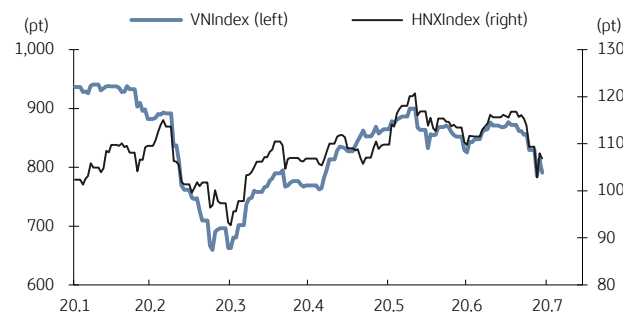
HNXIndex 106.85P (-1.05%)
Volume (mn shrs) 48.5 (+0.0%)
Value (U\$mn) 20.8 (+21.6%)

UPCoM 54.17P (-1.99%)
Volume (mn shrs) 21.6 (+0.0%)
Value (U\$mn) 10.0 (+0.2%)

Net foreign buy (U\$mn) +13.4

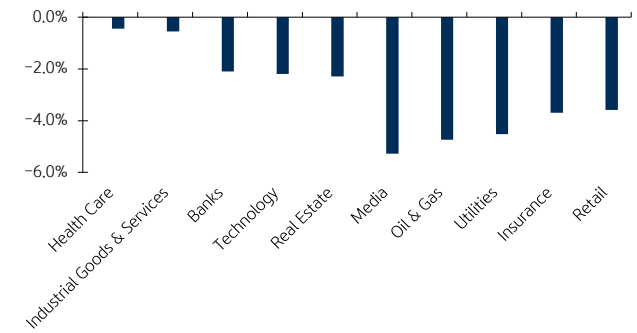
Stocks plunged on fears of new COVID-19 case in Hanoi right from the early morning and hit the bottom after lunch, before posting modest recoveries into the close thanks to the Prime Minister's decision on not to apply the social lockdown yet. The VN30 basket saw 29 losers. Coronavirus-exposed stocks all fell down with banks like VietinBank (CTG, -3.9%) and BIDV (BID, -2.4%); consumer goods stocks like Phu Nhuan Jewelry (PNJ, -4.6%) and Mobileworld (MWG, -3.9%); airlines like Vietnam Airlines (HVN, -5.9%) and Vietjet Aviation (VJC, -1.5%). Iron and steel producers such as Hoa Sen Group (HSG, -5.5%) and Nam Kim Steel (NKG, -2.5%) corrected on news that the Malaysian Government was considering to impose anti-dumping duties on imported cold rolled steel from Vietnam. Foreign investors saw the 4th net buying session in a row, focusing on Kido Group (KDC, Unch), Vietcombank (VCB, -1.3%), and the Diamond ETF (FUEVFVND, -4.4%).

VN Index & HNX Index



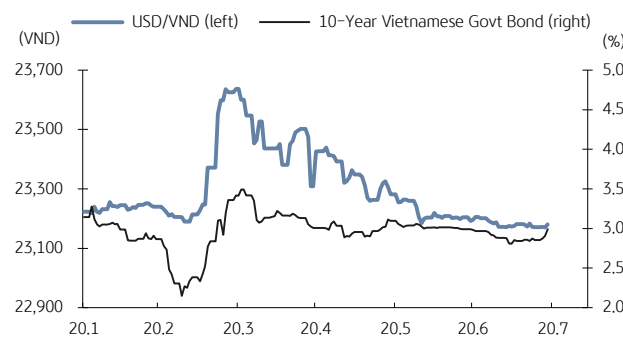
Source: Bloomberg, KB Securities Vietnam

VN Index sector performance



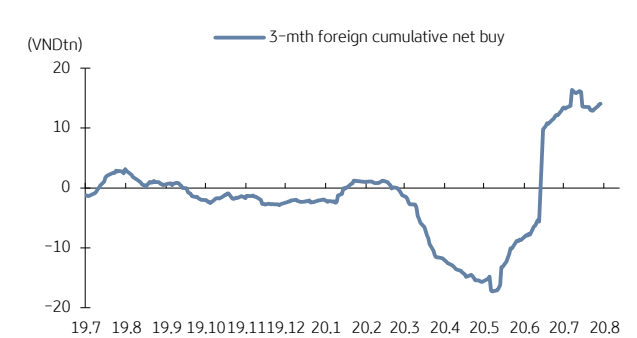
Source: Bloomberg, KB Securities Vietnam

USD/VND & 10-year government bond rates



Source: Bloomberg, KB Securities Vietnam

Vietnam - 3-mth cumulative net foreign buy



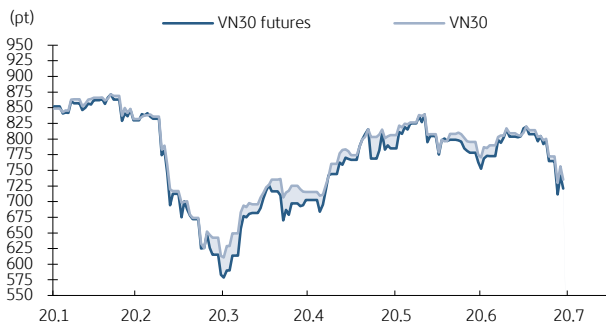
Source: FiinPro, KB Securities Vietnam

Futures/ETFs

VN30	735.16P (-2.78%)
VN30 futures	720.7P (-2.83%)
Open	728.0P
High	733.0P
Low	698.3P
Contracts	356,033 (+10.2%)

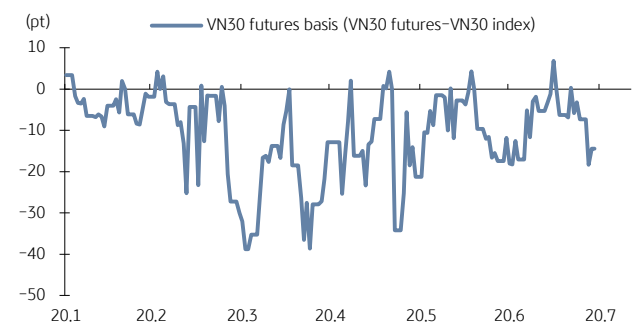
Futures traded weak on fears of the second nationwide lockdown. The basis opened at minus 14.46 bps and plummeted to the intraday low of minus 33.67 bps amid concerns about an unconfirmed COVID case in Hanoi. The basis rebounded slightly and moved around minus 20 and minus 30 bps in the morning session. From early afternoon, the basis narrowed considerably when investors opened long positions amid bottom fishing demand and rebounding Dow futures, before closing at minus 14.46 bps. Foreigners were net buyers. Market liquidity increased dramatically.

VN30 futures & VN30 index



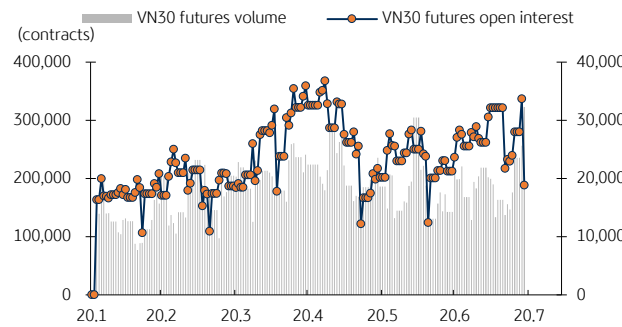
Source: Bloomberg, KB Securities Vietnam

Front month VN30 futures basis



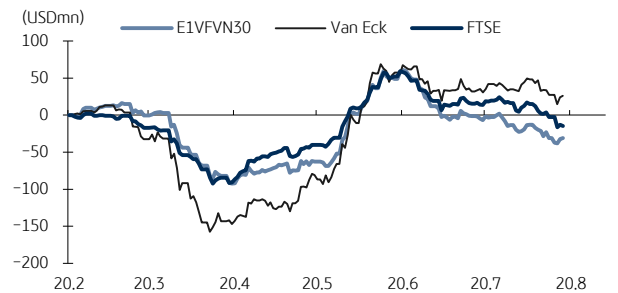
Source: Bloomberg, KB Securities Vietnam

VN30 futures volume & open interest



Source: Bloomberg, KB Securities Vietnam

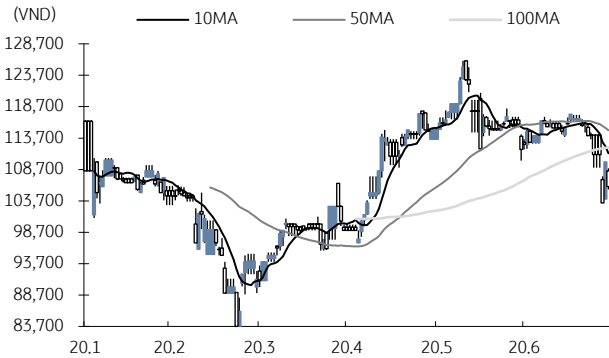
Vietnam ETFs - 3-mth cumulative net buy



Source: FinPro, KB Securities Vietnam

Market Movers

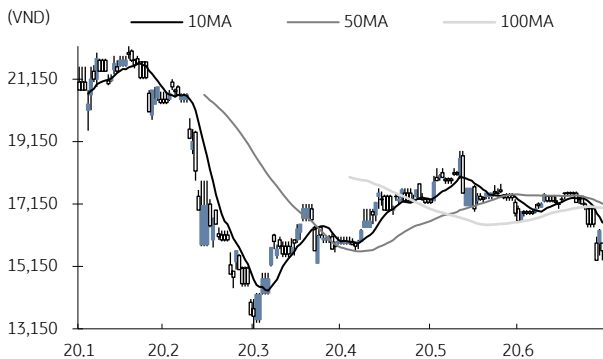
Vinamilk (VNM)



Source: Bloomberg, KB Securities Vietnam

- VNM closed down 3.5% to VND106,000
- VNM's 2Q earnings gained 6.2% YoY to VND3,085 billion on revenue of VND 15,495 billion (up 6.1% YoY). Domestic business posted VND13,364 billion in revenue (up 7.6% YoY) thanks to merging results of GTNFoods and Moc Chau Milk. Exports of condensed milk to China, and nut milk & milk tea to the Korea contributed VND1,370 billion (up 7% YoY) to 2Q net sales. VNM also became the first Vietnam dairy company licensed to export to the Eurasian Economic Union (EAEU) in June.

Military Bank (MBB)



Source: Bloomberg, KB Securities Vietnam

- MBB closed down 4% to VND15,650
- MBB announced 2Q earnings of VND2,390 billion (up 19% YoY). Net interest incomes posted an increase of 5.2% YoY to VND4,624 billion. Strong performance was also reflected in the increase in profit from foreign exchange trading to VND181 billion (up 10.5% YoY), profit from securities trading to VND217 billion (up 167% YoY), and other operating activities to VND538 billion (up 28% YoY). However, 2Q income from service fees lost 10.4% YoY to VND945 billion.

Vietnam Oil & Gas

Time to switch to downstream opportunities

Neutral sector rating but opportunities to add stocks offering secular growth

We initiate coverage on Vietnam's oil & gas sector with a Neutral rating due to the extended period of weak oil prices that may not fully recover until 2021E. We recommend investors use this opportunity of depressed oil prices to build positions in companies that offer secular growth vs cyclical recovery. Initiations: Our top pick is PV Gas (GAS) as the main beneficiary of growing LNG demand that should also perform alongside the slow recovery in oil prices. We also view Petrolimex (BUY), PV Transportation (PVT) and Binh Son Refining (BSR) positively given Vietnam's greater need for imports and growing consumer energy demand.

Time to shift to downstream companies offering more secular growth

We initiate coverage on PV Technical Services (PVS) and PV Drilling & Well Services (PVD) with Hold ratings given the weaker outlook for the upstream segments of Vietnam's oil & gas sector. Upstream production is not only more exposed to current weakness in global oil prices but Vietnam's production output has already moved past peak and entered a sunset era. Bright spots for Vietnam's oil & gas sector remain growing industrial and consumer demand in the downstream segments.

Weak 2Q earnings expected as they still reflect the worst of the pandemic

Upcoming 2Q earnings season will likely see better but still weak results as they still reflect the pandemic-induced fall in product demand, Vietnam's nationwide lockdown and project delays for the upstream companies. The outlook for 2H is more promising even factoring in more modest recovery in oil prices. Rebounding oil prices have already allowed reversals of inventory provisions and retail gasoline and diesel prices have moved up by 30% since April. GAS and PLX are likely the best candidates to gain early traction on 2H recovery, while PVS and PVD should continue to lag as oil prices trade below breakeven levels and PVD delays some Malaysian drilling contracts in 3Q. BSR and PVT will likely see another weak quarter due to BSR's August maintenance overhaul – that should also reduce PVT's crude oil shipments to BSR – but both should join the recovery trend thereafter.

Risks: delayed privatizations & gas project approvals

Free floats are low for most stocks in Vietnam's oil & gas sector due to delayed privatizations, while approvals for the country's large gas fields are several years behind schedule. Moreover, gas projects approvals also put at risk Vietnam's huge LNG infrastructure investments due to the potential size of production from the new fields that could tip the local market into oversupply.

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July 27, 2020

Neutral

 initiate

Recommendations

PV Gas (GAS)	Buy
Current Price	VND64,000
Target Price	VND89,200

Petrolimex (PLX)	Buy
Current Price	VND42,250
Target Price	VND57,800

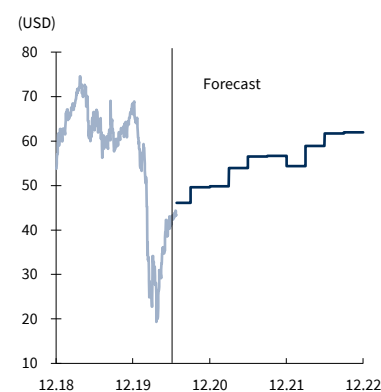
PV Transportation (PVT)	Buy
Current Price	VND8,930
Target Price	VND17,300

Binh Son Refinery (BSR)	Buy
Current Price	VND5,900
Target Price	VND8,100

PV Technical Services (PVS)	Hold
Current Price	VND10,800
Target Price	VND11,000

PV Drilling & Well Services (PVD)	Hold
Current Price	VND9,030
Target Price	VND9,600

KBSV – Brent crude oil price forecasts



Source: Bloomberg, KB Securities Vietnam

PV Gas (GAS)

On track for sequential recovery

July 27, 2020

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Initiate coverage with BUY rating and target price of VND89,200

We initiate our coverage of GAS with a BUY rating and a target price of VND89,200. Our target price is based on a mid-cycle P/B multiple derived from our three-stage dividend discount model. We apply a mid-cycle valuation for our target price to reflect our view for more modest recovery in HSFO prices amid an extended period of weak oil prices.

TOP PICK: Beneficiary of growing LNG demand & should perform alongside slower recovery in oil prices

GAS is our top pick for Vietnam's oil & gas sector as the main beneficiary of growing LNG demand that should also perform alongside our expectations for a slower recovery in oil prices. Supply shortages for the power generation sector and delayed approvals of new gas fields underscore the need for the *Thi Vai* LNG regasification facilities currently under construction. Moreover, Vietnam's new-found ability to import LNG should also provide the feedstock for downstream refiners preparing to start local petrochemical production.

Outsized benefits to HSFO prices from OPEC+ production cuts

Deeper production cuts by Middle East producers – that usually yield a higher percentage of fuel oil – have curtailed fuel oil supply and provided outsized gains to HSFO prices from the OPEC+ production cuts. This – and the installation of more scrubbers by ship owners to improve longer-term sentiment on fuel oil in the aftermath of IMO2020 – make us more confident that HSFO prices have bottomed. With gas selling prices indexed to HSFO prices, we believe GAS is now set to deliver sequential earnings improvement.

BUY initiate

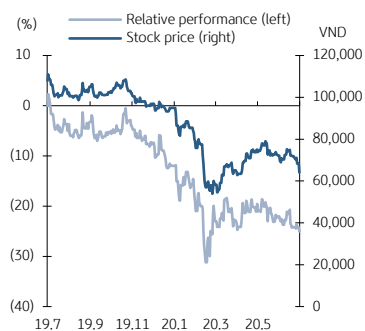
Target Price	VND89,200
Total return (%)	44.1%
Current price (Jul 27)	VND64,000
Consensus target price	VND71,000
Mkt capitalization (USDbn)	USD5,284mn

Trading data	
Free float (%)	4.2%
Avg trading value (3M)	USD2.13mn
Foreign available (%)	45.7%
Major shareholders (%)	PetroVietnam (95.8%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-11.4	-0.3	-32.6	-40.7
Relative	-3.8	-2.1	-14.8	-25.0

Forecast earnings & valuation

Fiscal year-end	2019A	2020E	2021E	2022E
Revenue (VNDbn)	75,005	64,521	74,860	89,831
EBIT	13,649	9,334	14,125	16,798
NP attributable to parent	11,902	8,168	11,569	13,651
EPS (VND)	6,219	4,268	6,044	7,132
EPS growth (%)	3.9	(31.4)	41.6	18.0
P/E (x)	10.3	15.0	10.6	9.0
EV/EBITDA (x)	7.0	9.6	7.1	6.1
P/B (x)	2.5	2.4	2.2	2.1
ROE (%)	24.7	16.1	21.6	23.8
Div yield (%)	6.8	4.7	6.9	8.1



Source: Bloomberg, KB Securities Vietnam

July 27, 2020

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Initiate coverage with BUY rating and target price of VND57,800

We initiate our coverage of PLX with a BUY rating and a target price of VND57,800. Our target price is based on a mid-cycle P/B multiple derived from our three-stage dividend discount model. We apply a mid-cycle valuation for our target price to reflect our view for more modest recovery in retail pump prices amid an extended period of weak oil prices.

Retail pump prices have recovered sufficiently to restore profitability

Retail pump prices have bounced back by 30% and have returned to levels that should restore profitability. The company plans to reverse about 90% of 1Q's inventory provision in 2Q results. Management expects sequential earnings recovery for the remainder of the year and a return to positive earnings in 3Q.

Continuing to add higher-margin company-owned, company-operated locations (COCO)

Management remains committed to boosting its number of company-owned, company-operated (COCO) stations to boost margins. Despite the coronavirus, COCO locations now represent 49.4% of the gas station network vs 48.7% at the end of 2019 and the 50%+ goal by the end of 2021E.

BUY initiate

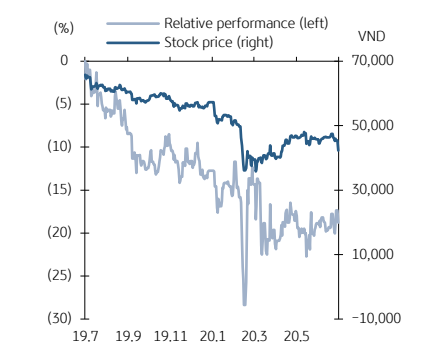
Target Price	VND57,800
Total return (%)	40.4%
Current price (Jul 27)	VND42,250
Consensus target price	VND48,400
Mkt capitalization (USDbn)	USD2,358mn

Trading data	
Free float (%)	10.0%
Avg trading value (3M)	USD2.07mn
Foreign available (%)	5.4%
Major shareholders (%)	MOIT (75.9%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-7.8	5.1	-26.3	-35.8
Relative	0.1	3.2	-6.9	-18.8

Forecast earnings & valuation

Fiscal year-end	2019A	2020E	2021E	2022E
Revenue (VNDbn)	189,604	131,940	177,889	190,342
EBIT	4,827	995	4,975	6,878
NP attributable to parent	4,158	623	4,115	5,500
EPS (VND)	3,215	481	3,180	4,251
EPS growth (%)	10.9	(85.0)	na	33.7
P/E (x)	13.1	87.8	13.3	9.9
EV/EBITDA (x)	9.5	20.9	8.3	6.8
P/B (x)	2.1	2.3	2.2	2.0
ROE (%)	17.0	2.5	16.8	20.9
Div yield (%)	7.3	3.6	6.6	8.5



Source: Bloomberg, KB Securities Vietnam

PV Transportation (PVT)

Key beneficiary of growing energy imports

July 27, 2020

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Initiate coverage with BUY rating and target price of VND17,300

We initiate our coverage of PVT with a BUY rating and a target price of VND17,300. Our target price is based on a mid-cycle P/B multiple derived from our three-stage dividend discount model. We apply a mid-cycle valuation for our target price to reflect our view for more modest recovery in freight rates amid an extended period of weak oil prices.

Best positioned to capture the boom in Vietnam's energy imports

Vietnam's growing energy demand has already outstripped local supplies and shortages will require more energy imports. PVT is the most likely candidate to win these lucrative transportation contracts for Vietnam's coming energy import boom. Currently, PVT mainly focuses on LPG (Liquefied Petroleum Gas) and crude oil imports – and clearly shown in the company's current fleet expansion plan – but management will now need to prepare for 2022E's opening of the *Thi Vai* LNG terminal scheduled to go online in 2022E.

Await the new fleet expansion plan that will need to include LNG carriers

Management has only announced its fleet expansion plan for 2020E–2021E but we expect a new plan for ships purchased for 2022E onwards should reveal the size and timing of expansion into the lucrative LNG market. New tonnage in the near term will likely include a Very Large Crude Carrier (VLCC) that will allow the company to secure supply contracts to transport 2.5 million tons of crude to Nghi Son Refinery.

BUY initiate

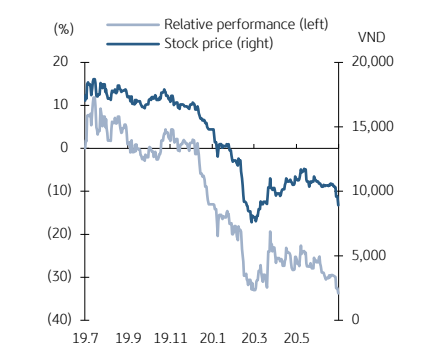
Target Price	VND17,300
Total return (%)	104.9%
Current price (Jul 27)	VND8,930
Consensus target price	VND12,800
Mkt capitalization (USDbn)	USD108mn

Trading data	
Free float (%)	44.0%
Avg trading value (3M)	USD0.68mn
Foreign available (%)	26.6%
Major shareholders (%)	PetroVietnam (51%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-16.9	-10.7	-39.7	-47.6
Relative	-9.9	-12.3	-23.8	-33.7

Forecast earnings & valuation

Fiscal year-end	2019A	2020E	2021E	2022E
Revenue (VNDbn)	7,758	7,138	8,561	10,700
EBIT	928	934	1,212	1,681
NP attributable to parent	690	538	699	971
EPS (VND)	2,450	1,912	2,485	3,451
EPS growth (%)	5.8	(22.0)	30.0	38.9
P/E (x)	3.6	4.7	3.6	2.6
EV/EBITDA (x)	2.7	3.5	3.5	3.2
P/B (x)	0.4	0.4	0.4	0.3
ROE (%)	12.7	9.1	11.0	13.9
Div yield (%)	13.5	11.2	13.4	15.7



Source: Bloomberg, KB Securities Vietnam

July 27, 2020

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Initiate coverage with BUY rating and target price of VND8,100

We initiate our coverage of BSR with a BUY rating and a target price of VND8,100. Our target price is based on a mid-cycle P/B multiple derived from our three-stage dividend discount model. We apply a mid-cycle valuation for our target price to reflect our view for more modest recovery in domestic gasoline prices amid an extended period of weak oil prices.

Price recovery underway for 4Q earnings turnaround

Local ex-factory gasoline and diesel prices have bounced back by 48% and should allow steady recovery in margins despite our outlook for a flatter trajectory in oil price recovery. BSR returned to profitability in June and volumes have come back to set the stage for an earnings turnaround for 4Q after August's two-month scheduled maintenance shutdown. The three-year annual maintenance overhaul should reduce 3Q utilization to 16% but after completion we expect the company to be on track for sequential earnings recovery into 2021E.

Upgrading facilities should be ready by 2022E alongside the start of localized petrochemical production

Vietnam will begin local production of petrochemicals when onshore capacity is ready for startup in 2023E. BSR is also currently upgrading facilities to enter into the petrochemical market. We strongly believe this initial step is significant and marks the beginning of a much more substantial push into petrochemicals, especially in the context of Vietnam's sizable LNG capacity expansion.

Rating initiate

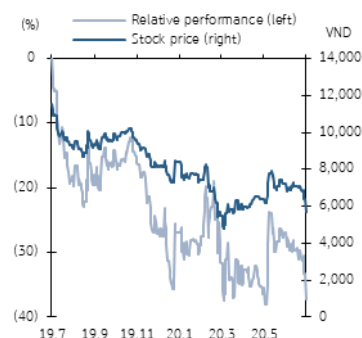
Target Price	VND8,100
Total return (%)	37.3%
Current price (Jul 27)	VND5,900
Consensus target price	VND6,000
Mkt capitalization (USDbn)	USD789mn

Trading data	
Free float (%)	7.9%
Avg trading value (3M)	USD1.25mn
Foreign available (%)	7.9%
Major shareholders (%)	PetroVietnam (92%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-20.8	-1.7	-32.1	-50.4
Relative	-14.1	-3.5	-14.3	-37.3

Forecast earnings & valuation

Revenue (VNDbn)	102,824	61,429	90,819	95,360
EBIT	2,869	(2,699)	4,063	4,497
NP attributable to parent	2,914	(2,942)	3,355	3,705
EPS (VND)	940	(949)	1,082	1,195
EPS growth (%)	(22.3)	(201.0)	(214.0)	10.4
P/E (x)	6.3	(6.2)	5.5	4.9
EV/EBITDA (x)	3.1	(42.2)	2.9	3.1
P/B (x)	0.5	0.6	0.5	0.5
ROE (%)	8.9	(9.1)	10.4	10.6
Div yield (%)	2.8	0.0	2.7	6.8



Source: Bloomberg, KB Securities Vietnam

Harder hit from weak oil prices

July 27, 2020

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Initiate coverage with HOLD rating and target price of VND11,100

We initiate our coverage of PVS with a BUY rating and a target price of VND11,100. Our target price is based on a mid-cycle P/B multiple derived from our three-stage dividend discount model. We apply a mid-cycle valuation for our target price to reflect our view for more modest recovery in FPSO day rates (Floating, Production, Storage & Offloading) amid an extended period of weak oil prices.

Margins continually under pressure at current and upcoming projects

Project delays include the *Sao Vang-Dai Nguyet* and *Gallaf* gas fields and although they may restart in mid 3Q both projects are in the finishing phase (albeit offering higher margins in the short term during this phase). Backlogs are still under pressure as competition squeezes margins at the upcoming *Su Tu Trang* and *Thi Vai* LNG projects.

Not just exposed to weak oil prices but also operating in a sunset industry

Vietnam's mature oil and gas fields also exacerbate the situation for upstream operators as higher extraction costs translate into quicker production cutbacks on any fall in oil prices. No new crude oil projects are scheduled and approvals for the large gas mega projects – *Blue Whale* and *Block B* – still face uncertainties amid ongoing delays.

HOLD initiate

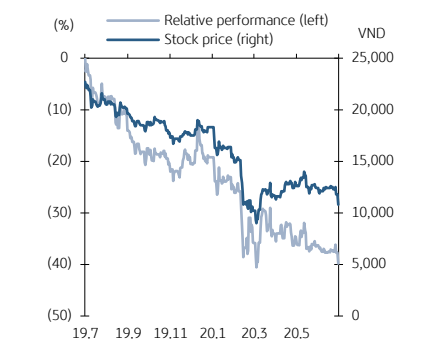
Target Price	VND11,000
Total return (%)	8.3%
Current price (Jul 27)	VND10,800
Consensus target price	VND16,500
Mkt capitalization (USDbn)	USD223mn

Trading data	
Free float (%)	48.5%
Avg trading value (3M)	USD2.41mn
Foreign available (%)	37.5%
Major shareholders (%)	PetroVietnam (51.4%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-12.9	-6.9	-41.0	-52.4
Relative	-5.5	-8.6	-25.5	-39.8

Forecast earnings & valuation

Fiscal year-end	2019A	2020E	2021E	2022E
Revenue (VNDbn)	16,968	17,039	15,358	16,126
EBIT	140	531	330	364
NP attributable to parent	849	902	1,195	1,427
EPS (VND)	1,777	1,887	2,499	2,985
EPS growth (%)	(23.3)	6.2	32.4	19.4
P/E (x)	6.1	5.7	4.3	3.6
EV/EBITDA (x)	(0.6)	1.3	1.7	1.6
P/B (x)	0.4	0.4	0.4	0.3
ROE (%)	6.7	6.9	8.7	9.7
Div yield (%)	7.7	6.5	7.4	9.3



Source: Bloomberg, KB Securities

July 27, 2020

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Initiate coverage with HOLD rating and target price of VND9,600

We initiate our coverage of PVD with a HOLD rating and a target price of VND9,600. Our target price is based on a discounted cash flow model that reflects weaker cash generating capabilities following the sharp slowdown in Vietnam's upstream E&P activities.

Jack up day rates flat at USD65,000 for 2020E & 2021E

Jack up days rates should remain flat at USD65,000 for 2020E and into 2021E due to: 1) cuts to capital expenditure budgets amid weak oil prices; and 2) fewer contracts from Malaysia after the country agreed to May's OPEC+ production cuts. We expect Malaysian project delays to drop jack up utilization rates to 77% in 2020E and only move up to 85% in 2021E.

Outlook only improves from 2H 2021E when the TAD starts up operations

The *PV Drilling V-Tender Assisted Rig (TAD)* will start up operations in 2H 2021E after sitting idle for the past three years. But mediocre day rates at USD85,000-90,000 should keep any profits unexciting during the six-year contract with Brunei Shell Petroleum. The job will offer a four-year contract and optional two-year extension and day rates can only be renegotiated after an initial four-year lock up period.

HOLD initiate

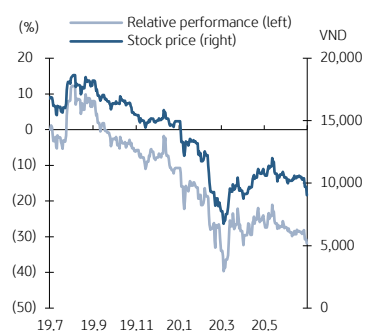
Target Price	VND9,600
Total return (%)	6.3%
Current price (Jul 27)	VND9,030
Consensus target price	VND11,900
Mkt capitalization (USDmn)	USD164mn

Trading data	
Free float (%)	49.4%
Avg trading value (3M)	USD2.25mn
Foreign available (%)	36.9%
Major shareholders (%)	PetroVietnam (50.46%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-13.6	0.1	-39.6	-46.2
Relative	-6.2	-1.7	-23.7	-31.9

Forecast earnings & valuation

Fiscal year-end	2019A	2020E	2021E	2022E
Revenue (VNDbn)	4,368	5,029	5,709	6,597
EBIT	37	118	135	498
NP attributable to parent	184	132	165	473
EPS (VND)	438	314	392	1,121
EPS growth (%)	(6.3)	(28.3)	24.8	186.3
P/E (x)	20.6	28.8	23.1	8.1
EV/EBITDA (x)	8.8	8.9	8.3	4.9
P/B (x)	0.5	0.3	0.3	0.3
ROE (%)	1.5	0.9	1.1	3.2
Div yield (%)	0.1	0.0	0.0	0.0



Source: Bloomberg, KB Securities Vietnam

KBSV Model Portfolio

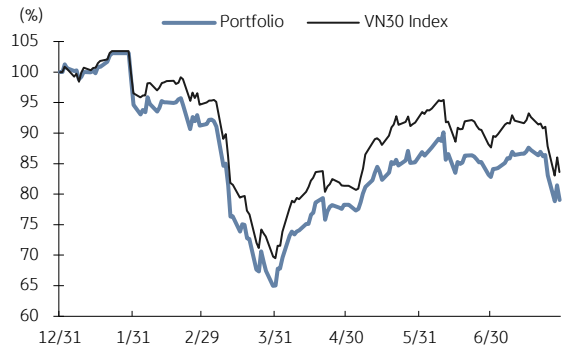
KBSV Research Team

Investment approach:

- Seeks to outperform the VN30 Index by identifying the most attractive stocks within our coverage universe over the next 3 months
- Employs a risk-managed exit strategy that sets a profit target of +30% and stop loss of -15%
- Uses an equal-active-weight (with monthly rebalancing method) approach that allocates 100% of the portfolio to stocks that, at times, can include a VN30 index ETF

	VN30 Index	Master Portfolio
Daily return	-2.78%	-2.98%
Cum. return	-16.37%	-20.96%

Performance vs VN30 Index



KBSV domestic model portfolio

Ticker	Inclusion date	Close 20/07/29	Daily return (%)	Cumulative return (%)	Main investment catalysts
Mobile World (MWG)	19/08/09	73,000	-3.9%	-37.0%	<ul style="list-style-type: none"> - Optimizing revenue from DMG & TGDD chains - BHX expects to reach break-even point soon at stores and distribution centers - In the long term, BHX aims to capture 10-15% of the food retail market
Nam Long Invest (NLG)	19/06/03	25,200	-1.6%	-6.0%	<ul style="list-style-type: none"> - Leader in mid- to high-end housing & Japanese partners for large urban area (UA) projects - Largest urban area developer (Mizuki Park UA, Akari City UA & Waterpoint US)
Phu Nhuan Jewelry (PNJ)	19/03/22	51,500	-4.6%	-32.8%	<ul style="list-style-type: none"> - Strong topline supported by transaction volumes (2018 +34%) & ASPs (2018 +5%) - Strongest customer base to capture lucrative watch segment (5% of sales by 2022E) - Core business activities growing again after the "ERP" incident
Military Bank (MBB)	18/12/18	15,650	-4.0%	-20.6%	<ul style="list-style-type: none"> - Military Insurance Corporation (MIC) non-life premiums to boost 2019 non-bank income - Retail loan mix (M credit) supports 4%NIM against pricing competition (ACB/MBB) - M credit work-in-progress but low-cost funding from Shinsei triples key cash loan mkt
Refrig Elec Eng (REE)	18/10/11	32,000	-0.9%	-5.9%	<ul style="list-style-type: none"> - Office lease management & E-town Central occupancy generates stable cash flow - Strategic investments in utility industry provides stable/long-term dividend stream
FPT Corp (FPT)	18/09/06	44,550	-2.5%	33.1%	<ul style="list-style-type: none"> - Software outsourcing foothold in Japan/US/Asia-Pacific/EU drives 25% overseas CAGR - Telecoms stable 15% growth/solid subscriber growth & profitable Pay-TV from 2020E - 20%+ earnings momentum by 2020E
Vietin Bank (CTG)	20/01/31	20,850	-3.9%	-14.5%	<ul style="list-style-type: none"> - Building on strong earnings recovery in 2019 & optimistic outlook for 2020 - Growing expectations for capital increase in 2020 to offset loan-growth concerns - Already improved asset quality and benign credit risks for 2020
Vietjet (VJC)	19/02/05	95,100	-1.5%	-26.4%	<ul style="list-style-type: none"> - nCoV outbreak impact meaningful but short-lived & fully-reflected in stock price - Lower fuel costs silver lining to offset lower passenger volumes - Growth prospects intact as Long Thanh airport project schedule pulled forward
Hoa Pha Group (HPG)	19/12/04	21,750	-4.6%	-7.2%	<ul style="list-style-type: none"> - Steel consumption starts to rebound - Construction steel prices show signs of rising again - Increased capacity from Dung Quat project helps HPG expand market share
Kinhbac City Development (KBC)	20/03/09	12,950	-2.3%	-5.5%	<ul style="list-style-type: none"> - Strong pricing for upcoming land sales after Trang Due urban land sales in 4Q19 - Beneficiary of more production facilities from EU companies after EU-Vietnam FTA - Re-location of supply chains from China after COVID-19 scare

Source: Bloomberg, KB Securities Vietnam

Market Monitors

Ho Chi Min – Net foreign buys/sells

Ticker	Chg (%)	For. own (%,-1d)	Net buy (VND bn)
KDC	0.0%	22.4%	124.8
FUEVFNVD	-4.4%	100.0%	47.0
VCB	-1.3%	23.7%	35.2
FUESSVFL	-3.7%	94.0%	22.3
VIC	-2.0%	13.9%	21.0

Ticker	Chg (%)	For. own (%,-1d)	Net sell (VND bn)
HPG	-2.9%	35.7%	-32.8
SSI	-4.6%	49.0%	-13.3
NLG	-1.6%	48.8%	-7.5
HCM	-3.5%	51.8%	-7.1
GAS	-6.3%	3.3%	-7.0

Source: FinPro, KB Securities Vietnam

Hanoi – Net foreign buys/sells

Ticker	Chg (%)	For. own (%,-1d)	Net buy (VND bn)
DHT	1.1%	3.6%	2.9
IDV	-0.7%	14.9%	0.7
SHS	-1.0%	6.0%	0.4
NTP	-4.7%	22.6%	0.1
PVC	-5.8%	10.9%	0.1

Ticker	Chg (%)	For. own (%,-1d)	Net sell (VND bn)
NRC	4.2%	28.3%	-2.1
VCS	-2.7%	2.9%	-0.4
BVS	-2.1%	24.8%	-0.4
PLC	0.0%	1.2%	-0.3
VCG	0.4%	0.4%	-0.2

Source: FinPro, KB Securities Vietnam

Sectors – Top 5 best/worst weekly performance

Top 5 best performers	Chg (%)	Key stocks
Health Care	-2.7%	VMD, SPM
Real Estate	-5.3%	NVL, SZC
Technology	-5.6%	SAM, ITD
Industrial Goods & Services	-5.8%	THI, VIP
Basic Resources	-5.9%	VID, DTL

Top 5 worst performers	Chg (%)	Key stocks
Media	-13.0%	YEG, PNC
Travel & Leisure	-12.8%	VJC, HVN
Insurance	-11.7%	BVH, BIC
Automobiles & Parts	-11.4%	TCH, DRC
Retail	-11.2%	MWG, FRT

Source: Bloomberg, KB Securities Vietnam

Sectors – Top 5 best/worst monthly performance

Top 5 best performers	Chg (%)	Key stocks
Industrial Goods & Services	-2.3%	GEX, LGC
Health Care	-2.6%	DHG, OPC
Basic Resources	-3.1%	DHC, VID
Technology	-4.8%	SAM, ICT
Food & Beverage	-5.7%	SAB, DAT

Top 5 worst performers	Chg (%)	Key stocks
Insurance	-15.1%	BVH, BIC
Travel & Leisure	-14.7%	HVN, VJC
Media	-12.7%	YEG, PNC
Retail	-12.6%	MWG, FRT
Chemicals	-12.4%	GVR, DPM

Source: Bloomberg, KB Securities Vietnam

Vietnam – Focus stocks

Sector	Code	Company name	Price	Mkt cap (VNDbn, USDmn)	Trading value (VNDmn, USDmn)	For avail (%-1d)	PER (X)		EPS CAGR (%)	ROE (%)		P/B (X)		Performance (%)			
							19E	20E		19E	20E	19E	20E	1D	1W	1M	YTD
Real estate	VIC	VINGROUP JSC	83,500	282,433 (12,184)	29,583 (1.3)	22.8	45.1	28.9	19.0	7.4	8.9	3.1	2.8	-2.0	-7.0	-6.2	-27.4
	VHM	VINHOMES JSC	74,000	243,424 (10,501)	129,852 (5.6)	28.9	9.2	8.4	33.6	37.9	28.9	2.9	2.2	-2.4	-4.5	0.0	-12.7
	VRE	VINCOM RETAIL JS	25,550	58,058 (2,505)	64,410 (2.8)	18.0	22.3	16.7	4.1	9.9	11.9	2.0	1.9	-6.1	-5.2	0.6	-24.9
	NVL	NOVA LAND INVES	63,500	61,566 (2,656)	59,819 (2.6)	32.2	18.7	20.2	-2.0	13.4	12.2	2.4	2.1	-0.2	1.3	2.1	6.7
	KDH	KHANGDIEN HOUSE	23,500	12,328 (532)	13,040 (0.6)	5.0	12.1	10.1	11.8	14.0	15.5	1.6	1.4	-0.8	-5.1	1.3	-12.6
	DXG	DATXANH GROUP	8,830	4,581 (198)	40,329 (1.7)	9.6	4.5	3.9	-14.2	12.3	14.3	0.5	0.5	-3.3	-14.7	-21.9	-39.1
Banks	VCB	BANK FOR FOREIGN	77,500	287,438 (12,400)	67,153 (2.9)	6.3	17.3	14.2	11.9	19.8	19.5	2.9	2.5	-1.3	-6.1	-4.9	-14.1
	BID	BANK FOR INVESTM	36,950	148,614 (6,411)	37,440 (1.6)	12.3	32.2	18.0	-11.3	9.1	12.3	2.0	1.8	-2.4	-7.6	-4.0	-19.9
	TCB	VIETNAM TECHNOLO	18,150	63,528 (2,741)	30,210 (1.3)	0.0	6.3	5.3	3.8	15.8	15.5	0.9	0.8	-3.2	-10.4	-7.6	-22.9
	CTG	VIETNAM JS COMM	20,850	77,633 (3,349)	97,217 (4.2)	0.0	11.6	8.6	16.4	10.1	12.0	1.0	0.9	-3.9	-10.7	-4.8	-0.2
	VPB	VIETNAM PROSPERI	19,950	48,633 (2,098)	66,993 (2.9)	0.0	6.3	5.2	0.4	16.5	16.7	1.0	0.8	-3.6	-11.1	-5.0	-0.3
	MBB	MILITARYCOMMERC	15,650	37,739 (1,628)	63,222 (2.7)	0.0	5.2	4.3	7.8	18.4	18.2	0.8	0.7	-4.0	-8.7	-7.1	-24.8
	HDB	HDBANK	23,800	22,989 (992)	25,765 (1.1)	9.5	6.0	4.8	16.8	20.4	21.9	1.0	0.9	-0.8	-9.5	-3.6	-13.6
	STB	SACOMBANK	10,150	18,307 (790)	114,889 (5.0)	14.7	10.1	6.5	10.6	8.3	10.0	-	-	-3.8	-10.2	-7.3	1.0
	TPB	TIEN PHONG COMME	20,300	16,576 (715)	1,647 (0.1)	0.0	5.8	4.8	34.4	22.4	18.4	1.0	0.9	-2.6	-5.6	-2.6	-3.6
	EIB	VIETNAM EXPORT-I	17,650	21,699 (936)	3,110 (0.1)	0.0	38.0	36.4	-6.9	3.6	3.6	1.3	1.3	7.0	1.7	-1.9	-0.8
Insurance	BVH	BAOVIET HOLDING	40,100	29,767 (1,284)	24,769 (1.1)	20.8	28.7	21.6	-5.4	5.9	7.5	1.5	1.5	-4.3	-12.8	-12.3	-41.5
	BMI	BAOMINH INSURANC	20,500	1,873 (081)	2,628 (0.1)	13.9	-	-	-	7.6	8.6	0.8	0.8	-1.4	-5.1	-4.4	-17.3
Securities	SSI	SSI SECURITIES C	13,550	8,143 (351)	84,032 (3.6)	51.0	9.6	7.5	-17.7	8.2	10.7	0.8	0.7	-4.6	-10.0	-8.4	-12.9
	VCI	VIETCAPITAL SEC	20,450	3,360 (145)	16,857 (0.7)	71.4	7.3	5.7	-24.9	11.1	13.0	0.8	0.7	-2.6	-9.5	-2.6	-30.7
	HCM	HOCHI MINH CITY	16,550	5,049 (218)	34,912 (1.5)	48.2	11.3	7.0	-22.5	11.0	17.1	1.1	1.1	-3.5	-10.5	-9.8	-22.5
	VND	VNDIRECT SECURIT	11,350	2,367 (102)	6,204 (0.3)	13.3	10.2	6.4	-19.1	7.4	11.2	0.7	0.7	-2.6	-9.2	-13.7	-21.2
Consumer staples	VNM	VIETNAM DAIRYP	106,000	184,586 (7,963)	124,515 (5.4)	41.3	18.2	17.0	5.4	37.7	38.5	6.2	5.5	-3.5	-7.1	-5.3	-9.0
	SAB	SAIGON BEER ALCO	171,000	109,659 (4,731)	33,113 (1.4)	36.7	27.5	23.8	-2.2	20.5	23.0	5.4	4.9	-5.0	-10.0	6.5	-25.0
	MSN	MASANGROUP CORP	49,350	57,688 (2,489)	61,494 (2.7)	10.2	51.1	24.3	-50.7	3.0	7.2	1.3	1.2	-2.3	-8.9	-10.4	-12.7
	HNG	HOANGANH GIA LA	12,300	13,635 (588)	9,241 (0.4)	48.7	-	-	-	-	-	-	-	2.5	-10.9	-20.1	-11.5
Industrials (transport)	VJC	VIETJET AVIATION	95,100	49,817 (2,149)	32,715 (1.4)	12.0	174.2	11.7	-76.5	9.6	24.2	3.1	3.3	-1.5	-11.5	-11.0	-35.0
	GMD	GEMADEPT CORP	17,800	5,285 (228)	4,088 (0.2)	0.0	13.7	12.2	-54.2	6.9	7.7	0.9	0.9	-3.0	-9.0	-6.3	-23.6
	CII	HOCHI MINH CITY	17,600	4,204 (181)	24,902 (1.1)	33.5	12.4	13.1	105.5	7.7	7.0	0.9	0.9	2.3	-2.8	-3.0	-21.8
Industrials (capital goods)	ROS	FLC FAROS CONSTR	2,220	1,260 (054)	29,347 (1.3)	47.2	-	-	-	-	-	-	-	-6.7	-19.6	-25.8	-87.2
	GEX	VIETNAM ELECTRIC	18,900	8,882 (383)	64,119 (2.8)	33.4	12.2	9.5	-16.2	11.7	13.9	-	-	-1.6	-8.0	16.7	-2.3
	CTD	COTECCONS CONSTR	67,000	5,112 (221)	67,011 (2.9)	3.0	9.1	9.0	-39.4	6.6	6.8	0.6	0.6	-5.6	-15.2	-4.3	30.6
	REE	REE	32,000	9,922 (428)	13,470 (0.6)	0.0	6.5	5.8	-10.3	12.9	14.0	0.9	0.8	-0.9	-1.1	4.2	-11.8

Source: Bloomberg, KB Securities Vietnam

Vietnam – Focus stocks

Sector	Code	Company name	Price	Mkt cap (VNDbn, USDmn)	Trading value (VNDmn, USDmn)	For avail (%, -1d)	PER (X)		EPS CAG R (%)	ROE (%)		P/B (X)		Performance (%)			
							19E	20E		19E	20E	19E	20E	1D	1W	1M	YTD
Utilities	GAS	PETROVIETNAM GAS	63,500	121,536 (5,243)	42,243 (1.8)	45.7	16.7	12.7	-20.1	15.2	19.5	2.5	2.3	-6.3	-9.5	-8.9	-32.2
	NT2	PETROVIETNAM NHO	20,500	5,901 (255)	7,383 (0.3)	30.7	8.4	8.1	-2.4	16.7	17.9	1.4	1.4	-2.1	-11.3	-4.0	-5.3
	PPC	PHA LAI THERMAL	23,000	7,374 (318)	3,097 (0.1)	32.5	7.7	8.4	-7.3	16.0	14.5	1.2	1.2	-2.5	-6.1	-3.6	-14.5
Materials	HPG	HOA PHAT GRP JSC	21,750	72,064 (3,109)	348,001 (15.0)	13.3	7.9	6.4	2.5	18.2	19.5	1.3	1.1	-2.8	-7.1	-2.1	11.1
	DPM	PETROVIETNAM FER	13,600	5,322 (230)	33,231 (1.4)	38.2	8.9	9.1	-0.7	8.8	8.1	0.7	0.6	-3.5	-9.0	-4.9	5.0
	DCM	PETROCA MAU FER	7,990	4,230 (182)	15,299 (0.7)	47.2	-	-	-	-	-	-	-	-3.9	-9.2	-10.0	22.9
	HSG	HOA SEN GROUP	9,830	4,368 (188)	11,566 (4.8)	38.1	5.8	5.9	38.6	13.9	11.4	0.7	0.6	-5.5	-12.2	-16.7	32.2
	AAA	ANPHAT BIOPLAST	11,000	2,323 (100)	20,441 (0.9)	96.9	5.8	6.5	37.9	13.4	10.4	0.6	0.5	-4.3	-11.6	-10.9	-13.4
Energy	PLX	VIETNAM NATIONAL	41,550	50,102 (2,161)	36,858 (1.6)	5.4	35.1	14.5	-35.7	7.1	15.3	2.1	1.8	-4.7	-8.3	-6.6	-25.8
	PVD	PETROVIETNAM DRI	8,900	3,748 (162)	30,278 (1.3)	37.2	34.1	16.9	-14.7	1.0	0.9	0.3	0.3	-5.2	-13.6	-11.9	-40.9
	PVT	PETROVIET TRANSP	9,400	2,646 (114)	11,628 (0.5)	26.6	6.3	5.3	-19.1	8.9	9.9	0.5	0.5	-1.6	-8.7	-11.3	-44.0
Consumer discretionary	MWG	MOBILEWORLD INV	73,000	33,056 (1,426)	59,299 (2.6)	0.0	9.0	6.9	12.0	27.7	28.6	2.2	1.7	-3.9	-12.3	-10.4	-36.0
	PNJ	PHU NHUAN JEWELR	51,500	11,594 (500)	26,446 (1.1)	0.0	13.0	10.6	-1.9	21.5	24.2	2.2	2.1	-4.6	-12.1	-10.4	-40.1
	YEG	YEAH1 GROUP CORP	46,500	1,372 (059)	1,126 (0.0)	69.3	19.5	14.2	-28.1	6.7	8.5	1.2	1.2	-5.7	-13.9	-10.6	25.7
	FRT	FPT DIGITAL RETA	20,900	1,651 (071)	16,880 (0.7)	13.8	10.4	8.3	-31.9	11.8	13.7	1.2	1.0	-6.9	-16.1	-6.3	-0.7
	PHR	PHUOC HOA RUBBER	50,700	6,870 (296)	69,216 (3.0)	38.7	6.6	7.0	27.8	36.8	29.8	2.3	2.0	-1.6	-6.6	2.0	32.7
Healthcare	DHG	DHG PHARMACEUTIC	92,800	12,133 (523)	1,008 (0.0)	45.4	18.8	17.5	4.6	19.5	19.4	3.4	3.2	0.9	0.0	3.3	1.4
	PME	PYMEPHARCO JSC	61,000	4,576 (187)	587 (0.0)	37.9	-	-	-	-	-	-	-	0.0	-0.8	-2.4	12.3
IT	FPT	FPT CORP	44,550	34,923 (1,507)	74,178 (3.2)	0.0	10.0	8.5	19.5	24.3	25.9	2.2	2.0	-2.5	-6.0	-3.3	-12.1

Source: Bloomberg, KB Securities Vietnam

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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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