04/10/2019

Investment Strategy October 2019

BOLSTERED BY DOMESTIC GROWTH

Vietnam macroeconomy continued to be positive as its GDP reached 6.98% YoY after 9M2019, the highest number in nine years. CPI was 2.5%, lower than the government target of 4%. Registered and disbursed FDI saw a strong increase in September, 47% and 60% MoM respectively.

We suppose that sound macroeconomic outlook can help 3Q earning results. Based on our survey for stocks in VN30 Index with our analysts, we think earning results among sectors and stocks will diverge from each others. Particularly, some leading stocks in sectors that had strong growth after 1H2019 such as Banking, Real Estate, and Retail will continue to have healthy revenue and profit. We also note that 2Q earning results impacted significantly stock prices movement in July. Hence, we think the market can rise as due to our positive forecasts for 3Q earnings.

Although Vietnam macroeconomic indicators paints a great picture to draw foreign capital, outside risks remains high as the biggest economy, US, is slowing down. The US ISM manufacturing index reached only 47.8 in September, the lowest reading in ten years. Hence, the market has placed more bet of another rate cut in late October.

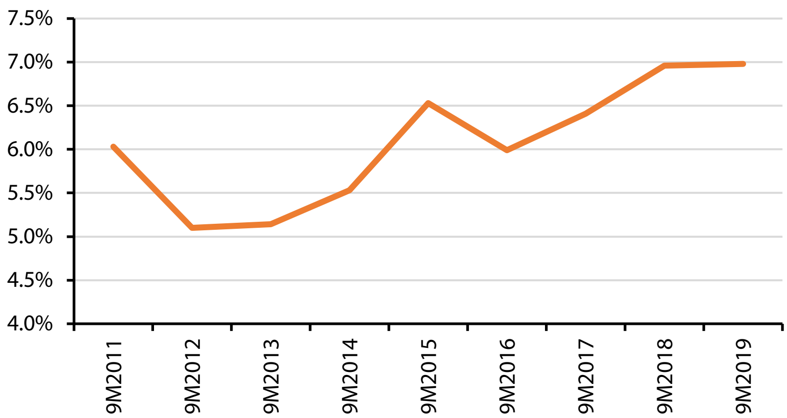
In addition, trade frictions have negatively impacted market sentiment. Although US and China will have another meeting in October, recent comments from President Trump criticizing China during a UN Speech and US considering to delist Chinese companies from US stock exchanges are key risks.

The Brexit story has not directly impacted the Vietnam stock market in recent months. However, a no-deal Brexit can negatively impact global sentiment and eventually Vietnam.

As a result, ETF fund flows can continue to be disrupted. Vietnam ETF fund flows recorded an outflow of USD 12 mn in September. As foreign investors activities on stock exchange lags one month compared to ETF funds flow, they would continue to net sell in October but the figure can be lower than in September.

To sum up, we think the stock market can rise in October thanks to domestic macroeconomic and postive 3Q earning results in some leading sectors. Hence, the probability of surpassing 1,000 is rising. However, it is quite challenging for the VN-Index to maintain this level as there could be low or no support from foreign capital in October.

9M GDP growth YoY reached highest in nine years



Source: GSO, Rong Viet Securities

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The market in September once again showed that the possibility of the VN-Index's breaking through above 1,000 in the short term is very low. Unpredictable external factors and foreign investors' net selling were the main reasons hindering the journey to reach the 1,000 level. However, seeking to benefit from specific opportunities in a cluster of companies offering good prospects than chasing the index. This trend, in our opinion, will continue in October. However, as discussed in the September strategy report, we believe that only investors with a certain sensitivity to market movements can take advantage of such short-term opportunities.

The interplay of international and domestic factors makes the forecast of market indices no longer important. Instead, in our point of view from the beginning of the year, we prefer stock picking. In particular, we believe that companies with business activities associated with growth from domestic consumption and investment are the ones that investors with long-term view can consider. We discuss MWG, HAX and PC1 in this October strategy report.

Analysis of 55 stocks of Rong Viet Research, discussion with companies and specific evaluation in the "Company Report" or "Analyst Pinboard"

The VN Index is the star performer in ASEAN year-to-date

Can we expect South East Asian equity markets to do well in the fourth quarter?

Vietnam is so far the star performer in the ASEAN region with the VN Index up nearly 11% in local currency terms (see Table 1). That is still a far cry from what the S&P 500 has delivered: nearly 19% so far this year. Malaysia is down 6.5%.

Table 1:

EQUITY MARKET RETURNS, LOCAL CCY, 2019 YTD	
VIETNAM (VN INDEX)	+10.9%
THAILAND (SET)	+4.9
PHILIPPINES (PCOMP)	+4.3
SINGAPORE (STI)	+1.7
INDONESIA (JCI)	Flat
MALAYSIA (FBMKLCI)	-6.5

Source: Bloomberg; Note: As of September 27

From October on can we expect more positive returns until year end? We don't think so. Fund flows would need to change dramatically for equity market returns to improve in the region. As we see from the table below, global investors ae still risk-averse and therefore are unlikely to increase their weighting in ASEAN for now as we get into year end. According to EPFR data, bonds globally have attracted nearly $366 bn in new funds so far in 2019. That compares to an outflow out of equities, again globally, of $177 bn. Hence, to expect this trend to reverse in the last quarter of the year one would have to assume that bond yields rise significantly or risk aversion is reduced dramatically. From our viewpoint, it is unlikely. US bond yields have rebounded lately (Figure 1) but the trend is still down and should stay that way for the next few months. Noticeably, for 38 weeks in a row, inflows into bonds have been positive. Even money markets are seeing huge inflows even though deposit rates are at record lows.

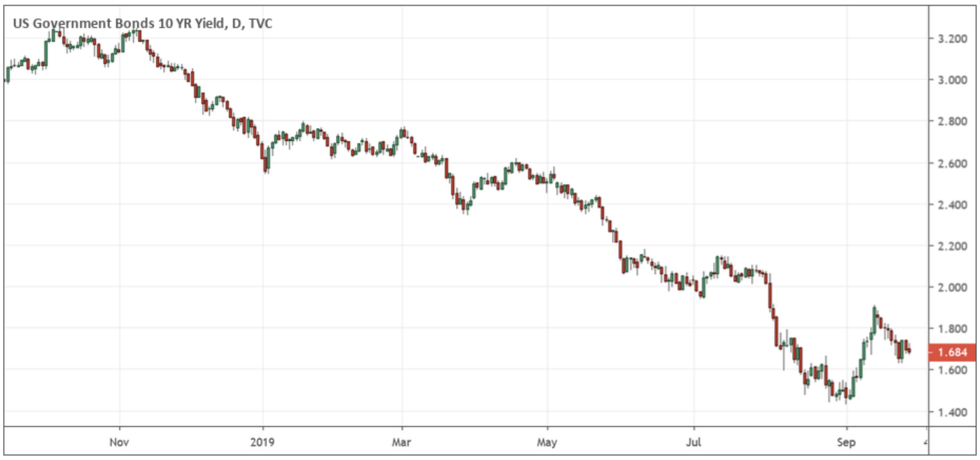
Table 2 : Inflows/ outflows per asset class, YTD 2019, USD

Bonds		**+366**
-	**Developed markets**	+331
-	**Emerging markets**	+34
Equities		**-177**
-	**Developed markets**	-143
-	**Emerging markets**	-34
Money market		**+381**
-	**US**	+351

Source: EPFR, Jefferies

Figure 1. US 10-year bond yield

luahawaii published on TradingView.com, September 29, 2019 05:28:45 PDT
TVC:US10Y, D 1.684 ▼ −0.011 (−0.66%) O:1.698 H:1.726 L:1.671 C:1.684



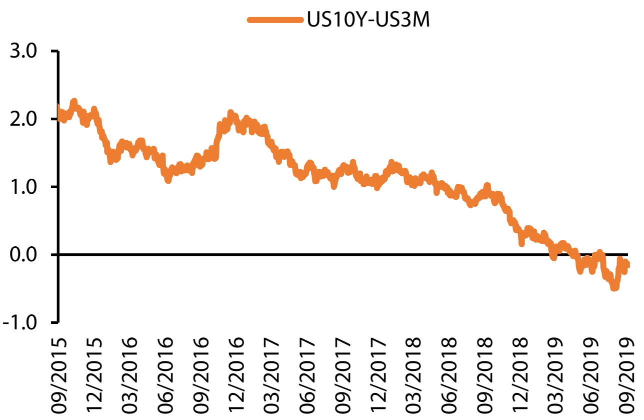
Created with TradingView

The likelihood of ASEAN equity markets outperforming developed and other Asian markets in the fourth quarter is low. As we have been mentioning for a few months, the VN Index will probably close the year around current levels. However we expect volatility globally to stay high or rise, depending on markets.

Happy trading!

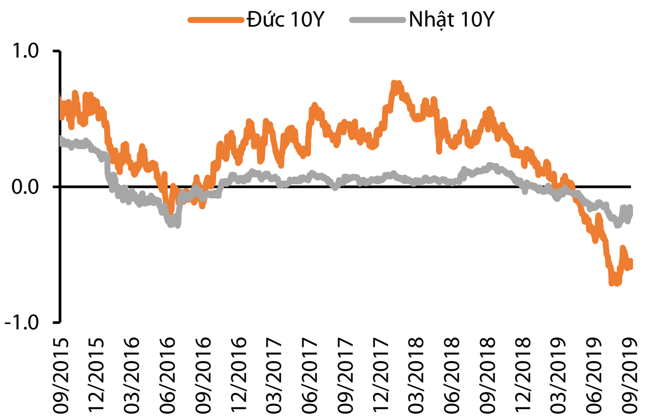
GLOBAL ECONOMIC INDICATORS IN SEPTEMBER

US G-Bond yields' gap (%/year)



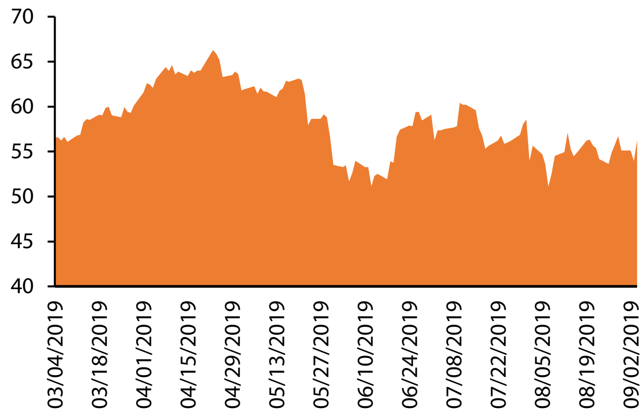
Source: Bloomberg, Rong Viet Securities

Germany and Japan G-Bond yields (%/year)



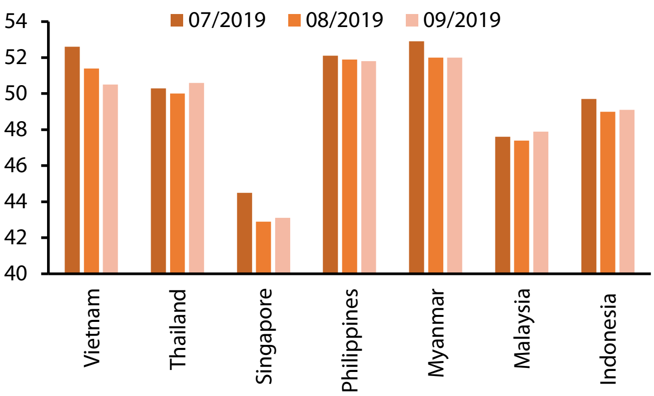
Source: Bloomberg, Rong Viet Securities

WTI crude oil price (USD/barrel)



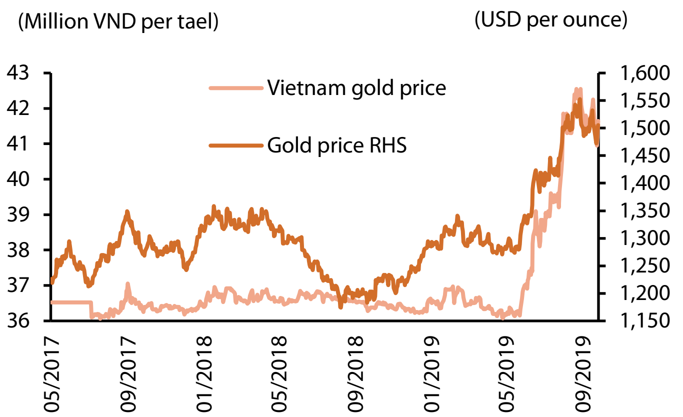
Source: Bloomberg, Rong Viet Securities

ASEAN's PMI (Points)



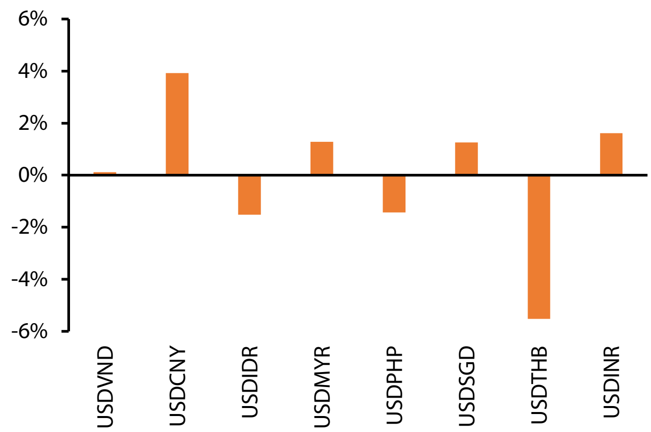
Source: Bloomberg, Rong Viet Securities

Gold prices



Source: Bloomberg, Rong Viet Securities

FX rates (%, YTD)



Source: Bloomberg, Rong Viet Securities

The highest real GDP growth in almost a decade

According to GSO's data, Vietnam's real GDP growth reached approximately 7.0% YoY in the first 9 months of 2019, the best performance in the last decade. The growth of each quarters was at 6.8% YoY; 6.7% YoY and 7.3% YoY, respectively. Compared with regional countries, this implies that Vietnam's economy is walking back up the overall downtrend. Nevertheless, the question of whether such figures precisely reflect the economy has been raised. In the report, we highlight two concepts of inflation-corrected GDP and GDP based on production.

The market is familiar with the concept of inflation-corrected GDP or real GDP that is adjusted for price changes in nominal GDP. A concise reminder of the two fundamental ones is the starting point of our analysis on the current divergence between nominal and real GDP in Vietnam.

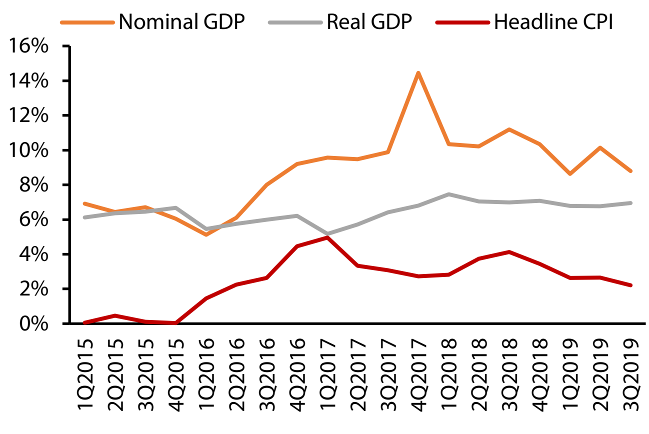
Vietnam's nominal GDP growth has gradually rebounded since 2015 and peaked at 11.2% YoY in 2017 before slicing down until now. That was paralleled to changes in money supply and credit growth in 2015-2017 before being set at 14% in the last 2 years. However, real GDP figures are slightly different and remain high until now.

In our opinion, the above outstanding performance of real GDP growth is because of the Government's strict control of inflation under circumstances of stable economic activities. We redraw Vietnam's inflation and focus on two times of headline CPI crossing core CPI, see chart below.

WTI crude oil slumped from USD 105 per barrel to USD 34 per barrel for 18 months in the period Jun 2014 – Jan 2016. As a result, global inflation set a bottom in 2015, including Vietnam. From here, the commodity price started recovering as leading economies such as US and EU regained momentum.

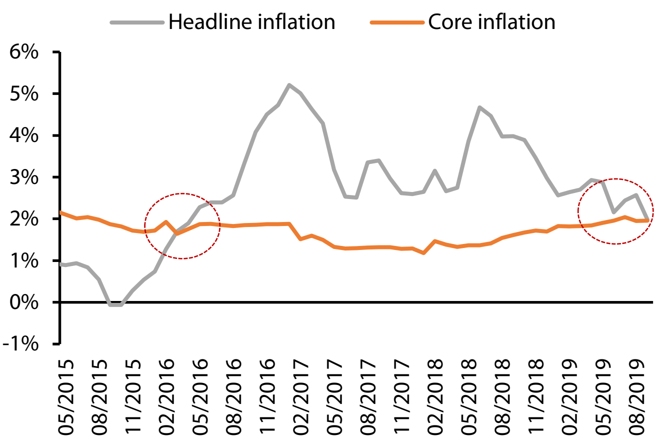
However, we are on the other side of the hill in which concerns about global demand put pressure down on crude oil prices. WTI price is at USD 53 per barrel after erasing 22% from the mid-term peak of 2018.

Figure 2: GDP growth and Inflation



Source: GSO, Rong Viet Securities

Figure 3: Headline and Core Inflation



Source: GSO, Rong Viet Securities

In addition to a low base of crude oil prices, Vietnam's government has also strictly controlled other prices. Therefore, 2019's inflation is expected to be around 3.3%-3.5% YoY, significantly below the initial plan of 3.3%-3.9% YoY and our forecast of 3.8% YoY at the beginning of the year. Key factors contributing to the current soft inflation, include:

1. Healthcare and pharmaceutical items added 0.4% to the general growth as Ministry of Health intentionally reduced and/or extended the increasing plan of service fees.
2. Transportation index dragged the headline CPI down by 0.3% due to low crude oil prices.

3. Food index contributed 0.6% to the growth as real negative effects of diseases on pork has stabilized.

Figure 4: Inflation contribution Sep 2016

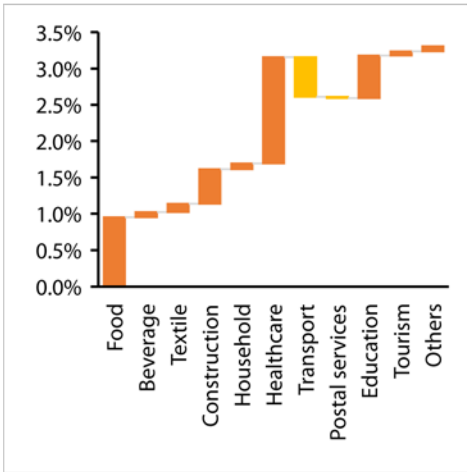


Figure 5: Inflation contribution Sep 2018

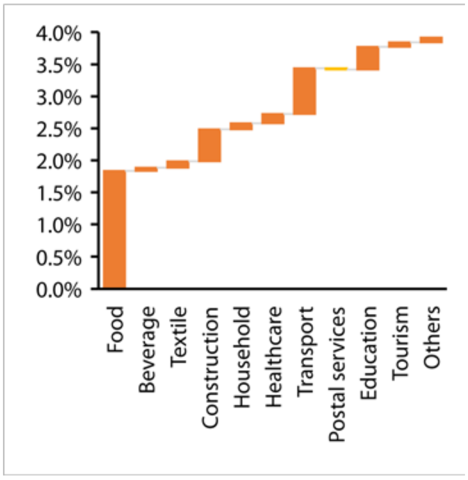
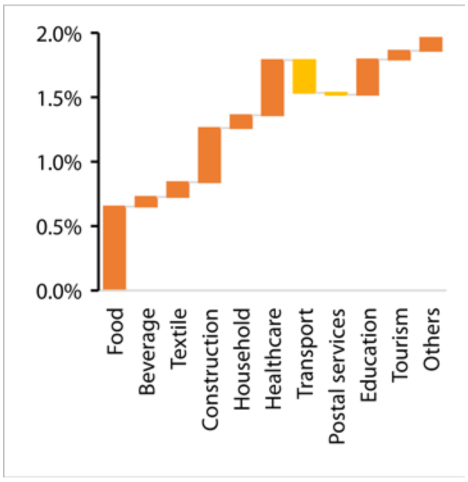


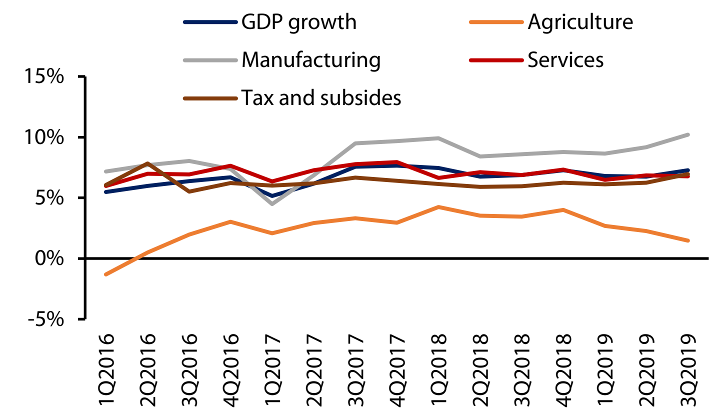
Figure 6: Inflation contribution Sep 2019



Source: GSO, Rong Viet Securities

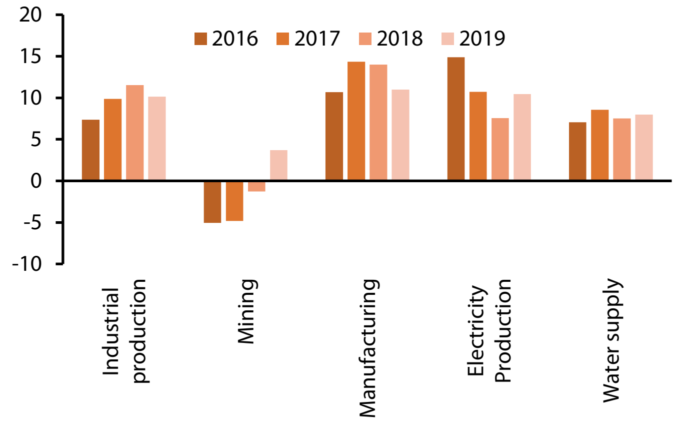
In term of GDP based on production, there are both positive and negative things although we believe in a bright stable economic growth next year. On the good side, construction activity rose strongly by 9.7% YoY in the third quarter of 2019, the highest level in recent years. Vietnam is stepping large-scale upgrade of infrastructure with USD-billion expenditure projects like North-South Highway, Long Thanh international airports,…

Figure 7: GDP Contribution



Source: GSO, Rong Viet Securities

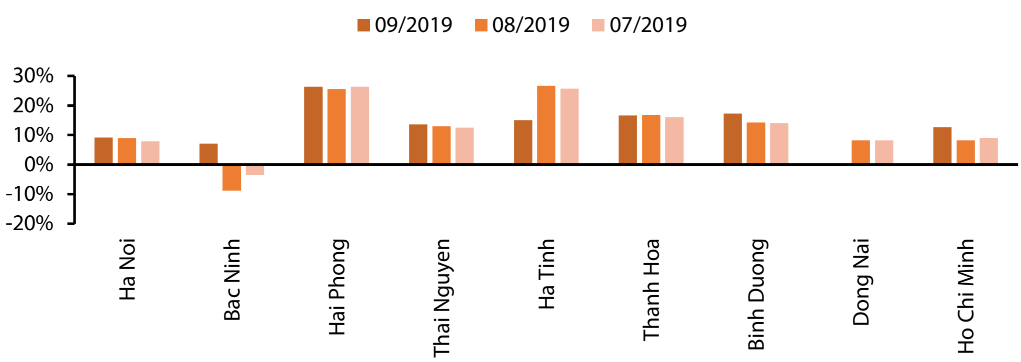
Figure 8: Industrial Production Index in the third quarter



Source: GSO, Rong Viet Securities

Besides, we recorded better gains in Vietnam's production hubs such as Ho Chi Minh, Binh Duong, Ha Noi, Hai Phong, Thai Nguyen and even Bac Ninh provinces. Notably, Bac Ninh province's production index regained the growth of 7.0% YoY in Sep after two months of shrinking.

Figure 9: Industrial Production Indices in key cities/provinces



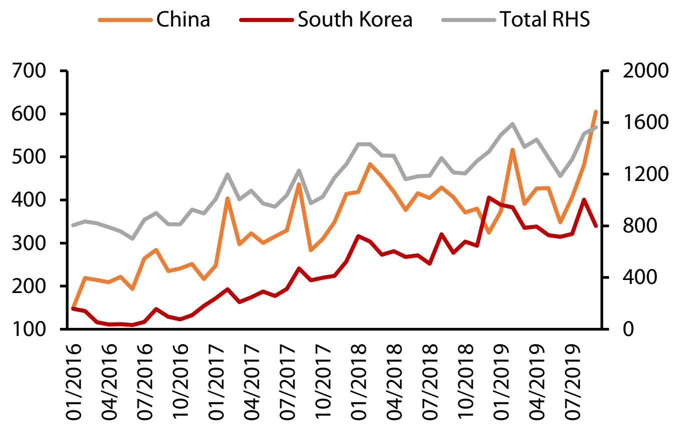
Source: GSO, Rong Viet Securities

The number of foreign tourists jumped strongly in Aug and Sep with over 1.5 million visitors per month. In the first 9 months, total foreign tourists were at 12.9 million, up 10.8% YoY. Notably, the number of Chinese visitors is growing after more than one year of dropping. In the last two months, total Chinese tourists reached over 1 million, up 30% YoY, in contrast to a negative pace in the first 7 months. Currently, the Chinese accounted for a third of total foreign tourists in Vietnam, followed by South Korea (24%).

Vietnam's public budget experienced a rare surplus amount of VND 67 trillion in the first 9 months. In details, total revenue was at VND 1,028 trillion while total expenditure was at VND 962 trillion.

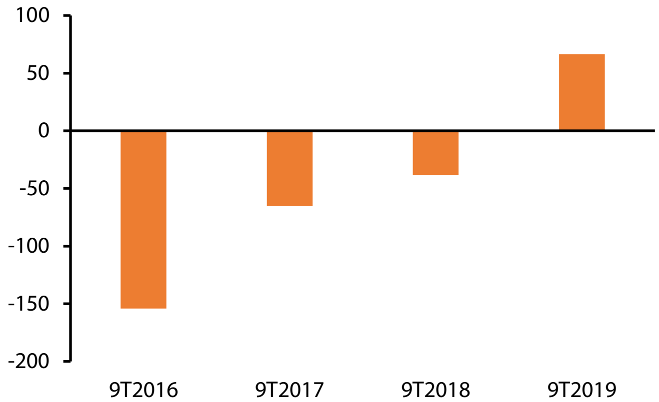
There are key reasons, including 1) Slow public investment disbursement, 2) Rise of special taxes on imported cars recorded a fourfold increase in 1H2019, 3) Realizing previous state divestment's amount on financial statement and 4) Stable income tax revenue thanks to high economic growth.

Figure 10: Foreign Tourists (Thousands)



Source: GSO, Rong Viet Securities

Figure 11: Public deficit (VND Trillion)



Source: GSO, Rong Viet Securities

However, we are careful about the trading and agriculture industries which account for nearly 20% of GDP as both of them slowed down in the third quarter. Wholesale and retail sale industry rose by 7.5%YoY in the quarter, the lowest level in 5 years while agriculture industry dropped by 0.2% YoY as the number of domestically-produced pork was reduced by 19% YoY. These industries are key pillars and needs being watched closely.

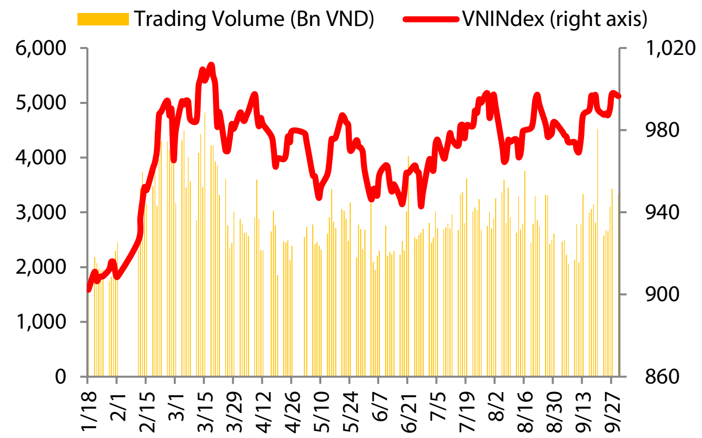
In conclusion, it is highly possible that Vietnam's real GDP broke the target of 6.8% YoY and reached 6.9%-7.0% YoY, similar to the speech by PM Nguyen Xuan Phuc. However, the performance is statistically meaningful due to lower inflation and stable manufacturing activities. While other economies are slowing down, expectations for Vietnam are still supportive for investors.

VIETNAM'S STOCK MARKET IN SEPTEMBER: CHALLENGING THE 1,000 RESISTANCE

The market fluctuated within a narrow margin and correction/recovery periods became shorter, reflected by the VN-Index approaching the 1,000-resistance level twice in September. Positive domestic macro factors, such as the State Bank of Vietnam reducing interest rates and the highest Q3 year-over-year's GDP growth in 9 years were the supports for the market while foreign investors were still net-selling.

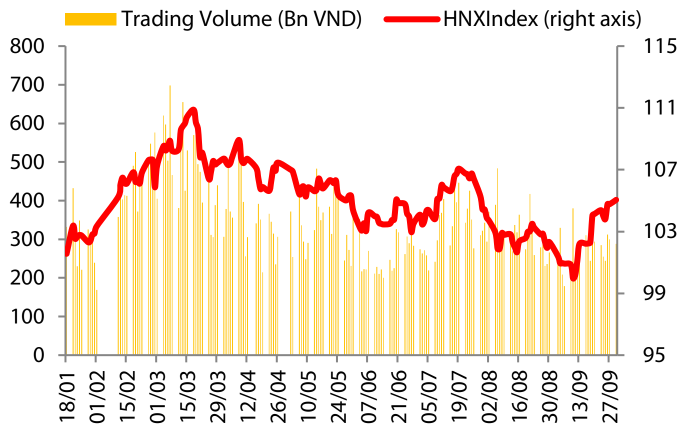
A notable event at the end of last month was the annual FTSE Equity Country Classification. In this review, Vietnam's stock market was not upgraded from Frontier market to Secondary Emerging because the "Clearing & Settlement – T+2/T+3" criterion is still rated at "Restricted". In addition, FTSE also recommends that Vietnam shorten the registration time of new accounts and also the introduction of an efficient mechanism to facilitate trading in securities that have reached, or are approaching, their foreign ownership limit.

Figure 12: VNIndex movement in September



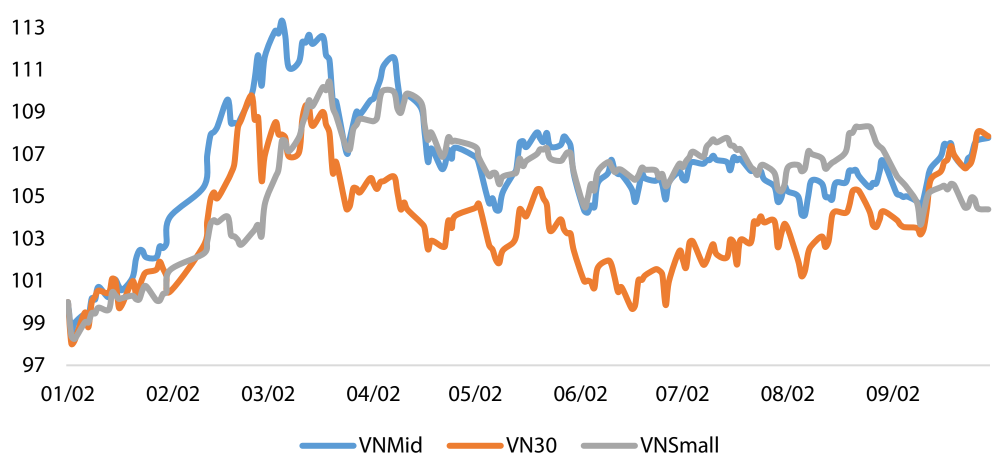
Source: RongViet Securities

Figure 13: HNXIndex movement in September



Source: RongViet Securities

Figure 14: Performances of VN30, VNMID and VNSML indices year-to-date

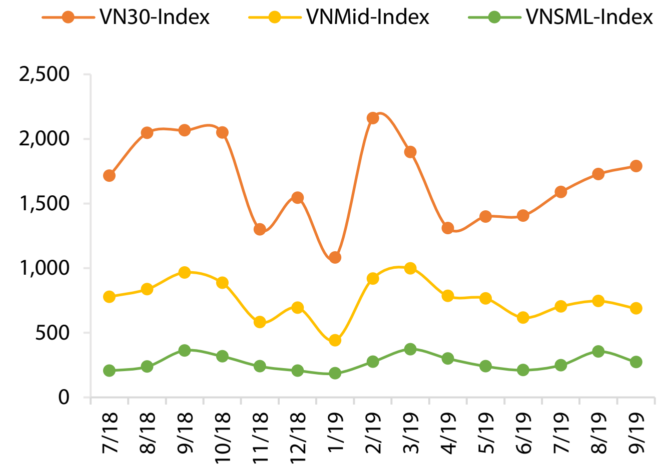


Source: FiinGroup, RongViet Securities

The VN-Index increased by 1.3% in September, led by large-cap as the VN30-Index rose by 3.4%, while the VNmid-Index increased by 1% and the VNsml-Index decreased by 2.6%. Average liquidity per day was more than VND 2,800 bn, slightly lower compared to August. Trading value of VN30 group accounted for 63% of the whole market, compared to an average of 54% in the first 8 months.

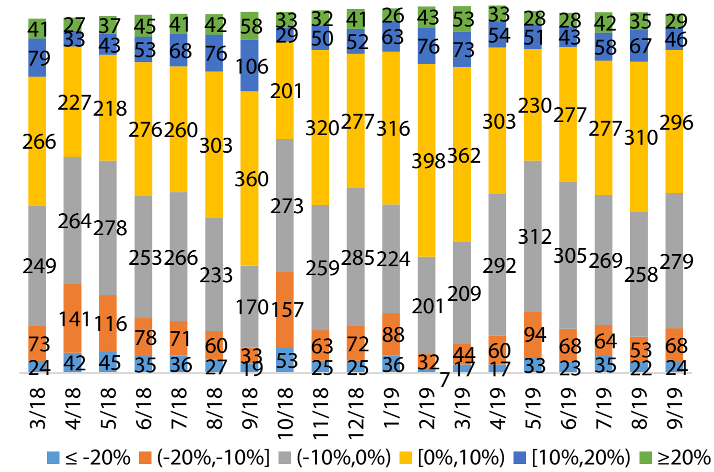
Market breadth was neutral with an equal number of gainers and losers. While pillar bluechip stocks dropped in August and money headed to speculative stocks, typically industrial real estate, the market in September saw opposite movements. The VN30 group, especially bank stocks, had impressive gains, especially TCB (+8,6%), VPB (+8,6%), MBB (+6,6%), HDB (+6,5%), VCB (+5,7%), CTG (+4,7%).

Figure 15: Average monthly order-matching value on HOSE (VND bn)



Source: FiinGroup, RongViet Securities

Figure 16: Number of stocks by performance (MoM)

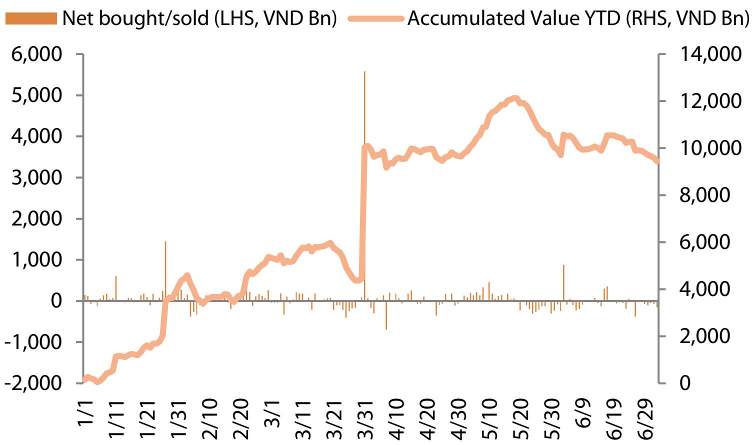


Source: FiinGroup, RongViet Securities

Foreign investors trading

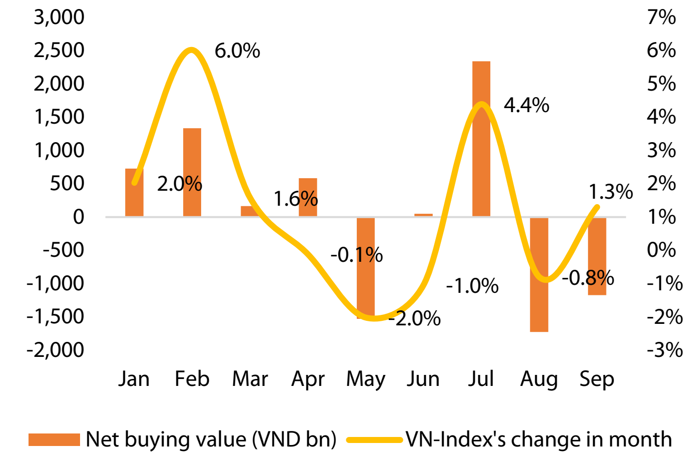
Foreign investors' net selling in HOSE reached VND 1,170 bn in September, the third highest since the beginning of the year, of which the ETFs' portfolio restructuring day accounted for over VND 600 bn. However, unlike the two previous months when the market significantly went down due to selling pressure from foreign investors, VN-Index in September still increased by 1.3% thanks to the support from domestic money.

Figure 17: Net trading value by foreign investors



Source: FiinGroup, RongViet Securities

Figure 18: Foreign net buying (order match) versus VN-Index

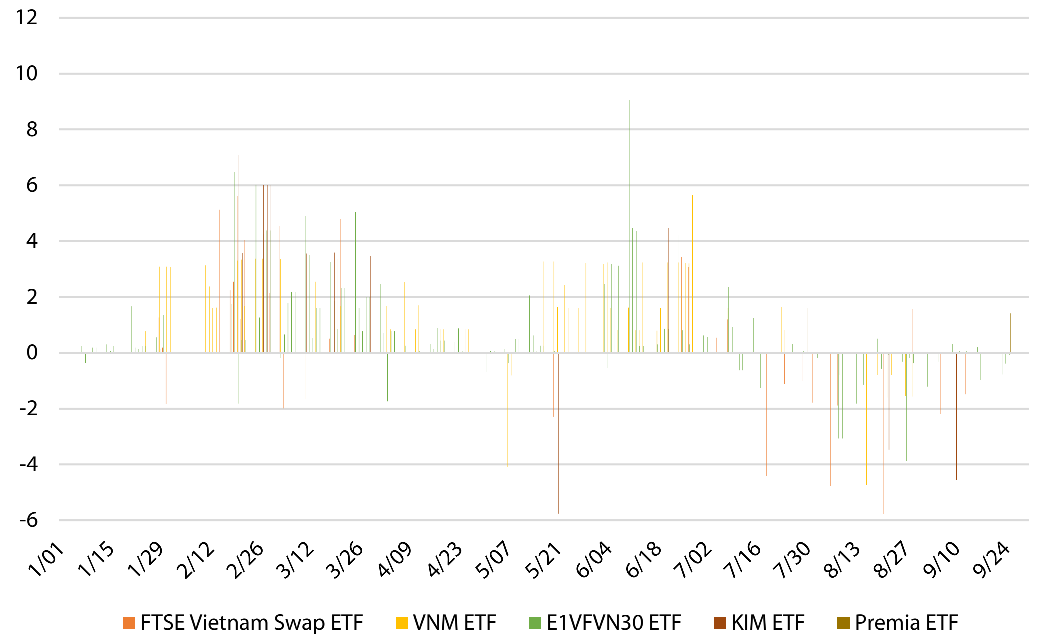


Source: FiinGroup, RongViet Securities

ETF funds net withdrew nearly USD 12 mn in September, which was remarkably lowered compared to USD 50 mn in August. According to our observation, foreign investors' trading on exchanges and net injecting/withdrawing value from the ETFs has a high correlation with a usual lag of one month. Hence, although the trend of money withdrawal by foreign investors has not shown any sign of ending, we believe there will be less selling pressure in October.

All of the big ETF funds were net sellers in September: Vaneck (USD -1.6 mn), FTSE (USD -3.7 mn), KIM (USD -4.5 mn) and VFMVN30 (USD -3.8 mn). Meanwhile, the money pumped into the new fund Premia was not much (USD +1.4 mn).

Figure 19: ETFs' issuance value (USD mn)



Source: Bloomberg, Rong Viet Securities

Table 3: Foreign investors' net trading by sector in both exchanges

Sector	HSX		HNX	
	Net volume (thousand shares)	Net value (VND Bn)	Net volume (thousand shares)	Net value (VND Bn)
Oil & Gas	-172	41	-2,600	-53
Chemicals	-4,265	-130	121	2
Basic resources	4,337	145	31	-0
Construction and building	-429	5	2,161	-4
Industrial goods & services	6,454	330	-112	-1
Automobile & parts	-1,305	-2	-65	-0
Food & beverage	-1,838	24	68	2
Personal & household goods	62	7	-1,770	-59
Healthcare	158	5	35	0
Retail	-75	2	4	0
Communication	748	44	49	1
Travel & leisure	5,617	897	-40	0
Utilities	-12,171	-212	-9	-0
Bank	-10,604	-258	-535	-4
Insurance	-2,322	-134	4,164	27
Real estate	-42,243	-963	2,758	87
Financial services	-12,350	-177	-1,871	-23
Technology	-98	-3	-754	-4

Source: FiinGroup, RongViet Securities

3Q earnings will be bolstered by a sound domestic macroeconomic outlook

Vietnam macroeconomy continued to be positive as its GDP reached 6.98% YoY after 9M2019, the highest number in nine years. CPI was 2.5%, lower than the government target of 4%. Registered and disbursed FDI saw a strong increase in September, 47% and 60% MoM respectively.

We suppose that sound macroeconomic outlook can help 3Q earning results. Based on our survey for stocks in VN30 Index with our analysts, we think earning results among sectors and stocks will diverge from each others. Particularly, some leading stocks in sectors that had strong growth after 1H2019 such as Banking, Real Estate, and Retail will continue to have healthy revenue and profit. We also note that 2Q earning results impacted significantly stock prices movement in July. Hence, we think the market can rise as due to our positive forecasts for 3Q earnings.

Outside risks weighs on foreign capital

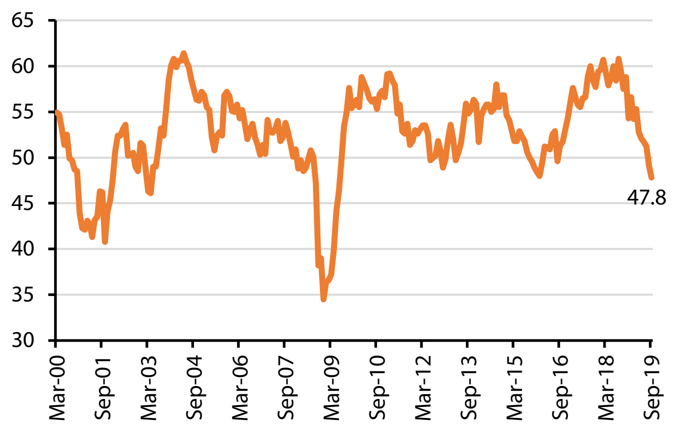
Although Vietnam macroeconomic indicators paints a great picture to draw foreign capital, outside risks remains high as the biggest economy, US, is slowing down. The US ISM manufacturing index reached only 47.8 in September, the lowest reading in ten years. Hence, the market has placed more bet of another rate cut in late October.

In addition, trade frictions have negatively impacted market sentiment. Although US and China will have another meeting in October, recent comments from President Trump criticizing China during a UN Speech and US considering to delist Chinese companies from US stock exchanges are key risks.

The Brexit story has not directly impacted the Vietnam stock market in recent months. However, a no-deal Brexit can negatively impact global sentiment and eventually Vietnam.

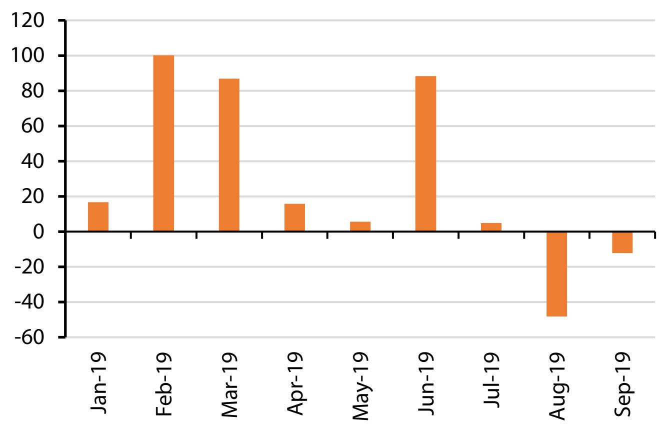
As a result, ETF fund flows can continue to be disrupted. Vietnam ETF fund flows recorded an outflow of USD 12 mn in September. As foreign investors activities on stock exchange lags one month compared to ETF funds flow, they would continue to net sell in October but the figure can be lower than in September.

Figure 20: Lowest reading of US ISM manufacturing index in ten years



Source: Bloomberg

Figure 21: ETF continued to outflow in September (million US dollars)



Source: Bloomber, Rong Viet Securities

To sum up, **we think the stock market can rise in October thanks to domestic macroeconomic and postive 3Q earning results in some leading sectors**. Hence, the probability of surpassing 1,000 is rising. However, it is quite challenging for the VN-Index to maintain this level **as there could be low or no support from foreign capital in October.**

The market in September once again showed that the possibility of the VN-Index's breaking through above 1,000 in the short term is very low. Unpredictable external factors and foreign investors' net selling were the main reasons hindering the journey to reach the 1,000 level. However, seeking to benefit from specific opportunities in a cluster of companies offering good prospects than chasing the index. This trend, in our opinion, will continue in October. However, as discussed in the September strategy report, we believe that only investors with a certain sensitivity to market movements can take advantage of such short-term opportunities.

The interplay of international and domestic factors makes the forecast of market indices no longer important. Instead, in our point of view from the beginning of the year, we prefer stock picking. In particular, we believe that companies with business activities associated with growth from domestic consumption and investment are the ones that investors with long-term view can consider. We discuss MWG, HAX and PC1 in this October strategy report.

MWG – TP: VND 150,000

After 8 months, MWG fulfilled 63% of the whole year's revenue target, which is not surprising as the 4th quarter is usually the peak season for mobile phones and consumer electronics. In the past, revenue in 8M 2017 and 2018 also accounted for only 64% and 68% of the years' actual numbers, respectively. The highlight is that NPAT growth is significantly surpassing the initial target, while numbers of store have already reached the year's plan. Beside the remarkable growth of BHX, the results above also came from the improvement of TGDD and DMX. Accumulated 8-month net profit margin reached 3.9%, an improvement of 17% compared to 3.35% in 8M 2018. Especially, the 0.6% increase in profit margin is very significant, equivalent to about VND 600 bn (MWG's estimated sales in 2019 is nearly VND 100 tn), or approximate 20% of 2018's NPAT. We believe that MWG's profit margin will continue to improved by: (1) Increasing the proportion of high-profit items such as watches, sunglasses, household goods, (2) Increase in SSSG due to store's layout optimization, while fixed costs do not change much, (3) Increasing profit margin of BHX thanks to economies of scale and cost optimization and (4) Actual tax rate of MWG will decrease in 2020 and 2021, due to BHX's accumulated losses in previous years will be deducted from taxable income in the following years. With thousands of billion VND of cash flow each year from operating activities and payout ratio below 20%, MWG will not face many difficulties in expanding BHX. For 2019, NPAT is estimated at nearly VND 4,000 bn (+35% YoY) and correspondent to an EPS of VND 8,600.

HAX – TP: VND 19,600

Since early 2019, most vehicle importers and distributors met the requirement of Vehicle Type Approval (VTA) certification under Decree 116 and could import autos into Vietnam. Furthermore, due to a removal of tariffs under ASEAN Trade in Goods Agreement (ATIGA), the number of cars imported from ASEAN nations, especially Indonesia and Thailand, surged, intensifying the improvement in the supply of cars. As a result, in 8M 2019, Vietnam imported 87.6 thousand CBU cars, up 213% YoY. The strong recovery in supply increased competition between car dealerships in order to protect their market share, especially middle car class such as Toyota and Honda. However, we expect that luxury car dealerships will face less competition than middle-car dealers due to lack of diversity in car dealerships and models. Therefore, we believe that the competition in auto market will have a marginal impact on gross profit margin (GPM) of HAX, a luxury car dealership.

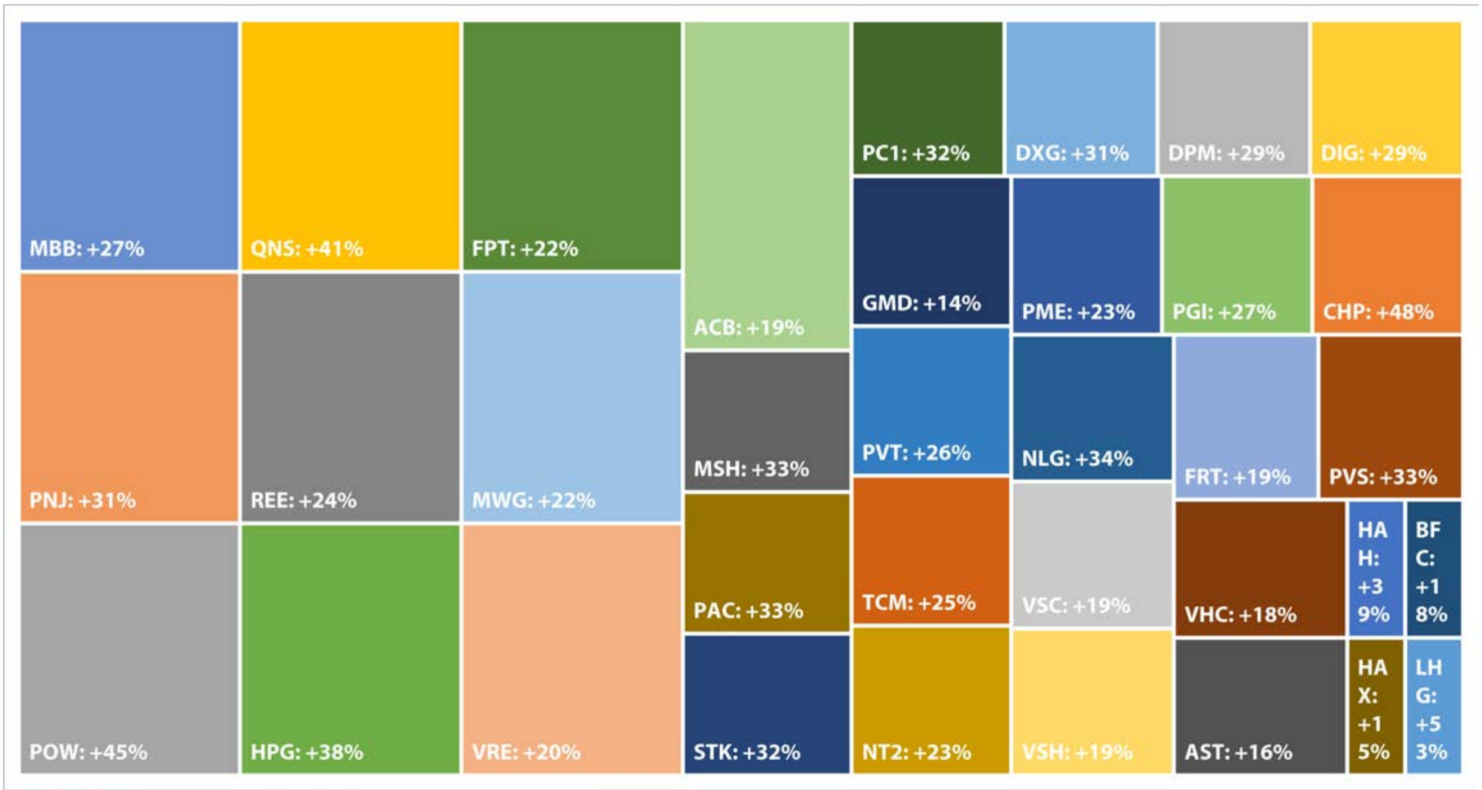
In addition, the last two quarters will be the peak season for most car dealers, resulting in higher incentives than those of the first two quarters. According to our latest update, the increase in sales volume of HAX has accelerated in 3Q 2019, reaching 10-15% YoY, compared to 5-6% YoY in the first two quarters. The competition in the car distribution market may make the company's GPM decrease slightly, compared to the peak of nearly 6% in the same period of 2018. However, with the high growth in sales volume, we believe that HAX will still achieve 2019 NPAT growth of 9.6%

YoY, corresponding to EPS of nearly 3,000 VND/share. Coupled with an expected cash dividend of 15%, HAX is worth a look.

PC1 – TP: VND 26,800

We mention PC1 with the expectation that the company's construction activities will benefit as EVN boost the investment in power grids to meet the rapidly increasing transmission demand, given more supply from the renewable power plants. Given PC1's leading position in power grid construction, we believe that EVN's capex disbursement into grid projects will allow PC1 to enjoy hefty backlog and revenue. Accordingly, we expect that PC1's construction and manufacturing revenue will collectively increase by 105% YoY in 2019, accompanied by an improved gross margin. Regarding PC1's investment portfolio, the four operating HPPs are going to contribute a solid VND 590 billion into PC1's revenue with outstanding gross margin of over 50%. Growth might be obtained in 2020 with two new HPPs in the pipe line. In addition, real estate might not contribute to 2019's revenue as PC1's two new projects will handover in 2020 and 2021. Without the contribution of earnings from the real estate segment, we expect 2019's NPAT will decrease by 13% YoY, then recover in 2020. 2020 EPS is estimated at around VND 2,300.

Figure 22: Our favorite stocks in October 2019



Source: Rong Viet Securities; Price as of Oct 4th 2019; Square size: stock's market-cap classification

HIGHLIGHTED STOCKS

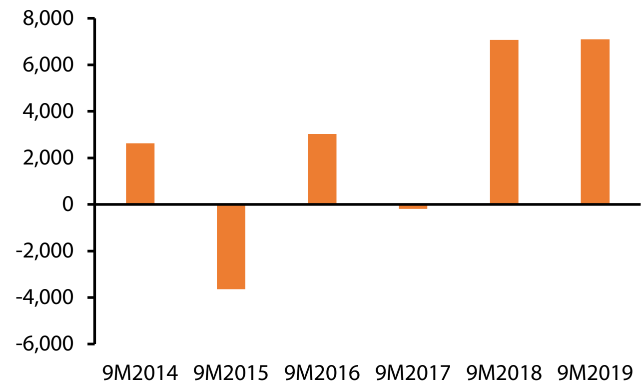
Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	Total Return (%)	Rating	2018 +/- Rev. (%)	2018 +/- NPAT (%)	2019F +/- Rev. (%)	2019F +/- NPAT (%)	2020F +/- Rev. (%)	2020F +/- NPAT (%)	PER Trailing (x)	PER 2019F (x)	PBR Cur. (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
NKG	HOSE	45	8,900	5,750	72.2	Buy	18.9	-92.0	5.3	68.4	15.9	175.0	-7.5	13.3	0.3	17.4	-62.3	201	59.8
LHG	HOSE	35	25,000	16,300	53.4	Buy	-11.8	6.6	7.0	-8.7	17.6	30.5	6.1	5.0	0.7	0.0	-21.2	211	37.2
CHP	HOSE	123	29,000	20,600	48.1	Buy	-10.9	-21.5	57.6	110.4	29.5	27.2	16.6	14.4	1.6	7.3	-2.1	14	45.5
POW	UPCOM	1,268	18,000	12,600	45.2	Buy	5.3	107.8	4.4	45.6	18.0	23.6	15.1	12.1	1.1	2.4	0.0	643	34.5
QNS	UPCOM	455	40,500	29,700	41.4	Buy	5.2	20.8	-2.7	-6.3	17.4	10.9	8.7	7.9	1.8	5.1	-8.3	628	33.0
HAH	HOSE	30	18,000	14,400	38.9	Buy	35.5	-8.3	3.7	-5.4	9.6	10.5	5.7	5.5	0.7	13.9	20.6	285	30.9
HPG	HOSE	2,558	29,700	21,550	37.8	Buy	22.0	0.0	19.7	-2.6	30.3	49.5	7.4	7.4	1.3	0.0	-32.2	5,691	11.1
NLG	HOSE	309	38,714	28,800	34.4	Buy	24.8	55.0	-8.2	27.8	-44.1	12.1	8.9	7.7	1.6	0.0	-0.3	1,370	-0.2
PVS	HNX	394	25,080	19,200	33.2	Buy	-12.9	30.8	17.9	7.9	-12.3	-11.0	8.0	8.2	0.7	2.6	-9.7	2,492	26.1
MSH	HOSE	122	72,000	56,700	33.2	Buy	20.4	84.6	13.8	17.0	10.1	9.7	9.1	6.9	2.4	6.2	0.0	358	40.7
PAC	HOSE	61	38,000	30,500	32.8	Buy	12.7	-42.6	9.6	11.4	10.8	7.5	7.9	8.1	2.2	8.2	-32.9	61	23.1
STK	HOSE	56	24,000	18,500	32.4	Buy	21.0	79.0	5.2	20.8	8.4	9.3	5.9	6.8	1.3	2.7	21.0	93	39.7
PC1	HOSE	139	26,800	20,250	32.3	Buy	60.5	90.0	22.2	-11.6	-2.9	17.0	7.9	8.8	1.0	0.0	-10.0	214	10.5
DXG	HOSE	375	22,000	16,800	31.0	Buy	14.9	39.8	-4.5	4.4	0.0	6.6	5.7	7.0	1.4	0.0	-24.0	1,242	2.3
PNJ	HOSE	774	104,000	80,900	30.8	Buy	33.0	32.5	15.6	24.4	19.9	28.2	17.1	16.2	4.4	2.2	2.2	2,607	0.0
DPM	HOSE	226	16,400	13,450	29.4	Buy	16.0	0.7	-22.2	-53.0	28.6	101.8	13.6	18.8	0.7	7.4	-26.1	256	30.0
DIG	HOSE	204	19,500	15,100	29.1	Buy	68.4	31.7	-9.2	26.5	162.8	37.0	15.1	11.3	1.3	0.0	-2.8	602	12.8
MBB	HOSE	2,252	28,500	22,950	26.8	Buy	40.9	68.3	23.1	23.4	22.1	20.5	7.7	7.4	1.6	2.6	10.2	4,515	0.0
PGI	HOSE	64	20,100	16,800	26.8	Buy	3.4	15.6	5.5	7.7	6.2	9.2	10.0	10.6	1.0	7.1	0.6	34	28.4
PVT	HOSE	210	21,300	17,350	25.6	Buy	22.4	44.9	8.3	-0.2	0.0	-7.5	7.2	8.0	1.2	2.9	-2.2	738	18.2
TCM	HOSE	57	28,000	22,850	24.7	Buy	14.1	35.1	2.4	-11.6	6.9	24.0	5.6	6.4	1.1	2.2	-14.2	735	0.0
REE	HOSE	514	46,000	38,600	23.8	Buy	36.5	26.0	9.7	-9.7	7.0	19.0	7.3	7.4	1.3	4.7	11.4	1,611	0.0
NT2	HOSE	297	27,100	24,000	23.3	Buy	13.4	-3.5	2.4	-3.7	0.3	4.7	10.4	9.3	1.7	10.4	-4.6	251	29.2
PME	HOSE	171	63,000	53,000	22.6	Buy	3.2	8.0	11.0	6.5	14.0	14.6	13.2	12.2	2.2	3.8	-23.5	27	37.9
FPT	HOSE	1,668	68,000	57,200	22.4	Buy	17.0	35.0	23.2	26.9	16.0	20.3	13.2	11.7	2.9	3.5	43.8	4,591	0.0
MWG	HOSE	2,381	151,000	125,100	21.9	Buy	30.0	30.5	21.7	35.0	25.2	36.7	15.8	14.6	5.3	1.2	32.4	5,334	0.0
VRE	HOSE	3,203	38,550	32,000	20.5	Buy	-13.6	-17.2	2.5	21.7	13.3	22.2	29.9	25.5	2.7	0.0	-2.7	4,755	17.3
VSC	HOSE	64	30,000	27,200	19.5	Accumulate	30.1	26.6	-5.8	-16.3	-3.1	-14.9	6.4	5.4	0.9	9.2	-24.7	217	9.0
VSH	HOSE	172	22,100	19,350	19.4	Accumulate	17.5	10.8	101.9	7.7	44.0	7.7	25.7	10.5	1.3	5.2	10.6	19	36.0
FRT	HOSE	151	52,000	44,400	19.4	Accumulate	16.0	20.0	12.4	10.6	9.8	15.1	9.6	9.4	2.8	2.3	-31.1	130	0.3
ACB	HNX	1,645	27,000	23,600	18.6	Accumulate	22.7	142.5	12.9	17.5	12.4	17.3	6.9	6.5	1.6	4.2	-8.4	1,812	0.0
BFC	HOSE	36	15,900	14,750	18.0	Accumulate	1.6	-30.1	-4.4	-67.5	-0.6	22.2	8.8	14.4	0.9	10.2	-40.8	44	34.7
VHC	HOSE	329	97,500	82,900	17.6	Accumulate	13.7	138.5	-14.9	-19.7	20.3	7.5	4.4	6.7	1.7	0.0	-8.4	556	65.3
AST	HOSE	128	75,000	66,200	16.3	Accumulate	31.2	9.2	32.5	23.3	20.0	23.7	15.8	15.0	5.0	3.0	25.4	412	4.2
HAX	HOSE	29	19,600	18,350	15.0	Accumulate	33.1	8.1	12.0	9.6	10.3	11.1	6.9	6.2	1.5	8.2	8.2	77	40.9
GMD	HOSE	354	30,000	27,700	13.7	Accumulate	-32.0	263.8	5.6	-71.6	9.0	13.6	13.9	15.9	1.3	5.4	4.1	1,380	0.0

Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	Total Return (%)	Rating	2018 +/- Rev. (%)	2018 +/- NPAT (%)	2019F +/- Rev. (%)	2019F +/- NPAT (%)	2020F +/- Rev. (%)	2020F +/- NPAT (%)	PER Trailing (x)	PER 2019F (x)	PBR Cur. (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
KBC	HOSE	307	16,200	15,200	9.9	Accumulate	98.8	27.9	12.9	13.3	-10.3	-8.8	8.2	8.5	0.8	3.3	20.9	1,604	23.8
IMP	HOSE	103	51,000	48,400	9.1	Accumulate	1.7	18.2	9.8	7.9	14.6	15.3	16.6	18.2	1.6	3.7	-5.8	103	0.1
BMP	HOSE	182	51,100	51,600	8.7	Accumulate	15.6	-24.9	7.8	10.0	3.0	-3.7	10.3	9.6	1.7	9.7	-20.4	354	21.9
VNM	HOSE	9,656	134,000	129,000	7.8	Accumulate	3.0	-0.7	8.1	5.5	7.1	8.9	21.3	23.1	7.9	3.9	-2.3	6,078	41.0
NCS	UPCOM	22	30,000	29,000	6.9	Accumulate	15.4	24.2	6.8	-17.0	6.9	7.7	12.4	14.3	2.4	3.4	-20.8	2	47.3
DRC	HOSE	118	23,600	23,150	6.3	Accumulate	0.0	-0.2	9.1	11.5	5.8	16.8	18.2	19.1	1.8	4.3	-11.3	352	25.2
HDB	HOSE	1,172	29,000	27,800	4.3	Neutral	38.5	136.6	14.7	17.5	13.6	18.7	9.3	8.2	1.6	0.0	-29.5	1,773	5.6
ACV	UPCOM	7,134	78,000	76,700	4.0	Neutral	16.0	50.0	13.2	16.5	9.6	10.8	24.4	26.0	5.2	2.3	-10.4	503	45.4
VGC	HNX	373	20,100	19,350	3.9	Neutral	-2.3	-6.4	-2.8	10.3	2.3	7.6	14.7	14.0	1.3	0.0	0.0	819	35.5
LTG	UPCOM	84	24,200	25,000	3.2	Neutral	4.6	-8.1	-4.6	25.4	1.5	-12.6	4.2	4.6	0.8	6.4	-19.6	50	4.9
SCS	UPCOM	403	160,000	163,000	3.1	Neutral	14.8	20.7	12.4	14.9	16.5	21.1	20.4	18.3	10.3	4.9	12.4	133	24.6
VJC	HOSE	3,091	138,000	137,300	2.7	Neutral	26.7	5.2	13.1	27.0	66.7	82.7	13.8	13.7	4.6	2.2	-4.3	5,883	10.1
HDG	HOSE	187	37,200	36,650	1.5	Neutral	14.1	-16.0	48.1	7.7	27.5	22.5	4.5	6.7	2.1	0.0	20.5	947	33.5
CTG	HOSE	3,361	21,300	21,000	1.4	Neutral	-11.9	-27.1	36.6	47.6	6.3	10.2	14.3	13.5	1.1	0.0	-23.6	2,519	0.0
PPC	HOSE	361	23,000	26,200	-0.8	Neutral	14.1	35.3	-3.6	-14.1	5.6	7.6	8.2	8.9	1.4	11.5	46.7	509	33.5
VCB	HOSE	13,072	75,000	82,000	-7.6	Reduce	33.6	61.1	16.7	23.3	13.9	15.5	17.3	18.8	4.0	1.0	31.8	3,113	6.2
BID	HOSE	6,062	37,000	41,250	-8.6	Reduce	14.0	8.4	21.9	11.1	14.2	33.3	19.7	23.5	2.6	1.7	12.6	2,259	26.7
VIC	HOSE	16,971	106,661	118,000	-9.6	Reduce	68.4	74.1	7.6	50.0	41.2	106.5	81.4	75.0	4.9	0.0	15.5	5,447	33.8
PHR	HOSE	351	30,200	60,200	-46.5	Sell	40.4	48.5	-9.4	211.4	8.8	-15.0	14.3	9.8	3.0	3.3	137.7	1,661	42.4

(*) Total Return = Stocks' Upside plus dividend yield

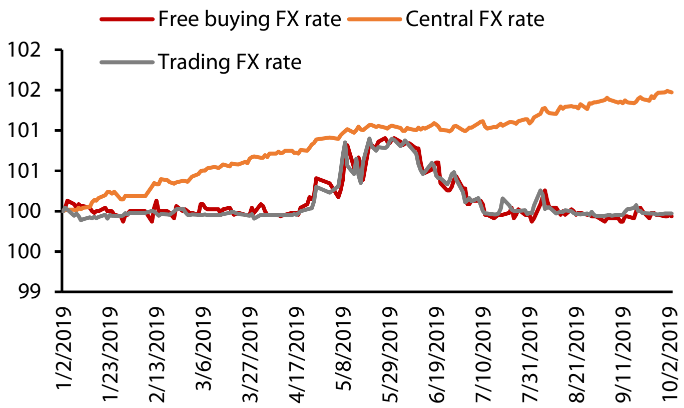
VIETNAM ECONOMIC INDICATORS IN SEPTEMBER

Inflation (%, YoY)



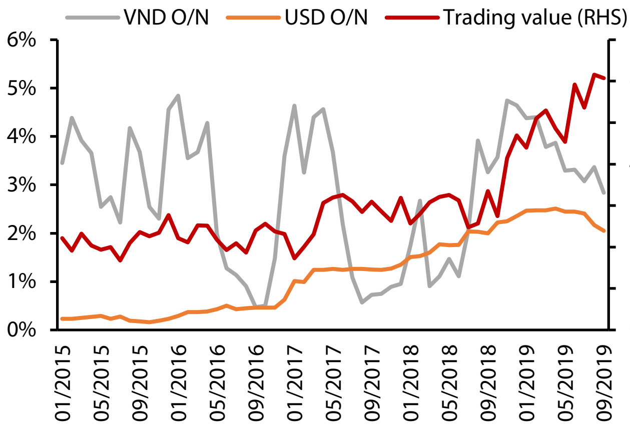
Source: GSO, Rong Viet Securities

USDVND exchange rate (Points)



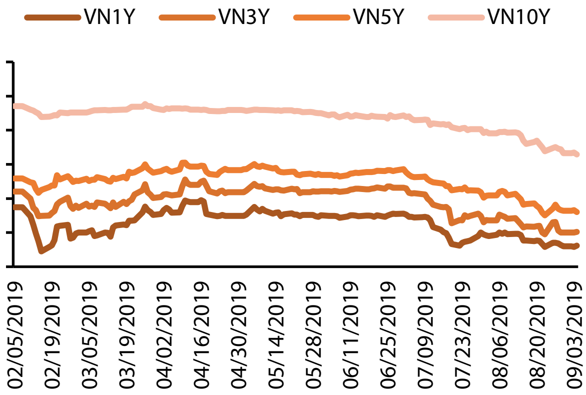
Source: SBV, Rong Viet Securities

Interbank interest rate (%/year)



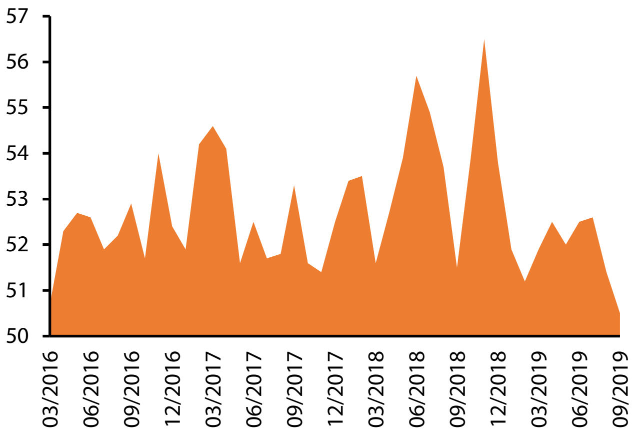
Source: SBV, Rong Viet Securities

G-Bond yields (%/year)



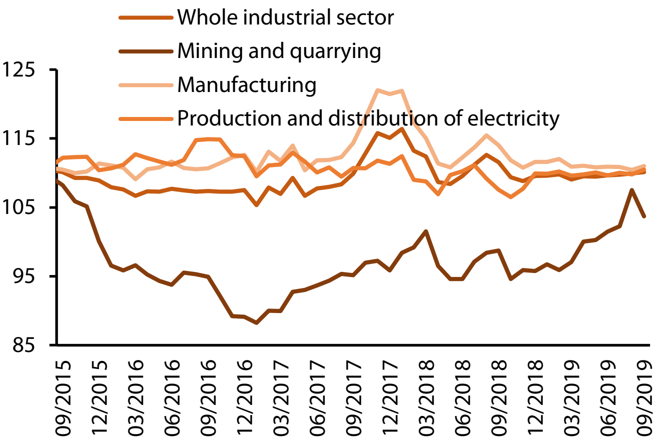
Source: Bloomberg, Rong Viet Securities

Manufacturing PMI (Points)



Source: IHS, Rong Viet Securities

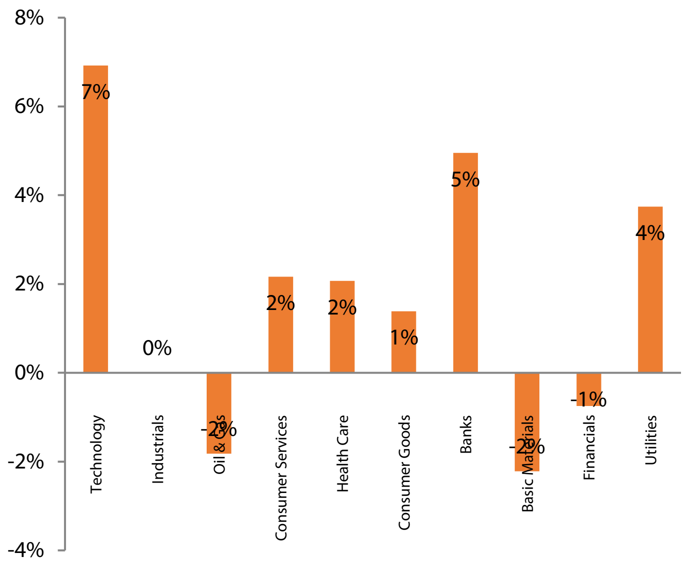
Industrial Production Indices (Points)



Source: GSO, Rong Viet Securities

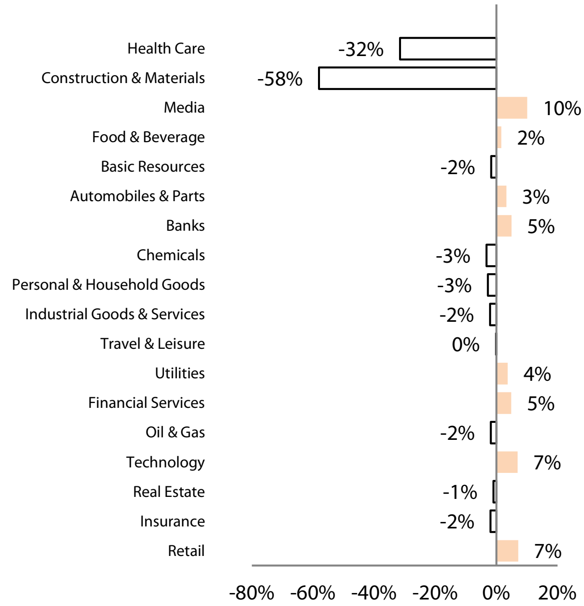
INDUSTRY INDEX

Level 1 industry movement



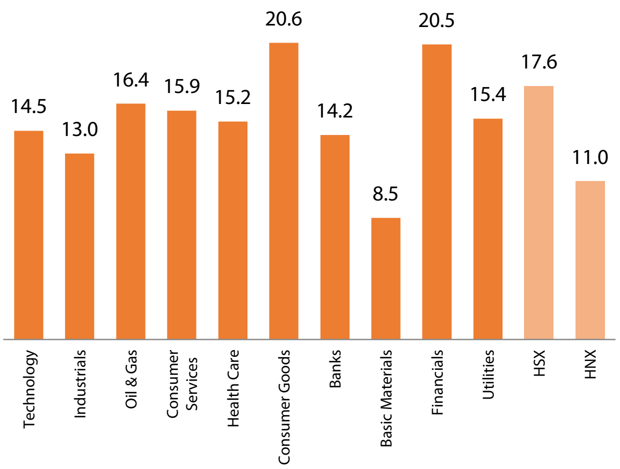
Source: Fiinpro, RongViet Securities

Level 2 industry movement



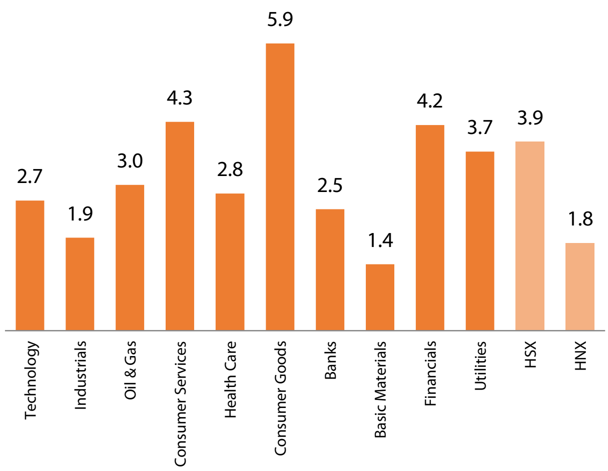
Source: Fiinpro, RongViet Securities

Industry PE comparison



Source: Fiinpro, RongViet Securities

Industry PB comparison



Source: Fiinpro, RongViet Securities

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