February 05th 2024

Investment Strategy February 2024

EXPECTING A SWAYING WAVE IN THE MONTH OF THE TET HOLIDAY

The VN Index has had a promising start to 2024, showing a 3% increase in January. This surge comes as investment flows have begun to concentrate in the banking sector, greatly bolstered by renewed interest from foreign investors and a robust 22% profit growth in Q4-2023.

The fourth quarter results from the banking sector have been the primary driving force behind a 29% growth in the earnings of listed companies on the HSX, in addition to the profit recovery seen in Basic Material and Consumer services industries. After reflecting the Q4-2023 earnings dynamics, the P/E valuation of the VN Index has adjusted to approximately 13.6x, which is approximately 10% lower than the peak of 15x seen in September 2023.

Another important data point regarding the characteristics of the stock market is the disclosed information on margin lending balances and investor deposits at brokerage firms. In general, we evaluate the scale of margin lending at the end of 2023 as relatively healthy when considering the margin lending to equity ratio and a slight growth rate compared to the previous quarter (excluding some exceptional cases namely TCBS, VPBS, MBS, VCI). Importantly, the trend of increasing investments in the stock market continues to be reinforced, with investor deposits at brokerage firms increasing by an additional VND 5 trillion compared to the previous quarter (+6% QoQ), amidst savings interest rates remaining at low levels, and investment confidence in other major investment channels not expected to recover soon.

The market is to enter a quiet period following the Q4-2023 earnings season, and with the Lunar New Year holiday effect, we don't expect any significant market movements in February. However, the flow of information related to the AGM with new business plans for 2024 is likely to energize the market in the latter half of February. Conversely, the downside risk to the market appears limited, on (1) relatively cheap valuations of large-cap sectors, (2) the temporary halt of foreign net selling trends, and (3) investor deposits waiting to re-enter the market.

In February, we expect the trading range for the VN Index to be between 1,160 and 1,200.

*Following the release of the Q4 2023 earnings, the trailing 12-month net income ofVN Index change + 7% compared to Q3 2023, which suggests a turnaround in corporate performance starting from the middle of the year. The anticipated benefits from easing monetary policies and ramping up public investment disbursements in 2023 are expected to become more evident in 2024. With the market's Price-to-Earnings (PE) ratio currently estimated at 13.6, below the year-end target of 14, the market is poised for reduced foreign investment pressure. This scenario presents a prime opportunity for investors to accumulate shares of leading companies poised for rapid recovery. For February, Investors can flexibly buy and sell stocks we favor for February, including **VNM, QNS, and LHG**.*

VN Index's monthly return (2011-2024) – Market likely gains on Lunar New Year month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024	3.04											
2023	10.34	-7.78	3.90	-1.46	2.48	4.19	9.17	.09	-5.71	-10.91	6.41	3.27
2022	-1.29	.76	.14	-8.40	-5.42	-7.36	.73	6.15	-11.59	-9.20	1.99	-3.94
2021	-4.28	10.59	1.97	4.02	7.15	6.06	-6.99	1.64	.80	7.62	2.37	1.34
2020	-2.54	-5.81	-24.90	16.09	12.40	-4.55	-3.24	10.43	2.67	2.24	8.39	10.05
2019	2.03	6.02	1.58	-.11	-2.02	-1.04	4.39	-.77	1.27	.23	-2.81	-1.01
2018	12.81	1.01	4.72	-10.58	-7.52	-1.08	-.46	3.47	2.79	-10.06	1.29	-3.67
2017	4.87	1.94	1.62	-.63	2.80	5.24	.91	-.10	2.77	4.08	13.45	3.61
2016	-5.83	2.59	.33	6.62	3.35	2.23	3.16	3.43	1.65	-1.45	-1.59	-.03
2015	5.58	2.86	-6.99	2.04	1.27	4.12	4.72	-9.07	-.37	7.95	-5.63	1.02
2014	10.28	5.38	.87	-2.29	-2.76	2.87	3.10	6.81	-5.95	.34	-5.70	-3.70
2013	15.97	-1.09	3.47	-3.37	9.25	-7.19	2.23	-3.89	4.22	.97	2.08	-.62
2012	10.36	9.19	4.10	7.42	-9.41	-1.59	-1.87	-4.45	-.87	-1.06	-2.73	9.50
2011	5.35	-9.64	-.05	4.11	-12.23	2.65	-6.21	4.69	.68	-1.59	-9.53	-7.65

Source: Bloomberg, RongViet Securities

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Please see penultimate page for additional important disclosure

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

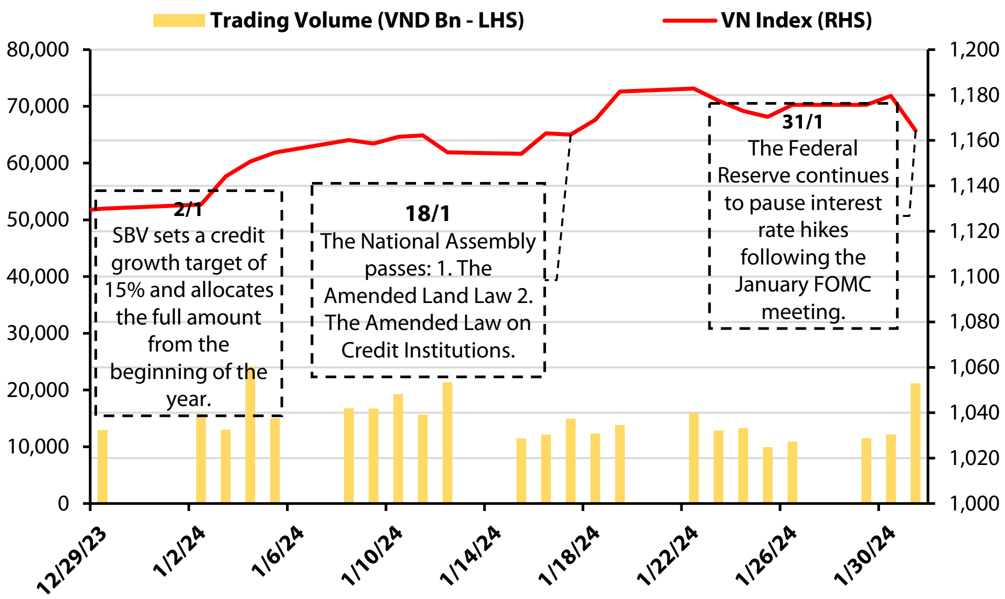
STOCK MARKET IN JANUARY: THE RISING OF THE BANKING SECTOR

Global stock markets experienced a volatile first month of 2024, with a prevailing trend of gains across the board, except in the Chinese market.

- In the U.S, the market initially declined, led by the technology sector, only to be offset by the rise of utilities and energy sectors due to instability in the Red Sea. The market recovered later as inflation fears eased, labor data boosted optimism, and the Federal Reserve confirmed a peak interest rate during the FOMC meeting.
- European stocks fluctuated amid persistent inflation concerns and the European Central Bank's hesitation to cut interest rates, but market closed the month showing signs of economic stability.
- In Japan, the Nikkei index reached its highest level in 34 years following an earthquake, bolstered by a weak Yen and the Bank of Japan's dovish stance, despite speculation about policy changes.
- The Chinese market continued its sharp decline, driven by real estate concerns and economic deflation. The downturn was mitigated by liquidity measures and policy easing from the People's Bank of China, indicating proactive support for growth.

Domestically, the stock market continued its upward trend for the third consecutive month. The rise was led by the banking sector, as Q4 2023 results showed positive trends in both profit growth and quality, reinforcing the sector's and the overall market's upward momentum. Additionally, the National Assembly's official passage of the amended land law and the law on credit institutions during an extraordinary session on January 18 marked a significant milestone. These reforms are expected to address operational bottlenecks and loopholes, laying the groundwork for sustainable development in the real estate sector, banking system, and the economy at large.

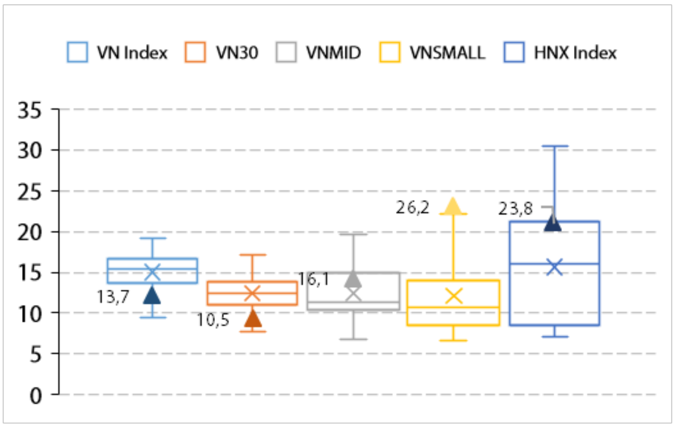
Figure 1: VN Index in January 2023



Source: Bloomberg, RongViet Securities

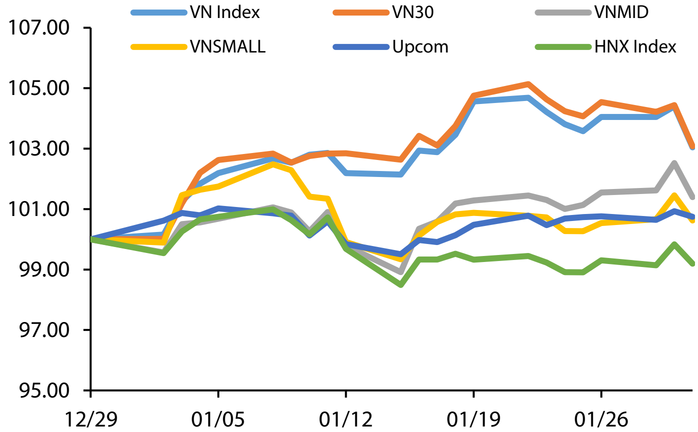
Thus, VNIndex closed the month at 1,128, marking a 3.04% increase MoM. This was largely thanks to the VN30 group, which saw a 3.08% rise, buoyed by strong gains in numerous banking stocks. Meanwhile, VNDSMALL and VNMID indices experienced more modest increases of 1.39% and 0.62%, respectively.

Figure 2: Vietnam Indices 's P/E distribution (2018-2023) – The P/E ratio of the VN Index adjusted as the net profit over the past 12 months increased by 7% compared to the previous quarter.



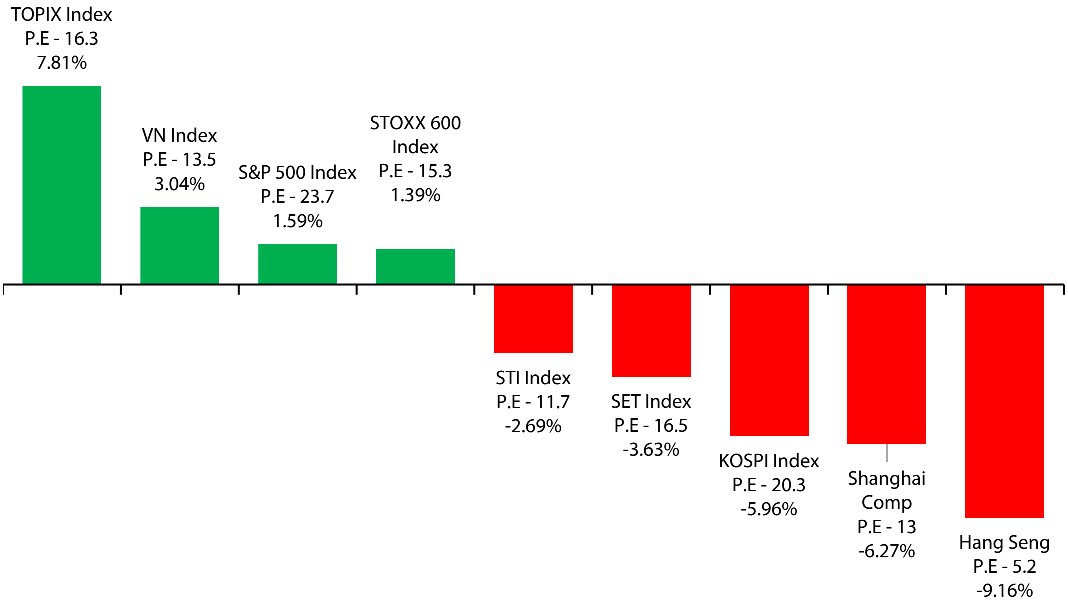
Source: Bloomberg, RongViet Securities
X: 5-year P/E average
▲: Current P/E (As of 1/31/2024)

Figure 3: Vietnam indices' moves YTD



Source: Bloomberg, RongViet Securities

Figure 4: Global indices' return in January 2023 – The VN Index ranks among the top leaders



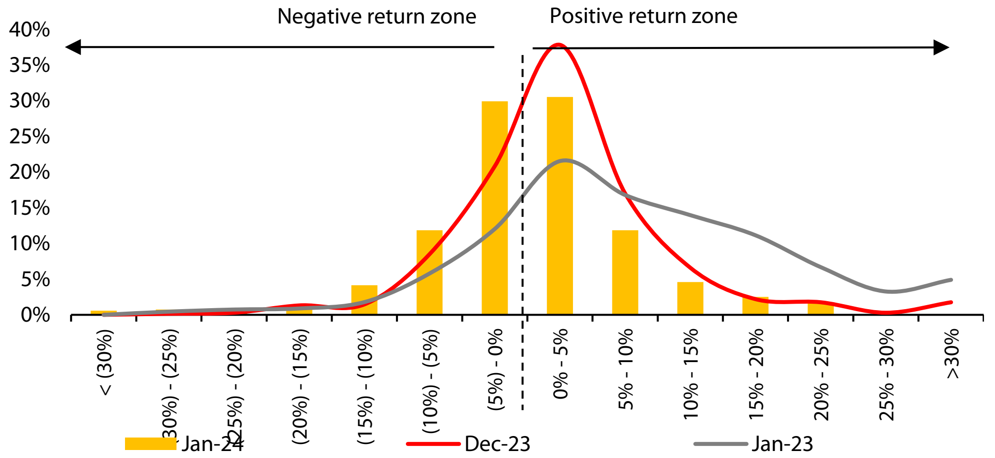
Source: Bloomberg, RongViet Securities

Table 1: Daily liquidity in the last 12 months (VND billion) – Daily liquidity in January improved, with an 11% MoM increase, as the majority of capital flowed into the VN30 group.

	VN	VN30	VNMID	VNSMALL	Upcom	HNX Index
January-24	15.021	6.250	6.822	1.497	490	1.286
December-23	13.563	4.776	6.972	1.314	435	1.564
November-23	14.904	5.085	7.769	1.404	503	1.935
October-23	13.052	4.739	6.590	1.375	596	1.747
September-23	21.270	7.828	10.086	2.270	969	2.114
August-23	20.388	7.783	9.280	2.184	921	2.077
July-23	16.620	6.157	7.947	2.041	809	1.625
June-23	15.105	5.378	7.233	1.975	744	1.740
May-23	10.626	3.438	5.194	1.623	562	1.490
April-23	9.761	3.502	4.573	1.459	427	1.252
March-23	7.898	3.480	3.309	933	273	828
February-23	8.519	3.570	3.519	1.175	391	1.038

Source: Bloomberg, RongViet Securities

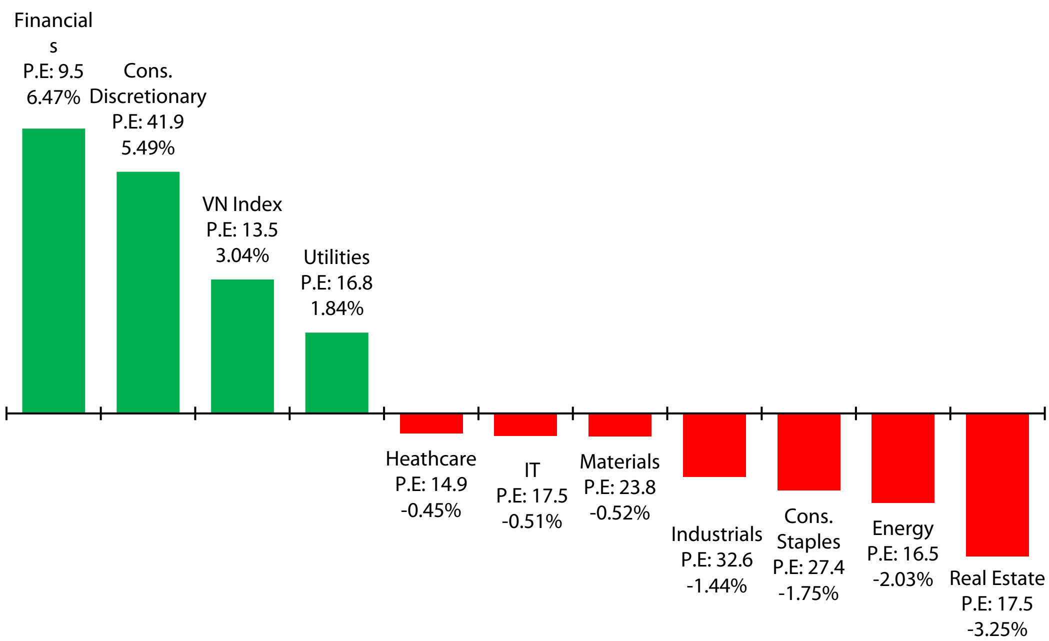
Figure 5: Stock return distribution on HSX and HNX - The broad-based rally has moderated, with only 51% of stocks advancing, a decrease from the previous month (67%)



Source: Bloomberg, RongViet Securities

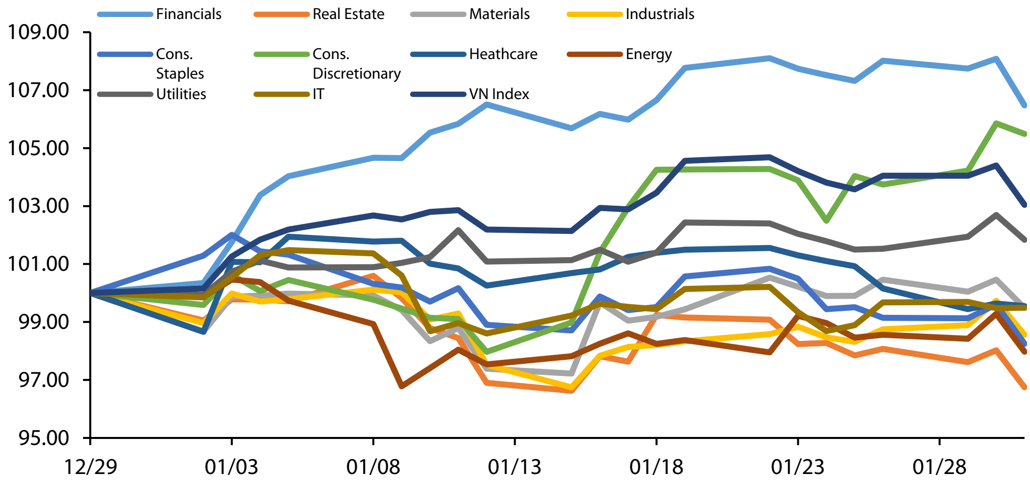
Among the industry groups based on GICS, 3 out of 10 sectors saw an upward movement over the month. Notably, the financial sector experienced a significant uptick of 6.47%, led by banking stocks such as VCB (+10.21%), CTG (+16.16%), and BID (+9.91%). In contrast, the trio from Vingroup, including VRE (-3.65%), VHM (-3.94%), VIC (-4.71%), contributed to the real estate sector's decline of 3.25%, making it the lowest-performing sector in terms of market cap gains.

Figure 6: Sectors return in January – The financial sector leads the uptrend.



Source: Bloomberg, RongViet Securities

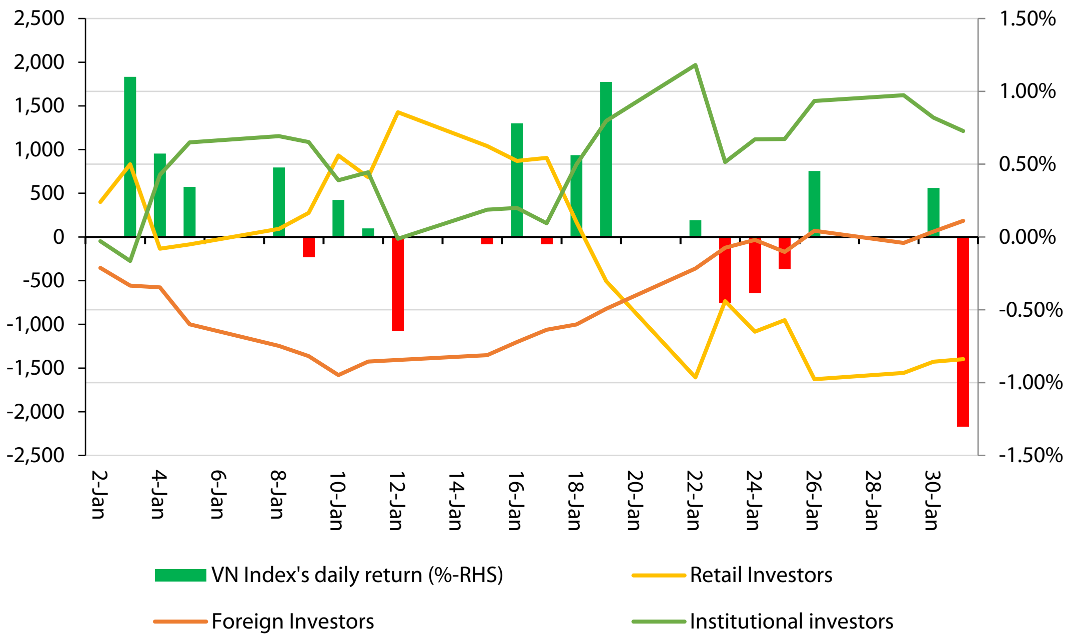
Figure 7: Sector's performances YTD



Source: Bloomberg, RongViet Securities

Trading among investors

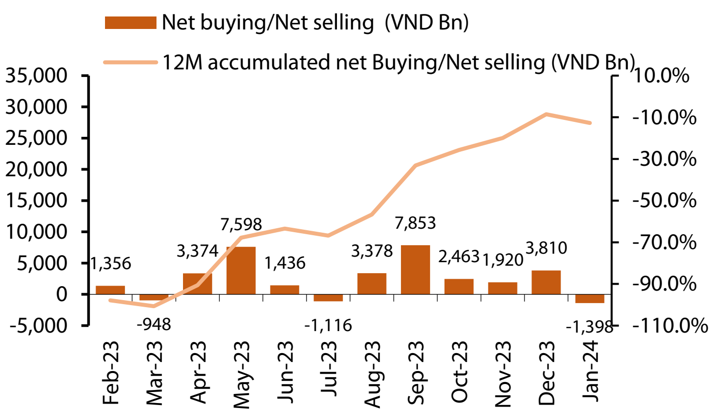
Figure 8: Accumulative net position among investors on HSX in January 2023 (VND billion) – Investor groups experience an exchange in positions



Source: Fiinpro, RongViet Securities

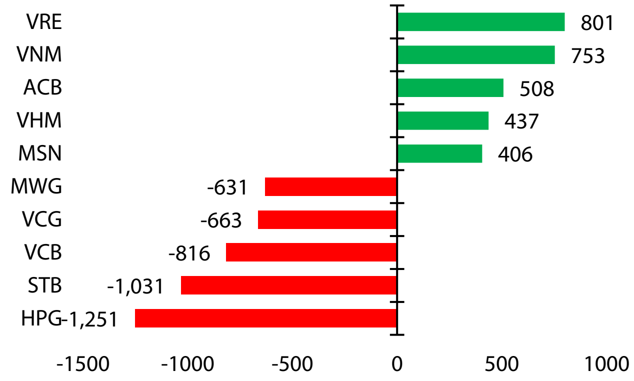
Retail investors shifted their position to net selling, offloading VND1,398 billion (USD 57 million) after five consecutive months of net buying. Additionally, the monthly liquidity of this investor group surged by 12% compared to the previous month, while the participation of institutional investors and foreign ones decreased by 3% and 15% MoM, respectively. Furthermore, figure 10 provides a summary of the stocks that domestic individual investors notably traded.

Figure 9: Monthly net buying/selling by local retail investor on HSX



Source: Fiinpro, RongViet Securities

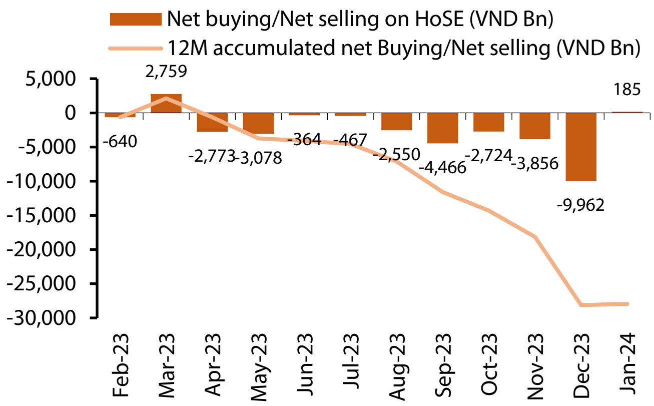
Figure 10: Top net sold/purchased stocks by local retail investor on HSX in January (VND Billion)



Source: Fiinpro, RongViet Securities

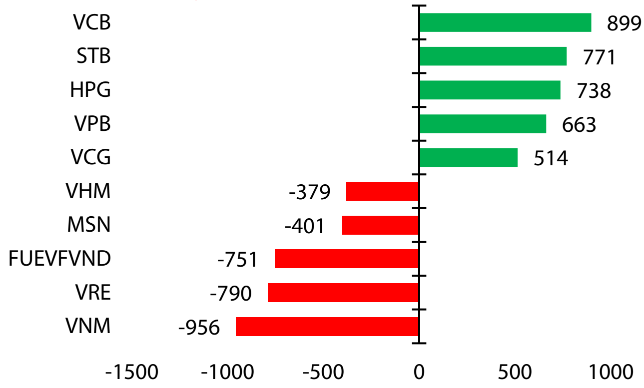
Foreign investors ended nine consecutive months of net selling with a modest net purchase of VND185 billion (USD 8 million). This marks a positive shift compared to the net selling of VND9,962 billion (USD 406 million) in the previous month. The Banking and Basic Resources sectors were the ones that foreign investors heavily favored in their net buying during the month (Table 2).

Figure 11: Monthly net buying/selling by foreigners on HSX YTD



Source: Fiinpro, RongViet Securities

Figure 12: Top net sold/purchased stocks by foreigner on HSX in January (Billion VND)



Source: Fiinpro, RongViet Securities

Table 2: Foreign net trading value by sectors on HOSE

Sector	Net trading value (Billion VND)	Net trading volume (thousand shares)
Banks	3.070	95.471
Basic Resources	1.098	39.440
Construction & Materials	541	23.134
Retail	119	6.045
Technology	30	852
Insurance	25	786
Telecommunications	0	0
Media	0	-14
Personal & Household Goods	-10	107
Oil & Gas	-11	-1.105
Health Care	-17	-240
Industrial Goods & Services	-25	-2.322
Automobiles & Parts	-35	-165
Travel & Leisure	-82	-1.447
Utilities	-287	-7.283
Financial Services	-433	-20.237
Chemicals	-499	-1.087
Real Estate	-1.569	-46.689
Food & Beverage	-1.688	-16.607

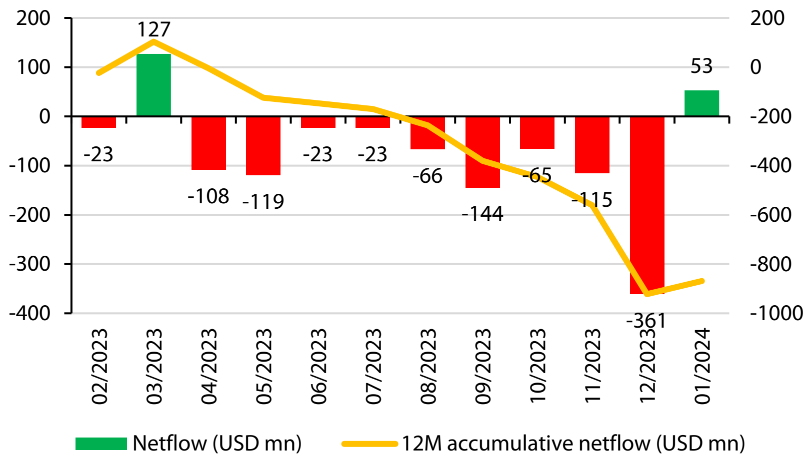
Source: Fiinpro, RongViet Securities

Table 3: Foreign portfolio investment flow to equity market.

Countries		Foreign Capital Flow ($ mn)		
		1M	QTD	YTD
Japan	▲	19.474	19.474	30.613
Sri Lanka	▲	2	1	12
Vietnam	▼	**-65**	**-65**	**-331**
Philippines	▼	-171	-171	-900
Thailand	▼	-431	-431	-4.957
Maylaysia	▼	-461	-461	-902
Indonesia	▼	-496	-496	-806
S.Korea	▼	-2.497	-2.497	3.811
India	▼	-2.605	-2.605	12.154
Taiwan	▼	-4.957	-4.957	-7.137

Source: Bloomberg, RongViet Securities
QTD: Quarter to date
YTD: Year to date

Figure 13: Foreign capital outflow in Vietnam equity market in last 12 months– Halting the net withdrawal momentum.



Source: Bloomberg, RongViet Securities

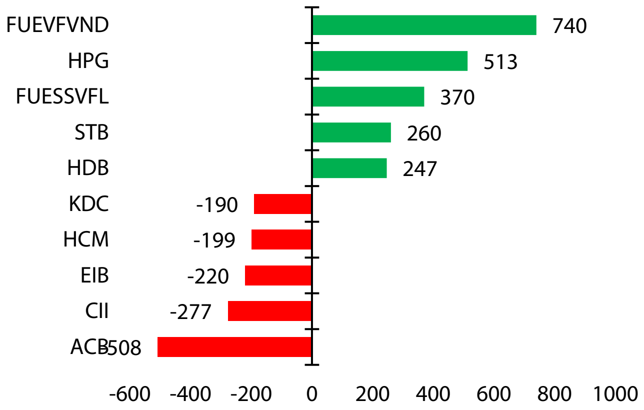
Table 4: Capital flow of ETFs - Contrary to the trend of foreign capital flow

ETF Name	AUM ($mn)	Fund flow ($mn)		
		1M	3M	YTD
Total	**3.541**	▼ **-101,4**	▼ **-9,3**	▲ **195,8**
Foreign ETFs	**2.349**	▼ **-90,8**	▲ **42,8**	▲ **206,3**
Xtrackers FTSE Vietnam Swap ETF	355	3,8	6,0	3,8
Fubon FTSE Vietnam ETF	832	1,9	31,6	1,9
Asian Growth CUBS ETF	10	0,0	0,0	0,0
KIM KINDEX Vietnam VN30 Future	5	0,0	0,0	0,0
Premia MSCI Vietnam ETF	14	-0,6	-0,9	-0,6
VanEck Vectors Vietnam ETF	516	-1,9	-12,7	-1,9
KIM KINDEX Vietnam VN30 ETF	185	-27,6	2,6	-27,6
iShares MSCI Frontier and Select EM ETF	432	-66,3	-164,0	-66,3
Local ETFs	**1.192**	▼ **-10,6**	▼ **-52,1**	▼ **-10,6**
DCVFM VNMIDCAP ETF	10	1,4	2,6	1,4
DCVFMVN30 ETF Fund	324	1,0	15,2	1,0
SSIAM VNX50 ETF	7	0,1	0,1	0,1
DCVFMVN Diamond ETF	702	0,0	0,0	0,0
SSIAM VN30 ETF	6	0,0	0,1	0,0
VinaCapital VN100 ETF	4	0,0	0,0	0,0
KIM GROWTH VN30 ETF	13	0,0	0,0	0,0
KIM GROWTH VNFINSELECT ETF	13	0,0	0,0	0,0
MAFN VN30 ETF	26	-0,4	-0,5	-0,4
SSIAM VNFIN LEAD ETF	87	-12,6	-69,6	-12,6

Source: Bloomberg, RongViet Securities

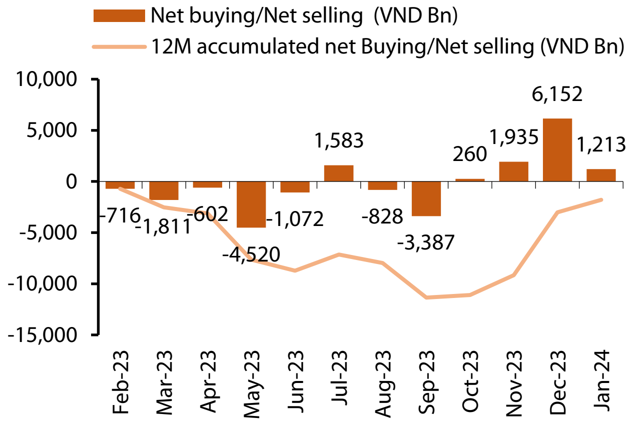
Institutional investors recorded their fourth consecutive month of net buying with a significant value of VND1,213 billion (USD 50 million). This activity has reduced their accumulated net selling position of the previous 12 months closer to 0, bringing it down to VND1,793 billion (USD 73 million). The stocks that domestic institutional investors notably traded in net terms are summarized in Figure 14.

Figure 14: Top net sold/purchased stocks by local institutions on HSX in January 2024(VND bn)



Source: Fiinpro, RongViet Securities

Figure 15: Trading activity by local institutional investors on HSX (VND bn)



Source: Fiinpro, RongViet Securities

STOCK MARKET OUTLOOK IN FEBRUARY

Expecting a swaying wave in the month of the Tet holiday

The VN Index has had a promising start to 2024, showing a 3% increase in January. This surge comes as money flows have begun to concentrate in the banking sector, greatly bolstered by renewed interest from foreign investors and a robust 22% profit growth in Q4-2023.

The Q4 earnings results from the banking sector have been the primary driving force behind a 29% growth in the earnings of listed companies on the HSX, in addition to the profit recovery seen in Basic material and Consumer services industries. After reflecting the Q4-2023 earnings dynamics, the P/E valuation of the VN Index has adjusted to approximately 13.6x, which is approximately 10% lower than the peak of 15x seen in September 2023.

Another important data point regarding the characteristics of the stock market is the disclosed information on margin lending balances and investor deposits at brokerage firms. In general, we evaluate the scale of margin lending at the end of 2023 as relatively healthy when considering the margin lending to equity ratio and a slight growth rate compared to the previous quarter (excluding some exceptional cases namely TCBS, VPBS, MBS, VCI). Importantly, the trend of increasing investments in the stock market continues to be reinforced, with investor deposits at brokerage firms increasing by an additional VND 5 trillion compared to the previous quarter (+6% QoQ), amidst savings interest rates remaining at low levels, and investment confidence in other major investment channels not expected to recover soon.

The market is to enter a quiet period following the Q4-2023 earnings season, and with the Lunar New Year holiday effect, we don't expect any significant market movements in February. However, the flow of information related to the AGM with new business plans for 2024 is likely to energize the market in the latter half of February. Conversely, the downside risk to the market appears limited, on (1) relatively cheap valuations of large-cap sectors, (2) the temporary halt of foreign net selling trends, and (3) investor deposits waiting to re-enter the market.

In February, We expect trading range for the VN Index is between 1,160 and 1,200.

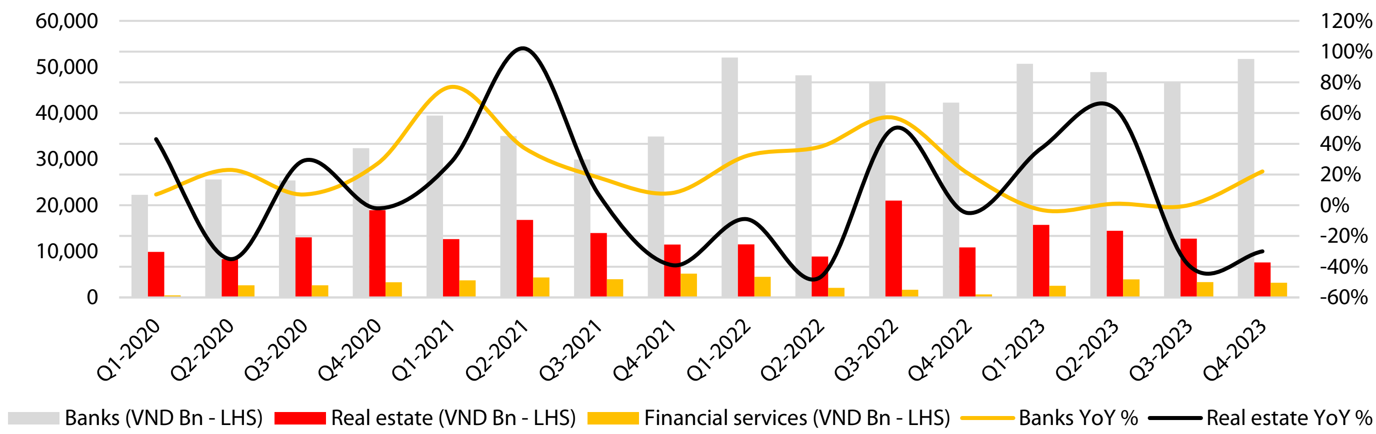
VN Index P/E lowers to 13.6x, post Q4-2023 earnings season

For Q4-2023, NPAT-MI on the HOSE showed a robust 29% YoY growth, with performance across primary sectors as follows:

- In the Financial and Banking sectors, there was a 16% YoY increase, with Banking leading the way at +22% YoY, while Real Estate saw a decline of -30% YoY, and Financial Services witnessed a remarkable surge of +373% YoY.
- In the non-financial industries, net profits (LNST) grew by a staggering +99% YoY, mainly driven by the Basic Materials sector, which shifted from a loss of VND 1,100 billion in the same period of 2022 to a profit of VND 4,300 billion in Q4-2023. Additionally, the Consumer Services sector saw significant improvements as well, with VJC turning a profit in Q4-2023 compared to a loss of VND 2.4 trillion in Q4-2022.
- Other noteworthy growth figures in non-financial industries included Consumer Goods (+86% YoY), Industrials (+48% YoY), and Information Technology (+32% YoY).
- The earnings performance in key sectors such as Banking, Basic Materials, and Information Technology aligns relatively well with our expectations.

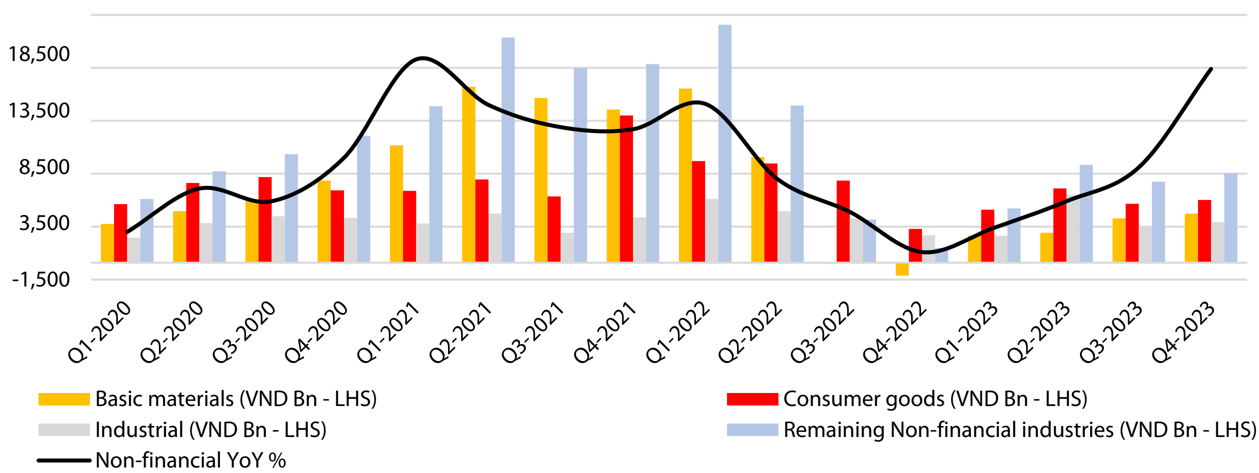
Looking at the entire year 2023, the cumulative net profits of listed companies on HSX declined by 2% YoY.

Figure 16: Financial and Banking sectors' quarterly earnings results



Source: Fiinx, RongViet Securities

Figure 17: Non-financial sectors' quarterly earnings results

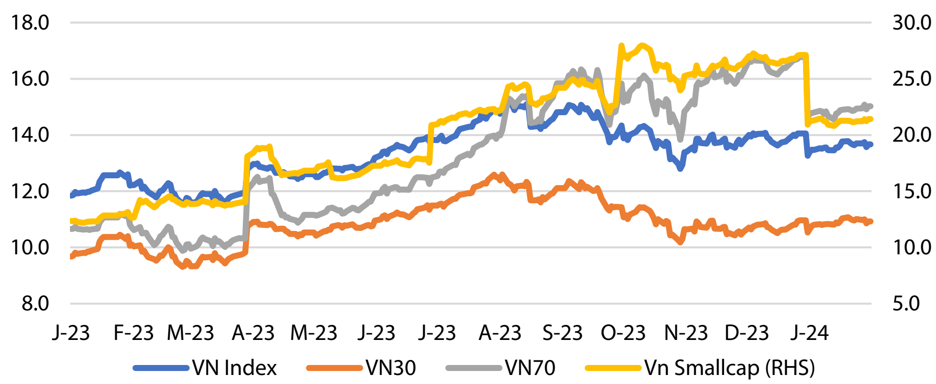


Source: Fiinx, RongViet Securities

The Q4-2023 earnings data influenced the overall market valuation and led to a reduction in the P/E ratio for the VN Index, currently standing at 13.6x. This reflects a decrease of approximately 10% from the peak P/E ratio of 15x observed in September 2023.

In terms of sector-specific valuation metrics, the Banking sector continues to trade at a P/B ratio of 1.5x, which is relatively lower than the 3-year low and average of 1.3x and 1.9x, respectively. Meanwhile, the Real Estate sector maintains a P/B valuation of 1.4x, vs the 3Y low of 1.2x.

Figure 18: Indices P/E valuation



Source: Bloomberg, RongViet Securities

The margin lending balance inched up in a healthy manner in parallel with higher customer deposit

The recent earnings season provides insights into the characteristics of the Vietnamese stock market in terms of margin lending balance and investor deposits at brokerage firms.

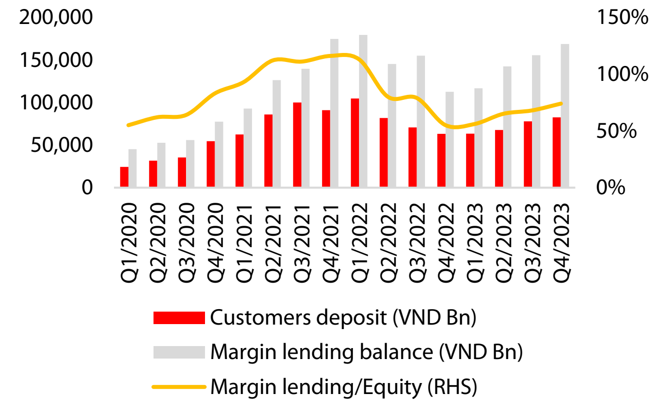
As of the end of Q4-2023, the total margin debt in the market reached an estimated VND 169 trillion, representing an increase of VND 13 trillion compared to the previous quarter (+8% QoQ) and a remarkable 50% surge since the beginning of 2023. Margin lending balance surges the most in TCBS, VPBS, MBS, and VCI, with a combined increase of over VND 10 trillion. Excluding this group, margin debt at other brokerage firms increased by approximately 2.3% QoQ. The margin debt-to-total equity ratio for the entire market remained relatively healthy at around 74%, in contrast to the peak levels seen during the COVID years, which lingered around 110%.

On the other hand, this trend was supported by a 6% QoQ increase in the balance of investor deposits at the end of Q4-2023, estimated at VND 82 trillion. This figure had also grown by 30% since the beginning of 2023, significantly outperforming the growth in deposit mobilization in the banking system (+13.2%).

Notably, the upward trend in both investor deposits and margin loans contradicted the liquidity trend of the three stock exchanges, which saw a 25% QoQ decrease in Q4. This suggests that while investors exercised caution in the latter part of 2023, most of them chose to "stay in the market," especially given the persistently low savings interest rates and the to-be-seen recovery of confidence in other major investment channels.

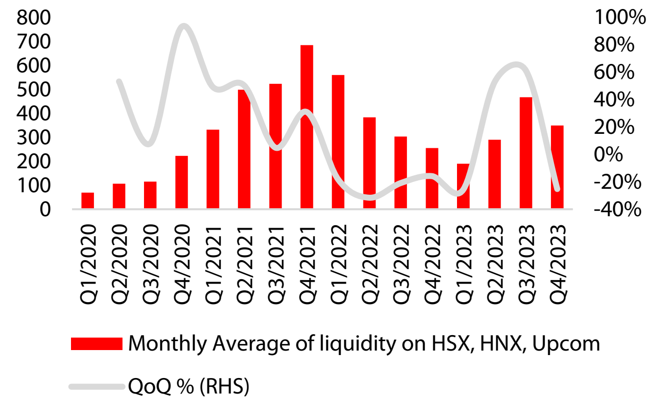
We believe that the temporarily sidelined cash will return after the Lunar New Year holiday, especially with a more positive movement of larger funds, which have a directional impact on the market by particularly affecting Bluechip stocks. This is expected in the coming months with the news and developments related to the 2024 AGM. Additionally, a sudden and significant market correction with more attractive investment opportunities may also reactivate this waiting cash.

Figure 19: Margin lending balance, ratio of margin lending/equity and investor deposits at brokerage firms



Source: Fiinx, RongViet Securities

Figure 20: Average monthly liquidity developments (trillion VND)



Source: Bloomberg, RongViet Securities

The streak of net selling by foreign investors may soon reverse course.

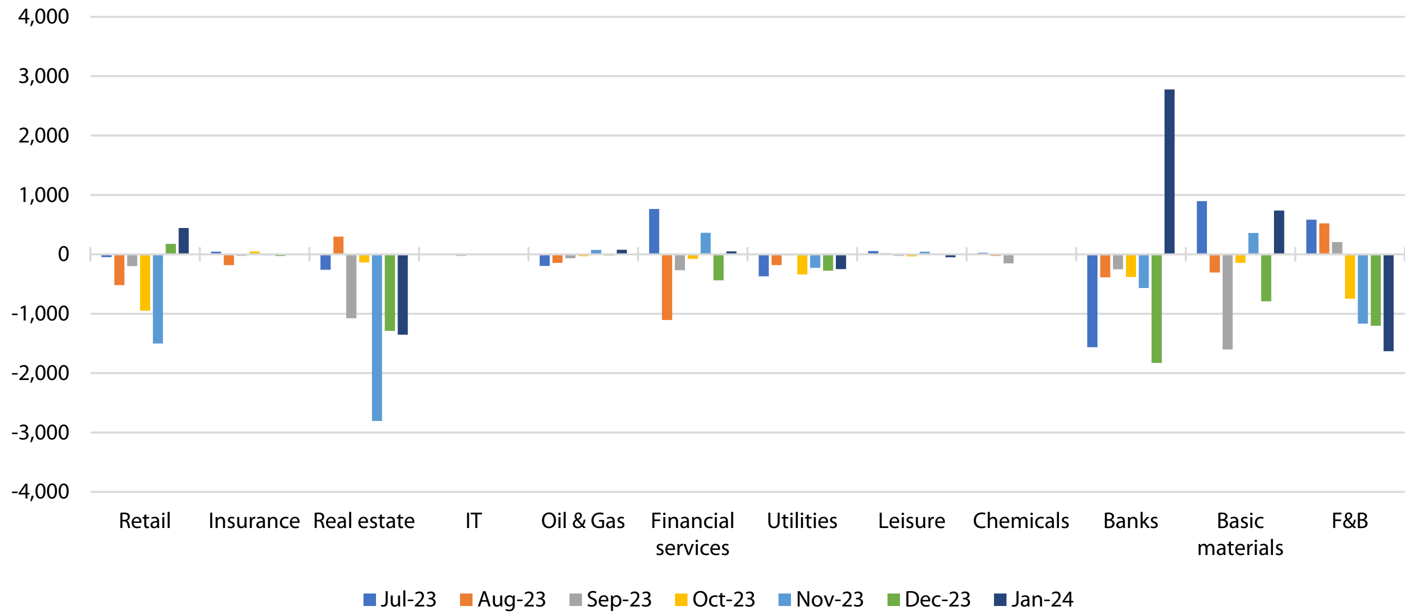
The continuous net selling activity by this group of foreign investors in large-cap stocks had been one of the factors hindering the market's positive performance throughout Q4-2023. However, it is highly likely that the behavior of foreign investors will change in the coming period.

In recent times, there has been a shift towards net buying by active foreign funds, with foreign investors only net selling approximately USD 2.5 mn on the HSX in January. This shift occurred despite foreign ETF funds withdrawing around USD 93 mn. This development took place while the VND had initially depreciated significantly against the USD by 1.4% YTD in the first three weeks of the year but later recovered, currently experiencing only a 0.6% YTD depreciation. These two factors indicate that exchange rate pressures still exist, given a considerable interest rate differential between USD and VND of over 4%. However, this pressure on the net selling behavior of active foreign funds is no longer as pronounced as before.

We believe there are two main reasons for this shift in behavior: (1) Many parties are betting on rate cuts from the Fed this year, even though the official timing is still uncertain, (2) Expectations for a stronger economic recovery in 2024.

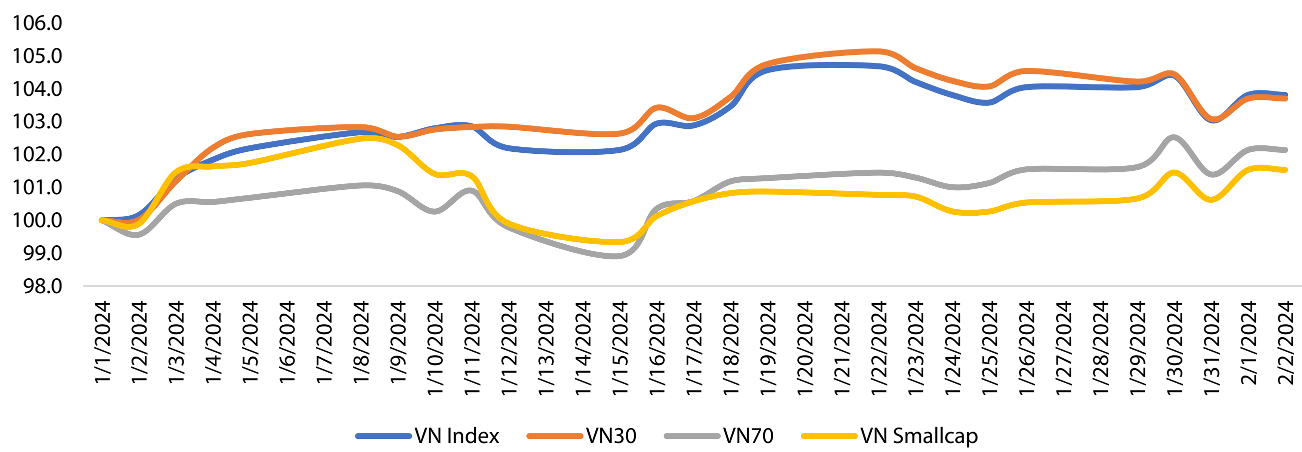
Regarding the trading activity of VN30 index stocks, foreign investors have shifted towards strong net buying positions in Banking, Retail, and Basic Resources stocks after continuously net selling since the second half of 2023. Meanwhile, they have increased their net selling positions in the (F&B) and Real Estate sectors.

Figure 21: Net trading value of foreign investors by industry in VN30



Source: Fiinx, RongViet Securities

Figure 22: YTD performance of Index by capitalization (%)



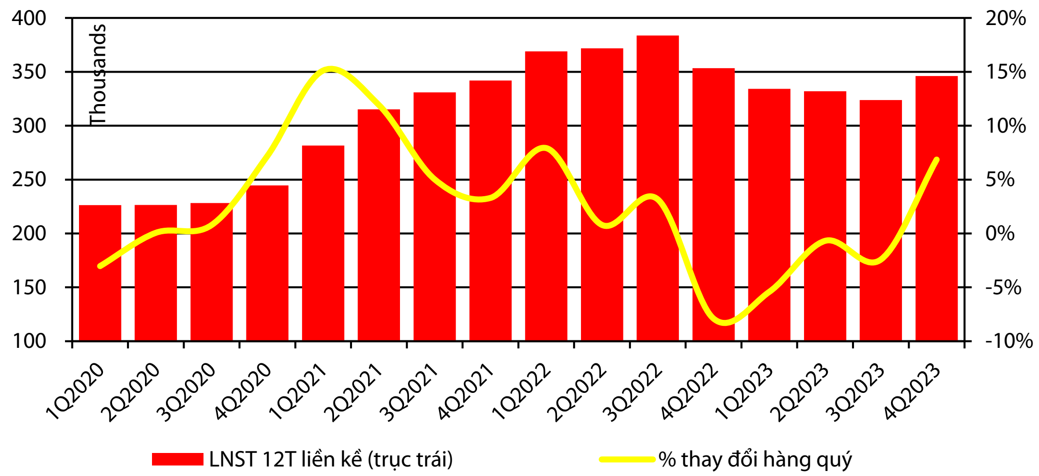
Source: Bloomberg, RongViet Securities

Short-term opportunities

From the Q4 2023 business results, we found that the accummulated NPAT in last 12-month grew 7% compared to that in the end of Q3 2023. The trend has strengthened our observation before that companies' earnings has bottomed out within 2023. Additionally, we expect that the effectiveness of the monetary policy easing efforts and the acceleration of public investment disbursements by policymakers in 2023 will become more apparent in 2024.

After Q42023 results, the VNIndex's PER is at 13.6x, lower than c. 14x at year-end. Looking backward historical data last ten years, we found that at this PER, foreign investors will be less likely to strong sell. Therefore, we do believe that the corrections will be opportunities for investors to accumulate stocks of leading companies, which can catch up the recovery of economy first and easily. Investors could refer to RongViet's 2024 favorite stock portfolio for more ideas.

Figure 23: Last 12-month accumulated NPAT (VND billion) of VNIndex and quarterly changes: The quarterly growth has turned positive since Q4 2023



Source: Bloomberg, RongViet Securities

Addionally, for Q1 2024, we would notice investors to watch on the price trend of some certain agricultural commodities. Price of some kind of products has been cool down, such as that of milk-powdered and soybean. The cool down of commodities price can boost profit margin of companies in the F&B industry. For this theme, VNM and QNS are two investment ideas that investors can consider.

Figure 24: Soybean prices have declined to the lowest level in early 2022.

Figure 25: Global sugar prices have cooled off from their peak levels in 2023 but still higher than that of the same period 8%.

Source: Tradingeconomics, RongViet Securities

Ticker	Target price (VND)	Cur. PE (x)	Considerable buying area (VND)	Comments
VNM	87,600	15.9	65.5-67	In Q4 2023, VNM recorded revenue and NPAT growth of 3.7% and 24.4% YoY, respectively. This indicates a significant improvement in profit margins as raw milk prices continued to decrease. In Q1 2024, given the company has locked in milk powder prices for the first six months of the year at an estimated cost roughly 16% lower than the same period in 2023, we anticipate that the gross margin for Q1 2024 will surpass that of Q1 2023. Coupled with the low base of net profit in Q1 2023 (the lowest since Q1 2018), we expect VNM's profits to continue growing at a high double-digit rate in Q1 2024.
QNS	54,000	7.7	44-46	We anticipate that QNS will continue to report double-digit net profit growth in Q1 2024, driven by (1) continues to benefit from high sugar prices and (2) begins to benefit from the declining trend in soybean input prices. Firstly, given that domestic sugar price remaining higher than that at the beginning of 2023 during Q4 2023 and January 2024, coupled with a reversal in the upward trend of global sugar prices due to unfavorable weather conditions in January 2024, we expect domestic sugar prices to remain elevated throughout Q1 2024. We estimate that QNS's sugar selling prices in Q1 2024 will be approximately 16% higher than the number of Q1 2023, while sale volume will be flat YoY. Secondly, according to QNS, the company has already contracted for raw soybeans at prices 8% lower than that at the same period in 2023. We anticipate that QNS will incorporate these lower-priced soybean lots into its production in Q1 2024, resulting in a YoY gross margin improvement for the dairy segment in Q1 2024.
LHG	50,000	10.2	31 - 32	We expect LHG's business results to maintain its recovery momentum in Q1 2024 due to (1) the handover of 1.5 ha of land to Orifood VN with estimated revenue of roughly VND 91 billion, and (2) rental income from ready-to-built factories (RBFs) continuing its slight upward trend, driven by the ongoing expansion of RBFs areas and the increasing occupancy rate of the commercial center. As a result, the estimated total revenue and NPAT are expected to reach VND 160 billion (+38% YoY) and VND 68 billion (+34% YoY), respectively. For FY2024, we expect both revenue and NPAT to grow impressively, by 37% and 35% YoY, respectively. This growth will be driven by two key factors: (1) The land bank for lease is expected to increase by about 5.7ha as the company resolves issues related to land usage fee. This sets the stage for the 8th phase of land allocation from the land bank that has been cleared for development in 2023, and (2) the RBFs area is projected to increase by an additional 17,000 m2 and commence operations in LH3 Industrial Park from Q3 2024. Furthermore, the company has plans to build an additional 10,000 m2 of factory space in Da Nang High-Tech Park and a high-rise factory phase 2 later this year. These initiatives lay the groundwork for the business segment's growth in 2025.

Source: RongViet Securities

Table 5: 2024 favorite stocks

Ticker	MC (VND bn)	3M ave. matching value (VND mn)	Cur. PER (x)	Cur. PBR (x)	TTM ROE (%)	Closed price as of Oct 3rd	Closed price as of Nov 2nd	Target price	February 2024 (k. VND)	
									Considering buying area	Considering selling area
ACB	101,956	210,382	6.4	1.4	24.8%	26,250	29,000	0	24-25	27-28
BID	267,350	57,574	12.4	2.3	19.8%	46,900	43,600	0	42.5-44	48-50
CMG	7,981	7,401	24.6	3.1	12.8%	42,000	43,450	600	37.5-39	42-44
CTG	170,229	152,879	8.5	1.3	17.1%	31,700	31,600	0	30-31	32.5-33.5
FMC	2,949	1,897	10.7	1.5	15.3%	45,100	51,900	2,000	41-43	47-48
FPT	129,537	188,652	20.0	5.2	33.9%	102,000	109,300	2,000	90-95	105-110
GMD	21,046	67,215	9.4	2.5	32.3%	68,800	76,600	0	62-65	72-74
HPG	162,233	673,686	23.7	1.6	6.8%	27,900	29,100	0	26-27	29-30.5
HSG	14,106	274,184	17.5	1.3	7.6%	22,900	23,000	0	21-22	23.8-25
IDC	18,183	122,195	13.1	3.7	33.4%	55,100	56,000	4,000	50-52	58-60
KBC	23,757	222,547	11.9	1.3	13.0%	30,950	40,000	2,000	29-30.5	33-35
KDH	24,379	50,878	33.7	1.8	5.8%	30,500	36,200	0	29-30	32-34
LHG	1,705	4,228	10.2	1.1	10.6%	34,100	50,000	1,900	31 - 32	36 - 38
MBB	113,406	256,552	5.5	1.2	24.5%	21,750	22,600	0	20.5-21	22.5-23.5

MSN	93,577	137,329	222.9	3.5	7.1%	65,400	95,700	0	60-63	70-73
MWG	69,318	369,954	413.7	3.0	0.7%	47,400	51,500	0	42-44	48.5-50.5
NKG	6,384	252,322	54.4	1.2	2.2%	24,250	22,000	0	21-23	25.5-27.5
NLG	15,199	97,152	31.4	1.6	8.7%	39,500	38,400	500	34 - 36	41-43
NTC	5,019	2,151	16.8	5.2	35.8%	209,115	256,000	6,000	193-200	213-220
OCB	29,795	40,778	7.1	1.0	15.3%	14,500	15,900	0	13.2-14	15.3-16
PC1	9,174	88,861	67.2	1.8	5.8%	29,500	27,200	0	25.7-27.5	31-32
POW	26,463	55,466	24.6	0.8	4.3%	11,300	14,800	0	10.8-11.1	11.8-12.2
PVD	15,453	115,467	26.7	1.1	3.8%	27,800	33,000	0	26-27	29-30
PVS	17,541	167,105	20.3	1.4	7.2%	36,700	40,100	700	35-37	39.5-41
QNS	16,841	28,268	7.7	2.0	27.3%	47,181	54,000	4,000	44-46	49-51
SIP	14,145	10,974	14.8	3.9	30.3%	77,800	84,000	2,000	70-72.5	80.5-84
VCB	504,695	108,165	15.3	3.0	21.7%	90,300	98,600	0	83 - 84	90-93
VIB	51,370	76,817	6.0	1.4	24.3%	20,250	24,600	600	19-19.5	21-22
VNM	140,863	165,558	15.9	4.4	29.3%	67,400	87,600	3,850	65.5-67	69.5-71

Source: RongViet Securities

HIGHLIGHT STOCKS

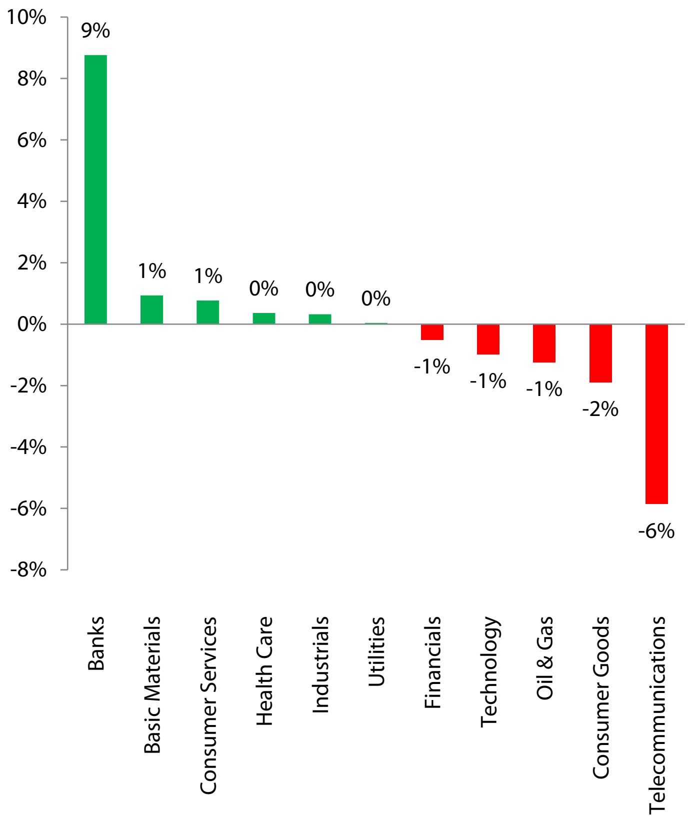
Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	Total Return	Rating	2022		2023F		2024F		P/E		P/B	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
							+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	2023F (x)	2024F (x)	Cur. (x)				
LHG	HOSE	58	50,000	28,550	82%	Buy	-19.5	-31.7	26.6	66.7	13.9	18.1	4.2	3.6	0.9	6.7	49.6	345.1	29.0
SIP	HOSE	392	84,000	53,000	62%	Buy	0.0	0.0	12.5	-4.2	5.2	15.1	5.8	5.1	2.8	3.8	3.6	0.0	48.7
MWG	HOSE	2,200	57,600	37,000	57%	Buy	8.5	-16.3	-14.5	-72.2	15.7	248.6	47.5	13.6	2.3	1.4	-29.3	16,625.1	1.8
MSN	HOSE	3,647	95,700	62,700	53%	Buy	-14.0	-58.3	2.8	-65.6	3.7	83.6	72.7	39.6	3.4	0.0	-31.2	8,931.5	19.8
KBC	HOSE	889	40,000	28,500	47%	Buy	-77.5	97.8	849.4	164.9	28.3	48.5	5.3	3.6	1.2	7.0	53.0	12,454.7	27.8
NTC	UPCOM	179	256,000	183,588	43%	Buy	-1.0	-12.9	-15.0	-8.1	149.1	18.4	18.7	15.8	4.7	3.3	33.0	75.0	45.7
ACV	UPCOM	6,215	96,600	70,231	38%	Buy	191.1	801.8	38.4	2.0	27.6	38.4	21.0	15.2	3.1	0.0	-5.5	211.8	45.3
REE	HOSE	907	74,000	54,600	37%	Buy	61.3	45.0	-4.7	-14.6	13.1	14.0	9.6	8.9	1.3	1.8	-21.0	1,750.0	0.0
HAX	HOSE	52	18,300	13,800	36%	Buy	22.0	49.5	-2.2	-4.8	2.7	7.0	5.2	4.9	1.2	3.6	-16.4	676.2	35.0
NT2	HOSE	276	29,400	23,600	35%	Buy	42.9	36.6	-14.2	-42.8	28.3	46.9	13.6	9.3	1.7	10.6	-4.5	767.4	34.3
TCB	HOSE	4,196	39,500	29,350	35%	Buy	10.3	11.6	-3.0	-10.8	23.9	38.7	5.8	4.2	0.8	0.0	9.9	11,808.3	0.1
VSC	HOSE	137	32,000	25,200	31%	Buy	6.1	-10.2	-1.7	-56.4	4.6	52.6	22.3	14.6	1.2	4.0	-22.7	2,854.4	46.2
DPM	HOSE	491	36,200	30,850	30%	Buy	45.7	79.2	-25.7	-79.8	1.7	89.5	10.8	5.7	1.1	13.0	-21.2	6,085.2	38.1
BID	HOSE	8,565	54,200	41,650	30%	Buy	11.4	72.6	9.9	20.1	14.9	31.5	10.8	8.2	1.8	0.0	17.5	2,395.9	12.8
ACB	HOSE	3,521	29,000	22,300	30%	Buy	22.2	42.5	13.2	17.6	15.5	17.3	5.4	4.6	1.3	0.0	15.2	9,591.2	0.0
HND	UPCOM	274	16,500	13,478	30%	Buy	16.4	25.3	6.3	-21.2	6.8	59.6	15.2	9.5	1.1	7.4	-0.2	13.1	49.0
VNM	HOSE	6,023	87,600	70,900	29%	Buy	-1.6	-19.1	4.3	6.0	5.0	11.5	18.2	16.4	4.8	5.4	-7.7	9,110.8	44.8
FMC	HOSE	114	53,000	43,050	28%	Buy	9.7	15.2	-14.0	-0.8	17.5	28.9	9.3	7.2	1.5	4.6	19.7	126.7	19.4
MBB	HOSE	3,752	22,600	17,700	28%	Buy	23.4	37.7	10.0	17.5	16.2	16.8	4.2	3.6	1.1	0.0	12.7	8,012.9	0.0
PPC	HOSE	167	15,600	12,850	28%	Buy	36.4	259.4	18.4	-5.3	9.3	16.4	9.8	8.4	0.8	6.2	-10.6	95.4	36.3
CTG	HOSE	5,519	36,000	28,250	27%	Buy	21.5	20.0	10.1	25.4	15.8	24.4	7.3	5.8	1.1	0.0	12.1	7,691.5	2.8
SCS	HOSE	243	74,300	63,400	27%	Buy	1.4	14.6	-12.7	-20.4	9.9	11.1	13.4	11.9	4.5	9.5	-5.0	109.3	20.3
IMP	HOSE	168	74,000	59,000	25%	Buy	29.8	23.7	27.5	62.9	14.0	16.7	12.8	10.9	2.1	0.0	14.6	45.4	25.4
FPT	HOSE	4,595	109,300	89,000	25%	Buy	23.4	22.1	22.0	19.9	20.1	23.6	17.8	14.4	4.8	2.2	33.1	12,666.8	0.0
CMG	HOSE	272	54,800	44,450	25%	Buy	30.1	27.4	17.3	19.0	20.2	31.0	18.1	13.8	2.6	1.3	13.0	499.0	7.5
STK	HOSE	98	31,700	25,600	24%	Buy	3.5	-13.7	-22.7	-44.2	70.2	121.5	16.1	8.1	1.5	0.0	0.6	68.7	83.2
QNS	UPCOM	661	52,800	45,543	23%	Buy	12.6	2.5	20.3	52.6	6.3	-4.8	7.1	7.5	2.1	6.6	10.8	2,223.4	32.6
GMD	HOSE	790	76,600	63,500	23%	Buy	22.1	62.5	-1.1	146.8	7.5	-47.4	8.6	16.3	2.3	1.9	37.8	4,295.0	0.7
PNJ	HOSE	984	88,000	73,800	22%	Buy	73.3	75.6	-5.9	-0.8	12.1	17.2	13.5	12.7	2.6	2.7	-3.1	2,377.5	0.0
GEG	HOSE	178	15,200	12,800	22%	Buy	51.6	15.9	15.9	-18.3	-7.9	88.4	20.0	10.0	1.2	3.1	-0.9	739.6	4.2
PVD	HOSE	580	30,900	25,650	20%	Buy	35.9	-604.0	-6.1	N/A	14.6	50.4	31.3	20.8	1.0	0.0	52.5	5,861.7	26.6
OCB	HOSE	1,103	15,900	13,200	20%	Buy	-4.3	-20.3	15.4	24.9	21.2	24.1	4.3	3.4	1.0	0.0	36.2	1,974.5	0.7
TNG	HNX	86	21,700	18,700	20%	Buy	24.5	25.8	5.7	-0.7	2.7	21.4	7.0	6.2	1.2	4.3	21.5	2,055.5	30.2
KDH	HOSE	975	35,700	30,000	19%	Accumulate	-22.1	-10.2	-9.0	2.0	67.8	32.4	21.4	21.2	1.8	0.0	38.0	2,200.9	10.7
MSH	HOSE	110	40,700	36,100	18%	Accumulate	16.3	-23.7	-9.7	1.9	13.9	23.5	7.6	6.2	1.5	5.5	0.2	396.8	44.5
VHC	HOSE	503	77,500	67,500	18%	Accumulate	46.0	80.0	-24.8	-32.5	16.2	23.3	9.3	7.5	1.5	3.0	-10.6	3,120.8	68.3
NLG	HOSE	506	37,500	32,400	17%	Accumulate	-16.6	-48.1	5.4	3.0	114.4	84.8	22.6	11.8	1.4	1.5	36.3	3,740.8	8.4
DBD	HOSE	178	65,800	58,500	16%	Accumulate	-0.2	29.0	12.6	21.4	9.5	9.5	14.8	13.5	3.1	3.4	59.1	325.1	87.4

Ticker	Exchange	Market cap (USD mn)	Target price (VND)	Current price (VND)	Total Return	Rating	2022		2023F		2024F		P/E		P/B	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily turnover (USD thousand)	Foreign remaining room (%)
							+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	2023F (x)	2024F (x)	Cur. (x)				
PHR	HOSE	248	49,000	45,000	16%	Accumulate	-12.2	85.7	-1.4	-47.0	-0.8	-30.6	13.0	18.7	1.7	6.7	21.0	919.6	32.5
VPB	HOSE	6,547	23,000	20,300	13%	Accumulate	30.5	55.1	-11.1	-34.0	25.2	45.4	12.4	9.2	1.5	0.0	15.1	17,013.5	1.3
VCB	HOSE	20,221	98,600	89,000	11%	Accumulate	20.0	36.4	8.8	15.4	16.1	16.7	14.5	12.4	3.1	0.0	38.3	4,781.0	6.4
PVT	HOSE	320	26,800	24,350	10%	Accumulate	21.3	30.6	0.1	13.5	9.7	-3.9	8.6	8.9	1.1	0.0	34.9	4,791.7	37.7
NKG	HOSE	204	21,000	19,100	10%	Accumulate	-18.1	-103.0	-20.8	N/A	10.3	39.6	17.5	12.5	0.9	0.0	38.8	7,724.6	40.3
HDG	HOSE	334	29,100	26,900	8%	Accumulate	-3.6	2.2	-16.3	-18.4	13.5	21.6	8.6	7.0	1.4	0.0	9.0	2,321.3	26.3
PC1	HOSE	289	28,300	26,300	8%	Accumulate	-15.2	-35.3	7.3	1.6	7.9	27.3	16.8	13.2	1.4	0.0	34.4	4,339.8	43.9
BFC	HOSE	46	19,200	19,650	5%	Accumulate	10.8	-35.0	-9.9	-22.2	-14.0	45.0	11.2	7.8	1.1	7.6	24.8	249.2	48.4
HDB	HOSE	2,069	18,500	17,600	5%	Accumulate	31.1	28.0	8.6	5.2	42.5	78.2	6.4	3.5	1.2	0.0	26.0	7,106.6	2.0
HAH	HOSE	133	32,300	30,950	4%	Neutral	63.9	86.1	-19.6	-50.4	-4.6	-69.5	8.5	28.0	1.3	0.0	24.1	4,760.2	44.2
DPR	HOSE	109	29,000	30,900	4%	Neutral	0.4	-44.4	-12.9	-21.5	-4.1	-31.0	7.1	10.2	1.1	9.7	14.3	454.0	47.3
DRC	HOSE	108	21,500	22,400	2%	Neutral	11.9	6.1	1.2	-35.2	1.6	18.0	14.2	12.0	1.5	6.3	4.4	521.3	36.5
HSG	HOSE	473	19,200	18,900	2%	Neutral	2.0	-94.1	-36.1	N/A	6.1	N/A	-35.1	30.4	1.1	0.0	56.5	9,931.4	28.2
HPG	HOSE	5,968	24,600	25,250	-3%	Neutral	-5.5	-75.4	-25.1	-14.3	29.0	93.3	21.5	11.1	1.5	0.0	59.7	28,715.3	24.0
TCM	HOSE	157	37,700	41,700	-8%	Reduce	22.7	96.0	-4.0	-12.3	7.4	16.3	15.5	13.3	2.0	1.2	7.1	1,332.5	1.2
PVS	HNX	682	27,800	35,100	-19%	Reduce	15.6	28.5	20.2	2.8	14.0	29.2	23.5	18.2	1.3	2.0	60.2	10,744.6	27.5
FRT	HOSE	514	66,600	92,800	-28%	Sell	34.1	-12.0	6.9	N/A	21.7	N/A	0.0	33.2	7.4	0.0	26.4	3,384.7	12.8

Source: RongViet Securities; Closed price as of February 02nd 2024.

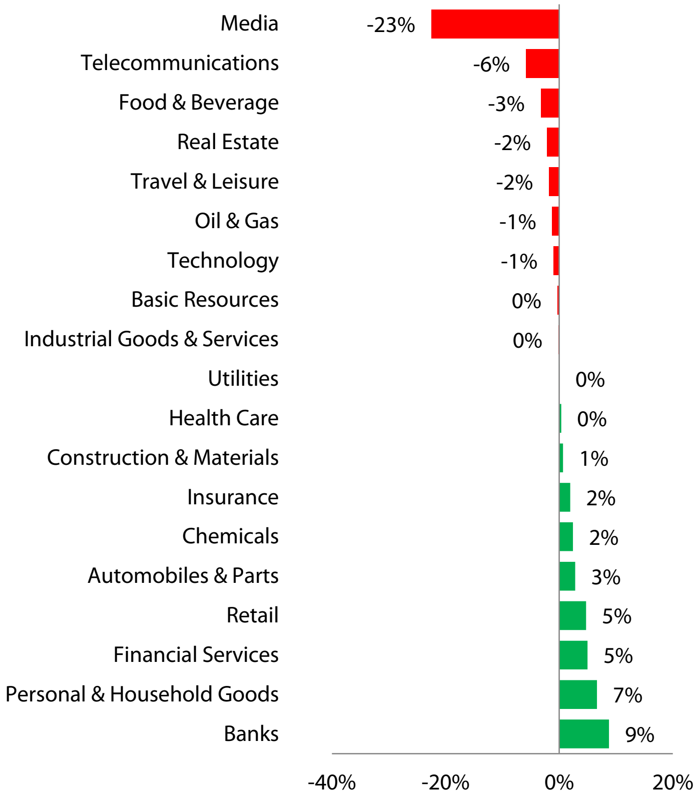
INDUSTRY INDEX

Level 1 industry movement



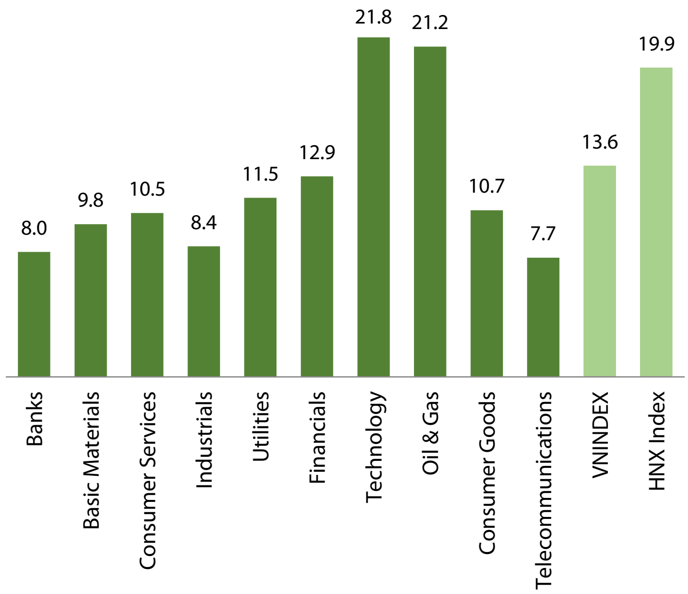
Source: Bloomberg, RongViet Securities

Level 2 industry movement



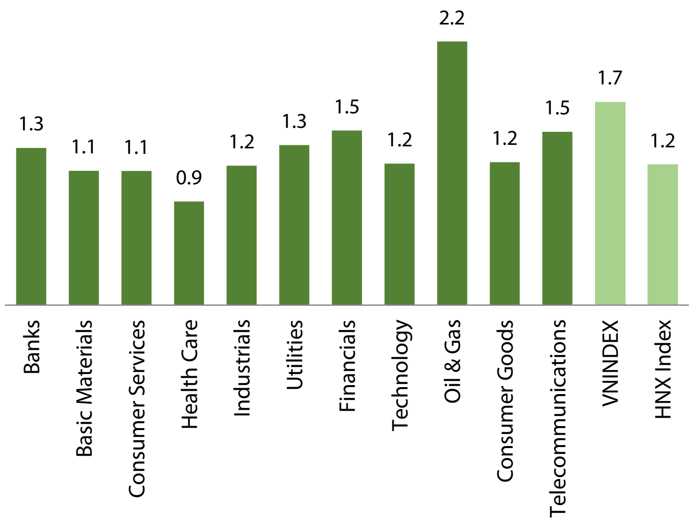
Source: Bloomberg, RongViet Securities

Industry PE comparison



Source: Bloomberg, RongViet Securities.

Industry PB comparison



Source: Bloomberg, RongViet Securities

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