Shinhan Securities

Monthly Strategy Report 10/2024

Going to the New Price Level



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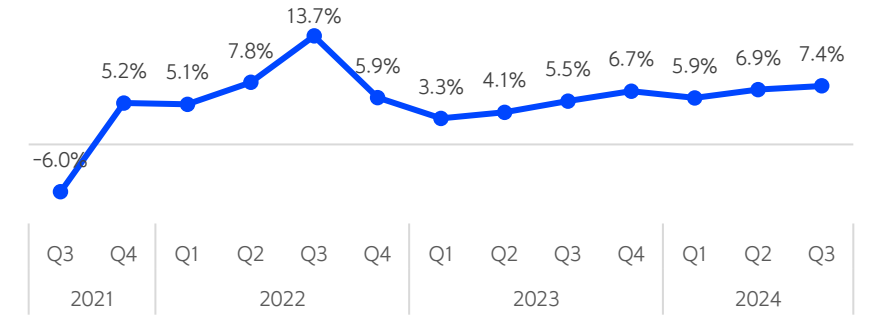
Macroeconomics in September and 9M24

Estimated GDP growth 9M24 is 6.82% YoY. Many positive signs appeared when the inflation is under control, production and trading activities recovers in 9M24.

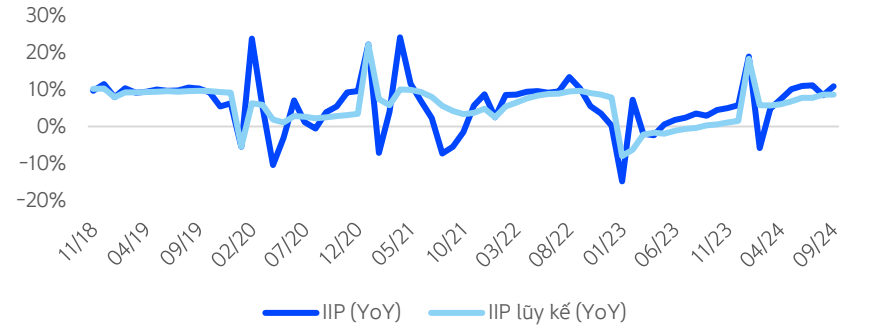
GDP recorded a positive number

- **Estimated GDP growth in Q3 2024 is 7.4% YoY and 6.82% YoY in 9M24.** Regarding GDP usage in 9M24, final consumption increases by 6.18% over the same period in 2023, contributing 62.66% to the overall growth rate of the entire economy; accumulated assets increase 6.68%, contribution 36.68%; export of goods and services increase by 16.94%; imports of goods and services increase by 17.05%, the difference between exports and imports of goods and services contributed 0.66%.
- **Index of industrial production (IIP) in September 2024 recorded a growth rate of 10.8% YoY**. In 9M2024, IIP is estimated to increase by 8.6% YoY. The manufacturing sector grows by 9.75%; the electricity, gas sector grows by 11.11% and water supply, waste treatment sector grows by 9.83% YoY. Only mining and quarying sector decreased by 7.01% YoY.
- **However, Vietnam's PMI falls to 47.3 in September 2024.** Due to the severe impact of Typhoon Yagi, the number of new orders records a drop and the production output shrinks. However, the disruption caused by the typhoon was temporary, so we believe that October will see a sharp increase in the PMI index.

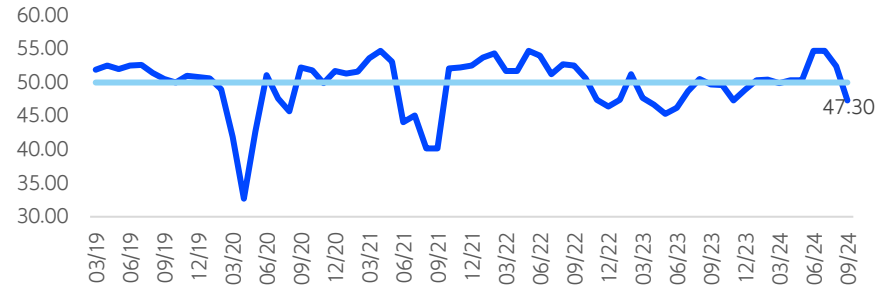
Quarterly GDP Growth



Index of Industrial production (IIP)



Purchasing managers' index PMI



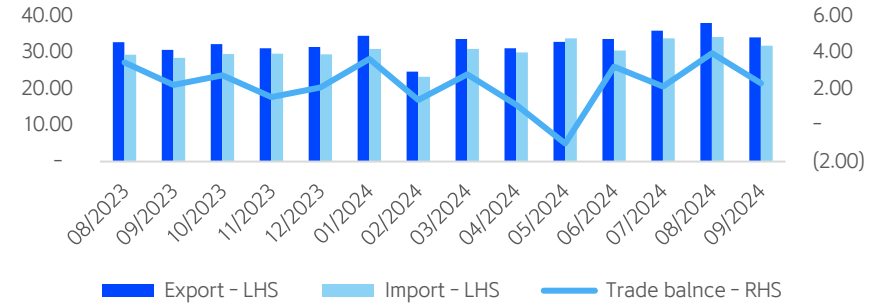
Source: GSO, S&P Global, Shinhan Securities Vietnam

Macroeconomics in September and 9M24

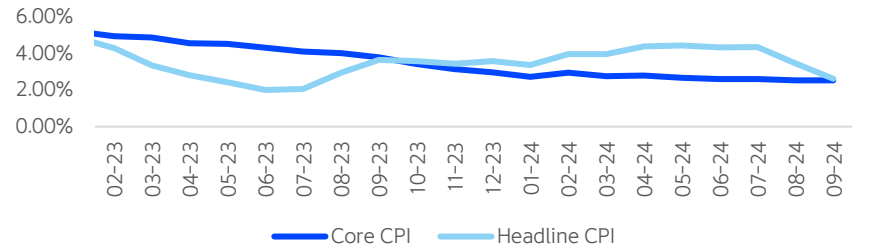
Trade maintains the recovery. Inflation becomes stable.

- **Although Typhoon Yagi affects import and export activities in September, the growth momentum in 2024 still maintains**. In September 2024, the trade balance is USD 2.99bn. The export turnover reaches USD 34.05bn (+10.7% YoY, -9.9% MoM). The import turnover records an increase of 11.1% YoY in September, reaching a value of USD 31.76bn (-5.9% MoM).
- In 9M2024, the export of goods turnover reaches USD 299.6bn, increasing by 15.4% YoY and the import of goods turnover reaches USD 278.8bn, increasing by 17.3% YoY.
- **In September 2024, the headline CPI increased by 2.63% YoY.** After excluding food and foodstuff, energy and such items managed by the state as healthcare and education; core inflation increases by 2.54% YoY. Headline inflation and core inflation converge.
- **In 9M2024, headline CPI increases by 3.88% YoY**. The price index of food and foodstuff increases by 4%, contributing to 1.34 percentage points. The price index of education increases by 7.51%, contributing 0.46 points to the headline CPI. It is due to the increase in tuition fees in some municipal cities. In addition, the price index of medicine and health care increases by 7.46%, attributing to the overall index of 0.4 points. It is because of the adjustments in the medical service prices following Circular No.22/2023/TT-BHYT.

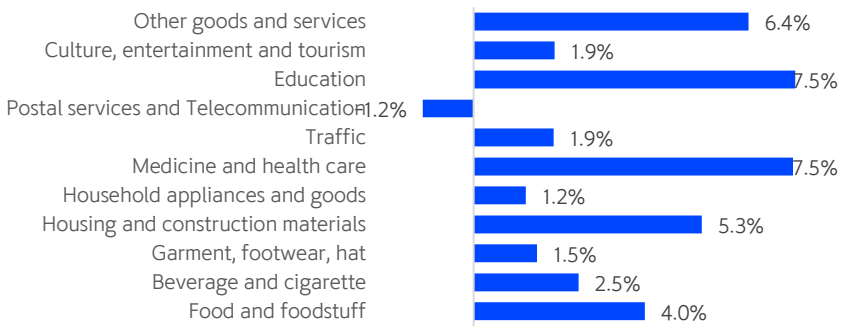
Export – Import (USD billion)



Monthly CPI (YoY)



Headline CPI components in 9M2024 (YoY)

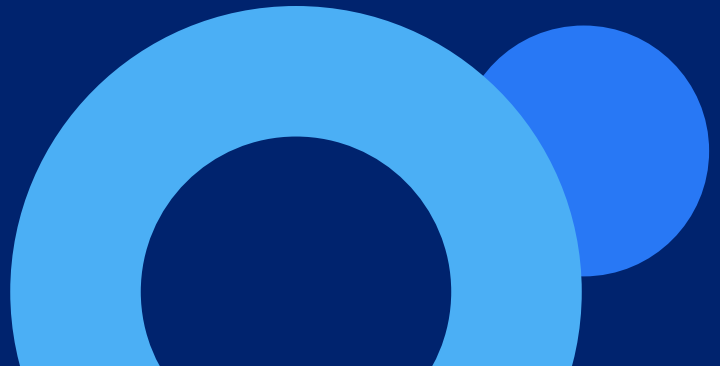


Source: GSO, Shinhan Securities Vietnam

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VNIndex in September

VNIndex moved towards its old peak of the year with low liquidity. It may be due to the wait for information to evaluate the damage caused by Typhoon Yagi and information from Q3 business results announcement. With the current market valuation, we believe that VNIndex will have many opportunities to re-establish a new price level above 1,300.

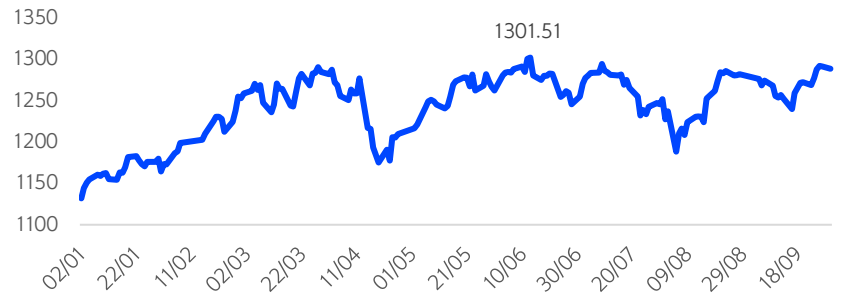


VNIndex in September

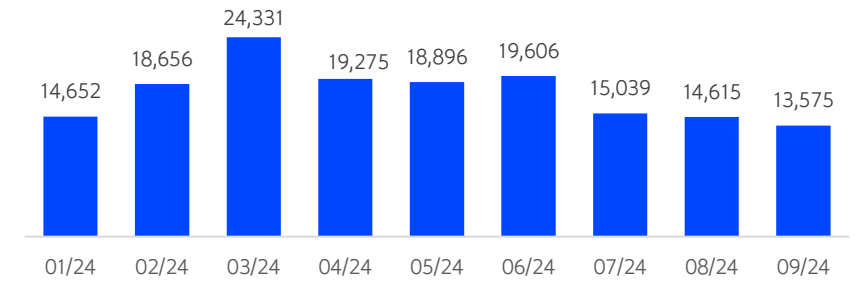
Reaching to the peak with low liquidity

- **VNIndex once again reached the peak of 1300.** At the end of September, VNIndex ended at 1287.94, going near to the peak of 1301.5 in June. The increase in September was similar to increases of other countries' stock market after Fed announced a rate cut of 50 bps on September 16.
- **However, VNIndex's trading value in September was low**. Total market trading value reached VND 13,575 trillion, declining 7% MoM. September was a month with the lowest trading value in 2024. From our points, the decline in liquidity is due to the wait for (1) information to assess the impacts of Typhoon Yagi and (2) information from the Q3 business announcement in October.
- Although Typhoon Yagi caused a significant impact on production, business activities and the infrastructure in Northern Vietnam, but we believed that the **Government will increase spending to improve the infrastructure. Production activities will regain the growth momentum of July and August this year.**
- **In 9M24, VNIndex still maintains a good YTD in comparison with other countries in Asia.** India is still a country with the most impressive increase in the region with an increase of 18.8%, higher than VNIndex – 14.0%. However, the Vietnamese market is still higher than other countries in Southeast Asian region like Indonesia, Thailand and Malaysia.

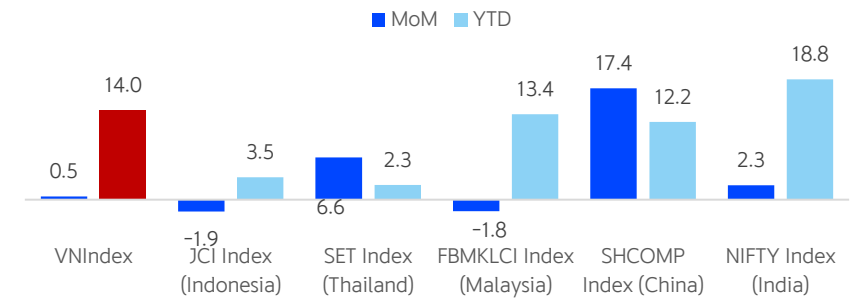
VNIndex in 9M24



Monthly traded turnover in 2024 (VND trillion)



9M24 performance (%) of VNIndex and other indices in Asian region



Source: Fiinpro, Bloomberg, Shinhan Securities Vietnam

Market valuation is attractive, having chances for VNIndex to have a new price level

- **At the end of September 2024, the valuation of technology, retail, banking and real estate sectors show the upsides.**
- **PE of the retail and technology sector (FPT) is higher than the historical average.** Based on each stage of the market, a higher P/E than average can be considered as being overvalued, or the market is expecting a recovery/ growth of the sector profit in the future. When the market expects EPS growth in a recovery or rapid growth phase, prices tend to reflect before the actual results, thus it makes P/E higher than the historical average. Stocks with the highest P/E are often at the bottom of the cycle. This happened to CTD and HPG in early 2023.
- **P/B of the bank and real estate sector shows the potential upsides when their current ratios are lower than the historical average.** These two sectors are the largest market capitalization sector of VNIndex. We expect that they will be the leaders of the market to set a new price range for VNIndex in Q4 2024 and 2025.

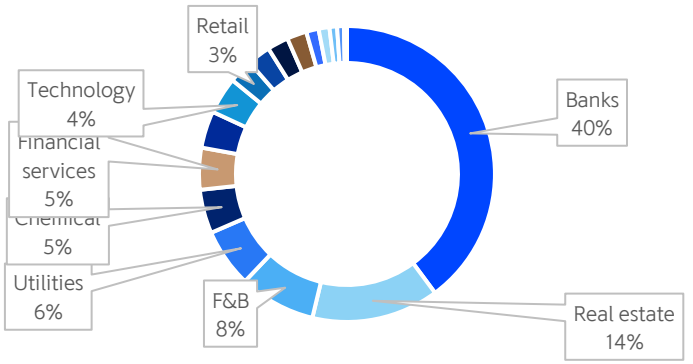
  In addition to continuing the sector profit growth, at Q2 2024, the bank sector still had a ROA of 1.5%, higher than the historical average of 1.3% from 2018 to H1 2024. Therefore, from a valuation perspective, the bank sector still has an upside

  Furthermore, the real estate sector was undervalued during the crisis in 2022 – 2023. However, the sector has shown signs of recovery. PBT (TTM) of the sector increased by 2.8% YoY after 3 consecutive quarters of negative growth.

Sector multiple valuation (2018 – H1 2024) at the end of Sep 2024



Market capitalization structure at the end of September 2024

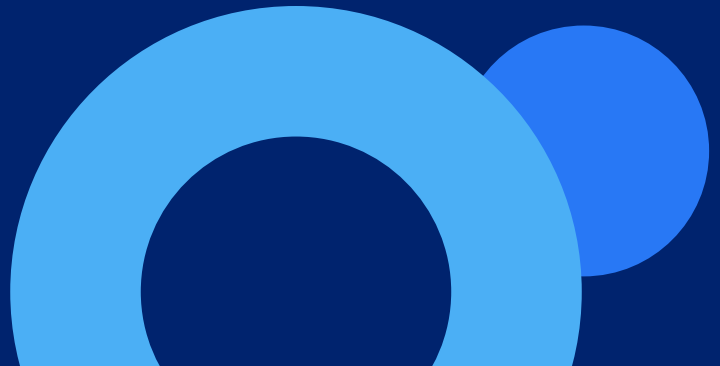


Source: Fiinpro, Shinhan Securities Vietnam

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Events in September

- Fed's interest rate cut will support the foreign capital flows into emerging markets and Vietnam market.
- New changes in the Securities Law such as prefunding and professional investor standards create opportunities for financial companies (securities, banks) that have had leading advantages in their niche market such as HCM, VCI, TCB…
- MWG can be added to the VNDiamond Index due to new changes in the Index Construction and Management.



Events in September

Fed may cut interest rates 50 bps in Q4 2024

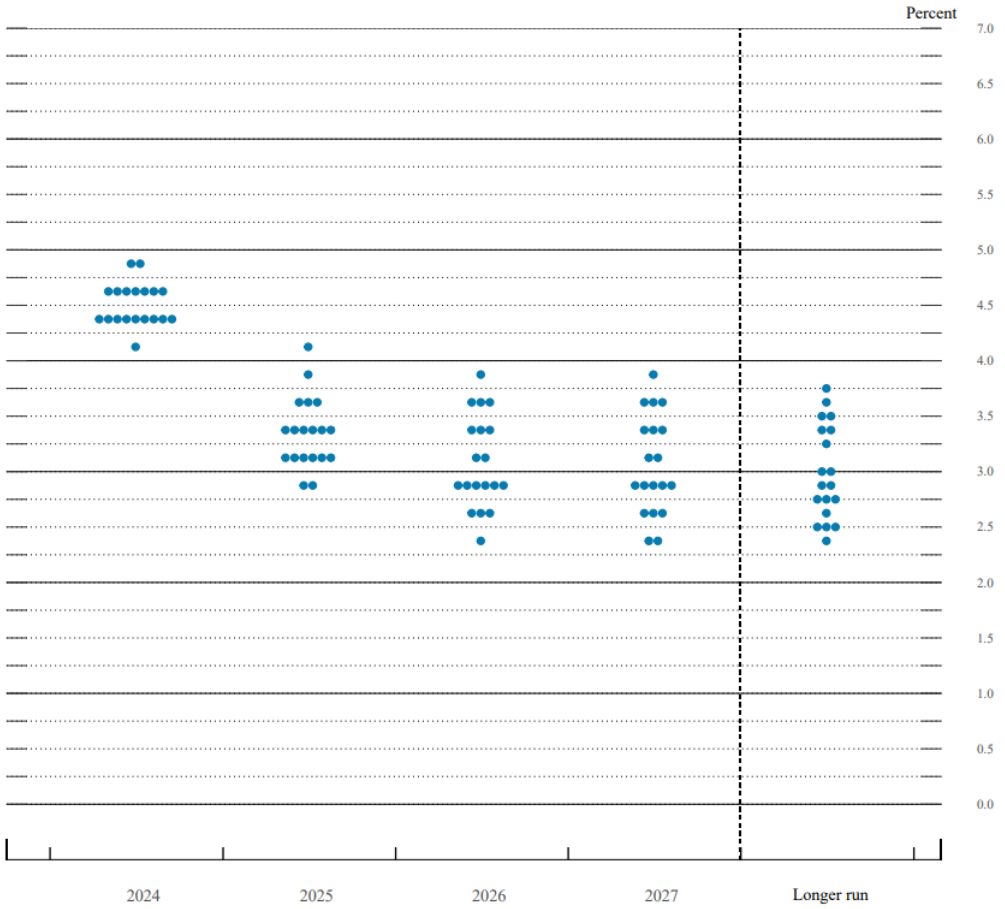
- On 18 September 2024, Fed announced a 50bps rate cut, to 4.75% – 5%, marking the first rate cut since 2022.

  The Fed's dot plot shows that **interest rates are expected to drop 50bps in Q4 2024** and 100bps in 2025.

- **Fed decided to cut interest rate because of the belief that US inflation had been under control**. The PCE index, a measure of inflation by Fed, increased by only 2.37% in September 2024, being down from 2.65% in August. Fed's rate cut is a positive signal for emerging markets, especial economies with strong fundamentals.

- The week after Fed's decision to cut interest rate, China begun cutting its interest rates. The People's Bank of China (PBOC) cut mortgage rates, a major stimulus measure to recover the economic growth. Shanghai Composite Index rose 12% in the last week of September.

Dot plot Fed Rate



Source: FOMC statement, Shinhan Securities Vietnam

Expecting capital flows back to emerging market

- **Emerging market countries waited for Fed to have actions.** The interest rates of emerging market countries increase and decrease following to Fed's interest rate decisions.

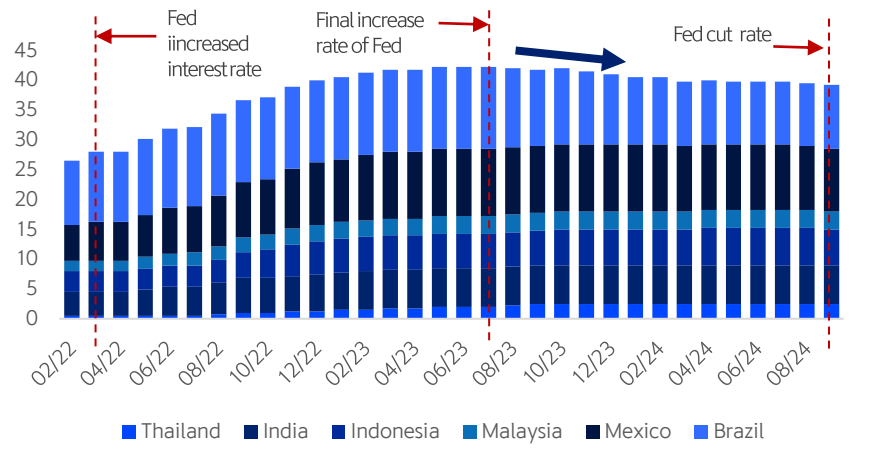
  When Fed raised interest rates from March 2022, emerging market countries also raised their interest rates one after another. And when Fed started to stop the interest rate increase from August 2023, countries also started to keep their domestic interest rate unchanged to wait for Fed's actions. Some countries, like Mexico and Brazil, adjusted their rates before Fed announced the cut in September 2024. In Asia, Indonesia also cut its rate since August 2024.

  Other countries in the region are expected to gradually adjust their rates downward in Q4 2024 and 2025.

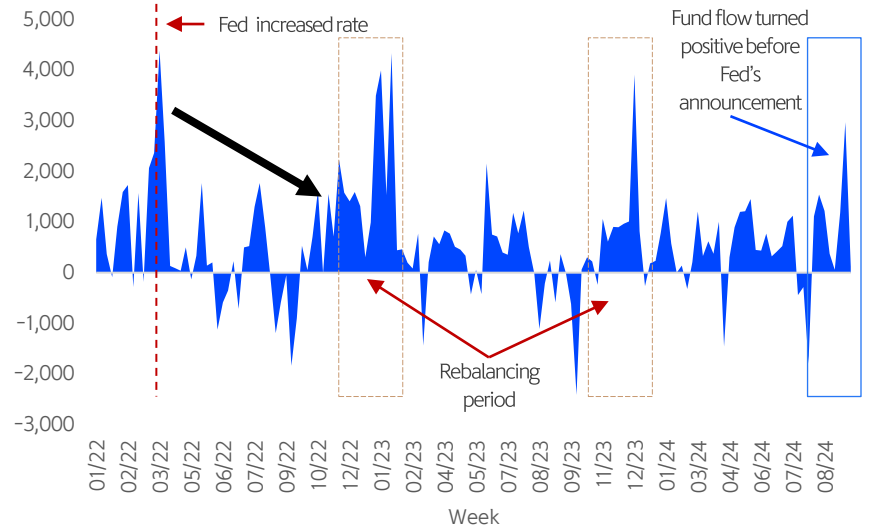
- **Fund flows are expected to flow back into emerging markets (EMs).** When Fed started raising interest rates, fund flows were withdrawn from ETFs investing in EMs. Except for the end of the year (December) and the beginning of year (January), global funds often rebalances the portfolio and the flow during these time is often exceptionally high. In the remaining time of the year 2023 and H1 2024, the fund flow is low.

  However, from August 2024, fund flow returned to EMs because investors expected Fed to lower interest rates. When the rate is low, the capital will seek high-yielding assets after a long period of staying in safe assets.

Interest rate (%) of countries which are classified as EMs



Weekly fund flows to ETF investing to EMs (VND million)



Source: Bloomberg, Shinhan Securities Vietnam

Events in September

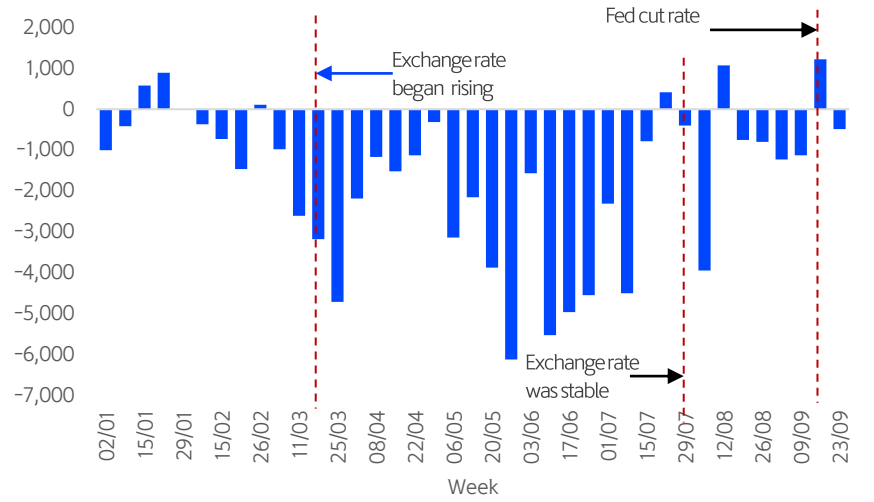
Will fund flow return to Vietnamese market after Fed's decision?

- **Foreign investors reduced their net selling activities significantly**. Foreign investors increased the selling pressure when the exchange rate was tense along with the events related to the changes in State management personnel. However, the net selling momentum slowed down in August when all issued were under control.

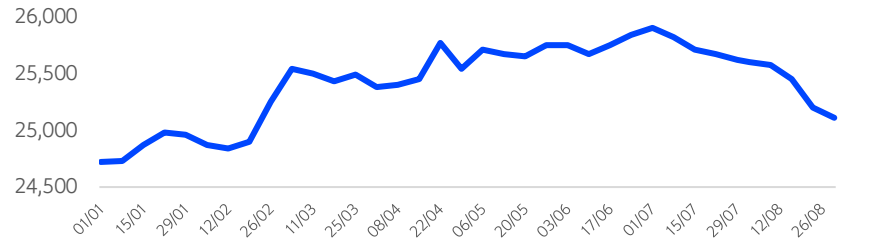
  Foreign investors were net buyers in the week when Fed announced the interest rate cut. In September, foreign investors' net selling was about VND 2,800bn. VIB shares were sold by foreign investor at the value of VND 2,750bn. VIB approved a decision to reduce the foreign ownership ratio from 20.5% to 4.99% in early 2024. VIB's largest foreign shareholder, Common Wealth Bank, reduced its ownership ratio in the last week of September.

- Many favorable conditions have appeared for the fund flow to fly back Vietnamese market in the near future. We have published a research report about the theme of the return of capital flow last month – Await pivot monetary policy. Exchange rate, interest rate, liquidity of the economy and attractive valuation of the Vietnamese market will play important roles attracting foreign capital flow.

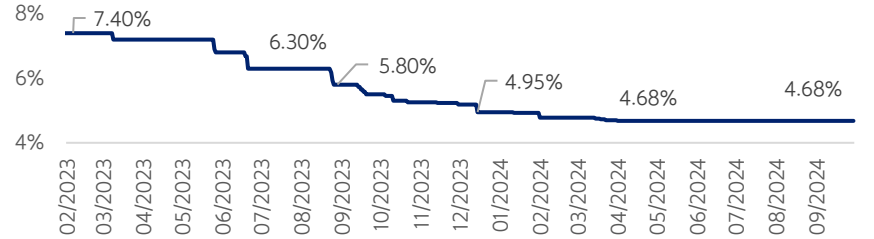
Net buy/sell of foreign investor in 2024 (VND billion)



Weekly VND/USD exchange rate in the free market in 2024



Average 12M deposit rates of State-owned Banks



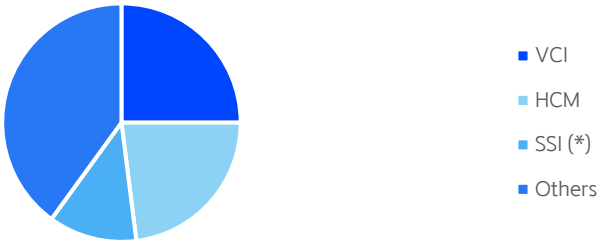
Source: Bloomberg, Fiinpro, Shinhan Securities Vietnam

Events in September

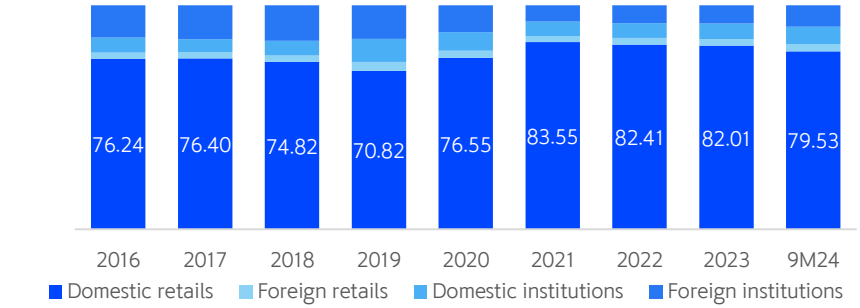
"Pre-funding" solution

- On September 18, the Ministry of Finance officially approved Circular 68/2024/TT-BTC, **the most important content is allowing foreign institutional investors to place orders to buy shares without requiring sufficient funds (Non-Prefunding Solution, NPS)**. Accordingly, foreign institutional investors can place trading orders on T+0 and make payment later on T+1 or T+2.
- When the Circular becomes effective, it will have a positive impact on the trading value of foreign investors in the market. **Brokers such as VCI, HCM and SSI will benefit from becoming the NPS service providers because they have large foreign institutional client market shares and abundant available capital.**
- The market share and business results of these companies will improve, especially HCM and VCI – the top 2 companies in terms of institutional customer market share. VCI's market share decreased since 2020 as domestic retail investors dominated the trading value. Domestic retail investors accounted for 70.8% in 2019 and increased to 76.55% in 2020. VCI fell from 3rd position in 2019 to 5th position in 2020 in terms of the market share ranking. VCI continued falling to 7th position in 2021.
- Until H1 2024, when the institutional trading value increased again, VCI recovered from 8th position in 2023 to 6th in H1 2024. VCI's brokerage revenue in H1 2024 grew by 58.7% YoY.
- In the short-term, NPS solution can allow Vietnamese market to be upgraded by FTSE. In the long-term, Vietnam still has to find a comprehensive solution to deploy the operation of the central clearing system (CCP).

Institutional sales market share in 2023



Structure of trading value by investor types (%)



HCM, VCI and SSI brokerage (retails and institutions) market share in HOSE by ranking

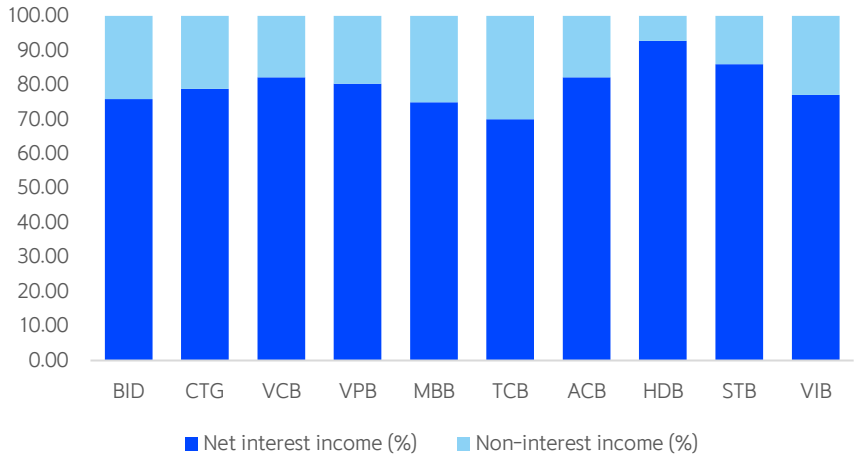


Source: VCI, HCM, SSI, Fiinpro, HSX, Shinhan Securities Vietnam
(*) Shinhan estimated

Draft Amended Securities Law – Raising Standards for Professional Investors

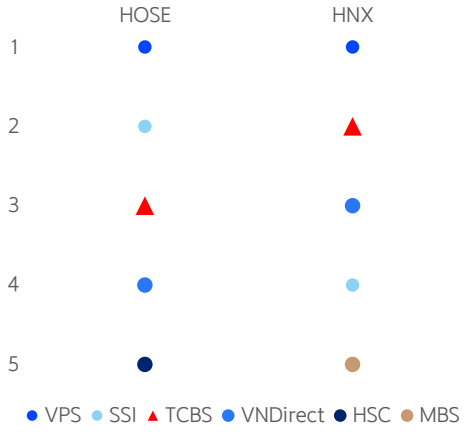
- **In the draft amendment to the Securities Law, there are many proposals with stricter regulations to protect investors participating in the market and control manipulative behaviors**, notably the addition of regulations to meet professional investor standards. Specifically, the new regulations on professional investors include:
  - Adding subjects such as foreign individuals and organizations.
  - Adding regulations on professional investors participating in the purchase, trading, and transfer of individual corporate bonds as organizations according to the provisions of Clause 1, Article 11 of the Securities Law 2019
  - For companies: Minimum operating time of 2 years.
  - For individuals: Participate in securities investment for 2 years; transaction frequency of 10 times/quarter in the last 4 quarters; minimum income of 1 billion VND/year in the last 2 years.
- **According to the draft, individual investors will not be allowed to participate in the privately issued corporate bond market, but only professional organizations**. Individual investors can therefore switch to participating in the corporate bond market offered to the public or through bond investment funds to invest
- When the capital market develop together with the economy, the bond and stock market will develop. We assess that the draft can bring positive impacts to organizations that provide bond investment products such as TCB, thereby meeting the investment needs of individual investors.

Income structure of the top 10 banks having the highest total operating income



Techcom Securities is one of the top broker in the market and Techcom capital is managing one of the largest bond funds.

Brokerage market share in H1 2024



Bond fund size

Fund Ticker	Management Company	NAV size (VND bn)	Updated date
SSIBF	SSIAM	324	30/09
TCBF	Techcom Capital	11,168	30/09
VNDBF	IPAAM	315	30/09
DCBF	Dragon Capital	1,486	1/10
VFF	VinaCapital	1,636	1/10
VCBF	Vietcombank Fund	323	1/10
BVBF	Bao Viet Fund	162	1/10

Source: Fiinpro, HSX, HNX, Bond funds, Shinhan Securities Vietnam

Updates in VNDiamond Index rules

- **The VNDiamond Index was updated with new rules**. The applicable rules will take effect from October 2024. A summary of the notable points of the new set of rules is below:

(1) Increasing the liquidity criteria

(2) Relaxing the FOL criteria to ensure the number of stocks

(3) Changing the P/E filtering conditions to reduce the impact of business cycles on the financial results

(4) Adding classification of the index basket and parameters to limit fluctuations for the final index

- **MWG may be added to the index**. Based on the updated data on 24 September 2024, VRE may be in the pending removal basket due to not meeting the FOL criteria (lower than 65% – criteria applicable to the current stock in the index) and MWG may be added because the index requires at least 8 non-banking stocks when considering FOL conditions.

- **MWG's inclusion in the index may be a catalyst for the stock**. There are currently 5 domestic ETFs tracking the VNDiamond Index with a total value of over VND 13 trillion.

- In 2023, MWG recorded consecutive low profits in each quarter, affecting the stock's P/E ratio for review. MWG shares fell 28.3% in October 2023 due to a negative Q3 business performance, along with the possibility of being removed from VNDiamond at that time. MWG shares were officially removed in April 2024. In H1 2024, MWG's business results recovered strongly. The profit after tax increased by 53.6 times and the profit will continue flourish when the retail industry is supported by the policy updates.

Table: ETFs tracks VNDiamond Index

Fund ticker	Management company	NAV at 24/9/2024 (VND bn)
FUEVFVND	Dragon Capital	12,222
FUEMAVND	Mirae Asset Vietnam	445
FUEKIVND	KIM Vietnam Fund Management	77
FUEABVND	An Binh Fund	59
FUEBFVND	Bao Viet Fund	57

Table: Forecasted buy/sell at the review on October 2024

Ticker	Weight (%)	Net buying/selling quantity (thousand shares)						1M average trading volume
		FUEVFVND	FUEMAVND	FUEKIVND	FUEABVND	FUEBFVND	Net buy/sell	
MWG	**12.8**	**22,715**	**826**	**142**	**109**	**105**	**23,898**	**7,682**
VPB	6.6	17,730	645	111	85	82	18,654	23,821
KDH	6.8	12,964	472	81	62	60	13,639	3,512
NLG	3.6	1,094	40	7	5	5	1,151	1,456
BMP	1.4	1,065	39	7	5	5	1,120	239
CTG	2.1	806	29	5	4	4	848	8,391
FPT	15.0	218	8	1	1	1	229	3,915
VIB	1.9	-1,577	-57	-10	-8	-7	-1,659	12,321
TPB	1.5	-1,808	-66	-11	-9	-8	-1,902	11,028
OCB	1.1	-2,030	-74	-13	-10	-9	-2,136	1,682
MSB	2.0	-2,621	-95	-16	-13	-12	-2,757	10,949
HDB	4.2	-3,032	-110	-19	-15	-14	-3,189	8,609
MBB	5.4	-3,569	-130	-22	-17	-17	-3,754	20,052

Source: ETFs, Shinhan Securities Vietnam
Forecasted number based on the number at 24/9/2024

Retail will continue the growth momentum thanks to the policy update

- **Forecasted total retail sales will grow by 9% in 2024**. In 9M24, total retail sales of goods and consumer services increased by 8.58%. Although the increase in H1 2024 was only 3% YoY, H2 2024 will have a high growth rate, which is forecasted at 15% YoY.
- **The high growth rate at the end of 2024 will be driven by the basic salary increase policy**. From July 2024, the basic salary will increase by 30% compared to the previous period. This is the largest increase in the last 10 years in the basic salary change policy.
- **The increase in the basic salary will help workers increase their income, especially unskilled workers**. Domestic production activities gradually recovered as export-import activities in 9M24 grew strongly (exports increased by 15.4% YoY and imports increased by 17.3% YoY).

  More new orders, more working hours and overtime. Workers' income will increase. With the increased income, purchasing power for essential goods will also increase.
- **The change in base salary has shown positive impacts in the past, like in 2023**. The basic salary increased by 20.8% in 2023 compared to the previous period. And the consumption of Vietnam economy in 2023 was 3.52%, contributing to the GDP growth of the whole country at 5.05%. While export and import activities in 2023 decreased by 2.54% and 4.33% respectively.

Total retail sales from 2016 to 2024 (actual and forecast)

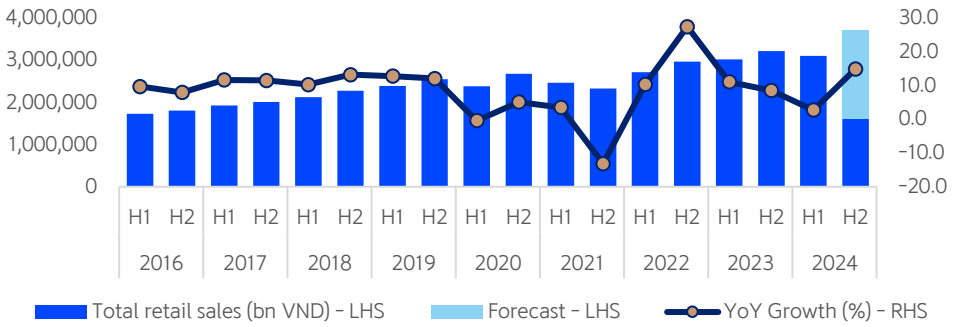
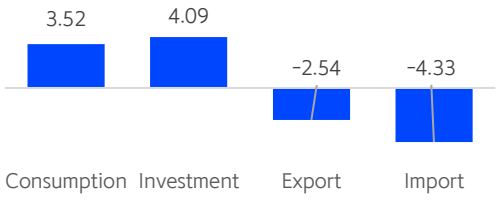


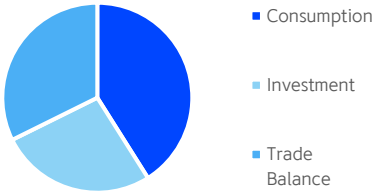
Table: Increase in basic salary

Effective period	Basic salary (VND)	Increase	Decree	Change compared prior period
From 01/7/2013 to 30/4/2016	1,150,000	100,000	66/2013/NĐ-CP	9.5%
01/5/2016 – 30/6/2017	1,210,000	60,000	47/2016/NĐ-CP	5.2%
01/7/2017 – 30/6/2018	1,300,000	90,000	47/2017/NĐ-CP	7.4%
01/7/2018 – 30/6/2019	1,390,000	90,000	72/2018/NĐ-CP	6.9%
01/7/2019 – 30/6/2023	1,490,000	100,000	38/2019/NĐ-CP	7.2%
01/7/2023 – 30/6/2024	1,800,000	310,000	24/2023/NĐ-CP	20.8%
From 01/7/2024	2,340,000	540,000	73/2024/NĐ-CP	30.0%

2023 GPD growth by component (%)



GDP 2023 component



Source: Fiinpro, LuatVietnam, GSO, Shinhan Securities Vietnam

04 October Portfolio

Every month, we will select stocks for a portfolio from the top down analysis. We pick HCM, VCI, TCB and MWG for this month portfolio.

October Portfolio following investing themes

Bank

Ticker	Market Capitalization (VND billion)	Current Price (VND)	Fair price (VND)	Upside (%)	PBT growth 6M2024 (% YoY)	PBT Growth 2024F (% YoY)	PBT Growth 2025F (% YoY)	Asset/ Equity (x)	NIM (TTM)	NPL (%)	LLR (%)	CIR (TTM)	ROE (TTM)	P/B (TTM)	PB Forward consensus
TCB	170,137	24,150	**29,500**	**22.2%**	39%	21%	36%	6.45	4.4%	1.2%	101.1%	30.6%	16.4%	1.17	1.11

Financial services – Current P/B is higher than the historical P/B

Ticker	Market Capitalization (VND billion)	Current Price (VND)	Fair price (VND)	Upside (%)	PBT growth 6M2024 (% YoY)	Brokerage revenue growth	Margin outstanding growth	Debt/ Equity (x)	ROA (TTM)	ROE (TTM)	P/B (TTM)	Historical P/B average
HCM	21,893	31,100	na	na	110%	72%	53%	1.6x	4.82%	10.59%	2.05	2.01
VCI	21,600	37,600	na	na	170%	59%	-1%	1.6x	4.44%	9.60%	2.44	2.24

Retail

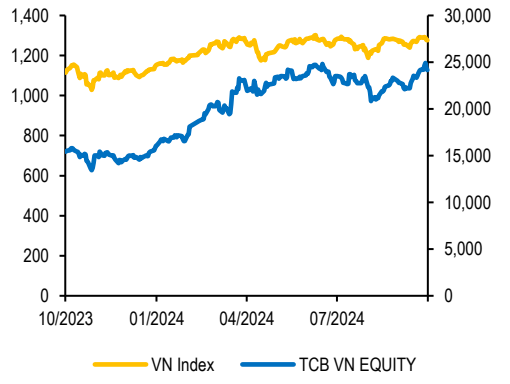
Ticker	Sector	Market Capitalization (VND billion)	Price (VND)	Fair price (VND)	Upside (%)	Gross margin H1.23	Gross margin H1.24	Debt/ Equity	ROA	ROE	P/B (x)	P/E (x)
MWG	ICT	90,659	66,300	71,100	7.2%	18.8%	21.4%	0.91	1.7%	4.4%	3.4	26.6

Source: Fiinpro, Bloomberg, Shinhan Securities, Numbers are updated at 7/10/2024

Vietnam Technological and Commercial Joint Stock Bank (HOSE: TCB)

Target price (year 2025)	**VND 29,500**
Current price (08/10/24)	VND 24,150
Upside (%)	22.2%
VNINDEX	1,276
PE market (24F)	12.0
Market cap (VNDbn)	170,137
Outstanding shares (shares mn)	7,045
Free Float (shares mn)	4,804
52-week high/low(VND)	25,250/ 13,600
Average trading volume 90 days (shares mn)	15.85
Average trading value of 90 days (VNDbn)	338
Foreign ownership	21.48
Major shareholder(%) Masan	14.9

Performance	3M	6M	12M
Absolute (%)	2.8	5.0	49.8
Relative to VN-Index (%)	3.1	4.4	36.7



Strong credit growth

Techcombank (TCB) is one of the leading banks in terms of credit market share and asset size in the private commercial bank group. Lending in the construction, real estate and home purchase sectors will continue to be Techcombank's core business in the future. This is also one of the banks that continuously invests heavily in digital banking services, thereby attracting many new customers to its platform. TCB Bank is currently one of the leading banks in the system with many important indicators such as NPL ratio, CASA or ROE. We update TCB's valuation for the next 12 months at VND 29,500.

Business results in 2024

TCB has a consolidated credit growth rate of 12.9% Ytd (parent bank at 11.6% Ytd). Unlike the period of 2023, TCB's credit has shown more balance growth in the two loan book – corporate and retail. Regarding the real estate market, management believes that the market in the North will recover sooner than in the South. The market in the South is currently facing problem with new supply to meet people's needs and is expected to recover about a year later than the North market.Net interest income in 6M/2024 grew (+40.2% YoY) supported by positive credit growth and improved NIM (reaching 4.3% at the end of Q2/2024). The recovery of bond issuance helped the non-interest income segment grow by 32.8% YoY. The parent bank's non-performing ratio inched up to 1.28%, this increase came from the retail loan portfolio, specifically the mortgage segment. Credit expense in 6M/2024 increased sharply +112.79% YoY, closely following our 2024 forecast. Interest and fees receivable at the end of Q2/2024 increased by more than 38.4% compared to the end of 2023.

TCB's profit before tax in 6M/2024 reached VND 15,628 billion (+38.6% YoY), completing more than 57% of the 2024 profit plan.

Investment thesis

- CASA returns to a high level along with the Auto Earning program, helping to improve TCB's cost of capital advantage. TCB's NIM can therefore improve significantly to around 4.4-4.5% for the 2024-2025 period
- The overall bad debt ratio is still being controlled at a safe level of 1.3%. TCB's bad debt growth in the past period has come largely from the individual customer group (with home loans). In the coming time, with the expectation of a recovery in loan demand from the retail customer group, NPL ratio of this group may slow down from the end of 2024.
- With good organic growth, TCB is expected to remain cash dividend policy to shareholders in the future

Outlook for 2024-2025

- Key assumptions for 2024 include consolidated credit growth of over 20%, NIM recovering to 4.38%, NPL ratio controlled around 1.3%, Credit expense/total credit around 1.1%, CIR at 31.5 %. TCB's EBT in 2024 is forecast to reach VND 27,793 billion (+21.40% YoY), adjusted downward compared to our latest report due to pressure that may appear on NIM in the second half of 2024. For real estate developers who are enjoying the Flexible Pricing policy, if home buying demand improves as expected, TCB may record higher interest income growth than forecast in our report.

Risks: (1) The real estate market recovered slower than expected; (2) Lending rates under pressure to decrease, putting pressure on NIM (3) Interest and fees receivable continue to increase even though TCB has been applying Flexible Pricing policy for businesses

Year	2020	2021	2022	2023	2024F
Net interest income (VND bn)	18,751	26,699	30,290	27,691	36,228
Net non-interest income (VND bn)	8,627	10,378	10,612	12,370	14,598
TOI (VND bn)	27,379	37,076	40,902	40,061	50,826
Profit before tax (VND bn)	15,800	23,238	25,568	22,888	27,793
Growth of PBT (%)	23.1	47.1	10.0	-10.5	21.4
P/E (x)	8.1	5.5	5.0	6.2	7.7
P/B (x)	1.4	1.1	0.9	0.9	1.2
ROE (%)	18.1	21.7	19.7	14.8	15.8

Source: Bloomberg, Shinhan Securities Vietnam

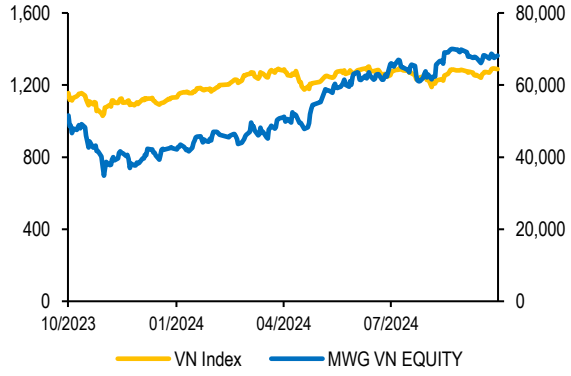
Mobile World Investment Corporation (HSX: MWG)

MWG

TARGET PRICE (2025)	**VND 71,100**
Current price (Sept. 30th, 2024)	VND 68,100
Return (%)	7.2%
VNINDEX	1,288
Market P/E (x)	12.1
Market Cap. (bn VND)	99,556
Outstanding Shares (mn)	1,462
Free Floating Shares (mn)	1,132
52-Wk High/ Low (VND)	70,800/ 33,600
3M Avg. Trading Vol. (mn)	8.18
3M Avg. T/O (bn VND)	536
Beta (12M)	1.4

Major shareholders (%)	Retail World Investment Consulting	10.49
	Dragon Capital	7.95

Performance	3M	6M	12M
Absolute (%)	9.1	33.3	29.5
Relative to VN-Index(%)	6.5	32.8	17.9



Shinhan Securities

Prepare to reap the rewards from Bach hoa Xanh

Investment points

Mobile World Investment Corporation (Mobile World, HSX: MWG) is a leading retail enterprise in Vietnam, offering an ecosystem that meets the diverse needs of customers. MWG is a top-tier stock worth holding due to: (i) Expected strong recovery in 2024 business results from the low base of 2023 (impacted by price wars and weak demand); (ii) Positive growth in the Bach Hoa Xanh chain, aiming for profitability.

Update 8M2024 business result: Net revenue reached VND 87,967 bn (+15.1% YoY), completing 70.4% of the plan. Notably, MWG's 1H24 NPAT already completed 86% of the year plan, up 53x YoY.

ICT chains: Revenue of TGDD (including Topzone) and DMX in 8M2024 recorded VND 18,649 bn (+3.4% YoY) and VND 40,201 bn (+8.2% YoY), respectively, contributing 21.2% and 45.7% to MWG's total revenue. MWG continues to restructure ICT retail stores. From YE2023 to August 2024, MWG has closed 47 TGDD stores, 159 DMX stores, and 8 Topzone stores. MWG forecasts it will take time for the non-essential retail segment to strongly recover, with clear expectations in 2H2024 and in 2025.

Bach hoa Xanh chain: BHX revenue in 8M2024 was VND 26,716 bn (+37.6% YoY), contributing 30.4% of MWG's total revenue. The average monthly revenue remains at VND 2-2.1bn per store and aims to be profitable for the whole year of 2024. MWG focuses on opening new BHX stores from Q3.2024 and has no plans to expand in the Central and Northern regions. MWG is ambitious to IPO the BHX chain when it reaches target profit threshold.

An Khang and AvaKids chains: Currently, MWG has no plans to expand these two chains until they reach the break-even target. Notably, from the beginning of 2024 to the end of August 2024, MWG has closed 201 An Khang pharmacies. For the AvaKids chain, MWG continues to focus on online sales channels.

Risks: (1) Competitive risk; (2) Risk from weak retail consumption; (3) Risk from having many diversified retail chains; (4) Risk from impairment of inventory.

FY	2021	2022	2023	2024F	2025F
Revenue (bn VND)	**122,958**	**133,405**	**118,280**	**132,532**	**142,149**
OP (bn VND)	6,466	6,575	1,047	6,387	6,840
NP (bn VND)	**4,901**	**4,102**	**168**	**4,381**	**4,949**
EPS (VND)	3,340	2,810	115	2,994	3,382
BPS (VND)	13,925	16,363	15,758	18,435	21,324
OPM (%)	5.3	4.9	0.9	4.8	4.8
NPM (%)	4.0	3.1	0.1	3.3	3.5
ROE (%)	**24.1**	**17.1**	**0.7**	**16.2**	**15.9**
PER (x)	19.7	22.4	381.6	21.6	18.3
PBR (x)	4.7	3.8	2.8	3.5	2.9
EV/EBITDA (x)	5.3	8.5	11.8	7.3	7.1

Source: Company data, Bloomberg, Shinhan Securities Vietnam

Important Disclosure

Stock

- **BUY:** Expected 12-month gain of 15% or more
- **HOLD:** Expected 12-month loss of 15% to gain of 15%
- **SELL:** Expected 12-month loss of 15% or more

Sector

- **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY
- **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD
- **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL



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