SHINHAN SECURITIES

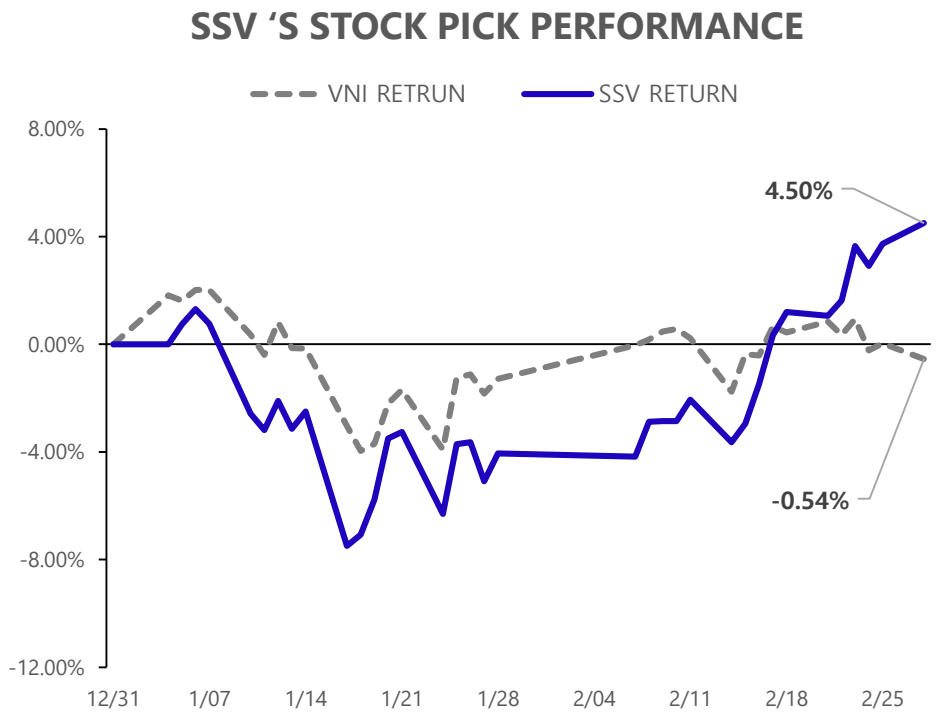
“March. 2022: Ignore the war”

[Vietnam Top Picks Universe]

Summary

- In February, most of the time VN-Index fluctuated around t he critical resistance of 1,500 in the context of geopolitical tensions between Russia and Ukraine continuously escalati ng and central banks preparing to end monetary expansion policy. due to high inflationary pressure. However, SSV Ana lysts' Top 10 portfolio increased by 8.9%, outperforming 0. 76% of the VN-Index.
- The performance of our top 10 portfolio in 02/2022:
  - Portfolio +8.9%
  - VN-Index +0.8%
- The performance of our top 10 portfolio since 12/31/2021:
  - Portfolio +4.5%
  - VN-Index -0.54%
- Based on the macro factors along with the business prospe cts in 2022 of enterprises, we decided to unchanged any ti cker in our March portfolio .





Source: Bloomberg, Shinhan Securities Vietnam

March, 2022

Shinhan Securities Vietnam

Top Picks Universe

Ignore the war

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Compassionate Finance

EQUITIES

General info					Share price			Price performance				Valuation (22F)			
No.	Ticker	Company name	Sector	Mkt Cap. (VND bn)	CP (VND)	TP (VND)	Upside (%)	1M	3M	6M	1Y	P/B (x)	P/E (x)	ROE (%)	EPS growth (% YoY)
1	DBC	Dabaco Corp.	Food	8,850	76,800	92,000	19.8	7.4	(1.9)	24.3	61.8	1.9	10.7	18.6	(40.8)
2	DGC	Ducgiang Chemicals	Chemicals	27,903	163,100	200,000	22.6	18.2	(0.2)	38.2	188.6	4.6	12.4	45.1	163.3
3	FPT	FPT Corp JSC.	IT	84,675	93,300	130,000	39.3	4.2	(3.9)	1.0	40.8	4.7	21.4	25.7	21.4
4	GEX	GELEX GROUP	Industrial	34,996	41,100	45,000	9.5	16.1	(8.5)	85.5	166.3	2.9	28.8	7.9	24.0
5	PET	PVN General Services	Retailers	5,040	56,100	70,000	24.8	59.8	86.4	104.0	239.0	2.8	26.7	11.4	112.6
6	PC1	Power Construction No. 1.	Construction	9,124	38,800	55,000	41.8	14.8	2.4	34.2	66.9	1.9	12.9	11.1	34.4
7	TV2	Power Engineering Consult. 2	Services	2,634	58,500	86,000	47.0	(3.9)	(11.0)	6.8	36.7	2.0	8.3	27.0	2.8
8	SZC	Sonadezi Chau Duc	Real Estate	8,060	80,600	95,000	17.9	4.4	36.8	66.5	98.0	5.5	26.7	23.7	71.0
9	STB	Sacombank	Banks	61,929	32,850	40,000	21.8	(7.6)	13.7	20.1	79.0	1.8	17.6	10.8	48.8
10	TCB	Techcombank	Banks	176,950	50,400	68,000	34.9	(4.5)	(2.7)	3.9	28.4	1.9	9.8	21.7	46.3

Dabaco Group JSC.

(DBC VN)

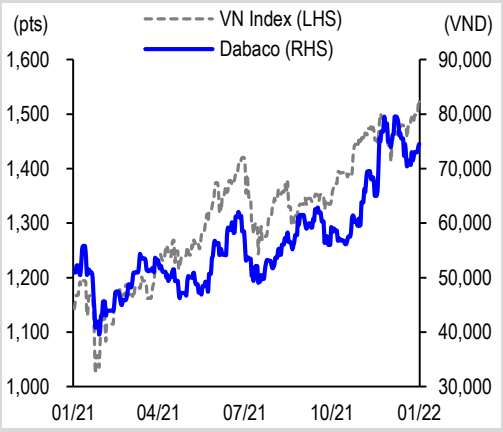
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EQUITIES

TARGET PRICE (VND)	BUY
92,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
76,800	**19.8%**

Target P/E (22F, x)	**6.2**
Target P/B (22F, x)	**2.2**
VNINDEX	**1,496**
Market P/E (22F, x)	**14.2**
Market Cap. (bn VND)	**8,170**
Outstanding Shares (mn)	**115**
Free Floating Shares (mn)	**60**
Free Floating (%)	**51.8**
52-Wk High (VND)	**80,800**
52-Wk Low (VND)	**44,091**
3M Avg. Trading Vol. (mn)	**1.89**
3M Avg. T/O (bn VND)	**134**
Beta (12M)	**1.3**

	3M	6M	12M
Absolute	**-1.9**	**24.3**	**61.8**
Rel. to VNINDEX	**-2.7**	**12.4**	**34.3**



Source: Bloomberg

Investment points

- Short-term catalyst is included the increasing demand for meat, including pork and chicken (main products of Dabaco) due to Vietnamese traditional holiday.
- Growth potential to be highlighted: 1) improving 2022F margins as improving ASP thanks to new normal status; 2) higher livestock output as resuming normal business operation; and 3) stable raw materials from import tax exemption.
- Dabaco is expected to succeed in research the African Swine Fever (ASF) vaccine, which would mitigate the impacts of disease to its livestock production (accounted for 90.3% of sales in 2020). Thuss
- Diversification of real estates: Dabaco is expected to record revenue and profit of VND1.6 tn and VND400 bn, respectively, from two real estate projects named Lotus Central Bac Ninh (started handing over 4Q21) and Huyen Quang (expected handover in 2022).

FY	2017	2018	2019	2020	2021	2022F
Revenue (bn VND)	5,855	6,674	7,187	10,022	10,813	11,871
OP (bn VND)	329	539	605	1,838	1,103	2,255
OP margin (%)	5.6	8.1	8.4	18.3	10.2	19.0
NP (bn VND)	200	347	304	1,399	826	1,709
NP margin (%)	3.4	5.2	4.2	14.0	7.6	14.4
EPS (VND)	1,734	3,212	2,636	12,137	7,170	14,833
ROE (%)	8.3	14.1	10.5	38.7	18.6	32.3
P/E (x)	12.1	5.6	7.3	4.2	10.1	5.0
P/B (x)	1.0	0.8	0.7	1.4	1.8	1.8

Source: Bloomberg, Shinhan Securities Vietnam

Duc Giang Chemicals JSC.

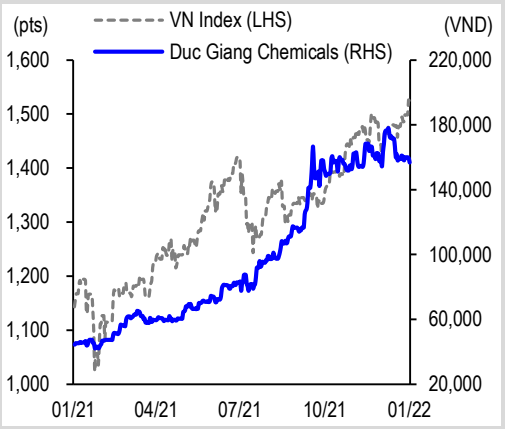
(DGC VN)

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EQUITIES

TARGET PRICE (VND)	**BUY**
200,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
163,100	**22.6%**
Target P/E (22F, x)	**15.5**
Target P/B (22F, x)	**4.9**
VNINDEX	**1,496**
Market P/E (22F, x)	**14.1**
Market Cap. (bn VND)	**27,903**
Outstanding Shares (mn)	**171**
Free Floating Shares (mn)	**94**
Free Floating (%)	**54.8**
52-Wk High (VND)	**182,000**
52-Wk Low (VND)	**55,652**
3M Avg. Trading Vol. (mn)	**1.25**
3M Avg. T/O (bn VND)	**167**
Beta (12M)	**0.8**

	3M	6M	12M
Absolute	**-0.2**	**38.2**	**188.6**
Rel. to VNINDEX	**-1.0**	**26.3**	**161.0**



Source: Bloomberg

Investment points

- With outstanding technological capabilities, DGC can produce all most products in the value chain - from mining apatite ore to producing final products. Thus, DGC can manage its material input cost well and is less dependent on the fluctuation of raw material prices.
- The expanding semiconductor production to meet the scarce supply for computers, phones, as well as 5G devices manufacturers around the world to push the demand for Phosphorus products.
- New source of growth from the Duc Giang Nghi Son chemical complex project with capex of VND12tn. The construction will be started in 1Q22, and completed phase 1 in Dec. 2024, and phase 2 until 2028. Management is confident that the factory can reach VND8.7tn in revenue and 1.8tn profit when phase 1 is completed.

FY	2017	2018	2019	2020	2021	2022F
Revenue (bn VND)	626	6,090	5,091	6,236	9,550	12,766
OP (bn VND)	50	939	592	987	2,542	2,406
OP margin (%)	8.1	15.4	11.6	15.8	26.6	18.8
NP (bn VND)	128	879	559	913	2,388	2,207
NP margin (%)	20.5	14.4	11.0	14.6	25.0	17.3
EPS (VND)	1,585	8,234	3,162	5,020	13,123	12,906
ROE (%)	14.4	45.5	16.6	23.7	45.1	39.1
P/E (x)	13.6	3.7	5.8	8.9	12.2	12.1
P/B (x)	2.5	1.6	0.9	1.9	4.5	3.8

Source: Bloomberg, Shinhan Securities Vietnam

FPT Corp. JSC.

(FPT VN)

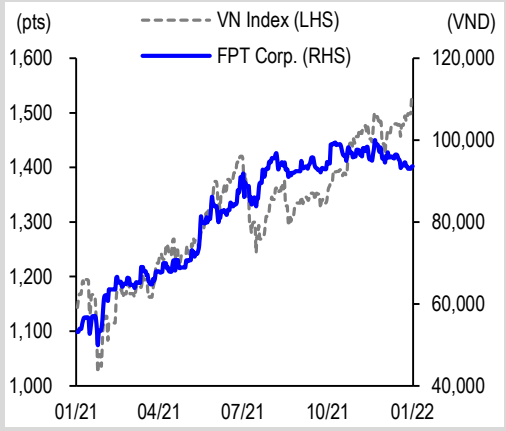
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Compassionate Finance

EQUITIES

TARGET PRICE (VND)	BUY
130,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
93,300	**39.3%**

Target P/E (22F, x)	**24.5**
Target P/B (22F, x)	**5.4**
VNINDEX	**1,523**
Market P/E (22F, x)	**14.1**
Market Cap. (bn VND)	**84,939**
Outstanding Shares (mn)	**907**
Free Floating Shares (mn)	**764**
Free Floating (%)	**84.2**
52-Wk High (VND)	**101,800**
52-Wk Low (VND)	**50,957**
3M Avg. Trading Vol. (mn)	**1.89**
3M Avg. T/O (bn VND)	**185**
Beta (12M)	**0.9**

	3M	6M	12M
Absolute	**-3.9**	**1.0**	**1.0**
Rel. to VNINDEX	**-4.7**	**-10.9**	**-10.9**



Source: Bloomberg

Investment points

- Global demand and spending for technology have dramatically increased, especially on software development and digital transformation (DX) services of FPT. FPT has been rapidly transforming into a global DX pioneer through self-developed B2B products applying the latest technologies such as Artificial Intelligence (AI), Robotic Process Automation (RPA), Blockchain, Cloud, and Internet of Things (IoT).
- The revenue growth of DX services (FSoft) and Made-by-FPT products (FIS) at roughly +40-50% p.a. will be the key growth driver of revenue and profit. Besides, the Telecom segment also significantly contributes to FPT's pre-tax margin and growth thanks to the new income from PayTV and Data Center as well as the high growth of Broadband services. These motivations and the investment into the Education segment and new startups such as BASE, Utop, and Sendo will ensure FPT to grow by at least +20% p.a. in the next 3-5 years.

FY	2017	2018	2019	2020	2021	2022F
Revenue (bn VND)	42,659	23,214	27,717	29,830	35,657	41,181
OP (bn VND)	3,167	3,122	4,147	4,605	5,413	6,991
OP margin (%)	7.4	13.4	15.0	15.4	15.2	17.0
NP (bn VND)	2,932	2,620	3,135	3,538	4,333	6,592
NP margin (%)	6.9	11.3	11.3	11.9	12.2	16.0
EPS (VND)	3,066	2,683	3,191	3,579	4,346	5,298
ROE (%)	26.0	20.0	21.6	21.7	23.4	24.4
P/E (x)	11.1	10.8	13.8	14.4	21.4	17.7
P/B (x)	2.7	2.1	2.8	2.9	4.7	3.9

Source: Bloomberg, Shinhan Securities

GELEX GROUP. JSC.

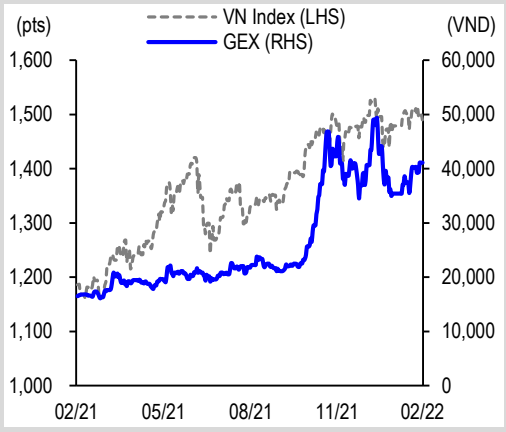
(GEX VN)

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Compassionate Finance

EQUITIES

TARGET PRICE (VND)	**BUY**
45,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
41,100	**9.5%**
Target P/E (22F, x)	**28.0**
Target P/B (22F, x)	**1.9**
VNINDEX	**1,490**
Market P/E (22F, x)	**13.8**
Market Cap. (bn VND)	**34,996**
Outstanding Shares (mn)	**851**
Free Floating Shares (mn)	**553**
Free Floating (%)	**65.0**
52-Wk High (VND)	**51,900**
52-Wk Low (VND)	**15,363**
3M Avg. Trading Vol. (mn)	**16.90**
3M Avg. T/O (bn VND)	**710**
Beta (12M)	**1.2**

	3M	6M	12M
Absolute	**-8.5**	**85.5**	**166.3**
Rel. to VNINDEX	**-9.3**	**73.6**	**138.7**



Source: Bloomberg

Investment points

- Company profile: No.1 electrical equipment company in Vietnam; they are also expanding power generation sector (hydro & solar), construction materials and industrial park (by acquiring Viglacera Corp - VGC)
- The recovery of electrical equipment sector: In 2021, the impact of Covid-19 pandemic has lowered sales volume of electrical equipments. However, we expect this business will bounce back in 2022, supported by: 1) The economy's recovery will lead to higher demand, 2) The involvement of strategic investors (8% stake of Gelex Electric will be sold) will support GEX to gain market share in long-term.
- Potential from power generation sector: new wind farm projects with a total capacity of 140MW (Huong Phung 2 & 3 and Gelex 1, 2 & 3) came online by October 2021 and receive a favorable tariff of 8.5 US cents/kWh. In 2022, these projects will start to contribute expected profit more than VND150bn/year;
- Significant contribution from VGC: VGC - the leading player in construction materials and industrial park - has become the subsidiary of GEX since 2Q2021. In 2022, VGC is expected to record profit of VND600bn (equivalent to ~50% of GEX's 2022 net profit), thanks to the recovery core business.

FY	2017	2018	2019	2020	2021	2022F
Revenue (bn VND)	11,984	13,699	15,315	17,949	28,585	42,877
OP (bn VND)	1,196	1,224	1,518	1,516	3,201	4,716
OP margin (%)	10.0	8.9	9.9	8.4	11.2	11.0
NP (bn VND)	610	620	590	586	750	1,458
NP margin (%)	5.1	4.5	3.9	3.3	2.6	3.4
EPS (VND)	1,116	1,061	830	890	1,084	1,712
ROE (%)	15.9	12.6	9.1	8.9	7.9	7.1
P/E (x)	11.4	8.7	16.5	13.5	26.9	22.2
P/B (x)	1.6	1.6	1.5	1.6	2.9	1.5

Source: Bloomberg, Shinhan Securities Vietnam

Power Construction No.1 JSC.

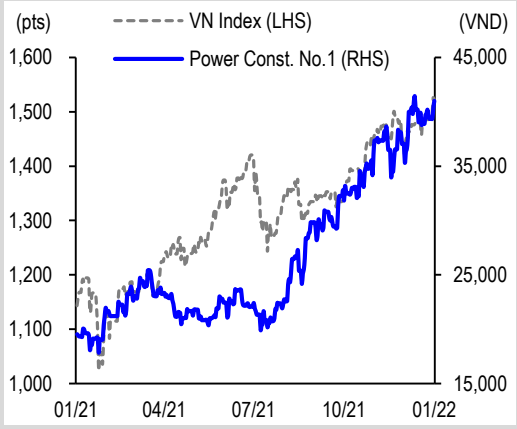
(PC1 VN)

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Compassionate Finance

EQUITIES

TARGET PRICE (VND)	**BUY**
55,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
38,800	**41.8%**
Target P/E (22F, x)	**19.9**
Target P/B (22F, x)	**2.0**
VNINDEX	**1,490**
Market P/E (22F, x)	**13.8**
Market Cap. (bn VND)	**9,124**
Outstanding Shares (mn)	**235**
Free Floating Shares (mn)	**174**
Free Floating (%)	**74.2**
52-Wk High (VND)	**42,000**
52-Wk Low (VND)	**19,833**
3M Avg. Trading Vol. (mn)	**1.88**
3M Avg. T/O (bn VND)	**63**
Beta (12M)	**1.1**

	3M	6M	12M
Absolute	**2.4**	**34.2**	**66.9**
Rel. to VNINDEX	**1.6**	**22.3**	**39.4**



Source: Bloomberg

Investment points

- PC1 holds outstanding construction technology in grid and wind power (such as UAV flying devices and crawler cranes for electric turbines).
- PC1 operates 7 hydropower plants with a total capacity of 169 MW, which is considered a strong cash cow. Their plants are located nationwide, avoiding the negative effects from clime changes, with stable revenue VND800bn/year with a gross margin of ~60%.
- Penetrating wind power with upcoming 150MW capacity COD in 4Q21, with favorable feed-in tariff and is expected to generate a profit of VND202bn (equivalent to 33% of 2022 net profit). Moreover, PC1 was also licensed to pre-feasibility study an onshore and offshore wind power with a capacity of +2,000 MW, securing stable growth over the next 5 years. Currently, PC1 is the only player who can build and operate their projects.

FY	2017	2018	2019	2020	2021	2022F
Revenue (bn VND)	3,161	5,084	5,845	6,679	9,813	8,338
OP (bn VND)	355	657	594	823	850	1,238
OP margin (%)	11.2	12.9	10.2	12.3	8.7	14.8
NP (bn VND)	236	469	358	512	481	650
NP margin (%)	7	9	6	8	4.9	8
EPS (VND)	1,175	2,046	1,561	2,231	2,092	2,765
ROE (%)	10.2	16.2	10.9	13.8	11.1	10.2
P/E (x)	16.5	7.1	7.8	8.3	13.1	14.8
P/B (x)	1.7	1.1	0.8	1.1	2.0	1.5

Source: Bloomberg, Shinhan Securities Vietnam

PetroVietnam Gen. Services JSC. Corp.

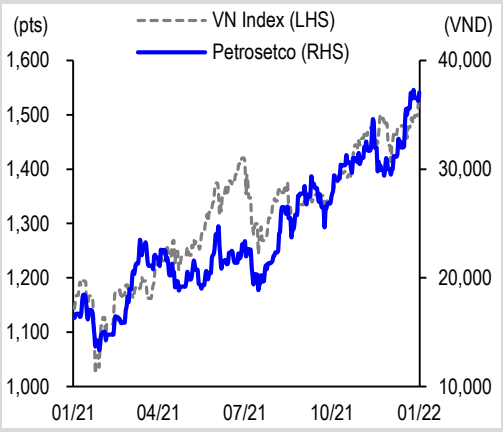
(PET VN)

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Compassionate Finance

EQUITIES

TARGET PRICE (VND)	**BUY**
70,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
56,100	**24.8%**
Target P/E (22F, x)	**15.1**
Target P/B (22F, x)	**2.2**
VNINDEX	**1,490**
Market P/E (22F, x)	**13.8**
Market Cap. (bn VND)	**5,040**
Outstanding Shares (mn)	**90**
Free Floating Shares (mn)	**61**
Free Floating (%)	**67.7**
52-Wk High (VND)	**56,100**
52-Wk Low (VND)	**16,650**
3M Avg. Trading Vol. (mn)	**1.75**
3M Avg. T/O (bn VND)	**48**
Beta (12M)	**1.1**

	3M	6M	12M
Absolute	**86.4**	**104.0**	**239.0**
Rel. to VNINDEX	**85.6**	**92.1**	**211.4**



Source: Bloomberg

Investment points

- Distribution division is expected to maintain strong growth in 2021-22 period, thanks to: 1) one of four official Apple authorized distributors in Vietnam since 2020; 2) expanding the wholesale portfolio with various types of additional smart devices such as smartwatches or WiFi routers; and 3) high demand for digital devices (smartphones and laptops) due to the accelerated trend of digital transformation and remote working/learning during Covid-19.
- The combination of high season for smartphones before the Tet holiday and rising crude oil prices is short-term catalyst of Petrosetco.
- New source of earnings from Cape Pearl Binh Thanh real estate project (scheduled to start in 2022 with 7 floors for rent and 260 apartment for sales) and fertilizer distribution (starting in 2020). Notably, profit from real estate business accounts for more than 20% of the annual total profit of PET (2020: 24.6%), together with the high price of real estate projects in Binh Thanh area, we expect that PET will record a higher profit when the project is opened for sale.

FY	2017	2018	2019	2020	2021	2022F
Revenue (bn VND)	10,703	11,092	10,008	13,453	17,511	19,970
OP (bn VND)	245	219	136	235	381	499
OP margin (%)	2.3	2.0	1.4	1.7	2.2	2.5
NP (bn VND)	135	113	78	137	256	300
NP margin (%)	1.3	1.0	0.8	1.0	1.5	1.5
EPS (VND)	1,479	1,236	803	1,520	2,740	3,312
ROE (%)	8.7	7.2	4.6	8.3	14.9	13.7
P/E (x)	8.2	6.6	5.7	10.6	11.3	11.2
P/B (x)	0.7	0.5	0.4	0.9	1.9	1.7

Source: Bloomberg, Shinhan Securities Vietnam

Power Engineering Consulting 2 JSC.

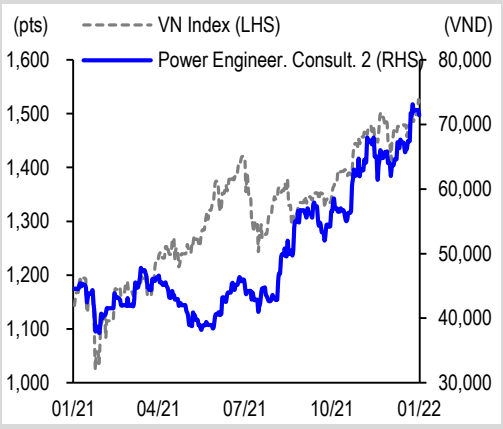
(TV2 VN)

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Compassionate Finance

EQUITIES

TARGET PRICE (VND)	**BUY**
86,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
58,500	**47.0%**
Target P/E (22F, x)	**6.1**
Target P/B (22F, x)	**2.2**
VNINDEX	**1,490**
Market P/E (22F, x)	**13.8**
Market Cap. (bn VND)	**2,634**
Outstanding Shares (mn)	**45**
Free Floating Shares (mn)	**21**
Free Floating (%)	**46.1**
52-Wk High (VND)	**74,100**
52-Wk Low (VND)	**38,440**
3M Avg. Trading Vol. (mn)	**0.26**
3M Avg. T/O (bn VND)	**14**
Beta (12M)	**1.1**

	3M	6M	12M
Absolute	**-11.0**	**6.8**	**36.7**
Rel. to VNINDEX	**-11.7**	**-5.2**	**9.2**



Source: Bloomberg

Investment points

- TV2 is a leading power consulting company in Vietnam, specializing in survey and design, and construction of electricity development and investment projects. TV2 is always on the top-list of power consultants for EVN and private developers (including Tri An, Ca Mau, Nhon Trach power plants). Consulting segment earns a stable cash flow ~VND150bn/year with a margin of ~20%.
- From 2019, TV2 has operated the high-tech operation center - remote power plants, which provide solid Operations and Maintenance services (O&M) to renewable plants. By end-2020, TV2's O&M services are operating 1,500 MW solar farms, with stable revenue of VND200bn/year with a margin of ~40%.
- They are also taking advantage of the tremendous domestic demand for electricity while there is a shortage of supply. TV2 is bidding for a potential backlog of ~USD900mn for projects with a total capex of USD5bn over the next five years, which mainly includes wind and LNG projects. They are also bidding for a giant LNG-fired project (Long Son complex-phase 1; USD1.3bn) and the Quang Tri coal-fired power plant (USD2bn).

FY	2017	2018	2019	2020	2021	2022F
Revenue (bn VND)	1,838	1,840	3,322	3,346	4,350	5,307
OP (bn VND)	236	244	261	272	348	716
OP margin (%)	12.9	13.3	7.9	8.1	8.0	13.5
NP (bn VND)	250	229	255	264	392	637
NP margin (%)	13.6	12.5	7.7	7.9	9.0	12.0
EPS (VND)	5,559	5,090	5,666	5,872	8,697	14,147
ROE (%)	62.2	38.2	31.3	25.2	27.3	37.0
P/E (x)	3.3	7.2	7.3	7.3	8.2	5.0
P/B (x)	1.6	2.3	2.0	1.6	2.2	1.9

Source: Bloomberg, Data as of

Sonadezi Chau Duc JSC.

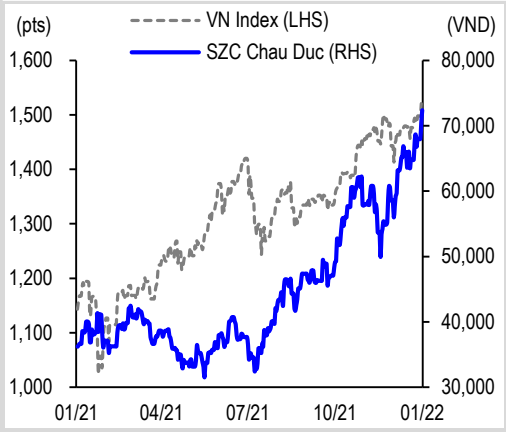
(SZC VN)

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EQUITIES

TARGET PRICE (VND)	**BUY**
95,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
80,600	**17.9%**
Target P/E (22F, x)	**1,490**
Target P/B (22F, x)	**13.8**
VNINDEX	**8,060**
Market P/E (22F, x)	**100**
Market Cap. (bn VND)	**89**
Outstanding Shares (mn)	**89.2**
Free Floating Shares (mn)	**84,900**
Free Floating (%)	**31,550**
52-Wk High (VND)	**1.27**
52-Wk Low (VND)	**91**
3M Avg. Trading Vol. (mn)	**0.8**
3M Avg. T/O (bn VND)	**1,490**
Beta (12M)	**13.8**

	3M	6M	12M
Absolute	**36.8**	**66.5**	**98.0**
Rel. to VNINDEX	**36.1**	**54.6**	**70.5**



Source: Bloomberg

Investment points

- Demand for industrial parks real estate in key economic regions of Vietnam will return to the growth trajectory in 2022 as well-tamed Covid-19 epidemic. Thus, industrial park real estate developers who have a large ready-to-lease land bank and are located in strategic locations will have a rapid rate of sales and benefit from rising real estate prices.
- SZC owns a large available for lease land bank (660 hectares) with competitive rental price in Ba Ria- Vung Tau, one of the key industrial centers in the South and is near convenient infrastructure clusters for such as, Cai Mep-Thi Vai port, Long Thanh International airport, Bien Hoa- Vung Tau expressway, and Phuoc An bridge.
- Chau Duc urban project was launced in the 2H21 after more than 10 years of delay due to prolonged legal procedures. Particularly, SZC is expected to sell 657 land plots and 1,213 apartments in phase 1 of the Sonadezi Huu Phuoc project (40.5 hectares).

FY	2017	2018	2019	2020	2021	2022F
Revenue (bn VND)	220	290	329	433	713	1,080
OP (bn VND)	78	111	139	199	386	486
OP margin (%)	35.5	38.2	42.2	46.0	54.2	45.0
NP (bn VND)	73	97	134	186	324	486
NP margin (%)	33.1	33.5	40.7	43.0	45.4	45.0
EPS (VND)	657	779	1,164	1,681	2,874	4,860
ROE (%)	6.0	6.8	9.9	13.7	21.1	25.4
P/E (x)	110.2	92.9	15.2	19.0	23.7	14.9
P/B (x)	6.5	6.3	1.5	2.5	4.6	3.8

Source: Bloomberg, Shinhan Securities Vietnam

Saigon Thuong Tin Com. JS. Bank - Sacombank

(STB VN)

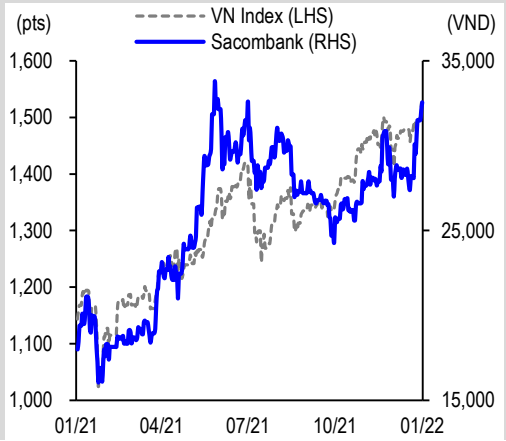
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EQUITIES

TARGET PRICE (VND)	BUY
40,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
32,850	**21.8%**

Target P/E (22F, x)	**1,490**
Target P/B (22F, x)	**13.8**
VNINDEX	**61,929**
Market P/E (22F, x)	**1,885**
Market Cap. (bn VND)	**1,815**
Outstanding Shares (mn)	**96.3**
Free Floating Shares (mn)	**36,700**
Free Floating (%)	**18,150**
52-Wk High (VND)	**22.66**
52-Wk Low (VND)	**805**
3M Avg. Trading Vol. (mn)	**1.2**
3M Avg. T/O (bn VND)	**1,490**
Beta (12M)	**13.8**

	3M	6M	12M
Absolute	**13.7**	**20.1**	**79.0**
Rel. to VNINDEX	**12.9**	**8.2**	**51.5**



Source: Bloomberg

Investment points

- We believe that Sacombank is being undervalued compared to its potential, due to the potential recovery of bad debts from the previous owners, and from the merger with Southern Commercial JSB.
- Sacombank is actively provisioning and handling VAMC bond debts from VND33tn in 2019 to VND25tn in 3Q21. We believe that given the high selling price of the real estate market, Sacombank can handle VAMC debt faster, creating a strong motivation for Sacombank's stock price and business results.
- Currently, Sacombank is a mid-range bank with no controlling shareholders and no foreign shareholders. We think that Sacombank can choose its strategic shareholders, which will be a strong motivation for share price.

FY	2017	2018	2019	2020	2021	2022F
Net interest income (bn VND)	5,294	7,637	9,210	11,499	13,224	22,528
Net non-interest income (bn VND)	4,168	4,960	5,990	7,397	9,246	7,444
OP (bn VND)	2,308	3,839	5,370	6,376	7,333	8,066
NP (bn VND)	1,182	1,790	2,455	2,682	4,232	4,956
NP margin (%)	12.5	14.2	16.2	14.2	32.0	22.0
EPS (VND)	552	696	684	1,200	2,054	2,406
ROE (%)	4.4	5.2	4.8	7.8	11.0	11.7
P/E (x)	23.2	15.3	9.0	13.5	15.8	13.5
P/B (x)	1.0	0.9	0.7	1.1	1.8	1.6

Source: Bloomberg, Shinhan Securities Vietnam

Vietnam Tech. & Com. JS Bank - Techcombank

(TCB VN)

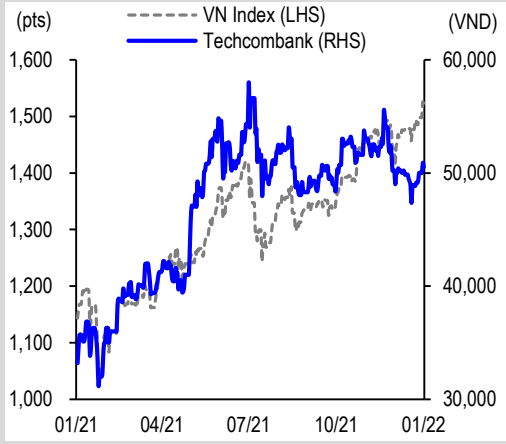
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EQUITIES

TARGET PRICE (VND)	BUY
68,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
50,400	**34.9%**

Target P/E (22F, x)	**10.8**
Target P/B (22F, x)	**2.1**
VNINDEX	**1,490**
Market P/E (22F, x)	**13.8**
Market Cap. (bn VND)	**176,950**
Outstanding Shares (mn)	**3,511**
Free Floating Shares (mn)	**2,707**
Free Floating (%)	**77.1**
52-Wk High (VND)	**58,600**
52-Wk Low (VND)	**38,200**
3M Avg. Trading Vol. (mn)	**13.37**
3M Avg. T/O (bn VND)	**542**
Beta (12M)	**1.2**

	3M	6M	12M
Absolute	**-2.7**	**3.9**	**28.4**
Rel. to VNINDEX	**-3.5**	**-8.0**	**0.9**



Source: Bloomberg

Investment points

- Techcombank is the leading commercial bank in the retail segment for the middle and high-income customer segments. Techcombank is a bank leading the trend of strong investment in technology, creating many outstanding new products and services to meet the needs of high-end customers. Techcombank's strength is in providing financial services to large private conglomerate ecosystems in Vietnam (such as Vingroup and Masan).
- Techcombank maintains a high CASA ratio above 45% from 2020, the highest in the banking industry, and is expected to increase to 50% by 2025. We believe the ratio NIM continues to maintain a high level of ~5%-6% thanks to low funding costs and a high CASA ratio.
- Despite Covid-19 outbreak in Vietnam, Techcombank had relatively low NPL thanks to its quality customer portfolio. NPL ratio by end-3Q21 is 0.57%, the lowest in the banking industry.
- We believe Techcombank's business performance will keep growing strongly in coming 2022, thanks to the aggressive client base development via expanding margin loans book, advanced trading system and advanced products. TCB's valuation is relatively attractive at 2021F P/E of 10.3x and P/B of 1.9x

FY	2017	2018	2019	2020	2021	2022F
Net interest income (bn VND)	8,931	11,390	14,262	18,755	35,699	42,284
Net non-interest income (bn VND)	8,369	9,389	8,407	10,147	22,151	22,151
OP (bn VND)	11,646	12,507	13,756	18,411	25,776	30,931
NP (bn VND)	6,446	8,463	10,075	12,325	17,255	22,151
NP margin (%)	37.3	40.7	44.4	42.6	29.8	34.4
EPS (VND)	2,573	2,692	2,871	3,515	4,915	6,309
ROE (%)	27.7	21.5	17.7	18.1	19.5	25.2
P/E (x)	19.6	9.6	8.2	9.0	10.3	8.0
P/B (x)	5.6	1.7	1.3	1.5	1.9	1.6

Source: Bloomberg, Shinhan Securities Vietnam

Appendix – Important Disclosure

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