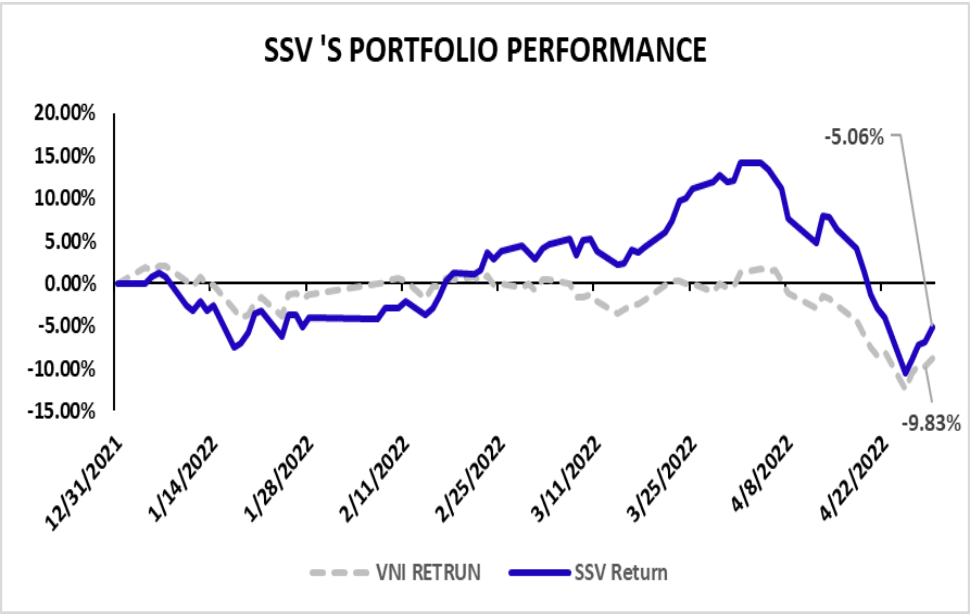
SHINHAN SECURITIES

May 2022

[Vietnam Top Picks Universe]

Summary

- In April, the VN-Index experienced steady downside trends most of the time in the context of receiving many negative news regarding the arrest of many influencing people towards the stock market., resulted in the lowest record of VN-Index since last year. Reversely, the Vietnam's economy still showed its strong recovery and improvement after the lockdown period, reflected in macroeconomic indicators. Due to the market risk of GEX (-27.23%) and SZC (-23.40%), SSV 's portfolio decreased by 15.34%, whereas the VN-Index's had a loss of 8.4% in April. However, SSV's portfolio is based on fundamentals and we have adjusted 2 stocks only to reflect macroeconomic factors and updates of companies.
- The performance of our top 10 portfolio in 04/2022:
  - Portfolio - 15.34%
  - VN-Index - 8.4%
- The performance of our top 10 portfolio since 12/31/2021:
  - Portfolio - 5.06%
  - VN-Index - 8.78%
- Based on macro factors, market movements along with upcoming earning prospects, we decided to temporarily remove GEX and PET due to the degradation of fundamental factors, and replace by DGC, an old ticker in SSV's portfolio. MWG, a leading retail company in Vietnam, was also added to SSV's portfolio this month. Both tickers are currently having an appealing valuation with a weight of 10% in the May portfolio. From now on, we will keep the portfolio more updated with market movements.



Source: Bloomberg, Shinhan Securities Vietnam



May, 2022

Shinhan Securities Vietnam

Top Picks Universe

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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	7,168	31,100	46,000	47.91	(17.9)	(13.0)	3.3	27.4	1.53	8.64	18.66	(40.75)
2	HPG	Hoa Phat Group	Steel	193,678	43,300	64,000	47.81	(5.6)	2.6	(24.2)	0.6	2.14	6.04	42.83	151.54
3	FPT	FPT Corp.	IT	95,293	105,000	130,000	23.81	0.1	17.3	8.4	49.3	4.97	20.38	26.07	21.53
4	DGC	Duc Giang Chemicals Group	Chemicals	41,213	240,900	293,000	21.63	5.4	74.6	57.7	296.9	5.66	12.74	56.59	163.16
5	MWG	Mobile World Investment Corp.	Retailers	109,218	149,200	207,960	39.38	1.8	12.6	13.5	58.8	5.22	21.51	27.34	18.22
6	PC1	Power Construction No. 1.	Construction	9,265	39,400	55,000	39.59	(19.5)	16.6	13.2	81.8	1.92	12.17	16.86	27.87
7	TV2	Power Engineering Consult. 2	Services	2,404	53,400	86,000	61.05	(16.3)	(12.3)	(14.0)	24.8	1.84	7.56	26.98	2.77
8	SZC	Sonadezi Chau Duc	Real Estate	5,860	58,600	95,000	62.12	(24.7)	(24.1)	(5.6)	69.9	4.15	21.21	23.18	70.97
9	STB	Sacombank	Banks	52,220	27,700	40,000	44.40	(14.2)	(22.1)	4.1	15.9	1.52	14.88	10.79	30.61
10	TCB	Techcombank	Banks	154,480	44,000	68,000	54.55	(10.0)	(16.7)	(14.7)	7.3	1.58	8.06	21.74	46.15

Dabaco Group JSC.

(DBC VN)

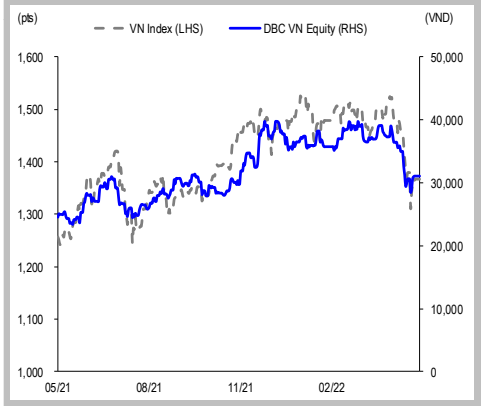
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EQUITIES

TARGET PRICE (VND)	BUY
46,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
31,100	47.9%

VNINDEX	1,367
Market P/E (x)	13.1
Market Cap. (bn VND)	7,168
Outstanding Shares (mn)	230
Free Floating Shares (mn)	120
Free Floating (%)	51.8
52-Wk High (VND)	40,400
52-Wk Low (VND)	23,591
3M Avg. Trading Vol. (mn)	2.63
3M Avg. T/O (bn VND)	101
Beta (12M)	1.4

	3M	6M	12M
Absolute	-13.0	4.2	28.6
Rel. to VNINDEX	-5.4	10.1	18.3



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).
- 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	2018	2019	2020	2021	2022F
Revenue (bn VND)	6,674	7,187	10,022	10,813	11,575
OP (bn VND)	539	605	1,838	1,103	1,088
OP margin (%)	8.1	8.4	18.3	10.2	9.4
NP (bn VND)	360	305	1,400	830	899
NP margin (%)	5.4	4.2	14.0	7.7	7.8
EPS (VND)	1,664	1,324	6,075	3,600	3,677
ROE (%)	14.6	10.6	38.7	18.7	18.4
P/E (x)	5.6	7.3	4.2	10.1	8.5
P/B (x)	0.8	0.7	1.4	1.8	1.3

Source: Bloomberg, Shinhan Securities, Data as of 04/05/22

Hoa Phat Group JSC.

(HPG VN)

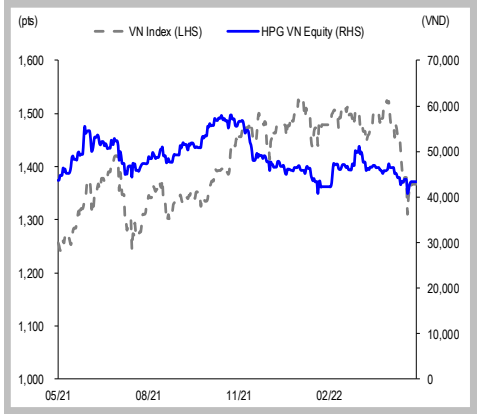
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Compassionate Finance

EQUITIES

TARGET PRICE (VND)	BUY
64,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
43,300	47.8%

VNINDEX	1,367
Market P/E (x)	13.1
Market Cap. (bn VND)	193,678
Outstanding Shares (mn)	4,473
Free Floating Shares (mn)	2,428
Free Floating (%)	54.3
52-Wk High (VND)	58,400
52-Wk Low (VND)	39,600
3M Avg. Trading Vol. (mn)	19.76
3M Avg. T/O (bn VND)	988
Beta (12M)	1.1

	3M	6M	12M
Absolute	2.6	-23.1	-2.2
Rel. to VNINDEX	10.2	-17.2	-12.5



Source: Bloomberg

Investment points

- Hoa Phat, top 1 of steel producers in ASEAN and top 50 in the world, has completed the value chain of steel industry, covering from mining iron ore, shipping over seas, and smelting cast iron to producing end-products such as HRC, construction steels, pipe steels, tole sheet steel, etc. This allows them to have great competitive advantages, including: 1) avoiding disruption of supply chain and production lines, 2) limiting the fluctuation of prices in raw materials and outputs to enhance profit margin, and 3) acquiring larger market share due to excellent reputation and various types of high-quality products.
- The Dung Quat 2 Complex will be launched from 1Q2022 and run with full capacity in 2025. Then, HPG will provide 8.6mn tonnes of HRC, surpassing Formosa to become the leader in Vietnam. HPG will also raise their total capacity to 14mn tonnes and thus generate tremendous revenue and profit.
- From 2022, Vietnam government will boost investment on public infrastructure to stimulate economy's growth (a new package of 150tn VND for 2022 besides the current package of 530tn VND). Furthermore, the real estate market is also expected to bounce back after the pandemic. This will motivate greater demand for steel consumption, ensuring 14mn tonnes of HPG's products to be fully absorbed in the next 5 years.
- HPG also planned to expand other businesses such as agriculture, real estate (residential property and industrial park), and container production, which will significantly contribute to their profit and growth in the future.

FY	2018	2019	2020	2021	2022F
Revenue (bn VND)	55,836	63,658	90,119	149,680	158,673
OP (bn VND)	10,550	9,743	17,123	37,664	35,356
OP margin (%)	18.9	15.3	19.0	25.2	22.3
NP (bn VND)	8,573	7,527	13,450	34,478	30,675
NP margin (%)	15.4	11.8	14.9	23.0	19.3
EPS (VND)	1,917	1,683	2,849	7,166	6,609
ROE (%)	23.6	17.1	23.9	42.8	29.8
P/E (x)	7.7	8.6	10.8	6.5	6.6
P/B (x)	1.6	1.4	2.3	2.3	1.6

Source: Bloomberg, Shinhan Securities, Data as of 04/05/22

FPT Corp. JSC.

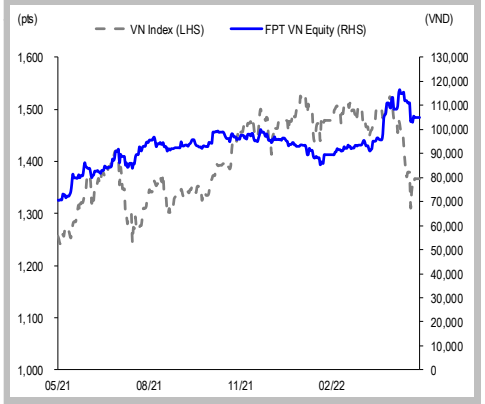
(FPT VN)

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EQUITIES

TARGET PRICE (VND)	BUY
130,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
105,000	23.8%
VNINDEX	1,367
Market P/E (x)	13.1
Market Cap. (bn VND)	95,293
Outstanding Shares (mn)	908
Free Floating Shares (mn)	764
Free Floating (%)	84.2
52-Wk High (VND)	118,900
52-Wk Low (VND)	69,565
3M Avg. Trading Vol. (mn)	1.98
3M Avg. T/O (bn VND)	242
Beta (12M)	1.0

	3M	6M	12M
Absolute	17.3	9.4	45.7
Rel. to VNINDEX	24.9	15.3	35.4



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	2018	2019	2020	2021	2022F
Revenue (bn VND)	23,214	27,717	29,830	35,657	43,291
OP (bn VND)	3,122	4,147	4,605	5,415	7,100
OP margin (%)	13.4	15.0	15.4	15.2	16.4
NP (bn VND)	2,620	3,135	3,538	4,337	5,584
NP margin (%)	11.3	11.3	11.9	12.2	12.9
EPS (VND)	2,683	3,191	3,579	4,349	5,556
ROE (%)	20.0	21.6	21.7	23.4	26.9
P/E (x)	10.8	13.8	14.4	21.4	18.9
P/B (x)	2.1	2.8	2.9	4.7	4.1

Source: Bloomberg, Shinhan Securities, Data as of 04/05/22

DUC GIANG CHEMICALS GROUP. JSC.

(DGC VN)

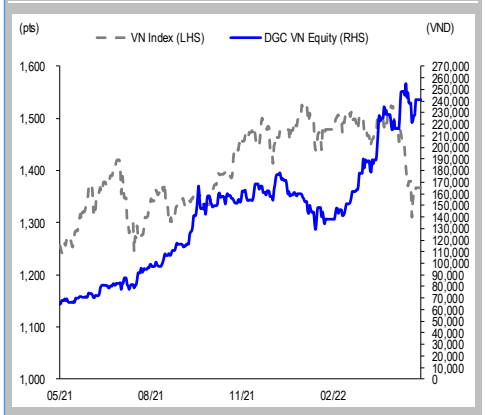
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EQUITIES

TARGET PRICE (VND)	BUY
293,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
240,900	21.6%

VNINDEX	1,367
Market P/E (x)	13.1
Market Cap. (bn VND)	41,213
Outstanding Shares (mn)	171
Free Floating Shares (mn)	95
Free Floating (%)	55.7
52-Wk High (VND)	262,100
52-Wk Low (VND)	60,000
3M Avg. Trading Vol. (mn)	1.59
3M Avg. T/O (bn VND)	396
Beta (12M)	0.8

	3M	6M	12M
Absolute	74.6	54.0	271.4
Rel. to VNINDEX	82.1	59.9	261.1



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.
- According to the consolidated 1Q/2022 FS of DGC, its revenue and profit after tax in the first quarter reached VND3,634bil and VND1,507bil, 86% and 418% increase QoQ, respectively. Selling price increased sharply while COGS only slightly increased to VND1,928bil, which resulted in the DGC's gross profit recorded at VND1,706bil, improved from 22% to nearly 47%. Profit after tax of the parent company also increased by 4.7 times, reaching VND1,335bil.
- Financial revenue increased by 2.5 times to 84 billion VND, mainly thanks to the interest from term deposits and realized gain from exchange currency.
- As of the end of March 2022, DGC had total assets of VND9,431bil, up 11% YTD. Its liabilities were VND1,820bil, owner's equity was VND7,611bil, having VND2,663bil of undistributed profit..

FY	2018	2019	2020	2021	2022F
Revenue (bn VND)	6,090	5,091	6,236	9,550	13,260
OP (bn VND)	939	592	987	2,542	4,857
OP margin (%)	15.4	11.6	15.8	26.6	36.6
NP (bn VND)	870	567	907	2,388	4,301
NP margin (%)	14.3	11.1	14.5	25.0	32.4
EPS (VND)	8,146	3,207	4,986	13,122	23,618
ROE (%)	45.0	16.8	23.6	45.0	55.2
P/E (x)	3.7	5.8	8.9	12.2	10.2
P/B (x)	1.6	0.9	1.9	4.5	4.1

Source: Bloomberg, Shinhan Securities, Data as of 04/05/22

MOBILE WORLD INVESTMENT CORP.

(MWG VN)

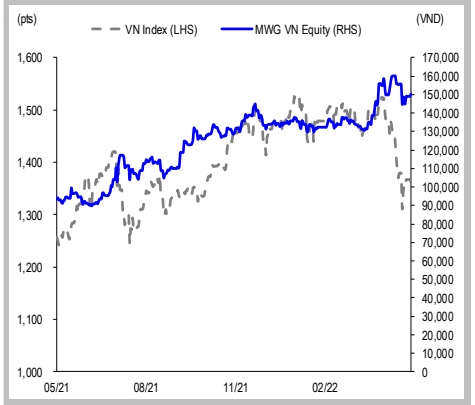
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Compassionate Finance

EQUITIES

TARGET PRICE (VND)	BUY
208,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
151,000	37.7%

VNINDEX	1,360
Market P/E (x)	13.0
Market Cap. (bn VND)	110,536
Outstanding Shares (mn)	732
Free Floating Shares (mn)	548
Free Floating (%)	74.8
52-Wk High (VND)	162,800
52-Wk Low (VND)	90,000
3M Avg. Trading Vol. (mn)	1.45
3M Avg. T/O (bn VND)	257
Beta (12M)	0.7

	3M	6M	12M
Absolute	14.0	16.2	62.5
Rel. to VNINDEX	22.0	22.6	52.7



Source: Bloomberg

Investment points

- We believe that Mobile World is the leading retailer in Vietnam when operating more than 5,420 stores. This is a huge competitive advantage, helping MWG to implement the strategy of selling things that have never been sold.
- MWG's overall strategy in 2022 is to optimize the purchasing ability and invest in the activities of sales promotion, the customer services and the customer's shopping experience. Specifically,

+ TGDD/DMX will remain the Cash Cow business for MWG by: (1) adding new products/services to optimizing sales for existing stores, (2) opening new DMS (200 stores), new Topzone (40 stores) and expanding the network of freelancers, (3) implementing consumer electronics chains in oversea markets and (4) piloting new initiatives to prepare growth pillars for the future.
+ BHX will cease new store opening effort to focus on fine-tuning the backend and improving operational efficiency to be ready for scaling business nationwide since 2023. MWG plans to offer a private placement of up to 20% of its share capital; the money will be invested in distribution centers, fixed assets, technology, online sales channels and M&A deals. BHX is expected to contribute about 20% to total revenue.
+ An Khang pharmacy chain will be expanded rapidly in 2022 with the aim of becoming the top 3 largest pharmacy chains in Vietnam. As of February 2022, this chain has 208 pharmacies.

- Potential supporting factors: 1) The retail market recovers after the Covid-19 epidemic; assuming the social distancing scenario will not happen in 2022 2) Expanding investment into Indonesia market through Era Blue joint venture 3) Expanding An Khang pharmacy chain in 2022 4) The plan to offer up to 20% share capital of BHX is expected to help the market re-value the BHX chain in particular or the whole Mobile World Group in general.
- The risk of increasing global inflation will be able to affect the aggregate demand of the whole economy; reduces purchasing power and directly affects the sales of the retail industry.

FY	2018	2019	2020	2021	2022F
Revenue (bn VND)	86,516	102,174	108,546	122,958	142,522
OP (bn VND)	3,871	4,977	5,216	5,895	7,962
OP margin (%)	4.5	4.9	4.8	4.8	5.6
NP (bn VND)	2,879	3,834	3,918	4,899	6,480
NP margin (%)	3.3	3.8	3.6	4.0	4.5
EPS (VND)	4,459	5,774	5,834	6,897	8,945
ROE (%)	38.7	36.3	28.4	27.3	27.6
P/E (x)	13.0	13.2	13.6	19.7	16.9
P/B (x)	4.3	4.2	3.5	4.8	4.0

Source: Bloomberg, Shinhan Securities, Data as of 04/05/22

Power Construction No.1 JSC.

(PC1 VN)

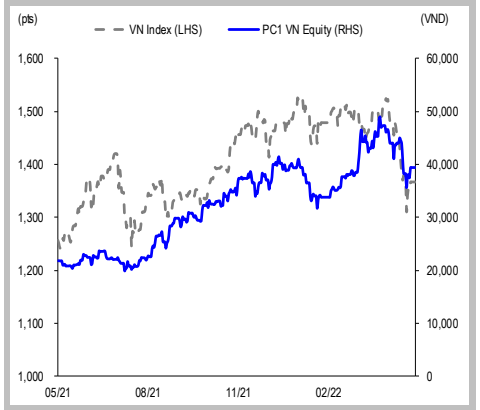
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EQUITIES

TARGET PRICE (VND)	BUY
55,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
39,400	39.6%

VNINDEX	1,367
Market P/E (x)	13.1
Market Cap. (bn VND)	9,265
Outstanding Shares (mn)	235
Free Floating Shares (mn)	174
Free Floating (%)	74.2
52-Wk High (VND)	49,900
52-Wk Low (VND)	19,833
3M Avg. Trading Vol. (mn)	2.23
3M Avg. T/O (bn VND)	108
Beta (12M)	0.9

	3M	6M	12M
Absolute	16.6	9.1	85.4
Rel. to VNINDEX	24.2	15.0	75.1



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	2018	2019	2020	2021	2022F
Revenue (bn VND)	5,084	5,845	6,679	9,828	8,557
OP (bn VND)	657	594	823	859	1,360
OP margin (%)	12.9	10.2	12.3	8.7	15.9
NP (bn VND)	467	358	513	695	675
NP margin (%)	9.2	6.1	7.7	7.1	7.9
EPS (VND)	2,034	1,560	2,235	2,858	2,849
ROE (%)	16.1	10.9	13.8	15.1	11.5
P/E (x)	7.1	7.8	8.3	13.8	13.8
P/B (x)	1.1	0.8	1.1	2.0	1.7

Source: Bloomberg, Shinhan Securities, Data as of 04/05/22

Power Engineering Consulting 2 JSC.

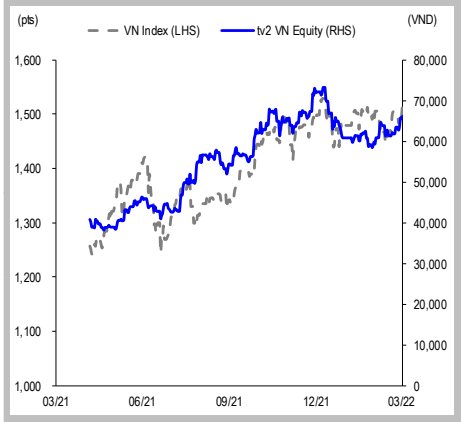
(TV2 VN)

Shinhan
Compassionate Finance

EQUITIES

TARGET PRICE (VND)	BUY
86,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
53,400	61.0%
VNINDEX	1,367
Market P/E (x)	13.0
Market Cap. (bn VND)	2,404
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)	0.22
3M Avg. T/O (bn VND)	14
Beta (12M)	1.1

	3M	6M	12M
Absolute	-12.3	-14.0	24.8
Rel. to VNINDEX	-4.7	-8.6	14.5



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	2018	2019	2020	2021	2022F
Revenue (bn VND)	1,840	3,322	3,346	4,350	5,307
OP (bn VND)	244	261	272	348	716
OP margin (%)	13.3	7.9	8.1	8.0	13.5
NP (bn VND)	225	255	262	392	637
NP margin (%)	12.2	7.7	7.8	9.0	12.0
EPS (VND)	5,000	5,667	5,824	8,697	14,147
ROE (%)	37.5	31.3	25.0	27.3	37.0
P/E (x)	7.2	7.3	7.3	8.2	5.0
P/B (x)	2.3	2.0	1.6	2.2	1.9

Source: Bloomberg, Shinhan Securities, Data as of 04/05/22

Sonadezi Chau Duc JSC.

(SZC VN)

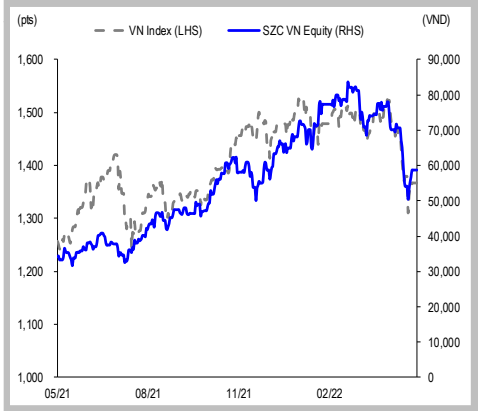
Shinhan
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EQUITIES

TARGET PRICE (VND)	BUY
95,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
58,600	62.1%

VNINDEX	1,367
Market P/E (x)	13.1
Market Cap. (bn VND)	5,860
Outstanding Shares (mn)	100
Free Floating Shares (mn)	89
Free Floating (%)	89.2
52-Wk High (VND)	84,900
52-Wk Low (VND)	31,550
3M Avg. Trading Vol. (mn)	1.19
3M Avg. T/O (bn VND)	84
Beta (12M)	0.9

	3M	6M	12M
Absolute	-24.1	1.4	72.9
Rel. to VNINDEX	-16.5	7.3	62.6



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	2018	2019	2020	2021	2022F
Revenue (bn VND)	290	329	433	713	1,106
OP (bn VND)	111	139	199	386	577
OP margin (%)	38.2	42.2	46.0	54.2	52.2
NP (bn VND)	97	134	186	324	490
NP margin (%)	33.5	40.7	43.0	45.4	44.3
EPS (VND)	779	1,164	1,681	2,874	4,396
ROE (%)	6.8	9.9	13.7	21.1	30.0
P/E (x)		15.2	19.0	23.7	13.3
P/B (x)		1.5	2.5	4.6	3.1

Source: Bloomberg, Shinhan Securities, Data as of 04/05/22

Saigon Thuong Tin Com. JS. Bank - Sacombank

(STB VN)

Shinhan
Compassionate Finance

EQUITIES

TARGET PRICE (VND)	BUY
40,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
27,700	44.4%

VNINDEX	1,496
Market P/E (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	7.1	27.7	59.2
Rel. to VNINDEX	5.2	16.2	21.0



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)	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	25,766	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, Data as of 04/05/22

Vietnam Tech. & Com. JS Bank - Techcombank

(TCB VN)

Shinhan
Compassionate Finance

EQUITIES

TARGET PRICE (VND)	BUY
68,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
44,000	54.5%

VNINDEX	1,496
Market P/E (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	7.1	27.7	59.2
Rel. to VNINDEX	5.2	16.2	21.0



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)	8931	11,390	14,262	18,755	35,699	42,284
Net non-interest income (bn VND)	8369	9,389	8,407	10,147	22,151	22,151
OP (bn VND)	11646	12,507.0	13,756.0	18,411.0	25,776.0	30,931.0
NP (bn VND)	6446	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)	2573	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, Data as of 04/05/22

Appendix – Important Disclosure

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