# MORNING CALL

August 24, 2022

Shinhan Securities

## “Stock market returned to green”

- Global stocks continued to fall
- Domestic stocks returned to green
- Stock update #VNM, #HAH
- Technical view and recommendations
- Economic calendar
- Q&A


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# Global Market Review - Week 22-26/08/2022

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## Major stock markets continue to streak

- Wall Street continued to fall below the threshold of 33,000 points, the attempt to recover in the falied session. The S&P Global Manufacturing PMI fell to 51.3 in August from 52.2 in July, below forecasts of 52. Meanwhile, the Services PMI fell to 44.1.
- Asian and European stocks also traded in the red. Japan's manufacturing PMI also fell to 51, from 52.1 in the previous month. The service sector PMI also dropped to 49.2.
- Investors cautiously await the speech of Fed Chairman - Jerome Powell on the US economic outlook and inflation within the framework of the Fed's annual Economic Policy Conference held in Jackson Hole on August 26.
- Crude oil surged to 93 USD/barrel, along with Natural gas prices continued to escalate to 9.6 USD/mmBTU.

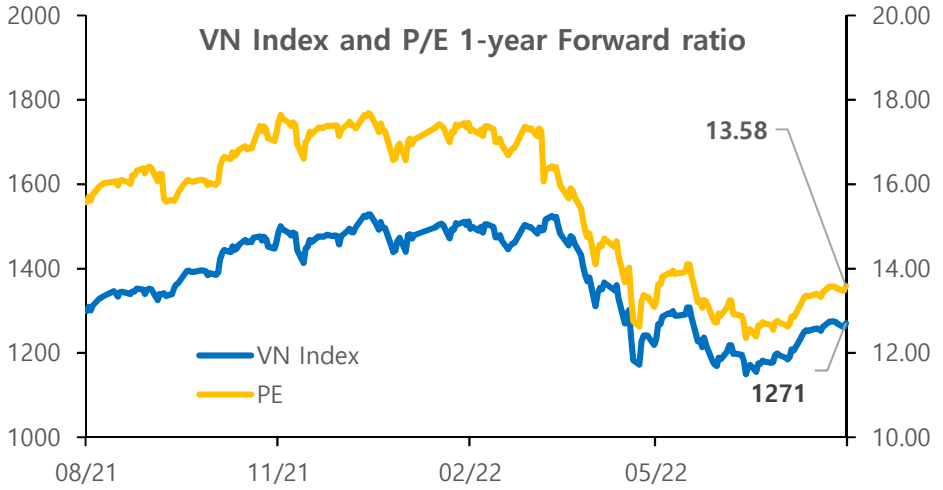
### Market

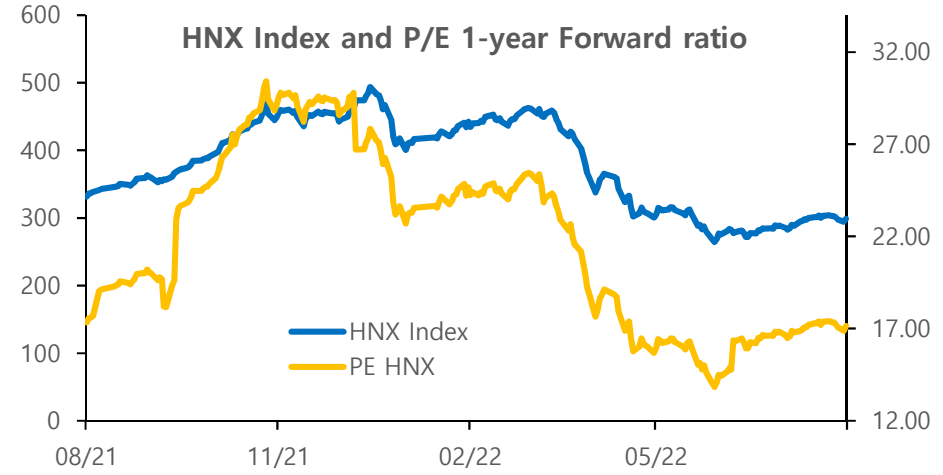
| | Close | %1D | %1M | %1Y |
|---|---|---|---|---|
| VN-Index | 1,271 | 0.82% | 6.37% | -2.16% |
| S&P 500 Index | 4,129 | -0.22% | 4.22% | -7.83% |
| Dow Jones Index | 32,910 | -0.47% | 3.17% | -6.87% |
| Hang Seng | 19,503 | -0.78% | -5.37% | -24.19% |
| Nikkei 225 | 28,482 | 0.10% | 2.03% | 2.70% |
| SHCOMP Index | 3,276 | -0.05% | 0.19% | -6.78% |
| STI Index | 3,246 | -0.50% | 2.04% | 4.46% |
| KOSPI Index | 2,448 | 0.53% | 2.31% | -21.99% |

### Currency & Commodity

| | Close | %1D | %1M | %1Y |
|---|---|---|---|---|
| Dollar Index | 108.61 | -0.01% | 1.76% | 16.92% |
| USD/VND | 23,428.00 | -0.07% | -0.15% | -2.55% |
| EUR/USD | 1.00 | -0.12% | -2.56% | -15.29% |
| USD/CNY | 6.84 | 0.19% | -1.23% | -5.17% |
| Brent | 99.97 | -0.25% | -3.13% | 40.70% |
| WTI | 93.53 | -0.22% | -1.24% | 38.48% |
| Natural gas | 9.26 | 0.72% | 11.57% | 137.65% |
| Coal | 418.35 | -0.18% | 2.05% | 145.65% |
| Gold | 1,746.26 | -0.11% | 1.54% | -3.14% |

# Vietnam Market Snapshot 23/8/2022




| | Close | PE | Difference | %1D | Trading volume (mn stocks) | Trading value (VND bn) |
|---|---|---|---|---|---|---|
| **VNI NDEX** | 1,270.81 | 13.58 | 10.38 | 0.82 | 565 | 14,057 |
| **HNX INDEX** | 299.14 | 17.11 | 4.41 | 1.50 | 94 | 1,966 |

## Money flow and sector rotation (VND bn)

| Sector | %1D | 8/23/2022 | 8/22/2022 | 20-session Average |
|---|---|---|---|---|
| Travel & Leisure | 59.33 | 108 | 68 | 122 |
| Oil & Gas | 48.86 | 387 | 260 | 221 |
| Automobiles & Parts | 47.82 | 111 | 75 | 110 |
| Financial Services | 40.09 | 2,406 | 1,718 | 1,977 |
| Personal & Household Goods | 20.95 | 221 | 183 | 209 |
| Chemicals | 14.76 | 598 | 521 | 701 |
| Utilities | 5.86 | 280 | 265 | 348 |
| Insurance | -4.4 | 84 | 88 | 112 |
| Industrial Goods & Services | -6.6 | 715 | 765 | 771 |
| Food and Beverage | -6.6 | 1,238 | 1,325 | 1,312 |
| Construction & Materials | -7.7 | 895 | 970 | 993 |
| Health Care | -12.0 | 30 | 34 | 37 |
| Basic Resources | -15.9 | 911 | 1,083 | 1,406 |
| Real Estate | -18.0 | 2,348 | 2,863 | 2,525 |
| Banks | -18.2 | 1,538 | 1,881 | 2,173 |
| Media | -19.9 | 5 | 7 | 9 |
| Retail | -35.7 | 486 | 755 | 475 |
| Technology | -38.2 | 124 | 200 | 208 |



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# Breaking news

| | |
|---|---|
| **Bullish** | ■ Through the event Meet India - Vietnam businesses in the automotive industry on the afternoon of August 22, the Indian Automobile Parts Manufacturers Association (ACMA) wishes to explore investment opportunities, trade and business in Vietnam in the near future.<br>■ Vietnam's public debt dropped sharply, equivalent to just over 43% of GDP.<br>■ Applying T+2 to transaction begins on 29/08.<br>■ Hoa Binh Construction is preparing to invest in two projects in Canada and Australia with a total capital of 6 million CAD. Specifically, the company will invest CAD 4 million (~VND 72 billion) in the project 88 James in Canada, funded by Elite Developments Group. The second project will be Regent Street in Australia, with an investment of CAD 2 million (~VND 36 billion).<br>■ Phat Dat has announced the policy of transferring shares in Saigon-KL Real Estate JSC, which is the owner of the Astral City project. This VND 3,350 billion deal is expected not only to help Phat Dat achieve this year's profit target early (VND 3,635 billion in pre-tax profit) but also to be an abundant source of capital for the company to continue developing its new projects. |
| **Bearish** | ■ High inflation affects the purchasing power of domestic consumers.<br>■ The number of Covid cases is increasing slightly. |

# Company Update: Vietnam Dairy Products JSC (Vinamilk)

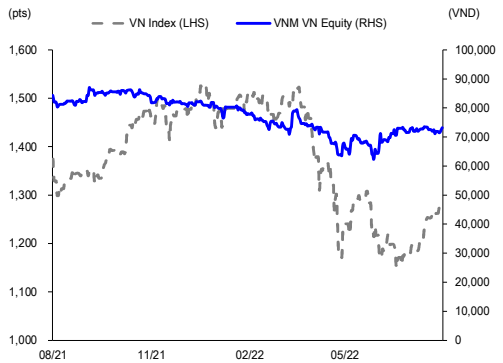
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## BUY

(Company Update)

| | |
|---|---|
| **Target price** (12 months) | **VND 102,765** |
| Current price (22/08/22) | VND 74,300 |
| **Upside (%)** | **38%** |
| VNINDEX | 1279 |
| HNXINDEX | 299 |
| Market Cap (bn VND) | 158 |
| Outstanding shares (1mn) | 2,090 |
| Free float (1mn) | 735 |
| 52-week high (VND) | 92,400 |
| 52-week low (VND) | 64,500 |
| 90-day avg. trading volume (1mn) | 2 |
| 90-day avg. turnover(bn VND) | 150 |
| Major shareholders (%) SCIC | 36.0 |
| F&N Diary | 17.7 |

| Performance | 3M | 6M | 12M |
|---|---|---|---|
| Absolute (%) | 14.3 | - 5.3 | - 11.9 |
| Rel to VN-Index (%) | 10.1 | 10.7 | - 9.7 |




## Preparing for a new chapter

### 1H2022 update – Gross profit margin increased again.

- 2Q202: The domestic market recorded net revenue of VND 12,471 billion (-5.9% YoY), of which Moc Chau Dairy Cattle Breeding JSC (MCM) recorded a revenue of VND 839 billion (+6.2% YoY); The overseas market recorded a revenue of VND 2,459 billion (+10.8% YoY).
- Accumulated 6M/2022, total revenue reached VND 28,900 billion and net profit after tax reached VND 4,386 billion, completed 45.1% and 44.9% of the year plan respectively. As a result, the gross profit margin increased again after 7 quarters (Q4/2020-Q2/2022).

### Maintain BUY rating and target price at VND 102,765, based on DCF and P/E method due to:

- Vinamilk accounts for more than 40% market share and an annual dividend rate of around 5%.
- Although the business situation fluctuated in the first half of the year, we expect Vinamilk to continue to grow because (1) The nut milk segment is expected to account for 3% of the total plant milk segment; (2) The company's investment projects are being disbursed, and some projects will be completed by the end of 2023.
- Gross profit margin continues to improve thanks to lower raw material prices.

**Risks: (1) Risk of increasing competition; (2) Risk of losing key overseas customers**

| Year | 2021 | 2022F | 2023F | 2024F | 2025F |
|---|---|---|---|---|---|
| **Revenue (bn VND)** | **60,919** | **61,980** | **65,100** | **68,327** | **71,720** |
| OP (bn VND) | 11,761 | 11,794 | 13,562 | 14,528 | 15,270 |
| **NI (bn VND)** | **10,633** | **10,428** | **12,011** | **12,886** | **13,536** |
| EPS (VND) | 6,005 | 9,046 | 8,005 | 8,371 | 9,460 |
| BPS (VND) | 32,153 | 40,052 | 45,677 | 51,677 | 58,761 |
| OPM(%) | 19.3 | 19.0 | 20.8 | 21.3 | 21.3 |
| NPM (%) | 17.5 | 16.8 | 18.4 | 18.9 | 18.9 |
| **ROE (%)** | 30.6 | 28.2 | 30.1 | 29.9 | 29.1 |
| PER (x) | 18.2 | 14.7 | 12.8 | 11.9 | 11.3 |
| PBR (x) | 4.5 | 4.0 | 3.7 | 3.4 | 3.1 |
| EV/EBITDA | 12.0 | 16.1 | 14.3 | 13.4 | 12.7 |

Source: Company data, Shinhan Securities Vietnam
Link: https://shinhansec.com.vn/uploads/report/VNM_Update_EN2.pdf

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# Company Update: Hai An Transport and Stevedoring JSC (HAH)

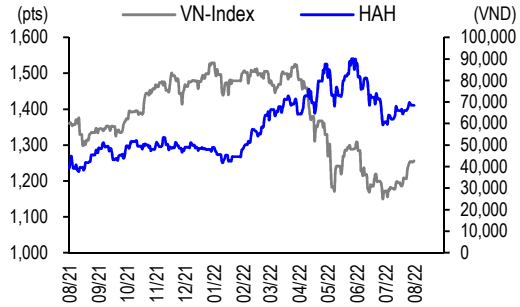
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## BUY

(Company Update)

| | |
|---|---|
| **Target price** (12 months) | **VND 104,302** |
| Current price (22/08/22) | VND 64,400 |
| **Upside (%)** | **61.95%** |
| VNINDEX | 1270 |
| HNXINDEX | 299 |
| Market Cap (bn VND) | 4.39 |
| Outstanding shares (1mn) | 68 |
| Free float (1mn) | 44 |
| 52-week high (VND) | 92,900 |
| 52-week low (VND) | 36,857 |
| 90-day avg. trading volume (1mn) | 1.81 |
| 90-day avg. turnover(bn VND) | 135 |
| Major shareholders (%) | Hai Ha Transport and Investment JSC 11% |
| | TM Holding Fund JSC 9% |

| Performance | 3M | 6M | 12M |
|---|---|---|---|
| Absolute (%) | -11.2 | 14.4 | 61.0 |
| Rel to VN-Index (%) | -15.4 | 30.4 | 63.2 |




## Leading container shipping line

**Initial coverage with a target price of VND 104,302 based on DCF and P/E method, equivalent to 62% upside. Therefore, recommending BUY with those investement theses:**

- **Import and export growth promotes the shipping industry:** The main drivers of Vietnam's imports and export in the future are economic agreements like the EVFTA and RCEP as well as the ongoing expansion of FDI capital. The import and export turnover in 2022 are anticipated an increase of 14%. Vietnam government also plans to grow by 7.5% in the period 2023-2025 and 4.5-5.5% in the period 2025-2030.
- **Strong investment in container fleet:** Hai An continues to have a significant investment in its fleet with 5-6 ships in the period of 2023 – 2025. New ships will have larger tonnage and lower vessel age, thereby significantly improving efficiency.
- **Partnership with top shipping lines:** Cooperate with the world's top 10 shipping lines - ZIM will help Hai An effectively exploit international transport routes and benefit from chartering.
- **Benefit from sea freight rates continue to remain high in 2022:** In addition to the increase in freight rates caused by the epidemic situation, Hai An continues to benefit from freight rates due to the expansion of the Intra-Asia transport route and initiative to lease ships outside to enjoy higher profits.

**Risks: (1) Risks related to the world economic situation** (factors such as war, epidemic), **(2) Drop in world sea freight rate, (3)The sharp increase in oil prices causes shipping costs to increase** (10% increase in gasoline prices could increase Hai An's shipping cost by 2%)

| Year | 2021 | 2022F | 2023F | 2024F | 2025F |
|---|---|---|---|---|---|
| **Revenue (bn VND)** | **1,192** | **1,955** | **3,089** | **3,201** | **3,821** |
| OP (bn VND) | 171 | 629 | 1,176 | 869 | 904 |
| **NI (bn VND)** | **147** | **551** | **990** | **744** | **771** |
| EPS (VND) | 2,734 | 8,750 | 11,731 | 8,813 | 9,137 |
| BPS (VND) | 26,408 | 37,356 | 38,581 | 46,394 | 54,531 |
| OPM(%) | 14% | 32% | 38% | 27% | 24% |
| NPM (%) | 12% | 28% | 32% | 23% | 20% |
| **ROE (%)** | **10%** | **23%** | **30%** | **19%** | **17%** |
| PER (x) | 6.17 | 7.24 | 5.97 | 7.94 | 7.66 |
| PBR (x) | 0.64 | 1.74 | 1.81 | 1.51 | 1.28 |
| EV/EBITDA | 4.09 | 4.62 | 3.38 | 3.84 | 3.45 |

Source: Company data, Shinhan Securities Vietnam
Link: https://bit.ly/3doOzRV

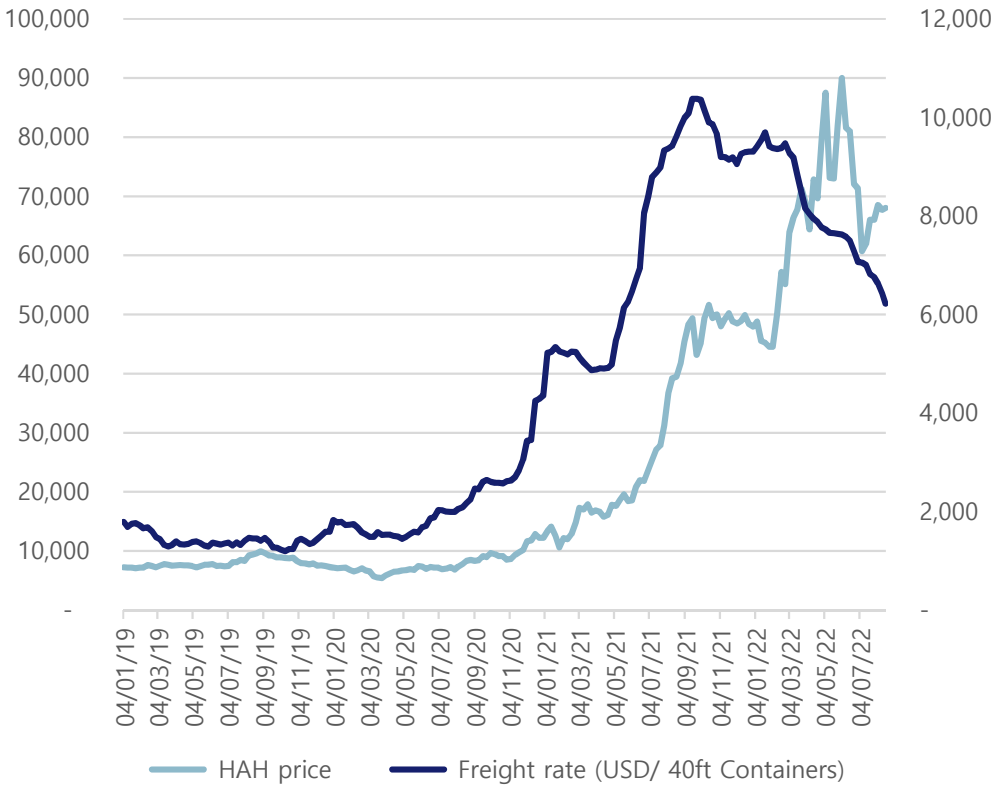


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# Company Update: Hai An Transport and Stevedoring JSC (HAH)

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## HAH price relative to Freight rate




## HAH price relative to P/E



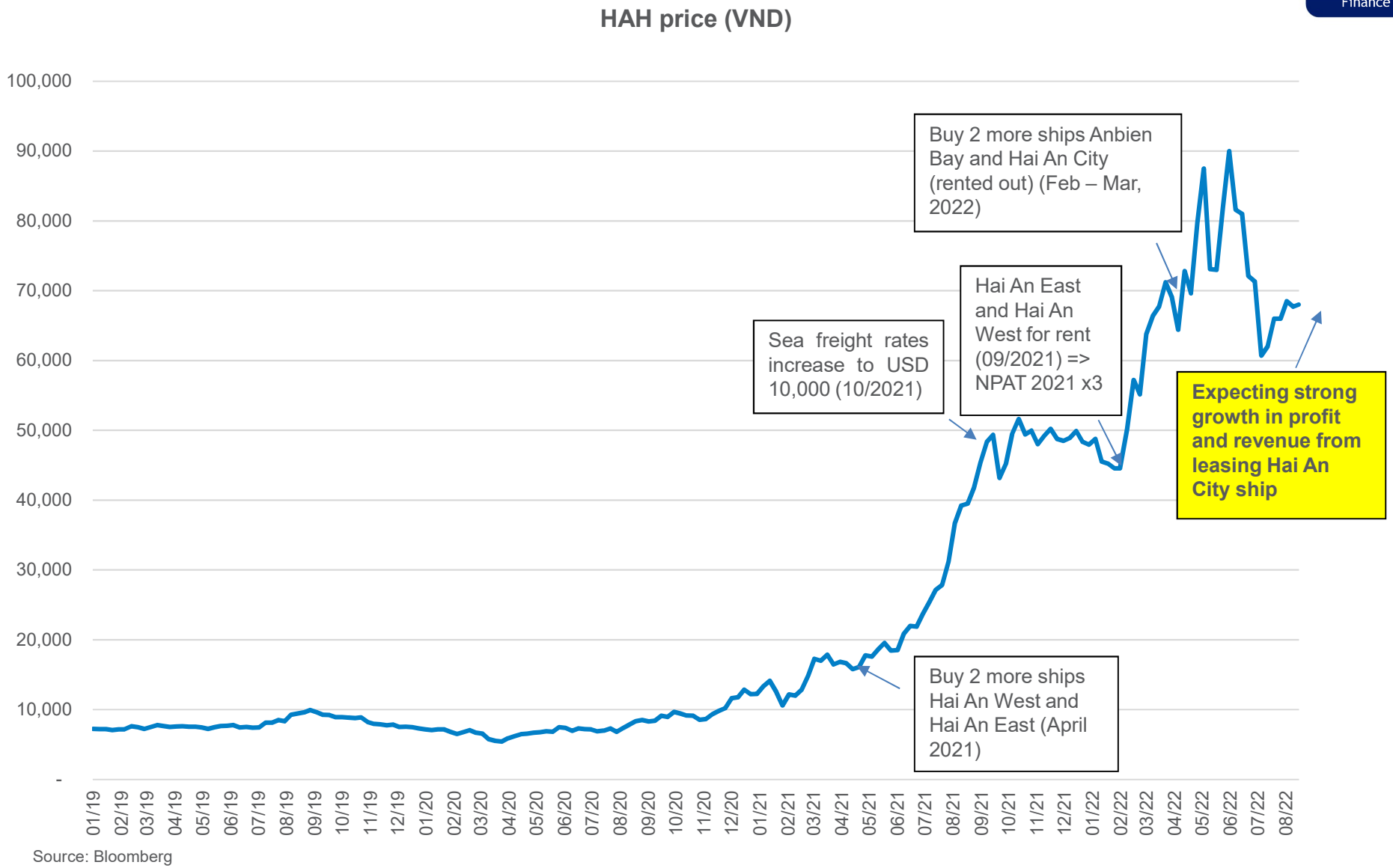

Source: Bloomberg



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# Company Update: Hai An Transport and Stevedoring JSC (HAH)



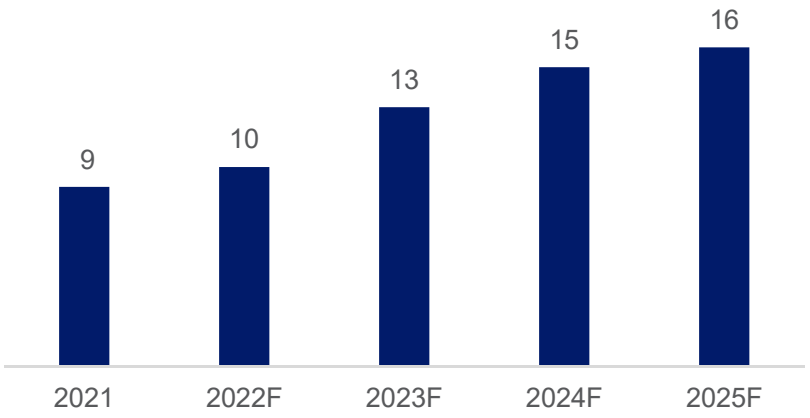



Source: Bloomberg

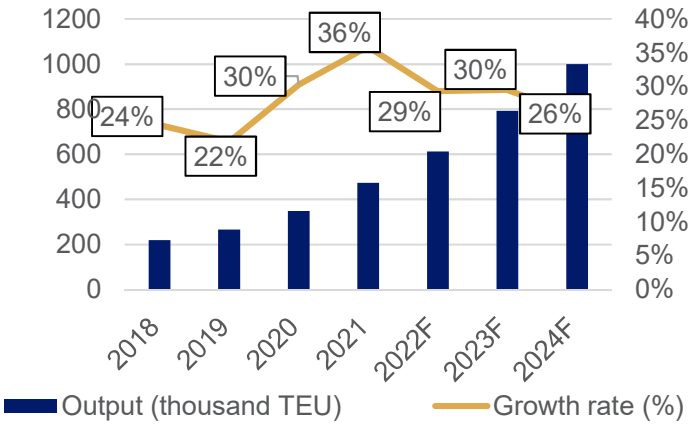
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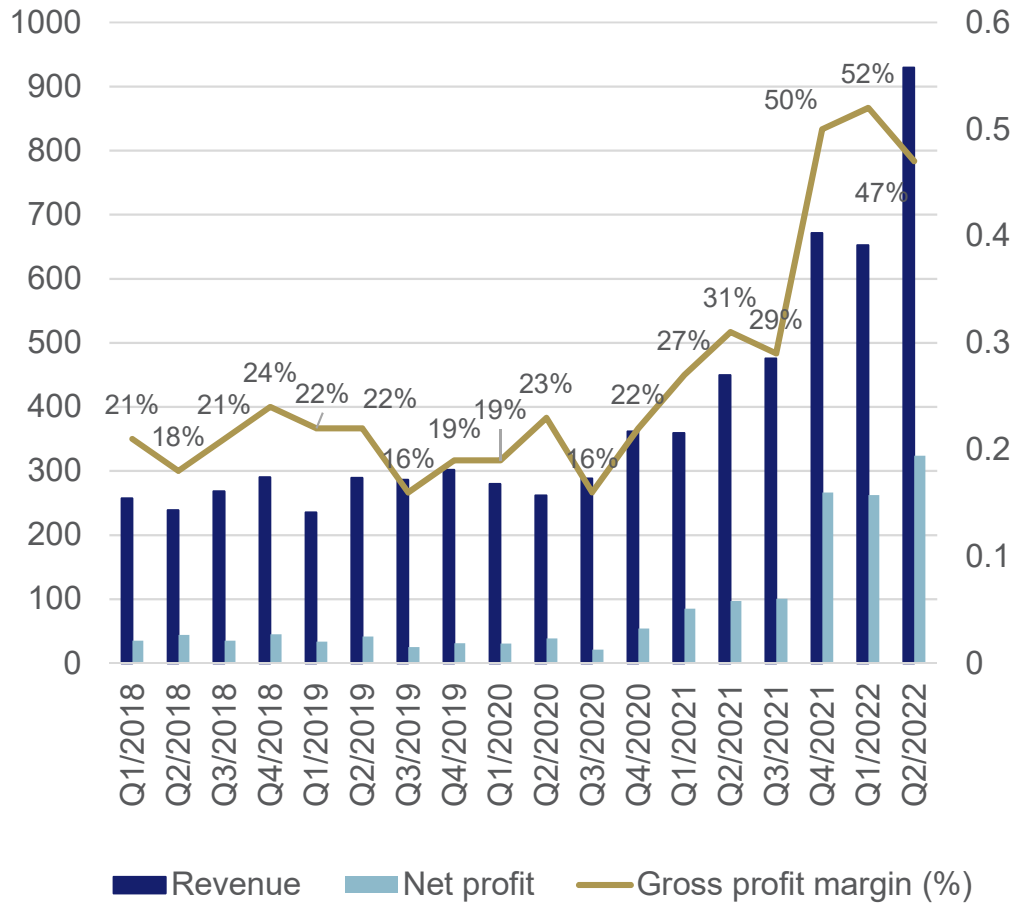
## Number of ships of Hai An




## Transport volume forecast HAH




## Revenue and profit of HAH (VND billion)




Source: HAH report & Shinhan Securities Vietnam



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# Technical view




| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| VNI | ↑ 1270.81 (10.38 0.82%) | | VN30 | ↑ 1292 (6.55 0.51%) | | HNX | ↑ 299.14 (4.41 1.50%) | | UPCOM | ↑ 92.78 (0.56 0.60%) | |
| 564,723,969 CP | 14,056.77 Tỷ | | 138,328,150 CP | 4,982.47 Tỷ | | 94,749,244 CP | 1,966.53 Tỷ | | 53,535,320 CP | 986.88 Tỷ | |
| ↑ 308(12) | — 74 | ↓ 140(2) | Hết giờ GD | ↑ 22(0) | — 2 | ↓ 6(0) | Hết giờ GD | ↑ 141(7) | — 136 | ↓ 60(2) | Hết giờ GD | ↑ 181(16) | — 471 | ↓ 99(5) | Hết giờ GD |

## Trend: Green was back

- The VnIndex soon regained the green and closed at 1,270 points, rebounding to MA10 and filling the small gap up on August 15, which is a positive signal. However, the trading volume was not high, showing that the money flow to buy up is not really drastic. Therefore, it is not enough to conclude a reversal signal today. MACD also started to cut down the signal, giving a correction signal. RSI remained above 50. In general, the following sessions are likely to still shake, but in the short term we have a confirmed "hard support" level today around 1,250 points.

## Scenarios:

- Positive (65%): The retracement wave is likely to continue and target the resistance area around 1,300 points. However, in the short term, we need to be cautious because the index might need to correct to create more gaining momentum. Therefore, only open long positions in the correction and avoid excitement.
- Less positive (35%): If index drops again and breaks through 1,220 points, it means that the retracement wave will gradually end and possibly a bull trap. At this time, you should minimize your stock position and stand outside to observe.

# Trading ideas for 2H2022



❖ **Financials:** Cash flow has been returned and most of the stocks are above MA20. Many stocks created cross points (MA20 crosses MA50 > positive signal for short-term trading). This group is likely to have a considerable impact on the index in coming time.

- ✓ **Banking:** STB, MBB, CTG, BID, LPB (UPCoM: BVB, ABB). The highlight is that profits of this group continue to grow while the stock market prices have had a big discount, however, it should be noted that bad debts of some banks still increase.
- ✓ **Securities:** HCM, SSI, VND, VCI, SHS (beneficiary from applying T+2, however, should be cautious with stocks that are highly speculative or unpromising long-term outlook)

❖ **Real estate** (Residential + Industrial): FDI inflows into Vietnam is still high, FDI moving out of China remains and the housing market recovers

- ✓ **Residential**: DIG, PDR, NLG, DXG, HDC
- ✓ **Industrial**: KBC, GVR, SZC

❖ **Construction, public investment:** The disbursement of public investment capital, in addition to the reduced cost of materials such as steel and cement will contribute to improve profit margins for this group.

- ✓ **Construction**: HBC, VGC
- ✓ **Public investment**: LCG, C4G, HHV

❖ **Power:** NT2, REE, POW (electricity price and demand still increasing)

# Watchlist for 2H2022

| Signal | Sector | Stock |
|---|---|---|
| "Strong" | Banking | **STB, MBB, CTG, BID, LPB**<br>UPCoM: **BVB, ABB** |
| | Securities | **HCM, SSI, VND, VCI, SHS** |
| | Real estate | **DIG, PDR, NLG, DXG, HDC**<br>**KBC, GVR, SZC** |
| | Construction | **HBC, VGC**<br>**LCG, C4G, HHV** |
| | Power | **NT2, REE, POW** |
| Watchlist | Export | **VHC, ANV**<br>**TNG, VGT** |
| | Economy reopening (Tourism/ Aviation) | **HVN, VJC**<br>**SKG, VTD** |

# Recommended portfolio

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## Trading portfolio

**Updated date** 24/8/2022

Unit: thousand VND

| Ticker | Recommendation day | Buying price (+/- 1%) | Target | Cut loss | Upside | Current price | T+ | Profit/Loss | Recommendation | Status |
|---|---|---|---|---|---|---|---|---|---|---|
| CTG | 9/8/2022 | 28.5 | 32 | 27.5 | 12% | 28 | 11 | -1.75% | Hold | Open |
| GVR | 9/8/2022 | 24.6 | 28 | 23.5 | 14% | 23.95 | 11 | -2.64% | Hold | Open |
| HVN | 10/8/2022 | 17.3 | 20 | 16.5 | 16% | 17.45 | 10 | 0.87% | Buy | Open |
| BVB | 10/8/2022 | 14 | 15 | 13.5 | 7% | 13.6 | 10 | -2.86% | Hold | Open |
| HPG | 15/8/2022 | 23.8 | 26.5 | 22.4 | 11% | 23.65 | 7 | -0.63% | Buy | Open |
| VGI | 15/8/2022 | 33 | 38 | 31 | 15% | 33.8 | 7 | 2.42% | Hold | Open |
| **Position Closed** | | | | | | | | | | |
| PDR | 9/8/2022 | 53.5 | 60 | 52 | 12% | 58.4 | 11 | 9.16% | Sell | 18/08/2022 |



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# Economic calendar

## August 2022

| SUNDAY | MONDAY | TUESDAY | WEDNESDAY | THURSDAY | FRIDAY | SATURDAY |
|---|---|---|---|---|---|---|
| 31 | 1<br>PMI data (US and Vietnam) | 2 | 3 | 4 | 5<br>Unemployment rate (US) | 6 |
| 7 | 8 | 9 | 10<br>CPI data (US) | 11<br>MSCI quarterly review<br>PPI Data (US) | 12 | 13 |
| 14 | 15<br>Deadline for submission of semi-annual financial statements | 16 | 17 | 18<br>Expiration date of future contract<br>FOMC meeting | 19 | 20 |
| 21 | 22 | 23<br>Ishare MSCI review | 24 | 25<br>US GDP Q3 | 26<br>FDI Data (Vietnam) | 27 |
| 28 | 29<br>Vietnam macroecnomic data | 30 | 31 | 1 | 2 | 3 |


Q&A

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