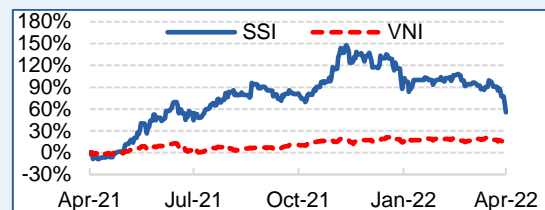


<b>Industry:</b>	<b>Brokerage</b>		<b>2021</b>	<b>Q1 22</b>	<b>2022F</b>
<b>Report Date:</b>	<b>April 20, 2022</b>				
Current Price:	VND35,200	Revenue y/y	70.4%	33.3%	15.4%
Target Price*:	VND47,800	NPAT (VND bn)	2,695	706	2,827
Upside:	35.8%	NPAT y/y	114.6%	66.7%	4.9%
Dividend yield:	2.8%	GPM	57.6%	59.3%	60.6%
TSR:	38.6%	NPM	36.2%	35.2%	32.9%
Rating*:	MARKET PERFORM	P/E	12.2x	N.M.	15.7x
		P/B	2.4x	2.3x	2.3x



Market Cap:	USD1.5bn		<b>SSI</b>	<b>Peers</b>	<b>VNI</b>
Foreign Room:	USD938mn	P/E (ttm)	12.0x	9.7x	16.1x
ADTV30D:	USD17mn	P/B (curr)	2.3x	2.2x	2.4x
State Ownership:	0%	ROE (ttm)	22.5%	27.1%	15.4%
Outstanding Shares:	993 mn	ROA (ttm)	6.8%	9.2%	2.5%
Fully Diluted Shares:	995 mn	Net debt/Equity (ttm)	215%	110%	N/A

\* TP and rating last updated February 28, 2022

#### Company overview

SSI has consistently been a leading stockbroker over the last five years with operations spanning brokerage, principal investments, asset management and investment banking. SSI was established in 1999 and as of YE2021 employed 1,310 people with presence in HCMC, Hanoi and Hai Phong.

**Truc Ngo**  
 Analyst  
[truc.ngo@vcsc.com.vn](mailto:truc.ngo@vcsc.com.vn)  
 +84 28 3914 3588 ext. 116

**Long Ngo**  
 Associate Director  
[long.ngo@vcsc.com.vn](mailto:long.ngo@vcsc.com.vn)  
 +84 28 3914 3588 ext. 123

## Elevated trading conditions power brokerage segment

SSI released consolidated results for Q1 2022 with net profit of VND706bn (USD30.7mn; +67% YoY), which completed 25.0% our FY2022 forecast. We attribute the strong increase in the bottom line to a 33% YoY increase in operating income — led by a surge in margin lending and brokerage revenue in conjunction with slightly higher gains on financial assets at fair value through profit and loss (FVTPL) — that outweighed a 17% YoY increase in operating expenses.

- The VN-Index ended Q1 2022 relatively flat compared to end-December 2021, which slowed the growth of SSI's investment gains, in our view. SSI derived 22% of its consolidated PBT from its principal investment segment in Q1 2022 vs 44% for full-year 2021.
- Q1 2022 gains from HTM investments (which included deposits and certificates of deposit with terms of less than one year) decreased 23.9% YoY, which we attribute to decreased interest rates in Q1 2022 relative to Q1 2021.
- Brokerage revenue increased 37% YoY in Q1 2022 on the back of high stock market turnover. Q1 2022 average daily trading value (ADTV) on the three combined trading venues remained high at USD1.36bn — up 62.8% vs Q1 2021. The calculated commission rate of 18 bps in Q1 2022 was unchanged from Q1 2021.
- SSI's margin lending book was VND21.2tn (+91% YoY); however, it decreased 10.5% QoQ compared to Q4 2021.

**High earnings in Q1 2022 were mainly driven by strong earnings from margin lending, brokerage revenue and lower loss from FVTPL.** While Q1 2022 ADTV was slightly lower than in Q4 2021 (-7.0% QoQ), it increased 62.8% YoY which support SSI's brokerage revenue. Nevertheless, SSI continued to lose market share on the three trading venues combined, according to our estimation. Q1 2022 brokerage revenue was VND599bn (+ 37% YoY), accounting for 23% of our full-year forecast. Margin lending revenue was the category that achieved the highest YoY (+131 YoY) growth among key operating income items in Q1 2022 as SSI succeeded in maintaining its margin lending book at a high level of VND21.2tn (+91% YoY). Margin lending revenue completed 27% of our full-year forecast. Another category that supported Q1 2022 earnings was loss from FVTPL, which decreased 16% YoY due to a less volatile market in Q1 2022 relative to Q1 2021, in our view.

**Q1 2022 earnings were relatively in line with our current expectations, pending a fuller review after SSI's upcoming AGM.** Given that Q1 2022 operating income and expenses completed 23% and 24% of our full-year forecasts, respectively, and NPAT completed 25% of our full-year forecast — and as we take the recent volatility of the market into account — we foresee no material change to our current forecast at this point. However, given that SSI set its 2022 PBT guidance of VND4.37tn

(USD190mn; +29.9% YoY) vs our full-year forecast of VND3.5tn (+4.9% YoY), we will await the company's upcoming AGM to hear further regarding SSI's assumptions and expectations under this guidance.

**Figure 1: SSI's consolidated Q1 2022 results**

VND bn	Q1 2021	Q1 2022	YoY
<b>Operating income</b>	<b>1,506</b>	<b>2,008</b>	<b>33%</b>
Gains from FVTPL	600	625	4%
Gains from HTM	171	130	-24%
Gains from AFS	0	0	N/A
Margin lending revenue	246	566	131%
Brokerage revenue	437	599	37%
Commission rate	0.18%	0.18%	0.0 bps
IB revenue	15	28	82%
Others	36	58	59%
<b>Operating expenses</b>	<b>696</b>	<b>816</b>	<b>17%</b>
Loss from FVTPL	384	322	-16%
Expenses for brokerage	257	388	51%
Others	54	106	95%
<b>Gross operating profit</b>	<b>810</b>	<b>1,191</b>	<b>47%</b>
<b>Financial income</b>	<b>12</b>	<b>60</b>	<b>405%</b>
Gains from associates	5	20	332%
<b>Financial expenses</b>	<b>243</b>	<b>302</b>	<b>24%</b>
Borrowing costs	222	264	19%
<b>G&amp;A expenses</b>	<b>50</b>	<b>67</b>	<b>35%</b>
Net other income	1	0.3	-66%
<b>PBT</b>	<b>530</b>	<b>883</b>	<b>67%</b>
<b>NPAT</b>	<b>424</b>	<b>706</b>	<b>67%</b>
Margin lending book	11,123	21,203	91%
GPM %	53.8%	59.3%	5.5 ppts
NPM %	28.1%	35.2%	7.1 ppts

Source: SSI, VCSC (units are in VND bn unless otherwise stated)



## VCSC Rating System

**Stock ratings** are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
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## Contacts

### Corporate

[www.vcsc.com.vn](http://www.vcsc.com.vn)

#### Head Office

Bitexco Financial Tower, 15th Floor  
2 Hai Trieu Street, District 1, HCMC  
+84 28 3914 3588

#### Hanoi Branch

109 Tran Hung Dao  
Hoan Kiem District, Hanoi  
+84 24 6262 6999

#### Transaction Office Nguyen Hue

Vinatex Building, 1st & 3rd Floor  
10 Nguyen Hue Street, District 1, HCMC  
+84 28 3914 3588 (417)

#### Transaction Office Nguyen Cong Tru

Floor 6B, 236-238 Nguyen Cong Tru Street  
District 1, HCMC  
+84 28 3914 3588 (400)

#### Transaction Office Dong Da

9 Nguyen Ngoc Doan,  
Dong Da District, Hanoi  
+84 24 6262 6999

#### Transaction Office ABS

Sailing Tower, 8th Floor,  
111A Pasteur Street, District 1, HCMC  
+84 28 3914 3588 (403)

### Research

**Research Team:** +84 28 3914 3588  
[research@vcsc.com.vn](mailto:research@vcsc.com.vn)

**Alastair Macdonald, Head of Research, ext 105**  
[alastair.macdonald@vcsc.com.vn](mailto:alastair.macdonald@vcsc.com.vn)

#### Banks, Securities and Insurance

##### Long Ngo, Associate Director, ext 123

- Truc Ngo, Analyst, ext 116
- Ngoc Huynh, Analyst, ext 138
- Nhan Nguyen, Analyst, ext 139

#### Macro

##### Luong Hoang, Manager, ext 364

- Nguyen Truong, Senior Analyst, ext 132

#### Consumer

##### Nam Hoang, Manager, ext 124

- Ha Dao, Senior Analyst, ext 194
- Ha Huynh, Analyst, ext 185
- Huy Phan, Analyst, ext 173

#### Oil & Gas and Power

##### Duong Dinh, Senior Manager, ext 140

- Tram Ngo, Manager, ext 135
- Duc Le, Analyst, ext 196

#### Real Estate and Infrastructure

##### Hong Luu, Senior Manager, ext 120

- Dang Thai, Senior Analyst, ext 149
- Duc Pham, Analyst, ext 174

#### Materials and Industrials

##### Vy Nguyen, Manager, ext 147

- Vinh Bui, Analyst, ext 149

#### Retail Client Research

##### Duc Vu, Senior Manager, ext 363

- Trung Nguyen, Senior Analyst, ext 129
- Anh Tong, Analyst, ext 363
- Ha Bui, Analyst, ext 364

### Brokerage and Institutional Sales & Trading

#### Tuan Nhan

##### Managing Director, Brokerage & Institutional Sales & Trading

+84 28 3914 3588, ext 107  
[tuan.nhan@vcsc.com.vn](mailto:tuan.nhan@vcsc.com.vn)

#### Quynh Chau

##### Managing Director Brokerage

+84 28 3914 3588, ext 222  
[quynh.chau@vcsc.com.vn](mailto:quynh.chau@vcsc.com.vn)

#### Dung Nguyen

##### Director Institutional Sales & Trading

+84 28 3914 3588, ext 136  
[dung.nguyen@vcsc.com.vn](mailto:dung.nguyen@vcsc.com.vn)