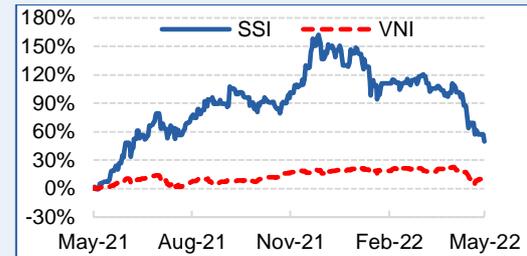


Industry:	Brokerage		2021A	2022F	2023F	2024F
Report Date:	May 9, 2022	Revenue y/y	70.4%	15.4%	14.3%	9.9%
Current Price:	VND28,850	NPAT (VND bn)	2,695	2,827	3,619	4,222
Target Price*:	VND47,800	NPAT y/y	114.6%	4.9%	28.0%	16.7%
Upside to TP:	65.7%	EPS y/y	91.3%	-22.3%	6.2%	16.7%
Dividend Yield:	3.5%	GPM	57.6%	60.6%	65.1%	68.6%
TSR:	69.2%	NPM	36.2%	32.9%	36.9%	39.2%
Rating*:	MARKET PERFORM	P/B	2.0x	1.9x	1.7x	1.6x
		P/E	10.0x	12.9x	12.1x	10.4x



			SSI	Peers	VNI	Company overview
Market Cap:	USD1.2bn					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.
Foreign Room:	USD772mn	P/E (ttm)	9.8x	8.5x	14.5x	
ADTV30D:	USD15mn	P/B (curr)	1.9x	1.6x	2.2x	
State Ownership:	0%	ROE (ttm)	22.5%	26.9%	15.8%	
Outstanding Shares:	993 mn	ROA (ttm)	6.8%	8.5%	2.6%	
Fully Diluted Shares:	995 mn	Net debt/Equity (ttm)	215%	110%	N/A	
			*TP and rating last updated February 28, 2022			

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SSI stands by 2022 guidance despite market volatility

- We attended SSI's online AGM on May 7. The main agenda included the company's 2022 business plans and a proposal for a share issuance.
- The Q&A session focused on (1) the company's ability to fulfill its 2022 business plan, (2) SSI's recent share price drop and (3) the progress of the private placement.
- The AGM set consolidated revenue guidance of VND10.33tn (USD449mn; +32.7% YoY) vs our full-year forecast of VND8.66tn (+11.1% YoY) and consolidated profit before tax (PBT) of VND4.37tn (USD190mn; +29.9% YoY) vs our full-year forecast of VND3.5tn (+4.9% YoY).
- SSI has a track record beating its earnings guidance since 2019. Shareholders approved to authorize the BOD to make adjustments to 2022 guidance based on actual market conditions in case the VN-Index and/or liquidity deteriorates significantly.
- SSI proposed a 2021 cash dividend of VND1,000/share (equivalent to a 3.5% dividend yield).
- SSI proposed to (1) continue implementing the private placement plan of ~104 million shares at a price not lower than the average closing price in 10 consecutive sessions before the date of receiving approval from the BOD (equivalent to a 6.5% stake post-private placement) in 2022-2023 or another period decided by the BOD, and (2) maximum of 10 million shares issued via ESOP at a price of VND10,000/share with 50% to be vested after the second year and the remaining after the third year.
- We currently have a MARKET PERFORM rating for SSI with a target price of VND47,800/share.

Earnings guidance is based on the company's expectation for a higher VN-Index and turnover in 2022 relative to 2021. The CEO shared that SSI has a positive view on the Vietnamese stock market in 2022. While the movement of the market could be cautious in H1 2022 due to concerns regarding inflation, rising interest rates, geopolitical risks, weak domestic consumption and low earnings growth, SSI expects there could be positive catalysts to support the market in H2 2022, including (1) higher YoY earnings growth in H2 2022 from a low base in H2 2021 following an expectation for a recovery in consumption demand as well as a faster pace for the disbursement of public capital investment, (2) an economic stimulus package and (3) initiatives of the capital market development — specifically the implementation of central counterparty settlement (CCP), which is expected to be announced in September 2022. However, there are short-term risks for the market, including (1) aggressive actions to resolve manipulation activities in the stock market (e.g., the case of FLC's chairman), as well as (2) actions on bond markets that could impact the real estate sector. Therefore, SSI is seeking shareholder approval to authorize the BOD to make adjustments to 2022 guidance based on actual market conditions in case the VN-Index and/or liquidity deteriorates significantly. The chairman shared that SSI currently does not have any intentions to change its guidance.

SSI does not have any intention to divest from PAN in 2022. In response to a shareholder's question on whether SSI would continue to divest from PAN, the chairman shared that SSI does not have any intention to divest from PAN in 2022.

Share price is determined by the market; documents for private placement were submitted to the authorities. In response to a shareholder's question regarding the sharp decrease in SSI's share price, the chairman shared that he does not trade the stock of companies of which he is the leader, and that SSI shares that he owns have not changed since the establishment of the company. Instead, the focus of SSI's management is to run the company as well as possible, improving transparency and profitability of the company. Meanwhile, the share price is determined by the market. Regarding the private placement plan, SSI has submitted the relevant documents to authorities and is awaiting approval. The current situation of new issuance approval is going through increased scrutiny, but SSI will try to supplement all required documents and hopes to receive the approval of authorities soon.

SSI aims to attract Gen Z investors in 2022 through digital channels. The chairman shared that SSI's broker headcount increased by 40% and AUM of customers was VND250tn in 2021. However, SSI did not do a sufficient job of developing online channels that target Gen Z investors; SSI will implement this strategy in 2022.

Investment Banking (IB) deals in 2022 are not expected to decrease compared to 2021. In response to shareholder questions regarding IB deals this year, the chairman shared that the total IB deal size at SSI was ~USD1.5bn in 2021. In the low-interest rate environment period, companies seeking to raise capital found the issuance of corporate bonds to be relatively easy. However, with the recent increase interest rates as well as several actions of the Government to improve the transparency of the corporate market, the chairman believes that they will open opportunities for the equity market and expects the total deal size for IB could be higher this year. However, as the process for equity capital raising has recently experienced stricter vetting by authorities, the progress of the deals could be affected.

SSI is seeking shareholder approval to continue its rights issue plan in 2022 that was approved in 2021 at a ratio 2:1 and supplement the capital raising purpose of the previous rights issue plan at the ratio 6:1 done in 2021. The BOD submitted a proposal to the AGM to seek shareholder approval (1) to continue implementing the plan to conduct a rights issue to existing shareholders at the ratio of 2:1 in 2022 at a price of VND15,000/share and (2) to amend and supplement the purpose of capital raised from the rights issue plan at a price of VND10,000/share for existing shareholders at the 6:1 ratio done on November 11, 2021, at the request of the State Securities Commission during the process of approving the application for the registration of this offering. These are newly added contents that were not announced in the original AGM documents.

A new independent BOD member was elected. Mr. Nguyen Quoc Cuong was elected as a new independent BOD member, replacing for Mr. Ngo Van Diem.

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
NOT RATED	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulation and/or firm policies in certain circumstances, including when VCSC is acting in an advisory capacity in a merger or strategic transaction involving the company.
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Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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