

## Company overview

\* Tri Viet Securities JSC (TVB), formerly known as Asia – Pacific Securities JSC, was established in 2006. The firm has its business in provision of brokerage services, prop trading and margin lending activities. TVB has been listed on HSX since June, 2018. 2021 is on pace to be an exciting year for the company, as it embarks on a fund raising spree from existing shareholders and foreign investors.

## First half of 2021

\* Just like peers, TVB reported robust results in the first half of 2021. Revenue came in at VND 242b (3.4x pc), driven by prop trading, which brought in VND 138b, accounting for 56% of revenue, while brokerage services produced VND 52b, taking up 21.4% of the mix. Margin lending brought in VND 41b, equivalent to nearly 20% of the total, on the back of margin balance of VND 700b, which doubled YoY. PAT arrived at VND 163b (4.5x pc), exceeding 63% of the annual target, which will be upwardly revised in the upcoming EGM.

## Outlook in second half of 2021

\* As the company stakes its operation on its ability to navigate equity market, recent dramatic volatility and market movements could have an impact on operating income, especially for prop trading activities. Meanwhile, brokerage service and margin lending incomes are expected to be more stable, floating along on a sea of liquidity, propelled by increasing risk appetite among retail investors.

\* That said, despite recent summer wipeout, we maintain a constructive outlook for Vietnamese market in the second half of the year. There are, of course, risks, especially at a time when slowdown concerns are pervasive and re-opening timeline is anybody's guess. But, they are set against i) robust corporate profits, albeit being on the wane, ii) easy monetary policy, iii) accelerating fiscal tailwind and, iv) an acute dearth of alternative to equities. Against that backdrop, the outlook for equity-linked firms in general, TVB in particular, remains positive.

## Latest updates

\* Will hold EGM to i) upwardly revise 2021 guidance, with revenue at VND 320b PAT at VND 200b, ii) lower foreign ownership limit from 75.6% to 30% as part of the plan to offer up to 30% to strategic foreign investors, min price VND 25,000/share, and iii) allow major shareholder Tung Tri Viet to increase stake to 25%, 35%, 45%, 55%, and 65% without having to hold public bid.

- \* TVB is in the process of moving back to HSX, with first trading date being Sep 6, after switching to HNX as part of the plan to ease the overload issue at HSX.
- \* 35.6m additional shares were listed on Aug 23. TVB issued these shares in latest offer to existing shareholders at rate 2:1, VND 10,000/share, total value VND 356b, in the course of increasing charter capital to VND 1,067b.
- \* Paid cash dividend 9.6% in June.
- \* 16.4m additional shares were listed on May 18. The shares were issued in the offer to existing shareholders at rate 3:1, VND 10,000/share, total value VND 164b.

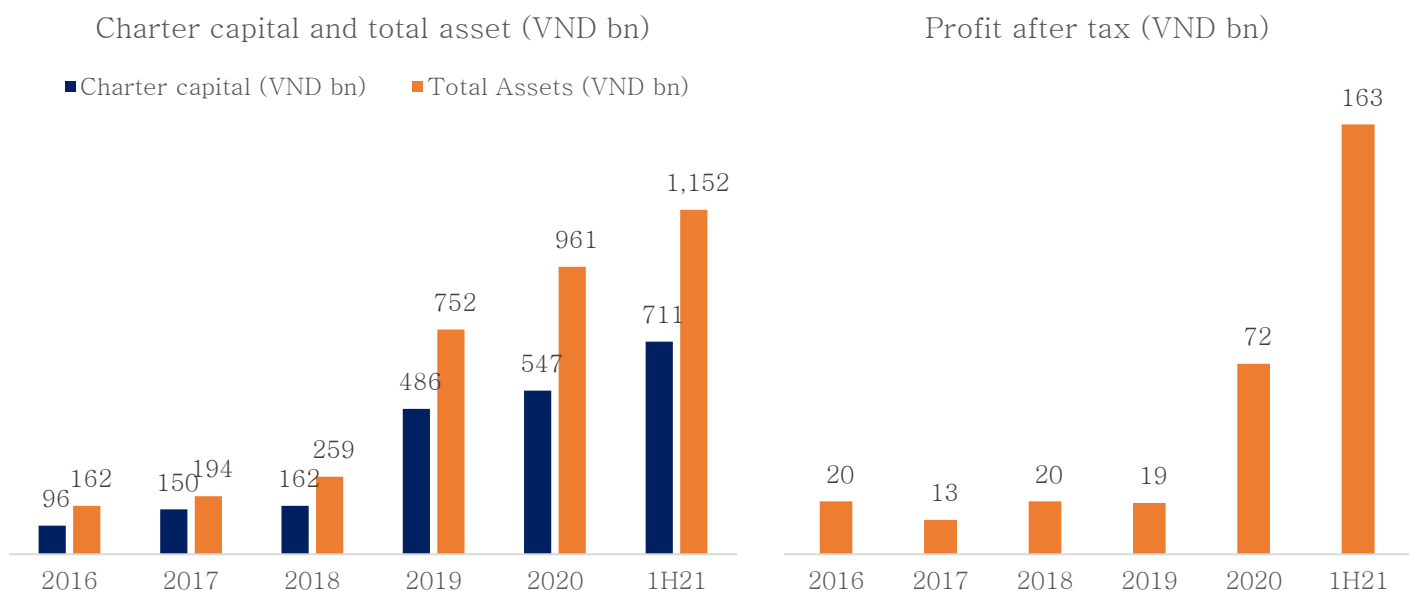
## Risks

- \* As a brokerage house, TVB has staked its future on its ability to navigate market volatility. That said, dramatic market movements can have a significant impact on operating income in prop trading activities.

## Valuation

- \* We value TVB at 35,700VND per share (55% - upside) by PE/PB method and 10% discount to financial industry peers.

## Financial snapshots



	Unit	2016	2017	2018	2019	2020	TTM Q2/2021
<b>Per Share Ratios</b>							
Outstanding Shares	Share Million	9.60	15.02	16.19	48.57	54.73	106.72
BV per Share	VND	10,627.00	10,912.00	11,358.00	11,190.00	11,013.00	11,263.00
EPS	VND	2,094.00	869.00	1,236.00	401.00	1,321.00	3,091.00
<b>Financial Strength</b>							
Cash Ratio		3.31	2.77	0.71	0.38	0.67	2.86
Quick Ratio		3.98	3.11	0.87	1.22	0.76	8.89
Current Ratio		6.28	5.97	5.24	8.93	6.76	8.89
Total Loans/Total Assets		0.12	0.12	0.04	0.05	0.11	0.06
<b>Current Financials</b>							
EBITDA	VND billion	22.86	9.81	18.42	27.02	94.31	264.56
Gross profit margin	%	88.83%	65.67%	70.43%	68.29%	71.90%	86.63%
EBITDA margin	%	66.14%	40.09%	46.71%	46.82%	60.53%	80.85%
Pre-tax profit margin	%	66.80%	67.24%	63.45%	42.37%	53.95%	73.89%
Operating profit margin	%	54.48%	37.57%	38.89%	22.24%	44.39%	73.39%
Net profit margin	%	58.17%	53.33%	50.73%	33.76%	46.40%	60.74%
Asset Turnover Ratio		0.25	0.14	0.17	0.11	0.18	0.30
Equity Turnover Ratio		0.38	0.18	0.23	0.16	0.27	0.46
<b>Management Efficiency</b>							
ROE %	%	21.86%	9.82%	11.51%	5.36%	12.61%	27.65%
ROCE %	%	17.64%	6.21%	9.36%	5.70%	12.34%	28.61%
ROA %	%	14.26%	7.32%	8.83%	3.86%	8.44%	18.38%
<b>Dividends</b>							
Dividend Yield	%	2.43%	0.00	0.00	0.00	4.35%	8.70%
Dividend Payout Ratio		0.27	0.00	0.00	0.00	0.76	0.31
<b>Valuations</b>							
Market Cap.	VND billion	220.80	345.46	372.41	1,117.22	1,258.70	2,454.46
P/E diluted		10.98	26.47	18.61	57.35	17.41	7.44
P/B		2.16	2.11	2.03	2.06	2.09	2.04
P/S		6.39	14.12	9.44	19.36	8.08	7.50
<b>Financial Target</b>							
		<b>2021</b>					
Revenue	VND billion	240.00					
Net profit before TAX	VND billion	125.00					
Net profit after TAX	VND billion	100.00					

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