

1Q22 Earnings review

A robust start for FY22F

- As at 10 May 2022, 1089 listed companies on three bourses, representing 94.3% of market capitalisation, have released 1Q22 results.
- 1Q22 market aggregate earnings grew robustly 33.2% yoy, faster than that of 14.4% yoy growth seen in 4Q21.

Market earnings growth to accelerate in 1Q22

Based on our estimates, 1Q22 aggregate earnings of listed companies on three bourses (HOSE, HNX, UPCOM) increased 33.2% yoy, higher than that of 4Q21 14.4% yoy. However, market's 1Q22 net profit grew slower than that in 1Q21 (+92.2% yoy) due to low base in 1Q20 (-25.9% yoy). Out of the 46 companies under our coverage that have reported their 1Q22 results, 58% were in line with our expectations while 28% beat our forecasts and 13% missed our estimates.

Banks, Chemicals and Food producers are earnings growth engines

Banks' aggregate NP surged 31.7% yoy in 1Q22, much higher than that of 7.7% yoy in 4Q21, contributing 12.3% to market earnings. However, if exclude the one-off gain of VPB, banks' NP grew 20.0% yoy. Chemicals, mostly contributed from DPM, DCM and DGC, posted impressive earnings growth with 304.1% yoy following the rising of fertilizers and phosphorus prices. Food producers' 1Q22 NP growth accelerated 44.5% yoy, much higher than that of 13.8% yoy seen in 1Q21. Banks, Chemicals and Food producers, altogether, contributed 21.0% to 1Q22 market earnings growth. Notably, Telecommunications regained the positive net profit of VND1,821bn in 1Q22 versus loss in 1Q21, mostly thanks to VGI 's robust performance of VND1,189bn in 1Q22's NP.

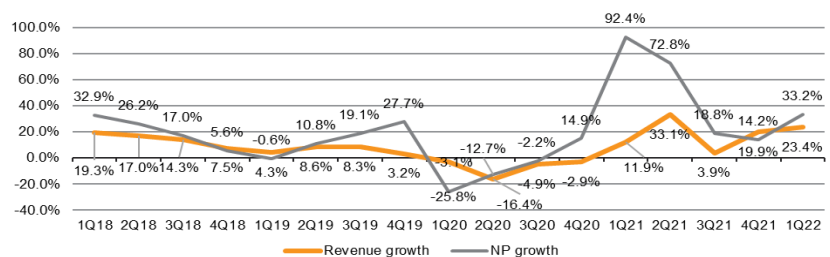
Utilities and electricity performance surprise us

1Q22 utilities earnings growth accelerated 52.0% yoy, much higher than that of 1.9% yoy in 1Q21, thanks to strong business result of GAS (+68.9% yoy). Electricity's earnings bounced back 56.4% yoy in 1Q22 after a 35.8% yoy decline in 4Q21 thank to (1) power consumption recovery post Covid-19 and (2) additional wind power plant that began operations on November 21 began to generate profit. Construction & Materials earnings grew 33.1% yoy in 1Q22 following a widening gross margin to 17.3% from 15.5% in 1Q21 following the prices hike of building glasses, quartz and plastic pipes. Steels manufacturers 's earnings growth cooled down to 12.4% yoy in 1Q22, much lower than that in 4Q21 (+36.0% yoy) and 1Q21 (+281.8% yoy) following the rising coking coal prices and transportation cost.

Only Forestry and Property posted negative earnings growth

Forestry & Paper 's 1Q22 earnings fell 11.7% yoy due to input raw wood prices rose and high shipping costs. Property developers extended the downward trend with a 5.7% yoy slide in 1Q22 net profit, (-36.9% yoy in 4Q21) due to a fall back in sales volume of condo and landlord segment.

Figure 1: Quarterly revenue and net profit growth on yoy basis (1Q18-1Q22)



SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Analyst(s):



Hung Vu

Hung.vumanh3@vndirect.com.vn

KEY CHARTS

Small caps' earnings growth outperformed

Based on our estimates, aggregate earnings of All markets grew 33.2% yoy, but market gross margin shrunk 1.5pts % to 17.6% in 1Q22. This could be explained that several listed firms to record one-off gains in 1Q22 (eg: VPB, MSN...)

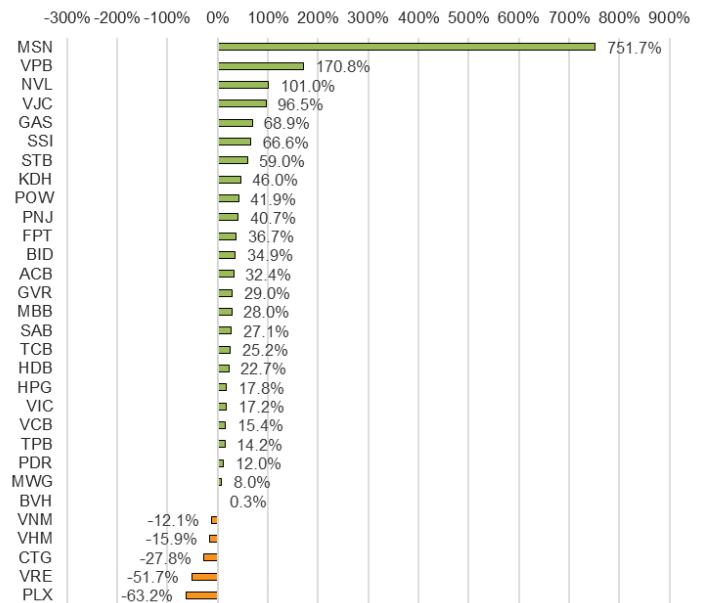
Small caps had a strong footprint in 1Q22 with 38.4% yoy earnings growths, driven by some notable names: BMS (+682% yoy), CNT (+276% yoy), BDG (+208% yoy)...

	1Q22 revenue growth	1Q21 revenue growth	1Q22 NP growth	1Q21 NP growth	4Q21 NP growth
All markets	23.4%	12.4%	33.2%	92.2%	14.4%
HOSE	22.8%	16.2%	29.9%	87.0%	7.4%
VN30	20.7%	20.5%	23.6%	73.3%	2.4%
Large caps	26.1%	15.3%	33.0%	85.9%	15.5%
Mid caps	20.5%	12.8%	33.9%	136.9%	6.4%
Small caps	16.3%	-1.0%	38.4%	102.1%	31.2%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

VN30 1Q22 earnings grew robustly 23.6% yoy after a soft growth in 4Q21

For 1Q22, 25 corporates out of VN30 had shown positive growth, led by MSN (752% yoy), VPB (171% yoy), NVL (101% yoy). Stellar growth of MSN came from good results from business segments, and financial income surged 365.2% yoy. VPB recorded an upfront fee from AIA all in 1Q22. NVL revenue growth from significant property handover. Among banks, beside VPB, STB and BID recorded the highest earnings growth of 59.0%/34.9% yoy, respectively.

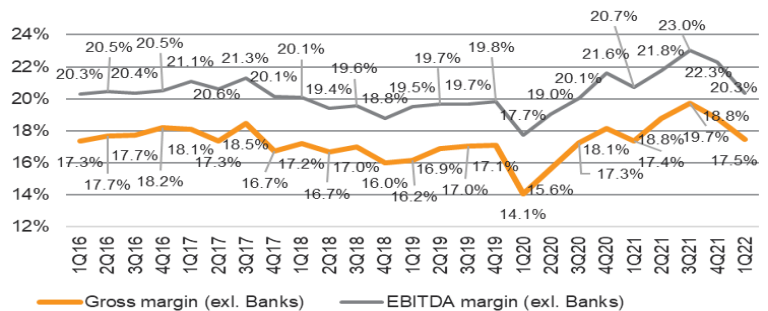


SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

On the other hand, the laggards named PLX (-63% yoy), VRE (-52% yoy), and CTG (-28% yoy). CTG were the only large bank had negative 1Q22's NP growth due to high base in 1Q21 and increased in provision of 227.9% yoy. VRE launched supported package of VND464bn in 1Q22. Higher input gasoline price for PLX due to shift to imported sources to offset Nghi Son's shortage.

Market's blended gross margin contracted

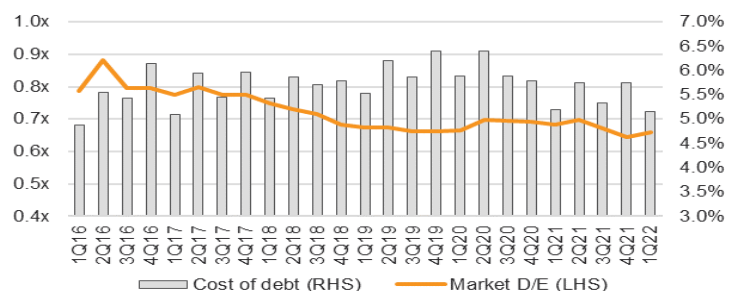
In our view, 1Q22 gross margin (excluding banks) tightened due to lower gross margin of Real Estate, Mining, Oil & Gas and Automobiles (Data excluded airlines due to un-available data).



SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Market's leveraging increases for the first time in 9 months

We observe that market leveraging inched up in 1Q22, relatively in line with the banking system credit growth of 5%, higher than that of 3% of 1Q21. It indicates that enterprises are confident to borrow for business expansion post the pandemic.



SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

1Q22 EARNINGS REVIEW: A ROBUST START FOR FY22F

Figure 2: 1Q22 earnings review by sector

Market	% released 1Q22 results to sector market cap	1Q22 net revenue growth	1Q22 net profit growth	Contribution to market's 1Q22 NP growth	1Q21 net profit growth	4Q21 net profit growth
Market	94.3%	23.4%	33.2%		92.2%	14.4%
Mining	83.5%	43.1%	461.7%	0.3%	247.7%	94.6%
Chemicals	99.7%	53.6%	303.1%	6.3%	192.9%	74.6%
Support Services	89.0%	16.9%	77.9%	0.1%	86.3%	-22.1%
Technology	99.3%	21.7%	59.3%	0.6%	15.6%	49.8%
Electricity	95.7%	13.1%	56.4%	1.6%	210.6%	-35.8%
Utilities	98.9%	40.1%	52.0%	1.7%	1.9%	21.9%
Food Producers	98.1%	3.4%	44.5%	2.4%	13.8%	104.7%
Financial Services	97.6%	30.4%	33.9%	1.2%	(**)	16.7%
Construction & Materials	95.9%	1.2%	33.1%	1.0%	68.0%	22.5%
Industrial Transportation	98.6%	21.4%	33.1%	0.9%	24.3%	173.8%
Banks	100.0%	22.4%	31.7%	12.3%	79.0%	7.7%
Personal & Household Goods	97.3%	25.1%	25.8%	0.3%	102.5%	38.9%
Health Care	94.3%	13.9%	25.5%	0.2%	-9.9%	17.7%
Retail	99.6%	20.2%	25.0%	0.6%	27.3%	77.4%
Beverages	99.0%	14.8%	21.2%	0.3%	49.3%	-17.0%
Industrial	98.8%	42.1%	16.8%	0.1%	38.7%	-7.3%
Industrial Metals	93.7%	38.6%	12.4%	1.0%	281.8%	36.0%
Insurance	93.9%	12.3%	10.6%	0.1%	115.8%	-1.7%
Oil & Gas	99.7%	73.3%	7.4%	0.2%	(**)	44.8%
Automobiles & Parts	98.8%	19.8%	3.0%	0.0%	9.8%	4.6%
Real Estate	98.6%	-19.6%	-5.7%	-0.7%	38.2%	-36.9%
Forestry & Paper	90.8%	-0.3%	-11.7%	0.0%	52.1%	-21.1%
Travel & Leisure	63.7%	9%	(*) (**)	0.2%	34.5%	-330.5%
Telecommunications	99.8%	16.2%	(*)	2.0%	(*)	27.1%

(*) Recorded losses in 1Q21

(**) Recorded losses in 1Q20

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 3: Quarterly GM across sectors (excluding banks)

	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	
Market without airlines	16.6%	18.1%	18.3%	18.4%	19.5%	20.3%	19.1%	17.6%	
Personal & Household Goods	14.4%	14.6%	15.7%	14.9%	15.0%	13.0%	15.7%	14.9%	
Industrial	13.9%	12.8%	12.8%	12.3%	13.0%	12.3%	14.0%	14.5%	
Food Producers	25.4%	25.5%	24.8%	22.8%	22.5%	24.8%	23.9%	25.0%	
Construction & Materials	15.5%	15.8%	14.3%	15.5%	14.2%	12.3%	13.8%	17.3%	
Telecommunications	33.0%	35.3%	29.6%	35.8%	35.3%	37.0%	26.8%	39.9%	
Utilities	19.1%	20.4%	19.0%	19.2%	18.5%	19.3%	19.1%	19.9%	
Health Care	27.5%	24.0%	23.9%	26.1%	24.1%	25.2%	25.7%	28.1%	
Mining	9.5%	9.7%	11.4%	11.9%	12.9%	11.3%	13.0%	9.9%	
Industrial Transportation	10.7%	12.8%	13.1%	15.1%	15.3%	11.8%	14.6%	17.0%	
Chemicals	17.3%	16.9%	19.1%	18.0%	18.4%	22.5%	25.6%	28.1%	
Forestry & Paper	12.2%	13.4%	17.0%	18.1%	16.9%	14.9%	15.3%	18.1%	
Real Estate	23.7%	25.1%	23.2%	29.3%	35.0%	44.4%	36.8%	23.4%	
Retail	15.3%	14.6%	14.9%	15.8%	15.6%	16.5%	14.5%	15.7%	
Support Services	7.3%	8.6%	16.4%	15.2%	14.3%	15.3%	15.6%	26.4%	
Travel & Leisure	-44.1%	-31.0%	8.6%	-37.4%	-39.7%	-31.3%	-5.7%	-1.7%	
Electricity	13.6%	14.4%	27.1%	13.5%	14.3%	15.7%	18.0%	17.9%	
Beverages	26.6%	27.4%	26.8%	24.5%	26.2%	22.4%	24.2%	26.2%	
Technology	27.5%	25.3%	25.7%	24.8%	28.6%	26.2%	25.8%	28.7%	
Oil & Gas	3.5%	8.1%	8.7%	8.5%	7.7%	5.4%	6.9%	5.1%	
Industrial Metals	10.6%	13.5%	14.7%	16.8%	21.0%	19.0%	12.9%	14.0%	
Automobiles & Parts	14.0%	14.3%	10.6%	14.7%	14.2%	9.9%	14.5%	13.0%	

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

- Add The stock's total return is expected to reach 15% or higher over the next 12 months.
- Hold The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
- Reduce The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Hien Tran Khanh – Research Director

Email: hien.trankhanh@vndirect.com.vn

Tuan Nguyen – Associate Manager

Email: tuan.nguyen@vndirect.com.vn

Hung Vu Manh - Analyst

Email: hung.vumanh3@vndirect.com.vn

VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: research@vndirect.com.vn

Website: <https://vndirect.com.vn>