

Market Strategy

10 Feb, 2021

4Q21 Earnings review

Earnings growth to slowdown

- As at 09 Feb 2022, 764 listed companies on three bourses, representing 82.5% of market capitalisation, have released 4Q21 results.
- 4Q21 market aggregate earnings increased encouragingly 15.5% yoy, slower than that of 17.8% yoy growth seen in 3Q21.

Earnings growth slow to 15.5% yoy in 4Q21, but still soar 42.4% yoy for FY21

Based on our estimates, 4Q21 aggregate earnings of listed companies on three bourses (HOSE, HNX, UPCOM) increased 15.5% yoy, lower than that of 3Q21 17.8% yoy. For FY21, aggregate earnings grew robustly 42.4% yoy. Out of the 43 companies under our coverage that have reported their 4Q21 results, in FY21, 46% were in line with our expectations while 42% beat our forecasts and 12% missed our estimates. Property firms and listed banks were mainly below our estimates.

In 4Q21, steel lose some glister; Property slump following VIC's net loss

Steels manufacturers' earnings grew 35.3% yoy in 4Q21, lower than that of 172.1% yoy growth seen in 3Q21 as 4Q21 steel average price dip 3.9% and coke price surged 47.1% vs. 3Q21. Among Financial sector, securities brokerage firms recorded 79.9% yoy in 4Q21 earning growth, contributing 1.6% to market earnings. Listed banks extended the downtrend in earnings growth with 34.3% yoy/13.1% yoy/8.4% yoy in 2Q/3Q/4Q21 respectively. On the other hand, Property 4Q21 earnings fell 38% yoy, mainly stemming from VIC's one-off net loss of VND5,964bn in 4Q21. If excluded VIC's extraordinary result, Property developers' 4Q21 earnings softened 1.5% yoy, lower than that of 6.1% yoy seen in 3Q21. Electricity experienced the sharp drop in 4Q21 earning with -38.8% yoy growth due to lower power consumption and higher input prices.

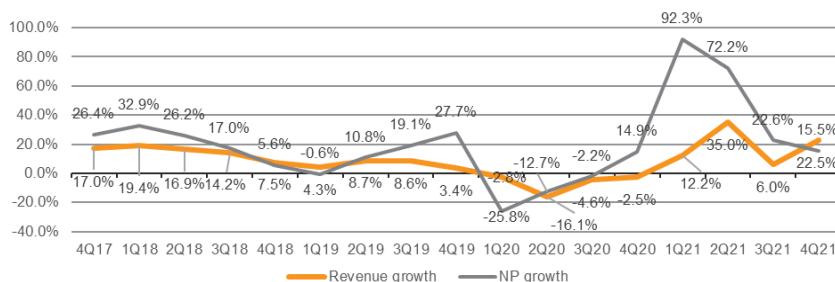
Sectors that were hit hard by Covid-19 witnessed a significant recovery

Thanks to loosening movement control since Oct-21, Transportation, Food producers and Retail witnessed the sharp increase in 4Q21 earnings with +211.3%/+130.4%/+83.6% yoy, respectively. Other sectors experienced positive 4Q21 earnings growth including Construction (+58.3% yoy) and Technology (+45.4% yoy).

Global commodity prices hike created a positive impact to listed companies

At end-4Q21, S&P GSCI rallied 40.4% ytd and 0.6% qtd, fueling for the 4Q21 earnings growth of 4Q21 Mining (+148.3% yoy), Oil & Gas (+49.6% yoy) and Chemical (+76.4% yoy). The biggest earnings growth contributor is Food producers with 8.0%; mainly coming from the gain in selling assets of MSN.

Figure 1: Quarterly revenue and net profit growth on yoy basis (4Q17-4Q21)



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SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

KEY CHARTS

Large caps' earnings growth outperformed in 4Q21

Based on our estimates, 4Q21 aggregate earnings of listed companies on HOSE grew modestly 9.6% yoy; lower than that of All markets of 15.5% yoy. UPCOM witnessed the robust recovery of some big names in 4Q21, ie: BSR, MCH, MML as 4Q21 net profit of VND2,684bn, VND2,017bn, VND930bn, respectively.

Large caps had a strong footprint in 4Q21 with 20.5% yoy earnings growths.

For FY21, market earnings grew 42.4%; above our previous expectation of 39.0%.

VN30 earnings grew only 3.2% yoy in 4Q21 but surge 31.3% yoy in FY21

For 4Q21, the modest performance of VN30 was mainly due the net loss of VND5,964 of VIC.

For FY21, 19 corporates out of VN30 had shown positive growth, led by MSN (594% yoy), PLX (192% yoy), HPG (157% yoy). Stellar growth of MSN came from profit of selling MML. PLX enjoyed stronger ASP of oil. Among banks, MBB and BID recorded the highest earnings growth of 53.7%/48.1% yoy, respectively.

On the other hand, the laggards named VIC (-154% yoy), VRE (-45% yoy), SAB (-22% yoy) and POW (-19% yoy). All these companies were affected by social distancing period and transport restriction in 2021.

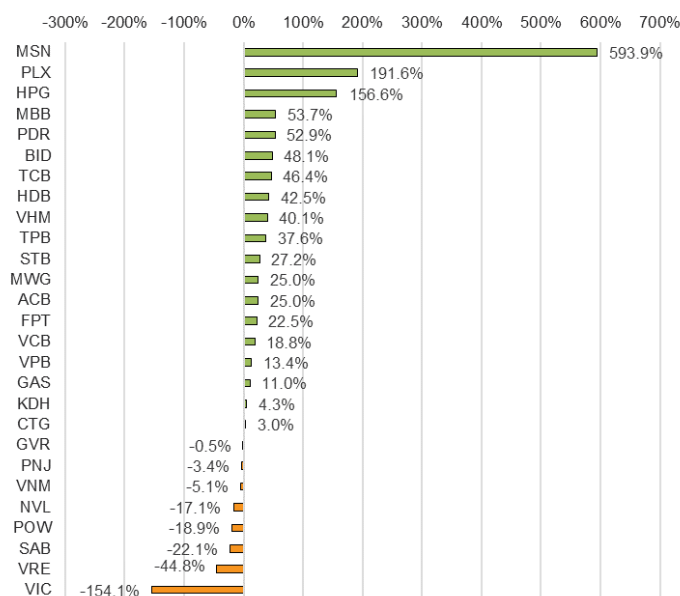
Market's blended gross margin contracted

In our view, 4Q21 gross margin (excluding banks) tightened mainly due to lower gross margin of Steels, Retail, Beverages and Real estate. (Data excluded airlines due to un-available data).

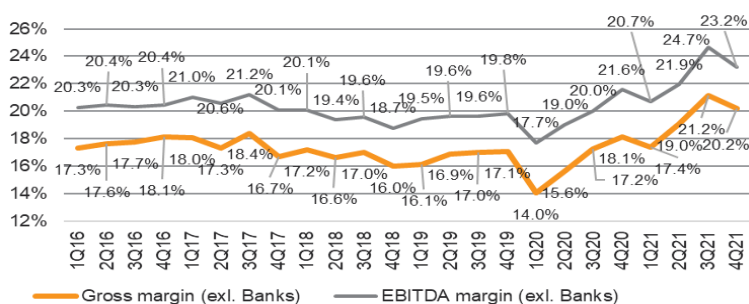
Market's leveraging extends the downward trend

	4Q21 revenue growth	4Q20 revenue growth	4Q21 NP growth	4Q20 NP growth	FY21 NP growth	FY20 NP growth
All markets	22.5%	-2.5%	15.5%	14.9%	42.4%	-5.2%
HOSE	20.9%	0.6%	9.6%	20.2%	39.3%	-0.3%
VN30	19.5%	3.3%	3.2%	18.0%	31.3%	4.1%
Large caps	29.0%	-4.5%	20.5%	9.8%	42.6%	-6.5%
Mid caps	11.2%	4.5%	-2.9%	42.1%	40.6%	4.6%
Small caps	13.6%	-6.9%	-3.8%	10.3%	40.3%	-14.7%

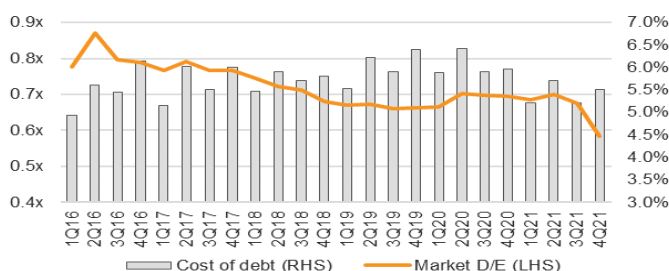
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4Q21 EARNINGS REVIEW: GROWTH TO SLOWDOWN

Figure 2: 4Q21 earnings review by sector

Market	% released 4Q21 results to sector market cap	4Q21 net profit growth	4Q20 net profit growth	Contribution to market's 4Q21 NP growth	FY21 NP growth	FY20 NP growth
Market	82.5%	15.5%	14.9%		42.4%	-5.2%
Industrial Transportation	40.3%	211.3%	-66.1%	2.5%	63.9%	-55.4%
Mining	91.7%	148.3%	29.9%	0.6%	4.7%	-10.1%
Food Producers	93.3%	130.4%	-2.4%	8.0%	44.5%	-3.6%
Retail	90.4%	83.6%	5.6%	1.4%	33.8%	-10.3%
Financial Services	55.6%	79.9%	139.3%	1.6%	151.3%	57.5%
Chemicals	94.8%	76.4%	94.6%	3.1%	60.0%	29.3%
Construction & Materials	65.4%	58.3%	-1.7%	1.3%	25.5%	3.5%
Oil & Gas	97.8%	49.6%	-18.0%	1.3%	(***)	-110.7%
Technology	95.5%	45.4%	24.4%	0.5%	25.7%	15.2%
Industrial Metals	98.7%	35.3%	252.3%	2.3%	168.6%	106.4%
Utilities	97.1%	19.0%	-25.1%	0.6%	12.0%	-25.9%
Insurance	20.1%	14.1%	113.4%	0.0%	30.5%	27.4%
Banks	99.5%	8.4%	25.6%	2.6%	30.9%	14.1%
Personal & Household Goods	80.1%	7.4%	69.0%	0.1%	90.4%	32.5%
Health Care	77.3%	5.8%	-15.6%	0.0%	12.6%	-4.6%
Automobiles & Parts	95.2%	2.3%	-16.5%	0.0%	2.5%	-18.3%
Industrial	76.6%	1.5%	215.1%	0.0%	8.8%	16.0%
Beverages	97.8%	-17.7%	35.1%	-0.4%	-23.8%	-6.3%
Support Services	83.8%	-33.7%	504.9%	-0.1%	180.6%	19.5%
Forestry & Paper	48.6%	-35.6%	14.4%	-0.1%	43.9%	2.2%
Real Estate	88.7%	-38.0%	-4.0%	-7.6%	13.2%	-1.3%
Electricity	98.1%	-38.8%	57.7%	-2.1%	11.8%	-6.4%
Real estate excluded VIC		-1.5%		-0.3%	33.7%	
Travel & Leisure	8.6%	(*)	-12.0%	-0.1%	(***)	-259.7%
Telecommunications	99.1%	22.7%	(**)	-0.1%	-80.6%	-15.2%

(*) Recorded losses in 4Q20

(**) Recorded losses in 4Q19

(***) Recorded losses in FY21

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 3: Quarterly GM across sectors (excluding banks)

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Market without airlines	14.9%	16.6%	18.1%	18.3%	18.4%	19.9%	21.9%	20.2%
Personal & Household Goods	14.3%	14.4%	14.6%	15.7%	14.9%	15.6%	13.6%	16.5%
Industrial	13.8%	13.9%	12.8%	12.8%	12.3%	13.1%	12.3%	14.5%
Food Producers	25.3%	25.4%	25.5%	24.8%	22.8%	23.1%	26.1%	26.9%
Construction & Materials	15.0%	15.5%	15.8%	14.3%	15.5%	14.5%	12.3%	15.4%
Telecommunications	32.2%	33.0%	35.3%	29.6%	35.8%	41.1%	43.4%	26.9%
Utilities	19.8%	19.1%	20.4%	19.0%	19.2%	18.4%	20.1%	19.3%
Health Care	26.6%	27.5%	24.0%	23.9%	26.1%	24.2%	17.6%	29.8%
Mining	11.5%	9.5%	9.7%	11.4%	11.9%	13.7%	10.9%	15.7%
Industrial Transportation	19.0%	10.7%	12.8%	13.1%	14.9%	12.8%	4.6%	14.9%
Chemicals	14.7%	17.3%	16.9%	19.1%	18.0%	18.8%	24.3%	26.8%
Forestry & Paper	17.3%	12.2%	13.4%	17.0%	18.1%	16.8%	13.8%	14.8%
Real Estate	20.5%	23.7%	25.1%	23.2%	29.3%	35.4%	45.6%	38.4%
Retail	15.2%	15.3%	14.6%	14.9%	15.8%	15.8%	17.9%	16.7%
Support Services	7.9%	7.3%	8.6%	16.4%	15.2%	15.9%	42.8%	16.0%
Travel & Leisure	-4.5%	-44.1%	-31.0%	8.6%	-37.4%	-40.4%	-29.8%	-12.7%
Electricity	12.6%	13.6%	14.4%	27.1%	13.5%	14.0%	15.3%	17.6%
Beverages	23.2%	26.6%	27.4%	26.8%	24.6%	26.8%	25.9%	24.6%
Technology	26.7%	27.5%	25.3%	25.7%	24.8%	34.1%	32.7%	27.5%
Oil & Gas	-0.9%	3.5%	8.1%	8.7%	8.5%	7.9%	5.4%	7.0%
Industrial Metals	11.7%	10.5%	13.3%	14.5%	16.6%	20.9%	21.9%	12.9%
Automobiles & Parts	14.1%	14.0%	14.3%	10.6%	14.7%	15.1%	11.7%	14.5%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

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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.

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