

SSI Securities Corp (SSI)

FINANCIALS

Current Price	VND34,650
52Wk High/ Low	VND39,150/20,637
Target Price	VND36,500
Last Updated	4/17/2024
Last Rating	Hold
TP vs Consensus	2.2%
Upside	5.2%
Dividend Yield	2.9%
Total stock return	8.2%

Market Cap	USD2,099.2mn
3MADTV	USD33.2mn
Avail Foreign Room	USD1,166.0mn
Outstanding Shares	1,499.1mn
Fully Diluted O/S	1,499.1mn

	SSI	VNI
P/E TTM	17.3x	14.1x
P/B Current	4.5x	1.7x
ROA	22.4%	2.2%
ROE	25.9%	12.7%

*as of 5/3/2024

Share Price Performance



Ownership

Daiwa Securities Group Inc	16.0%
NDH Invest Company limited	6.0%
Others	28.1%

Business Descripton

Established in December 1999, SSI one of the longest-standing companies in the Vietnamese stock market. SSI's products span across major financial service areas including Investment Fund Management, Investment Banking Services, Capital Sourcing and Financial Trading, Investment, and Institutional Securities Services and Retail Sales.

Analyst(s):



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Core business activities boom – [In-line]

- 1Q24 pre-tax profit (PBT) soared 53% YoY to VND943bn (USD37mn). Thus, ROAE increased 1.4% YoY pts to 4.3%.
- 1Q24 TOI and net profit completed 24%/26% of our full-year forecasts, respectively.
- We see no pressure on our target price of VND36,500.

TOI increased thanks to favorable conditions in stock market

1Q24 TOI surged by 32% YoY to VND1.9tn (USD77mn) due to investment income (+27% YoY), margin lending income (+32% YoY) and brokerage revenue (+75% YoY).

- Investment income increased by 27% YoY to VND1.0tn (USD40mn) thanks to investment book balance increasing by 19% YoY to VND45.2tn (USD178mn) and investment yield increasing by 1.5% pts YoY (+0.9% pts QoQ) to 9.2%. Income from FVTPL contributed the most for investment income (89%) with growth of +32% YoY (-10% QoQ) to VND910bn (USD36mn) in 1Q24. In addition, investment yields of FVTPL, AFS and HTM improved slightly by 1%/0.8%/1.7% pts YoY to 9.6%/1.6%/7.2%, respectively.
- Margin lending income surged by 32% YoY to VND447bn (USD18mn) thanks to an increase in margin lending balances driven by heightened demand amid a bullish stock market and margin yield (+2.0% pts YoY to 11.7%). As of the end of 1Q24, SSI's total margin lending balance reached VND17tn (USD678mn) (+15.9% YoY).
- Brokerage revenue rose to VND449bn (USD18mn) (+75% YoY, +20% QoQ). Market share on both the HOSE and HNX exchanges decreased by 2.2% pts YoY to 9.3% and 1.0% pts YoY to 7.3%, respectively, in 1Q24. However, this was offset by a resurgence in trading activity, with the average market liquidity value increasing by 115% YoY to VND21.4tn (USD854mn).

Gross profit margin narrowed mainly due to decline in ROI of investment book

Gross profit margin narrowed to 69.9% (-4.0% pts YoY) primarily due to a decrease in ROI of investment book (-0.2% pts YoY) to 5.5%. In addition, the Investment Banking (IB) segment experienced a loss of VND12.5bn (USD0.5mn) in 1Q24 (compared to VND3.2bn (USD0.13mn) in 1Q23) stemming from unfavorable business conditions. However, this was offset by increases in the gross brokerage margin (+18% pts YoY, +21% pts QoQ) to 23% and the margin spread in the lending segment (+% 1.2% YoY, -0.4% QoQ) to 7.1%.

Unit: VNDbn	1Q24	1Q23	% yoy	FY24F	1Q24/FY24F
Total Operating Income	1,973	1,489	32%	8,127	24%
– Investment income	1,018	800	27%	4,515	23%
– Margin lending	447	338	32%	1,556	29%
– Brokerage Service	449	257	75%	1,495	30%
– Investment banking (IB)	18	28	-37%	138	13%
Gross profit	1,377	1,097	26%	5,340	26%
Gross profit margin (%)	70%	74%	-5%	66%	
Interest expense	383	392	-2%	1,619	24%
% Interest expense/TOI	19%	26%	-26%	20%	
G&A expenses	83	77	9%	406	21%
% G&A expenses/TOI	4%	5%	-18%	5%	
Operating profit/loss	942	617	53%	3,398	28%
PBT	943	618	53%	3,432	27%
Net profit	764	503	52%	2,778	28%
ROAA	4.3%	2.9%	1.4% pts	3.6%	
ROAE	10.9%	7.9%	3.0% pts	11.2%	

Source: VNDIRECT RESEARCH

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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.

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