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HOSE – Vietnam
Securities

Overweight

Price (2012/01/17): VND 13,700

Target Price: VND 16,000

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Key Data

Chartered Capital	VND 3,481 billion
Outstanding shares	348,111,172
52 weeks range	VND12,500~VND29,900
Market Cap	VND 4,769.1 billion
Total Asset (Q3/2011)	VND 6,854.7 billion
Total Equity (Q3/2011)	VND 4,986.8 billion
Total room for foreign investor	170.574 million shares
Current room for foreign investor	3.45 million shares
Foreign Holding	48.01%
EPS 2011E	500VND
P/E	47.24
P/B	1.0
Dividend	10%
Dividend yield	7.29%
ROE 2011E (%)	1.4%
ROA 2011E (%)	2.0%

*The holding cap for foreign strategic investors is 49%.
For banking sector the cap is 30%.

Defining the leading position among Securities companies

Company introduction:

- One of the companies joining the Vietnam stock market from the very first day of April 5th 2000: SSI was approved by State Securities Commission of Vietnam with the securities business certificate for Brokerage and stock investment consultant.
- May 2006: SSI raised the chartered capital to 300 billion dong, becoming the biggest capital securities company in Vietnam stock market at the moment. SSI was listed on HNX on December 15th 2006, then moved to HOSE on October 29th 2007.
- May 18th 2010: SSI raised the chartered capital to 3,511 billion dong, becoming the biggest capital in Vietnam stock market.
- 2010: SSI was awarded by the FinanceAsia with “Vietnam best brokerage”, “Vietnam best consultant”, and “Vietnam best invested bank”.

Business result of Q3/2011:

- SSI's sales were 208.9 billion dong, 9 months' was nearly 686.1 billion. 9 months business operating expense was 612.4 billion, in which the securities reserve expense was 256.33 billion. Therefore, in Q3, SSI (parent) saw 83.1 billion dong of EAT, 9 months' loss was 17.4 billion dong.
- As of September 30th 2011, SSI's equity was 4,968.8 billion, in which the investment of owners was over 3,511 billion; capital surplus was 340.9 billion dong; finance reserve fund was 289.38 billion dong; non distributed EAT was nearly 916 billion dong.
- Expected profit in 2011: SSI's profit comes mainly in Q4. In Q4 only, the company saw 118 billion dong of EBT, while the whole year profit was only 120 billion dong. SSI stated that the profit from cooperated companies was the estimation because these companies didn't finish the finance report of Q4/2011.

Valuation: We initiate a rank of Overweight for SSI with a target price of 16,000 dong, with a relying point that SSI is one of the leading code of the market, very essential with finance wave, and has high liquidity.

Financial Abstract:

Year	Revenue (VND million)	(%)	Net Profit	(%)	Outstanding Shares	EPS (VND)	P/E (x)	ROE	ROA
2006	339,941	-	242,031	-	50,000,000	4,932.84	11.3	20.05%	6.49%
2007	1,352,760	211.40%	864,176	248.10%	119,999,871	7,154.59	7.8	21.30%	9.23%
2008	2,520,967	86%	259,300	30%	136,666,671	1,897.32	7	6.70%	4.61%
2009	1,121,500	-56%	804,100	210%	153,333,471	2,312.00	2.9	16.58%	11.44%
2010	1,509,193	35%	688,587	35.00%	3,511,111,742	1,905.00	7.2	12.61%	7.83%
2011E	1,200,000	-20%	120.00	-99.98%	3,511,111,742	500.00	27.4	1.4000%	2.00%
2012E	1,400,000	17%	400.00	233.33%	3,511,111,742	1,200.00	11.42	0.01%	0.41%

Business Result (billion dong)

Unit:	Q4/10	Q1/11	Q2/11	Q3/11
Net sales	322.0	232.1	24.1	208.9
COGS	-203.7	-276.9	-218.9	-116.7
Gross profit	118.3	-44.7	26.2	92.3
Management expense	-3.1	-2.5	-8.7	-2.0
Operating profit/loss	115.2	-47.2	17.6	90.3
Profit/loss in joint and cooperated companies	33.5	-52.1	-6.6	0.6
Other income/expense	0.7	0.1	0.1	0.1
Earn/loss before tax	149.4	-99.2	11.1	90.9
Current income tax	-16.4	-2.6	-2.3	-2.1
Postponed income tax	-14.7	-0.1	-3.7	-5.0
Earn/loss after tax	118.3	-101.9	5.1	83.9
Minority benefit	-0.5	0.1	3.7	0.8
Parent company gross profit/loss	118.8	-102.0	1.4	83.2

Balance Sheet (billion dong)

	Q1/11	Q2/11	Q3/11
Cash and equivalent	1,642.1	2,149.9	2,540.1
Short-term finance investments	1,835.2	1,435.3	1,361.7
Receivables	625.0	531.6	442.4
Other current assets	17.5	12.8	7.2
Current assets	4,119.8	4,129.6	4,351.4
Long-term receivables	-	-	-
Fixed assets	178.3	174.2	168.9
Real estate investments	117.6	188.6	282.5
Long-term finance investments	2,139.8	2,013.8	1,973.8
Other long-term assets	53.0	50.4	50.3
Long-term assets	2,488.7	2,427.0	2,503.3
TOTAL ASSETS	6,608.5	6,556.6	6,854.8
Short-term loans	-	30.0	-
Payables for suppliers	4.9	3.5	2.2
Other short-term loans	1,107.5	1,452.0	1,699.2
Short-term liabilities	3,119.7	1,112.4	1,485.6
Long-term loans	-	124.4	-
Other long-term liabilities	142.3	17.6	108.8
Long-term liabilities	142.3	142.0	108.8
Total liabilities	3,262.0	1,254.4	1,594.4
Capital	3,511.1	3,511.1	3,511.1
Funds	549.1	472.9	541.7
Non-distributed profit	1,397.8	1,297.2	832.8
Equity	5,458.0	5,281.1	4,885.6
Minority benefit	72.9	73.0	76.6
TOTAL CAPITAL	8,792.9	6,608.5	6,556.6

	2007	2008	2009	2010
Profitability				
Gross Profit	0.0%	29.8%	79.2%	60.6%
Operating profit	77.1%	29.3%	78.6%	59.9%
EBIT rate	(0.1%)	29.3%	78.6%	59.9%
EBT	77.3%	26.3%	85.2%	60.1%
Net profit	69.5%	23.8%	71.7%	45.9%
ROA	13.2%	3.3%	12.7%	8.7%
ROE	32.8%	6.3%	18.5%	13.4%
Payment ability				
Asset/equity	2.31	1.44	1.47	1.61
Debt/asset	0.57	0.31	0.32	0.37
Debt/equity	1.31	0.44	0.47	0.60
Liquidity				
Cash ratio	0.49	1.72	1.40	0.95
Quick payment ratio	1.43	3.02	2.47	2.04
Current payment ratio	1.43	3.02	2.47	2.04
Efficiency				
Receivables days	26.49	35.27	40.82	55.16
Liabilities days	0.80	1.79	42.32	105.14
Total asset turnover	0.19	0.14	0.18	0.19
Fixed assets turnover	21.02	7.73	6.87	8.75
Growth				
Sales	265.9%	(15.2%)	6.3%	34.0%
Net profit	257.1%	(71.0%)	221.0%	(14.3%)
Earn per share	257.1%	(83.0%)	186.1%	(62.6%)
Total assets	151.0%	(40.0%)	25.9%	24.2%
Equity	236.0%	(3.9%)	23.6%	13.3%
Cash flow/sales				
Cash flow from Operation (CFO)	85.4%	-	(36.4%)	(132.3%)
Cash Flow from investments (CFI)	(390.5%)	-	122.2%	37.9%
Cash flow from Finance (CFF)	363.5%	-	6.9%	115.9%
Net cash flow	58.5%	-	92.6%	21.5%

Source: SSI, PHS

Analyst Certification

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Ratings Definition

Overweight (OW) = Expected to outperform the local market by >10%

Neutral (N) = Expected to in line with the local market by +10%~ -10%

Underweight (UW) = Expected to underperform the local market by >10%.

Not Rated (NR) = The stock is not rated in Phu Hung's coverage universe or not listed yet.

Performance is defined as 12-month total return (including dividends).

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