

Company overview

* Tri Viet Asset Management is a major asset manager in Vietnam, with around VND 2,680b in total asset at the end of June. Its revenue mix is fairly diverse, with 53% of revenue in services, generated by subsidiary Tri Viet Securities (TVB), and 47% in securities trading activities. Basically, TVC is a buysider, with majority 57% interest in a sellside (TVB).

First half of 2021

* In 1H21, revenue came in at VND 459b (3.5x pcp), including VND 241b (53%) in services and VND 217b in financial trading activities. Services revenue was brought in by subsidiary TVB, with business lines spanning brokerages, prop trading and margin lending. Meanwhile, VND 217b in financial trading activities came from equity trading, which brought in VND 143b in income, accounting for 65%, and asset management and investment cooperation, which brought in VND 62b in income, accounting for 28%. Profit-after-tax came in at VND 264b (+ 400% YoY).

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 equity trading activities. Meanwhile, services income is 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, and TVC in particular, remains positive.

Latest updates

* TVC just raised VND 345b by offering 34.5m shares to existing shareholders, at rate 2:1, in the course to increasing charter capital to VND 1,036b.

* Following the offer to existing shareholders, the company eyes to issue up to 25% to foreign strategic investors, at min VND 25,000/share. TVC is reportedly in talk with one Japanese investors at the moment. Negotiation and DD process can take up to 6-12 months.

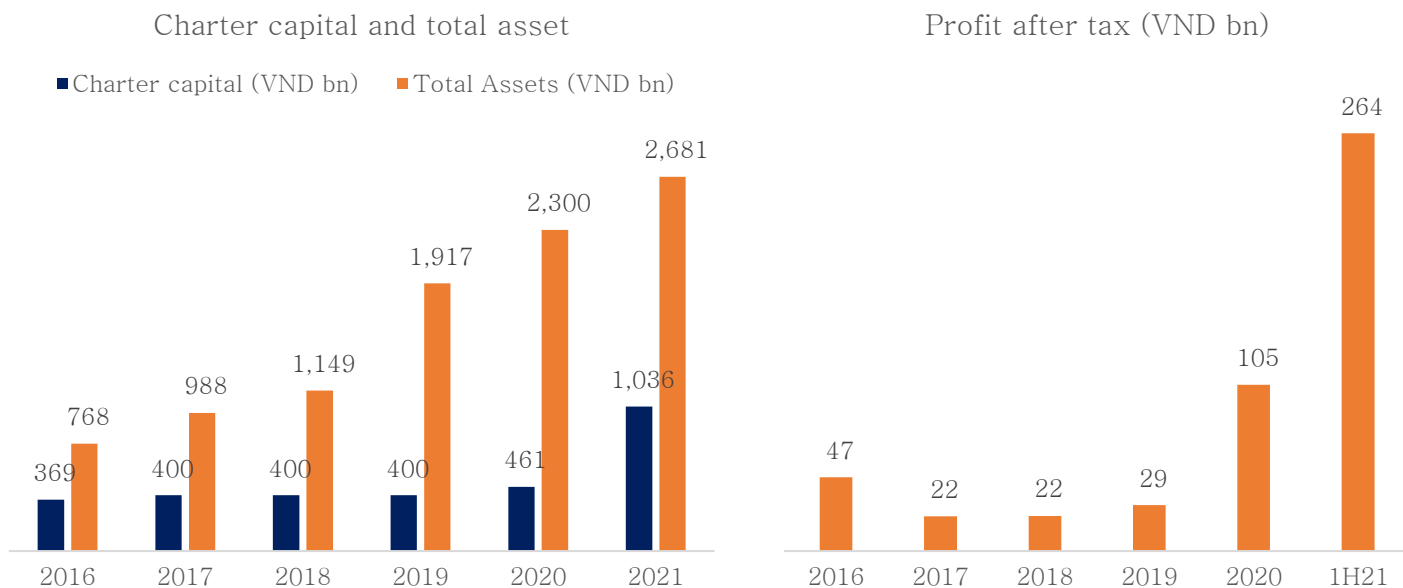
Risks

- * Being a buysider, TVC 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 equity trading activities. Meanwhile, changes in fund flows can impact cash flows. All in all, movements in equity market prices, interest rates could cause the value of the firm's managed assets to decline, which would result in lower investment advisory and administration fees, impacting operating income and cash flows.
- * Shifts from active to passive strategies can have an impact as well, with management fees much lower for index funds and ETFs.

Valuation

* We value TVC at 33,000VND per share by PE/PB method and 10% discount to financial industry.

Financial snapshots



	Unit	2016	2017	2018	2019	2020	TTM Q2/2021
Per Share Ratios							
Outstanding Shares	Share Million	36.89	40.02	40.02	40.02	46.05	103.60
BV per Share	VND	11,261.00	10,843.00	11,100.00	12,118.00	13,104.00	13,280.00
EPS	VND	1,052.00	447.00	426.00	582.00	1,711.00	4,500.00
Financial Strength							
Cash Ratio		0.50	0.36	0.17	0.21	0.65	0.82
Quick Ratio		1.95	1.51	1.35	1.29	1.51	2.49
Current Ratio		2.50	1.92	1.70	1.55	1.81	2.49
Total Loans/Equity		0.59	1.01	1.18	1.78	1.81	0.85
Total Loans/Total Assets		0.35	0.49	0.52	0.63	0.63	0.44
Current Financials							
Gross profit margin	%	87.20%	61.88%	71.29%	67.73%	71.53%	86.48%
EBITDA margin	%	58.33%	-24.99%	8.45%	25.10%	48.82%	72.02%
EBIT margin	%	56.63%	-27.07%	5.81%	21.91%	47.44%	71.32%
Pre-tax profit margin	%	129.93%	107.23%	73.73%	70.41%	78.80%	119.30%
Operating profit margin	%	120.18%	78.95%	50.05%	50.47%	64.48%	118.04%
Net profit margin	%	107.97%	86.98%	58.50%	49.77%	68.04%	96.52%
Asset Turnover Ratio		0.08	0.03	0.04	0.04	0.07	0.13
Equity Turnover Ratio		0.14	0.05	0.08	0.10	0.21	0.33
Management Efficiency							
ROE %	%	12.25%	3.84%	3.45%	3.94%	11.15%	24.22%
ROCE %	%	7.39%	-1.44%	0.43%	1.89%	7.65%	18.42%
ROA %	%	7.44%	2.04%	1.59%	1.52%	3.90%	9.49%
Valuations							
Market Cap.	VND billion	560.71	608.37	608.37	608.37	700.01	1,574.77
P/E diluted		14.44	33.97	35.72	26.14	8.51	3.38
P/B		1.35	1.40	1.37	1.25	1.16	1.14
P/S		12.97	24.16	16.06	10.44	4.53	4.85
Financial Target							
		2021					
Revenue	VND billion	450.00					
Net profit before TAX	VND billion	250.00					
Net profit after TAX	VND billion	200.00					

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