

**..hsc**

**1H 2020 REVIEW**

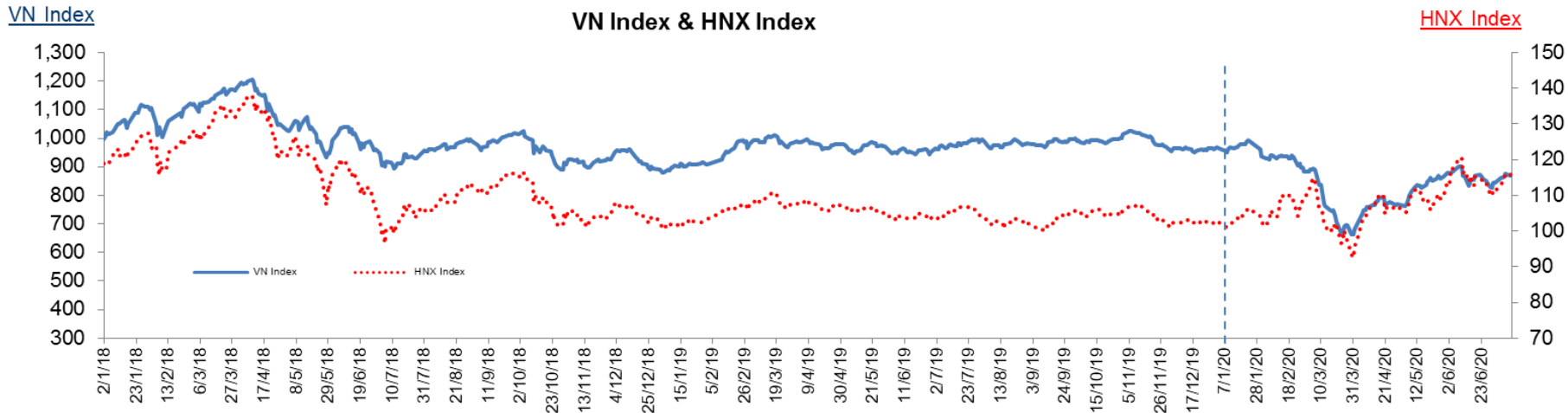
23 Jul 2020

1. HSC's results continued to improve in Q2. Cumulatively, for the first 2 quarters HSC grew revenue 13% and profit 32% vs last year's, achieving 55% of its 2020 plan.
2. Costs were well contained at a similar level to 2019.
3. HSC retained its position as the 2<sup>nd</sup> largest overall brokerage share, and #1 in foreign market share.
4. Margin lending balance grew 7% in 2020 YOY, #2 in the market and #1 amongst local players.
5. Transformational initiatives are on track



# MARKET OVERVIEW

# Avg. daily trading value in 1H.2020 increased by 26% YOY



**Market trend in 1H.2020:**

VN Index ↓ 14.1%

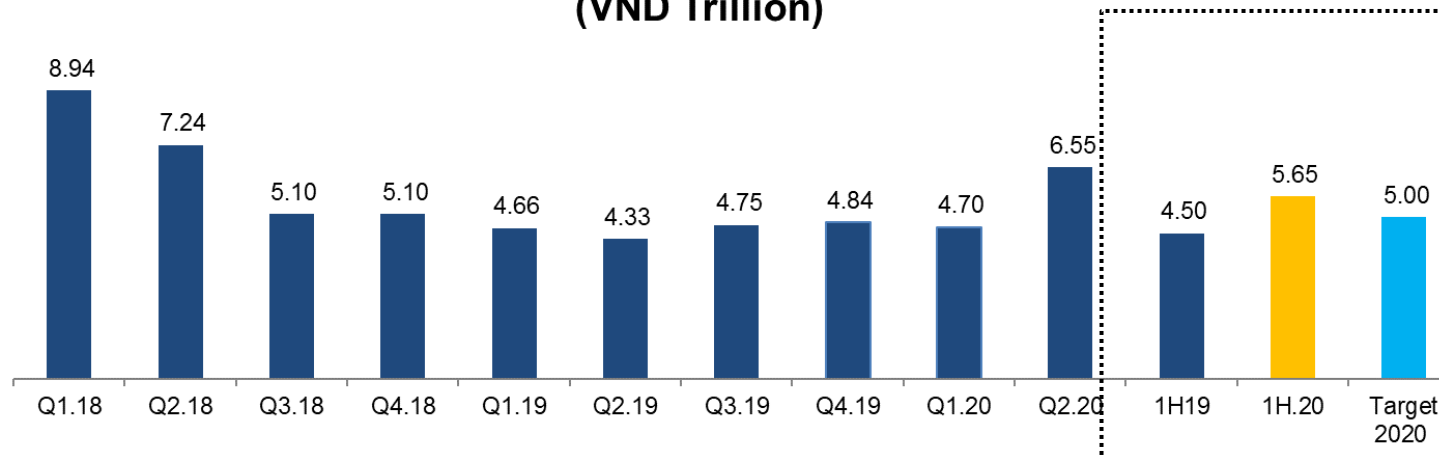
HNX Index ↑ 7.1%

**Average trading value:**

1H.20 vs 1H.19: ↑ 26%

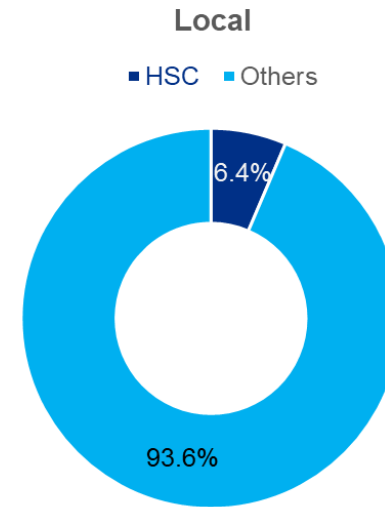
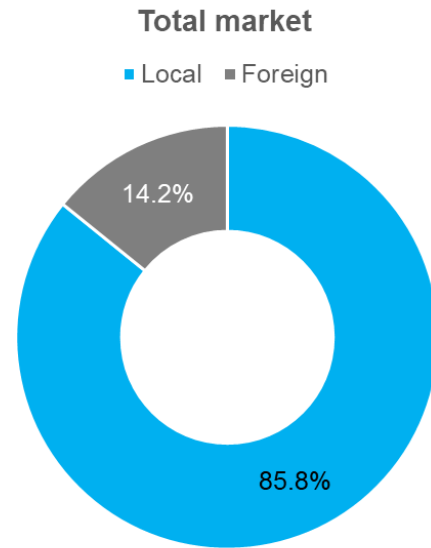
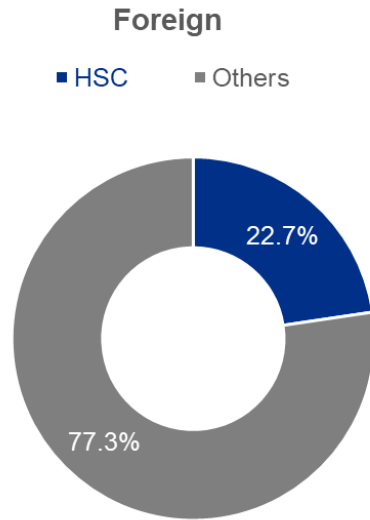
1H.20 ~ 112% Target 2020

## Average daily trading value (VND Trillion)

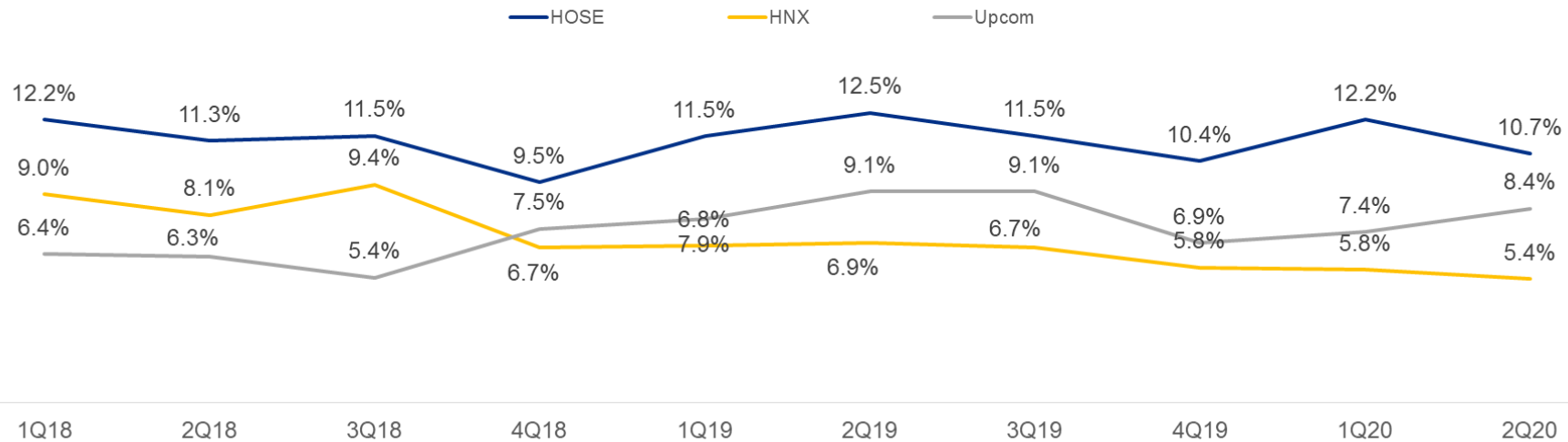


Source: HOSE, HNX, HSC

# HSC's stock market share: #2 in combined markets



### HSC's brokerage market share by exchanges



Source: HSC

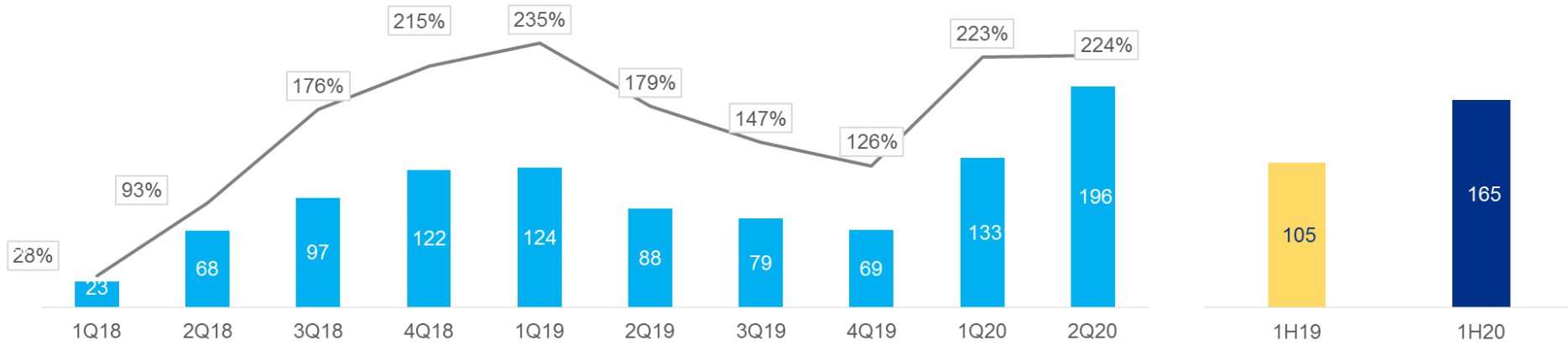
Private & Confidential

# Derivatives market: liquidity strongly increased

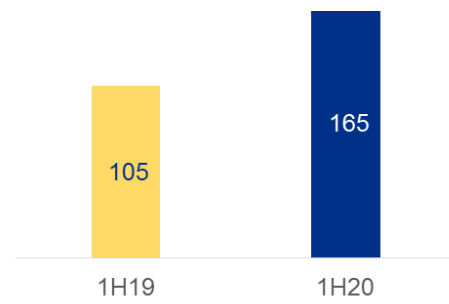


### Derivatives Market

■ No. Traded contract/day (thousand)    — Nominal value vs Stock market (%)

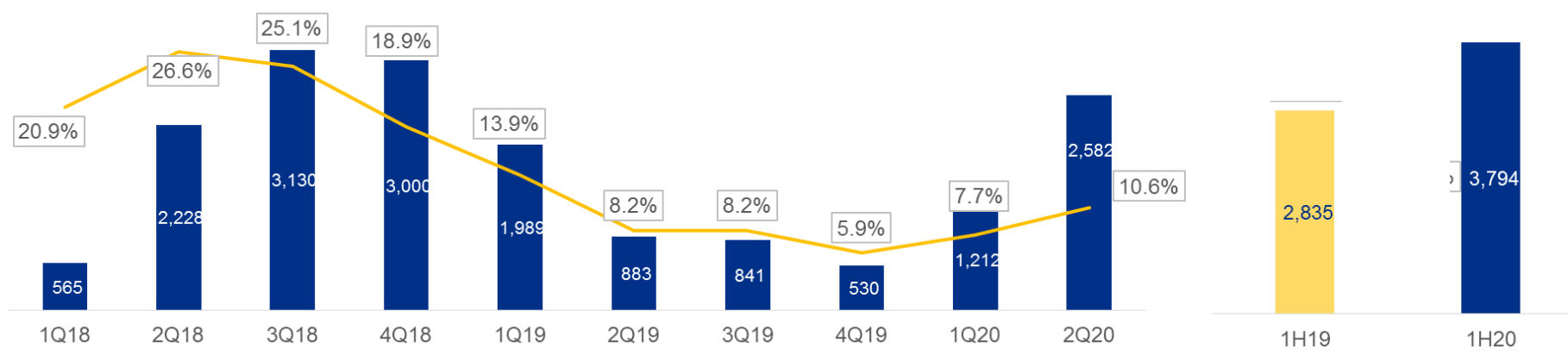


Liquidity in the Derivatives market strongly increased during the 1H-2020

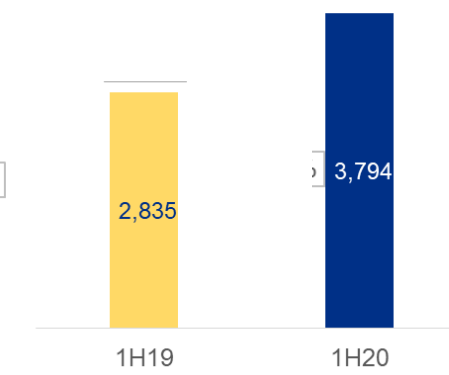


### HSC's Derivatives market share

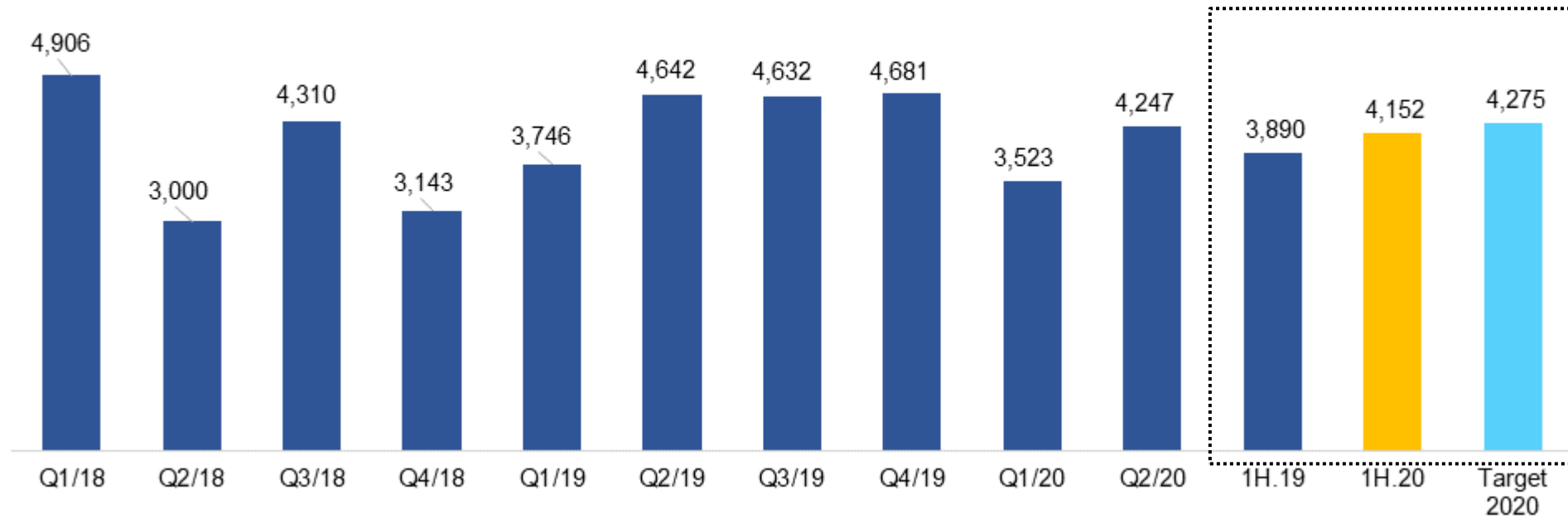
■ Traded contracts (thousand)    — Market share



HSC's market share in Q2-2020 rose to 10.6% from 7.7% in Q1-2020



**HSC's margin balance**  
(VND billion)





# FINANCIAL PERFORMANCE

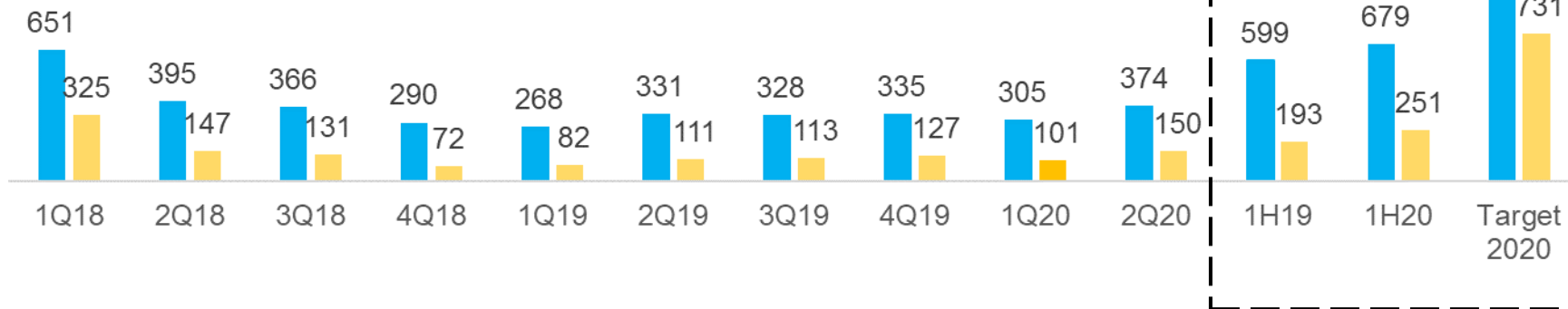


# PAT increased by + 30% YoY



## HSC performance by quarters

■ Revenue ■ Profit after tax



HSC's PAT growth in 1H-2020

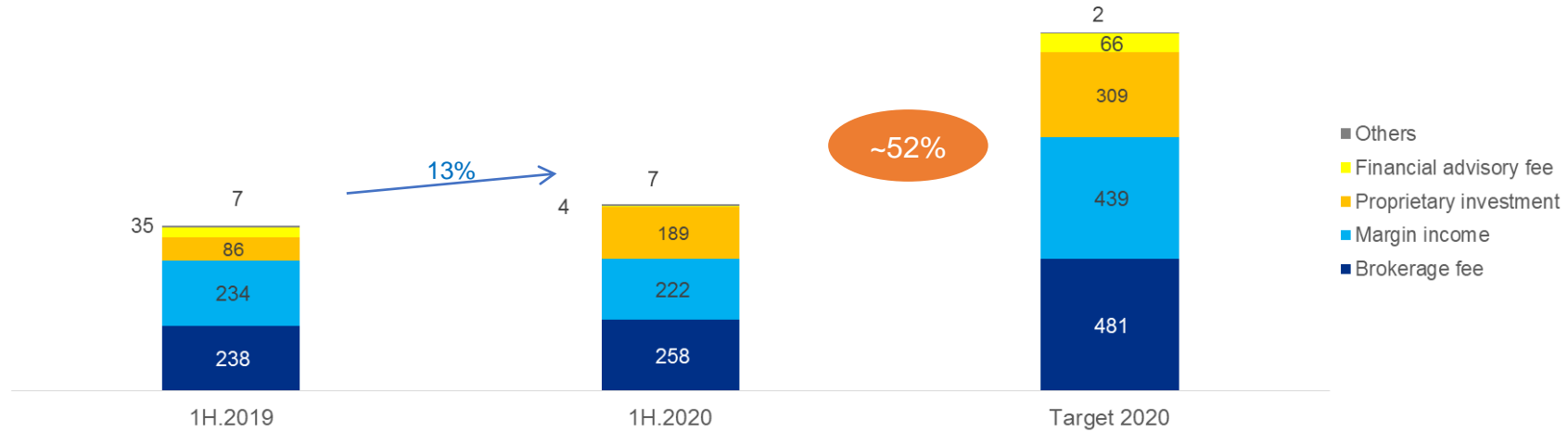
led by:

- Increasing by 13.4% YoY in revenue
- Operating expenses well-controlled (+1.3% YoY)

Items (Unit: VND billion)	1H.20	1H.19	Change	Target 2020	Completion
Total revenue (*)	<b>679.0</b>	598.8	13.4%	1,297.6	52.3%
Total expenses (*)	<b>365.2</b>	360.6	1.3%	730.7	50.0%
<b>Profit before tax</b>	<b>313.8</b>	<b>238.2</b>	<b>31.7%</b>	<b>566.9</b>	<b>55.4%</b>
<b>Profit after tax</b>	<b>251.1</b>	<b>192.6</b>	<b>30.4%</b>	<b>453.5</b>	<b>55.4%</b>
Return on average equity (ROAE)	<b>11.96%</b>	10.58%		10.80%	
Earning per share - VND	<b>821</b>	817	0.5%	1,482	55.4%
Book value per share - VND	<b>14,052</b>	13,725	2.4%	14,326	98.1%

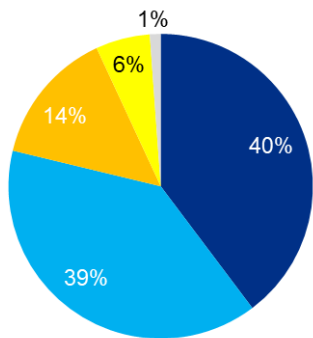
(\*) Gains and losses arising from proprietary investments were netted off for comparative purposes

## Revenue structure in 1H-2020

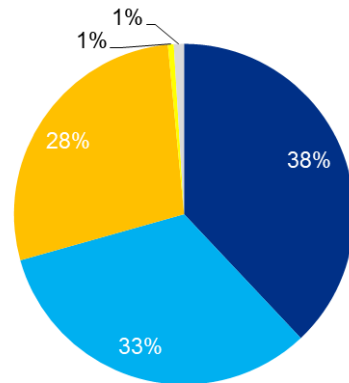


- 3 biggest contributions are brokerage fees, margin income and proprietary investment.
- Increase in proprietary investment was mainly driven by interest income from Corporate bonds.

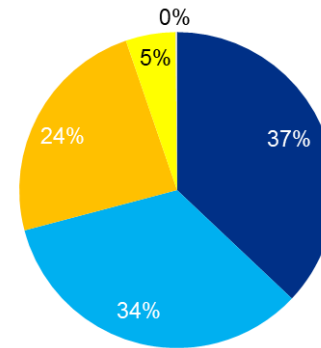
Revenue structure in 1H-2019 (% contribution)



Revenue structure in 1H-2020 (% contribution)



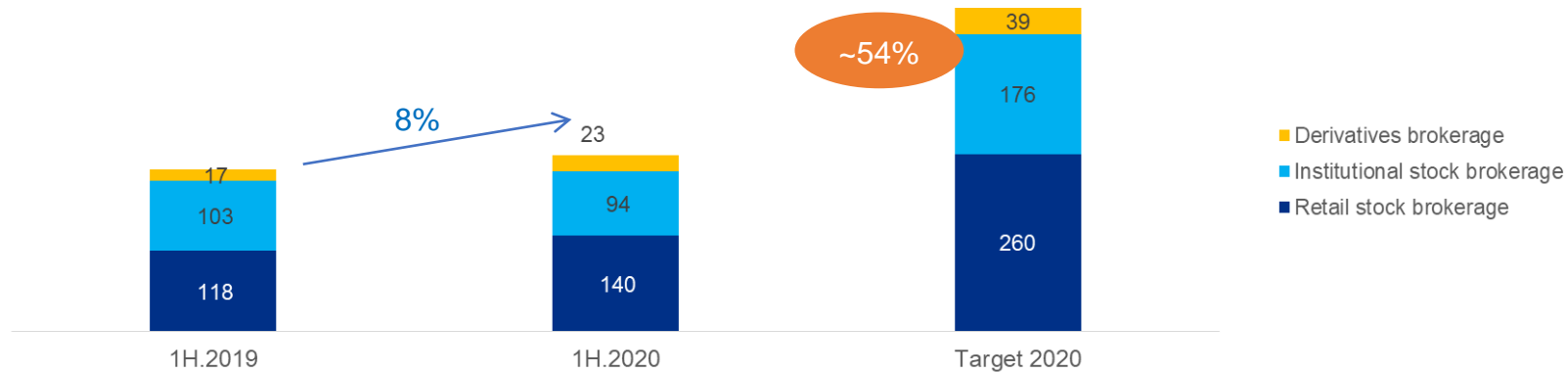
Revenue structure in Target-2020 (% contribution)



# Brokerage fee increased thanks to improvement in liquidity

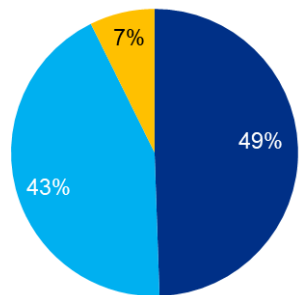


Revenue structure in 1H.2020

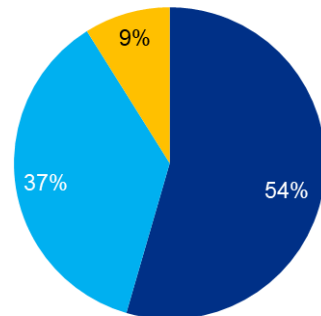


- An increase of 8% YoY in brokerage fee was mainly due to a growth in trading value.

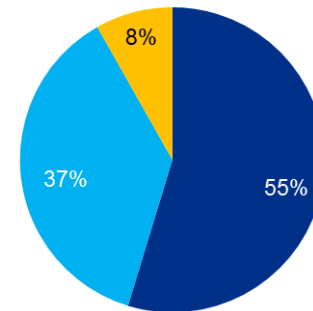
Revenue structure in 1H.2019 (%contribution)



Revenue structure in 1H.2020 (%contribution)



Revenue structure in Target - 2020 (%contribution)

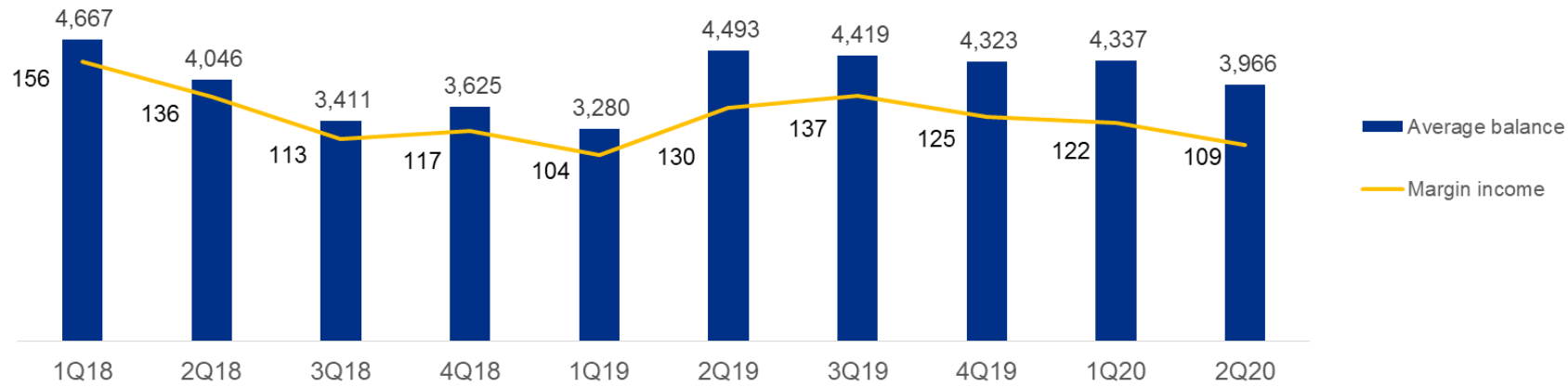


- Retail stock brokerage
- Institutional stock brokerage
- Derivatives brokerage

# Margin lending balance increased, offset by lower rates

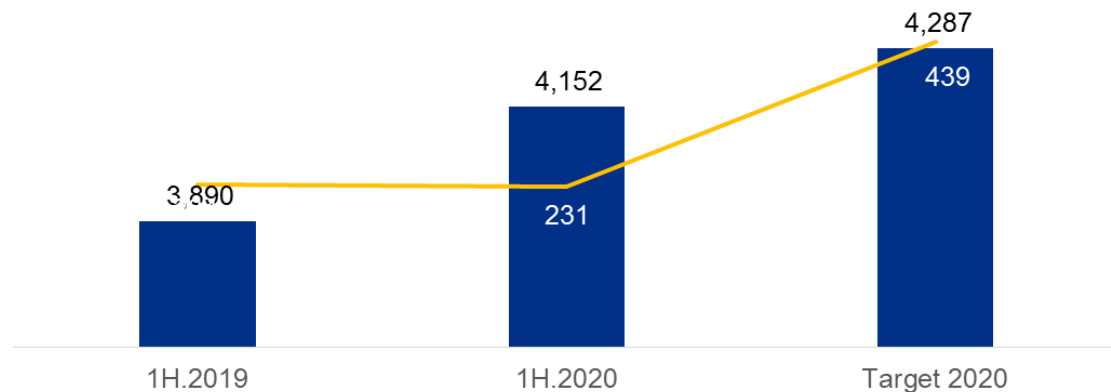


Margin lending income by quarters (VND billion)



HSC has actively provided and maintained the margin lending on high-quality stocks from Q2/2019

Margin lending income by 1H-2020 (VND billion)



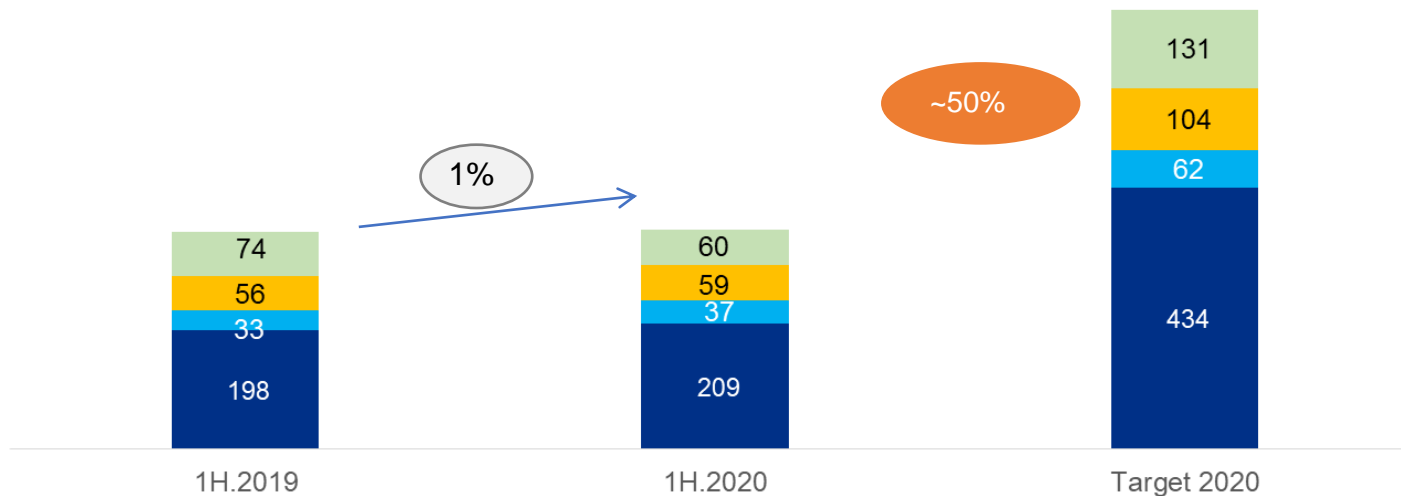
- Average margin balance in 1H-2020 increased 6.7% YoY

# Total expenses were well controlled

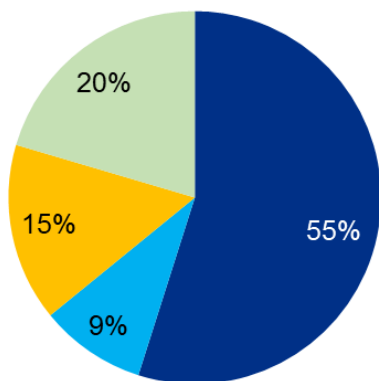


Expenses structure by period (VND billion)

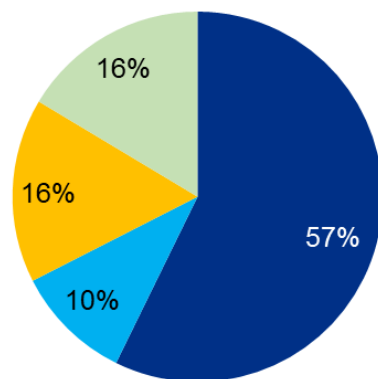
■ Operating expenses ■ Commision expenses ■ Brokerage expenses ■ Interest expenses



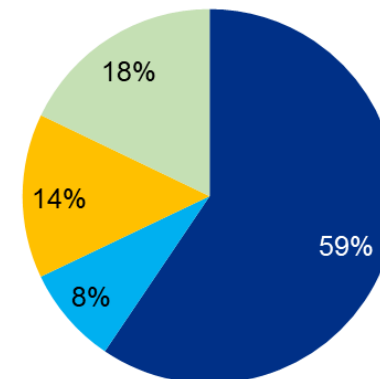
Expenses structure in 1H.2019 (%)



Expenses structure in 1H.2020 (%)



Expenses structure Target 2020 (%)

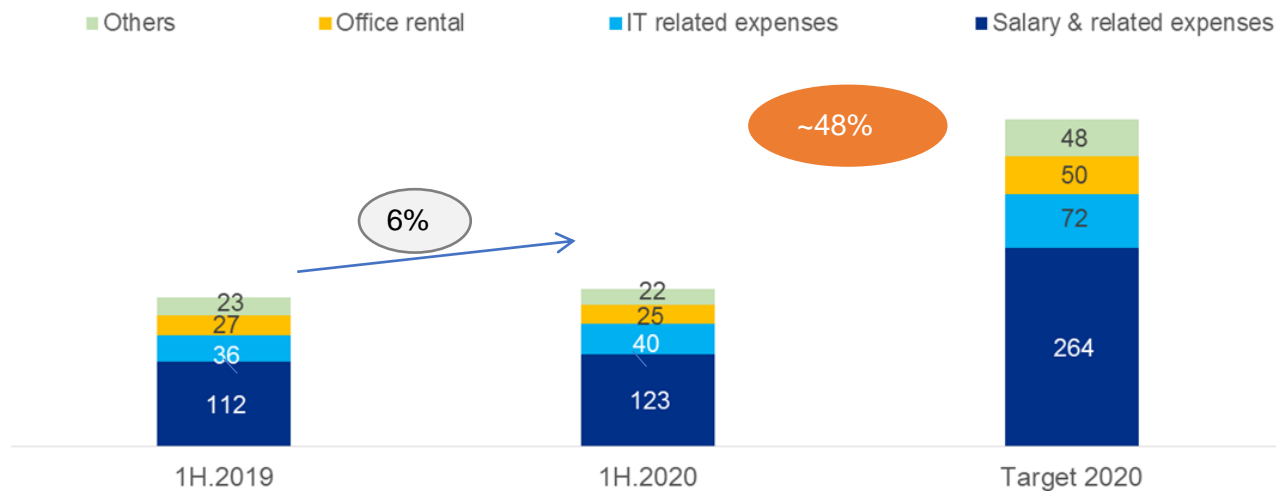


■ Operating expenses  
 ■ Commision expenses  
 ■ Brokerage expenses  
 ■ Interest expenses

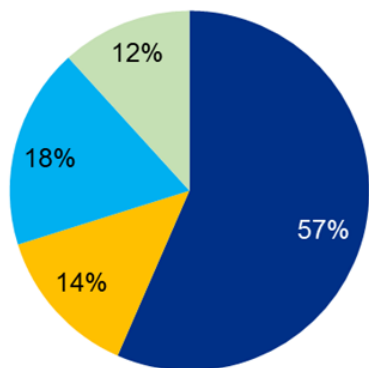
# Operating expenses optimized



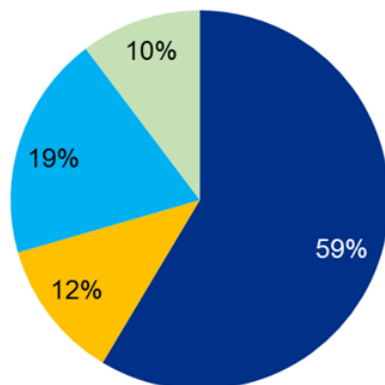
Operating expenses by period (VND billion)



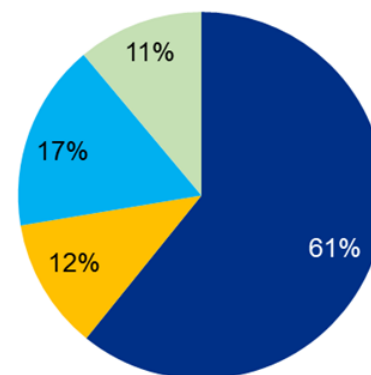
Operating expenses in 1H.2019 (%)



Operating expenses in 1H.2020 (%)



Operating expenses Target 2020 (%)



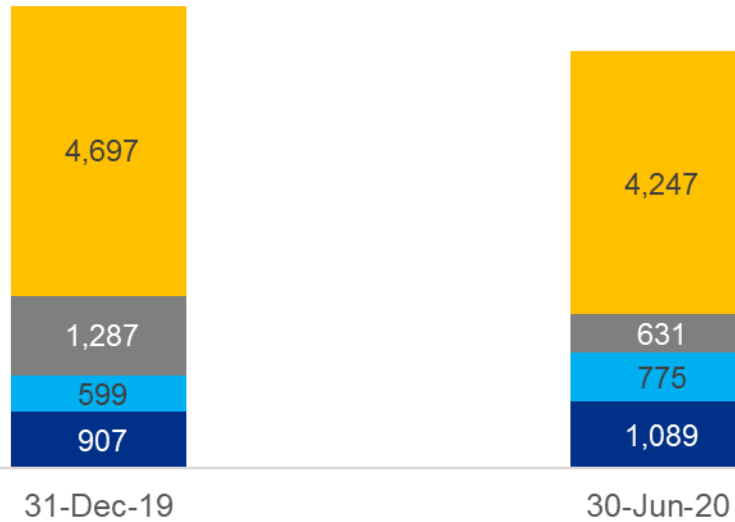
- Salary & related expenses
- Office rental
- IT related expenses
- Others

# Balance sheet mainly comprised margin loan and financial assets



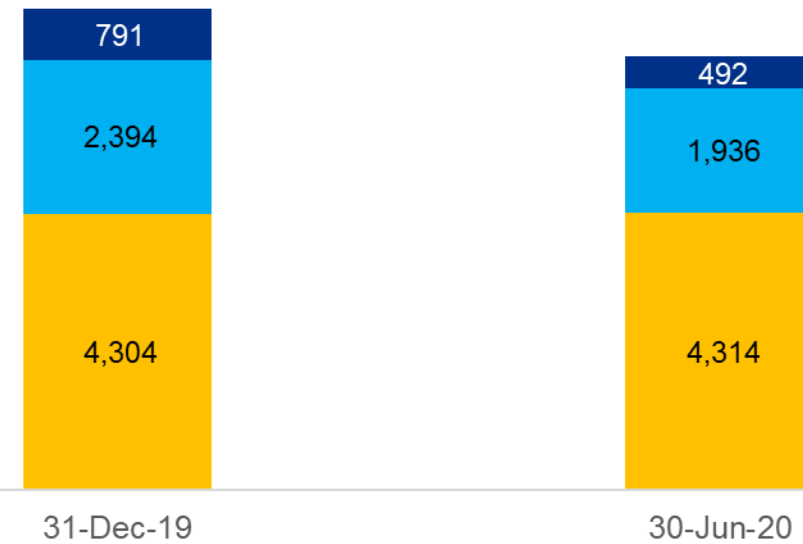
### Asset allocation (VND billion)

■ Margin balance   ■ Financial assets   ■ Others   ■ Cash



### Equity & Liabilities (VND billion)

■ Others   ■ Borrowings   ■ Owner's equity



## Strategic initiatives are underway and on track



Areas	Initiatives	Completion
Client Management	Priority customers (HNIs)	On-going
Technology	Digital customer service portal	H2 2020
Distribution	Partnership with commercial bank	Q3 2020
Product	<ul style="list-style-type: none"><li>- Corporate bonds</li><li>- ETFs</li><li>- CWs</li></ul>	On-going
COVID-19	Disaster preparedness & business continuity	On-going



Established	<b>April 2003</b>
Chartered Capital	<b>VND3,059 billion</b>
Shareholder's Equity	<b>VND4,314 billion</b>
Stock Info	<b>Ticker: HCM.</b> <b>Listed on May 19<sup>th</sup>, 2009 on HOSE</b>
Outstanding shares	<b>305,097,813</b>
Market Capitalization	<b>VND 5,888 billion (as at 17 Jul 2020)</b>
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**THANK YOU**

