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Q3 2020 EARNINGS PRESENTATION

22 Oct 2020

1. VN Index increased 11% QoQ in Q3. Average daily trading value was up by 36%.
2. Q3 revenue rose by 21% YoY to VND 398 billion. PBT was VND 175 billion, up 24% YoY. On a YTD basis, revenue and PBT increased 16% and 29%, respectively.
3. #1 in institutional client segment, #2 market share overall.
4. Total assets VND 9,468 billion at end of Q3. Margin loan balance exceeded VND 6,000 billion, ranked #2 in the market, while observing prudent lending and risk management.
5. New trading system rolled out. Digital platform with eKYC capability slated to launch in Q4, extending our customer acquisition reach.

Q3 Highlights



Net revenue
(VND bn)

398

↑21% YoY

Profit before tax
(VND bn)

175

↑24% YoY

Profit after tax
(VND bn)

142

↑26% YoY

Margin loan balance
(VND bn)

6,022

↑28.2% YoY

Earnings per share
(VND)

466

↑26% YoY

Return on equity
(%)

13.0

↑2.5 pp YoY

Net revenue
(VND bn)

1,077

↑ 16% YoY

Profit before tax
(VND bn)

489

↑ 29% YoY

Profit after tax
(VND bn)

393

↑ 29% YoY

Earnings per share
(VND)

1,289

↑ 9.4% YoY

Return on equity
(%)

12.0

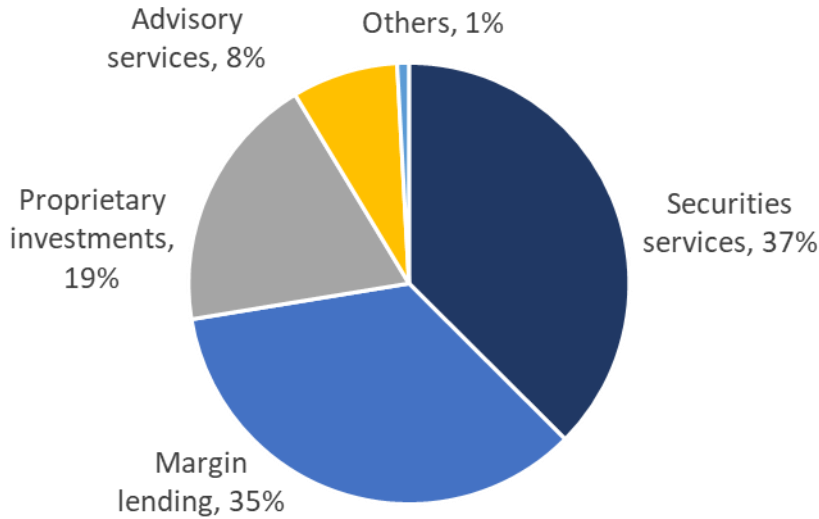
↑ 1 pp YoY

Summary Financials



(VND million)	Q3.2020	Q3.2019	+/-%	9M2020	9M2019	+/-%	Target 2020	% Target
Total revenue (*)	397,723	328,734	21%	1,076,771	927,463	16%	1,297,586	83%
Operating expenses (*)	222,606	187,771	19%	587,846	548,351	7%	730,702	80%
Profit before tax	175,117	140,963	24%	488,979	379,169	29%	566,883	86%
Profit after tax	142,047	112,644	26%	393,148	305,246	29%	453,507	87%
Total assets				9,468,173	6,628,014	43%	7,227,589	131%
Shareholders' equity				4,455,571	4,329,578	3%	4,390,450	101%
ROAA				4.6%	5.1%		6.2%	
ROAE				12.0%	11.0%		10.8%	
Outstanding shares				305,041,845	305,516,173		305,516,173	
Earnings per share - VND				1,288	1,177	9%	1,482	87%
Book value per common share - VND				14,562	14,088	3%	13,725	106%
Market price - VND				21,000	24,300	-14%	N/A	
P/E				12.2	15.5	-21%	N/A	

Revenue Structure – Q3 2020



Securities services



Margin lending



Advisory services

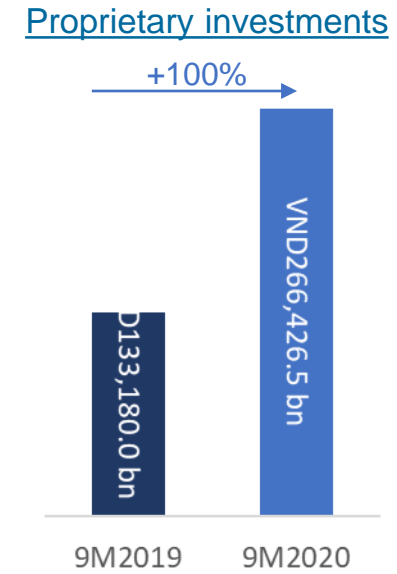
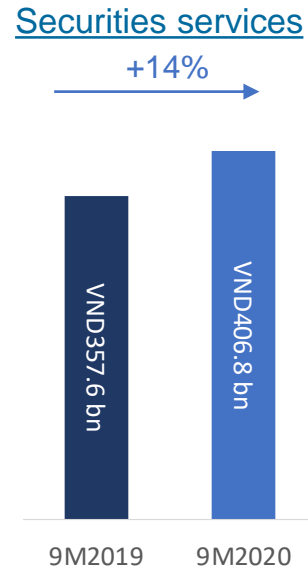
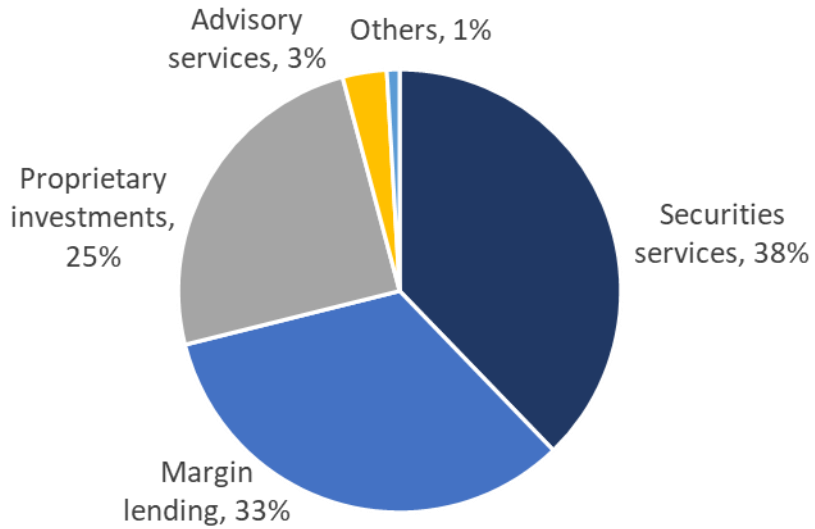


Proprietary investments

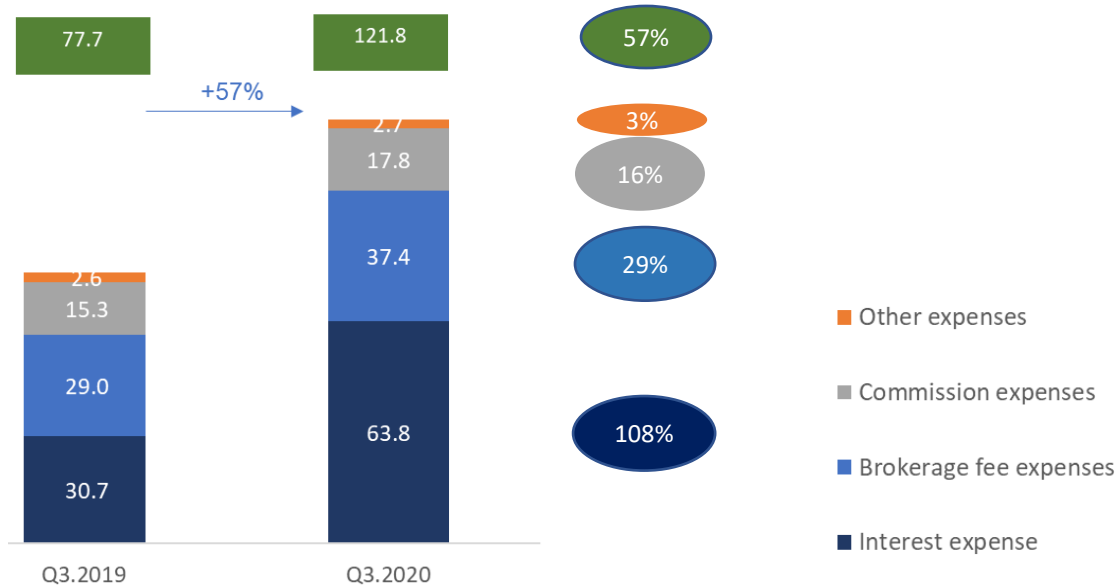


- **Securities Services** posted 27% revenue growth in Q3
- HSC remained the leader in the institutional client segment with 25% market share in Q3. Notable transactions included VND1,200bn CTG block trade.
- Revenue from **Margin Lending** reduced slightly against Q3 last year despite increasing balance due to lower interest rates. HSC continues to observe prudent lending and risk management practices; list of qualified names reduced to 80
- After a slow H1, revenue from **Financial Advisory Services** rose 176% in Q3 with a high-profile transaction advising Aozora Bank on its acquisition of 15% of Orient Commercial Bank.
- **Proprietary Investments** had a good Q3 thanks to corporate bond trading and market making

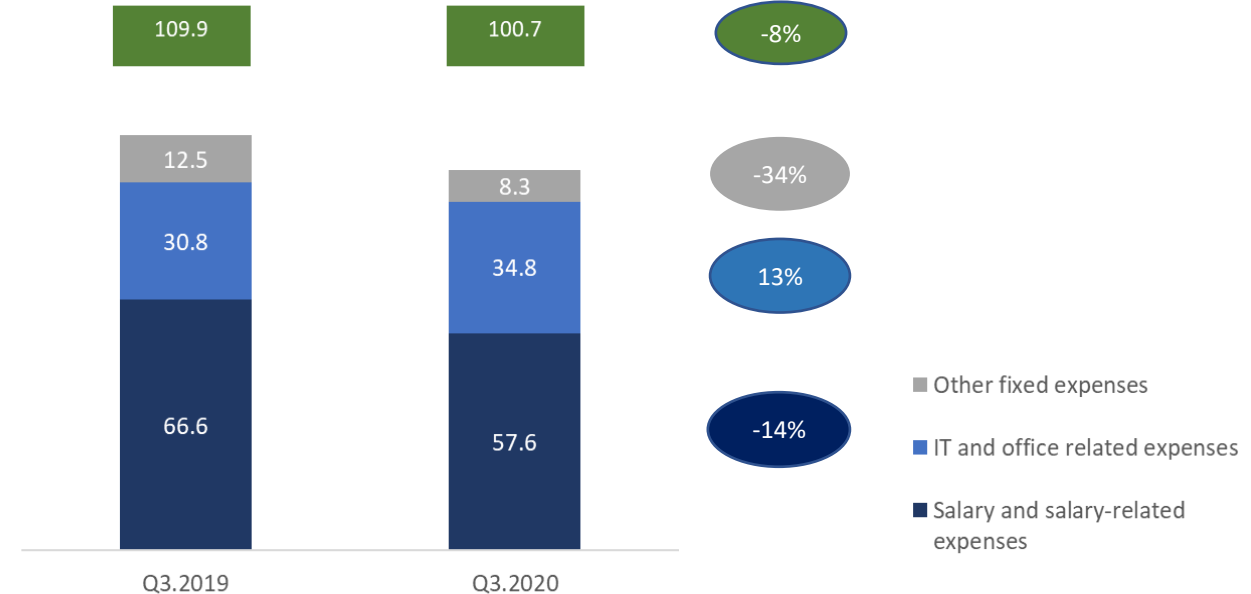
Revenue Structure – 9M 2020



Variable Expenses

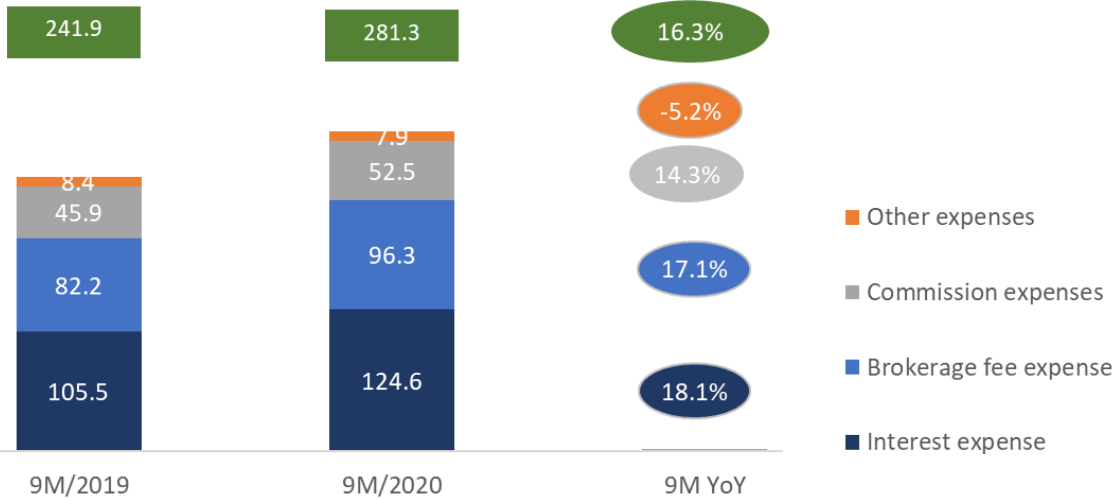


Fixed Expenses

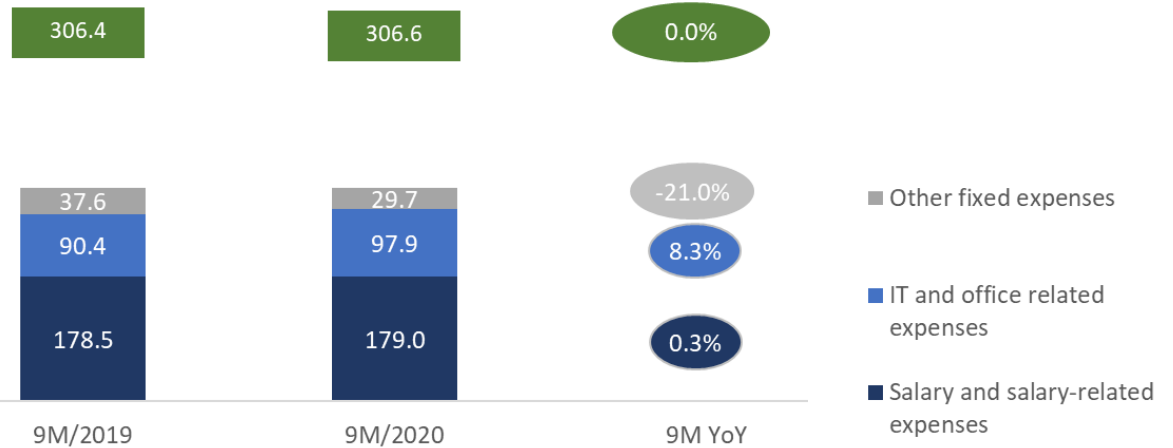


- Q3 total cost was up 19% vs LY
- Variable expenses rose 57% to VND 63.8 billion, driven by 108% increase in interest expense, as HSC drew down more credit to finance margin lending.
- Fixed expenses were reduced by 8% thanks to lower salaries expenses (-14%) as the result of restructuring the retail business.
- IT expenses increased by 13% due to investments to enhance IT infrastructure.

Variable Expenses

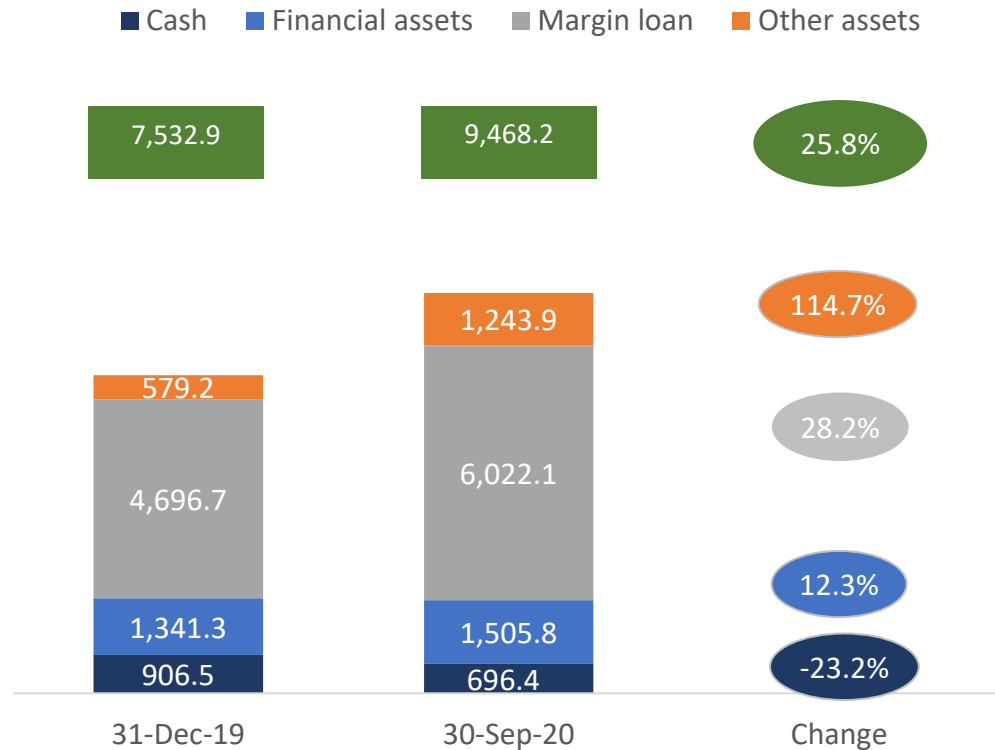


Fixed Expenses

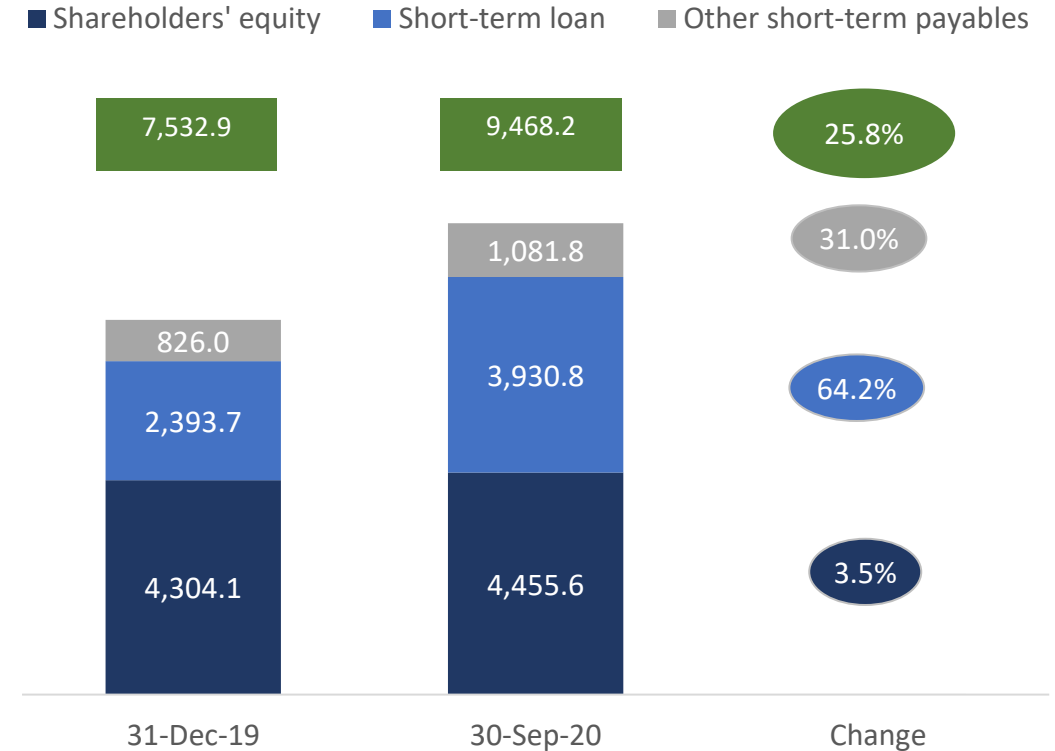


- YTD total cost was up 7% from LY
- Variable expenses were VND281.3 billion, up 16%, in line with revenue growth
- Total fixed expenses were flat
- Salaries expenses were kept at LY level although HSC had leaner workforce.

Assets Allocation (VND bn)



Equity and Liabilities (VND bn)



- Total assets increased 25.8% to VND9,468 billion driven by increased margin loan balance in response to higher demand from clients
- Debt-to-equity ratio was up to 1.1x versus 0.75x at the beginning of the year. HSC has access to additional credit facility of VND2,550 billion to increase gearing further if merited by business needs

Established	April 2003
Chartered Capital	VND3,059 billion
Shareholder's Equity	VND4,314 billion
Stock Info	Ticker: HCM. Listed on May 19th, 2009 on HOSE
Outstanding shares	305,097,813
Market Capitalization	VND 6,848 billion (as at 30 Sep 2020)
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