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Q4 2020 EARNINGS PRESENTATION

09 Feb 2021

1. VN Index was up by 21% QoQ in Q4 2020. Average daily trading value rose to VND11,647 billion, up 88% QoQ.
2. HSC Q4 revenue rose by 54% YoY and 29% QoQ. PBT was VND171 billion, up 13% YoY.
3. In FY2020, revenue and PBT increased by 26% and 24% respectively.
4. HSC maintained leading positions across its businesses: #2 in securities service and #2 in derivatives within which we were the market leader in Covered warrants.
5. Total assets reached VND12,488 billion at end of Q4. The margin loan balance rose to VND8,600 billion, #3 in the market.
6. Digitalization continues with the launch of a new online trading system and our digital platform myHSC and eKYC launched in Q4.

Q4 Highlights



Net revenue
(VND bn)

515

↑54% YoY

Profit before tax
(VND bn)

171

↑13% YoY

Profit after tax
(VND bn)

137

↑8% YoY

Margin loan balance
(VND bn)

8,623

↑84% YoY

Earnings per share
(VND)

450

↑8% YoY

Net revenue
(VND bn)

1,591

↑ 25% YoY

Profit before tax
(VND bn)

660

↑ 24% YoY

Profit after tax
(VND bn)

530

↑ 23% YoY

Margin loan balance
(VND bn)

8,623

84% YoY

Earnings per share
(VND)

1,738

↑ 8.9% YoY

Return on equity
(%)

12.1

↑ 4 pp YoY

Summary Financials

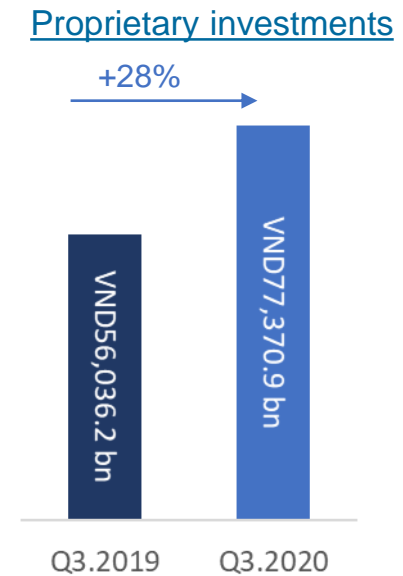
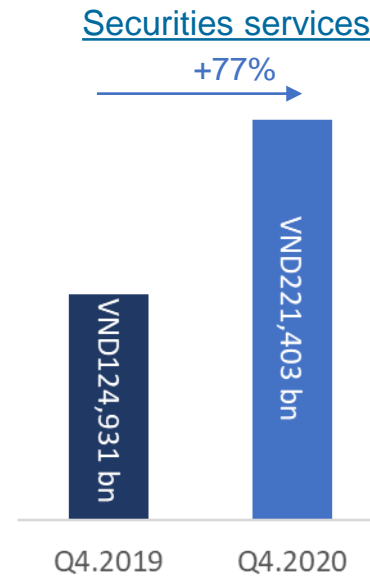
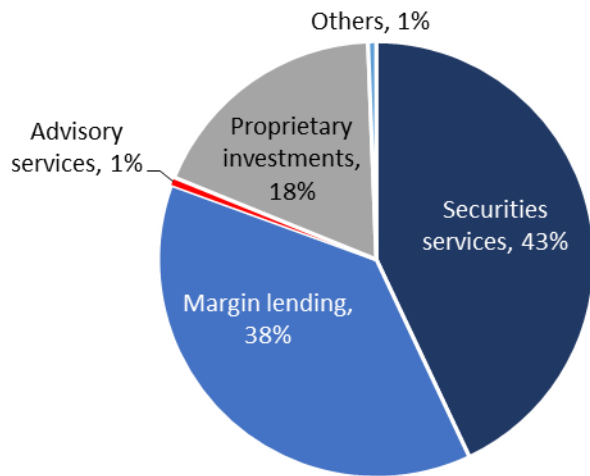


(VND million)	Q42020	Q42019	+/-%	FY2020	FY2019	+/-%	Target 2020	% Target
Total revenue (*)	514,963	335,300	54%	1,591,734	1,262,261	26%	1,297,586	123%
Operating expenses (*)	343,673	183,101	88%	931,519	730,950	27%	730,702	127%
Profit before tax	171,326	152,237	13%	660,305	531,406	24%	566,883	116%
Profit after tax	137,304	127,319	8%	530,452	432,565	23%	453,507	117%
Total assets	12,488,828	7,488,679	67%	12,488,828	7,488,679	67%	7,227,589	173%
Shareholders' equity	4,440,355	4,304,143	3%	4,440,355	4,304,143	3%	4,390,450	101%
ROAA	1.3%	1.8%		5.3%	6.8%		6.2%	
ROAE	3.1%	2.9%		12.1%	11.7%		10.8%	
Outstanding shares	305,041,845	305,516,173		305,041,845	305,516,173		305,589,673	
Earnings per share - VND	450	417		1,738	1,596		1,482	
Book value per share - VND	14,557	14,088		14,557	14,088		13,725	
Market price - VND	31,400	21,350		31,400	21,350			
P/E				18.1	13.4			

Source: HSC

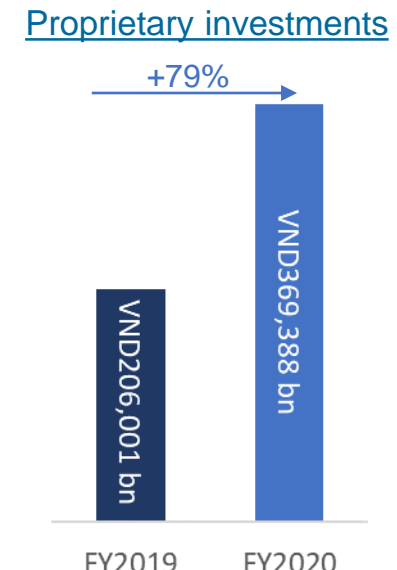
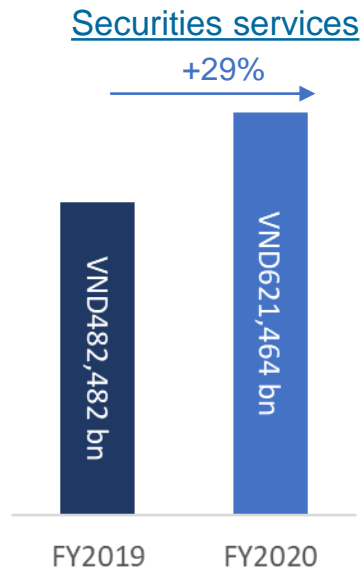
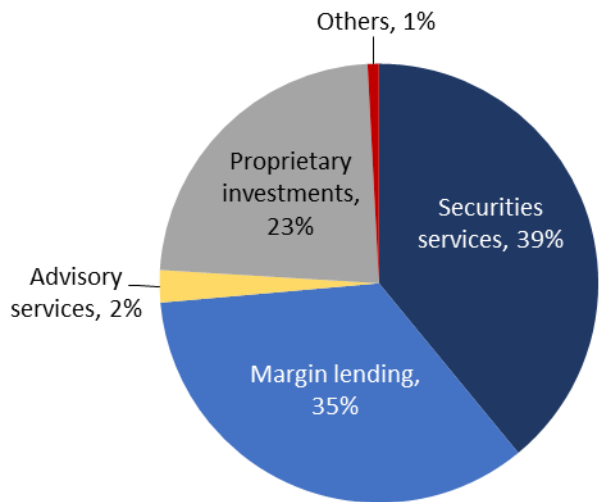
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Revenue Structure – Q42020



- **Securities Services** posted strong revenue growth of 77% YoY driven by strong trading volumes
- HSC maintained a leading position in the institutional client segment with 23% market share. Brokerage, block trades and ETF market making were key drivers for institutional sales.
- Revenue from **Margin Lending** increased significantly against a strong market backdrop.
- Revenue from **Financial Advisory Services** fell by 60% on sluggish deal flow.
- **Proprietary Investments** saw revenue growth of 28% YoY driven by bond arbitrage, ETF market making and covered warrants.

Revenue Structure – FY2020

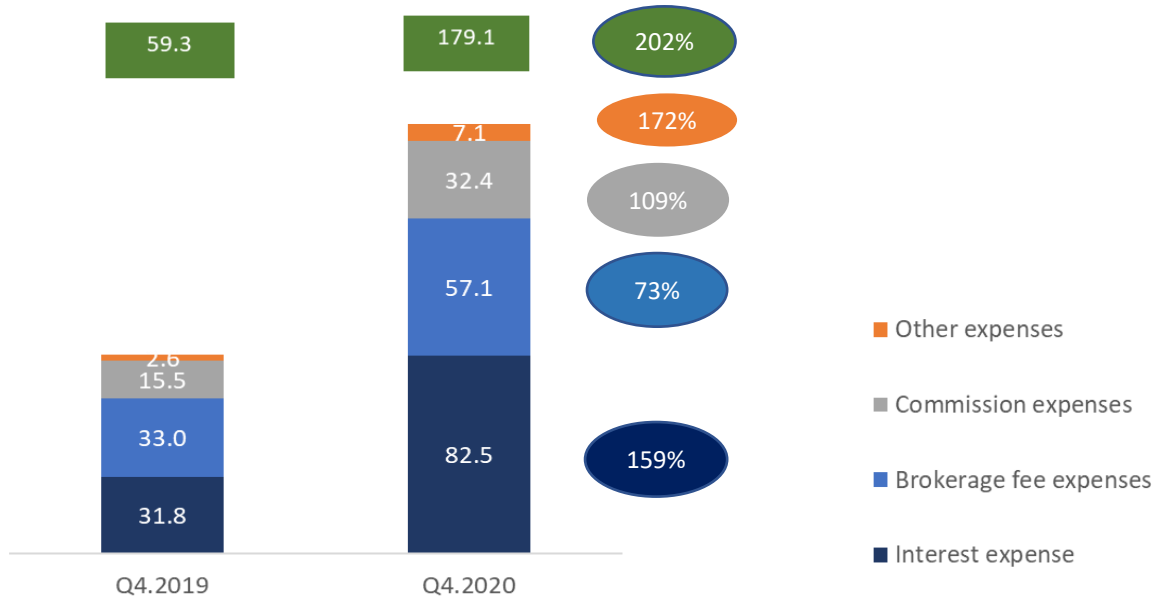


- **Securities Services** revenue grew by 29% YoY driven by higher trading volumes. The retail brokerage team was restructured and new products were launched such as covered warrants and corporate bonds.
- Margin Lending revenue rose 8%. Lower interest rates dragged revenue growth despite higher loan balances.
- **Advisory** revenue declined as the pandemic hindered due diligence and deal execution. However, we have a strong deal pipeline for the next two years including a number of large IPOs.
- **Proprietary Investment** revenue grew by 79% by driven by bond arbitrage and ETF market making.

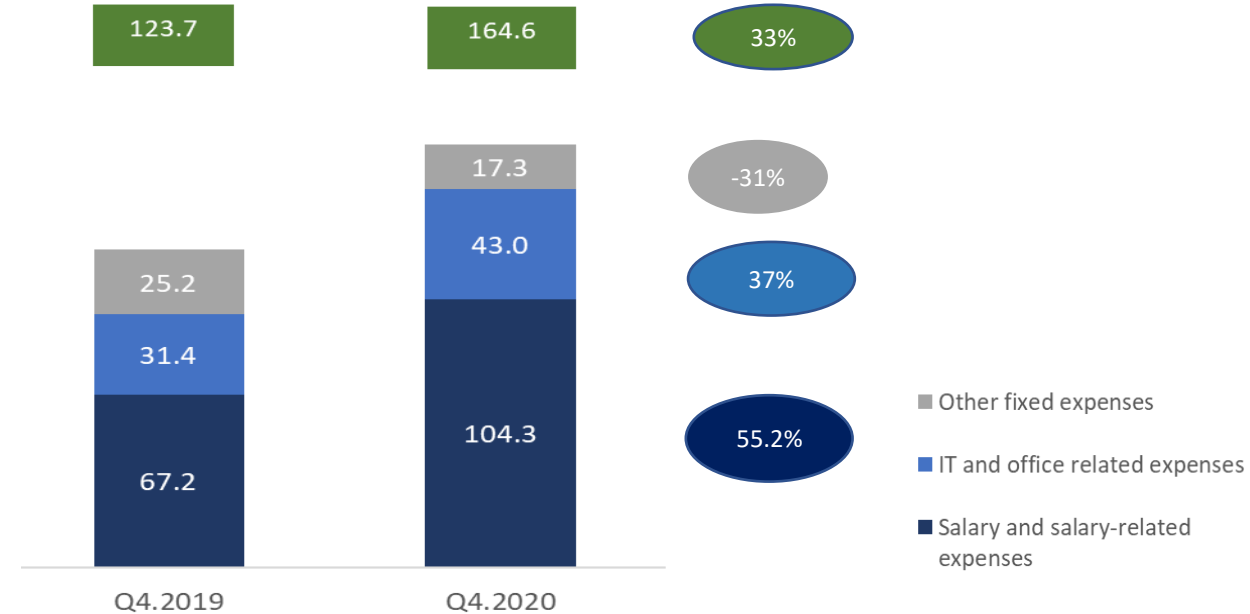
Cost Structure – Q42020



Variable Expenses (VND bn)



Fixed Expenses (VND bn)

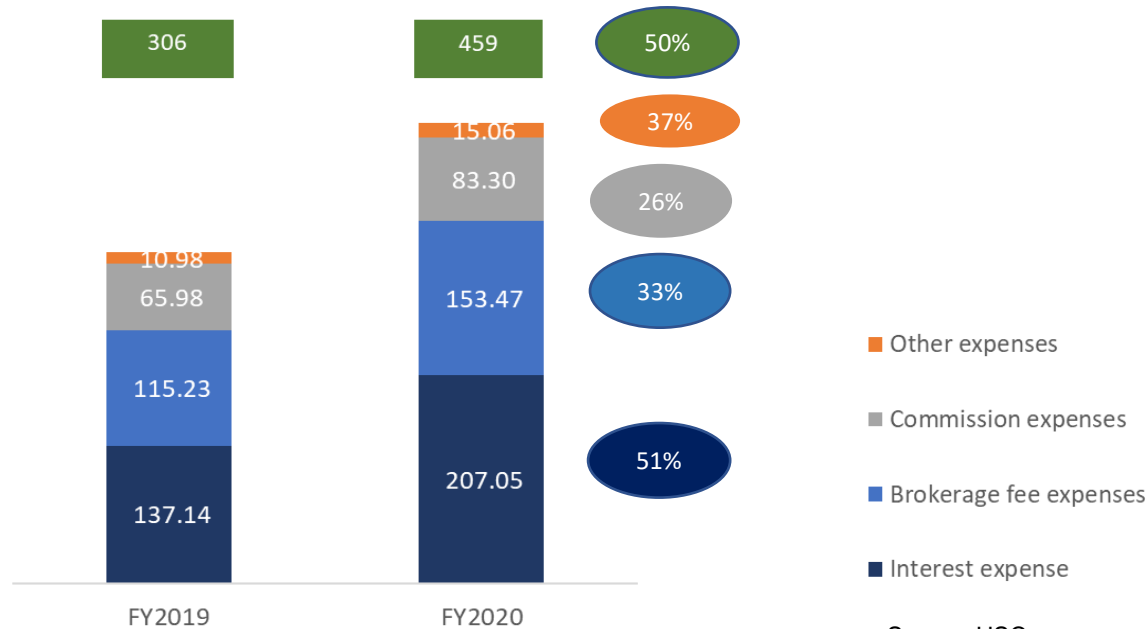


- Total costs rose by 88% YoY.
- Variable expenses rose 202% to VND 179 billion primarily due to higher interest expense as we grew the margin lending book.
- Fixed costs increased by 33% on higher compensation expense due to year-end bonus accruals and higher IT costs as we enhanced capabilities.

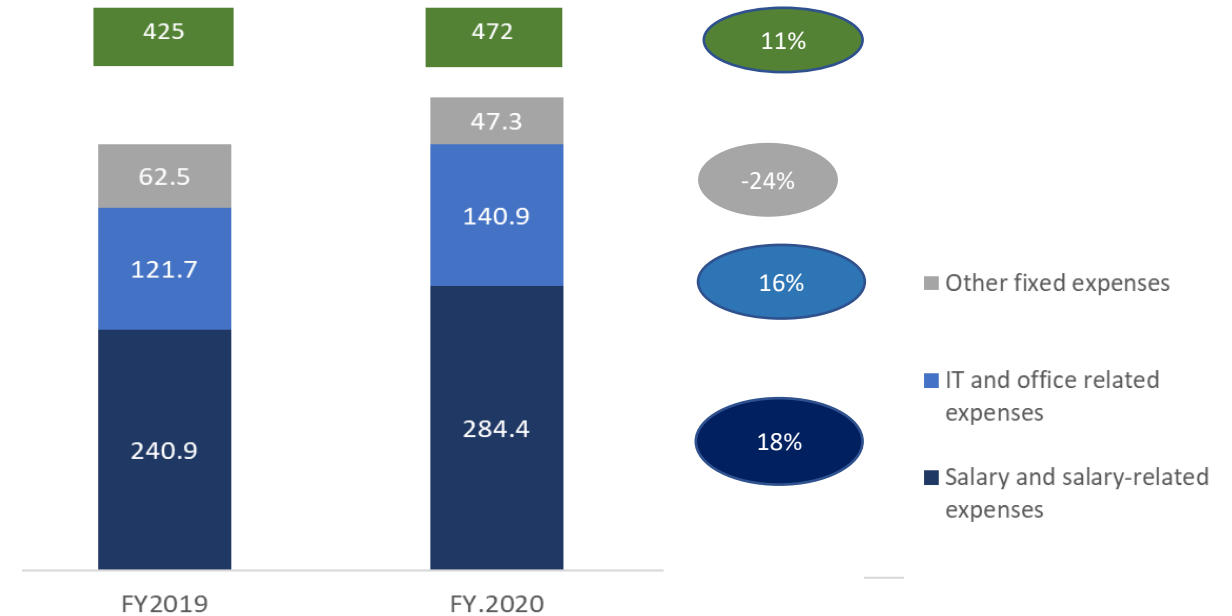
Cost Structure – FY2020



Variable Expenses (VND bn)



Fixed Expenses (VND bn)



Source: HSC

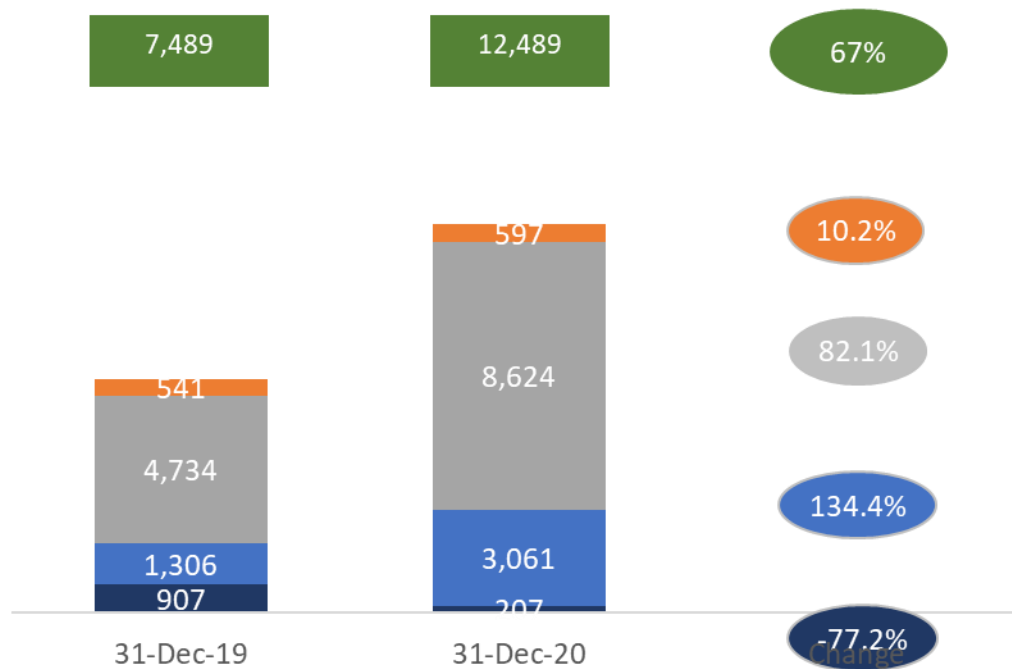
- Total expenses rose by 27% YoY in 2020.
- Variable costs increased by 50% YoY due to higher interest expense and trading fees.
- Total fixed costs rose by 11% driven by increase in discretionary compensation expenses.

Financial Position as of 31/12/2020



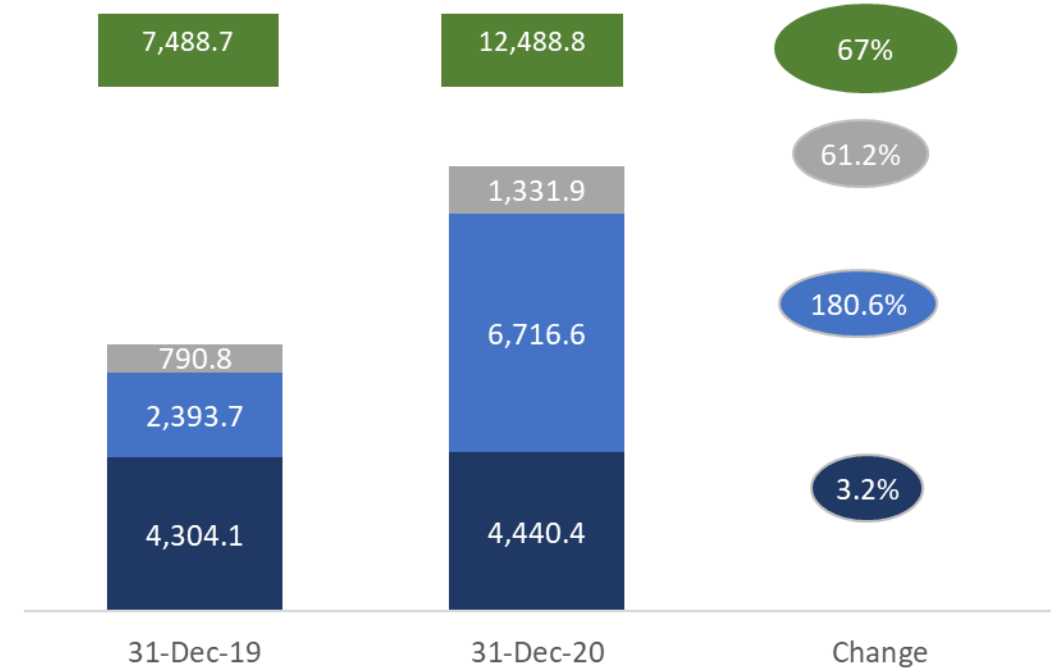
Assets Allocation (VND bn)

■ Cash ■ Financial assets ■ Margin loan ■ Other assets



Equity and Liabilities (VND bn)

■ Shareholders' equity ■ Short-term loan ■ Other short-term payables



- Total assets increased by 67% to VND12,489 billion primarily due to margin loan growth.
- Debt to equity ratio rose to 1.5x to finance the margin lending business.

Established	April 2003
Chartered Capital	VND3,059 billion
Shareholder's Equity	VND4,440 billion
Stock Info	Ticker: HCM. Listed on May 19th, 2009 on HOSE
Outstanding shares	305,041,845
Market Capitalization	VND9,578 billion (as at 31 Dec 2020)
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Presentation link	https://www.hsc.com.vn/en/media/presentation

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THANK YOU

