

**06 AUG 2024**
**RECOMMENDATIONS BUY**

Fair price	29,200
Current price	23,250
Potential upside	26%

**STOCK INFORMATION**

Outstanding shares (VND million)	120.6
Free float (VND million)	36.2
Market Cap (VND billion)	2,936
3-month trading volume (shares)	425,348
Foreign ownership (%)	30.8%
	21/04/200
First listing date	8

**SHAREHOLDER STRUCTURE**

State Capital Investment and Trading Corporation - LLC	50.7%
AXA SA - France	16.7%
Firstland LLC	5.7%
Halley Sicav - Halley Asian Prosperity	5.0%

**CRITICAL ASPECTS**

TTM EPS (VND)	2,749
BVPS (VND)	22,534
Debt/Equity (%)	162%
ROA (%)	4.65%
ROE (%)	12.45%
P/E	8.9x
P/B	1.06x
Dividend yield (%)	4.1%

**STOCK PRICE FLUCTUATION**

**COMPANY PROFILE**

Bao Minh Joint Stock Corporation (BMI), formerly known as Ho Chi Minh City Insurance Company, was established by the Ministry of Finance in 1994. The Corporation operates mainly in the field of non-life insurance, and financial investment. BMI officially operates as a joint stock company since 2004.

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**INCREASING SERVICE QUALITY - MAINTAINING MARKET SHARE**

- The insurance industry in general and non-life insurance in particular are expected to overcome the media crisis and grow again. In the first 6 months of the year, non-life insurance premium revenue recorded an 11%YoY growth despite the industry's decline due to the weakening of life insurance premium revenue.
- We expect BMI to maintain its No. 3 market share in the non-life insurance market in 2024 thanks to its long-standing reputation, diversified product portfolio and strong digital transformation focusing on improving product quality.
- The context of rising deposit interest rates support insurance companies increase financial income.
- BMI is trading at P/B of 1.06x, lower than the 3-year average of 1.3x. The firm is benefiting from good fundamentals. PHS projects BMI's fair value to be VND 29,200/share, with 2024 forward P/B of 1.17x. We recommend BUY with a potential upside of 26%.

**Investment highlights**

**Strategic shareholder (AXA - France's largest insurance group ) supports BMI to improve its competitiveness.** AXA's participation since 2007 has strengthened and improved BMI's exploitation and claim management capabilities, increased retention ratio of the firm, and developed new products. Hence, BMI's loss ratio decreased from 64% in 2007 to 33% in 2023, then reached 32% in H1 2024.

**A nationwide coverage network increases customer accessibility.** BMI has a nationwide coverage network with more than 4,400 agents. BMI is associated with 219 medical facilities and more than 700 garages nationwide. The advantage of a large network supports BMI to ensure the principle of spreading and dividing risks, and distributing products to customers.

**Having the 3rd position in the non-life insurance market.** Despite its modest scale of Total Assets, BMI ranks 3rd in market share, leading in the fire and explosion insurance segment with a market share of 17%. We believe that the potential of non-life insurance is very positive in H1 2024. The 6-month result showed that premium growth of non-life insurance companies of up to 11.2% YoY to VND 38.8 trillion, continuing to lead the growth momentum of the insurance industry (before 2022, the life insurance group always recorded a stronger growth rate than non-life insurance).

**Projection of business result in 2024:** The non-life insurance market recovers from the bottom after the media crisis in 2023. Thanks to the strengths of a large agent network, long-standing business reputation, and efforts to increase service quality and enhance digital transformation in product supply, claims, risk management and loss control, we project insurance premium revenue could be VND 6,764 (+11%YoY). BMI restructures health insurance operations, so we expect total insurance loss expenses increased slightly by 4%YoY to VND 1,639 billion. As investment activities were affected by low interest rates, gross profit from financial activities decreased 1% YoY to VND 278 billion. Hence, Net Profit in 2024 is projected to be VND 375 billion (+14%YoY).