



Wed, February 17, 2016

Vietnam Daily Review

The market is witnessing uptrend

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 18/2/2016			•
Week 15/2-19/2/2016			•
Month 2/2016			•

Summary

After a short rise in the early trading session, index quickly adjusted and closed at low price range. Particularly, VN-Index and HNX-Index fell slightly, while UPCOM Index maintained the upward momentum. VNM with special events has led VN-Index today. Market breadth weakened, although still maintaining the balance. Today, foreigners doubled the sales volume on HSX, and returned to the net selling position on HNX. They remained net buyers on UPCOM with small volume.

Recommendation

The market remains in the short term upward trend; however, selling pressure will cause the index shaking and accumulating. Investors should consider taking profit when the index increases sharply; by contrast, in case market declines, investors should consider reopening the position.

Company updates

Tire companies

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VN-INDEX **547.05**
Value: 1691.55 bil **-1 (-0.18%)**
Foreigners (net): -VND 160.24 bil

HNX-INDEX **77.47**
Value: 357.39 bil **-0.5 (-0.64%)**
Foreigners (net): -VND 19.91 bil

UPCOM-INDEX **48.21**
Value 40 bil **0.32 (0.67%)**
Foreigners (net): VND 1.99 bil

Macro indicators

	Value	% Chg
Crude oil	29.7	2.1%
Gold	1,202	0.1%
USDVND	22,380	0.0%
EURVND	24,902	-0.1%
JPYVND	19,588	-0.1%
1-month Interbank ra	4.6%	-
5yr VN Treasury Yiel	6.5%	-

Source: Bloomberg, BSC Research

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This report must be read with the Disclosure, located at the end of this report.

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Market highlights

VNM led the market today.

Foreigners sold strongly KSB and HHS.

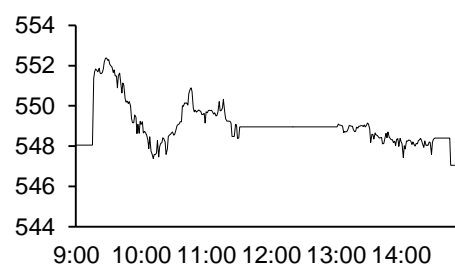
Construction materials stocks (VCS, HT1 and BCC) positively increased.

Recommendations

Vietnam market declined slightly by the end of today session due mainly to profit-taking pressure of VNM. Market breadth was balanced with 182 advancers / 214 decliners. We believe that the VN-Index and HNX-Index may continue to shake and retain uptrend in the coming sessions to re-test the resistance level of 560 points and 80 points, respectively. Note that shareholder meeting of companies will begin soon, as a result, a divergence is likely to occur when a strong buying power will appear in stocks having positive 2015 earnings.

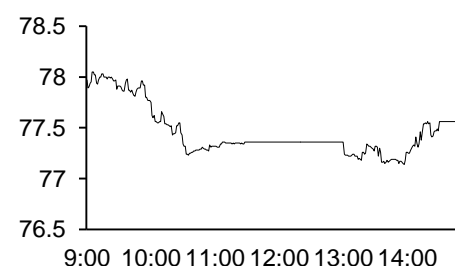
Investors continue to buy stock in down sessions and the lower stock's proportion in strong up sessions.

Exhibit 1

VN-Index Intraday


Source: Bloomberg, BSC Research

Exhibit 2

HNX-Index Intraday


Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

Ticker	Volume	Price	% Chg
FLC	14.83	6.9	1.47
OGC	6.94	3.6	2.86
HQC	5.77	5.7	-1.72
ITA	4.91	5.1	-1.92
HAG	4.32	7.8	0

Source: Bloomberg, BSC Research

Exhibit 4

Foreign transaction

Top buy	Value	Top sell	Value
ELC	2.3	KSB	38.9
VSC	2.1	HHS	26.2
SKG	2	SSI	16.3
EVE	1.9	DRC	13.2
NTP	1	PVS	5.5

Source: BSC Research

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Company updates

Tires companies

DRC:

DRC is our favorite stock among Vietnam tire industry thanks to strong brand, advantages in truck tire segment, huge large corporate customers which raise firm's output and reduce selling expenses. Among domestic tire manufacturers, DRC own best capable to maintain market share and growth. In 2015, bias tires increased by 10% to 2.3 million tires, Radial was 174,000 tires (at about 58% of capacity, and 27% lower than DRC plan). Because Radial output is still lower than break-even point, the plant of DRC continue to record loss in 2015 (Radial gross margin of DRC was -6% in the second half of 2015). DRC's tire prices fell by 7%-10% at average due to fierce competition. In 2015, DRC revenue was VND 3318 billion (+ 2% yoy), after-tax profit was VND 415 billion (+ 18% yoy), mainly due to reduction of selling expenses. For 2016 business plan, DRC aims to reach VND 3.778 billion in revenues (+ 14% yoy) and profit before tax at about VND 532 billion, equal to 2015. We estimated that 2016 net revenue and profit after tax of DRC will be VND 3,511 billion (+ 6% yoy) and VND 432 billion (+4% yoy), EPS 2016 will be VND 4,347 per share. On 17th Feb, 2016, DRC stock is traded at VND 41,200 per share, equivalent to P/E FW of 9,48x. We recommends hold to DRC stock.

CSM:

CSM's revenue was VND 3.636 billion (+ 14%) and profit after tax was VND 290 billion (-12% yoy) in 2015. Excluding the revenue and profit from real estate which CSM recorded in 2Q2015, CSM's revenue and profit after tax was VND 3.235 billion (+ 2% yoy) and VND 241 billion (-27% yoy), respectively. CSM's performance in 4Q2015 is higher than in 2Q2015 and in 3Q2015 (4Q2015 operating profit was VND 88 billion). We note that this improvement mainly come from the reduction of losses from foreign exchange, not from core business. (CSM's debt is about USD 22 million, so the losses from foreign exchange was VND 14 billion and VND 23 billion in 2Q2015 and 3Q2015, respectively). We suppose that Radial output of CSM in 2016 is still lower than break-even point (about 100,000 tires, equal to 29% of capacity). We also think that the company should delay its expansion plan of Radial plant to 600,000 tires and half –steel Radial of 4 million tires. We estimate that CSM's revenue and profit after tax will be VND 3,303 billion and VND 210 billion (-13% compared to core earnings in 2015), EPS 2016 is VND 2,567 per share. On 17th, Feb, 2016, CSM stock is traded at VND 26,900 per share, equivalent to P/E FW of 10.47x.

Investment recommendation:

We maintain Neutral assessment on Tire sector because of fiercer competition, especially with Chinese firms (Chinese tire price is lower 10-15% than Vietnamese products, and Chinese manufacturers also offer 5-8 times discount to domestic firms.) This may reduce domestic tire output, push manufacturers to down tire prices or raise selling expenses. While, rubber price is expected to increase slightly by about 3% compared to 2015. Therefore, operating profit margin of tire firms may decline in 2016.

Stock recommendations

Short-term portfolio

Closed all positions

CANSLIM portfolio

No.	Ticker	Date	Buy price	Current price	1w performance	Unrealized gain/ loss	Cutlosses	Target
1	MBB	27/4/2015	13.8	14.9	6.4%	8.0%	12.7	16.5
2	VIC	7/7/2014	37.96	45.5	7.3%	19.9%	34.2	57.3
3	CMG	19/10/2015	14.7	15.7	11.3%	6.8%	13.4	17.5
4	SJS	13/11/2015	22.1	21.8	0.0%	-1.4%	57.3	74.8
5	VSC	13/11/2015	74.5	69	-9.2%	-7.4%	68.5	89.4
6	APC	18/12/2015	18	16.8	-6.7%	-6.7%	26.1	34.1
Average					1.5%	3.2%		

Source: BSC Research

Market statistics

Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VNM	130	1.56	1.214	2.00MLN
HT1	26.9	3.07	0.129	59670
NT2	26.8	1.9	0.069	1.06MLN
BMP	128	2.4	0.069	164540
SBT	27	2.66	0.066	2.40MLN

Top 5 laggards on the HSX

Ticker	Price	% Chg	Index pt	Volume
VCB	39.8	-1.24	-0.674	827530
GAS	39.4	-1.5	-0.575	765590
BID	16	-1.84	-0.519	1.51MLN
STB	10.6	-2.75	-0.225	1.64MLN
HNG	8.9	-6.32	-0.215	55470

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
AMD	10.8	6.93	0.011	568670
STT	3.1	6.9	0.001	50
SII	20.3	6.84	0.038	40
JVC	4.7	6.82	0.017	178280
HU3	7.9	6.76	0.003	10

Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
VLF	1.3	-7.14	-0.001	2000
SAV	10.8	-6.9	-0.004	130
VPS	17.7	-6.84	-0.011	20
SCD	44.8	-6.67	-0.014	80
SSC	42.5	-6.59	-0.023	20

Source: Bloomberg, BSC Research

Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
NTP	56.6	2.91	0.055	51600
NVB	6.2	5.08	0.051	3900
TCT	60.3	9.84	0.039	21400
PVI	24.7	0.82	0.026	60600
BCC	14.5	2.11	0.016	255600

Top 5 laggards on the HNX

Ticker	Price	% Chg	Index pt	Volume
ACB	19.2	-1.03	-0.105	141400
PVS	14.6	-2.67	-0.1	1.09MLN
PLC	33.3	-4.86	-0.067	415700
SHB	6.9	-1.43	-0.05	3.15MLN
VCG	10.1	-1.94	-0.049	385000

Top 5 gainers on the HNX

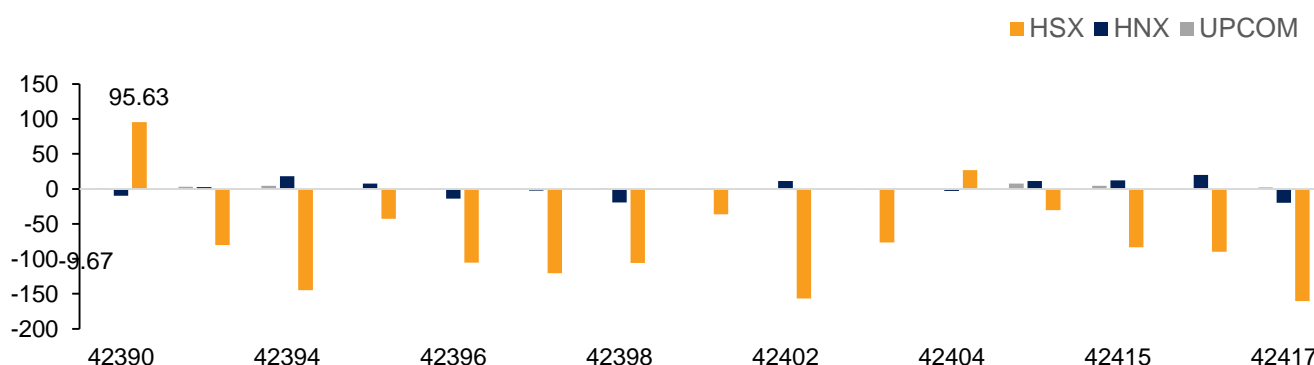
Ticker	Price	% Chg	Index pt	Volume
BKC	12.1	10	0.007	300
CVN	2.2	10	0	100
PSW	9.9	10	0.009	200
TV3	34.1	10	0.006	100
TCT	60.3	9.84	0.039	21400

Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
KST	5.4	-10	-0.001	100
ONE	9.1	-9.9	-0.003	31100
DID	4.6	-9.8	-0.002	10100
NHA	9.3	-9.71	-0.005	100
KMT	5.8	-9.38	-0.004	500

Exhibit 3

Foreign transaction



Source: HSX, HNX, BSC Research

Disclosure

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable but their accuracy completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information then known to us, and in our opinion are fair and reasonable in the circumstances prevailing at the time. Expressions of opinion contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. BSC and other companies in the BSC and/or their officers, directors and employees may have positions and may affect transactions in securities of companies mentioned herein and may also perform or seek to perform investment banking services for these companies. This document is for private circulation only and is not for publication in the press or elsewhere. BSC accepts no liability whatsoever for any direct or consequential loss arising from any use of this or its content. The use of any information, statements forecasts and projections contained herein shall be at the sole discretion and risk of the user. No part of this material may be (i) copied, photocopied or duplicated in any form by any mean or (ii) redistributed without the prior written consent of BIDV Securities Company (BSC).

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