

Thu, March 31, 2016

Vietnam Daily Review

Unsteady market to face the support of 560 pts

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 01/4/2016	•		
Week 28/3-1/4/2016	•		
Month 4/2016		•	

Summary

The indices slopped sharly since the strong selling pressure was triggered in the early afternoon. VN-Index and UPCOM-Index lost a huge value due to the declines of the large-cap stock such as GAS, VCB, VNM, VEF, and MSR. HNX-Index dropped lighter thanks to the support of ACB.

Overall, the market breadth narrowed today on 2 largest exchanges. In contrast, various tickers soared in UPCOM, yet the index closed in red.

Foreigners were net sellers on the HSX, net buyer on HNX.

Recommendation

In periods of market volatility, psychological factors are often more interested rather than fundamental ones. Therefore, market movements around the support level has a huge impact on the increase or decrease of the market in the next trading .

Investors should be cautious in the next session when the VN-Index fell below 560 points. We recommend investors to lower the proportion of stocks, especially in the recovering rhythm. Buying activities are risky at this time, therefore it should only be undertaken when the index falling deeply.

Company updates

VHL - Viglacera Ha Long JSC (HNX)

TRA - TRAPHACO Joint Stock Company (HSX)

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VN-INDEX **561.22**
Value: 1766.51 bil **-8.69 (-1.52%)**
Foreigners (net): -VND 187.59 bil

HNX-INDEX **79.05**
Value: 422.36 bil **-0.43 (-0.54%)**
Foreigners (net): VND 19.66 bil

UPCOM-INDEX **61.39**
Value 275.5 bil **-1.3 (-2.07%)**
Foreigners (net): VND 0.78 bil

Macro indicators

	Value	% Chg
Crude oil	37.9	-1.2%
Gold	1,234	0.7%
USDVND	22,280	0.0%
EURVND	25,279	0.1%
JPYVND	19,833	0.1%
1-month Interbank rate	4.5%	-
5yr VN Treasury Yield	6.4%	-

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

The market fell sharply at the end of today trading session due to the strong decline of BCs.

Trading volume on both exchanges was, Down% Compared to yesterday.

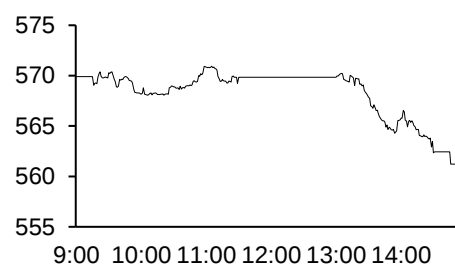
Recommendations

The decline of several large-caps such as VCB and VNM resulted in VN-Index close at its today's low. This index is currently ended at 560 points, which is an important psychological support level. A technical rebound may occur in the morning session on Thursday, but strong selling pressure may come back in the afternoon session if BCs continue to be sold out.

If VN-Index breaks down the support level of 560 points tomorrow, investors should reduce stock proportion to low level and temporarily not rush into catching the bottom. On the other hand, investors should sell stocks when the VN-Index hit 570 points and 580 points and only recover in the deep technical correction.

Exhibit 1

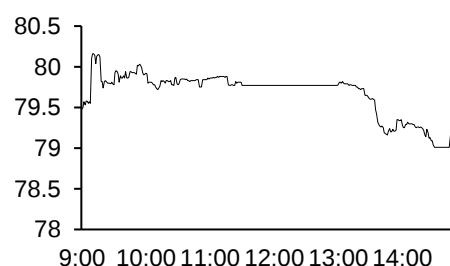
VN-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 2

HNX-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

Ticker	Volume	Price	% Chg
HAI	9.92	6	5.26
FLC	7.88	6.4	-3.03
VHG	5.95	5.6	-3.45
HAG	5.68	7.8	-3.7
KSA	4.13	6.3	-3.08

Source: Bloomberg, BSC Research

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Company updates

VHL - Viglacera Ha Long JSC (HNX)

Earnings in 2015:

In 2015, VHL produced and sold approximately 286.6 million unit of brick and tile (~106% design capacity), 7.25 million m2 of tiles (96.6% design capacity), generating revenues of VND 1,561.5 billion (+ 8.4% yoy). Net income reached VND 100.57 billion, equivalent to EPS trailing 2015 of VND 6.286 per share. Expected dividend is 20% of face value.

Plan 2016:

2016 Business plan: VHL plan to reach a revenue of VND 1,682.6 billion (+ 7.76% compared to 2015), an EBT of VND 138.2 billion, in which VHL expect to deduct VND 12.2 billion for science and technology development fund, equivalent to EBT 2016 of VND 126 billion. Estimated net income in 2016 is VND 100.8 billion, equivalent to EPS 2016 F of 6.300 VND per share. The 2016 minimum dividend payment remain at 20%, and the Board of Directors, executives and management will continue to be rewarded with 50% of the amount exceeding the planned EAT.

Clinker brick project at Viglacera clinker brick JSC (VHL owns 99.9%): Currently, VHL is raising design capacity from 2 million m2 per year to 4 million m2 per year as planned. The project is expected to complete in August 2016 and produces around 5 million m2 per year. The planned total investment for the expanding is VND 132.94 billion, of which VND 30 billion is taken from the undistributed EAT in 2015 for counterpart funds to make bank loans. The production lines here can produce both cotto tiles and clinker. Currently, 90% of the products are cotto, and VHL is developing market for clinker. In 2016, the expected 2 lines bring about VND 11 billion profit for VHL. After the completion of Phase 2, VHL will submit the plan of raising capacity to 6-8 million m2 per year, aims to raise up to 10 million m2 per year.

Converting to 100% of tile product in Hoanh Bo plant (Phase 2) and Tieu Giao plant: In 2015, VHL has switched products for one furnace in Hoanh Bo plant, and in 2016 will continue to switch for furnace No. 2 in the plant and in Tieu Giao plant. The total estimated investment is VND 31.66 billion, which is taken from 2015 undistributed profit after tax.

Capital contribution in Gieng Day 2 brick plant:

VHL cooperates with Quang Ninh Import Export and Sea Transport JSC to contribute capital for establishing a brick factory JSC for Gieng Day 2 plant. This is a brick plant located in Gieng Day ward with source of high quality clay, however, the technology of production lines cannot produce high quality products. Therefore, VHL is expected to own at least 40% (equivalent to a maximum stake of VND 25 billion), aiming to increase the scale and make use of high quality clays here.

VHL is specialized in manufacturing brick and tile products, with 3 main products: bricks, tiles and flooring tiles. The company now owns three brick factories, including Tieu Giao factory with design capacity of 180 million unit per year; Hoanh Bo plant with design capacity of 90 million unit per year and Gieng Day Cotto plant with design capacity of 7.5 million m2 per year.

Storage of raw materials:

In 2016, VHL stores materials to ensure stable production for a minimum of 2.5 years. In the long term, VHL has large raw material mines, such as Xich Tho mine, which can meet the needs in 25 to 30 years.

Consumption of products:

VHL selling products mainly through the subsidiary Viglacera Ha Long Limited Co. and the associated company Viglacera Trading Corporation. 92-95% of VHL's revenues comes from domestic market, in which the North is the main market (accounting for 84-87% revenues)

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Company updates

TRA - TRAPHACO Joint Stock Company (HSX)

Dividend. AGM approved the dividend rate in 2015 of 30% in cash increase from 20%. Planned dividend rate in 2016 is 30% in cash and at least 30% in cash for the period of 2016-2020. The company also plans to increase charter capital by 2 times till 2020 through the issuance of bonus shares to existing shareholders at the rate of 40% in 2016; 20% in 2018 and 20% in 2020.

Vietnam Pharmaceutical plant project plan. The total investment of the plant raise from VND 420 billion to VND 477 billion because of new technology which meet the requirements of GMP PICs standard orientation to 2020. The factory manufacture new pharmaceutical products with a total capacity of 1.200 million units per year, 3 times of current capacity of Hoang Liet factory. Thus, the payback period of the project is estimated to increase from 7 years and 4 months to 7 years and 10 months. The plant is scheduled for completion in late 2016, and officially launch product from 3Q2017.

Members of Board of director and supervisory board election. Ms. Vu Thi Thuan still work as board of director member. In addition, two candidates from Vietnam Azalea Fund Limited (Mekong Cap) and three candidates nominated by SCIC were elected as board of director members.

Corporation regulation changes. The most intense debate in the AGM regards the amendment or remain the Clause 1.2 of Article 19, Clause 1 of Article 21 and Clause 8 of Article 22 in TRA's regulation. AGM has approved unchanged these clauses which were proposed by SCIC. In which, (1) the AGM is only conducted if at least 65% of shareholders or authorized representatives with voting rights present, in the case of the 2nd AGM, it will be conducted if at least 51% of shareholders or authorized representatives joint; (2) the decision of board of director members about financial statement, plan, removal or replacement, election of CEO is passed when 65% of shareholders or authorized representatives approve; (3) the decision adopted in the form of written were passed if the at least 75% of shareholders replying agree. We note that, SCIC owns 35.67% of TRA, therefore, SCIC still holds veto to important decisions of TRA under these regulation.

TRA was traded at VND 115,000 per share on 30th March, 2016, equivalent to P/E FW of 14.69x and P/B of 2.94x.

Positive performance in 2015 thank to effective distribution system. 2015 net revenue was VND 1,974 billion (+19.58% yoy), profit after tax was VND 181 billion (+24.1%) thank to effective distribution system which has reformed since 2013. According to board of director, TRA owns the most powerful distribution system among pharmaceutical sector. TRA owns 20 brands, 3 subsidiaries which sell drugs directly to 21,788 customers (+20% yoy). OTC output increased by 41% yoy. Since July, 2015, TRA has become exclusive distributor of Sandoz, the 2nd Generic manufacturer in the world.

Business plan. TRA set target of VND 2,100 billion in revenue (+6.4%), in which, revenue of finished goods and exclusive distribution goods was 1,500 billion (+12% yoy) through raising coverage of TRA drugs and boosting consumption in the Southern. 2016 profit after tax is planned at VND 210 billion, equal to EPS FW of VND 7,829 (corresponding to the number of shares outstanding of 24.7 million), and EPS FW of VND 5,592 (corresponding to the number of shares outstanding of 34.5 million). From 2016-2020, TRA plan to grow at least 12% per year in revenue and over 15% per year in profit.

Stock recommendations

Short-term portfolio

No.	Ticker	Date	Buy price	Current price	1w performance	Unrealized gain/ loss	Cutlosses	Target
1	FPT	14/3/2016	48.7	47.1	-1.7%	-3.3%	45.3	54.5
2	GMD	14/3/2016	40.4	39	-0.3%	-3.5%	37.6	45.2
3	DPS	22/3/2016	6.4	6.6	4.8%	3.1%	6.0	7.2
4	GTN	21/3/2016	15.8	16	0.0%	1.3%	14.7	17.7
Average					0.7%	-0.6%		

Source: BSC Research

CANSLIM portfolio

No.	Ticker	Date	Buy price	Current price	1w performance	Unrealized gain/ loss	Cutlosses	Target
1	CMG	19/10/2015	14.7	15.6	-1.9%	6.1%	13.4	17.5
2	APC	18/12/2015	18	17	-3.4%	-5.6%	16.7	21.6
3	VIC	7/7/2015	38	47.2	3.1%	24.2%	35.3	45.6
4	ELC	22/2/2016	23.7	23.6	0.4%	-0.4%	22.0	28.44
5	PGD	29/2/2016	35.7	39.7	5.0%	11.2%	33.2	42.84
Average					0.6%	7.1%		

Source: BSC Research

Market statistics

Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VIC	47.2	0.43	0.195	1.40MLN
EIB	10.5	1.94	0.124	592290
VCF	165	5.77	0.12	30
LGC	21.4	3.38	0.068	23010
PGD	39.7	2.06	0.036	422370

Top 5 laggards on the HSX

Ticker	Price	% Chg	Index pt	Volume
GAS	41	-4.65	-1.921	814690
VCB	41	-2.61	-1.471	937910
VNM	134	-1.47	-1.205	499710
CTG	16.4	-1.8	-0.561	573010
BVH	50	-2.91	-0.512	411350

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
PNC	10.7	7	0.004	10
VSI	15.3	6.99	0.007	273750
JVC	4.6	6.98	0.017	1.22MLN
STG	16.9	6.96	0.015	7160
NBB	18.6	6.9	0.035	384330

Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
LCM	4.1	-6.82	-0.004	642350
DCL	35.7	-6.79	-0.026	276450
TMS	82.5	-6.78	-0.08	3630
BCG	6.9	-6.76	-0.01	2.85MLN
LHG	26.3	-6.74	-0.025	652090

Source: Bloomberg, BSC Research

Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
ACB	18.3	3.39	0.293	104100
LAS	29.5	2.43	0.028	91300
HOM	7.1	4.41	0.011	99300
VNC	35	5.42	0.01	100
PSI	8	3.9	0.009	100

Top 5 laggards on the HNX

Ticker	Price	% Chg	Index pt	Volume
PVS	15.3	-4.97	-0.186	606300
VCS	91	-2.99	-0.077	178500
OCH	7.2	-8.86	-0.073	100
PVI	24.7	-1.98	-0.061	139400
NTP	67.5	-2.32	-0.052	70600

Top 5 gainers on the HNX

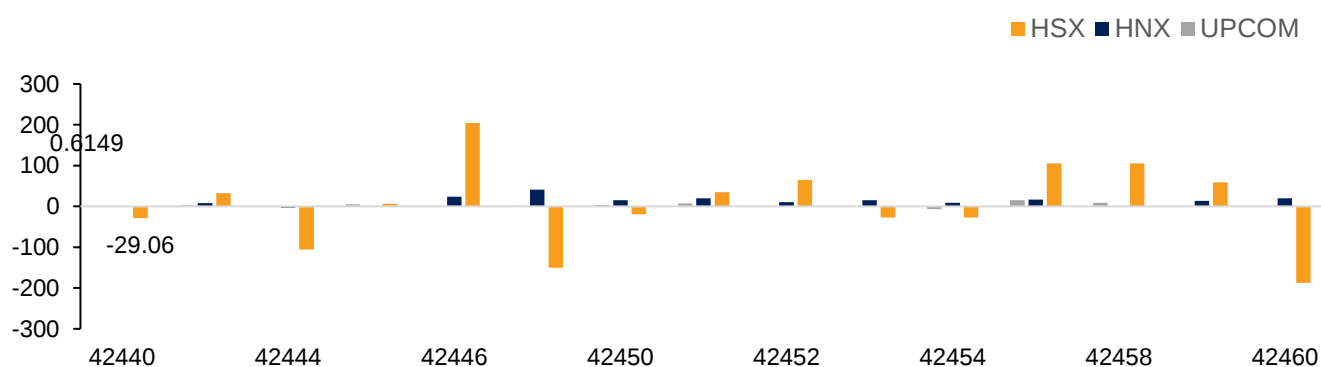
Ticker	Price	% Chg	Index pt	Volume
KTS	22	10	0.005	2000
PMB	12.1	10	0.007	400
TTZ	4.4	10	0.001	131300
PRC	13.3	9.92	0.001	100
CJC	33.7	9.77	0.003	100

Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
PSD	18	-10	-0.022	1200
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

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