

Thu, April 21, 2016

Vietnam Daily Review

Oil to fuel the stock market tomorrow

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 22/4/2016			•
Week 18/4-22/4/2016	•		
Month 4/2016		•	

Summary

Oil prices rose sharply in yesterday's trading boosted oil and gas stocks, especially GAS and PVS. Positive psychological impact spreads that helped the VN-Index and HNX-Index gained. Market breadth improved.

Foreign investors remained net buyers on the Vietnam stock market.

Recommendation

The market is enjoying the excitement thanks to energy stocks. Current oil price factor is becoming more unpredictable. Today, the International Energy Agency suggests that the oil production of non-OPEC group could fall the most in the recent 25 years. Oil prices continue to rise that will fuel the energy stocks in tomorrow session. Most likely, the indices have an advancing session in the end of the week.

Investors restructure the portfolio, reducing the proportion of shares when the market has a chance to conquer the support level 580 and if the liquidity does not improve in the next session.

Company updates

DHG - DHG Pharmaceutical JSC (HSX)

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VN-INDEX 575.73

Value: 2029.9 bil **7.7 (1.36%)**

Foreigners (net): VND 74.43 bil

HNX-INDEX 79.69

Value: 467.15 bil **0.32 (0.4%)**

Foreigners (net): VND 6.85 bil

UPCOM-INDEX 58.22

Value 119.01 bil **-0.2 (-0.34%)**

Foreigners (net): VND 7.47 bil

Macro indicators

	Value	% Chg
Crude oil	44.2	0.1%
Gold	1,259	1.2%
USDVND	22,295	0.0%
EURVND	25,167	-0.6%
JPYVND	20,307	0.1%
1-month Interbank rate	4.8%	-
5yr VN Treasury Yield	6.4%	-

Source: Bloomberg, BSC Research

Content

Market highlights	2
Company updates	3
Stock recommendations	4
Market statistics	5

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

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Market highlights

The market has recovered in terms of points and weakened liquidity, with 269 advancers /164 decliners on both exchanges.

The large-cap stocks led the market rebounded back resistance at 575, typically with GAS, MSN, BVH and most of the stocks of the oil and gas group.

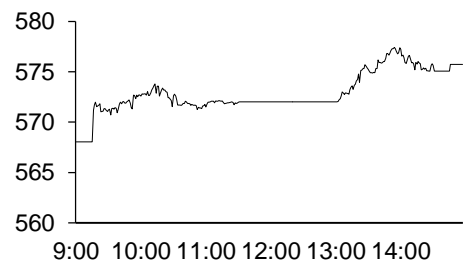
Recommendations

Market index surged 7.7 points to close above the resistance level of 575 at the end of the session. Demand remains weak and the market index, VN-Index still moving in riskier areas.

Investors restructure the portfolio, reducing the proportion of shares when the market has a chance to conquer the support level 580 and if the liquidity does not improve in the next session.

Exhibit 1

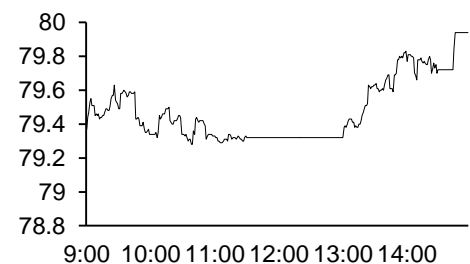
VN-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 2

HNX-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

Ticker	Volume	Price	% Chg
BHS	7.29	20	5.82
HPG	3.67	31.5	0.96
OGC	3.64	3.1	6.9
FLC	3.27	6.4	0
VHG	2.71	5.5	0

Source: Bloomberg, BSC Research

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Company updates

DHG - DHG Pharmaceutical JSC (HSX)

1Q2016 business results:

Net revenues was VND 815 billion (+ 21.9% yoy), Net income was VND151 billion (+ 35.3% yoy). Gross profit margin improved, up from 44% in 1Q2015 (39% in 2015) to 45% in 1Q2016. Because (1) product portfolio was restructured towards increasing the proportion of shelf-produced goods from 81% in 1Q2015 (74% in 2015) to 82% in 1Q2016; (2) DHG reduce sales promotion by goods which was recorded revenues and cost of goods sold in 2015. In steads, the firm give customers discount on product price.

2016-2020 business plan:

The company will promote sales and distribution activities by exploiting retail customers who have real demand instead of wholesale customers, increasing strategic products which having high margin. DHG strive to own one brand which has revenue of over VND 1.000 billion (Hapacol) and 5 brands which have revenue of over VND 100 billion. The company also boost cooperation with Vietnam Institute of Biotechnology in research and development product lines of biotechnology, herbal origin (accounting for 10% of DHG shelf-product goods). Revenues of shelf-product goods will account for at least 80% of DHG's revenues. The company will distribute goods of partners with profit margin of at least 10%, except for Naturenz which is outsourced by DHG gain production margin of 5-6%.

Investment: Non Betalactam factory with a capacity of 4 billion tablets has gone into operation since April, 2014. The factory operated at 45% of capacity in 2015, and expected to reach 70% in 2016. Betalactam factory with a capacity of 1 billion tablets has been completed and is expected to go into operation in 3Q2016. The company plans to build new factory which meet PICs standard in 2016 in Tan Phu Thanh Industrial Zone (isolated with current Betalactam factory). The factory is expected to be completed and put into operation in 2018. This creates opportunities for DHG participating in pharmaceutical bid package with higher standard and lower price competition.

Dividend: DHG propose 2015 dividend rate of 35% in cash, increase from 25% in cash which is approved by 2015 AGM. 2016 dividend is planned at 30%.

Other: SCIC plan to hold in long-term in three pharmaceutical companies, namely, DHG, TRA and DMC. DHG has no plans to open room for foreign investors in the near future.

Investment views:

The company target to get revenues of VND 3,733 billion (+ 3.5%), profit before tax of VND 750 billion (+ 6.9%). 2016 revenue growth rate is not high because of changing sale promotion as mentioned above (approximately VND 340 billion decrease in revenues) and wholesale revenues reduction (estimated at VND 92 billion). Excluding these effect, 2016 revenues plan is VND 4,165 billion (+ 15%). Revenues and profit before tax was target to get CAGR of 16% from 2016-2020 (to VND 6,750 billion in 2020) and 11.3% (to VND 1,148 billion in 2020), respectively. DHG is the largest Generic manufacturers in Vietnam with the goal of 10% market share in Vietnam market. DHG aims to get ROS of above 15%, ROA of above 19% and ROE of above 23% during 2016-2020.

On 20th April, 2016, DHG was traded at VND 84,500 per share, equal to P/E of 14.7x and P/B of 2.92x. DHG is the one and only domestic pharmaceutical company in the top 10 leading enterprises in Vietnam pharmaceutical market, and in the top 10 listed pharmaceutical companies of capitalization, revenue and net profit in Southeast Asia. 2016 business results is expected to improve by promoting the efficiency of the distribution system and new sales policy, two new plants, namely, Nonbetalactam and Betalactam plants are beneficiaries of corporate income tax incentives. Financial situation was healthy. Cash flow from business operations was large. DHG has a high liquidity, high quick ratio, no bank loans, and large equity.

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	47.3	-1.3%	-2.9%	45.3	54.5
2	GMD	14/3/2016	40.4	38.6	-1.3%	-4.5%	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	16.2	1.3%	2.5%	14.7	17.7
Average					0.9%	-0.4%		

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	14.9	-6.3%	1.4%	13.4	17.5
2	APC	18/12/2015	18	16.8	-4.5%	-6.7%	16.7	21.6
3	VIC	7/7/2015	38	51.5	12.4%	35.5%	35.3	45.6
4	ELC	22/2/2016	23.7	22.7	-3.4%	-4.2%	22.0	28.44
5	PGD	29/2/2016	35.7	43.5	15.1%	21.8%	33.2	42.84
Average					2.7%	9.6%		

Source: BSC Research

Market statistics

Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
GAS	47.6	6.25	2.688	1.43MLN
VIC	51.5	1.98	0.973	1.20MLN
MSN	70	3.7	0.936	334330
VNM	137	0.74	0.602	748780
BVH	53	2.91	0.512	512950

Top 5 laggards on the HSX

Ticker	Price	% Chg	Index pt	Volume
NT2	29.5	-3.59	-0.151	665630
VCF	168	-4.55	-0.107	40
TTF	28	-3.45	-0.07	344300
HT1	26	-1.14	-0.048	16830
DPM	29.5	-0.67	-0.039	521370

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
HAX	19.9	6.99	0.007	10190
OGC	3.1	6.9	0.03	3.64MLN
DTT	10.9	6.86	0.003	290
HSG	42.2	6.84	0.177	1.94MLN
D2D	33.1	6.77	0.011	550

Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
TCO	10.4	-9.57	-0.01	1330
VLF	1.1	-8.33	-0.001	3510
KMR	6.7	-6.94	-0.012	1.66MLN
ASP	5.4	-6.9	-0.007	173540
HLG	6.9	-6.76	-0.011	22300

Source: Bloomberg, BSC Research

Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
PVS	16.5	4.43	0.163	2.08MLN
VCS	93.8	2.85	0.072	86800
NTP	72	2.86	0.064	45900
TAG	26.4	10	0.028	1900
DGL	46.1	2.44	0.027	10500

Top 5 laggards on the HNX

Ticker	Price	% Chg	Index pt	Volume
NVB	5.4	-6.9	-0.063	200
OCH	6.2	-8.82	-0.062	800
SHB	6.3	-1.56	-0.049	561200
CHP	20.1	-1.95	-0.026	66900
PHP	22.3	-0.45	-0.017	6100

Top 5 gainers on the HNX

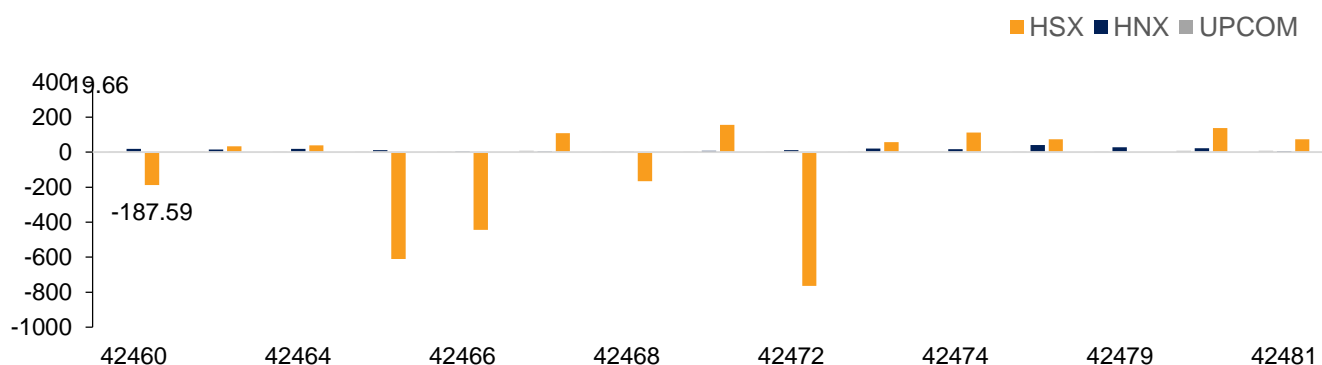
Ticker	Price	% Chg	Index pt	Volume
HDO	3.3	10	0.002	29800
SGC	39.6	10	0.013	1200
TAG	26.4	10	0.028	1900
KTS	43.3	9.9	0.01	18000
DNP	39.4	9.75	0.025	82300

Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
DZM	5.4	-10	-0.002	200
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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