



Fri, April 22, 2016

## Vietnam Daily Review

Week ahead: Indices to benefit from foreign

### BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 25/4/2016			•
Week 25/4-29/4/2016			•
Month 4/2016		•	

### Summary

Perhaps today's session will be one of the strongest gains in 2016. After quite a lot days, we saw a consensus of many Blue-chip stocks, in which banking, insurance, along with VNM and VIC, have increased greatly. Large buying power from foreign investors may explain part of this special movement. Besides, oil price not fluctuating significantly also supported the oil and gas group in the trading session.

Closing the week, VN-Index rose by 2.17%, the HNX-Index rose by 0.8%, while the UPCOM Index declined by 0.2%.

### Recommendation

Market sentiment is heated again, especially in the last trading session. Positive sentiment might continue to expand, and the green color could continue in the next Monday.

Investors take profits partial shares in the portfolio, make a purchase of basic shares Basic not yet appearing to rise in the last 2 sessions.

### Company updates

PGI - Petrolimex Insurance Corporation (HSX)

PGS - Petrovietnam Southern Gas Jsc. (HNX)

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**VN-INDEX** **592.48**

Value: 2316.01 bil

16.75 (2.91%)

Foreigners (net): VND 204.61 bil

**HNX-INDEX** **80.94**

Value: 563.55 bil

1.25 (1.57%)

Foreigners (net): VND 6.32 bil

**UPCOM-INDEX** **58.49**

Value 82.8 bil

0.27 (0.46%)

Foreigners (net): VND 0.108 bil

### Macro indicators

	Value	% Chg
Crude oil	43.3	0.3%
Gold	1,246	-0.2%
USDVND	22,295	0.2%
EURVND	25,126	-0.2%
JPYVND	20,372	0.3%
1-month Interbank rate	4.9%	-
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.

## Do Nam Tung

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## Market highlights

Foreigners were net buyers on the HOSE and on the HNX today. The market rebounded strongly in terms of index and liquidity, with 284 advancers /165 decliners on both exchanges. Noting efforts to support the market during the morning session with VCB, VIC, to the afternoon session, momentum spread most of large cap stocks including VNM, GAS, HPG and notably the Banking sector including BID, CTG and MBB.

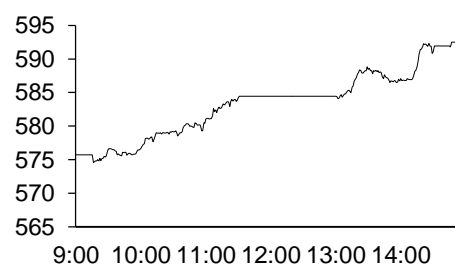
## Recommendations

Market index surged 16.75 points market surpassed the near the resistance level to close at 592.48 points at the end of the session. Market demand improved significantly and the VN-Index switched to moving in safe area.

Investors take profits partial shares in the portfolio, make a purchase of basic shares Basic not yet appearing to rise in the last 2 sessions.

Exhibit 1

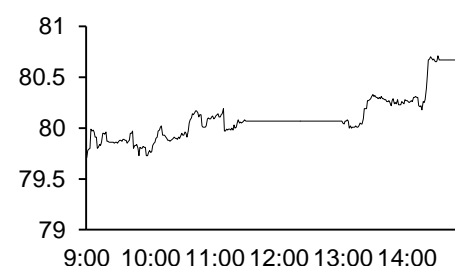
### VN-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 2

### HNX-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 3

### Top 5 volume leaders

Ticker	Volume	Price	% Chg
FLC	6.31	6.5	1.56
HAR	6.2	4.7	2.17
BHS	6.12	21	5
HPG	4.33	32.7	3.81
HQC	3.79	5.6	0

Source: Bloomberg, BSC Research

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## Company updates

### **PGI - Petrolimex Insurance Corporation (HSX)**

#### **2015 business results:**

Gross insurance premium reached VND 2,231 billion (+ 5.1% yoy) and PBT reached VND 115 billion (+ 4.4% yoy). Specifically, underwriting insurance profit was VND 14.98 billion (+9.7% yoy) and investment profit contributed VND 99.99 billion (+3.62% yoy). The company lowered the net claim ratio to 50.4%, down from 51.1% in 2014, and had a combined ratio at 99.15%, equivalent to the figure in 2014.

#### **2016 business plan:**

The company plans to reach VND 2,343 billion of gross insurance premiums (+5% yoy) and PBT at VND 120 billion (+4.4%), in which underwriting profit increases by 33.6% to VND 20 billion, with the net claim ratio down to 45.8%. The combined ratio is expected to reduce to 98.9%. Investment profit is to remain unchanged at VND 100 billion for 2016. The dividend is expected at least 10%. Excluding the welfare fund, PGI plan is corresponding to 2016 EPS of 1.178 VND / share.

#### **2016 business prospects:**

In 2016, the company strives to complete the private stock offering to strategic shareholders. Currently, businesses are in talks with two investors who are large foreign insurance companies.

On the insurance business, the company continues to pursue sustainable growth policy and focus on risk management, reflected in the well-control state of claim ratio and the decent increase in underwriting profits. The company continues to apply the catastrophe provision of 3% retained premiums in 2016, which is higher than the 1% used by other insurance companies. This is a conservative accounting measure which reduces the company's profits but improves the financial strength of PGI. Estimated impact on profitability from this accounting treatment is around VND 30 billion.

#### **Investment views:**

*We maintain our BUY recommendation for shares of PGI with 12-month target price is 18.600 VND, upside of 20% compared to the closing price on 20/04/2016. We forecast revenue and profit after tax of PJICO respectively reached VND 2,376 billion (+ 6.5% yoy) and VND 102 billion (+ 10.22% yoy), corresponding to 2016 EPS = 1,264 VND/share. With the closing price on 20/4/2016 of 15.400 VND / share, the stock is currently trading at a P/E forward of 12.18x.*

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## Company updates

### PGS - Petrovietnam Southern Gas Jsc. (HNX)

#### **The profit increased suddenly in 1Q2014 thank to divesting CNG:**

PGS recorded VND331 billion of net profit before tax (NPBT) in 1Q2016, up 7 times compared to the same period of 2015. The main reason is divestment of CNG which help PGS record VND310 billion of NPBT. However, the core business witnessed a strong decrease of 13% in revenue and 53% in NPBT due to the downtrend of oil price.

**2016 business plan:** in 2016, PGS targets to supply 90 million m3 of CNG (+1.4%y.o.y); 248 thousand tons of LPG (+5.2%y.o.y) and 340 thousand of cylinders (0%y.o.y). Based on the assumption of oil price in 60,50,40 and 30 USD/bbl, PGS plans revenue and profit as follows:

Oil price	60 USD/bbl	50 USD/bbl	40USD/bbl	30 USD/bbl
Revenue (billion VND)	5,107	5,013	4,945	4,888
NPBT (billion VND)	413	391	365	336

We noted that planed profit includes VND310 billion from the divestment of CNG.

**Using of cash flows from divesting CNG:** PGS will use the cash flows from divesting CNG to pay a dividend of 15% by cash to shareholders (VND75 million; to pay debt and to invest for long-term LNG projects.

**Dividend plan:** PGS plans to pay 16% cash dividend for 2015 (paid in advance 10%) and 30% cash dividend for 2016. In 2Q2016, PGS may pay 20-21% cash dividend.

#### **Long term business plan:**

PGS plans to grow 5% in LPG segment; 10% in CNG segment and maintain ROE of 20% in 2016-2020 period.

#### **Investment views:**

BSC expect the output volume of CNG will increase by 17% thanks to new customer-Samsung. Moreover, the output volume of LPG may rise by 5% thanks to promotion activities. However, the divestment of CNG will reduce the consolidated profit by VND110-120 billion/year. We forecast that PGS will reach VND5,097 billion of revenue and VND421 billion of NPBT in 2016 (VND310 billion from the divestment of CNG and VND111 billion from core business), VND6,239 of EPS (VND1,279 of EPS from core business).

## 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	47.8	-0.2%	-1.8%	45.3	54.5
2	GMD	14/3/2016	40.4	39.2	0.3%	-3.0%	37.6	45.2
3	DPS	22/3/2016	6.4	6.7	6.3%	4.7%	6.0	7.2
4	GTN	21/3/2016	15.8	16.5	3.1%	4.4%	14.7	17.7
<b>Average</b>					<b>2.4%</b>	<b>1.1%</b>		

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	-5.7%	2.0%	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	54.5	19.0%	43.4%	35.3	45.6
4	ELC	22/2/2016	23.7	23.9	1.7%	0.8%	22.0	28.44
5	PGD	29/2/2016	35.7	44	16.4%	23.2%	33.2	42.84
<b>Average</b>					<b>5.6%</b>	<b>12.8%</b>		

Source: BSC Research

## Market statistics

### Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VCB	45.7	6.53	3.743	2.48MLN
VIC	54.5	5.83	2.919	1.73MLN
BID	17	6.92	1.886	2.82MLN
GAS	49.5	3.99	1.824	2.15MLN
VNM	140	2.19	1.807	938560

### Top 5 laggards on the HSX

Ticker	Price	% Chg	Index pt	Volume
MSN	69	-1.43	-0.375	195010
VCF	160	-4.76	-0.107	90
NT2	28.8	-2.37	-0.096	1.64MLN
DPM	29.3	-0.68	-0.039	466560
BTP	14.7	-6.37	-0.03	505650

### Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
BID	17	6.92	1.886	2.82MLN
SVI	38.8	6.89	0.016	20
PNJ	56	6.67	0.173	214730
VCB	45.7	6.53	3.743	2.48MLN
LDG	8.3	6.41	0.019	604750

### Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
GTT	1	-9.09	-0.002	647650
VLF	1	-9.09	-0.001	36870
ATA	5.5	-6.78	-0.002	560740
SFC	22.8	-6.56	-0.009	20
BTP	14.7	-6.37	-0.03	505650

Source: Bloomberg, BSC Research

### Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
ACB	18.2	2.82	0.244	126000
VCS	99.8	6.4	0.165	221600
PVS	17.2	4.24	0.163	3.79MLN
SHB	6.5	3.17	0.099	1.93MLN
PVI	25.1	1.62	0.049	241000

### Top 5 laggards on the HNX

Ticker	Price	% Chg	Index pt	Volume
CHP	18.4	-8.46	-0.111	24600
PHP	22.2	-0.45	-0.017	19500
SGC	35.7	-9.85	-0.015	100
INN	43.2	-5.47	-0.014	20700
HJS	15.3	-7.27	-0.013	100

### Top 5 gainers on the HNX

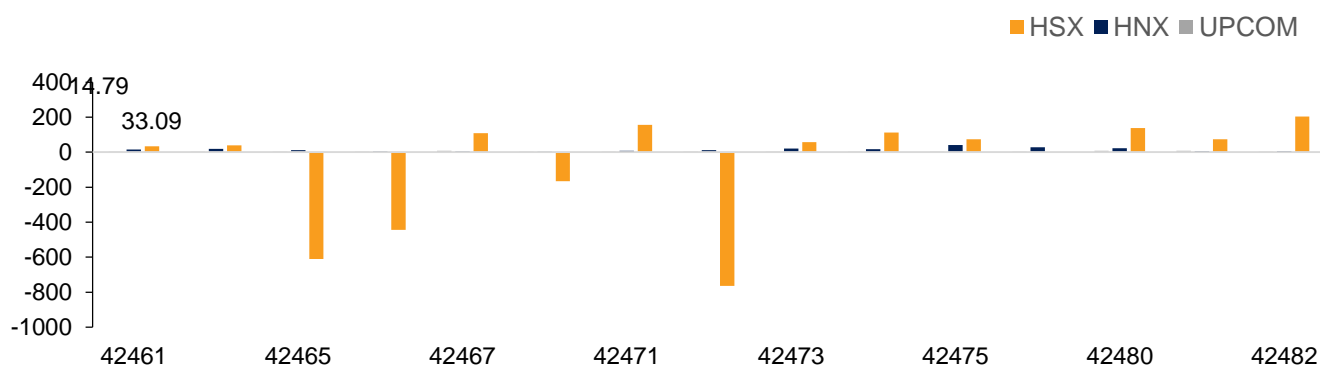
Ticker	Price	% Chg	Index pt	Volume
L14	58.3	10	0.009	36300
QHD	62.7	10	0.013	100900
QNC	6.6	10	0.006	100
SLS	91.3	10	0.029	6200
BED	37.5	9.97	0.005	100

### Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
BAM	1.8	-10	-0.003	10300
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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