

Mon, April 25, 2016

## Vietnam Daily Review

To buy in down session

### BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 26/4/2016	•		
Week 25/4-29/4/2016			•
Month 4/2016		•	

### Summary

The market sentiment seemed to be pretty excited in the early morning, however, it soon weakened as the demand decreased rapidly. Oil and gas stocks, along with VIC weakening pulled blew effort of banking stocks. Besides, KLS has approved the dissolution plan.

Foreigners reduced their net buyers on the HSX, increased the amount of net buying on UPCOM, while sold negligibly on the HNX.

### Recommendation

The market will continue to fluctuate in the new range. Overall, the VN-Index is in a better position after passing the resistance of 580 pts in the previous week. It could continue to decline in the next trading session, however, we believe a down session (if any) has a small margin, and we remain positive assessment of current conditions.

Investors bought base shares without increasing in the last 2 sessions when the market is below the lower level of support.

### Company updates

DMC - Domesco Medical Import Export Jsc. (HSX)

BID - Bank for Investment and Development of Vietnam (HSX)

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**VN-INDEX** **591.58**

Value: 2172.94 bil

-0.9 (-0.15%)

Foreigners (net): VND 8.94 bil

**HNX-INDEX** **80.92**

Value: 601.45 bil

-0.02 (-0.02%)

Foreigners (net): -VND 0.983 bil

**UPCOM-INDEX** **58.39**

Value 120.02 bil

-0.1 (-0.17%)

Foreigners (net): VND 4.14 bil

### Macro indicators

	Value	% Chg
Crude oil	43.1	-1.4%
Gold	1,233	0.0%
USDVND	22,290	0.0%
EURVND	25,112	0.3%
JPYVND	20,049	-1.2%
1-month Interbank rate	4.9%	-
5yr VN Treasury Yield	6.3%	-

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 net sellers on the HNX today.

The market corrected strongly in the session and stable liquidity, with 212 advancers /224 decliners on both exchanges.

Market indicators weakened during the trading session the impact from some large-cap stocks today, typically have GAS, MSN, VIC, VNM, the group of oil and gas stocks mostly fell in this session.

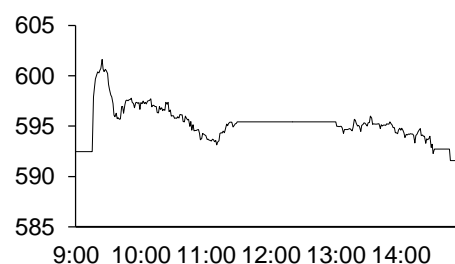
## Recommendations

Market index decreased -0.9 points, keep the support level of 590 points at the close, reaching 591.58 points. Market demand improved significantly and the VN-Index has been moving in a safe area.

Investors bought base shares without increasing in the last 2 sessions when the market is below the lower level of support.

Exhibit 1

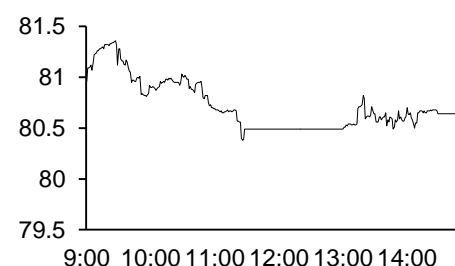
### VN-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 2

### HNX-Index Intraday



Source: Bloomberg, BSC Research

Exhibit 3

### Top 5 volume leaders

Ticker	Volume	Price	% Chg
HAG	10.18	7.4	5.71
BHS	6.89	20.9	-0.48
FLC	4.95	6.4	-1.54
HQC	4.42	5.6	0
BID	3.96	17.5	2.94

Source: Bloomberg, BSC Research

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## Company updates

### DMC - Domesco Medical Import Export Jsc. (HSX)

**2015 business results:**

Net sales was VND 1,234 billion (-17% yoy), Net income reached VND 142 billion (+ 6.98% yoy). In 2015, DMC has restructured its product portfolio, increasing the proportion of shelf- products from 77% to 83% and promoting the production of higher margins products. Gross profit margin increased from 29% to 33%, profit after tax margin increased from 9% to 12%.

**2016 business plan:**

Net revenues in 1Q2016 was VND 280 billion (+7.7%qoq), net profit in 1Q2016 was VND 35 billion (+ 28%qoq) since the profit margin continue to improve and the firm has no longer recorded loss on disposal/ sale of fixed assets as in 1Q2015. DMC aims to achieve 2016 net revenue of VND 1,415 billion (+ 15%yoy), profit after tax of VND 155 billion (+ 9%yoy), equivalent to 2016 EPS of VND 4,932 VND per share. Dividends in 2015 was 20%, 2016 expected dividend yield is at least 15%.

**Open room for foreign investors to 100%:** Currently, the ownership ratio of foreign shareholders in DMC is 49%, of which 46% is held by CFR. In 2016 general meeting of shareholders, room for foreign investors is approved to open to a maximum of 100%. Therefore, shareholders approved adjustment of business lines. Accordingly, the company will withdraw pharmaceutical distribution for 3rd party from business line. Revenues of pharmaceutical distribution for 3rd party was VND 220 billion in 2015 (16% of total revenue in 2015).

**Investing New Nonbetalactam plant:** DMC currently has 5 pharmaceutical plants. There are 3 plants upgraded to PICs standards and waiting for PICs certification. 1 herbal plant and 1 functional foods plant meet GMP-WHO standard. DMC has completed the project preparation, finished the design, arranged production space for the Nonbetalactam plant which will meet EU-GMP or PICs standard. According to DMC, the company can achieve these standards under Abbott support. We note that, DHG and IMP have taken lots of time and money on upgrading their plants to GMP-EU or PICs standard.

**Investment views:**

On April 22nd, 2016, DMC stock was traded at VND 73,500 per share, equivalent to P/E ratio of 16.81x and P/B ratio of 2.48x.

*The increase in the ownership ratio of foreign investors will bring higher revenue growth and profit growth for DMC. Abbott will transfer technology, consult in upgrading standards for DMC's plants and give DMC opportunities to produce under franchise. However, the feasibility of the open room option depends on the decision of the State Securities Commission of Vietnam, the Ministry of Health and Ministry of Planning and Investment.*

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## Company updates

### **BID - Bank for Investment and Development of Vietnam (HSX)**

**2015 performance:**

Total assets were VND 851 trillion (+ 24% yoy), customer deposits were VND 565 trillion (+ 28% yoy), loans were VND 598 trillion (+ 34% yoy), credit balance was VND 623 trillion (+ 22%). The rate of loans/deposit customers reached 106%. NPL ratio was 1.68% (VND 10 trillion), special mentioned loans was 2.93%, the bank sold more than VND 13 trillion of NPL to VAMC. Net profit was VND 7,473 billion (+19% yoy), of which provision expenses was VND 5,676 billion (-19% yoy, accounted for 42% of profit before provisioning, NPL coverage ratio in 2015 was 75%).

**2016 business plan:**

BID aims to reach deposit customers growth of 21-22%, credit growth of 18% (strives to grow 20%). NPL ratio is expected to be below 2%. Profit before tax is planned to be VND 7,900 billion (+5.7% yoy). This plan does not include VND 890 billion earned from divesting VID Public Bank.

**Dividend:** In 2016 general meeting of shareholders, 2015 stock dividends was approved at 8.5% and 2016 expected dividend ratio will be 7%.

**Raising capital plan:** On December, 31st, 2015, CAR was 9.01% for parent bank and was 9.81% for the consolidated bank. Therefore, the bank plans to increase its charter capital and issue convertible bonds to ensure the CAR of over 9% under Basel II standards. (1) BID increase charter capital by VND 9,446 billion, to VND 43,633 billion, by public offering (SBV denied the right to buy) of 211.8 million shares (equivalent to 6.2% of charter capital on 31st, Dec 2015, expected to be implemented in 2016Q2), issuing to existing shareholders (including SBV) 291.9 million shares (equivalent to 8.54% of charter capital, expected to be implemented in 2Q or 3Q 2016); issuing 290.6 million shares to pay dividends at the rate of 8.5% (expected to be implemented in 2Q 2016); issuing 150.3 million shares from profit when divesting from the joint venture and selling subsidiaries (mainly from divesting from VID Public Bank, which will be carried out in 2Q-3Q 2016). (2) BID continue to issue for foreign shareholders as approval in the 2015 AGM. (3) Issuance of convertible bonds. Convertible bonds are accounted into Tier 2 capital when determining the bank's Basel II. Currently, the rate of Tier 2 over Tier 1 capital of BID reached nearly 50%, therefore, BID cannot increase Tier 2 capital as stipulated by the SBV without issuing new shares.

## 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	47.9	0.0%	-1.6%	45.3	54.5
2	GMD	14/3/2016	40.4	38.8	-0.8%	-4.0%	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	16.7	4.4%	5.7%	14.7	17.7
<b>Average</b>					<b>2.5%</b>	<b>1.2%</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	15.2	-4.4%	3.4%	13.4	17.5
2	APC	18/12/2015	18	16.9	-4.0%	-6.1%	16.7	21.6
3	VIC	7/7/2015	38	52.5	14.6%	38.2%	35.3	45.6
4	ELC	22/2/2016	23.7	23.2	-1.3%	-2.1%	22.0	28.44
5	PGD	29/2/2016	35.7	44	16.4%	23.2%	33.2	42.84
<b>Average</b>					<b>4.3%</b>	<b>11.3%</b>		

Source: BSC Research

## Market statistics

### Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
BID	17.5	2.94	0.857	3.96MLN
CTG	17.1	1.79	0.56	3.00MLN
VCB	45.9	0.44	0.267	1.30MLN
MWG	77	4.05	0.221	135550
BVH	56	0.9	0.171	551990

### Top 5 ladders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VIC	52.5	-3.67	-1.946	1.40MLN
GAS	48.3	-2.42	-1.152	692070
VNM	139	-0.71	-0.602	886480
MSN	68.5	-0.72	-0.187	339790
PVD	24.4	-1.61	-0.07	982960

### Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
PAC	41.4	6.98	0.042	559450
POM	10.8	6.93	0.066	28070
HBC	20.2	6.88	0.049	1.41MLN
TAC	48.3	6.86	0.03	1140
SRF	19	6.74	0.015	38890

### Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
GTT	0.9	-10	-0.002	704720
VNH	1.1	-8.33	0	23810
LCM	2.7	-6.9	-0.002	239960
HLG	6.8	-6.85	-0.011	9060
SVT	11	-6.78	-0.004	60

Source: Bloomberg, BSC Research

### Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
TV2	105.9	5.27	0.116	12700
KKC	13.3	5.56	0.06	5400
VBC	55.4	9.92	0.052	7400
QHD	68	8.45	0.051	47700
SCJ	7.2	2.86	0.023	1200

### Top 5 ladders on the HNX

Ticker	Price	% Chg	Index pt	Volume
NTP	69	-4.03	-0.455	56200
PTD	22.4	-9.68	-0.1	100
ACB	18	-1.1	-0.098	19200
VCM	16.7	-9.73	-0.066	100
SGO	4.2	-2.33	-0.049	440800

### Top 5 gainers on the HNX

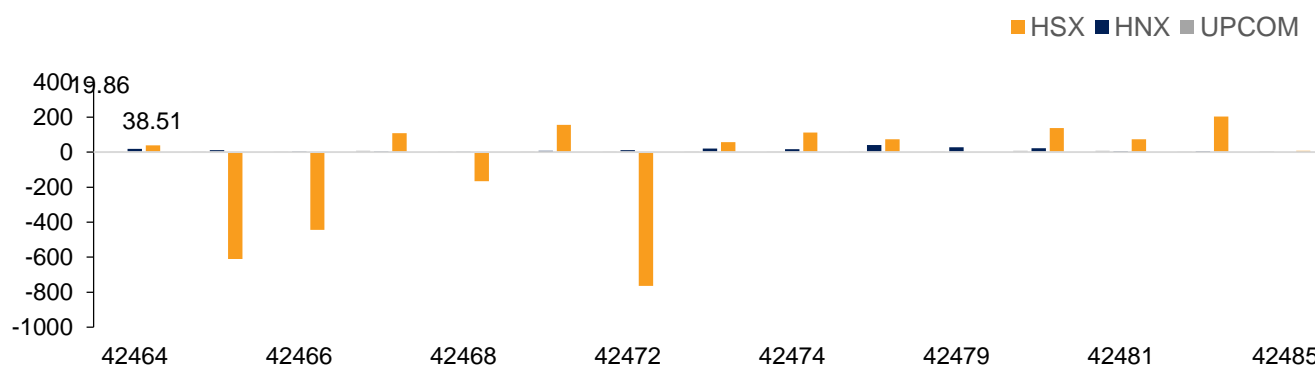
Ticker	Price	% Chg	Index pt	Volume
DP3	22	10	0.002	23100
TTZ	4.4	10	0.005	33800
SLS	100.4	9.97	0.021	67200
L14	64.1	9.95	0.016	24300
VBC	55.4	9.92	0.052	7400

### Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
DC2	3.6	-10	-0.001	7000
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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