

Mon, June 27, 2016

Vietnam Daily Review

Stable after storm

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 27/6/2016			•
Week 27/6-1/7/2016		•	
Month 6/2016		•	

Highlight

The referendum on United Kingdom membership of the European Union published the results for each location along with the preliminary results had the turn from Remain to leave votes. This sudden shift in early morning made the major stock markets tanked. The result out of most expectation happened, Pound dropped by 10% against the dollar while Asian stocks plunged. Under the impact of the UK vote, Vietnam market opened slightly lower but till 10:30 am when results began leaning on Brexit, VN-Index started falling. Till afternoon session when the leave was almost certainly irreversible, VN-Index fell sharply under 600 pts. Almost immediately when the market was oversold, money flowed into the market to help recover by 20 pts to finish one of the most volatile trading session. Selling pressure also appeared on the HNX and Upcom made two indicators suffered the losses. Soaring liquidity on exchanges was understandable in this session but investors seemed to overreact to a macro shock.

Recommendation

As we expected, the VN stock market today experienced very active trading activities, trading volume rose sharply due to the impact from the Proposed referendum on United Kingdom membership of the European Union. The foreign exchange markets, debt markets and stock markets were showing a general sentiment that needs to escape risky assets were rising and instability are very high (USD, JPY soared, government bonds of countries with high credit rating such as Germany, France, the USA fell sharply, while government bonds with low credit rating such as Greece, Portugal, Spain increased sharply, rising spot gold price, key stock markets plunged, rising CBOE VIX). VN-Index has declined dramatically and at some point close to 4.8% as the sentiment that demand fled from risky assets spread to Vietnamese investors. However, the decline was slowed down and the VN-Index recovered impressively during the session (rebounded 23 points) when the referendum results finalized.

Company Updates - NT2 - PetroVietnam Power

NhonTrach 2 Jsc. (HOSE)

Company Updates - BCC - Bimson Cement Jsc. (HNX)

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VN-INDEX 620.77

Value: 4640.99 bil

-11.5 (-1.82%)

Foreigners (net): -VND 22.651 bil

HNX-INDEX 83.62

Value: 1161.75 bil

-1.71 (-2%)

Foreigners (net): -VND 24.954 bil

UPCOM-INDEX 56.83

Value 250.04 bil

-1.84 (-3.14%)

Foreigners (net): VND 6.363 bil

Macro indicators

	Value	% Chg
Crude oil	48.0	-4.3%
Gold	1,316	4.7%
USDVND	22,320	0.1%
EURVND	24,805	-2.3%
JPYVND	21,042	0.1%
1-month Interbank rate	2.4%	-
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.

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Market highlights

Opening trading by the news that UK polls gradually shifted in favor of Brexit led the market fell following the general trend of Asian markets, but the decline was not too aggressive. Only until 10:30, the fall of the market began as Leave votes constantly prevailed. Most stocks fell while liquidity in the morning session on the 2 floor reached the record level above the previous events such as South Sea. Till afternoon session, after Brexit would certainly happen, falling momentum started sharply and pulled the VN-Index to 597 ps, down 5.47% compared to the reference. The positive point was demand at bottom has always appeared after each fall of the market. Thanks to this strong buying, in the afternoon, BCs immediately lifted VN-Index recovered.

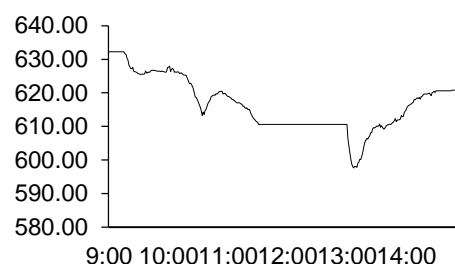
Market breadth was negative with 51 advancers / 206 decliners on HOSE and 48 advancers / 178 decliners on HNX. Notably that in this session, there were stocks running against market at significant trading value such as BCC, HT1, NT2, MWG.

Similar movement was seen on HNX-Index and Upcom- Index. Total trading value today amounted to VND 5,805 bil, a record high since March 2014. Demand at bottom was mainly from domestic investors while foreigners were net sellers on both main exchanges.

Recommendations

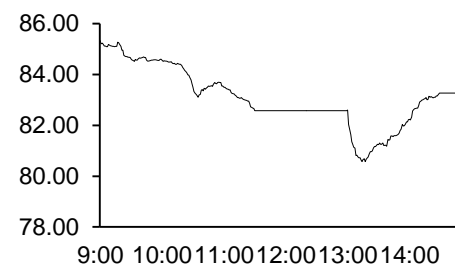
In short term, VN-Index has the chance to continue to recover after falling too much from the impact of the Proposed referendum on United Kingdom membership of the European Union. Due to (1) The financial, foreign exchange and commodity markets after experiencing strong volatility have stabilized (2) The world's stock markets mostly recovered (3) volatility index CBOE VIX after rallying more than 50% has slowed to 33% and continued signs of slowdown (4) the impressive rebound in the session of the VN-Index (5) foreign investors deployed slightly net selling and showed no sign of immediate capital withdrawal from the market, we believe that the market will continue to rebound in Monday session. Investors may pay attention to the sectors and stocks directly affected by Brexit (EUR / VND, GBP / VND, USD / VND, JPY / VND) such as cement (HT1, BCC), oversea shipping (PVT), technology (FPT, CMG).

Exhibit 1



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

Ticker	Volume	Price	% Chg
FLC	19.38	5.9	-4.84
HPG	12.18	38.8	-3.24
HHS	10.27	9.4	-6
ITA	10.15	4.3	-2.27
OGC	10.11	2.8	-3.45

Source: Bloomberg, BSC Research

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Company updates

NT2 - PetroVietnam Power NhonTrach 2 Jsc. (HOSE)

Update of production and business results: By the end of 6/2016, NT2 is expected to produce 2.69 billion kWh of electricity, equivalent to the same period in 2015. The gas price is low while the competitive power generation market price is higher helped NT2 raised profit by 85% in Q1 / 2016.

BSC forecast: we expect in 2016, the NT2 will maintain production volume of 5.5 billion kWh of electricity as demand for electricity in the southern region despite increased hydropower can recover from the end of 2016 if La Nina appears. At the same time, based on an average oil price assumption in 2016 at 43 USD / barrel, we expect the average gas input price in 2016 of NT2 at 3.42USD / mmbtu. We forecast that in 2016, NT2 will record 5.902 billion VND in revenues and 1,204 billion VND in profit excluding exchange rate differences, corresponding to EPS in 2016 = 4,016 VND / share. We note that our forecast does not include the cost of gas transportation which will increase from 0.15 USD / mmbtu to 0.52 USD / mmbtu according to written requests by the two sides of PVGAS because there has not been bilateral signed agreement.

In the long term, NT2 is considering pre-feasibility study (FS) Project Nhon Trach 2 plant expansion, is expected to add 2 plants combined cycle gas turbines with total capacity of 1,800MW of which Phase 1 is 1 cycle gas turbine plant with a capacity of 850MW mixture, 100MW larger than the current plant capacity. The plant will use gas and LNG imports and is expected to operate in 2021. We assess the potential of this project as high and NT2 will possess thermal power plant system with largest total capacity in Vietnam, increasing the influence on the electricity market.

Investment views:

We recommend BUY to NT2 at target price of VND 36,045 (+18% y.o.y)

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Company updates

BCC - Bimson Cement Jsc. (HNX)

Estimated earnings Q2 / 2016: Production of cement consumption reached 1.77 million tons for 5Ms 2016 (+ 22% yoy). EBT from core operations of parent company reached 98 billion in April and May. Estimated EBT parent company's Q2 (excluding exchange rate and provisioning) reached about 148 billion (+ 50.86% yoy) . However, the subsidiary met some objective problems and was shut down since January 5/2016, estimate about 10 billion loss in Q2 / 2016.

Investment Planning for from cement grinding lines to bagging: expected total investment of about 800 billion, of which 75% is loans and 25% is equity. Currently the equipment bidding and space is in progress

Investment views:

*BUY - Target price 17,323 VND / share
2016 EPS estimate = 2,038 VND. On
23/06/2016, BCC was trading at 14.100,
PE FW = 6,92x*

Stock recommendations

Short-term portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	CVT	3/6/2016	26.8	31	15.7%	24.9	30.0
2	HHG	3/6/2016	8.9	10.3	15.7%	8.3	10.0
3	GTN	21/3/2016	15.8	20	26.6%	14.7	17.7
4	TMS	9/5/2016	66.5	63	-5.3%	61.8	74.5
5	NCT	9/5/2016	112	111	-0.9%	104.2	125.4
6	CTI	27/5/2016	24.3	28	15.2%	22.6	31.8
7	S55	13/6/2016	45.5	47	3.3%	42.3	51.0
8	HVG	13/6/2016 / 27/6/2016	9.8			#####	#####
9	HTL	17/6/2016	94.0	92	-2.1%	83	105
Average					8.5%		

Source: BSC Research

CANSLIM portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	MBB	27/4/2015	13	14.9	14.6%	13	15.6
2	CMG	16/10/2015	14.6	13.5	-7.5%	17	17.5
3	DAG	10/6/2016	12.2	12.4	1.6%	11	15.0
4	CTD	29/4/2016	168.5	195	15.7%	157	202
5	TTC	27/5/2016	21.7	24	10.6%	20	26.0
6	BIC	17/6/2016	22.1	22.8		21	27
Average					7.0%		

Source: BSC Research

Market statistics

Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
MWG	122	6.09	0.517	877910
HT1	30.7	6.97	0.32	172540
NT2	34.8	6.75	0.315	3.13MLN
KBC	15.5	4.03	0.144	9.22MLN
Ticker	Price	% Chg	Index pt	Volume
VNM	137	-2.14	-1.812	1.76MLN
VCB	46.8	-2.5	-1.609	827980
VIC	52	-1.89	Day 27/6/2016	1.14MLN
GAS	60	-1.64	-0.963	991960
CTG	16.7	-2.91	-0.936	1.09MLN

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
STT	10.7	7	0.003	2360
HT1	30.7	6.97	0.32	172540
HOT	24.6	6.96	0.006	40
SVT	6.2	6.9	0.002	290
DHM	12.5	6.84	0.009	1.41MLN

Top 5 losers on the HSX

Ticker	Price	% Chg	Index pt	Volume
VNH	0.9	-10	0	9870
BTT	35.6	-6.32	-0.013	13980
D2D	30.6	-5.26	-0.009	2760
VPS	19.8	-4.81	-0.009	50
VOS	2.1	-4.55	-0.007	10470

Source: Bloomberg, BSC Research

Top 5 leaders on HNX

Ticker	Price	% Chg	Index pt	Volume
PVR	3.4	9.68	0.07	100
KKC	14.5	5.84	0.069	5800
AAA	24.1	7.11	0.041	1.12MLN
VBC	70.5	5.22	0.036	2400
Ticker	Price	% Chg	Index pt	Volume
	3.8	-2.56	-0.049	206800
TV2	92.1	-0.97	-0.02	1700
	58.8	NTP	-0.016	6100
PVG	7.7	-1.28	-0.012	26600
L14	79	-4.7	-0.011	800

Top 5 gainers on the HNX

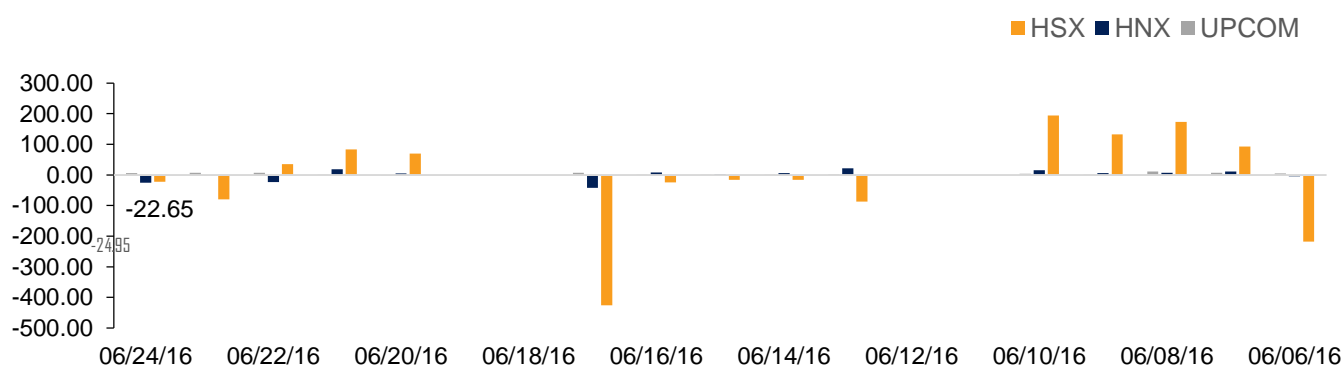
Ticker	Price	% Chg	Index pt	Volume
SIC	12.2	9.91	0.004	2500
TV3	54.4	9.9	0.018	200
PEN	9	9.76	0.021	2900
PVR	3.4	9.68	0.07	100
TFC	22.7	9.66	0.014	23900

Top 5 losers on the HNX

Ticker	Price	% Chg	Index pt	Volume
GMX	21	-9.87	-0.005	3200
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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