

Mon, June 27, 2016

Vietnam Daily Review

When will storm be over

BSC's Forecast on the stock market

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

Highlight

Foreigners were net buyers on the HOSE and on the HNX today. Net buy on HSX was 16.1 billion and on HNX was 51.71 billion. Though the market continued to correct in the morning session today, VN-Index kept the support level 610 and liquidity stayed low compared to the previous session. However, it exhibited quick recovery in the afternoon session, increased 0.5 points from the previous session to close at 621.27 points, higher than the support of 620.

The rebound strongly influenced by large-cap stocks rebounded in afternoon session, stocks of steel industry group including HSG, NKG, and PVD (oil and gas group), VIC also remained positive during the session today.

Recommendation

As we expected in our previous report, Brexit storm has temporarily been mitigated when the major stock markets around Asia are recovering (Nikkei 224 + 2.62%, SHCOMP + 1.28%, STI + 0.24%). The CBOE S & P 500 VIX (-2.34%), the Nikkei 225 VIX futures (-6.79%) has started to decline, implying that the possibility that the world market suffered short-term high volatility is very low.

Commodity markets have also stabilized as oil price rebounded and gold price gain slowed down somewhat. International debt market also no longer experienced the large movements as in the last week. VN stock market also rebounded as we expected, the BCs such as GAS, PVD, HPG, VIC, BVH turned green, helped the VN Index regain more than 13 point loss in the beginning of session, however, the volume returned to the average level of the previous session. This makes recovery of VN-Index in the short term is somewhat uncertain. Investors are recommended not to buy high in the next session to avoid the risk of losses during the trading session.

Company Updates - AAA - An Phat Plastic and Green Environment Jsc. (HNX)

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VN-INDEX **621.27**
Value: 1783.61 bil **0.5 (0.08%)**
Foreigners (net): VND 16.11 bil

HNX-INDEX **83.53**
Value: 493.91 bil **-0.09 (-0.11%)**
Foreigners (net): VND 51.71 bil

UPCOM-INDEX **56.57**
Value 62.65 bil **-0.26 (-0.46%)**
Foreigners (net): VND 3.24 bil

Macro indicators

	Value	% Chg
Crude oil	47.7	0.2%
Gold	1,326	0.8%
USDVND	22,325	0.0%
EURVND	24,677	-0.4%
JPYVND	21,882	4.0%
1-month Interbank rate	2.4%	-
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

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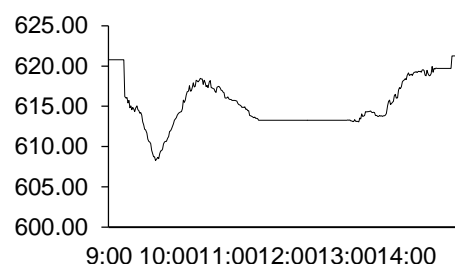
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Recommendations

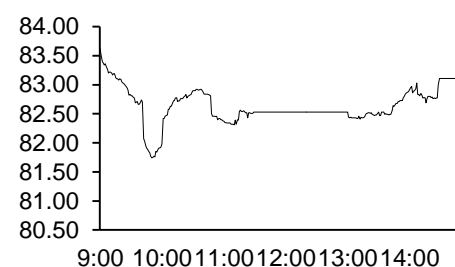
Although VN-Index has turned negative in the last 2 sessions, VN-Index still moving in the rising channel in the medium term. VN-Index will falls off the channel if it is lower than 604 points. VN-Index will have to successfully test MA15 625 threshold before it can continue the journey to back to the peak zone. However, with the recent trading volumes and negative influence from Brexit will not be totally over soon, investors should be cautious about the hope about the possibility of increasing back to the old peak area of the VN-Index in the short term. Especially, when the key Asian markets are recovering but the trading volumes at a lower level than the last session, implying that the recovery remains fragile and VN market is not out of this trend. Investors may pay attention to the stocks depend closely on Vietnam's inner economy, new consumer trends, such as infrastructure (ITD, CTI), retail (MWG, PNJ), Electricity (NT2, VSH), Water...

Exhibit 1



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

Ticker	Volume	Price	% Chg
FLC	8.39	5.8	-1.69
KBC	7.85	15.8	1.94
DLG	6.17	7.1	-2.74
HAG	5.18	7.1	-4.05
VHG	3.39	4.4	-2.22

Source: Bloomberg, BSC Research

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Company updates

AAA - An Phat Plastic and Green Environment Jsc. (HNX)

6M2016 business result. Total consolidated productions reached 25,368 tons (+ 44% yoy), consolidated revenue and profit after taxes are VND 924 billion (+ 35% yoy) and VND 58 billion (up from VND 0.6 billion loss in 6M2015), respectively. In particular, EU remains the main market for the product lines of AAA, reaching 14.971 tons (representing 66% of output, up by 8% yoy).

Business plan in the last 6 months of 2016. The company aims to achieve sale volume of 27.632 tons, revenue and profit after taxes are VND 1.176 billion and 60 billion, respectively. Therefore, 2016 net profit is planned at VND 118 billion (+ 18% compared to plan in the beginning of the year and increases 2,95x compared to 2015), equivalent to diluted EPS in 2016 is VND 1.518 /share. The company also plans to gain CAGR of revenues and profit of 50% per year (to VND 4,000 billion) and 36% per year (to VND 300 billion in 2019), respectively, from 2016-2019.

Increasing export to Japan and the US: by going into operation the factory No.6 (capacity of 3,200 tons per month), and factory No.7 (800 tons per month) as being mentioned in AAA company update. We believe that factory 6's output will not be high in 2016 because the company is still purchasing equipment for 1st period of factory 6 (about 1,500 tons). AAA expects the factory 6 to operate at full capacity in 2017. Investors should keep track on AAA's output; note that the company mainly receives purchase orders instead of long-term contracts.

Other investment plans. AAA plans to invest in factory No.8 to produce multilayer packaging to serve the domestic market. The factory has capacity of 2,500 tons per month and invested capital of VND 300 billion. Factory No.9 with invested capital of VND 500 billion, capacity of 2,500 tons per month will produce biodegradable packaging for American market.

Pressure of convertible bonds. As we already mentioned in AAA company update, the company has VND 300 billion of convertible bonds with the conversion price of VND 11,500 per share, much lower than current AAA share price. According to AAA, convertible bonds will be converted in 2016 September, which will soon dilute the EPS.

On 24th, 24, 2016, AAA was traded at VND 26,900 per share, equivalent to diluted P/E FW of 18,5x and P/B of 1,65x. Output is expected to continue rising in the near future by boosting export to the Japanese market and going into operation the factory No. 6 and no. 7 (total capacity of 4,000 tons /month, equivalent to capacity of 4 currently factories). Investors should pay attention on the factories progress, output of new factories, price and output in EU market after Brexit event.

Revenue and profit from EU market might decrease. (1) Brexit might affect both EU and UK's economic growth. Consequently, consumer demand in these markets will be weakened, indirectly leading to lower demand for plastic bags. (2) Under the influence of Brexit, EUR and GBP's depreciation might force AAA to reduce selling prices, as it happened in late 2014. (3) Currently, biodegradable bags account for only 20% of AAA's output. Several EU countries restrict the uses of T-shirt bags and regular plastic bags, while switch to environmentally friendly bags. In the short run, this might reduce AAA's revenue from regular plastic bags; however, if the company increases production of biodegradable bags, revenue and income is likely to increase because prices of biodegradable bags are 3 times higher than prices of regular plastic bag; profit margin for biodegradable bags is about 22-25%, about 10% higher than that of regular bags.

Stock recommendations

Short-term portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	CVT	3/6/2016	26.8	30.4	13.4%	24.9	30.0
2	HHG	3/6/2016	8.9	10.1	13.5%	8.3	10.0
3	GTN	21/3/2016	15.8	20.6	30.4%	14.7	17.7
4	TMS	9/5/2016	66.5	64.5	-3.0%	61.8	74.5
5	NCT	9/5/2016	112	111	-0.9%	104.2	125.4
6	CTI	27/5/2016	24.3	28.3	16.5%	22.6	31.8
7	S55	13/6/2016	45.5	45.2	-0.7%	42.3	51.0
8	HVG	13/6/2016	10.4	9.5	-	-	-
9	HTL	17/6/2016	94.0	90	-4.3%	83	105
Average					8.1%		

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	13.1	-10.3%	17	17.5
3	DAG	10/6/2016	12.2	12.2	0.0%	11	15.0
4	CTD	29/4/2016	168.5	189	12.2%	157	202
5	TTC	27/5/2016	21.7	23.5	8.3%	20	26.0
6	BIC	17/6/2016	22.1	23		21	27
Average					5.0%		

Source: BSC Research

Market statistics

Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VIC	48.4	3.32	1.516	527320
GAS	60.5	0.83	0.481	249890
BVH	59.5	1.71	0.342	130370
PVD	31	2.31	0.123	2.03MLN
Ticker	Price	% Chg	Index pt	Volume
VCB	46.2	-1.28	-0.804	341850
BID	17.5	-1.13	-0.344	799990
MSN	67	-0.74	-0.188	151140
CTD	189	-3.08	-0.141	188600
HAG	7.1	-4.05	-0.119	3.39MLN

Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
NAV	9.4	6.82	0.002	10
TIX	25.2	6.78	0.019	1010
VAF	17.7	6.63	0.016	150
TDW	38.8	6.59	0.01	2150
SVT	6.6	6.45	0.002	20

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

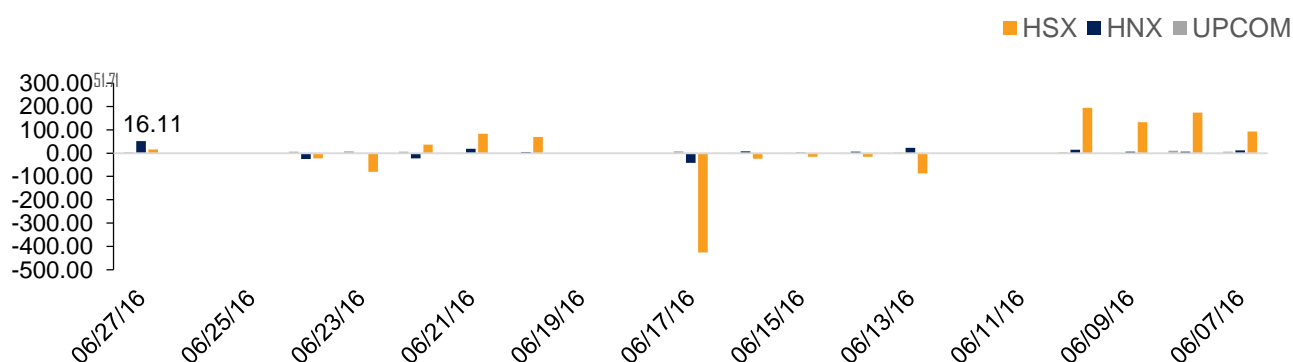
Ticker	Price	% Chg	Index pt	Volume
SIC	12.2	9.91	0.004	2500
TV3	54.4	9.9	0.018	200
PEN	9	9.76	0.021	2900
PVR	3.4	9.68	0.07	100
TFC	22.7	9.66	0.014	23900

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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