

Mon, August 1, 2016

# Vietnam Daily Review

## Monday Correction

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 02/08/2016	•		
Week 1/8-5/8/2016		•	
Month 8/2016		•	

### Highlight

The market today had a negative session when the VN-Index fell by 3.85 points, down to 648.38 points. At level 650 points of the Index, the market still faced strong resistance. Both stocks which have the biggest influence on the VN-Index as VNM and VCB decreased by nearly 2%. Although there were GAS and VIC gained points among blue-chip stocks, but this was not enough to maintain the level 650 points of the VN-Index. Particularly, the market continued to witness many stocks dropped to the floor with no buying surplus such as TTF, VH, OGC, EVE, in which OGC was affected by negative business results information with nearly 500 billion of loss after tax.

As expected in the previous report, in today's trading session, oil and gas, constructional material and Real estates stocks have recovered and traded better than the whole market while many Bluechip declined such as HSG, MWG, VNM, HPG, VCB. However, as we said, this is only the technical recovery of oil and gas stocks and short-term investors should reduce oil and gas group position when expected target is achieved.

### Recommendation

The market declined today (-0.6%), there was time that the VN-Index fell to the support level of 645 but quickly recovered, trading volume decreased compared to the previous session. The notable point of today's session is that while cash flow showed signs of withdrawing from large-cap stocks such as GAS, HPG, KBC, MSN, SSI, the trading activities on small and medium-cap stocks such as HHS, OGC, HAR was quite exciting. Despite that VN-Index only dropped slightly, market breadth was fairly negative while the number of gainers was completely overwhelmed by the number of losers with 66 gainers to 155 losers. On technical aspects, besides MACD and RSI which showed negative signals before, today MFI cut down and lost trendline, ADX and Aroon are showing neutral signals. Based on the above factors, VN-Index is expected to continue to correct in the next session to challenge the support zone 640-645. Investors should reduce the proportion of stocks in the portfolio if the VN-Index failed to hold above this support.

Investors interested in FX and global financial market may refer to our views in next page.

### Company Updates - DHG - DHG

### Pharmaceutical Jsc. (HOSE)

### Company Updates - GEX - Vietnam Electrical Equipment Joint Stock Corporation (UPCoM)

## BSC RESEARCH

### Head of Research

**Tran Thang Long**  
longtt@bsc.com.vn

### Macro & Market Team

**Bui Nguyen Khoa**  
khoabn@bsc.com.vn

**Do Nam Tung**  
tungdn@bsc.com.vn

**Pham Anh Quang**  
quangpa@bsc.com.vn

### VN-INDEX 648.38

Value: 1958.51 bil **-3.85 (-0.59%)**  
Foreigners (net): -VND 10.6 bil

### HNX-INDEX 83.21

Value: 372.77 bil **-0.5 (-0.6%)**  
Foreigners (net): VND 22.09 bil

### UPCOM-INDEX 56.22

Value 48.85 bil **-0.32 (-0.57%)**  
Foreigners (net): VND 4.8 bil

### Macro indicators

	Value	% Chg
Crude oil	41.1	-1.1%
Gold	1,350	-0.1%
USDVND	22,298	0.0%
EURVND	24,928	-0.1%
JPYVND	21,822	2.4%
1-month Interbank rate	0.0%	-
5yr VN Treasury Yield	6.2%	-

Source: Bloomberg, BSC Research

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

**Pham Anh Quang**

quangpa@bsc.com.vn

## Market highlights

Overall market breadth was negative with 279 losers compare to 137 gainers on both exchanges. Liquidity decreased slightly from the previous session.

Today, the net-buyer position of foreign investors on HoSE was also end when these investors net sold 10 billion, the strongest selling was at VNM with net sell of more than 600 thousand units. After being sold strongly in the last 2 sessions, MSN's foreign trading was balanced today.

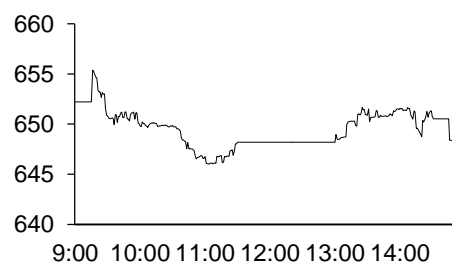
HNX Index decreased equivalent to VN-Index - fell 0.6%. Unlike the state of net-selling on HoSE, foreign investors were net bought on the HNX with an amount of 22.15 billion, the two largest net-buying stocks as PVS and VCG gained, in which PVS had quite good increase of 2.37%

## Recommendations

Key developments on world financial markets in beginning this week are the Fed's decision on the delay raising interest rates, the economic stimulus packages of the BOJ and US Q2 GDP data (only up 1.2% compared to the analyst expectation of 2.5%). The possibility that Fed may raise interest rates any time from now until the end of the year fell from 48% to 36% and traders are speculating that the Fed will make decision in September 2017. In addition, it is said that the BOJ will double the annual amount of money to buy ETF (up to 59 billion US dollars), while keeping deposit rates and the amount of money used for bond purchase. In this context, the US dollar index (DXY) dropped sharply when CAD, GBP, CHF, JPY gained against the dollar. Currently, DXY index has leveled off, however, the index is expected to continue to decline during the week and this movement will have a certain influence to other markets such as commodities and equities. On foreign exchange markets, the focus is also put on the RMB (+ 0.08%) when the RMB has risen for 5th consecutive session (+ 0.7%), the longest rising streak since 2015 in the context that expectations the Fed to raise interest rates soon reduced to support the efforts to stabilize RMB.

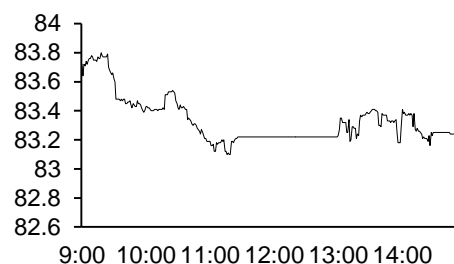
On the stock market, emerging markets may gain as the fact that the US Q2 GDP figures were lower than expected by analysts and the Fed delayed rising interest rates will spur investors to reopen the mode 'risk-on'-increasing demand for risky assets. In this context, capital may flow to the risky assets in developing countries (including Vietnam) rather than to developed countries. MSCI Emerging Market Index now stands at its highest level in one year and is expected to continue to rise this week.

Exhibit 1



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3

### Top 5 volume leaders

Ticker	Volume	Price	% Chg
ITA	7.63	4.9	0
HPG	4.65	44.1	-0.9
HHS	4.23	6.3	-1.56
CII	4.2	25.9	-0.38
VHG	3.26	3.6	-5.26

Source: Bloomberg, BSC Research

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**Tran Thi Hong Tuoi***Equity Analyst*tuoith@bsc.com.vn

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## Company updates

### DHG - DHG Pharmaceutical Jsc. (HOSE)

**6-month business results:** Net revenue was VND 1,690 billion, (+15% YoY), profit after tax reached VND 299 billion (+15% YoY). In the first 6 months of 2016, consumption of all 3 strategic brands of DHG, namely, Hapacol, NattoEnzym and Naturenz witnessed solid growth, increase by 25% YoY, 84% YoY and 170% YoY, respectively. Notably, in the second quarter of 2016, labor costs and marketing costs raised sharply (the company had reduced 2015 expenses because of low consumption). Therefore, net profit decreased by 1% in the second quarter of 2016 while revenues go up 9%. We believe that those costs will increase to the normal level from 2016.

**2016 business results forecast:** We project that 2016 net revenues and net profit will be VND 3,797 billion (+5% YoY) and VND646 billion (+10% YoY), respectively, thanks to the restructuring of product portfolio and sales system. 2016 EPS is expected to be VND 6,691 per share.

**Taisho has completely purchased 24.5% stake of DHG:** Taisho Pharmaceuticals is one of the leading pharmaceutical companies in Japan, specializing in manufacturing pharmaceutical products for OTC market and functional products. The company owns many pharmaceutical companies in Southeast Asia. According to DHG, the partnership with Taisho will bring long-term benefits to the company. With Taisho support, DHG will pursue three orientations, including (1) Restructuring the product portfolio, (2) promote scientific studies to demonstrate the efficiency of company's products; (3) boost exports. In short term, DHG will distribute selected products from Taisho and related companies. Profit margin may be decrease, however, profit after tax will be improved. The company will maintain its target of at least 80% of revenues of DHG's products contribute to total revenues. DHG also boost exports to some markets such as Malaysia, Laos, Cambodia, etc, which related firms of Taisho have the presence of Taisho.

*On 29th July, 2016, DHG was traded at VND 92,500 per share, equivalent to a P/E FW of 13.82x and a P/B of 3.29x.*

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**Nguyen Hoang Bao Le**
*Equity Analyst*

lenbh@bsc.com.vn

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## Company updates

### GEX - Vietnam Electrical Equipment Joint Stock Corporation (UPCoM)

The AGM has approved all proposals, with the approval rate of 100% attended investors, (equivalent to 80.28% ownership)

**GEX will conduct a comprehensive restructure, following parent-subsidiary model:**

- Establishment of GELEX EMIC, which undertakes the current electrical equipment manufacturing operations
- Establish Gelex real estate JSC, which will operate the building at 52 Le Dai Hanh, the project Tran Nguyen Han, and stake in the Melia hotel.
- Establish Energy Investment Gelex, which is responsible for the investment into energy industry
- Expand to Logistics
- Along with the existing subsidiaries (CAV, THIBIDI, HEM, Vinakip, ...)

Capital increase to support the restructure

**Stock offering to existing shareholders with ratio 2:1**, at the price of VND 18,000 VND/share. The expected proceeds of VND 1,390.5 billion and the offering will increase the company's chartered capital to VND 2,322.5 billion.

**The capital will be used for:**

VND 578.2 billion is to be used to increase GEX's stake in THIBIDI: The company will acquire 23.6 million shares of THIBIDI, bringing the total shares owned by GEX to 34.55 million shares, equivalent to 70.8% and making THIBIDI a subsidiary of GEX. The purchase is expected to be completed in 3Q/2016

VND 812.3 billion investment in logistics industry, starting with the investment in Sotrans (STG) with controlling stakes (at least 51%). The purchase price will be assessed by an independent consultant, and specific ownership percentage as well as the specific amount of investment will depend on the assessed price. The timing is expected around 3Q/2016. The company will also consider investing in other companies in logistic field, with the goal to be the top 3 largest logistic businesses in Vietnam. Total investment requirement for this field is expected to be VND1,500 billion.

**Issuance of bonds with stock options:** GEX will issue 2,000 bonds, equivalent to VND 2 trillion with maturity of 1 to 3 years. The interest is maximum at 10.5%, for fixed interest rate and maximum 3.5% above the average bank interest rates, for floating rate. Each bond is accompanied with 50,000 stock options, which give the holder the right to purchase GEX at VND 20,000. The price will be adjusted for any dilution after the issuance (exclude the 2:1 offering above). **The capital will be used for:**

VND 900 billion is expected to contribute to the real estate sector: to build hotel complexes, commercial centers, offices for rent at 10 Tran Nguyen Han. In addition, the company will invest in the energy segment, by acquire small to medium hydropower companies, and can consider building thermal power projects.

*GEX plans to reach VND 12,353 billion of consolidated revenue, and VND 764 Billion of profit after tax attributable to shareholders of parent company, corresponding to 2016 EPS of 3.289 VND per share. As of August 1st 2016, GEX is trading at VND 24,400 / share, equivalent to P / E forward of 7.4x.*

## Stock recommendations

### Short-term portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	HHG	3/6/2016	7.9	10	26.6%	7.3	12.2
2	GTN	21/3/2016	15.8	21.3	34.8%	14.7	17.7
3	CTI	27/5/2016	24.3	27.9	14.8%	22.6	31.8
4	ITA	25/7/2016	5.3	4.9	-7.5%	4.3	6.7
5	C47	11/07/2016	13.2	12.9	-2.3%	12	15
<b>Average</b>					<b>13.3%</b>		

Source: BSC Research

### CANSLIM portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	MBB	27/4/2015	13	15	15.4%	13	15.6
2	CMG	16/10/2015	14.6	14.3	-2.1%	17	17.5
3	DAG	10/6/2016	12.2	15.7	28.7%	11	15.0
4	DHC	11/07/2016	38.8	39.3	1.3%	36	47
5	TTC	27/5/2016	21.7	22.8	5.1%	20	26.0
6	CTI	25/07/2016	26.9	28.2	4.8%	25	32.3
7	BIC	17/6/2016	22.1	28.5	29.0%	21	27
<b>Average</b>					<b>11.7%</b>		

Source: BSC Research

## Market statistics

### Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
GAS	60	2.56	1.433	157810
VIC	51.5	0.98	0.537	460650
PVD	26.3	2.73	0.122	1.05MLN
DMC	74	3.5	0.043	146360
Ticker	Price	% Chg	Index pt	Volume
VNM	155	-1.9	-1.798	1.71MLN
VCB	53	-1.85	-1.33	365040
MWG	130	-2.99	-0.293	202820
HT1	29.2	-3.95	-0.19	261500
CTG	17.7	-0.56	-0.186	609860

### Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
TPC	7.7	6.94	0.006	40090
GMC	39.5	6.76	0.015	40470
STG	18.2	6.65	0.016	45810
FDC	27.3	6.64	0.023	2030
CIG	3.3	6.45	0.001	138780

### 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
SGO	3.8	-2.56	-0.049	206800
TV2	92.1	-0.97	-0.02	1700
NTP	58.8	-0.17	-0.016	6100
PVG	7.7	-1.28	-0.012	26600
L14	79	-4.7	-0.011	800

### Top 5 gainers on the HNX

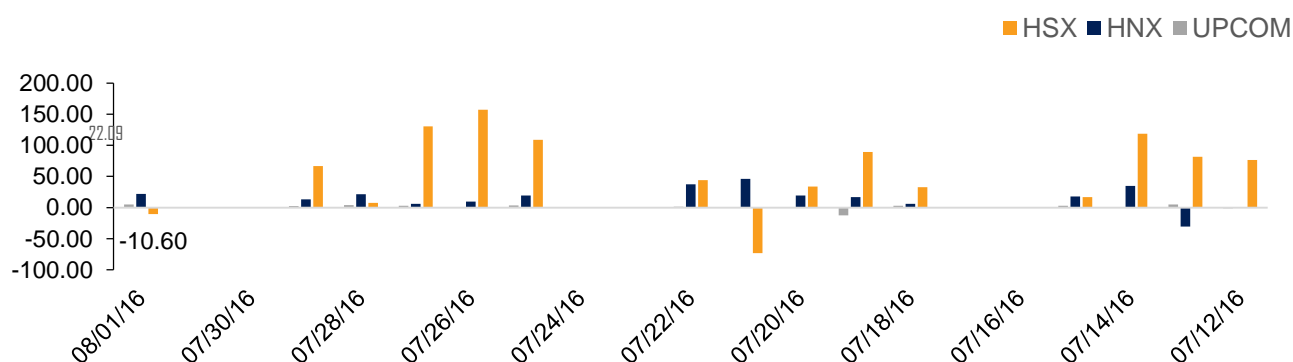
Ticker	Price	% Chg	Index pt	Volume
SIC	12.2	9.91	0.004	2500
TV3	54.4	9.9	0.018	200
PEN	9	9.76	0.021	2900
PVR	3.4	9.68	0.07	100
TFC	22.7	9.66	0.014	23900

### 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).*

**BSC Headquarters**

BIDV Tower, 10th & 11th Floor  
35 Hang Voi, Hoan Kiem, Hanoi  
Tel: +84 4 3935 2722  
Fax: +84 4 2220 0669

**Ho Chi Minh City Office**

146 Nguyen Cong Tru St, 9th Floor  
District 1, HCMC  
Tel: +84 8 3821 8885  
Fax: +84 8 3821 8510

<http://www.bsc.com.vn>

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