

Tue, August 2, 2016

# Vietnam Daily Review

## Sharp Correction

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 03/08/2016	•		
Week 1/8-5/8/2016		•	
Month 8/2016		•	

### Highlight

The market witnessed a strong sell-off. The VN-Index plummeted by 12.33 points, or 1.9%, decrease to 636.05 points. Liquidity increased significantly today. The two stocks which had most positive contribution to the Index were not blue-chip stocks but FLC and KBC, in which FLC hit the ceiling price after positive business results information. Except BVH unchanged, the majority of large-cap stocks declined today, including VCB, VNM, MSN, CTG, BID, VIC, HPG and GAS. The market was negative from the opening, the strong downtrend then continued throughout the morning and early afternoon. The trading became more stable at the end of the session, however, VN-Index had been knocked off the support level of 640 points.

### Recommendation

The market had a negative session as we expected, broke through the strong support at 640-645 which was set a long time ago, trading volume spiked. The highlight of the session belongs to real estate stocks with trading volume surge such as KBC, FLC, ITA, in which KBC and FLC gained well. VN-Index corrected to the lower bound off rising channel set from early this year. If VN-Index failed to hold support zone at 635-630 in the next session, it is likely that a strong selling pressure will continue to bring the VN-Index to 615-620. Investors should not predict bottom of the fall and wait till VN-Index back to equilibrium.

### Company Updates - SHI - Sonha International Corp (HOSE)

## 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** **636.05**  
Value: 2569.78 bil **-12.33 (-1.9%)**  
Foreigners (net): VND 37.88 bil

**HNX-INDEX** **81.75**  
Value: 466.19 bil **-1.46 (-1.75%)**  
Foreigners (net): VND 32.13 bil

**UPCOM-INDEX** **55.26**  
Value 75.21 bil **-0.96 (-1.71%)**  
Foreigners (net): VND 2.14 bil

### Macro indicators

	Value	% Chg
Crude oil	40.6	1.2%
Gold	1,357	0.3%
USDVND	22,295	0.0%
EURVND	24,973	0.3%
JPYVND	21,904	0.6%
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

Market breadth was very negative with only 95 gainers versus 360 decliners on both exchanges, of which 59 went limit-down.

The trading of foreign investors on HoSE increased sharply, however net-buy value was only 19.9 billion, the two largest net-buy stocks were VNM and HPG.

HNX Index today decreased 1.76%, lower than the decrease of VN-Index, there were not many bright colors in the painting of the trading on this exchange. The two stocks which had better price support with high demand from foreign investors were PVS and SCR.

Significant put-through transaction is on VIS with 26.1 million shares at ceiling price

## Recommendations

On the technical aspect, the support of VN-Index is now at 635-630 while the resistance is 640-645. Besides the technical indicators MFI, RSI, MACD and Aroon showed negative signals earlier, ADX has showed negative signal today when -DI crosses above + DI. Therefore, the possibility of VN-Index will continue to correct in the next session is high. On another hand, HNX-Index is trading much worse than the VN-Index when it has lost support MA 100 corresponding to 82.4. Investors should refrain from opening new positions until the market equilibrium is back.

### VN-Index Chart

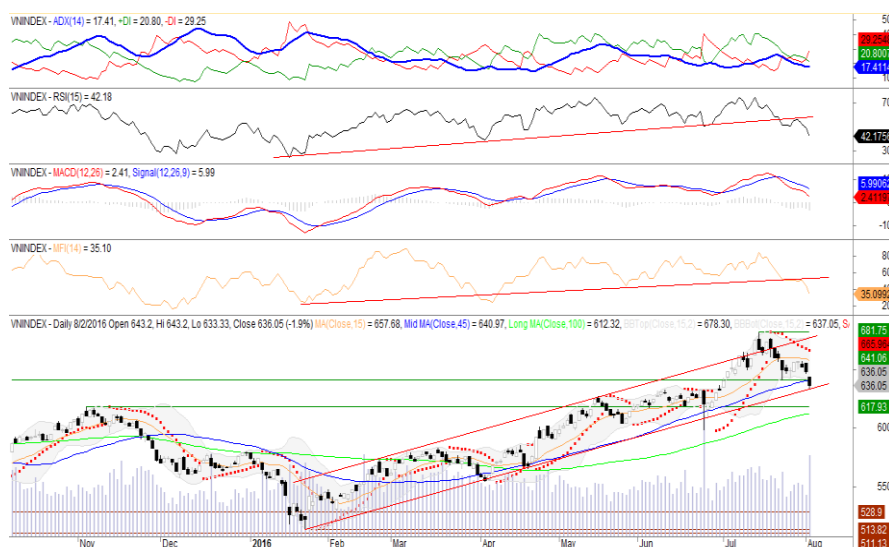
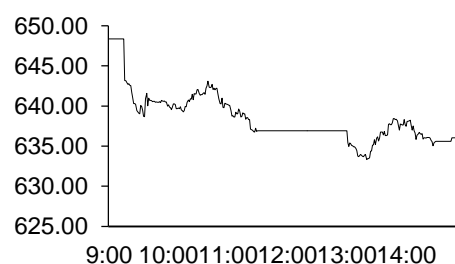
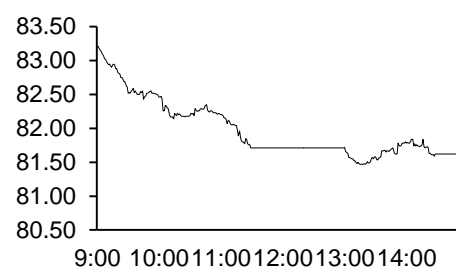


Exhibit 1



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3

### Top 5 volume leaders

Ticker	Volume	Price	% Chg
KBC	10.06	17.8	1.71
FLC	8.73	6	5.26
ITA	6.69	4.9	0
HPG	6.37	42.7	-3.17
CII	4.77	25.2	-2.7

Source: Bloomberg, BSC Research

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**Nguyen Quoc Truong***Research Analyst*truongnq@bsc.com.vn

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## Company updates

### DHG - SHI - Sonha International Corp (HOSE)

**Business Result Update:** For the first 6 months of 2016, SHI's net revenue reached 1,060 billion (+5% YoY), gross margin reached 18.8%, higher than the level of 16.6% in the same period last year. Earning after tax of 6 months reached 42.9 billion (-4% YoY) mainly due to provision for losses of long-term investment in Son Ha Investment and Synthesis Commerce Development JSC. EPS of 6 months is 794.5 dong.

**Dividend for 2015:** SHI is expected to pay dividend for 2015 in share with a percentage of 12% at the end of the third quarter of 2016.

**Construction progress of the new factory in Bac Ninh:** Built on an area of 52,000 m<sup>2</sup>, total investment of 210 billion, by Son Ha - Bac Ninh Ltd and started in the third quarter of this year. Currently, the project had finished geological exploration drilling with the design is being completed, it is expected to be completed in the second quarter of 2017. When completed, the plant will focus on producing stainless steel tanks and water heaters powered by electricity.

**Divest 51% stack in Son Ha Investment and Synthesis Commerce**

**Development JSC:** The ownership percentage of SHI in this company will be decreased from 71.1% to 20.1% and is expected to down to zero in two years after when the partner paid off the debts of 100 billion for SHI.

**Restructuring:** By constructing two new factories in Bac Ninh and divesting from Son Ha Investment and Synthesis Commerce Development JSC, SHI is taking steps to restructure the Group, focusing on primary production. Thus, SHI will have five subsidiaries and two associated companies, in charge of various key products of the Group.

**Promote the development of distribution branches system:** In order to distribute the products independently, SHI has developed the branches network since 2014 and has standardized since 2016 to increase the brand-identify ability. Currently, houseware segment has 47 branches (2016 plan is reaching 61 branches), and industrial product segment has 16 branches.

**New products research:** SHI is currently researching, developing and commercializing some new products, such as: Electric water heater (market launch in June), Septic tank waste water, water cover and cloth technical tarpaulin (overcome the water shortages in the Central and Mekong Delta), CST large and super large water tank... For the products development strategy, SHI positioned to provide a closed product chain of clean water supply (water tanks, plumbing, ...), kitchen equipments (sink, stove from, gas stove, hood, ...) and bathroom equipments (water heater, shower, sink face, ...) in a civil household. According to the plan of 2016, the company expects a net profit of 100 billion, EPS = 1,852 VND per share. In the case that SHI pay a dividend of 12% in shares and successfully issue 20 million shares at the end of 2016, the diluted EPS will be 1,243 VND per share.

*On date 2/08/2016, SHI shares were traded at 9,000 dong, equivalent to a forward P/E 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	20.8	31.6%	14.7	17.7
3	CTI	27/5/2016	24.3	26.9	10.7%	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>11.8%</b>		

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	14.3	-2.1%	17	17.5
3	DAG	10/6/2016	12.2	14.7	20.5%	11	15.0
4	DHC	11/07/2016	38.8	39.3	1.3%	36	47
5	TTC	27/5/2016	21.7	22.9	5.5%	20	26.0
6	CTI	25/07/2016	26.9	28.2	4.8%	25	32.3
7	BIC	17/6/2016	22.1	29	31.2%	21	27
<b>Average</b>					<b>10.8%</b>		

Source: BSC Research

## Market statistics

### Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VCF	147	5	0.093	2800
FLC	6	5.26	0.079	8.73MLN
KBC	17.8	1.71	0.071	10.06MLN
TMP	27.5	5.77	0.052	23000
Ticker	Price	% Chg	Index pt	Volume
VCB	51.5	-2.83	-1.995	634560
VNM	152	-1.94	-1.798	1.68MLN
MSN	61.5	-3.91	-0.943	548690
CTG	17.2	-2.82	-0.929	1.34MLN
BID	17.1	-2.84	-0.853	1.17MLN

### Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
SGT	4.6	6.98	0.011	1000
VIS	12.8	6.67	0.02	1.05MLN
HU3	8.6	6.17	0.002	38930
AAM	10.4	6.12	0.004	6010
TBC	24.8	5.98	0.044	1930

### 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		-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

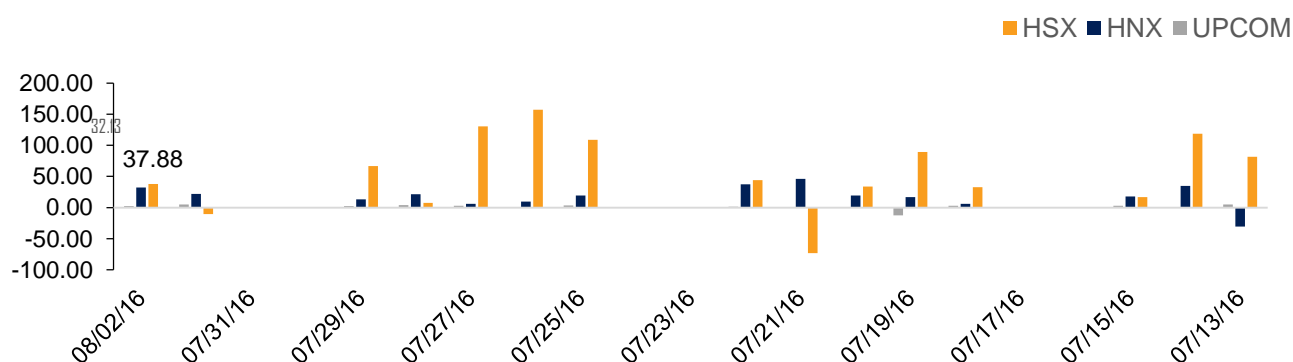
Ticker	Price	% Chg	Index pt	Volume
SIC	12.2	9.91	0.004	2500
TV3	54.4	9.9	0.018	200
PEN	9	9.76	0.021	2900
PVR	3.4	9.68	0.07	100
TFC	22.7	9.66	0.014	23900

### 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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