

Fri, August 5, 2016

# Vietnam Daily Review

## Continuing correction

BSC's Forecast on the stock market

	Negative	Neutral	Positive
Day 08/08/2016		•	
Week 8/8-12/8/2016		•	
Month 8/2016	•		

### Highlight

The sharp decline of blue-chips such as VIC and VCB, along with the strong selling pressure in penny stocks led the market to continue to have a decline session. VNM and Steel stocks were against the market and increased gradually during the recovery at the end of the session. Foreign investors turned into net-sell position on HoSE, the selling was focus on VIC and MSN. While Vietnam's stock market declined, the stock markets in Europe and Asia extend previous gains due to information about the economic stimulus package of central bank of England (BoE) bigger than expected (cut down 25 basis points of interest rate, an additional 70 billion pounds to buy corporate and government bonds). The move by the Bank of England is expected to increase the demand for risky assets such as stocks, corporate bonds and reduce sterling value and CDS of eurozone.

### Recommendation

The market hasn't stopped correcting, at some points it even plummeted to about 622 points before recovering again and closed down -0.7%. Trading volume improved slightly compared to the previous trading day and above the 10-day average. There are some noteworthy points on this trading session today, such as: (1) the market breadth of the VN-Index still remained negative, with 77 advancers and 143 decliners, (2) large-cap stocks still maintained retreating trend such as VCB, VIC, MSN, CTG, (3) Foreigners become net sellers on HOSE, focus on MSN and VIC, (4) the technical indicators continue to remain negative, (5) the selling pressure showed signs of decline. Therefore, even correcting trend hasn't stopped completely, the market is expected to fluctuate between 620-630 in the coming sessions. Investors may start buy in gradually at important support levels of the market.

**Company Updates - FCN - Fecon Foundation Engineering and Underground Construction Jsc. (HOSE)**

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**VN-INDEX** **627.39**  
Value: 1969.64 bil **-4.55 (-0.72%)**  
Foreigners (net): -VND 15.15 bil

**HNX-INDEX** **81.07**  
Value: 416.97 bil **-0.08 (-0.1%)**  
Foreigners (net): VND 26.88 bil

**UPCOM-INDEX** **54.34**  
Value 52.76 bil **-0.3 (-0.55%)**  
Foreigners (net): VND 4.38 bil

### Macro indicators

	Value	% Chg
Crude oil	41.8	-0.4%
Gold	1,363	0.1%
USDVND	22,295	0.0%
EURVND	24,861	0.1%
JPYVND	22,077	0.2%
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.

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## Market highlights

The market continued to drop significantly. The VN-Index closed at 627.39 points, decreased by 4.55 points. Trading volume increased from the previous session. Market breadth was negative at 148 gainers against 256 losers on both exchanges. Today most of large-cap stocks fell sharply such as VIC, VCB, MSN. Only VNM and HPG were against the market and gained point. Weak demand and strong selling pressure made the market could not stop the decline, only after a period of panic in the early afternoon when the VN Index dropped by nearly 10 points, the market began to recover. One of the most positive group today is Steel (HPG, HSG, NKG), while other groups such as Bank (VCB, BID, CTG), Securities (SSI) also had a recovery but weaker and lost points at the close. In addition, many penny stocks continued to fall to the floor as HAG, VHG, DLG...

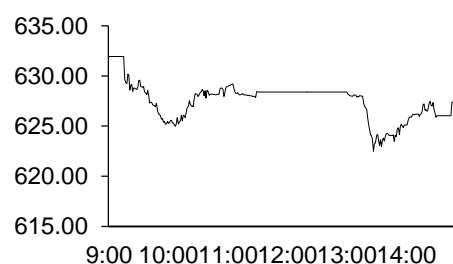
Today foreign investors net-sold a value of 9.22 billion on HOSE, the biggest net-bought stock was VNM, VIC and MSN were sold strongly. In contrast, on the HNX, the net-bought volume was 27.47 billion, concentrated mainly in PVS with over 800 thousand shares. With the positive contribution of PVS, the HNX-Index only fell slightly by 0.1% compared with a fall of 0.72% of the VN-Index.

## Recommendations

In today's trading session, after falling to the strong support of 80-80.5, the HNX-Index has recovered well during the session, down 0.1% only. HNX-Index continued to create hammer candlestick, showing efforts to create equilibrium. HNX-Index is likely to halt the correction and go sideways in zone 82-80.

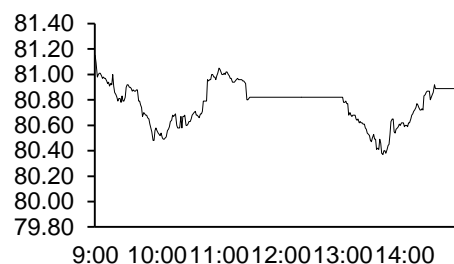
Most sectors corrected today, only the constructional materials, steel, seafood, plastic and packaging is moving better than the general market. Investors prefer risk may pay attention to the sector of constructional materials and real estate in the coming sessions.

Exhibit 1



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3

### Top 5 volume leaders

Ticker	Volume	Price	% Chg
HAG	7.44	5.1	-5.56
FLC	5.94	5.6	-1.75
VHG	5.12	3	-6.25
ITA	4.98	4.9	2.08
HPG	4.79	43.1	1.17

Source: Bloomberg, BSC Research

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## Company updates

### FCN - Fecon Foundation Engineering and Underground Construction Jsc. (HOSE)

**Business results update:** The 2016 Q2 revenue was 359.8 billion VND (+22%yoy), the gross profit was 75.7 billion VND (+67.8% yoy) thanks to the slight increase of COGS (+14.5% yoy). However, the after-tax profit was just 20 billion (-26.7% yoy) including the after-tax profit attributable to parent company shareholders of 19.1 billion (-25.4%). This is mainly caused by the financial loss of 21 billion (compared to the financial profit of 4 billion in the same period last year) and the significant increase of general and administrative expenses, which rose by 11.7 billion VND.

**Accumulated results for the first six months:** the revenue reached 644 billion (+18.6% yoy), the after-tax profit was 46 billion (-12.4% yoy), in which, the after-tax profit attributable to parent company shareholders was 45.6 billion (-12.6% yoy), equivalent to 29% of annual planned profit. 6T2016 = 996 VND per share, PE trailing 12 months = 7.19

**Business activities:** until now, the total value of contracts signed of Fecon is around 2,000 billion including 900 billion transferred from the last year. The company continues to bid other major projects and aims at 3,000 billion of total contract value for the whole year 2016. There by, the company could achieve the target revenue, which was approved in the shareholders meeting, of 2,600 billion, the after-tax profit attributable to parent company shareholders would reach 156 billion, equivalent to the EPS 2016 forward = 3,200 VND per share; P/E forward 2016 = 6.62.

**The Sale segment:** The accumulated revenue in the first half of 2016 sharply fell to 61 billion, compared with 154 billion in the last year. The reason is that in 2016, the revenue of piles used in the company's construction was accounted in the construction revenue. The gross profit margin decreased to 2% from 3% in the last year due to the fierce competition on prices.

**The Construction segment:** The accumulated revenue reached at 564 billion (+45.4% yoy), the gross profit margin dropped to 20% from 24.5% in 2015. This is caused by the piles revenue accounted, which has a significantly low gross profit margin. In 2016, the company expected to complete the second stage of Phu Ly BOT project and record the anticipated revenue of about 400 billion.

**The Services segment:** The accumulated revenue rose rapidly from 928 million in 2015 to about 19 billion in this year thanks to separate consultancy contracts, which were not accounted in the revenue of construction segment.

**Convertible bonds:** The total value of company's convertible bonds is 500 billion VND, equivalent to about 25 million stocks. In 2016, the value of eligible bonds for conversion was 245 billion VND, equivalent to 12.5 million stocks after conversion, which includes 10 million owned by the DBJ and 2.5 million for the VCBS. While the DBJ has no intention to exercise the conversion in this year, the VCBS has considered converting their bonds in the second half of 2016.

## Stock recommendations

### Short-term portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	HHG	3/6/2016	7.9	9.4	19.0%	7.3	12.2
2	GTN	21/3/2016	15.8	20.2	27.8%	14.7	17.7
3	CTI	27/5/2016	24.3	26	7.0%	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%	12.2	14.8
6	REE	1/08/2016	20.3	19.6	-3.4%	19.5	23.5
<b>Average</b>					<b>6.8%</b>		

Source: BSC Research

### CANSLIM portfolio

No.	Ticker	Date	Buy price	Current price	Unrealized gain/ loss	Cutlosses	Target
1	MBB	27/4/2015	13	14.8	13.8%	13	15.6
2	CMG	16/10/2015	14.6	14.5	-0.7%	17	17.5
3	DHC	11/07/2016	38.8	39	0.5%	36	47
4	TTC	27/5/2016	21.7	23.3	7.4%	20	26.0
5	CTI	25/07/2016	26.9	26	-3.3%	25	32.3
6	BIC	17/6/2016	22.1	28.7	29.9%	21	27
<b>Average</b>					<b>7.9%</b>		

Source: BSC Research

## Market statistics

### Top 5 leaders on the HSX

Ticker	Price	% Chg	Index pt	Volume
VNM	158	1.28	1.198	839620
STB	11	4.76	0.371	2.05MLN
MWG	132	2.33	0.22	156700
HPG	43.1	1.17	0.183	4.79MLN
Ticker	Price	% Chg	Index pt	Volume
VIC	44.7	-5.89	-3.009	1.84MLN
VCB	51	-1.92	-1.33	327970
CTG	17.1	-1.16	-0.372	550230
BID	16.7	-1.18	-0.341	1.69MLN
HT1	26.5	-5.02	-0.222	86280

### Top 5 gainers on the HSX

Ticker	Price	% Chg	Index pt	Volume
TMS	53.5	7	0.046	18270
SGT	4.6	6.98	0.011	28560
HOT	28	6.87	0.007	860
RIC	9.6	6.67	0.009	5660
VNH	1.7	6.25	0	39120

### 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

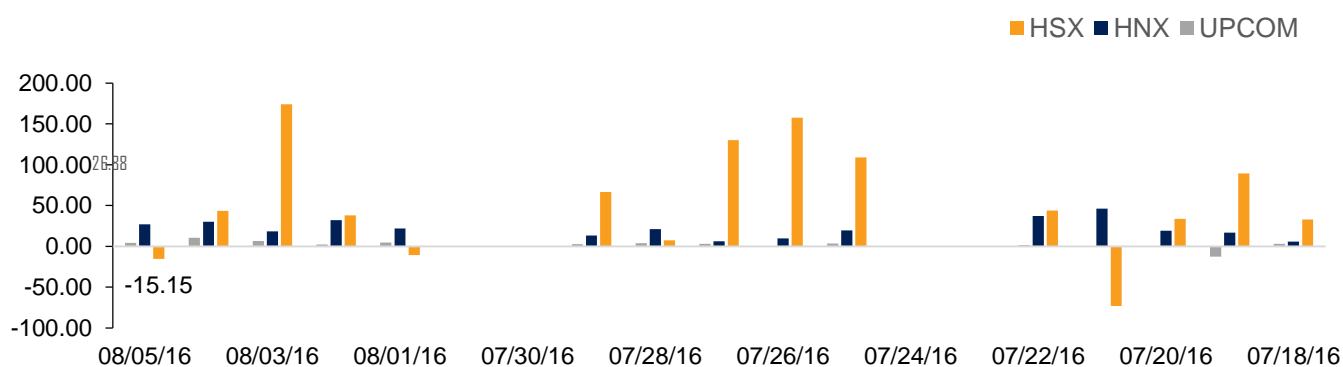
Ticker	Price	% Chg	Index pt	Volume
SIC	12.2	9.91	0.004	2500
TV3	54.4	9.9	0.018	200
PEN	9	9.76	0.021	2900
PVR	3.4	9.68	0.07	100
TFC	22.7	9.66	0.014	23900

### 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).*

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