

Fri, August 12, 2016

Vietnam Daily Review

Weekend correction

BSC's Forecast on the stock market

| | Negative | Neutral | Positive |
|---------------------|----------|---------|----------|
| Day 15/08/2016 | | • | |
| Week 15/8-19/8/2016 | | • | |
| Month 8/2016 | • | | |

Highlight

Markets continued rally scenario at the beginning of the trading session. VNM, GAS surged, lifting VN-Index up nearly 7 points. However, at 9h50, from an increase of nearly 7 points, VN-Index was trading around reference point as VNM and VCB started to decrease during the session. Closing session, VN-Index lost 4.53 points to close at 655.71 points. HNX-Index also fell 0.12 points to 83.13 points. Market breadth worsened with losers overwhelming gainers, with 267 decliners / 161 advancers. Foreign investors turned net sellers on the HSX with 70 billion net and net buyers on the HNX.

Recommendation

The excitement of market existed only in 15 minutes after the ATO, bringing market closely approached resistance area 670, short term profit taking weakened quickly and deeply the market, key stocks such as VNM, VCB and some major stocks corrected and suffered increase in the supply by the end of the session, however, Oil and gas stocks still moved well today.

The necessary correction in this session may provide an opportunity for investors to participate in the market when it is back to safe movement. A correction to the support level of 650 points can occur in the next session, the shares of construction, infrastructure, construction materials maintained good liquidity and still retained cash flow in the market for longer.

Company Updates - VEAM - The Vietnam Engine & Agricultural Machinery
Weekend story - Man and his dog

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VN-INDEX **655.71**
Value: 2601.87 bil **-4.53 (-0.69%)**
Foreigners (net): -VND 72.9 bil

HNX-INDEX **83.13**
Value: 513.77 bil **-0.11 (-0.13%)**
Foreigners (net): VND 16.27 bil

UPCOM-INDEX **55.74**
Value 82.04 bil **0.05 (0.09%)**
Foreigners (net): -VND 3.8 bil

Macro indicators

| | Value | % Chg |
|------------------------|--------|-------|
| Crude oil | 43.5 | 0.0% |
| Gold | 1,337 | -0.1% |
| USDVND | 22,301 | 0.0% |
| EURVND | 24,879 | 0.1% |
| JPYVND | 21,838 | -0.2% |
| 1-month Interbank rate | 2.3% | - |
| 5yr VN Treasury Yield | 6.1% | - |

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

Markets rallied excitedly at the beginning of the trading session. VNM, GAS soared, lifting VN-Index up nearly 7 points. The oil and gas stocks also simultaneously turned green thanks to support from WTI oil price increase. Other blue chips like HPG, VIC, HSG also gained while the banking group decreased slightly. Steel Group continued rising well from the opening (HPG, HSG, NKG). On HNX, the VCG and HUT were soaring.

However, close to 9h50, from an increase of nearly 7 points, VN-Index was trading around reference point as VNM and VCB started intraday price reduction

Afternoon session continued to disappoint investors as the index quickly reversed due to strong bank group price correction. Besides the banking Bluechip such as VCB, CTG, BID, STB declined, VNM also traded around the reference level and could not the market. However, oil and gas group still maintained good growth.

Closing session, VN-Index lost 4.53 points to close at 655.71 points. HNX-Index also fell 0.12 points to 83.13 points. Market breadth worsened with losers overwhelming gainers, with 267 decliners / 161 advancers. Foreign investors turned net sellers on the HSX with 70 billion net and net buyers on the HNX.

Liquidity on the 2 floors were 3,300 billion, of which, put-through accounted for more than 400 billion. The notable put-through was CHP with over 11.2 million units, equivalent to more than 223 billion.

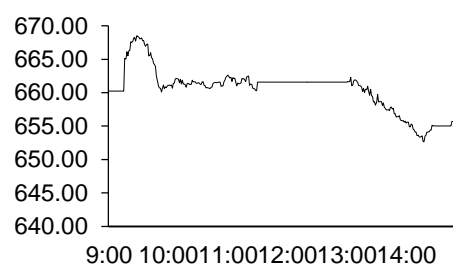
Recommendations

The excitement of market existed only in 15 minutes after the ATO, bringing market closely approached resistance area 670, short term profit taking weakened quickly and deeply the market, key stocks such as VNM, VCB and some major stocks corrected and suffered increase in the supply by the end of the session, however, Oil and gas stocks still moved well today.

RSI (15) fell slightly, a positive MACD indicator exceeded 0 confirmed short-term upward trend in the market is. Market correction today put the VN-Index returned to zone 650-660, the reduction of price occurred mainly on key and large-cap stocks that have maintained increase throughout the past week.

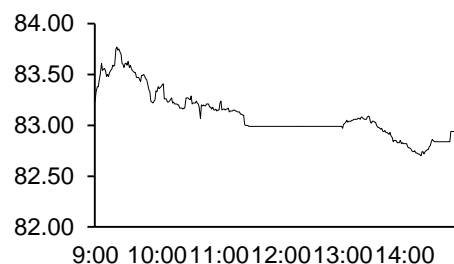
The necessary correction in this session may provide an opportunity for investors to participate in the market when it is back to safe movement. A correction to the support level of 650 points can occur in the next session, the shares of construction, infrastructure, construction materials maintained good liquidity and still retained cash flow in the market for longer.

Exhibit 1



Source: Bloomberg, BSC Research

Exhibit 2



Source: Bloomberg, BSC Research

Exhibit 3

Top 5 volume leaders

| Ticker | Volume | Price | % Chg |
|--------|--------|-------|-------|
| ITA | 15.48 | 5.3 | 1.92 |
| HAG | 5.96 | 6.5 | 3.17 |
| HPG | 4.56 | 45.8 | -0.43 |
| KBC | 4.44 | 17.6 | -1.68 |
| FLC | 4.03 | 5.7 | -1.72 |

Source: Bloomberg, BSC Research

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Company updates

VEAM - The Vietnam Engine & Agricultural Machinery

In August, 29th, VEAM plans to hold an IPO for 167 million shares offered, which are equivalent to 12.57% of charter capital. The starting price will be 14,290 VND per share.

VEAM has three core businesses: (1) engine and agricultural machinery manufacturing, (2) automobile assembling and manufacturing and (3) automobile and motorbike components manufacturing. It is remarkable that VEAM holds large stakes in joint venture companies: Honda Vietnam (30% held), Toyota Vietnam (20%) and Ford Vietnam (25%, through its subsidiary VEAM DISOCO).

The profit of VEAM are totally contributed by the profit from associated and joint venture companies. The consolidated business results of 2014: The PBT reached at 3,343.9 billion VND. In which, the operation profit was -225.6 billion, whereas the profit from associated and joint venture companies was 3,492.3 billion. Honda Vietnam contributed about 78% and Toyota Vietnam contributed about 19% to the total profit from associated and joint venture companies.

However, according to the VEAM's business plan, the profit from associated and joint venture companies would decline in the next years due to: (1) the motorbike market is likely saturated and (2) the automobile manufacturing will subject to the price competition as the import tax for cars originated from ASEAN countries will fall to 0% in 2018.

Capital structure: VEAM has only 2% of liabilities in its capital structure. By the end of 2015, equity ownership reached VND 13,026 billion, including the asset revaluation of VND 6,682 billion in its investment in associates and joint ventures. Specifically, Honda Vietnam (+VND 4.868 billion), Toyota Vietnam (+VND 711 billion) and VEAM DISOCO, which owned 25% of Ford Vietnam (+VND 286 billion).

IPO: The total number of shares was 1.328 billion, in which State will hold 51%, employees 0.43%, 36% will be sold to a strategic partner, which leads to 12.57% floating. The starting price will be 14,290 VND / share.

Investment story

Investment story - Man and his dog

Ralph Wanger was born in 1933, almost to the day of the bottom of the Great Depression. He went on to be not only a great investor but a great investment writer, sharing wit and wisdom in his quarterly shareholder letters.

Wanger once analogized the stock market to a man walking his dog in New York. The man has done the same walk for years, starting at Columbus Circle, strolling through Central Park, and ending at the Metropolitan Museum of Art.

The dog has boundless energy and never walks in a straight line. He leaps randomly from one direction to the next, stops to smell every leaf, barks at other dogs, and jumps on you for no reason.

At any moment, there is no predicting what the dog will do or which way he'll leap. His movements are totally unpredictable. But you know he's heading northeast at about three miles per hour, toward the museum, where he'll eventually end up – because that's where the owner is taking him.

"What is astonishing," Wanger said, "is that almost all investors, big and small, seem to have their eye on the dog, and not the owner."

As you navigate your life as an investor, pay more attention to the owner (businesses) and less to the dog (markets).

Source: www.fool.com

Stock recommendations

Short-term portfolio

| No. | Ticker | Date | Buy price | Current price | Unrealized gain/ loss | Cutlosses | Target |
|----------------|--------|------------|-----------|---------------|-----------------------|-----------|--------|
| 1 | HHG | 3/6/2016 | 7.9 | 9.6 | 21.5% | 7.3 | 12.2 |
| 2 | DXP | 8//08/2016 | 23.4 | 22.8 | -2.6% | 21.8 | 26.2 |
| 3 | CTI | 27/5/2016 | 24.3 | 27.3 | 12.3% | 22.6 | 31.8 |
| 4 | ITA | 25/7/2016 | 5.3 | 5.3 | 0.0% | 4.3 | 6.7 |
| 5 | C47 | 11/07/2016 | 13.2 | 13 | -1.5% | 12.2 | 14.8 |
| 6 | REE | 1/08/2016 | 20.3 | 20.3 | 0.0% | 19.5 | 23.5 |
| 7 | GMD | 8//08/2016 | 26.3 | 27.5 | 4.6% | 24.2 | 28.5 |
| Average | | | | | 4.9% | | |

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 | 13.9 | -4.8% | 17 | 17.5 |
| 3 | DHC | 11/07/2016 | 38.8 | 40.6 | 4.6% | 36 | 47 |
| 4 | TTC | 27/5/2016 | 21.7 | 23.9 | 10.1% | 20 | 26.0 |
| 5 | CTI | 25/07/2016 | 26.9 | 27.3 | 1.5% | 25 | 32.3 |
| 6 | BIC | 17/6/2016 | 22.1 | 28.5 | 29.0% | 21 | 27 |
| Average | | | | | 9.2% | | |

Source: BSC Research

Market statistics

Top 5 leaders on the HSX

| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------------|---------|
| GAS | 63 | 1.61 | 0.954 | 485930 |
| HNG | 7.2 | 5.88 | 0.153 | 3.13MLN |
| PVD | 27.9 | 2.57 | Continued rise | 1.78MLN |
| KDH | 26.1 | 4.82 | 0.108 | 641640 |
| Ticker | Price | % Chg | | Volume |
| VCB | 54.5 | -2.68 | -1.992 | 331030 |
| VNM | 168 | -0.59 | -0.603 | 3.17MLN |
| BVH | 59.5 | -2.46 | -0.509 | 177990 |
| BID | 17.1 | -1.16 | -0.341 | 434800 |
| NT2 | 34.4 | -4.71 | -0.241 | 740210 |

Top 5 gainers on the HSX

| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------|--------|
| TIX | 32.1 | 7 | 0.025 | 6800 |
| CMX | 4.9 | 6.52 | 0.002 | 47360 |
| VOS | 1.7 | 6.25 | 0.007 | 125640 |
| ANV | 5.3 | 6 | 0.01 | 600 |
| PJT | 12.5 | 5.93 | 0.004 | 1440 |

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

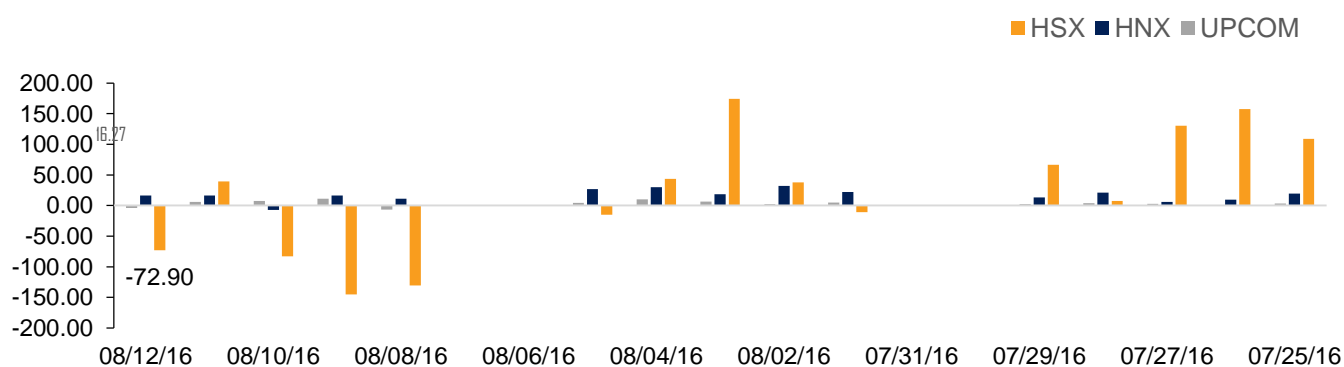
| Ticker | Price | % Chg | Index pt | Volume |
|--------|-------|-------|----------|--------|
| SIC | 12.2 | 9.91 | 0.004 | 2500 |
| TV3 | 54.4 | 9.9 | 0.018 | 200 |
| PEN | 9 | 9.76 | 0.021 | 2900 |
| PVR | 3.4 | 9.68 | 0.07 | 100 |
| TFC | 22.7 | 9.66 | 0.014 | 23900 |

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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