

BAO VIET GROUP (HSX - BVH)

January 22, 2016

COMPANY UPDATE BRIEFS



BVH: Preliminary PBT of VND1,187 billion (USD53.1 million) for 2015, down 10.8 percent y-o-y

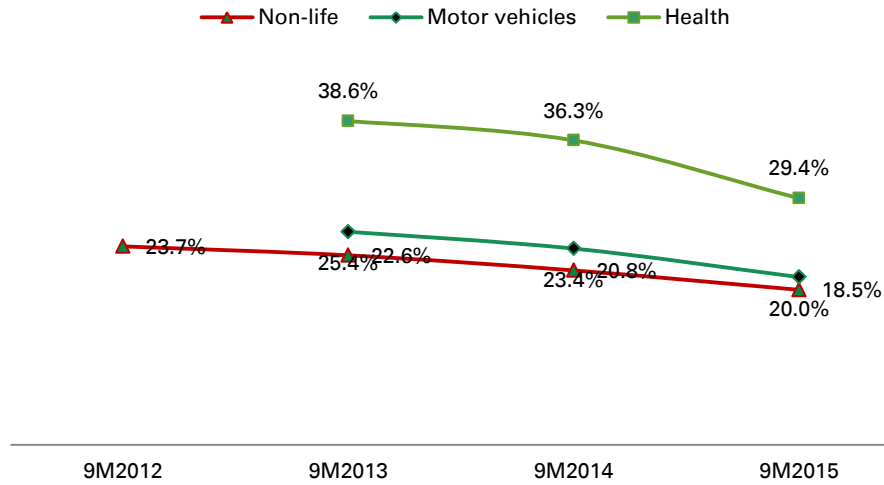
Key performance indicator	Actual results	VPBS forecast	y-o-y growth
	VND bn	VND bn	
Total revenue	20,807	19,853	16.9%
PBT	1,465	1,553	-10.0%
NI	1,187	1,242	-10.8%
Life insurance gross premium	10,100		26.9%
Non-life insurance gross premium	6,471		5.9%
Securities brokerage revenue	291		-4.7%
Fund management revenue	58		11.5%

Exceeded conservative 2015 targets with mixed results. BVH recently announced its 2015 business results; overall, the Group achieved better-than-planned results for all indicators, but it should be remembered that BVH set very conservative targets last year. BVH's total revenue grew by 16.9 percent, reaching VND20,807 billion (USD930 million). Among all business activities, life insurance had the strongest growth and contributed the most to total revenue. Other business lines experiencing slow growth were non-life insurance and fund management, while securities brokerage revenue and profit slightly declined compared with last year.

Losing market share in core business. Life insurance gross premiums totaled VND10,100 billion (USD451 million), growing 26.9 percent y-o-y, slower than the industry growth of 29 percent (according to the Association of Vietnam Insurance – AVI). As a result, although still firmly holding second position, BVH's market share in the life insurance sector declined slightly from 28.1 percent (FY2014) to 27.6 percent (FY2015).

Non-life insurance gross premiums reached VND6,471 billion (USD289 million), showing a growth of only 5.9 percent, much slower than the industry growth of 15 percent (according to AVI). For four consecutive years, BVH has lost market share in non-life insurance business, most notably in health and motor vehicle insurance.

BVH market share



Issuance plan for a new foreign strategic shareholder not yet realized. Despite setting out a specific target to complete the issuance for a new strategic shareholder in August 2015, we have heard no further details regarding this plan.

Neutral investment viewpoint. BVH has always been the leading insurer, with a financial capacity much larger than its domestic counterparts. It is also one of the backbone tickers of the stock market with heavy weighting in the VN30 index, favored by many foreign investors, and consistently traded at high premiums. In addition, BVH still has room for foreign investors. Therefore, despite rather disappointing 2015 business results, BVH still remains a preferred stock for the time being.

Today the stock price increased by 1.1 percent to close at VND46,900, trading at P/E of 25.34x, P/B of 2.58x.

CONTACT INFORMATION

For further information regarding this report, please contact the following members of the VPBS research department:

Nguyen Thi Thuy Linh

Director – Macro and Financials
linhntt@vpbs.com.vn

Pham Lien Ha

Senior Analyst
hapl@vpbs.com.vn

Chu Le Anh Ngoc

Research Analyst
ngoccla@vpbs.com.vn

Nguyen Bao Ngoc

Research Assistant
ngocnb@vpbs.com.vn

For any questions regarding your account, please contact the following:

Ly Dac Dung

Head of Retail Sales & Brokerage
dungld@vpbs.com.vn
+ 84 1900 6457 Ext: 1700

Tran Cao Dung

Director, Head of Wealth Advisory
Prestige VP Private Banking
dungtc@vpbs.com.vn
+ 848 3910 0868 Ext: 250

Vo Van Phuong

Vice President of Retail Sales & Brokerage
phuongvv@vpbs.com.vn
+848 6296 4210 Ext: 130

Domalux

Vice President of Retail Sales & Brokerage
domalux@vpbs.com.vn
+848 6296 4210 Ext: 128

Tran Duc Vinh

Vice President of Retail Sales & Brokerage
vinhtd@vpbs.com.vn
+848 3835 6688 Ext: 369

Nguyen Danh Vinh

Associate Vice President of Retail Sales & Brokerage
vinhnd@vpbs.com.vn
+848 3823 8608 Ext: 146



Hanoi Head Office

362 Hue Street,
Hai Ba Trung District, Hanoi
T - +84 (0) 1900 6457
F - +84 (0) 4 3974 3656

Ho Chi Minh City Branch

76 Le Lai Street,
District 1, Ho Chi Minh City
T - +84 (0) 8 3823 8608
F - +84 (0) 8 3823 8609

Danang Branch

112 Phan Chau Trinh Street,
Hai Chau District, Danang
T - +84 (0) 511 356 5419
F - +84 (0) 511 356 5418



DISCLAIMER

Research report is prepared and issued by VPBank Securities JSC ("VPBS"). This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe restrictions.

Each research analyst involved in the preparation of a research report is required to certify that the views and recommendations expressed therein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report, and no part of his/her compensation was, is and will be directly or indirectly related to specific recommendations or views expressed by the research analyst in the research report. The research analyst involved in the preparation of a research report does not have authority whatsoever (actual, implied or apparent) to act on behalf of any issuer mentioned in such research report.

Any research report is provided, for information purposes only, to institutional investor and retail clients of VPBS. A research report is not an offer to sell or the solicitation of an offer to buy any of the securities discussed herein.

The information contained in a research report is prepared from publicly available information, internally developed data and other sources believed to be reliable, but has not been independently verified by VPBS and VPBS makes no representations or warranties with respect to the accuracy, correctness or completeness of such information and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgment as of the date of a research report and are subject to change without notice. VPBS does not accept any obligation to update, modify or amend a research report or to otherwise notify a recipient of a research report in the event that any estimates, opinions and recommendations contained herein change or subsequently becomes inaccurate or if a research report is subsequently withdrawn.

Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in a research report and the income they produce may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in a research report may not be liquid investments, may have a high level of volatility or may subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. VPBS accepts no liability whatsoever for any loss arising from any use or reliance on a research report or the information contained herein.

The securities in a research report may not be suitable for all types of investors and such reports do not take into account particular investment needs, objectives and financial circumstances of a particular investor. An investor should not rely solely on investment recommendations contained in this research report, if any, as a substitution for the exercise of their own independent judgment in making an investment decision and, prior to acting on any of contained in this research report, investors are advised to contact his/her investment adviser to discuss their particular circumstances.

VPBS and its affiliated, officers, directors and employees world-wide may, from time to time, have long or short position in, and buy or sell the securities thereof, of company (ies) mentioned herein or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company (ies) discussed herein or act advisor or lender/borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions.

Any reproduction or distribution in whole or in part of a research report without permission of VPBS is prohibited.

If this research report has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late, in complete, or contain viruses. Should a research report provide web addresses of, or contain hyperlinks to, third party web sites, VPBS has not reviewed the contents of such links and takes no responsibility whatsoever for the contents of such web site. Web addresses and/or hyperlinks are provided solely for the recipient's convenience and information, and the content of third party web sites is not in any way incorporated into this research report. Recipients who choose to access such web addresses or use such hyperlinks do so at their own risk.