

OCTOBER

31

FRIDAY

*“Hello  
November: we  
expect an  
accumulation  
scenario”*

**ADVISORY DIARY**

- **DPM: Q32014 Result Update**
- **Hello November: we expect an accumulation scenario**

**DPM: Q32014 Result Update**

Our industry analysts have recently attended an investors meeting of Petro Vietnam Fertilizer and Chemicals Corporation (HSX – DPM). According to records from the meeting, in quarter 3/2014, the revenue is estimated at 2,445 billion (+28% compared with same period and equivalent with quarter 2). Profit after tax is estimated at 296 billion, despite a slight increase to 6% from the previous quarter but decreased by 20% compared to the same period in 2013. Accumulated 9 months, revenue and profit after tax was 7,450 billion and 968 billion, respectively, equivalent 7% and 51% compared to the same period in 2013. Thus, compared with the 2014 plan, which has been adjusted at the end of August 2014, the Company has completed 86% of the plan and exceeds 6% of planning revenue and profit after tax.

The sales volume of the company reached 648,000 tons in the first 9 months of the year, a slight increase of 2% over the same period. In quarter 3/2014, the business situation of the company has a certain positive compared to last quarter due to (1) URE prices rose slightly in September 2014 purchased by the dealer to reserve before the government increase import tax; (2) since the decrease of FO price, the average input price for gas is reduced by 2.4% compared with the previous quarter. According to our estimates, the company’s profit margin may move slightly ~1% due to two above factors. Also, during this quarter, DPM has divested from Petro Vietnam Drilling Mud Corporation (HSX – PVC) and recorded a large profit amounts (over 80 billion) from financing activities. By contrast, the profit continue to be affected by PVTEX with the losses in quarter 3/2014, estimated 68 billion. Ultimately, the picture of DPM results is mixed of dark and bright spots. However, we believe that the business has prospered over the previous quarter.

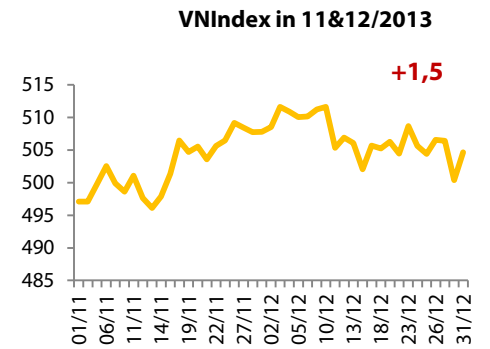
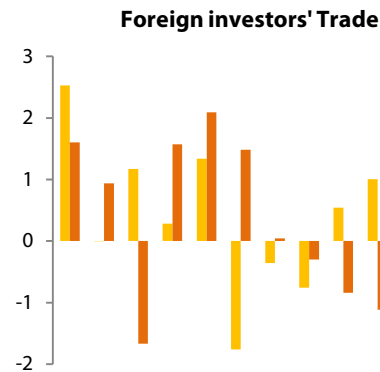
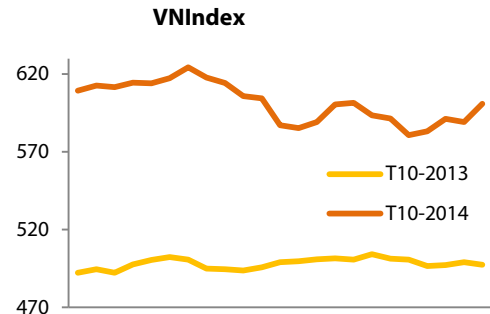
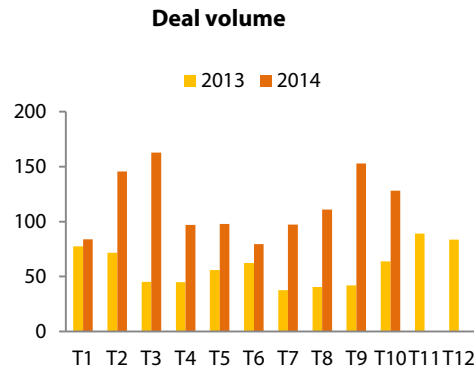
**Hello November: we expect an accumulation scenario**

For the final quarter, the Company informs that the sales volume is expected at 172,000 tons, revenue and net income are VND 1,530 billion and VND 161 billion, respectively. According to our opinion, the target for Q4 is quite conservative, especially under condition that the gas input price may decrease sharply in the last quarter of this year. Our estimate for 2014 net income for parent company’s shareholders is over VND 1,200 billion, equivalent to EPS of VND 3,200. Currently, DPM is traded at P/E of 9.4x and dividend yield of 8.3% (the minimum expectation). In the upcoming time, our industry analysts will update more information of the company prospect after having the 2015 business plan.

In the last week of October, liquidity seems to have the same picture as last year. Investors’ sentiment was still conservative, foreign investors was prudent and liquidity remained low as compared to some previous months. Thus, the summary of some market’s indicators in October 2014 was so bleak: Vnindex dropped 1.38%, trading volume went down 16% and foreign investors kept net sought of VND1,115 billion. With regard to the same time last year, October was an accumulated month to build growth momentum in the upcoming 5-month period. However, both turnover and foreigners’ trade seem not to be support a similar scenario in 2013. Though, we expect there would be a scenario for accumulation in November if (1) foreigners stop selling after 3 consecutive months, given the movement that they backed to net buyers for 6 successive sessions; (2) a stable macroeconomic motivates companies feel confident to set plan for 2015; (3) the event related to Mr. Ha Van Tham come in light partly and market will put up resilient soon. Today, the last trading session of October, indices rebounded sharply and VNIndex backed to the

psychology level of 600 points. Liquidity increased and foreign investors maintained net buyers are supporting factors for our reasoning.

**Market in 2013-2014**



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Source: RongViet Research

**WEEKLY TECHNICAL VIEW**

**VN-Index**

VN-Index added 9.33 points (or 1,58%), closed at 600,84. Trading volume increased slightly with 527 million shares changed hands (+8%).

This week, VN-Index retested its support at 580 and then went up strongly to 600. The area around 600-605 plays role as resistance of VN-Index where the 26, 50 and 100-day moving averages converge.

In an intermediate-term, VN-Index is now moving in a down channel. This correction will go to the end when VN-Index breaks above the upper line. Traders should watch for a break above the 605 resistance or a move down to 580 again.

Looking at technical indicators, the MACD has just cut above the signal line while the RSI rose above 50.

In a short-term the support and resistance of VN-Index is 580 and 605.

**HNX-Index**

HNX-Index gained 0.98 points (or 1,12%), closed at 88,03. However, the liquidity decreased 14% with only 230 million shares changed hands.

On Monday, HNX-Index fell dramatically below the strong support at 86 but then recovered for the rest of the week. The trading volumes remained at low level, showed investor's hesitations. Traders should watch for a continuing recovery to 91 or a move down to its support at 86.

On weekly chart, a hammer candlestick appeared at 86, hinted that this might be a trusted support of HNX-Index.

Looking at technical indicators, the decrease of MACD is slowing down while the RSI turn up from 30 thresholds.

**Recommendation:**

*The two indexes challenged their supports and gained successes. However, the volumes were rather low, showing investors hesitations. Short-term investors should wait patiently while long-term investors continue to hold stocks for long-term targets.*

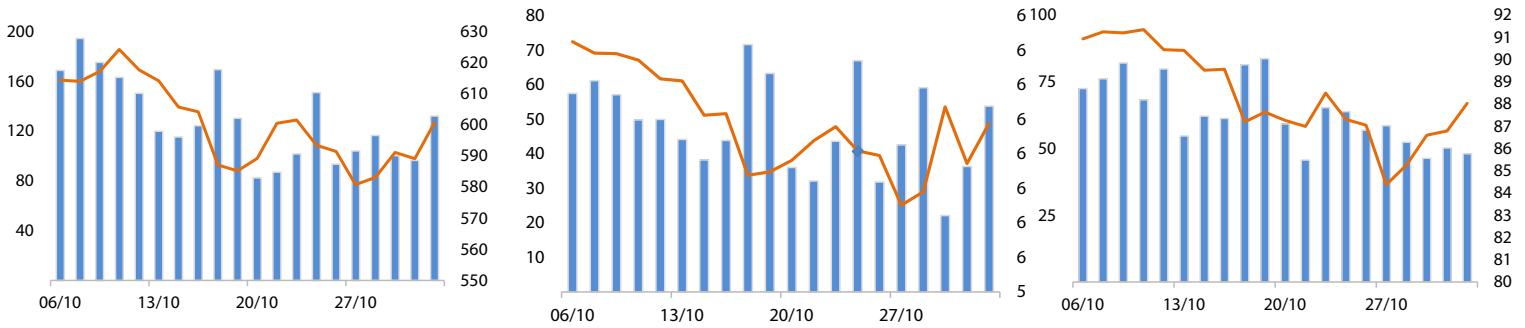


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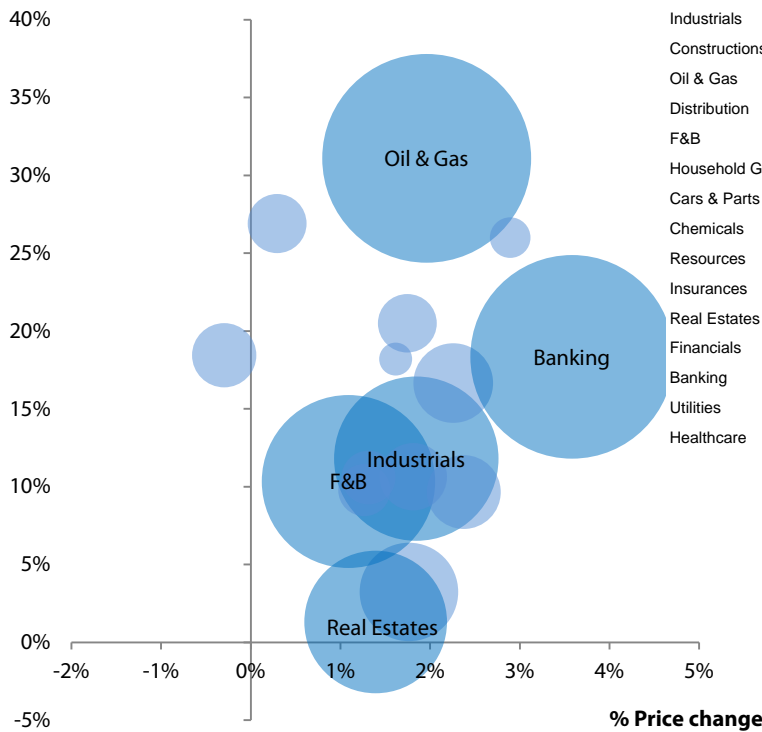
[khai.tq@vdsc.com.vn](mailto:khai.tq@vdsc.com.vn)

**VNINDEX 1.99% 600.84 VN30 1.84% 638.78 HNXINDEX 1.43% 88.03**



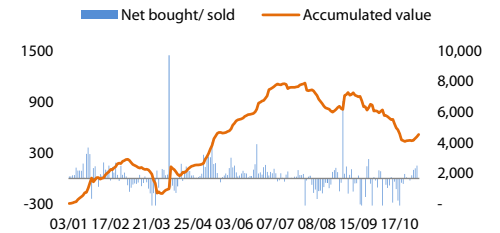
**Industry Movement**

**Industry ROE**

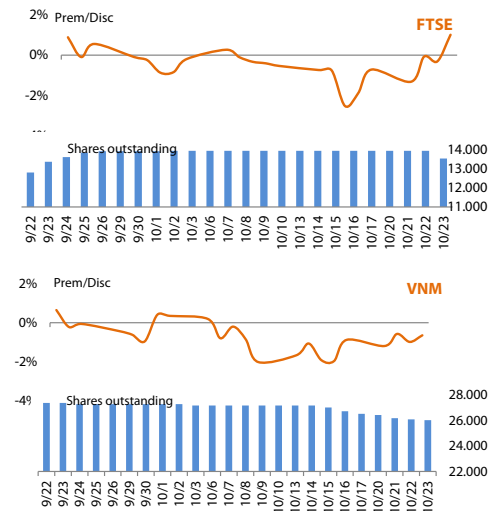


Industry	% change
Technologies	1.7%
Industrials	1.8%
Constructions	1.8%
Oil & Gas	2.0%
Distribution	1.6%
F&B	1.1%
Household Goods	1.3%
Cars & Parts	2.9%
Chemicals	-0.3%
Resources	0.3%
Insurances	2.3%
Real Estates	1.4%
Financials	2.4%
Banking	3.6%
Utilities	1.8%
Healthcare	1.3%

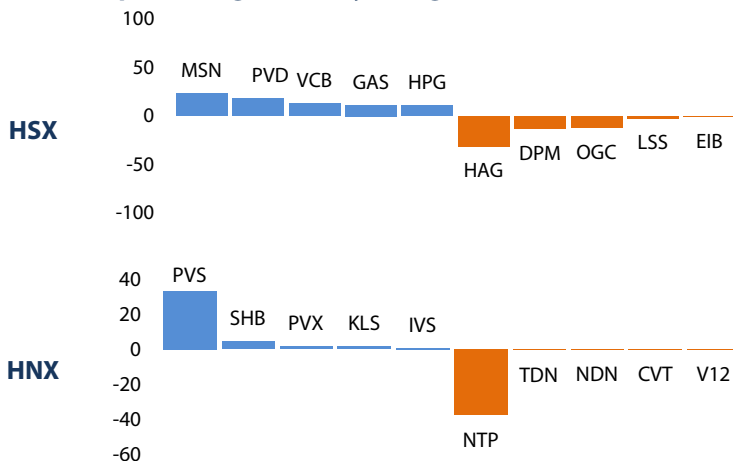
**Foreign Investors Trading**



**ETF**



**Top net bought/sold by foreigners (VND bn)**



**Top Active**

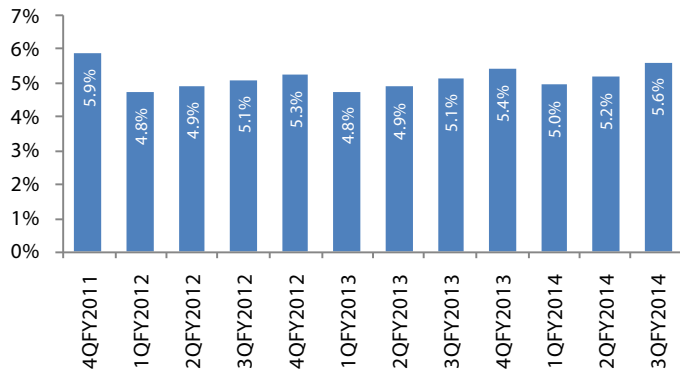
Ticker	Price	Volume	% price change
FLC	11.2	12.34	0.0%
GTN	20.8	8.14	4.0%
KBC	16.9	7.96	5.0%
OGC	9.8	7.27	2.1%
SSI	31.1	7.06	2.0%

Ticker	Price	Volume	% price change
KLF	11.2	7.62	-0.2%
PVX	6.1	4.70	2.1%
PVS	40.4	3.18	0.7%
SHB	8.7	2.97	0.5%
SCR	10.0	2.93	1.2%

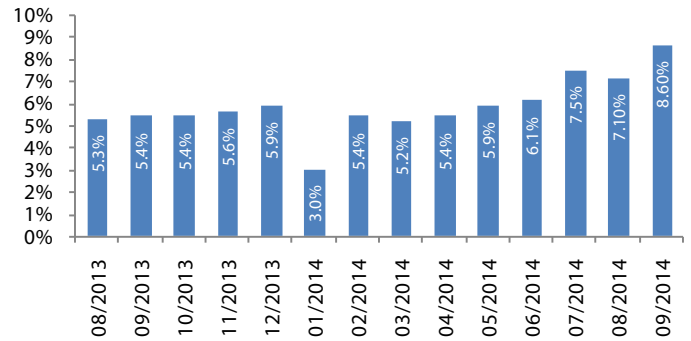
**MACRO WATCH**

**Graph 1: GDP Growth**



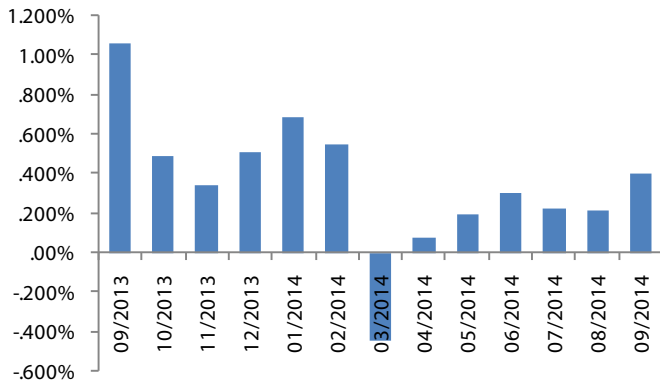
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



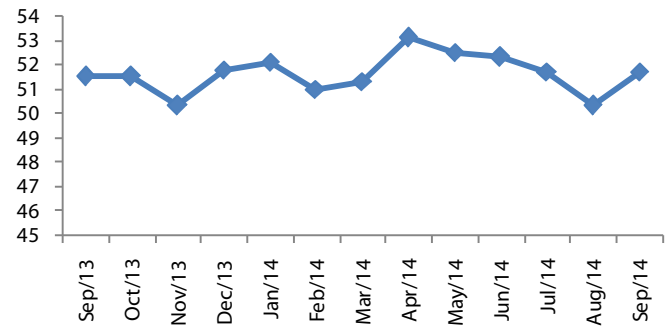
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



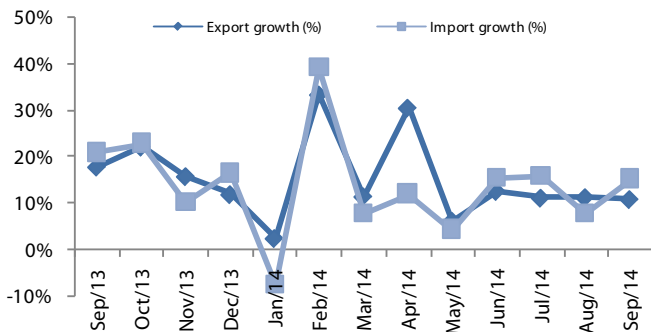
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



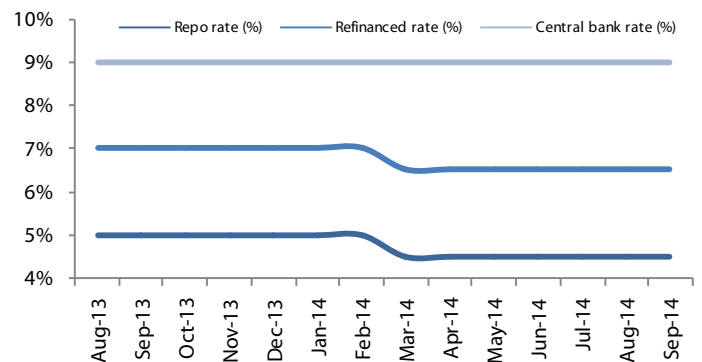
Sources: GSO. Rongviet Securities database

**Graph 5: Trade Growth**



Sources: GSO. Rongviet Securities database

**Graph 6: Interest**



Sources: SBV. Rongviet Securities database

## RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
SBA - Growth season ahead	Oct 24 <sup>th</sup> , 2014	Buy – Intermediate term	14,500
APC - Incremental demands for irradiation industry	Oct 23 <sup>rd</sup> , 2014	Buy – Intermediate term	22,000
TCM - Moving up the value chain	Oct 14 <sup>th</sup> , 2014	Accumulate – Long term	42,500
DHC - Restructuring yielded juicy fruits	Sep 29 <sup>th</sup> , 2014	Buy – Intermediate term	25,200
DCL – Chances as bad debts to be solved	Sep 22 <sup>th</sup> , 2014	Neutral – Long term	37,000
PVD – Busy O&G exploitation brought warmth	Sep 17 <sup>th</sup> , 2014	Accumulate – Long term	122,00
REE - Solid ground s for sustainable growth	Sept 9 <sup>th</sup> , 2014	Neutral - Long term	29,700

Please find more information at <http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx>

## FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	21/10/2014	0-0.75%	0-2.5%	11,829	11,859	-0.25%
VF1	24/10/2014	0.20% - 1.00%	0.50%-1.50%	22,611	22,908	-1.29%
VF4	22/10/2014	0.20% - 1.00%	0.00%-1.50%	10,274	10,475	-1.91%
VFA	24/10/2014	0.20% - 1.00%	0.00%-1.50%	7,560	7,509	0.68%
VFB	24/10/2014	0.30% - 0.60%	0.00%-1.00%	11,932	11,943	-0.10%
ENF	17/10/2014	0.00% - 3.00%		10,641	11,149	-4.56%

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