

DECEMBER

10

WEDNESDAY

“A reversal of emotions”

**ADVISORY DIARY**

- **KDH – New strategy, new stories**
- **A reversal of emotions**

**KDH – New strategy, new stories**

Over the period of formation and development of Vietnam's stock market, real estate stocks might witnessed the most ups and downs. For those faithful investors with the stock market, those names such as SJS, PVX, NTL, TDH, DIG... will probably recall many unforgettable memories. In the context of the real estate sector recovering from the bottom, the introduction of the Housing & Real Estate Business Law raised some issues: "What are the prospects of real estate?" To have some specific views on this matter, yesterday afternoon, our industry analyst had a meeting with a representative of Khang Dien Investment & Trading House (KDH - HSX).

KDH was one of the businesses that boldly in changing product strategy in the crisis of the real estate market. Before 2013, KDH invested in luxury villas and luxury apartments but the results were not as effective as expected. Since 2013, KDH has transferred some of its project that are not appropriate with market demand and move to adjacent segment of the medium. The first product in this strategy, Mega Residence project, was extremely successful because of reasonable price (~ VND2.2 billion/house), short deployment period, different payment policies and fully legal. Specifically, 160 houses of Mega Residence project completely sold out in 4.5 months; Mega Ruby Project (Phase I) also ran out of more than 100 houses in the total amount of 165 houses since the opening day (8/11/2014).

According to our industry analyst, besides above advantages, two biggest factors made Mega product line of KDH successfully were meeting customer needs and the assistance of infrastructure. It is obvious that housing buyers owning VND2-3 billion are likely to prefer a house with land than an apartment on the condition of equivalent facility and space. Besides, KDH's projects concentrate on District 2 & 9, conveniently moving to city center and Phu My Hung residential area. Simultaneously, these projects are also located on convenient transportation positions, near HCMC – Long Thanh – Dau Giay Expressway project.

The success of new construction plans was reflected by the improvement of 9M2014 earnings. In particular, NPAT in the first 9 months reached at VND71 billion, rose 151% compared to last year. We estimate that in quarter 4 KDH might continuously recorded revenue from 70 houses of Mega Residence, 50 houses of Mega Ruby (Phase 1) so 4Q2014 revenue may reach VND260 billion. For the whole year, revenue could achieve VND460 billion and KDH would successfully complete VND100 billion of this year NPAT's guidance, which is equivalent to EPS of VND1,300/share.

In 2015, KDH made known that they will continue building the 57 houses remaining of the Phase 2 of Mega Ruby project and 700 - 1000 houses of three new projects surrounding the Vanh Dai Trong street, which are Tri Minh (5.7 ha), Song Lap (14.5 ha) and Sapphire. The price of these projects might be the same as the previous (VND2.2-5 billion) so KDH could boost the 2015 NPAT guidance to double as compared to 2014, ~VND200 billion.

We suppose that KDH has huge advantages when having products meeting the market requirement and are ready for sales. Besides, the BOD of the Company is also quite active and has good strategies. However, the adjacent houses have some drawback because they require large land area. The Company made known that KDH has realized this problem and is trying to solve it by developing other products with higher revenue and profit such as luxury apartment when the market recover.

**A reversal of emotions**

Early this morning when GAS and PVD plummeted again, things seemed like another disappointing day for those who still had Oil&Gas stocks in their holdings. The colour of red quickly spread to other stocks, plunging VNIndex to 545.5 points shortly after ATO session. Yet this was no more than a test of how much the bear could endure. As soon as indices seemed like they had bottomed out, bottom-fishers rushed in and it was no other than Oil&Gas stocks that turned the market around 1800. This is a sign that potential demand was still material and all the bulls needed was an opportunity.

At the end of the day, VNIndex and HNIndex both closed higher. Although many stocks experiences strong increase but matching volume still lower about 36% compared to yesterday black session. This might be a signal showing that the supply had significant dropped. The foreigners continued net selling on both exchanfes and the highest trading value could be seen at HAF, GAS, KDC, VCB, SAM... However, PVD was come back to be bought. Meanwhile, on HNX, PVS and PVC still had the higher selling value.

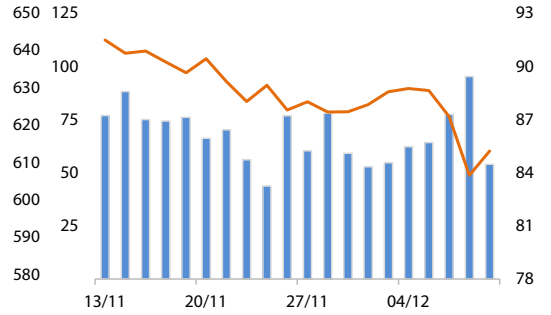
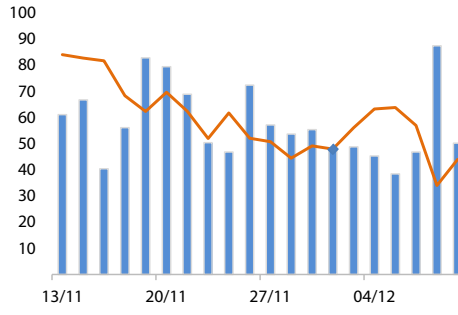
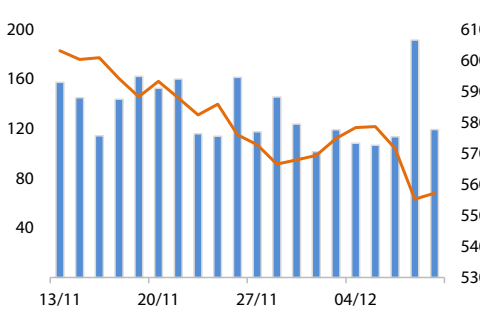
Since early December, the market has witnessed many fluctuations. However, since buyers and sellers both have strong motivation to engage in transactions, the balance of power in the market has remained stable. In general, short-term movement could not change our long-term outlook on the market. Given a brittening in macroeconomic picture, intermediate and long-term investors still have plenty of oppotunites at the current price level.

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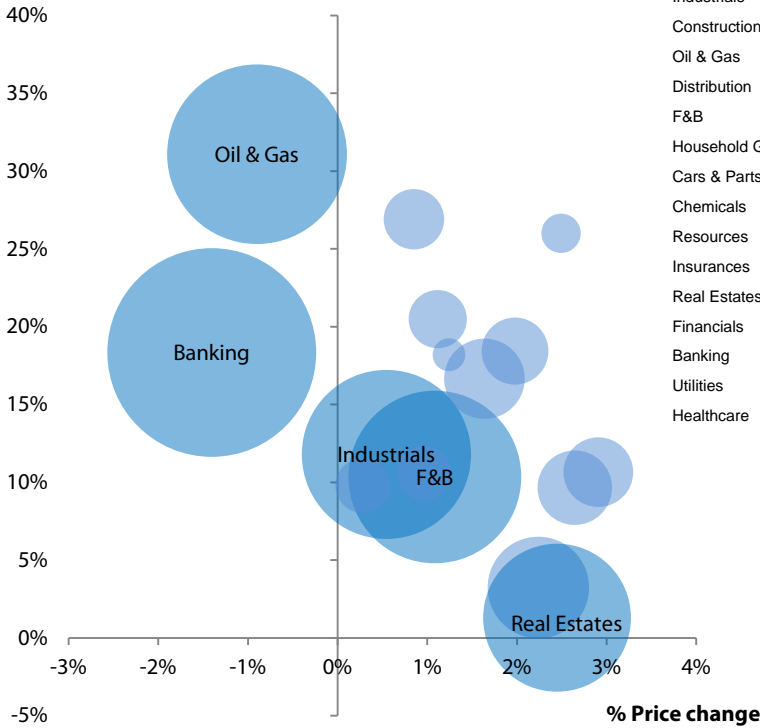
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**VNINDEX 0.34% 557.19    VN30 1.15% 610.81    HNXINDEX 1.63% 85.22**

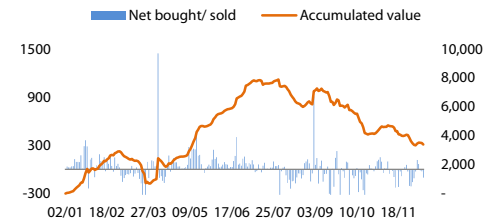


**Industry Movement**

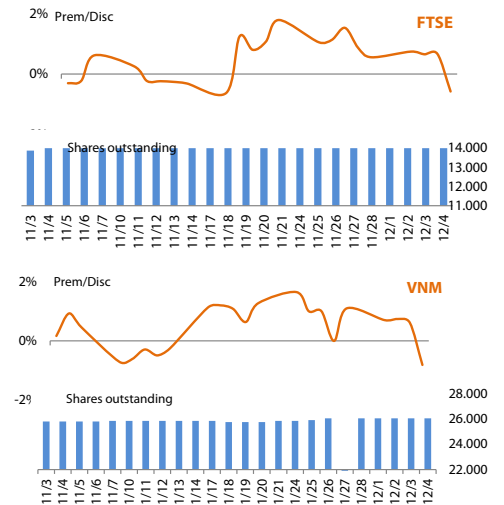
**Industry ROE**



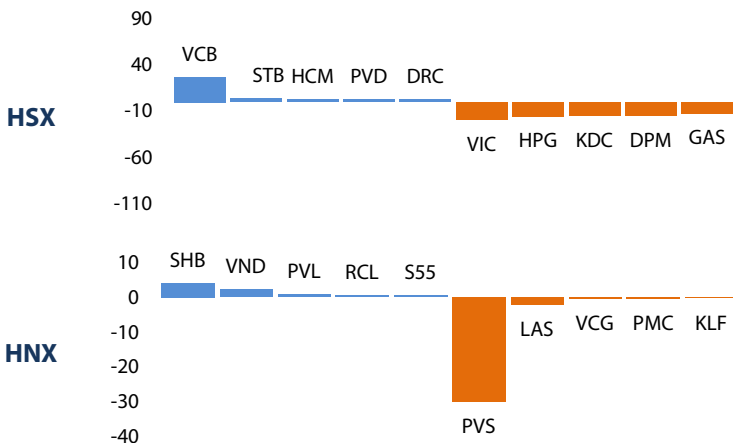
**Foreign Investors Trading**



**ETF**



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



**Top Active**

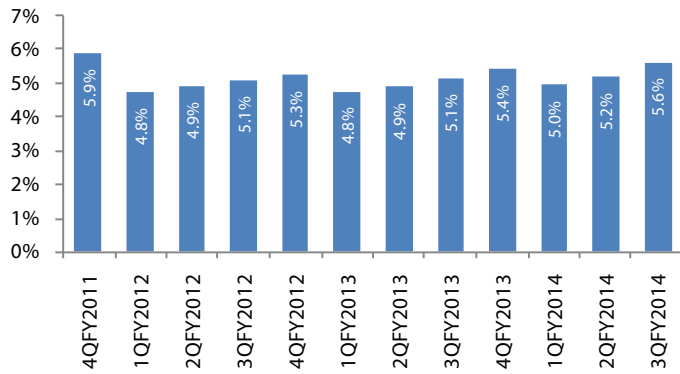
Ticker	Price	Volume	% price change
FLC	11.2	11.24	2.8%
VHG	13.0	7.18	-1.5%
ITA	8.5	7.06	3.7%
GTN	14.7	4.64	-4.5%
HAG	22.7	4.57	0.9%

Ticker	Price	Volume	% price change
KLF	13.0	7.82	5.7%
PVS	28.1	4.18	1.8%
PVX	5.8	3.20	5.5%
SCR	10.4	3.18	4.0%
HUT	14.6	2.02	9.8%

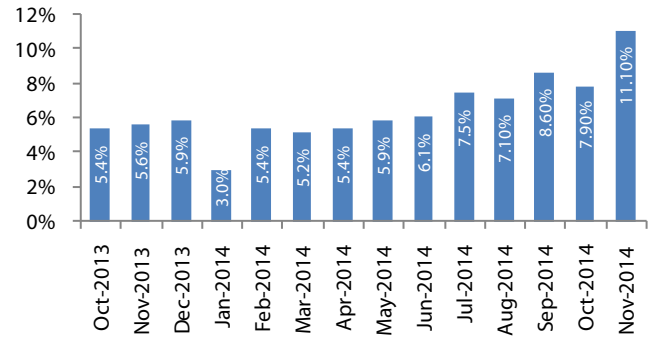
**MACRO WATCH**

**Graph 1: GDP Growth**



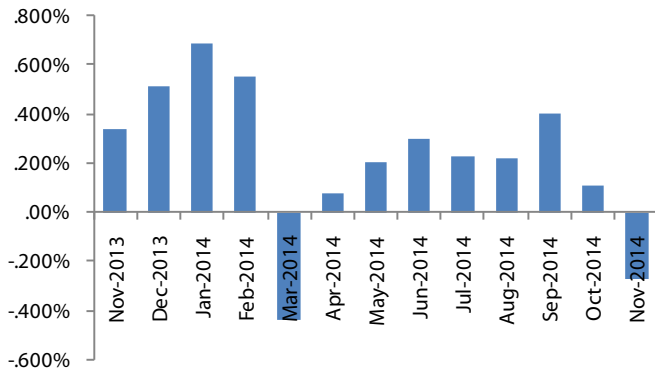
Sources: GSO. Rongviet Securities database  
(\* ) Comparision price in 1994

**Graph 2: IIP**



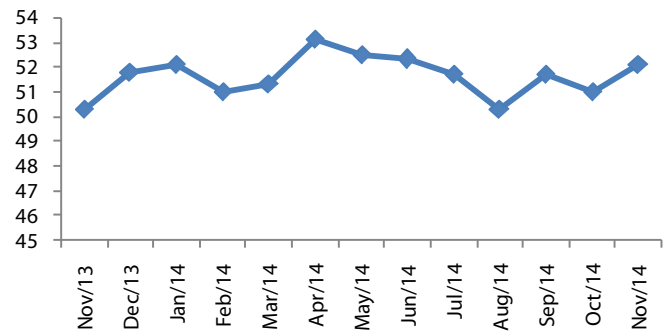
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



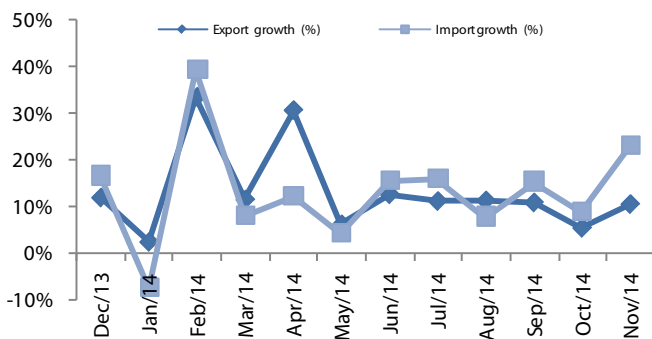
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



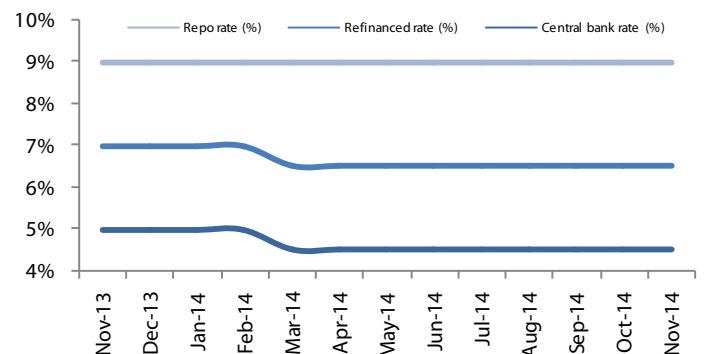
Sources: GSO. Rongviet Securities database

**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
FPT - Growth driver expected from retails	Dec 12 <sup>th</sup> , 2014	Accumulate – Long term	61,000
GDT - Still being on upward trend	Nov 27 <sup>th</sup> , 2014	Accumulate – Long term	41,300
PGS - 2015: A year of challenge	Nov 24 <sup>th</sup> , 2014	Neutral - Long term	37,800
NBB - A turning point with City Gate Towers	Nov 14 <sup>th</sup> , 2014	Buy - Long term	26,800
CMI-Project restarts spark new hopes	Nov 13 <sup>th</sup> , 2014	Monitor	

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	25/11/2014	0-0.75%	0-2.5%	11,766	11,765	0.01%
VEOF	25/11/2014	0-0.75%	0-2.5%	10,091	10,223	-1.29%
VF1	04/12/2014	0.20% - 1.00%	0.50%-1.50%	21,927	21,723	0.94%
VF4	26/11/2014	0.20% - 1.00%	0.00%-1.50%	9,906	10,131	2.22%
VFA	28/11/2014	0.20% - 1.00%	0.00%-1.50%	7,429	7,522	-1.24%
VFB	28/11/2014	0.30% - 0.60%	0.00%-1.00%	11,823	11,961	-1.15%
ENF	21/11/2014	0.00% - 3.00%		10,943	11,064	-1.09%
MBVF	20/11/2014	1%	0%-1%	11,075	11,096	-0.19%
MBBF	19/11/2014	0-0.5%	0-1%	11,752	11,742	0.09%

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