

SEPTEMBER

26

FRIDAY

“Indices closed down in weak tug-of-war”

ADVISORY DIARY

- **PXS – Changing construction activity to the on-shore project expected to bring out large revenues whereas reduce gross profit margin**
- **CNG – Business activities remained stable in the first nine month**
- **Indices closed down in weak tug-of-war**

PXS – Changing construction activity to the on-shore project expected to bring out large revenues whereas reduce gross profit margin

After a week constantly falling, today, PXS closed today at VND 35,100/share, up VND900/share from yesterday. Although volume was not as high as in the last two sessions, PXS still receive pretty strong demand around VND 35,000 and reached VND36,400 at certain points of time.

Currently, there are rumors in the market saying PXS could have made VND30-40 billion of NPAT in 3Q2014. Thanks to the contribution of H5 project (with Q3 revenue estimated at 113 billion), the gross profit margin could have been quite positive, however, our analyst believe that actual result may have been around VND20-25 billion at best.

With regard to PXS' project portfolio, our analyst also knew that PXS had won the bid for one of the two packages of the MCPecom project and has entered the next stage of negotiations for the first package. If carried out, the first package may make up about 21% of PXS' revenue next year. Also, the bidding result of the other packages will be out in October. In 2015, PXS can book revenue from a number of other major projects aside from MCPecom such as P5, P6, EPCC Thai Binh, Thai Binh Thermal Power Phase 2 ...

From 2016 onwards, PXS will primarily perform thermal power plant construction with a number of large projects that can be implemented such as Song Hau, Quang Trach (Quang Tri), Vung Ro (Phu Yen), Nhon Hoi (Binh Dinh) ...

To conclude, the holding of a portfolio of promising projects will ensure revenue and profits for PXS in the ensuing years. However, as in previous reports, our analyst expressed concerns that the implementation of thermal power projects could trim PXS' gross profit margin by 8% from the current level of 18%. Given the projects above, PXS is aiming over VND3,000 billion of revenue each year from 2016 onwards. Therefore, the decline in gross profit margin may be largely offset by strong revenue growth during project implementation.

CNG – Business activities remained stable in the first nine month

Yesterday, our industry analysts had a meeting with representatives of CNG. In the first nine months of 2014, the Company sold about 51-52 billion m³ gas thereby achieving the revenue and earnings plans for this period.

This October, CNG will begin to supply gas for two major aluminum manufacturers with the expected revenue of about VND15 billion/month each. Including these two, CNG has obtained a total five new customers since the beginning of the year.

Given this step, we realize that there have been some positive changes in the customer structure of CNG with an increase of the share of building material customers in total revenue from 60% in early year 2014 to 70% and a decline of the revenue share of food producing customers from 40% to 30%. Now that many food companies are turning to alternative fuels such as biomass, this movement could minimize risk of sudden output drop for CNG when some of their customers quit using natural gas.

CNG invested about VND100 million in 20 tanks and 1 gas compressor in the nine-month period. Our industry analyst believes this action could push depreciation expense this year up by VND19 billion. However, CNG's earnings might not be significantly impacted since 2014's total depreciation expense may decrease up to VND23 billion from 2013 with the newly adopted accelerated depreciation method.

For this fiscal year, revenue and PNAT of CNG may reach VND1,100 billion and VND132 billion, up by 15% and 7% from 2013 respectively. Going into 2015, the new expansion scheme may grant the Company a 21-percent (85 million m³) addition increase in capacity. In general, we still see some room for CNG to grow in the long term. However, the expansion of customer base now is much more difficult than it used to be. Also, the increase of input gas price under PVGas' plan has always been a risk to CNG's profitability.

In the past one month, CNG's share price has been fluctuating strongly, up to VND 41,200/share at times. This week, however, the stock moved mostly sideways, around VND 38,000/share with a substantial decline in trading volume. With an estimated 2014 EPS of VND4,900, CNG traded at a forward P/E ratio of 7.8x at today's close. Even though its liquidity is not substantially high, strong dividend payment history and attractive dividend yield (~9.1%) make CNG a suitable stock for long-term, highly risk-averse investors who have a taste for lucrative dividends.

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Indices closed down in weak tug-of-war

As commented in Thursday's Advisory Diary, the last-minute jump yesterday was not the start of a new trend. Today, market confidence was yet to return on a broad scale and trading still trapped from a series of weak push-pulls. This means that any unexpected buying or selling can also easily bias market indices. In fact, volatility of the index in recent sessions does not seem to represent the general trading developments in the market. VN Index and HNIIndex both headed down in today's ATC session as many stocks of the VN30 and HNX30 were suddenly sold though a number tickers such as SSI, GAS, BVH, HSG closed with positive gains and mid-cap mostly ended in mixed colors.

The deceleration of trading activities was also reflected in liquidity dropping to only 143.4 million on the HSX units and 69.7 million units on the HNX; even foreign investors' trading did not show a clear direction at a net selling value of merely VND9.3 billion on the HSX and a net buying value of VND25.6 billion on the HNX. Aside from the relatively high net selling values in GAS and VIC, foreigners' trading in was fairly quiet.

Without sudden movements of price or trading volume, we still feel the presence of players from both sides, who were lurking in the shadow. We believe there will be a stark increase of demand when stocks hit "attractive" prices and selling pressure will also be material in the presence of groundless jumps.

WEEKLY TECHNICAL VIEW

VN-Index

VN-Index lost 8.31 points (or 1.35%), closed at 604.98. The trading volume was down to 601 million shares (-35% compared to previous week's volume).

VN-Index continued going down below the 50-day moving average. When VN-Index met the lower trend line of the current down channel it recovered slightly (a hammer candlestick appeared). The index is now challenging the support area at around 600-610. Trader should watch for a rebound to 615-618 area or a break down to 580-area (equivalent to 200-day moving average).

Looking at technical indicators, both the MACD and the RSI are falling sharply. The RSI is now going into the oversold territory.

The correction of VN-Index is still in progress and trader should be patient and wait until the turning point appears.



HNX-Index

HNX-Index continued to perform well better than VN-Index. For the whole week, HNX-Index lost 0.33 points (or 0.37%), closed at 88.56. Volume reduced to 331 million shares (-38.4%).

HNX-Index is now accumulating steadily on low volume around 88. The support area around 86 is still valid. In a short-term, the trading zone of HNX-Index is 86-90.

Looking at technical indicators, the MACD turned bearish while the RSI appears neutral.

The ADX kept going down indicates that the uptrend of HNX-Index is weakening in a short-term.



Recommendation:

VN-Index continued going down strongly while HNX-Index performed better. Short-term investors keep waiting until turning point appears while long-term investors continue to hold stocks for long-term goals.

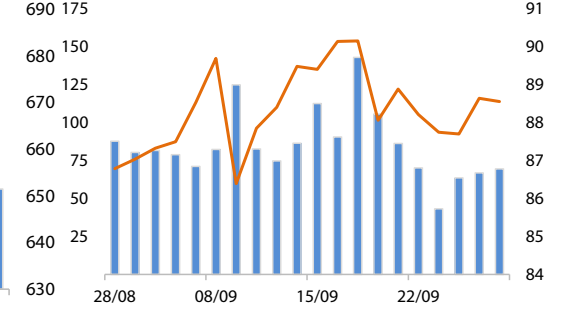
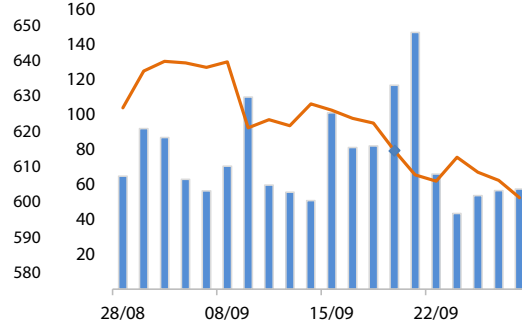
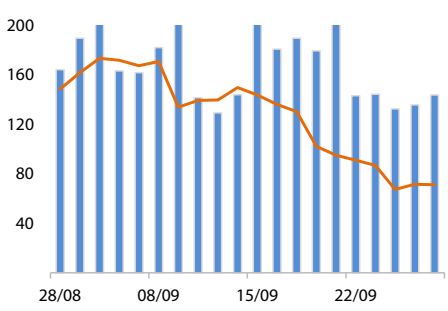
The markets are experiencing period of correction. Short-term investors may be temporarily out of the markets while long-term investors continue to hold stocks for long-term goals.

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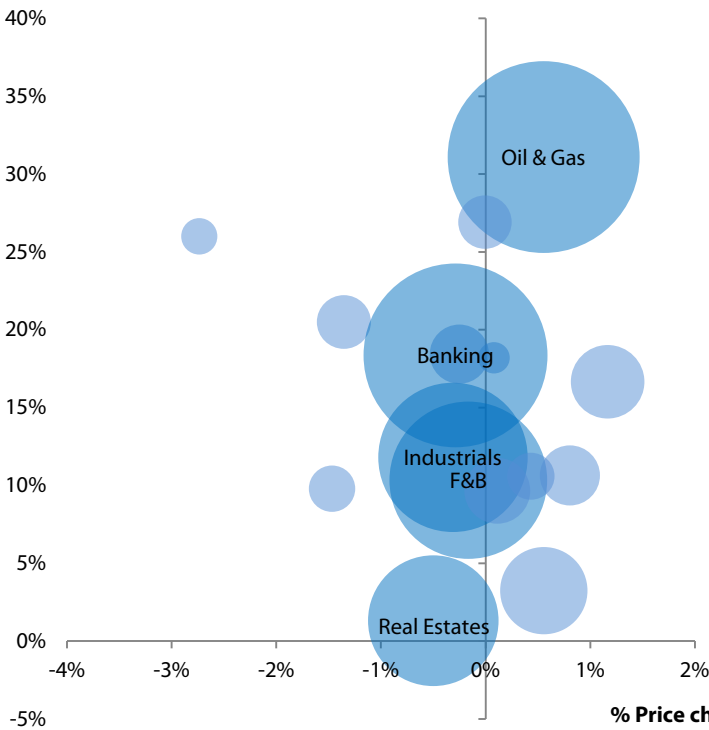
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VNINDEX -0.02% 604.98 **VN30 -0.58% 649.63** **HNXINDEX -0.10% 88.56**



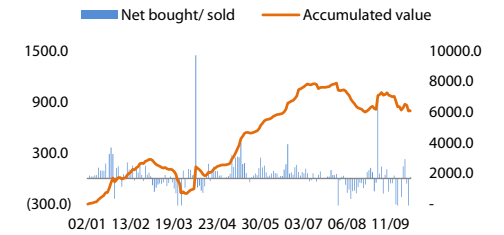
Industry Movement

Industry ROE

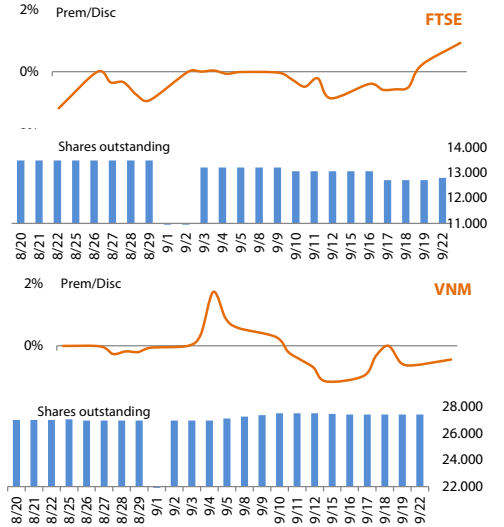


Industry	% change
Technologies	-1.4%
Industrials	-0.3%
Constructions	0.6%
Oil & Gas	0.6%
Distribution	0.1%
F&B	-0.2%
Household Goods	-1.5%
Cars & Parts	-2.7%
Chemicals	-0.3%
Resources	0.0%
Insurances	1.2%
Real Estates	-0.5%
Financials	0.1%
Banking	-0.3%
Utilities	0.8%
Healthcare	0.4%

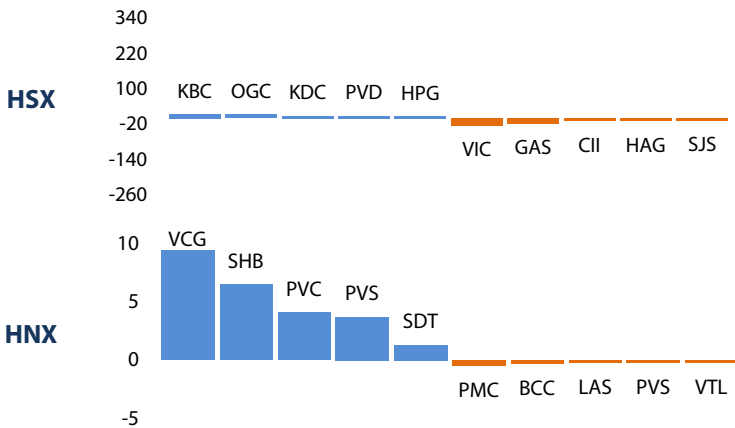
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



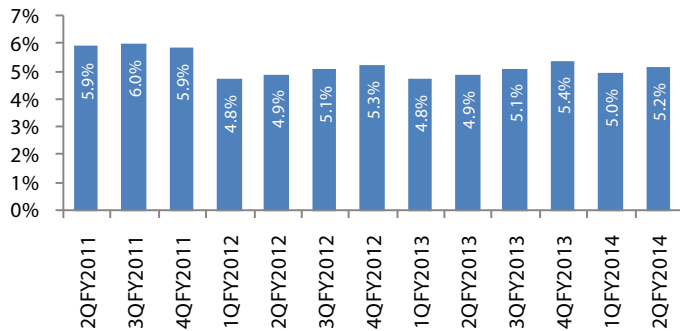
Top Active

Ticker	Price	Volume	% price change
FLC	11.4	11.54	-1.7%
KBC	14.7	9.87	1.4%
ITA	8.7	9.74	0.0%
SSI	29.2	6.06	1.4%
VHG	11.0	5.68	0.0%

Ticker	Price	Volume	% price change
PVX	6.90	17.43	4.6%
SCR	10.10	4.32	1.0%
FIT	19.80	4.26	1.5%
SHS	12.30	4.00	-1.6%
PVS	41.50	2.74	-1.4%

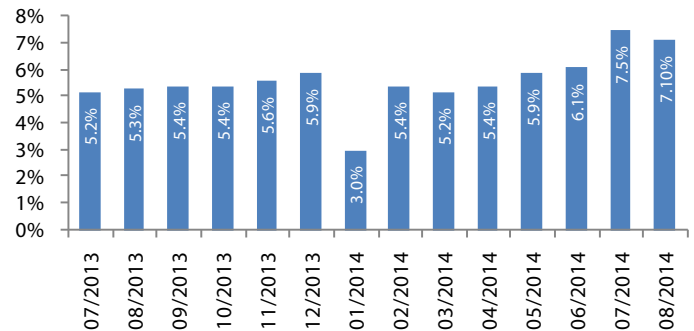
MACRO WATCH

Graph 1: GDP Growth



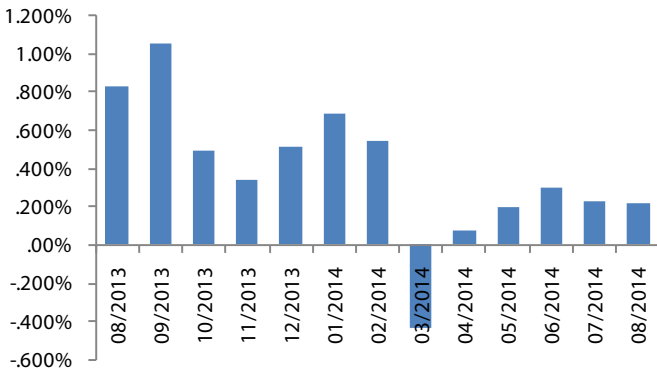
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



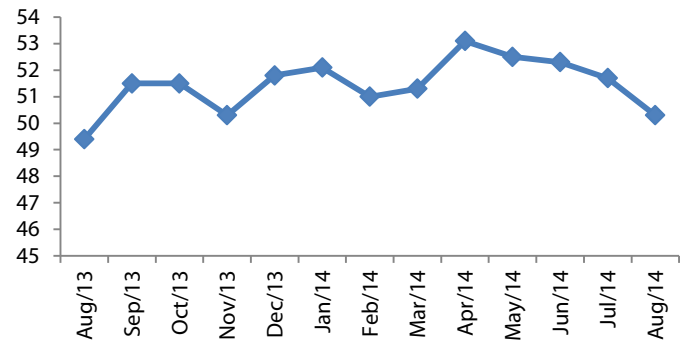
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



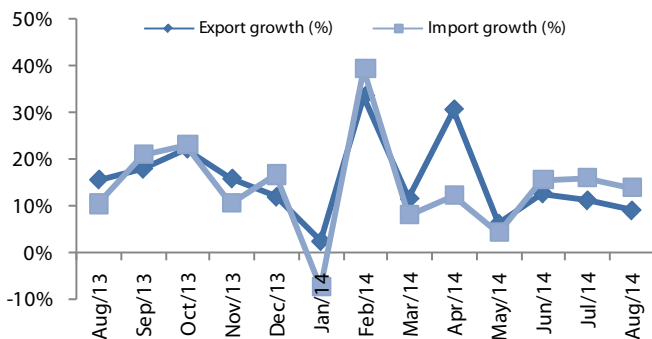
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



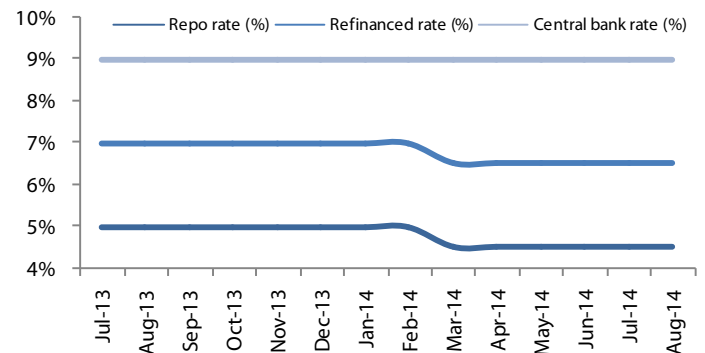
Sources: GSO. Rongviet Securities database

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
PVD – Busy O&G exploitation brought warmth	Sep 17 th , 2014	Accumulate – Long term	122,00
REE - Solid ground s for sustainable growth	Sept 9 th , 2014	Neutral - Long term	29,700
HSG - The hard part has gradually done!	Aug 21 st , 2014	Accumulate – Intermediate term	48,100
HPG - On the way to dominate nationwide' market shares	Aug 12 th , 2014	Accumulated – Intermediate-term	66,400
NBB - A new chapter with co-investment	Jul 31 st , 2014	Buy – Intermediate term	27,400

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	16/09/2014	0-0.75%	0-2.5%	11,645	11,476	1.47%
VF1	18/09/2014	0.20% - 1.00%	0.50%-1.50%	23.917	23.531	1.64%
VF4	17/09/2014	0.20% - 1.00%	0.00%-1.50%	10.868	10.733	1.26%
VFA	18/09/2014	0.20% - 1.00%	0.00%-1.50%	7.709	7.777	-0.88%
VFB	18/09/2014	0.30% - 0.60%	0.00%-1.00%	11.532	11.451	0.72%
ENF	12/09/2014	0.00% - 3.00%		10.705	10.740	-0.33%

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