

SEPTEMBER

23

TUESDAY

*“VNIndex  
reached  
resistance  
range of 610  
points”*

ADVISORY DIARY

- **Chances for irradiation companies thanks to the two additional fruits exported to the US**
- **VNIndex reached resistance range of 610 points**
- **DCL-Result Updates**

#### **Chances for irradiation companies thanks to the two additional fruits exported to the US**

Recently, the US Department of Agriculture has amended the fruits and vegetables regulations to allow the importation of litchi and longan fruit from Vietnam to US from the date of October 6, 2014. Given the new allowance, estimated exported fruits and vegetables into US are 600 tons of litchi and 1,200 tons of longan. The export turnover in fruits was relatively low, approximately 1,300 tons of dragon fruit and 300 tons of rambutan in 2013. Accompanied by the expansion of two more exported products, Vinafruit said that exported fruits and vegetables in 2014 will be able to reach USD1.2 billion.

However, the US market is well-known with tightening regulations on importation, especially agricultural products such as fruits and vegetables in order to prevent dissemination of plant pests within the US. To export to the US, Vietnamese products should meet requirements for treatment and inspection, including registering farming environment, irradiating pasteurization and certified by Plant protection department. Given these regulations, we believe that it would bring opportunities not only for farmers that helps to improve quality and products' prices but also for irradiation companies, especially as all companies exporting to the US must be irradiated for eliminating microorganism and insects.

According to our research, in Vietnam there are only three irradiation companies, namely Thai Son Ltd (seafood irradiation), Son Son (fruit irradiation) and An Phu (both seafood and fruits irradiation). In particular, An Phu Corporation (APC-HSX) accounting for approximately 70% market share with its capacity of about 180 tons / day, operating in two factories in Binh Duong and Vinh Long. As regards fruit irradiation, An Phu and Son Son are the two companies in Vietnam that certified by US.

Our industrial analyst just had a meeting with APC, Company's manager said that owing to two newly approved products, they can increase proportion of fruit irradiation up to 14-20% (~ add VND 10 billion). Simultaneously, we also found some positive signals after its re-structuring since end of 2012, such as deducted loan interest rate, improved bad debt and cost. Company have planned VND 93.4 billion for target revenue and VND 16.2 billion for NPAT. Accordingly, equivalent EPS is about VND 1,415/share. Meanwhile, the first-half NPAT reached over 60% of target and following our latest update, until the end of 3Q, Company is projected to finish planned NPAT. Across to industrial conditions and business performance, we appreciate this activity's potential and will have deeper analysis in next reports.

#### **VNIndex reached resistance range of 610 points**

The market has witnessed a decline for the seventh straight day since the prior week. Conservative trading caused liquidity to drop below the average of VND 4,000 billion in previous sessions. Noticeably, GAS recorded the highest drop at the closed session that made VNIndex back to the resistance range of 610 points, established in almost 1 month. The ticker decreased significantly by 4,000 VND (-3.5%) that outnumbered the increases in other stocks in Blue-chips such as VIC, KDC, BVH.

The heat in fishery and Oil&Gas industry has been vanished as most tickers declined such as PXS,

PXT, PXI, AGF, whereas HVG continued to surge as the announcement of increasing charter capital in order to restructuring short-term debts as well as to financing a factory in Russia. Oil and Gas tickers were also sold in ample volumes on both bourses such as PVS, PVE, PGS. As mentioned in prior advisory diaries, the prices in Oil and Gas recently have been overestimated under circumstance of Companies' prospects. Thus, a correction is essential for tickers to return reasonable values.

#### **DCL-Result Updates**

Today we have just announced the result updates on Pharimexco (DCL-HSX). According to our analyst, pharmaceutical packaging (hard gelatin capsule) and medical instruments (syringes and infusion pipes) are evaluated highly. However, while DCL's factories have reached maximum capacity, there has yet to be a specific roadmap for expansion. This stemmed from the Company's insufficient financials, caused mainly by the provisions for doubtful debts and a chartered capital only fractional as compared to its peers. According to the Company, its syringe capacity will be doubled by the end of this year in order to increase exports to Africa. Nevertheless, this may have no significant impact on the overall performance of DCL but is a great opportunity for the Company to expand both its production and markets. Before it can make use of the industry growth opportunities, DCL will need to find a solution for the doubtful debt issue and rearrange its pharmaceutical business to lay the fundamentals for future development, which targets we think may take DCL at least another one or two years.

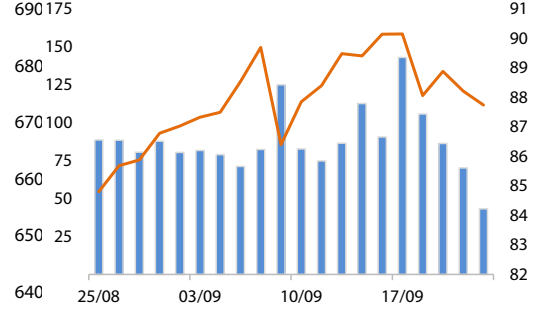
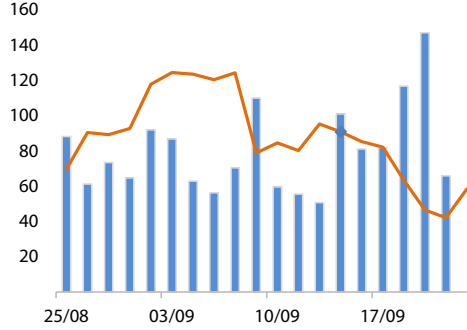
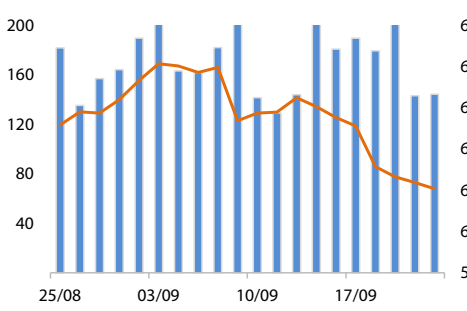
At the current market price, investors should continue to monitor the progress in DCL's capsule capacity expansion plan and how the Company handles Vikimco exports to Africa, which factors would define the Company's ability to grow in the upcoming periods. Before having any confirming signals, we only hold the **NEUTRAL** recommendation for DCL with a target per-share price of **VND 37,000**.

**Tam Bui**

+ 84 8 6299 2006 | Ext: 348

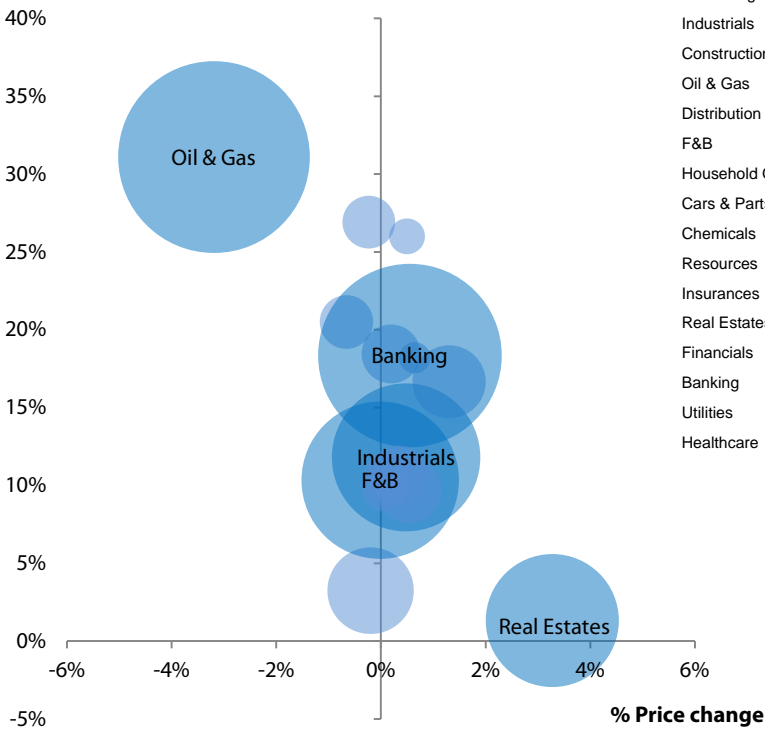
[tam.bt@vdsc.com.vn](mailto:tam.bt@vdsc.com.vn)

**VNINDEX -0.25% 610.31**    **VN30 0.78% 658.31**    **HNXINDEX -0.53% 87.75**

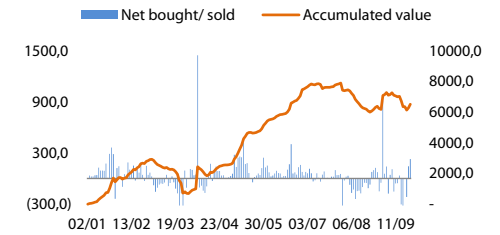


**Industry Movement**

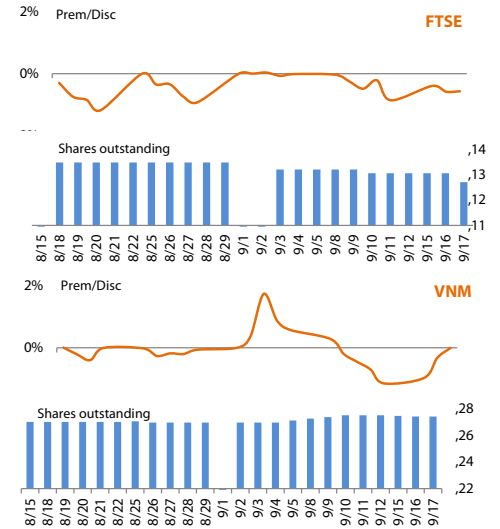
**Industry ROE**



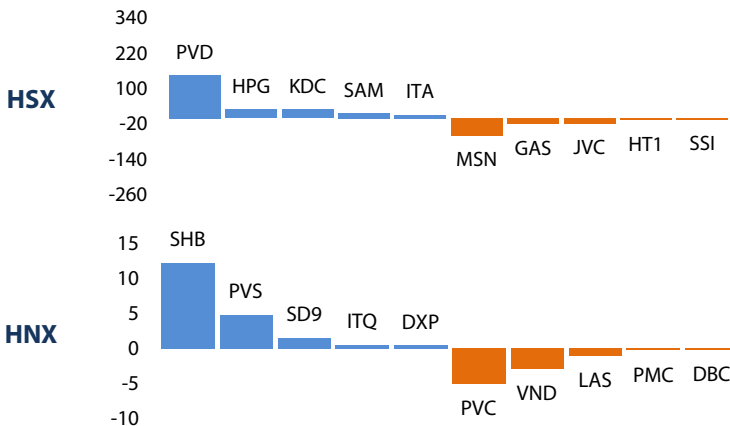
**Foreign Investors Trading**



**ETF**



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



**Top Active**

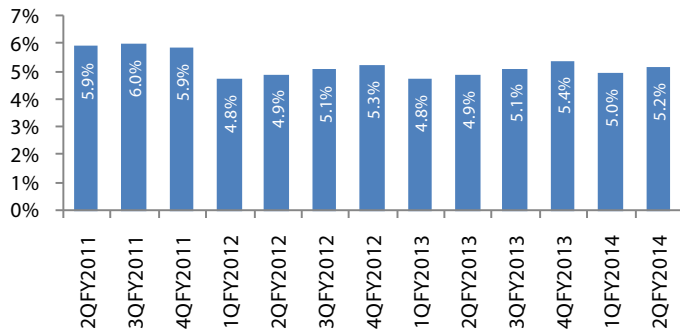
Ticker	Price	Volume	% price change
SAM	12.8	12.70	5.8%
FLC	11.7	11.70	0.9%
ITA	8.7	7.80	3.6%
KBC	14.4	6.60	6.7%
LGC	22.4	4.70	6.7%

Ticker	Price	Volume	% price change
PVX	6.20	7.00	1.6%
KLF	12.40	5.10	0.0%
SCR	9.80	3.50	2.1%
KLS	12.40	3.40	-0.8%
PVS	41.20	3.40	-2.4%

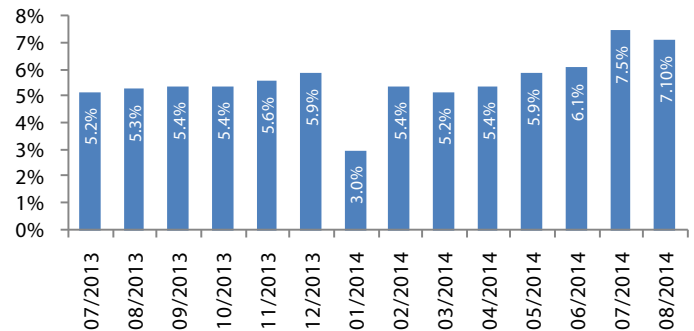
**MACRO WATCH**

**Graph 1: GDP Growth**



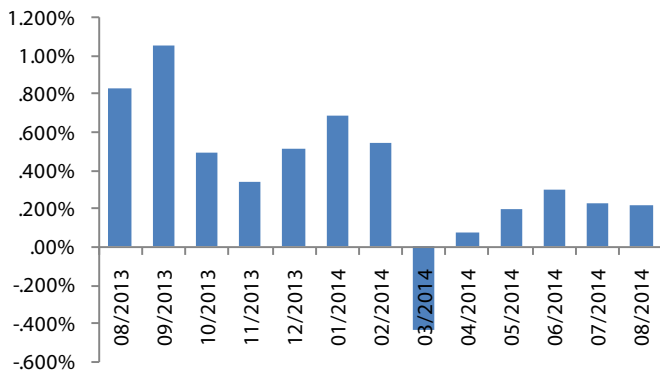
Sources: GSO. Rongviet Securities database  
(\* ) Comparision price in 1994

**Graph 2: IIP**



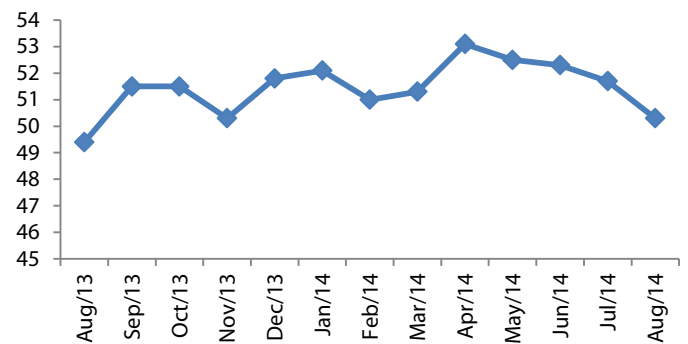
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



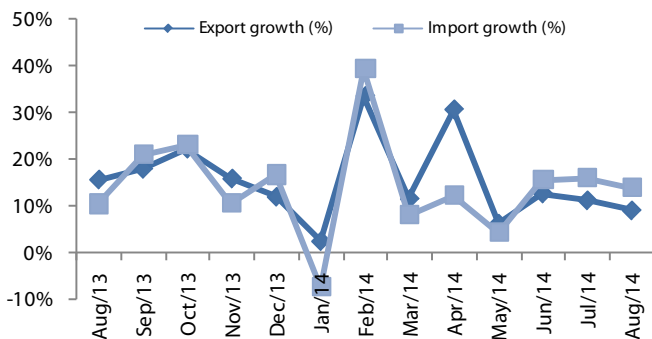
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



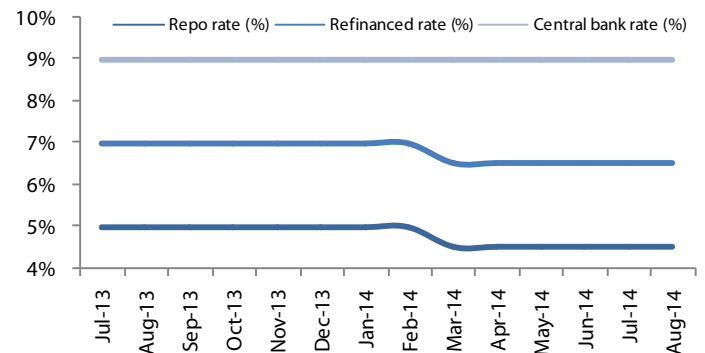
Sources: GSO. Rongviet Securities database

**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 <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
HSG - The hard part has gradually done!	Aug 21 <sup>st</sup> , 2014	Accumulate – Intermediate term	48,100
HPG - On the way to dominate nationwide' market shares	Aug 12 <sup>th</sup> , 2014	Accumulated – Intermediate-term	66,400
NBB - A new chapter with co-investment	Jul 31 <sup>st</sup> , 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%

## ANALYSTS

### Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 314

[truc.dtt@vdsc.com.vn](mailto:truc.dtt@vdsc.com.vn)

### Ngoc Chung

+ 84 8 6299 2006 | Ext: 318

[ngoc.cb@vdsc.com.vn](mailto:ngoc.cb@vdsc.com.vn)

### Lam Nguyen

+ 84 8 6299 2006 | Ext: 318

[lam.ntp@vdsc.com.vn](mailto:lam.ntp@vdsc.com.vn)

### Ha My Tran

+ 84 8 6299 2006 | Ext: 348

[my.tth@vdsc.com.vn](mailto:my.tth@vdsc.com.vn)

### Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

[tai.ntp@vdsc.com.vn](mailto:tai.ntp@vdsc.com.vn)

### Diem My Tran

+ 84 8 6299 2006 | Ext: 344

[my.ttd@vdsc.com.vn](mailto:my.ttd@vdsc.com.vn)

### Trien Le

+ 84 8 6299 2006 | Ext: 339

[trien.lh@vdsc.com.vn](mailto:trien.lh@vdsc.com.vn)

### Tam Bui

+ 84 8 6299 2006 | Ext: 348

[tam.bt@vdsc.com.vn](mailto:tam.bt@vdsc.com.vn)

### Huong Pham

+ 84 8 6299 2006 | Ext: 317

[huong.pt@vdsc.com.vn](mailto:huong.pt@vdsc.com.vn)

### HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon  
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T** +84 8 6299 2006
- F** +84 8 6291 7986
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

### CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- T** +84 4 6288 2006
- F** +84 4 6288 2008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

### CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- T** +84 058 3820 006
- F** +84 058 3820 008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

### CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- T** +84 0710 381 7578
- F** +84 0710 381 7789
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn



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