

**JANUARY**

**21**

**WEDNESDAY**

*“Consumers are happy while investors are indifferent to the oil price.”*

**ADVISORY DIARY**

- **Construction industry in the initial stage of the new growth cycle.**
- **Consumers are happy while investors are indifferent to the oil price.**

**Construction industry in the initial stage of the new growth cycle.**

To continue the series of industries outlook review in 2015, today we continue to the discussion on the construction industry. But in the past year, industry related tickers have not seen the similar “wave” in the market as the real estate sector. However, it should be noted that there are ongoing changes in these companies’ internal operations.

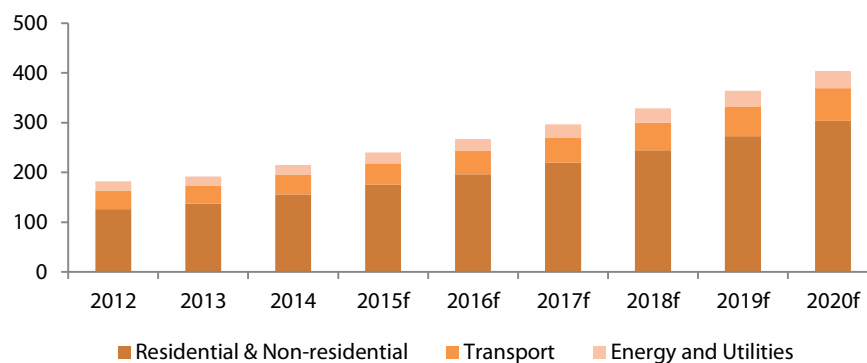
FY2014 is considered as the beginning of a new cycle of growth for the construction industry. And in 2015, this sector outlook is weighed on the recovery of the real estate market and the increasing activities of transport infrastructure projects across the country as well as foreign investment inflows into the manufacturing sector.

In 2015, the government will implement 54 transportation infrastructure projects as well as boost the progress of many important bridge projects such as the 1A National Highway, highways Ben Luc - Long Thanh, Da Nang - Quang Ngai, Ha Noi - Hai Phong, the railway Cat Linh - Ha Dong, the No.1 metro Suoi Tien - Ben Thanh.... However, roads and bridge infrastructure companies may remain risks of cash flow due to a delay payment of the government budget for projects. Besides, 2015 investment disbursement plan from the state budget for infrastructure projects is only half of the figure of 2014. However, the introduction of Tendering Law in 2014 is expected to attract resources from the private sector for the transport sector through public-private partnership (PPP) and create a driving force in the field of infrastructure construction this year.

The growth rate of civil construction segment is considered lower than the infrastructure construction but in this year this segment is still able to rise thank to the real estate market. In other words, constructions contractors are expected to have more jobs especially when many real estate projects restart or are invested. We believe that growth rate of revenue and profits of these firms are ensured. However, we still concern that these firm’s ability to collect cash flow might not be able to improve this year. Besides, due to competition, gross profit margin of civil construction firm is considered at very low rate.

Thereby, we realize that the fundamental of this industry is showing a positive evolution but characteristics of companies operating in the sector (cash flow, margins,) are still in concern.

**Exhibit: Construction industry value**



Source: BMI

**Consumers are happy while investors are indifferent to the oil price.**

In the process of the two recent up and down weeks, the market, today continues to be under pressure of 570 milestone, with closed at 0.54% reduction. Cash inflow remains stable at similar value as previous day, with market liquidity at approximately VND 1,661 billion. Meanwhile, foreign investor transaction is also balanced, with slight net buying of VND 4.3 billion.

As our observation, during the up and down period, individual investor's transactions are quite conservative while foreign investors remain their net bought position. The statistics show that foreign investors have kept their net bought of nearly VND 145 billion while VNIndex fluctuates around 570-580 (12/1 / 2015-21 / 1/2015); meanwhile, they had net sold position of VND 81 billion in the uptrend period (5/1 / 2015-9 / 1/2015). The top buying movers of these investors in recent two weeks are MWG, HVG, PPC, CII, and MSN. Among them, CII is one of the leaders in the infrastructure construction subsector, which is mentioned above as the industry entering a new phase of growth.

Meanwhile, individual investors often react upon "hot" news such as: business results outperforming the expectation, extraordinary earnings. LAS are an example of today trading day. LAS announced the FY2014 EBT at VND 562 million, which is higher than the estimation of VND 555 million and the 2014Q4 earnings after tax increased by 65.75% compared to the same period. The reason is that their distribution agents purchased goods in advance for their reserves, which makes the sales spike in this period. Besides, another reason is that the financial expense in 2014Q4 decreased sharply (~ 38.5% as compared to the same period). With this news, this ticker was traded quite excitingly during sessions after many decreasing sessions in the recent two weeks.

Conversely, KMR nearly dropped to the floor price around the negative result of the 4th quarter. However, according to our industry analyst, KMR seems to be considerably potential in 2015 from: (1) investment to expand and upgrade plants, (2) the price of synthetic fibers (primary material) decreased by the impact of oil prices and (3) increasing orders as Bluesign certification archived by KMR. Besides, KMR will also have 4 million shares listed on the floor tomorrow, 22/01/2015.

Today, gasoline price decreases by 1,450 VND per liter appeared in the media at about 2 pm, however, the market is almost indifferent to the information, even decreases slightly until the end of the session. However, in terms of consumers, our industry analyst informs that the Vietnamese consumers could save about VND 17,000 billion of gasoline expenditure compared to the 2014 figure if the gasoline price remained at the current level.

With market sentiment reacting upon "hot" information as current, we believe that it is hard for the market to establish the new trend in this period. There may be clearer picture of market trend and leading stocks after information of FY2014 business results and 2015 plan of enterprises spreading widely.

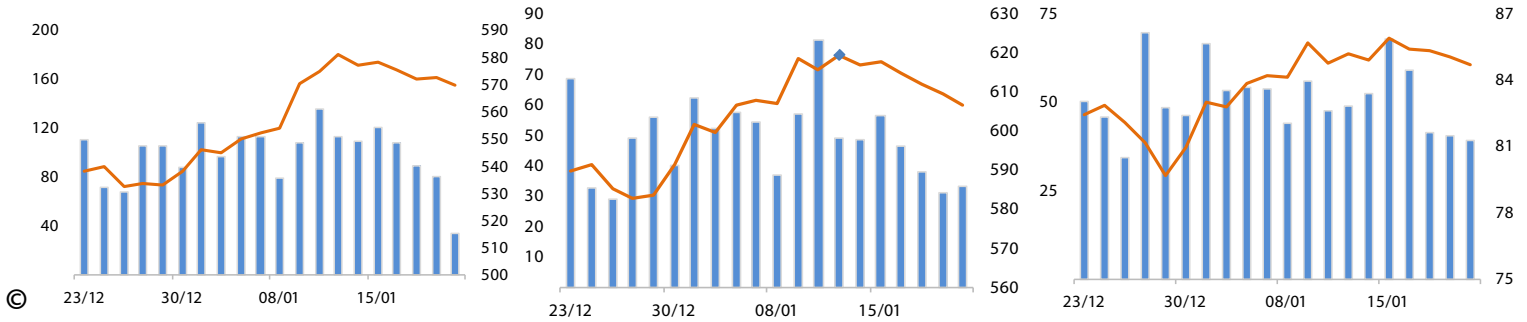
With the indifferent expression to the macro information recently, we believe that it is difficult for investors under the waves during this period. However, this may be time for investors to accumulate stocks for 2015.

**Tuan Huynh**

+ 84 8 6299 2006 | Ext: 326

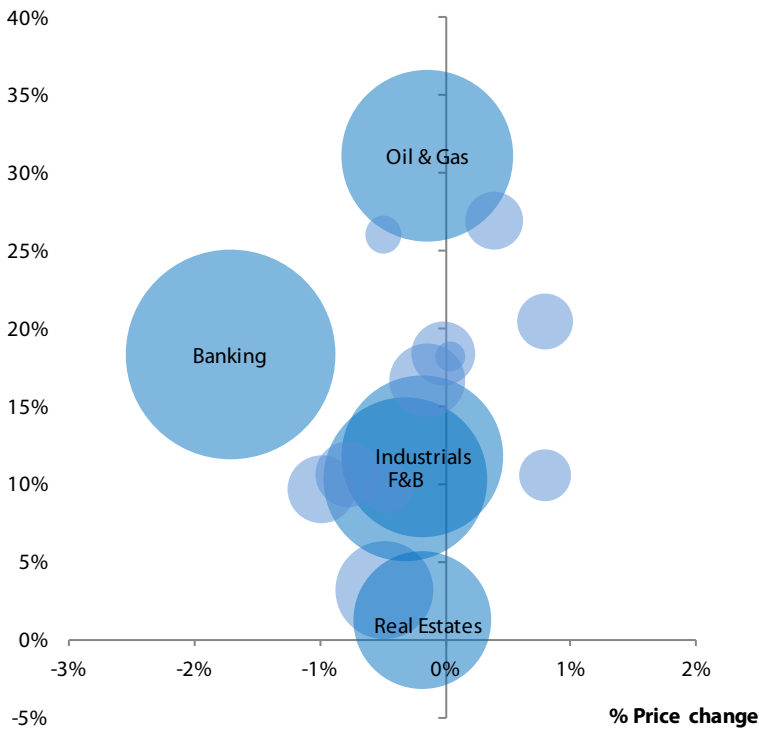
[Tuan.hm@vdsc.com.vn](mailto:Tuan.hm@vdsc.com.vn)

**VNINDEX -0.54% 569.12    VN30 -0.44% 606.53    HNXINDEX -0.42% 84.63**



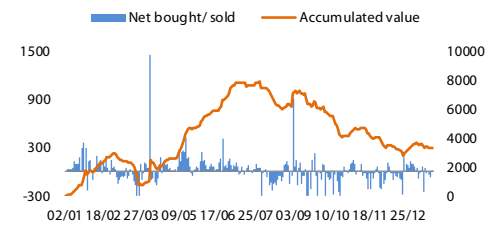
**Industry Movement**

**Industry ROE**

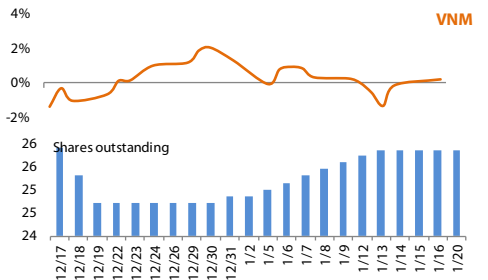
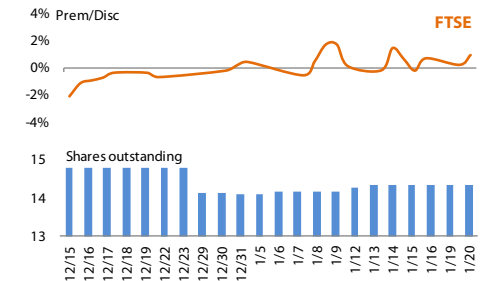


Industry	% change
Technologies	0.8%
Industrials	-0.2%
Constructions	-0.5%
Oil & Gas	-0.1%
Distribution	0.0%
F&B	-0.3%
Household Goods	-0.5%
Cars & Parts	-0.5%
Chemicals	0.0%
Resources	0.4%
Insurances	-0.1%
Real Estates	-0.2%
Financials	-1.0%
Banking	-1.7%
Utilities	-0.8%
Healthcare	0.8%

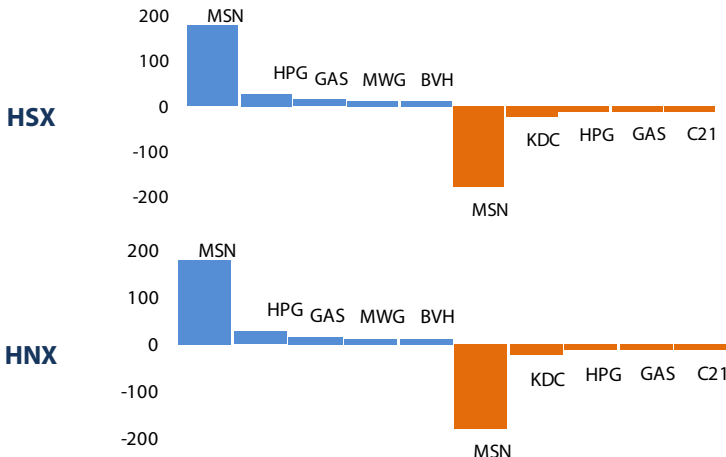
**Foreign Investors Trading**



**ETF**



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



**Top Active**

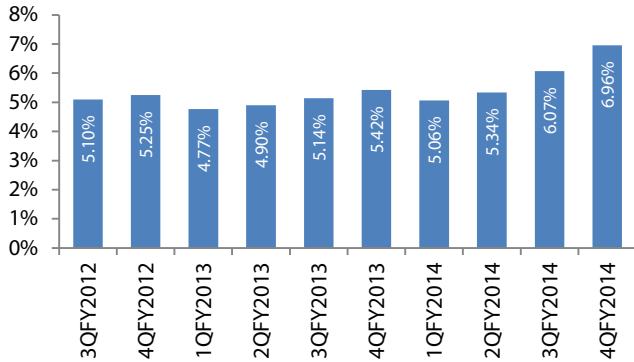
Ticker	Price	Volume	% price change
DLG	12.0	11.32	3.4%
FLC	10.7	6.60	-0.9%
OGC	6.1	2.30	-1.6%
VHG	12.8	2.18	-1.5%
ITA	7.8	2.15	0.0%

Ticker	Price	Volume	% price change
KLF	11.2	5.47	-1.8%
SHS	10.4	5.36	-5.5%
PVX	4.9	1.68	0.0%
SHB	8.6	1.63	-1.1%
SCR	9.0	1.62	-1.1%

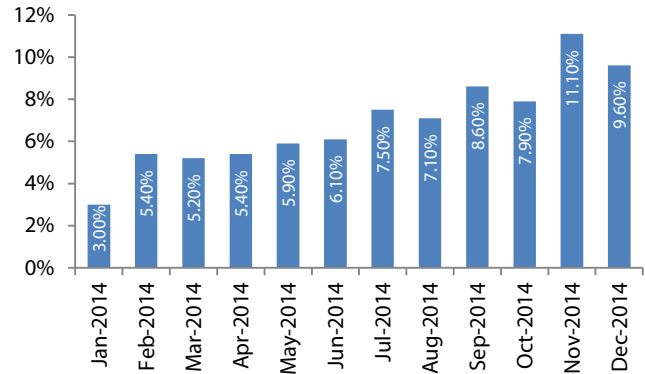
**MACRO WATCH**

**Graph 1: GDP Growth**



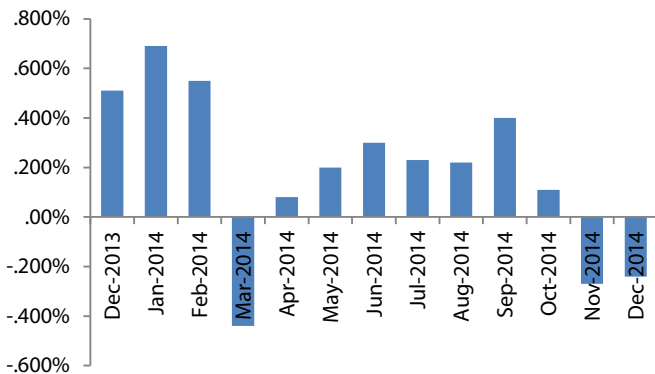
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



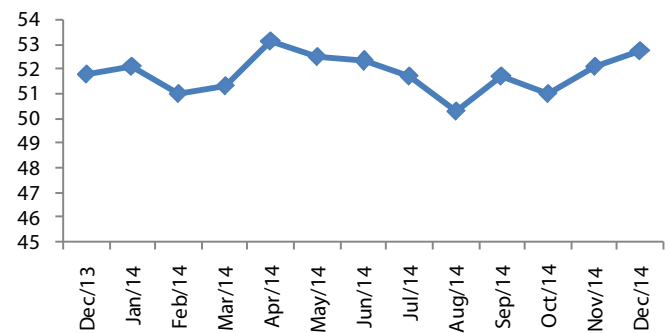
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



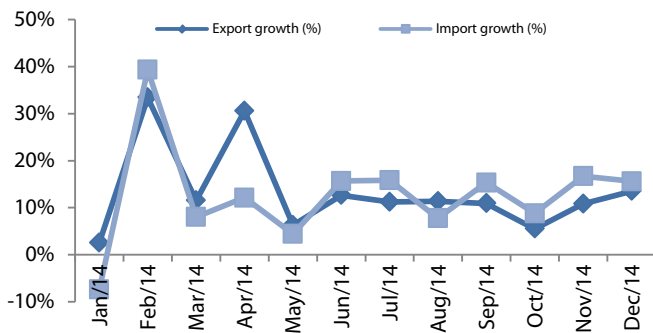
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



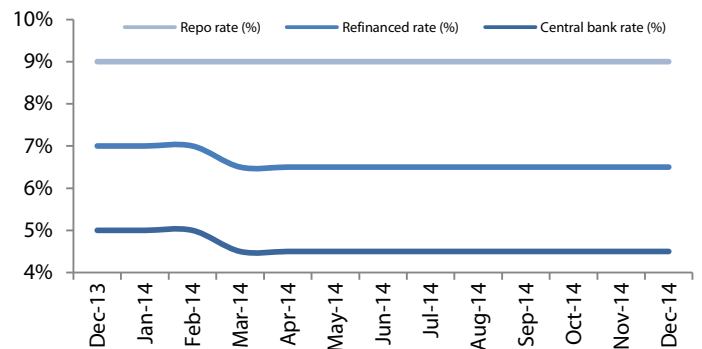
Sources: GSO. Rongviet Securities database

**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
PAC-Opportunities along with challenges	Jan 14 <sup>th</sup> , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 <sup>th</sup> , 2015	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 <sup>th</sup> , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 <sup>th</sup> , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 <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
<u>VFF</u>	06/01/2015	0%-0.75%	0%-2.5%	11,403	11,370	0.29%
<u>VEOF</u>	06/01/2015	0%-0.75%	0%-2.5%	9,353	9,065	3.18%
<u>VF1</u>	14/01/2015	0.2% - 1%	0.5%-1.5%	21,250	21,133	0.55%
<u>VF4</u>	07/01/2015	0.2% - 1%	0%-1.5%	9,017	8,799	2.48%
<u>VFA</u>	09/01/2015	0.2% - 1%	0%-1.5%	7,345	7,313	0.43%
<u>VEB</u>	09/01/2015	0.3% - 0.6%	0%-1%	11,887	11,877	0.09%
<u>ENE</u>	09/01/2015	0% - 3%	0%	10,738	10,605	1.25%
MBVF	08/01/2015	1%	0%-1%	11,307	11,234	0.65%
MBBF	07/12/2014	0%-0.5%	0%-1%	11,924	11,908	0.13%

**ANALYSTS**

**Truc Doan – Head of Research**

+ 84 8 6299 2006 | Ext: 355

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

**Hoang Nguyen**

+ 84 8 6299 2006 | Ext: 328

[Hoang.nh@vdsc.com.vn](mailto:Hoang.nh@vdsc.com.vn)

**Lam Nguyen**

+ 84 8 6299 2006 | Ext: 323

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

**Tuan Huynh**

+ 84 8 6299 2006 | Ext: 326

[Tuan.hm@vdsc.com.vn](mailto:Tuan.hm@vdsc.com.vn)

**Ha My Tran**

+ 84 8 6299 2006 | Ext: 319

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

**Tai Nguyen**

+ 84 8 6299 2006 | Ext: 319

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

**Diem My Tran**

+ 84 8 6299 2006 | Ext: 321

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

**Van Binh**

+ 84 8 6299 2006 | Ext: 324

[Van.btt@vdsc.com.vn](mailto:Van.btt@vdsc.com.vn)

**Trien Le**

+ 84 8 6299 2006 | Ext: 325

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

**Tam Bui**

+ 84 8 6299 2006 | Ext: 324

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

**Huong Pham**

+ 84 8 6299 2006 | Ext: 323

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

**Nam Huynh**

+ 84 8 6299 2006 | Ext: 321

[Nam.hk@vdsc.com.vn](mailto:Nam.hk@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



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report. The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.