

AUGUST

21

THURSDAY

“Foreigners turned bullish as sentiment went high and cash flowed in abundance”

ADVISORY DIARY

- **Leading export of textile & garment in first half of August**
- **HSG – The hard part has gradually done**
- **Foreigners turned bullish as sentiment went high and cash flowed in abundance**

Leading export of textile & garment in first half of August

According to the preliminary statistics of Vietnam Customs Department in first half of August, the total import-export quota of Vietnam reached USD 12.36 billion, in which, export quota reached USD 6.194 billion and import quota reached USD 6.177 billion. In first half of August, textile & garment surpassed mobile phone & parts to become the largest sector with export quota of over USD 1 billion, reaching USD 1.07 billion. With the above result, we remain on the optimistic and positive perspective on textile & garment in the last months of the years thanks to the significant decline in cotton price and high shopping demand, as mentioned previously in advisory diaries of RongViet Research. Additionally, in the upcoming September, the TPP negotiation will be taken place at Ha Noi with the expectation of brining closer approach as well as new chances for the Vietnamese economy in general and for textile & garment enterprises in particular.

HSG – The hard part has gradually done

Today, RongViet Research releases the analyst report of HSG with recommendation of “accumulate” in intermediate term and the target price is VND 48,100/share. In this updated report, our industry analyst concentrates on analyzing the expansion strategy of HSG and comments on the “damage” due to the investments into raw materials with high price, which is now being less tense. Hence, the investor can consider HSG as the potential investment opportunity for the next FY2014-2015.

In the first 3 quarters of FY2013-14, HSG reported a 36.8-percent increase in sales volume to 595,911 tons. As the result, revenue also increased sharply to VND10,966 bn (+28.1% yoy). We saw a dramatic change in the net sales structure during the period wherein the share of domestic sales in total sales increased to 36.5% while that of exports decreased to 40.5%. Though revenue grew remarkably, the gross profit margin dropped sharply to 11.4% (as compared to 16% FY2012-13). We suppose this was because the Company did not benefit as much from raw material speculation as it had previously done. In 2014The completion of Hoa Sen Phu My Steel Sheet Plant Phase 2 would help HSG increase its cold rolling capacity by 69% to 980,000 tons/year. In parallel with the expansion of capacity, HSG has planned to increase the number of retail outlets in the local market from now to 2018, allowing HSG to be more flexible both in its sales policy and in dealing with material price volatility.

In FY2013-14, we forecast that HSG’s sale volume will continue to increase such that revenue will reach about VND15,415 bn (+31% yoy) and net profit about VND399 bn (-31% yoy), translating to EPS of VND4,140. Based on relative valuation, we think current market price of HSG has reflected reasonable company prospect for FY 2013-2014. However, with the brighter expectation for the next fiscal year, we suppose that investor could consider HSG as an investment opportunity if its gross margin shows a positive shift, especially in Q1 of FY2014-2015.

The investors can check out the detailed report on website of Rong Viet Securities at [HERE](#).

Foreigners turned bullish as sentiment went high and cash flowed in abundance

After many accumulated sessions with moving sideway trend in the narrow range, throughout today’s session, the market in general and VN-Index in particular maintained excitement and high

trading volume. From the beginning of August, it might be the most exciting session of VN-Index when it overcame the resistance range of 610 points and sometimes reached 615 points level – the highest increase of VNIndex up to now, meanwhile HNXIndex decreased slightly to 83.01 points. “Green” covered almost the stocks on HSX, however, the significant increase still came from leading tickers such as GAS, BVH, VNM, VIC. Thus, liquidity in HSX also grew up remarkably compared with yesterday’s session, reaching VND 3,300 billion, reflecting positive sentiment of investors. Regarding the excitement of today’s session, after many net-selling sessions, foreign investors conducted net-buying with the trading value of VND 78.3 billion in both exchange, in which HSX accounted for larger proportion of VND77.1 billion after 12-net-sold sessions.

Oil & gas stocks continued to be the leading tickers in terms of increasing prices such as PVT, PXS, PVX and PVB. Moreover, securities and banking stocks both rose in today’s session. Among them, SSI had the highest liquidity with 6.2 million units matching, which went up for two consecutive sessions after positive 2Q NPAT (+193% yoy). In addition, TCM reached ceiling price of VND 31,000 and matching value of 4.5 million units after optimistic information related to the enterprise’s prospect in 2H2014, which was mentioned in the previous advisory diary.

Thuy Nguyen

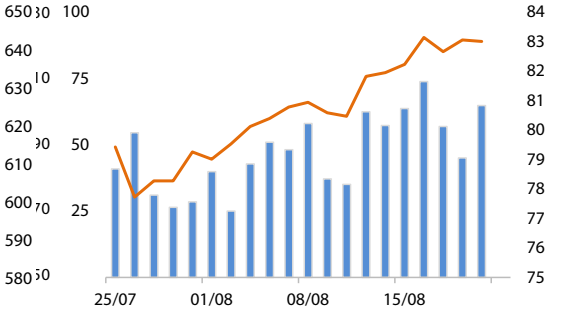
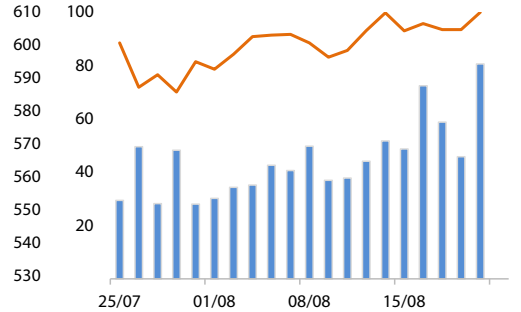
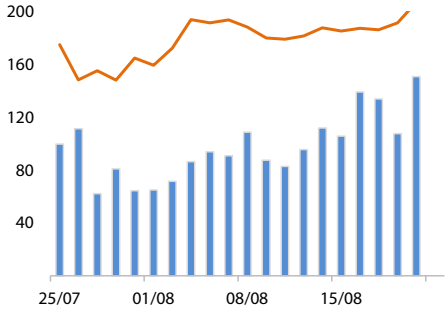
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VNINDEX 1.03% 612.94

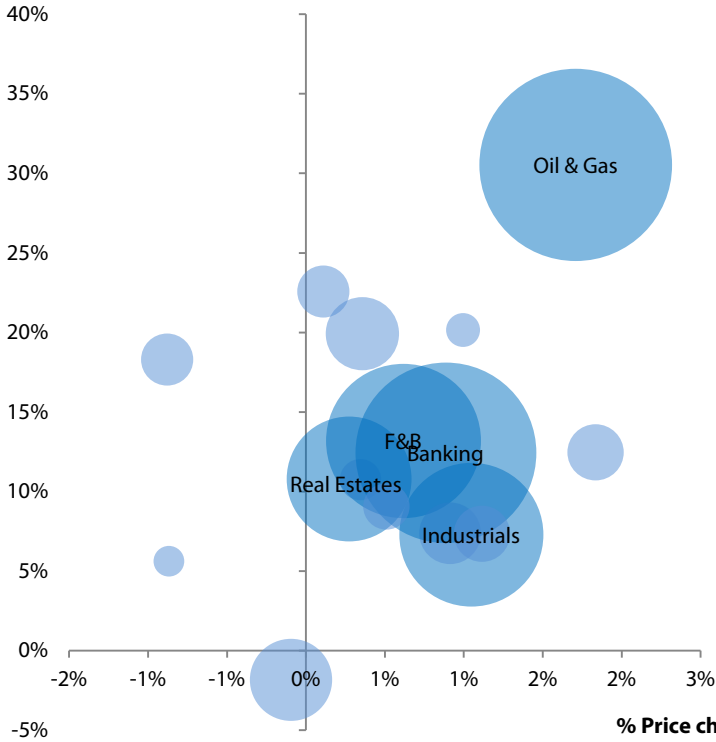
VN30 0.70% 649.94

HNXINDEX -0.06% 83.01

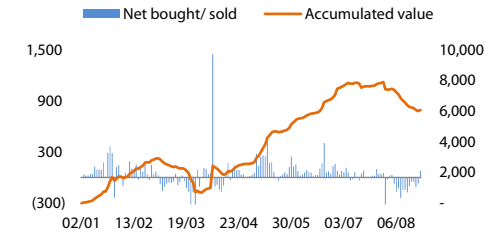


Industry Movement

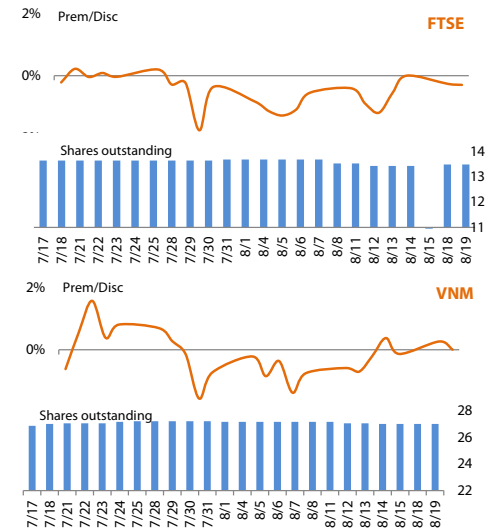
Industry ROE



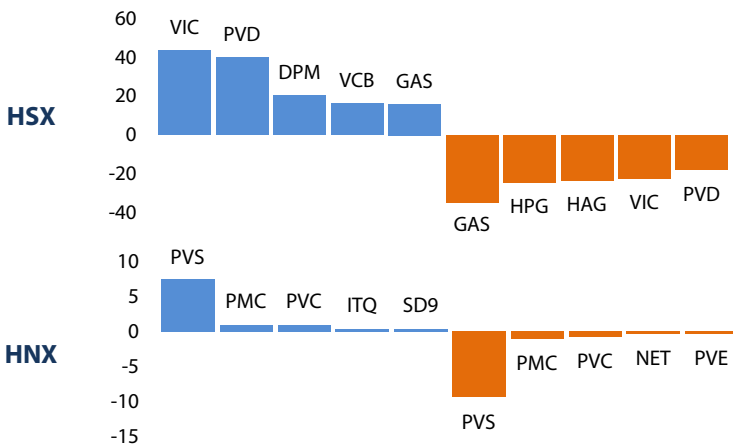
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)

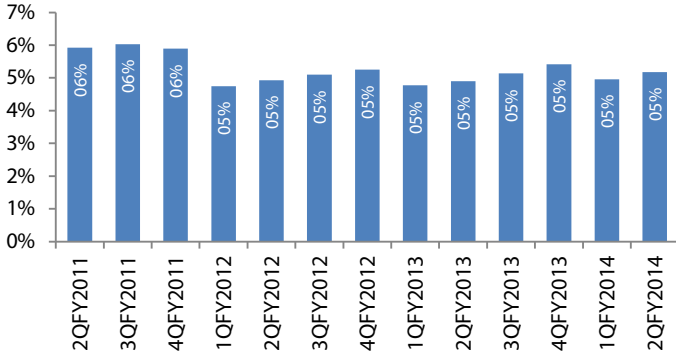


Top Active

Ticker	Price	Volume	% price change
FLC	12.6	23.32	-4.6%
ITA	8.1	6.41	-1.2%
SSI	28.0	6.20	1.1%
TCM	31.0	4.55	6.9%
HAG	25.3	4.25	0.4%
PVX	4.8	9.72	3.1%
SCR	9.8	5.58	0.6%
PVS	37.2	4.52	0.2%
KLF	12.0	3.89	-0.4%
SHS	9.2	3.66	1.9%

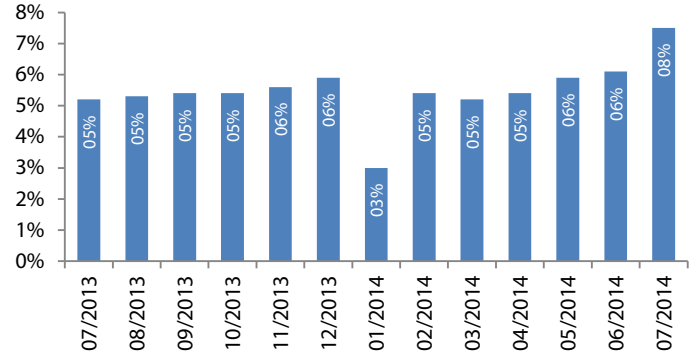
MACRO WATCH

Graph 1: GDP Growth



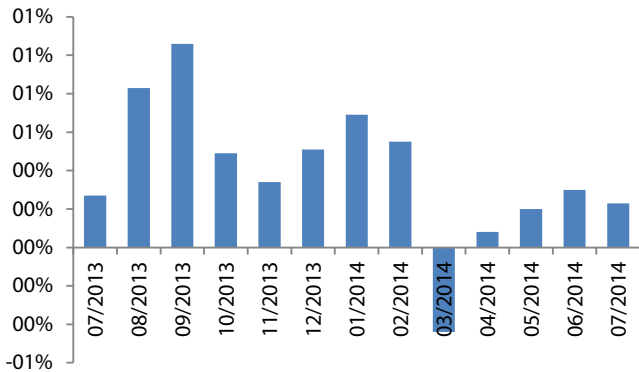
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



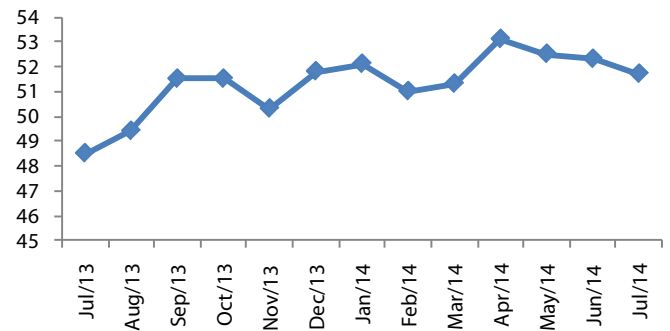
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



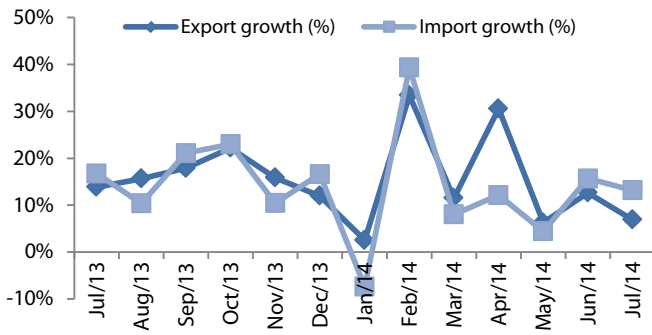
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



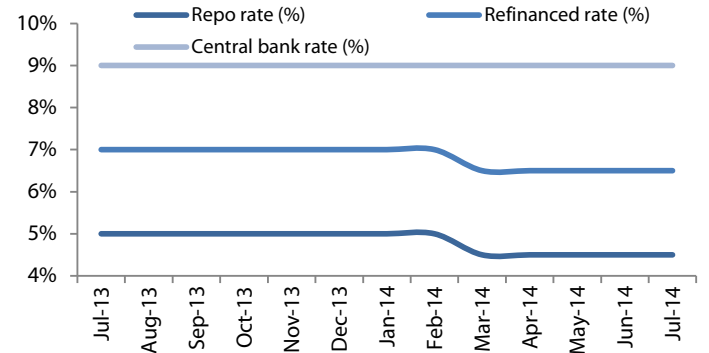
Sources: GSO, Rongviet Securities database

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
HPG - On the way to dominate nationwide' market shares	Aug 12 nd , 2014	Accumulated – Intermediate-term	66,400
DBC-Benefit from decline in material price	May 27 th , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 th , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 th , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 th , 2014	Accumulated – Long-term	19,200

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	05/08/2014	0-0.75%	0-2.5%	11,182	11,053	1.17%
VF1	07/08/2014	0.20% - 1.00%	0.50%-1.50%	22.263	21.759	2,32%
VF4	06/08/2014	0.20% - 1.00%	0.00%-1.50%	10.211	9.946	2,67%
VFA	08/08/2014	0.20% - 1.00%	0.00%-1.50%	7.537	7.422	1,55%
VFB	08/08/2014	0.30% - 0.60%	0.00%-1.00%	11.120	11.002	1,08%
ENF	01/08/2014	0.00% - 3.00%		10,152	10,233	-0.79%

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