

MARCH

04

WEDNESDAY

ADVISORY DIARY

- **Automobile retail: another bullish year**
- **Slightly positive**

Automobile retail: another bullish year

As mentioned in our recent Diary Advisory, there have been some impressive sessions of the automobile stocks (this industry index has increased more than 26% since February 2015, notably TMT (+63%), HHS (+14%), SVC (+15%)). According to our analyst’s opinion in our Strategy report, which is about to be published, this industry will still have an positive performance after impressive result in 2014, with automobile sales increased by 43% (y-o-y).

Table. The operation performances of automobile retail companies

	+/- Sales (%)	+/- PAT (%)	ROE (%)	D/E (x)
HHS	185%	66%	18%	0.00
TMT	172%	1289%	20%	0.90
HAX	78%	586%	17%	0.59
HTL	76%	198%	43%	0.00
SVC	20%	27%	7%	1.07
SAV	20%	-595%	-8%	0.76
PTB	14%	21%	33%	1.59

Source: RongViet Research

“Slightly positive”

In 2015, with the recovery of retail sector growth (the Vietnam retail sales index rose by 11.9% in January 2015), the automobile retail industry is expected to grow positively due to the automobile industry recovery and optimistic factors of policy and macroeconomics impacting on this sector.

The automobile retail enjoys benefits by the significant recovery of the automobile industry. In 2013-2014, this industry recorded the 2-digit growth (20% in 2013 and 40% in 2014 (source VAMA)).

Besides, this industry in 2015 would enjoy benefits from macro factors and policies such as:

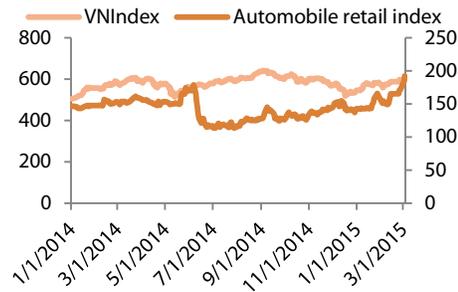
- (1) Low interest rate environment (7-9 % for short and medium-term loans) stimulates demand for consumer loans
- (2) Tightening truckload policy (TT 06 / VBHN - BGTVT) increases new car investments
- (3) Increasing investment in public infrastructure supported by public investment policy (30-35% of GDP is allocated as development investment fund) while positive forecasts of logistics industry in the coming years result in more business expansion.
- (4) The improvement in consumer confidence index, at 142.3 points in February 2015.

Automobile market in Vietnam is classified into two main product lines: imported cars and locally assembled cars. Both enjoy similar benefits as the automobile industry as above. At the same time, the differences between these two product lines are import tariffs and price difference. Demand for imported cars is likely to increase over the tax cut agreement from ASEAN Trade Agreement (ATIGA) (down about 50% from 2014 and the 0% in 2018). Meanwhile, local assembled cars are more affordable hence more attractive to customers relatively to imported ones.

There are differences in benefits as industry drivers as well as impacts of policy factors between

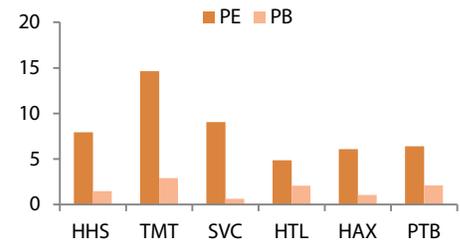
listed automobile manufacturing-distribution companies. We will discuss more details in the “morning café” meeting with our investors at the RongViet floor as well as give our opinions on some industry companies in the 2015 stock market report published in this month.

Chart: VN-Index and automobile index



Source: RongViet Research

Chart: PE and PB of listed automobile companies (04/03/2015)



Source: VAMA, RongViet Research

Slightly positive

Following yesterday exciting session, the market index increased and overcome the resistance level 610. Simultaneously, market breadth remained positive with green tickers double red tickers.

Today’s industry indexes have been better than rally sessions before and after the Lunar New Year. Although the banking sector did not produce positive gains as previous sessions (decreasing in more than 2/3 today’s session length and recovered at the end of the session with 3 gaining stocks including VCB, STB and EIB) but many other industries on the other hand saw gains. We think this is a positive sign since the rise of the Index is considered more “quality”, instead of the rest of the market looking at the spectacular trading of banking stocks in February 2015.

The market trading value reached VND 2,500 billion and tended to focus on certain groups. Especially, securities sector was most prominent with all stocks increasing significantly, particularly, AGR and BSI closed at ceiling price and HCM, VDS rose respectively 4% and 5,6%... The recovery in recent time seems to create optimistic performance expectation of securities companies. Besides, the automobile stocks as mentioned above, still kept the uptrend of previous sessions. TMT and HAX shined today when they closed at ceiling price; specially TMT reached the purple color in the very first moment and maintained the lack of supply during session.

Today, foreign investors also kept their net bought position at VND110 billion, recording the 14 consecutives net-bought sessions. Also, they bought strongly real estate companies such as: PDR and KBC, beside the tickers: BID, MWG,... which are usually bought in recent sessions.

The market movement is complied with our expectation. According to increases in industry indexes and an improvement of liquidity, we suppose this movement is more likely to remain in few coming sessions.

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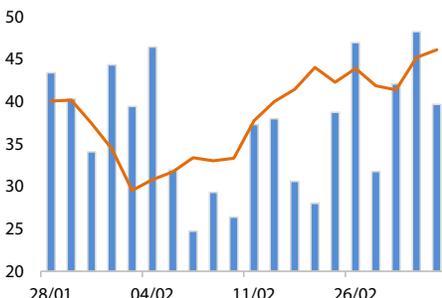
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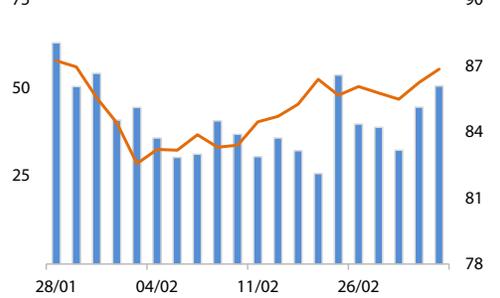
VNINDEX 0.62% **600.39**



VN30 0.39% **629.69**



HNXINDEX 0.71% **86.85**



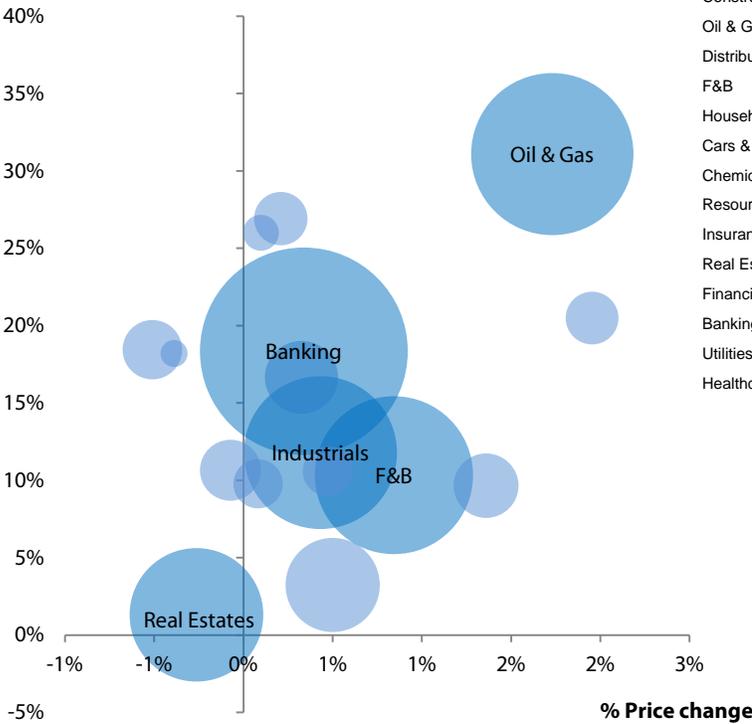
Industry Movement

Industry	% change
Technologies	2.0%
Industrials	0.4%
Constructions	0.5%
Oil & Gas	1.7%
Distribution	-0.4%
F&B	0.8%
Household Goods	0.1%
Cars & Parts	0.1%
Chemicals	-0.5%
Resources	0.2%
Insurances	0.3%
Real Estates	-0.3%
Financials	1.4%
Banking	0.3%
Utilities	-0.1%
Healthcare	0.5%

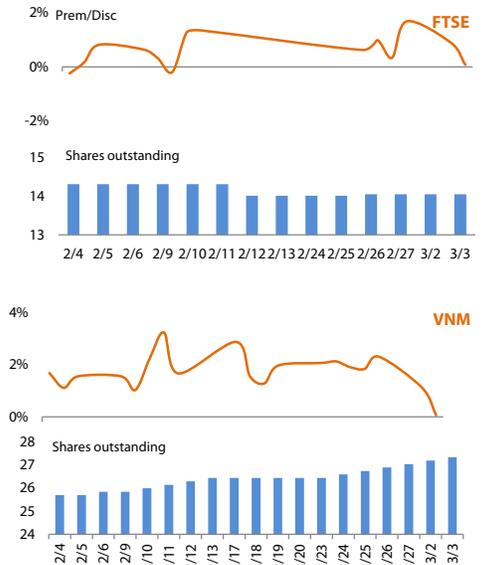
Foreign Investors Trading



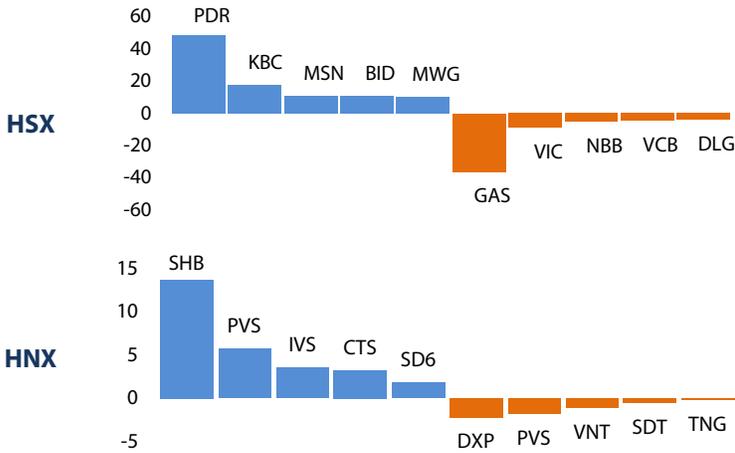
Industry ROE



ETF



Top net bought/sold by foreigners (VND bn)



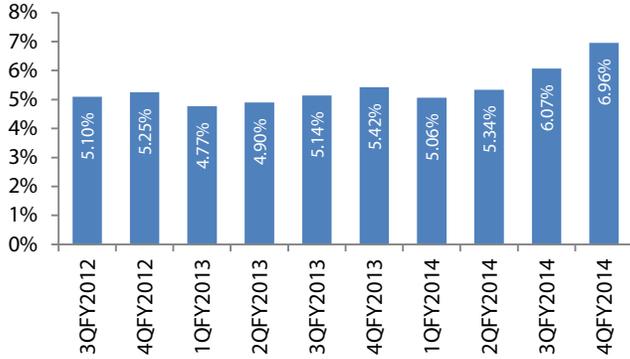
Top Active

Ticker	Price	Volume	% price change
HAI	15.9	11.77	-1.9%
KBC	17.1	7.51	3.0%
FLC	11.2	5.98	-0.9%
ITA	7.7	3.95	0.0%
VHG	13.1	3.58	1.6%

Ticker	Price	Volume	% price change
KLF	10.8	7.72	0.9%
SCR	8.1	4.15	0.0%
HUT	15.7	3.56	4.7%
PVX	5.3	2.87	0.0%
VCG	13.8	2.59	5.3%

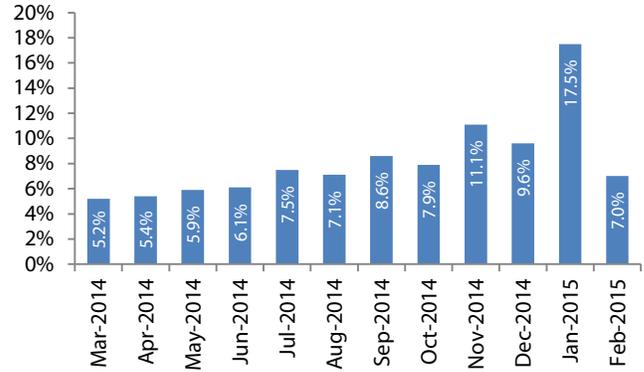
MACRO WATCH

Graph 1: GDP Growth



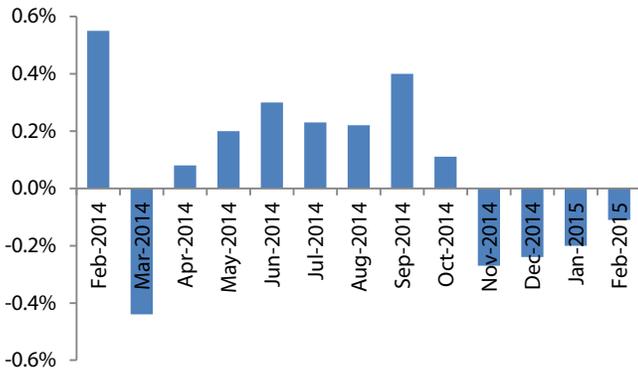
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



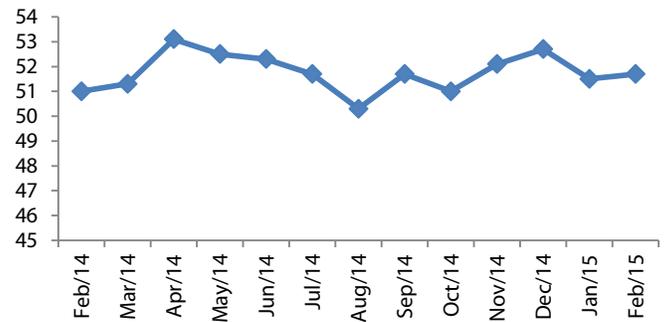
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



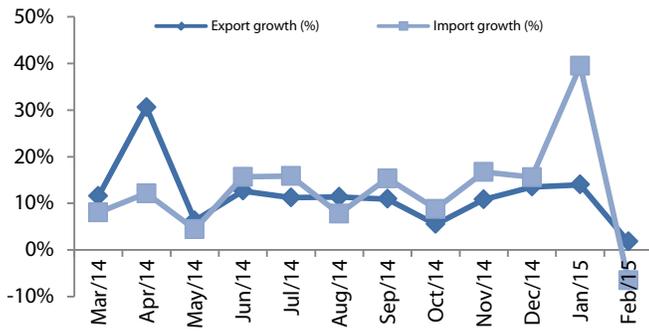
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



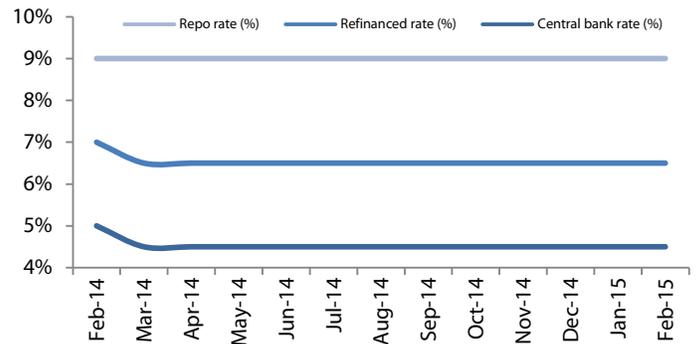
Sources: GSO. Rongviet Securities database

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 th , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 th , 2015	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 th , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 th , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 th , 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	27/01/2015	0%-0.75%	0%-2.5%	11,583	11,454	1.13%
VEOF	27/01/2015	0%-0.75%	0%-2.5%	9,627	9,567	0.63%
VF1	30/01/2015	0.2% - 1%	0.5%-1.5%	21,515	21,452	0.29%
VF4	28/01/2015	0.2% - 1%	0%-1.5%	9,337	9,218	1.29%
VFA	30/01/2015	0.2% - 1%	0%-1.5%	7,415	7,371	0.58%
VFB	30/01/2015	0.3% - 0.6%	0%-1%	12,015	11,912	0.86%
ENF	23/01/2015	0% - 3%	0%	10,481	10,790	-2.86%
MBVF	22/01/2015	1%	0%-1%	11,115	11,176	-0.54%
MBBF	21/01/2015	0%-0.5%	0%-1%	11,880	11,921	-0.34%

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