

**MAY**

**18**

**MONDAY**

**ADVISORY DIARY**

- **Foreigners shrugged shoulders at deep declining day**
- **1Q2015's update results – Textile industry**

**Foreigners shrugged shoulders at deep declining day**

Monday's trading session plunged on the both exchanges by massive selling pressure from domestic investors. As a result, VNIndex lost 1.58% and HNIndex declined 2.17%. Widespread negative sentiment caused VNIndex to fall sharply from the opening and close at the lowest level of the day; the number of downs doubled the ups and reference ones. However, the greatest impacted stocks were not the key stocks such as GAS, MSN, VIC, BVH large-caps, but the large-caps and mid-caps as HSG, HPG, PVD, REE, CII, GMD, TCM, PNJ... Under high-pressure selling, the liquidity on the HSX improved with trading value surged nearly 50%; the liquidity on the HNX almost unchanged.

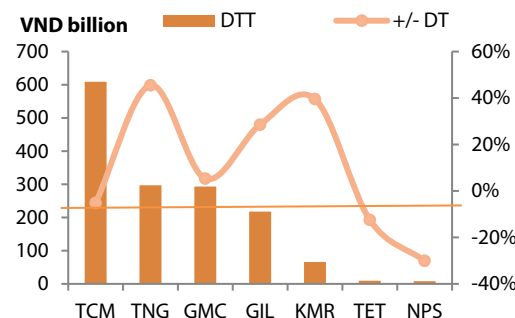
Regarding the much-expected Trans-Pacific Partnership (TPP), following a failed attempt to push the Trade Promoting Authority (TPA, a.k.a fast-track negotiating authority) through the Senate, US President Barrack Obama reached a deal with key Senate Republicans last week to bring the bill back on the table. The TPA legislation, which will give the President the authority to negotiate trade agreement, will be subject to debate in front of the Senate this week. The bill is expected to boost of TPP negotiations and bring the trade pact to conclusion by the end of the year. TPP trade ministers will enter another negotiating round between the 26th and 28th of May.

In contrast with their eagerness earlier this month, foreigners seemed reluctant to save the market today. The foreign sector bought net VND35 billion in the HSX and VND15.5 billion in the HNX. However, net purchases in the southern market come mostly from VIC an MSN with the foreign investors on both sides of the trade. For those who expect foreigners will lend a hand whenever the market takes a plunge against the possibility that the foreign ownership limit will be lifted in a few months, this was not good news.

With today's market movement, we still believe that the present is still not the right time to disburse at bottom. Before the market sentiment stabilizes and the cash flows improve, risk aversion investors should hold cash and consider investing in some high dividend yield stocks and optimistic expected 2Q2015's earnings.

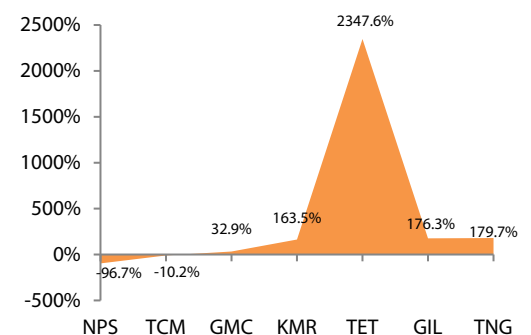
**1Q2015's update results – Textile industry**

**Graph 1: 1Q2015's revenue**



Source: RongViet Research compiled

**Graph 2: NPAT's growth**



Source: RongViet Research compiled

*“Foreigners shrugged shoulders at deep declining day”*

Assessing the positive news about TPP negotiations and Q1/2015 announced earnings of textile

and garment companies, we would like to give investors an overview on the operations of these ones in the first 3 months of 2015.

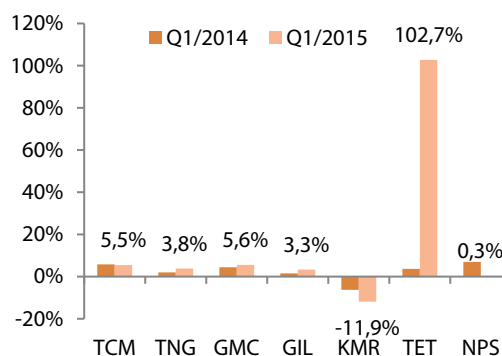
Although 1Q2015 was not the peak season but the majority of textile enterprises recorded positive growths in revenues and NPAT compared to the same period last year, except for TCM with NPAT fell 10.2% yoy, NPS with NPAT decreased 96.7% yoy and KMR with NPAT dropped the double yoy. The core business activity of TET was somewhat less positive, TET recognized a significant growth in NPAT, which up to 2347.6% thanks to VND12.6 billion from other income.

Because of operating in specific sector (quilting, padding used for producing warm clothes), KMR's annual 1Q2015 is usually less positive. Nevertheless, we expect 2Q2015 earnings could be brighter thanks to: (1) business activities enter peak season (April to October); (2) Binh Duong plan is upgraded and Hung Yen plan is equipped with more advanced machines, which enable KMR to produce higher quality products at better profit margin; (3) the ability to achieve Bluesign certificate (projected to get in June 2015) might help KMR attract orders from demanding markets such as USA, Japan.

Because yarn prices declined following cotton price while yarn segment accounted for 40-50% of the total revenue, 1Q2015's NPAT of TCM was less positive than the same period last year. However, the remarkable point was that the Company had actively used up all high-priced cotton inventories from 4Q2014 and the yarn prices are having some recovery, therefore, gross margin could enhance since 2Q2015.

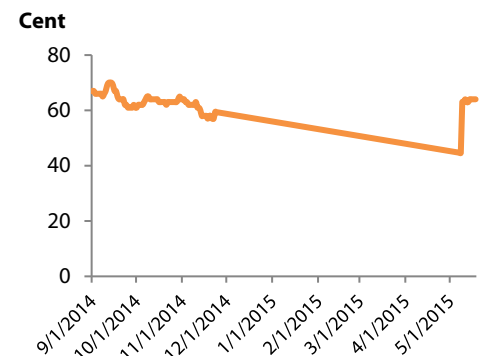
**Huong Pham**  
+ 84 8 6299 2006 | Ext: 323  
[huong.pt@vdsc.com.vn](mailto:huong.pt@vdsc.com.vn)

**Graph 3: Net margin**



Source: RongViet Research compiled

**Graph 4: Cotton price's movement**

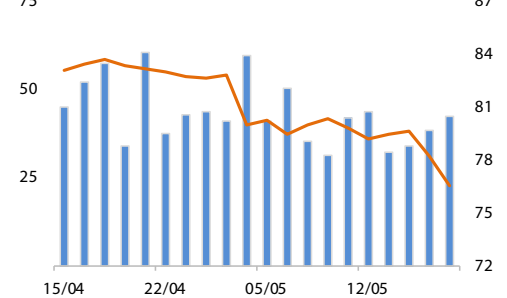
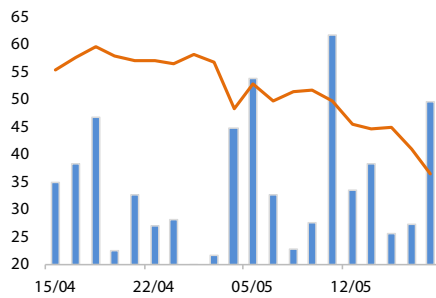
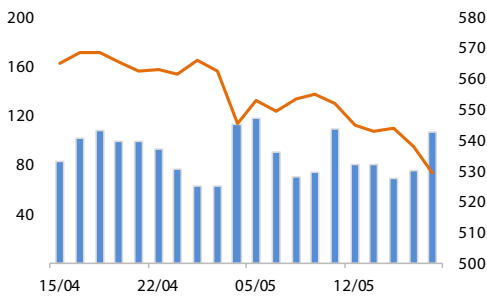


Source: Bloomberg

On the other hand, TNG continued to record remarkable growth in 1Q2015 sales and NPAT at 45.5% and 179.9% (y-o-y), respectively. However, the large number of unfinished orders due to the long holiday made sales and NPAT of 1Q2015 only achieved 17% and 15% of respective 2015's guidance. We remain confident on the company's ability to meet 2015 targets because: (1) stable orders from major markets including the US, Canada, Mexico, ...enough for the Company to fully operate to 3Q2015; (2) Dai Tu plant (ran from 1Q2015) with initial capacity of 11 production lines would increase 2Q2015 sales and reduce reliance on external processing resource; (3) increase FOB's proportion orders to 70% from 50% as of 2014, providing higher profit margin.

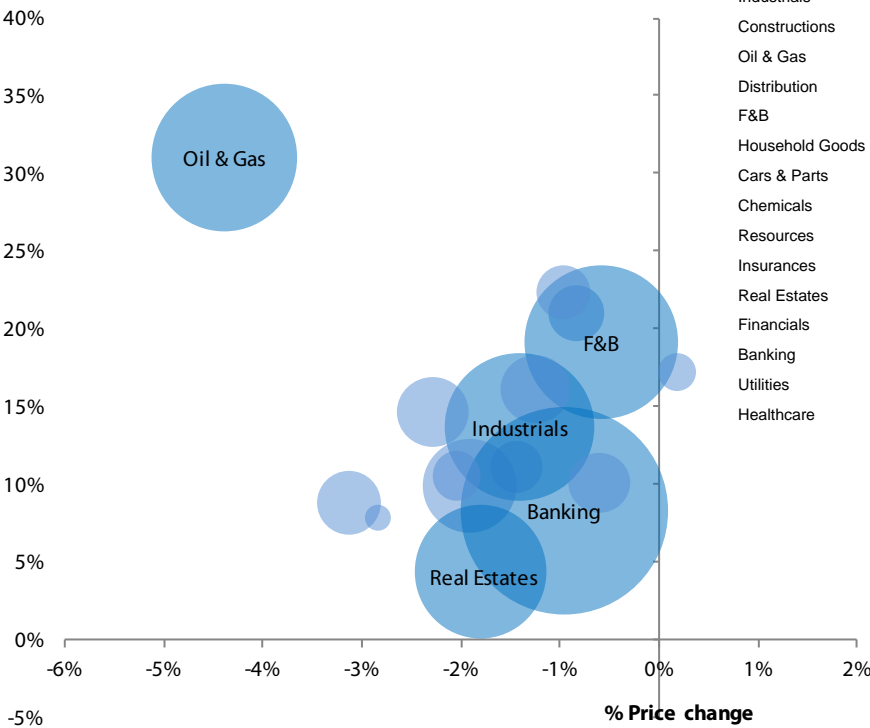
When the signing of free trade agreements is approaching, the opportunity to develop the textile industry is expanding. However, the companies have large production capacity and are working toward higher value in the value chain of textile industry such as TCM, GMC and TNG are expected to better utilize the benefit of above FTAs.

**VNINDEX -1.58% 528.95    VN30 -1.60% 552.90    HNXINDEX -2.17% 76.51**



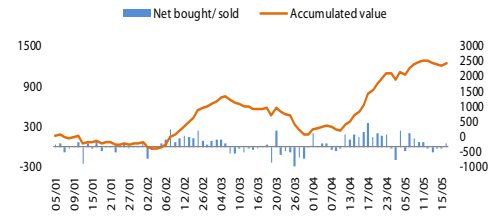
**Industry Movement**

**Industry ROE**

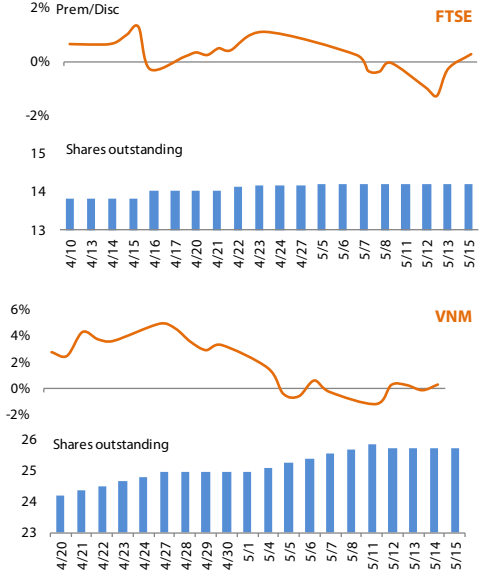


Industry	% change
Technologies	-0.8%
Industrials	-1.4%
Constructions	-1.9%
Oil & Gas	-4.4%
Distribution	-2.8%
F&B	-0.6%
Household Goods	-1.4%
Cars & Parts	0.2%
Chemicals	-1.3%
Resources	-1.0%
Insurances	-2.3%
Real Estates	-1.8%
Financials	-3.1%
Banking	-1.0%
Utilities	-0.6%
Healthcare	-2.0%

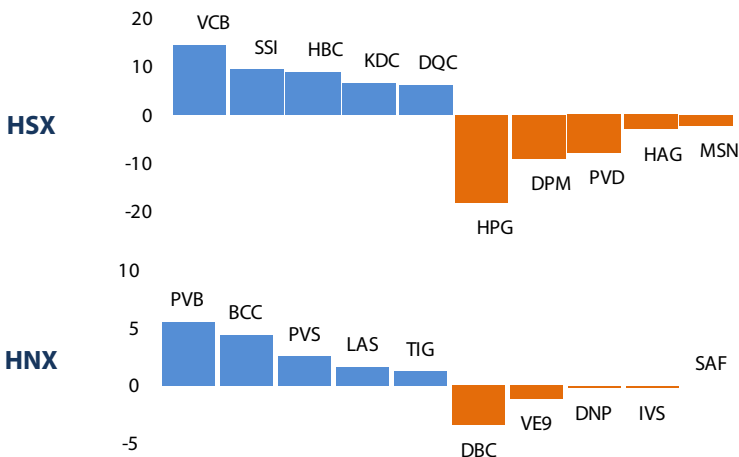
**Foreign Investors Trading**



**ETF**



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



**Top Active**

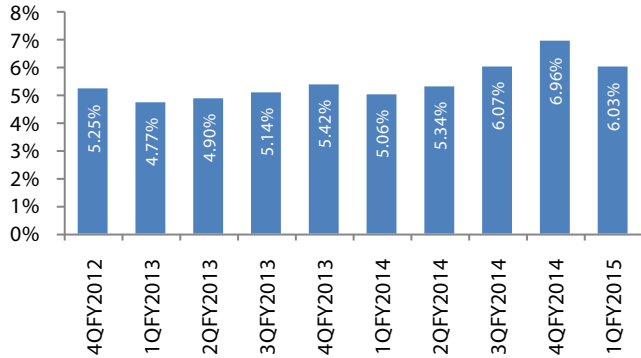
Ticker	Price	Volume	% price change
FLC	9.1	16.71	-3.2%
HAG	17.1	5.03	-2.3%
OGC	2.6	4.45	-3.7%
HAI	8.0	4.22	-5.9%
CII	21.2	3.42	-3.6%

Ticker	Price	Volume	% price change
KLF	6.4	5.84	-5.9%
SHB	7.5	4.63	-2.6%
PVX	3.5	3.24	-7.9%
FIT	12.9	2.86	-4.4%
SCR	6.3	1.53	-1.6%

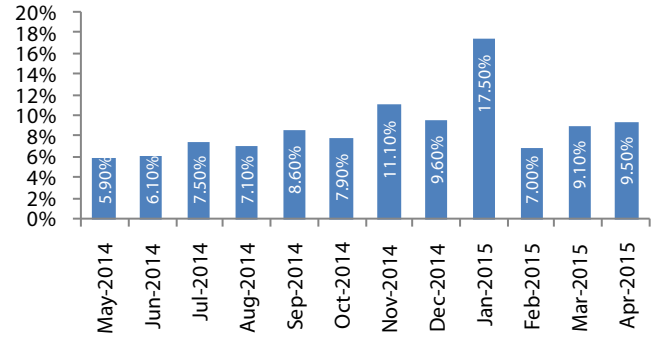
**MACRO WATCH**

**Graph 1: GDP Growth**



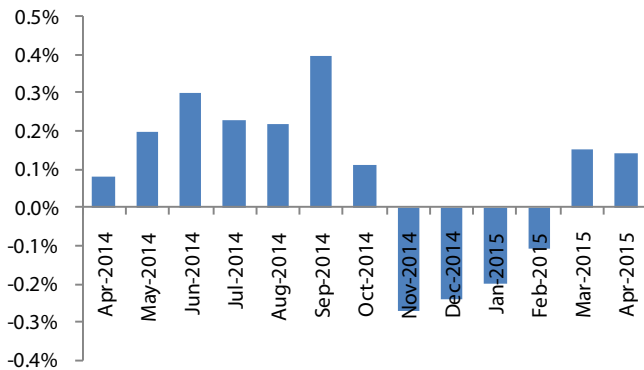
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



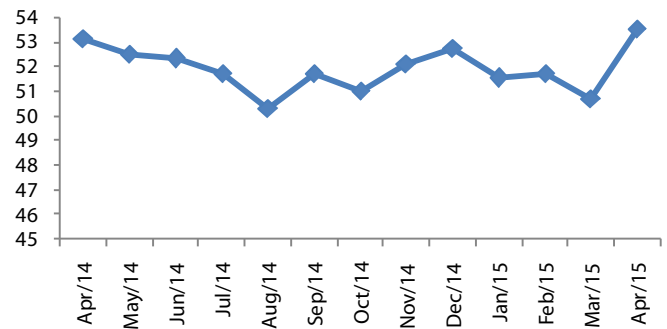
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



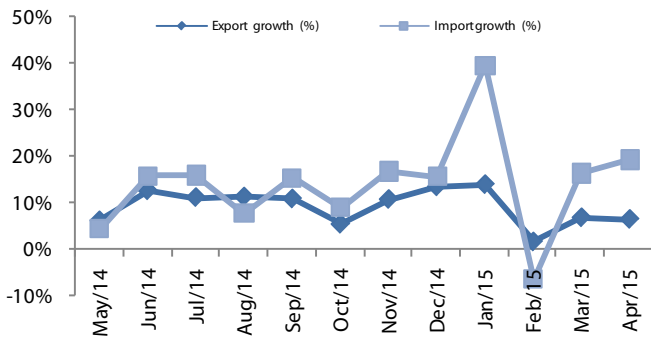
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



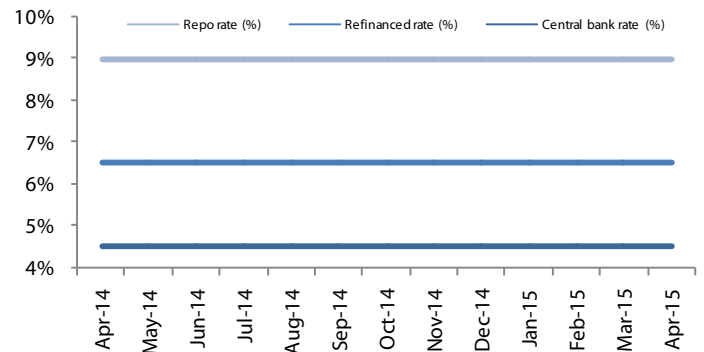
Sources: GSO. Rongviet Securities database

**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
GSP- Heading for a new growth period	May 11 <sup>th</sup> , 2015	Accumulate – Long term	16,600
STK - Running on all cylinders	May 7 <sup>th</sup> , 2015		30,800
VPH - Emerging from its lowest	May 5 <sup>th</sup> , 2015	Buy – Intermediate term	15,300
DHC-Giao Long factory (phase 2) adds lights to the long-term plan	April 24 <sup>th</sup> , 2015	Buy – Intermediate term	26,200
PLC - A firm foothold	April 14 <sup>th</sup> , 2015	Accumulate – Intermediate term	40,000

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	05/05/2015	0% - 0.75%	0% - 2.5%	11,672	11,683	-0.09%
VEOF	05/05/2015	0% - 0.75%	0% - 2.5%	9,238	9,456	-2.31%
VF1	08/05/2015	0.2% - 1%	0.5%-1.5%	20,675	20,520	0.75%
VF4	06/05/2015	0.2% - 1%	0%-1.5%	8,978	9,098	-1.38%
VFA	04/05/2015	0.2% - 1%	0%-1.5%	7,154	7,168	-0.20%
VFB	08/05/2015	0.3% - 0.6%	0%-1%	12,126	12,133	-0.05%
ENF	04/05/2015	0% - 3%	0%	10,834	10,779	0.51%
MBVF	04/05/2015	1%	0%-1%	10,449	10,439	0.10%
MBBF	29/04/2015	0%-0.5%	0%-1%	12,075	12,064	0.09%

**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)

**Kien Nguyen**

+ 84 8 6299 2006 | Ext: 326

[Kien.nt@vdsc.com.vn](mailto:Kien.nt@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: 320

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

**Van Banh**

+ 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



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