

OCTOBER

16

THURSDAY

*“Market was still
panic”*

ADVISORY DIARY

- **GDT: 9-month earning result grew strongly**
- **Market was still panic**

GDT: 9-month earning result grew strongly

Recently, RongViet Research just had a discussion with GDT to get the company’s result updates. According to the company’s sharing, the first 9-month revenue was estimated to reach VND197.1 billion; surging 19.6% over the same period, completing 78% of target revenue. Also, PAT will be VND43.5 billion; adding 54.2 % yoy, reaching 97% of target PAT. This could be an impressive result of GDT in the past 2 years.

The significant performance of GDT partly came from the downturn in rubberwood (VND 6 million/m³), deteriorating 12% in comparison with 2012. In fact that, the loss of rubber price lead to wood-cutting of rubber enterprises recently. Therefore, rubberwood was expected to continuously tumble due to surplus in rubberwood supply.

In the nine months end September 2014, exports continued to make up the largest part GDT’s revenue, i.e. 80%. Asia and Europe, whose combined revenue contribution has been maintained at about 70% in the last 2 years, remained the largest markets in the nine-month period. GDT has been constantly on a search for an alternative market that can make up the contraction of the European market where Middle East and Russia are the targets of much potential. Locally, GDT has been paying more attention to specific segments than the market as a whole, dividing its sale team into smaller, segment-focused groups. Since the beginning of 2014, the portion of project sales in total sales has been on an increase thanks to such large manufacturers as Abbott, Dutch Lady, and Procter & Gamble... etc. ordering in large quantity to gift their customers. This sale channel is also viewed by the Company as a cost-efficient marketing method.

Further, the Company is now in course to expand its factory in Tan Uyen, Binh Duong by 8,000 m², which is set to be finished by this November. The factory currently has a capacity of 15,000 m³ but the expansion will allow it to produce 20.000 m³ to 25.000 m³ of finished products each year.

With respect to dividend plan, GDT intends to pay 25-30% of share capital as cash and stock dividends this year. The firm paid the cash installment yesterday at 10%; payment details of the stock dividend will be announced after the 2014’s whole-year results are available.

Given Q3 encouraging earnings and in an optimistic outlook for Q4, our analyst estimates the forward P/E for GDT at just about 5%. As we have occasionally mentioned in our Advisory Diary, GDT is a company with stable operations, steady growth over the years and a well-maintained and rather lucrative dividend scheme, making the stock more suitable for value investors. However, low liquidity and free float are some constraints investors will have to consider if they are to take a long position in GDT.

Market was still panic

Since two months, bearish market is no longer a new headline in stock market, however, a tumble of 17.12 points on VN-Index and 2.36 points on HN-Index (the strongest decline since May) might lose many investors’ heads. The indices slumped from the beginning, then maintained through today session and closed at 587.17 points on VN-Index and 87.2 on HN-Index. As we mentioned in yesterday advisory dairy, although bottom-fishing momentum was relatively prudent, the indexes

slightly restore at the end, which helped prevent it from deep decrease. However, in today session, this demand power seemed totally disappeared. “Wait to get best prices” psychology spread through almost stock groups and the outstanding buy orders at “cheap” prices were not matched when the sessions ended. Market spread was tilted toward buyers. Specially, all tickers on VN30 experienced a drop. Liquidity jumped with VND4,152 billion on both exchanges (+37% compared to yesterday). Nevertheless, if compared with average other previous decline sessions, the above value was not really considerable so the demand was not belongs to those who wanted to get bottom fishing.

Since early week, it can be seen that earning results become useless, many companies have released their 3Q business results; however, these stocks are still influenced by a loss momentum of the market.

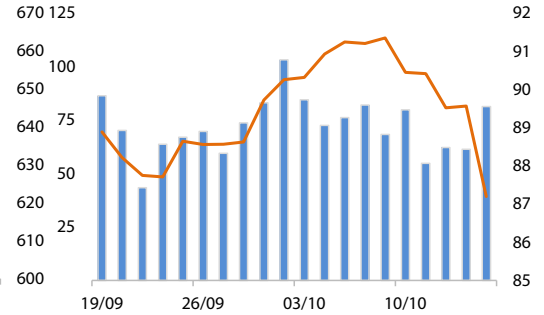
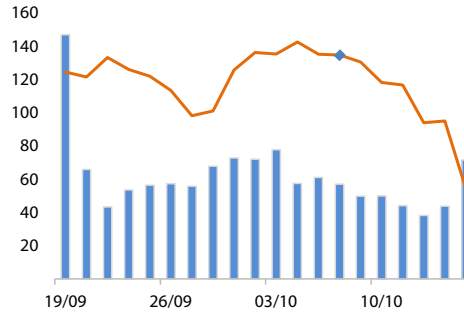
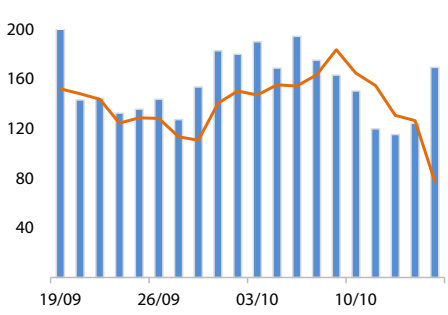
Foreign investors continued to net sell with a total value of VND259 billion. Since early October, they net sold a total of VND1,127 billion, 78% of total net selling value in both August and September. Top net sold by foreigners focused on large-caps which accounted for about 50% of matching value, such as PVD, HPG, VIC,... We think that there is likely a correlation between foreign investors’ reaction and Vietnam stock market as well as other emerging markets because of global economic woes. However, the proportion of foreigners’ trade in Viet Nam stock market is just about 13%, which is not the main driver instead of domestic investors.

Ngoc Chung

+ 84 8 6299 2006 | Ext: 318

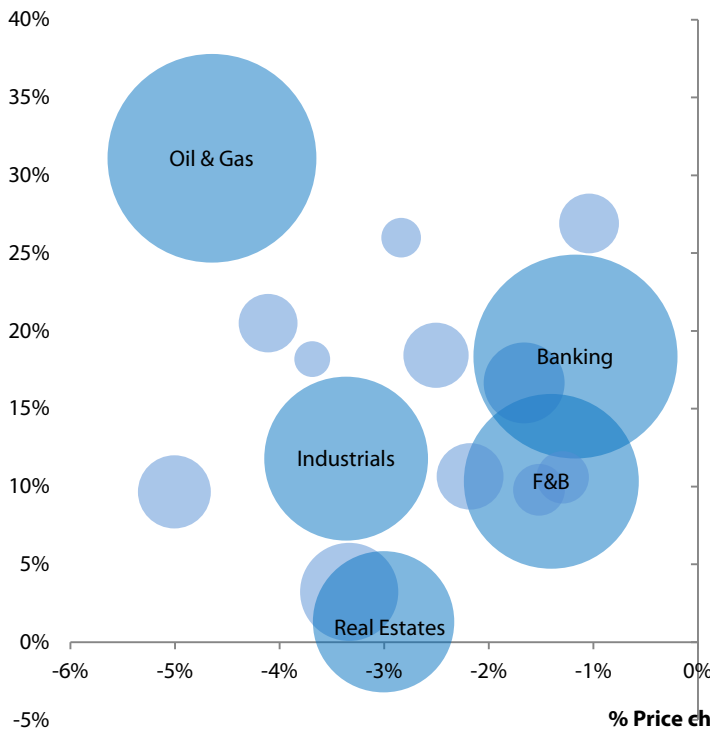
ngoc.cb@vpsc.com.vn

VNINDEX -2.83% 587.17 VN30 -2.79% 623.76 HNXINDEX -2.65% 87.20



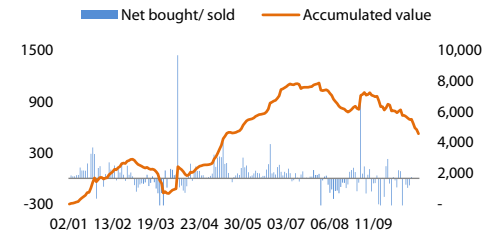
Industry Movement

Industry ROE

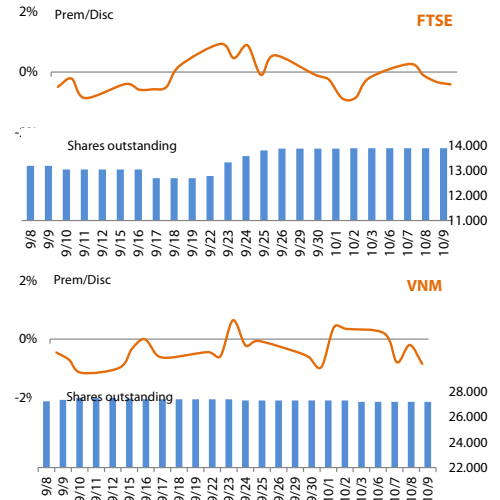


Industry	% change
Technologies	-4.1%
Industrials	-3.4%
Constructions	-3.3%
Oil & Gas	-4.6%
Distribution	-3.7%
F&B	-1.4%
Household Goods	-1.5%
Cars & Parts	-2.8%
Chemicals	-2.5%
Resources	-1.0%
Insurances	-1.7%
Real Estates	-3.0%
Financials	-5.0%
Banking	-1.2%
Utilities	-2.2%
Healthcare	-1.3%

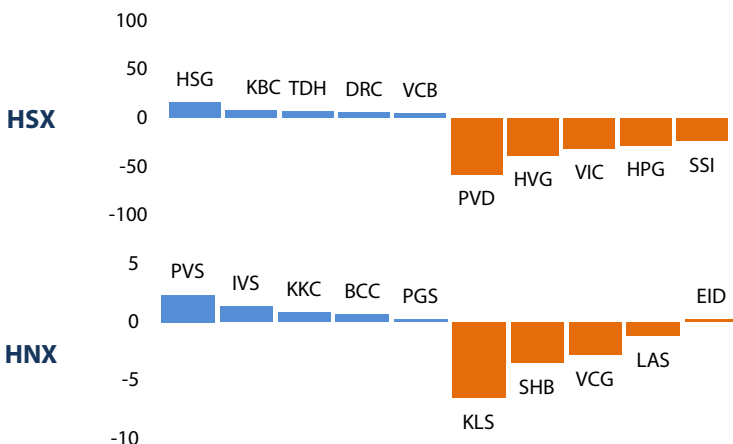
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



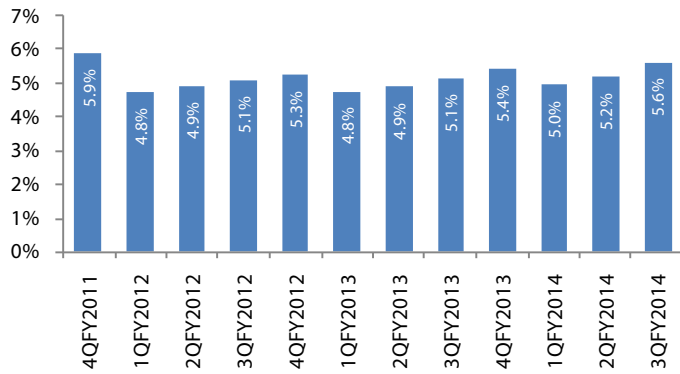
Top Active

Ticker	Price	Volume	% price change
FLC	10.5	16.14	-5.3%
ITA	8.4	8.47	-4.6%
VHG	15.6	7.52	-1.3%
SSI	28.6	7.38	-5.3%
KBC	15.0	6.80	-5.3%

Ticker	Price	Volume	% price change
PVX	5.90	14.08	-7.8%
SHB	8.60	9.33	-3.4%
KLS	11.40	6.03	-7.3%
PVS	41.90	4.81	-3.2%
SCR	9.60	4.69	-5.9%

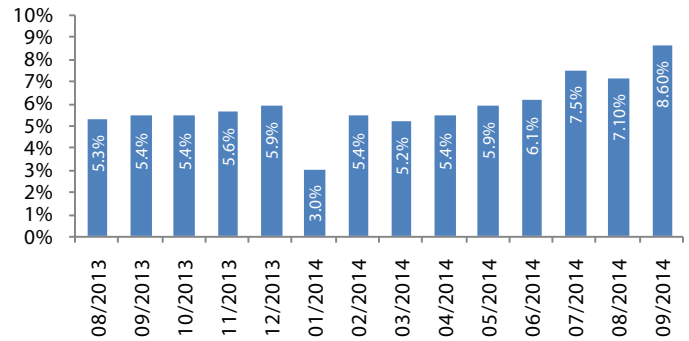
MACRO WATCH

Graph 1: GDP Growth



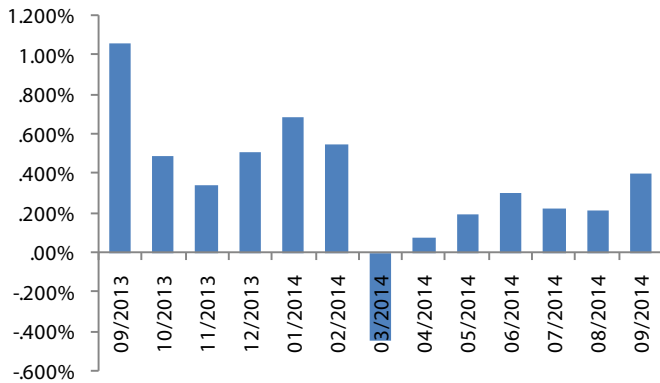
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



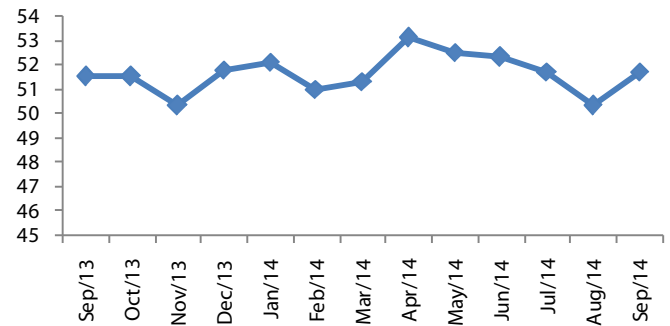
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



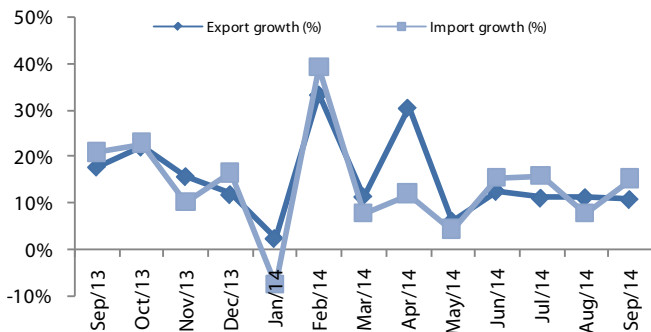
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



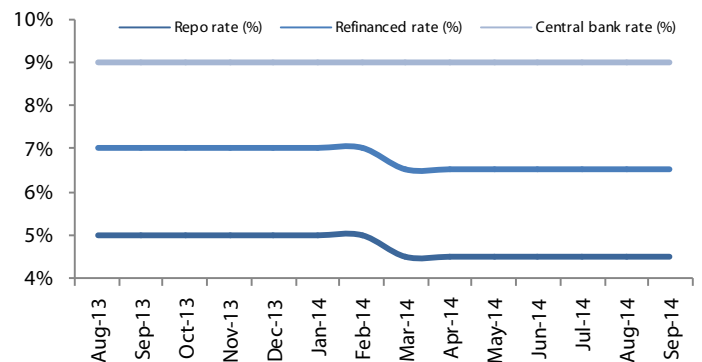
Sources: GSO. Rongviet Securities database

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
DHC - Restructuring yielded juicy fruits	Sep 29 th , 2014	Buy – Intermediate term	25,200
DCL – Chances as bad debts to be solved	Sep 22 th , 2014	Neutral – Long term	37,000
PVD – Busy O&G exploitation brought warmth	Sep 17 th , 2014	Accumulate – Long term	122,00
REE - Solid ground s for sustainable growth	Sept 9 th , 2014	Neutral - Long term	29,700
HSG - The hard part has gradually done!	Aug 21 st , 2014	Accumulate – Intermediate term	48,100

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	07/10/2014	0-0.75%	0-2.5%	11,886	11,743	1.22%
VF1	10/10/2014	0.20% - 1.00%	0.50%-1.50%	23,855	23,728	0.53%
VF4	08/10/2014	0.20% - 1.00%	0.00%-1.50%	10,744	10,415	3.16%
VFA	10/10/2014	0.20% - 1.00%	0.00%-1.50%	7,787	7,767	0.26%
VFB	10/10/2014	0.30% - 0.60%	0.00%-1.00%	11,983	11,761	1.89%
ENF	03/10/2014	0.00% - 3.00%		11,094	10,763	3.08%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 314

truc.dtt@vdsc.com.vn

Ngoc Chung

+ 84 8 6299 2006 | Ext: 318

ngoc.cb@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 318

lam.ntp@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 348

my.tth@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

tai.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 344

my.ttd@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 339

trien.lh@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 348

tam.bt@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 317

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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