

NOVEMBER

11

TUESDAY

“VNIndex failed to get far from 600 as stocks disagreed”

ADVISORY DIARY

- **CII – 9M2014 result update and 2015 plan**
- **KDC – Collaboration with Mondelez**
- **VNIndex failed to get far from 600 as stocks disagreed**
- **[Infographic] Seaport sector 9M business result review**

CII – 9M2014 result update and 2015 plan

In an analyst meeting our analyst attended yesterday, Ho Chi Minh City Infrastructure Investment JSC (CII – HSX) reviewed its business in the 9 months through September 2014 and announced its 2015 financial plan. In 9M2014, CII recognized revenue up by 190% and NPAT by 23 times from a year earlier. Whereas earnings improvements came from toll rate increases, revenue jumped after CII transferred Sai Gon 2 Bridge project to Hochiminh City in Q2. CII said it expects to make VND280-300 billion of net income in the whole year of 2014 and will book the profit from the auction of over 20 million shares of CII Bridge & Road (LGC – HSX) in 1Q2015.

Next year, CII targets VND3,145 billion of revenue and VND452 billions of NPAT and plan to pay 12% of its share capital as dividends. In the infrastructure developer’s plan, 2015 will be a high year for the construction of projects such as National Route 1A through Ninh Thuan, HaNoi Highway expansion and another BOT project still in the bidding process. That, in combination with 3 property projects (152 Dien Bien Phu, Diamond Riverside and Thu Thiem) and Tan Hiep 2 Water Plant, requires a budget of VND4.5-5.0 trillion.

To arrange funds for those projects, CII plans to sell VND1.5 trillion worth of 9-to-10-percent, fixed-rate corporate bonds to international insurance companies and VND1.0 trillion of liquidity-guaranteed bonds to the investing public on top of its current cash of VND600 billion and VND1.9 trillion it is to attract via the issuances convertible bond and equity by LGC. CII will use cash flows from current tolls station as collateral for both of the newer issuances.

Generally, our analyst was impressed by the openness and confidence of CII’s management to share their financial and business plans. We figure that such confidence comes from the fact that CII already possesses a project portfolio many other companies would envy. What makes the stock of CII distasteful for many individuals, however, is the firm’s management’s being too active in bringing out “creative” fund-raising plans in which it may be a little difficult for minority shareholders to see their benefits. In periods of intensive capital needs like this, such dynamism may be necessary. In the long-term, if CII can translate the potential of its projects into cash, reclaiming the faith of the market should not be too hard.

VNIndex failed to get far from 600 as stocks disagreed

Today, both HN Index and VNIndex closed in green even though the number of losers was greater than the number of gainers. Overall, investor’s sentiment was stable and the upward trend of VNIndex was mostly based on the propulsive force of GAS. At the time that GAS increased to 4,000 VND, VNIndex even rose by 608 points. However, a missing agreement between groups of stocks made main indices fail to move further although trading value was up 4% from yesterday’s. In reality, instead of focusing on blue chips, cash flows mainly poured into speculatives such as FLC, PVX, KLF, ITA and KBC. With trading amount doubling from yesterday and the ceiling price held for the entire trading day even without the presence of relevant information, KLF was a “phenomenon” that proved the speculation nature of cash flows today.

Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

tai.nbp@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 349

hoang.nh@vdsc.com.vn

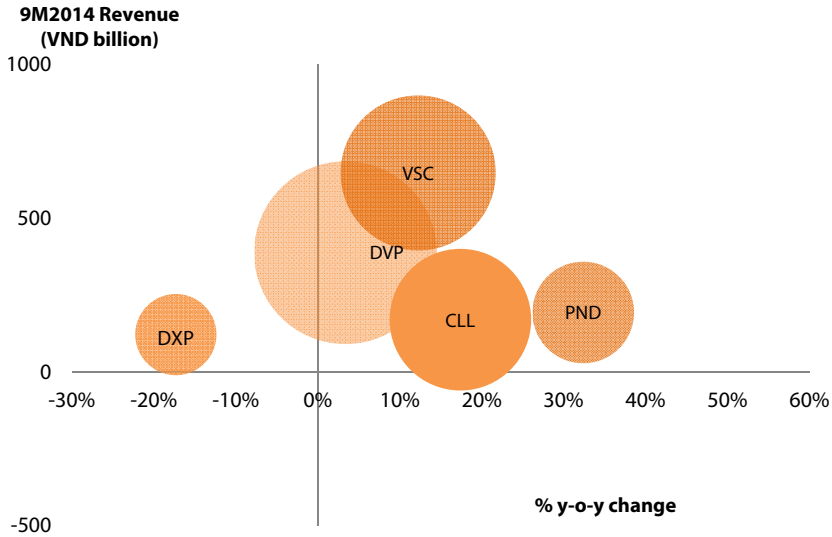
Today, Kinh Do Corp held a press regarding to Mondelez's investment on snacks business. Particularly, Mondelez will make an investment of VND7.846 trillion (~USD370 million) in exchange for 80% shares of BKD. Reportedly, Mondelez is one of the largest snacks corporations in the world with famous brands such as Oreo, Ritz. The reasons for this acquisition are (1) the common and popularity of Kinh Do snack brand, as COSY,AFC; (2) wide distribution systems in both urban and rural areas (3) appreciation of comprehensive administration system

Moreover, after this deal, the brand relating to existing product of Kinh Do will still be unchanged. Mondelez said that this deal could last until Q2/2015 and was able to purchase 20% of remaining shares. The cooperation has counted on basis from manufacture to distribution. Notably, in spite of promising prospects of cooperation between two leading brands, KDC, today, but still fell to 2.4%.

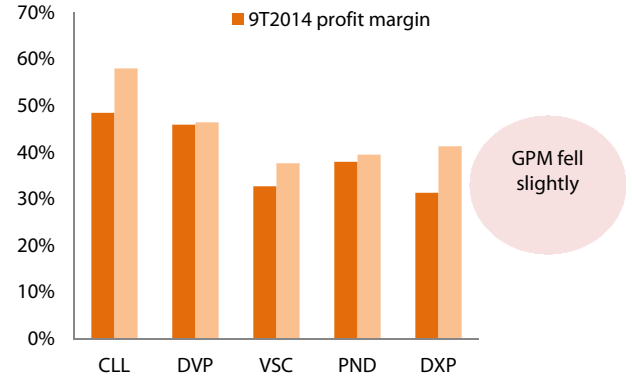
Overall, we realize that the stock market still lacked a push from investors' sentiment in recent trading sessions. That investors sentimental had no improvements while cash flow still rushed to speculative stocks and the unexpected fluctuation of GAS still had a big impact on VNIndex should keep stock market steady at the current price level without any breakthrough this month.

Seaport industry 9M2014 result review

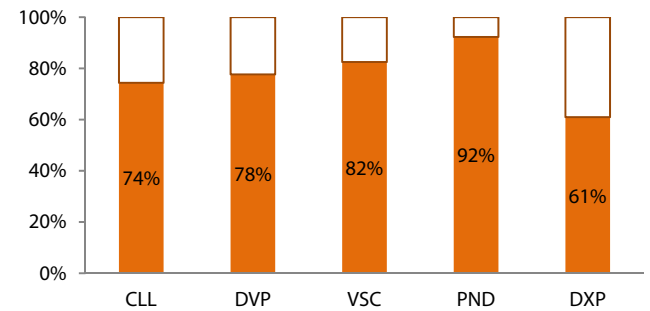
Industry Movement



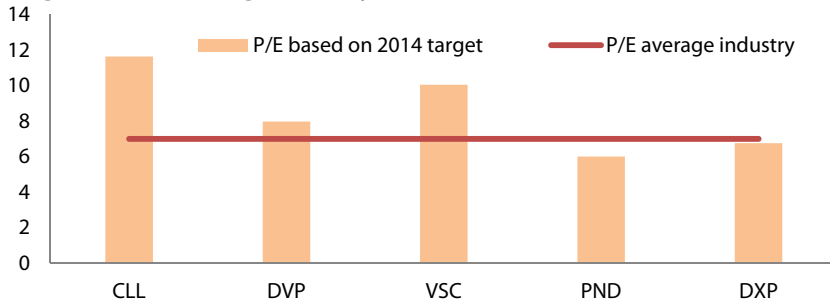
Changes in Gross profit margin



2014 Revenue target completion progress



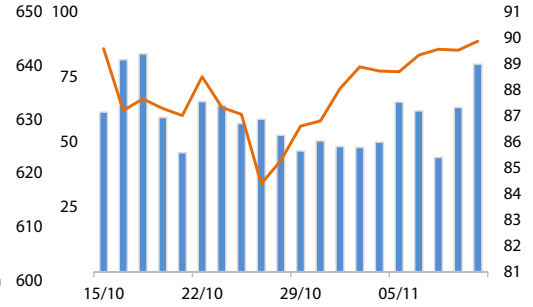
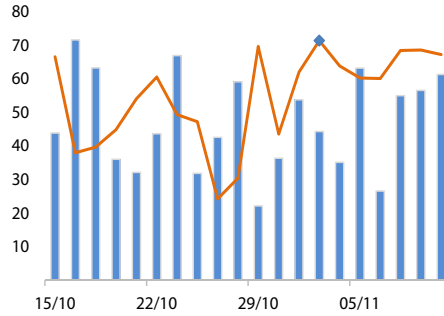
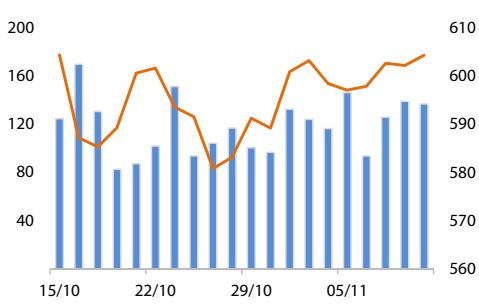
Target P/E and average industry P/E



Changes in NPAT

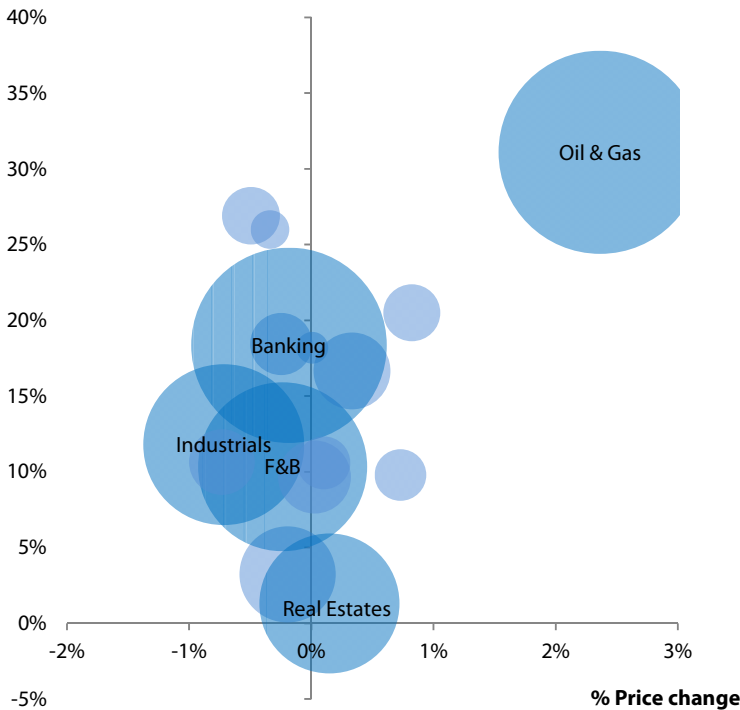
Ticker	9M2014 NPAT	9M2014 NPAT	% Change
CLL	58	65	-10%
DVP	172	154	12%
VSC	162	161	0%
PND	40	31	27%
DXP	28	41	-30%

VNINDEX 0.35% **604.23** **VN30** -0.14% **642.02** **HNXINDEX** 0.39% **89.86**



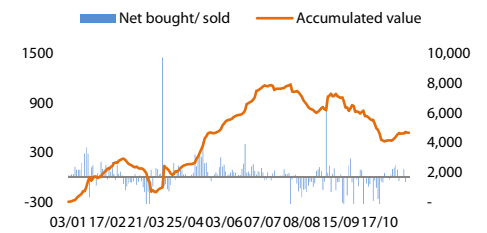
Industry Movement

Industry ROE

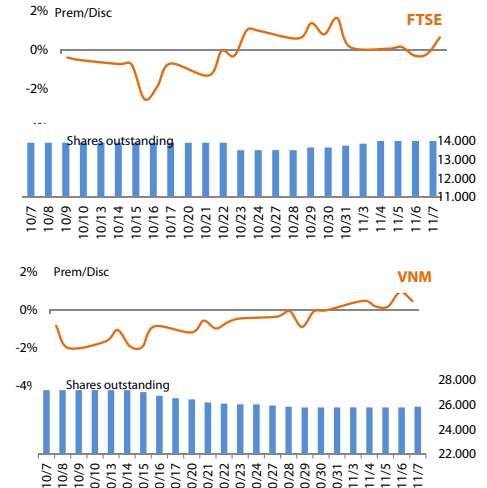


Industry	%change
Technologies	0.8%
Industrials	-0.7%
Constructions	-0.2%
Oil & Gas	2.4%
Distribution	0.0%
F&B	-0.2%
Household Goods	0.7%
Cars & Parts	-0.3%
Chemicals	-0.2%
Resources	-0.5%
Insurances	0.3%
Real Estates	0.1%
Financials	0.0%
Banking	-0.2%
Utilities	-0.7%
Healthcare	0.1%

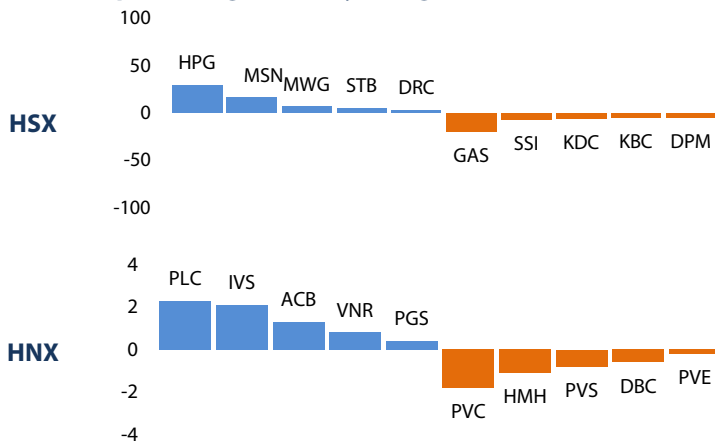
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



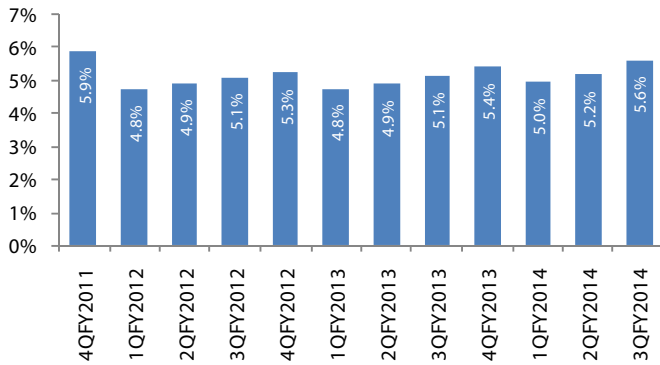
Top Active

Ticker	Price	Volume	% price change
FLC	12.2	23.47	1.7%
ITA	8.8	11.94	1.1%
KBC	17.7	7.70	0.6%
VHG	15.8	6.33	-2.5%
OGC	9.0	6.30	-1.1%

Ticker	Price	Volume	% price change
KLF	13.00	37.80	9.2%
PVX	6.30	5.90	1.6%
SCR	10.20	3.50	1.0%
FIT	31.00	3.30	2.3%
SHS	12.20	2.20	0.0%

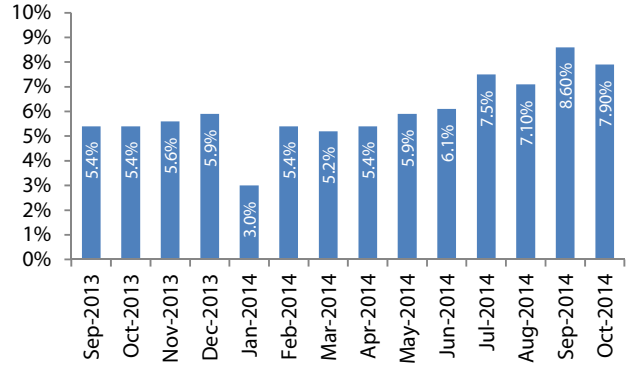
MACRO WATCH

Graph 1: GDP Growth



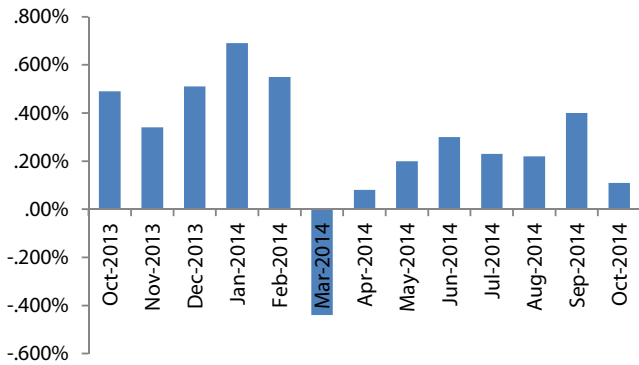
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



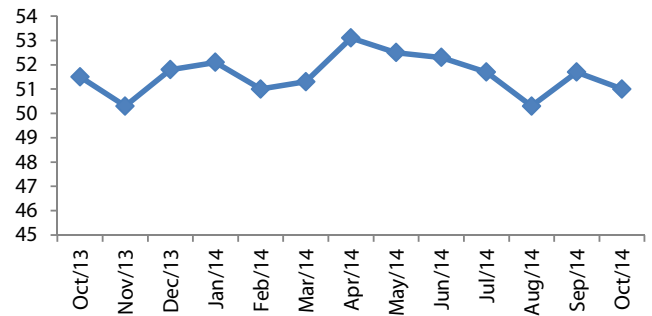
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



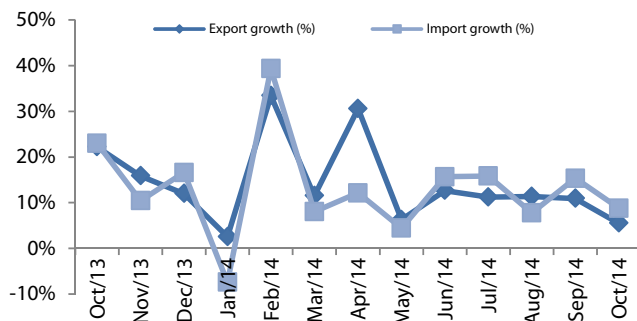
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



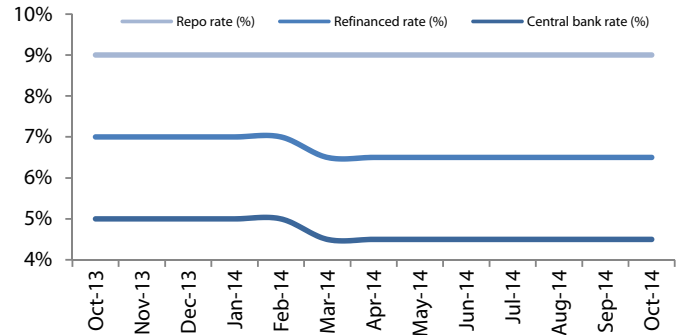
Sources: GSO. Rongviet Securities database

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
CNG - Potential growth from building materials industry's well-being	Nov 10 th , 2014	Accumulate – Long term	46,000
GMD - Positive developments from core businesses	Nov 7 th , 2014	Accumulate – Long term	44,400
BMP - Every cloud has a silver lining	Oct 30 th , 2014	Buy – Long term	87,700
SBA - Growth season ahead	Oct 24 th , 2014	Buy – Intermediate term	14,500
APC - Incremental demands for irradiation industry	Oct 23 rd , 2014	Buy – Intermediate term	22,000
TCM - Moving up the value chain	Oct 14 th , 2014	Accumulate – Long term	42,500
DHC - Restructuring yielded juicy fruits	Sep 29 th , 2014	Buy – Intermediate term	25,200

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	04/11/2014	0-0.75%	0-2.5%	11,868	11,821	0.40%
VF1	10/11/2014	0.20% - 1.00%	0.50%-1.50%	22.946	22.801	0.64%
VF4	05/11/2014	0.20% - 1.00%	0.00%-1.50%	10.338	9.998	3.40%
VFA	07/11/2014	0.20% - 1.00%	0.00%-1.50%	7.570	7.527	0.57%
VFB	07/11/2014	0.30% - 0.60%	0.00%-1.00%	11.950	11.938	0.10%
ENF	31/10/2014	0.00% - 3.00%		10.504	10.535	-0.29%

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

- ☎ +84 8 6299 2006
- ☎ +84 8 6291 7986
- ✉ info@vdsc.com.vn
- 🌐 www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- ☎ +84 4 6288 2006
- ☎ +84 4 6288 2008
- ✉ info@vdsc.com.vn
- 🌐 www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- ☎ +84 058 3820 006
- ☎ +84 058 3820 008
- ✉ info@vdsc.com.vn
- 🌐 www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- ☎ +84 0710 381 7578
- ☎ +84 0710 381 7789
- ✉ info@vdsc.com.vn
- 🌐 www.vdsc.com.vn



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