

JANUARY

20

TUESDAY

ADVISORY DIARY

- **Textile industry keeps on growing**
- **Still bearish on cash flows**

Textile industry keeps on growing

FY2014 could be considered a quite successful year for the textile sector shares. Tickers such as TCM , GMC , TNG,... all witnessed strong growth in revenues , profits and share prices .In 2015, the textile industry has many advantages to sustain growth. For that reason, in our Advisory Diary today, RongViet Research would like to discuss some aspects of this industry regarding this year’s outlook.

In 2015, the textile industry is expected to benefit from agreements such as TPP and the shift in product structure. Although Japanese and European economy are in recession, however, export value of textiles (exclude fiber, yarn) to four major markets (US, EU, Japan and South Korea) in 2014 still saw good growth. This demonstrates that the demand for Vietnamese textile products is not significantly affected by the slowdown of its main export markets. Except TPP, major FTAs with Korea, EU and the Customs Union (Russia – Belarus - Kazakhstan) have finished negotiations would increase the competitiveness of Vietnamese products in general and Vietnamese textile products in particular.

Table: Some FDI projects investing in Vietnam textile

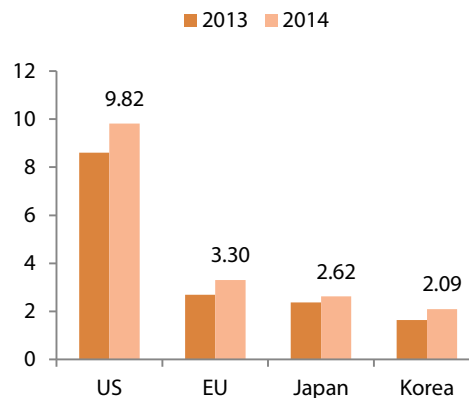
Company	Head office	Investment location	Capital (USD million)	Type
TAL Corporation	Hong Kong	Dai An Industrial Park Hai Duong	200	Weaving and garment factories
Huputex Development Limited	Hong Kong	Viet Huong II Industrial Park Binh Duong	120	Weaving factory
Texhong Ngan Long	Hong Kong	Hai Yen Industrial Park Quang Ninh	300	Fiber factory
Itochu Corporation	Japan	Bao Minh Industrial Park Nam Dinh	120	Fiber factory
South Korea's Dong-IL Corporation	Korea	Long Thanh Dong Nai	52	Fiber factory
China's Gain Lucky Limited	Korea	Ho Chi Minh	140	Garment factory

Source: RongViet Securities compiled

Besides, due to the impact of oil prices and cotton prices, the downtrend of input materials such as fiber and yarn, fabric might continue in 2015. This could help improve profit margins for textile businesses. In contrast, environmental requirements in textile and the increase in wage costs (due to the rise of basic wage and labor demand) will affect production costs and margins of the enterprises in the sector, especially small and medium enterprises.

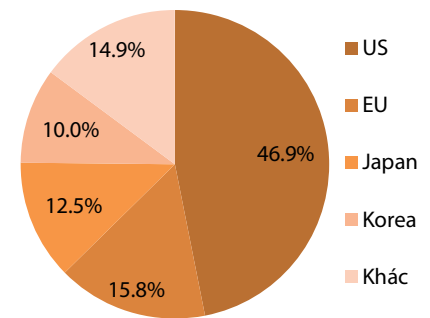
“Still bearish on cash flows”

Graph 1: Export value to some major market (US million)



Source: Custom (not include yarn, fiber)

Graph 2: Export market structure



Source: Custom (not include yarn, fiber)

Still bearish on cash flows

End of trading day, two exchanges closed in different ways after pulling quite sharply. Specifically, VNIndex increased by 0.12% while HNIIndex lost 0.32% with the number of ups and downs was quite equally. The liquidity of the market despite increased 13.5% compared to yesterday but still quite low, only about VND1.601 billion. The Review results of VN30 index (Advisory Diary 16/01/2015) was also published by Securities Exchange Ho Chi Minh City (HSX). During this review period, EIB and CTG was knocked out by VN30 due to not enough liquidity and KBC, HVG were added. Today, the EIB lost VND200/share, CTG declined VND300/share while HVG added VND500d/share.

Relating to the world macroeconomics, China has unveiled its GDP growth in 2014. Accordingly, the second largest economy in the world grew only 7.4% in 2014, lower than the guidance of 7, 5% by the government and that was the lowest GDP in 24 years. In addition, the IMF has lowered global economic growth in 2015 from 3.8% to 3.5% and in 2016 from 4% to 3.7%. The movement of the IMF showed some unoptimistic view for China's economic growth and some other major economies being in trouble such as Russia and EU.

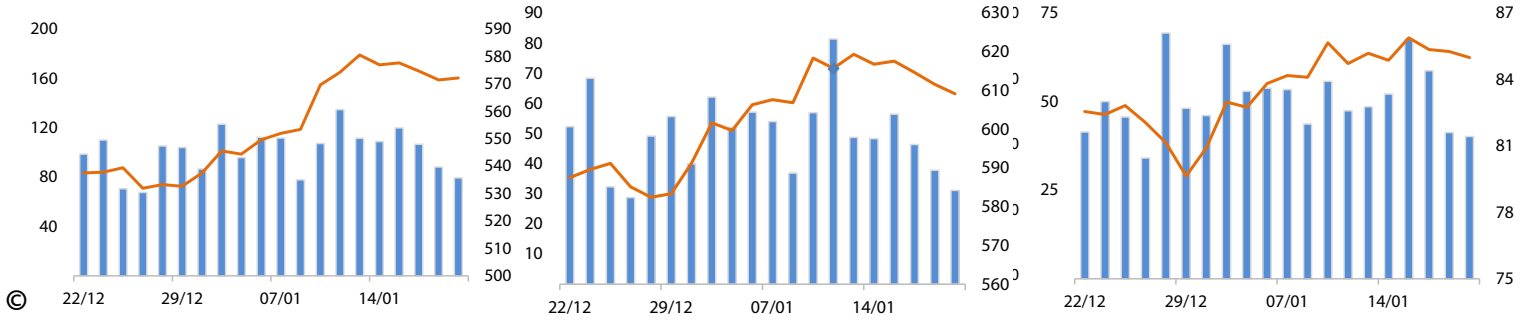
We were also quite excited today because VDS closed at ceiling price with high recording volume of over 842.000cp when our company announced NPAT increased 7.8 times in 2014 compared to 2013. In parallel with core business (investment banking, brokerage business, securities services) were high growth, self-doing business also sold some previous investment and brought huge profits for VDS. Ending the year 2014, revenue reached VND229.6billions and NPAT got VND105 billion.

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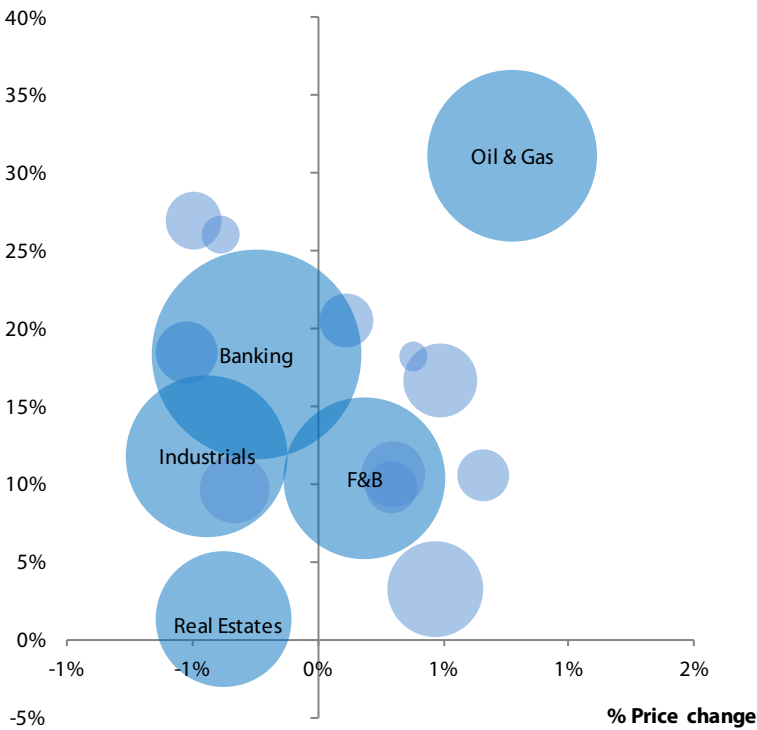
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VNINDEX 0.12% **572.22** **VN30** -0.40% **609.19** **HNXINDEX** -0.32% **84.99**



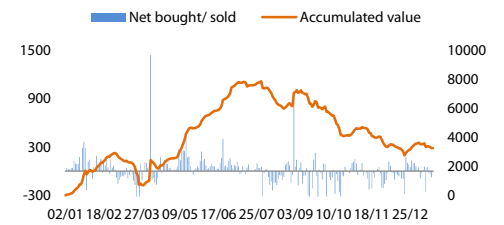
Industry Movement

Industry ROE

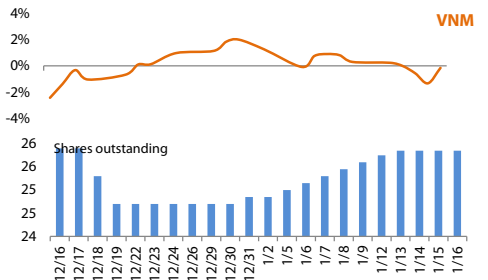
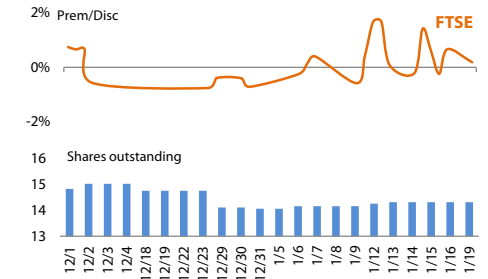


Industry	% change
Technologies	0.1%
Industrials	-0.4%
Constructions	0.5%
Oil & Gas	0.8%
Distribution	0.4%
F&B	0.2%
Household Goods	0.3%
Cars & Parts	-0.4%
Chemicals	-0.5%
Resources	-0.5%
Insurances	0.5%
Real Estates	-0.4%
Financials	-0.3%
Banking	-0.2%
Utilities	0.3%
Healthcare	0.7%

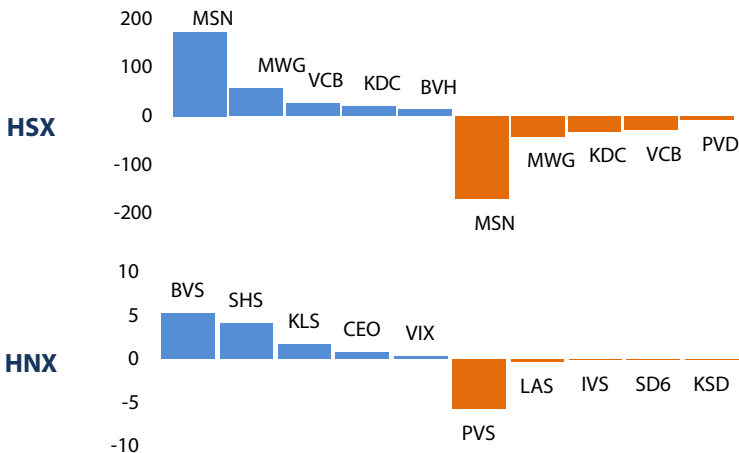
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



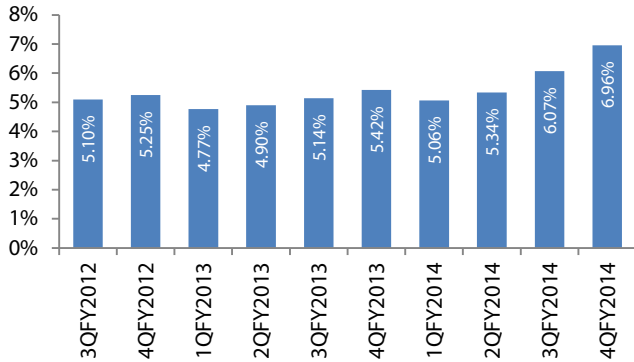
Top Active

Ticker	Price	Volume	% price change
FLC	10.8	5.76	0.0%
VHG	13.0	3.73	3.2%
ITA	7.8	3.55	0.0%
OGC	6.2	3.48	0.0%
DLG	11.6	3.31	0.9%

Ticker	Price	Volume	% price change
KLF	11.4	9.48	-0.9%
PVS	27.7	1.98	-1.1%
PVX	4.9	1.90	-2.0%
SCR	9.1	1.44	1.1%
KLS	10.9	1.27	-1.8%

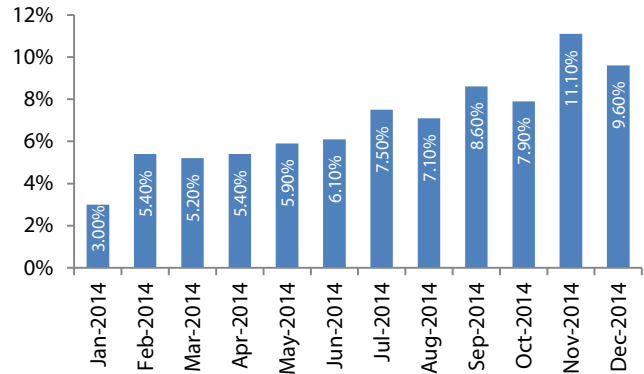
MACRO WATCH

Graph 1: GDP Growth



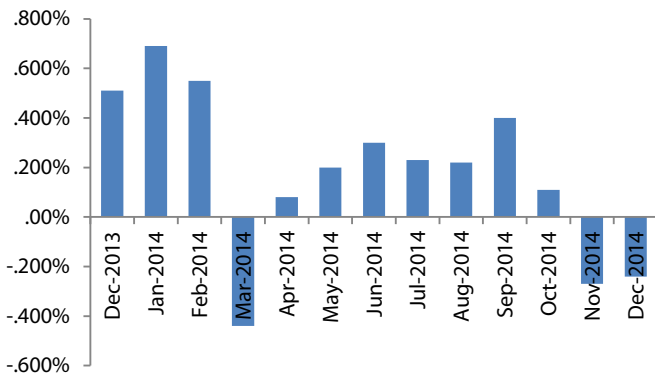
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



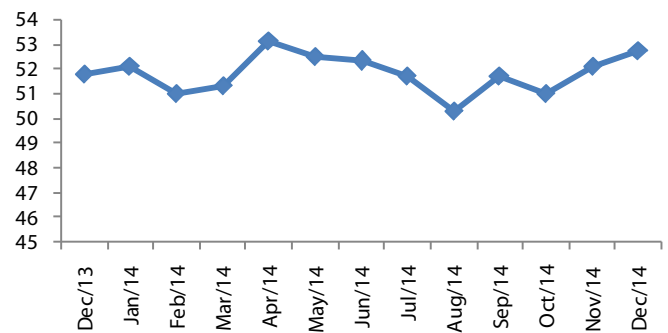
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



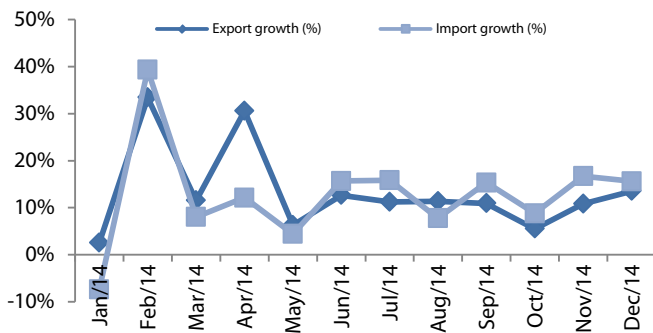
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



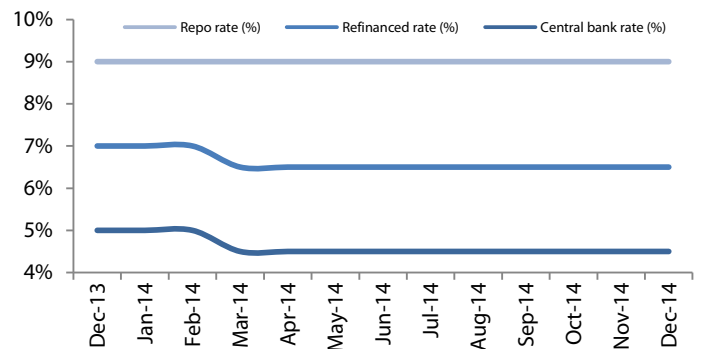
Sources: GSO. Rongviet Securities database

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
<u>VFF</u>	06/01/2015	0%-0.75%	0%-2.5%	11,403	11,370	0.29%
<u>VEOF</u>	06/01/2015	0%-0.75%	0%-2.5%	9,353	9,065	3.18%
<u>VF1</u>	14/01/2015	0.2% - 1%	0.5%-1.5%	21,250	21,133	0.55%
<u>VF4</u>	07/01/2015	0.2% - 1%	0%-1.5%	9,017	8,799	2.48%
<u>VFA</u>	09/01/2015	0.2% - 1%	0%-1.5%	7,345	7,313	0.43%
<u>VFB</u>	09/01/2015	0.3% - 0.6%	0%-1%	11,887	11,877	0.09%
<u>ENE</u>	09/01/2015	0% - 3%	0%	10,738	10,605	1.25%
MBVF	08/01/2015	1%	0%-1%	11,307	11,234	0.65%
MBBF	07/12/2014	0%-0.5%	0%-1%	11,924	11,908	0.13%

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