

OCTOBER

15

WEDNESDAY

“VN30 has finished correction?”

ADVISORY DIARY

- **PGS Update**
- **Some observations about market in 15/10/2014**

PGS Update

LPG segment: An 3Q2014 output reached at 209,000 tons (+10% yoy); however, LPG price is likely to become less optimistic. Since early year, CP price contract has been in downturn, causing LPG segment gross profit margin at low level with an average of 4,2%.

CNG segment: An 3Q2014 output reached at 117 million m3 (+10,4% yoy), among that parent company reached at 63 million tons (+7% yoy). The output witnessed lower increase rate than its subsidiary (CNG Vietnam), but due to a loss from Ajimomoto (PGS’s major customer), a 7% increase showed Company’s effort in terms of expanding CNG’s output. This year, PGS increased its sales through the middleman - LPG System Limited Company. Though a majority of customers through this distribution channel are quite small (with total output ~ 1.8 million m3 per month), according to PGS, intermediate distribution system has developed and enabled Company to save investment cost.

3Q2014 earning result: In Q32013, Company said that Parent company is expected to recognize a VND 1,600 billion revenue (+9% yoy) and PBT is projected to reached at VND 45 billion (+13% yoy). According to our estimated, consolidated revenue will be VND 6,200 billion (+28% yoy) in the first 9 months of 2014. However, NPAT for parent shareholders is expected to reach VND 131 billion, a 13% decrease over the same period. There are two main reasons for this: (1) a decrease of profit margin at both LPG and CNG business segment; (2) a jump on management cost after ending M&A deals with PV Gas Cylinder and VTGas.

Key notes: As our latest visit, PGS made known that they are considering two alternative dividend payments: (1) cash dividend; (2) cash and share dividend. The final result is unlikely to reveal because Company is focusing on arranging some management positions. According to our opinion, the second will be likely to choose with the 3 for 1 stock dividend.

In Q42014, PGS is planning to renegotiate the input price. A 8% increase is considering; however, the Company also note that CNG’s input price might have higher increase (with a maximum of 20%). Thus, this is one of the most risks for PGS next year, whereas, the potential customers now are limited.

Conclusion: 9M2014 business result is in line with our 2014 forecasted profit (~VND172.4 billion) although revenue may be higher than our expectation. Therefore, in this update, we do not revise estimated profit for PGS and EPS in 2014 is still at VND4,500. At today’s close price, P/E forward is 8x, lowered than the industrial average. However, because the risk of increasing input price is quite certain, we supposed that factor is currently discounted in PGS’s market price.

Some observations about market in 15/10/2014

Rushing to buy when VNIndex fall below 600 points’ threshold?

Market extended lost today but contrary to the previous sessions, buying the dips’ tactic was quite active when VNIndex fall below 600 points. By touching 595 points and rebounding after that, this movement supported market sentiment, according to our opinion. However, we think the bottom fishers remained relatively cautious, market recovered unevenly and market breadth was still narrowed. Until now, we believe that 600 points’ threshold is a sound supporting level for

VNIndex as well as investors' psychology.

Banking against the downtrend?

It is somewhat surprising that there are any groups which traded against the prevailing trend. But, our market analyst said that banking shares on HSX bourse rose quite well today. The most outstanding gains belonged to STB (+3.85%), while others increased about 2-3 price steps. We supposed that movement related to technical recovery rather than fundamental factor because banking stocks have shrunk for a long time. In addition, similar to the comment about GAS last week, we do not think that banking could help market recover in the following days.

VN30 has finished correction?

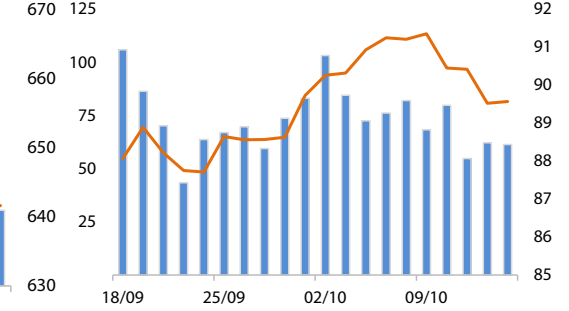
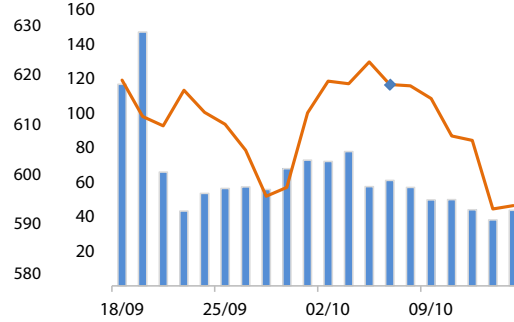
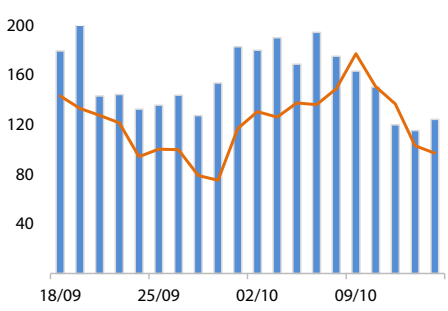
In search of main drivers to lead market recover or just guarantee that 600 points is still a safe level, we realize that some blue-chips have corrected to the accumulated range (such as HPG or PVD). Today, VN30 edged higher after many days of downturn, the range of 640 points is also the lowest since the early of August. At the moment, we have collected enough evidences to say that VN30 will increase back, but at least, we think that the strong rise in August and the early of September have get rid of this index.

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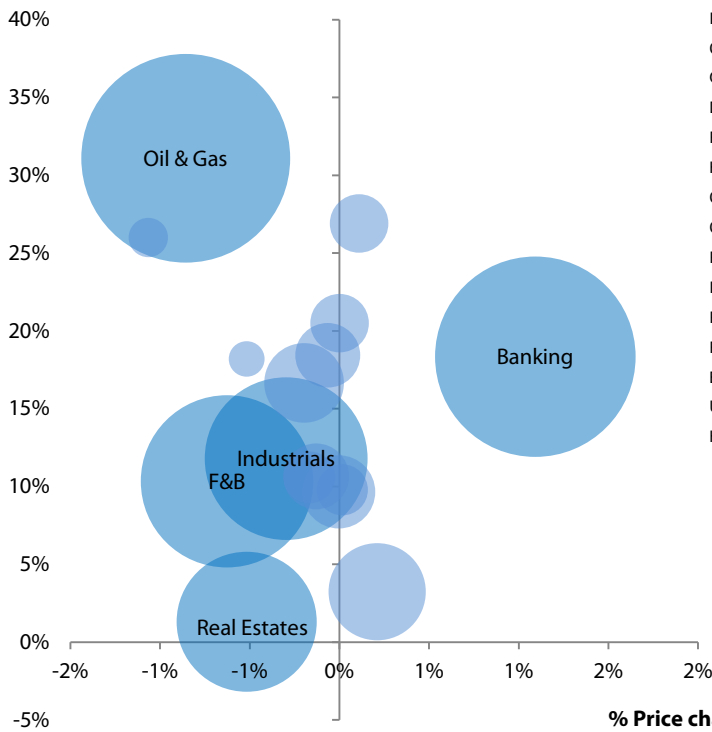
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VNINDEX **-0.25%** **604.29** **VN30** **0.08%** **641.63** **HNXINDEX** **0.06%** **89.57**



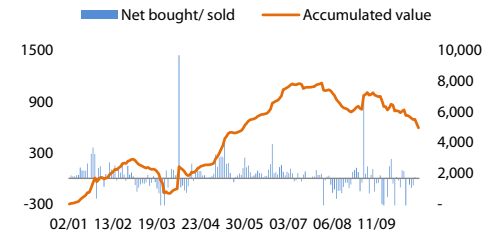
Industry Movement

Industry ROE

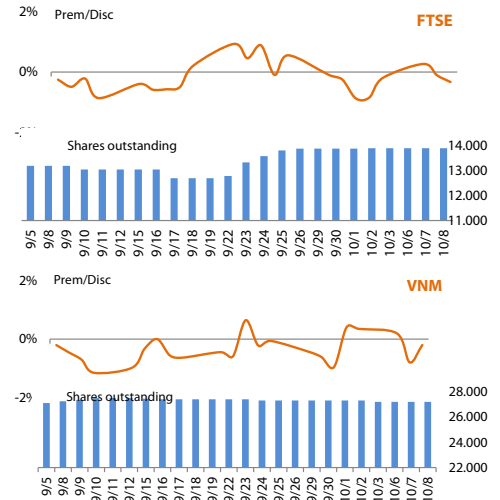


Industry	% change
Technologies	0.0%
Industrials	-0.3%
Constructions	0.2%
Oil & Gas	-0.9%
Distribution	-0.5%
F&B	-0.6%
Household Goods	0.0%
Cars & Parts	-1.1%
Chemicals	-0.1%
Resources	0.1%
Insurances	-0.2%
Real Estates	-0.5%
Financials	0.0%
Banking	1.1%
Utilities	-0.1%
Healthcare	-0.2%

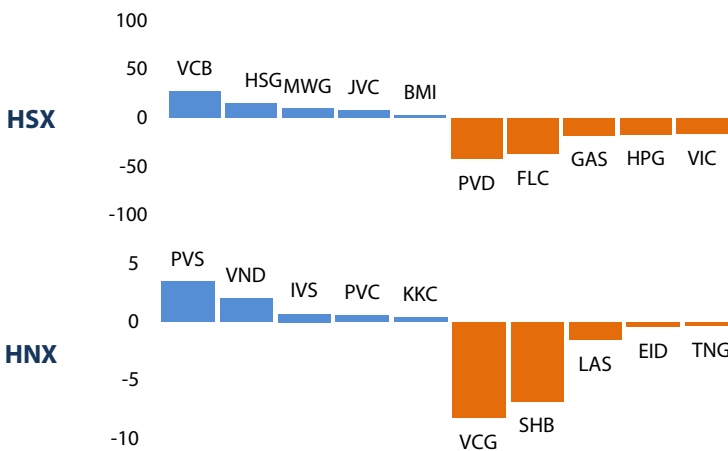
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



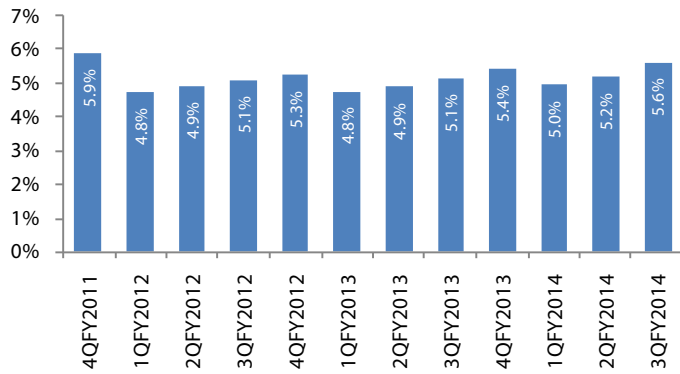
Top Active

Ticker	Price	Volume	% price change
FLC	11.2	9.13	-0.9%
KBC	16.0	6.83	-1.2%
ITA	8.8	5.47	0.0%
VHG	15.4	5.25	0.7%
HAG	25.4	4.48	2.4%

Ticker	Price	Volume	% price change
PVX	6.40	8.79	-1.5%
SHB	8.90	5.59	-1.1%
SHS	12.10	4.09	0.0%
SCR	10.20	3.59	1.0%
FIT	25.40	2.80	2.4%

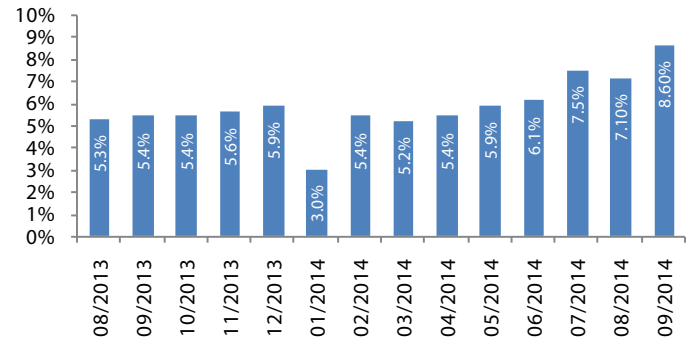
MACRO WATCH

Graph 1: GDP Growth



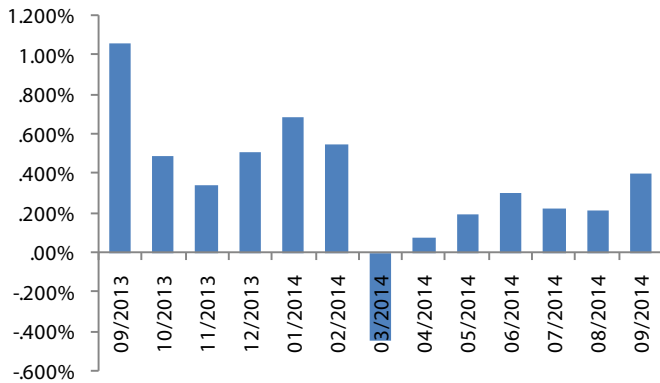
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



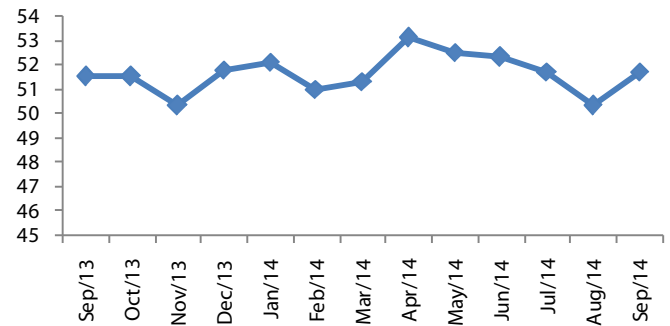
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



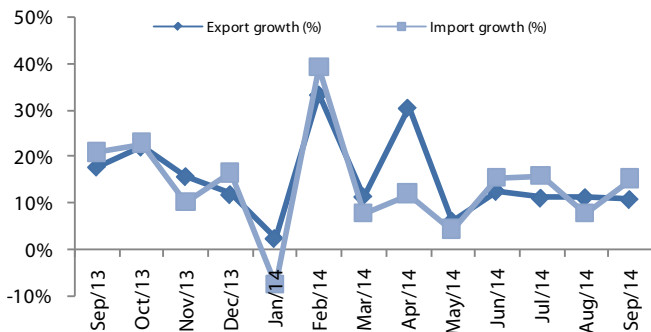
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



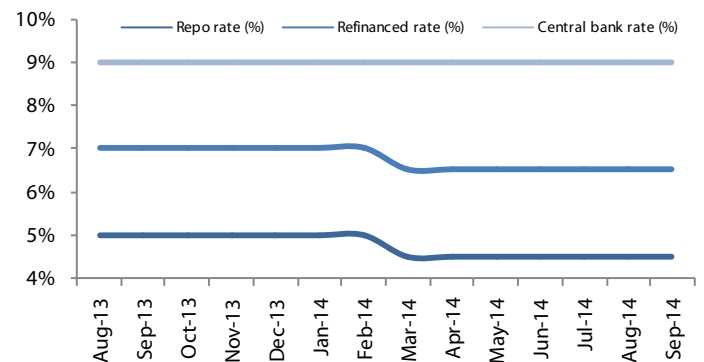
Sources: GSO. Rongviet Securities database

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%

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