

NOVEMBER

04

TUESDAY

“Profit taking in Large-caps cause VNIndex a drop below 600”

ADVISORY DIARY

- **Vinamilk mentioned – Improving gross margin thanks to raw milk price**
- **Profit taking in Large-caps cause VNIndex a drop below 600**

Vinamilk mentioned – Improving gross margin thanks to raw milk price

Yesterday, we had a meeting with the representative of VNM about the company’s business activities and its strategy in the future. The meeting pointed out that the revenue in the third quarter of 2014 is still expected optimistic due to the decrease of import milk input. Skimmed milk and whole milk price level would be decreased down to 26% compared to second quarter in 2014, therefore, there would be an impact on gross profit of the firm import milk powder in general and especially VNM in this quarter. Meanwhile, milk product shows no sign of change price even though the price input decrease in the recent time. That is to say VNM’s income in the third quarter would be more positive compare to last quarter

Besides, the firm said that the Ministry of Finance has not made any move yet to alter the ceiling price of milk powder which applying on firm in this June. Therefore, we believe, the gross profit in the next quarter would continue to be positive.

Regarding the export market, the unstable political condition in the Middle East has got real impact on VNM’s revenue. As shared by the company, these current difficult conditions would remain in the near future. However, the revenue consolidation of subsidiary Driftwood (70% owned by VNM) would be a key contribution to the Group’s consolidated revenue estimated approximately USD100-120 million.

In addition, the ability of increasing market share of powdered milk (accounting for 25% market share) VNM also has been considered. With psychology of Vietnam consumers referring foreign products, M&A deal with a milk powder branch in developed countries will certainly complement premium powdered milk segment which VNM wants to reach. According to the VNM, at the present, VNM has outlined preliminary a business project in Europe, but detail information has not been published. Our industry expert estimates that if this project is successful, the powdered milk market share of VNM will be improved significantly since hitting foreign good favorite psychology when delivering product manufactured in Europe to Vietnam market.

At the same time, the company also plans to add four farms with 5 existing farms; cow herd is expected to reach 39,000 by 2016. This plan helps VNM enhance regional autonomy material than the current 20%. In recent times, we knew that VNM had negotiated the acquisition of DaLat Milk and almost reached important agreements. With VNM scale, we believe that they mainly aim to expand the area for farm with 560 hectares wide of DaLat Milk in Lam Dong rather than brand and market of it. However, the final deal was not completed. According to unconfirmed information, TH Milk is quicker and the result seems waiting for the date of publication. The company said it would continue to look for other expansion opportunities; namely signing with Duc Long Gia Lai for the farming project of 80,000 cows in Dak Nong. We believe that the increase in farm for VNM is not a difficult issue with abundant financial resources. Therefore, this will be the long-term goals that the company is taking steps to implement during the next upcoming strategy to maintain leadership position in the dairy market.

Profit taking in Large-caps cause VNIndex a drop below 600

In spite of optimistic macro figures as well as an upgrade of credit rate according to FITCH’s evaluation, the markets showed reversal as dropped to below 600 points. Profit –taking was overwhelming at the session end that caused VNIndex to close in red at 598 points. The primary

reason was due to a decline in large-caps; particularly, GAS (-0.95%) that made VNIndex down by 1 point. Moreover, the number of decreased stocks in VN30 was outnumbered (21/30), particularly VCB (-2.5%), MSN (-1.8%), VIC (-1.4%). The large-caps was also the bleakest group in today's session (-0.73%); on contrary, Small-caps still remained its slight rise of 0.72%.

Notably, some Small and Mid-caps in our favorite list such as TCM, DHC, APC, SBA witnessed a slight rise. Particularly, TCM recorded an increase of 1.3 point and closed at 35,800 VND per share. As far as we know, EAT in October was approximately \$700,000-800,000 as much higher than that in September at \$600,000. The Company also said that 15 new weaving machines have delivered to TCM in HCMC. According to the plan, these machines are going to be installed in December. After being in operation, the revenue from the fabric would increase approximately \$ 200,000 per month. Thus, good core business and positive signal in performance are the best choice for investors. Similarly, APC, DHC and SBA are evaluated as promising shares in 2014 as our expectation.

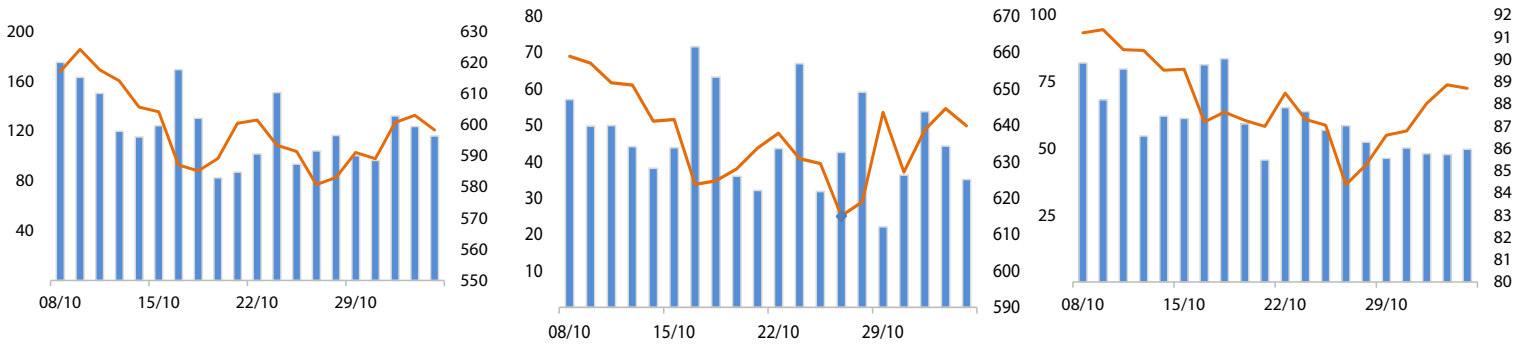
Trien Le

+ 84 8 6299 2006 | Ext: 339

trien.lh@vdsc.com.vn

In term of foreign activity, today is the first net sold day after 7 consecutive net bought sessions. The trading volumes were not ample with only VND 68 billion net sold on both bourses, concentrating on KBC, VCB, GAS. Therefore, it showed that investor's sentiment was still not stable and correction seems likely to occur in upcoming sessions. However, we also suppose that the fundamental factor is the key in the investment decision. Hence, investors could consider restructuring portfolios in seesaw sections.

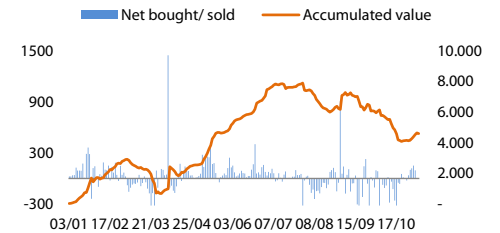
VNINDEX -0.79% 598.39 VN30 -0.73% 639.91 HNXINDEX -0.18% 88.71



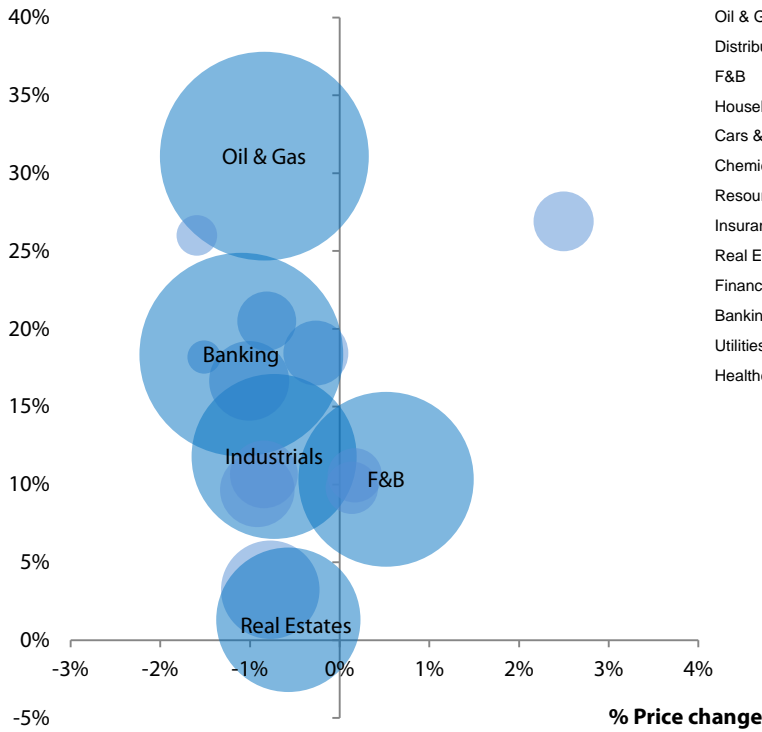
Industry Movement

Industry	% change
Technologies	-0.8%
Industrials	-0.7%
Constructions	-0.8%
Oil & Gas	-0.8%
Distribution	-1.5%
F&B	0.5%
Household Goods	0.1%
Cars & Parts	-1.6%
Chemicals	-0.3%
Resources	2.5%
Insurances	-1.0%
Real Estates	-0.6%
Financials	-0.9%
Banking	-1.1%
Utilities	-0.8%
Healthcare	0.2%

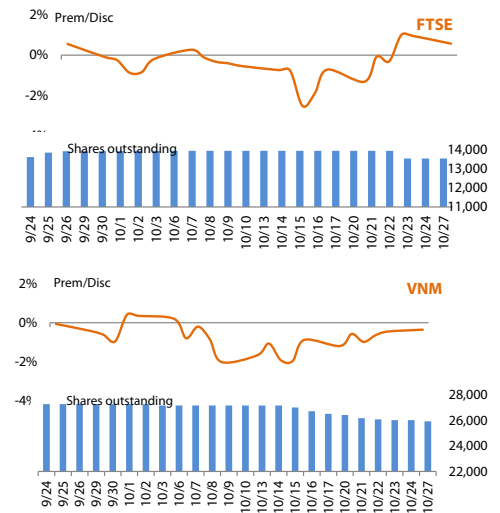
Foreign Investors Trading



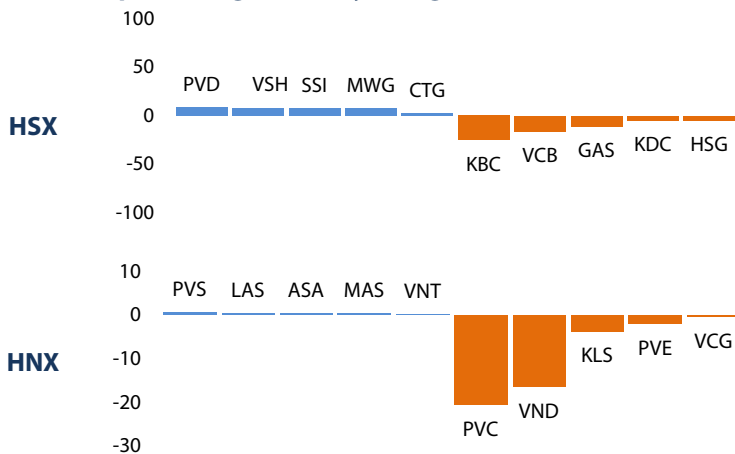
Industry ROE



ETF



Top net bought/sold by foreigners (VND bn)



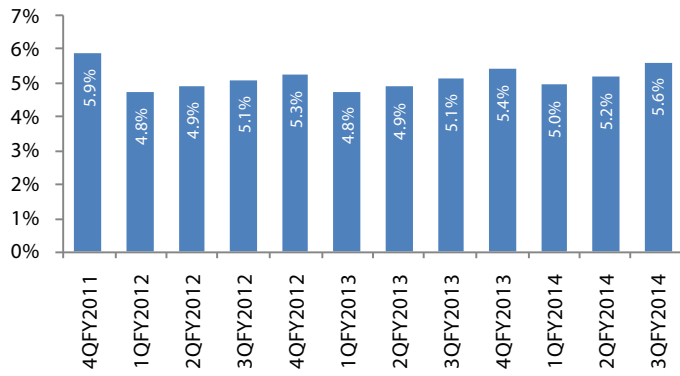
Top Active

Ticker	Price	Volume	% price change
KBC	16.8	6.75	-0.6%
HAR	12.7	5.83	5.8%
SSI	30.8	5.65	-0.7%
VHG	15.5	5.43	2.6%
FLC	11.2	5.36	0.0%

Ticker	Price	Volume	% price change
KLF	11.3	6.73	-0.7%
SCR	9.7	3.10	-1.4%
PVC	33.8	2.95	2.8%
FIT	25.7	2.95	1.6%
PVX	6.0	2.57	-0.1%

MACRO WATCH

Graph 1: GDP Growth



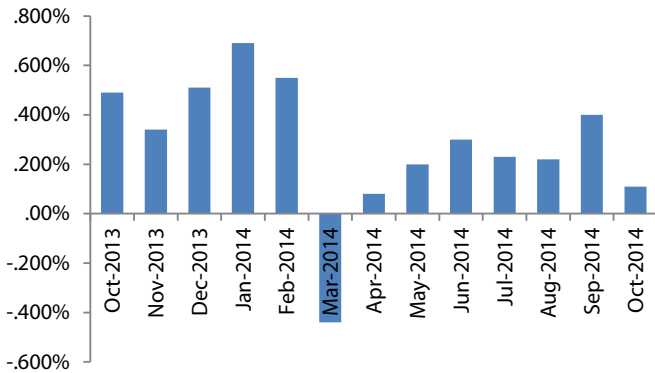
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



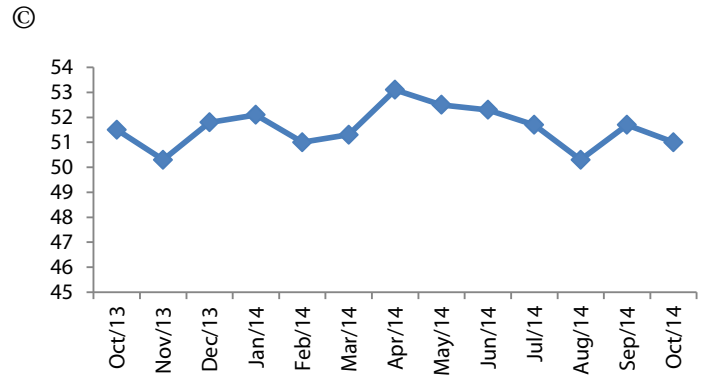
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



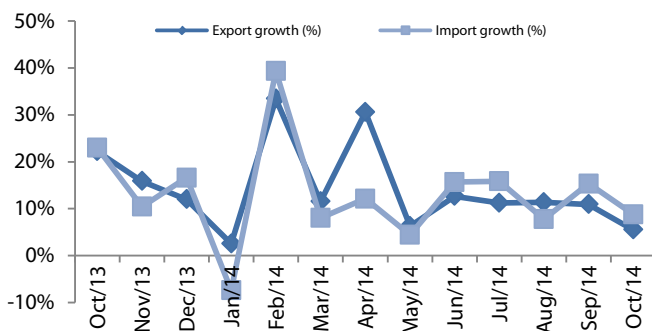
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



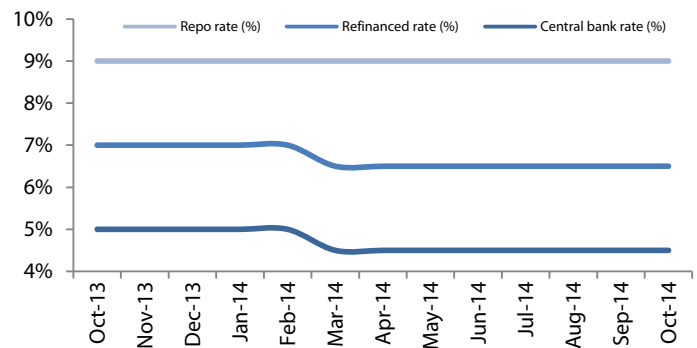
Sources: GSO. Rongviet Securities database

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
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
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

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
FF	28/10/2014	0-0.75%	0-2.5%	11,821	11,829	-0.07%
VF1	03/11/2014	0.20% - 1.00%	0.50%-1.50%	22,943	22,604	1.50%
VF4	29/10/2014	0.20% - 1.00%	0.00%-1.50%	9,998	10,274	-2.69%
VFA	31/10/2014	0.20% - 1.00%	0.00%-1.50%	7,527	7,560	-0.44%
VFB	31/10/2014	0.30% - 0.60%	0.00%-1.00%	11,938	11,932	0.05%
ENF	24/10/2014	0.00% - 3.00%		10,535	10,641	-1.00%

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



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.

The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.