

APRIL

09

THURSDAY

ADVISORY DIARY

- **DQC – Updated from Annual General Meeting**
- **Swift cash flow**

DQC – Updated from Annual General Meeting

On 8/4/2015, our analyst from RongViet Research attended Annual General Meeting of DIEN QUANG LAMP JOINT STOCK COMPANY (HOSE: DQC). We pay special attention to this company because DQC had the outstanding business results in 2014 and is currently the leading company in lighting and electric equipment industry.

Impressive business performance in 2014

In 2014, DQC recorded a positive earnings results with a revenue of VND 1,223 billion (+154% yoy and +122% as compared to 2014 guidance). Earning before tax jumped to VND 307 billion (+187% yoy and +374% as compared to 2014 guidance). Moreover, company also received USD 12 million (~VND 205.5 billion) from its customers (Consumimport in Cuba) following to exactly payment schedule. Also, DQC would be likely to focus on Research and Development and testing new products in lamp segment (more focus on LED lamps segment in domestic market). While florescent lamp segment is stagnating, a consumption ratio of LED lamp remained only 40% and is expected to increase to 70% in upcoming years. We suppose that DQC’s strategy of focusing in LED lamp segment is a correct step.

Company now has two plants which need to clear away in Dong Nai province. Therefore, ~69% of 2015 investment plan would focus on factory spaces and offices. According to our analyst, the moving would be less affected to DQC in 2015 due to undecidable location.

Table 1: DQC business performance in 2014

No	Target	Actual 2013	2014		Comparison (%)	
			Target	Actual	Actual 2014/2013	Target/Actual 2014
1	Net sales (billion dong)	795	1,000	1,223	154%	122%
2	Earning before tax (billion dong)	164.2	82	307	187%	374%
3	Dividend payment (%)	20%	20%	35%		

Source: RongViet Research

Cautious plan in 2015

At the meeting, the company has announced revenue and profit plans in 2015 (detailed in table 2) as cautious as “always”. Base on the careful and stable elements, we evaluate the plan in 2015 could easily achieve by the Company. The main reasons for exceeding the plans took place in the available room for development in the lightning and electric equipment industry. There are 3 main factors which are (1) shifting demand to the energy-saving products, (2) high urbanized rate and (3) income per capital tends to improve in the future. This led to the growth of distribution channels such as traditional channels (+ 12%), modern channel (+ 54%), the construction channel (doubled over the same period) and online channels (+125 %) in the past year. Therefore, we value the opportunity to develop the domestic market remains positive with the expected growth of 30%.

Meanwhile, the export market opens up many opportunities for the company in the future and brings along expectation on potential revenue growth in 2015. On the one hand, traditional markets such as East Asia , Central and South America still maintain positive growth and the company has plan to expand export further to “high requirement” market such as US , Europe and

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“Swift cash flow”

Japan through co-operation with partners having experience in those market . In addition, the total debt owed by customers (both principal and interest) is USD19.6 million, equivalent to VND420 billion. It is expected that the debt will continue to be collected within two years (supposedly the end of 2016)

Table 2: Detailed plan in 2015

No.	Target	Target 2015	Actual 2014	Ratio 2015/ 2014
1	Net sales (billion dong)	1,260	1,223	103%
2	Earning before tax (billion dong)	200	307	65%
3	Dividend payment (%)	20%	35%*	

*Phase 1: advance 20% share (closing date 15.01.2015); Phase 2: additional costs 15% of which 10% in shares and 5% in cash

Source: Rongviet Research.

According to our analyst, DQC actively makes investment in research and development for new products with substantial financial resources from inventory disposal (Compact Bulb 115V) and has gradually resolved the liabilities arising from export (2007). Furthermore, the financial indicators remains stable and business performance keeps improving. With high dividends (20%) and the ability to exceed targets, overall, DQC is a notable stock and deserved the observation from investors who prefer high value share and dividends along with medium liquidity (10 days-average 65,000 shares per day). However with the cautious plan from DQC, the shareholders seem to not be satisfied.

Swift cash flow

The positive result of Q1/2015 from some companies (HQC, PDR, KBC, TSC, DBC, VCS, FPT, NSC ...) probably has impacted on the market sentiment recently. After several sideway trading-sessions, the market had more positive changes in the first half of the morning, especially on the liquidity factor. Ending session, liquidity in the market has improved significantly with the total trading value of 1.715 billion and an increase of nearly 20% compared to the previous trading session. In addition, MSN become the highlight of the day with 6.5 million shares traded deal worth up to nearly 522 billion. According to our observations, MSN had consecutive trading days not so profound in the past few weeks when only stop at the reference or discount and is currently at the lowest prices since 2010.

Considering market leading factors, although leading stocks from oil and gas industry such as GAS (-0.8%) continued to have decline trading session or speculative stocks such as FIT and HAI ending with red prices, VNIndex has withstood the negative impact from the positive momentum of Mid and Small Cap group. The consensus of many stocks has pulled VNIndex back up over 550 points and achieved 550.52 points (+0.51%), while HNXIndex increased by 0.41 points to 82.37 (+0.5%). Foreign investors remained the net sellers for three consecutive sessions with total value up to 45.7 billion dong; however, foreign trading activities seem to lose its negative affect on investors 'sentiment. In addition, the flow of money seemed to be better with improvement of liquidity

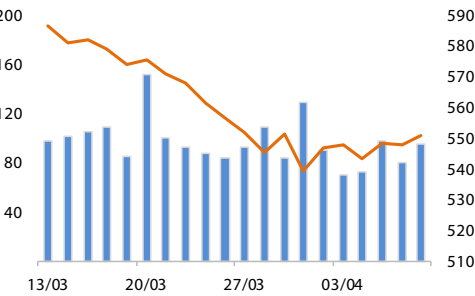
On the other hand, our analyst have a short conversation with CNG's representative about its profit in Q1 – 2015, whereby the company has completed 25% plan of the year even though the oil price is currently at low level. Reportedly, the company has been adjusted with new floating price formula with gas, therefore, Q1 profit is relatively positive comparing to other companies in the oil and gas industry. CNG is the subsidiary of the PGS which also has overall good price increase (+3.6%) during today trading session.

Kien Nguyen

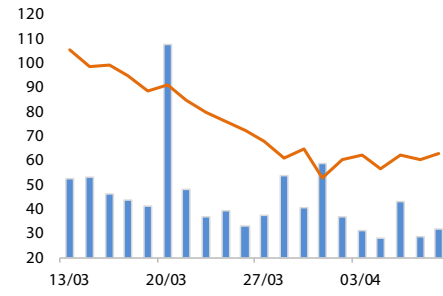
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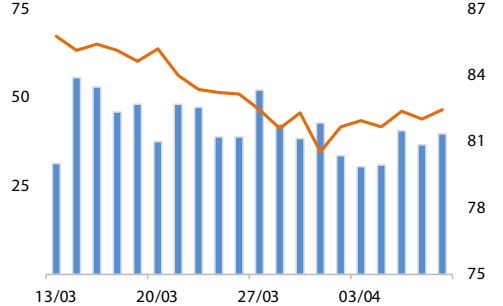
VNINDEX 0.51% **550.52**



VN30 0.42% **578.35**

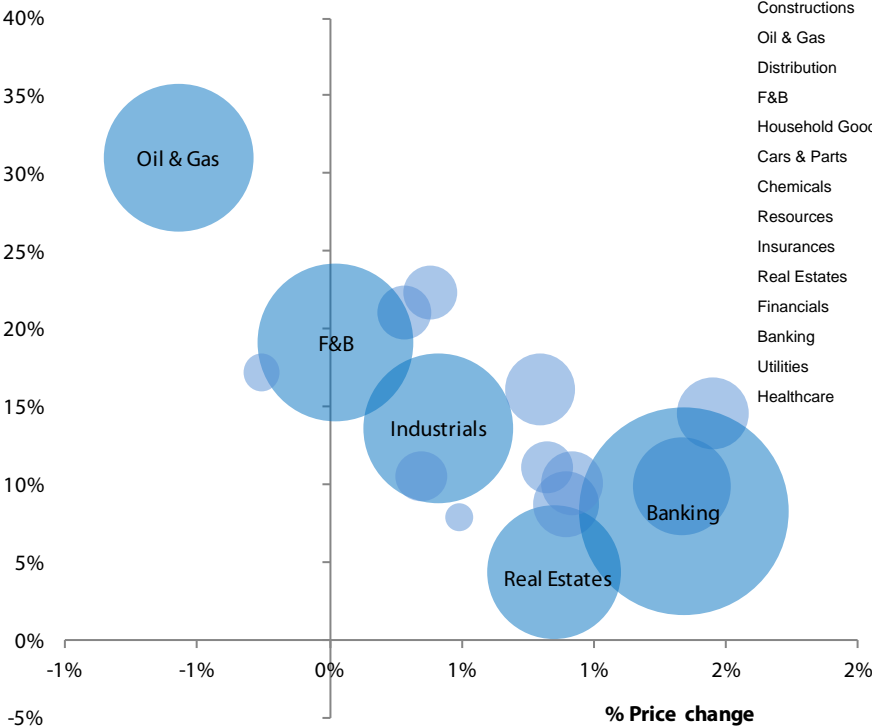


HNXINDEX 0.50% **82.37**

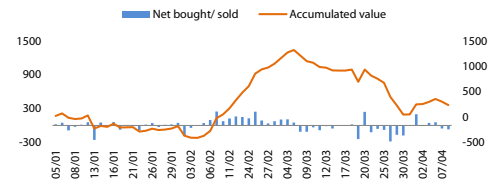


Industry Movement

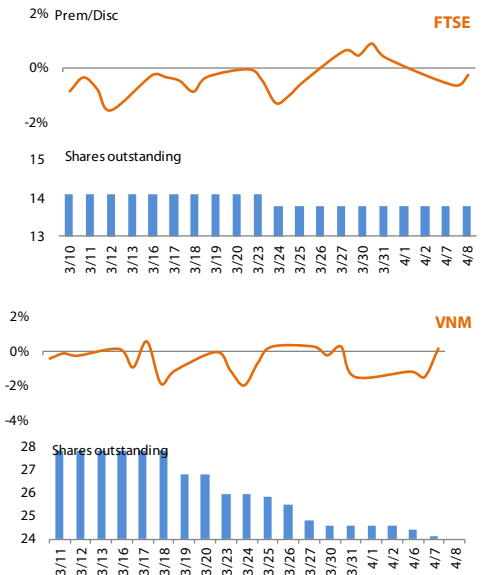
Industry ROE



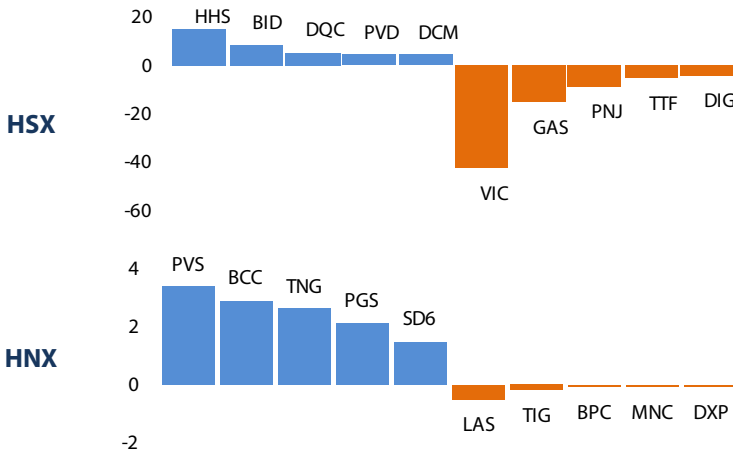
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



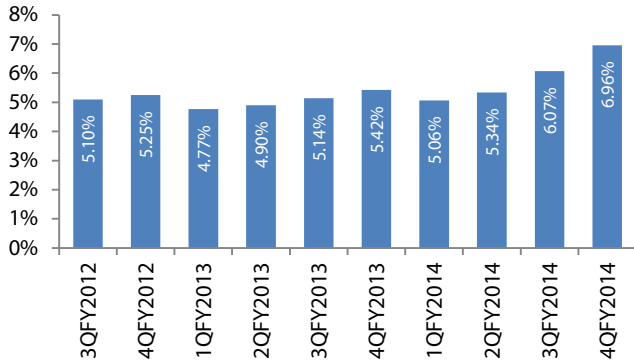
Top Active

Ticker	Price	Volume	% price change
DLG	9.6	5.45	2.1%
FLC	10.5	5.14	0.0%
CII	20.3	3.89	1.5%
CTG	17.8	3.78	2.9%
SAM	14.1	3.33	2.2%

Ticker	Price	Volume	% price change
FIT	16.2	5.87	-1.8%
KLF	8.9	2.01	0.0%
SHB	8.5	1.64	1.2%
S99	12.1	1.57	4.3%
CEO	13.0	1.45	0.8%

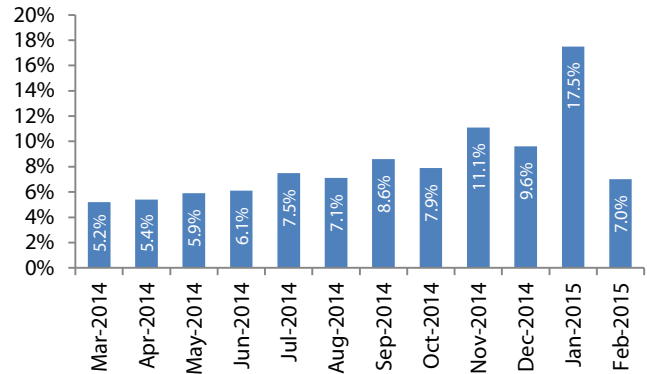
MACRO WATCH

Graph 1: GDP Growth



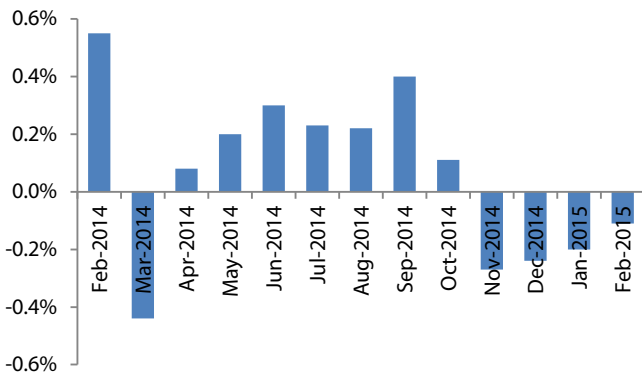
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



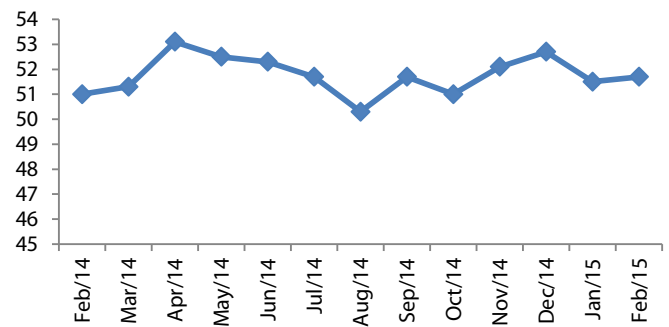
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



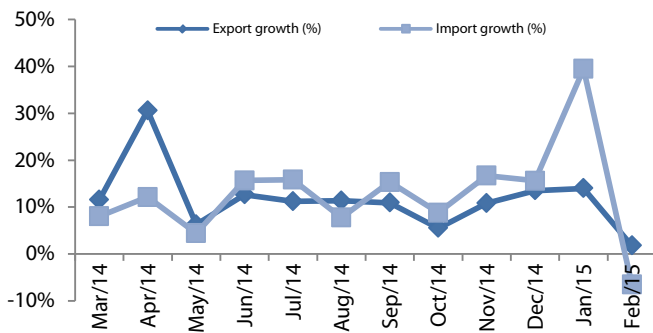
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



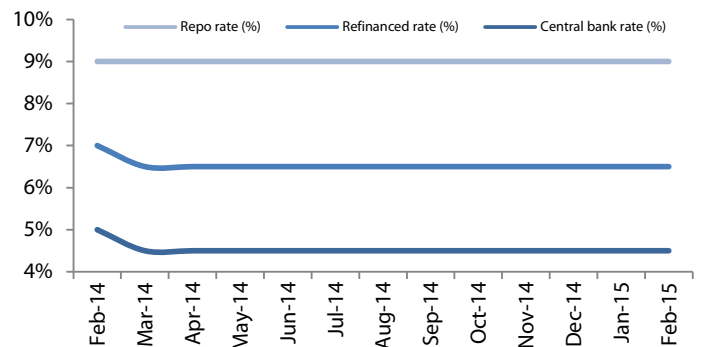
Sources: GSO. Rongviet Securities database

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
VFF	31/03/2015	0%-0.75%	0%-2.5%	11,757	11,728	0.25%
VEOF	31/03/2015	0%-0.75%	0%-2.5%	9,357	9,667	-3.21%
VF1	03/04/2015	0.2% - 1%	0.5%-1.5%	20,683	20,433	1.23%
VF4	01/04/2015	0.2% - 1%	0%-1.5%	8,989	9,187	-2.15%
VFA	03/04/2015	0.2% - 1%	0%-1.5%	7,087	7,197	-1.54%
VFB	03/04/2015	0.3% - 0.6%	0%-1%	12,152	12,205	-0.43%
ENF	27/03/2015	0% - 3%	0%	10,764	10,851	-0.80%
MBVF	26/03/2015	1%	0%-1%	11,028	11,093	-0.59%
MBBF	25/03/2015	0%-0.5%	0%-1%	12,062	12,040	0.18%

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