

FEBRUARY

04

WEDNESDAY

**ADVISORY DIARY**

- **LAS – Q42014 earning result update**
- **Hope for oil & gas shares due to the recovery of oil price**

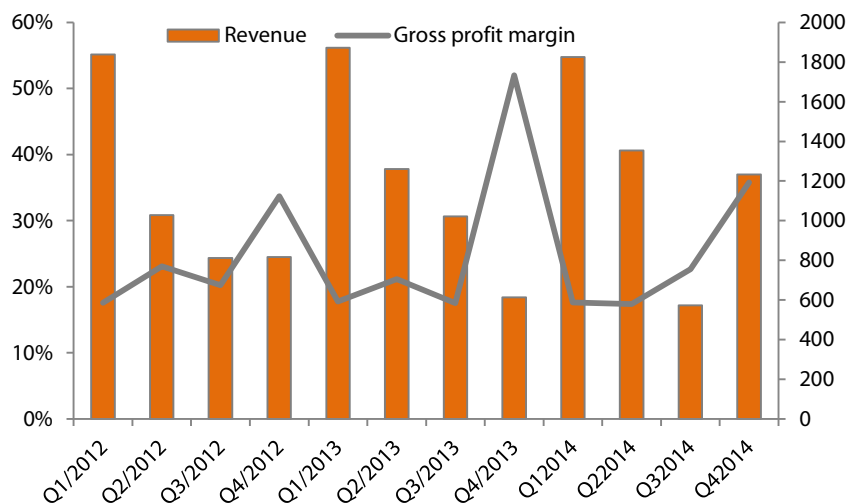
**LAS – Q42014 earning result update**

For many investors, 2014 was not a vintage year for fertilizer industry. Similar to this year, industry outlook is still up in the air. However, based on below analysis, we still hold LAS (Lam Thao Fertilizers and Chemicals JSC– HNX) in RongViet Research’s favorite stocks list for fertilizer industry.

LAS is the biggest phosphate producer in Viet Nam with major market in the Northern. LAS has two main products including phosphate and NPK, which account large proportion in revenue. Q42014 earning result was bright with revenue and NPAT increasing by 101% and 65.75%, respectively. According to our analyst, there are two factors which caused revenue’s growth: (1) Boost sales to achieve the 2014 guidance, in comply with supporting transport costs for customers; (2) agents stock good due to concerns about new tax policy. Gross profit also witnessed higher margin (~36%) related to a drop in input price (K, urea, SA,...). Moreover, a significant decrease in interest expense also had a positive impact on the bottom-line earning.

Despite positive Q4 earnings result, LAS operation is not an exception of the domestic fertilizer industry performance. In 2014, the revenue growth was quite low (+5% yoy, about VND4,985 billion) while PAT decreased slightly (-2% yoy, approximately VND439 billion).

**Exhibit: Change in Revenue and Gross profit margin**



Source: LAS, RongViet Research

In 2015, the fertilizer industry outlook continues to endure a continuous oversupply. In the North’s market, competitiveness will intensify due to increasing supply from DAP Lao Cai and NPK Binh Dien. Therefore, the downtrend of fertilizer price risk would still exist. However, we also noted that raw material price used to produce phosphate and NPK (urea, SA, Kali, ...) sharply decreased. Therefore, in the first half of 2015, we expect gross profit margin can be improved compared with the same period last year. Moreover, because of saturation in fertilizer industry, LAS pays dividend at a considerable level compared to other fertilizer company. With EPS in 2014 equal to 5,368 VND,

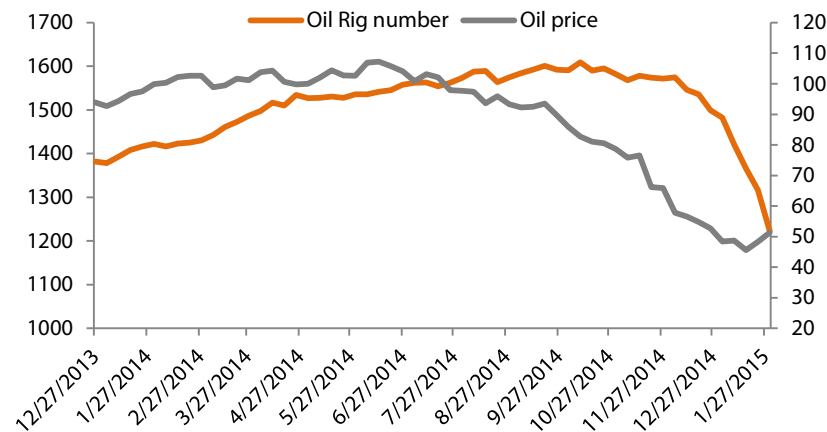
*“Hope for oil & gas shares due to the recovery of oil price”*

we expect that the Company would continue to maintain its cash dividend ratio (30-40%). At the closing price on February 04, 2015, expected dividend yield is about 9.3% to 12.4%, besides, because LAS usually pays dividend payout between February and June, so we think this could be an attractive factor for those investors who prefer dividends.

**Hope for oil & gas shares due to the recovery of oil price**

Strong recovery of oil price weighed on global stock market, including Vietnam in recent days. In a short span of time, an array of information has driven WTI oil price up more than 15% from the bottom line on January 28, 2015: (1) According to Baker Hughes, as of 30/01/2015, the U.S. oil rigs count has fall sharply from the peak in October, 2014; (2) BP Plc (UK) expects to cut spending by 20% this year due to low oil price; (3) The biggest strike of U.S. refinery worker since 1980; (4) Some U.S. refinery plants were partly shut down for seasonal maintenance...All those news reflected on sentiment which caused short covering and higher oil price. Some analysts believe that oil market has not changed much in term of supply-demand, however, many agree that oil price will recover in the second half of 2015.

**Exhibit: Change in U.S. oil rig count and oil price (WTI)**



Source: Bloomberg

According to a jump in oil price, oil & gas stocks also witnessed a significant increase, especially in today trading session. In contrast, banking stocks diverged, leaders such as VCB, BID, CTG closing in red while the remaining shares increased slightly. The most noticeable thing was OGC’s transaction which recorded the third highest trading volume (~10.8 million units) since the event in October 2014.

Although market closed in green, we supposed that foreign investors were still cautiously. Today, VCB was the largest net bought stock (~VND20.8 billion) while HPG was still net sold by foreigners (~VND 17 billion). Since the start year, HPG’s price dropped by 15% due to the net sold from some funds.

Yesterday, Hai Minh Corporation (HMH - HSX) has published the Board decision minute on FY2014 earnings and FY2015E plan. In 2014, the total revenue and consolidated PAT were VND134.8 billion and VND41.5 billion with y-o-y growth of 21% and 5%, respectively. As detailed in our HMH’s result update report dated January 06, 2015; the Company has divested 50% of its equity stake in K-line joint venture as agreed initially and there will be no other income from old barge liquidation in 2015. This has been reflected in the business plan for 2015 with the total revenue and PAT at VND123 billion and VND33 billion, respectively which equate 91% and 78% of 2014 results.

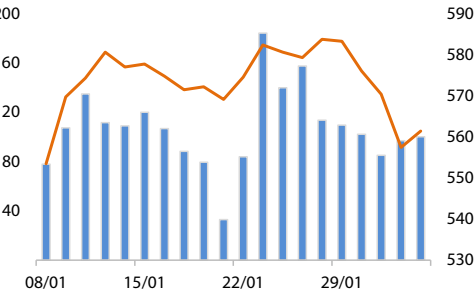
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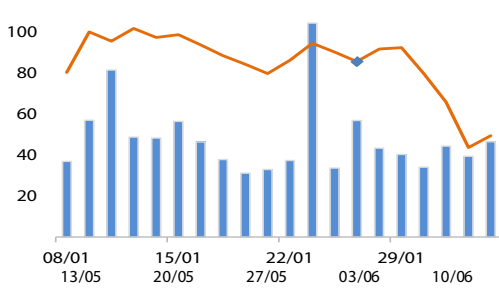
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Investors may be concerned about the relatively low business targets in 2015. However, our industry analyst appreciates the HMM reinvestment of asset liquidation's proceed to increase transporting capacity (expected to buy 10 tractors) and warehouse area expansion in Hai Phong (~ 2,3ha). This shows that Company is actively preparing itself to cater growing logistics services demand in the future, subsequent to the signings of various free trade agreements this year. Moreover, the lingering low petrol price situation and truckload control policy would promise to improve the company's gross margin and create a more level business competition environment. Accordingly, our 2015F PAT shall remain unchanged at VND 39 billion, equivalent to the EPS of VND 3,910 with expected gross profit margin increased to 31% in 2015 from 29% in 2014.

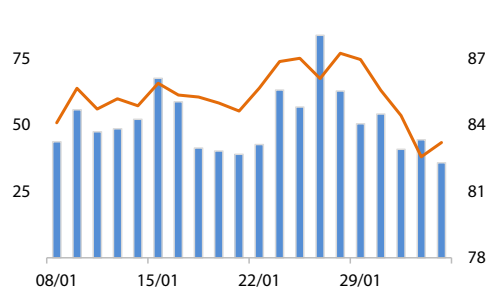
**VNINDEX 0.71% 561.45**



**VN30 0.57% 588.83**



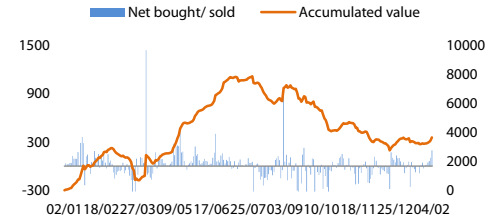
**HNXINDEX 0.78% 83.20**



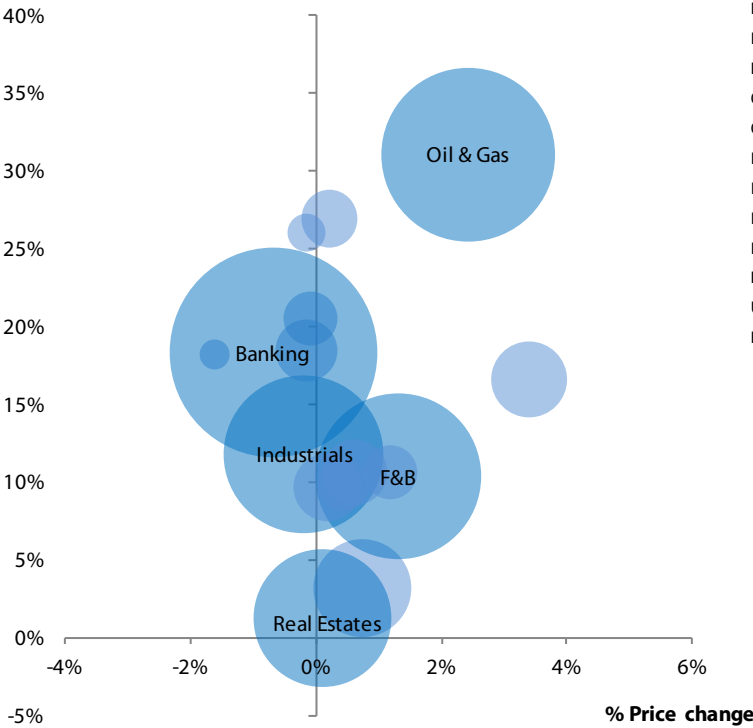
**Industry Movement**

Industry	% change
Technologies	-0.1%
Industrials	-0.2%
Constructions	0.7%
Oil & Gas	2.4%
Distribution	-1.6%
F&B	1.3%
Household Goods	0.4%
Cars & Parts	-0.2%
Chemicals	-0.1%
Resources	0.2%
Insurances	3.4%
Real Estates	0.1%
Financials	0.2%
Banking	-0.7%
Utilities	0.6%
Healthcare	1.2%

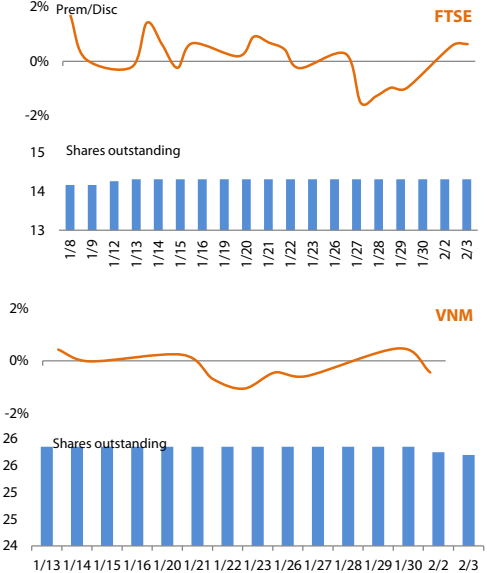
**Foreign Investors Trading**



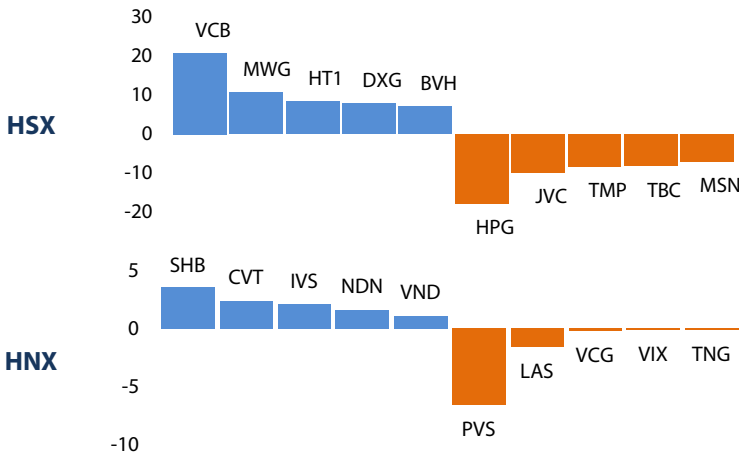
**Industry ROE**



**ETF**



**Top net bought/sold by foreigners (VND bn)**



**Top Active**

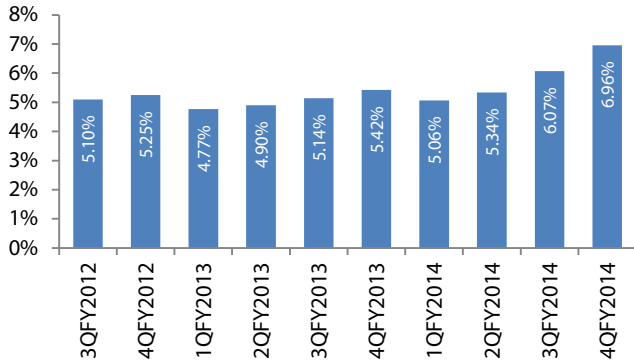
Ticker	Price	Volume	% price change
FLC	10.6	11.83	5.0%
OGC	5.2	10.81	-5.5%
BID	15.7	4.56	-1.9%
MBB	13.5	3.79	1.5%
CTG	16.2	3.61	-3.6%

Ticker	Price	Volume	% price change
KLF	10.2	4.43	2.0%
SCR	7.7	4.36	1.3%
SHB	8.5	4.22	2.4%
PVC	24.6	1.56	3.4%
PVX	4.4	1.20	2.3%

**MACRO WATCH**

**Graph 1: GDP Growth**



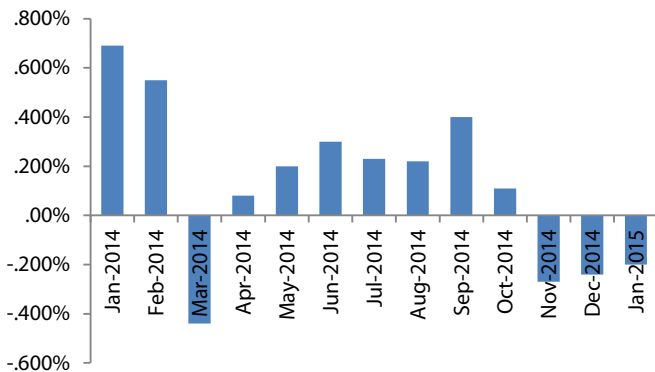
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



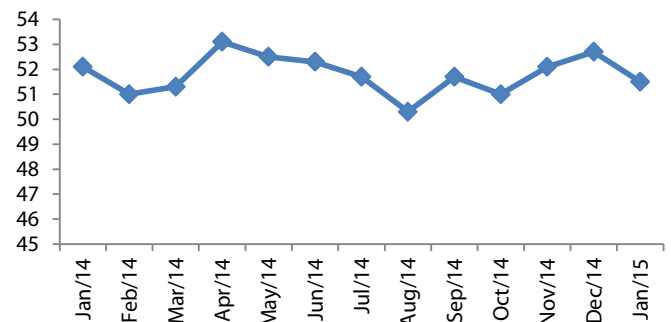
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



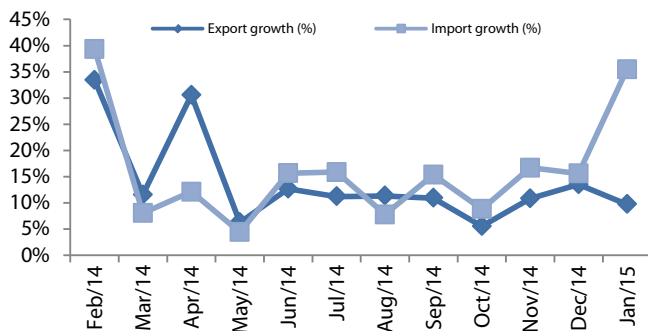
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



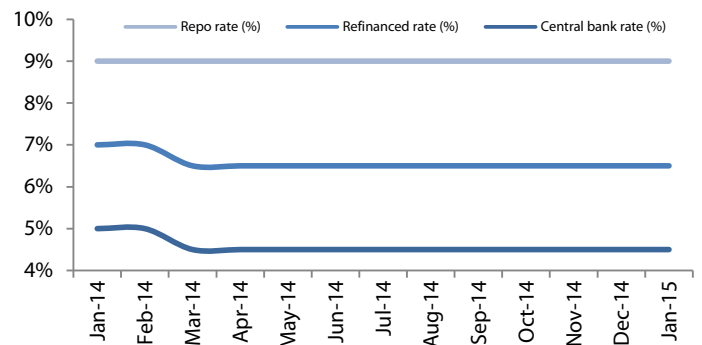
Sources: GSO. Rongviet Securities database

**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
BT6- Restructuring scheme to bring a brighter prospect	Jan 26 <sup>th</sup> , 2015	Monitor	
PAC- Opportunities along with challenges	Jan 14 <sup>th</sup> , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 <sup>th</sup> , 2015	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 <sup>th</sup> , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 <sup>th</sup> , 2014	Accumulate – Long term	110,000

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	27/01/2015	0%-0.75%	0%-2.5%	11,583	11,454	1.13%
VEOF	27/01/2015	0%-0.75%	0%-2.5%	9,627	9,567	0.63%
VF1	30/01/2015	0.2% - 1%	0.5%-1.5%	21,515	21,452	0.29%
VF4	28/01/2015	0.2% - 1%	0%-1.5%	9,337	9,218	1.29%
VFA	30/01/2015	0.2% - 1%	0%-1.5%	7,415	7,371	0.58%
VFB	30/01/2015	0.3% - 0.6%	0%-1%	12,015	11,912	0.86%
ENF	23/01/2015	0% - 3%	0%	10,481	10,790	-2.86%
MBVF	22/01/2015	1%	0%-1%	11,115	11,176	-0.54%
MBBF	21/01/2015	0%-0.5%	0%-1%	11,880	11,921	-0.34%

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