

FEBRUARY

02

MONDAY

“Tranquility”

ADVISORY DIARY

- **Logistics companies result update: TCL and GMD**
- **Market remained tranquil today**

Logistics companies result update: TCL and GMD

Logistics and warehousing services is one of the industries expected to see high growth in 2015 thanks to many government’s preferential policies and the recovery of the countrywide economy and commercial activities. With some logistics enterprises announcing their 4Q and 2014’s earnings, RongViet Research would like to make a brief update to you on earnings results of some leading firms in this field.

One of the listed logistics companies having stable earnings in recent years is JSC Tan Cang Logistic JSC (HSX: TCL). TCL core business activities are container handling, warehousing and stevedoring at Cat Lai port, one of the largest ports in the South (accounted for 80% market share of throughput in the South). For the whole 2014, the volume of goods through Cat Lai port was estimated to grow nearly 13% over the same period. Considered the largest enterprise in this area, 2014’s revenue and NPAT growth of TCL were also quite attractive with a growth of 9.2% and 14% compared to 2013, respectively. In addition, the gross margin increased to 21.6% from 18.6% in 2013 due to lower fuel costs. For 2015, TCL’s main engine of growth would come from higher utilization of Tan Cang - Nhon Trach and Hai Phong 128 ports; the depot expansion plan in Tan Cang - Nhon Trach to 5,2ha from 1.2 ha and increasing handling capacity by investing an additional Liebherr crane.

Last week, Gemadept Corporation (HSX: GMD), another enterprise in logistics field, also revealed its 2014’s consolidated NPAT. More specific, NPAT reached VND700 billion, which is 3.5 times higher than the previous year. Unsurprisingly, the sudden growth in profits was mainly contributed by the transfer of GMD Tower Building to CJ Corporation (Korea) (~VND580 billion). However, the core business activities of GMD have seen positive improvements. We highly appreciate GMD putting Nam Hai Dinh Vu port (design capacity of 500,000 teus/ year) into operation. Nam Hai Dinh Vu is a deep-water port located in the Dinh Vu peninsula and can receive large vessels up to 30,000DWT. This port addition would increase GMD total port capacity nearly 30%. In 2014, we estimate the utilization rate of Nam Hai Dinh Vu port could reach about 60 - 70%. In 2015, with export activities continuing to grow around 10-12%/year, Nam Hai Dinh Vu port might operate at full capacity and contribute positively to revenue and earnings for port operation segment of GMD. Meanwhile, 2014’s logistics operations was expected to grow 8% while gross profit margin increased to 10% from 8.7% at the end of 2013 due to fuel price reduction and the development of value added services.

In general, logistics sector and domestic logistics companies in particular have many advantageous factors for growth in 2015: (1) the free trade agreements such as the FTA and TPP expected to boost import-export activities of Vietnam; (2) Domestic enterprises are stepping up to increase logistics service capacity and has advantage of accumulating favorable-position land despite increasing competition from foreign companies; (3) gasoline prices remaining low is a plus for improving their profit margins; (4) increasing investments of government in transportation infrastructure. Therefore, prospects of logistics enterprises in 2015 are very positive.

Market remained tranquil today

Investor’s pessimism and a lack of supportive information may have been the main reason for the stock market poor performance on the date Circular 36 took effect. As almost 3 stocks ended

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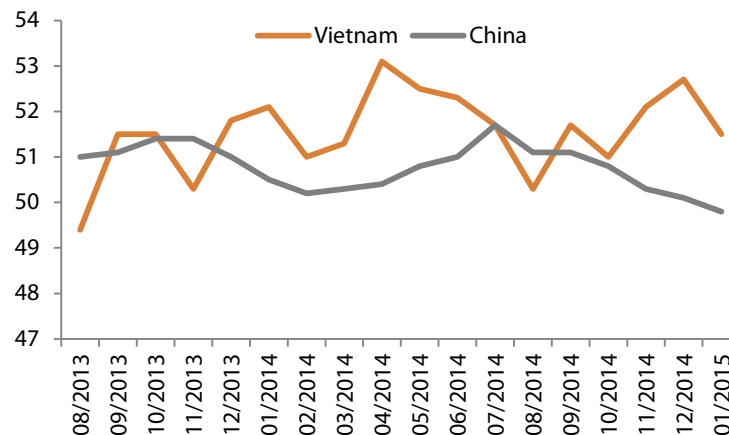
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lower for every one that gained, selling pressure pushed VN-Index down 0.99% and HNX-Index 1.33% for the day. Apparently, news on the rebound of crude oil price was not enough to provide oil and gas a boost; whereas most sector players closed lower, a rare PVS picked up an encouraging VND1,000. Widespread hesitation also reflected in the lower liquidity where trading value of HSX dropped 37% from the last trading day and the HNX saw the lowest value of trading in over a week to date. Foreign investors turned sellers in HNX, unloading a net VND15 billion worth of stocks from their holdings.

Besides, HSBC, today, announced the purchasing management index (PMI) of 01/2015. Specifically, the manufacturing industry PMI of Vietnam decreased slightly by 1.2 points (from 52.7 to 51.5), but still remaining 17 consecutive months of expanding production in Vietnam, with lowering pace than last month. Higher employment and lower gasoline price, according to the organization, will be the driver for expanding manufacturing operations in Vietnam next months.

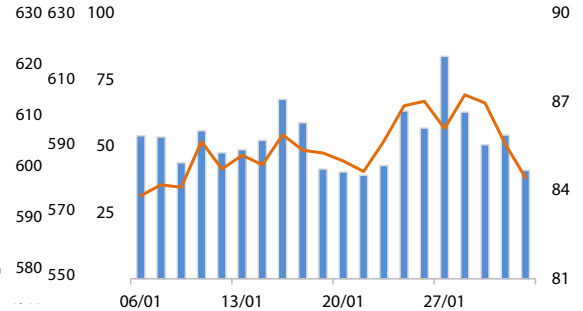
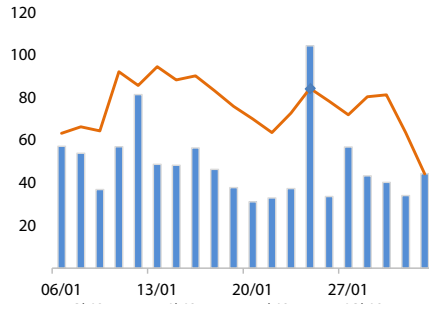
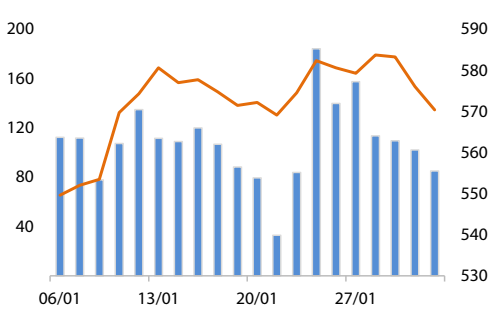
In opposite developments, 2015 January PMI of China slumped below the 50 point mark in 2 years, down to 49.8 point from 50.1 point seen in December 2014. Components of PMI index including new orders, export orders and goods prices all experienced a fall. China's PMI has continued the downtrend in a while and the latest dip could be regarded as a warning sign, supporting common economist's views of a China going into recession. This would have certain impacts on Vietnam economy and the world on various facets. RongViet Research macro-analyst argued that it is too early to form any conclusion on Chinese state of economy simply due to seasonality in countries celebrating Lunar new year in January and February. Thus, we would provide you a more detailed analysis on this matter in the upcoming Advisory Diaries.

Chart: Monthly PMI of Vietnam and China



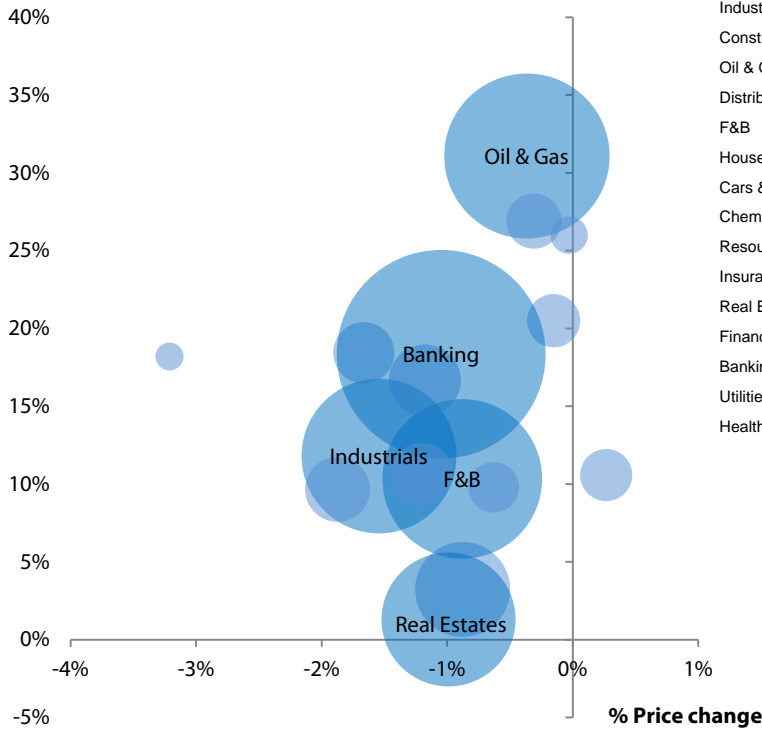
Source: RongViet Securities

VNINDEX -0.99% 570.37 VN30 -1.33% 598.46 HNXINDEX -1.33% 84.42



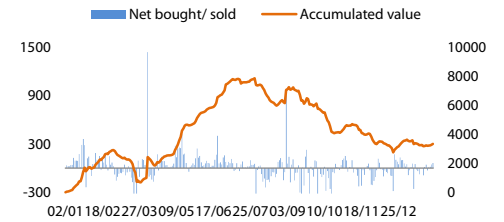
Industry Movement

Industry ROE

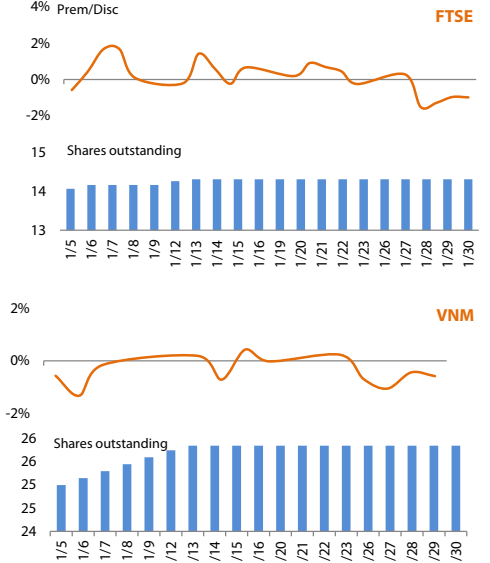


Industry	% change
Technologies	-0.2%
Industrials	-1.5%
Constructions	-0.9%
Oil & Gas	-0.4%
Distribution	-3.2%
F&B	-0.9%
Household Goods	-0.6%
Cars & Parts	0.0%
Chemicals	-1.7%
Resources	-0.3%
Insurances	-1.2%
Real Estates	-1.0%
Financials	-1.9%
Banking	-1.0%
Utilities	-1.2%
Healthcare	0.3%

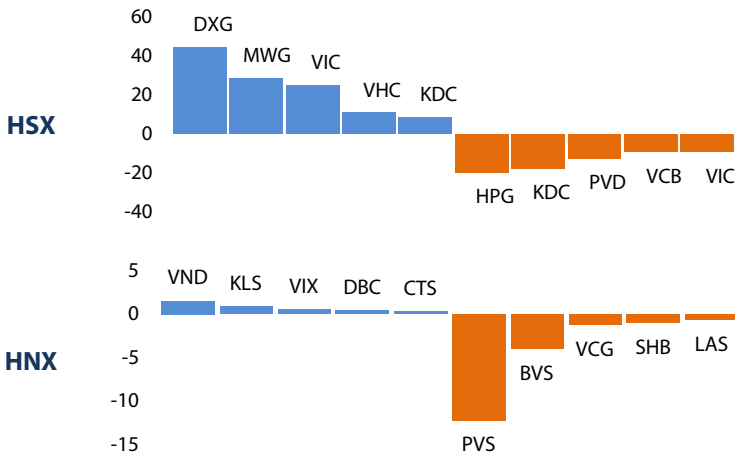
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



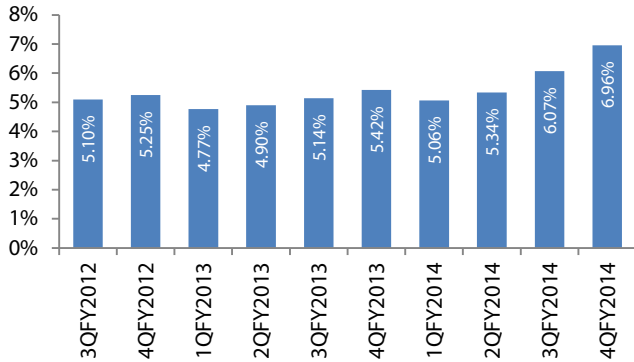
Top Active

Ticker	Price	Volume	% price change
OGC	5.7	4.84	-6.6%
FLC	10.2	4.43	-1.0%
TTF	12.4	3.42	0.0%
VHG	11.8	3.06	-5.6%
MBB	14.0	2.83	-1.4%

Ticker	Price	Volume	% price change
KLF	10.0	6.43	-3.8%
SCR	7.7	3.79	-1.3%
SHB	8.8	3.04	-2.2%
PVX	4.4	1.96	-4.3%
FIT	17.9	1.88	1.1%

MACRO WATCH

Graph 1: GDP Growth



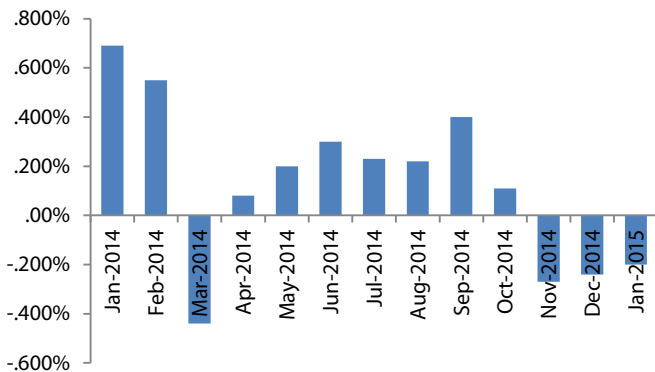
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



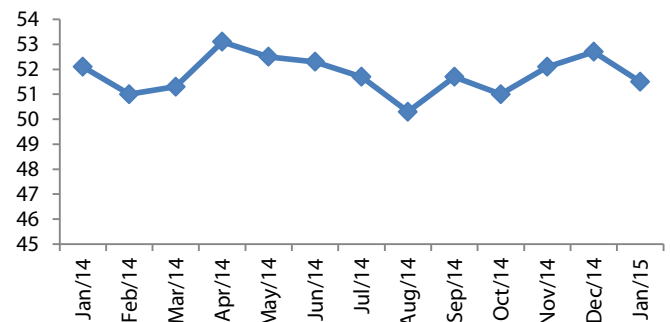
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



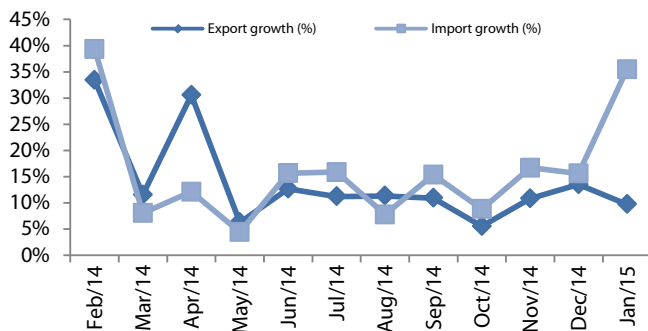
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



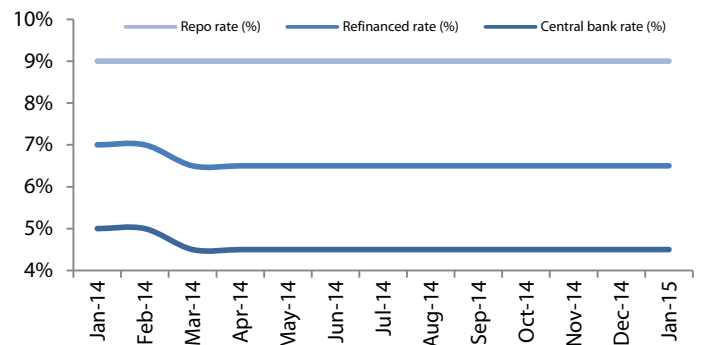
Sources: GSO. Rongviet Securities database

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	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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