

**APRIL**

**02**

**THURSDAY**

**“Vietnam market – not for the faint of heart ”**

**ADVISORY DIARY**

- **HHS Update: Prospect from Hoang Giang “incorporation”**
- **Vietnam market – not for the faint of heart**

**HHS Update: Prospect from Hoang Giang “incorporation”**

To be evaluated with “positive” prospect in 2015, automobile retail industry is recently demonstrating great “resistance” through serious market diseases. To be more precise, during dramatically decreasing trading session over the last few days, SVC and HHS were usually closed with green price while TMT was even at selling price. Regarding positive and favorable demand-supply prospect, automobile retail companies could assure about their business activities. However, our industry expert asserted that with this industry, prospects could be observed for one year.

In today “Advisory Diary”, we will share updated information about HHS, an enterprise with secure financial position along with strong brand after our industry experts had a chance to talk to company’s representatives.

HHS is a monopoly supplier of Chinese Dong Feng trucks; therefore, the company benefits from demand increase in Vietnam. According to company’s sharing, Dong Fend trucks account for 20% market share of Vietnam trucks due to the lower-price factor than Korean Trucks (Kia, Hyundai...) under same utilities. In addition, truckload limitation policy from Ministry of Transport is the main factor helps boosting consumption. In 2014, Vietnam consumption in trucks increased by 260%, second highest market after India consumption market (+350%).

The M&A story with Hoang Giang is the highlight of HHS which will expand the product range. Hoang Giang is known as the distributor of Sino Truck (60% market share in the truck segment) when it held up to 30% of the distribution volume of Sino Truck in Vietnam and the America Freightliner tractor. In our opinion, the M&A decision is the right direction of HHS because (1) reduce the competition pressure as room for growth is limited, (2) diversification of product categories, reduce the investment costs to expand new distribution channels provide the basis for expanding the market share of over 50% in 2015. And the consolidated financial statements will be made starting from Q2/2015. In the first 2 months, the business results of HHS and Hoang Giang were increased significantly compared to the same period. At the same time, in their estimation, the profit after tax Q1/2015 is positive for both HHS and Hoang Giang.

Through discussions with businesses, the overview of both the industry and HHS still is positive but not bright as “surprise” growth in 2014. With the expected cash dividend at least 10%, as well as good performance coming from the M&A deal

with Hoang Giang, investors should observe this stock. More detailed analysis and outlook of HHS would be discussed in the forthcoming RongViet Research company report.

**Vietnam market – not for the faint of heart**

In spite of the dominance of green color, conservative sentiment had still appeared in morning’s session before replacing by optimism in afternoon’s session. A rise by 5% in Oil price announced prior to the opening time provoked positive sentiment to investors. As a result, VNIndex rose quickly after ATO. However, the market easily plummeted, below 537 points in certain time that led the VNIndex to be in red. Thanks to the profit-taking, especially the support of Banking, the market rebounded and spread to most stocks. Noticeably, Oil&Gas stocks – making threats against investors recently that appeared in green color in closed session as PVD and GAS increased by VND1,100 and 1,000.

It may be a long time to see the battle “green overwhelming” in VN 30 with 28 green stickers, especially, BVH and OGC hit the ceiling price. This positive point can come from (1) foreigners’ net buying continued with total amount of more than VND 8 billion, (2) investors’ buying is less cautious due to the price slumping to reasonable level for accumulation. However, trading volume was still low, approximately 110 million units, decreased 27% compared with yesterday session, raising the concern that today was a technical correction. Nevertheless, as the share of our analyst yesterday, the market may recover in extraordinary way - “climbing” slowly without the strong support of liquidity.

Incidentally, VNIndex opened at reference point of 538.9. If dividing this number by the 2014 bottom VNIndex (508.76), we get the figure 5.92% - relatively equivalent to GDP growth (5.98%) last year. This calculation does not imply that it is able to bottom-up based on the combination of previous one and GDP growth. We only provide interesting information for investors while waiting for the conformation tomorrow

**Trien Le**

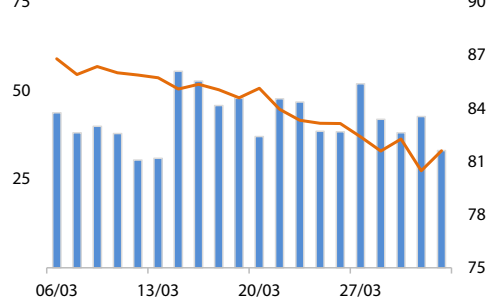
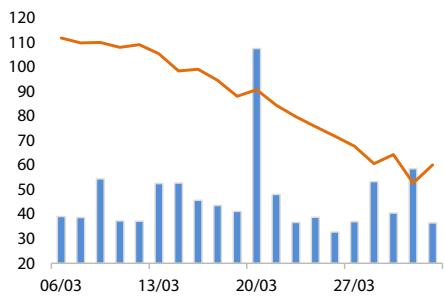
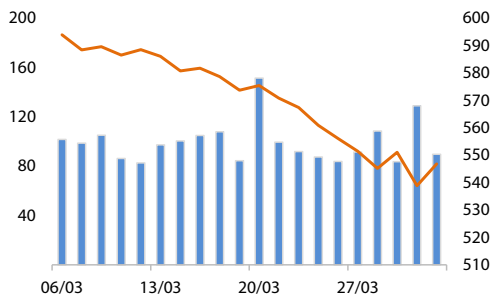
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**VNINDEX** 1.47% **546.85**

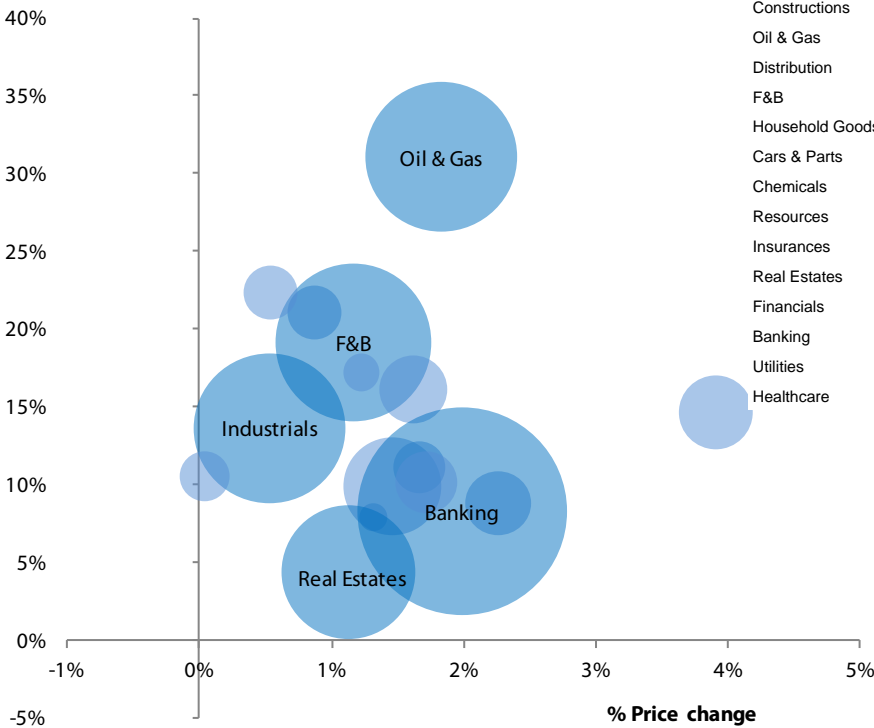
**VN30** 1.17% **576.13**

**HNXINDEX** 1.40% **81.60**

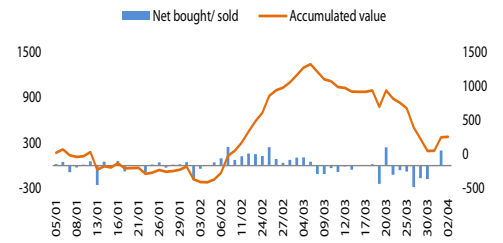


**Industry Movement**

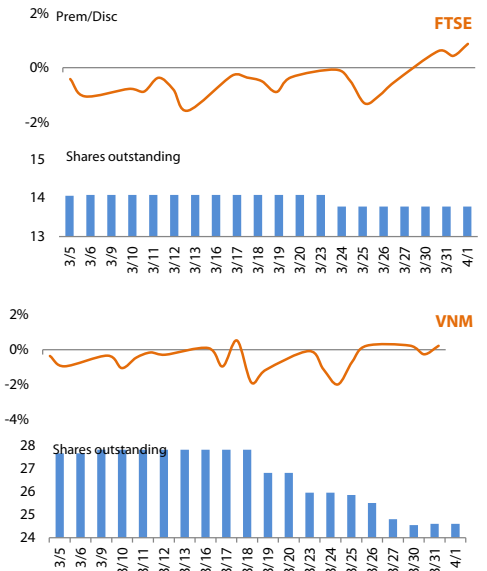
**Industry ROE**



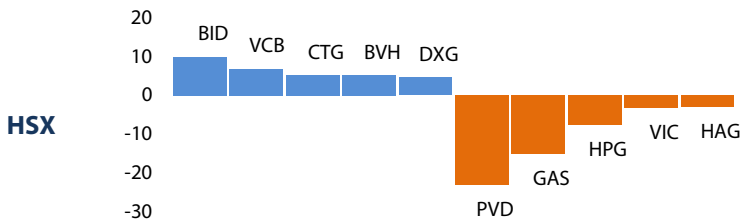
**Foreign Investors Trading**



**ETF**

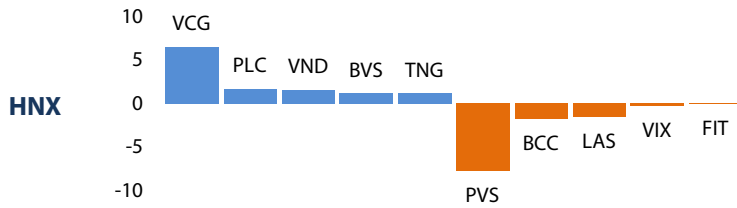


**Top net bought/sold by foreigners (VND bn)**



**Top Active**

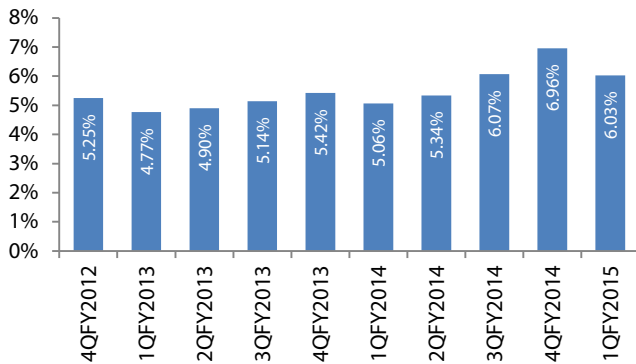
| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| FLC    | 10.6  | 13.53  | 1.0%           |
| HAI    | 11.3  | 9.21   | 0.0%           |
| OGC    | 4.7   | 4.06   | 6.8%           |
| DLG    | 9.0   | 2.99   | 0.0%           |
| VHG    | 11.2  | 2.85   | 3.7%           |



| Ticker | Price | Volume | % price change |
|--------|-------|--------|----------------|
| FIT    | 17.0  | 4.69   | 6.3%           |
| KLF    | 9.1   | 3.47   | 1.1%           |
| PVX    | 4.6   | 1.49   | 2.2%           |
| SHB    | 8.5   | 1.43   | 1.2%           |
| PVS    | 22.3  | 1.37   | 3.7%           |

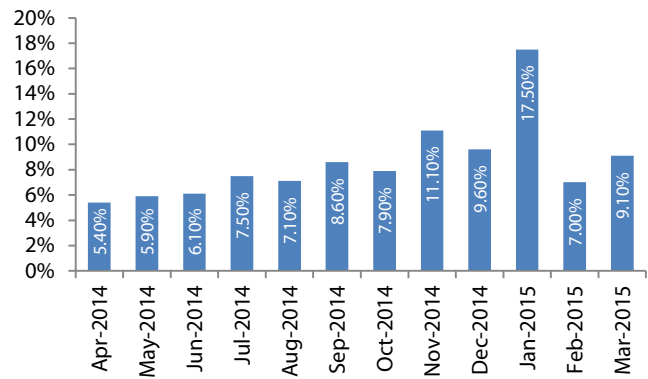
## MACRO WATCH

**Graph 1: GDP Growth**



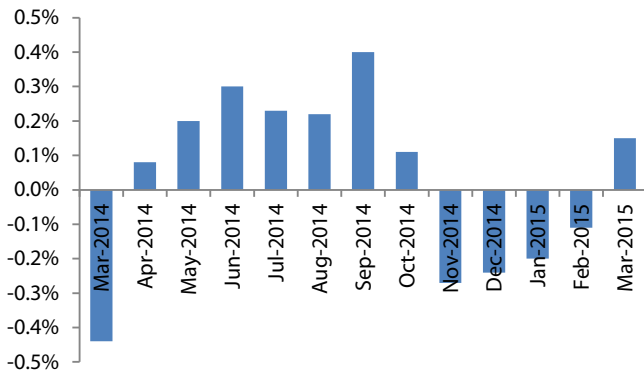
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



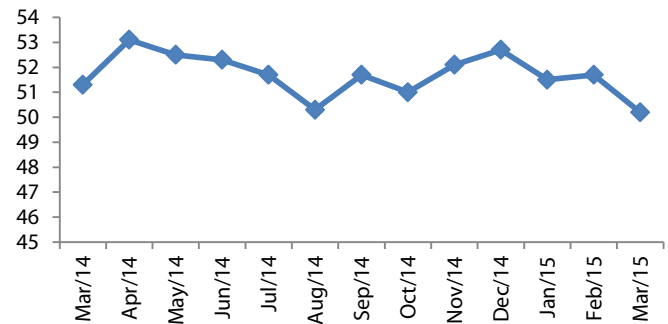
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



Sources: GSO. Rongviet Securities database

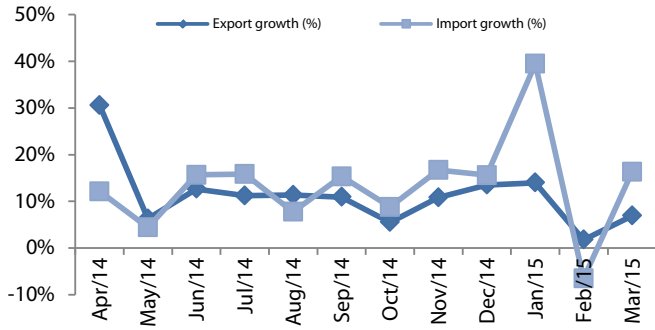
**Graph 4: HSBC - PMI**



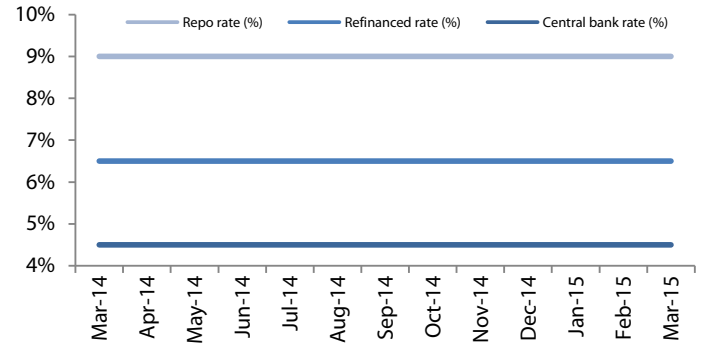
Sources: GSO. Rongviet Securities database

**Graph 5: Trade Growth**

**Graph 6: Interest**



Sources: GSO. Rongviet Securities database



Sources: SBV. Rongviet Securities database

## RONG VIET NEWS

### COMPANY REPORTS

| COMPANY REPORTS  | Issued Date                 | Recommend                      | Target Price |
|--|-----------------------------|--------------------------------|--------------|
| 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      |
| PCT – Restructuring                                    | Dec 11 <sup>th</sup> , 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       | 17/03/2015  | 0%-0.75%                              | 0%-2.5%                             | 11,734                         | 11,730                           | 0.03%         |
| VEOF      | 17/03/2015  | 0%-0.75%                              | 0%-2.5%                             | 9,840                          | 9,871                            | -0.31%        |
| VF1       | 26/03/2015  | 0.2% - 1%                             | 0.5%-1.5%                           | 20,996                         | 21,086                           | -0.43%        |
| VF4       | 18/03/2015  | 0.2% - 1%                             | 0%-1.5%                             | 9,403                          | 9,530                            | -1.33%        |
| VFA       | 20/03/2015  | 0.2% - 1%                             | 0%-1.5%                             | 7,301                          | 7,402                            | -1.36%        |
| VFB       | 20/03/2015  | 0.3% - 0.6%                           | 0%-1%                               | 12,201                         | 12,187                           | 0.12%         |
| ENF       | 20/03/2015  | 0% - 3%                               | 0%                                  | 10,851                         | 10,923                           | -0.66%        |
| MBVF      | 12/03/2015  | 1%                                    | 0%-1%                               | 11,143                         | 11,173                           | -0.27%        |
| MBBF      | 18/03/2015  | 0%-0.5%                               | 0%-1%                               | 12,040                         | 12,032                           | 0.07%         |

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