

**MARCH**

**23**

**MONDAY**

*“General market sentiment sank late in the session due to foreigners’ net selling”*

**ADVISORY DIARY**

- **LCG – Positive outlook in 2015**
- **General market sentiment sank late in the session due to foreigners’ net selling**

**LCG – Positive outlook in 2015**

*In this morning “Morning coffee” show in RongViet Research’s Head Office, we introduced in LCG stocks, in construction industry and being said to achieve exceptional leap in 2015.*

LICOGI 16 Joint Stock company (HSX-LCG) was found in 2001; mainly operate in construction and real estate sector. Comparing to other companies in construction industry, LCG attracts us in terms of experience and construction capacity. In addition, LCG owns a huge bank of land (~285 ha) with low initial cost in several potential areas such as Nhon Trach (Dong Nai), district 12 (HCMC)...

In the 2011 - 2013 periods, due to the difficulties in real estate market and construction industry, especially LCG also were going through a rough time. On the other hand, LCG was in high level of debt and under the pressure to pay back (short-term debt on 31/12/2014 ~982bil VND), the same situation as many other construction companies. In 2013, LCG had the issue from tax arrears and interest of Corporate Income Tax late payment (~VND 64 billion) and a loss of VND 114 billion from Orient bio fuels company (Ethanol project). However, LCG operation has had significant changes since 2014. Profit margin basically came “back to the ground”, along with ~VND3bil of profit after tax in 2014. As a result, LCG took a huge leap and escaped from HSX’s “warning”.

In 2015, investors who are interested in LCG could make an attention in several notable investment highlights such as:

**Financial condition is much more improved comparing to 2 years ago.** At this moment, LCG is under re-structuring debt level; transforms short-term debts in to medium and long-term debts. Furthermore, with the decrease in interest rate comparing to last year and as the forecast from the State bank of Vietnam, interest rate is expected to drop further by 1-1.5% this year, we believe that LCG’s financial cost would dramatically decline in 2015. Moreover, due to an additional issuance of 20 million shares (October, 2014) and sold out Sky Park Residence project (April, 2014), LCG had more additional capital to pay loans.

**Business performance has recovering signs.** LCG asserts that they would not suffer from financial loss and provision which could bring negative impact on the company. In addition, Ethanol project recorded 114bil VND in 2013 and 4bil VND in 2014 (over total capital of 123bil VND), leading to the maximum remaining project fund ~VND 14bil. Related to subsidiary Licogi 16.6 Jsc (HNX: LCS), because Sao Tho quarry is being slowly licensed, LCG recorded VND38bil loss in 2014. Though, LCG believed that this project could be licensed and would increase revenue this year. In addition, we appreciate the ability to improve business performance from LCG with the record of ~1,200-1,300bil VND in profit from 1A Highway, 38 Highway, Lam Dong 2 Hospital project... in 2015.

**Enormous land with high potential development.** LCG has huge bank of land, mainly concentrates in Nhon Trach, Dong Nai (~285 ha). With lack of infrastructure and development of surrounding areas, LCG’s real estate projects recently operated inefficiently. In the future, with the commencement of Long Thanh airport and bridge between 9 District and Nhon Trach, our experts believe that they would promote selling activities in this area. In term of Hiep Thanh residential area (12 ha in 12 District, HCM City), LCG expects to open for selling in 2<sup>nd</sup> Quarter 2015.

Base on construction industry's overall prospects, our industry experts forecast revenue and profit after tax in 2015 would be VND 1,367bil (+8% yoy) and VND 53.1bil (17.7x yoy) consecutively. Therefore, EPS in 2015 would be approximately 697 d/share with P/E forward and P/B forward ~ 10.48x and 0.56x lower than industry average. To conclude, we believe LCG is a noteworthy stock in construction industry this year.

**General market sentiment sank late in the session due to foreigners' net selling**

Today market opened fairly quiet and cautious. Liquidity in the market today returned to before ETF rebalancing period (reaching ~ 2,000 billion). However, investor sentiment became more negative in the afternoon as strong foreign investors started selling strong. Some heavily sold tickers included PVD (VND30.2 billion), HAG (VND15 billion), VCB (VND14.2 billion), DPM (VND11.62 billion), SSI (VND10.2 billion). Under foreign investors' selling pressure, up to 22/30 stocks in the VN30 closed below yesterday's price. We observed only a few pillars remain green in today session such as MSN (2.5%), HSG (1.7%), CSM (1.25%). Ending the session, the VN-Index and HNX closed in the red, with the corresponding points 83.94 and 570.89.

Today, we would like to make note about low foreign-exchange reserve stage in Indonesia. According to Bloomberg, the current foreign reserves/GDP ratio of Indonesia was at the lowest level in Southeast Asia (~13%). Meanwhile, the country's trade balance is facing many challenges due to the goal of stabilizing exchange rate of the country's central bank.

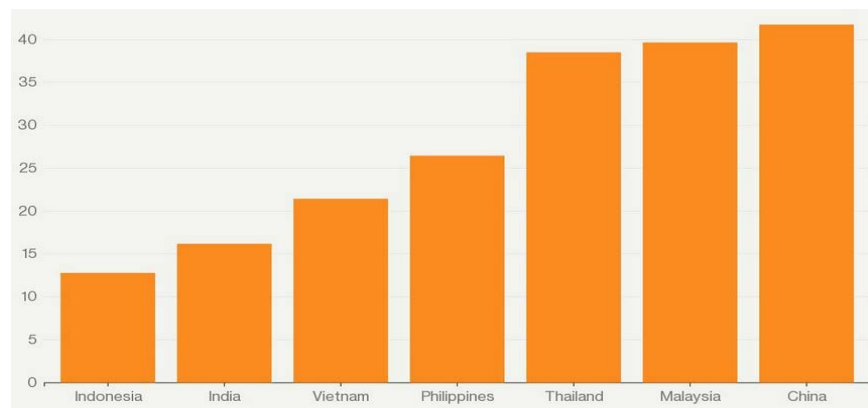
Along with some rumors relating to adjustment exchange rate ability of the SBV, Indonesia head news would cause negative impacts on foreign investor's sentiment. Theoretically, at a market bearing much pressure on lower domestic currency, the common foreign actions are to sell their portfolios to hold USD or delay the disbursement. This theory might partly explain the net sell of the foreign in recent sessions, particular the today's one.

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**Exhibit: Forex Reserves as % of GDP**

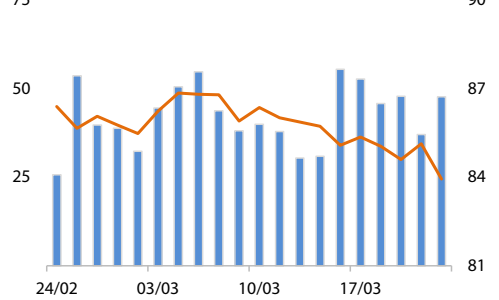
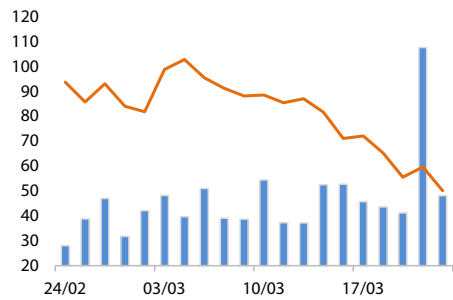
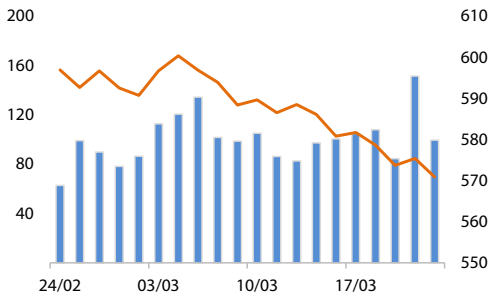


Source: Bloomberg

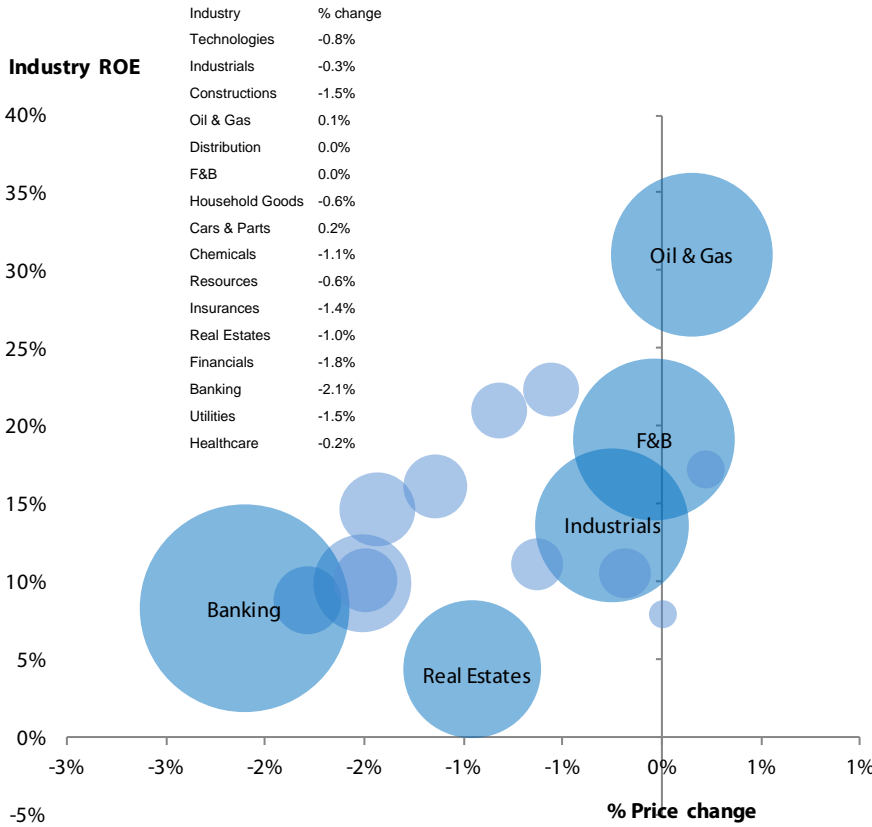
**VNINDEX -0.79% 570.89**

**VN30 -0.94% 598.07**

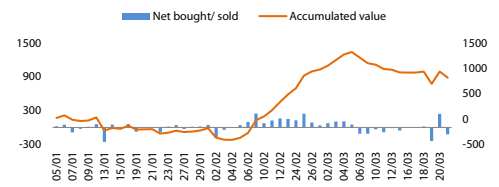
**HNXINDEX -1.40% 83.94**



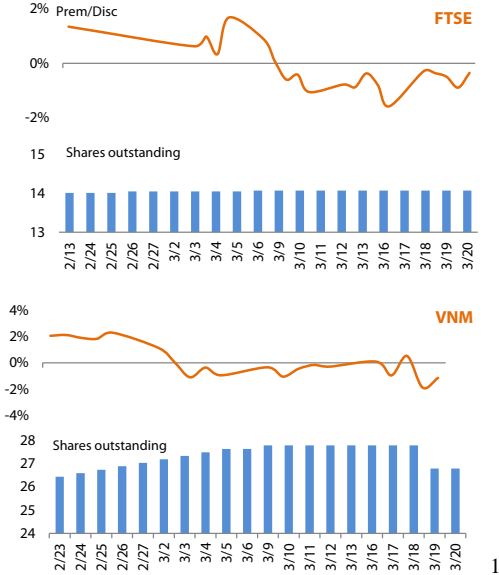
**Industry Movement**



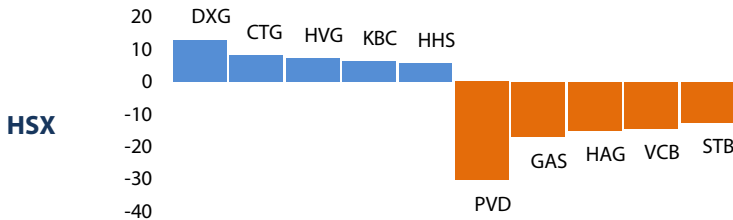
**Foreign Investors Trading**



**ETF**

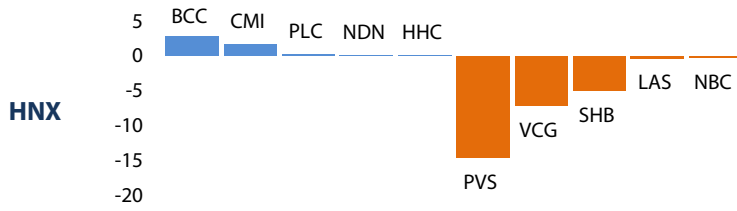


**Top net bought/sold by foreigners (VND bn)**



**Top Active**

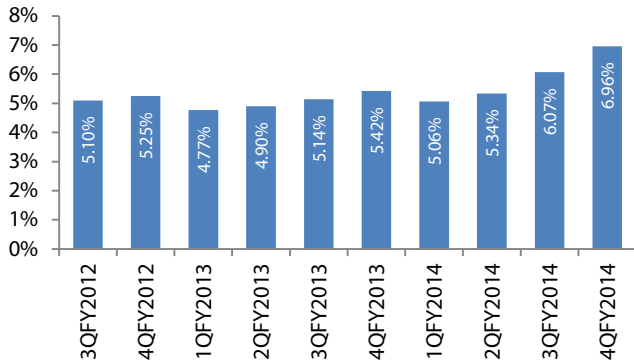
Ticker	Price	Volume	% price change
FLC	11.7	23.06	-4.9%
ASM	9.5	3.14	-2.1%
HQC	6.7	2.69	-2.9%
OGC	5.0	2.44	0.0%
VHG	12.0	2.33	-3.2%



Ticker	Price	Volume	% price change
KLF	10.7	9.69	-2.7%
FIT	19.1	4.91	-0.5%
SHB	8.5	2.77	-2.3%
PVX	4.9	1.56	-2.0%
HUT	16.2	1.33	-3.0%

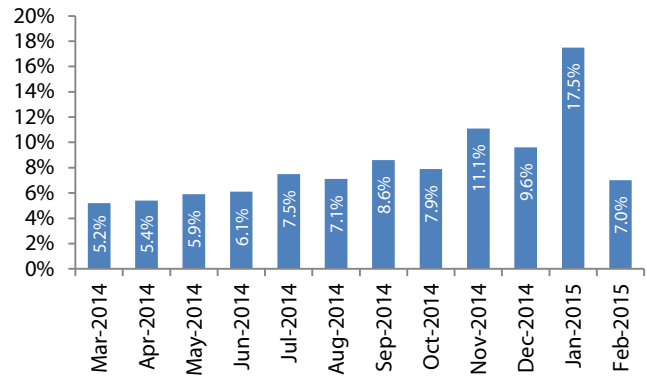
**MACRO WATCH**

**Graph 1: GDP Growth**



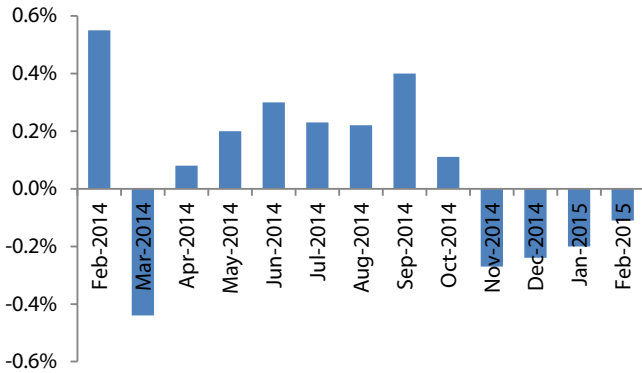
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



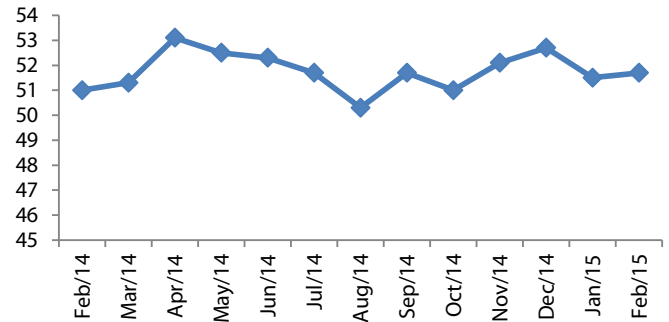
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



Sources: GSO. Rongviet Securities database

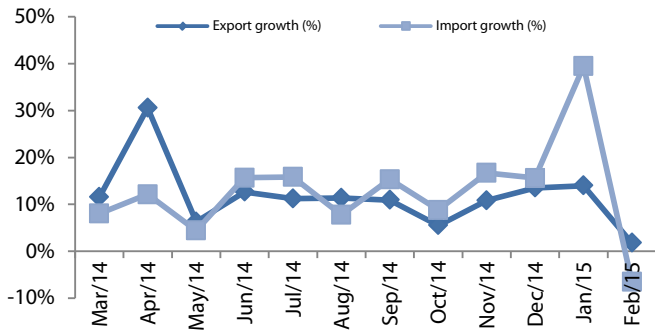
**Graph 4: HSBC - PMI**



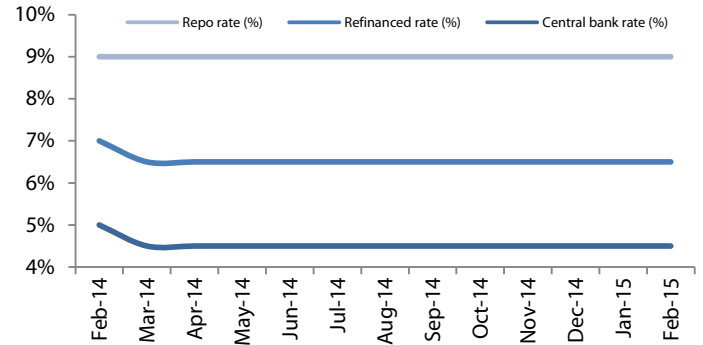
Sources: GSO. Rongviet Securities database

**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	10/03/2015	0%-0.75%	0%-2.5%	11,730	11,725	0.04%
VEOF	10/03/2015	0%-0.75%	0%-2.5%	9,871	9,695	1.82%
VF1	16/03/2015	0.2% - 1%	0.5%-1.5%	21,715	21,772	-0.26%
VF4	11/03/2015	0.2% - 1%	0%-1.5%	9,530	9,552	-0.23%
VFA	13/03/2015	0.2% - 1%	0%-1.5%	7,402	7,457	-0.73%
VFB	13/03/2015	0.3% - 0.6%	0%-1%	12,187	12,179	0.06%
ENF	06/03/2015	0% - 3%	0%	10,951	10,868	0.76%
MBVF	26/02/2015	1%	0%-1%	11,081	11,100	-0.17%
MBBF	11/03/2015	0%-0.5%	0%-1%	12,032	11,966	0.55%

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