

SEPTEMBER

11

THURSDAY

“Stories about shares which went to the ceiling today”

ADVISORY DIARY

- **Domestic steel makers concern because inside factors is not strong enough**
- **Stories about shares which went to the ceiling today**

Domestic steel makers concern because inside factors is not strong enough

Recently, the information about improvement in negotiation of FTA VN with Russia, Belarus and Kazakhstan customs union (VCUFTA) has raised fears for domestic steel industry. To be specific, according to the content of preparation for the 7th round of talks (scheduled to take place in Russia from 15-19/09), Vietnam will cut import tariff to 0% since the beginning of 2014 for all steel products. Due to the oversupply of domestic steel industry, Ministry of Finance had increased import rate of steel to 8%-15% since the early of April. Therefore, if VCUFTA is signed successfully and the 0%-import-tariff will be put into effects immediately, domestic steel companies will face more fierce competition.

In accordance with our analyst, in the union, only Russia had the fifth highest total world steel production in 2013 (69.4 million tons) and is far away China (779 billion tons). As the same as developing nations, Russian steel industry is also excess supply with its domestic demand lower 70% of total capacity, so that, the performance of steel industry is quite low (<75%). According to Bloomberg, Russian steel companies have quite high gross profit, with 20-42% and most of them are higher than HPG gross profit, which is the best performance steel company in Vietnam. However, due to excess supply, Vietnam steel companies still have low ROA and ROE, even loss profit. VCUFTA is likely to be the suitable way to support Russian Steel Companies in order to overcome difficulties. Nevertheless, we also notice that the rate of export steel from Russia to Vietnam is really small in Russian total export. In 2013, the Russian largest export market was Turkey, Italia, Taiwan, USA, Belarus, etc., whereas, Vietnam imported about USD 100 million from Russia, accounting for only 0,92% in the 2013 of total import value.

The stories about shares which went to the ceiling today

Bargain is going on today and this made indices seesawed most of trading time. However, we saw some shining spots indicating the movement of cash flow. In yesterday' AD, we recommend considering the future prospect of corporate' cash flow and below are stories which are testament for our thinking.

1. PXS advanced remarkably in oil and gas industry: According to our analyst, the price has surged in recent sessions thanks to increasing expectation of investors as a variety of huge projects is going to be signed. In addition to the projects mentioned in our advisory diary on 24 July, PXS is likely to receive a collaborative project with foreign partners called EPC rig project. Moreover, MCPECOM plays role as general contractor in which they might take part in design and procurement and the remaining is undertaken by PXS. The value of the items in which PXS executes fluctuates from 20-40 million dollars and lasts for 14 months, beginning at the early 2015.

In accordance with the Company's shares, the current contract has still been in agreement. Furthermore, the Company will conduct the first meeting of the negotiating process tomorrow. In case that it is signed, we estimate that projected 2015 revenue of PXS increases significantly (more than 50% compared with estimated 2014 revenue of VND1,658 billion mentioned in our prior report). Thus, performance results in following years are expected to be promising. However, our analyst is quite cautious on the current price since P/E of 15x for 2014 is relatively much higher than peers.

2. FCM went to the ceiling today after the news that company has winning the contract to provide stakes for Thai Binh Thermal power project worth VND300 bn. Along with the growth' prospect after FCM raised ownership in Nghi Son Fecon Plant to 51.5% with being constructing projects like Nghi Son oil refinery Complex and some projects of FLC Group. Our preliminary thoughts about this news are: (1) new contract could help FCM fulfill the 2014 plan; (2) we are optimistic about the prospects for next year if FCM could take part in some projects being implemented projects in Thanh Hoa.

3. ITA & KBC are also outstanding today and the increase of both tickers is in line with our opinion about growth prospect of property companies which have industrial park land as we mentioned in Strategic report or Stock Market report before. KBC' story was mentioned in the early week while revenue and profit' growth for the rest of this year of ITA was appreciated by our analyst after the news that the occupancy rate is at high level and till the end of August, ITA has completed nearly 100% of the yearly plan.

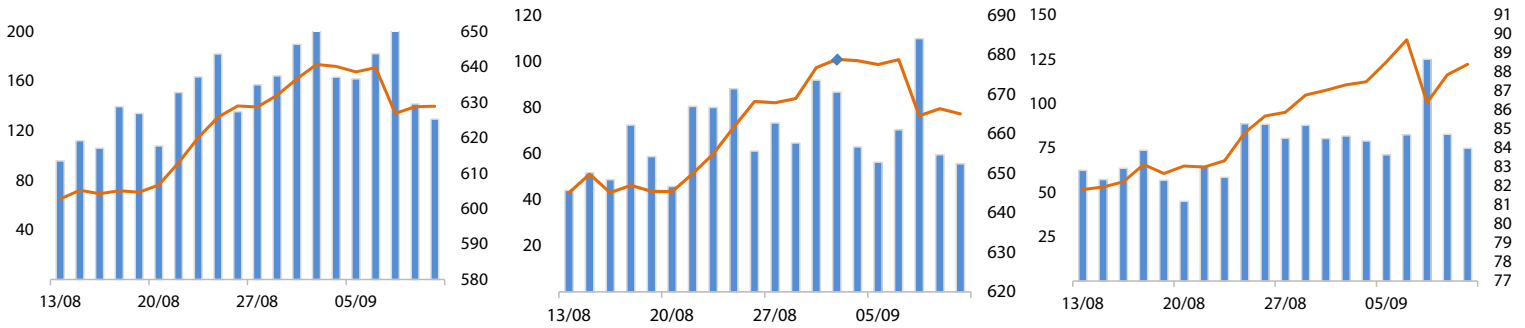
Market is undecided but there are unique stories and we believe the smart money is flowing first in order to seize opportunities during the rest of September. Anyways, for the time being, it is recommended that investors select only stocks they know best and keep patience to avoid being the last one on the raging waves of the hottest issues.

Ha My Tran

+ 84 8 6299 2006 | Ext: 348

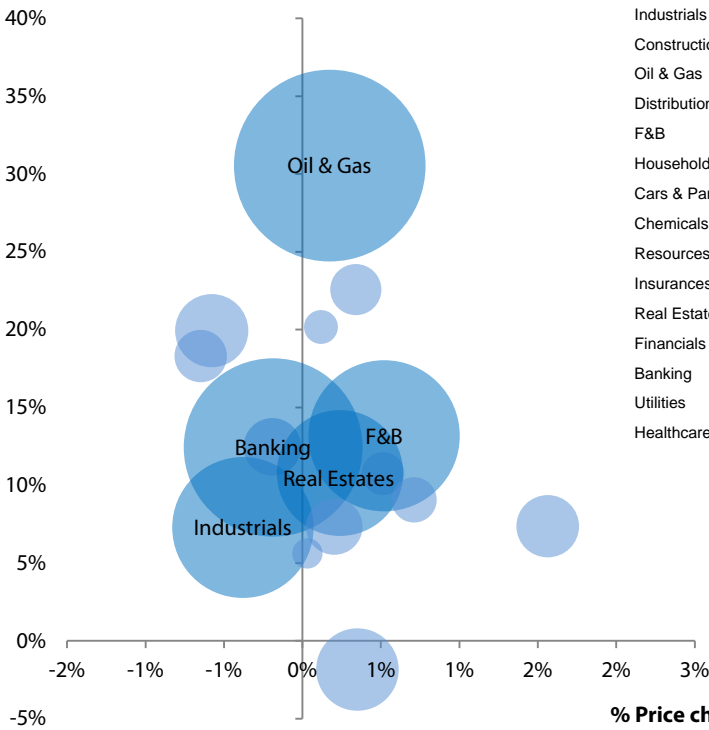
my.tth@vdsc.com.vn

VNINDEX 0.03% **628.99** **VN30** -0.20% **665.09** **HNXINDEX** 0.63% **88.41**



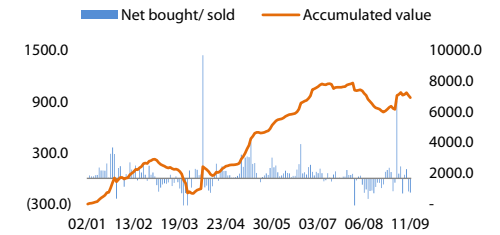
Industry Movement

Industry ROE

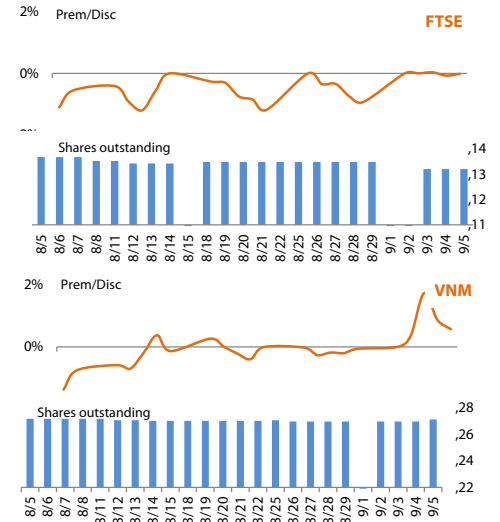


Industry	% change
Technologies	-0.6%
Industrials	-0.4%
Constructions	0.4%
Oil & Gas	0.2%
Distribution	0.0%
F&B	0.5%
Household Goods	0.5%
Cars & Parts	0.1%
Chemicals	-0.2%
Resources	0.3%
Insurances	-0.6%
Real Estates	0.2%
Financials	1.6%
Banking	-0.2%
Utilities	0.2%
Healthcare	0.7%

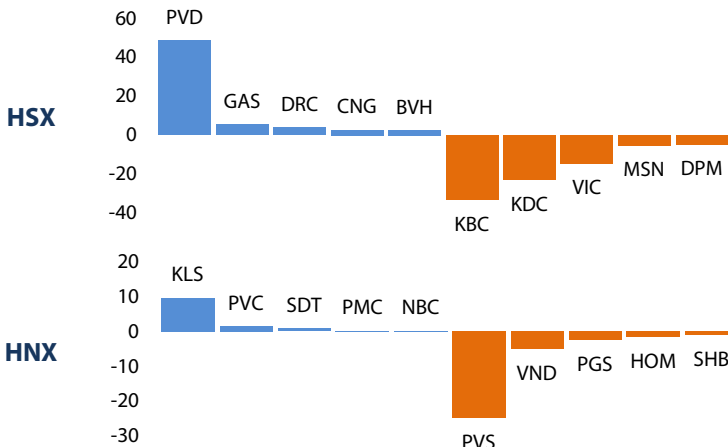
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



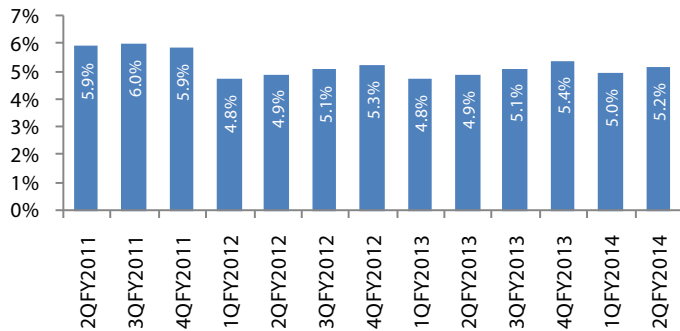
Top Active

Ticker	Price	Volume	% price change
FLC	12.1	15.14	-2.4%
ITA	9.2	12.38	7.0%
KBC	14.6	4.63	6.6%
HVG	28.4	4.14	6.8%
SSI	29.1	3.92	1.0%

Ticker	Price	Volume	% price change
PVX	6.20	6.95	1.6%
SCR	10.20	5.56	3.0%
SHS	11.70	5.37	6.4%
PVL	4.40	5.35	10.0%
KLF	12.80	5.23	0.8%

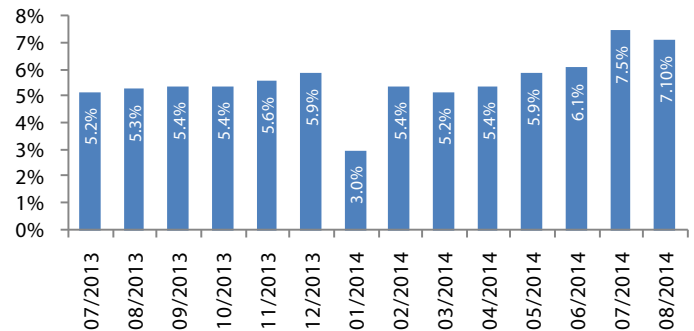
MACRO WATCH

Graph 1: GDP Growth



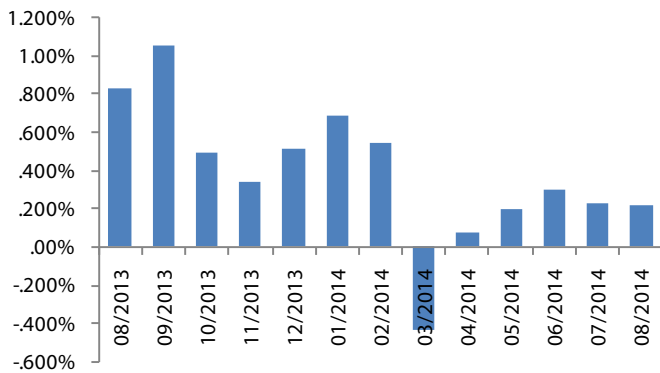
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



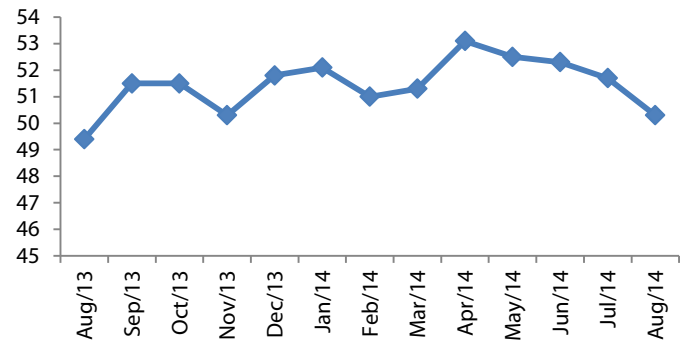
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



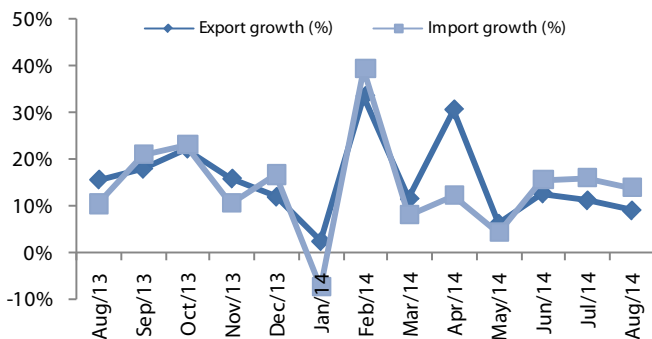
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



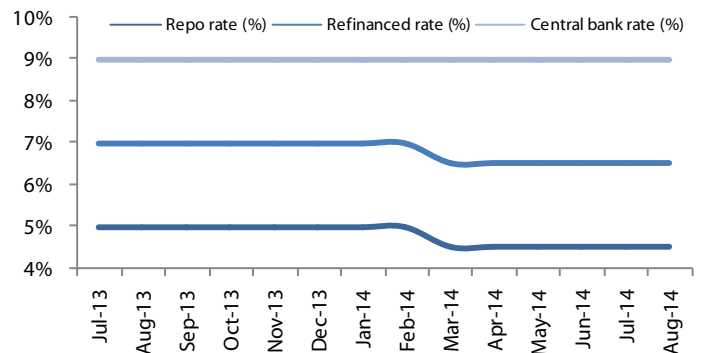
Sources: GSO. Rongviet Securities database

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
REE - Solid ground s for sustainable growth	Sept 9 th , 2014	Neutral - Long term	29,700
HSG - The hard part has gradually done!	Aug 21 st , 2014	Accumulate – Intermediate term	48,100
HPG - On the way to dominate nationwide’ market shares	Aug 12 th , 2014	Accumulated – Intermediate-term	66,400
NBB - A new chapter with co-investment	Jul 31 st , 2014	Buy – Intermediate term	27,400
DBC- Benefit from decline in material price	May 27 th , 2014	Buy – Long-term	28,000

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	03/09/2014	0-0.75%	0-2.5%	11,440	11,436	0.03%
VF1	04/09/2014	0.20% - 1.00%	0.50%-1.50%	23,744	23,444	1.28%
VF4	03/09/2014	0.20% - 1.00%	0.00%-1.50%	10,900	10,807	0.86%
VFA	05/09/2014	0.20% - 1.00%	0.00%-1.50%	7,830	7,799	0.39%
VFB	05/09/2014	0.30% - 0.60%	0.00%-1.00%	11,262	11,239	0.21%
ENF	29/08/2014	0.00% - 3.00%		10,703	10,432	2.60%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 314

truc.dtt@vdsc.com.vn

Ngoc Chung

+ 84 8 6299 2006 | Ext: 318

ngoc.cb@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 318

lam.ntp@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 348

my.tth@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

tai.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 344

my.ttd@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 339

trien.lh@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 348

tam.bt@vdsc.com.vn

Huong Nguyen

+ 84 8 6299 2006 | Ext: 317

huong.nt@vdsc.com.vn

HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T** +84 8 6299 2006
- F** +84 8 6291 7986
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- T** +84 4 6288 2006
- F** +84 4 6288 2008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- T** +84 058 3820 006
- F** +84 058 3820 008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- T** +84 0710 381 7578
- F** +84 0710 381 7789
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.

The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.