

**APRIL**

**15**

**WEDNESDAY**

**ADVISORY DIARY**

- **CTD- AGM update**
- **Market – Heating oil**

**CTD- AGM update**

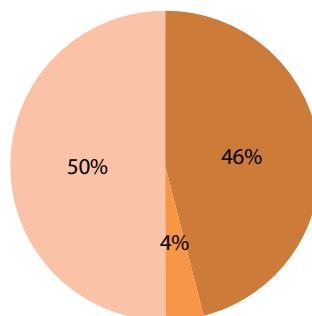
Cotec Construction JSC (HSX: CTD), which is one of the leading construction contractors in Vietnam, also benefits from a positive recovery of the real estate market. Yesterday, our industry analyst attended the 2015 annual general meeting, therefore, in our AD today, we would like to share some views related to 2015 guidance.

In 2014, CTD continues to achieve their business target. Among that, CTD consolidated revenue reached at VND 7,634 billion (equivalent to 103% guidance and 23% higher compared to that in 2013) and NPAT was VND327 billion (109% of guidance and a 27% increase compared to 2013). The revenue structure of the CTD in 2014 had driven from construction, condominiums, commercial & office, hotel. Value of revenue from new contracts signed in 2014 was VND1,782 billion (30%) and the rest 70% are from previous year contracts.

The results achieved in 2014 had significant contribution from effective operating activities of its subsidiaries and associated companies. Specifically, Uy Nam Investment Construction JSC (UNICONS) (CTD owns 51.24%) recorded VND2,506 billion in revenue and VND61 billion in NPAT. Phu Hung Gia Construction & Investment JSC (CTD owns 20.16%) also exceeded 4% and 28% in revenue and NPAT, respectively. In addition, according to our analyst Khoa Nam, FCC infrastructure JSC by CTD (35%), FCN (40%) and Cienco 1 (25%) established in 2014 which contributed significant strategic the CTD, which now heavily involved in the field of infrastructure construction. In 2014, FCC has implemented National Highway No. 1 bypassing Phu Ly City project and enhanced pavement sections Km215 + 775 and Km235 + 885 Ha Nam provinces by BOT contracts, which worth more than 2,000 billion.

**Chart 1: Revenue by construction types**

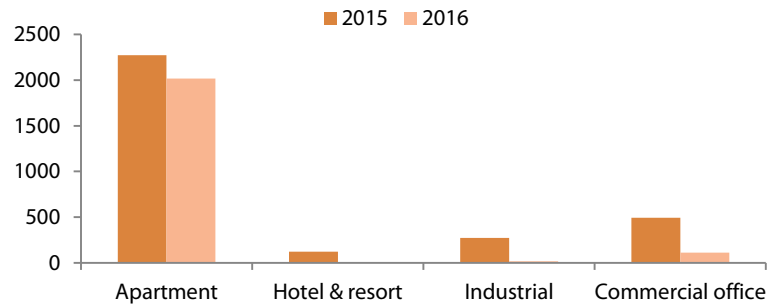
■ Design & Build ■ Industrial ■ Apartment



Source: RongViet Research

*“Heating oil”*

**Chart 2: Revenue by contract types**



Source: RongViet Research

About the 2015 business plan, CTD sets the plan to achieve whole year revenue to over 9,200 billion (increase by 21%) and profit after tax could be 400 billion dong (increase be 22%). Particularly, revenue from industrial construction and hotel would be dropped and replaced by apartment segment. Total residual value of the contracts which were signed previously will contribute to the CTD's total revenue in 2015 and 2016 with the amount of 7,063 billion dong. Especially, contracts related to General contractor of Design and Build will account for a large proportion in 2015 revenue with several major projects such as: The EverRich 3, The EverRich Infinity, Regina Miracle – Phase 4, Brotex – Phase 3. Total value of the contracts which were signed in Q1 – 2015 was 30,000 billion dong (30% from industrial segment, 40% from apartment segment and 30% from hotel and office segment). According to Khoa Nam, analyst from RongViet, revenue and profit after tax in 2015 from CTD are reasonable. In particular, profit growth momentum will come from the increase in the proportion of Design & Build contract, increase in ownership percentage in UNICONS and positive business results from FCC.

One of the notable aspects from the Meeting is the plan to increase CTD's ownership of UNICONS to 100% through the issuance of additional shares for share swapping with UNICONS under the ratio of 1:0.745. Uy Nam Ltd. Company (former – UNICONS) expects to achieve 3,000 billion dong in revenue (increase by 19.7%) and 72 billion dong in profit after tax (increase by 18%)

In addition, the planned ESOP this year is also another important issue at the AGM. The issuance will be divided into 02 phases: (1) issuing 1,053,000 shares in 2015 with the expected issue price of VND35,000/share and ( 2 ) issuing 2.5 % on the total number of shares outstanding at that time based on the condition that company's revenue growing at 40 % (equivalent to 20 %/year for the next 2 years or 40 % in one year ) and the expected issue price of 60 % book value at the time of issuance.

Besides CTD dividend reduction plan in 2015 from 50 % to 30 % , and ESOP plans to merge the above may not satisfy the small shareholders in CTD . Today , CTD has a session unfavorable and closed in the red.

**Market – Heating oil**

EIA's latest forecast that US shale oil supply will drop the first time in four years in May 2015 and the heating conflicts in Yemen has provided a boost to world oil price (WTI was up 1.52% and Brent 1.32%), which in turn became supporting information for today's stock market.

Investors reacted favorably to the news, driving an O&G stocks up in numbers; PVD and PXS both reached the ceiling and GAS ended up 5.5%. The projected decline of oil supply in May is based on

a 40-percent drop of rig counts since the beginning of the year. Nonetheless, whether world’s oil supply is already at its peak or still has room to grow remains a big question in amidst unpredictable actions by the OPEC and the higher efficiency of the fracking technology despite falling of rig counts.

Many investors have asked us when to apply our contrarian strategy suggested by RongViet Research to the oil and gas industry.

According to Ms. Ha My, our industry analyst, decreases of crude oil price would probably affect business results of oil companies in this quarter. Although the effect may be not too material and vary between companies the “bright outlook” is not likely to happen in this year. If considering diligently our contrarian strategy in our Strategy Report, investors can find the answer for the above question.

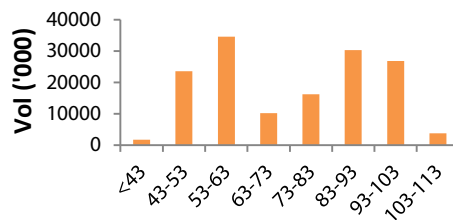
Foreigners drew attention, buying the third day in a row a net VND133 billion. Since the beginning of April, foreigners has poured a net VND677 billion into Vietnamese stocks. With this, foreigners has covered 80% of March’s net sales of VND863 billion. It should be noted that last month saw the largest monthly foreigner sales so far this year. The return of foreign inflows should be another tailwind for Vietnam stocks market and a support for local investors’ confidence.

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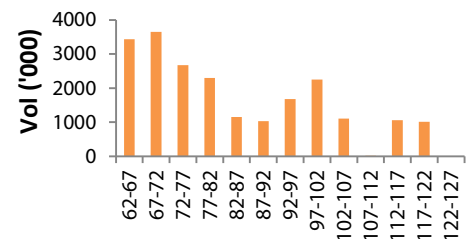
[Hoang.nh@vpsc.com.vn](mailto:Hoang.nh@vpsc.com.vn)

**Chart 3: Year to date PVD trading**



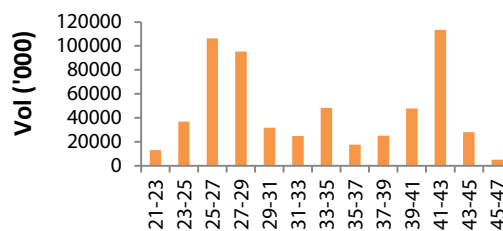
Source: RongViet Research

**Chart 4: Year to date GAS trading**



Source: RongViet Research

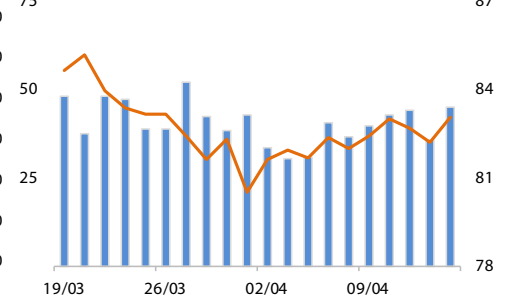
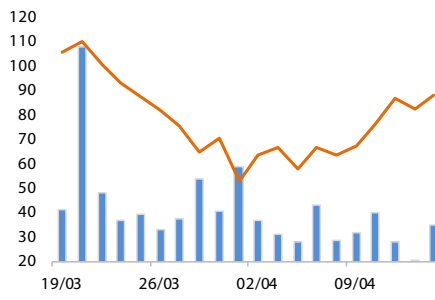
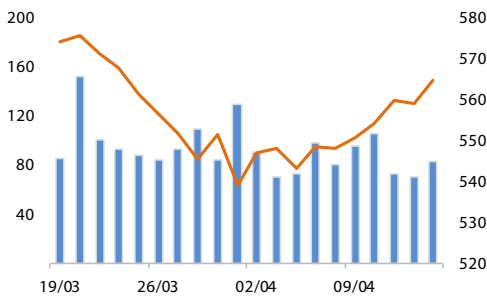
**Chart 5: Year to date PVS trading**



Source: RongViet Research

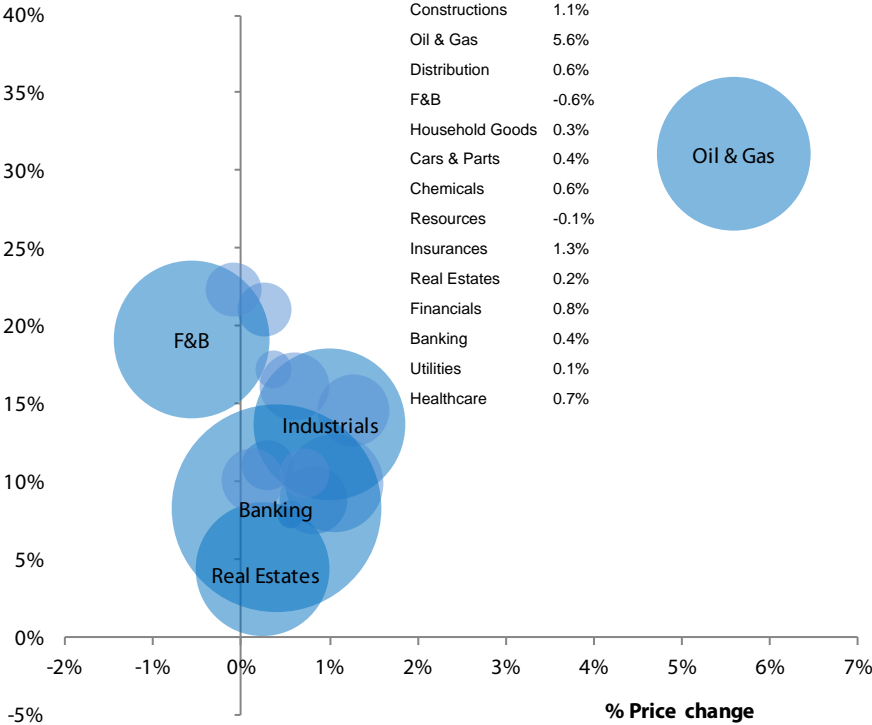
In another development, China yesterday announced 1Q/ 2015 GDP growth of 7 % (yoy) , the lowest since 2009 crisis. This quarterly figure is not unexpected and aligned to 2015 annual GDP growth target of 7 %. However , other indicator of economy health such as factory output , retail sales and especially fixed assets investment (real estate) remain stagnant though in May 03/2015 necessitating possibility of another stimulus package from China government.

**VNINDEX** 1.04% **564.50** **VN30** 0.60% **590.78** **HNXINDEX** 1.01% **83.03**

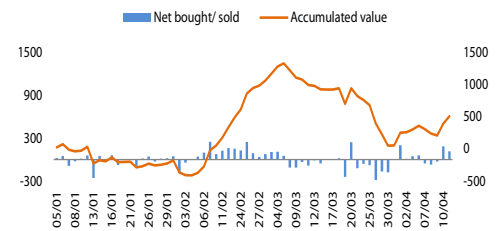


**Industry Movement**

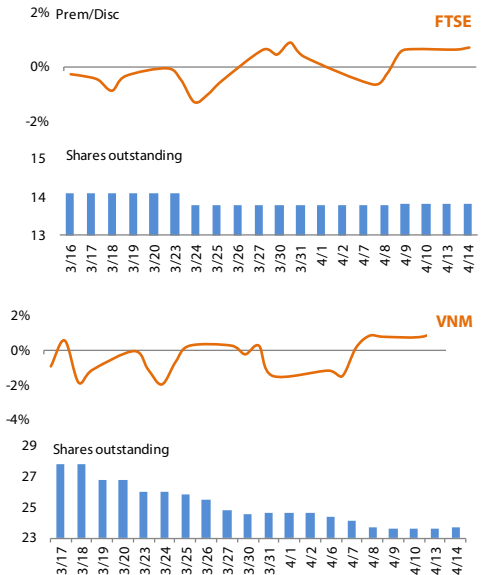
**Industry ROE**



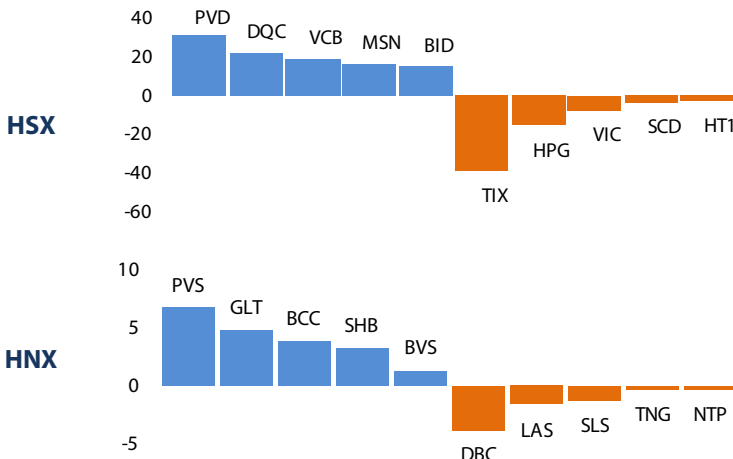
**Foreign Investors Trading**



**ETF**



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



**Top Active**

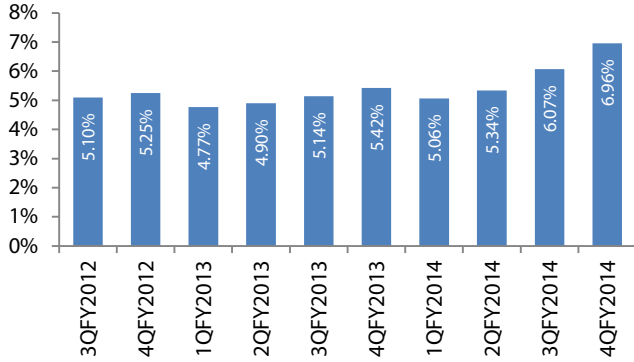
Ticker	Price	Volume	% price change
CII	21.0	6.36	6.6%
FLC	10.5	4.30	0.0%
ITA	6.8	3.22	1.5%
OGC	4.4	3.21	-2.2%
HAI	10.8	2.95	-1.8%

Ticker	Price	Volume	% price change
KLF	8.8	6.41	-2.2%
FIT	14.2	3.16	1.4%
PVS	25.2	3.04	8.2%
ITQ	16.2	2.44	-10.0%
PVX	4.7	2.00	4.4%

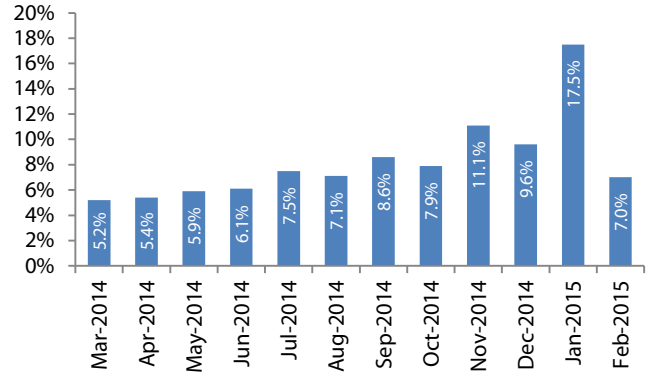
**MACRO WATCH**

**Graph 1: GDP Growth**



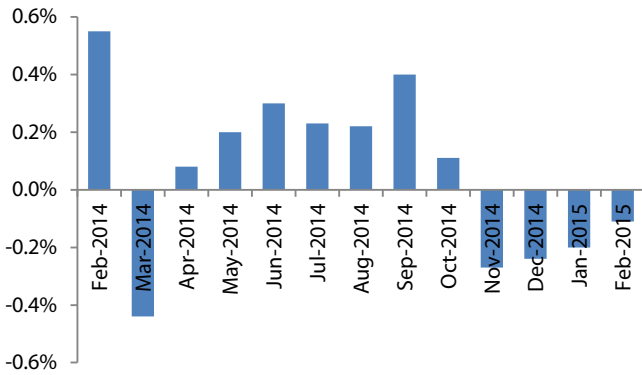
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



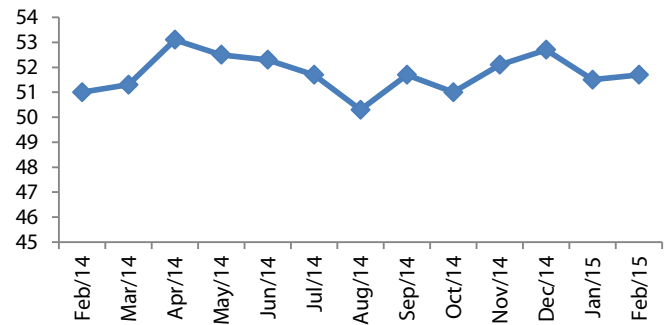
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



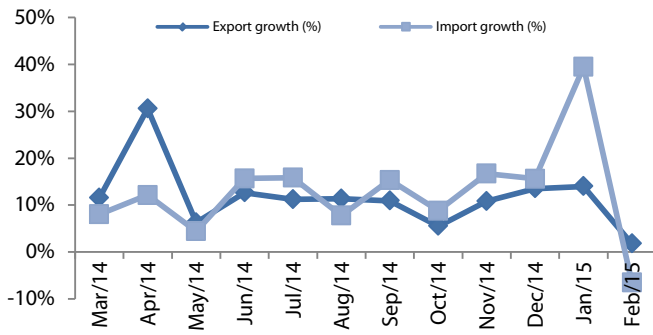
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



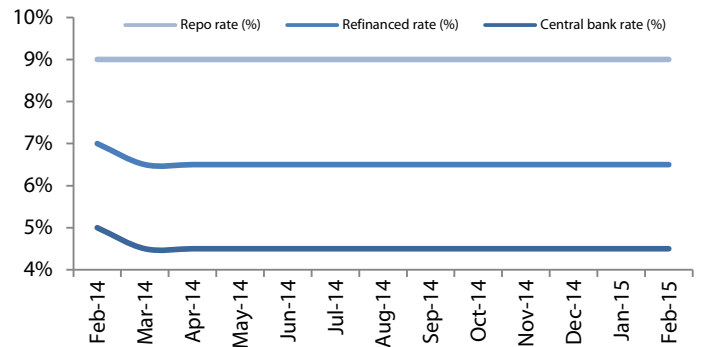
Sources: GSO. Rongviet Securities database

**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
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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