

**NOVEMBER**

**17**

**MONDAY**

*Speculative cash  
flow kicked start  
this week*

**ADVISORY DIARY**

- **Cement industry & HOM (Vicem Hoang Mai Cement JSC – HSX)**
- **Speculative cash flow kicked start this week**

**Cement industry & HOM (Vicem Hoang Mai Cement JSC – HSX)**

Our industry specialist has discussed with the investors about the changes in the cement industry in the first 10 months of 2014. Specifically, domestic cement demand is slowly recovering thanks to the real estate industry along with two key elements that the Government is focusing on infrastructure development and FDI disbursement is increasing significantly with major projects. Accumulated 10 months, the total cement consumption reached 58 million tons, up 16% yoy, while domestic consumption reached 41.4 million tons, up 11.1% compared to the same period last year. Evaluating the potential of the industry in the future, the industry plan is beneficial for the company within the industry because of (1) remove of the projects <2,500 tons of clinker per day; (2) more rigorous standards for power consumption, heat and dust; (3) no blast furnace plant in 2016.

Besides the old bright-spots as HT1 or BCC, we found that HOM is also a notable stock accented with a favorable geographic location and potential markets. By placing the plant in Nghe An Province, a rich minerals location, HOM is owning abundant resources from Hoang Mai limestone mine and Quỳnh Vinh clay mine, which has sufficient reserves to exploit in 70-80 years. Besides the stable quality, both resources are close to the HOM plant, which reduce significant transportation costs. Hoang Mai Cement Plant located between Cua Lo port, Nghi Son and Dong Hoi port, closed to many key industrial park area of Nghe An – Ha Tinh (Becamex VSIP Industrial Park, Vũng Áng Economic Zone, Dong Nam Nghe An, Economic Zone,...). This brings many advantages for company in cement consumption not only in Nghe An, but also in other provinces. Currently, HOM has the largest market share in the Central region with 11.5%.

To utilize the resources and the availability of the market, HOM is making the initial survey for the construction of Hoang Mai Cement Plant 2 with a capacity of 4.5 million tons per year. With the location near the Dong Hoi port, 1,200 MW thermal power and a subdivision for construction materials industry within the Dong Hoi Industrial Park (451 ha), the Hoang Mai Cement Plant 2 has a lot of potential to grow. We believe that, Hoang Mai 2 Plant will create significant changes in the performance of HOM after completion. However, the construction route of this project is still unseen with the view of at least 3-5 years.

Compared with the listed cement companies under Vicem Group, HOM has the lowest Debt/Equity ratio but has the highest ROE at the same time. As of Q3/2014, the consumption of HOM reached more than 1.1 million tons, revenue reached 1,301.9 billion (+25.9% yoy) and PAT is 30.2 billion. In addition to revenue growth, the profit of the company improved significantly compared to 0.2 billion PAT in the same period last year. For the 2014 forecast, HOM revenue is estimated 1,967 billion (+26% yoy); PAT is 55 billion; and the EPS is 763 dong/share. According to our estimates, the EV/EBITDA forward is about 5.7x, lower than the HT1, BCC and BTS.

**Speculative cash flow kicked start this week**

Blue-chips continued to seesaw in Monday's session, although gains extended in the morning session, selling pressure was intensified in the afternoon that forced VN30 to close in red. Amid the weak of leading shares, the speculative stocks continued to attract cash flow. At the end of the day, the top 5 stocks with the highest liquidity accounted for 34% and 54% of the total trading volume of HSX and HNX, respectively. According to our observations, that cash flow was not only

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abundant but also strong, the most notably gains as KLF (+ 9.2%), FLC (+2 5%) and VHG (+ 6.7%). Besides, the accumulation of strong demand was also common in some stocks such as GTN, HAR, PPI, NVT and SBC.

Not belonging to speculative group, however, some consumer goods shares (DQC, RAL, GMC, SRC, LIX) and chemicals shares (HAI, TSC) also recorded significant gains today. Among that, we found DQC and TSC were two stocks with supporting information from earnings result in Q3/2014. Accordingly, both companies' profits reflect contributions of extraordinary gains: DQC said the Company earned interest from Cuba's receivables, while TSC earned more than VND21 billion from disposals assets. Volatility of these stocks does not reflect the market trend, but it shows the popular investment sentiment of Vietnamese investors. Based on our experiences, above information will only be reflected in the price in a short time.

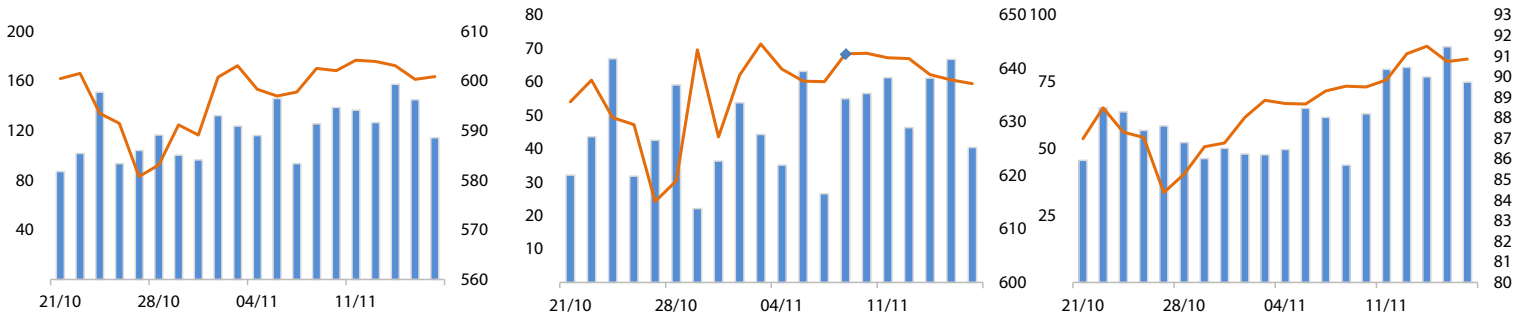
Also relevant to Q3/2014 earnings, today, GMD also announced its quarterly consolidated report. In particular, both revenue and PAT grew well about 14.2% and 24.6%, respectively compared to the same period in 2013. In the first 9 months of 2014, net sales reached VDN2,097.38 billion, completed ~79% of the yearly plan and grew by 14.9% over the same period last year. This growth is in line with the projected revenue growth for 2014 which we mentioned in GMD's report released on 07/11/2014.

In more details, our analysts notice that gross profit margin in Q3/2014 improved significantly thanks to the enhanced capacity of Nam Hai Dinh Vu port. However, the expansion of port segment caused operating expenses increased sharply, ~50% over the same period. Capital investment expenditures also increased ~ VND150 billion in the quarter because the Company invested in rubber project and Nam Hai Dinh Vu port. In addition, with the cash from transferring GMD Tower, the Company undertook paid off debts totaling ~ VND270 billion. Outstanding debts at 09/30/2014 increased by only VND35 billion since the beginning of 2014, our analysts believe this will significantly diminish interest costs in the last quarter of 2014.

**VNINDEX** 0.09% **600.93**

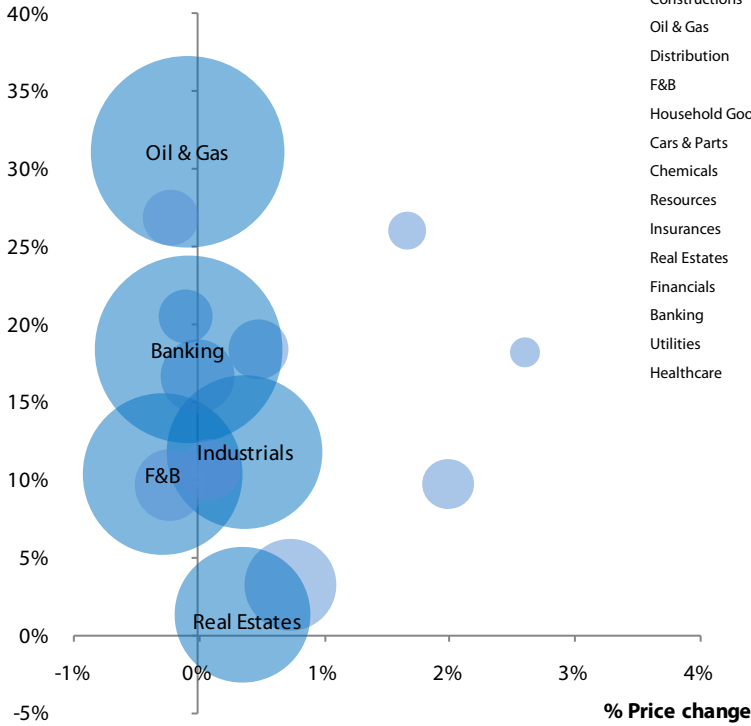
**VN30** -0.11% **637.21**

**HNXINDEX** 0.14% **90.87**



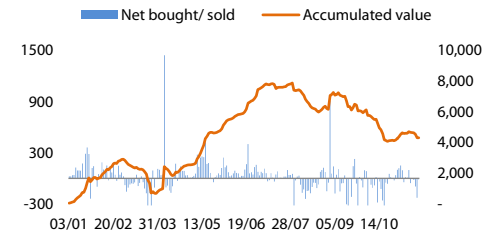
**Industry Movement**

**Industry ROE**

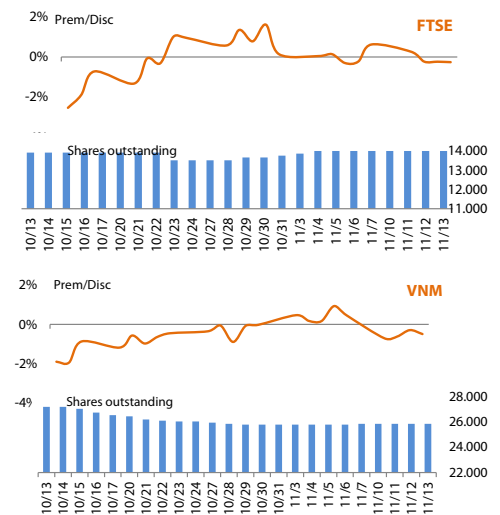


Industry	% change
Technologies	-0.1%
Industrials	0.4%
Constructions	0.7%
Oil & Gas	-0.1%
Distribution	2.6%
F&B	-0.3%
Household Goods	2.0%
Cars & Parts	1.7%
Chemicals	0.5%
Resources	-0.2%
Insurances	0.0%
Real Estates	0.4%
Financials	-0.2%
Banking	-0.1%
Utilities	0.1%
Healthcare	0.1%

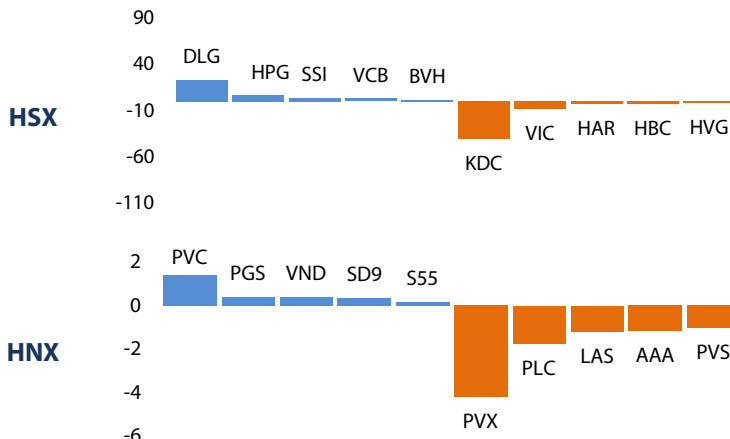
**Foreign Investors Trading**



**ETF**



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



**Top Active**

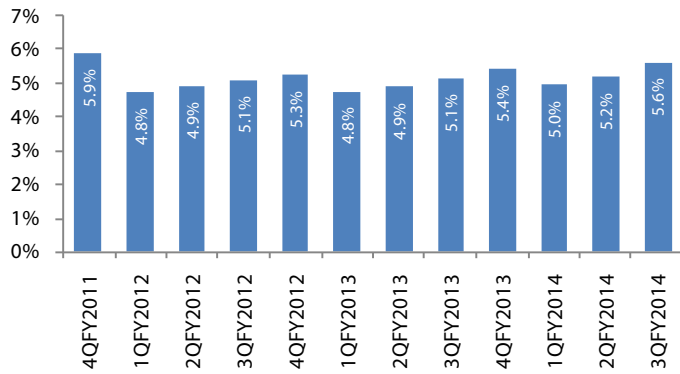
Ticker	Price	Volume	% price change
FLC	12.3	15.12	2.5%
VHG	17.4	8.61	6.7%
ITA	8.8	5.05	-1.1%
OGC	9.3	4.95	2.2%
DLG	12.8	3.54	3.2%

Ticker	Price	Volume	% price change
KLF	15.50	25.23	9.2%
PVX	6.30	5.84	-4.6%
SCR	10.10	3.54	-1.0%
FIT	32.20	3.41	1.6%
HUT	14.60	2.77	0.7%

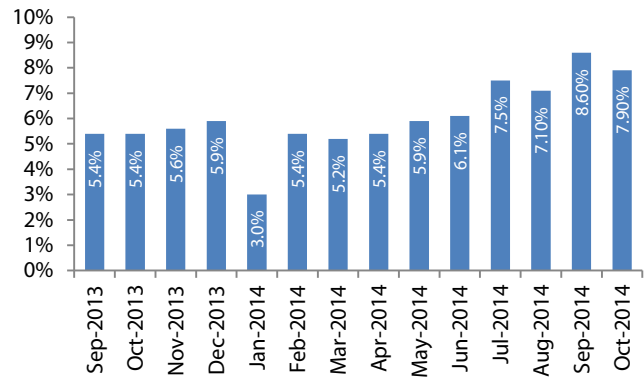
**MACRO WATCH**

**Graph 1: GDP Growth**



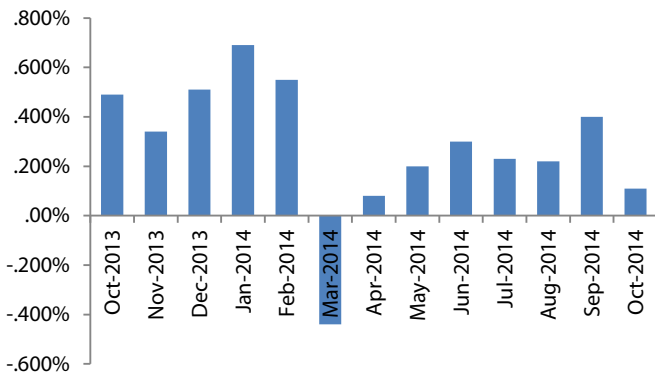
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



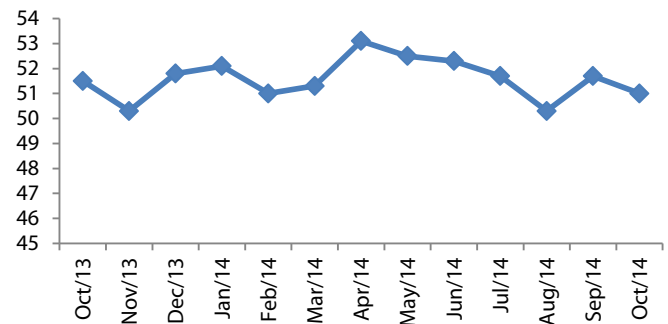
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



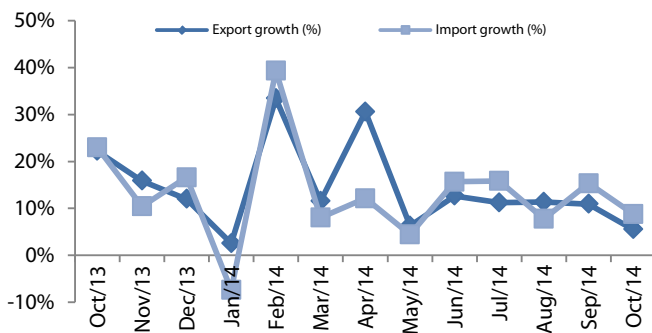
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



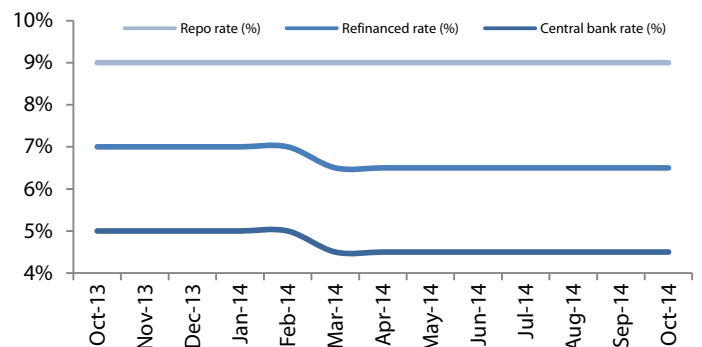
Sources: GSO. Rongviet Securities database

**Graph 5: Trade Growth**



Sources: GSO. Rongviet Securities database

**Graph 6: Interest**



Sources: SBV. Rongviet Securities database

**RONG VIET NEWS**

COMPANY REPORTS	Issued Date	Recommend	Target Price
NBB - A turning point with City Gate Towers	Nov 14 <sup>th</sup> , 2014	Buy - Long term	26,800
CMI-Project restarts spark new hopes	Nov 13 <sup>th</sup> , 2014	Monitor	
CNG - Potential growth from building materials industry's well-being	Nov 10 <sup>th</sup> , 2014	Accumulate – Long term	46,000
GMD - Positive developments from core businesses	Nov 7 <sup>th</sup> , 2014	Accumulate – Long term	44,400
BMP -Every cloud has a silver lining	Oct 30 <sup>th</sup> , 2014	Buy – Long term	87,700
SBA - Growth season ahead	Oct 24 <sup>th</sup> , 2014	Buy – Intermediate term	14,500

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	11/11/2014	0-0.75%	0-2.5%	11,815	11,868	-0.45%
VF1	14/11/2014	0.20% - 1.00%	0.50%-1.50%	22,966	22,989	-0.10%
VF4	12/11/2014	0.20% - 1.00%	0.00%-1.50%	10,357	10,338	0.18%
VFA	14/11/2014	0.20% - 1.00%	0.00%-1.50%	7,567	7,570	-0.03%
VFB	14/11/2014	0.30% - 0.60%	0.00%-1.00%	11,949	11,950	-0.01%
ENF	07/11/2014	0.00% - 3.00%		10,996	10,504	4.8%

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