

JANUARY

14

WEDNESDAY

“After moving ups and downs of the two leading tickers yesterday, today the market corrected.”

ADVISORY DIARY

- **PAC-Opportunities along with challenges**
- **After moving ups and downs of the two leading tickers yesterday, today the market corrected.**

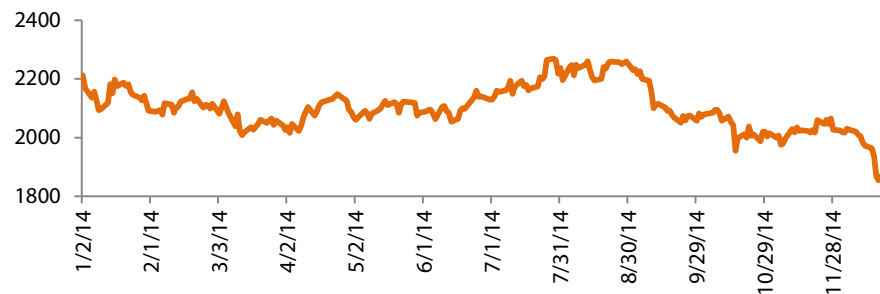
PAC-Opportunities along with challenges

Vietnam Automobile Manufacturers' Association (VAMA) has recently published the business result in Dec2014 with the growth of over 53%y.o.y and this is 21th consecutive month having sale higher than last month. Not only the economy recovery in general but also positive growth expectation of automobile industry in particular is forecasted to improve both revenue and profit of automobile and parts industry. To make investors have obvious view of these positive impacts, today, 14 January 2015, RongViet Research has released the result update report of Dry cell and storage battery JSC (PAC-HSX).

PAC is a leading domestic storage battery and dry cell producer with strong brand awareness and stable business performances for the last few years. In 2015, based on the recovery of the economy and the positive forecast for the automobile industry's growth rate, our specialist believe that PAC are having numerous opportunities to improve its revenue and gross profit due to these reasons. Firstly, lead price level in Q4 2014 hits its lowest level since 2012 and decrease down to 1.860 USD/per ton which is decrease about 12-13% compared with last year period. Secondly, thanks to the improvement in quality of new product such as CMF and PTX, PAC is able to attract more new customers. Thirdly, with the implementation of multifarious measures to control costs, for example, the use of machine-readable parallel bar to prevent counterfeits.

Nevertheless, the firm can only benefit from the low lead price in 1Q2015 instead of 4Q2015 due to 2-3 time months lagging in the timing of imported lead input. Improve of gross profit margin along with stable dividend (15%) and the chances to improve revenue from potential customers are those element support our positive point of view about PAC.

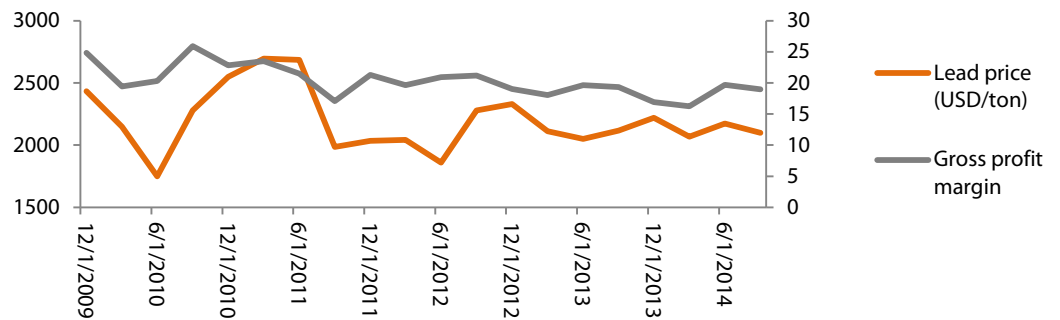
Exhibit 1: Lead price movement in 2014



Source: Bloomberg

With the above analysis, our specialist forecast revenue and NPAT in 2015 is expected to be VND2.176 billion and VND 82.8 billion respectively, equivalent with EPS ~3.068 VND/share. Using the FCFF and P/E method, we estimate the reasonable price for PAC is at 27.500 VND, therefore, we recommend ACCUMULATE stock in the INTERMEDIATE. However, our specialist expects that the firm can use every possible mean growth rate of automobile industry in this year. If there is any positive signal in the near future, we will adjust both the revenue forecast and our valuation model.

Exhibit 2: Lead price movement and gross profit margin in 2009-2014



Source: Bloomberg, RongViet Securities

After moving ups and downs of the two leading tickers yesterday, today the market corrected.

At the end of this today trading session, both VNIndex and HNIIndex both close in red color. After the strong increase in early session of this week, VNIndex close today trading session at 577.1 point (decrease 0.62%) while HNIIndex stop at 84.86 (decrease 0.38%). Blue-chips stocks such as GAS, VNM, MSN all decrease today. Within these stocks, the most noticeable is GAS with unexpected adjustments takes profit of T + 3 and decrease down by ~ 3,000 dong (-3.73%). GAS is also the key factor drag down the whole today trading session.

In the morning's session, the market plummeted by virtue of investors' sentiment that was influenced by the official announcement of the appliance of Circular No.36. However, the rebound appeared abruptly demonstrating that the new law did not provide considerable impact as before. In the prior advisory diary as of January 12th, our analyst had mentioned the Circular No.36 and commented an agreement for the appliance of this law in order to ensuring transparency in credit institution and safety in Banking-Finance system. We believe that the new law might not tighten investment flows to the stock market as many investors' concerns.

Banking stocks such as BID, CTG, EIB, MBB, STB closing in red color, today, was also a factor of index decrease. And VCB was still the only stock in this sector remaining upward momentum with the closing price at VND37,400 per share (+VND400).

Meanwhile, after net selling sessions, foreign investors came back to purchase again in both bourses with total net buying amount of VND 54.5 bn and focused on VCB, HVG, MWG, KDC, and DPM. Foreign investors' net buying was also reason for easing the market downtrend in this session. However, we have recognized that it was completely different in their acting between first sessions of 2015 and the previous year. They seem to be cautious without signal of strong buying even after a long net selling period in 2014.

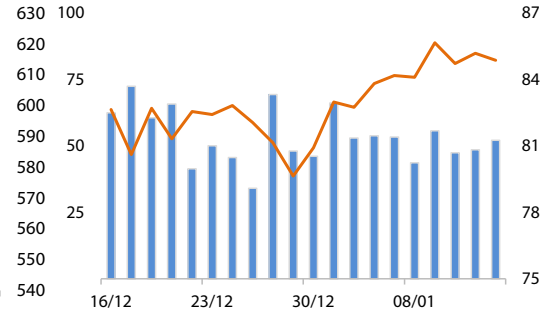
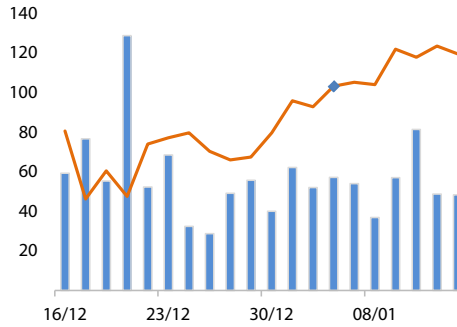
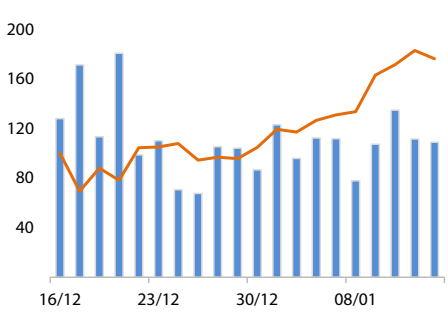
Cash flow today mainly focus on the mid-caps and small caps, therefore, at the end of this trading session, the mid-caps make a turn and increase by 3.54 points. We realize that the positive trend in the early session of this week not reflect sufficiently a stable trend. Securities market still depend on old principle which is increase or decrease based on the rumor and then adjust when the news confirm or reject. With that sentiment, we believe that there would have a mix increase and decrease trend in upcoming trading session.

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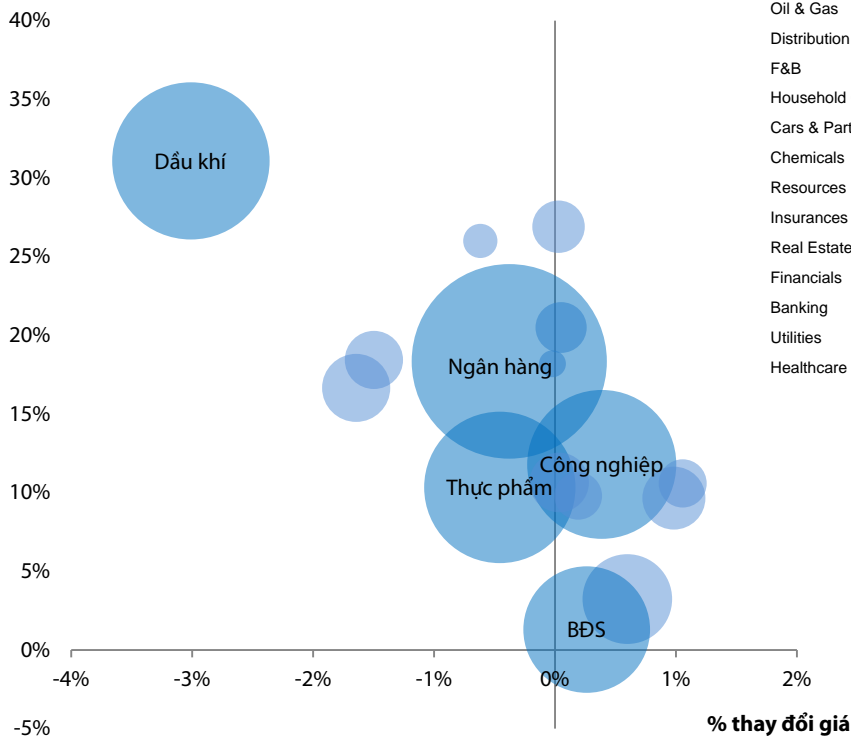
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VNINDEX -0.62% 577.01 VN30 -0.41% 616.84 HNXINDEX -0.38% 84.86

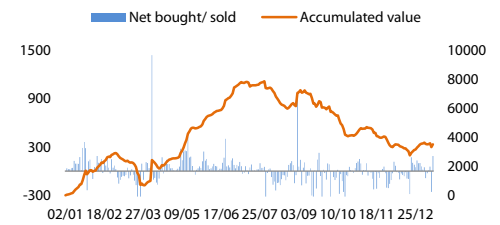


Industry Movement

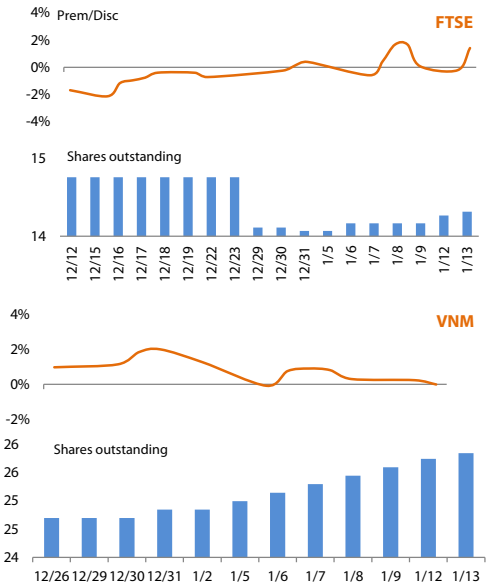
ROE Ngành



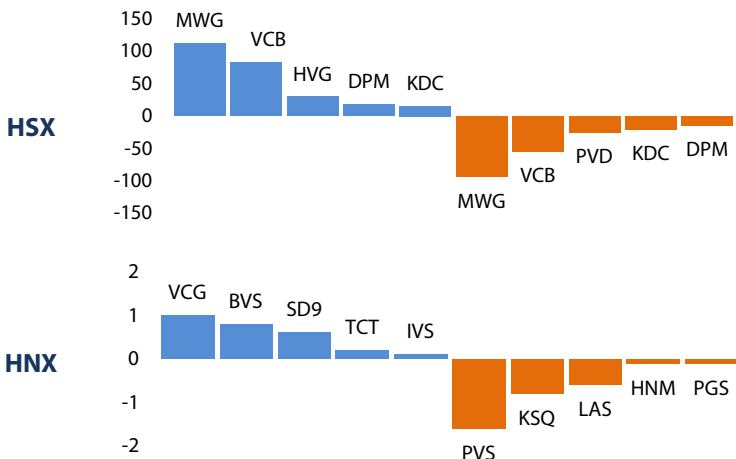
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



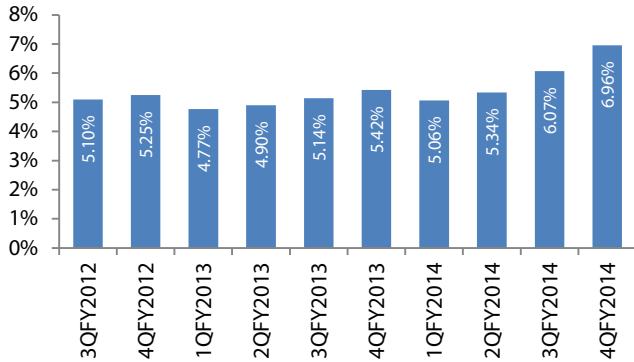
Top Active

Ticker	Price	Volume	% price change
FLC	10.7	7.91	0.9%
VHG	12.8	6.07	6.7%
OGC	6.2	4.58	-3.1%
CII	19.7	4.41	4.2%
HAG	23.3	4.07	0.4%

Ticker	Price	Volume	% price change
KLF	11.1	11.94	2.8%
SCR	9.2	5.96	2.2%
SHB	8.8	4.91	-2.2%
PVX	5.0	2.81	2.0%
HUT	15.0	2.34	-1.3%

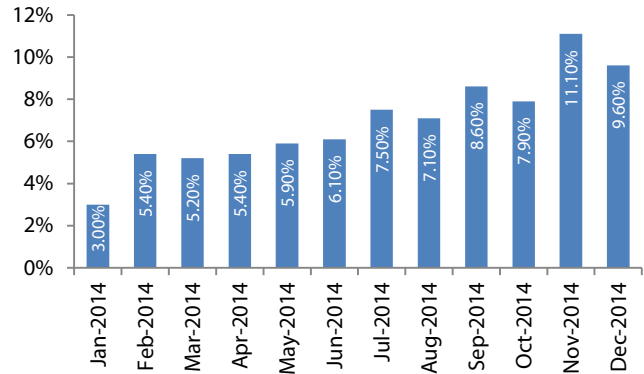
MACRO WATCH

Graph 1: GDP Growth



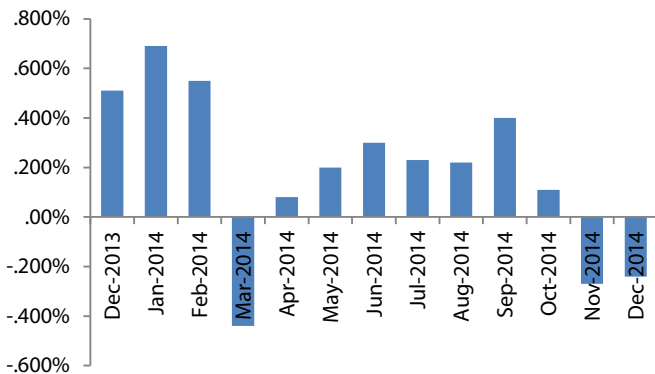
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



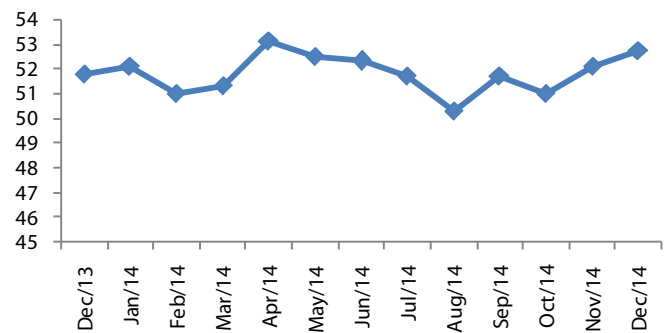
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



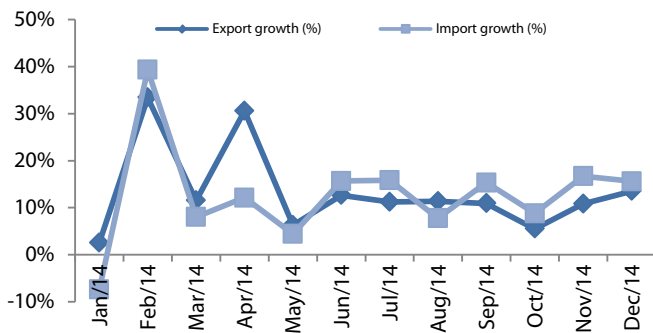
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



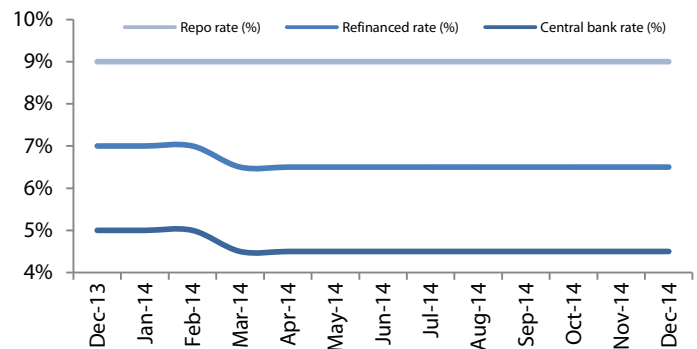
Sources: GSO. Rongviet Securities database

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
HMH - Positive outlook from various supporting factors	Jan 06 th , 2014	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 th , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 th , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 th , 2014	Monitor	
FPT - Growth driver expected from retails	Dec 3 rd , 2014	Accumulate – Long term	61,000

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	06/01/2015	0%-0.75%	0%-2.5%	11,403	11,370	0.29%
VEOF	06/01/2015	0%-0.75%	0%-2.5%	9,353	9,065	3.18%
VF1	09/01/2015	0.2% - 1%	0.5%-1.5%	20,840	20,915	-0.36%
VF4	07/01/2015	0.2% - 1%	0%-1.5%	9,017	8,799	2.48%
VFA	09/01/2015	0.2% - 1%	0%-1.5%	7,345	7,313	0.43%
VFB	09/01/2015	0.3% - 0.6%	0%-1%	11,887	11,877	0.09%
ENF	02/01/2015	0% - 3%	0%	10,605	10,402	1.95%
MBVF	05/01/2015	1%	0%-1%	11,234	11,109	1.13%
MBBF	31/12/2014	0%-0.5%	0%-1%	11,908	11,893	0.13%

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