

MARCH

31

TUESDAY

“The liquidity remains low!”

ADVISORY DIARY

- **PLC- The positive business outlook in 2015**
- **The liquidity remains low!**

PLC- The positive business outlook in 2015

As an implication in the strategic investment in our “2015 Strategy Report”, this year would be a year for investors who have good tactic for utilizing their own “rods”. In oil and gas industry, under the influence of oil price, although majority of stocks are in decline trend, there is an existence of several “fishes” such as PLC, impressively “swimming against the stream” with the price increasing by 90% yoy.

Known as a leading petrochemical products enterprise in Vietnam, 2014’s business performance was extraordinary with 40% increase in the after tax profit even though revenue increased by only 10%. Lubricants and asphalts are two businesses contributing to this succeed.

Lubricants. Business result in 2014 is good thanks to several factors such as: higher capacity from Thuong Ly factory expansion to 75,000 tons/year and exploitation of distributing systems, geographical location and policy which chooses lower price segment comparing to the main rival – BP Castrol. Regarding 2015 prospect, lubricant segment is assessed to be positive because revenue could increase to match the transportation demand. In addition, gross margin could improve as raw materials (oil) price declines while lubricant product prices remain stable. Overall, Vietnam lubricant market is relatively monopoly, price heavily depends on market makers such as BP Castrol. With the decrease in input prices, majority of producers decide to share their profit by higher discount for distributors. As a result, business performance in lubricant industry is assessed to be positive this year. However, in long term, investors should pay attention to several economic movements which could impact on lubricant businesses such as: oil price increase could negatively affect gross margin, increase in competition from foreign products when import tax is removed according to AEC, total demand declines as a consequence from technology improvement (less fuel consumption).

Asphalt. According to the Company, the market demand for this product will be very high in 2015, with positive output exceeded 30% of the plan. This demand is largely from the infrastructure project of government such as the expansion project to upgrade the National Highway 1A, highway Hanoi-Haiphong project ... The increased demand and sales policy (i.e. pricing policy) are now actively controlled thanks to the largest market share position in the market, which helps the asphalt segment to take significant profits in 2015. However, in our opinion, the issue for this business segment of PLC is the credit collect-ability risk. Because most of the revenue from road projects using public investment, the disbursement for suppliers as PLC is often slow.

Aside from two highlight spots in those business segments, chemical segment is evaluated to remain experiencing difficulty in 2015 when sales decreased by approximately 10% in 2014. PLC asserted that this segment could only maintain stability and offset costs.

In general, with growth prospect from lubricant and asphalt segments (80% of PLC total sales), our industry experts still give a positive outlook for PLC in 2015

The liquidity remains low!

The market, today, has witnessed an impressive recovery but the liquidity still remained low at only VND 1,628 billion, appropriate to the turnover of the previous day. Besides, the market

breadth was also improved with 296 green tickers and 118 red tickers.

Foreign investors have remained their net-sold position of VND 6.6 billion in HSX but turned to a slight net-bought position of VND 1.4 billion. With recent actions of the foreign investors, most of participants have realized the psychological impact of their sell-out actions. But the proportion of total shares outstanding on the market hold by them is only 17% and the foreigner's participation rate has also varied in the range of 13-16 %, almost no significant changes through months. Therefore, we can suppose that the impact of foreign investors on the market may have been amplified by the lack of domestic investor's interests.

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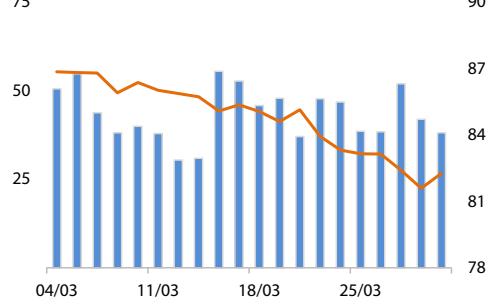
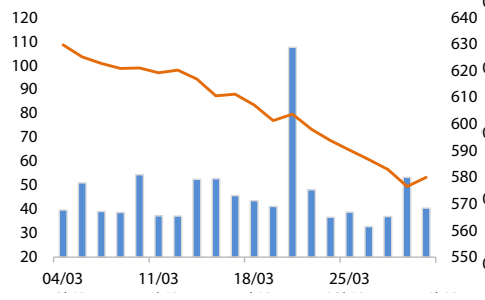
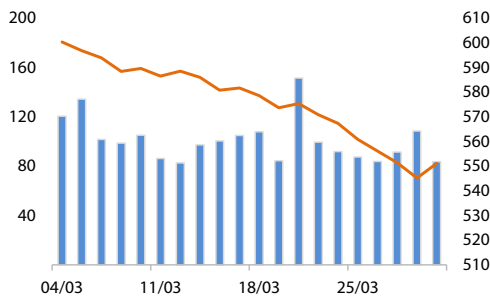
Regarding to macroeconomics, the GSO today announced that index of industry production (IIP) has been up by 25.8% compared to Feb 2015 and by 9.1% yoy. We think that this positive signal is a confirmation of 2015Q1's GDP announced last week.

A new listed ticket – DCM – was negatively welcomed and down by 6% at closing time, despite of the broaden boost in market. In Dec 2014, Rongviet Research released a brief report about this ticker. In this brief report, our analyst recommended that with auction price at VND12,251 per share on Dec 11th 2014, DCM's PE was at 8.2x. This is a reasonable PE for this stock in condition that price of urea is expected unfavorable.

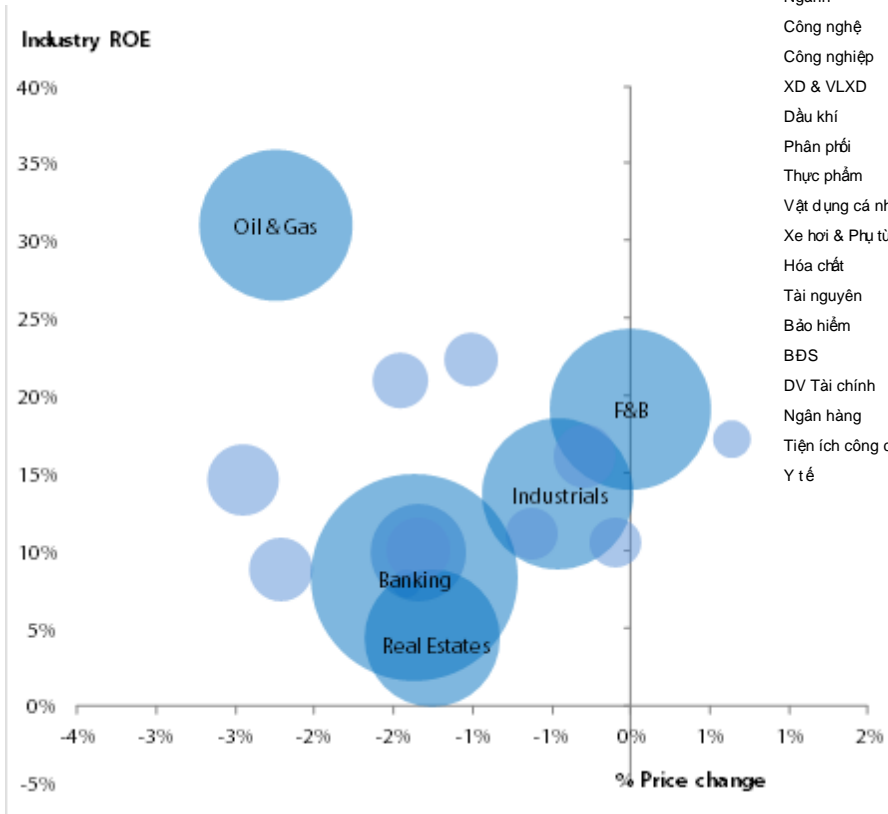
VNINDEX 1.09% **551.13**

VN30 0.58% **579.97**

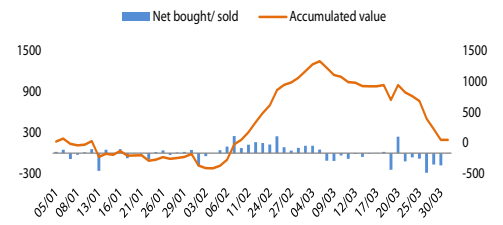
HNXINDEX 0.83% **82.27**



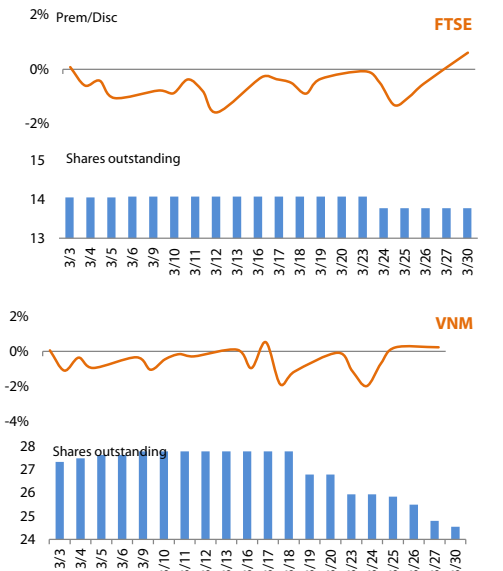
Industry Movement



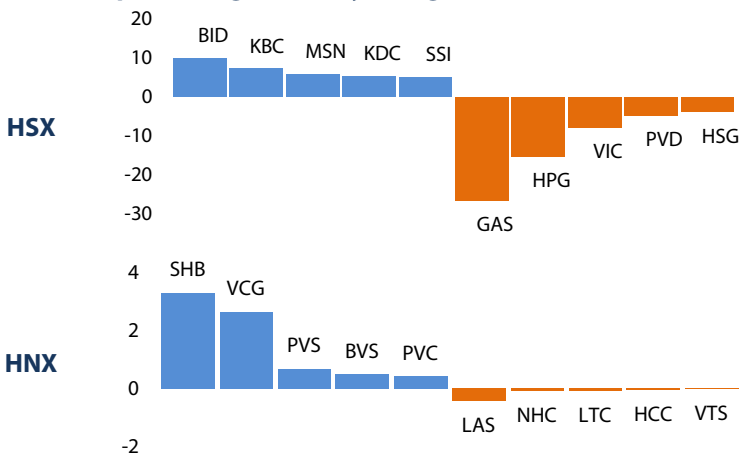
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



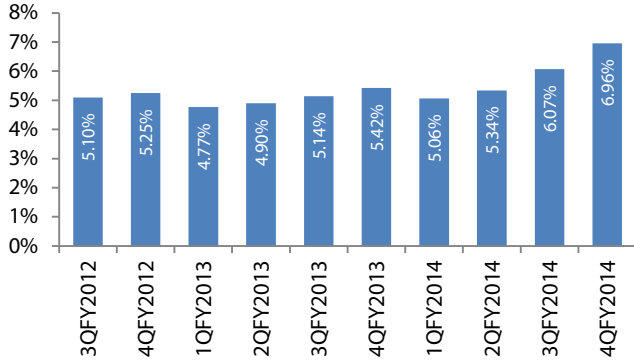
Top Active

Ticker	Price	Volume	% price change
FLC	11.2	15.03	1.8%
HAI	12.1	5.55	-3.2%
OGC	4.6	4.32	0.0%
ITA	6.9	4.23	0.0%
DCM	13.6	3.86	-6.2%

Ticker	Price	Volume	% price change
KLF	10.1	4.08	1.0%
FIT	17.6	3.44	0.6%
VIX	13.6	1.45	0.0%
SHS	8.4	1.43	0.0%
PVX	4.5	1.28	2.3%

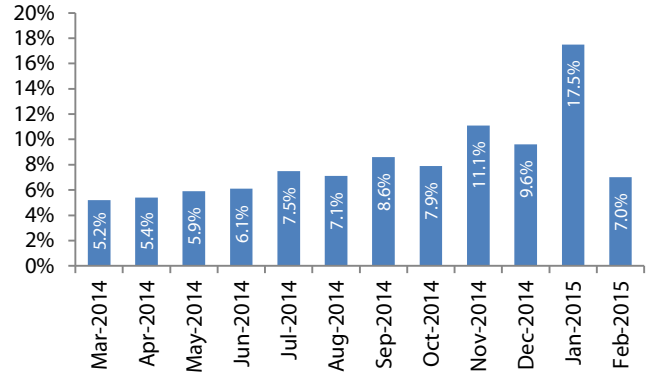
MACRO WATCH

Graph 1: GDP Growth



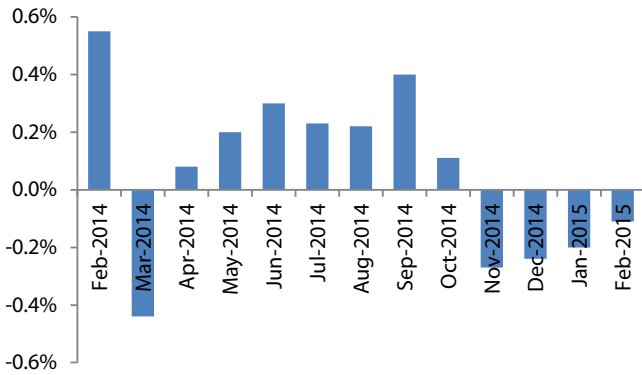
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



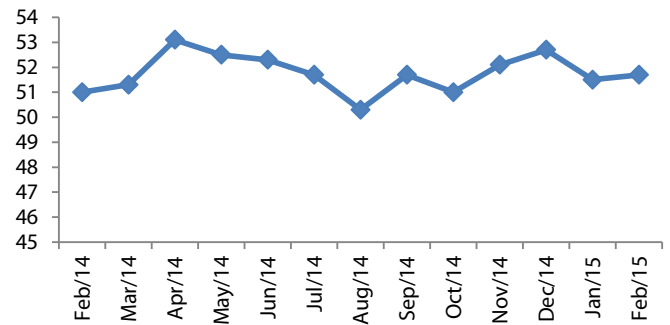
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



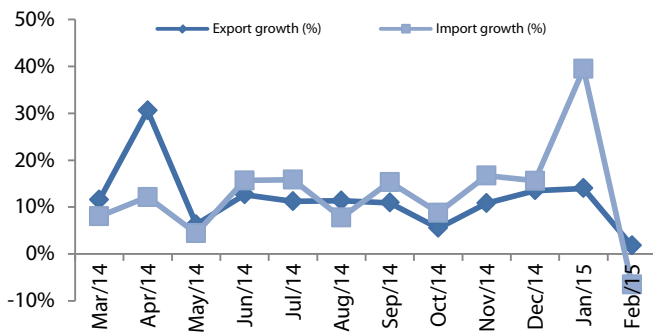
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



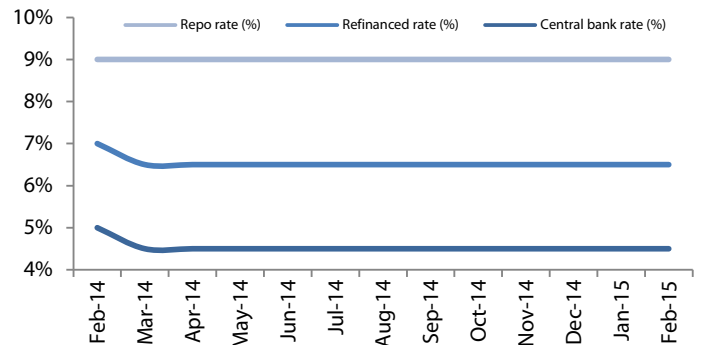
Sources: GSO. Rongviet Securities database

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
PAC- Opportunities along with challenges	Jan 14 th , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 th , 2015	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	

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	17/03/2015	0%-0.75%	0%-2.5%	11,734	11,730	0.03%
VEOF	17/03/2015	0%-0.75%	0%-2.5%	9,840	9,871	-0.31%
VF1	26/03/2015	0.2% - 1%	0.5%-1.5%	20,996	21,086	-0.43%
VF4	18/03/2015	0.2% - 1%	0%-1.5%	9,403	9,530	-1.33%
VFA	20/03/2015	0.2% - 1%	0%-1.5%	7,301	7,402	-1.36%
VFB	20/03/2015	0.3% - 0.6%	0%-1%	12,201	12,187	0.12%
ENF	20/03/2015	0% - 3%	0%	10,851	10,923	-0.66%
MBVF	12/03/2015	1%	0%-1%	11,143	11,173	-0.27%
MBBF	18/03/2015	0%-0.5%	0%-1%	12,040	12,032	0.07%

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