

MARCH

05

THURSDAY

“High liquidity in the full moon of January”

ADVISORY DIARY

- **Can automobile wave spread to tire industry?**
- **High liquidity in the full moon of January**

Can automobile wave spread to tire industry?

As mentioned in the last Advisory Diary, there have been impressive sessions recently. We expect that this wave can spread to relating support industries, especially tire industry-forecasted optimistically in 2015.

According to our analyst, the input cost can be a key factor to improve gross margin of the tire company. The rubber price (~57% of COGS) declined 31% (as Indexmundi’s statistics), especially in the end of 2014. Additionally, some international organizations forecasted that the supply of both natural and synthetic rubber could surplus the demand. Consequently, COGS will be able to reduce significantly in 2015.

Besides, it may be positive for the consumption prospect this year. The impact of Cir 36 of MOT will reflected strongly when the transportation enterprises will increase new trucks; thus, contributing to increase production in the OEM segment. The growth of replacement segment has a certain lag, compared with OEM due to waiting the new trucks to reach the end of tire cycle. Besides, the increase of freight demand, especially when the TPP Agreement, FTA comes to force, will lead to tire replacement speed, increase the consumption of this segment.

Among three listing tire companies, CSM and DRC own Radial Tire Factories. However, these two plants have not reached the break event point due to initially coming into operation and the demand of Radial Tire has started growing recently. Nevertheless, thanks to the effort of exporting Radial product to US market this year, we expect that CSM and DRC can overcome the break event point. Thus, fixed expense per unit of product may decrease and the profit margin can be improved.

Notably, although the tire industry shows a positive signal but investors should consider further valuation method and also strategy style of the BOM to exploit industrial advantages. By considering them, the investors can be confident to hold stocks in market fluctuation

High liquidity in the full moon of January

Today’s session witnesses the up and down moment of VNIndex, around 600 point. However, the increasing of selling pressure in the end caused the decrease of 3.48 points. We recognized that the oil&gas stocks hoped to shine while all stocks of banking industry drowned in red color. The information of crude oil price rising in 4 consecutive sessions (~7.2%) was the main reason of the increase of them. However, the investors’ concerns relating to the fluctuation of crude oil price and profit taking psychology, prevented them from making outstanding result.

Along with the return of “P” stocks in today’s session after a pessimistic period and positive prospects of marine transport, we update GSP’s result updates from yesterday’s brief discussion. Currently, GSP takes fully control on LPG transport segment by vessel in Vietnam. As freight rate links closely to the movement of oil price, LPG’s gross profit margin keeps stability over period (~11%). In 2014, the Company had shortened the allocation of periodic overhaul from 5 years to 2.5 years that put significant impacts on NAT. However, that amount had booked in 2014 would reduce total expenditure in 2015. According to the 2015 plan, revenue and NAT are VND68.8 billion and VND53.2 billion, increased by 63.7% and 73.8% (yoy) equivalent. As such target, EPS 2015 is equal to VND1,733 (+70%). Calculated by the average P/E of marine transport industry of

12x, the current price of VND12,400 is worthy attracting attentions.

Besides, the shrimp stocks also increased significantly due to positive preliminary results of the 9th administrative reviews (POR9); for example, CMX (+ 2.5%), FMC (+ 6.6%). Accordingly, MPC is charged the highest tax rate (1.5%) and the average tax rate is about 0.93%. This result is considered as very optimistic result compared to the POR8 average of 6.37%. Notably, the tax rate applied to FMC falls sharply to 0% from 6.37%, which is likely to help FMC close at ceiling price in very first moment of today's session and keep a shortage of supply without concerning market fluctuation.

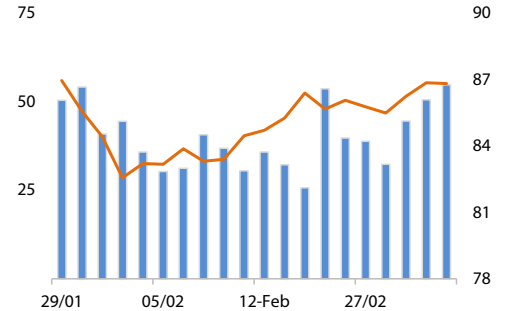
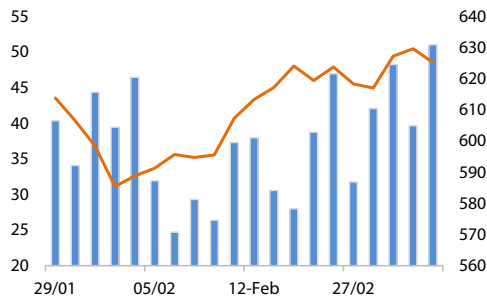
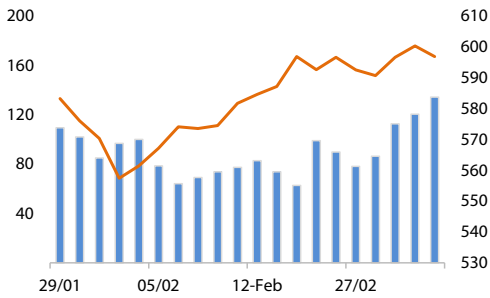
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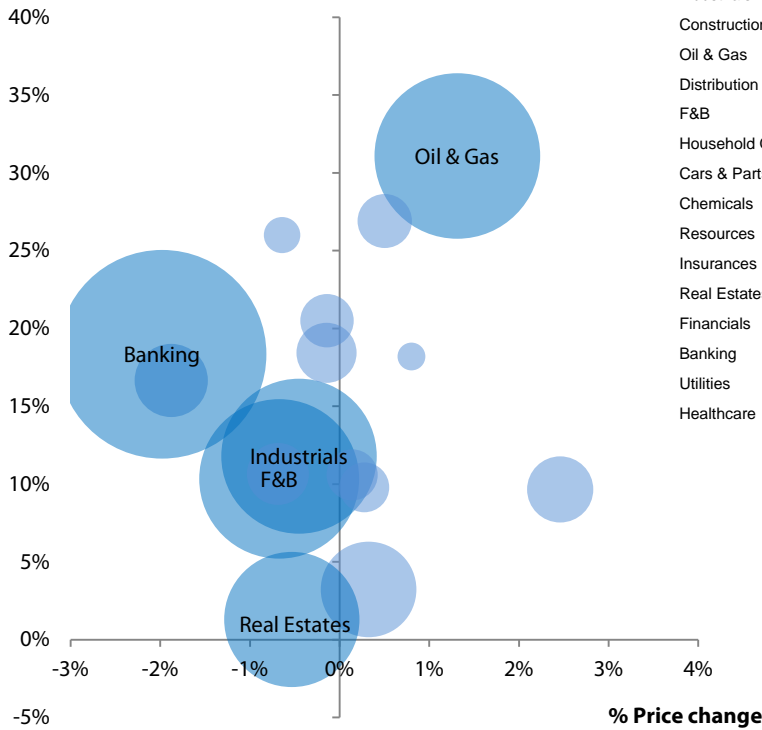
The dramatic increase of liquidity is the most remarkable, with the trading value of approximately VND 2,800 billion, increased by 10.2% and 72.3%, respectively compared with yesterday and the first session of this week. Thus, this has been the second consecutive increasing session since the explosion transaction on Tuesday. In our market analyst's opinion, cash flow has come back and the foreign investors have also remained their net bought position firmly, so the market would probably maintain this status to await information of AGM session are coming.

VNINDEX -0.58% 596.91 VN30 -0.71% 625.25 HNXINDEX -0.05% 86.81

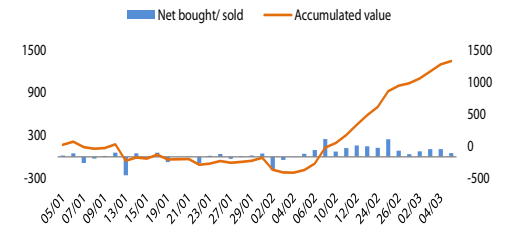


Industry Movement

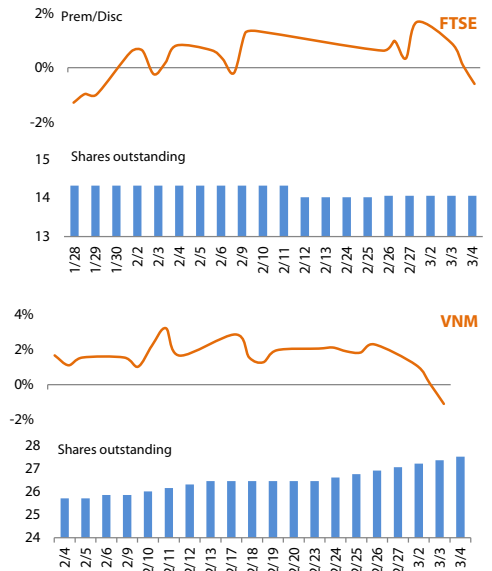
Industry ROE



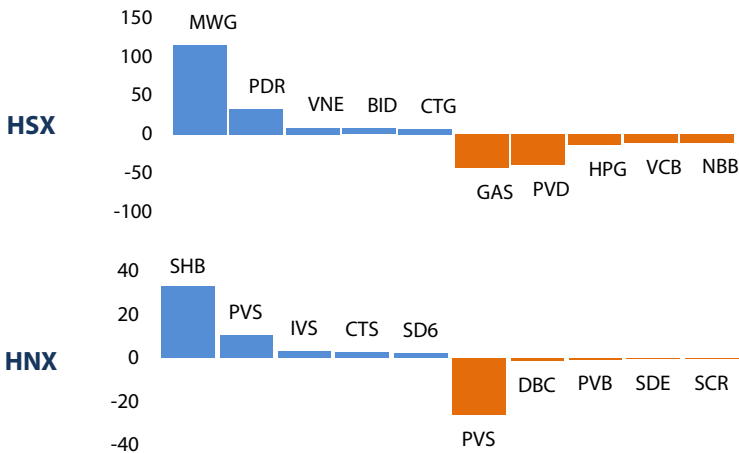
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



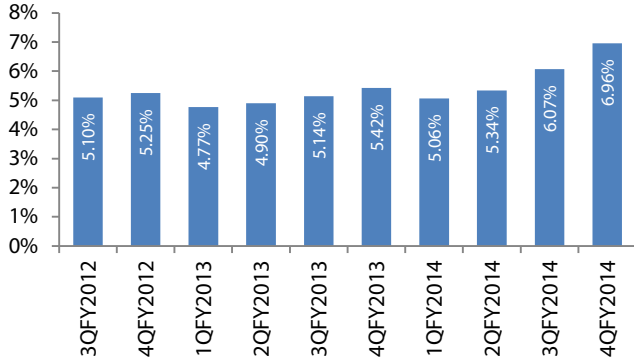
Top Active

Ticker	Price	Volume	% price change
FLC	11.3	10.76	0.9%
HAI	15.6	9.33	-1.9%
OGC	5.5	6.91	5.8%
DLG	11.0	6.58	2.8%
HQC	7.0	4.40	0.0%

Ticker	Price	Volume	% price change
SCR	8.2	5.20	1.2%
KLF	10.7	4.58	-0.9%
HUT	16.5	3.74	5.1%
PVC	24.8	3.32	4.6%
PVX	5.3	2.83	0.0%

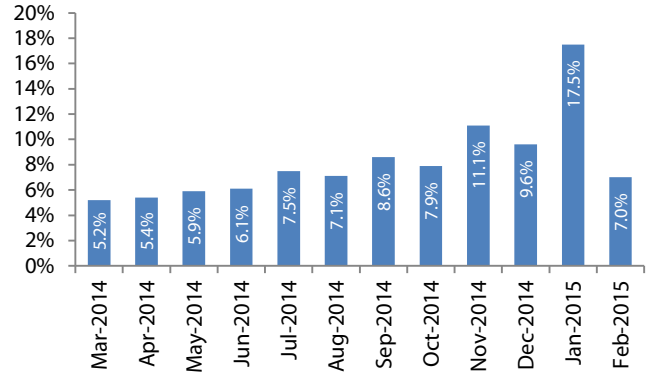
MACRO WATCH

Graph 1: GDP Growth



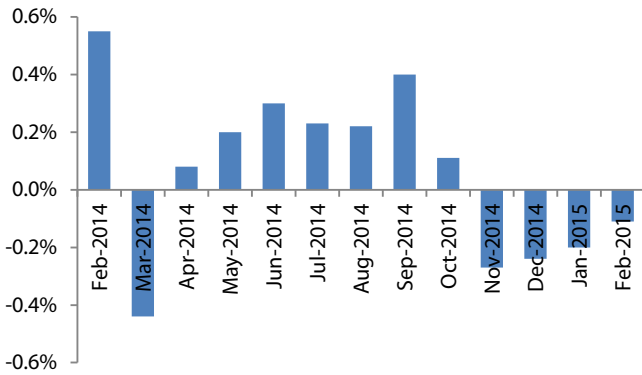
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



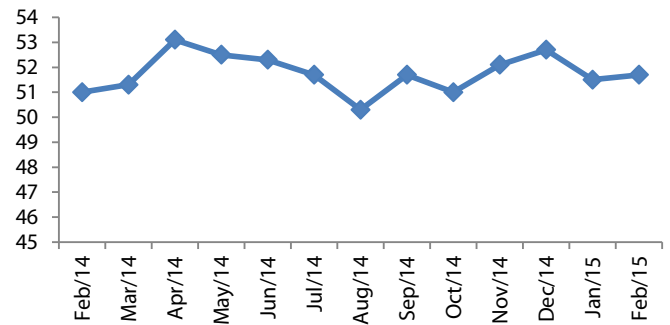
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



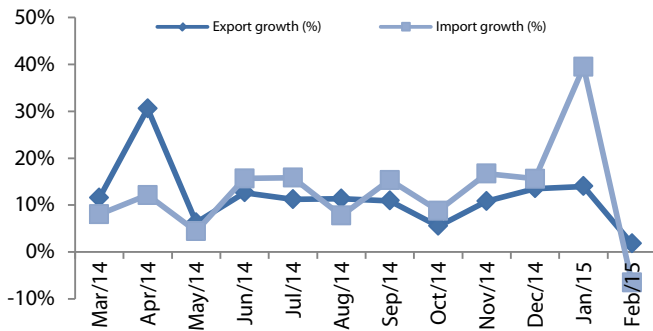
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



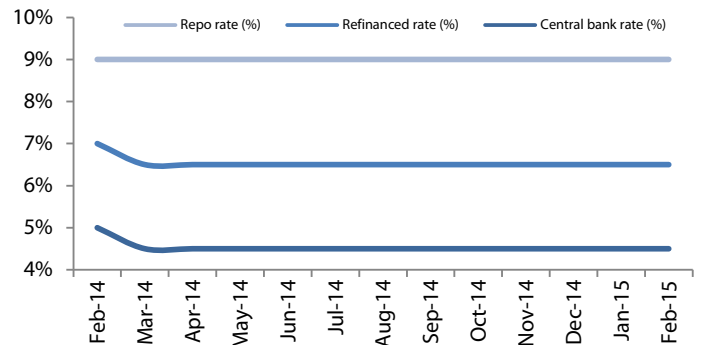
Sources: GSO. Rongviet Securities database

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	27/01/2015	0%-0.75%	0%-2.5%	11,583	11,454	1.13%
VEOF	27/01/2015	0%-0.75%	0%-2.5%	9,627	9,567	0.63%
VF1	30/01/2015	0.2% - 1%	0.5%-1.5%	21,515	21,452	0.29%
VF4	28/01/2015	0.2% - 1%	0%-1.5%	9,337	9,218	1.29%
VFA	30/01/2015	0.2% - 1%	0%-1.5%	7,415	7,371	0.58%
VFB	30/01/2015	0.3% - 0.6%	0%-1%	12,015	11,912	0.86%
ENF	23/01/2015	0% - 3%	0%	10,481	10,790	-2.86%
MBVF	22/01/2015	1%	0%-1%	11,115	11,176	-0.54%
MBBF	21/01/2015	0%-0.5%	0%-1%	11,880	11,921	-0.34%

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