

**MAY**

**06**

**WEDNESDAY**

**ADVISORY DIARY**

- **C32 – Concern remains on quarrying segment**
- **Oil & gas stocks were the bright point in today's session**

**C32 – Concern remains on quarrying segment**

Building material sector is believed to recover this year in line with the warming real estate and construction business plus support from favorable policy. We see up to 78 % of building materials firms achieving annualized net profit growth over the year. Also, 22/32 businesses have announced year-on-year growth on earning of 1Q2015.

Of which, C32 (Construction Investment Corporation 3-2) - main revenue sources coming from building stone and construction services (total accounting for over 70 % of revenue), would schedule for more positive results ahead.

**Table 1: 2014's business result**

Items	2014	Compared to 2014's plan		Compared to 2013		Compared to 2015's plan	
		2014	2014/2014's plan	2013	+/-	2015's plan	+/-
<b>Rev (VND billion)</b>	453.77	435	104%	427.5	106%	516	13.7%
<b>NPAT (VND billion)</b>	71.8	60	120%	66.6	108%	76	5.8%
<b>EPS (dong)</b>	6,411	5,357	120%	5,948	108%	6,786	5.8%

Sources: C32, RongViet Research compiled

**Table 2: 1Q2015's business results**

Items	1Q2015	Compared to 1Q2014		Vesus 2015	
		1Q2014	+/-	2015's plan	% of 2015's plan
<b>Rev (VND billion)</b>	106.09	95.47	11.1%	516	20.6%
<b>NPAT (VND billion)</b>	21.35	15.82	35.0%	76	28.1%
<b>EPS (dong)</b>	1,906	1,412	35.0%	6,786	28.1%

Sources: C32, RongViet Research compiled

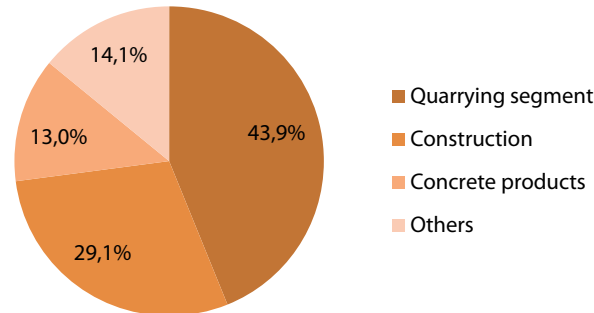
*“Oil & gas stocks were the bright point in today's session”*

In the construction segment, C32 specializes in small and medium civil construction contracts (below VND 40 billion) with some projects namely 747A road, Sunflowers school, Phuoc Vinh school, Dau Tieng Culture center. C32 can make advantage of its building materials production arm and recognized construction quality. The company tries to improve its capacity gradually to be able to meet the quality requirement of big projects starting with those under VND70 billion worth in 2015.

With quarrying segment, C32's mining operation has been quite successful at Tan Dong Hiep quarry (Binh Duong). However, the chief problem here is the remaining short exploitation time of this quarry scheduled to end at the close of 2015. The firm is lodging exploitation extension application to the municipal authority as well as extending the allowed mining depth (from cos - 100m to -120m) at Tan Dong Hiep quarry. Having not received an approval yet, the confident show-up of C32 managements at the latest AGM meant the high success rate of the application and hence give the company time to search for a replaceable mine. In the worst scenario, C32 could still mobilize enough quarrying reserve for next year operation. In addition, the mine reclamation costs are relatively low (only VND4-5 billion) and has been accounted for during the

exploitation time without negative impact on 2016 result.

**Graph 1: 2014's revenue by segments**



Sources: C32, RongViet Research compiled

Overall, C32 is a relatively stable firm with growing sales and profit over the years. We expect the firm's earnings in 2015 and 2016 to sustain thanks to increasing demand for real estate and construction market, particularly in places of Binh Duong and Ho Chi Minh. Besides, year-over-year dividend payment practices could be another "plus" for investors interested in the company.

**Oil & gas stocks were the bright point in today's session**

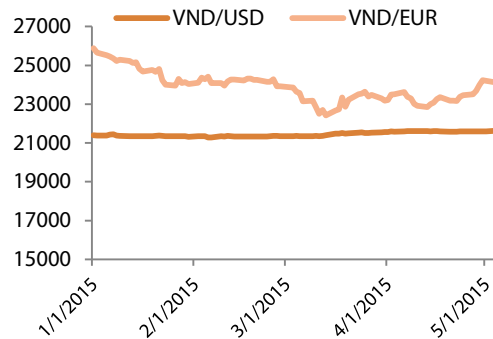
Exchange rate, already "hot" issue, is much "hotter" when many commercial banks had raise their VND/USD rate by VND20-30 per USD compared to yesterday and the rate has hit the ceiling price of the SBV (21,673 dong). There are several explanations for why the dollar rose sharply, however, by taking reference view of some bank officials, the exchange rate might increase due to psychological factor after Vietcombank reveal that they completed U\$1 billion purchase transactions from the Ministry of Finance.

Similar to USD movement, the euro is recovered after being reduced up to 12% in 1Q2014. Specifically, the ask price to sell 1 EUR at Vietcombank reached 24,441 dong, up 5% compared to 1Q2015 and 7.2% compared to lowest level in 2015 (dated March 13, 2015). The recovery of the euro might be due to the positive economic indicators of some leading economies such as Germany, Spain. According to the latest data released by Markit, PMI of most countries in the region had some improvement in April 2015. Accordingly, Germany's PMI stayed at 52.1 points in April, only down slightly from its highest level (reached in March) in 11 months. In addition, the Spanish economy had more positive signs, showing by the GDP growth increased by 0.9% yoy in Q12015; this was the highest rise since 2007. The euro appreciation could affect positive to some enterprises having export activities to the Europe, especially the seafood ones (HVG, FMC, ...) and textiles (TNG, TCM, GMC). In contrary, the firms owe large debts in euro such as the cement businesses (BTS, BCC, HT1) or electricity ones (NT2) could have to record a foreign exchange losses in 2Q2015. Because of the high volatility in exchange rate, especially in this period, we have sometimes recommended investors should not place too many expectations on this kind of profit.

Political tensions in Libya, the reduction in the number of drilling rigs (decreased by 46% from the peak one in September 2014) and the weaken dollar could be the main reasons why the world oil prices have strong rebound recently. In particular, oil prices on yesterday rose to its highest point since the beginning of 2015. In details, Brent oil increased to \$67.52/barrel (up 1.6%), WTI oil stood

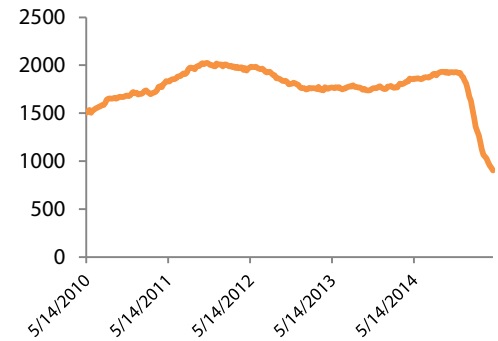
at \$60.40/barrel (up 2.5%). Perhaps the movement in oil prices had a positive impact on oil & gas stocks (PVD: 2.7%, PXS: + 1.9%, + 1.6% GAS) and above listed stocks were the bright point for the market in today session.

**Graph 2: Exchange rate movement**



Sources: Bloomberg, RongViet Research compiled

**Graph 3: The number of drilling rigs**



Sources: Bloomberg, RongViet Research compiled

Environment tax on petroleum products has triple since May 1, 2015 and the increase trend in the world oil prices have put higher pressure on the oil stabilization fund. Therefore, the new price of petroleum has adjusted up since 21h yesterday. Accordingly, the price of gasoline rose VND1,950/liter, however, diesel oil price lost VND260/liter and the price of DO diesels oil was unchanged. The diverse in the government's adjustment could be because diesel import tax has reduced by 8% to 12% while gasoline (except gasoline for flight) remained unchanged at 20% since May 4, 2015. This information somehow negatively affected prices of many transportation shares such as VFR (-5.8%), MHC (floor price), VOS (-2.5%), PCT (-5.5%), VTV (-2,5%).

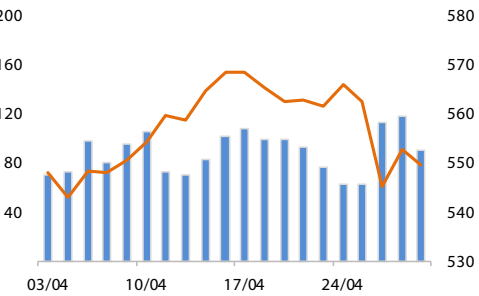
Similar to this Monday's session, foreign investors went on "picking up good stocks" with net buying reaching VND205.5 billion when the markets fell. This step partly showed that domestic investors still had cautious sentiment. However, we believe that the market decline continues pushing many stocks to attractive prices and reserve accumulation opinion with good fundamental stocks having some "interesting stories" this year.

**Huong Pham**

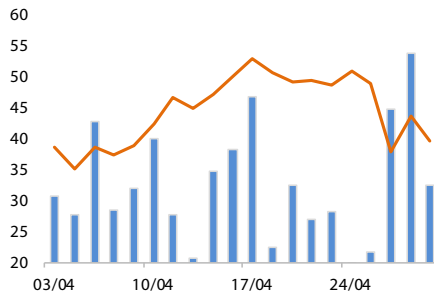
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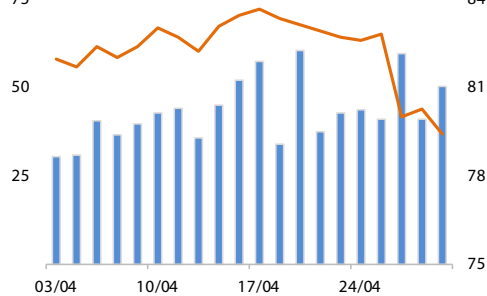
**VNINDEX -0.61% 549.30**



**VN30 -1.04% 579.39**

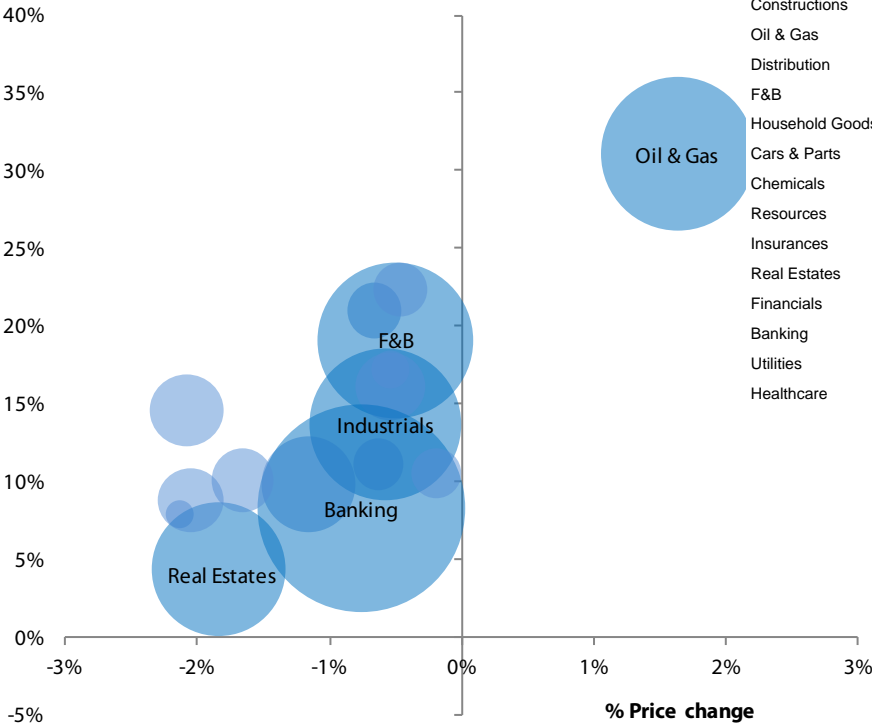


**HNXINDEX -1.06% 79.38**

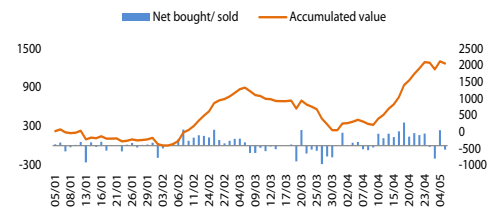


**Industry Movement**

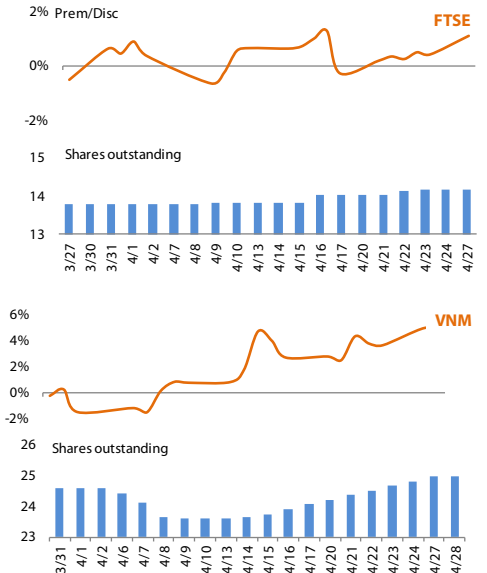
**Industry ROE**



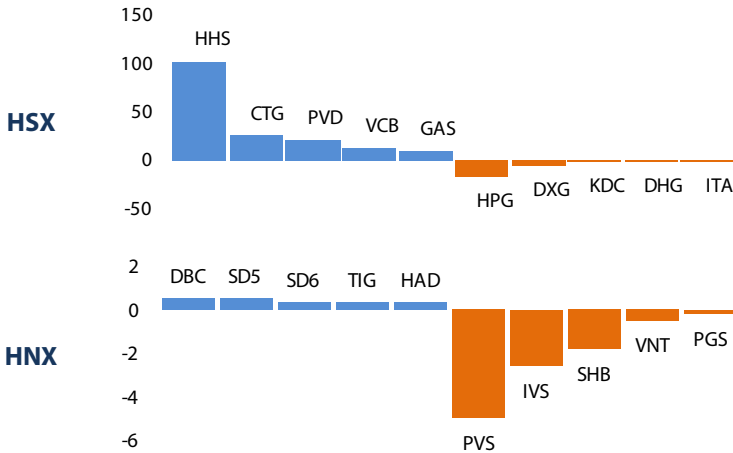
**Foreign Investors Trading**



**ETF**



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



**Top Active**

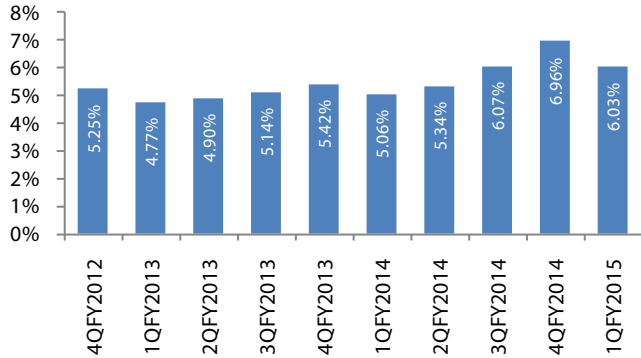
Ticker	Price	Volume	% price change
HHS	20.6	9.23	3.5%
FLC	9.5	7.55	-5.9%
DLG	7.7	3.78	-4.9%
CII	20.6	3.59	0.5%
HAI	9.1	3.51	-6.2%

Ticker	Price	Volume	% price change
KLF	7.4	12.12	-9.8%
FIT	12.5	2.92	-6.0%
PVS	25.6	2.36	1.2%
SHB	8.0	2.32	-1.2%
SHN	4.9	2.05	8.9%

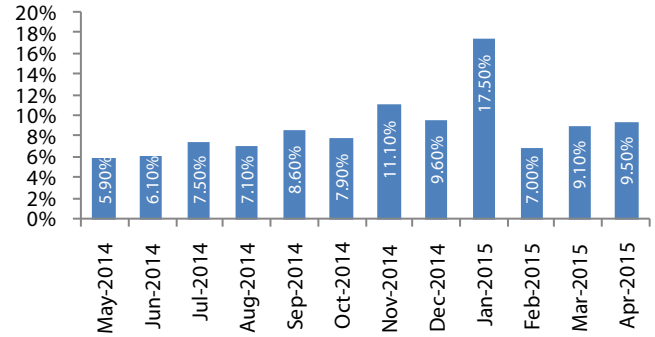
**MACRO WATCH**

**Graph 1: GDP Growth**



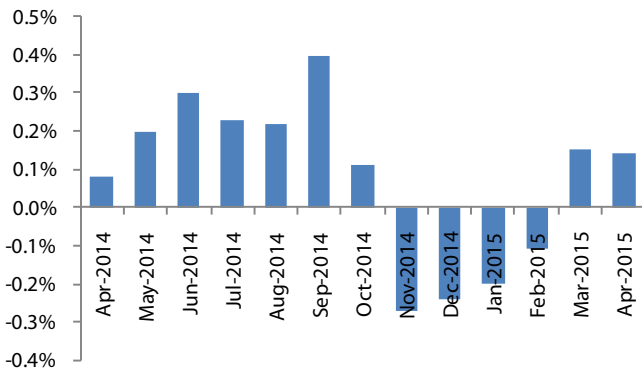
Sources: GSO. Rongviet Securities database  
(\* ) Comparision price in 1994

**Graph 2: IIP**



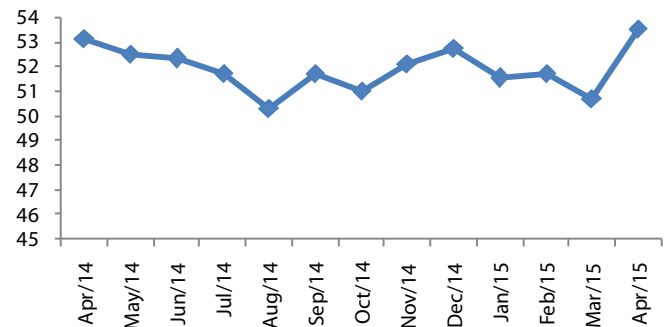
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



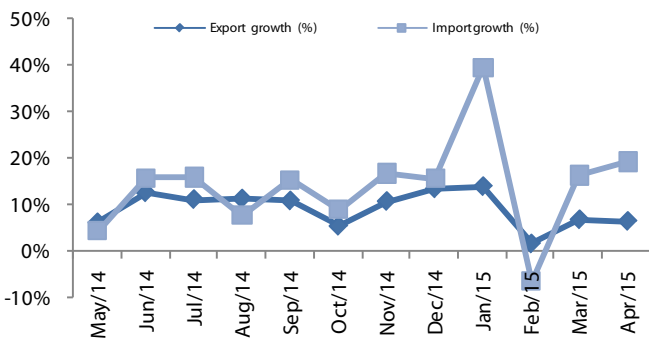
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



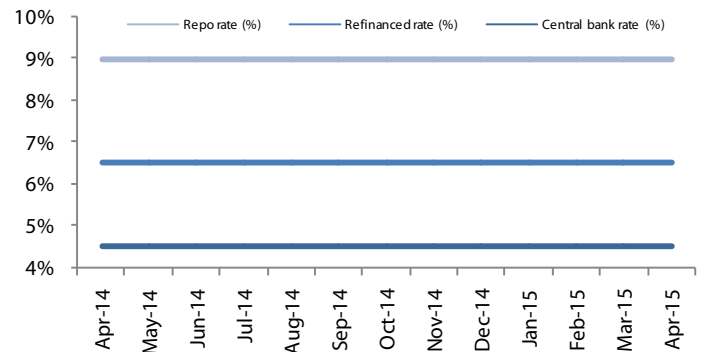
Sources: GSO. Rongviet Securities database

**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
DHC-Giao Long factory (phase 2) adds lights to the long-term plan	April 24 <sup>th</sup> , 2015	Buy – Intermediate term	26,200
PLC - A firm foothold	April 14 <sup>th</sup> , 2015	Accumulate – Intermediate term	40,000
BT6 - Restructuring scheme to bring a brighter prospect	Jan 27 <sup>th</sup> , 2015	Monitor	
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

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	21/04/2015	0% - 0.75%	0% - 2.5%	11,741	11,793	-0.44%
VEOF	21/04/2015	0% - 0.75%	0% - 2.5%	9,630	9,607	0.24%
VF1	24/04/2015	0.2% - 1%	0.5%-1.5%	21,052	21,178	-0.59%
VF4	22/04/2015	0.2% - 1%	0%-1.5%	9,166	9,097	0.76%
VFA	24/04/2015	0.2% - 1%	0%-1.5%	7,168	7,217	-0.68%
VFB	24/04/2015	0.3% - 0.6%	0%-1%	12,049	12,154	-0.86%
ENF	17/04/2015	0% - 3%	0%	10,826	10,798	0.26%
MBVF	09/04/2015	1%	0%-1%	10,267	10,854	-5.41%
MBBF	15/04/2015	0%-0.5%	0%-1%	12,080	12,083	-0.02%

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