

JANUARY

28

WEDNESDAY

“The market stands by banking stock trading”

ADVISORY DIARY

- **Result update of 2014 textile operation and business plans to 2015**
- **The market stands by banking stock trading**

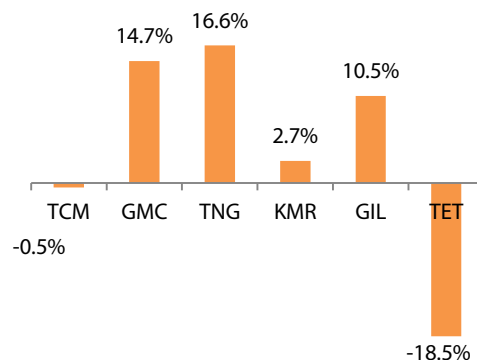
Result update of 2014 textile operation and business plans to 2015

In recent days, some textile-garment sector such as TCM, TNG, GMC...witnessed positive movement in prices. Specifically, TCM increased 1.300d (4%) and TNG rose 2,000 dong (10.5%) from the beginning of the week. We believe this is partly due to satisfactory published earnings result in 4Q2014. In addition, the possibility of signing TPP agreement in 2015 thanks to the support of President Obama and with the coming of the FTA agreement in the first half of 2015 also help attract more attention to the textile industry. Therefore, in our today advisory, we want to bring you an overview of the earnings picture of the industry in 2014.

Overall, revenues and NPATs of the most businesses also grew positively; however, the operations of each business had quite large differences.

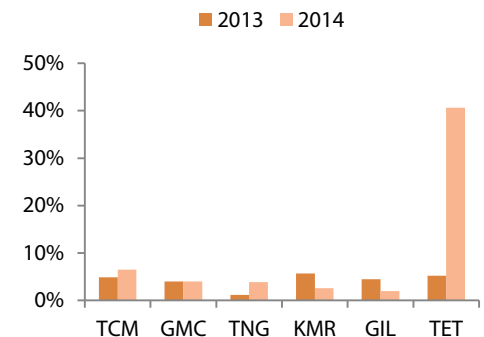
The most notable thing is that TCM’s revenue decreased slightly by 0.5% compared to 2013 because the yarn segment had affected seriously the changes in cotton price. Moreover, the sewing segment of TCM has been operating at full capacity since 2013 so revenue of the segment nearly had no growth. However, NPAT of TCM increased by 33.7% thanks to the improvements in gross margins of sewing and weaving segments. Specifically, since 2014, TCM added high quality weaving products for Japanese market and got attractive gross margin (~ 25%). Sewing gross margin also improve significantly, up 4 percentage point compared with 15% in 2013. Similar to TCM, TET’s revenue declined 18.5% while NPAT margin increased significantly from 5.2 % to 40.6% due to booking VND10 billion from liquidation. NA In summary, the 2014 earnings of Vietnam's garment enterprises are quite positive growth. Industry analyst says that the industry remains positive and the investors should invest in the business that has a feasible expansion plan. NPAT margin of KMR also fell by more than a half, stood at 2.6% because of no reversal of reserve (23 billion) as in 2013 and the increase in the cost of goods sold.

Graph 1: Revenue growth in 2014



Source: RongViet Research

Graph 2: NPAT movement



Source: RongViet Research

As mentioned in last week Advisory Diary, garment industry’s outlook in 2015 would be supported by 3 main factors: (1) the expected signing of FTA and TPP; (2) the decrease in raw material price and (3) the movement of FDI cash flow to Vietnam. Actually, Vietnamese enterprises are planning for expansion and increase competitiveness. TCM is an example in building new plant in Vinh

Long, which is expected to go into operation in Q2/2015. At the end of 2014, TCM bought 15 new weaving machines to manufacture to produce high quality fabric for Japanese market. In 4Q2014, KMR had invested USD3 million to renovate Binh Duong plant and add a new padding scheme. In similar trend, TNG is also building 2 new plants (Dai Tu and Phu Luong) in Thai Nguyen.

The joining of Century Synthetic Fiber Corp (expected in April 2015) will be an expected event to Vietnam textile industry in 2015. As mentioned in the Advisory Diary on 25/11/2014, the core products of Century Synthetic Fiber Corp (STK) are high quality DTY, FDY. Revenue and earnings growth of STK were quite good with CARG for the 2011-2014 period 19% and 4%, respectively. In addition, the operation of Trang Bang 3 factory in the second half of 2015 may increase by 10% in 2015.

In summary, the 2014 earnings of Vietnam's garment enterprises are quite positive. Our industry analyst remains positive outlook and recommends investors to invest in the business that has a feasible expansion plan.

The market stands by banking stock trading

Both indices today closed with positive gain. Specifically, VN-Index closed at 583.76 points (+0.77%) and HNIndex rose by 1.32 %. Liquidity was maintained quite well despite the high market volatility recently. SCR almost floored after bearing lots of selling pressure. However, SCR also saw some recovery when the BOD made known that they might repurchase shares to stabilize its share price. Sugar sector related tickers also witnessed a gaining session after a sharp decline yesterday.

Banking shares continued the uptrend with some bright points such as STB, MBB and EIB...Baking tickers as CTG and BID reached ceiling price today with CTG having no selling order as the session ended. In addition, the rest of the tickers traded without any real positive sides reflected by the balance in the number of increased and decreased tickers on both floors.

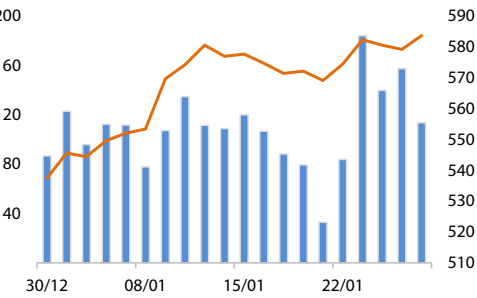
As our estimates, the trading volume of banking tickers accounted for almost 1/4 of total market trading value in today session. The hot of banking tickers initially spread to other shares, but recently has no real impacts after that. We are afraid that if the banking shares stop for a "break", the market will have a few corrections.

Huong Pham

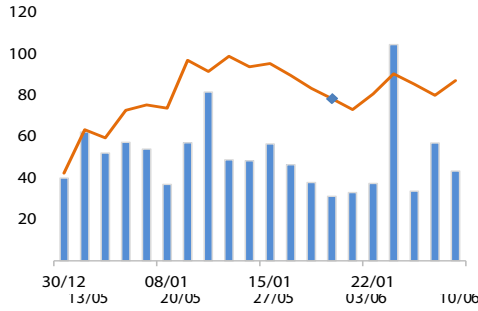
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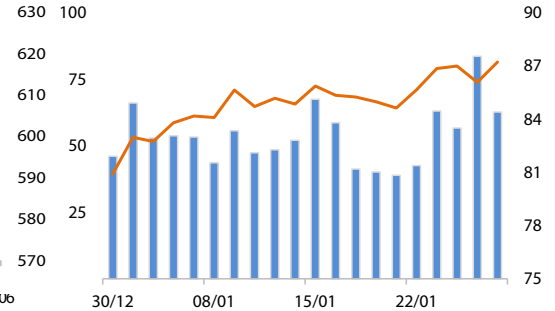
VNINDEX 0.77% 583.76



VN30 0.58% 613.53



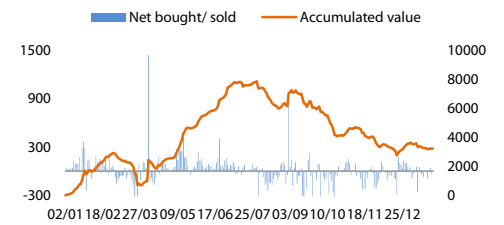
HNXINDEX 1.32% 87.23



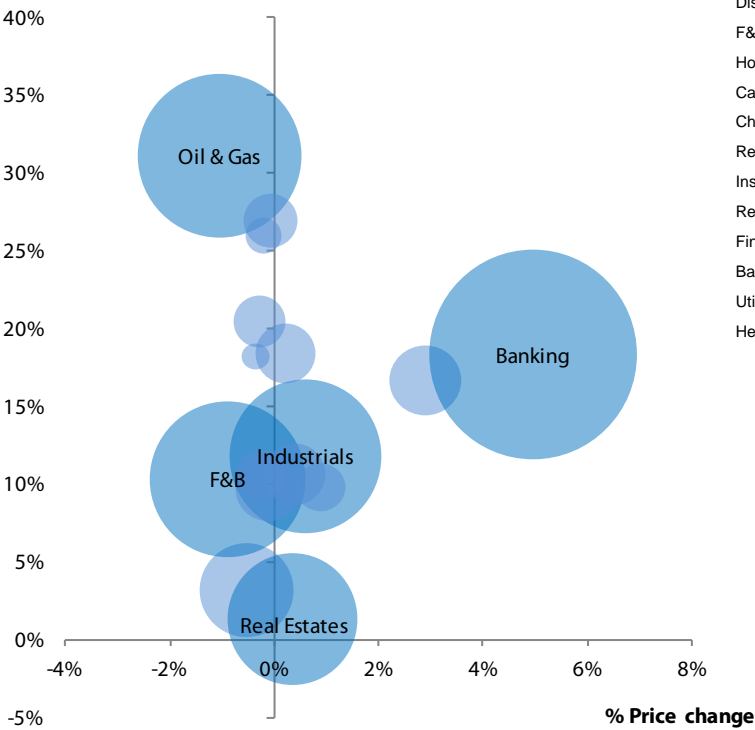
Industry Movement

Industry	% change
Technologies	-0.3%
Industrials	0.6%
Constructions	-0.5%
Oil & Gas	-1.0%
Distribution	-0.4%
F&B	-0.9%
Household Goods	0.9%
Cars & Parts	-0.2%
Chemicals	0.2%
Resources	-0.1%
Insurances	2.9%
Real Estates	0.3%
Financials	-0.1%
Banking	5.0%
Utilities	0.4%
Healthcare	-0.3%

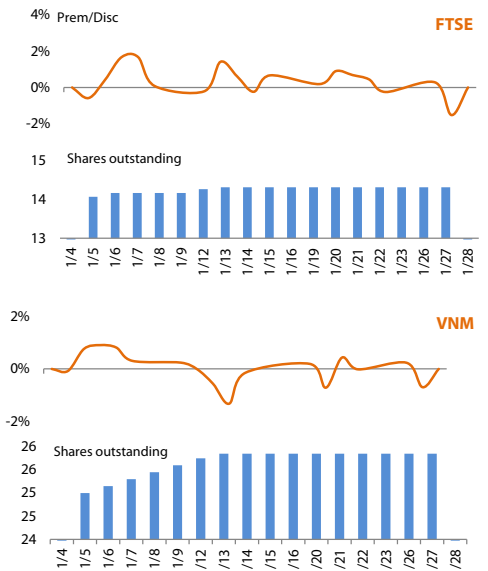
Foreign Investors Trading



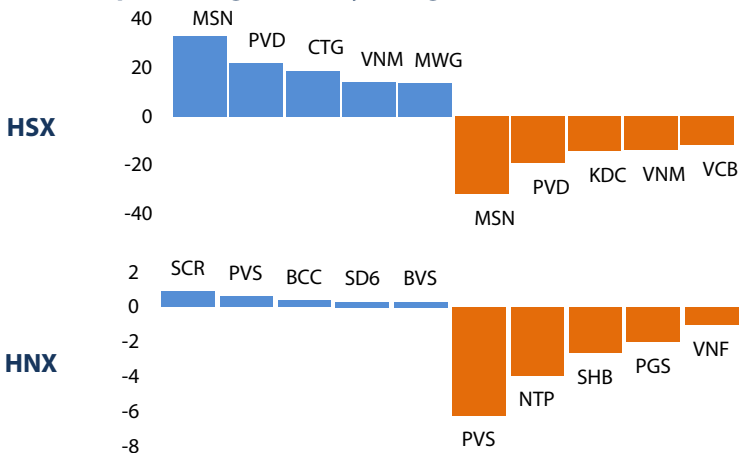
Industry ROE



ETF



Top net bought/sold by foreigners (VND bn)



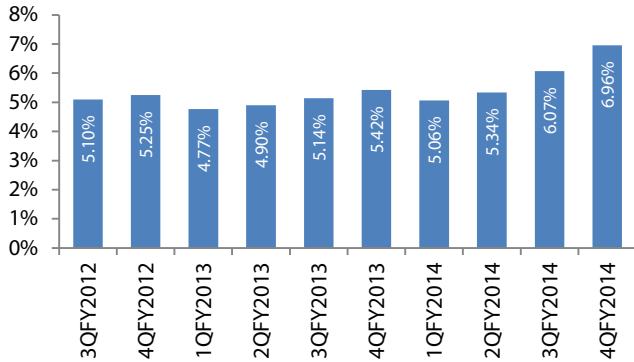
Top Active

Ticker	Price	Volume	% price change
MBB	14.9	8.56	4.2%
BID	18.6	7.66	6.9%
FLC	10.3	6.63	-1.9%
HAI	16.1	6.16	-0.6%
CTG	18.7	5.74	6.9%

Ticker	Price	Volume	% price change
SCR	7.7	13.88	-6.1%
SHB	9.3	11.70	5.7%
KLF	10.7	7.73	-0.9%
ITQ	24.9	2.11	-4.2%
HUT	14.2	1.97	-3.4%

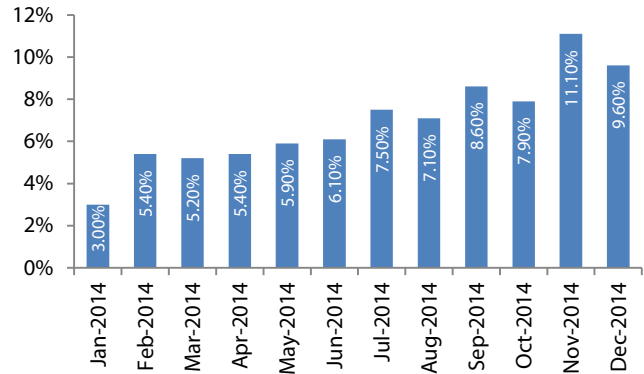
MACRO WATCH

Graph 1: GDP Growth



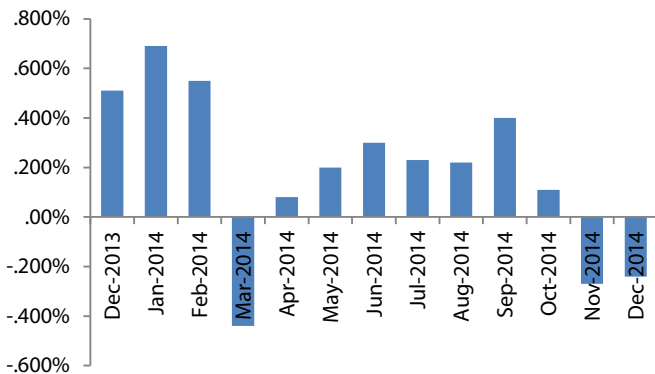
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



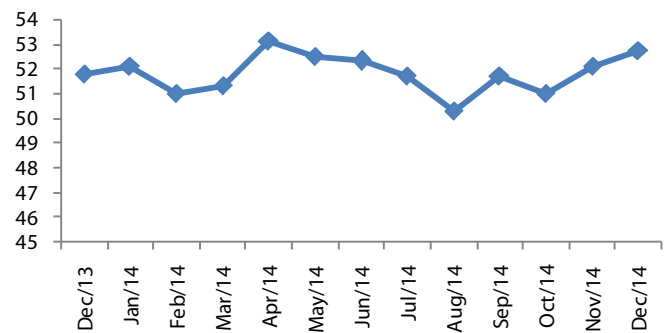
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



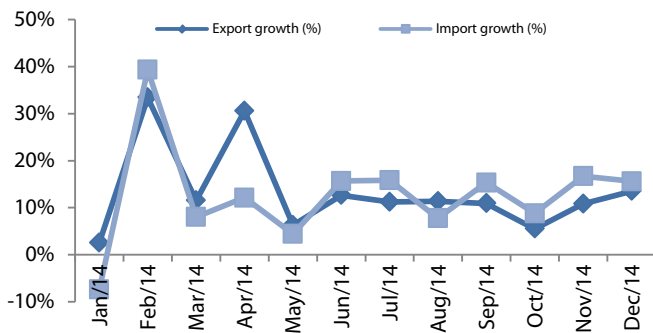
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



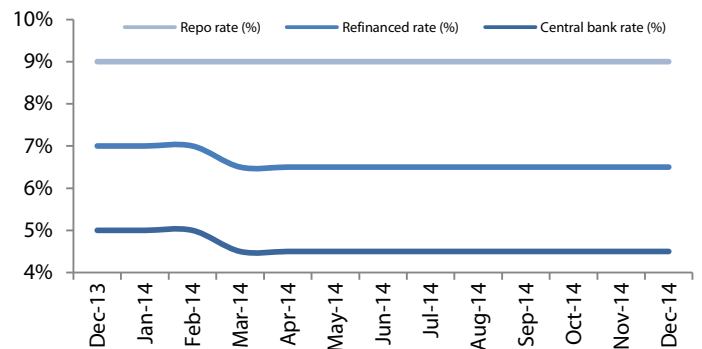
Sources: GSO. Rongviet Securities database

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
BT6 - Restructuring scheme to bring a brighter prospect	Jan 27 th , 2015	Monitor	
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

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	13/01/2015	0%-0.75%	0%-2.5%	11,432	11,403	0.25%
VEOF	13/01/2015	0%-0.75%	0%-2.5%	9,512	9,353	1.7%
VF1	22/01/2015	0.2% - 1%	0.5%-1.5%	21,269	21,278	-0.04%
VF4	14/01/2015	0.2% - 1%	0%-1.5%	9,245	9,017	2.53%
VFA	16/01/2015	0.2% - 1%	0%-1.5%	7,435	7,345	1.22%
VFB	16/01/2015	0.3% - 0.6%	0%-1%	11,909	11,887	0.18 %
ENF	16/01/2015	0% - 3%	0%	10,790	10,738	0.485%
MBVF	08/01/2015	1%	0%-1%	11,307	11,234	0.65%
MBBF	07/12/2014	0%-0.5%	0%-1%		11,924	0.13%

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