

NOVEMBER

19

WEDNESDAY

ADVISORY DIARY

- **DHA – The chance of recovery**
- **Below 590!!!**

DHA – The chance of recovery

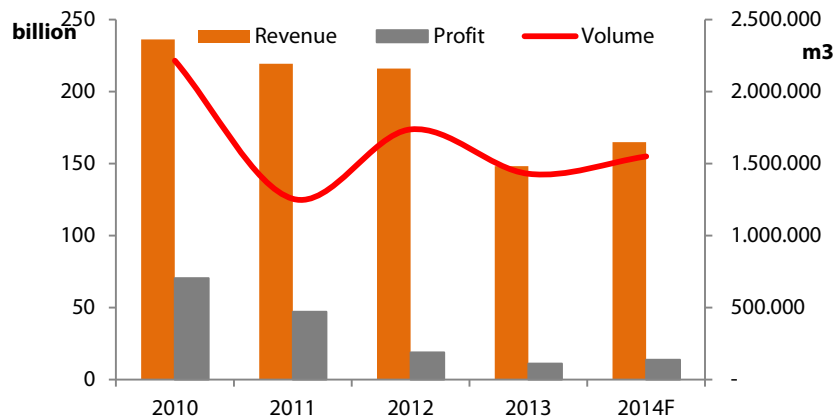
DHA was a flash in a pan for many investors in the 2005-2007 period. However, in the 2008-2011 period, DHA had many difficulties in its business operation because weak demand as well as increased costs caused businesses to downsize.

DHA’s owned mines

Currently, DHA owns five mines including Thuong Tan, Hoa An, Nui Gio, Tan Cang 3 and Thanh Phu 2 mines. In terms of geographical location, Thuong Tan and Hoa An (discontinued since 2010) have more favorable position because they located near Ho Chi Minh City, DHA’s main market. Meanwhile, new mines such as Nui Gio, Tan Cang 3 and Thanh Phu 2 located far away from the center in Binh Phuoc and Dong Nai. In terms of the effectiveness, in 2013 the overall picture remains not very encouraging. According to the Company, only two out of four mines are operating over the break-even point as Nui Gio and Thanh Phu 2. The two other operating mines are operating below the break-even point because Thuong Tan products has bad quality and Tan Cang 2 mines has trouble with thick soil layer caused time- and cost-consuming. However, up to now, the picture looks more positive, which Tan Cang 2 operated over the break-even point and Thuong Tan is operating more effectively. The last, Hoa An mine only has gravels as inventories with estimated revenue about VND800 million in the fourth quarter of this year.

“Below 590!!!”

Figure: Earning result in the 2010-2014F period



Source: DHA, RongViet research

Earning update

Not having positive view about the operating efficiency of owned mines; however, our analysts think the Company business has positive outlook thanks to the warm up of the real estate market as well as the development of infrastructure projects in the South East. This contributed significantly to the building materials’ demand and brought many opportunities for companies like DHA. On the other hand, because the stone industry requires many costs like road repairs, maintenance and restoration of environment cost, the industry has significantly high barriers to entry. This could be seen as an advantage for existing businesses, notably, DHA’s mines have operated stable for a long time (~10 years). As of Q3/2014, Company’s revenue reached VND128.8 bn (+15.2% yoy) and NPAT reached VND9.6 bn (+32% yoy). Based on the stability of DHA’s business, our analyst expect this year revenue at VND 164.88 bn and NPAT at VND13.8 bn,

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equivalent to EPS of VND908 and P/E forward about 15.9x. More details information of DHA will be updated at the Company Report as soon as possible.

Below 590!!!

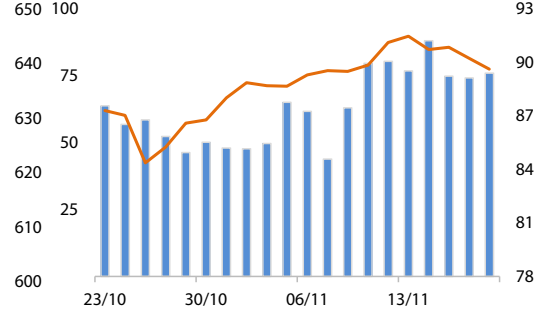
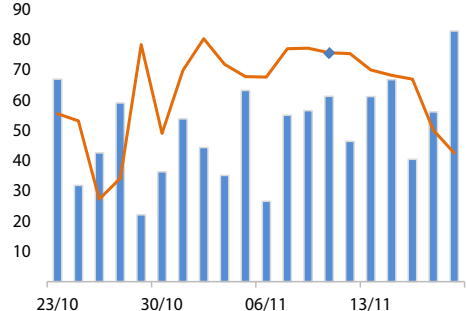
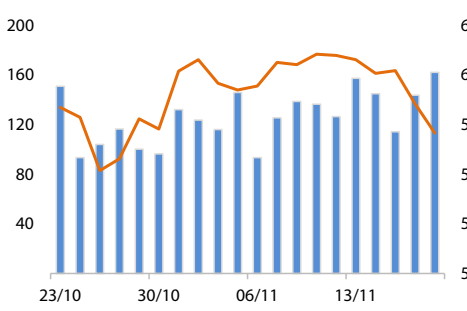
In late yesterday's afternoon and early today, market received much positive news: (1) State securities commission of Vietnam denied any rumors in terms of cutting margin; (2) Vietcombank continued to cut deposit rate by 0.5-1 %; and (3) the SBV confirmed news related to not adjusting exchange rates in the remaining of this year. However, this information does not seem to affect the market today. Even this news surrounding the ongoing answering session at parliament also did not create any market's ripple. Together, a steady trading market saw a stable trend in favor of sellers and made VNIndex continue to lose 590 points mark today, closing at 588.35 points. Similarly, the HNIndex also closed at 89.64 points (-0.67 % as compared to yesterday) .

Market's liquidity maintained at a safe level of VND3.395 billion, up 3.3% as compared to yesterday. Notably, the two large deal transactions were EIB and VNM, corresponding to 24.2 million shares (VND280 billion) and 1.75 million shares (VND 169.39 billion) .

Today, foreign investors started returning to net buying on HNX with the corresponding value of VND 2.09 billion, while net selling was only VND26 billion on HOSE . Blue chips prices for tickers such as GAS , VIC , KDC , HAG , BVH continued to fall caused by the lingering net-selling activity from foreign investors of these stocks.

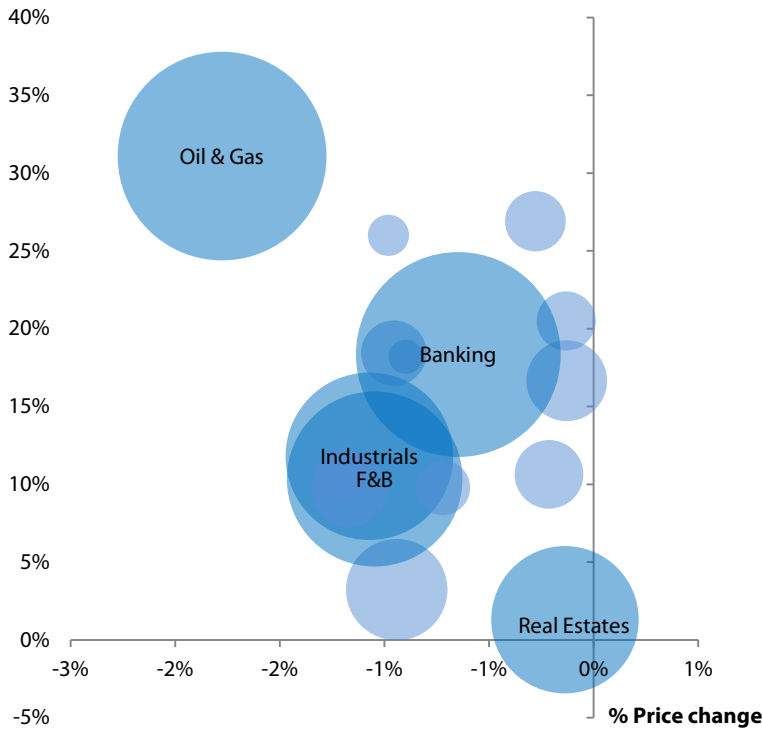
In one month period, VNIndex up and down in the narrow range (590-600 points), we witnessed that market sentiment currently was "bleak", a suitable cash and stock ratio (50:50) will enhance the fundamental investors' sentiment.

VNINDEX -0.99% 588.35 VN30 -0.67% 623.66 HNXINDEX -0.68% 89.64



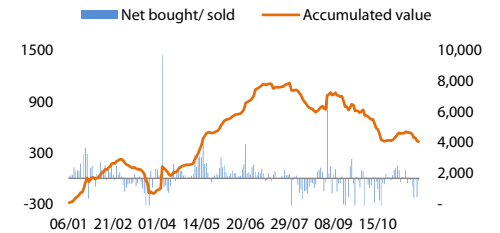
Industry Movement

Industry ROE

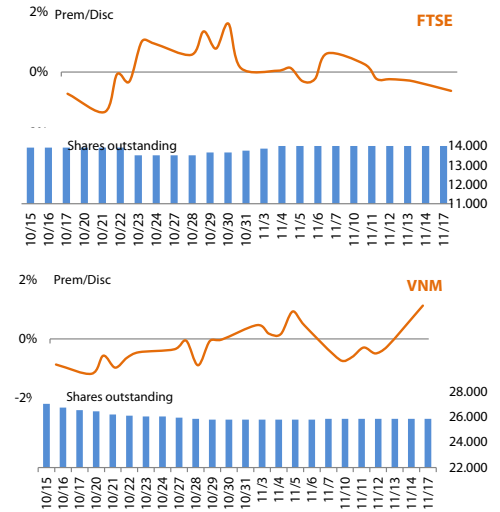


Industry	% change
Technologies	-0,1%
Industrials	-1,1%
Constructions	-0,9%
Oil & Gas	-1,8%
Distribution	-0,9%
F&B	-1,0%
Household Goods	-0,7%
Cars & Parts	-1,0%
Chemicals	-1,0%
Resources	-0,3%
Insurances	-0,1%
Real Estates	-0,1%
Financials	-1,2%
Banking	-0,6%
Utilities	-0,2%
Healthcare	-1,2%

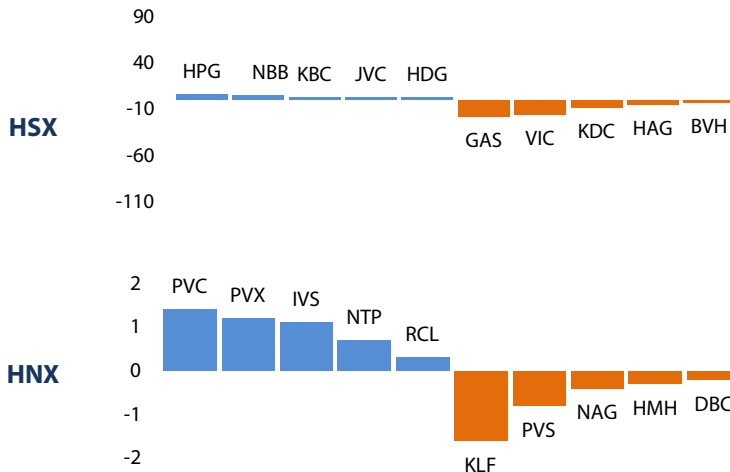
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



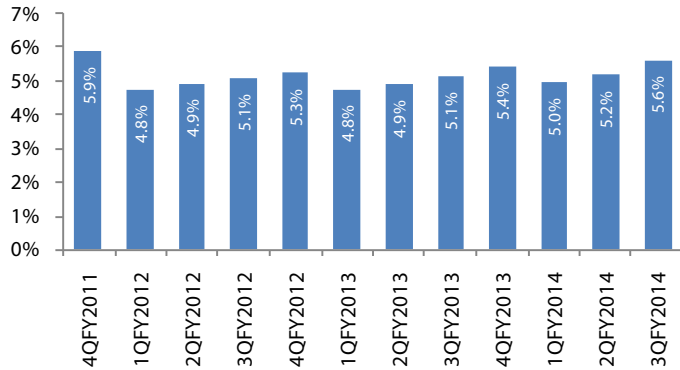
Top Active

Ticker	Price	Volume	% price change
FLC	12.3	30.12	2
VHG	17.1	7.83	-2
SSI	30.1	5.30	-C
KBC	17.0	4.36	1
ITA	8.7	4.36	C

Ticker	Price	Volume	% price change
KLF	16.00	27.64	4.6%
PVX	6.10	6.79	-1.6%
CEO	16.10	4.02	-9.0%
SCR	9.80	3.63	0.0%
FIT	31.10	3.28	-0.3%

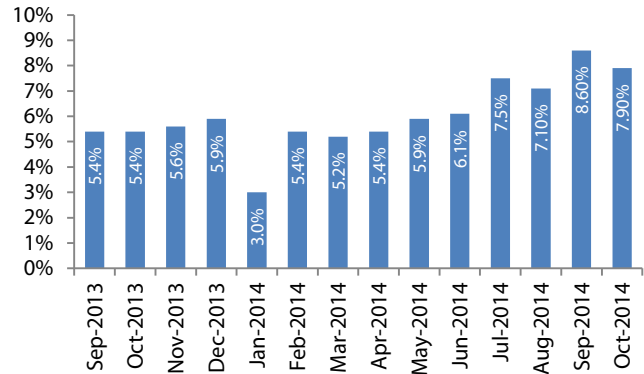
MACRO WATCH

Graph 1: GDP Growth



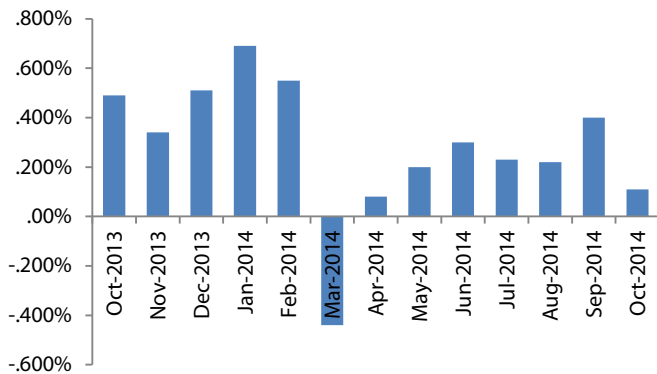
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



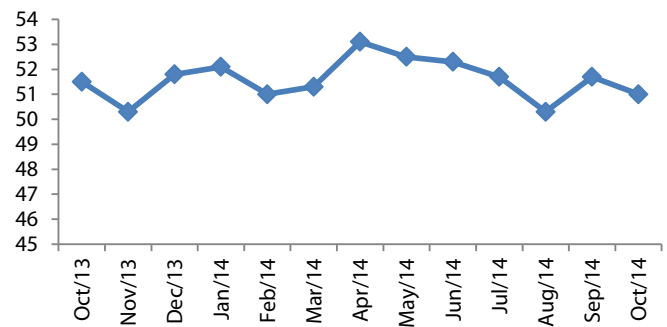
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



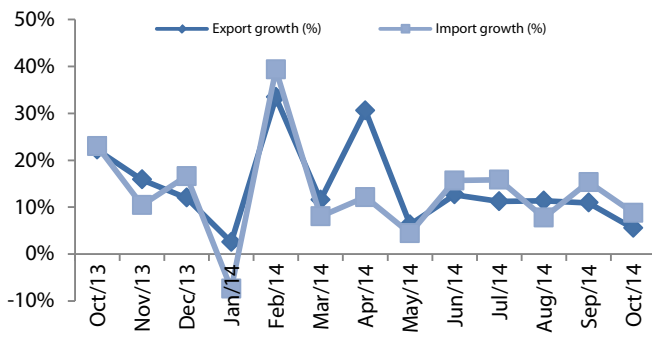
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



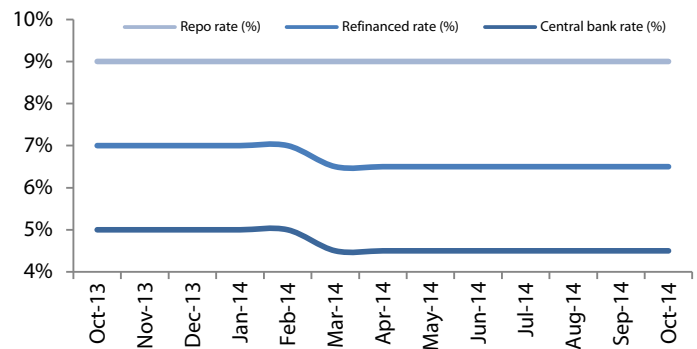
Sources: GSO. Rongviet Securities database

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
NBB - A turning point with City Gate Towers	Nov 14 th ,2014	Buy - Long term	26,800
CMI-Project restarts spark new hopes	Nov 13 th , 2014	Monitor	
CNG - Potential growth from building materials industry's well-being	Nov 10 th , 2014	Accumulate – Long term	46,000
GMD - Positive developments from core businesses	Nov 7 th , 2014	Accumulate – Long term	44,400
BMP -Every cloud has a silver lining	Oct 30 th , 2014	Buy – Long term	87,700
SBA - Growth season ahead	Oct 24 th , 2014	Buy – Intermediate term	14,500

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	11/11/2014	0-0.75%	0-2.5%	11,815	11,868	-0.45%
VF1	14/11/2014	0.20% - 1.00%	0.50%-1.50%	22,966	22,989	-0.10%
VF4	12/11/2014	0.20% - 1.00%	0.00%-1.50%	10,357	10,338	0.18%
VFA	14/11/2014	0.20% - 1.00%	0.00%-1.50%	7,567	7,570	-0.03%
VFB	14/11/2014	0.30% - 0.60%	0.00%-1.00%	11,949	11,950	-0.01%
ENF	07/11/2014	0.00% - 3.00%		10,996	10,504	4.8%

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