

AUGUST

20

WEDNESDAY

*“Slight
recovery of
banking
stocks”*

ADVISORY DIARY

- **TCM – Positive thread business segment, increased target plan for the last 6 months of 2014**
- **Slight recovery of banking stocks**

TCM – Positive thread business segment, increased target plan for the last 6 months of 2014

Recently, our industry analyst has just participated in the periodic analyst meeting of Thanh Cong Textile Garment Investment Trading JSC related to the prospect and the enterprise’s business plan for the last 6 months of 2014.

For the last 6 months of 2014, TCM aims to reach USD 64.468 million of revenue and USD 4.13 million of NPAT, equivalent to VND 1,386 billion and VND 89 billion (with converted exchange rate of VND/USD 21,500). Once having completed this target, TCM is estimated to reach VND 2,692 billion of revenue (+4,7% yoy) and VND 173 billion of NPAT (+40,7% yoy), with EPS will be VND 3,520 respectively. The NPAT target is higher than the initial plan which was approved in the recent AGM (VND 167 billion) and fairly close to our estimation (VND 171 billion of NPAT).

For the first 6 months of the year, due to the high fluctuation of cotton price (in American market was approximately 85 cent/pound, sometimes reached 95 cent/pound), the gross profit margin of thread business segment was relatively low, at approximately 3-4% in 1Q and 5-7% in 2Q. Nevertheless, with the continuously declining trend for the recent 3 months, the cotton price in American market is currently around 63 cent/pound. According to the company, TCM bought approximately 1,000 tons of cotton with the price of 62 cent/pound and will be delivered in December 2014, and simultaneously got the thread selling price till August at relatively high level, around USD 3.23-3.25/kg. Accordingly, for 3Q and 4Q, it’s in the enterprise’s expectation that the gross profit margin of the thread business segment will be at 8-9%. As the thread business segment is currently accounted for 45% of TCM’s revenue, the recovery of this segment will create a great impact on business result of the company for the last two quarters. Together with the high shopping demand for holidays at the end of the year, TCM shows strong confidence when proposing high target for the last 6 months of 2014.

At today’s closing price of VND 29.000, TCM was trading at a forward P/E ratio of 8.3x with projected EPS of VND 3,476/share. Due to the unexpected fluctuation in thread business segment and even though the plan for the last 6 months is optimistic, we will still conservatively follow the company’s business result in August before proposing the adjusted projection in 2014 for TCM. Our industry analyst hence still remains the target price as in our latest report for TCM, which is VND 33,100/ share.

Slight recovery of banking stocks

After the slightly decreasing session yesterday, gain momentum was back in today’s session with the leading of blue-chips, such as MSN (+ 1,000), GAS (+ 1,000), KDC (+2,500), SAM (+400). Notably, after a whole increasing week, MPC and MWG began to going down within 2 recent sessions with a fall of VND 1,000 in MPC and the flat-staying in MWG which bottomed out by VND 10,000 yesterday. At closing time, although VN-index and HNX-index advanced 606.7 point and 86.03 point respectively, total liquidity on 2 indices remained lower value compared with yesterday’s session, reaching VND 2,267 billion of total trading volume (-17%).

Oil & gas stocks recovered their losses after profit-taking session yesterday with the increase in prices of PVS, PVB, PGS and PVT. In addition, cash flow had a slight movement from securities stocks to banking stocks. The large number of outstanding stocks such as VCB (+700), MBB (+100), BID (+100), NVB (+200) supported the increasing momentum of both indices. Among them, VCB had the highest liquidity with matching value at 1.36 million units, worthy of VND 12.3 billion. Following the statistics of 1H2014 business results, six over nine listed banks had declining NPAT compared with the same period, in which NVB had the highest decrease of -63%.

Foreign investors maintained net selling trend on both indices with the total value of VND 71

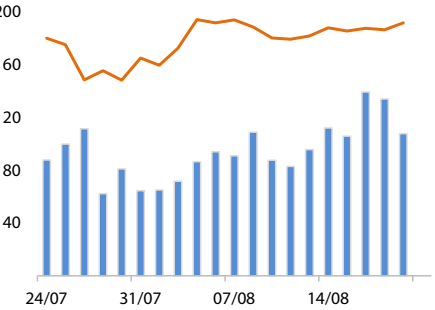
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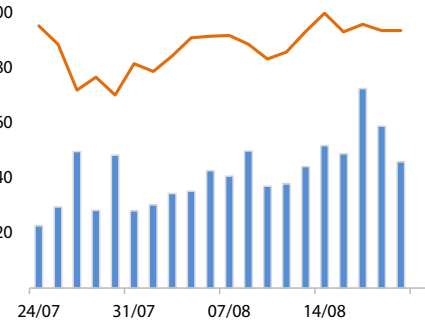
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billion and still focused on large-caps stocks such as VIC, GAS, KDC, HAG. To explain for this, we suppose that Vietnamese stocks had reached the highest price after a subsequently rising time, P/E of the market is currently at 15.2 (+11% compared with the beginning of 2014). Following our observation on March's substantial selling time, foreign investors was back to net buying the stocks which were sold 2 months ago. Thus, we believe that this capital flow will wait for buying opportunity once stocks are getting cheaper.

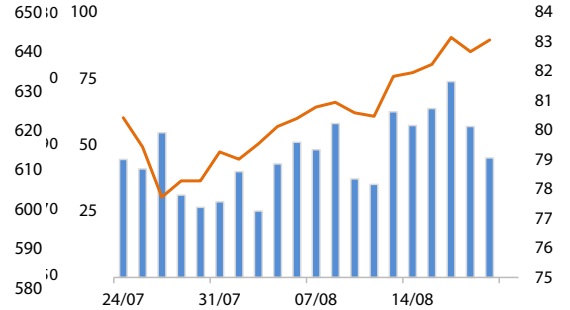
VNINDEX 0.34% **606.70**



VN30 0.00% **645.44**

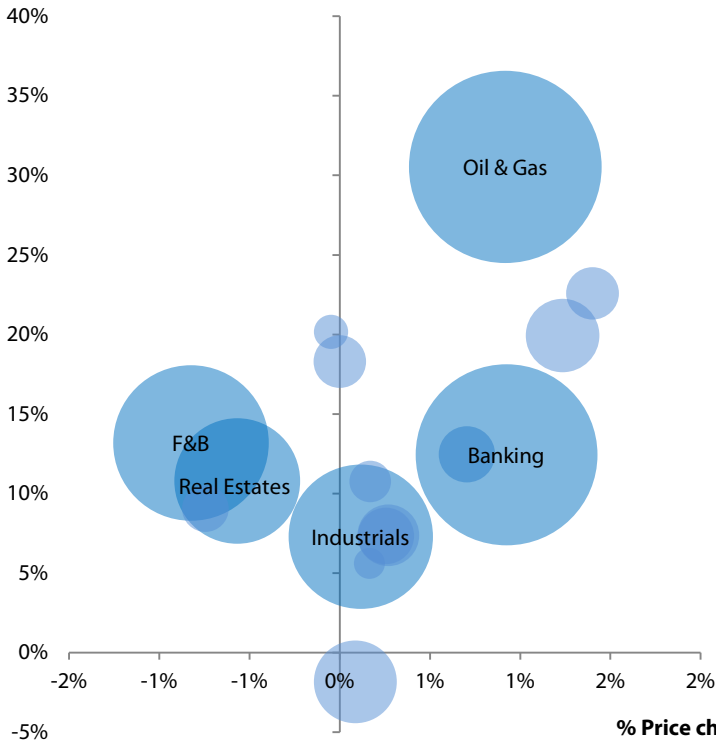


HNXINDEX 0.48% **83.06**



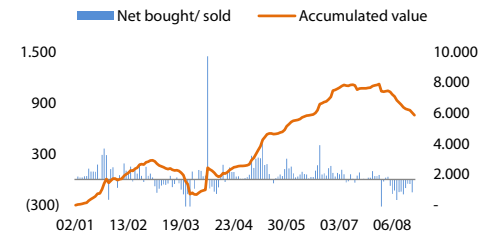
Industry Movement

Industry ROE

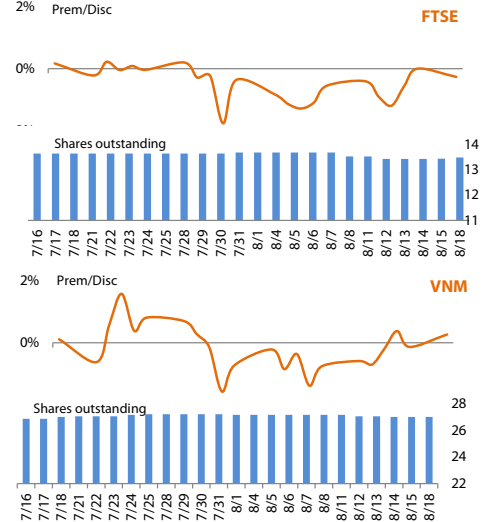


Industry	% change
Technologies	0.0%
Industrials	0.1%
Constructions	0.1%
Oil & Gas	0.9%
Distribution	0.2%
F&B	-0.8%
Household Goods	0.2%
Cars & Parts	0.0%
Chemicals	0.7%
Resources	1.4%
Insurances	1.2%
Real Estates	-0.6%
Financials	0.3%
Banking	0.9%
Utilities	0.3%
Healthcare	-0.7%

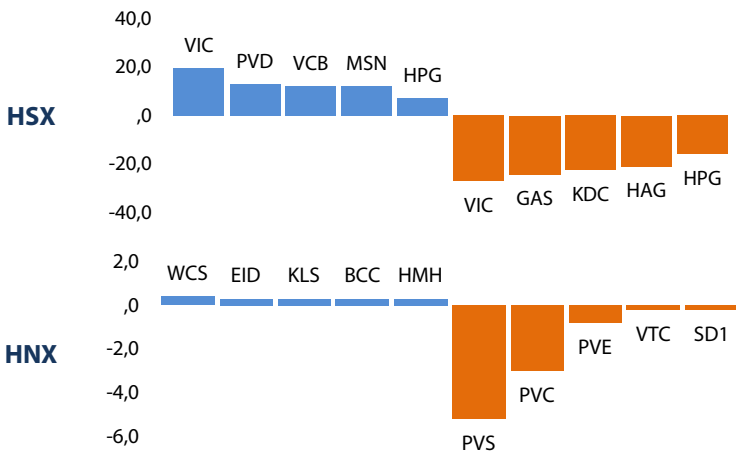
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



Top Active

Ticker	Price	Volume	% price change
FLC	13.2	10.67	0.0%
SAM	11.8	8.55	3.5%
ITA	8.2	6.87	2.5%
CII	21.6	5.21	-0.9%
HQC	8.0	3.35	0.0%

Ticker	Price	Volume	% price change
PVX	4.7	5.69	-2.1%
SCR	9.9	4.30	0.0%
KLF	12.3	4.23	-2.4%
VGS	8.3	2.32	6.4%
PVS	37.4	1.92	1.4%

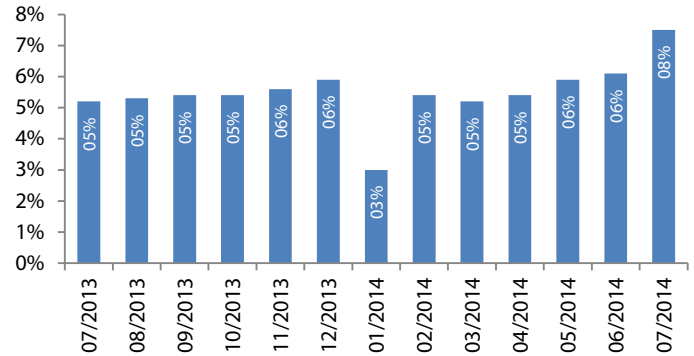
MACRO WATCH

Graph 1: GDP Growth



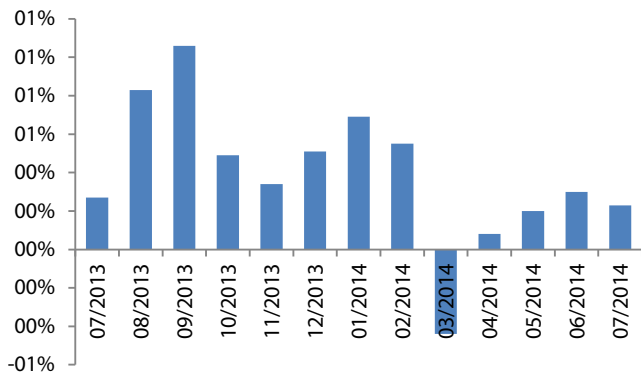
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



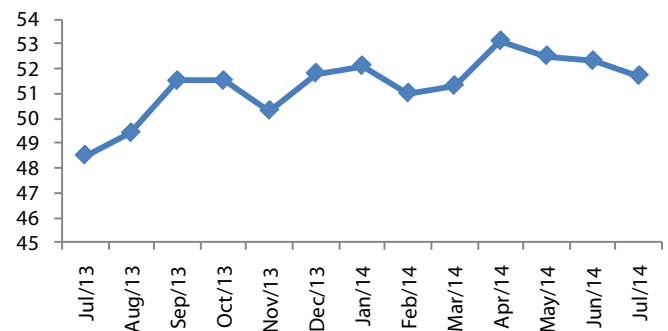
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



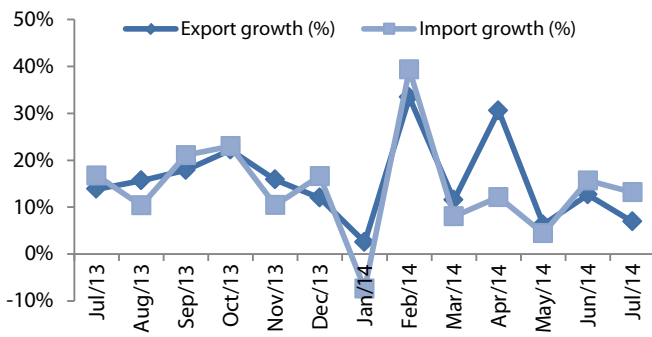
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



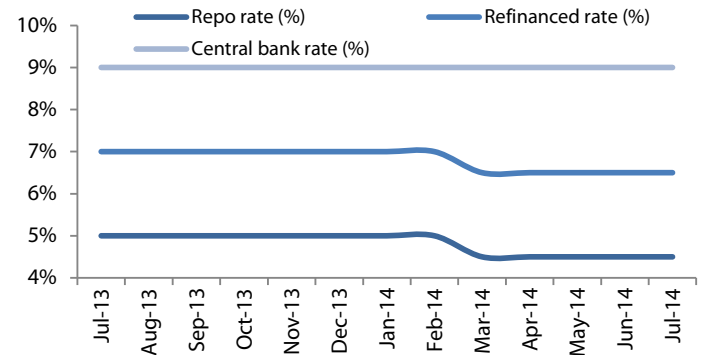
Sources: GSO, Rongviet Securities database

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
HPG - On the way to dominate nationwide' market shares	Aug 12 nd , 2014	Accumulated – Intermediate-term	66,400
DBC-Benefit from decline in material price	May 27 th , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 th , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 th , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 th , 2014	Accumulated – Long-term	19,200

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	05/08/2014	0-0.75%	0-2.5%	11,182	11,053	1.17%
VF1	07/08/2014	0.20% - 1.00%	0.50%-1.50%	22.263	21.759	2,32%
VF4	06/08/2014	0.20% - 1.00%	0.00%-1.50%	10.211	9.946	2,67%
VFA	08/08/2014	0.20% - 1.00%	0.00%-1.50%	7.537	7.422	1,55%
VFB	08/08/2014	0.30% - 0.60%	0.00%-1.00%	11.120	11.002	1,08%
ENF	01/08/2014	0.00% - 3.00%		10,152	10,233	-0.79%

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