

DECEMBER

11

THURSDAY

*“Sale-off season  
of market  
begin”*

**ADVISORY DIARY**

- **DCM: Stability thanks to preferences**
- **Opportunities from FTA Vietnam – Korea**
- **“Sale off” season of market begin”**

**DCM: Stability thanks to preferences**

Today, December 11<sup>th</sup>, the initial public offering of PetroVietnam Ca Mau Fertilizer Company Limited (DCM) took place with successful result by selling our all stocks offering at higher reference price. In order to give overall outlook on this Company, RongViet Research has just released a Brief Update about DCM. Although the IPO came amidst oversupply in the domestic fertilizer market and the stock market is plunging, DCM still show its attractiveness by its intrinsic advantages and the support of PVN. With its unique product line - granular urea, DCM has increased its shares by at least 15% percentage point in its three target markets, i.e. the Mekong Delta, the Southeast region and Cambodia.

After IPO, the Company intends to further invest in a diversity of highly value-added products. The required funds for investment in overall are about VND6.000 billion and will be deployed between 2015 and 2020. In this IPO, PVN will put another VND 920 billion on the table to help DCM lower further its interest cost and also to maintain its Debt/Equity proportions at 7:3 instead of 8:2. Also, as claimed by the company management, PVN group has agreed to supply gas with reasonable price so that ROE of Urea sector will maintain 12% per year (for the period of 2015-2018). However, favorably priced gas input offered by PVN should be considered an advantage both temporary and potentially risky. In summary, at the successful offering price of VND12.251/share and the trailing P/E ratio is about 8 times as compared to the industry average of ~8.7 times, DCM still a favorable selection in the context that this Company is going to list at the end of 1Q2015.

**Opportunities from FTA Vietnam – Korea**

In Dec 10th, the government representatives of Vietnam and the South Korea signed an agreement minute of finalizing Vietnam – South Korea FTA negotiation. According to that, the South Korea offer tariff advantages and export opportunities to Vietnam in agricultural, main aquatic products such as shrimps, fishes, tropical fruits and industrial products such as textile, mechanics. About tax types, the South Korea makes free tax of 95.43% types, equivalent to 96.48% of import value from Vietnam. Conversely, Viet Nam provides advantage for the South Korea in industrial products such as textile material, plastic material, electrics components, above 2500 cc trucks, car components, electrics appliance, steel products, and electric cable. In consideration of tax types, Vietnam will make free 89.75% tax type, equivalent to 92.75% of 2012 import value from the South Korea.

The trading turnover between Vietnam and the South Korea shows that the South Korea is the 4th largest of Vietnam with the value at approximately 5.2% of total export value and the 2nd largest importer of Vietnam with the total value equivalent to 16% of the total 2013 import value of Vietnam. After the agreement signed, the main export product to the South Korea such as textile, computer and electrics components or wood. The wood products are expected to have the biggest advantage. Conversely, the market open to material, electrics components and steel for the South Korea will help Vietnam to decrease its dependence on the China import.

**“Sale off” season of market begin”**

The yesterday positive redirection and today good news such as Moody rating increase of the bank system from “negative” to “stable” as well as the Vietnam-South Korea FTA agreement

signed would have supported the market to maintain its increasing trend. However, the negative news of the global cruel oil market, again, made the market effort failure. According to that, VNIndex closed at the merely lowest level of today, equivalently down by 1.27% and HNIndex was decreased by 0.96% as compared to the previous session.

In both floors, the market breadth was leant to the sell side with the red tickers double the green tickers. The good increasing tickers of the previous session such as MSN, VIC or VCB also closed in red today. Liquidity of both floor decreased by 15.7% compared to yesterday, which marked the second consecutive session. Those show that maintaining cash position cautiously may be applied widely by investors.

The foreign investors remained their net sold position with slighter value, approximately VND 24.5 billion, which are focused on ..... Generally, since the beginning of December, those investors has kept net sold at VND 268.9 billion and oil&gas is the main group for sold. GAS is sold by foreign investors at over VND 91 billion.

Except optimism of Oil&Gas sector, we suppose that most of the remaining factors like macro economy, Company's business result in 2014 or potential in 2015 generally support a good scenario. On the other hand, P/E of VN-Index and HN-Index declined moderately to that of last 2 months, opening opportunity for investors to accumulate good fundamental stocks. As our statistic, after a strong decreasing period, some blue-chips went nearly to the bottom in one year. Generally, besides of heavily falling stocks like GAS, PVD, VIC or MSN, we realized that many of banking tickers were also at attractive price. Therefore, market already entered sales off season, whether investors are willing to catch up or not?

<b>Ticker</b>	<b>Price as of 11/12/2014</b>	<b>Maximum price in 1 year</b>	<b>Minimum price In 1 year</b>	<b>+/- 1-year minimum price</b>
<b>VSH</b>	13,600	18,000	13,600	0.0%
<b>VNM</b>	99,000	150,000	98,500	0.5%
<b>CTG</b>	14,200	17,700	14,000	1.4%
<b>MSN</b>	81,000	108,000	78,500	3.2%
<b>ACB</b>	15,500	17,500	15,000	3.3%
<b>BID</b>	13,100	18,800	12,600	4.0%
<b>VIC</b>	48,200	80,500	46,300	4.1%
<b>OCH</b>	25,100	34,400	24,100	4.1%
<b>MBB</b>	13,100	16,800	12,500	4.8%
<b>STB</b>	17,800	22,300	16,900	5.3%
<b>EIB</b>	11,900	15,300	11,200	6.3%
<b>OGC</b>	8,200	14,500	7,700	6.5%
<b>DPM</b>	31,200	48,700	28,800	8.3%
<b>KDC</b>	52,000	74,500	48,000	8.3%
<b>PVD</b>	65,000	107,000	60,000	8.3%
<b>LAS</b>	34,200	49,900	31,000	10.3%
<b>GAS</b>	71,000	126,000	64,000	10.9%
<b>NVB</b>	6,800	7,300	6,100	11.5%
<b>BVH</b>	36,600	51,000	32,600	12.3%
<b>HAG</b>	22,700	29,600	20,200	12.4%

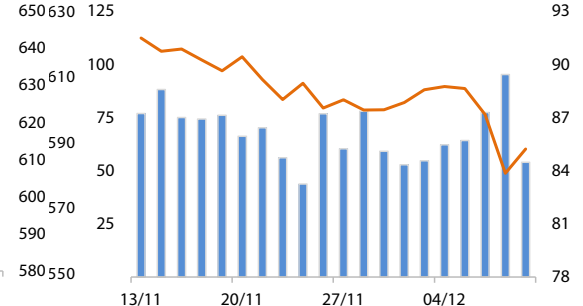
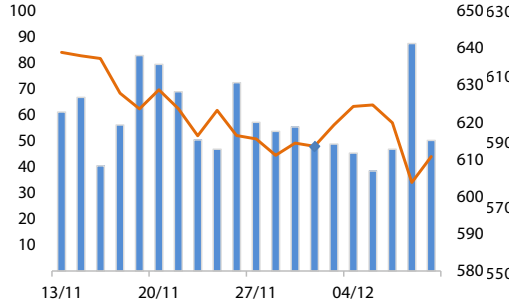
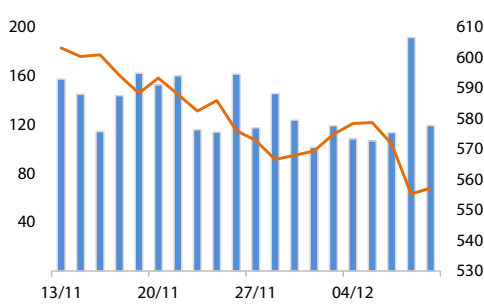
Source: RongViet Securities

**Ngoc Chung**

+ 84 8 6299 2006 | Ext: 318

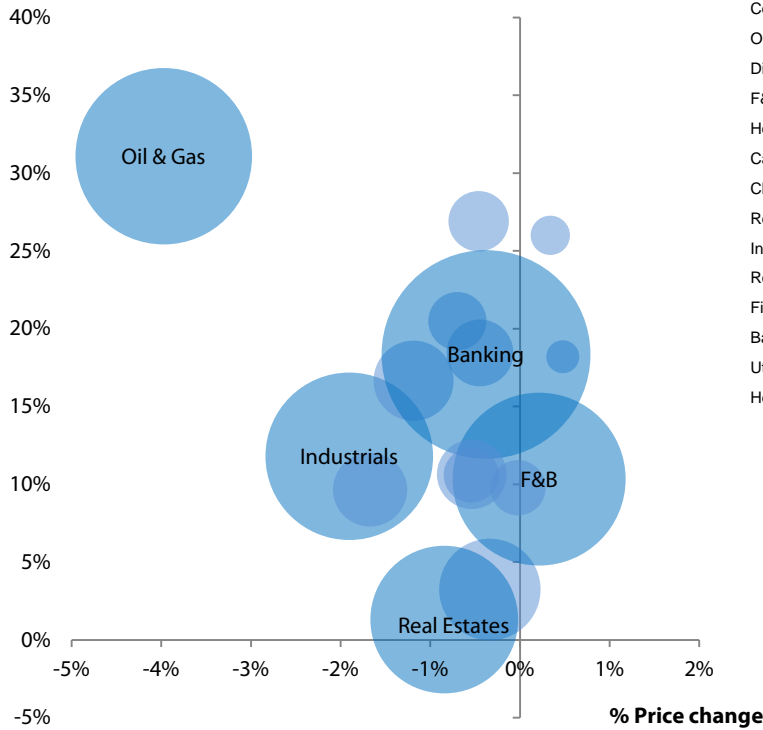
[ngoc.cb@vdsc.com.vn](mailto:ngoc.cb@vdsc.com.vn)

**VNINDEX -1.27% 550.11    VN30 -0.98% 604.80    HNXINDEX -0.96% 84.40**

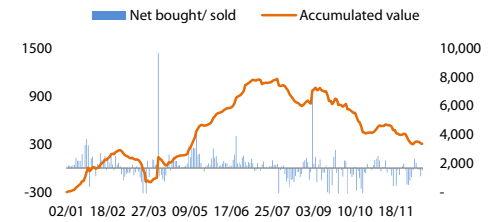


**Industry Movement**

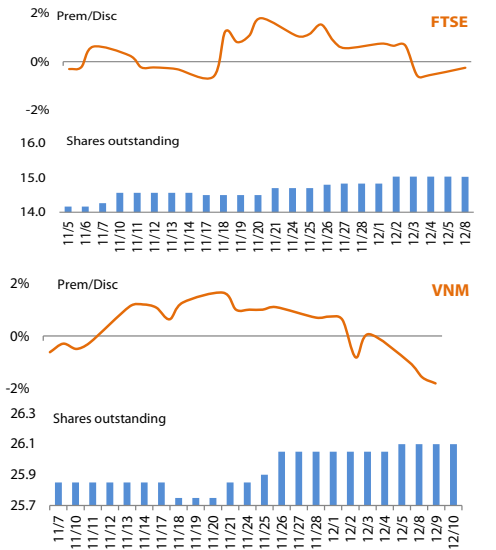
**Industry ROE**



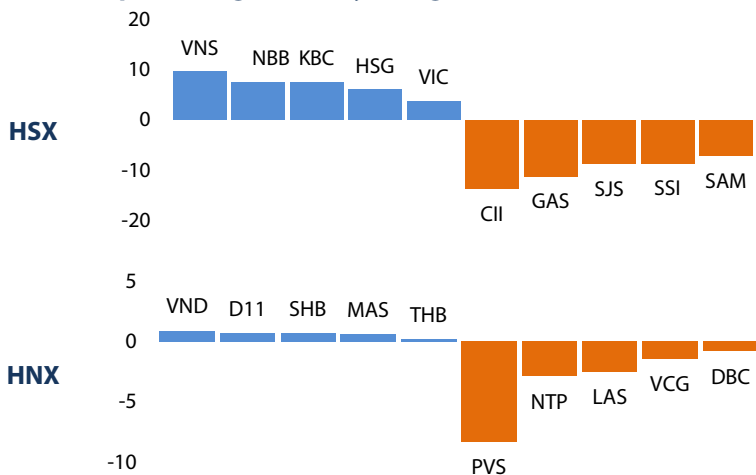
**Foreign Investors Trading**



**ETF**



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

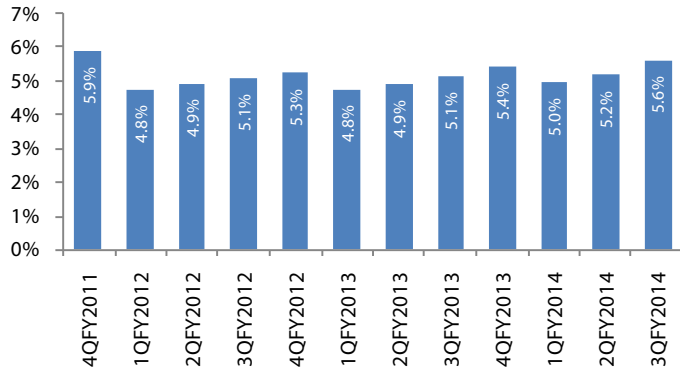


**Top Active**

Ticker	Price	Volume	% price change
OGC	8.2	8.94	2.5%
FLC	11.0	6.96	-1.8%
VHG	12.1	4.82	-6.9%
CII	20.3	4.63	2.0%
ITA	8.4	4.38	-1.2%
KLF	12.6	7.59	-3.1%
SHB	8.7	2.72	-1.1%
PVS	26.7	2.65	-5.0%
PVX	5.7	2.09	-1.7%
SQC	80.0	2.00	0.0%

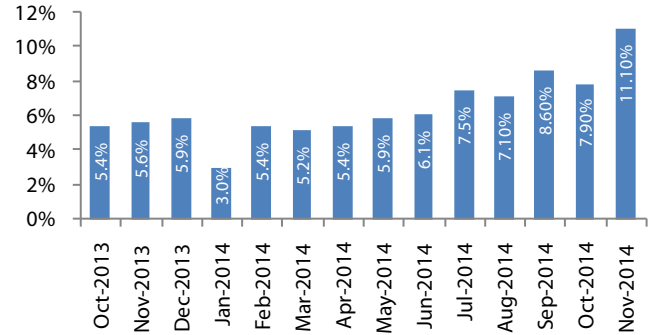
**MACRO WATCH**

**Graph 1: GDP Growth**



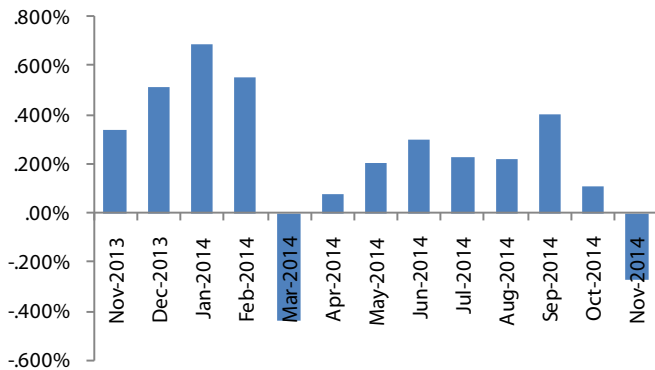
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



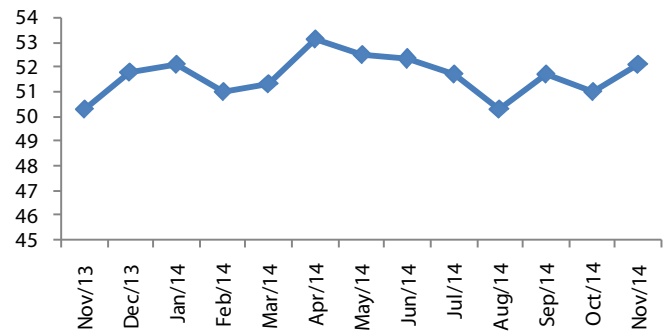
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



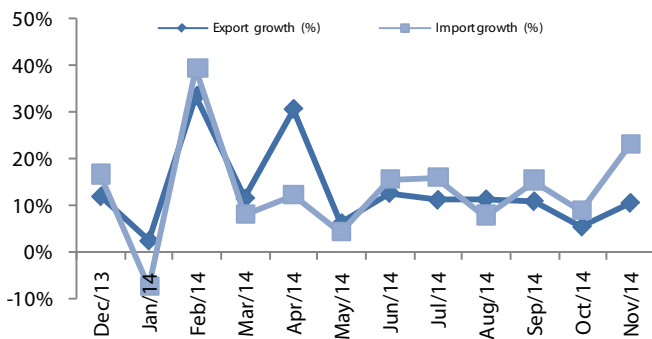
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



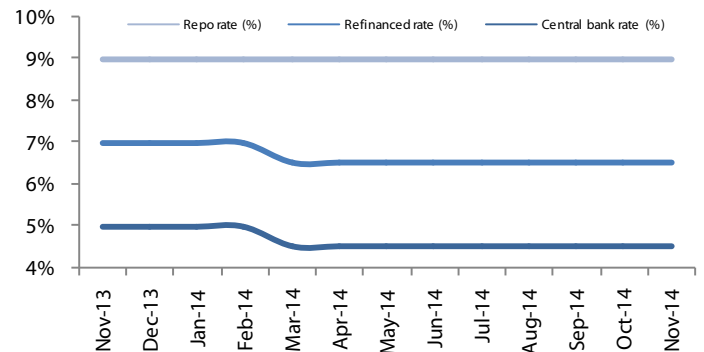
Sources: GSO. Rongviet Securities database

**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
FPT - Growth driver expected from retails	Dec 12 <sup>th</sup> , 2014	Accumulate – Long term	61,000
GDT - Still being on upward trend	Nov 27 <sup>th</sup> , 2014	Accumulate – Long term	41,300
PGS - 2015: A year of challenge	Nov 24 <sup>th</sup> , 2014	Neutral - Long term	37,800
NBB - A turning point with City Gate Towers	Nov 14 <sup>th</sup> , 2014	Buy - Long term	26,800
CMI-Project restarts spark new hopes	Nov 13 <sup>th</sup> , 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	25/11/2014	0-0.75%	0-2.5%	11,766	11,765	0.01%
VEOF	25/11/2014	0-0.75%	0-2.5%	10,091	10,223	-1.29%
VF1	04/12/2014	0.20% - 1.00%	0.50%-1.50%	21,927	21,723	0.94%
VF4	26/11/2014	0.20% - 1.00%	0.00%-1.50%	9,906	10,131	2.22%
VFA	28/11/2014	0.20% - 1.00%	0.00%-1.50%	7,429	7,522	-1.24%
VFB	28/11/2014	0.30% - 0.60%	0.00%-1.00%	11,823	11,961	-1.15%
ENF	21/11/2014	0.00% - 3.00%		10,943	11,064	-1.09%
MBVF	20/11/2014	1%	0%-1%	11,075	11,096	-0.19%
MBBF	19/11/2014	0-0.5%	0-1%	11,752	11,742	0.09%

## ANALYSTS

### Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 314

[truc.dtt@vdsc.com.vn](mailto:truc.dtt@vdsc.com.vn)

### Ngoc Chung

+ 84 8 6299 2006 | Ext: 318

[ngoc.cb@vdsc.com.vn](mailto:ngoc.cb@vdsc.com.vn)

### Lam Nguyen

+ 84 8 6299 2006 | Ext: 318

[lam.ntp@vdsc.com.vn](mailto:lam.ntp@vdsc.com.vn)

### Ha My Tran

+ 84 8 6299 2006 | Ext: 348

[my.tth@vdsc.com.vn](mailto:my.tth@vdsc.com.vn)

### Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

[tai.ntp@vdsc.com.vn](mailto:tai.ntp@vdsc.com.vn)

### Diem My Tran

+ 84 8 6299 2006 | Ext: 344

[my.ttd@vdsc.com.vn](mailto:my.ttd@vdsc.com.vn)

### Trien Le

+ 84 8 6299 2006 | Ext: 339

[trien.lh@vdsc.com.vn](mailto:trien.lh@vdsc.com.vn)

### Tam Bui

+ 84 8 6299 2006 | Ext: 348

[tam.bt@vdsc.com.vn](mailto:tam.bt@vdsc.com.vn)

### Huong Pham

+ 84 8 6299 2006 | Ext: 317

[huong.pt@vdsc.com.vn](mailto:huong.pt@vdsc.com.vn)

### HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon  
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T** +84 8 6299 2006
- F** +84 8 6291 7986
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

### CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- T** +84 4 6288 2006
- F** +84 4 6288 2008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

### CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- T** +84 058 3820 006
- F** +84 058 3820 008
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn

### CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- T** +84 0710 381 7578
- F** +84 0710 381 7789
- E** info@vdsc.com.vn
- W** www.vdsc.com.vn



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