

*“Casumina –
2Q2014
business result”*

- **Casumina – 2Q2014 business result**
- **PET – 2Q2014 estimated business result**

Casumina – 2Q2014 business result

In yesterday's advisory diary, we updated on the preliminary business result of Casumina. Today, we continue to share some perspectives of our industry analyst about this company.

In the past 2Q, company's revenue reached approximately VND784 billion (-5% compared to the same period) and NPAT reached approximately VND90 billion (-10% compared to the same period). The major reason of declining revenue came from the decrease in price of car and motorcycle tires by 5-7% with the purpose of competing with competitors, and simultaneously was consistent with declining trend in price of raw materials. Besides, NPAT declined compared with the same period last year, which was came from the rejection of extraordinary revenue as 2Q2013 (VND14.6 billion of revenue from dissolved Yokohama factory, VND2 billions of capital divestment at PHR).

In terms of divestment progress from other industries, according to Casumina's sharing, revenue from transferring Project No.9 Nguyen Khoai was approximately VND63 billion. Up to now, the company had received VND13 billion from Tan Thuan Viet and the next payments would be due within 2 years. Usually the divestment procedure took 6 months for completion and it was in the company's expectation that the full transferring value would be recognized into 4Q2014's revenue.

In terms of Radial project, CSM stated that Radial is going to be launched in 3Q and 2014 products are estimated to be 65,000 tires. The company will develop its distributions in order to prepare for Radial upcoming launching and plan to produce about 150,000 tires in 2015. The Radial project was only in trial operation due to newly opened factory in Mid-April, thus depreciation and interest rate of this project were not booked in 2Q's results. However, these expenditures are going to be recorded since 3Q2014. The operation has just been started and been seeking for consumption market, as a result, the company might suffer loss in 3Q2014 and 4Q2014 for the Radial project. Therefore, Q3's earnings are likely to be decreased in comparison with last quarter as well as the same period.

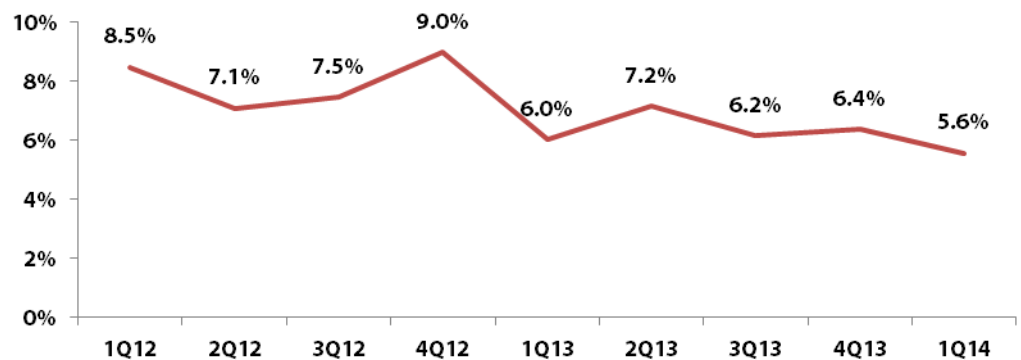
In the presence of established names such as Michelin, Bridgestone and Kumho as well as a long list of low-price Chinese producers, the market for radial tires is now under harsh competition. In a recent movement, Bridgestone set up a rubber tire plant in Hai Phong in March 2014 with total investment of up to USD1,224 billion. Therefore, the pressures are weighing in for CSM to gain more market power in both the domestic and overseas markets. With regard to the prospect of radial tires, in our opinion, it would take time before the effectiveness of the strategy to set up a separate distribution network for this one product can be fully assessed. Even though CSM has closed above the target price of RongViet Securities of VND46,700/share in the last two trading days, our analyst.

PET – 2Q2014 estimated business result

Updated on the estimated business result of PET in 2Q2014, estimated revenue might reach VND3,150 billion (+13.6% compared to the same period) and estimated NPBT might reach VND77 billion (-7.2% compared to the same period). Therefore, estimated for 6 months of 2014, the company reached approximately VND5,700 billion of revenue and VND142 billion of NPBT,

completing 60% of revenue plan and 56% of earning plan. Commenting on the ability of achieving year plan, according to RongViet Research’s perspective, the proposed target would be feasible due to the launch of new product - Samsung Galaxy Note 4 in September of 2014, which is expected to receive positive feedbacks from consumers and contribute significantly to the revenue growth of PET, similar to the past launch of Samsung Galaxy Note 3 in September of 2013. However, as being affected by the strategic change in collaboration with Samsung - moving from distribution role to service providers in the past 4Q2013, PET experienced the decrease in gross profit margin in recent quarters and it is likely that the gross profit margin likely might not recover in the following quarters of the year. According to sharing of the enterprise, the process of negotiating the contract terms between PET and Samsung is still being conducted, aiming to improve the gross profit margin in 2014.

Graph: The fluctuation in gross profit margin of PET

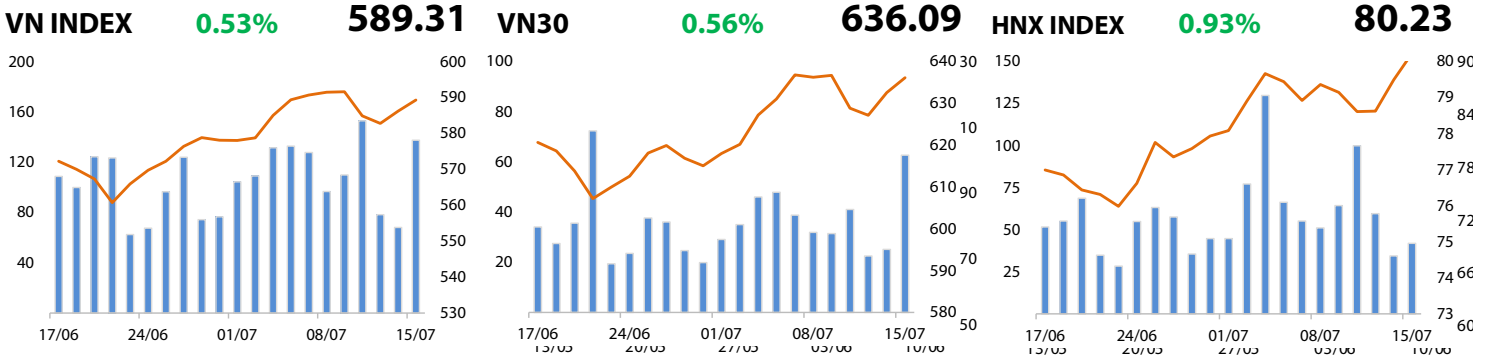


Source: RongViet Research

Thuy Nguyen

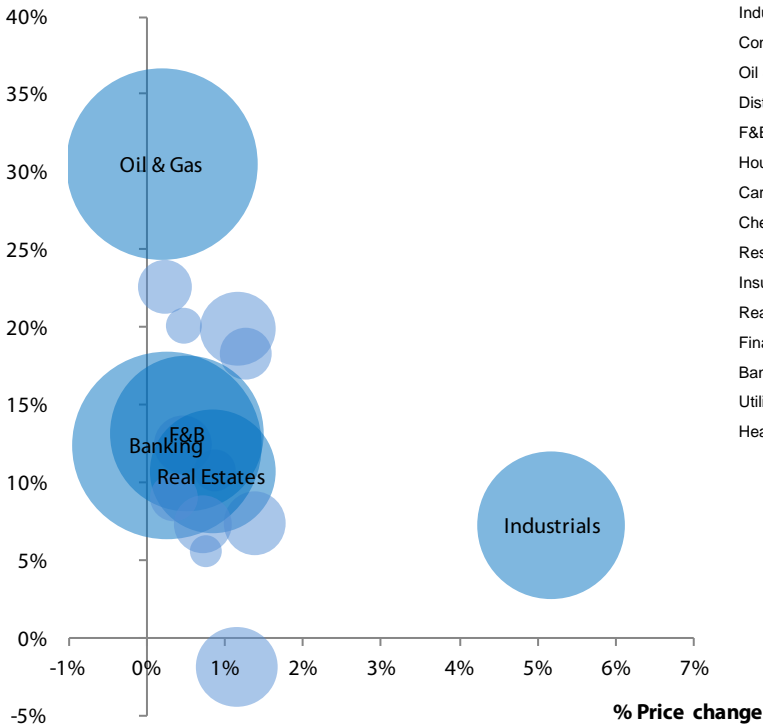
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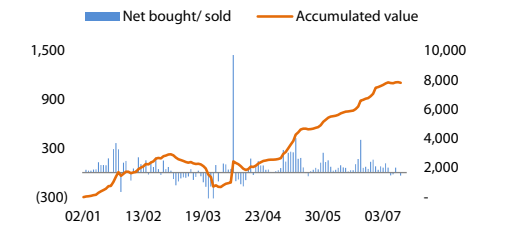


Industry Movement

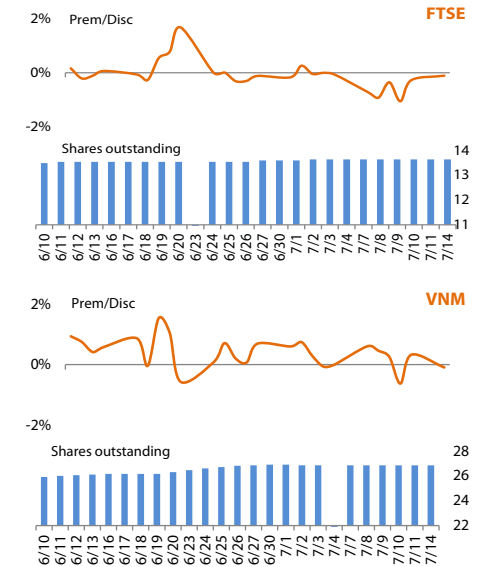
Industry ROE



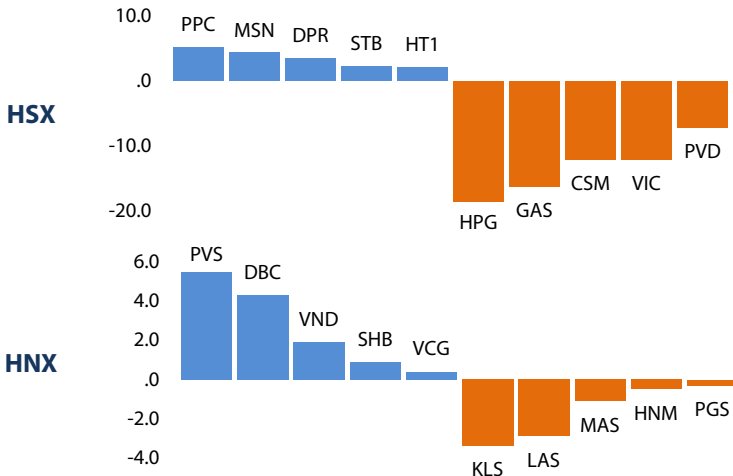
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



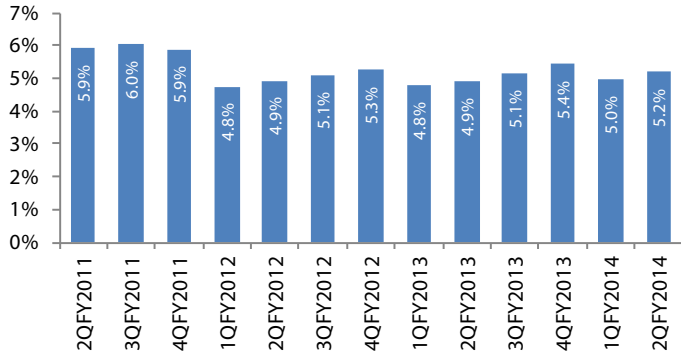
Top Active

Ticker	Price	Volume	% price change
FLC	13.70	18.86	3.0%
HQC	8.30	4.17	0.0%
ITA	8.30	4.16	2.5%
SAM	10.70	3.13	2.9%
SSI	26.40	2.57	0.8%

Ticker	Price	Volume	% price change
SCR	9.30	3.87	1.1%
PVX	4.60	3.48	0.0%
KLF	11.70	2.73	1.3%
PVS	32.70	2.36	1.8%
PVL	3.90	2.32	0.0%

MACRO WATCH

Graph 1: GDP Growth



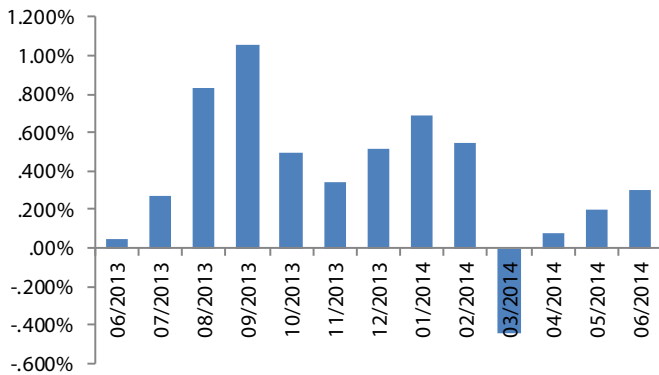
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



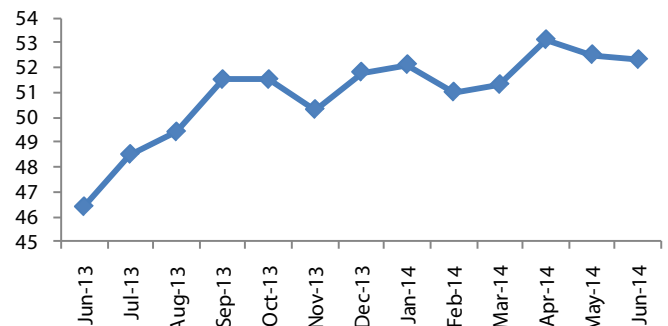
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



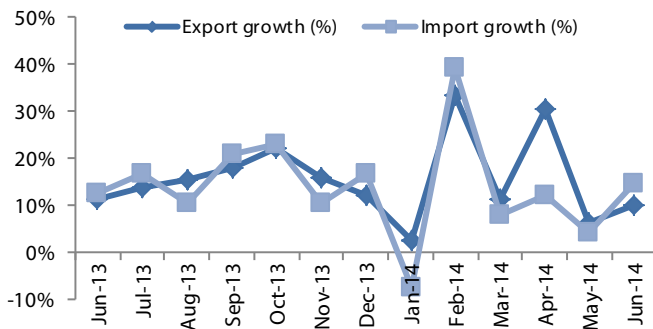
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



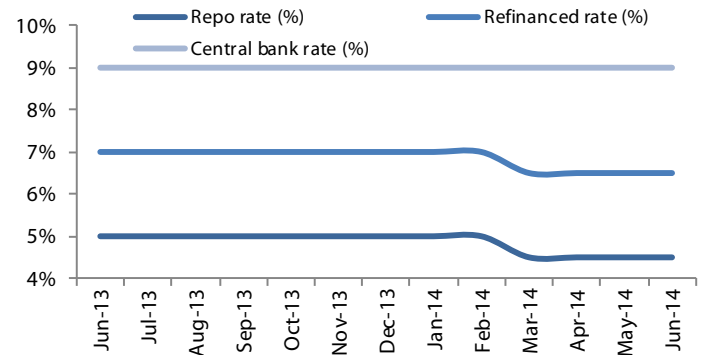
Sources: GSO, Rongviet Securities database

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
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
HPG-Sustainable Development	April 24 th , 2014	Accumulated – Intermediate-term	55,100

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	01/07/2014	0.75%	0.75%	10,881	10,833	0.44%
VF1	03/07/2014	0.20% - 1.00%	0.50%-1.50%	21,377	21,100	0.60%
VF4	02/07/2014	0.20% - 1.00%	0.00%-1.50%	9,704	9,527	1.86%
VFA	04/07/2014	0.20% - 1.00%	0.00%-1.50%	7,411	7,377	0.47%
VFB	04/07/2014	0.30% - 0.60%	0.00%-1.00%	10,853	10,799	0.50%
ENF	27/06/2014	0.00% - 3.00%		9,888	9,785	1.05%

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