

*“Taking profit is  
nothing to  
worry about”*

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- **Taking profit is nothing to worry about – Update on TCM and PVS**
- **Steel consumption improved in 1H2014 – HSG and HPG**

#### **Taking profit is nothing to worry about – Update on TCM and PVS**

Below are the most outstanding points which we want to mention about today' session:

First, short-run taking profit was more aggressive after the strong performance of pennies yesterday.

Second, foreigner backed to net bought on HSX bourse, most buying orders focused on midcap and smallcap like HT1, PPC, KBC, PVS and DBC. Except KBC, all above shares are supported by foreign demand, especially when the correction spread on a large scale like today.

Last, strong accumulating demand when price went down is one of the important things make us not worry about market outlook when market made adjustment.

Yesterday, we talk about focusing on specific tickers, thus, RongViet Research want to share some stocks which we think our investors would have interested in:

TCM (-2.14%), the exchange rate adjustment has strongly influenced to TCM' earning result in June, EAT is just about VND7.5 bn. However, thanks to the previous two months, 2Q2014 business result is as good as we had expected, revenue is about ~VND650 bn, equivalent to the same period in 2013 while EAT is estimated at ~VND47.5 bn (+35% compared to the same period last year). Thus, in the first half of 2014, TCM has earned about VND1,298 bn revenue and VND84.8 bn net profit, completing 46% revenue plan and 52% earning plan.

PVS (+0.34%) will pay 12% dividends for FY2013 on 08/20/2014, and the ex-dividend date is 07/28/2014. At the current price, dividend payout ratio is just 4%, thus, it is not very attractive to investors. The recent increase in PVS price resulted from its positive business result. According to unofficial information, PAT of 3Q2014 reaches VND 469 bn, increase by 67% compared to the corresponding period of 2013. In first half of 2014, PVS compete 89% of the annual target profit. In our opinion, net-buying of foreign investors and positive business result will continue to support for PVS in short-term.

#### **Steel consumption improved in 1H2014 – HSG and HPG**

According to Vietnam Steel Association (VSA), steel consumption in construction in June reached 376,000 tons, 7 percent higher than the corresponding period last year. However, this number declined by 10.5% compared to last months. Consumption of construction steel was approx. 2.4 million tons, implying 4% increase for first half of FY2014 compared to the same period of 2013. If taking other steel products: steel sheet and steel pipe into account, the steel consumption grew to 5 million tons (+12% yoy). These statistics are relatively close to the latest GSO's report. Accordingly, IIP of steel industry slightly rise by 8.8%, and the inventory index increased by 25.3% compared to 2013's.

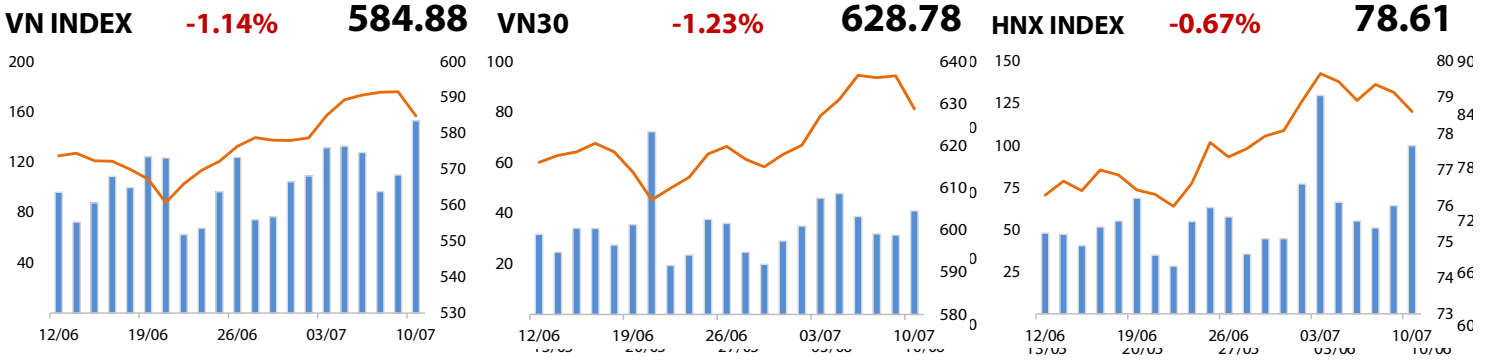
It is clean that construction steel segment has been trivially improved while other products: galvanizing steel and steel pipe still remain the encouraging growths. Whereas the factory prices hold steady, the distributors increase retail price in order to cover the rising transportation fee.

For listed steel companies, we prefer HPG and HSG because they are top manufacturers, who are operated in a very effective way:

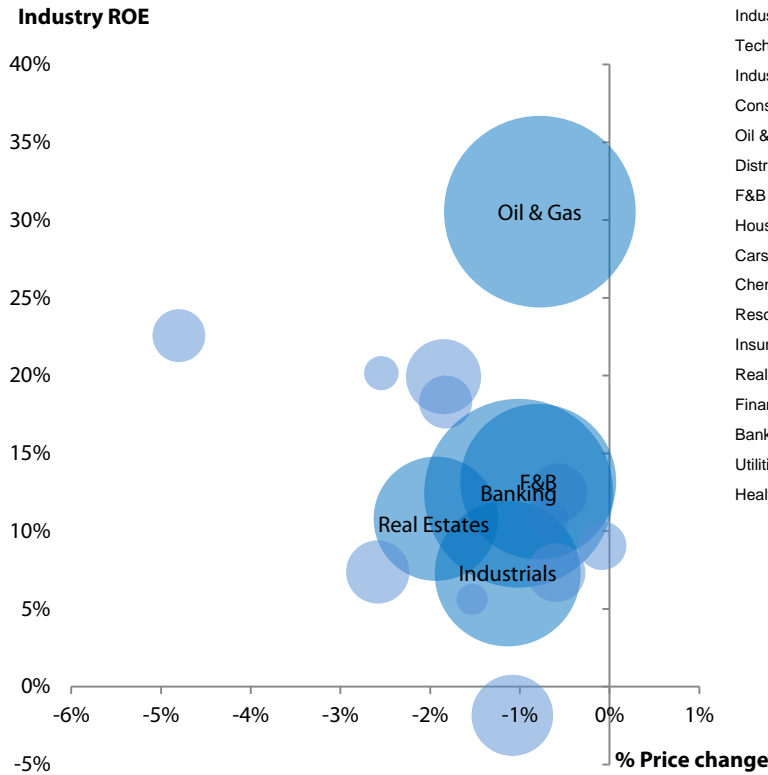
- (1) Technology: Using new blast furnace steel mill helps HPG save costs compare to its local peers (using EAF technology). Meanwhile HSG is a leading company investing in cold rolling line, save import tax compare to other steel company who import CRC directly.

- (2) Capacity: According to VSA, supply and demand of steel industry are still imbalance, most of steel manufactures are running at about 40-60% its capacity. In contrary to HSG and HPG, their production lines are running at full power.
- (3) Consumption: in the first 5 months of 2014, HPG has came out at the top of construction steel' market share, around 18%. HSG is the same at steel pipe and galvanizing steel products with market share about 20.1% and 38.1%, respectively, left the rest of competitors behind.
- (4) Propensity: HPG is predicted to be continuously developed in 2014. Its revenue and profit are estimated as VND 24,850 bn (31% yoy) and VND 2,514 bn (+29% yoy), respectively. Besides, the HSG's sales could reach VND 14,044 bn (+19% yoy), but its profit may decrease to VND 416 bn (-28%) due to the declined profit margin.

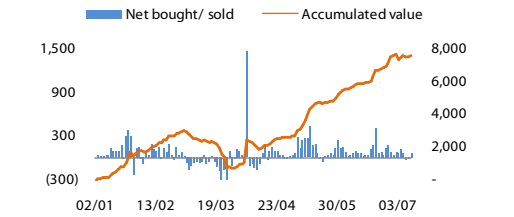
For more information about the HPG and HSG, investors could see our result updated reports this month.



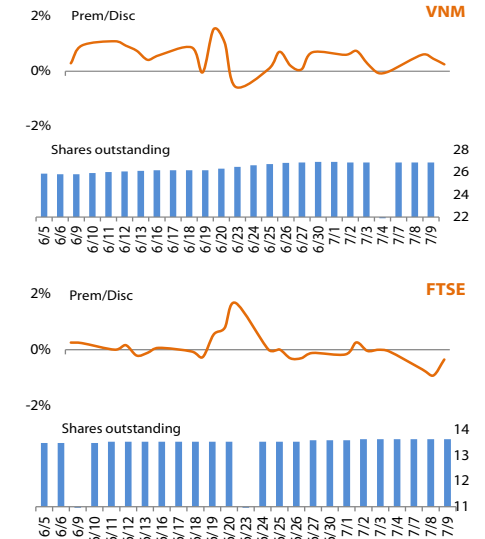
**Industry Movement**



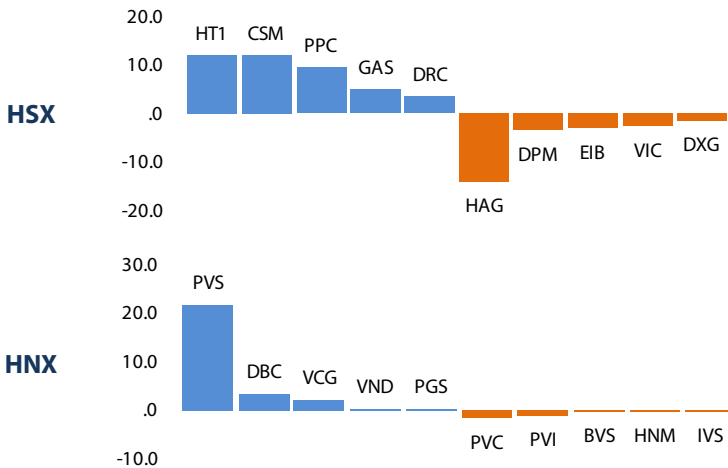
**Foreign Investors Trading**



**ETF**



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



**Top Active**

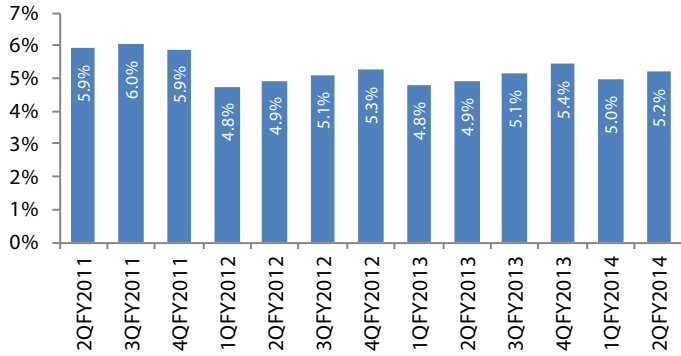
Ticker	Price	Volume	% price change
FLC	13.00	26.68	0.0%
ITA	8.30	6.93	-2.4%
HQC	8.30	6.28	-3.5%
VHG	10.70	5.77	-5.3%
HAG	25.10	5.36	-2.0%

Ticker	Price	Volume	% price change
SHB	9.10	40.33	-1.1%
PVX	4.50	6.79	-3.2%
SCR	9.00	4.92	-2.8%
KLF	11.40	4.32	-2.2%
KLS	12.40	3.68	-2.1%

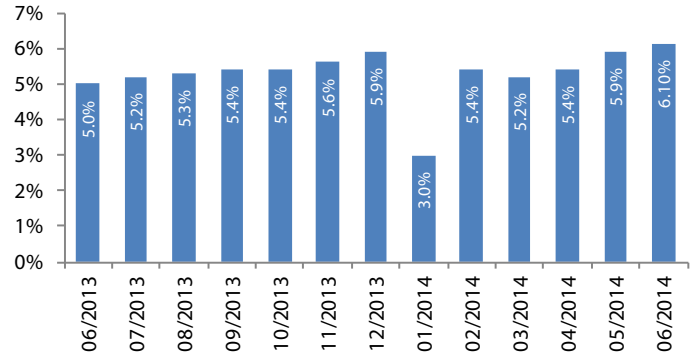
**MACRO WATCH**

**Graph 1: GDP Growth**



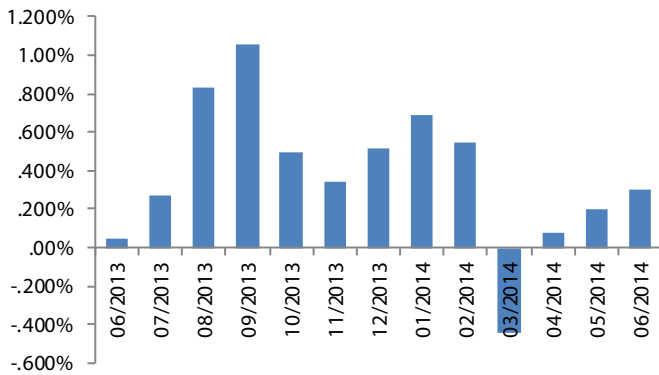
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



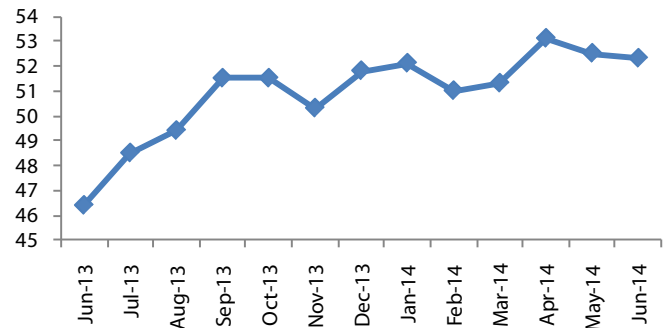
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



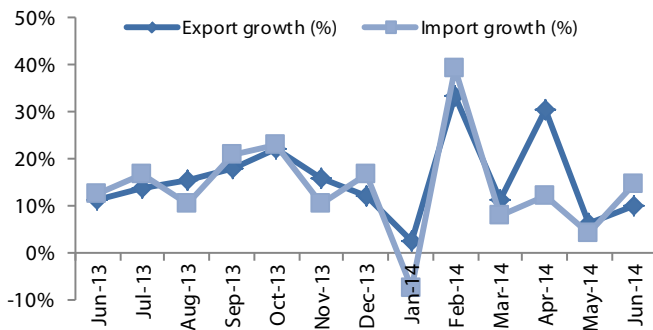
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



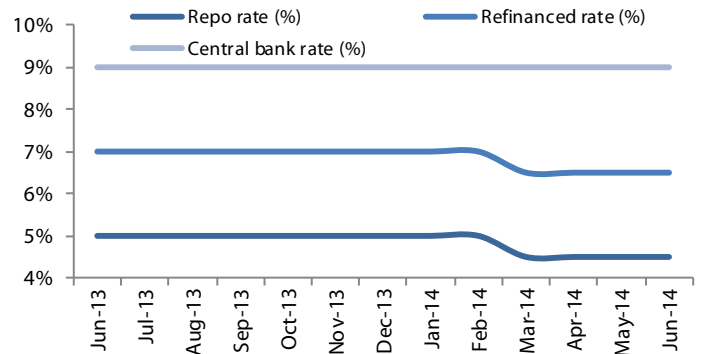
Sources: GSO, Rongviet Securities database

**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 <sup>th</sup> , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 <sup>th</sup> , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 <sup>th</sup> , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 <sup>th</sup> , 2014	Accumulated – Long-term	19,200
HPG-Sustainable Development	April 24 <sup>th</sup> , 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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