

JULY

21

MONDAY

“The market kept the uptrend under the pressure of profit taking”

ADVISORY DIARY

- **Earnings results have driven the market**
- **PNJ, PVB- Financial results updates**
- **DRC, LAS-Financial results updates**

Earnings results have driven the market

Today many companies have officially announced 2Q2014 results. At the beginning, the market was filled with optimism and the resistance range of 600 points was easily broken. However, at closed session, the market was in the “green outside but red inside” status under pressure of profit taking occurring in many shares.

The two bourses were also differentiated as the rising momentum focused mainly on outperformed earnings results. Particularly, Phu Nhuan Jewelry Joint Stock company (PNJ) has provided perspective performance result in 2Q2014. Accordingly revenue recorded VND1,760 billion, decreased of 14% over the same period but NAT rose moderately by 49% to 2Q2013. The reason was due to the PNJ’s strategic plan with the purpose of enriching the product structure and simultaneously increasing the number of stores. Up to now, PNJ had opened 6 new stores and anticipated to open total 12 new stores. Moreover, the profit margin also increased by 3% thanks to profit margin of gold jewelry business. Furthermore, we also noticed that the earnings result was much higher than the same period but still lower than 1Q2014 (-33%) due to low season characteristic. Quarter 3 might continue to maintain its routine and the performances only improve in 4Q2014 thanks to holidays pushing demands.

The PetroVietNam Coating Joint Stock company (PVB) has also announced the remarkable revenue as well as NAT, reaching respectively at VND348 billion (+35%) and VND89 billion (5 times over the same period). As a result, NAT in 6 months record at VND109 billion, finishing 125% of the target plan. PVB has specific operating and perspective earnings result in the next two years are ensured by the contract of pipe supply, oil and gas pipeline coating for GAS’s projects (particularly Nam Con Son 2 project with the total value of VND1,000 billion). As regards optimistic outlook, PVB reached the ceiling price of VND34,100 per share. However, we also noticed that the ticker has risen considerably in nearly 6-7 sessions, from the price of 27,300 VND per unit (11/7). Thus, the outperformed results might be reflected in recent prices.

DRC: Financial results updates

Danang Rubber Joint Stock Company (DRC) has just published the 2Q2014 financial results. Accordingly, it might disappointed many investors as a fan of this ticker. It is the first time when the selling volumes are 3 times higher than purchasing volumes since the beginning of the year. During the session, DRC was traded at floor price but closing at a price that higher than the floor price of 2 points.

DRC’s revenue increased to VND868 billion (+13% compared with the same period) while its post-tax profit decreased to VND99 billion (-10% compared with the same period). After the last 6 months, total revenue and profit were respectively VND1,546 million and VND185 million, completing ~56% of the targeted plan. In the second quarter, despite of the drop in rubber materials’ price by 15%, DRC turned out not to benefit from the price changes as its gross profit margin went down by 3% compared with 2Q2013. There were 3 main reasons (1) the decline in sale price by 3-5% (2) the factory depreciation of radial project. This project has been operated since the middle of 2013; therefore, 2Q2013 depreciation has not been accounted for the cost of goods sold. During 2014, radial tires have started to generate revenue, but not enough to

compensate for the large depreciation and interest amounts from this project.

In the first 6 months of 2014, the company was estimated to sell approximately 43,000 Radial tires, completing ~32% of the yearly target at 135,000 tires. Besides, it was supposed that DRC's export segment constituted only ~25% of its total volume and the company was negotiating with partners to develop this market. However, the prospects for export activities have not been clearly seeable as the end time of this negotiation has not been revealed. From these points, EPS under our estimation would not exceed VND4,900 and the current price of VND53,000 per share would not be cheap for short-term investors.

LAS: Financial results updates

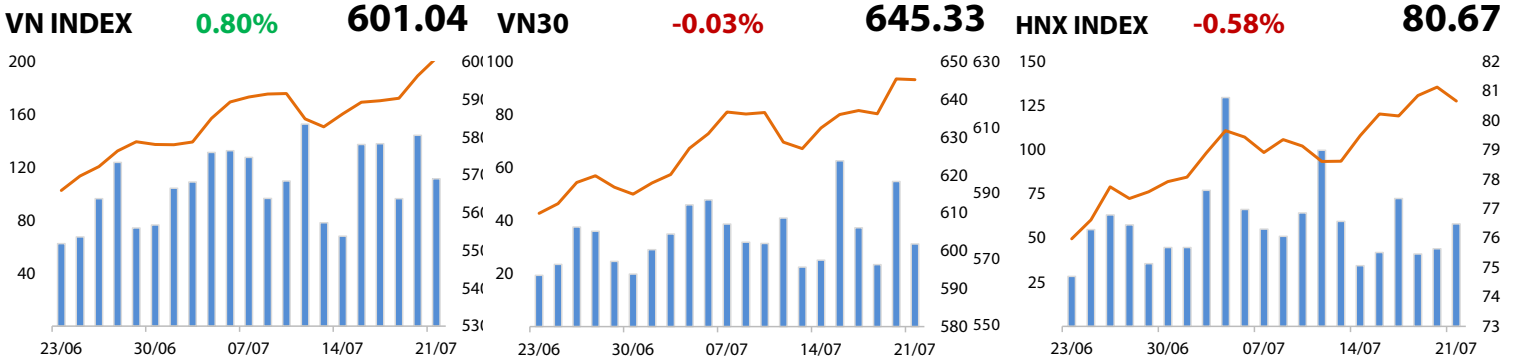
Lam Thao Fertilizers and Chemicals JSC (LAS) has just announced 2Q performance results. The revenue was VND1,354 billion, +7.3% whereas NAT was only VND59.23 billion, -51% over the same period. In Quarter 2, the Company reduced products' price to impulse fertilizer consumes as well as the increasing sulfur chemical (+18% over the 2013 year end). As a result, the profit margin decreased significantly to 17.4% from 21.2% in the same period. Furthermore, the Company also spent much advertising expenditure under circumstance of declined fertilizer's prices. Simultaneously, the rise in discount, promotion and transportation costs led to the significant increase in COGS (+136%) over the same period.

Accounting for 6 months, LAS has finished 62% of target revenue but only 40% of target NAT. In terms of prospects for the next quarters, 3Q is usually the lowest quarter in terms of consumption, besides, the continuous rise in sulphur price will impact on the input cost for enterprise. According to our industry analyst, LAS has a stable business base and low risk with high dividend payment (at least 20%). Thus, the investors can follow the price movement of LAS and accumulate in price declining period; the target is the business's higher dividend yield compared with the current deposit interest rates.

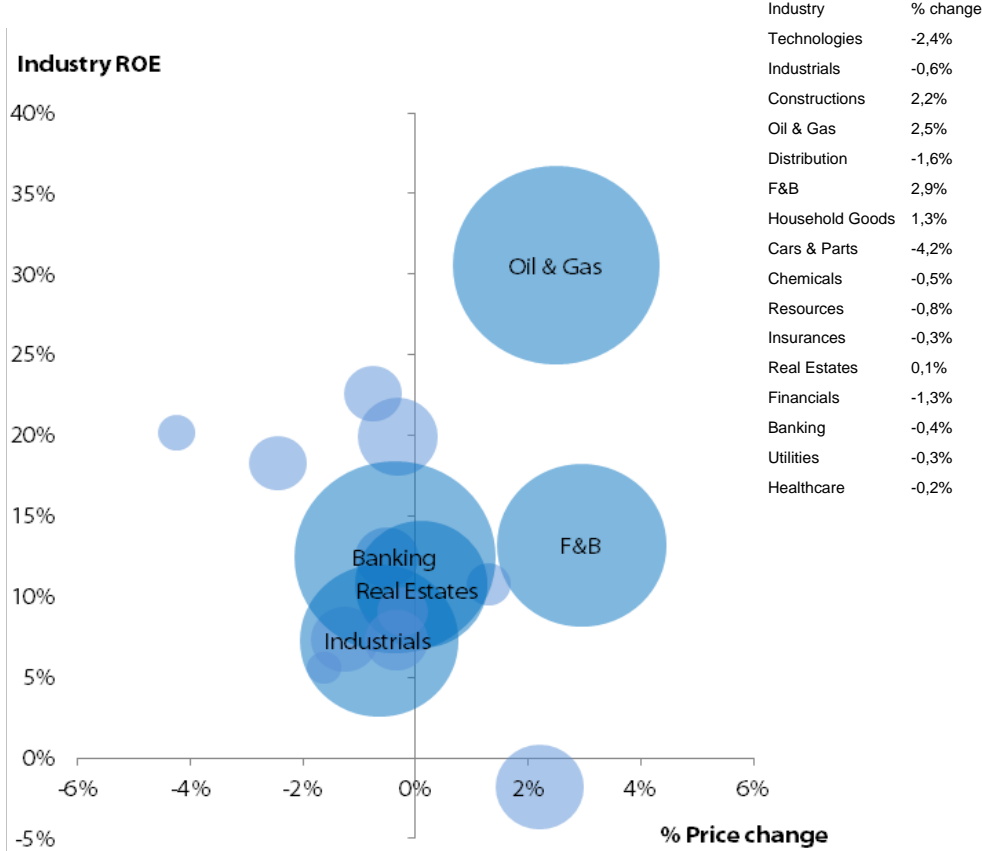
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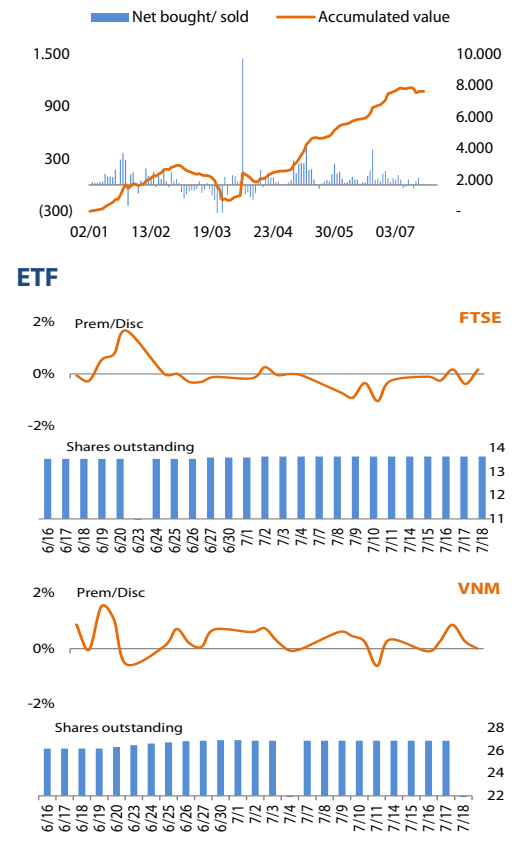
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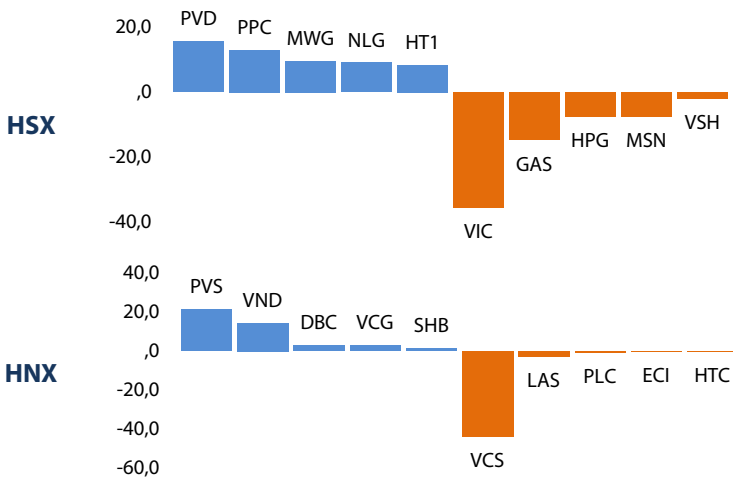
Industry Movement



Foreign Investors Trading



Top net bought/sold by foreigners (VND bn)



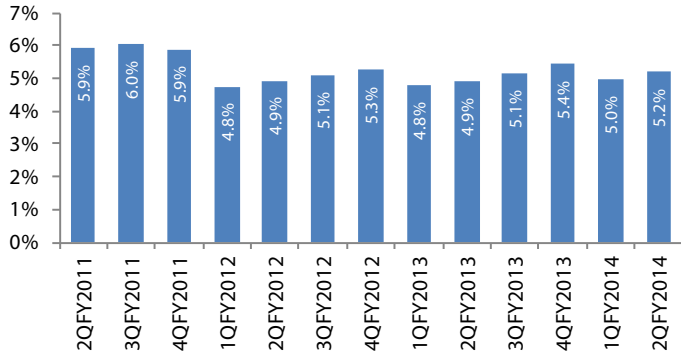
Top Active

Ticker	Price	Volume	% price change
FLC	12.50	13.31	-5.3%
HQC	8.30	8.61	0.0%
SSI	26.80	4.10	0.0%
ITA	8.10	3.90	-2.4%
SAM	9.80	3.67	-3.9%

Ticker	Price	Volume	% price change
PVX	4.50	6.48	-1.5%
SHB	9.10	5.16	-0.5%
KLS	12.00	5.02	-1.2%
KLF	11.30	4.23	-1.8%
SCR	9.10	3.76	-0.6%

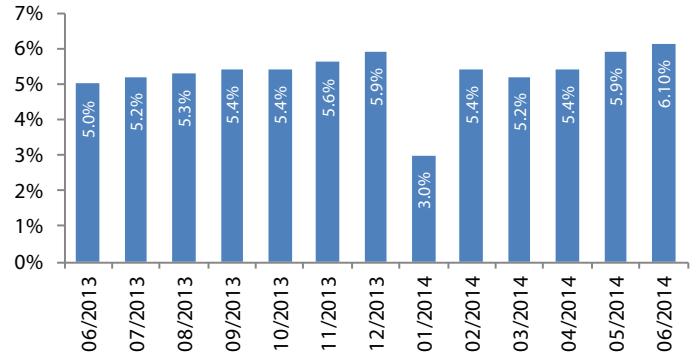
MACRO WATCH

Graph 1: GDP Growth



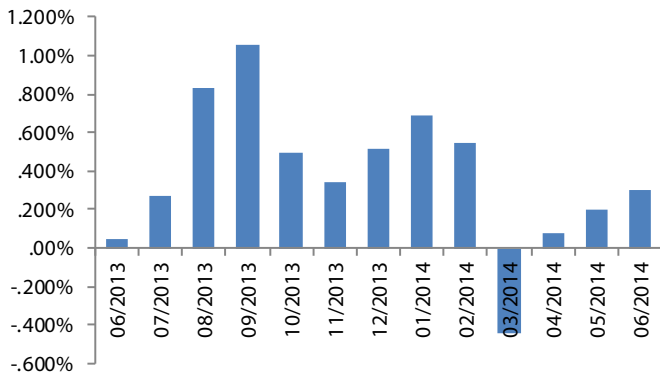
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



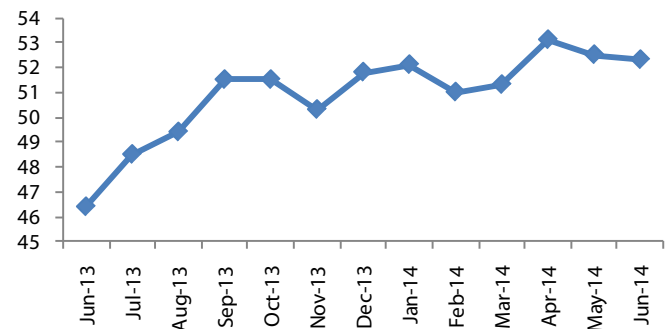
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



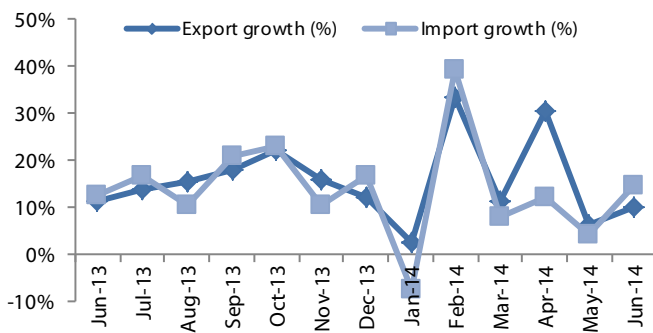
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



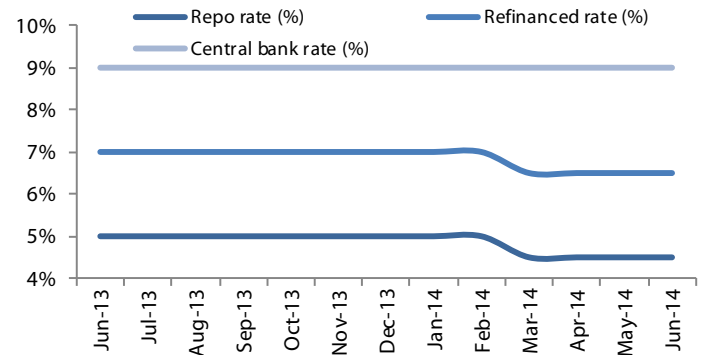
Sources: GSO, Rongviet Securities database

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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