

NOVEMBER

05

WEDNESDAY

“Market closed in red – lower than the level of 600”

ADVISORY DIARY

- **FPT: Q32014 Result Updates**
- **Market closed in red – lower than the level of 600**

FPT: Q32014 Result Updates

Yesterday, our analyst participated in analyst meeting hold by FPT. As mentioned in Advisory Diary dated 23 October, 9M2014 revenue reached at VND24,287 billion (108% of target plan) whereas PAT reached at 98% of target.

Income structure has changed

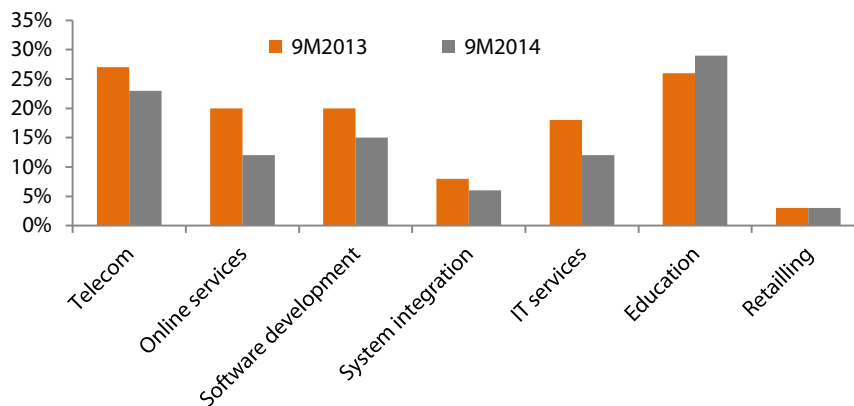
Exhibit 1: Revenue and NPBT structure

Structure	Revenue		NPBT	
	9M2013	9M2014	9M2013	9M2014
Telecom	12%	12%	36%	37%
Online services	3%	3%	7%	5%
Software Development	9%	10%	21%	19%
System integration	9%	6%	8%	5%
IT services	3%	2%	5%	4%
Education	2%	2%	6%	7%
Retailing	62%	65%	17%	23%

Source: FPT, RongViet Research

According to the revenue structure, manufacturing and distributing technology product witnessed the highest growth rate among another segments of FPT; accounting for 65% of revenue structure. This segment also constituted for 23% of NPBT (increased significantly as compared to 17% in 9M2013). Even though software development experienced a slight increase, it only contributed to 19% of NPBT (as compared to 23% in 9M2013). With regards to the rest of the segments, we realized that the telecommunication remained stable while the rest of the segments (such as online services, software development, system integration and IT services) decreased their proportions compared with last year.

Exhibit 2: Profit before tax margin



Source: FPT, RongViet Research

Moreover, two main segments of FPT, which were systems integration and software distribution, have been affected negatively by difficulties in some factors, such as of banks and the government investment. Especially, Game Online segment had faced great competition and a large number of laws. FPT had considered some restructuring plans for this sector and also able to close it. Even though there was a strong growth in revenue (+21%), net profit of almost all businesses decreased, which led PBT similarly to corresponding period.

Outlook

In the domestic market, thanks to the advantage of the size of retail network, FPT operates efficiently, contributing to 65% in revenue and 23% in profit during 9M2014. The company said that in 2014, it will open 160 shops and have 50-60 shops in operation in 2015. The development of foreign markets is a strategic direction for FPT's globalization. Foreign markets bring 10% of in revenue of FPT and 22% in the profit. Currently, revenue growth from foreign market is impressive with 34% compared with last year, because FPT has signed several contracts with foreign partners such as Philippines, Bangladesh, Myanmar,... with a total value of USD25 million (+455.5% compared to the end of 2013). We believe that, this will bring more opportunity for FPT in the future.

Market closed in red – lower than the level of 600

Investors' sentiment has still filled with pessimism in today's session. Selling pressure was overwhelming; as a result, there were 87 gainers and 136 losers. Profit taking accelerated that caused the indices to close in red. Liquidity was relatively improved compared to the previous day, reached at VND3,000 billion.

Today, our analysis had a meeting with NKG's firm and updates certain information related to the firm's earning result in October. Specifically, NKG's revenue in October achieved VND492 billion and NPAT reached at 8,5billion VND, with 35% and 37.3% of quarterly guidance. Due to investing in new assembly line, the firm's earning is expected to increase significantly this year. From 2015, NKG will invest in two assembly lines which are cold rolled line and galvanized line. This would lift up expectation for net income of NKG to grow strongly next year

Moreover, we also received a question from investors related to the possibility of purchasing PVT from Thai Oil. As far as we know, Thai Oil had a brief meeting and showed no certain action corresponding to a purchase in future.

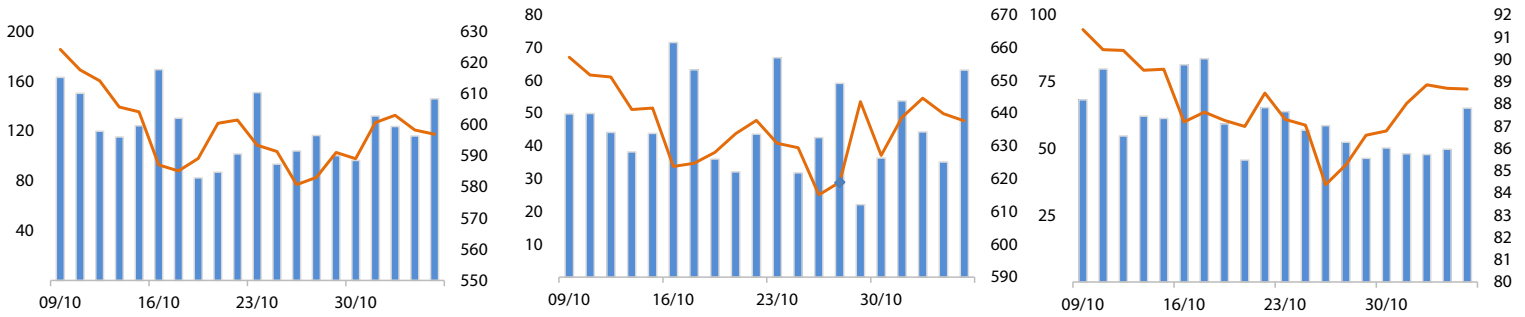
The foreigners turned to net bought of VND14 billion after a net selling values of VND68 billion. Noticeably, a variety of net bought shares, were bought by foreign investors, were decreased stocks such as PVD (-0.5%), VSH (-1.4%), SSI (-0.6%), MWG (-2.9%). We believed that the foreigners have accumulated underperformed shares in declined market. Today RongViet Research has just released November Strategic Report. We suppose that break through is unlikely in November. However, investors can accumulate good stocks if having suitable chances.

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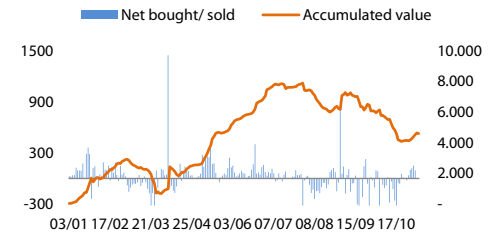
VNINDEX -0.23% 597.01 VN30 -0.35% 637.68 HNXINDEX -0.03% 88.68



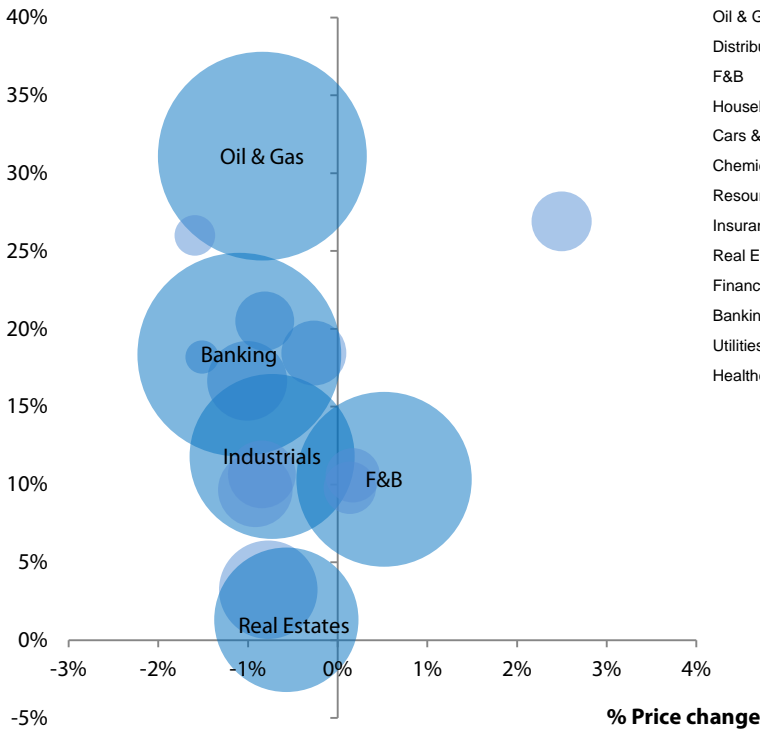
Industry Movement

Industry	% change
Technologies	-0.8%
Industrials	-0.7%
Constructions	-0.8%
Oil & Gas	-0.8%
Distribution	-1.5%
F&B	0.5%
Household Goods	0.1%
Cars & Parts	-1.6%
Chemicals	-0.3%
Resources	2.5%
Insurances	-1.0%
Real Estates	-0.6%
Financials	-0.9%
Banking	-1.1%
Utilities	-0.8%
Healthcare	0.2%

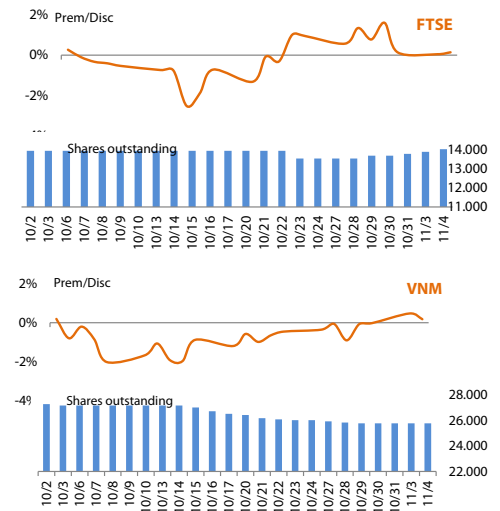
Foreign Investors Trading



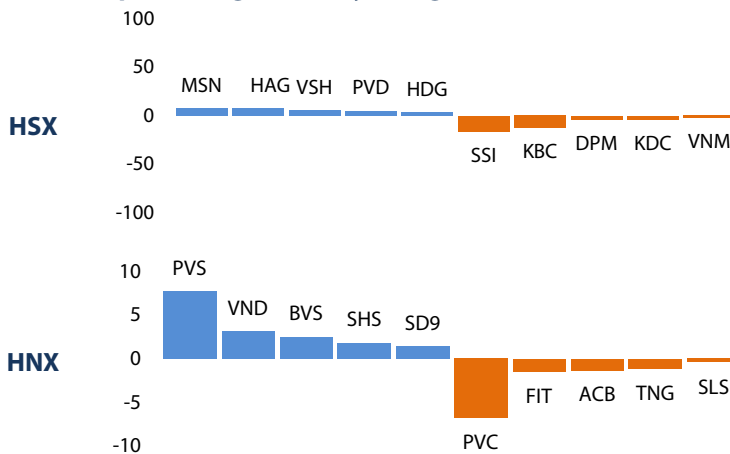
Industry ROE



ETF



Top net bought/sold by foreigners (VND bn)



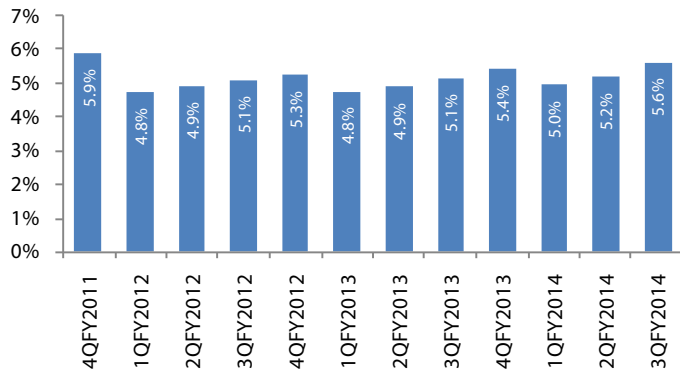
Top Active

Ticker	Price	Volume	% price change
FLC	11.2	8.48	0.0%
OGC	9.2	7.99	-3.2%
HQC	7.9	7.67	2.6%
KBC	16.8	7.48	0.0%
VHG	15.4	7.32	-0.7%

Ticker	Price	Volume	% price change
KLF	11.7	14.54	1.6%
PVX	6.3	7.85	1.9%
FIT	28.2	6.06	4.5%
SCR	9.8	3.36	0.5%
VND	16.1	2.52	1.0%

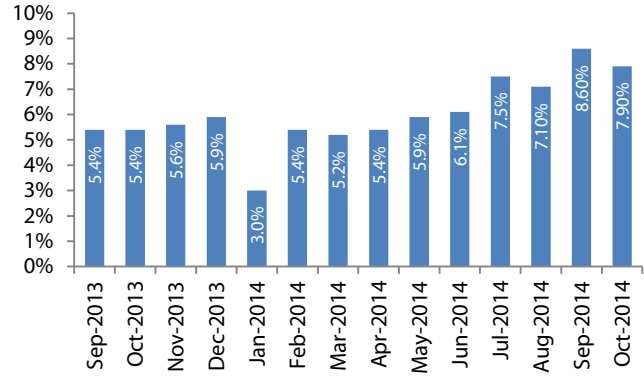
MACRO WATCH

Graph 1: GDP Growth



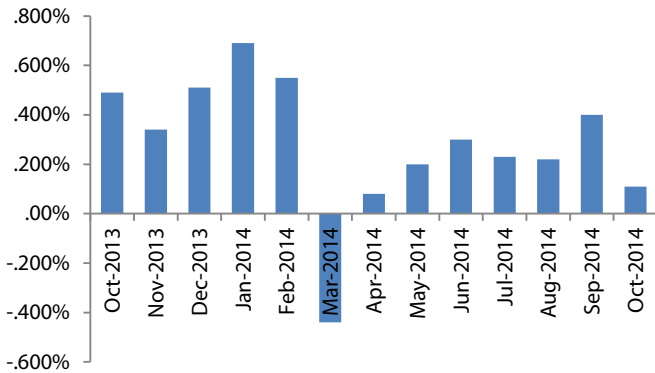
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



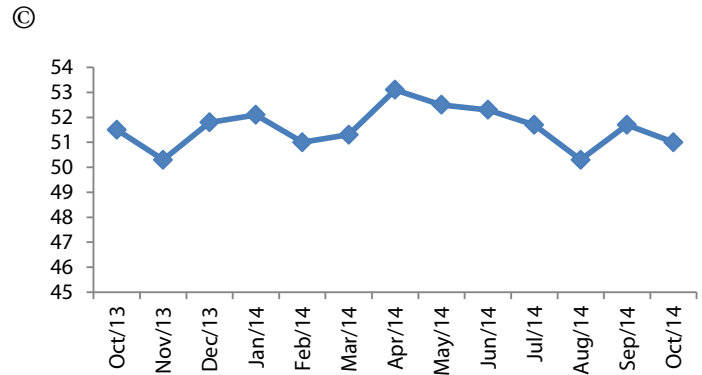
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



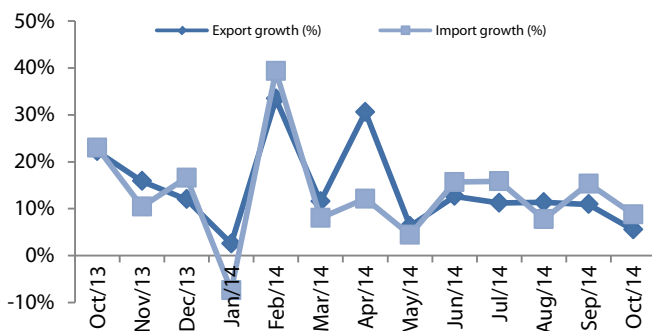
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



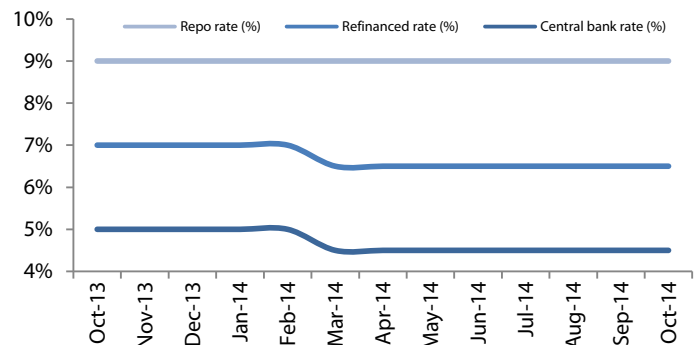
Sources: GSO. Rongviet Securities database

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
SBA - Growth season ahead	Oct 24 th , 2014	Buy – Intermediate term	14,500
APC - Incremental demands for irradiation industry	Oct 23 rd , 2014	Buy – Intermediate term	22,000
TCM - Moving up the value chain	Oct 14 th , 2014	Accumulate – Long term	42,500
DHC - Restructuring yielded juicy fruits	Sep 29 th , 2014	Buy – Intermediate term	25,200
DCL – Chances as bad debts to be solved	Sep 22 th , 2014	Neutral – Long term	37,000
PVD – Busy O&G exploitation brought warmth	Sep 17 th , 2014	Accumulate – Long term	122,00
REE - Solid ground s for sustainable growth	Sept 9 th , 2014	Neutral - Long term	29,700

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
FF	28/10/2014	0-0.75%	0-2.5%	11,821	11,829	-0.07%
VF1	03/11/2014	0.20% - 1.00%	0.50%-1.50%	22,943	22,604	1.50%
VF4	29/10/2014	0.20% - 1.00%	0.00%-1.50%	9,998	10,274	-2.69%
VFA	31/10/2014	0.20% - 1.00%	0.00%-1.50%	7,527	7,560	-0.44%
VFB	31/10/2014	0.30% - 0.60%	0.00%-1.00%	11,938	11,932	0.05%
ENF	24/10/2014	0.00% - 3.00%		10,535	10,641	-1.00%

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