

JULY

23

WEDNESDAY

*"Wait for a new driver!"*

ADVISORY DIARY

- **Q2 business result: HT1 & NKG**
- **Wait for a new driver!**

**Q2 business result: Ha Tien 1 Cement JSC. (HSX – HT1)**

Our analyst has just had a brief discussion with HT1' representative this morning about company' Q2 business result. In Q2/2014, HT1 reported VND1,727.4 bn in revenue (-7.64% yoy) and VND 11.3 bn in EAT (11 times higher than the same period in 2013). As such, in 1H2014, company has completed about 47% revenue' target and 74% profit' target, equivalent to VND3,305.7 bn in revenue and VND13.28 bn in earnings.

According to our analyst, the cool down of building material' market helped HT1' domestic selling volume increased positively in the first half year of 2014 (up 11-12%), much higher than average growth of South area (~4%) and also higher than average growth of cement industry (10%). Meanwhile, though cement exports gained sharply in 1H (+26.7% yoy) but HT1' export volume just maintained stable, equal to the same period last year. Thus, 1H 2014 revenue increased by 9.4% thanks mostly to the recovery of internal cement' demand.

It is worthy to note that gross margin in 1H2014 dropped dramatically from 22.5% to only 19% because heater at Binh Phuoc factory was cracked. So HT1 must buy 160,000 tons of clinker from the North for production, furthermore, tightening supervision of vehicles' weight in the early of April created double negative effects on company profit margin.

About company financial status, because of transferring and rescheduling debts, company solvency is expected to improve in 2014. Interest expense in 1H2014 decreased 20.8% yoy to VND408.6 bn. In addition, HT1 expected to book entirely the remaining of loss from exchange rate change in 2014 (~VND200 bn). In 1H2014, HT1 had recorded VND100 bn and we supposed the remaining will be reported in the second half of this year.

Based on encouraging prospect of cement and two factors including debts and the depreciation of loss from exchange rate change, we expect HT1' earning result in 2014 will be better than 2013, equal to 5-6 times company' target.

**Q2 business result: Nam Kim Steel JSC. (HSX – NKG)**

NKG has published 2Q2014 result updates in which revenue recorded VND1,531 billion, increased by 30.5% over the same period and by 2.4% to 1Q2014. NAT reached VND26 billion, rose of 46% in comparison with the same period. Accounting for 6 months, NAT was only VND36.1 billion, declined by 10% over the same period. In spite of a fall in NAT, we still recognize positive factors as following:

1. Materials speculation occurring in 1Q2013 had improved the profit margin in 2Q2013, as a result the profit margin this year was not much as high as that in 2Q2013. According to the representative, in 2014, NKG would totally stop commercial activity and only focus on producing finished-goods. In 6 months of 2014, the profit margin enhanced slightly from 4.9% in 1Q2014 to 5.7% in 2Q2014.
2. Consumptions in steel pipes, galvanized steel sheet in the first half year 2014 have grown remarkably over the same period with rate of 127% and 52% respectively. The steel pipes products surged thanks to doubled capacity, improving market share which being ranked in top-ten in the first half year 2014.

3. At the beginning of July, the Company has successfully issued VND100 billion for the investment services P&Q company, raising charter capital up to VND399 billion which would use in a purpose of providing working capital. In the second half year, the Company might invest a cold rolling line and galvanizing line that should be in operation in 2015.

In 2014, the Company plan a revenue of VND4,800 billion and a NAT of VND50-80 billion. Thus, in the first half year, the Company has been finished 62% of target revenue, meaning a possible revenue accomplishment. In term of estimated NAT, we forecast based on conservative assumptions, expecting NAT to increase of 5-10% to the target earnings of VND50 billion.

**Wait for a new driver!**

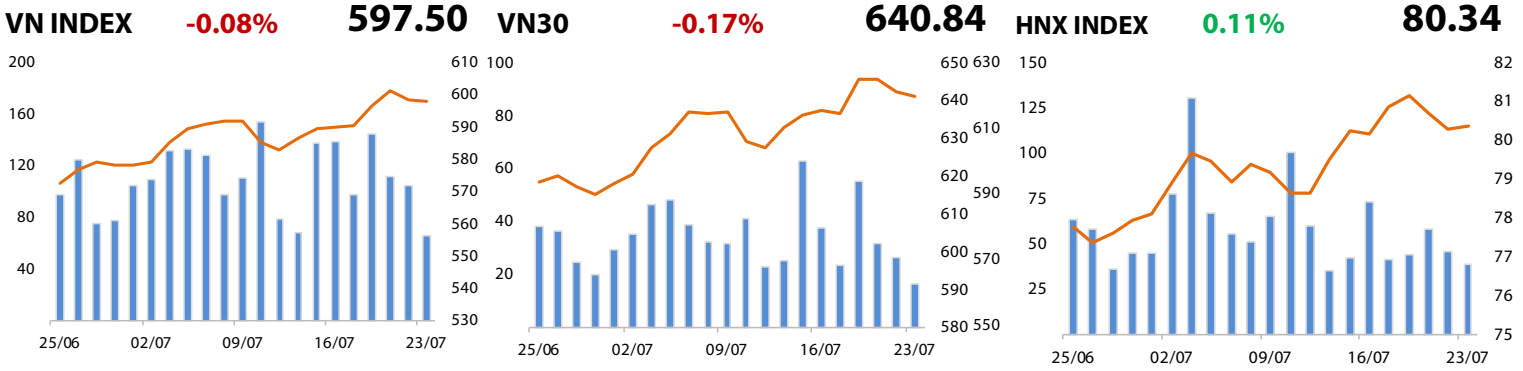
Today is the second adjustment session after VNIndex broke 600 points level, selling pressure though was intensified at some points but did not create over-negative effect to indices. Instead, we saw the seesaw motion was common and market breadth was quite balanced.

Until now, the main driver of market in July was Q2 earning results has come to closing stage and in our opinion, this factor have been reflected in stock price. Another point is “stabilize” status of market showed that most investors are in “buy and hold” position than took into short-run taking profit. Therefore, in the short-time, we believe this seesaw motion will be continued until new supporting driver appears.

**My Tran**

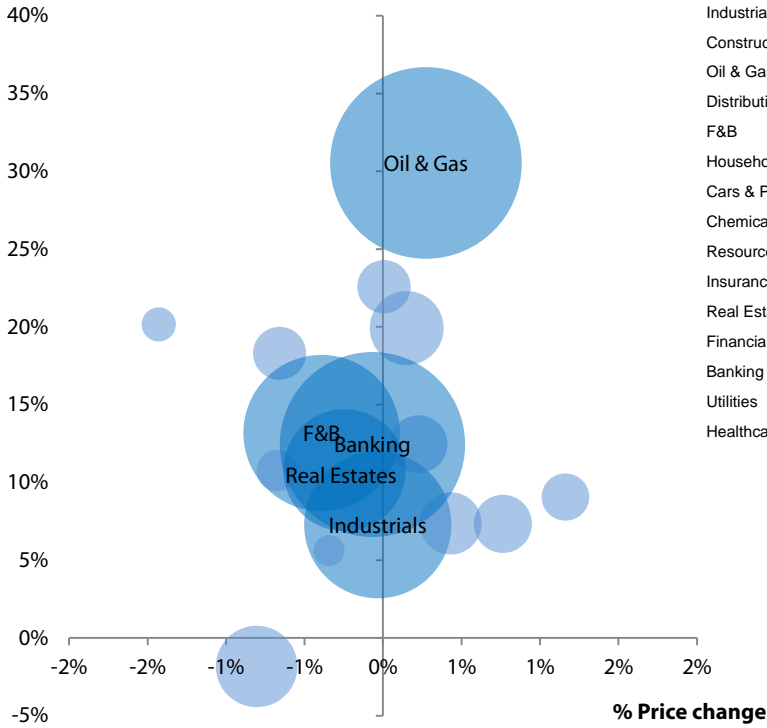
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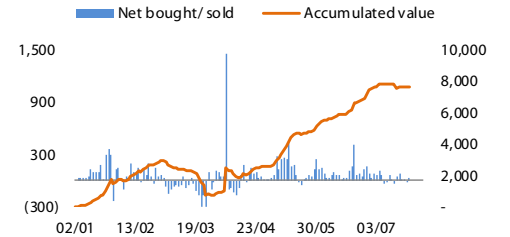


**Industry Movement**

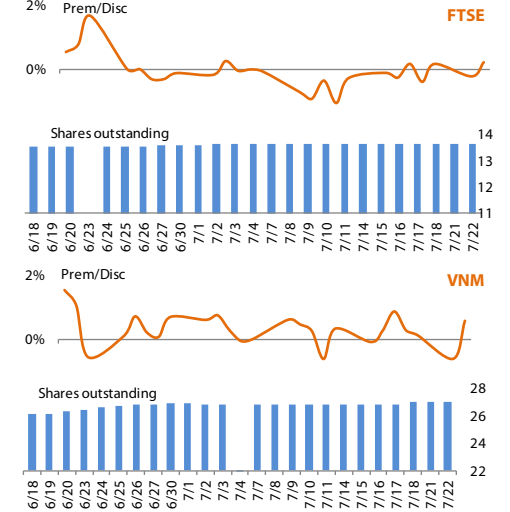
**Industry ROE**



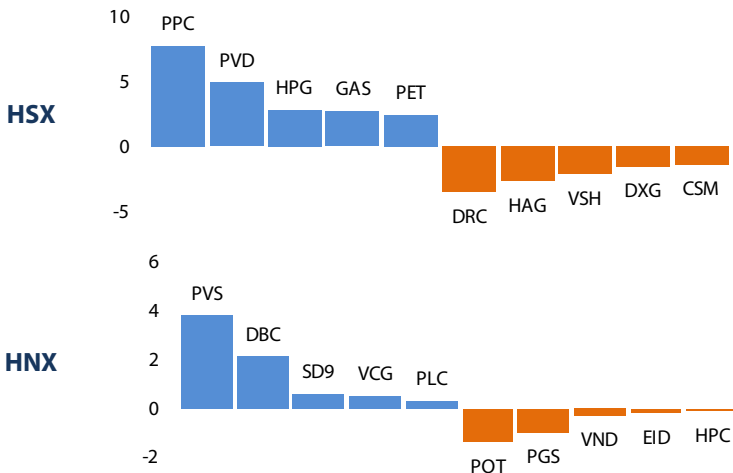
**Foreign Investors Trading**



**ETF**



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



**Top Active**

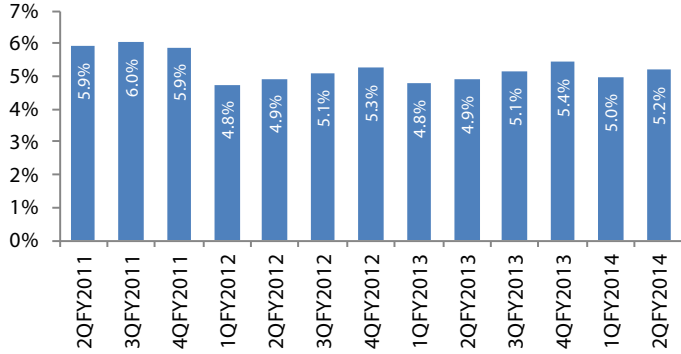
Ticker	Price	Volume	% price change
VHG	10.20	5.12	-3.8%
HQC	8.00	2.26	-1.2%
ITA	8.00	2.03	-1.2%
TDC	10.90	2.02	0.9%
FLC	11.70	1.70	-5.7%

Ticker	Price	Volume	% price change
SCR	8.70	6.96	-2.4%
PVX	4.40	4.83	-2.2%
KLF	11.90	3.46	1.7%
PVS	34.60	2.53	1.2%
SHB	8.90	2.18	-0.4%

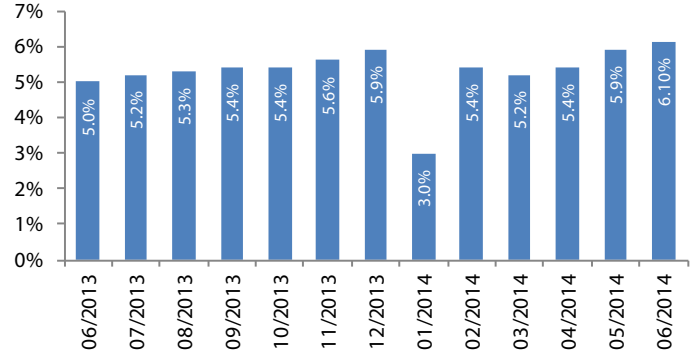
**MACRO WATCH**

**Graph 1: GDP Growth**



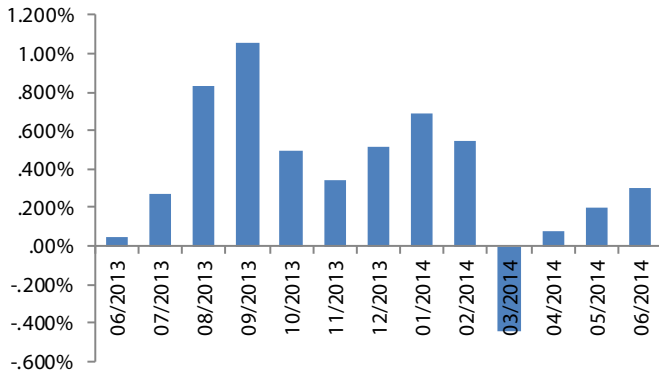
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



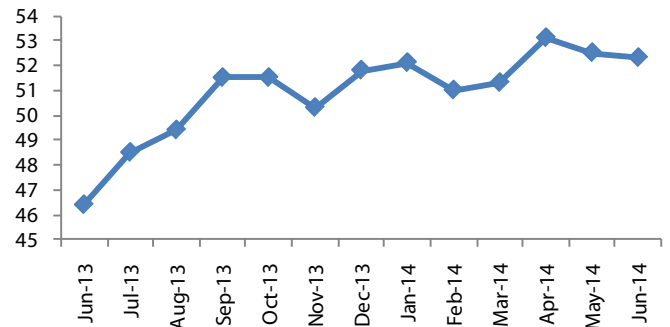
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



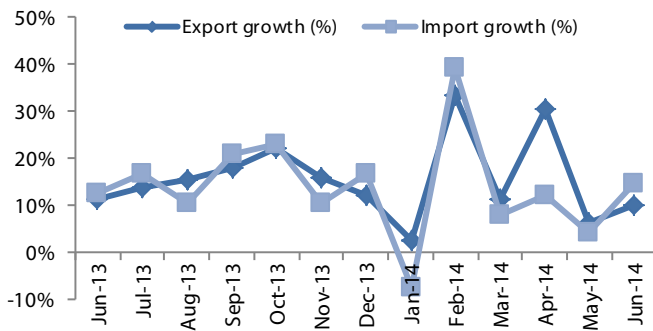
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



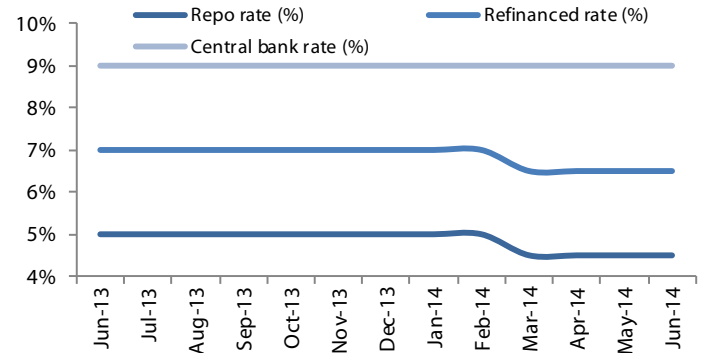
Sources: GSO, Rongviet Securities database

**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	15/07/2014	0.75%	0.75%	11,000	10,898	0.94%
VF1	17/07/2014	0.20% - 1.00%	0.50%-1.50%	21,961	21,738	1.03%
VF4	16/07/2014	0.20% - 1.00%	0.00%-1.50%	9,975	9,906	0.69%
VFA	18/07/2014	0.20% - 1.00%	0.00%-1.50%	7,479	7,396	1.12%
VFB	18/07/2014	0.30% - 0.60%	0.00%-1.00%	10,975	10,887	0.81%
ENF	11/07/2014	0.00% - 3.00%		10,009	10,031	-0.22%

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