

MAY

13

WEDNESDAY

ADVISORY DIARY

- **1Q2015 result update of listed port operators – solid growth**
- **Foreign investors in net selling position for second day in a row**

1Q2015 result update of listed port operators – solid growth

The recovery of the world economy and Vietnam would motivate growth in auxiliary industries. Of which, marine port services industry is tipped to benefit from increased demand in import-export goods and low input costs currently. Positive 1Q2015 results of listed port operators so far have reflected the bright potential of the industry this year.

Table: 1Q2015 earnings of listed port operators (in million VND)

1Q2015 Results	1Q2015 rev	1Q2014 rev	%	1Q2015 PBT	1Q2014 PBT	%	2015 dividend
DVP	146,235	114,527	28%	71,785	48,237	49%	Over 20%
DXP	46,461	34,923	33%	16,137	10,121	59%	35%
VSC	226,832	198,705	14%	71,21	58,8	21%	20%
TCL	163,159	172,328	-5%	21,474	27,579	-22%	15%
PDN	73,533	54,176	36%	13,464	11,952	13%	17%

Source: RongViet Securities

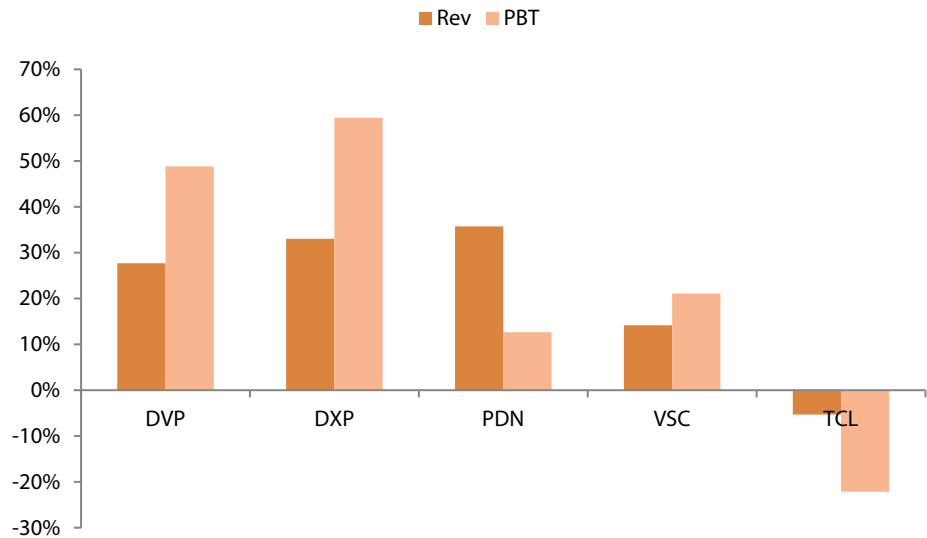
Port operator’s 1Q2015 results have shown a huge divergence in growth and business performance between ports. In particular, northern port area, especially in Hai Phong City, continues to lead the country in terms of throughput volume. According to Hai Phong City People’s Committee, the volume of throughput in the first 3 months of this year grew 14.25 % (yoy), reaching 15.48 million tons. Increased throughput volume led to positive 1Q result for listed port operators such as VSC, DXP and DVP compared to 1Q2014 (refer to the above table). In addition, low input costs (thanks to low fuel prices) enable these firms to improve profit margin.

In the South, PDN continues last year form by achieving impressive growth in 1Q2015 revenue and PBT by 36 % and 13 % respectively. Good location in the central of Southeast of Vietnam and the expansion plans (Go Dau docking berth expansion plan, new built warehouse of 5,000m2 and the new construction of docking berth at Dong Nai port) will drive PDN’s result further in the coming years.

Unsurprisingly, TCL’s 1Q2015 earnings regressed compared to corresponding quarter. Specifically, TCL’s sales and profit fell 5 % and 22 % (yoy) as the company already returned Depot 09 and four cranes which the Company operated to Saigon New Port Corporation together with new investments in ICD Tan Cang Nhon Trach and Tan Cang 128 port would expectedly increase TCL’s COGS this year. In our opinion, TCL’s prospect in 2015 remains still positive. However, concerns exist as TCL’s 2015 earnings will be greatly determined by the situation of the parent company (Saigon New Port).

“Solid growth in 1Q2015 earnings for port operators”

Graph: 1Q2015 earnings growth



Source: RongViet Securities

Foreign investors in net selling position for second day in a row

Both indices closed in different status, with a slight decrease of 0.29% in HSX and an increase of 0.27% in HNX. Liquidity of VN-Index has improved with an increase of 9.7% in trading volume as compared to previous session but remained nearly 15% lower than the average of last week. The foreign investors kept their sold position at the value of merely VND 92 billion. The stocks strongly sold by them were DXG (VND 23.7 billion), HPG (VND 20.2 billion), HAG (VND 17.6 billion) and CII (VND 16.8 billion). Besides, as our comment in early of this week, while news relating to first quarter business results as well as AGM was gradually closed, lack of supporting news in the market and cautious sentiment of investors has created strong constraints of the market.

Today, The Credit department of economics (The State Bank) has recently announced the 3.69% credit growth of the banking system up to 8/5/2015, higher than 1.4% at the end of 5/2014. Since early this year, credit growth keeps a steady pace due to the increasing demand for loans under the positive supports of interest rates, low inflation and recovery in industrial production. However, when the credit recovers, it is also the time that bad debts become a serious issue for banking. According to the statistics from The State Bank HCM City, bad debt ratio at the end of 3/2015 reached 5.53% even though credit growth has been higher than the average of banking system at 4.14% since the beginning of 2015. Our macro analysts asserted that the CIC’s adjustment of debt classification as a result of Circular No. 09/2014/TT-NHNN amending and supplementing several articles of Circular No. 02/2013/TT-NHNN applicable from 1/1/2015 could cause the significant increase in bad debt ratio of the whole system year to date. Even though the State Bank has not yet announced the bad debt ratio, we believe this figure would have “surge” comparing to the previous announcement in the beginning of May.

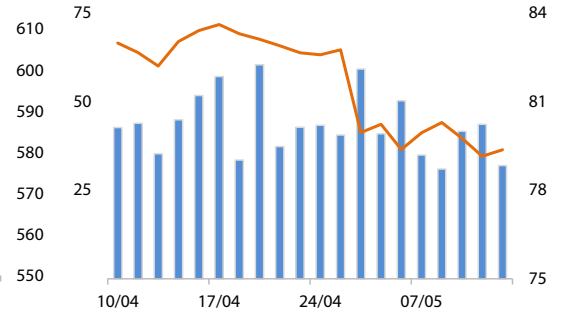
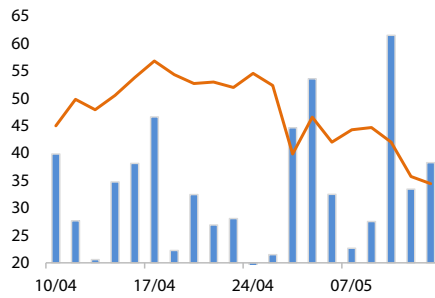
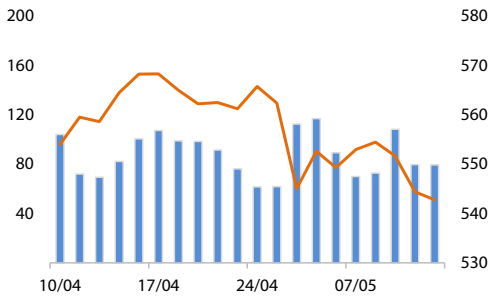
Two weeks ago, the expectation of signing the TPP has been optimistic because of the US Congress information, which passed the TPA mechanism (President Barack Obama has the right to negotiate the trade agreements). However, for those who wait TPP were disappointed when the TPA mechanism did not get the support from the Senate yesterday. Thus, before the eve of the new negotiations, TPP still have some disagreement between parties in the US. Today, the textile stocks have recorded a declining session including TCM (-1%), TNG (-0.45%) and GMC (-1%).

However, according to our industry analyst, the delay of TPP does not have any negative effect on the business results in the short term because of two reasons: (1) TPP come into force after 2 years

Hoang Nguyen
+ 84 8 6299 2006 | Ext: 328
Hoang.nh@vdsc.com.vn

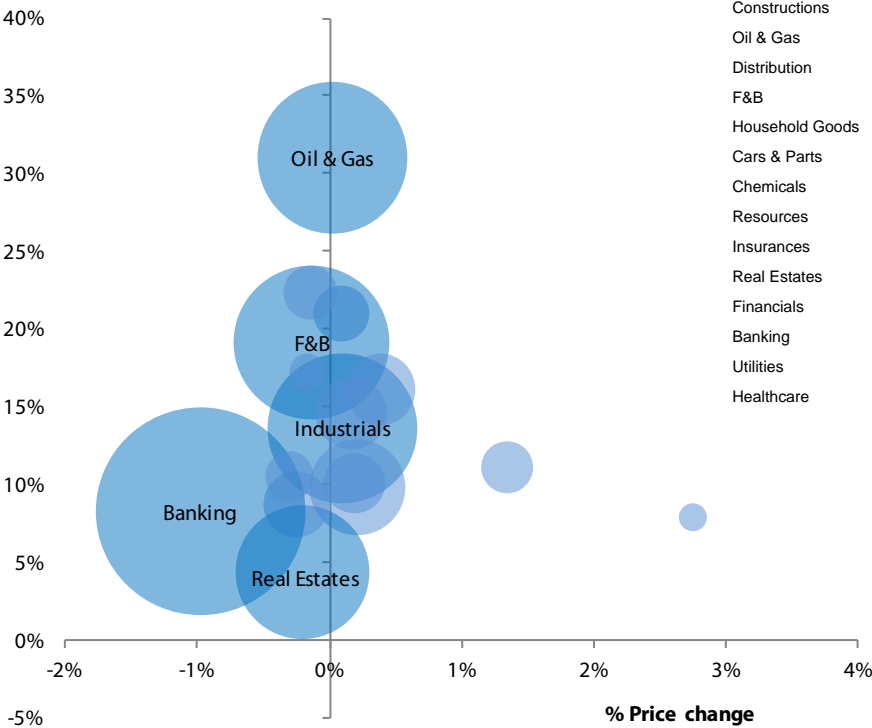
since the signing date. Therefore, the textile companies in Vietnam will not have any major impacts. (2) Even without TPP, the potential growth for export to USA is still high, especially with the well-prepared and high capacity companies. For example, TCM is one of the favorite stock of RongViet Research, which is expected to have an extraordinary growth when TPP come into force (estimated EPS about VND3,700/share). In 2016, the EPS can reach around VND4.200/share when the Vinh Long plant operates stably. With the closing price of VND28,200/share, the P/E forward of TCM is around 7.6x which is rarely attractive within 1 year.

VNINDEX -0.29% 542.82 VN30 -0.30% 569.28 HNXINDEX 0.28% 79.37



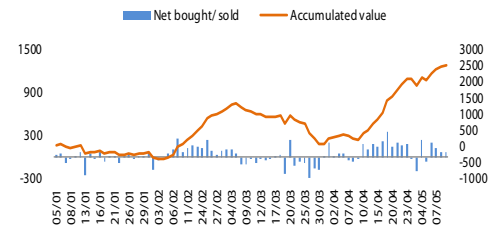
Industry Movement

Industry ROE

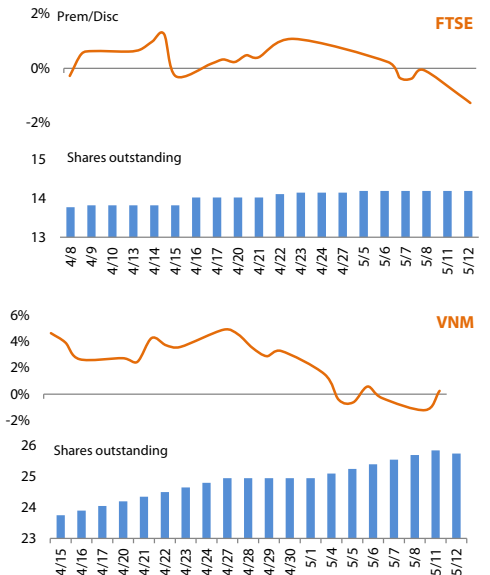


Industry	% change
Technologies	0.1%
Industrials	0.1%
Constructions	0.2%
Oil & Gas	0.0%
Distribution	2.7%
F&B	-0.1%
Household Goods	1.3%
Cars & Parts	-0.2%
Chemicals	0.4%
Resources	-0.1%
Insurances	0.2%
Real Estates	-0.2%
Financials	-0.2%
Banking	-1.0%
Utilities	0.2%
Healthcare	-0.3%

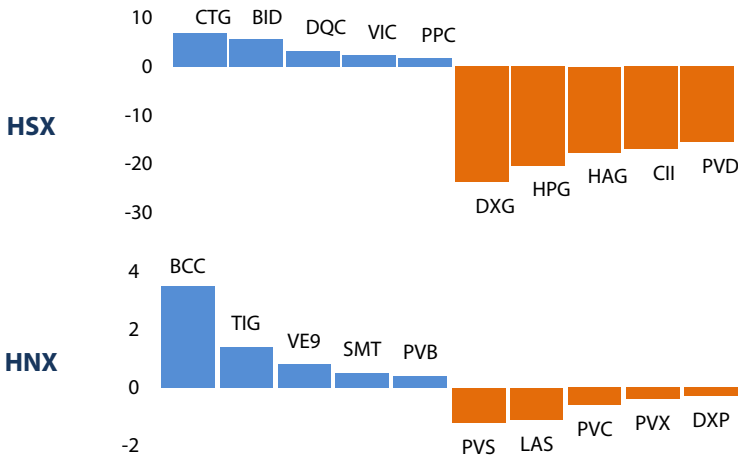
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



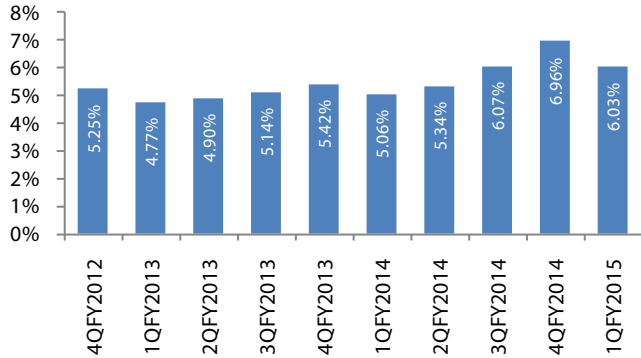
Top Active

Ticker	Price	Volume	% price change
OGC	3.1	8.10	6.9%
HAG	17.8	6.72	0.0%
FLC	9.9	5.17	-1.0%
CII	21.7	4.66	2.4%
HAI	9.1	3.39	2.2%

Ticker	Price	Volume	% price change
SHB	7.8	3.61	0.0%
FIT	13.1	3.22	-1.5%
KLF	7.3	2.71	0.0%
PVX	4.0	1.86	2.6%
PVS	24.7	1.83	2.9%

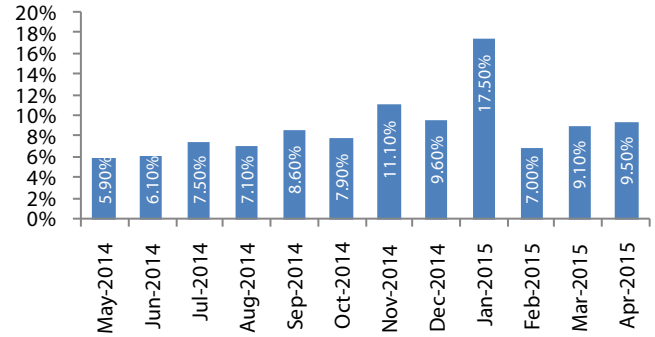
MACRO WATCH

Graph 1: GDP Growth



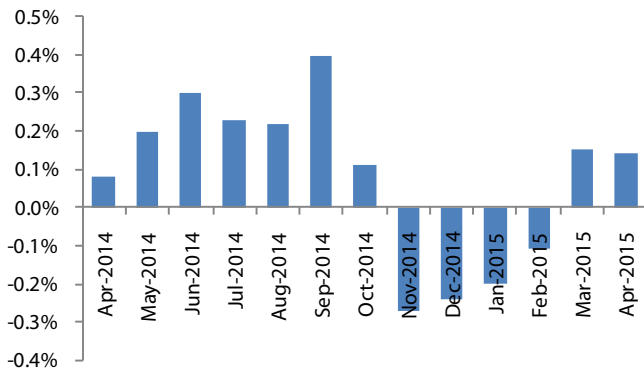
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



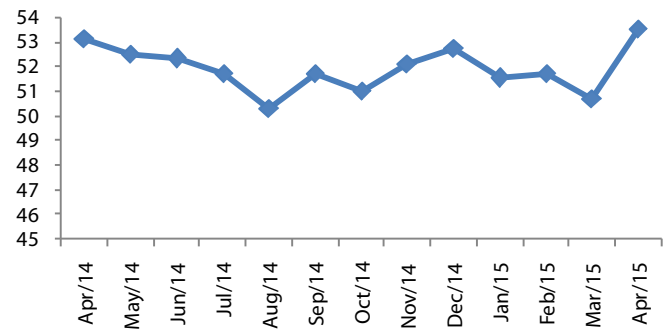
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



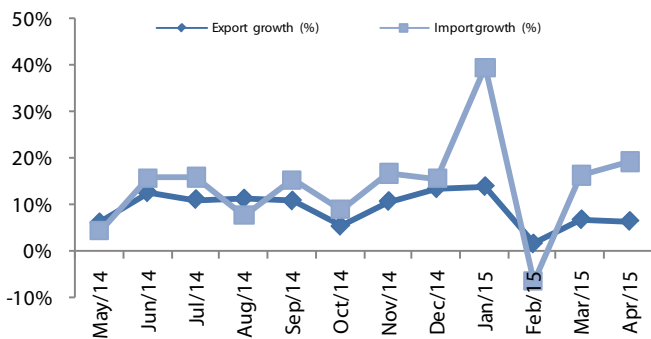
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



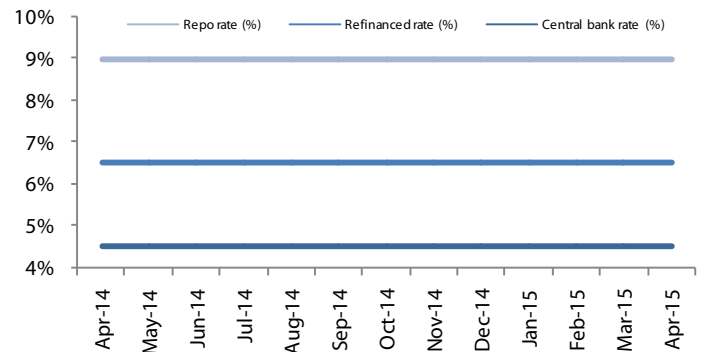
Sources: GSO. Rongviet Securities database

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
GSP- Heading for a new growth period	May 11 th , 2015	Accumulate – Long term	16,600
STK - Running on all cylinders	May 7 th , 2015		30,800
VPH - Emerging from its lowest	May 5 th , 2015	Buy – Intermediate term	15,300
DHC-Giao Long factory (phase 2) adds lights to the long-term plan	April 24 th , 2015	Buy – Intermediate term	26,200
PLC - A firm foothold	April 14 th , 2015	Accumulate – Intermediate term	40,000

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	05/05/2015	0% - 0.75%	0% - 2.5%	11,672	11,683	-0.09%
VEOF	05/05/2015	0% - 0.75%	0% - 2.5%	9,238	9,456	-2.31%
VF1	08/05/2015	0.2% - 1%	0.5%-1.5%	20,675	20,520	0.75%
VF4	06/05/2015	0.2% - 1%	0%-1.5%	8,978	9,098	-1.38%
VFA	04/05/2015	0.2% - 1%	0%-1.5%	7,154	7,168	-0.20%
VFB	08/05/2015	0.3% - 0.6%	0%-1%	12,126	12,133	-0.05%
ENF	04/05/2015	0% - 3%	0%	10,834	10,779	0.51%
MBVF	04/05/2015	1%	0%-1%	10,449	10,439	0.10%
MBBF	29/04/2015	0%-0.5%	0%-1%	12,075	12,064	0.09%

ANALYSTS
Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 355

truc.dtt@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 328

Hoang.nh@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 323

lam.ntp@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 326

Tuan.hm@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 326

Kien.nt@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 319

my.tth@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 319

tai.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 320

my.ttd@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 324

Van.btt@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 325

trien.lh@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 324

tam.bt@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 323

huong.pt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 321

Nam.hk@vdsc.com.vn

HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T +84 8 6299 2006
- F +84 8 6291 7986
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

- T +84 4 6288 2006
- F +84 4 6288 2008
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

- T +84 058 3820 006
- F +84 058 3820 008
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

- T +84 0710 381 7578
- F +84 0710 381 7789
- E info@vdsc.com.vn
- W www.vdsc.com.vn



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report. The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.