

AUGUST

07

THURSDAY

*“Leading  
transportation  
stocks”*

ADVISORY DIARY

- **Leading transportation stocks**
- **Updates on Vinh Hoan Corporation (VHC – HSX)**

#### **Leading transportation stocks**

During today's session, VN-index fluctuated around 605 with low liquidity. However, until the end of today's session, some leading tickers such as VNM, BVH, SSI increased again and surpassed reference price, pushing today's liquidity up to over VND 1,400 billion. Ending of session, HSX reached 607.62 points (+0.15%) and HNX reached 80.78 points (+0.48%). Remarkably, the group of transporting stocks, such as PVT and VIP reached the ceiling price with the total trading amount of 4,205,760 stocks and 1,573,500 stocks respectively.

In today's late afternoon, the Ministry of Finance - Industry and Commerce recently announced the information about the decline in gasoline prices by nearly VND 500/ liter. Therefore, within 10 days, the price of gasoline dropped 2 times, totaling VND 830/ liter. We believe that the continuous adjustment of gasoline prices is likely to have an impact on the reduction of CPI index in August.

Foreign investors remained net selling activity with a total value of VND 129 billion. The investors can refer to our strategic report which has been recently released on 5<sup>th</sup> August for appropriate trading strategies.

#### **Updates on Vinh Hoan Corporation (VHC – HSX)**

On August 6<sup>th</sup> 2014, the industry analyst of RongViet Research conducted visiting tour to fishery businesses in the South West, including Vinh Hoan Corporation – one of the top Vietnamese exporters of pangasius for the first 6 months of 2014 (according to VASEP, July 2014). On 31<sup>st</sup> July 2014, VHC completed the transferring deal – assigning 70% of contributed capital in Vinh Hoan 1 JSC for Pimilco International partner with the total value reaching USD 19.6 billion. With the investment value of VND 52.5 billion at the end of 1Q, this deal might expected to bring approximately VND 363 billion of NPBT for VHC and would be recognized in 2014Q3. The divestment from feeding business is in restructuring plan for the overall operation of VHC. Under the context of many fishery businesses are operating with challenges and difficulties, the investment into fish feeding business is not an urgent issue. Instead, the company will enhance the M&A activity with other hard fishery businesses in order to increase the business scale. In long-term, the feeding business will still be on the focus of the enterprise and VHC can return to fish feed business after 5-year-commitment of the M&A deal.

According to the enterprise's sharing, VHC would buy the Van Duc Tien Giang Company Limited with the current ownership of farming area in Ben Tre with production capacity of approximately 100 tons/day, thus increasing the capacity of VHC by 20%. The company also mentioned the possibility of divestment from rice production business in order to focus on fishery business. Although the details were not revealed, the company expressed the desire to complete the restructuring within this year.

Regarding pangasius export activity, total export value in the first 7 months reached USD 121 million (+9% over the same period). Especially VHC was favored at an anti-dumping duty rate of 0% in POR9 for the period from 1 August 2011 to 31 December 2012. Moreover, according to a brief review of POR10, VHC has still maintained its advantage at that rate. It is likely to be an optimistic outlook enhancing pangasius export values. Furthermore, increasing capital expenditures are also strongly focused with estimated value of VND 1,105 billion, in which an

investment for storage refrigerator up to VND600 billion. As a result, projected capacity of VHC would be increased of 10-15%

In terms of collagen production, sample products were launched into the market in the first months of the year with relatively high price with more than VND 5 million/kg and received positive results. Nevertheless, it was in the admission of VHC that it would be quite difficult to consume the large quantity of collagen with proposed price. According to VHC's plan, this segment would contribute VND 140 billion in revenue and VND 28 billion in NPAT.

For 2H2014 estimated business results, VHC revealed, 6M2014 expected revenue of the parent company was VND 2,600 billion (+2.06% yoy) while its NPAT was around VND 255 billion (+3x compared with the same period). The profit came vitally from its subsidiary- Vinh Hoan 1's dividend of VND 170 billion. Although it was reasonable that dividend was paid before subsidiary sale, such high dividend for the company with only VND 100 billion of capital was still in our surprise. The representative informed VHC's positive business results were caused by soybean storage at low price. However, since 31<sup>st</sup> July 2014, VH1 would be not a concern of VHC's shareholders anymore.

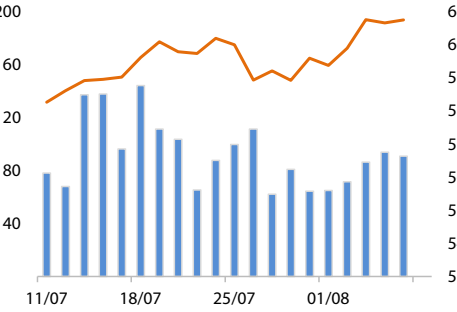
In term of 1H2014 results, our industry analyst estimated that EPS of the company would be approximately VND 7,500 per share this year. At the current price, VHC owned a rather attractive P/E at about 6x; however, under our more careful calculation, VHC seemed to be traded at the fair price. Despite of our appreciation for VHC's structuring strategies and collagen projects, we do not suggest investors to buy VHC at the current price.

**Thuy Nguyen**

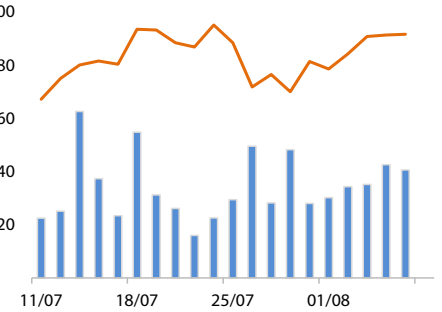
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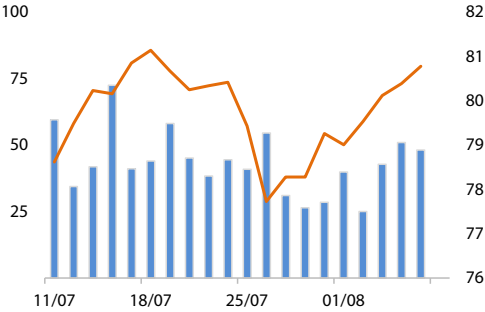
**VNINDEX** 0.15% **607.62**



**VN30** 0.03% **644.19**

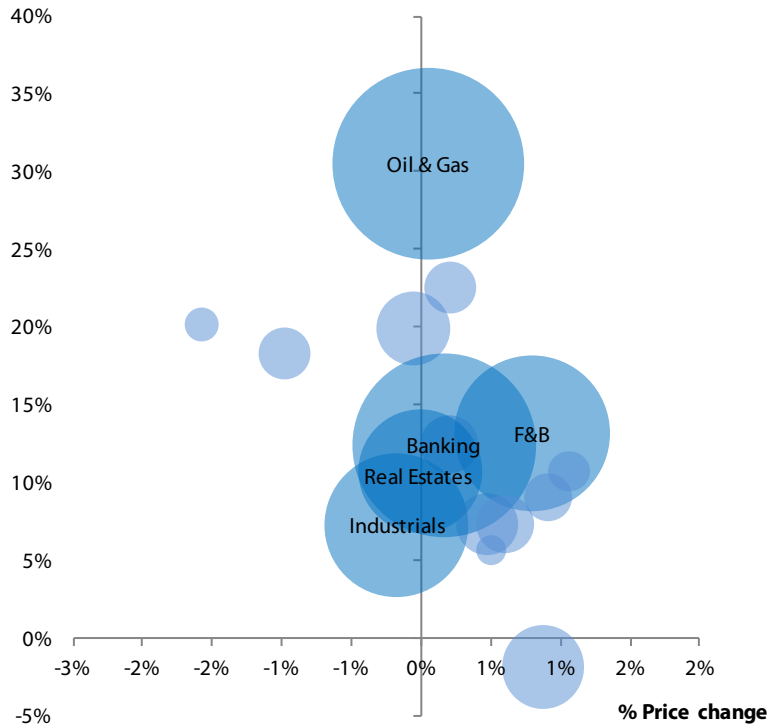


**HNXINDEX** 0.49% **80.78**



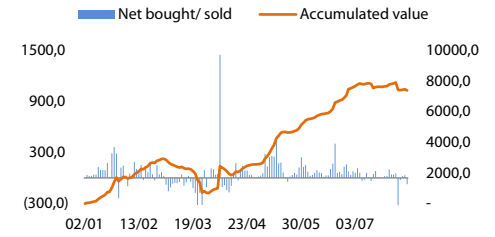
**Industry Movement**

**Industry ROE**

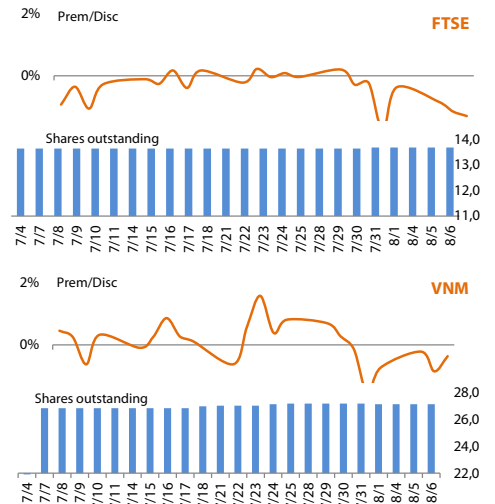


Industry	% change
Technologies	-1,0%
Industrials	-0,2%
Constructions	0,9%
Oil & Gas	0,1%
Distribution	0,5%
F&B	0,8%
Household Goods	1,1%
Cars & Parts	-1,6%
Chemicals	0,2%
Resources	0,2%
Insurances	-0,1%
Real Estates	0,0%
Financials	0,5%
Banking	0,2%
Utilities	0,6%
Healthcare	0,9%

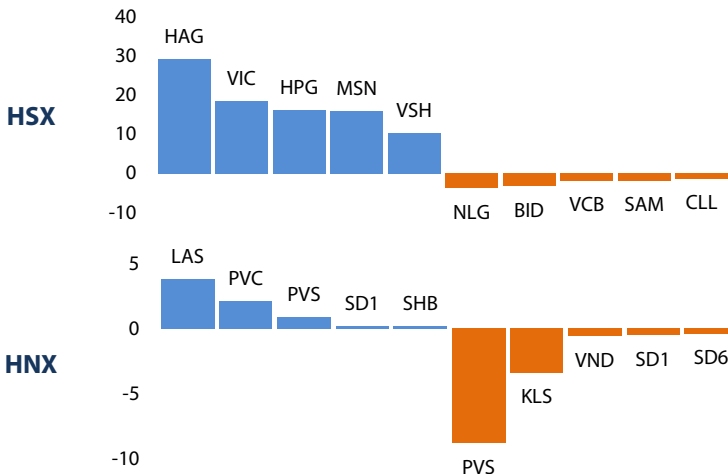
**Foreign Investors Trading**



**ETF**



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



**Top Active**

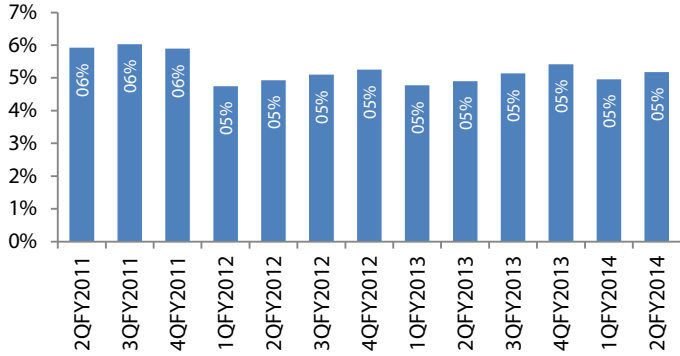
Ticker	Price	Volume	% price change
FLC	13.20	12.01	3.0%
SAM	11.30	4.32	2.7%
HQC	7.70	4.05	6.7%
IJC	14.10	3.32	2.6%
SSI	26.20	3.23	1.2%

Ticker	Price	Volume	% price change
SCR	9.20	9.20	5.8%
PVX	4.70	5.37	2.2%
KLF	12.40	4.66	0.8%
NVB	7.10	4.26	4.4%
DCS	6.30	2.72	6.8%

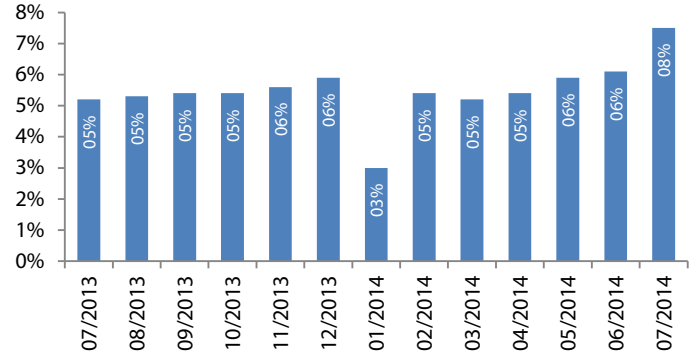
**MACRO WATCH**

**Graph 1: GDP Growth**



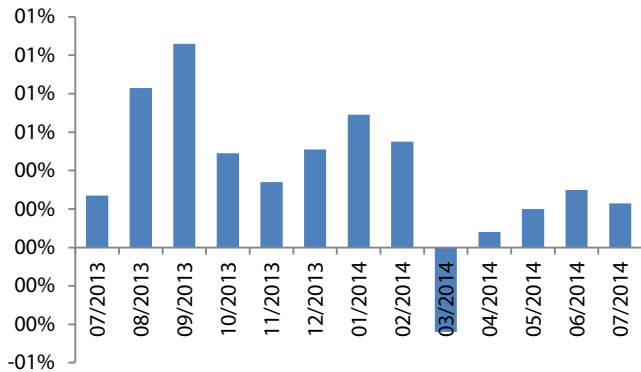
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



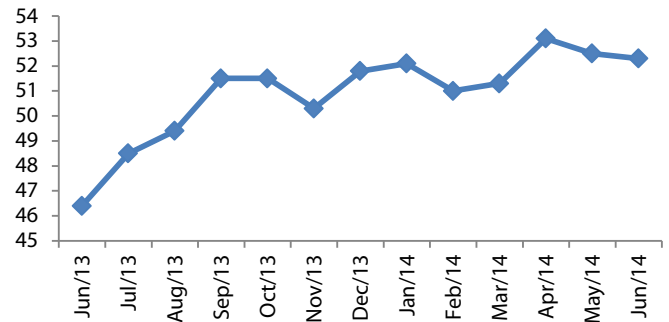
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



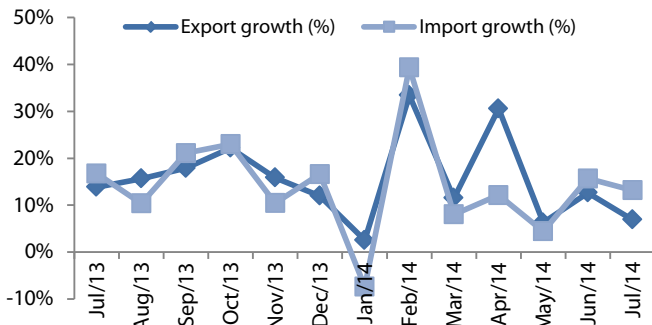
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



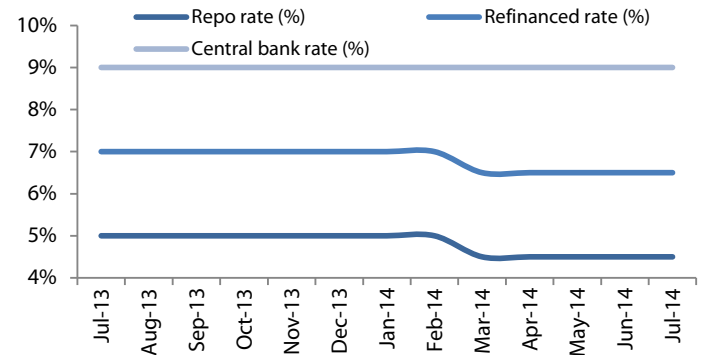
Sources: GSO, Rongviet Securities database

**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	22/07/2014	0.75%	0.75%	11,065	11,000	0,59%
VF1	24/07/2014	0.20% - 1.00%	0.50%-1.50%	22,261	21,961	1,36%
VF4	23/07/2014	0.20% - 1.00%	0.00%-1.50%	10,157	9,975	1,83%
VFA	25/07/2014	0.20% - 1.00%	0.00%-1.50%	7,516	7,479	0,50%
VFB	25/07/2014	0.30% - 0.60%	0.00%-1.00%	10,982	10,975	0,07%
ENF	18/07/2014	0.00% - 3.00%		10,105	10,009	0,96%

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