

APRIL

13

MONDAY

ADVISORY DIARY

- **PAC Update – Positive signal from Annual General Meeting**
- **Market not increased furiously**

PAC Update – Positive signal from Annual General Meeting

Our analyst attended PAC’s annual general meeting. As a business with dual benefit, when output increases, along with the decrease in input price greatly contribute to the business result of the Company. Therefore, in 2014, PAC record exceeded revenue of 2,000 billion dong for the first time. Particularly, revenue was 2,027 billion dong (4% higher than the plan) and profit after tax reached 95.5 billion dong (6% higher than the plan).

According to company executives, positive business result came from:

- (1) In 2014, average lead price declined by 10% y.o.y, resulted in the decrease from 2 to 3% of cost of goods sold. Benefit of lead price help the Company increase sale discounts for resellers and improve their competitiveness
- (2) Thanks to load tightening policy, overall growth of the automobile industry exceeded the expectations (40% in 2014); while large customers such as Thaco Truong Hai and Ford also recorded a positive growth.
- (3) The improvements of technology such as CMG, sealed battery, PTX... are initially accepted and attract more and more customers such as Honda and Piaggio. As a result, step by step PAC regains its lost market share. End of the 2014 financial year, this segment recorded a 78% y.o.y growth in domestic market.
- (4) Implementation and application of bar code system supports the Company to fight counterfeit products and saved 5 – 7 billion cost of warranty.

However in 2014, the drop in lead price significantly supported the business activities of the Company. Facing the abnormal volatility of global material prices, the Company has implemented using recycle products such as lead and zinc with the proportion of 20 – 30% of total material. As a result, PAC was partially less dependent on the price of import raw materials and decreased the risks of exchange rate.

As taken control by state fund - Vinachem (52%), PAC continues to set a conservative plan. Particularly, revenue and PAT planned to reach VND 2,100 and 100 billion, slightly increase 3,8% and 4,7% compared with 2014 performance. This plan raises investors’ dissatisfaction if comparing to the automobile growth of 20%. However, with the exceeding plan history, the real growth, as our opinion, is subject to be more positive than this. The estimated Q1 PAT increase of 79% makes our opinion more persuaded.

if excluding the competition from GS brand and low-cost product imported from China, there is no significant concern even the cost burden of relocating the factory at 752 Hau Giang street, district 6. The reason are (1) PAC will transfer these machineries to Dong Nai battery 2 factory, not raising expense to build new one, (2)the relocation support of at least VND 10 billion is committed to be paid. Additionally, VND 25 billion from the sales of the factory at 445-449 Gia Phu Hau Giang is able to be recorded this year. Besides, with the 2015 dividend of 15% in cash and 2014 unpaid dividend of 15% in cash and 15% in share, PAC is still attractive for value investors.

PAC is in our list of profit-making recommendation as the price has hit and exceeded our target of VND 27,500 mentioned in the result updates on 14th January 2015. Our analyst - Van Binh, said

“Market not increased furiously”

that the target price is established on conservative basis and quite in line with the Company's plan. PAC is currently trading at P/E forward of 9x. In spite of positive expectation on 2015 business result, we change our recommendation from "Accumulate" to "Hold" as referring to the soar in this stock price recently

Market not increased furiously

Today, trading session was supported by various positive news such as the adjustment of WB forecast (+0,5% for GDP Vietnam) and the unchanging of oil price. Thus, VNIndex closed in green and nearly reached 560 points (+1%). However, market increased thanks mainly to blue chips. We recognized that most of the blue chips increased due to its own "story". Particularly, VIC increased 2% thanks to its M&A with Vinatexmart while MSN increased 5,3% due to withdrawal from Proconco. In addition, VNM reached VND 110,000/share (+1.9%), equal to the target price in our result update published in 19th December 2014, due to the information of 325,000 subscribed shares from SCIC and the statements of growth rate of 12,6% and bonus share ratio of 5:1

As our calculation, the trading value of VN30, today, accounted for 48% of total trading value, 5% higher than the average one in previous week. If excluding Blue-chips, VNIndex might close with red color. However, in a positive way, the foreigner's net buying reached VND 109 billion, focused on EIB, HAG, VIC, PVD.

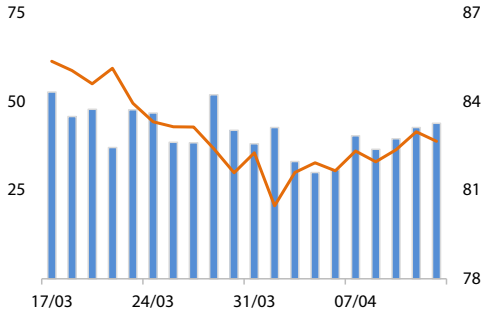
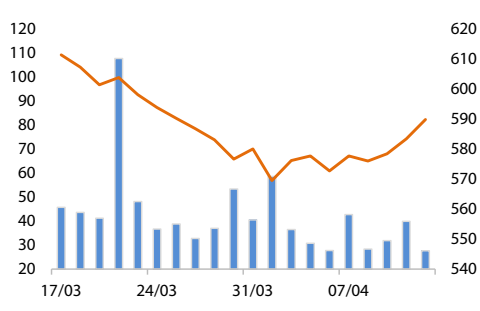
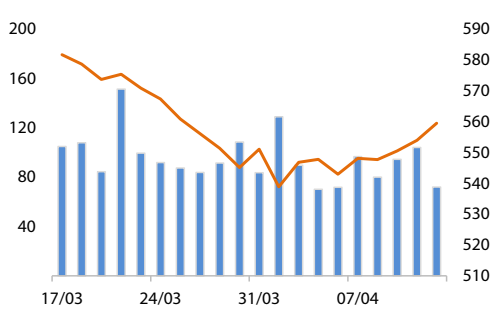
In spite of rebounds in both indices and liquidity as well as optimism in economy's outlook, domestic and foreign investors' disbursement has relatively conservative. Many stocks have currently traded quite under their intrinsic values but we believe that the market might stabilize accompanied by the low liquidity. As a result, capital flow is still waiting for AGM information and for specific story in each stock.

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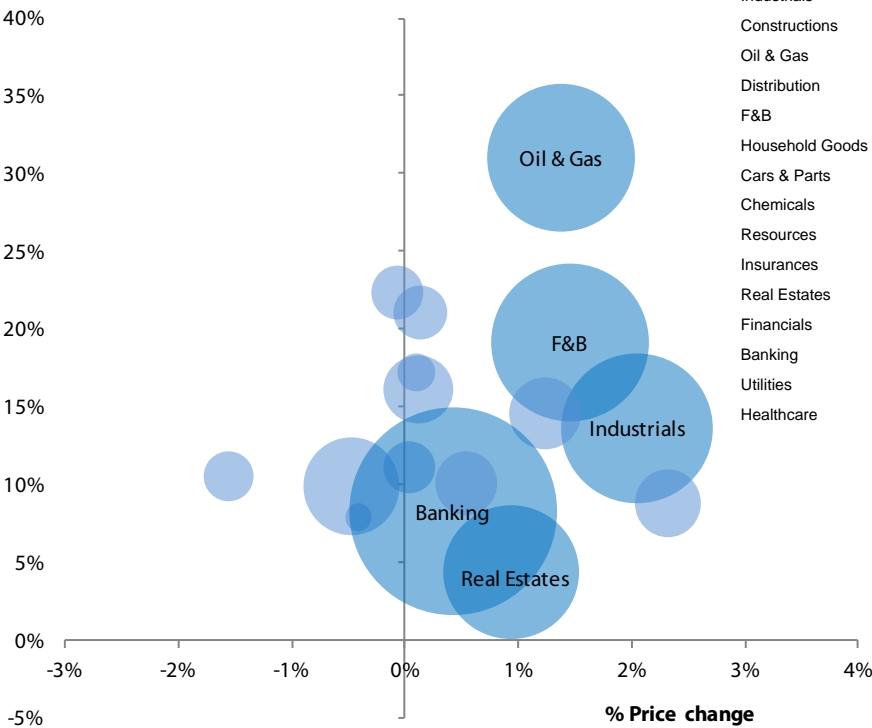
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VNINDEX 0.99% **559.54** **VN30** 1.10% **589.77** **HNXINDEX** -0.39% **82.66**

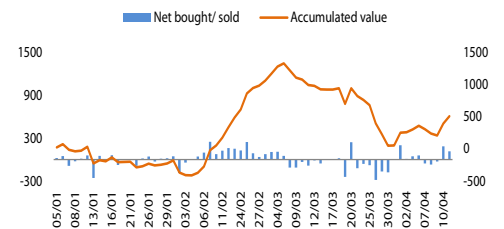


Industry Movement

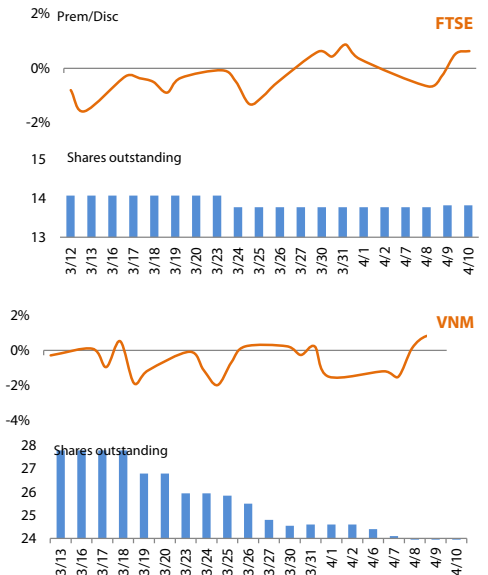
Industry ROE



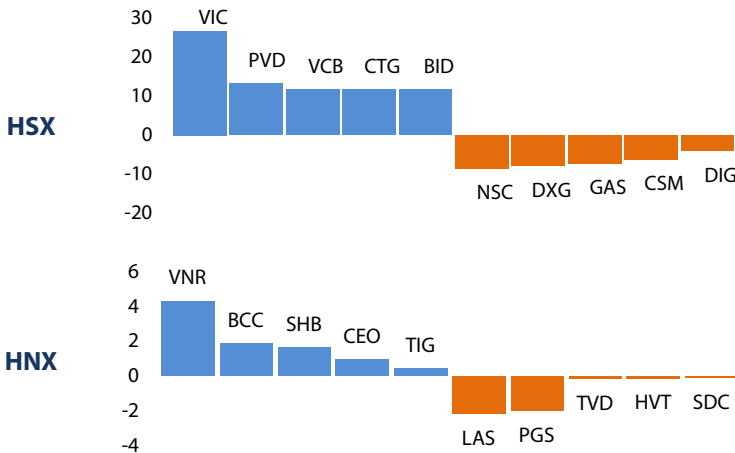
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



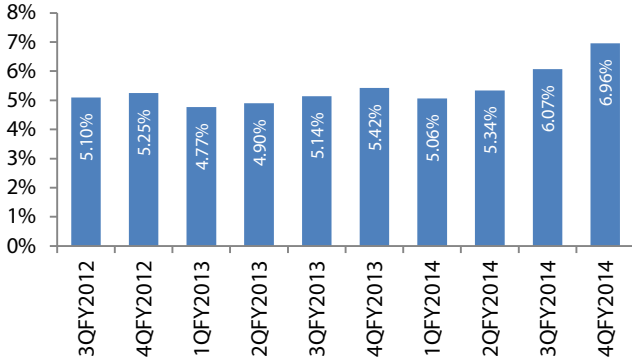
Top Active

Ticker	Price	Volume	% price change
FLC	10.6	8.49	0.0%
DLG	9.8	3.78	0.0%
HAI	11.0	3.68	-2.7%
CII	19.9	3.67	-2.0%
CTG	18.1	2.44	0.6%

Ticker	Price	Volume	% price change
FIT	14.0	4.16	-2.8%
KLF	9.0	3.73	0.0%
ITQ	20.0	3.05	0.5%
VIX	13.3	1.68	2.3%
BAM	4.2	1.48	5.0%

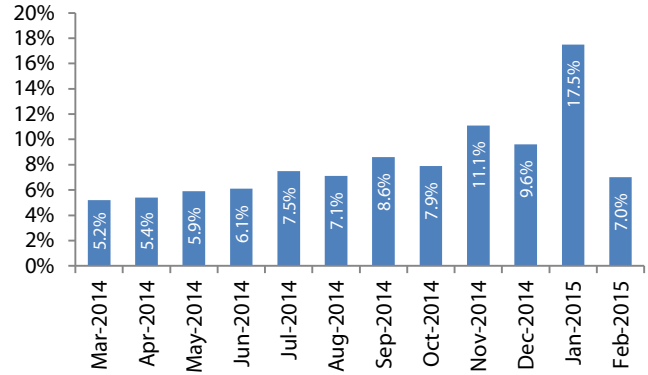
MACRO WATCH

Graph 1: GDP Growth



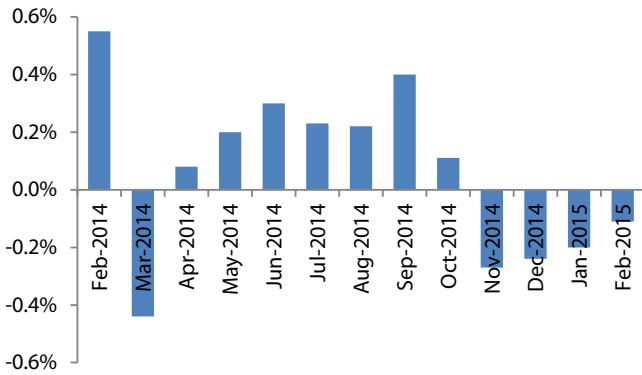
Sources: GSO. Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



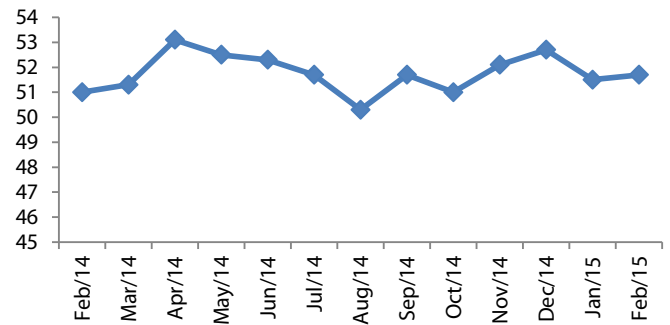
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



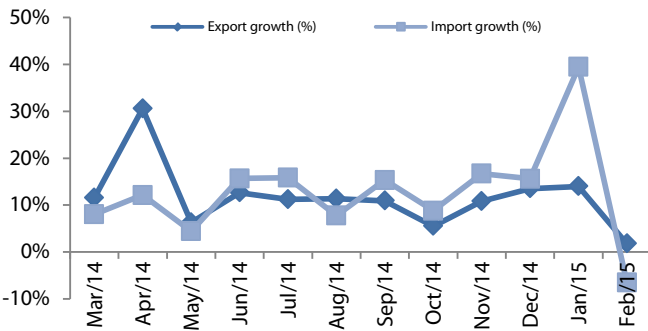
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



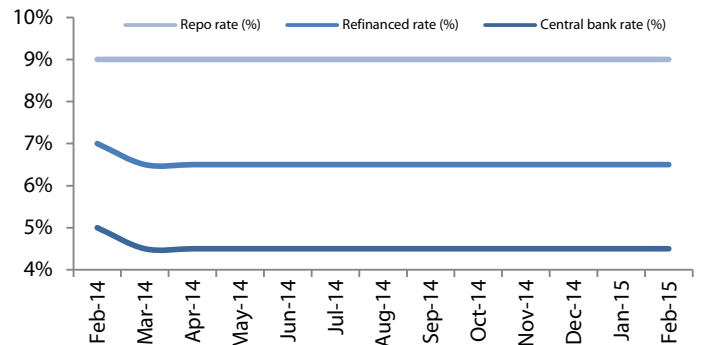
Sources: GSO. Rongviet Securities database

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
PAC- Opportunities along with challenges	Jan 14 th , 2015	Accumulate – Intermediate term	27,500
HMH - Positive outlook from various supporting factors	Jan 06 th , 2015	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 th , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 th , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 th , 2014	Monitor	

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	10/03/2015	0%-0.75%	0%-2.5%	11,730	11,725	0.04%
VEOF	10/03/2015	0%-0.75%	0%-2.5%	9,871	9,695	1.82%
VF1	16/03/2015	0.2% - 1%	0.5%-1.5%	21,715	21,772	-0.26%
VF4	11/03/2015	0.2% - 1%	0%-1.5%	9,530	9,552	-0.23%
VFA	13/03/2015	0.2% - 1%	0%-1.5%	7,402	7,457	-0.73%
VFB	13/03/2015	0.3% - 0.6%	0%-1%	12,187	12,179	0.06%
ENF	06/03/2015	0% - 3%	0%	10,951	10,868	0.76%
MBVF	26/02/2015	1%	0%-1%	11,081	11,100	-0.17%
MBBF	11/03/2015	0%-0.5%	0%-1%	12,032	11,966	0.55%

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