

MAY

11

MONDAY

ADVISORY DIARY

- **VHC- Long-term prospectives thanks to competitive factors**
- **The capital flows have not been attracted**
- **GSP- Heading for a new growth period**

VHC- Long-term prospectives thanks to competitive factors

As mentioned in Advisory Diary dated 8th May, 2015; we, today, provides further information relating to 2015 VHC outlook. In 2014, VHC gained impressive performance when PAT reached VND 439 billion. If excluding extraordinary profit from selling the Vinh Hoan 1 subsidiary (~VND 151 billion), the PAT of core business activity also jumped 82%

With regard to core business, VHC continuously was the leading pangasius export corporation with a growth in 2-digit rate. As the industrial statistics, there were some companies facing an export value slump as AGF(-25%), IDI(-20%). In spite of the growth rate of 31%, HVG also decreased in price, especially in US market (-8%), EU market (-17%). Conversely, an increase of 6% in price as well as 17% of export volume brought a rise of 24% in export value.

Figure: Export values in certain companies in 2013-2014

Export values (mil USD)	2013	2014	%yoy
Vinh Hoan	166	207	24%
Hung Vuong	107	140	31%
Navico	87	109	26%
Agifish	113	85	-25%
IDI	80	64	-20%
Hung ca	55	59	7%

Source: RongViet Securites compiled

Reducing the supply in recent years has proved the rejection of small businesses in fishery industry to happen continuously. The leading corporations as HVG, VHC, thus, have a chance to recover market share. Besides, this can bring the increase in price of export pangasius. With this argument, the average selling price in 2015 was estimated to raise 2-3%. Additionally, VHC planned to increase capacity form 380 tons/day to 580 tons/day with the investment of VND 560 billion, in order to take a chance of the anti-dumping tax rate of USD 0 per kg. As the plan, in the end of Q2/2015, VHC capacity is subject to be up 58% to meet the export demand increasing. Thus, we expected VHC volume was able to grow 30% in 2015 and the revenue of fishery products could reach VND 6,802 billion (+27% yoy)

Notably, the collagen project will contribute the revenue in 2015. According to VHC, in Q2/2015, the collagen plant will start to operate with 35% capacity and bring VND 180 billion to sales. Previously, The Vinh Hoan Singapore Corporation with the capital of USD 700,000 has established to support the export activity. However, in short-term, VHC planned to penetrate in both domestic and foreign market. With the gross margin (20-30%), significantly higher than pangasius business (10-14%), this product will improve its profit. Additionally, for the purpose of focusing on core business, in 2015, VHC will withdraw the rice business not bringing net profit in recent years. The capital of Vinh Hoan 2 Food Co., Ltd is approximately ~ VND 100 billion, in which VHC takes account of 99.3%. Although, the divestment value has not been published, we had no great expectation in this deal better than previous one in 2014

According to the above mentioned analysis, we forecast that the revenue of VHC will reach 7,573 billion VND (+20% y-o-y) while NPAT will reach 400 billion VND (+39% y-o-y) in 2015. Our forecast

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“The capital flows have not been attracted”

is higher than the revenue and NPAT of VHC actual business plan about 4% and 25% respectively. Thus, P/E of the business is equal to 8X, quite reasonable to that of the industry. However, by considering the long-term factors, we have high expectation on VHC due to their competitive advantages. For example, strong brand awareness, premium segment, high chance to expand export markets by having tax incentives in the US anti-dumping. Thanks to these advantages, the average of export growth rate of VHC can sustain over two numbers. Moreover, if the new Collagen project works stably then its gross profit margin could be improved. With these positive factors, we remain confident about the medium and long term potential of VHC.

The capital flows have not been attracted

The investors in the first trading of the week have remained conservative as liquidity was not relatively dominant, at about 124 million shares, up approximately 19% compared to the prior session. In the morning, the eventful trading in Small caps led us expect a rebound. However, after fluctuation, the market closed in red in the afternoon session. Contrary to the domestic investors, foreigners have been maintained their net buying activities with total value of 63 billion on both exchanges.

In today session, we mostly notice the stock in the automotive industry namely HHS, trading at the ceiling price of 22,800 VND per share. An increase in the ownership of the Mutual Fund Elite and Ton Poh Thailan Fund to respectively 6.13% and 5.32% are considered as supports on the stock. As a result, it solved a dilemma recently as foreigners have kept buying HHS. To calculate, the price has appreciated by about 15% with net buying of foreign investors about ~ 17 million shares within one month.

As summary, there was no remarkable trading in today's session. For those who holds blue chips have faced "challenge" as VN30 index down 0.6%, higher than the overall market decline. Most listed companies have been organized AGM, positive information regarding business result as well as dividend payout has led an eventful trading in the each individual stock. Our market analyst believes that outperformed results and macroeconomic are likely to ensure supports for the market. However, a break in VNIndex needs essential capital flows. However, we still believe that, investors were prepared for "fluctuation" trading in May.

GSP- Heading for a new growth period

Today, 11/05/2015, RongViet Research issued the report of **Gas Shipping JSC (GSP)**. GSP is a leading LPG transport services provider in Vietnam with respect to vessel fleet capacity. Our analyst, Hoang Nguyen, recommends investors to **ACCUMULATE** the share in **LONG-TERM** with **VND16,600/per share**.

Sustainably levered financial structure plus a highly liquid balance sheet may prove vital for the Company in times of unexpected drastic fall in transport order. Also, regular annual dividend payout of 10%-12%, dividend yield of ~10% in equivalent, is another attractive point for GSP share.

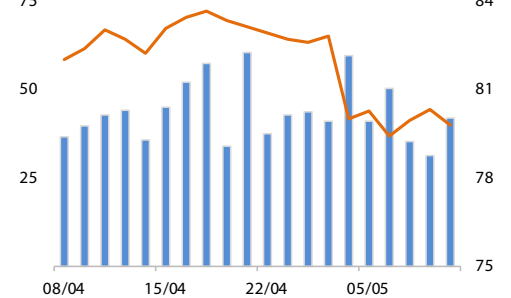
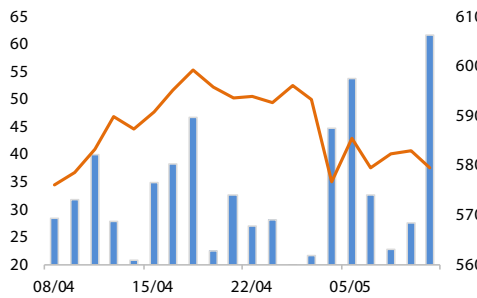
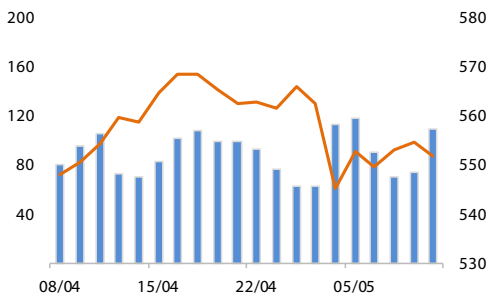
However, we do concern the longer- than- expected low oil prices may lead GSP to lower freight rate for oil refineries affected by low oil prices. Though, the lower input prices (FO and DO) could help keep the business margin in balance. In the long term, growth in green energy use (LPG) and the introduction of new refinery plants such as Nghi Son and Ca Mau would bring LPG transport demand to a higher level

Tam Bui

+ 84 8 6299 2006 | Ext: 324

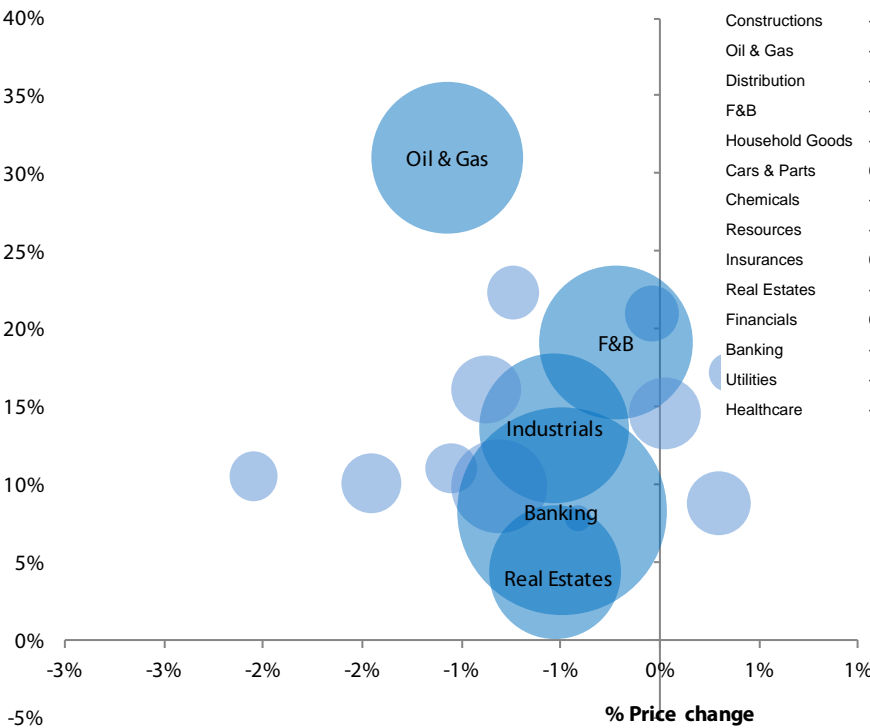
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VNINDEX -0.51% 551.67 VN30 -0.60% 579.41 HNXINDEX -0.66% 79.76



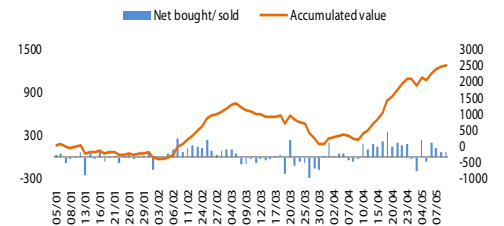
Industry Movement

Industry ROE

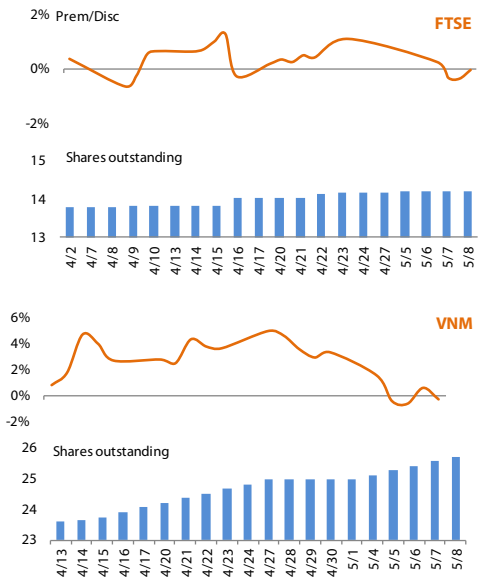


Industry	% change
Technologies	0.0%
Industrials	-0.5%
Constructions	-0.8%
Oil & Gas	-1.1%
Distribution	-0.4%
F&B	-0.2%
Household Goods	-1.1%
Cars & Parts	0.3%
Chemicals	-0.9%
Resources	-0.7%
Insurances	0.0%
Real Estates	-0.5%
Financials	0.3%
Banking	-0.5%
Utilities	-1.5%
Healthcare	-2.0%

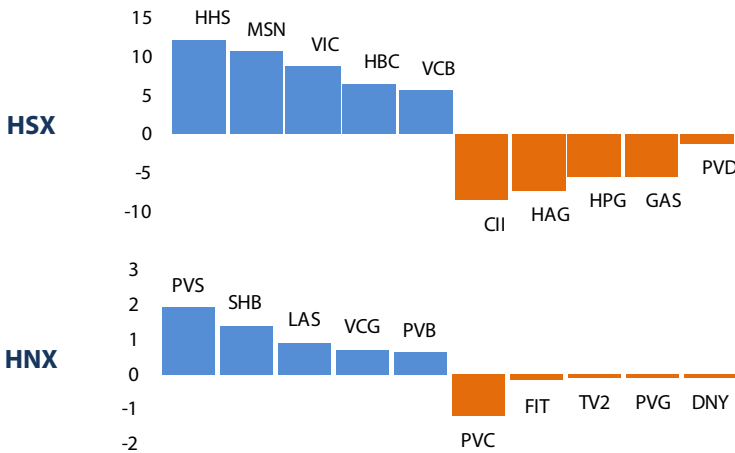
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



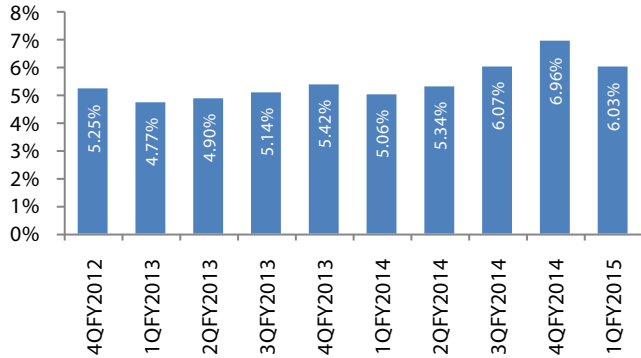
Top Active

Ticker	Price	Volume	% price change
OGC	2.8	23.43	-6.7%
FLC	9.9	13.42	-1.0%
CII	21.3	5.28	1.9%
VHG	9.1	4.94	3.4%
HAI	9.0	4.03	-3.2%

Ticker	Price	Volume	% price change
KLF	7.3	7.85	-3.9%
SHB	7.9	5.93	-2.5%
FIT	13.4	5.71	1.5%
PVX	4.0	1.97	-2.4%
SHN	5.6	1.22	9.8%

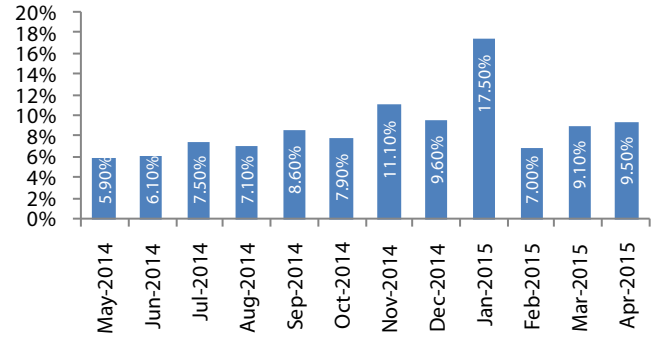
MACRO WATCH

Graph 1: GDP Growth



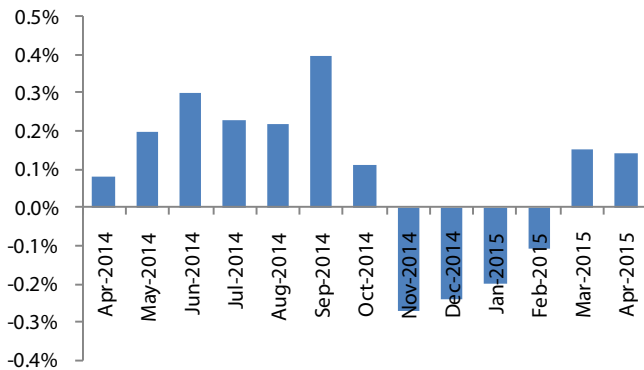
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



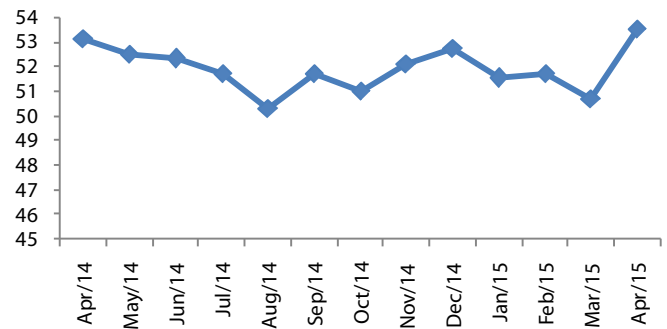
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



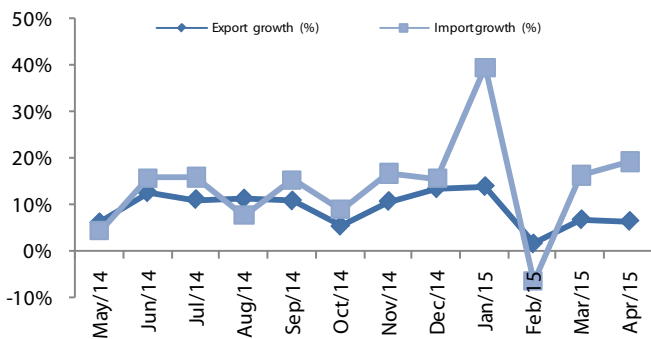
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



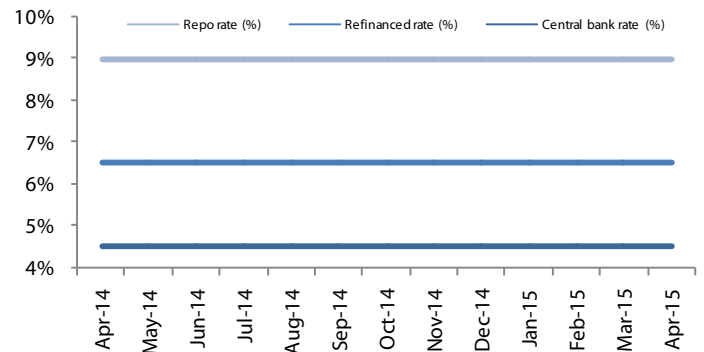
Sources: GSO. Rongviet Securities database

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
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
BT6 - Restructuring scheme to bring a brighter prospect	Jan 27 th , 2015	Monitor	
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

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	21/04/2015	0% - 0.75%	0% - 2.5%	11,741	11,793	-0.44%
VEOF	21/04/2015	0% - 0.75%	0% - 2.5%	9,630	9,607	0.24%
VF1	24/04/2015	0.2% - 1%	0.5%-1.5%	21,052	21,178	-0.59%
VF4	22/04/2015	0.2% - 1%	0%-1.5%	9,166	9,097	0.76%
VFA	24/04/2015	0.2% - 1%	0%-1.5%	7,168	7,217	-0.68%
VFB	24/04/2015	0.3% - 0.6%	0%-1%	12,049	12,154	-0.86%
ENF	17/04/2015	0% - 3%	0%	10,826	10,798	0.26%
MBVF	09/04/2015	1%	0%-1%	10,267	10,854	-5.41%
MBBF	15/04/2015	0%-0.5%	0%-1%	12,080	12,083	-0.02%

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 Binh

+ 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



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