

AUGUST

13

WEDNESDAY

“A positively incipient sign appearing in Mid/Small caps”

ADVISORY DIARY

- **BMP – 2Q2014 Result Update**
- **Updated credit growth figures in the past 7 months.**
- **A positively incipient sign appearing in Mid/Small caps**

BMP – 2Q2014 Result Update

Binh Minh Plastic Joint Stock Company has just announced consolidate 2Q2014 performance results. In which, revenue reached at VND618.5 billion, rose slightly of 4% over the same period. As material expenditure (mainly PVC resin) has increased by 9% since the beginning of this year, BMP still recorded a drop in profit margin of nearly 1% in comparison with the same period and reached at VND176.2 billion regardless of an increase in revenue.

Revenue in 1H2014 reached VND1,119.8 bn (+8.8%yoy), NPAT was VND192.34bn (-2%yoy); sales volume in the first half of this year was stable at around 24,500 tons. Based on this result, BMP has completed 49.24% its full-year PBT target in the first two quarters of 2014. Our analyst know from the latest meeting with BMP that the Company has placed much attention on expanding its market share in the South West and the Highland region of Vietnam now that the Northern market is being bombarded by NTP's aggressive commission policy. As the result, the number of BMP sale sites grew 10% from a year earlier to 1.251 stores in Q2.

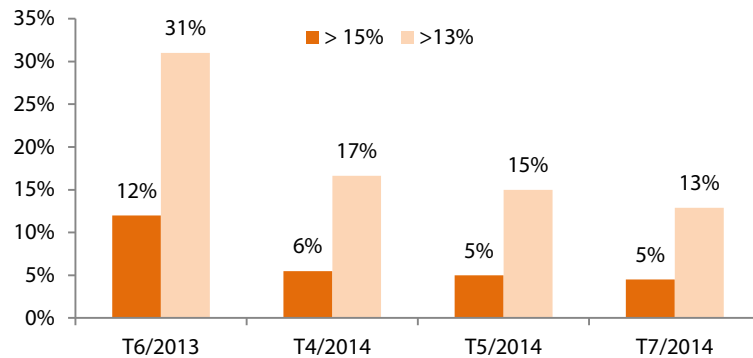
Related to an establishment plan of the fourth factory in Long An, BMP said that the Company might finish approximately 20,000 m2 (total acreage of 15.5 ha) in 2014. The new plant will have been in operation since 2Q2015. Our analyst believes that under circumstance of full-capacity and non-expanding acreage, new establishment of Long An factory would be critical catalyst in upcoming periods.

Recently, General Department of Taxation has been published an official document related to tax arrears of BMP. Accordingly, BMP is still fully paid the tax arrears but the Company do not suffer a penalties as well as administrative violation (VND42.1 billion). However, BMP said that the Company is appealing for refund the tax arrears (VND75 billion) that had been paid in 2013. Thus, the transaction is still booked in "Other payables". Assuming that BMP would not record it in 2014 performance, our analyst forecast NAT should be VND393 billion (+5.9% yoy), equivalent to EPS forward of 8,638 VND per share.

Updated credit growth figures in the past 7 months.

The State bank of Vietnam recently announced the figure of credit growth, particularly, until July 2014 it increased by 3.68%, with 0.16% compared with last month and lower than the increase of 5.4% in 2013. According to SBV, deposit interest rate and lending interest rate due to some priority field decreased by 1%. The percentage of credit balance which is over 13% decreased month over month; and now it still has over VND620,000 billion in terms of over-13% credit balance (~17.4% over the total credit balance, a significant decrease compared with 43% of June 2013.

Figure: The proportion of loans with an interest rate over 13% and 15%



Sources: Rong Viet research compiled

For 2014, the target credit growth is between 12% and 14%, meaning bank lending will have to at least 8.3% in the remaining 5 months of the year for this guidance to be fulfilled. In fact, credit balance did expand 7.15% between July and December last year as the VAMC bought VND38,900 billion worth of bad debts. However, so far this year, VAMC has faced many difficulties in dealing with NPLs, which we believe will take a lot more time to find the solutions. It also means that the chance will be small for credit growth to reach SBV's target.

Given the seasonality in banks' operation, we still expect that credit will go up in the 5-month period and reach a total of 10-11% for FY2014. The banking system overhaul is first and inevitably followed by stalled credit expansion; the next thing to expect is curbed economic growth. In the absence of a new direction for regulating policies, especially in the matter of dealing with bad debts, we believe that this situation will stretch over next year, upsetting economic growth even further.

A positively incipient sign appearing in Mid/Small caps

In contrast to previous days' gloom, market sentiment was a lot better today. The bulls was more enthusiastic, resulting in a jump in liquidity on both exchanges (+32%). A green shade was seen across a large number of stocks, strangely, with the exception of some of the largest-caps. We also witnessed a strengthening of cash flows among mid-and-small-caps, most notably PVS, PVB and PXS. GAS, MSN and VIC, on the other, received little interest from the buy side, ending lower 2%, 1% and 1% respectively. As the result, no breakthrough was witnessed and VNIndex managed to added on 0.16%; the performance of the HNX' gauge was much better at 1.68%.

In today market, we noticed two tickers that investors have been interested in recently namely KDC and VNM. Regarding KDC, although 2Q2014 performance has not been announced, the investors still have positive outlook on moon-cakes segments as Mid-Autumn festival is coming. KDC also have a plan of issuing stock dividend with a rate of 5:1. Thus, the price has been surging since the beginning of this August, from the price of 56,000 VND per share to 63,500 VND per share, equivalent to an increase of 13.4%

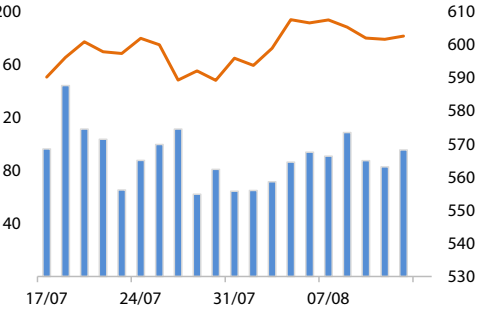
Meanwhile, in term of VNM, today is ex-dividend date in cash payment of 20% and stock dividend with a rate of 5:1. Thus, the reference price actually adjusted to 113,000 VND per share, compared to the closed price of 114,000 VND per share, meaning an increase of 1%. Observing the stock dividend history in past two years, we recognize that after 6 months to 1 year, the price reaches to that of before adjustment. However, whether the history happens is always the question that the investors might wonder after stock dividend but our analyst's answer is not certain as before.

Tam Bui

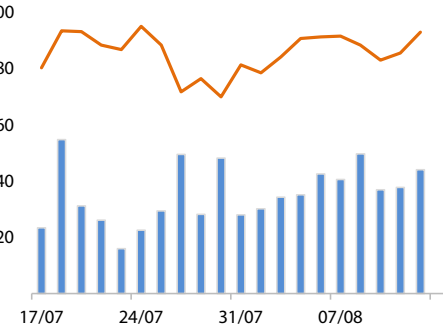
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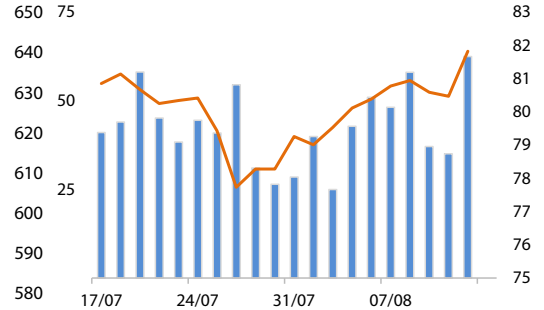
VNINDEX 0.16% **602.76**



VN30 0.81% **645.17**

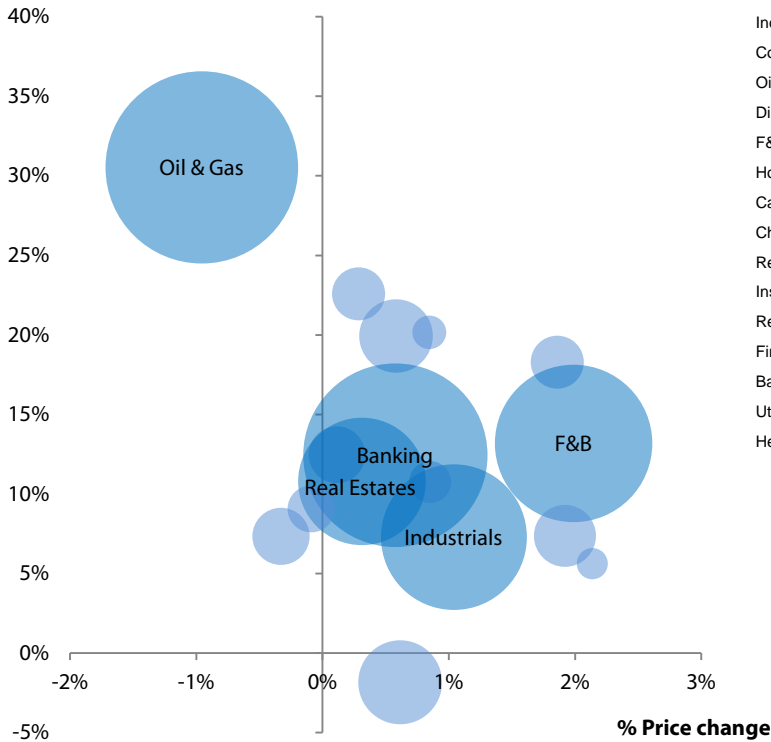


HNXINDEX 1.68% **81.82**



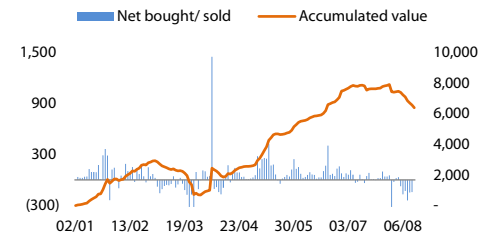
Industry Movement

Industry ROE

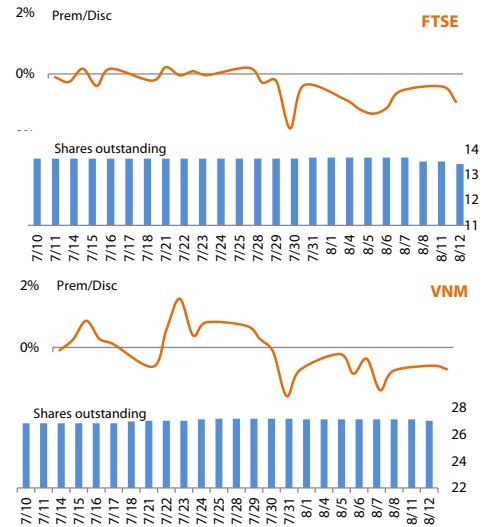


Industry	% change
Technologies	1.9%
Industrials	1.0%
Constructions	0.6%
Oil & Gas	-1.0%
Distribution	2.1%
F&B	2.0%
Household Goods	0.9%
Cars & Parts	0.8%
Chemicals	0.1%
Resources	0.3%
Insurances	0.6%
Real Estates	0.3%
Financials	1.9%
Banking	0.6%
Utilities	-0.3%
Healthcare	-0.1%

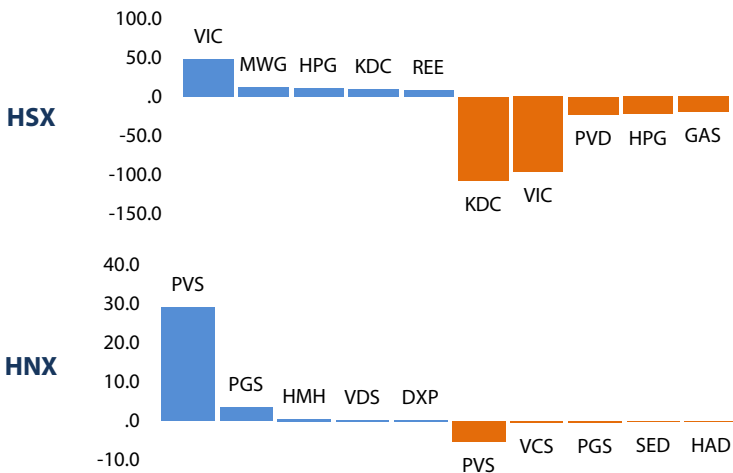
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



Top Active

FLC	13.70	13.94	-2.8%
HQC	8.10	4.17	3.9%
OGC	12.00	4.15	3.5%
SAM	11.90	3.85	4.4%
ITA	8.00	3.55	2.6%
SCR	9.70	11.31	6.6%
PVX	4.60	6.97	0.0%
PVS	36.50	6.93	7.0%
KLF	13.40	5.52	3.1%
KLS	11.50	3.86	1.8%

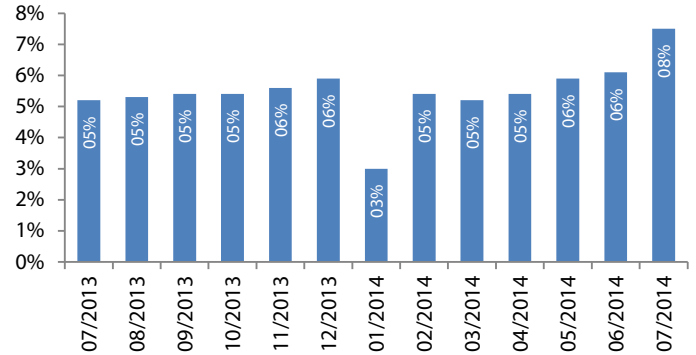
MACRO WATCH

Graph 1: GDP Growth



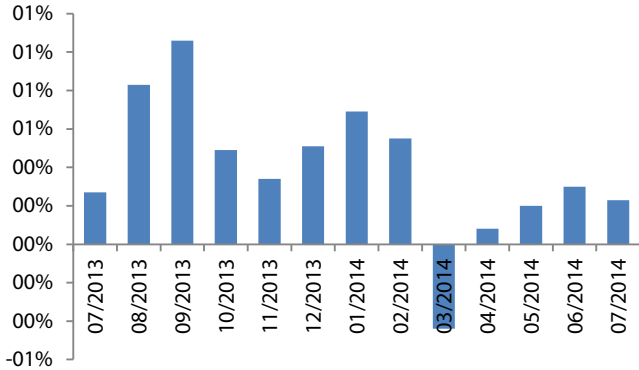
Sources: GSO, Rongviet Securities database
(* Comparison price in 1994)

Graph 2: IIP



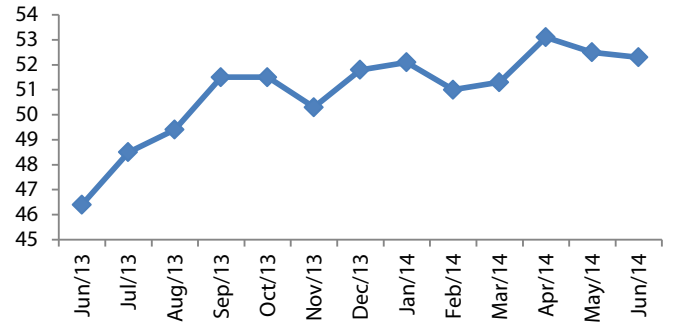
Sources: GSO, Rongviet Securities database

Graph 3: Monthly CPI



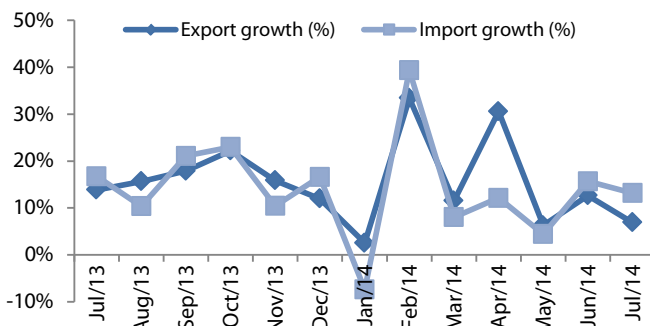
Sources: GSO, Rongviet Securities database

Graph 4: HSBC - PMI



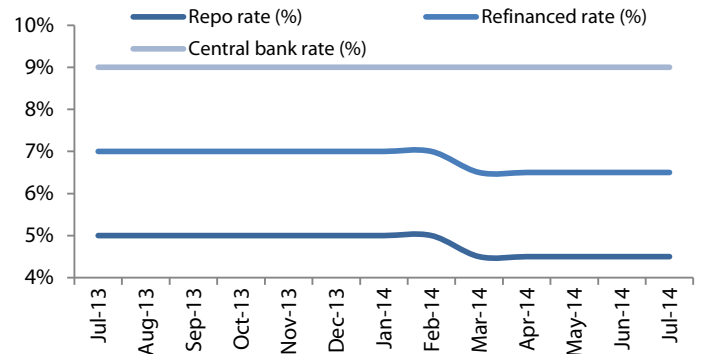
Sources: GSO, Rongviet Securities database

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
HPG - On the way to dominate nationwide' market shares	Aug 12 nd , 2014	Accumulated – Intermediate-term	66,400
DBC-Benefit from decline in material price	May 27 th , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 th , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 th , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 th , 2014	Accumulated – Long-term	19,200

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	05/08/2014	0-0.75%	0-2.5%	11,182	11,053	1.17%
VF1	07/08/2014	0.20% - 1.00%	0.50%-1.50%	22.263	21.759	2,32%
VF4	06/08/2014	0.20% - 1.00%	0.00%-1.50%	10.211	9.946	2,67%
VFA	08/08/2014	0.20% - 1.00%	0.00%-1.50%	7.537	7.422	1,55%
VFB	08/08/2014	0.30% - 0.60%	0.00%-1.00%	11.120	11.002	1,08%
ENF	01/08/2014	0.00% - 3.00%		10,152	10,233	-0.79%

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