

JANUARY

13

TUESDAY

**ADVISORY DIARY**

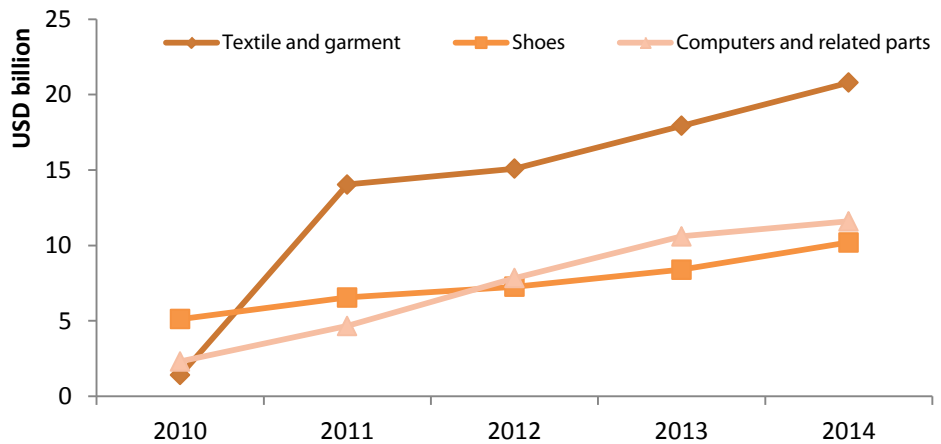
- **SFI- The introduction of Sea and Air Freight International JSC**
- **Two “market tractors” behaved differently- VCB slowed down, GAS went on rallying**

**SFI- The introduction of Safi logistics JSC**

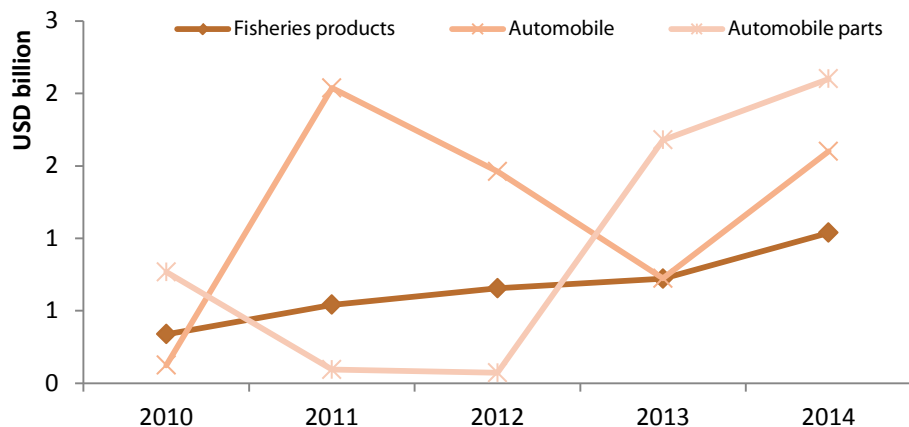
In our advisory diary on January 6th 2015, RongViet Research shared a positive point of view on logistics industry this year. Following that, at the start of this week, our analyst just had a meeting and discussion with the representatives of Sea&Air Freight International JSC (SFI: HSX).

Being one of the leading domestic logistics enterprises, SFI operates in three main areas (1) Shipping and receiving retailers, (2) Logistics (warehousing and transportation) and (3) Shipping agency with EPS usually maintaining at ~ VND3. 500 per share for the last few years. Currently, logistics retailing services is the most important business segment accounting for nearly 25% revenue of the firm. Revenue from this segment greatly depends on the volume growth rate of export product. However, by owning strong brand awareness, experienced sales team and large domestic and foreign agent networks would successfully aid SFI to clinch long term logistics deals and also maintain its volume order during difficult periods.

**Figure 1: Total export value of SFI’s main products**



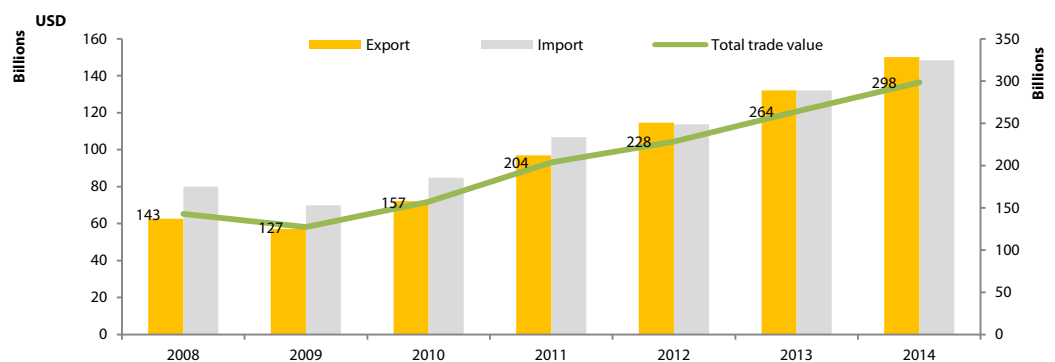
**Figure 2: Total import value of SFI’s main products**



*“Two “market tractors” behaved differently”*

Conversely, one of the most important concerns on logistics industry of Vietnam in general and SFI in particular is the penetration of foreign delivery companies (Fedex, DHL, Schenker...). However, according to our investigation, this has not affected too much on business operation of SFI since these foreign companies have contracts from FDI companies and leading cooperates such as LG, Samsung.... Meanwhile, SFI's customers are domestic SMEs, which brings better gross margin (~20% if full serviced). However, FDI companies segment looks very potential due to large exports demand. So, SFI has also penetrated this segment through delivering agencies for textile companies, automobile and retail such as Nike, Toyota, Nissan, Aeon... and improved services to become the second level agencies of foreign logistics companies.

**Figure 3: Annual export and import value**



We realize that there are many similarities in operations and 2015 plan of HMH and SFI. In September, SFI divested investment from the joint venture Yusen (Japan) with the cash inflow of VND 109 billion. This is a main source of concern since this joint-venture's business is doing very good and contributed quite largely to consolidated after tax profit of SFI (~40% in 2013). SFI has planned to offset this profit slide by increasing leasing warehouse area as well as merging small logistics companies to increase its service supply capacity. In 2015, the company estimates to invest VND 4-5 billion to increase warehouse area to 11.000 m2 as well as filter its customers to improve the gross margin. To increase transport capacity, SFI also plans to invest VND 15 billion to purchase 5-10 containers. Similarly to HMH, the logistic of SFI, which constitutes 50% net sales, will benefit from the drop of gasoline price (Diesel oil price down by 25% since 2014). Especially, since slight goods such as textile, shoes, accessories,... are main products of SFI logistics so they are almost not affected by the truck-loading control regulations. With the freights are competitive and hardly decreased more, we expect the gross margin of SFI logistics to improve positively in this year.

In general, with the growth of the industry and other advantage factors, prospects of SFI as well as other domestic logistics companies looks very positive in 2015. Besides, we realize that the step by step penetration of FDI sector is quite suitable with the uptrend of the industry. However, about facilities, SFI remains small compared to others. If it is more dynamic in investments, SFI may have more supplying capacity when Vietnam participates in key agreements such as TPP and FTAs.

**Two “market tractors” behaved differently- VCB slowed down, GAS went on rallying**

Blue-chips group including HAG, KDC, GAS and especially banking tickers such as CTG and BID continued to be the main support for this week's second VN-Index rally. Meanwhile, VCB which

has attracted much attention from investors in the first wave of banking shares this year unexpectedly closed in the red, down VND200/share. The development of blue-chip went along the noticeable movements of a handful of speculating tickers such as HAR, HUT, OGC; OGC alone reached ceiling after falling to floor in three consecutive sessions.

Today, two VN-Index and HNX closed in green color. However, total trading value on HSX fell by 4 % compared to yesterday. A notable development today was the foreign investors turned net sellers on both floor with both net sales value of VND40 billion on HSX and up to VND200 billion on HNX. However, excluding the two largest deals in KBC (VND208 billion) and DBC (VND221 billion net selling). Foreign investors remained net buyers on both exchanges.

Today, the SBV Operations Center increased listed exchange rates, i.e. bid price VND21.350 per USD, ask price VND21.600 per USD, which were higher than the listed price of commercial banks. According to our observations, after the SBV raised 1% exchange rate on January 7, the actual market went down when the supply of dollars in the market is still abundant. On the one hand, January is usually a month of dollar surplus because most companies have imported goods in the last months of 2014 to sell in the New Year. On the other hand, businesses and people no longer interested in hoarding dollars because room for depreciation is only 1% after January 7. After the movement of the SBV shows that this organization is ready to buy foreign currency in order to stabilize the market, the exchange rate also stop declining. Our macro analyst appreciates the SBV's step because the increase in the exchange rate at this time will support the country's exports and raise foreign reserves to help Vietnam cope well with difficult movement of the exchange rate on the world, especially in the context that having many unexpected policy news.

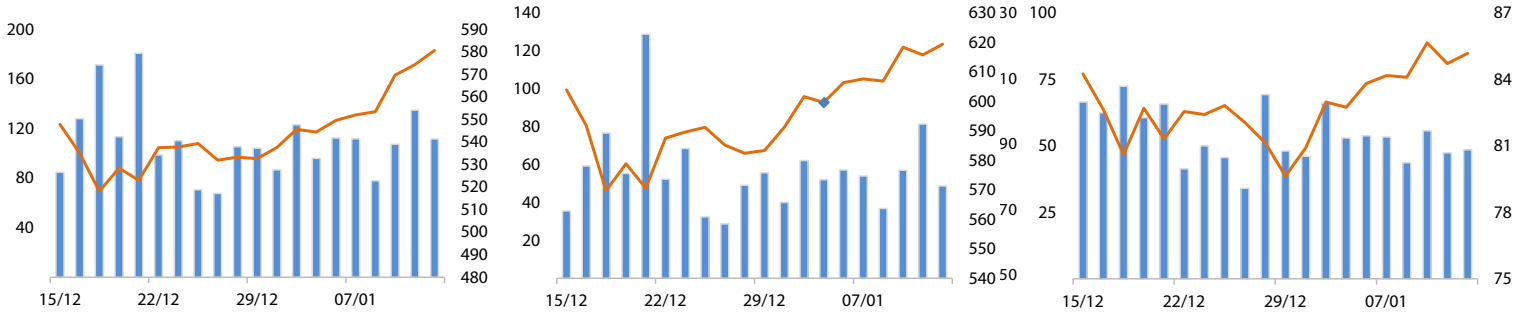
Yesterday, oil prices (WTI and Brent) penetrated the bottom of 45 USD/barrel, which was the lowest level since mid-2009. This seemed to have some negative impacts on oil and gas stocks such as PVD, PVS, PXS, closed at red price; surprise factor is the increase of GAS with VND1.500/ share. Thus, if excluding the response to oil prices, the today market did not appear any negative signs about the psychology of investors; especially when GAS has proved quite "stable" and the powerful of banking stocks had absorbed the entire impact of the oil and gas group.

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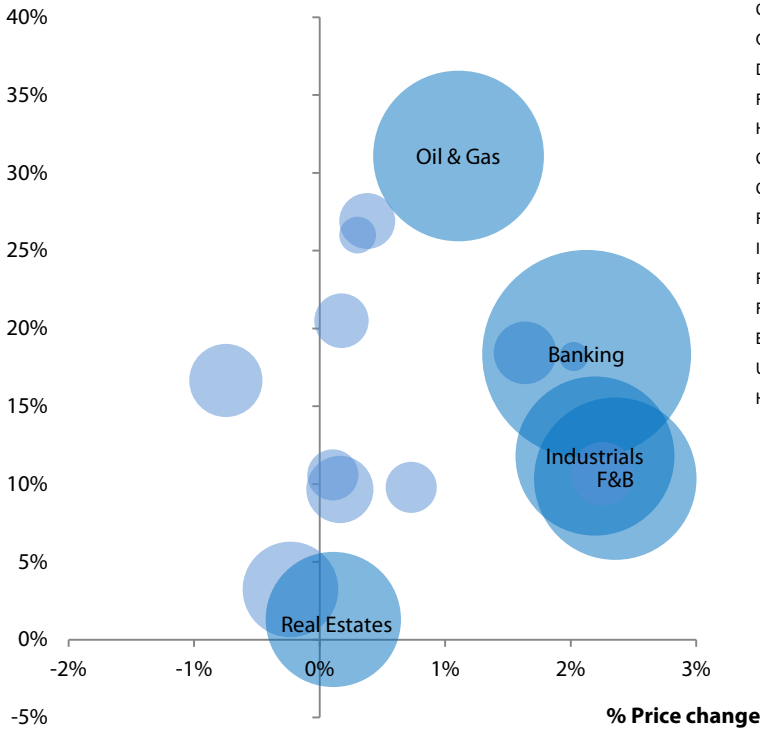
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**VNINDEX 1.09% 580.60    VN30 0.59% 619.39    HNXINDEX 0.54% 85.18**



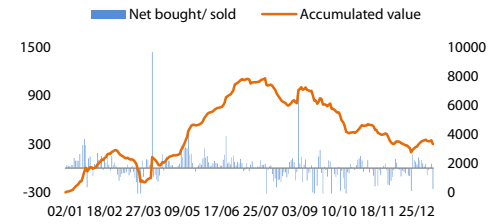
**Industry Movement**

**Industry ROE**

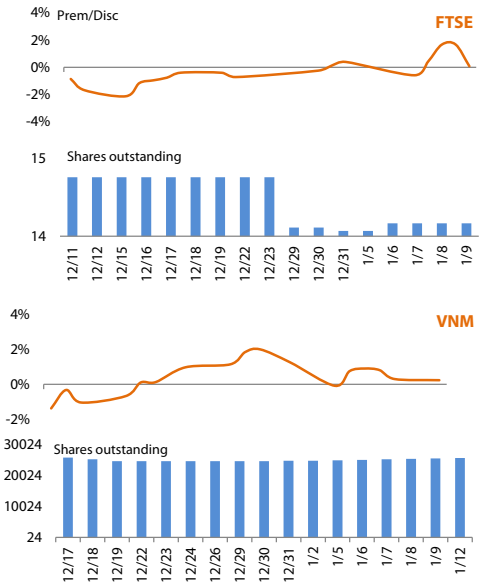


Industry	% change
Technologies	0.2%
Industrials	2.2%
Constructions	-0.2%
Oil & Gas	1.1%
Distribution	2.0%
F&B	2.4%
Household Goods	0.7%
Cars & Parts	0.3%
Chemicals	1.6%
Resources	0.4%
Insurances	-0.7%
Real Estates	0.1%
Financials	0.2%
Banking	2.1%
Utilities	2.3%
Healthcare	0.1%

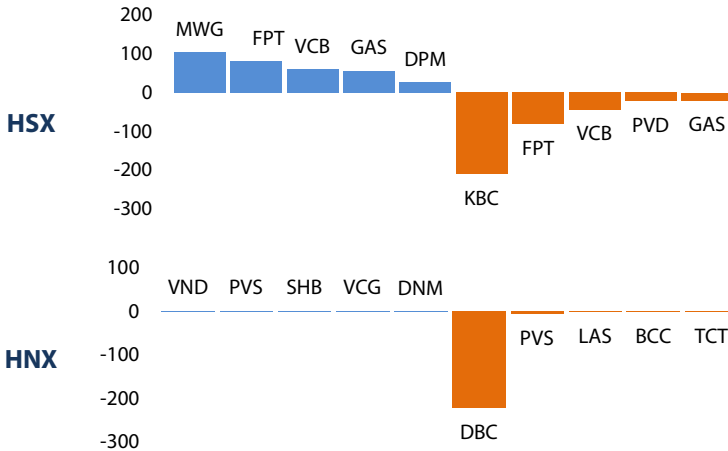
**Foreign Investors Trading**



**ETF**



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



**Top Active**

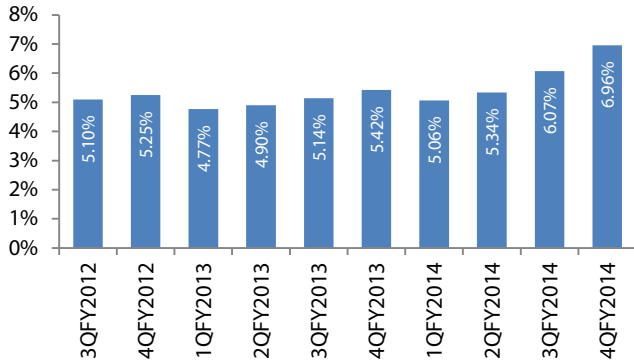
Ticker	Price	Volume	% price change
OGC	6.4	8.67	6.7%
FLC	10.6	5.92	-0.9%
HAG	23.2	5.87	4.0%
MBB	14.5	4.78	2.1%
BID	16.4	4.24	5.8%

Ticker	Price	Volume	% price change
KLF	10.8	7.61	0.9%
HUT	15.2	3.39	-1.3%
SHB	9.0	3.25	2.3%
SCR	9.0	3.25	-1.1%
PVX	4.9	2.06	0.0%

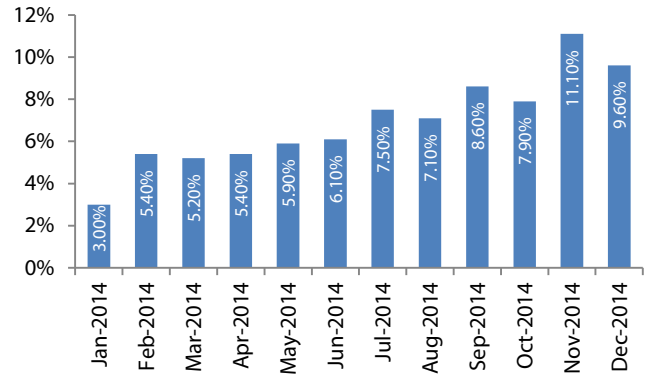
**MACRO WATCH**

**Graph 1: GDP Growth**



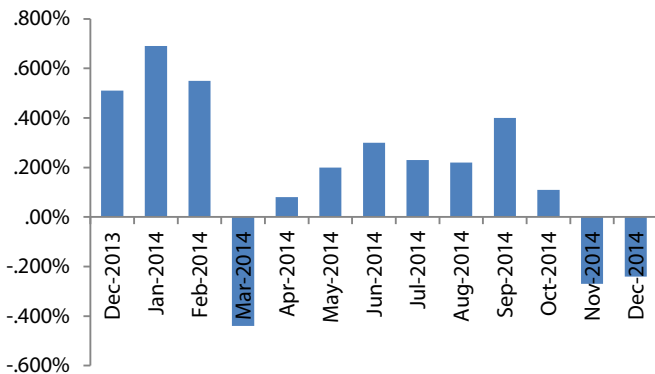
Sources: GSO. Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



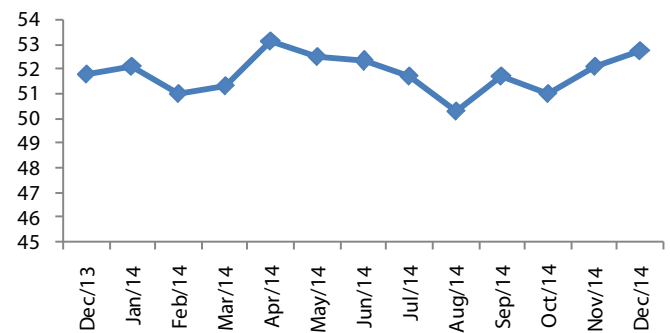
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



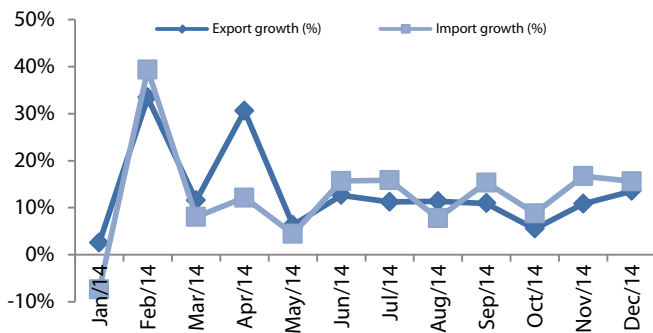
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



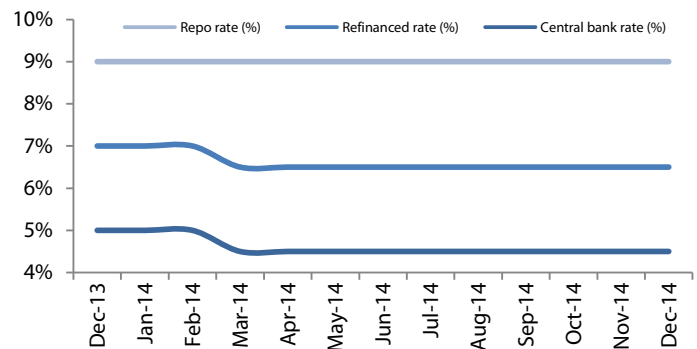
Sources: GSO. Rongviet Securities database

**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
HMH - Positive outlook from various supporting factors	Jan 06 <sup>th</sup> , 2014	Accumulate – Long term	33,800
DPM - Tail wind from crude oil	Dec 26 <sup>th</sup> , 2014	Buy – Intermediate term	36,100
VNM - 2014 - At the pit stop	Dec 19 <sup>th</sup> , 2014	Accumulate – Long term	110,000
PCT – Restructuring	Dec 11 <sup>th</sup> , 2014	Monitor	
FPT - Growth driver expected from retails	Dec 3 <sup>rd</sup> , 2014	Accumulate – Long term	61,000

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	06/01/2015	0%-0.75%	0%-2.5%	11,403	11,370	0.29%
VEOF	06/01/2015	0%-0.75%	0%-2.5%	9,353	9,065	3.18%
VF1	09/01/2015	0.2% - 1%	0.5%-1.5%	20,840	20,915	-0.36%
VF4	07/01/2015	0.2% - 1%	0%-1.5%	9,017	8,799	2.48%
VFA	09/01/2015	0.2% - 1%	0%-1.5%	7,345	7,313	0.43%
VFB	09/01/2015	0.3% - 0.6%	0%-1%	11,887	11,877	0.09%
ENF	02/01/2015	0% - 3%	0%	10,605	10,402	1.95%
MBVF	05/01/2015	1%	0%-1%	11,234	11,109	1.13%
MBBF	31/12/2014	0%-0.5%	0%-1%	11,908	11,893	0.13%

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