

**NOVEMBER**

**27**

**THURSDAY**

*“Less cautious!”*

**ADVISORY DIARY**

- **SHP – The update on analyst meeting**
- **GDT – Still being on upward trend**
- **Less cautious!**

**SHP – The update on analyst meeting**

Our industry analyst attended yesterday afternoon an analyst meeting of the Southern Hydropower JSC (SHP - HSX), where the Company unveiled 10M2014 earnings as well as its 2015 business plan. 10M2014 revenue was reported quite optimistically at VND498 billion and the net profit after tax (NPAT) at VND199 billion, respectively. Whole-year revenue and NPAT were also estimated at VND577.8 billion and VND209.14 billion, up by 297.7% and 200.7% from the previous year. 2014’s dramatic revenue growth came from the Da M’Bri hydropower plant, whose revenue now constitutes roughly 60% of SHP’s total sales. The first generator of the said plant has been operating since late 2013 while the second one will be in operational in May 2015. Nevertheless, 2015 revenue and NPAT targets are set quite conservatively at VND551.8 billion and VND137.14 billion. While 2015 sales guidance is 1% lower than estimated for 2014, the NPAT target shows an expected drop of 31%, which, as explained by SHP is due to a significant decline in profit margins in 2015 and the following years, when the Da M’Bri plant has been fully depreciated.

In addition, the BOD made known that SHP has successfully negotiated with the Lam Dong branch of the Asian Development bank (ADB) to restructure the principal payment schedule of its debts as well as to lower the interest rate of previous loans the Company took on during the construction of the Da M’Bri plant. The outstanding loan is about VND1,137 billion, including VND607.5 billion at 6.9%/year and VND633 billion at 12.6%/year. After the negotiation, the interest rate on the latter sum was cut down to 9.8%/year and the principal payment is extended to 10 years instead of 4 years as before. With this, SHP can save VND18 billion interest expense each year while lifting pressures on its financial cash flows.

Once into operation, the Da M’Bri plant, with the design capacity of 77MW, will significantly enhance the position of SHP in hydropower industry. The total design capacity of all three plants is now 122.5 MW, the third biggest of all listed hydropower companies, the first and second being Central Hydropower Joint Stock Company (CHP) and the Thac Mo Hydro Power Joint Stock Company (TMP). Besides, although 2014 dividend guidance is only 8% of share capital, SHP’s management might increase the payout given high projected NPAT (2.7x higher than the whole-year target) and an abundant VND227 billion of retained earnings (the figure at 30/09/2014). SHP is a stock of good fundamentals. However, as compared to the IPO price of VND12,000 as of 21/07/2014, market price is now 79% higher, which leaves SHP at a not-so-attractive forward P/E ratio of 9.3x. We believe that the long term prospect of the SHP has been largely reflected in the current price and thus only rate the stock as NEUTRAL in MID-TERM.

**GDT – Still being on upward trend**

RongViet Securities also publish today the Result Update Report for Duc Thanh Wood Processing JSC (HSX - GDT) with a recommendation of ACCUMMULATION in LONG-TERM at the target price VND41,300. Our industry analyst sees GDT as a fundamentally good stock with stable business and a history of accomplishing its targets. By September 2014, GDT’s revenue was VND196.7 billion and VNDPAT reached VND39.2 billion, which fulfills 75.6% and 84% of the yearly plan respectively. The expansion of the Binh Duong factory in late 2014 and as well as the plan to enlarge its shares in both the domestic and export markets will be the key growth drivers for GDT in 2015. Also, with the stable dividend policy (20-25% of share capital), GDT’s dividend yield is well above the current saving rates, making the stock suitable for value investors.

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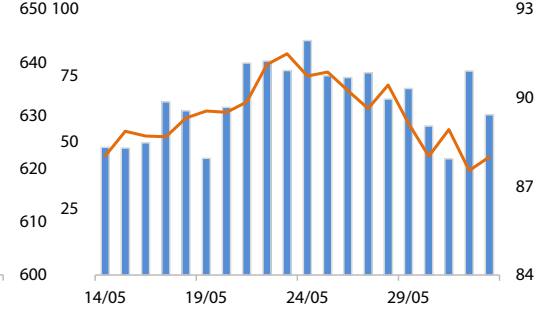
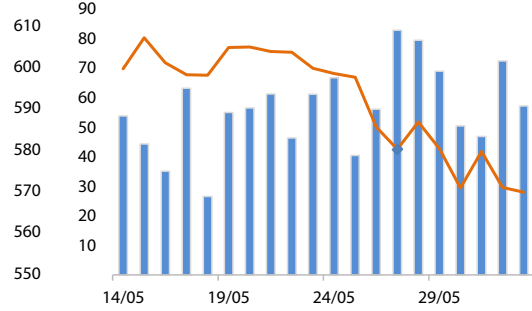
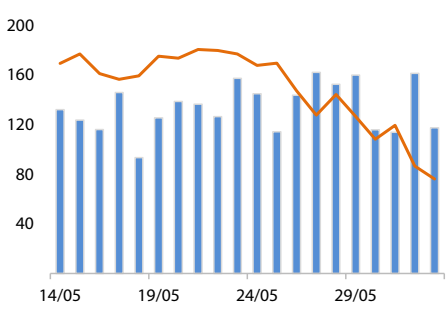
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Cautiousness, especially concerning large-cap, continued to dominate market movements in most of trading time. Downward pressure on mid and low-cap was diminished after the SSC dismissed rumors that they will inspect large transactions. Speculatives such as FIT, FLC, and KLF rebounded later in the trading day while large-cap stocks like GAS, VNM, MSN and PVD continued to slide, causing any efforts to reverse of the decline VNIndex to end in failure. Since mid-August 2014, there have been times when foreign investors sold net amounts of GAS in consecutive days. In November alone, the stock was sold 14 days in a row with net selling value mounting up to VND210 billion. That was that type of behavior that caused GAS to plunge 40.6% since the end of August.

PVD's price movement seemed to be strongly influenced by the downturn of world crude oil prices recently from peak reached in Sep 2014, PVD has lost 34%. Our analyst covering the stock said concerns that PVD rig lease rates will fall along with the plummeting oil price is the main reason behind the stock poor performance in the last two months. However, PVD's rig lease contracts were mostly signed fixed; therefore, the drop of oil price will reflect in rig lease rates no sooner than 2Q2015 (PVD II). In a worse scenario, rig lease rates can drop to the average level of 2012, and with a cautious estimation, 2015 EPS may be about 8,500 VND, equivalent to a forward P/E ratio 9.5x. Given the stock's good fundamentals and stable business activity, our analyst reiterates the ACCUMULATION recommendation in the LONG TERM for PVD.

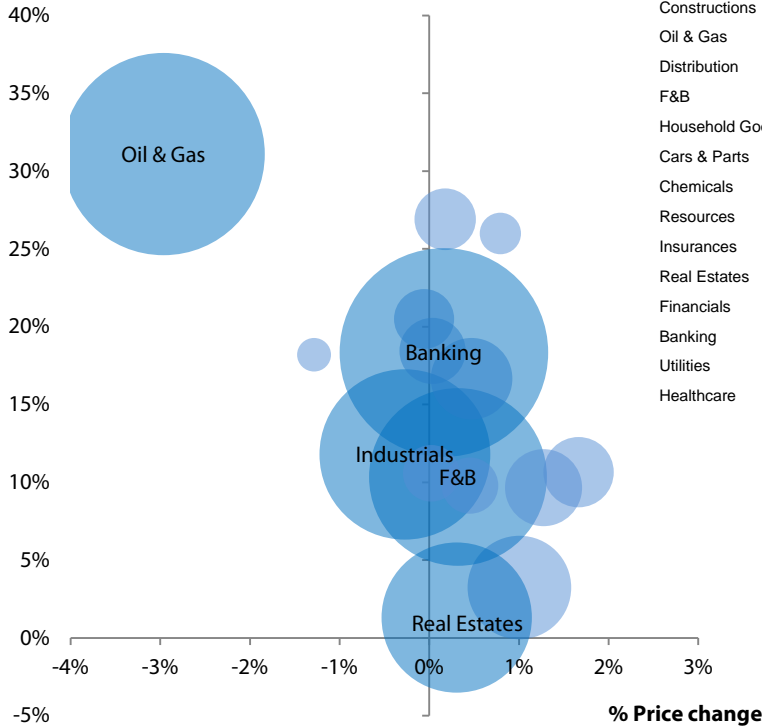
The market recovered positively at the end of the trading. Quick trading speed during the second drop in the afternoon session was followed by the recovery of indices and the triumph of buyers. Cautiousness seemed to have diminished significantly since the market prices of many stocks has fallen to a much attractive level given recent macroeconomic improvements. Concerns about the short-term consequences of Circular 36 would not be lifted easily. However, with positive view on the effects of the legislation in the long term, we believe that the downtrend is opportunity for investors to select and accumulate stocks with good fundamentals.

**VNINDEX -0.55% 572.89    VN30 -0.15% 615.57    HNXINDEX 0.53% 88.00**

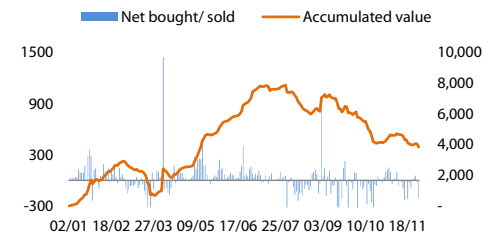


**Industry Movement**

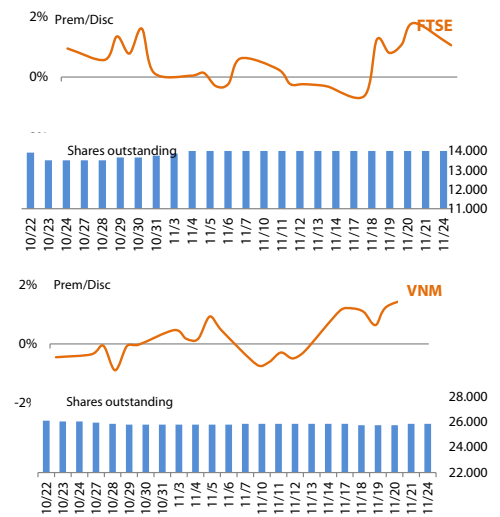
**Industry ROE**



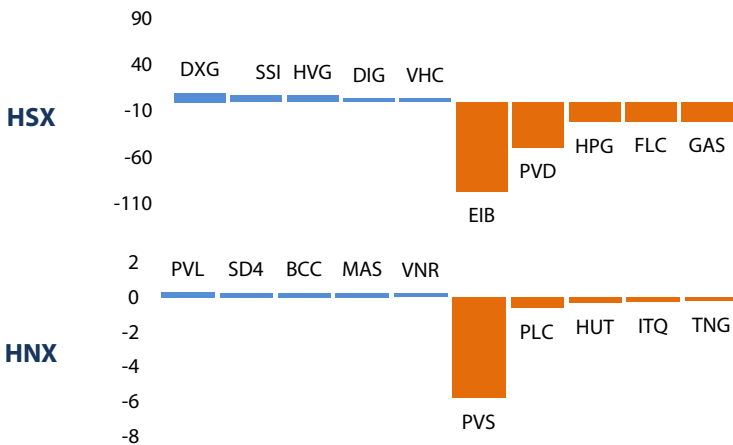
**Foreign Investors Trading**



**ETF**



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



**Top Active**

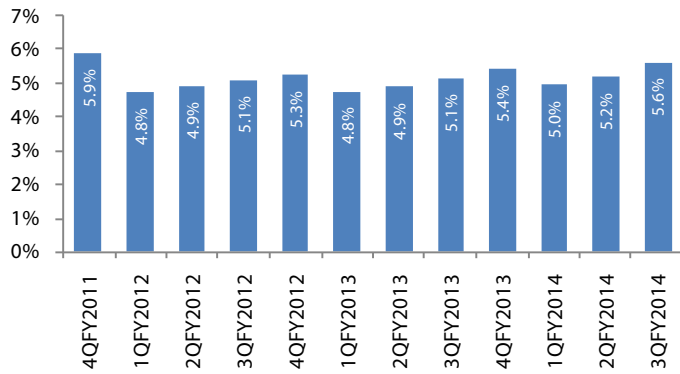
Ticker	Price	Volume	% price change
FLC	12.0	18.07	3.4%
OGC	8.1	10.27	-3.6%
ITA	8.7	5.50	0.0%
VHG	14.4	4.88	5.1%
SSI	30.3	3.04	1.7%

Ticker	Price	Volume	% price change
KLF	13.8	12.47	6.2%
PVX	6.4	6.58	4.9%
PVL	4.1	3.82	5.1%
SCR	10.2	3.29	2.0%
FIT	28.0	3.27	3.7%

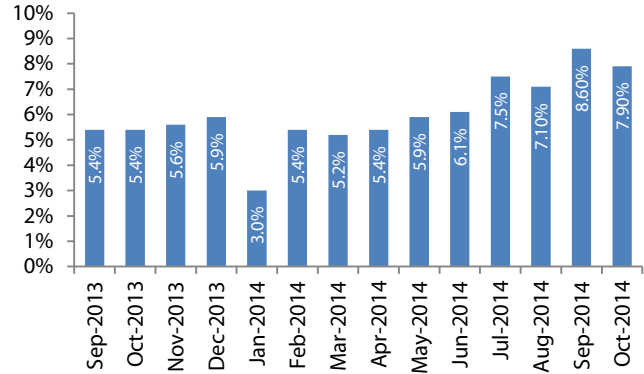
**MACRO WATCH**

**Graph 1: GDP Growth**



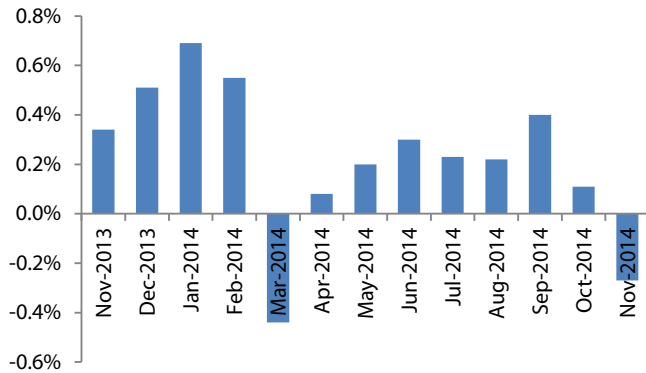
Sources: GSO. Rongviet Securities database  
(\* ) Comparision price in 1994

**Graph 2: IIP**



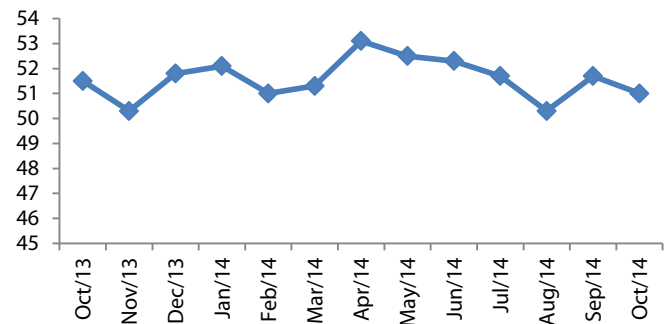
Sources: GSO. Rongviet Securities database

**Graph 3: Monthly CPI**



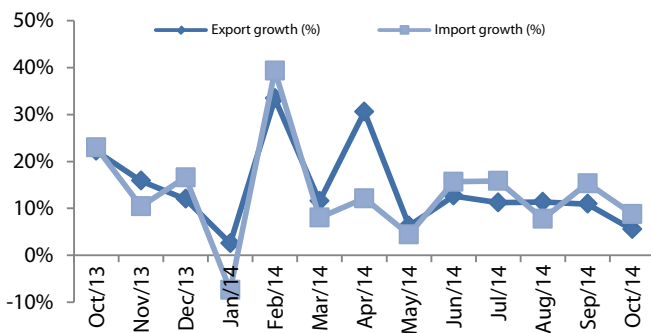
Sources: GSO. Rongviet Securities database

**Graph 4: HSBC - PMI**



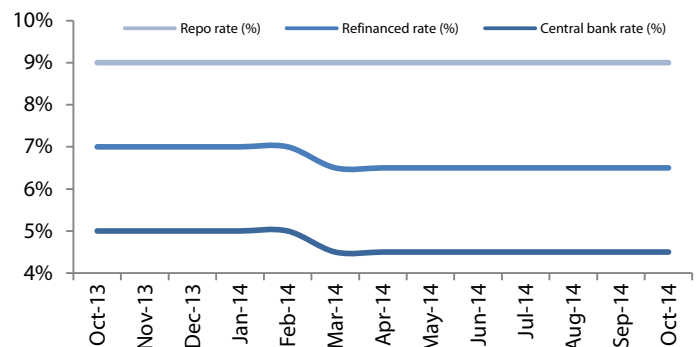
Sources: GSO. Rongviet Securities database

**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
PGS - 2015: A year of challenge	Nov 24 <sup>th</sup> ,2014	Neutral - Long term	37,800
NBB - A turning point with City Gate Towers	Nov 14 <sup>th</sup> ,2014	Buy - Long term	26,800
CMI-Project restarts spark new hopes	Nov 13 <sup>th</sup> , 2014	Monitor	
CNG - Potential growth from building materials industry's well-being	Nov 10 <sup>th</sup> , 2014	Accumulate – Long term	46,000
GMD - Positive developments from core businesses	Nov 7 <sup>th</sup> , 2014	Accumulate – Long term	44,400
BMP -Every cloud has a silver lining	Oct 30 <sup>th</sup> , 2014	Buy – Long term	87,700
SBA - Growth season ahead	Oct 24 <sup>th</sup> , 2014	Buy – Intermediate term	14,500

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	11/11/2014	0-0.75%	0-2.5%	11,815	11,868	-0.45%
VEOF	11/11/2014	0-0.75%	0-2.5%	10,367	10,283	0.82%
VF1	20/11/2014	0.20% - 1.00%	0.50%-1.50%	22,293	22,545	-1.12%
VF4	12/11/2014	0.20% - 1.00%	0.00%-1.50%	10,357	10,338	0.18%
VFA	14/11/2014	0.20% - 1.00%	0.00%-1.50%	7,567	7,570	-0.03%
VFB	14/11/2014	0.30% - 0.60%	0.00%-1.00%	11,949	11,950	-0.01%
ENF	07/11/2014	0.00% - 3.00%		10,996	10,504	4.. 8%
MBVF	13/11/2014	1%	0%-1%	11,096	11,119	-0.21%
MBBF	12/11/2014	0-0.5%	0-1%	11,742	11,734	0.07%

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