

AUGUST

14

THURSDAY

*“The market is back with excitement thanks to blue-chip’s support”*

ADVISORY DIARY

- **The market is back with excitement thanks to blue-chip’s support**
- **GMC – Updates on consolidated business result**

#### **The market is back with excitement thanks to blue-chip’s support**

In today’s session, the market trading was partly more exciting than previous days. If “green signal” almost only appeared at mid-caps, the growth was likely to cover the majority of stocks today. Some stocks remained significant increase such as MWG and MPC reached the ceiling price of VND 132,000 and VND 66,000 respectively. The increasing force from another blue-chips like KDC (+2,500), VNM (+2,000), MSN (+500) and VIC (+500) pushed VN-index up to 605.25 (+2.49%) and HNX-index to 81.95 (+0.15%). Besides, the group of securities stock streaked away on the market when HCM, KLS, SHS, BVH, VND, rose moderately, in which, KLS got the highest liquidity of 4.5 million units.

MWG reached the price ceiling of VND 132,000 with 14,980 units matched. Up to now, this stock has increased by 20%, from VND103.000 to VND132.000, with two sessions reaching ceiling price. According to information from HOSE, MWG is going to hold an extraordinary shareholders’ meeting to seek agreement on the new stock’s issuance. At the end of year, the enterprise is expected to raise its capital to VND 976.58 billion, increasing by 8x compared with the beginning of the year.

In terms of foreign investors trading, net-buying volume in HNX continued to go up and reached 1.5 million units, worth VND 109 billion. In particular, ITA was the top active ticker with 649,000 stocks were bought. In addition, MSCI recently announced the result of portfolio restructure in which the Vietnamese stocks remain unchanged. This is also the seventh consecutive movement that Vietnamese stocks are kept in a safety proportion in MSCI Index.

#### **GMC – Updates on consolidated business result**

Garmex Saigon has just published the consolidated 2Q2014 business result. Accordingly, revenue reached VND 312.5 billion (+11.9% yoy) and NPAT reach VND 13.9 billion (-11.7% yoy). For the first 6 months of the year, revenue and NPBT of GMC reached VND 591 billion and VND 34.1 billion, respectively achieving 45.5% targeted revenue and 51% targeted NPBT of 2014. In which, the proportion of FOB (Free On Board) revenue increased by 96.6%, compared with 92.4% in 2013. In terms of FOB, the company will actively involve in production progress, from buying materials to providing final products. According to GMC’s sharing, in the future, the company will develop this proportion to 100%, which is considered as relatively reasonable currently under the strongly growing context of Vietnamese garment & textile industry (22.4% for 1H2014).

Currently, GMC is in stable operation thanks to the impressive growth of FOB production method. For the next coming period, with the purpose of achieving higher profit margin, GMC will focus on developing ODM (Original Design Manufacturing) method. In terms of ODM, the whole production process will include designing, buying materials, cutting, sewing, packaging and transporting. At the moment, through Blue Saigon Company – the joint venture between GMC and another partner), operated since the middle of 2013, the representative office of GMC was being put in America as a place to promote its self-design products to this potential market. Beginning months of 2014, GMC attained first-step success thanks to the first ODM order in American market with the value of approximately USD 1 million and planned to achieve the value of USD 2 million for the whole year. GMC also expected to expand the market to Mexico and Canada – countries in TPP agreement. Simultaneously, once ODM order has been strongly developed, GMC will increase the number of sewing lines at Ha Lam Sewing Factory (in Quang Nam Province) established by Blue Saigon.

According to Board of director’s sharing, currently, with the full capacity of 60 sewing lines, GMC already got enough orders to produce until the end of 2014 and even had manufacturing plan for Spring-Summer season in 2015. In addition, 3Q– Fall-Winter season is usually the highest sales of

the enterprise due to the high shopping demand for holidays at the end of the year. Thus, we appreciate that it is possible for GMC to meet its initial target.

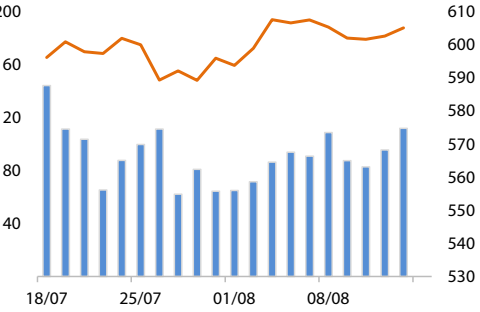
35-40% of GMC's material, mainly fabric, is imported from China. To meet the "yarn-forward" requirement of TPP agreement, GMC has switched its material suppliers to domestic source and other countries such as Malaysia, India, and Bangladesh. However, the proportion of material from these suppliers is still low and unstable due to the high competition from China in terms of price, quantity and design. Hence, our industry analyst examines material will be the most challenging and riskiest issue for GMC. We will continue to observe this stock and update on GMC's business operation in the future. GMC is currently trading at P/E ratio of 6.6x based on targeted EPS, and the dividend yield of the enterprise is at 6.7% (higher than bank's interest rate). Therefore, this stock is generally appropriate with the conservative investment appetite.

**Thuy Nguyen**

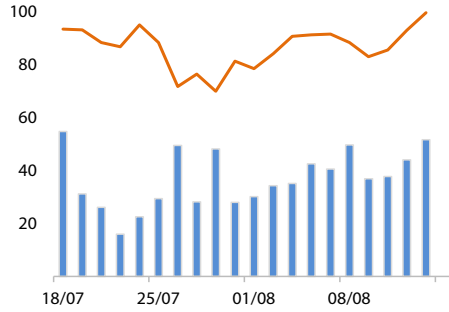
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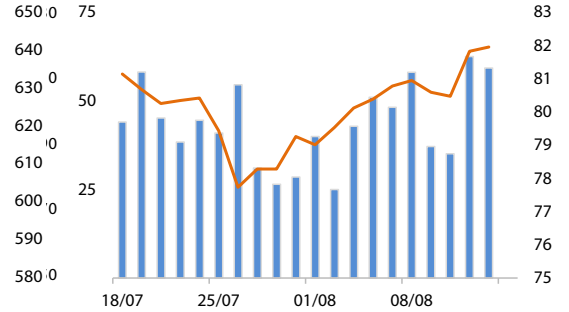
**VNINDEX** 0.41% **605.25**



**VN30** 0.73% **649.85**

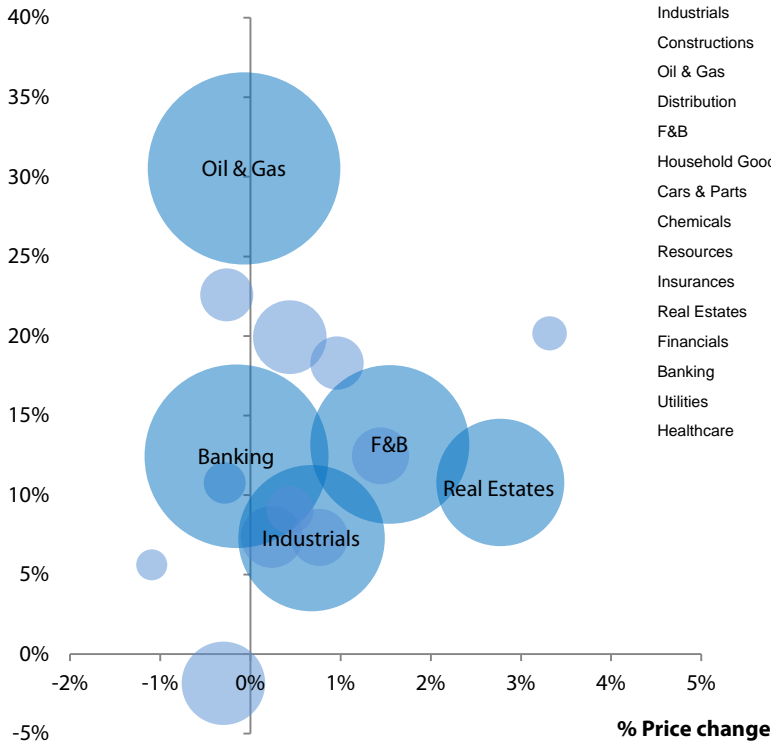


**HNXINDEX** 0.16% **81.95**

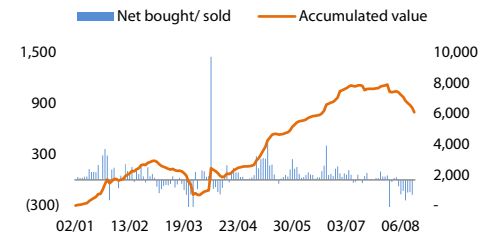


**Industry Movement**

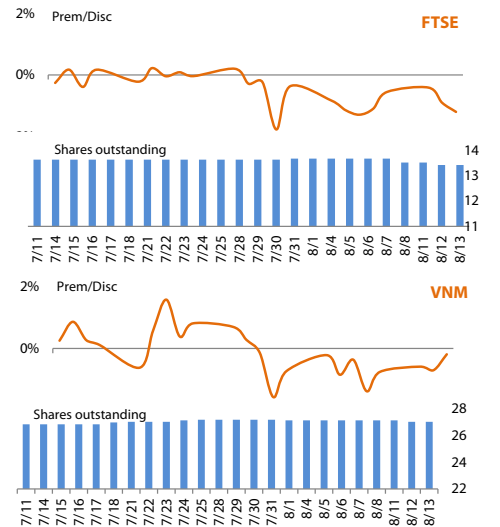
**Industry ROE**



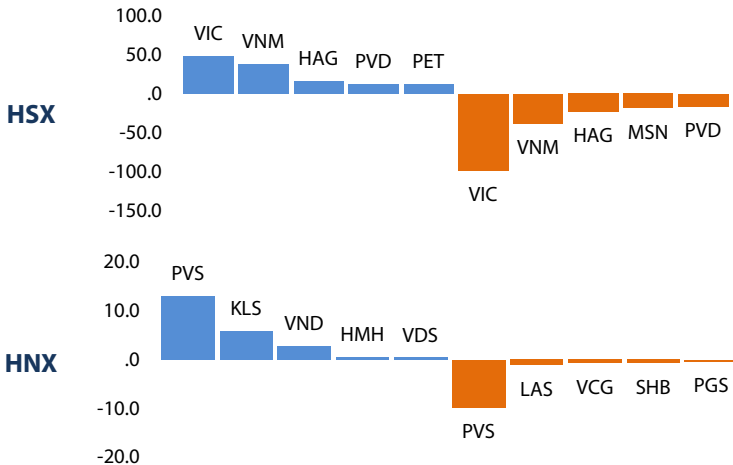
**Foreign Investors Trading**



**ETF**



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



**Top Active**

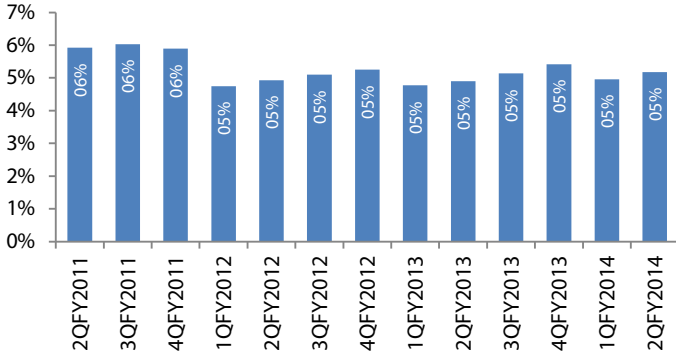
Ticker	Price	Volume	% price change
FLC	13,20	17,38	-3,7%
TTF	10,80	5,32	-4,4%
HQC	8,00	4,25	-1,2%
ITA	7,90	4,22	-1,3%
HAG	25,60	3,46	1,2%

Ticker	Price	Volume	% price change
PVX	4,60	7,98	0,0%
KLF	12,90	5,98	-3,7%
KLS	11,70	4,54	1,7%
SCR	9,60	4,23	-1,0%
SHS	9,00	3,51	1,1%

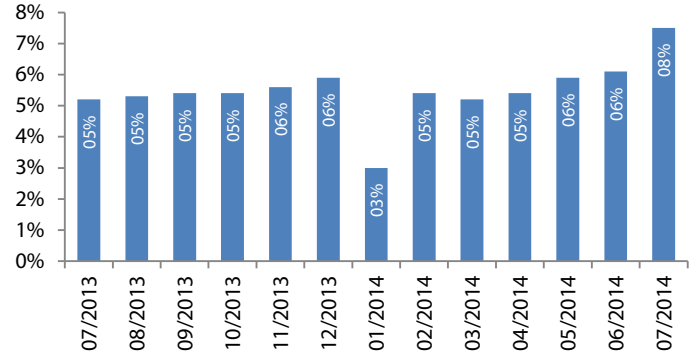
**MACRO WATCH**

**Graph 1: GDP Growth**



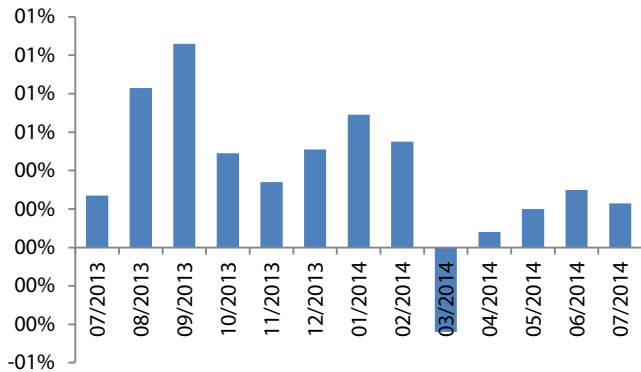
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



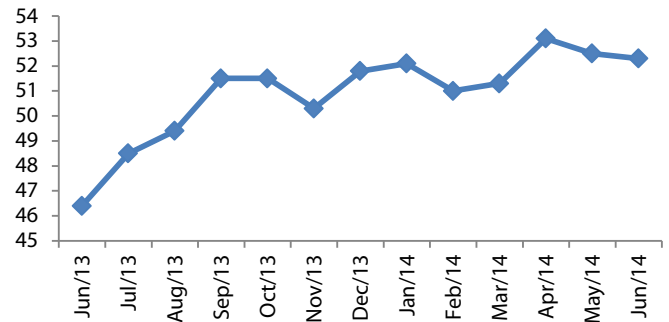
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



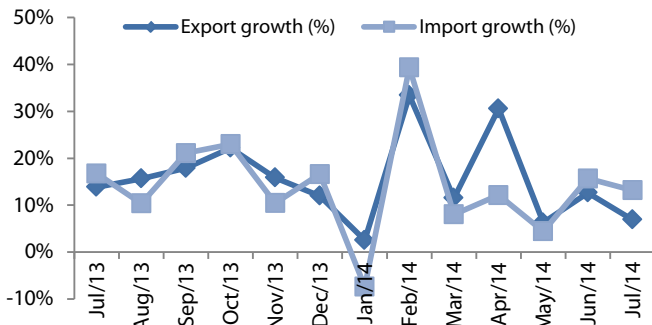
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



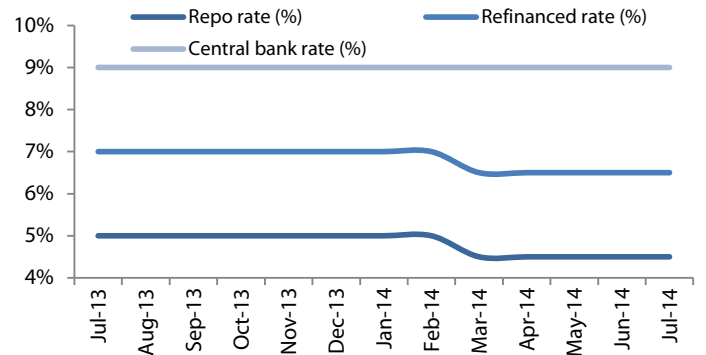
Sources: GSO, Rongviet Securities database

**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 <sup>nd</sup> , 2014	Accumulated – Intermediate-term	66,400
DBC-Benefit from decline in material price	May 27 <sup>th</sup> , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 <sup>th</sup> , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 <sup>th</sup> , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 <sup>th</sup> , 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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