AUGUST

06

THURSDAY

ADVISORY DIARY

- **SKG- Continuing benefits from the Pearl Island**
- **Back to 600**

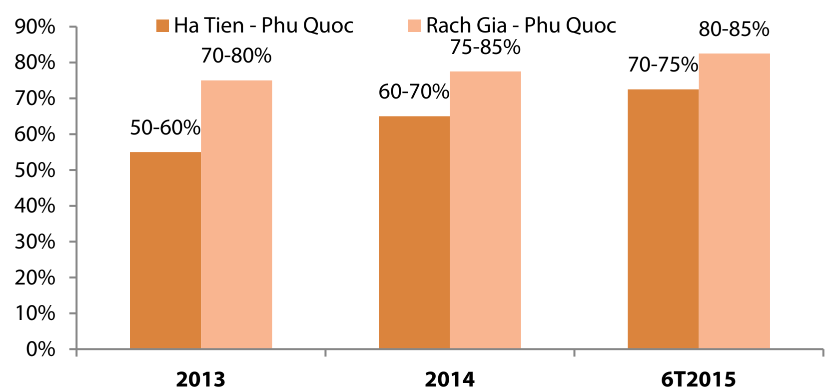
SKG- Continuing benefits from the Pearl Island

In the previous update, we mentioned the impressive growth of Superdong Fast Ferry Kien Giang JSC (SKG-HSX)'s performance, which are 38.34% increase in revenue and 72.58% increase in NPAT yoy. After having a discussion with SKG's representative, our analyst keeps the optimistic view on its business potential for the second half of the year. At the same time, new movements from the possible early investment in the ferry project have been remarkable regarding SKG.

SKG thrives on tourism growth in Phu Quoc the pearl island.

In the first seven months of the year, Phu Quoc remained a national strong-growing place of interest in terms of number of visitors. According to Kien Giang Department of Culture, Sports and Tourism's report, the number of visitors coming to Phu Quoc until July, 2015 has exceeded the whole year's target, especially the quantity of domestic tourists jumped, by 95.2% yoy. Benefiting from tourist demand to Phu Quoc, the company's transporting schedule has been improved and retained at a high level.

Exhibit: Boat utilization rate



Source: SKG, RongViet Research

Highlights of main operating routes:

- Ha Tien- Phu Quoc route: The market share for this route has reached 80-88%, in which the number of passengers recorded for the first 6 months reached 263,000 passengers, equally 116% yoy, even higher than the number of 2014 (250,000 passengers)
- Rach Gia- Phu Quoc route: For the first 6 months of the year, the route transported 307,000 passengers, equivalent to 61.4% of 2014 figure. The demand has been growing steadily as SKG is currently holding the monopoly position in the market. Superdong VIII operating since Feb, 2015 has been boosting this route's revenue by 14% yoy.
- Rach Gia- Nam Du: The route newly operated since early June, using Superdong I (the old one) going Rach Gia- Hon Tre- Lai Son- Nam Du. After 2 months of operation, 10,000 passengers were recorded, making up 51-54% of the market share.

Positive outlook on the company's potential for 2H2015

According to our observations, under the influence of the global oil price, domestic DO price (area

"Back to 600"

Diem My Tran

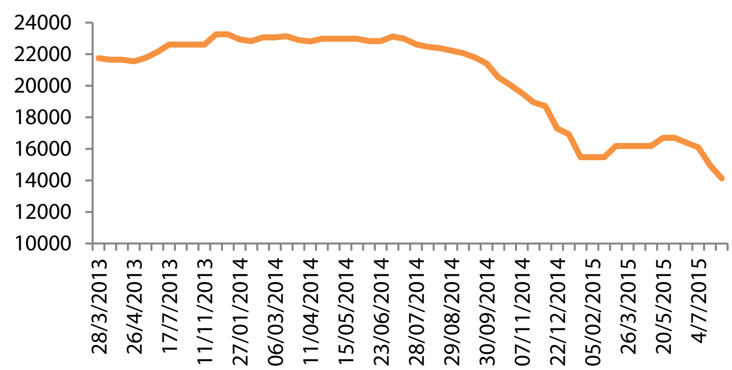
+ 84 8 6299 2006 | Ext: 1311

my.ttd@vdsc.com.vn

2) declined considerably in early August, equivalent to 37.1% down yoy and 12.6% less than the price in early 2015. Based on crude oil price reports, we think that the company's GPM could benefit from low oil price in the second half of the year. It should be noticed that SKG's operation depends on tourism's seasonal characteristic, which peaks in Lunar New Year time until September. During Q3/2015, SKG's performance is going to be promising, however revenue and profit for the last 6 months of 2015 could be slightly lower than the first half's. Nonetheless, the overall picture has been fairly bright with the second half of 2015's estimated revenue of VND 152 billion and gross profit margin hovering around 65-70%.

Besides brighter business result, the company also focuses on improving its services to compete against competitors. Since mid-June, three buses have been in operation in the 14km-route of Bai Vong - Duong Dong (Phu Quoc). Because of a reasonable of ticket price, the bus operations seem positive. Although, there are some other transportation providers (bus and taxi) at Bai Vong port, the company wants to provide more add-value services for their customers rather than profit.

Exhibit: Domestic DO price (area 2) (VNd/liter)



Source: Hiephoixangdau, RongViet Research

Early ferry project's deployment

Realizing the potential for development of Phu Quoc island and the increase in tourist demand, SKG is going to invest in ferry project (expected to put into operation in 3Q2016) in compline with operating Superdong IX and X in Q4/2015 and 2016. Moreover, because the National Tourism Year 2016 will be hosted by Kien Giang, we suppose that continuously investment in new boats is likely to sustain pace of growth as well as benefit from corporate tax incentives. In the early stage, this project could lead to the worsen utilization rate of other high-speed boats, however, in the long term, we suppose that it is a feasible step to expand market share.

Table: Project's brief note

Investment cost	USD13 million (two ferries, USD 4 million/ferry)
Target customers	- Passenger (400 people) - Vehicles such as motorbikes, autos and cargos.
Time for constructing port and building ferries	10-12 months Expected to put into operation in Q32016, run in Ha Tien – Phu Quoc route.
Port (finding a construction site)	Only using for SKG's ferries and high speed boats

Source: SKG, RongViet Research

SKG's liquidity recently has improved (the average monthly volume of 32,205 shares per session) after a dividend payment since June, 2015. In today's trading session, SKG closed at reference price, lowering 12.13% than our target price. Currently, the business of SKG is in compline with our expectation, however, our forecast given in previous company report based on a cautious outlook. According to our analyst, EAT of SKG in 2015 might exceed 10-15% our projections.

Back to 600

After sideways movement in the morning session, VNIndex lost its momentum and plunged to the support level of 600 points. The movement was predictable according to our comments on market trends in Investment Strategy August 2015. By the end of today sessions, foreigners were active net buyers to the tune of VND170 billion as their top targets were NT2 (VND76.9 billion) and SSI (VND73.4 billion); however, "two" swallows do not make a summer.

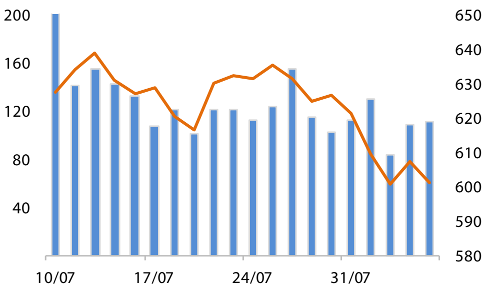
Focusing in details, we think NT2 (+2.7%) and FMC (+4.8%) should be on the watch list.

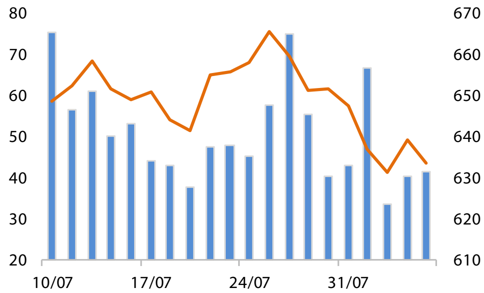
NT2- in our favourite stock list was actively traded in the last 10 sessions. Remarkably, today recorded 5.9 million shares NT2 traded, in which foreign investors purchased over 54%. NT2's potential in 2015 is considered promising by our analysts, as electricity production is forecasted at 5.5% above the designed capacity. The statement continued to be favoured following the recent flood situation in the Northern region, which expects Southern based electricity plants including NT2 to boost both capacities and price. On closer observation, thermal power generators could be running at full capacity, which makes it unlikely to grow in production, yet recent profit margin is slightly higher than it was in early July. Our analyst estimates NT2's operating gross profit margin at 12.1%, which shows a considerable growth from last year's rate of 8.3%. Beside the promising potential of the operating activities in 2015, lately NT2 price movements have been supported the 7% bonus share news expectedly taking place in Q3/2015. NT2 price has gone up 6.05% since the recommendation date.

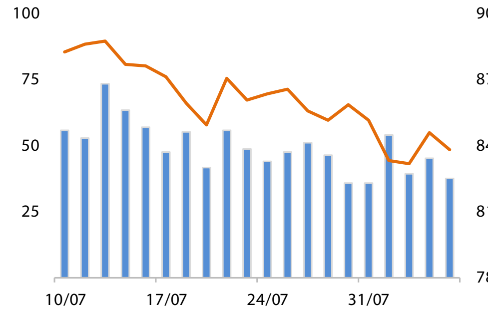
FMC - Sao Ta Foods JSC recently announced the resolution on the 15% dividend payment in cash for 2015 and expected to pay in September, 2015. Simultaneously, the resolution also approved the extraordinary general meeting related to the dividend adjustment in cash from 20% to 50% and issuance to increase charter capital. Previously, during the annual meeting in March, 20% dividend payment was approved. However, type of payment had been left for concern whether in cash or shares. As a result, recent decision from FCM surprised us. Assuming the plan is approved, FCM will have to pay approximately VND 100 billion. The source of dividend payment could come from undistributed profit and investment fund at around VND 108 billion (by the end of 2014). Therefore, it could be seen that FMC would use most of profit from previous years to pay dividend. As a result, with 53.3% of holding rate, HVG could receive approximately VND 53.3 billion. This plan could significantly contribute to revenue of HVG and make the targeted VND 800 billion in profit before tax become easier.

Furthermore, the upcoming extraordinary general meeting could consult the plan to increase charter capital by issuing shares. Unofficial source of information asserted that FMC could increase capital to about VND 300 billion with proportion of 2:1. This is relatively controversial between "significant" dividend payment and increasing capital. However, if the dividend payment in cash could be used to repurchase additional shares, this would be interesting story. As a result, shareholders with strong financial position and high holding percentage could benefit most from this plan.

VNINDEX	-0.99%	601.04	VN30	-0.91%	633.53	HNXINDEX	-0.88%	83.79

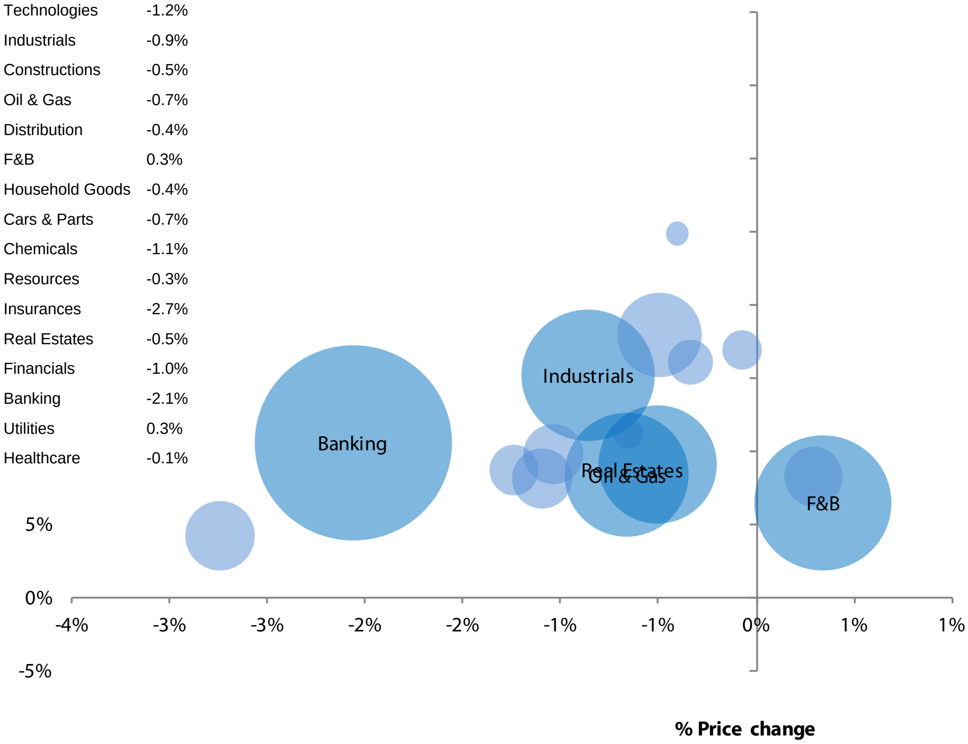




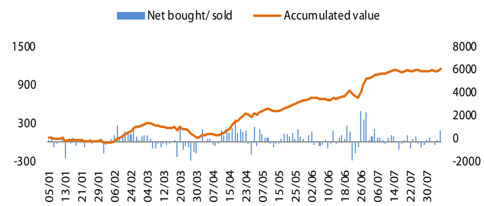


Industry Movement

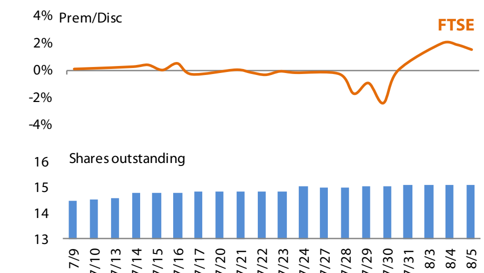
Industry	% change
Technologies	-1.2%
Industrials	-0.9%
Constructions	-0.5%
Oil & Gas	-0.7%
Distribution	-0.4%
F&B	0.3%
Household Goods	-0.4%
Cars & Parts	-0.7%
Chemicals	-1.1%
Resources	-0.3%
Insurances	-2.7%
Real Estates	-0.5%
Financials	-1.0%
Banking	-2.1%
Utilities	0.3%
Healthcare	-0.1%

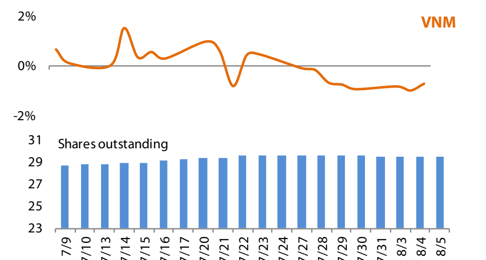


Foreign Investors Trading



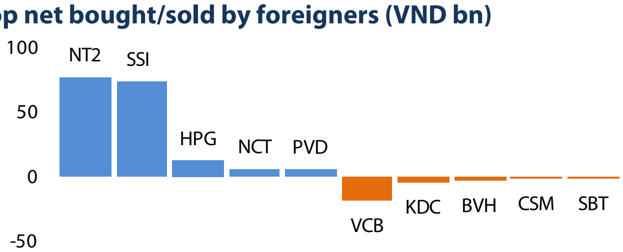
ETF



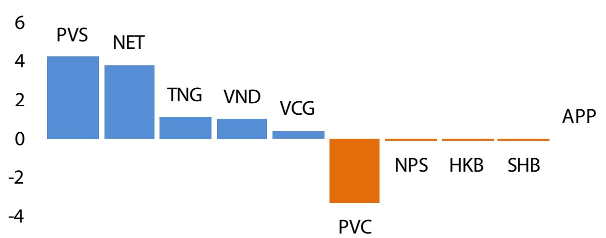


Top net bought/sold by foreigners (VND bn)

HSX



HNX



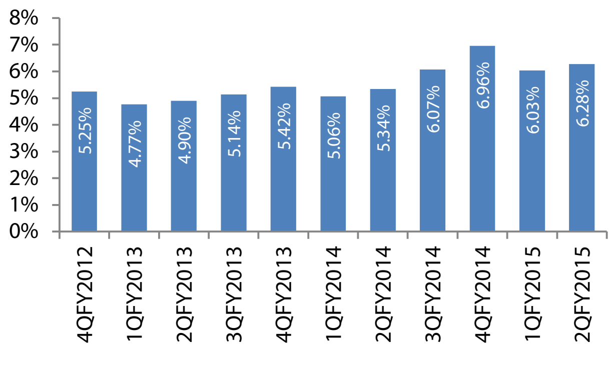
Top Active

Ticker	Price	Volume	% price change
MBB	16.0	13.30	0.6%
ASM	9.5	8.53	-6.9%
NT2	26.3	5.91	2.7%
FLC	7.9	4.71	-2.5%
CII	26.8	3.83	-0.7%

Ticker	Price	Volume	% price change
KLF	6.1	6.45	0.0%
SHB	7.8	4.06	0.0%
FIT	12.5	3.12	-1.6%
SCR	8.3	2.23	1.2%
PVX	3.8	1.38	0.0%

MACRO WATCH

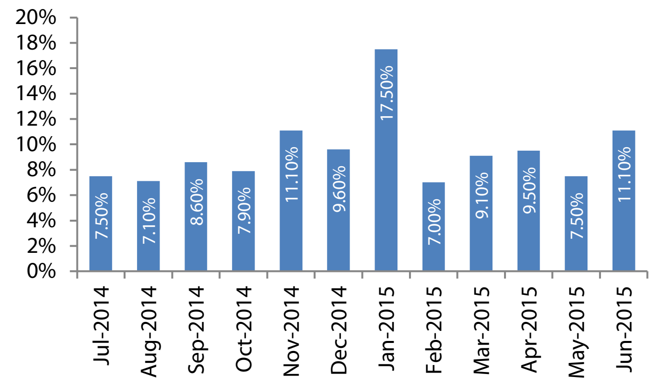
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

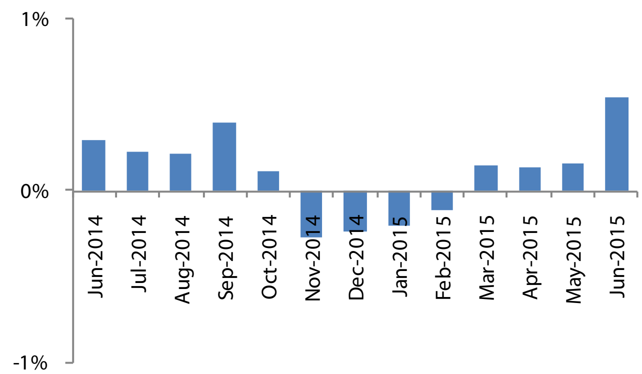
(*) Comparision price in 1994

Graph 2: IIP



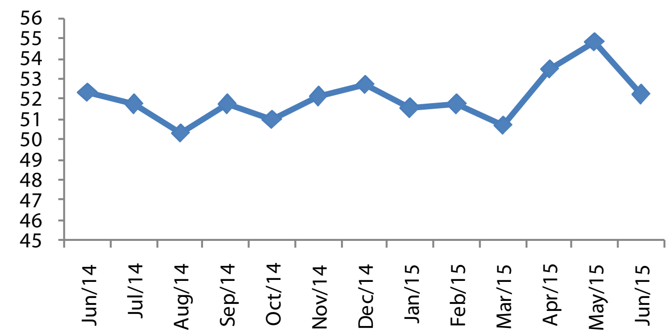
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



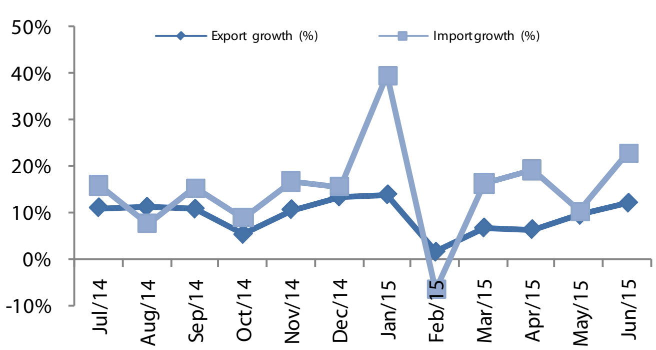
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



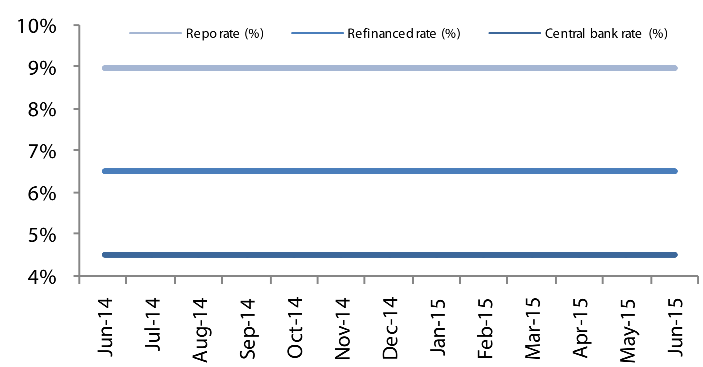
Sources: GSO. Rongviet Securities database

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
NT2 - Growth in stability	July, 30th 2015	Buy – Intermediate term	30,200
FMC - Leaping in overseas waters	July 23rd, 2015	Accumulate – Intermediate term	27,000
SVC - Firing up the engine	July 20th, 2015	Accumulate – Intermediate term	24,100
LCG - A new cycle begins	July 16th, 2015	Accumulate – Intermediate term	9,500
PVD - Well-positioned in the industry but still early to expect upturn	July 14th, 2015	Accumulate – Intermediate term	61,700

Please find more information at http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302

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	21/07/2015	0% - 0.75%	0% - 2.5%	11,817	11,748	0.59%
VEOF	21/07/2015	0% - 0.75%	0% - 2.5%	9,945	10,100	-1.53%
VF1	31/07/2015	0.2% - 1%	0.5%-1.5%	23,561	23,582	-0.09%
VF4	29/07/2015	0.2% - 1%	0%-1.5%	10,715	10,752	-0.34%
VFA	31/07/2015	0.2% - 1%	0%-1.5%	7,606	7,606	0%
VFB	31/07/2015	0.3% - 0.6%	0%-1%	12,282	12,260	0.18%
ENF	24/07/2015	0% - 3%	0%	11,626	11,557	0.60%
MBVF	30/07/2015	1%	0%-1%	10,578	10,626	-0.45%
MBBF	29/07/2015	0%-0.5%	0%-1%	12,300	12,295	0.04%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 1308

truc.dtt@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 1319

Hoang.nh@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 1313

lam.ntp@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 1318

Tuan.hm@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 1320

Kien.nt@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 1309

my.tth@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 1310

tai.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 1311

my.ttd@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 1316

Van.btt@vdsc.com.vn

Thien Bui

+ 84 8 6299 2006 | Ext: 1321

Thien.bv@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 1317

trien.lh@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 1315

tam.bt@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 1314

huong.pt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 1312

Nam.hk@vdsc.com.vn

HỘI SỞ TẠI TP. HCM

Tầng 1-2-3-4 toà nhà Viet Dragon
141 Nguyễn Du, P. Bến Thành, Q.1, TP. HCM

T + 84 8 6299 2006
F + 84 8 6291 7896
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