OCTOBER

ADVISORY DIARY

21

WEDNESDAY

- **Awaiting for a new trend**
- **Result updates: MAC, HSG, STK, NT2**

Awaiting for a new trend

Higher pressure at a resistance level. VNIndex closed at 590.24, a slight decrease of 0.04%. Similar to yesterday session, market seemed quite positive in morning but selling pressure pushed the index to 590. At current resistance level, market witnessed increases in large market capital stocks, which supported market strongly. While yesterday witnessed bullish session of BVH, VNM, FPT, today was a turn of VCB, VNM, BVH. However, VCB's liquidity was not strong, with order matching volume decreasing by 30% compared to average of recent two sessions.

Liquidity is diminishing. Total order matching volume was only 126.8 million in both exchanges, down 18% compared to yesterday. So, liquidity has decreased gradually by CAGR of -18% per week.

As our mention in previous ADs, liquidity is currently a key indicator since market would need sufficient demand for absorbing selling pressure of short-term profit taking activities as well as stocks purchased in first two quarters, especially in second quarter. Therefore, further diminishing in liquidity seems to be first indicator for an increase in market's risk and for losing momentum for market to having wide breadth.

The two rare consecutive sessions witnessing net buying position of foreigners in this month. With exception for the week that TPP agreement was signed, the foreigners have turned back to buying for 2 consecutive session in both exchanges but buying strongly. Total net buying value of the 2 sessions is just VND 72.2 billion in both exchanges.

To sum up, as our observation, market is losing momentum to surge due to shortage of new supporting factors as well as cash flow. Both local and foreigners are quite cautious. Therefore, scenario of strong accumulating carefully at some sectors is likely to maintain, as happening at some sectors as insurance, logistic, automobiles retailing,… next sessions may be witness rotation between such sectors and other sectors having positive business results. Meanwhile, it would be probably to witness sudden bullish sessions in some large capital stocks such as VNM, VCB, FPT, BVH,… because they has been traded without obvious trend.

With such scenario, we think next up and down sessions will be good chances for rotating trending stocks as well as "selling-buying" within same stock outstanding in portfolio. Those activities make investors to control their trading risk if bearish sessions happens due to sudden negative events.

"Awaiting for a new trend"

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

Result updates: MAC, HSG, STK, NT2

Maserco JSC (MAC-HNX) has just announced its 3Q earnings result. The firm recorded VND35 billion (+8.7%yoy) in revenue and VND845 million (51% yoy) in PAT for the quarter. So, the 9-month accumulated revenue and PAT have achieved impressive results of VND96.9 billion (+19%yoy) and VND9.3 billion (447%yoy, completing 71% and 55.7% 2015's earnings targets respectively. For a small company like MAC, the so far- achievements are very impressive and lays a good foundation for it to achieve new heights.

FY2015 would expectedly be a turning year as the firm executes major capacity expansion projects typically a new Depot (4 ha) in Dinh Vu, Hai Phong, which is scheduled to commence operation in the year's final months. Therefore, increasing operating expenditure (interest expense and direct wages) could be a hurdle for the firm's earnings in short-term before its revenue growth prospect sets pace. Nevertheless, if successfully with the coming share issuance plan (1:1) ended on November 2015, MAC's projected to double its chartered capital to about VND130 billion. This would give the firm with affordable resources to expand capacity for expected strong rise in demand for container repairing and Depot services in the coming years.

Regarding MAC's 2015 earnings prospect, we hold on with our early forecast dated on August 7 2015 that the firm would be able to achieve **VND136 billion in revenue** and **VND15.2 billion in profit after tax** (*EPS adjusted of VND1,823 in equivalent*) for the entire year. Apart from the positive growth in core-operations, investors may take note at MAC's hugely potential investment of 1.4 million shares HAH (recorded book value only VND16.4 billion). Did the firm decide to divest this investment to serve its expansion plan; MAC's earning result would record a large extraordinary profit.

Hoa Sen Group (HSG-HSX) has announced earnings estimates of the 2014-2015 fiscal year. Accordingly, our analyst said the Company had a successful year with sales volume estimated at more than 1 million tons, exceeding 11% the yearly target and increasing by 23% yoy. HSG's revenue was estimated at 17,700 billion (+ 18% yoy), while profit after tax is estimated at VND650 billion (+ 59% yoy). Impressive growth in terms of profits came from higher gross profit margin, especially in the second half. Gross profit margin was approximately at 13.7%, up 2% over the same period. With this result, EPS for this fiscal year is estimated at VND6,500, P/E is about 6,7x. The detailed analysis report about the business result and the prospects of current projects will be released in the time to come.

Century Synthetic Fiber Corporation (STK-HSX) has just announced its 3Q2015 report with revenue and NPAT decreased by 20.6% and 76%, respectively. The main reasons of the sharp decline in the Company's earnings were: (1) The average selling price lost nearly 13% over the same period and fiber volume was also on downward trend due to fierce competition with China; (2) Unrecognized foreign exchange loss reached VND20 billion, making financial expense rose nearly 10 times over the same period. However, according to the macro analyst of Rong Viet, the exchange rate at the end of the year could be stable as at present, therefore, STK might not have to record a large loss in foreign exchange as it did in 3Q2015. Also, the last quarter is the peak season of the fiber industry and prospects from new plants Trang Bang 3 could help improve core operations of the Company. On this basis, the industry analyst supposes that 4Q2015 earning results might be better than the other previous quarters with VND383 billion in revenue and VND33 billion in NPAT. However, the 2015's NPAT forecast is still 11% lower than that of 2014 due to the huge impact of exchange rate fluctuations during the year.

NT2: Q3/2015 Result Updated

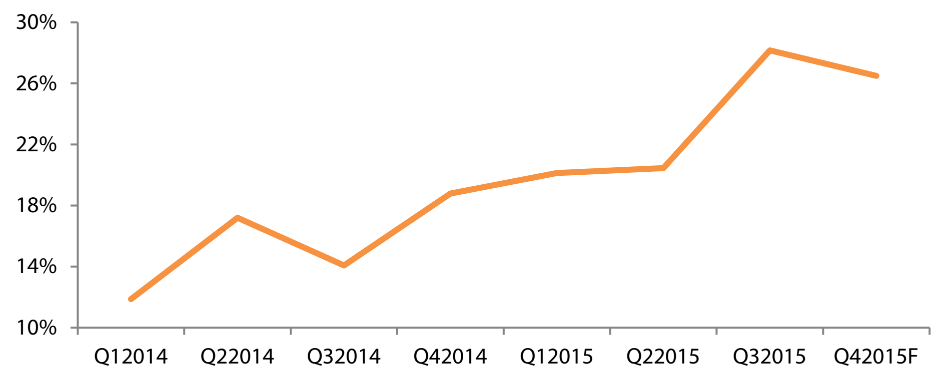
Using market price mechanism for gasoline from Sep 2015. According to Doc No. 2175/VPCP-KTTN issued on April 2nd 2014 about market price plan for gasoline and government budget regulation of gasoline and Doc No. 11318/BTC-TCT on Aug 13th 2014 about gasoline market price implementation to electric, the mechanism has been implemented since Aug 1st 2015. In case of NT2, the company will initiate from Sep 2015. In Sep 2015, market price of gasoline was around USD4.452/mmBTU, c. 31.4% lower than its contracted price.

The differentiation value during Apr 2014 – Aug 2015 retroacted in Q3/2015. Total differentiation was VND319.5 bn and was recorded in sales allowance account. However, the retroaction was performed in form of cross exchange between Gasoline Purchase Contract and

Power Purchase Agreement; it didn't impact on NT2's profitability.

Gross profit margin (GPM) experienced strong growth in Q3/2015. Net sales excluding allowance reached VND1,277 bn in Q3/2015 (-14%, y/y). The application of gasoline market price, which is lower than contracted price, caused dramatic decline of NT2's revenue. In spite of that, Q3/2015's gross profit reached VND359.6 bn, a strong growth of 72% y/y. The correspondent Q3/2015's GPM is 28%, a marked growth from 14% of Q32014.

Graph: Strong growth of gross profit margin



Source: NT2, RongViet Research

During Q3/2015, USD and EUR respectively appreciated 3% and 3.8% against VND. Hence NT2 should have reported c. VND206 bn from unrealized foreign exchange loss in Q3/2015. However, compared to end of 2014, USD appreciated 5.2% while EUR depreciated c. 4%. Therefore, unrealized foreign exchange loss reported at c. VND102 bn.

Q3/2015's profit-before-tax (PBT) is more than VND69 bn (-85.5%, y/y). 9M2015's accumulated net sales reached VND5,021 bn and gross profit was VND1,120 bn, up by 9% and 70% y/y, in that order. Exchange rate variation caused loss from financial activity at c. VND327.5 bn in 9M2015. 9M2015's PBT and NPAT were announced at VND728 bn (+26.6%, y/y) and VND691.5 bn (+20.2%, y/y).

Lowered forecast on FY2015's sales due to lower gasoline price. NT2's core business is still in line with our expectation. Therefore, we reserve our forecast on NT2's electric sale volume at 5.14 bn kWh in 2015, implying more than 1.14 bn kWh in Q4/2015. Because gasoline market price mechanism, in which current market price is c. 30% lower than contracted one, has been applied from Sep 2015, our forecast on NT2's revenue should be down. Consequently, FY2015's revenue is adjusted to c. VND6,420 bn, c. 8.9% lower than initial forecast; hence, Q4/2015's revenue is expected at VND1,398.4 bn (-21%, y/y).

Q4/2015's GPM is expected at c. 26%, a dramatic rise from 19% of Q4/2014. We also hope that, at the end of 2015, USDVND and JPYVND will not go too far from current rate, and there would be a slight loss from financial activities. Q4/2015's PBT is estimated at VND303 bn (-15%, y/y) and NPAT is c. VND288 bn (-20%, y/y). For whole FY2015, NPAT is forecasted around VND957 bn (-40%, y/y). If excluding unrealized foreign exchange gain/loss, NT2 can generate VND1,077 bn from core business, double that in 2014. Correspondent EPS is VND3,930.

According to our initial report, NT2's electric volume may be peaked in FY2015 and slightly down (-2.5%) in FY2016. Beside, FY2016's revenue growth can experience a faster down than that of volume (-8.1%) due to the application of gasoline market price mechanism. However, this mechanism could be an advantage of NT2 in competitive market, and help to maximize its operation effectivity. FY2016's GPM is forecasted at 27.4%, higher than 23.2% of FY2015.

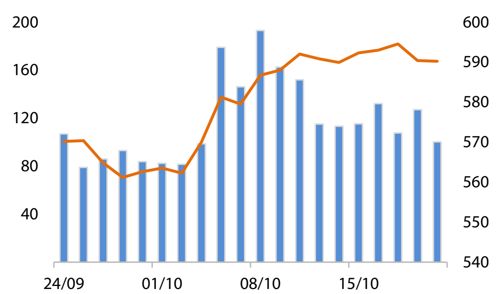
Although there are changes in operation affectivity and exchange rate variation as well, NT2's fair price is not a significant changes from that in our initial report issued on July 30th. NT2's target price is VND30,200, 16% higher than close price on Oct 21st.

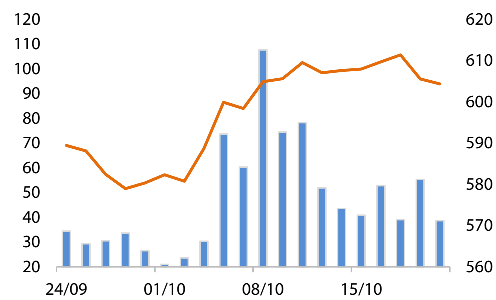
Table. Valuation change

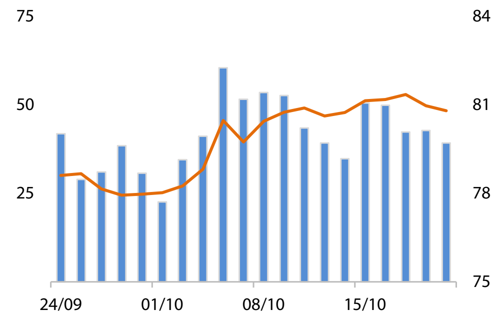
	Initial price	Changed price
Fair price	29.282	30.663
Adjustment due to exchange rate variation (VND per share)	897	-460
Target price (VND pershare)	**30.179**	**30.204**

Source: Rongviet Research

VNINDEX	-0.04%	590.24	VN30	-0.20%	604.34	HNXINDEX	-0.21%	80.80

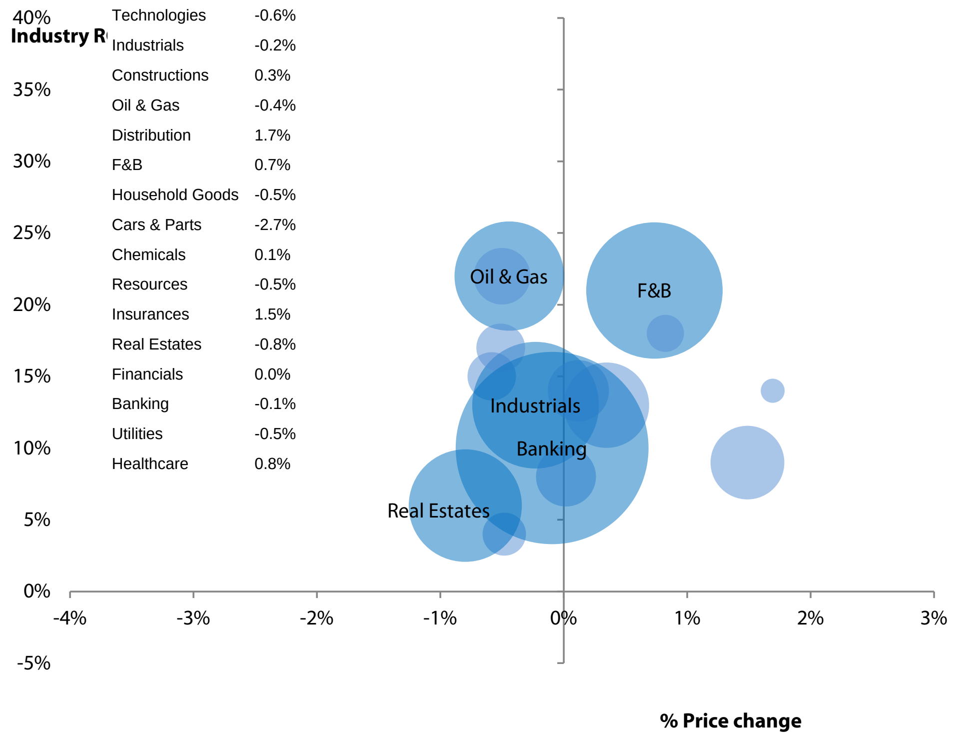




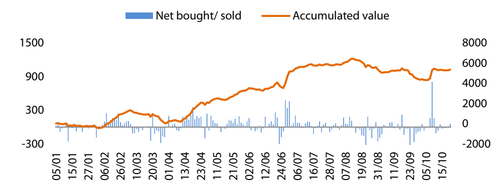


Industry Movement

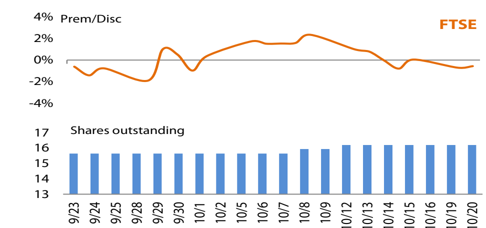
Industry	% change
Technologies	-0.6%
Industrials	-0.2%
Constructions	0.3%
Oil & Gas	-0.4%
Distribution	1.7%
F&B	0.7%
Household Goods	-0.5%
Cars & Parts	-2.7%
Chemicals	0.1%
Resources	-0.5%
Insurances	1.5%
Real Estates	-0.8%
Financials	0.0%
Banking	-0.1%
Utilities	-0.5%
Healthcare	0.8%

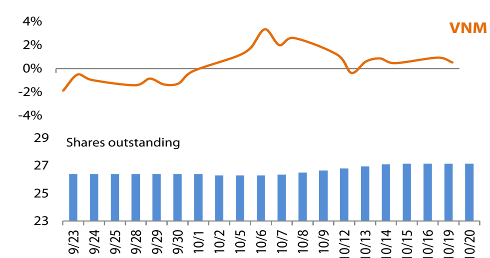


Foreign Investors Trading

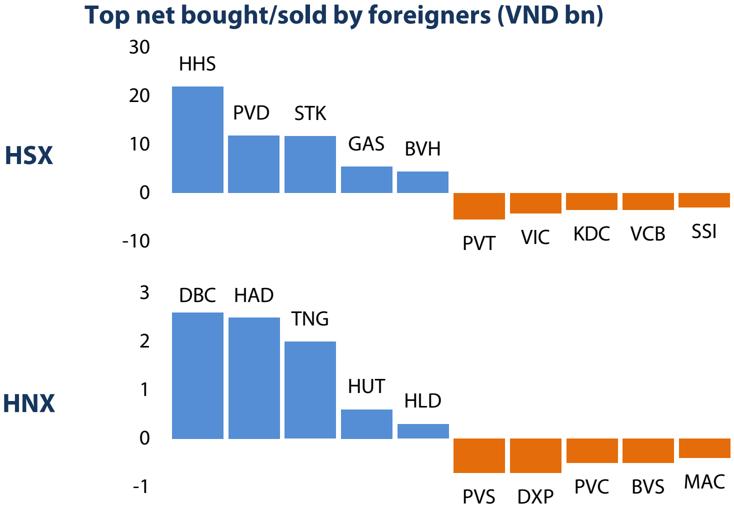


ETF





Top net bought/sold by foreigners (VND bn)



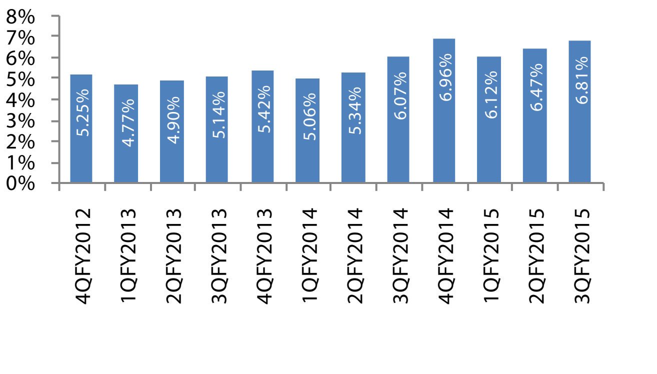
Top Active

Ticker	Price	Volume	% price change
FLC	6.9	5.53	-1.4%
HHS	17.7	5.34	2.9%
ITA	6.4	3.88	0.0%
HQC	6.3	3.21	0.0%
DLG	7.9	2.79	3.9%

Ticker	Price	Volume	% price change
SHB	6.7	2.74	-1.5%
KLF	4.4	2.50	-2.2%
TIG	11.0	2.00	0.9%
NHA	9.6	1.94	-9.4%
S99	7.1	1.72	-6.6%

MACRO WATCH

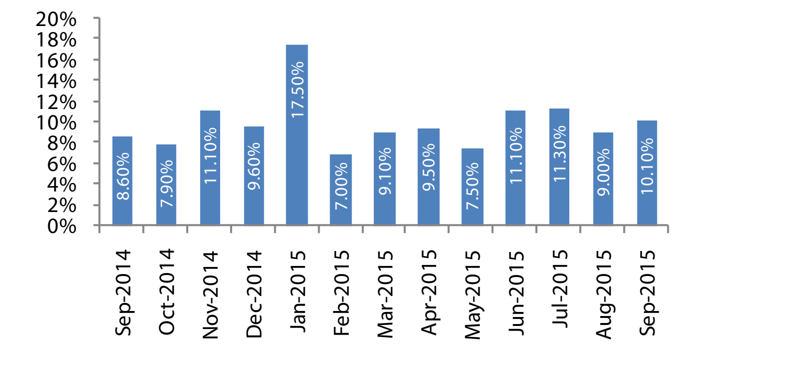
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

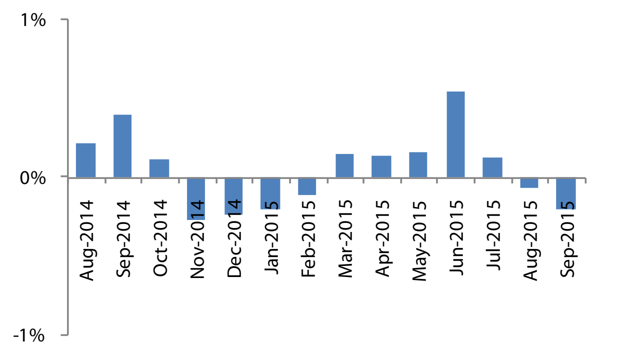
(*) Comparision price in 1994

Graph 2: IIP



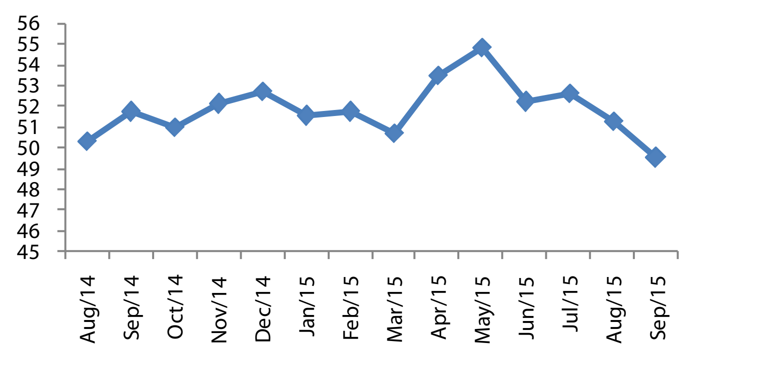
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



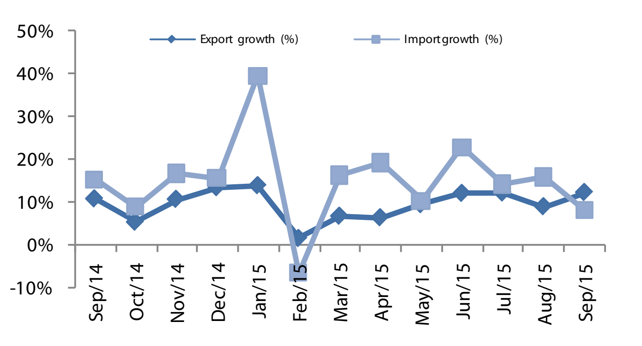
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



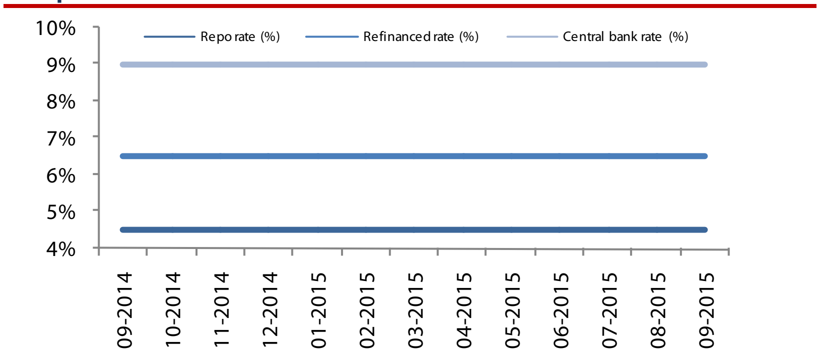
Sources: GSO. Rongviet Securities database

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
CHP- Off season advantages	Sep, 30th 2015	Buy - Intermediate	23,600
PXS - Invest to strengthen construction capacity	Sept, 4th 2015	Accumulate - Intermediate	17,000
SHP - Positive over long-term	Sept, 3rd 2015	Accumulate - Intermediate	20,800
PET - Tracking the progress of Thanh Da land plot transfer	Aug, 20th 2015	Stable	N/a
VNC - Embrace the new wave of international commerce	Aug, 14th 2015	Neutral – Long term	28,900

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	06/10/2015	0% - 0.75%	0% - 2.5%	11,935	11,922	0.11%
VEOF	06/10/2015	0% - 0.75%	0% - 2.5%	10,347	10,241	1.14%
VF1	16/10/2015	0.2% - 1%	0.5%-1.5%	23,599	23,545	0.23%
VF4	16/10/2015	0.2% - 1%	0%-1.5%	10,558	10,511	0.45%
VFA	16/10/2015	0.2% - 1%	0%-1.5%	7,488	7,457	0.42%
VFB	16/10/2015	0.3% - 0.6%	0%-1%	12,409	12,391	0.14%
ENF	09/10/2015	0% - 3%	0%	11,842	11,582	2.24%
MBVF	08/09/2015	1%	0%-1%	10,696	10,574	1.15%
MBBF	07/09/2015	0%-0.5%	0%-1%	12,395	12,383	0.10%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 1308

truc.dtt@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

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

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

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

Trinh Nguyen

+ 84 8 6299 2006 | Ext: 1331

Trinh.nh@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 1317

trien.lh@vdsc.com.vn

HEADQUARTER

Floor 1-2-3-4, Viet Dragon Tower
141 Nguyen Du Street, Dist.1, HCMC

T + 84 8 6299 2006
F + 84 8 6291 7896
E info@vdsc.com.vn
W www.vdsc.com.vn

HA NOI BRANCH

2C Thai Phien street, Hai BaTrung Dist., Ha Noi city

T + 84 4 6288 2006
F + 84 4 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

NHA TRANG BRANCH

50 Bis Yersin street, Nha Trang city, Khanh Hoa city

T + 84 058 3820 006
F + 84 058 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

CAN THO BRANCH

08 Phan Đinh Phung street, Ninh Kieu Dist., Can Tho city

T + 84 0710 381 7578
F + 84 0710 381 7789
E info@vdsc.com.vn
W www.vdsc.com.vn