AUGUST

20

THURSDAY

"Oil&Gas stocks exodus"

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 1319

Hoang.nh@vdsc.com.vn

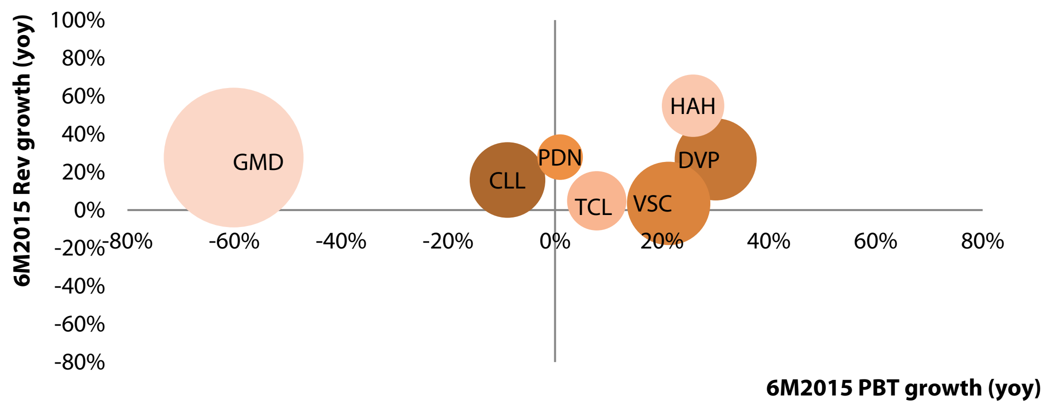
ADVISORY DIARY

- **Vietnamese seaport operators stand to benefit from increasing trade flow**
- **Oil&Gas stocks exodus**

Vietnamese seaport operators stand to benefit from increasing trade flow

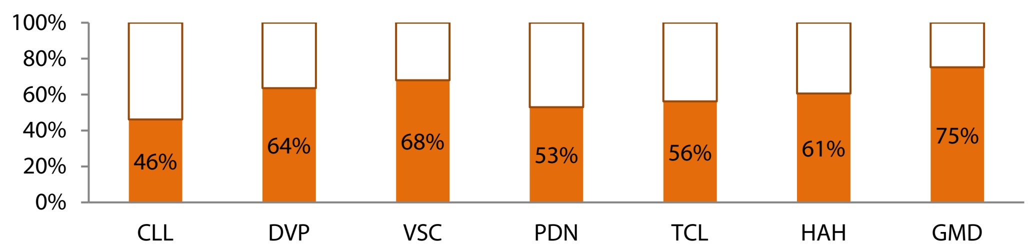
Recently, the devaluation of Yuan put the pressure on currency policies of countries having large trading value with China. The impact from the Yuan devaluation on each industries has been generally evaluated by Rongviet Research in the Advisory Diary on August 13,2015. In that picture, we believe that port companies with less foreign currency debt could be the least impacted from FX volatility. Several companies could even benefit from that if VND devaluation by the SBV could stimulate commercial activities in the last 2 quarters of 2015.

Chart: Earnings performance



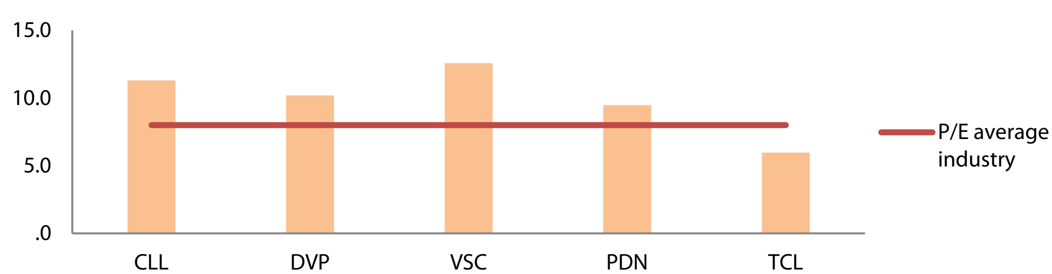
Source: RongViet Research

Chart: Performance progress



Source: RongViet Research

Chart: Seaport operators' P/E based on 2015 guidance



Source: RongViet Research

In overall, Port services companies' performances in the 1H2015 have been very positive.

According to Vietnam Marine Administration, total throughput via Vietnamese ports in the first six months of 2015 increased 10.43% (yoy) reaching 203 million tons. Of which, container throughput upped 26% (yoy) to 6.2 million tons. Our analyst argued the combined factors : (1) Vietnamese economic recovery, (2) better public infrastructure access after port (Soai Rap canal, Ha Noi-Hai Phong Highway, Long Thanh –Dau Giay…) and (3) truckload control policy have pushed up demand for sea transport and hence cargo throughput via ports.

In the context of increasing put-through volume, listed companies in Port Industries also achieved positive business results. Most of the companies which provide port services and container handling recorded 20% y-o-y growth in revenue and 10% y-o-y up in PBT. However, in long term when cargo volume will mount up, business growth rate will be differentiated between companies according to their geographical locations and abilities. In particular, companies having plan to put into operation new ports such as GMD (Nam Hai Dinh Vu Port, 500 TEU), VSC (VIP-Greenport, 350 TEU) and PDN (expand Dong Nai and Go Dau Port) thanks to favorable location (near industrial zones like Dinh Vu, VSIP and Dong Nai) will prevail in long term growth as their port operations are in full capacity currently.

On the other hand, though DVP has yet planned to increase its capacity, the company is looking forward to expanding warehouse area from 10ha to 14ha in Dinh Vu industrial zone. We believe that DVP is targeting at building its warehouse to stabilize commodity clearances via Ding Vu Port instead of aiming to increase capacity like other competitors do. For HAH, exploiting 2 domestic vessels in 2015 and constant workload from partner TMS on both ways will be the the main drivers of future growth.

Our industry analyst thinks exchange rate will have both negative and positive effects on prospects of goods clearances in 2H2015. However, there 2 reasons why we think growth still maintains in 2H2015: (1) seasonal effects of last 6 months in 2015 im-export turnover is forecasted to increase 13% compared to that of 1H2015 (Western markets have tendency to increase their consumer goods in this period) and (2) the shift of exporting orders to Vietnam to catch impacts from FTAs and TPP. Moreover, low leverage ratio, low debt denominated in foreign currencies and USD quoted loading fees will reduce significant FX risks. Our statistics show that leverage ratio (D/A) (calculated at the end of 30/06/2015) of these companies is estimated at 16%. Therefore, we assess the sudden fluctuations of FX (if possible) will not have material impact on business results of listed Port Companies.

Oil&Gas stocks exodus

Contrast to the assessments from experts, weekly report from EIA demonstrated the increase of 2.6 million barrels in crude stock with only 0.5 decline in domestic production (forecast: decline by 0.78 million barrels). In addition, experts from EIA also cut their forecast on crude prices to 49 USD and 54 USD/barrel for Brent. Such information created the negative impact on global market, lead to the decrease in WTI and Brent prices to USD 40.80 (-4.46%) and USD 47.16 (-3.50%)/barrel after 19/08 trading session.

Negative information from global crude oil and pessimistic outlook in long-term created the waves of fleeing from investors in oil & gas stocks. In particular, GAS and PVD ended today trading session with price floor and total trading value significantly increased to 1.1 and 2.1 million shares respectively. Other "P" stocks also recorded the decline in prices such as PVS (-7%), PGD (2.4%), PVC (-5%) and PVT (3.4%).

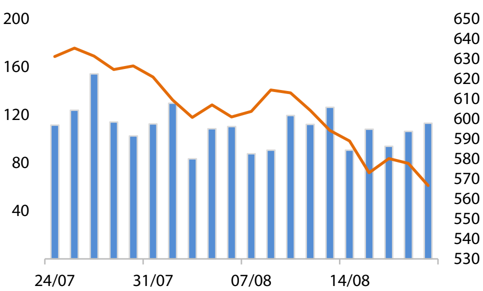
While the devaluation of Yuan and changes in FX policy from several countries have raised many concerns for investors, the question on when the US Federal Reserve (FED) lifting USD interest rate also attracts a lot of attention. In the meeting minute (released on 19 August 2015), FED asserted that it relatively concerned about the US economic recovery rate. The evidence was the unchanged average salary even though there were 215,000 new jobs created in July (higher than 12 month average by 1.8%). This hence could not support domestic consumption and constrain the inflation rate to reach 2%. More importantly, external macro fluctuations from the slower growth rate of Chinese economy and devaluation of the Yuan would decrease global commodity prices further. Consequently, US could continue to face a deflation. Therefore, investors have the reasons to reduce the possibility of FED increasing interest rate in September to 38% from 50% as before the July meeting. Thus, investors from Vietnamese stock markets could relieve from the concern that foreign investors could retreat after FED's decision in September. However, the unstable recovery from the world's two largest economies could mean that the most difficult period of crude oil has yet to pass.

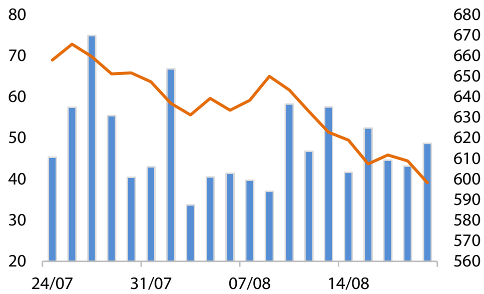
As mentioned in our Advisor Diary in 19 June 2015, Circular 123/2015/TT-BTC of the Ministry of Finance (come in to force in 01 Oct 2015) has helped improving the investors sentiment at the end of yesterday session. This is the most important Circular in the 3 Circular guiding Decrees 60. The contents of Circular 123 mainly focus on the detail procedures for the foreign investors. The procedures will be simplified including the document reduction and the Vietnamese translation requirement. However, besides the unrestricted FOL for the securities company, this Circular has not really satisfied the expectations of the market when Companies and foreign investors still have not known which industry will be limited. Thus, after the Ministry of Finance, the market will have to continue waiting for the Ministry of Planning and Investment issued the list of FOL industry.

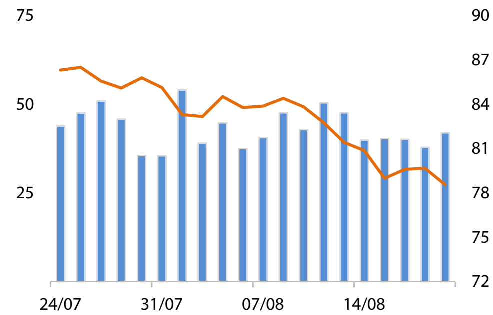
The unmet demand and dumping pressure on O&G stocks were spreading to other stock groups causing VN-Index and HNX-Index to close down 1.93% and 1.41% respectively. Market liquidity remained unchanged as to previous sessions. Regarding foreign investors' activities, FX volatility risk and unconcluded matter on FED rate hike continued to worry overseas investment capital flow at the time being. As an evidence, today market recorded a net selling amount to VND158 billion on both bourses from foreign investors mainly for PVD (VND43 bil), GAS (VND15 bil) and VIC (VND22 bil).

Sliding O&G stock prices dictated today market's development. However, worry on FX volatility now looks to be considered in the context of other risks from interest rates, inflation to government debt…Hence, we believe risk management is investors' top priority at the moment to minimize losses. So, investors are not recommended to act bottom fishing at current market conditions for short-term trading purposes. On the other hand, possible stocks accumulating activity shall be considered carefully based on sector selection.

VNINDEX	-1.93%	566.69	VN30	-1.76%	598.22	HNXINDEX	-1.41%	78.55

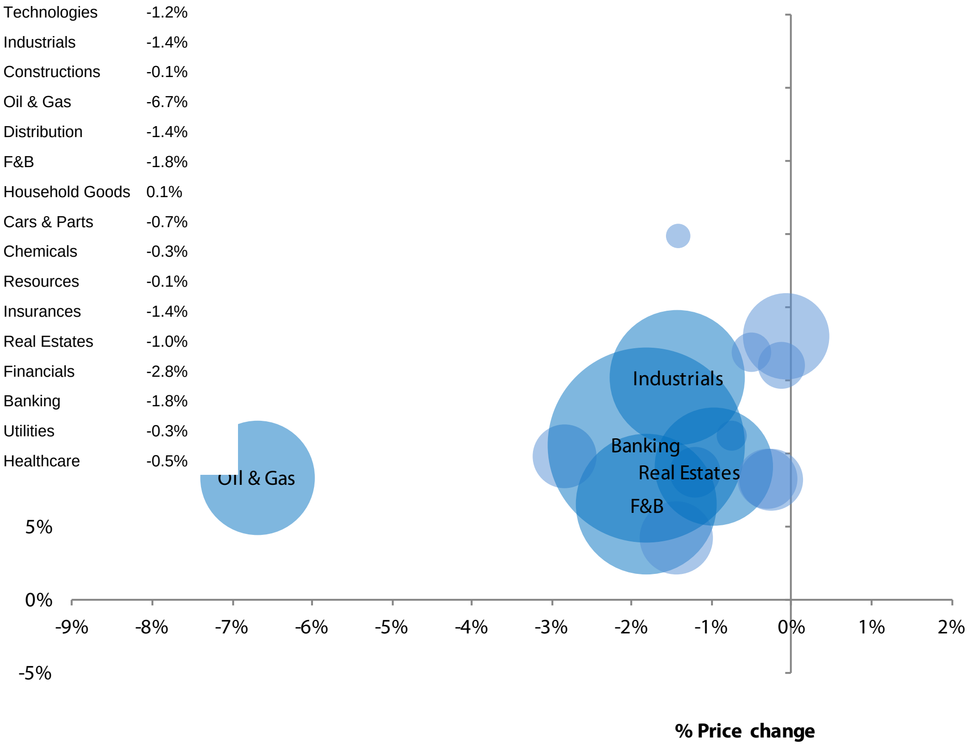




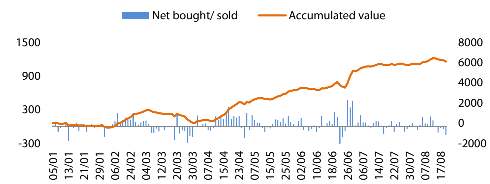


Industry Movement

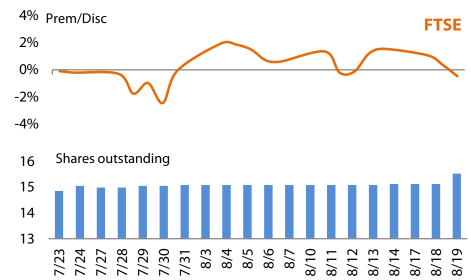
Industry	% change
Technologies	-1.2%
Industrials	-1.4%
Constructions	-0.1%
Oil & Gas	-6.7%
Distribution	-1.4%
F&B	-1.8%
Household Goods	0.1%
Cars & Parts	-0.7%
Chemicals	-0.3%
Resources	-0.1%
Insurances	-1.4%
Real Estates	-1.0%
Financials	-2.8%
Banking	-1.8%
Utilities	-0.3%
Healthcare	-0.5%

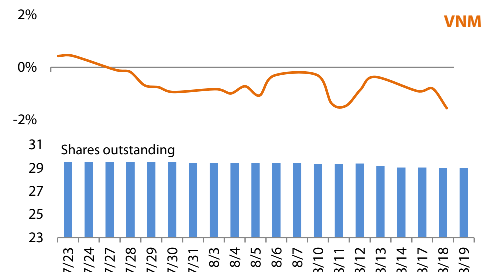


Foreign Investors Trading



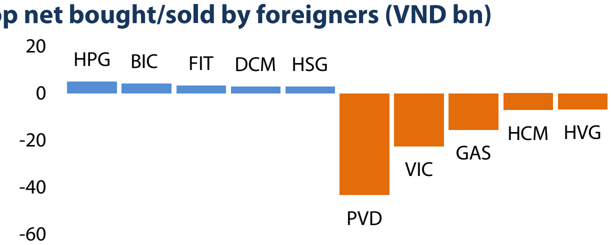
ETF



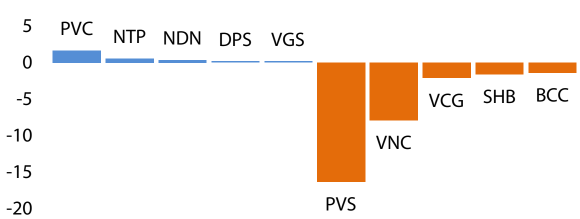


Top net bought/sold by foreigners (VND bn)

HSX



HNX



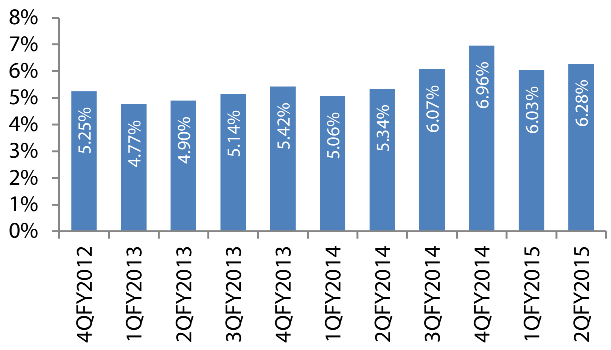
Top Active

Ticker	Price	Volume	% price change
CII	26.8	10.15	0.8%
FIT	11.2	9.33	-6.7%
FLC	7.2	7.27	-4.0%
SSI	24.9	4.81	-1.2%
OGC	2.3	3.32	-4.2%

Ticker	Price	Volume	% price change
PVX	3.5	4.27	-2.8%
KLF	5.2	2.89	-5.5%
SCR	8.0	2.59	-2.4%
SHB	7.3	2.44	0.0%
PVS	20.1	1.88	-6.9%

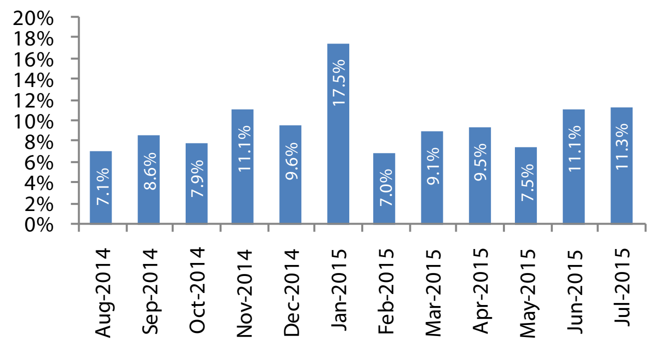
MACRO WATCH

Graph 1: GDP Growth



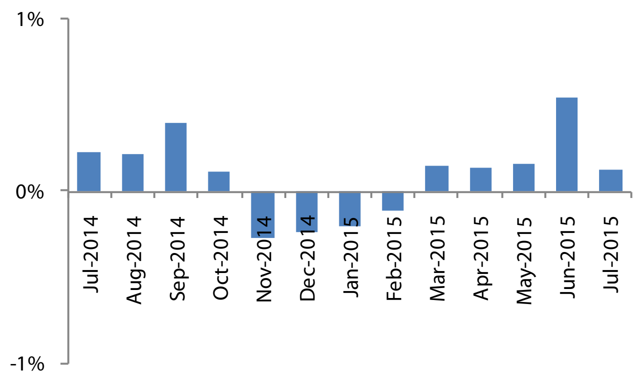
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



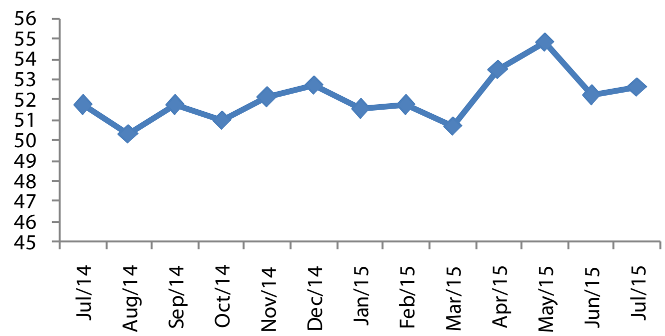
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



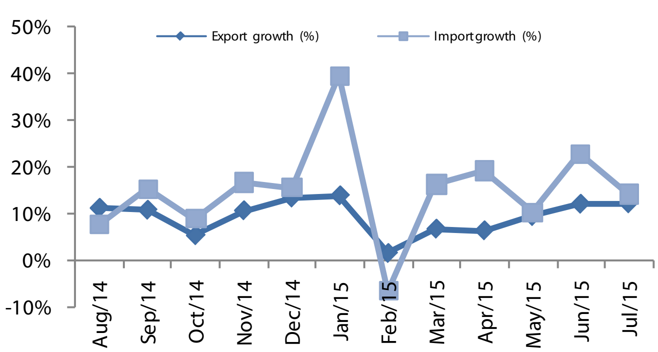
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



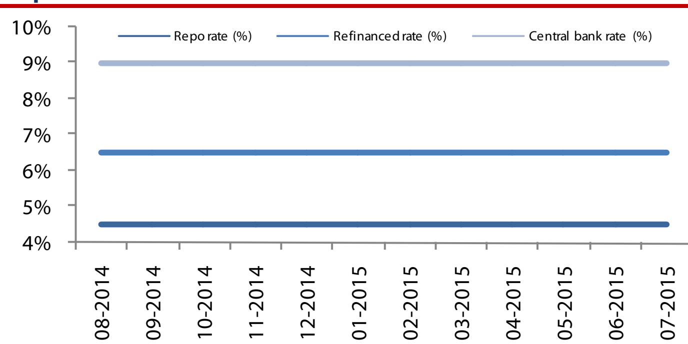
Sources: GSO. Rongviet Securities database

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
MAC – Bigger Propellers, further waters	Aug, 7th 2015	Buy – Long term	17,600
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

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	11/08/2015	0% - 0.75%	0% - 2.5%	11,851	11,856	-0.04%
VEOF	11/08/2015	0% - 0.75%	0% - 2.5%	10,298	10,011	2.87%
VF1	14/08/2015	0.2% - 1%	0.5%-1.5%	23,279	23,537	-1.09%
VF4	14/08/2015	0.2% - 1%	0%-1.5%	10,459	10,573	-1.08%
VFA	14/08/2015	0.2% - 1%	0%-1.5%	7,404	7,482	-1.04%
VFB	14/08/2015	0.3% - 0.6%	0%-1%	12,331	12,311	0.16%
ENF	07/08/2015	0% - 3%	0%	11,601	11,665	-0.55%
MBVF	06/06/2015	1%	0%-1%	10,735	10,578	1.48%
MBBF	05/08/2015	0%-0.5%	0%-1%	12,299	12,300	-0.01%

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