NOVEMBER

# ADVISORY DIARY

09

MONDAY

- **Lower indices, higher volumes**
- **DAT- where is the real value of a newcomer?**

**Today saw a divergence in large caps versus small&mid cap stocks trading**. Correction pressure on large caps (except VCB) pulled VN-Index and HN-Index to close down 0.28% and 0.1% respectively. In contrast, small&mid cap stocks had a relatively successful day as VNMid closed up 0.08%, VNSML gained 0.28% and HNX Mid/Small upped 0.14%. Noticeably, today trading volume was significantly improved especially for low priced tickers. This has effectively resulted in a 10% jump in today trading volume compared to last week's daily averages at the fact of lower trading value ironically.

**The movements of capital flow were clearly demonstrated in "speculating" stocks and SCIC-divestment stocks such as VNM and FPT**. "Speculating" stocks like FLC, FIT, KLF and OGC experienced a positive trading session. Liquidity of this group surged by 2.5 times with FLC, 3 times with FIT and 8.5 times with KLF. In contrast, liquidity in stocks which are attracting the cash flow recently (VNM and FPT) has shrunk with total trading volume for VNM declining by 68% and for FPT by 44% compared to last week.

*Speculative stocks started to rally. Margin lending funds are likely to direct to these risky stocks. If there aren't any other movements, market risks might climb to a higher level as market corrections might lead investors to margin call or even force sell. Whenever investors involved in selling off their stocks to fill up the maintenance level, there will be oversupply in the markets. Hence, investors as their whole discretion should consider to lower stock proportion in their portfolios when markets bull up in upcoming sessions.*

*"Lower indices, higher volumes"*

**DAT- where is the real value of a newcomer?**

Travel Investment and seafood development corporation (HSX: DAT) has listed since 5th November with offer price at VND13,000 per share. After increasing at ceiling prices for a third straight day, DAT closed at today's price of VND17,700 per share. It is familiar to recognize the fact that new-listed tickers always spike in beginning trading days. However, it should be concerned whether the market prices are matched to the intrinsic values. In long-term, market price absolutely demonstrates company's prospects; thus, "come fast and vanish faster" had occurred to tickers such as NDF, GTN. In today's advisory diary, we express an aspect to a new-listed ticker with attractive business of DAT.

DAT core businesses are production of fishmeal and fish oil. The company is under control of Internatioanl Development and Investment Corporation (HSX –IDI) as it holds 70% total equity capital. DAT production capacity is approximately of 6,000 tons per year and their main markets are in the Mekong Delta and the South of Vietnam, especially An Giang and Dong Thap markets. In the fishmeal industry, VHC currently ranks at first (30%), Honorad VN ranks second (22%) whereas DAT holds the third position with 20% market shares. In our opinion, the prospect of this industry may be less "rosy" in the upcoming year. For example, VHC sale volume begun to record an downward trend since 2014. In 1H2015, the sale volume decreased by 5% y-o-y.

**Table: Growth in fish oil and fishmeal at VHC from 2013 to 6M2015**

| | 2013 | 2014 | 6M2015 |
|---|---|---|---|
| Growth (%) | 26.7 | -15.4 | -5.0 |

*Source: VHC*

**Tuan Huynh**

+ 84 8 6299 2006 | Ext: 1318

Tuan.hm@vdsc.com.vn

**Tam Bui**

+ 84 8 6299 2006 | Ext: 1315

tam.bt@vdsc.com.vn

As farmers experienced losses and raw material price is currently under 20,000 per kg, area for pangasius is greatly reduced. Thus, lots of farmers began to cooperate or outsource for big firms instead of self-farming. In other words, demand for fishmeal and fish oil would be decreased.

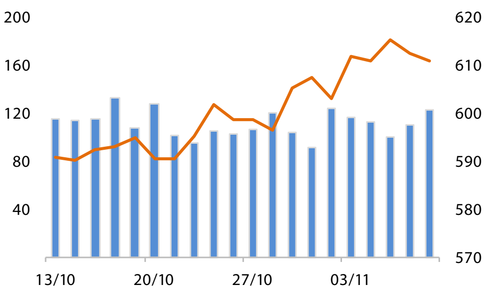
Revenue from fish meal in 1H2015 doubled. Excluding revenue from fish oil of VND116 billion, we estimate revenue of core business surged by 58%. However, GPM of the company dropped from 7.7% (1H2014) to 3.9% (1H2015). Therefore, gross profit only posted 24% growth y-o-y. We think the reason might come from internal transaction of semi-products from DAT to IDI for Ranee production. Hence, gross profit was not significant though revenue has grown substantially. DAT is planning to increase capacity to another 50%, equivalent to 400-500 billion/day. At that point, we believe that the majority of production volumes will be used for processing fish oil. In addition, while the company is waiting for Ranee to be widely accepted in markets, profit of DAT will be squeezed due to two types of expenses: (1) depreciation of new plants – the fish oil refiners from IDI (about VND30 billion) and (2) internal consumption.

In long term, fish oil production is the most expected segment as integrated operations is optimized. At the end of 1Q2015, DAT has received fish oil factory from IDI. Total capex cost for the factory is estimated to be VND707 billion in which equity capital is about VND474 billion and debt is about VND233 billion. Currently, only VND280 billion has been recorded as asset at IDI's balance sheet and transferred VND156 billion to DAT. Hence, depreciation expense at DAT has increased by VND4.7 billion (not considerably). However, we believe that the value of the plant is gradually raising and causes more remarkable depreciation costs. Currently, profits from business activities are subject to the greatest impact from marketing expenses, with approximately 50% share of cost of sales to total sales. According to our estimates, fish oil production creates a gross profit up to 40-50% but net profit margin could fell to just over 20% due to high selling expense. Therefore, output is the most concern to the fish oil production project rather than material expense.

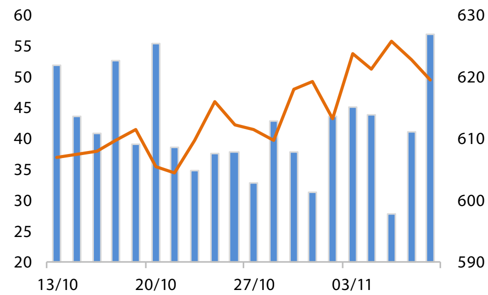
According to our assessment, the Vietnamese awareness regarding high-nutrition oil has not yet widespread. Furthermore, it is difficult for consumer as evaluating between its high-valued product's aims and its affordable Ranee. DAT's marketing seems to spread widely on Mekong Delta; however, in 6M2015, the Company only sold about 2.9 million products, which have been launched since July 2014. Hence, the Company may face difficulty in fulfilling FY2015 business plan pf VND500 billion, equivalent to 12.5 million products if only relies on domestic consumption. So, Singapore market, which is expected to contribution to business plan completion, will be the target of DAT in 4Q. Base on conservation view, we do not see a bright spot of such products in at least 1 to 2 upcoming years. In reference to mentioned analysis, we do not expect an exceptional growth in DAT bottom line.

According to 2015 plan, revenue and PAT is respectively VND 1,000 billion and 50 billion. However, DAT only completed 12% of the plan in 6M2015. As our estimation, PAT can reach VND 18 billion, equivalent to EPS of VND 472/share. With the closed price of VND 17,700 VND, DAT has traded at P/E of 37x, higher than the prospect. Thus, the market price seems to jump so far compared with our estimation of DAT prospect

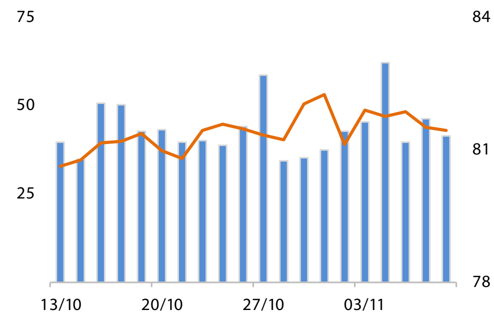
**VNINDEX** **-0.28%** **610.66**




**VN30** **-0.52%** **619.44**

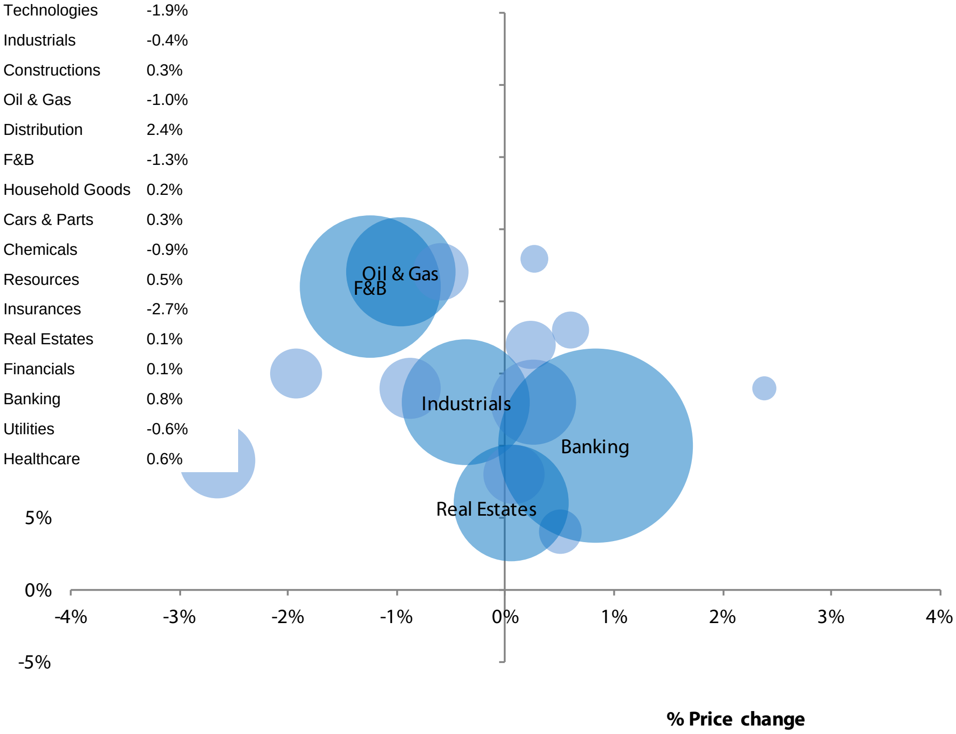



**HNXINDEX** **-0.10%** **81.42**

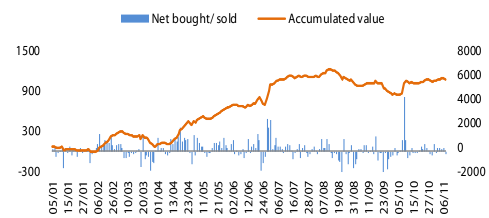



## Industry Movement

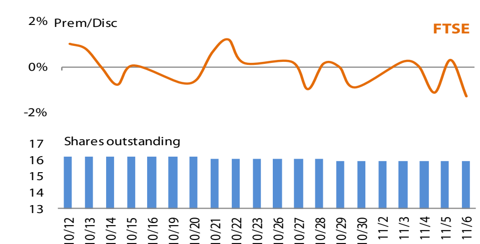
| Industry | % change |
|---|---|
| Technologies | -1.9% |
| Industrials | -0.4% |
| Constructions | 0.3% |
| Oil & Gas | -1.0% |
| Distribution | 2.4% |
| F&B | -1.3% |
| Household Goods | 0.2% |
| Cars & Parts | 0.3% |
| Chemicals | -0.9% |
| Resources | 0.5% |
| Insurances | -2.7% |
| Real Estates | 0.1% |
| Financials | 0.1% |
| Banking | 0.8% |
| Utilities | -0.6% |
| Healthcare | 0.6% |

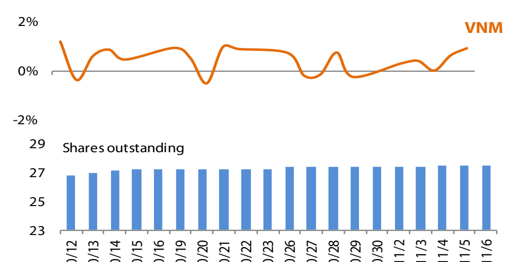



## Foreign Investors Trading




## ETF

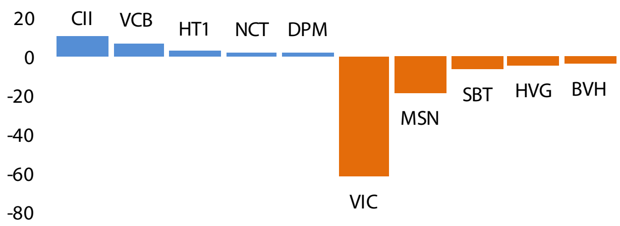



## Top net bought/sold by foreigners (VND bn)

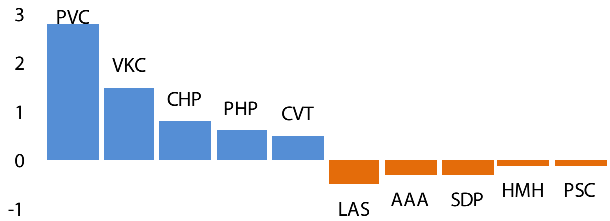
## Top Active

**HSX**




| Ticker | Price | Volume | % price change |
|---|---|---|---|
| FLC | 7.4 | 16.52 | 5.7% |
| CII | 21.3 | 12.47 | -4.9% |
| FIT | 10.3 | 6.07 | 5.1% |
| SHI | 14.6 | 4.58 | 5.8% |
| ITA | 6.4 | 3.71 | 3.2% |

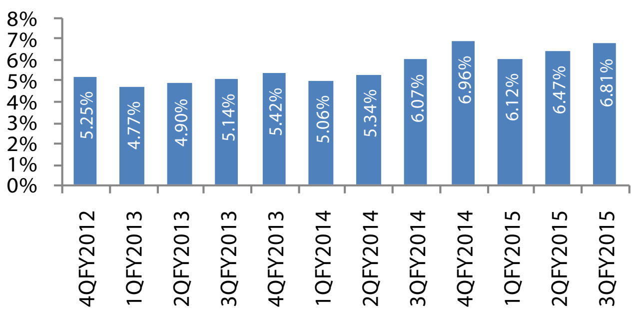
**HNX**




| Ticker | Price | Volume | % price change |
|---|---|---|---|
| KLF | 4.5 | 6.47 | 7.1% |
| VCG | 12.7 | 2.98 | 4.1% |
| SCR | 8.1 | 2.26 | -1.2% |
| ACM | 4.0 | 1.84 | 8.1% |
| TIG | 11.0 | 1.61 | 0.0% |

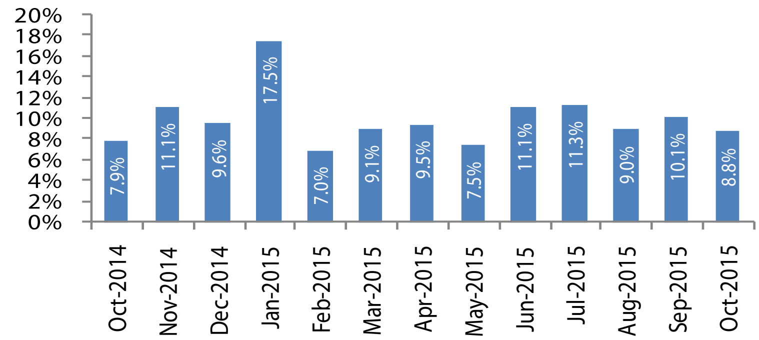
# MACRO WATCH

**Graph 1: GDP Growth**



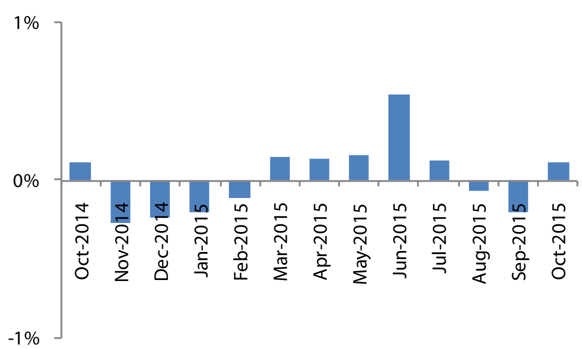

*Sources: GSO. Rongviet Securities database*
*(*) Comparision price in 1994*

**Graph 2: IIP**



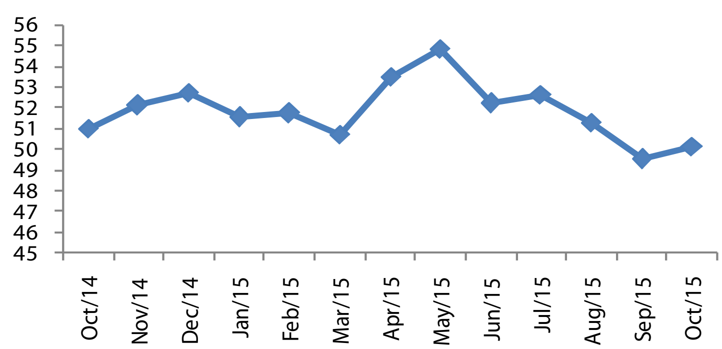

*Sources: GSO. Rongviet Securities database*

**Graph 3: Monthly CPI**




*Sources: GSO. Rongviet Securities database*

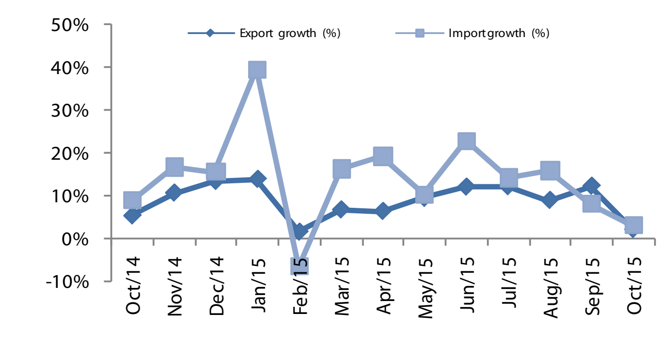
**Graph 4: HSBC - PMI**



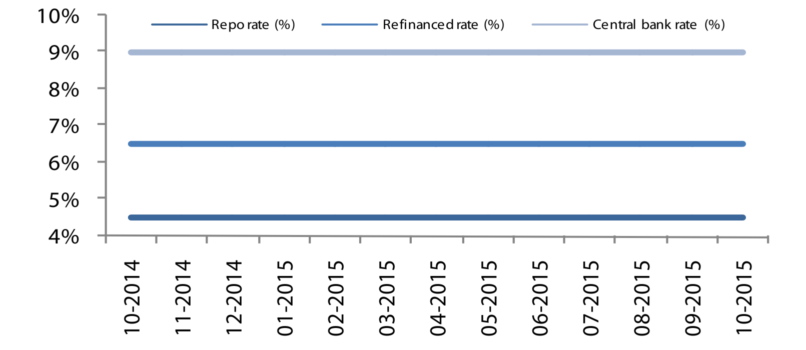

*Sources: GSO. Rongviet Securities database*

**Graph 5: Trade Growth**

**Graph 6: Interest**




*Sources: GSO. Rongviet Securities database*




*Sources: SBV. Rongviet Securities database*

## RONG VIET NEWS

| COMPANY REPORTS | Issued Date | Recommend | Target Price |
|---|---|---|---|
| DMC - Restructuring sparks positive changes | October 30th, 2015 | Accumulate – Intermediate term | 49,000 |
| HSG - New investments: The engine of growth | October 29th, 2015 | Accumulate – Long term | 52,500 |
| KSB - Rock-solid foothold in the construction stone | October 28th, 2015 | Buy – Intermediate term | 38,400 |
| HHS - Riding on a rough road | October 28th, 2015 | Neutral – Short term | 20,100 |
| PVT - Upside potential outweighs short-term risks | October 20th, 2015 | Buy – Long-term | 15,900 |

*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 | 20/10/2015 | 0% - 0.75% | 0% - 2.5% | 12,030 | 11,946 | 0.70% |
| VEOF | 20/10/2015 | 0% - 0.75% | 0% - 2.5% | 10,558 | 10,473 | 0.81% |
| VF1 | 28/10/2015 | 0.2% - 1% | 0.5%-1.5% | 23,992 | 23,909 | 0.34% |
| VF4 | 28/10/2015 | 0.2% - 1% | 0%-1.5% | 10,788 | 10,747 | 0.38% |
| VFA | 22/10/2015 | 0.2% - 1% | 0%-1.5% | 7,438 | 7,488 | -0.67% |
| VFB | 22/10/2015 | 0.3% - 0.6% | 0%-1% | 12,421 | 12,409 | 0.10% |
| ENF | 23/10/2015 | 0% - 3% | 0% | 11,963 | 11,943 | 0.17% |
| MBVF | 22/10/2015 | 1% | 0%-1% | 11,000 | 10,965 | 0.32% |
| MBBF | 28/10/2015 | 0%-0.5% | 0%-1% | 12,438 | 12,445 | -0.06% |

## 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

This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.
The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters;  and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.
The information herein is compiled by or arrived at Rong Viet Securities from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.