OCTOBER

19

MONDAY

"A careful start of the week"

- **A careful start of the week**
- **Company visit note: PXS – maintain stable workload; focus on on-shore projects**
- **Q3/2015 earning result updates : PXT, FMC**

A careful start of the week

No news today, markets kept on accumulating. Total matching-order trading volumes reached 124 million shares (down 20% compared to last week average), equivalent to VND2,000 billion in term of value. Not much aggressive action today as well as high-low intraday volatility of shares was quietly narrow from 1.84% to 2.33%. A careful start of the week when VNIndex closed 1,59 pts higher and the HNIndex up 0,17 pt.

Today was VNM-Day. VNM closed at VND111,000/share (+VND5,000/share) after CEO of the company commented in the media that they would like to lift FOL to max allowed by authorities. She also said that the company had organized lots of roadshows offshore and would continue to do so to introduce VNM to more foreign funds. Besides VNM, not much volatility among large caps as well as markets.

Very alike last week, Indexes only turned active as long as unexpected occurrences in few specific stocks in after session but then logged weaker at the end. Hence, we think markets are not ready for an assault to break 600 but may remain a sideway accumulation between 590 and 600. Increasing stock proportion in portfolios waiting for 2H2015 business results is encouraged at the moment. For short-term investors, trading is only recommended for those who can quickly access to Q3 earning results information, which we believe the only factor that impacts on markets.

China's Q3/2015 GDP logged weakest since 2009. As mentioned in the previous advisory diaries, China's growth is a highlight spot in this week. More specific, the economy recorded 6.9% in Q3/2015, the lowest since the first quarter of 2009, however this figure overestimated many forecasts. The slowdown of real estate market, industrial production as well as export activities are three main reasons to the stagnation of GDP growth rate. As the same time, metals prices also witnessed a significant decrease in today's session. Meanwhile, Shang-Hai securities market decreased slightly by 0.13%.

Company visit note: PXS – maintain stable workload; focus on on-shore projects

PXS: maintain stable workload; focus on on-shore projects

In the first week of 10/2015, RongViet Research's analysts had a meeting and discussion with the representative from Petroleum Equipment Assembly & Metal Structure JSC (PXS – HSX). In today Advisory diary (…), we will deliver the information and update related to Q3/2015 business results along with the company prospects in intermediate/long-term.

Reach the capital requirement for expansion projects

The issuance of selling shares with the ratio of 10:1 for the existing shareholders of PXS relatively succeeded with 4.84 million shares being sold. Remaining stocks will be distributed to employees.

With VND 190 billion in additional loan, PXS will continue the expansion project along with the enhancement of construction capacity. According to the information from the Company, the funds will come from Viettinbank Vung Tau (VND 166 billion) for expansion project and Vietcombank Leasing (VND 24 billion) for capacity enhancement.

Regarding the Q3/2015 business result, PXS estimated to achieve VND 394 billion in revenue (-12.40% y.o.y) and VND 19 billion in profit before tax (-0.64% y.o.y). The main profit contribution

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came from the key project of the year, Thai Binh 2 Thermal power plant accounting for approximately 30% of revenue. In addition, Nghi Son Refining and Petrochemical and Jacket & Topside Thai Binh projects also contributed about 30% to the business result. Remarkably, PXS recently signed the contract with Cuu Long JOC for housing sub-project in the Su Tu Trang development project – phase 1. The contract value was estimated at USD 25 million (approximately VND 550 billion). According to the calculation from Rongviet Research's analyst, the recognition to revenue could be at 60 – 65% of total contract value. Total construction time is expected to span over 12 months and this project also accounted for 11% of Q3/2015 total revenue.

Projects in Q3/2015 – unit: VND bil

No	Projects	Investors	1H2015 Revenue	Q32015 Revenue
1	**Thai Binh 2 Thermal power plant**	PV Power	154	**156**
2	**Nghi Son Refining and Petrochemical**	JGCS	34	**62**
3	**Jacket & Topside Thai Binh**	Petronas	161	**60**
4	**Su Tu Trang**	CL JOC	-	**43**
5	**P3/P4**	Ministry of Defense	-	**30**
6	**Tho Trang**	Vietsovpetro	18	**15**
7	**Others**		-	**36**
	Total			**402**

Source: Rongviet Research, PXS

As we have mentioned before, the profit margin for second half of 2015 could not be as good as 1H2015 due to the decline in margin of major projects such as Thai Binh 2 Thermal power plant and Nghi Son Refining and Petrochemical to below 10%. Others projects from foreign investors have been expected to maintain the optimistic margins from 15% to 20%. Therefore, the significant decrease over the same period could not pose the high risk at this moment. Accumulating for the first 9 months of 2015, profit after tax was estimated at VND 91.15 billion, dropped by 11.08% y.o.y and equivalent to 89.89% of yearly plan.

Potential projects in Q4/2015 – unit: VND bil

No.	Projects	Investors	Q42015 Revenue
1	**Thai Binh 2 Thermal power plant**	PV Power	**220**
2	**Nghi Son Refining and Petrochemical**	JGCS	**100**
3	**Su Tu Trang**	CL JOC	**80**
4	**P7, P8, P9, P10**	Ministry of Defense	**-**
7	**Others**		**20**
	Total		**420**

Source: Rongviet Research, PXS

Revenue and profit before tax in Q4/2015 were forecasted at VND 420 billion (+26.36% y.o.y) and VND 22.08 billion (+7.03% y.o.y). Furthermore, Thai Binh 2 Thermal power plant has been under the pending approval for upward total investment adjustment, therefore the delay risk should be considered in short-term. However, the Project has been allowed to use the reserve to pay the domestic construction segment with supplies being purchased under the tender process (PXS is under this category), the decline in revenue recognition could be assessed to have low risk in the future.

At this moment, PXS focuses on the projects under Thermal power plan, Refining and Petrochemical and Ministry of Defense segments in order to avoid crude oil risk. PXS also concentrates to tender and participate in several heavy industrial projects such as (1) Long Phu 1 Thermal power plant, (2) Song Hau 1 Thermal power plant and (3) Long Son Refining and Petrochemical. However, the estimation of mechanical segments of (1) and (2) have been expected to start in mid-2017 and (3) project is seeking for alternative investors; consequently, Rongviet Research maintains the prudent perspective on the long-term development plan with uncertain schedules

With the forecast of 2015 and 2016 prospect, Rongviet Research maintained the forecasted price at **17,000 VND/share** because the business results have been relatively close to PXS Result update report on 04/09/2015.

Q3/2015 earning result updates

PXT: Petroleum Pipeline and Tank Construction JSC (PXT – HSX) – stock on the tracking list of Rongviet Research – announced the business result in Q32015 with the optimistic change in term of revenue and profit. Particularly, revenue achieved VND 105.41 billion (+339.18% y.o.y), profit after tax continued the improving trend through quarters with VND 5.69 billion (5 times higher than Q2/2015 with significant improvement compared to VND 20.35 billion loss over the same period). The profit margin indicated decline signal of 16.03% slight decrease y.o.y compared to 17.83% during Q22015. According to research from analyst, the reason for the drop in profit margin could be that majority of recorded revenue in Q32015 came from Thai Binh 2 Thermal power plant project.

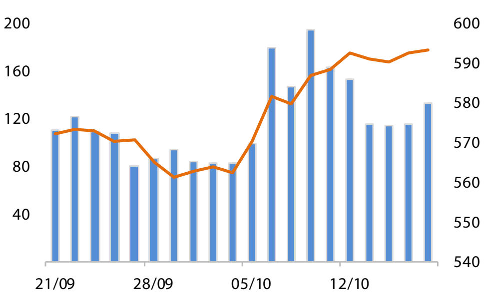
In the future, we believe that PXT's business results could continue the increasing trend when Q42015 will be the main period for 2015 with 2 packages continuing to be implemented which are (1) Cooling pipeline system and (2) Electricity generator Installation for Thai Binh 2 Thermal power plant project. Therefore, profit margin and project costs could maintain as stable as Q32015. According to analyst's estimation, Q42015 revenue and profit could reach VND 180 billion (+181.21%) and VND 9.36 billion. For 2015, we expect the profit after tax of 2015 at VND 16.42 billion, achieves 23.96% above the yearly plan.

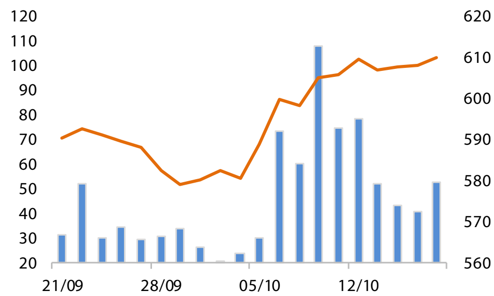
FMC: Sao Ta Foods JSC (HOSE –FMC) announced its 3Q2015 earning results. Specifically, revenue and NPAT recorded VND 855 bn (-4% y-o-y) and VND 44.5 bn (-2% y-o-y). In overall, for 9M2015, revenue of FMC reached VND 2,087bn (-2% y-o-y) while NPAT was about VND 76.9 bn (+94% y-o-y). With this earning result, FMC completed 57% and 84% 2015 plan on revenue and NPBT respectively.

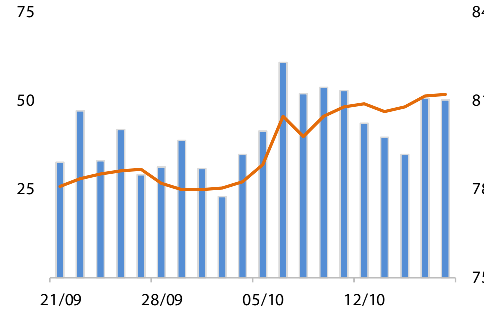
According to 9M2015 consumption, although the volume rose 9.6%, revenue also dropped 4% due to a selling price slump of 10% yoy. However, shrimp price moved positively, so gross margin in 9M2015 increased to 9.3% from 5.9% in 9M2014; specially, Q3 margin reached the best ratio of 10.6%.

Notably, other income in 9T2015 recorded at VND13 billion, 10 times higher than that of the same period. As FMC's explanation, the income was supplier's compensation arising from sales return of export orders in 2014. Excluding that, NPBT was approximately VND74 billion that matched to our prior estimates. Moreover, FMC also received tax incentive of 4%, instead of 22% as previous years. Therefore, both optimistic factors help the Company to fulfill their 2015 plan in which NBT is VND100 billion; with that figure, EPS is about 4,500 VND/share and P/E is about 6.4x.

VNINDEX	0.10%	593.02	VN30	0.29%	609.73	HNXINDEX	0.05%	81.18

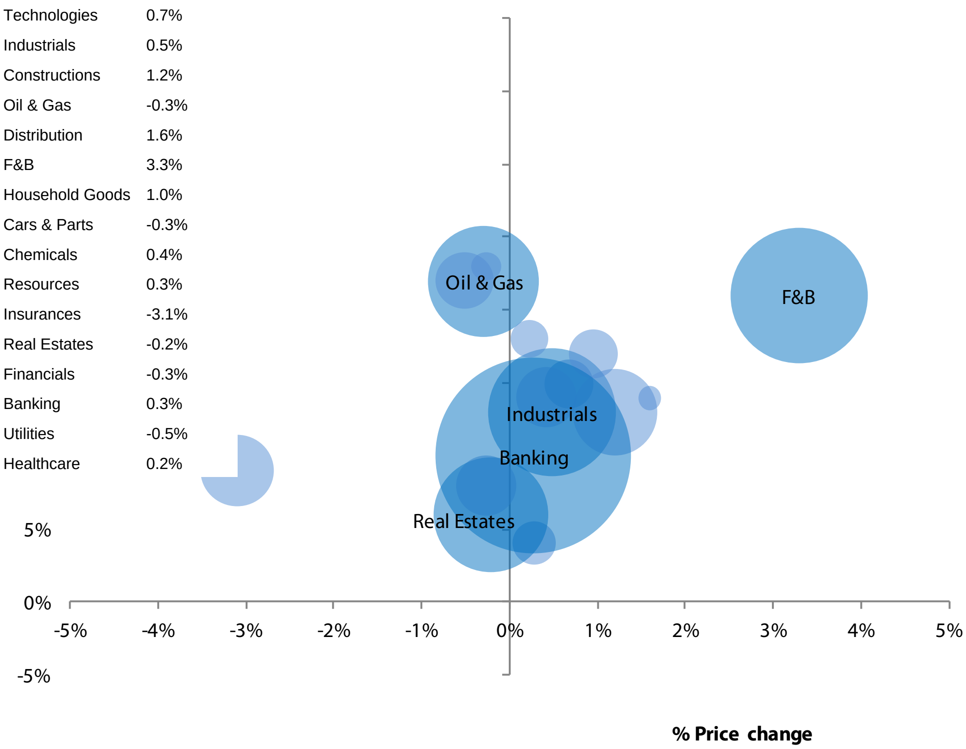




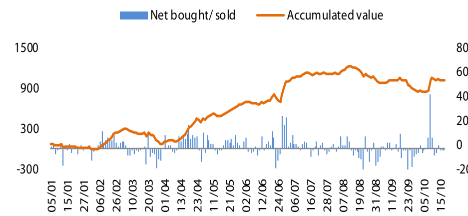


Industry Movement

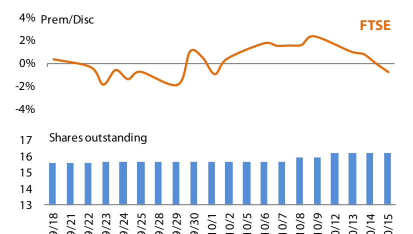
Industry	% change
Technologies	0.7%
Industrials	0.5%
Constructions	1.2%
Oil & Gas	-0.3%
Distribution	1.6%
F&B	3.3%
Household Goods	1.0%
Cars & Parts	-0.3%
Chemicals	0.4%
Resources	0.3%
Insurances	-3.1%
Real Estates	-0.2%
Financials	-0.3%
Banking	0.3%
Utilities	-0.5%
Healthcare	0.2%

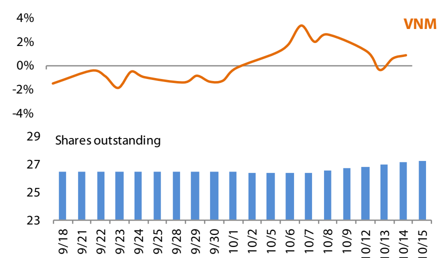


Foreign Investors Trading



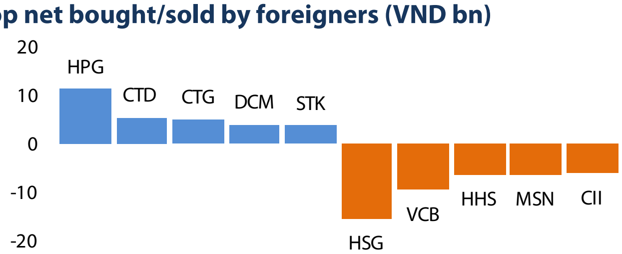
ETF



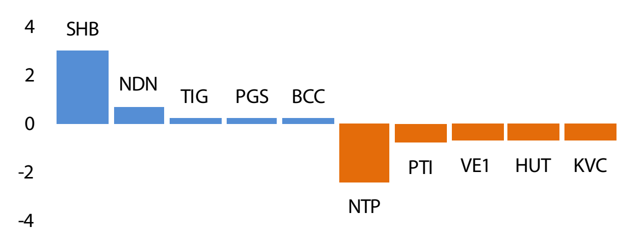


Top net bought/sold by foreigners (VND bn)

HSX



HNX



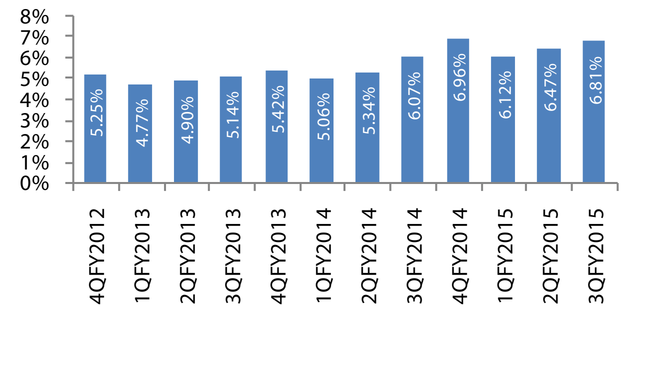
Top Active

Ticker	Price	Volume	% price change
DLG	7.9	7.77	6.8%
HQC	6.4	5.18	0.0%
ITA	6.6	4.89	-1.5%
HAI	6.1	4.19	1.7%
FLC	7.2	3.51	0.0%

Ticker	Price	Volume	% price change
TIG	11.2	3.22	2.8%
SHB	6.9	3.10	0.0%
KLF	4.5	1.72	0.0%
SCR	8.3	1.59	0.0%
PVX	3.2	1.44	0.0%

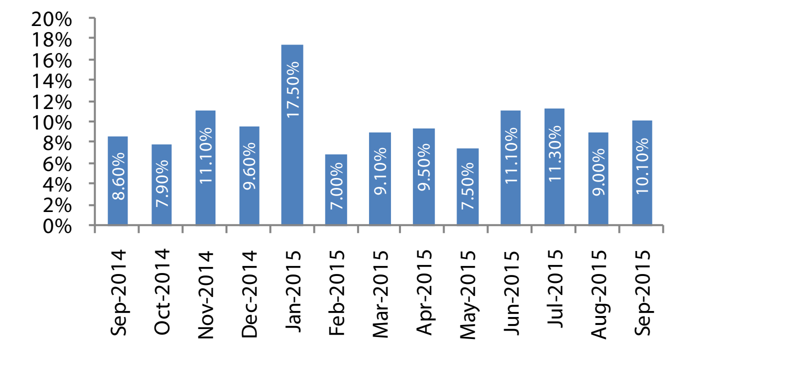
MACRO WATCH

Graph 1: GDP Growth



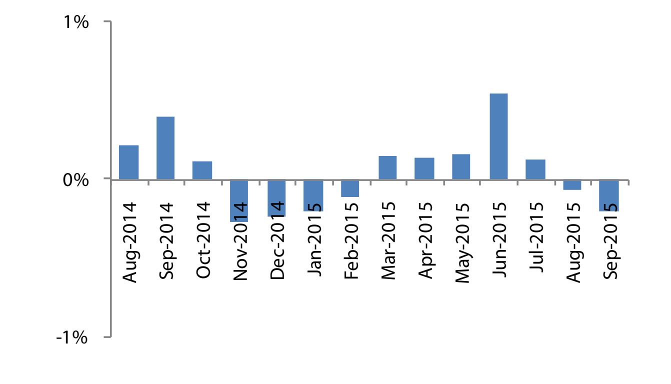
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



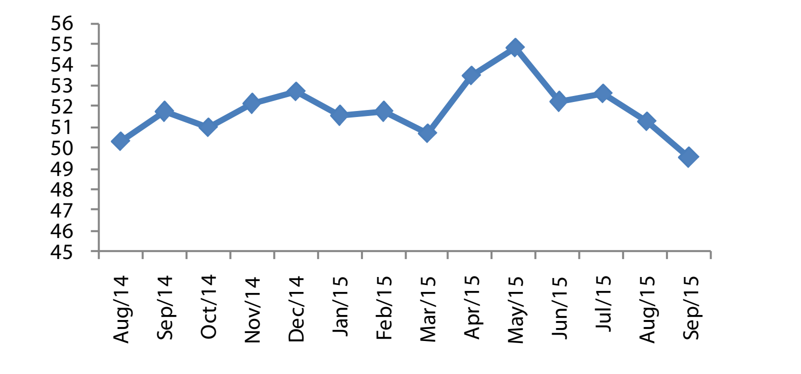
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



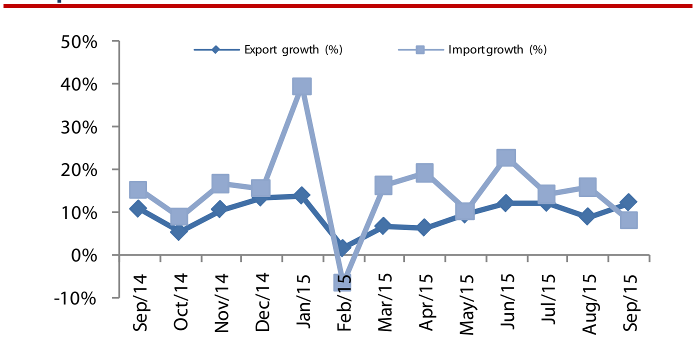
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



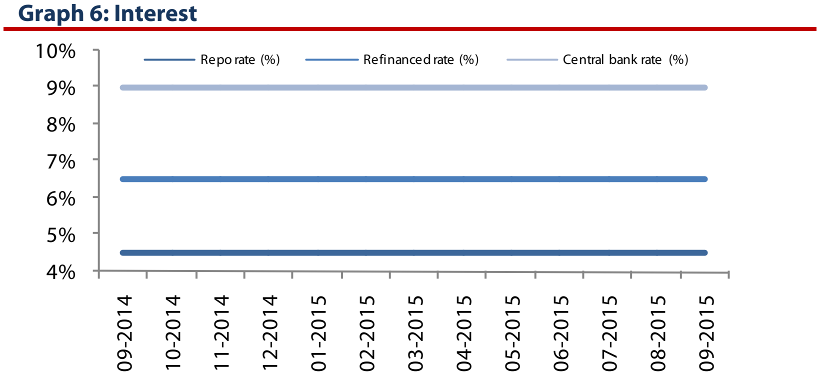
Sources: GSO. Rongviet Securities database

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
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%

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