JULY

24

FRIDAY

ADVISORY DIARY

- **Stock pickers gained as fundamental stocks bloomed**
- **BMP – profit jump fueled stock gains**

Having climbed over 25% since late June, the stock of Binh Minh Plastics JSC (HSX – BMP) was a clear example of a security whose sound fundamentals have sheltered it from the stock market volatility. Our analyst attended yesterday BMP's quarterly investor conference. While its core business has made minor progress, the firm's 6-month earnings showed above-expectation improvements.

In the 6 months to June 2015, BMP sold over 31 thousand ton of plastics pipes of sorts, up by 16.2% from a year earlier; revenue also grew 17.7% to VND1,318 billion, all thanks to the recovery of the real estate market. However, PBT jumped 41.5% from 1H2014 to VND348 billion thanks to a significant drop in raw material prices in the first year-half. The upbeat results were not entirely due to external factor though. As of the end of 2Q2015, BMP had about 1,400 stores across the country, something it had originally planned to accomplish only by year-end. In addition, the presence and stronger voice in associations of water drainage authorities across the South and South-Central Vietnam have given BMP more chances to promote its products into water projects.

However, as in previous updates, we are still concerned about competition in the market for construction pipes and BMP's capacity constraints. At presence, BMP face stiff competition not only from major rivalries such as HSG and NTP but also small firms who would do even vicious price cuts and two-digit discount rates to boost sales. From what we understand, HSG and NTP are offering their agent discounts as much as 20% of sales prices; that is to compare with BMP's 11-15%. Despite a lack of product diversity, HSG is advantaged by a wide distribution network into which it has long supplied all sort of steel sheets for roofing. In the wholesale segment, price competition is nothing out of the ordinary. Here BMP competes against DNP, a player smaller but has formidable share in this particular segment (see RongViet Research's *DNP – Company Update*, 09/07/2015). Given the simplicity in pipe technology, rip-offs also cause many problems to the Company.

"Stock pickers gained as fundamental stocks bloomed"

Updating on its fourth factory in Long An, BMP said it had finished 70% of the construction works for the first phase (5,000 ton of fitting each year). The new factory may run at full capacity (phase 1) in 3Q2015 and by the end of 2Q2016 will able to serve BMP's entire demand for fittings and spare parts. Considering the Company's capacity and storage space constraints, we believe the construction of the Long An factory is BMP's top priority at the moment.

Given a lot of interest from foreign funds, BMP did not forget to comment on the "foreigner room" extension possibilities. BMP's representative stated the firm may bring the matter to shareholders' attention at the next AGM or hold an extraordinary general meeting for address whether and/or how much the FOL should be extended. Our analyst thinks the former scenario is more likely.

Along with HSG, BMP nearly reached the ceiling price at VND95,000/share in the last trading day of the week; the other stocks in the construction materials sector including HPG, NTP and DNP also added large gains. NTP just announced positive Q2 earnings of the parent company, where sales were up 15% and PAT 17% over the same period last year. Meanwhile, the bullish foreigner trading continued to push HPG forward. Textile stocks including TNG, TCM and GMC jumped strongly in afternoon session. TCM in particular closed at the highest price of the day, trading a record 2 million shares. According to our industry analyst, this sharp rise of the textile stocks were mainly due to the possible conclusion of TPP negotiations by the end of July. In contrast, VNIndex

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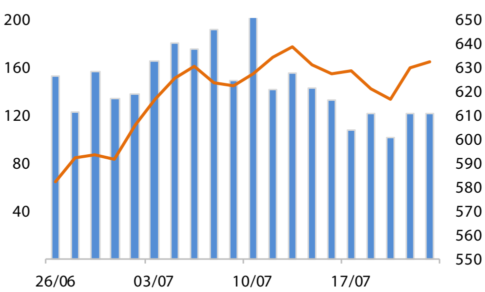
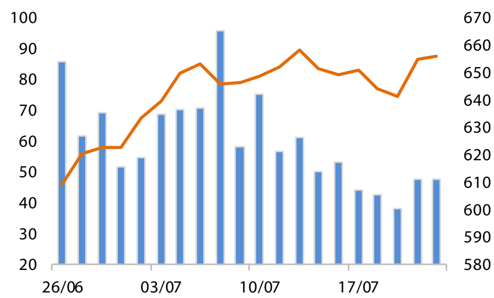
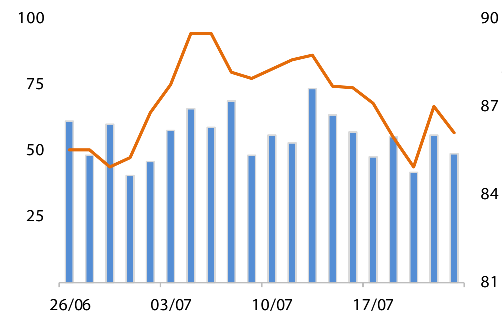
was down 0.12% and HNIndex up by 0.3%; the combined trading value on both exchanges was just over VND2.600 billion. Foreigners bought net VND81 billion on the HSX, mainly HPG and SSI.

Up to now, the market seems to be following the path projected in RongViet Research July Strategic Report. After the first half of the month, big stocks, including bank stocks like VCB and BID had "passed the torch" to smaller stocks that are backed by fundamentals but were yet to pick up speed. In the upcoming days, there may not be a rally on market scale. Instead, the selection of stocks based on the fundamentals of industries and firms promise not to help enhance investment profit but also shelter investors some adverse turnings of the market.

VNINDEX	-0.12%	631.26	VN30	0.34%	657.97	HNXINDEX	0.29%	86.32

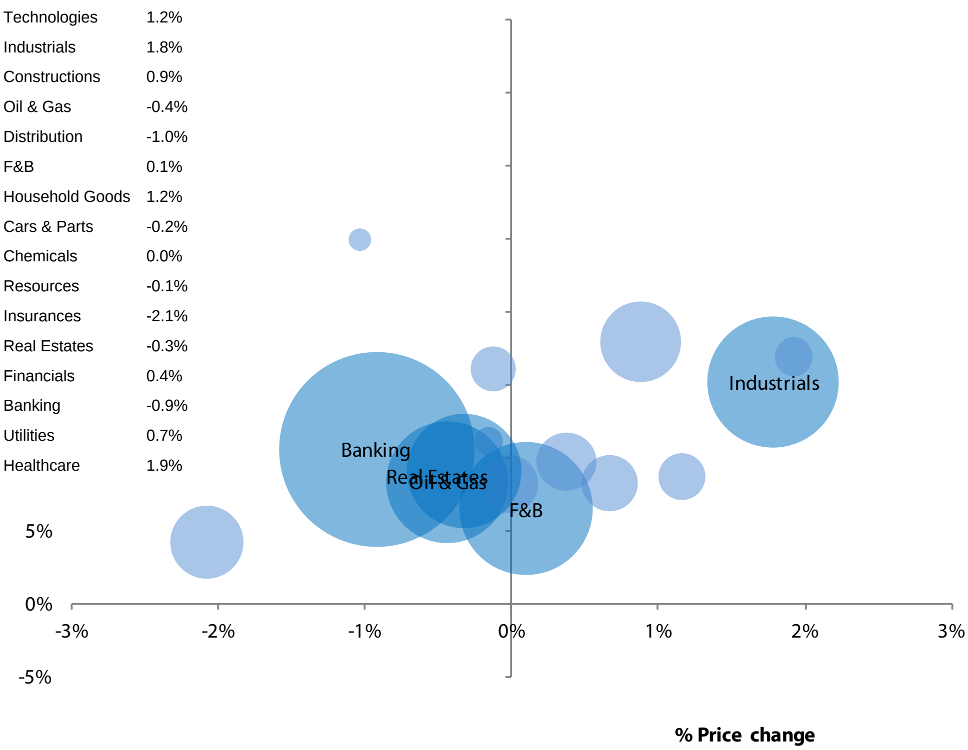




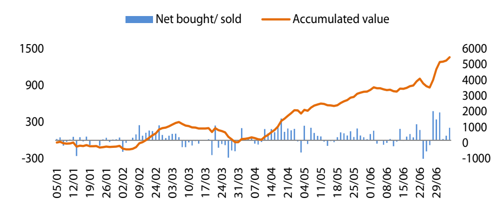


Industry Movement

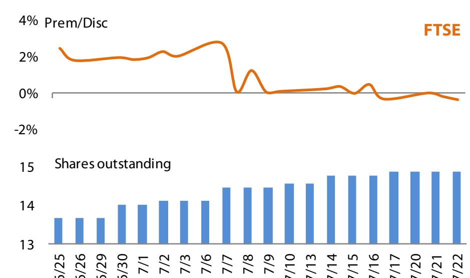
Industry	% change
Technologies	1.2%
Industrials	1.8%
Constructions	0.9%
Oil & Gas	-0.4%
Distribution	-1.0%
F&B	0.1%
Household Goods	1.2%
Cars & Parts	-0.2%
Chemicals	0.0%
Resources	-0.1%
Insurances	-2.1%
Real Estates	-0.3%
Financials	0.4%
Banking	-0.9%
Utilities	0.7%
Healthcare	1.9%

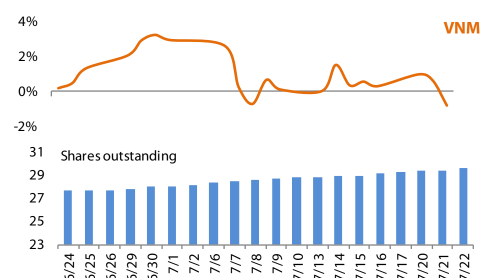


Foreign Investors Trading

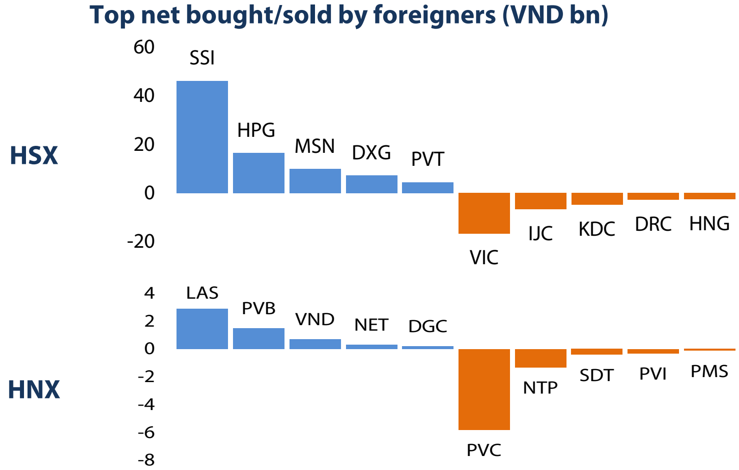


ETF





Top net bought/sold by foreigners (VND bn)



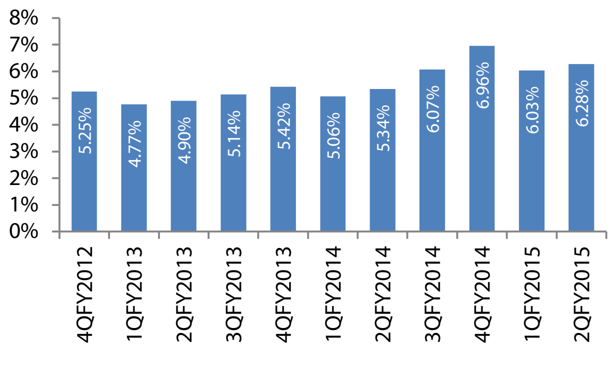
Top Active

Ticker	Price	Volume	% price change
DLG	7.2	11.27	-6.5%
MBB	16.3	6.14	0.6%
FLC	8.0	6.11	-1.2%
SSI	27.2	5.11	0.0%
CII	25.8	4.32	-1.1%

Ticker	Price	Volume	% price change
KLF	6.1	5.24	0.0%
SCR	8.8	3.48	-1.1%
SHB	8.6	2.74	-1.1%
VND	15.3	2.14	3.4%
FIT	11.4	1.79	-2.6%

MACRO WATCH

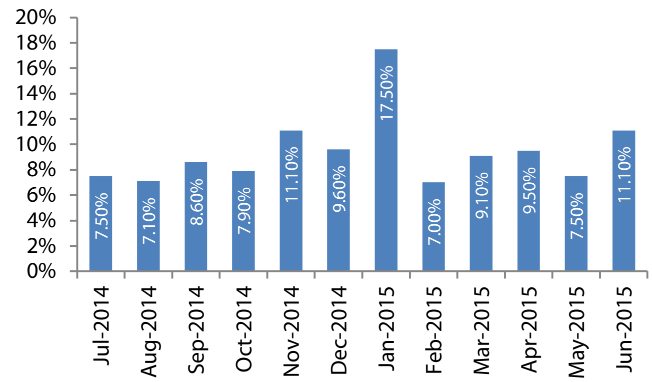
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

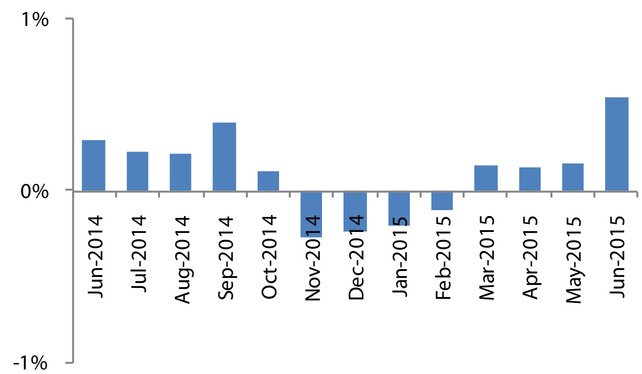
(*) Comparision price in 1994

Graph 2: IIP



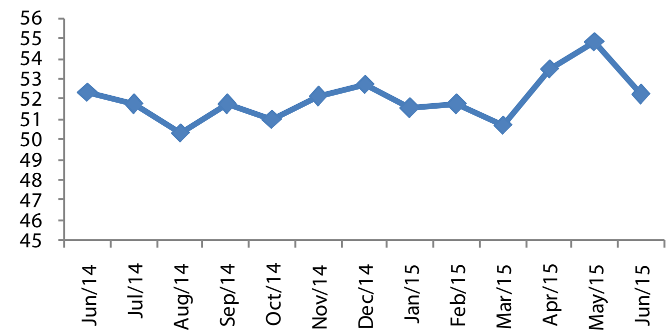
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



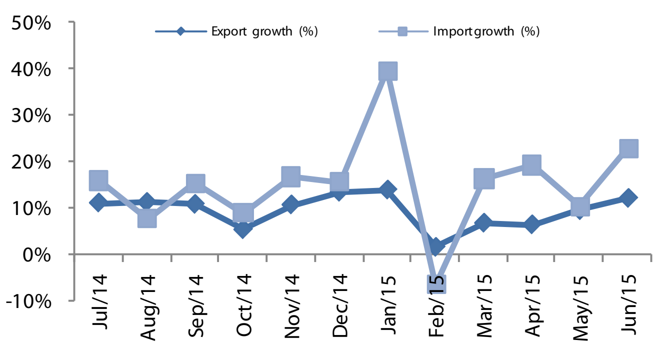
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



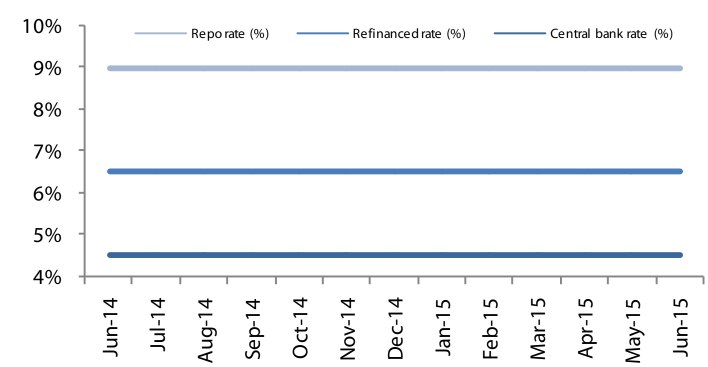
Sources: GSO. Rongviet Securities database

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
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
PGS - Favorable time to grow	July 10th, 2015	Buy – Intermediate term	27,000
DNP - Cash flowing in pipes	July 09th, 2015	Buy – Long term	21,900
BMI - Solid base for a bright future	July 08th, 2015	Accumulate – Long term	22,800

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	07/07/2015	0% - 0.75%	0% - 2.5%	11,750	11,729	0.18%
VEOF	07/07/2015	0% - 0.75%	0% - 2.5%	10,022	9,821	2.05%
VF1	16/07/2015	0.2% - 1%	0.5%-1.5%	23,097	23,391	-1.26%
VF4	15/07/2015	0.2% - 1%	0%-1.5%	10,591	10,578	0.12%
VFA	10/07/2015	0.2% - 1%	0%-1.5%	7,579	7,426	2.06%
VFB	10/07/2015	0.3% - 0.6%	0%-1%	12,233	12,211	0.18%
ENF	10/07/2015	0% - 3%	0%	11,584	11,424	1.40%
MBVF	09/07/2015	1%	0%-1%	10,530	10,563	-0.31%
MBBF	08/07/2015	0%-0.5%	0%-1%	12,157	12,133	0.20%

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