JUNE

12

FRIDAY

ADVISORY DIARY

- **NT2- positive business outlook**
- **High liquidity supported the market surpassing 580**

"High liquidity supported the market surpassing 580"

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NT2- positive business outlook

Today, NT2 had the first trading session on the HOSE with the starting price of VND23,700/share. The transaction of NT2 has been positive during this session when the closing price was VND25,900/share, increased by 8.8% compared to the starting price.

PetroVietnam Power Nhon Trach 2 JSC (NT2) is a gas power plant under PetroVietnam Power Corporation (PV Power). Nhon Trach 2 power plant's operation is based on Combined Cycle Gas Turbines (CCGT) technology which uses natural gas fuel and has oil fuel reserve of DO. NT2 locates in Nhon Trach, Dong Nai province, which is considered as central of the South. It is considered as the highest demand area so NT2 is expected to work at full capacity. The plant was operated in 2011 with average capacity around 750MW/year. Besides stable and developing main business operation, NT2 generated unrealized foreign exchange earnings due to strong decrease of EUR/VND between late 2014 and early 2015. In 2015Q1, NT2 has completed 80% of the PAT target this year thanks to the unrealized foreign exchange earnings (VND314 bn compared with total VND350 bn PBT).

In addition, the 2015 business outlook of NT2 is positive in both core business and financial opearation. In the core business of NT2, gross margin is expected to increase from 15.5% (after deducting VND658 billion of retroactive electricity sales price) in 2014 to about 18% thanks to:

(1) Depreciation expense is expected to decreased by VND 140 billion compared to 2014 because the Company has extended the depreciated duration from 10 years to 14 years since 07/2014
(2) Long dry season is an opportunity for the thermal power plants to generate more quantity. At the same time, power output which is supplied in competing market often has a higher price than price in PPA contract.

In the financial operation, financial expense is expected to further decrease due to:

(1) Allocating amount of foreign exchange differences in construction phase. In the period of 2011-2014, NT2 had allocated more than VND 120 billion per year into the foreign exchange difference account in construction phase. The balance of the account in 2014 was VND 66.4 billion and the Company also allocated that balance in 2015Q1.
(2) Interest expenses accounted for 2.9% of outstanding banking loans. Meanwhile, according to the plan, the Company will pay off about VND1,052 billion of principal debt per year. Therefore, we estimate that interest expense will decrease by VND30 billion per year.

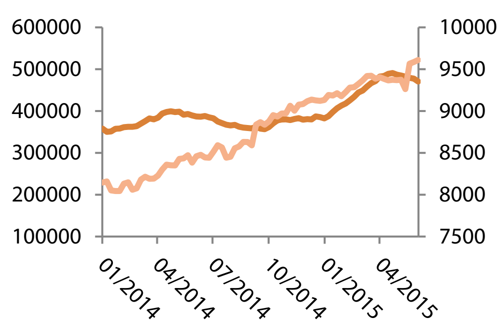
According to the estimation of our industry analyst, the 2015 PAT of NT2 is estimated at VND1,024 bn and EPS of VND4,000/share. Excluding exchange rate factors, the PAT and EPS in 2015 reached VND825 bn and VND3,223/share, respectively. With reasonable PE of around 8.1x for NT2, we identified the fair value (including factors benefited from exchange rate differences) to about VND27,000/share.

High liquidity supported the market surpassing 580

Stock market has just experienced a "record" week in term of liquidity since the beginning of this year. The average trading value reached 3,580 billion dong, higher by 43% and 67% respectively compared to the last week and YTD figures. In addition, market sentiment continued to maintain the excitement, however, the selling pressure for profit-taking was still strong, with the ratio of advance stocks to decline ones decreased by 6% compared to last week. Furthermore, foreign investors remained in net-buying position with approximately 46 billion dong in both markets.

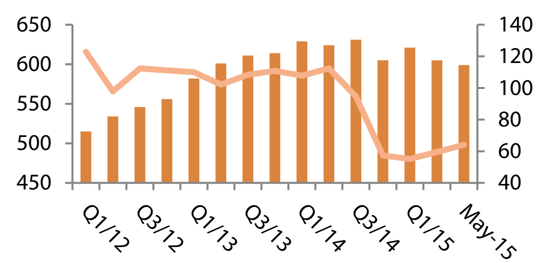
During this week, "king" of stocks, banking sector, had the slight adjustment with 2.2% decline compared to last week. However, the market had successfully conquered the 580 psychological resistance level (VNIndex ended today trading session with 582.73 points) thanks to the support from oil & gas, construction materials (steel and iron) and real estate industries. Oil & gas gained the support from the increase in oil price (WTI increased by 1.7% this week). According to the latest report from EIA, US crude output will be in decline trend until early 2016. Furthermore, OPEC May report asserted that the demand for crude oil will increase by 0.5 mb/d in Q3 and 1.5 mb/d in Q4. As a result, the stability of oil price will be maintained along with the easing in supply surplus and increase in demand. With the oil prices stable at 60 USD/bbl (WTI) and 65 USD/bbl (Brent), P-stocks could relatively receive positive impact from global market.

Output and inventory of crude oil in US in period of 2014-current



Source: EIA

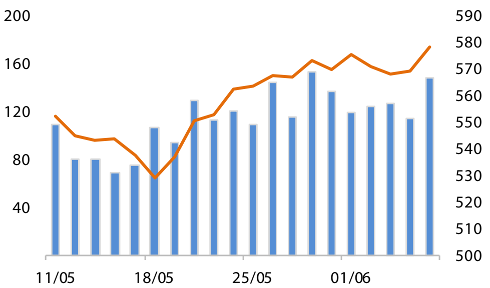
Number of OPEC's oil rigs and Brent price movement

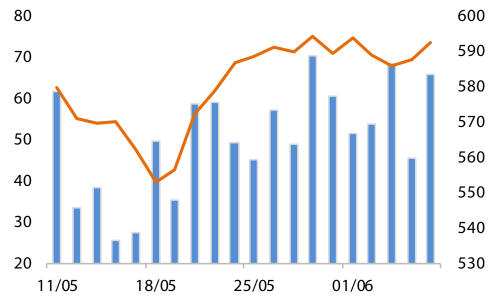


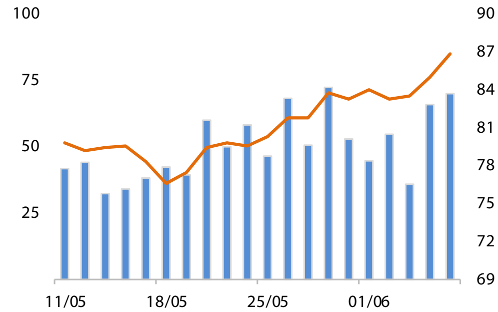
Source: Bloomberg, OPEC

Taking-profit actions and decreases of banking stocks would probably affect the uptrend in next week despite high liquidity. However, we remain optimistic about uptrend of the market in next 1-2 months when the second quarter business results are disclosed as well as information related to TPA approved by House of Representatives.

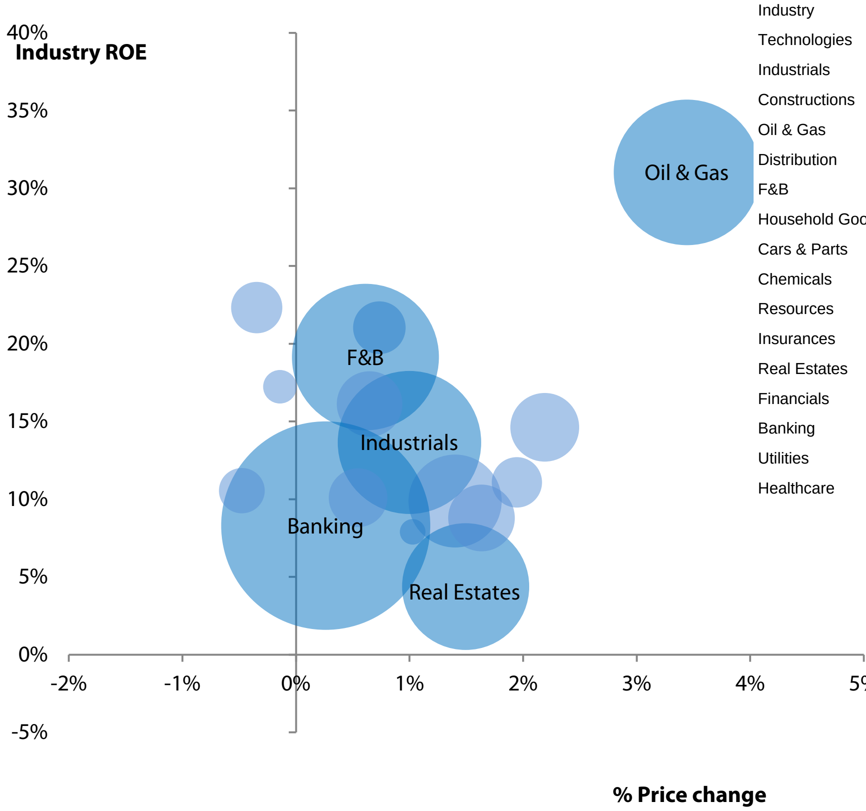
VNINDEX	0.29%	582.73	VN30	0.48%	604.29	HNXINDEX	0.26%	87.95





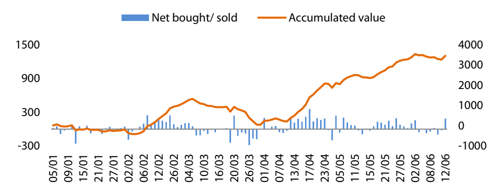


Industry Movement

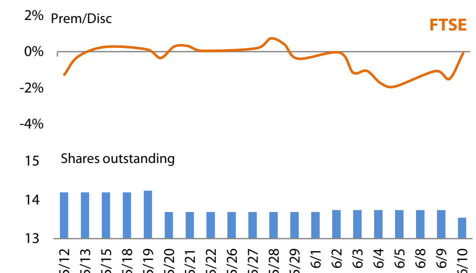


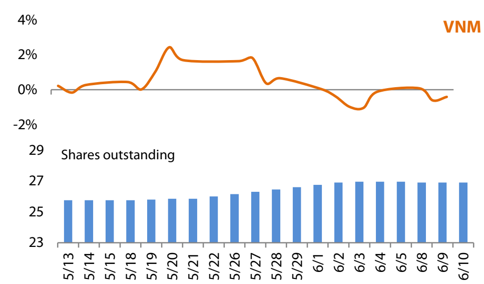
Industry	% change
Technologies	0.7%
Industrials	1.0%
Constructions	1.4%
Oil & Gas	3.4%
Distribution	1.0%
F&B	0.6%
Household Goods	1.9%
Cars & Parts	-0.1%
Chemicals	0.6%
Resources	-0.3%
Insurances	2.2%
Real Estates	1.5%
Financials	1.6%
Banking	0.3%
Utilities	0.5%
Healthcare	-0.5%

Foreign Investors Trading



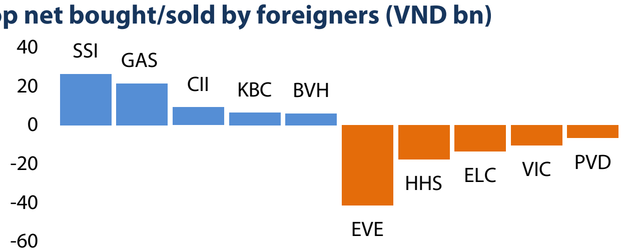
ETF



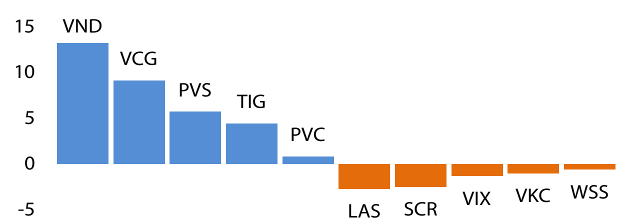


Top net bought/sold by foreigners (VND bn)

HSX



HNX



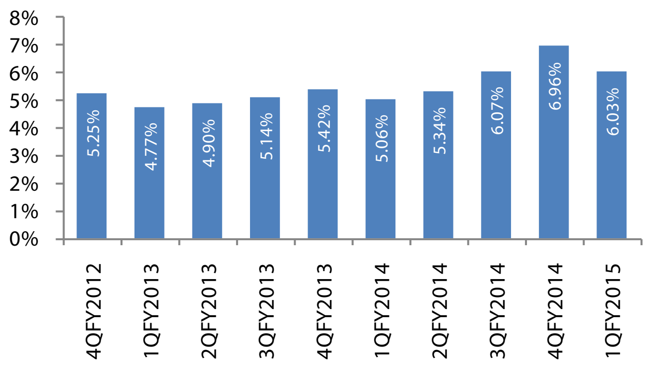
Top Active

Ticker	Price	Volume	% price change
FLC	9.5	26.24	-1.0%
DLG	9.9	12.71	1.0%
SSI	24.4	7.48	3.0%
CII	23.0	6.44	-3.4%
TTF	11.0	4.63	4.8%

Ticker	Price	Volume	% price change
FIT	16.9	6.62	-0.6%
KLF	7.7	5.12	0.0%
SCR	8.1	4.87	2.5%
PVX	4.3	4.68	-2.3%
VND	13.1	4.49	8.3%

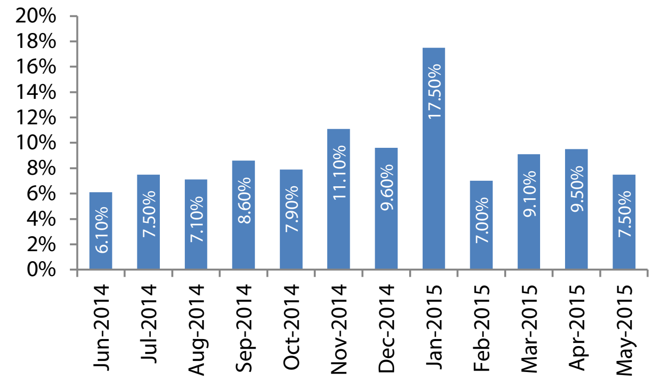
MACRO WATCH

Graph 1: GDP Growth



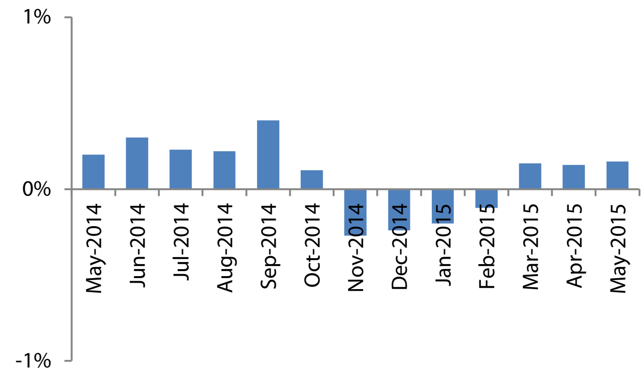
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



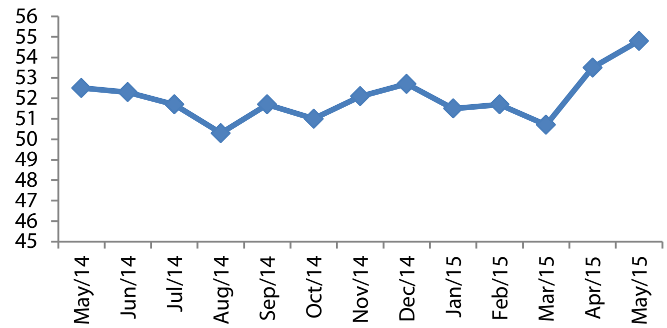
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



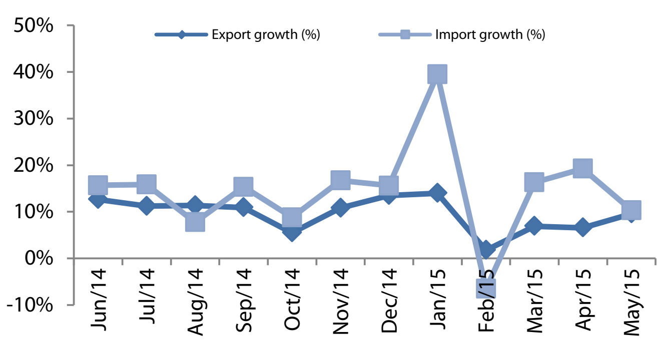
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



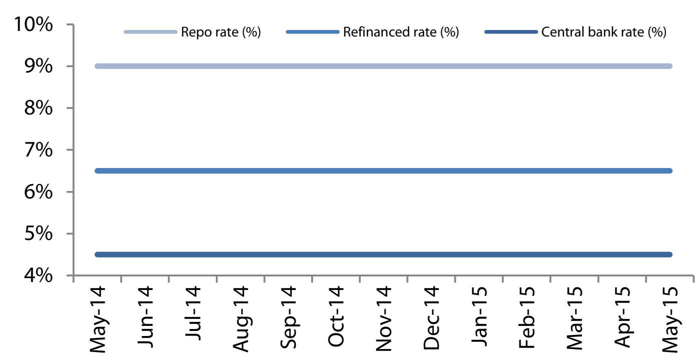
Sources: GSO. Rongviet Securities database

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
MWG - Optimistic business outlook in 2015	May 25th, 2015	Buy – Intermediate term	101,000
FPT - Positive recovery in the technology business	May 12th, 2015	Accumulate – Long term	60,900
GSP- Heading for a new growth period	May 11th, 2015	Accumulate – Long term	16,600
STK - Running on all cylinders	May 7th, 2015		30,800
VPH - Emerging from its lowest	May 5th, 2015	Buy – Intermediate term	15,300

Please find more information at http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx

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	05/05/2015	0% - 0.75%	0% - 2.5%	11,672	11,683	-0.09%
VEOF	05/05/2015	0% - 0.75%	0% - 2.5%	9,238	9,456	-2.31%
VF1	08/05/2015	0.2% - 1%	0.5%-1.5%	20,675	20,520	0.75%
VF4	06/05/2015	0.2% - 1%	0%-1.5%	8,978	9,098	-1.38%
VFA	04/05/2015	0.2% - 1%	0%-1.5%	7,154	7,168	-0.20%
VFB	08/05/2015	0.3% - 0.6%	0%-1%	12,126	12,133	-0.05%
ENF	04/05/2015	0% - 3%	0%	10,834	10,779	0.51%
MBVF	04/05/2015	1%	0%-1%	10,449	10,439	0.10%
MBBF	29/04/2015	0%-0.5%	0%-1%	12,075	12,064	0.09%

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