30

WEDNESDAY

- **VNIndex is working against the clock**
- **Otran logistics JSC – integrated logistics service is competitive advantage**

VNIndex is working against the clock

Market increased firmly while liquidity remained low. Banking sector was today leader of market, which was similar to last year. Market breadth was positive with number of gainers double number of losers. VNIndex closed at 579.45 points (+3.16 points) and HNX increased slightly 0.67 points to 79.28 points. Foreigners kept their net-buying position for the second straight session. Specifically, they accumulated VND 47.8 billion in HSX and VND 22.9 billion in HNX.

VNIndex is approaching 580. Profit taking somehow caused minor pressures on markets, which evidently could be witnessed a narrow difference between intraday high ~ close prices of 1.06%. In general, markets are on a normal track and market sentiments are quite steady. Low liquidity is the result of selective capital inflows. In such conditions, we expect VNIndex to fluctuate around 580 in the final session of year 2015. Buy on carefulness to ready for earning season is a good choice at this moment.

Otran logistics JSC – integrated logistics service is competitive advantage

Lately, RongViet Research analyst had a meeting and site visit at the–about to-IPO Otran logistics JSC (OTG). Being one of Otran group (formerly Vinacommodities) subsidiaries, OTG is an indispensable part of Otran group's agricultural trading business. Going private since 4Q2014, OTG is providing services such as port stevedoring, warehousing and road trucking with the chartered capital of VND500 billion. Currently, OTG has 02 subsidiaries being Otran Dong Nai (97%) and Northern Otran (90%) plus 02 affiliates including Otran Energy (195)- depot leasing and Thi Vai general port (30%).

With the experience in agricultural product business from mother firm Otran group and land bank advantage, OTG is owning a warehousing area of 85,000 m2 with total capacity nearly 350,000 tons locating at focal industrial area such as Phu My (Dong Nai province), Phu Thai (Hai Duong) and Cai Lan (Quang Ninh). Of which, we highly rate the Phu My warehousing complex (35,000m2 area) as its adjacent location to Thi Vai and SP-PSA ports enables OTG to deliver a complete logistics package to clients from stevedoring-warehousing and door-to-door trucking services. In 2015, the total throughput processed by OTG is nearly 3 mil tons (uo 8% yoy). Besides its traditional client Otran Group, OTG is serving a list of widely known feed manufacturer and seafoods farms such as Proconco, HVG, VHC,..

In 2015, OTG estimates to record USD35.2 mil in revenue and USD3.04 mil in consolidated PAT. In which, relative OTG and Otran Dong Nai contribution in total bottomline are 53% and 44%. Given the high expectation of growing feed stock demand in Vietnam, the firm expects to achieve USD43.07 mil (up 22.15% yoy) and USD3.65 mil (up 20%yoy) or the equivalent of ~VND1,700 EPS. For the initial IPO offering price of VND17,000, OTG is seen to have a fair valuation relatively to oher listed logistics firms.

In the long-term, OTG sets the annual growth rate of revenue and PAT at 20% taking into consideration the capex investment in further new ports in the North and Central Vietnam. Also, with projected positive growth in agricultural stocks (corn, soy bean and cassava) used to make animal feed in the years to come, OTG needs a large capital resources for capacity expansion in warehousing, adding one berth crane and invest a fleet of barge to transport bulk cargoes to Southwestern area. Financial wise, OTG is not highly levered with only VND34 bil in debt amount at 3Q2015. Hence, room for further bank borrowings remains ample for expansion plan.

"VNIndex is working against the clock"

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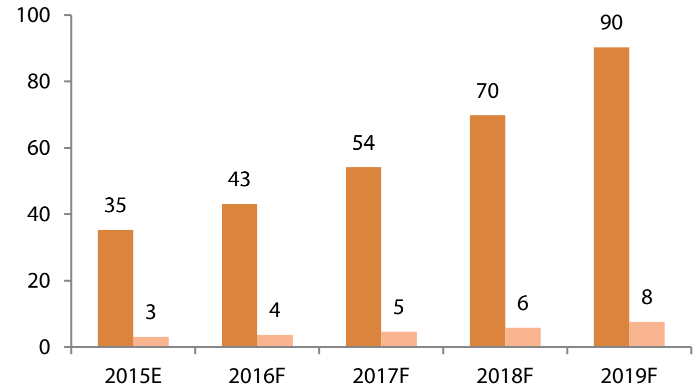
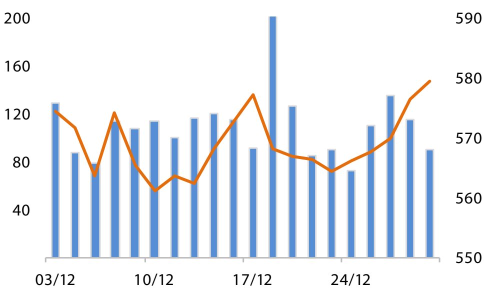
Table: Projected earnings of OTG to 2019 (including expansion plan) (Unit: USD million)



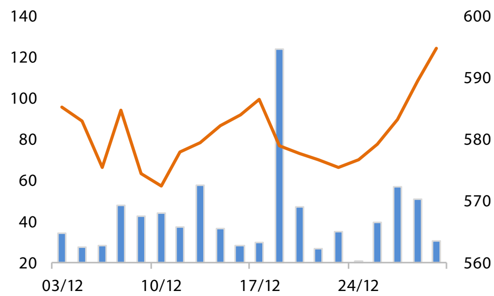
Source: Otran logistics

We anticipate an optimistic potential performance by OTG in medium and long term based on (1) OTG's ownership over a large system located nearby the port which is capable of providing integrated logistics with high added values, (2) experiences on handling agricultural bulk products and a great customer base built since providing for the Holding company of Otran Group, (3) the growing demand on stock feed production as animal husbandry companies become less dependent on imported materials, (4) service fees' bottoming out boosting marine bulk transportation's competitiveness against on-land transportation. However, we would also keep a careful perspective in terms of the company's ambitious investments, particularly the purchase of new ports in Hai Phong and the Central region which require mass funding, even though OTG has yet to illustrate a specific operating plan for the investments. In addition, Otran Dong Nai's operating activities, initially being cashew nut trading and exporting, contributing over 40% NPAT, might be affected by the potentially lowered commodity prices.

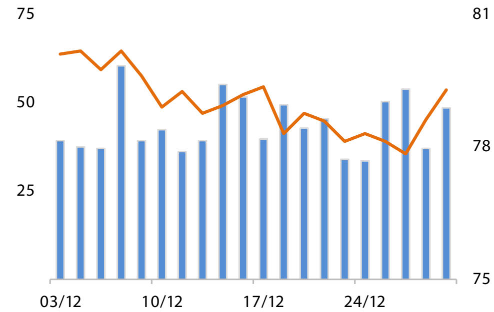
VNINDEX 0.55% **579.45**



VN30 0.91% **594.80**

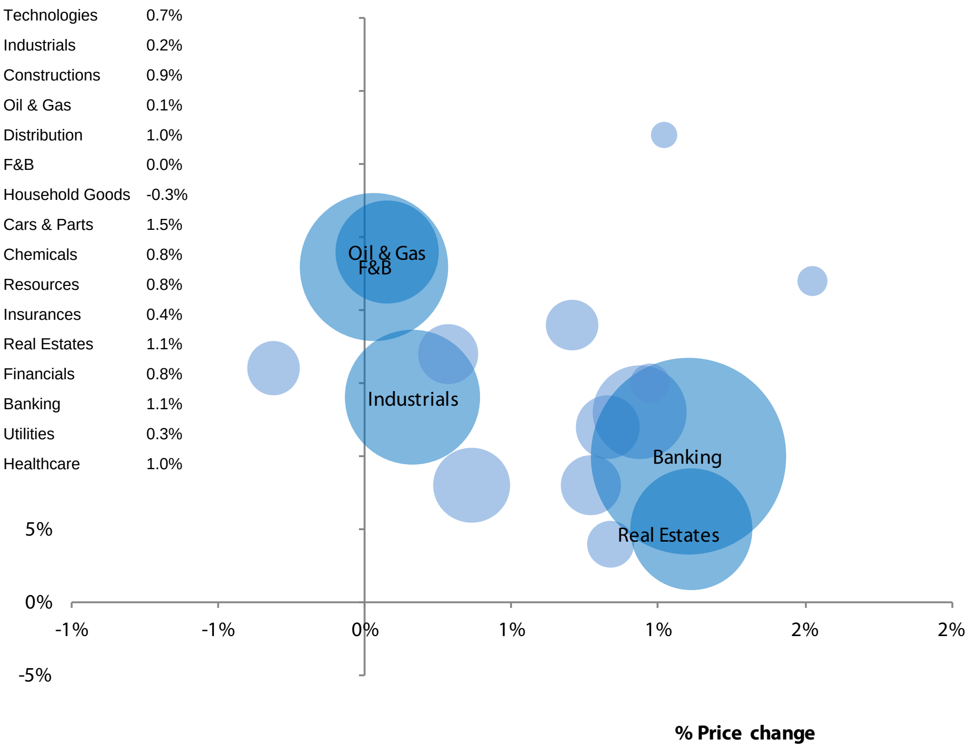


HNXINDEX 0.85% **79.28**

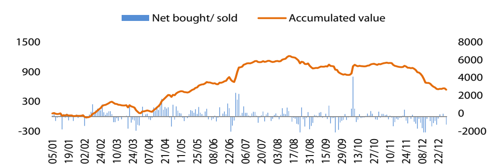


Industry Movement

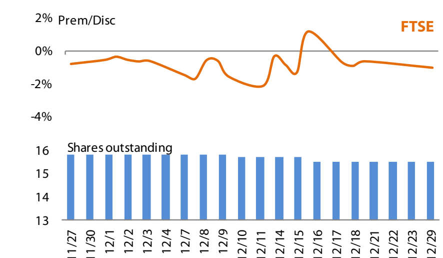
Industry	% change
Technologies	0.7%
Industrials	0.2%
Constructions	0.9%
Oil & Gas	0.1%
Distribution	1.0%
F&B	0.0%
Household Goods	-0.3%
Cars & Parts	1.5%
Chemicals	0.8%
Resources	0.8%
Insurances	0.4%
Real Estates	1.1%
Financials	0.8%
Banking	1.1%
Utilities	0.3%
Healthcare	1.0%

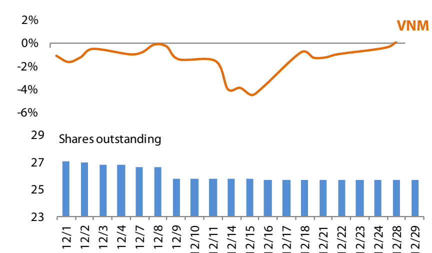


Foreign Investors Trading



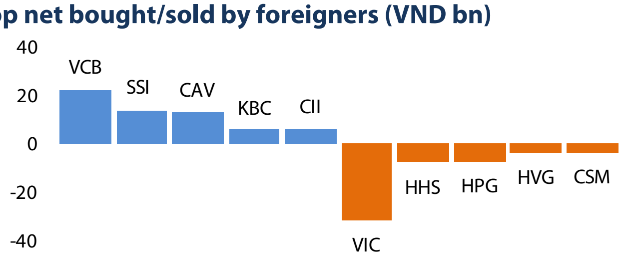
ETF



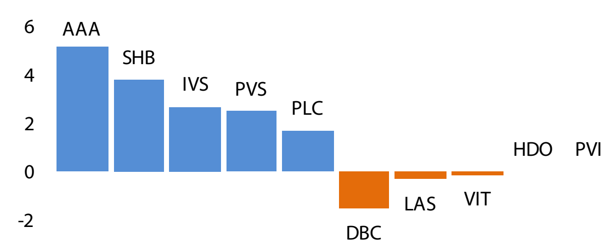


Top net bought/sold by foreigners (VND bn)

HSX



HNX



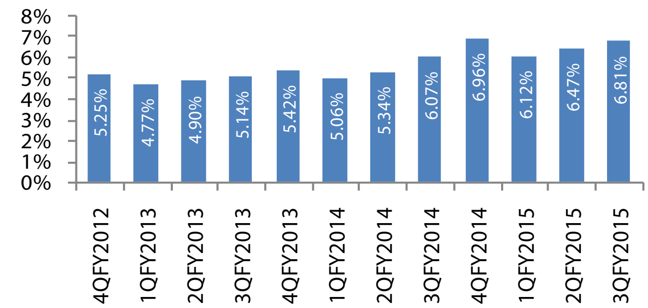
Top Active

Ticker	Price	Volume	% price change
OGC	4.6	7.80	4.5%
FLC	8.0	4.83	0.0%
DLG	6.7	4.71	3.1%
SBT	23.6	3.47	0.9%
HHS	12.7	3.03	6.7%

Ticker	Price	Volume	% price change
SCR	8.7	7.06	0.0%
TIG	11.3	2.60	0.9%
KLF	4.5	1.27	2.3%
SHB	6.3	1.21	3.3%
AAA	12.5	1.09	8.7%

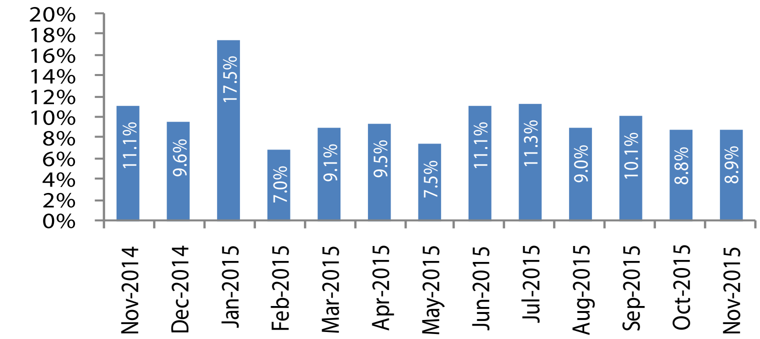
MACRO WATCH

Graph 1: GDP Growth



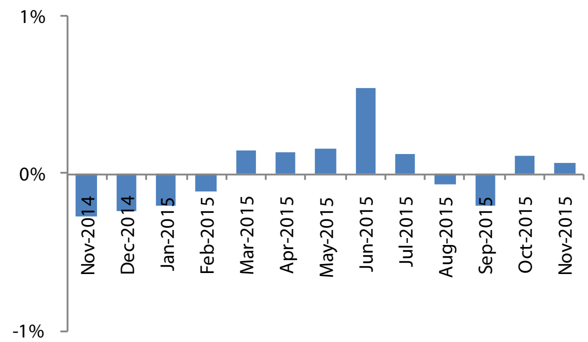
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



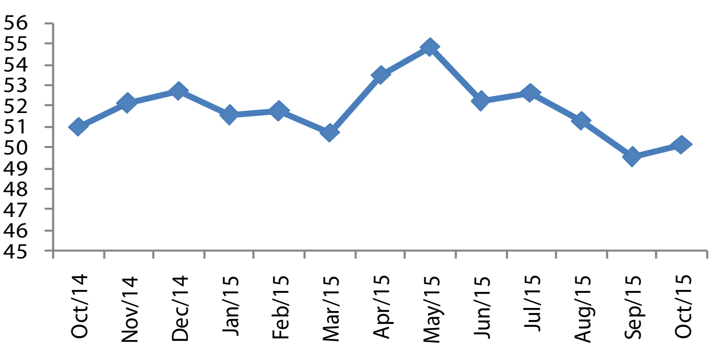
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



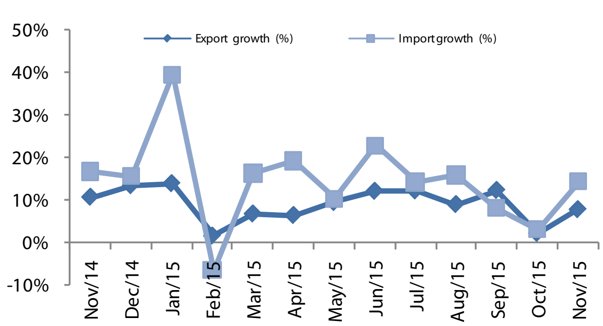
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



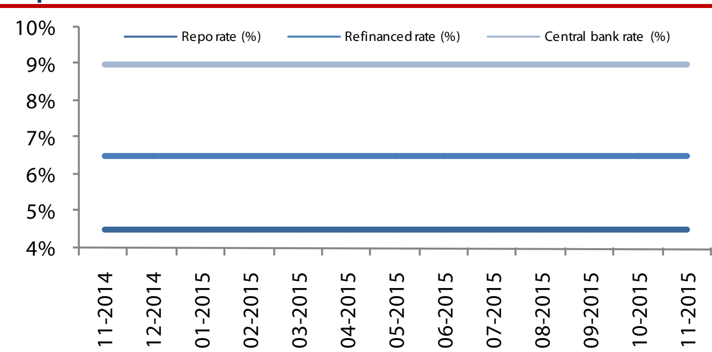
Sources: GSO. Rongviet Securities database

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
ELC- A new growth cycle	December 3rd , 2015	Buy – Long term	33,000
PPC- Positive core business	December 2nd, 2015	Neutral –Long term	21,100
DRC - Expecting on replacement segment	November 13th, 2015	Accumulate – Long term	52,000
NKG - Capital ravels to be untangled	November 6th, 2015	Neutral – Intermediate term	17,400
DMC- Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000

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
VF1	17/12/2015	0.2% - 1%	0.5%-1.5%	23,829	23,685	0.61%
VF4	17/12/2015	0.2% - 1%	0%-1.5%	10,840	10,763	0.72%
VFA	17/12/2015	0.2% - 1%	0%-1.5%	7,230	7,173	0.8%
VFB	17/12/2015	0.3% - 0.6%	0%-1%	12,611	12,611	0%
ENF	11/12/2015	0% - 3%	0%	11,938	12,029	-0.76%
MBVF	10/12/2015	1%	0%-1%	10,883	10,839	0.41%
MBBF	09/12/2015	0%-0.5%	0%-1%	12,523	12,507	0.13%
VF1	17/12/2015	0.2% - 1%	0.5%-1.5%	23,829	23,685	0.61%
VF4	17/12/2015	0.2% - 1%	0%-1.5%	10,840	10,763	0.72%

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