05/10/2017

Investment Strategy October 2017

Stock Picking

In September 2017, VNIndex successfully conquered 800 points and marked the first month of foreign investors' net sale in 2017. Large-cap stocks with their own stories, such as VNM, SAB and HNB with state-owned divestment expectation, GAS with the oil price fluctuation, banking stocks with expectations for earnings growth as well as private placement for foreign strategic investors were the main factors controlling the performance of VNIndex. However, we have found out that while the impact of these stories was short-term, it could distort VNIndex and make the market picture become unclear. The divergence among stocks cooled down investors' enthusiasm, especially when they were under net selling pressure from foreign investors. As a result, VNIndex fluctuated in a narrow range during the last two weeks of September.

In October 2017, we believe that VNIndex's performance will continue to be affected due to the above-mentioned factors. The divergence among stocks is unlikely to cause VNIndex to go far beyond 810 in the short term. Meanwhile, in terms of fundamentals, there are no new expectations which could bring more excitement to the investors. The supporting factor for the market at present is that the stable macro envirament as well as GDP growth following the government's expectation.

Our short-term concern is that foreign investors have shown less eager participation. Their contribution to the total transaction value has been lower than the multiyear average ratio since August 2017. In September, foreign investors actually sold out; their involvement is still considered as great support for the "psychology" of domestic investors. Therefore, their action should be closely observed in October to confirm their confidence ahead of the high current valuation of the VNIndex.

The optimistic view is that liquidity remains at over VND3T. In addition, although some speculative stocks rose sharply in September, the money quickly flowed out of this group by the end of the month. It could be seen that investors are cautious and conservative with speculative stocks and are not hurrying to buy large caps after the VNIndex surpassed the 800 level. Investors have begun to discuss about Q3 2017 earnings results of the listed firms. However, the picture of profit is not strong enough to suggest accumulation of stocks at this time. Bloomberg's seasonal heating map showed that it is more probable that the VNIndex will decrease rather than increase in October; and there is high probability that VNIndex will decline in November. This suggests that the impact of the third quarter earnings season is quite faint.

The divergence of large cap stocks are creating a balance for the VNIndex, helping the market's PE not to exceed the 16x threshold set this year. In October, we think the VNIndex will fluctuate between 787–810 points. Given that (1) VNIndex is at the highest level since 2008 and (2) foreign investors are not as active as in the first half of the year, we think that investors should be cautiously if deciding to disburse in October. Excessive sessions of the market are opportunities for investors to restructure their portfolio. In particular, we think investors should reduce their proportion of speculative stocks as well as screen and accumulate stocks with bright prospects for medium- and long-term investment.

Strategy Board

Truc Doan – Head of Research

truc.dtt@vdsc.com.vn

Ha My Tran

my.tth@vdsc.com.vn

Lam Nguyen

lam.ntp@vdsc.com.vn

Thien Bui

thien.bv@vdsc.com.vn

Hieu Nguyen

hieu.nd@vdsc.com.vn

Quang Vo

quang.vv@vdsc.com.vn

Ha Tran

ha.ttn@vdsc.com.vn

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After a strong increase in the first half of the year, pharmaceutical stocks have experienced a relatively long correction period. Thanks to that, we think opportunities for investors to accumulate some pharmaceutical stocks such as IMP or Pymepharco (HSX:PME). In which, PME is expected to be listed in late October. We estimate these two stocks to have promising breakthrough from 2018, thanks to a series of forthcoming policies to assist local firms in medical bids, following the government objectives to reduce medication costs as well as to narrow the price gap between hospital tiers and improve the efficiency of the health sector. IMP and PME are among the few pharmaceutical firms who owns the modern EU-GMP factory systems in the domestic industry. Therefore, we expect that these two firms will be the biggest beneficiaries in this trend.

Credit growth has spurred interest income growth for banks. However, the earning results may diverge between state-owned and non-state commercial banks. Due to their weakness in terms of capital adequacy and liquidity, state-owned banks may have to put provision-making as well as restructure their loan portfolios to improve these ratio. In the meanwhile, commercial banks with higher CAR and liquidity ratio will have strong earnings growth given higher credit growth. In particular, some banks such as ACB and MBB have mostly fulfilled their obligation to make provision for special bonds, which promises to generate positive earnings growth not only in 2017 but also in 2018. At the moment, we prefer MBB to ACB because of the higher upside potential. MBB has many advantages in terms of capital mobilization which results high deposit ratio (CASA ratio of 37 to 38%) and low fund-mobilized cost. In addition to the well-controlled loan portfolio, MBB's CAR and liquidity ratios are superior to SBV regulations leaving it a large room for credit growth without pressure on capital raising. Using a PB of 1.7x, MBB's fair value is determined at VND26,800 per share. Taking into account the cash dividend of at least VND500 per share, the total expected return on MBB shares is 19%.

Steel stocks, especially HPG, rose sharply in September on the expectation of steel price increase as well as the high demand from construction activities in the dry season. Construction progress in Dung Quat Steel Complex project is quite good. We expect that the production line with capacity of 600,000 ton per year will sell its first products in less than next 12 months. Given the 0% corporate income tax, the production will bring profit growth to the firm. Hence, although HPG's market price almost reaches its fair price, we recommend investors to hold HPG. At the same time, coated steel sheet makers are expected to benefit from the 14% increase in HRC price during Q3 2017. HSG and NKG are likely to benefit from this trend. In Q3 2017, we expect that NKG's sales volume will grow by around 50% YoY and its profit margin will slightly improve. We forecast that NKG's Q3 2017 profit will grow at 36% YoY and the 9M 2017 profit will grow by 20% YoY. In addition, we expect that NKG's expansion project will meet its plans after they raise more VND600 billion to VND800 billion capital via private placement.

The IPOs of the state-owned entities will continue to draw attention in the last quarter of 2017 and we think that investors can allocate some amount of of their portfolio for these stocks. According to Circular 180 of the Ministry of Finance, within thirty (30) days from the date on which the State Securities Commission issues an official letter certifying the completion of registration of a public company, public companies have the responsibility to complete the registration of securities at the Vietnam Securities Depository Center and list the stocks on the Upcom. The regulation is expected to increase the liquidity of the IPO-stocks. Several big state-owned names will be boosted to IPO in late 2017 or early 2018 are IDICO, Genco3, PV Power, PV Oil, etc.

Analysis of 57 stocks of RongViet Research, discussion with companies and specific evaluation in the "Company Report" or "Analyst Pinboard".

WORLD ECONOMY

- US: Fed Holds Firm in September
- EU: Waits for Decision on QE in October
- China: 19th Party Congress to Focus on Macro Policies and Reforms

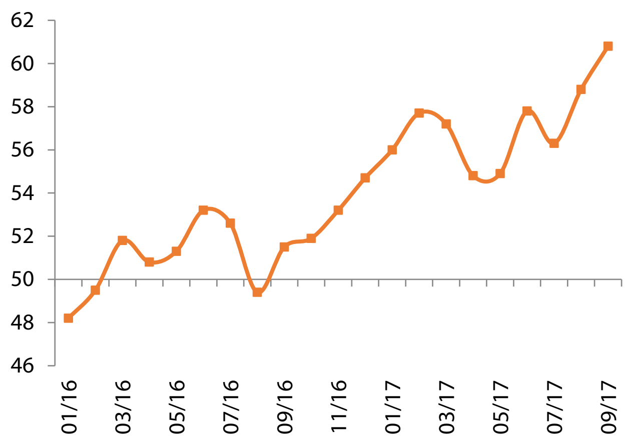
The global economy witnessed a recovery of economic growth in 2017, with advanced economies benefiting from easing monetary policies and tightening labor market while emerging economies gained thanks to strong global trade and resilient dynamic in China. Going forward to the end of the year, we think investors will put their focus on the guidance of central banks in advanced economies in order to get a clearer picture about how the coming changes in monetary policy could drive economic growth and capital flow.

US: Fed Holds Firm in September

At the September FOMC meeting, the Fed maintained its target for the federal funds rate between 1.00% and 1.25%, as widely expected by the market. The FOMC also made a first move in unwinding its balance sheet in October. In details, the Fed will gradually cease reinvestment of maturing holdings, capping them at USD10 billion a month in US Treasury bonds and mortgage-backed securities. These levels are expected to be raised at three-month intervals until they reach USD30 billion and USD20 billion, respectively. Compared to its massive USD4.5 trillion balance sheet, the pace of unwinding is slow, which is in line with the dovish tone of most of the FOMC members.

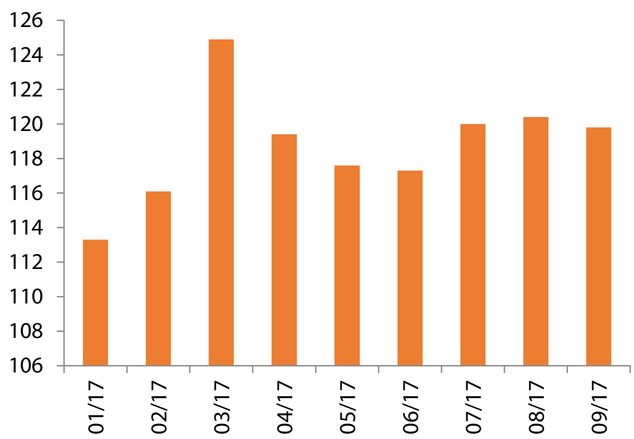
Regarding US economic environment, hurricanes affected negatively the consumption but manufacturing sector remained strong in Q3. The Conference Board's consumer confidence index eased from a revised 120.4 points in August (previously reported: 122.9 points) to 119.8 points in September as the effects of Hurricanes Harvey and Irma heavily weighed on consumer confidence in Texas and Florida. Meanwhile, ISM manufacturing index continued to soar to 13 year high of 60.8 in September, which signals a solid pace of growth in the manufacturing sector. At the end of September, President Trump proposed details of his tax plan. Based on early analysis of this proposal, many analysts expect its passage is going to be politically difficult because it would likely to add more to the budget deficit of the US economy.

Figure 1: US ISM PMI



Source: Bloomberg

Figure 2: US consumer index



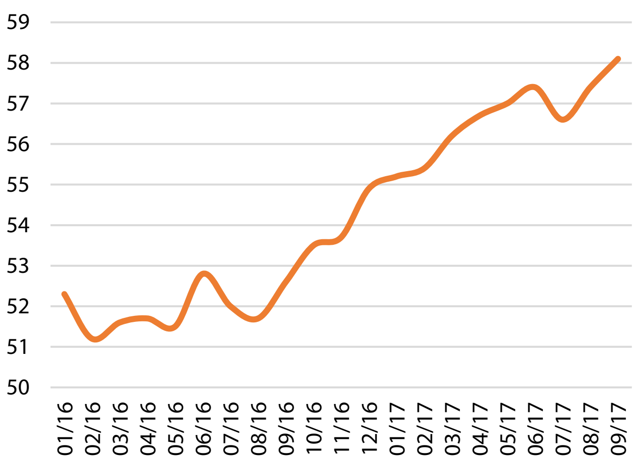
Source: Bloomberg

EU: Waits for Decision on QE in October

Similar to the Fed, the ECB decided to keep interest rates unchanged at its September meeting and made no changes to its bond-buying program. In addition, this central bank reiterated that it planned to continue with its monthly asset purchases of EUR60 billion until the end of December. However, there is a likely announcement of tapering in October, as expected by the market.

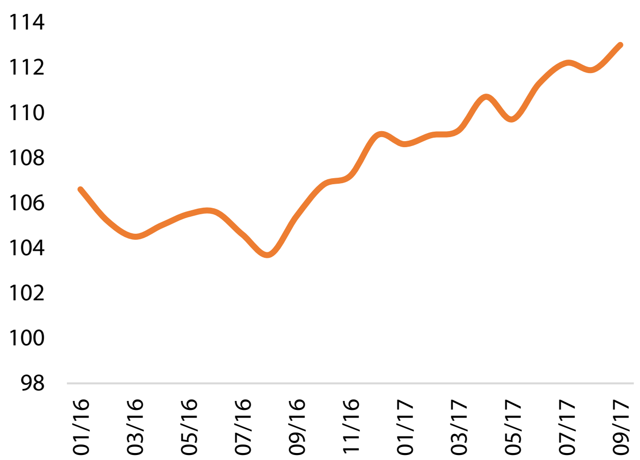
We believe a backdrop of strengthening economic momentum in the Eurozone is giving the ECB some room to maneuver its tightening policy. In August, inflation edged up to 1.5%, rising from July's 1.3%. Furthermore, average inflation inched up to 1.3%, a multi–year high. However, core inflation remained at 1.3%. Leading indicators also suggested healthy manufacturing and services sectors. Accordingly, the Eurozone manufacturing condition was at 6.5-year high in September, came in at 58.1, up from August's 57.4. The composite PMI index that tracks both services and manufacturing came in at 56.7, well above the 55.7 in August. Besides, the economic sentiment index also recorded the best result since July 2007, increased from August's 111.9 to 113.

Figure 3: EU PMI



Source: Bloomberg

Figure 4: EU economic sentiment

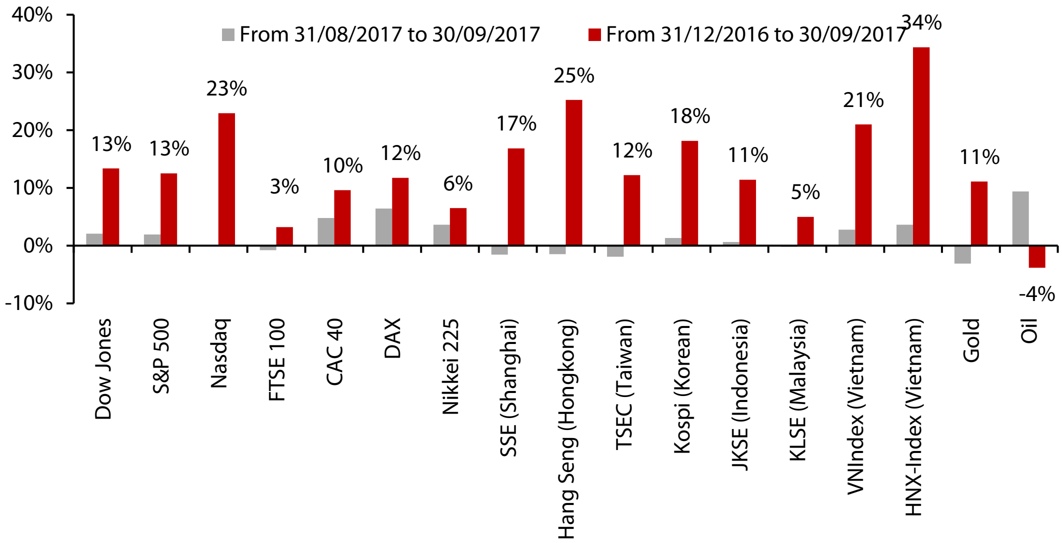


Source: Bloomberg

China: 19th Party Congress 2017 to Focus on Macro Policies and Reforms

The China's 19 Party Congress will begin on 18 October, setting the policy agenda for the next five years. According to HSBC, the top priority is to keep growth above 6.5% in order to hit the target of doubling GDP and income by 2020 from 2010 levels. In addition, other key items include implementing structural reforms to lift private sector productivity and potential growth; containing systemic risks by deleveraging SOEs' debt and making growth greener.

Figure 5: Performance of some global markets in September



Source: Bloomberg, RongViet Research

Most of the world stock market indexes closed the month higher.

In US, Dow Jones, S&P 500 and Nasdaq gained slightly in September. FED meeting did not affect much the investors' sentiment. FED decided to hold the rate unchanged at 1–1.25%. Twelve out of 16 FOMC members predicted that another rate hike would take place in December. Market players tended to forecast such decision. Besides, FED will proceed cutting off its balance sheet from October 2017.

European markets saw Germany's election of Angela Merkel as Chancellor for the fourth term. Such result supported the market; at least, the EU will not have more anxiety on "EU quitting". Besides, Mario Draghi of ECB showed the market expectation to reduce the QE in October. ECB also increased its forecast for the GDP growth of EU in 2017 from the previous 1.9% to 2.2%, the best growth rate since 2007. Some major indexes such as DAX and CAC 40 increased but FTSE 100 of Britain decreased due to political and economic uncertainties.

In the Asian region, North Korea's missile tests once again shook the world. However, the Asian stock markets did not react negatively. Most of the indexes still moved forward in September. However, SSE, Hang Seng and TSEC indexes dropped as S&P downgraded China's Sovereign Credit Rating. Last May, Moody also downgraded China. Therefore, although the Chinese economy still showed decent growth, investors are in fact worried about the real estate bubble and its shadow banking system.

Oil price saw beautiful gain in September, thanks to the positive cut down on information. However, it is still 3% lower than last year.

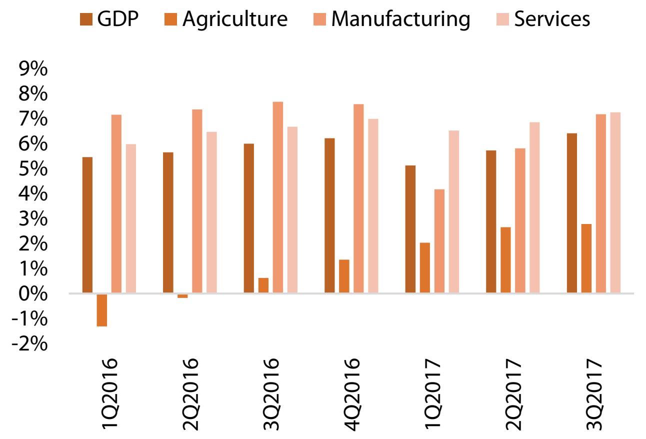
Q3 2017 Vietnam Macro Review: A Quarter of Goldilocks

GDP Growth Spikes in Q3

According to GSO, the economy grew a bit faster than previously estimated in the second quarter, up 6.28%. Meanwhile, GDP growth continued to robustly rise in Q3, recording its quickest pace in more than six years, up 7.46% QoQ. In the first three quarters of 2017, GDP growth expanded 6.41%, which is higher than our expectation for the whole year.

Assessment: Excluding the negative growth factor in GDP (mining), economic growth in the first three quarters of 2017 was around 7.5%. It is an impressive result compared to other countries in the world. A breakdown of data showed that manufacturing contributed to more than one-third of overall growth, but it should be noted that things happened better than expected, thanks to the FDI sector. Based on the Q3 2017 results, there is no doubt that the government could achieve a GDP growth target of 6.7% in 2017.

Figure 6: Quarterly GDP growth



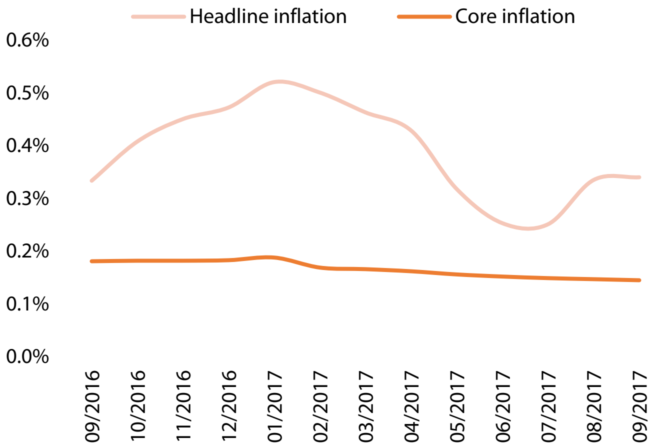
Source: GSO

Inflation recovered

Average CPI for nine months of 2017 increased by 3.79% YoY. Headline inflation recovered in Q3 2017 due to the increase of public goods and services prices. In addition, a marked acceleration in transportation, construction materials and accommodation was recorded in that period. Even if there was a recovery in headline inflation, core inflation remained stable at 1.45%, lower than its level at the beginning of the year.

Assessment: At the moment, we see inflation rate showing little upside pressure. Although healthcare services will be hiked twice in 33 provinces in Vietnam for the rest of the year, we think there will be no significant impact on the overall inflation. It could be said that Vietnam has been in a good year, in which the economy is expanding quickly, at the same time, inflation is under control.

Figure 7: Headline and core inflation



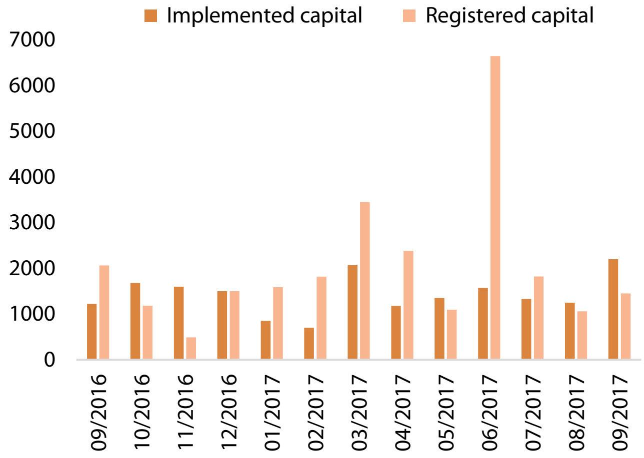
Source: GSO

Disbursed FDI improved in September

According to the MPI, Vietnam lured USD25.4 billion in FDI in the first nine months of 2017, up 34.4%YoY. Most projects licensed in nine months include infrastructure projects (thermal power plants and natural gas pipeline) while Samsung Display continued to invest another USD2.5 billion in Vietnam to boost capacity. Notably, the pace of capital disbursement improved dramatically in September. As of September 20, USD12.5 billion of FDI was disbursed, resulting to a rise of 13.4%YoY.

Assessment: It is clear that the investment environment in Vietnam are becoming increasingly attractive in the eyes of direct investors. In the Global Competiveness Report (2017–2018) by the World Economic Forum (WEF), Vietnam has gained five places in rank, from 60th in 2016 to 55th in 2017 among 137 countries. Accordingly, Vietnam's competitiveness is significantly driven by its market size. Even with the withdrawal of the US from the TPP, Vietnam's export remains robust thanks to strong FDI investment.

Figure 8: FDI capital inflow (USD millions)



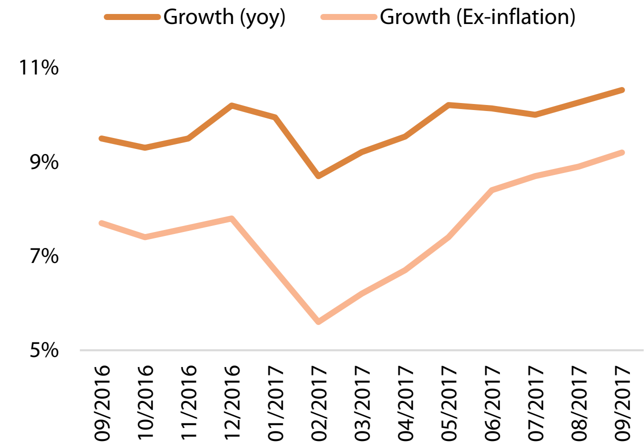
Source: GSO

Consumption continues to drive growth

In Q3 2017, retail sales continued to hit 11.8% YoY, supported by stronger tourism demand and local spending. To be specific, revenue from tourism services recorded a gain of 21.5% YoY while that from retail goods was 11.1% YoY. Thanks to low inflation, retail sales growth (adjusted for inflation) was 9.2%YoY in nine months of 2017, the highest level since March 2015.

Assessment: It can be said that the positive economic environment is bolstering consumer confidence. According to the latest report of Nielsen, Vietnam consumers are among the top five of the world's most confident consumers in Q2 2017 with an index score of 117, up five places compared to the end of last year. We think this trend will continue in the final quarter of the year, which will benefit overall consumption in the near term.

Figure 9: Retail sales growth



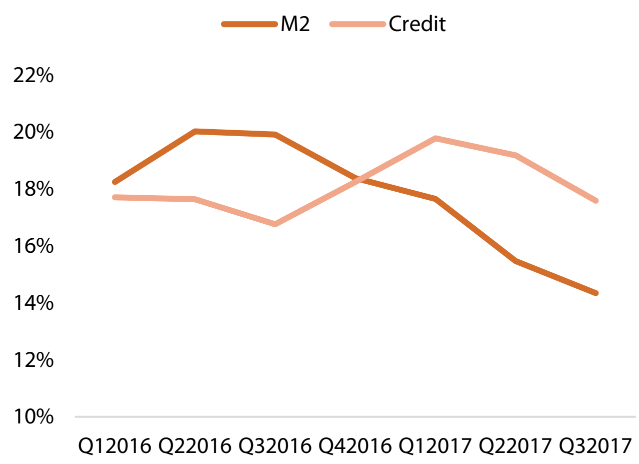
Source: GSO

Loan growth steadied in Q3 2017

According to GSO, credit growth was 11.02%YTD as of 20 September 2017. This growth has steadied compared to the data as of the end of August (11.5%YTD). Due to the different statistic periods, we do not think credit growth has slowed down, but basically, we think there was not much growth momentum in credit in Q3 2017. This was also in line with the low overnight cost of borrowing among commercial banks. During Q3 2017, the average overnight interbank rate was around 0.78% per year, which was much lower than the average of 3.4% in Q2.

Assessment: In the middle of Q3, the Prime Minister called for 21% credit growth for 2017. According to our estimates, to achieve this goal, the banking system needs to inject nearly VND500,000 billion into the economy. We think it is infeasible to achieve that expansion in credit base. However, the base scenario for credit growth in 2017 could be 19–20%, which is expected to support the economic growth in the medium term.

Figure 10: Loan vs M2 growth (YoY)



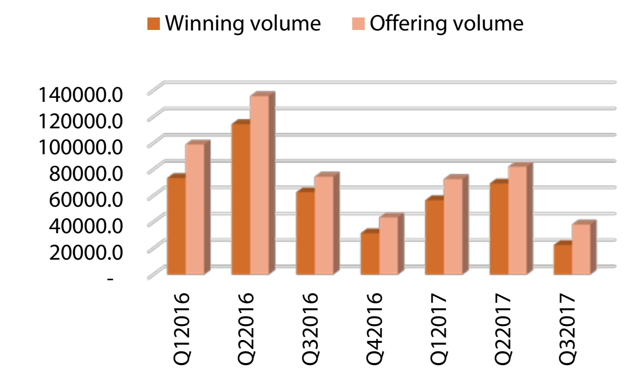
Source: GSO, SBV

Bond issuance declined in Q3 2017

In Q3 2017, the State Treasury raised VND22,435 billion out of the VND38,000 billion offered. The winning ratio plummeted to 54% from 85% in the second quarter. Although there was a steep decline in the government bond issuance in Q3, as of the end of September, the State Treasury completed 81% of the whole year target.

Assessment: In the first nine months of 2017, the government had successfully extended the average maturity of the government debt portfolio. The average of the bonds sold was 18.02 years, a spectacular increase from 8.71 years in 2016. In addition, the average coupon also went down slightly compared to last year. We suppose these movements are good signals for the public debt issue as well as the economic health.

Figure 11: Bond issuance (quarterly)



Source: HNX

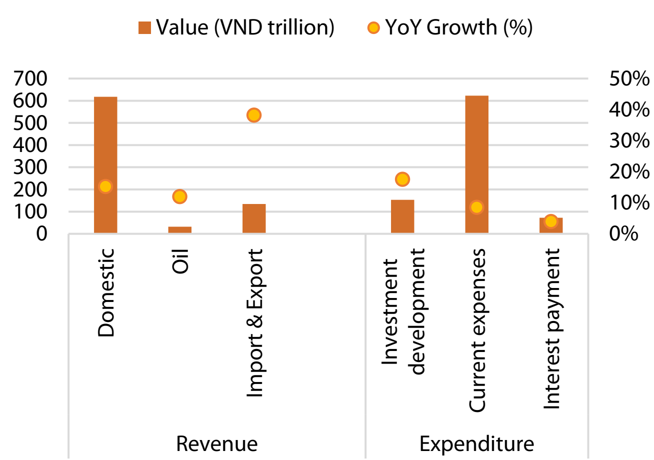
Budget investment expenditure falling short of target

Based on the data provided by GSO, the budget revenue for the nine months presented an increase of 18.2% YoY, fulfilled 64.9% the annual target. In which, external collection (import and export revenue) soared significantly (+38.2%YoY), thanks to the recovery of trade. Domestic collection rose 15.2%YoY mainly due to the improvement of the private sector.

Budget expenditure reached nearly VND851 trillion, fulfilled 61.2% of the annual plan. Expenditures for development investment were recorded at VND153 trillion, even though it increased by 17.5% but fulfilled only 42.8% of the annual plan.

Assessment: Domestic collection from the FDI sector is not in line with the economic growth rate of 6.4% in the first nine months, reaching VND111.4 trillion (+2.8%YoY). Meanwhile, the improvement of the private sector has helped CIT from non state-owned companies and PIT collection rise. Because of debt

Figure 12: Budget revenue and expenditure



Source: GSO

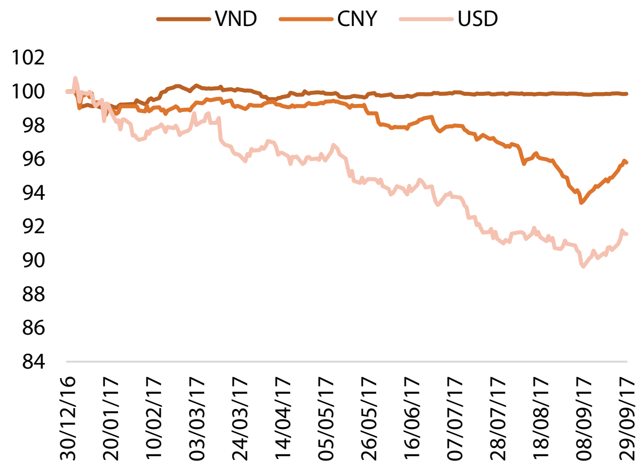
and interest payment burden plus constraints in budget disbursements, the support of fiscal policy to economic growth is still weak at the moment.

No fluctuation in exchange rate

USD/VND exchange rate has been remarkably stable this year despite the 1.4% (YTD) depreciation in official mid-rate in the first nine months of 2017. In year-to-date terms, USD/VND has been trading within a tight range of -1%–0.36% since the beginning of the year.

Assessment: Actually, because of the high dependence on the FDI sector in terms of trade activities, Vietnam does not need a firm exchange rate to curb import prices or a weaker currency to boost export competitiveness. CPI inflation eased to 3.4% (YoY) in September from the year's high of 5.2% in January. Exports expanded a healthy 23.2% (YTD) in the first nine months of the year. Our end-2017 forecast for USD/VND is 22,770.

Figure 13: Exchange rate movement



Source: Bloomberg

- 2017: Profound Evidence of FDI-Driven Economy
- State to Speed Up SOE Equitization and Divestment in Final Quarter

After nine months of 2017, we think it is time to talk about the economy picture for the whole year. In this part of the Strategy Report, we focus on some highlights under the context of strong performance in the economy as well as a desire of the Government to complete the divestment plan in the final quarter of the year. Besides, the sixth meeting of the 12th Communist Party of Vietnam Central Committee opened on 04 October, is expected to focus its efforts on reforming the country's political system. This issue is addressed by many investors so we expect there will be not any surprises to market during the period of this meeting.

2017: Profound Evidence of FDI-Driven Economy

As we can see in the macro review part, it is important to highlight that the significant rise of GDP in 2017 has been mainly driven by manufacturing. In which, the strong investment of FDI sector has benefited manufacturing activities which have seen their weight in GDP growth increasing in 2017. In 2016, the manufacturing sector represented nearly 29.5% of the GDP. In the first three quarters of 2017, it was more than 33.6%.

To be specific, the participant of Formosa and a continuous investment of Samsung in Vietnam has helped to boost the size of the manufacturing sector. In 2017, Formosa Steel Complex expect to produce 1.5 million tones of steel products, its total capacity in the first phase is 7.5 million tones per year. So we expect there is room to grow for steel production of the economy next year. On the other hand, although Samsung will continue to launch new versions of their flagship products, we see growth momentum of this group will not as high as this year. The reason is we see mobile phone production only increased 3.2%YoY in the first nine months; meanwhile, the main contributor to manufacturing growth is television production (+31.6%) thanks to the operation of Samsung CE Complex. However, positive disbursed FDI during the last two years also draw a bright picture for manufacturing activities. Based on these reasons, we expect the strength of manufacturing to persist into next year.

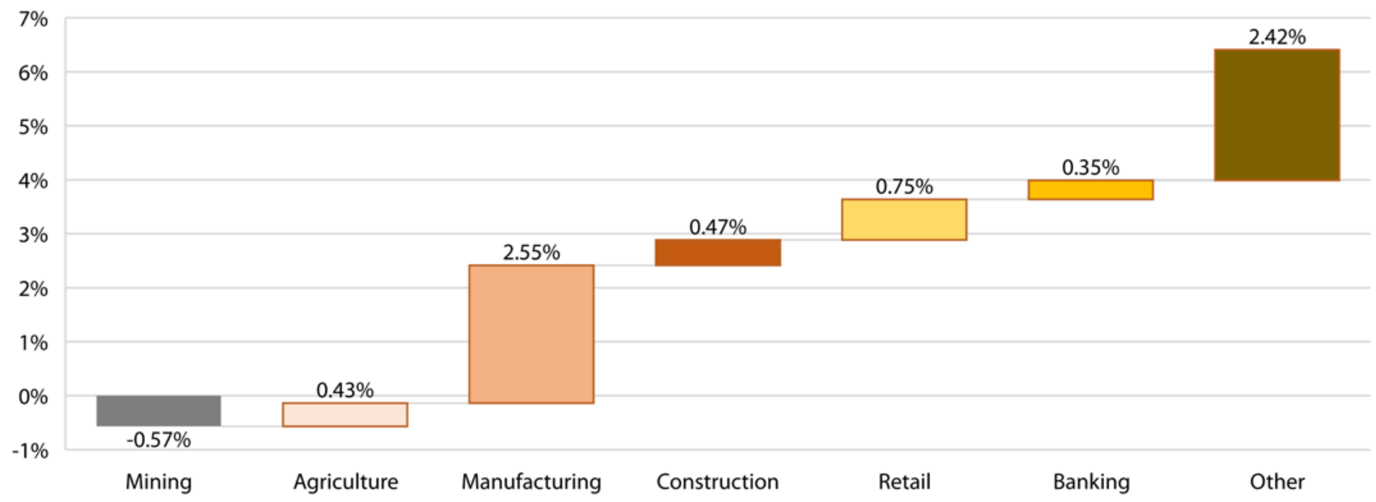
Continuing investment in FDI sector also bode well for output growth of construction and domestic building materials sector. However, the growth momentum slowed down in Q3 due to heavy rainy season. Construction sector gained 8.3%YoY in nine months of 2017, declined slightly from a gain of 8.5% in H1 2017. In the first nine months, steel and cement production increased 21.2%YoY and 8.3%YoY, respectively. In Q4, construction activities will be strengthen, we think the recovery of real estate sector plus easing monetary policy could support the outlook of sectors relating to construction next year.

Apart from FDI sector, sectors have seen significant output growth over the past nine months are fishery (+9.4% YoY), fishery feeds (+9.6%), fresh milk (+8.3% YoY), power milk (+9.2% YoY), natural fiber (+16.8%YoY), clothes (+8.7%YoY), urea (+15.9%YoY) and NPK fertilizer (+12.9%YoY). These gains are bound up with the recovery of agriculture sector, textile, fishery exports and strong consumer confidence in Vietnam. The EU-Vietnam FTA will become effective in 2018, this will give more opportunities for Vietnam domestic exporters in textile and fishery sectors. Meanwhile, we think the Government's supports in hi-tech agriculture needs time to show its effectiveness. As a result, agriculture sector might contribute insignificant to GDP growth next year.

Besides, the positive economic environment is bolstering consumer goods industry, banking and real estate activities. The retail, accommodation and catering services sectors combined increased by 8.4%YoY, contributed 17.3% to GDP growth. In the first three quarters of 2017, banking and real estate industry grew 7.89%YoY and 3.99%YoY, respectively, which were higher than the same period of last year. Backed by higher middle-class population, we expect consumer goods, tourism, catering services sectors continue to be healthy in the long-term. At the same time, the recovery of banking and real estate sectors will benefit from the banking reform and strong economic growth.

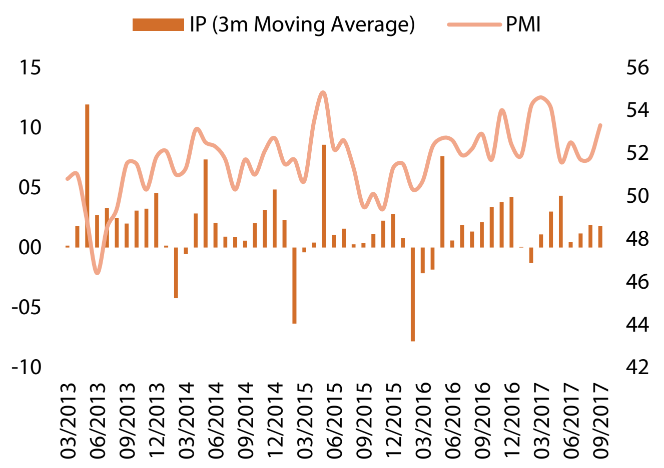
In general, we believe the continued strength of FDI sector should be important drivers for future economic development. Meanwhile, other sectors in the economy will benefit from foreign investment and the support from the Government to upgrade economic growth model. The biggest risk to the economic growth is the lack of interest of foreign investors in Vietnam, not what the number of GDP growth is. However, we think this scenario is not going to happen in the medium term.

Figure 14: Contribution to GDP growth by sector in nine months of 2017



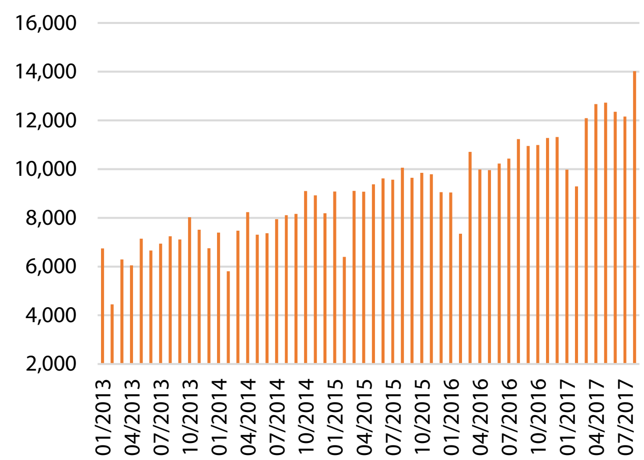
Source: GSO, RongViet Research

Figure 15: Industrial production movement (2013–2017)



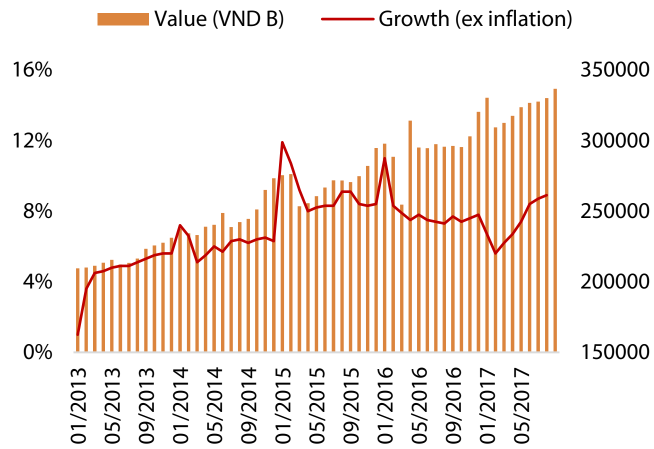
Source: GSO

Figure 16: FDI export (2013–2017) (USD millions)



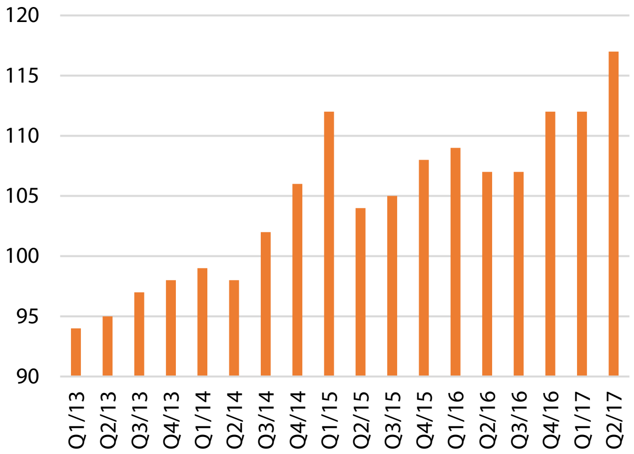
Source: Customs

Figure 17: Retail sales (2013–2017)



Source: GSO

Figure 18: Vietnam Consumer Confidence (2013–2017)



Source: Nielsen

State to Speed Up SOE Equitization and Divestment in Final Quarter

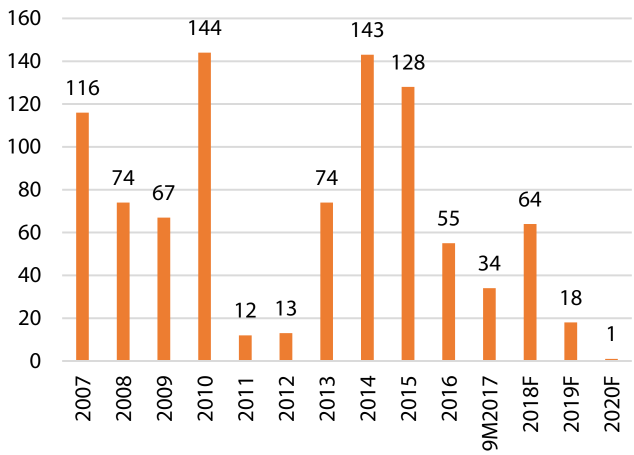
The recent report from the Corporate Finance Department showed the improvement in SOEs reform progress of equitization in Vietnam. In the first nine months of 2017, the authorities approved for equitization of 34 SOEs. This number is lower than that of last year, however, they are big corporations with actual valuation of VND80,636 billion, of which the actual value of State capital was VND20,811 billion. According to equitization plans, the registered capital of these companies was VND25,837 billion, including VND12,646 billion held by the State, VND7,941 billion to strategic investors, VND205 billion to their employees, VND20 billion to trade unions, and VND5,060 billion from the public via auction. Among these companies, 11 companies completed their IPO plans, most notably names are:

- Investment and Industrial Development Corporation (Becamex IDC) (Charter capital: VND13.17 trillion): in June, the Government has allowed the company to go public by issuing shares to spur its capital, with the State stake to be kept unchanged at 51%.
- Song Da Corporation (Charter capital: VND4,500 billion): revised its IPO plan in the beginning of October. To be specific, the company will sell 200 million shares to the public (~48.82% of its charter capital) instead of 30% of its charter capital in the approved plan.
- Vietnam Urban and Industrial Zone Development Investment Corporation (IDICO) (Charter capital: VND3,000 billion): the company offered 55.3 million shares for sale, equaling a 18.44% stake, with the initial price of VND18,000 in the beginning of October. The average wining price is VND23,940.
- Thanh Le Import-Export (Thalexim) (Charter capital: VND2,366 billion): official IPOed in the end of October with the initial price of VND10,600; offering volume: 11.83 million shares, equaling a 5% stake.

In August, the Government announced the approval process of the equitization plan set for 2017–2020 18 SOEs had their equitization plans approved by the end of August, completed 14% of the target of 127 SOEs in 2017–2020 period. According to MoF, the Government could complete 86.4% of the 2017 plan (38 SOEs). In addition, we think the equitization progress of many big corporations will be slow due to complex ownership and management structures of those corporations, in addition, some of them also have unclear financial and debt obligations which should be transparent before the IPO.

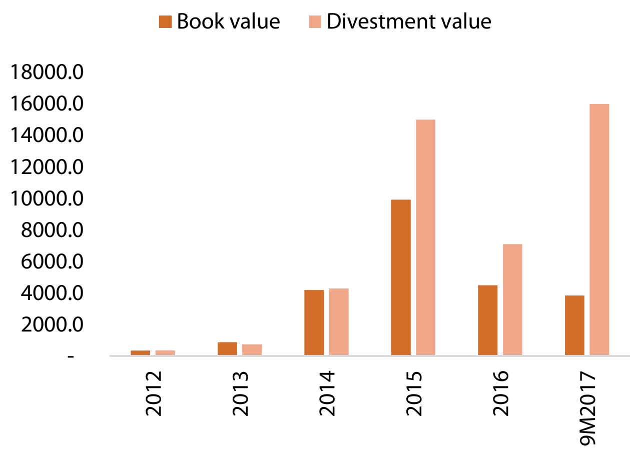
Most recently, the State has announced it will push up the sale of stakes in Sabeco and Habeco, the two largest beer manufacturers in Vietnam, where the state holds 89.6% and 81.8% of charter capital, respectively. This campaign began in the end of 2016, however, the progress of State divestment from these two companies is still sluggish. According to the Government guidance, the goal for the State divestment is VND60,000 billion in 2017. By the end of September, the State divested VND3,636 billion and earned VND15,998 billion (including the value divested in 2016 but recorded in 2017). Particularly, it divested VND105 billion from companies in sensitive areas and earned VND105 billion. The divestiture value in other companies was VND2,210 billion and the sale value was VND3,463 billion. SCIC sold State interests worth VND1,522 billion in 28 companies for VND12,428 billion (it sold its partial interests in Vinamilk with a book value of VND783.7 billion in 2016 for VND11,286.4 billion). It showed that Vinamilk was a big deal of the State divestment in the nine months of 2017 and the divestment process should speed up in the final quarter to complete the whole year plan. In our view, the main aim of pushing the State divestment process is to complete the target of budget revenue which will help to narrow budget deficit this year.

Figure 19: Number of privatized SOEs (2007–2020F)



Source: MoF

Figure 20: Divestment value (2012–2017) (VND billions)

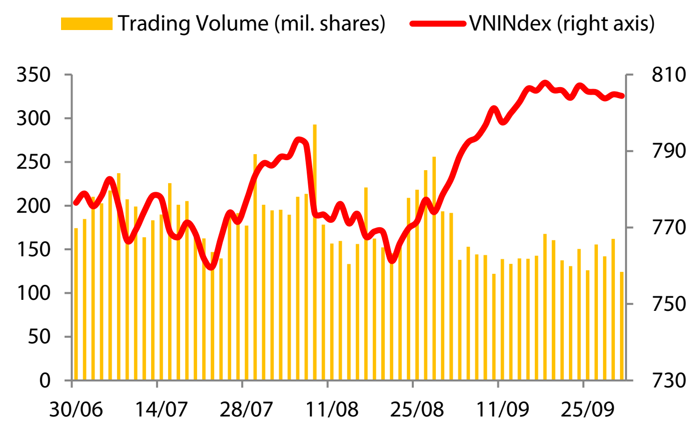


Source: MoF

VIETNAM STOCK MARKET IN SEPTEMBER: THE STORIES OF IPO STOCKS AND DIVESTMENT PLAN

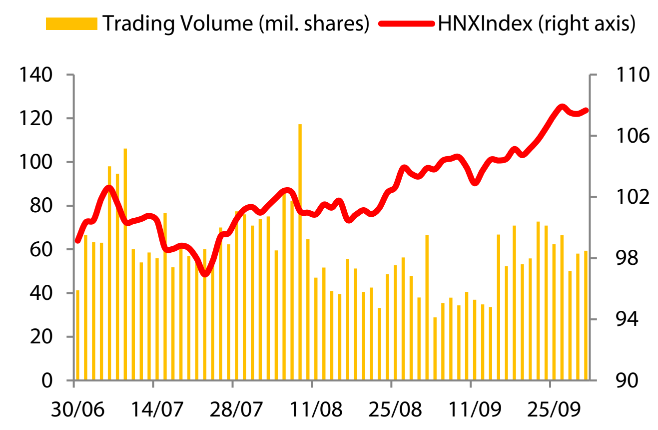
The VNIndex and the HNXIndex experienced similar movements in September including stable period and uptrend period, but in different orders. The VNIndex began September by a strong rally from 782.8 to 800 in just one week. After that, the index was nearly flat in the remaining time and ended at 804.4 (+2.8%). Meanwhile, the HNXIndex passed through the negative territory in the first week and then surged in the next three weeks, closing at 107.7 (+3.7%).

Figure 21: VNIndex movement in September



Source: RongViet Research

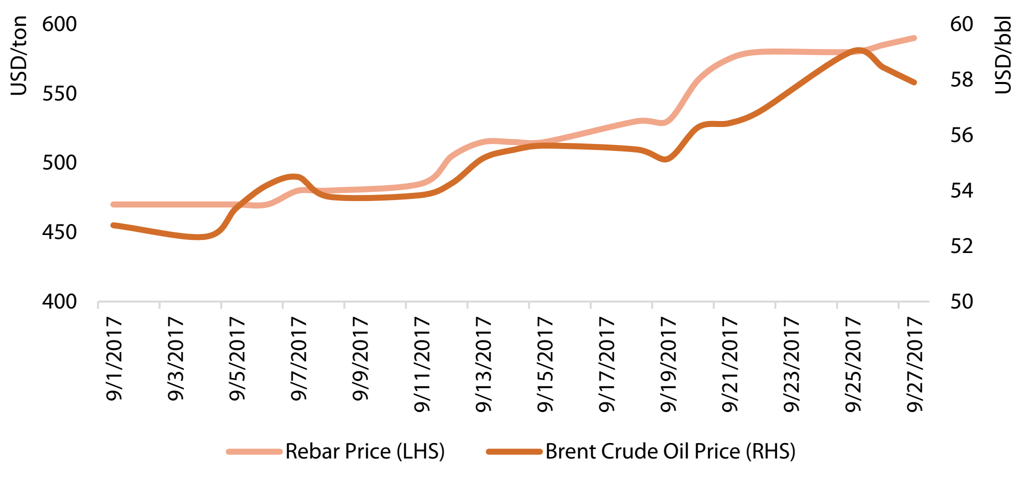
Figure 22: HNXIndex movement in September



Source: RongViet Research

There was no special news supporting the upward trend of the VNIndex in the first week of September, except for steel and oil & gas industries. Steel stocks outperformed the market on the back of domestic steel prices increasing by 6% in September, reaching VND13M/tonne of ex-factory rebar. This rally was mainly driven by the surge of domestic billets price, which is caused by the lack of electrodes in July. Meanwhile, the oil & gas market showed positive signals, following OPEC and Russia announcement to extend the production-reducing period. This should help the market to reach its equilibrium condition.

Figure 23: Global Rebar and Brent Crude Oil Prices



Source: Bloomberg, RongViet Research

ACB was the main driver for the HNXIndex's uptrend. Positive business results, along with the rumor related to the divestment of its major shareholder, Standard Charter, has supported ACB's share prices in August. As for September, the stock continued to rise 6.6% on the back of the market expectation of its positive profit growth for 2018 due to decreasing credit loss provision (after ACB finished its provision-making obligation for the year 2017) and the possible provision reversal for legal issues.

The stories of IPO stocks and divestment plan

The increase of the VNIndex is mostly thanks to the large-cap stocks such as GAS, VCB, VNM and especially SAB and BHN. The state divestment from these two leading beer companies will probably happen this year so that the State can complete the budget plan. The divestment price remains a big question, but it is this uncertainty that created opportunities for investors who participate in the game.

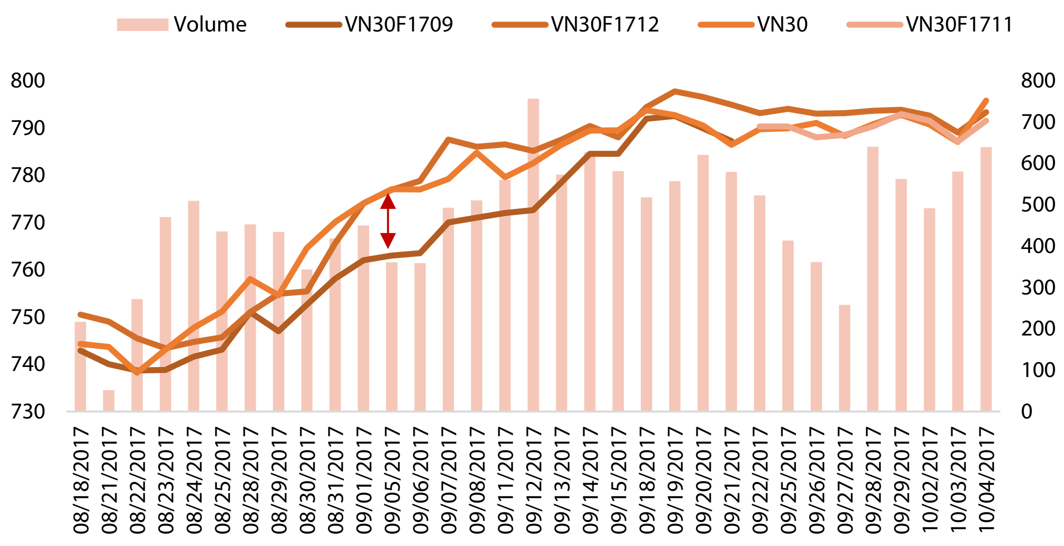
It was also SAB and BHN that started the investment trend into IPO and unlisted stocks as these stocks skyrocketed after listing on the stock exchange. Then comes the time when many investments in unlisted stocks almost guaranteed an attractive profit in a short time for investors. However, this phenomenon seems to wear out, considering the recent cases of big names like VPB, LTG and KDF. At present, there is still high demand for unlisted stocks, displayed by the oversubscribing by 5 times in IDICO's IPO, or by the rally in price of LienVietPostBank and Techcombank on the OTC market. We will discuss more about the potential of these stocks in the market outlook section.

Derivatives market movement

Since Vietnam's derivatives market was officially launched, it has recorded growth gradually. At the end of September, the number of derivatives trading account has increased by 34.5% from the previous month, while the transaction value reached an average of over VND600B per session, four times higher than the figure in the opening week.

The fact that this market is relatively new has also created some mispricing opportunities for investors. For example, at the beginning of September, the price of futures contract VN30F1709 has a big gap compared to that of VN30F1712 and the underlying VN30 Index. This poses opportunity for investors who long for the F1709 or execute "spread trade" strategy, which is buy F1709 contract and sell F1712 contract and wait for the market to adjust the gap. Both strategies have eventually worked out. However, since October, there has been no such opportunity as futures contracts have been trading very closely with the underlying index.

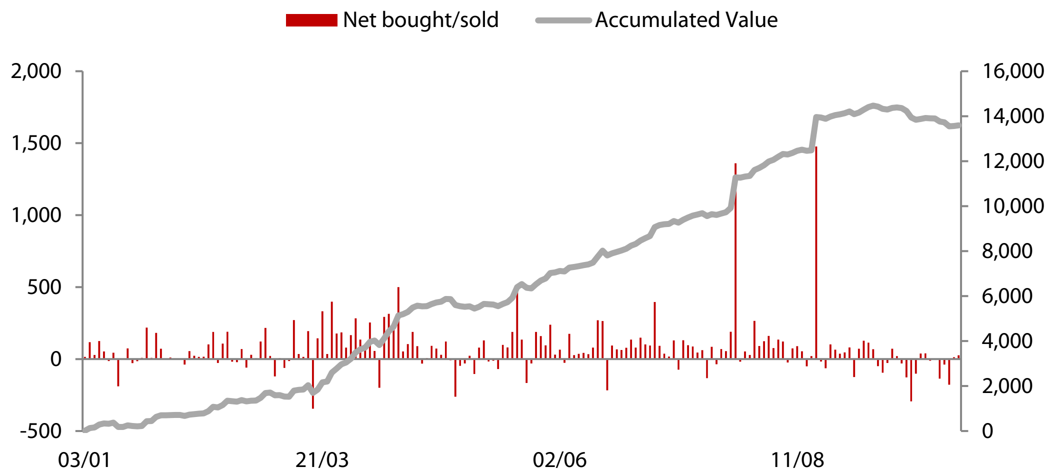
Figure 24: VN30 futures contract prices



Source: Bloomberg, RongViet Research

Foreign investors trading

Figure 25: Trading activities of foreign investors



Source: FiinPro, RongViet Research

Since the beginning of this year, this has been the first net selling month of foreign investors. The total net selling volume of both two exchanges was VND 691B with VND 193.7B being traded on HSX. If excluding the impact of the divestment from NTP, foreign investors were still in slight net selling position.

On the HSX, regarding sectors, there were 8/18 sectors being net sold during September. Real Estate is the most selling sector with the value of over VND 400B. The net selling force concentrated on NVL, KBC, NLG, ROS, KDH and FLC. For FLC, after three years appearing in the portfolio of Vaneck Vectors Vietnam ETF, it was deleted from the recent portfolio rebalance in Q3. Having the least weight of the basket and not being in the top 98% of market capitalization were the reason for the removing of FLC. During the two consecutive days 14th and 15th of September, FLC was sold by ETF with the amount of 5.3 and 6.5 million shares, equivalent to roughly VND 90B. In the net buying side, the oil sector has surprisingly become the top buying group. PLX was strongly buy with the net value of over 3.5 million shares, equivalent to VND 240B, including 50% of transaction by DB x-trackers FTSE Vietnam, which had added this ticker into their portfolio for the Q3 2017 review.

On HNX, it was worth noticing that The Nawaplastic Industries (Saraburi) Co,. Ltd, the Thai shareholder of NTP announced the divestment plan from the company after five years of holding. The anticipated divesting period is from 25th Sept, 2017 to 20th Oct, 2017. After the announcement, we recognized that during four consecutive sessions from 25th – 28th Sept, there were booming transactions with the total liquidity of seven million shares, equivalent to VND 516.4B. This could be the reason behind strong net selling transactions of construction and construction material groups on HNX in the last month. The remaining 18 million NTP shares would be sold in October so it is highly likely that there will be the second net selling month on HNX.

After net buying constantly since the beginning of this year, foreign investors net sold for the first time. The 2017 accumulated value stayed at VND13,597B, down from the highest level of VND14,471B. The selling pressure may repeat in October as Saraburi may continue to divest from NTP. Therefore, monitoring foreign investors' move on different industries will be more meaningful than just looking at the bottom-line figure.

Sectors	HSX		HNX	
	Net volume (million shares)	Net value (VND billions)	Net volume (million shares)	Net value (VND billions)
Oil & gas	1.03	208.02	-10.58	-166.27
Chemicals	2.14	62.75	0.29	6.39
Basic resource	0.74	74.81	0.40	0.55
Construction & building materials	0.87	-24.96	0.13	-391.15
Industrial goods & services	-4.35	-71.77	0.09	-3.30
Automobiles & parts	-5.56	-102.63	-0.55	-4.08
Food & beverage	0.21	-52.73	0.47	5.34
Personal and household goods	-0.83	-0.13	-1.02	-12.24
Healthcare	1.46	14.62	0.00	-0.24
Retail	0.42	7.08	0.30	3.54
Communication	0.00	0.02	0.15	1.86
Travel & leisure	-0.84	-63.41	0.40	11.52
Utilities	2.18	49.88	0.06	0.44
Banks	1.74	-111.25	9.13	73.59
Insurance	0.52	26.52	-0.03	-0.69
Real estate	-22.50	-403.52	-0.37	1.06
Financial services	0.94	150.81	0.81	9.58
Technology	0.19	1.93	0.02	0.26

Source: Fiin Pro, RongViet Research

In September 2017, VNIndex successfully conquered 800 points and marked the first month of foreign investors' net sale in 2017. Large-cap stocks with their own stories, such as VNM, SAB and HNB with state-owned divestment expectation, GAS with the oil price fluctuation, banking stocks with expectations for earnings growth as well as private placement for foreign strategic investors were the main factors controlling the performance of VNIndex. However, we have found out that while the impact of these stories was short-term, it could distort VNIndex and make the market picture become unclear. The divergence among stocks cooled down investors' enthusiasm, especially when they were under net selling pressure from foreign investors. As a result, VNIndex fluctuated in a narrow range during the last two weeks of September.

In October 2017, we believe that VNIndex's performance will continue to be affected due to the above-mentioned factors. The divergence among stocks is unlikely to cause VNIndex to go far beyond 810 in the short term. Meanwhile, in terms of fundamentals, there are no new expectations which could bring more excitement to the investors. The supporting factor for the market at present is that the stable macro enviranment as well as GDP growth following the government's expectation.

Our short-term concern is that foreign investors have shown less eager participation. Their contribution to the total transaction value has been lower than the multiyear average ratio since August 2017. In September, foreign investors actually sold out; their involvement is still considered as great support for the "psychology" of domestic investors. Therefore, their action should be closely observed in October to confirm their confidence ahead of the high current valuation of the VNIndex.

The optimistic view is that liquidity remains at over VND3T. In addition, although some speculative stocks rose sharply in September, the money quickly flowed out of this group by the end of the month. It could be seen that investors are cautious and conservative with speculative stocks and are not hurrying to buy large caps after the VNIndex surpassed the 800 level. Investors have begun to discuss about Q3 2017 earnings results of the listed firms. However, the picture of profit is not strong enough to suggest accumulation of stocks at this time. Bloomberg's seasonal heating map showed that it is more probable that the VNIndex will decrease rather than increase in October; and there is high probability that VNIndex will decline in November. This suggests that the impact of the third quarter earnings season is quite faint.

Bloomberg's seasonal heating map on VNIndex

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	4.87	1.94	1.62	-.63	2.80	5.24	.91	-.10	2.77	.15		
2016	-5.83	2.59	.33	6.62	3.35	2.23	3.16	3.43	1.65	-1.45	-1.59	-.03
2015	5.58	2.86	-6.99	2.04	1.27	4.12	4.72	-9.07	-.37	7.95	-5.63	1.02
2014	10.28	5.38	.87	-2.29	-2.76	2.87	3.10	6.81	-5.95	.34	-5.70	-3.70
2013	15.97	-1.09	3.47	-3.37	9.25	-7.19	2.23	-3.89	4.22	.97	2.08	-.62
2012	10.36	9.19	4.10	7.42	-9.41	-1.59	-1.87	-4.45	-.87	-1.06	-2.73	9.50
2011	5.35	-9.64	-.05	4.11	-12.23	2.65	-6.21	4.69	.68	-1.59	-9.53	-7.65
2010	-2.59	3.10	.47	8.64	-6.44	-.06	-2.61	-7.86	-.12	-.42	-.23	7.32
2009	-3.93	-18.95	14.21	14.59	27.99	8.90	4.12	17.14	6.24	1.07	-14.14	-1.85
2008	-8.94	-21.42	-22.08	1.07	-20.73	-3.55	13.01	19.44	-15.28	-24.01	-9.31	.28

Source: Bloomberg

The divergence of large cap stocks are creating a balance for the VNIndex, helping the market's PE not to exceed the 16x threshold set this year. In October, we think the VNIndex will fluctuate between 787–810 points. Given that (1) VNIndex is at the highest level since 2008 and (2) foreign investors are not as active as in the first half of the year, we think that investors should be cautiously if deciding to disburse in October. Excessive sessions of the market are opportunities for investors to restructure their portfolio. In particular, we think investors should reduce their proportion of speculative stocks as well as screen and accumulate stocks with bright prospects for medium- and long-term investment.

Table 1: Key sectors performance

No	Name	% 1M price change	% 1Y Price Change	Market Cap (VND billions)	ROA (%)	ROE (%)	Basic P/E	P/B
1	Retail	6.9	151.7	41,237	14.1	40.4	18.3	6.9
2	Insurance	-1.9	6.1	57,470	4.4	10.6	20.6	2.2
3	Real Estate	1.7	27.8	261,350	2.1	6.5	25.0	3.5
4	Technology	-2.1	38.5	31,859	9.0	16.1	13.0	2.3
5	Oil & Gas	-8.1	10.3	85,644	5.6	16.3	14.6	3.1
6	Financial Services	-3.1	33.2	45,508	4.1	15.1	12.0	1.8
7	Utilities	7.4	37.6	179,586	11.3	18.8	15.2	2.9
8	Travel & Leisure	12.1	18.7	59,697	3.4	61.2	12.4	5.9
9	Industrial Goods & Services	2.4	25.1	82,198	0.0	15.5	13.4	1.9
10	Personal & Household Goods	2.4	32.0	33,091	9.2	26.5	15.6	3.8
11	Chemicals	-1.5	16.9	45,416	7.0	13.3	10.5	1.4
12	Banks	0.3	17.9	444,500	0.9	14.7	14.7	1.8
13	Automobiles & Parts	-4.0	-16.2	15,197	6.2	12.1	12.6	1.4
14	Basic Resources	6.6	65.7	115,339	12.3	18.9	7.6	2.0
15	Food & Beverage	2.3	54.0	549,687	8.6	30.8	24.1	6.5
16	Media	6.8	34.4	12,960	5.6	3.7	17.1	2.2
17	Construction & Material	0.5	96.2	189,046	5.5	19.8	17.3	4.1
18	Health Care	-3.0	84.8	33,919	11.2	21.1	17.7	3.9

Source: FiinPro

At the moment, the overall macroeconomic performance appears satisfactory as there is positive QoQ GDP growth and the 6.7% target is feasible. The FDI sector plays a key driver of nine months GDP growth, and can spread to other sectors such as construction, real estate, banking and steel. However, except the stable of macro and high quarterly GDP growth, we see no strong catalyst an upward trend to the stock market in October. Our analysts believe that there will be no extraordinary earnings in Q3 2017 of listed companies. Therefore, we think that the overly excited sessions of the market are opportunities for investors to restructure their portfolios by reducing the proportion of speculative stocks or the ones that have increased sharply since the beginning of the year. At the same time, investors should begin to filter and gradually accumulate stocks with positive business prospects for the last quarter of 2017 as well as 2018.

After a strong increase in the first half of the year, pharmaceutical stocks have experienced a relatively long correction period. Thanks to that, we think opportunities for investors to accumulate some pharmaceutical stocks such as IMP or Pymepharco (HSX:PME). In which, PME is expected to be listed in late October. We estimate these two stocks to have promising breakthrough from 2018, thanks to a series of forthcoming policies to assist local firms in medical bids, following the government objectives to reduce medication costs as well as to narrow the price gap between hospital tiers and improve the efficiency of the health sector. IMP and PME are among the few pharmaceutical firms who owns the modern EU-GMP factory systems in the domestic industry. Therefore, we expect that these two firms will be the biggest beneficiaries in this trend.

Credit growth has spurred interest income growth for banks. However, the earning results may diverge between state-owned and non-state commercial banks. Due to their weakness in terms of capital adequacy and liquidity, state-owned banks may have to put provision-making as well as restructure their loan portfolios to improve these ratio. In the meanwhile, commercial banks with higher CAR and liquidity ratio will have strong earnings growth given higher credit growth. In particular, some banks such as ACB and MBB have mostly fulfilled their obligation to make provision for special bonds, which promises to generate positive earnings growth not only in 2017 but also in 2018. At the moment, we prefer MBB to ACB because of the higher upside potential. MBB has many advantages in terms of capital mobilization which results high deposit ratio (CASA ratio of 37 to 38%) and low fund-mobilized cost. In addition to the well-controlled loan portfolio, MBB’s CAR and liquidity ratios are superior to SBV regulations leaving it a large room for credit growth without pressure on capital raising. Using a PB of 1.7x, MBB's fair value is determined at VND26,800 per share. Taking into account the cash dividend of at least VND500 per share, the total expected return on MBB shares is 19%.

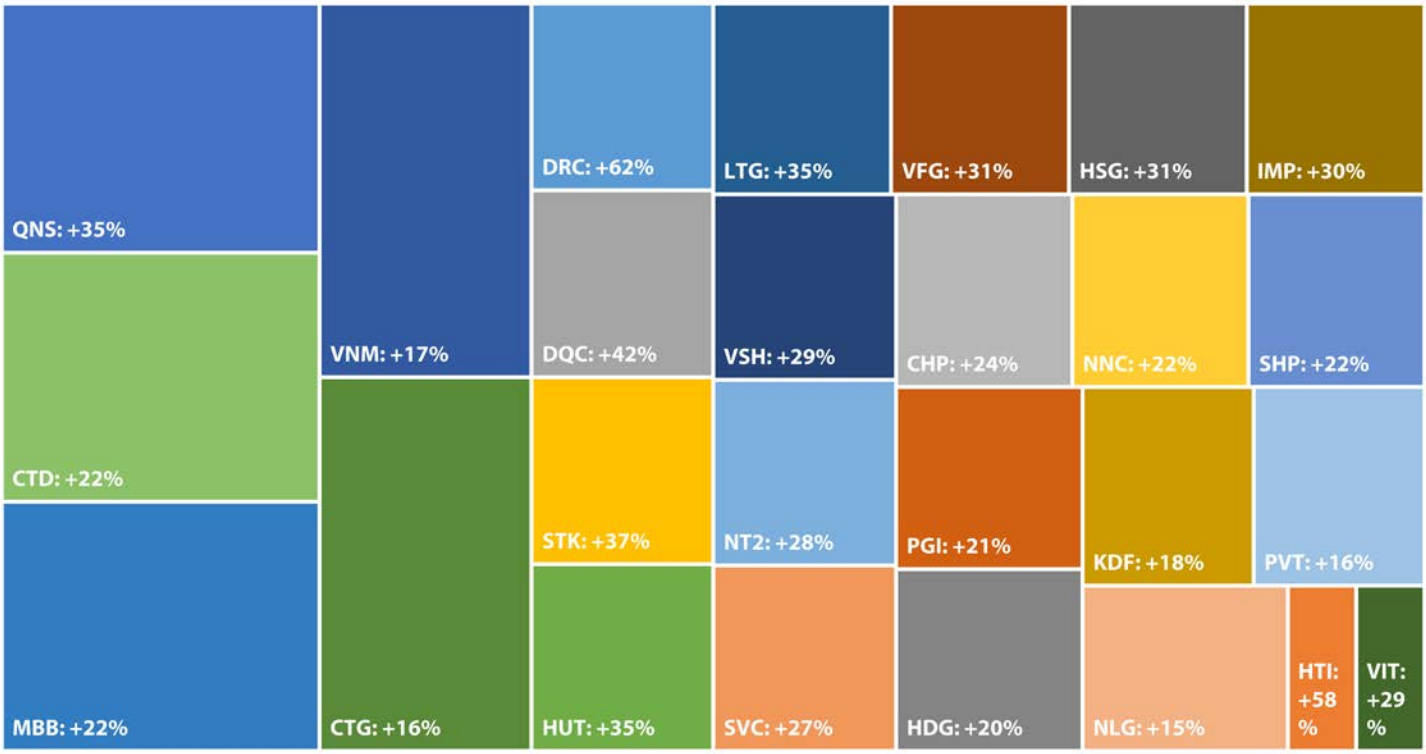
LienVietPostBank (UPCOM:LPB), a new bank is listed on UpCOM from 5 October 2017. Despite being a commercial bank with a modest market share (~2%), LPB attract us due to its unique business strategy. As the sole distributor of retired remuneration, LPB has a relatively high deposit ratio (~30%), which is the key to lower capital costs. In addition, using VNPost's transaction network, LPB’s ability to penetrate and compete in remote and mountainous areas is better than other banks. Ending 9M 2017, LPB fulfilled 97% of its annual target net profit. With a starting price of VND14,800 per share, LPB is trading at 1.1x PB, which is quite attractive compared to the current average PB of listed banks. Therefore, we think LPB is also a new investment opportunity that is worth paying attention to.

Steel stocks, especially HPG, rose sharply in September on the expectation of steel price increase as well as the high demand from construction activities in the dry season. Construction progress in Dung Quat Steel Complex project is quite good. We expect that the production line with capacity of 600,000 ton per year will sell its first products in less than next 12 months. Given the 0% corporate income tax, the production will bring profit growth to the firm. Hence, although HPG’s market price almost reaches its fair price, we recommend investors to hold HPG. At the same time, coated steel sheet makers are expected to benefit from the 14% increase in HRC price during Q3 2017. HSG and NKG are likely to benefit from this trend. In Q3 2017, we expect that NKG's sales volume will grow by around 50% YoY and its profit margin will slightly improve. We forecast that NKG's Q3 2017 profit will grow at 36% YoY and the 9M 2017 profit will grow by 20% YoY. In addition, we expect that NKG's expansion project will meet its plans after they raise more VND600 billion to VND800 billion capital via private placement.

The IPOs of the state-owned entities will continue to draw attention in the last quarter of 2017 and we think that investors can allocate some amount of of their portfolio for these stocks. According to Circular 180 of the Ministry of Finance, within thirty (30) days from the date on which the State Securities Commission issues an official letter certifying the completion of registration of a public company, public companies have the responsibility to complete the registration of securities at the Vietnam Securities Depository Center and list the stocks on the Upcom. The regulation is expected to increase the liquidity of the IPO-stocks. Several big state-owned names will be boosted to IPO in late 2017 or early 2018 are IDICO, Genco3, PV Power, PV Oil, etc.. In which, IDICO, one of Vietnam's leading industrial park developers, just finished the highly sought IPO auction early in October. The firm business focuses on four main pillars, namely industrial park services, hydropower, BOT toll road and construction. Its short-term attractiveness lies at the relatively low-cost developed industrial park (1200ha) against a backdrop of rising FDI inflow. On the other hand, BOT toll road (An Suong- An Lac project) and hydropower play a role of long-term growth catalyst. The firm also has a strong financial position as majority of debt structure is of long-term duration and ties to cash-rich business toll road and hydropower generation.

In September 2017, we also released three company analysis reports, including VSH, HUT, HBC, LTG, VNM, IMP, HDG, KDF, and DPM. Investors who are interested in these stocks can find the full report on our website at Company reports.

Figure 26: RongViet Research's stock pick



Source: RongViet Research; Price @ Oct 4th, 2017

Total return = Expected price appreciation plus expected dividend yield in next twelve months

STOCKS HIGHLIGHT

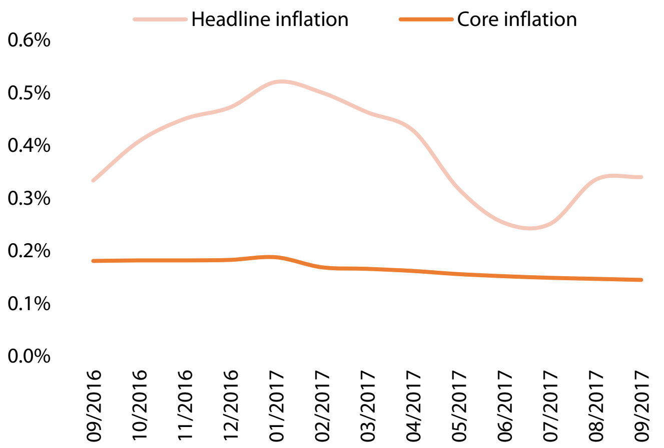
Ticker	Exchange	Target price (VND)	Price @ Oct 4 (VND)	Total Return	Rating	2016 +/- Rev. (%)	2016 +/- NPAT (%)	2017F +/- Rev. (%)	2017F +/- NPAT (%)	2018F +/- Rev. (%)	2018F +/- NPAT (%)	PER Trailing (x)	PER 2017F (x)	PBR Cur. (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily vol. (shares)	3-month avg. daily turnover (USD thousands)	Market cap (USD millions)	Foreign remaining room (%)
DRC	HSX	33,100	22,300	61.9	Buy	1.3	-4.8	7.8	-15.0	1.9	20.8	8.8	8.6	1.8	13.5	-42.5	335,164	388.8	116.4	22.9
HTI	HSX	26,200	17,300	58.4	Buy	33.1	8.7	-16.5	20.8	90.8	-5.8	5.6	6.5	1.1	6.9	-2.0	29,849	24.4	19.0	34.4
PVS	HNX	21,900	16,200	45.7	Buy	-20.0	-31.5	-0.8	-17.6	17.1	39.6	8.4	8.5	0.7	10.5	-19.1	2,570,369	1,883.6	317.9	29.9
DQC	HSX	49,400	37,000	41.6	Buy	-4.4	-1.7	-1.3	-43.7	16.6	16.7	7.8	12.3	1.2	8.1	-47.1	74,567	135.2	51.9	28.5
VSC	HSX	73,700	54,500	38.0	Under Review	16.6	-10.0	18.2	18.7	6.0	9.6	10.5	8.9	1.8	2.8	-19.3	109,910	275.1	109.1	1.0
STK	HSX	23,700	17,700	36.7	Buy	31.2	-59.9	38.6	272.4	7.8	33.3	25.1	8.9	1.3	2.8	7.1	5,217	3.6	46.6	37.5
QNS	UPCOM	87,400	66,500	35.2	Buy	-10.4	14.6	20.7	-4.0	10.0	18.3	11.5	10.3	3.9	3.8	0.0	104,087	335.7	708.6	41.5
HUT	HNX	15,100	11,700	35.0	Buy	24.1	151.8	12.0	9.1	5.3	20.9	5.3	6.5	0.9	6.0	2.3	1,134,576	594.9	129.0	18.1
LTG	UPCOM	65,730	49,800	35.0	Buy	-0.9	9.2	9.9	38.3	13.6	10.8	8.8	8.2	1.6	3.0	0.0	131,253	354.2	147.9	5.0
VFG	HSX	69,800	54,700	31.3	Buy	13.4	5.2	9.9	16.2	6.1	7.6	10.1	8.5	1.6	3.7	-17.1	15,183	37.3	57.1	28.0
HSG	HSX	36,300	28,450	31.1	Buy	16.5	145.3	29.9	18.5	21.4	7.3	6.3	6.0	2.0	3.5	28.4	3,091,988	3,982.0	437.4	21.1
IMP	HSX	80,000	63,000	29.8	Buy	4.8	8.9	25.9	36.8	29.2	33.9	19.0	22.2	2.0	2.9	12.4	28,550	82.3	118.9	0.0
VSH	HSX	22,100	17,850	29.4	Buy	-4.1	2.6	24.0	12.7	-2.1	-4.6	12.0	12.7	1.3	5.6	19.7	218,696	181.4	161.7	33.4
VIT	HNX	25,308	21,500	29.3	Buy	41.6	53.5	17.8	18.2	33.4	25.7	5.4	6.5	1.3	11.6	-2.5	28,642	37.2	18.4	45.3
NT2	HSX	31,900	26,800	28.4	Buy	18.6	-4.9	-10.3	-31.3	4.5	41.7	9.1	10.9	1.6	9.3	-23.3	325,908	389.0	338.9	29.0
SVC	HSX	54,500	44,000	26.6	Buy	38.0	18.4	8.2	20.4	-5.0	4.5	9.3	4.2	1.2	2.7	-6.8	48,557	108.4	48.3	7.9
CHP	HSX	31,900	27,200	23.5	Buy	-10.9	-21.5	28.6	54.2	-14.2	-19.0	7.6	9.0	2.1	6.3	40.6	95,054	112.8	150.5	45.8
NNC	HSX	67,570	59,300	22.4	Buy	14.9	49.8	23.5	25.7	8.1	3.4	7.0	7.6	2.2	8.4	-6.5	26,167	67.7	57.1	28.1
SHP	HSX	25,400	22,000	22.3	Buy	-13.7	-40.4	23.8	94.6	-3.8	-7.3	12.0	10.8	2.0	6.8	19.9	93,258	90.4	90.6	45.0
CTD	HSX	251,200	208,000	22.2	Buy	52.0	113.5	30.4	25.8	24.7	24.0	9.7	10.1	2.5	1.4	8.4	70,453	640.9	699.3	13.4
MBB	HSX	26,700	22,400	21.9	Buy	12.4	16.7	25.2	31.1	17.5	42.0	12.2	22.0	1.5	2.7	74.6	3,147,879	3,122.0	1,769.5	0.0
PGI	HSX	24,900	20,500	21.5	Buy	0.0	5.2	10.3	55.5	13.2	-13.5	12.5	9.2	1.6	0.0	0.0	20,708	18.5	79.9	28.1
HDG	HSX	39,700	33,500	20.0	Buy	34.4	90.8	5.8	-47.5	63.9	167.4	13.6	20.8	2.4	1.5	40.6	96,025	138.1	111.8	28.5
KDF	UPCOM	68,000	58,900	17.8	Neutral	30.8	85.4	16.9	17.9	16.2	22.0	22.8	20.7	4.9	2.4	0.0	513,520	1,358.4	142.9	39.0
VNM	HSX	169,300	148,500	16.7	Neutral	16.8	20.3	13.1	17.0	12.4	11.0	11.0	21.9	8.8	2.7	8.6	681,996	4,518.6	9,467.1	44.7
CTG	HSX	21,200	18,800	16.5	Neutral	16.3	20.0	13.2	9.0	11.7	33.0	9.6	12.0	1.2	3.7	17.5	1,940,022	1,643.8	3,074.9	0.0
PVT	HSX	16,000	14,600	16.4	Neutral	17.8	12.2	-3.5	-1.8	6.9	16.9	10.8	10.7	1.2	6.8	12.2	307,849	197.4	180.5	18.9
NLG	HSX	30,000	26,500	15.1	Neutral	101.3	67.4	37.6	64.7	-13.2	-1.0	7.9	7.6	1.4	1.9	32.6	968,108	1,235.0	183.0	6.7
CTI	HSX	31,500	29,800	13.4	Neutral	23.8	58.4	258.8	399.3	-31.3	-14.0	10.5	8.9	1.6	7.7	11.7	428,406	563.1	82.5	18.3

Ticker	Exchange	Target price (VND)	Price @ Oct 4 (VND)	Total Return	Rating	2016		2017F		2018F		PER Trailing (x)	PER 2017F (x)	PBR Cur. (x)	Div Yield (%)	+/- Price 1y (%)	3-month avg. daily vol. (shares)	3-month avg. daily turnover (USD thousands)	Market cap (USD millions)	Foreign remaining room (%)
						+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)									
FPT	HSX	53,200	48,050	12.8	Neutral	4.1	3.1	21.7	21.0	13.2	46.7	12.4	8.4	2.5	2.1	23.1	1,222,553	2,603.1	1,120.5	0.0
NKG	HSX	39,800	36,300	12.4	Neutral	55.4	310.7	62.0	29.0	14.6	10.4	6.0	4.8	1.9	2.8	41.4	452,125	662.4	159.5	18.7
VCB	HSX	41,900	38,800	12.1	Neutral	17.3	28.6	16.5	25.7	12.6	27.4	18.3	20.5	2.7	4.1	4.6	1,213,496	2,018.9	6,131.9	9.3
BFC	HSX	41,000	40,350	10.3	Neutral	-1.6	21.0	14.1	16.9	8.9	7.9	7.3	7.7	2.4	8.7	15.4	152,863	275.6	101.3	28.5
NTC	UPCOM	73,800	69,800	9.3	Neutral	17.8	121.4	21.6	-17.7	14.0	12.0	6.5	11.8	3.4	3.6	0.0	61,496	166.1	49.2	48.9
VNR	HNX	27,300	25,100	8.8	Neutral	-2.8	-1.2	18.2	9.6	4.3	6.8	12.8	12.5	1.2	0.0	19.4	3,124	3.3	144.5	19.2
PC1	HSX	37,000	34,500	7.2	Neutral	-3.0	24.1	13.6	5.8	46.1	76.2	15.0	11.6	1.6	0.0	0.0	131,971	200.4	148.3	17.8
REE	HSX	35,500	34,600	7.2	Neutral	38.4	28.2	23.1	10.1	0.0	11.4	7.0	9.1	1.5	4.6	73.6	1,457,570	2,317.0	471.2	0.0
DPM	HSX	22,400	22,800	7.0	Neutral	-18.8	-23.3	2.3	-29.6	34.5	-9.8	11.2	13.1	1.1	8.8	-9.8	799,048	818.2	391.9	28.2
PPC	HSX	19,400	20,200	5.9	Neutral	-22.0	-2.2	13.9	61.6	1.7	-7.9	4.3	8.5	1.2	9.9	58.9	327,070	300.6	282.3	32.1
PHR	HSX	41,000	40,900	3.9	Neutral	-4.0	3.9	21.3	158.9	29.7	15.9	9.1	7.0	1.5	3.7	140.0	479,033	822.3	141.0	38.8
ACV	UPCOM	67,000	67,700	1.2	Neutral	11.2	-70.1	19.2	-18.1	32.4	76.0	33.2	29.1	5.9	2.2	0.0	115,568	282.9	6,487.5	45.4
PNJ	HSX	114,000	113,900	1.0	Neutral	11.1	496.3	33.1	63.3	21.8	28.6	19.6	16.8	6.4	0.9	56.9	254,041	1,169.8	540.9	0.0
HPG	HSX	40,000	39,650	0.9	Neutral	21.2	89.4	20.8	9.3	26.6	9.4	7.4	8.1	2.2	0.0	44.5	4,147,528	6,261.6	2,642.1	9.3
HAX	HSX	42,300	42,000	0.7	Neutral	58.1	170.7	46.9	2.5	22.2	11.9	14.4	12.3	1.9	0.0	92.5	159,773	279.9	43.1	33.2
ACB	HNX	30,600	30,900	-1.0	Neutral	21.6	28.9	41.0	76.4	14.3	54.9	18.5	14.9	2.1	0.0	78.0	1,563,002	1,882.0	1,338.2	0.0
TNG	HNX	14,100	14,800	-4.7	Neutral	-1.9	13.9	17.0	16.5	10.5	11.1	7.3	7.4	0.9	0.0	17.6	341,357	197.5	26.7	29.9
PGS	HNX	20,900	23,500	-6.8	Neutral	-16.5	206.7	36.4	-63.7	6.8	6.5	11.3	9.5	1.2	4.3	57.7	80,900	72.1	51.6	34.5
PTB	HSX	128,800	143,200	-9.4	Neutral	20.2	52.8	14.0	35.4	16.8	-4.0	12.5	12.2	4.4	0.7	49.2	126,544	724.0	163.0	34.5
VJC	HSX	95,100	105,000	-9.4	Neutral	38.6	113.3	41.5	42.5	22.0	25.2	12.6	15.2	6.7	0.0	0.0	525,099	2,869.9	2,081.8	5.0
TCM	HSX	24,095	27,650	-11.0	Neutral	10.0	-25.6	6.2	55.6	1.9	7.4	7.8	9.0	1.4	1.8	69.5	690,596	872.3	62.6	0.0
DNP	HNX	20,400	23,500	-13.2	Neutral	60.9	91.6	34.7	50.6	17.6	10.8	8.7	5.4	1.3	0.0	6.0	49,230	54.9	51.1	43.6
DHG	HSX	83,500	106,000	-18.4	Neutral	4.9	20.6	12.4	10.0	9.7	9.2	18.2	13.5	4.9	2.8	45.5	179,504	897.2	608.8	0.0
PAC	HSX	40,600	53,000	-19.6	Neutral	8.2	107.5	16.0	-27.0	11.4	20.4	16.6	19.8	3.6	3.8	47.6	91,888	208.8	108.2	15.9
SAB	HSX	158,400	260,400	-37.8	Sell	12.6	31.3	11.2	4.2	12.9	4.2	36.3	38.1	12.1	1.3	0.0	53,476	567.6	7,335.4	39.1
MWG	HSX	67,250	118,000	-43.0	Sell	76.7	47.2	63.2	41.4	35.9	16.5	19.8	9.7	7.8	0.0	75.0	410,113	1,943.4	1,594.6	0.0
BMP	HSX	113,800	76,500	51.4	Under Review	18.5	20.9	11.2	7.9	13.1	10.0	12.4	10.3	2.7	2.6	-27.5	350,150	1,200	275	55.9
VGC	HNX	14,600	22,400	-30.6	Under Review	4.1	56.4	8.8	23.6	13.6	9.1	11.1	12.0	1.6	4.2	0.0	438,828	388	420	12.6

(*) Total Return = Stocks' Upside plus dividend yield

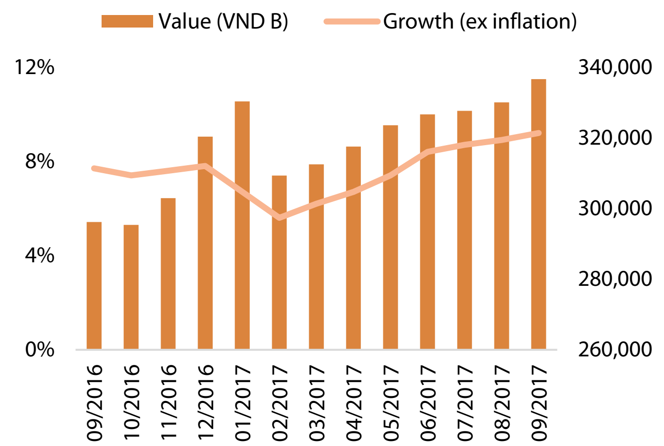
MACRO WATCH IN SEPTEMBER

Stable inflation



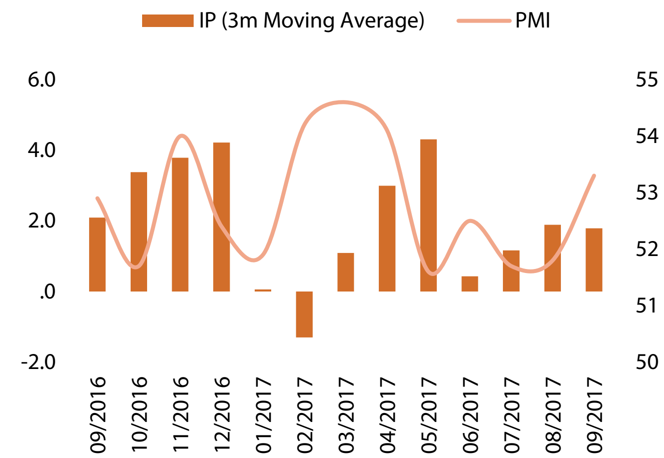
Source: GSO, RongViet Research

Continuous improving in retail sales



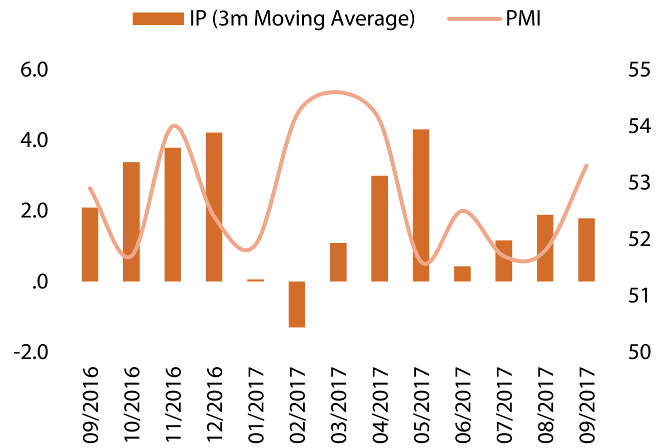
Source: GSO, RongViet Research

PMI increased sharply in September



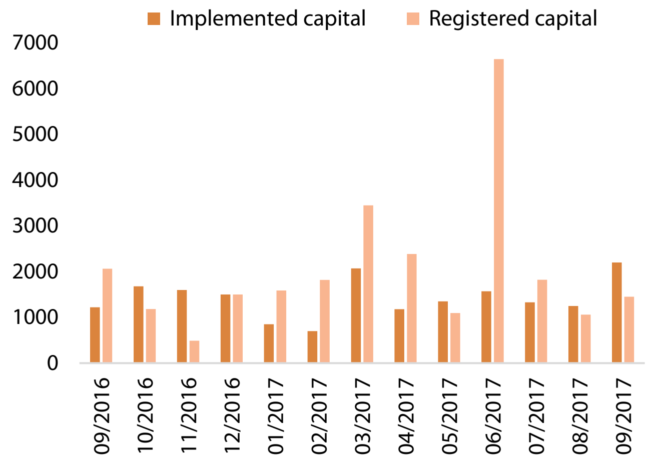
Source: GSO, RongViet Research

Trade growth steadied



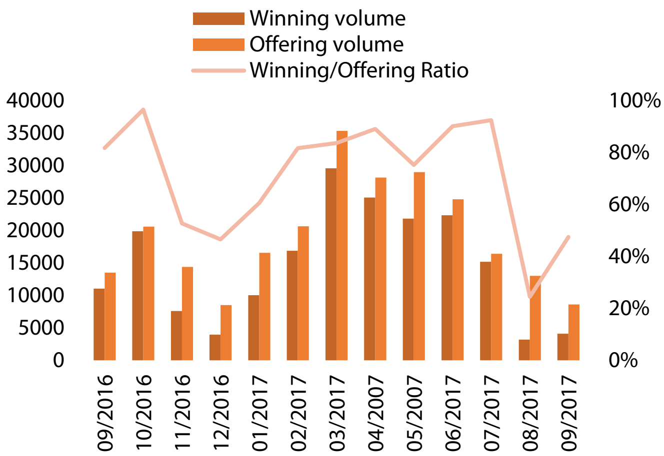
Source: GSO, RongViet Research

Improved disbursed foreign capital



Source: FII, RongViet Research

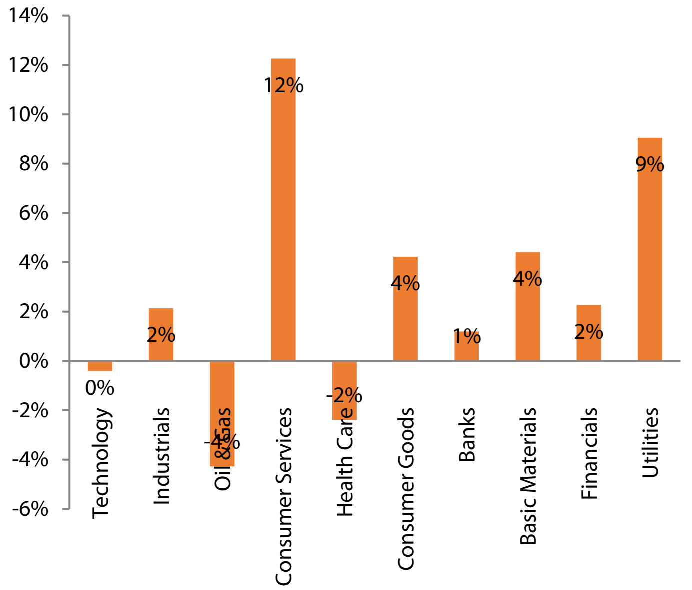
Winning volume decreased sharply in Q3



Source: VBMA, RongViet Research

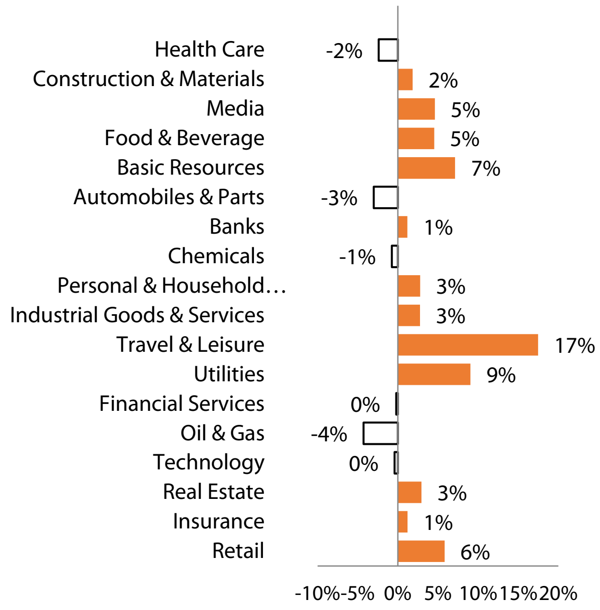
INDUSTRY INDEX

Level 1 industry movement



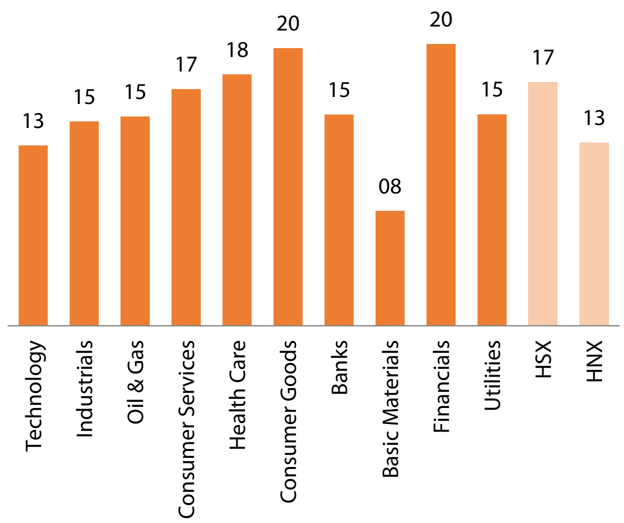
Source: RongViet Research

Level 2 industry movement



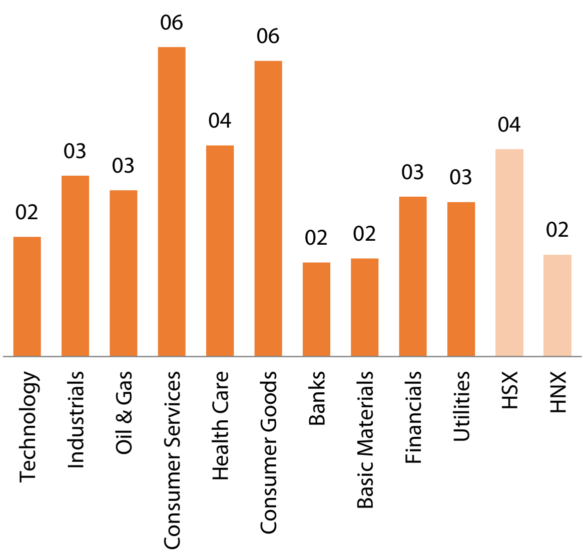
Source: RongViet Research

Industry PE comparison



Source: RongViet Research

Industry PB comparison



Source: RongViet Research

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

Truc Doan
Head of Research
truc.dtt@vdsc.com.vn
+ 84 28 62992006 (1308)

Ha My Tran
Deputy Manager
my.tth@vdsc.com.vn
+ 84 28 62992006 (1309)
- Macroeconomics

Lam Nguyen
Senior Strategist
lam.ntp@vdsc.com.vn
+ 84 28 6299 2006 (1313)
- Banking
- Conglomerates

Thien Bui
Senior Analyst
thien.bv@vdsc.com.vn
+ 84 28 6299 2006 (1321)
- Market Strategy
- Financial Services
- Personal Goods

Hoang Nguyen
Senior Analyst
hoang.nh@vdsc.com.vn
+ 84 28 6299 2006 (1319)
- Transportation
- Infrastructure
- Industrial Real Estates

Hieu Nguyen
Senior Analyst
hieu.nd@vdsc.com.vn
+ 84 28 6299 2006 (1514)
- Market Strategy
- Pharmaceuticals
- Durable Household Goods

Duong Lai
Senior Analyst
duong.ld@vdsc.com.vn
+ 84 28 6299 2006 (1522)
- Real Estates
- Building Materials

Vu Tran
Senior Analyst
vu.thx@vdsc.com.vn
+ 84 28 6299 2006 (1518)
- Oil & Gas
- Food & Beverage

Tri Nguyen
Analyst
tri.nt@vdsc.com.vn
+ 84 28 6299 2006 (1511)
- Logistics

Trinh Nguyen
Analyst
trinh.nh@vdsc.com.vn
+ 84 28 6299 2006 (1331)
- Steel
- Construction
- Technology

Quang Vo
Analyst
quang.vv@vdsc.com.vn
+ 84 28 6299 2006 (1517)
- Market Strategy
- Basic Materials
- Personal Goods

Son Phan
Analyst
son.pnt@vdsc.com.vn
+ 84 28 6299 2006 (1519)
- Utilities
- Natural Rubber

Thu Le
Analyst
thu.lta@vdsc.com.vn
+ 84 28 6299 2006 (1521)
- Automobiles and Parts

Ha Tran
Assistant
ha.ttn@vdsc.com.vn
+ 84 28 6299 2006 (1526)

RONG VIET SECURITIES CORPORATION

Floor 1-2-3-4, Viet Dragon Tower,
141 Nguyen Du St. - Dist 1 – HCMC
Tel: (84 28) 6299 2006
Fax: (84 28) 6291 7986
Email: info@vdsc.com.vn
Website: www.vdsc.com.vn

Hanoi Branch
2C Thai Phien St., Hai Ba Trung Dist, Hanoi
Tel: (84 24) 6288 2006
Fax: (84 24) 6288 2008

Can Tho Branch
95-97-99 Vo Van Tan – Ninh Kieu - Can Tho
Tel: (84 292) 381 7578
Fax: (84 292) 381 8387

Nha Trang Branch
50Bis Yersin St, Nha Trang
Tel: (84 258) 382 0006
Fax: (84 258) 382 0008

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