MAY

21

THURSDAY

ADVISORY DIARY

- **ITC – A brightened prospect**
- **Gasoline price hike could not hold back stock**

ITC – A brightened prospect

Our real estate analyst just had a meeting yesterday (May 20th 2015) with Investment and Trading of Real Estate JSC (ITC – HSX). The stock of ITC caught our attention with its far-below-average P/B and financial improvements in 2014 following the liquidation of Intresco Towers (146 Nguyen Van Troi, HCMC).

One of two priority projects in ITC's pipeline is Long Thoi – Nhon Duc Residential Area (55ha- Nha Be, HCMC). By the end of 1Q2015, ITC has invested over VND1,020 billion for the clearance, compensation and construction of infrastructures of 40 townhouse bare-shells in this project. Though it still has 3 hectares to compensate, ITC has obtained the Land Allocation Decision for 45ha and may be defer the payment of land-use tax for up to 18 months. As the result, the project is to be commercialized in 3Q2015 at around VND8 million/m^2, a common price or residential land in the area (see *RongViet Research's VPH Company Report 05/05/2015*). Being legally "clean" and ready to sell, Long Thoi RA will be ITC's main source of income and revenue in the 2016-2017 period.

ITC also has much expectation for Intresco Plaza (83 Ly Chinh Thang, HCMC). Sitting on a 6,500-quare-meter plot right in the heart of District 3 (Nam Ky Khoi Nghia – Ly Chinh Thang), Intresco Plaza's prime location is its primary attraction. Set to launch in 2016, the project is planned with 70,000 m^2 GFA of apartment, hotel and office space. Given its size, however, the funding of Intresco Towers is not a small issue; our analyst estimates the total investment for this project is around VND1,700-1,900 billion. Since finding a decent location in the city centre for a real estate project is now extremely difficult, the possession of Intresco Plaza is a huge advantage for ITC. Nonetheless, we expect the project to start generating cash flows only in 2016 and revenue in 2018.

"Gasoline price hike could not hold back stock"

ITC just reported Q1 revenue at a modest VND29.2 billion (+32% yoy) and almost zero NPAT. For 2015 whole-year, however, we see plenty of chances ITC will realize its 20-billion NPAT guidance for 2 reasons. First, thanks to the proceeds from the sales of Intresco Towers, ITC cut its debt almost by half in 2014 (over VND200 billion) last year. With this, we estimate 2015 interest expense will be reduced by VND20-22 billion, increasing operating earnings by the same amount holding other items constant. Second, in Q3 and Q4, ITC may finish liquidating the remaining projects such as (1) plot E6 of An Phu – An Khanh (District 2, HCMC), (2) 7,000m^2 of land of plot 6 & 8 of 6B Residential Area (Binh Chanh, HCMC), (3) the land area at 6F Ngo Thoi Nhiem (District 3, HCMC) and (4) the outstanding inventories of 13E Phong Phu RA (Binh Chanh, HCMC). The first two projects have had the contracts of transfer signed and ITC is only a few steps away from the booking of revenue for the other two.

At today's closing price of VND7,800/share, ITC is trading at P/B ratio of just 0.4x, against the industry average of over 1.1x. This, on top of improved financial status and recovering earnings should put ITC on the watch list of long-term investors. Now that the real estate is still at the early stage of recovery, the development and sales of ITC major projects should still be closely monitored nonetheless.

Gasoline price hike could not hold back stock

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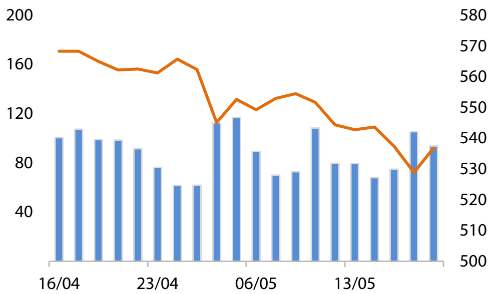
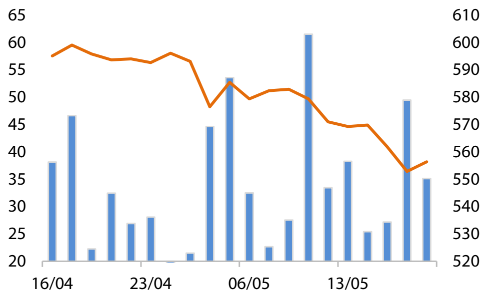
Last night, the retail price of RON92 and RON95 gasoline was increased VND1,200 per liter to VND20,430 and VND21,030 per liter. Yet such a hike in gasoline price was not enough to hold back stock prices today. The 13-point jump yesterday did give raise to increased selling activities early in the day. However, sentiment was stern enough to neutralize most selling pressure before the morning ended. Though the rises in stock prices were not as strong as a the day earlier, we continued to see the strengthening of large-caps such as PVD, MSN, FPT, FLC, HCM… and mid-and-small-caps such as DRC, BMP, LCG, BT6, TCM, DXG… Of those securities, FPT and DXG along with the two leading securities stock of HCM and SSI impressed the market with marked appreciation of price and liquidity. With positive trading, VNIndex ended up 0.45% and HNIndex 0.46%.

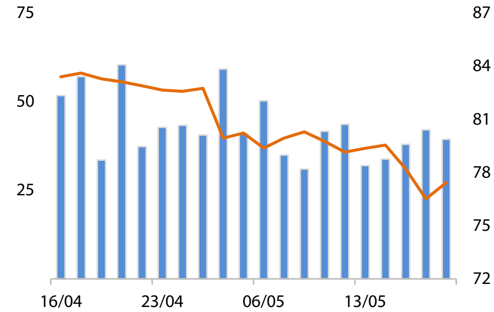
The elevation of confidence could be supported largely by constant solidification of liquidity, especially in the HSX, where volume expanded 11% and trading value 19%. On the contrary, the HNX saw trading volume and value shrinking 8% and 19% respectively. Foreigners continued buying a net VND53 billion (-45%) in the HSX and VND19.2 billion (+8%) in the HNX. Compared to the first trading day of the week, when foreign buying and selling were limited to a few blue-chips, the trading of foreigners has made some significant progress in term of breadth and value.

After the 3 straight up days, the improvements in investor confidence and liquidity seem substantially more solid now. If volume picks up or at least maintain at the current level in the upcoming days, trend-followers may find it comfortable holding on to their position or buying in parts. However, "chasing the market" at higher price levels is not recommended. For intermediate and long-term investors, many stocks with sound fundamentals and positive growth prospect are still at attractive prices for accumulation.

VNINDEX	0.45%	552.56	VN30	1.10%	578.64	HNXINDEX	0.47%	79.71



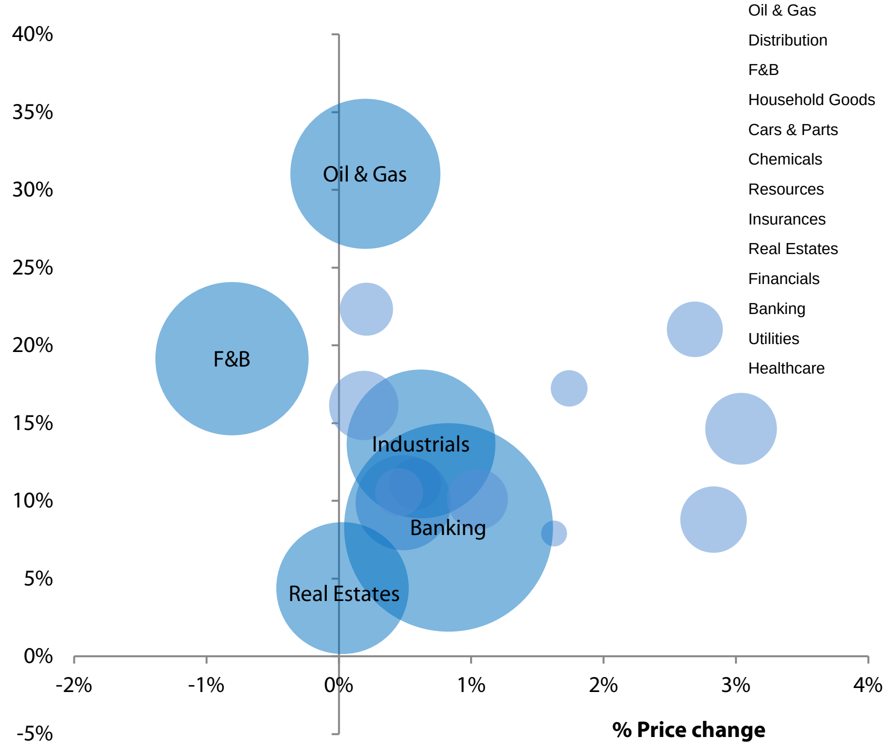




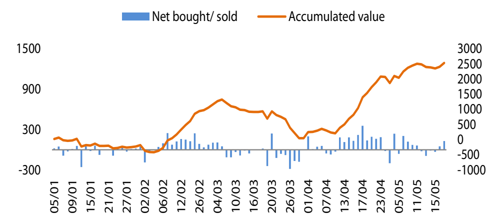
Industry Movement

Industry	% change
Technologies	2,7%
Industrials	0,6%
Constructions	0,5%
Oil & Gas	0,2%
Distribution	1,6%
F&B	-0,8%
Household Goods	0,6%
Cars & Parts	1,7%
Chemicals	0,2%
Resources	0,2%
Insurances	3,0%
Real Estates	0,0%
Financials	2,8%
Banking	0,8%
Utilities	1,0%
Healthcare	0,5%

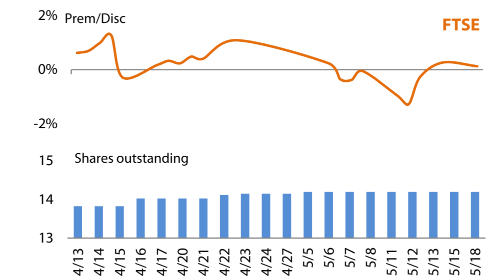
Industry ROE

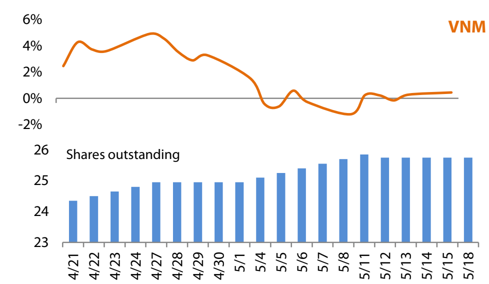


Foreign Investors Trading



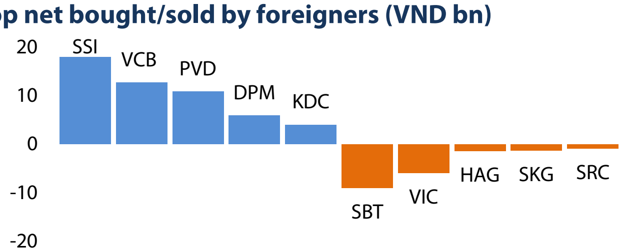
ETF



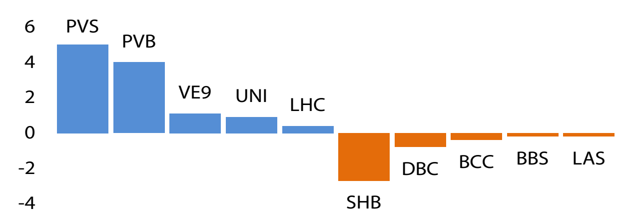


Top net bought/sold by foreigners (VND bn)

HSX



HNX



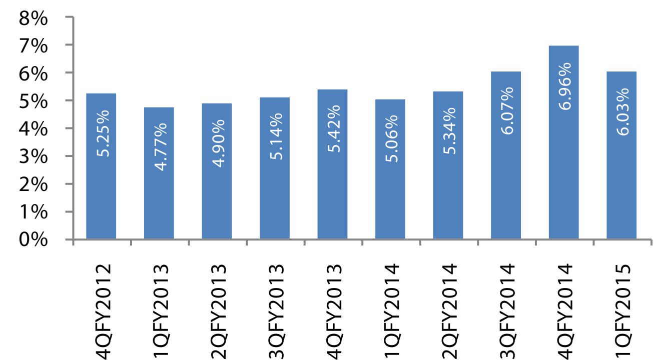
Top Active

Ticker	Price	Volume	% price change
FLC	10.4	21.95	4.0%
HAI	9.0	4.84	3.4%
SSI	21.2	4.57	3.4%
CII	21.7	4.43	-2.7%
OGC	2.6	3.87	4.0%

Ticker	Price	Volume	% price change
KLF	7.2	7.57	0.0%
FIT	14.5	5.71	0.0%
SHB	7.7	3.14	0.0%
VIX	9.7	2.24	9.0%
SHS	7.5	1.87	7.1%

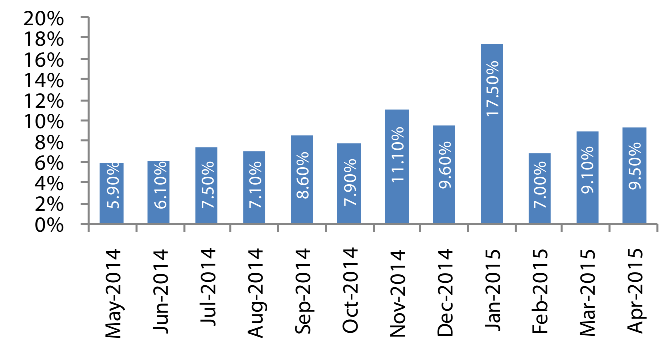
MACRO WATCH

Graph 1: GDP Growth



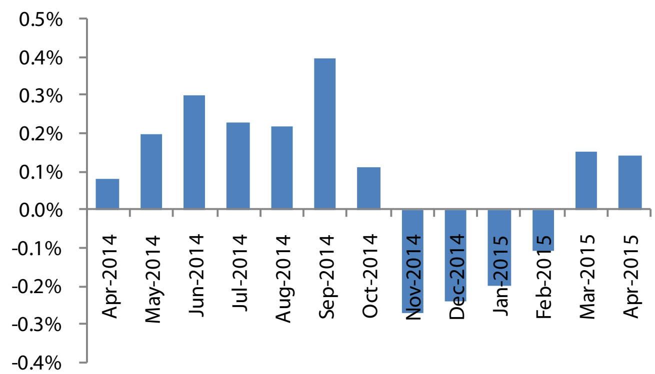
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



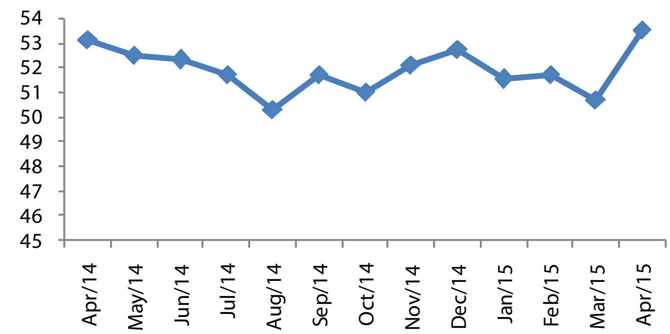
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



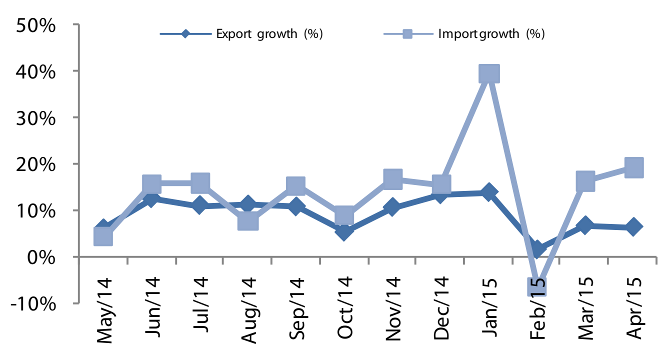
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



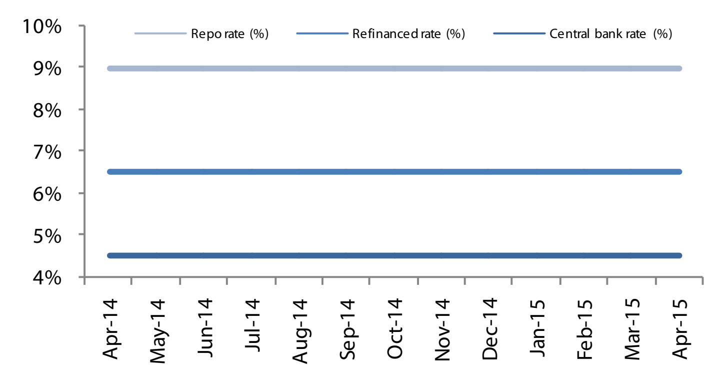
Sources: GSO. Rongviet Securities database

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
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
DHC-Giao Long factory (phase 2) adds lights to the long-term plan	April 24th, 2015	Buy – Intermediate term	26,200
PLC - A firm foothold	April 14th, 2015	Accumulate – Intermediate term	40,000

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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