OCTOBER

14

WEDNESDAY

ADVISORY DIARY

- **PDB - Positive growth prospect**
- **Bullish session of stocks in SCIC investment divestment plan**

PDB - Positive growth prospect

Construction Material sector rated positive in 2015 thanks to recovery of Construction and Real Estate market. RongViet Research will briefly update information on Pacific Dinco JSC (PDB – HNX), a concrete production firm based in Central part of Vietnam. PDB is traded very actively though just being listed in August 2015 thanks to its exceptional growth in FY2015 business result.

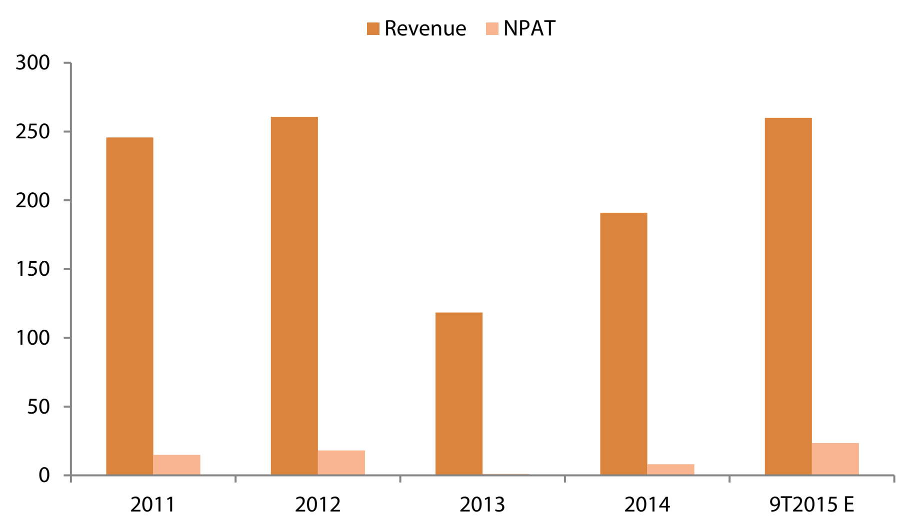
PDB is a company specializing in producing fresh and hugh-sized concrete majors in Da Nang (25% market share) and Quang Nam (40% market share). Despite of being a young corporation, PDB gained lots of experiences in large projects such as Nghi Son 1 thermal power (2011 – 2013), Da Nang international airport (the 3rd largest airport) and Da Nang Dragon Bridge (2010 – 2012), etc.

One of the points attracting our attention is PDB's strong financial health with decreasing and low D/E (currently at about 0.24x). Low D/E ratio is due to newly raise capital from 36.7 billion to 81 billion in 2014. In recent times, the bad debts of PDB remained unchanged thanks to the policy to payment guarantee approximately 70% of revenue. Strong financial support will be positive factors for the earnings of the PDB.

For Q3/2015, PDB is expected to book VND88.2 billion, followed by VN7 billion. For 9-month accumulated results, PDB fulfilled 94% of FY2015 revenue plan and exceeded 40% of FY2015 EAT plan. Apart from growth from core business as recovery of construction activities, impressive results also come in thanks its consolidation with Dinco Chu Lai JSC and Son Phuoc Mineral JSC, which are operating efficiently and contributing 35% of revenue and 41% of EAT for parent company. Besides, Son Phuoc, a company focuses on construction stone helps PDB self-supply at a lower cost from 5%-7% compared to outsource purchase.

"Bullish session of stocks in SCIC investment divestment plan"

Graph: PDB earning result in the period 2011-2015 (Unit: Billion dong)



Source: PDB, RongViet Research

Table: Some big project of PDB

Project name	Customer	Time horizon	Value (VND billion)
Silver Shore Hotel (Stage 2)	Sichuan Huashi Co., LTD (Viet Nam)	12/2013 – 06/2016	29.9
Da Nang – Quang Ngai highway (Bag 03)	Cienco 6	3/2014 - 12/2016	37
Da Nang – Quang Ngai highway (Bag 03)	Trung Chinh THE COMPANY Co., LTD	3/2014 - 01/2017	28
Bach Dang – Da Nang complex Hotel	Hoa Binh Corporation	4/2014 – 12/2016	20
Da Nang – Quang Ngai highway (Bag 02)	Construction 470 Co.	6/2014-12/2016	16.9
Bag XL 7 – Ho street project	Cienco 8	10/2014 - 12/2017	30
Ho Chi Minh street project , (La Son – Tuy Loan)	Cienco 8	3/2015- 3/2017	20
Ho Chi Minh street project , (La Son – Tuy Loan)	Cienco 1	3/2015- 3/2017	15

Source: PDB

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As far as the company concerned, PDB just signed the contract worth VND 35 billion to provide concrete for Panko Tam Thang garment factory project. This contract is expected to contribute to PDB's earnings result from 4Q2015. RongViet Research analysts forecasts 2015 PDB PAT to be VND30 billion and the resulting equivalent P/E of 5.8x, which is below average industry's 9.3x. Also, 2016 outlook is rated positive due to the VND200 billion worth revenue from under-constructing projects plus new projects such as Nghi Son thermal power plant and Da Nang international airport project.

Bullish session of stocks in SCIC investment divestment plan

Stocks in SCIC investment divestment plan increased positively. In 15 leading market capital tickers, only VNM and FPT gained positive session, which made VNIndex not down deeply. Lately yesterday afternoon, that plan was revealed by media, informing clearly the list of those stocks. Therefore, many domestic investors participated in buying activities of those stocks, which made those stocks to surge, especially, VNM and FPT. Their liquidity increased by 7.2x and 10.3x, respectively and their prices were also up by 3.9% and 2.6%.

Besides, other stocks in the plan witnessed a bullish session, such as VNR (+7.4%), NTP (+7.4%), BMI (+6.5%), KSH (+5.5%), và BMP (+4.3%).

However, there was not much improvement in the remaining of market. After slumping in 2 previous sessions, total matching-order volumes recovered to 141.2 million shares, up 3.6%. This improvement was mainly thanks to stocks listed in SCIC's investment divestment plan. If excluding impact of those stocks, market's liquidity remained a decrease of 1%. Gradually lowering in liquidity can be considered as initial risk factor of market. However, the decreasing pace is slower and supporting factor from SCIC investment divestment activities is another positive factor for market.

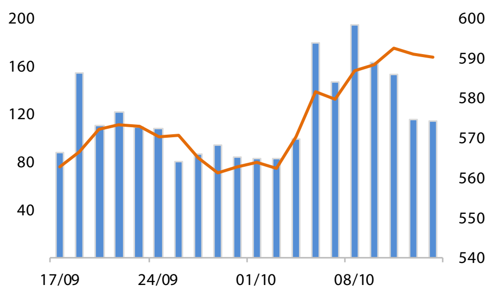
Trading volumes recoverd. After slumping in 2 previous sessions, total matching-order volumes recovered to 141.2 million shares, up 3.6%. Recovery of volumes should be a good signal for current markets. After a soaring period since TPP announcement, participants need time and acceptable liquidity to restructure their portfolios. Hence, should liquidity stop slipping and remain at current level will help to rebalance the long and short position in markets.

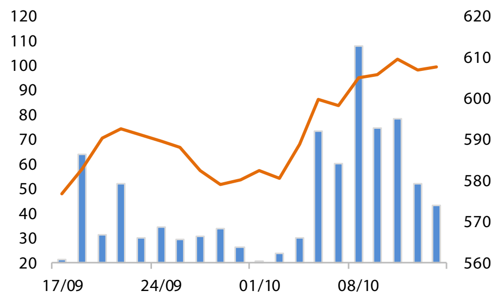
Foreigners remained their net buying position. They turned to their usual position – "net buying in bearish sessions". Therefore, they continued to buy despite of negative market movements. Today, they kept net buying of VND 44 billion in HSX and VND 4.4 billion in HNX

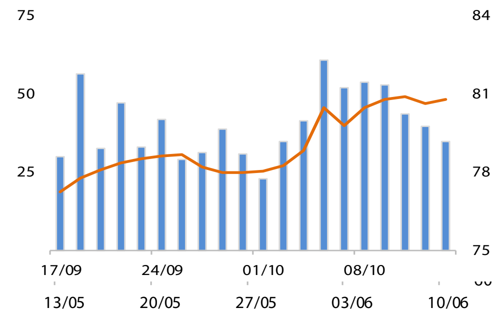
Budget concern when officially approaching restructuring scheme from State Capital Investment Corporation (SCIC). Even though markets have relatively been excited about the companies in SCIC's list, this scheme raised the concern about the imbalance of State budget. In the next Advisory diary, we will deliver the assessment from Rongviet Research about that concern.

China inflation in September remained low. Today, China GSO published September inflation figure, which increased by 1.6% yoy, lower than forecasted figure of 1.9%. In the same month, Producer price inflation PPI continued to show downward trend of 5.9% yoy. Considering the still unconvinced Chinese statistics, so far, PBoC is likely to introduce more quantitative easing. According to Nomura Economics forecast, PBoC would extend monetary easing policy such as lowering capital reserve ratio of banking system by 200 bps to 15.5% as well as 1-year interest rate by 50 bps to 1.25%.

VNINDEX	-0.15%	589.98	VN30	0.09%	607.57	HNXINDEX	0.15%	80.74

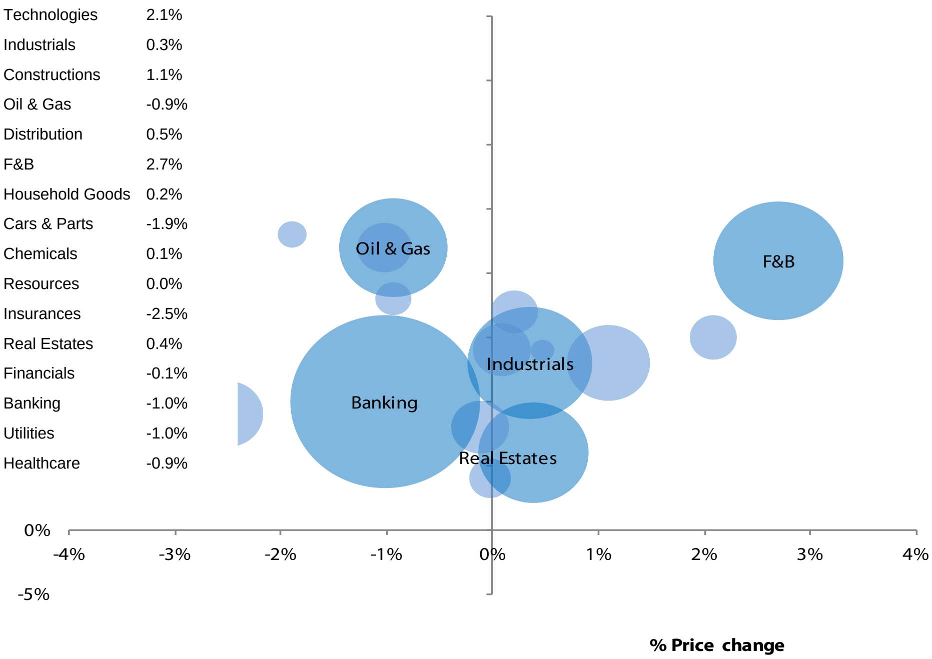




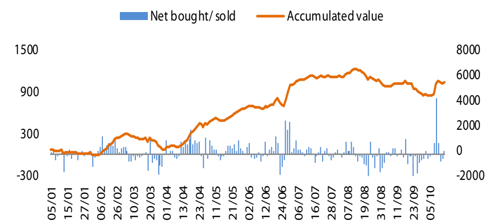


Industry Movement

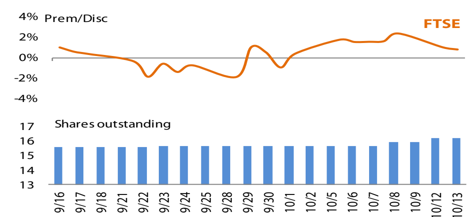
Industry	% change
Technologies	2.1%
Industrials	0.3%
Constructions	1.1%
Oil & Gas	-0.9%
Distribution	0.5%
F&B	2.7%
Household Goods	0.2%
Cars & Parts	-1.9%
Chemicals	0.1%
Resources	0.0%
Insurances	-2.5%
Real Estates	0.4%
Financials	-0.1%
Banking	-1.0%
Utilities	-1.0%
Healthcare	-0.9%

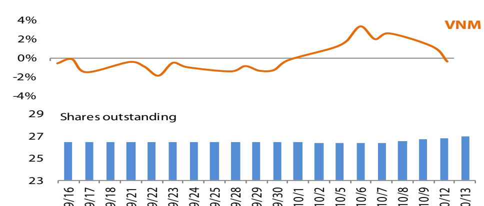


Foreign Investors Trading

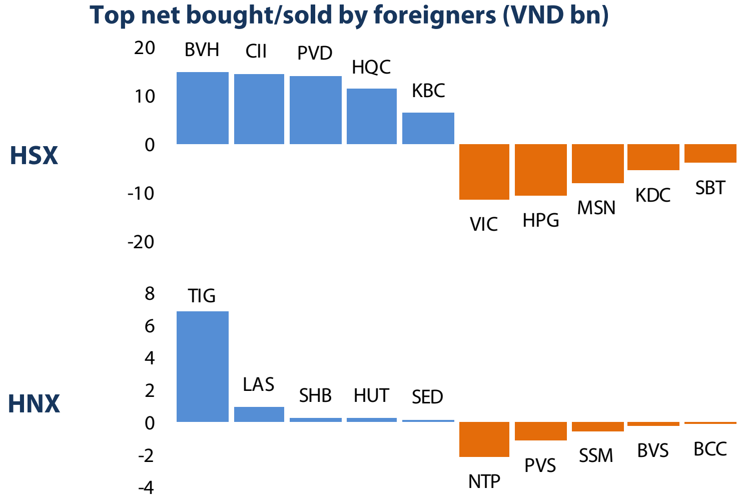


ETF





Top net bought/sold by foreigners (VND bn)



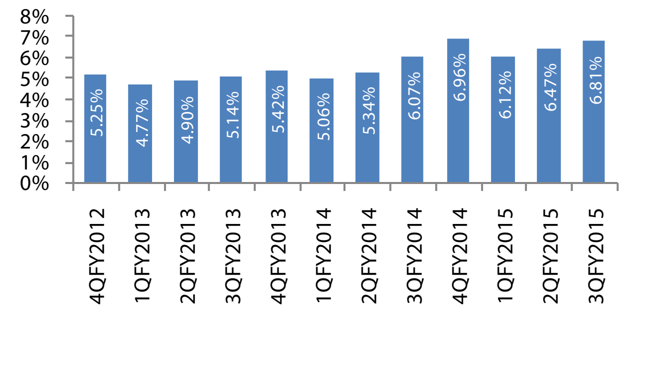
Top Active

Ticker	Price	Volume	% price change
FLC	7.1	8.44	0.0%
HQC	6.1	4.82	3.4%
ITA	6.4	4.67	1.6%
GTN	15.1	3.52	4.9%
HAG	15.1	3.11	-1.3%

Ticker	Price	Volume	% price change
SCR	8.1	3.19	-1.2%
KLF	4.4	2.35	0.0%
TIG	10.4	1.72	3.0%
PVX	3.1	1.56	0.0%
PVS	22.2	1.54	-0.9%

MACRO WATCH

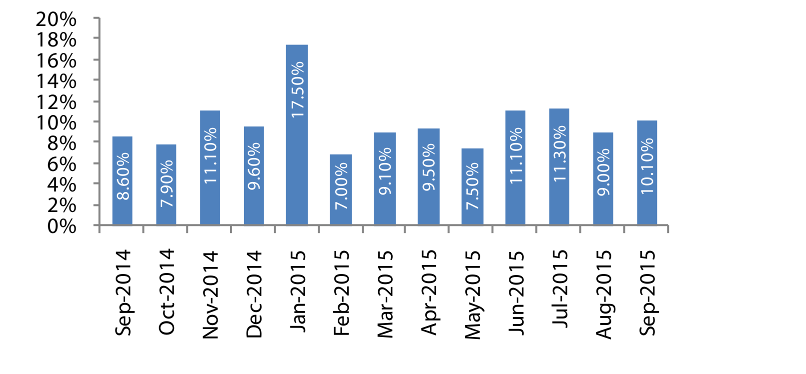
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

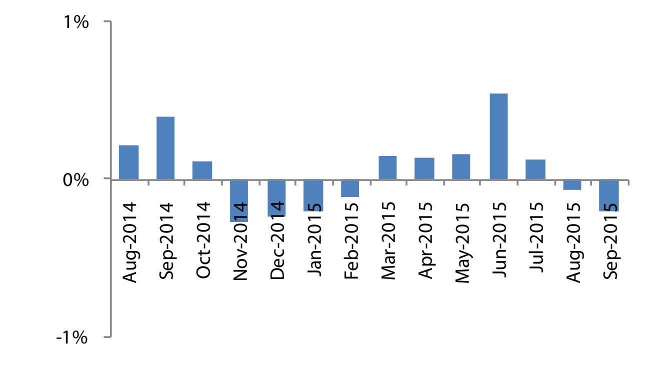
(*) Comparision price in 1994

Graph 2: IIP



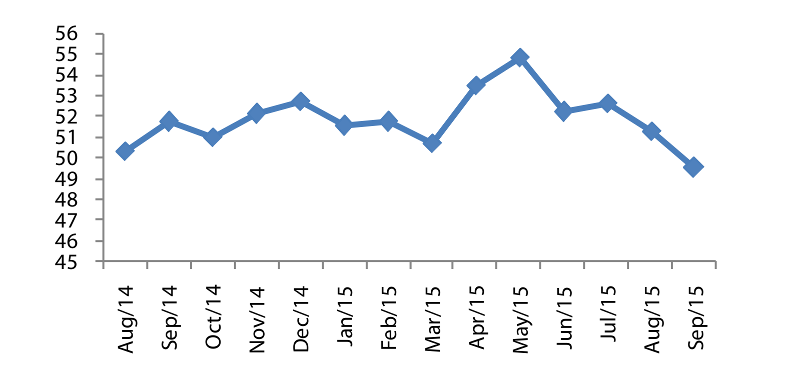
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



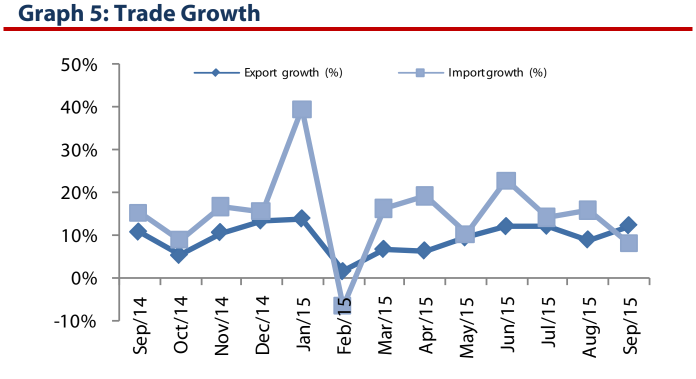
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



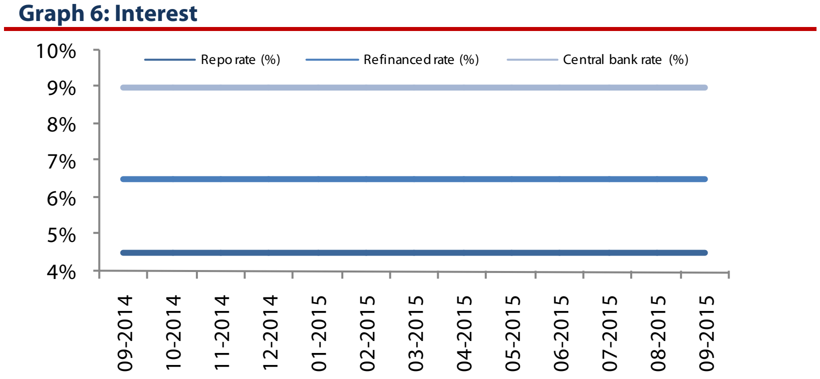
Sources: GSO. Rongviet Securities database

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
CHP- Off season advantages	Sep, 30th 2015	Buy - Intermediate	23,600
PXS - Invest to strengthen construction capacity	Sept, 4th 2015	Accumulate - Intermediate	17,000
SHP - Positive over long-term	Sept, 3rd 2015	Accumulate - Intermediate	20,800
PET - Tracking the progress of Thanh Da land plot transfer	Aug, 20th 2015	Stable	N/a
VNC - Embrace the new wave of international commerce	Aug, 14th 2015	Neutral – Long term	28,900

Please find more information at http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VFF	06/10/2015	0% - 0.75%	0% - 2.5%	11,935	11,922	0.11%
VEOF	06/10/2015	0% - 0.75%	0% - 2.5%	10,347	10,241	1.14%
VF1	08/10/2015	0.2% - 1%	0.5%-1.5%	23,236	22,386	-0.64%
VF4	07/10/2015	0.2% - 1%	0%-1.5%	10,038	10,391	-0.79%
VFA	02/10/2015	0.2% - 1%	0%-1.5%	7,097	7,217	-1.66%
VFB	02/10/2015	0.3% - 0.6%	0%-1%	12,375	12,361	0.12%
ENF	02/10/2015	0% - 3%	0%	11,582	11,578	0.03%
MBVF	30/09/2015	1%	0%-1%	10,574	10,538	0.34%
MBBF	30/09/2015	0%-0.5%	0%-1%	12,383	12,372	0.09%

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