JULY

30

THURSDAY

ADVISORY DIARY

- **Between two forces**
- **SVC – Updated information**
- **NT2 – Growth with stability**

Between two forces

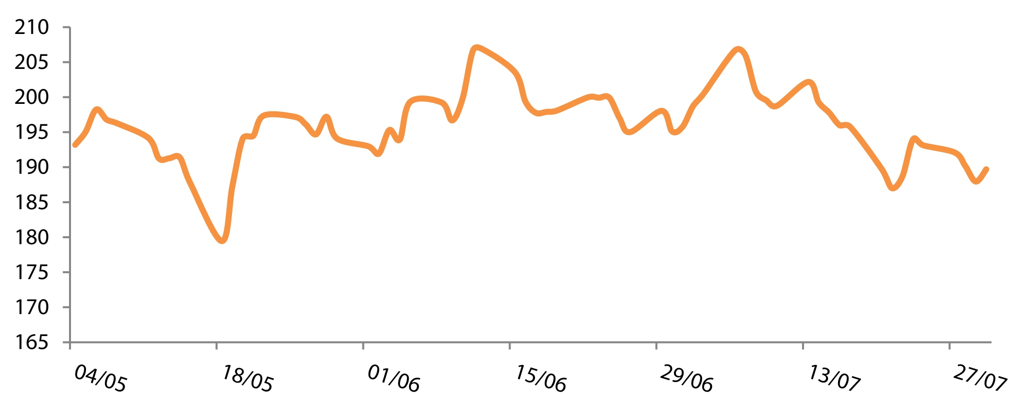
Markets continued the familiar tug of war scenario recently in today trading session (30/07/2015) along with the nonchalant cash flow with the fluctuation of indices around the reference without clear trend. Ending today trading session, both indices slightly increased in points with 0.3% in VNIndex and 0.82% in HNXIndex. Total trading value only achieved VND 2,267.87 billion, equivalent to 57.6% of previous day and marked the lowest day in 5/2015. Foreign investors demonstrated several signs of coming back into net-buying position with VND 28.4 billion on HSX and VND 5.2 billion on HNX in term of buying in. However, such aspect could not help the markets to avoid a "sleepy" day.

Overall, adjusting pressure still exists on the market and as our expectation, significant decrease has the low chance to happen due to optimistic information such as (1) exchange rate could be maintained till the end of this year, (2) positive outlook from TPP, (3) expected flow of foreign capital into Vietnamese stock markets in the future, (4) optimistic GDP growth rates. We believe those factors could be the sentimental pillars for the investors facing fluctuations and selling pressure from markets. With profit taking forces, stock markets seem to face two extremes: strong sale force and significant support from optimistic investors' sentiments. And of course, when a side is weary, new market trend is expected to be formed during August.

"Between two forces "

Market, today, turns to green thanks to 2 large cap stocks: BVH (+5.8%) and MSN (+2.2%). Insurance stocks also come back, especially BMI (+1.8%) and PVI (+3.5%) after many taking-profit sessions. However, the most attractive sector of today session is oil and gas with positive closing price on most of tickers, such as PVS (+2.4%), PXS (+2.9%), PGS (+2.3%), PVC (+2.2%),… despite low crude oil, specifically Brent oil (USD53.38/barrel). According to our market analyst, "P"-stock would probably fluctuate in high price range so investors can trade these stocks if setting profit-taking price reasonably.

Figure: Oil & Gas index movement



Source: RongViet Research

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SVC Analyst from Rongviet recently received the latest update of business results from Saigon General Service Corporation (HSX: SVC). Accordingly, in Q2/2015, SVC recorded the positive results with VND 2,225 billion in revenue (+23.9% y.o.y), profit after tax achieved VND 45.6 billion dong (+36.2% y.o.y). As a result, SVC completed 70% of whole year plan in term of after-tax profit in only the first 6 months this year, grew by 96% y.o.y.

Our analyst asserted that the reasons could be (1) stable cost of sales/management compared to the same period; (2) SVC recorded VND 7.5 billion in other profits thanks to income from cash assistance for suppliers in subsidiaries in automotive sector (during previous period, SVC lost approximately VND 12 billion) and (3) business activities from member companies achieved positive growth compared to the same period.

Overall, along with the optimistic trend of automotive retail industry (growth rate over the last 6 months was 50%); our analyst maintained the forecast and valuation for revenue and profit from SVC in 2015, similar to the latest result update report. Estimated revenue and profit after tax are VND 9,276.8 billion and VND 69.8 billion respectively, increase by 16.8% and 33.3% y.o.y. Equivalent 2015 EPS is expected to reach VND 2,793/share. We still expect the forecasted price to be VND 24,118/share, 13.85 higher than closing price on 30/07/2015.

Regarding to the information about plan to raise new license and number plate fee for automobiles in Ho Chi Minh City, specifically, from 01/09/2015, registration fee and granted new number plate for under 10-seat car without operating in transportation businesses in Ho Chi Minh City will increase from 2 to 11 million (Section 6 of below table). Analyst from Rongviet Research believed that fee increase could only make sentimental effect on consumption in short-term and SVC's business activities could receive less impact in long-run. Reasons could be (1) It is not significant additional fee (~9 million dong, a fivefold increase) if we compares to the value of a car (and just equals to ½ the fee in Ha Noi); (2) only Ho Chi Minh city is impacted; (3) according to our preliminary calculation, there are more than 10 different taxes on a car before transferring to consumers and an increase of only one fee would have a small effect on automobile demand.

Table: Taxes could be applied on automobiles

No.	Taxes	Tax level	Note
01	Component importing duty	10-30%	Apply to vehicles assembled within the country
02	CBU import duty	50-70%	N/A
03	Special consumption tax	40-60%	Depend on car capacity
04	Value added tax	10%	Depend on cities
05	Entry fee	10-15%	Depend on cities
06	Number plate fee	VND 2-20 million	Apply only within HN and TPHCM
07	Registration fee	VND 240.000-560.000 million	1 inspection time
08	Technician certification for safety	VND 50.000-100.000 million	Each granting
09	Road using fee	BOT	Through toll booths
		130.000-430.000	Depend on car capacity
10	Insurance premium for civil liability	400.000-2.100.000	N/A
11	Material insurance premium		Optional
12	Fuel fee		N/A

**Excluding 3 types of fee are expected to be added, which are emission testing fee, fuel consumption fee, labeled certification through energy taxes fee*

PetroVietnam Power Nhon Trach 2 JSC (HSX: NT2) – Growth with stability

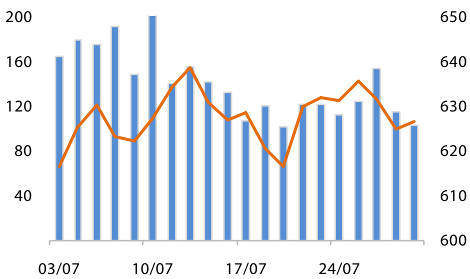
Today (30/07/2015), Rongviet Research published initial company report for PetroVietnam Power

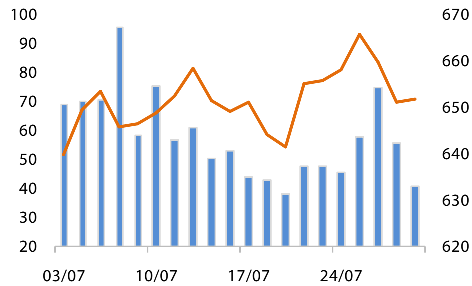
Nhon Trach 2 JSC (HSX: NT2). We appreciate NT2 due to its favorable location where electric demand always higher than that of supply, and new, modern machine bringing a high productivity. Besides, thanks to a huge improving of cash flow, we totally believe that NT2 can assure to pay dividend annually (starting from 2014) with the lowest at 15%/face value.

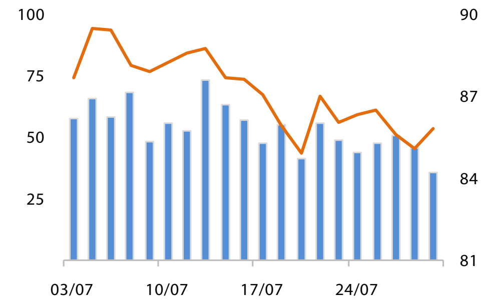
Along with that, advances of competitive generation market forced generation factories to be more active, including NT2. Previous electric purchasing mechanism among EVN and generation factories only allows generators to receive fixed ROE (i.e. 10%). As a result of that, electricity stocks are allocated into defensive group due to they are ensured not to be loss but difficult to improve operating efficiency. Pressure on raising fund for electricity development have been requiring industry officers to amend that mechanism into liberalized mechanism aiming to enhancing attractiveness of electricity industry. The progress, however, has just been at last period - 1st phase of a long path. Therefore, investment strategy in electricity stocks should be thought with a long-term view.

Combining valuation methods of FCFE, DDM and comparative, along with adding benefit of forex profit into company value, we define NT2's target price at **VND 30,200 per share** and recommend **BUY** in **INTERMEDIATE-TERM.**

VNINDEX	0.30%	626.57	VN30	0.08%	651.70	HNXINDEX	0.81%	85.80

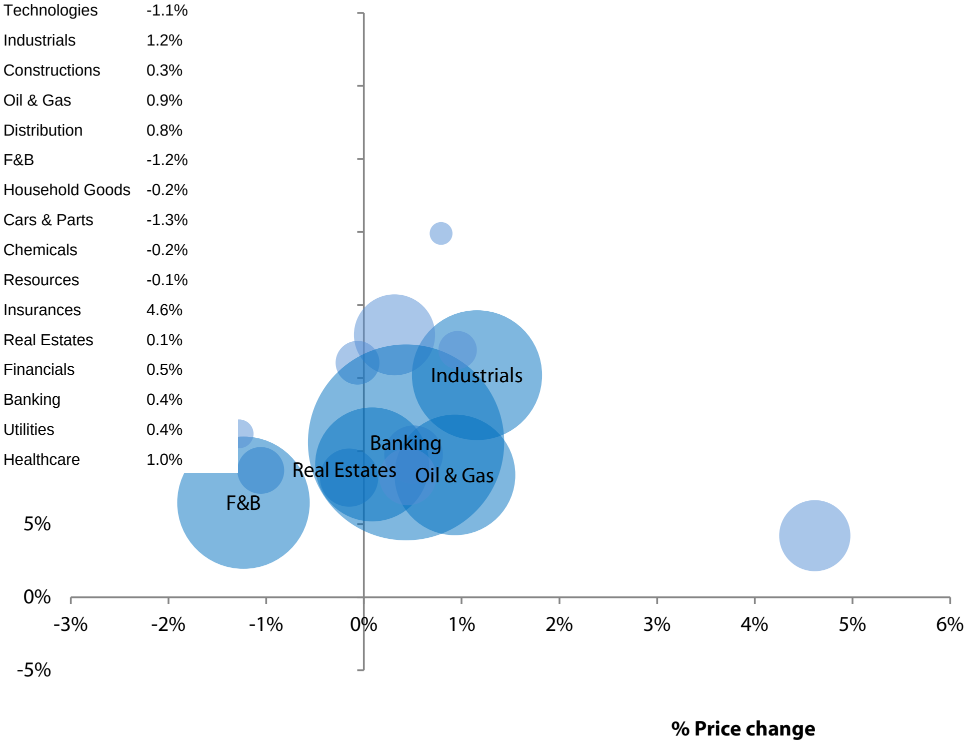




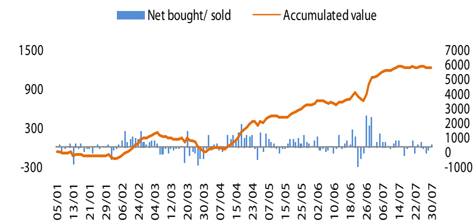


Industry Movement

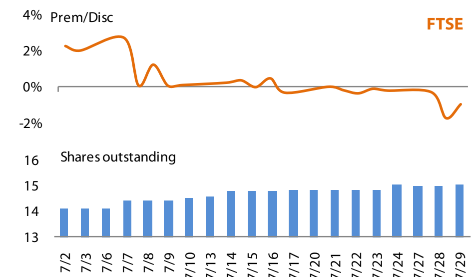
Industry	% change
Technologies	-1.1%
Industrials	1.2%
Constructions	0.3%
Oil & Gas	0.9%
Distribution	0.8%
F&B	-1.2%
Household Goods	-0.2%
Cars & Parts	-1.3%
Chemicals	-0.2%
Resources	-0.1%
Insurances	4.6%
Real Estates	0.1%
Financials	0.5%
Banking	0.4%
Utilities	0.4%
Healthcare	1.0%

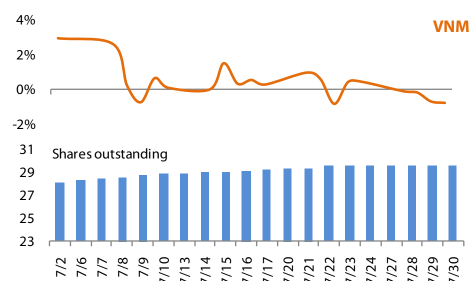


Foreign Investors Trading



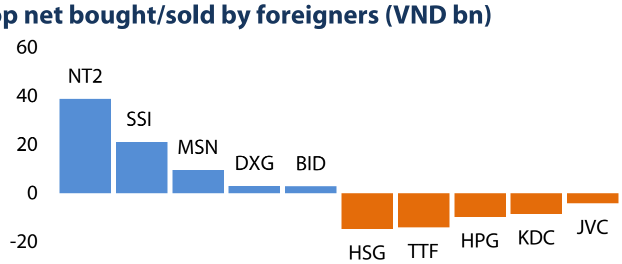
ETF



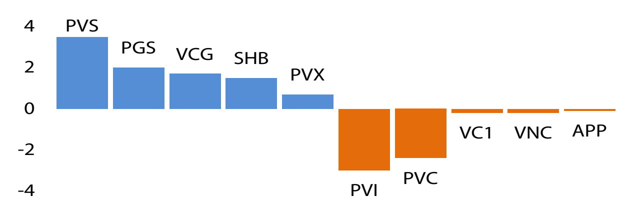


Top net bought/sold by foreigners (VND bn)

HSX



HNX



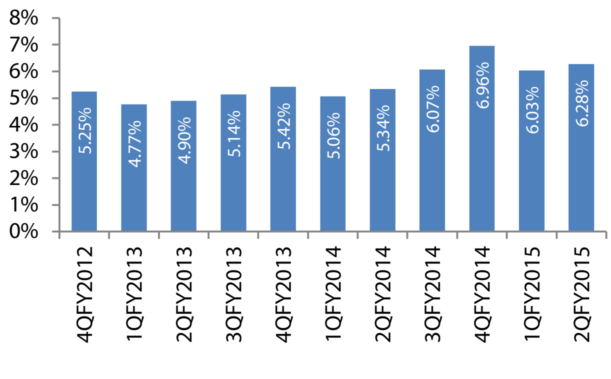
Top Active

Ticker	Price	Volume	% price change
HAI	8.6	6.56	4.9%
CII	26.3	5.84	-0.4%
ASM	8.7	4.72	6.1%
VHG	9.4	4.52	6.8%
FLC	8.1	4.16	1.3%

Ticker	Price	Volume	% price change
FIT	12.3	5.26	4.2%
KLF	6.1	2.95	5.2%
VIX	10.4	1.95	8.3%
SHB	8.6	1.48	2.4%
SCR	8.6	1.47	0.0%

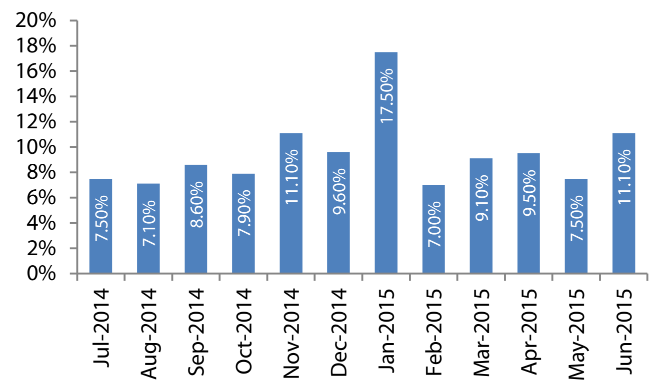
MACRO WATCH

Graph 1: GDP Growth



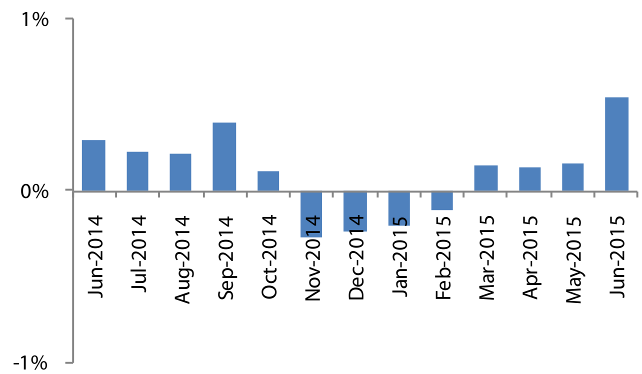
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



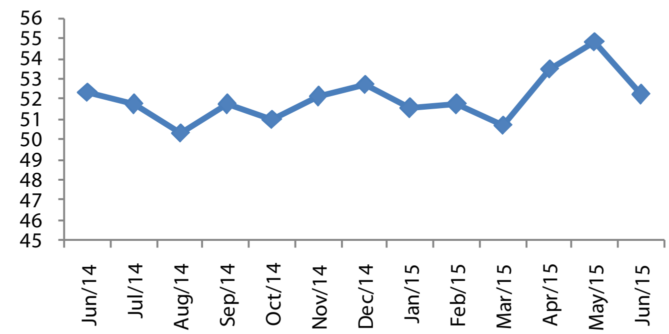
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



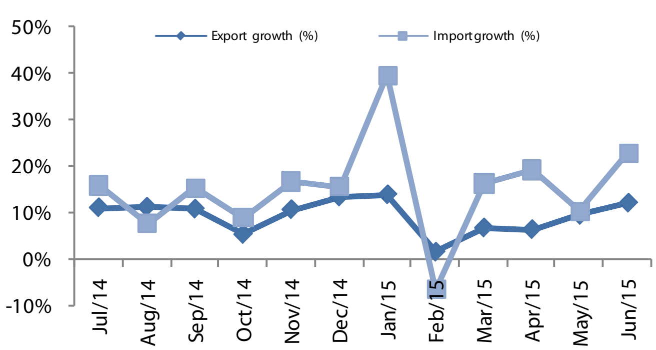
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



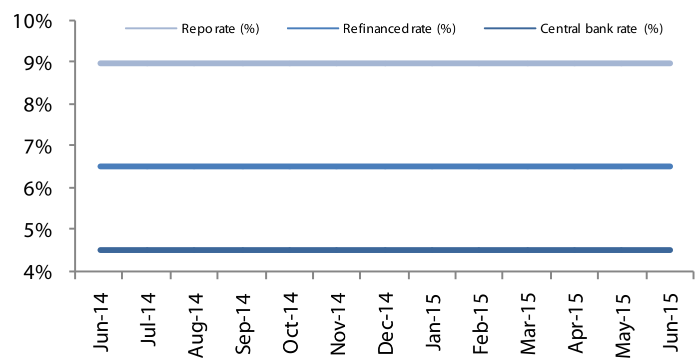
Sources: GSO. Rongviet Securities database

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
LCG - A new cycle begins	July 16th, 2015	Accumulate – Intermediate term	9,500
PVD - Well-positioned in the industry but still early to expect upturn	July 14th, 2015	Accumulate – Intermediate term	61,700
PGS - Favorable time to grow	July 10th, 2015	Buy – Intermediate term	27,000
DNP - Cash flowing in pipes	July 09th, 2015	Buy – Long term	21,900
BMI - Solid base for a bright future	July 08th, 2015	Accumulate – Long term	22,800

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	07/07/2015	0% - 0.75%	0% - 2.5%	11,750	11,729	0.18%
VEOF	07/07/2015	0% - 0.75%	0% - 2.5%	10,022	9,821	2.05%
VF1	16/07/2015	0.2% - 1%	0.5%-1.5%	23,097	23,391	-1.26%
VF4	15/07/2015	0.2% - 1%	0%-1.5%	10,591	10,578	0.12%
VFA	10/07/2015	0.2% - 1%	0%-1.5%	7,579	7,426	2.06%
VFB	10/07/2015	0.3% - 0.6%	0%-1%	12,233	12,211	0.18%
ENF	10/07/2015	0% - 3%	0%	11,584	11,424	1.40%
MBVF	09/07/2015	1%	0%-1%	10,530	10,563	-0.31%
MBBF	08/07/2015	0%-0.5%	0%-1%	12,157	12,133	0.20%

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