07

WEDNESDAY

- **Leading transport and logistics firms are the first to benefit**
- **Foreigners turned net buyers in slight correction session**

Leading transport and logistics firms are the first to benefit

The long-awaited finalization of TPP deal promises to spur significant growth in trade for member states thanks to the partial or full lifting of numerous tariffs and protection laws. According to Vietnam Port Association, the national throughput is to grow on average at 10-12% rate per annum. Of which, containerized throughput has outpaced at the year-on year growth rate of 25% through June in 2015. So, demand for transportation, storage and port services would expect to increase strongly thereafter.

Owning a large asset base (ports, warehouses and means of transports) across the country, **Gemadept JSC** (GMD-HSX) is the leading logistics company in Vietnam. In 2015, the higher utilization of Nam Hai Dinh Vu which is estimated to be 80-90% designed capacity, is considered a key earnings growth driver for the Company.

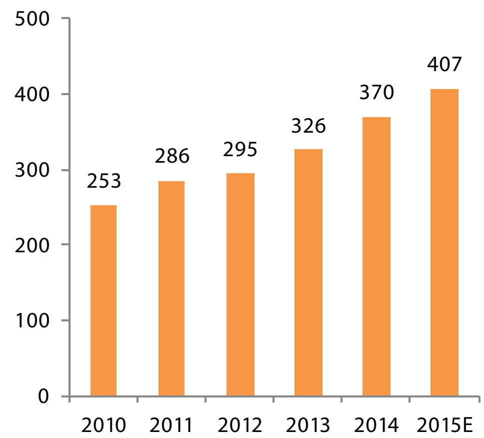
Apart from port services, on anticipation of a sharp rise in FDI fund directing to Vietnam's production sector especially after the agreements of TPP and FTAs, GMD has focused on expanding the capacity of its 3PL (Third party logistics) services. Simply, 3PL customers will be provided with a logistics package consisting transportations and other value added services such as customs procedures, warehouse, goods collections and packaging and delivery. According to Euromonitor, demand for 3PL services would see a CARG of ~ 26% through 2015-2020 period. For the expansion plan, GMD this year would priorities resources to expand its warehouse and ICD capacity at key industrial zones located in Dinh Vu (Hai Phong), Song Than (Binh Duong) and Hai Duong and hit the ground running for the JV cold storage project with a subsidiary of Minh Phu Seafood Corp (MPC).

"Foreigners turned net buyers in slight correction session"

However, possible strained relation with China could represent a major risk to GMD operation in the North. In addition, the conversion of VIG bond could be a dilution risk for the share in the time to come. To make up, GMD share price could see positive development for the remainder of 2015 leveraged on news of: (1) cash dividend (20%) and stock dividend (2:1) payment for FY2014 and (2) possible sale of non-core investments.

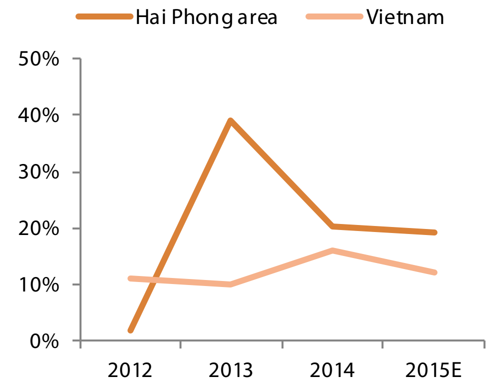
In 2015, the firm set the year's guidance of 3,200 in revenue and 300 in PBT. For the first 6 months of 2015, GMD has completed 54% and 78% of revenue and PBT target respectively. So, the firm is likely to exceed its yearly targets set for 2015. Not least, it shall be noted that GMD's financial expense could increase this year due to possible FX losses from USD denominated loans revaluation (~USD52 million). Nevertheless, this non-cash expense and unrealized losses will not affect payment ability of the firm. We estimate GMD's total revenue and PAT for 2015 would be VND3,520 billion (+17% yoy) and PAT ~VND380 billion (-33%yoy). If excluding the extraordinary profit from Gemadept Towers's stake sale last year, 2015 projected PAT is to leap by ~ 4 times (yoy). Given the aforementioned estimates, we think the appropriate price for GMD share this year shall be VND 40,000, down 10% from our target price in the initial report

Figure 1: Total throughput in Vietnam (by million tons)



Source RongViet Research compiled

Figure 2: Container growth rate



Source RongViet Research compiled

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Growth in industrial manufacturing and cargo transportation in Vietnam could boost the gasoline demand in the coming years. As a leading company in petroleum transportation nationwide, Petrovietnam Transportation Corporation (PVT-HSX) will benefit from this rising demand. Even though global crude oil prices have not positively improved, PVT still has optimistic business prospects this year compared to 2014 from: (1) growth in crude oil and petroleum product transportation when Dung Quat oil refinery takes the advantage of low oil prices to make up revenue, (2) higher profit contribution of FSO/FPSO activities during the last 6 months of this year thanks to the operation of FSO Dai Hung Queen (5/2015), (3) double coal volume to transport for Vung Ang thermal power plant and (4) profit margin for vessel operation could be enhanced due to a delay time between fuel prices changes and freight revision.

Investors shall be noted the aforementioned unrealized FX losses do not mean an immediate payment liability for the firm. In our worst case scenario of 5% depreciation for VND/USD, PVT's estimated consolidated revenue and PBT would be VND5,505 billion (+4.5%yoy) and VND418billion (-13.9%yoy). If excluding the extraordinary profit from Kamari tanker sale (about VND85 billion), the firm's PBT in 2015 does see an annual growth of 5%. Moreover, we would like to further add that PVT share has a relatively high beta and has high systematic risk as the market wide. *More detailed analysis of PVT share could be found in our upcoming PVT company report*.

Foreigners turned net buyers in slight correction session

The "green color" could not maintain until the end of today trading session. After outbreak yesterday session with TPP information, stock exchanges started with the excitement but the selling pressure strengthened, especially in the evening and made the "red" return as usual over the last two months. VNIndex and HNIndex ended with 0.3% and 0.91% declines.

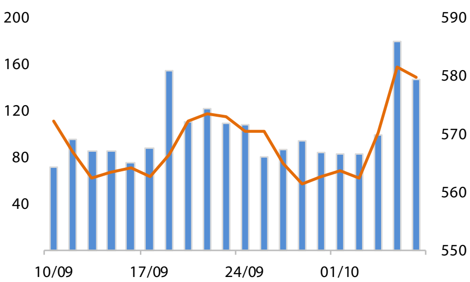
Liquidity dropped but maintained at the appropriate level for absorbing the selling pressure. Liquidity decreased by 12% compared to yesterday and total trading volume in both exchanges reached 180.6 million shares (HSX: 132.5 million shares and HNX: 48.1 million shares). However, if current liquidity could be positively maintained, it will be the supportive factor. Therefore, as we assessed in the Strategy Report September, the index level between 560 and 595 could experience less selling forces from short-term investors (in Q3). However, there could be consecutively under the scattered selling from investors who bought over 3 months ago, especially during Q2. HSX liquidity was at 132.5 million shares, 16% higher than Q2 average.

Foreign investors turn buyers. After having net selling yesterday, foreigners turned net buyers to the tune of more than VND160 billion in both exchanges. SSI (VND32.8 billion), CII (VND25.5 billion), NT2 (VND24.1 billion), DLG (VND15.6 billion), BVH (VND14.2 billion) and STB (VND10.1 billion) were the most purchased stocks by foreign investors. Additionally, price of VNM ETF fund certificates listed in US market also went up 9.3% over last September, leading to a premium of 1.74% after two months traded at discount. This might be a signal of a new fund certificate issuance if premium status is persistent. Liquidity of such fund certificate also increased 70% over the 30-day MA trading volume line. High liquidity may imply that foreign investors started to keep their eyes on Vietnam stock market as well as a rise in demand in investing in Vietnam market after TPP deal settled down.

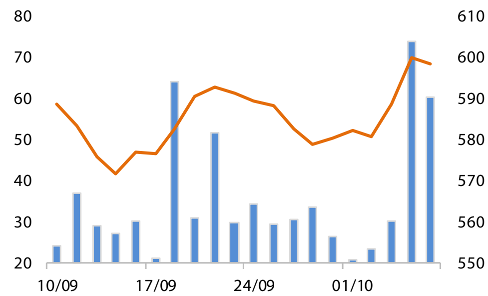
Only oil&gas is not sufficient to maintain the market's surge when several tickers (gainers/losers on HSX and HNX respectively: 85/145 and 80/122) were not able to keep their uptrend momentum, especially large capital sector: banking, brokerage: SSI, HCM and Blue-chip group: VNM, HPG, FPT,…. After more than 1 year witnessing strong downtrend, market capital of oil&gas group has decreased by merely 60% compared to date of 17/9/2015 (the pick of this group). Therefore, with positive in crude oil price movement, this group, today, increased by 2.5%, typically: PVD (+3.9%), GAS (+2.6%) but its weight in market was not enough to maintain upward position of market.

Crude oil price receives sentimental supports. According to The short-term energy outlook report in September from EIA, 2015 and 2016 crude oil forecast maintained at 54 USD and 59 USD/barrel respectively. With 120.000 barrels/day decline in expected US crude production and the drop of global supply until mid-2016, crude oil prices receive the sentimental supports with the fourth consecutive session of increase, Brent reached 51.92 USD/barrel (+8.8% since the start of the rally and the highest level since early September). In addition, recent information brings "hope" the crude markets when investment in exploring and exploiting keeps dropping along with the plan for a meeting between Russia and OPEC to stabilize the global prices.

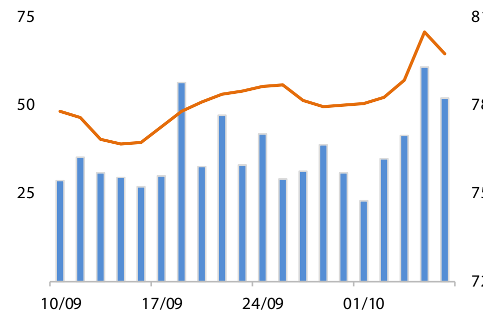
VNINDEX	-0.30%	579.57



VN30	-0.25%	598.42

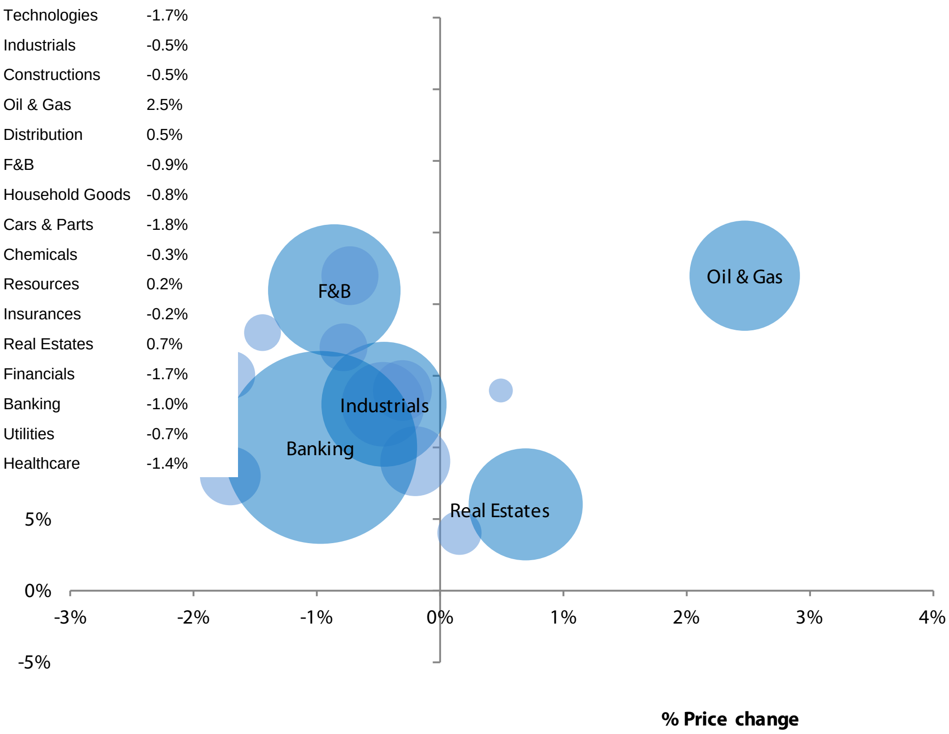


HNXINDEX	-0.91%	79.74

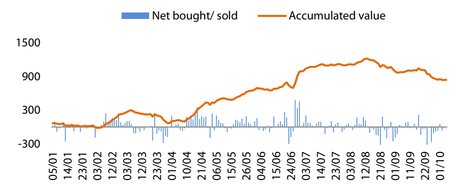


Industry Movement

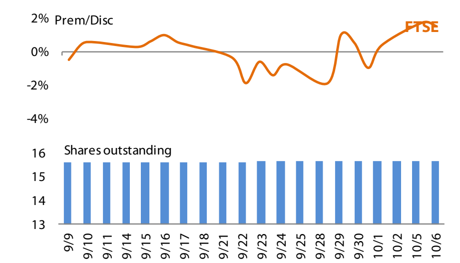
Industry	% change
Technologies	-1.7%
Industrials	-0.5%
Constructions	-0.5%
Oil & Gas	2.5%
Distribution	0.5%
F&B	-0.9%
Household Goods	-0.8%
Cars & Parts	-1.8%
Chemicals	-0.3%
Resources	0.2%
Insurances	-0.2%
Real Estates	0.7%
Financials	-1.7%
Banking	-1.0%
Utilities	-0.7%
Healthcare	-1.4%

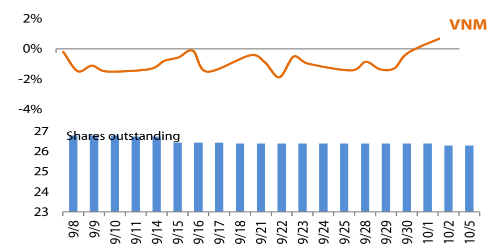


Foreign Investors Trading

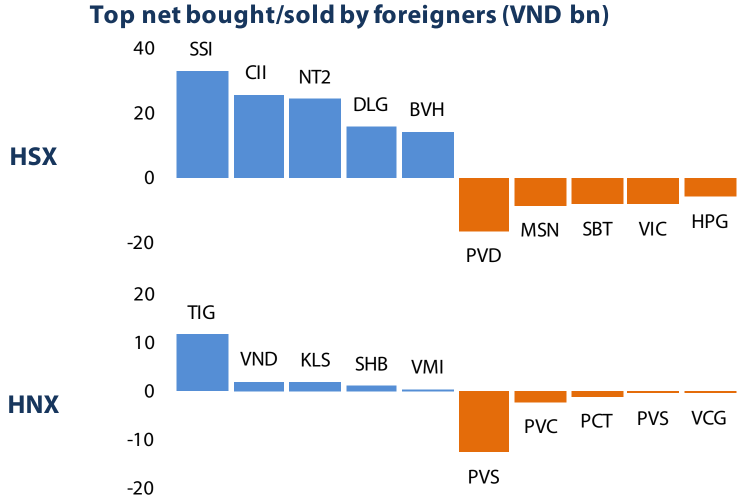


ETF





Top net bought/sold by foreigners (VND bn)



Top Active

Ticker	Price	Volume	% price change
ITA	5.7	9.12	3.6%
CII	23.6	7.20	1.3%
HQC	5.5	6.33	5.8%
FLC	6.7	5.64	-1.5%
DLG	7.1	4.70	1.4%

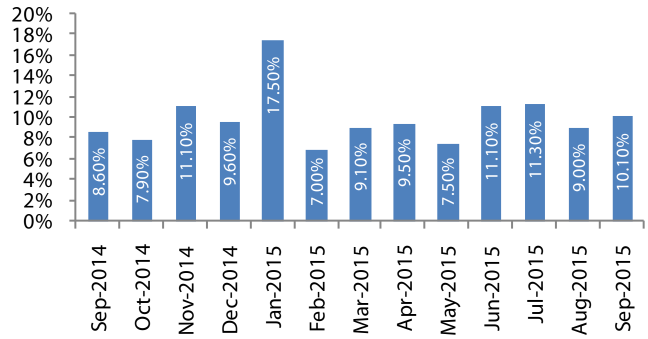
Ticker	Price	Volume	% price change
PVS	21.9	4.59	1.4%
SCR	8.3	4.35	-1.2%
ITQ	8.1	2.62	-9.0%
KLF	4.3	2.59	-2.3%
PVC	20.9	2.44	3.5%

MACRO WATCH

Graph 1: GDP Growth

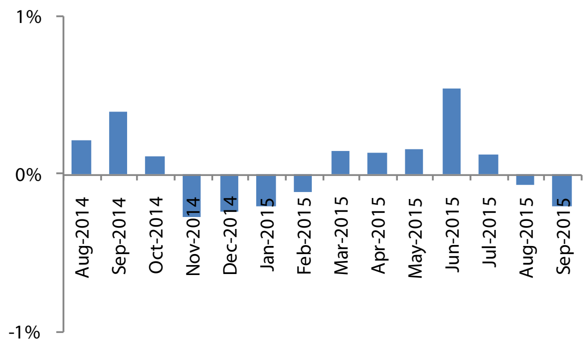
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



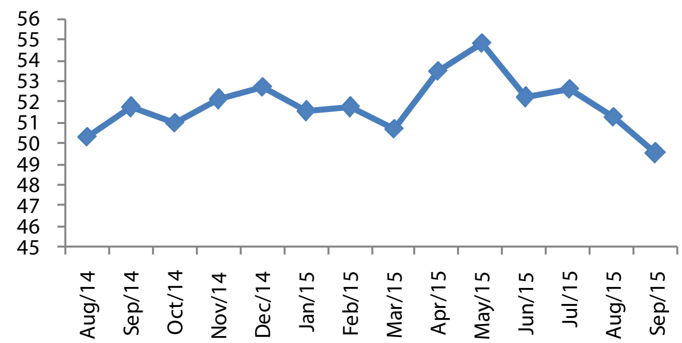
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



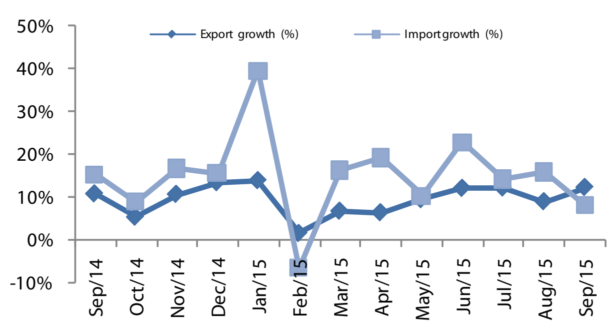
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



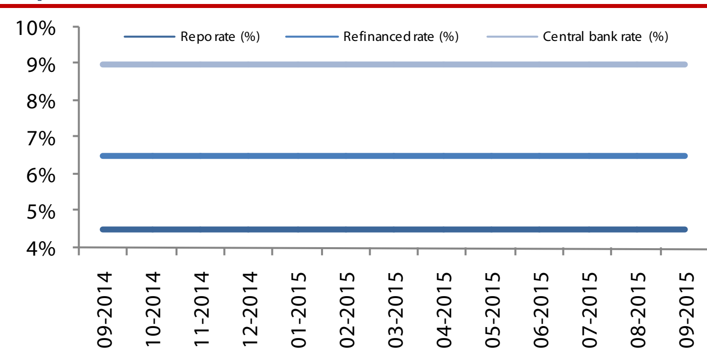
Sources: GSO. Rongviet Securities database

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	29/09/2015	0% - 0.75%	0% - 2.5%	11,922	11,900	0.18%
VEOF	29/09/2015	0% - 0.75%	0% - 2.5%	10,241	10,156	0.84%
VF1	02/10/2015	0.2% - 1%	0.5%-1.5%	22,761	22,699	0.27%
VF4	02/10/2015	0.2% - 1%	0%-1.5%	10,112	10,095	0.16%
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	25/09/2015	0% - 3%	0%	11,578	11,326	2.22%
MBVF	24/09/2015	1%	0%-1%	10,538	10,391	1.41%
MBBF	23/09/2015	0%-0.5%	0%-1%	12,372	12,336	0.29%

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