06

FRIDAY

- **Markets to be under shade of leading groups**
- **Q3 earnings updates: HAH, VSC**
- **MWG: 9M updates and BachhoaXanh start-up project**

Markets to be under shade of leading groups

The index saw another increasing week thanks to leading stocks, such as the four-stock group VNM-BVH-VCB-VIC. Although VNMid decreased 0.7%, positive impact of that leading group, especially VNM, kicked VNIndex up 5 points (+0.82%). Meanwhile, liquidity also improved with total order-matching volume in HSX increased 9% compared to last week. That positive in leading group also made the remaining of market trading at higher volume. If excluding liquidity of VNM-BVH-VCB-VIC and FPT, liquidity of the remaining stocks increased 9% in order-matching volume.

Besides liquidity improvement, foreigners also saw better movement, with net-buying in HSX at VND152 billion, up VND 133 billion compared to last week. Also, foreigner participating rate in market was higher, from 11.8% to 15.7%.

Market saw some improvement in liquidity as well as psychology of foreigners. Meanwhile, upward remaining at the four-stock leading group and FPT would be the key spot of next week. We mentioned in previous ADs that market risk would be controlled at reasonable level when market saw fluctuation instead of bullish many sessions in straight. Therefore, short-term investment style could continue to trade by buying in decreasing sessions and selling in increasing sessions in accordance with wave of leading group.

"Markets to be under shade of leading groups"

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Q3 earnings updates: HAH, VSC

Today, HAH and VSC have just released their 3Q2015 earnings results. In overall, the results are quite impressive and in line with our expectation. In particulars, VSC recorded VND244.5 billion and VND89 billion in 3Q revenue and PAT, upped 16% and 82% yoy respectively. So, the firm's 9M2015 bottom-line has posted strong PAT growth of 39.2% compared to the same period last year. Also, HAH joins the list of port operators recording extraordinary 3Q earnings with year-on-year revenue and PAT growth of 8.6% and 60% respectively. Hence, HAH has completed 92% 2015 PAT target and highly expected to beat the 2015 guidance.

Throughput via Northern ports continued to grow and reefer revenue surged thanks to the congested cross-border trade in Q2 and Q3/2015 were the main reasons for Q3 and 9M2015 business results growth from majority of port operators in Hai Phong. Generally, the recovery of global economy, increase in industrial production in Vietnam with catalyst of Free Trade Agreement (FTAS, TPP) could generate positive prospects for logistic service (ports, warehouses and transportation) in the long-term. However, individual companies 'business prospects could depend on different factors and company internal issue. Investors could refer to the sector's details in RongViet Research's Strategy Report published on 05/11/2015.

MWG: 9M updates and BachhoaXanh start-up project

Thegioididong and dienmayXanh store chain: two fast-growing businesses with stable performance. Summary of 9M2015, two retail business chains from MWG generated the total revenue and profit after tax to be VND 17,506 billion (+60% yoy) and VND 743 billion (+52% yoy) respectively. Even though business scale remarkably increased, with CAGR of total asset and revenue for 3 years (2011 – 2014) at 30% and 43% respectively, the performance of two businesses were maintained at a stable level. The costs for operation such as cost of sales and management have been strictly controlled thanks to the enterprise resource planning system (ERP). As a result, MWG achieved high net profit margin compared to other companies in the industry. In 9M2015, gross profit margin and net profit maintained at 15.1% and 4.2% respectively while pre-tax profit margin of FPTShop (represented by net margin of retail segment in FPT's consolidated financial statements) only achieved 1.95%. Despite of slight decline in both ratios over the last year with 0.5 and 0.2 percentage point respectively due to the fiercer competitiveness , we believe that such decrease was insignificant compared to the growing competition in the market with many competitors expanding their businesses such as VinPro, Viettel, FPTShop… On the other hand, net profit margin this year was expected to strongly improve due to the efficiency in operation over the Q4/2015, peak period of MWG. Over the last 3 years, gross profit margin rose by the average of 0.64 percentage point compared to the first 9 months. Moreover, in 10/2015, MWG was licensed by Apply to directly import its products (instead of going through other channels such as FPTTrading). Therefore, it could largely improve profit margin of MWG in the next quarter.

However, growth of two retail systems, mobile phones and electronic appliances, mainly came from store expansion while existing stores from the previous year reached the saturation (before 2014). According to MWG, the sale growth rates from old shops (same store growth) of thegioididong store chain achieved only approximately 7% (last year, this figure was about 20%). In addition, dienmayXanh store chain reached 10%. However, according to new calculation method, recent opened stores in 2015 and 2014 have not been included. As a result, based on our estimation, there are 140 thegioididong stores and 19 dienmayXanh stores opened this year and they could mainly contribute to MWG's growth in 2016. However, the end of 2016, both of the store chains will barely expanse in term of scale and being mainly operated to sustain market share. MWG has the plan for the mobile phones and electronic appliances to account for approximately 35-40% and 20-30% respectively.

Therefore, long-term prospect (from 2017) significantly depends on the success of new segment, fast moving consumer goods (FMCG) in BachhoaXanh store chain. In 11/2015, MWG will simultaneously open 5 – 10 BachhoaXanh stores. Furthermore, in the next 12-18 months, MWG expects to open additional 30 – 50 stores for experiment with 3 official stores without business operation.

Some main points in BachhoaXanh project	Description
Total investment capital	VND50 billion
Total stores expected to do trial	30-50 stores
Trial period	12-18 months (planned to launch in 11/2015)
Customer oriented	Middle and below middle income
Store description	
+ *Area*	100-200 m2
+ *Facility and operating hours*	No air-condition, working in timeframe 6am-9pm
+ *Goods for selling*	3 groups: fresh food (fruits, vegetables,,…), common consumer goods (water bottle, cooking oil, ice-cream,…), non-food (toothpaste, face-washing liquid,…)
+ *Location*	At crowed area, may be at street or in alley
Distribution center	Not yet
KPIs to evaluate at the end of trial period	Revenue per share at least VND 400-600 million per month

Following this model, we believe that MWG is keeping track with retail industry trend. In June 2015, Kantar conducted a market survey in urban areas which showed that mini marts were recorded growth of 15% compared to the rest segments (hypermarkets, supermarkets and department stores) posting declining or slow growth.

However, there are more competitiveness from domestic and foreign players in mini marts and convenience stores. Most of competitors have been participating in markets less than 2 years. Therefore, MWG still has lots of room for advancing in this sector. But it would be too soon to confirm success of BachhoaXanh at present. In this AD, we are performing SWOT analysis to have an overview on this new operation of the company. Also, for periodical report on MWG, we will updates more detailed results.

Opportunity	**Threat**

o FMCG market is currently depended on mom&pop stores (61% in cites and 77% in rural), *according to report of Kantar World Panel in June 2015*
o High urbanization rate pushed mini-supermarket and convenience stores to accelerate
o Convenience store chains have not yet penetrated in rural area
	o Consumer behavior needs more time to swift from mom&pop as well as traditional markets to mini-supermarket chains
	o Mini-supermarket market in cities has many participants:
	  o Mini-supermarket chains: Coopfood (belong to Coop Mart, 2015 estimated stores: 150 stores), Vinmart+ (Vingroup, with 17 stores), Satrafood (belong to Satra, estimated to have 25 stores), New Cho và BigC Express (belong to BigC)
	  o Convenience stores: B&B (Citimart), Circle K, Shop&Go, Ministop, B'smart (BJC Thailand và Phu Thai), Familymart (Japan). Besides, the 7Eleven is planning to open the first store in Vietnam in 2017.

Strength	**Weakness**
Managers have experience in retail sector: • Develop professional staffs • Managing inventory efficiently thanks to IT, especially his ERP program. MWG built IT team for big data analysis, focusing on mining data for optimizing his working capital management • Have a good geographical and demographical knowledge	• Managers do not have experience in FMCG sector • Retail products have unlikely a strong correlation with technological products => MWG has faced difficulties when building a relationship with FMCG's suppliers in the early phase.

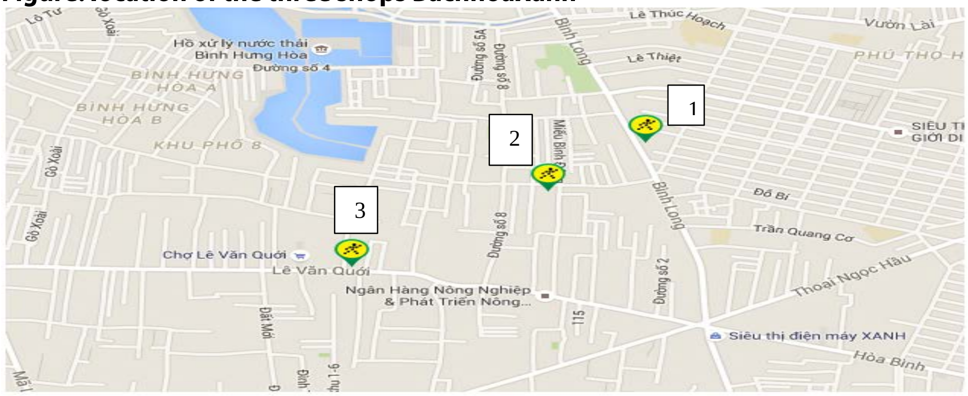
We paid a visit to three new BachhoaXanh stores last week. T stores which took 5 to 10 minutes by motorbike move here and there are located at the junction of Tan Binh and Tan Phu district. MWG are using these stores to examine customers' choices between: mini marts, convenience stores, traditional markets and small department stores.

Store(*)	Characteristics
#1	Located on the front of Binh Long major route (medium size without barriers). A lot o shop. A junction with gas station and Shop&Go stores is 500m away from the shop.
# 2	Located in large a large alley (cabs are able to enter). The shop is situated in a populate is a mini mart of Satrafood 500m away. There are also few grocery stores in the residen
#3	Located on the front of wide roads. There are lots of shops in the area. There is also a nearby. A traditional market is located 800m to 1,000m away with lots of trading took

(*): numbered by analyst.

We notice that these stores have very broad and completely opened front doors for customer to shop and go quickly. The stores also prioritize displaying perishable products to the front. Another interesting point of BachhoaXanh is the big advertising boards selling mobile cards at a 5% discount rate. Very similar to DienmayXanh demonstrating mobile phones, we think BachhoaXanh stores use this technique to attract their customers.

Figure: location of the three shops BachhoaXanh



WEEKLY TECHNICAL VIEW

VN-Index

VN-Index kept going up for the fifth consecutive week, closed at 612.36 (+4.99 points or 0.82%). Trading volumes increased 8.7% up to 508 million shares.

VN-Index moved up slowly and the liquidity fluctuated slightly from 90 to 100 million shares per day. The index may reach the target at around 620 and then a correction may come. In this case, the support zone of VN-index is around 600 (equivalent to EMA (26)).

VN-Index went up from 590 to 617 but the trading volumes did not increase respectively. This is a sign of weakness and it is difficult for the uptrend to prolong far above 620.

Looking at technical indicators, both the MACD and the RSI turned from bullish to neutral.

In a short-term, the support of VN-Index is around 600 while the resistance is 620.

Next week, traders should take profit partly and then wait for a correction.

HNX-Index

Unlike VN-Index, HNX-Index lost 0.73 points (or 0.89%), closed at 81.5. The liquidity increased 6.9% up to 186.4 million shares.

HNX-Index reached its SMA(200) and SMA(100) at around 82-83 and then turned down. This due to these moving averages are playing role as strong resistance of HNX-Index. The support of HNX-Index is 80.

Looking at technical indicators, both the MACD and the RSI turned down. The MACD cut down the signal line while a negative divergence between the RSI and HNX-Index appeared. The ADX was very low showing that the uptrend of HNX-Index is weakening.

Recommendation:

VN-Index kept going up while HNX-Index went down. There were some signs of weakness and traders should take profit partly then wait for stocks at lower prices.

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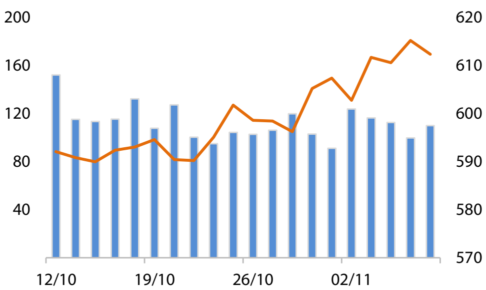
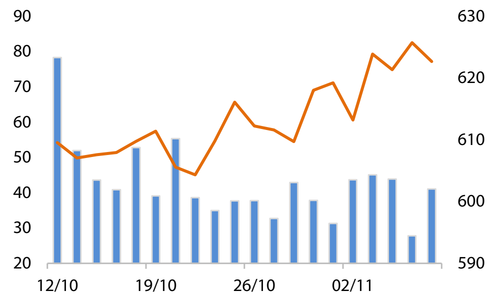
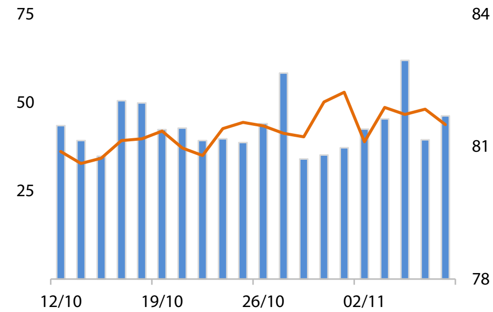
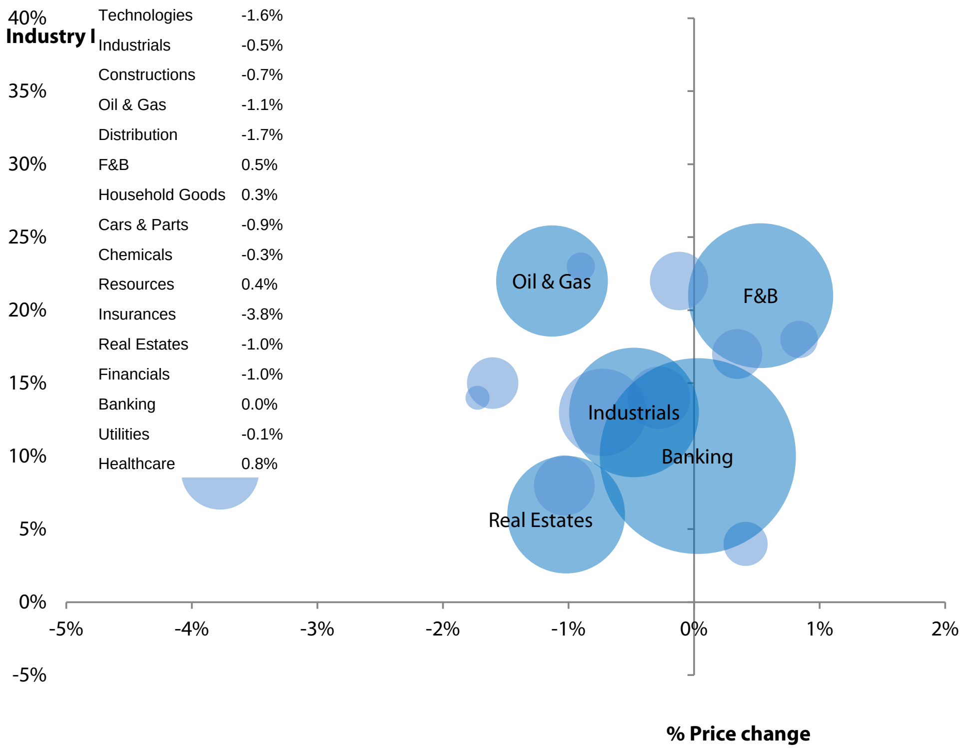
VNINDEX	-0.46%	612.36	VN30	-0.49%	622.67	HNXINDEX	-0.43%	81.50





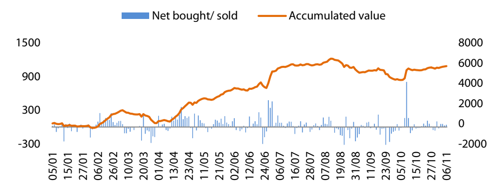


Industry Movement

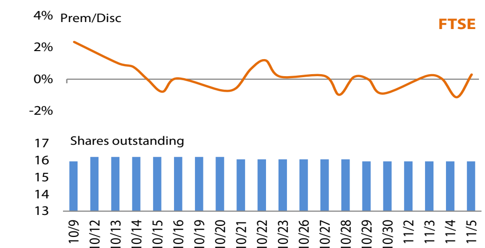


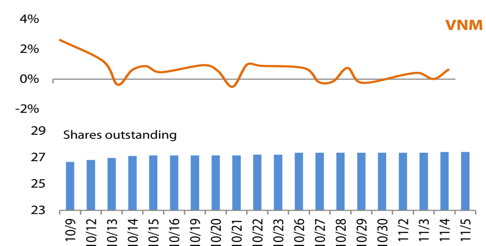
Industry	% change
Technologies	-1.6%
Industrials	-0.5%
Constructions	-0.7%
Oil & Gas	-1.1%
Distribution	-1.7%
F&B	0.5%
Household Goods	0.3%
Cars & Parts	-0.9%
Chemicals	-0.3%
Resources	0.4%
Insurances	-3.8%
Real Estates	-1.0%
Financials	-1.0%
Banking	0.0%
Utilities	-0.1%
Healthcare	0.8%

Foreign Investors Trading

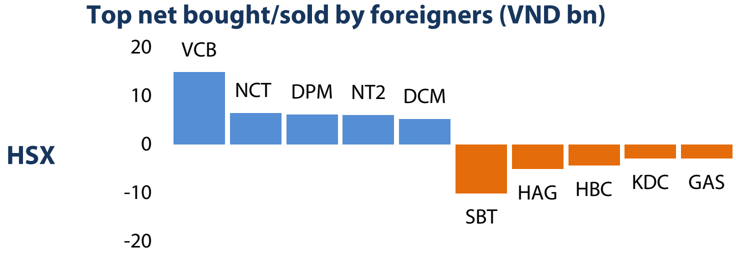


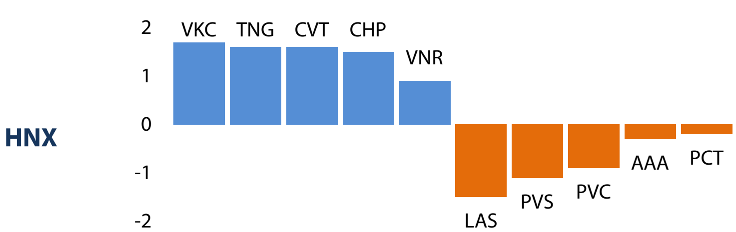
ETF





Top net bought/sold by foreigners (VND bn)





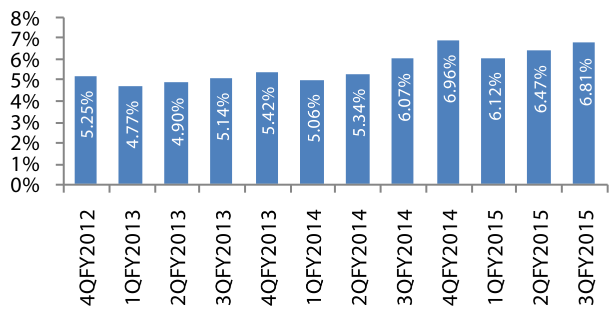
Top Active

Ticker	Price	Volume	% price change
FLC	7.0	6.16	-1.4%
HAG	14.5	5.01	-1.4%
CII	22.4	4.79	-2.2%
DCM	13.0	4.74	0.8%
HQC	6.5	3.74	-3.0%

Ticker	Price	Volume	% price change
SCR	8.2	2.93	1.2%
VCG	12.2	1.91	-3.2%
TIG	11.0	1.71	0.9%
PVX	2.9	1.50	-3.3%
SHS	7.5	1.27	2.7%

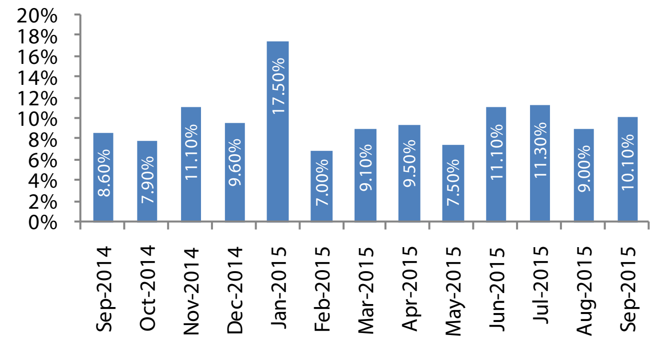
MACRO WATCH

Graph 1: GDP Growth



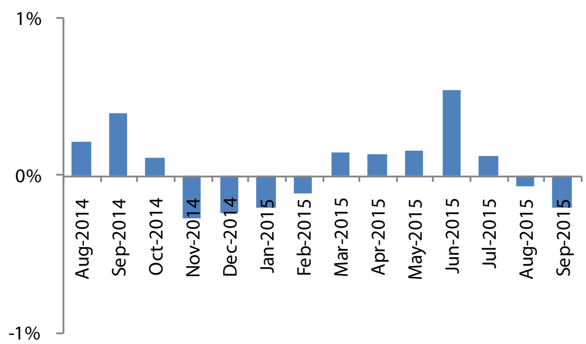
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



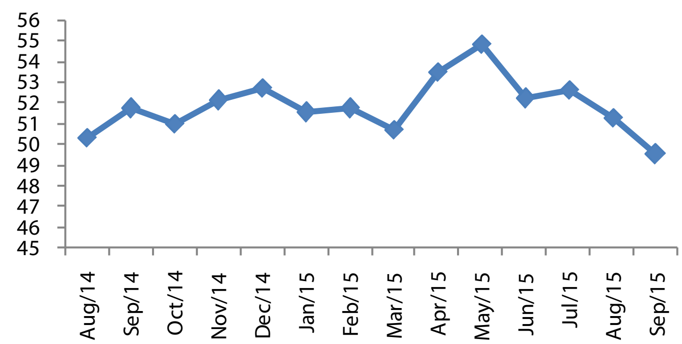
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



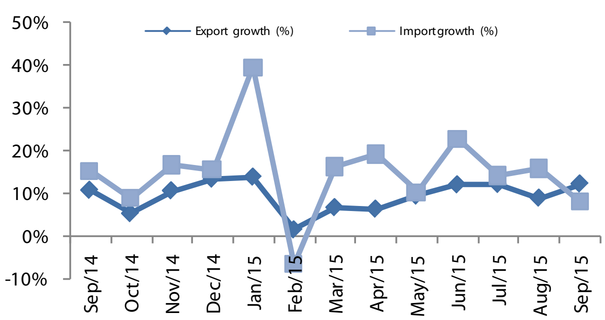
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



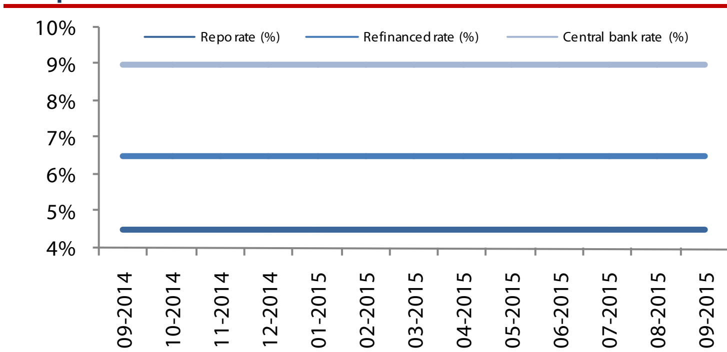
Sources: GSO. Rongviet Securities database

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
DMC - Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000
HSG - New investments: The engine of growth	October 29th, 2015	Accumulate – Long term	52,500
KSB - Rock-solid foothold in the construction stone	October 28th, 2015	Buy – Intermediate term	38,400
HHS - Riding on a rough road	October 28th, 2015	Neutral – Short term	20,100
PVT - Upside potential outweighs short-term risks	October 20th, 2015	Buy – Long-term	15,900

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	20/10/2015	0% - 0.75%	0% - 2.5%	12,030	11,946	0.70%
VEOF	20/10/2015	0% - 0.75%	0% - 2.5%	10,558	10,473	0.81%
VF1	28/10/2015	0.2% - 1%	0.5%-1.5%	23,992	23,909	0.34%
VF4	28/10/2015	0.2% - 1%	0%-1.5%	10,788	10,747	0.38%
VFA	22/10/2015	0.2% - 1%	0%-1.5%	7,438	7,488	-0.67%
VFB	22/10/2015	0.3% - 0.6%	0%-1%	12,421	12,409	0.10%
ENF	23/10/2015	0% - 3%	0%	11,963	11,943	0.17%
MBVF	22/10/2015	1%	0%-1%	11,000	10,965	0.32%
MBBF	28/10/2015	0%-0.5%	0%-1%	12,438	12,445	-0.06%

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