AUGUST

17

MONDAY

ADVISORY DIARY

- **Tasco JSC Update (HUT – HNX)**
- **6M2015 Business result – VHC, HVG**
- **Bank and Oil & Gas stocks sank the market**

"Bank and Oil & Gas stocks sank the market"

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Tasco JSC Update (HUT – HNX)

Recently, our industry analyst had a trip to Hanoi and a meeting with Tasco JSC (HUT). Besides the ability to sustain positive earnings in 2015 thanks to the BT39 project, we appreciate that HUT shift to transport infrastructure projects in the form of BT, BOO and real estate businesses.

Formerly a state enterprise; after nearly 44 years of operations, the company has become one of the biggest construction companies in the country with two traditional businesses are construction and investment projects of transport infrastructure (BOT and BT). Recently, in order to focus investment activities, HUT has decided to gradually array construction activity to the Tasco Thang Long JSC, a member company has constructed large capacity especially bridge. In May, HUT has increased its ownership in JSC Thang Long Tasco to 35.41%.

Along with scaling down the construction segment, HUT is gradually moving to BOO investment (build - own - business) where the company takes part in building ETC toll stations (Electronic toll collection) (HUT 51%, BIDV 49%) instead of BOT as previously. HUT currently owns five BOT projects where three got completed. The company is also in the investment stage for other 3 projects (BOT Highway31 via Thai Binh, Highway10 via Hai Phong). Beside the stable operating nature, BOT projetcs all require large capital outlay, long construction and payback period. Meanwhile, an ETC station could be built and put into operation in just 2-3 months. Currently, HUT completed three non-stop road toll stations and expects to have totally 35 road tolls stations at the end of 2016 across National Highway 1 to Highway 14 in 2016. We estimate each road toll station would generate revenue of ~ 170 billion / year at 6-7% in profit margin.

Also, the company is constructing three BT projects including BT21 (total investment of VND3,802 billion), BT39 (VND1,882 billion) and BT Le Duc Tho (~VND1.000 billion). In particulars, BT39 project is scheduled to complete in September 2015 allowing HUT to record ~VND1.400 billion in revenue and ~ VND111 billion in PAT in 2015. Notably, while BT21 and BT39 project receive payment in cash, HUT would expect to receive some real estate projects in exchange for the Le Duc Tho BT project. These are the Xuan Phuong eco housing project (38ha land at the equivalent cost ~ VND600 billion), 48 Tran Duy Hung project (3,000m2 in area estimatedly worth VND90 billion) and other land plot (10ha in total area , ~ 300 billion worth).

Located behind My Dinh Stadium, Xuan Phuong project comprises of 813 mansions and townhouses with total investment estimated at VND2,800 billion. 20ha of project was completely levelled and is in progress of piling. Infrastructure is due in Q1/2016 then the project will be in construction phrase. About 1ha has been sold out at VND47 – 60 million/m2 (VAT included). HUT is going to hand over 300 – 400 land plots in Q2/2016. We estimate HUT will be able to record VND100 billion revenue with 50% GPM from this project in 2015. Project 48 Tran Duy Hung is also sited at a favourable location: in the front of Tran Duy Hung road, near Vinhomes Tran Duy Hung of Vingroup. 25,000 m2 floors of luxury apartments will be on the market at price range from VND60 million to VND70 million per square (VAT not included) between 2016 and 2017. On one hand, we are quite conservative when using such low prices to project business results of HUT. On the other hand, we think such low prices will bring the company a considerable advantage comparing to others investors.

Overall, the company is very cautious with planning their performance for FY2015 to reach VND2,316 billion revenue (-16% y-o-y) and VND145 billion NPAT (-44% y-o-y). Although having calculating quite prudently, HUT might as well be able to fulfil only 90% of the plan as the company is still considering possibility of some project completion. But in fact, we believe that real potential of HUT lies behind its shift in business orientation.

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6M2015 Business result – VHC, HVG

Vinh Hoan Corporation (VHC) has recently published Q2 performance. Revenue and PAT reached respectively VND 3,195 billion (+22%) and 186 billion (+60%), completed 44% and 55% of 2015 plan. The positive came from (1) promoting export market, (2) managing COGS and operating expense.

> (1) As Vietnam Customs data, VHC export value in 1H2015 was approximated USSD 144 billion (+29%). Thus, boosting export activity played a key role in the Company growth. This was considered as optimistic factor while total export value of fishery industry in 1H2015 decreased by 10%
>
> (2) Gross margin improved from 12% (6M2014) to 13% (6M2015) thanks to low material price; while the ratio of management expense/revenue also decreased significantly, from 4.3% (1H2014) to 3.8% (1H2015)

Contrast to VHC, 1H2015 HVG business result was relatively negative when profit after tax from parent company during Q2/2015 only achieved VND 13.2 billion (-64% y.o.y). Accumulation in 6 months from the company completed approximately 9% plan of profit before tax (VND 800 billion). Even though financial report of Q2/2015 has not been released, according to explaination, reasons could come from (1) interest in Q2/2015 increased by 43% y.o.y when Company promoted investment and upgrade on new projects, (2) M&A activities with Sao Ta Foods JSC and Tac Van Seafoods generated goodwill; financial expenses, therefore, increased by 38% y.o.y. We believe that expansion strategies from HVG created short-term pressure on the Company, especially under the situation that fishery industry has been under unfavourable developments. Consequently, HVG could not complete the plan for this year. However, contribution from subsidiaries such as FMC could support HVG when their business results have still been positive over the first several months of 2015.

Bank and Oil & Gas stocks sank the market

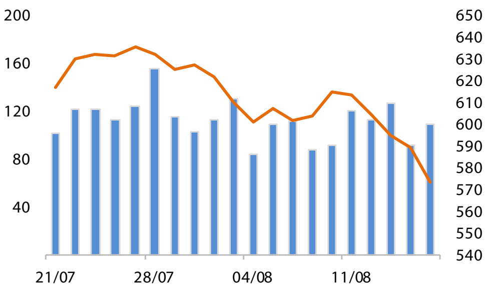
At the end of 17 Aug, the "storm" seems not to stop at the Vietnam stock market. The VN-Index and HNX-Index continued to decline to 15.9 points (2.7%) and 1.9 points (2.3%), respectively. Liquidity and cash flow remain negative while trading volume on both exchanges remained at 140 million shares, while the value of trading down 5% compared to the value of the average trading last week, only 2,212 billion.

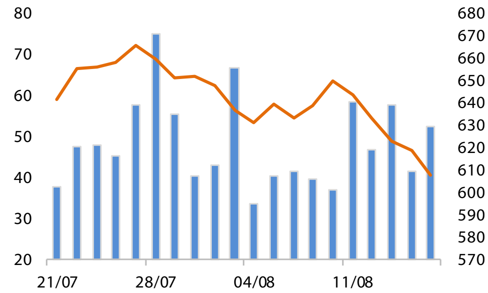
According to our observations, the market has been affected negatively by bank stocks and oil stocks. Notably, most bank stocks were hit the floor price in today's session include BID, CTG, EIB and VCB. However, bank stocks still have "charisma" pretty good for foreigners when they are still net buyers in some stocks, notably the BID (VND2.6 billion), CTG (VND1.2 billion) and VCB (VND8.8 billion). Meanwhile, a number of shares representing the oil and gas group GAS net selling (15.6 billion) and PVS (15.4 billion). The total transaction value of foreign is net sold of VND26 billion (3 consecutive net selling of foreign investors).

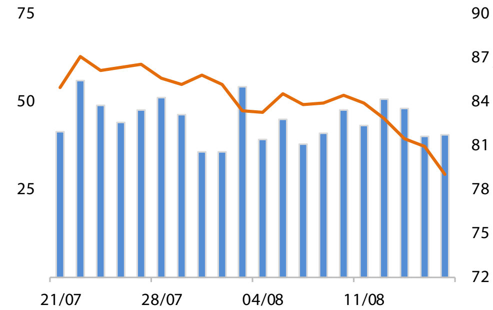
Through discussions with a number of brokers with experience, we know that the market scenario fell sharply in last 4 days (average fell about 10 points) often lead to "chain reaction" (the current target investors are "margin call" would have to sell the shares in the portfolio to ensure collateral for the shares was "margin call"). Therefore, the market continued to suffer negative sentiment from the stock line has a great influence on the index.

We wish that our Advisory readers took profit at the beginning of the month as the green version recommended in the **August strategy report** released on 05/08/2015 and breath waiting for the opportunity in the high version upcoming campaign.

VNINDEX	-2.70%	573.15	VN30	-1.86%	607.44	HNXINDEX	-2.34%	78.99

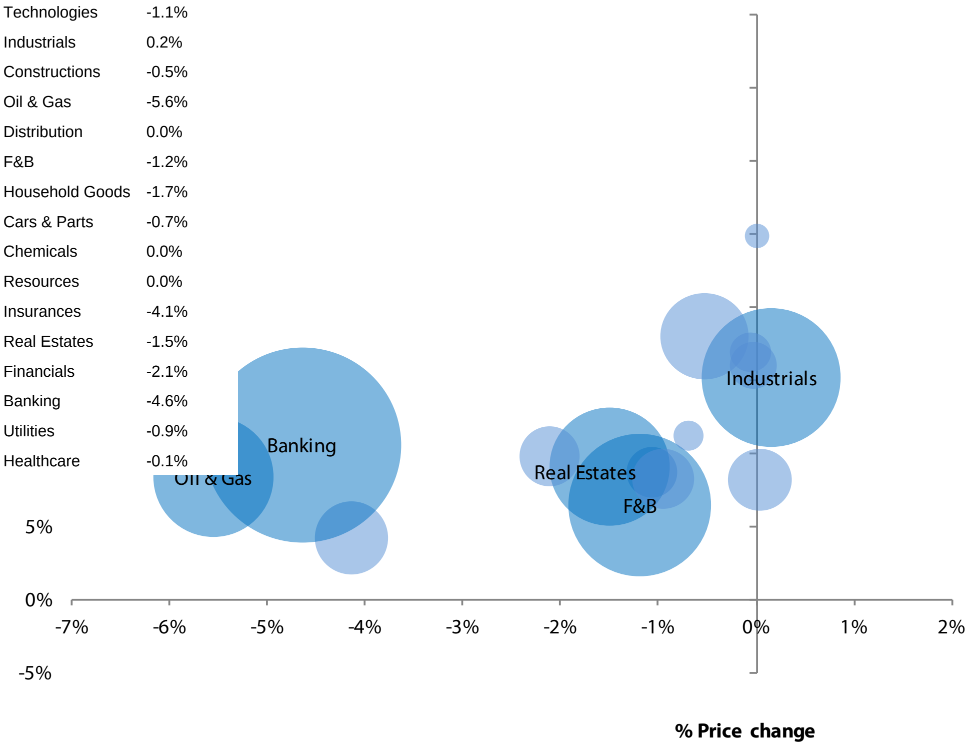




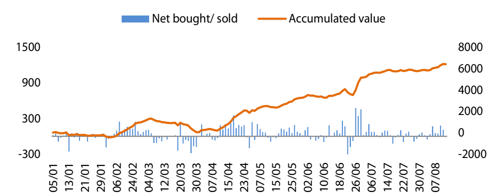


Industry Movement

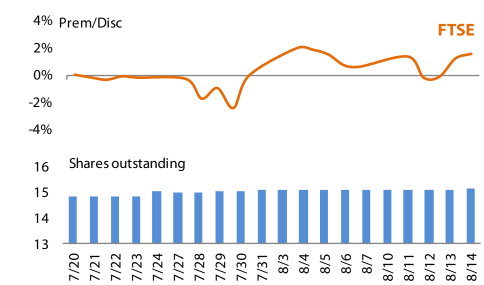
Industry	% change
Technologies	-1.1%
Industrials	0.2%
Constructions	-0.5%
Oil & Gas	-5.6%
Distribution	0.0%
F&B	-1.2%
Household Goods	-1.7%
Cars & Parts	-0.7%
Chemicals	0.0%
Resources	0.0%
Insurances	-4.1%
Real Estates	-1.5%
Financials	-2.1%
Banking	-4.6%
Utilities	-0.9%
Healthcare	-0.1%

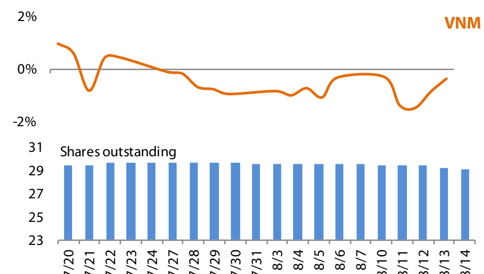


Foreign Investors Trading



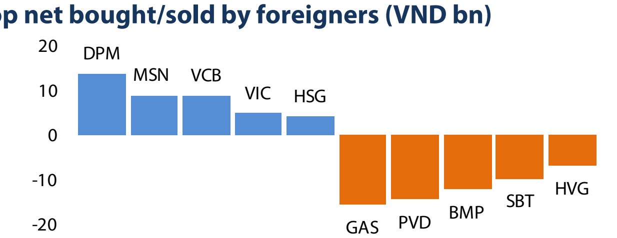
ETF



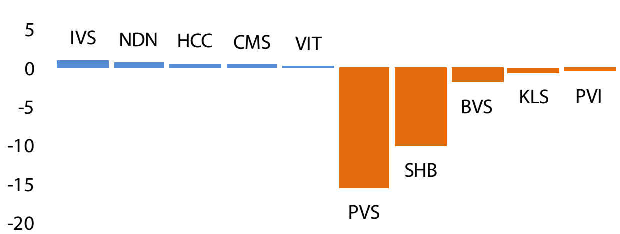


Top net bought/sold by foreigners (VND bn)

HSX



HNX



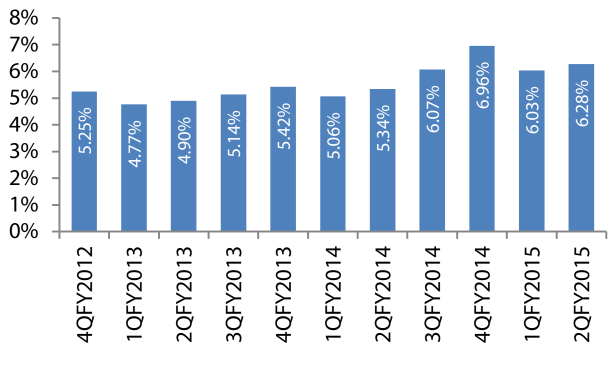
Top Active

Ticker	Price	Volume	% price change
FLC	7.6	8.39	2.7%
CII	24.4	7.50	-4.3%
MBB	14.7	4.84	-2.0%
CTG	19.3	3.23	-6.8%
HAG	16.5	2.91	1.9%

Ticker	Price	Volume	% price change
SHB	7.2	5.45	-1.4%
KLF	5.5	3.44	0.0%
SCR	8.1	1.97	-1.2%
PVS	21.7	1.58	-5.7%
KVC	13.2	1.58	-9.6%

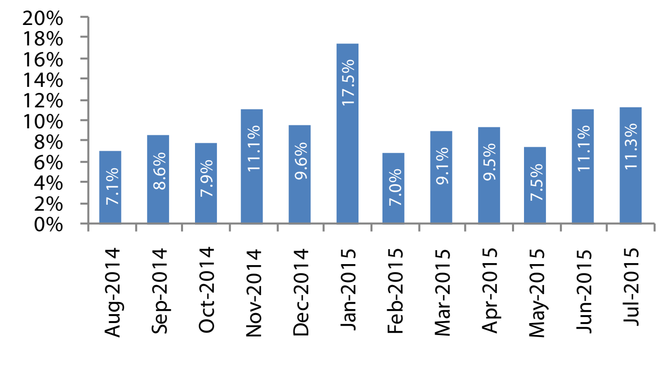
MACRO WATCH

Graph 1: GDP Growth



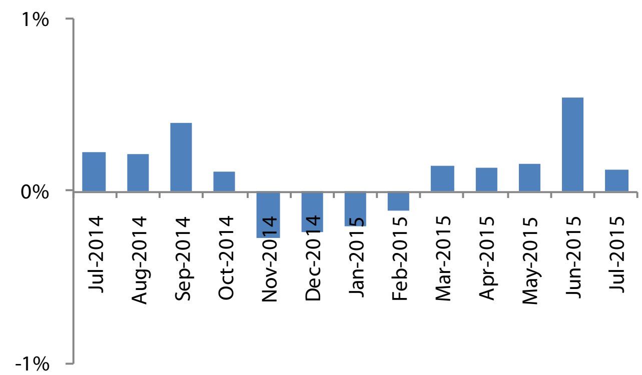
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



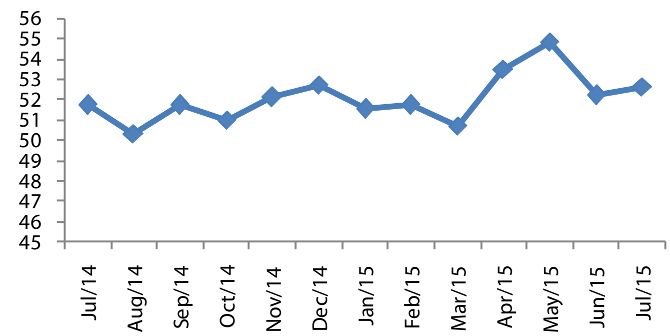
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



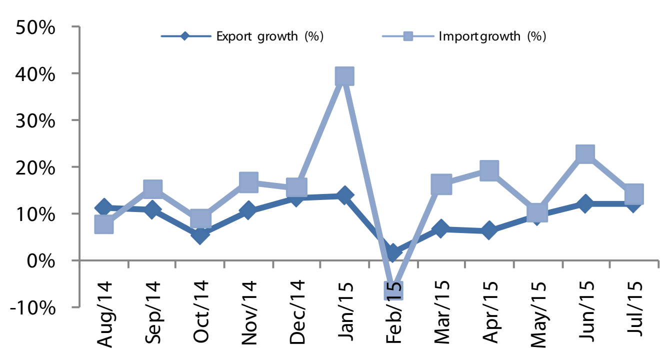
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



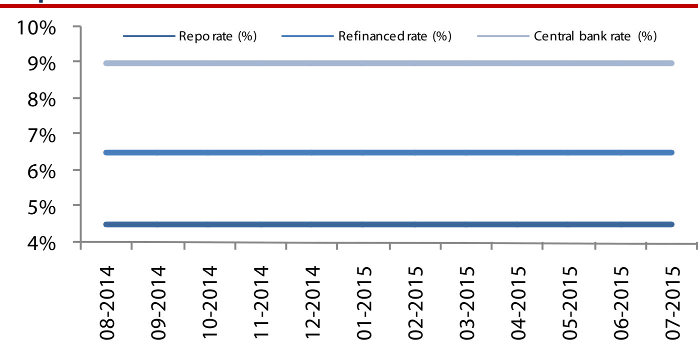
Sources: GSO. Rongviet Securities database

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
MAC – Bigger Propellers, further waters	Aug, 7th 2015	Buy – Long term	17,600
NT2 - Growth in stability	July, 30th 2015	Buy – Intermediate term	30,200
FMC - Leaping in overseas waters	July 23rd, 2015	Accumulate – Intermediate term	27,000
SVC - Firing up the engine	July 20th, 2015	Accumulate – Intermediate term	24,100
LCG - A new cycle begins	July 16th, 2015	Accumulate – Intermediate term	9,500

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	21/07/2015	0% - 0.75%	0% - 2.5%	11,817	11,748	0.59%
VEOF	21/07/2015	0% - 0.75%	0% - 2.5%	9,945	10,100	-1.53%
VF1	31/07/2015	0.2% - 1%	0.5%-1.5%	23,561	23,582	-0.09%
VF4	29/07/2015	0.2% - 1%	0%-1.5%	10,715	10,752	-0.34%
VFA	31/07/2015	0.2% - 1%	0%-1.5%	7,606	7,606	0%
VFB	31/07/2015	0.3% - 0.6%	0%-1%	12,282	12,260	0.18%
ENF	24/07/2015	0% - 3%	0%	11,626	11,557	0.60%
MBVF	30/07/2015	1%	0%-1%	10,578	10,626	-0.45%
MBBF	29/07/2015	0%-0.5%	0%-1%	12,300	12,295	0.04%

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