SEPTEMBER

ADVISORY DIARY

28

MONDAY

"BCI and FMC update"

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- **BCI - Wind of change comes from new shareholder structure**
- **FMC update and news on USD deposit rate adjustment**

BCI - Wind of change comes from new shareholder structure

Last week, **KDH** has been announced as a major shareholder of **BCI** with total holding of 20.41% chartered capital. Both BCI and KDH are well-known real estate developers. A potential M&A between two companies has been discussed among investors recently.

KDH is a real estate company which has experience in developing apartments, townhouses and villas mainly in the Eastern Saigon (District 2, District 9). Busisness strategy of KDH has seen significant changes since Dragon Capital, Vina Capital, Saigon Asset Management etc. became its shareholders. The company recorded a noticeable gross profit of VND102.1 billion in 2014 while 1H2015 net profit remained unchanged. At AGM meeting, **KDH** showed its plan to accumulate more land banks in order to increase number projects in upcoming years.

BCI, as we have mention in AD dated on 15/07/2015, is a big player in real estate market thanks to its enormous land banks in Ho Chi Minh City (>=300ha). For FY2015, BCI targeted to record net revenue of VND379.2 billion (+57% y-o-y), in which (1) RA Phong Phu 4 (VND80 billion), (2) remaining of Nhat Lan 3 apartment projects (VND40 billion), (3) land lease and services (VND90 billion) and (4) transferring of land lot on East-West Highway and Nhat Lan 5 (VND150 billion) will be main contributions. The corresponding NPAT is expected to be around VND120 billion (+23% y-o-y). Positive as the plan is; however, profit in FY2015 is mainly contributed by old projects while new projects have yet shown much progress.

Taking into consideration of two companies' plans, we are able to understand more deeply strategy of this deal. Firstly, **KDH** with its experience in middle to high-class projects can supplement for **BCI** which only has competitiveness in large, cheap land banks without much value added. Secondly, BCI is only known for its stable operation; on the other hand, KDH is very active in following market trend as well as customers' need to introduce highly competitive projects such as Mega (Mega Residence, Mega Ruby, Mega Village etc.). Last but not least, competition becomes tougher and tougher when more players are participating in Easter Saigon market. In contrast, supplies are not abundant in West and South-West of the city including Nha Be, Binh Chanh and District 8 and so are the prices. Our analyst believes that KDH will "blow new winds" to BCI's current operation to hepl BCI maximize its competitiveness.

FMC update and news on USD deposit rate adjustment

Contrary to last week, Vnindex and HNXindex closed the week's first session down 5.5 points (or 0.99%) and 0.66% respectively. Market liquidity measured by total trading value on both bourses remained low at VND1,566.65 billion. The selling pressure from foreign investor group on banking stocks and other bluechips like HPG, GAS and VCB kept both indices in hold.

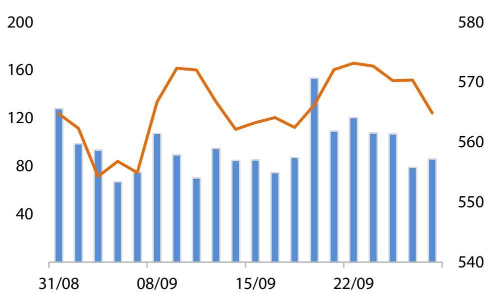
With above negative movement, our industry analyst shared some updates on last week **FMC**'s special general meeting . At the meeting, FMC's BOD officially accepted plan to pay 50% dividend in 2014 and lift their chartered capital to VND 300 billion. That additional capital will be raised by issuing rights offering to purchase at proportion of 2:1 at a subscription price of VND10,000/share. We find that price is so attractive comparing to its current market price of above 2x. Otherwise, business prospect of this year is quite positive with Q3's PBT estimated at VND 45 billion and revenue at merely USD 40 million. Based on accumulated business results, we think that figure of USD 40 million is reasonable thank to (1) USD 0/kg in term of POR9 provides advantages for FMC in US market, (2) impact of new policy on many new market such as EU, Canada. However, we remain some concerns on estimated profit of Q3, VND 45 billion. FMC closed at VND24,600/share, up 1.7%. *Other updates on Q3's business result will be presented in our next Ads.*

For macro- news, the State Bank of Vietnam just announced the Decision1938/QĐ-NHHN (25/9/2015) regarding the rate adjustment for USD deposit. Particularly, USD deposit from institutional clients will receive a" zero rate" as to the previous "0.25% per annum". That for individual USD depositors falls to 0.25%/year from 0.75%/year.

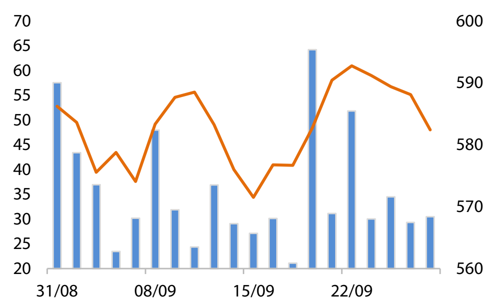
RongViet Research believed the latest SBV move is to encourage the transition of deposit in USD to VND especially for individual depositors. The interest gap between USD and VND deposit has been widened by an additional 50 basis points to make VND deposit more attractive at the time being to USD. However, given the likely depreciation of VND against USD in the years ahead, the effect of SBV's latest monetary action would be short lived. For enterprises, this rate adjustment would not likely have material impacts as majority of USD deposit from institutional clients would schedule for machinery and raw material purchases.

In the money market, some commercial banks have recently increased their long-term deposit interest rate. This could affect the SBV's directions on monetary operations with lowering loan deposit interest rate. Therefore, it seems that new policy will likely indirectly lessen the risk of an escalation of the interest rate. ***However, we also suppose that this policy will unlikely have a major effect on currency exchange rate.***

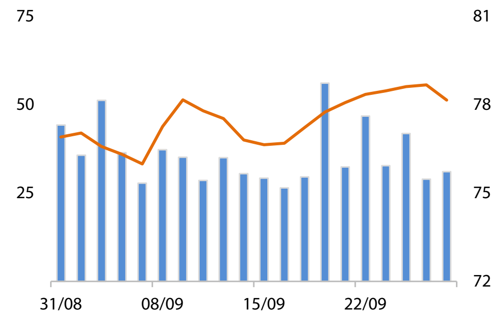
VNINDEX	-0.96%	564.88



VN30	-0.97%	582.42

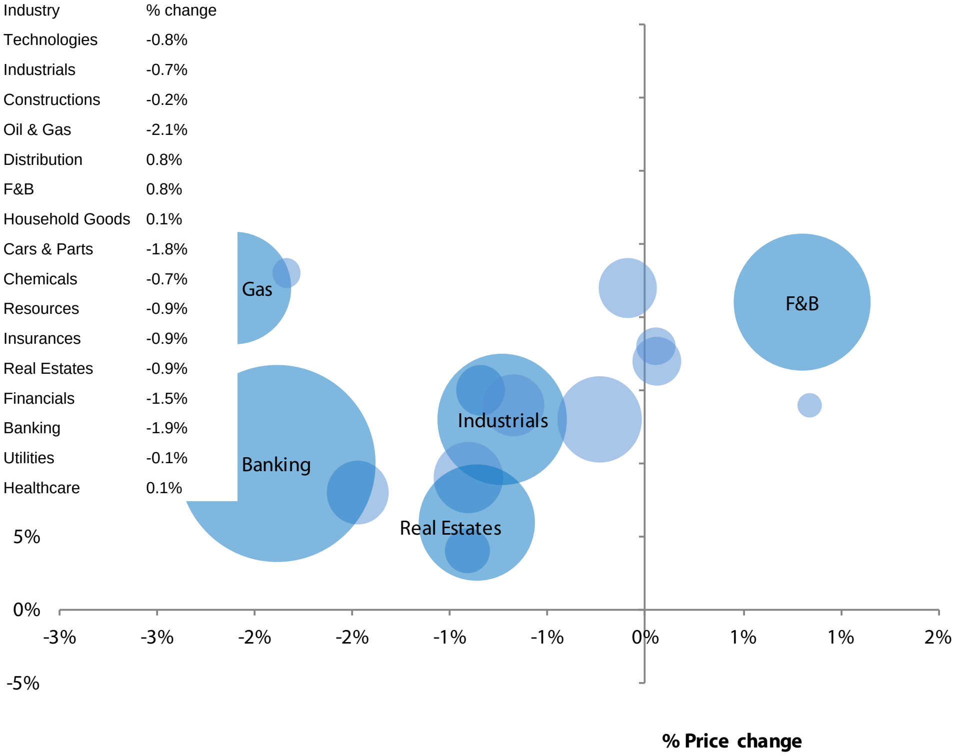


HNXINDEX	-0.66%	78.15

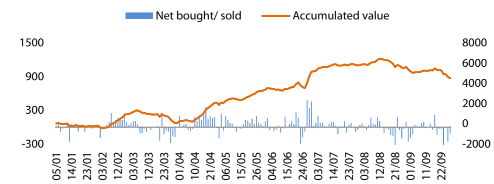


Industry Movement

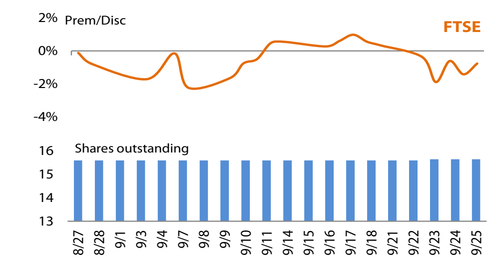
Industry	% change
Technologies	-0.8%
Industrials	-0.7%
Constructions	-0.2%
Oil & Gas	-2.1%
Distribution	0.8%
F&B	0.8%
Household Goods	0.1%
Cars & Parts	-1.8%
Chemicals	-0.7%
Resources	-0.9%
Insurances	-0.9%
Real Estates	-0.9%
Financials	-1.5%
Banking	-1.9%
Utilities	-0.1%
Healthcare	0.1%

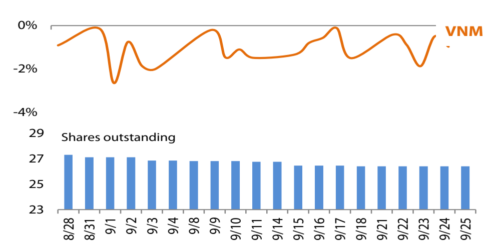


Foreign Investors Trading



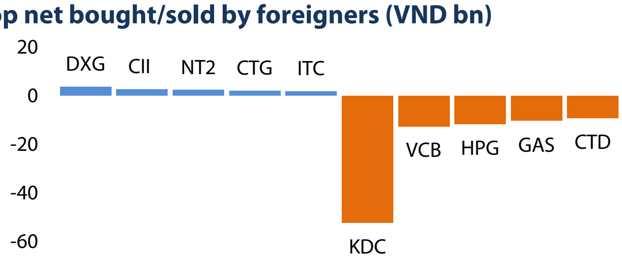
ETF



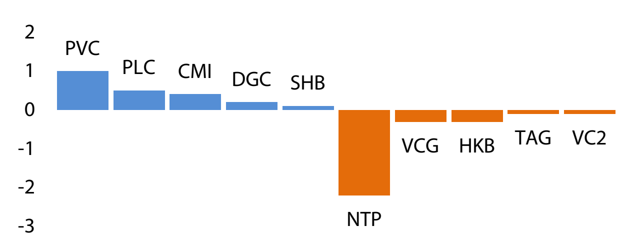


Top net bought/sold by foreigners (VND bn)

HSX



HNX



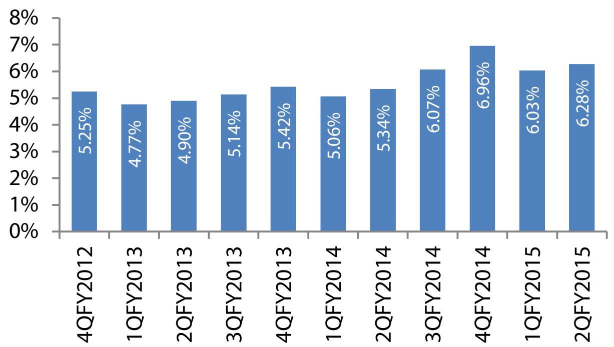
Top Active

Ticker	Price	Volume	% price change
FIT	9.5	3.54	-4.0%
FLC	6.5	3.09	-1.5%
SSI	23.8	2.83	-2.5%
GTN	13.0	2.73	0.0%
VHG	8.1	2.41	-2.4%

Ticker	Price	Volume	% price change
KLF	4.4	2.83	-2.2%
PVS	21.2	1.74	0.0%
SHB	6.8	1.67	0.0%
VND	12.8	1.60	-3.0%
TIG	9.5	1.33	-6.9%

MACRO WATCH

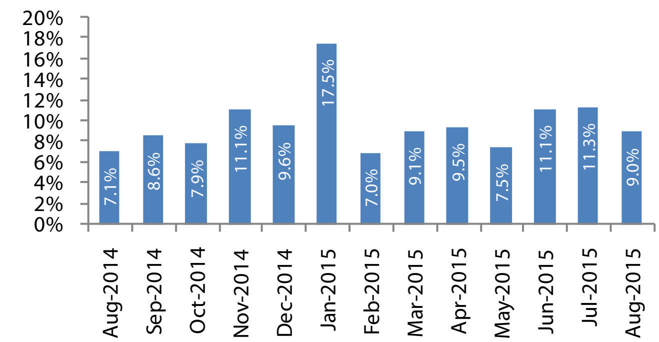
Graph 1: GDP Growth



Sources: GSO. Rongviet Securities database

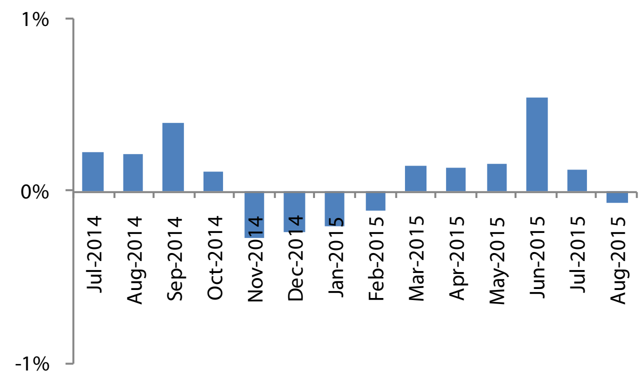
(*) Comparision price in 1994

Graph 2: IIP



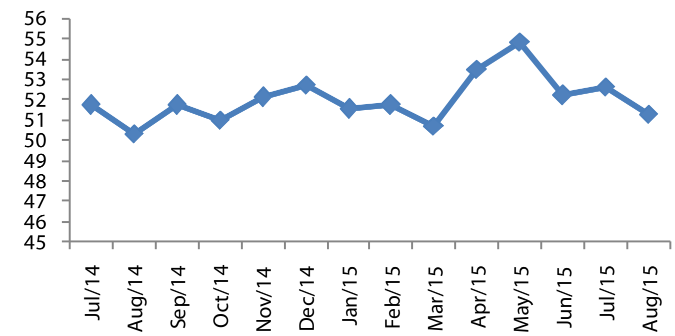
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



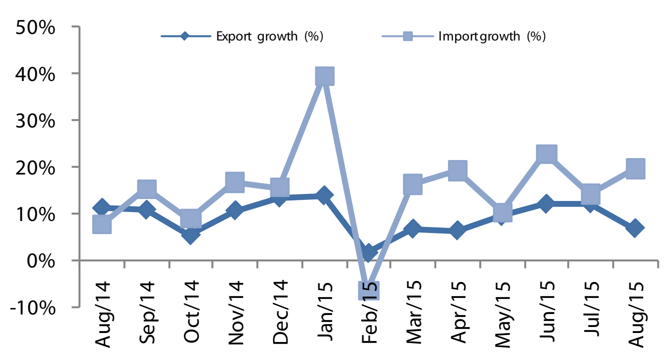
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



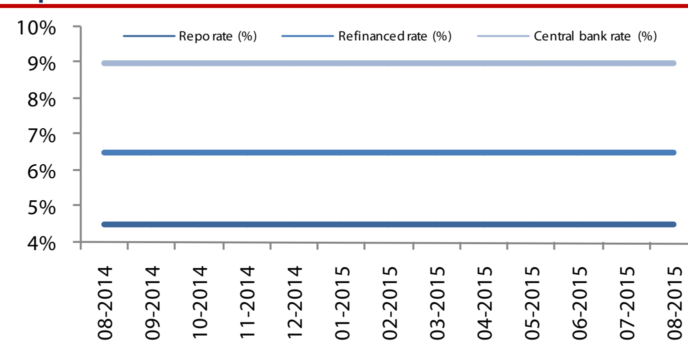
Sources: GSO. Rongviet Securities database

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
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
MAC – Bigger Propellers, further waters	Aug, 7th 2015	Buy – Long term	17,600

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	22/09/2015	0% - 0.75%	0% - 2.5%	11,900	11,880	0.17%
VEOF	22/09/2015	0% - 0.75%	0% - 2.5%	10,156	9,884	2.75%
VF1	25/09/2015	0.2% - 1%	0.5%-1.5%	22,966	22,939	0.12%
VF4	24/09/2015	0.2% - 1%	0%-1.5%	10,255	10,231	0.23%
VFA	25/09/2015	0.2% - 1%	0%-1.5%	7,217	7,040	2.52%
VFB	25/09/2015	0.3% - 0.6%	0%-1%	12,361	12,329	0.26%
ENF	18/09/2015	0% - 3%	0%	11,326	11,348	-0.19%
MBVF	17/09/2015	1%	0%-1%	10,391	10,408	-0.16%
MBBF	16/09/2015	0%-0.5%	0%-1%	12,336	12,331	0.04%

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