JULY

06

MONDAY

ADVISORY DIARY

- **HT1 – 2Q2015 result updated**
- **Cash flow made its new "landing"**

"Cash flow made its new "landing""

HT1 – 2Q2015 result updated

In the first 6 months of 2015, cement consumption in the domestic market was estimated at 25.97 million tons (+ 106% y-o-y). For the next 6 months of 2015, the market of construction materials will usually be better thanks to stronger construction demand. In this context, we would like to share with our valued investor information about Ha Tien 1 Cement JSC (HSX: HT1).

Core business of HT1 was positive as volume of production increased 18% y-o-y, estimated at 2.685 billion tons of cement and 300 thousand tons of clinker. This is considered as a main driver of revenue growth (+19%, estimated at VND3,939 billion) and increasing of gross profit margin (+44% y-o-y) of HT1. Thus, by the end of 2Q2015, bottom line of HT1 is expected to record VND422.92 billion (a significant growth of 308.59% y-o-y).

Concerning about suspension of Thu Duc grinding terminal, Ms. Huong Pham, our industry analyst believes that such suspension will not affect business result in upcoming periods. She explains that the new Phu Huu grinding terminal can cover capacity for Thu Duc plant while other terminals can still operate with higher capacity (120% - 150% of designated capacity) to meet current sales situation amid no signs of sudden growth in cement demand.

Table 1: Estimations of some key business criteria of HT1

	2Q2014	2Q2015 (E)
Net sales	3,305.71	3,939.74
Gross profit	627.66	906.14
Gross profit margin	19%	23%
Financial income	12.77	197.16
Financial expense	408.59	287.32
NPAT	13.275	422.92

Source: HT1, RongViet Research

Regarding to financial activities, in contrast to FX gain of VND183 billion in Q1 thanks to EUR/VND depreciation, HT1 is estimated to record a FX loss of VND62 billion due to appreciation of EUR/VND. However, accumulation of 6 months in 2015, HT1 made a total profit of VND120 billion from volatility of EUR/VND. According to detailed analysis of Ms. Huong Pham, total long-term debt value of HT1 is about VND5,300 billion, of which is quoted in term of EUR56 billion. Therefore, business operation of HT1 still bears many risks from EUR/VND exchange rate fluctuation.

Table 2: Some criteria of business valuation for listed cement companies

	HT1	BCC	BTS	HOM
P/E	12.96	5.24	4.17	9.67
P/B	1.82	0.92	0.87	0.53
EV/EBITDA	7.69	4.92	4.66	5.17

Source: HT1, Stoxplus, RongViet Research

Our analyst shows a positive view in business prospect for the rest of 2015 and forecasts an increase of 20% in revenue. At the current price level, the P/E, P/B and EV/EBITDA ratios are 12.96, 1.82 and 7.69 respectively, which are higher than those of industry peers. Despite optimistic estimated long-term prospect, our industry analyst does not recommend buying at current price.

Cash flow made its new "landing"

Cash flow continued showing its strength today when it helped two indices closed at green prices.

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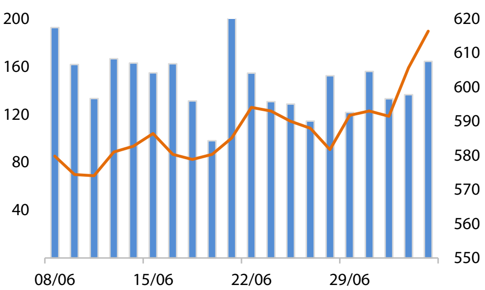
Both the VN Index (+1.43%, closed at 625 points) and HNX Index (+2.01%, closed at 89 points) pushed higher today to the total turnover of nearly VND4,000 billion. Market breadth was positive overall with rising stocks distributing in different market cap groups. HCMC market had 142 advancers to 71 decliners while Hanoi market had A/D ratio of 114/86. The confidence and excitement of buyers inject cash flow into the market, which is an import condition to keep momentum of indices in general and VN Index in particularly spurring over the resistance zone 620 – 625.

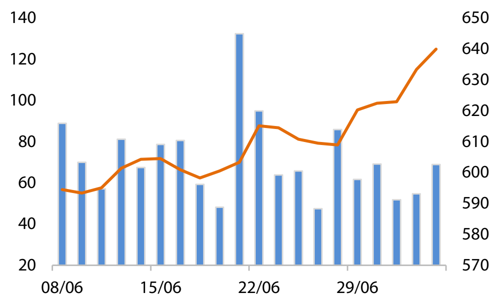
According to our observation, today session did not show many differences from last week sessions where there was divergence in price between leading and other sectors. The only difference was that the cash flow did find a new "landing zone": the Oil & Gas industry. The very first session of July saw sharp upwards of many stocks in this sector such as PVD (+6.4%), PVS (+6.0%), GAS (+2.4%) and PVC (+3.9%). Banking and Securities stocks did not absorb strong money inflow as they did in previous sessions but were still positively traded.

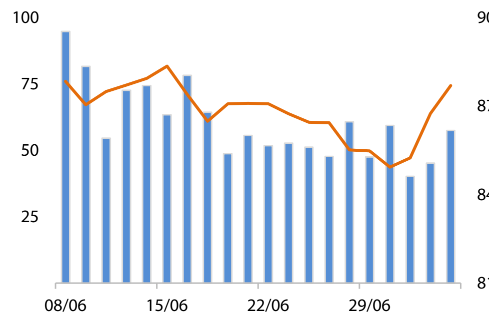
Main factor for active trading of Oil & Gas stocks today was a compilation of good news such as Government approval of PVN's submission to remain current capitals in member companies, 2Q2015 positive business results and promising lot B - O Mon project creating new opportunities for companies in this sector. However, our industry analyst comments that the capability of this project is a long term story in 2016. Currently, movement of oil price is still a key factor affecting prices of Oil & Gas stocks. Therefore, long position for stocks of this sector is only recommended when market volatility create chances to buy at low prices to minimize risk.

For stock market outlook in July, we would like to invite investors to delve into our **"Investment Strategy July 2015 – "Stock selection weighs as enthusiasm boils""**.

VNINDEX	1.43%	625.22	VN30	1.51%	649.54	HNXINDEX	2.02%	89.47

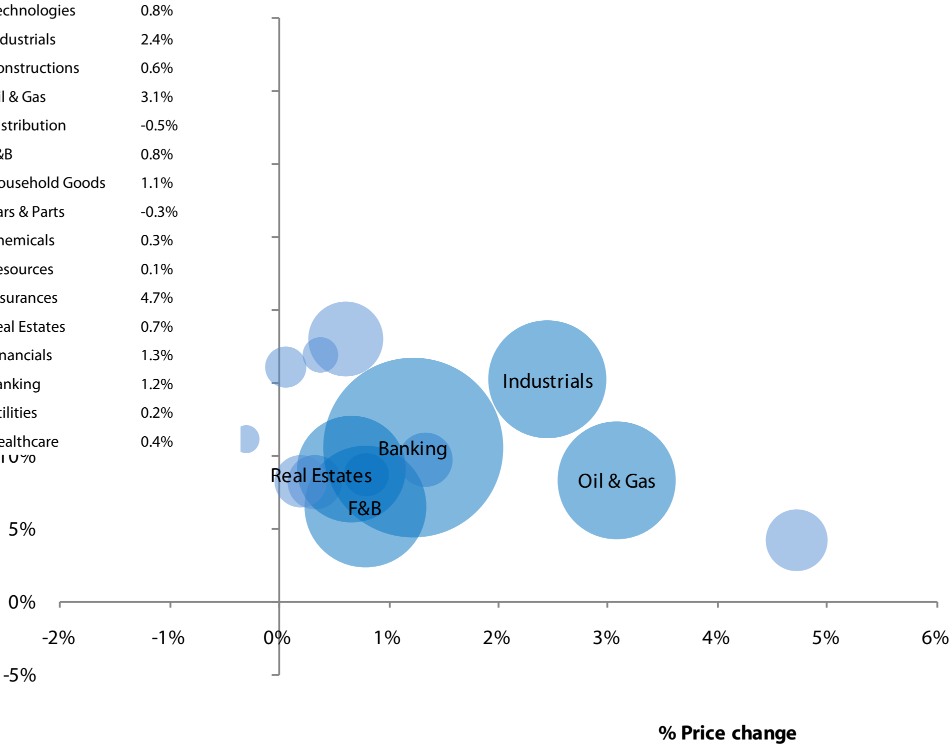




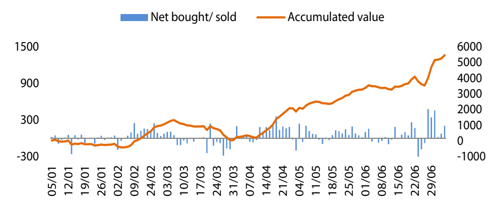


Industry Movement

Industry	% change
Technologies	0.8%
Industrials	2.4%
Constructions	0.6%
Oil & Gas	3.1%
Distribution	-0.5%
F&B	0.8%
Household Goods	1.1%
Cars & Parts	-0.3%
Chemicals	0.3%
Resources	0.1%
Insurances	4.7%
Real Estates	0.7%
Financials	1.3%
Banking	1.2%
Utilities	0.2%
Healthcare	0.4%



Foreign Investors Trading



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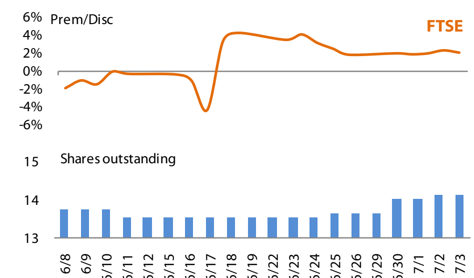
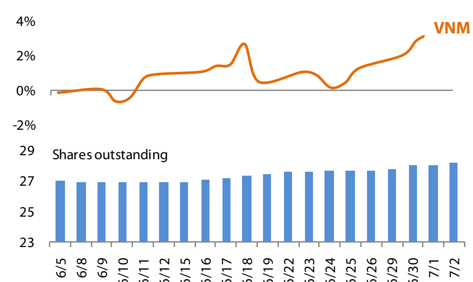
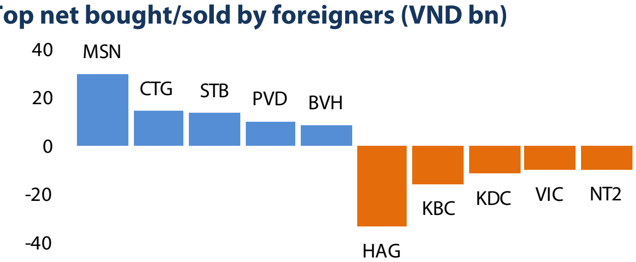


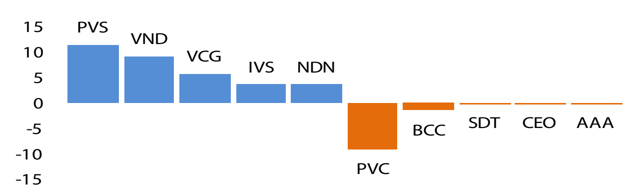


Top net bought/sold by foreigners (VND bn)

HSX



HNX



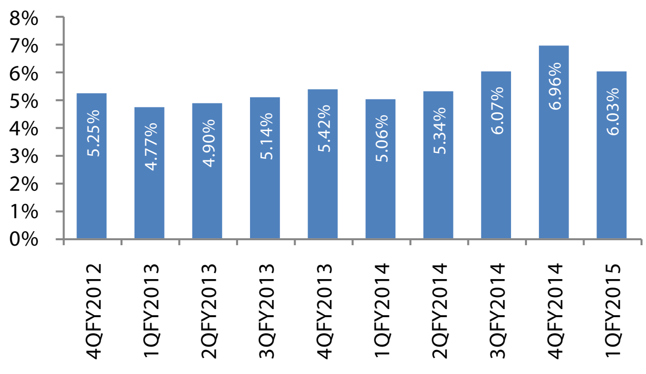
Top Active

Ticker	Price	Volume	% price change
JVC	9.2	9.34	7.0%
FLC	8.6	8.98	0.0%
KBC	16.8	7.43	6.3%
SSI	26.5	6.33	1.9%
OGC	2.7	5.82	-3.6%

Ticker	Price	Volume	% price change
SCR	8.9	5.37	3.5%
PVX	4.3	5.11	7.5%
PVS	30.0	5.09	6.0%
KLF	6.9	3.97	-1.4%
FIT	12.7	3.57	-0.8%

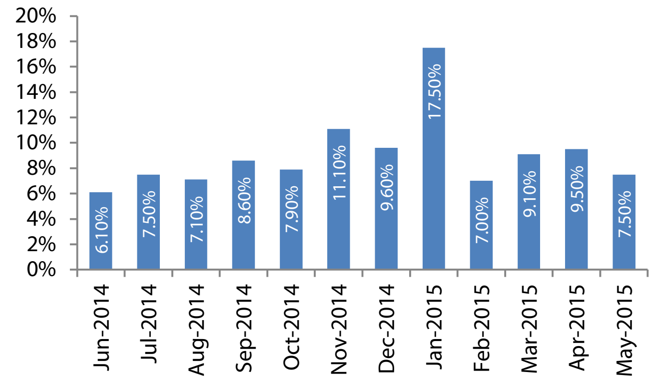
MACRO WATCH

Graph 1: GDP Growth



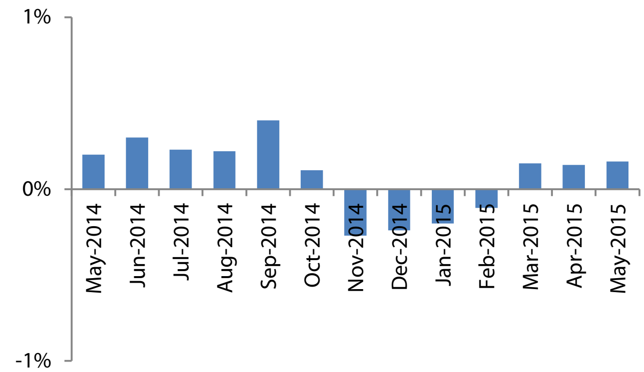
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



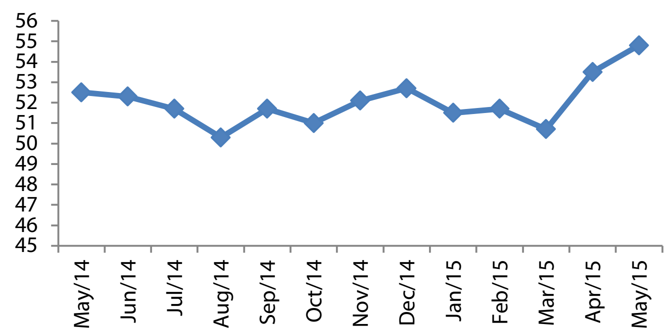
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



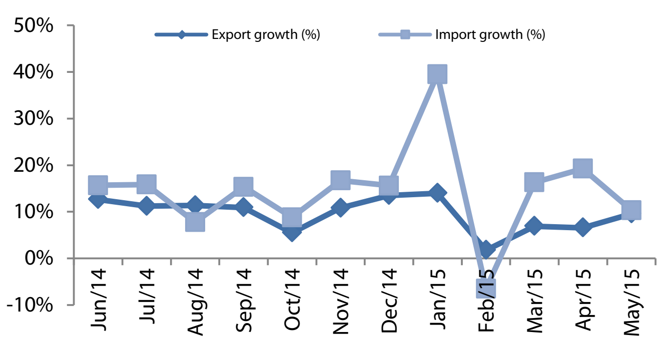
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



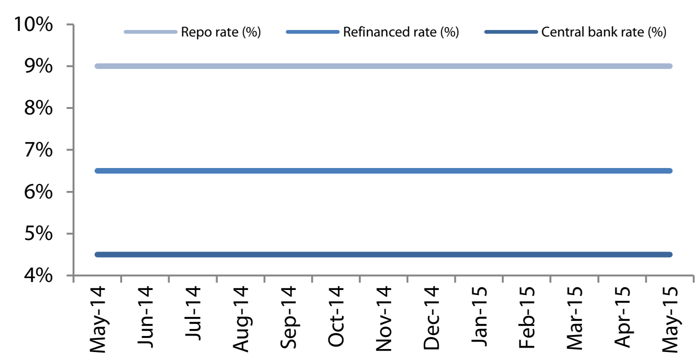
Sources: GSO. Rongviet Securities database

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
SKG - Growing alongside the pearl island	June 24th, 2015	Buy – Long term	64,300
VTO-Profitability sets for steady improvement	June 22th, 2015	Monitor	
MWG - Optimistic business outlook in 2015	May 25th, 2015	Buy – Intermediate term	101,000
FPT - Positive recovery in the technology business	May 12th, 2015	Accumulate – Long term	60,900
GSP- Heading for a new growth period	May 11th, 2015	Accumulate – Long term	16,600

Please find more information at http://vdsc.com.vn/tabid/149/language/vi-VN/default.aspx

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	16/06/2015	0% - 0.75%	0% - 2.5%	11,620	11,627	-0.06%
VEOF	16/06/2015	0% - 0.75%	0% - 2.5%	9,740	9,463	2.93%
VF1	19/06/2015	0.2% - 1%	0.5%-1.5%	21,904	21,861	0.20%
VF4	17/06/2015	0.2% - 1%	0%-1.5%	9,736	9,678	0.59%
VFA	19/06/2015	0.2% - 1%	0%-1.5%	7,289	7,312	-0.32%
VFB	19/06/2015	0.3% - 0.6%	0%-1%	12,167	12,170	-0.02%
ENF	12/06/2015	0% - 3%	0%	11,156	11,006	1.36%
MBVF	18/06/2015	1%	0%-1%	10,551	10,541	0.09%
MBBF	17/06/2015	0%-0.5%	0%-1%	12,120	12,139	-0.16%

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