Investment Strategy July 2017

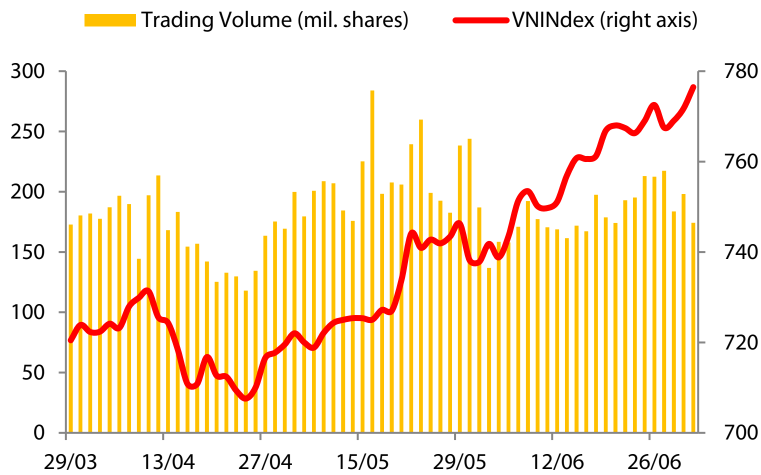
1H2017 Earning Release Season

Expecting on the Directive 24/CT-TTg and the Bad Debt Resolution, the Vietnam stock market continued to conquer new high as VNindex closed at 776.47 (+5.2%) and HNindex reached 99.14 (+5.6%) approaching the end of-June. As the market continued to advance, it is not surprised that both buyers and sellers start becoming more risk adverse. As a result, market liquidity decreased to VND 3,563 bil (-19.1% MoM). Despite cautious action of domestic investors, foreign investors' sentiment remained positive shown by the 6 month-accumulated net bought value of VND 9,200 bil. Foreign participants included not only institutional and retail investors but the ETF as well. So, Vietnam stock market has witnessed a return of off shore money in 1H2017 after a net withdrawal a year before.

Monetary market enjoyed favorable conditions in the first six months. In particulars, while the State Treasury fulfilled 69% of their Government bonds issuance, the actual disbursement of public capital was significantly lower than target. Funding source from Government bonds has temporarily come back to the economy. That, in turn, increased bank liquidity to support lending activities the context of slower deposit growth. Therefore, we think this has been the key reason for ample liquidity in the stock market in 2Q2017.

VN-Index has recorded a strong year-to-date growth of 16.8%. Therefore, it is understandable that the market now is dominated by conservative investor's sentiment. At the meantime, Vietnam market's relative valuation is trading at 16.3-16.5 times earnings in June which is considered not expensive. However, given rapid market development in 1H2017, investors would need time to adjust themselves to the new valuation level of the market.

For July, we believe that VNIndex and HNIndex could fluctuate in a narrow band. Market liquidity is not likely to surge rapidly as enterprises enter in busy mid –year production season requiring increasing demand for capital. Therefore, we expect average trading value in both exchanges would likely move between VND 3,200 billion and VND 3,800 billion in the upcoming months.



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Please see penultimate page for additional important disclosure

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Continuous market advance in 1H2017 saw many sectors and stocks experience great gains. Majority of investors therefore could have found more profitable opportunities in the first six month of 2017 than in 2016's same period. We think that a decline of liquidity in June was understandably caused by investors' prudent action rather than a cash-withdrawing signal after both VNIndex and HNIndex successfully broke out of multi -year high level. As a result, it is quite unlikely that the market would see a significant correction in July. However, like we said, it would take time for investors to get accustomed to a new level of Vietnam market valuation before VNIndex can conquer the 800 threshold.

The favor of money for leading stocks in 1H2017 resulted in the scenario of rising VNIndex valuation but constituent large- and mid-cap stocks saw little gains. Therefore, we believe there are still opportunities of attractively valued stock with great prospects for investors with a long-term holding horizon. With the earnings seasons unfolding, rumors on company earnings estimate would dominate stocks and stock market in the short-term.

Regarding Q2 outlook, we are optimistic on companies in construction stone, steel, financial services (securities brokerage) industries and stocks with turn around stories. Peak season of projects handover and revenue recognition pushed 1H2017 sales of real estate to record the sector's 5 year highest growth of 3.86% YoY and contributed 0.21% in total GDP growth. Building material providers with construction stone in specific have enjoyed double benefits of higher sales volume and prices. The increase of construction stone prices is more than offset the higher mining costs and resulted in further GPM expansion of construction stone firms. At the same time, increasing input prices while output price remains flat may see profit margins of plastic pipe to contract. Therefore, we are quite conservative on BMP's business results while optimistic on NNC and PTB' earnings prospect. For construction steels, production price index of the metallurgical industry increased sharply at the beginning of the year while input costs were stable in the second quarter (+2.63%QoQ). Therefore, we expect steel and galvanized steel producers to deliver good earnings results in this quarter. Given HSG valuation is fairly priced and short-term share dilution is a concerns of NKG, HPG is the best stock selection in this sector. For real estate sector, we prefer stocks that have a strong project pipeline to develop instead of being motivated by news on one-off transaction profit. Therefore, NLG and HDG are our top picks at this time.

Considering utilities stocks, we reiterate the recovery story of hydro power stocks and the turnaround of PPC as we mentioned previously. In this sector, interested investors should heed on hydro power plants in the South and Central Highland with names in our coverage including REE, PPC, CHP, and SHP. We think other names such as VSH or SJD also enjoyed favorable weather condition in the South since end of last year.

Supported by stable macro environment and Government's push to achieve GDP target, we expect a favorable business environment to carry on. Moreover, stronger consumer confidence in 1H2017 has led to a strong inflation adjusted growth in retail sales of 8.4% YoY in June from 6.2% in the end of 1Q2017. Combined with the low inflation environment and easing monetary policy, we are positive that consumer related sector will experience further growth. Our favorite sectors are banking, logistic, industrial, infrastructure and consumer-related with some specific stocks are VCB, PNJ, DRC, VSC, FPT, ACV, PVT, HTI, and NTC.

48 stocks of RongViet Research (analyzing, discussing with companies) and have analysis and specific evaluation in "Company report" or "Analyst pinboard".

WORLD ECONOMY

- US: Subdued Inflation Prompts Doubts About Further Fed Hikes
- EU: Growth Momentum Stabilizes in Q2 at High Levels
- China: Moderated Economic Growth in Q2

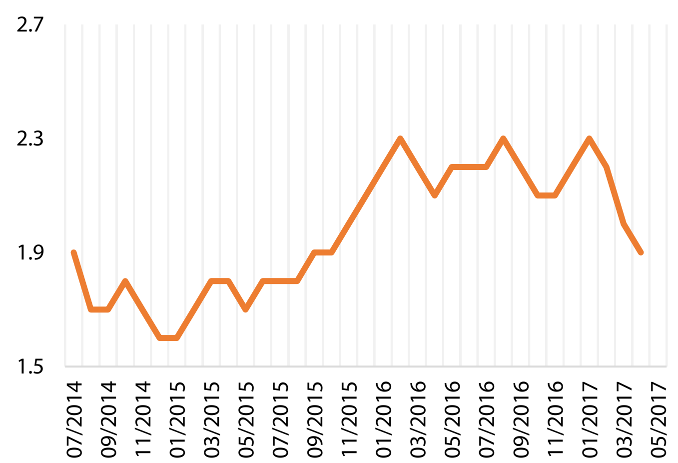
Global growth remains positive in the second quarter of 2017 while inflation remains subdued, particular in the US and EU. It should be noticed that central banks in developed economies are leaning towards tightening. However, as a result of limited inflation, the Fed and ECB are likely to be very gradual in their policy normalization, keeping interest rates and volatility contained. Despite the pickup in US interest rates in June 2017, we think there is not as negative for Vietnam economy as if another interest rates' hike will happen in the second half of the year.

US: Subdued Inflation Prompts Doubts About Further Fed Hikes

The FOMC raised the Fed funds rate 25bp to 1.25% after the June meeting. In addition, the Fed looks eager to move on with both rate hikes and balance-sheet reduction in coming months. The FOMC statement provide the detailed plan to initially reduce USD10 billion of Treasuries and mortgages bonds a month for three months. It is expected to raise the pace by another USD10 billion every quarter, until reaching USD50 billion a month.

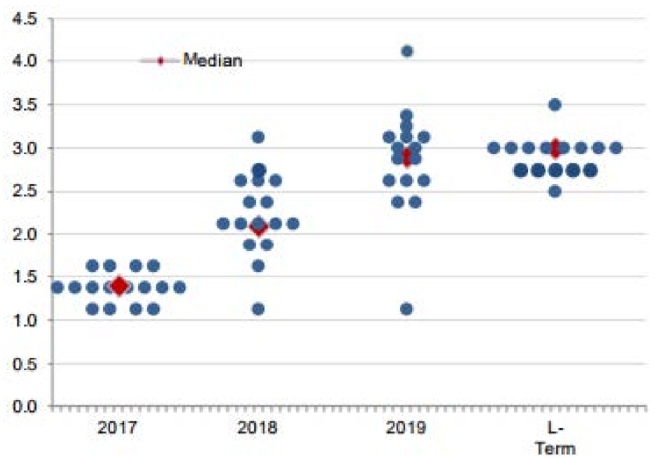
With a sign of more hawkish FED, the USD strengthened but it happened only a short period. At the end of June, the DXY index fell 1.2%. That drop is because observers doubt that the Fed will not be able to move on with the aggressive tightening scheme after the release of May inflation data. Core inflation eased from 1.9% in April to 1.7% in May, the lowest level in two years. The Fed's preferred inflation measure, the PCE deflator, also came in at a weaker 1.5%, well below the Fed's 2% inflation target.

Figure 1: US Core Inflation (Unit: %)



Source: Bloomberg

Figure 2: FOMC Rate Funds Expectations (%)



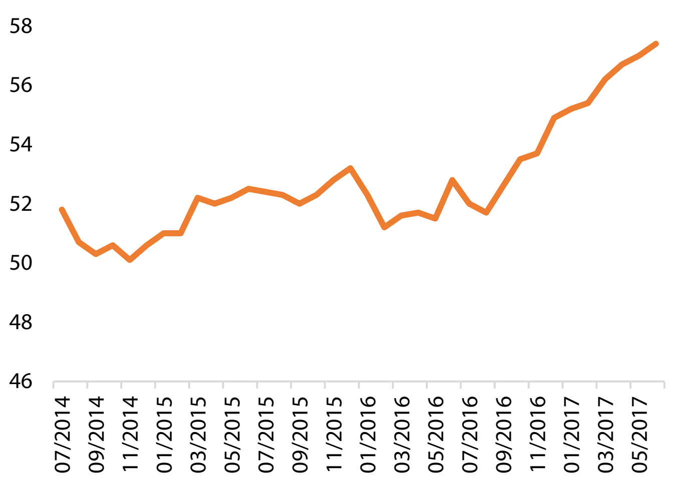
Source: BBVA

EU: Growth Momentum Stabilizes in Q2 at High Levels

Leading economic indicators show that the EU economic recovery gained stream in Q2. The preliminary PMI came in at 55.7 in June, down from 56.8 in May. However, despite a set back, the composite PMI averaged 56.4 in Q2, remained on track for the best quarter since 2011 as business confidence firms in the EU. According IHS Markit, Eurozone GDP growth was on course to accelerate from 0.6% in Q1 to 0.7% in Q2.

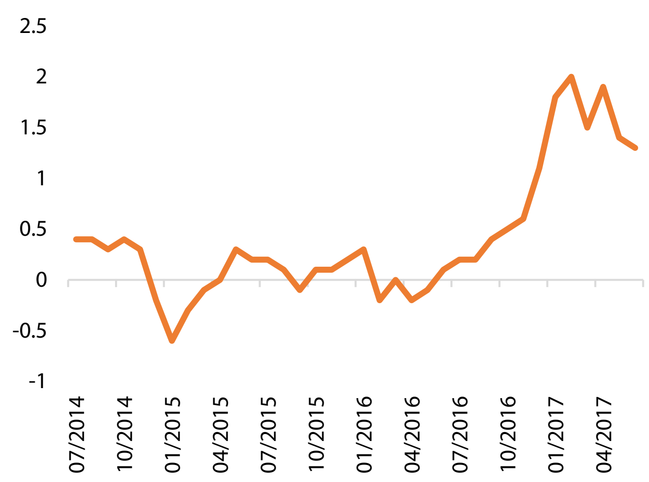
After the June meeting, the ECB no longer expects to cut rates, and may signal a taper in the coming months. However, as same as the US, the inflation outlook was lowered to an extent that makes it impossible for the ECB to start hiking rates any time soon. Inflation eased in May to 1.4% YoY driven by the moderation in energy and services. Core inflation also slowed down (to 0.9% YoY) and remain subdued. As a results, markets have postponed a first 10bp hike from the ECB and are currently pricing this around 2018.

Figure 3: The EU Composite PMI



Source: Bloomberg

Figure 4: EU Inflation Rate



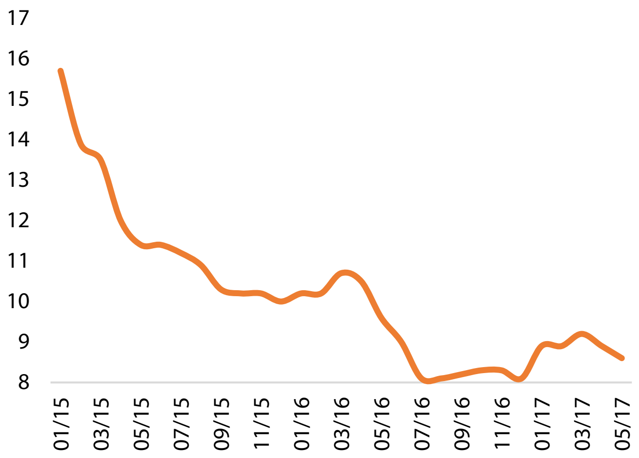
Source: Bloomberg

China: Moderated Economic Growth in Q2

China economy continued its moderation in May. Industrial production maintained at a relatively low growth of 6.5%YoY. In addition, FAI dropped to 8.6% YoY from 8.9% in April, in which, private investment also dropped from 6.9%YoY to 6.8%. However, leading indicators in June suggest an improvement in manufacturing activities. The official PMI rose to 51.7, accelerating from 51.2 in May. Market consensus for China economic growth is at 6.7-6.8%, lower than 6.9% in Q1.

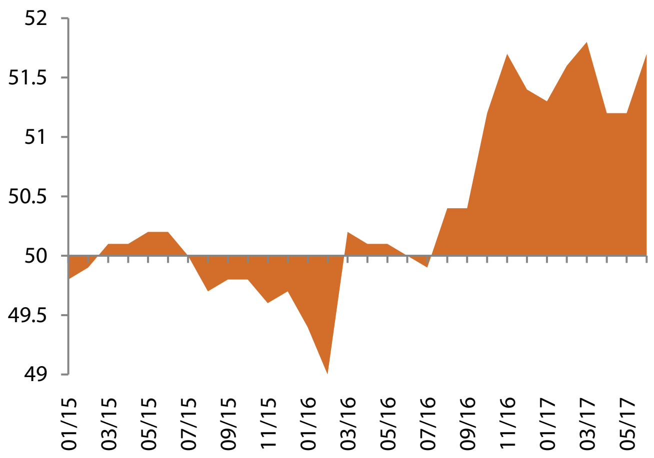
At the moment, the PBoC is implementing prudent monetary policy and tight regulations on banking system. However, the PBoC has decided not to react to the Fed's latest move, keeping the interest rates for its reverse repo operations unchanged (at 2.45% for 7-day reserve repo and 2.75% for 28-day tenor), in contrast to the PBoC's reaction back in March when the Fed last hiked interest rates. After a half year, several changes in China's financial system and market conditions have greatly alleviated the risk of CNY depreciation, and made it much less compelling for the PBoC to track the Fed's monetary policy closely.

Figure 5: China FAI Growth



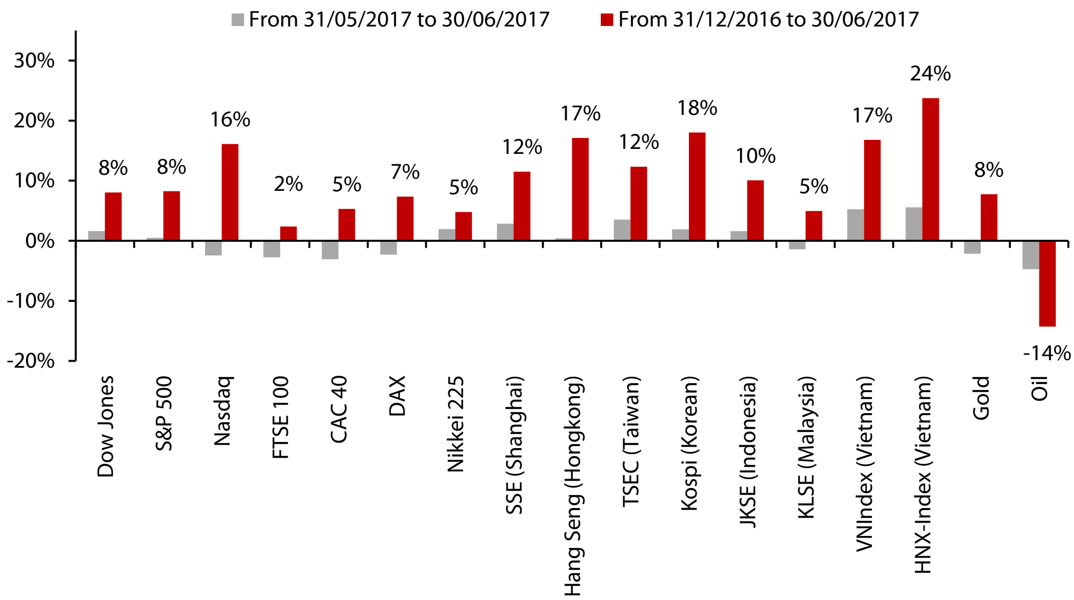
Source: Bloomberg

Figure 6: China Official PMI



Source: Bloomberg

Figure 7: Performance of some major global stock market indexes in June



Source: Bloomberg, RongViet Research

After experiencing April and May quite favorable, the market slightly stabilized in June. However, this slowdown does not affect the profitability from the beginning of the year to this time of world markets.

Looking back to the first half of 2017, the US economy showed a more positive sign as the unemployment rate was low for many years. Evaluating the economy has improved; the FED raised interest rates for the second time this year in mid-June with the announcement of the balance sheet's reduction. The FED's view that the ability to implement monetary policy narrowed did not have much impact on US stock indexes by expectations of a warming economy is a key psychology of investors in this market. The Dow Jones, S&P 500 index rose in June while NASDAQ closed down this month. Accumulated from the beginning of the year, all 3 indexes achieved impressive gains: Dow Jones +8.03%, S&P 500 +8.24%% and Nasdaq +16.11%.

European markets become the focus in the first half of 2017. In previous months, mostly political issues included the election of the French President and the early general election in England. Candidate Marien Le Pen's with the trend of separation from EU did not win, instead, Emmanual Macron who support to stay in the EU. Thus, political uncertainty in Europe has generally decreased but increased in the UK, after May's Conservative Party did not win a majority of seats in the parliament led to a “hard landing” scenario for Britain during the Brexit negotiations. After political points, the European market welcomed Mario Draghi's remarks. Investors are selling aggressively in markets with concerns over Mr. Draghi's remarks that the ECB will narrow monetary policy stimulus. By the close of June, major indices such as FTSE 100, CAC 40, and DAX all fell. Even so, the decline was not enough to lose the positive of capital markets that maintained in previous months.

Investors in Asian markets did not experience many important events. Stable China economy (compared to the last 2 years) seemed to calm investors. Investors also appreciated the President Election result of South Korea. They believe the new President is a positive sign for this country's economy and diplomatic relation with North Korea. Therefore, most of Asian market indices rallied strongly in the first half 2017. HNX-Index of Vietnam was among the best gainers with an upside of 24% and broke out 100 pts after accumulating for 6 years.

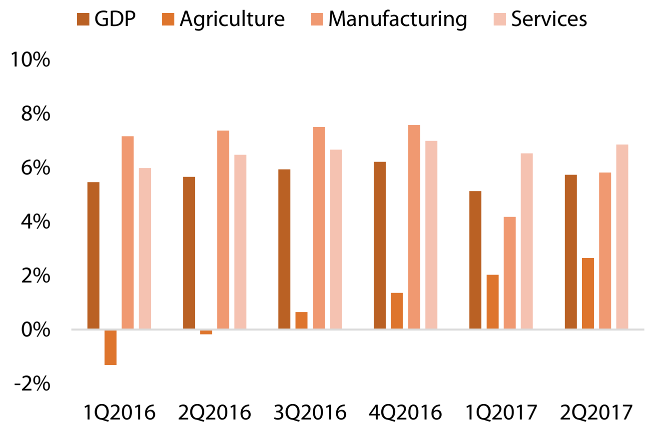
VIETNAM'S ECONOMY IN Q22017: GROWTH IS ACCELERATING

Accelerating in Economic Growth

Vietnam's GDP growth rebounded sharply to 6.17%YoY in Q2, from 5.15% in Q1 thanks to the improvement in both domestic and external demand. Mining sector still recorded a negative growth of 8.2% but the acceleration in three key sectors (agriculture, manufacturing and construction) led to a stronger economic growth.

Assessments: Excluding the negative growth factor in GDP (mining), economic growth in the first half of 2017 was around 6.8%. It is an impressive result compared to other countries in the region. On the other hand, the Government is stepping up efforts to achieve a GDP growth of 6.7% in 2017. To realize that target, the economy must grow at 7.4% in the second half of the year, above the average level of 6.4% since 2013.

Figure 8: Quarterly GDP Growth



Source: GSO

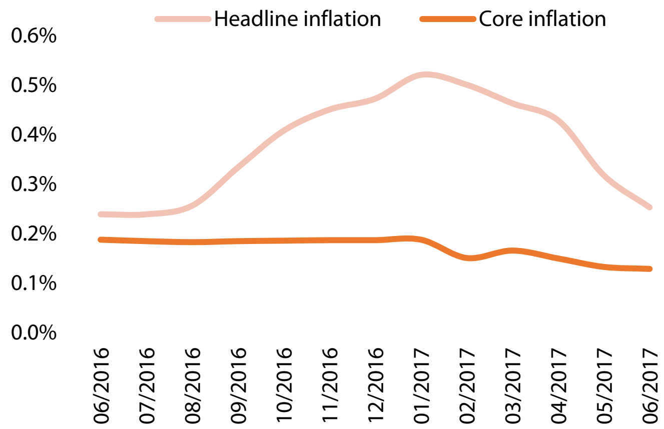
Inflation is gradually easing

Average CPI for 1H2017 increased by 4.15% YoY. Public goods had the highest contribution to headline inflation during 1H. Specifically, the highest increases came from medicine and healthcare because there were an upward adjustments for service costs during March and April 2017. Conversely, food prices index declined 4 months in a row with a negative growth YoY (-3.12%).

Assessments: The food prices weighed significantly on CPI movements in the second quarter of 2017 despite rising costs of healthcare services. More hikes in hospital and medical service rates are underway in the second half of the year. However, we think the subdued food and oil prices are likely to keep a lid on inflation.

Besides, although analysts expect there is room for oil prices to recover in the next few months, we think a below 50$/barrel will continue to support Vietnam macro environment. Low inflation environment could help the Government in easing monetary policy as well as strengthening business and consumer confidence.

Figure 9: Headline and Core Inflation



Source: GSO

New Investments in Coal – burning Power Plants

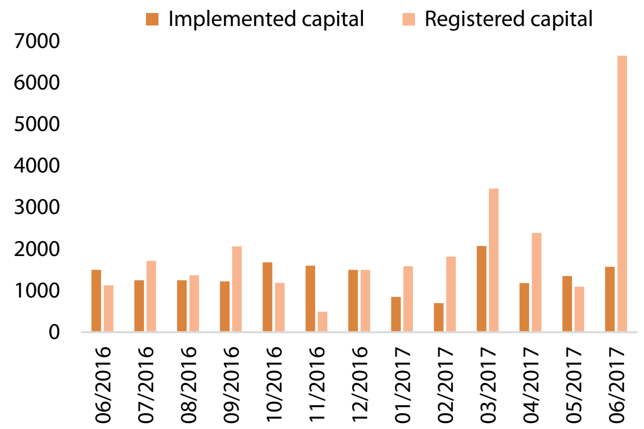
Registered FDI reached USD17 billion in the first 6 months, up 50.5% YoY. Among top 3 FDI projects, there were two coal power plants with total investment value of USD4.8 billion. According to the MPI, the Vietnamese government is set to approve investment licenses for three coal-fired power plants worth a combined USD7.5 billion this year.

Two projects by Japanese and Singapore investors received licenses in June 2017. Each investor would have a 50-percent stake in the plant and commercial operation is expected to start in 2021. Another project is a 1,320 MW plant, Japan's Sumitomo Corp would invest about USD2.64 billion into this plant with an expected starting date of 2022. This project was expected to get its license later this year.

Regarding to disburse FDI, inflow maintained positive with total value of USD7.7 billion, +6% YoY.

Assessments: Coal – burning power will play a key role in Vietnam's energy sector. The electricity output from coal - burning power is expected to account for 49.3% by 2020 and 55% by 2025. With growth of coal power plants, we think the environment costs could be very high in the future.

Figure 10: FDI Capital Inflow (million USD)



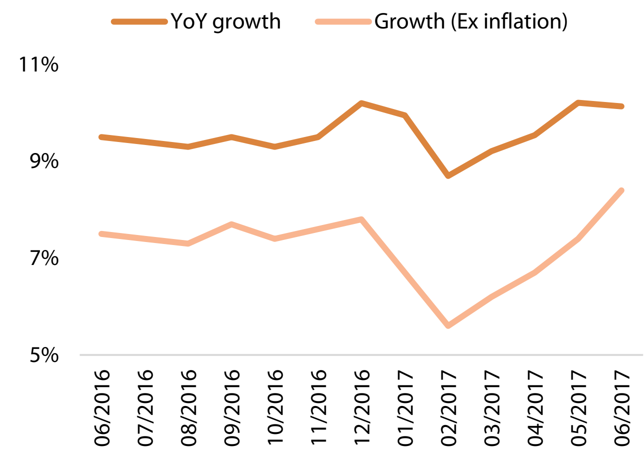
Source: GSO

Retail sales accelerated in the second quarter of 2017

The domestic demand showed a positive improvement with retail sales (adjusted for inflation) growing to 8.4% YoY in June from 6.2% at the end of Q12017. There was a significant gain in retail sector, this sector recorded a growth of 10.2% in the first half of 2017 and was much higher than 7.9% in the same period last year. Retail sector contributes 75% to Vietnam's retail sales, in which, food products grew at the highest pace (10.6%).

Assessments: We think Vietnam consumer confidence is very strong at the moment thanks to the orientation of the Government as well as the easing streak of inflation. Under a disinflation environment, there are a lot of opportunities for retail companies to grow. According to the latest report on Vietnam Income and Expenditure (Euromonitor), Vietnamese consumers enjoy rising incomes and growing expenditure back by steady economic growth. However, a high level of income inequality remains a challenge for businesses, resulting in market fragmentation and hindering middle-class expansion.

Figure 11: Retail Sales Growth



Source: GSO

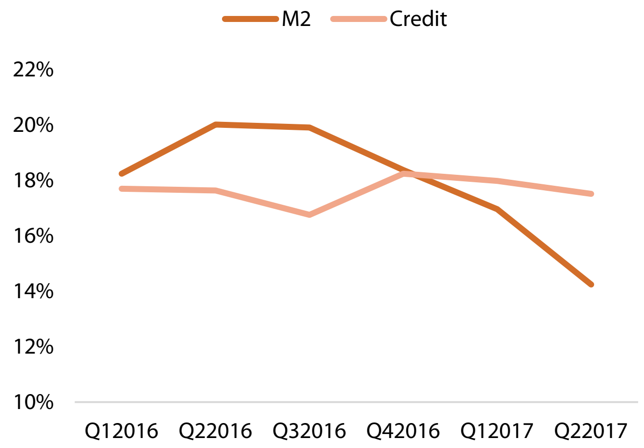
Credit growth is outpacing M2 growth

According to GSO, credit growth was 7.54% as of June 20, 2017, the highest growth in 6 years. In year over year terms, this translates into a 17.5% loan growth, which points to strong credit support for the economy. Lending to real estate sector and the corporate sector (particular in the form of short term lending) was robust. Meanwhile, money supply grew at slower pace (+5.69% YTD compared to an increase of 14.2% in the same period last year).

Abundant liquidity in banking system led to a plunge in interbank interest rates from around 5% at the beginning of the year to 1.98% at the end of June.

Assessments: Policies are expected to remain supportive for lending to the economy in order to sustain economic growth and the SBV will also remain active in managing interbank liquidity.

Figure 12: Loan vs M2 Growth (YoY)



Source: GSO, SBV

VIETNAM MACRO

- Hidden Facts in Macro Picture, Why Are We Concerned About The Real Growth?
- Q2 2017 Business Outlook Considering Macroeconomic Factors
- Stabilized VND in 2H2017

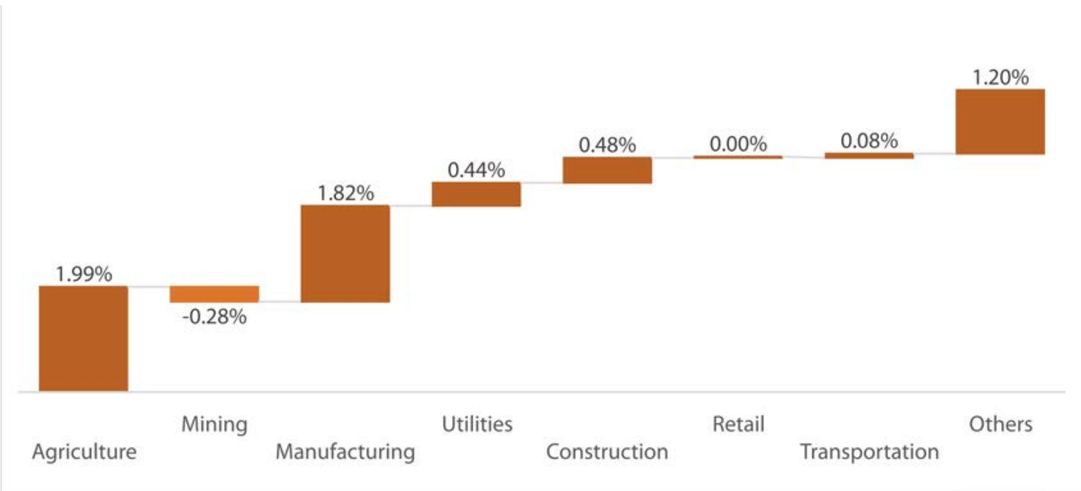
Hidden Facts in Macro Picture, Why Are We Concerned About The Real Growth?

The economy witnessed a breakthrough in GDP growth in Q22017 – the miracle named Formosa. According to GSO, GDP growth in Q1 was adjusted to 5.15%, and there was a big improvement in Q2 with a growth of 6.17% YoY. The gap between the second quarter and the first quarter growth is more than 1%, much higher than the historical data average of 0.3-0.4%. As a result, we guess that the return of Formosa at the end of May 2017 is likely to be a key driver for GDP growth. In 1H2017, manufacturing growth was 10.5%, still lower than the Government's target of 13%. In addition, to achieve the target growth of 6.7% this year, GDP growth must be 7.4% in the second half of the year. Historical data showed that there was no such GDP growth in the same period of the last three years. But somehow, the economy is growing with the miracle named Formosa.

The paradox of Government's capital mobilization and disbursement. The State Treasury successfully mobilized capital from Government bonds in 1H2017. Until the end of June, 2017, the total of capital mobilization reached over VND125,744 billion and completed 69% the task of 2017. Despite total issued value was lower than the same period last year, the wining ratio was higher (reached an average of 81.4% in the last six months). In contrast, the State Treasury was not able to promote the disbursement of public investment capital during 1H. The pace of disbursing public investment capital was very slow, just completed 37.4% the yearly plan. In addition, it should be noticed that the disbursement of G-bonds capital reached only 14.8% the yearly plan. The Government has not broken the bottleneck in public investment yet, therefore, the economic growth would not deviate much from 6%.

Credit growth steadied despite the supportive monetary policy. As we mentioned in the June Strategy Report, credit growth trend is not sustainable during 1H2017. Latest data confirmed that credit growth momentum is likely to be idle in Q2. As of 20/06/2017, total credit of the economy grew at 7.54% YTD, lower than an increase of 8.16% and 7.86% in the same period of 2016 and 2015, respectively. This was also in line with an ample liquidity in banking system when interbank rate dropped from 4.7% at the end of Q1 to 1.98% at the end of Q2. All considered, the Government's desire to boost economic growth through easing monetary policy is still questionable at the moment.

Figure 13: Contribution to GDP Growth by Sector in 1H2017



Source: GSO, RongViet Research

Q2 2017 Business Outlook Considering Macro Perspectives

In Q22017, the metallurgical industry (iron and steel) continued to perform well. Total production and consumption increased by 33.8%YoY and 12.3%YoY, respectively. This was in line with the performance of construction and real estate industries. These two industries grew at 10.2%YoY and 3.99%YoY in the second quarter of 2017, higher than the same period last year.

Production price index of the metallurgical industry increased sharply at the beginning of the year. However, input costs were stable in the second quarter (+2.63%QoQ). This could help earning results for steel and galvanized steel producers in this quarter. In addition, we think investors should not concern much about inventories provision because leading companies showed that they have abilities to deal with raw materials' fluctuation. Our steel analyst think that HSG and POM might have to make adjustments for their inventories while other companies (HPG, NKG, TIS, SMC, etc.) might not.

There was a significant improvement in electronic products industry in the second quarter when both production and consumption growth turned positive to 15.3%YoY and 1.5% YoY, respectively. On the other hand, we are positive about the business results of textile and chemicals companies in Q22017. Combined with the encouraging growth of retail sales and low inflation environment, consumer staples industry (food & beverage) will continue to grow.

Table 1: Production Situation of Some Products in Q2 2017

		Production growth	Price Index (vs Q22016)	Price Index (vs Q12017)	Consumption growth
1	Metal	33.8	10.31	2.63	12.3
2	Electronic products	15.3	-15.74	-6.35	1.5
3	Paper	10.2	-1.35	0.05	8.6
4	Textile	9.9	0.76	0.48	0.9
5	Chemicals	9.2	0.19	0.26	6.7
6	Consumer	8.5	-0.32	0.23	8.1
7	Drinks	8.5	2.31	0.69	5.1
8	Rubber	8.0	2.19	1.12	8.8
9	Electrical equipment	7.7			8.6
10	Wooden	7.5	2.9	0.41	0.9
11	Other means of transport	6.7			13.5
12	Motor vehicles	6.2			10.0
13	Food	5.7	2.48	-0.1	1.2
14	Pharmaceutical	5.4			2.3

Source: GSO, RongViet Research

Stabilized VND in 2H2017

The USDVND exchange rate has stabilized in the last six months, mainly due to the weakened momentum of the USD. The DXY index fell 6.54%YTD, in contrast to the expectation at the beginning of the year. This led to the appreciation of many currencies (except PHP – Philippine Peso). In Vietnam, despite the efforts of the SBV to steadily devalue the VND, amble USD supply in the market led to the small appreciation of VND versus USD. Despite the start of balance sheet unwinding by the Fed near term, we expect a broadly sideways move in USD/VND over the second half of the year for three reasons:

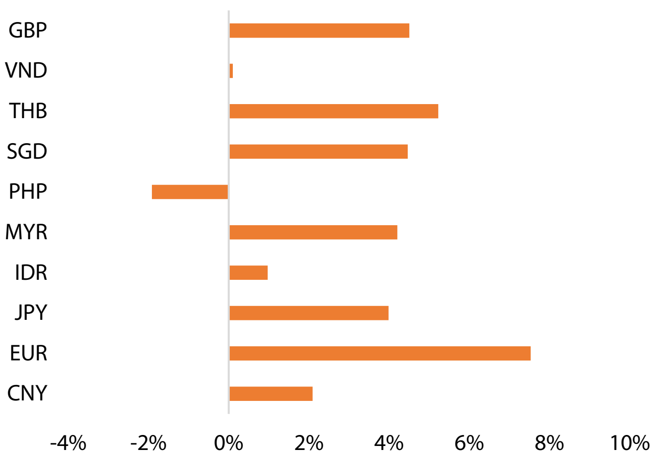
1. In the last 4 months, the gap between free market rate and the official rate has been narrowed. Meanwhile, the SBV adjusted the bid price for a dollar three times during 1H2017. As a result, we suppose that the Vietnam foreign reserves increased dramatically due to

favorable conditions in the exchange rate market, supporting the SBV in controlling any extraordinary volatilities from the external market.

2. Market expectations in global currency movements have changed. In the first 6 months, the confidence in President Trump's fiscal agenda has faded and stimulus will be smaller and deferred in the US. Meanwhile, the Fed looks eager to move on with both rate hikes and balance-sheet reduction near term. However, a downgraded inflation outlook will lead to only gradually normalization, contained interest rates and limited volatility.

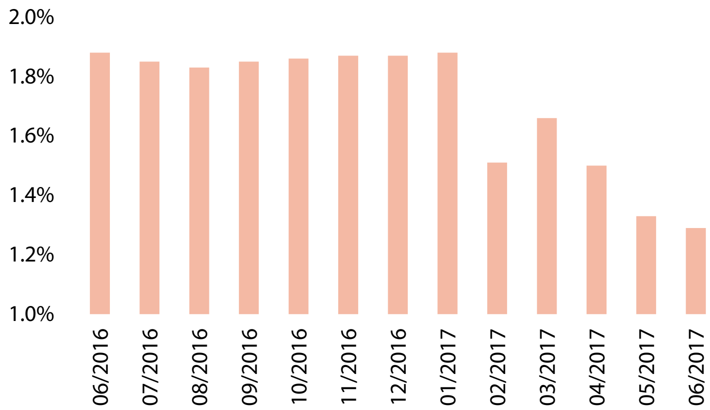
3. The lack of inflation acceleration is supportive for the SBV in managing monetary policy as well as keeping the VND stable. Over the last 6 months, core inflation has increased at just a 1.29% YoY. And, the year-over-year growth rate of the core CPI has declined 58 basis points since the beginning of the year. This enables policymakers to loose monetary policy without concerning about appreciation in the real exchange rate.

Figure 14: Many Currencies Appreciated in 1H2017



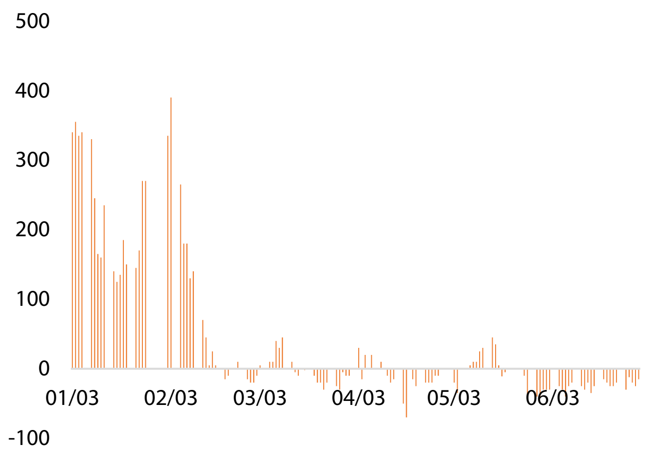
Source: Bloomberg, RongViet Research

Figure 15: Vietnam Core Inflation in The Last 12 Months



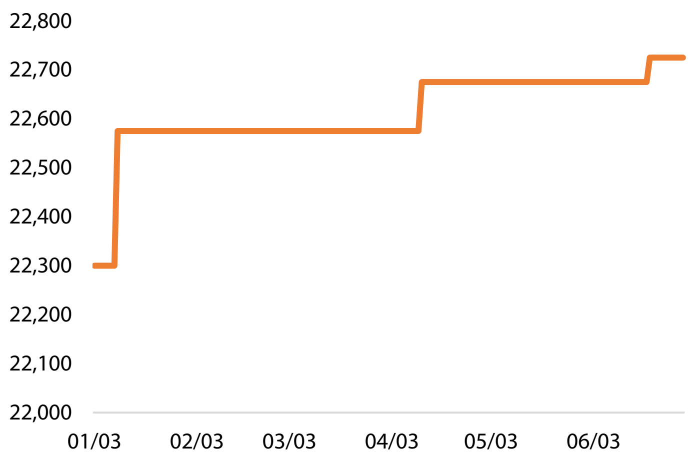
Source: GSO, RongViet Research

Figure 16: The Gap Between Black Market Rate And Official Exchange Rate



Source: FiinPro, RongViet Research

Figure 17: The SBV Bid Price For a Dollar

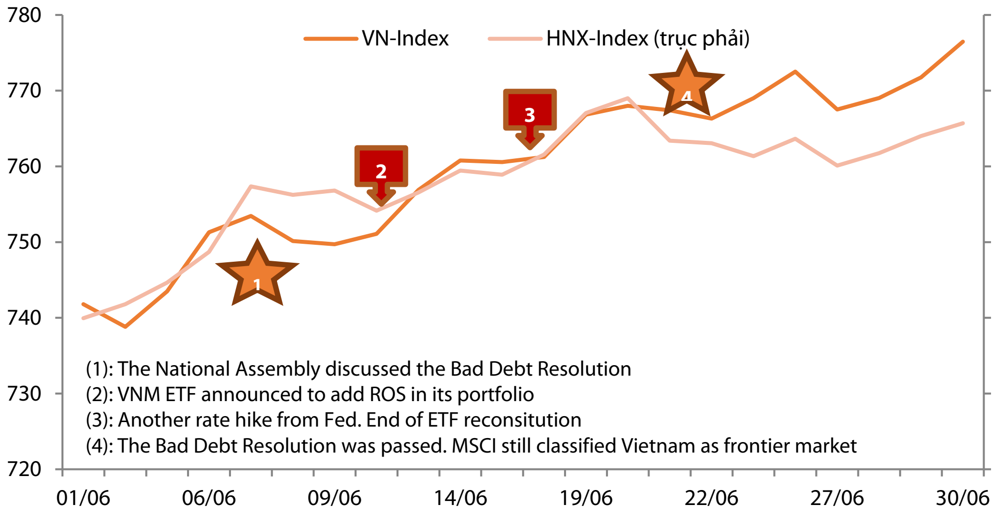


Source: FiinPro, RongViet Research

VIETNAM STOCK MARKET IN JUNE: ADVANCED FURTHER AND FURTHER

The market surged in the first half of June thanks to the lead of PLX and banking stocks, which rallied following the expectation for the Bad Debt Resolution. That momentum continued in the second half of the month despite the fact that the Fed decided to raise interest rate and that Vietnam remained in the MSCI frontier index. **The VN-Index (776.47 + 5.2%) and HNX-Index (99.14 + 5.6%) both closed the month at a new year-high.**

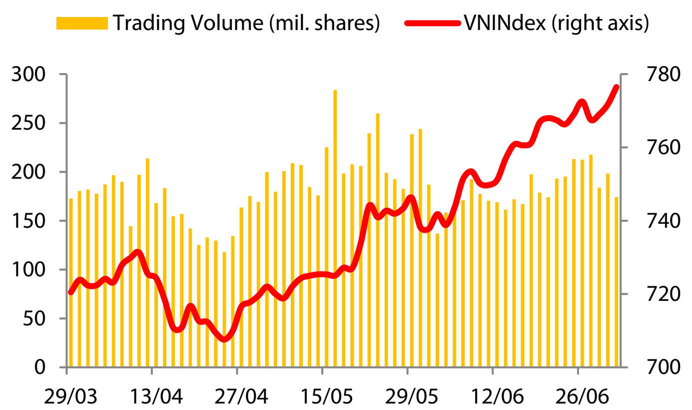
Figure 18: Event chart in June



Source: RongViet Research

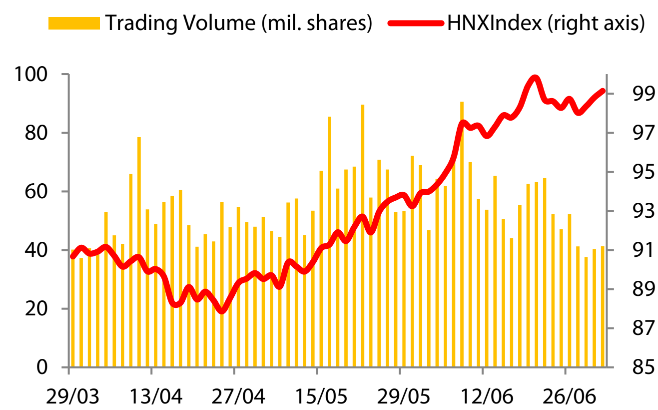
Although the market has entered into an uptrend, there are still concerns regarding its liquidity. In 6M17, the market liquidity plunged on both the HSX and the HNX by 19.1% and 5.4% respectively, equivalent to absolute values of VND839bn and VND34bn respectively. For deeper analysis, we found that the decreased liquidity of ROS (- VND625bn, -66.6%) and mid-caps (-VND187bn, -17.2%) were the main driving forces of this decline; While, the VN-Sml liquidity only increased by 4.5% and the VN-30 liquidity almost unchanged (-0.2%). Even excluding ROS, we figure out that the movement of market liquidity also is not in line with the increase in prices. As such, there is disagreement in the market now.

Figure 19: VN-Index movement in June



Source: RongViet Research

Figure 20: HNX-Index movement in June



Source: RongViet Research

Looking into the difference between buying and selling volumes, we found that there were 12 over-supply sessions in June (vs. 3 in May). For the VN-30 stocks only, the figure was 16, while the supply – demand volumes condition of the VN-Mid and the VN-Sml were in equilibrium. Coupling with the drop in market liquidity, **we believe buyers to consider the market expensive now, particularly in high market-price stocks including the VN-30.**

It is time to look at the sectors' performance in the first half of 2017. In the context that the market is continuously setting new peaks (VN-Index + 16.8% YTD and HNX-Index +23.7% YTD), many sectors and stocks in general were able to deliver a return of more than 20% for investors. Among them, the most outperforming sectors were pharmaceuticals, brokerage, banking, and real estate.

Pharmaceuticals: Thanks to stories about foreign strategic partners, FOL lifting and divestment, DHG and DMC both nearly doubled in 6 months, besides the rally of DHT (+200%), OPC (+43%), TRA (+33%).

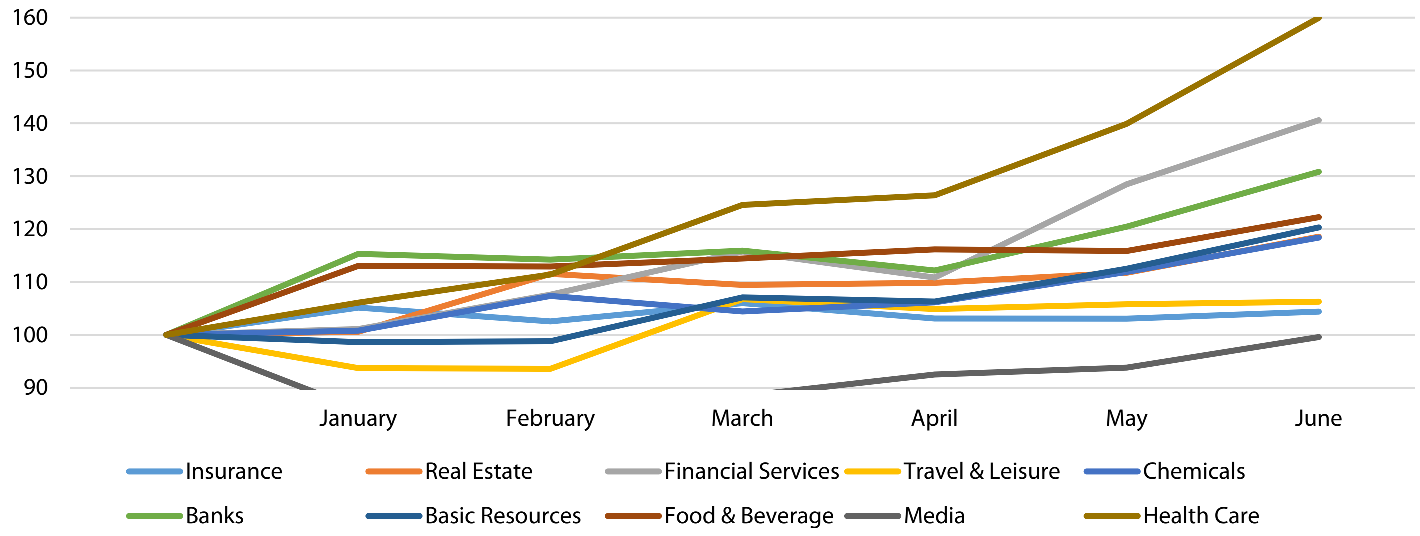
Real estates: The revenue of many projects will be booked in 2017, along with the gains from projects transferring. Except VIC, the biggest stocks, most stocks in this sector up dramatically in only 6 months: QCG (+663%), LDG (+163%), PDR (+133%), TDH (+107%), and DIG (+104%) to name a few.

Brokerages: The earnings were boosted thanks to booming market liquidity and profit from their own portfolios

Bank: The Bad Debt Resolution will be not only help banks address unprofitable backlogs but can also bring abnormal returns through reversal of bad loans once bad debt is recovered. In addition, with Directive 24, it is likely that business prospects in the last 6 months of the banking industry will be brighter. Besides banks with good business prospects, the changing at SHB and STB is also worth to pay attention.

On the contrary, **Media**, **Travel & Leisure**, and **Insurance** were underperformed sectors. While VNS and SKG were out of favor due to rise of competition in the industry, insurance stocks seemed to reach fair valuation after a sharp increase in 2016.

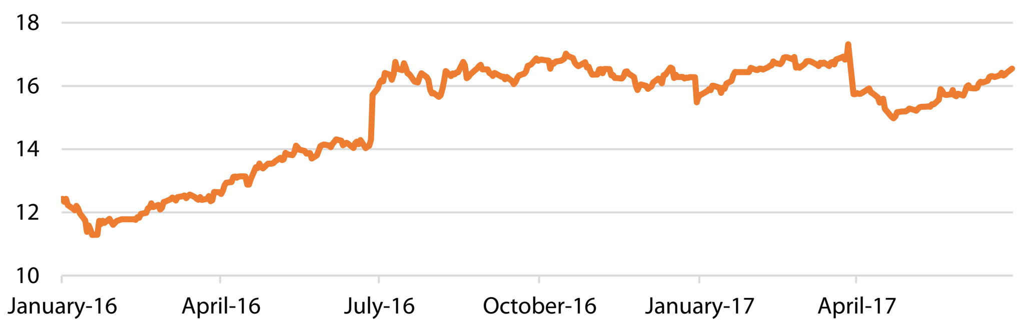
Figure 21: Sectors performance 1H 2017



Source: FiinPro, RongViet Research

The expensive-or-cheap matter relies heavily on investors' view. If looking at the indices point, the market seems to be expensive. However, if considering the insignificant change of the market PE (from 16.3x on December 30th, 2016 to 16.5x on June 30th, 2017), the answer will be different. In our view, we expect the market still has room to increase, given the sustainable macroeconomic environment and the efficiency of listing companies.

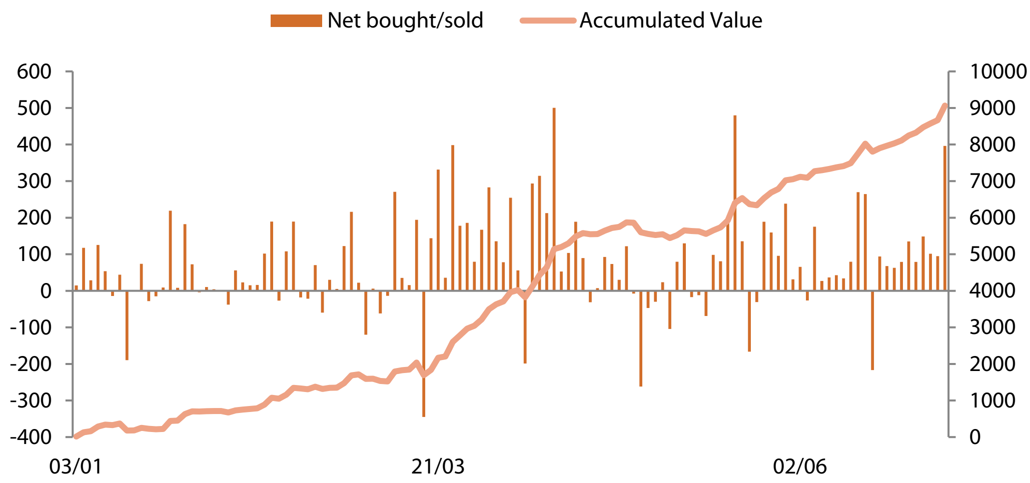
Figure 22: P/E trailing of the VN-Index



Source: Bloomberg

Foreign Investors Trading: Reaching a new high

Figure 23: Net trading value of foreign investors



Source: RongViet Research

Table 2: Net buying/selling value of foreign investors classifying by sectors in June

Sectors	HSX		HNX	
	Net volume	Net value (bn VND)	Net volume	Net value (bn VND)
Oil & gas	-9,503,510	24.4	-6,509,064	-107.2
Chemicals	-2,877,050	-56.0	72,917	2.2
Basic resource	19,405,230	583.9	544,010	2.5
Construction & building materials	2,570,950	417.3	4,232,342	45.3
Industrial goods & services	7,113,020	151.7	84,700	6.2
Automobiles & parts	2,030,650	72.1	-291,700	-3.0
Food & beverage	-10,815,170	107.5	513,020	11.4
Personal and household goods	-668,550	-24.3	-680,275	-21.3
Healthcare	48,380	-3.4	130,760	5.5
Retail	-32,090	2.7	73,800	0.9
Communication	0	0.0	262,900	3.9
Travel & leisure	-2,010,220	-167.7	-110,379	8.7
Utilities	2,404,220	168.4	-126,800	2.7
Banks	19,014,450	399.7	-5,718,810	-43.0
Insurance	-829,350	-54.7	-7,480	-0.3
Real estate	1,248,912	318.4	413,640	10.1
Financial services	13,236,194	165.0	1,805,101	7.9
Technology	484,990	9.4	-39,500	0.3
Total	**40,821,056**	**2,114.5**	**-5,350,818**	**-67.1**

Source: FiinPro, RongViet Research

Foreigners continued to net buy in June. In the HSX they net purchased strongly to the tune of VND2,114 billion worth of shares while net sold VND67 billion in the HNX. The selling pressure in the HNX was not significant and did not represent market sentiment of foreigners as it was biased by the large value of Oil & gas sector including PVS and PGS.

In the HSX, Basic resource and Construction & building material shares were the 2 leaders. Banking shares stayed very closed with the third place. HPG (VND504 billion), ROS (VND299 billion) and PLX (VND207 billion) etc. attracted foreigners. For the case of ROS, the ETF bought a large volume of this stock in this review period. In this June, foreigners also net bought E1VFVN30. 8.4 million Certificates, equivalent to VND104 billion were transferred. In the context that market movement is very positive but the foreign room is not enough for off-shore investors to participate, this ETF is a good choice.

Sectors	HSX		HNX	
	Net volume	Net value (bn VND)	Net volume	Net value (bn VND)
Oil & gas	-5,484,950	-109	197,370	2
Chemicals	-697,460	-79	-1,459,669	-36
Basic resource	-95,623,978	-1.044	4,557,174	75
Construction & building materials	1,271,841	69	-672,851	-6
Industrial goods & services	-14,978,030	406	-6,247,959	-103
Automobiles & parts	1,521,997	236	11,550,593	128
Food & beverage	11,759,220	486	-3,655,552	-58
Personal and household goods	3,029,860	344	463,920	9
Healthcare	11,127,060	303	-604,782	10
Retail	17,981	147	-664,710	-19
Communication	-27,428,750	-301	-90,344	10
Travel & leisure	38,370,466	544	-25,811,825	-192
Utilities	3,775,682	45	1,032,259	17
Banks	36,376,980	1.281	-121,978	-8
Insurance	11,459,259	4.793	3,744,534	64
Real estate	-1,310	0	677,038	12
Financial services	3,946,477	1.669	23,101,302	287
Technology	3,875,380	184	745,667	34
Total	**-17,682,275**	**2,282**	**6,740,187**	**226**

Source: FiinPro, RongViet Research

In addition, after 1H2017, total net buying value was VND9,200 billion, a 9-year high. Foreigners tended to pay more attention to F&B, construction and other relating sectors.

Table 3: ETFs' inflows and outflows in 1H2017

	VanEck Vectors Vietnam ETF (mn USD)	Db x-trackers FTSE Vietnam UCITS ETF (mn USD)
Jan	5.32	-4.53
Feb	12.28	-8.65
March	-5.41	-9.62
April	-0.70	-4.79
May	-9.25	-7.24
June	7.30	-2.51
Total	9.53	-37.34

Source: Bloomberg, RongViet Research

For the off-shore ETFs, they just reconstituted their portfolios in this June. Db x-trackers FTSE Vietnam ETF excluded NT2, BVH, HAG while added NVL and STB. The other VanEck Vectors Vietnam ETF added ROS and deleted 2 Oil & gas stocks PVD and PVS. We saw capital flowing into VanEck ETF (USD9.5 million) but flowing out of FTSE ETF (USD37.3 million). After the first 6 months, VNM ETF still attracted more capital but FTSE ETF did not manage to do so, which resulted in a negative inflows of these 2 ETFs.

Expecting on the Directive 24/CT-TTg and the Bad Debt Resolution, the Vietnam stock market continued to conquer new high as VNindex closed at 776.47 (+5.2%) and HNindex reached 99.14 (+5.6%) approaching the end of-June. As the market continued to advance, it is not surprised that both buyers and sellers start becoming more risk adverse. As a result, market liquidity decreased to VND 3,563 bil (-19.1% MoM). Despite cautious action of domestic investors, foreign investors' sentiment remained positive shown by the 6 month-accumulated net bought value of VND 9,200 bil. Foreign participants included not only institutional and retail investors but the ETF as well. So, Vietnam stock market has witnessed a return of off shore money in 1H2017 after a net withdrawal a year before.

Monetary market enjoyed favorable conditions in the first six months. In particulars, while the State Treasury fulfilled 69% of their Government bonds issuance, the actual disbursement of public capital was significantly lower than target. Funding source from Government bonds has temporarily come back to the economy. That, in turn, increased bank liquidity to support lending activities the context of slower deposit growth. Therefore, we think this has been the key reason for ample liquidity in the stock market in 2Q2017.

VN-Index has recorded a strong year-to-date growth of 16.8%. Therefore, it is understandable that the market now is dominated by conservative investor's sentiment. At the meantime, Vietnam market's relative valuation is trading at 16.3-16.5 times earnings in June which is considered not expensive. However, given rapid market development in 1H2017, investors would need time to adjust themselves to the new valuation level of the market.

For July, we believe that VNIndex and HNIndex could fluctuate in a narrow band. Market liquidity is not likely to surge rapidly as enterprises enter in busy mid –year production season requiring increasing demand for capital. Therefore, we expect average trading value in both exchanges would likely move between VND 3,200 billion and VND 3,800 billion in the upcoming months.

Given the Government's oriented to meet 2017 GDP growth at 6.7%, along with low inflation rate and new recorded foreign currency reservation (approximately VND 42 bil) in the first six months, we believe that the policymakers can successfully control interest rate and FX volatility in the 2H2017. Our concern on FX volatility especially from mid-August caused by increasing foreign currency demand of enterprises for transaction is mitigated at some extent. Therefore, we think that the best action strategy now for investors is on stock picking and company fundamentals study instead of being concerned by market indices development. With market entering the 1H earnings release season in late July, investors could resort for a short-term strategy of investing in stocks that expect to post good 1H result. We like stocks in steel, building materials, and utilities industries the most. For mid- and long-term horizon, we believe that stocks with low P/E, sound fundamental and bright earnings prospect could outperform the market. These industries are banking, logistics and consumer stocks.

Table 4: Key sectors performance

No	Name	% 1M Price Change	% 3M Price Change	Market Cap (VND Billion)	ROA (%)	ROE (%)	Basic P/E	P/B
1	Retail	8.0	125.3	36,755	10.0	42.3	17.0	3.3
2	Insurance	0.4	10.5	60,539	4.4	9.1	26.1	2.5
3	Real Estate	3.9	18.8	240,533	3.6	8.6	24.3	3.1
4	Technology	7.5	36.8	31,882	6.7	16.4	13.0	2.2
5	Oil & Gas	8.8	17.5	92,408	5.6	18.0	16.1	3.3
6	Financial Services	10.6	38.3	39,618	3.3	9.7	14.2	1.4
7	Utilities	8.0	21.7	156,525	11.0	18.3	13.6	2.5
8	Travel & Leisure	-2.0	3.4	51,164	5.4	60.6	14.2	6.6
9	Industrial Goods & Services	3.0	25.5	81,357	0.0	16.5	12.1	1.8
10	Personal & Household Goods	9.1	33.4	31,943	11.9	26.4	15.6	3.8
11	Chemicals	3.5	14.4	44,321	7.7	13.7	10.0	1.3
12	Banks	7.0	20.2	398,732	1.0	12.1	16.4	1.9
13	Automobiles & Parts	4.5	0.5	18,459	9.7	15.2	12.4	1.7
14	Basic Resources	10.6	53.4	105,630	15.2	16.0	6.5	1.9
15	Food & Beverage	3.6	43.1	508,548	13.9	32.2	22.0	6.4
16	Media	5.5	27.2	10,668	6.5	4.0	18.7	1.9
17	Construction & Materials	-4.1	81.3	176,114	0.0	19.4	16.7	3.1
18	Health Care	10.8	99.8	35,390	11.0	21.8	21.0	3.4

Source: FiinPro

Continuous market advance in 1H2017 saw many sectors and stocks experience great gains. Majority of investors therefore could have found more profitable opportunities in the first six month of 2017 than in 2016's same period. We think that a decline of liquidity in June was understandably caused by investors' prudent action rather than a cash-withdrawing signal after both VNIndex and HNIndex successfully broke out of multi -year high level. As a result, it is quite unlikely that the market would see a significant correction in July. However, like we said, it would take time for investors to get accustomed to a new level of Vietnam market valuation before VNIndex can conquer the 800 threshold.

The favor of money for leading stocks in 1H2017 resulted in the scenario of rising VNIndex valuation but constituent large- and mid-cap stocks saw little gains. Therefore, we believe there are still opportunities of attractively valued stock with great prospects for investors with a long-term holding horizon. With the earnings seasons unfolding, rumors on company earnings estimate would dominate stocks and stock market in the short-term.

Figure 24: PER of large-, mid-cap groups and VNIndex

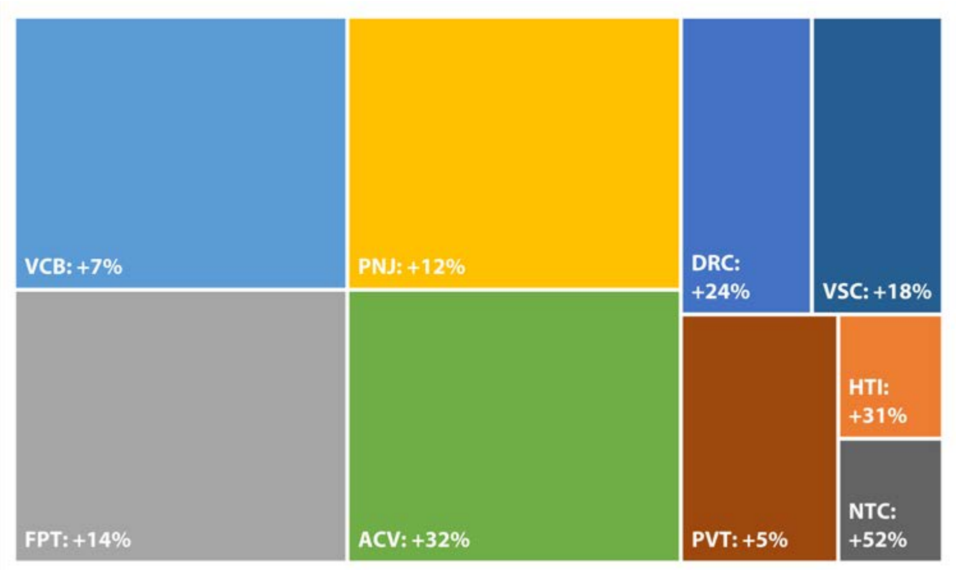
Source: Bloomberg

Regarding Q2 outlook, we are optimistic on companies in construction stone, steel, financial services (securities brokerage) industries and stocks with turn around stories. Peak season of projects handover and revenue recognition pushed 1H2017 sales of real estate to record the sector's 5 year highest growth of 3.86% YoY and contributed 0.21% in total GDP growth. Building material providers with construction stone in specific have enjoyed double benefits of higher sales volume and prices. The increase of construction stone prices is more than offset the higher mining costs and resulted in further GPM expansion of construction stone firms. At the same time, increasing input prices while output price remains flat may see profit margins of plastic pipe to contract. Therefore, we are quite conservative on BMP's business results while optimistic on NNC and PTB' earnings prospect. For construction steels, production price index of the metallurgical industry increased sharply at the beginning of the year while input costs were stable in the second quarter (+2.63%QoQ). Therefore, we expect steel and galvanized steel producers to deliver good earnings results in this quarter. Given HSG valuation is fairly priced and short-term share dilution is a concerns of NKG, HPG is the best stock selection in this sector. For real estate sector, we prefer stocks that have a strong project pipeline to develop instead of being motivated by news on one-off transaction profit. Therefore, NLG and HDG are our top picks at this time.

Considering utilities stocks, we reiterate the recovery story of hydro power stocks and the turnaround of PPC as we mentioned previously. In this sector, interested investors should heed on hydro power plants in the South and Central Highland with names in our coverage including REE, PPC, CHP, and SHP. We think other names such as VSH or SJD also enjoyed favorable weather condition in the South since end of last year.

Supported by stable macro environment and Government's push to achieve GDP target, we expect a favorable business environment to carry on. Moreover, stronger consumer confidence in 1H2017 has led to a strong inflation adjusted growth in retail sales of 8.4% YoY in June from 6.2% in the end of 1Q2017. Combined with the low inflation environment and easing monetary policy, we are positive that consumer related sector will experience further growth. Our favorite sectors are banking, logistic, industrial, infrastructure and consumer-related.

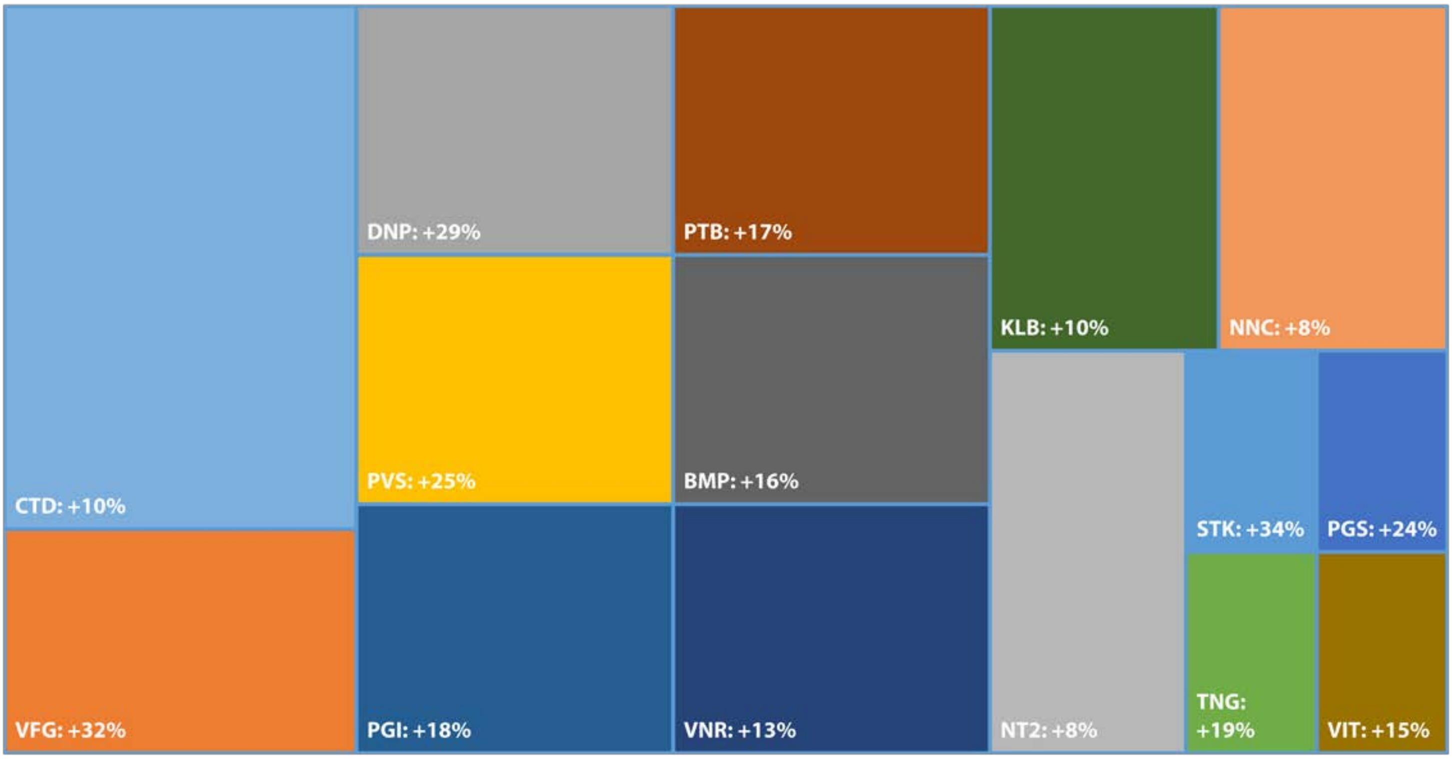
The Bad Debt Resolution adopted during the June meeting of the National Assembly will have a positive impact on the recovery and dealing with the bad debt of banking sector. Noticeably, the Resolution is effective only for bad debts incurred before August 15 (the time when the Resolution takes effect). We think that this regulation could force banks to expose "understated" bad debt, especially restructuring loans under Decision 780, sooner. As announced by the State Bank of Vietnam, total amount of bad debts and restructured loans accounted for about 10.08% of total outstanding loans, in which the NPL ratio was a mere 2.5%. It implies that restructured loans (~VND 414 bil) is three times higher than the reported NPLs loans. This potential bad debt, if following our logic, will be shown as bad debt before Aug 15th 2017. The banks may then sell all of this "new bad debt" to VAMC for special bonds. The Resolution's terms that allow to extend provision term for special bonds, and other consistent regulations related to collateral collection and solving may reduce the pressure on profit decline for these banks. Therefore, we think the profitability of such banks may not be too pessimistic even if the "restructured loans" actually becomes bad debt. We do not have enough data of "restructure loans" at each bank to assess the impact. Therefore, at the most conservative view, we think that banks with strict policies to loan-classified such as VCB and MBB, or almost fulfilled their restructuring plan like ACB will be less impacted. Along with that, the credit growth continues to be strong, which will help profit of these banks to significantly improve in the Q22017. Therefore, VCB, MBB, and ACB are our three favorite banks. The market price of ACB, however, is reasonable given our positive assumptions are in line with the practical. We will consider to revise target price until we have ACB's audited financial statements. BID and CTG are the two banks with high NPLs sold to VAMC. As real estate and real estate formed in the future accounted for high proportion of these two banks' bad debt and morgate, we believe they are the two beneficiaries from the Bad Bebt Resolution. However, we do not have detailed data on the restructure loans in these two banks, we continue rating "Observed" for BID and CTG until the Bad Debt Resolution goes in effective.



In June 2017, we also released five company analysis reports, including PNJ, PTB, STK, PAC, and KLB. Investors who are interested in these stocks can find the full report on our website at Company reports.

Tickers	Target price (VND)	Overall Opinions
PNJ	114,000	The positive outlook of Vietnam's consumer goods market is supported by (1) the young and growing population, (2) recent improvements in income per capita and (2) consumers' growing tendency to use high-quality, branded products increases. PNJ currently holds about 28% of share in the domestic branded jewelry market, outweighing runner-ups like Doji and SJC. Wide market coverage and strong brand recognition are primary advantages that has helped PNJ to expand their network. The expansion in distribution system positively supports sales and profit growth of PNJ. By developing its retail channel, which has the highest GPM (28.5%) compared to export (~12%) and wholesales (3-5%), PNJ will be able to improve its margins. Forecasted EPS for 2017 and 2018 are VND 6,796 and VND 8,506 respectively.
PTB	128,800	The positive demand of natural stone brought a rapid growth for PTB in the past and we think this growth will continue in the next two years. At the moment, the market size for natural stone products is quite small. Meanwhile, many projects are being completed in the construction industry, which will be the driving force for the company's sales volume. Regarding Phu Cat wood processing factory, we have an optimistic view on the demand given the recovery of the wooden products exports in Vietnam. However, the company will face challenges in finding a stable raw materials supply for its wood production business. There will be a slowdown in cars consumption in 2017 because of the ASEAN tariff reductions, so we think PTB's automotive retail segment will follow the industry's trend. Forecasted EPS for 2017 and 2018 are VND 11,897 and VND 13,071 respectively.
STK	24,200	Considering the leading position of STK in the yarn industry in Vietnam, the company has benefited greatly from the recovery of textile and garment demand. STK's Q1 business results recorded revenue and PAT growth rates of 70.6% and 764.1% YoY, respectively. These figures were impressive partly when we compare them with 2016 - a bad year for STK as many unexpected problems occur. In 2016, STK's PAT dropped sharply by nearly 60% to around VND28.5 billion, which is the lowest level since 2009. In 2017, we believe that the recovery of textile and garment demand, along with positive signals from potential markets including Japan and South Korea, will benefit STK. For long-term perspective, the development of yarns that are in line with the "eco-friendly consumption" trend including recycled and colored yarns will be the highlight of this company. Forecasted EPS for 2017 and 2018 are VND 1,990 and VND 2,654 respectively.
PAC		PAC share has been rising steadily since the beginning of the year. Compared with the beginning of the year, this stock have increased dramatically (~71%) despite rising raw material prices, lower gross margin and declining earning's outlook this year. We think factors that made stock prices rise rapidly in a short time are outside of the business prospects. There are a chain of supportive news happening simultaneously with the bull run of PAC share: (1) an increase of VND76 billion in 2016's profit, (2) a change in the Board of Directors' structure with tighter control from the company's state-owned shareholder (Vinachem), and (3) the continuously net bought from foreign investors. Based on 2017 outlook assuming demand for storage battery is positive and world lead prices is stable at USD2,100/ton, we use the DCF and PE methods to valuate PAC's stock at **VND40,600 per share**. However, apart from fundamental factors, Vinachem's divestment and the ambition to control this company of its strategic partner (Furukawa) will significantly impact on the stock's movement. Given that this story will be prolonged, we recommend investors to **HOLD** this stock in the **LONG-TERM**. Forecasted EPS for 2017 and 2018 are VND 2,599 and VND 3,721 respectively.
KLB	12,000	Going through the restructure phase of the banking industry, the rural joint stock commercial banks group, including KLB, faced many challenges and obstacles to maintain their operations. Contrary to many other banks in the same group that need to merge with big banks or fall into the category of "zero-dong", KLB has made great "self-restructure" efforts to go through this difficult period. Compared to state-owned banks or joint stock commercial bank in Groups 1 and 2, KLB does not have much advantage in terms of liquidity deposit or brand credibility. However, with a clear development strategy, KLB has been investing quite well in the technology platform as well as completing its product portfolio. Considering what KLB is working on, we believe KLB will be able to stand strongly and have good prospects for growth. The relatively low profitability ratios are our biggest concern for KLB. However, KLB has the capital adequacy and liquidity ratios higher than those set by the SBV, and still be able to improve these ratios further. Thanks to the Directive 24 and the Bad Debt Resolution, the business environment of the banking industry in the second half of 2017 is promise to be more favorable. KLB will also be the beneficiary of this trend. Credit growth should outweigh the deposit growth in 2017, and NIM will improve slightly to 3.54%. We project the after-tax profit to grow approximately 68% YoY, driven by rising interest incomes and continuing service growth. Forecasted EPS for 2017 and 2018 are VND 685 and VND 842 respectively.

Figure 25: RongViet Research's stock pick



Source: RongViet Research; Price @ July 5th, 2017

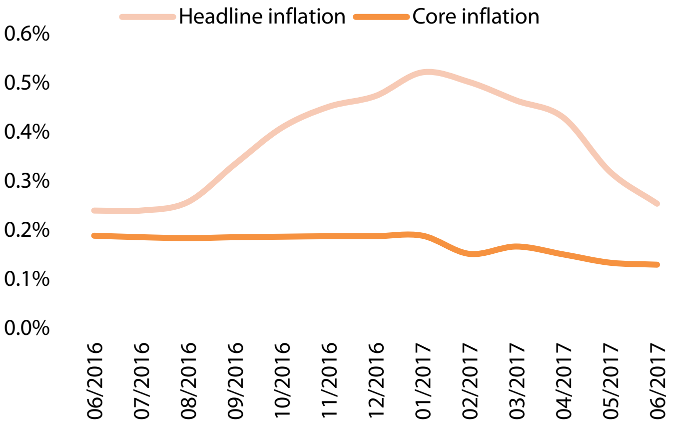
HIGHLIGHT STOCKS

Ticker	Exchange	Target price (VND)	Price @ July 5th (VND)	Upside (%)	Rating	Time horizon	2016		2017F		2018F		PER Trailing (x)	PER 2017F (x)	PBR Cur. (x)	Div Yield (x)	+/- Price 1y (%)	3-month avg. daily vol. (shares)	3-month avg. daily turnover (USD thousand)	Market cap (USD mn)	Foreign remaining room (%)
							+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)	+/- Rev. (%)	+/- NPAT (%)									
NTC	UPCOM	73,800	48,700	51.5	Buy	Long-term	17.8	121.4	21.6	-17.7	14.0	12.0	5.7	8.2	2.4	7.2	0.0	34,465	73	34	49.0
STK	HSX	24,200	18,000	34.4	Buy	Long-term	31.2	-59.9	38.6	272.4	7.8	33.3	20.4	9.0	1.3	5.6	-20.5	3,651	3	42	37.3
ACV	UPCOM	67,000	50,800	31.9	Buy	Long-term	11.2	-70.1	16.2	-20.1	17.1	26.3	32.0	23.1	4.5	1.8	0.0	238,521	528	4,851	45.5
VFG	HSX	69,800	53,000	31.7	Buy	Long-term	13.4	5.2	9.9	16.2	6.1	7.6	9.0	8.2	1.2	5.7	-7.5	7,029	22	55	27.7
DNP	HNX	29,600	23,000	28.7	Accumulate	Long-term	60.9	91.6	34.7	50.6	17.6	10.8	11.0	5.3	2.0	0.0	26.9	65,802	82	50	45.9
PVS	HNX	21,900	17,500	25.1	Accumulate	Long-term	-20.0	-31.5	-0.8	-17.6	17.1	39.6	8.1	9.2	0.7	6.0	5.7	1,336,518	991	343	23.5
PGS	HNX	21,900	17,700	23.7	Buy	Intermediate-term	-16.5	206.7	36.4	-63.7	6.8	6.5	9.1	7.2	0.9	2.5	15.9	239,615	194	39	34.7
DRC	HSX	40,200	32,500	23.7	Accumulate	Long-term	1.3	-4.8	15.3	8.6	7.8	17.5	10.2	9.8	2.3	9.2	-10.6	527,553	716	170	18.9
HPG	HSX	40,000	32,900	21.6	Accumulate	Long-term	21.2	89.4	20.8	9.3	26.6	9.4	5.6	6.7	1.9	0.0	55.6	4,351,260	5,845	2,192	10.4
TNG	HNX	14,100	11,800	19.5	Accumulate	Intermediate-term	-1.9	13.9	17.0	16.5	10.5	11.1	5.9	5.9	0.8	0.0	-11.0	201,264	127	21	26.8
MIG	UPCOM	15,600	13,100	19.1	Accumulate	Long-term	23.1	83.5	0.0	19.6	N/a	N/a	14.8	12.4	1.2	6.1	0.0	142,695	77	46	49.0
VSC	HSX	73,700	62,200	18.5	Accumulate	Long-term	16.6	-10.0	18.2	18.7	6.0	9.6	11.3	10.1	2.0	2.4	-2.0	136,834	361	124	-
PGI	HSX	24,900	21,050	18.3	Accumulate	Long-term	0.0	5.2	10.3	55.5	13.2	-13.5	13.1	9.4	1.7	5.7	30.5	65,280	65	66	47.8
PTB	HSX	128,800	110,400	16.7	Accumulate	Long-term	20.2	52.8	25.6	25.6	16.1	9.8	10.6	8.0	3.1	0.9	17.8	38,240	208	126	36.7
BMP	HSX	113,800	98,500	15.5	Accumulate	Long-term	18.5	20.9	11.2	7.9	13.1	10.0	15.4	13.2	1.9	5.8	11.8	116,901	821	354	3.0
VIT	HNX	33,900	29,400	15.3	Accumulate	Long-term	41.6	53.5	17.8	18.2	33.4	25.7	7.3	6.8	1.9	3.4	19.0	35,590	45	19	48.0
FPT	HSX	53,200	46,700	13.9	Neutral	Long-term	4.1	3.1	21.7	21.0	13.2	46.7	12.0	8.2	2.5	2.1	33.0	1,066,712	2,167	1,089	-
VNR	HNX	27,300	24,200	12.8	Neutral	Long-term	-2.8	-1.2	18.2	9.6	4.3	6.8	12.7	12.1	1.2	4.5	26.5	10,860	12	139	19.3
PNJ	HSX	114,000	101,900	11.9	Neutral	Long-term	11.1	496.3	33.1	63.3	21.8	28.6	17.4	15.0	5.7	1.8	36.3	451,960	1,888	440	-
KLB	UPCOM	12,000	10,900	10.1	Neutral	Long-term	9.0	26.8	24.8	67.7	22.0	30.5	8.8	15.9	0.9	4.6	0.0	399,149	183	143	30.0
CTD	HSX	237,700	216,000	10.0	Neutral	Long-term	52.0	113.5	30.4	22.2	9.9	9.8	10.0	10.2	2.5	2.5	43.3	128,798	1,165	730	3.5
NNC	HSX	67,570	62,330	8.4	Neutral	Intermediate-term	14.9	49.8	23.5	25.7	8.1	3.4	7.5	8.0	3.1	8.0	20.5	27,826	97	60	27.9
NT2	HSX	31,900	29,450	8.3	Neutral	Long-term	18.6	-4.9	-13.2	-10.6	4.5	0.3	8.1	9.2	1.6	8.5	-3.9	442,686	571	372	28.1
VCB	HSX	41,700	38,850	7.3	Neutral	Long-term	17.3	28.6	6.1	11.8	13.8	22.5	19.4	22.9	2.8	2.1	6.0	1,486,705	2,442	6,140	9.2
CTI	HSX	31,500	29,700	6.1	Neutral	Long-term	23.8	58.4	22.3	12.4	12.8	22.3	10.8	16.3	1.9	5.7	14.8	517,671	683	80	15.8

Ticker	Exchange	Target price (VND)	Price @ July 5th (VND)	Upside (%)	Rating	Time horizon	2016 +/- Rev. (%)	2016 +/- NPAT (%)	2017F +/- Rev. (%)	2017F +/- NPAT (%)	2018F +/- Rev. (%)	2018F +/- NPAT (%)	PER Trailing (x)	PER 2017F (x)	PBR Cur. (x)	Div Yield (x)	+/- Price 1y (%)	3-month avg. daily vol. (shares)	3-month avg. daily turnover (USD thousand)	Market cap (USD mn)	Foreign remaining room (%)
PC1	HSX	37,000	34,900	6.0	Neutral	Long-term	-3.0	24.1	13.6	5.8	46.1	76.2	12.6	11.8	1.3	0.0	0.0	134,251	221	150	18.7
DPM	HSX	25,000	23,600	5.9	Neutral	Long-term	-18.8	-23.3	16.4	4.9	20.5	-3.8	9.8	9.1	1.1	8.5	-6.2	1,020,327	1,041	406	29.9
PVT	HSX	15,400	14,600	5.5	Neutral	Long-term	16.9	12.9	6.6	5.9	10.6	9.5	9.2	9.9	1.1	6.8	31.7	751,494	446	180	20.8
HSG	HSX	34,200	32,700	4.6	Neutral	Intermediate-term	16.5	145.3	29.9	18.5	21.4	7.3	6.5	6.9	2.4	3.1	32.5	2,440,159	4,122	503	18.7
CTG	HSX	21,200	20,400	3.9	Neutral	Long-term	16.3	20.0	8.3	17.4	9.2	17.3	11.0	12.0	1.3	3.4	22.2	1,505,033	1,269	3,337	-
SVC	HSX	54,500	52,700	3.4	Neutral	Long-term	38.0	18.4	8.2	20.4	-5.0	4.5	10.7	5.1	1.5	3.8	1.3	65,566	148	58	6.8
BFC	HSX	41,000	40,600	1.0	Neutral	Long-term	-1.6	21.0	17.8	18.4	15.8	10.1	7.7	7.9	2.4	9.9	71.5	308,916	523	102	29.0
VNM	HSX	151,800	156,600	-3.1	Neutral	Long-term	16.8	20.3	19.9	12.0	13.4	10.9	22.4	24.1	9.2	0.3	35.4	924,041	6,010	9,984	44.9
VJC	HSX	121,000	125,200	-3.4	Neutral	Long-term	38.6	113.3	41.5	42.5	22.0	25.2	15.1	13.0	7.9	1.2	0.0	378,974	2,134	1,773	5.8
MBB	HSX	21,000	21,750	-3.4	Neutral	Long-term	12.4	16.7	16.5	16.7	7.4	18.4	12.3	12.0	1.5	2.8	56.7	2,565,890	2,172	1,636	-
PPC	HSX	19,400	20,300	-4.4	Neutral	Long-term	-22.0	-2.2	17.7	33.0	1.8	-3.3	7.7	9.6	1.2	7.4	54.3	138,983	119	284	32.0
REE	HSX	35,500	37,600	-5.6	Neutral	Long-term	38.4	28.2	23.1	10.1	0.0	11.4	8.7	9.9	1.7	4.3	94.1	1,410,693	1,968	512	-
ACB	HNX	24,500	26,500	-7.5	Neutral	Long-term	21.6	28.9	12.8	24.1	27.8	45.8	17.5	17.7	1.8	0.0	57.6	3,213,489	3,389	1,148	-
HT1	HSX	21,200	23,700	-10.5	Reduce	Long-term	8.3	9.5	6.6	13.7	5.2	6.7	11.4	11.5	1.7	0.0	-10.6	613,304	601	397	41.6
NKG	HSX	30,740	34,600	-11.2	Reduce	Intermediate-term	55.4	310.7	62.0	29.0	14.6	10.4	5.1	3.8	1.3	0.0	89.4	534,099	864	151	18.2
PHR	HSX	30,600	35,000	-12.6	Reduce	Intermediate-term	-4.0	3.9	61.0	48.6	20.0	11.0	8.8	10.9	1.2	4.3	85.2	671,108	917	121	41.5
IMP	HSX	50,000	63,000	-20.6	Sell	Long-term	4.8	8.9	24.6	33.5	18.4	17.8	20.1	20.4	1.8	3.3	67.4	42,223	112	119	-
TCM	HSX	24,095	30,700	-21.5	Sell	Long-term	10.0	-25.6	6.2	55.6	1.9	7.4	11.3	10.0	1.6	3.3	31.1	930,863	1,180	70	0.1
PAC	HSX	40,600	52,800	-23.1	Hold	Long-term	8.2	107.5	16.0	-27.0	11.4	20.4	20.4	19.7	4.3	3.8	27.2	196,135	381	108	17.8
SAB	HSX	158,400	210,000	-24.6	Sell	Long-term	12.6	31.3	11.2	4.2	12.9	4.2	28.9	30.7	10.8	1.0	0.0	99,061	845	5,916	39.2
VGC	HNX	14,600	19,500	-25.1	Sell	Long-term	4.1	56.4	8.8	23.6	13.6	9.1	10.3	10.5	1.4	3.6	0.0	355,267	268	366	39.9
DHG	HSX	83,500	121,800	-31.4	Sell	Long-term	4.9	20.6	12.4	10.0	9.7	9.2	21.7	15.5	3.5	1.2	88.2	230,138	1,310	700	0.2
MWG	HSX	67,250	102,700	-34.5	Sell	Intermediate-term	76.7	47.2	63.2	41.4	35.9	16.5	18.1	8.5	3.6	0.7	68.4	293,204	1,589	1,388	-

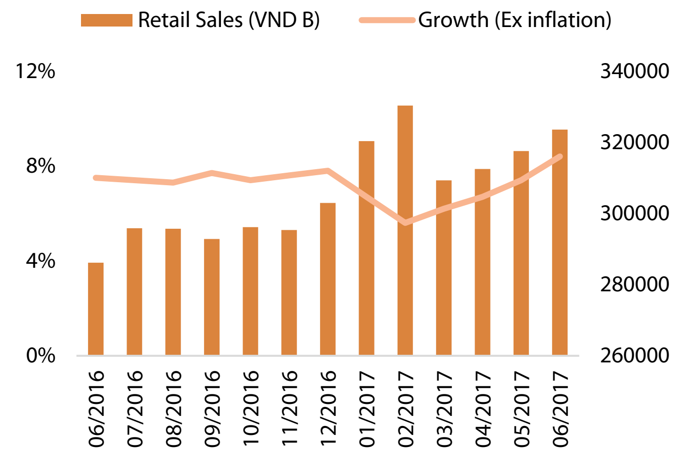
MACRO WATCH

Low Inflation Continued



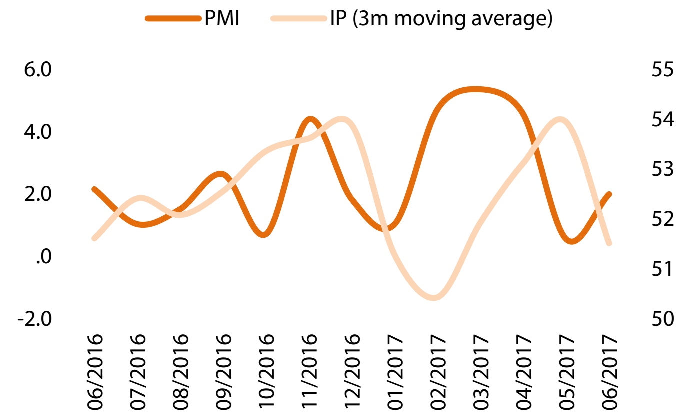
Source: GSO, RongViet Research

Continuous Improving in Retail Sales



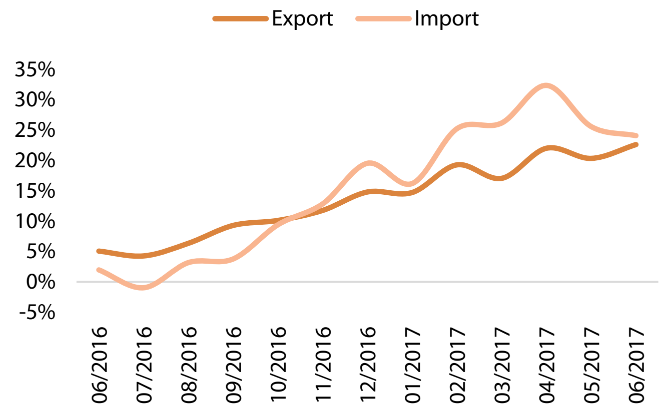
Source: GSO, RongViet Research

PMI Recovered



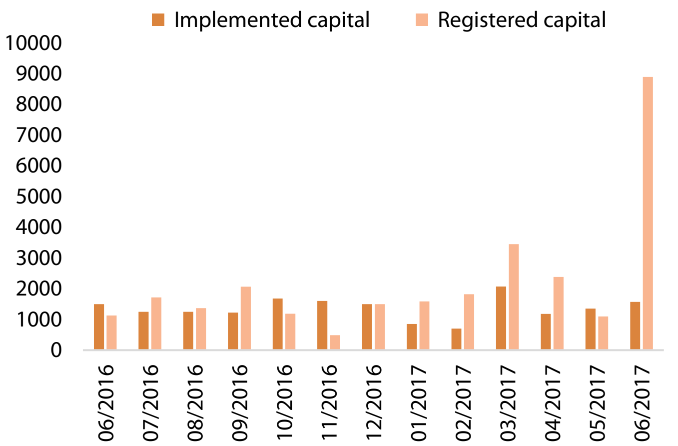
Source: GSO, RongViet Research

Net Exports Shortened



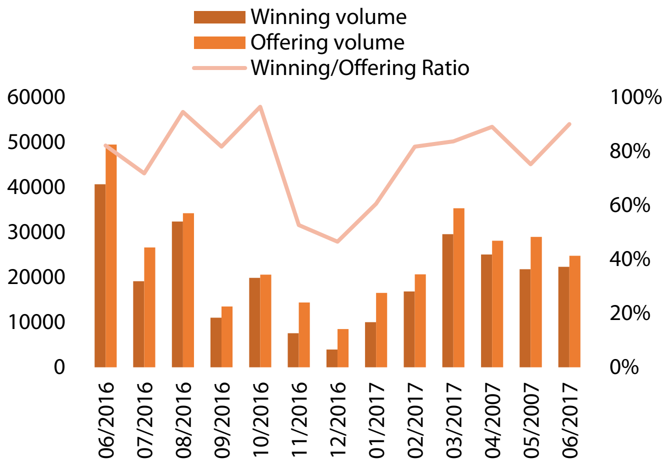
Source: GSO, RongViet Research

Positive Improvement in Implemented Capital



Source: FII, RongViet Research

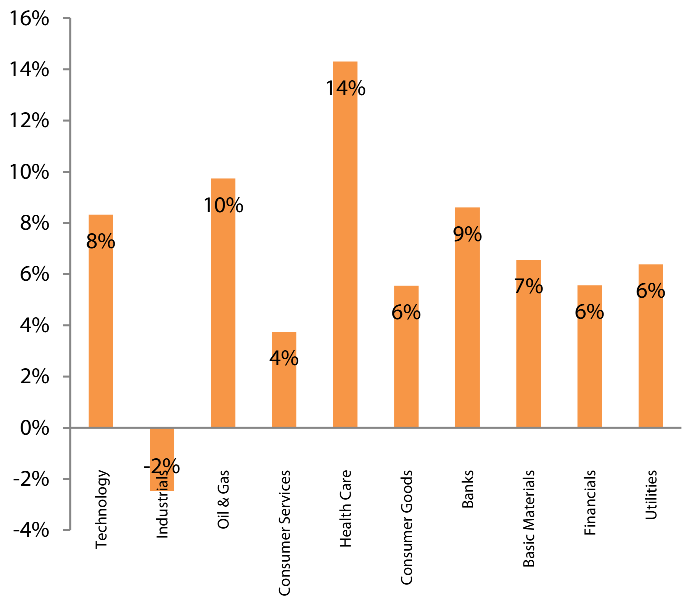
Wining Rate Increased



Source: VBMA, RongViet Research

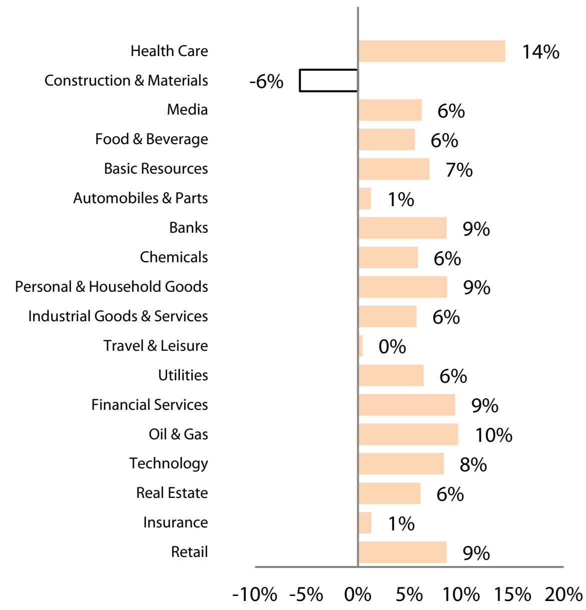
INDUSTRY INDEX

Level 1 industry movement



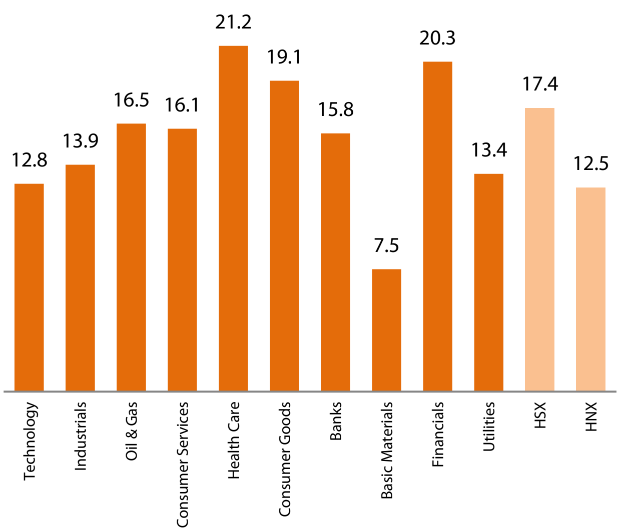
Source: RongViet Research

Level 2 industry movement



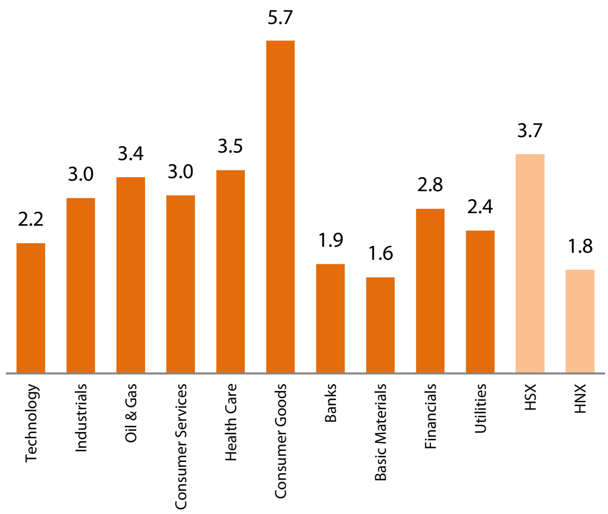
Source: RongViet Research

Industry PE comparison



Source: RongViet Research

Industry PB comparison



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