RONGVIET SECURITIES

JUNE

28

WEDNESDAY

6PM CALL

Market today: Stocks in General Performed Better than the Index

***(Hieu Nguyen** – Ext: 1514)*

VN-Index (769.04 +0.2%) moved sideways for most of the time, but many stocks performed well today. There were 150 advancers compared to only 114 decliners, and the VN30, VN-MID and VN-SML both closed in green. Construction stocks (CTD, HBC, FCN, CTI, and CII) were the most outperforming groups, not to mention VNM and GAS. SSI also advanced strongly with supporting from strong inflow of foreign

Hydropower stocks such as REE (37,000 + 2.1%), CHP (27,200 + 0.2%), SBA (14,800 + 2.1%), and TMP (31,000 + 3.3%) continued to rally. As mentioned in our May and June strategy reports, RongViet Research maintains optimistic view about the prospects of this sector. With high demand for electricity and favorable hydrological conditions, we expect significant improvements in business results of hydroelectric companies in the Central and Highlands, namely DRL, TMP, VSH, SHP, CHP, and SBA

Liquidity on the HSX dropped sharply to VND3,000 bn as money pour mostly in small and mid-cap stocks. Speculative stocks such as OGC, ITA, HQC all advanced, a sign that the market is likely to move to accumulation phase in the coming sessions.

Analyst Pin-board

PAC – Business Result Update Release on 06/28/2017

(Ha My – *Ext: 1309)*

PAC's shares have been rising steadily since the beginning of the year. Compared with the beginning of the year, PAC's shares have increased dramatically (~71%) despite rising raw material prices, lower gross margin and declining earning's outlook this year. It can be seen that the factors that make stock prices rise rapidly in a short time are out of the business prospects. The bull run began with the VND76 billion adjustment of PBT in 2016, followed by a change in the Board of Directors' structure with tighter control from the company's main state-owned shareholder (Vinachem). In particular, the continuous net bought from foreign investors has contributed significantly to the sharp increase of the stock during 1H2017.

Based on the outlook for 2017 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 the fundamental factors, Vinachem's divestment outlook and the ambition to acquire the company of its strategic partner (Furukawa) will significantly impact on the share price. Given that this story will be prolonged, we recommend investors to ***HOLD*** this stock in the ***LONG-TERM***. In the short term, the risk of a sharp fall in the share price will be low considering the motivation to acquire PAC of its strategic partner.

Investors can download *here* for more details.

ACV – 2017 AGM update

(Hoang Nguyen – *Ext: 1319)*

At the 2017 AGM held early today, Airports Corporation of Vietnam (ACV – Upcom) passed though the 2017 Guidance to achieve VND13,293 billion in Revenue and VND3,669 billion in profit before tax. In 1H2017, the firm estimates to record VND7286 billion (completed

"Stocks in General Performed Better than the Index"

55% target) and PBT VND2,298 (completed 63% plan). Regarding the 2017 capital expenditure plan, ACV would need around VND 6000 billion (USD263 million) for airport facility expansion. Some of the urgent expansion projects are clearly seen such as 2nd Phase of Tan Son Nhat terminal and apron expansion estimated at VND 2000 billion, NoiBai airport's Terminal 1 renovation and apron expansion worth VND1200 billion and upsizing Phu Quoc terminal's designed capacity to 5 million passengers/year worth VND2000 billion. Given the unclear progress of finalizing strategic shareholder (20% stake sales plan: 17% from MOT and 3% from new shares issue), majority of this expansion is likely to be funded by ACV's operating cash flow.

Table 1: ACV's Operation targets

	2016	YoY	1Q2017	YoY	2017 Guidance
Passenger Volume ('000 000)	**81**	**+28%**	**22.4**	**+19%**	**91**
Domestic	57	+30%	15.1	+16%	64
International	24	+25%	7.3	+25%	27
Cargo ('000 tons)	**1,121**	**+15%**	**322**	**+32%**	**1,182**
Domestic	413	+15%	111	+13%	428
International	708	+15%	211	+44%	754
Landing/take-off ('000)	**557**	**+24%**	**149**	**+13%**	**617**
Domestic	389	+26%	100	+9%	432
International	168	+19%	49	+21%	185

Source: RongViet Research compiled

Table 2: Earnings result and Guidance (Unit: VND billion) – Excluding Flying zone rated services revenue

	FY2016 result (April 1 to December 31)		2017 Guidance
	Parent	Consolidated	Consolidated
Revenue	8,841	10,646	13,293
PBT	3,111	3,419	3,669
NPAT	2,498	2,718	
Dividend	6%		9%

Source: RongViet Research compiled

On the backdrop of 2016 strong business result, the firm expects to see passenger growth to slow down at some extent this year. The reason is due to 2017's higher average fuel cost may hamper airlines capacity to push on with "cheap" air ticket sales program seen last year and hence affects passenger growth. However, as we observed, oil prices has fallen and stays below USD50 mark region after a rebound early in the year. As oil price showing glim hope of strong recovery caused by US action to pump out more shale oil, air travel demand and resulted growth rate of passenger for the rest of the year is well supported. Vietnam National Administration of Tourism (VNAT) reported 30.2% growth in overseas tourist to Vietnam in 1H2017 whereby air travel accounts for 84% and recorded 33% YoY growth. At current growth pace, VNAT target to welcome 17-20 million passenger in 2020 could soon materialize earlier in 2019.

On the short-run, ACV's share price catalyst would look to the formal approval of proposal to increase aero nautical services fees whose deadline date has been changed from initially July 1 2017 to a new possible approval consideration date in early 4Q2017. In addition, investors' expectation is also subject to result of independent study on recently hot debated issue of building new runways and terminal at Tan Son Nhat Airport and the investor's candidate of the new terminal (T4). For a long-term picture, we believe ACV's operation would continue to benefit from fast rising air travel demand thanks to higher domestic income and the attractiveness of Vietnam to overseas tourist and investors. However, issues on substantial source of funding, land bank constraints and overloaded inner city infrastructure have to be resolved early to support Vietnam aviation market growth.

Recommendations:

Indexes recovered slightly on reducing volumes. Technical indicators showed that there might be a correction. Traders consider take profit partly and then cover stocks at lower prices.

PORTFOLIO RECOMMENDED BY TECHNICAL ANALYSIS

Ticker	Price	Action	Buying date	Buying Price	Target Price 1	Target Price 2	Cut loss Price	Selling Date	Selling Price	Gain/ Loss	Duration
PHR	34.80	**Hold**	21/06/2017	36.40	40.00		33.00			-4.40%	Intermediate
RDP	27.20	**Hold**	16/06/2017	16.20	18.00		15.00			7.94%	Intermediate
CHP	17.20	**Hold**	16/06/2017	25.20	30.00		24.00			6.17%	Intermediate
BID	19.95	**Hold**	14/06/2017	20.00	22.00		18.00			-0.25%	Intermediate
CAV	58.00	**Hold**	13/06/2017	56.20	62.00		53.50			3.20%	Intermediate
PVI	32.60	**Hold**	12/06/2017	33.50	37.00		14.00			-2.69%	Intermediate
APC	27.10	**Hold**	12/06/2017	25.40	28.00		23.50			6.69%	Intermediate
TNG	14.20	**Hold**	19/05/2017	15.10	18.00		14.00			-5.96%	Intermediate

Notes:

- **Buying Price** is the Close Price at Buying date. **Selling Price** may be the Target Price, Cut loss Price or Closing Price at Selling date depending on specific cases.
- **Target Price 2** will be updated when the stock passes Target Price 1.
- In the ex-rights date, the prices will also be adjusted accordingly
- Duration: **Short-term** is less than 01 month; **Intermediate-term** is from 01 to 03 months; **Long-term** is more than 03 months.

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
MIG - A Promising Competitor against Big 5 Insurers	June 14th, 2017	Accumulate – Long term	15,600
STK - Momentum from the Rebound in Textile Demand	June 09th, 2017	Buy – Long term	24,200
PTB - A Growing Demand For Natural Stone	June 08th, 2017	Accumulate – Long term	128,800
PNJ - Growth Momentum Remains	June 08th, 2017	Hold – Long term	114,000
PC1 - Accumulating for a breakthrough	May 30th, 2017	Accumulate – Intermedia	48,100

Please find more information at http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302

FUND CERTIFICATES 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
VF1	23/06/2017	0.25% - 0.75%	0% - 2.5%	32,362	32,263	0.31%
VF4	23/06/2017	0.25% - 0.75%	0% - 2.5%	14,700	14,664	0.25%
VFA	16/03/2017	0.25% - 0.75%	0% - 1.5%	6,777	6,802	-0.37%
VFB	16/06/2017	0.25% - 0.75%	0% - 2.5%	14,628	14,598	0.21%
ENF	16/06/2017	0% - 3%	0%	17,005	16,871	0.79%
MBVF	15/06/2017	1%	0%-1%	13,154	13,085	0.53%
MBBF	14/06/2017	0%-0.5%	0%-1%	13,822	13,760	0.45%

ANALYSIS & INVESTMENT ADVISORY DEPARTMENT

Truc Doan – Head of Research
+ 84 8 6299 2006 | Ext: 1308
truc.dtt@vdsc.com.vn

Ha My Tran
+ 84 8 6299 2006 | Ext: 1309
my.tth@vdsc.com.vn

Lam Nguyen
+ 84 8 6299 2006 | Ext: 1313
lam.ntp@vdsc.com.vn

Hoang Nguyen
+ 84 8 6299 2006 | Ext: 1319
hoang.nh@vdsc.com.vn

Huong Pham
+ 84 8 6299 2006 | Ext: 1314
huong.pt@vdsc.com.vn

Thien Bui
+ 84 8 6299 2006 | Ext: 1321
thien.bv@vdsc.com.vn

Hieu Nguyen
+ 84 8 6299 2006 | Ext: 1514
hieu.nd@vdsc.com.vn

Trinh Nguyen
+ 84 8 6299 2006 | Ext: 1331
trinh.nh@vdsc.com.vn

Quang Vo
+ 84 8 6299 2006 | Ext: 1517
quang.vv@vdsc.com.vn

Son Phan
+ 84 8 6299 2006 | Ext: 1519
son.pnt@vdsc.com.vn

Thu Le
+ 84 8 6299 2006 | Ext: 1521
thu.lta@vdsc.com.vn

Vu Tran
+ 84 8 6299 2006 | Ext: 1518
vu.thx@vdsc.com.vn

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HEAD OFFICE

141 Nguyen Du St., Dist. 1, HCMC

- T +84 8 6299 2006
- F +84 8 6299 7986
- E info@vdsc.com.vn
- W www.vdsc.com.vn

HA NOI BRANCH

2C Thai Phien St., Hai Ba Trung Dist.,
Ha Noi City

- T +84 4 6288 2006
- F +84 4 6288 2008
- E info@vdsc.com.vn
- W www.vdsc.com.vn

NHA TRANG BRANCH

50 Bis Yersin, Nha Trang City

- T +84 058 3820 006
- F +84 058 3820 008
- E info@vdsc.com.vn
- W www.vdsc.com.vn

CAN THO BRANCH

95-97-99 Vo Van Tan St., Ninh Kieu Dist.,
Can Tho City

- T +84 0710 381 7578
- F +84 0710 381 8387
- E info@vdsc.com.vn
- W www.vdsc.com.vn