JULY

31

FRIDAY

ADVISORY DIARY

- **VPH – Improvement in cash flow**
- **Waiting for leading stocks**

"Waiting for leading stocks"

VPH – Improvement in cash flow

Business results of real estate firms have benefitted from the recovery of real estate market in general. Our industry analyst arranged an official meeting with representatives of Van Phat Hung Co., Ltd (HSX: VPH) to update the latest business results of the Company.

The 1H2015's business results of VPH was not very positive in spite of significant surge compared to the same period last year. Accumulated revenue was estimated at VND120 billion (+14% yoy) and NPAT was only -VND2 billion but improved noticeably compared to same period last year (VPH recorded a loss of VND9 billion in 1H2014). Until the middle of 2015, VPH sold 50 townhouse plots (in total of 66 land plots) of La Casa and recorded revenue from more than 30 ones. The remaining revenue is estimated at VND100 billion and could be booked in 2015. 20/352 apartments stay unsold and are predicted to bring in more VND50 billion. In general, cash collection of all land plots (Nhon Duc resident area) and La Casa condo-villa complex in general is quite optimistic. Operation cash flow in 6M2015 was positive VND68 billion, a substantial improvement of VND25 billion compared to 6M2014. Thanks to strengthened cash flow, VPH successfully reduce VND81 billion debt.

Regarding the transfer of Block 2 and 5 for An Gia, in 1H2015, VPH received ~ VND20 billion (total contract value is VND173.5 billion) for Block 2; the next VND30 billion is expected to be paid in September, 2015. In Q4/2015, the Company may record ~ VND33 billion from Block 5. Currently, VPH has not recognized revenue from block 2& 5 of La Casa project due to pending payment of land use right of the Department of Finance. Initially, VPH estimated the land use right of the entire project at about VND290 billion and took a part in the cost price of block 1 and the town houses. However, according to new calculations, the payable amount may just about VND170 billion. Thus, the VPH might be reversed a part the amounts deducted after the Company received the decision of land use right payments.

VPH received local authority's approval on price for Nhon Duc project) (30ha) sold to the University of Physical Education And Sports and the University of Natural Resources and Environment (~VND2.4 million/m^2. However, the plan is still on hold as the 2 universities have to wait for the allowance of the Ministry of Education and Training and the Ministry of Natural Resources and Environment. Hence, no sooner than 2-3 months will VPH successfully finish the official transaction contract and book an estimated revenue of more than VND620 billion. The remaining 10ha land, VPH continues the infrastructure development but does not proceed selling until 2 universities start their construction.

In September, VPH is going to start constructing piles of block 3, 4 and 6 of La Casa project in order to make them available for sale in favorable time. The Company will also sell apartment project at 89 Hoang Quoc Viet and Tulip Tower project in Q4/2015, but these sales might not contribute to VPH's revenue and NPAT in 2015. Instead, the transaction of block 2 and 5 of La Casa project should mainly account for VPH's revenue in 2H2015. Thus, strengthened cash flows will help solidify the Company's financial capacity to the extent that it would enable a debt burden reducing and new projects investment. They are small projects with few apartments but favorable location (on the front side of Hoang Quoc Viet Street); plus VPH's ability to launch new projects, we have positive view on the success of above projects. Products from such investments would be next products to record revenue and profit for the 2016-2017 period.

Waiting for leading stocks

Like previous sessions, except for Tuesday when KDC's upbeat trading inflated market liquidity, the last trading day of the week and also July went on without many activities. Trading value on both exchanges was 147.5 billion shares as compared to a weekly average of 158.8 billion shares. Without supportive information, cash flows seemed to lose interest, even for bank, insurance and O&G stocks while supply grew stronger by day. VNIndex fell 0.88% and HNIndex 0.79% for the day, the two lost 1.6% and 1.4% this week. What seemed to be the bright spot was foreigners' net purchase of VND56 billion in the HSX and VND7 billion in the Northern exchange. However, the weekly accumulated trading value of foreigners was minus VND40 billion, the two exchanges combined (net purchase of VND30 billion in HNX and net sales of 70 billion in the HSX). For KDC and VIC in particular, the combined foreigner net sales were VND255.2 billion.

Huong Pham

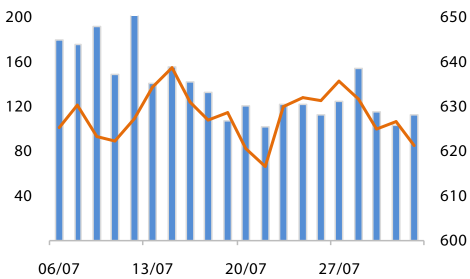
+ 84 8 6299 2006 | Ext: 1314

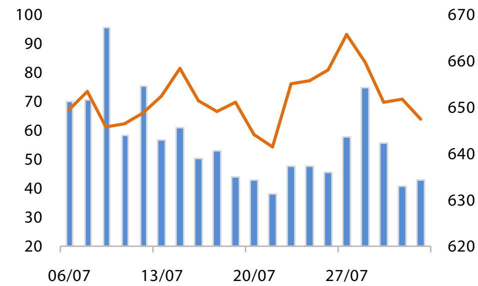
huong.pt@vdsc.com.vn

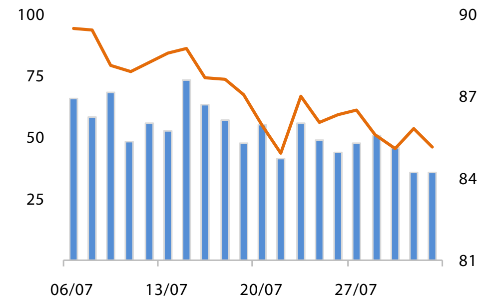
According to Nikkei Asian Review, some points in the TPP agreement such as government procurement, ownership in state enterprises or pharmacy license have not received the approval of the Vietnam and Malaysia. This drawback might make many investor nervous over the scenario that the Hawaii talk might not be the last. The result was TCM, TNG, FMC, AGF shares and other stocks in textile and fisheries relatively reduced or only stabilized.

To exit the current undecided trend, the market needs consensus from industry groups as well as the support given from the large stocks; however, that scenario would hardly happen, at least in the first half of August. RongViet Research will analyze more specific in our August Investment Strategy Report which is going to publish in the coming weeks.

VNINDEX	-0.88%	621.06	VN30	-0.67%	647.36	HNXINDEX	-0.78%	85.13

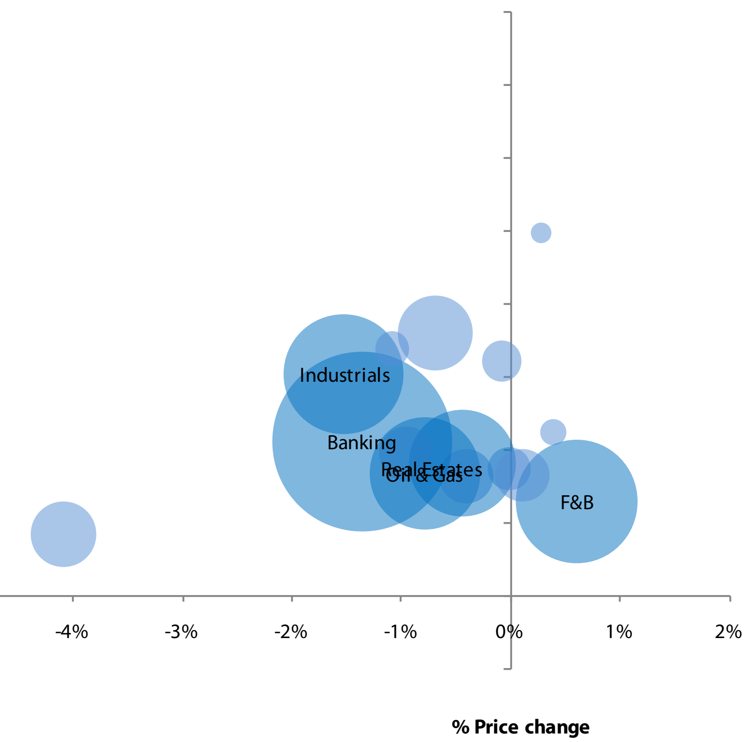




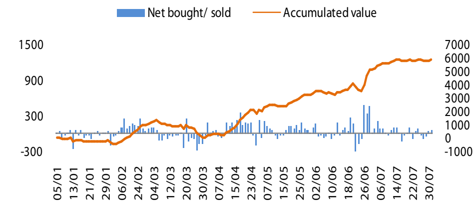


Industry Movement

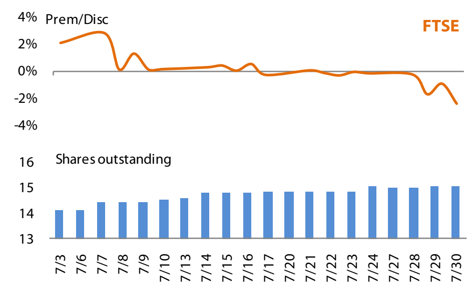
Industry	% change
Technologies	0.0%
Industrials	-1.5%
Constructions	-0.7%
Oil & Gas	-0.8%
Distribution	0.3%
F&B	0.6%
Household Goods	-0.6%
Cars & Parts	0.4%
Chemicals	-0.4%
Resources	-0.1%
Insurances	-4.1%
Real Estates	-0.4%
Financials	-0.9%
Banking	-1.4%
Utilities	0.1%
Healthcare	-1.1%

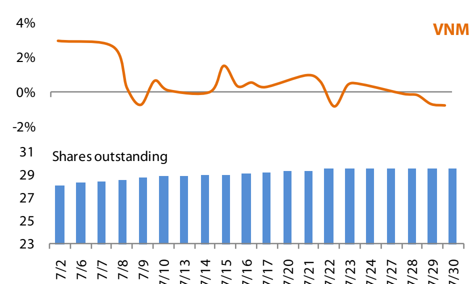


Foreign Investors Trading

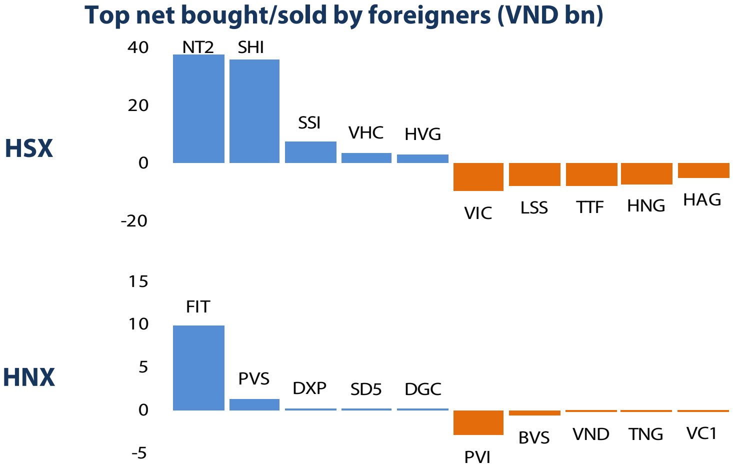


ETF





Top net bought/sold by foreigners (VND bn)



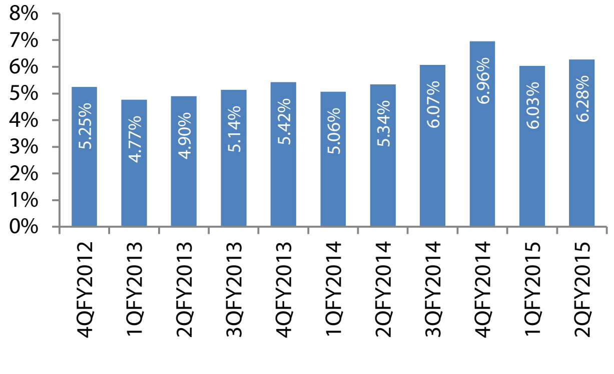
Top Active

Ticker	Price	Volume	% price change
CII	26.0	7.00	-1.1%
SBT	16.0	5.88	3.9%
FLC	8.0	4.86	-1.2%
NT2	25.3	3.58	2.0%
PDR	18.8	3.08	0.5%

Ticker	Price	Volume	% price change
FIT	12.1	3.16	-1.6%
KVC	25.9	3.13	-0.4%
KLF	6.0	2.25	-1.6%
SCR	8.6	2.18	0.0%
SHB	8.4	1.51	-2.3%

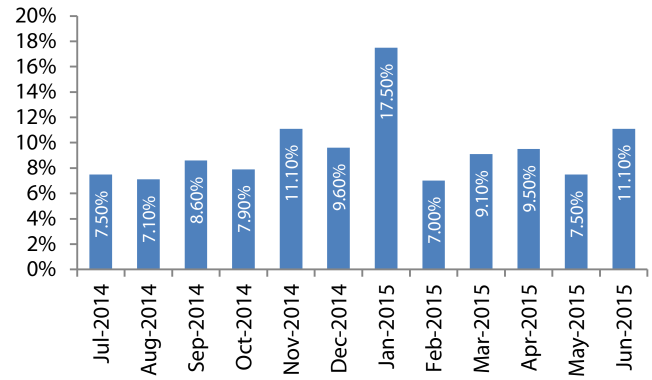
MACRO WATCH

Graph 1: GDP Growth



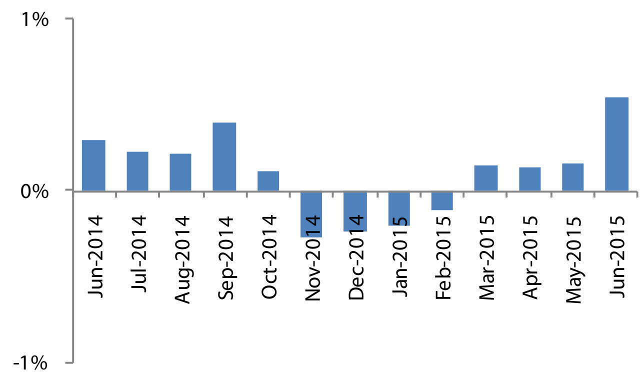
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



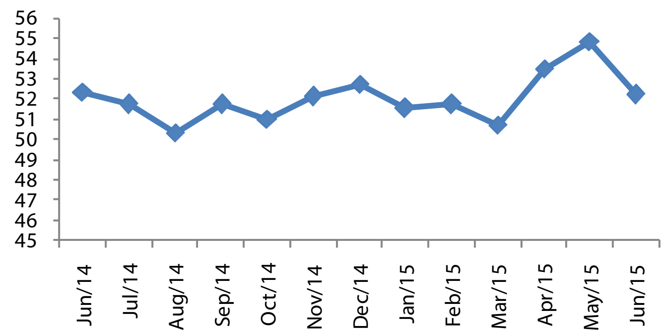
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



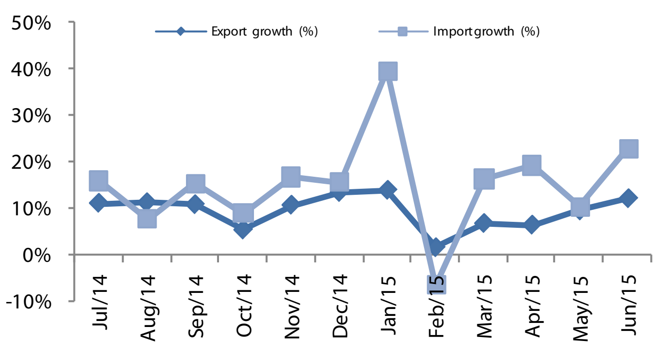
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



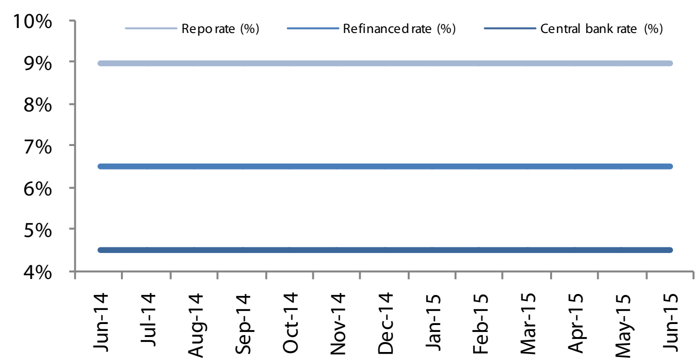
Sources: GSO. Rongviet Securities database

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
LCG - A new cycle begins	July 16th, 2015	Accumulate – Intermediate term	9,500
PVD - Well-positioned in the industry but still early to expect upturn	July 14th, 2015	Accumulate – Intermediate term	61,700
PGS - Favorable time to grow	July 10th, 2015	Buy – Intermediate term	27,000
DNP - Cash flowing in pipes	July 09th, 2015	Buy – Long term	21,900
BMI - Solid base for a bright future	July 08th, 2015	Accumulate – Long term	22,800

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	07/07/2015	0% - 0.75%	0% - 2.5%	11,750	11,729	0.18%
VEOF	07/07/2015	0% - 0.75%	0% - 2.5%	10,022	9,821	2.05%
VF1	16/07/2015	0.2% - 1%	0.5%-1.5%	23,097	23,391	-1.26%
VF4	15/07/2015	0.2% - 1%	0%-1.5%	10,591	10,578	0.12%
VFA	10/07/2015	0.2% - 1%	0%-1.5%	7,579	7,426	2.06%
VFB	10/07/2015	0.3% - 0.6%	0%-1%	12,233	12,211	0.18%
ENF	10/07/2015	0% - 3%	0%	11,584	11,424	1.40%
MBVF	09/07/2015	1%	0%-1%	10,530	10,563	-0.31%
MBBF	08/07/2015	0%-0.5%	0%-1%	12,157	12,133	0.20%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 1308

truc.dtt@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 1319

Hoang.nh@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 1313

lam.ntp@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 1318

Tuan.hm@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 1320

Kien.nt@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 1309

my.tth@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 1310

tai.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 1311

my.ttd@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 1316

Van.btt@vdsc.com.vn

Thien Bui

+ 84 8 6299 2006 | Ext: 1321

Thien.bv@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 1317

trien.lh@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 1315

tam.bt@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 1314

huong.pt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 1312

Nam.hk@vdsc.com.vn

HỘI SỞ TẠI TP. HCM

Tầng 1-2-3-4 toà nhà Viet Dragon
141 Nguyễn Du, P. Bến Thành, Q.1, TP. HCM
T + 84 8 6299 2006
F + 84 8 6291 7896
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q. Hai Bà Trưng, Hà Nội
T + 84 4 6288 2006
F + 84 4 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, Tp. Nha Trang, Khánh Hòa
T + 84 058 3820 006
F + 84 058 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q. Ninh Kiều, Tp. Cần Thơ
T + 84 0710 381 7578
F + 84 0710 381 7789
E info@vdsc.com.vn
W www.vdsc.com.vn