JULY

17

FRIDAY

“Markets could experience “tug of war” trading sessions with high volatility”

ADVISORY DIARY

- **PXS, SKG update**
- **Markets could experience “tug of war” trading sessions with high volatility**

PXS update

Last week, our analyst had a discussion with the PXS representative. According to PXS, the 1H2015 performance has posted a positive signal. Particularly, 1H2015 estimated revenue and PAT reached respectively VND 1,056 billion (60.34% of the 2015 plan), 98.2 billion (75.54 of the 2015 plan). The significant Q2 result improvement thanked to (1) a huge number of major projects accounted in Q2/2015 (Figure 1), (2) Profit margin of on-shore projects such as Thai Binh Petronas, Thien Ung,.. recorded positive figure (over 20%) and (3) expenses remained stable; in which, management expense and interest reached respectively VND 21.3 billion (113.30% yoy) and VND 7.6 billion (65.85% yoy).

Table: Notable projects of PXS in 2Q/2015

No	Projects	Investors	Revenue (bn VND)
01	*EPCC rigs P5 and P6*	Ministry of Defense	217
02	*Thai Binh II Thermal Power*	PV Power	138.5
03	*Thai Binh*	Petronas	87
04	*Thien Ung*	VSP	45
05	*Diamond*	Petronas	34
06	*Nghi Son*	JGCS	10

Source: PXS, RongViet Research

In term of 2nd half of 2015 prospect, due to the low price of crude oil, the PVN exploitation and exploration activity may be impacted and delay. However, most of the projects may unlikely to get affected or delayed; revenue can be accounted in the end of 2015 because the projects are either thermal power projects or projects of Ministry of Defense. Thus, our analyst believes that the prospect in the end of 2015 will be relatively positive and will reach the 2015 plan. As our estimation, revenue in 2nd half may recorded VND 710 billion (including small-scale project with revenue of below VND 10 billion)

Table 2: Projects revenue to be recorded in 2H2015

No	Projects	Investors	Revenue (bn)
01	Nghi Son	JGCS	>100
02	Thai Binh II Thermal Power Project	PV Power	>300
03	EPCC rig P3 and P4	BQP	50
04	Thai Binh Petronas	Petronas	45
05	Su Tu Trang	CL JOC	100

Source: PXS, RongViet Research

In term of 2016 prospect, the main risk of PXS is facing to postpone or delay progress of projects. In fact, some projects as GPP Ca Mau, Vung Ang thermal power can extend because they are heavy industrial projects with participation of many contractors. Construction time may pro-long in the case of contractors’ not meeting the deadline. PXS is in charge of constructing one part so able to be impacted. However, in general, we believe that there is an optimistic prospect for PXS thanks to projects of Ministry of National Defense (EPCC P7, P8, P9, P10 with estimated revenue of VND 1,000 billion). Additionally, the investment of expanding Sao Mai – Ben Dinh quay length

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(from 100 to 254 m) also raises capacity for further projects

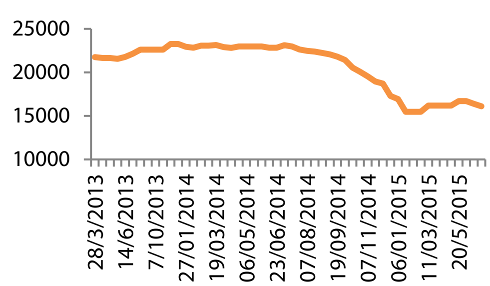
In overall, PXS still concentrates on its core business and works stably. Positive financial ratios and numerous projects in both long and short term can guarantee the positive outlook for PXS. Under a cautious point of view, we have conducted the revenue projections and EBT of PXS 2015 respectively 1.826 billion and 161.5 billion higher than the planned 3.9% respectively and 15 %. The results of this project is equivalent to EPS in 2015 was VND2,521 per share. Thus, at the closing price on 27/05/2015, PXS is trading at P/E of 8.5 times in 2015, at a relatively reasonable compared to the industry. More detailed analysis and outlook of PXS would be discussed in the forthcoming RongViet Research company report.

Markets could experience "tug of war" trading sessions with high volatility

VN-Index closed in the green (up 0.28%) meanwhile the red color overwhelmed HNIndex (down 0.59%). In general, a tug-of-war was the appropriate word for depicting today's session as VNIndex traded around 630 points. The main reason is leading stocks in prior sessions that were cool-down and differentiated. Particularly, BVH and BMI in insurance industry gained while CTG and MBB in Banking increased.

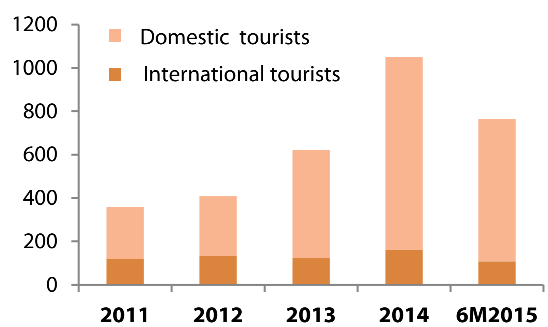
On the other hand, on of the biggest supporter for today green trading session are the mid and small caps such as SKG, ITD, and LIX… In particular, SKG - the stock that we had recommended on 24th June 2015 reached ceiling price today with total trading volume at 71 thousand shares. According to the latest update of our analyst, SKG recorded a positive earning result for 1H2015. Specifically, revenue reached VND155.21 bn (up 38.34% y-o-y), NPAT reached VND 92.3bn (up 72.58% y-o-y). Thus, PXS completed 64.8% and 74.8% revenue and NPAT plan. Such positive earning results can be achieved thanks to (1) DO oil price remain at low price USD 50-60 per barrel (down 29.6% compared with 1H2014), (2) Number of tourist to Phu Quoc increases; in particular, domestic and foreign visitors to Phu Quoc increased 75% and 28.5% respectively in 1H2015. In overall, with low oil price and the positive number of visitors to Phu Quoc, our analyst expects that SKG will have a positive earning result for 2015. Moreover, SKG always set new business strategies to add value to customer so they can expand their market shares, especially in Ha Tien-Phu Quoc route. Thus, our analyst keep the initial opinion about SKG as in the latest report – recommend **BUY** with this stock.

Exhibit 1: Domestic DO price (VND/liter)



Source: Xangdau.net, RongViet Research

Exhibit 2: International and domestic tourists arrivals to Phu Quoc (thousand people)



Source: kiengiangvn.vn

On the other hand, liquidity in both markets demonstrated negative signs with 135 million trading shares. Therefore, until the end of today session, average trading volume dropped by 17% compared to previous week. Rongviet's market analyst maintained the perspective about markets from previous Advisory diary that we are in unsteady situation. Cash flow into the market has not been interested in participating in trading activities after recent rally. As a result, markets next week could experience "tug of war" trading session with high volatility and decline could be the trend for next week. With the forecasted trend, we recommend short-term investors to consider selling while markets are in positive conditions. In intermediate and long-term, we remain optimistic and 50:50 proportions between cash and stocks could be reasonable for risk hedging and preparing for new waves from the market.

WEEKLY TECHNICAL VIEW

VN-Index

VN-Index gained 1,35 points (or 0,21%), closed at 628,63. Trading volume reduced 20% down to 625 million shares.

In the week, VN-Index reached 640 then turned down sharply on reducing volumes. VN-Index seems exhausted after a long rally and a correction is coming.

The area around 640 is a strong resistance and accumulation is needed before any break out.

Looking at technical indicators, both the MACD and the RSI turned down slightly. Negative divergences between VN-Index and the RSI and volumes formed. A small double top pattern is forming and the target of this correction is around 600-615.

Traders should take profits partly and then wait for stocks at lower prices.

HNX-Index

HNX-Index lost 1,17 points (or 1,32%), closed at 87,07. The liquidity reduced slightly, down to 263 million shares (-7,4%).

HNX-Index kept moving down on low volumes. The support of HNX-Index at around 87 seems not strong enough and traders should find a lower support at around 85 (equivalent to 200-day moving average).

Looking at technical indicators, both the RSI and the MACD turned bearish. The negative divergences between HNX-Index and the MACD and the RSI formed completely.

The ADX indicator is weakening, showing that the uptrend of HNX-Index is slowing down.

Next week, the trading range of HNX-Index may be 85-87.

Recommendation:

VN-Index and HNX-Index moved oppositely. VN-Index gained points while HNX-Index kept moving down. The rally is showing some signs of weakness and traders should take profit and wait for stocks at lower prices.

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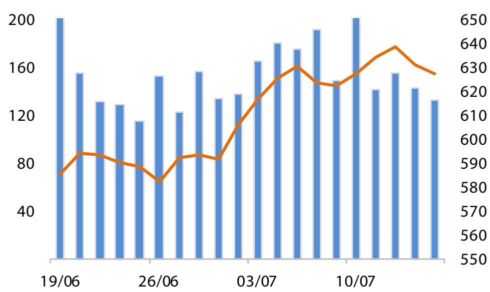
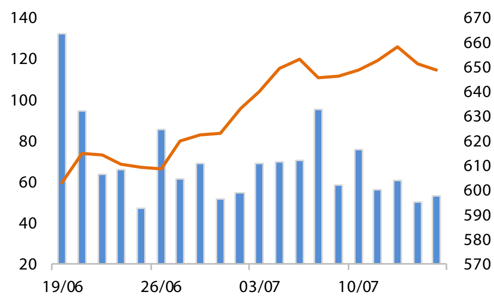
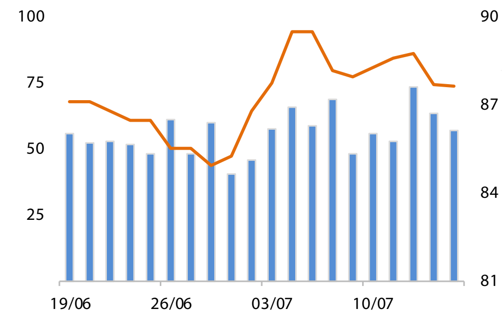
VNINDEX	0.28%	628.63	VN30	0.30%	651.03	HNXINDEX	-0.59%	87.07

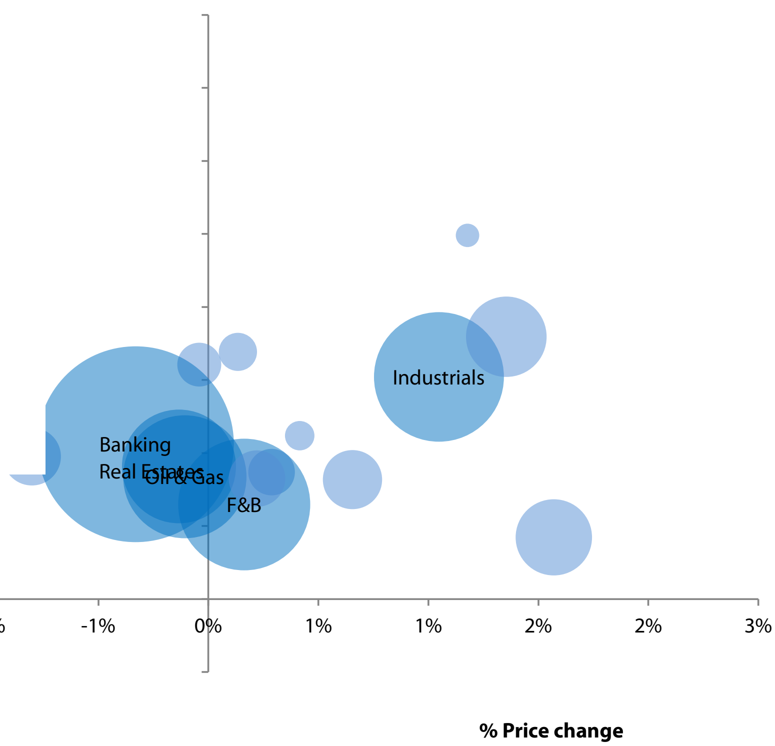




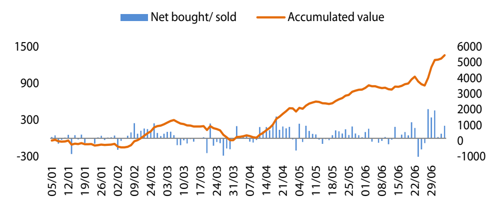


Industry Movement

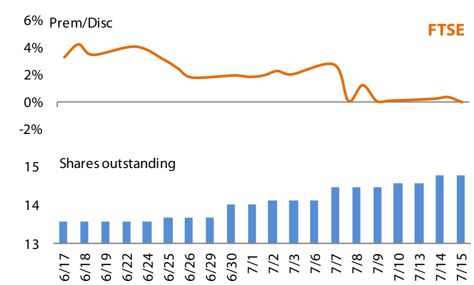
Industry	% change
Technologies	0.3%
Industrials	1.0%
Constructions	1.4%
Oil & Gas	-0.1%
Distribution	1.2%
F&B	0.2%
Household Goods	-0.1%
Cars & Parts	0.4%
Chemicals	0.7%
Resources	0.0%
Insurances	1.6%
Real Estates	-0.1%
Financials	-0.8%
Banking	-0.3%
Utilities	0.2%
Healthcare	0.1%

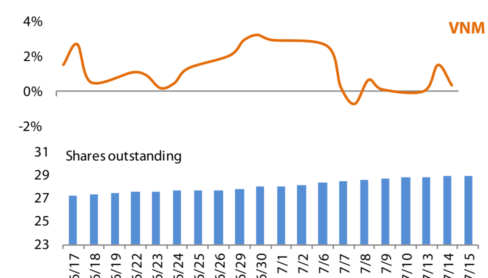


Foreign Investors Trading



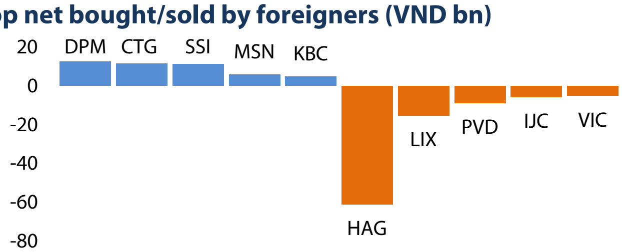
ETF



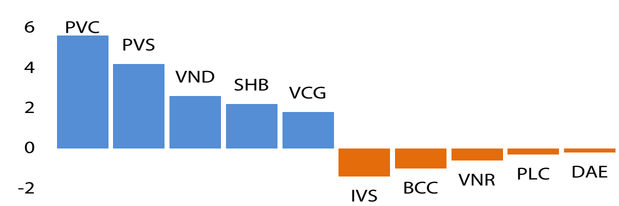


Top net bought/sold by foreigners (VND bn)

HSX



HNX



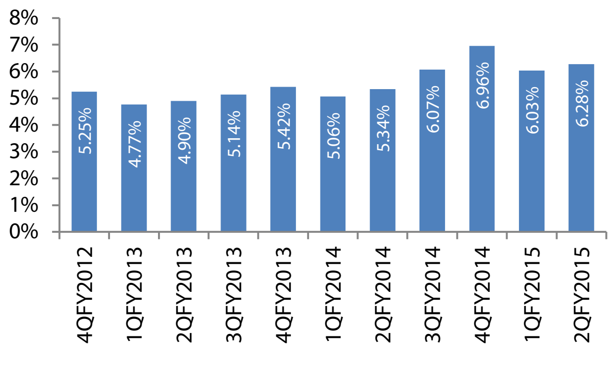
Top Active

Ticker	Price	Volume	% price change
FLC	8.5	13.42	4.9%
DLG	8.9	4.24	0.0%
MBB	16.0	4.16	0.6%
CII	26.6	3.48	-2.2%
SSI	26.0	2.81	-1.1%

Ticker	Price	Volume	% price change
KLF	6.6	4.58	3.1%
SCR	8.9	3.73	-1.1%
SHB	9.0	3.57	-1.1%
FIT	11.9	1.82	-0.8%
SHN	15.0	1.60	1.4%

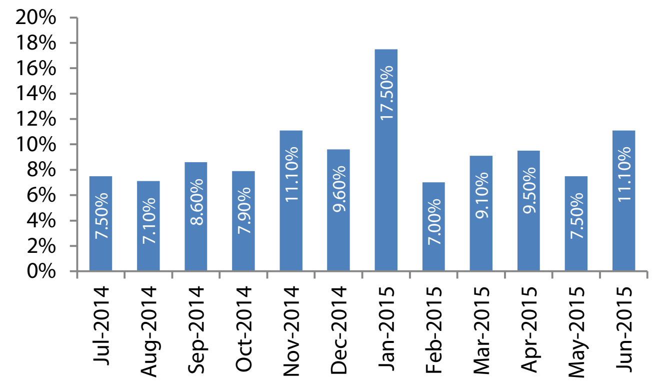
MACRO WATCH

Graph 1: GDP Growth



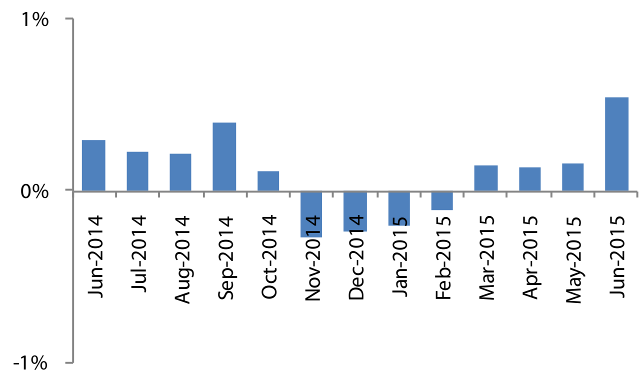
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



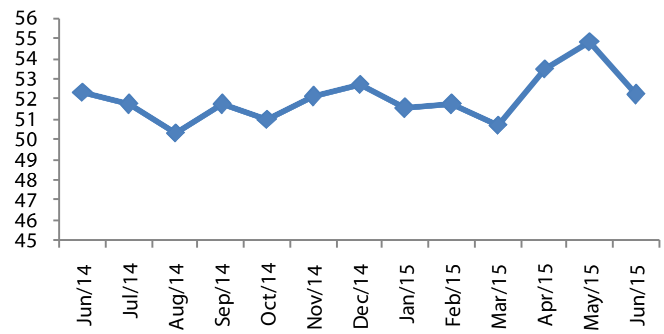
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



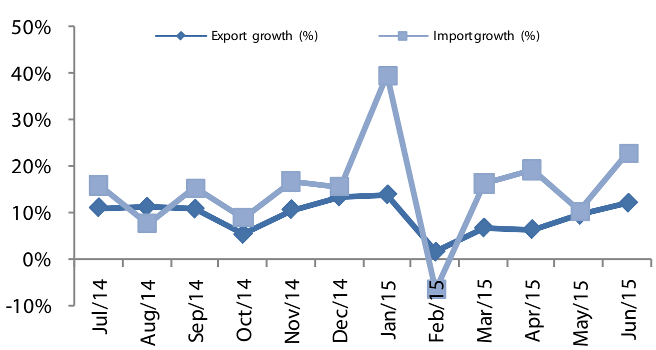
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



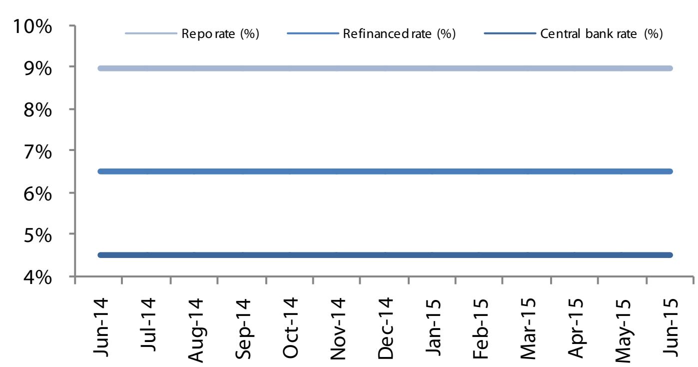
Sources: GSO. Rongviet Securities database

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	30/06/2015	0% - 0.75%	0% - 2.5%	11,729	11,675	0.46%
VEOF	30/06/2015	0% - 0.75%	0% - 2.5%	9,821	9,767	0.55%
VF1	06/07/2015	0.2% - 1%	0.5%-1.5%	22,992	22,728	1.16%
VF4	01/07/2015	0.2% - 1%	0%-1.5%	9,961	9,932	0.29%
VFA	03/07/2015	0.2% - 1%	0%-1.5%	7,426	7,307	1.62%
VFB	03/07/2015	0.3% - 0.6%	0%-1%	12,211	12,185	0.21%
ENF	03/07/2015	0% - 3%	0%	11,424	11,271	1.36%
MBVF	02/07/2015	1%	0%-1%	10,563	10,536	0.26%
MBBF	01/07/2015	0%-0.5%	0%-1%	12,133	12,115	0.15%

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