NOVEMBER

ADVISORY DIARY

13

FRIDAY

- **PPC, MBB: Q32015's business result update**
- **Markets closed higher in the final session of the week**

Another active session. As yesterday session, today market witnessed cautious in morning and bullish in afternoon, with suddenly high cash inflow. Therefore, VNIndex closed above 610 and HNIndex also kept its supporting level of 81.5. Considerably, today was the third straight session taking improvement in liquidity. Total order-matching volume reached 190 million shares, increasing 9.2%, equivalent to value of VND2,727 billion. Put-through activities were so active, especially in VNM and VIC.

Foreigners had a third straight net-selling session, with value of VND 116.8 billion. Relating to foreigner's transactions, MSCI announced its Q4 rebalancing result. In which, HNG was added to the portfolio while HAG and PVD were delisted in MSCI Frontier Markets Indexes. MSCI also revealed portfolio of MSCI Frontier Markets Small Cap Indexes, with 5 Vietnam tickers added: HAG, CII, DCM, PVD and NT2 and no tickers delisted.

Failing achieve 612 points last week, VNIndex experienced the first decline week after 5 consecutive weeks of improvement. Regarding the concern about high margin in the stock exchanges and sentimental impact from FED's rate hike, many investors made profit-taking activities over the first 3 sessions this week. Speculative stocks, under this circumstance, became the attractive group with mineral stocks reaching the celling prices and FLC leading with the highest trading volume. However, deep adjustment has not occurred when indices positively rebounded after approaching supportive level of 595 points along with highest liquidity over the last 24 trading sessions.

"Markets closed higher in the final session of the week"

Recent movements and strong bottom-fishing cash flow around range of 590-595 supported VNIndex strongly. Therefore, we think the Index would hardly drop since bottom fishing in recent two sessions would be incentive for market trend in next sessions. However, market would witness relative pressure when bottom-fishing stocks are available for selling. We think next early sessions would be basement for considering whether new cash flow would be sufficient for profit taking pressure in late sessions of next week as well as giving evidence for sustainable trend or not.

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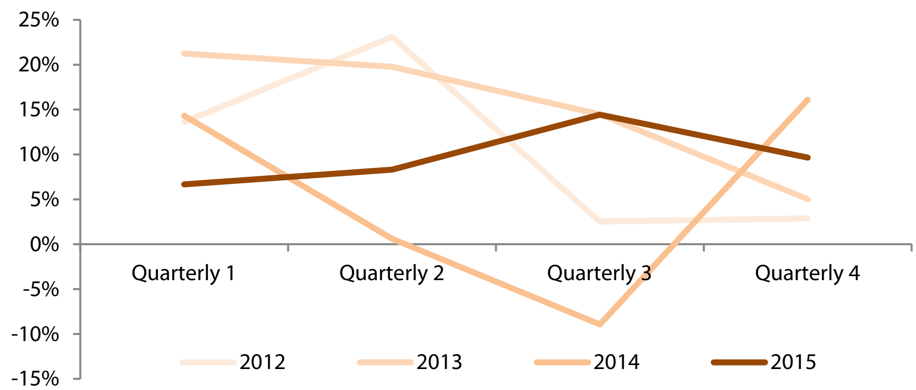
PPC: Q32015's business result update

GPM improved in Q3/2015. Longer dry season due to unusual weather change supported thermal power companies in term of selling volumes and prices. Selling volumes were estimated around 1,392 million kWh (+23% yoy) while average selling prices were recorded at VND1,280/kWh (+6% yoy); they were the key drivers for a surge in GPM from 7.5% in 1H2015 to 14.4% in Q3/2015. PPC performance was against the low seasonality in Q3 of thermal power plants. To sum up, GPM after 9M2015 post 9.6%, 2.7x higher than that of 9M2014.

Graph: PPC's quarterly gross profit margin



Source: RongViet Research

Financial activities recorded an FX loss. In Q3/2015, JPY appreciate 5.1% to VND, so PPC correspondently had to record an FX loss of VND213.6 billion in Q3. Therefore, the total financial loss that PPC had to suffer was VND155.6 billion while in same period of last year, the company made a gain of more than VND561.6 billion from financial activities.

For the total result, revenue and gross profit of PPC were VND1,781 billion (+30.4% yoy) and VND257.1 billion (Q3/2014: -VND122 billion) consecutively. However, PBT in Q3/2015 only post around VND77.8 billion, a significant drop compared to the figure VND413.5 billion in Q3/2014. After 9M2015, PPC managed to earn VND6,045 billion (+7.1% yoy) revenue, following by VND578.6 billion (+188% yoy) of gross profit. Unflavored fluctuation of JPY/VND caused PPC a loss in financial activitites; hence, the PBT of the company drop 20.6% yoy to VND472.3 billion, leading to a NPAT of VND441.5 billion (-11% yoy).

Q42015 outlooks

Fully depreciated machinery expects to widen 4Q2015 gross margin compared to 1H2015

Power consumption is usually higher in 4Q relatively to the preceding quarter. In addition, rising temperature and less than expected rainfall are likely to increase demand for power in 4Q2015 relatively to last year's same period. We estimate PPC's total power volume production in 4Q2015 could grow by 10% yoy or 1,605 million kWh and commercial power volume of 1,412 million kWh. Therefore, 4Q2015 and entire FY2015 revenue are expected to record VND1,952 billion (+6.1%yoy) and VND8,059 billion (+7.7% yoy)

At the end of 2Q2015, all machinery of power production line (No. 2) have been fully depreciated. So, apart from weather condition factor (low rainfall causes rising power prices and demand), 2H2015 depreciation expense is expected to be about 32% of 1H2015 figure. As a result, 4Q2015 gross margin is forecasted to be 9.7% relatively to 7.5% in the year's first two quarters.

Financial expense is expected to remain high in Q4/2015 due to provision for long-term investment in Quang Ninh Thermal Power

Until the end of Q3/2015, the balance from investment capital contribution in other entities of PPC reached approximately VND 1,087 billion. Particularly, total investment in Quang Ninh Thermal Power has been more than VND 817 billion (equivalent to 16.35% ownership ratio). According to 2014 financial statement of Quang Ninh Thermal Power, auditors provided qualified opinion about the losses from construction phase and losses from the revaluation of long-term loan on 31/12/2011 with over VND 1,260 billion. Under the implementation of Circular 200, Quang Ninh Thermal Power has to fully allocate the foreign exchange losses in 2015 and following company's plan, the allocation could occur during the last 6 months of 2015. As a result, without considering Quang Ninh's core business result in 2015, we estimated that PPC has to make VND 206 billion provision for long-term investment in Quang Ninh Thermal Power in Q4/2015.

Joint venture investment in Hai Phong Thermal Power: expect to record losses due to exchange rate fluctuations

At the end of Q3/2015, short and long-term loans of Hai Phong Thermal Power was VND 13,225 billion, specifically, over 80% of this figure could be in USD and 10% could be in JPY. With 3% and 5% depreciation of USD and JPY respectively, Hai Phong Thermal Power could lose VND 397.3 billion.

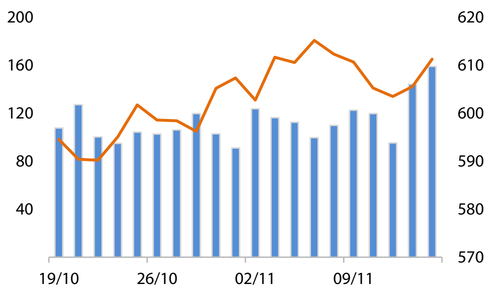
Hai Phong Thermal Power planned to achieve VND 341 billion in 2015 revenue (excluding foreign exchange losses). Under the assumption that company could achieve the plan along with USD/VND and JPY/VND remain stable compared with late Q3/2015, Hai Phong Thermal Power could lose approximately VND 56.3 billion in 2015 and equivalent to VND -14.6 billion for PPC, slightly improve compared to VND 10 billion loss in 2015.

PPS's Q4/2015 and 2016 business prospects will be provided in more details in the upcoming Company Update report.

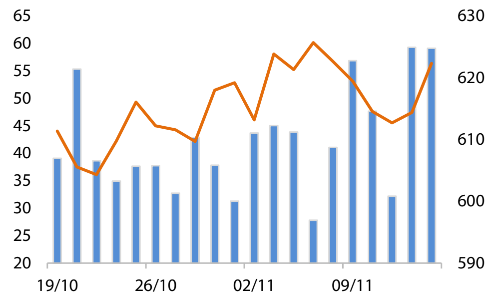
MBB: Military Commercial Joint Stock Bank (HSX: MBB) published the consolidated financial report for Q3/2015 with total operating income recorded at VND2,041 billion, a slight decrease compared to VND2,057 billion of Q3/2014. Net interest income, which accounts for 80% total operating income, only post VND1,591 billion, down 4.8% yoy. On the other hand, other businesses of MBB grew: service fees up 26%; FX operation gained 168% while other incomes skyrocketed 90.6%.

Total accumulated operating income after 9M2015 of MBB was VND6,599 billion (+7.2%). Operating expenses increased 4.5% and accounted for 35.55% of total operating income, which was a minor decline compared to 36.45% of 9M2014. Also, 9M2015 provision expenses of MBB were calculated at VND1,699.8 billion (+14.2% yoy) and EBT after corresponding loan loss provisions was VND2,552.97 billion (+5.3% yoy). Therefore, 9M2015 EAT of MBB grew 4.6% yoy to VND2,032 billion (fulfilled 78% FY2015 plan).

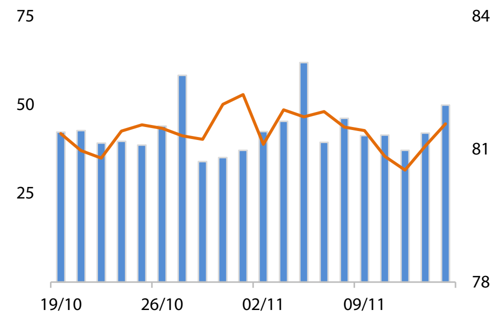
VNINDEX 0.94% **611.27**



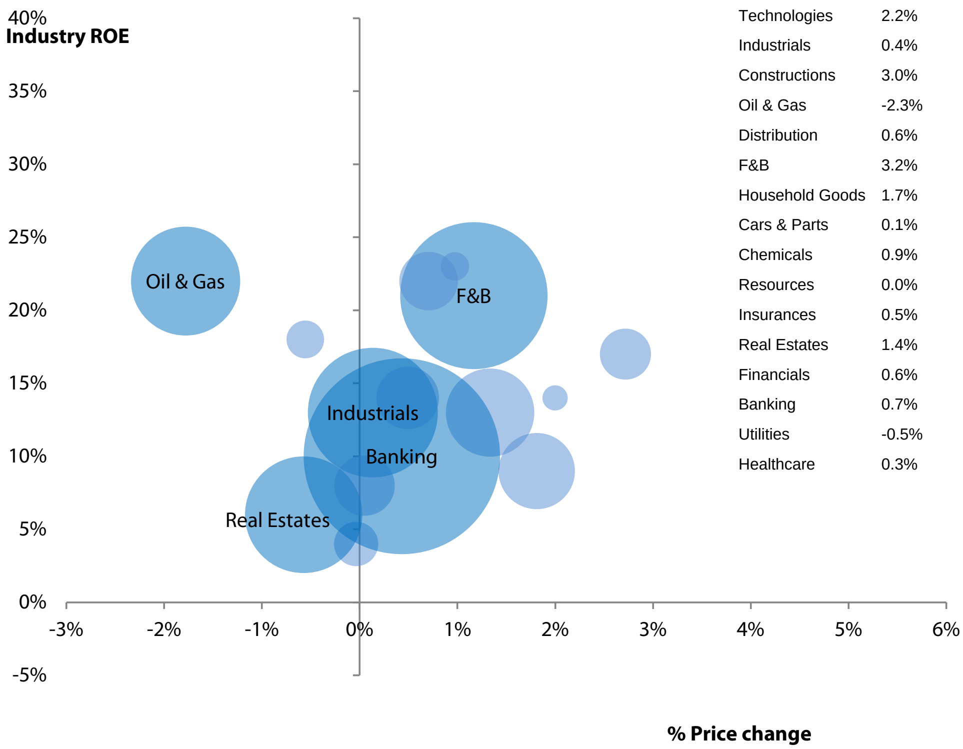
VN30 1.29% **622.34**



HNXINDEX 0.62% **81.57**

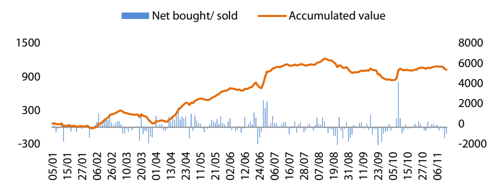


Industry Movement

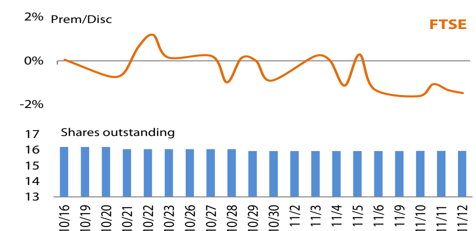


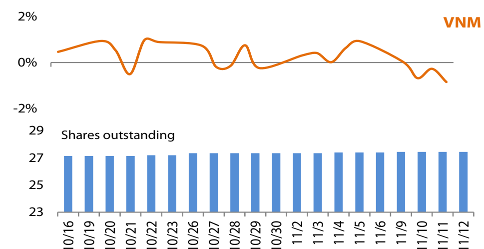
Industry	% change
Technologies	2.2%
Industrials	0.4%
Constructions	3.0%
Oil & Gas	-2.3%
Distribution	0.6%
F&B	3.2%
Household Goods	1.7%
Cars & Parts	0.1%
Chemicals	0.9%
Resources	0.0%
Insurances	0.5%
Real Estates	1.4%
Financials	0.6%
Banking	0.7%
Utilities	-0.5%
Healthcare	0.3%

Foreign Investors Trading

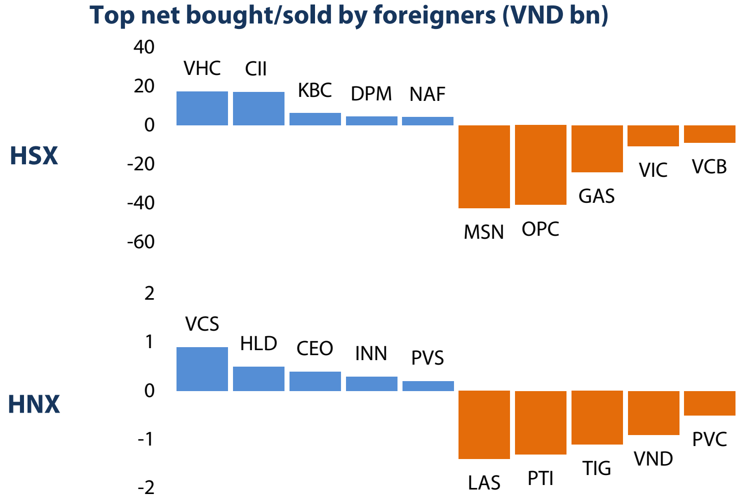


ETF





Top net bought/sold by foreigners (VND bn)



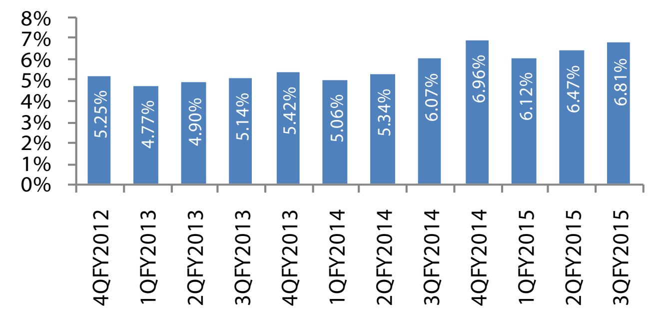
Top Active

Ticker	Price	Volume	% price change
FLC	8.1	21.41	5.2%
OGC	3.2	17.21	3.2%
FIT	10.5	10.93	4.0%
DLG	9.4	9.70	4.4%
MBB	14.9	4.24	2.1%

Ticker	Price	Volume	% price change
KLF	4.6	4.78	4.5%
SCR	8.2	4.11	1.2%
TIG	11.2	2.57	1.8%
SHB	6.8	2.32	1.5%
DPS	15.5	1.38	9.9%

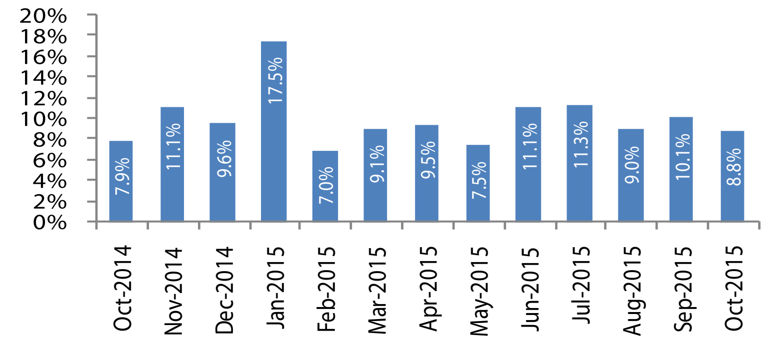
MACRO WATCH

Graph 1: GDP Growth



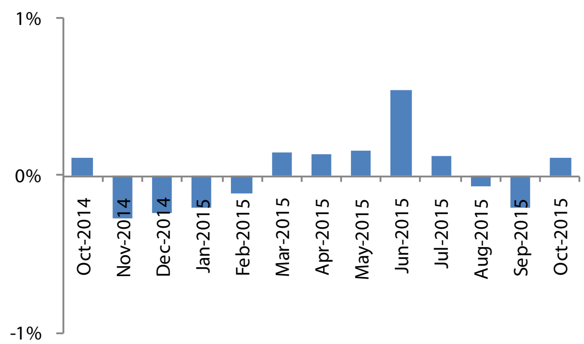
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



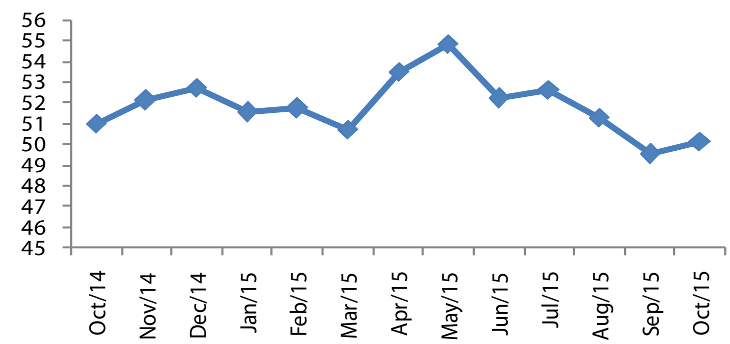
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



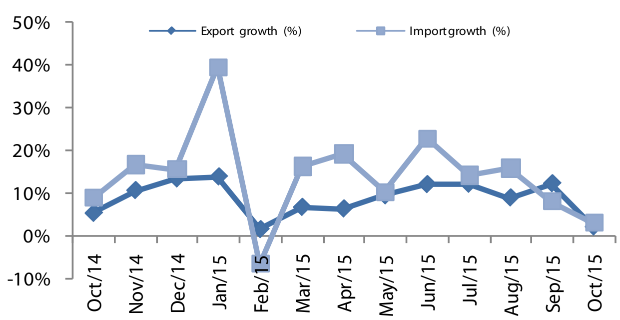
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



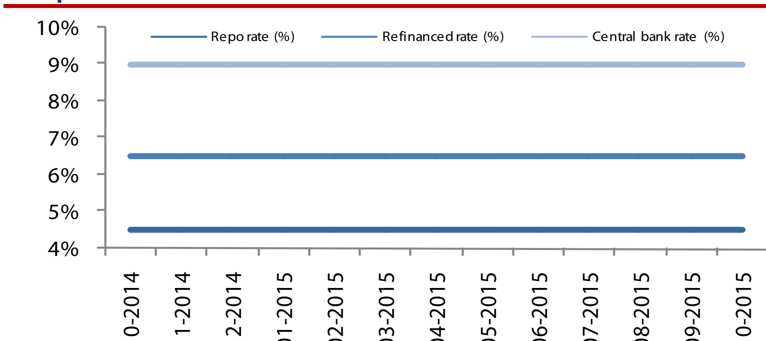
Sources: GSO. Rongviet Securities database

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
NKG- Capital ravels to be untangled	November 6th, 2015	Neutral – Intermediate term	17,400
DMC - Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000
HSG - New investments: The engine of growth	October 29th, 2015	Accumulate – Long term	52,500
KSB - Rock-solid foothold in the construction stone	October 28th, 2015	Buy – Intermediate term	38,400
HHS - Riding on a rough road	October 28th, 2015	Neutral – Short term	20,100

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	03/11/2015	0% - 0.75%	0% - 2.5%	12,058	12,047	0.09%
VEOF	03/11/2015	0% - 0.75%	0% - 2.5%	10,674	10,488	1.77%
VF1	05/11/2015	0.2% - 1%	0.5%-1.5%	24,505	24,267	0.98%
VF4	05/11/2015	0.2% - 1%	0%-1.5%	11,102	10,994	0.98%
VFA	05/11/2015	0.2% - 1%	0%-1.5%	7,517	7,461	0.76%
VFB	05/11/2015	0.3% - 0.6%	0%-1%	12,490	12,409	0.66%
ENF	30/10/2015	0% - 3%	0%	12,107	11,963	1.73%
MBVF	05/11/2015	1%	0%-1%	10,974	10,991	-0.15%
MBBF	28/10/2015	0%-0.5%	0%-1%	12,438	12,445	-0.06%

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