OCTOBER

ADVISORY DIARY

27

TUESDAY

- **DXG: Ever-rising share capital reduce DXG attractiveness as a long –term investment**
- **Fluctuating in low range**
- **Result update: FPT, SVC**

Ever-rising share capital reduce DXG attractiveness as a long –term investment

Last weekend, our analyst attended a project exhibition of Dat Xanh Group (HSX- DXG). At the event, the Company revealed optimistic estimates of its 9-month earnings as well as a rather ambitious capital-raising plan in November.

It was reported by DXG at the expo that the firm sold 5,964 units in the nine months to September for net revenue of VND911 billion and VND247 of NPAT, completing 67% of 2015 revenue guidance and exceeding the whole-year NPAT target by 2%. For Q3 alone, the firm handed over nearly 300 apartment units of block A3, Sunview Town (Thu Duc), which fueled an earnings jump last quarter. Despite the upbeat profit reports, our analyst notes that excluding the negative goodwill from the acquisition of two new subsidiaries in Q2, DXG has just completed only 79% of its 2015 NPAT guidance. In the fourth quarter, the firm will hand over 380 units of block A2 for over VND70 billion of net income. The firm seems optimistic projecting VND1,571 billion of revenue and VND329 billion of NPAT for FY2015.

With the holding of 41.5% (16% under DXG's direct ownership and 26% via subsidiaries) of the outstanding shares of LDG Investment JSC (listed on HSX in mid-August under the ticker LDG), the consolidated net earnings of DXG saw a significant of LDG's NPAT. As far as we concern, LDG's revenue reached over VND400 billion and NPAT about VND94 billion in the nine-months ended September. In Q1 and Q2 of FY2016, DXG will continue to hand over block B (500 units) and block A2 (480 units) of Sunview Town to buyers for a total net income of about VND160 billion. Plus the unbooked sales of over 800 units at Viva City, a land plot project under LDG's name, DXG project 2016 revenue and NPAT both at a 100-percent increase from FY2015.

Aside from small apartment projects just commercialized in Q3 and Q4, i.e. Luxcity (District 7), Opal Riverside (Thu Duc) and Cara Riverview (District 8), DXG showcased last week a new project named Venice City with 6,7ha of land area, 6 blocks and 3.100 apartments units. The new project will require an estimated total investment of VND5,400 billion, a large part of which will be financed by equity. DXG will submit a plan to double its share capital from the current VND1,172 billion in an EGM set to take place this November.

Overall, robust liquidity in the real estate market has been much of a boon for brokers the like of DXG this year. Regarding the Company's capital raising plan, our analyst comments that the DXG had increase its share capital several times in the last two years by issuing new equities for "strategic investors" and its employees at a significant discount from the then-prevailing market price, usually at par. This has reduced the pro rata interest of early comers a large extent while making a consequential payment of cash dividend increasingly difficult. Furthermore, the requirement to maintain EPS and return on equity dictates that DXG's yearly net income growing at least at the same rate as its capital. Given the cyclicality as well as the liquidity risk of Vietnam's real estate market, that will be a great challenge to DXG in the long run.

"Fluctuating in low range"

Fluctuating in low range

Both indices closed lower today, around resistance 600 and 81. Not much news and leading stocks to watch today. Liquidity continuously slipped 10% lower with total order-matching volumes reached 121.1 million shares. Very likely to domestic investors, foreigners net bought slightly at

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VND5.9 billion.

We expect VNIndex to fluctuate around 600 to accumulate more momentum for a real break as market is not ready for an assault due to low liquidity. However, we still do not see any risks of a significant drop from 600. Therefore, there won't be much changes for this week. Investors are recommended to follow macro news, which were listed in yesterday's AD, for further decisions.

Result update: FPT, SVC

FPT: In blue-chip group, FPT today witnessed positive session. This stock was trading with high volume and closing at VND48,000 (+VND400 compared to yesterday closing price). Today, FPT published its 9M result with revenue and PBT at VND29,257 billion (+20%yoy) and VND1,969 billion (+8%yoy). In which, technology and retailing&distribution were the two segments having highest growth

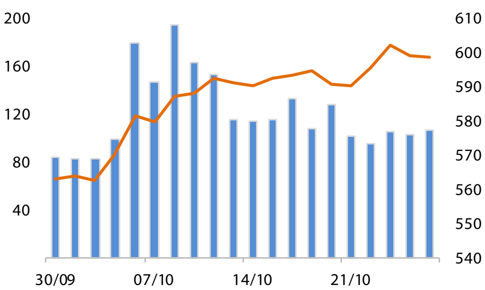
In technology segment, 9M revenue and PBT grew as 30% and 19% yoy, respectively. Outsourcing remained its positive, with revenue and PBT growth at 45% and 27% yoy, which are more attractive than those figure of 9M 2014 (30% yoy and 4% respectively). So, this segment is reaching 76% and 70% of our forecast in revenue and PBT, respectively. Conversely, integrated system segment was reaching 70% of this year guidance but PBT only reaching 69% of 2015's guidance. Revenue and profit of this segment is contributed mainly by hardware sales. However, it witnessed negative impact in 9M, due to (1) VND depreciation affecting cost of buying hardware and (2) low margin in many small-size projects.

Revenue and NPAT of distribution and technology equipment retail have grown 20% and 19% respectively after 9 months. Main contribution comes from retail segment with revenue up 53% and NPAT skyrocketed 255%. On the other hand, mobile phone distribution seems to face a pause as its revenue only grows 13% y-o-y while PBT drops 9% y-o-y. Recently, Apply has allowed MWG and DGW to directly import products from the company, which might affect performance of distribution segment in the last quarter. However, we expect growth from retail will be able to offset a minor slump of Apple's product distribution segment of FPT in FY2015.

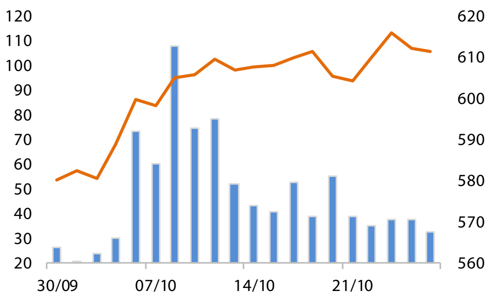
More details will be updated in next report after the meeting with FPT's BOD.

SVC: SVC has published Q3 result today, particularly, revenue and profit of shareholder of parent company has reached respectively VND 2721.54 billion (+35%yoy) and VND 31.4 billion (+125% yoy). Untill the en of September, revenue and PAT of shareholder of parent company recorded VND 6802.5 billion and VND 72.32 billion. These figures make no more different from our estimation estimated in Advisory Diary dated 13 October 2015. In terms of core business, Q3 profit increased by 86% yoy and this positive performance, as our forestation, could remain in Q4. However, investor expectation of 2015 performance has mostly impacted on stock price when SVC price has jumped 72% during this month.

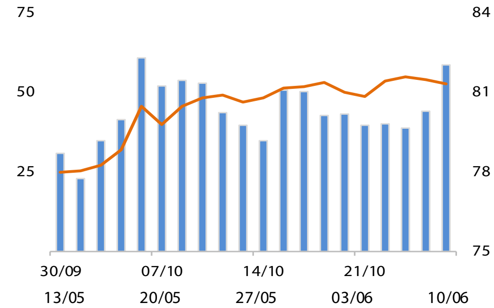
VNINDEX -0.03% **598.44**



VN30 -0.10% **611.57**

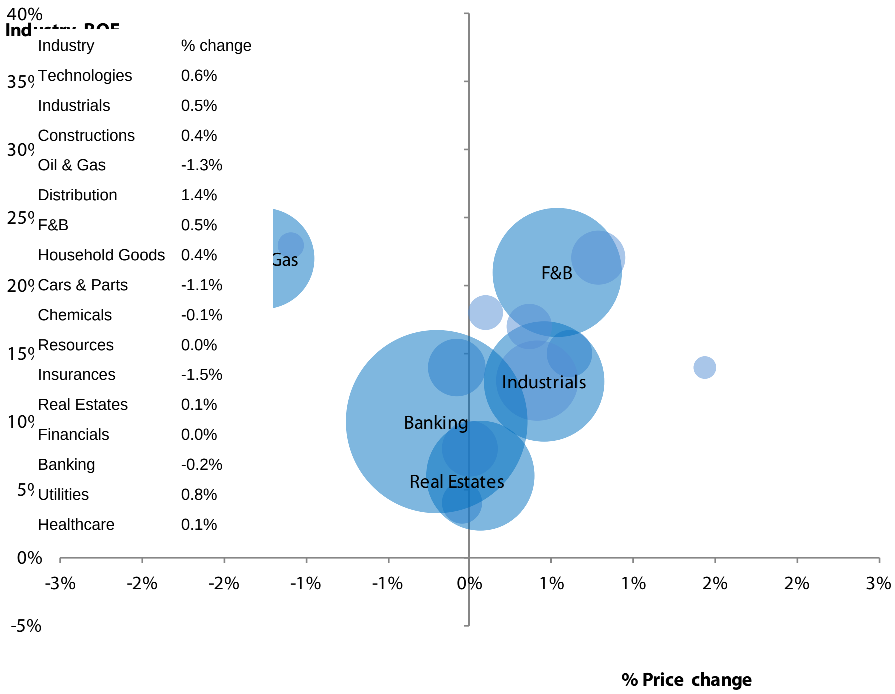


HNXINDEX -0.21% **81.30**

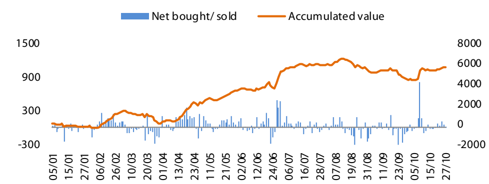


Industry Movement

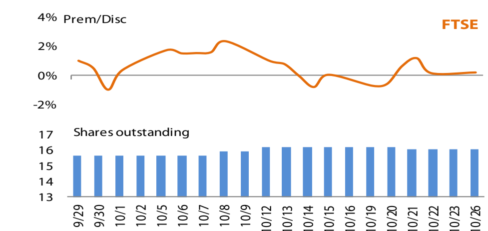
Industry	% change
Technologies	0.6%
Industrials	0.5%
Constructions	0.4%
Oil & Gas	-1.3%
Distribution	1.4%
F&B	0.5%
Household Goods	0.4%
Cars & Parts	-1.1%
Chemicals	-0.1%
Resources	0.0%
Insurances	-1.5%
Real Estates	0.1%
Financials	0.0%
Banking	-0.2%
Utilities	0.8%
Healthcare	0.1%

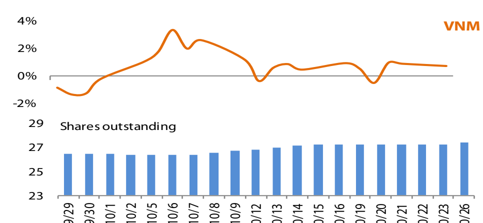


Foreign Investors Trading



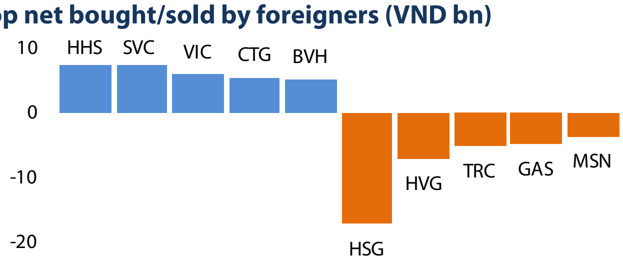
ETF



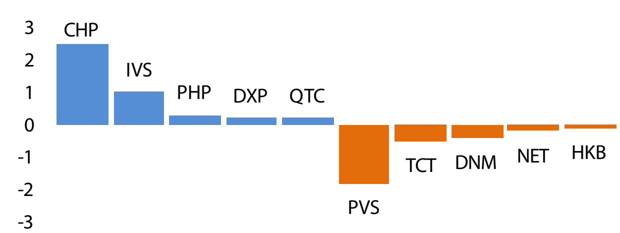


Top net bought/sold by foreigners (VND bn)

HSX



HNX



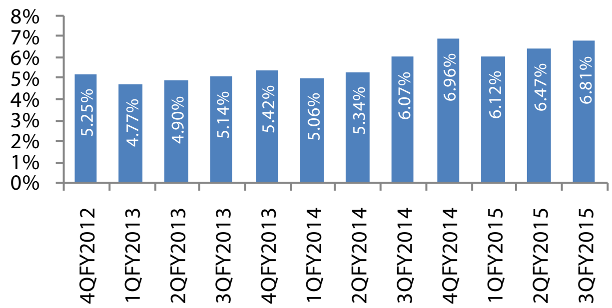
Top Active

Ticker	Price	Volume	% price change
HQC	6.8	10.29	6.3%
ITA	6.7	5.54	0.0%
FLC	6.9	2.90	-1.4%
HAG	14.3	2.45	-1.4%
HHS	18.1	2.15	1.7%

Ticker	Price	Volume	% price change
SCR	8.1	3.19	2.5%
SHB	6.7	2.87	-2.9%
PVS	21.9	2.13	-2.7%
ITQ	6.6	1.57	-9.6%
TIG	11.0	1.54	-4.3%

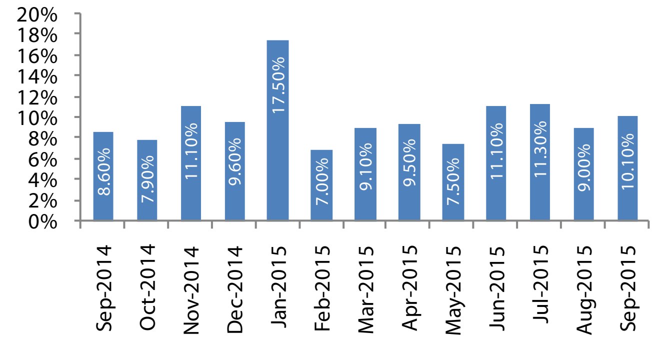
MACRO WATCH

Graph 1: GDP Growth



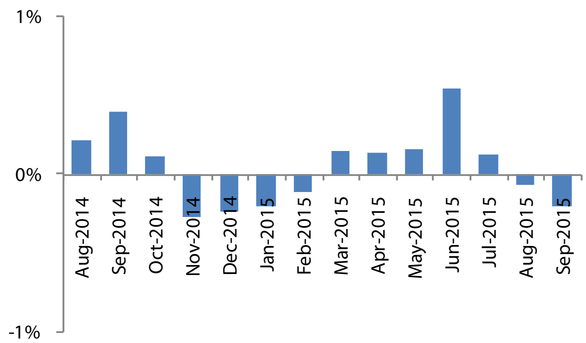
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



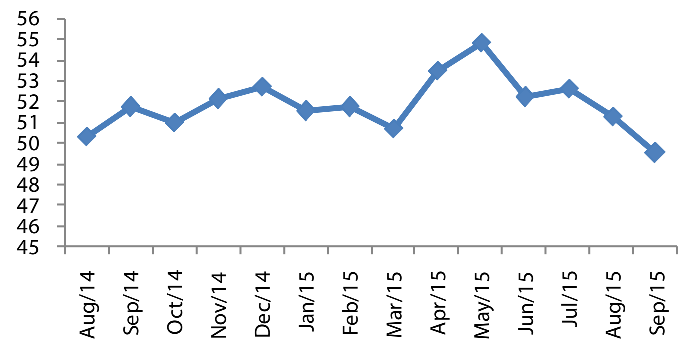
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



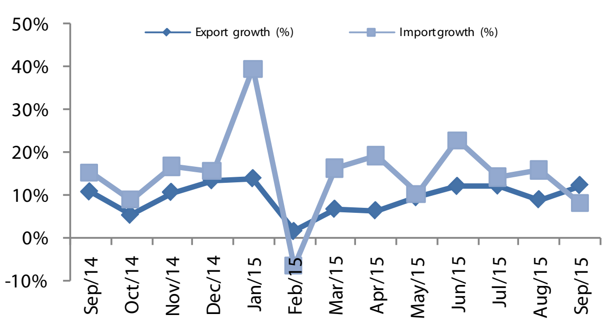
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



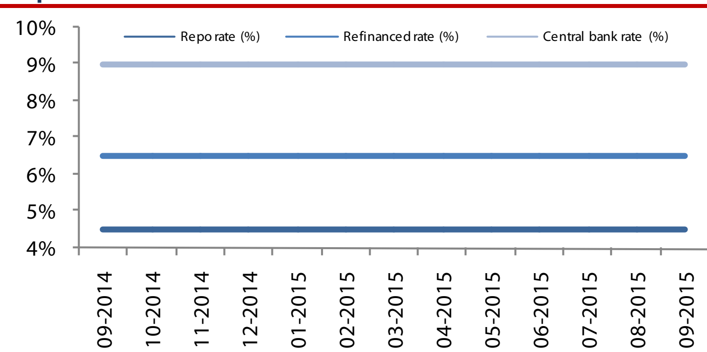
Sources: GSO. Rongviet Securities database

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
PVT - Upside potential outweighs short-term risks	October 20th, 2015	Buy – Long-term	15,900
CHP- Off season advantages	Sep 30th , 2015	Buy - Intermediate	23,600
PXS - Invest to strengthen construction capacity	Sept 4th , 2015	Accumulate - Intermediate	17,000
SHP - Positive over long-term	Sept 3rd, 2015	Accumulate - Intermediate	20,800
PET - Tracking the progress of Thanh Da land plot transfer	Aug 20th, 2015	Stable	N/a

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	06/10/2015	0% - 0.75%	0% - 2.5%	11,935	11,922	0.11%
VEOF	06/10/2015	0% - 0.75%	0% - 2.5%	10,347	10,241	1.14%
VF1	16/10/2015	0.2% - 1%	0.5%-1.5%	23,599	23,545	0.23%
VF4	16/10/2015	0.2% - 1%	0%-1.5%	10,558	10,511	0.45%
VFA	16/10/2015	0.2% - 1%	0%-1.5%	7,488	7,457	0.42%
VFB	16/10/2015	0.3% - 0.6%	0%-1%	12,409	12,391	0.14%
ENF	09/10/2015	0% - 3%	0%	11,842	11,582	2.24%
MBVF	08/09/2015	1%	0%-1%	10,696	10,574	1.15%
MBBF	07/09/2015	0%-0.5%	0%-1%	12,395	12,383	0.10%

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