

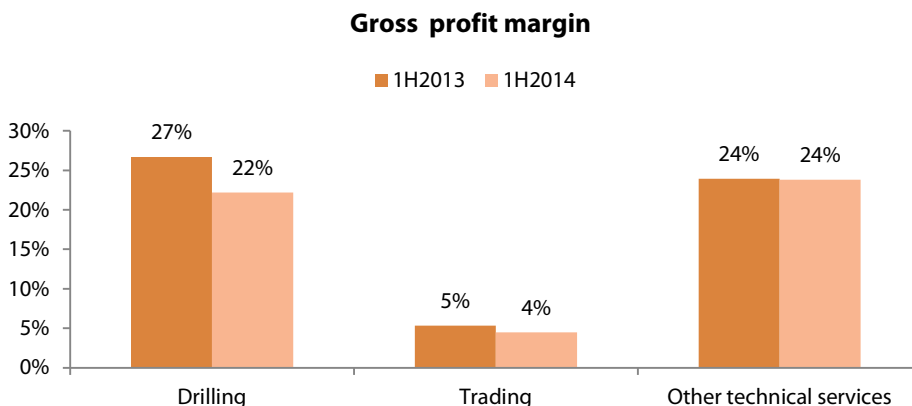
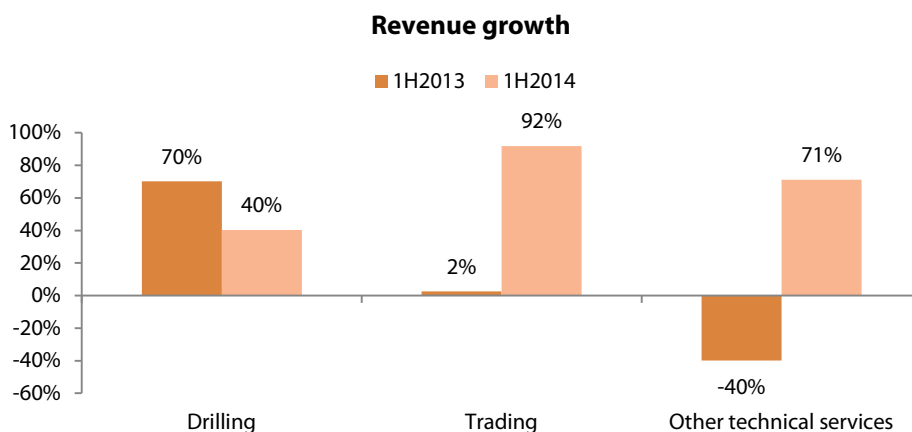
*“The excitement continued at mid-caps and pennies.”*

- **PVD favored thanks to intensity in O&G Exploration.**
- **The excitement continued at mid-caps and pennies.**

**PVD favored thanks to intensity in O&G Exploration**

Our analyst said Vietnam National Petroleum Corporation (PVN) had published performance result in July and in 7 months as of 2014. Accordingly, revenue reached VND434,000 billion, accomplishing 65% of a target and over 21% of a 7-month plan. We realize that PVN has been spurring O&G Exploration and Production along with maintaining its performance in line with the plan. Particularly, in the first 7 months, PVN has been deploying exploration activity in 19 wells, increasing of 27% over the same period and a number of exploitable wells were two times in comparison with the same period.

As being a provider of drilling rigs and drilling-related services that taken over a high proportion in Vietnamese market share, we believe that PVD is favored from above activities of PVN. By a brief discussion with Companies related to the first-half year performance result, revenue and NAT (for parents’ shareholders) recorded an impressive growth (+52% yoy), reached at VND9,936 billion and VND1,327 billion; in which, revenue from drilling rigs business constituted over VND6,000 billion (+40% yoy) as the following factors (1) average rent expenditure rose by 15% over the same period in 2013, fluctuating from 155,000-160,000 USD per day; (2) in 2Q2014, PVD also rent more two hired rigs for 1 month in addition to 6 hired rigs which had full-year contract.



Intensifying O&G exploration and production activities also helped PVD' well technical services increased sharply, revenue reached VND3,117 bn (+71%yoy), in which traditional services grew quite well while high-tech services had higher in-sourcing ratio, gross profit maintained stable at around 24%. Besides, trading segment (constitute about 8% revenue) also up by 92% compared to the same period and contributed to overall growth.

In view of profit ability, in 1H2014, gross margin was just 21.3% (decreased compared to 24.6% of the same period), we think the main reason was a strong jump in number of hired rigs. And though company has not been benefited from tax incentives since 2014 (except PVD 5), but net profit margin was unchanged compared to 1H2013 (~13.4%) thanks to above VND123 bn of net profit recognized from joint venture PVD – Baker Hughes in Q2/2014.

About the second half of this year, PVD strongly believe that they will be able to accomplish the full-year target net profit 3 months in advance and expect net profit of VND2,000 bn. However, we are optimistic that NPAT this year could higher than this number, our most cautious scenario is above VND2,200 bn NPAT, equivalent to EPS about VND8,043. At today closed price (VND100,000/share), PVD share is trading at P/E forward about 12.43x, equals to industry average level. However, with potential growth in near future (PV Drilling VI is expected to go into operation in Q2/2015), we suppose that investors could have chance to accumulate this share. At the end of this trading week (Aug 22, 2014) is ex-dividend date of PVD (20% in cash and 10% in stocks).

**The excitement continued at mid-caps and pennies.**

Market movement today was quite in line with our previous opinion at last week' Advisory Diary, the excitement continued at mid-caps and pennies. Conversely, the gaining motivation at large-caps was blurred and some of them even restricted index' gain such as VNM, PVD, and HPG. Today, VNM had a large put-through deal transaction with over 15 million units (~VND1,856 bn), we concluded that is a transaction related to F&N Dairy Investment. Although having a high deal price (at the ceiling price), but VNM still closed down (-0.86% compared with its reference price).

The positive news was updated after closing time, which was a decrease of petrol price about VND592 per liter. Thus, the price of RON A92 has dropped by 4.3% since the beginning of this month, similar to the decrease of world price. This adjustment could likely to be reflected in Sep CPI, mainly at transportation. Simultaneously, we believe that this petrol price decrease will offset with the seasonal factor from National Day' holiday and a rise of tuition fee at new semester. In general, inflation in September will maintain at low level.

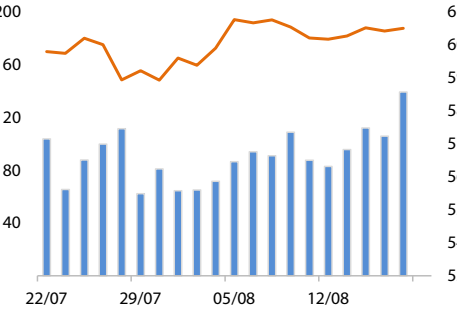
**My Tran**

+ 84 8 6299 2006 | Ext: 348

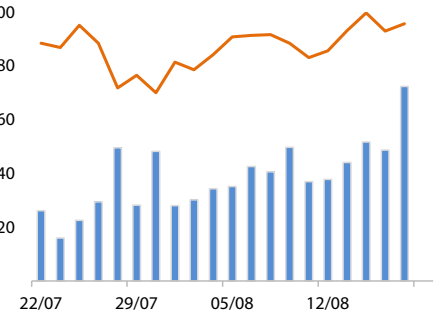
[my.tth@vdsc.com.vn](mailto:my.tth@vdsc.com.vn)

The movement of recent sessions causes us to have a question whether there could be a gaining wave at mid-cap and pennies in the remaining time of this year, especially at stocks which have increased not much. To answer this question, we will do due diligence analysis about foreign buy-sell transactions, technical view of Mid-cap and small-cap indices and fundamentals with the hope that could somehow find reasonable evidence as soon as possible.

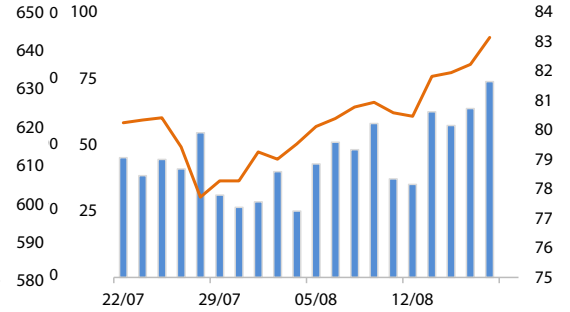
**VNINDEX** 0.14% **605.08**



**VN30** 0.29% **647.00**

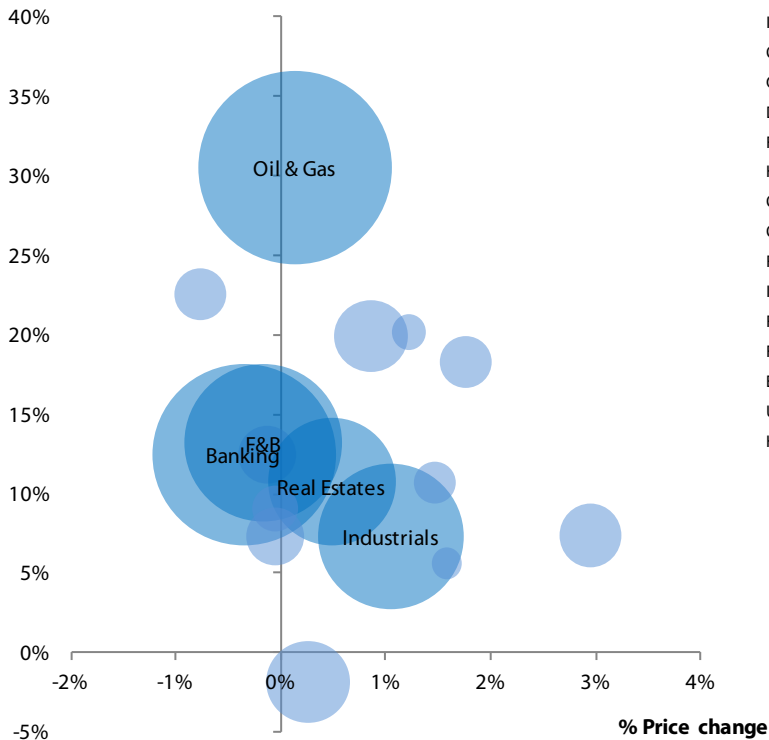


**HNXINDEX** 1.11% **83.14**



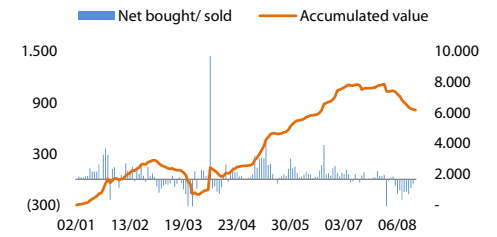
**Industry Movement**

**Industry ROE**

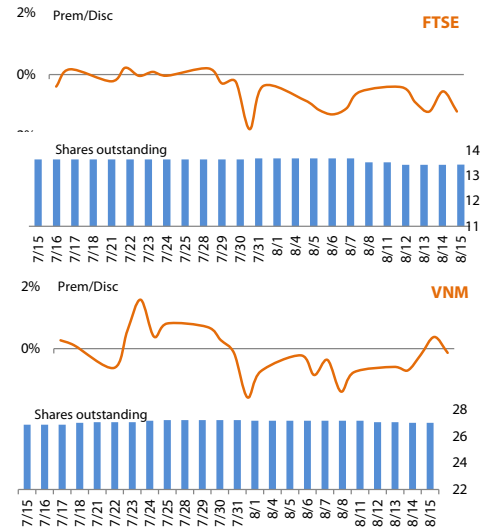


Industry	% change
Technologies	1.8%
Industrials	1.0%
Constructions	0.3%
Oil & Gas	0.1%
Distribution	1.6%
F&B	-0.2%
Household Goods	1.5%
Cars & Parts	1.2%
Chemicals	-0.1%
Resources	-0.8%
Insurances	0.9%
Real Estates	0.5%
Financials	2.9%
Banking	-0.3%
Utilities	-0.1%
Healthcare	-0.1%

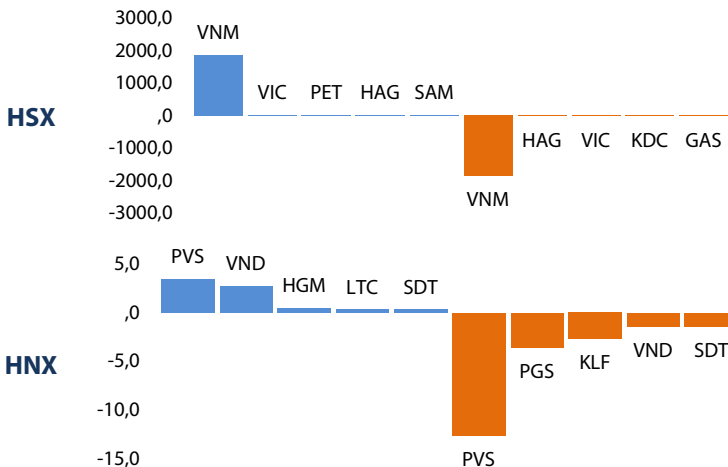
**Foreign Investors Trading**



**ETF**



**Top net bought/sold by foreigners (VND bn)**



**Top Active**

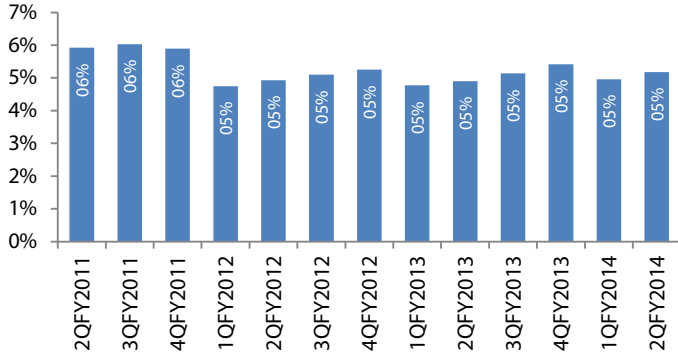
Ticker	Price	Volume	% price change
FLC	13.3	18.97	0.8%
SSI	27.6	7.02	4.6%
ITA	8.1	5.31	0.0%
OGC	11.8	4.75	0.9%
PTL	3.6	4.27	2.9%

Ticker	Price	Volume	% price change
PVX	4.7	10.90	-6.0%
SCR	10.0	6.65	2.0%
KLF	12.9	5.36	0.0%
KLS	11.9	5.04	1.7%
SHS	9.3	4.57	3.3%

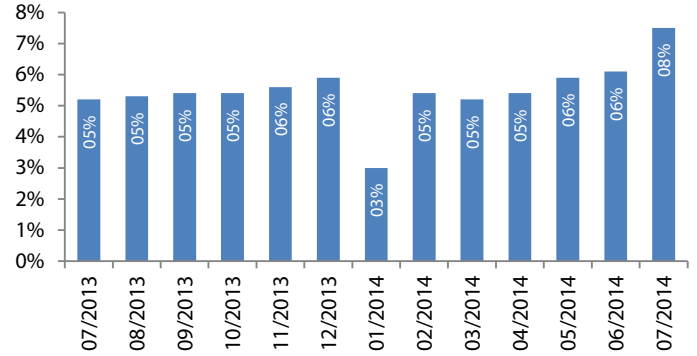
**MACRO WATCH**

**Graph 1: GDP Growth**



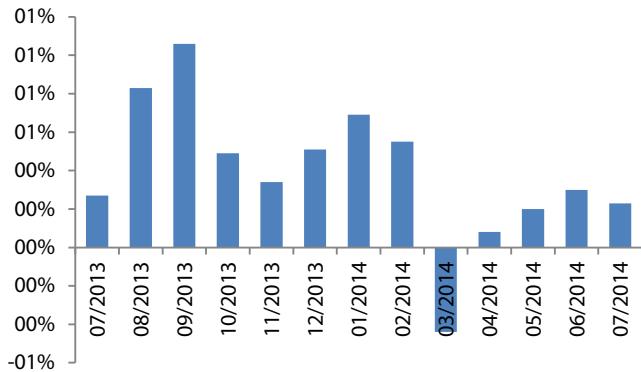
Sources: GSO, Rongviet Securities database  
(\* Comparison price in 1994)

**Graph 2: IIP**



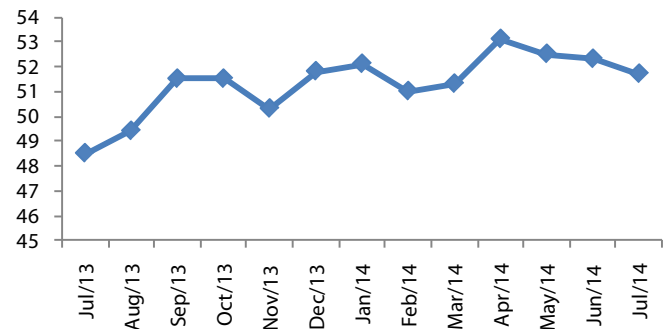
Sources: GSO, Rongviet Securities database

**Graph 3: Monthly CPI**



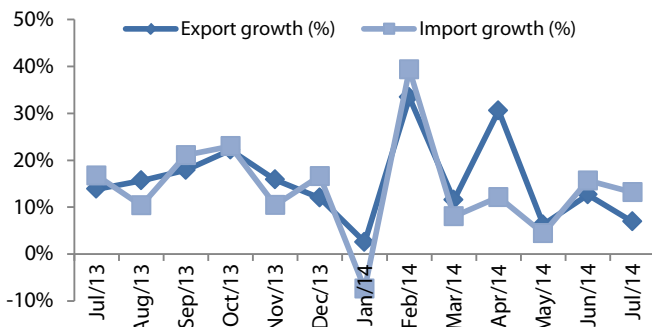
Sources: GSO, Rongviet Securities database

**Graph 4: HSBC - PMI**



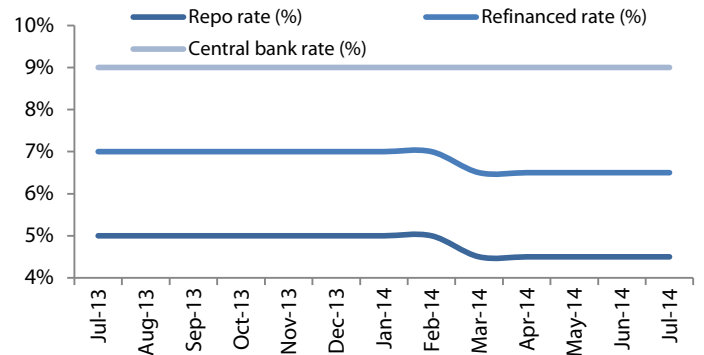
Sources: GSO, Rongviet Securities database

**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
HPG - On the way to dominate nationwide' market shares	Aug 12 <sup>nd</sup> , 2014	Accumulated – Intermediate-term	66,400
DBC-Benefit from decline in material price	May 27 <sup>th</sup> , 2014	Buy – Long-term	28,000
FPT-Leaping revenue	May 27 <sup>th</sup> , 2014	Accumulate – Intermediate-term	51,600
NBB-Strengthened cash flows	May 07 <sup>th</sup> , 2014	Buy – Long-term	36,300
DIG-Reboot	April 28 <sup>th</sup> , 2014	Accumulated – Long-term	19,200

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	05/08/2014	0-0.75%	0-2.5%	11,182	11,053	1.17%
VF1	07/08/2014	0.20% - 1.00%	0.50%-1.50%	22.263	21.759	2,32%
VF4	06/08/2014	0.20% - 1.00%	0.00%-1.50%	10.211	9.946	2,67%
VFA	08/08/2014	0.20% - 1.00%	0.00%-1.50%	7.537	7.422	1,55%
VFB	08/08/2014	0.30% - 0.60%	0.00%-1.00%	11.120	11.002	1,08%
ENF	01/08/2014	0.00% - 3.00%		10,152	10,233	-0.79%

## ANALYSTS

### Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 314

[truc.dtt@vdsc.com.vn](mailto:truc.dtt@vdsc.com.vn)

### Thuy Nguyen

+ 84 8 6299 2006 | Ext: 317

[thuy.nt@vdsc.com.vn](mailto:thuy.nt@vdsc.com.vn)

### Ngoc Chung

+ 84 8 6299 2006 | Ext: 318

[ngoc.cb@vdsc.com.vn](mailto:ngoc.cb@vdsc.com.vn)

### Tai Nguyen

+ 84 8 6299 2006 | Ext: 315

[tai.ntp@vdsc.com.vn](mailto:tai.ntp@vdsc.com.vn)

### Ha My Tran

+ 84 8 6299 2006 | Ext: 348

[my.tth@vdsc.com.vn](mailto:my.tth@vdsc.com.vn)

### Lam Nguyen

+ 84 8 6299 2006 | Ext: 318

[lam.ntp@vdsc.com.vn](mailto:lam.ntp@vdsc.com.vn)

### Diem My Tran

+ 84 8 6299 2006 | Ext: 344

[my.ttd@vdsc.com.vn](mailto:my.ttd@vdsc.com.vn)

### Tam Bui

+ 84 8 6299 2006 | Ext: 348

[tam.bt@vdsc.com.vn](mailto:tam.bt@vdsc.com.vn)

### HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon  
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

- T** +84 8 6299 2006
- F** +84 8 6291 7986
- 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



This report is prepared in order to provide information and analysis to clients of Rong Viet Securities only. It is and should not be construed as an offer to sell or a solicitation of an offer to purchase any securities. No consideration has been given to the investment objectives, financial situation or particular needs of any specific. The readers should be aware that Rong Viet Securities may have a conflict of interest that can compromise the objectivity this research. This research is to be viewed by investors only as a source of reference when making investments. Investors are to take full responsibility of their own decisions. VDSC shall not be liable for any loss, damages, cost or expense incurring or arising from the use or reliance, either full or partial, of the information in this publication.

The opinions expressed in this research report reflect only the analyst's personal views of the subject securities or matters; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or opinions expressed in the report.

The information herein is compiled by or arrived at Rong Viet Securites from sources believed to be reliable. We, however, do not guarantee its accuracy or completeness. Opinions, estimations and projections expressed in this report are deemed valid up to the date of publication of this report and can be subject to change without notice.

This research report is copyrighted by Rong Viet Securities. All rights reserved. Therefore, copy, reproduction, republish or redistribution by any person or party for any purpose is strictly prohibited without the written permission of VDSC.