

MAY

14

THURSDAY

ADVISORY DIARY

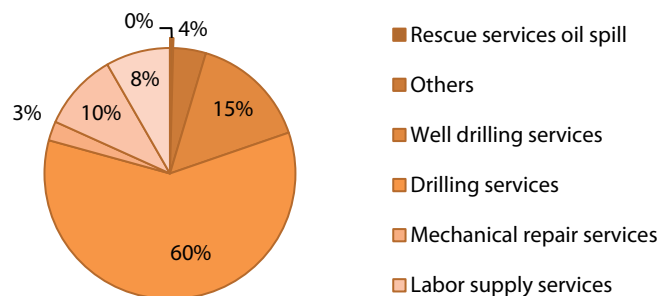
• **PVD - A slow down but more stable growth this year**

Although the price of oil & gas stocks in 2014 were fallen, but the business elements is considered as a successful year for the oil companies. One of the notable stocks is PetroVietnam Drilling & Well Services Corporation (PVD-HSX). Recently, PVD hold 2015 AGM with a lot of interest from investors in the market.

Last year, the Company contributed VND20,884 billion and VND2,419 billion respectively to his parent company's revenue and PAT, increasing by 40.5% and 28.5% compared to previous year. Specifically, drilling services segment still accounted for a large share of revenues and profits of the Company (~ 60 %) and gained high growth (38 % of revenue growth and 32% of PBT growth). In 2014, the average rental price for rigs increased over the same period but the profit margin was down due to the number of leased rigs double as compared to the last year. Thanks to growth of mining and oil and gas exploration, technical service of wells, supplier of mutant materials and mechanical equipment had revenue increased by over 50%. Additionally, the newly introduced services increased the Company's gross profit margin of drilling services, which made the profit in this segment to increase by 71 % yoy.

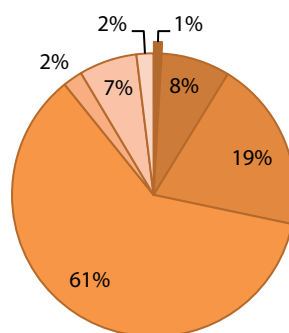
Along with strong growth in business results, we found that the company has gradually improved, specialized its executive management capacity and trained technical staff for gaining long term sustainable growth.

Figure: Revenue per service



Source: PVD, RongViet Research

Figure: EBT for each service



Source: PVD, RongViet Research

“PVD - A slow down but more stable growth this year”

However, after 2014 success, the Company admitted that this year could be a difficult period due to the impact of oil price. Therefore, PVD's plan is relatively cautious with 13,500 billion dong and 1,500 billion dong in revenue and profit after tax, declined by 35% and 38% over results in 2014 and slightly decreased comparing to 2014's plan. The plan is based on the assumptions about revenue and profit. Regarding revenue, because the decrease in oil price reduced the work load, leased rigs dropped by half over 2014 (average of 2.6 rigs). Furthermore, in case of low oil prices of 60 USD/barrel, unit price for lease of owned rigs decreased by 10 - 20% and deteriorated revenue in this segment by 531 billion dong. Overall, revenue from drilling services could drop by approximately 4,246 billion dong y.o.y. Similarly, work-load also decreased in technical drilling services (20-30%), resulting in the falling of revenue by about 2,500 billion dong. Unit price for PVD's services declined by 5-10% y.o.y and causing the loss of 858 billion dong in revenue. Regarding profit aspect, the decrease of revenue of owned rigs would be directly deducted in the profit; estimated loss amount in drilling services could be about 560 billion dong. With the technical drilling services, profit after tax could drop by 201 billion dong with the assumption of 20-30% loss in work load. Unit price from technical services decreased by 5-10% also leading to approximately 126 billion dong decline in profit after tax.

Also, FY2015 investment plan, which will be one of the notable points for PVD, include 2 categories:

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- Establish a joint-venture in Malaysia to invest and operate oil rig PVD VII which is estimated VND579 billion or USD27 million. According to the company's information, PVD will own 70% while Malaysian will own the rest. Capital, which is 70% debt funded and 30% equity funded, will be raised in 2 years (FY2015 – FY2016). Despite having been well-prepared long time ago, PVD said that it was not the right time to invest in PVD VII. The company is negotiating with PVD VII owner to bargain a better price as rapid downward movement of crude oil prices.
- Invest in Tender Barge rig (PVD VIII) at VND313 billion (~USD14.6 million). PVD VIII is planned to cater the project Lot B – O Mon. Total capex is about USD125 – 150 million with an expected lower daily renting fee than those of self-elevating rigs.

According to the industry analyst, the 2015 will be a year of PVD soft landing. Besides, with the current oil price scenario, the company can achieve the equivalent of 2013 will also be a remarkable effort. Also, with new investment plans and expected oil price recovery, the long-term prospects for our PVD still positive assessment.

In the first 4 months of 2015, relating to a floor price adjustment of owned rig, the average rental rate is approximately USD 140,000 / day. The unit price in 2014 was USD 158,962/day. Thus, in this time, the unit price slumped 12%. The operating performance has also decreased since March 2015 from 100% to 80-90%. After Q1 result is published, we will provide detail update relating to the impact of oil price slump on PVD performance

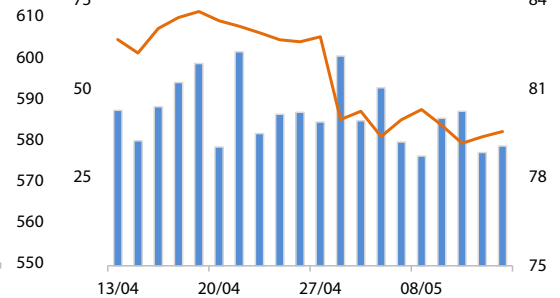
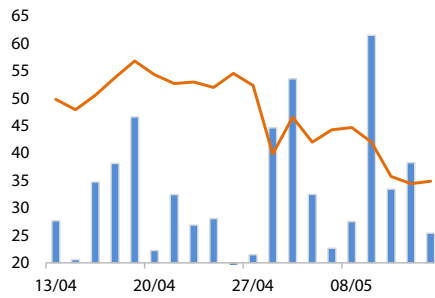
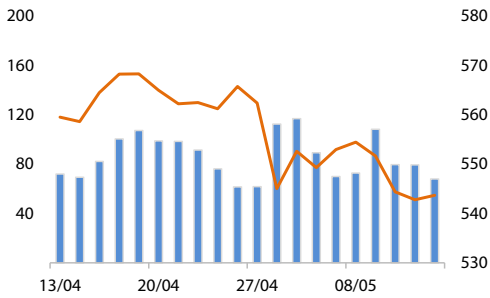
PVD's closed price on May 14, 2015 is VND52,500 and matched volume is 680,000 shares. In which foreign investors buy 140,000 shares, accounting for 20% of total matched volume. Besides, oil price has been stable at USD60 per barrel recently taking part in stabilized the oil stocks' price.

Overall, the market today has a more positive signs with the green came back. However, foreign investors continued to be net sellers of about 10 billion today.

In recent sessions, we have seen that stocks having supported information are traded positively and more liquidity than that of the others. In particular, besides the oil stocks, the automotive stocks also have positive move. Therefore, we think that observing and buying stocks that investors are favor and have deep understanding can be the least risky method in not really stable

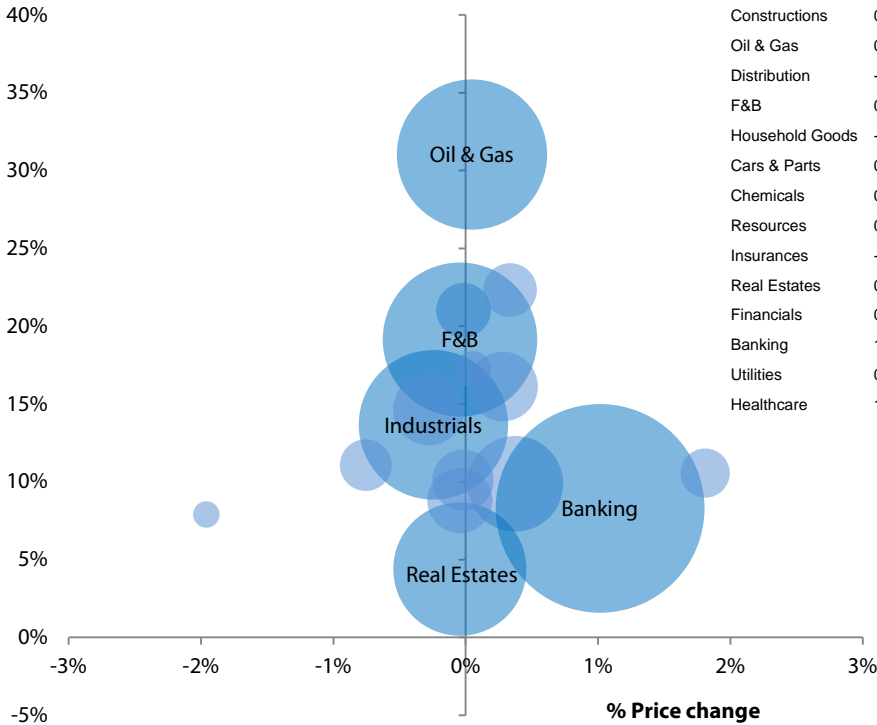
phase like this period.

VNINDEX 0.16% **543.69** **VN30** 0.11% **569.89** **HNXINDEX** 0.23% **79.55**



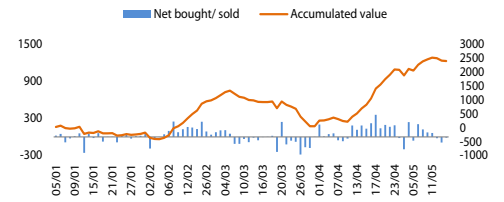
Industry Movement

Industry ROE

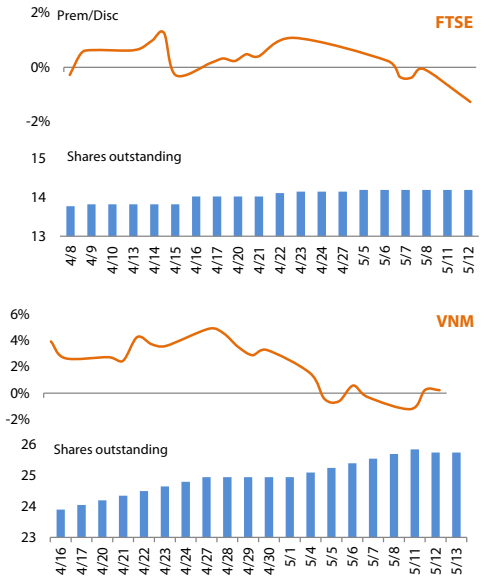


Industry	% change
Technologies	0.0%
Industrials	-0.2%
Constructions	0.4%
Oil & Gas	0.0%
Distribution	-2.0%
F&B	0.0%
Household Goods	-0.8%
Cars & Parts	0.1%
Chemicals	0.3%
Resources	0.3%
Insurances	-0.3%
Real Estates	0.0%
Financials	0.0%
Banking	1.0%
Utilities	0.0%
Healthcare	1.8%

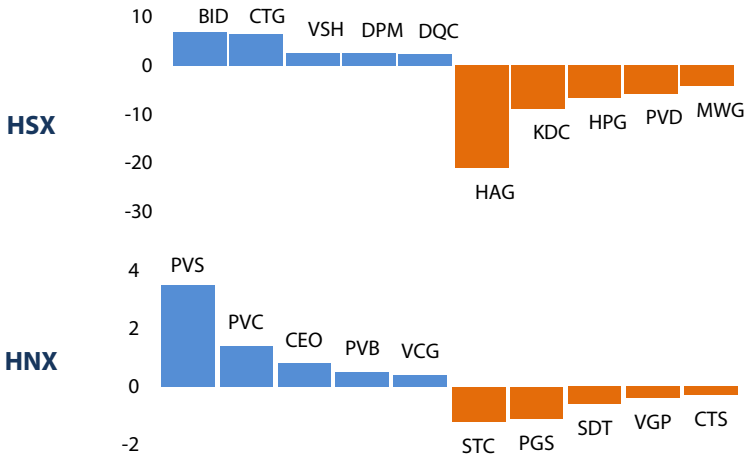
Foreign Investors Trading



ETF



Top net bought/sold by foreigners (VND bn)



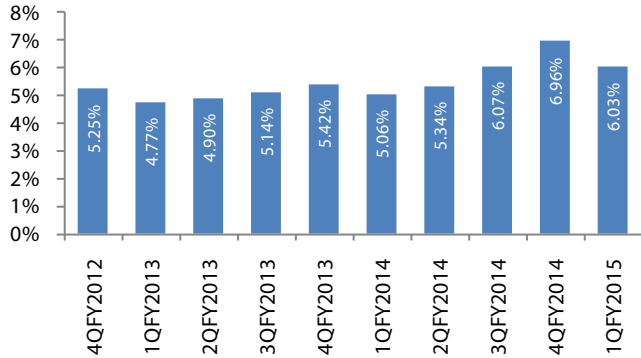
Top Active

Ticker	Price	Volume	% price change
OGC	2.9	6.46	6.5%
GTN	10.6	6.25	5.4%
FLC	9.8	4.39	1.0%
HAI	8.8	3.74	3.3%
CI	22.0	2.89	1.4%

Ticker	Price	Volume	% price change
KLF	7.1	5.52	-2.7%
DXP	49.8	4.03	5.7%
FIT	13.1	3.34	0.0%
SHB	7.8	2.50	0.0%
PVX	4.0	1.55	0.0%

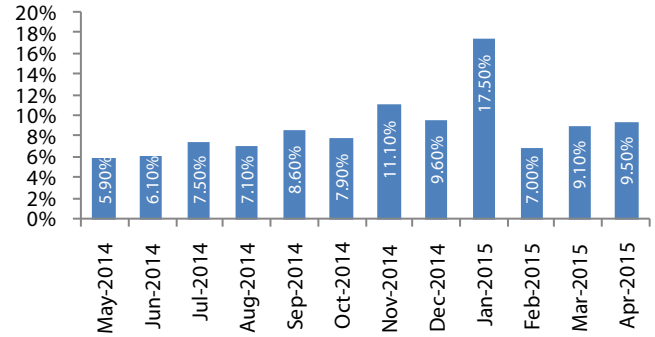
MACRO WATCH

Graph 1: GDP Growth



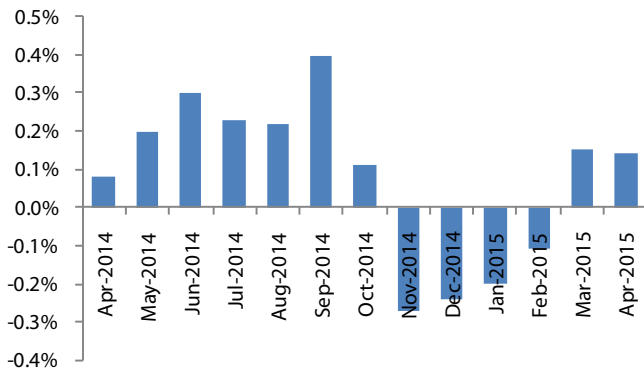
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



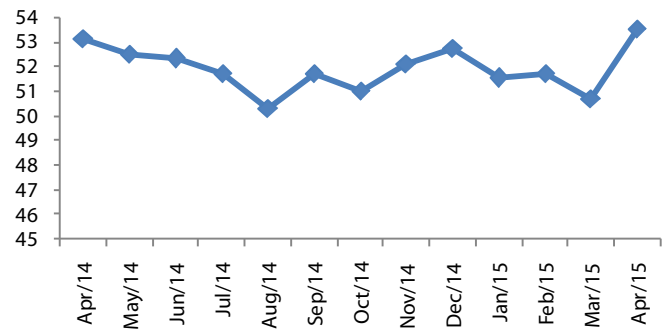
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



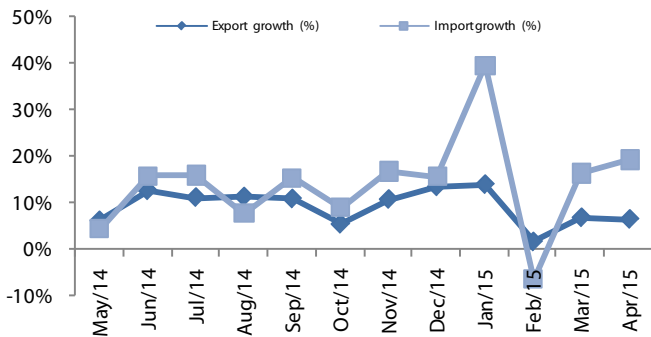
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



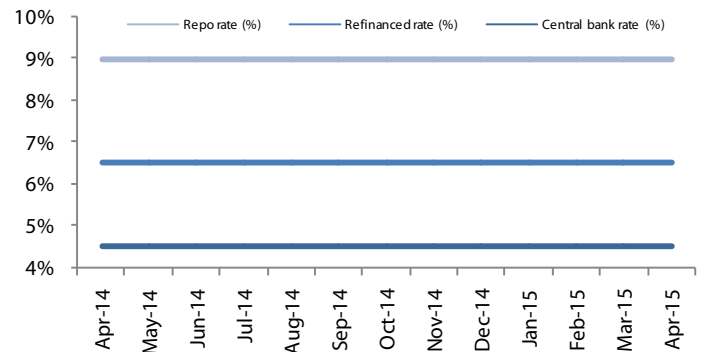
Sources: GSO. Rongviet Securities database

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
GSP- Heading for a new growth period	May 11 th , 2015	Accumulate – Long term	16,600
STK - Running on all cylinders	May 7 th , 2015		30,800
VPH - Emerging from its lowest	May 5 th , 2015	Buy – Intermediate term	15,300
DHC-Giao Long factory (phase 2) adds lights to the long-term plan	April 24 th , 2015	Buy – Intermediate term	26,200
PLC - A firm foothold	April 14 th , 2015	Accumulate – Intermediate term	40,000

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	05/05/2015	0% - 0.75%	0% - 2.5%	11,672	11,683	-0.09%
VEOF	05/05/2015	0% - 0.75%	0% - 2.5%	9,238	9,456	-2.31%
VF1	08/05/2015	0.2% - 1%	0.5%-1.5%	20,675	20,520	0.75%
VF4	06/05/2015	0.2% - 1%	0%-1.5%	8,978	9,098	-1.38%
VFA	04/05/2015	0.2% - 1%	0%-1.5%	7,154	7,168	-0.20%
VFB	08/05/2015	0.3% - 0.6%	0%-1%	12,126	12,133	-0.05%
ENF	04/05/2015	0% - 3%	0%	10,834	10,779	0.51%
MBVF	04/05/2015	1%	0%-1%	10,449	10,439	0.10%
MBBF	29/04/2015	0%-0.5%	0%-1%	12,075	12,064	0.09%

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