PetroVietnam Drilling & Well Services Corp (PVD – HSX)

Well-positioned in the industry but still early to expect upturn

Particulars (VND bn)	Q1-2015	Q4-2014	+/- qoq	Q1-FY14	+/- yoy
Net Revenues	4,395.5	5,300.0	-17%	4,322.5	2%
PAT	482.1	448.7	7%	597.0	-19%
EBIT	655.3	620.3	6%	816.3	-20%
EBIT margin (%)	14.9%	11.7%	320bps	18.9%	-398bps

Sources: PVD

- *1Q results beat expectations due to both objective and subjective factors*
- *Jack-up rigs market: short term oversupply risk at South East Asia*
- *The impacts of oversupply risk in South East Asia on PVD*
- *Business outlook*

Outlook and Valuation: At a hard time like now, PVD still has many advantages in the drilling industry not only in Vietnam but also in South East Asia. Firstly, it processes young oil rigs with high efficiency. Secondly, the ability to connect drilling projects in order to bring the partners' rig to Vietnam then maintain a large market share. Last but foremost, the day-rates and service prices of PVD have lagged compared to region and the discount level is also lower. However, we concern that the unencouraging outlook of oil price* and jack-up supply has created pressure on the Company's operation in 2015 and 2016. After the year of 2016, we are more optimistic about the recovery of the Company's business result thanks to new projects in domestic market.

PVD's revenue and NPAT in 2015 are estimated at VND16,028 bn and VND2,041 bn (-16% compared to 2014). Excluding the prospect of Block B – O Mon in the valuation model, we use relative valuation methods (P/E and EV/EBITDA) to identify reasonable price for PVD in **Intermediate Term**. In South East Asia, the Company competes directly with international drillers like Seadrill and Transocean, thus, we assume suitable P/E and EV/EBITDA for PVD at around 10.6x and 7.4x, respectively. Based on the forecast for 2015 and 2016, we rate PVD stock as **ACCUMULATION** with a target price of **61,700VND/share**. The Company will implement 2014 stock dividend (15%) and cash dividend (15%) on 07/17/2015.

Key financials

Y/E Dec (VND bn)	FY2013	FY2014	1Q-2015	FY2015E	FY2016F
Net Revenues	14,866.7	20,884.3	4,395.5	16,028.5	16,583.0
% chg	24.6%	40.5%	1.7%	-23.3%	3.5%
PAT	1,883.4	2,419.4	482.1	2,041.0	1,730.1
% chg	42.5%	28.5%	-19.2%	-15.6%	-15.2%
EBIT margin (%)	12.7%	11.6%	11.0%	12.7%	10.4%
ROA (%)	9.3%	10.8%		8.2%	6.4%
ROE (%)	22.4%	22.7%		16.3%	12.1%
EPS (VND)	7,533	7,987		5,856	4,964
Adjusted EPS (VND)	6,374	6,945		6,743	4,964
Book value (VND)	35,707	37,874		39,037	42,722
Cash dividend (VND)					
P/E (x)	8.1	8.1		9.5*	11.2*
P/BV (x)	1.7	1.7		1.4*	1.3*

Sources: PVD, RongViet Securities, Stock price as of 07/14/2015

ACCUMULATE

CMP (VND)	55,500
Target Price (VND)	61,700
Investment Period	Intermediate-term

Stock Info

Sector	O&G Services
Market Cap (VND bn)	16,798
Current Shares O/S	302,675,350
Beta	0.93
Free float (%)	49.6
52 weeks High	107,000
52 weeks Low	42,800
Avg. Daily Volume (in 20 sessions)	652,142

Peformance (%)

	3M	1Y	3Y
PVD	16.8	-39.3	191.7
O&G Services	-2.0	-34.3	
VN30 Index	12.1	-7.2	28.5
HSX Index	14.3	-4.7	40.6

Major Shareholders (%)

PetroVietnam (PVN)	50.45
Deutsche Bank AG London	4.29
FTIF – Templeton Frontier Markets Fund	4.22
Foreigner Investor Room (%)	10.67

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Exhibit 1: 1QFY2015

Particulars (VND bn)	Q1-FY15	Q4-FY14	+/- (qoq)	Q1-FY14	+/- (yoy)
Net Revenues	4,395.5	5,300.0	-17.1%	4,322.5	1.7%
Gross profits	889.3	902.4	-1.5%	1,005.2	-11.5%
SG&AC	218.3	327.4	-33.3%	215.7	1.2%
Operating Income	671.0	575.0	16.7%	789.5	-15.0%
EBITDA	945.5	887.7	6.5%	1,081.9	-12.6%
EBIT	655.3	620.3	5.6%	816.3	-19.7%
Financial expenses	95.0	64.7	46.8%	81.3	16.9%
- Interest Expenses	25.8	31.0	-16.8%	41.2	-37.5%
Dep. and amortization	-290.2	-267.4	8.5%	-265.6	9.3%
Non-recurring Items (*)					
Extraordinary Items (*)					
PBT	629.5	589.3	6.8%	775.0	-18.8%
PAT	482.1	448.7	7.4%	597.0	-19.2%
(*) Adjusted PAT	482.1	448.7	7.4%	597.0	-19.2%

Sources: PVD, RongViet Securities

Exhibit 2: 1QFY2015 performance analysis

Particulars	Q1-FY15	Q4-FY14	+/- (qoq)	Q1-FY14	+/- (yoy)
Profitability Ratios (%)					
Gross Margin	20.2%	17.0%	320bps	23.3%	-302bps
EBITDA Margin	21.5%	16.7%	476bps	25.0%	-352bps
EBIT Margin	14.9%	11.7%	320bps	18.9%	-398bps
Net Margin	11.0%	8.5%	250bps	13.8%	-284bps
Adjusted Net Margin	11.0%	8.5%	250bps	13.8%	-284bps
Turnover *(x)					
-Inventories	12.1	13.4	-1.3	13.0	-0.9
-Receivables	3.4	4.2	-0.8	4.1	-0.7
-Payables	2.3	2.9	-0.6	2.8	-0.5
Leverage (%)					
Total Debt/ Equity	1.2	1.0	0.2	1.1	0.1

Source: PVD, (*) Annualized turnover

1Q results beat expectations due to both objective and subjective factors

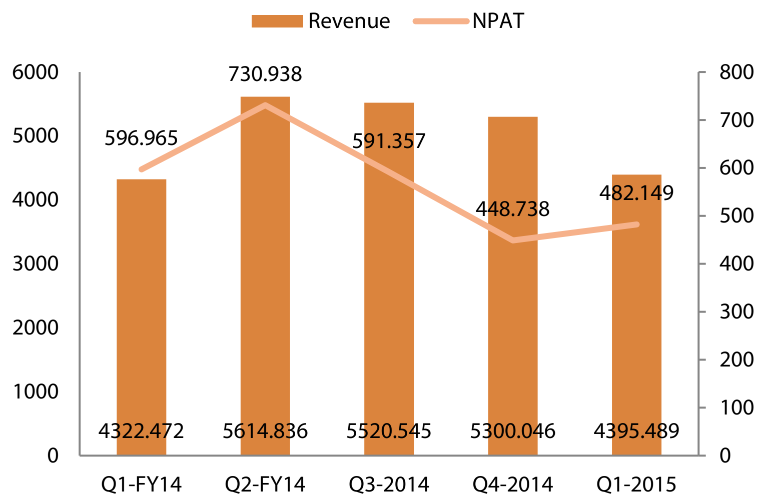
Since the start of this year, PVD's business operation has been suffering from the oil price slump. However, we saw that the degree of influence over the Company was not hard because of (1) only a small number of rigs are subjects to "day rate" adjustments; (2) efforts to improve ability of providing more services which had been outsourced showed the effectiveness in the tough times; (3) PVD VI (new rig) went into operation early of March. In Q1'15, total revenue was VND4,395 bn (+1.7% yoy) and NPAT reached VND482 bn (-19.2% yoy). In which, revenue from drilling segment increased by 6% yoy due to 1 unit increase in hired rigs compared to the same period last year and very first contribution from PVD VI. However, the adjustment of rigs' day rate caused a 7%-decrease in profit margin which was just 18% in Q1'15.

Drilling related technical service segment was hurt the most; its revenue decreased by 32% yoy to VND1,156 bn. Luckily, this segment's gross profit has been maintained thanks to the improvement of gross profit margin. According to PVD's representative, because the Company did enhance the ability to execute some technical services which had been outsourced, the gross profit margin increased to 31%, higher than the average margin (~25%) of previous years. Finally, trading segment contributing of ~12% in total revenue was little affected by the oil price slump. Accordingly, its gross profit was stable at 5% while revenue jumped dramatically (+44% yoy) thanks to the big pipe contract.

Below are the changes of some owned-rigs in Q1'15:

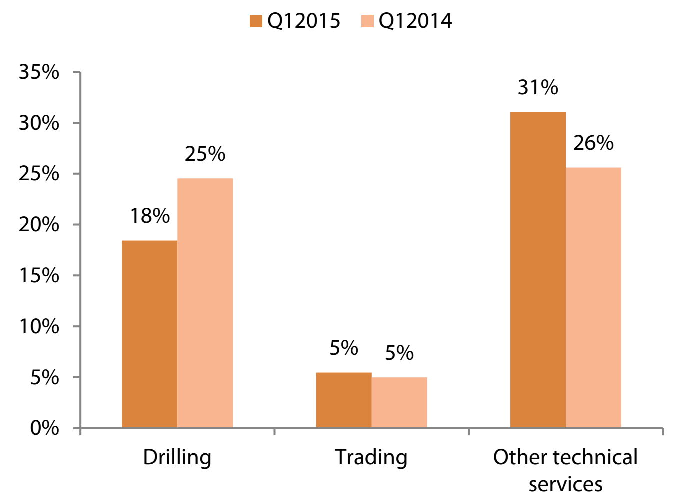
- *PVD I: has been subject to the day rate adjustment, in which the day rate will be based on oil price from February, 2015. In Q1'15, the day rate dropped by 10% yoy when oil price fluctuated in the range of 50-60$ per barrel. The Company implemented a periodical maintenance for PVD I in March within 15 days.*
- *PVD II & III: the day rate has been decreased since March, 2015 by 10-20%.*
- *PVD TAD V: the day rate has been maintained at high level ~205,000$, it would probably being lowered in the coming time in order to support oil operators.*
- *PVD VI was implemented on 03/04/2015, contributing a small proportion to the Company's business result. Average day rate was 145,000$, downed by 7% compared to the previous signed contract.*

Figure 1: Revenue and NPAT (quarterly, VND bn)



Source: PVD, RongViet Research

Figure 2: Gross profit margin by segments



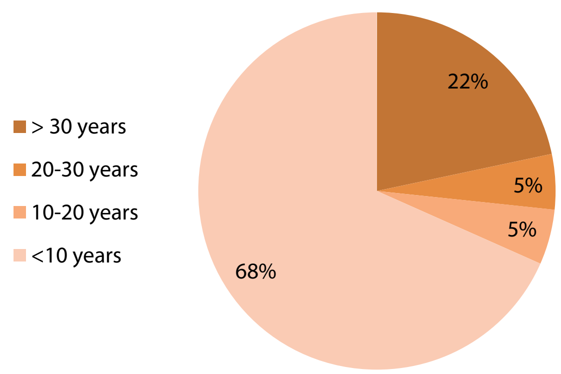
Source: PVD, RongViet Research

Jack-up rigs market: short term oversupply risk at South East Asia

In the Annual Report 2014, referring to the outlook of jack-up rigs market, the Company mentioned that drillers have to face with the oversupply of jack-ups. Going deeply to this issue, we discover that while oil price risk reflected directly to business result, the "jack-ups oversupply risk" would probably affects negatively in an indirect way to the Company's outlook in the near future.

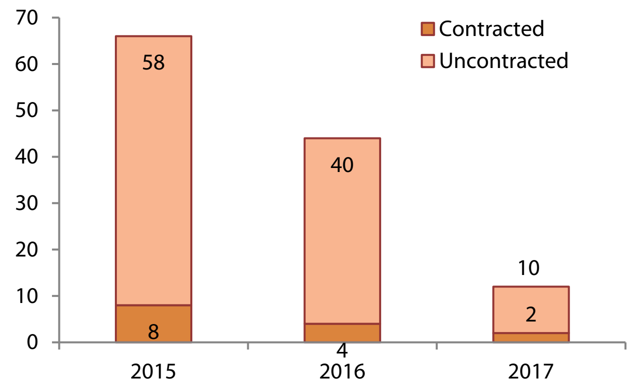
Commonly, the industry long pegged 30-35 years is considered as the "useful life" of an oil rig. Since 2003, the new supply increased dramatically due to the replacement need of the pre-1985 cycle jack-ups. According to ODS Petro-data, there are 72 jack-ups scheduled to be delivered in 2015, of those deliveries, 42 units were ordered with Chinese yards. Besides, according to Credit Suisse, there could be potential cancellations and delivers pushed back because the chance for leasing new rigs is very challenging in the context of long-lasting low oil prices.

Figure 3: The number of jack-ups by age in South East Asia



Source: IHS Petrodata (13/02/2015)

Figure 4: New supply outlook of world jack-up rigs (2015-2017)

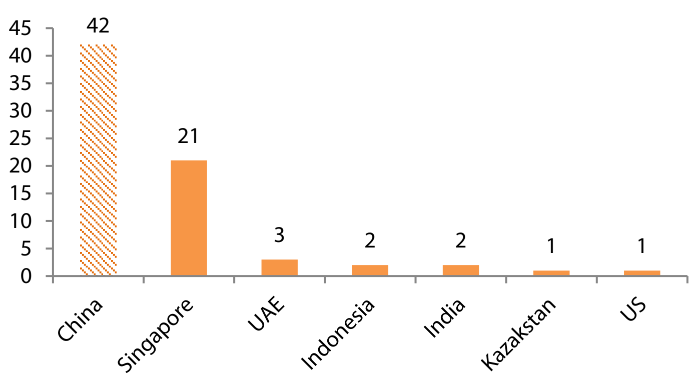


Source: Bloomberg

At the moment, ~55% of the global jack-up rig is older than 30 years. However, in South East Asia – young and energetic area of drilling industry compared to others, the number of jack-ups older than 30 years is about 13 units (~22% of the total oil rig in this area). This shows that the replacement need of old jack-ups is weak in South East Asia. Besides, the retirement time of old rigs could be even extended due to the negative affect of low oil price.

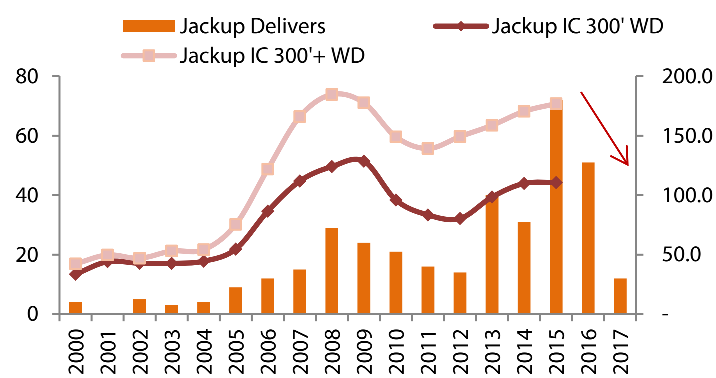
Last but not least, the day-rates and new supplies have positive correlation. Thus, there is a high possibility of the day-rates downtrend in the next two years. According to J.P. Morgan, jack-up day-rates in South East Asia could be decreased to 100,000$.

Figure 5: New supply coming mainly from China



Source: ODS Petrodata, Credit Suisse

Figure 6: Day-rates (1.000$/day) **and new delivers** (each year)



Source: Bloomberg, ODS Petrodata

The impacts of oversupply risk in South East Asia on PVD

Putting aside the new supply from China and the speculation of new jack-ups built, the supply from Singapore is also a notable risk for the drillers' operation in South East Asia. In 2015, among 21 new built rigs, 9 units will be delivered to South America and 6 units have not had contracts yet. Assume 13 rigs which are older than 30 years in South East Asia have been replaced completely; new supply would satisfy both replacement and incremental need in 2015. However, we concern the oversupply would happen seriously in the period of 2016-2017 when many partners of PVD like Ensco, Transocean, Hercules receive new rigs (see table 3). In the low oil price circumstance, the competition between oil drillers could be intensified causing day-rate to fall.

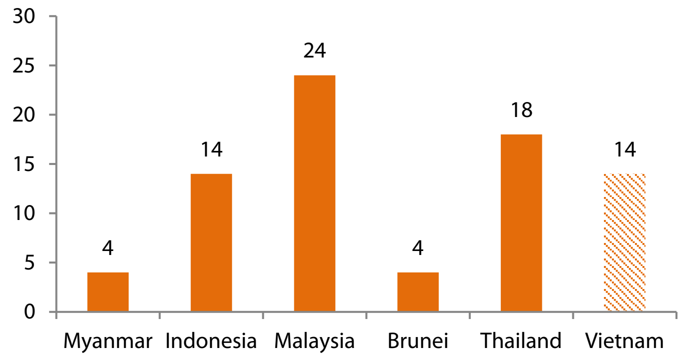
Table 3: Under construction rigs in South East Asia (2015-2018)

	Name	Type	Owner	Country	Operating area	Delivery time
1	Paraiso I	KF Mod VB	Grupo R	Mexico	Mexico	2015
2	Arabdrill 70	KF Mod VB	Arabian Drilling	Saudi Arabia	Saudi Arabia	2015
3	Cantarel I	KF Mod VB	Grupo R	Mexico	Mexico	2015
4	Cantarel II	KF Mod VB	Grupo R	Mexico	Mexico	2015
5	Cantarel III	KF Mod VB	Grupo R	Mexico	Mexico	2015
6	Cantarel IV	KF Mod VB	Grupo R	Mexico	Mexico	2015
7	Kukulkan	KFELS B Class	Pemex (NOC)	Mexico	Mexico	03/2015
8	Impetus	PPL Pacific Class 400	Oro Negro	Mexico	Panama	04/2015
9	Perisai Pacific 102	PPL Pacific Class 400	Perisai/Hercules	Malaysia	South East Asia	06/2015
10	Supremus	PPL Pacific Class 400	Oro Negro	Mexico	Panama	07/2015
11	UNW Naga - 8	KFELS Mod VB	UNW Offshore Drilling	Malaysia	South East Asia	08/2015
12	TS Topaz	KFELS Super B Class	FTS Derricks	China	Asia - FarEast	08/2015
13	Animus	PPL Pacific Class 400	Oro Negro	Mexico	Panama	09/2015
14	Marco Polo TBN1	PPL Pacific Class 400	Marco Polo Drilling	Indonesia	South East Asia	10/2015
15	Parden Holding TBN1	KFELS B	Parden Holding	Uruguay	South East Asia	11/2015
16	Clearwater TBN2	KFELS B Class	Clearwater Capital	Hongkong	Asia	02/2016
17	Noble Lloyd Noble	Gusto MSC CI – 70 - 150	Noble Drilling	US	Global	03/2016
18	Ensco 123	KFELS B Class	Ensco	UK	Global	04/2016
19	Hercules Highlander	F&G JU - 2000E	Hercules Offshore	US	Global	04/2016
20	Fecon TBN-1	KF Mod VB	Fecon International	US		08/2016
21	Transocean Cassiopeia	KFELS Super B 400BFoot	Transocean Ltd	Switzerland	Global	08/2016
22	Perisai Pacific 103	PPL Pacific Class 400	Perisai/Hercules	Malaysia/US	Global	09/2016
23	Fecon TBN-2	KF Mod VB	Fecon International	US		11/2016
24	Fecon TBN-3	KF Mod VB	Fecon International	US		12/2016
25	North Atlantic Drilling 1	HE	North Atlantic Drilling		Norway	2017
26	North Atlantic Drilling 2	HE	North Atlantic Drilling		Norway	2017
27	TS Offshore TBN-1	KFELS N Plus	TS Offshore Drilling		South East Asia	01/2017
28	Transocean Centarus	KFELS Super B 400BFoot	Transocean Ltd	Switzerland	Global	02/2017
29	Transocean Cephus	KFELS Super B 400BFoot	Transocean Ltd	Switzerland	Global	02/2017
30	Transocean Circinus	KFELS Super B 400BFoot	Transocean Ltd	Switzerland	Global	07/2017
31	Transocean Cetus	KFELS Super B 400BFoot	Transocean Ltd	Switzerland	Global	02/2018
32	COSL TBN	KFELS N Class	COSL	China	North Sea	Na
33	Hakuryu - 14	BMC Pacific 400	Japan Drilling	Japan	Global	Na
34	Hakuryu - 15	KFELS Super B	Japan Drilling	Japan	Global	Na
35	KS Energy TBN - 4	F&G JU - 2000E	KS Energy	Singapore	Global	Na

Source: Braemar

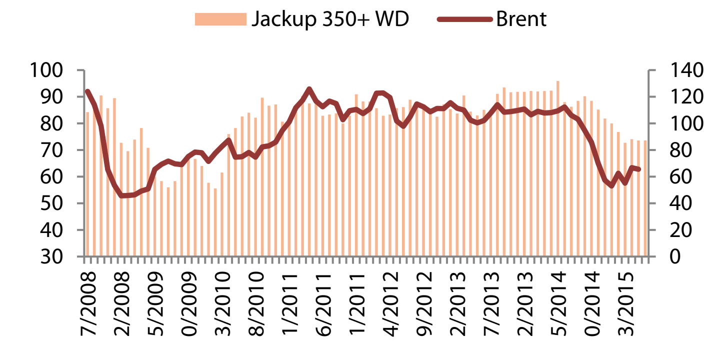
In Vietnam, demand for rigs is about 12-14 jack-ups and 2-3 deep-water rigs every year. Vietsopetro and PVD's capacity could meet about 50-60% of demand currently, the rest need is outsourced (PVD play mediator role mostly). In our opinion, PVD has itself advantages by processing young rigs with high efficiency; thus, other old rigs would be difficult to compete even with the lower day-rate. On other hand, other young rigs usually need an intermediary like PVD to get contracts in Vietnam. That is the reason why we believe that the Company could maintain the market share in domestic market. Thus, the impact of the oversupply in South East Asia on PVD could come from the downward pressure on day-rates and utilization rates. As our observation, the day-rate adjustment will be 3-6 month lagged between Vietnam and South East Asia region. It is also worth to note that the prestigious drilling companies like Sea Drill, Ensco; Noble Drilling…dominated a large market share in the region (Thailand, Malaysia, and Indonesia). Therefore, the opportunities for PVD to provide services abroad would be narrowed since the jack-up oversupply plus low oil price still remain. On the flipside, PVD could negotiate to rig builders to purchase PVD II with lower cost in the same way that the Company implemented in 2009 for PVD II and PVD III.

Figure 7: The number of jack-up rigs in South East Asia (as of the early of May, 2015)



Source: Braemar

Figure 8: Brent oil price and Jack-ups' utilization rate



Source: Bloomberg

Business outlook

In Q2'15, we suppose that gross profit margin of drilling segment declined further ~5% because of the adjustment of PVD II and PVD III day-rates. On the contrary, the number of hired rigs was estimated to increase to average 4 rigs and PVD VI was operating fully in 2Q. This relieved effect of the day-rate adjustment on revenue. According to the Company, PVD V day-rate was 205,000$ in Q2'15 but it could be adjusted in the near future. PVD implemented the small maintenance for PVD III within 15 days in May, 2015.

In 1H2015, revenue was estimated at ~VND8,000 bn (-19% yoy) and NPAT was estimated at VND1,100 bn (-17% yoy).

Table 4: Contracted period for owned-rigs and hired-rigs (2014-2015)

	2014												2015											
	Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4		
Owned rigs	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
PVD 1													Day rate based on oil price											
PVD 2															Day rate adjusted in Mar									
PVD 3															Day rate adjusted in Mar									
PVD 5																			Under negotiation					
PVD 11													Unchanged at 30,500$/day											
PVD 6															Under negotiation									
Hired rigs	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Key Gibraltar																								
West Tucana																								
West Leda																								
Naga 2																								
Naga 3																								
Naga 5																								
Naga 6																								
Atwood Mako																								

Source: PVD, Bloomberg, RongViet Research

The risk that margin could decline further still existed in Q2 because of the day-rate adjustment for PVD V. This is the highest day rate rig which contributes most to revenue of drilling segment. The Company expected that the revised rate could be about 195,000-200,000$ (decreases by 2-5% compared to the old contract). PVD executed the negotiation for PVD II and PVD III after the contracts of those rigs expire in July & August, 2015.

According to our estimates, revenue and NPAT in 2015 are estimated at VND16,028 bn and VND2,0241bn, down by 16.1% yoy. Accordingly, we expect the Company could surpass their NPAT plan about 36%. Besides, due to the regulation of Circular 200, EPS calculation will be based on NPAT excluding the remuneration package for BOD and BOS. Thus, EPS in 2015 is estimated at 5,594 VND.

In 2016, we believe that the workload of owned rigs will be stable but we still concern about the risk of downward trend on day-rate. With the assumption that day-rate will decline about 3-5% next year, we estimate revenue and NPAT of the Company at VND16,583 bn and VND1,730 bn. Equivalent EPS in 2016 is VND 4,070(calculated based on Circular 200).

According to the investment plan in 2015, the Company intends to establish Joint venture in Malaysia to invest new oil rig PVD VII, with contributed capital about $27 million. However, under the current situation (jack-up oversupply and discouraging outlook for day rates), we suppose that plan will be delayed to 2016. Then, we expect PVD VII could be used for some oil and gas projects at Kinh Ngu Trang (expected First Oil in Q4/16), Ca Rong Do (expected First Oil in 2018), Kinh Ngu Vang (expected First Oil in 2018)…Related to Block B – O Mon, as of 06/17/2015, Petro Vietnam purchased shares from Chervon to have 100% control right in the project. With this step, the development progress in this area would probably be pushed to create works for companies in PVN, i.e. PVD. Now, we have not yet collected enough specific information to evaluate the potential of Block B – O Mon for the Company prospect. However, we suppose that continuous oil & gas projects after 2016 are chances for PVD to achieve growth.

Outlook and Valuation

At a hard time like now, PVD still has many advantages in the drilling industry not only in Vietnam but also in South East Asia. Firstly, it processes young oil rigs with high efficiency. Secondly, the ability to connect drilling projects in order to bring the partners' rig to Vietnam then maintain a large market share. Last but foremost, the day-rates and service prices of PVD have lagged compared to region and the discount level is also lower. However, we concern that the unencouraging outlook of oil price* and jack-up supply has created pressure on the Company's operation in 2015 and 2016. After the year of 2016, we are more optimistic about the recovery of the Company's business result thanks to new projects in domestic market.

PVD's revenue and NPAT in 2015 are estimated at VND16,028 bn and VND2,041 bn (-16% compared to 2014). Excluding the prospect of Block B – O Mon in the valuation model, we use relative valuation methods (P/E and EV/EBITDA) to identify reasonable price for PVD in **Intermediate Term**. In South East Asia, the Company competes directly with international drillers like Seadrill and Transocean, thus, we assume suitable P/E and EV/EBITDA for PVD at around 10.6x and 7.4x, respectively. Based on the forecast for 2015 and 2016, we rate PVD stock as **ACCUMULATION** with a target price of **61,700VND/share**. The Company will implement 2014 stock dividend (15%) and cash dividend (15%) on 07/17/2015.

(*) According to the forecast of global financial institution, crude oil price would maintain at low level for such a long time. In the newest update in June, 2015, EIA predicted average oil price (Brent oil) in 2015 at 60.53$ per barrel, it would increase slightly to 67.04$ per barrel in 2016.

Exhibit 5: Valuation results

Methods	Reasonable price 2015	Reasonable price 2015	Proportion
P/E	62,191	52,718	50%
EV/EBITDA	67,679	64,516	50%
Average price	**64,935**	**58,617**	**61,776**

Source: RongViet Research

Exhibit 6: Key assumptions

Indicators	Forecast	
	FY2015E	FY2016F
Revenue growth (%)	-23%	3%
The number of hire rigs	3.8	4.0
Gross profit margin (%)	20%	18%
EBIT (%)	18%	15%

Source: RongViet Research

Table 7: Financial indicators of some oil & gas companies

Company	Country	MC (million dong)	Price (dong)	Revenue growth (%)	Gross profit margin (%)	ROA (%)	ROE (%)	Interest coverage	Debt/Equity	Dividend yield (%)
PV Drilling	Vietnam	**17,251,469**	**58,500**	**27.8**	**20.23**	**9.4**	**20.3**	**70.81**	**51.67**	**2.7**
Atwood Oceanics Inc	US	35,001,581	539,680	18.3	50.44	8.2	13.9	7.80	59.11	2.0
Seadrill Partners LLC	UK	25,128,386	272,774	na	na	2.6	19.5	2.12	181.13	17.3
UMW Oil&Gas Corp BHD	Malaysia	19,323,577	9,069	na	na	4.2	7.4	360.93	89.20	na
Transocean Partners LLC	UK	20,437,486	295,379	na	46.43	na	na	na	1.80	0.0
Japan Drilling SA	Japan	10,665,460	570,815	15.7	20.95	1.7	3.2	9.68	62.85	na
Pacific Drilling SA	US	12,610,406	58,250	na	na	3.9	8.7	2.80	116.57	na

Sources: Bloomberg, RongViet Research

Table 8: Valuation indicators of some oil & gas companies

Tên công ty	Country	MC (million dong)	Price (dong)	Current P/E	P/E 2015	P/E 2016	EV/EBITDA T12M	EV/EBITDA 2015	EV/EBITDA 2016	Current P/B
PV Drilling	Vietnam	**17,251,469**	**58,500**	**7.6**	**9.5***	**11.1***	**4.3**	**4.7***	**5.1***	**1.4**
Atwood Oceanics Inc	US	35,001,581	539,680	4.1	3.5	5.4	5.4	4.2	5.4	0.6
Seadrill Partners LLC	UK	25,128,386	272,774	4.7	4.8	4.5	6.1	6.0	5.8	1.3
UMW Oil&Gas Corp BHD	Malaysia	19,323,577	9,069	15.0	16.8	13.1	16.1	12.8	10.2	1.0
Transocean Partners LLC	UK	20,437,486	295,379	26.0	6.8	6.4	6.7	5.6	5.3	0.7
Japan Drilling SA	Japan	10,665,460	570,815	32.0	302.3	46.4	13.6	11.5	11.2	1.0
Pacific Drilling SA	US	12,610,406	58,250	2.7	5.0	na	5.6	6.4	8.2	0.2

Sources: Bloomberg, RongViet Research, (*) RongViet estimates

VND Billion

INCOME STATEMENT	FY2013	FY2014	FY2015E	FY2016F
Revenue	14,867	20,884	16,028	16,583
COGS	11,533	16,763	12,815	13,622
Gross profit	**3,333**	**4,121**	**3,214**	**2,961**
Selling Expense	45	59	50	50
G&A Expense	946	1,123	801	879
Finance Income	99	161	173	233
Finance Expense	346	292	326	374
Other profits	-25	70	73	77
PBT	**2,291**	**3,178**	**2,695**	**2,297**
Tax	298	638	539	459
Minority's Interest	110	121	115	107
PAT to Equity Shareholder	**1,883**	**2,419**	**2,041**	**1,730**
EBIT	**2,514**	**3,323**	**2,908**	**2,540**
EBITDA	3,615	4,388	4,361	3,986

%

FINANCIAL RATIO	FY2013	FY2014	FY2015E	FY2016F
Growth				
Revenue	24.6%	40.5%	-23.3%	3.5%
Operating Income	23.8%	25.5%	-19.6%	-14.0%
EBITDA	19.6%	21.4%	-0.6%	-8.6%
EBIT	25.8%	32.2%	-12.5%	-12.6%
PAT	42.5%	28.5%	-15.6%	-15.2%
Total Assets	12.6%	8.4%	14.1%	4.5%
Equity	40.7%	16.7%	18.5%	9.4%
Internal growth rate	15.8%	18.4%	12.1%	8.5%
Profitability				
Gross profit/Revenue	22.4%	19.7%	20.1%	17.9%
Operating profit/ Revenue	15.8%	14.1%	14.7%	12.3%
EBITDA/ Revenue	24.3%	21.0%	27.2%	24.0%
EBITDA/ Revenue	16.9%	15.9%	18.1%	15.3%
Net margin	12.7%	11.6%	12.7%	10.4%
ROAA	9.3%	10.8%	8.2%	6.4%
ROIC or RONA	17.9%	21.5%	15.9%	12.1%
ROAE	22.4%	22.7%	16.3%	12.1%
Efficiency				
Receivable Turnover	4.1	4.6	3.1	3.1
Inventory Turnover	12.6	14.8	11.4	12.9
Payable Turnover	2.7	3.1	2.4	2.8
Liquidity				
Current	1.2	1.3	1.8	2.1
Quick	1.0	1.2	1.6	1.9
Solvency				
Total Debt/Equity	118.2%	101.0%	93.5%	84.8%
Current Debt/Equity	18.6%	10.1%	10.6%	8.0%
Long-term Debt/ Equity	38.5%	27.0%	36.1%	31.0%

VND Billion

BALANCE SHEET	FY2013	FY2014	FY2015E	FY2016F
Cash and equivalents	2,598	3,208	4,499	6,070
Short-term investment	20	12	10	10
Receivables	4,184	4,909	5,289	5,472
Inventories	1,044	1,226	1,025	1,090
Other current assets	122	97	69	62
Total Current Asset	**7,967**	**9,452**	**10,892**	**12,704**
Tangible Fixed Assets	12,314	11,502	14,936	13,789
Intangible Fixed Assets	151	200	103	87
Construction in Progress	18	1,476	55	28
Investment Property	0	0	0	0
Long-term Investment	957	633	589	1,168
Other long-term assets	84	40	19	20
Long-term Asset	**13,525**	**13,852**	**15,702**	**15,090**
Total Asset	**21,492**	**23,305**	**26,595**	**27,795**
Payables	2,249	2,897	2,307	2,452
Other current liabilities	2,686	3,091	2,436	2,521
Current Debt	1,829	1,157	1,442	1,192
Long-term Debt	3,783	3,096	4,912	4,619
Other long-term liabilities	1,076	1,351	1,619	1,849
Total Liability	**11,625**	**11,592**	**12,717**	**12,633**
Owner's Equity	**9,838**	**11,479**	**13,606**	**14,890**
Capital	2,755	3,031	3,485	3,485
Retained Earnings	2,892	3,873	5,106	6,071
Funds & Reverses	1,074	1,356	1,663	1,936
Others	**0**	**0**	**0**	**0**
Total Equity	**9,838**	**11,479**	**13,606**	**14,890**
Minority's Interest	30	235	272	272
TOTAL RESOURCES	**21,492**	**23,305**	**26,595**	**27,795**

CASH FLOW STATEMENT	FY2013	FY2014	FY2015E	FY2016F
Profit before tax	2,305	3,178	2,695	2,297
-Depreciation	1,100	1,066	1,454	1,446
-Adjustments	*-3*	*-176*	*-241*	*-128*
+/- Working capital	-723	-821	-2,048	-463
Net Operating CFs	**2,679**	**3,247**	**1,861**	**3,152**
+/- Fixed Asset	-252	-282	-3,274	-216
+/- Deposit, equity investment	-527	-362	83	-562
Interest, dividend, cash profit received	180	339	413	329
Net Investing CFs	**-599**	**-305**	**-2,778**	**-450**
+/- Capital	1,464	21	447	0
+/- Debt	-1,775	-1,832	2,074	-569
Dividend paid & other	-248	-554	-446	-608
Net Financing CFs	**-559**	**-2,365**	**2,075**	**-1,177**
+/- cash & equivalents	1,520	577	1,159	1,525
Beginning cash & equivalents	**1,068**	**2,598**	**3,208**	**4,499**
Impact of exchange rate	29	34	137	46
Ending cash & equivalents	**2,618**	**3,208**	**4,499**	**6,070**

RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process, The report comprises analyses and projections that are based on the most up-to-date information with the objective which is to determine the reasonable value of the stock at the time such analyses are performed, Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company, To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department,

RATING GUIDANCE

Ratings / Return Potential	BUY	ACCUMULATE	NEUTRAL	REDUCE	SELL
Intermediate- term (up to 6 months)	>20%	10% to 20%	-5% to10%	-15% to- 5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

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