SEPTEMBER

15

TUESDAY

ADVISORY DIARY

- **PVB – 2015 and 2016 potential: not many projects to perform**
- **BID: Today highlight**

PVB – 2015 and 2016 potential: not many projects to perform

Recently, our sector analyst has met with PVB in order to obtain information on the company's last 6 months of 2015 and next year potential. Apparently, within the whole oil & gas sector's unpromising picture, a company specializing in a specific segment is lacking potential projects to carry out.

Table 1: Revenues recognizable in 2H2015

Project	Project value (VND billion)	Revenue recognissable in 2H2015 (VND billion)	Booked in 2014 (VND bilion)	Recognised in 1H2015 (VND billion)
Nam Con Son 2 phase 1	950	150-200	350	400
Te Giac Trang H5	200	100	N/a	100
Tho Trang	N/a	50	N/a	N/a

Source: PVB, RongViet Research, (*)RongViet Research's estimates

No new jobs and projects in 2H2015. As estimated by PVB, the company may recognize revenues for Q3 and Q4/2015 of VND 160 and 50 billion respectively. Profits before tax for 2H2015 is expected reach at VND 11 billion. However, according to our analyst's prediction, the remaining values for Nam Con Son project and Te Giac Trang are VND 200 and 100 billion respectively, thus the revenue and profit might be higher than the company's estimates.

"BID: Today highlight"

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Table 2: 1H2015 performance (audited- unit: VND billion)

Figure	Q2-2015	Q2-2014	%2015/2014	Cummulative 6 months	2015 target
Revenue	**279.48**	348.11	80.28%	**681.49**	1,001.30
Gross profit margin	**30.36%**	40.14%	-	**24.68%**	-
Profit before tax	**65.69**	114.10	57.57%	**139.35**	134.70
Profit after tax	**50.93**	89.01	57.22%	**107.00**	105.07

Source: PVB, RongViet Research

In terms of the first 6 months of 2015's performance, the profit target was met even though the revenue only reached 68.06% target. RongViet Research estimates that PVB may recognize VND 270.04 billion revenue and 10.58 billion profit after tax, which means the decreases of 43.3% and 72.6% yoy.

Long-term prospects are not noteworthy

Table: PVB's projects in 2016 and long-term

Projects	Main information	Several key aspects
LOOP GPP Ca Mau	Expected to start in 2015 but being delayed with the GPP Ca Mau gas processing plant	**Could start in 2016 with about VND 200 billion contributed to the revenue**
Kinh Ngu Trang projects		To be implemented in 2016 and contribute VND approximately 200 billion to revenue
Internal projects with Vietsovpetro	Do annually. Vietsovpetro requires new pipe for	Estimated revenue would be VND 100 billion with over 10 km of pipeline.

	replacement	
Long-term		
Nam Con Son 2 – Phase 2		Currently, PVB has planned the projects and there is no official information about the execution time
Block B – O Mon		According to PVB, there are several issues such as the pip length or the installed location have not been confirmed yet. *The total value for coated pipes could be approximately USD 100 million according to the figures 5 – 6 years ago.*

Source: PVB, RongViet Research

In 2016, PVB expected the business plan to achieve VND 500 billion in revenue, whilst net margin of projects could be at 5 – 6% minimum. According to Rongviet Research, PVB has the advantage in term of coating pipelines and advanced machinery. Regarding several projects from group such as Nam Con Son, PVB is usually contracted. Meanwhile, several projects from JOC (Joint operation company) and having foreign investments, PVB has to bid (in case of Te Giac Trang project). However, the probability to win the projects could be relatively high due to (1) PVB is the only company operating in pipe coating segment, (2) competitive costs comparing to foreign companies. Currently, input prices are in the downwards trend; therefore, it could be the reason for the improvement of profit margin.

However, regarding unique business, PVB is relatively dependent on project finding, according to our analyst, PVB has not been the attractive stocks for long-term and intermediate investment. In 2015, we estimated that PVB could achieve the revenue plan, equivalent to VND 951.53 billion, 5% lower than 2014. PAT could reach VND 117.58 billion (decline by 20.3% y.o.y), equivalent to VND 5,444/share in EPS. P/E forward was estimated at 5.38x. In addition, business prospects face several challenges; as a result, the plant to increase the chartered capital by VND 300 billion that was approved by shareholders earlier 2015 could not be implemented.

BID: Today highlight

The second trading session this week continues the gloomy atmosphere when VNIndex fluctuated around 560 – 564. The awaited result from FED made the overall sentiment to be negative when the demand was not relatively strong. Ending 09/15/2015 session, 2 markets closed with contradicted results. VNIndex slightly increased to 563.27 (+0.2%) while HNIndex declined to 76.64 (-0.21%). On HSX, two ETFs restructuring the portfolios created strong selling pressure on blue-chips. There are several stocks in this group closing at decline prices such as DPM (-0.3%), VCB (-1.2%)… which made the possible gain for the markets shrinking.

The significant aspect from today session was the strong net-buying position from stocks which were added into ETFs portfolios such as BID (VND 155 billion), NT2 (VND 10.97 billion) and SSI (VND 6.28 billion). BID continued to be the spotlight story in 2 consecutive days when ended with ceiling price and record trading quantity (over 9.1 shares, accounted for 6.1% of current free-float*). Particularly, 74% of the demand came from foreign investors. Today, BID' s trading volume contributed to approximately 12% of market liquidity. If excluding BID, today trading volume only reached 66.52 million shares, dropped by 7% compared to the previous day instead of 3.3% increase as we include BID. Therefore, we believe that there is a high possibility that today, the significant demand from foreign investors from ETF's restructuring portfolio could end in the several upcoming sessions.

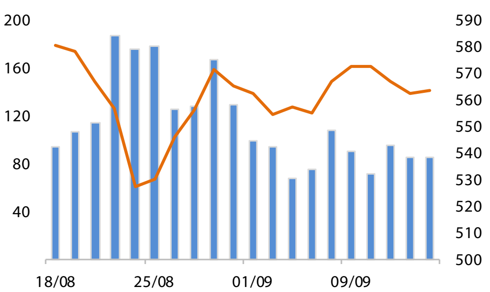
Friday trading session (18/09/2015) will be the day that ETFs complete the portfolio. With high volume of BID (43 million shares) expected to be bought in, we believe that during the remaining sessions of this week, the restructuring from ETFs could greatly affect the price movements of this stock.

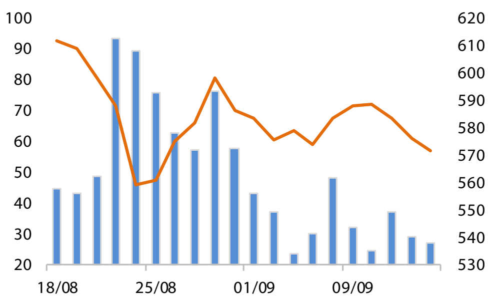
(*)RongViet Research's estimates based on shares outstanding at June, 30th 2015.

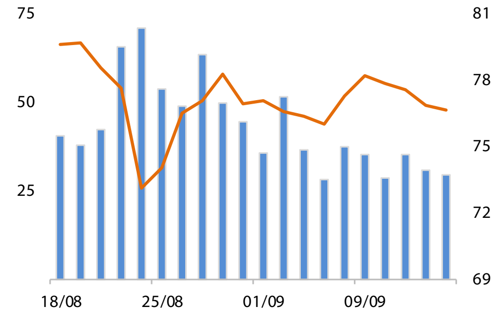
ETF portfolio reconstitutions usually impact markets to some extent. Q3/2015 reconstitution are no exception when divergence in trading actions show a strong sell in blue-chip stocks in contrast strong buy in only BID and NT2. Having observed recent tradings, we notice that demand for deletions from ETFs' portfolios are becoming lower. Thus, pressure on markets may become more substantial in Friday trading when ETF funds finish their restructuring activities.

Regarding TPP, last week The United States, Japan, Canada and Mexico fell short of reaching an agreement on the automotive rules of origin. Meanwhile, Thai Deputy PM considered joining TPP negotiations. This became a positive signal for TPP because Thailand is a major auto parts suppliers for Japan. If Thailand join TPP, Japan might unlikely negotiate relating to value of parts in finished cars with Mexico and Canada. Therefore, the issue will be resolved; however, it might take more time to negotiate.

VNINDEX	0.20%	563.27	VN30	-0.78%	571.53	HNXINDEX	-0.21%	76.64

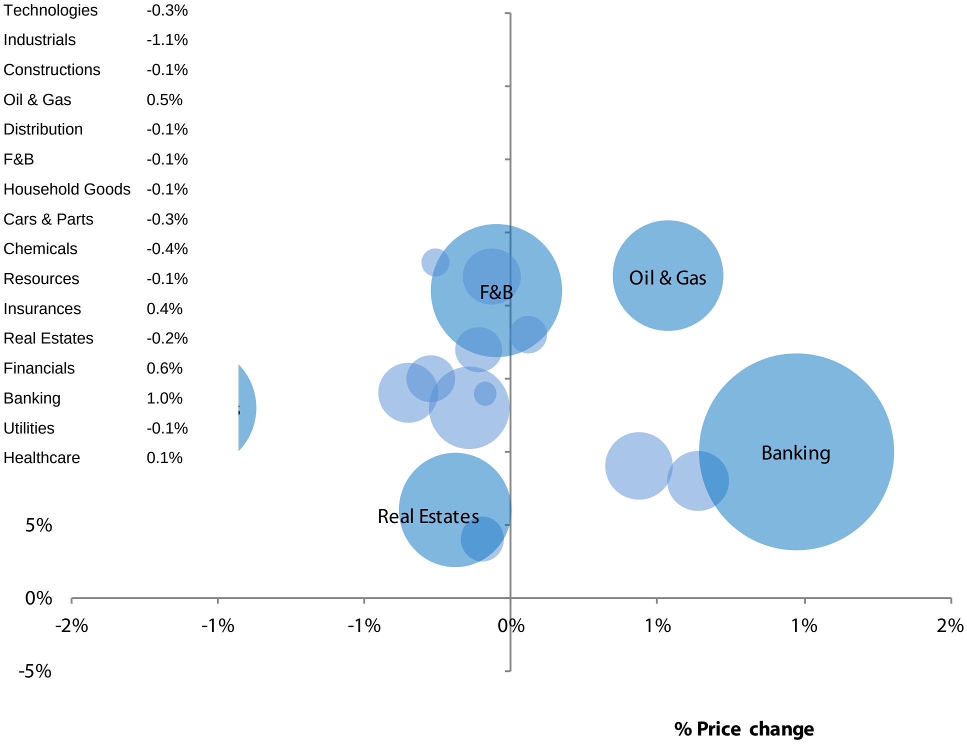




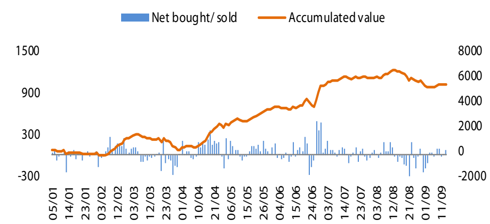


Industry Movement

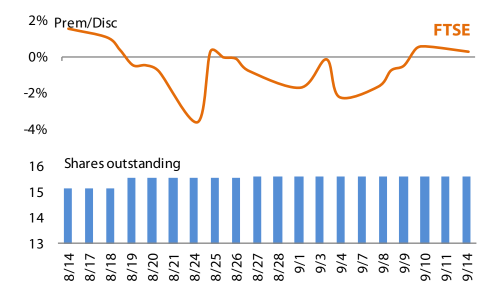
Industry	% change
Technologies	-0.3%
Industrials	-1.1%
Constructions	-0.1%
Oil & Gas	0.5%
Distribution	-0.1%
F&B	-0.1%
Household Goods	-0.1%
Cars & Parts	-0.3%
Chemicals	-0.4%
Resources	-0.1%
Insurances	0.4%
Real Estates	-0.2%
Financials	0.6%
Banking	1.0%
Utilities	-0.1%
Healthcare	0.1%

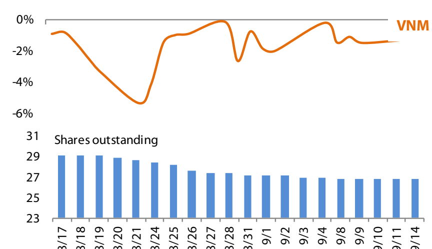


Foreign Investors Trading

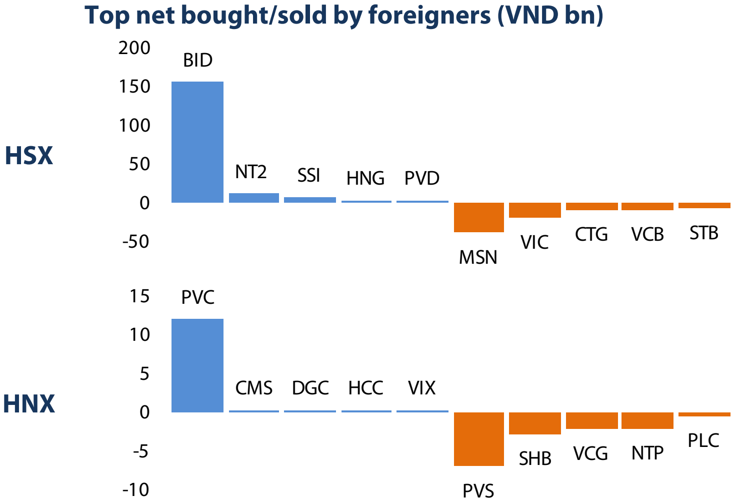


ETF





Top net bought/sold by foreigners (VND bn)



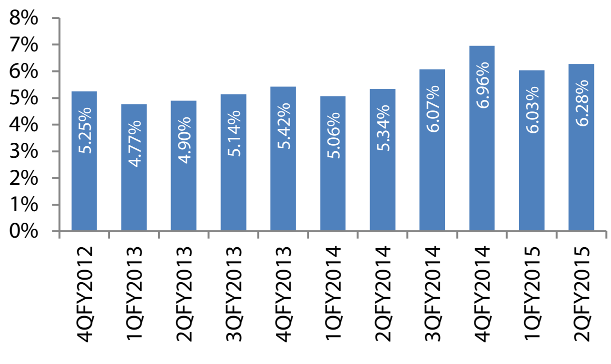
Top Active

Ticker	Price	Volume	% price change
BID	28.5	9.11	6.7%
FLC	6.4	3.80	-1.5%
SSI	24.7	2.92	1.6%
DLG	6.7	2.76	0.0%
VHG	7.6	2.57	0.0%

Ticker	Price	Volume	% price change
TIG	11.2	2.92	-0.9%
SHB	6.6	1.76	-1.5%
VIX	8.4	1.58	2.4%
KLF	4.5	1.42	0.0%
PVX	3.0	1.31	0.0%

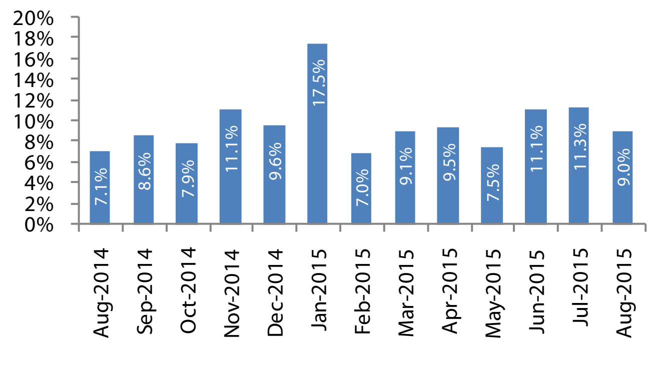
MACRO WATCH

Graph 1: GDP Growth



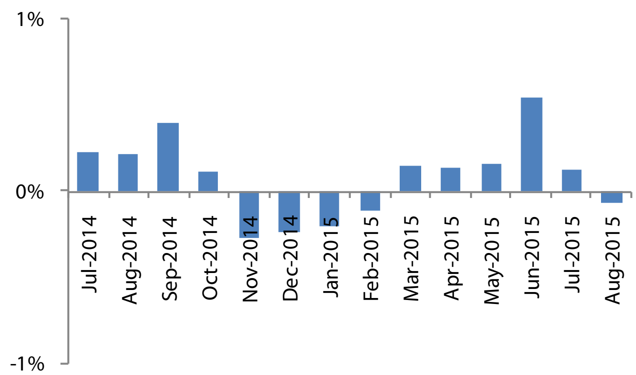
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



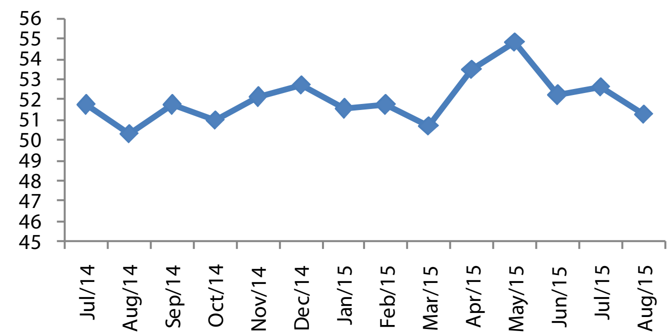
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



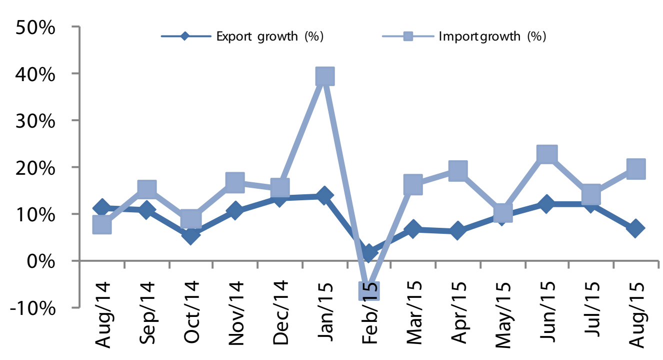
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



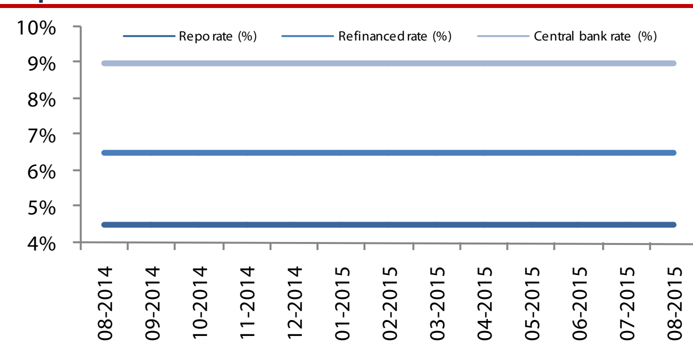
Sources: GSO. Rongviet Securities database

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
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
VNC - Embrace the new wave of international commerce	Aug, 14th 2015	Neutral – Long term	28,900
MAC – Bigger Propellers, further waters	Aug, 7th 2015	Buy – Long term	17,600

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	08/09/2015	0% - 0.75%	0% - 2.5%	11,844	11,861	-0.14%
VEOF	08/09/2015	0% - 0.75%	0% - 2.5%	9,791	9,874	-0.84%
VF1	11/09/2015	0.2% - 1%	0.5%-1.5%	22,509	22,496	0.06%
VF4	11/09/2015	0.2% - 1%	0%-1.5%	10,037	10,024	0.12%
VFA	11/09/2015	0.2% - 1%	0%-1.5%	7,100	7,032	0.97%
VFB	11/09/2015	0.3% - 0.6%	0%-1%	12,313	12,303	0.08%
ENF	04/09/2015	0% - 3%	0%	11,207	11,297	-0.80%
MBVF	27/08/2015	1%	0%-1%	10,416	10,364	0.50%
MBBF	03/09/2015	0%-0.5%	0%-1%	12,328	12,304	0.20%

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