Petroleum Equipment Assembly & Metal Structure (PXS – HSX)

Invest to strengthen construction capacity

Particulars (VND bn)	Q2-FY15	Q1-FY15	+/- qoq	Q2-FY14	+/- yoy
Net Revenues	598.2	463.9	29%	523.0	14%
PAT	47.2	28.8	64%	40.5	16%
EBIT	69.8	46.4	50%	63.6	10%
EBIT margin (%)	11.7%	10.0%	166bps	12.2%	-49bps

Sources: PXS, Rongviet Securities

- **Q2 result update: improvement in profit margin maintained the growth.**
- **Business prospect for 2H2015: stability in core business.**
- **Expansion: improve the capacity for long-term demand.**
- **2016 outlook and orientation.**

Outlook and Valuation:

Operating in metal construction segment with stable core business activities, PXS achieved positive Q2/2015 business result with USD 598.2 and 47.2 billion dong in revenue and profit after tax respectively. The reasons related to projects that were during high margin period or in completion and main profit-recognition phases. However, over the last 6 months of 2015, we believe that the surge elements could not exist because most of on-going projects will record low level of profit in 2H2015 with no new signed projects. In 2016, projects from the Ministry of Defense (P7, P8, P9, P10) and Thai Binh 2 thermal power plant of PV Power could ensure the workload for PXS in intermediate. In long-term, the prospects for development come from the expansion of Sao Mai – Ben Dinh port (started at the end of 2015) which could improve the construction capability through investment in the second half of this year. However, we still provide cautious perspective due to the passive aspect of PXS in business prospects for long-run.

Based on P/E and P/BV evaluation method with comparison with companies in similar domestic and regional industry, the appropriate price for PXS stock was determined at **VND 17,000/share** (13.33% higher than the closing price on 04/09/2015). As a result, we recommend **ACCUMULATE** in **INTERMEDIATE**.

Key financials

Y/E Dec (VND bn)	FY2013	FY2014	1H2015	FY2015E	FY2016F
Net Revenues	1,009.3	1,666.5	1,062.1	1,814.8	2,014.4
% chg	-15.7%	65.1%	20.7%	8.9%	11.0%
PAT	75.9	123.9	75.9	113.2	129.1
% chg	12.6%	63.1%	23.8%	-8.6%	14.0%
EBIT margin (%)	7.5%	7.4%	7.2%	6.2%	6.4%
ROA (%)	5.3%	7.7%		6.7%	7.5%
ROE (%)	13.8%	19.3%		16.1%	16.9%
EPS (VND)	1,908	2,477		2,013	2,152
Adjusted EPS (VND)	2,600	2,477		2,013	2,152
Book value (VND)	12,438	13,244		12,349	13,121
Cash dividend (VND)	1,300	1,300		1,300	1,300
P/E (x)	5.6	7.2		7.5*	6.2*
P/BV (x)	0.9	1.3		1.2*	1.1*

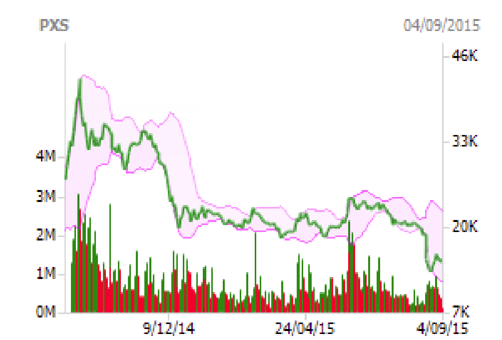
*Sources: PXS, Rongviet Securities *Stock price as of 04/09/2015*

ACCUMULATE

CMP (VND)	15,000
Target Price (VND)	17,000
Investment Period	Intermediate

Stock Info

Sector	Oil & Gas
Market Cap (VND bn)	900.00
Current Shares O/S	60,000,000
Beta	1.5
Free float (%)	33.3
52 weeks High	34,539
52 weeks Low	13,600
Avg. Daily Volume (in 20 sessions)	470,344



Performance (%)

	3M	1Y	3Y
PXS	-8.54	-32.43	177.78
Oil & Gas	-23.20	-58.38	28.07
VN30 Index	-1.48	-14.71	22.42
HSX Index	-2.14	-13.03	38.47

Major Shareholders (%)

PVX	46.73
McPECOM	9.17
VF2	5.48
Foreigner Investor Room (%)	37.48

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Table 1: 2QFY2015 and YTD Results

Particulars (VND bn)	Q2-FY15	Q1-FY15	+/- (qoq)	Q2-FY14	+/- (yoy)	1H2015	+/-(yoy)
Net Revenues	598.2	463.9	28.9%	523.0	14.4%	1,062.1	20.7%
Gross profits	91.0	66.1	37.8%	80.4	13.2%	157.1	18.5%
SG&AC	22.1	21.2	4.5%	18.8	17.4%	43.3	20.5%
Operating Income	68.9	44.9	53.5%	61.6	12.0%	113.9	44.2%
EBITDA	116.4	-27.1	-529.7%	92.5	25.8%	89.3	-11.3%
EBIT	69.8	46.4	50.4%	63.6	9.7%	116.2	14.5%
Financial expenses	9.5	9.5	0.4%	12.3	-22.1%	19.1	-18.9%
- Interest Expenses	9.2	9.5	-2.8%	11.5	-20.0%	18.7	-17.6%
Dep. and amortization	-46.6	73.5	-163.4%	-28.9	61.3%	26.9	3095.6%
Non-recurring Items (*)							
Extraordinary Items (*)							
PBT	60.5	36.9	64.1%	52.0	16.3%	97.4	23.7%
PAT	47.2	28.8	64.2%	40.5	16.4%	75.9	23.8%
(*) Adjusted PAT	47.2	28.8	64.2%	40.5	16.4%	75.9	

Source: PXS, Rongviet Securities

Table 2: 2QFY2015 performance analysis

Particulars	3QFY13	2QFY13	*% Chg. (qoq)*	3QFY12	*% Chg.(yoy)*
Profitability Ratios (%)					
Gross Margin	15.2%	14.2%	98bps	15.4%	-15bps
EBITDA Margin	19.5%	-5.8%	2529bps	17.7%	177bps
EBIT Margin	11.7%	10.0%	166bps	12.2%	-49bps
Net Margin	7.9%	6.2%	169bps	7.8%	14bps
Adjusted Net Margin	7.9%	6.2%	169bps	7.8%	14bps
Turnover *(x)					
-Inventories	12.1	9.9	2.2	12.8	-0.6
-Receivables	5.2	4.7	0.5	5.8	-0.6
-Payables	3.9	3.0	0.9	4.4	-0.5
Leverage (%)					
Total Debt/ Equity	1.2	1.7	-0.5	1.4	-0.1

Sources: Source: PXS, Rongviet Securities (*) Annualized turnover

Q2 result update: improvement in profit margin maintained the growth

Mainly operating in survey, design, manufacturing and installation segments; majority proportion of PXS's revenue has come from off-shore and on-shore projects. Q2/2015 was the period of significant record in revenue from 2015 plan due to the projects which came to the completion phase. Particularly, 2 main projects were P5, P6 from the Ministry of Defense (started earlier this year and completes at the end of 6/2015) and Thai Binh 2 thermal power plant from PV Power (scheduled for completion in 2016). Those projected accounted for 59% revenue in Q2/2015. Furthermore, other contracts from projects such as EPCC Jacket & Topside Thai Binh, BK Thien Ung, E-House from TGT H5 or Tho Trang project also ended in Q2/2015.

Figure 1: Revenue structure of PXS

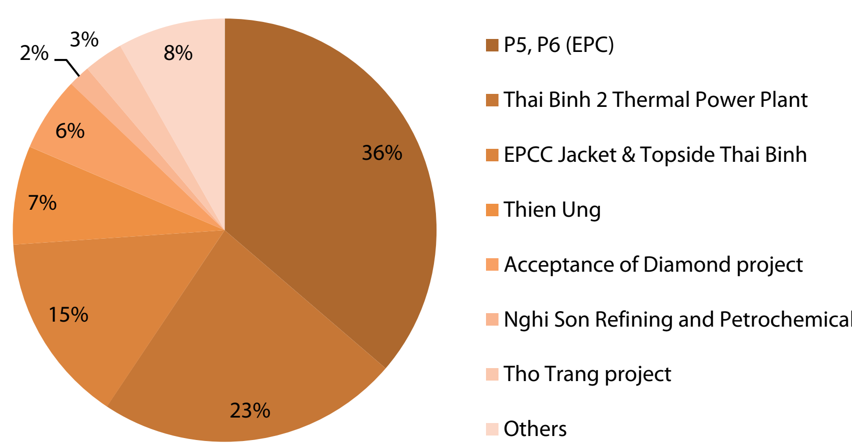
Source: PXS, Rongviet Securities

Table 3: Projects for the first 6 months of 2015

Projects	Investor	Contract value	Revenue plan 2015	Rev-Q1	Rev-Q2
P5/P6	The Ministry of Defense	580	527.27	**314**	**217**
Thai Binh 2 Thermal Power Plant	PV Power	925.69	421.55	**16**	**138.5**
EPCC Jacket & Topside Thai Binh	Petronas	492.81	232.58	**74.2**	**87**
Thien Ung	VSP	204.29	92.59	**21**	**45**
Acceptance of Diamond project	Petronas	1,170.39	33.19	**-**	**34**
Nghi Son Refining and Petrochemical	JGCS	345.17	102.27	**24**	**10**

Source: PXS, Rongviet Securities

Figure 2: Revenue structure based on projects Q2/2015



Source: PXS, Rongviet Securities

In Q2/2015, PXS achieved positive business result with VND 598.18 billion in revenue, increased by 14.38% y.o.y and 28.94% q.o.q. Profit after tax also surged to VND 42.20 billion, raised by 16.40% y.o.y and especially 64.08% q.o.q. Gross profit margin also experienced the improvement from 14.24% since earlier this year to 15.22%.

Overall, in the first 6 months of 2015, PXS's revenue was VND 1062.12 billion, equivalent to 60.69% of the plan. Profit after tax also completed ¾ of the plan for whole year (approximately 74.90% of 2015 plan) with VND 75.95 billion. Business result in 1H2015 positively improved with over 20% y.o.y.

The reasons were assessed to come from:

(1) Q2 completed and recorded several main projects of the year

(2) On-shore projects such as Thai Binh 2 thermal power plant has low profit margin but the cost has been recorded in earlier quarters (Q4/2014 and Q1/2015)

(3) Off-shore projects such as Thai Binh rig and Thien Ung rig maintained the high profit margins with over 20%

(4) Interest expense and administration expense have been effectively controlled and recorded at stable level, which were VND 9.23 billion and VND 22.10 billion respectively. Therefore, growth in profit came along with revenue growth (Interest expense slightly declined by 2.83% y.o.y while administration expense had small increase with 4.47% y.o.y)

Table 4: Revenue and forecast timeline (unit: billion VND)

<table>
<tr><th></th><th>2014</th><th colspan="4">2015</th></tr>
<tr><th>Projects</th><th>FY</th><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th></tr>
<tr><td>Diamond Rig</td><td>379</td><td></td><td>34</td><td></td><td></td></tr>
<tr><td>ePCC Jacket & Topside Thai Binh</td><td>252</td><td>74</td><td>87</td><td colspan="2">71</td></tr>
<tr><td>P3, P4 (EPC)</td><td>532</td><td></td><td></td><td>50</td><td></td></tr>
<tr><td>P5, P6 (EPC)</td><td></td><td>314</td><td>217</td><td></td><td></td></tr>
<tr><td>Thai Binh 2 Thermal Power Plant</td><td>188</td><td>16</td><td>138</td><td>301</td><td></td></tr>
<tr><td>BK Thien Ung</td><td>33</td><td>21</td><td>45</td><td colspan="2">30</td></tr>
<tr><td>Nghi Son Refining and Petrochemical</td><td></td><td>24</td><td>10</td><td colspan="2">100</td></tr>
<tr><td>Tho Trang</td><td></td><td></td><td>18</td><td></td><td></td></tr>
<tr><td>Kinh Ngu Trang</td><td></td><td></td><td></td><td colspan="2">100</td></tr>
<tr><td>Total</td><td>1,384</td><td colspan="4">1,650</td></tr>
</table>

Source: PXS, Rongviet Securities

Business prospect for 2H2015: stability in core business.

At this moment, global price of crude oil (Brent) is at … with the break-even point for PVE has to be at USD 55/barrel. In addition, US Energy Information Administration (EIA) forecasted average Brent price for 2015 at USD 54/barrel. Therefore, oil & gas activities and projects could be negatively impacted and rescheduled. However in 2015, according to our estimation, 60% of PXS's revenue could come from on-shore projects which do not significantly depend on global crude price. Furthermore, oil projects such as Thien Ung and Nghi Son oil refinery have been signed and under construction. As a consequence, the risk related to reschedule could be low for the last 6 months of this year.

Regarding new projects, the rescheduling of several major projects could bring fewer opportunities for PXS to win any bids with lower amount of projects in the future. We believe that such affect could be a long-term issue while global crude oil price was forecasted at low level. The orientation focus on on-shore projects and workload from the Ministry of Defense could lower the risk of global oil market. Another issue for the last half of 2015 is that high proportion of projects conducting is from old projects and there is not any further signed contracted.

Revenue in Q3 and Q4 could also mainly depend on several major projects of this year such as Thai Binh 2 thermal power plan and Jacket & Topside Thai Binh with approximately VND 350 billion dong. As a result, surge could not happen for the business result if PXS maintained the operation as plan. According to PXS with update in the progress of projects, we forecasted the revenue of Q3 and Q4 could respectively achieve VND 381.75 billion and VND 377.06 billion (surpass the plan by about 10.65% and 3.30%). Main source of revenue for Q3 will come from Thai Binh 2 thermal power plant with the recorded value of VND 301 billion. In Q4/2015, PXS's revenue could decline because the value form the projects could be at lower level. Profit margin could also experience the drop due to the completion phase being at Q2.

Table 5: Forecasted revenue for the last 6 months of 2015

Projects	Investors	Contract value	Revenue plan 2015	Estimated revenue for 2H2015
Thai Binh 2 Thermal Power Plant	PV Power	925.69	421.55	**>300**
EPCC Jacket & Topside Thai Binh	Petronas	492.81	232.58	**45**
Nghi Son Refining and Petrochemical	JGCS	345.17	102.27	**>100**
P3/P4	The MOD	532.45	-	**50**
Kinh Ngu Trang	CL JOC	-	50.91	**<100**

Source: PXS, Rongviet Securities

Table 6: 2015 forecasted business results

Particulars	2015 forecast	2015 plan	%forecast/plan
Revenue (billion VND)	**1,814.81**	1,750.00	108.90%
Profit after tax (billion VND)	**114.70**	101.40	113.12%
Profit margin (%)	**14.80%**	-	-
EPS	**2.039**	1.803	113.09%

Source: PXS, Rongviet Securities

Overall, with positive revenue and profit over the last 6 months, PXS could easily surpass the plan for 2015 without any further signed contracts and new projects. In addition, in 2015, the workload and projects have been continuous implemented and conducted, leaving no gaps for core business activities. We estimated the revenue and profit after tax of PXS for 2015 at VND 1,814.81 billion and VND 114.70 billion respectively, increased by 8.90% and 13.12% compared to the plan.

Expansion: improve the capacity for long-term demand

During the second half of 2015, PXS scheduled to conduct 2 main expansion projects which are "Dự án nâng cao năng lực máy móc thiết bị" (VND 30 billion) and "Dự án nâng cao năng lực bãi cảng" (VND 259 billion) with the expansion of berth in Sao Mai – Ben Dinh port from 100 meters to 254 meters. In short-term and intermediate, those projects would serve the reparation and upgrade of P7, P8, P9, P10 from the Ministry of Defense with double workload compared to 2015. Moreover, PXS could operate larger categories in Kinh Ngu Trang or Su Tu Trang projects from joint operating companies (JOC) and engage in manufacturing activities from Long Son chemical plant. In long-term, expansion and investment projects could improve the capacity and competitiveness of PXS. In addition, regional expansion also needs the drastic improvement in capability of PXS. According to provided information, IRR of the whole projects is estimated at approximately 15 – 18%

Basic information about PVC-MS's port:

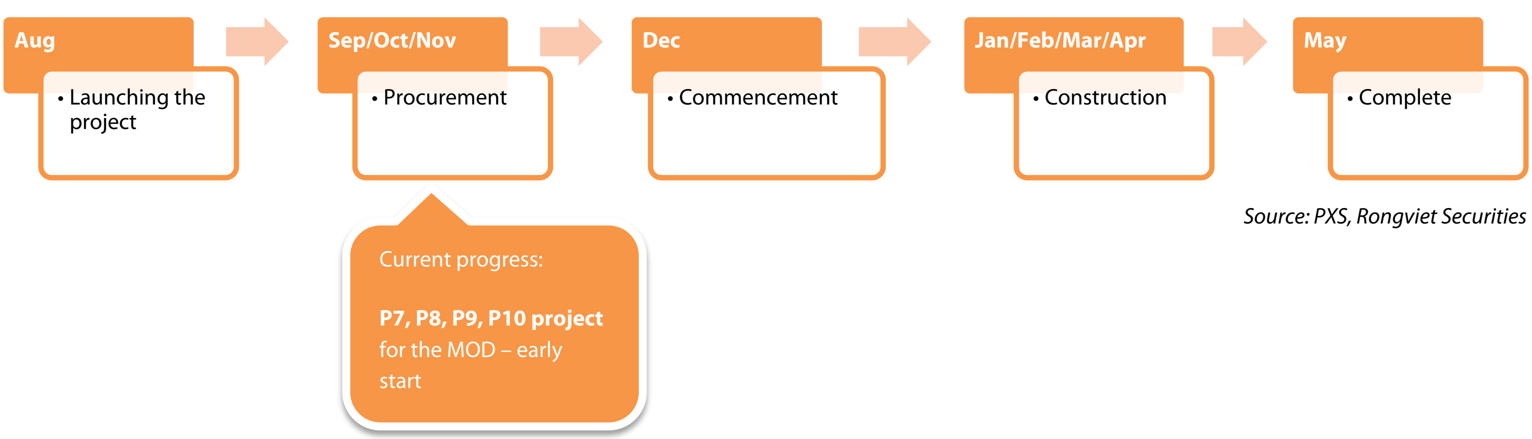
- Area: 23ha
- Weight: 35 tons /m2
- Structure: super weight
- Capacity: 10,000 tons of rig structures/year
- Berth: 142/246m
- Equipment: cranes with great lifting capacity of 550 /275/250/135 tons, steam cranes with capacity of 70/50/30 tons, automatic welding machines, automatic cutting machines…

Total required fund for such projects is VND 289 billion and could be raised from (1) VND 50 billion from development fund, (2) issuing additional 5 million shares with the price of VND 12,703/share for existing shareholders (expected to raise VND 63.52 billion) and (3) long-term loan of VND 166 billion in 60 months (Vietinbank) with 8 – 8.5% interest rate. Therefore, during Q3, PXS increases the chartered capital by issuing shares and distributing bonus shares to the existing shareholders with 10:1 ratio.

Project risk assessment:

- Debt: with the decline trend of interest expense over the last 2 – 3 years (in 2014, it dropped by 54.30% compared to the end of 2012), the impact of interest rate expense from additional long-term debt of VND 166 billion is assessed to be at low level. The reason is that several old debts have been resolved. With over VND 110 billion of debt turning due in 2 years, interest expenses in 2015 and 2016 were forecasted to maintain equivalent to 2014
- Issuing: the success of the additional issuance and share offering could be the critical aspect for the expansion project of PXS. With VND 12,703/share compare to the current price of VND 15,100/share (18.87% higher than the issuance price, the success rate could be relatively high. The exercise period will be within 9/2015.
- Human resources: PXS currently has 1,671 staff and employees and 919 of them are workers. There are 500 welders with international certificate (accounts for 30% of the workforce). It could be seen that PXS has high-skilled workforce. However, with significant workload in near future, COGS could increase with outsourcing and mobilized manpower for the upcoming projects. However, as the provided information, PXS is usually the general contractor for the on-shore projects, as a result, workforce could come from sub-contractors.
- Projects: P7, P8, P9, P10 could ensure the workload for the core business activities along with heavy industrial project such as Long Son. In addition, increase in demand for sea area security could bring more large-scale projects in long-term, consequently, optimizing the port. The plan up to 2020 from the Ministry of Defense could guarantee the long-term projects.
- Operating period: There were only 3 months until the deployment of four rigs (P7, P8, P9, P10). Therefore, PXS has to complete the projects during that time for the expansion. However, the preparation for the expansion has been finalized and waited for the approval from the Board. We believe that the delay for upcoming projects could be low.

Figure 3: Regular implementing plan for EPC projects from the Ministry of Defense



Source: PXS, Rongviet Securities

Figure 4: Location and pictures of PXS's port

Source: Google Maps, Rongviet Securities

2016 outlook and orientation

Table 7: List of projects for 2016

Signed projects	Investors	Contract value (billion dong)
Thai Binh 2 Thermal Power Plant	PV Power	925.69
Equipment installation for Thai Binh 2 TPP	PV Power	150.47
Nghi Son Refining and Petrochemical	JGSC	345.17
LQ Modun Su Tu Trang	CL JOC	90.00
Assembly and pins connecting H1017 BH 335 L3P		66.91
P7, P8, P9, P10	Ministry of Defense	819.00
Su Tu Trang housing	CL JOC	408.80
Kinh Ngu Trang	HL JOC	-
Promising projects		
GPP Ca Mau	-	-
Long Phu 1	-	-
Song Hau 1	-	-
Khanh My, Dam Roi, Phu Tan	-	-
Hoang Long compressing rig	-	-

Source: PXS, Rongviet Securities

It can be referred from the list of projects in 2016 mentioned above; PXS strongly focus on onshore projects (Thermal and Petrochemical) as well as from the Ministry of Defense. In the present time, the focus on on-shore can create advantages in progress and the undertaken workload. However, the low profit margins of these projects will be a disadvantage for the profit and loss of PXS. According to our estimates, margins in 2016 are likely to fall slightly to ~ 14.57%. In the conservative scenario (without possibilities of renewals and more projects in 2016), we believe PXS can achieve revenue growth of at least 10% compared to projected 2015 levels.

In the future, finding and winning new projects will be a key factor when it comes to the long term development of PXS. PXS's port is improved with enhanced capabilities will be the supportive factors for a better future. The biggest risk we might face is not about winning capability and capacity to implement large projects but about the volume of potential projects in the medium and long term. According to the firm, the construction activities of PXS are passively following the progress of a general contractor. Therefore, there are such cases that PXS had already completed on schedule but had to wait for other items from other contractors to be continues. Also, as a construction enterprise, the long-term development depends largely on the project and the development orientation of Vietnam Oil and Gas Corporation. Therefore, finding more external projects and expand operations in the region will be a reasonable and effective orientation. However, considering in the long term, the upcoming activities and projects might not bring up a certainty and stability about long-term prospects of the business.

Outlook and Valuation

Operating in metal construction segment with stable core business activities, PXS achieved positive Q2/2015 business result with USD 598.2 and 47.2 billion dong in revenue and profit after tax respectively. The reasons related to projects that were during high margin period or in completion and main profit-recognition phases. However, over the last 6 months of 2015, we believe that the surge elements could not exist because most of on-going projects will record low level of profit in 2H2015 with no new signed projects. In 2016, projects from the Ministry of Defense (P7, P8, P9, P10) and Thai Binh 2 thermal power plant of PV Power could ensure the workload for PXS in intermediate. In long-term, the prospects for development come from the expansion of Sao Mai – Ben Dinh port (started at the end of 2015) which could improve the construction capability through investment in the second half of this year. However, we still provide cautious perspective due to the passive aspect of PXS in business prospects for long run.

Based on P/E and P/BV evaluation method with comparison with companies in similar domestic and regional industry, the appropriate price for PXS stock was determined at **VND 17,000/share** (13.33% higher than the closing price on 04/09/2015). As a result, we recommend **ACCUMULATE** in **INTERMEDIATE**.

Table 8: Key assumptions

Particulars	Forecast	
	FY2015F	FY2016F
Revenue growth (%)	8.90	11.0
Gross profit margin (%)	14.80	14.57
EBIT ratio (%)	14.31	10.49

Source: Rongviet Securities

Appendix – Additional information about participated projects

Projects	Contract value	Investors	Location	Start	Finish
Diamond Rig	1170.39	Petronas	Vung Tau	15/3/2013	19/5/2014
P3, P4 (EPC)		Ministry of Defense	Vung Tau	11/2013	10/2014
BK Thien UNG	204.29	VSP	Vung Tau	5/2014	5/2015
ePCC Jacket & Topside Thai Binh	492.81	Petronas	Vung Tau	6/2014	6/2015
E-house TGT H5 project	39.52	HL JOC	Vung Tau	8/2014	3/2015
Fuel Gas Skid provider for Thai binh development project	10.90	Petronas	Vung Tau	8/2014	11/2014
Wellhead control Panel provider for Thai binh development project	4.02	Petronas	Vung Tau	8/2014	11/2014
Upper block BK4A rig	9.89	VSP	Vung Tau	10/2014	01/2015
Thai Binh 2 Thermal Power Plant	925.69	PV Power	Thai Binh	10/2014	2016
Ham Rong project	455.00	PVGas	Thai Binh	Q4/2014	Q3/2015
BK Base	32.00	VSP	Vung Tau	3/2015	6/2015
Nghi Son Refining and Petrochemical (1B)	345.17	JGCS	Thanh Hoa	2015	2016
Kinh Ngu Trang	200.00	HL JOC	Vung Tau	8/2015	2016
BK Thien Ung	15.16	VSP	Vung Tau	1/2015	2015
P7, P8, P9, P10 (EPC)	819.00	Ministry of Defense	Vung Tau	11/2015	5/2016
LQ Modun Su Tu Trang	90.00	CL JOC	Vung Tau	8/2015	6/2016
Su Tu Trang Housing	408.80	CL JOC	Vung Tau	8/2015	7/2016
P5, P6 (EPC)	580.00	Ministry of Defense	Vung Tau	2015	6/2015
Kinh Ngu Trang	300.00	HL JOC	Vung Tau	3/2016	8/2016

Source: PXS, Rongviet Securities

VND Billion

INCOME STATEMENT	FY2013	FY2014	FY2015F	FY2016F
Revenue	1,009.3	1,666.5	1,814.8	2,014.4
COGS	762.1	1,391.2	1,546.2	1,721.0
Gross profit	247.3	275.3	268.6	293.5
Selling Expense	0.0	0.0	0.0	0.0
G&A Expense	64.0	78.0	81.7	90.6
Finance Income	5.1	9.5	6.7	6.7
Finance Expense	87.4	47.0	48.9	48.6
Other profits	1.0	-0.8	0.5	0.5
PBT	102.1	159.0	145.2	161.4
Prov. of Tax	26.1	35.1	31.9	32.3
Minority's Interest	0.0	0.0	0.0	0.0
PAT to Equity Shareholder	75.9	123.9	113.2	129.1
EBIT	177.0	202.4	190.7	206.6
EBITDA	233.2	260.4	250.2	278.7

%

FINANCIAL RATIO	FY2013	FY2014	FY2015F	FY2016F
Growth				
Revenue	-15.7%	65.1%	8.9%	11.0%
Operating Income	8.3%	7.6%	-5.2%	8.5%
EBITDA	-2.0%	11.7%	-3.9%	11.4%
EBIT	-4.9%	14.3%	-5.8%	8.4%
PAT	12.6%	63.1%	-8.6%	14.0%
Total Assets	18.4%	7.4%	4.0%	0.2%
Equity	29.9%	6.5%	11.9%	6.2%
Internal growth rate	2.0%	9.2%	5.0%	6.7%
Profitability				
Gross profit/Revenue	24.5%	16.5%	14.8%	14.6%
Operating profit/ Revenue	18.2%	11.8%	10.3%	10.1%
EBITDA/ Revenue	23.1%	15.6%	13.8%	13.8%
EBITDA/ Revenue	17.5%	12.1%	10.5%	10.3%
Net margin	7.5%	7.4%	6.2%	6.4%
ROAA	5.3%	7.7%	6.7%	7.5%
ROIC or RONA	19.3%	22.7%	17.9%	18.3%
ROAE	13.8%	19.3%	16.1%	16.9%
Efficiency				
Receivable Turnover	4.6	6.9	7.8	8.1
Inventory Turnover	9.5	11.1	9.8	10.6
Payable Turnover	2.5	2.9	3.4	4.0
Liquidity				
Current	0.9	1.1	1.3	1.2
Quick	0.8	0.9	1.0	0.9
Solvency				
Total Debt/Equity	146.9%	149.2%	132.5%	119.2%
Current Debt/Equity	43.9%	27.5%	20.5%	22.2%
Long-term Debt/ Equity	28.1%	44.0%	55.8%	39.1%

VND Billion

BALANCE SHEET	FY2013	FY2014	FY2015F	FY2016F
Cash and equivalents	312	385	307	303
Short-term investment	3	0	0	0
Receivables	252	230	236	262
Inventories	99	153	162	163
Other current assets	2	4	4	4
Total Current Asset	668	772	709	732
Tangible Fixed Assets	671	663	640	798
Intangible Fixed Assets	20	18	18	17
Construction in Progress	16	19	185	8
Investment Property	0	5	4	4
Long-term Investment	0	0	0	0
Other long-term assets	167	179	168	167
Long-term Asset	874	884	1,014	994
Total Asset	1,542	1,656	1,723	1,726
Payables	375	361	247	258
Other current liabilities	78	144	167	195
Current Debt	273	182	152	175
Long-term Debt	175	292	413	308
Other long-term liabilities	13	9	3	3
Total Liability	913	988	982	938
Owner's Equity	622	662	741	787
Capital	500	500	600	600
Retained Earnings	52	81	106	145
Funds & Reverses	70	81	35	42
Others	0	0	0	0
Total Equity	622	662	741	787
Minority's Interest	0	0	0	0
TOTAL RESOURCES	1,535	1,650	1,723	1,726

CASH FLOW STATEMENT	FY2013	FY2014	FY2015F	FY2016F
Profit before tax	102.1	159.0	145.2	161.4
-Depreciation	56.2	58.0	59.5	72.1
-Adjustments	82.2	37.8	-10.2	-10.2
+/- Working capital	107.6	-81.2	-161.9	-39.1
Net Operating CFs	348.1	173.6	32.5	184.3
+/- Fixed Asset	-36.7	-58.7	-199.4	-50.1
+/- Deposit, equity investment	55.1	0.0	0.0	0.0
Interest, dividend, cash profit received	4.3	8.6	9.0	9.0
Net Investing CFs	22.6	-50.1	-190.4	-41.1
+/- Capital	104.4	0.0	100.0	0.0
+/- Debt	-213.5	26.2	79.6	-89.2
Dividend paid & other	-50.8	-77.5	-99.7	-57.3
Net Financing CFs	-159.9	-51.3	79.9	-146.5
+/- cash & equivalents	210.8	72.3	-78.0	-3.4
Beginning cash & equivalents	101.0	312.1	384.6	306.7
Impact of exchange rate	0.2	0.3	0.0	0.0
Ending cash & equivalents	312.1	384.6	306.7	303.3

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%

ABOUT US

RongViet Securities Corporation (RongViet) was established in 2007, licensed to perform the complete range of securities services including: brokerage, financial investment, underwriting, financial and investment advisory and securities depository. RongViet now has an operating network that spreads across the country. Our major shareholders, also our strategic partners, are reputable institutions, i.e Eximbank, Viet Dragon Fund Management, etc... Along with a team of the professional and dynamic staffs, RongViet has the man power as well as the financial capacity to bring our clients the most suitable and efficient products and services. Especially, RongViet was one of the very first securities firms to pay the adequate attention to the development of a team of analysts and the provision of useful research report to investors.

The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews

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