MAY

27

WEDNESDAY

ADVISORY DIARY

- **PXS- Update projects**
- **SEESAW…!**

PXS- Update projects

Yesterday, May 26th 2015, our analyst had a company visit with Petroleum Equipment Assembly & Metal Structure .,JSC (HSX: PXS). By the chance, we would like to update the newest information regarding to PXS's projects in 2015 as well as in upcoming years.

As mentioned in previous update, PXS are continuing to implement the concluded projects as EPCC Thai Binh, EPCC rig P5,P6, Thai Binh II Thermal Power plant, Thien Ung, Nghi Son jackets,… The total revenue, which is able to be recorded this year, can reach VND 1,750 billion. As the PXS representative, the plan does not include the 2 already signed contracts as Tho Trang (VND 19 billion) and Su Tu Trang (VND 324 billion); particularly, the Su Tu Trang project consists of 3 main components: jacket, employee building (USD 7 million); top side (USD 5 million). These are estimated to come into operation from the end of 2015 and contribute VND 69 billion in Q3, Q4. As the project schedule listed below, most of the PXS projects will finish in Q2/2015. Thus, this quarter will take huge account of revenue and profit in 2015. The Q2 estimated revenue and profit can reach VND 516 and 46 billion, respectively, up 10% and 25%, compared with Q1/2015

For the 2016 prospect, PXS will receive 4 rigs of The Ministry of National Defence, particularly EPCC P7, P8, P9, P10 project with total value of VND 1,000 billion. Additionally, PXS are participating in the bids for Kinh Ngu Trang, Long Son project. In Long Son petrochemical plant, this is the large plant with total investment of USD 4.6 billion, in which, the part of PXS bid is construction. As our observation of Sao Mai Ben Dinh port yesterday, this plant is quite close to this port. Thus, we believe that the progress of concluding this contract attracts investors' tracking

"SEESAW"

With the purpose to prepare a series of future projects, PXS will invest in second phase of Sao Mai Ben Dinh port. The company will invest a total VND 259bn with the capital structure of debt and equity is 30:70. PXS also shares that it would finance the project and raise additional capital throught borrowing VND 205bn. In our opinion, the loans would not affect the firm as the first phase of the project thanks to its low interest (about 8-8.5%). The long term borrowing and healthy cash flow of PXS from investing activities also reinforce our opinion. Besides, PXS also shares that it would raise its equity from VND 500bn toVND600 bn in order to finance for the projects. The capital increase will be two main methods (1) bonus share at the rate 10:1 and (2) offer 5 million shares at 12,703 VND per share to existing shareholders. Ex-dividend date is expect to be set at the end of June 2015. At the same time, PXS expect to payout 3% dividend of 2014 and advance 10% dividend of 2015

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No	2015 Projects	Total contract value	Implementation progress Start	End
01	Diamond	1,107,000	3/2013	5/2014
02	Thai Binh	571,000	5/2014	2Q/2015
03	EPCC rig P5 and P6	532,450	12/2014	2Q/2015
04	EPCC rig P3 and P4	532,450	11/2013	3Q/2014
05	Thai Binh II Thermal Power Project	1,150,000	3Q/2014	3Q-4Q/2016
06	Thien Ung	174,000	3Q/2014	5/2015
07	Nghi Son	345,176	1Q/2015	At the end 2016
08	Tho Trang	19,000	3Q/2015	
09	Su tu Trang	324,000	3Q/2015	
10	Others	50,000		

Source: RongViet Research

Photo from Sao Mai Ben Dinh project

Source: Rong Viet Research

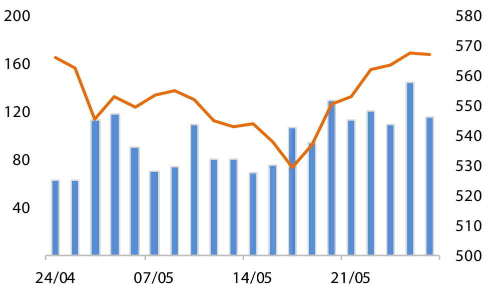
Based on these factors, we have conducted the revenue projections and EBT of PXS 2015 respectively 1,819 billion and 149.7 billion higher than the planned 3.9% respectively and 15 %. The results of this project is equivalent to EPS in 2015 was 2.330 / share (not to mention the increase charter capital to VND600 billion). Thus, at the closing price on 27/05/2015, PXS is trading at P / E of 8.5 times in 2015, at a relatively reasonable compared to the industry.

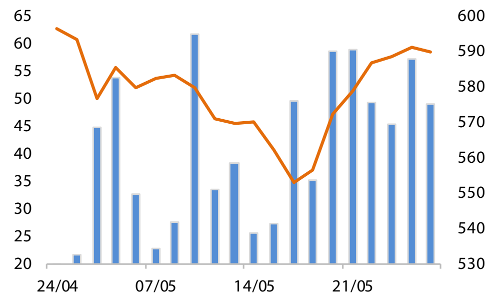
SEESAW…!

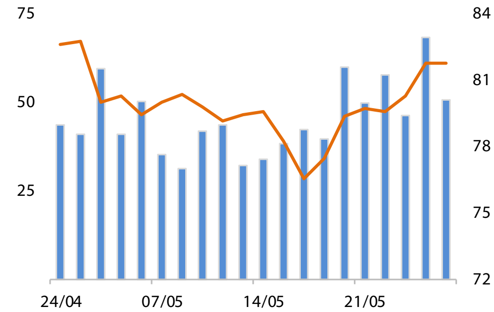
The market today witnessed a strong volatility throughout trading session. Within the trading session, there was a moment that market approached and even seemed possible to overcome 570 thresholds. However, at the end of the session, HSX still closed in red and decreased 0.72 point whereas HNX still maintain green colour and slightly increase 0,02 point. Today trading session also marked the first decline session of HSX after six consecutive increase trading session. The fall in most of oil and gas stocks such as PVD, GAS, PGD, PLC, PVS, PXS is considered as the main culprit that caused the red colour in today market. Perhaps the news that WTI oil decreased to $58/barrel (down 3%) had a negative impact on oil and gas stocks. In addition to oil and gas stocks, the weakening of both securities and banks stocks also contributed to the decline of the market even though green tickers exceeded red tickers in mid and small caps.

Today trading liquidity also wasn't as strong as yesterday with total number of shares changing hands on both bounces reached only 162 million shares (down 18%). On the other hand, foreign investors remained net buying in the eight consecutive sessions and strong buy in STB, VCB, , MSN.. Our market analyst believes that today trading session is the beginning of a series of adjustment due to short-term profit pressure. Therefore, short-term investors may consider changing portfolio structure while the market adjusts and buying on the dips.

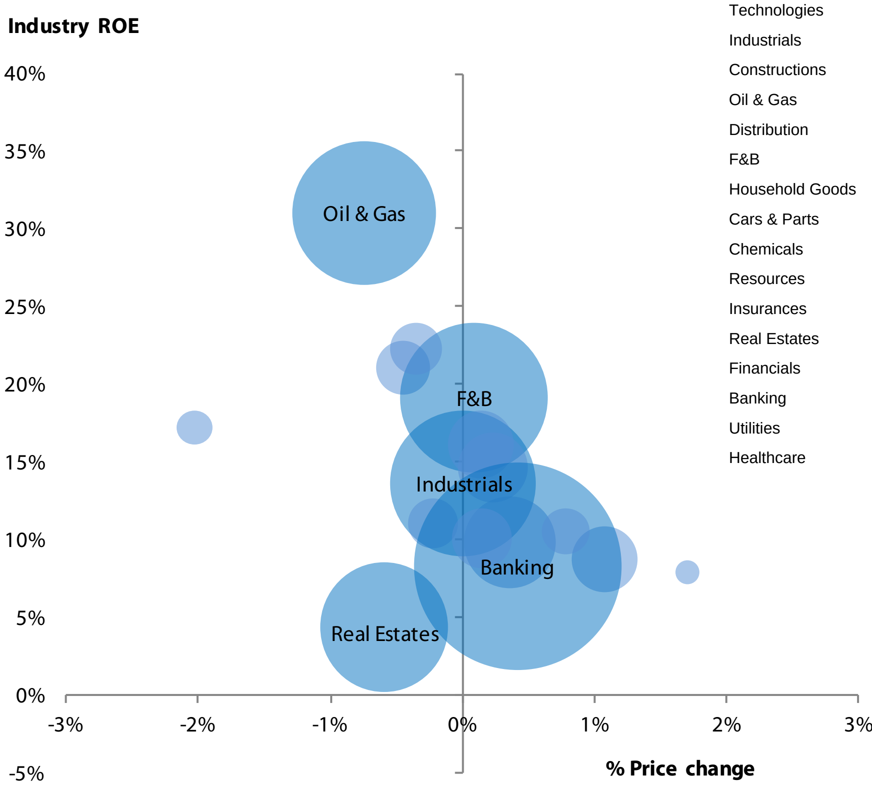
VNINDEX	-0.13%	566.48	VN30	-0.22%	589.82	HNXINDEX	0.02%	81.72





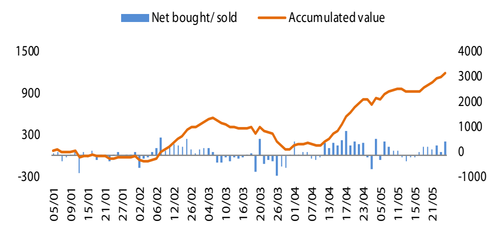


Industry Movement

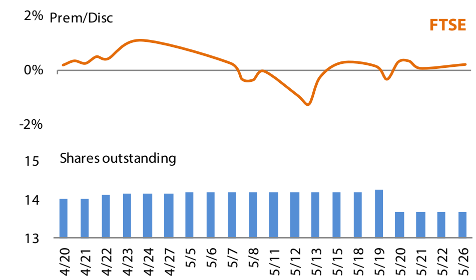


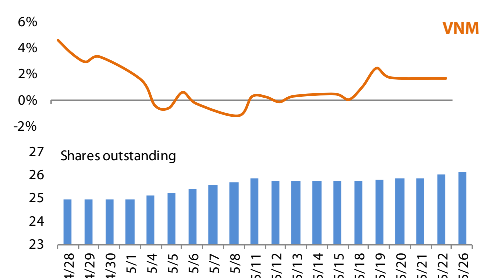
Industry	% change
Technologies	-0.5%
Industrials	0.0%
Constructions	0.4%
Oil & Gas	-0.7%
Distribution	1.7%
F&B	0.1%
Household Goods	-0.2%
Cars & Parts	-2.0%
Chemicals	0.1%
Resources	-0.4%
Insurances	0.2%
Real Estates	-0.6%
Financials	1.1%
Banking	0.4%
Utilities	0.1%
Healthcare	0.8%

Foreign Investors Trading



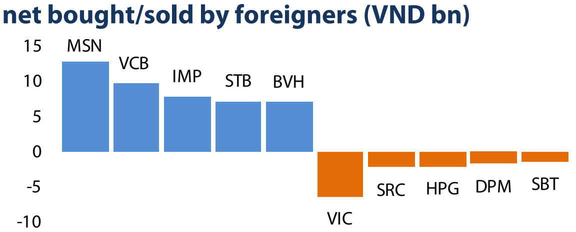
ETF



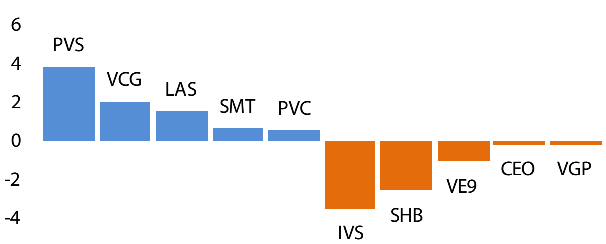


Top net bought/sold by foreigners (VND bn)

HSX



HNX



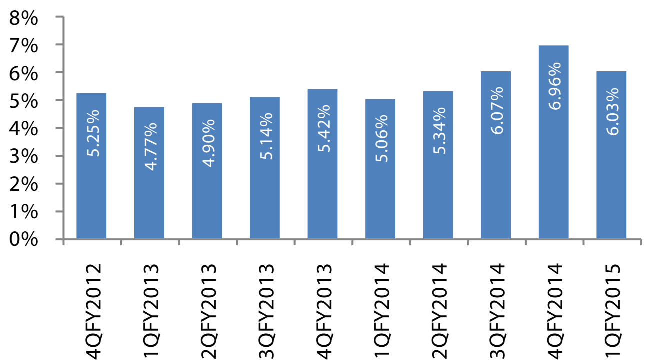
Top Active

Ticker	Price	Volume	% price change
FLC	8.9	19.04	6.0%
CII	20.5	7.91	0.0%
KTB	3.5	5.43	0.0%
VHG	9.6	4.71	2.1%
GTN	12.0	4.61	1.7%

Ticker	Price	Volume	% price change
KLF	7.4	5.94	0.0%
FIT	14.1	4.43	4.4%
SCR	6.8	2.87	0.0%
SHN	9.4	2.28	9.3%
SHB	7.7	2.23	-1.3%

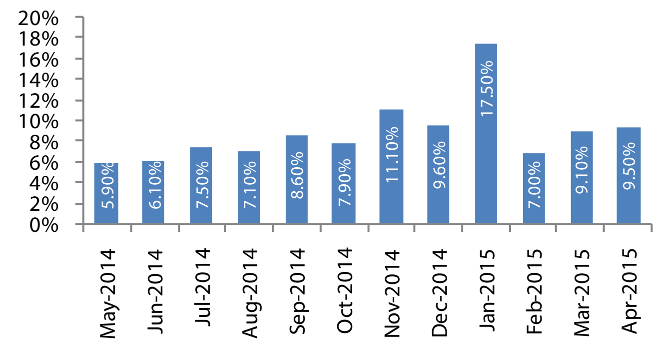
MACRO WATCH

Graph 1: GDP Growth



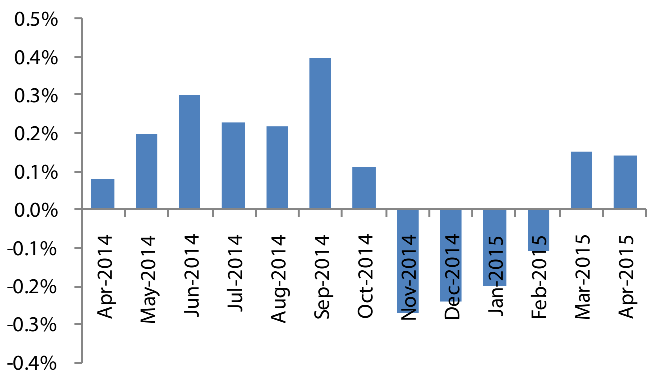
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



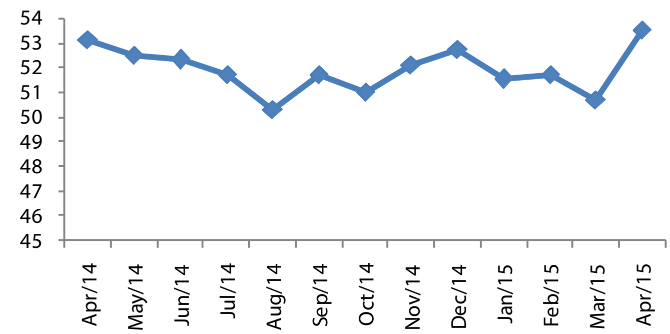
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



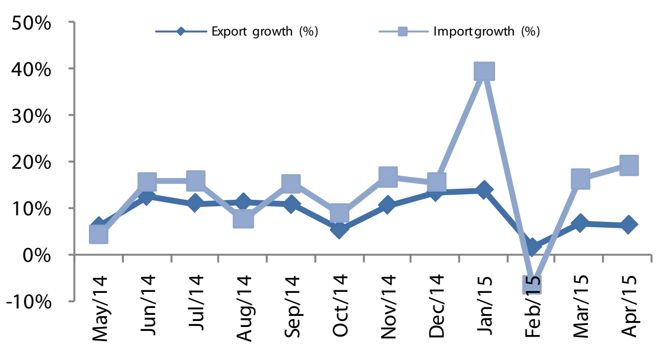
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



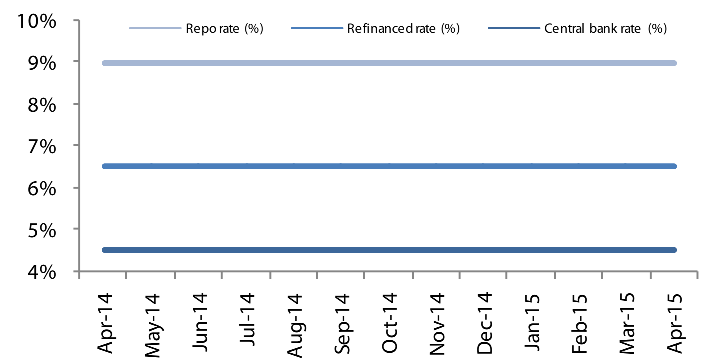
Sources: GSO. Rongviet Securities database

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