MAY

22

FRIDAY

ADVISORY DIARY

- **PVE – A long story ahead**
- **Rumor related to Room expansion and TPP supported for market**

PVE – A long story ahead

Recently, analyst from RongViet research had a chance to arrange a meeting with a representative from PetroVietnam Engineering Consultancy JSC (HNX: PVE). PVE is the company operating in design consultancy, EPC, examining and expertise, focus mainly on design consultancy.

We began to pay attention to this company due to positive business results from 2014 and continuing to happen in Q12015. Specifically, in Q12015, the Company recorded an optimistic increase in revenue and profit after tax, respectively VND225.02 billion and VND10.39 billion, increasing by 126.64% and 789.71% y.o.y. However, this level of revenue only achieved 18.59% of plan for 2015 which was passed by shareholders. The Company asserted that majority of projects has been operated after Q1 and we also recognized Q1 business results usually the low revenue and profit quarters for PVE after tracking the business results during the 2012-2014 periods. Being a company with the tradition of plan adjustment, our analyst raised the concern about the ability to complete the plan for 2015. However, with the number of projects with ability for revenue to be recorded over the next few quarters and the price level for oil have been stable around USD60-65 /barrel, PVE- operating in design consultancy, project design in oil & gas industry – is relatively confident in terms of achieving the plan for 2015. That means the "tradition" could not repeat itself even though the price level is low compared to the last few years.

Table: Q12015 PVE's earning result

No.	Target	Q12015	Q12014	Q42014	%Y.o.y	%Q.o.Q
1	Revenue	225.02	100.17	272.21	124.64%	-17.34%
2	COGS	200.25	85.36	234.50	134.59%	-14.61%
3	EBT	7.91	0.97	13.39	715.46%	-40.93%
4	NPAT	6.05	0.68	10.39	789.71%	-41.77%

Source: PVE, RongViet Research

"Rumor related to Room expansion and TPP supported for market"

At this moment, the Company has operated in two major projects which are Nghi Son and RAPID – Malaysia from Technicas Reunidas from Spain and further prospects from Lo B O Mon project. To be more precise, Nghi Son bidding packages estimated the value to be about VND870 billion, however, majority of revenue would be recorded from VND450-550 billion in 2016 because this year would be a key period for this project. Furthermore, PVE is participating in bidding for packages from Nghi Son refinery and pipelines for Lo B O Mon project. If winning the packages, the Company estimated the recorded value could be approximately VND1,000 billion for Nghi Son project and VND450 – 650 billion for Lo B O Mon project.

Related to a package of VND1,100 billion for RAPID project, the plan to establish subsidiary PVE-Malaysia is on track in order for PVE to meet the requirement to receive CIDB certificate. Currently, the company has mobilized about 700 people to Malaysia with VND100 billion investment cost in equipment and machinery for the project activities. In addition, PVE is participating in bidding Silver package in RAPID project with the value over VND130 billion in terms of office and housing.

In domestic market, PVE has very few competitors, most of which are foreign companies. Therefore, expanding market in Malaysia will open chances for PVE to enchance the company's capacity and position. However, high outsourcing cost (engineer rental fees are estimated at VND100-120 billion/year) led a decrease in PVE's gross profit margin (~15-16%, lower than other similar companies in the region).

Base on FY2014 earning result, PVE expects to pay 8% cash dividend between Q2/2015 or Q3/2015. According to FY2015 plan, cash dividend is expected at 10%. Today, PVE closed at VND10,000/share, equivalent to P/E trailing ~8.23x and book value per share of VND13,000/share. We believe that with potential long-term growth, PVE can be a good choice for long-term investors.

Rumor related to room expansion and TPP supported for market

Sideways movement in the morning and bullish sentiment in the evening were noticed today. Higher levels with VNIndex up 1.68% at 561.82 pts but lower HNXIndex with slight decrease by 0.2% at 79.55 pts. Today trading put an end to 4 consecutive decreased weeks. Beginning of evening session, textile and fishery stocks were very actively traded such as TCM (6.8%), TNG (3.9%), VHG (6.9%) and VHC (3.2%) when information related to Trade bill clears Senate hurdle. Last week, we had a conference with a delegation from the US to share viewpoints on TPP. Their views on TPP indicate that despite trade liberalization in USA, the economy of their nation still has both benefit and non-benefit components when global integration becomes deeper. Voting round from US House of Representative will determine the final outcomes.

Diem My Tran

+ 84 8 6299 2006 | Ext: 321

my.ttd@vdsc.com.vn

Also, related to TCM, according to the latest information, earning results in April of TCM is quite positive with revenue and NPAT are USD11.7 million and USD1.04 million consecutively. Thus, accumulation of 4 months, total sales have reached 31% FY2015 plan and NPAT has achieved VND55.13 billion or equal to 32.4% FY2015. Our analyst said that earnings in Q2/2015 will be more positive thanks to slight increase in cotton prices (mentioned in Advisory Diary dated 18/05/2015) and peak season of TCM.

Summing up this week, VNIndex and HNXIndex both had the improvement in terms of points with increasing by 4.54% and 1.71% respectively over the last week. Specifically, average trading value also recorded the optimistic increase of 36.3% compared to last week average figure. Foreign investors came back with net buy position with approximately VND524.8 billion, focused on securities, banking, oil & gas and construction industries. As a result, it increased the accumulated net buy value since the beginning of 2015 to VND2,880 billion.

Remaining days of May, several macro information and news related to the National Assembly meetings could be the main focus points of stock market. After 4 trading session with excitement and improvement in liquidity, VNIndex has surpassed the nearest resistance level of 560 points. Our analyst supposed that positive trend could continue, however, due to the surge of liquidity (+37% over the last week) and 560-570 resistance level, pressure from selling for short-term profit could occur next week. Therefore, investors should remain cautious during the recovery phase this week in order to consider accumulating stocks with positive prospects in adjustment trading sessions.

WEEKLY TECHNICAL VIEW

VN-Index

VN-Index reversed spectacularly, closed at 561.82 (+24.38 points or 4.5%). Trading volume aloes rose strongly up to 525 million shares (+40%).

VN-Index fell sharply on Monday but then recovered for the rest of the week. Trading volumes maintained at high level. VN-Index cut above its EMA(26) and this moving average turned up itself. These signal means that in a short-term, the trend of VN-Index is up.

On weekly chart, a bullish engulfing pattern appeared on high volume. This is a bullish reversal pattern. Another good signal is the positive divergence between the MACD and the RSI and VN-Index.

Next week, traders should watch for a move higher to reach 575 area or a pullback to test the EMA(26) at around 550.

HNX-Index

HNX-Index also reversed and added 1.34 points (or 1.7%), closed at 79.55. Trading volume increased 22.6%, up to 222 million shares.

HNX-Index fell to 77 area as predicted and then turned up on rising volumes. At this moment, HNX-Index reached 80 and this is a resistance in a short-term. The rising of HNX-Index is stalling right below the EMA(26). A break out above this moving average may come soon.

Looking at technical indicators, both the MACD and the RSI look neutral. The MACD has just cut above the signal line while the RSI is slowing down around 40.

HNX-Index has not broken out of its down channel.

Recommendation:

Both VN-Index and HNX-Index reversed strongly from their supports on rising volumes. Traders should disburse partly on corrective sessions.

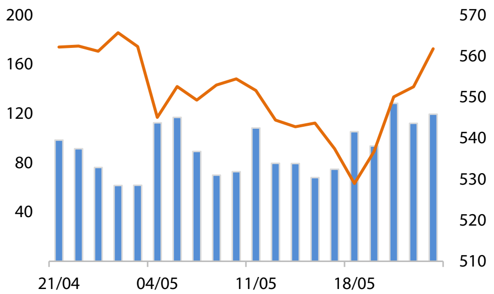
Khai Tran

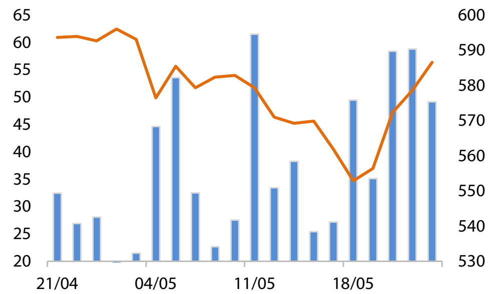
+84 8 6299 2006 | Ext: 278

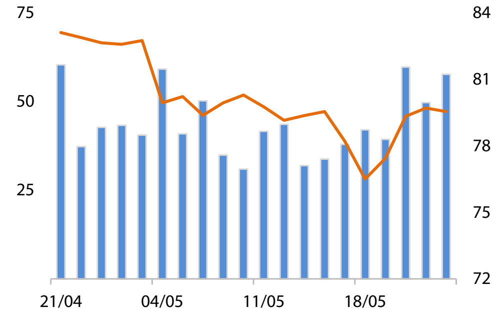
khai.tq@vdsc.com.vn

Advisory Diary

VNINDEX	1.68%	561.82	VN30	1.37%	586.58	HNXINDEX	-0.20%	79.55

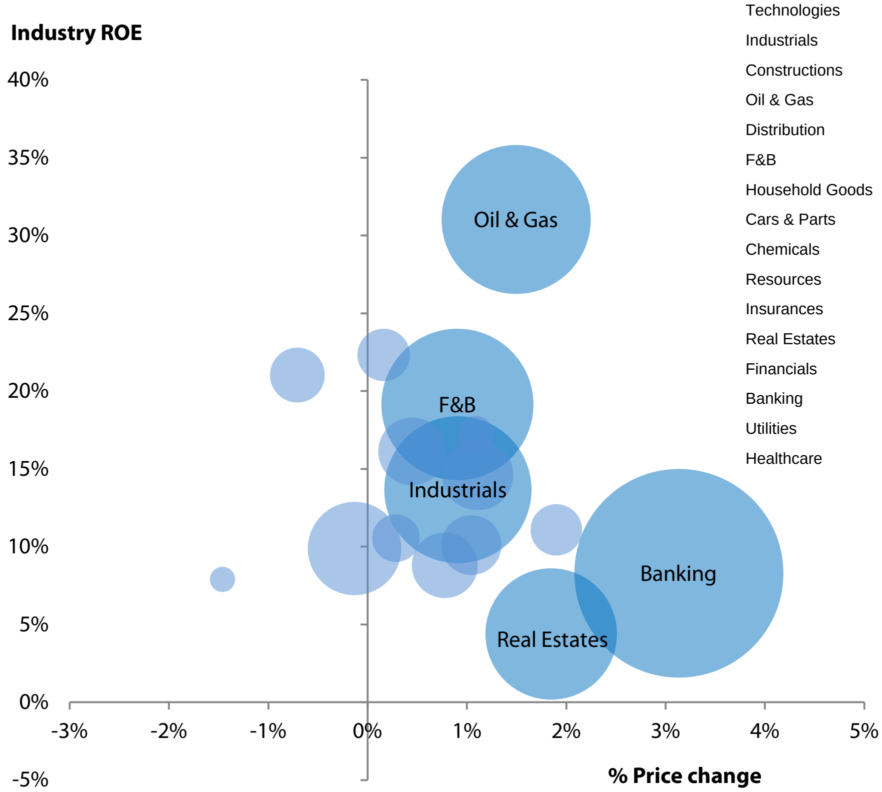




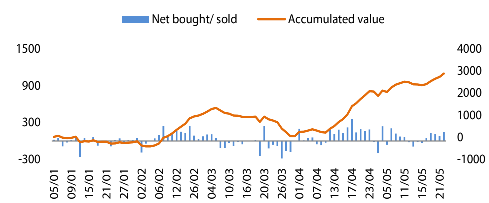


Industry Movement

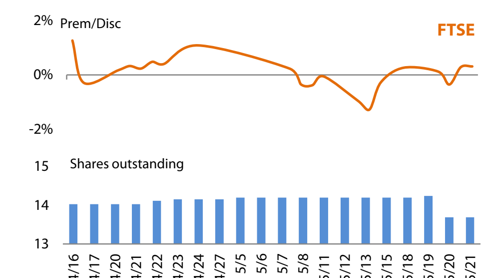
Industry	% change
Technologies	-0.7%
Industrials	0.9%
Constructions	-0.1%
Oil & Gas	1.5%
Distribution	-1.5%
F&B	0.9%
Household Goods	1.9%
Cars & Parts	1.1%
Chemicals	0.4%
Resources	0.2%
Insurances	1.1%
Real Estates	1.8%
Financials	0.8%
Banking	3.1%
Utilities	1.0%
Healthcare	0.3%

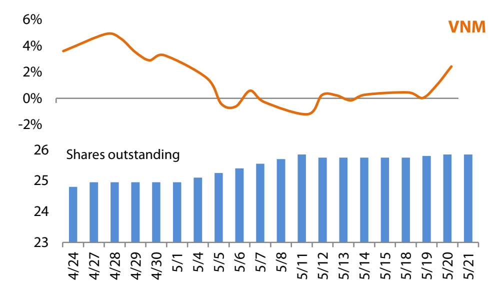


Foreign Investors Trading



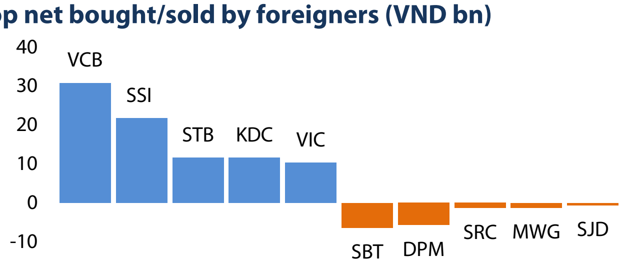
ETF



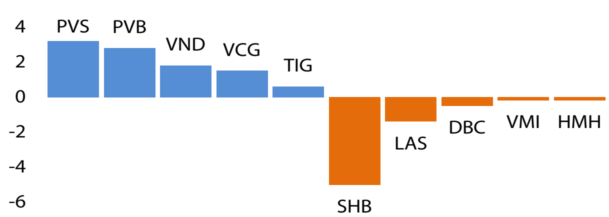


Top net bought/sold by foreigners (VND bn)

HSX



HNX



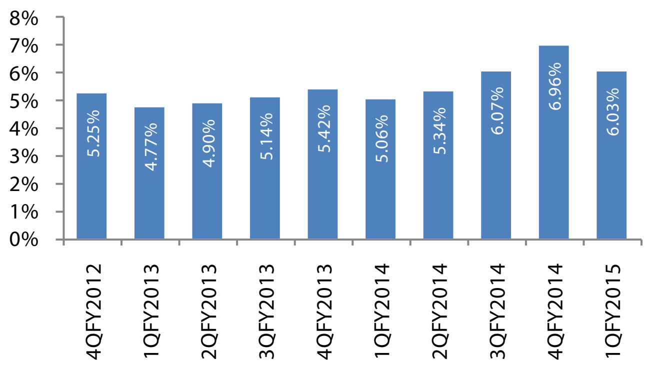
Top Active

Ticker	Price	Volume	% price change
FLC	10.4	14.61	0.0%
CII	20.9	5.75	-3.7%
OGC	2.5	4.74	-3.8%
JVC	22.1	4.29	3.3%
HAI	9.0	4.03	0.0%

Ticker	Price	Volume	% price change
FIT	13.4	9.46	-7.6%
KLF	7.1	7.05	-1.4%
SCR	6.5	2.77	0.0%
VIX	10.6	2.31	9.3%
PVS	25.8	2.17	0.0%

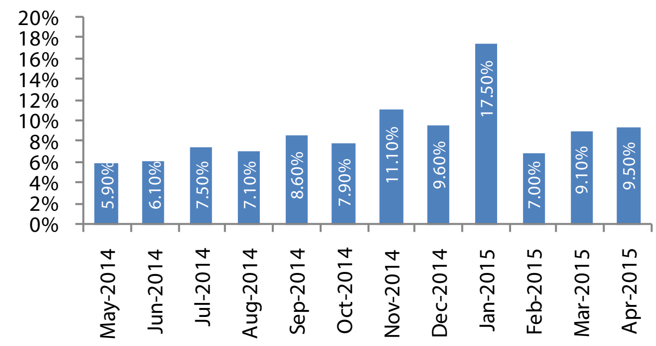
MACRO WATCH

Graph 1: GDP Growth



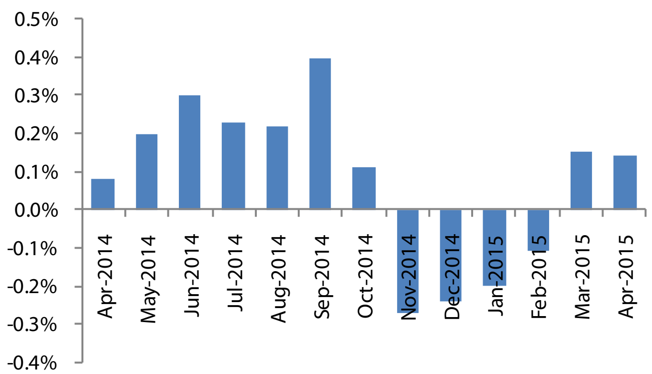
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



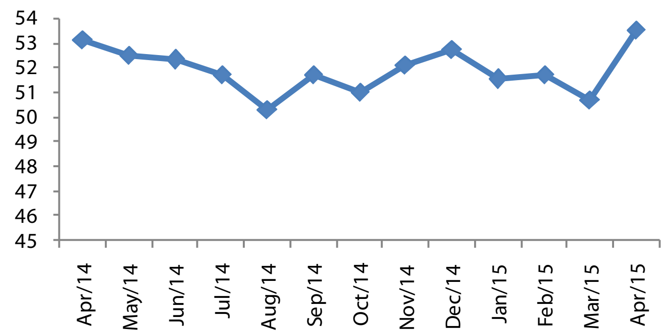
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



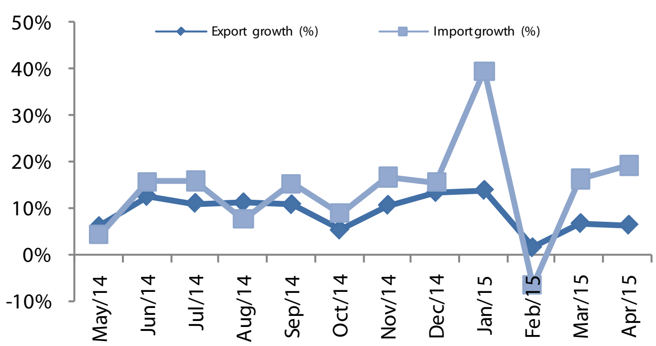
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



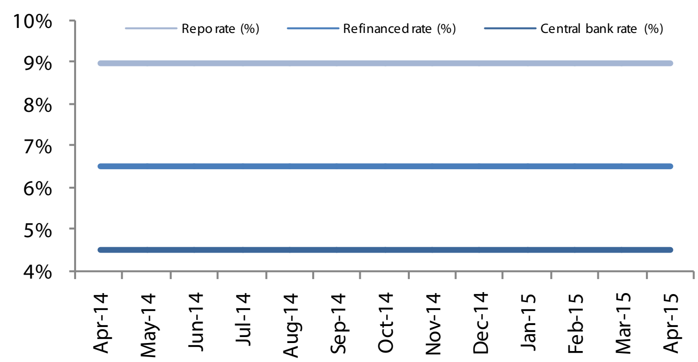
Sources: GSO. Rongviet Securities database

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 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%

ANALYSTS

Truc Doan – Head of Research

+ 84 8 6299 2006 | Ext: 355

truc.dtt@vdsc.com.vn

Ha My Tran

+ 84 8 6299 2006 | Ext: 319

my.tth@vdsc.com.vn

Trien Le

+ 84 8 6299 2006 | Ext: 325

trien.lh@vdsc.com.vn

Hoang Nguyen

+ 84 8 6299 2006 | Ext: 328

Hoang.nh@vdsc.com.vn

Lam Nguyen

+ 84 8 6299 2006 | Ext: 323

lam.ntp@vdsc.com.vn

Tuan Huynh

+ 84 8 6299 2006 | Ext: 326

Tuan.hm@vdsc.com.vn

Kien Nguyen

+ 84 8 6299 2006 | Ext: 326

Kien.nt@vdsc.com.vn

Tai Nguyen

+ 84 8 6299 2006 | Ext: 319

tai.ntp@vdsc.com.vn

Diem My Tran

+ 84 8 6299 2006 | Ext: 321

my.ttd@vdsc.com.vn

Van Banh

+ 84 8 6299 2006 | Ext: 324

Van.btt@vdsc.com.vn

Tam Bui

+ 84 8 6299 2006 | Ext: 324

tam.bt@vdsc.com.vn

Huong Pham

+ 84 8 6299 2006 | Ext: 323

huong.pt@vdsc.com.vn

Nam Huynh

+ 84 8 6299 2006 | Ext: 321

Nam.hk@vdsc.com.vn

HỘI SỞ TẠI TP.HCM

Tầng 1-2-3-4, tòa nhà Viet Dragon
141 Nguyễn Du, P.Bến Thành, Q.1, TP.HCM

T +84 8 6299 2006
F +84 8 6291 7986
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH HÀ NỘI

2C Thái Phiên, Q.Hai Bà Trưng, Hà Nội

T +84 4 6288 2006
F +84 4 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH NHA TRANG

50 Bis Yersin, TP.Nha Trang, Khánh Hòa

T +84 058 3820 006
F +84 058 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

CHI NHÁNH CẦN THƠ

08 Phan Đình Phùng, Q.Ninh Kiều, TP.Cần Thơ

T +84 0710 381 7578
F +84 0710 381 7789
E info@vdsc.com.vn
W www.vdsc.com.vn