RONG VIET SECURITIES

Preliminary 2H2020 outlook

August 2020

RONG VIET SECURITIES

OIL&GAS SECTOR: No catalyst in second half

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Two shocks in 1H2020

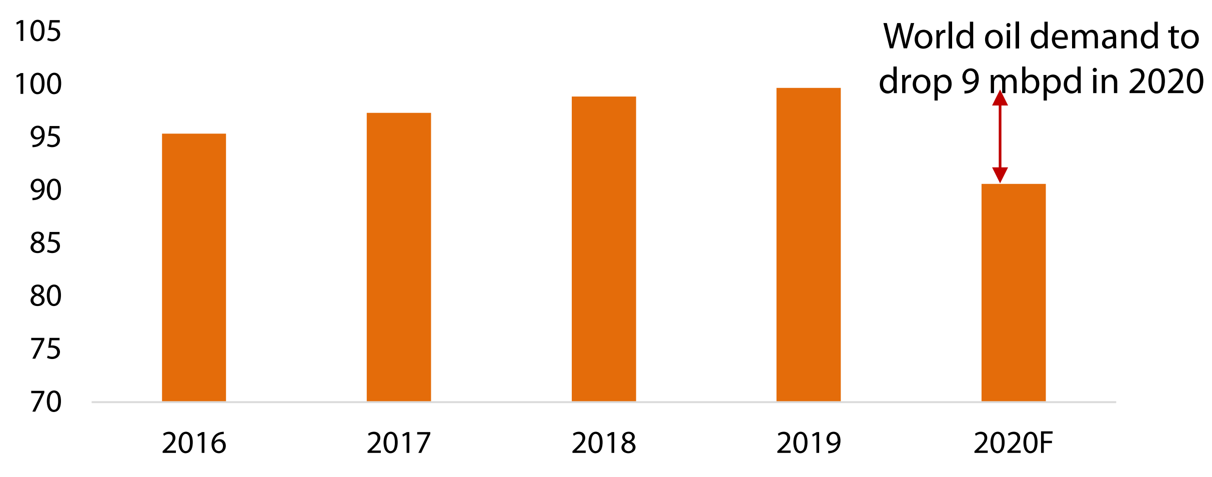
Oil price war between Saudi Arabia and Russia

- Saudi Arabia and Russia did not come to the final agreement in March as Saudi Arabia recommended deeper cuts (3.2 mbpd) while Russia preferred to keep the current cut (1.7 mbpd).
- As a result, Saudi Arabia and other OPEC's members increased production and prices dropped.

COVID-19 hit world oil demand

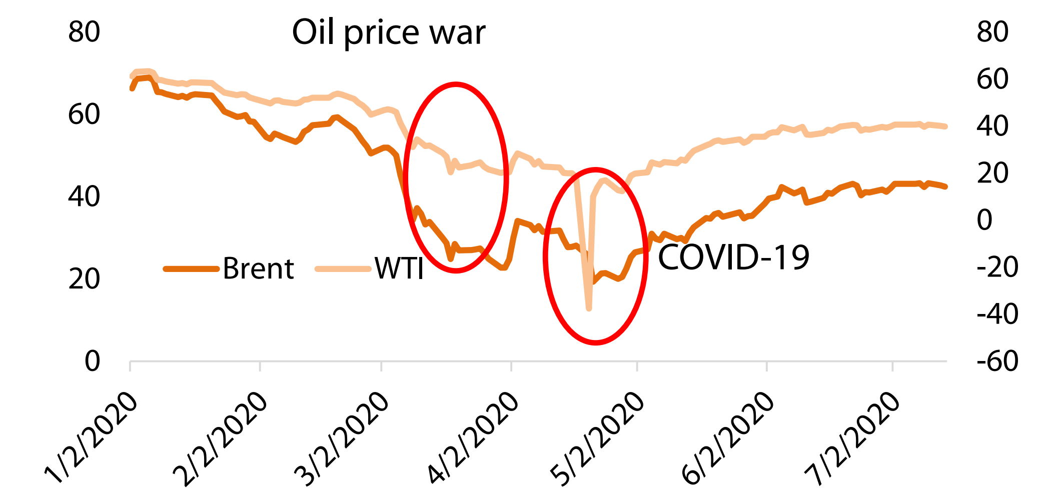
- World oil demand was estimated to fall from 100 mbpd to 75 mbpd in April as China, the EU, US locked down to prevent the virus spread.
- Brent dropped to 19 USD/barrel and WTI recorded a drop of -37 USD/barrel in April.

Figure 1: World oil demand (Unit: mbpd)



Source: OPEC

Figure 2: Brent price (LHS) and WTI price (RHS) (Unit: USD/barrel)



Source: Bloomberg

Impact to major oil producers in the world

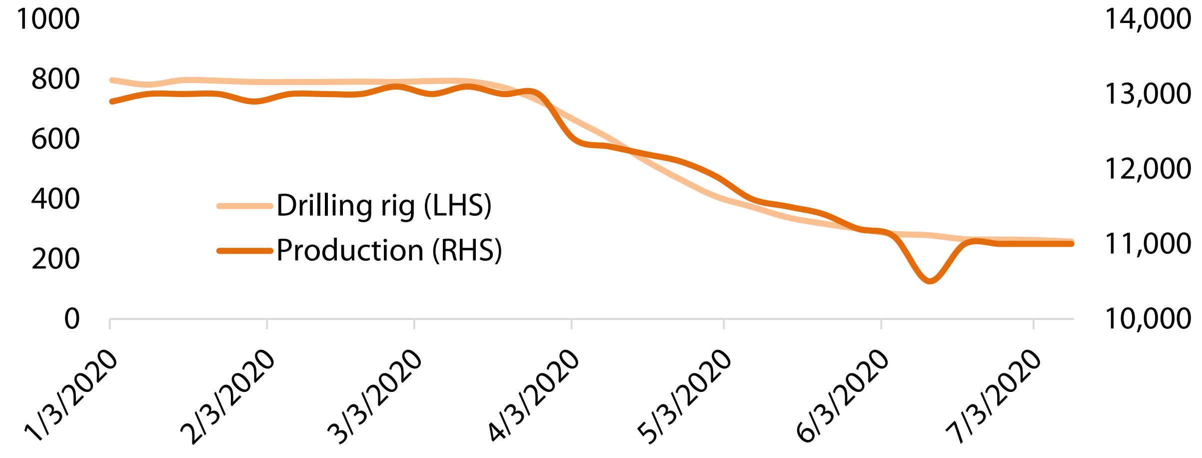
US shales oil companies to face the financial distress

- With the high production cost (above 40USD/barrel), shale oil companies had to stop their operations in the context of low oil price. From March 2020, the total drilling rig has decreased by 70% and the US oil production has declined 20%.
- Deloitte say that 30% of the US shales oil companies will face the financial distress if the oil price keeps staying at this level ~ 40USD/barrel.

OPEC and Russia strongly cut the output

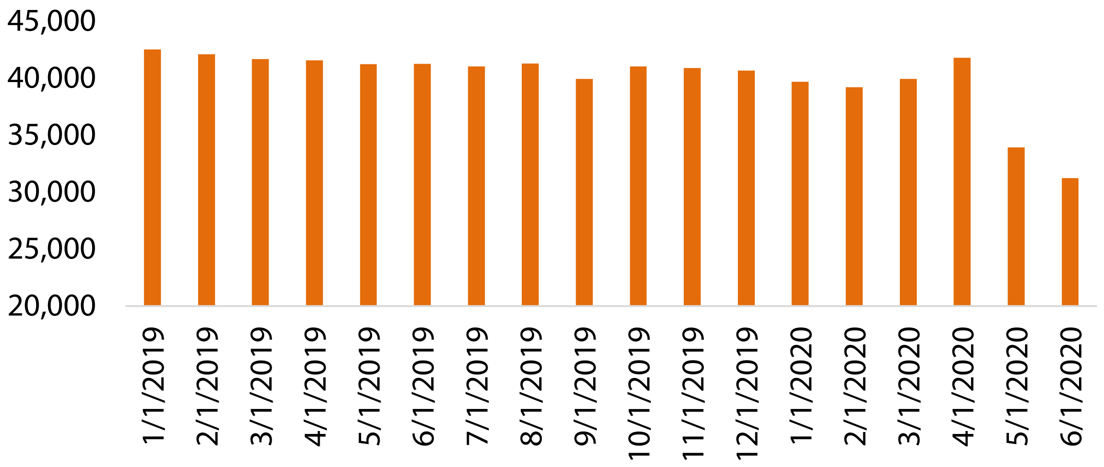
- OPEC and Russia agreed to cut 9.7 mbpd from the production level of February 2020 till July 2020 to support the oil price. Saudi Arabia decided to curb 3.5 mbpd while Russia slashed its output by 2.5 mbpd.
- Till June, Saudi Arabia and Russia have complied the commitment.

Figure 3: US drilling rigs and US oil production (Unit: thousand bpd)



Source: OPEC

Figure 4: OPEC and Nga oil production (Unit: thousand bpd)



Source: Bloomberg

Vietnamese Oil&Gas companies also to be hurt

Table 1: NPAT of some Oil&Gas companies (Unit: VND bn)

	Ticker	1H2019	1H2020
Upstream	PVD	9	70
	PVS	553	392
Midstream	GAS	6,131	4,063
	PVT	418	322
Downstream	PLX	2,635	**-1,080**
	OIL	271	**-354**
	BSR	704	**-4,255**

Source: Rong Viet Securities

Double hits for downstream companies (distributor and oil refinery)

- Gasoline distributors and refinery plants have been impacted by the fall in inventories value (crude oil, oil products) and low consumption due to the pandemic and low oil price.
- Downstream companies recorded loss in 1H2020 instead of posting profit in 1H2019.

Upstream and midstream companies still have profit but less

- For upstream, the pandemic has prevented the oil operators from doing E&P as well as the M&C. Then impact on booking projects.
- For midstream, low transportation demand and the slump in oil price are the two main reasons that take effect on the business results.

No catalyst in the rest of this year

Brent is forecasted to be at 38USD/barrel in 2020

- In June report, EIA believes that Brent crude oil price will be around 38 USD/barrel, down 41% YoY.
- And this price level will not be the motivation for the oil&gas project commencement.

Domestic gasoline consumption will decline in 2020 but the demand tends to improve in 2H2020 in case of no more outbreaks

- The total sales volume of Petrolimex and PVOil will decrease by 17% and 8%-10%, respectively, basing on their 2020 guideline.

Not so many positive signals from new offshore projects

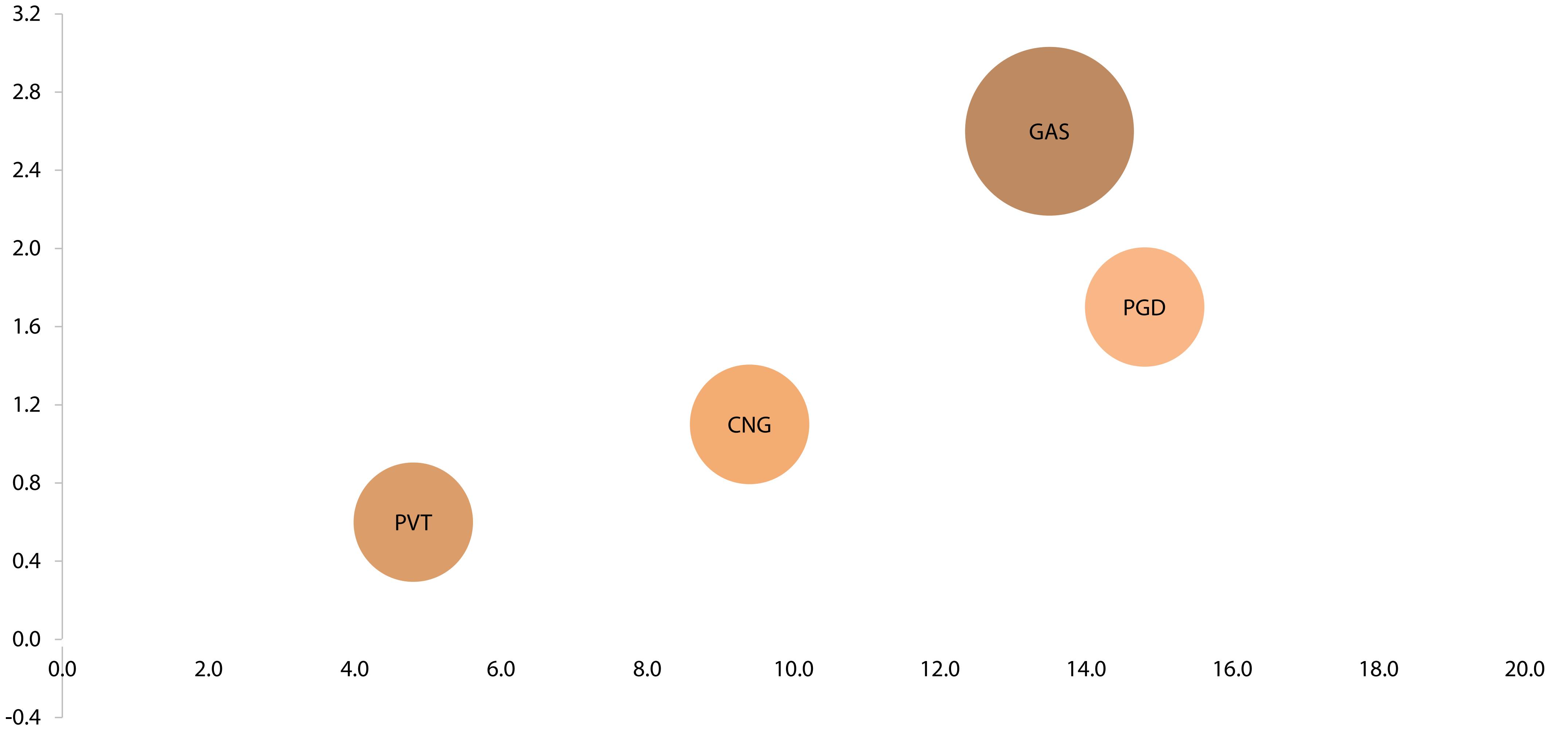
- Block B and Ca Voi Xanh progress are still slow because of the thermal power's input gas price agreement as well as the synchronization between upstream and downstream.
- For others, low oil price and the tension in South China Sea will be an ostackle.
- The oil&gas sector will depend on previous projects like Nam Con Son 2 Phase 2, Sao Vang Dai Nguyet, Long Son Refinery, LNG Thi Vai.
- The onshore projects will be the new hopes such as LNG Thi Vai Phase 2, Nhon Trach 3 Power plant, Nhon Trach 4 Power plant. LNG Son My or other LNG Terminals can be expected but for long term.

Industry comparable: 1H2020 financials

Ticker	Market cap (USD mn)	Target price (VND)	Sales Growth (% YoY)	EBITDA Growth (% YoY)	EBITDA Margin (%)	Operating Income Margin (%)	Net Income Growth (% YoY)	Net Profit Margin (%)	ROA (%)	ROE (%)	DY (%)	Current P/E (x)	Current P/B (x)
GAS	5,799	N/A	-16.1	-32.5	17.5	13.7	-33.1	12.4	15.4	19.6	0.0	13.5	2.6
PVD	183	11,000	64.0	26.0	10.6	1.6	289.5	2.7	1.2	1.8	0.0	16.9	0.3
PVS	247	13,800	-2.3	6.9	6.9	3.3	-38.8	4.1	1.9	3.9	0.0	11.4	0.5
PVT	123	11,890	-16.5	-4.0	23.0	10.6	-23.8	7.9	5.4	10.5	0.0	4.8	0.6
OIL	333	N/A	-24.0	-130.6	-0.5	-1.1	-226.9	-0.8	-0.9	-2.1	0.0	-34.5	0.8
PLX	2,321	N/A	-28.9	-103.6	-0.2	-1.9	-151.1	-1.9	1.2	3.0	0.0	73.9	2.8

Source: Bloomberg, RongViet Securities. Share price as of 07 Aug 2020.

Industry comparable



Source: FiinGroup, Rong Viet Securities. Bubble size equals respective ROE. Share price as of 07 Aug 2020.

PVS – LESS M&C BOOKING FROM 2021

INVESTMENT RATIONALES

2020 is the highlight for M&C bookings but will be less so in 2021

- 2020 will be the highlight for booking projects such as CPP Sao Vang, Gallaf, Nam Con Son 2 Phase 2 pipeline, Sao Vang Dai Nguyet pipeline and a part of LNG Thi Vai, Long Son. However, we revise down the M&C revenue due to the impact of COVID 19. So we forecast that PVS will book VND9,951 (USD432.6mn) in revenue. The gross profit will be at VND469bn (USD20.4mn), 2.6x higher than last year.

- As PVS has not won any new contracts recently, we think that M&C revenue will gradually slow down until potential projects like Su Tu Trang Phase 2, Block B, Ca Voi Xanh show any benefits. And PVS is likely to win the valuable contracts thanks to its leading position in M&C segment.

JV's profit will be hurt in 2020 but will improve from 2021 thanks to FSO Sao Vang

- In 2020, the profit of FPSO Lam Son will be negative as it will keep booking provisions for PVEP. Besides, FSO MV12 may book provisions which related to the issues of block 11.2.

- From 2021, FSO Sao Vang will contribute to the JV's profit.

2020 profit will be ensure

- Despite being impacted by the virus, PVS can fulfill its 2020 plan thanks to the warranty of construction work as well as the abnormal profit from FPSO Ruby.

RISKS TO OUR CALLS

- Oil price fall deeply.
- Tension between Vietnam and China will impact on the E&P activities.

BUY +23.3%

CMP (VND)	**12,000**
Target price (VND)	**13,800**
Cash dividend in 12 months	*1,000*

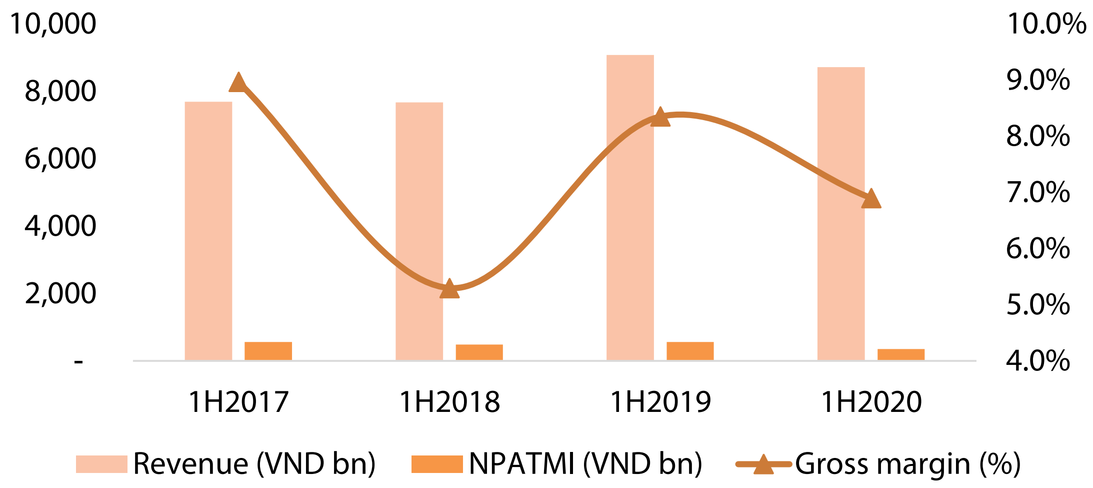
STOCK INFO	
Sector	Oil & Gas
Market Cap ($ mn)	248
Current Shares O/S (mn shares)	478
3M Avg. Volume (K)	4,421
3M Avg. Trading Value (USD mn)	2.4
Remaining foreign room (%)	37.5
52-week range ('000 VND)	8.1-21.2

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**14,638**	**16,968**	**16,371**	**12,801**
Growth (%)	*-12.9*	*15.9*	*-3.5*	*-21.8*
NPATMI (VND bn)	**1,047**	**849**	**831**	**773**
Growth (%)	*-26.7*	*-18.9*	*-2.1*	*-7.1*
ROA (%)	4.5	3.3	3.3	2.9
ROE (%)	8.8	7.0	6.7	6.1
EPS (VND)	2,028	1,602	1,566	1,455
Book Value (VND)	24,839	25,253	26,112	26,559
Cash dividend (VND)	500	700	700	1,000
P/E (x) (*)	8.7	10.9	7.7	8.2
P/B (x) (*)	0.7	0.7	0.5	0.5

(*) Share price as of 07 Aug 2020.

PVS – 1H2020 net profit impacted by M&C and JV's profit

Figure 1: Revenue, profit (LHS) and gross margin (RHS) in 1H

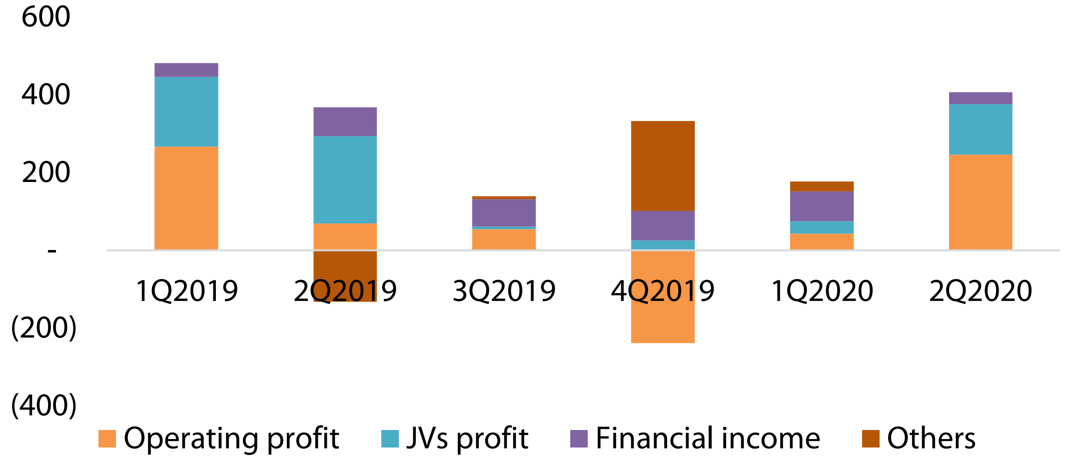


Source: Rong Viet Securities

A fall in 1H2020 profit

- Revenue posted VND8,714bn (USD378.9mn), down 4,0% YoY as the M&C segment was impacted due to the slow progress of current projects while other segments remained stable.
- But the overall gross margin fell.
- JV's profit was VND162bn (USD7.0mn) in 1H2020, down 60% YoY as FSO MV12 booked provision.
- NPATMI recorded VND359bn (USD15.6mn), down 38% YoY.

Figure 2: Profit breakdown (Unit: VND bn)



Source: Rong Viet Securities

Table 1: Projects for 2020

	Project
Offshore	+ Sao Vang Dai Nguyet. + Nam Con Son 2 Phase 2 pipeline. + Sao Vang Dai Nguyet pipeline. + Gallaf.
Onshore	+ LNG Thi Vai Phase 1. + Long Son.

Source: Rong Viet Securities

Table 2: Potential projects

	Project
Offshore	+ Block B + Su Tu Trang Phase 2 + Ca Voi Xanh + Nam Du U Minh
Onshore	+ LNG Thi Vai Phase 2 + GPP 2 + Nhon Trach 3, 4 Power Plant

Source: Rong Viet Securities

Table 3: Warranty of construction work value (Unit: USD mn)

Project	2015	2016	2017	2018	2019	2Q2020
Bien Dong	525	525	361	361	-	-
SưuTu Nau	306	306	306	306	306	306
Su Tu Vang 6x	85	85	85	85	85	85
Su Tu Trang Fullfield	30	46	275	275	275	275
Maharaja Lela South	-	132	117	117	117	117
H05 Topside	-	96	96	96	96	96

Source: Rong Viet Securities

Profit will be better in 2H2020

- The progress of some projects will be slow and will impact the M&C segment. We forecast that the company will book VND9,951bn (USD432.6mn) in revenue for M&C, down from VND10,184bn (USD442.8mn).
- JV's profit is expected to decrease by 39.5% to VND351bn (USD15.3mn).
- PVS will book the a profit from FPSO Ruby and warranty of construction work reversal (VND306bn ~ USD13.3mn) to fulfill the 2020 plan.
- Revenue and NPATMI will be at VND16,371bn (USD711.8mn) (down 3.5% YoY) and VND831bn (USD36.1mn) (down 2.2% YoY).

PVT – IMPROVING FROM 2Q2020

INVESTMENT RATIONALES

The worst was over in 1Q2020 and improving from 2Q2020

- The 1Q2020 profit hit the lowest level in several quarters among 3 years with VND67bn (USD2.9mn) as the input material stayed in the high level (due to IMO 2020) and FX loss of VND28bn (USD1.2mn).
- From 2Q2020, as the very low sulphur fuel oil (VLSFO) price went down deeply and no more FX loss, the NPATMI posted VND201bn (USD8.7mn), 2.9x higher compared to 1Q2020.

Chance to buy low cost vessels

- PVT is likely not to invest new vessels in this years due to the COVID-19. The company will have chance to expand its fleets with a lower cost in 2021.
- In recent years, new fleets contribute a lot for PVT's business so the company will continue to buy more vessels to keep growing.

Cheap valuation with the growth story

- PVT is being traded at P/E of 3.5x, very low compared to the 2 year average level – 7.5x.

RISKS TO OUR CALLS

- Very low sulphur fuel oil hike, lowering the gross margin.
- Abnormal income in case of selling Athena vessel.

ACCUMULATE +17.1%

CMP (VND)	**10,150**
Target price (VND)	**11,890**
Cash dividend in 12 months	*N/A*

STOCK INFO	
Sector	Industrials
Market Cap ($ mn)	123
Current Shares O/S (mn shares)	281
3M Avg. Volume (K)	1,447
3M Avg. Trading Value ($ mn)	0.7
Remaining foreign room (%)	26.6
52-week range ('000 VND)	7.3-18.6

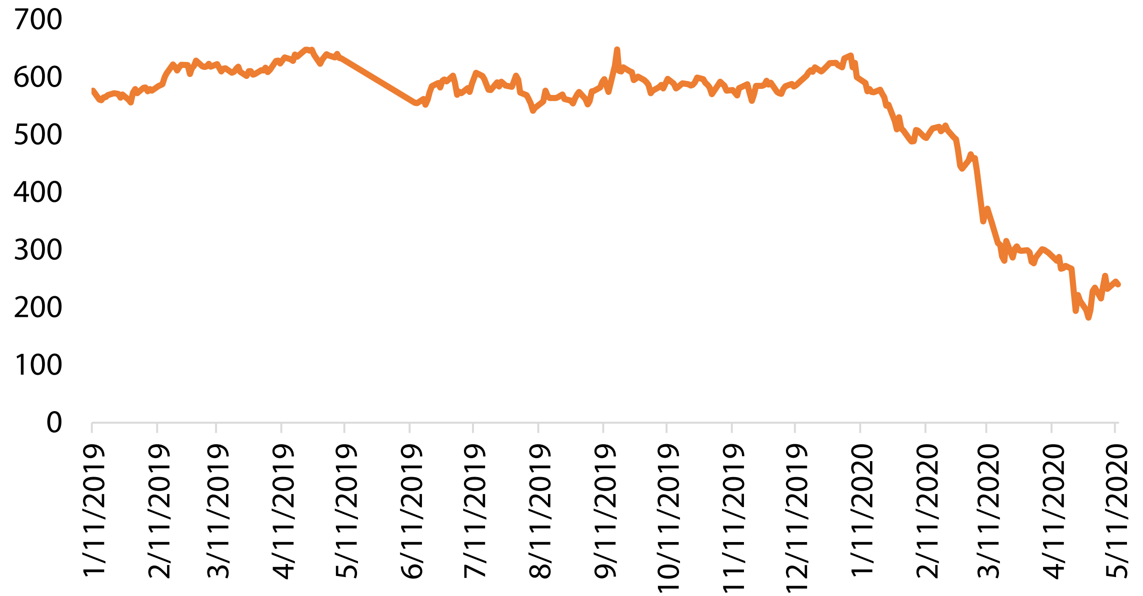
FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**7,523**	**7,758**	**7,012**	**8,221**
Growth (%)	*22.4*	*3.1*	*-9.6*	*17.2*
NPATMI (VND bn)	**652**	**690**	**440**	**606**
Growth (%)	*44.9*	*5.8*	*-36.2*	*37.7*
ROA (%)	6.7	5.9	3.7	4.6
ROE (%)	13.3	14.8	9.2	11.6
EPS (VND)	2,317	2,320	1,336	1,673
Book Value (VND)	14,293	15,567	15,488	15,708
Cash dividend (VND)	1,000	1,000	0	500
P/E (x) (*)	4.4	4.3	7.6	6.1
P/B (x) (*)	0.7	0.7	0.7	0.6

(*) Share price as of 07 Aug 2020.

High VLSFO price hurt the bottom line in 1Q2020 but will be less from 2Q2020

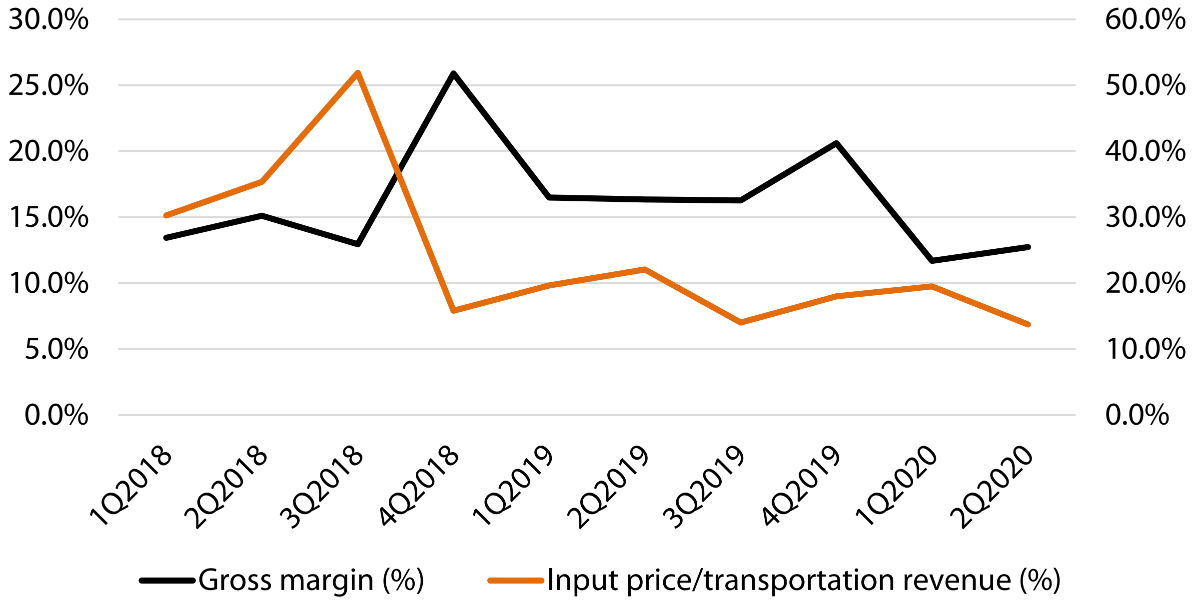
- Following the IMO 2020, PVT has switched to VLSFO – higher price compared to the previous fuel, since 4Q2019. As a result, the gross margin of transportation segment dropped to 11.7% in 1Q2020, the lowest level among 3 years.
- But the input price has cooled down thanks to the COVID-19, which improved the gross margin of transportation segment from 11.7% (1Q2020) to 12.7% (2Q2020). 2Q2020 NPATMI reached VND201bn (USD8.7mn), 2.9x higher than 1Q2020 number. Totally, the company posted VND268bn (USD11.6mn) in NPATMI, down 27.8% YoY.

Figure 1: VLSFO price (Unit: USD/ton)



Source: Bloomberg

Figure 2: Input price/sales (RHS) and transportation gross margin (LHS)



Source: Rong Viet Securities

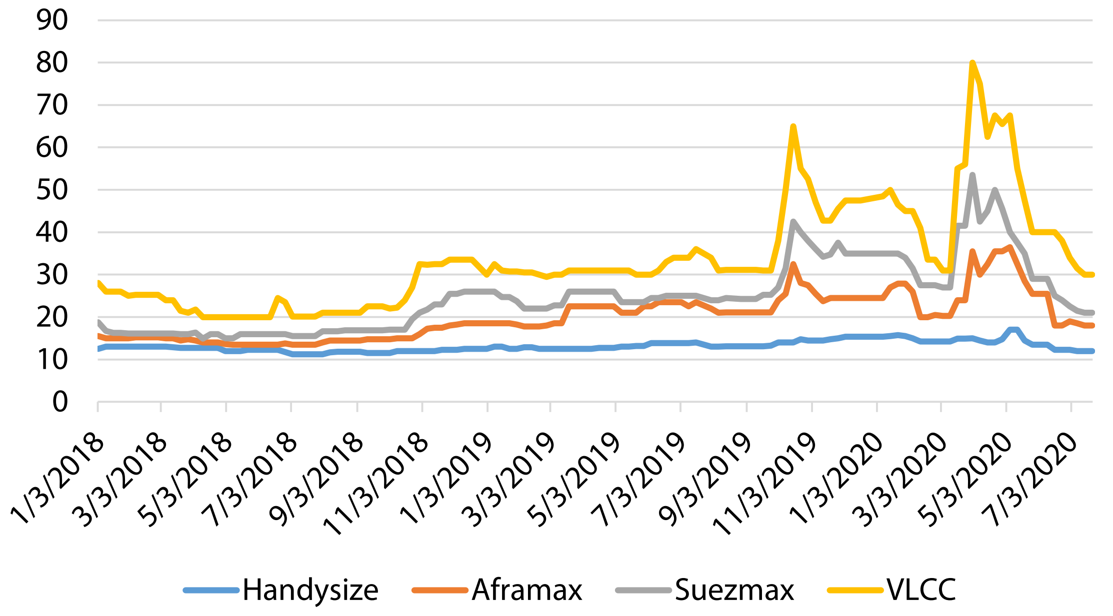
To be stable in 2H2020 in case of not selling Athena

- In 2H2020, we believe that NPATMI of PVT may post VND244bn (USD10.6mn), pushing the total profit for 2020 to VND512bn (USD22.2mn), down 25.8% YoY. In case of selling Athena, the bottom line could be added more VND90bn (USD3.9mn).

In the long term, the explosion of LNG Power Plant and the stability of refinery plants will ensure the domestic workload for PVT

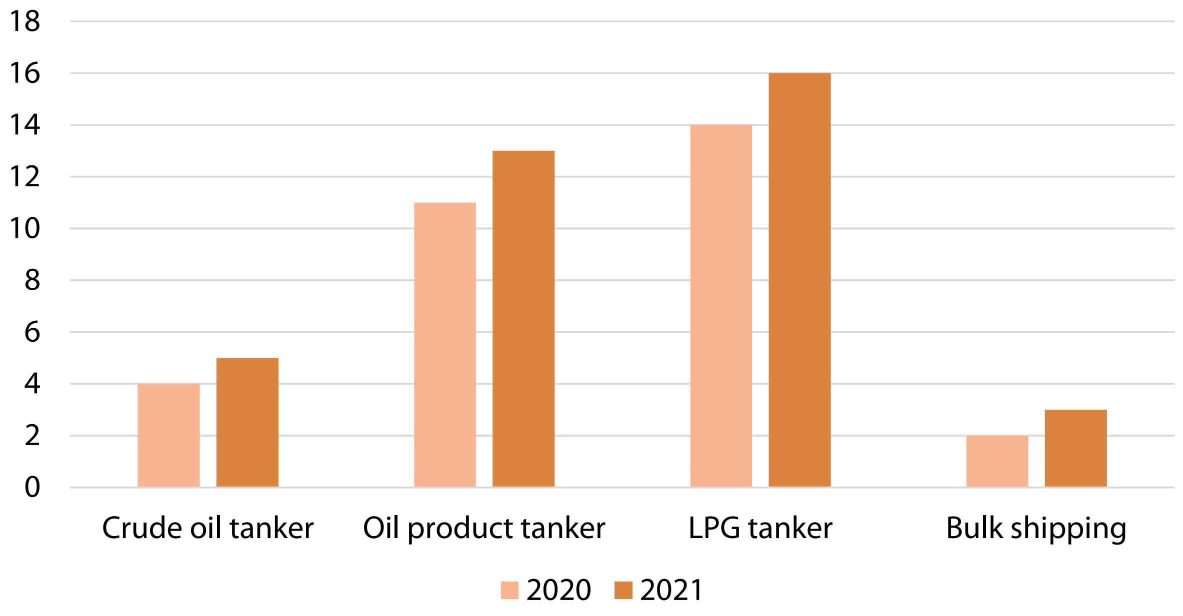
- PVT will focus on chemical vessels as well as one VLCC (for Nghi Son) and two – three VLGC or LNG vessels to enjoy the explosion of LNG Power Plant or the stable operation of Nghi Son refinery plant and expansion of Dung Quat. Thanks to these projects, PVT will be guaranteed the domestic workload in case the international markets go down.

Figure 3: 1 year charter rate (Unit: USD/day)



Source: Rong Viet Securities

Figure 4: The fleets of PVT in 2020, 2021



Source: Rong Viet Securities

PVD – UNCLEAR 2021 PROSPECT SDUE TO THE PANDEMIC

INVESTMENT RATIONALE

Less operating day as the 2020 drilling campaign has changed

- The impact of COVID-19 has lowered the operating day of PVD in 2020, mainly in 2H2020. Following that, the drilling plan of PVD II and PVD III have changed, especially for 3Q2020.
- With the new plan, the utilization rate is forecasted to decrease from 90% (2019) to 80% (2020).
- The rig day rate for 2020 is expected to drop to 51,500 USD, down 11.4% YoY.

Provision reversal from PVEP

- Previously, PVEP agrees to pay PVD VND200bn (USD8.7mn) in 2020. As this happens, PVD can revert all the provision, supporting the profit which will be hurt in 2H2020.

PVD V long term contract will generate cash flow to pay its debt

- PVD is preparing to re-start the PVD V and will install DES before moving to Brunei. This long term contract can help company generate more cash flow to pay its debt as well as find more jobs in the future.

RISKS TO OUR CALL

- Oil price fall deeply.
- Tension between Vietnam and China will impact on the E&P activities.

ACCUMULATE +8.9%

CMP (VND)	**10,100**
Target price (VND)	**11,000**
Cash dividend in 12 months	*N/A*

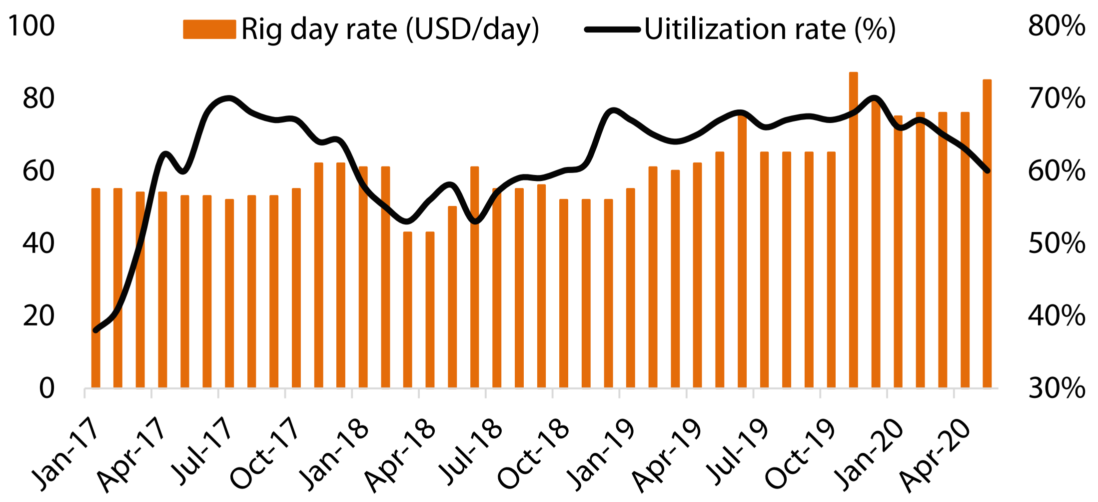
STOCK INFO	
Sector	Oil & Gas
Market Cap ($ mn)	184
Current Shares O/S (mn shares)	421
3M Avg. Volume (K)	4,843
3M Avg. Trading Value ($ mn)	2.2
Remaining foreign room (%)	37.0
52-week range ('000 VND)	6.7-19

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**5,500**	**4,368**	**5,477**	**6,365**
Growth (%)	*40.9*	*-20.6*	*25.4*	*15.4*
NPATMI (VND bn)	**197**	**184**	**92**	**389**
Growth (%)	*1377.3*	*-6.3*	*-42.6*	322.8
ROA (%)	0.9	0.9	0.5	1.8
ROE (%)	1.4	1.3	0.8	2.7
EPS (VND)	396	304	251	913
Book Value (USD)	35,467	32,551	32,802	33,968
Cash dividend (VND)	0	0	0	0
P/E (x) (*)	36.9	49.5	46.1	11.1
P/B (x) (*)	0.4	0.5	0.3	0.3

(*) Share price as of 07 Aug 2020.

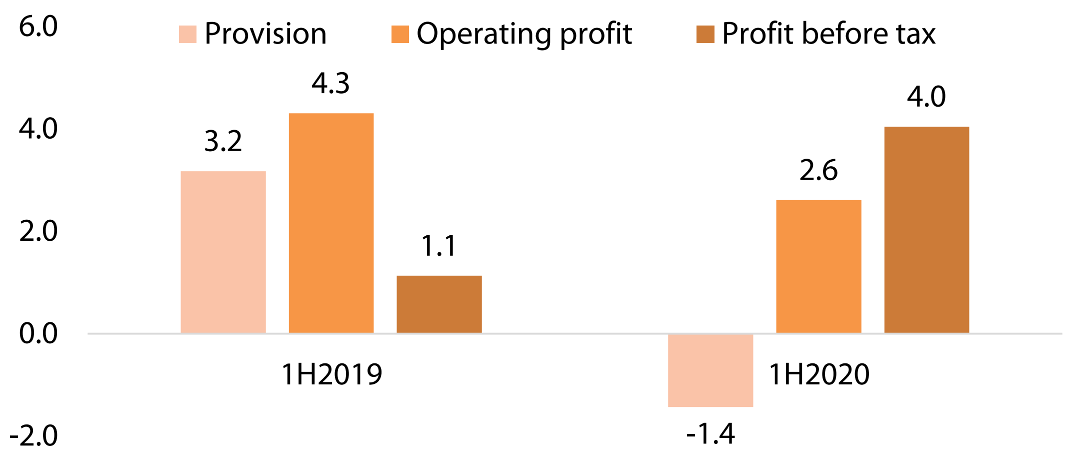
PVD – 1H core business to post profit thanks to higher rig day rate and provision reversal

Figure 1: Day rates (RHS) and utilization rate in SEA (LHS)



Source: IHS, Rong Viet Securities

Figure 2: PVD profit breakdown (Unit: USD mn)



Source: Rong Viet Securities

Drilling segment to grow in 1H2020

- Compared to last year, the rig day rate increased by 10% and the utilization rate increased from 84% to 89%.
- PVD also recorded revenue from hired rigs in 1H2020 while there was no contribution in 1H2019. The total revenue of hired rigs is estimated at USD VND1,000bn (43.5mn) in the first six months.
- Revenue of drilling segment posted VND1,906bn (USD82.9mn), 2.1x higher compared to last year. Nevertheless, the pandemic has reduced the utilization rate since 2Q2020.

Provision reversal in the first six months

- In 1H2019, PVD booked VND73bn (USD3.2mn) for PVEP's provision while the company reverted VND30bn (USD1.3mn) in 1H2020.

NPATMI posted USD3.7mn in 1H2020

- Revenue increased by 64% thanks to the higher revenue of drilling segment. Besides, the company reverted VND30bn and JV's profit grew 65% YoY to VND82bn (USD3.6mn) that pushed NPATMI to VND85bn (USD3.7mn), 4x higher than last year.

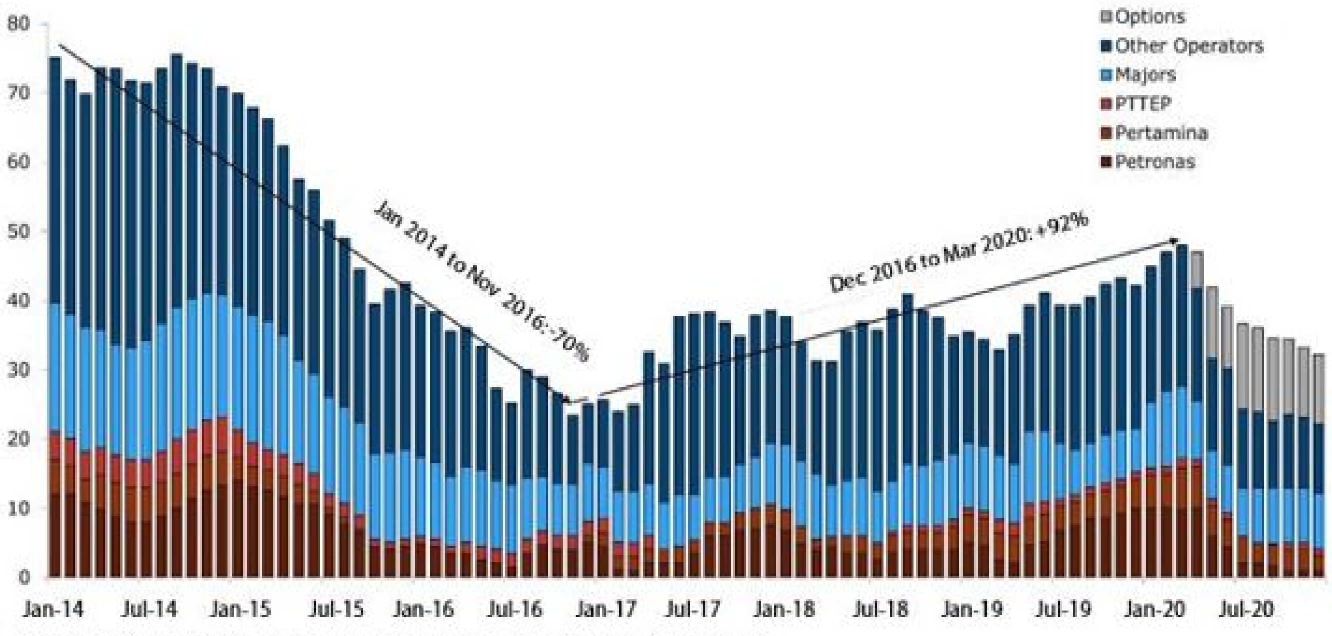
Demand for drilling rig to fall instead of rising in 2020 due to COVID-19

- In the region, some contracts from other contractors, with the option to extend operations, may not be exercised due to low oil price and prolonger pandemic (such as Petronas in Malaysia). So the utilization will drop in the region, leading to a drop in drilling rig demand instead of posting a 20% growth in Rystad Energy early forecast.
- Besides, the well services will also experience a price decline in 2H2020.

2021 bidding plan to hold

- Bidding activities in SEA are delayed until the end of 4Q2020 or early 2021 in the worst case.

Figure 3: Contracted rigs with options in South East Asia



Note: Including drillships, semisubs, jackups. Tenders are not included in the chart

Source: Rystad Energy

Figure 1: PVD drilling schedule

	Before the pandemic	After the pandemic
PVD I	+ Petronas (Malaysia) + Hibiscus (Malaysia): till the end of 2020	+ Petronas (Malaysia) + Hibiscus (Malaysia): till Nov/2020
PVD II	+ Petronas (Malaysia): till Oct/2020 + Another customer: from Oct/2020 to the end of 2020	+ Petronas (Malaysia): till Jul/2020 + Bidding for Vietsovpetro and PVEP
PVD III	+ Repsol (Malaysia): Full year 2020	+ Repsol (Malaysia): Till May/2020 + Customer (Campuchia): From Aug/2020
PVD VI	+ Sapura (Malaysia): till Mar/2020 + Rosneft (Vietnam): waiting for the campaign	+ Sapura (Malaysia): till Jun/2020 + Rosneft (Viet Nam): from Jun/2020 to Apr/2021
PVD 11	+ Waiting for GBRS's contract	+ Expect to return from Sep/2020
Hired rigs	+ Idenmitsu (Vietnam): Rent Hakuryu 11 from JDC to drill for Sao Vang Dai Nguyet Project till Jul/2020. + Hoang Long JOC: Rent IDUN from Borr Drilling to drill till Apr/2020. + Eni (Vietnam): Rent SAGA to drill till late Apr/2020.	+ Idenmitsu (Vietnam): Rent Hakuryu 11 from JDC to drill for Sao Vang Dai Nguyet Project till July/2020. From May/2020, rent IDUN to drill for Sao Vang Dai Nguyet + Hoang Long JOC: Rent IDUN from Borr Drilling to drill till Apr/2020. + Eni (Vietnam): Rent SAGA to drill till late Apr/2020.

Source: PVD

Changing the drilling schedule will impact on the 2H2020 business results

- The core business is projected to be loss VND15 (USD0.6mn) in 3Q2020 as PVD II and PVD III have no jobs. Moreover, the well services will experience a fall in the service fee as the spending for E&P activities is likely to be cut by the oil operators. In case of receiving money from PVEP, the 2H2020 results will be better.
- Assuming no change in the current drilling plan, we forecast that revenue and NPATMI will be VND5,515bn (USD239.8mn) and VND92 (USD4.0mn), respectively, including the reversal of VND100bn (USD4.3mn). While the previous forecast was VND5.792bn (USD251.8mn) in revenue and VND213bn (USD9.3mn).

PLC – PUBLIC INVESTMENT BENEFICERY

INVESTMENT RATIONALES

PLC is the leading in asphalt segment

- PLC has been expanding the storages as well as factories in Binh Dinh and Khanh Hoa, completing its distribution network from North to South.
- PLC is holding 30% market share of asphalt with the total capacity of 300,000 tons/year.

The asphalt segment will benefit from the public investment expansion

- The Government has been pushing the public investment to support the economy as the pandemic has effected other growth factors. So the demand for asphalt will strongly grow as the infrastructure projects starts such as North-South Expressway, Ring Road or Long Thanh Airport.
- The company expects that the total asphalt demand during 2019-2023 will see 50% growth compared to 2014-2018, equivalent to 400,000 tons to 450,000 tons per year.

The gross margin to improve as the oil price fall

- The input material of PLC is crude oil based products so the gross margin of the company tends to increase during the downtrend of the oil price. So we believe that the 2H2020 gross margin will experience an improvement, compared to 1H2020 as the oil price has fallen since March.

RISKS TO OUR CALLS

- Slow public investment disbarment will impact on the asphalt demand.
- The oil price goes up that will hit the gross margin of PLC.

N/A	N/A
CMP (VND)	**17,300**
Target price (VND)	**N/A**
Cash dividend in 12 months	*N/A*

STOCK INFO	
Sector	Basic Materials
Market Cap ($ mn)	60
Current Shares O/S (mn shares)	81
3M Avg. Volume (K)	330
3M Avg. Trading Value ($ mn)	0.2
Remaining foreign room (%)	47.8
52-week range ('000 VND)	9.3-17.5

FORECAST	2018A	2019A	2020F	2021F
Revenue (VND bn)	**4,805**	**5,046**	**6,434**	**6,160**
Growth (%)	*-30.5*	*5.0*	*27.5*	*-4.3*
NPATMI (VND bn)	**205**	**171**	**153**	**145**
Growth (%)	*-37.7*	*-16.3*	*-10.7*	*-5.1*
ROA (%)	6.1	4.4	3.2	3.3
ROE (%)	15.2	12.8	11.5	11.0
EPS (VND)	2,535	2,121	1,766	1,599
Book Value (VND)	16,725	16,630	16,395	16,359
Cash dividend (VND)	0	2.000	2.000	1.600
P/E (x) (*)	10.9	11.8	9.5	7.1
P/B (x) (*)	1.7	1.5	1.0	0.7

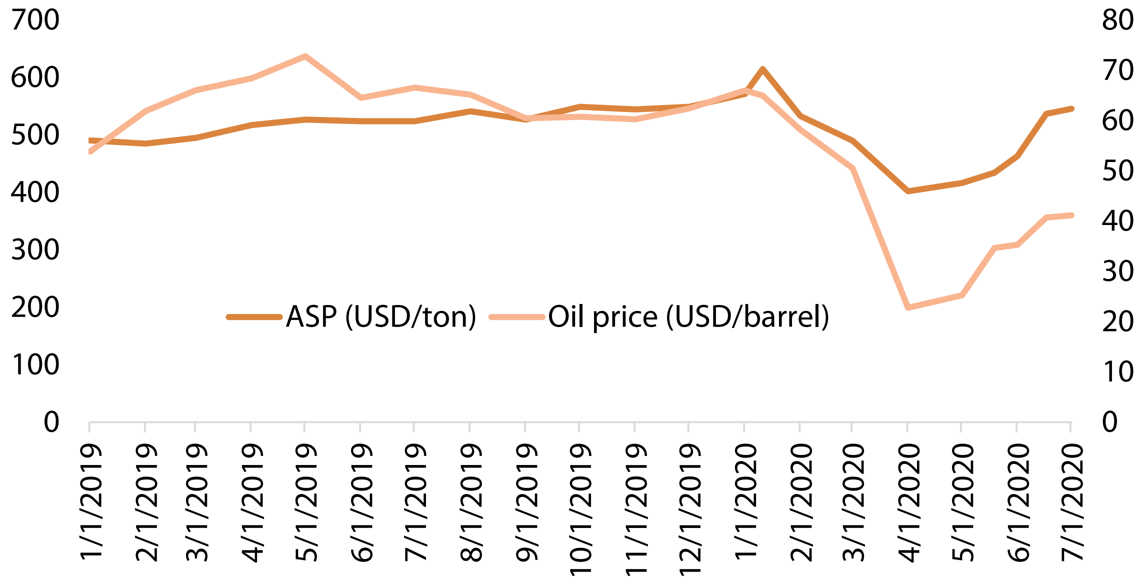
(*) Share price as of 07 Aug 2020.

RONGVIET SECURITIES

The revenue of asphalt grew, compensating for the fall in chemicals

- Revenue posted VND2,569bn (USD111.7mn), down 18.9% YoY because of the chemicals. While the asphalt saw a 22.7% growth in 1H2020 revenue to VND1,216bn (USD52.8mn). The gross margin improved from 13.4% (1H2019) to 17.1% (1H2020) as all the segments experienced a better margin. Then the gross profit slightly increased by 3.3% to VND439bn (USD19.1mn) in 1H2020.
- But the provision for receivables (USD0.6mn) and no contribution from other income made the bottom line to be down 6.9% YoY to VND81bn (USD3.5mn). And the public investment disbursement of ministry of transport will support the asphalt segment in the rest of this year.

Figure 1: PLC's asphalt price (LHS) and oil price (RHS)



Source: PLC, Rong Viet Securities

Figure 2: The growth of public investment disbursement

	2016	2017	2018	2019	2Q2020
Central state	14.9%	3.9%	-6.1%	-12.0%	48.8%
Ministry of transport	**21.5%**	**31.0%**	**-44.2%**	**-16.6%**	**72.2%**
Ministry of health	17.1%	32.3%	-37.4%	44.4%	29.0%
Local government	15.2%	8.2%	17.7%	9.8%	15.0%

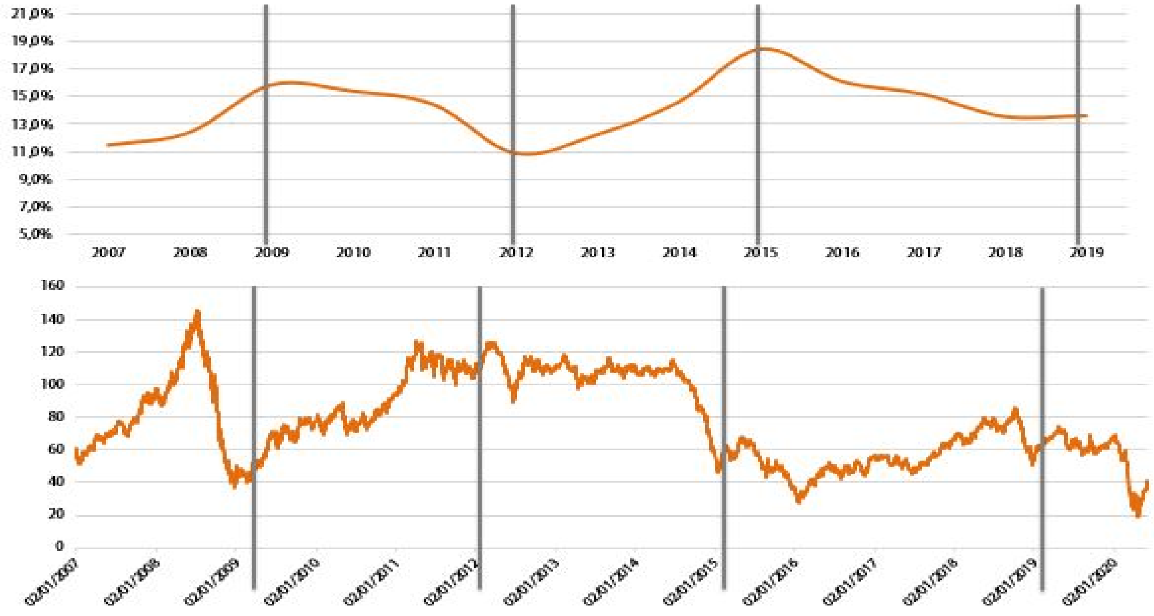
Source: Rong Viet Securities

RONGVIET SECURITIES

Asphalt sales volume can increase by 30%

- The asphalt segment is expected to keep growing in 2H2020 thanks to expressway projects like Cam Lo - La Son, Trung Luong – My Thuan, Ben Luc - Long Thanh or the upgrade of runway in Tan Son Nhat and Noi Bai airport. The total sale volume of asphalt could reach to 200,000 tons, up 30%.
- And the gross margin can improve thanks to the downtrend of the oil price.

Figure 3: The correlation between PLC's gross margin and oil price



Source: PLC, Rong Viet Securities

Figure 4: Potential projects

	Total investment (USD mn)	Length (km)	Start day
Mai Son – Highway 45	562	63	3Q2020
Phan Thiet – Dau Giay	624	99	3Q2020
Vinh Hao – Phan Thiet	558	106	3Q2020

Source: Rong Viet Securities

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