



### Financial Information

	2011	2012	2013
Net Rev (Bil. VND)	1057.52	1196.87	1009.34
% y-o-y	116.13%	13.18%	-15.67%
Total Asset (Bil. VND)	1665.77	1302.89	1542.01
Equity (Bil. VND)	465.66	478.66	621.61
Net profit (Bil. VND)	108.49	67.43	75.95
% y-o-y	23.65%	-37.85%	12.63%
EPS (VND/share)	3713	1797	1908
Gross margin	19.32%	18.77%	24.50%
ROS	10.26%	5.63%	7.52%
ROE	23.30%	14.09%	12.21%
ROA	6.51%	5.18%	4.92%

### Investment Recommendation

Investment view	Buy
Expected price	25,900
Current market price	20,900
Prospect 1 month	Increase
Prospect 3 months	Increase

### Exchange Information

Outstanding (mil. Shares)	50
Market capital (bil. dong)	960
Book value (bil. dong)	602
Foreign ownership (%)	10.87%
EPS adjusted_TTM (dong)	1,920
Average trading volume in 10 days (shares)	205150
Highest price in 52 weeks (dong)	20,500
Lowest price in 52 weeks (dong)	8,400
+/- in 7 days	+16.1%
+/- in 1 month	+11.8%

Analysts: Ha Vu

### PXS IS EXPECTED TO GROW STRONGLY SINCE 2014

- ❖ The main scope activity of PXS is design engineering, procurement, survey, construction, fabrication & installation of : Jacket, Topside for oil and gas exploitation rigs; Metal structure; Oil and water tanks; Pressure vessel and technological systems for oil and gas industry. There are only 2 main competitors of PXS including PTSC MC (PVS) and PV Shipyard. However, the pressure from competitors is not too strong because they also belong to PetroVietnam Construction Joint Stock Corporation (PVN).
- ❖ The demand for drilling rigs in Asia is increasing because countries concern that the demand for energy will increase in long-term due to the economic recovery. The oil & gas sector is expected to grow continuously in long-term owing to the fact irreplaceable characteristic of this essential energy.
- ❖ The company is expected to receive the strong support from McPECOM- the new shareholder owing 10% PXS. In fact, PECOM handed over the E-house Brown Lion project with the size of 360 tons structure and equipments to PXS. The joining of foreign shareholder who runs in same sector is the opportunity of expanding market share and increasing foreign customers.
- ❖ In 2014, BSC expects that PXS probably reach 1,750 billion dong revenue, exceed the target 20%. A large number of projects with about 2,174 billion dong of total revenue will be deployed. Therefore, most major projects will be completed in the year of 2014. The revenue of PXS will probably increase strongly since Q2.2014, the net profit may reach 140 billion dong and EPS may reach 2,800 dong, rising significantly in comparison with the year of 2013.
- ❖ Investment view:
  - PXS has high profit margin, good capital structure and the prospect of increasing strongly in revenue and net income since 2014.
  - PXS stock has high liquidity in the market and high beta (1.34). This is suitable for trading in short-term and long-term (1 year).
  - The report apply P/E valuation:
    - The P/E of the sector is 9.25
    - EPS 2014 is forecasted to reach 2,800 dong/share
    - The appropriate price of PXS share is 25,900 dong/share

Based on the positive business performance in 2013, the prospect of strong growth in 2014 and the high liquidity of the stock, although the valuation even is cautious at 25,900 dong/share, the P/E of this stock is still very attractive. **They recommend that investors can be long-term invest in PXS in 2014.**

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#### QUICK FINANCIAL ASSESSMENT

- ❖ **Profit margin rose to 24.5%:** though net revenue 2013 fell 15.67%, owing to a stronger decrease of 21.61% in COGS and significant decline of 21.11% in interest expenses, profit (after tax ) rose 12.29%.
- ❖ **Capital structure was improved:** since 2012 the company reduced gradually the proportion of borrowing in total asset from 50.74% to 29.02% while raised the proportion of equity from 36.74% to 40.31%. Especially, in December 2013, the company issued 9.4 million shares and cut off 55 million dongs capital in PVPIPE in order to early repay 160 billion dongs for LienVietPostBank. This contributed to reduce 32.30% in borrowing while the equity rose 29.87%.
- ❖ **Asset structure changes significantly:** after reducing in both value and proportion in 2012, current asset is raised, especially in cash and cash equivalent thanks to the appropriating capital from both buy side and sell side. Therefore, the proportion of current asset in total asset increase back to the level in 2011.
- ❖ **The dividend rate is not high:** recently, the dividend rate of PXS is often at 15%. In 2013, the company paid 7.5% dividend in first stage. It is expected to pay 6.5% dividend in rest stage. In next years, the firm expects to raise equity strongly from net profit. Therefore, the dividend rate will probably maintain at 10-15%.
- ❖ **PXS may have the risk from the progress of projects.** However, if it can maintain the recent high productivity, the risk from slow down progress of projects is not high.

2014 PROJECTS			
Project	Investor	Start	2014 revenue
Finish Diamond project.	Petronas	Q I/2014	320,5
P3, P4 project	BQP	Q I/2014	600
Thai Binh jacket project	Petronas	Q II/2014	550
Jacket of BK16 rig	VSP	Q IV/2013	30
Ham Rong project	Petronas	Q II/2014	400
Thien Ung jacket	VSP	Q II/2014	32,5
Nghi Son project	JAPAN-PVN	Q IV/2014	11
H5 project	HL JOC	Q III/2014	169
LNG project	PVGAS	Q III/2014	11
Others			50
Total			2.174

Unit: billion dongs

Source: PXS

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