Sector: Oil & Gas construction **ICB 0573**
March 21, 2014

COMPANY ANALYSIS REPORT
Petrovietnam Technical Services Corporation- PVS

PETROVIETNAM PTSC

TRADING CHART

INVESTMENT RECOMMENDATION

Investment view	Strong Buy
Target price	44,100
Market price	30,000
Prospect 3 months	Increase
Prospect 6 months	Increase
Prospect 12 months	Increase

EXCHANGE INFORMATION

Outstanding (mil. Shares)	446.7
Market capital (bil. dongs)	12,909
Book value (bil. dongs)	8,442
Foreign ownership (%)	14.93
EPS adjusted_TTM (dongs)	28,700
Average trading volume in 10 days (shares)	639,342
Highest price in 52weeks	13,000
Lowest price in 52 weeks	31,200
+/- in 7 days	+2.86%
+/- in 1 month	+3.23%

INVESTMENT KEY POINTS

- **PVS is the largest technical services provider for Vietnam Oil& Gas industry.** PTSC is rising in investing, upgrading and expanding services in order to meet the growing demand of oil& gas industry.
- **The abroad market development is gaining satisfactory results.** PVS won to supply 4 service vessels for Malaysia, accommodation barge for Myanmar, seismic ship providing continuously international services. PVS also joined EPC projects such as HRD for ONGC India, EPCC MLS for Total Brunei… Moreover, the boosting joint ventures with foreign companies also create favorable conditions for abroad market expansion.
- **In 2013, business performance was improved strongly:** net revenue rose 3.23% and COGS fell slightly 0.64% due to the effective expenses managing in petroleum mechanical & construction services and marine service. Therefore, profit after tax increased significantly by 28.94%. The restructuring continues to be stronger in the next 2 years when the restructuring project in period 2012-2015 of Petrovietnam enters the final stage.
- **In 2014, BSC expects that PTSC will probably reach 26,900 billion dongs revenue, up 6.2% and 1,600 billion dongs profit** thanks to the strong growth of FPSO/FSO services when starting the FPSO Lam Son charter contract. In addition, the result above has excluded the possibility of provision reversal from Ethanol Dung Quat project (492 billion dongs) in 2014, which is expected to improve strongly the 2014 profit.

Investment Recommendation: PVS is one of notable oil & gas stocks, it has the second largest size in the sector and business performance figures including ROA and ROE are in the best group of the sector. However, in term of stock price, PVS is still in the lowest P/E and P/B group of oil& gas sector. Based on the 2014 growth potential assessment, using 2 valuation comparative method including P/E and P/B with the reference of oil& gas services companies in Asia, we recommend that the target price of PVS is 44,100. **We believe that PVS should be concerned for both short-term trading and long-term investment. We recommend to strong buy PVS with the target price of 44,100 dongs/share in investment period of 12 months.**

Financial	2009	2010	2011	2012	2013
Net revenue(Bil. VND)	10,679.75	16,879.61	24,312.61	24,590.71	25,385.83
% y-o-y	23.16%	58.05%	44.04%	1.14%	3.23%
Total asset (Bil. VND)	12,401	17,513	23,546	21,223	23,821
Equity (Bil.VND)	3,498.48	3,525.27	5,913.48	6,245.92	8,216.68
No. shares (Mil. Shares)	274.7	376.67	373.91	446.7	446.7
Profit after tax (Bil. VND)	574.09	926.39	1,442.10	1,262.60	1,627.94
% y-o-y	6.86%	61.37%	55.67%	-12.45%	28.94%
EPS (VND/share)	3,319	4,658	4,973	3,756	3,394
Book value (VND/share)	12,924.24	9,359.27	15,815.32	13,982.34	18,394.17
Gross margin	9.49%	6.92%	8.07%	6.96%	10.45%
ROS	5.38%	5.49%	5.93%	5.13%	6.41%
ROE	16.41%	26.28%	24.39%	20.21%	19.81%
ROA	4.63%	5.29%	6.12%	5.95%	6.83%

Source: PVS annual Financial reports

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OIL& GAS SERVICE INDUSTRY PROSPECTS

New refineries list

Refineries	Capacitymil. ton/year	Progress	Expected completion
Dung Quat	10	Starting in 2015	2018-2020
Nghi Son	10	Started	2017
Nhon Hoi	33	Starting in 2016	2019
Vung Ro	8	Singed total contract	2018
Long Son	8	Finish funding in end of 2014	2020-2030
Nam Van Phong	10	Seeking partners	After 2020
Total	79		

Global oil& gas industry has opportunity to be recovered, especially in Asia. The increasing in oil& gas consumption raises the demand for exploitation and associated services. The price for oil& gas services will also be raised as well.

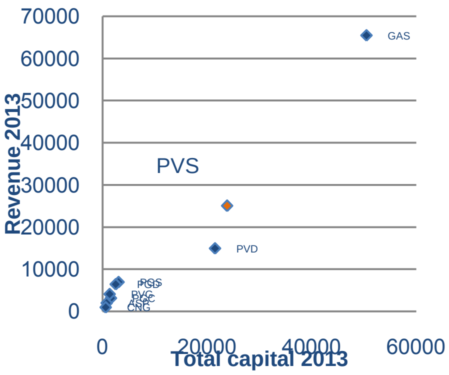
- Moody Investor Service forecasts that profit before interest expense, tax and depreciation (EBITDA) of Asian oil& gas industry will increase over 5%. The increase in drilling, exploration and exploitation of new mines will improve the revenue and profit of oil& gas companies.
- Gas production will continue to grow due to the strong increase in fuel consumption along with the recovery of operation of large customers such as construction materials, food processing…In addition, the more severe the weather is, the more strong the increase in gas consumption is.

Vietnam Oil& Gas industry will continue to grow. PVN up 33% i.e. investment capital to 101.6 trillion dongs in 2014 suggests that PVN will focus on boosting drilling, exploration and exploitation of new mines. A number of new refineries will be built or expanded and Vietnam will become a center of oil refining in Asia. The restructuring will be stronger as close to the end of the restructuring group in the period 2012-2015 project.

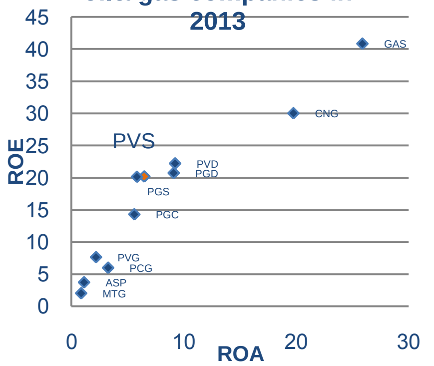
- According to the report of BMI, oil reserves are expected to increase 0.5% in 2014. The reason comes partly from the success of exploitation in SV-6 block 15-1 Cuu Long basin of Perenco which is expected to provide over 10 thousand barrels/day. The natural gas reserve is also predicted to rise 0.2%.
- In 2014, BMI forecast that the oil production of Vietnam will increase about 4.8% to 398.2 thousand barrels/day and oil consumption will increase about 5% to 416.5 thousand barrels/day.

THE POSITION OF PVS IN VIETNAM'S OIL AND GAS SECTOR

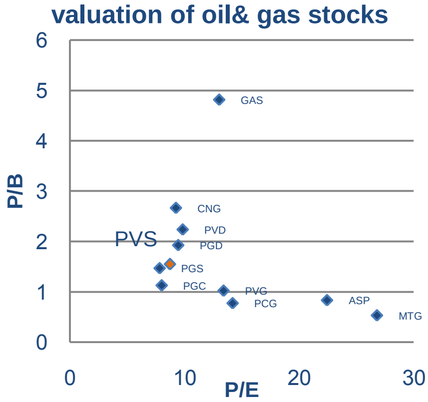
Size of oil& gas companies



Business performance of oil& gas companies in 2013



The current market valuation of oil& gas stocks



- ❖ **In term of size:** the revenue and total asset of PVS is at the second position in oil& gas sector, only smaller than GAS.
- ❖ **In term of business performance:** PVS is at the 5th position in business performance ranking and be in top 5 largest ROE and ROA companies in the sector.
- ❖ **In term of market valuation:** PVS is still in the lowest P/E and P/B group of oil& gas sector. Especially, P/E is lower than 10 while PVS is one of company having high EPS of the sector.

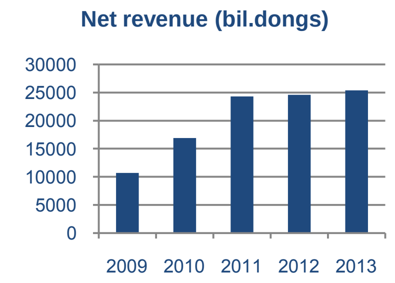
Risk analysis:

- **PVS may have the risk from the progress of projects** due to the major size of projects with rushing construction time.
- **Weather risk:** the bad weather affects not only the construction schedule of the project but also the providing quality of seismic survey, geo survey and subsea services.
- **Exchange rate risk:** the company joins a number of transactions denominated in foreign currency; hence, exchange rate risk is one of significant risks of company. According to the sensitivity analysis, in the end

of Q2.2013, if the exchange rate rise 5%, the profit before tax of PVS will rise over 117 billion dongs. However, with the stable macro economy in 2014, the exchange rate risk will be reduced.

- **Operating risk:** with over 20 service vessels, 3 survey vessels and 3 remote operated vehicles are run continuously, the risk when the company needs to maintain and repair them.

OPERATION ACTIVITES

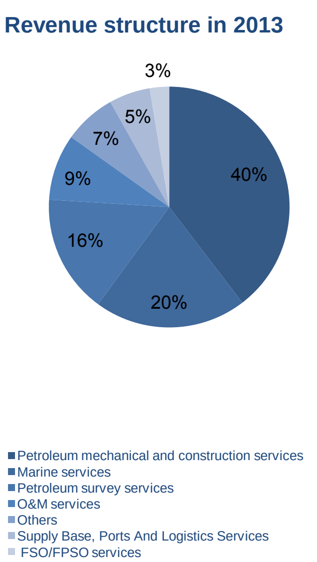


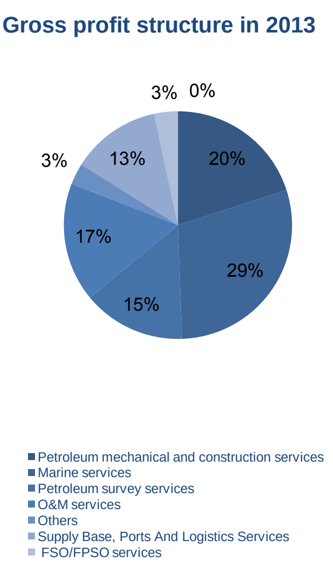
PVS is the largest technical services provider for Vietnam Oil& Gas industry. The services is listed according to the proportion of revenue as bellows:

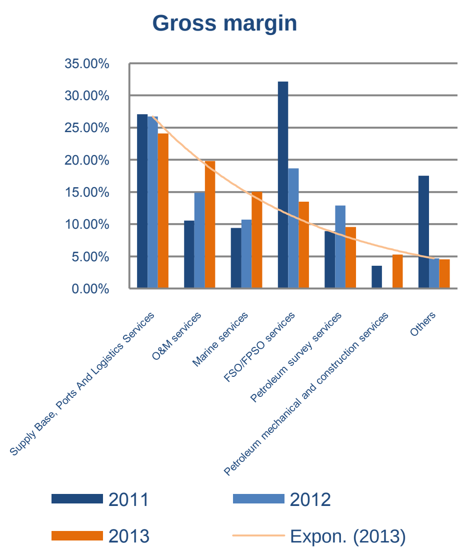
1. Petroleum mechanical & construction services
2. Marine services
3. Seismic Survey, GEO Survey and Subsea Services
4. Transportation, installation, hook up, Operation & Maintenance services (O&M)
5. Supply Base, Ports And Logistics Services
6. FPSO/FSO Services

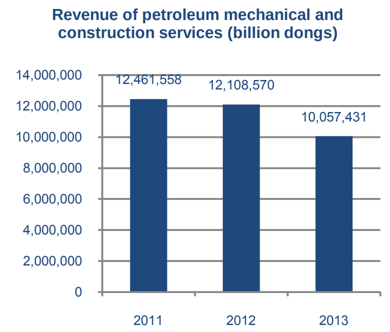
In 2013, business performance was improved strongly: net revenue rose 3.23% and COGS fell slightly 0.64% due to the effective expenses managing in petroleum mechanical & construction services and marine service. Therefore, profit after tax increased significantly by 28.94%. However in 2013, there was no provision reversal, hence other revenue fell strongly 81.12%.

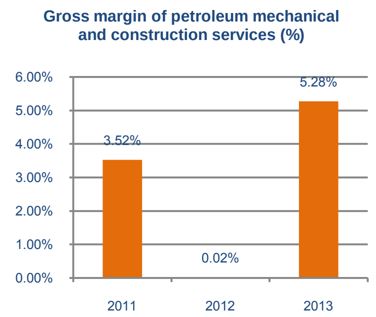
In 2013, PTSC boosted restructuring with the dissolution of Quang Binh Petroleum Service Port Company Limited, capital withdraw in PAIC and PAP and converting PTSC Quang Ngai Joint Stock Company to a branch of PTSC, converting Petroleum Hotel Joint Stock Company and PTSC M&C Joint Stock Company to One Member Company Limited. Moreover, the structure of senior staffs has many changes as board of directors' members, supervisory board's members and deputy general director.











2014 projects

Name	Value	Investor	Timing
Nghi Sơn refinery	2,245 billion VND	PVN	27/01/2013 to 27/08/2014
Brown Lion	160 million USD	Cuu Long JOC	02/2013 to 09/2014
Southwest Yellow Lion	N/A	Cuu Long JOC	QI & II/2014
HEERA (HRD)	N/A	ONGC (India)	01/06/2013 to 28/10/2014
Ham Rong – Thai Binh	48 million USD	PV Gas	05/11/2012 to QII/2014
Long Phú 1 Coal Fired Power Plant	1.2 billion USD	PVN	27/12/2013 to 05/2018.
Song Hau 1 Coal Fired Power Plant	800 million USD	PVN	18/07/2011 to Q1/2015

1. Petroleum mechanical & construction services (account for 40% net revenue)

PTSC is the largest company providing the petroleum mechanical and construction services of Vietnam. The company is voted the best EPC contractor in Asia in 2013. PTSC specializes in performing EPC/EPCI/EPIC projects: Fabrication, Transportation, hook up, Installation, and Commissioning platform jacket, onshore & offshore projects and installation of oil and gas structures, equipment. PTSC has the construction size in Vung Tau (23.6 ha), wharf and slide system's capacity of 25,000 tons.

The competitiveness in domestic market is not significant due to the fact that 2 main competitors including PTSC-MS (PVS) and PV-Ship Yard are 2 small companies belonging to PVN and PVS holding 28.75% PV- Ship Yard.

The revenue reduced but the gross margin was improved strongly: the revenue from petroleum mechanical and construction services decreased 16.94%. However, the profit margin rose back from nearly zero (0.02%) in 2012 (due to record the loss of 492 billion dongs from Ethanol Dung Quat project) to 5.82% in 2013. In addition, the gross margin of this activity is the lowest in 6 activities of PTSC and it is also lower than PTSC-MS (>20%). The reason is the reducing services price in order to compete against foreign competitors.

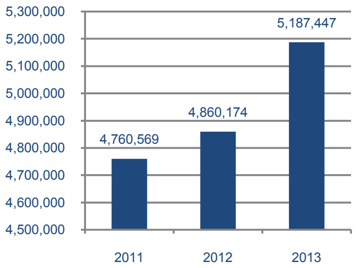
Prospects:

- **Long Phu 1 Coal- Fired Power Plant continue to implement**: after the pause on 05.07.2013 by the Ministry of Planning and Investment because they said "PTSC has not experienced in EPC projects of thermoelectric plant", on 27/12/2013, general contractor consortium of Power Machines (Russia) - BTG Holding (Slovakia) - PTSC (Vietnam) and PVN held EPC contract signing ceremony. This showed PTSC's efforts to resolve difficulties and regain the trust from the government and the continuing to implement the project will help resolve the receivable amount of over 500 billion dongs recorded since 2012 of this project.
- **PTSC continue to invest in this key activity** with the increasing of 14% and 25% respectively in the asset and the liability of this service in 2013.
- **PTSC is boosting the expansion in oversea market and this is gaining positive results** such as Heera Development project with ONGC/AFCONS investor (India) and Maharaja Lela South (MLS) project with Total E&P Borneo B.V (Brunei). Moreover, PTSC also signed cooperation contracts with Swiber Offshore Construction Ltd of Singapore in the pipe and rig installation for Brown Lion project.

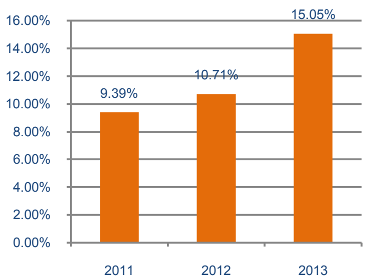
We expect that the revenue from the petroleum mechanical and construction services will increase to 10,560 billion dongs thanks to the continuing to implement Long Phu 1 Coal Fired Power Plant and Southwest Yellow Lion. Moreover, the gross profit from this activity is expected to rise slightly to 5.73% thanks to the good material expense management.

2. Marine services (account for 20% net revenue and 29% gross profit)

Revenue of marine services (billion dongs)



Gross margin of marine services (%)



PTSC has approximately provided 90% of marine services serving for oil and gas exploration and production in Vietnam. PTSC owns and operates the biggest fleet in Vietnam including 21 modern support vessels including anchor handling tug supply (AHTS) vessels, dynamic positioning (DP) vessels, tug boats, and platform supply vessels. This activity brings the largest gross profit for PTSC.

Revenue increased gradually; profit margin was high and rose dramatically. Revenue from marine services continuously increased. In 2013, owing to the rising in price for chartering, the net revenue from this activity went up by 6.73% while the cost management was executed well, therefore, profit margin grown significantly from 10.71% in 2012 to 15.05%. Furthermore, due to the specific service provider for oil and gas industry and accounting for nearly monopolistic position on the market, gross margin from this activity was high and being one of three activities carrying the highest gross margin for PTSC

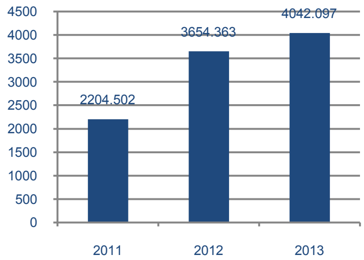
Prospects

- PVS will continue to invest in this activity with planning to invest 1400 billion dong in 2014 to purchase 2 vessels and to raise the number of vessels to more than 100 units in 2025.
- The big hiring vessels contracts will continue until end of 2014 such as Prime oil rents TPSC Lam Son; Bien dong POC rents an oil field security services vessel and PTSC Ha Long.
- A number of refineries- the largest customer of tugging services will be newly built or expanded from 2014 to 2015.

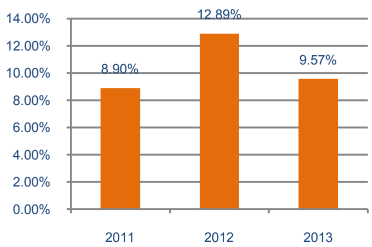
We expect that the marine services will continue to grow and gain 5,500 billion dongs revenue in 2014 thanks to the purchase of 2 new vessels and the increase in charter price. However, the gross profit is predicted to reduce to 14% due to the rise strong in depreciation expenses.

3. Seismic Survey, GEO Survey and Subsea Services (account for 16% net revenue)

Revenue of seismic survey, GEO survey and subsea services (billion dongs)



Gross margin of seismic survey, GEO survey and subsea services(%)



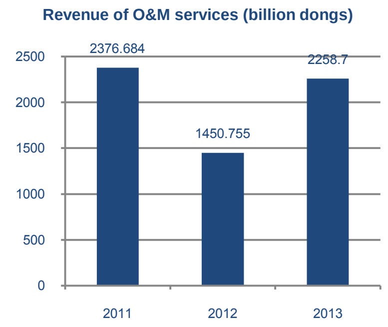
PTSC owns seismic survey Binh Minh 2D, Amadeus 3D, geology survey vessel PTSC Surveyor, 3 Remote Operated Vehicles (ROVs), PTSC actively enabled to do seismic survey in continental shelf of Viet Nam and abroad; well implemented drilling works at a depth from 7 meters to 300 meters underwater;

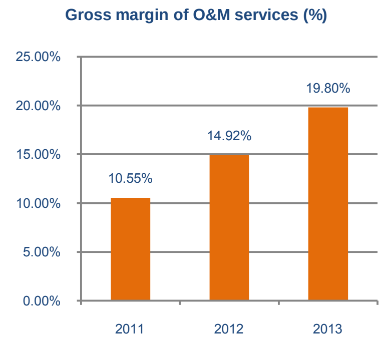
The revenue has risen strongly: this service has been provided since 2011 and its revenue has risen strongly year by year, especially in 2012 its revenue increased 65.77% and continued to go up 10.61% in 2013. However, the gross profit fell slightly from 12.89% in 2012 to 9.57% in 2013 because the purchase of a number of machines and equipments raised the depreciation expenses.

Prospects:

- Oil reserves are expected to increase since 2014 with the rise in drilling, exploration and exploitation of new mines in Vietnam. This will lead to the growth of petroleum survey services.
- In 2014, PTSC will boost investment and upgrading of petroleum survey services. On 19.9.2013, the seismic survey cable system of Binh Minh 2D was upgraded. Moreover, PTSC is implementing to replace old survey cable to the hard seismic survey cable system – the newest technology for Amadeud 3D.

We predict that the revenue of this activity will reach 4,600 billion dongs thanks to the potential growth of the oil& gas sector in 2013 but the gross profit is expected to reduce to 8% due to the upgrading and replacing old cable system which will raise the depreciation expense.





4. Transportation, installation, hook up, Operation & Maintenance services (O&M)

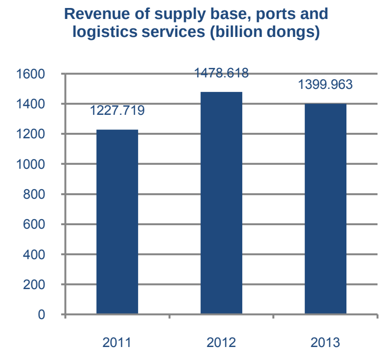
This activity brings the second highest gross margin, accounting for 17% gross profit of PTSC while its revenue just makes up 9% PVS's revenue.

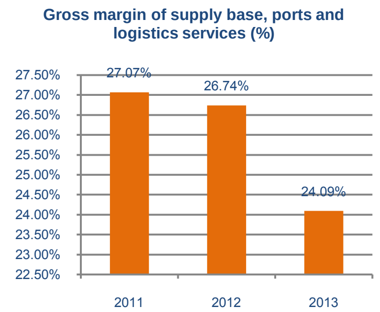
The revenue and gross profit rose strongly: after a decline in 2012, the business performance of this activity grown significantly in 2013 with a rise of 55.69% in net revenue and 106.58% in gross profit due to the conversion, upgrading FPSO Lam Son with total investment value of over 400 million USD. However, PTSC is reducing investment in this activity when its asset and liability declined 9% and 27% respectively.

Prospects:

- The prospects of O&M services will be associated with the growth of petroleum services industry, especially petroleum mechanical and construction services.
- PTSC will perform Lam Son FPSO maintenance during the hiring contracts with LSJOC at least 10 years.

We expect that the revenue of O&M services will rose slightly by 5% to 2,370 billion dongs in 2014 while the COGS will be controlled better thanks to the reduce in depreciation expense. The gross margin of this activity is forecasted to rise to 24%.





5. Supply Base, Ports and Logistics Services

PTSC currently owns, manages and operates a nation-wide networks of 6 supply base/port systems with total area up to 150 ha

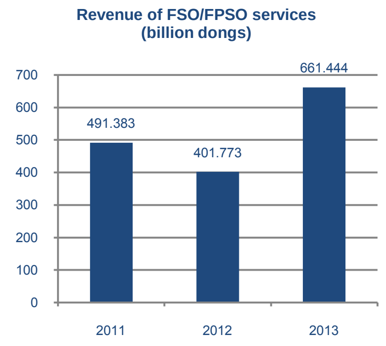
- Vung Tau Downstream Port (82,2 ha)
- Phu My Port (26,5 ha)
- Dung Quat Port (4,2 ha),
- Hon La – Quang Binh (8,8 ha)
- Dinh Vu Port (13,9 ha)
- Nghi Son – Thanh Hoa (9,8 ha)

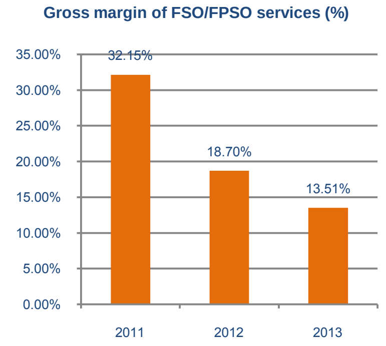
The revenue decreased slightly but the gross margin was maintained at high level: the revenue of this activity went down 5.32% in 2013. However, its gross margin was the highest gross margin within 6 activities of PTSC. Although, it just accounted for 5% of PTSC's revenue, it accounted for 13% of PTSC's gross profit. In addition, the gross margin fell to 24.09% in 2013 partly due to the increase of 1.31% in labor cost.

Prospects:

- PTSC is building Son Tra port with total area of 100,334 m2, the yard line area of 77,098 m2 and the size of vessel of 10,000 DWT. The total value of this project is over 632 billion dongs including 2 periods: period 1 from 2013-2015 with an investment of over 431 billion dongs and the period 2 after 2015 with an investment of 200 billion dongs.
- PTSC is also upgrading, expanding current ports such as Dinh Vu and Phu My ports.

We forecast that the revenue of this service will continue to down 5% to 1,330 billion dongs in 2014 because in December 2013, PTSC sold all of 25 million shares of Phuoc An port for PVN. However, its COGS is predicted to increase because the major repairs of Dinh Vu and Phu My port will raise the depreciation expenses, hence its gross margin will fell slightly to 17.7%





6. FSO/FPSO services (account for 3% revenue and gross profit)

PTSC is now the leading company in mastering technological management, operation and maintenance services for FSO/FPSO in Viet Nam Market. At present, PTSC is owning and co-owning 5 FSOs/FPSOs, providing operation and maintenance services for 8 FSOs/FPSOs at home and abroad

The revenue rose dramatically by 64.63% in 2013 thanks do the start of charter contract of FSO PTSC Biendong 01. The business performance of this activity was improved significantly from the strongly down in 2012 with the fall of 18.24% and 52.44% in revenue and profit respectively. The gross margin was still at high level but it reduced to 13.51% in 2013 due to the year 2013 is the time to invest, install FPSO Lam Son.

Prospects:

- Since 2014, this activity is expected to bring major revenue when the charter contract of 2 projects including FSO Biendong 01 and FPSO Lam Son will be implemented until 2023 and 2024.
- PVN assigned to PTSC providing services, operation and maintenance of all FSO / FPSO of PVN.
- PTSC is partnering with 2 companies of Malaysia and 1 company of Singapore in providing FSO/FPSO service in the form of joint ventures. This is a favorable factor to abroad business expansion.
- This activity is raised in investment with its asset and liability 201 rising 55% in 2013.

We expect that the FSO/FPSO services will be the highest grown activity in 2014 of PTSC with revenue rising 50% and gross profit doubling thanks to the charter contracts of Biendong 01 and Lam Son.

FINANCIAL ANALYSIS

- **Financial leverage has fallen strongly** from the dangerous level of 4.97 in 2010 to 2.9 in 2013 because since 2011, the firm has reduced continuously borrowing while it has raised equity by shares issue. Moreover, due to the decrease in long-term borrowing, the interest expense was reduced significantly by 22.30% in 2012 and by 30.29% in 2013.
- **Asset structure has been stable and safe** with current asset making up about 60% total asset in which long-term capital funds over 20% current asset
- **Solvency ratio has improved** by using long-term capital to fund current asset instead of using current liability. The liquidity risk has reduced significantly because the solvency ratios has been more than 1 and been increased steadily. Moreover, the solvency of PTSC has higher than the average of industry,
- **Operating capacity has been stable:** in 2013 the customer receivable account rose strongly by 63.20% mainly from the receivable amount of Bien Dong Petroleum Operating Company and Vietnam Exploration Production Company. Hence, day sales outstanding (DSO) rose slight by 4 days while day sales of inventory (DSI) fell slightly by 3 days due to the significant decrease in inventory in the first of 2013 in comparison to the first of 2012. Furthermore, PTSC's management of receivable account and inventory has been better than the average of industry and the competitors. In addition, thanks to PTSC' prestige, day payable outstanding (DPO) has been raised to 51 days.
- **Profitability has been increased** with the strong rise in the gross margin and profit margin. This has results from the satisfactory business performance of marine services and the improvement of 3 services including petroleum mechanical and construction service; FSO/FPSO service and O&M service. In addition, due to the increase of 31.55% in equity, ROE declined to 19.81% while ROA still rose to 6.83%. However, because the petroleum mechanical and construction services having low profit margin has make up for large proportion; the profit margin of PTSC has been not high.

	2009	2010	2011	2012	2013
Capital structure					
Borrowing/ Equity	1.33	1.62	1.00	0.74	0.43
Total asset/Equity	3.52	4.97	3.98	3.40	2.90
Asset structure					
Noncurrent asset/ Total asset	0.58	0.61	0.40	0.43	0.40
Current asset/ Total asset	0.42	0.39	0.60	0.57	0.60
Solvency ratios					
Quick ratio	0.93	0.79	1.07	1.21	1.32
Current ratio	1.02	0.84	1.16	1.27	1.38
Operating ratios (days)					
Day sales outstanding	86	68	68	69	73
Day sales inventory	13	10	13	13	10
Day payable outstanding	67	53	47	51	51
Profitability (%)					
Gross margin	9.49%	6.92%	8.07%	6.96%	10.45%
ROS	5.38%	5.49%	5.93%	5.13%	6.41%
ROE	16.41%	26.28%	24.39%	20.21%	19.81%
ROA	4.63%	5.29%	6.12%	5.95%	6.83%

INVESTMENT RECOMMENDATION

The report used the P/E and P/B valuation methods.

	Price	Proportion
P/E	47,800	50%
P/B	40,400	50%
Target price	**44,100**	

❖ **P/E and P/B calculation:** the report used the average of P/E and P/B of 46 companies in same sector with PVS in Asian developing countries.

❖ **P/E valuation method:**

- P/E of sector: 13.9
- EPS in 2014 is expected to reach 3442 dongs/share
- The appropriate price is **47800 dongs/share**

❖ **P/B valuation method:**

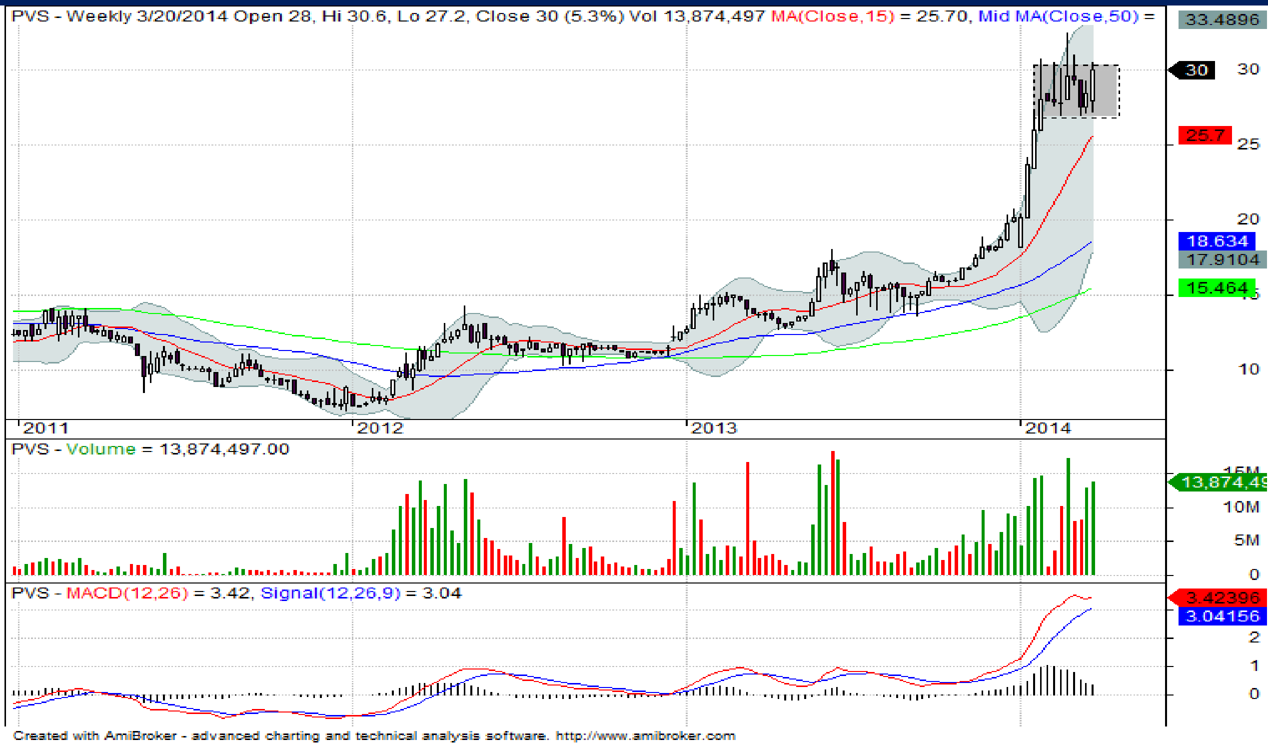
- P/B of sector: 1.9
- Book value in 2014 is expected to reach 21260 dongs/share
- The appropriate price is **40400 dongs/share.**

❖ **2014 business performance expectation:**

- ***Revenue:*** we expect that the revenue in 2014 will rise 6.22%, reaching 26.9 trillion dongs (lower than the planing firgure of 9.5%) thanks to the improvement of petroleum mechanical and construction services and the growth of FSO/FPSO services and petroleum survey services.
- ***Gross margin:*** the gross margin is forecasted to fall slightly to 10.36% due to the prospect that the company will continue to control better the material expenses while the petroleum services price tends to increase with the general rising trend of area. However, in 2014, PTSC will boost purchasing, major repairs which will lead to the increase in depreciation expense.
- ***Net profit:*** we predict that the net profit of PTSC in 2014 will up slightly by 1.36% to 1.65 trillion dongs (EPS will reach 3442 dongs/share) owing to the selling expense will increase about 30% in 2014 while the interest expense and the administrative expense will be control better. This prediction has excluded the possibility of provision reversal from Ethanol Dung Quat project (492 billion dongs) in 2014, which is expected to improve strongly the 2014 profit.

Investment view: PVS is one of notable oil & gas stocks, it has the second largest size in the sector and business performance figures including ROA and ROE are in the best group of the sector. However, in term of stock price, PVS is still in the lowest P/E and P/B group of oil& gas sector. Based on the 2014 growth potential assessment, using 2 valuation comparative method including P/E and P/B with the reference of oil& gas services companies in Asia, we recommend that the target price of PVS is 44,100. **We believe that PVS should be concerned for both short-term trading and long-term investment. We recommend to strong buy PVS with the target price of 44,100 dongs/share in investment period of 12 months.**

TECHNICAL ANALYSIS



PVS establishs a upward trend in the medium and long term. After a strong growth cycle, PVS is going to the accumulation zone at the short-term top from 27,000 to 31,000. PVS rose 87% in 3 months from early Octorber 2013 to late January 2014. This is a quite strong increase with a large stock. Hence, PVS needs the accumulation months before rising again. The increasing stock price cycle depends largely on the accumulation process, the longer the accumultion process is, the stronger the price increase is and vice verse. Under the current model, PVS need about 1-1.5 months to establish a clear upwars trend

- Support zone: 27.000 (strong resistance)
- Resistance zone: 32.000 (break out point of accumulation structure)
- Buying point: 27.000 – 30.000
- Cut loss point: 26.000
- Target price: 45.000 (medium term)

Investment view: PVS is remaining upward trend in medium and long term. In short-term, the stock is in accumulation zone before rising again. The investor can buy accumulatively in the price zone from 27,000 to 30,000 and raise the position when it breakouts the price zone of 32,000 with the large trading volume. The accumulation time of PVS may lengthen from 1 to 2 months with the target price of 45,000.

Appendix: Oil& Gas companies reference list

	Stock	Name	P/E	P/B	Total asset	EPS T12M
1	PVS VN	PETROVIETNAM TECHNICAL SERVI	8.65	1.54	1,130,037,721	0.155358
2	2883 HK	CHINA OILFIELD SERVICES-H	12.27	1.94	12,184,122,570	0.190621
3	600583 CH	OFFSHORE OIL ENGINEERING-A	17.48	2.28	4,269,550,804	0.071938
4	SAKP MK	SAPURAKENCANA PETROLEUM BHD	29.02	2.66	7,892,730,416	0.04785
5	MMHE MK	MALAYSIA MARINE AND HEAVY EN	23.83	2.20	1,442,398,585	0.047219
6	196 HK	HONGHUA GROUP	9.20	1.18	2,058,928,903	0.028179
7	PVD VN	PETROVIETNAM DRILLING AND WE	9.70	2.21	1,021,601,472	0.388364
8	ABAN IN	ABAN OFFSHORE LTD	7.32			1.148409
9	WH US	WSP HOLDINGS LTD-ADR		0.35	1,336,167,936	-4.573656
10	SGB MK	SCOMI GROUP BHD		1.17	828,854,408	-0.023247
11	568 HK	SHANDONG MOLONG PETROLEUM-H	12.15	0.44	984,682,219	0.021343
12	1623 HK	HILONG HOLDING LTD	22.91	3.17	693,075,960	0.031669
13	3337 HK	ANTON OILFIELD SERVICES GP	27.69	4.66	620,115,543	0.025642
14	MMT SP	MERMAID MARITIME PCL	14.41	1.01	713,580,634	0.026301
15	APEX IJ	APEXINDO PRATAMA DUTA PT	13.63	2.23	760,481,088	0.016571
16	SVOG IN	SHIV-VANI OIL & GAS EXPLORAT	2.32	0.03	1,111,012,604	0.089001
17	GOFF IN	GOL OFFSHORE LTD		0.27	969,371,370	-0.128755
18	RUIS IJ	RADIANT UTAMA INTERINSCO TBK	5.13	0.66	109,395,757	0.004425
19	DEHB MK	DAYANG ENTERPRISE HLDGS BHD	21.84	4.63	300,011,571	0.054788
20	PVC VN	DRILLING MUD JSC	15.77	1.01	87,197,511	0.074071
21	DLUM MK	DELEUM BERHAD	17.89	3.66	152,484,525	0.104611
22	JDDL IN	JINDAL DRILLING & INDUS LTD	6.20	0.70	145,175,731	0.511938
23	AMRB MK	ALAM MARITIM RESOURCES BHD	14.20	1.86	478,791,679	0.031977
24	UZMA MK	UZMA BHD	22.18	5.78	74,015,232	0.081031
25	3303 HK	JUTAL OFFSHORE OIL SERVICES	16.11	0.94	236,670,847	0.012829
26	002629 CH	SICHUAN RENZHI OILFIELD TE-A			162,079,160	0.075018
27	200053 CH	SHENZHEN CHIWAN PETROLEUM-B	14.85	1.98	707,874,181	0.132742
28	OIL IN	OIL COUNTRY TUBULAR LTD	4.31	0.62	105,300,558	0.149207
29	PETR MK	PERDANA PETROLEUM BHD	22.06	2.47	360,291,612	0.027407
30	MJL BD	MJL BANGLADESH LTD	27.25	2.46	141,796,637	0.033367
31	SEAOIL TB	SEA OIL PCL	17.99	5.33	13,113,524	0.015993
32	RH MK	TH HEAVY ENGINEERING BHD	24.33	1.20	273,243,930	0.011823
33	DOEI IN	DOLPHIN OFFSHORE ENTERPRISES	2.92	0.50	113,965,607	0.516475
34	SEAM IN	SEAMEC LTD	6.34	0.54	98,597,413	0.219144
35	IEV SP	IEV HOLDINGS LTD		1.83	56,502,965	-0.006353
36	GVH IN	GLOBAL VECTRA HELICORP LTD	3.55	0.44	92,106,191	0.090104
37	AZNO KZ	AKTOBE OIL EQUIPMENT PLANT			26,885,935	3.27102
38	KSTB MK	KEJURUTERAAN SAMUDRA TIMUR		2.12	51,797,302	-0.028898
39	MPL BD	MEGHNA PETROLEUM LTD	20.35	7.86	461,834,201	0.179205
40	URS SP	UNIVERSAL RESOURCE & SERVICE		0.28	155,876,718	-0.001742
41	QLT TB	QUALITECH PCL	12.87	2.99	13,800,513	0.028286
42	DEEPI IN	DEEP INDUSTRIES LTD	9.24	0.65	55,110,985	0.085139
43	300023 CH	BODE ENERGY EQUIPMENT CO-A		3.33	59,949,770	-0.043821
44	APH IN	ALPHAGEO (INDIA) LTD		1.71	13,555,492	-0.371633
45	DKOF IN	DUKE OFFSHORE LTD	5.64	1.04	1,529,421	0.048914
46	SMTC MK	SUMATEC RESOURCES BHD	1.47	0.90	138,255,364	0.04771
		Average	**13.97**	**1.97**		

BSC RATING SYSTEM AND VALUATION METHODOLOGY

Rating System: *Our recommendations are relative to the market development and are based on the difference between the current price and our 12-month price target includes dividends over the period (Unless otherwise specified). This structure applies from 1st Jan 2014.*

Valuation Methodology: *The selection of methods depends on the industry, the company, the stock. Our valuations are based on a single or a combination of one of the following valuation methods: 1) Relative models (P/E, P/B, EV/EBIT, EV/EBITDA); 2) Discount models (DCF, DVMA, DDM); 3) Asset-based evaluation methods (NAV, RNAV).*

Rating System	Note
STRONG BUY	If the target price is 20% higher than the market price
BUY	If the target price is from 5% to 20% higher than the market price
HOLD	If the target price is less than 5% higher or lower than the market price
SELL	If the target price is more than 5% lower than the market price
NOT RATED	The investment rating and target price have been removed pursuant to BSC policy when BSC is acting in an advisory capacity, in a merger or strategic transaction involving this company, and in case BSC do not have enough material to perform valuation.

DISCLAIMER

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