

**COMPANY REPORT**  
**PETROVIETNAM SOUTHERN GAS**  
**JOINT STOCK COMPANY**  
**TICKER: PGS - HNX**

**November, 2015**

## STOCK INFORMATION

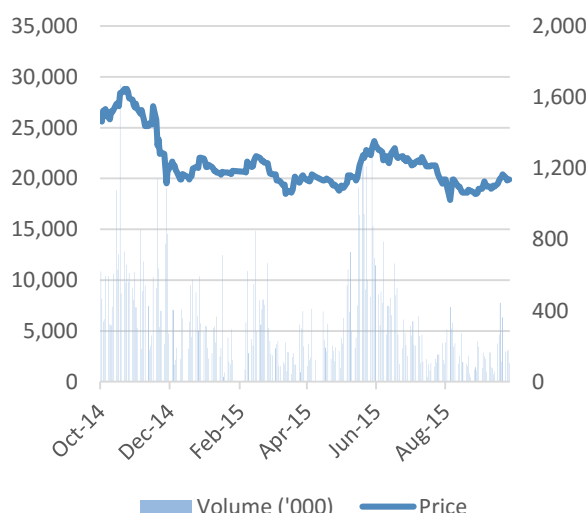
### LISTING INFORMATION

Name	PetroVietnam Southern Gas Joint stock company
ICB Sub-sector	Exploration & Production
Stock exchange	HNX
Ticker	PGS
Charter capital	VND 500B
Market cap 05/11/2015	VND 1,015B
Price 05/11/2015	VND 20,300

### Shareholders structure

<b>PetroVietnam Gas JSC</b>	35.26%
<b>Halley Sicav - Halley Asian Prosperity</b>	9.46%
<b>Others</b>	55.28%

### Historical price and Volume (Volume in '000)



### KEY FINANCIAL INFORMATION (VND billion, except EPS)

	2012	2013	2014	9T.2015
Total assets	2,921.4	3,069.7	3,202.6	2,729.1
Current assets	1,189.9	1,739.4	1,845.8	1,419.4
Long-term assets	1,731.5	1,330.3	1,356.8	1,309.8
Total debts	1,888.4	1,908.5	2,067.9	1,593.4
Total equity	1,033.0	1,161.2	1,134.7	1,135.7
Net revenue	6,374.9	6,902.0	7,484.3	4,461.0
EBT	255.1	278.1	246.6	190.8
Net income	211.8	237.7	191.5	148.1
Income attributable to shareholders of PGS	151.3	179.0	140.3	108.5
EPS	3,981	4,569	3,691	1,607

### STOCK VALUATION

P/E multiples method	18.200-20.800 VND/share
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**PetroVietnam Southern Gas JSC (PV Gas South) engages in gas production, trading and distribution in Southern Vietnam. The company's main products include LPG, CNG gas. After years of establishment and development, the company has become the leading gas production and distribution in the area as well as the whole domestic market.**

### INVESTMENT RATIONALE

**The biggest LPG production and distribution company:** With LPG supply to the market in 2014 reaching nearly 240,000 tons, the company is now taking about 35% of LPG market share in Southern Vietnam, where 60% of total national consumption is located. The company also have a wide distribution network, covering almost all cities and provinces in Southern Vietnam.

**Increasing LPG profit margin:** Average profit has increased over recent years, from VND 1.34m per ton in 2011 to 2.65m for the first half of 2015.

**Monopoly position in CNG trading operation:** The company and its affiliate (CNG Viet nam), along with PetroVietnam Low pressure gas distribution (one member of PVN) are the only companies producing and distributing CNG in Southern Vietnam.

### INVESTMENT RISKS

**Gas production and distribution activities involves numerous risks:** fire, explosion, and once happen, they can cause huge damage. So, the company has to maintain a pretty amount of resources to minimize risks and ensure the continuation of business activities.

**Saturation of LPG market inspite of increasing profit margin:** LPG production decreased over the period of 2011-2014. The declining trend still continues till 2015 with production for 9 months of 2015 lower than corresponding period of 2014.

### BUSINESS PERFORMANCE FOR 3<sup>RD</sup> QUARTER AND FOR 9 MONTHS OF 2015

Price of oil and other petroleum products has still been in downtrend since the beginning of 2015, extending the declining period starting from 2014, contributing to slightly poor business performance of the company.

In 2015, there has been a big change in CNG operation: it is the change in price setting mechanism of natural gas input for CNG production from a crawling price to a pegging price to FO. Thanks to that, influence of downtrend in oil price can be more effectively controlled.

In 3<sup>rd</sup> quarter of 2015, net revenue reached VND 1,466B, 25% lower than the same period of 2014, net income reached VND 57B, down 22%. Revenue from LPG is VND 918B, accounting for 62.2% total revenue, while revenue from CNG declined sharply, only reached VND 236B, revenue from gasoline and viscous oil surged, rose up to VND 262B, an increase of 1,380 percent in comparison with the previous quarter.

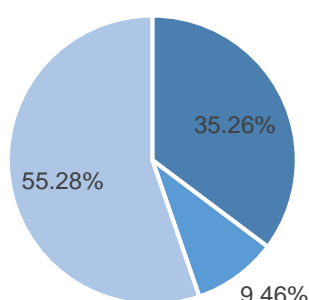
For the first 9 months of 2015, net revenue is VND 4,529B (total revenue: 4,461B, sales discount: 68B), equivalent to only 80% of corresponding period of 2014. Net income is 148.1B, down 15%. LPG still made the biggest part of revenue, with value of 2,977B or 65.7% total revenue, CNG came second with value of 1,114B, or 24.6% total revenue, gasoline and viscous oil has just surged from 3<sup>rd</sup> quarter so accumulated revenue only reached 299B, accounting for 6.6% total revenue.

We believe that market condition and business performance of PGS will still be in the trend of the first 3 quarter of 2015. Price of oil and other petroleum products will stay as present. Petroleum and viscous oil trading operations, though, has seen a big change in the 3<sup>rd</sup> quarter but LPG and CNG will still be the main source of revenue and profit. For the last quarter of 2015, we

estimate 54,000 tons of LPG and 33 million m3 of CNG will be produced and distributed. Hence, for the whole 2015, LPG production will reach 220,000 tons and CNG production will reach 160 million m3. Net income can reach 187B, of which 130B can be attributable to PGS's shareholders. The corresponding EPS is VND 2,600/share.



## Shareholders structure



- PV Gas Joint Stock Corporation
- Halley Sicav - Halley Asian Prosperity
- Others



## COMPANY OVERVIEW

### History of development

- PetroVietnam Southern Gas JSC (PV Gas South) is the successor of Southern Gas Trading Company, established in 2000 as a member of PV Gas.
- 12/04/2006, PV Gas South was established under the auspices of Southern Gas Trading Company and LPG trading division of Petechim.
- 30/06/2006: Minister of Ministry of Industry signed the decision No.1697/QĐ-BCN on the approvment of Equitization plan of PV Gas South Company. The company then became PV Gas South JSC.
- 15/11/2007: PV Gas South was listed on HNX with the ticker PGS.

### Businesses

PGS engages in production and distribution of gas products, including LPG (retail and wholesale), CNG.

### Charter capital

Charter capital of the company as of September 2015 is VND 500B, divided into 50m shares.

### Shareholders structure as of September 2015

Shareholder	Number of shares	%
PV Gas Joint Stock Corporation	17,630,380	35.26%
Halley Sicav - Halley Asian Prosperity	4,731,651	9.46%
Others	27,637,969	55.28%
<b>Total</b>	<b>50,000,000</b>	<b>100%</b>

Source: PGS

### Subsidiaries, Affiliate companies and Branches

As of September 2015, PGS have 3 subsidiaries and 12 branches, including as below:

Subsidiaries	
1	Eastern LPG Trading Ltd. Co. (100% ownership)
2	Vietnam LPG Trading Ltd. Co. (VT-GAS) (100% ownership)
3	CNG Vietnam JSC (55.2% ownership)
Branches	
1	Dong Nai Branch
2	Can Tho Branch
3	Tien Giang Branch
4	Vinh Long Branch
5	Ca Mau Branch
6	Nha Trang Branch
7	Ninh Thuan Branch
8	Quang Ngai Branch
9	Binh Dinh Branch
10	Gia Lai Branch
11	Dak Lak Branch
12	PV Gas Cylinder Company (100% ownership)

Source: PGS

## BUSINESS PERFORMANCE

Main products of company include LPG and CNG gas. For the first 9 months of 2015, revenue from these two products reached 2,936.6B, approximately 90% total revenue.

Besides, PGS also trades gasoline, viscid oil, produces and trade gas

## LPG trading overview

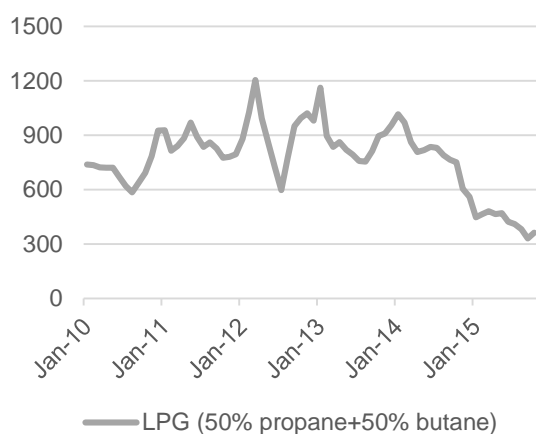
### LPG storehouses and loading terminals network



Source: 2014 annual statement

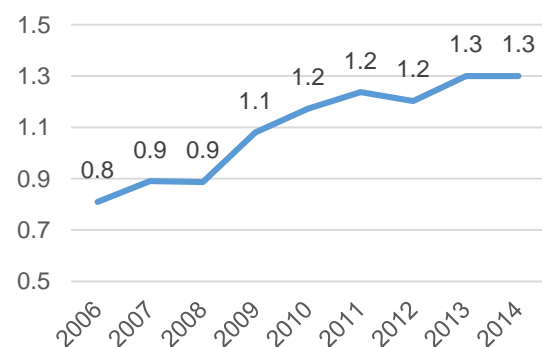
### LPG market condition and business results

#### Saudi Aramco LPG price (US\$/MT)



Source: Bloomberg.com

#### National LPG demand



cylinder. However, revenue from these activities only takes a small portion of total revenue (less than 10%).

## LPG TRADING BUSINESS

### Overview

LPG trading activities focus on Southern Vietnam market, where 60% of Vietnam LPG consumption is located.

PGS has developed a wide distribution network, with storehouses, loading terminals spreading from Da Nang to Ca Mau.

LPG of PGS currently makes up 35% of market share in southern market.

PGS, also, has the biggest storehouse system in Vietnam, with total capacity of 7,700 tons. Thanks to high capacity, the company can quickly react to fluctuation in market. Beside high capacity storehouse, PGS also has a wide network of 31 loading terminals (16 of which is of PGS, 15 of which leased), total output capacity reaching 24,580 tons per month.

### LPG supply sources

All LPG input of PGS is supplied by PV Gas and Binh Son Refining and Petrochemical Ltd., with total supply of the two companies of 1.3 million tons (of which 51% is from domestic production, the rest 49% is from import). Because PGS is a subsidiary of PV Gas, and along with Binh Son Refining and Petrochemical, is member of PVN, so PGS always has priority in accessing to the abundant source of LPG from the two companies.

Some representative customers:

- Industrial customers:
  - End-user industrial customers:
    - Construction materials producers, ceramics producers, enameled tile producers: Thang Long Metalware, Hoa Sen Steel Sheet, and etc.
    - Food and Beverage processing companies: Trung Nguyen coffee, Vietnam spice, Southern tea, etc.
  - Wholesale customers: customers that buy LPG to loading into smaller cylinders (12 kg, 13 kg, 50 kg): Shell Gas Viet Nam; Can Tho Petrolix Gas; Can Tho Total Gas; VT Gas; MT Gas, Pacific Gas, etc.
- Retail customers: Distribution network comprises of 2 affiliate companies, 9 branches, 19 retail store, 108 wholesale agencies and 400 retail agencies.

Customer structure is moving toward increasing proportion of retail customers and declining proportion of wholesales customers. In 2014, retail customers made up 64% of LPG consumption, for the first half of 2015, the number increased to 70%. The reason for this trend is industrial customers gradually switch over to more competitive fuel, such as CNG, biomass.

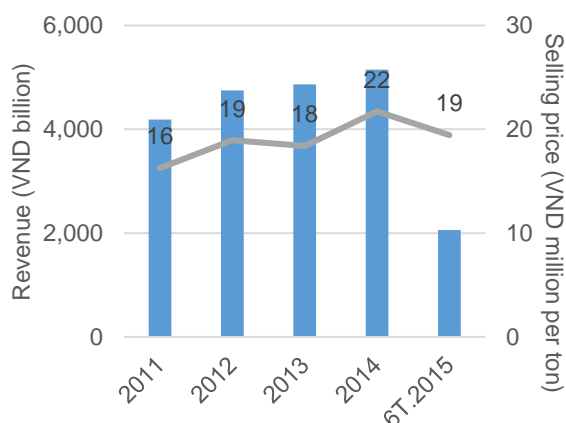
Customer structure					
	Unit	2012	2013	2014	6T.2015
Retail	'000 MT	139.1	146.1	151.8	72.6
Wholesale	'000 MT	111.8	118	85.1	33.2
<b>Total</b>	<b>'000 MT</b>	<b>250.9</b>	<b>264.1</b>	<b>236.9</b>	<b>105.8</b>
Retail	%	55%	55%	64%	69%
Wholesale	%	45%	45%	36%	31%
<b>Total</b>	<b>%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: PGS

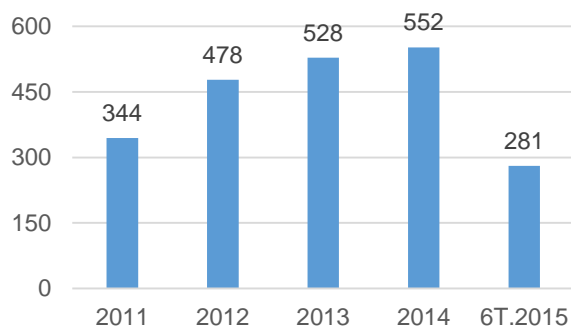
### LPG market condition and LPG business results

LPG market is becoming more and more saturated recently with sluggish demand. LPG is losing its position in fuel market as many other fuel sources become more popular: CNG, biomass. Competition is fierce with a lot of

Revenue and selling price

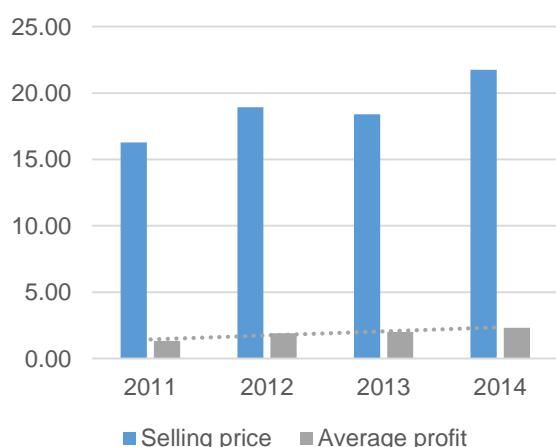


Gross profit (VND billion)



Source: audited annual financial report, reviewed 1<sup>st</sup> half 2015 financial report. Gross profit is calculated by subtracting COGS from TOTAL LPG revenue (before discount).

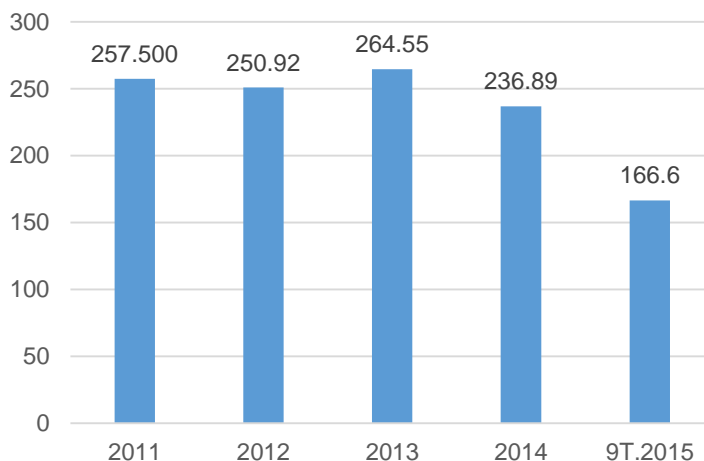
LPG selling price & profit (VND million per ton)



competitors sharing a smaller and smaller cake.

For the period of 2011-2014, PGS's LPG production declined slightly. The year 2015 is not an exception with preliminary data seeming not so positive. According to company report, for the first 9 months of 2015, LPG production only reached 167,000 tons, equivalent to only 97% of the corresponding period of 2015. PGS planned to produce and distribute 54,000 tons more in the last quarter of 2015, heading to a total 2015 production of 221,000 tons, or 94% production of 2014.

LPG production ('000 tons)



Source: PGS

Despite the decline in production, revenue still saw a positive gain for the period 2011-2014, thanks to the increase in selling price from 16.3 to 21.7 VND million per ton. However, from 2014, LPG world price started to decline and to present, has decline sharply, from around \$1000/MT to just \$400/MT (a decline of 60%). Hence, selling price of PGS also decreased. For the first of 2015, the average selling price is only 19.44 VND million per ton, while that of 2014 is 21.7 VND million. The decline in both production and selling price leads to the decline in revenue: LPG revenue for the first half of 2015 is only VND 2,059B (83% of corresponding period of 2014).

However, PGS still saw a rise in profit margin: from 2011 to now, when LPG input price increases, selling price will increase at a faster pace, but when LPG price decreases, selling price decreases at a slower pace. As a consequence, profit margin increased significantly: from 2011 to the first half of 2015, profit margin increased from VND 1.34 million per ton to 2.65 million per ton, growth rate, then, is higher than 20%.

**Evaluation:** We concern that LPG business will face a lot difficulties due to fierce competition as well as sluggish demand. But, as a member of PVN group, a subsidiary of PV Gas, PGS will still continue to receive lots of priorities in LPG trading. At least in the medium term, LPG will still be a big source of revenue and profit for PGS.

We estimate LPG production for the last quarter of 2015 will be around 54,000 tons, profit margin will reach 2.6 VND million per ton, and then LPG business will contribute VND 140B to total gross profit of PGS.

## CNG TRADING BUSINESS

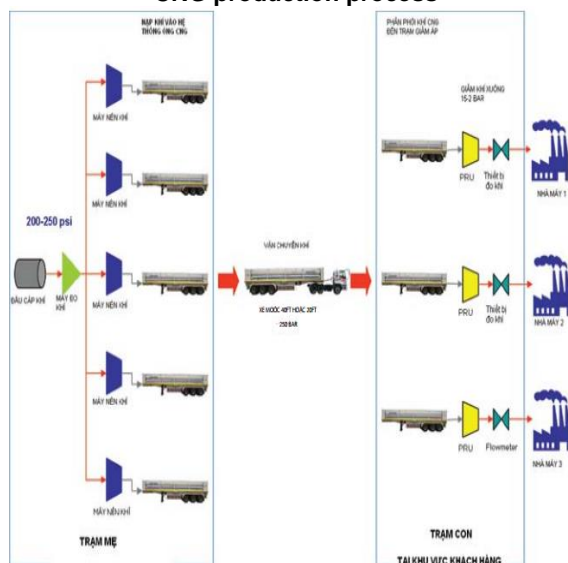
### Overview of market and CNG trading business:

CNG is natural gas compressed at high pressure. It mainly consists of methane (CH<sub>4</sub>) with 85-90% volume. Natural gas is extracted from gas field or gas from oil refinery factories as a side product. Then, it is compressed at a very high pressure (200-205 bar), then loaded into specialized tank and transport to consumption field. Because of simple composition with low volume of toxic gas



## CNG trading activities

### CNG production process



### CNG compressing centers

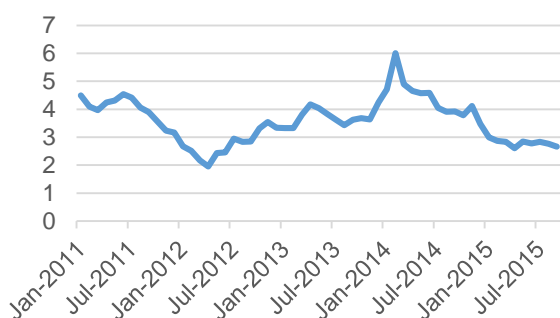


Source: 2014 annual report

## CNG market condition and business result

### World CNG price

Henry Hub Natural Gas Spot Price,  
Monthly, USD/mmBTU



Source: Thomson-Reuters

(SO<sub>2</sub>, NO<sub>2</sub>, CO, etc.), CNG is quite environment-friendly.

### Advantages of using CNG as fuel:

Using CNG in substitution for other fuels brings not only economical benefit but also environmental benefit because CNG is cleaner as well as cheaper.

### Selling price of CNG:

CNG is usually priced at k% of price of FO (LPG or DO is also possible).  
Formula to calculate actual price:

$$P_{CNG} = k \times (P_{FO}/38.9)$$

Where:

P<sub>CNG</sub>: selling price of CNG (VND/mmBTU)

P<sub>FO</sub>: FO price (FO Petrolimex, VAT included) (VND/mmBTU)

1mmBTU= 1,000,000 BTU

1 ton of FO ~ 38.9 mmBTU

### Distribution:

Prior to 2015, PV Gas D, PV Gas South – 2 subsidiaries of PV Gas, and CNG Viet Nam – subsidiary of PV Gas South, are the only companies directly producing and distributing CNG in Viet Nam. The distribution is often done by trucks. In mid 2015, Ham Rong and Tien Hai gas fields started to operate and supply natural gas to the North market. One more company entered the CNG market, that is PV Gas North (a subsidiary of PV Gas, operates mainly in the North and Central of Viet Nam)

### PGS's CNG business:

Up to 2014, PGS has built the distribution network of 3 CNG compressing centres and 6 sub-centres:

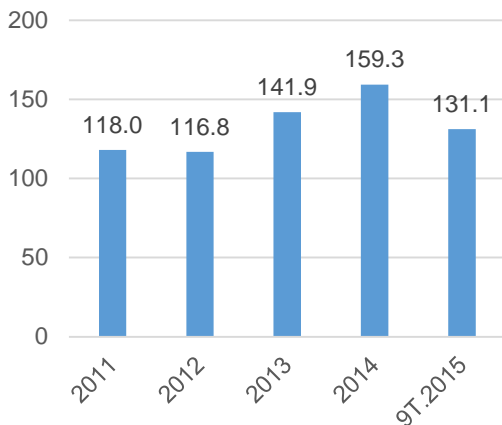
I. CNG compressing centres	Managing company	Output capacity (million m3/year)
1. My Xuan industrial zone	PV Gas South	100
2. Hiep Phuoc industrial zone	PV Gas South	10
3. Phu My I industrial zone	CNG Viet Nam	70
		Total: 180
II. Sub-centres	Managing company	Output capacity
1. PhO Quang	PV Gas South	50 trucks/day
2. 449 Nguyen An Ninh – Vung Tau	PV Gas South	150 cars/day
3. 654 Nguyen An Ninh – Vung Tau	PV Gas South	150 cars/day
4. Tan Kien, Binh Chanh, HCM city	PV Gas South	50 trucks/day
5. An Suong, HCM city	PV Gas South	50 trucks/day
6. Phu My, Vung Tau	PV Gas South	100 car/day

Source: 2014 annual report

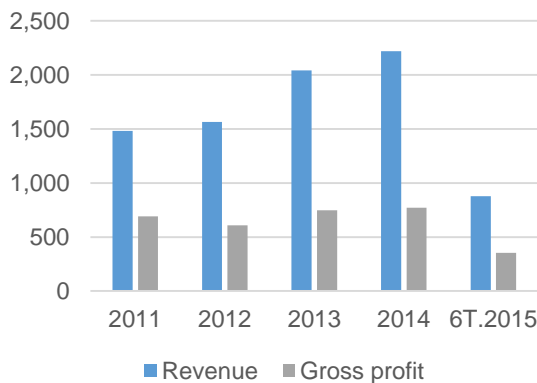
### Customers:

- Steel producers: Pomina steel, Viet Nam – Germany steel, Tay Do steel, Hoa Sen steel sheet, Dong A steel sheet, etc.
- Construction materials producers: Dong Tam JSC, Shijar Viet Nam, King Minh enameled tile, etc.
- Food processing, consumer products, hi-tech products producers: SamSung HCMC CE Complex, Vinamilk, etc.

### CNG production (million m3)

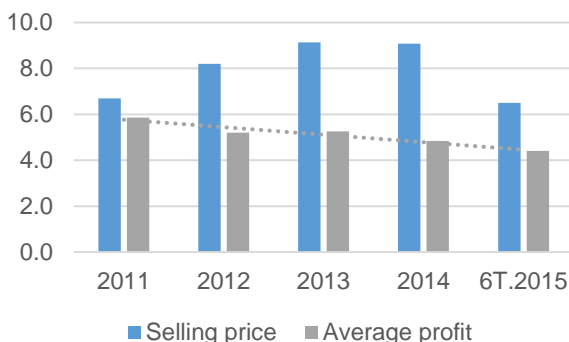


### Revenue & profit (VND billion)



Source: financial report, annual report

### Selling price and profit (thousand VND per m3)



Source: financial report, annual report

### CNG market condition and business results of PGS

CNG, though, has been used in the world for a long time, but in Viet Nam is still a new comer in energy market. With absolute advantages in efficiency, economicalness and environment-friendliness over other fuels, CNG quickly got customers' faith. Demand grew fastly gave PGS a plenty source of revenue: from VND1,482B in 2011 to 2,219B in 2014, equivalent to a growth rate of about 14.4% per year. Production grew at a lower but still a high rate: 10% for the period of 2011-2014. With quite high profit margin, CNG immediately proved its role in the company: in 2014, CNG contributed 771B to gross profit, for the first half of 2015, it contributed 355B, or 55% gross profit of PGS.

The year 2015 up to now still saw a declining trend in oil price. Because CNG selling price is pegging to prices of other fuel (FO, DO, LPG) so revenue for the first half of 2015 also declined in spite of rise in production: production reached 80.5 million m3, an increase of 8.4% in comparison with corresponding period but revenue downed 18.5%, from 1,078B to 878B. Selling price declined 22%, from VND 13,920/m3 to VND 10,910/m3.

Before 2015, gas input price used to crawl year on year, regardless of world price. But from 2015 onwards, price will be pegged to other fuels prices to more accurately reflect real market price. Under the crawling system, price increased every year whereas selling price was depended on other fuels prices, which rose at a slower pace and maybe decline in some periods, made profit margin decline gradually. With the adjustment, PGS now can choose selling price policy more independently, profit margin will be more stable due to matching mechanism between input price and selling price.

However, the adjustment has not been effective yet in stopping the declining profit margin trend: even though gas input price declined notably (from VND 9,080/m3 to VND 6,500/m3, or a down of 30%), profit margin was still in down trend, down to VND 4,400/m3 from VND 4,800/m3 in previous year.

**Evaluation:** We evaluate CNG business of PGS will see positive signals in the coming future based on following reasons:

- The new gas input price mechanism will have positive impacts
- Dominant position in CNG market in Viet Nam
- Stable source of customers: CNG customers are often existing customers (but using LPG), hence can be easily persuaded to switch to CNG without much sales promotion expenses.
- Profit margin will increase and become more stable.

But, there is one inherent risk in CNG business: production in 2015 may reach 160 million m3, but total output capacity of the company is only 180 million m3. So maximum output will be reached soon. To ensure growth, PGS will need to build more compressing systems. One other obstacles to growth is limitation in supply: although domestic production of natural gas is around 10 billion m3, of which, more than 9 billion m3 is used for electricity generation and urea production, most of the rest is directly consumed as low pressure gas, and only a very small portion can be used to produce CNG. In the coming future, Viet Nam will have to import natural gas, and fluctuation in prices is awaiting, profit may also be negatively influenced.

### BUSINESS RESULTS

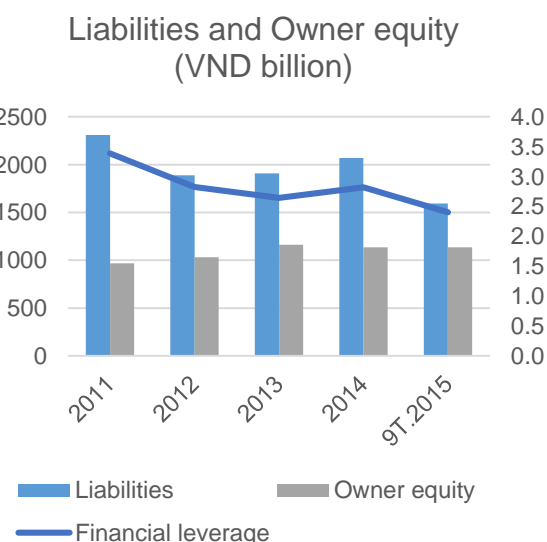
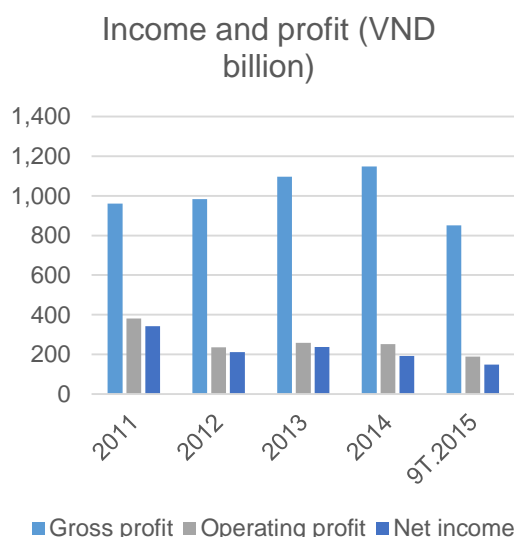
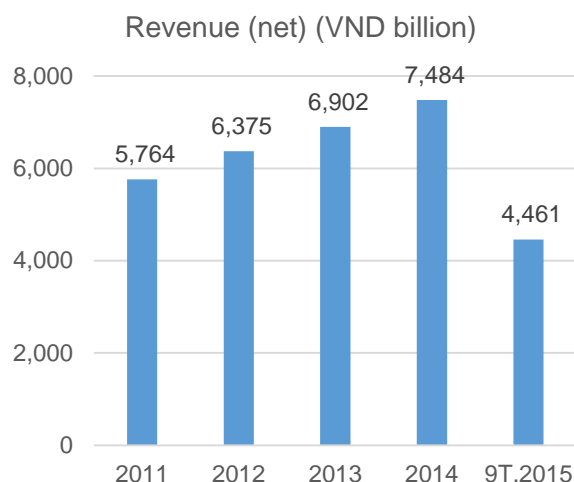
#### Revenues and profit

Revenue increased steadily for the period of 2011-2014, reaching 7,484B in 2014, growth rate reached 9% per year. For the first 9 months of 2015, due to negative influence of declining world oil price, revenue only reached 4,461B, down 20% in comparison with corresponding period of 2014.

Moving in the same trend with revenue, gross profit also saw a steady rise: for the period of 2011-2014, gross profit increased from 916B to 1,148B, growing at speed of 6.1% per year. And for the first 9 months of 2015, it declined slightly, reaching 851.6B from 869B of corresponding period of 2014.

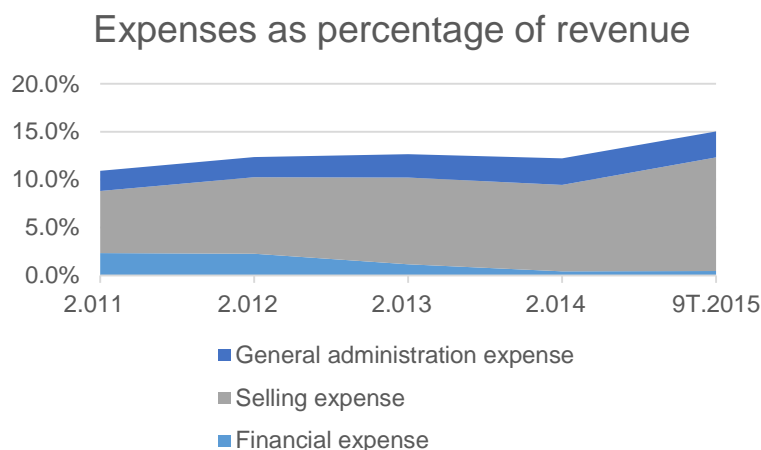


## BUSINESS PERFORMANCE



Increasing expenses lead to declining operating profit: in 2014, operating profit only reached 252.1B whereas in 2011, it is 380.5B. Net income, hence, decreased as a result: down from 342B in 2011 to only 191.4B in 2014. For the first 9 months of 2015, operating income continued to decline, reaching 188.9B, slightly down from 202B of 2014. Net income downed from 175B to 148.1B.

### Expenses



Operating expenses rose notably from 2011 to now, mainly due to increasing selling expense. Operating expenses rose from 10.9% of revenue in 2011 to 12.2% in 2014, and in 2015, it rose significantly to 15.0%.

Selling expense is the largest operating expense, and also the one that grew fastest: from 2011 to 2014, it rose from 374.1B (6.5% revenue) to 672.5B (9% revenue). In 2015, it rose to 11.8% of revenue. The reason for the rise is the fierce competition in LPG market. Because of competition, PGS must boost sales promotion and advertising to be able to hold market share.

General administration makes up a smaller portion in total expenses. In 2011, it was 120.9B, and reached 207B in 2014.

Unlike selling and general administration expenses, financial expense (especially interest expense) declined sharply in both value and in comparison with revenue terms. The reason is from 2011-2015, PGS has retired most of its interest bearing loans: long term debts decreased to 127.2B from 600B, while no additional short term debts committed. In 2011, financial expenses was 134.3B (of which, interest expense was 122B), or 2.33% of revenue. For the first 9 months of 2015, financial expense was only 20.9B (equivalent to 27.9B for the whole year), of which interest expense was 20.7B (equivalent to 27.6B for the whole year), or 0.47% of revenue.

### FINANCIAL POSITION

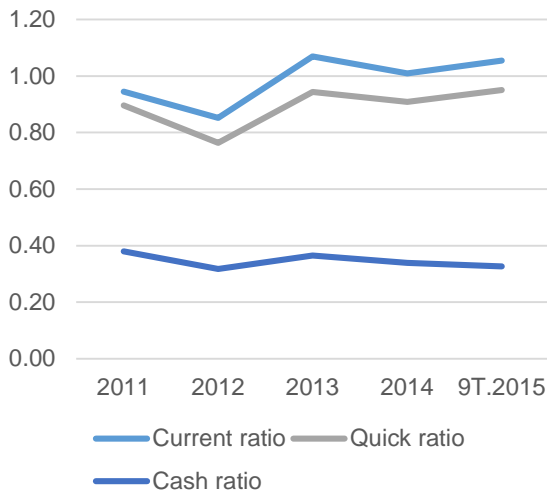
Total assets is quite stable about VND 3,000B. At the end of Sept 2015, total assets reached 2,729B.

Cash and cash equivalent and account receivable make up most of total assets. The total value at the end of Sept 2015 is 1,220.1B, or 47% total assets.

Source of capital structures is pointing to a stronger financial strength: owner equity increases while liabilities decreases. At the end of Sept 2015, owner equity reached 1,135B, accounting for 42% of total source of capital, total liabilities reached 1,593B or about 60%.

As a consequence of rising equity and declining liabilities, financial leverage ratio declined: from 3.39 in 2011 to 2.4 in 2015. Long term debt decreased significantly from 606B in 2011 to 127.2B in 2015, contributing to declining interest rate expense.

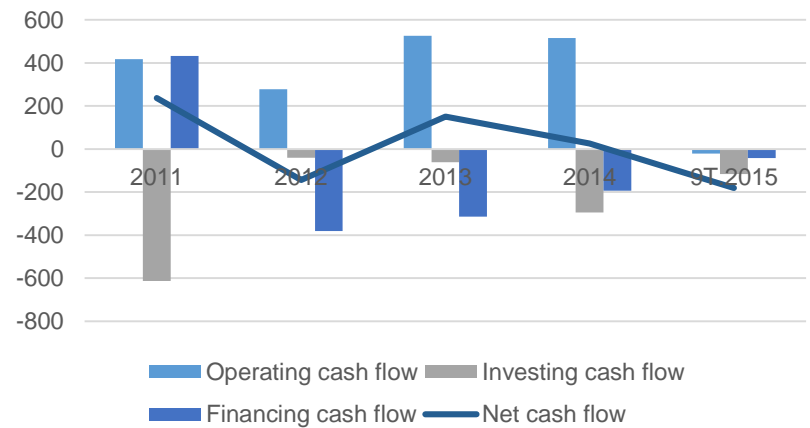
Liquidity ratio



Liquidity is quite good in general. At the end of Sept 2015, current ratio stayed at 1.05x, not so high but with strong financial capability of parent company (PV Gas), there is virtually no liquidity risk.

#### CASH FLOW

Cash flow (VND billion)



Operating cash flow is positive for the period of 2011-2014, resulting from good profit and signaling a strong cash collection. Operating cash flow for the first 9 months of 2015 was negative a small amount due to a big payables paid (448.6B). We believe that this negative cash flow is only temporary, and in the future, PGS will still see a strong positive operating cash flow.

Investing used a big amount of cash in 2011 because PGS had to invest infrastructure to produce and distribute CNG. From 2012 onwards, there has not been any big project so only a small amount of cash was used for investing each year. In 2014, net cash used increased slightly due to 2 projects: relocation of PetroVietnam gas cylinder factory and Lam Dong LPG loading terminal.

Because there has not much need for growth, a long with a strong operating cash flow, PGS started to repay loans recently and net financing cash flow from 2012-2014 became negative.

#### VALUATION

We used P/E multiples method to perform valuation of the company stock. Our assumption as below:

- Price of oil and other petroleum products will stay quite stable as current. Oil price will be around \$50/barrel.
  - LPG and CNG will still be main source of revenue and profit for the company. LPG production reaches 220,000 tons, CNG production reaches 160 million m<sup>3</sup>.
  - Other incomes and expenses will stay, so earning before tax will reach 240B. With corporate income tax rate stay at 22%, net income will be about 187B. Income attributable to shareholders of PGS will be 130B, leading to an EPS of about VND 2,600/share
  - PGS shares are currently traded at P/E level from 7x to 8x and we assume that this trend will continue.
- Target price for the P/E level of 7x-8x is VND 18,200-20,800/share

Price Earnings Ratio (P/E)



Source: Bloomberg

## FINANCIAL STATEMENTS

Income statement (VND billion, except EPS)				
	2012	2013	2014	9T.2015
<b>Net revenue</b>	<b>6,374.9</b>	<b>6,902.0</b>	<b>7,484.3</b>	<b>4,460.9</b>
COGS	5,390.9	5,806.0	6,336.2	3,609.3
<b>Gross profit</b>	<b>984.1</b>	<b>1,096.1</b>	<b>1,148.0</b>	<b>851.6</b>
Finance income	40.3	34.8	17.4	8.1
Finance expense	145.4	81.0	33.4	20.9
Of which: interest expense	117.5	60.9	32.7	20.7
Selling expense	509.0	623.2	672.5	528.1
G&A express	133.5	169.1	207.4	121.8
<b>Operating income</b>	<b>236.5</b>	<b>257.6</b>	<b>252.1</b>	<b>188.9</b>
Other incomes	44.8	25.0	12.8	6.7
Other expenses	26.4	4.5	18.2	4.8
Other profit	18.4	20.5	- 5.5	1.9
Income from investment in affiliate companies	0.2			
<b>Earning before Tax</b>	<b>255.1</b>	<b>278.1</b>	<b>246.6</b>	<b>190.8</b>
Income Tax	46.7	42.5	67.5	43.3
Deferred Tax	- 3.4	- 2.1	- 12.4	- 0.6
<b>Net income</b>	<b>211.8</b>	<b>237.7</b>	<b>191.4</b>	<b>148.1</b>
Income attributable to minority interest	60.5	58.6	51.2	39.6
<b>Income attributable to PGS shareholders</b>	<b>151.3</b>	<b>179.1</b>	<b>140.2</b>	<b>108.4</b>
EPS (VND)	3,981.1	4,712.2	3,690.5	-

Statement of financial position (VND billion)				
	2012	2013	2014	9T.2015
<b>ASSETS</b>				
<b>A. Current assets</b>	<b>1,189.8</b>	<b>1,739.4</b>	<b>1,845.8</b>	<b>1,419.4</b>
I. Cash and cash equivalent	443.0	593.8	619.8	438.6
II. Short term investment	68.9	68.1	40.0	13.0
III. Short term receivables	529.0	818.6	917.8	773.8
IV. Inventory	123.5	204.1	184.1	140.3
V. Other current assets	25.3	54.7	84.0	53.7
<b>B. Long term assets</b>	<b>1,731.5</b>	<b>1,330.3</b>	<b>1,356.8</b>	<b>1,309.8</b>
I. Long term receivables	-	-	-	23.1
II. Fixed assets	1,045.0	808.2	795.4	779.0
III. Capital construction in process	29.1	39.7	47.1	25.0
IV. Investment real estate	0.8	-	-	
V. Long term investment	93.8	-	-	
VI. Goodwill	17.9	12.4	29.6	24.3
VII. Other long term assets	544.9	470.0	484.7	458.5
<b>Total assets</b>	<b>2,921.3</b>	<b>3,069.7</b>	<b>3,202.6</b>	<b>2,729.1</b>
<b>Liabilities and Owner's equity</b>				
<b>A. Liabilities</b>	<b>1,888.4</b>	<b>1,908.5</b>	<b>2,067.9</b>	<b>1,593.4</b>
I. Short term liabilities	1,396.9	1,626.3	1,827.9	1,345.7
II. Long term liabilities	491.5	282.1	240.0	247.7
<b>B. Owner's equity</b>	<b>1,033.0</b>	<b>1,161.3</b>	<b>1,134.7</b>	<b>1,135.8</b>
<b>Total liabilities and owner's equity</b>	<b>2,921.3</b>	<b>3,069.7</b>	<b>3,202.5</b>	<b>2,729.1</b>

Source: Auditted financial statements and Reviewed financial statements

Cash flow statement (VND billion)				
	2012	2013	2014	9T.2015
<b>I. Operating cash flow</b>				
EBT	255.1	278.1	246.6	190.8
Depreciation	263.1	316.6	282.4	185.0
Allowances	27.8	27.9	(1.4)	(5.0)
Decrease in account receivable	104.5	(273.2)	(129.4)	78.4
Increase in Inventory	(48.3)	(55.0)	23.6	47.4
Decrease in account payable	(229.0)	300.5	250.8	(489.1)
<b>Net operating cash flow</b>	<b>278.1</b>	<b>526.4</b>	<b>515.1</b>	<b>(21.7)</b>
<b>II. Investing cash flow</b>				
Cash used to acquire and construct fixed assets and other long term assets	(124.9)	(108.1)	(263.9)	(148.9)
Cash from disposition and selling of fixed assets and other long term assets	18.3	2.4	2.9	0.9
Cash from retrieving debts securities	40.0	54.4	28.1	30.4
Cash used in buying debts securities		(19.8)		(7.2)
Investment in other companies	-	(44.6)	(81.0)	
Interest income, dividend received	45.8	28.1	18.7	7.6
<b>Net investing cash flow</b>	<b>(40.6)</b>	<b>(61.5)</b>	<b>(295.2)</b>	<b>(117.1)</b>
<b>III. Financing cash flow</b>				
Cash from securities insurance	-	10.7	-	-
Loans received	600.3	752.4	857.4	830.7
Loans retirement	(765.2)	(961.5)	(899.7)	(741.0)
Finance lease	(40.0)	(29.7)	(52.8)	(29.1)
Dividend paid out	(175.8)	(86.0)	(98.9)	(103.0)
<b>Net financing cash flow</b>	<b>(380.7)</b>	<b>(314.1)</b>	<b>(193.9)</b>	<b>(42.5)</b>
<b>Net cash flow</b>	<b>(143.2)</b>	<b>150.8</b>	<b>26.0</b>	<b>(181.2)</b>
Beginning cash and cash equivalent	586.3	443.0	593.8	619.8
Ending cash and cash equivalent	443.0	593.8	619.8	438.6

FINANCIAL RATIOS				
	2012	2013	2014	9T.2015
<b>Liquidity ratio</b>				
Current ratio	0.85	1.07	1.01	1.05
Quick ratio	0.76	0.94	0.91	0.95
<b>Operating ratio</b>				
Inventory turnover	51.6	33.8	40.7	31.8
Asset turnover	2.18	2.25	2.34	1.63
<b>Financial leverage</b>				
Debt to assets	0.65	0.62	0.65	0.58
Debt to equity	1.83	1.64	1.82	1.40
<b>Profitability ratio</b>				
Gross profit margin	15.44%	15.88%	15.34%	19.09%
Operating profit margin	3.71%	3.73%	3.37%	4.23%
ROA	7.25%	7.74%	5.98%	5.43%
ROE	20.50%	20.47%	16.87%	13.04%
<b>Others</b>				
EPS	3,981	4,712	3,691	1,607
Book value per share	27,183	30,559	29,860	22,715

## STOCK RECOMMENDATION SYSTEM

PSI stock recommendation generation is based on the disparity between valuation results and stock price at the time of valuation. The recommendation is valid 6 months from the publication date. Each stock will receive one in 3 ratings in the recommendation system corresponding to 3 levels of disparity. Ratings are subject to change after every update or review to become more suitable to business performance of the company reported.

- **BUY:** if market price is 15% lower than valuation result
- **HOLD:** if market price is between +/- 15% range of valuation result
- **SELL:** if market price is 15% higher than valuation result

## PETROVIETNAM SECURITIES INCORPORATED

Hanoi tourist Building, 18 Ly Thuong Kiet, Hoan Kiem, Ha Noi

Phone: + 84 4 3934 3888 - Fax: +84 3934 3999

Website: [www.psi.vn](http://www.psi.vn)

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