

International Gas Product Shipping Joint Stock Company (HOSE: GSP)



Update report

UPDATE

After 9M/2013, GSP accomplished 87.5% of revenue and 84.2% of profit after taxes of 2013's plan. It is expected that in 2013, GSP's consolidated revenue would be 828,5 billion dong, increase 20% with 2012, profit before tax is 77,5 billion dong, increase 17,4%, profit after tax earns 57,5 billion dong rising 13,2% and forecasted EPS is 1629 VND/share, increase about 14,8% compared with 2012.

In 2013, GSP put Oceanus 09 vessel into operation with investment of 188 billion VND, in specific GSP contributed 25 billion Nhat Viet Transportation Corporation who is the owner of Oceanus 09 vessel. This helps GSP's marine improve transportation revenue in Q3/2013; boost Q4/2013's revenue and upcoming years. In addition, vessel leasing in "time spot" form made the revenue of GSP increased by 50% compared to "charter spot" form previously.

With investment plan of buying additional 1 LPG ships in 2014 and 02 in 2015, marine transportation of GSP would have high annual revenue and profit growth rate in the period of 2014-2016 as well as profit and EPS. As we estimated, revenue growth rate in 2013-2017 period is at about 21,4%/year, gross profit grows about 10%/year, and average growth rate of EPS is 24,1%/year.

With advantage of taking 70% LPG transportation market share in Vietnam, GSP has many advantages competition in the market as well as maintaining its position and development in the future. Also, GSP is the most effective subsidiary company of PetroVietnam Transportation (PV Trans) throughout the difficult period of the transport sector from 2008 up to now.

We predict that the price of GSP would be **15.500 VND** per share. This price is 49% higher than current price, equivalent to 9.51 times of P/E forward 2013 and 1.23 times of P/B forward.

RECOMMENDATION: BUY

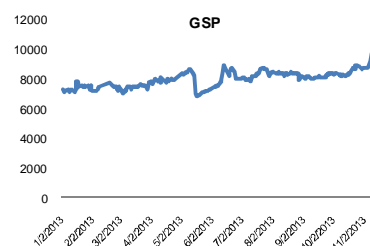
Target price:	15.500
Trading price:	10.400
Highest 52 weeks:	10.500
Lowest 52 weeks:	6.000

STOCK INFORMATION

Exchange:	HSX
Par value:	10.000
List number of share:	30.000.000
Capital (bill VND):	309
EPS 2012 (VND):	1.419
EPS 2013F (VND):	1.551

OWNERSHIP STRUCTURE

PVT	67.74%
VIBank	3.33%
Indochina No.1 LLP	3.33%
Knowledge Company Inc	3.33%
Others	22.27%
Total	100.0%



	2011A	2012A	2013F	2014F	2015F	2016F	2017F
EPS (VNĐ)	1,369	1,419	1,629	1,867	2,718	3,669	4,054
EPS growth rate	-20.7%	3.7%	14.8%	14.6%	45.6%	35.0%	10.5%
Book value per share (VNĐ)	11,649	12,030	12,646	13,680	15,778	19,065	22,832
P/E (times)	11.54	11.13	9.51	8.30	5.70	4.22	3.82
P/B (times)	1.36	1.31	1.23	1.13	0.98	0.81	0.68
ROA	7.76%	9.86%	7.08%	7.39%	8.11%	10.78%	11.75%
ROE	13.84%	14.08%	15.16%	17.06%	21.54%	24.06%	22.19%
Liabilities/Ownership	1.47	0.53	1.14	1.31	1.65	1.23	0.89

Source: GSP, PSI summary and forecast

BUSINESS ACTIVITES UPDATES

After 9 months of 2013, GSP accomplished 87.5% of revenue plan and 84.2% of profit after taxes revenue of 2013. It is expected that in 2013, GSP's consolidated revenue would be 828,5 billion dong, increase 20% with 2012, profit before tax is 77,5 billion dong, increase 17,4%, profit after tax earns 57,5 billion dong rising 13,2% and forecasted EPS is 1629 VND/share, increase about 14,8% compared with 2012.

Annually business results of the GSP is quite stable in the past time, specifically, gross profit margin stabilized around 11-12% of revenue and net profit margin achieved 7% of revenue. Despite downward trend due to revenue growth rate grew faster than the profit growth rate, overall, the business performance of GSP has been improved every year.

Table 1: Revenue, gross profit and gross profit margin of GSP

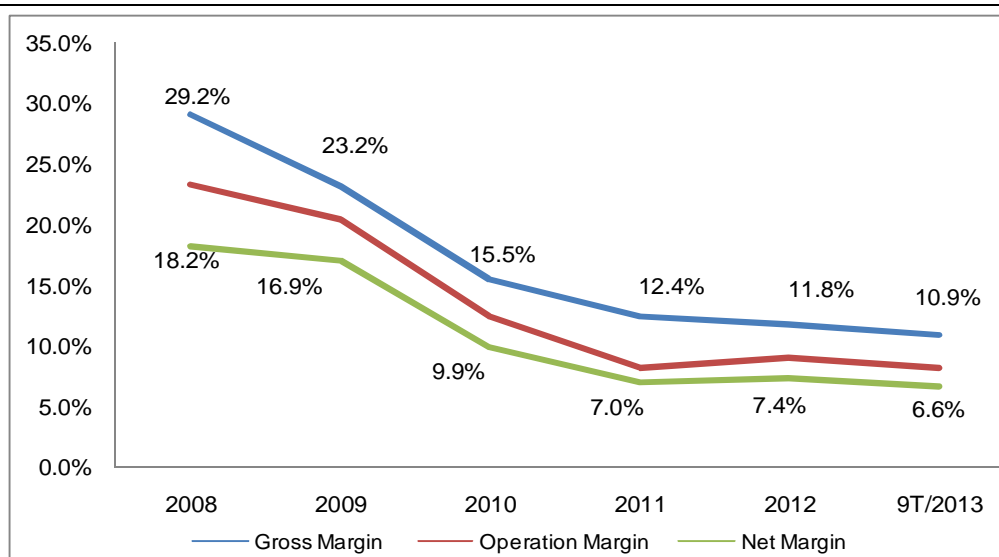
Fiscal year 31/12, billion VND	9T/2013	%YoY	2012	%YoY	2011	%YoY	2010	%YoY
Revenue	621.4	7.5%	689.0	-0.3%	690.7	82.3%	379.0	84.6%
Transportation services	453.6	13.8%	496.2	19.2%	416.1	10.6%	376.1	83.2%
Goods	167.8	41.1%	192.8	-29.8%	274.6	9408.8%	2.9	100.0%
Gross profit	9T/2013	YoY	2012	YoY	2011	YoY	2010	YoY
Gross profit	10.9%	-1.1%	11.8%	-0.6%	12.4%	-3.1%	15.5%	-7.7%
Transportation services	14.7%	-2.4%	15.8%	-4.5%	20.3%	4.7%	15.6%	-7.6%
Goods	0.6%	0.0%	1.3%	1.0%	0.4%	0.4%	0.0%	0.0%

Source: GSP, PSI summarized

The gross profit margin of GSP decreased by 1.1% compared to the same period of 2012, specifically, transportation services profit margin decreased by 2.49% against the same period and the sales gross profit margin unchanged compared to the same period of 2012.

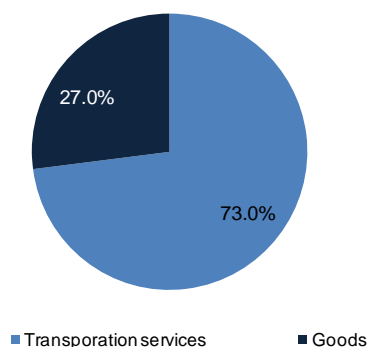
GSP's profit margin has decreased annually because the revenue of company increased mostly from the activity of goods selling while profit margin of this activity is quite low. In addition, freight rates decrease and the DO, FO fuel costs increase lead to profit margin decrease. The business performance of GSP is still efficient because GSP has increased the revenue and profit scale to offset the decline in gross profit in the last period.

Graph 1: Gross profit margin fluctuation of GSP recent years

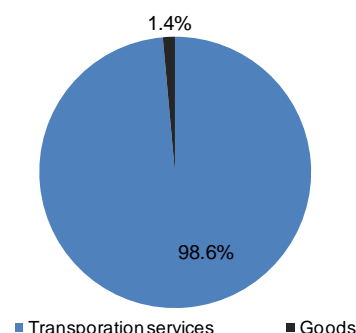


Source: GSP, PSI summarized

Graph 2: Revenue structure 9M/2013



Graph 3: Gross profit structure 9M/2013



Source: GSP, PSI summarized

In revenue structure, revenues from transportation operations always plays the most important role, Specially, it accounts for 73% of market share in the first 9 months of 2013, averagely 70% of total revenue of GSP in recent years, 98.6% of total gross profit of GSP in the first 9 months of 2013 and averagely 98% of gross profit of GSP every years.

GSP's transportation fleet

At the moment, GSP has fleet to transport crude oil, oil products and LPG including 7 vessels, in which Ocean 09, which has 4.900 m3 of tonnage has just gone into operation. In 2014, GSP would invest money to buy LPG ships in 2014 and 02 vessels on 2015 to prepare for Nghi Son petrochemical project as well as enhance transport fleet in the future.

Table 2: LPG vessel of GSP

	2008A	2009A	2010A	2011A	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
LPS vessel	10,647	10,647	15,989	15,989	15,989	20,889	20,889	25,789	35,589	35,589	35,589
1. Cửu Long Gas	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516
2. Hồng Hà Gas	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807
3. Việt Gas	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807	1,807
4. Sài Gòn Gas	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516
5. Apollo Pacific	-	-	3,438	3,438	3,438	3,438	3,438	3,438	3,438	3,438	3,438
6. Aquamarine Gas	-	-	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904	1,904
7. Oceanus 09	-	-	-	-	-	4,900	4,900	4,900	4,900	4,900	4,900
8. LPG 01	-	-	-	-	-	-	-	4,900	4,900	4,900	4,900
9. LPG 02	-	-	-	-	-	-	-	-	4,900	4,900	4,900
10. LPG 03	-	-	-	-	-	-	-	-	4,900	4,900	4,900

Source: GSP, PSI summarized

GSP's boats achieve the revenue of 80 billions per vessel each year in average and now they focus on form of time charter, in 2013, GSP bought a LPG vessel in its subsidiary and in 2014 the company will buy one more LPG vessel and the vessels would run in the form of time spot. This investment is expected to bring the revenue of 120 billion per year in average. In 2015, GSP would continue to invest in new ships 02 LPG vessel to ensure the transportation plans in the future when the consumption amount of LPG continue increasing as well as Nghi Son oil refinery is put in operation and Dung Quat oil refinery is completed in expansion.

Among current 07 LPG vessels, 04 vessels belong to parent company GSP and 03 vessels Apollo Pacific, Aquamarine Gas and Oceanus 09 are under the ownership of GSP's subsidiary, Nhat Viet

Transportation Corporation (GSP hold 51% chartered capital). Current total transport capacity of GSP achieves 20.889 m3 and would increase to 35.589 m3 in 2015 after 03 new vessels are put in operation in 2014-2015. At the moment, transport capacity of GSP accounted for approximately 70% of total transport capacity of LPG in Vietnam.

Sale of goods and fuel

GSP sell diesel oil, FO, liquefied petroleum gas (LPG) for LPG ships that GSP outsource to implement transportation for Dinh Co Gas Processing Plant and LPG of Dung Quat oil refinery, as well as other customers. Although the turnover is high, generated revenue is negligible in profit structure of GSP.

Company Profile

GSP was established on October 25th 2007 by 3 big corporations in the oil industry as PV Trans, PTSC, PV Gas. After that, GSP was transferred to PV Trans who owns 67.74% of share and GSP became PV Trans' subsidiary with chartered capital of 300 billion VND. GSP focuses on transportation of liquefied petroleum gas (LPG) in the domestic market, Southeast Asia, West Asia and North Asia with a fleet of seven ships including 5 ships on international voyages, 2 ships run local routes as well as some outsourced vessels run local routes when necessary.

GSP has 70% of LPG transportation market share in Việt Nam thanks to its LPG transportation for PV gas whose LPG market share accounts for 70% in Vietnam. This has created huge business advantages for GSP compared to other transportation companies by traditional domestic customers. GSP also has a fleet including 05 ships that serve aboard routes for overseas customers like Petronas Malaysia, Dealim H & L Co., ...

Assessment of GSP in current LPG transportation

GSP is the most effective subsidiary of PetroVietnam transportation (PV Trans) and has the biggest contribution to annual profit of PV Trans in the last difficult period. GSP's business performance always achieve good results even though oil transportation market products has declined sharply during the years from 2008 up to now and there is not any clear signs of recovery. GSP is also very rare companies in the water transportation industry in Vietnam which balances the annual cash flow and reasonable loans rate, foreign currency loans at a low level (\$ 2 million) and operating cash flow is always positive to ensure solvency annually.

Table 3: Compare GSP with main competitor in liquid transportation

Liquid transportation	9M/2013			2012			2011		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
GSP	621.4	67	10.8%	689.0	81.0	11.8%	690.7	85.5	12.4%
PVT	3,526.4	380.4	10.8%	4,460.6	461.3	10.3%	4,157.5	393.7	9.5%
VTO	1,201.5	87.9	7.3%	1,641.1	208.0	12.7%	1,665.6	438.5	26.3%
VIP	614.9	138.9	22.6%	1,000.6	171.5	17.1%	1,714.8	323.5	18.9%
PTS	206.6	5.2	2.5%	279.8	12.4	4.4%	318.9	25.1	7.9%
PSC	400.7	23.7	5.9%	639.0	28.5	4.5%	899.3	31.4	3.5%
PJC	951.6	24.0	2.5%	1,203.4	37.4	3.1%	1,118.8	39.1	3.5%
Average	7,523.0	727.3	9.7%	9,913.5	1,000.1	10.1%	10,565.5	1,336.8	12.7%

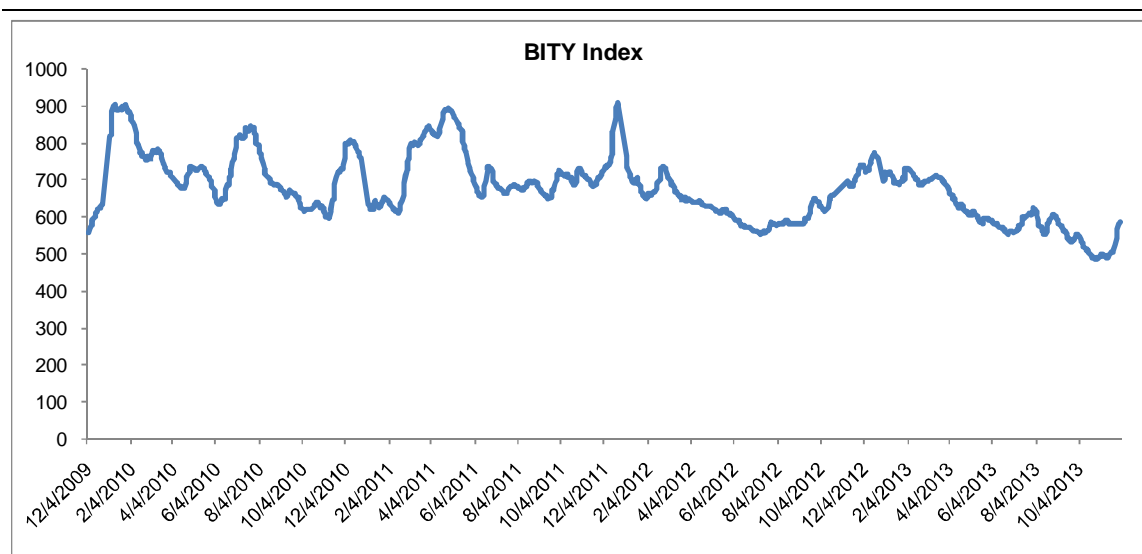
Source: GSP, PSI summarized

GSP's average business results is higher than average level of current listed liquid transportation companies. Although profit margin decreased due to the increase of material price, GSP still ensure to accomplish the annual profit target.

According to our observations. Baltic Clean Tanker Index, oil products transportation index tends has fast increase since 10/2013, reach 586 point on 2/11/2013, and increase 15,4% compared to October. However, in

general, BITY index still decrease 22% compared with same period in 2012, and decrease 30,5% with 2011.

Graph 4 : Fluctuation BITY Index

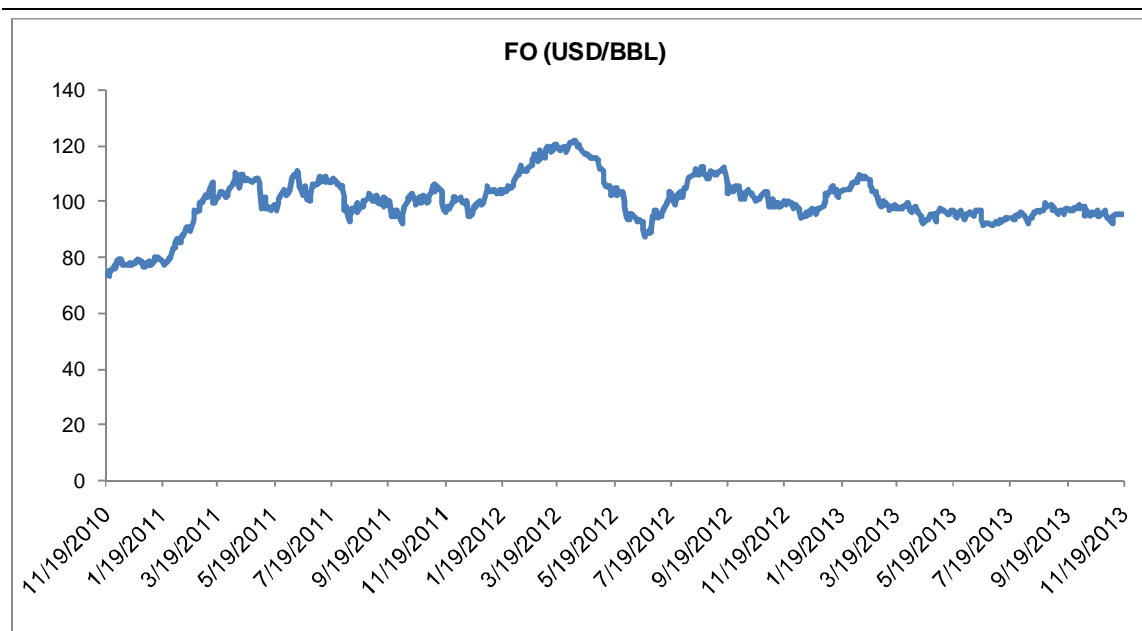


Time	% previous day	% 1 month	% 3 months	% 6 months	% 1 year	% 2 years	% 5 years
% change	0.0%	15.4%	-2.6%	-0.2%	-22.0%	-30.5%	-138.7%
BDTI	586	496	601	587	715	765	1,399

Source: Bloomberg, PSI summarized

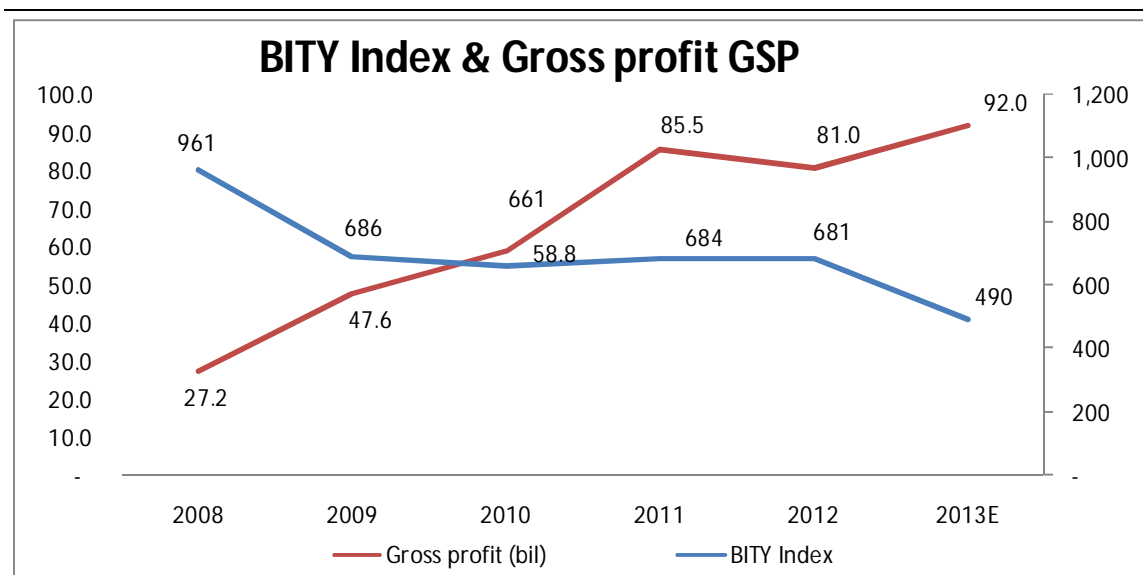
In condition that average transportation rates do not increase, while price of FO oil strongly increase in 100 and be stable recent period, GSP's operation is still quite efficient by generally expand transporation scale to make up for decreasing transporation rate and increasing input oil price.

Graph 5: FO price fluation at Singapore (USD/barrel)



Source: Bloomberg, PSI Summary

Graph 6: BDTI movement with GSP's gross profit



Source: Bloomberg, PSI Summary

Although the freight rate tends to decrease in the past, GSP's profit increase moderately every year. Although the market outlook is not really favorable, GSP performance still proved very effective in the common market.

Cost of management of GSP has been strictly managed and the ratio of cost of management and cost of goods sold over revenue in recent years stabilized at the rate of 3.5%.

Table 4: Operating expense of GSP

Expense (billion VND)	9T/2013	%YoY	2012	%YoY	2011	YoY	2010	YoY
Operating expense	21.9	5.6%	29.8	7.5%	27.7	68.1%	16.5	30.8%
Selling expense	0.8	-38.1%	1.7	100.0%	-	-100.0%	1.2	-32.4%
Management expense	21.1	8.6%	28.0	1.2%	27.7	80.9%	15.3	41.4%
Expense/Revenue (%)	9T/2013	YoY	2012	YoY	2011	YoY	2010	YoY
Operating expense/Revenue (%)	3.5%	-0.3%	4.3%	0.3%	4.0%	-0.3%	4.3%	-1.8%
Selling expense/Revenue	0.1%	-0.1%	0.3%	0.3%	0.0%	-0.3%	0.3%	-0.5%
Management expense/Revenue	3.4%	-0.2%	4.1%	0.1%	4.0%	0.0%	4.0%	-1.3%

Source: GSP, PSI summarized

Positive signals in capital structure

One of the main risks of GSP in recent years is the cost of financing and loans fixed asset investment of GSP in the past, which has caused great difficulties to the operation of GSP as well as the cash flow balance and moneymaker insurance.

In the first 6 months of 2013, GSP sharply decreases the cost of interest rate by 24.1% and foreign exchange costs also decreased because dollar exchange rate fell by 1% compared to the same period of 2012. In addition, in 2012, GSP has recorded for the difference in exchange rate of the previous year so finance costs is higher than average. In 2013, GSP only recorded the difference in exchange rate in small values so finance cost has been reduced for the year.

Table 5: Commercial debt of GSP

Total debt (billion dong)	9T/2013	%YoY	2012	%YoY	2011	YoY	2010	YoY
Commercial debt	185.1	130.9%	77.3	-46.8%	145.4	14.6%	126.9	100.0%
Short-term	18.1	-21.1%	26.3	-62.8%	70.8	124.4%	31.5	100.0%
Long-term	166.9	191.9%	51.0	-31.6%	74.6	-21.8%	95.3	100.0%
Interest expense (billion dong)	9T/2013	YoY	2012	YoY	2011	YoY	2010	YoY
Interest expense (billion dong)	1.7	-75.2%	8.1	-32.4%	12.0	151.1%	4.8	100.0%
Interest expense/Total debt (%)	0.9%	-7.5%	10.5%	2.2%	8.2%	1.7%	3.8%	100.0%

Source: GSP, PSI summarized

The GSP loans increased in 2013 due to the loan of more than 100 billion VND investing in Oceanus 09 vessels. The increase in loans will affect to the finance cost of GSP in the fourth quarter of 2013 and subsequent years.

In addition, GSP plans to invest in 03 new vessels in 2014 – 2015 so the commercial debt will continue to rise during this period.

Table 6: Loan structure and repayment plan upcoming years

LOAN REPAYMENT PLAN								
	2011A	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
Short-term debt								
Beginning	31,543	70,780	26,333	26,333	18,140	36,356	14,805	14,805
Change	39,236	(44,447)	(8,194)	(8,194)	18,216	(21,551)	-	-
Ending	70,780	26,333	18,140	18,140	36,356	14,805	14,805	14,805
Beginning	95,310	74,571	50,997	50,997	149,636	232,508	481,681	405,532
Debt increase	5,041	2,759	136,913	136,913	121,146	290,750	-	-
Debt decrease	(25,780)	(26,333)	(20,967)	(38,274)	(38,274)	(41,578)	(76,149)	(76,149)
Ending	74,571	50,997	166,943	149,636	232,508	481,681	405,532	329,383
Interest expense	11,967	8,092	3,989	4,902	12,008	21,047	29,797	24,847

Source: PSI forecast, GSP

In period from 2014-2017, GSP now only has plan to invest into 3 vessels with forecasted capex as following:

Table 7: New investment plan of GSP

New investment plant	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
Total investment value	1,582	188,583	188,583	192,354	392,403	2,410	2,410
Oceanus 09	-	188,583	188,583	-	-	-	-
LPG 01	-	-	-	192,354	0	-	-
LPG 02	-	-	-	-	196,202	-	-
LPG 03	-	-	-	-	196,202	-	-

Source: PSI forecast, GSP

FINANCIAL FORECASTS

According to the information that we obtained, we forecast business results of GSP in the period of 2013-2017 are as per follows:

Table 8: Forecasted revenue, COGS, and gross profit of GSP

	GSP's Revenue						
	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
Revenue (million VND)	688,992	621,360	828,479	982,281	1,360,182	1,671,535	1,788,542
Transportation service	496,195	453,595	604,794	742,938	1,104,085	1,397,510	1,495,336
	19%	14%	22%	23%	49%	27%	7%
Goods	192,797	167,764	223,686	239,344	256,098	274,025	293,206
	-30%	-7%	16%	7%	7%	7%	7%
Transportation service	72.0%	73.0%	73.0%	75.6%	81.2%	83.6%	83.6%
Goods	28.0%	27.0%	27.0%	24.4%	18.8%	16.4%	16.4%
Total revenue	688,992	621,360	828,479	982,281	1,360,182	1,671,535	1,788,542
% Growth	0%	7%	20%	19%	38%	23%	7%
COGS (%)	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
Transportation service	84.2%	85.3%	85.0%	85.0%	85.0%	84.0%	84.0%
Goods	98.7%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Gross profit margin (%)							
Transportation service	16%	15%	15%	15%	15%	16%	16%
Goods	1%	1%	1%	1%	1%	1%	1%
Gross profit (mil VND)							
Transportation service	78,444	66,770	90,719	111,441	165,613	223,602	239,254
Goods	2,573	982	1,310	1,401	1,499	1,604	1,717
Total gross profit	81,017	67,752	92,029	112,842	167,112	225,206	240,970
COGS (Mil VND)							
Transportation service	417,751	386,825	514,075	631,497	938,472	1,173,909	1,256,082
Goods	190,224	166,782	222,376	237,942	254,598	272,420	291,490
COGS	607,975	553,608	736,451	869,440	1,193,071	1,446,329	1,547,572

Source: PSI, GSP

Table 9: Forecasted result of GSP

FORECASTED INCOME STATEMENT								
mil VND	Năm tài chính kết thúc 31/12							
	2011A	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
Gross Revenue	690,726	688,992	621,360	828,479	982,281	1,360,182	1,671,535	1,788,542
Growth (%)	82%	0%	14%	19.9%	18.6%	38.5%	22.9%	7.0%
Cost of Goods Sold	605,190	607,975	554,066	736,451	869,439	1,193,070	1,446,329	1,547,572
% of revenue	88%	88%	89%	88.9%	88.5%	87.7%	86.5%	86.5%
Gross Profit	85,536	81,017	67,294	92,029	112,842	167,112	225,206	240,970
% of revenue	12.4%	11.8%	10.8%	11.1%	11.5%	12.3%	13.5%	13.5%
SG&A	27,701	29,776	21,937	29,410	34,870	48,284	59,337	63,491
% of revenue	4.0%	4.3%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
General Administration	27,701	28,046	21,125	28,167	33,396	46,244	56,830	60,808
% of revenue	4.0%	4.1%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Sales & Marketing	-	1,731	812	1,243	1,473	2,040	2,507	2,683
% of revenue	0.0%	0.3%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
EBIT (Operating Income)	57,835	51,241	45,357	62,619	77,972	118,828	165,869	177,480
% of revenue	8.4%	7.4%	7.3%	7.6%	7.9%	8.7%	9.9%	9.9%
Depreciation & Amortization	40,809	41,019	41,020	44,163	53,591	66,414	92,575	92,575
% of revenue	5.9%	6.0%	6.6%	5.3%	5.5%	4.9%	5.5%	5.2%
EBITDA	106,013	107,019	96,356	121,635	143,927	197,943	270,120	288,718
% of revenue	15.3%	15.5%	15.5%	14.7%	14.7%	14.6%	16.2%	16.1%
Financial Income	20,291	19,861	10,819	14,425	17,103	23,682	29,103	31,141
% Revenue	3%	3%	2%	2%	2%	2%	2%	2%
Financial Expense	20,794	8,234	4,896	5,702	12,008	21,047	29,797	24,847
% Revenue	3%	1%	1%	0.7%	1.2%	1.5%	1.8%	1.4%
Other profit	7,872	3,132	4,058	6,131	7,269	10,065	12,369	12,369
% Revenue	1.1%	0.5%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Profit before Tax	65,204	66,000	55,337	77,472	90,336	131,528	177,545	196,143
% of revenue	9.4%	9.6%	8.9%	9.4%	9.2%	9.7%	10.6%	11.0%
Income Tax	16,828	15,196	14,276	19,972	20,326	29,594	39,948	44,132
Tax rate (%)	25.8%	23.0%	25.8%	25.8%	22.5%	22.5%	22.5%	22.5%
Net Income	48,376	50,804	41,061	57,500	70,011	101,934	137,597	152,011
Net income margin	7.0%	7.4%	6.6%	6.9%	7.1%	7.5%	8.2%	8.5%
Mother company's Profit after tax	41,073	42,563	35,434	48,875	56,009	81,547	110,078	121,608
Mother company's PAT/Consolidate PA	84.9%	83.8%	86.3%	85.0%	80.0%	80.0%	80.0%	80.0%
EPS	1,369	1,419	1,181	1,629	1,867	2,718	3,669	4,054
Growth (%)	-20.7%	3.7%	10.6%	14.8%	14.6%	45.6%	35.0%	10.5%
Dividend	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Dividend payout ratio	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%

Source: GSP, PSI summarized and forecasted

VALUATION

The plan of investing in 4 new LPG vesell in the period of 2013-2014 will put pressure on debt and cash flow of GSP in the coming time. However, LPG transportation market is quite good, and demand in domestic market from 2 current LPG plants and Nghi Son oil refinery in the future, as well as advantage from transportation for PVGas - the leading company in LPG transportation in Vietnam, accounts for 70% LPG consumption market in Vietnam that will help GSP stabilize the output and development.

We forecast that GSP maintains the current dividend of 13% and may increase in the future when their business result is improved in the following years.

With current skillful management team, according to our assessment, GSP has quite positive

business prospects compare to other current companies on marine transportation industry in Vietnam. It is reasonable that GSP has higher valuation than average companies in the industry. EPS growth prospects of GSP also very positive in the period 2013 – 2017 with the average growth rate of 25.3 %, and especially increase sharply in 2015-2016 (+40.6% after 3 new vessels would be put in operation), after that will remain stable in the period of 2014-2017 at the amount of 11.6% per year.

Table 10: DCF valuation method
DCF
(in VND Million)

	Fiscal year 2012				
	2013F	2014F	2015F	2016F	2017F
EBIT	62,619	77,972	118,828	165,869	177,480
Less: Cash Taxes	(19,972)	(20,326)	(29,594)	(39,948)	(44,132)
Unlevered Net Income	42,646	57,647	89,234	125,921	133,348
+ Depreciation and Amortization	44,163	53,591	66,414	92,575	92,575
- Capital Expenditures	(188,583)	(192,354)	(392,403)	(2,410)	(2,410)
- Net (Increase)/Decrease in Non-Cash Working Capital	73,728	3,327	(4,370)	(4,704)	(1,267)
Unlevered Free Cash Flow	(28,045)	(77,790)	(241,125)	211,381	222,245

DCF Valuation	
	Perpetuity
	3.0%
Present Value of Free Cash Flows	(25,677)
Present Value of Terminal Value	541,147
Enterprise Value	515,469
Trừ: Nợ thuần (31/12/2013)	(46,520)
Equity Value	561,990
Outstanding shares	30,000,000
Price per share	18,733

Source: PSI forecast

Table 11: Valuation following comparative method with others company

bill VND Company	2013 valuation							2014 valuation			
	Enterprise Value	Equity Value	LNST	P/E	EBITDA	EV/EBITDA		LNST	P/E	EBITDA	EV/EBITDA
Domestic											
PVT	5,814,107	2,535,340	233,117	10.9x	711,396	8.2x		278,799	9.1x	831,986	3.0x
VTO	1,527,244	536,293	31,488	17.0x	280,767	5.4x		28,339	18.9x	252,690	2.1x
VIP	1,293,327	587,302	141,500	4.2x	254,731	5.1x		70,750	8.3x	203,785	2.9x
PSC	98,891	48,000	7,281	6.6x	19,441	5.1x		6,553	7.3x	17,497	2.7x
PJC	36,147	39,079	10,930	3.6x	30,096	1.2x		9,837	4.0x	27,087	1.4x
Total domestic	2,955,608	1,210,674	191,198	6.3x	585,036	5.1x		115,478	10.5x	501,059	5.9x
Asian region											
2GO PM	3,944,325	2,002,122	266,200	7.5x	1,197,367	3.3x		252,890	7.9x	1,137,499	1.8x
ESL IN	18,860,154	1,169,614	96,851	12.1x	3,317,441	5.7x		92,008	12.7x	3,151,569	0.4x
TMAS IJ	2,486,223	446,049	96,183	4.6x	520,318	4.8x		91,373	4.9x	494,302	0.9x
LSC PM	779,035	295,480	28,323	10.4x	317,999	2.4x		26,907	11.0x	302,100	1.0x
Total oversea	26,069,737	3,913,266	487,556	8.0x	5,353,125	4.9x		463,178	8.4x	5,085,469	5.1x
Average	29,025,345	5,123,939	678,754	7.5x	5,938,161	4.9x		578,657	8.9x	5,586,528	5.2x

	P/E (forecasted PAT 2014)	
	Domestic	International
PAT	56,009	56,009
P/E Multiple	10.5x	8.4x
Enterprise Value	3,448,212	3,334,220
Less: Net debt	2,861,020	2,861,020
Equity Value	587,192	473,201
Outstanding share	30,000,000	30,000,000
Share price (VND)	19,573	15,773

	P/E (forecasted PAT 2013)	
	Domestic	International
PAT	48,875	48,875
P/E Multiple	6.3x	8.0x
Enterprise Value	3,170,497	3,253,304
Less: Net debt	2,861,020	2,861,020
Equity Value	309,477	392,284
Outstanding share	30,000,000	30,000,000
Share price (VND)	10,316	13,076

Nguồn: PSI forecast

Table 12: Valuation Summary

Valuation Methodology							
(million VND)	Proposed Price	DCF	Base on P/E forward 2014		Base on P/E forward 2014		Average
			Domestic	Oversea	Domestic	Oversea	
Enterprise Value	418,309	515,469	3,448,212	3,334,220	3,170,497	3,253,304	3,325,849
Less: Net debt (USD)	(46,520)	(46,520)	2,861,020	2,861,020	2,861,020	2,861,020	2,861,020
Equity Value	464,829	561,990	587,192	473,201	309,477	392,284	464,829
Price (VND)	15,494	18,733	19,573	15,773	10,316	13,076	15,494

Source: PSI forecast

We value price of GSP is about **15.500** VND/share currently.

Bảng 13: Forward PE, EV/BITDA with current price

Year	P/E	EV/BITDA
2013F	9.5x	3.4x
2014F	8.3x	2.9x
2015F	4.6x	2.1x
2016F	3.4x	1.5x
2017F	3.1x	1.4x

Source: PSI forecast

APPENDICES

BALANCE SHEET

FORECASTED BALANCE SHEET								
	Năm tài chính 31/12							
	2011A	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
Asset								
Cash and Equivalent	167,693	123,850	165,882	287,184	264,569	193,654	259,397	347,940
Investments	5,000	75,000	5,000	5,000	-	-	-	-
Accounts Receivable	150,241	32,127	80,410	90,792	107,647	149,061	183,182	196,005
Other Receivables	3,061	4,805	1,789	4,805	4,805	4,805	4,805	4,805
Inventory	19,281	18,764	14,995	19,931	23,530	32,289	39,143	41,883
Other Current Assets	1,218	4,256	20,920	4,256	4,256	4,256	4,256	4,256
Total Current Assets	347,131	260,613	288,649	411,968	404,808	384,065	490,782	594,888
Tangible Assets	241,740	202,473	358,421	350,893	493,656	823,645	737,481	651,316
Intangible Assets	133	45	11	43	41	39	37	35
Other Assets	31,833	49,854	51,833	49,356	48,862	48,373	47,890	47,411
TOTAL ASSET	623,677	515,114	700,511	812,259	947,367	1,256,122	1,276,189	1,293,650
Liabilities								
Current Liabilities								
Accounts Payable - Trade	76,095	26,429	68,567	80,707	95,281	130,747	158,502	169,597
Prepayment from Customers	-	2,139	-	-	-	-	-	-
Taxes and Payable to State budget	8,704	6,020	6,331	8,441	10,009	13,859	17,031	18,224
Payable to Employees	5,240	5,219	10,664	14,219	16,859	23,344	28,688	30,696
Accrued Expense	-	-	-	-	-	-	-	-
Internal liabilities	-	-	-	-	-	-	-	-
Total Current Liabilities	363,902	106,572	95,202	103,367	122,148	167,951	204,221	218,517
Other Liabilities	3,392	1,136	7,188	1,170	1,206	1,242	1,279	1,317
Debt								
Revolving Credit Facility	70,780	26,333	18,140	18,140	36,356	14,805	14,805	14,805
Long-Term Debt	74,571	50,997	166,943	149,636	232,508	481,681	405,532	329,383
Total Debt	145,350	77,330	185,082	328,327	413,608	613,590	498,752	388,868
Total Liabilities	515,090	190,628	293,062	432,864	536,962	782,783	704,252	608,702
Equity								
Charter capital	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Retain earning	41,695	48,573	47,599	61,323	85,332	138,073	222,911	320,720
Funds	7,761	12,322	15,680	18,072	25,073	35,267	49,026	64,227
Total Equity	349,455	360,895	363,279	379,395	410,405	473,340	571,937	684,948
Total Liabilities & Equity	623,677	515,114	700,511	812,259	947,367	1,256,122	1,276,189	1,293,650

Source: GSP, PSI forecast

FORECASTED INCOME STATEMENT

FORECASTED INCOME STATEMENT								
<i>mil VND</i>	Năm tài chính kết thúc 31/12							
	2011A	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
Gross Revenue	690,726	688,992	621,360	828,479	982,281	1,360,182	1,671,535	1,788,542
Growth (%)	82%	0%	14%	19.9%	18.6%	38.5%	22.9%	7.0%
Cost of Goods Sold	605,190	607,975	554,066	736,451	869,439	1,193,070	1,446,329	1,547,572
% of revenue	88%	88%	89%	88.9%	88.5%	87.7%	86.5%	86.5%
Gross Profit	85,536	81,017	67,294	92,029	112,842	167,112	225,206	240,970
% of revenue	12.4%	11.8%	10.8%	11.1%	11.5%	12.3%	13.5%	13.5%
SG&A	27,701	29,776	21,937	29,410	34,870	48,284	59,337	63,491
% of revenue	4.0%	4.3%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
General Administration	27,701	28,046	21,125	28,167	33,396	46,244	56,830	60,808
% of revenue	4.0%	4.1%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Sales & Marketing	-	1,731	812	1,243	1,473	2,040	2,507	2,683
% of revenue	0.0%	0.3%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
EBIT (Operating Income)	57,835	51,241	45,357	62,619	77,972	118,828	165,869	177,480
% of revenue	8.4%	7.4%	7.3%	7.6%	7.9%	8.7%	9.9%	9.9%
Depreciation & Armotization	40,809	41,019	41,020	44,163	53,591	66,414	92,575	92,575
% of revenue	5.9%	6.0%	6.6%	5.3%	5.5%	4.9%	5.5%	5.2%
EBITDA	106,013	107,019	96,356	121,635	143,927	197,943	270,120	288,718
% of revenue	15.3%	15.5%	15.5%	14.7%	14.7%	14.6%	16.2%	16.1%
Financial Income	20,291	19,861	10,819	14,425	17,103	23,682	29,103	31,141
% Revenue	3%	3%	2%	2%	2%	2%	2%	2%
Financial Expense	20,794	8,234	4,896	5,702	12,008	21,047	29,797	24,847
% Revenue	3%	1%	1%	0.7%	1.2%	1.5%	1.8%	1.4%
Other profit	7,872	3,132	4,058	6,131	7,269	10,065	12,369	12,369
% Revenue	1.1%	0.5%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Profit before Tax	65,204	66,000	55,337	77,472	90,336	131,528	177,545	196,143
% of revenue	9.4%	9.6%	8.9%	9.4%	9.2%	9.7%	10.6%	11.0%
Income Tax	16,828	15,196	14,276	19,972	20,326	29,594	39,948	44,132
Tax rate (%)	25.8%	23.0%	25.8%	25.8%	22.5%	22.5%	22.5%	22.5%
Net Income	48,376	50,804	41,061	57,500	70,011	101,934	137,597	152,011
Net income margin	7.0%	7.4%	6.6%	6.9%	7.1%	7.5%	8.2%	8.5%
Mother company's Profit after tax	41,073	42,563	35,434	48,875	56,009	81,547	110,078	121,608
Mother company's PAT/Consolidate PA	84.9%	83.8%	86.3%	85.0%	80.0%	80.0%	80.0%	80.0%
EPS	1,369	1,419	1,181	1,629	1,867	2,718	3,669	4,054
Growth (%)	-20.7%	3.7%	10.6%	14.8%	14.6%	45.6%	35.0%	10.5%

Source: GSP, PSI forecast

CASH FLOW STATEMENT

FORECASTED CASH FLOW STATEMENT								
million VND	Năm tài chính 31/12							
	2011A	2012A	9T/2013A	2013F	2014F	2015F	2016F	2017F
EBITDA	24,194	107,019	96,356	121,635	143,927	197,943	270,120	288,718
Less: Cash Taxes	(16,828)	(15,196)	(14,276)	(19,972)	(20,326)	(29,594)	(39,948)	(44,132)
Less: Cash Interest Expense	(20,794)	(8,234)	(4,896)	(5,702)	(12,008)	(21,047)	(29,797)	(24,847)
Less: Capital Expenditure	(388)	(1,582)	(188,583)	(188,583)	(192,354)	(392,403)	(2,410)	(2,410)
Add: Extraordinary Income	(7,872)	(3,132)	(4,058)	(6,131)	(7,269)	(10,065)	(12,369)	(12,369)
Change in Working Capital								
Short-term investments	80,000	(70,000)	70,000	70,000	5,000	-	-	-
Accounts Receivable	(102,794)	118,114	(48,283)	(58,665)	(16,855)	(41,414)	(34,121)	(12,823)
Other Receivables	(1,206)	(1,743)	3,016	-	-	-	-	-
Inventory	272	517	3,769	(1,167)	(3,599)	(8,759)	(6,854)	(2,740)
Other Current Assets	830	(3,038)	(16,664)	-	-	-	-	-
Accounts Payable - Trade	51,294	(49,666)	42,138	54,278	14,574	35,466	27,754	11,095
Prepayment from Customers	-	2,139	(2,139)	(2,139)	-	-	-	-
Taxes and Payable to State budget	989	(2,685)	312	2,422	1,567	3,850	3,172	1,192
Payable to Employees	402	(21)	5,445	9,000	2,640	6,486	5,344	2,008
Accrued Expense	-	-	-	-	-	-	-	-
Intercompany payable	-	-	-	-	-	-	-	-
Total Change in Working Capital	29,788	(6,383)	57,593	73,728	3,327	(4,370)	(4,704)	(1,267)
Free Cash Flow Before Debt Service				(25,025)	(84,703)	(259,537)	180,891	203,692
Mandatory Principal Draw/ (Repayment)				227,358	101,089	227,621	(76,149)	(76,149)
Free Cash Flow After Mandatory Debt Service & Investments				202,334	16,386	(31,915)	104,742	127,543
Dividend Payment				(39,000)	(39,000)	(39,000)	(39,000)	(39,000)
Free Cash Flow After Dividend Payment				163,334	(22,614)	(70,915)	65,742	88,543
Capital raise from issuing				-	-	-	-	-
Net Cash in Financial activity				163,334	(22,614)	(70,915)	65,742	88,543
Net Change in Cash				163,334	(22,614)	(70,915)	65,742	88,543
Beginning Cash Balance				123,850	287,184	264,569	193,654	259,397
Ending Cash Balance	167,693	123,850	165,882	287,184	264,569	193,654	259,397	347,940

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