

## GAS SHIPPING (GSP – HSX)

### A steady sail in 2013

Particulars (VND bn)	3QFY13	2QFY13	% (qoq)	3QFY12	% (yoy)
Net Revenues	230.6	190.3	21%	132.5	74%
EBIT	13.3	12.0	11%	12.9	3%
PAT	22.2	19.7	13%	20.6	8%
EBIT margin (%)	9.6%	10.4%	-72bps	15.5%	-589bps

Sources: GSP

**Earnings outshoot plan by 24%.** For the nine-month period ending September 2013, GSP's revenue was posted VND621.4 billion and NPAT VND35.7 billion, up by 14% and 11% year-on-year, respectively. Such growth stemmed from the fact that factories' LPG output carried by GSP was more stable over the past calendar year. By mid-November, GSP has completed already 2013's goal. Q4 sales are expected at ~VND243.7 billion and NPAT at ~VND14.5 billion. For 2013 whole-year, consolidated revenue is estimated at ~VND865 billion, up by 25.6% yoy, driven mainly by an increase of 27% of transportation revenue. Due to the lower margin of the petroleum business (~0.6%), NPAT may grow at a slower pace of 17.9% to ~VND50.15 billion.

**Fleet capacity expanded 41% thanks to new investment.** Near the end of August, GSP invested up to VND185.3 billion on an Oceanus 09, the largest carrier it has purchased so far (5,000 DWT). The new ship, which belongs to Nhat Viet, a subsidiary of GSP, brought GSP's fleet size up to 7 and the overall capacity to 17,000 DWT. The Company is advantaged by a fleet much younger (21 years of average age) than those of its competitors (~29 years). In 2013, all ships sailed without a break and the Company took on fewer overseas routes as thanks to uninterrupted operation Dung Quat oil refinery. GSP is considering adding another LPG tanker (from 5,000 to 7,500 DWT) to its fleet in 2014, which, will depend on the firm's business prospect plus its ability to borrow.

**Significant cost structure changed for 2013.** The proportionate share of fuel cost in total increased sharply from 37% in 2012 to 52% by the end of the third quarter. So far, GSP has been able to command more efficient control over the cost of fuel for its fleets such that the parent company's fuel cost as a part revenue ratio has dropped from 27% in 2012 to 24%. The subsidiaries, however, seemed to be laxer on their spending, which drove the consolidated net profit margin down slightly to 11.3% from 11.76% in 2012.

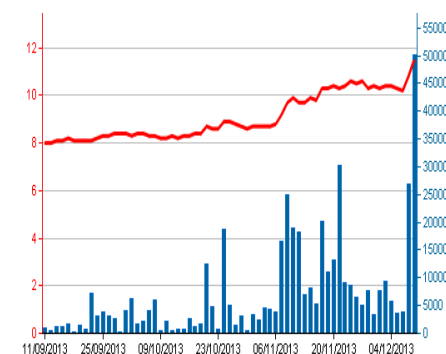
**2014 outlook may be not as bright.** Next year, Dung Quat will close 2 months for scheduled maintenance, which could negatively affect GSP's business. In order to keep its fleet active, the Company may have to lease out its tankers, an option less desirable given its tight margin. On the other hand, 2014 will likely witness an increase in interest expense now that Nhat Viet has taken on a debt of VND130 billion to fund the purchase of Oceanus 09. GSP looks forward to ~VND800 billion of revenue and ~VND70 billion of EBT next year, which look somewhat cautious considering this 2013's above-expectation results. According to the information we have, GSP is negotiating with Binh Son Refining and Petrochemical Company to raise freight rate, however, the charge will remain unchanged. Thus, our estimate for 2014's NPAT (after minority interest) is rather cautious at VND45.7 billion.

## ACCUMULATE

Market price (VND) 11,500

### Stock Info

Sector	Shipping
Market Cap ( VND bn)	345
Current Shares O/S	30,000,000
Beta	0.9
Free float (%)	22%
52 weeks High	11,500
52 weeks Low	5,970
Avg. Daily Volume (in 20 sessions)	121,168



### Performance (%)

	3M	1Y	3Y
GSP	44%	60%	na
Shipping	37%	96%	na
VN30 Index	8%	26%	2%
HSX Index	8%	32%	2%

### Major Shareholders (%)

PVTrans	67,74%
Indochina No.1 LLP	3,33%
Knowledge Company Inc	3,33%
VIB Bank	3,33%

Foreign Investor Room (%) 49%

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### Outlook:

GSP is one of the most stable companies under direct ownership of PetroVietnam Transportation Corporation - PVTrans, as well as a top sea transport company in term of efficiency thanks to its being the exclusive transporter of LPG for Dung Quat and Dinh Co gas plants. After two years of delay, GSP's recent investment in its fleet helps the transporter expand its capacity to a great extent and thus may be considered a big step in the Company's operation. Increased financing expense, however, is a side effect of development. The growth outlook for GSP depends largely on LPG output from the above mentioned gas plants and its own fleet capacity as the Company does not have revenue from outside commercial LPG transport.

The period between 2013 and 2017 is an important time frame in which GSP has to quickly elevate its capacity by means of capital expenditures in preparation for the initial running of Nghi Son oil refinery in 2017. 2013 EPS is estimated at VND 1,672 per shares. At market price on 10/12/2013 of VND11,500, GSP is trading at a forward P/E multiple of 6.9x, much lower than the average P/E of other peer-to-peer shipping companies (~17.6x).

### Key financials

Y/E Dec ( VND bn)	FY2011	FY2012	9M/FY2013	FY2013E	FY2014F
Net Revenues	690.7	689.0	621.4	865.1	891.1
% chg	82.3	-0.3	13.9	25.6	3.0
PAT	41.1	42.6	35.7	50.1	45.7
% chg	11.1	3.6	11.4	17.8	-8.7
EBIT margin (%)	5.9	6.2	5.7	5.8	5.1
ROA (%)	7.1	7.5		8.3	6.5
ROE (%)	11.9	12.0		13.5	11.8
EPS (VND)	1,369	1,419		1,671	1,525
Book value (VND)	11,649	12,030		12,683	13,219
Cash dividend (VND)	1.000	1.000		1.000	1.000
P/E (x)*		5.0		6.9	7.5
P/BV (x)*		0.6		0.9	0.9

Sources: GSP, \*Stock price as of 10/12/2013

## RESULT UPDATE

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective which is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

## RATING GUIDANCE

Ratings Return Potential	BUY	ACCUMULATE	NEUTRAL	REDUCE	SELL
Intermediate- term (up to 6 months)	>20%	10% to 20%	-5% to 10%	-15% to -5%	<-15%
Long-term (over 6 months)	>30%	15% to 30%	-10% to 15%	-15% to -10%	<-15%

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The **Analysis and Investment Advisory Department** of RongViet Securities provides research reports on the macro-economy, securities market and investment strategy along with industry and company reports and daily and weekly market reviews

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