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Analyst

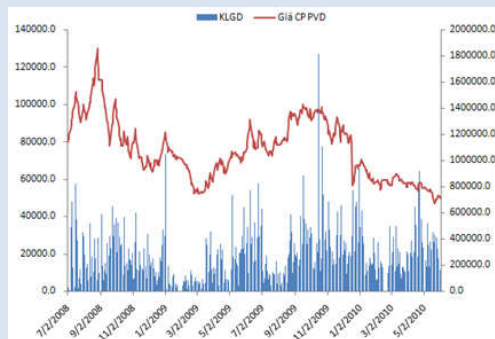
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Ticker: **PV DRILLING**- Exchange: **HSX**

Analyst Opinion: **BUY**
Target Price: **VND 59,200**

STOCK STATISTICS

Price as of 06/09/2010	VND 48,100
Sector: Oil & Gas	
Business Models: Oil Equipment, Services & Distribution	
Listed Since	05/12/2006
Issued Shares	210,508,215
Floating Shares	210,508,215
Market Cap (billion VND)	10,483
52 Week High (VND)	105,000
52 Week Low (VND)	49,000
10 Day Average Volume	274,100
% Price Change 1 Month	-11.67%
% Price Change 3 month	-23.68%
% Price Change 6 month	-40.75%
% Price Change 12 month	-38.05%
% Foreign Ownership	27.6%
% Foreign Ownership Limit	49.0%
Beta 52 Week	0.88
Source: TLS	



FINANCIAL HIGHLIGHTS

Unit : in VND bil	2008	2009	2010E
Assets	8,633	12,368	15,209
Equity	2,091	4,232	4,389
Gross Revenue	3,729	4,097	6,965
EBIT	935	1,062	1,412
EAT	949	923	968
EPS	7,616	4,759	4,047
Dividend per share			
P/E		17.4x	14.6x
P/B		3.4x	2.7x
Sales Growth			
EPS Growth	36.2%	9.9%	70%
Gross Profit Margin	24.3%	-37%	-15%
Net Profit Margin	32.4%	30.3%	23.9%
Return on Total Asset	25.1%	25.9%	20.3%
Return on Equity	-2%	7.6%	11%
Dividen Yield %	-6.2%	20.6%	26.1%
Assets		12%	12%

Source : PV DRILLING, TLS

PETROVIETNAM DRILLING & WELL SERVICES CORPORATION (PV DRILLING:HSX)

June, 09 2010

With our conservative assumptions : (i) 2010 average oil price of USD 70 per barrel, and (ii) foreign exchange loss provision of VND 330 billion while more than 90% revenue denominated in USD; our 2010 target price is VND 59,200 (USD 3.12) per share, upside 23% of closing market price at June 09, 2010. We recommend **BUY**.

COMPANY PROFILE

Established in November 2001, PetroVietnam Drilling and Well Services Corporation (PV DRILLING – Ticker PVD : HSX) is major player in drilling and drilling-related services. Currently, with three jack-up rigs and one land rig PV DRILLING is holding 50% of operation capacity in off-shore drilling and exploration & production (E&P) activities. Drilling services account for 50% of total revenue and 70% of pre-tax profit. Moreover, PV DRILLING offers drilling-related services such as high-skilled employee services, maintenance services and oil spill control services.

In 2009, PV DRILLING reported revenues of VND 4,097 billion (USD 215 million) and after-tax profit of VND 815 billion (USD 42.9 million). PV DRILLING, however, reported lower-than-expected earnings per share (EPS) of VND 5,865 (USD 0.31) which was attributed to: (1) forex loss provision of VND 150 billion (USD 7.89) million, and (2) additional share issuance to finance the PVD Invest merger project.

UPDATES

1Q/2010 bottom line performance was lower than the same period last year, we have seen a steady improvement in operational results over the past several years. Although

top-line revenue of VND 1,210 billion was 21.63% higher than 1Q 2009, after-tax profits of VND 92.7 billion was 68% lower. This result is attributable to non-operating rigs: (1) PV DRILLING-1 is on annual maintenance, and (2) PV DRILLING 2 & 3 have seen operational delays due to bad weather.

However, PV DRILLING recently announced positive results with estimated revenue of VND 2,400 billion and after-tax profit of VND 280 billion for first five months. Since April 2010, PV DRILLING has had five operational rigs. From June onwards, PV DRILLING will add an additional chartered rig, the Maersk Convincer, to Hoang Long JOC. With the delivery, PV DRILLING will increase its operating fleet to six rigs, accounting for 50% of national drilling capacity. We expect PV DRILLING will release updated operating results for 2Q 2010 to show renewed optimism due to these new contracted rigs.

VND 1,500 billion likely to be raised through bond issuance. PV DRILLING is going to issue a corporate or convertible bond with principal of VND 1,500 bn to finance the new-built MJPU rig. Currently the project is at performance appraisal stage.

New joint-venture adds new drilling capabilities to PV DRILLING. On March 16, 2010 PV Drilling signed a joint-venture contract with Baker Hughes to establish the PV DRILLING-Baker Hughes entity with chartered capital of USD 20 million of which PV DRILLING contributed 51%. The joint-venture will be expected to add new drilling capabilities to PV DRILLING's operations.

INVESTMENT HIGHLIGHTS

Bright future for Vietnam exploration and production (E&P) market. Vietnam reserve / production ratio (E/P), measured by production years for non-renewable natural resources, is around 40 times, highest if compared with other Asia countries with average R/P ratio of 14 times.

Positioned well as leading Vietnam drilling contractor accounting for 50% to of national capacity.

Secured contracts with high rig utilization. Up to now all of PV DRILLING's rigs are operating at high capacity with secured contracts ending in 2010 while world market rig utilization is lower as rig supply has outpaced demand.

New revenue stream expected from semi-submersible Tender Assited Drilling Rig (TAD) project. Based on PV DRILLING management's estimate, the project will deliver more positive NPV of USD 29.3 million.

VALUATION

Our 2010 target price of VND **59,200** is derived from forecasts 2010 EPS of VND 4,047 and average comparable P/E of 14.6x. The price is 23% higher than closing market price at June 09, 2010. We recommend **BUY** the stock.

MAJOR RISKS

Oil price volatility with downside trend impacts PV DRILLING's top-line performance. Based on estimates, the drilling company only generaes positive EBITDA when the oil prices reach a minium level of USD 70 per barrel.

Firex competition among players puts pressure on day rates and utilization.

Forex risks exposure to PV DRILLING's balance sheet as well as profit when PV DRILLING classified VND 152 billion as foreign exchange loss provision in 2009. In 2010, we expect PV DRILLING carries VND 332 billion as foreign exchange loss.

SUMMARY FINANCIALS

Unit : In VND billion

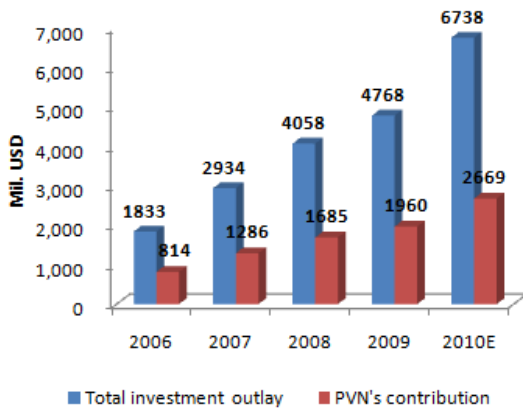
Earning Model (VND)	2007	2008	2009	2010E	Balance Sheet (VND)	2007	2008	2009	2010E
Net sales	2,739	3,729	4,097	6,965	Current Assets				
Cost of sales	(2,032)	(2,520)	(2,857)	(5,300)	Cash and cash equivalents	522	688	874	373
Gross profit	707	1,208	1,240	1,665	Financial investment	0	120	67	30
<i>Gross profit margin</i>	26%	32%	30%	24%	Accounts receivable	1,052	1,057	1,268	2,065
Other operating income	11	-16	212	220	Inventory	46	174	321	481
Selling expenses	0.0	2.6	2.4	4.1	Prepaid expenses, other CA	51	26	35	54
General administration expenses	111	234	275	348	Total current assets	1,671	2,065	2,565	3,004
Other operating expenses	2	22	113	120	Property and equipment				
EBIT	605	935	1,062	1,412	At cost	2,336	2,564	10,041	11,741
Investment income	32	135	203	310	Less accumulated depreciation	(222)	(405)	(661)	(1,322)
Net interest	(85)	(229)	(322)	(754)	Net property and equipment	2,114	2,160	9,380	10,419
Net financial items	(53)	(94)	(119)	(444)	Other long - term assets	475	4,160	288	1,583
Earnings before tax	549	949	923	968	Total Assets	4,330	8,633	12,368	15,209
Income tax	3	26	108	116	Current Liabilities				
Profit after taxes	546	922	815	852	Financial debts	109	1,984	807	1,107
Dividend paid (VND per share)	-	-	(253)	(253)	Trade payables	289	1,028	1,013	1,885
Retained earnings	425	N/A	560	596	Other liabilities	554	1,687	1,687	1,200
					Total Current Liabilities	672	3,935	2,495	4,192
Weighted average shares (m)	89	121	171	211	Long-term debt	1,297	2,116	5,628	6,628
Year end shares (m)	110	132	211	211	Stockholders' equity	1,864	2,091	4,232	4,389
Earnings per share (VND)	6,129	7,616	4,759	4,047	Common stock	1,101	1,322	2,105	2,105
Common stock dividend (VND)	0	0	1,200	1,200	Investment, development funds	59	150	228	287
<i>Payout ratio (common stock)</i>	0.0%	0.0%	25.2%	29.6%	Retained earnings	425	313	397	410
					Budget sources and other funds	78	106	119	204
CashFlow Statements	2007	2008	2009	2010E	Minority interest				
Net profit	546	922	815	852	Total liabilities and equity	4,330	8,633	12,368	15,209
Adjustments for:	-	-	-	-					
Depreciation and amortisation	222	183	256	661	Growth and Margin (%)				
Change in inventories	19	(129)	(147)	(160)	Sales Growth	103.0%	36.2%	9.9%	70.0%
Change in trade receivables	(642)	20	(219)	(816)	EBIT Growth	286.4%	54.6%	13.6%	33.0%
Change in trade payables	563	1,388	(262)	1,252	Net Income Growth	365.0%	68.4%	-10.9%	4.5%
Cash flow from operations	703	2,266	462	1,785	EPS Growth	258.0%	24.3%	-37.5%	-14.9%
					Gross Margin	25.8%	32.4%	30.3%	23.9%
Change in tangible fixed assets	(1,319)	(3,913)	(3,605)	(2,995)	EBIT Margin	22.1%	25.1%	25.9%	20.3%
Change in intangible fixed assets	-	(120)	53	37	Ratios				
Change in long term investments	(66)	(179)	113	(68)	ROE	21.5%	-6.2%	20.6%	26.1%
Cashflow from investments	(1,524)	(4,211)	(3,439)	(3,026)	ROA	8.5%	-2.0%	7.6%	11.0%
					Inventory days	63	72	69	72
Equity issued	708	353	2,070	102	Receivable days	47	86	71	84
Change in other funds	26	(14)	(13)	42	Payable days	232	10	2,337	2
Change in financial debts	(567)	1,875	(1,177)	100	Net debt/equity	1.5	2.1	1.7	1.5
Change in long term liabilities	590	820	3,511	1,000	Interest cover - EBIT(x)	0%	0%	12%	12%
Dividends to shareholders	(203)	(916)	(750)	(836)					
Cash flow from financing	1,051	2,111	3,163	741					
Net cash flow	369	166	187	(501)					
Opening cash	153	522	688	874					
Closing cash	522	688	874	373					
Projected Free Cash Flow									
Profit after Taxes	546	804	838	852					
Add back depreciation	222	183	256	661					
(-) increase in CA, except cash	(621)	-	(366)	(976)					
(+) increase in CL	(4)	-	(1,440)	1,352					
(-) increase in PEaC	(2,254)	-	(7,477)	(1,700)					
Free Cash Flow	-2,116	987	-8,192	185					

Notes: CA = current assets; CL = current liabilities; PEaC = Property and Equipment at Cost

Source: Thang Long Securities

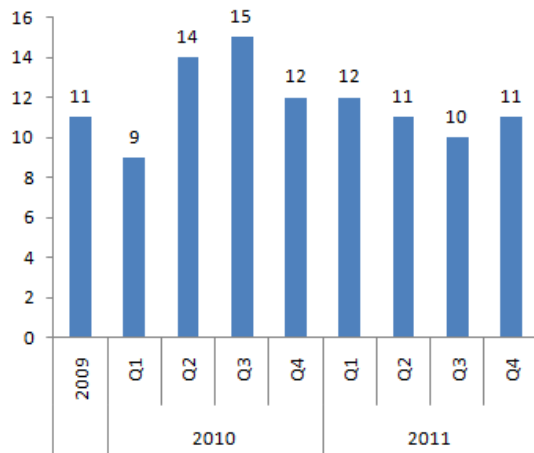
INVESTMENT HIGHLIGHTS

Exploration and Production Investment



Source : PVN , July 2007

Vietnam Jack up Demand 2010 -2011



Source : ODS-Petrodata

Hand-on-hand growth opportunities with PetroVietnam (PVN). With an aggressive plan from and investment from PetroVietnam (PVN), we believe that PV DRILLING enjoys a durable competitive advantage as a provider of drilling and exploratino services to PVN. Our outlook on the industry growth is based on following key points:

- **PVN's total capital budget for E&P actives to continue increasing year-on-year (y-o-y).** Our observations show that the Vietnam E&P activities with y-o-y increased budget occurs intensively. In 2009, total E&P budget is around USD 4,768 million. We expect it to increase 42% with a budget of USD 6,738 million in 2010. According the company's plans, PVN's goal of production and reservation is 23 million tons and 35-40 million ton/year respectively.
- **Field development supporting rig demands.** Based on our analysis, we expect a 15% increase drilling area in 2010 when PetroVietnam issues its plan to operate major fields such as Black Lion SE and Topaz. In 2011, PetroVietnam will continue to pursuing and expanding E&P activities with the oil fields White Lion, Brown Lion, White Rhino, HaiSu Trang, Diamond, Lan Do Gas, HaiThach-Moc Tinh, KimLong-AcQuy-CaVoi. According to PetroVietnam's estimates with 50 fields per year, we estimate the demand for rigs to continue to be around 10-11 per year.
- **Highest R/P ratio compared with average world ratio.** Up-to-date the ratio is around 41 times compared with 14.5 times of average world. It indicates that there may be future opportunities in drilling services.

Country	1988	1998	2007		2008	
	Barrel (in '000 mil)	Barrel (in '000 mil)	Barrel (in '000 mil)	Barrel (in '000 mil)	Weight	R/P ratio
Australia	3.4	4.1	4.2	4.2	0.30%	20.4
Brunei	1.2	1	1.1	1.1	0.10%	16.9
China	17.3	17.4	16.1	15.5	1.20%	11.1
India	4.5	5.4	5.5	5.8	0.50%	20.7
Malaysia	3.4	4.7	5.5	5.5	0.40%	19.8
Thailand	0.1	0.4	0.5	0.5		3.9
Vietnam	0.1	1.9	3.4	4.7	0.40%	40.8
Other Asia – Pacific	1	1.8	1.1	1.1	0.10%	12.8
Total	40	41.8	41.4	42.1	0.033	14.5

Source : BP

- **Expansion to overseas market.** PVN is going to pursue an aggressive growth plan via overseas market expansion through joint-contract with countries that have substantial oi & gas reserves such as Algeria, Venezuela, Russia and Uzbekistan. Drilling service is one of key services in 2015 overseas market expansion plan. According to plan, PVN's desirable goal is to meet 40-50% of oil & gas demand.

Positioned well as leading service provider of drilling and drilling-related services with 50% of national capacity PV DRILLING holds the lion's share of market for drilling and drilling-related services with good reputation. Currently, PV DRILLING is ranked 4th in ASEAN market and plan to jump into 3rd position.

Offered Services	Market share	Major Competitors
Drilling Services	50%	Transocean, Diamand Offshore, Atwood, Oceanic, Enasco, Seadrill
Well Technical Services	50%	Schlumberger, Halliburton, Weatherford, Geoservices, ILO, ITS, Frank Casting
Logging Services	80%	Shlumberger, Halliburton
Oil Spill Control Services	90%	Đại Minh, Hà Đạt, 128 Hải Quân

Tubular making, Mechanical & Fabrication, Maintenance	70%	ICO Asia Pacific, South Sea Inspection, Vina Offshore, Vietubes, Tuboscope
Drilling manpower supply services	90%	Bayong Services, Accent Logistic, Alpha Services

Source : PV DRILLING

Holding top five of regional drilling companies is explained by the right strategy of fleet expansion. Up to date, PV DRILLING are operating seven seven rigs, including four owned rigs and three chartered rigs. In particular, with the rig named Offshore Resolute, PV DRILLING takes has taken beyond basic drilling services to provide bundled services to HoanVu JOC. It not only adds more value to customers but also creates room for PV DRILLING's margins to expand.

Well technical services's performance improved significantly. Together with drilling services as a core business line, we realized that drilling-related performance recorded high growth in terms of financial measure and market share. In particular, well technical services reported 31% growth in revenue contributing to 39% of total revenue and 17% of before-tax profit.

In our opinion, demand for these services is larger than supply when large E&P companies, like Thang Long, Premier Oil, Petronas and HoangLong are implementing their exploration and production strategies aggressively.

Human resources is key a success factor at PV DRILLING when they retain a highly skilled labor force. Besides, PV DRILLING's management team has a vision and set an ambitious strategy to bring PV DRILLING to regional level when they take the right steps in expanding their modern and value-added fleets.

PV Drilling 11 Land Rig has returned to normal operation in 2nd quarter 2010. With a new three-year contract with Groupment Bir Seba, PV DRILLING realized revenues of USD 30,500 per day with a 10% operating margin.

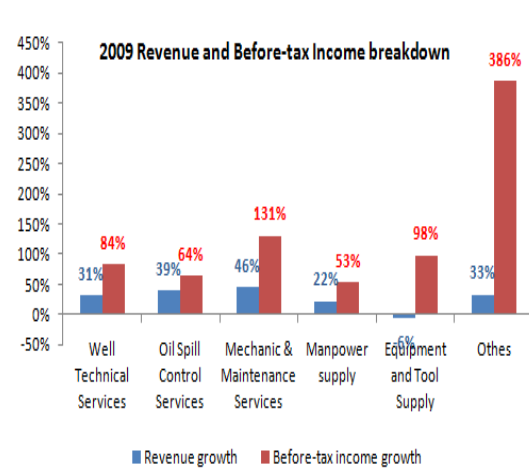
Source of future growth to come from new projects. PV DRILLING is planning to pursue a semi-submersible Tender Assisted Drilling (TAD) Rig with total capital expenditure of USD 230 million with initial outlay of USD 46 million in 2010. The TAD rig market is strong with a total market value of around 40% of global oil exploration. In addition, TAD rig enjoys higher day-rates.

TAD rig economic appraisal (USD million)

Project Inception	2009
Est. TAD delivery date	Oct 2011
Capital Expenditure	230.5
PV Drilling's stakeholder	51%
Depreciation	15 year
Characteristics	Deep rig (2000m)
Pre-tax profit (day rate first 5-year ~ USD 205,000 and the rest ~ USD 210,000, straight-line depreciation within 15 years)	220.11
Corporate Income tax (25% , 50% reduction during 2011-2013)	51.94
After tax profit (net income)	168.17
NPV @ discount 15%	29.3
IRR	15.4%
Pay-back period (years)	8.55 years

Source: PV DRILLING

Secured contract to the end of 2010. We appreciate PV DRILLING's capabilities when they can secure all contracts for PV DRILLING I, II, III through the end of 2010 and early of 2011 in the context of lower rig utilization at a global level. Newly-built, modern rigs and bundled services can be attribute to these capabilities. For PV DRILLING 11 Land Rig, the company can secure 3-year contracts with customers. We recognize that although TAD is on progress to deliver, PV DRILLING secures 5 + 2 year-contract at a fixed day-rate of USD 205,000.



Source: PV DRILLING

VALUATION

We derive the PV DRILLING's fair value through a market-based approach with P/E ratio as key value indicator. We use average regional P/E as multiple instead of local P/E due to the lack of local comparable companies. Our earnings model is based on following assumptions:

- Oil prices stays at USD 70-75 per barrel in 2010
- Well technical services prices decrease 10% compared with last year
- Our estimated forex exchange loss provision is around VND 332 billion.
- Convertible bond issuance does not factor to our model when PV DRILLING seeks shareholder approval
- Our estimated rig operating schedule detailed in the table below

Rig	Investment (USD mil)	Depreciation (y)	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
PVD I	115	15	Phu Quy POC USD 150,000/day	Maintenanc	JPVC. USD 140,000/day									
PVD II	215	20	Non-operating		Lam Son JOC USD 140,000/day	KNOG. USD 135,000/day				From August 15th, for Hong Long PVEP USD 130,000/day		Bach Dang POC USD 135,000/day*		
PVD III	225	20		VietsoPetro 02/2010-12/2012 : USD 140,000/day										
PVD 11	20	10	Non-operating			Groupment Bir Seba 2Q 2010 onward. USD 30,500/day								
Charter Fleet														
Topaz Driller					Phu Quy POC USD 125,000 per day									
Offshore Resolute					Hoan Vu JOC. USD 135,000 per day					Truong Son JOC				
Maersk Convincer								Hoang Long JOC. USD 141,000 per day						

Source : TLS

Company	P/E
Japan Drilling	7.2x
Diamond Offshore	7.2x
EnSCO	9.0x
Atwood Oceanics	6.9x
Vantage	18.7x
Parker	48.8x
Pride International	15.0x
Helmerich & Payne	20.4x
Unit Corporation	16.3x
Green Dragon	15.9x
Pantera	12.3x
Seadrill	6.7x
Transocean	5.7x
Average	14.6x

Source: Reuter, Bloomberg

2010E	Revenue (in bil)	Before-tax profit (in bil)
Drilling Services	3,998.3	763.25
Other Services	2,966.7	508.84
Total	6,965	1,272

Source: TLS estimate

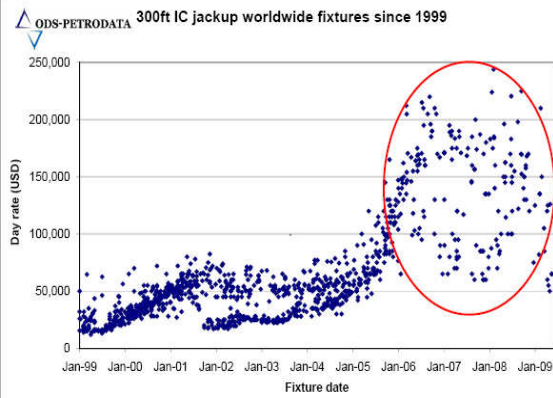
Valuation	
Revenue (in VND bil)	6,965
Before-tax profit, not includes loss provision (in VND bil)	1,300
After-tax profit, not includes loss provision (in VND bil)	1,144
Before-tax profit, includes loss provision (in VND bil)	968
After-tax profit, includes loss provision (in VND bil)	852
EPS basic (VND)	4,047
P/E 2010F	14.618
Fair Value (VND per share)	59,200

With average P/E of 14.6x and 2010 EPS of VND 4,047, our 2010 target price is **VND 59,200**, upside **23%** of closing market price at June 09, 2010. We recommend **BUY** the stock.

MAJOR RISKS

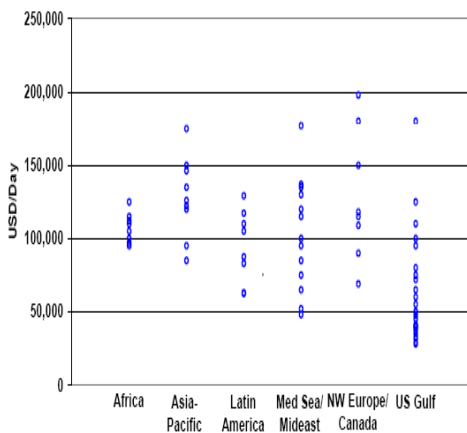
- Industry risks:

- **Decline in oil prices results in lower day rate.** ASEAN average day rate for rig ranges from USD 120,000 to 130,000 per day, decreasing significantly from the previous level of USD 200,000 – 220,000 per day at the end of 2008. In Vietnam the rate is at a slight premium at USD 130,000 – 150,000 per day. In the best case when the oil prices increase, it takes around 6 months to 1 year for drilling companies to increase day rates. Decreases



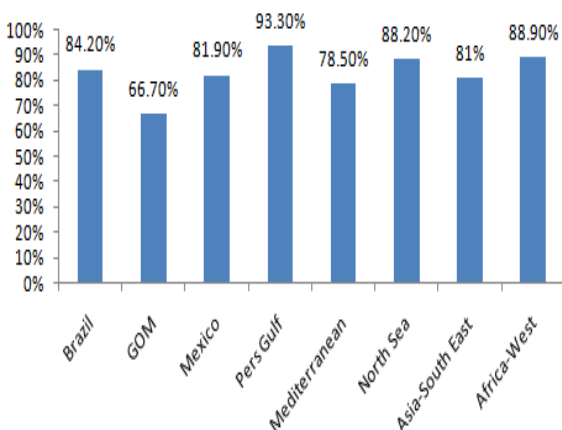
Source : ODS-Petrodata

Recent* Jackup Fixture Day Rates By Region



Source : ODS-Petrodata

Offshore Rig Utilization by Region



Source : ODS-Petrodata

in day rates over the past couple of years have lowered operating margins from 50% to 20%.

- **Supply exceeding the demand and fierce competition.** According to ODS-Petrodata source, the rig utilization rate is down to a low of 80% in the ASEAN market as of May 2010. In 2010 the fear on oversupply becomes more certain when more rigs are rolled off production lines and delivered for operation. If the rigs are idled, maintenance costs will weigh be burden on drilling margins. Consequently, drilling companies that can manage their cost base effectively can afford to accept lower day rates, which can lead to a price war.

We believe that PV DRILLING will manage and mitigate the risk well if they can utilize their strengths: (i) leader in Vietnam drilling market, (ii) support from PVN during bid process, (iii) reduce moving cost among fleets.

Fleet supply & demand in ASEAN region

	TAD	Jack up Rig	Vessel Rig
Supply	13	48	3
Demand	9	35	2

With more capacity as schedule :

- 20 fleets in 2010
- 11 fleets in 2011
- 5 fleets in 2012

Total value of USD 14 billion

Source: PV DRILLING – Business plan 2010

- Specific company risks

- **Foreign exchange exposure :** To support the TAD project, PV DRILLING’s balance sheet carries the USD dominated long-term debt of USD 230 million. If VND is depreciates PV DRILLING will book a foreign exchange loss provision to comply with Vietnam Accounting Standard 10 (VAS 10). In 2009, the unrealized loss amount was booked VND 150 billion as financial expenses. In 2010, we expect PV DRILLING continue book VND 332 billion as forex loss provision.

We, however, expect that the loss provision is pure accounting to comply with VAS10 rather than actual loss. In addition, the loss is backed by more than 90% USD-dominated revenue. With this, we believe PV DRILLING is better position to manage risk well. The loss is gradually decreased due to annual debt repayment. In term of tax reporting, PV DRILLING can take advantage of tax savings when expenses are higher.

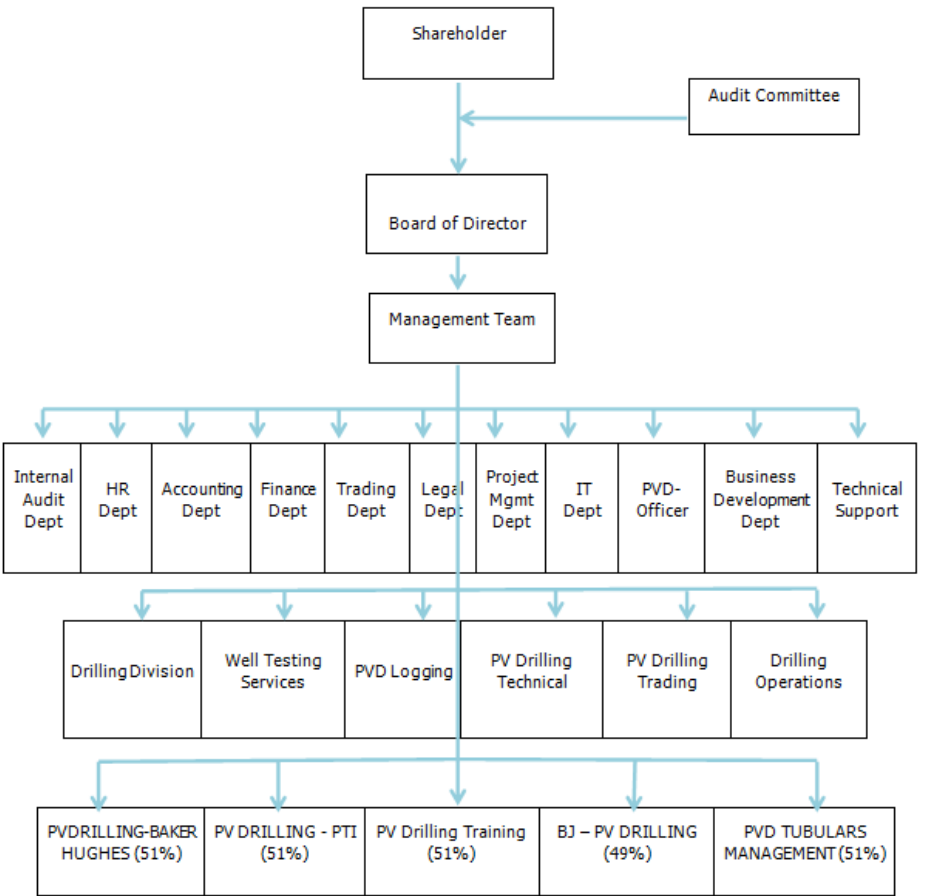
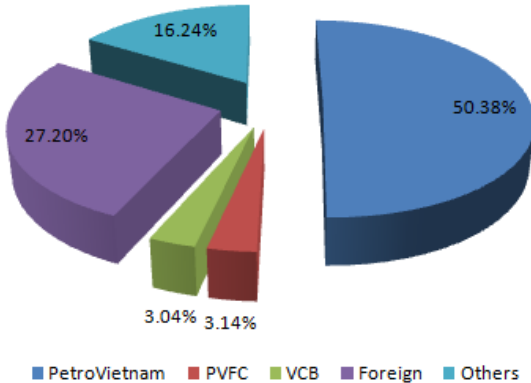
- **Outsourcing risks.** To meet increased demand, PV DRILLING charters some rigs from drilling companies. The estimated profit for charter is around VND 100-120 for total three rigs. But the action can add some risk to PV DRILLING when they cannot control cost as well as sustain long-term growth
- **Technical accidents and fire / explosion** can disrupt PV DRILLING’s operations and has adverse impact on business’s performance. So far, all PV DRILLING rigs HSE (health, safety, environment) procedures is put on place.

BUSINESS MODEL

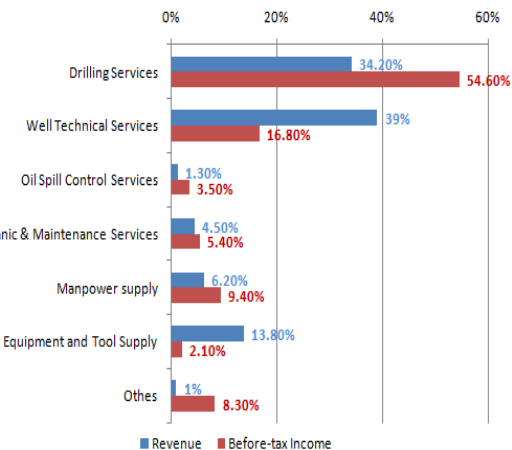
Organization:

PetroVietnam Drilling & Well Services (PV DRILLING) grow significantly in term of charter capital from VND 680 billion at IPO (initial public offers) stage to VND 2,150 billion up to now. PV DRILLING has become one of largest publicly listed companies in terms of market capitalization. In terms of asset, PV DRILLING reported VND 12,368 billion. PV DRILLING operates business as holding company with parent-child structure. Currently PV DRILLING has two branches and four subsidiaries. PV DRILLING also establishes 01 joint-venture entity and 04 associates. As of March 19, 2010 the controlling shareholder was State with 50.38%. Foreign's shareholder stayed at 27.16%

Shareholder Structure



2009 Revenue and Income Breakdown



Source: PV DRILLING

Total labor forces of PV DRILLING is around 1,400 employees, of which 600 employees are high-skilled and well-educated.

Business Line

Two core business of PV DRILLING are drilling and drilling-related services. According their strategy, they do not wish to diversify their portfolio beyond their core business.

Drilling Services

It is core business of PV DRILLING contributing to 34% and 55% in term of revenue and profit respective in 2009. With his capacity (03 jack-up rigs and 01 land rig), PV DRILLING is positioned well in drilling services

In term of future growth, PV DRILLING is in progress to invest the modern and high value-added TAD rigs and MPJU rigs with total buget of USD 400 million. With these invesments, PV DRILLING pursues the true regional drilling companies.

Well Technical Services

Contributed to 39% of revenue and 17% of before-tax profit, these business lines recorded high significant growth. PV DRILLING's wish to add lines to their strategic business portfolio.

Manpower Supply Services

Employs high-skilled and well-educated employees, PV DRILLING offers the services to other drilling companies operated at Vietnam and positions well with 80% of market share.

Oil Spill Control Services

Complemented with drilling services, the business line adds more value-added to PV DRILLING's operation as well as customers. Although it claimed for minor contribution to revenue but the net profit margin should be considered. PV DRILLING reported they hold 90% of market share.

Tube making, Mechanical & Fabrication, Maintenance

In this business line, PV DRILLING is the middle-man in provide drilling-related equipment and tools to contractors. PV DRILLING report the lines gain high momentum growth. It can be explained that PV DRILLING offer their wide-range services from basic services (inspection, hard band) to added-value services (container making and customized services)

With their high quality and good reputation, PV DRILLING gradually become customer's choice for exploration and production activities at Vietnam. PV DRILLING's customer base is national and global oil company which named as CuuLong - Conoco Philips, HoangLong JOC, HoanVu JOC, Vietsovpetro, BP, Conoco, JVPC-Nippon Oil, PVEP, OMV, Petronas, Chevron, Premier Oil, KNOC, VietGasprom, ThangLong JOC, LamSon JOC, TrườngSơn JOC.

RESEARCH LOGS

Issuance Date	Report Type	Rating	Closing market price at issuance date	2010 Target Price
09 June 2010	Update	BUY	VND 48,100	VND 59,200

ANALYST DECLARATION

Conflicts of interest might exist as Thang Long Securities and its clients might have stakes in the target firm through investments and/or advisory services in the past, at present or in the future.

PRODUCT

This product covers the latest developments on the target firm. Details on the firm can be obtained by contacting our analyst(s) or the sales persons named above. We thank clients for comments and feedbacks on our product. Thang Long Securities publishes this product, but all errors if any are the authors'.

Analyst's opinion: BUY – expected to gain more than 15% compared to the price on report issue date; SELL – expected to drop more than 15% compared to the price on report issue date; HOLD – expected to change between -15% to 15% compared to the price on report issue date.

RESEARCH AND INVESTMENT ADVISORY GROUP

We offer economic and equity research. The Economic Research Team led by The Anh Pham (PhD, Manchester) has been offering periodic reports on macroeconomics, monetary policies and fixed income markets. The Equity Research Team led by Do Hiep Hoa (MBA, Hawaii; CFA Level III Candidate) has been offering reports on listed firms, private equities and sector reviews. The Research and Investment Advisory Group has been also offering regular market commentaries - The Investor Daily and The Investor Weekly.

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