

## Vietnam

**HOLD** (no change)

Consensus ratings\*: Buy 2 Hold 6 Sell 0

Current price:	VND16,000
Target price:	VND17,400
Previous target:	VND17,800
Up/downside:	8.7%
CGS-CIMB / Consensus:	-9.0%
Reuters:	PVD.HM
Bloomberg:	PVD VN
Market cap:	US\$290.3m
	VND6,738,077m
Average daily turnover:	US\$2.26m
	VND52,648m
Current shares o/s:	421.5m
Free float:	34.0%

\*Source: Bloomberg

**Key changes in this note**

➤ FY19-21F EPS lowered by 1.5-18.4%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-4.9	-15.6	25.7
Relative (%)	-3.2	-14.5	26

Major shareholders	% held
PetroVietnam Group	50.4
Others	49.6

**Analyst(s)**

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# PetroVietnam Drilling & Well Services JSC

## All eyes on PVD V

- PVD returned to the black in 1H19 with US\$1m net profit, from a loss of US\$13.5m in 1H18, mainly driven by a recovery in its drilling business.
- The future of the PVD V rig remains investors' biggest concern.
- Maintain Hold with lower TP of VND17,400.

### 1H19 GPM boosted by substantial recovery in drilling business

1H19 net revenue declined 31.2% yoy as lower revenue from well-related and trading services (-46.9% yoy) fully offset the recovery in drilling segment (+4.6% yoy). However, 1H19 gross margin expanded a healthy 10.4% pts as the drilling segment no longer recorded losses (US\$0.9m profit vs. US\$8.4m loss in 1H18), due to higher rig utilisation rate (87% vs. 77% in 1H18) on top of a slight improvement in day rate (approx. +2% yoy).

### Net profit supported by non-operating gains

PVD reported US\$1m net profit in 1H19, turning around from US\$13.5m net loss in 1H18, thanks to: (1) higher gross profit; (2) lower provision expense (-34.0% yoy) made for PVEP's (unlisted) debts; (3) surge in profit from associates (+155.6% yoy), mainly contributed by the JV Baker Hughes (unlisted); and (4) other income of US\$2.9m from the reversal of tax expenses paid in Malaysia.

### PVD V remains the biggest concern in the near term

While the company is fairly confident of securing contracts for its four jack-up rigs with rising day rate until end-2020 (it expects average day rate of US\$65,000 in 2020, +10.2% yoy), investors remain concerned over its tender-assist rig PVD V which has not worked since 4Q2016. We think PVD stands a fair chance of winning the bid for a Brunei deepwater project (results should be out in Aug), as PVD V is only 7 years old, much younger than the 16-years-old average for the semi-tender rig fleet of the other bidder Sapura, and has a track record of safe continuous operation. PVD is also negotiating with PetroVietnam Group (unlisted) for the backup plan of transforming PVD V into a production platform for Dai Hung field, in case the company fails to win the Brunei bid.

### Maintain Hold, with lower TP of VND17,400

We cut our 2019-21 forecasts to factor in (1) lower-than-expected revenue and profit from its well-related and trading segments in 1H19, and (2) lower-than-expected utilisation of PVD 11 land rig. Our TP declines to VND17,400, based on a combination of DCF and 0.6x FY19-21F P/BV. We keep our Hold call as we believe its current share price has reflected the positive news on the prospects of the jack-up rigs, while the future of PVD V remains unclear. Upside risk to our call is winning the bid for the Brunei project mentioned above. Downside risks include low oil prices, and further idleness of PVD V.

**Financial Summary**

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (US\$m)	171.5	239.2	198.2	244.2	251.0
Operating EBITDA (US\$m)	17.31	30.79	22.34	33.60	44.42
Net Profit (US\$m)	2.00	8.60	9.73	14.50	23.32
Core EPS (US\$)	0.005	0.020	0.023	0.034	0.055
Core EPS Growth	(66%)	331%	13%	49%	61%
FD Core P/E (x)	145.6	33.8	29.9	20.0	12.5
DPS (US\$)	0.000	0.000	-	-	-
Dividend Yield	0.023%	0.046%	0.000%	0.000%	0.000%
EV/EBITDA (x)	17.88	9.64	13.08	8.48	5.66
P/FCFE (x)	NA	4.81	NA	NA	7.14
Net Gearing	5.35%	4.06%	3.15%	1.55%	(4.93%)
P/BV (x)	0.50	0.49	0.51	0.53	0.52
ROE	0.34%	1.47%	1.68%	2.60%	4.23%
% Change In Core EPS Estimates			(18.4%)	(6.4%)	(1.5%)
CGS-CIMB/Consensus EPS (x)			1.15	0.64	0.81

SOURCES: VND RESEARCH, COMPANY REPORTS

## All eyes on PVD V

### 1H19 results overview ➤

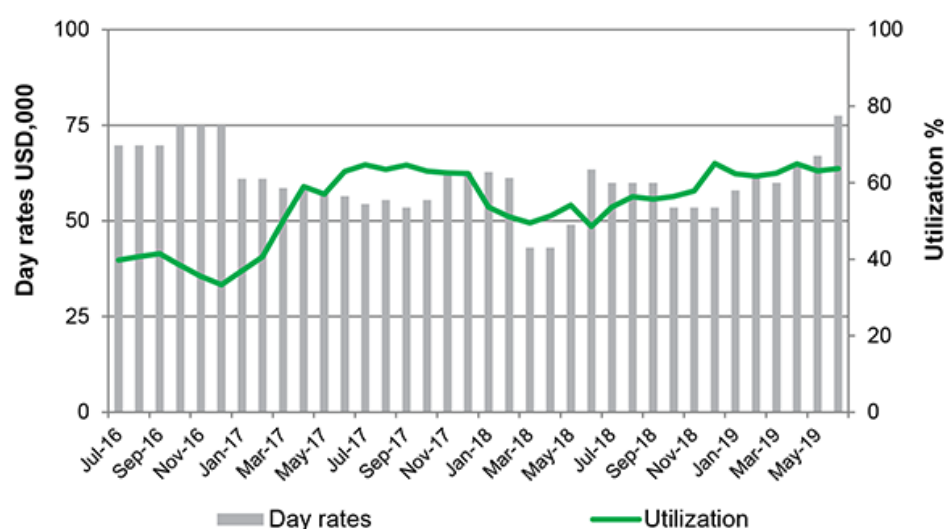
Figure 1: 1H19 results overview

FYE Dec (US\$m)	2Q18	2Q19	% yoy	1H18	1H19	% yoy	vs. FY19 forecast	Comment
<b>Net revenue</b>	<b>71.2</b>	<b>43.2</b>	<b>-39.3%</b>	<b>119.9</b>	<b>82.5</b>	<b>-31.2%</b>	<b>33.1%</b>	
Drilling	20.5	21.3	3.9%	36.5	38.1	4.6%		Higher jack-up utilisation rate (90% in 2Q19 vs 85% in 2Q18) and higher day charter rate compared to the same period (approx. +2% yoy)
Well services	29.3	15.8	-46.3%	45.2	34.5	-23.8%		Lower workload of trading and well-related services (in 1H18 PVS recorded c.US\$34.5m of revenue from providing services for Rosneft and Repsol's Red Emperor project)
Trading	21.4	6.1	-71.3%	38.2	9.8	-74.2%		
<b>Gross profit</b>	<b>2.2</b>	<b>6.6</b>	<b>N/A</b>	<b>0.2</b>	<b>8.8</b>	<b>3454.7%</b>	<b>32.9%</b>	
Drilling	(4.2)	2.3	N/A	(8.4)	0.9	NA		Higher rig utilisation rate and day charter rate
Well services	5.8	3.5	-39.1%	7.6	6.4	-14.9%		
Trading	0.6	0.7	17.3%	1.0	1.4	35.2%		
<b>Gross profit margin</b>	<b>3.1%</b>	<b>15.2%</b>	<b>+12.1% pts</b>	<b>0.2%</b>	<b>10.6%</b>	<b>+10.4% pts</b>		
Drilling	NA	11.0%	NA	NA	2.4%	NA		
Well services	19.8%	22.5%	+2.6% pts	16.7%	18.7%	+2.0% pts		
Trading	2.7%	11.1%	+8.4% pts	2.7%	14.2%	+11.5% pts		
Selling expenses	0.1	0.1	-11.7%	0.2	0.2	-15.6%	31.0%	Lower cost as three out of four rigs operated in the same market (Malaysia) in 2Q
G&A expenses	5.2	4.7	-9.7%	12.7	9.9	-22.4%	73.3%	Lower provision expense made for PVEP's debt in 1H19 (US\$3.1m vs. US\$4.7m in 1H18)
<b>Operating profit</b>	<b>(3)</b>	<b>2</b>	<b>NA</b>	<b>(13)</b>	<b>(1)</b>	<b>89.8%</b>	<b>N/A</b>	
Financial income	1.5	1.9	22.8%	3.2	3.0	-5.8%	38.1%	
Financial expenses	3.0	3.2	5.4%	5.8	5.3	-8.1%	53.2%	
<b>Pre-tax profit</b>	<b>(3.4)</b>	<b>4.9</b>	<b>NA</b>	<b>(14.4)</b>	<b>1.2</b>	<b>NA</b>	<b>8.9%</b>	The bottomline growth was driven by (1) One-off gain of US\$2.9m, as PVD recorded the tax expense paid in Malaysia as receivables, and (2) a surge in profit from JVs (from US\$0.9m in 1H18 to US\$2.3m in 1H19)
<b>Net profit</b>	<b>(3.0)</b>	<b>4.8</b>	<b>NA</b>	<b>(13.5)</b>	<b>1.0</b>	<b>NA</b>	<b>8.7%</b>	

SOURCES: VND RESEARCH, COMPANY REPORTS

PVD has a higher utilisation rate than the regional average at 90% in 2Q19 and 87% in 1H19, with four jack-up rigs fully booked until 1Q20F. At its recent analyst meeting, the company was quite confident of being able to extend the contracts for these rigs. PVD expects its day rate to average US\$59,000 in 2019F, US\$65,000 in 2020F and US\$75,000 in 2021F, which we consider reasonable, if oil prices sustain at the current US\$60-70/bbl level.

Figure 2: Average day rate and contracted utilisation of Southeast Asia jack-ups



SOURCES: IHSMarkit July 2019

## Earnings revision ►

Figure 3: Forecast revision

Unit: US\$m	2019F			2020F			2021F			Note
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ	
Net revenue	249	198	-20.5%	292	244	-16.3%	299	251	-16.1%	We reduce FY19-21F forecast due to (1) lower-than-expected 1H19 results of well-related and trading segments and (2) lower utilisation rate assumptions for the land rig PVD 11, from 95% to 7% in 2019F (per company guidance) and 50% in 2020-21F.
Gross profit	27	22	-18.7%	46	42	-7.7%	57	54	-6.2%	
Gross profit margin	10.7%	10.9%	+0.2% pts	15.8%	17.4%	+1.6% pts	19.2%	21.4%	+2.3% pts	Lower contribution of the low-margin trading segment helps boost GPM.
Pre-tax profit	14	11	-18.4%	18	17	-6.4%	28	27	-1.5%	We also adjust income from associates upwards as the associates which provide oilfield services outperformed our expectations in 1H19.
Net profit	12	10	-18.4%	15	15	-6.4%	24	23	-1.5%	

SOURCES: VND RESEARCH

Note that our FY19-21 forecasts assume that the company could recover c.US\$4m of bad debt from PVEP (unlisted) in FY19F and would no longer need to make provisions for this debt from 2020F. This might explain why our full-year 2019F EPS forecast remains above Bloomberg consensus' while our 2020F EPS is below consensus'.

## Maintain Hold with lower target price of VND17,400 ►

Figure 4: DCF valuation summary

US\$m	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35F
Total revenue	240	172	239	198	244	344	448	495	4.8%
% yoy		-27.4%	41.4%	-14.6%	26.9%	10.0%	3.7%	1.2%	
COGS & OPEX	(233)	(189)	(235)	(192)	(230)	(303)	(395)	(435)	
EBIT	7	(17)	4	6	14	41	54	59	10.2%
Operating margin	3.0%	-10.2%	1.8%	3.2%	5.6%	12.0%	12.0%	12.0%	
Effective tax rate	30.8%	76.4%	25.8%	25.0%	25.0%	25.0%	25.0%	25.0%	
EBIT * (1-Tax rate)	5	(4)	3	5	10	31	40	45	10.2%
+ Depreciation & Amortisation	33	35	26	15	20	33	43	47	
% of revenue	13.6%	20.3%	11.1%	7.6%	8.1%	9.5%	9.5%	9.5%	
- CapEx	(11)	(2)	(3)	(9)	(15)	(17)	(22)	(25)	
% of revenue	-4.4%	-1.1%	-1.4%	-4.4%	-6.0%	-5.0%	-5.0%	-5.0%	
+ Change in Working Capital	12	2	(3)	3	2	8	11	20	
% of revenue	5.2%	0.9%	-1.2%	1.3%	1.0%	2.4%	2.4%	4.0%	
Interest and other financial activities, net	5	24	6	4	3	9	12	13	
% of revenue	2.0%	14.1%	2.4%	2.0%	1.3%	2.6%	2.6%	2.6%	
Unlevered free cash flow (UFCF)	44	54	29	18	21	64	83	100	
% yoy		24.7%	-45.6%	-37.2%	22.5%	23.4%	4.2%	1.2%	

SOURCES: VND RESEARCH

Figure 5: Cost of equity assumptions

Cost of equity	
Risk Free Rate	5.0%
Beta	1.7
Risk Premium	11.0%
<b>Cost of Equity</b>	<b>23.7%</b>

SOURCES: VND RESEARCH

Figure 6: WACC and terminal growth

US\$m	
Equity Value	293
Debt	151
Cost of Debt	5.0%
Tax Rate	25.0%
<b>WACC</b>	<b>16.9%</b>
<b>Perpetual Growth Rate</b>	<b>1.2%</b>

SOURCES: VND RESEARCH

Note that we adjusted the target price to reflect the stock dividend of 10:1 made in Jul 2019.

Figure 7: Blended target price\*

Method	Implied share price (VND)	Weight (%)	Weighted share price (VND)
DCF	15,460	50%	7,730
Target FY19-21F P/B of 0.6x	19,340	50%	9,670
<b>Blended price</b>		<b>100%</b>	<b>17,400</b>

\*Assuming USD/VND rate of VND23,000

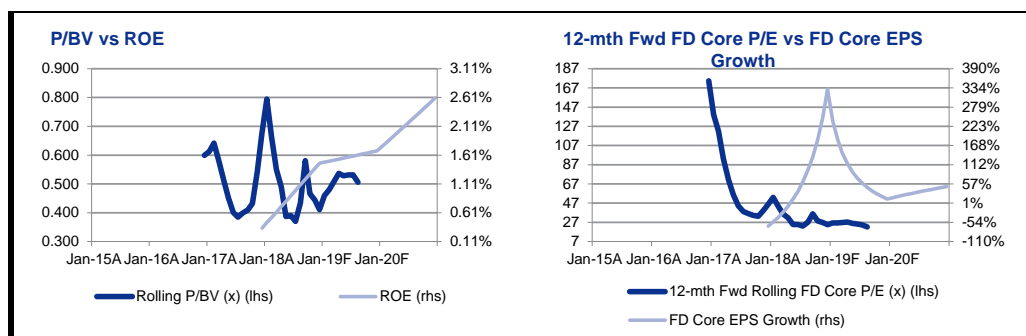
SOURCES: VND RESEARCH

**Figure 8: Peer comparison**

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS CAGR (%)	P/BV (x)			ROE (%)			ROA (%)		
						TTM	FY19F	FY20F		TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F
<b>Offshore drilling companies</b>																		
PV Drilling	PVD VN	HOLD	16,000	17,400	290	13.6	29.9	20.0	39.4%	0.5	0.5	0.5	4.0%	1.7%	2.6%	2.6%	1.2%	1.6%
Velesto Energy Bhd	VEB MK	HOLD	0.31	0.30	599	NA	76.6	20.6	39.5%	0.9	0.9	0.9	-1.7%	1.2%	1.3%	-1.1%	0.8%	0.9%
Diamond Offshore	DO US	NOT RATED	6.25	N/A	861	NA	NA	NA	-9.5%	0.3	0.3	0.3	-8.9%	-10.5%	-8.0%	-5.3%	-5.7%	-4.0%
Valaris plc	VAL US	NOT RATED	4.50	N/A	890	NA	NA	NA	32.3%	0.1	0.1	0.1	-1.6%	-7.4%	-8.1%	-0.8%	-5.4%	-3.3%
Sapura Energy Bhd	SAPE MK	HOLD	0.28	0.32	1,048	NA	7.9	NA	-55.2%	0.2	0.3	0.3	2.0%	-8.0%	-3.3%	0.8%	-3.0%	-1.2%
Transocean	RIGN SW	NOT RATED	4.46	N/A	2,786	NA	NA	NA	NA	NA	0.2	0.2	-8.2%	-4.6%	-2.8%	-4.1%	-1.1%	-0.1%
<b>Average - Offshore drilling peers</b>					<b>1,237</b>		<b>42.2</b>	<b>20.6</b>	<b>1.8%</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>-3.7%</b>	<b>-5.9%</b>	<b>-4.2%</b>	<b>-2.1%</b>	<b>-2.9%</b>	<b>-1.5%</b>

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (DATA AS AT AUG 19)

## BY THE NUMBERS



### Profit & Loss

(US\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>Total Net Revenues</b>	<b>171.5</b>	<b>239.2</b>	<b>198.2</b>	<b>244.2</b>	<b>251.0</b>
<b>Gross Profit</b>	<b>8.5</b>	<b>17.3</b>	<b>21.6</b>	<b>42.4</b>	<b>53.8</b>
<b>Operating EBITDA</b>	<b>17.3</b>	<b>30.8</b>	<b>22.3</b>	<b>33.6</b>	<b>44.4</b>
Depreciation And Amortisation	(34.8)	(26.5)	(15.0)	(19.8)	(23.8)
<b>Operating EBIT</b>	<b>(17.4)</b>	<b>4.3</b>	<b>7.3</b>	<b>13.8</b>	<b>20.6</b>
Financial Income/(Expense)	(3.6)	(2.9)	(2.3)	(0.7)	2.6
Pretax Income/(Loss) from Assoc.	0.2	2.6	3.8	3.7	3.8
Non-Operating Income/(Expense)	27.5	6.1	2.6	0.3	0.3
<b>Profit Before Tax (pre-EI)</b>	<b>6.7</b>	<b>10.1</b>	<b>11.4</b>	<b>17.0</b>	<b>27.3</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>6.7</b>	<b>10.1</b>	<b>11.4</b>	<b>17.0</b>	<b>27.3</b>
Taxation	(5.1)	(2.6)	(2.8)	(4.2)	(6.8)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1.6</b>	<b>7.5</b>	<b>8.5</b>	<b>12.7</b>	<b>20.5</b>
Minority Interests	0.4	1.1	1.2	1.8	2.9
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>2.0</b>	<b>8.6</b>	<b>9.7</b>	<b>14.5</b>	<b>23.3</b>
Recurring Net Profit	2.0	8.6	9.7	14.5	23.3
<b>Fully Diluted Recurring Net Profit</b>	<b>2.0</b>	<b>8.6</b>	<b>9.7</b>	<b>14.5</b>	<b>23.3</b>

### Cash Flow

(US\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	17.31	30.79	22.34	33.60	44.42
Cash Flow from Inv. & Assoc.	(6.32)	(7.11)	(6.90)	(6.70)	(6.50)
Change In Working Capital	1.52	(2.89)	2.66	2.49	15.57
(Incr)/Decr in Total Provisions	1.81	(4.95)	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	(10.65)	(20.67)	(10.96)	(16.63)	(17.13)
Other Operating Cashflow	13.78	25.89	21.72	25.58	28.76
Net Interest (Paid)/Received	(8.68)	(7.70)	(9.69)	(8.46)	(7.39)
Tax Paid	(3.71)	(6.21)	(2.85)	(4.24)	(6.82)
<b>Cashflow From Operations</b>	<b>5.05</b>	<b>7.15</b>	<b>16.33</b>	<b>25.64</b>	<b>50.90</b>
Capex	(1.95)	(3.42)	(8.70)	(14.65)	(12.55)
Disposals Of FAs/subsidiaries	0.01	0.03	0.00	0.00	0.00
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(12.96)	54.90	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>(14.90)</b>	<b>51.51</b>	<b>(8.70)</b>	<b>(14.65)</b>	<b>(12.55)</b>
Debt Raised/(repaid)	(33.16)	1.78	(16.21)	(14.17)	2.33
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(0.06)	(0.12)	0.00	0.00	0.00
Preferred Dividends					
Other Financing Cashflow	0.00	(42.17)	0.00	0.00	0.00
<b>Cash Flow From Financing</b>	<b>(33.22)</b>	<b>(40.51)</b>	<b>(16.21)</b>	<b>(14.17)</b>	<b>2.33</b>
Total Cash Generated	(43.07)	18.16	(8.58)	(3.18)	40.67
<b>Free Cashflow To Equity</b>	<b>(43.01)</b>	<b>60.45</b>	<b>(8.58)</b>	<b>(3.18)</b>	<b>40.67</b>
<b>Free Cashflow To Firm</b>	<b>(1.17)</b>	<b>66.37</b>	<b>17.32</b>	<b>19.45</b>	<b>45.74</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(US\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	174.3	141.6	127.7	118.8	154.2
Total Debtors	68.5	69.7	58.1	71.6	73.6
Inventories	33.3	32.8	25.7	29.3	28.6
Total Other Current Assets	1.2	1.1	0.9	1.1	1.1
<b>Total Current Assets</b>	<b>277.3</b>	<b>245.2</b>	<b>212.3</b>	<b>220.8</b>	<b>257.6</b>
Fixed Assets	653.9	624.9	604.4	581.6	553.4
Total Investments	25.5	29.9	29.3	28.4	27.6
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	5.9	7.5	7.4	7.2	6.9
<b>Total Non-current Assets</b>	<b>685.3</b>	<b>662.3</b>	<b>641.0</b>	<b>617.1</b>	<b>587.9</b>
Short-term Debt	59.2	15.7	13.8	12.0	25.2
Current Portion of Long-Term Debt					
Total Creditors	39.5	42.9	38.5	47.4	48.7
Other Current Liabilities	73.6	62.4	52.1	64.1	65.9
<b>Total Current Liabilities</b>	<b>172.3</b>	<b>121.0</b>	<b>104.3</b>	<b>123.6</b>	<b>139.9</b>
Total Long-term Debt	146.9	150.2	132.1	115.5	100.9
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	49.0	37.9	37.0	35.9	34.9
<b>Total Non-current Liabilities</b>	<b>195.9</b>	<b>188.1</b>	<b>169.2</b>	<b>151.4</b>	<b>135.8</b>
Total Provisions	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>368.2</b>	<b>309.1</b>	<b>273.5</b>	<b>275.0</b>	<b>275.7</b>
Shareholders' Equity	582.8	587.3	567.8	549.5	553.8
Minority Interests	11.7	11.1	12.0	13.5	15.9
<b>Total Equity</b>	<b>594.4</b>	<b>598.4</b>	<b>579.8</b>	<b>562.9</b>	<b>569.8</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	(28.5%)	39.4%	(17.1%)	23.2%	2.8%
Operating EBITDA Growth	(56.5%)	77.9%	(27.5%)	50.4%	32.2%
Operating EBITDA Margin	10.1%	12.9%	11.3%	13.8%	17.7%
Net Cash Per Share (US\$)	(0.075)	(0.058)	(0.043)	(0.021)	0.067
BVPS (US\$)	1.38	1.39	1.35	1.30	1.31
Gross Interest Cover	(2.05)	0.58	1.14	2.46	4.22
Effective Tax Rate	76.4%	25.8%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	3.08%	1.41%	NA	NA	NA
Accounts Receivables Days	144.4	105.4	117.6	97.2	105.6
Inventory Days	76.42	54.36	60.43	49.84	53.63
Accounts Payables Days	69.73	58.78	81.70	75.76	86.54
ROIC (%)	(0.60%)	0.49%	0.87%	1.71%	2.67%
ROCE (%)	(1.07%)	1.61%	1.97%	3.04%	4.42%
Return On Average Assets	0.24%	1.04%	1.16%	1.57%	2.20%

### Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Oil Price (US\$/bbl)	54.0	72.0	65.0	68.0	70.0
Volume Growth (%)	-4.6%	-0.5%	-0.8%	0.4%	-0.2%
Ratio Of Up To Downstream (x)	N/A	N/A	N/A	N/A	N/A
Operating Cash Cost (US\$/bbl)	N/A	N/A	N/A	N/A	N/A
Ratio Of High To Low Margin (x)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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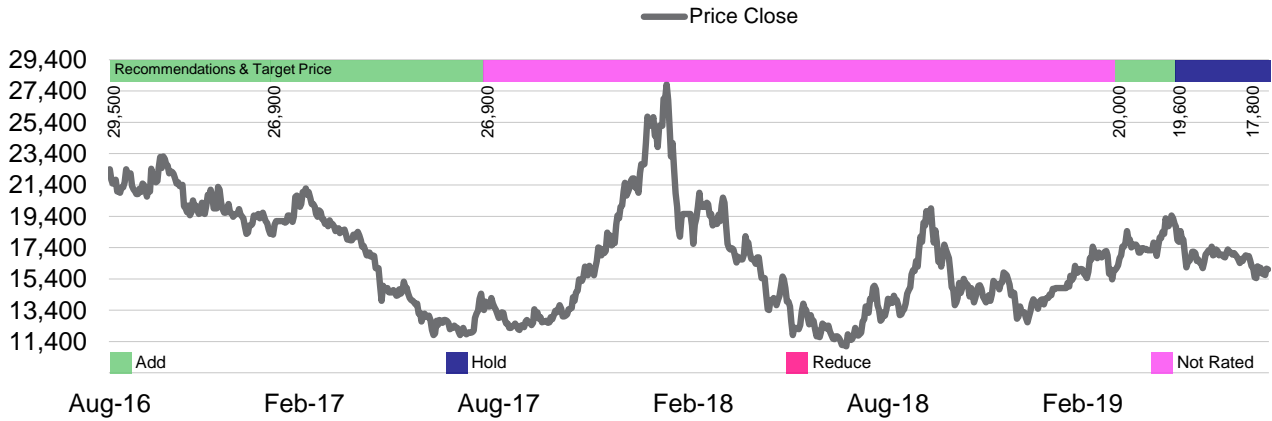
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2019		
791 companies under coverage for quarter ended on 30 June 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	57.9%	4.2%
Hold	26.5%	1.8%
Reduce	15.5%	0.4%

**Spitzer Chart for stock being researched ( 2 year data )**

**PetroVietnam Drilling & Well Services JSC (PVD VN)**



## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2018, Anti-Corruption 2018

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, Declared, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BEM** – Very Good, n/a, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, Declared, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, Declared, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Very Good, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **DELTA** – Excellent, n/a, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HREIT** – Excellent, Certified, **ICHI** – Excellent, Declared, **HUMAN** – not available, n/a, **III** – Good, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD\*** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **JWD** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Very Good, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Declared, **MALEE** – Very Good, Certified, **MC** – Very Good, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Declared, **NETBAY** – Good, n/a, **OSP** – not available, n/a, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **PR9** – not available, n/a, **PSH** – Excellent, Certified, **PSTC** – Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Very Good, n/a, **RSP** – not available, n/a, **S** – Very Good, n/a, **SAMART** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Declared, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Very Good, Certified, **SF** – Good, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Declared, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, Declared, **TMB** – Excellent, Certified, **TNR** – Very Good, Declared, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TIPIP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Very Good, Declared, **UNIQ** – Good, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Very Good, Certified, **WORK** – Good, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 31, 2018) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

\* The company, its director or management had been reportedly accused for breaching proper corporate governance such as violation of the SEC's regulations or charged with corruption.

### RECOMMENDATION FRAMEWORK

#### Stock Ratings

#### Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

#### Sector Ratings

#### Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

#### Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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