

## Vietnam

**HOLD** (no change)

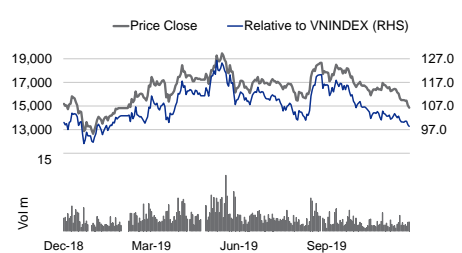
Consensus ratings\*: Buy 4 Hold 5 Sell 0

Current price:	VND14,850
Target price:	VND16,800
Previous target:	VND19,600
Up/downside:	13.1%
CGS-CIMB / Consensus:	-11.7%
Reuters:	PVD.HM
Bloomberg:	PVD VN
Market cap:	US\$269.8m
	VND6,253,778m
Average daily turnover:	US\$1.33m
	VND30,852m
Current shares o/s:	421.5m
Free float:	34.0%

\*Source: Bloomberg

**Key changes in this note**

- FY19F EPS decreased by 37.0%.
- FY20F EPS decreased by 35.8%.
- FY21F EPS increased by 4.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-9.5	-16.1	-2.8
Relative (%)	-3.4	-13.4	-3

Major shareholders	% held
PetroVietnam Group	50.4
Others	49.6

**Analyst(s)**

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# PetroVietnam Drilling & Well Services JSC

## Weak TAD contract terms already priced in

- 9M19 net profit came in at US\$2.1m, below expectations at 21.7% of our FY19F forecast due to slower-than-expected bad debt recovery.
- We see brighter FY20F outlook given secured contracts for all jack-ups until year-end at a higher day rate (+8.3% yoy); TAD contract support in FY21F.
- Maintain Hold with a lower target price of VND16,800.

## 9M net profit trailed expectations due to slow debt recovery

PVD reported a 76.2% yoy decline in 3Q net profit as a result of (1) lower jack-up (JU) utilisation rate (91% vs. 3Q18's 94%), (2) weak well services segment (GP -29.7% yoy) and (3) lower provision reversal related to PVEP's debt (US\$1.4m vs. US\$4.6m in 3Q18). 9M19 bottomline remained positive at US\$2.1m, vs. a net loss of US\$4.1m in 9M18, supported by higher JU utilisation rate and lower depreciation following an extension in useful lives of three JUs. However, 9M net profit formed only 21.7% of our FY19F forecast due to slower-than-expected bad debt collection.

## Solid outlook for 4Q19F and 2020F

We expect PVD to benefit from the rising drilling demand across Southeast Asia, in terms of continued contract awards at an increasing charter rate. The company guided for a high utilisation rate in 4Q19F and 2020F with less rig move time than in 3Q19 and the secured contracts/options for all four owned rigs until end-2020F. We expect the 2020F average day rate to increase further by 8.3% yoy to US\$65,000. In the medium term, the company's bottomline would be supported by the newly-signed 10-year contract for its tender assist drilling (TAD) rig, although at weaker terms than our previous assumptions.

## Earnings revision

We cut our FY19-20F EPS forecasts on the back of: (1) lower provision reversal in FY19F, from US\$4m to US\$2.2m, (2) further delays in the start of the TAD contract to 2Q21F at a lower day rate of US\$95,000, and (3) additional US\$30m capex in FY20-21F for investments in new drilling equipment.

## Maintain Hold with a lower TP of VND16,800

Given that the regional drilling market recovery is slower than expected, we lower our target P/BV for FY19-21F from 0.6x to 0.5x. Our lower EPS forecasts and target P/BV lead to a revised TP of VND16,800, based on a 50:50 combination of DCF and P/BV valuation. We maintain Hold as we think the recent stock price decline has priced in the weak 3Q results and TAD contract terms. We believe profitability has bottomed but it could take time for PVD to return to pre-2016 levels with TAD rig only starting in as early as 2021F. Re-rating catalysts include higher demand that could make PVD rent more external rigs. Downside risks include low oil price that could affect O&G project progress.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (US\$m)	171.5	239.2	186.4	225.6	239.4
Operating EBITDA (US\$m)	17.31	30.79	19.04	32.04	46.08
Net Profit (US\$m)	2.00	8.60	6.13	11.28	25.01
Core EPS (US\$)	0.005	0.020	0.015	0.027	0.059
Core EPS Growth	(66%)	331%	(29%)	84%	122%
FD Core P/E (x)	135.3	31.4	44.0	23.9	10.8
DPS (US\$)	0.000	0.000	-	-	-
Dividend Yield	0.025%	0.049%	0.000%	0.000%	0.000%
EV/EBITDA (x)	16.69	8.97	14.42	8.96	5.52
P/FCFE (x)	NA	4.5	NA	387.3	4.7
Net Gearing	5.35%	4.06%	3.70%	5.67%	(0.64%)
P/BV (x)	0.46	0.46	0.47	0.48	0.47
ROE	0.34%	1.47%	1.05%	1.99%	4.42%
% Change In Core EPS Estimates			(37.0%)	(35.8%)	4.1%
CGS-CIMB/Consensus EPS (x)			0.86	0.96	0.97

SOURCES: VND RESEARCH, COMPANY REPORTS

## Weak TAD contract terms already priced in 9M19 bottomline trailed expectations amid slow debt recovery

Figure 1: 3Q19 results overview

FYE Dec (US\$m)	3Q18	3Q19	% yoy	9M18	9M18 (restated)	9M19	% yoy vs. 9M18 (rstd)	vs. FY19 forecast	Comment
<b>Net revenue</b>	<b>58.2</b>	<b>46.1</b>	<b>-20.8%</b>	<b>178.1</b>	<b>178.1</b>	<b>128.6</b>	<b>-27.8%</b>	<b>69.0%</b>	
Drilling	29.3	21.6	-26.0%	72.7	72.7	59.8	-17.7%		Lower jack-up utilisation rate (91% in 3Q19 vs 94% in 3Q18) due to mobilisation time of PVD II and PVD VI rigs between Malaysia and Vietnam. Lower revenue from PVD 11 land rig and lack of revenue from leased rig (vs. 3Q18)
Well services	26.8	18.7	-30.5%	65.0	65.0	54.2	-16.7%		Lower workload of well-related services in 3Q19
Trading	2.1	5.8	173.4%	40.4	40.4	14.6	-63.8%		
<b>Gross profit</b>	<b>3.3</b>	<b>4.4</b>	<b>32.4%</b>	<b>3.5</b>	<b>8.4</b>	<b>13.1</b>	<b>56.5%</b>	<b>65.7%</b>	
Drilling	(1.6)	0.4	NA	(11.4)	(6.6)	1.4	NA		Higher 3Q19 gross profit mainly due to the change in depreciation policy applied to PVD II, III and VI rigs
Well services	4.8	3.4	-29.7%	13.8	13.8	10.8	-21.5%		
Trading	0.1	0.5	323.6%	1.2	1.2	0.9	-19.9%		
<b>Gross profit margin</b>	<b>5.7%</b>	<b>9.5%</b>	<b>+3.8% pts</b>	<b>2.0%</b>	<b>4.7%</b>	<b>10.2%</b>	<b>+5.5% pts</b>		
Drilling	NA	2.1%	NA	NA	NA	2.3%	NA		
Well services	17.9%	18.1%	+0.2% pts	21.2%	21.2%	20.0%	-1.2% pts		
Trading	6.0%	9.3%	+3.3% pts	2.9%	2.9%	6.4%	+3.5% pts		
Selling expenses	0.1	0.1	78.5%	0.3	0.3	0.3	5.7%	67.1%	
G&A expenses	(0.9)	2.5	NA	11.9	11.9	12.4	4.3%	78.0%	Lower provision reversal relating to PVEP's debt in 3Q19 (US\$1.4m vs. US\$4.6m in 3Q18)
<b>Operating profit</b>	<b>4.1</b>	<b>1.8</b>	<b>-57.0%</b>	<b>(8.6)</b>	<b>(3.7)</b>	<b>0.5</b>	<b>112.6%</b>	<b>12.8%</b>	
Financial income	1.1	2.3	119.1%	4.0	4.0	5.4	33.4%	72.6%	
Financial expenses	2.9	2.5	-13.1%	8.5	8.5	8.0	-6.8%	80.5%	
<b>Pre-tax profit</b>	<b>5.0</b>	<b>1.3</b>	<b>-74.6%</b>	<b>(9.3)</b>	<b>(4.5)</b>	<b>2.4</b>	<b>NA</b>	<b>21.3%</b>	3Q19 net profit declined due to: (1) lower provision reversal in 3Q, as mentioned above and (2) loss from JVs of US\$0.2m vs. profit of US\$3.1m in 3Q18 as some JVs recorded high provision reversal in 3Q18
<b>Net profit</b>	<b>4.9</b>	<b>1.2</b>	<b>-76.2%</b>	<b>(8.6)</b>	<b>(4.1)</b>	<b>2.1</b>	<b>NA</b>	<b>21.7%</b>	

\*For comparison purposes, 1H18 results were restated to reflect the change in depreciation policy made in 4Q18F.

SOURCES: VND RESEARCH, COMPANY REPORTS

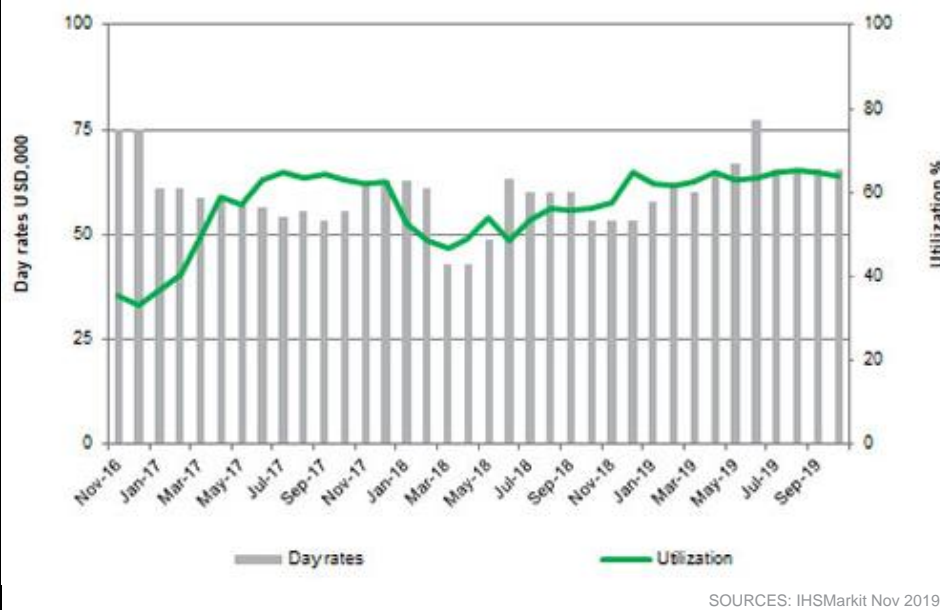
In 9M19, PVD's net revenue declined 27.8% yoy as a result of weak well services and trading segments, the lack of work for the land rig PVD XI and no contribution from leased rig. However, a higher jack-up utilisation rate (88.0% in 9M19 vs. 81.5% in 9M18), a slight increase in average day rate and the change in depreciation policy for PVD II, III and VI rigs helped turn the drilling segment profitable and boosted blended gross margin by 5.5% pts.

9M19 net profit recorded strong growth, as the one-off gain of US\$2.6m from the tax expense recovery in Malaysia more than offset the higher net provision expenses made for PVEP's debt (US\$1.7m vs. US\$0.1m in 9M18). However, 9M19 net profit trailed expectations at 21.7% of our full-year forecast, as we expected debt recovery of US\$4m in 3Q, vs. the actual debt collection of US\$2.2m and provision reversal of US\$1.4m.

### Stable 4Q19F but FY20F could be stronger ➤

At a recent analyst meeting in early-Nov, PVD guided for a more stable 4Q19F and 1Q20F as PVD II, the last rig among the company's owned jack-ups, would move to Malaysia to begin its contract with Petronas (PTG MK, HOLD, TP: RM17.20). All four jack-ups would then stay in Malaysia until end-1Q20F when PVD VI rig returns to Vietnam to drill for Rosneft Vietnam (unlisted), implying more stability and higher utilisation rates (lower rig move time) during the period than in 3Q19F. In 4Q19F, the drilling segment would also be supported by two leased rigs – Hakuryu-11 from Japan Drilling and Idun from Borr Drilling – though to a small extent as the margins from such activities are low (2-4%).

**Figure 2: Average day rates and contracted utilisation of Southeast Asia jack-ups (361-400IC)**



SOURCES: IHSMarkit Nov 2019

**Figure 3: PVD's drilling schedule**

Rig fleet	1Q19	2Q19	3Q19F	4Q19F	1Q20F	2Q20F	3Q20F	4Q20F
PVD I	VSP	Murphy	Hibiscus Malaysia		Hibiscus Malaysia			
PVD II		Sapura	JVPC	Petronas	Petronas			
PVD III	Repsol Malaysia				Repsol Malaysia			
PVD VI	VSP	ENI	Sapura		Rosneft			
TAD					Preparing for work starting from 2Q21F			
Hakuryu-11					Idemitsu			
Idun					Hoang Long			

Firm contract Potential option

SOURCES: COMPANY REPORTS

For 4Q19F, we maintain our positive view for the drilling segment but lower our revenue forecast for the well services and trading segments, as the exploration and oilfield services market is often less active in 4Q, according to the management. We also observe that there are no domestic large oil and gas projects coming onstream in 4Q to support these segments.

For 2020F, PVD has already secured a contract for PVD VI rig after completing Sapura's drilling project, while the other three jack-ups also have high possibility of securing options for current contracts at a higher day rate, estimated at US\$65,000 on average (+8.3% yoy). Management also expects an improvement in the domestic market, with higher demand for drilling projects, prompting PVD to hire more rigs for domestic works. This could further support PVD's bottomline; however, we have not incorporated revenue from other potential leased rigs into our valuation due to lack of detailed information.

**Weaker-than-expected terms for TAD contract >**

For the recently-signed contract for the deepwater TAD rig, PVD suggested an average day rate of US\$90,000-US\$100,000, which is much lower than our earlier projection of US\$125,000. The contract would start from 2Q21F instead of 2Q20F as previously expected. Aside from the reactivation cost (c.US\$3m-

3.5m), PVD will need to invest in a derrick equipment set (DES) to accommodate the customer's current platform, which could cost US\$30m-35m. All of the above factors led us to revise our model to reflect delayed cash flow from the TAD contract, a lower-than-expected day rate of US\$95,000 and US\$30m capex for the DES facility.

### Earnings revision ►

We made the following key changes to our forecasts:

- For FY19F, we slightly reduce our revenue forecast for the well services and trading segments and lower the projected provision reversal assumption from US\$4m to US\$2.2m given the slow progress in 9M19. This led to a 37% decline in our FY19F EPS.
- For FY20F, we push further the contract timeline for the TAD contract, starting from 2Q21F and with a lower average day rate of US\$95,000. This is partly offset by an assumed US\$4.3m debt provision reversal in FY20F. We also expect a US\$2.2m reversal in FY21F.
- We also factor in additional capex of US\$30m for the DES facility over FY20-21F, leading to increased debt and interest expenses.

Figure 4: Forecast revision

Unit: US\$m	2019F			2020F			2021F		
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ
Net revenue	198.2	186.4	-6.0%	269.0	225.6	-16.1%	264.9	239.4	-9.6%
Gross profit	21.6	20.0	-7.6%	48.0	26.3	-45.3%	55.7	41.7	-25.1%
Gross profit margin	10.9%	10.7%	-0.2% pts	17.9%	11.6%	-6.1% pts	21.0%	17.4%	-3.6% pts
SG&A expenses	14.3	16.3	13.6%	31.5	14.4	-54.5%	35.0	17.6	-49.6%
Operating profit	7.3	3.7	-49.3%	16.5	11.9	-27.8%	20.6	24.1	16.6%
Financial income	7.4	7.4	-0.5%	8.3	8.0	-3.3%	10.6	11.4	7.1%
Financial expenses	9.7	9.9	2.0%	8.5	10.3	21.6%	7.4	10.0	35.5%
Pre-tax profit	11.4	7.2	-37.0%	20.6	13.2	-35.8%	28.1	29.3	4.1%
Net profit	9.7	6.1	-37.0%	17.6	11.3	-35.8%	24.0	25.0	4.1%
EPS	0.02	0.01	-37.0%	0.04	0.03	-35.8%	0.06	0.06	4.1%

SOURCES: VND RESEARCH

### Maintain Hold with a lower target price of VND16,800 ►

Our FY19-20F EPS forecasts decline by an average of 36.4% due to the change in provision reversal assumptions and the further delay in the TAD contract at a lower-than-expected day rate.

We also make other changes to the valuation model, including:

- Reduce the risk free rate assumption from 5% to 4%.
- Reduce the target P/BV from 0.6x to 0.5x, as the drilling market recovery is slower-than-expected. This is still higher than TTM P/BV and FY19-20F average P/BV of peers at 0.4x, as we believe PVD deserves to trade at a premium to peers thanks to its younger rig fleet and higher ROE and ROA than the peer average.

We lower the target price to VND16,800 and maintain a Hold recommendation, as we think the recent stock price decline has priced in the weak 3Q results and the weaker-than-expected TAD contract terms. The company is on track to deliver a recovery in its profit growth with full orders until end-2020F. However, we think it needs more time to return to the levels before 2016 when the day rate was higher than US\$80,000.

Figure 5: DCF valuation summary

US\$m	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-22F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35F
Total revenue	172	239	186	226	239	262	349	455	501	5.5%
% yoy	-27.4%	41.4%	-21.3%	24.1%	8.8%	9.4%	10.0%	3.7%	1.2%	
COGS & OPEX	(189)	(235)	(183)	(214)	(215)	(232)	(307)	(400)	(441)	
EBIT	(17)	4	4	12	24	29	42	55	60	11.4%
Operating margin	-10.2%	1.8%	2.0%	5.3%	10.1%	11.3%	12.0%	12.0%	12.0%	
Effective tax rate	76.4%	25.8%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
EBIT * (1-Tax rate)	(4)	3	3	9	18	22	31	41	45	11.4%
+ Depreciation & Amortisation	35	26	15	20	22	24	31	41	45	
% of revenue	20.3%	11.1%	8.2%	8.9%	9.2%	9.0%	9.0%	9.0%	9.0%	
- CapEx	(2)	(3)	(8)	(32)	(19)	(13)	(17)	(23)	(25)	
% of revenue	-1.1%	-1.4%	-4.4%	-14.0%	-8.0%	-5.0%	-5.0%	-5.0%	-5.0%	
+ Change in Working Capital	2	(3)	2	3	23	(2)	9	11	20	
% of revenue	0.9%	-1.2%	1.2%	1.1%	9.4%	-0.7%	2.5%	2.4%	4.0%	
Interest and other financial activities, net	24	6	3	1	5	7	9	12	13	
% of revenue	14.1%	2.4%	1.9%	0.6%	2.2%	2.7%	2.7%	2.7%	2.7%	
<b>Unlevered free cash flow (UFCF)</b>	<b>54</b>	<b>29</b>	<b>16</b>	<b>1</b>	<b>49</b>	<b>38</b>	<b>63</b>	<b>82</b>	<b>99</b>	
% yoy	24.7%	-45.6%	-45.9%	-91.4%	3688.1%	-21.9%	23.8%	4.2%	1.2%	

SOURCES: VND RESEARCH

Figure 6: Cost of equity assumptions

Cost of equity	
Risk Free Rate	4.0%
Beta	1.5
Risk Premium	11.0%
<b>Cost of Equity</b>	<b>20.5%</b>

SOURCES: VND RESEARCH

Figure 7: WACC and terminal growth

US\$m	
Equity Value	293
Debt	151
Cost of Debt	5.0%
Tax Rate	25.0%
<b>WACC</b>	<b>14.8%</b>
<b>Perpetual Growth Rate</b>	<b>1.2%</b>

SOURCES: VND RESEARCH

Figure 8: Blended target price\*

Method	Implied share price (VND)	Weight (%)	Weighted share price (VND)
DCF	17,584	50%	8,792
Target FY19-21F P/BV of 0.5x	16,077	50%	8,038
<b>Blended price</b>		<b>100%</b>	<b>16,830</b>
<b>Target price</b>			<b>16,800</b>

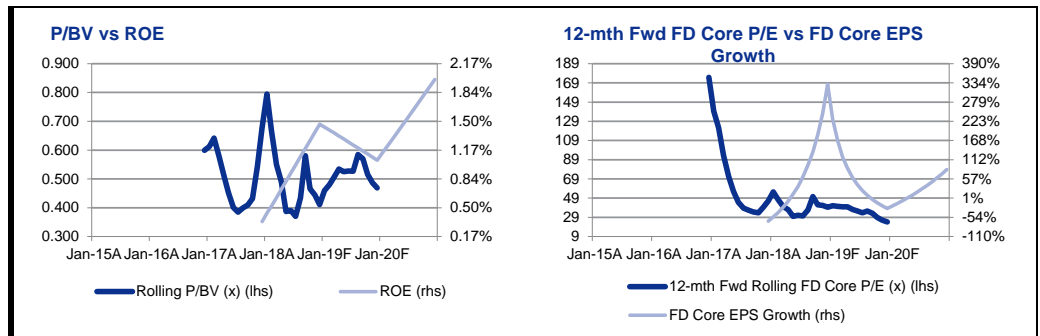
\*Assuming USD/VND rate of VND23,000  
SOURCES: VND RESEARCH

Figure 9: 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	TTM	FY19F	FY20F
<b>Offshore drilling companies</b>																				
PV Drilling	PVD VN	HOLD	14,850	16,800	270	13.9	44.1	23.9	42.7%	0.5	0.5	0.5	3.3%	1.1%	2.0%	2.1%	0.8%	1.4%		
Velesb Energy Bhd	VEB MK	ADD	0.39	0.47	768	84.8	77.5	31.8	153.8%	1.2	1.0	1.0	-0.3%	1.3%	3.2%	-0.2%	0.9%	2.1%		
Diamond Offshore	DO US	NR	5.60	NA	771	NA	NA	NA	-16.2%	0.2	0.2	0.3	-10.4%	-10.6%	-8.9%	-6.1%	-6.1%	-4.3%		
Valaris plc	VAL US	NR	4.28	NA	847	NA	NA	NA	26.1%	0.1	0.1	0.1	-2.2%	-7.3%	-7.8%	-1.2%	-4.4%	-4.1%		
Sapura Energy Bhd	SAPK MK	HOLD	0.28	0.31	1,049	NA	7.8	NA	-87.8%	0.2	0.3	0.3	2.1%	-8.1%	-3.8%	0.9%	-3.0%	-1.4%		
Transocean	RIGN SW	NR	4.70	NA	2,908	NA	NA	NA	NA	NA	0.2	0.3	-12.1%	-5.9%	-4.0%	-6.0%	-3.0%	-2.1%		
<b>Average - Offshore drilling peers</b>					<b>1,268</b>		<b>42.7</b>	<b>31.8</b>	<b>19.0%</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>-4.6%</b>	<b>-6.1%</b>	<b>-4.3%</b>	<b>-2.5%</b>	<b>-3.1%</b>	<b>-1.9%</b>		

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (DATA AS AT DEC 03)

## 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>186.4</b>	<b>225.6</b>	<b>239.4</b>
<b>Gross Profit</b>	<b>8.5</b>	<b>17.3</b>	<b>20.0</b>	<b>26.3</b>	<b>41.7</b>
<b>Operating EBITDA</b>	<b>17.3</b>	<b>30.8</b>	<b>19.0</b>	<b>32.0</b>	<b>46.1</b>
Depreciation And Amortisation	(34.8)	(26.5)	(15.3)	(20.1)	(22.0)
<b>Operating EBIT</b>	<b>(17.4)</b>	<b>4.3</b>	<b>3.7</b>	<b>11.9</b>	<b>24.1</b>
Financial Income/(Expense)	(3.6)	(2.9)	(2.5)	(2.3)	1.4
Pretax Income/(Loss) from Assoc.	0.2	2.6	3.5	3.4	3.6
Non-Operating Income/(Expense)	27.5	6.1	2.4	0.2	0.3
<b>Profit Before Tax (pre-EI)</b>	<b>6.7</b>	<b>10.1</b>	<b>7.2</b>	<b>13.2</b>	<b>29.3</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>6.7</b>	<b>10.1</b>	<b>7.2</b>	<b>13.2</b>	<b>29.3</b>
Taxation	(5.1)	(2.6)	(1.8)	(3.3)	(7.3)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1.6</b>	<b>7.5</b>	<b>5.4</b>	<b>9.9</b>	<b>21.9</b>
Minority Interests	0.4	1.1	0.8	1.4	3.1
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>2.0</b>	<b>8.6</b>	<b>6.1</b>	<b>11.3</b>	<b>25.0</b>
Recurring Net Profit	2.0	8.6	6.1	11.3	25.0
<b>Fully Diluted Recurring Net Profit</b>	<b>2.0</b>	<b>8.6</b>	<b>6.1</b>	<b>11.3</b>	<b>25.0</b>

### Cash Flow

(US\$m)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	17.31	30.79	19.04	32.04	46.08
Cash Flow from Inv. & Assoc.	(6.32)	(7.11)	(7.04)	(6.86)	(6.70)
Change In Working Capital	1.52	(2.89)	2.19	2.52	22.50
(Incr)/Decr in Total Provisions	1.81	(4.95)	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	(10.65)	(20.67)	(11.86)	(18.84)	(16.82)
Other Operating Cashflow	13.78	25.89	22.15	27.12	28.70
Net Interest (Paid)/Received	(8.68)	(7.70)	(9.88)	(10.29)	(10.02)
Tax Paid	(3.71)	(6.21)	(1.79)	(3.30)	(7.32)
<b>Cashflow From Operations</b>	<b>5.05</b>	<b>7.15</b>	<b>12.82</b>	<b>22.39</b>	<b>56.44</b>
Capex	(1.95)	(3.42)	(8.18)	(31.59)	(19.15)
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>(8.18)</b>	<b>(31.59)</b>	<b>(19.15)</b>
Debt Raised/(repaid)	(33.16)	1.78	(16.53)	9.90	19.60
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>(16.53)</b>	<b>9.90</b>	<b>19.60</b>
Total Cash Generated	(43.07)	18.16	(11.90)	0.70	56.89
<b>Free Cashflow To Equity</b>	<b>(43.01)</b>	<b>60.45</b>	<b>(11.90)</b>	<b>0.70</b>	<b>56.89</b>
<b>Free Cashflow To Firm</b>	<b>(1.17)</b>	<b>66.37</b>	<b>14.51</b>	<b>1.09</b>	<b>47.31</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	127.0	122.6	174.6
Total Debtors	68.5	69.7	54.6	66.2	70.2
Inventories	33.3	32.8	24.2	29.0	28.7
Total Other Current Assets	1.2	1.1	0.8	1.0	1.1
<b>Total Current Assets</b>	<b>277.3</b>	<b>245.2</b>	<b>206.7</b>	<b>218.7</b>	<b>274.6</b>
Fixed Assets	653.9	624.9	615.6	612.1	594.3
Total Investments	25.5	29.9	29.8	29.1	28.4
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	5.9	7.5	7.5	7.3	7.2
<b>Total Non-current Assets</b>	<b>685.3</b>	<b>662.3</b>	<b>653.0</b>	<b>648.5</b>	<b>629.8</b>
Short-term Debt	59.2	15.7	14.0	14.6	34.2
Current Portion of Long-Term Debt					
Total Creditors	39.5	42.9	36.2	43.8	46.5
Other Current Liabilities	73.6	62.4	48.9	59.2	62.9
<b>Total Current Liabilities</b>	<b>172.3</b>	<b>121.0</b>	<b>99.2</b>	<b>117.7</b>	<b>143.5</b>
Total Long-term Debt	146.9	150.2	134.8	140.4	136.7
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	49.0	37.9	37.8	36.8	35.9
<b>Total Non-current Liabilities</b>	<b>195.9</b>	<b>188.1</b>	<b>172.5</b>	<b>177.3</b>	<b>172.7</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>271.7</b>	<b>295.0</b>	<b>316.2</b>
Shareholders' Equity	582.8	587.3	576.1	559.3	572.6
Minority Interests	11.7	11.1	11.8	12.9	15.7
<b>Total Equity</b>	<b>594.4</b>	<b>598.4</b>	<b>588.0</b>	<b>572.3</b>	<b>588.2</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	(28.5%)	39.4%	(22.1%)	21.1%	6.1%
Operating EBITDA Growth	(56.5%)	77.9%	(38.2%)	68.3%	43.8%
Operating EBITDA Margin	10.1%	12.9%	10.2%	14.2%	19.2%
Net Cash Per Share (US\$)	(0.075)	(0.058)	(0.052)	(0.077)	0.009
BVPS (US\$)	1.38	1.39	1.37	1.33	1.36
Gross Interest Cover	(2.05)	0.58	0.57	1.75	3.64
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	121.7	98.0	103.9
Inventory Days	76.42	54.36	62.51	48.76	53.24
Accounts Payables Days	69.73	58.78	84.26	71.41	81.06
ROIC (%)	(0.60%)	0.49%	0.44%	1.44%	2.95%
ROCE (%)	(1.07%)	1.61%	1.48%	2.72%	4.77%
Return On Average Assets	0.24%	1.04%	0.82%	1.35%	2.36%

### Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Oil Price (US\$/bbl)	54.0	72.0	65.0	62.0	65.0
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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BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, DELTA, DTAC, EA, EGCO, EPG, ERW, ESSO, GFPT, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMT, KBANK, KGE, KKP, KTB, KTC, LH, MAJOR, MBK, MEGA, MINT, MTC, ORI, OSP, PLANB, PRM, PSH, PSL, PTG, PTT, PTTEP, PTTGC, QH, RATCH, ROBINS, RS, SAWAD, SCB, SCC, SGP, SIRI, SPALI, SPRC, STA, STEC, SUPER, TASCO, TCAP, THAI, THANI, TISCO, TKN, TMB, TOA, TOP, TPIPP, TRUE, TTW, TU, TVO, WHA.

#### Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	

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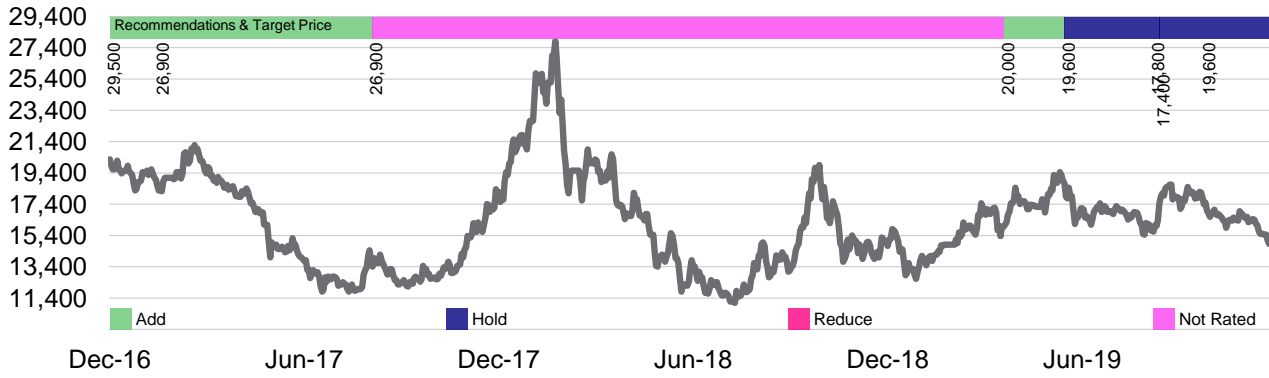


Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2019		
777 companies under coverage for quarter ended on 30 September 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.8%	0.9%
Hold	26.3%	0.0%
Reduce	14.9%	0.1%

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

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

— Price Close



## 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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