

## Vietnam

**ADD** (previously HOLD)

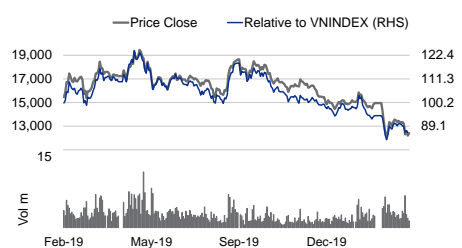
Consensus ratings\*: Buy 6 Hold 3 Sell 0

Current price:	VND12,400
Target price:	VND16,500
Previous target:	VND16,800
Up/downside:	33.1%
CGS-CIMB / Consensus:	-8.1%
Reuters:	PVD.HM
Bloomberg:	PVD VN
Market cap:	US\$224.7m
	VND5,222,010m
Average daily turnover:	US\$1.41m
	VND32,739m
Current shares o/s:	421.5m
Free float:	34.0%

\*Source: Bloomberg

**Key changes in this note**

➤ FY20-22F EPS decreased by 2.2-4.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-17.1	-20	-20.7
Relative (%)	-7.5	-11.6	-11.2

Major shareholders	% held
PetroVietnam Group	50.4
Others	49.6

**Analyst(s)**

**Mai PHAM**

T (84) 94 328 0850

E mai.phamle@vndirect.com.vn

# PetroVietnam Drilling & Well Services JSC

## Short-term volatility buffered by long-term contract

- Drilling contracts secured for FY20-21F cushion against oil price downside.
- We expect FY20F net profit of US\$11.0m (+35.2% yoy) due to solid performance from drilling segment and US\$4.3m bad debt provision reversal.
- We upgrade PVD from Hold to Add due to the sharp share price correction. We lower our TP to VND16,500 to reflect FY20-22F EPS cuts.

### Higher-than-expected FY19 net profit due to non-core income

PVD reported FY19 net profit of US\$9.1m, down 5.1% yoy due to a 38.0% spike in SG&A expenses (lower debt provision reversal), which was partly offset by higher gain from investment in associates (+84.9% yoy). FY19 net profit beat our full-year forecast by 33.1%, as a result of 1) c.US\$2.6m reversal of technology development fund in 4Q19, 2) higher-than-expected income from associates in 4Q19, and 3) lower-than-expected tax expenses and minority interest.

### Secured contracts imply low downside risk in terms of oil price

Given that PVD has secured contracts for all four jack-up rigs in FY20F, we see little downside risk for the company's short-term outlook. In addition, we consider the awarded 10-year contract of the tender-assist drilling (TAD) rig starting from 4Q21F a cushion against potential oil price decline. This fixed-rate contract could bring in stable annual gross profit of US\$4.2m, in our estimation, even if the oil market sours in FY21F.

### Net profit expected to rise 35.2% in FY20F

We tweak our FY20-22F EPS forecasts to reflect FY19 numbers, with slightly higher financial expense due to a higher-than-expected debt balance at end-FY19. We expect FY20F net profit to increase 35.2% yoy to US\$11.0m, driven mainly by an improvement in jack-up utilisation rate (+5% pts), a 7.4% hike in average day rate and US\$4.3m debt provision reversal.

### Upgrade to Add with a lower TP of VND16,500

We reduce our TP by 1.8% on the back of FY20-22F EPS cuts, still based on an equal weighting of DCF valuation and target FY20-22F P/BV of 0.5x. We upgrade PVD from Hold to Add, as the share price has dropped nearly 18% YTD, in line with oil price movements. Moreover, its short-term outlook remains intact and FY21F bottomline could improve on the revival of the deep-water rig. Assuming that the Covid-19 pandemic is contained in 1H20F, we recommend PVD for the longer term. Re-rating catalyst is a recovery in oil price following the containment of the epidemic. Downside risks include a prolonged Covid-19 outbreak that would weigh on investor sentiment and long-term oil prices, as well as delays in customer and debtor PetroVietnam Exploration Production Corporation (PVEP, unlisted) repaying PVD.

**Financial Summary**

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (US\$m)	239.2	188.5	225.6	239.4	255.6
Operating EBITDA (US\$m)	30.79	26.96	32.04	46.08	51.82
Net Profit (US\$m)	8.60	8.16	11.04	24.19	29.21
Core EPS (US\$)	0.020	0.019	0.026	0.057	0.069
Core EPS Growth	331%	(5%)	35%	119%	21%
FD Core P/E (x)	26.15	27.55	20.37	9.30	7.70
DPS (US\$)	0.000	0.000	-	-	-
Dividend Yield	0.059%	0.054%	0.000%	0.000%	0.000%
EV/EBITDA (x)	7.50	8.38	7.40	4.61	3.87
P/FCFE (x)	12.3	NA	NA	4.6	337.5
Net Gearing	4.06%	5.89%	7.73%	2.76%	(0.01%)
P/BV (x)	0.38	0.38	0.40	0.39	0.40
ROE	1.47%	1.38%	1.90%	4.25%	5.14%
% Change In Core EPS Estimates			(2.17%)	(3.29%)	(4.10%)
CGS-CIMB/Consensus EPS (x)			1.25	0.91	0.69

SOURCES: VND RESEARCH, COMPANY REPORTS

## Short-term volatility buffered by long-term contract FY19 net profit beat expectations thanks to non-core income

Figure 1: Results comparison

FYE Dec (US\$m)	4Q19	4Q18	% yoy	FY19	FY18	% yoy	vs. FY19 forecast	Comment
<b>Net revenue</b>	<b>60.0</b>	<b>61.2</b>	<b>-2.1%</b>	<b>188.5</b>	<b>239.2</b>	<b>-21.2%</b>	<b>101.2%</b>	Lower 4Q revenue was mainly due to a sharp decline in revenue from trading activities (-79.0% yoy) while drilling revenue increased 58.8% yoy on higher utilisation rate (95% vs. 90% in 4Q18) and 6% yoy higher average day rate. Full year revenue also saw a dip as a result of lower revenue from trading and well-related services.
Drilling	34.1	21.5	58.8%	93.9	94.1	-0.3%		
Well services	22.2	22.2	-0.1%	76.3	87.2	-12.5%		Lower workload of trading and well-related services due to lack of revenue from large customers such as Rosneft and Repsol (Red Emperor project) in FY18.
Trading	3.7	17.5	-79.0%	18.3	58.0	-68.4%		
<b>Gross profit</b>	<b>6.2</b>	<b>13.6</b>	<b>-54.3%</b>	<b>19.4</b>	<b>17.3</b>	<b>12.2%</b>	<b>97.0%</b>	
Drilling	3.3	10.6	NA	4.6	(0.8)	NA		Lower 4Q gross profit from drilling segment was due to the change in depreciation policy applied to PVD II, III and VI rigs, the increased profit from which was solely booked in 4Q18. From a full-year perspective, the drilling segment rebounded strongly on the back of higher utilisation (+5% pts) and average day rate (+7.7% yoy).
Well services	2.6	2.6	-1.8%	13.4	16.4	-18.3%		
Trading	0.4	0.4	-5.5%	1.3	1.5	-16.3%		
<b>Gross profit margin</b>	<b>10.4%</b>	<b>22.3%</b>	<b>-11.9% pts</b>	<b>10.3%</b>	<b>7.2%</b>	<b>+3.1% pts</b>		
Drilling	9.6%	49.4%	-39.8% pts	4.9%	NA	NA		
Well services	11.7%	11.9%	-0.2% pts	17.6%	18.9%	-1.3% pts		
Trading	9.8%	2.2%	+7.6% pts	7.1%	2.7%	+4.4% pts		
Selling expenses	(0.4)	(0.3)	61.9%	(0.7)	(0.5)	34.1%	172.1%	
G&A expenses	(4.7)	(1.0)	388.4%	(17.1)	(12.4)	38.2%	108.0%	Lower provision reversal relating to PVEP's debt in 4Q19 (US\$1.7m vs. US\$5.4m in 4Q18). Net provision expense in FY19 was US\$1.4m, compared to reversal of US\$3.9m in FY18.
<b>Operating profit</b>	<b>1.0</b>	<b>12.4</b>	<b>-91.6%</b>	<b>1.5</b>	<b>4.3</b>	<b>-64.9%</b>	<b>41.1%</b>	
Financial income	2.0	4.3	-53.9%	7.3	8.3	-11.5%	99.2%	
Financial expenses	(2.5)	(2.6)	-7.0%	(10.4)	(11.2)	-7.1%	105.4%	
Gain (loss) from investment in associates	2.9	(1.3)	NA	4.9	2.6	84.9%	137.4%	Higher-than-expected income from affiliates (BJ-PVD, Baker Hughes JV and PVD Tubulars) in 4Q and FY19
<b>Pre-tax profit</b>	<b>6.0</b>	<b>19.1</b>	<b>-68.6%</b>	<b>8.4</b>	<b>10.1</b>	<b>-16.8%</b>	<b>117.3%</b>	4Q net profit plummeted mainly due to the effect of the depreciation policy change and lower provision reversal during the quarter.
<b>Net profit</b>	<b>6.1</b>	<b>16.8</b>	<b>-63.9%</b>	<b>8.2</b>	<b>8.6</b>	<b>-5.1%</b>	<b>133.1%</b>	

SOURCES: VND RESEARCH, COMPANY REPORTS

For FY19, PVD reported net profit of US\$8.2m, down 5.1% yoy but exceeding our forecast by 33.1%. This is due to 1) the booking of unexpected c.US\$2.6m reversal of technology development fund in 4Q19, 2) higher-than-expected income from associates in 4Q19, and 3) lower-than-expected tax expenses and minority interest.

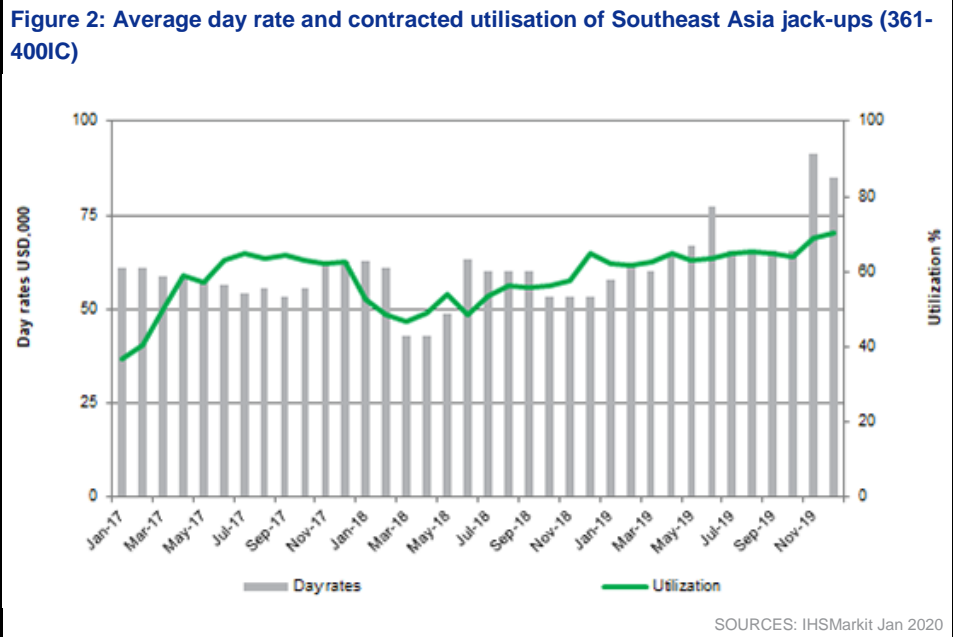
### Limited short-term impact from Covid-19

For FY20F, PVD has already secured drilling contracts for all of its jack-up rigs, with fixed day rate per contract term, averaging US\$65,000 (+7.4% yoy). Therefore, we see no downside risk for the drilling segment in the short-term despite oil price declines due to Covid-19 outbreak. For a longer-term view, if the low oil-price environment persists (beyond 1H20F), companies might be less willing to start up new projects on top of weaker cash flow outlook. In addition, the service prices for trading and well-related activities could also be hurt.

For FY20F, we maintain our assumptions for the drilling segment with utilisation rate of 95% and average day rate of US\$65,000, leading to unchanged drilling revenue of c.US\$118.9m (54.6% of net revenue). For the other two business

segments, we keep our revenue forecasts of US\$20.8m from trading activities and US\$85.9m from well service segment, as we await more information on the development of the epidemic before incorporating its effect into our valuation model.

*Average day rate across Southeast Asia has been on a recovery track since the beginning of FY19; however, this might be affected if oil price continues to decline over a longer period of time. Since the development of the epidemic remains uncertain, we think it is still early to review the oil price/day rate forecasts for a longer term. Note that oil price effect on day rate/utilisation rate could lag by six months to one year, depending on market conditions.*



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

Rig fleet	1Q19	2Q19	3Q19F	4Q19F	1Q20F	2Q20F	3Q20F	4Q20F
PVD I	VSP	Murphy	Hibiscus Malaysia	Petronas			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: VND RESEARCH, COMPANY REPORTS

**We see the TAD contract as a buffer for oil price decline ➤**

As the longer-term oil price outlook remains uncertain, we see the 10-year drilling contract of the TAD rig as a buffer against oil price downside. Scheduled to return to work from 2Q20F, the deepwater rig could bring about a stable annual gross profit of c.US\$4.2m (US\$1.8m in FY20F for working only three quarters of the year), given a fixed day rate of US\$90,000-100,000 for the first six years of the contract, in our estimation. We expect the utilisation rate of the rig to stay high at 90-95%, as Brunei Shell Petroleum continues its E&P activities to support Brunei's oil and gas export-based economy.

**Other forecast revisions ➤**

We reduce FY20-22F EPS forecasts by 2.2-4.1%, due to the higher-than-expected debt balance at end-FY19 which would incur higher financial expenses. However, this still implies a 35% yoy bottomline growth in FY20F and 119% yoy increase in FY21F, supported mainly by the growth in the drilling segment.

**Figure 4: Forecast revisions**

Unit: US\$m (otherwise noted)	2020F			2021F			2022F		
	Old	New	%Δ	Old	New	%Δ	Old	New	%Δ
Average jack-up day rate (US\$)	65,000	65,000	-	75,000	75,000	-	80,000	80,000	-
Average TAD day rate (US\$)	NA	NA	NA	95,000	95,000	-	95,000	95,000	-
Jack-up utilisation rate (%)	95%	95%	-	90%	90%	-	90%	90%	-
TAD utilisation rate (%)	0%	0%	-	75%	75%	-	95%	95%	-
Net revenue	225.6	225.6	0.0%	239.4	239.4	0.0%	255.6	255.6	0.0%
Trading	20.8	20.8	-	21.3	21.3	-	21.9	21.9	-
Drilling	118.9	118.9	-	130.0	130.0	-	143.5	143.5	-
Well services	85.9	85.9	-	88.0	88.0	-	90.2	90.2	-
Gross profit	26.3	26.3	-	41.7	41.7	-	49.8	49.8	-
Gross profit margin	11.6%	11.6%	-	17.4%	17.4%	-	19.5%	19.5%	-
SG&A expenses	(14.4)	(14.4)	(0.0)	(17.6)	(17.6)	(0.0)	(21.0)	(21.0)	-
Operating profit	11.9	11.9	-	24.1	24.1	-	28.8	28.8	-
Pre-tax profit	13.2	12.9	-2.2%	29.3	28.3	-3.3%	35.6	34.2	-4.1%
Net profit	11.3	11.0	-2.2%	25.0	24.2	-3.3%	30.5	29.2	-4.1%
EPS	0.03	0.03	-2.2%	0.06	0.06	-3.3%	0.07	0.07	-4.1%

SOURCES: VND RESEARCH

## Upgrade from Hold to Add on sharp price correction

The FY20-22F EPS downward revision led to a 1.8% decline in our target price. Our TP is based on an equal weighting of DCF valuation and target FY20-22F P/BV multiple of 0.5x. The target P/BV is at a premium to global peer average of 0.3x, as PVD has a better profitability outlook with positive ROE and ROA, while most of the peers are forecast to incur losses in FY20-21F.

We upgrade PVD from Hold to Add, as the share price has dropped nearly 18% YTD, in line with oil price movements, while its short-term outlook remains intact and FY21F bottomline could jump exponentially on the revival of its deep-water rig. We understand that PVD's share price displays high volatility and high correlation with overall market performance (translating into a high beta). Therefore, the share price could be weak in the short-term given the developments of the covid-19 outbreak. However, we consider PVD a longer-term story for 2H20-2021F, provided that the outbreak is contained within 1H20F.

**Figure 5: DCF valuation summary**

US\$m	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35F
Total revenue	239	189	226	239	262	349	455	501	5.5%
% yoy	41.4%	-20.6%	22.9%	8.8%	9.4%	10.0%	3.7%	1.2%	
COGS & OPEX	(235)	(187)	(214)	(215)	(232)	(307)	(400)	(441)	
EBIT	4	2	12	24	29	42	55	60	11.4%
Operating margin	1.8%	0.8%	5.3%	10.1%	11.3%	12.0%	12.0%	12.0%	
Effective tax rate	25.8%	9.3%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
EBIT * (1-Tax rate)	3	1	9	18	22	31	41	45	11.4%
+ Depreciation & Amortisation	26	25	20	22	24	31	41	45	
% of revenue	11.1%	13.5%	8.9%	9.2%	9.0%	9.0%	9.0%	9.0%	
- CapEx	(3)	(2)	(32)	(19)	(13)	(17)	(23)	(25)	
% of revenue	-1.4%	-0.9%	-14.0%	-8.0%	-5.0%	-5.0%	-5.0%	-5.0%	
+ Change in Working Capital	(3)	(17)	9	20	(4)	1	3	20	
% of revenue	-1.2%	-9.0%	3.8%	8.2%	-1.7%	0.3%	0.8%	4.0%	
Interest and other financial activities, net	6	7	1	4	6	7	10	11	
% of revenue	2.4%	3.7%	0.5%	1.8%	2.1%	2.1%	2.1%	2.1%	
<b>Unlevered free cash flow (UFCF)</b>	<b>29</b>	<b>15</b>	<b>7</b>	<b>45</b>	<b>34</b>	<b>54</b>	<b>72</b>	<b>96</b>	

SOURCES: VND RESEARCH

**Figure 6: Cost of equity**

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	302
Debt	163
Cost of Debt	5.0%
Tax Rate	25.0%
<b>WACC</b>	<b>14.6%</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	16,944	50%	8,472
Target FY20-22F P/BV of 0.5x	15,951	50%	7,976
<b>Blended price</b>		<b>100%</b>	<b>16,448</b>
<b>Target price</b>			<b>16,500</b>

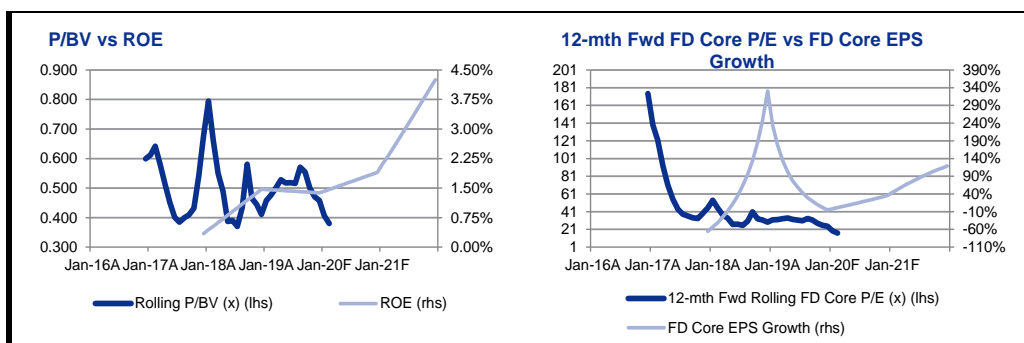
SOURCES: VND RESEARCH

**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	FY20F	FY21F		TTM	FY20F	FY21F	TTM	FY20F	FY21F	TTM	FY20F	FY21F
<b>Offshore drilling companies</b>																		
PV Drilling	PVD VN	ADD	12,400	16,500	225	35.4	20.4	9.3	53.7%	0.4	0.4	0.4	1.4%	1.9%	4.3%	0.9%	1.4%	2.4%
Diamond Offshore	DO US	NOT RATED	2.69	NA	370	NA	NA	NA	23.3%	0.1	0.1	0.1	-10.5%	-11.8%	-11.7%	-6.0%	-5.1%	-5.3%
Velesto Energy Bhd	VEB MK	ADD	0.32	0.46	624	82.1	26.8	16.4	78.8%	0.9	0.8	0.8	1.3%	3.2%	5.0%	0.9%	2.1%	3.4%
Valaris plc	VAL US	NOT RATED	3.21	NA	633	NA	NA	NA	NA	0.1	0.1	0.1	-2.4%	-9.0%	-5.8%	-1.3%	-4.3%	-3.1%
Sapura Energy Bhd	SAPE MK	HOLD	0.20	0.29	759	NA	NA	NA	NA	0.2	0.2	0.2	2.1%	-4.4%	-2.6%	0.9%	-1.5%	-0.7%
Transocean	RIGN SW	NOT RATED	3.50	NA	2,206	NA	NA	NA	NA	NA	0.2	0.2	-10.1%	-4.4%	-2.6%	-5.0%	-2.1%	-1.3%
<b>Average - Offshore drilling peers</b>					<b>919</b>		<b>26.8</b>	<b>16.4</b>	<b>51.1%</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>-3.9%</b>	<b>-5.3%</b>	<b>-3.5%</b>	<b>-2.1%</b>	<b>-2.2%</b>	<b>-1.4%</b>

SOURCES: CGS-CIMB RESEARCH, VND RESEARCH, BLOOMBERG (DATA AS AT 28 FEB)

## BY THE NUMBERS



### Profit & Loss

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>239.2</b>	<b>188.5</b>	<b>225.6</b>	<b>239.4</b>	<b>255.6</b>
<b>Gross Profit</b>	<b>17.3</b>	<b>19.4</b>	<b>26.3</b>	<b>41.7</b>	<b>49.8</b>
<b>Operating EBITDA</b>	<b>30.8</b>	<b>27.0</b>	<b>32.0</b>	<b>46.1</b>	<b>51.8</b>
Depreciation And Amortisation	(26.5)	(25.4)	(20.1)	(22.0)	(23.1)
<b>Operating EBIT</b>	<b>4.3</b>	<b>1.5</b>	<b>11.9</b>	<b>24.1</b>	<b>28.8</b>
Financial Income/(Expense)	(2.9)	(3.1)	(3.3)	(0.7)	(0.3)
Pretax Income/(Loss) from Assoc.	2.6	4.9	3.4	3.6	3.8
Non-Operating Income/(Expense)	6.1	5.1	0.9	1.4	1.8
<b>Profit Before Tax (pre-EI)</b>	<b>10.1</b>	<b>8.4</b>	<b>12.9</b>	<b>28.3</b>	<b>34.2</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>10.1</b>	<b>8.4</b>	<b>12.9</b>	<b>28.3</b>	<b>34.2</b>
Taxation	(2.6)	(0.8)	(3.2)	(7.1)	(8.5)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>7.5</b>	<b>7.6</b>	<b>9.7</b>	<b>21.2</b>	<b>25.6</b>
Minority Interests	1.1	0.5	1.4	3.0	3.6
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>8.6</b>	<b>8.2</b>	<b>11.0</b>	<b>24.2</b>	<b>29.2</b>
Recurring Net Profit	8.6	8.2	11.0	24.2	29.2
<b>Fully Diluted Recurring Net Profit</b>	<b>8.6</b>	<b>8.2</b>	<b>11.0</b>	<b>24.2</b>	<b>29.2</b>

### Cash Flow

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	30.79	26.96	32.04	46.08	51.82
Cash Flow from Inv. & Assoc.	(7.11)	(9.71)	(9.45)	(9.22)	(8.99)
Change In Working Capital	(2.89)	(16.98)	8.61	19.57	(4.23)
(Incr)/Decr in Total Provisions	(4.95)	(1.61)	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	(20.67)	(18.54)	(19.13)	(17.79)	(17.66)
Other Operating Cashflow	25.89	24.88	25.17	26.99	27.47
Net Interest (Paid)/Received	(7.70)	(6.07)	(10.08)	(10.11)	(9.34)
Tax Paid	(6.21)	(3.01)	(3.23)	(7.07)	(8.54)
<b>Cashflow From Operations</b>	<b>7.15</b>	<b>(4.08)</b>	<b>23.94</b>	<b>48.45</b>	<b>30.53</b>
Capex	(3.42)	(1.77)	(31.59)	(19.15)	(12.78)
Disposals Of FAs/subsidiaries	0.03	0.06	0.00	0.00	0.00
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	54.90	(7.18)	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>51.51</b>	<b>(8.89)</b>	<b>(31.59)</b>	<b>(19.15)</b>	<b>(12.78)</b>
Debt Raised/(repaid)	(40.38)	(3.65)	1.69	19.68	(17.08)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(0.12)	(0.12)	0.00	0.00	0.00
Preferred Dividends					
Other Financing Cashflow	0.00	0.00	0.00	0.00	0.00
<b>Cash Flow From Financing</b>	<b>(40.51)</b>	<b>(3.77)</b>	<b>1.69</b>	<b>19.68</b>	<b>(17.08)</b>
Total Cash Generated	18.16	(16.74)	(5.96)	48.98	0.67
<b>Free Cashflow To Equity</b>	<b>18.28</b>	<b>(16.62)</b>	<b>(5.96)</b>	<b>48.98</b>	<b>0.67</b>
<b>Free Cashflow To Firm</b>	<b>66.37</b>	<b>(6.90)</b>	<b>2.43</b>	<b>39.40</b>	<b>27.09</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	141.6	126.4	114.7	158.9	153.8
Total Debtors	69.7	83.6	80.1	85.0	90.7
Inventories	32.8	35.0	40.2	39.8	41.5
Total Other Current Assets	1.1	2.1	2.6	2.7	2.9
<b>Total Current Assets</b>	<b>245.2</b>	<b>247.3</b>	<b>237.5</b>	<b>286.4</b>	<b>288.8</b>
Fixed Assets	624.9	602.3	596.5	579.1	554.7
Total Investments	29.9	46.2	44.9	43.8	42.7
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	7.5	7.2	7.0	6.8	6.6
<b>Total Non-current Assets</b>	<b>662.3</b>	<b>655.7</b>	<b>648.4</b>	<b>629.7</b>	<b>604.0</b>
Short-term Debt	15.7	22.5	15.0	35.0	30.7
Current Portion of Long-Term Debt					
Total Creditors	42.9	36.3	42.6	42.3	44.1
Other Current Liabilities	62.4	60.6	72.3	76.8	81.9
<b>Total Current Liabilities</b>	<b>121.0</b>	<b>119.4</b>	<b>130.0</b>	<b>154.1</b>	<b>156.8</b>
Total Long-term Debt	150.2	139.7	144.2	140.1	123.0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	37.9	35.9	34.9	34.0	33.2
<b>Total Non-current Liabilities</b>	<b>188.1</b>	<b>175.6</b>	<b>179.1</b>	<b>174.1</b>	<b>156.2</b>
Total Provisions	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>309.1</b>	<b>295.0</b>	<b>309.1</b>	<b>328.2</b>	<b>312.9</b>
Shareholders' Equity	587.3	597.3	565.0	573.4	562.3
Minority Interests	11.1	10.7	11.7	14.4	17.6
<b>Total Equity</b>	<b>598.4</b>	<b>608.0</b>	<b>576.7</b>	<b>587.9</b>	<b>579.9</b>

### Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	39.4%	(21.2%)	19.7%	6.1%	6.8%
Operating EBITDA Growth	77.9%	(12.5%)	18.9%	43.8%	12.5%
Operating EBITDA Margin	12.9%	14.3%	14.2%	19.2%	20.3%
Net Cash Per Share (US\$)	(0.06)	(0.08)	(0.11)	(0.04)	0.00
BVPS (US\$)	1.39	1.42	1.34	1.36	1.33
Gross Interest Cover	0.58	0.22	1.79	3.61	4.66
Effective Tax Rate	25.8%	9.3%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	1.41%	1.48%	NA	NA	NA
Accounts Receivables Days	105.4	148.4	132.8	125.8	125.4
Inventory Days	54.36	73.21	69.01	73.85	72.08
Accounts Payables Days	58.78	83.21	70.88	76.73	74.90
ROIC (%)	0.49%	0.22%	1.41%	2.95%	3.63%
ROCE (%)	1.61%	1.15%	2.48%	4.46%	5.06%
Return On Average Assets	1.04%	1.15%	1.36%	2.42%	2.86%

### Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Outstanding Orderbook (US\$m)	N/A	N/A	N/A	N/A	N/A
Order Book Wins (US\$m)	N/A	N/A	N/A	N/A	N/A
Order Book Depletion (US\$m)	N/A	N/A	N/A	N/A	N/A
Average Day Rate Per Ship (US\$)	N/A	N/A	N/A	N/A	N/A
No. Of Ships (unit)	N/A	N/A	N/A	N/A	N/A
Average Utilisation Rate (%)	N/A	N/A	N/A	N/A	N/A
Oil Price (US\$/bbl)	71.2	64.4	62.0	65.0	65.0
Energy Production Volume (mmbob)	N/A	N/A	N/A	N/A	N/A
Average Day Rate - Drilling Rigs (US\$)	56,149.0	60,500.0	65,000.0	75,000.0	80,000.0
Average Util. Rate - Drilling Rigs (%)	85.3%	90.0%	95.0%	90.0%	90.0%
Average Day Rate - FPU's (US\$)	N/A	N/A	N/A	N/A	N/A
Average Util. Rate - FPU's (%)	N/A	N/A	N/A	N/A	N/A
Total Oil Storage Capacity (000 cbm)	N/A	N/A	N/A	N/A	N/A
Equity Share Of Oil Storage Capacity (000 cbm)	N/A	N/A	N/A	N/A	N/A
Assumed Util. Rate Of Oil Storage Capacity (%)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

## DISCLAIMER

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to VNDIRECT Securities Corporation, and is distributed by CGS-CIMB pursuant to an arrangement between VNDIRECT Securities Corporation and CGS-CIMB. VNDIRECT Securities Corporation is not an affiliate of CGS-CIMB.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CGS-CIMB.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report.

VNDIRECT Securities Corporation may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. Neither VNDIRECT Securities Corporation nor CGS-CIMB is under any obligation to update this report in the event of a material change to the information contained in this report. Neither VNDIRECT Securities Corporation nor CGS-CIMB has any and will accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, VNDIRECT Securities Corporation, CGS-CIMB and their respective affiliates and related persons including China Galaxy International Financial Holdings Limited ("CGIFHL") and CIMB Group Sdn. Bhd. ("CIMBG") and their respective related corporations (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, VNDIRECT Securities Corporation and CGS-CIMB disclaim all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CGS-CIMB or VNDIRECT Securities Corporation, or their respective affiliates (including CGIFHL, CIMBG and their respective related corporations) to any person to buy or sell any investments.

CGS-CIMB and/or VNDIRECT Securities Corporation and/or their respective affiliates and related corporations (including CGIFHL, CIMBG and their respective related corporations), their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMB and/or VNDIRECT Securities Corporation, and/or their respective affiliates and their respective related corporations (including CGIFHL, CIMBG and their respective related corporations) do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS-CIMB and/or VNDIRECT Securities Corporation and/or their respective affiliates (including CGIFHL, CIMBG and their respective related corporations) may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CGS-CIMB and/or VNDIRECT Securities Corporation may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. The analyst(s) who prepared this research report is prohibited from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

The term "VNDIRECT Securities Corporation" shall, unless the context otherwise requires, mean VNDIRECT Securities Corporation and its affiliates, subsidiaries and related companies. The term "CGS-CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, CGS-CIMB Securities International Pte. Ltd. and its affiliates, subsidiaries and related corporations.



## CGS-CIMB

Country	CGS-CIMB Entity	Regulated by
Hong Kong	CGS-CIMB Securities (Hong Kong) Limited	Securities and Futures Commission Hong Kong
India	CGS-CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Indonesia	PT CGS-CIMB Sekuritas Indonesia	Financial Services Authority of Indonesia
Malaysia	CGS-CIMB Securities Sdn. Bhd. (formerly known as Jupiter Securities Sdn. Bhd.)	Securities Commission Malaysia
Singapore	CGS-CIMB Research Pte. Ltd.	Monetary Authority of Singapore
South Korea	CGS-CIMB Securities (Hong Kong) Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS-CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

--	--	--

(i) As of January 31, 2020 VNDIRECT Securities Corporation has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

(ii) As of February 28, 2020, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

This report does not purport to contain all the information that a prospective investor may require. CGS-CIMB, VNDIRECT Securities Corporation and their respective affiliates (including CGIFHL, CIMBG and their related corporations) do not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. None of CGS-CIMB, VNDIRECT Securities Corporation and their respective affiliates and related persons (including CGIFHL, CIMBG and their related corporations) shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CGS-CIMB's and its affiliates' (including CGIFHL's, CIMBG's and their respective related corporations') clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

### Restrictions on Distributions

**Australia:** Despite anything in this report to the contrary, this research is issued by VNDIRECT Securities Corporation and provided in Australia by CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a "wholesale client". This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited do not hold, and are not required to hold an Australian financial services license. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited rely on "passporting" exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

**Canada:** This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

**China:** For the purpose of this report, the People's Republic of China ("PRC") does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

**France:** Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

**Germany:** This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act

(WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

**Hong Kong:** This report is issued by VNDIRECT Securities Corporation and distributed in Hong Kong by CGS-CIMB Securities (Hong Kong) Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CGS-CIMB Securities (Hong Kong) Limited. The views and opinions in this research report are of VNDIRECT Securities Corporation as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update the opinion or the information in this research report.

CHK does not make a market on other securities mentioned in the report.

**India:**

This report is issued by VNDIRECT Securities Corporation and distributed in India by CGS-CIMB Securities (India) Private Limited ("CGS-CIMB India"). CGS-CIMB India is a subsidiary of CGS-CIMB Securities International Pte. Ltd. which in turn is a 50:50 joint venture company of CGIFHL and CIMBG. The details of the members of the group of companies of CGS-CIMB can be found at [www.cgs-cimb.com](http://www.cgs-cimb.com), CGIFHL at [www.chinastock.com.hk/en/ACG/ContactUs/index.aspx](http://www.chinastock.com.hk/en/ACG/ContactUs/index.aspx) and CIMBG at [www.cimb.com/en/who-we-are.html](http://www.cimb.com/en/who-we-are.html). CGS-CIMB India is registered with the National Stock Exchange of India Limited and BSE Limited as a trading and clearing member (Merchant Banking Number: INM000012037) under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. In accordance with the provisions of Regulation 4(g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CGS-CIMB India is not required to seek registration with the Securities and Exchange Board of India ("SEBI") as an Investment Adviser. CGS-CIMB India is registered with SEBI (SEBI Registration Number: INZ000157134) as a Research Analyst (INH000000669) pursuant to the SEBI (Research Analysts) Regulations, 2014 ("Regulations").

This report does not take into account the particular investment objectives, financial situations, or needs of the recipients. It is not intended for and does not deal with prohibitions on investment due to law/jurisdiction issues etc. which may exist for certain persons/entities. Recipients should rely on their own investigations and take their own professional advice before investment.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CGS-CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CGS-CIMB India or its affiliates.

CGS-CIMB India does not have actual / beneficial ownership of 1% or more securities of the subject company in this research report, at the end of the month immediately preceding the date of publication of this research report. However, since affiliates of CGS-CIMB India are engaged in the financial services business, they might have in their normal course of business financial interests or actual / beneficial ownership of one per cent or more in various companies including the subject company in this research report.

CGS-CIMB India or its associates, may: (a) from time to time, have long or short position in, and buy or sell the securities of the subject company in this research report; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company in this research report or act as an advisor or lender/borrower to such company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

CGS-CIMB India, its associates and the analyst engaged in preparation of this research report have not received any compensation for investment banking, merchant banking or brokerage services from the subject company mentioned in the research report in the past 12 months.

CGS-CIMB India, its associates and the analyst engaged in preparation of this research report have not managed or co-managed public offering of securities for the subject company mentioned in the research report in the past 12 months. The analyst from CGS-CIMB India engaged in preparation of this research report or his/her relative (a) do not have any financial interests in the subject company mentioned in this research report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the research report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the research report.

**Indonesia:** This report is issued by VNDIRECT Securities Corporation and distributed by PT CGS-CIMB Sekuritas Indonesia ("CGS-CIMB Indonesia"). The views and opinions in this research report are not our own but of VNDIRECT Securities Corporation as of the date hereof and are subject to change. CGS-CIMB Indonesia has no obligation to update the opinion or the information in this research report. This report is for private circulation only to clients of CGS-CIMB Indonesia. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

**Ireland:** CGS-CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CGS-CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

**Malaysia:** This report is issued by VNDIRECT Securities Corporation and distributed in Malaysia by CGS-CIMB Securities Sdn. Bhd. (formerly

known as Jupiter Securities Sdn. Bhd.) (“CGS-CIMB Malaysia”) solely for the benefit of and for the exclusive use of our clients. Recipients of this report are to contact CGS-CIMB Malaysia, at 29th Floor Menara CIMB No. 1 Jalan Stesen Sentral 2, Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia, in respect of any matters arising from or in connection with this report. CGS-CIMB Malaysia has no obligation to update, revise or reaffirm the opinion or the information in this research report after the date of this report.

**New Zealand:** In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

**Singapore:** This report is issued by VNDIRECT Securities Corporation and distributed by CGS-CIMB Research Pte Ltd (“CGS-CIMBR”). CGS-CIMBR is a financial adviser licensed under the Financial Advisers Act, Cap 110 (“FAA”) for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. Accordingly CGS-CIMBR is a subject to the applicable rules under the FAA unless it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CGS-CIMB Research Pte Ltd, 50 Raffles Place, #16-02 Singapore Land Tower, Singapore in respect of any matters arising from, or in connection with this report. CGS-CIMBR has no obligation to update the opinion or the information in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CGS-CIMBR directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CGS-CIMBR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CGS-CIMBR is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following :

- (a) Section 25 of the FAA (obligation to disclose product information);
- (b) Section 27 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;
- (c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];
- (d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];
- (e) Section 36 (obligation on disclosure of interest in securities), and
- (f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are relates to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that a CGS-CIMBR is exempt from Section 27 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMBR for any loss or damage arising from the recipient’s reliance on any recommendation made by CGS-CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMBR for any loss or damage arising from the recipient’s reliance on any recommendation made by CGS-CIMBR which would otherwise be a right that is available to the recipient under Section 27 of the FAA.

CGS-CIMBR, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMBR, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

As of February 28, 2020,, CGS-CIMBR does not have a proprietary position in the recommended securities in this report.

CGS-CIMBR does not make a market on the securities mentioned in the report.

**South Korea:** This report is issued by VNDIRECT Securities Corporation and distributed in South Korea by CGS-CIMB Securities (Hong Kong) Limited, Korea Branch (“CGS-CIMB Korea”) which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea (“FSCMA”).

**Spain:** This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CGS-CIMB is not registered with the Spanish Comision Nacional del Mercado de Valores to provide investment services.

**Sweden:** This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

**Switzerland:** This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers’ Association (Directives on the Independence of Financial Research).

**Thailand:** This report is issued by VNDIRECT Securities Corporation and distributed by CGS-CIMB Securities (Thailand) Co. Ltd. (“CGS-CIMB Thailand”) based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CGS-CIMB Thailand has no obligation to update the opinion or the information in this research report.

CGS-CIMB Thailand may act or acts as Market Maker, and issuer and offerer of Derivative Warrants and Structured Note which may have the following securities as its underlying securities. Investors should carefully read and study the details of the derivative warrants in the prospectus before making investment decisions.

AAV, ADVANC, AEONTS, AMATA, AOT, AWC, BANPU, BBL, BCH, BCP, BCPG, BDMS, BEC, BEM, BGC, BGRIM, BH, BJC, BPP, 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, KCE, KKP, KTB, KTC, LH, MAJOR, MBK, MEGA, MINT, MTC, ORI, OSP, PLANB, PRM, PSH, PSL, PTG, PTT, PTTEP, PTTGC, QH, RATCH, RS, SAWAD, SCB, SCC, SGP, SPALI, SPRC, STA, STEC, STPI, SUPER, TASCO, TCAP, THAI, THANI, THG, TISCO, TKN, TMB, TOA, TOP, TPIPP, TQM, TRUE, TTW, TU, VGI, WHA, BEAUTY, JMART, LPN, SISB, WORK.

#### 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	

**United Arab Emirates:** The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

**United Kingdom and European Economic Area (EEA):** In the United Kingdom and European Economic Area, this material is issued by VNDIRECT Securities Corporation and is being distributed by CGS-CIMB Securities (UK) Limited (“CGS-CIMB UK”). CGS-CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 27 Knightsbridge, London, SW1X7YB. The material distributed by CGS-CIMB UK has been prepared in accordance with CGS-CIMB’s policies for managing conflicts of interest arising as a result of publication and distribution of this material. This material is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CGS-CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (c) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, material(all such persons together being referred to as “relevant persons”). This material is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

Where this material is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent “research” (cannot remove research from here under the applicable rules of the Financial Conduct Authority in the UK. Consequently, any such non-independent material will not have been prepared in accordance with legal requirements designed to promote the independence of research (cannot remove research from here) and will not subject to any prohibition on dealing ahead of the dissemination of research. Any such non-independent material must be considered as a marketing communication.

**United States:** This research report is issued by VNDIRECT Securities Corporation and distributed in the United States of America by CGS-CIMB Securities (USA) Inc, a U.S. registered broker-dealer and a related company of CGS-CIMB Securities Sdn. Bhd. (formerly known as Jupiter Securities Sdn. Bhd.), CGS-CIMB Research Pte Ltd, PT CGS-CIMB Sekuritas Indonesia, CGS-CIMB Securities (Thailand) Co. Ltd, CGS-CIMB Securities (Hong Kong) Limited and CGS-CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as “U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CGS-CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc.

CGS-CIMB Securities (USA) Inc. does not make a market on other securities mentioned in the report.

CGS-CIMB Securities (USA) Inc. has not managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. has not received compensation for investment banking services from any of the company mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

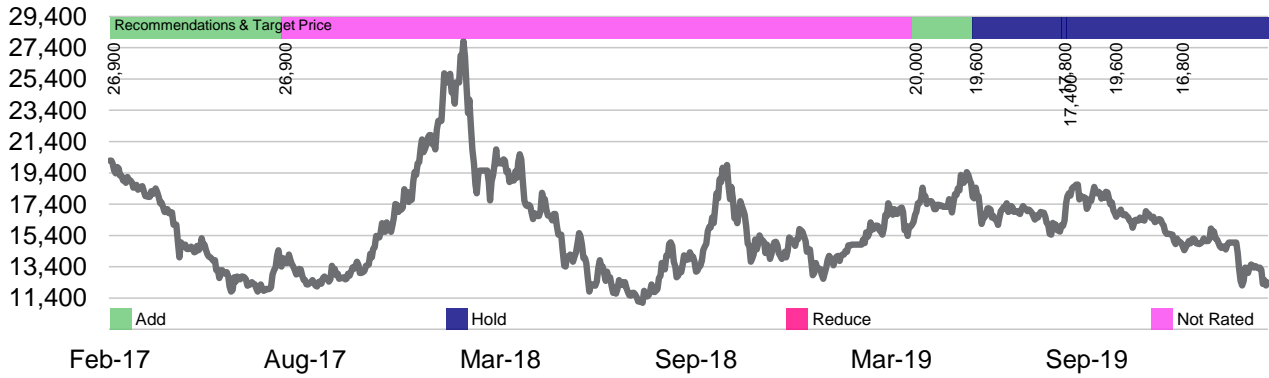
**Other jurisdictions:** In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2019		
798 companies under coverage for quarter ended on 31 December 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.4%	0.0%
Hold	25.2%	0.0%
Reduce	13.4%	0.0%

**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 2019, Anti-Corruption 2019

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BCPG** – Excellent, Certified, **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, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** - Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **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, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, 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** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TNR** – Very Good, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

### 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.

**Hien Tran Khanh – Deputy Head of Research**

Email: hien.trankhanh@vndirect.com.vn

**Mai PHAM – Senior Analyst**

Email: mai.phamle@vndirect.com.vn

**VNDIRECT Securities Corporation**

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi | Tel: +84 2439724568

Email: [research@vndirect.com.vn](mailto:research@vndirect.com.vn) | Website: <https://vndirect.com.vn>