

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
Net revenue	60.0	61.2	-2.1%	188.5	239.2	-21.2%	101.2%	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%		
Gross profit	6.2	13.6	-54.3%	19.4	17.3	12.2%	97.0%	
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%		
Gross profit margin	10.4%	22.3%	-11.9% pts	10.3%	7.2%	+3.1% pts		
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.
Operating profit	1.0	12.4	-91.6%	1.5	4.3	-64.9%	41.1%	
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
Pre-tax profit	6.0	19.1	-68.6%	8.4	10.1	-16.8%	117.3%	4Q net profit plummeted mainly due to the effect of the depreciation policy change and lower provision reversal during the quarter.
Net profit	6.1	16.8	-63.9%	8.2	8.6	-5.1%	133.1%	

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

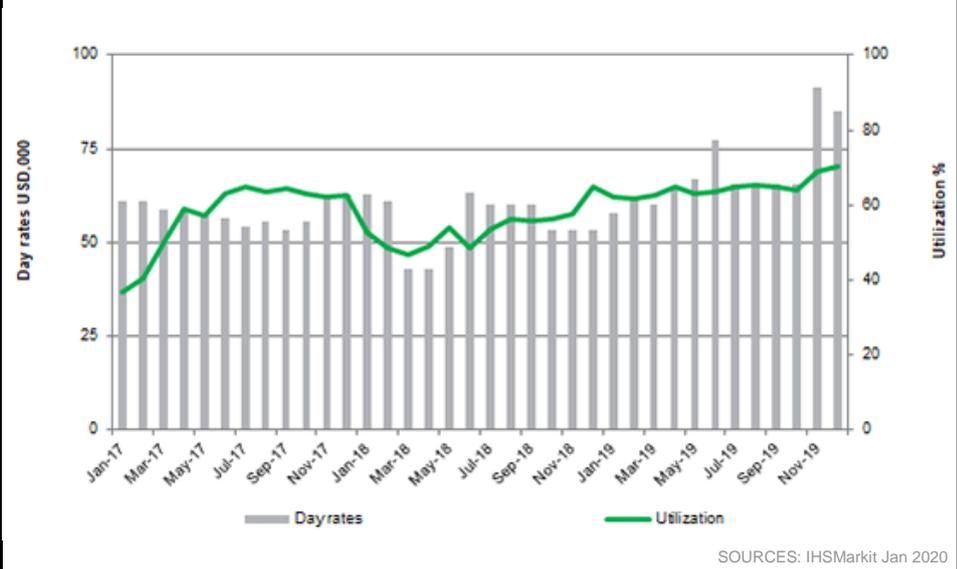


Figure 3: PVD's drilling schedule

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%	
Unlevered free cash flow (UFCF)	29	15	7	45	34	54	72	96	

SOURCES: VND RESEARCH

Figure 6: Cost of equity

Cost of equity	
Risk Free Rate	4.0%
Beta	1.5
Risk Premium	11.0%
Cost of Equity	20.5%

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%
WACC	14.6%
Perpetual Growth Rate	1.2%

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
Blended price		100%	16,448
Target price			16,500

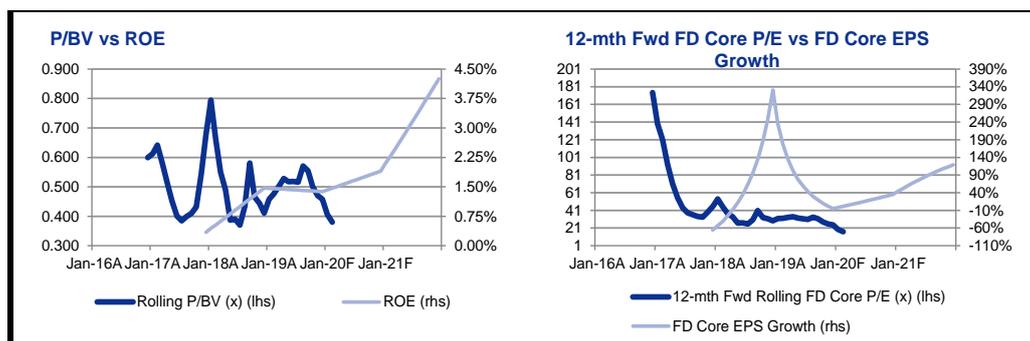
SOURCES: VND RESEARCH

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
Offshore drilling companies																		
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%
Average - Offshore drilling peers					919		26.8	16.4	51.1%	0.3	0.3	0.3	-3.9%	-5.3%	-3.5%	-2.1%	-2.2%	-1.4%

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
Total Net Revenues	239.2	188.5	225.6	239.4	255.6
Gross Profit	17.3	19.4	26.3	41.7	49.8
Operating EBITDA	30.8	27.0	32.0	46.1	51.8
Depreciation And Amortisation	(26.5)	(25.4)	(20.1)	(22.0)	(23.1)
Operating EBIT	4.3	1.5	11.9	24.1	28.8
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
Profit Before Tax (pre-EI)	10.1	8.4	12.9	28.3	34.2
Exceptional Items					
Pre-tax Profit	10.1	8.4	12.9	28.3	34.2
Taxation	(2.6)	(0.8)	(3.2)	(7.1)	(8.5)
Exceptional Income - post-tax					
Profit After Tax	7.5	7.6	9.7	21.2	25.6
Minority Interests	1.1	0.5	1.4	3.0	3.6
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	8.6	8.2	11.0	24.2	29.2
Recurring Net Profit	8.6	8.2	11.0	24.2	29.2
Fully Diluted Recurring Net Profit	8.6	8.2	11.0	24.2	29.2

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)
Cashflow From Operations	7.15	(4.08)	23.94	48.45	30.53
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
Cash Flow From Investing	51.51	(8.89)	(31.59)	(19.15)	(12.78)
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
Cash Flow From Financing	(40.51)	(3.77)	1.69	19.68	(17.08)
Total Cash Generated	18.16	(16.74)	(5.96)	48.98	0.67
Free Cashflow To Equity	18.28	(16.62)	(5.96)	48.98	0.67
Free Cashflow To Firm	66.37	(6.90)	2.43	39.40	27.09

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
Total Current Assets	245.2	247.3	237.5	286.4	288.8
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
Total Non-current Assets	662.3	655.7	648.4	629.7	604.0
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
Total Current Liabilities	121.0	119.4	130.0	154.1	156.8
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
Total Non-current Liabilities	188.1	175.6	179.1	174.1	156.2
Total Provisions	0.0	0.0	0.0	0.0	0.0
Total Liabilities	309.1	295.0	309.1	328.2	312.9
Shareholders' Equity	587.3	597.3	565.0	573.4	562.3
Minority Interests	11.1	10.7	11.7	14.4	17.6
Total Equity	598.4	608.0	576.7	587.9	579.9

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

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

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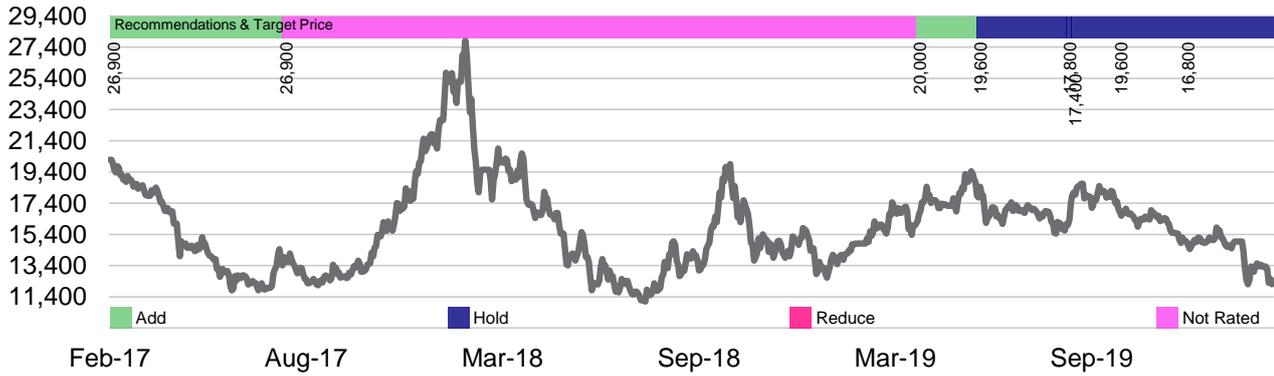
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2019		
798 companies under coverage for quarter ended on 31 December 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.4%	0.0%
Hold	25.2%	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, **BPC** – 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 | Website: <https://vndirect.com.vn>