

Vietnam

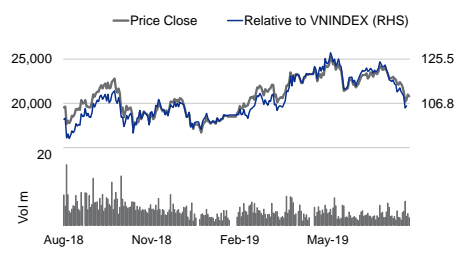
**ADD** (no change)

Consensus ratings\*: Buy 8 Hold 2 Sell 0

Current price:	VND20,800
Target price:	VND24,600
Previous target:	VND25,000
Up/downside:	18.3%
CGS-CIMB / Consensus:	0.9%
Reuters:	PVS.HM
Bloomberg:	PVS VN
Market cap:	US\$428.1m
	VND9,941,699m
Average daily turnover:	US\$3.20m
	VND74,222m
Current shares o/s:	478.0m
Free float:	34.0%
*Source: Bloomberg	

**Key changes in this note**

➤ FY19F-21F EPS decreased by 1.5-9.2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-11.9	-9.2	12.4
Relative (%)	-11.6	-11.2	12.1

Major shareholders	% held
PetroVietnam Group	51.4
Acadian Frontier Markets Equity Fund	3.3
Vietnam Invstmt. Property Holdings Ltd	3.2

**Analyst(s)**



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# PetroVietnam Technical Services

## Steady growth on all counts

- 1H19 net profit rose 15.6% yoy to VND565bn and was in line at 47.1% of our FY19 forecast.
- We expect the M&C segment to remain the growth driver, but with lower gross margin due to its lower-than-expected 1H19 gross margin.
- We maintain our Add call with a lower TP of VND24,600.

### 1H net revenue propelled by steady growth across the board

1H19 net revenue rose 18.4% yoy on the back of double-digit growth in major businesses, except for a slowdown in FSO/FPSO management (-12.9% yoy) and operation and maintenance (O&M) services (-3% yoy). Notably, mechanical and engineering (M&C) business showed strong revenue growth of 29.1% yoy, boosted by Sao Vang Dai Nguyet (SVDN, contract value ~US\$500m) and Gallaf Qatar (US\$320m) projects. GPM expanded by an impressive 3.1% pts due to the termination of seismic survey business which ran at a loss last year.

### NP growth dented by VND115bn asset revaluation

In 1H19, gross profit jumped 86.6% yoy but net profit only rose 15.6% yoy due to 1) VND118bn provision expense (vs. just VND8bn in 1H18), which boosted G&A expenses by 49.4% yoy, 2) lower financial income (-18.5% yoy) and 3) VND115bn asset revaluation by the PTSC-CGGV joint venture (JV). This was partially offset by a 24.3% yoy surge in profit from FSO/FPSO JVs.

### M&C gross margin narrower than expected

Although 1H19 net revenue exceeded our expectation, net profit was in line at 47.1% of our FY19 forecast, as we projected lower revenue with higher GPM for the M&C segment. Therefore, we assume earlier revenue recognition of the SVDN project in 2019-2020 instead of 2020-2021, and lower GPM assumptions of the M&C segment from 11.0% to 7.0% in FY19-20F and 9.5% in FY21F. This leads to a 1.5-9.2% decrease in FY19-21F EPS forecasts.

### Maintain Add with a lower target price of VND24,600

Given our lower FY19-21F EPS forecasts, we revise our TP downwards to VND24,600. The TP is derived based on a 50:50 weighting of DCF and target P/E of 7.8x on average FY19-21F EPS. PVS remains an Add as we are positive on the M&C segment which contributed over 50% of gross profit and could sustain its profitability through current projects such as SVDN and Gallaf and upcoming projects such as Nam Con Son 2 Phase 2, Su Tu Trang 2, Block B. Re-rating catalysts are winning contracts for projects such as Salman Development and Blue Whale. Downside risks include geopolitical issues that affect the progress of such projects and lower FSO/FPSO leasing rates.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (VNDb)	16,921	14,638	14,877	21,890	25,696
Operating EBITDA (VNDb)	969	940	1,112	1,274	1,822
Net Profit (VNDb)	1,007	1,047	1,140	1,436	1,995
Core EPS (VND)	2,107	2,191	2,386	3,005	4,174
Core EPS Growth	(3.1%)	4.0%	8.9%	25.9%	38.9%
FD Core P/E (x)	9.87	9.49	8.72	6.92	4.98
DPS (VND)	594	1,064	700	700	700
Dividend Yield	2.86%	5.12%	3.37%	3.37%	3.37%
EV/EBITDA (x)	(0.53)	(1.33)	(2.91)	(3.34)	(3.46)
P/FCFE (x)	62.17	9.84	5.03	6.37	4.00
Net Gearing	(46.8%)	(56.1%)	(63.8%)	(66.9%)	(71.4%)
P/BV (x)	0.85	0.84	0.74	0.69	0.61
ROE	9.1%	8.9%	9.0%	10.3%	13.1%
% Change In Core EPS Estimates			(4.95%)	(9.15%)	(1.52%)
CGS-CIMB/Consensus EPS (x)			1.14	1.29	1.26

SOURCES: VND RESEARCH, COMPANY REPORTS

## Steady growth on all counts

### Solid 1H19 performance

Figure 1: 1H19 results overview

FYE Dec (VNDbn)	2Q18	2Q19	% yoy	1H18	1H19	% yoy	vs. FY19 forecast	Comments
Net revenue	4,337	4,978	14.8%	7,665	9,073	18.4%	66.6%	Higher growth than expected mainly due to faster revenue recognition of M&C segment (Sao Vang Dai Nguyet and Gallaf Qatar projects)
Gross profit	86	334	290.2%	406	758	86.6%	51.8%	
Gross profit margin	2.0%	6.7%	+4.7% pts	5.3%	8.3%	+3.1% pts		Lower loss from the seismic survey segment as a result of the discontinuation of the CGGV JV and GPM expansion in FSO/FPSO leasing and O&M segments
Selling expenses	(27)	(22)	-19.2%	(45)	(43)	-5.8%	45.3%	
G&A expenses	(162)	(289)	78.3%	(285)	(425)	49.4%	70.9%	Higher than expected due to a surge in provision expense (from VND7.5bn in 1H18 to VND118.4bn in 1H19)
Operating profit	(103)	23	NA	76	289	281.3%	37.6%	
Net financial income (expenses)	90	74	-18.2%	140	110	-21.4%	26.3%	
Financial income	104	90	-13.5%	168	137	-18.5%	31.4%	
Financial expenses	14	16	17.1%	28	27	-4.0%	139.6%	
Gain/loss from investment in JVs	257	225	-12.6%	325	404	24.3%	155.7%	Better performance of the company's joint ventures
Pre-tax profit	251	206	-17.8%	548	687	25.3%	45.3%	Lower financial income and higher other expense (resulting from the dissolution of the CGGV JV)
Net profit	235	196	-16.6%	489	565	15.6%	47.1%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 2: 1H19 revenue and gross profit breakdown

FYE Dec (VNDbn)	2Q18	2Q19	% yoy	1H18	1H19	% yoy	Comments
<b>Net revenue</b>	<b>4,337</b>	<b>4,978</b>	<b>14.8%</b>	<b>7,665</b>	<b>9,073</b>	<b>18.4%</b>	
Offshore support vessel	518	550	6.2%	840	940	12.0%	Higher demand for support vessel as the upstream sector warmed up since end-18. PVS also provided support vessels for Nghi Son refinery plant which started operation since 2H18.
FSO/FPSO	540	391	-27.5%	891	776	-12.9%	
Seismic survey & ROV	201	303	50.1%	290	357	22.8%	Discontinuation of the seismic survey sub-segment. Potential revenue from survey work for Blue Whale project.
Port base	412	404	-2.0%	716	792	10.6%	
Mechanical & engineering (M&C)	2,148	2,728	27.0%	4,176	5,391	29.1%	Sustainable revenue flow from Sao Vang Dai Nguyet and Gallaf Qatar projects
Operation and maintenance (O&M)	399	424	6.3%	555	538	-3.0%	
Other services	118	179	51.6%	196	279	42.2%	
<b>Gross profit</b>	<b>86</b>	<b>334</b>	<b>290.2%</b>	<b>406</b>	<b>758</b>	<b>86.6%</b>	
Offshore support vessel	37	42	13.5%	72	84	17.5%	
FSO/FPSO	33	45	37.1%	80	91	13.2%	
Seismic survey & ROV	(111)	32	N/A	(256)	19	N/A	No more loss from the seismic survey sub-segment. The VND19bn gross profit in 1H19 could be from the geological and geophysics survey sub-segment with survey work for Blue Whale project.
Port base	74	92	24.8%	138	176	27.2%	
Mechanical & engineering (M&C)	5	91	1556.4%	332	331	-0.3%	1H18 GPM was supported by c.VND300bn provision reversal and final revenue recognition for some M&C projects.
Operation and maintenance (O&M)	22	28	28.7%	21	35	62.0%	
Other services	26	4	-84.1%	18	22	19.4%	
<b>Gross profit margin</b>	<b>2.0%</b>	<b>6.7%</b>	<b>+4.7% pts</b>	<b>5.3%</b>	<b>8.3%</b>	<b>+3.1% pts</b>	
Offshore support vessel	7.1%	7.6%	+0.5% pts	8.5%	9.0%	+0.4% pts	
FSO/FPSO	6.0%	11.4%	+5.4% pts	9.0%	11.7%	+2.7% pts	
Seismic survey & ROV	N/A	10.5%					
Port base	17.9%	22.8%	+4.9% pts	19.3%	22.2%	+2.9% pts	
Mechanical & engineering (M&C)	0.3%	3.3%	+3.1% pts	8.0%	6.1%	-1.8% pts	
Operation and maintenance (O&M)	5.5%	6.7%	+1.2% pts	3.8%	6.4%	+2.6% pts	
Other services	21.7%	2.3%	-19.5% pts	9.4%	7.9%	-1.5% pts	

SOURCES: VND RESEARCH, COMPANY REPORTS

## Forecast revision

Figure 3: Earnings revision

VNDbn	2019F			2020F			2021F		
	Old	New	% change	Old	New	% change	Old	New	% change
Net revenue	13,628	14,877	9.2%	21,181	21,890	3.3%	26,363	25,696	-2.5%
Gross profit	1,464	1,392	-4.9%	2,260	1,866	-17.4%	2,835	2,606	-8.1%
Pre-tax profit	1,518	1,411	-7.1%	2,001	1,777	-11.2%	2,564	2,469	-3.7%
Net profit	1,200	1,140	-4.9%	1,581	1,436	-9.1%	2,026	1,995	-1.5%
EPS (VND)	2,510	2,386	-4.9%	3,307	3,005	-9.1%	4,239	4,174	-1.5%

SOURCES: VND RESEARCH

Key changes in our forecasts are as follows:

- We project earlier revenue recognition from Sao Vang Dai Nguyet project in 2019 (c.US\$230m), and factor in the recently awarded EPC contract for LNG Thi Vai with total contract value of c.US\$78m spanning over the FY19-22F period.
- We lower gross margin forecast for M&C segment from 11% over FY19-21F to 7% in FY19-20F and 9.5% in FY21F, as 1H19 segment GPM was only 6.1% and we expect profit booking (usually at the end of the projects) for Sao Vang Dai Nguyet and Gallaf to boost margins in FY21F. The 11% gross margin that the segment reported in 2018 was due to ~VND300bn provision reversal and final revenue recognition of some projects such as NH<sub>3</sub>-NPK plants of PetroVietnam Fertiliser and Chemicals (DPM VN, ADD, TP: VND17,300), GPP Ca Mau and Daman in 2018.

Despite lowering our FY19-21F EPS forecast, our forecasts are higher than Bloomberg consensus as we incorporate the following cash flow into our model: 1) LNG Thi Vai (total contract value of US\$78m) from 2019F to 2022F, 2) Block B - O Mon (pipeline) and Su Tu Trang Phase 2 from 2020F, which other forecasts might not have included.

Figure 4: PVS's key projects in M&C segment

Project	Est. contract value* (US\$m)	Contract type	Expected project span	Status
<b>Incorporated</b>				
Sao Vang Dai Nguyet	500	EPC/FSO	Apr 2018 - 2021F	Under development. First gas expected in 4Q20F.
Gallaf Qatar	320	EPCI	2019 - 1Q21F	Under development. Purchasing and execution work expected from Nov 2018 to Jun 2020F.
LNG Thi Vai terminal	78	EPC	3Q19 - 4Q22F	EPC contract awarded in Jun 2019. PVS has a 39% stake in the project.
Su Tu Trang Phase 2	500	EPC	2020 - 2022F	
Block B - O Mon pipeline	1,000	EPC	2021 - 2022F	EPC contractor selection expected in 2019. First gas expected in 4Q22.
<b>Unincorporated</b>				
Nam Con Son 2 Phase 2	500-800	EPC	2Q19 - 1Q21F	EPC contractor selection expected in 2H19. Should be carried out in line with Sao Vang Dai Nguyet
Nam Du - U Minh	100-200	EPCI/FPSO	2020 - 2022F	FEED contract awarded to PVS. Jadestone (the field owner) is taking in bids for both EPCI and FPSO contracts.
Block B - O Mon field	6,700	EPC	2020 - 2022F	
Blue Whale	NA	EPC	2021 - 2024F	FEED contract awarded to Saipem in Feb 2019. EPC contracts expected to be awarded in 2020F. First gas expected in 4Q23F.
Red Emperor			In suspension	

\*The numbers represent solely PVS' share in the contracts.

SOURCES: VND RESEARCH, COMPANY REPORTS

## Maintain Add with a lower TP of VND24,600

Figure 5: Summary of DCF valuation

VNDbn	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35F
Total revenue	16,921	14,638	14,877	21,890	25,696	30,359	32,612	34,023	3.0%
% yoy	-9.4%	-13.5%	1.6%	47.1%	17.4%	2.0%	1.2%	0.7%	
COGS & OPEX	(16,634)	(14,265)	(14,332)	(21,139)	(24,398)	(28,826)	(30,965)	(32,305)	
Unlevered profit / EBIT	287	373	545	751	1,298	1,533	1,647	1,718	5.7%
Operating margin	1.7%	2.5%	3.7%	3.4%	5.1%	5.1%	5.1%	5.1%	
Effective tax rate	-20.5%	-41.3%	-20.5%	-20.5%	-20.5%	-20.5%	-20.5%	-20.5%	
EBIT * (1-Tax) or NOPAT	228	219	433	597	1,032	1,220	1,310	1,367	5.7%
+ Depreciation and amortisation	682	567	567	523	524	635	684	714	
% of revenue	4.0%	3.9%	3.8%	2.4%	2.0%	2.1%	2.1%	2.1%	
- Capex	(436)	(355)	(360)	(530)	(622)	(735)	(790)	(824)	
% of revenue	-2.6%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	
+ Change in working capital	394	(710)	(316)	(1,267)	(610)	(1,064)	(1,129)	(1,181)	
% of revenue	2.3%	-4.9%	-2.1%	-5.8%	-2.4%	-3.5%	-3.5%	-3.5%	
Interest and other financial activities, net	1,013	604	866	1,026	1,171	1,390	1,493	1,558	
% of revenue	6.0%	4.1%	5.8%	4.7%	4.6%	4.6%	4.6%	4.6%	
<b>Unlevered free cash flow (UFCF)</b>	<b>1,882,009</b>	<b>324,692</b>	<b>1,190,171</b>	<b>348,652</b>	<b>1,495,667</b>	<b>1,444,770</b>	<b>1,568,800</b>	<b>1,633,945</b>	
% yoy	178.4%	-82.7%	266.6%	-70.7%	329.0%	-3.4%	1.4%	0.7%	

SOURCES: VND RESEARCH

Figure 6: Cost of equity assumption

Cost of equity	
Risk Free Rate	5.0%
Beta	1.5
Risk Premium	11.0%
<b>Cost of Equity</b>	<b>21.2%</b>

SOURCES: VND RESEARCH

Figure 7: WACC and terminal growth

VNDbn	
Equity Value	9,942
Debt	914
Cost of Debt	6.0%
Tax Rate	20.5%
<b>WACC</b>	<b>19.8%</b>
<b>Perpetual Growth Rate</b>	<b>1.0%</b>

SOURCES: VND RESEARCH

We lower our target price on the back of FY19-21F EPS cuts. Our TP is based on an equal weighting of DCF and target P/E of 7.8x on FY19-21F EPS. The target P/E is derived from the 5-year historical average P/E of the stock. We maintain our Add rating for PVS as we remain positive on the outlook for M&C segment with high value order backlog and potential of securing new projects in the near term.

Figure 8: Blended target price

Method	Implied share price		Weighted share price (VND)
	(VND)	Weight (%)	
DCF	24,310	50%	12,155
FY19-21F target P/E of 7.8x	24,868	50%	12,434
<b>Blended value</b>			<b>24,589</b>
<b>Target price</b>			<b>24,600</b>

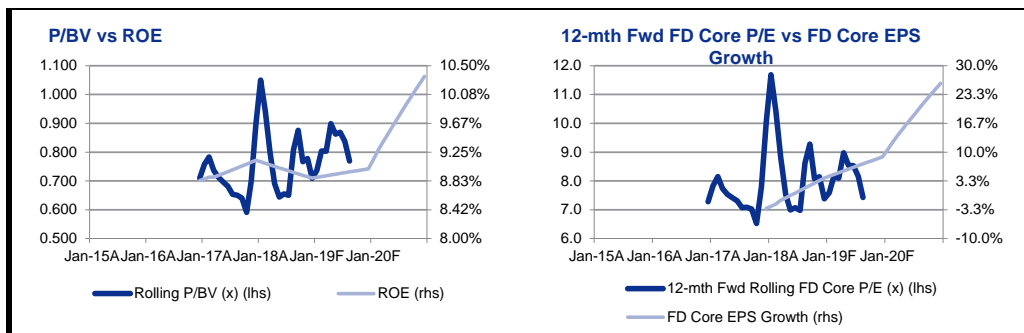
SOURCES: VND RESEARCH

Figure 9: Regional peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-yr fw CAGR (%)	P/BV (x)			ROE (%)			ROA (%)		
						TTM	FY19F	FY20F		TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F
PV Technical Services	PVS VN	ADD	20,800	24,600	428	8.8	8.7	6.9	24.0%	0.8	0.7	0.7	9.8%	9.0%	10.3%	4.5%	3.6%	4.1%
Malaysia Marine Eng	MMHE MK	NOT RATED	0.81	NA	310	NA	NA	26.1	NA	0.5	0.5	0.5	-5.2%	-0.3%	2.2%	-4.0%	-0.6%	1.3%
Yinson Holdings	YNS MK	ADD	6.84	7.64	1,766	32.9	31.4	37.9	22.6%	2.0	2.3	2.1	7.2%	6.1%	1.9%	3.0%	3.8%	2.3%
Hyundai Engineering	000720 KS	HOLD	41,100	54,000	3,767	11.9	9.5	9.0	10.3%	0.7	0.7	0.6	6.1%	7.2%	7.2%	2.1%	2.5%	2.6%
Keppel Corp	KEP SP	ADD	5.94	8.41	7,794	15.1	11.2	9.9	5.5%	1.0	0.9	0.9	6.3%	8.4%	9.1%	2.5%	3.6%	4.0%
<b>Average (all)</b>					<b>2,813</b>	<b>17.2</b>	<b>15.2</b>	<b>17.9</b>	<b>15.6%</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>4.8%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>1.6%</b>	<b>2.6%</b>	<b>2.9%</b>
<b>Average (excluding PVS)</b>					<b>3,409</b>	<b>20.0</b>	<b>17.4</b>	<b>20.7</b>	<b>12.8%</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>3.6%</b>	<b>5.4%</b>	<b>5.1%</b>	<b>0.9%</b>	<b>2.3%</b>	<b>2.6%</b>

SOURCES: BLOOMBERG, CGS-CIMB RESEARCH (DATA AS AT AUG 09)

## BY THE NUMBERS



### Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>Total Net Revenues</b>	<b>16,921</b>	<b>14,638</b>	<b>14,877</b>	<b>21,890</b>	<b>25,696</b>
<b>Gross Profit</b>	<b>1,080</b>	<b>1,119</b>	<b>1,392</b>	<b>1,866</b>	<b>2,606</b>
<b>Operating EBITDA</b>	<b>969</b>	<b>940</b>	<b>1,112</b>	<b>1,274</b>	<b>1,822</b>
Depreciation And Amortisation	(682)	(567)	(567)	(523)	(524)
<b>Operating EBIT</b>	<b>287</b>	<b>373</b>	<b>545</b>	<b>751</b>	<b>1,298</b>
Financial Income/(Expense)	210	440	331	396	491
Pretax Income/(Loss) from Assoc.	461	723	474	540	575
Non-Operating Income/(Expense)	342	(559)	61	90	105
<b>Profit Before Tax (pre-EI)</b>	<b>1,300</b>	<b>976</b>	<b>1,411</b>	<b>1,777</b>	<b>2,469</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>1,300</b>	<b>976</b>	<b>1,411</b>	<b>1,777</b>	<b>2,469</b>
Taxation	(266)	(403)	(289)	(364)	(505)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>1,034</b>	<b>573</b>	<b>1,122</b>	<b>1,414</b>	<b>1,964</b>
Minority Interests	(27)	474	18	23	31
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>1,007</b>	<b>1,047</b>	<b>1,140</b>	<b>1,436</b>	<b>1,995</b>
Recurring Net Profit	1,007	1,047	1,140	1,436	1,995
<b>Fully Diluted Recurring Net Profit</b>	<b>1,007</b>	<b>1,047</b>	<b>1,140</b>	<b>1,436</b>	<b>1,995</b>

### Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
<b>EBITDA</b>	<b>968.9</b>	<b>939.9</b>	<b>1,111.9</b>	<b>1,273.7</b>	<b>1,821.9</b>
Cash Flow from Inv. & Assoc.	(704.4)	(996.8)	(857.3)	(982.1)	(1,120.6)
Change In Working Capital	394.4	(710.4)	(316.3)	(1,267.3)	(609.7)
(Incr)/Decr in Total Provisions	177.9	90.3	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	330.8	36.4	299.1	503.4	647.0
Other Operating Cashflow	491.4	1,054.7	1,208.4	1,161.3	1,166.5
Net Interest (Paid)/Received	(44.5)	(35.7)	(28.1)	(24.7)	(29.6)
Tax Paid	(629.7)	(186.8)	(149.6)	(188.4)	(261.8)
<b>Cashflow From Operations</b>	<b>984.9</b>	<b>191.6</b>	<b>1,268.0</b>	<b>475.8</b>	<b>1,613.8</b>
Capex	(435.8)	(354.5)	(360.3)	(530.2)	(622.3)
Disposals Of FAs/subsidiaries	9.0	2.2	2.2	2.2	2.2
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(31.1)	1,427.6	1,427.6	1,427.6	1,427.6
<b>Cash Flow From Investing</b>	<b>(458.0)</b>	<b>1,075.3</b>	<b>1,069.5</b>	<b>899.6</b>	<b>807.4</b>
Debt Raised/(repaid)	(367.0)	(256.0)	(360.9)	186.1	66.8
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(284.0)	(508.8)	(334.6)	(334.6)	(334.6)
Preferred Dividends					
Other Financing Cashflow	0.0	0.0	0.0	0.0	0.0
<b>Cash Flow From Financing</b>	<b>(651.1)</b>	<b>(764.8)</b>	<b>(695.5)</b>	<b>(148.4)</b>	<b>(267.8)</b>
Total Cash Generated	(124.1)	502.0	1,642.0	1,227.0	2,153.4
<b>Free Cashflow To Equity</b>	<b>159.9</b>	<b>1,010.8</b>	<b>1,976.6</b>	<b>1,561.6</b>	<b>2,488.0</b>
<b>Free Cashflow To Firm</b>	<b>571.4</b>	<b>1,302.5</b>	<b>2,365.6</b>	<b>1,400.1</b>	<b>2,450.8</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Cash And Equivalents	7,286	8,037	9,679	10,906	13,060
Total Debtors	5,589	5,006	5,384	7,922	9,300
Inventories	466	494	442	656	757
Total Other Current Assets	412	591	601	884	1,038
<b>Total Current Assets</b>	<b>13,753</b>	<b>14,129</b>	<b>16,106</b>	<b>20,369</b>	<b>24,154</b>
Fixed Assets	3,688	2,634	2,427	2,434	2,532
Total Investments	5,745	4,937	4,937	4,937	4,937
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	1,665	1,390	1,160	969	809
<b>Total Non-current Assets</b>	<b>11,097</b>	<b>8,961</b>	<b>8,524</b>	<b>8,340</b>	<b>8,278</b>
Short-term Debt	255	721	238	307	317
Current Portion of Long-Term Debt					
Total Creditors	3,393	3,277	3,288	4,820	5,714
Other Current Liabilities	3,668	2,827	3,124	4,597	5,396
<b>Total Current Liabilities</b>	<b>7,316</b>	<b>6,825</b>	<b>6,650</b>	<b>9,724</b>	<b>11,427</b>
Total Long-term Debt	901	193	315	433	490
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,522	3,366	3,366	3,366	3,366
<b>Total Non-current Liabilities</b>	<b>4,422</b>	<b>3,559</b>	<b>3,681</b>	<b>3,799</b>	<b>3,856</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>11,738</b>	<b>10,384</b>	<b>10,331</b>	<b>13,523</b>	<b>15,282</b>
Shareholders' Equity	11,730	11,872	13,448	14,313	16,245
Minority Interests	1,381	833	851	873	905
<b>Total Equity</b>	<b>13,112</b>	<b>12,705</b>	<b>14,299</b>	<b>15,187</b>	<b>17,150</b>

### Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	(9.4%)	(13.5%)	1.6%	47.1%	17.4%
Operating EBITDA Growth	(5.1%)	(3.0%)	18.3%	14.5%	43.0%
Operating EBITDA Margin	5.73%	6.42%	7.47%	5.82%	7.09%
Net Cash Per Share (VND)	12,827	14,903	19,093	21,271	25,637
BVPS (VND)	24,542	24,839	28,137	29,946	33,988
Gross Interest Cover	7.55	13.91	25.86	40.47	58.48
Effective Tax Rate	20.5%	41.3%	20.5%	20.5%	20.5%
Net Dividend Payout Ratio	28.2%	48.6%	29.3%	23.3%	16.8%
Accounts Receivables Days	126.3	132.1	127.5	111.2	122.3
Inventory Days	24.38	12.96	12.67	10.04	11.17
Accounts Payables Days	82.34	84.69	86.16	71.85	80.74
ROIC (%)	4.9%	6.3%	10.9%	16.7%	30.1%
ROCE (%)	4.2%	6.3%	6.5%	7.8%	10.9%
Return On Average Assets	3.44%	0.92%	3.59%	4.11%	5.14%

### Key Drivers

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

SOURCES: VND RESEARCH, COMPANY REPORTS



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BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, DELTA, DTAC, EA, EGCO, EPG, ERW, ESSO, GFPT, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMT, KBANK, KGE, KKP, KTB, KTC, LH, MAJOR, MBK, MEGA, MINT, MTC, ORI, OSP, PLANB, PRM, PSH, PSL, PTG, PTT, PTTEP, PTTGC, QH, RATCH, ROBINS, RS, SAWAD, SCB, SCC, SGP, SIRI, SPALI, SPRC, STA, STEC, SUPER, TASCO, TCAP, THAI, THANI, TISCO, TKN, TMB, TOA, TOP, TPIPP, TRUE, TTW, TU, TVO, WHA.

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

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

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

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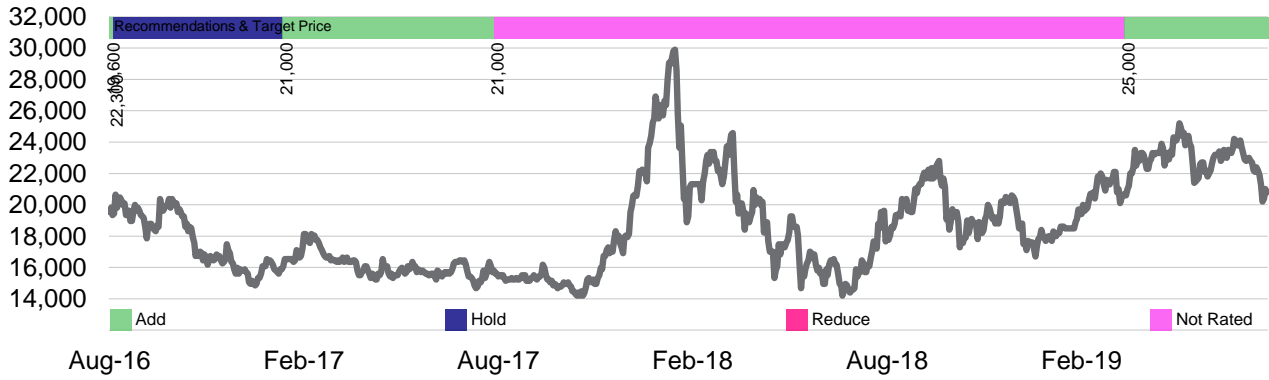
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2019		
791 companies under coverage for quarter ended on 30 June 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	57.9%	4.2%
Hold	26.5%	1.8%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

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

**PetroVietnam Technical Services (PVS VN)**

— Price Close





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

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

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

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

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

### RECOMMENDATION FRAMEWORK

#### Stock Ratings

#### Definition:

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

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

#### Sector Ratings

#### Definition:

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

#### Country Ratings

#### Definition:

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

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