

Vietnam

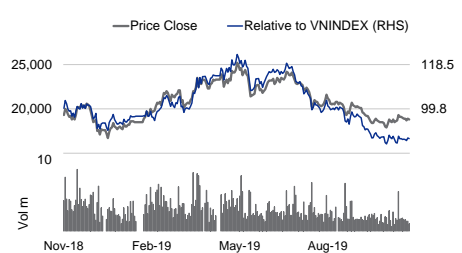
ADD (no change)

Consensus ratings*: Buy 9 Hold 2 Sell 0

Current price:	VND18,800
Target price:	VND24,100
Previous target:	VND24,600
Up/downside:	28.2%
CGS-CIMB / Consensus:	-2.4%
Reuters:	PVS.HM
Bloomberg:	PVS VN
Market cap:	US\$387.3m
	VND8,985,766m
Average daily turnover:	US\$1.74m
	VND40,446m
Current shares o/s:	478.0m
Free float:	34.0%
*Source: Bloomberg	

Key changes in this note

- FY19F EPS decreased by 19.4%.
- FY20F EPS decreased by 5.9%.
- FY21F EPS decreased by 8.3%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.1	-7.4	2.2
Relative (%)	-0.6	-10.5	-10.4

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

Analyst(s)



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PetroVietnam Technical Services

3Q results dampened by one-off expenses

- PVS's 3Q19 net profit plunged 72% yoy on lower profit from associates (-92.2% yoy) and higher tax expenses.
- 9M19 net profit was below at 56.9% of our FY19F estimate due to higher than expected interest and other expenses.
- We maintain our Add call with a lower target price of VND24,100.

3Q net profit hurt by higher JV provision and tax expenses

PVS posted robust 3Q19 net revenue growth of 25.5% yoy, mainly driven by the M&C segment (+28% yoy) with the continued revenue recognition of the Sao Vang Dai Nguyet (SVDN) project, and high growth in associated O&M activities (+172.3% yoy). However, 3Q net profit fell 72% yoy as a result of lower profit from associates (-92.2% yoy), particularly FPSO Lam Son JV, and higher tax expenses (effective tax rate increased from 21.8% in 3Q18 to 39.6% in 3Q19).

9M results missed our expectation

9M19 net profit was down 8.7% yoy to VND649bn due to 1) a 13.5% decline in financial income on the back of lower FX gain and other financial income, 2) one-off expense of VND114.6bn resulting from the dissolution of the seismic survey JV (CGGV), and 3) lower loss of the CGGV JV leading to lower loss of minority shareholders (-92.0% yoy). 9M19 net profit was below at 56.9% of our FY19 estimate due to higher than expected interest expense and other expenses.

New contract awards ensuring the prospects of M&C segments

In Oct 19, PVS was awarded the EPC contract for the SVDN pipeline with contract value of c.US\$96m, and also became the sub-contractor for the c.US\$130m subsea pipeline contract for Nam Con Son 2 Phase 2. Given PVS is preparing for many potential projects in the bidding stage domestically (Lac Da Vang, Block B, Blue Whale) and globally (Qatar's North Field expansion, Gallaf Phase 2 and 3, etc.), we believe PVS could maintain its high M&C backlog, guaranteeing sustainable cash inflow during 2020-22F.

Maintain Add with a lower target price of VND24,100

We cut our FY19-21F EPS forecasts by 5.9-19.4% to reflect 1) higher-than-expected expenses, including interest, tax and other expenses, and 2) further delay in Su Tu Trang 2 project from 2020-22F to 2021-23F, despite factoring in the newly-awarded SVDN pipeline contract. We lower our TP to VND24,100 (based on equal weighting of DCF and FY19-21F target P/E of 7.8x) but keep our Add call as we are positive about PVS's M&C segment amid the recovery of oilfield activities. Re-rating catalyst is winning bids for new M&C projects. Downside risk includes geopolitical issues which may delay domestic projects.

Financial Summary	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue (VNDb)	16,921	14,638	17,461	19,766	23,680
Operating EBITDA (VNDb)	969	940	1,096	1,247	1,734
Net Profit (VNDb)	1,007	1,047	919	1,352	1,830
Core EPS (VND)	2,107	2,191	1,924	2,829	3,830
Core EPS Growth	(3.1%)	4.0%	(12.2%)	47.1%	35.4%
FD Core P/E (x)	8.92	8.58	9.77	6.65	4.91
DPS (VND)	594	1,064	700	700	700
Dividend Yield	3.16%	5.66%	3.72%	3.72%	3.72%
EV/EBITDA (x)	(1.52)	(2.35)	(3.21)	(4.30)	(4.23)
P/FCFE (x)	56.20	8.89	4.98	3.87	3.67
Net Gearing	(46.8%)	(56.1%)	(61.7%)	(67.3%)	(71.8%)
P/BV (x)	0.77	0.76	0.70	0.62	0.55
ROE	9.1%	8.9%	7.4%	9.9%	11.9%
% Change In Core EPS Estimates			(19.4%)	(5.9%)	(8.3%)
CGS-CIMB/Consensus EPS (x)			0.87	1.11	1.23

SOURCES: VND RESEARCH, COMPANY REPORTS

3Q results dampened by one-off expenses

3Q earnings dragged down by higher JV provision and tax expenses ➤

Figure 1: 3Q19 revenue breakdown

FYE Dec (VNDbn)	3Q18	3Q19	% yoy	9M18	9M19	% yoy	Comments
Net revenue	3,703	4,648	25.5%	11,368	13,569	19.4%	
Offshore support vessel	528	529	0.1%	1,368	1,410	3.1%	
FSO/FPSO	284	413	45.3%	1,175	1,227	4.4%	
Seismic survey & ROV	311	199	-36.2%	602	549	-8.7%	
Port base	395	420	6.4%	1,111	1,157	4.1%	
Mechanical & engineering (M&C)	1,878	2,364	25.8%	6,055	7,747	28.0%	High growth mainly thanks to revenue recognition of Sao Vang Dai Nguyet and Gallaf project
Operation and maintenance (O&M)	207	563	172.3%	762	1,044	37.1%	Strong revenue recognition from O&M activities in 3Q helped boost 9M revenue
Other services	99	160	62.0%	295	433	46.8%	
Gross profit	242	223	-7.9%	649	1,023	57.8%	
Offshore support vessel	20	47	130.7%	92	131	42.6%	
FSO/FPSO	(8)	35	NA	72	125	73.8%	
Seismic survey & ROV	(48)	17	NA	(304)	52	NA	
Port base	96	28	-70.9%	235	202	-14.0%	
Mechanical & engineering (M&C)	155	86	-44.9%	488	422	-13.5%	
Operation and maintenance (O&M)	9	31	257.7%	30	70	133.6%	
Other services	18	(20)	-209.6%	37	21	-41.7%	
Gross profit margin	6.5%	4.8%	-1.7% pts	5.7%	7.5%	+1.8% pts	
Offshore support vessel	3.8%	8.8%	+5.0% pts	6.7%	9.3%	+2.6% pts	
FSO/FPSO	NA	8.4%	NA	6.1%	10.2%	+4.1% pts	
Seismic survey & ROV	NA	8.7%	NA	NA	9.9%	NA	Higher-than-expected gross profit in seismic survey segment after the dissolution of CGGV JV. PVS also carried out survey work for Blue Whale project in 1H19.
Port base	24.4%	6.7%	-17.8% pts	21.1%	17.4%	-3.7% pts	
Mechanical & engineering (M&C)	8.3%	3.6%	-4.6% pts	8.1%	5.4%	-2.6% pts	9M19 segment profit declined due to the absence of a provision writeback and final revenue recognition of several projects like in 1H18.
Operation and maintenance (O&M)	4.2%	5.5%	+1.3% pts	3.9%	6.7%	+2.8% pts	
Other services	18.3%	-12.4%	-30.7% pts	12.4%	4.9%	-7.5% pts	

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 2: 3Q19 results overview

FYE Dec (VNDbn)	3Q18	3Q19	% yoy	9M18	9M19	% yoy	vs. FY19 forecast	Comments
Net revenue	3,703	4,648	25.5%	11,368	13,569	19.4%	91.2%	Higher growth than expected mainly due to faster revenue recognition of M&C segment (Sao Vang Dai Nguyet and Gallaf Qatar projects)
Gross profit	242	223	-7.9%	649	1,023	57.8%	73.5%	
Gross profit margin	6.5%	4.8%	-1.7% pts	5.7%	7.5%	+1.8% pts		
Selling expenses	(23)	(26)	12.5%	(69)	(69)	0.8%	67.1%	
G&A expenses	(135)	(143)	5.8%	(420)	(564)	34.4%	75.8%	
Operating profit	84	54	NA	160	390	143.3%	71.6%	
Net financial income (expenses)	75	71	-5.5%	214	180	-15.9%	54.5%	Lower FX gain and other financial income vs. 9M18.
Gain/loss from investment in JVs	84	7	-92.2%	409	411	0.4%	86.6%	3Q profit from FPSO/FSO JVs plummeted as a result of the provision made for the contract renegotiation process of FPSO Lam Son. Note that when the charter rate is finalised (probably in 2020), this provision could be reversed. 9M result was flat due to better performance of other JVs (FPSO Ruby) in 1H19.
Pre-tax profit	243	139	-42.6%	791	855	8.1%	60.6%	Lower 9M pre-tax profit was also due to higher expenses from the dissolution of the CGGV JV in 9M19 (VND114.6bn) vs. none in 9M18.
Profit after tax	190	84	-55.7%	567	638	12.4%	56.8%	PVS booked higher 3Q tax expenses yoy, hence putting pressure on the bottomline.
Minority interest	(32)	22	NA	(143)	(12)	-92.0%	64.4%	Lower loss in the seismic survey JV
Net profit	222	62	-72.0%	711	649	-8.7%	56.9%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Update on M&C projects ►

Figure 3: PVS's key projects in M&C segment

Project	Est. contract value* (US\$m)	Contract type	Expected project span	Status
Incorporated				
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. Site cleared. Construction started in Oct 2019. PVS has a 39% stake in the project.
Su Tu Trang Phase 2	500	EPCIC	2021 - 2023F	EPC tender could start in 2020 for first-gas by mid- to end 2023.
Block B - O Mon pipeline	1,000	EPC	2021 - 2023F	EPC contractor selection expected in 2019. First gas expected in 2023. Project has been delayed due to the slow progress at the downstream segment (construction of power plants)
SVDN intrafield and pipeline connecting to Nam Con Son 2	96	EPC	3Q19 - 2021F	Contract signed in Oct 2019. Should progress in line with the development of SVDN fields.
Nam Du - U Minh	200	EPC	2020 - 2022F	Regional news (Upstream) reported that PVS is the preferred contractor for the facilities EPC (including 2 WHPs), while Vietsopectro-HBA Offshore is the preferred contractor for the FPSO vessel. Jadestone, the field owner and operator, announced that it submitted the field development plan (FDP) to PVN on 20 Oct 2019 and expects to receive government approval by late-2019. First gas is expected by late-2021.
Unincorporated				
Nam Con Son 2 Phase 2	500-800	EPC	3Q19 - 1Q21F	Major EPC contractors selected in 3Q19. PTSC was chosen as the sub-contractor for the ~US\$130m subsea pipeline EPC contract (TechnipFMC as main contractor). We do not have information on PVS' scope of work, hence we have not incorporated this project into our forecasts.
Block B - O Mon field	6,700	EPC	2021 - 2023F	
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	

*VND's estimates of PVS's share in the contracts
SOURCES: VND RESEARCH, COMPANY REPORTS

Earnings revision ►

Figure 4: Forecast revision

VNDbn	2019F			2020F			2021F		
	Old	New	% change	Old	New	% change	Old	New	% change
Net revenue	14,877	17,461	17.4%	21,890	19,766	-9.7%	25,696	23,680	-7.8%
Gross profit	1,392	1,523	9.4%	1,866	1,718	-7.9%	2,606	2,416	-7.3%
Pre-tax profit	1,411	1,175	-16.7%	1,777	1,674	-5.8%	2,469	2,266	-8.2%
Net profit	1,140	919	-19.4%	1,436	1,352	-5.9%	1,995	1,830	-8.3%
EPS (VND)	2,386	1,924	-19.4%	3,005	2,829	-5.9%	4,174	3,830	-8.3%

SOURCES: VND RESEARCH, COMPANY REPORTS

We made the following changes in our FY19-21F forecasts:

- Given faster-than-expected revenue recognition of M&C projects in 9M19, we increase the revenue estimate from the Sao Vang Dai Nguyet project in 2019 from US\$210m to US\$300m, hence reducing corresponding revenue in 2020-21F. In addition, we delay the revenue booking for Su Tu Trang Phase 2 (STT 2) by one year from 2020F-22F to 2021F-23F following news on the delay of start-up date for STT 2 until mid- to end-2023F. This would be partly offset by the addition of the US\$96m newly-awarded SVDN pipeline contract to the forecasts.
- For 2019F, we increase the interest expense forecast by 34.6% (to reflect higher-than-expected debt balance), other expense (to reflect the one-off VND 114.6bn expense from the dissolution of the CGGV JV), and effective tax rate from 20.5% to 23.0% (9M19 effective tax rate at 25.4%). These lead to a 19.4% decline in our forecasted FY19F net profit to VND919bn.

Note that our forecasts for 2020-21F are higher than Bloomberg consensus as we incorporate the cash flow for Nam Du - U Minh, Block B and Su Tu Trang Phase 2 projects into our model from 2020F, which other forecasts might not have included.

Maintain Add with a lower target price of VND24,100 ➔

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	17,461	19,766	23,680	28,611	31,038	32,571	3.4%
% yoy	-9.4%	-13.5%	19.3%	13.2%	19.8%	2.2%	1.3%	0.8%	
COGS & OPEX	(16,634)	(14,265)	(16,932)	(19,055)	(22,470)	(27,149)	(29,451)	(30,907)	
Unlevered profit / EBIT	287	373	529	711	1,210	1,462	1,586	1,665	5.8%
Operating margin	1.7%	2.5%	3.0%	3.6%	5.1%	5.1%	5.1%	5.1%	
Effective tax rate	-20.5%	-41.3%	-23.0%	-20.5%	-20.5%	-20.5%	-20.5%	-20.5%	
EBIT * (1-Tax) or NOPAT	228	219	407	565	962	1,162	1,261	1,323	5.8%
+ Depreciation and amortisation	682	567	567	536	524	654	712	748	
% of revenue	4.0%	3.9%	3.2%	2.7%	2.2%	2.3%	2.3%	2.3%	
- Capex	(436)	(355)	(423)	(479)	(574)	(693)	(752)	(789)	
% of revenue	-2.6%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	-2.4%	
+ Change in working capital	394	(710)	(778)	(425)	(635)	(815)	(870)	(912)	
% of revenue	2.3%	-4.9%	-4.5%	-2.2%	-2.7%	-2.8%	-2.8%	-2.8%	
Interest and other financial activities, net	1,013	604	647	963	1,056	1,293	1,405	1,475	
% of revenue	6.0%	4.1%	3.7%	4.9%	4.5%	4.5%	4.5%	4.5%	
Unlevered free cash flow (UFCF)	1,882,009	324,692	419,735	1,160,075	1,333,473	1,601,767	1,756,207	1,844,805	
% yoy	178.4%	-82.7%	29.3%	176.4%	14.9%	2.1%	1.0%	0.8%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 6: Cost of equity assumption

Cost of equity	
Risk Free Rate	4.0%
Beta	1.5
Risk Premium	11.0%
Cost of Equity	20.2%

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%
WACC	18.9%
Perpetual Growth Rate	1.0%

SOURCES: VND RESEARCH

Aside from the changes in EPS forecasts, we also reduce our risk-free rate assumption from 5.0% to 4.0%, as Vietnam's government bond yields have declined to 3.5-4%. This alone increases our TP by 1.6%.

The lower TP was mainly the result of FY19-21F EPS cuts. The TP is based on an equal weighting of DCF and target P/E of 7.8x (5-year historical average) on FY19-21F EPS.

Figure 8: Blended target price

Method	Implied share price (VND)	Weight (%)	Weighted share price (VND)
DCF	25,909	50%	12,955
FY19-21F target P/E of 7.8x	22,313	50%	11,156
Blended value			24,111
Target price			24,100

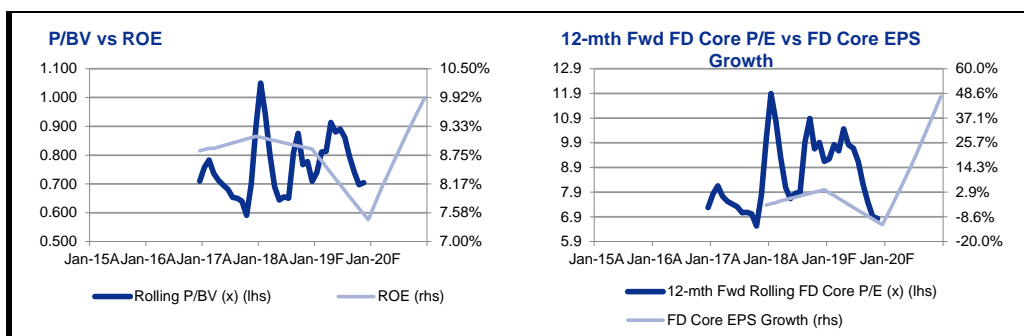
SOURCES: VND RESEARCH

Figure 9: Peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)		3-yr fw CAGR EPS (%)	P/BV (x)			ROE (%)			ROA (%)			
						TTM	FY19F		FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F	TTM	FY19F	FY20F
PV Technical Services	PVS VN	ADD	18,800	24,100	387	9.1	9.8	6.6	20.5%	0.7	0.7	0.6	8.5%	7.4%	9.9%	4.0%	3.8%	5.0%
Malaysia Marine Eng	MMHE MK	NOT RATED	0.90	NA	347	NA	NA	32.1	NA	0.6	0.6	0.6	-2.9%	-0.9%	1.9%	-2.2%	-0.6%	1.2%
Yinson Holdings	YNS MK	ADD	6.61	8.01	1,728	37.3	29.5	36.3	22.6%	2.0	2.1	2.0	5.5%	6.2%	1.9%	2.3%	3.8%	2.3%
Hyundai Engineering	000720 KS	HOLD	44,100	54,000	4,131	10.2	9.7	9.1	10.3%	0.7	0.7	0.6	5.9%	7.2%	7.2%	2.1%	2.5%	2.6%
Keppel Corp	KEP SP	ADD	6.88	8.36	9,155	19.3	15.5	13.4	1.7%	1.1	1.1	1.0	5.8%	7.0%	7.8%	2.3%	2.9%	3.2%
Average (all)					3,149	18.9	16.1	19.5	13.8%	1.0	1.0	1.0	4.6%	5.4%	5.7%	1.7%	2.5%	2.9%
Average (excluding PVS)					3,840	22.2	18.2	22.8	11.5%	1.1	1.1	1.1	3.6%	4.9%	4.7%	1.1%	2.2%	2.3%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (DATA AS AT NOV 15)

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Total Net Revenues	16,921	14,638	17,461	19,766	23,680
Gross Profit	1,080	1,119	1,523	1,718	2,416
Operating EBITDA	969	940	1,096	1,247	1,734
Depreciation And Amortisation	(682)	(567)	(567)	(536)	(524)
Operating EBIT	287	373	529	711	1,210
Financial Income/(Expense)	210	440	241	343	426
Pretax Income/(Loss) from Assoc.	461	723	474	540	534
Non-Operating Income/(Expense)	342	(559)	(69)	80	96
Profit Before Tax (pre-EI)	1,300	976	1,175	1,674	2,266
Exceptional Items					
Pre-tax Profit	1,300	976	1,175	1,674	2,266
Taxation	(266)	(403)	(270)	(343)	(465)
Exceptional Income - post-tax					
Profit After Tax	1,034	573	905	1,331	1,802
Minority Interests	(27)	474	14	21	29
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	1,007	1,047	919	1,352	1,830
Recurring Net Profit	1,007	1,047	919	1,352	1,830
Fully Diluted Recurring Net Profit	1,007	1,047	919	1,352	1,830

Cash Flow

(VNDb)	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
EBITDA	968.9	939.9	1,095.9	1,247.2	1,733.9
Cash Flow from Inv. & Assoc.	(704.4)	(996.8)	(785.5)	(962.0)	(1,047.7)
Change In Working Capital	394.4	(710.4)	(778.2)	(425.4)	(634.9)
(Incr)/Decr in Total Provisions	177.9	90.3	0.0	0.0	0.0
Other Non-Cash (Income)/Expense	330.8	36.4	79.4	426.7	532.3
Other Operating Cashflow	491.4	1,054.7	1,215.6	1,188.3	1,179.3
Net Interest (Paid)/Received	(44.5)	(35.7)	(37.8)	(42.8)	(47.3)
Tax Paid	(629.7)	(186.8)	(140.1)	(177.8)	(240.8)
Cashflow From Operations	984.9	191.6	649.3	1,254.1	1,474.9
Capex	(435.8)	(354.5)	(422.9)	(478.7)	(573.5)
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
Cash Flow From Investing	(458.0)	1,075.3	1,006.9	951.0	856.3
Debt Raised/(repaid)	(367.0)	(256.0)	146.9	115.9	117.0
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
Cash Flow From Financing	(651.1)	(764.8)	(187.7)	(218.7)	(217.6)
Total Cash Generated	(124.1)	502.0	1,468.4	1,986.5	2,113.6
Free Cashflow To Equity	159.9	1,010.8	1,803.0	2,321.1	2,448.2
Free Cashflow To Firm	571.4	1,302.5	1,693.9	2,248.0	2,378.4

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	9,506	11,492	13,606
Total Debtors	5,589	5,006	6,319	7,154	8,570
Inventories	466	494	522	592	697
Total Other Current Assets	412	591	705	798	956
Total Current Assets	13,753	14,129	17,053	20,036	23,829
Fixed Assets	3,688	2,634	2,489	2,432	2,482
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
Total Non-current Assets	11,097	8,961	8,587	8,338	8,228
Short-term Debt	255	721	630	684	777
Current Portion of Long-Term Debt					
Total Creditors	3,393	3,277	3,859	4,353	5,266
Other Current Liabilities	3,668	2,827	3,667	4,151	4,973
Total Current Liabilities	7,316	6,825	8,156	9,187	11,015
Total Long-term Debt	901	193	431	493	517
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	3,522	3,366	3,366	3,366	3,366
Total Non-current Liabilities	4,422	3,559	3,797	3,859	3,883
Total Provisions	0	0	0	0	0
Total Liabilities	11,738	10,384	11,953	13,047	14,898
Shareholders' Equity	11,730	11,872	12,839	14,459	16,261
Minority Interests	1,381	833	847	869	897
Total Equity	13,112	12,705	13,687	15,327	17,158

Key Ratios

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Revenue Growth	(9.4%)	(13.5%)	19.3%	13.2%	19.8%
Operating EBITDA Growth	(5.1%)	(3.0%)	16.6%	13.8%	39.0%
Operating EBITDA Margin	5.73%	6.42%	6.28%	6.31%	7.32%
Net Cash Per Share (VND)	12,827	14,903	17,668	21,582	25,759
BVPS (VND)	24,542	24,839	26,862	30,250	34,021
Gross Interest Cover	7.55	13.91	18.64	22.13	34.11
Effective Tax Rate	20.5%	41.3%	23.0%	20.5%	20.5%
Net Dividend Payout Ratio	28.2%	48.6%	36.4%	24.7%	18.3%
Accounts Receivables Days	126.3	132.1	118.4	124.7	121.2
Inventory Days	24.38	12.96	11.64	11.30	11.06
Accounts Payables Days	82.34	84.69	79.24	80.73	80.05
ROIC (%)	4.9%	6.3%	10.5%	15.5%	28.1%
ROCE (%)	4.21%	6.30%	5.92%	7.25%	9.86%
Return On Average Assets	3.44%	0.92%	2.92%	3.91%	4.84%

Key Drivers

	Dec-17A	Dec-18A	Dec-19F	Dec-20F	Dec-21F
Oil Price (US\$/bbl)	54.2	71.2	65.0	62.0	65.0
Volume Growth (%)	-4.6%	-0.5%	-0.8%	0.4%	-0.2%
Ratio Of Up To Downstream (x)	N/A	N/A	N/A	N/A	N/A
Operating Cash Cost (US\$/bbl)	N/A	N/A	N/A	N/A	N/A
Ratio Of High To Low Margin (x)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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Description:	Excellent	Very Good	Good	N/A	

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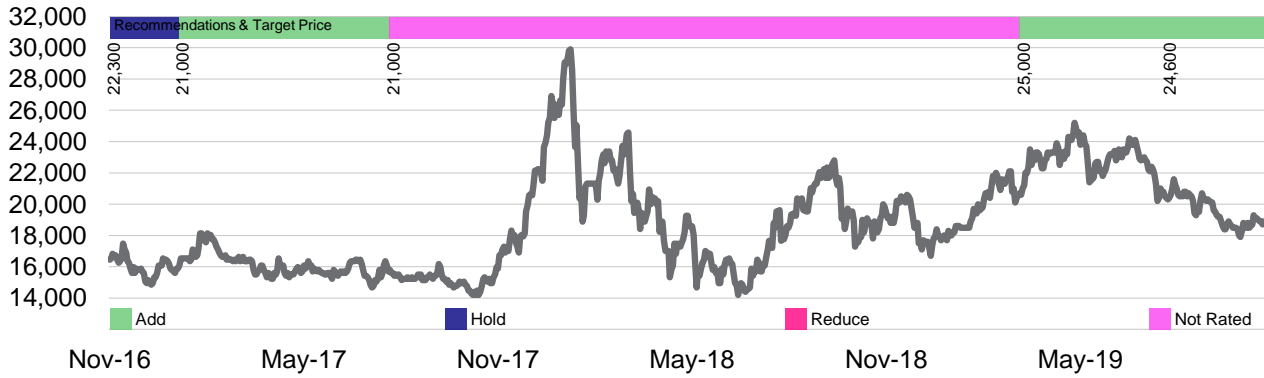
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2019		
777 companies under coverage for quarter ended on 30 September 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.8%	0.9%
Hold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

Spitzer Chart for stock being researched (2 year data)

PetroVietnam 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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