

## Vietnam

**HOLD** (no change)

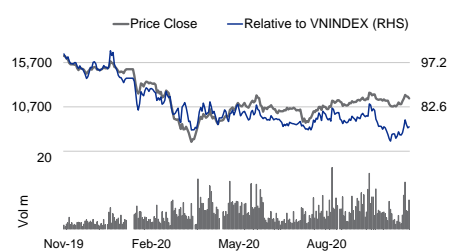
Consensus ratings\*: Buy 3 Hold 6 Sell 0

Current price:	VND11,650
Target price:	VND11,700
Previous target:	VND11,700
Up/downside:	0.4%
CGS-CIMB / Consensus:	1.8%
Reuters:	PVD.HM
Bloomberg:	PVD VN
Market cap:	US\$211.7m
	VND4,906,162m
Average daily turnover:	US\$2.88m
	VND67,102m
Current shares o/s:	421.5m
Free float:	34.0%

\*Source: Bloomberg

**Key changes in this note**

- FY20F EPS increased by 30.8%.
- FY21F EPS decreased by 8.4%.
- FY22F EPS increased by 2.1%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	0.9	12.6	-29
Relative (%)	0.1	0.8	-23.1

Major shareholders	% held
PetroVietnam Group	50.4
Others	49.6

**Analyst(s)**

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# PetroVietnam Drilling & Well Services JSC

## Earnings recovery expected in FY21F

- 9M20 net profit increased 155.7% yoy, supported by strong income from affiliates (+183.6% yoy) and provision reversal.
- Reiterate Hold and unchanged TP of VND11,700.

### 3Q20 net profit growth driven by well service activities

In 3Q20, the company posted a 18.9% yoy increase in net revenue to US\$54.8m, mainly on a 46.3% yoy higher revenue from the drilling segment, with the contribution of an average 1.7 leased rigs and 4.2% yoy improvement in average day rate. However, blended gross margin contracted by 3.3% pts yoy as the 9.0% pts reduction in drilling margin outweighed the 12.7% pts expansion in well services gross margin. At the bottom line, net profit still posted a 43.4% yoy growth to US\$1.7m, fueled by the US\$2.0m income from affiliates (mainly from Baker Hughes JV), vs. US\$0.2m loss from affiliates in 3Q19. The company credited the strong improvement in the well services segment to lower competition in the domestic market, as it was hard for foreign contractors to enter Vietnam this year due to the Covid-19-related travel restrictions.

### 9M20 results ahead of expectations

9M20 net profit was up 155.7% yoy thanks to (1) the strong performance of the well services segment (9M gross profit +28.5% yoy, income from affiliates +183.6% yoy), and (2) the ramp-up in debt collection which allowed a net provision reversal of US\$3.2m, vs. provision expenses of US\$1.7m in 9M19. 9M20 net profit was better-than-expected at 102.5% of our full-year forecast, as the marked improvements in the well services segment for both PVD's subsidiaries and affiliates were positive surprises. For the FY20 forecast, we lower gross margin by 1.3% pts to reflect weaker-than-expected drilling segment, but increase income from affiliates assumption to reflect the 9M20 results.

### Drilling activities expected to warm up in FY21F

We maintain our FY21F revenue forecast with average utilisation rate recovering to 80% from 73% in FY20F, while average day rate stays around US\$60,000. According to PVD, the customer Repsol Malaysia (which terminated the contract with PVD III rig earlier) has started to open bids for the continuation of the same contract from FY21F, which is ahead of the company's expectation. Therefore, PVD plans for the PVD III rig to return to Malaysia, while the PVD II and PVD VI rigs could stay in Vietnam in FY21F to contract for potential domestic projects from customers such as Vietsovpetro and ENI.

### Reiterate Hold and TP of VND11,700

Our TP stays unchanged at VND11,700 based on a 50:50 combination of DCF and target FY20-22F P/BV of 0.4x. Upside risks are faster-than-expected recovery in drilling sector and quick debt collection. Downside risks include higher opex and low oil prices.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (US\$m)	239.2	188.5	222.3	202.3	241.3
Operating EBITDA (US\$m)	30.79	27.06	19.41	23.80	41.68
Net Profit (US\$m)	8.60	7.96	6.87	8.15	19.26
Core EPS (US\$)	0.009	0.019	0.016	0.019	0.046
Core EPS Growth	(43%)	108%	(13%)	19%	136%
FD Core P/E (x)	55.48	26.68	30.82	25.99	11.00
DPS (US\$)	0.000	0.000	-	-	-
Dividend Yield	0.063%	0.057%	0.000%	0.000%	0.000%
EV/EBITDA (x)	7.08	7.87	11.89	9.19	5.10
P/FCFE (x)	11.59	NA	NA	6.67	NA
Net Gearing	4.06%	5.93%	9.12%	6.70%	5.21%
P/BV (x)	0.36	0.36	0.38	0.38	0.39
ROE	0.65%	1.35%	1.19%	1.47%	3.53%
% Change In Core EPS Estimates			30.8%	(8.4%)	2.1%
CGS-CIMB/Consensus EPS (x)			1.48	1.49	1.38

SOURCES: VND RESEARCH, COMPANY REPORTS

## Earnings recovery expected in FY21F

### 3Q20 net profit growth driven by well services activities ➤

Figure 1: 3Q20 and 9M20 results overview

FYE Dec (US\$m)	3Q20	3Q19	% yoy	9M20	9M19	% yoy	vs. FY20F forecasts	Comment
<b>Net revenue</b>	<b>54.8</b>	<b>46.1</b>	<b>18.9%</b>	<b>190.2</b>	<b>128.6</b>	<b>48.0%</b>	<b>92.8%</b>	
Drilling	31.7	21.6	46.3%	114.1	59.8	90.9%		Drilling revenue in 3Q increased yoy due to the contribution of average 1.7 leased rigs (vs. no leased rigs in 3Q19) and a 4.2% increase in average day rate, despite lower utilisation rate of PVD's owned jack-up rigs (55% vs. 91% in 3Q19).
Well services	17.7	18.7	-5.2%	63.5	54.2	17.3%		
Trading	5.5	5.8	-5.7%	12.6	14.6	-13.9%		
<b>Gross profit</b>	<b>3.4</b>	<b>4.4</b>	<b>-22.3%</b>	<b>12.6</b>	<b>13.1</b>	<b>-3.9%</b>	<b>69.7%</b>	Drilling gross margin contracted by 9.0% pts yoy (flat qoq) as PVD continued to incur additional expenses due to Covid-19 restrictions. This was offset partly by the 12.7% pts yoy expansion in well services margin, which the company credited to lower domestic competition as foreign contractors could hardly enter Vietnam in 2020 amid travel restrictions.
Drilling	(2.2)	0.4	NA	(2.1)	1.4	-251.3%		
Well services	5.4	3.4	61.0%	13.9	10.8	28.5%		
Trading	0.2	0.5	NA	0.8	0.9	-17.4%		
<b>Gross profit margin</b>	<b>6.2%</b>	<b>9.5%</b>	<b>-3.3% pts</b>	<b>6.6%</b>	<b>10.2%</b>	<b>-3.6% pts</b>		
Drilling	-7.0%	2.1%	-9.0% pts	-1.8%	2.3%	-4.1% pts		
Well services	30.8%	18.1%	+12.7% pts	21.9%	20.0%	+1.9% pts		
Trading	2.9%	9.3%	-6.4% pts	6.1%	6.4%	-0.3% pts		
Selling expenses	(0.1)	(0.1)	-38.6%	(0.3)	(0.3)	-9.5%	55.2%	
G&A expenses	(2.8)	(2.5)	12.7%	(9.6)	(12.4)	-22.6%	78.5%	PVD reported US\$1.8m provision reversal on bad debt collection in 3Q20, vs. US\$1.4m provision reversal in 3Q19. For 9M accumulated, the company reported US\$3.2m provision reversal in 9M20, vs. US\$1.7m provision expenses in 9M19.
<b>Operating profit</b>	<b>0.5</b>	<b>1.8</b>	<b>-71.0%</b>	<b>2.8</b>	<b>0.5</b>	<b>488.7%</b>	<b>51.1%</b>	
Financial income	1.7	2.3	-27.4%	4.7	5.4	-12.2%	69.6%	
Financial expenses	(1.8)	(2.5)	-27.4%	(6.7)	(8.0)	-16.2%	66.6%	
Gain (loss) from investment in associates	2.0	(0.2)	NA	5.6	2.0	183.6%	182.5%	Income from affiliates jumped thanks to strong performance of well services affiliates, especially Baker Hughes.
<b>Pre-tax profit</b>	<b>2.3</b>	<b>1.3</b>	<b>80.9%</b>	<b>6.4</b>	<b>2.4</b>	<b>163.3%</b>	<b>103.8%</b>	
<b>Net profit</b>	<b>1.7</b>	<b>1.2</b>	<b>43.4%</b>	<b>5.4</b>	<b>2.1</b>	<b>155.7%</b>	<b>102.5%</b>	
<b>Recurring net profit</b>	<b>0.4</b>	<b>0.7</b>	<b>-34.0%</b>	<b>2.9</b>	<b>4.9</b>	<b>-39.6%</b>	<b>85.9%</b>	

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 2: Southeast Asia jack-up average day rate and total contracted utilisation

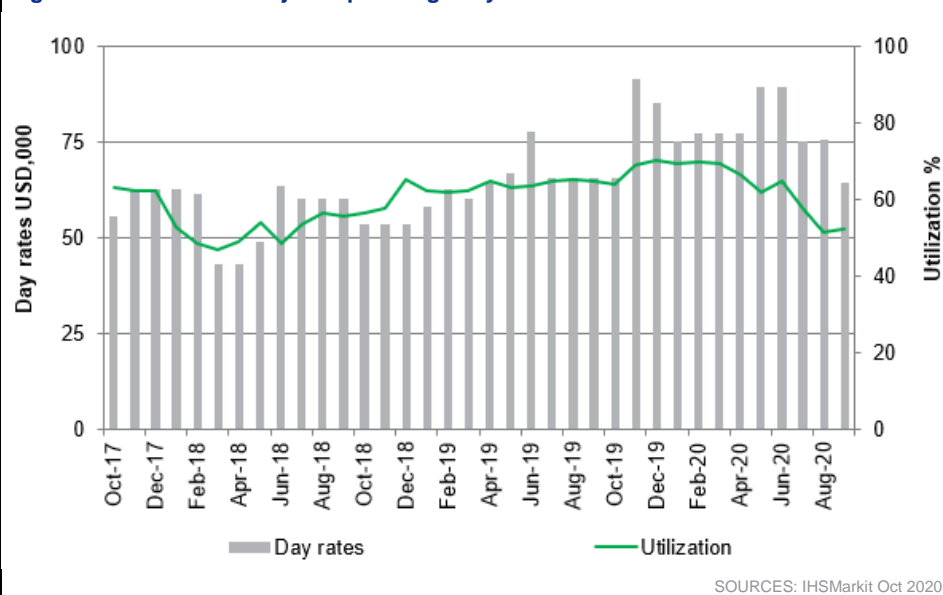


Figure 3: PVD's drilling schedule

Rig fleet	4Q19	1Q20	2Q20	3Q20	4Q20F	1Q21F	2Q21F	3Q21F	4Q21F
PVD I		Petronas	Hibiscus Malaysia						
PVD II		Petronas			VSP	VSP			
PVD III		Repsol Malaysia			KE				
PVD VI		Sapura		Rosneft					
TAD		Reactivating for Shell Brunei contract						Shell Brunei	
PVD XI						GBRS			
Hakuryu-11*		Idemitsu							N/A
Idun*		Hoang Long		JVPC					
Saga*			ENI						

Firm contract Potential option

SOURCES: VND RESEARCH, COMPANY REPORTS

In 9M20, both market average day rate and utilisation rate declined due to weak drilling demand on top of low oil prices. However, PVD could still maintain a high utilisation rate of 77.7% thanks to earlier secured contracts. The company also managed to secure new jobs, specifically a 100-day contract with Vietsovetro in Vietnam and a three-month contract with Kris Energy in Cambodia to fill the gap left by the early termination of contracts. This is a positive sign amid weak market conditions, which allowed the rigs to avoid cold-stack periods in preparation for when the market recovers.

For FY21F, we expect the company to achieve an average jack-up utilisation rate of 80.0% in the best case scenario, with potential projects including: (1) new contract for PVD II with Vietsovetro after the current contract ends in Jan 2021 (confirmed by PVD without specific timeline), (2) PVD III returning to Malaysia to continue the earlier job with Repsol, and (3) PVD VI could bid for a new contract with ENI on exploration wells at Ken Bau field. In addition, according to Japan Drilling's website, PVD has already secured a leasing contract for Hakuryu-11 rig with a firm period of 300 days and up to 120-day option, slated to commence at around Aug-Oct 2021 for a drilling job offshore Vung Tau, Vietnam.

### Forecast revision ►

Figure 4: Earnings revision

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	-	60,000	60,000	-	65,000	65,000	-
Average TAD day rate (US\$)	NA	NA	N/A	95,000	95,000	-	95,000	95,000	-
Jack-up utilisation rate (%)	73%	73%	-	80%	80%	-	90%	90%	-
TAD utilisation rate (%)	0%	0%	-	50%	50%	-	95%	95%	-
Net revenue	205.1	222.3	8.4%	202.3	202.3	-	235.9	241.3	2.3%
Gross profit	18.1	16.7	-7.7%	22.2	20.5	-7.9%	37.5	38.5	2.5%
Gross profit margin	8.8%	7.5%	-1.3% pts	11.0%	10.1%	-0.9% pts	15.9%	15.9%	+0.03% pts
SG&A expenses	(12.7)	(13.0)	2.4%	(14.6)	(14.6)	0.0%	(19.4)	(19.9)	2.3%
Operating profit	5.4	3.7	-31.2%	7.6	5.9	-22.9%	18.1	18.6	2.7%
Gain/loss from affiliates	3.1	6.7	116.8%	3.0	4.0	33.3%	3.5	3.6	2.3%
Pre-tax profit	6.1	8.0	30.8%	10.4	9.5	-8.4%	22.1	22.5	2.1%
Net profit	5.3	6.9	30.8%	8.9	8.2	-8.4%	18.9	19.3	2.1%
EPS	0.012	0.016	30.8%	0.021	0.019	-8.4%	0.045	0.046	2.1%

SOURCES: VND RESEARCH

We make the following revisions to our FY20-22F EPS forecasts:

### FY20-21F

- We increase our net revenue assumption by 8.4% in FY20F to account for higher-than-expected day rates applied to the leased rigs. We estimate the leased rigs could command an average day rate of US\$75,000 vs.

US\$70,000. These contracts were signed earlier in the year so the day rates were not affected by Covid-19.

- We slightly increase the average operating expenses of jack-up rigs for FY20-21F to reflect lower-than-expected gross margin of the drilling segment in 3Q20. We expect regional travel restrictions not to be lifted until 2H21F, at the earliest, therefore the company would still incur Covid-19-related expenses in terms of labour, logistics, etc, in FY21F.
- We also adjust the income from affiliates assumptions for FY20-21F due to higher-than-expected profits from affiliates, which resulted from strong performance of the well services segment in the domestic market.

#### FY22F

- For FY22F, we revise the utilisation rate for the land rig PVD XI from 50% to 100%, as we believe the company could start its 3-year contract with GBRS in Algeria from 2H21F. This rig has been fully depreciated, therefore once operating it could generate an annual gross profit of US\$2.6m, in our estimation.

In terms of debt collection and provision reversal, we maintain our forecasts of a US\$4.2m provision reversal in FY20F and a US\$2.1m provision reversal in FY21F. 9M figures already made up 76.1% of our forecast, and the company expects to collect another US\$1.3m in 4Q20, which is in line with our expectations.

#### Reiterate Hold and TP of VND11,700 ►

Our new forecasts translate to a 13.4% yoy decline in FY20F net profit, before returning to growth of 18.6% yoy in FY21F and 136.2% yoy in FY22F. This is mainly fueled by the resumption of the deepwater rig PVD V from 2H21F. We think the growth outlook has already been priced in, therefore we maintain our Hold recommendation and TP of VND11,700.

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	188	222	202	247	286	349	376	3.6%
% yoy	41.4%	-20.6%	21.1%	-6.7%	22.3%	5.0%	2.9%	0.9%	
COGS & OPEX	(235)	(187)	(219)	(196)	(228)	(256)	(312)	(337)	
EBIT	4	2	4	6	19	30	37	40	
Operating margin	1.8%	0.8%	1.7%	2.9%	7.7%	10.5%	10.5%	10.5%	
Effective tax rate	25.8%	8.9%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
EBIT * (1-Tax rate)	3	1	3	4	14	23	27	30	17.0%
+ Depreciation & Amortisation	26	25	16	18	24	27	33	36	
% of revenue	11.1%	13.5%	7.0%	8.9%	9.6%	9.6%	9.6%	9.6%	
- CapEx	(3)	(2)	(31)	(16)	(12)	(14)	(17)	(19)	
% of revenue	-1.4%	-1.2%	-14.0%	-8.0%	-5.0%	-5.0%	-5.0%	-5.0%	
+ Change in Working Capital	(3)	(19)	9	20	(4)	1	4	4	
% of revenue	-1.2%	-9.8%	3.9%	9.9%	-1.7%	0.5%	1.1%	1.1%	
Interest and other financial activities, net	6	7	4	4	4	5	6	6	
% of revenue	2.4%	3.5%	1.9%	1.8%	1.6%	1.6%	1.6%	1.6%	
<b>Unlevered free cash flow (UFCF)</b>	<b>29</b>	<b>13</b>	<b>0</b>	<b>30</b>	<b>25</b>	<b>42</b>	<b>53</b>	<b>57</b>	
		-	0	22	16	17	11	6	

SOURCES: VND RESEARCH

Figure 6: Cost of equity

Cost of equity	
Risk Free Rate	4.0%
Beta	1.6
Risk Premium	11.0%
<b>Cost of Equity</b>	<b>21.6%</b>

SOURCES: VND RESEARCH

Figure 7: WACC and terminal growth

US\$m	
Equity Value	302
Debt	163
Cost of Debt	6.0%
Tax Rate	25.0%
<b>WACC</b>	<b>15.6%</b>
<b>Perpetual Growth Rate</b>	<b>0.5%</b>

SOURCES: VND RESEARCH

**Figure 8: Blended target price\***

Method	(VND)	Weight (%)	Weighted share price (VND)
DCF	10,740	50%	5,370
Target FY20-22F P/BV of 0.4x	12,610	50%	6,305
<b>Blended price</b>		<b>100%</b>	<b>11,675</b>
<b>Target price</b>			<b>11,700</b>

\*Assuming USD/VND rate at US\$1=VND23,500.

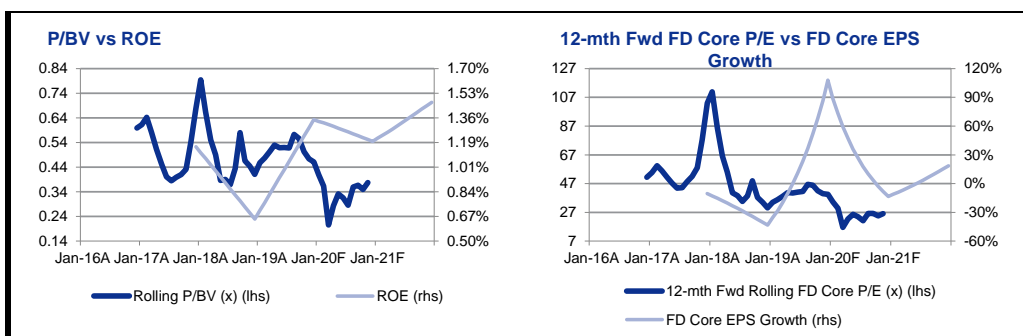
SOURCES: VND RESEARCH

**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
<b>Offshore drilling companies</b>																		
PV Drilling	PVD VN	HOLD	11,650	11,700	212	19.9	30.8	26.0	34.2%	0.4	0.4	0.4	1.9%	1.2%	1.5%	1.3%	0.8%	0.9%
Borr Drilling Ltd	BDRILL NO	NOT RATED	5.41	NA	125	NA	NA	NA	0.0%	0.1	0.1	0.1	-27.6%	-23.1%	-22.3%	-10.7%	NA	NA
Velesto Energy Bhd	VEB MK	REDUCE	0.13	0.10	260	23.9	NA	NA	NA	0.4	0.4	0.4	1.6%	-2.8%	-2.2%	1.0%	-1.9%	-1.6%
Sapura Energy Bhd	SAPE MK	REDUCE	0.11	0.06	426	NA	NA	NA	-31.5%	0.2	0.2	0.2	-37.2%	-12.3%	-3.9%	-17.2%	-4.7%	-1.1%
Transocean	RIG US	NOT RATED	1.08	NA	664	NA	NA	NA	0.0%	0.1	0.1	0.1	-5.0%	-6.3%	-6.3%	-2.5%	-3.7%	-3.3%
<b>Average - Offshore drilling peers</b>					<b>450</b>	<b>23.9</b>	<b>NA</b>	<b>NA</b>	<b>-15.7%</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>-13.6%</b>	<b>-7.1%</b>	<b>-4.1%</b>	<b>-6.2%</b>	<b>-3.4%</b>	<b>-2.0%</b>

SOURCES: CGS-CIMB RESEARCH, VND RESEARCH, BLOOMBERG (DATA AS AT 16 NOV)

## 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>222.3</b>	<b>202.3</b>	<b>241.3</b>
<b>Gross Profit</b>	<b>17.3</b>	<b>19.4</b>	<b>16.7</b>	<b>20.5</b>	<b>38.5</b>
<b>Operating EBITDA</b>	<b>30.8</b>	<b>27.1</b>	<b>19.4</b>	<b>23.8</b>	<b>41.7</b>
Depreciation And Amortisation	(26.5)	(25.5)	(15.7)	(17.9)	(23.1)
<b>Operating EBIT</b>	<b>4.3</b>	<b>1.6</b>	<b>3.7</b>	<b>5.9</b>	<b>18.6</b>
Financial Income/(Expense)	(2.9)	(3.3)	(3.3)	(1.5)	(1.5)
Pretax Income/(Loss) from Assoc.	2.6	4.8	6.7	4.0	3.6
Non-Operating Income/(Expense)	6.1	5.1	0.9	1.2	1.7
<b>Profit Before Tax (pre-EI)</b>	<b>10.1</b>	<b>8.2</b>	<b>8.0</b>	<b>9.5</b>	<b>22.5</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>10.1</b>	<b>8.2</b>	<b>8.0</b>	<b>9.5</b>	<b>22.5</b>
Taxation	(2.6)	(0.7)	(2.0)	(2.4)	(5.6)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>7.5</b>	<b>7.4</b>	<b>6.0</b>	<b>7.2</b>	<b>16.9</b>
Minority Interests	1.1	0.5	0.8	1.0	2.4
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>8.6</b>	<b>8.0</b>	<b>6.9</b>	<b>8.2</b>	<b>19.3</b>
Recurring Net Profit	3.8	7.9	6.9	8.2	19.3
<b>Fully Diluted Recurring Net Profit</b>	<b>3.8</b>	<b>7.9</b>	<b>6.9</b>	<b>8.2</b>	<b>19.3</b>

### Cash Flow

(US\$m)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>30.79</b>	<b>27.06</b>	<b>19.41</b>	<b>23.80</b>	<b>41.68</b>
Cash Flow from Inv. & Assoc.	(7.11)	(9.61)	(9.36)	(9.13)	(8.91)
Change In Working Capital	(2.89)	(18.54)	8.77	19.95	(4.01)
(Incr)/Decr in Total Provisions	(4.95)	0.72	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	(20.67)	(18.91)	(11.37)	(14.27)	(19.16)
Other Operating Cashflow	25.89	25.02	20.77	22.93	27.46
Net Interest (Paid)/Received	(7.70)	(6.07)	(10.06)	(10.01)	(9.19)
Tax Paid	(6.21)	(3.01)	(2.01)	(2.38)	(5.63)
<b>Cashflow From Operations</b>	<b>7.15</b>	<b>(3.34)</b>	<b>16.15</b>	<b>30.89</b>	<b>22.25</b>
Capex	(3.42)	(2.30)	(31.12)	(16.18)	(12.07)
Disposals Of FAs/subsidiaries	0.03	0.05	0.00	0.00	0.00
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	54.90	(7.38)	0.00	0.00	0.00
<b>Cash Flow From Investing</b>	<b>51.51</b>	<b>(9.63)</b>	<b>(31.12)</b>	<b>(16.18)</b>	<b>(12.07)</b>
Debt Raised/(repaid)	(40.38)	(3.65)	1.33	17.08	(16.79)
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>1.33</b>	<b>17.08</b>	<b>(16.79)</b>
Total Cash Generated	18.16	(16.74)	(13.64)	31.78	(6.61)
<b>Free Cashflow To Equity</b>	<b>18.28</b>	<b>(16.62)</b>	<b>(13.64)</b>	<b>31.78</b>	<b>(6.61)</b>
<b>Free Cashflow To Firm</b>	<b>66.37</b>	<b>(6.90)</b>	<b>(4.90)</b>	<b>24.72</b>	<b>19.37</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	107.0	134.2	122.4
Total Debtors	69.7	82.5	78.5	71.5	85.3
Inventories	32.8	36.1	42.8	37.8	42.2
Total Other Current Assets	1.1	1.7	2.0	1.8	2.2
<b>Total Current Assets</b>	<b>245.2</b>	<b>246.7</b>	<b>230.3</b>	<b>245.3</b>	<b>252.1</b>
Fixed Assets	624.9	602.8	600.9	584.5	559.3
Total Investments	29.9	46.1	44.8	43.7	42.6
Intangible Assets	0.0	0.0	0.0	0.0	0.0
Total Other Non-Current Assets	7.5	8.0	7.8	7.6	7.4
<b>Total Non-current Assets</b>	<b>662.3</b>	<b>656.9</b>	<b>653.5</b>	<b>635.8</b>	<b>609.3</b>
Short-term Debt	15.7	22.5	15.0	34.4	30.2
Current Portion of Long-Term Debt					
Total Creditors	42.9	36.9	44.8	39.6	44.3
Other Current Liabilities	62.4	64.3	75.7	68.9	82.2
<b>Total Current Liabilities</b>	<b>121.0</b>	<b>123.8</b>	<b>135.5</b>	<b>142.9</b>	<b>156.7</b>
Total Long-term Debt	150.2	139.7	143.9	137.7	120.9
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	37.9	35.9	34.9	34.1	33.2
<b>Total Non-current Liabilities</b>	<b>188.1</b>	<b>175.6</b>	<b>178.8</b>	<b>171.7</b>	<b>154.1</b>
Total Provisions	0.0	0.0	0.0	0.0	0.0
<b>Total Liabilities</b>	<b>309.1</b>	<b>299.4</b>	<b>314.3</b>	<b>314.7</b>	<b>310.8</b>
Shareholders' Equity	587.3	593.5	558.3	554.5	536.6
Minority Interests	11.1	10.7	11.2	11.9	14.0
<b>Total Equity</b>	<b>598.4</b>	<b>604.2</b>	<b>569.5</b>	<b>566.4</b>	<b>550.6</b>

### Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	39.4%	(21.2%)	17.9%	(9.0%)	19.3%
Operating EBITDA Growth	77.9%	(12.1%)	(28.3%)	22.6%	75.1%
Operating EBITDA Margin	12.9%	14.4%	8.7%	11.8%	17.3%
Net Cash Per Share (US\$)	(0.06)	(0.08)	(0.12)	(0.09)	(0.07)
BVPS (US\$)	1.39	1.41	1.32	1.32	1.27
Gross Interest Cover	0.58	0.23	0.56	0.89	3.07
Effective Tax Rate	25.8%	8.9%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	1.41%	1.51%	NA	NA	NA
Accounts Receivables Days	105.4	147.3	132.6	135.4	118.5
Inventory Days	54.36	74.45	70.23	80.87	71.97
Accounts Payables Days	58.78	84.00	71.28	83.02	73.88
ROIC (%)	0.49%	0.23%	0.45%	0.72%	2.35%
ROCE (%)	1.61%	1.14%	1.41%	1.96%	3.66%
Return On Average Assets	1.04%	1.15%	0.95%	0.94%	2.06%

### 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	45.0	48.0	55.0
Energy Production Volume (mmbobe)	N/A	N/A	N/A	N/A	N/A
Average Day Rate - Drilling Rigs (US\$)	56,149.0	57,500.0	65,000.0	60,000.0	65,000.0
Average Util. Rate - Drilling Rigs (%)	85.3%	90.0%	72.9%	80.0%	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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THAI, THANI, THG, TISCO, TKN, TMB, TOA, TOP, TPIPP, TQM, TRUE, TTW, TU, VGI, WHA, BEAUTY, JMART, LPN, SISB, WORK.

#### Corporate Governance Report:

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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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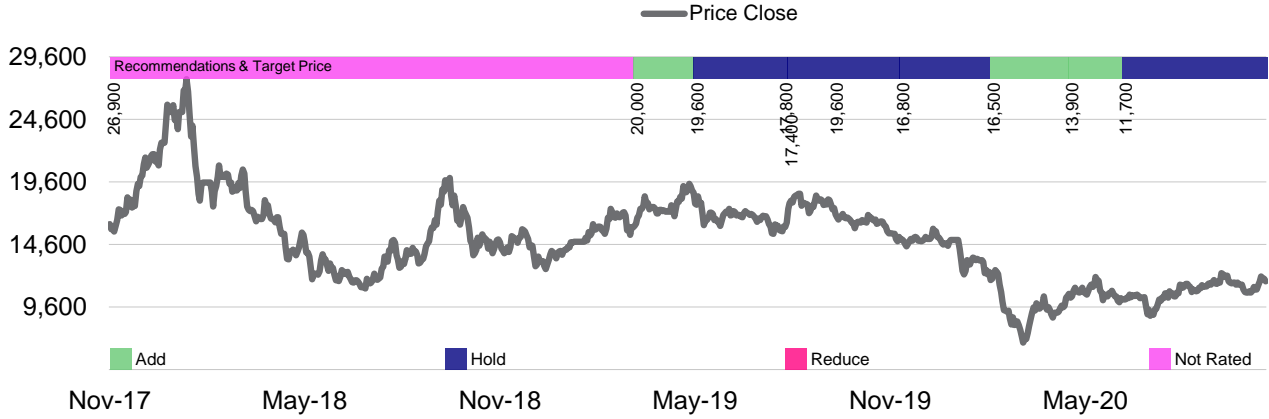
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2020		
795 companies under coverage for quarter ended on 30 September 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	63.0%	0.5%
Hold	25.2%	0.1%
Reduce	11.8%	0.3%

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

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



## 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, **BPCG** – 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.

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