

Vietnam

ADD (no change)

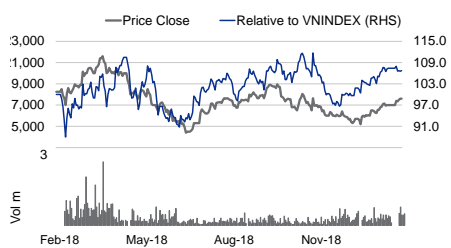
Consensus ratings*: Buy 4 Hold 1 Sell 0

Current price:	VND17,600
Target price:	VND21,000
Previous target:	VND21,000
Up/downside:	19.3%
CGS-CIMB / Consensus:	3.7%
Reuters:	PVT.HM
Bloomberg:	PVT VN
Market cap:	US\$213.5m VND4,953,347m
Average daily turnover:	US\$0.19m VND4,590m
Current shares o/s:	281.4m
Free float:	27.6%

*Source: Bloomberg

Key changes in this note

- FY19F EPS increased by 15.0%.
- FY20F EPS increased by 11.0%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	6.7	3.8	-3.6
Relative (%)	2.2	-2.2	6.7

Major shareholders	% held
PetroVietnam Group	51.0
VietcomBank	2.9
Yurie Vietnam Securities	5.1

Analyst(s)



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PetroVietnam Transportation Corp

FY18 results surpass expectations

- FY18 PATMI surged 43.1% yoy to VND7,534bn, surpassing our forecast by 17.7%.
- We lift our FY19-20 EPS forecasts to reflect higher margin assumptions for PVT's transportation business.
- We project a flat PATMI CAGR of 2.4% over FY18-20F. Maintain Add, with target price of VND21,000.

FY18 PATMI increased 43.1% yoy, 17.7% higher than our forecast

PVT posted unaudited FY18 revenue of VND7,534bn (+22.6% yoy) and PATMI of VND644bn (+43.1% yoy). PVT's reported revenue fell short of our forecast by a slight 4.3%, largely due to lower-than-expected revenue from its trading segment. Meanwhile, its FY18 PATMI surpassed our forecast by 17.7%, driven by a higher-than-expected gross profit margin in its transportation segment.

Strong FY18 PATMI growth partly due to FY17's low-base

PVT's strong FY18 results were driven by: (1) a low base in FY17, (2) a higher charter rate for FSO Dai Hung Queen, (3) transportation volume addition from Nghi Son refinery plant (NSRP) from 2H18, (4) lower selling and general expenses, and (5) non-operating income from asset disposal and forex gains. Note that the low base in FY17 was caused by: (1) 60-day dry-dock maintenance of two crude oil transportation vessels in 2Q17, and (2) 52-day maintenance shutdown of Binh Son refinery plant (BSR) in 3Q17.

We project flat PATMI CAGR of 2.4% in FY18-20F

We expect PVT to post rather flat revenue and PATMI CAGRs of 6.3% and 2.4% in FY18-20F respectively. As NSRP has started its commercial operation from late 4Q18, we project PVT's transportation volume of oil products to increase 24.5% in FY19F. However, we see such volume addition to be partly offset by: (1) higher interest expenses from increasing debt financing, (2) BSR's 52-day maintenance shutdown in FY20F, and (3) lower non-recurring income from the disposal of fully-depreciated vessels.

Fleet rejuvenation to benefit PVT's long-term prospects

In FY19-20F, PVT plans to spend ~VND3,000bn to rejuvenate its ageing fleet. We expect a younger fleet to help PVT improve its operational efficiency in the long term.

Maintain Add

We value PVT using a blended valuation method of DCF (weight of 50%) and 2-year average FY19-20F target P/E multiple of 9x (weight of 50%). Our target price remains at VND21,000. Downside risks include: (1) lower-than-expected voyage charter rates, and (2) further delays in the construction of PetroVietnam's coal power plants. Potential re-rating catalysts include higher-than-expected transportation volume from NSRP.

Financial Summary	Dec-16A	Dec-17A	Dec-18A	Dec-19F	Dec-20F
Revenue (VNDb)	6,785	6,148	7,534	8,600	8,514
Operating EBITDA (VNDb)	993	1,228	1,409	1,732	1,792
Net Profit (VNDb)	413	450	644	703	675
Core EPS (VND)	1,630	1,777	2,542	2,775	2,663
Core EPS Growth	16.9%	9.0%	43.1%	9.2%	-4.0%
FD Core P/E (x)	10.12	9.29	6.49	5.95	6.20
DPS (VND)	925	1,075	1,102	1,047	1,119
Dividend Yield	5.35%	6.51%	6.68%	6.34%	6.78%
EV/EBITDA (x)	4.80	3.81	3.72	3.41	3.72
P/FCFE (x)	NA	5.28	NA	9	6.24
Net Gearing	1.5%	-5.0%	2.6%	15.4%	29.1%
P/BV (x)	1.30	1.26	1.16	0.91	0.85
ROE	13.3%	14.5%	20.7%	22.6%	21.7%
% Change In Core EPS Estimates				15.0%	11.0%
CIMB/consensus EPS (x)			1.06	1.38	1.12

SOURCES: VND RESEARCH, COMPANY REPORTS

FY18 RESULTS REVIEW

PVT's 4Q18 PATMI increased 18.2% yoy, but partly due to non-recurring net forex gains ►

In 4Q18, PVT posted consolidated net sales of VND1,923bn (+13.1% yoy and +10.8% qoq) and PATMI of VND224bn (+18.2% yoy and +121.7% qoq).

The strong performance in 4Q18 vs. 3Q18 was due to: (1) low-base in 3Q18 due to the dry dock maintenance of PVT Athena vessel, (2) non-recurring income from net forex gain of VND30.4bn (vs. -VND7.7bn in 3Q18), and (3) NSRP starting its full commercial operation in 4Q18.

Meanwhile, compared to 4Q17, PVT's recurring PATMI showed decent yoy growth of 6.4%. This was largely due to the volume addition from NSRP in 4Q18. Note that we excluded the effect of non-recurring net forex gain from PVT's recurring 4Q18 PATMI in the above calculation.

Compared to 4Q17, PVT's recurring PATMI showed decent yoy growth of 6.4%, largely due to the volume addition from NSRP in 4Q18.

Figure 1: 4Q18 key financial results

FYE (VNDbn)	4Q17	4Q18	% yoy	3Q18	% qoq
Sales	1,700	1,923	13.1%	1,736	10.8%
Gross profit	354	384	8.7%	213	80.8%
SG&A expense	(76)	(92)	20.8%	(63)	45.5%
Financial income / expenses	11	40	275.4%	(19)	N/a
Other income / expense	(5)	2	-146.2%	9	-73.9%
PBT	290	345	19.1%	148	133.4%
PAT	221	265	19.9%	118	125.8%
PATMI	190	224	18.2%	101	121.7%
Recurring PATMI	190	202	6.4%	101	99.4%

SOURCES: VND RESEARCH, COMPANY REPORTS

FY18 PATMI surpassed our forecast by 17.8%, largely thanks to strong performance of the transportation segment ►

In FY18, PVT posted consolidated net sales of VND7,534bn (+22.6% yoy) and PATMI of VND644bn (+43.1% yoy). The company fell short of our revenue forecast by a marginal 4.3%, but surpassed our PATMI forecast by 17.8%.

Figure 2: FY18 results comparison

FYE (VNDbn)	FY17	FY18	% yoy	FY18F	FY18/FY18F	Comments
Sales	6,148	7,534	22.6%	7,873	95.7%	- Low base FY17 due to (1) BSR's 52-day shutdown maintenance in 3Q17 and (2) dry-dock maintenance of PVT Mercury and Hercules M vessel in 2Q17 - FSO Dai Hung awarded a 22% higher charter rate yoy as crude oil price returned to above US\$55/bbl. in 2Q18
Gross profit	846	1,055	24.7%	909	116.1%	- Better gross profit margin in transportation segment than we expected for FY18 (16.8% vs. 13.1% in our FY18F)
SG&A expense	(243)	(258)	6.1%	(217)	118.8%	
Financial income / expenses	27	45	65.6%	2	4.0%	- PVT recorded a much higher forex gain of VND40.0bn in FY18 (vs. VND3.9bn in FY17). With charter rates being in US\$, a stronger US\$ in FY18 was particularly beneficial to PVT's crude oil transportation business.
Other income / expense	14	100	631.1%	108	92.7%	The disposal of fully depreciated Hercules M vessel brought about ~VND78bn of other income for PVT in 2Q18
PBT	671	968	44.3%	801	120.9%	
PAT	534	771	44.4%	638	120.9%	
PATMI	450	644	43.1%	547	117.8%	
Recurring PATMI	450	557	23.8%	484	115.0%	We excluded: (1) Hercules M's disposal proceeds and (2) the effect of non-recurring net forex gain from PVT's recurring PATMI in FY18

SOURCES: VND RESEARCH, COMPANY REPORTS

In our view, PVT's stronger-than-expected FY18 results were driven by: (1) higher-than-expected gross profit margin of the transportation segment, (2) a low base in FY17, (3) a higher charter rate for FSO Dai Hung Queen, (4)

transportation volume addition from Nghi Son refinery plant, and (5) non-operating income from asset disposal and forex gain.

1. In FY18, PVT's transportation segment posted VND4,295bn revenue which was in line with our forecast and VND714bn gross profit which was 26.4% above our forecast. This was equivalent to a gross profit margin of 16.6% (vs. 13.1% in our FY18F forecast and 16.7% in FY17). PVT managed to maintain its profitability in this segment despite increasing competition from small-scale transporters in FY18.
2. The low base in FY17 was caused by: (1) 60-day dry-dock maintenance of two crude oil transportation vessels, namely PVT Mercury and Hercules in 2Q17, and (2) 52-day maintenance shutdown of BSR in 3Q17.
3. FSO Dai Hung Queen was awarded a charter rate hike in 2Q18, from US\$46,000/day to US\$56,000/day (+22% yoy). We estimate that this charter rate hike increased PVT's gross profit by ~VND68bn in FY18, equivalent to 6.4% of its gross profit in FY18.
4. Nghi Son refinery plant started operations on a trial basis from May 2018 and contributed ~900k tonnes of oil products to PVT's transportation volume in FY18.
5. PVT recorded a non-operating income of ~VND78bn in 2Q18 from the disposal of Hercules M vessel – a fully-depreciated crude oil transportation vessel. Meanwhile, thanks to the strong appreciation of US\$ against VND in FY18, PVT recorded a much higher non-recurring net forex gain of VND40bn (vs. VND3.9bn in FY17). In total, these two non-operating incomes accounted for 12.2% of PVT's FY18 pretax profit.

FY19-20F OUTLOOK

FY19-20F could see rather flat PATMI growth ➤

Figure 3: FY19-20 forecast revisions

FYE (VNDbn)	2018	2019F			2020F		
	Reported	Old	New	%change	Old	New	%change
Sales	7,534	8,807	8,600	-2.4%	8,725	8,514	-2.4%
% yoy growth							
Gross profit	1,055	1,020	1,319	29.4%	1,045	1,283	22.8%
% yoy growth							
EBITDA	1,409	1,585	1,732	9.2%	1,709	1,792	4.9%
% yoy growth							
EBIT	869	777	1,015	30.7%	805	922	14.6%
% yoy growth							
PBT	968	873	1,057	21.1%	868	1,015	17.0%
% yoy growth							
PAT	771	695	842	21.1%	690	808	17.0%
% yoy growth							
PATMI	644	612	703	15.0%	608	675	11.0%
% yoy growth							
EPS (VND)	2,288	2,173	2,498	15.0%	2,159	2,397	11.0%
BVPS (VND)	14,272	14,474	18,212	25.8%	15,713	19,325	23.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

We revise up our FY19 EPS forecast by 15.0% and FY20 EPS forecast by 11.0% to reflect our higher margin assumptions for PVT's transportation business. Specifically, we increase FY19-20F gross margin forecasts for PVT's transportation business from c.13.0% to c.18.5%. This revised gross margin forecast is closer to the 17.0% gross margin posted by PVT's transportation business in FY18.

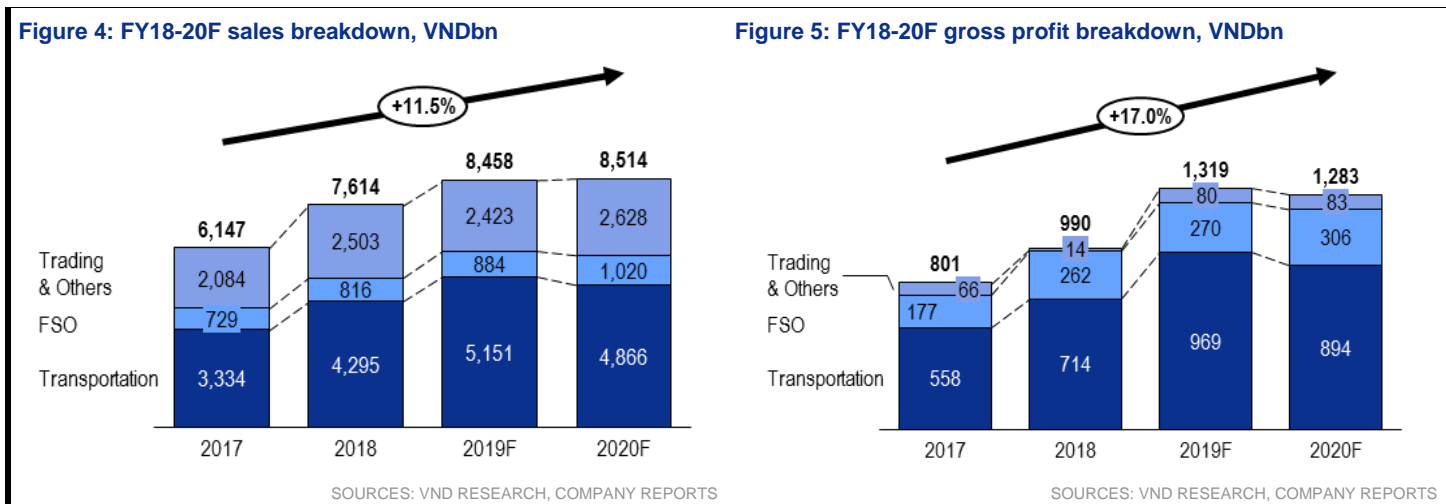
We still project a rather flat FY18-20F EPS CAGR of 2.4% to reflect: (1) time required before additional volume from NSRP makes its full impact on PVT's profitability (2) 52-day maintenance shutdown of BSR in FY20F, according to the

company's guidance, and (3) higher depreciation and interest expenses due to increased capex.

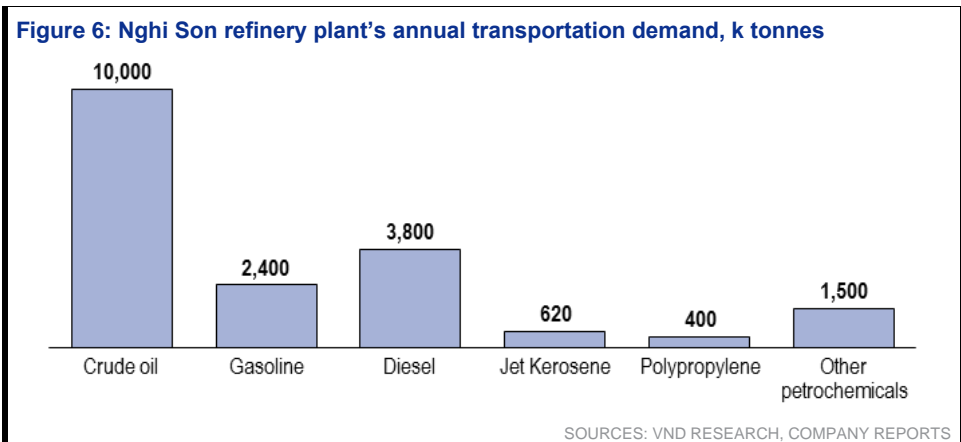
1. We expect NSRP's full-year operation in FY19F to raise PVT's transportation volume by 18%. While this volume addition will boost sales, its contribution to profit will likely be limited in FY19-20F due to the low gross margins of 3-5%. The main reason for such low profitability is that PVT is still using third-party vessels to transport NSRP volumes. We expect PVT's margins to improve for this business when it finally purchases a very large crude carrier (VLCC) to transport crude oil from Kuwait to NSRP. However, this purchase may only materialise in FY20F, in our view.

Once NSRP starts full operations in FY19F, we expect PVT to meet 20-25% of NSRP's annual transportation demand, which is equivalent to ~2.5m tonnes of crude oil, 600k tonnes of gasoline, and ~900k tonnes of diesel.

2. We expect PVT's transportation volume to decrease by ~10% yoy in FY20F due to BSR's maintenance shutdown. We expect the maintenance in FY20F to take longer than it did in FY17 because BSR will need to prepare the plant for the expansion works starting in FY21F.
3. We forecast depreciation and interest expenses to increase 15.5% annually in FY18-20F, as PVT looks to replace fully-depreciated vessels with younger ones.

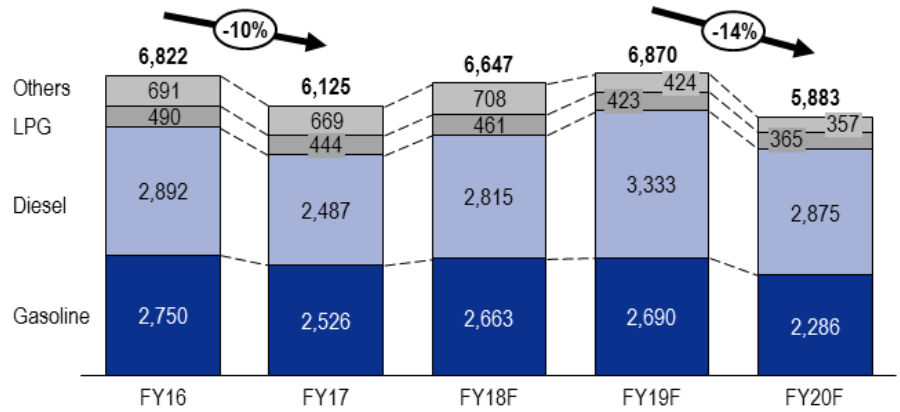


We expect PVT to meet 20-25% of NSRP's annual transportation demand, which is equivalent to ~2.5m tonnes of crude oil, 600k tonnes of gasoline, and ~900k tonnes of diesel.



We expect BSR's maintenance shutdown in FY20F to take longer than it did in FY17 because the company will need to prepare this plant for the expansion works in FY21F.

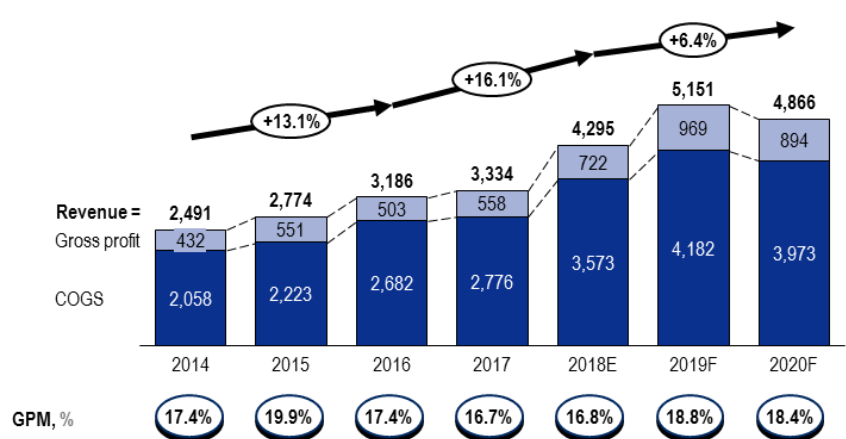
Figure 7: Production plan for Binh Son refinery plant, k tonnes



SOURCES: VND RESEARCH, COMPANY REPORTS

We expect the maintenance shutdown of BSR plant to lower PVT's transportation revenue in FY20F.

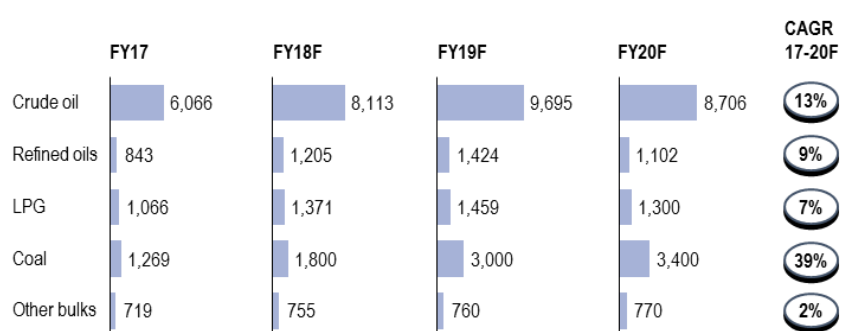
Figure 8: PVT's transportation revenue and gross profit, VNDbn



SOURCES: VND RESEARCH, COMPANY REPORTS

We expect the coal transport segment to see the strongest volume growth due to imminent rising demand from new coal power plants. In our view, coal transport will be a key earnings driver in the future if PVT succeeds in improving the gross margin of this business.

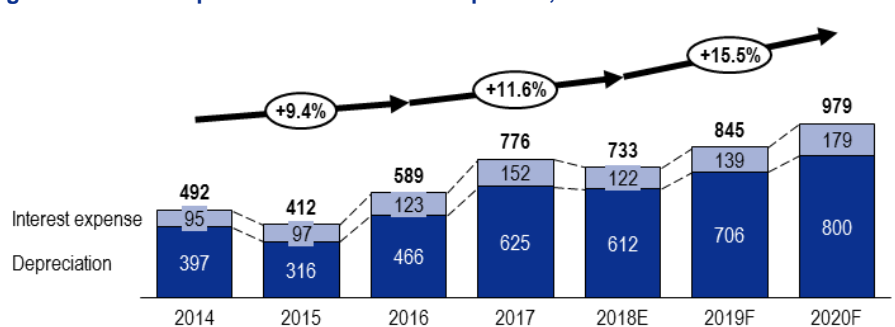
Figure 9: PVT's transportation volume, k tonnes



SOURCES: VND RESEARCH, COMPANY REPORTS

We forecast depreciation and interest expenses to increase 15.5% p.a. in FY18-20F, as PVT looks to replace fully-depreciated vessels with younger ones.

Figure 10: PVT's depreciation and interest expenses, VNDbn



SOURCES: VND RESEARCH, COMPANY REPORTS

Fleet rejuvenation to benefit PVT's long-term prospects ➤

Over the FY19-20F period, PVT expects to spend c.VND2,500bn to continue the rejuvenation of its ageing vessels. In our view, the largest investment will be for a VLCC which will be used to transport crude oil from Kuwait to NSRP. We expect PVT to purchase a 10-year-old vessel to save costs.

While the fleet rejuvenation process will add more burden onto PVT's depreciation and interest expenses in the short term, we see significant benefits for PVT in the long term. We expect a younger transportation fleet will enable PVT to incur less maintenance and fuel expenses, improving its operational efficiency.

We also expect the fleet rejuvenation to help PVT to comply with the International Marine Organisation's (IMO) tighter emissions regulations by 2020, which limit sulphur content in fuels used by marine shippers.

In addition, we believe PVT's fleet rejuvenation plan is coming in at the right time as the prices of oil tankers are currently at historical lows.

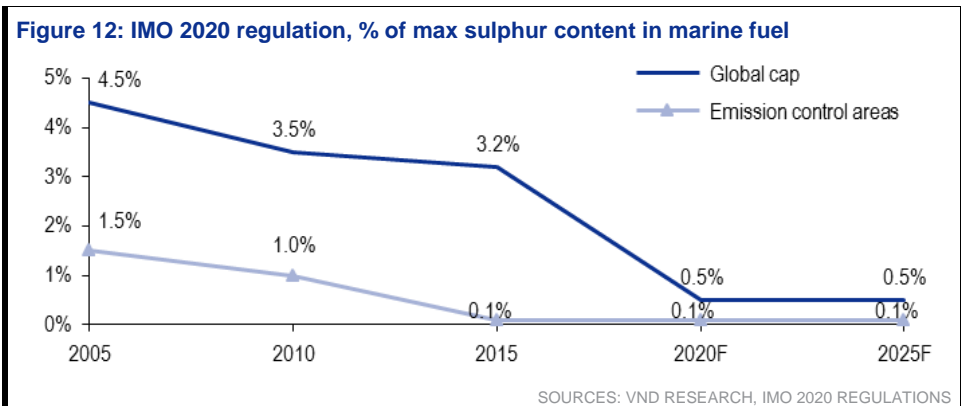
In FY19-20F, PVT plans to spend ~VND2,500bn to rejuvenate its ageing vessels. In our view, the largest investment will be for a VLCC which will be used to transport crude oil from Kuwait to NSRP. We expect PVT to purchase a 10-year-old vessel to save costs.

Figure 11: PVT's capex plan for FY18-20F

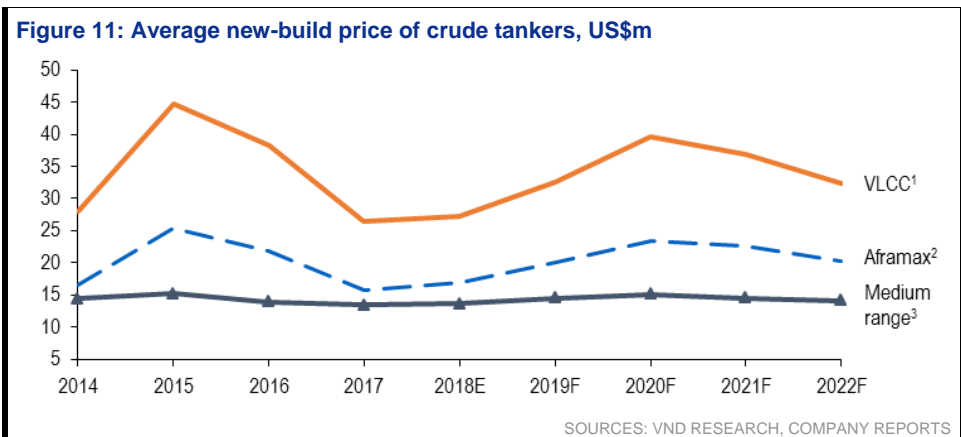
New capex (VNDbn)	FY17	FY18E	FY19F	FY20F
1x VLCC			880	
1x Aframax		430		
2x refined oil vessels	170		175	
4x bulk vessels	360	730	370	
4x barges	340	170	170	
12x mini barges	70	110	40	
4x LPG vessels		210	550	220
Total	940	1,650	2,185	220

SOURCES: VND RESEARCH, COMPANY REPORTS

We expect the fleet rejuvenation will help PVT to comply with IMO's tighter emissions regulation by 2020, which limit sulphur content in fuels used by marine shippers.



We believe PVT's fleet rejuvenation plan is coming in at the right time, as asset prices of oil tankers are currently at historical lows.



VALUATION

We maintain Add rating, with target price of VND21,000 ▶

We use a blended valuation method of DCF (weight of 50%) and a target P/E of 9.0x applied to our forecasted two-year average EPS over FY19-20F (weight of 50%).

We base our target P/E multiple of 9.0x on PVT's historical 5-year average trailing P/E and 5-year average trailing P/E multiple of PVT's global peers and account for the recent market-wide multiple contraction in Vietnam's stock market.

PVT has a relatively low P/E multiple relative to peers. However, PVT's older and largely depreciated vessel fleet renders its P/BV multiple higher than peers' average.

Figure 12: PVT's historical P/E and P/BV movement

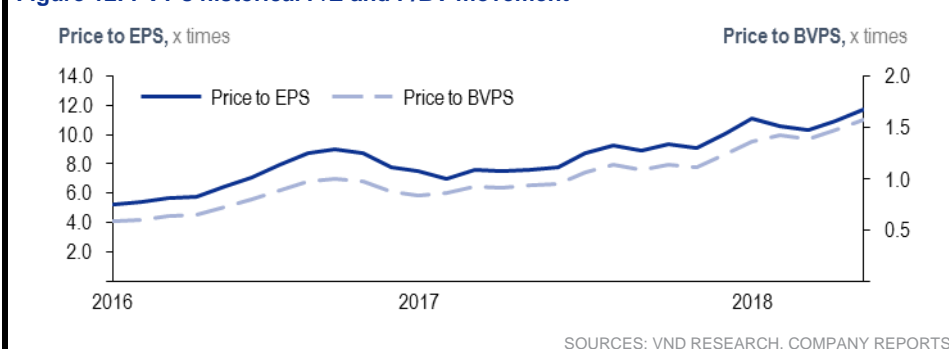


Figure 13: Global sector comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS (%)	P/BV (x)			ROE (%)			ROA (%)		
						5-yr	TTM	CY19F		5-yr	TTM	CY19F	5-yr	TTM	CY19F	5-yr	TTM	CY19F
PV Trans	PVT VN	ADD	17,600	21,000	204	11.9	7.7	7.0	18.3%	1.0	1.2	1.0	10.3%	17.8%	18.1%	3.6%	6.6%	6.7%
Vietnam Petroleum Trans	VIP VN	NOT RATED	6,750	N/A	19	12.8	5.3	4.7	-29.0%	0.6	0.4	0.4	11.3%	7.7%	9.0%	6.6%	4.7%	6.4%
Vietnam Tanker Jsc	VTO VN	NOT RATED	8,130	N/A	27	10.1	6.5	5.9	28.0%	0.6	0.6	0.6	5.9%	8.5%	9.0%	3.5%	4.7%	4.6%
Pakistan National Shipping	PNSC PA	NOT RATED	64.12	N/A	63	8.2	4.3	N/a	4.8%	0.5	0.3	N/A	9.1%	6.7%	N/a	6.5%	5.4%	N/a
Eusu Holdings	000700	NOT RATED	6,400	N/A	388	10.7	6.2	N/A	-8.3%	1.0	0.8	N/A	7.7%	1.0%	N/a	1.1%	0.4%	N/a
Shipping Corp of India	SCI IN	NOT RATED	42.70	N/A	268	25.8	6.5	N/A	16.2%	0.4	0.3	N/A	3.5%	4.3%	N/a	1.6%	2.1%	N/a
Jinhui Shipping and Trans	JNSTF US	NOT RATED	8.25	N/A	950	9.9	13.1	N/A	N/A	0.2	0.3	N/A	-26.3%	2.8%	N/a	-15.0%	1.6%	N/a
Average (all)					274	12.8	7.1	5.9	5%	0.6	0.6	0.6	3.1%	7.0%	12.0%	1.1%	3.7%	5.9%
Average (excluding PVTrans)					286	12.9	7.0	5.3	2%	0.6	0.4	0.5	1.9%	5.2%	9.0%	0.7%	3.2%	5.5%

SOURCES: VND RESEARCH, COMPANY REPORTS

We maintain an Add rating for PVT, with an unchanged target price of VND21,000. This is equivalent to a potential upside of 19.3%.

Downside risks to our call include: (1) lower-than-expected voyage charter rates for PVT's transportation business, which are negotiated on year-by-year basis, and (2) further delays in the construction of three PVN-owned coal power plants, namely Thai Binh 2, Song Hau 1, and Long Phu 1, preventing PVT from expanding its coal transportation business.

Key potential upside catalysts are: (1) the divestment of state ownership in PVT from 51% to 36% to be pushed forward in FY19F, (2) completion of its fleet rejuvenation process sooner than expected, and (3) higher-than-expected transportation volume from NSRP.

Figure 14: DCF model – summary of free cash flow

VNDbn	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35
Total revenue	6,785	6,148	7,534	8,600	8,514	11,849	14,128	15,687	4.2%
% growth y-o-y	18.6%	-9.4%	22.6%	14.1%	-1.0%	4.9%	2.9%	1.7%	
COGS & OPEX	(6,257)	(5,545)	(6,737)	(7,575)	(7,521)	(10,468)	(12,482)	(13,858)	
Unlevered profit / EBIT	528	603	797	1,025	992	1,381	1,647	1,828	4.2%
Operating margin	7.8%	9.8%	10.6%	11.9%	11.7%	11.7%	11.7%	11.7%	
Effective tax rate	-20.3%	-20.5%	-20.4%	-20.4%	-20.4%	-20.4%	-20.4%	-20.4%	
EBIT * (1-Tax) or NOPAT	421	480	635	816	790	1,099	1,311	1,455	4.2%
+ D&A	466	625	612	706	800	1,113	1,328	1,474	
% of revenue	6.9%	10.2%	8.1%	8.2%	9.4%	9.4%	9.4%	9.4%	
- CapEx	(142)	(398)	(1,302)	(1,892)	(1,873)	(901)	(1,074)	(1,192)	
% of revenue	-2.1%	-6.5%	-17.3%	-22.0%	-22.0%	-7.6%	-7.6%	-7.6%	
+ Δ WC	(587)	67	(60)	125	5	54	51	60	
% of revenue	-8.7%	1.1%	-0.8%	1.5%	0.1%	0.5%	0.4%	0.4%	
Financial and other income / expense, net	75	68	171	32	22	119	(18)	(40)	
% of revenue	1.1%	1.1%	2.3%	0.4%	0.3%	1.0%	-0.1%	-0.3%	
UFCF	233	842	56	(212)	(256)	1,485	1,598	1,757	
% growth y-o-y	-59.4%	261.6%	-93.3%	-475.9%	20.9%	20.4%	6.6%	0.3%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 15: Cost of equity

Cost of equity	
Risk Free Rate	5.0%
Beta	1.50
Risk Premium	11.0%
Cost of Equity	21.5%

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 16: WACC and terminal growth rate

VNDbn	
Equity Value	4,784
Debt	2,690
Cost of Debt	7.0%
Tax Rate	20.0%
WACC	15.8%
Terminal Growth Rate	1.7%

SOURCES: VND RESEARCH, COMPANY REPORTS

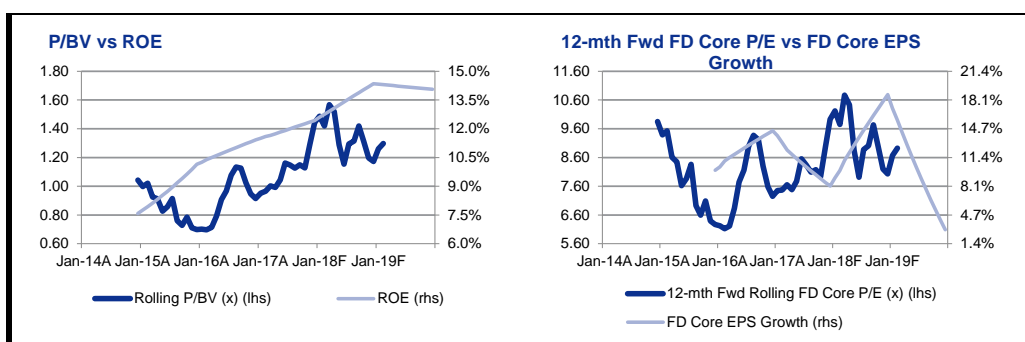
We use a blended valuation method of DCF (weight of 50%) and two-year average FY19-20F P/E of 9.0x (weight of 50%). We maintain Add rating with a rounded-down target price of VND21,000.

Figure 19: Blended target price, based on our estimates

Method	Implied share price (VND)	Weight (%)	Weighted share price (VND)
DCF	20,104	50%	10,052.17
FY19-21F target P/E of 9.0x	22,028	50%	11,014.03
Target price			21,066

SOURCES: VND RESEARCH

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	6,785	6,148	7,534	8,600	8,514
Gross Profit	763	846	1,055	1,319	1,283
Operating EBITDA	993	1,228	1,409	1,732	1,792
Depreciation And Amortisation	(466)	(625)	(612)	(706)	(800)
Operating EBIT	528	603	797	1,025	992
Financial Income/(Expense)	35	114	101	25	(17)
Pretax Income/(Loss) from Assoc.	27	27	26	30	30
Exceptional Items					
Profit Before Tax (pre-EI)	603	671	968	1,057	1,015
Taxation	(122)	(137)	(198)	(216)	(207)
Exceptional Income - post-tax					
Profit After Tax	481	534	771	842	808
Minority Interests	(67)	(84)	(127)	(139)	(133)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	413	450	644	703	675
Recurring Net Profit	413	450	644	703	675
Fully Diluted Recurring Net Profit	413	450	644	703	675

Cash Flow

(VNDb)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	993	1,228	1,409	1,732	1,792
Cash Flow from Inv. & Assoc.	(229)	(173)	(180)	(180)	(180)
Change In Working Capital	(587)	67	(60)	125	5
(Incr)/Decr in Total Provisions	146	6	-80	0	0
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	130	50	(63)	367	127
Net Interest (Paid)/Received	(123)	(73)	(122)	(139)	(179)
Tax Paid	(118)	(115)	(216)	(216)	(207)
Cashflow From Operations	213	991	689	1,689	1,358
Capex	(142)	(398)	(1,302)	(1,892)	(1,873)
Disposals Of FAs/subsidiaries	6	16	140	6	6
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(169)	390	119	263	263
Cash Flow From Investing	(305)	7	(1,042)	(1,622)	(1,603)
Debt Raised/(repaid)	(642)	(131)	(65)	422	979
Proceeds From Issue Of Shares	7	100	49	49	49
Shares Repurchased					
Dividends Paid	(249)	(302)	(310)	(295)	(315)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	(883)	(333)	(327)	177	713
Total Cash Generated	(975)	664	(680)	244	468
Free Cashflow To Equity	(734)	867	(418)	489	734
Free Cashflow To Firm	31	1,071	(231)	206	(67)

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	2,419	2,639	2,898	2,921	2,851
Total Debtors	646	863	707	855	1,145
Inventories	103	103	86	95	147
Total Other Current Assets	88	36	35	65	132
Total Current Assets	3,257	3,641	3,727	3,935	4,274
Fixed Assets	5,593	5,523	5,062	4,920	5,627
Total Investments	377	372	235	239	191
Intangible Assets					
Total Other Non-Current Assets	124	126	39	98	142
Total Non-current Assets	6,094	6,020	5,337	5,257	5,960
Short-term Debt	652	795	530	537	668
Current Portion of Long-Term Debt					
Total Creditors	483	832	685	752	719
Other Current Liabilities	410	447	523	755	856
Total Current Liabilities	1,567	2,100	1,738	2,044	2,243
Total Long-term Debt	3,200	2,815	2,435	2,153	2,318
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	617	423	561	349	538
Total Non-current Liabilities	3,817	3,238	2,996	2,502	2,856
Total Provisions					
Total Liabilities	5,384	5,338	4,734	4,546	5,099
Shareholders' Equity	3,124	3,395	3,570	3,673	4,017
Minority Interests	844	928	760	972	1,119
Total Equity	3,967	4,324	4,329	4,645	5,136

Key Ratios

(VNDm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	18.6%	-9.4%	22.6%	14.1%	-1.0%
Operating EBITDA Growth	14.2%	23.6%	14.8%	22.9%	3.5%
Operating EBITDA Margin	14.6%	20.0%	18.7%	20.1%	21.1%
Net Cash Per Share (VND)	(238)	819	(479)	(3,348)	(6,505)
BVPS (VND)	12,683	13,051	14,272	18,212	19,325
Net Dividend Payout Ratio	60.2%	67.2%	48.2%	41.9%	46.7%
Accounts Receivables Days	42.23	46.36	48.44	48.44	48.44
Inventory Days	5.73	6.23	6.80	6.80	6.80
Accounts Payables Days	40.00	40.33	33.43	33.43	33.43
ROIC (%)	8.1%	9.3%	10.2%	11.2%	9.5%
ROCE (%)	7.7%	9.2%	10.9%	10.9%	9.0%
Return On Average Assets	4.41%	4.93%	6.63%	6.66%	5.89%

Key Drivers

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Petroleum TCE rate (yoy chg %)	N/A	N/A	N/A	N/A	N/A
Chemical TCE rate (yoy chg %)	N/A	N/A	N/A	N/A	N/A
Fleet Size (no. Of Vessels)	22	22	23	25	28
No. Of LNG Tankers	3	3	3	3	3
No. Of Petroleum Tankers	N/A	N/A	N/A	N/A	N/A
No. Of Chemical Tankers	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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Corporate Governance Report:

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

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

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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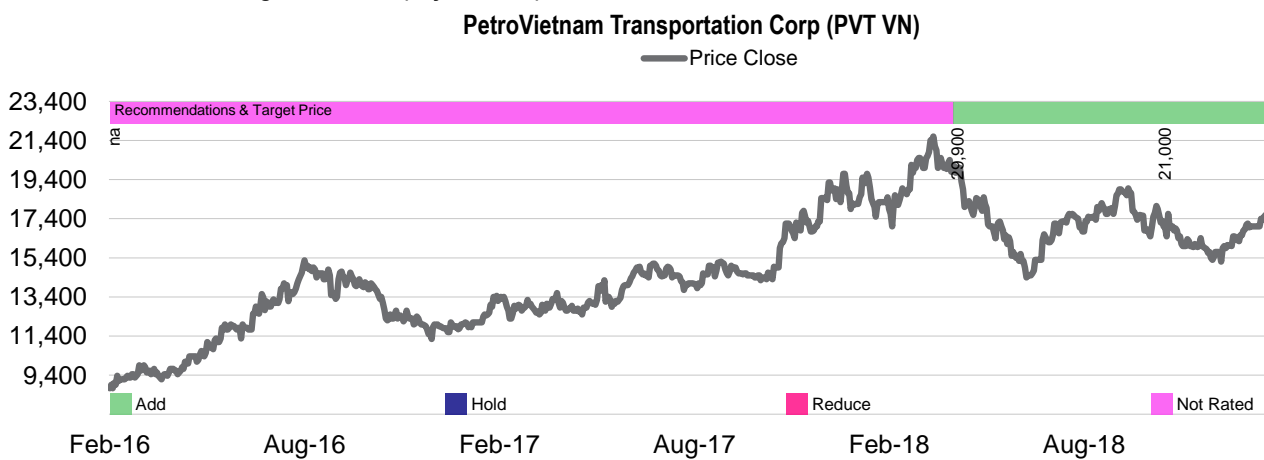
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2018		
758 companies under coverage for quarter ended on 31 December 2018		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.2%	4.2%
Hold	25.1%	2.1%
Reduce	13.7%	0.4%

Spitzer Chart for stock being researched (2 year data)



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, **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, **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, **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, **PLANB** – Excellent, Declared, **PLAT** – Very Good, Certified, **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, **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, **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, **TPIPP** – 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, **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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