



PVD Update – OUTPERFORM

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Company Update

Recommendation **OUTPERFORM**

HSX: PVD

Drilling service

Target price (VND) **25,500**

Market price (VND) **21,850**

Expected share price return 16.7%

Expected dividend yield 2.3%

Expected total return **19.0%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-8.8	6.1	19.1	-22.0
Relative	-39.7	-7.7	-9.1	-55.8

Source: Bloomberg



Ownership

PVN	50.4%
CTBC Vietnam Equity Fund	4.9%

Stock Statistics 22-Aug-2025

Bloomberg code	PVD VN
52-week range (VND)	16,600 - 28,550
Shares O/S (m)	556
Mkt cap (VND bn)	11,868
Mkt cap (USD m)	447
Est. Foreign room left (%)	45.1
Est. free float (%)	46.9
3m avg daily vol (shrs)	9,350,639
VND/USD	26,562
Index: VNIndex / HNX	1642.81/272.48

PetroVietnam Drilling and Well Service Corp. (PVD VN)

PVD reported Q2/2025 business results with NPAT reaching VND250 billion (+92.3% YoY and +74.8% QoQ), in line with our expectations. For the cumulative 6M2025 period, NPAT increased by 40.5% YoY to VND394 billion, fulfilling 74.4% of the company's full-year target and 47% of ACBS's previous forecast. Rating **OUTPERFORM**.

PVD released its Q2/2025 financial statements, reporting revenue of VND2,430 billion (+7.8% YoY) and NPAT of VND250 billion (+92.3% YoY). This increase was driven by:

- Revenue from well technical services rose by 72.5% YoY. The gross profit margin of this segment also improved to 24%, from 21.9% in the same period last year.
- Financial expenses decreased by 31% YoY, mainly due to lower foreign exchange losses and reduced interest expenses as a result of lower loan principal.
- Profit from joint ventures and associates reached VND15.3 billion (compared to a loss of VND4.8 billion in the same period last year).
- Other income reached VND 44.9 billion, versus a loss of VND11.5 billion in the same period last year.

These positive developments offset the negative impact from the drilling service segment, where revenue declined by 12% YoY and gross margin fell to 20.9% from 22% YoY, due to major maintenance activities on PVD III and PVD VI rigs.

For the cumulative 6M2025 period, net revenue reached VND3,950 billion (-2.2% YoY) and NPAT hit VND394 billion (+40.5% YoY). Profit growth from the well technical services segment offset the decline in the drilling service segment.

Outlook

For the full year 2025, we revise our revenue forecast to VND9,781 billion (+5.3% YoY) and NPAT to VND884 billion (+27.4% YoY), up 3% and 10%, respectively, compared to our previous projections. The drilling service segment is expected to recover in the second half of 2025, supported by the return of rigs PVD III and PVD VI, as well as the earlier-than-expected contribution from rig PVD VIII and leased external rigs.

However, with Brent oil prices projected to remain low at USD 68/barrel, the outlook for rig day rates remains risky, despite strong demand for upstream activities. Using the Discounted Cash Flow (DCF) method, we value PVD at a target price of VND25,500/share by the end of 2025.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	5,432	5,812	9,288	9,781	10,332
Growth (%)	36%	7%	60%	5%	6%
EBITDA (VNDbn)	802	1,565	2,448	2,485	2,637
EBITDA margin	15%	27%	26%	25%	26%
NPAT (VNDbn)	(155)	541	694	885	890
Growth (%)	-521%	-449%	28%	27%	1%
EPS (bonus-adjusted, VND)	(185)	1,041	1,251	1,572	1,582
Growth (%)	-626%	-663%	20%	26%	1%
ROE (%)	-1%	4%	4%	5%	5%
ROIC (%)	0%	3%	4%	4%	4%
Net debt/EBITDA (x)	1.7	-0.1	0.0	-0.1	-0.2
PER (times)	-118.1	21.0	17.5	13.9	13.8
EV/EBITDA (x)	17.7	9.0	5.8	5.7	5.4
PBR (times)	0.9	0.8	1.1	0.7	0.7
DPS (VND)	-	-	-	500	500
Dividend yield (%)	0%	0%	0%	2%	2%

Q2/2025 business results showed positive growth

PVD business results	Q2/2025	Q2/2024	YoY	6M2025	6M2024	YoY
Revenue (bn VND)						
Drilling service revenue (bn VND)	1,354	1,538	-12.0%	2,230	2,700	-17.4%
Well technical service revenue (bn VND)	959	556	72.5%	1543	931	65.8%
Goods sold	118	160	-26.1%	161	379	-57.6%
Gross margin						
GM of drilling services	20.9%	22.0%		18.5%	27.4%	
GM of well technical service	24.0%	21.9%		23.8%	19.6%	
GM of Goods sold	6.3%	6.2%		6.0%	6.1%	
SG&A expenses/ Revenue	8.5%	6.7%		8.2%	6.7%	
NPAT (bn VND)	250	130	92.3%	394	281	40.5%

Source: PVD, ACBS

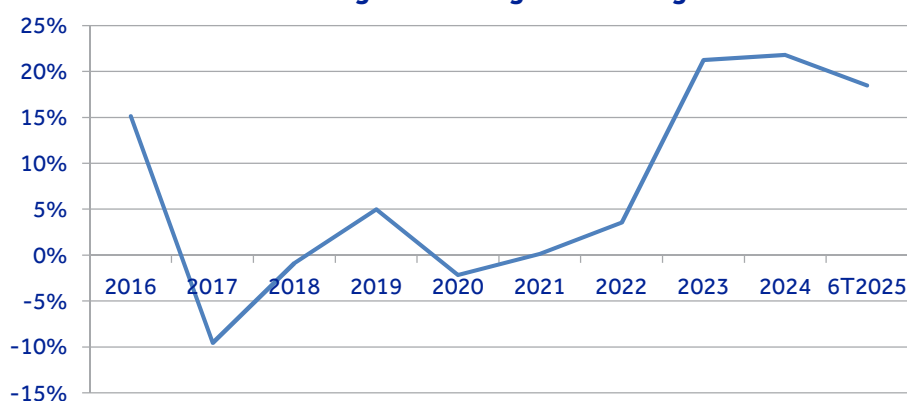
PVD released its Q2/2025 financial statements, reporting revenue of VND2,430 billion (+7.8% YoY) and NPAT of VND250 billion (+92.3% YoY). The strong growth was driven by:

- Revenue from well technical services surged 72.5% YoY, with gross profit margin improving to 24% from 21.9% in the same period last year, thanks to higher work volume.
- Financial expenses decreased by 31% YoY, driven by lower foreign exchange losses and reduced interest expenses due to lower loan principal.
- Profit from joint ventures and associates reached VND 15.3 billion, compared to a loss of VND 4.8 billion in the same period last year.
- Other income amounted to VND 44.9 billion, compared to a loss of VND 11.5 billion in the same period last year.

These positive factors offset the negative impact from the drilling service segment, where revenue declined by 12% YoY and gross profit margin fell to 20.9% from 22% YoY, due to major maintenance on PVD III and PVD VI rigs. As a result, jack-up rig utilization in Q2/2025 dropped to 92%, compared to 100% in the same period last year.

For the cumulative 6M2025 period, net revenue reached VND3,950 billion (-2.2% YoY), while NPAT came in at VND394 billion (+40.5% YoY). Profit growth from the well technical services segment helped offset the decline in the drilling service segment.

Gross margin of Drilling services segment



All the drilling rigs already have contracts

The PVD I jack-up rig is currently operating in Malaysia until the end of January 2026, after which it is expected to return to Vietnam for domestic operations. Rigs PVD II and PVD III have secured long-term contracts, potentially extending until 2029. PVD VI continues under a long-term contract until mid-2027, after which it may be deployed to support the drilling campaign for the Block B project. Meanwhile, the semi-submersible rig PVD V is operating under a 6-year long-term contract signed in 2022.

In addition to its owned rigs, PVD is also operating two leased rigs – Hakuryu-11 and BORR-THOR – throughout 2025, and is planning to lease 1–2 additional rigs in late Q3 to early Q4 to meet increasing domestic drilling demand.

2025	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PVD I	Petronas Malaysia Pertamina Hulu Energi Indonesia Pertamina Hulu Energi Indonesia Shell Petroleum Brunei Petronas Malaysia											
PVD II												
PVD III												
PVD V												
PVD VI												
PVD VII										Vietsovpetro		
Hakuryu -11												
Borr-thor	Hoang Long JOC											

Source: PVD, ACBS

New drilling rig PVD VIII is expected to start operation from 8/2025

PVD acquired the used jack-up rig West Prospero (renamed PVD VIII) from Seadrill in December 2024. The total capital investment is estimated at USD 77 million, including additional costs for reactivation. After the reactivation process, PVD VIII is expected to commence operations by the end of August 2025 for Vietsovpetro Joint Venture at Block 09-2/09.

In addition, at the 2025 Annual General Meeting (AGM), PVD announced its plan to acquire one more jack-up rig from the secondary market by the end of this year, aiming to capture the upcoming growth cycle of the industry.

High capital expenditure planned for 2025

According to its AGM 2025, PVD set a capital expenditure (CapEx) plan of VND 2,292 billion, up 67% compared to 2024's actual spending. This figure exceeds our previous projections, which did not factor in the plan to purchase a new rig. The CapEx plan includes: VND 900 billion for PVD VIII, VND 637 billion for the new jack-up rig, and the remainder allocated to equipment upgrades to enhance PVD's operational capacity.

Outlook

For the full year 2025, we revise our revenue forecast to VND9,781 billion (+5.3% YoY) and NPAT to VND884 billion (+27.4% YoY), which are 3% and 10% higher, respectively, than our previous estimates. The rig rental segment is expected to recover in H2/2025, supported by the return of PVD III and PVD VI, as well as new contributions from PVD VIII (earlier than initially expected) and leased external rigs.

However, with Brent oil prices projected to remain low at USD 68/barrel, rig rental rates face downside risks, even though capital investment demand is significantly higher than in previous years. Using the Discounted Cash Flow (DCF) method, we value PVD at a target price of VND 25,500/share by the end of 2025.

PVD FINANCIALS MODEL

(VND bn except where stated)	2022	2023	2024	2025F	2026F
Total Net Sales	5,432	5,812	9,288	9,781	10,332
<i>Sales growth (%)</i>	<i>36%</i>	<i>7%</i>	<i>60%</i>	<i>5%</i>	<i>6%</i>
CoGS ex-dep'n	4,119	3,702	6,209	6,611	6,878
SG&A	510	544	631	685	816
<i>SG&A as % of sales</i>	<i>9%</i>	<i>9%</i>	<i>7%</i>	<i>7%</i>	<i>8%</i>
EBITDA	802	1,565	2,448	2,485	2,637
<i>EBITDA margin (%)</i>	<i>15%</i>	<i>27%</i>	<i>26%</i>	<i>25%</i>	<i>26%</i>
Depreciation	735	809	1,338	1,329	1,508
Operating profit	67	756	1,109	1,156	1,129
<i>Operating profit margin (%)</i>	<i>1%</i>	<i>13%</i>	<i>12%</i>	<i>12%</i>	<i>11%</i>
Net interest expense	109	183	142	106	65
<i>as % of avg, net debt</i>	<i>8%</i>	<i>32%</i>	<i>-241%</i>	<i>-366%</i>	<i>-16%</i>
Tax	16	115	238	295	297
<i>Effective tax rate (%)</i>	<i>-12%</i>	<i>18%</i>	<i>26%</i>	<i>25%</i>	<i>25%</i>
Minorities	(52)	-39	(1)	10	10
NPAT-MI	(103)	579	696	875	880
<i>Net profit margin (%)</i>	<i>-2%</i>	<i>10%</i>	<i>7%</i>	<i>9%</i>	<i>9%</i>
Cash earnings	580	1,350	2,033	2,213	2,398
Number of shares (m)	556	556	556	556	556
EPS (VND)	-185	1,041	1,251	1,572	1,582
Bonus factor (x)	1.0	1.0	1.0	1.0	1.0
Adjusted EPS (VND)	(185)	1,041	1,251	1,572	1,582
<i>EPS growth (%)</i>	<i>-626%</i>	<i>-663%</i>	<i>20%</i>	<i>26%</i>	<i>1%</i>

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	627	(321)	335	(554)	(154)
Capex	722	667	2,298	2,381	1,810
Other cash flow items	150	150	150	150	150
Free cash flow	(619)	1,154	(450)	537	892
Share issues (m)	0	0	0	0	0
Dividends paid	3	3	3	278	278
Increase in net debt	53	-1525	268	-208	-517
Net debt, end of year	1,332	(193)	75	(133)	(650)
Enterprise value	13,487	11,962	12,230	12,022	11,505
Shareholders' equity	14,079	14,894	16,049	16,353	16,911
BVPS (VND)	25,308	26,774	28,850	29,397	30,400
Net debt / equity (%)	9%	-1%	0%	-1%	-4%
Net debt / EBITDA (x)	1.7	-0.1	0.0	-0.1	-0.2
Total assets	20,704	21,650	23,719	23,936	24,359

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
ROE (%)	-1.1%	3.7%	4.5%	5.5%	5.4%
ROA (%)	0.3%	3.6%	4.9%	4.9%	4.7%
ROIC (%)	-0.4%	3.2%	3.5%	4.0%	3.9%
WACC (%)	14.9%	15.4%	14.5%	15.4%	15.4%
EVA (%)	-15.2%	-12.2%	-11.0%	-11.4%	-11.5%
PER (x)	-118.1	21.0	17.5	13.9	13.8
EV/EBITDA (x)	17.7	9.0	5.8	5.7	5.4
EV/FCF (x)	-22.9	12.3	-31.4	26.4	15.9
PBR (x)	0.9	0.8	1.1	0.7	0.7
PSR (x)	0.0	0.0	0.0	0.0	0.0
EV/sales (x)	2.6	2.4	1.5	1.4	1.4
Dividend yield (%)	0.0%	0.0%	0.0%	2.3%	2.3%

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BUY: Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

OUTPERFORM: Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

NEUTRAL: Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

UNDERPERFORM: Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

SELL: Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

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