



PVS Update – OUTPERFORM

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Update Report

Recommendation **OUTPERFORM**
HSX: PVS

Support Activities for O&G Operations

Target price (VND) 40,600

Market price (VND) 37,200

Expected share price return 9.1%

Expected dividend yield 1.9%

Expected total return 11.0%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	10.0	11.5	32.3	-2.8
Relative	-20.6	-0.2	7.4	-38.5

Source: Bloomberg



Ownership

PVN 51,38%

Stock Statistics

18-Aug-2025

Bloomberg code

PVS VN

52-week range (VND) 21,400 - 42,700

Shares O/S (m) 478

Mkt cap (VND bn) 17,828

Mkt cap (USD m) 675

Est. Foreign room left (%) 37.2

Est. free float (%) 41.0

3m avg daily vol (shrs) 7,897,533

VND/USD 26,430

Index: VNIndex / HNX 1636.37/283.87

PetroVietnam Technical Services Corporation (HNX: PVS)

PVS announced Q2/2025 earnings with NPAT reaching VND319 billion (+52.6% YoY and +6.6% QoQ), in line with our expectations. Cumulatively for 6M2025, NPAT increased by 20.4% YoY to VND619 billion, achieving 79% of the full-year target and 45% of our forecast. Our target price for the stock by the end of 2025 is VND40,600/share. Rating: **OUTPERFORM**.

PVS reported Q2/2025 business results with revenue reaching VND7,382 billion (+38.5% YoY) and NPAT of VND319 billion (+52.6% YoY). This increase was driven by:

- Revenue from the M&C (Mechanical & Construction) segment—which typically accounts for around 55% of total revenue—rose by 55.2% YoY.
- Gross profit increased by 83.5% YoY, leading to an improvement in gross margin to 5.9% from 4.3% in the same period last year. Notably, the gross margin of the M&C segment significantly improved to 3.5% from just 0.3% in the same period last year, thanks to the delivery of 33 suction bucket jackets for the Greater Changhua 2a & 4 (CHW2204) offshore wind project and solid progress on the EPCI#1-2-3 contracts of the Block B – O Mon project.
- Financial income rose by 59.6% to VND223 billion, thanks to higher interest income and foreign exchange gains.

These positive factors offset the negative impact from a 26.3% YoY increase in selling and administrative expenses, which reached VND419 billion.

For 6M2025, net revenue reached VND13,396 billion (+44.3% YoY), and NPAT achieved VND619 billion (+20.4% YoY). The main growth driver was the M&C segment, with revenue up 80.1% YoY and gross margin improving to 2.5% from 1.2% in the same period last year.

Outlook

PVS's core business is expected to grow steadily, with total signed contract value in the M&C segment reaching approximately USD3.7 billion for the 2025–2030 period, accounting for 69% of our estimated backlog during this time.

We forecast PVS's 2025 business results with revenue of VND30,017 billion (+26% YoY) and NPAT of VND1,380 billion (+10.1% YoY). Although the core business is improving, net profit growth is modest due to a one-off gain of VND603 billion recognized in 2024. Using the discounted cash flow (DCF) method, we value PVS at VND40,600/share by the end of 2025.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	16,373	19,374	23,770	30,018	37,366
Growth (%)	15%	18%	23%	26%	24%
EBITDA (VNDbn)	292	447	292	637	705
EBITDA margin	2%	2%	1%	2%	2%
Net income (VNDbn)	944	1,060	1,255	1,381	1,545
Growth (%)	47%	16%	4%	21%	12%
EPS (bonus-adjusted, VND)	1,708	1,984	2,068	2,509	2,808
Growth (%)	47%	16%	4%	21%	12%
ROE (%)	7%	8%	9%	9%	10%
ROIC (%)	3%	3%	4%	3%	4%
Net debt/EBITDA (x)	-29.7	-18.7	-46.7	-15.9	-16.5
PER (times)	22.0	18.9	18.1	14.9	13.4
EV/EBITDA (x)	39.7	25.9	39.7	18.2	16.5
PBR (times)	1.4	1.3	1.2	1.2	1.2
DPS (VND)	800	700	700	700	700
Dividend yield (%)	2%	2%	2%	2%	2%

Q2 profit growth driven by improved gross margin in the M&C segment

After posting negative profit growth in Q1/2025, PVS's business performance improved significantly in Q2/2025, with revenue reaching VND7,382 billion (+38.5% YoY) and NPAT of VND319 billion (+52.6% YoY and +6.6% QoQ). This growth was mainly driven by core business operations and financial income. Specifically:

- Revenue across most business segments grew well, except for the Offshore support vessels segment. Revenue from the M&C segment, which typically accounts for around 55% of total revenue, rose by 55.2% YoY.
- Gross profit increased by 83.5% YoY, resulting in a gross margin improvement to 5.9%, up from 4.3% in the same period last year. Notably, the gross margin of the M&C segment improved significantly to 3.5% from just 0.3% in Q2/2024, thanks to the handover of 33 suction bucket jacket (SBJ) foundation for the Greater Changhua 2a & 4 (CHW2204) offshore wind project and strong execution progress on EPCI #1-2-3 contracts under the Block B – O Mon project.
- Financial income surged by 59.6% to VND 223 billion, driven by higher interest income and foreign exchange gains.

These positive developments helped offset the negative impact of a 26.3% YoY increase in selling and administrative expenses, which rose to VND 419 billion—mainly due to provision expenses increasing to VND102 billion, compared to only VND 3.9 billion in the same period last year.

PVS business results	Q2/2025	Q2/2024	YoY
Revenue (billion VND)			
Mechanical & Construction services (M&C)	4,803	3,095	55.2%
FSO/FPSO	652	563	15.7%
Supply base service	593	377	57.4%
Offshore support vessels (OSV)	444	632	-29.8%
Operations and Maintenance (O&M)	659	586	12.4%
Seismic Survey services (ROV)	153	121	26.5%
Others	80	198	-59.6%
Gross profit margin (%)			
Mechanical & Construction services (M&C)	3.5%	0.3%	
FSO/FPSO	5.6%	4.3%	
Supply base service	15.7%	20.5%	
Offshore support vessels (OSV)	15.5%	8.8%	
Operations and Maintenance (O&M)	2.8%	5.7%	
Seismic Survey services (ROV)	15.3%	31.7%	
Others	38.6%	2.0%	
SG&A expenses	419	332	26.3%
NPAT-MI	319	209	52.6%

Source: PVS, ACBS

Cumulative 6M2025 results, net revenue reached VND13,396 billion (+44.3% YoY), and NPAT reached VND619 billion (+20.4% YoY). The main contributor to this growth was the Mechanical & Construction (M&C) segment, with revenue increasing by 80.1% YoY and gross margin improving to 2.5%, up from 1.2% in the same period last year.

Large backlog volume in the M&C segment

PVS's total signed contract value for the M&C segment is estimated at around USD3.7 billion for the 2025–2030 period, accounting for 69% of our projected backlog during this time frame.

Thanks to the successful execution of various offshore wind projects—particularly in the fabrication and installation of key components such as suction bucket jacket and offshore substations—PVS has demonstrated strong technical capabilities and affirmed its position within the Asian offshore wind supply chain. This provides PVS with a competitive edge in bidding for future renewable energy projects. Additionally, under Vietnam's Power Development Plan VIII, the country's offshore wind capacity demand is projected to reach 6,000 MW by 2030 and 91,500 MW by 2050, offering substantial growth potential for the M&C segment.

Key & Potential Projects of PVS	Estimated Contract Value (USD million)	Expected Timeline
Oil & Gas Projects		
Block B – O Mon	1,200	2024-2030
Golden Camel	356	2024-2028
White Lion Phase 2B	380	2025-2027
Thi Vai LNG Terminal – Phase 2	100	2026-2029
Offshore Wind Projects		
Greater Changhua 2a & 4 (CHW2204)	320	2023-6/2025
Baltica 2 (Poland)	180	2023-2026
Fengmiao (Taiwan)	100	10/2023-2026
Formosa 4 (Taiwan)	400	2026-2028
Other Potential Projects		
Son My LNG Terminal	300	2027-2030
Thi Vai LNG Terminal – Phase 3	n/a	n/a
Blue Whale	n/a	2027-2030
Nam Du U Minh	190	2026-2028
Nuclear Power Projects	n/a	n/a
Offshore Renewable Energy Export to Singapore	n/a	2028-2032

Source: PVS, ACBS

Offshore Renewable Energy Export to Singapore Project

- Expected commercial operation: 2033
- Investors: Tenaga Nasional Berhad, Petronas, Sembcorp Utilities, and PTSC
- Capacity: 2,300 MW (not part of the previously mentioned 6,000 MW offshore wind target)
- Total investment capital: USD 4.6 billion

Currently, we have not included this project in our forecast model, as it is still in the feasibility study phase, evaluating the potential for exporting clean energy from Vietnam to Malaysia and Singapore via submarine cable infrastructure. The project consists of three key components: (1) Offshore wind farm located in Vietnamese

waters, (2) submarine power transmission cable system, and (3) substations at both transmission endpoints. PTSC plays a dual role in this project—as both a technical service provider and an investor in the project chain.

Block B – O Mon Project Progress Update

The project has now entered a comprehensive and synchronized implementation phase, with a large workload and a target of achieving First Gas by August 2027. The project is divided into three components:

- Upstream: Development of Block B gas field
- Midstream: Gas pipeline transportation system
- Downstream: Four gas-fired power plants in O Mon

PVS has secured several key contract packages within this project (details to follow):

Contract	Contract Value	Progress
EPCI#1	Total value: USD 1.1 billion PVS share: USD 550 million	12/2024: 12.8% 2/2025: 16.7% 6/2025: 25.4%
EPCI#2	PVS share : USD400 million	12/2024: 24.4% 2/2025: 34% 6/2025: 55.3%
EPCI#3	PVS share : USD257 million	2/2025: 16%

PVS has also secured a contract to supply an FSO (Floating Storage and Offloading unit) for this project. The estimated contract value is over USD480 million for 14 years, and over USD600 million if including a 9-year extension. Construction of the FSO is expected to be completed in Q4/2027.

Equity increase plan & high capex requirements

PVS has high capital expenditure needs for the 2026–2030 period, with total required capital reaching VND27,699 billion. Of this, VND 15,500 billion is allocated to enhancing production and business capacity (in M&C, ports, vessels, and IT infrastructure), representing a 57% increase compared to the plan presented at the 2024 AGM. The remainder includes equity investments in FSO/FPSO, subsea cable manufacturing, electricity export to Singapore, and offshore renewable energy hubs. Notably, the offshore wind power export project to Singapore alone may require VND10,000 billion.

At the 2025 AGM, PVS proposed to increase its charter capital to VND9,000 billion, with a target of reaching VND17,000 billion by 2030. This plan is currently under review by the parent company PVN and relevant authorities.

Forecast & Valuation

We forecast PVS's 2025 results with revenue of VND30,017 billion (+26% YoY) and NPAT of VND1,380 billion (+10.1% YoY). Despite improvements in core business performance, net profit growth remains limited because in 2024, PVS recorded a one-off gain of VND 603 billion (thanks to reductions in payables and reversals of warranty provisions for construction projects).

Although PVS holds a large backlog for the 2025–2030 period, the capital expenditure needed to enhance production capacity for these projects is substantial. Meanwhile, the improvement in the M&C segment's gross margin remains modest and requires further monitoring.

Using the discounted cash flow (DCF) method, we value PVS at VND 40,600 per share by the end of 2025.

PVS FINANCIALS MODEL

(VND bn except where stated)	2022	2023	2024	2025F	2026F
Total Net Sales	16,373	19,374	23,770	30,018	37,366
<i>Sales growth (%)</i>	<i>15%</i>	<i>18%</i>	<i>23%</i>	<i>26%</i>	<i>24%</i>
CoGS ex-dep'n	15,173	17,874	22,148	28,044	34,998
SG&A	907	1,052	1,330	1,336	1,663
<i>SG&A as % of sales</i>	<i>6%</i>	<i>5%</i>	<i>6%</i>	<i>4%</i>	<i>4%</i>
EBITDA	292	447	292	637	705
<i>EBITDA margin (%)</i>	<i>2%</i>	<i>2%</i>	<i>1%</i>	<i>2%</i>	<i>2%</i>
Depreciation	285	461	557	482	504
Operating profit	7	(13)	(265)	155	201
<i>Operating profit margin (%)</i>	<i>0%</i>	<i>0%</i>	<i>-1%</i>	<i>1%</i>	<i>1%</i>
Net interest expense	-207	-391	-178	-409	-351
<i>as % of avg, net debt</i>	<i>3%</i>	<i>5%</i>	<i>2%</i>	<i>3%</i>	<i>3%</i>
Tax	229	217	299	324	362
<i>Effective tax rate (%)</i>	<i>20%</i>	<i>17%</i>	<i>19%</i>	<i>19%</i>	<i>19%</i>
Minorities	61	34	185	83	93
Net profit	944	1,060	1,255	1,381	1,545
<i>Net profit margin (%)</i>	<i>6%</i>	<i>5%</i>	<i>5%</i>	<i>5%</i>	<i>4%</i>
Cash earnings	1,229	1,521	1,812	1,863	2,049
Number of shares (m)	478	478	478	478	478
EPS (VND)	1,708	1,984	2,068	2,509	2,808
Share split factor (x)	1.00	1.00	1.00	1.00	1.00
Adjusted EPS (VND)	1,708	1,984	2,068	2,509	2,808
<i>EPS growth (%)</i>	<i>47%</i>	<i>16%</i>	<i>4%</i>	<i>21%</i>	<i>12%</i>

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	(1,095)	163	(2,767)	1,658	(968)
Capex	561	904	889	390	1,000
Other cash flow items	905	1,204	1,500	1,200	1,200
Free cash flow	2,668	1,658	5,189	1,015	3,217
Share issues (m)	0	0	0	0	0
Dividends paid	430	378	379	335	335
Increase in net debt	(2239)	(1280)	(4810)	(681)	(2883)
Net debt, end of year	(8,681)	(8,346)	(13,648)	(10,115)	(11,614)
Enterprise value	9,243	9,577	4,275	7,809	6,309
Shareholders' equity	12,949	13,544	14,740	14,397	15,431
BVPS (VND)	27,091	28,337	30,838	30,120	32,286
Net debt / equity (%)	-67%	-62%	-93%	-70%	-75%
Net debt / EBITDA (x)	-29.7	-18.7	-46.7	-15.9	-16.5
Total assets	25,828	26,416	34,077	31,385	35,312

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
ROE (%)	7.4%	8.0%	8.9%	9.5%	10.4%
ROA (%)	0.0%	-0.1%	-0.9%	0.5%	0.6%
ROIC (%)	3.1%	2.9%	3.7%	3.3%	3.8%
WACC (%)	15%	15%	15%	15%	15%
EVA (%)	-12%	-12%	-11%	-12%	-11%
PER (x)	22.0	18.9	18.1	14.9	13.4
EV/EBITDA (x)	39.7	25.9	39.7	18.2	16.5
EV/FCF (x)	4.3	7.0	2.2	11.4	3.6
PBR (x)	1.4	1.3	1.2	1.2	1.2
PSR (x)	0.0	0.0	0.0	0.0	0.0
EV/sales (x)	0.7	0.6	0.5	0.4	0.3
Dividend yield (%)	2.4%	2.1%	2.1%	1.9%	1.9%

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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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