PVD Flash Note – BUY

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Mr. Hung Phan

(+84 8) 7300 7000 - Ext: 1044

hungpv@acbs.com.vn

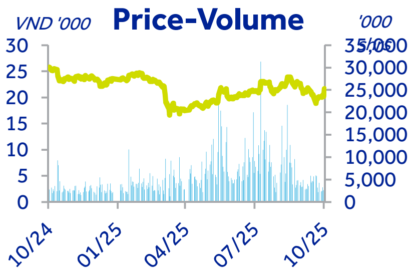
Flash Note

Recommendation	**BUY**
	HSX: PVD
	Drilling service
Target price (VND)	**26,000**
Market price (VND)	**21,650**
Expected share price return	20.1%
Expected dividend yield	2,3%
Expected total return	**22.4%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-5.4	-1.8	4.7	-13.7
Relative	-36.8	-0.7	-5.1	-45.7

Source: Bloomberg



Ownership

PVN	50.4%
CTBC Vietnam Equity Fund	4.9%

Stock Statistics	**31-Oct-2025**
Bloomberg code	**PVD VN**
52-week range (VND)	16,600 - 25,950
Shares O/S (m)	556
Mkt cap (VND bn)	12,035
Mkt cap (USD m)	457
Est. Foreign room left (%)	45.7
Est. free float (%)	47.0
3m avg daily vol (shrs)	7,362,405
VND/USD	26,347
Index: VNIndex / HNX	1639.65/266.78

PetroVietnam Drilling and Well Service Corp. (PVD VN)

PVD reported Q3/2025 business results with NPAT reaching VND277 billion (+54% YoY and +10.8% QoQ), in line with our expectations. For 9M2025, NPAT rose by 46% YoY to VND 673 billion, completing 127% of the annual plan and 76% of ACBS's forecast. We recommend BUY with a target price of VND 26,000/share by end-2026.

PVD announced Q3/2025 financial statements with revenue of VND2,570 billion (+5.4% YoY) and NPAT of VND277 billion (+54% YoY). Gross profit margin improved to 23.7% from 18.4% in the same period last year. The increase was driven by:

- Revenue from well technical services increased by 67% YoY thanks to higher workload, extending its growth momentum from early 2025. Gross margin for this segment also improved to 24.7% from 21.2% a year earlier.
- Gross margin for drilling services rose to 24.1% from 18.9% YoY, supported by high rig utilization rates and a slight 1% YoY increase in rig day-rate.
- PVD began recording revenue from the PVD VII rig as of September 1, 2025.

These positive factors offset the negative impacts from administrative expenses, which increased by 21.5% to VND 198 billion, mainly due to a 19.9% YoY rise in labor costs. The SG&A-to-revenue ratio rose to 7.7% from 6.7% in the same period last year. In addition, drilling services revenue declined by 7.2% YoY as the number of leased rigs fell (Q3/2025: 1 rig vs. Q3/2024: 1.6 rigs).

For 9M2025, revenue reached VND6,551 billion (+1% YoY) and NPAT reached VND673 billion (+46% YoY). In addition to the positive contribution from well technical services — supported by increased domestic oil and gas exploration activities — profit growth also benefited significantly from VND185 billion in other income (vs. VND 15.7 billion in the same period last year). This primarily came from recognizing the remaining proceeds from divestment of the land rig PVD11 in Q1/2025.

Outlook

We maintain our 2025 forecast with revenue of VND9,781 billion (+5.3% YoY) and NPAT of VND 884 billion (+27.4% YoY). For 2026, given expectations that Brent oil prices will remain low, rig day rates still face downside risks. Revenue for 2026 is projected to reach VND10,948 billion (+12% YoY) and NPAT VND1,002 billion (+13.3% YoY), supported by additional contributions from the new PVD IX rig. Using the Discounted Cash Flow (DCF) method, we value PVD at a target price of VND 26,000/share by end-2026.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	5,432	5,812	9,288	9,781	10,948
Growth (%)	*36%*	*7%*	*60%*	*5%*	*12%*
EBITDA (VNDbn)	802	1,565	2,448	2,485	2,777
EBITDA margin	*15%*	*27%*	*26%*	*25%*	*25%*
NPAT (VNDbn)	(155)	541	694	885	1,002
Growth (%)	*-521%*	*-449%*	*28%*	*27%*	*13%*
EPS (bonus-adjusted, VND)	(185)	1,041	1,251	1,572	1,784
Growth (%)	*-626%*	*-663%*	*20%*	*26%*	*13%*
ROE (%)	-1%	4%	4%	5%	6%
ROIC (%)	0%	3%	4%	4%	4%
Net debt/EBITDA (x)	1.7	-0.1	0.0	-0.1	-0.3
PER (times)	-118.1	21.0	17.5	13.9	12.2
EV/EBITDA (x)	17.7	9.0	5.8	5.7	5.1
PBR (times)	0.9	0.8	1.1	0.7	0.7
DPS (VND)	-	-	-	500	500
Dividend yield (%)	0%	0%	0%	2%	2%

CONTACTS

Ho Chi Minh City Head Office
117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City
Tel: (+84 28) 7300 7000
Fax: (+84 28) 7300 3751

Hanoi Office
10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi
Tel: (+84 4) 3942 9395
Fax: (+84 4)3942 9407

RESEARCH & MARKET STRATEGY DEPARTMENT

Head of Research & Market Strategy
Trang Do
(+84 28) 7300 7000 (x1041)
trangdm@acbs.com.vn

Manager – Properties
Truc Pham
(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager – Financials
Hung Cao
(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Manager – Retail, Technology
Chi Luong
(+84 28) 7300 7000 (x1042)
chiltk@acbs.com.vn

Manager – Bonds
Tuyen Vo
(+84 28) 7300 7000 (x1110)
tuyenvdp@acbs.com.vn

Associate – Oil & Gas
Hung Phan
(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate – Construction
Dat Do
(+84 28) 7300 7000 (x1048)
datdt@acbs.com.vn

Associate – Utilities
Toan Pham
(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Analyst – Technical
Huu Vo
(+84 28) 7300 7000 (x1052)
huuvp@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director
Huong Chu
(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Manager
Huynh Nguyen
(+84 28) 7300 6879 (x1088)
huynhntn@acbs.com.vn

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Our Recommendation System

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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