PVD Flash Note – OUTPERFORM

3-Nov-26

RESEARCH & MARKET STRATEGY DEPARTMENT

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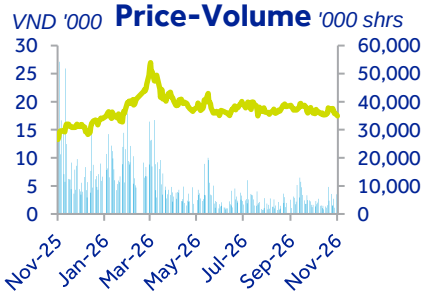
Flash note

Recommendation	**OUTPERFORM**
	HNX: PVD
	O&G drilling
Target price (VND)	**20.300**
Current price (VND)	**17.450**
Rate of price increase	16%
Expected dividend yield	0%
Total return	**16%**

Stock performance (%)

	YTD	1M	3M	12M
Rate of return	2.7	-1.7	-2.5	36.4
Alpha return	5.8	-0.1	-1.4	30.2

Source: Bloomberg



Shareholders

PVN	50,42%
VN Equity Fund	4,94%

Stock Statistics	**3-Nov-26**
Bloomberg code	**PVD VN**
52-week range (VND)	12,762 - 27,262
Shares O/S (m)	928
Mkt cap (VND bn)	16,189
Mkt cap (USD m)	613
Foreign room left (%)	41.8
Est. free float (%)	47.3
3m avg daily vol (shrs)	4,368,003
VND/USD	26,401
Index: VNIndex / HNX	1699.62/251.42

Petro Vietnam Drilling (HOSE: PVD)

PVD reported weaker-than-expected Q3 2026 results due to additional costs incurred at the Song Doc field project.

Q3 earnings declined: Revenue reached VND3.2 trillion (+25% YoY), while net profit after tax (NPAT) came in at just VND81.7 billion (-70% YoY). For 9M 2026, revenue totaled VND9.6 trillion (+47% YoY, 86% of the company's full-year target and 76% of our full-year forecast). NPAT reached VND560 billion (-16.7% YoY, 70% of the company's full-year target and 51% of our full-year forecast).

Forecasts & Valuation: We revise our earnings forecasts and valuations for 2026 and 2027 to reflect additional costs arising from the extended project duration. Specifically, we lower our 2026 and 2027 earnings forecasts by 20% and 14%, respectively. Accordingly, we reduce our 2027 target price by 15% to VND20,300 per share (16% upside). **Recommendation: OUTPERFORM.**

Despite revenue growth, Q3 NPAT declined sharply, primarily due to the following factors:

(1) Gross profit margin contracted from 23.7% to 12.4% due to exceptional costs associated with the Song Doc field decommissioning project. PVD recognized all project revenue in 2025; however, an operational incident in May 2025 resulted in additional remediation costs extending into 2026. According to PVD, these costs affected Q3 only and will have no impact on Q4. We therefore expect PVD to meet its 2026 earnings target.

(2) Interest expense rose sharply to VND83 billion (+80% YoY), primarily attributable to loans financing the PVD VIII and PVD IX rigs.

	2024	2025	2026F	2027F
Revenue (bn VND)	**9,288**	**10,897**	**12,649**	**14,148**
Growth (%)	*60%*	*17%*	*16%*	*12%*
EBITDA (bn VND)	2,059	2,437	2,681	3,278
EBITDA margin (%)	22%	22%	21%	23%
NPAT (bn VND)	**698**	**1,052**	**828**	**1,071**
Growth (%)	*28%*	*51%*	*-21%*	*29%*
EPS (VND)	1,000	1,541	435	948
Growth (%)	*23%*	*54%*	*-72%*	*118%*
ROE (%)	5%	6%	5%	6%
ROIC (%)	5%	5%	5%	7%
Net debt/EBITDA	0.04	0.78	1.33	0.31
PER	18.4	11.9	42.2	19.4
EV/EBITDA	8.2	6.2	5.0	4.9
PBR	1.1	1.0	1.0	1.0
Dividend (VND)	0	500	0	600
Dividend yield (%)	0.0%	2.7%	0.0%	3.3%

Source: ACBS

Stable outlook for 2027, supported primarily by: (1) an expansion of PVD's owned rig fleet from five to eight units, with PVD IX contributing a full year of operations in 2027 and PV Drilling X commencing operations in Q2 2027; (2) full rig utilization throughout 2026 and into 2027; (3) regional day rates of approximately USD95,000, with upside potential from the TAD rig contract renewal in 2027; and (4) the amended Petroleum Law, effective March 1, 2027, which is expected to accelerate domestic upstream project development. Specifically:

1. **Further investment in new rigs:** The newly acquired PVD X rig has arrived in Vietnam and is undergoing reactivation ahead of drilling operations for Vietsovpetro in Q2 2027, after which it will be deployed to Malaysia. PVD plans to add two more rigs before 2030 at an estimated cost of USD80–100 million per rig.

2. **The rig fleet is nearly fully booked for 2027**, with several rigs contracted through 2028–2029. Secured work includes drilling contracts for the Block B project in 2027.

3. **Contract renewals at higher day rates:** Average rig day rates in Southeast Asia stood at USD95,000 in Q3 2026, while the PV Drilling V (TAD) rig in Brunei commanded approximately USD89,000 per day. PVD expects to secure a new contract at a day rate approximately 10% higher in 2027–2028.

4. **Growth in well services:** Alongside its core drilling business, PVD is actively expanding its technical well services, particularly through collaboration with partners in its key Malaysian market. With relatively modest capital requirements and strong earnings potential, this segment is expected to contribute to further margin improvement in the coming years.

5. **The amended Petroleum Law No. 10/2026/QH16 takes effect on March 1, 2027**. Key provisions include greater decentralization, expanded delegation of authority to PVN, and streamlined administrative procedures. These changes are expected to accelerate upstream oil and gas project development in 2027, generating additional business opportunities for companies such as PVD.

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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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