

13 Nov 2024

## Petro Vietnam Technical Services (PVS)

### FX loss pressured earnings

On 28 Oct, PVS released the financial statements of 3Q24.

#### Top-line growth in almost all segments in 3Q24

- 3Q24 revenue grew to VND4.82tn (+15% yoy) thanks to the top-line growth from almost all segments, including mechanical and construction (M&C, +13% yoy), Supply base (+35% yoy), offshore support vessels (OSV, +43% yoy), FSO/FPSO (+17% yoy), operation and maintenance (O&M, +109% yoy), remoted operated vehicles (ROV, +15% yoy). M&C remained the most important segment accounting for 50% PVS revenue (VND2.41tn).

#### Expanded gross margins

- Company gross profit (GP) grew by 85% yoy, attributed to higher top-line and gross profit margin (GPM). The top GP contributors include M&C (24.4%), Supply base (21.3%), OSV (18.6%), FSO/FPSO (15.3%) and O&M (13.5%). ROV segment recorded a gross loss, equals to -6.1% of total GP.
- Company GPM expanded by 2.6%p, to 6.9%, thanks to better GPM of M&C: 3.5% (+4.3%p), OSV: 11.2% (+1.3%p), FSO/FPSO (+14.6%p), O&M: 4.6% (+0.7%p). In contrast, Supply base GPM contracted to 17.3% (from the high base 3Q23: 30.2%) while ROV's GPM turned negative, recorded at -12% (-53.6%p yoy).

#### Lower financial income and FX loss pressured NPAT growth

- 3Q24 financial income shrank to VND84bn (-60% yoy). Meanwhile, financial expenses sky-rocketed to VND166bn (+255% yoy), mainly because FX loss surged to VND176bn (+212% yoy). On the other hand, earnings from joint ventures in 3Q24 rose to VND215bn (+21% yoy, -9% qoq. Plus, 3Q24 SG&A declined to VND245bn (-14% yoy), partly supported NPAT growth.
- 3Q24 tax expense reached only 7.6% of EBT (vs 3Q23: 33.9%), as PVS recorded the benefit from deferred tax expense of -VND57.2bn (vs 3Q23: +VND43.2bn). Accordingly, 3Q24 NPAT grew by 34% yoy (to VND193bn), but NPAT-MI plummeted by 4% yoy (to VND135bn), as minority interest from PTSC-CGGV, a subsidiary that is undergoing dissolution process, increased by VND43bn yoy.

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	16,870	20,180	14,277	16,373	19,379
chg. (% YoY)	15.3	19.6	(29.3)	14.7	18.4
Operating profit (VND bn)	1,206	310	756	1,090	1,211
Net profit (VND bn)	1,033	624	675	989	1,026
EPS (VND)	1,699	1,046	887	1,438	1,579
chg. (% YoY)	(16.2)	(38.4)	(15.2)	62.1	9.8
EBITDA (VND bn)	850	401	558	578	480
PE (x)	12.71	33.77	26.84	20.12	23.12
EV/EBITDA (x)	7.03	24.48	17.39	30.65	31.26
PB (x)	0.82	1.14	0.95	1.46	1.43
ROE (%)	8.6	5.1	5.6	8.2	8.2
Dividend yield (%)	4.8	3.5	3.4	1.9	1.8

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest  
Source: FiinproX, KIS Research

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12M rating **Non-rated**

12M TP **N/A**

#### Stock Statistics

VNIndex (13 Nov, pt)	1,245
Stock price (13 Nov, VND)	37,700
Market cap (USD mn)	711
Shares outstanding (mn)	478
52-Week high/low (VND)	45,800/36,000
6M avg. daily turnover (USD mn)	5.46
Free float / Foreign ownership (%)	44.6/21.3
Major shareholders (%)	
Petro Vietnam	95.76
CTBC Vietnam Equity Fund	3.77
Norges Bank	1.54
Vietnam Enterprise Investments Limited	1.19
Amersham Industries Limited	1.16
Saigon Investments Limited	1.06

#### Performance

	1M	6M	12M
Absolute (%)	(7.8)	(14.1)	3.3
Relative to VNIndex (%p)	(4.5)	(15.5)	(11.8)

#### Stock price trend



Source: Bloomberg

#### Research Dept

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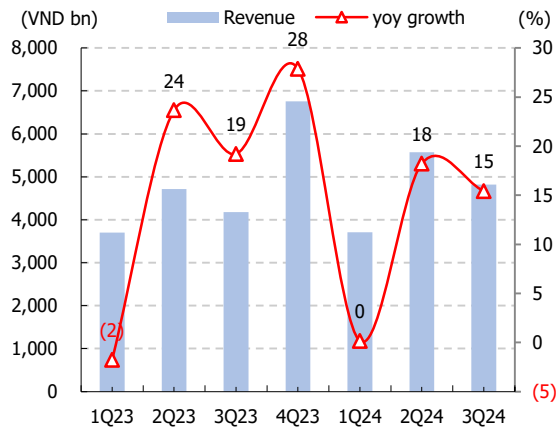
**Table 1. Quarterly earnings snapshot**

(VND bn, %, %p)

	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ	YoY
Sales	4,176	6,758	3,710	5,571	4,820	(13.5)	15.4
OP	239	275	365	241	221	(8.4)	(7.6)
OP margin	5.7	4.1	9.8	4.3	4.6	0.3	(1.1)
EBT	217	328	368	282	209	(26.1)	(3.9)
NPAT	144	293	305	209	193	(7.9)	34.2

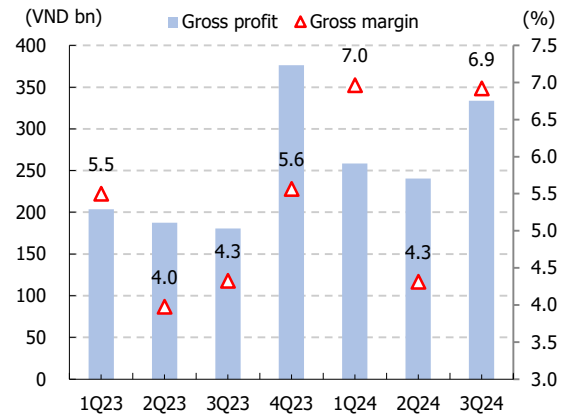
Source: FiinproX, KIS Research

**Figure 1. 3Q24 revenue grew by 15% yoy**



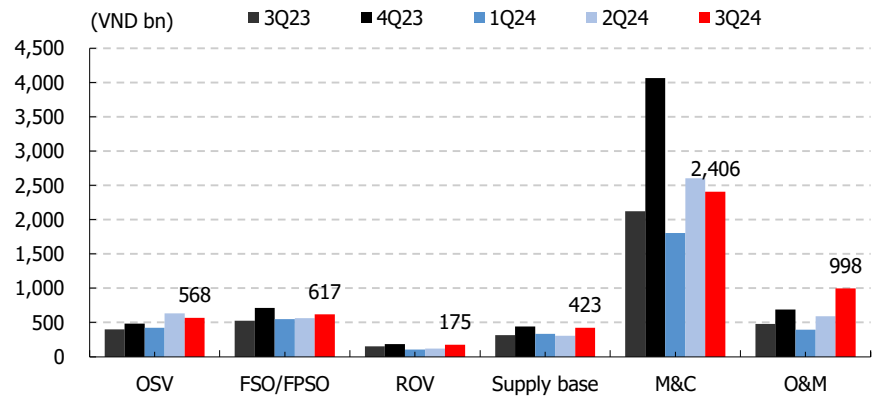
Source: Company data, KIS Research

**Figure 2. 3Q24 GP accordingly rose by 85% yoy with GPM +2.6%p yoy**



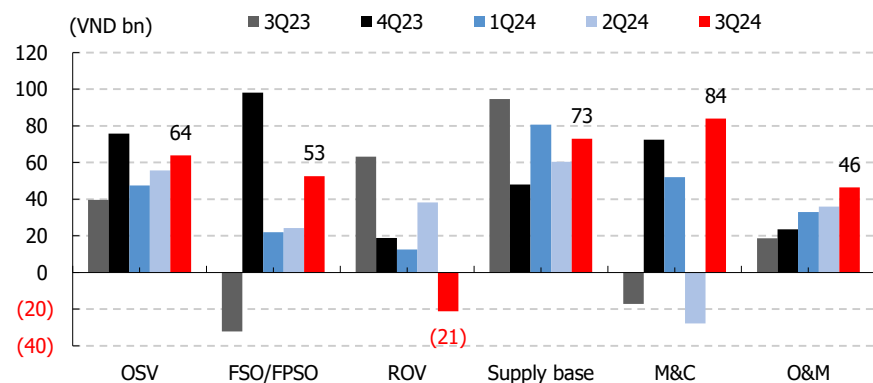
Source: Company data, KIS Research

**Figure 3. Revenue by segments 3Q23-3Q24**



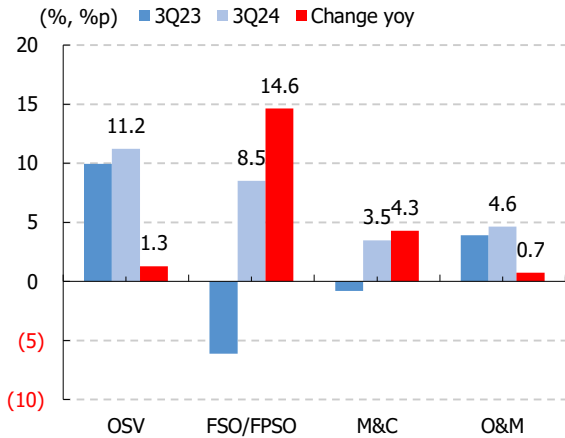
Source: Company data, KIS Research

**Figure 4. Gross profit by segments 3Q23-3Q24**



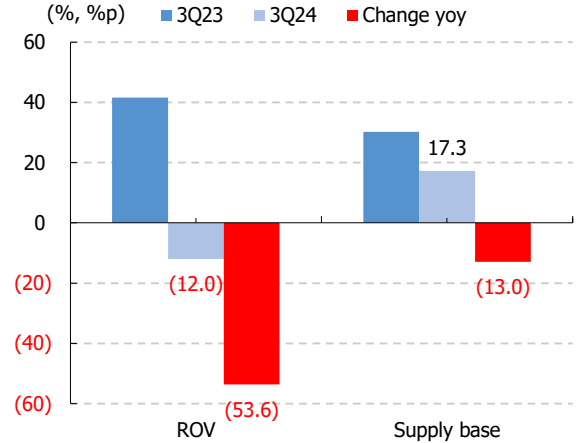
Source: Company data, KIS Research

**Figure 5. Company GPM improved +2.8%p yoy, contributed by better GPM of most segments ...**



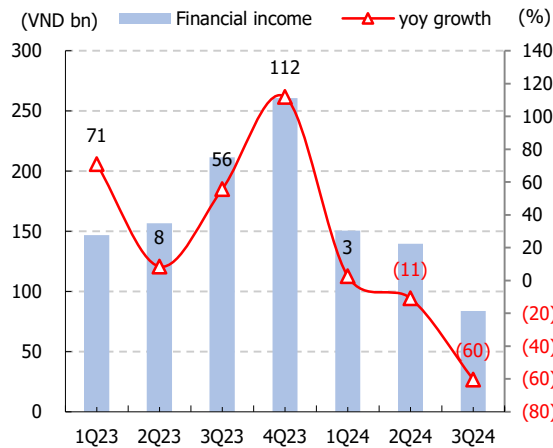
Source: Company data, KIS Research

**Figure 6. ... except for ROV and Supply base, with lower GPM**



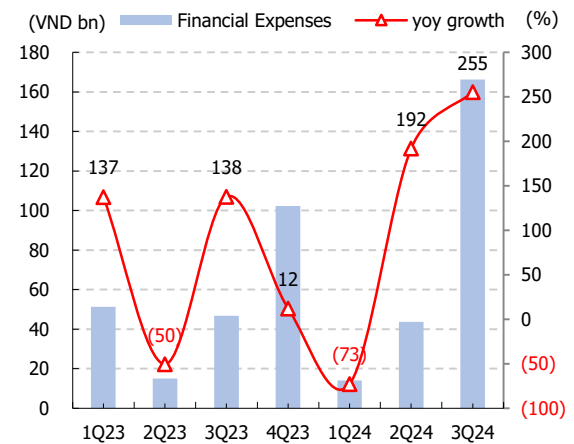
Source: Company data, KIS Research

**Figure 7. Financial income shrank 60% yoy**



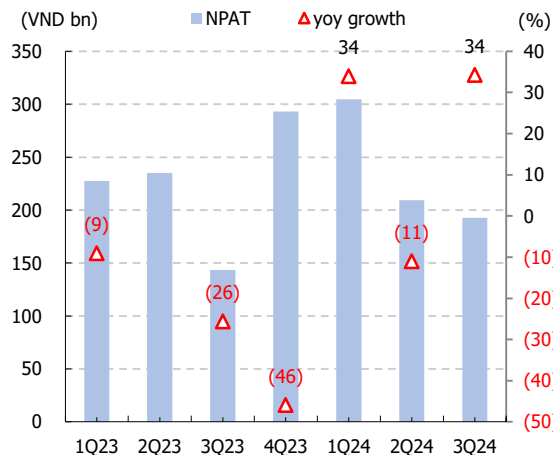
Source: Company data, KIS Research

**Figure 8. Financial expenses surged by 255%, fueled by FX loss**



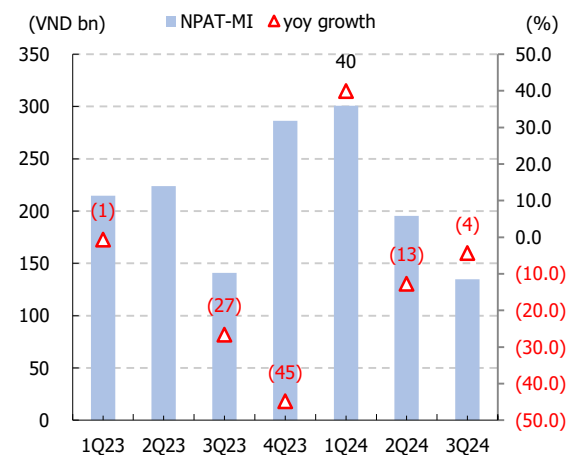
Source: Company data, KIS Research

**Figure 9. NPAT rose by 34% yoy ...**



Source: Company data, KIS Research

**Figure 10. ... but NPAT-MI contracted by 4% yoy**



Source: Company data, KIS Research

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