

15 May 2025

## PV Drilling (PVD)

### Dark clouds still loom

- 1Q25 GP downed 40% yoy under poorer day rates.
- 1Q25 NPAT-MI flattened thanks to the support of one-off income.
- Pressures remained on day rates in upcoming periods.

### Facts: Low day rate hit hard, one-off income saved NPAT

PVD's 1Q25 revenue retreated by 14% yoy to VND1.5tn (90% of KIS forecast), with gross profit (GP) plunging 40% yoy to VND270bn (113% of KIS forecast). Gross margin (GPM) recovered by 18% from the 4Q24 trough. Specifically:

- **Drilling:** 1Q25 revenue came in as expected at VND877bn (-32% qoq, -25% yoy, fulfilling 98% of KIS forecast), mainly due to (1) slightly lower workloads from five offshore rigs (-1 land rig yoy), and (2) a decline in average day rate to USD77,250 (-23% yoy). GPM slightly recovered from the previous quarter's bottom to 14.9% (+1.4%p qoq, -17.5%p yoy), but remained at a two-year low. Accordingly, GP dropped 65% yoy to VND131bn, dragging down the company's overall GP. This reflects the adverse impact of lower day rates under unfavorable market conditions
- **Drill-related services:** Revenue grew strongly by 56% yoy to VND584bn (-37% qoq, 124% of KIS forecast), thanks to the low base effect. GPM improved to 23.6% (+3.5%p qoq, +7.3%p yoy), driving GP up to VND126bn (-26% qoq, +126% yoy), partially offsetting the weak performance of the Drilling segment.
- **Trading:** Revenue from trading normalized to VND43bn, contributing VND2.2bn to GP.

SG&A flattened yoy, at VND116bn. Operating profit accordingly declined by 36% yoy to VND126bn (vs our forecast of a 61% yoy decline to VND88bn).

Nonetheless, NPAT-MI remained almost flat at VND153bn (-3.2% yoy, -30% qoq), supported by a one-off gain of VND112bn from the sale of land rig PVD 11. Excluding this, 1Q25 NPAT-MI fell 74% yoy to VND41bn (vs our forecast of an 80% yoy drop to VND32bn).

### Pros & cons: day rates outlook is still murky

Global day rate for jack-up rigs IC301-361 inched up to USD94,640 in April, yet utilization rate declined to just 77%. We believe this could be a sign of jack-up rigs being released amid lower oil price, which imply short-term oversupply risks and may exert pressures on Southeast Asia day rates in the coming periods.

In 2Q25F, we think PVD's earning results will continue to face pressures from low day rate, despite having a dense drilling schedule. Accordingly, we anticipate 2Q25F revenue to continue to retreat by 7-15% yoy based on (1) the 2Q25 drilling schedule is slightly reduced with 5 owned offshore rig, 1 leased rig (-1 land rig yoy) and (2) day rates of owned rigs are expected to subside at 1Q25 levels as we believe soft oil prices will continue to weigh on rig demand. 2Q25F NPAT-MI is projected to fall below VND100bn, due to the absence of one-off gains, rendering a strong double-digit decline.

12M rating **HOLD (Maintain)**

12M TP **N/A**

Up/Downside **N/A**

#### Stock Data

VNIndex (15 May, pt)	1,313
Stock price (15 May, VND)	18,950
Market cap (USD mn)	406
Shares outstanding (mn)	556
52-Week high/low (VND)	33,000/16,650
6M avg. daily turnover (USD mn)	3.22
Free float / Foreign ownership (%)	46.9/8.0
Major shareholders (%)	
PVN	50.46
Norges Bank	1.35
Hanoi Investment Holding	1.09

#### Performance

	1M	6M	12M
Absolute	7.7	(18.3)	(40.6)
Relative	0.4	(26.7)	(47.3)

#### Stock price trend



Source: Bloomberg

## Action: HOLD

We maintain HOLD for PVD stock citing poor outlook of global and Southeast Asia jack-up day rates having deep impacts on PVD's earning results.

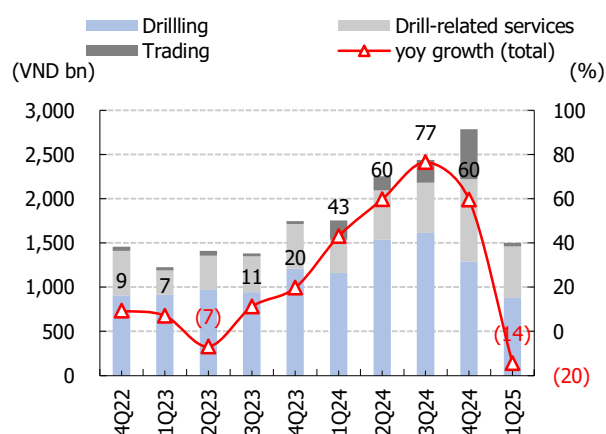
**Table 1. Quarterly earning snapshot**

(VND bn, %, %p)

	1Q24	2Q24	3Q24	4Q24	1Q25	QoQ	YoY
Sales	1,756	2,282	2,438	2,807	1,503	(46.5)	(14.4)
OP	227	221	257	213	146	(31.7)	(35.9)
OP margin	12.9	9.7	10.6	7.6	9.7	2.1	(3.3)
PBT	215	209	249	263	196	(25.6)	(8.7)
NPAT-MI	158	138	182	220	153	(30.4)	(3.2)

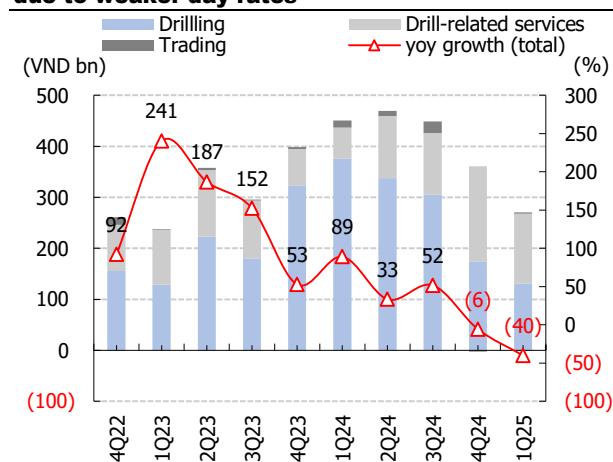
Source: Company data, KIS Research

**Figure 1. 1Q25 revenue weakened by 14% yoy ...**



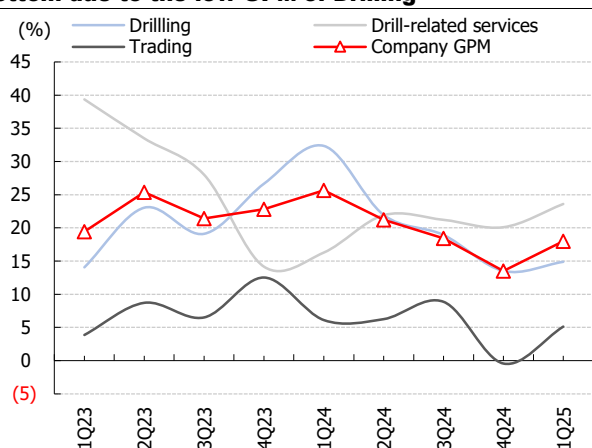
Source: Company data, KIS Research

**Figure 2. ... and GP retreated by 40% yoy mainly due to weaker day rates**



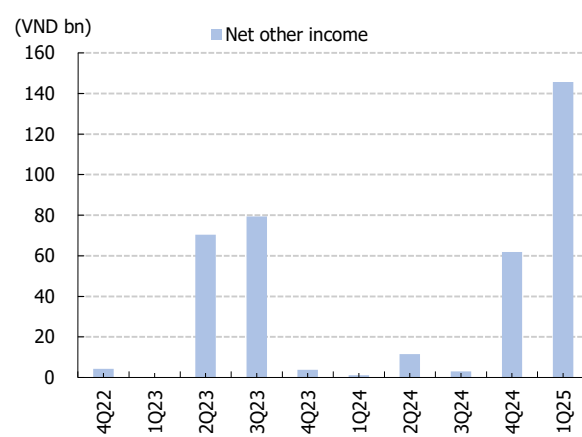
Source: Company data, KIS Research

**Figure 3. GPM improved but still at the 2-year low bottom due to the low GPM of Drilling**



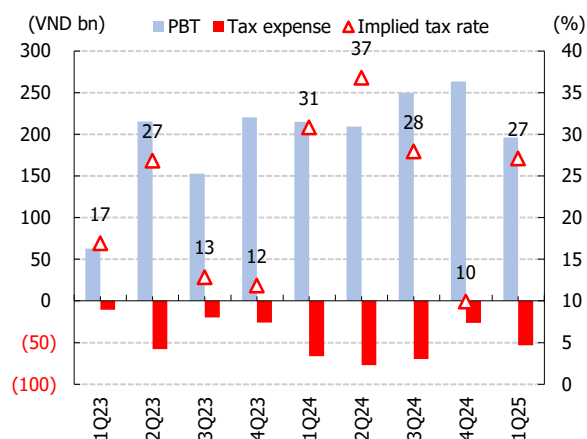
Source: Company data, KIS Research

**Figure 4. One-off income from selling the land rig boosted 1Q25 bottom line**



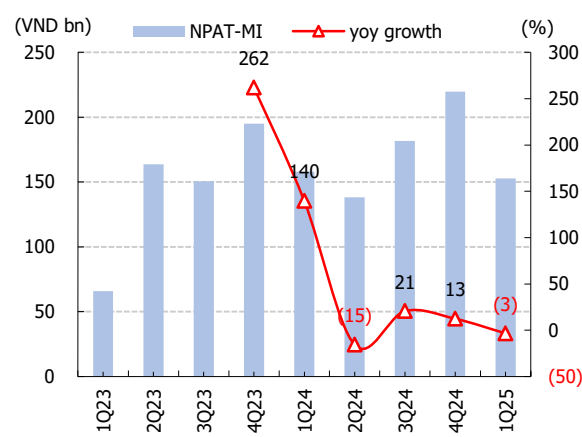
Source: Company data, KIS Research

Figure 5. Implied tax rate improved yoy



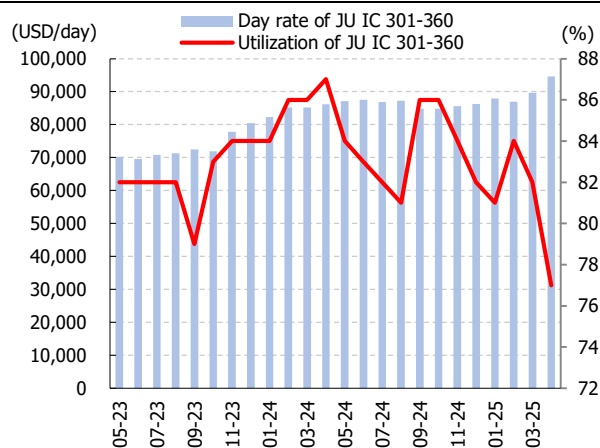
Source: Company data, KIS Research

Figure 6. 1Q25 NPAT-MI flattened thanks to abnormal income



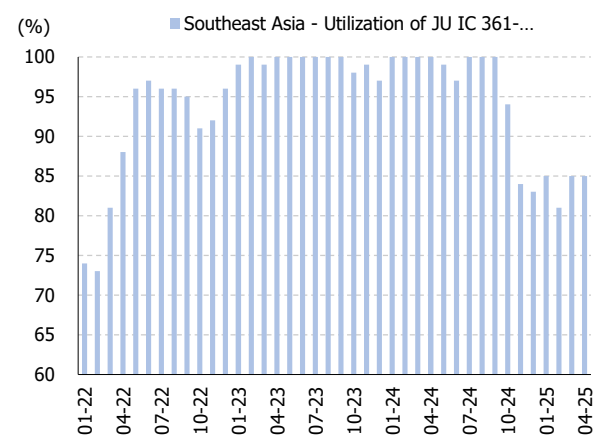
Source: Company data, KIS Research

Figure 7. Global jack up rate picked up, but utilization was low at 77%



Source: Bloomberg, KIS Research

Figure 8. Jackup utilization in Southeast Asia is at a 3-year low, implying loosened market



Source: Bloomberg, KIS Research

Figure 9. PVD drilling schedule 2024-25F

	2024												2025											
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
PVD I	Petronas - Malaysia																							
PVD II	Pertamina - Indonesia																							
PVD III	Hibiscus - Malaysia						Hibiscus - Indonesia						Pertamina - Indonesia											
PVD V (TAD)	Shell - Brunei																							
PVD VI	Petronas - Malaysia																							
PVD 11 (land rig)	GBRS - Algeria						No more ownership																	
New jack-up rig																							Vietnam	
Hakuryu (rent)					Idemitsu						Murphy													
BORR-THOR (rent)								HLJOC									Vietnam							

Source: Company data, KIS Research.

### ■ Company overview

PV Drilling (PVD), a subsidiary of PetroVietnam (PVN), is a leading firm in offshore drilling and well services in Vietnam and Southeast Asia. PVD owns a fleet of 6 offshore drilling rigs, including 5 jack-up rigs and 1 TAD rig. PVD is expected to play essential roles in the Block B project with its competencies.

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