

13 May 2025

Petrovietnam Technical Services Corp (PVS)

Full steam ahead

- Revenue grew sharply by 62% yoy, but 1Q25 NPAT flattened.
- SG&A upped 74% on provisions, offset by one-off financial gains.
- 2Q25F: double-digits growth thanks to Block B – O Mon.

Facts: Robust growth sourced from Block B – O Mon

PVS's 1Q25 revenue grew sharply by 62% yoy (-38% qoq) to VND6.01tn thanks to high construction workload for the Block B – O Mon and offshore wind farm (OWF) projects, which fulfilled 92% of our 1Q25 forecast and fulfilled 17.6% of our full-year forecast.

1Q25 gross profit was recorded at VND257bn, almost flattened yoy and -14.4% qoq (fulfilled 82% of 1Q25 forecast and 18.3% of 2025F forecast. Gross margin (GPM) was at a low level of 4.3% (-3%p yoy), mainly due to the low GPM of (1) M&C: -0.1% (-3%p yoy), (2) Supply base: 16.5% (-7.6%p) and (3) OSV: 10.8% (-0.5%p).

Earnings from FSO/FPSO affiliates grew 8% yoy to VND213 (in line with KIS forecast). Notably, financial revenue surged by 126% yoy to VND340bn, mainly thanks to (a) a VND124.7bn FX gain (+69% yoy) and (b) a one-off revaluation gain of VND130bn. This helped offset the negative effect of SG&A that rose 74% yoy, to VND396bn (-11% qoq, reached 204% of our forecast) primarily due to a VND110.9bn provision for doubtful receivables.

As a result, 1Q25 NPAT slightly retreated by 2% yoy, to VND300bn (-57% qoq, fulfilling 80% of 1Q25 forecast and 20% of 2025F forecast). NPAT-MI sit at VND332bn (+10% yoy) as minority interest turned negative in 1Q25.

Pros & cons: Block B – O Mon will keep rolling

In 2Q25F, we project PVS's revenue to post strong double-digit growth (25-45% yoy), supported by a sizable backlog from Block B that was granted full LOA (vs 2Q24: limited LOA). We also expect M&C's GPM to return to positive territory, as (1) the negative margin in 1Q25 appears temporary (tends to happen once every year) and likely stemmed from a timing mismatch in revenue and cost recognition and (2) there is more contribution of oil & gas backlog vs 2Q24 that we believe has better GPM than OWF backlog. Thus, we also expect better NPAT growth rate of 10-35% yoy.

Furthermore, we note that Phu Quoc POC (the operator of Block B) plans to finalize the bidding for the provision of 1 FSO for Block B in 2025. We expect that PVS could secure this tender via a joint venture. This could benefit PVS in the long-term by adding a sustainable and reliable stream of income for PVS from 2028F.

12M rating **BUY (Maintain)**

12M TP **VND45,800**

Up/Downside +66.6%

Stock Data

VNIndex (13 May, pt)	1,293
Stock price (13 May, VND)	27,500
Market cap (USD mn)	506
Shares outstanding (mn)	478
52-Week high/low (VND)	44,950/21,400
6M avg. daily turnover (USD mn)	3.48
Free float / Foreign ownership (%)	40.5/15.6

Major shareholders (%)

Petro Vietnam	51.38
Vietnam Investment Property Holdings	2.4
Norges Bank	1.8
Vietnam Enterprise Investments Limited	1.11
Saigon Investments Ltd	1.11
Amershan Ind Ltd	1.11
Saigon Investments Fund	1.06

Performance

	1M	6M	12M
Absolute	13.6	(24.7)	(36.4)
Relative	7.7	(28.9)	(42.7)

Stock price trend



Source: Bloomberg

Action: BUY with the TP of VND45,800

We maintain a BUY rating (TP: VND45,800; +66.6% upside) for PVS stock for mid and long-term investment strategies, citing (1) full LOA granted to PVS for EPCI packages at Block B – O Mon and (2) we expect PVS to secure the Block B FSO bidding in 2025F. The downside risks could involve short-term declines of global oil prices, affecting PVS's sentiment.

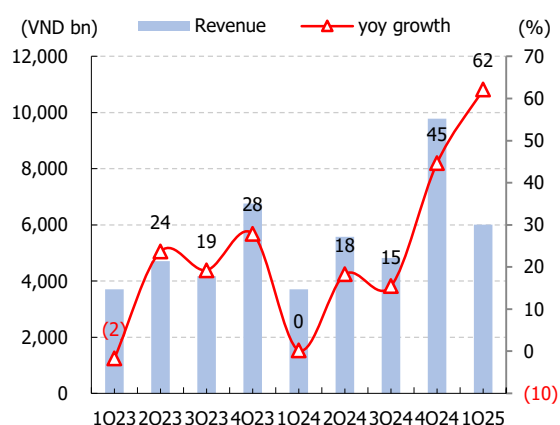
Table 1. Quarterly earnings snapshot

(VND bn, %, %p)

	1Q24	2Q24	3Q24	4Q24	1Q25	QoQ	YoY
Sales	3,710	5,571	4,820	9,777	6,014	(38.5)	62.1
OP	365	241	221	271	381	41.0	4.4
OP margin	9.8	4.3	4.6	2.8	6.3	3.6	(3.5)
PBT	368	282	209	841	384	(54.4)	4.4
NPAT	305	209	193	705	300	(57.5)	(1.7)

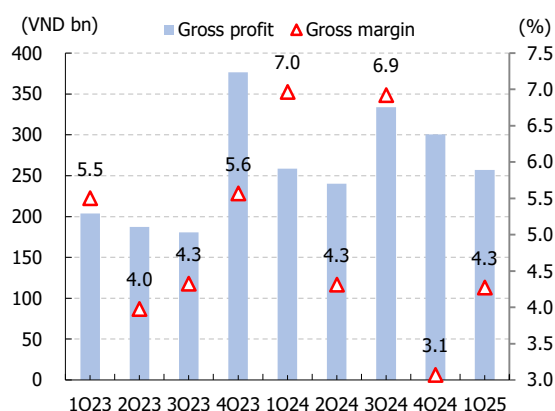
Source: FiinproX, KIS Research

Figure 1. 1Q25 revenue grew 62% yoy



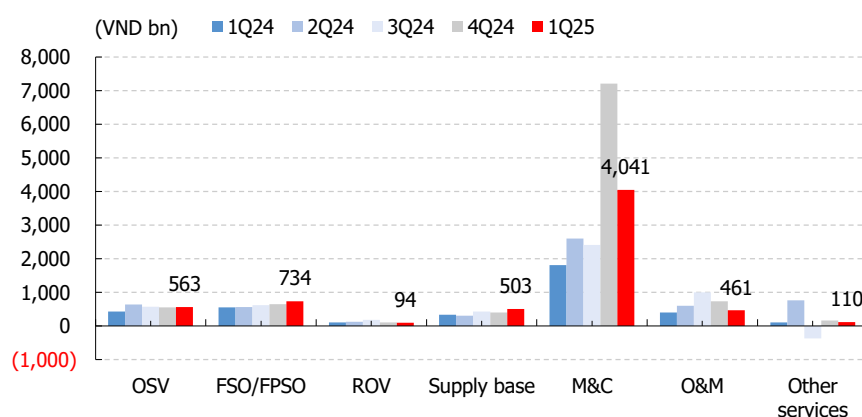
Source: Company data, KIS Research

Figure 2. 1Q25 gross profit flattened yoy, with GPM contract by 3.0%p yoy



Source: Company data, KIS Research

Figure 3. 1Q25 revenue was driven by blooming M&C segment



Source: Company data, KIS Research

Figure 4. Supply base and OSV contributed the most GP. Meanwhile M&C's GPM turned to a slight negative, contributing almost no GP.

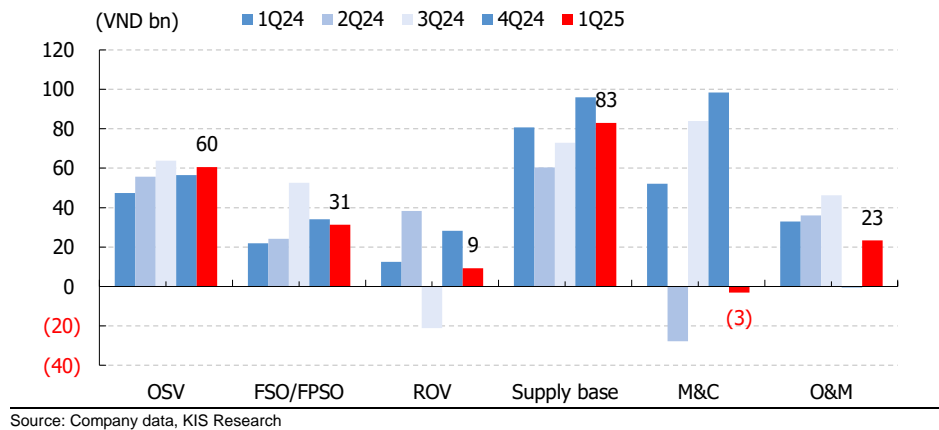


Figure 5. Financial income surged 126% thanks to higher FX gain and one-off gain of asset revaluation

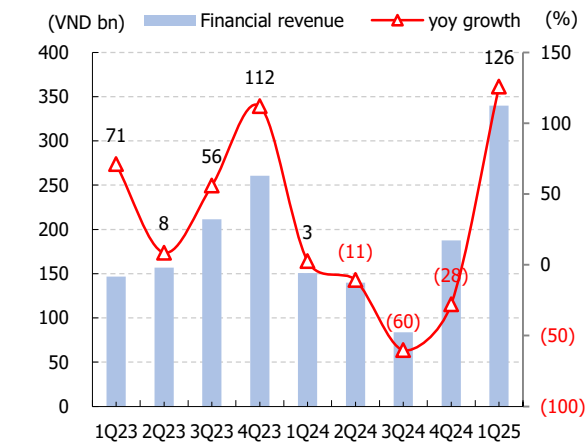


Figure 6. Financial expenses was kept at low level

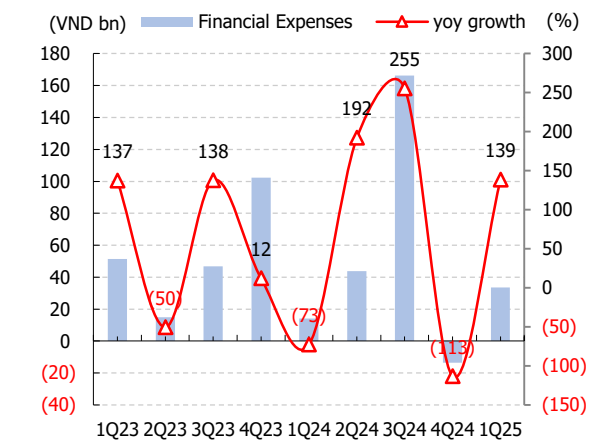


Figure 7. 1Q25 SG&A grew 74% yoy to

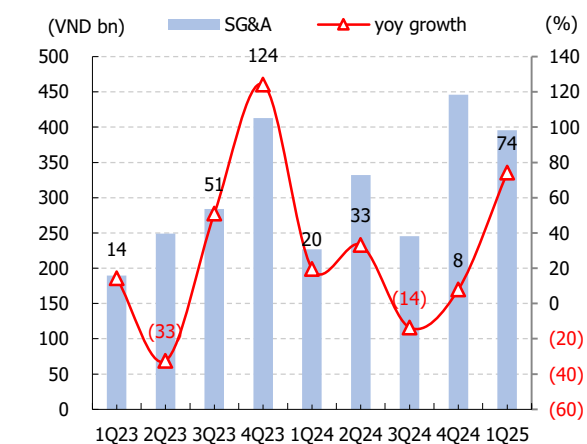
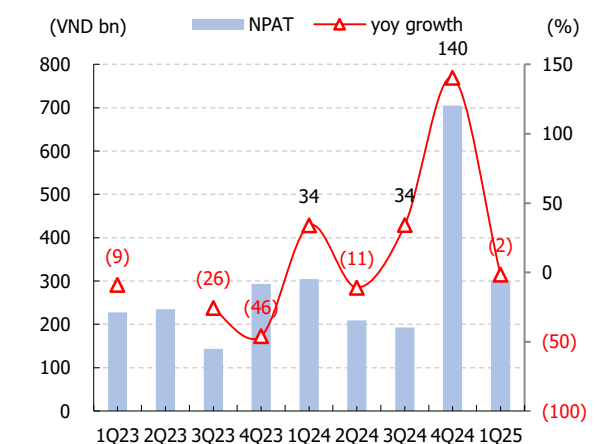


Figure 8. 1Q25 NPAT almost flattened yoy



Balance sheet

(VND bn)

FY-ending Dec.	2023A	2024	2025F	2026F	2027F
Current assets	16,290	23,880	22,671	22,259	19,281
Cash & cash equivalents	5,757	11,422	7,857	7,661	6,244
Accounts & other receivables	4,185	6,148	8,504	8,287	6,727
Inventory	1,470	1,924	1,924	1,924	1,924
Non-current assets	10,533	12,459	14,814	14,598	13,037
Fixed assets	3,391	3,588	3,483	3,329	3,111
Investment assets	4,945	4,722	4,722	4,722	4,722
Others	1,790	1,884	1,927	1,970	2,012
Total assets	26,416	34,074	32,804	32,280	29,127
Advances from customers	252	346	494	482	393
Unearned revenue	10	166	50	50	50
Trade payables	3,513	4,655	5,124	4,996	4,072
Others	4,109	7,630	4,096	4,096	4,096
ST debt & due bonds	1,176	869	684	554	383
LT debt & bonds	564	790	730	670	611
Total liabilities	12,872	19,184	17,864	17,373	14,955
Controlling interest	12,834	13,325	14,157	14,979	15,772
Capital stock	4,780	4,780	4,780	4,780	4,780
Capital surplus	40	40	40	40	40
Other reserves	3,967	4,311	4,311	4,311	4,311
Retained earnings	4,048	4,194	5,026	5,848	6,642
Minority interest	710	1,566	1,611	1,655	1,699
Shareholders' equity	13,544	14,890	15,768	16,634	17,471

Cash flow

(VND bn)

FY-ending Dec.	2023A	2024	2025F	2026F	2027F
C/F from operations	(285)	4,288	(1,832)	1,563	1,047
Net profit	1,277	1,700	1,812	1,796	1,751
Dep'n & Amort'n	493	601	657	669	717
Net incr. in W/C	880	1,873	1,886	1,930	1,951
C/F from investing	818	1,109	(70)	(117)	(123)
Capex	(894)	(839)	(635)	(628)	(610)
Incr. in investment	1,712	1,948	565	511	487
C/F from financing	(32)	198	(580)	(524)	(565)
Incr. in equity	-	-	-	-	-
Incr. in debt	345	577	(185)	(130)	(171)
Dividends	(378)	(379)	(335)	(335)	(335)
C/F from others	37	69	-	-	-
Increase in cash	538	5,664	(2,482)	921	359

Income statement

(VND bn)

FY-ending Dec.	2023A	2024	2025F	2026F	2027F
Sales	19,374	23,878	34,159	33,309	27,147
COGS	18,335	22,745	32,753	31,875	25,915
Gross profit	1,039	1,133	1,406	1,433	1,232
SG&A expenses	1,052	1,250	1,028	1,025	1,000
Operating profit	(13)	(117)	378	409	232
Financial income	790	562	712	657	634
Interest income	464	242	392	338	314
Financial expenses	216	210	218	213	207
Interest expenses	73	64	72	66	61
Other non-operating profit	66	603	90	90	90
Gains (Losses) in associates, subsidiaries and JV	651	863	850	852	1,002
Earnings before tax	1,277	1,700	1,812	1,796	1,751
Income taxes	217	288	308	305	298
Net profit	1,060	1,412	1,504	1,490	1,454
Net profit of controlling interest	1,026	1,182	1,459	1,446	1,410
EBITDA	1,843	2,365	2,541	2,531	2,528

Key financial data

FY-ending Dec.	2023A	2024	2025F	2026F	2027F
Per-share data (VND, adj.)					
EPS	2,148	2,473	3,052	3,024	2,950
BPS	26,852	27,878	29,619	31,339	32,999
DPS	-	-	700	700	700
Growth (%)					
Sales growth	18.4	23.3	43.1	(2.5)	(18.5)
OP growth	(112.4)	787.3	(422.1)	8.0	(43.2)
NP growth	0.9	33.2	6.5	(0.9)	(2.5)
EPS growth	3.7	15.1	23.4	(0.9)	(2.5)
EBITDA growth	(112.4)	787.3	(422.1)	8.0	(43.2)
Profitability (%)					
OP margin	(0.1)	(0.5)	1.1	1.2	0.9
NP margin	5.5	5.9	4.4	4.5	5.4
EBITDA margin	(0.1)	(0.5)	1.1	1.2	0.9
ROA	4.1	4.7	4.5	4.6	4.7
ROE	8.2	9.0	10.6	9.9	9.2
Dividend yield	2.3	2.3	2.3	2.3	2.3
Dividend payout ratio	32	24	22	22	23
Stability					
Net debt (VND bn)	(4,017)	(9,762)	(6,443)	(6,436)	(5,250)
Net debt/equity (%)	(30)	(66)	(41)	(39)	(30)
Valuation (x)					
PE	13.9	10.5	9.8	9.9	10.2
PB	1.1	1.1	1.0	1.0	0.9
EV/EBITDA	(1,115.1)	(125.7)	39.0	36.1	63.6

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