

PV Drilling (PVD)

Recovery comes early

- 2Q25 GP grew 11% yoy, with expanded GPM
- Average drilling rate recovered to 9M24 level, at USD92,000
- Revise up to BUY rating with a target price of VND25,400

Facts: Recovery comes earlier than expected

2Q25 revenue upped 8% yoy to VND2.4tn, with gross profit (GP) growing 11% yoy to VND520bn. Gross margin (GPM) saw a solid recovery to 21.4% (+3.4%p qoq, +0.2%p yoy). Specifically:

- **Drilling:** 2Q25 revenue came in at VND1.3tn, contracting 12% yoy as for the absense of the 1 leased rig and 1 land rig (that was sold earlier in 4Q24). Notably, GP reached VND282bn (+116% qoq, -16% yoy) with GPM bounced strongly to 20.9% (+6%p qoq, -1%p yoy). We attribute a strong expansion in GP and GPM to the improvement of drilling day rates, which has been under pressures in the previous 2 quarters.
- **Drill-related services:** revenue kept the growth momentum, with a solid growth rate of 73% yoy to VND584bn (+64% qoq, 139% of KIS forecast). GPM held high at 23.6% (+0.4%p qoq, +2.1%p yoy), driving GP up to VND230bn (+67% qoq, +89% yoy).

In 2Q25, PVD recorded an abnormal gain of VND64bn, sourced from an insurance claim, compensating for PVD VI's losing working time in 1Q25 due to longer-than-expected overhaul.

Thus, NPAT surged 89% yoy to VND250bn, even though SG&A grew 34% yoy. Adjusting for abnormal income, NPAT still grew by a solid 54% yoy.

Pros & cons: E&P demand remained strong, day rates went back on track

In its analyst meeting on 30 July, PVD expressed an optimistic outlook on Southeast Asia's E&P demand, particularly in Vietnam. Regarding rig mobilization, notable developments include: (i) PVD I will be relocated from Malaysia to Vietnam for drilling activities starting in 2026, with PVD expecting a positive impact despite a potentially lower day rate thanks to more optimized OpEx; (ii) PVD III will be moved from Malaysia to Indonesia under a new contract with a higher day rate; (iii) PVD VIII (the new rig) will be launched on 8 August and commence its first drilling job in early September. Compared to its previous drilling plan, PVD will also deploy an additional leased rig (BORR-GUNNLOD) from 4Q25, which should bolster both top-line and earnings growth in 2H25.

Per our estimates, the average drilling day rate of PVD's five owned rigs in 2Q25E rebounded to around USD92,000 (Figure 7), returning to the level seen in 9M24 before the day rate downturn that began in 4Q24. In 2H25F, we expect robust gross profit growth in both Drilling and Drill-related Services, driven by (1) a solid E&P demand outlook, (2) recovering day rates, and (3) the official launch of PVD VIII. NPAT in 2H25F is projected to grow at a strong double-digit rate of around 30–45%.

Earnings Review

8 Aug 2025

12M rating **BUY**

12M TP **25,400**

Up/Downside +18%

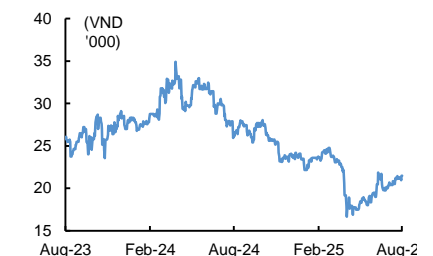
Stock Data

| | |
|------------------------------------|---------------|
| VNIndex (07 Aug, pt) | 1,582 |
| Stock price (07 Aug, VND) | 21,500 |
| Market cap (USD mn) | 475 |
| Shares outstanding (mn) | 556 |
| 52-Week high/low (VND) | 28,050/16,650 |
| 6M avg. daily turnover (USD mn) | 5.05 |
| Free float / Foreign ownership (%) | 46.9/3.8 |
| Major shareholders (%) | |
| PVN | 50.46 |
| Norges Bank | 1.35 |
| Hanoi Investment Holding | 1.09 |

Performance

| | 1M | 6M | 12M |
|----------|-------|--------|--------|
| Absolute | 7.5 | (5.3) | (14.3) |
| Relative | (5.4) | (30.7) | (47.9) |

Stock price trend



Source: Bloomberg

Action: BUY with a target price of VND25,400

We upgrade our rating for PVD from HOLD to BUY, with a target price of VND25,400 (+18% upside) hinge on (1) PVD's average day rate signaled recovery sooner than expected, which led to a brighter outlook for 2H25-1H26 period and (2) the outperformance of drill-related services in the recent quarters, leading to a major revise in 2025-26F forecast.

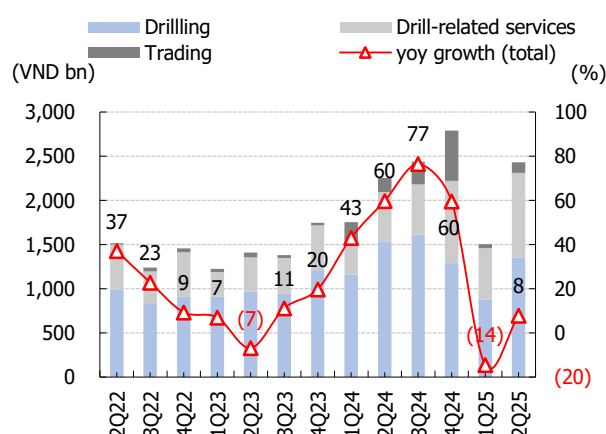
Table 1. Quarterly earning snapshot

(VND bn, %, %p)

| | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | QoQ | YoY |
|-----------|-------|-------|-------|-------|-------|-------|-------|
| Sales | 2,282 | 2,438 | 2,807 | 1,503 | 2,430 | 61.7 | 6.5 |
| OP | 323 | 277 | 186 | 155 | 312 | 101.6 | (3.4) |
| OP margin | 14.1 | 11.4 | 6.6 | 10.3 | 12.8 | 2.5 | (1.3) |
| PBT | 209 | 249 | 263 | 196 | 321 | 63.7 | 53.4 |
| NPAT | 132 | 180 | 237 | 143 | 250 | 74.8 | 88.9 |

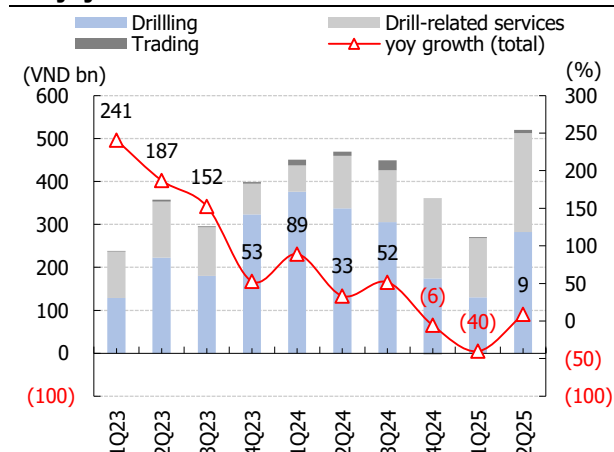
Source: FiinproX, KIS Research

Figure 1. 2Q25 revenue grew 8% yoy ...



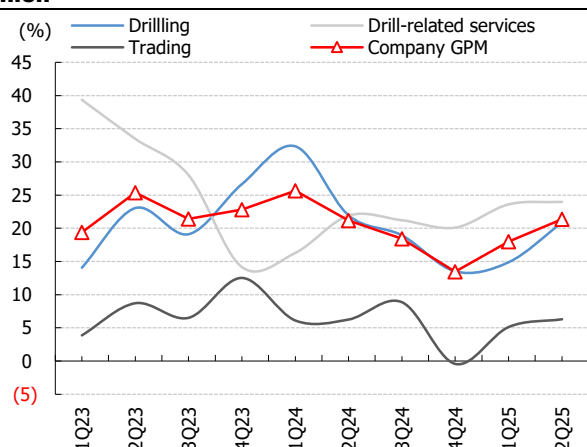
Source: Company data, KIS Research

Figure 2. ... and GP beat our expectation, upped by 9% yoy



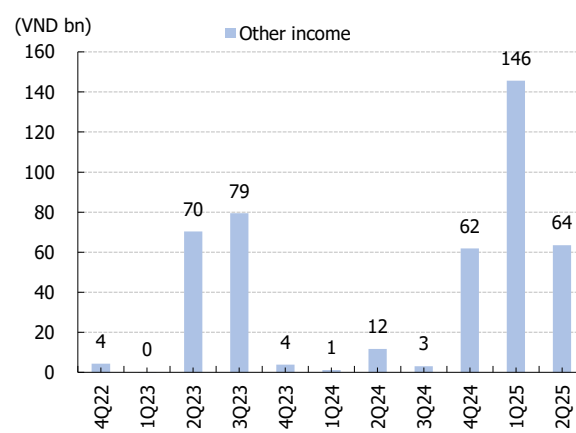
Source: Company data, KIS Research

Figure 3. GPM of Drilling rebounded to 2Q-3Q24 level which



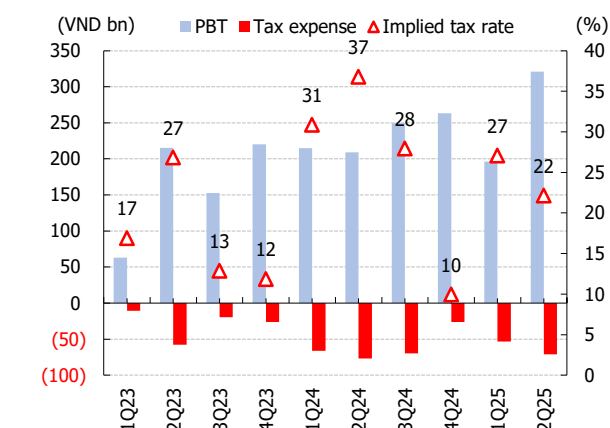
Source: Company data, KIS Research

Figure 4. One-off income from insurance claim, compensating for PVD VI loss of work time in 1Q25



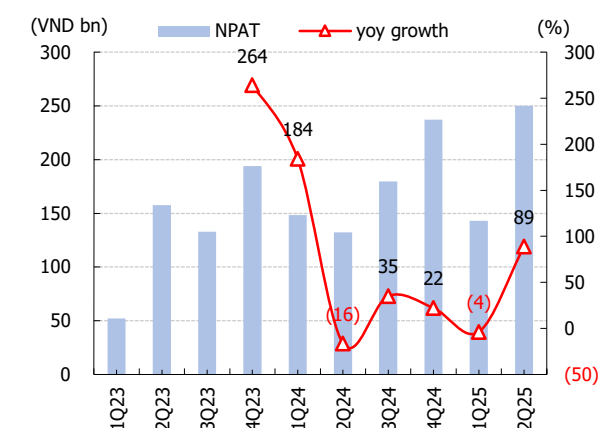
Source: FiinproX, KIS Research

Figure 5. Implied tax rate improved yoy



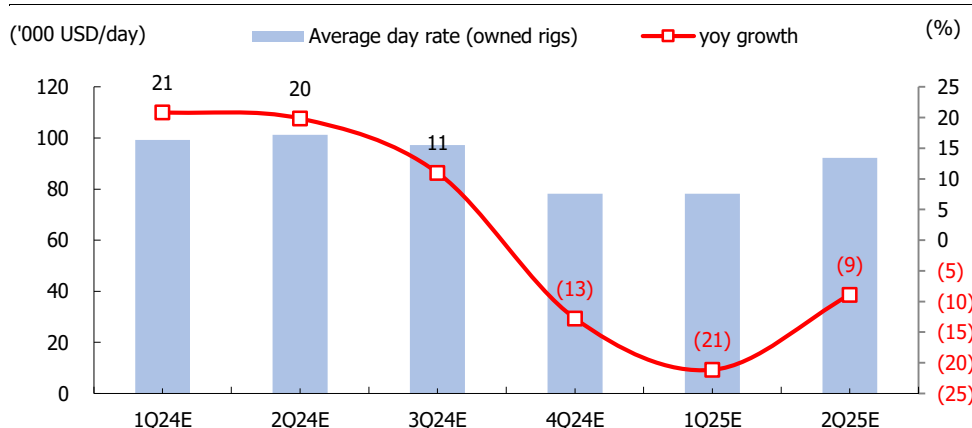
Source: FiiiproX, KIS Research

Figure 6. 2Q25 NPAT grew 89% yoy. Adjusting for one-off gain, NPAT still grow by a robust 54% yoy.



Source: FiiiproX, KIS Research

Figure 7. PVD's average day rate estimates of 5 operating owned rigs



Source: Company data, KIS Research.

Figure 8. 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's owned rigs | | | | | | | | | | | | | | | | | | | | | | | | | |
| PVD I | Petronas - Malaysia | | | | | | | | | | | | | | | | | | | | | | | | |
| PVD II | Pertamina - Indonesia | | | | | | | | | | | | | | | | | | | | | | | | |
| PVD III | Hibiscus - Malaysia | | | | | Hibiscus - Indonesia | | | | | Hibiscus | | | | Pertamina - Indonesia | | | | | | | | | | |
| PVD V (TAD) | Shell - Brunei | | | | | | | | | | | | | | | | | | | | | | | | |
| PVD VI | Petronas - Malaysia | | | | | | | | | | | | | | | | | | | | | | | | |
| PVD 11 (land rig) | GBRS - Algeria | | | | | | No more ownership | | | | | | | | | | | | | | | | | | |
| PVD VIII (new JU rig) | | | | | | | | | | | | | | | | | | | | | Murphy/VSP - Vietnam | | | | |
| Leased rigs | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hakuryu-11 | | | | | Idemitsu | | | | | Murphy | | | Murphy | | | | | | | | | | | | |
| BORR-THOR | | | | | | | | HLJOC | | | | | | | | JVPC | | | | Zarubezhneft | | | | | |
| BORR- GUNNLOD | | | | | | | | | | | | | | | | | | | | | | | HL-HV JOC | | |

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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