

21 Apr 2022

PV Drilling (PVD)

AGM Briefing: Earnings guidance is left blank

On April 21st, we tuned in to PVD's AGM presentation. Key issues covered were 2022F guidance and their operational updates.

2022F earnings guidance has yet to reap the rewards

- PVD targets a VND4.7tn revenue (+17.5% yoy), and a VND0bn PBT (vs VND62bn in 2021) in 2022F. The earnings guidance is set blank as the company has yet reaped the fruitful results from the oil price hike.
- Per the company, although the drilling market has started to warm thanks to rising oil prices, however, some drilling contracts were already signed in 2021 with low Jack-up (JU) day rates. PVD expects the JU day rate will improve from 3Q22F thanks to new contracts.
- Total Capex in 2022 is estimated to be VND315bn mainly including repair and procurement cost of equipment on the rigs.
- Shareholders approved a stock dividend at 100:10 ratio from undistributed earnings for 2021.
- The company announced preliminary 1Q22 results with revenue of VND1,000bn (+82% yoy) and a net loss of VND75bn and vs net loss of VND103.8bn in 1Q21. PVD II and PVD VI stood by in 2M22 and started to operate from March. The 1Q22 average JU day rate is USD57,000.
- In 2Q22F, PVD estimates the average JU day rate will go up to USD58,000. The company continues to book overdue debts provision, prompting a forecasted net loss of VND49bn in 2Q22F.
- In 2023F, PVD expects more drilling programs in Vietnam if Brent oil price maintains above USD80/b.

12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (20 Apr, pt)	1,385
Stock price (20 Apr, VND)	26,950
Market cap (USD mn)	494
Shares outstanding (mn)	421
52-Week high/low (VND)	39,950/17,200
6M avg. daily turnover (USD mn)	11.07
Free float / Foreign ownership (%)	49.5/4.5
Major shareholders (%)	
Vietnam Oil and Gas Group	50.41

Performance

	1M	6M	12M
Absolute (%)	(24.1)	4.5	23.3
Relative to VNIndex (%p)	(18.4)	4.7	12.9

Stock price trend



Source: Bloomberg

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	3,891	5,500	4,368	5,229	3,995
chg. (% YoY)	(27.4)	41.4	(20.6)	19.7	(23.6)
Operating profit (VND bn)	-396	100	37	1	-27
Net profit (VND bn)	45	197	184	186	20
EPS (VND)	1,916	395	614	(4,153)	685
chg. (% YoY)	467.3	(79.4)	55.3	(776.7)	(116.5)
EBITDA (VND bn)	393	708	627	489	507
PE (x)	14.1	68.2	43.9	(6.5)	39.3
EV/EBITDA (x)	0.6	1.6	2.6	2.6	2.6
PB (x)	0.8	0.7	0.8	0.8	0.8
ROE (%)	0.3	1.3	1.2	1.3	0.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

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

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Busier schedule for rigs

- PVD I has a drilling contract with Vietsovpetro until the end of 2022F and will re-sign the contract in 2023F with a higher rate, per management.
- PVD II has a short-term drilling program with Vietsovpetro in 1H22F and Indonesia client in 2H22F.
- PVD III continues the 2-year contract with Repsol in Malaysia.
- PVD VI starts 120 days program.
- PVD V (TAD) was put into operation in Jan 2022 with an expected 6-year drilling program for Shell in Brunie.

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