

23 May 2023

PetroVietnam Technical Services (PVS)

AM Briefing: Bright long-term outlook

On May 22, PVS made an AM presentation briefing for the 1Q23 business results and their long-term prospects.

Solid business results in 1Q23

- PVS posted a flat revenue of VND3.7tn (-2% yoy), in which, Mechanical & construction (M&C) revenue reach VND2,048b (+4.1% yoy).
- PVS recorded NPAT-MI of VND215bn (-1% yoy) due to having a one-off profit in 1Q23. Excluding one-off profit, recurring NPAT-MI increased by nearly +27% yoy due to the gross profit of the M&C segment increasing by 95.5% to VND71bn and a 71% yoy surging of financial income although SG&A expense jumped by 15.2% yoy to VND190bn.
- The company has a Capex plan value for 2023F and 2024F of VND1.8tn and VND1.3VN, respectively.
- Currently, PVS stock is not qualified to go through HOSE due to overdue debt.
- In the traditional Oil & Gas segment, PVS is focusing on upstream projects in Middle East and Malaysia with long-term renting ship contracts. In Vietnam, besides Block B, Golden Camel, and White Lion phrase 2 projects are reviewed for approval.

Focusing on offshore wind power in the long term

- Per management, Vietnam has the largest potential for offshore wind power in Southeast Asia due to the Monsoon climate, and PVS does have many competitors in this new segment.
- The bidding package to build 32 bases for Orsted Taiwan Limited's offshore wind power project is valued at USD300mn for 2 years.
- The management expects the gross margin of this segment to be lower than the oil & gas segment due to lower technical requirements so PVS will focus on expanding its scale.
- In the long term, PVS could become an offshore wind power investor.

	2018A	2019A	2020A	2021A	2022A
Sales (VND bn)	14,638	16,789	20,180	14,260	16,373
chg. (% YoY)	(13.5)	14.7	20.2	(29.3)	14.8
Operating profit (VND bn)	373	375	(138)	66	7
Net profit (VND bn)	1,047	1,033	624	675	884
EPS (VND)	2,968	1,597	1,280	1,048	1,236
chg. (% YoY)	755.0	(46.2)	(19.9)	(18.1)	17.9
EBITDA (VND bn)	46	55	52	33	37
PE (x)	9.7	18.0	22.4	27.4	23.2
EV/EBITDA (x)	1.6	2.6	2.6	2.6	2.6
PB (x)	1.1	1.1	1.1	1.1	1.1
ROE (%)	4.4	7.8	5.5	5.9	7.4
Dividend yield (%)	3.7	2.9	3.8	4.0	3.1

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

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12M rating **Non-rated**

12M TP **N.A**

Up/Downside **N.A**

Stock Data

VNIndex (23 May, pt)	1,071
Stock price (23 May, VND)	28,700
Market cap (USD mn)	585
Shares outstanding (mn)	478
52-Week high/low (VND)	31,932/18,000
6M avg. daily turnover (USD mn)	5.85
Free float / Foreign ownership (%)	48.5/20.6
Major shareholders (%)	
Vietnam Oil and Gas Group	51.38

Performance

	1M	6M	12M
Absolute (%)	15.3	50.3	6.4
Relative to VNIndex (%p)	12.5	36.3	17.0

Stock price trend



Source: Bloomberg

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