

9 Aug 2023

PV Drilling (PVD)

AM Briefing: Promising outlook for 2024F

On August 8, PVD made an AM presentation briefing for the 1H23 business results and their 2024F prospects.

High jack-up day rates in tight market

- PVD posted its 2Q23 results with revenue of VND1.4tn (-6.7% yoy) due to lower revenue from well-related services and no revenue from leased rigs.
- While NPAT-MI turned green to VND161bn in 2Q23 vs a net loss of VND60bn in 2Q22 since PVD's average jack-up (JU) day rate (USD75,000/day), utilization rate rose strongly yoy and booking a compensation of VND70bn for ending drilling contract with Valeura - Thailand.
- The South East Asia drilling market began to be scarce from Aug-23 due to the shift to Middle East and the start of the drilling program in region. Jack-up day rate in SEA was solid in 1H23 and remained above USD110,000/day.
- PVD is considering to invest a new Jack-up to fill high demand of the SEA market, however, the investment cost is being high.
- Per management, the OPEX cost of drilling program in foreign countries is 15% higher than domestic ones.

All rigs will drill for foreign investors from late 2023

- PVD I is currently holding short drilling contracts with Thang Long and NGP (Thailand). After completion, it will relocate to Malaysia for a 1-year drilling contract for Petronas with high rate.
- Both PVD II and PVD III are currently involved in long drilling programs. PVD II is drilling for Premier Oil in Indonesia, while PVD III is conducting drilling operations for Repsol in Malaysia.
- PVD VI is currently drilling for SK in Vietnam, scheduled from August to November. Following this, it will proceed to Malaysia for a 1-year drilling contract with Petronas.
- The land rig is currently executing short-term contracts in Algeria, while PVD V is engaged in a long-term 6-year contract in Brunei.

	2021A	2022A	2023F	2024F	2025F
Sales (VND bn)	3,995	5,432	6,844	8,792	10,600
chg. (% YoY)	(23.6)	35.9	26.0	28.5	20.6
Operating profit (VND bn)	(27)	68	731	1,194	1,412
Net profit (VND bn)	20	(99)	434	820	1,021
EPS (VND)	685	(845)	718	1,357	1,689
chg. (% YoY)	(116.5)	(223.4)	(185.0)	88.9	24.5
EBITDA (VND bn)	507	850	1,523	1,998	2,228
PE (x)	38.1	(30.9)	36.4	19.2	15.5
EV/EBITDA (x)	2.6	2.6	2.6	3.6	4.6
PB (x)	0.8	1.0	1.0	1.0	0.9
ROE (%)	0.3	(1.1)	3.1	5.6	6.6
Dividend yield (%)	0.0	0.0	0.1	0.5	0.8

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

12M rating **BUY**

12M TP **28,800**

Up/Downside +11.6%

Stock Data

VNIndex (09 Aug, pt)	1,234
Stock price (09 Aug, VND)	25,800
Market cap (USD mn)	604
Shares outstanding (mn)	556
52-Week high/low (VND)	26,450/12,750
6M avg. daily turnover (USD mn)	4.70
Free float / Foreign ownership (%)	46.9/21.3
Major shareholders (%)	
Vietnam Oil and Gas Group	50.41

Performance

	1M	6M	12M
Absolute (%)	3.8	23.7	45.4
Relative to VNIndex (%p)	(4.8)	6.8	45.9

Stock price trend



Source: Bloomberg

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