

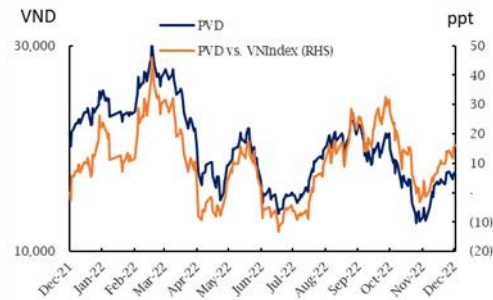
BUY

TP upside (downside) +47.8%

Close 22 Dec 2022

Price 17,800
12M Target 26,160

Share price performance relative to VNINDEX



Market cap (USD mn)	416
6M ADT (USD mn)	6.7
Outstanding shares (mn)	556
Free float (%)	44.5
FINI ownership (%)	18.4
FOL Room (%)	30.6
Major shareholders (%)	55.5
2023 Net debt/equity (%)	15.8%
2023 BVPS (VND)	31,768
2023 P/B (x)	0.6
2023 P/E (x)	8.0
2023 EV/EBITDA (x)	7.9

Financial outlook

Year to Dec	2021A	2022E	2023E	2024E
Sales (VND bn)	3,988	6,611	7,628	8,986
EPS (VND)	46	1,526	2,875	4,514
ROE (%)	0.1	4.6	8.8	13.2
Div. yield (%)	-	-	-	-

Sources: Bloomberg, Company data, Yuanta Vietnam

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Bloomberg code: YUTA

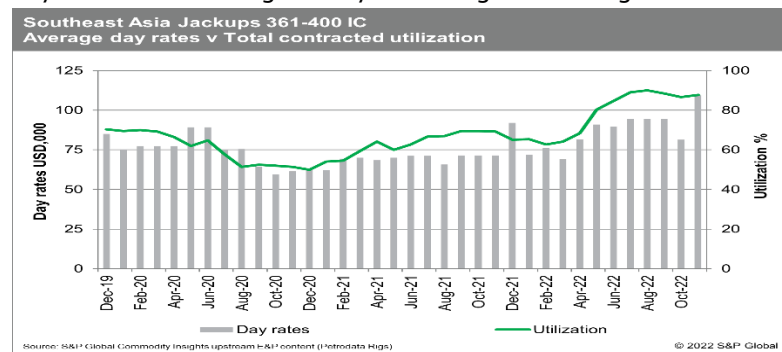
PV Drilling (PVD VN): Day Rate Soars

Event

The jack-up (JU) rig day rate in the Southeast Asia has risen to ~ USD 110k (+22% MoM) due to strong demand but limited supply.

Details

Day rate soars on strong demand. According to S&P Global, the jack-up rate in Southeast Asia has risen to 110k per day (up +22% MoM / +57% YoY). Regional JU rig utilization has reached 90%, up from ~60% a year ago. Historically, day rates tend to accelerate when utilization exceeds 85%. PVD says that its four JU rigs have a minimum rate of USD 75k, up by ~15-20% YoY. We expect PVD's day rates to increase gradually to the regional average.



Drilling rigs are almost fully deployed until 2023. PVD shared with us that all of their rigs are contracted out to overseas and domestic customers for 2023. TAD is deployed in Brunei under long-term contract with Brunei Shell Petroleum. PVD II has a 2-year contract with Pertamina Hulu Energi ONWJ (Indonesia). The remaining JU rigs are set to be busy in 2023, in line with the regional market.

Block B Omon mega project to be initiated? The Ministry of Industry and Trade has instructed PVN and EVN to initiate the USD 10bn project. PVN is to work with upstream investors MOECO (Japan), PTTEP (Thailand), and PVEP (Vietnam) to produce a final investment decision (FID) by Jun-2023, with first gas production by end-2026. The project should trigger demand for drilling services.

9M22 Revenue rose by +47.4% to VND3.9tn but PVD posted a net loss of VND150bn, primarily because 1) gross margin fell by 90bp to 8% and 2) financial costs soared (VND 140bn vs VND 8.1bn in 9M21) mostly due to non-cash FX provisioning (VND109bn) against PVD's USD-denominated debt as the VND fell -4.4% in 9M22.

The USD debt is naturally hedged by USD revenues so the FX issue is not a major concern. In any case, the VND has rebounded +1.1% QTD, so PVD may recognize a partial reversal of FX provisions in 4Q22. However, our 2022E forecasts appear to be out of reach.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

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