

BUY

TP upside (downside) +74.4%

Close 26 April 2023

Price 20,700
12M Target 36,103

Share price performance relative to VNINDEX



Market cap (USD mn)	480
6M ADT (USD mn)	4.2
Outstanding shares (mn)	556
Free float (%)	33
FINI ownership (%)	20.9
FOL Room (%)	28
Major shareholders (%)	67.0
2022 Net debt/equity (%)	10.3%
2023 BVPS (VND)	25.875
2023 P/B (x)	0.8
2023 P/E (x)	7.2
2023 EV/EBITDA (x)	7.9

Financial outlook

Year to Dec	2021A	2022A	2023E	2024E
Sales (VND bn)	3,995	5,467	7,628	8,986
EPS (VND)	46	-193	2,875	4,514
ROE (%)	0.1	n/a	8.8	13.2
Div. yield (%)	-	-	-	-

Sources: Bloomberg, Company data, Yuanta Vietnam

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Bloomberg code: YUTA

PV Drilling (PVD VN): AGM Notes

Event

We attended PVD's AGM today. Management put forth an optimistic view on the drilling market and expects a turnaround in profit in 2023 underpinned by stronger day rates.

Details

An operational turnaround. 2023 revenue guidance: VND5.4tn, unchanged YoY. This target is based on an average jack-up rig day rate of USD70k (up by +15% YoY) and average rig utilization of 3.9 (i.e., 98% of their four jack-up rigs), up from 3.4 in 2022.

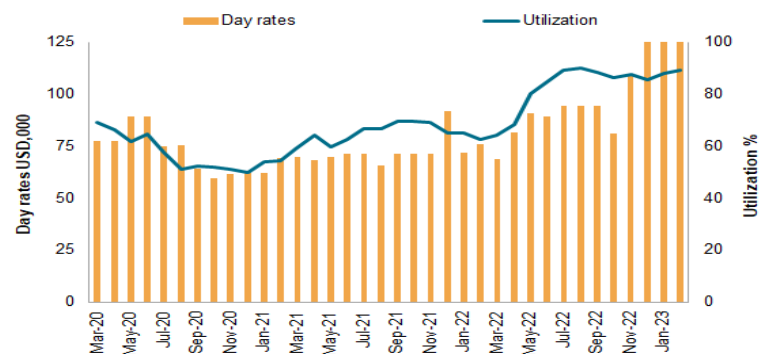
2023 PAT target is set at VND100bn, but management stated that it expects PAT to exceed VND200bn. Either figure would be a substantial improvement on the net loss of VND154bn in 2022.

1Q23 preliminary PAT was VND52bn (i.e., 52% of the full-year target), a sharp improvement compared to the net loss of VND75.1bn in 1Q22. PVD attributes this to the improved day-rate.

PVD's drilling rigs will be almost fully deployed toward end-2023. PVD shared that all its rigs are contracted out in overseas and domestic markets in 2023. The TAD rig is deployed in Brunei under a long-term contract with Brunei Shell Petroleum.

Day rates are up on strong demand. The company anticipates a rig shortage in SEA in late 2023, especially in Malaysia and Indonesia where rigs have been shifted to the Middle East. As such, the day rate should remain high. According to S&P Global, regional jack-up rig utilization has increased to 90% (vs ~60% in 1Q22). Day rates tend to accelerate when utilization exceeded 85%. PVD's new day rate is USD 120k, double that of 1Q22. PVD's USD70k assumption for the annual average day rate is clearly below the spot rate, but this is appropriate given previously committed fixed rate contracts.

Southeast Asia Jackups 361-400 IC
Average day rates v Total contracted utilization



Data compiled Mar. 15, 2023.
Source: S&P Global Commodity Insights upstream E&P content (Petrodata Rigs).
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BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

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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