

September, 2025

**PETROVIETNAM DRILLING & WELL SERVICES CORP (HOSE: PVD)**
**Contribution from new rig expected to drive earnings growth**

Using a combination of 50:50 discounted cash flow and EV/EBITDA comparison methods, we determine the fair value of PVD shares over the next year to be **VND27,000**, including a projected cash dividend of VND 500/share, equivalent to an expected total return of **21%**. However, the stock could be valued higher with a higher risk appetite.

**We expect PV Drilling's earnings momentum to improve meaningfully from September 2025, once the PVD VIII rig officially commences operations.** PVD VIII is a next-generation jack-up rig recently acquired by the company and currently undergoing its final upgrade stage. The deployment of this rig will not only enhance fleet capacity but also serve as a key growth catalyst for drilling revenue in late 2025.

**While awaiting PVD VIII's contribution, the company continues to sustain utilization through chartered rigs in the domestic market.** Specifically, PVD is operating the Hakuryu-11 rig from January to April and the BORR-THOR rig from May to October 2025. With domestic drilling demand showing strong signs of recovery, PVD is expected to lease an additional 1–2 rigs by late Q3 or early Q4 to meet the execution schedule of ongoing drilling programs.

**For 2025, we forecast drilling services revenue to reach VND 5,963 billion (+0% YoY).** Growth is primarily supported by higher activity from chartered rigs, which offsets the revenue gap between May and September when PVD 11 was retired and PVD VIII had not yet started contributing. Overall, we expect jack-up utilization to remain exceptionally high at 98%, while average day rates are projected to increase by ~4% YoY. For 2025, we forecast total revenue to reach VND 9,440 billion (+1.6% YoY) and net profit attributable to shareholders (NPAT-MI) at VND 804 billion (+15.2% YoY).

**Looking further ahead, we expect drilling services to sustain stable growth over 2025–2029, with an estimated revenue CAGR of 5.8%,** underpinned by the full operation of PVD VIII and potential contributions from PVD IX under the company's medium-term expansion plan. In addition, international market expansion should help diversify domestic risks, secure high fleet utilization, and enhance long-term competitiveness.

**Risks**

A decline in oil prices could (1) pressure day rates for re-contracted and new contracts, and (2) weigh on share performance, given the medium-to-strong correlation between Brent oil prices and PVD's stock price.

**Key financial ratios**

Ending (Billion VND)	2021	2022	2023	2024	2025F	2026F
<b>Net revenue</b>	<b>3,995</b>	<b>5,432</b>	<b>5,804</b>	<b>9,288</b>	<b>9,440</b>	<b>10,201</b>
YoY (%)	-23.6%	35.9%	6.9%	60.0%	1.6%	8.1%
<b>EBITDA</b>	<b>507</b>	<b>850</b>	<b>1,616</b>	<b>2,002</b>	<b>2,065</b>	<b>2,598</b>
<b>NPAT-MI</b>	<b>20</b>	<b>-99</b>	<b>585</b>	<b>698</b>	<b>804</b>	<b>996</b>
YoY (%)	-80.0%	-604.0%	-452.2%	19.3%	15.2%	23.9%
NPAT-MI margin (%)	0.5%	-1.8%	10.1%	7.5%	8.5%	9.8%
ROA (%)	0.1%	-0.5%	2.7%	3.0%	3.3%	4.0%
ROE (%)	0.1%	-0.7%	4.0%	4.4%	5.0%	6.0%
Basic EPS (VND)	-36	-242	810	1,000	1,446	1,791
Book value (VND)	32,243	24,904	26,354	28,406	29,374	30,111
Cash dividend (VND)	0	0	0	0	500	500
P/E (x)	(823.6)	(73.8)	34.6	23.4	15.2	12.3
P/BV (x)	0.9	0.7	1.0	0.8	0.8	0.7

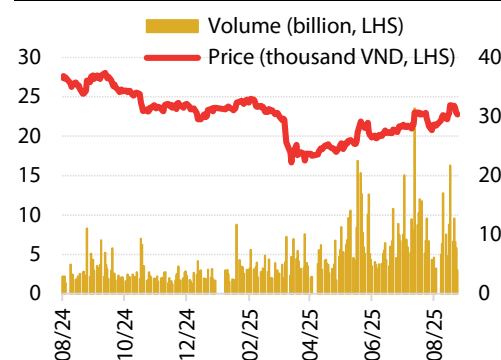
Source: PVD, RongViet Securities. Based on the closing price on 26/09/2025.

**BUY**
**+21%**

Market price (VND)	22,650
Target price (VND)	27,000

**Stock info**

Sector	Oil & Gas
Market Cap (VND Bn)	12,370
Share O/S (Mn)	556
Beta	1.0
Free Float (%)	50.0
52 weeks high	28,100
52 weeks low	16,700
Average trading volume (20 sessions)	8,321,000


**Performance (%)**

	3M	1Y	2Y
PVD	2%	-12%	-16%
VN30 Index	2%	41%	51%
VN-Index	0%	30%	35%

**Major shareholders (%)**

PVN	51
Others	49
Remaining Foreign Room (%)	45.24

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## VALUATION

### LONG-TERM VALUATION BY FCFF METHOD

DCF assumptions	Value	Valuation summary	Unit: VND bn
WACC 2025	12.7%	DCF forecast duration	5 years
Effective rate tax	25.0%	Discountable Free Cash Flow	15,592
Cost of equity	14.0%	+ Cash & Equiv at Valuation Date	2,935
Risk-free rate	5.0%	- Debt	-3,625
Equity risk premium	9.0%	Equity value	14,902
Beta	1.0	No. of share outstanding (million shares)	555.9
Exit EV/EBITDA	6.0x	<b>Equity Value per Share (VND)</b>	<b>26,807</b>

Source: RongViet Securities

**Table 1: Sensitivity analysis for PVD equity value per share (VND)**

WACC	Exit EV/EBITDA					
		5.00	5.50	6.00	6.50	7.00
	10.7%	25,352	27,088	28,824	30,560	32,296
	11.7%	24,449	26,119	27,790	29,460	31,131
	12.7%	23,585	25,193	26,801	28,410	30,018
	13.7%	22,760	24,308	25,857	27,405	28,954
	14.7%	21,969	23,461	24,953	26,444	27,936

Source: RongViet Securities

### SHORT-TERM VALUATION BY EV/EBITDA METHOD

We use the valuation method by comparing EV/EBITDA ratios. The target price of PVD is shown in the table below:

**Table 2: Estimated target price of PVD over 2 Years**

			EV/EBITDA				
			5.00	5.50	6.00	6.50	7.00
EBITDA	2025	2,065	18,058	19,916	21,774	23,631	25,489
	2026	2,598	22,501	24,838	<b>27,176</b>	29,513	31,850

Source: RongViet Securities

**Table 3: Sensitivity analysis table for PVD's estimated target price in 2026 based on changes in jack-up rig rental rates and utilization efficiency compared to the base scenario**

		Jack-up Rig Rental Rate Compared to the Base Scenario						
		-15%	-10%	-5%	0%	5%	10%	15%
Rig Utilization Efficiency	85%	24,151	24,857	25,562	26,268	26,973	27,679	28,384
	87%	24,108	24,963	25,818	26,673	27,528	28,383	29,238
	89%	24,064	25,069	26,074	27,008	28,083	29,088	30,092
	91%	24,021	25,175	26,329	<b>27,176</b>	28,638	29,792	30,946
	93%	23,978	25,282	26,585	27,589	29,193	30,496	31,8
	95%	23,934	25,388	26,841	28,294	29,748	31,201	32,654
	97%	23,891	25,494	27,097	28,700	30,303	31,905	33,508

\*Based on the base scenario, we estimate that PVD's jack-up rig rental rate is 95,400 USD/day, with an average utilization efficiency of 91%.

**We combine two methods with a 50:50 ratio, the target stock price for the next year is 27.000 VND per share, equivalent to a projected EV/EBITDA ratio for 2025 of 5.9x times.** Investors can rely on our sensitivity analysis table to make investment decisions that suit their risk appetite.

Methods	% contribution	Target price (VND/share)
DCF (5 years, WACC: 12.7%, EVEBITDA: 6.0x)	50%	26,800
EV/EBITDA (6.0x, EBITDA 2026F = 2,600)	50%	27,200
<b>Total PVD</b>	<b>100%</b>	<b>27,000</b>

We would like to highlight that our analysis is based on the key assumption that PVD's drilling contracts and related well services will proceed without delay. Should this critical assumption deviate from our expectation, PVD's operating performance could be materially impacted in the medium to long term.

We note the key aspects of PVD's stock, which support our valuation as follows:

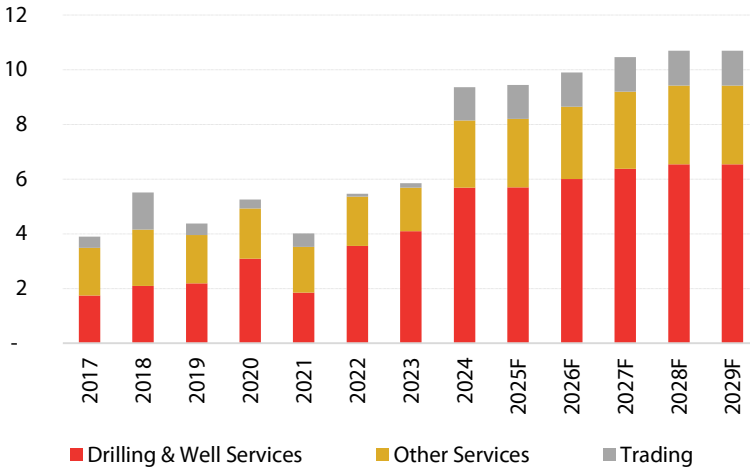
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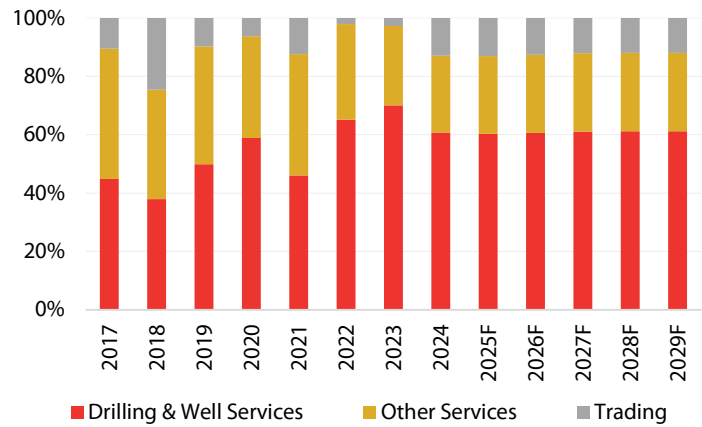
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**Revenue:** We forecast PVD's total revenue to rise from VND9,360bn in 2024 to VND12,389bn by 2029, implying a CAGR of 5.8% during 2025 – 2029. Growth will be primarily driven by the Drilling & Well Technical Services segment, which is expected to account for an average of 88% of revenue over the period.

As a leading drilling contractor and well services provider in both domestic and regional markets, we expect PVD to enter a more stable growth phase, underpinned by increasing E&P activity in Vietnam and across the region, which should support stronger demand for drilling and well services.

**Figure 1: PVD 's net revenue (VND trillion)**


Source: PVD, RongViet Securities

**Figure 2: Revenue contribution by business segment (%)**


Source: PVD, RongViet Securities

**1. Drilling Services**

**Drilling services have remained PVD's core business, contributing 55–60% of revenue over the past decade.** As the oil & gas sector enters a recovery cycle, we expect this segment to continue serving as a key driver of medium- to long-term growth.

In 2024, PVD marked an important milestone with the acquisition of PVD VIII - a new-generation jack-up rig funded by USD45mn of equity capital - which is scheduled to commence operations in September 2025. At the same time, the disposal of PVD 11 reflects PVD's asset optimization strategy, shifting towards a leaner fleet with a focus on higher-return offshore rigs.

**For 2025,** we forecast drilling services revenue to reach VND9,442bn (+1% YoY), supported by stronger activity from leased rigs, which will partially offset the revenue gap during May–September when PVD 11 will no longer contribute and PVD VIII has yet to begin operations. Overall, we expect jack-up utilization to remain very high at ~98%, with average day-rates improving by ~4% YoY.

We also note that several domestic drilling campaigns are scheduled for Q3–Q4 2025. PVD's H2 earnings outlook could therefore be more favorable if the company secures additional contracts at major fields such as Kinh Ngu Trang and Su Tu Trang. With its flexible operating strategy, PVD could also lease additional rigs to meet incremental demand, further enhancing revenue and operating efficiency.

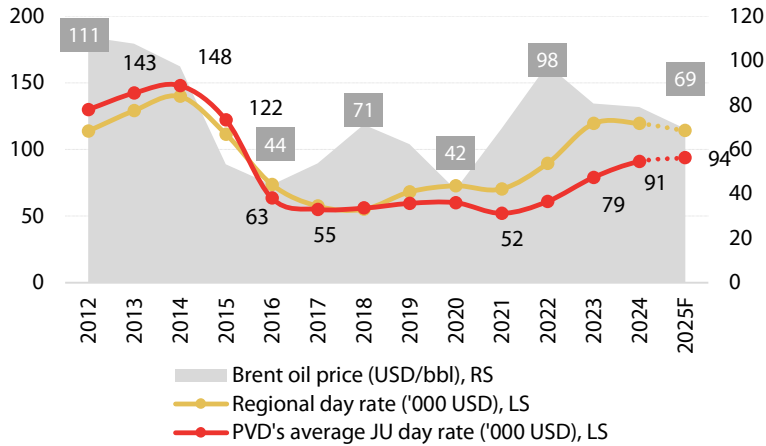
**Looking ahead to 2025–2029,** we forecast the drilling services segment to deliver stable growth, with revenue CAGR of ~6.3%, supported by the full contribution of PVD VIII and potential deployment of PVD IX under the company's medium-term expansion plan. Furthermore, expanding international presence will help diversify domestic risk, ensure high utilization rates, and strengthen PVD's sustainable competitiveness.

**Table 4: Estimated Rig Utilization and Average Rental Rates for PVD (2025–2029)**

	FY2025E	FY2026	FY2027	FY2028	FY2029
<b>Rig Utilization Rate</b>	<b>80%</b>	<b>92%</b>	<b>90%</b>	<b>93%</b>	<b>93%</b>
JU	75%	91%	88%	92%	92%
TAD	100%	100%	100%	100%	100%
<b>Average Daily Rental Rate (USD/day)</b>					
JU	95,420	95,420	99,140	101,140	101,140
TAD	90,000	90,000	90,000	90,000	90,000
<b>Opex (USD/day)</b>					
JU	52,576	53,890	56,585	58,000	58,580
TAD	45,001	45,001	45,001	45,001	45,001
<b>Depreciation Cost (USD/day)</b>					
JU	13,730	13,774	13,755	12,783	11,440
TAD	31,575	31,575	31,575	31,575	31,575

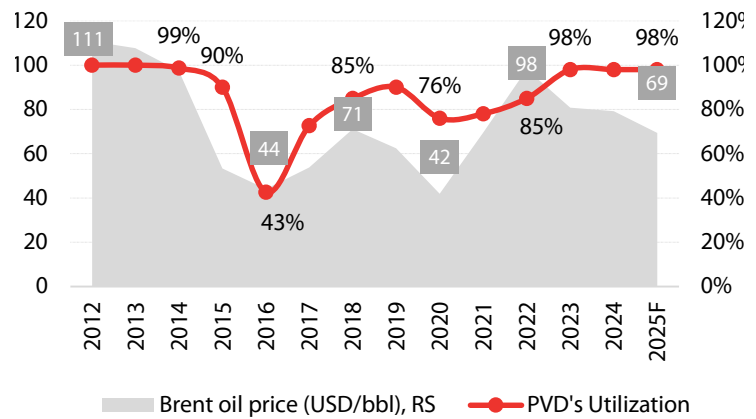
Source: RongViet Securities

**Figure 3: Average dayrate of PVD vs. Regional peers (USD '000/day)**



Source: PVD, RongViet Securities

**Figure 4: Average rig utilization of PVD vs. Regional peers (%)**



Source: PVD, RongViet Securities

**Figure 5: PVD's rig schedule in 2025 and 2025–2028**

	2025				2026				2027				2028				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
PV DRILLING I	Malaysia					Vietnam			Drilling Contract								
PV DRILLING II	Indonesia																
PV DRILLING III	Malaysia	Indonesia														Drilling Contract	
PV DRILLING VI	Malaysia	Malaysia										Vietnam					
Landrig 11	Algeria																
PV DRILLING V	Brunei																
PV DRILLING VIII	Rig Reactivation				Vietnam		Drilling Contract										
PV DRILLING IX					Rig Reactivation				Drilling Contract								
LEASED RIG	Vietnam																
LEASED RIG # 1			Vietnam														
LEASED RIG # 2			Vietnam		Vietnam												
LEASED RIG # 3			Vietnam														
LEASED RIG # 4			Vietnam														

	Drilling contract from owned rigs
	Drilling contract from leased rigs
	Assumed Drilling contract

Source: PVD, RongViet Securities

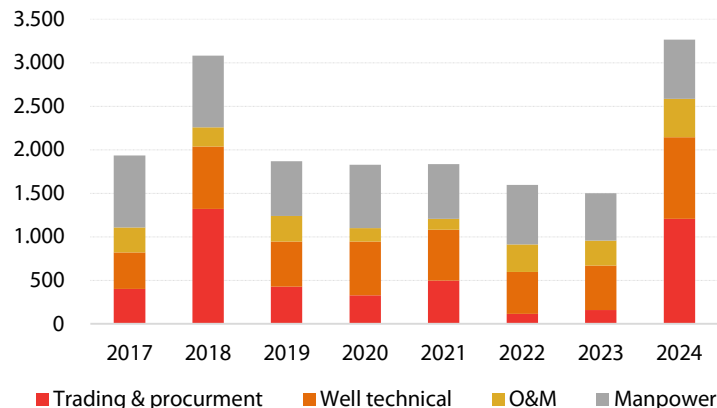
**Drilling Activity Update:** PVD has successfully expanded and extended multiple long-term contracts across its rig fleet, securing utilization through 2028 in key international markets. Details are as follows:

- **PVD I** is currently operating under contract with Petronas Carigali (PCSB) in Malaysia until early 2026, with the possibility of further extensions.
- **PVD II** has secured a contract extension with Pertamina in Indonesia through end-2028, reflecting customer confidence in its >99% operational uptime.
- **PVD III** completed its assignment with Hibiscus in Malaysia and will redeploy to Indonesia in May 2025 under a 3-year contract with Pertamina, with a 2-year extension option.
- **PVD VI** is contracted with PCSB in Malaysia until mid-2027, after which it is scheduled to return to Vietnam to drill at the Block B field.
- **PVD V (TAD)** is operating under a long-term contract with BSP in Brunei, with firm commitment through end-2027 and extension options to 2029.
- **PVD VIII**, acquired from Seadrill Prospero, is in the final stages of reactivation and is expected to commence operations in Vietnam from September 2025. Initial day-rates, however, are expected to be moderate.
- **PVD IX**, acquired from Noble Highlander UK LTD in September 2025, is currently undergoing reactivation in Denmark before being mobilized to Vietnam, with its first drilling campaign scheduled to commence by end-Q1/2026.

## 2. Well technical services & Other drilling-related services

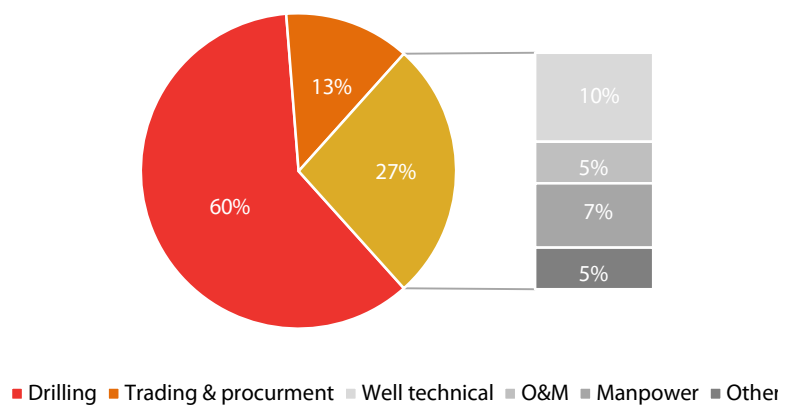
Well technical services and drilling-related services remain PVD's second key revenue pillar, after rig leasing, contributing a stable 30–40% of revenue over the past decade. Leveraging its leading position in well services and drilling manpower in Vietnam, PVD continues to deliver superior operational efficiency relative to the rest of the market.

**Figure 6: Revenue from Non-drilling services (VND billion)**



Source: PVD, RongViet Securities

**Figure 7: Revenue contribution from Non-drilling services (%)**



Source: PVD, RongViet Securities

**2024 marked a significant shift for PVD, as all of its owned rigs were deployed overseas.** Nevertheless, PVD's domestic ancillary services segment remained stable. The absence of domestic rigs posed risks of lower activity in manpower supply, well technical services, and materials provision. However, thanks to its strong brand reputation and service quality, PVD was able to maintain its market share, continuing to serve as a key supplier for major clients such as Shelf Drilling, Vietsovpetro, JDC, HAKURYU-11, and Borr Thor. This underscores PVD's sustainable competitiveness in this segment.

**In 2025, we expect well technical services and related activities to remain stable,** with revenue estimated at ~VND99bn (flat YoY). Key contributors include:

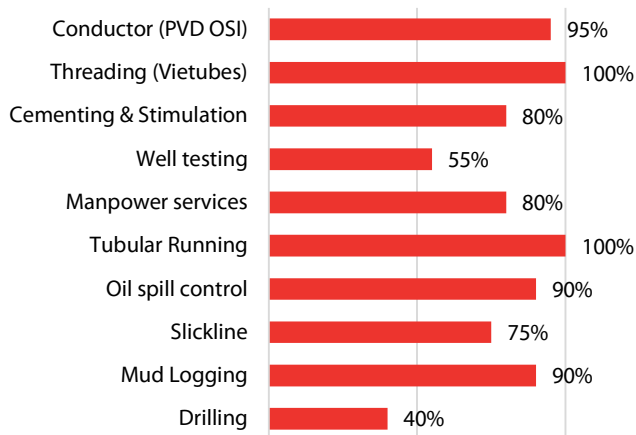
- (1) A well technical services and materials contract for the Đại Hùng Phase 3 field.



- (2) The Song Doc field abandonment project – Vietnam’s first decommissioning project, executed by the PVD–POS consortium. This milestone is an important stepping stone, opening opportunities for PVD to participate in future decommissioning projects, a nascent but promising market in both Vietnam and the broader region.

**Over the medium term (2025–2029), we forecast this segment to deliver steady growth**, with revenue CAGR of ~6.6% annually, supported by the regional upstream investment cycle and PVD’s expanding role in higher value-added well technical services.

**Figure 8: PVD’s market share in Drilling & well-related services in Vietnam**



Source: PVD, RongViet Securities

**Figure 9: Key clients of PVD in Vietnam**



Source: PVD, RongViet Securities

### 3. Trading: Supply of Drilling Materials & Equipment

PVD currently plays a key role as a leading supplier of drilling materials and equipment in Vietnam, serving major clients such as Vietsovpetro, PTSC, Repsol, and Rosneft.

**During 2014–2024**, this trading segment contributed on average around 10% of the company’s total revenue.

**For 2025**, we estimate revenue from this segment to reach VND1,238bn (+2% YoY). Over the following five years (2025–2029), we expect this segment to remain stable, continuing to provide a steady contribution to PVD’s overall revenue mix.

#### Gross Profit

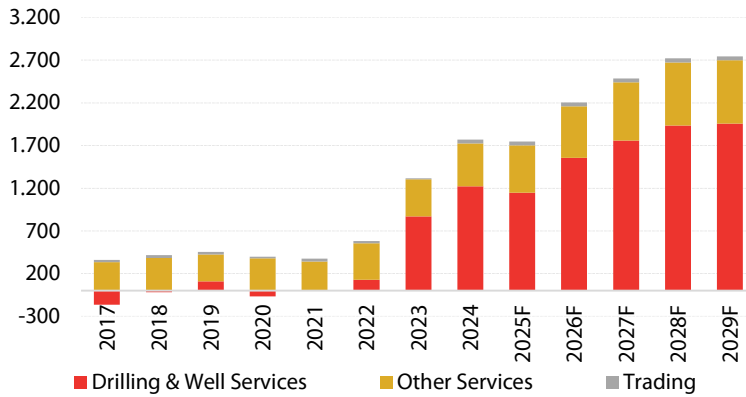
**We expect PVD’s gross margin to remain stable in 2025, with a gradual improvement trend over 2025–2029.** For 2025, PVD is estimated to deliver approximately VND 1,741bn in gross profit, broadly flat YoY, translating into a gross margin of 18.5%, slightly down by 40bps from 18.9% in 2024.

**The margin stability in 2025 reflects the long-term nature of drilling service contracts, with dayrates secured since 2024.** This provides PVD with a relatively resilient gross profit base, despite potential short-term cost fluctuations. We also note that the company’s overall gross margin typically moves in line with the drilling services segment, which dominates both revenue and earnings contribution.

**Looking into the medium to long term (2025–2029), we see a positive outlook for margin expansion.** Roughly 50% of PVD’s owned rigs have secured long-term contracts until 2028 in key international markets such as Indonesia and Malaysia, enabling the company to reduce mobilization costs and downtime. In addition, jack-up dayrates in Southeast Asia are expected to trend modestly higher, supported by recovering demand, particularly as E&P projects move into more active development phases from 2025 onwards.

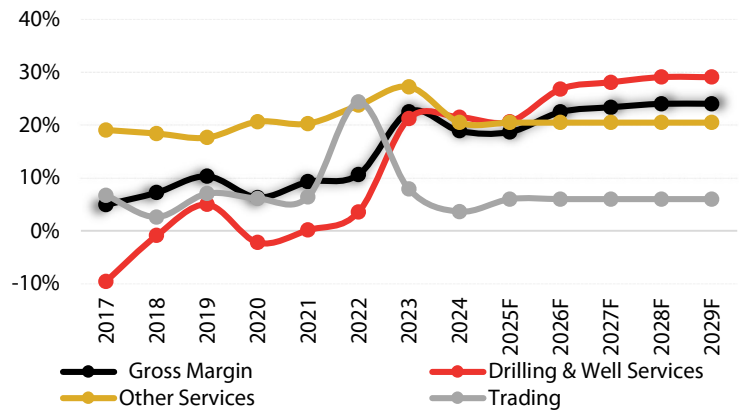


**Figure 10: PVD's Gross profit by business segment (VND billion)**



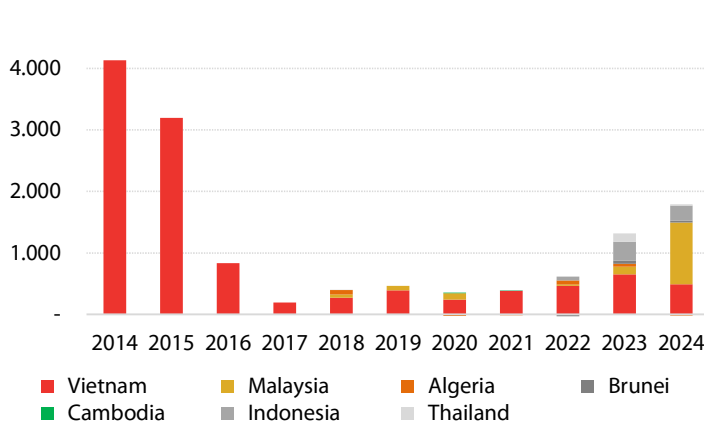
Source: PVD, RongViet Securities

**Figure 11: PVD's Gross margin by business segment (%)**



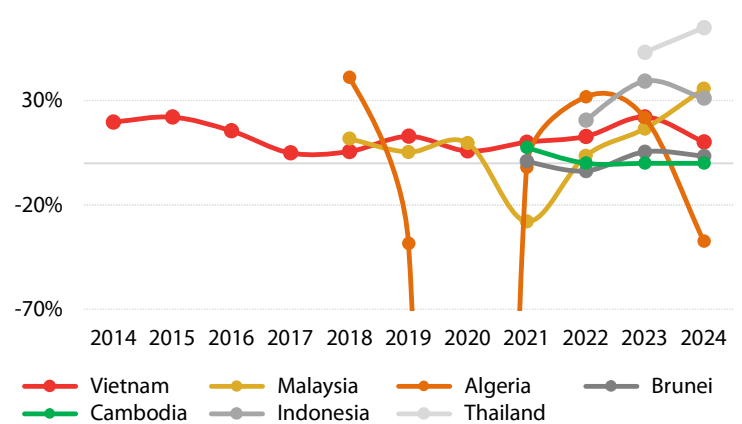
Source: PVD, RongViet Securities

**Figure 12: PVD's Gross profit by geography (VND billion)**



Source: PVD, RongViet Securities

**Figure 13: PVD Gross margin by geography (%)**



Source: PVD, RongViet Securities

### Selling, General & Administrative expenses (SG&A)

**For the period 2025–2029, we project PVD's SG&A-to-revenue ratio to remain stable at around 6.8%.**

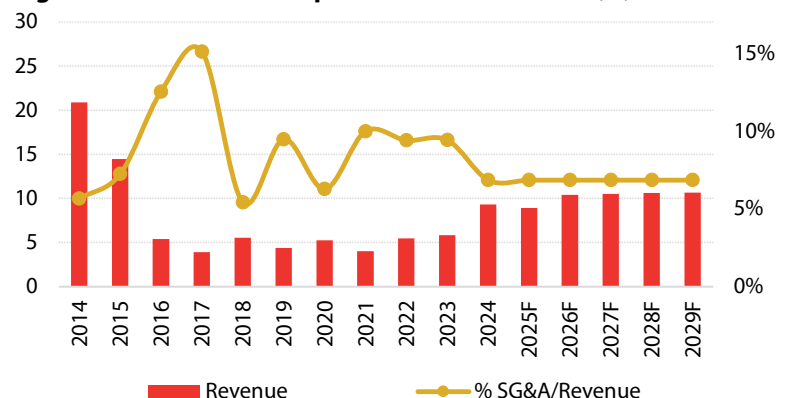
Historically, this ratio averaged about 7% over the past decade, excluding 2016–2017, when PVD significantly expanded its overseas presence by establishing representative offices and subsidiaries. During that period, the SG&A ratio spiked to 12–15%. Stripping out those outlier years, the company has consistently maintained a lean cost structure, suggesting limited downside risk to operating leverage going forward.

**Figure 14: PVD's SG&A expenses (VND billion)**



Source: PVD, RongViet Securities

**Figure 15: PVD's SG&A expenses as % of revenue (%)**



Source: PVD, RongViet Securities

### Cost structure analysis

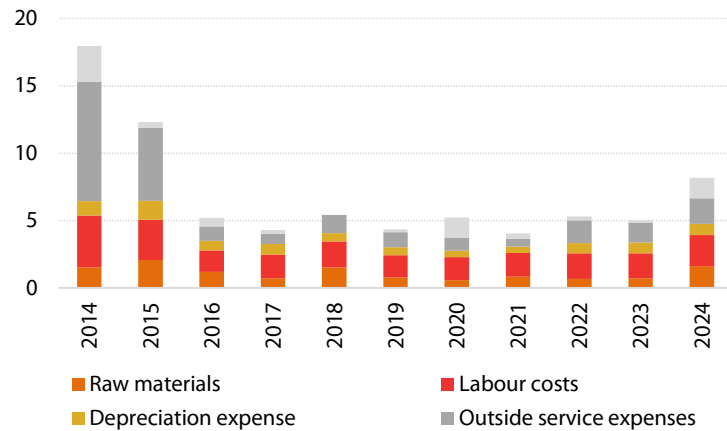
**Labor and outsourced services remain the largest cost components**, accounting for 60–70% of total expenses, reflecting the highly technical and equipment-intensive nature of the drilling industry.

**The use of third-party rigs significantly inflated costs in 2024.** PVD operated two leased rigs (Hakuryu-11 and Borr Thor) during the year, with operating margins of only 2–3%, driving outsourced service expenses up nearly 40% YoY and weighing directly on consolidated gross margin.

**Financial expenses also exert pressure on net earnings**, primarily stemming from long-term borrowings used to finance rig investments. These costs represent roughly 30% of gross profit. In 2024, interest expenses rose a further 10.3% YoY, amid persistently high USD interest rates and unfavorable FX movements.

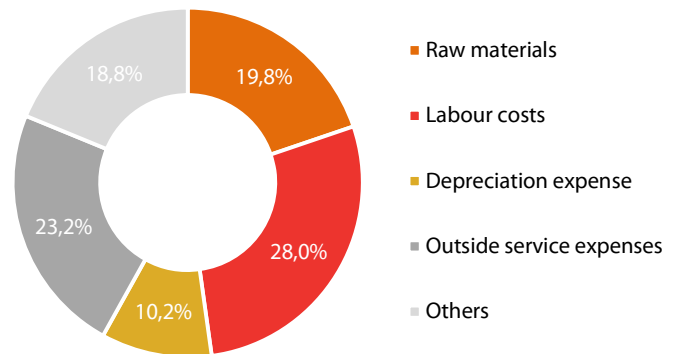
**Looking ahead, we believe cost optimization will hinge on both interest rate trends and the company's ability to manage outsourcing.** A potential decline in SOFR in 2025 should help ease financial expenses. However, PVD's ability to secure self-owned rig utilization and reduce reliance on leased rigs will be the key driver of sustainable margin improvement.

**Figure 16: PVD's Operating Costs by Factor (VND trillion)**



Source: PVD, RongViet Securities

**Figure 17: PVD's Operating cost structure by factor (%)**



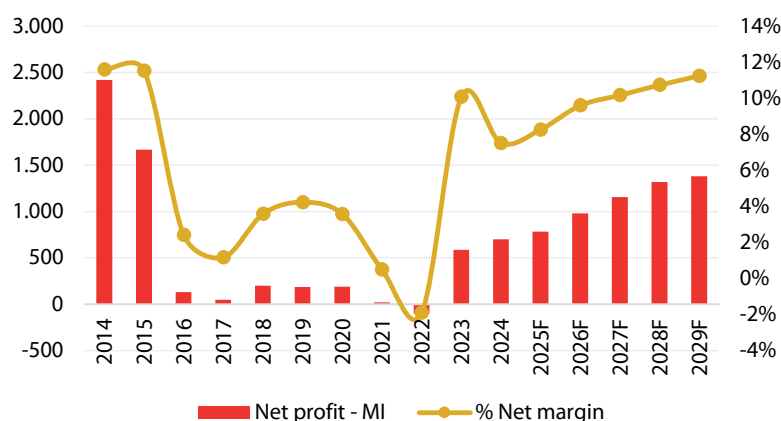
Source: PVD, RongViet Securities

### Net Profit

In 2025, we forecast PVD's net profit margin to reach 8.3%, up 80bps from 7.5% in 2024, supported by one-off contributions from asset disposal gains and insurance compensation.

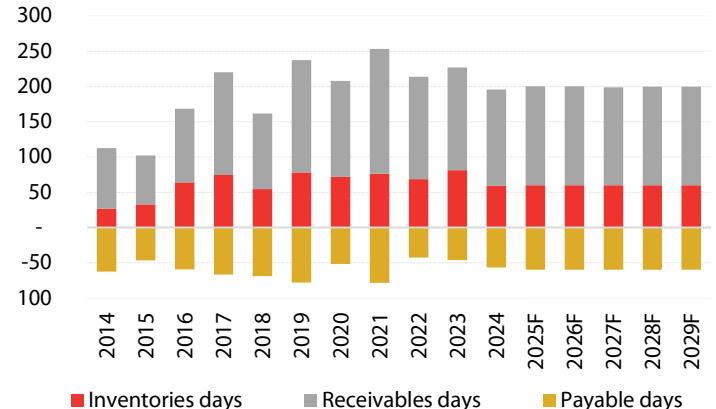
Over the next five years, under a favorable business outlook, we expect net margins to gradually improve, reaching 12.3% by 2029.

**Figure 18: PVD's Net profit (VND billion) & Net margin (%)**



Source: PVD, RongViet Securities

**Figure 19: PVD's Operating efficiency (Days)**



Source: PVD, RongViet Securities

### Asset Highlights

**Working Capital:** Overall, we assess PVD's working capital structure as healthy and efficient compared to the regional oil & gas drilling sector (Exhibit 9). Based on data from 2014–2024, PVD has consistently maintained balanced working capital metrics, reflecting disciplined short-term financial management, particularly given its geographically diverse operations across Southeast Asia and offshore markets.

- **Inventory Management (DIO):** PVD demonstrates effective inventory control, with days of inventory outstanding ranging between 54–87 days and averaging 63 days in 2014–2024, lower than the industry median of 68 days. This indicates prudent management of drilling materials and equipment, minimizing excess stockpiles and optimizing storage costs - critical as most rigs operate outside Vietnam.
- **Receivables (DSO):** PVD maintains superior receivables collection, averaging 84 days over the past decade, significantly better than the industry average of 98 days and the peer median of 102 days. This underscores strong credit risk management, efficient cash conversion, and financial stability, especially for cross-border service contracts.
- **Payables (DPO):** PVD's days payable outstanding is relatively low, averaging 57 days compared to the industry average of 93 days. This reflects a strategy of early settlement with suppliers, reinforcing vendor relationships but limiting the firm's ability to leverage trade payables as working capital, potentially tightening liquidity during peak investment cycles.

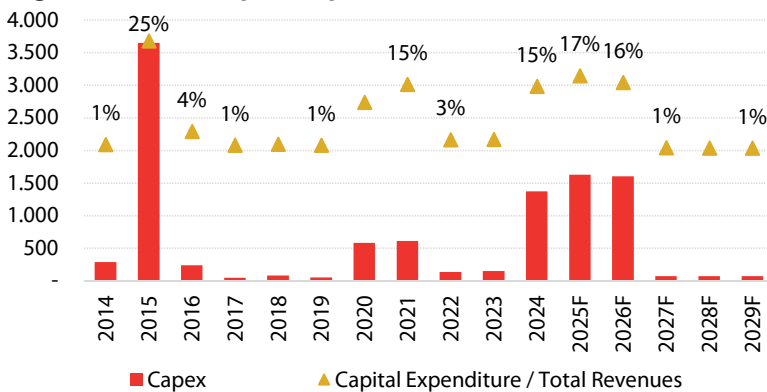
**Outlook 2025–2029:** PVD's working capital is expected to remain stable, supported by long-term rig contracts and well-defined work schedules (Figure 19). We forecast:

- DIO to remain around 60–65 days, underpinned by stable contract execution and optimized internal supply chain.
- DSO to stay at 80–85 days, given the financial strength of its international client base.
- DPO to improve modestly to 65–70 days, as PVD's growing position in the regional value chain enhances its bargaining power for more favorable payment terms.

### CapEx

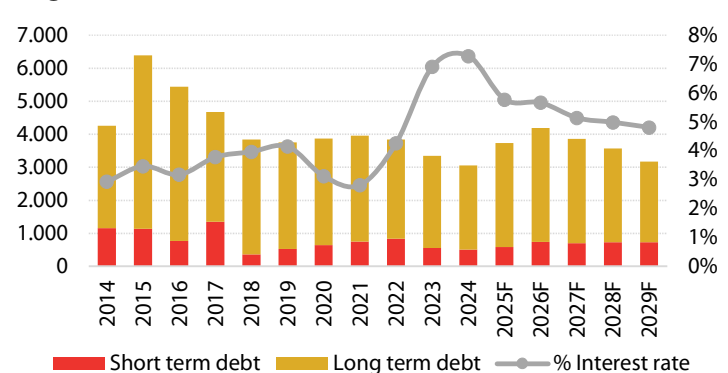
PVD plans to continue expanding its rig fleet with the acquisition of one additional jack-up rig (PV Drilling IX). Under the 2025 CapEx plan, the total budget is estimated at USD 35 million (VND 2,292 billion), primarily allocated to (i) carry-over projects from 2024, and (ii) investment in a new versatile jack-up rig, with an estimated cost of USD 25 million (VND 2,125 billion). The investment strategy is designed to ensure efficiency, accelerated depreciation, and rapid capital recovery, based on market assessments.

**Figure 20: PVD's Capital expenditure (VND billion)**



Source: PVD, RongViet Securities

**Figure 21: PVD's Debt structure (VND billion)**



Source: PVD, RongViet Securities

### Debt

**Long-term borrowings account for the majority of PVD's debt structure.** As of 2024, total outstanding debt stood at VND 3,047 billion, of which 83.4% (VND 2,541 billion) was long-term. PVD's strategic

approach of maintaining a high share of long-term debt helps to mitigate liquidity risks and ease short-term repayment pressure, particularly given the long payback cycles of drilling rig investments.

**Floating interest rates represent the main financial risk.** Most of PVD's foreign currency loans are linked to LIBOR or SOFR plus a margin, consistent with international USD credit standards. During 2022–2023, when the Fed aggressively raised rates to curb inflation, PVD's borrowing costs rose significantly, at times reaching 5.5–8% per annum, well above historical levels.

**Loans are primarily tied to key rig projects.** The company has utilized long-term USD borrowings to finance and maintain core assets such as PV Drilling V and VI. In response to adverse rate movements, PVD opted to extend repayment schedules and engaged lenders to restructure loan terms, including waivers of penalty interest and rescheduling repayments from 2024 onward.

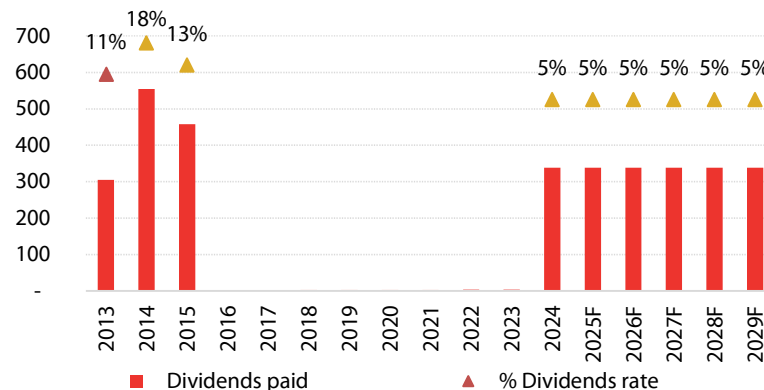
**Financial expenses are likely to decline if interest rates ease.** As the Fed is expected to loosen monetary policy in 2025, the SOFR benchmark, which is used for most of PVD's loans, may soften. This could lower financing costs, support net profit, and improve operating cash flows.

### Cash dividend policy

We view PVD's cash dividend policy starting 2025 as a balanced approach between shareholder returns and reinvestment needs, marking an important turning point after a long suspension period. Specifically, PVD plans to distribute about VND 278 billion annually, equivalent to VND 500 per share (~5% payout ratio), representing the company's first cash dividend in nearly a decade.

Compared with the 2013–2015 period, when payout ratios were significantly higher at 11–18%, the current 5% level, while modest, reflects a more cautious and sustainable stance, consistent with gradually improving cash flows.

**Figure 22: PVD's Dividend payout ratio (%)**



Source: PVD, RongViet Securities

### Profitability (ROE)

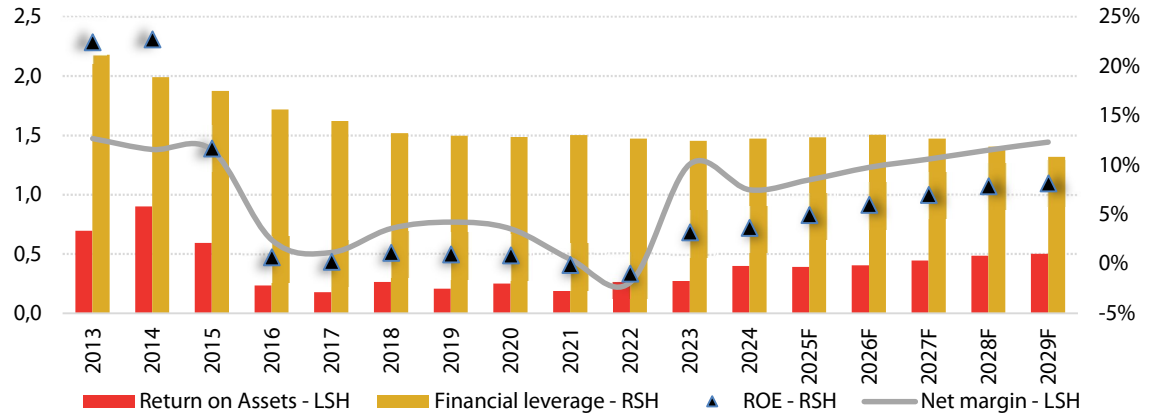
PVD's ROE has shown a recovery from -1.0% in 2022 to 3.6% in 2024, after a prolonged decline from its peak of 22.7% in 2014. A Dupont analysis highlights that net profit margin has been the key driver of ROE volatility:

- **Net margin** steadily declined from 11.5% in 2015 to around 0% during 2017–2021 and fell to -1.9% in 2022, before rebounding sharply to 10.1% in 2023 and 7.5% in 2024.
- **Asset turnover** has remained low (0.18–0.40x), reflecting the capital-intensive nature of the drilling industry with long investment payback cycles. Nonetheless, the metric showed improvement in 2024, contributing positively to profitability.
- **Financial leverage (A/E)** has been stable around 1.5x since 2018, reflecting a prudent financial policy in a challenging business environment. This ratio is comparable to Jereh Group—a peer with high ROE (see Table 5) - suggesting that this may represent an optimal capital structure for

drilling service providers. Therefore, any improvement in net margin would likely translate into higher returns on equity.

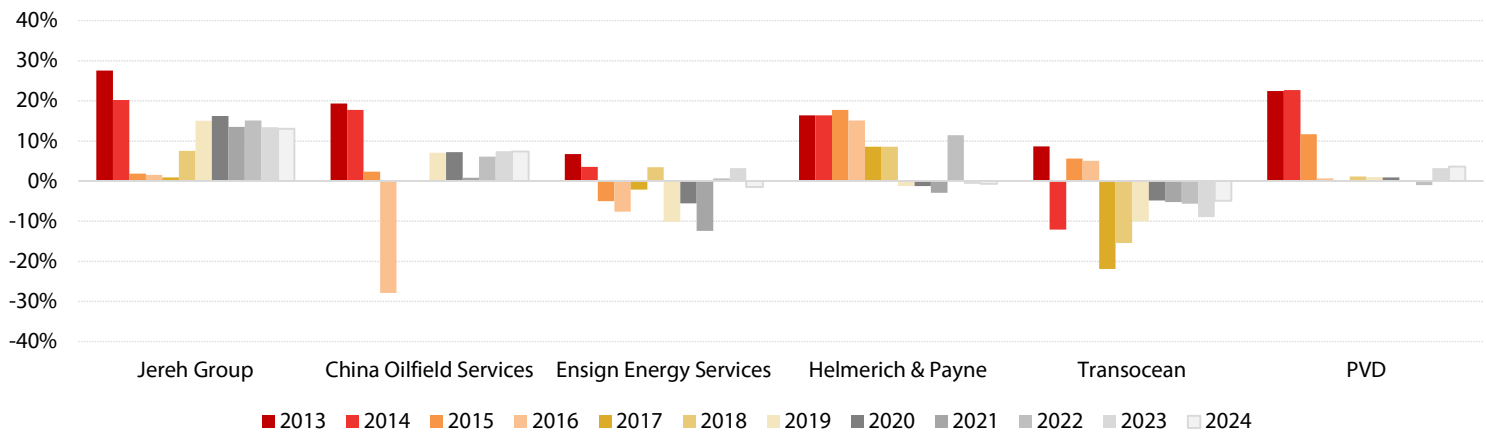
Looking ahead, we estimate PVD's ROE to improve to 4.8% in 2025, from 3.6% in 2024. The recovery trend is expected to continue throughout the forecast period, driven mainly by stronger margins while asset turnover and leverage remain stable. As a result, ROE is projected to reach 8.1% by 2029.

**Figure 23: ROE breakdown using the three-factor Dupont model**



Source: PVD, RongViet Securities

**Figure 24: ROE Comparison – PVD and peers (%)**



Source: Bloomberg, RongViet Securities

**Table 5: DuPont breakdown of key drilling peers**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>PVD</b>	<b>11.70%</b>	<b>0.70%</b>	<b>0.20%</b>	<b>1.10%</b>	<b>0.90%</b>	<b>0.90%</b>	<b>-0.10%</b>	<b>-1.00%</b>	<b>3.20%</b>	<b>3.60%</b>
Net margin	11.50%	2.40%	1.20%	3.60%	4.20%	3.60%	0.50%	-1.90%	10.10%	7.50%
Return on Assets	0.59	0.24	0.18	0.26	0.21	0.25	0.19	0.26	0.27	0.4
Financial leverage	1.87	1.72	1.62	1.52	1.5	1.49	1.5	1.47	1.45	1.47
<b>China Oilfield Services Ltd</b>	<b>2.30%</b>	<b>-28.00%</b>	<b>0.10%</b>	<b>0.20%</b>	<b>7.00%</b>	<b>7.20%</b>	<b>0.80%</b>	<b>6.10%</b>	<b>7.40%</b>	<b>7.30%</b>
Net margin	4.60%	-75.60%	0.20%	0.30%	8.00%	9.30%	1.10%	6.60%	6.80%	6.50%
Return on Assets	0.25	0.19	0.24	0.29	0.41	0.38	0.4	0.46	0.53	0.58
Financial leverage	2	2.28	2.13	2.15	2.06	1.96	1.92	1.93	1.97	1.87
<b>Ensign Energy Services Inc.</b>	<b>-5.00%</b>	<b>-7.70%</b>	<b>-2.10%</b>	<b>3.40%</b>	<b>-10.20%</b>	<b>-5.60%</b>	<b>-12.50%</b>	<b>0.70%</b>	<b>3.20%</b>	<b>-1.50%</b>
Net margin	-7.50%	-17.50%	-3.80%	5.00%	-10.20%	-8.50%	-16.00%	0.50%	2.30%	-1.20%
Return on Assets	0.39	0.27	0.34	0.3	0.46	0.31	0.33	0.5	0.61	0.58
Financial leverage	1.72	1.75	1.75	2.17	2.37	2.24	2.5	2.47	2.25	2.13

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Helmerich &amp; Payne, Inc.</b>	<b>17.70%</b>	<b>15.00%</b>	<b>8.50%</b>	<b>8.50%</b>	<b>-1.20%</b>	<b>-1.20%</b>	<b>-3.00%</b>	<b>11.40%</b>	<b>-0.70%</b>	<b>-0.70%</b>
Net margin	21.70%	19.00%	13.30%	13.30%	-3.50%	-3.50%	-7.10%	19.40%	-1.20%	-1.20%
Return on Assets	0.44	0.24	0.28	0.4	0.48	0.37	0.24	0.47	0.66	0.48
Financial leverage	1.46	1.5	1.55	1.42	1.46	1.46	1.73	1.58	1.58	1.98
<b>Jereh Group</b>	<b>1.80%</b>	<b>1.50%</b>	<b>0.90%</b>	<b>7.50%</b>	<b>15.00%</b>	<b>16.20%</b>	<b>13.50%</b>	<b>15.10%</b>	<b>13.40%</b>	<b>13.00%</b>
Net margin	5.20%	4.30%	2.10%	13.40%	19.60%	20.40%	18.10%	19.70%	17.60%	19.70%
Return on Assets	0.27	0.28	0.31	0.39	0.42	0.44	0.45	0.39	0.44	0.37
Financial leverage	1.3	1.25	1.27	1.38	1.65	1.65	1.52	1.61	1.58	1.62
<b>Sapura Energy Berhad</b>	<b>-6.50%</b>	<b>-22.20%</b>	<b>-43.20%</b>	<b>-2.00%</b>	<b>-2.00%</b>	<b>-2.00%</b>	<b>-2.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
Net margin	-7.80%	-49.60%	-70.70%	-3.00%	-220.70%	-69.40%	-11.80%	0.00%	0.00%	0.00%
Return on Assets	0.29	0.28	0.2	0.17	0.14	0.28	0.24	0.26	0.36	0.31
Financial leverage	2.88	2.99	2.86	3.17	2.42	2.48	2.54	206.05	-4.37	-3.32
<b>Transocean Ltd</b>	<b>5.60%</b>	<b>5.00%</b>	<b>-21.90%</b>	<b>-15.50%</b>	<b>-10.10%</b>	<b>-4.90%</b>	<b>-5.20%</b>	<b>-5.60%</b>	<b>-9.00%</b>	<b>-4.90%</b>
Net margin	10.70%	18.70%	-105.20%	-66.10%	-40.60%	-18.00%	-23.20%	-24.10%	-33.70%	-14.50%
Return on Assets	0.28	0.15	0.13	0.12	0.13	0.14	0.12	0.13	0.14	0.18
Financial leverage	1.78	1.7	1.76	1.96	2.03	1.91	1.85	1.89	1.94	1.88

Nguồn: Bloomberg, RongViet Securities

## II. Update on 1H2025 and forecast for Q3/2025 [\(Back to page 4\)](#)

### Update on 1H2025: Strengthening profit base, poised for upside with PVD VIII ramp-up

We view PVD's Q2 and H1 2025 results as a clear indication that the company is entering a positive earnings recovery cycle, supported by both core business improvements and favorable one-offs.

In Q2 2025, PVD posted revenue of VND2,430bn (+8% YoY) and NPAT-MI of VND240bn (+76% YoY). The growth was mainly fueled by a 68% YoY surge in revenue from well-related services, as domestic drilling activity picked up significantly, boosting overall profitability. Additionally, profit from associates rebounded to VND15bn (vs. a VND5bn loss in Q2 2024), financial expenses declined 31% YoY, and PVD recorded a one-off gain of USD1.8mn from insurance compensation tied to the PVD VI rig.

### H1 2025 still reflects lingering headwinds

For H1 2025, PVD reported revenue of VND3,933bn (-3% YoY) and NPAT-MI of VND392bn (+34% YoY). Notably, drilling segment gross profit dropped 43% YoY, weighed down by a >16ppt drop in jack-up utilization, stemming from extended downtime of PVD VI and the absence of contribution from the divested PVD 11 rig.

Nonetheless, results were supported by: (1) A 96% YoY surge in gross profit from well-related services, (2) A 31% YoY reduction in financial expenses, (3) Associate profit of VND46bn (vs. VND15bn loss in H1 2024), and (4) One-off gains from the PVD 11 divestment and insurance compensation.

### As of H1 2025, PVD has fulfilled 52% of its full-year NPAT target and 50% of its core NPAT-MI guidance

Currently, the reactivation process for the PVD VIII rig is nearly complete, with operations expected to commence in late August 2025 - ahead of the initial year-end estimate. This early deployment should provide incremental earnings momentum in H2.

In addition, PVD I is expected to return to Vietnam by end-2025. Domestic deployment is projected to lower operating costs by approximately 10% and benefit from a more favorable tax regime. Moreover, the rig will be fully depreciated by mid-2026, which should support bottom-line profitability going forward.

Table 6: PVD's Q2 2025 earnings results (VND Bn)

Particular (VND bn)	Q2-FY25	Q1-FY25	+/- (qoq)	Q2-FY24	+/- (yoy)	H2025	1H2024	- (yoy)	% Plan	% VDSC forecast
<b>Net revenue</b>	<b>2,430</b>	<b>1,503</b>	<b>62%</b>	<b>2,254</b>	<b>8%</b>	<b>3,933</b>	<b>4,009</b>	<b>-2%</b>	<b>17%</b>	<b>42%</b>
Drilling & Well Services	1,354	877	54%	1,574	-14%	2,230	2,744	-19%		
Other Services	959	584	64%	571	68%	1,543	948	63%		
Trading	118	43	177%	164	-28%	161	384	-58%		
<b>Gross profit</b>	<b>519</b>	<b>270</b>	<b>92%</b>	<b>469</b>	<b>11%</b>	<b>789</b>	<b>920</b>	<b>-14%</b>		
Drilling & Well Services	282	131	116%	346	-18%	413	724	-43%		
Other Services	230	138	67%	126	82%	368	188	96%		
Trading	7	2	241%	10	-27%	10	24	-59%		
SG&A	207	116	79%	153	35%	323	271	19%		
Operating profit	312	155	102%	316	-1%	466	649	-28%		
Financial income	41	44	-7%	40	4%	85	67	27%		
Financial expense	92	84	10%	133	-31%	176	256	-31%		
Gain/(loss) from JVs	15	31	-50%	-5	-415%	46	-15	-413%		
PBT	321	196	64%	206	56%	517	421	23%	52%	47%
PAT	250	143	75%	130	92%	393	278	41%		
<b>PAT - NI</b>	<b>240</b>	<b>153</b>	<b>57%</b>	<b>136</b>	<b>76%</b>	<b>392</b>	<b>294</b>	<b>34%</b>	<b>50%</b>	<b>49%</b>
EBITDA	499	361	38%	550	-9%	860	1082	-20%		
EBIT	312	155	102%	316	-1%	466	649	-28%		

Source: PVD, RongViet Securities

### Forecast for Q3/2025

We expect PVD's business results in Q3/2025 to show slight year-over-year growth, driven by a recovery in jack-up rig rental rates and additional revenue from the PVD VIII rig, which officially started operations in early September.

Table 7: Projected Q3/2025 financial results for PVD (VND Billion)

Particular (VND bn)	Q3-FY25	+/- (QoQ)	+/- (YoY)	Assumptions
<b>Net revenue</b>	<b>2,616</b>	<b>8%</b>	<b>7%</b>	We estimate that PVD will generate VND 2,616 billion in revenue in Q3/2025, up 7% year-over-year, mainly driven by a 10% increase in well services revenue, reaching VND 1,782 billion.
Drilling & Well Services	1,782	32%	10%	This growth is supported by a 5% rise in average jack-up rig rental rates and the start of operations of the PVD VIII rig in early September.
Other Services	577	-40%	-	
Trading	257	118%	-	
<b>Gross profit</b>	<b>517</b>	<b>0%</b>	<b>15%</b>	We expect PVD's profit margin to improve to 19.8%, compared to 18.4% in Q3/2024, thanks to better operational efficiency and slightly higher rental rates.
Drilling & Well Services	372	32%	21%	
Other Services	122	-47%	-	
Trading	23	206%	-	
SG&A	203	-2%	18%	
Financial income	314	1%	13%	
Financial expense	49	18%	-	
Gain/(loss) from JVs	96	4%	-	
PBT	11	-27%	-59%	
PAT	286	-11%	15%	
<b>PAT - NI</b>	<b>219</b>	<b>-12%</b>	<b>22%</b>	
EBITDA	<b>219</b>	<b>-9%</b>	<b>20%</b>	
EBIT	532	7%	8%	

Source: RongViet Securities



**Table 8: PVD's financial report**

<b>INCOME STATEMENT</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>	<b>2029F</b>
Revenue	3,995	5,432	5,804	9,288	9,440	10,201	11,343	12,264	12,386
COGS	3,624	4,853	4,499	7,534	7,691	7,995	8,856	9,541	9,612
Gross profit	371	578	1,305	1,754	1,749	2,206	2,487	2,723	2,774
SG&A expenses	399	510	547	635	646	698	776	839	847
Financial income	164	118	134	152	233	233	250	262	275
Financial expense	171	313	392	400	377	406	351	258	162
Other income/loss	-7	-56	91	18	168	60	61	65	65
Gain/(loss) from joint ventures	104	48	66	49	67	57	60	58	60
PBT	62	-135	658	937	1,093	1,350	1,630	1,910	2,064
Tax expense	26	16	112	239	279	345	416	487	527
Minority interests	17	-52	-39	0	10	10	10	10	10
PAT	20	-99	585	698	804	996	1,204	1,412	1,527
EBIT	-27	68	759	1,119	1,103	1,508	1,711	1,884	1,927
EBITDA	507	850	1,616	2,002	2,065	2,598	2,793	2,995	2,981

<b>BALANCE SHEET</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>	<b>2029F</b>
Cash and cash equivalents	1,131	1,965	2,256	2,203	2,773	2,996	3,331	3,602	3,638
Short-term investments	1,544	421	1,278	770	0	0	332	414	746
Accounts receivable	1,936	2,224	2,314	3,469	3,526	3,810	4,237	4,581	4,627
Inventories	758	908	1,000	1,216	1,241	1,290	1,429	1,540	1,551
Other current assets	60	72	80	124	126	136	152	164	166
Property, plant & equipment	13,706	13,404	12,960	13,922	14,621	15,031	14,048	13,037	12,083
Acquired intangible assets	177	171	165	161	161	161	161	161	161
Long-term investments	602	625	667	681	681	681	681	681	681
Other non current assets	848	891	914	1,068	1,068	1,068	1,068	1,068	1,068
<b>TOTAL ASSETS</b>	<b>20,761</b>	<b>20,681</b>	<b>21,634</b>	<b>23,615</b>	<b>24,197</b>	<b>25,174</b>	<b>25,440</b>	<b>25,247</b>	<b>24,720</b>
Accounts payable	2,179	1,937	2,459	3,453	3,438	3,686	4,120	4,469	4,512
Short-term borrowings	748	835	553	507	215	42	0	0	0
Long-term borrowings	3,206	3,000	2,788	2,541	3,061	3,480	2,690	1,361	1
Other non-current liabilities	602	656	722	817	911	985	1,095	1,184	1,196
Bonus and Welfare fund	103	82	134	164	164	164	164	164	164
Technology-science development fund	92	88	79	80	80	80	80	80	80
<b>TOTAL LIABILITIES</b>	<b>6,930</b>	<b>6,598</b>	<b>6,735</b>	<b>7,562</b>	<b>7,869</b>	<b>8,436</b>	<b>8,148</b>	<b>7,257</b>	<b>5,953</b>
Common stock and APIC (additional paid in capital)	6,650	7,997	7,997	7,997	7,997	7,997	7,997	7,997	7,997
Treasury stock (enter as -)	-21	-21	-21	-21	-21	-21	-21	-21	-21
Retained earnings / accumulated deficit	1,923	441	694	1,022	1,282	1,671	2,201	2,871	3,618
Other comprehensive income / (loss)	1,451	1,847	2,207	2,792	2,772	2,772	2,772	2,773	2,775
Investment and Development Fund	3,590	3,591	3,784	4,012	4,028	4,048	4,072	4,099	4,127
<b>TOTAL EQUITY</b>	<b>13,592</b>	<b>13,854</b>	<b>14,661</b>	<b>15,802</b>	<b>16,079</b>	<b>16,488</b>	<b>17,041</b>	<b>17,740</b>	<b>18,517</b>
<b>Minority Interest</b>	<b>240</b>	<b>229</b>	<b>237</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>

<b>CASH FLOW STATEMENT</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025F</b>	<b>2026F</b>	<b>2027F</b>	<b>2028F</b>	<b>2029F</b>
<b>Profit before tax</b>	62	-135	658	937	1,093	1,350	1,630	1,910	2,064
-Depreciation	374	1,037	1,129	1,356	962	1,090	1,083	1,112	1,054
-Adjustments	-14	43	-70	-233	-69	-82	-114	-124	-97
+/- Working capital	-798	-1,134	-102	-1,024	-379	-441	-562	-605	-542
<b>Net Operating CFs</b>	<b>-376</b>	<b>-188</b>	<b>1,616</b>	<b>1,037</b>	<b>1,607</b>	<b>1,918</b>	<b>2,036</b>	<b>2,292</b>	<b>2,478</b>
+/- Fixed Asset	161	-1,642	-675	-1,101	-1,500	-1,500	-100	-100	-100
+/- Deposit, equity investment	193	2,824	-286	294	235	117	121	123	125
Interest, dividend, cash profit received	104	48	66	49	67	57	60	58	60
<b>Net Investing CFs</b>	<b>457</b>	<b>1,230</b>	<b>-894</b>	<b>-758</b>	<b>-1,198</b>	<b>-1,326</b>	<b>80</b>	<b>82</b>	<b>85</b>
+/- Capital	0	1,348	0	0	0	0	0	0	0
+/- Debt	89	-119	-494	-292	227	246	-832	-1,329	-1,360
Dividend paid & other	63	-1,467	-96	-146	-278	-278	-278	-278	-278
<b>Net Financing CFs</b>	<b>151</b>	<b>-238</b>	<b>-590</b>	<b>-439</b>	<b>260</b>	<b>-369</b>	<b>-1,449</b>	<b>-2,021</b>	<b>-2,195</b>
Beginning cash & equivalents	925	1,131	2,079	2,256	2,104	2,773	2,996	3,664	4,015
+/- cash & equivalents	232	804	132	-160	669	224	668	352	368
<b>Ending cash &amp; equivalents</b>	<b>1,163</b>	<b>1,940</b>	<b>2,217</b>	<b>2,104</b>	<b>2,773</b>	<b>2,996</b>	<b>3,664</b>	<b>4,015</b>	<b>4,384</b>

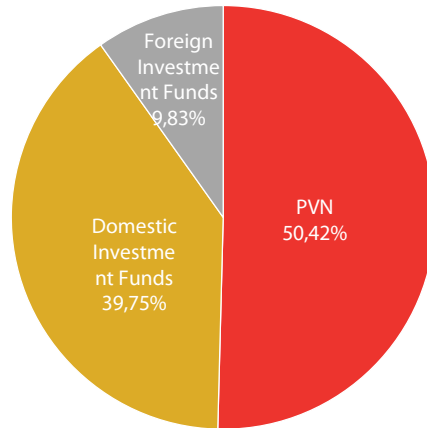
Source: PVD, RongViet Securities

## CORPORATE VALUE CHAIN ANALYSIS

### I. Company overview [\(Back to page 4\)](#)

**Petrovietnam Drilling & Well Services Corporation** (PVDrilling, HSX: PVD) was established in 2001 and has been listed on the Ho Chi Minh Stock Exchange since 2008. The company is a leading provider of drilling services and oilfield technical solutions in Vietnam. Its core offerings include offshore drilling, jack-up rig leasing, rig operation and maintenance, rig repair services, and other oilfield support services. In recent years, PVDrilling has also been expanding into technical services related to renewable energy.

**Figure 25: PVD's shareholder structure**



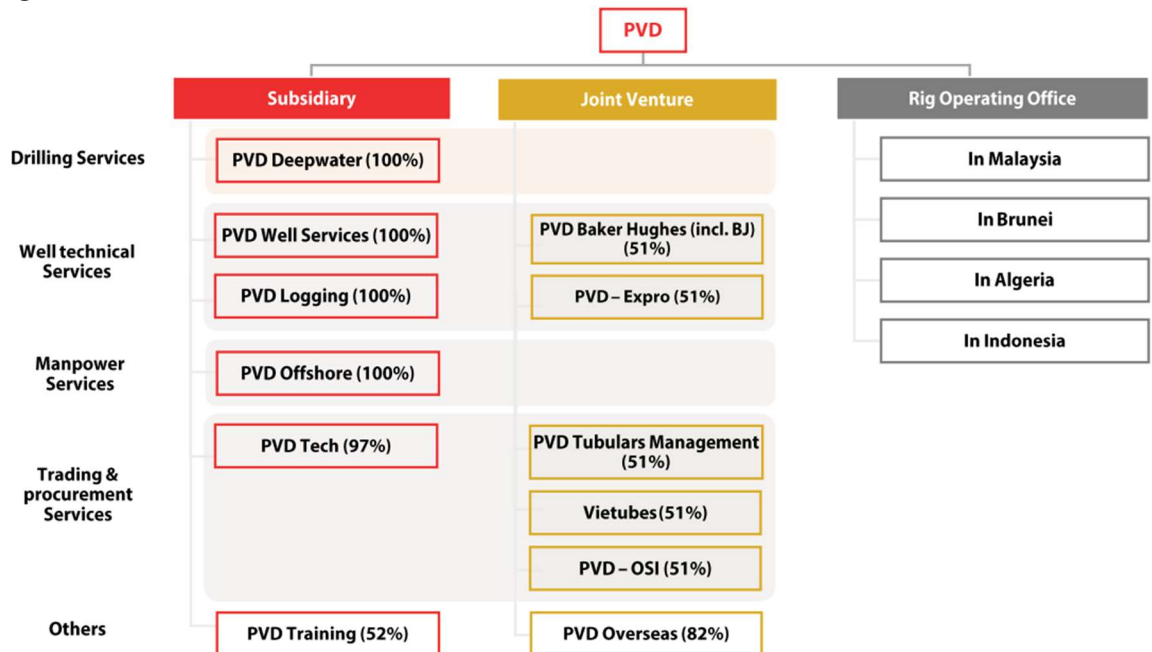
As of April 1, 2024, Vietnam Oil and Gas Group (PVN) remains the largest shareholder with a controlling stake of 50.42%.

Other major shareholders include domestic and international institutions and investment funds, holding 39.75% and 9.83% of shares, respectively.

Source: PVD, RongViet Securities

**In terms of corporate structure**, PVDrilling operates through 4 branches, 7 subsidiaries, and several joint ventures and associates, all of which focus on specialized drilling and oilfield technical services. This structure allows the company to maximize operational efficiency and service quality across its business segments.

**Figure 26: PVD's Subsidiaries and Joint Ventures**



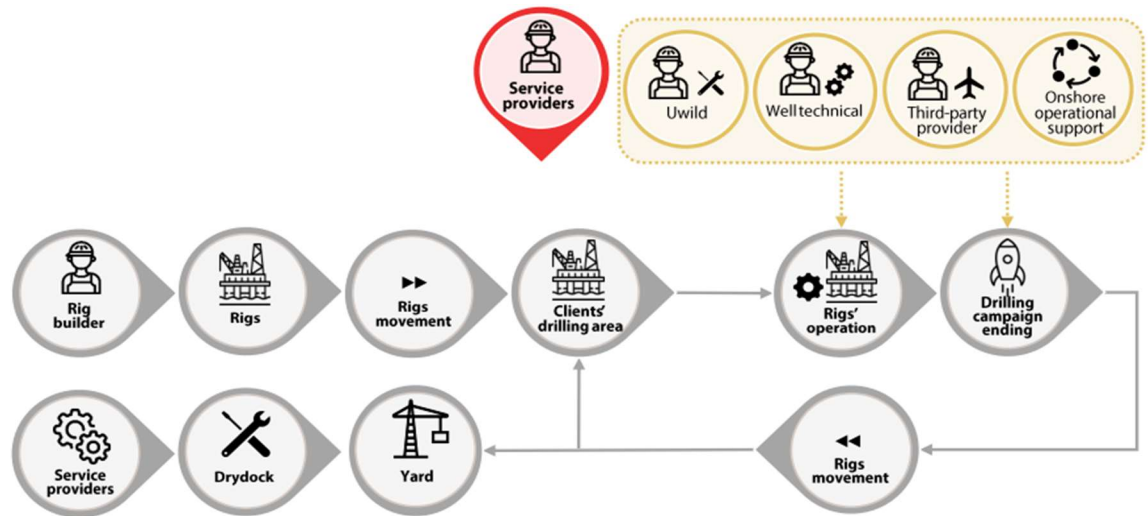
Source: PVD, RongViet Securities

## II. Business model [\(Back to page 4\)](#)

Currently, PVDrilling operates in the upstream segment of Vietnam's oil & gas value chain, with three core business segments focused on drilling rig services and oilfield-related technical solutions:

- (1) **Drilling Services** – provision of drilling rigs and drilling operations.
- (2) **Drilling-related Services** – including well technical services, wireline logging, oil spill response, mechanical repair, manpower supply for rigs, project management consulting, and other oilfield support services.
- (3) **Trading** – supply of drilling materials and equipment.

**Figure 27: PVD 's value chain**



Source: PVD, RongViet Securities

### 1. Drilling services

PVDrilling is the sole provider of oil and gas drilling services in Vietnam, currently operating six rigs: five jack-up rigs and one semi-submersible tender assist drilling (TAD) rig, accounting for roughly 60% of the domestic drilling market share. Rig leasing is the company's primary revenue and profit driver. However, in recent years, the business has faced headwinds due to weaker market conditions, with daily charter rates under pressure and low utilization rates. As a result, this segment's contribution to revenue and gross profit has been declining, with gross margins turning negative over the past two years despite a modest recovery in rig rates that remain below breakeven levels.

Domestic customers account for around 88% of revenue. Since 2017, the company has expanded internationally to mitigate challenges in the domestic market, securing contracts for 4 out of 6 rigs in overseas markets including Thailand, Algeria, Malaysia, and Myanmar.

**Table 9: PVD's owned drilling rigs**

	Jack Up					TAD	Inland
	PVD I	PVD II	PVD III	PVD VI	PVD VIII	PVD V	PVD 11
Owner	PVD	PVD	PVD	PVD Overseas	PVD	BCC (PVN, PVD, MBB, OceanBank)	PVD
Operating Water Depth (m)	90	120	120	120	120	1.200	Landrig
Drilling Depth (m)	7.600	9.000	9.000	9.000	9.100	9.100	7.000
Capital Investment (USD million)	115	191	206	227	45	143	20
Country of Build	Singapore	Singapore	Singapore	Singapore	Singapore	Singapore	China
Year of Build	2007	2009	2009	2015	2007	2011	2007
Depreciation Period	20	35	35	35	25	20	10
Depreciation End Year	2027	2044	2044	2050	2032	2034	Đã thanh lý 2025

Source: PVD, RongViet Securities

Table 10: Selected regional drilling rigs with comparable capacity to PVD's rig fleet

	Rig	Owner	Water Depth	Year in Operation	Status	Value
PVD I	Al – Khor	Gulf Drilling International	300	2006	Drilling	54-63
	Al – Zubarah	Gulf Drilling International	300	2008	Drilling	62-73
	ArabDrill 30	Arabian Drilling	300	2006	Standby	52-61
	PV Drilling I	PV Drilling	300	2007	Drilling	58-68
	<b>Average</b>					<b>56-66</b>
PVD II & III	COSLBoss	COSL	400	2008	Drilling	67-77
	COSLStrike	COSL	400	2009	Drilling	74-85
	Petro Godovanates	Chernomornteftegaz	400	2010	Standby	73-84
	PV Drilling II	PV Drilling	400	2009	Drilling	70-80
	PV Drilling III	PV Drilling	400	2009	Drilling	74-85
	West Ariel	Seadrill	400	2008	Standby	67-77
	West Callisto	Seadrill	400	2010	Drilling	76-87
	<b>Average</b>					<b>71-82</b>
PVD VI	ArabDrill 70	Arabian Drilling	400	2015	Drilling	98-109
	Cantarell I	Grupo R	400	2016	Drilling	102-113
	Cantarell II	Grupo R	400	2016	Drilling	102-113
	Kukulcan	PEMEX	400	2015	Drilling	98-109
	Naga 5	Velesto Energy	400	2014	Drilling	97-107
	Naga 8	Velesto Energy	400	2015	Drilling	101-112
	PV Drilling VI	PV Drilling	400	2015	Drilling	98-108
	Uxpanapa	Marinsa	400	2016	Drilling	99-110
	<b>Average</b>					<b>99-110</b>
PVD V	Lone Star	Constellation	7,88	2010	Standby	89-100
	Norbe VI	Ocyan	7,874	2010	Standby	90-102
	ODN Delba III	Ocyan	7,874	2011	Standby	91-103
	SS Amazonia	ICBC	7,874	2011	Stacked	98-108
	SS Pantanal	ICBC	7,874	2010	Stacked	97-107
	West Eclipse	Seadrill	7,5	2011	Stacked	98-108
	<b>Average</b>					<b>94-104</b>

Source: Bloomberg, RongViet Securities

## 2. Well technical services & Drilling-related services

The second-largest revenue contributor is drilling-related services, accounting for 26.3% of revenue in 2024, with PVDrilling holding an 80–100% market share across key service lines. This is also the most profitable business segment, with an average gross margin of 21.3% over the past decade and contributing nearly 29% of consolidated gross profit in 2024. The main revenue drivers within this segment include well technical services, mechanical repair, and manpower supply.

## 3. Trading – Supply of drilling materials & equipment

This segment has delivered stable revenue and margin contribution over the past decade, averaging 10% of total revenue and a 5.6% gross margin during 2014–2024. Profitability is structurally low, as PVDrilling primarily procures materials and equipment on behalf of clients. Key products include conductors, steel, and wellhead equipment, with major customers such as Vietsovpetro, PTSC, Repsol, and Rosneft. PVDrilling currently holds a leading market position in Vietnam in the supply of drilling materials and equipment.

APPENDIX 1 – FINANCIAL ANALYSIS & PROJECTIONS FOR THE PERIOD 2025-2029 ([Back to page 4](#))

Table 11: PVD's Projected revenue by segment (Billion VND)

REVENUE	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Total Revenue</b>	<b>4,013</b>	<b>5,467</b>	<b>5,845</b>	<b>9,360</b>	<b>9,442</b>	<b>10,203</b>	<b>11,345</b>	<b>12,266</b>	<b>12,389</b>
Drilling & Well Services	1,846	3,559	4,096	5,679	5,694	6,214	6,998	7,628	7,705
Other Services	1,670	1,793	1,590	2,465	2,509	2,738	3,084	3,361	3,395
Trading	497	116	158	1,216	1,238	1,251	1,263	1,276	1,289
<b>% Growth</b>	<b>-23.5%</b>	<b>36.2%</b>	<b>6.9%</b>	<b>60.1%</b>	<b>0.9%</b>	<b>8.1%</b>	<b>11.2%</b>	<b>8.1%</b>	<b>1.0%</b>
Drilling & Well Services	-39.4%	92.8%	15.1%	38.6%	0.3%	9.1%	12.6%	9.0%	1.0%
Other Services	-7.6%	7.4%	-11.3%	55.0%	1.8%	9.1%	12.6%	9.0%	1.0%
Trading	53.3%	-76.8%	36.9%	668.8%	2%	1%	1%	1%	1%
<b>% Proportion</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Drilling & Well Services	46.0%	65.1%	70.1%	60.7%	60.3%	60.9%	61.7%	62.2%	62.2%
Other Services	41.6%	32.8%	27.2%	26.3%	26.6%	26.8%	27.2%	27.4%	27.4%
Trading	12.4%	2.1%	2.7%	13.0%	13.1%	12.3%	11.1%	10.4%	10.4%

Source: PVD, RongViet Securities

Table 13: PVD's Projected gross profit by segment (Billion VND)

GROSS PROFIT	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Total</b>	<b>373</b>	<b>581</b>	<b>1,320</b>	<b>1,768</b>	<b>1,749</b>	<b>2,206</b>	<b>2,487</b>	<b>2,723</b>	<b>2,775</b>
Drilling & Well Services	3	127	869	1,219	1,147	1,554	1,758	1,932	1,976
Other Services	338	426	438	505	552	603	679	740	747
Trading	32	28	12	44	50	50	51	51	52
<b>% GROSS MARGIN</b>									
<b>Total</b>	<b>9.3%</b>	<b>10.6%</b>	<b>22.6%</b>	<b>18.9%</b>	<b>18.5%</b>	<b>21.6%</b>	<b>21.9%</b>	<b>22.2%</b>	<b>22.4%</b>
Drilling & Well Services	0.1%	3.6%	21.2%	21.5%	20.2%	25.0%	25.1%	25.3%	25.6%
Other Services	20.3%	23.7%	27.5%	20.5%	22.0%	22.0%	22.0%	22.0%	22.0%
Trading	6.4%	24.3%	7.9%	3.6%	4.0%	4.0%	4.0%	4.0%	4.0%

Source: PVD, RongViet Securities

## APPENDIX 2 – OVERVIEW OF DRILLING OPERATIONS AND PVD Drilling's COMPETITIVE ADVANTAGES

[\(Back to page 4\)](#)

### 1. Core drilling workflow

A standard drilling campaign typically follows these key stages:

Survey & well design → rig mobilization & testing → shallow section drilling & casing installation → drilling through target formations & reservoir testing → well completion or abandonment → rig demobilization & relocation.

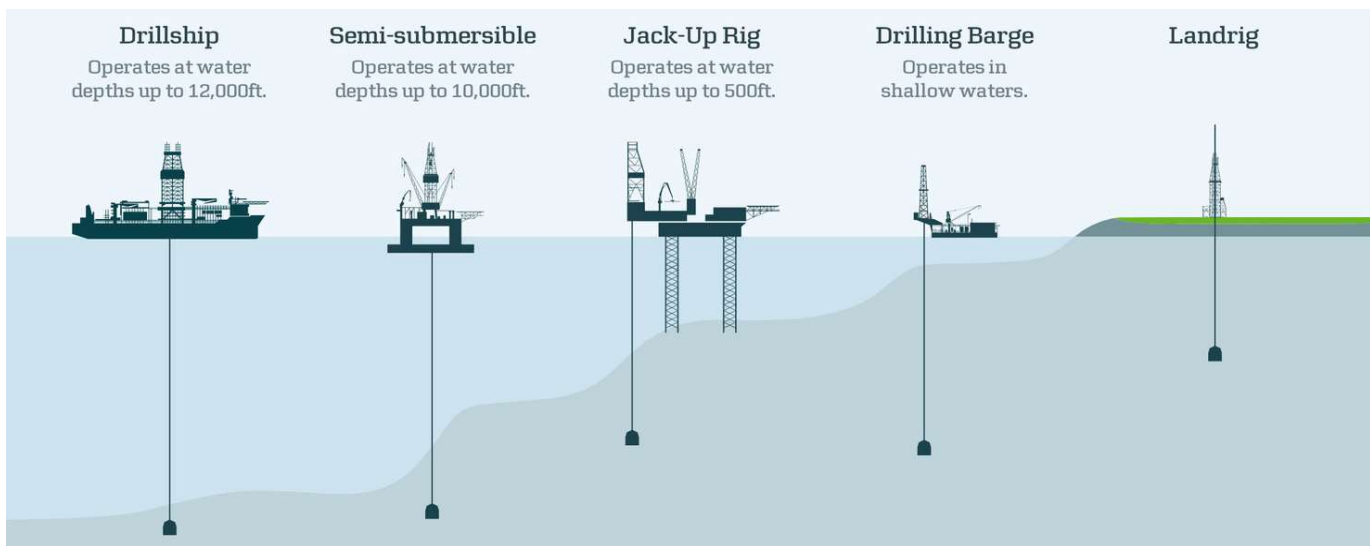
For offshore or deepwater projects, the process involves higher operational complexity in terms of technology and logistics. Nonetheless, the fundamental principles remain centered on pressure/hole stability management, strict HSE compliance, and optimizing rig time efficiency.

### 2. Classification of drilling rigs

Drilling rigs can generally be classified based on operating environment (onshore vs. offshore), water depth capability, mobility, and structural design. Key categories include:

- Land rigs (onshore drilling rigs)
- Jack-up rigs (self-elevating offshore rigs for shallow waters)
- Semi-submersible rigs (floating rigs for mid-to-deep waters)
- Drillships (mobile deepwater drilling vessels)
- Tender-assist rigs (TADs) and other specialized rig types.

**Figure 28: Types of Drilling rigs**



Source: RongViet Securities collected

**Table 12: Comparison of current rig types**

Rig Type	Structure & Operating Principle	Typical Specifications	Operating Area & Applications
Fixed Platform	<ul style="list-style-type: none"> <li>• Fixed to the seabed using piles or gravity-based structures;</li> <li>• Includes pile foundation, jacket, and topside;</li> <li>• Non-mobile</li> </ul>	<ul style="list-style-type: none"> <li>• Water depth: up to 1,500 ft (~450 m); Drilling depth: up to 30,000 ft; Weight: ~60,000 tons</li> </ul>	<ul style="list-style-type: none"> <li>• Shallow to mid-water; Long-term production fields (e.g., North Sea, Middle East)</li> </ul>
Jack-Up	<ul style="list-style-type: none"> <li>• Floating hull with extendable legs;</li> <li>• Raised above water surface during operation;</li> <li>• Moved by tugboats</li> </ul>	<ul style="list-style-type: none"> <li>• Water depth: 120–150 m;</li> <li>• Drilling depth: 20,000–35,000 ft</li> </ul>	<ul style="list-style-type: none"> <li>• Shallow continental shelf;</li> <li>• Exploration, well intervention;</li> <li>• Regions: Southeast Asia, Gulf of Mexico, North Sea (shallow waters)</li> </ul>
Semi-Submersible	<ul style="list-style-type: none"> <li>• Partially submerged, stabilized by pontoons; Positioned using anchors or dynamic positioning (DP);</li> <li>• Capable of subsea wellhead drilling</li> </ul>	<ul style="list-style-type: none"> <li>• Water depth: 200–3,000 m;</li> <li>• Drilling depth: up to 30,000 ft</li> </ul>	<ul style="list-style-type: none"> <li>• Deepwater, rough seas;</li> <li>• Development drilling or support for fixed platforms; Regions: Norway, Brazil, West Africa</li> </ul>



Drillship	<ul style="list-style-type: none"> <li>Specialized floating vessel with drilling system located midship;</li> <li>Equipped with dynamic positioning system;</li> <li>Highly mobile</li> </ul>	<ul style="list-style-type: none"> <li>Water depth: up to 3,600 m;</li> <li>Drilling depth: up to 35,000 ft</li> </ul>	<ul style="list-style-type: none"> <li>Wide-area exploration, deep offshore;</li> <li>Regions: Gulf of Mexico, West Africa, Brazil</li> </ul>
Land Rig	<ul style="list-style-type: none"> <li>Installed onshore; Includes derrick, rotary system, and mud circulation;</li> <li>Easy to assemble, disassemble, and relocate</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable for water depth;</li> <li>Drilling depth: 25,000–30,000 ft</li> </ul>	<ul style="list-style-type: none"> <li>Onshore oil &amp; gas fields;</li> <li>Common in the U.S., Middle East, Russia, Vietnam (e.g., PVD 11)</li> </ul>

Source: RongViet Securities

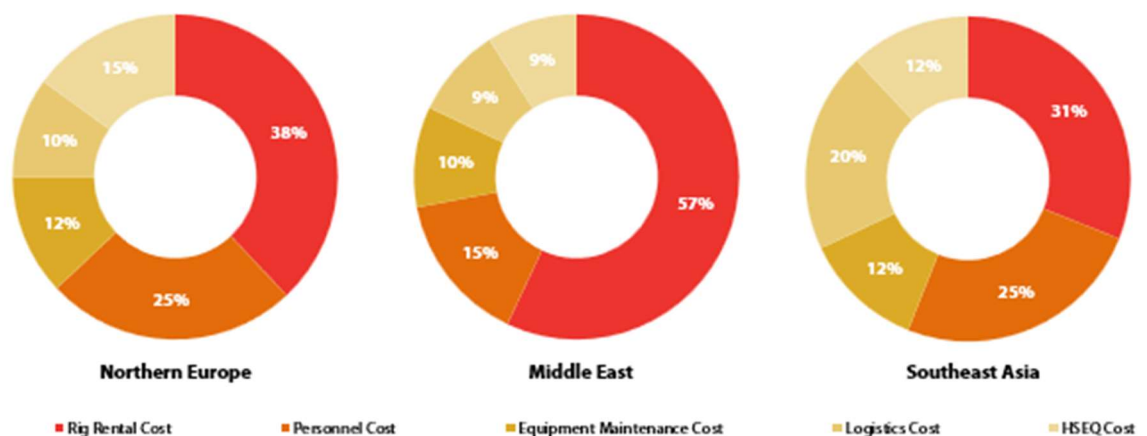
### 3. Offshore rig operating cost structure

We observe that the operating cost structure of offshore rigs remains relatively stable, with a few major cost components accounting for the largest share. These cost drivers have a direct impact on the profit margins of drilling service providers.

#### Cost breakdown of offshore rig operations

- Based on industry data (OilPrice, Wood Mackenzie), rig leasing cost is the single largest expense, accounting for roughly **30–55%** of total operating costs. This figure varies depending on the rig's technical specifications and market segment.
- The second-largest cost driver is labor**, representing about **15–25%** of total costs. Offshore drilling requires a highly skilled workforce with international certifications and the ability to work under harsh offshore conditions.
- Maintenance costs** typically account for **10–12%**, covering both routine servicing and unscheduled repairs of critical systems such as the Blowout Preventer (BOP), Top Drive, and hydraulic/electrical systems.
- Logistics expenses** make up around **10–20%**, including the transportation of supplies, fuel, food, and personnel between shore bases and offshore rigs.
- Finally, **HSEQ (Health, Safety, Environment & Quality) costs** represent approximately 12–15%, reflecting compliance with international standards (e.g., ISO 45001, ISO 14001) and local regulatory requirements in host countries.

Figure 29: Operating cost structure of drilling rigs



Source: RongViet Securities collected

However, when comparing across regions, we observe clear differences in cost structures:

- Northern Europe, particularly the North Sea, stands out with a disproportionately high share of personnel and HSE expenses.** This is driven by engineer salaries that are well above the global average (Figure 5) and a stringent environmental regulatory framework. Logistics costs are also



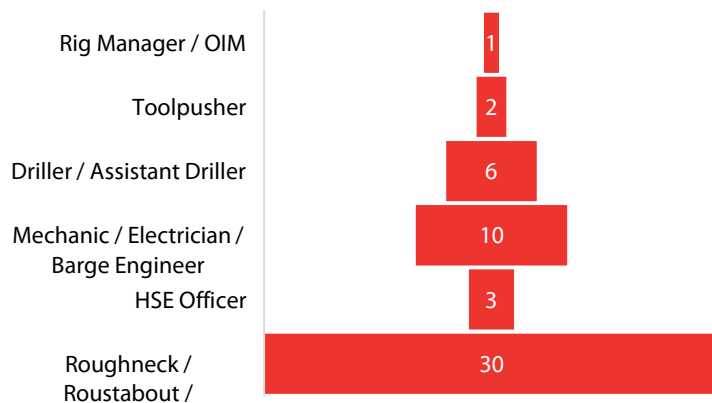
elevated, as operating in such harsh offshore conditions requires helicopters, standby vessels, and additional emergency response systems.

- In contrast, **the Middle East appears to be the most cost-optimized region, benefiting from low-cost migrant labor and relatively less stringent environmental requirements.** That said, rig leasing costs account for a significant proportion of expenses, reflecting strong demand for premium jack-up rigs serving shallow-water offshore fields. According to Petrodata, jack-up dayrates in the Gulf region have at times reached as high as USD 145,000/day. Still, with massive hydrocarbon output and a very low operating cost per barrel (USD 5–15/boe), we believe the region will remain the industry's global low-cost center.
- **Southeast Asia sits somewhere in between. While labor costs are moderate, substantial investment in training is required to meet international standards.** Logistics also present challenges, as many rigs operate in remote offshore locations, leading to higher transportation costs for both equipment and personnel. Furthermore, technology-related expenses are trending higher, as regional contractors increasingly invest in modern rigs with utilization rates of up to 98%. Overall, the cost structure in Southeast Asia reflects a dual dynamic: leveraging local labor advantages while upgrading technology to improve efficiency and attract international clients

### Key personnel structure in offshore rig operations

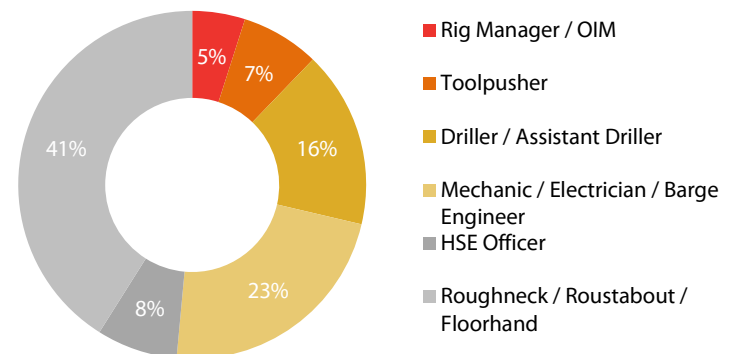
An offshore drilling rig typically operates **24/7** and is organized into **two or three shifts per day**. The total headcount onboard ranges from **50 to 120 personnel**, depending on the rig type and the specific drilling campaign.

**Figure 30: Minimum crew requirement for rig operations**



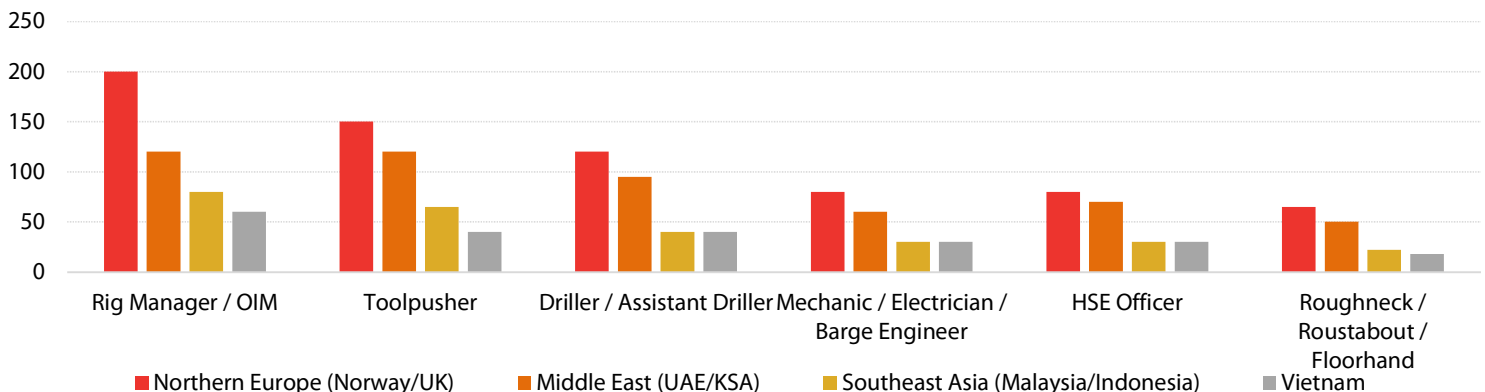
Source: RongViet Securities

**Figure 31: Labor cost breakdown**



Source: RongViet Securities

**Figure 32: Average salaries of rig crew positions by region**



Average annual payroll expenses for key offshore rig personnel, based on an assumed headcount of 120 staff per rig

Source: Salaryexpert, RongViet Securities collected

#### 4. Maintenance and safety metrics

Maintenance and safety are considered two critical pillars that determine a rig's operational efficiency – both in terms of both economic performance and reputation with international oil & gas clients.

In terms of maintenance schedule, two major inspection milestones are required:

- **Special periodic survey (SPS):** Conducted every five years, this is a comprehensive overhaul and inspection in compliance with classification society standards.
- **UWILD (Underwater Inspection in Lieu of Dry-docking):** Underwater structural inspection that replaces the need for dry-docking, which is typically required every 30 months provided that the rig meets the necessary technical conditions.
- The most widely used metrics for safety and operational performance include **LTI (Lost Time Injury)** and **TRIR/TRFR (Total Recordable Incident/ Frequency Rate)** – measuring both the frequency and severity of recordable safety incidents.

#### 5. PV Drilling's competitive advantages

We believe that PVD possesses several **distinct competitive advantages** compared to regional peers, driven by three key factors: (1) Optimized cost structure, enabling competitive pricing, (2) Proven operational efficiency and reliability of its rig fleet, and (3) Strategic relationships and strong domestic market positioning

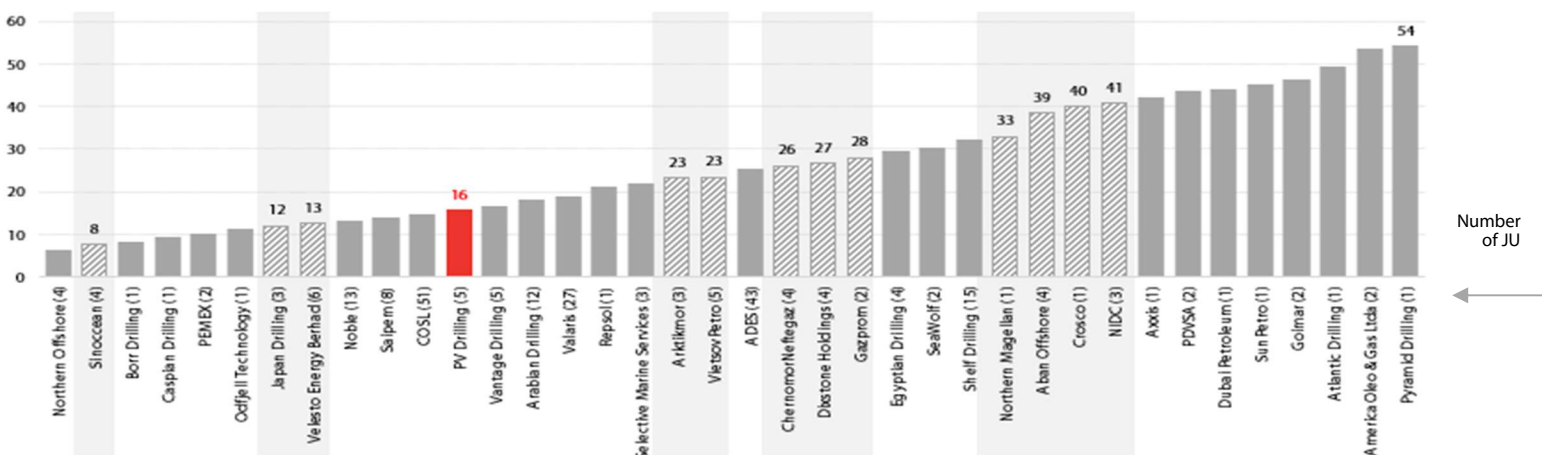
These elements allow PVD not only to maintain superior operational performance but also to offer more competitive day-rates versus regional benchmarks.

##### Cost structure advantage

PVD currently operates with one of the **lowest OPEX profiles in the region**.

1. A major driver has been the company's strategy of replacing expatriate experts with Vietnamese engineers and crew. This process began in 2018–2019 and accelerated significantly from 2022 onwards. According to management, about **70% of PVD's key rig personnel are now Vietnamese**, including senior technical and management roles such as Rig Managers and Offshore Installation Managers (OIM). We estimate this localization strategy reduces personnel costs by **50–70%** compared to maintaining a full team of expatriates, while preserving service quality and operational efficiency.
2. In addition, PVD's rig fleet has an **average age of 15.6 years**, which is significantly younger than the **23–40 years** seen at many regional and global competitors. A younger fleet not only reduces major overhaul expenses and downtime but also enhances compliance with stringent technical requirements from international clients.

**Figure 33: Average age of selected global Jack-up rig fleets**



Note: The shaded columns represent rig fleets in the Asia-Pacific region, Source: PVD, RongViet Securities

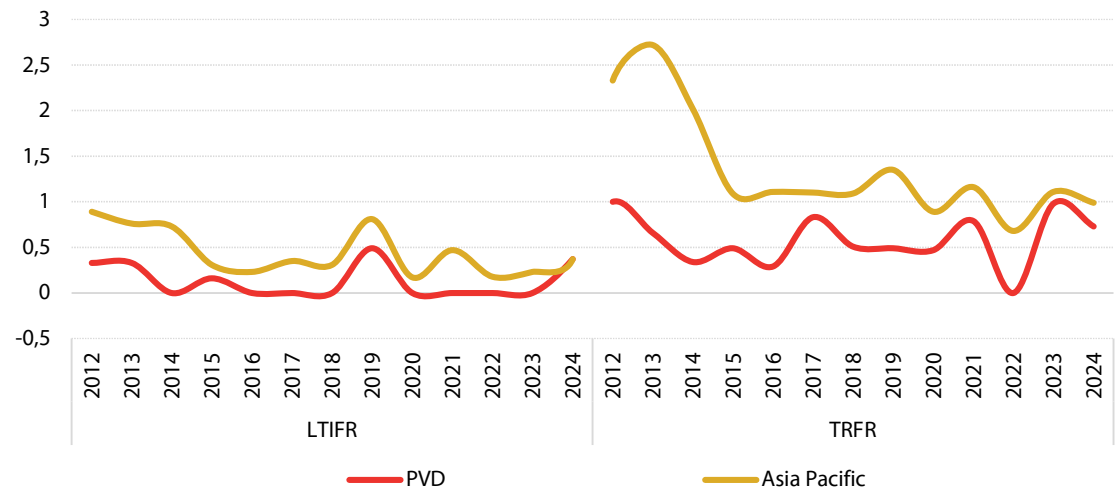
### Superior operational performance with 98% Jack-up Utilization and strong safety track record

We assess that PVD is maintaining **industry-leading operational efficiency**, with jack-up rig utilization reaching 98% in 2024, surpassing the global average of 94%.

On safety, PVD consistently delivers results in line with – or above – industry benchmarks. Data shows that both Lost Time Injury (LTI) and Total Recordable Frequency Rate (TRFR) have been maintained at levels better than or comparable to the Asia-Pacific average (Figure 27).

In 2024, PVD reported an LTI of 0.37, on par with the regional average, and a TRFR of 0.73, significantly below the Asia-Pacific average of 0.99. Notably, flagship rigs such as PV DRILLING I (16 consecutive years of Zero LTI), PV DRILLING II (13 years), and PV DRILLING VI (10 years of Zero LTI with 99.85% uptime in 2024) clearly demonstrate the company's safety, reliability, and operational excellence.

**Figure 34: PVD's Safety performance vs. regional average (Incidents & Accident Rates)**



\* Notes: LTI (Lost Time Injury) and TRIR/TRFR (Total Recordable Incident/ Frequency Rate)

Source: PVD, IADC, RongViet Securities

### Strategic relationships and stable market position ensuring recurring revenue

We highlight PVD's **long-term client portfolio** with key industry players such as **Vietsovpetro, Petronas, Pertamina ONWJ, and Brunei Shell Petroleum**. In 2024, PVD achieved **full fleet employment**, with estimated day-rates above **USD 90,000/day** and projected to increase to **USD 102,000/day in 2025**, while maintaining **fleet uptime of 99%**. We believe these contracts provide **high earnings visibility** for the short to medium term.

Furthermore, PVD's **strategic relationship with PetroVietnam** serves as a geopolitical anchor, facilitating preferential access to domestic projects. This creates a **significant entry barrier** for foreign competitors – a "soft" advantage, but highly meaningful in the context of Vietnam's oil & gas sector, which remains politically sensitive and tightly regulated.

### APPENDIX 3 – COMPARABLE PEERS [\(Back to page 4\)](#)

**In this report, we use eight oilfield service companies with business models comparable to PVD as benchmarks for our analysis and forecasts:**

**Jereh Group (China):** An energy technology conglomerate headquartered in Yantai, China, specializing in drilling equipment manufacturing and oilfield technical services worldwide. Jereh provides a wide range of rigs, including skid-mounted rigs capable of drilling depths from 1,000 to 9,000 meters, and truck-mounted rigs for shallow and medium wells. The company is also notable for advanced technologies such as electric fracturing pumps and low-temperature drilling equipment, which have been successfully deployed in Russia.

**China Oilfield Services Ltd. (COSL) (China):** A subsidiary of China National Offshore Oil Corporation (CNOOC), COSL is the leading offshore drilling contractor in Asia and the fourth-largest globally by fleet size. As of 2025, it operates more than 40 rigs, including 32 jack-ups, 10 semi-submersibles, plus modular and onshore rigs. COSL's operations span China, Southeast Asia, the Middle East, and Northern Europe, offering drilling, seismic, and other oilfield services.

**Ensign Energy Services Inc. (Canada):** Headquartered in Calgary, Ensign is one of the largest onshore drilling service providers in North America. By year-end 2019, the company owned and operated 266 land rigs, 99 well service rigs, and 21 specialty rigs. Ensign operates in Canada, the U.S., the Middle East, and Australia, offering drilling, well-completion, and related technical services.

**Helmerich & Payne, Inc. (U.S.):** The leading U.S. onshore drilling contractor, H&P is best known for its FlexRig fleet, designed to optimize efficiency and safety in unconventional drilling. The company operates more than 135 rigs in the U.S. and has expanded to the Middle East, North Africa, and South America. In 2024, H&P acquired KCA Deutag, raising its Middle East rig count from 12 to 88 and strengthening its regional presence.

**Nabors Industries Ltd. (Bermuda):** Headquartered in Bermuda with executive offices in Houston, Nabors provides global onshore and offshore drilling services. It operates about 100 PACE® smart rigs in the U.S., equipped with SmartROS® technology to optimize drilling performance. Nabors also offers offshore platform rigs such as MASE® and MODS™, designed for harsh environments. The company operates in around 20 countries, including the U.S., Canada, the Middle East, and South America.

**Patterson-UTI Energy, Inc. (U.S.):** Based in Houston, Patterson-UTI is among the top North American providers of drilling and well-completion services. As of Q1 2025, it operated an average of 106 active rigs in the U.S., with a total land rig fleet of 350. Its fleet consists mainly of APEX® Tier-1 Super-Spec rigs, designed for high performance and lower environmental impact.

**Transocean Ltd. (Switzerland):** Headquartered in Switzerland, Transocean is the world's leading offshore drilling contractor, specializing in ultra-deepwater and harsh-environment floaters. As of 2024, it owned and operated 37 offshore rigs, including 28 ultra-deepwater floaters and 9 harsh-environment floaters, with operations in the Gulf of Mexico, Norway, Brazil, India, and Southeast Asia.

**Sapura Energy Berhad (Malaysia):** Based in Malaysia, Sapura Energy is the world's largest tender-assist drilling contractor, holding more than 50% global market share. It owns and operates 11 tender-assist rigs, including 5 semi-tenders and 6 tender barges. With over 40 years of experience and more than 400 wells drilled annually, Sapura primarily operates in Southeast Asia.

**Table 13: PVD peers' average P/E and P/B ratios (times)**

Ticker	Country	Market Cap (Million USD)	Revenue 2024 (USD Bn)	EBITDA 2024 (USD Bn)	Gross margin (%)	Net margin (%)	P/E 2024	P/B 2024	EV/EBITDA 2024
002353 CH Equity	China	5,188	1,855	482	33.7	19.7	14.3	1.8	11.0
601808 CH Equity	China	7,827	6,709	1,440	15.7	6.5	23.2	1.7	5.5
ESI CN Equity	Canada	382	1,230	320	30.1	-1.2	16.8	0.4	3.6
HP US Equity	US	4,927	2,798	583	15.5	-1.2	17.7	1.0	8.6
NBR US Equity	Bermuda	546	2,930	889	40.5	-6.0	14.7	4.0	4.2
PTEN US Equity	US	3,221	5,378	300	5.3	-18.0	7.0	0.9	14.3
RIG US Equity	Switzerland	3,284	3,524	342	37.6	-14.5	6.1	0.3	29.2
SAPE MK Equity	Malaysia	497	1,558	-61	-7.6	-70.7	21.8	0.2	28.9
PVD VN Equity	Vietnam	510	374	81	18.9	7.5	23.0	0.8	6.5
5-Year Average							16.1x	1.2x	12.4x

**Table 14: Key indicators of companies in the Drilling rig business**

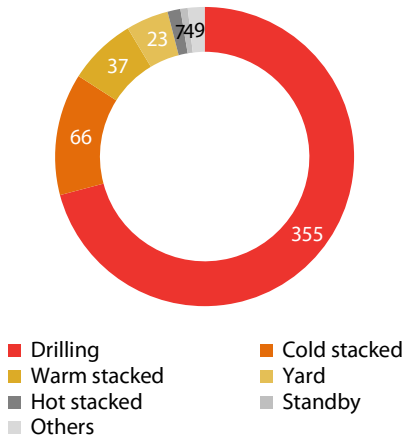
	2019	2020	2021	2022	2023	2024	Trung bình ngành
% Weight	15%	15%	15%	15%	20%	20%	
<b>RECEIVABLE DAYS</b>							
PVD	117.6x	76.0x	91.1x	95.3x	101.4x	85.0x	94.3x
Average	102.4x	104.8x	102.9x	91.8x	86.9x	85.6x	94.8x
Median	92.5x	85.3x	86.2x	69.2x	67.7x	66.8x	76.9x
<b>PAYABLE DAYS</b>							
PVD	82.4x	56.0x	78.4x	50.1x	45.4x	41.4x	57.4x
Average	69.0x	107.8x	107.2x	93.6x	98.4x	65.1x	89.3x
Median	64.7x	56.0x	69.1x	55.5x	54.5x	47.8x	57.2x
<b>INVENTORY DAYS</b>							
PVD	74.5x	67.2x	86.4x	63.3x	77.1x	54.2x	70.0x
Average	62.7x	80.3x	81.1x	64.2x	59.8x	51.7x	65.5x
Median	31.7x	46.3x	40.7x	30.8x	28.1x	23.7x	32.8x
<b>GROSS MARGIN %</b>							
PVD	10.3x	6.3x	9.3x	10.6x	22.5x	18.9x	13.8x
Average	20.0x	18.4x	14.0x	21.0x	22.0x	21.1x	19.6x
Median	22.2x	22.2x	18.8x	18.8x	22.5x	18.9x	20.6x
<b>NET MARGIN %</b>							
PVD	4.2x	3.6x	0.5x	-1.9x	10.1x	7.5x	4.5x
Average	-3.2x	-12.6x	-11.4x	5.3x	5.9x	1.0x	-1.9x
Median	-3.5x	-3.5x	-7.1x	5.8x	5.9x	-1.2x	-0.3x
<b>ROE %</b>							
PVD	0.9x	0.9x	-0.1x	-1.0x	3.2x	3.6x	1.5x
Average	-5.2x	-9.2x	-15.8x	-4.1x	-3.6x	-15.5x	-9.0x
Median	-1.2x	-1.2x	-5.2x	1.9x	3.2x	-1.5x	-0.6x
<b>ROA %</b>							
PVD	0.9x	0.9x	0.1x	-0.5x	2.8x	3.1x	1.4x
Average	-1.6x	-2.8x	-4.4x	1.7x	-0.1x	-2.6x	-1.6x
Median	-0.8x	-0.8x	-2.8x	0.7x	1.3x	-0.7x	-0.4x
<b>P/E</b>							
PVD	50.0x	58.4x	110.2x	110.2x	34.3x	23.0x	60.8x
Average	18.3x	19.0x	47.4x	27.1x	43.1x	16.1x	28.6x
Median	11.5x	14.7x	14.7x	14.7x	14.7x	16.8x	14.6x
<b>P/B</b>							
PVD	0.5x	0.5x	0.9x	0.7x	1.1x	0.8x	0.8x
Average	1.1x	0.8x	1.1x	1.4x	1.0x	1.2x	1.1x
Median	0.6x	0.5x	1.0x	1.2x	0.9x	0.9x	0.9x

Source: Bloomberg, RongViet Securities

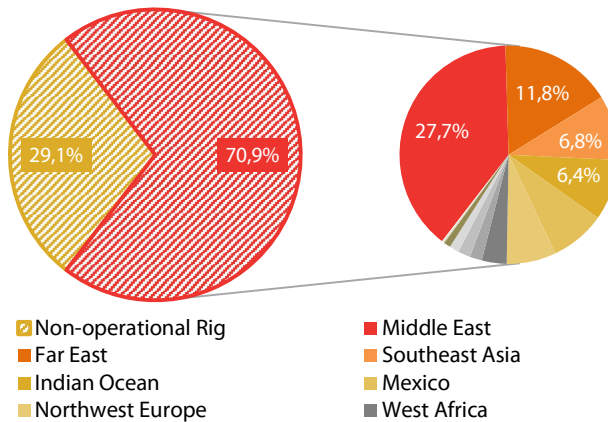
**APPENDIX 4 – GLOBAL JU RIG MARKET OUTLOOK STRENGTHENED BY MIDDLE EAST DEMAND AMID TIGHT SUPPLY** ([Back to page 4](#))

We maintain a positive view on the global jack-up (JU) rig market in 2025–2026, supported by a supply-demand balance increasingly tilted towards demand. We expect a persistent shortage of active rigs, while demand recovery in key strategic regions underpins elevated day-rates and improving utilization. This provides a solid foundation for offshore drillers to achieve margin expansion and secure long-term contracts on favorable terms.

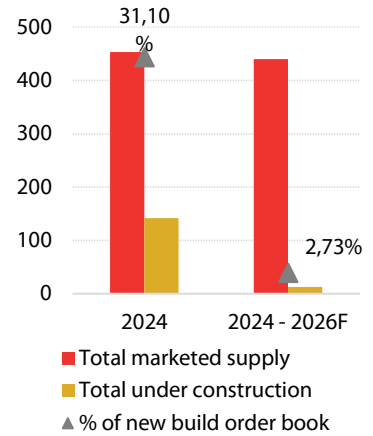
**Figure 35: Current number of Rigs**



**Figure 36: Rig contract status by region**



**Figure 37: Newly built rigs**



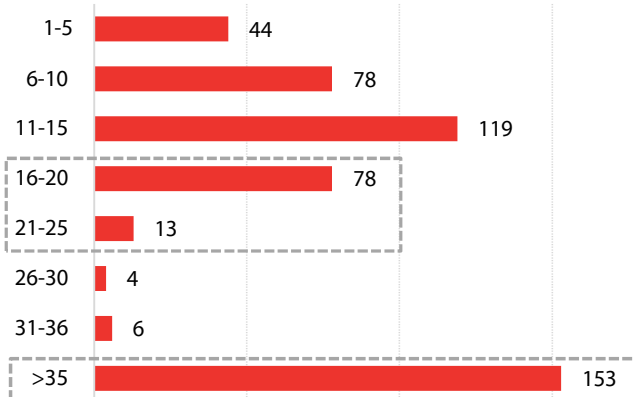
Source: S&P Global, PVD, RongViet Securities

**Global JU supply remains highly constrained**

As of mid-2025, the global JU fleet stands at 385 rigs, but only ~355 are active, translating into a utilization rate of ~92%. The remainder are either cold-stacked or too old to meet current technical requirements, with over one-third of the fleet aged above 30 years.

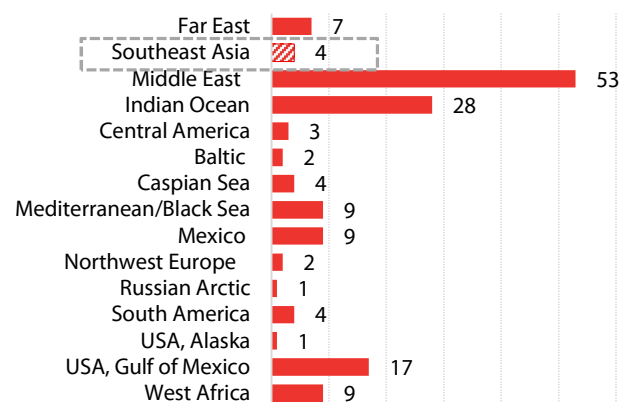
**New supply additions are minimal:** only 12 JU rigs are under construction, equivalent to ~2.8% of the current fleet. Of these, just 8 rigs are expected to be delivered to the international market by 2026, while the other 4 are dedicated to China. This implies new supply of less than 2% of the fleet, which will reinforce the scarcity of modern rigs in the medium term.

**Figure 38: Age distribution of global Jack-Up rigs**



Source: PVD, RongViet Securities

**Figure 39: Jack-Up rigs older than 35 years by region**



Source: PVD, RongViet Securities

**Global JU Demand continues to Rise, led by National Oil Companies (NOCs)**

According to Westwood Energy, JU utilization reached ~92% in 2024 and is projected to remain high at ~89% in 2025, marking the strongest level in a decade.

- **Middle East:** ADNOC targets 5 mb/d production capacity by 2027 and has signed long-term JU contracts, including a USD 1.15bn, 15-year package for two high-spec rigs. Saudi Aramco continues to anchor demand in the Arabian Gulf, maintaining maximum capacity of 12 b/d.



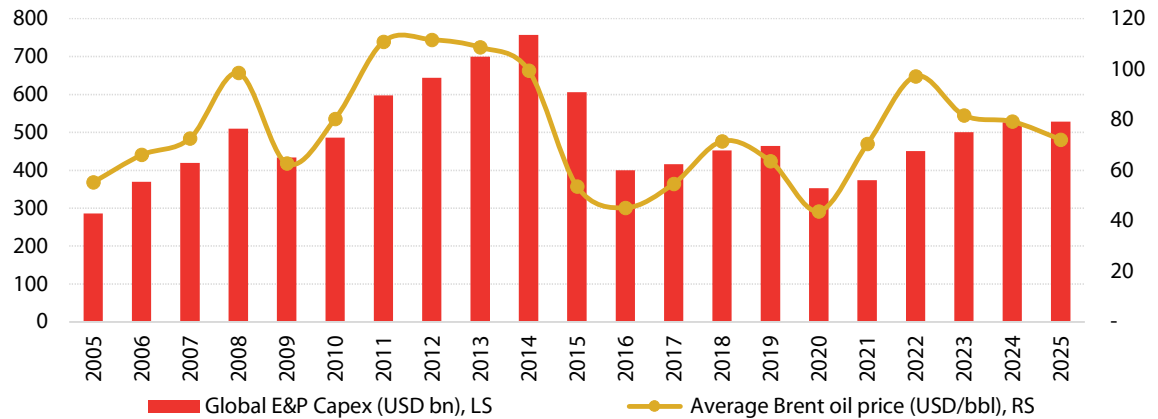
- **India:** ONGC is projected to sustain 35–40 JU rigs in operation through 2025–2027, to drill approximately 1,100 wells.
- **Southeast Asia:** Strong recovery in shallow-water gas and condensate projects in Malaysia, Indonesia, and Vietnam.

**The shift in demand from international oil companies (IOCs) to national oil companies (NOCs) is contributing to greater stability in the JU rig market.** Unlike IOCs, which are often influenced by short-term oil price volatility, NOCs typically pursue long-term investment strategies and prefer signing multi-year contracts at higher and more stable day-rates.

This trend is helping to maintain the current tightness in the JU market, enhancing cash flow visibility for drilling contractors and raising industry-wide earnings expectations in the medium term.

While some adjustments are expected in 2025 due to contract delays in North America and Saudi Arabia, the backlog remains robust and modern JU supply continues to be scarce. As a result, demand is likely to stay elevated into 2026, particularly as emerging markets ramp up offshore E&P activity in shallow-water projects.

**Figure 40: Upstream Oil & Gas capital expenditure globally (USD Billion)**

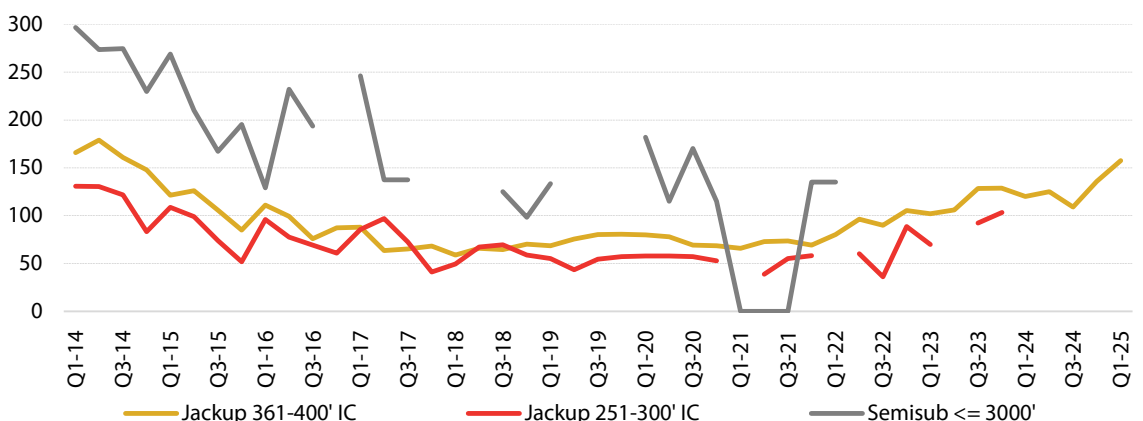


Source: S&P Global, RongViet Securities

**The current market structure is enabling day-rates to remain at elevated levels, with further upside potential in 2025–2026.**

At present, modern JU rigs are being contracted at USD 130,000–150,000/day. Supported by strong backlogs and sustained E&P investment, we expect many upcoming contracts to exceed USD 170,000/day, particularly in the Middle East, India, and Southeast Asia, where higher operational standards and longer contract durations prevail.

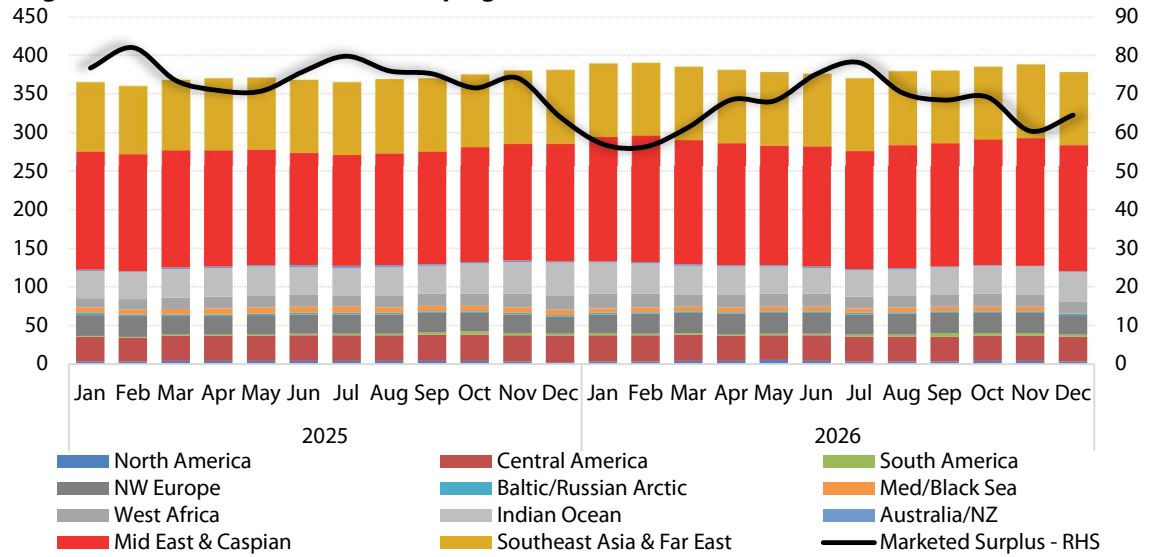
**Figure 41: 3-Month average rig day rate (Thousand USD/Day)**



Source: Bloomberg, RongViet Securities



**Figure 42: Forecast of Global Jack-Up rig count**



\* Note: The bar chart illustrates rig demand; both axes are measured in number of rigs

Source: S&P Global, PVD, RongViet Securities

**APPENDIX 5 – OUTLOOK FOR THE JU RIG MARKET IN SOUTHEAST ASIA: EXPECTED TO REMAIN FAVORABLE IN 2025–2026** ([Back to page 4](#))

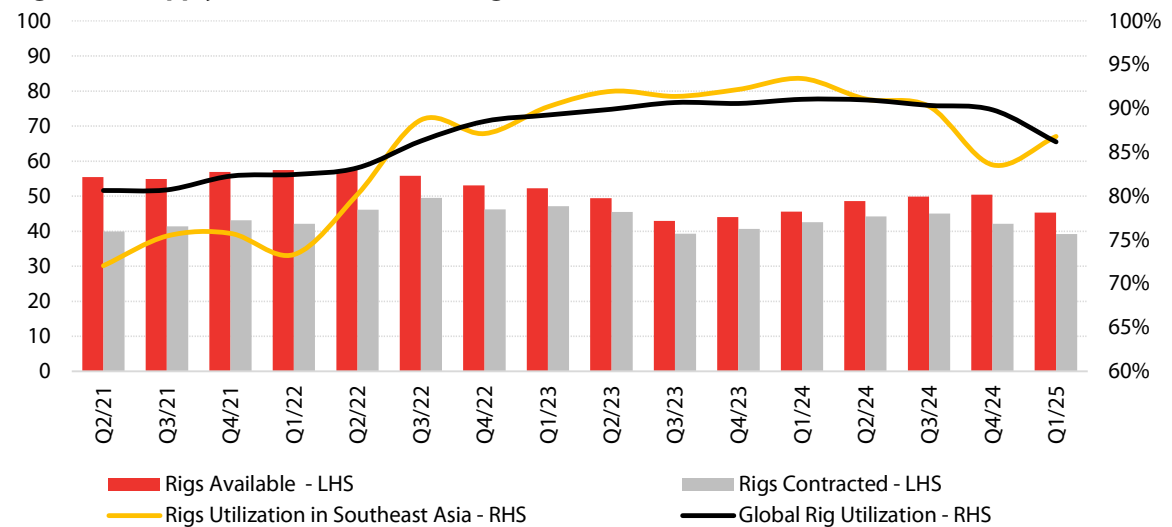
**Southeast Asia rig market: stable and positive**

In 2024, jack-up rig utilization in Southeast Asia reached approximately 90%, slightly down from more than 91% in 2023. The decline was mainly due to Saudi Aramco's temporary suspension of several jack-up contracts, which increased available supply in the market. This development exerted short-term downward pressure on day-rates, bringing the average rate in Q4/2024 down to around USD 87,500/day. However, in Q1/2025, day-rates showed a clear recovery, rising to USD 94,200/day (+7.7% QoQ).

**We believe this recovery reflects a gradual rebound in drilling demand**, especially in countries where large-scale exploration and production (E&P) projects have started to ramp up, such as Vietnam, Malaysia, Indonesia, and Thailand. Looking ahead to 2025–2026, S&P Global estimates excess rig supply will remain limited at only 4–6 units, equivalent to utilization of 80–90%, which is significantly higher than the average during 2015–2019. In the standard JU segment, we expect day-rates to range between USD 85,000–110,000/day, depending on rig capacity and level of modernization.

**In the longer term**, we assess that the outlook for the Southeast Asia rig market remains highly constructive. This is supported by the strong participation of both national oil companies (NOCs) and international oil majors in large E&P projects, as well as regional collaboration initiatives—for example, joint drilling programs between Malaysia and Indonesia—which aim to retain international contractors and enhance market stability.

**Figure 43: Supply–Demand Balance of Rigs in Southeast Asia**



Source: Statista, IHS Markit, S&P Global, RongViet Securities

**Selected Drilling Programs in Southeast Asia (2025–2026)**

As regional energy demand continues to rise, several Southeast Asian countries have scheduled new drilling programs to expand reserves and strengthen energy security:

- **Myanmar:** Expected to launch a drilling campaign at Block M5/M6 in 2025, representing efforts to resume exploration after a long hiatus.
- **Thailand:** State-owned PTTEP will execute a three-well JU drilling program (3JU) across Q2, Q3, and Q4 2025. In parallel, Medco Energi will roll out Phase 1 of the BRP project, highlighting its ambition to expand production in Thailand.
- **Indonesia:** Pertamina Hulu Mahakam, one of the country's largest gas producers, is scheduled to drill in Q2 2025. In the same quarter, Petronas will conduct a campaign at Jawa Timur. Importantly, BP Indonesia is developing the Ubadari Carbon Capture (UCC) project, with drilling scheduled for Q3 2026, marking a trend of integrating production with sustainable initiatives.

- Malaysia:** A standout market with multiple drilling programs extending from 2025 through 2026. Hibiscus Petroleum will drill in Q2 2025. HEPM has scheduled infill drilling at the North Malay Basin for Q3 2026. Other operators with announced programs include SKEO (East Malaysia – Q1 2026), Jadestone Energy (East Belulut – Q1 2026), KPOC (Q4 2026), Ping Petroleum (Q2 2026), and Dialog Resources (Q1 2026). These campaigns focus mainly on existing oil and gas fields to optimize output.

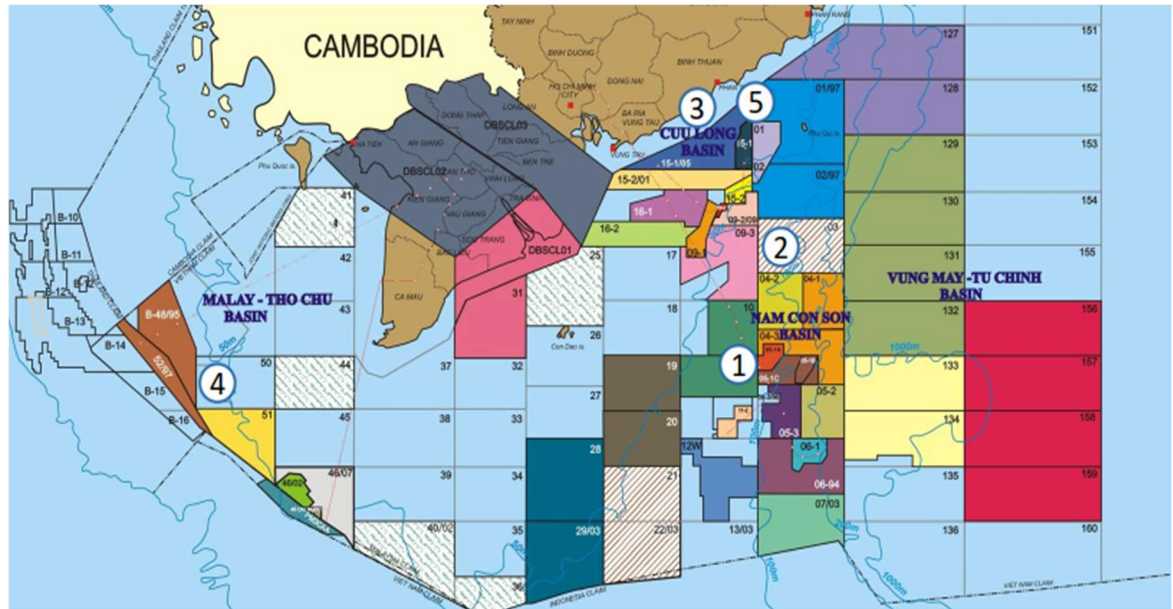
Overall, drilling activity in Southeast Asia during 2025–2026 is expected to remain vibrant, driven by active participation from both NOCs and international operators. This reflects stable exploration demand aligned with the region's growing energy needs.

#### Vietnam rig market – A Key regional highlight

Vietnam stands out as a leading market within Southeast Asia, supported by large-scale oil and gas projects and abundant reserves. Rig demand in Vietnam is projected to grow strongly in 2025–2026, surpassing many regional peers. According to PV Drilling (PVD), several major projects such as Block B, Su Tu Trang, Dai Hung, Lac Da Vang, and Hai Su Vang are driving demand for both jack-up rigs and deepwater rigs.

We believe that maintaining continuous drilling campaigns and expanding E&P investments will ensure sustainable growth for Vietnam's rig market. Importantly, many large projects have already scheduled drilling programs for 2025–2026, signaling strong commitment from both domestic operators and international partners.

**Figure 44: Oil & Gas map of selected drilling programs in 2025–2026**

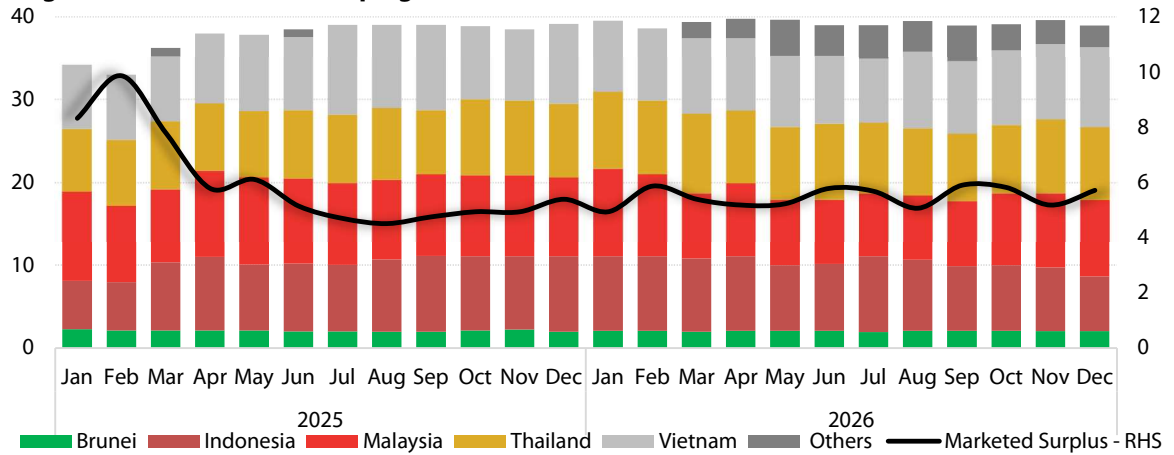


Source: PVD, RongViet Securities

#### Key drilling programs in Vietnam (2025–2026)

- Vietsovpetro: Planned drilling at Kinh Ngu Trang and Block 09-2/09 in Q3 2025.
- Hoang Long JOC: Ongoing development at Te Giac Trang and Ca Ngu Vang, with drilling scheduled for Q3 2025.
- Cuu Long JOC: Phase 2B development of Su Tu Trang (Block 15-1), targeted for Q3 2025.
- SK Earton: Drilling at Block 16-2, scheduled for Q3 2025.
- Phu Quoc POC: Drilling at Block B – O Mon, expected in Q1 2026.
- Zarubezhneft: Campaigns at Block 12/11 (Q2 2025) and Block 11-2 (Q3 2025).
- Murphy Oil: Drilling at Lac Da Vang (Block 15-1/05) scheduled for late 2025 or early 2026.

**Figure 45: Forecast of Jack-Up rig count in Southeast Asia**



\* Note: The bar chart illustrates rig demand; both axes are measured in number of rigs

Source: S&P Global, PVD, RongViet Securities

**Overall, we expect the Southeast Asia JU rig market to remain stable with moderate growth in 2025–2026.** Vietnam is projected to play a central role, with large-scale drilling programs ensuring robust rig demand. We believe that increasing adoption of long-term contracts and coordinated drilling strategies will help mitigate oversupply risks while keeping day-rates at healthy levels.

With several flagship projects scheduled, Vietnam is set to remain a cornerstone of the regional rig supply chain, enhancing efficiency in oil and gas production and supporting national energy security. We recommend that industry players closely monitor market developments and pursue strategic partnerships to fully capitalize on the favorable market trends expected in the coming years.

## APPENDIX 6 – DRILLING DEMAND IN VIETNAM EXPECTED TO RISE SHARPLY DRIVEN BY NEW PROJECTS [\(Back to page 4\)](#)

### Vietnam Oil & Gas Industry enters a new investment cycle

We observe that Vietnam's oil and gas industry is gradually transitioning into a new investment and development cycle after years of stagnation. The restart of major upstream projects such as Block B – O Mon, Blue Whale (Ca Voi Xanh), and White Kinh Ngu (Kinh Ngu Trang) demonstrates the commitment of both the Government and investors to ensuring energy security and optimizing national resource utilization.

During 2016–2022, drilling and field development activities were largely delayed due to regulatory bottlenecks and volatile oil prices. However, since late 2023, we have recorded multiple positive signals: final investment decisions (FID) being approved, EPC contracts signed, and development drilling plans officially rolled out. These developments lay the foundation for a new growth cycle in Vietnam's E&P sector.

### 2024 as a Critical transition year for restarting E&P activities

We believe 2024 serves as a crucial year to kickstart the investment cycle after a prolonged freeze. Several large-scale projects have already entered the EPC stage and are expected to transition into development drilling during 2025–2026. At the same time, appraisal drilling, well workovers, and expansion of existing fields are increasing in the southern continental shelf region.

Against this backdrop, demand for drilling rigs - particularly jack-up rigs (JU) - is forecasted to rise significantly during 2025–2027. This presents a clear opportunity for drilling service providers such as PV Drilling (PVD).

### Supportive legal and Oil price environment

We assess that stable oil prices in the range of USD 75 - 85/bbl provide favorable conditions for investors to proceed with FIDs. In addition, the amended Petroleum Law (effective from 2023) has removed key regulatory bottlenecks, accelerating project approvals and execution. As such, we believe that ongoing legal reforms and the current policy environment will be a major catalyst for Vietnam's E&P sector in the coming years

### Major projects under development

In practice, a series of large-scale oil and gas projects in Vietnam are already moving into the EPC phase and preparing for development drilling. The following list highlights the key projects we are monitoring, which are expected to act as major growth drivers for E&P activities during 2025–2030.

**Table 15: Update on domestic Oil and Gas exploration projects**

No	Project	Location	Capex	Oil & Gas reserves	Investors	Update	Golive
1	White Marlin	Cuu Long Basin	N/A	12,000 - 15,000 bbl/d	Vietsovetro, PVEP, AO Zarubezhneft	<ul style="list-style-type: none"> <li>June 2024: Completion of the CPP central platform base structure</li> </ul>	2025
2	Block B – O Mon	Southwest Continental Shelf	USD 12 Bn	107 Bcm of gas	PVN, PVEP, MOECO, PTTEP	<ul style="list-style-type: none"> <li>March 2024, PVN &amp; partners signed gas sale and transportation contracts with EVNGENCO2 for O Mon I power plant</li> <li>Approval of the 2025 operating budget of 739 million USD</li> <li>EPCI#1 &amp; EPCI#2 progress is 16.7% &amp; 34% as of February 14, 2025</li> </ul>	August 2027
3	Blue Whale	Offshore Central Vietnam	USD 10 Bn	150 billion m <sup>3</sup> gas	ExxonMobil (64%), PVN (36%)	<ul style="list-style-type: none"> <li>May 2023, PVN, PVEP and ExxonMobil signed a framework agreement for gas sale contracts.</li> <li>Land lease and use of Ky Ha port issues are being addressed</li> </ul>	2030
4	White Lion – Phase 2B	Cuu Long Basin	USD 1.3 Bn	20 Bcm of gas	PVEP (50%), ConocoPhillips	<ul style="list-style-type: none"> <li>Negotiations are ongoing for the oil and gas contract for Block 15-1, extended from September 2025.</li> </ul>	2026

					(23%), KNOC (14%), SKI (9%), Geopetrol (4%)		
5	Nam Du – U Minh	Southwest Continental Shelf	USD 750 Mn	5.6 Bcm of gas	Jadestone Energy (JSE)	<ul style="list-style-type: none"> <li>January 2024, PVN, PVGAS, and JSE signed a framework agreement for gas sale</li> <li>Preparing for EPCIC and FPSO tendering</li> </ul>	2024-2025
6	Ken Bau	Offshore Central Vietnam	N/A	200 - 250 Bcm of gas	ENI Vietnam BV, ESSAR E&P Limited	<ul style="list-style-type: none"> <li>Exploration</li> </ul>	2028
7	Golden Camel	Cuu Long Basin	USD 693 Mn	100 - 113 MMbbl of oil	Murphy Oil (40%), PVEP (35%), SKI (25%)	<ul style="list-style-type: none"> <li>Q2/2024: Murphy Cuu Long North &amp; PVS signed EPCI contract</li> <li>October 2024, PVS will commence the construction of the central processing platform</li> <li>Murphy Oil plans to invest an additional 110 million USD in 2025</li> </ul>	2026 - 2027
8	Swan – Seagull	Nam Con Son Basin	USD 349 Mn	10 Bcm of gas	Zarubezhneft, PVEP, PVGAS	<ul style="list-style-type: none"> <li>March 2024, PVGAS &amp; Zarubezhneft signed a framework agreement for gas sale</li> </ul>	2026-2027
9	Golden Tiger – Black Panther	Nam Con Son Basin	USD 1.3 Bn	58 Bcm of gas	Gazprom, PVN	<ul style="list-style-type: none"> <li>Exploration</li> </ul>	2025

Source: RongViet Securities

**We expect PV Drilling (PVD) to be among the most direct and significant beneficiaries of the recovery and acceleration in domestic drilling activity.** Backed by a diverse rig fleet, long-standing operating experience in both Vietnam and regional markets, as well as integrated offerings across well engineering services, drilling materials, and manpower, PVD is well-positioned to secure multiple new contracts.

Currently, several of PVD's rigs are operating overseas, but are expected to return to Vietnam from 2026 to support large-scale field development projects. This will be a favorable time for PVD to regain market share domestically while also expanding margins through higher-value drilling contracts.

**Overall, we view 2024–2026 as a golden window for the revival of drilling activity in Vietnam,** as major E&P projects gradually move into the development phase. With its proven capabilities, PVD stands out as a key beneficiary of this upcoming investment wave through increased contract wins, higher rig utilization, and margin expansion over the medium term.



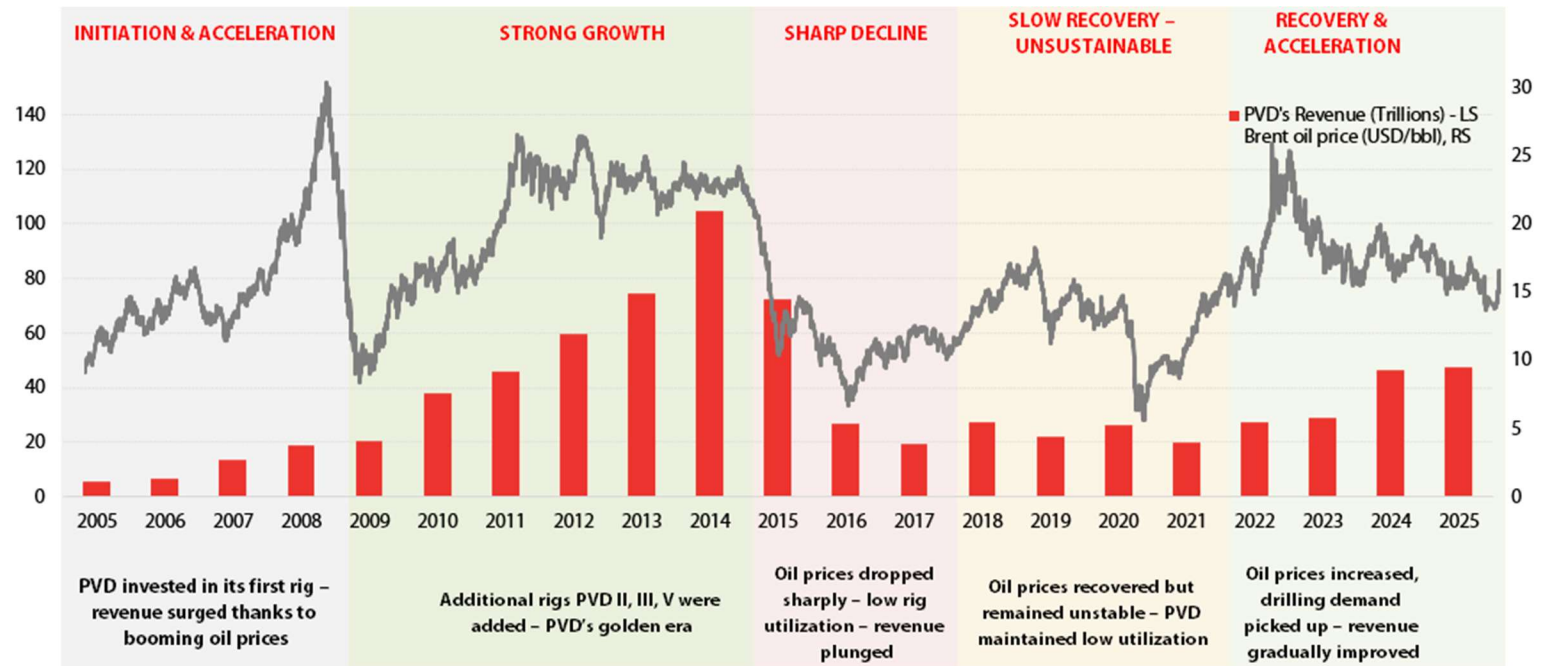
**APPENDIX 7 – THE CORRELATION BETWEEN BRENT CRUDE PRICES AND PVD’S BUSINESS OUTLOOK**

[\(Back to page 4\)](#)

**Brent crude prices serve as a key leading indicator for PV Drilling’s performance.**

We observe that fluctuations in Brent crude not only reflect global E&P investment trends but also have a direct correlation with PVD’s revenue, rig utilization, and contract award potential. Over the past two decades, oil price cycles have shown a clear in-phase relationship with the company’s operational and financial results.

**Figure 46: PVD Revenue vs. Average Brent Crude Price Over the Past 20 Years**



Source: RongViet Securities

**2005 – 2010: PVD’s early years and ramp-up during rising oil prices**

**As Brent oil surged from \$60/barrel in 2005 to nearly \$147/barrel by mid-2008**, PVD proactively invested in three jack-up rigs – PVD I, II, and III – totaling nearly USD 440 million. This strategic move transformed PVD from a technical services provider into the first locally-owned drilling contractor in Vietnam.

**Domestic rig utilization during this period frequently reached 90–95%**, reflecting strong drilling demand across the Cuu Long, Nam Con Son, and Malay-Tho Chu basins. This high demand enabled PVD to recover capital investments rapidly and improve profit margins.

**Revenue and profit growth from 2007 to 2010 closely tracked oil price increases**, confirming management’s strong execution capabilities and cyclical awareness during the company’s formative years.

**2010 – 2014: High oil prices drive peak growth**

Between 2010 and 2014, **Brent prices stabilized above \$100/barrel**, creating a favorable environment for robust E&P activity across Southeast Asia, PVD’s core market. Regional characteristics, including small but fast-depleting reserves, demanded continuous development drilling.

**Jack-up rig utilization remained at 85–95%**, both domestically and in neighboring markets, allowing PVD to maximize fleet efficiency, improve margins, and optimize financial performance. Revenue peaked above VND 20,000 billion in 2014, while day rates strengthened, lifting gross margins to historical highs.

**The positive correlation between high oil prices and PVD’s results reinforced** the cyclical nature of the drilling sector and PVD’s solid position within the regional oilfield services supply chain.



### 2015 – 2017: Oil price collapse leads to sharp decline in PVD's results

**Oil prices plunged below \$40/barrel in 2015, and even reached \$28/barrel in 2016**, marking PVD's most challenging period. Oil contractors cut budgets and postponed or canceled drilling campaigns, causing domestic rig utilization to fall sharply.

**Jack-up rig utilization in Vietnam dropped to 50–60%, and even below 40% at times**, placing significant pressure on service providers like PVD. The company had to redeploy some rigs overseas, accepting lower day rates or temporarily idling rigs to control costs.

**Revenue fell dramatically** to around VND 7,000 billion in 2016, approximately half of the 2014 peak. This period illustrates PVD's high sensitivity to oil price swings, especially given its operational model's dependence on rig utilization.

### 2018 – 2021: Oil price recovery but unstable – PVD operates cautiously

**During 2018–2021, Brent recovered to \$55–70/barrel**, but gains were uneven due to geopolitical tensions and the COVID-19 pandemic. The rig market remained oversupplied, keeping day rates low and contracts mostly short-term.

In Vietnam, **jack-up rig utilization only reached 60–70%, significantly below the 2010–2014 peak**. PVD's revenue fluctuated between VND 4,000–6,000 billion, with margins pressured by low day rates and high fixed costs.

We assess this as an extended “operational trough,” when market conditions were insufficient to sustain a recovery. The company required a stronger catalyst, such as sustained high oil prices or a new wave of E&P investments, to unlock growth.

### 2022–2024: Strong oil price rebound triggers a new drilling cycle

**The Russia–Ukraine conflict pushed Brent close to \$140/barrel in 2022**, reigniting global E&P activity, particularly in Southeast Asia, where drilling demand surged to secure domestic energy.

**Rig utilization in Vietnam and regional markets rose above 90% from mid-2023, while day rates improved 15–20% from 2021 lows**. PVD redeployed its full fleet, capitalizing on the supply shortage and rising demand to expand contracts, improve margins, and grow backlog.

Revenue surged to over VND 10,000 billion in 2023, with a positive outlook for 2024 as multiple large-scale projects commenced. We view this as the re-establishment of growth, marking a sustainable recovery cycle for drilling services after years of stagnation.

### 2025 outlook: Oil price adjustment but PVD supported by signed contracts and ongoing drilling demand

**In 2025, we forecast Brent to average around \$65/barrel, with EIA projecting potential declines to about \$60/barrel**. However, large E&P projects in Vietnam, including Lô B – Ô Môn, Cá Voi Xanh, and Sư Tử Trắng Phase 2B, are expected to enter development drilling, ensuring sufficient rig capacity for PVD.

Backlog accumulated from 2023–2024, particularly from clients like PTSC, ENI, ENR, Hibiscus, provides **PVD the opportunity to maintain optimal fleet utilization**. This will secure stable revenue despite potential moderate oil price adjustments.

**Company Report**

This report is created for the purpose of providing investors with an insight into the discussed company that may assist them in the decision-making process. The report comprises analyses and projections that are based on the most up-to-date information with the objective that is to determine the reasonable value of the stock at the time such analyses are performed. Through this report, we strive to convey the complete assessment and opinions of the analyst relevant to the discussed company. To send us feedbacks and/or receive more information, investors may contact the assigned analyst or our client support department.

**RATING GUIDANCE**

Ratings	BUY	ACCUMULATE	REDUCE	SELL
Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

In some cases, we do not provide specific buy/sell recommendations but instead offer a few reference valuations to give investors additional insights, categorized under the recommendation of **OBSERVE**.

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