true friend KIS Viet Nam Securities Corporation

Earnings Review

11 Aug 2026

PV Drilling (PVD)

NPAT shrank, against expectation

· 2Q26 NPAT shrank, in contrast with our expectation
· Drilling segment faced short-term pressures
· Upcoming quarters: growth may come back by 4Q26F

Facts: NPAT shrank, in contrast to our expectation

PVD reported 2Q26 revenue of VND3,028bn (+24% yoy, ~73% of KIS forecast). Gross profit increased modestly by 5% yoy to VND544bn (~53% of KIS forecast). The weaker-than-expected earnings were mainly attributable to significantly lower profitability from the Drilling segment. Details are as follows:

- **Drilling**: Revenue increased 46% yoy to VND1,980bn, driven by a strong increase in workload (+1.6 owned rigs and +1.4 leased rigs, based on our estimates). However, gross profit declined 14% yoy. According to management, PVD9's deployment for the Song Doc abandonment project weighed on the segment's near-term earnings due to its relatively low dayrate, while the rig currently incurs high operating expenses given its high-spec configuration and interest-bearing debt. PVD undertook the Song Doc project under a lump-sum contract. However, during execution, the project proved more challenging than initially expected, resulting in the deployment of PVD9 instead of only a workover rig.
- **Drill-related services**: Revenue reached VND912bn (-5% yoy). Gross profit increased 25% yoy to VND287bn, with GPM at 31.5% (+7.5%p yoy, +7.3%p qoq).

SG&A expenses increased 10% yoy to VND249bn, which we believe mainly reflects higher headcount to support the operation of newly added rigs, including PVD8 and PVD9.

Meanwhile, interest expenses surged 139% yoy. According to PVD, this was partly because borrowing costs related to recently acquired drilling rigs (incur in less than one year) are no longer capitalized and amortized, but instead recognized directly as interest expenses under Circular 99.

Income from JV/affiliates surged 226% to VND51bn, thanks to high E&P demand.

As a result, 2Q26 NPAT declined to VND178bn (-29% yoy, -41% qoq), significantly below our expectations.

Table 1. Quarterly earning snapshot (VND bn, %, %p)

	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	2,447	2,571	4,346	3,401	3,028	(11.0)	23.7
OP	312	401	352	432	315	(27.0)	1.1
OP margin	12.7	15.6	8.1	12.7	10.4	(2.3)	(2.3)
PBT	321	366	499	396	261	(34.0)	(18.6)
NPAT	250	277	379	300	178	(40.7)	(28.8)

Source: FiinproX, KIS Research

12M rating	**HOLD**
12M TP	**NA**
Up/Downside	*NA*

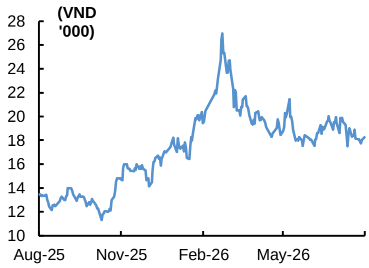
Stock Data

VNIndex (10 Aug, pt)	1,777
Stock price (10 Aug, VND)	18,250
Market cap (USD mn)	643
Shares outstanding (mn)	928
52-Week high/low (VND)	26,964/11,325
6M avg. daily turnover (USD mn)	8.41
Free float / Foreign ownership (%)	50.0/7.9
Major shareholders (%)	
PVN	50.46

Performance

	1M	6M	12M
Absolute	(6.6)	(10.4)	35.4
Relative	(6.1)	(11.7)	24.1

Stock price trend



Source: FiinproX

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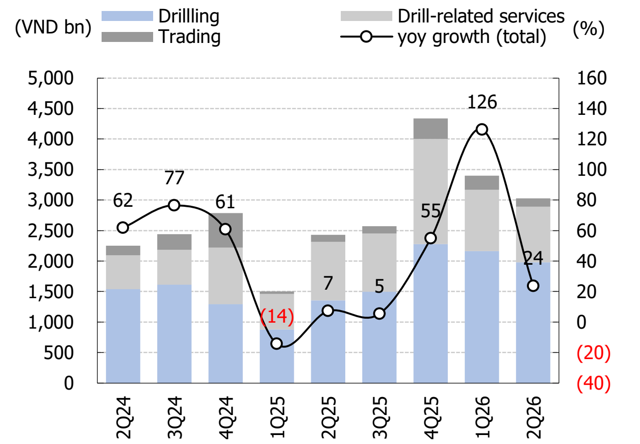
Pros & cons: short-term pressures

We believe the earnings weakness in 2Q26 is temporary, as PVD9 completed the Song Doc campaign within 2Q26. In 3Q26, PVD's earnings growth may remain under short-term pressure as PVD8 and PVD9 are mobilized from Vietnam to Malaysia, resulting in mobilization costs. In addition, PVD9 is expected to undergo a 1–2 month upgrade to meet the operator's technical requirements, temporarily lowering its utilization rate. We expect earnings growth to recover from 4Q26 onward as the new rigs enter stable operations.

Action: HOLD

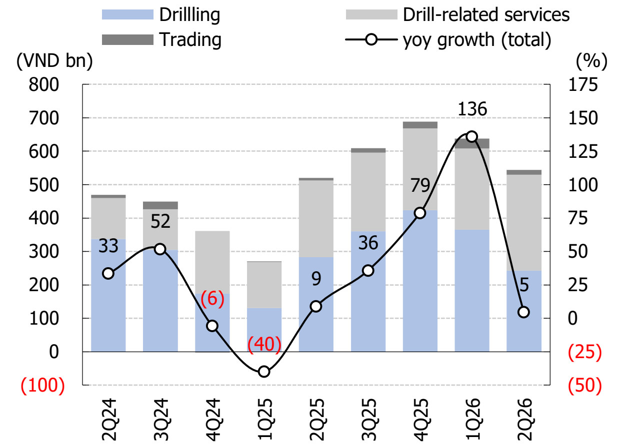
We maintain our HOLD recommendation, as the current share price has already reached our target price.

Figure 1. 2Q26 Revenue upped 24% yoy, ~73% KIS forecast



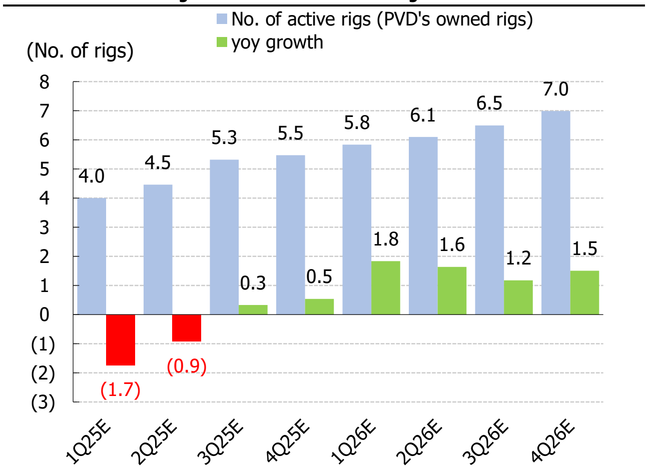
Source: Company data, KIS Research

Figure 2. Gross profit rose 5% yoy, only fulfilled 53% of KIS forecast



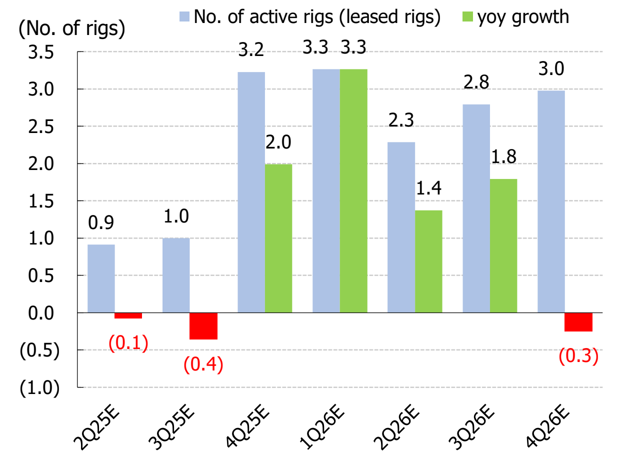
Source: Company data, KIS Research

Figure 3. No. of active PVD owned rigs rosed 1.6 rigs yoy, but Song Doc decomissioning project drilled by PVD9 seem to yield insufficient day rate



Source: Company data, KIS Research
Note: estimated based on PVD's announced drilling schedule

Figure 4. There was 2.3 leased rigs active in 2Q26, +1.4 rigs yoy, mainly support top-line growth



Source: Company data, KIS Research
Note: estimated based on PVD's announced drilling schedule

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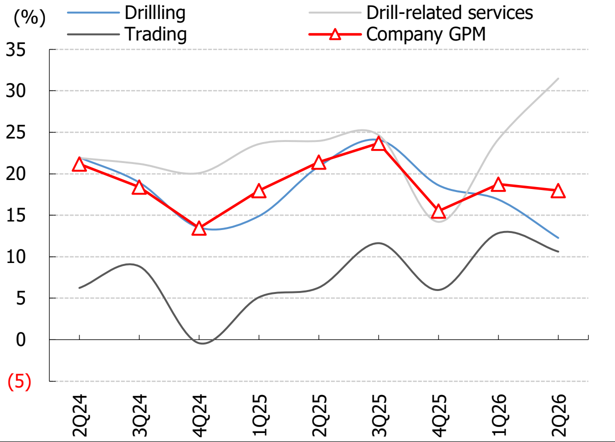
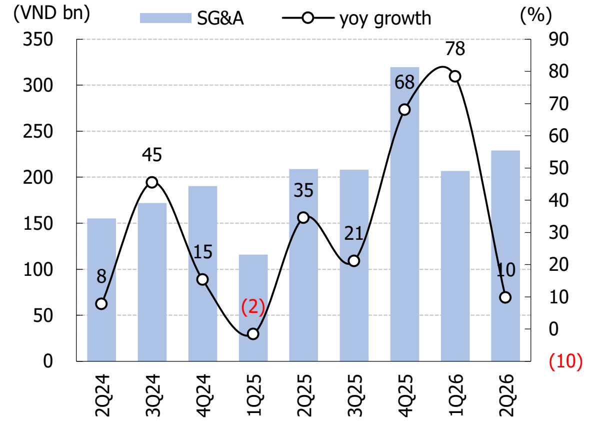
Figure 5. Drilling GPM shrank on dilution effect of leased rigs and poor day rates of PVD9



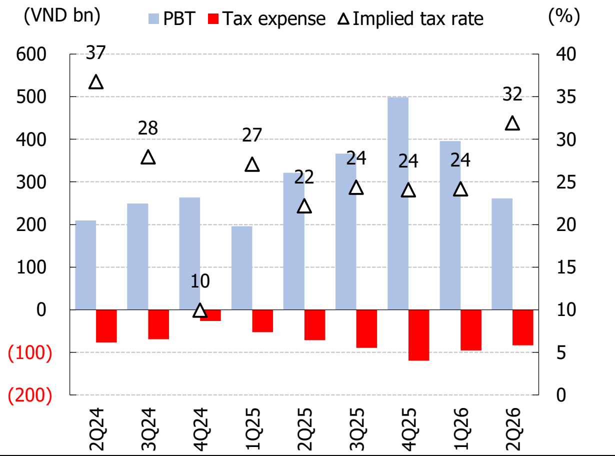
Source: Company data, KIS Research

Figure 6. SG&A upped 10% yoy



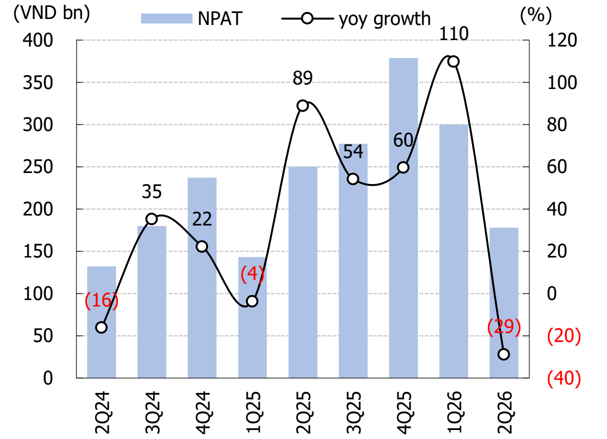
Source: FiinproX, KIS Research

Figure 7. Implied tax rate upped to 32% owing to the poor performance of domestic business



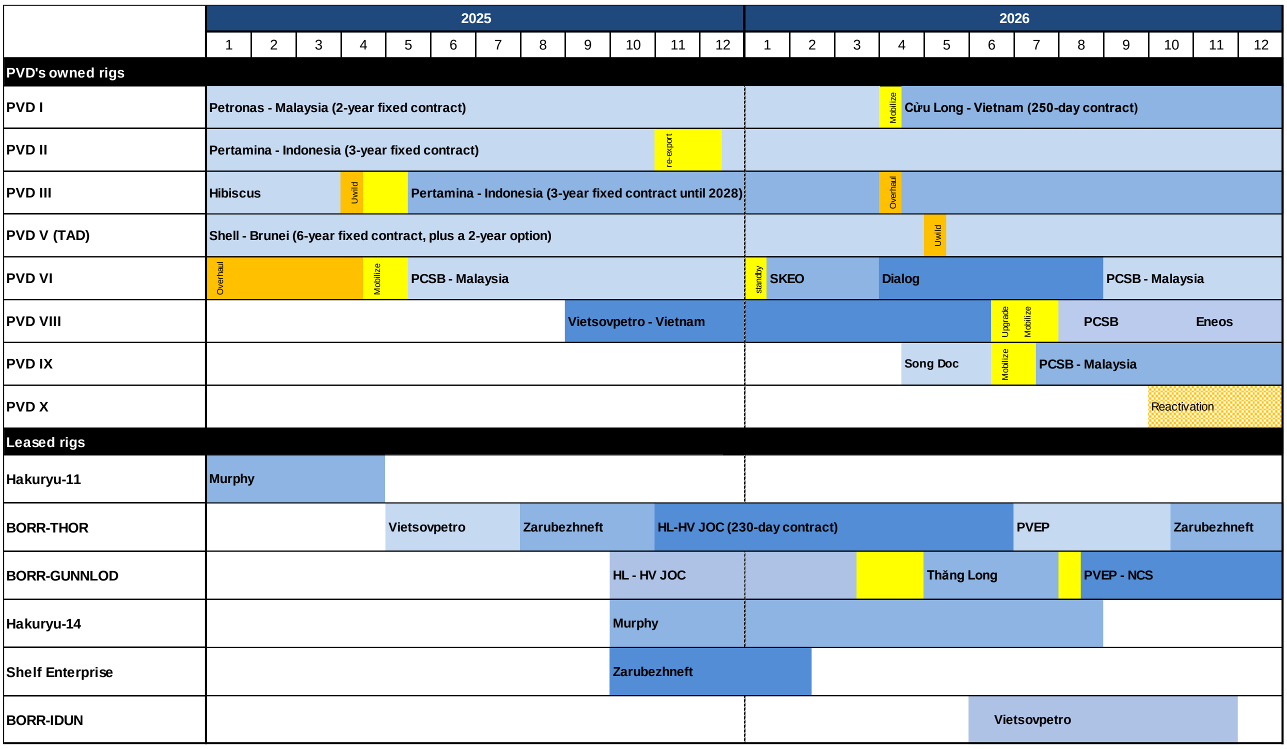
Source: FiinproX, KIS Research

Figure 8. 2Q26 NPAT contracted by 29% yoy



Source: FiinproX, KIS Research

Figure 9. PVD drilling schedule 2025-26F



Source: Company data, KIS Research.

■ Company overview

PV Drilling (PVD), a subsidiary of PetroVietnam (PVN), is a leading firm in offshore drilling and well services in Vietnam and Southeast Asia. PVD owns a fleet of 8 offshore drilling rigs, including 7 jack-up rigs and 1 TAD rig. PVD is expected to play essential roles in the Block B project with its competencies.

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Prepared by: Research Dept

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