



Permianville Royalty Trust (PVL)

Updated March 26th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	\$1.55	5 Year CAGR Estimate:	-11.6%	Market Cap:	\$51 M
Fair Value Price:	\$0.30	5 Year Growth Estimate:	15.0%	Ex-Dividend Date:	3/31/25
% Fair Value:	517%	5 Year Valuation Multiple Estimate:	-28.0%	Dividend Payment Date:	4/14/25
Dividend Yield:	1.9%	5 Year Price Target	\$0.60	Years Of Dividend Growth:	0
Dividend Risk Score:	B	Sector:	Energy	Rating:	Sell

Overview & Current Events

Permianville Royalty Trust (PVL) was incorporated in 2011 and is based in Houston, Texas. It operates as a statutory trust and owns a net profits interest representing the right to receive 80% of the net profits from the sale of oil and natural gas production from properties located in the states of Texas, Louisiana and New Mexico. The company was formerly known as Enduro Royalty Trust and changed its name to Permianville Royalty Trust in September 2018. It has a market capitalization of \$51 million. The trust's assets are static in that no further properties can be added. In addition, the trust is passive, as it has no control over operating costs and the rate of production.

Due to its pure upstream nature, PVL is highly sensitive to the cycles of oil and gas prices. Due to the collapse in these prices caused by the pandemic, PVL suspended its distribution for 13 consecutive months, from mid-2020 to mid-2021. In mid-March, PVL reported (3/19/25) financial results for the full fiscal 2024. Oil and gas volumes grew 45% and 8%, respectively, thanks to new Permian wells but the trust was hurt by low gas prices and excessive operating costs. As a result, distributable income plunged -76% over the prior year. PVL suspended its distributions in the first half of last year, as its operating expenses exceeded its operating income, primarily due to depressed gas prices. The trust resumed distributions in July-2024 but it has offered total distributions of less than \$0.01 in the first three months of this year. When PVL announced the reinstatement of distributions last year, the stock jumped 43% in just two sessions. This is a testament to the high risk and volatility of PVL. Based on the distributions in the first three months of 2025, PVL is offering a total annualized yield of only 1.9%.

Growth on a Per-Unit Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
DCFU	\$0.38	\$0.24	\$0.21	\$0.42	\$0.31	\$0.13	\$0.12	\$0.44	\$0.37	\$0.09	\$0.03	\$0.06
DPU	\$0.38	\$0.24	\$0.21	\$0.42	\$0.31	\$0.13	\$0.12	\$0.44	\$0.37	\$0.09	\$0.03	\$0.06
Units¹	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0

PVL has generated an average distributable and distributed cash flow of \$0.27/unit per year for the past decade, though with a noticeable decrease in the last nine years. Given the natural decline of the production of oil wells and gas wells, the long-term downtrend in cash flows should be expected. Over the last decade, the total output of PVL has declined at an average annual rate of -2%. Moreover, the proved reserves of PVL have declined -15% in total in the last two years. The trust posted high distributable cash flow per unit in 2022-2023 thanks to multi-year high oil and gas prices, which resulted from the sanctions of western countries on Russia but it is now suffering from depressed gas prices. Given the very low comparison base formed this year, we expect 15% growth of distributable cash flow per unit until 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
P/DCFU	7.2	9.9	12.5	7.8	8.3	8.9	14.6	7.4	6.4	16.7	51.7	10.0
Avg. Yld.	13.8%	10.1%	8.0%	12.8%	12.1%	11.2%	6.9%	13.5%	15.7%	6.0%	1.9%	10.0%

¹ Average Weighted Unit count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report and does not intend to obtain one.



Permianville Royalty Trust (PVL)

Updated March 26th, 2025 by Aristofanis Papadatos

The trust's DCFU price multiple has averaged 10.0 over the past 10 years. We consider this a fair valuation multiple due to our natural expectations for declining production volumes in the long run. PVL is currently trading at a valuation multiple of 51.7 due to its abnormally low DCF this year. If it trades at our assumed fair valuation level in five years, it will incur a -28.0% annualized drag in its returns, which will offset the production growth expected.

Safety, Quality, Competitive Advantage, & Recession Resiliency

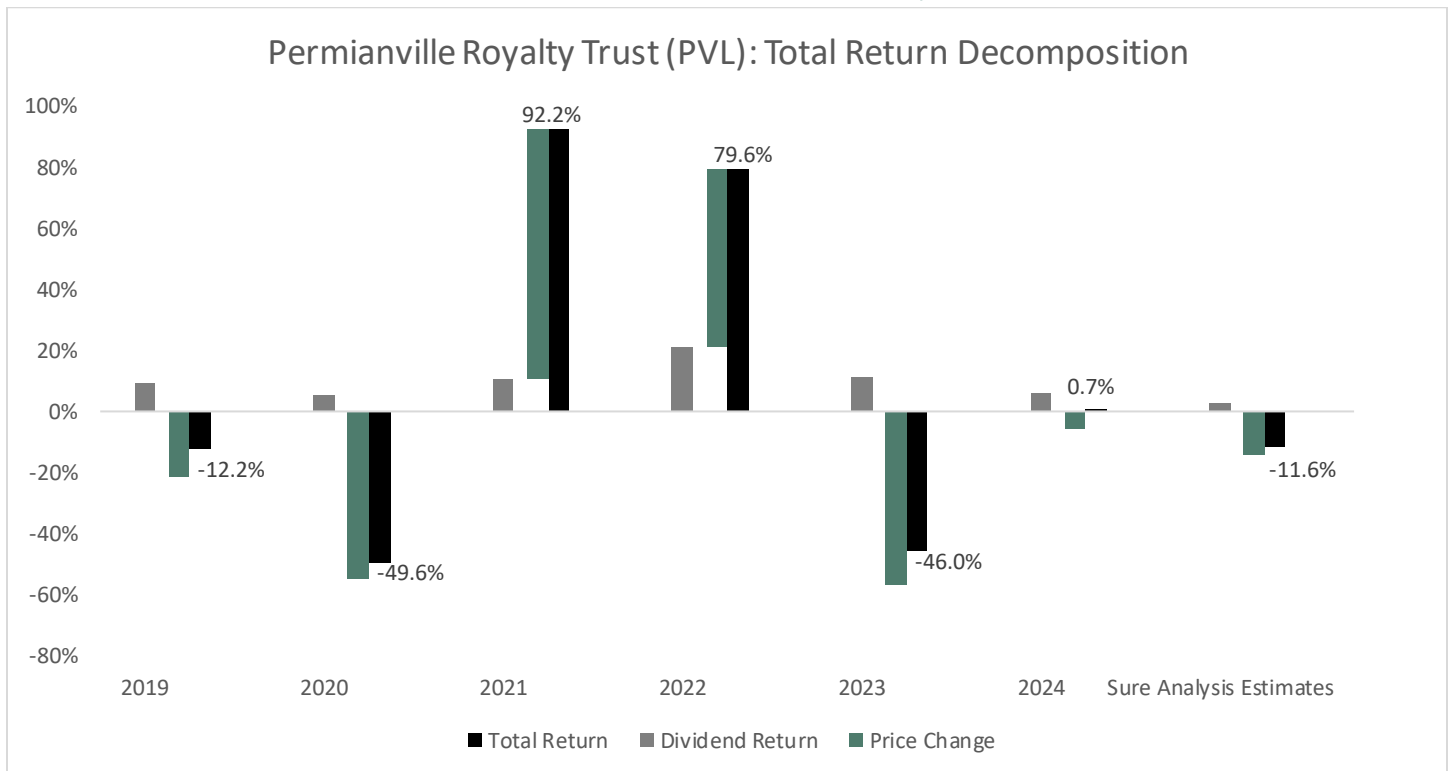
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

As PVL was formed only in 2011, it has a short history but it has offered an average 11.0% distribution yield over the last decade (albeit with high volatility in the distributions). However, future distributions are highly unpredictable due to the absence of any guidance and the unknown path of oil and gas prices. The trust suspended its distributions in the first half of 2024, primarily due to depressed gas prices. In addition, whenever the energy market enters another downcycle, the trust is likely to exhibit poor performance. The suspension of the distribution for 13 months in 2020-2021, for 6 months in 2024 and this year and the 67% plunge of the stock in the first month of the pandemic are stern reminders of the risk and high sensitivity of PVL to recessions and downturns of the energy market.

Final Thoughts & Recommendation

PVL suspended its distributions in the first half of 2024 due to depressed gas prices and high operating costs and it has offered daunting distributions in the first three months of this year. Moreover, we expect oil prices to deflate in the upcoming years due to the record number of renewable energy projects that are in their development phase. PVL could offer an -11.6% average annual return over the next five years, as 15% growth of distributions per unit and a 1.9% initial distribution yield may be offset by a -28.0% valuation headwind. The stock receives a sell rating. We also reiterate that PVL is not a buy-and-hold-forever stock due to the natural decline of its production in the long run and its high risk.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report and does not intend to obtain one.



Permianville Royalty Trust (PVL)

Updated March 26th, 2025 by Aristofanis Papadatos

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	14	9	8	15	9	6	4	15	10	4
SG&A Exp.	1	1	1	1	1	1	1	1	1	1
Operating Profit	14	8	7	14	9	5	3	13	9	3
Operating Margin	95.1%	92.1%	88.7%	89.5%	98.3%	90.3%	70.5%	88.8%	86.6%	61.6%
Net Profit	14	8	45	14	10	5	3	13	14	3
Net Margin	95.1%	92.1%	585%	94.5%	100%	90.3%	74.3%	89.7%	136%	66.2%

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	121	107	94	84	77	71	65	61	52	44
Total Liabilities	---	---	---	---	---	---	---	---	---	---
Long-Term Debt	---	---	---	---	---	---	---	---	---	---
Book Value	121	107	94	84	77	71	65	61	52	44
LTD/E Ratio	---	---	---	---	---	---	---	---	---	---

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Shares Out.	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0	33.0
Revenue/Share	0.44	0.28	0.23	0.46	0.29	0.17	0.13	0.46	0.31	0.13

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.