



Permianville Royalty Trust (PVL)

Updated May 28th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	\$1.65	5 Year CAGR Estimate:	-13.1%	Market Cap:	\$52 M
Fair Value Price:	\$0.20	5 Year Growth Estimate:	25.0%	Ex-Dividend Date¹:	N/A
% Fair Value:	825%	5 Year Valuation Multiple Estimate:	-34.4%	Dividend Payment Date:	N/A
Dividend Yield:	1.2%	5 Year Price Target	\$0.61	Years Of Dividend Growth:	0
Dividend Risk Score:	A	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 \$52 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-May, PVL reported (5/15/25) results for Q1-2025. Gas volumes grew 21% but oil volumes decreased -12%. In addition, the trust was hurt by excessive operating costs and thus it did not offer any distributions apart from a special distribution related to an asset sale. PVL suspended its distributions in the first half of last year, as its operating expenses exceeded its operating income, primarily due to low prices and high operating expenses. The trust resumed distributions in July-2024 but it has suspended distributions again 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 five months of 2025, PVL is offering a total annualized yield of only 1.2%.

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	\$0.02	\$0.06
DPU	\$0.38	\$0.24	\$0.21	\$0.42	\$0.31	\$0.13	\$0.12	\$0.44	\$0.37	\$0.09	\$0.02	\$0.06
Units²	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 high operating costs. Given the very low comparison base formed this year, we expect 25% 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	82.5	10.0
Avg. Yld.	13.8%	10.1%	8.0%	12.8%	12.1%	11.2%	6.9%	13.5%	15.7%	6.0%	1.2%	10.0%

¹ The trust has suspended its distribution.

² Average Weighted Unit count is in millions.

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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 82.5 due to its abnormally low DCF this year. If it trades at our assumed fair valuation level in five years, it will incur a -34.4% annualized drag in its returns, which will offset the expected growth of distributable cash flow.

Safety, Quality, Competitive Advantage, & Recession Resiliency

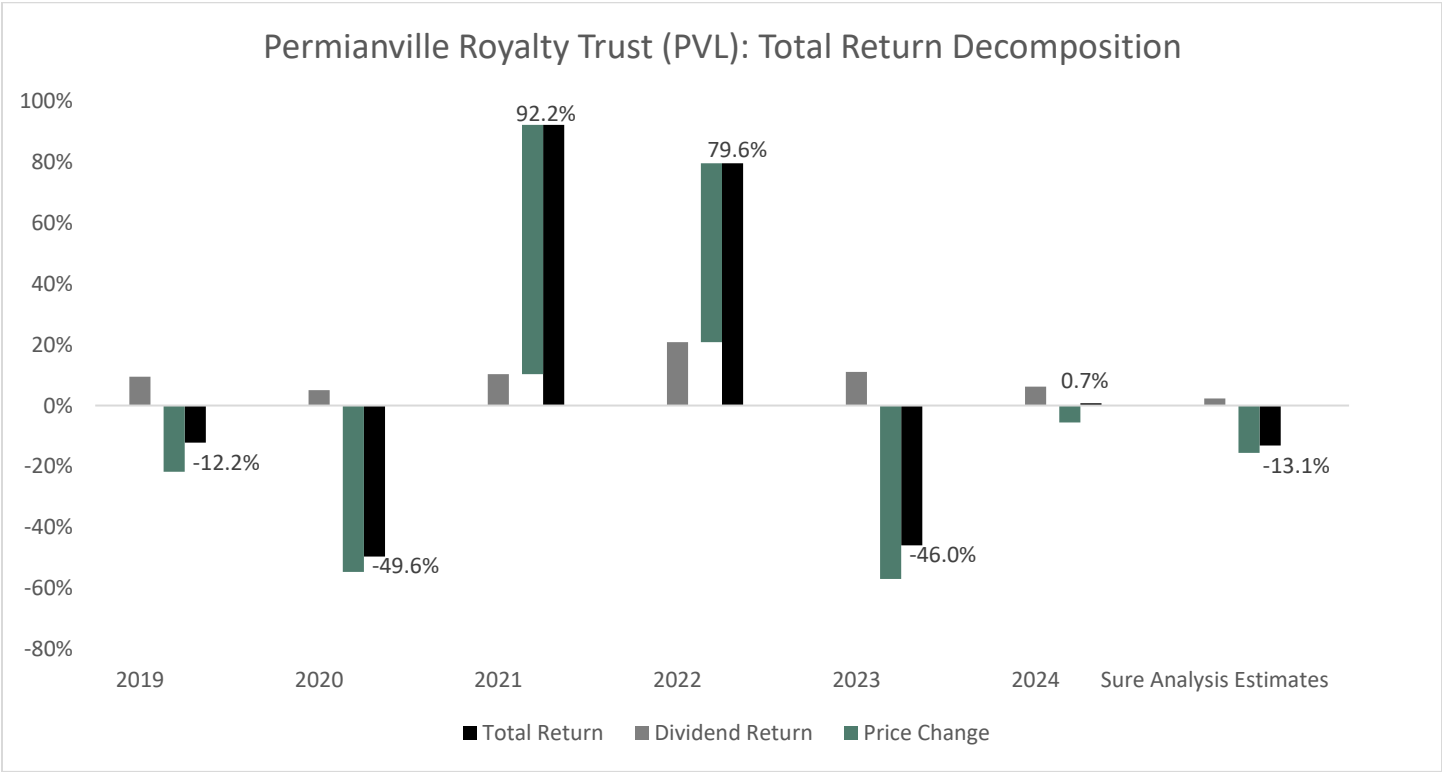
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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 has suspended its distributions this year, primarily due to lackluster prices of oil and gas and high operating costs. 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 suspended its distributions again this year amid high operating costs. 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 a -13.1% average annual return over the next five years, as 25% growth of distributions per unit and a 1.2% initial distribution yield may be offset by a -34.4% 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



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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.

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