

## Benefits from energy turmoil have gone

### BUY [+11%]

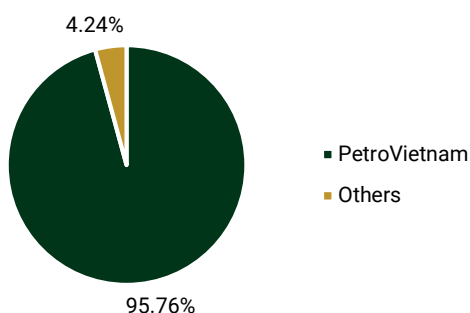
Fair price 111,000 VND  
Current price 100,400 VND

Updated: 15/08/2023

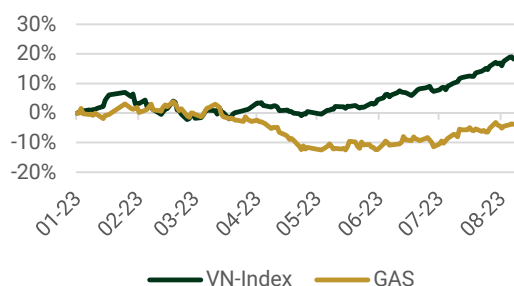
### STOCK INFORMATION

Outstanding shares (mil) 1,914  
Free float (mil) 81  
Market cap. (billion VND) 204,027  
3m avg. volume (shares) 0.64 million  
Foreign ownership (%) 2.7%  
First listing date 21/05/2012

### MAJOR SHAREHOLDERS



### PRICE MOVEMENT COMPARED TO THE INDEX



### HISTORICAL VALUATION



**Performance overview:** In the first half of 2023, the company's net revenue dropped to VND45.3 trillion (-16.7% YoY) and NPAT was, likewise, down to VND6.6 trillion (-23.4% YoY). These contractions mainly derive from a decline in avg. selling price (as the energy crisis passed away while the global economy has slowed down) and fierce competition from coal-fired power after the relief of nationwide supply shortage of coal feedstock begun from the beginning of 2023.

**Forecast:** The conflict in Ukraine continues, but supply and demand have regained balance as major suppliers, such as the USA and Qatar, increase their (Liquefied natural gas - LNG) production. Despite some positive economic indicators, the global economy is still at risk of a recession. Factors such as a harsh winter in the West and OPEC+'s intention to cut more production could put pressure on supply,.... Therefore, we anticipate the gas selling prices (tied to FO prices) may drop (by 14% YoY) but still remain at high level in 2023, while dry gas and Liquefied petroleum gas (LPG) selling volumes could increase by 5% YoY and 1% YoY, respectively. Then, Net revenue of GAS could reach VND94.3 trillion (-6.4% YoY) and NPAT would be VND13.3 trillion (-11.9% YoY). However, considering that the gas price could be maintained at high level, we expect the Gross Margin and the Net Profit Margin would be 21% and 14%, respectively.

**Investment highlights:** (1) Gas prices can still remain at good level and output will continue its momentum as thermal power regains its dominance over hydropower in 2023.

(2) GAS is developing infrastructure for importing and distributing LNG to meet rising domestic demand, especially for gas-fired power. Its first LNG complex, LNG Thi Vai, is operational and expected to generate VND1,000bn in Net revenue from 100mn cubic meters of LNG sales this year

(3) GAS may become a LNG trader and transporter due to gas reserve depletion and green power trend in Power Development Plan 8 (PDP8), PDP8 is expected to fuel significant growth of gas-fired power until 2030 and enhancing the company's long-term growth

**Valuation & recommendation:** Using DCF and Multiple method, we derive the fair price of VND111,000 per share. Thus, our recommendation is BUY with a potential upside of 11%. Our valuation value does not incorporate Block B – O Mon, Blue Whale and LNG Son My phase 2 projects due to the uncertainty, unfavorable conditions and the lack of sufficient information in valuation period.

**Investment risks:** (1) The adverse changes in government's policies; (2) The recession risks come to forefront; (3) Geopolitical risks.

Financial Indicators	2018A	2019A	2020A	2021A	2022A	2023F
Net revenue (billion VND)	75,612	75,005	64,135	78,992	100,724	94,257
Net Profit (billion VND)	11,709	12,086	7,972	8,852	15,066	13,268
EPS (VND)	5,984	6,219	4,104	4,531	7,732	6,834
EPS Growth (%)	18%	4%	-34%	10%	71%	-12%
Book Value (VND)	24,377	25,923	25,863	27,270	31,962	35,170
P/E	16.98	16.72	25.68	23.20	13.46	16.24
P/B	4.31	4.01	4.01	3.81	3.25	3.16
Cash dividend (VND)	4,000	4,300	3,500	3,000	3,000	3,600