

14 December 2023

## RECOMMENDATION

**BUY**

Fair price	87,300 VND
Current price	76,900 VND
Upside/downside	13.5%

## STOCK INFORMATION

Outstanding shares (mil)	2,296.7
Free float (mil)	115
Market cap. (billion VND)	179,375
3m avg. volume (shares)	0.6 million
Foreign ownership (%)	2.8%
First listing date	21/05/2012

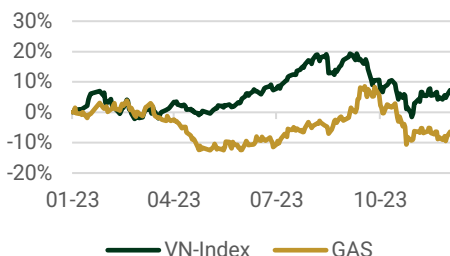
## SHAREHOLDER STRUCTURE

PetroVietnam	95.8%
Others	4.2%

## KEY ATTRIBUTES

TTM EPS (VND)	5,283
BVPS (VND)	26,768
Debt/Equity (%)	10%
ROA (%)	14.3%
ROE (%)	20.1%
P/E	15.0
P/B	3.0
Dividend yield (%)	4.6%

## PRICE PERFORMANCE



## COMPANY PROFILE

PetroVietnam Gas (GAS) is the only dry gas supplier in Vietnam and accounts for the majority of LPG and Condensate sales in this market. The company holds a monopoly position in Vietnam market with a complete gas infrastructure system, including gas collection system at sources, distribution and transportation pipelines, storage system and gas processing plants.

## ANALYST(S)

**Nguyen Thien Nhan**  
nhannnguyen@phs.vn

## Benefits from energy turmoil have gone

- In 9M2023, Net Revenue and NPAT witnessed a significant contraction of 17% YoY and 23% YoY, respectively, mostly due to fallen gas price while selling volume remained flat.
- The company is accelerating LNG import and distribution to meet growing domestic gas demand, particularly for gas-fired power. GAS is also involved in key offshore projects like Block B – O Mon, which promises long-term growth upon its completion in 2026.
- We maintain our recommendation is BUY with potential upside of 14%.

**Forecast:** We expect the revenue of the company will increase slightly to VND101.9 trillion (+1.2% YoY) in 2023 and decrease slightly in 2024 (reach VND94.9 trillion, -6.8% YoY) when the energy turmoil due to Ukraine war has gone. However, the NPAT could plummet to VND13.3 trillion (-10.5% YoY) in 2023 and to VND12.2 trillion (-8.4% YoY) in 2024. The efficiency would be deteriorating as the dry gas selling price dropped significantly following the downward trend of FO (Fuel oil) price through 2023 and 2024, while the input gas from cheap gas fields (such as Nam Con Son basin) are depleting rapidly. We anticipate the gross margin to drop gradually to merely 20.6% and 19.2% in 2023 and 2024, 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 and first half of 2024

(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 VND800bn in Net revenue from 100mn cbm of LNG sales this year

(3) Besides, GAS is entering many significant offshore projects, especially, Block B – O Mon, which, promises the company an extensive growth in capacity and earning upon its completion in 2026F, then enhance the company's long-term growth

**Valuation & recommendation:** Using DCF and Multiple method, we derive the fair price of VND87,300 per share. Thus, our recommendation is BUY with a potential upside of 14%. Our valuation value does not incorporate 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 fore-front; (3) Geopolitical risks.

Financial Results	2020	2021	2022	2023F	2024F
Dry gas Sale Vol. (mn bcm)	8,690	7,153	7,900	8,259	8,574
LPG Sale Vol. (k tons)	1,962	1,982	2,041	2,572	2,186
Net Revenue (VNDbn)	64,135	78,992	100,724	101,898	94,945
Gross Profit (VNDbn)	11,406	13,986	21,315	20,038	18,234
Net Profit (VNDbn)	7,972	8,852	15,066	13,480	12,352
Net Profit Margin (%)	12.4%	11.2%	15.0%	13.2%	13.0%
Book Value (VND)	25,863	27,270	31,962	29,401	31,201
Dividend (VND)	3,500	3,000	3,000	3,600	3,400