

13 Aug 2024

CNG Vietnam (CNG)

Positive earnings thanks to less depreciation

On 7 Aug, CNG released the audited financial statements of 6M24.

1H24: downed in 1Q24 but revived strongly in 2Q24

- Overall for 1H24, revenue declined by 7% yoy (VND1,472bn), volume declined drastically by 13% yoy (109mn Sm³) (Figure 1, 2). Average selling price grew by 6.7% yoy, partly supported revenue.

In which 1Q24 volume poorly performed, reached only 47mn Sm³ (-22% yoy, figure 2). CNG's management claims that this is due to seasonality factor and supply shortage in the North. Volume strongly recovered in 2Q24, to 62mn Sm³ (+32% qoq, -4% yoy) on par with 2023's level and still much lower than the 2022's level of around 75-80mn Sm³ (Figure 3, 4).

- 1H24 GP grew by 22% yoy (+VND22bn), reaching VND121bn, driven by depreciation decreased by 63% yoy. Besides, CNG Vietnam also saw declines in almost all costs items (Table 1). However, 1H24 NPAT grew by only VND9bn (+25% yoy, reached VND46bn) due to the high base sourced from the abnormal income of VND17.9bn in 1H23 (Figure 5, 6, 7).

Notably, 2Q24 GP and NPAT reached all-time high of respectively VND91bn (+70% yoy, +202% qoq) and VND 45bn (+221% yoy, +32x qoq), which completely offset the poor performance of 1Q24, and constituted a positive earning result for the whole 1H24 (Figure 8, 9). Besides, we note that the yoy decrease effect of depreciation is ended by end-2Q24 (Figure 10).

LNG saw notable progress in 1H24

- In the AGM on May, the company aims to replace all LNG in the production mix with LNG by 2029F, and set the guidance for 2024 to distribute 30mn Sm³ of LNG.
- On March, the company launched Thuan Dao LNG regasification station in Thuan Dao industrial zone (Long An). However, we assess that the key market in short-mid terms is the North. LNG may only act as the supplementary gas in the South for upcoming periods.
- On 25 July, CNG Vietnam achieve a contract for LNG supply with the parent company PV GAS. We assess this is major movement, and strongly imply that the LNG business is progressing promptly.

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	2,130	2,338	3,058	4,185	3,112
chg. (% YoY)	17.1	9.7	30.8	36.9	-25.6
Operating profit (VND bn)	91	52	105	150	117
Net profit (VND bn)	84	51	82	118	110
EPS (VND)	4,373	2,412	4,253	6,271	3,915
chg. (% YoY)	-28.7	-44.8	76.3	47.5	-37.6
EBITDA (VND bn)	137	85	213	245	183
PE (x)	7.8	10.8	9.9	5.5	11.3
EV/EBITDA (x)	3.2	2.2	6.1	2.0	5.3
PB (x)	1.2	1.1	1.6	1.1	2.1
ROE (%)	15.6	9.7	16.0	21.6	18.8
Dividend yield (%)	10.2	9.8	6.6	8.4	2.6

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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12M rating **Non-rated**

12M TP **N/A**

Stock Statistics

VNIndex (12 Aug, pt)	1,230
Stock price (12 Aug, VND)	36,300
Market cap (USD mn)	50
Shares outstanding (mn)	35
52-Week high/low (VND)	39,200/25,700
6M avg. daily turnover (USD mn)	0.68
Free float / Foreign ownership (%)	44./3.9
Major shareholders (%)	
PV GAS	56
America LLC	4.8

Performance

	1M	6M	12M
Absolute (%)	4.6	22.6	23.9
Relative to VNIndex (%p)	8.5	19.3	22.5

Stock price trend



Source: Bloomberg

Research Dept

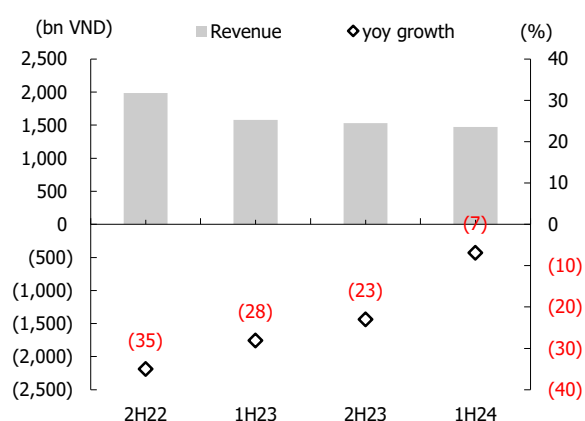
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Table 1. CNG Vietnam saw declines in all cost items

Cost items	Absolute (VND bn)			Weighted by volume (VND/sm3)	
	1H24	1H23	yoy (%)	1H24	1H23
Input gas	1,041	1,107	(5.9)	9,558	8,870
Labor	69	71	(3.9)	631	573
Depreciation	19	53	(63.4)	177	421
Hired services	204	235	(13.3)	1,873	1,886
Other costs	9	10	(14.5)	81	83
SG&A					
Selling costs	14	15	(5.5)	127	118
Administration	50	60	(15.9)	463	481

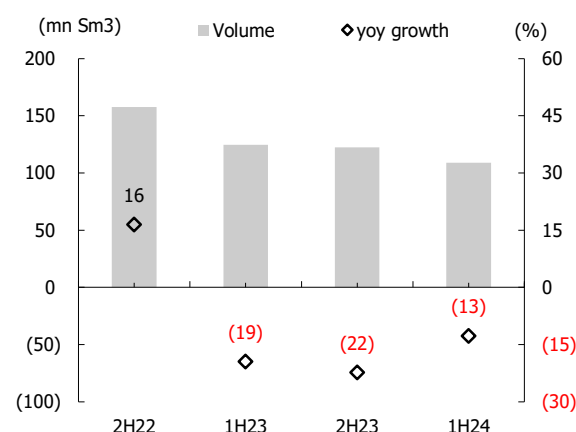
Source: Company data, KIS Research

Figure 1: 1H24 revenue declined by 7% yoy...



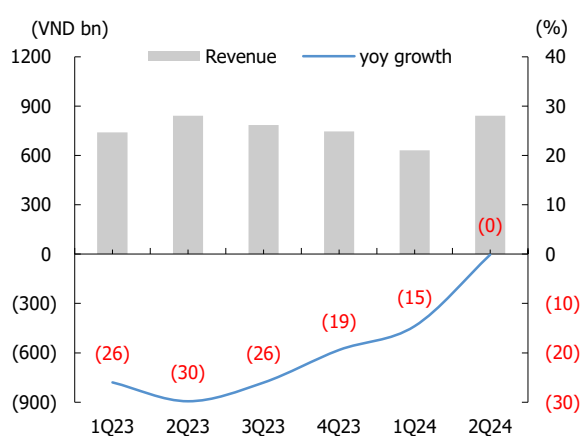
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Figure 2: ...as 1H24 volume downed by 13% yoy



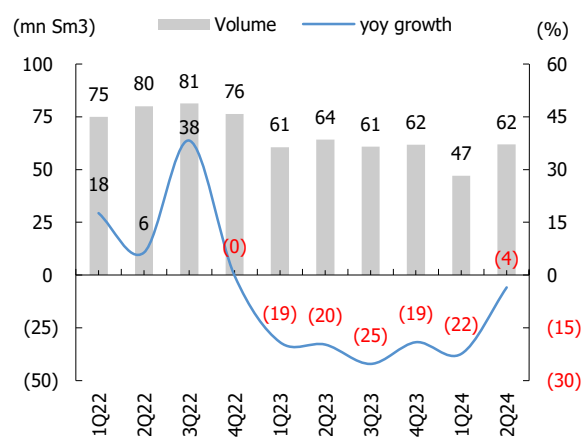
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Figure 3: Revenue bounced back in 2Q24, offset the poor revenue in 1Q24



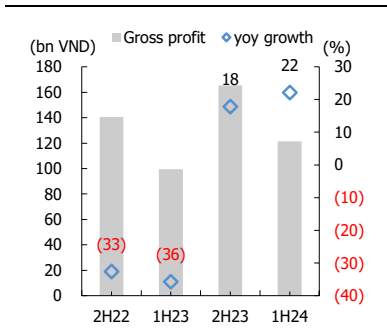
Source: Company data, KIS Research

Figure 4: 2Q24 volume bounced back quickly from the 1Q24 bottom, remained lower than 2022's level of 75-81mn Sm3



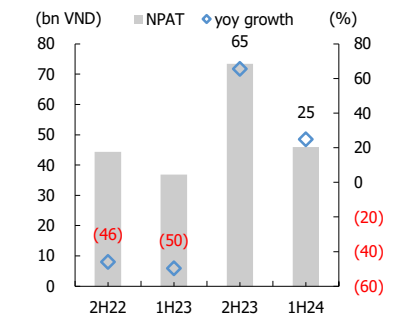
Source: Company data, KIS Research

Figure 5: 1H24 GP grew by 22% yoy...



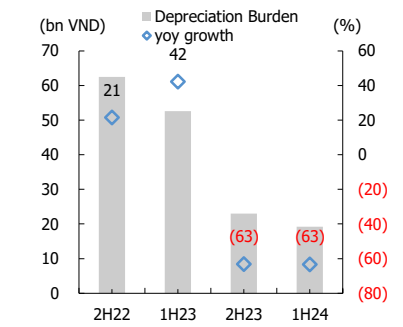
Source: Company data, KIS Research

Figure 6: ...but NPAT upped by only VND9bn yoy due to abnormal income in 1H23



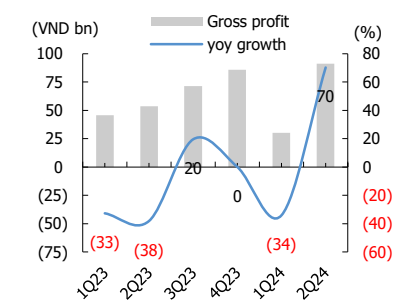
Source: Company data, KIS Research

Figure 7: Depreciation burden downed by 63% yoy drove 1H24 yoy profit growth



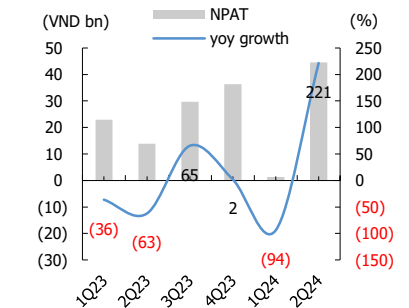
Source: Company data, KIS Research

Figure 8: 2Q24 grew by 70% yoy, offset 1Q24's decline of 34% yoy



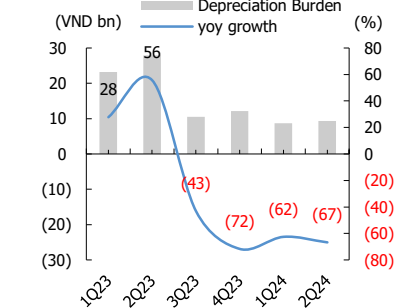
Source: Company data, KIS Research

Figure 9: The vast majority of 1H24 NPAT comes from 2Q24



Source: Company data, KIS Research

Figure 10: Yoy decrease effect of depreciation may not persist from 3Q24F



Source: Company data, KIS Research

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