

# CNG Vietnam (CNG)

## On the recovery trajectory

- 4Q24 top-line met our expectations with solid growth of 42%
- NPAT was modest as for boosted SG&A
- 1Q25F: booming from the low base

### Facts: demand recovery is consolidated

In 4Q24, CNG saw robust top-line growth, with volume reaching 79.4mn Sm<sup>3</sup> (+29% yoy), and revenue accordingly reaching VND1.06tn (+42% yoy). Average selling price (VND/Sm<sup>3</sup>) increased 10% yoy. Top-line growth well-aligned with our expectation, that was 75mn Sm<sup>3</sup> volume and VND1.0tn revenue. The fact that CNG sustained a solid volume consolidated the recovery trend.

Gross profit margin (GPM) picked up to 8.21% from the low 3Q24, slightly exceeded our expectation of 7.7%, yet still well-below the high base of 4Q23 (3Q24: 7.78% and 4Q23: 11.52%). We believe lower GPM could be because:

- (1) The weight of LPG and LNG increases in the production mix.
- (2) COGS per unit (VND/Sm<sup>3</sup>) rose by 14% yoy, stronger than average selling price of 10%.

4Q24 gross profit reached VND86.8bn, growing 1% vs the high yoy base and met 113% of our forecast.

However, SG&A surged 62% yoy to VND65bn, dragging NPAT down to VND17.5bn (-52% yoy, -26% qoq), fulfilling only 64% of our 4Q24 forecast. We think the high SG&A level could be because (1) CNG is executing market expansion strategy and (2) CNG usually books higher SG&A in the last quarter.

Overall, whole-year volume adds up to 263.4mn Sm<sup>3</sup> (+6.5% yoy), 2024 revenue sit at VND3.52tn (+13% yoy). 2024 gross profit picked up 11% yoy and sustained a GPM of 8.1% (-0.14%p yoy). Whole-year SG&A surged 15% yoy to VND172bn, making NPAT lost 17.7% yoy, downed to VND90.8bn.

### Pros & cons: booming growth with low-base effect in 1Q25F

In 1Q25F, we expect CNG to enjoy booming yoy growth thanks to the low-base effect:

- In the top-line, we expect a single-digit retreat in volume and revenue on qoq basis as for less production activities in the Tet holiday season. However, this may also mean a solid growth rate of 50-60% on yoy basis for 1Q25F volume and revenue.
- Similarly, 1Q25FGPM could experience an improvement of 2-3%p yoy (vs the low base of 1Q24: 4.8%)
- We expect a normalized SG&A in 1Q25F, without the last-quarter effect. Thus, 1Q25F NPAT could rise by double digits on qoq basis (40~60%), and by multiples on yoy basis (18~21x, vs 1Q24: VND1.3bn).

## Earnings Review

21 Jan 2025

12M rating **HOLD (Maintain)**

12M TP **N/A**

Up/Downside **N/A**

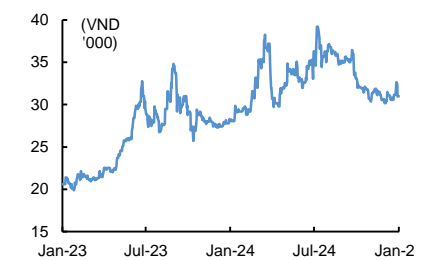
### Stock Data

VNIndex (20 Jan, pt)	1,250
Stock price (20 Jan, VND)	31,000
Market cap (USD mn)	43
Shares outstanding (mn)	35
52-Week high/low (VND)	39,200/28,050
6M avg. daily turnover (USD mn)	0.31
Free float / Foreign ownership (%)	44/3
Major shareholders (%)	
PV GAS	56.00
America LLC	4.80
Grantham Mayo Van Ottelee & Co LLC	0.22
KB Asset Management	0.11

### Performance

	1M	6M	12M
Absolute	2.8	(11.6)	14.3
Relative	3.3	(11.2)	6.6

### Stock price trend



Source: Bloomberg

### Research Dept

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**Action: HOLD**

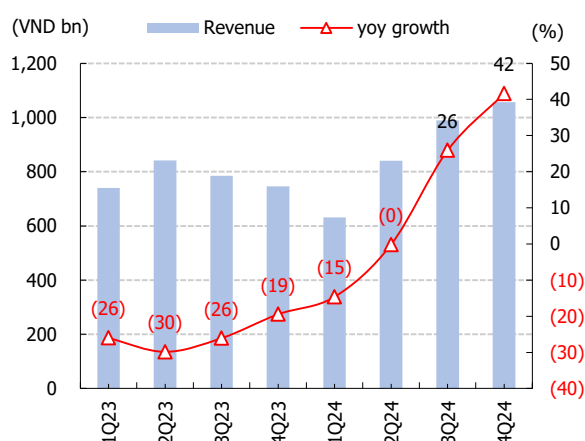
We maintain a HOLD rating as our model suggests that the fair value of CNG stock is VND33,000, rendering an upside of 6.5%.

**Table 1. Quarterly earning snapshot**

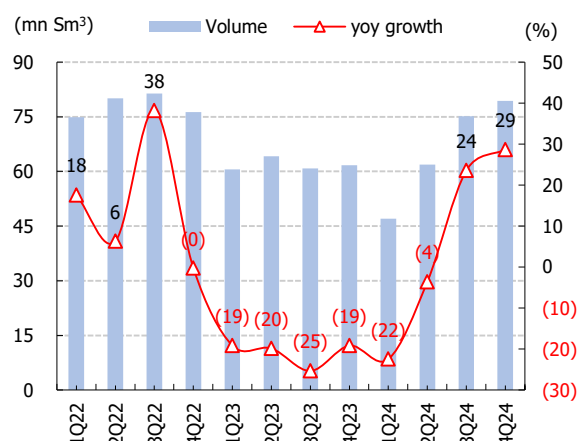
(VND bn, %, %p)

	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	746	631	840	989	1,056	6.8	41.6
OP	47	2	55	34	22	(36.3)	(52.8)
OP margin	6.2	0.3	6.6	3.5	2.1	(1.4)	(4.2)
PBT	45	2	56	35	22	(36.8)	(51.5)
NPAT	36	1	45	27	17	(36.3)	(51.9)

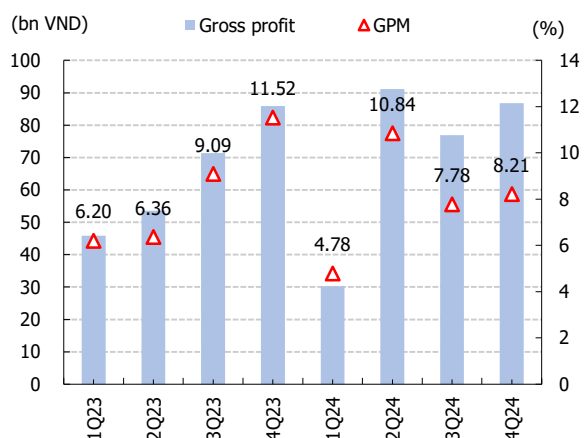
Source: Company data, KIS Research

**Figure 1. Revenue grew by 42% yoy ...**

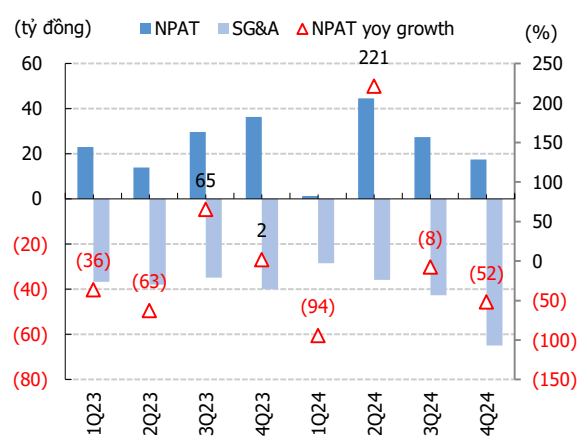
Source: Company data, KIS Research

**Figure 2. ... as volume upped by 29% yoy**

Source: Company data, KIS Research

**Figure 3. GPM picked up qoq to 8.21%, yet still lower than the high base of 4Q23**

Source: Company data, KIS Research

**Figure 4. However, NPAT dropped 52% yoy on high SG&A expenses**

Source: Company data, KIS Research

**■ Company overview**

CNG Vietnam (CNG), a subsidiary of PV GAS (GAS), is a leading firm in distributing compressed natural gas with roughly 70% of CNG market share. The company has been listed as one of PV GAS's LNG providers, and is the pioneer in developing the LNG value chain.

**Balance sheet**

(VND bn)

FY-ending Dec.	2023A	2024A	2025F	2026F	2027F
Current assets	961	1,126	1,345	1,436	1,528
Cash & cash equivalents	317	341	381	408	434
Accounts & other receivables	474	639	811	867	925
Inventory	74	68	91	98	105
Non-current assets (Adj.)	644	785	964	1,029	1,094
Fixed assets	160	210	199	206	203
Investment assets	-	-	-	-	-
Others	37	29	39	40	40
Total assets	1,159	1,365	1,583	1,682	1,771
Advances from customers	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Trade payables	447	627	600	643	685
Others	60	65	81	86	92
ST debt & due bonds	23	26	29	30	31
LT debt & bonds	25	17	10	10	10
Total liabilities	556	735	722	771	820
Controlling interest	603	631	705	768	834
Capital stock	351	351	351	351	351
Capital surplus	2	2	2	2	2
Other reserves	122	155	122	122	122
Retained earnings	128	123	230	294	360
Minority interest	-	-	-	-	-
Shareholders' equity	603	631	705	768	834

**Cash flow**

(VND bn)

FY-ending Dec.	2023A	2024A	2025F	2026F	2027F
C/F from operations	48	128	101	140	154
Net profit	138	114	155	163	167
Dep'n & Amort'n	76	46	47	57	68
Net incr. in W/C	199	33	199	216	231
C/F from investing	(35)	(58)	(56)	(58)	(60)
Capex	(55)	(89)	(61)	(63)	(65)
Incr. in investment	20	31	5	5	5
C/F from financing	(76)	(47)	(41)	(41)	(41)
Incr. in equity	-	-	-	-	-
Incr. in debt	(23)	(24)	4	1	1
Dividends	(54)	(42)	(42)	(42)	(42)
C/F from others	0	-	-	-	-
Increase in cash	(63)	23	3	41	53

**Income statement**

(VND bn)

FY-ending Dec.	2023A	2024A	2025F	2026F	2027F
Sales	3,112	3,517	4,184	4,478	4,774
COGS	2,847	3,232	3,878	4,159	4,444
Gross profit	265	285	306	319	330
SG&A expenses	148	172	154	160	167
Operating profit	117	113	152	159	163
Financial income	11	4	5	5	5
Interest income	11	4	5	5	5
Financial expenses	5	4	1	1	1
Interest expenses	5	3	1	1	1
Other non-operating profit	16	-	-	-	-
Gains (Losses) in associates, subsidiaries and JV	-	-	-	-	-
Earnings before tax	138	114	155	163	167
Income taxes	28	22	31	33	33
Net profit	110	91	124	130	134
Net profit of controlling interest	110	91	124	130	134
EBITDA	219	164	203	221	236

**Key financial data**

FY-ending Dec.	2023A	2024E	2025F	2026F	2027F
Per-share data (VND, adj.)					
EPS	3,142	2,593	3,544	3,710	3,809
BPS	17,169	17,977	20,076	21,881	23,766
DPS	-	1,200	1,200	1,200	1,200
Growth (%)					
Sales growth	(25.6)	13.0	20.8	7.0	6.6
OP growth	(22.2)	(3.4)	18.4	4.3	2.5
NP growth	(6.2)	(17.3)	18.4	4.7	2.6
EPS growth	(6.2)	(17.5)	18.4	4.7	2.6
EBITDA growth	(22.2)	(25.1)	18.4	4.3	2.5
Profitability (%)					
OP margin	3.8	3.2	3.6	3.5	3.4
NP margin	3.5	2.6	3.0	2.9	2.8
EBITDA margin	3.8	4.7	3.6	3.5	3.4
ROA	9.1	7.2	8.5	8.0	7.7
ROE	18.8	14.7	18.4	17.7	16.7
Dividend yield	2.6	3.4	3.4	3.4	3.4
Dividend payout ratio	29.4	46.3	33.9	32.3	31.5
Stability					
Net debt (VND bn)	(269)	(298)	(342)	(368)	(394)
Net debt/equity (%)	(45)	(47)	(49)	(48)	(47)
Valuation (x)					
PE	11.3	12.0	10.0	9.6	9.3
PB	2.1	1.7	1.8	1.6	1.5
EV/EBITDA	5.3	6.6	4.1	3.9	3.8

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Prepared by: Research Dept

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