

1 Nov 2024

Petro Vietnam Gas (GAS)

Retreat on the low season

On 30 Oct, GAS released the financial statements of 3Q24. Here are some notable points.

Retreat on low season, but exceeded expectation

- 3Q24 revenue came in at VND25.3tn (-16% qoq, +14% yoy, and fulfilling 113% of KIS forecast). Gross profit (GP) was accordingly at VND4.18tn (-13% qoq, +14% yoy, and equaling 114% of KIS forecast), while gross profit margin (GPM) sits at 16.6% (vs 3Q23: 16.6%; KIS forecast: 16.4%). While seeking more information, we think top-line exceeding our expectation could arise from a higher natural gas and LPG consumption than our estimates in 3Q24.
- 3Q24 SG&A surged 32% yoy to VND1.3tn due to provision expense of VND430bn as the company thickened buffer against doubtful receivables from the Petro Vietnam Power's plants. GAS booked an accumulative provision expense VND1.25tn (+386% yoy) in 9M24.
- On the bottom-line side, NPAT reached VND2.58tn in 3Q24 (-25% qoq, +7% yoy, fulfilling 108% of our forecast) and net margin shrank to 10.2% (-1.2%p qoq, -0.7%p yoy).

Waiting for the Nhon Trach 3&4 LNG-fired power plants

- Per POW, the Engineering, Procurement and Construction (EPC) contract at Nhon Trach 3&4 (NT3&4) reached 94% of workload as of the end of 9M24. Besides, POW aims to first fire NT3 in 4Q24F.
- On 4 Oct, POW and EVNEPTC signed the Power Purchasing Agreement (PPA) for NT3&4, but the Qc ratio remained unknown. However, we assess that this is an important movement, and a closer step toward achieving a Gas Purchasing Agreement (GSA). We expect the Qc on the PPA to be 70% and the GSA could be finalized in 1H25F with a take-or-pay ratio commensurate with 70% Qc.

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	75,005	64,135	78,992	100,724	89,954
chg. (% YoY)	(0.8)	(14.5)	23.2	27.5	(10.7)
Operating profit (VND bn)	13,649	8,694	10,374	17,799	12,906
Net profit (VND bn)	11,902	7,855	8,673	14,798	11,606
EPS (VND)	4,977	3,351	3,579	6,266	5,112
chg. (% YoY)	3.7	(32.7)	6.8	75.1	(18.4)
EBITDA (VND bn)	16,340	11,248	13,447	20,822	15,933
PE (x)	14.8	26.1	23.9	9.9	14.4
EV/EBITDA (x)	10.7	18.0	15.2	6.9	10.3
PB (x)	3.63	4.23	3.91	2.44	2.53
ROE (%)	25.4	16.2	17.4	26.7	18.7
Dividend yield (%)	4.9	2.8	2.9	4.7	8.5

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

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12M rating **Non-rated**

12M TP **N/A**

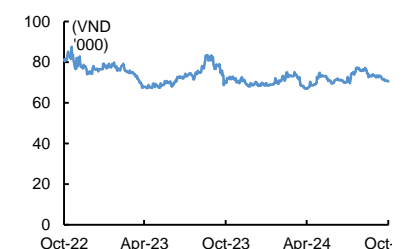
Stock Statistics

VNIndex (31 Oct, pt)	1,264
Stock price (31 Oct, VND)	70,500
Market cap (USD mn)	6,506
Shares outstanding (mn)	2,343
52-Week high/low (VND)	77,353/66,888
6M avg. daily turnover (USD mn)	3.81
Free float / Foreign ownership (%)	4.2/1.8
Major shareholders (%)	
Petro Vietnam	95.76

Performance

	1M	6M	12M
Absolute (%)	(3.4)	5.3	0.6
Relative to VNIndex (%p)	(1.3)	(0.3)	(23.0)

Stock price trend



Source: Bloomberg

Research Dept

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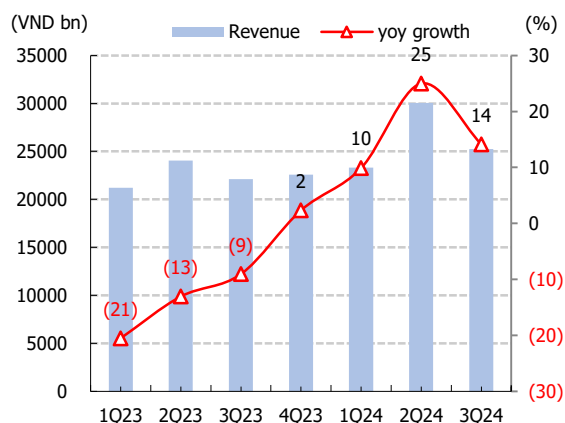
Table 1. Quarterly earnings snapshot

(VND bn, %, %p)

	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ	YoY
Sales	22,153	22,604	23,315	30,071	25,252	(16.0)	14.0
OP	3,008	3,368	3,169	4,239	3,178	(25.0)	5.7
OP margin	13.6	14.9	13.6	14.1	12.6	(1.5)	(1.0)
EBT	3,009	3,365	3,171	4,239	3,204	(24.4)	6.5
NPAT-MI	2,404	2,776	2,544	3,416	2,578	(24.5)	7.2

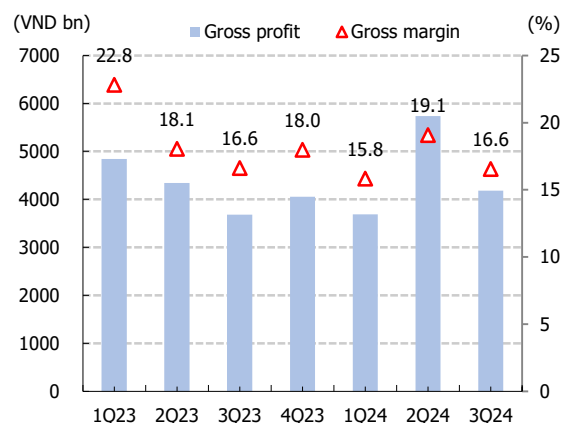
Source: Company data, KIS Research

Figure 1: 3Q24 revenue grew by 14% yoy



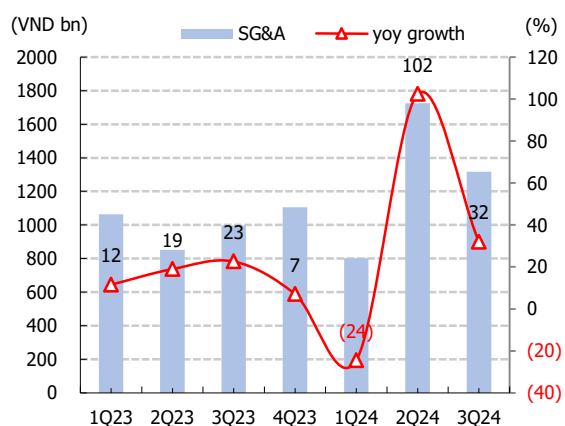
Source: Company data, KIS Research

Figure 2. 3Q24 GP accordingly rose by 14% with GPM almost unchanged yoy



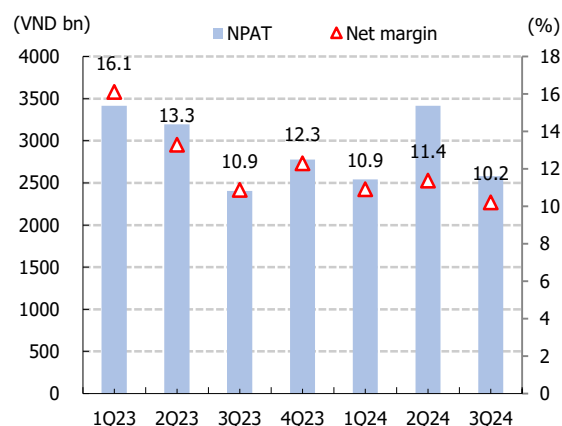
Source: Company data, KIS Research

Figure 3. SG&A surged 32% owing to provision for doubtful receivables ...



Source: Company data, KIS Research

Figure 4. ... making the net margin shrinking to 10.2%



Source: Company data, KIS Research

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- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

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Prepared by: Research Dept

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