

8 Nov 2024

Petrolimex (PLX)

Higher Brent volatility undermined earnings

On 30 Oct, PLX released the financial statements of 3Q24.

Gross margin shrank as Brent was more volatile

- In 3Q24, PLX's revenue plummeted by 11% yoy (to VND64.3tn) owing to the contraction of both selling price and volume. In 3Q24, the RON95 price slid by 10% yoy, and the Brent price declined by 8% yoy while selling volume retreated to 2.54mn m³/tonne (-1.3% yoy). We think the volume reduction was hit by typhoon Yagi, causing disruptions in transportation and business activities in the North.
- In 3Q24, gross margin reached 5.3% (-1.0%p qoq and +0.1%p yoy) as Brent became more volatile vs 2Q24. Global oil price volatility has a strong negative correlation with the gross margin of PLX since more fluctuations could generate more risks from the lagging effect of domestic price adjustment and more hedging costs for PLX. Brent volatility was 6.3% (coefficient of variance, CV) in 3Q24 (vs 2Q24: 4%; 3Q24: 6.4%). Coupled with the sluggish volume, 3Q24 gross profit declined by 9% yoy (at VND3.44tn).
- Financial revenue sit at VND496bn, declined by 58% yoy due to absence of the VND646bn profit from divesting from PG Bank in 3Q23. SG&A also upped by 8% yoy (+VND261bn yoy). Hence, 3Q24 NPAT marked the lowest since the net loss in 2Q22 to only VND130bn (-82% yoy, -90% qoq).

The implication of Trump's voice on oil and gas prospect

- We deep dive into the policy impact of the Trump administration on the global oil and gas dynamics. The Trump implication to unleash US energy production could boost upstream oil exploitation. It also includes reversing Biden's climate initiatives and slashing the fracking ban. Since the US is a large oil net exporter, Trump's policy can lead to rapid supply increase and strong pressure on global oil prices.
- The official takeover of the Trump administration could be on Jan 20, 2025, and hence, we think that energy policies could take effect in 1H25F. In case of global oil price contraction with more turbulence, PLX could be hit hard.

	2019A	2020A	2021A	2022A	2023A
Sales (VND bn)	189,656	124,001	169,106	304,172	274,082
chg. (% YoY)	(1.2)	(34.6)	36.4	79.9	(9.9)
Operating profit (VND bn)	5,511	1,191	3,517	1,942	3,818
Net profit (VND bn)	4,677	1,253	3,124	1,902	3,077
EPS (VND)	3,187	747	2,168	1,120	2,151
chg. (% YoY)	13.0	(76.6)	190.3	(48.3)	91.9
EBITDA (VND bn)	6,860	2,778	5,035	3,166	4,361
PE (x)	17.6	72.3	17.1	31.0	18.7
EV/EBITDA (x)	11.2	27.1	12.0	16.1	14.0
PB (x)	3.2	3.3	1.9	1.8	2.0
ROE (%)	19.2	4.5	12.3	5.8	11.2
Dividend yield (%)	5.3	2.2	3.2	2.0	3.7

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

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12M rating **Non-rated**

12M TP **N/A**

Stock Statistics

VNIndex (07 Nov, pt)	1,260
Stock price (07 Nov, VND)	40,300
Market cap (USD mn)	2,018
Shares outstanding (mn)	1,271
52-Week high/low (VND)	50,600/32,095
6M avg. daily turnover (USD mn)	3.34
Free float / Foreign ownership (%)	4.2/18.
Major shareholders (%)	
CMSC	77.26
ENEOS Vietnam	13.32
JX Nippon Oil & Enegr Vietnam	8.15

Performance

	1M	6M	12M
Absolute (%)	(10.3)	4.5	22.2
Relative to VNIndex (%p)	(9.6)	2.6	7.0

Stock price trend



Source: Bloomberg

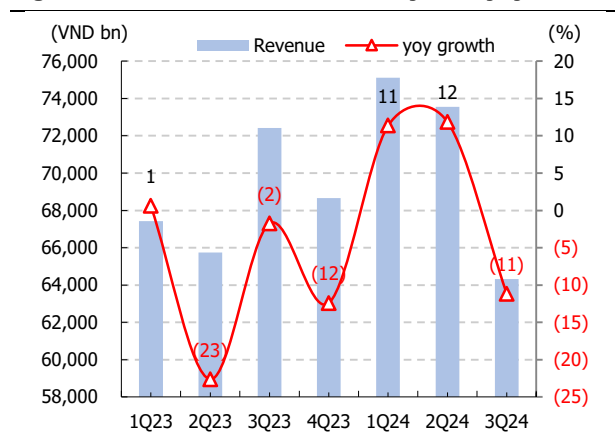
Table 1. Quarterly earnings snapshot

(VND bn, %, %p)

	3Q23	4Q23	1Q24	2Q24	3Q24	QoQ	YoY
Sales	72,414	68,656	75,106	73,559	64,324	(12.6)	(11.2)
OP	1,153	799	1,419	1,462	223	(84.8)	(80.7)
OP margin	1.6	1.2	1.9	2.0	0.3	(1.6)	(1.2)
EBT	1,180	850	1,441	1,518	241	(84.1)	(79.6)
NPAT	729	764	1,133	1,288	130	(89.9)	(82.1)

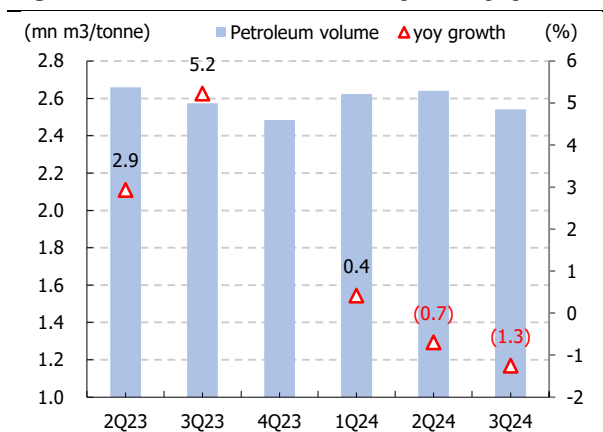
Source: FiinproX, KIS Research

Figure 1: 3Q24 revenue declined by 11% yoy



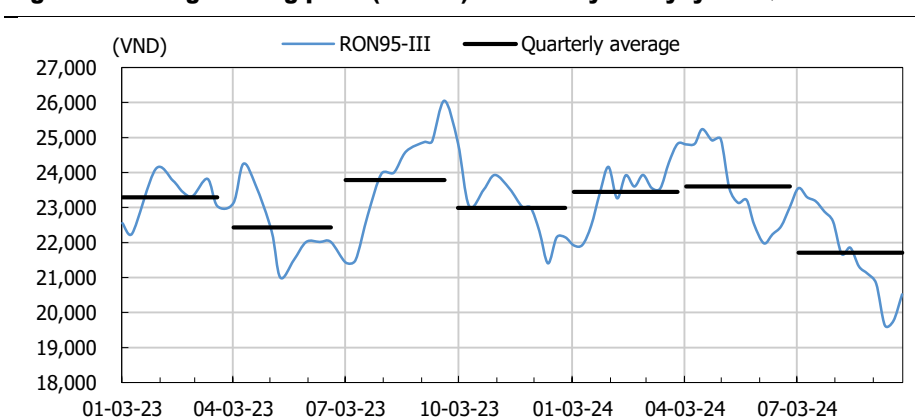
Source: FiinproX, KIS Research

Figure 2: 3Q24 volume declined by 1.3% yoy



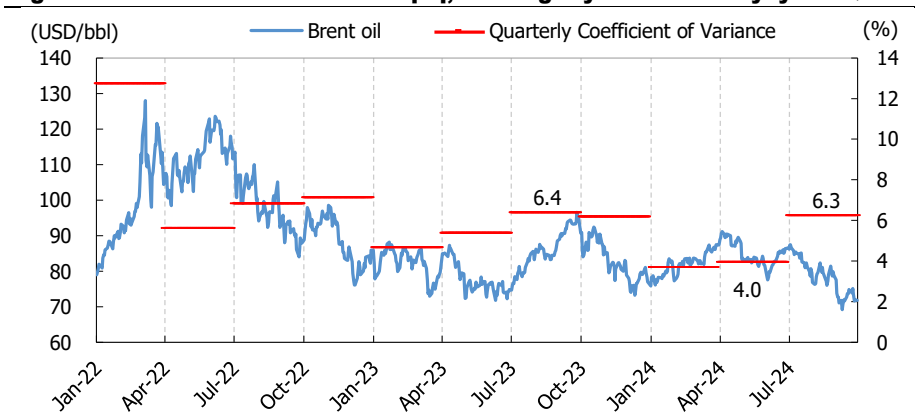
Source: FiinproX, KIS Research

Figure 3. Average selling price (RON95) downed by 10% yoy in 3Q24



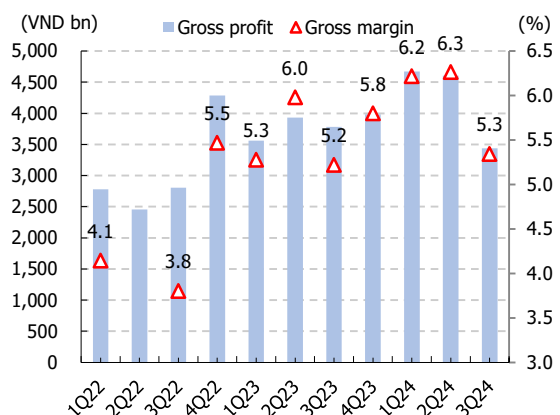
Source: Company data, KIS Research

Figure 4. Brent was more volatile qoq, and slightly less volatile yoy in 3Q24



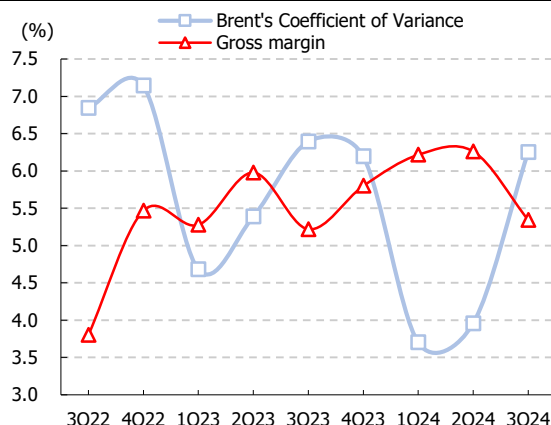
Source: Bloomberg, KIS Research

Figure 5. 3Q24 gross margin -1.0%p qoq and +0.1%p yoy



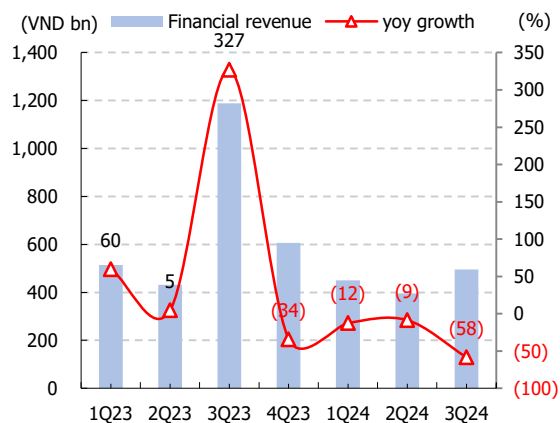
Source: FiiiproX, KIS Research

Figure 6. Negative correlation between Brent's CV and PLX's gross margin



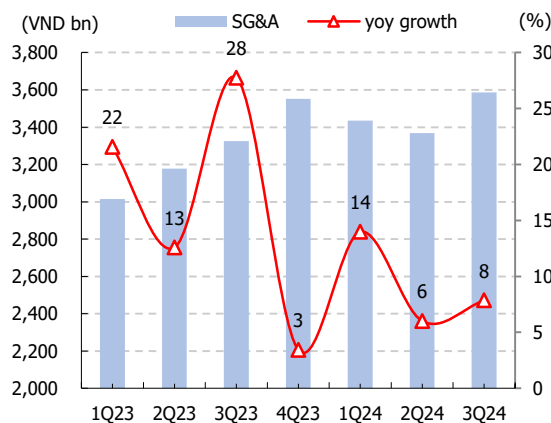
Source: KIS Research

Figure 7. 3Q24 financial revenue downed by 58% yoy



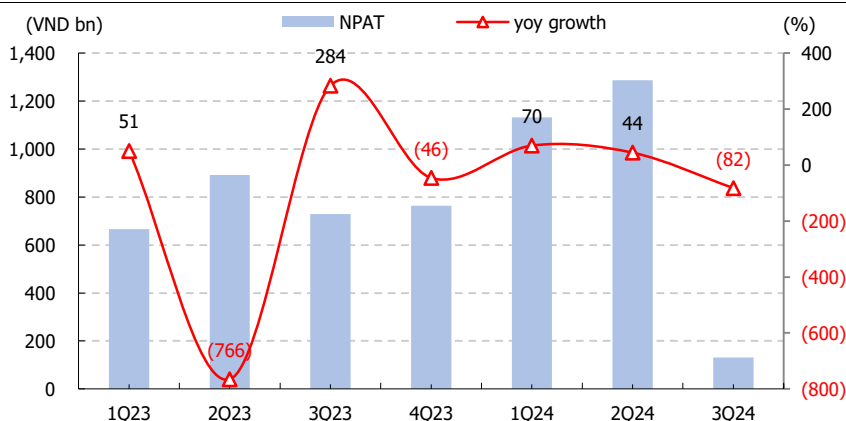
Source: FiiiproX, KIS Research

Figure 8. 3Q24 SG&A increased by 8% yoy



Source: FiiiproX, KIS Research

Figure 9. 3Q24 NPAT declined by 82% yoy



Source: FiiiproX, KIS Research

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