

4 Feb 2025

PetroVietnam Gas (GAS)

New sources of growth

- LPG segment drove gross profit growth in 2024.
- 2024 NPAT contracted under provision pressure.
- Key beneficiary in the blooming LNG segment in 2025F.

Facts: Natural gas contracts, LPG drove gross profit growth

GAS's 4Q24 revenue grew by 11% yoy (VND24.9tn, 98% of KIS forecast), while gross profit (GP) went flat at VND4.0tn (103% of KIS forecast). Gross profit margin (GPM) was stable at 16.2% (-0.4%p qoq, -1.8%p yoy). The GPM contraction is attributed to the rising proportion of thinner LPG gross margin in total revenue and GP. 4Q24 SG&A pegged high as expected due to provisions for doubtful receivables from PV Power's (HSX: POW) power plants. SG&A sit at VND1.77tn (+60% yoy, 113% of KIS forecast), of which additional provision incurred in 4Q24 was VND656bn. As a consequence, 4Q24 NPAT shrank 26% yoy, to VND2.05tn (96% of KIS forecast).

To wrap up, 2024 revenue upped by 15% yoy to VND103.6tn (99.6% of KIS forecast), company GP also inched up 4% yoy to VND17.7tn (101% of KIS forecast). Specifically:

- **Natural gas:** Total domestic dry gas volume reached 6.2 BCM per our estimation (-13% yoy), while LNG volume surpassed 0.4 BCM in 2024, the key drivers were (1) low demand from Power customers and (2) declining supply capacity of domestic sources. Natural gas revenue retreated by 7% yoy while GP grew by 5.2% yoy, respectively fulfilling 96% and 114% of our forecast. GPM expanded 3.0%p to 26.3% as selling price improved under slightly better FO price.
- **LPG:** Selling volume of LPG sky-rocketed to 3.1mn tonnes (+27% yoy) driven by international business (grew 74% yoy per our estimations). Segment revenue touched a record high of VND54.9tn (+42% yoy, 100% of KIS forecast). Yet, GP grew only 23% yoy to VND4.3tn (86% of KIS forecast) as for a thinner GPM of 7.8%, lower than 6M24 and 2023 level of 9%.

In 2024, GAS incurred a total of VND1.9tn of provision for doubtful receivables, driving SG&A up to VND5.6tn (+40% yoy). This dragged down 2024 NPAT, that sit at VND10.6tn (-10% yoy, 99% of KIS forecast). Adjusting for these provisions, NPAT could have picked up by a slight 1.7% yoy.

12M rating **BUY (Maintain)**

12M TP **VND79,300**

Up/Downside +18%

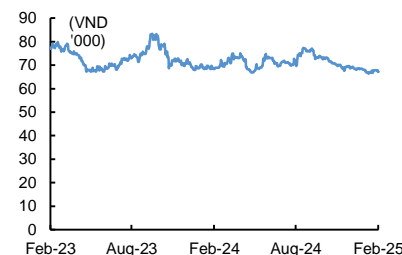
Stock Data

VNIndex (04 Feb, pt)	1,265
Stock price (04 Feb, VND)	67,100
Market cap (USD mn)	6,234
Shares outstanding (mn)	2,343
52-Week high/low (VND)	77,353/66,400
6M avg. daily turnover (USD mn)	2.55
Free float / Foreign ownership (%)	4.2/1.7
Major shareholders (%)	
PVN	95.76

Performance

	1M	6M	12M
Absolute	(1.3)	(6.4)	(1.8)
Relative	(2.1)	(9.6)	(11.6)

Stock price trend



Source: Bloomberg

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Pros & cons: LNG could bloom from 2H25F

As we presented in our [2025F Oil & Gas Outlook](#), we think LNG volume could bloom from 2H25F as Nhon Trach 3&4 run, and GAS stands to be the key beneficiary as the LNG importer. 2025F LNG volume could grow 76% yoy. We think GAS will benefit from charging storage, regas and transportation tariff at Thi Vai Terminal. Besides, we think GAS could sustain a robust LPG segment, with a selling volume of over 800mn tonnes/quarter, while domestic gas will continue its downtrend.

In 1Q25F, we think GAS revenue could grow in single digit, thanks to a robust LPG segment. Yet, we think the bottom-line will suffer a double-digit decline due to thickened provision (GAS did not incur provision in 1Q24).

Action: BUY with the TP of VND79,300

We maintain a BUY rating (TP: VND79,300; +18% upside) for GAS stock. The major downside risks involve (1) further delays of Block B and Nhon Trach 3&4 project; and (2) poorer global oil prices could undermine GAS's selling price and GPM.

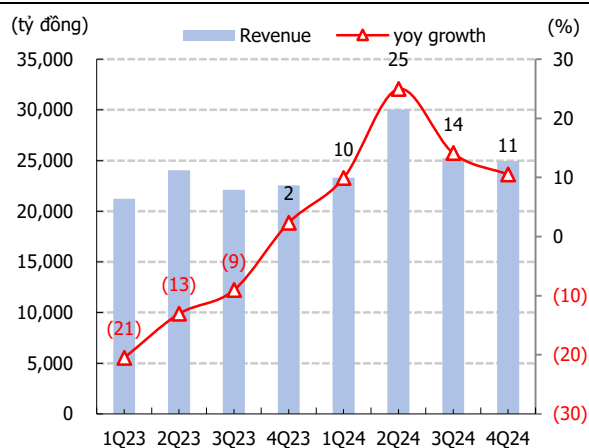
Table 1. Quarterly earning snapshot

(VND bn, %, %p)

	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	22,604	23,315	30,071	25,252	24,945	(1.2)	10.4
OP	3,368	3,169	4,239	3,178	2,569	(19.2)	(23.7)
OP margin	14.9	13.6	14.1	12.6	10.3	(2.3)	(4.6)
PBT	3,365	3,171	4,239	3,204	2,558	(20.2)	(24.0)
NPAT	2,776	2,544	3,416	2,578	2,052	(20.4)	(26.1)

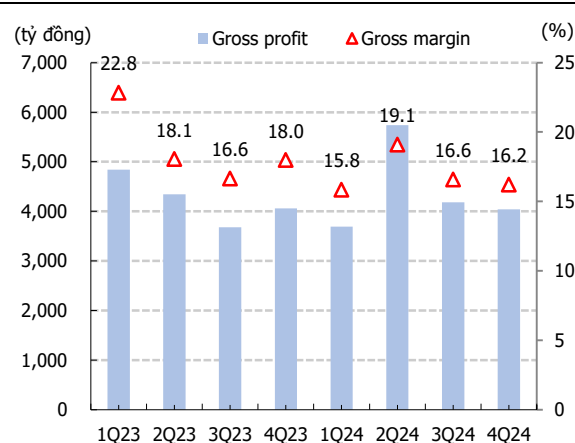
Source: Company data, KIS Research

Figure 1. 4Q24 revenue grew by 11% yoy



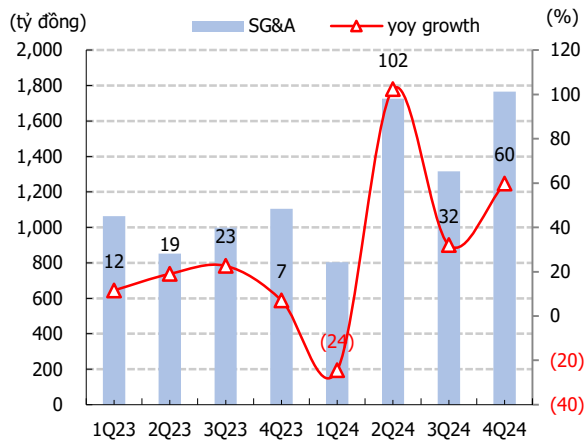
Source: Company data, KIS Research

Figure 2. 4Q24 GP flattened yoy, with a stable GPM



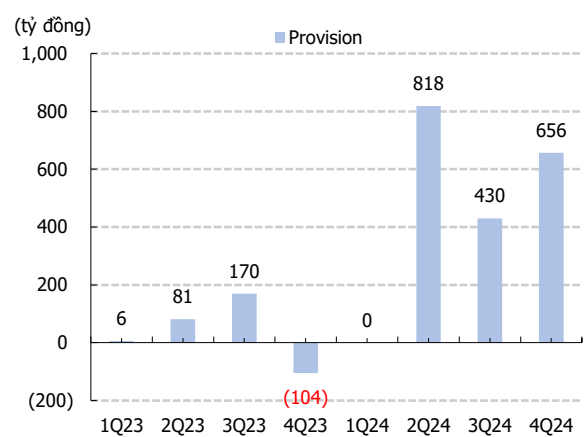
Source: Company data, KIS Research

Figure 3. 4Q24 SG&A surged 60% yoy ...



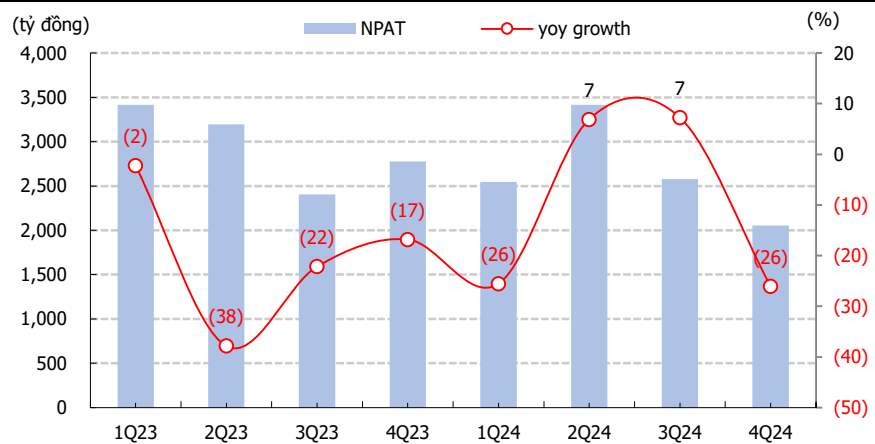
Source: Company data, KIS Research

Figure 4. ... as GAS thicken its provision buffer



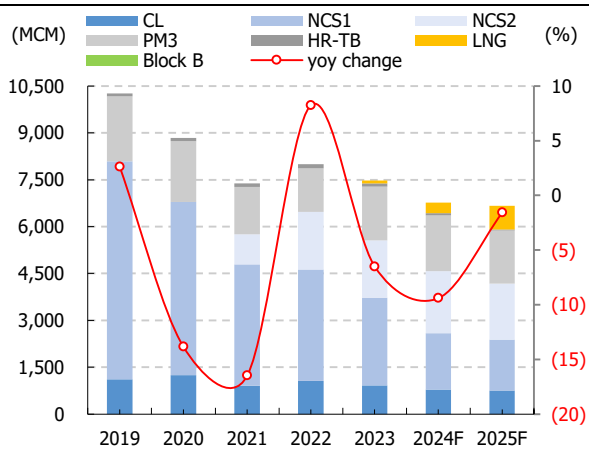
Source: Company data, KIS Research

Figure 5. 4Q25 NPAT plummeted by 26%



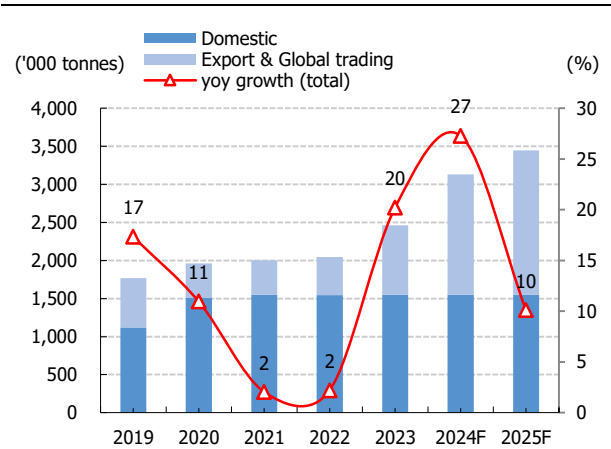
Source: Company data, KIS Research.

Figure 6. Natural gas supply by sources



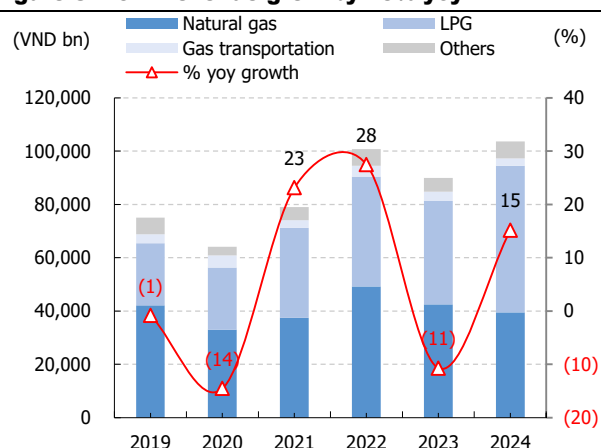
Source: Company data, KIS Research estimates

Figure 7. Selling volume of LPG



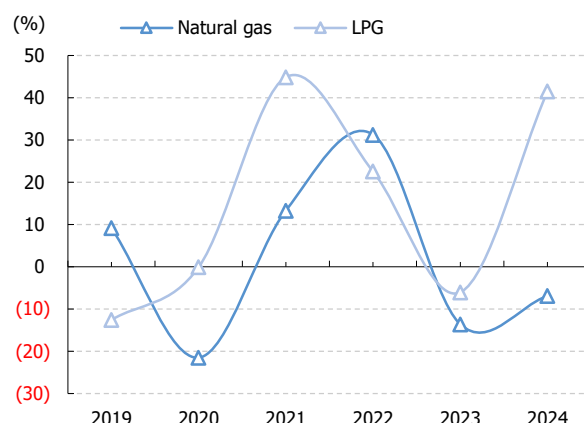
Source: Company data, KIS Research estimates

Figure 8. 2024 revenue grew by 15% yoy



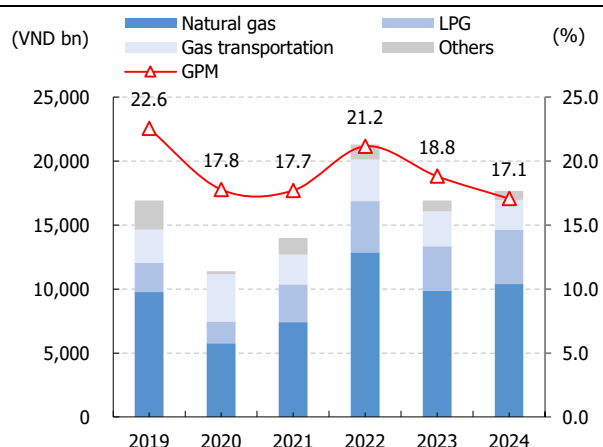
Source: Company data, KIS Research

Figure 9. LPG led revenue growth in 2024



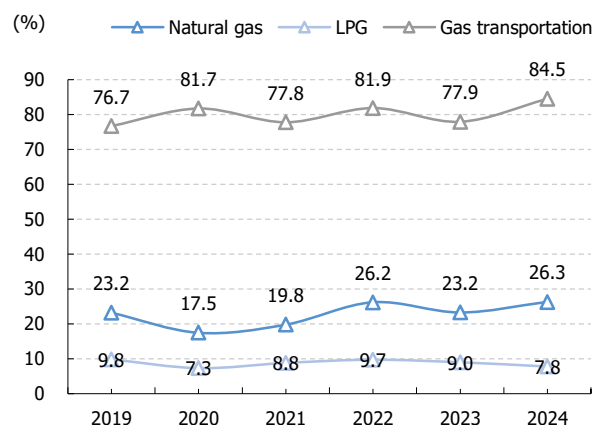
Source: Company data, KIS Research

Figure 10. GP growth is driven by LPG



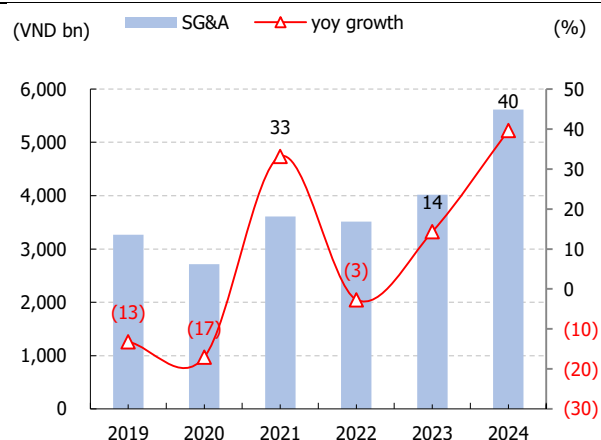
Source: Company data, KIS Research

Figure 11. GPM by segments



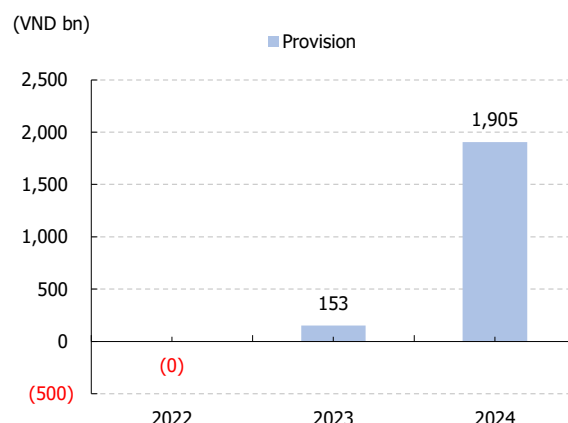
Source: Company data, KIS Research

Figure 12. 2024 SG&A surged 40% yoy ...



Source: Company data, KIS Research

Figure 13. ... as a total of VND1.9tn provision incurred



Source: Company data, KIS Research

■ Company overview

PV GAS (GAS), a subsidiary of PetroVietnam (PVN), is the monopoly in domestic dry gas. PV GAS is a leading firm in developing LNG supply chain in Vietnam as the first certified LNG importer. PV GAS is also a key beneficiary in the Block B – O Mon project, responsible for mid-stream gas transportation.

Balance sheet

(VND bn)

FY-ending Dec.	2023A	2024F	2025F	2026F	2027F
Current assets	62,218	61,918	65,529	67,773	68,490
Cash & cash equivalents	5,669	6,764	7,445	7,834	7,915
Accounts & other receivables	16,865	19,597	21,574	22,705	22,923
Inventory	3,945	5,214	6,072	6,743	7,149
Non-current assets	56,549	55,154	58,083	59,939	60,575
Fixed assets	19,532	18,568	16,967	15,439	13,731
Investment assets	398	398	398	398	398
Others	5,607	5,923	6,390	12,562	18,549
Total assets	87,754	86,807	89,283	96,173	101,168
Advances from customers	119	138	152	160	161
Unearned revenue	1,036	-	-	-	-
Trade payables	7,138	8,257	9,089	9,564	9,663
Others	5,074	5,870	6,461	6,799	6,869
ST debt & due bonds	1,605	1,626	1,806	1,918	1,954
LT debt & bonds	4,271	3,416	2,562	5,820	8,050
Total liabilities	22,456	23,001	24,137	28,539	31,021
Controlling interest	64,049	60,486	64,241	69,019	73,126
Capital stock	22,967	22,967	22,967	22,967	22,967
Capital surplus	0	0	0	0	0
Other reserves	24,201	24,201	24,201	24,201	24,201
Retained earnings	16,880	13,317	17,072	21,850	25,957
Minority interest	1,250	1,420	1,597	1,790	1,973
Shareholders' equity	65,299	61,906	65,838	70,810	75,099

Cash flow

(VND bn)

FY-ending Dec.	2023A	2024F	2025F	2026F	2027F
C/F from operations	13,827	8,368	10,560	12,047	12,061
Net profit	14,640	13,287	13,843	15,173	14,301
Dep'n & Amort'n	3,027	2,695	2,804	2,932	3,054
Net incr. in W/C	16,396	14,858	15,482	16,917	16,423
C/F from investing	(11,249)	5,368	199	(5,661)	(5,582)
Capex	(1,841)	(1,794)	(1,265)	(7,269)	(7,207)
Incr. in investment	(9,407)	7,161	1,464	1,608	1,625
C/F from financing	(7,463)	(14,614)	(7,564)	(3,520)	(4,625)
Incr. in equity	-	-	-	-	-
Incr. in debt	(344)	21	181	112	36
Dividends	(7,120)	(13,780)	(6,890)	(6,890)	(6,890)
C/F from others	5	-	-	-	-
Increase in cash	(4,880)	(878)	3,195	2,866	1,855

Income statement

(VND bn)

FY-ending Dec.	2023A	2024F	2025F	2026F	2027F
Sales	89,954	104,058	114,541	120,522	121,770
COGS	73,029	86,509	96,362	102,556	104,379
Gross profit	16,925	17,549	18,179	17,966	17,392
SG&A expenses	4,019	5,413	5,528	4,008	4,050
Operating profit	12,906	12,136	12,651	13,958	13,342
Financial income	2,273	1,726	1,600	1,744	1,762
Interest income	2,027	1,894	1,638	1,723	1,741
Financial expenses	587	628	435	555	830
Interest expenses	340	384	299	419	694
Other non-operating profit	20	26	-	-	-
Gains (Losses) in associates, subsidiaries and JV	27	27	27	27	27
Earnings before tax	14,640	13,287	13,843	15,173	14,301
Income taxes	2,846	2,584	2,692	2,950	2,781
Net profit	11,793	10,704	11,151	12,223	11,520
Net profit of controlling interest	11,606	10,534	10,974	12,029	11,337
EBITDA	18,006	16,367	16,946	18,524	18,048

Key financial data

FY-ending Dec.	2023A	2024F	2025F	2026F	2027F
Per-share data (VND, adj.)					
EPS	5,053	4,587	4,778	5,237	4,936
BPS	27,887	26,336	27,971	30,051	31,839
DPS	5,843	6,000	3,000	3,000	3,000
Growth (%)					
Sales growth	(10.7)	15.7	10.1	5.2	1.0
OP growth	(27.5)	(6.0)	4.2	10.3	(4.4)
NP growth	(21.7)	(9.2)	4.2	9.6	(5.8)
EPS growth	(21.6)	(9.2)	4.2	9.6	(5.8)
EBITDA growth	(27.5)	(6.0)	4.2	10.3	(4.4)
Profitability (%)					
OP margin	14.3	11.7	11.0	11.6	11.0
NP margin	13.1	10.3	9.7	10.1	9.5
EBITDA margin	14.3	11.7	11.0	11.6	11.0
ROA	13.8	12.3	12.7	13.2	11.7
ROE	18.7	16.9	17.6	18.1	16.0
Dividend yield	4.0	8.3	4.1	4.1	4.1
Dividend payout ratio	58	129	62	56	60
Stability					
Net debt (VND bn)	206	(1,722)	(3,077)	(95)	2,089
Net debt/equity (%)	0	(3)	(5)	(0)	3
Valuation (x)					
PE	14.7	15.5	14.9	13.6	14.4
PB	2.7	2.7	2.6	2.4	2.3
EV/EBITDA	10.9	10.4	10.0	9.0	9.5

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