

# CNG Vietnam (CNG)

## Recovery is hitting a rough patch

- 1Q25 volume and revenue upped 35% yoy from the low base
- 1Q25 NPAT booked low at VND1.3bn, unchanged yoy
- 2Q25F: challenges from indirect US tariff impacts

### Facts: demand recovery remained underway, but fall short of our expectation

In 1Q25, CNG's top-line declined qoq but maintained strong yoy growth thanks to the low base effect. Sales volume reached 63.7mn Sm<sup>3</sup> (-20% qoq, +35% yoy), achieving 88% of KIS's forecast. Revenue accordingly hit VND850bn (-20% qoq, +35% yoy), fulfilling 83% of forecast. The average selling price (VND/Sm<sup>3</sup>) stayed nearly flat yoy, as Brent and FO prices moved in opposite directions - roughly 50% of sales volume is priced on Brent, the rest on FO.

Gross profit margin (GPM) landed at 6.0% (-2.21%p qoq, +1.22%p yoy). Gross profit stood at VND51bn (-21% qoq, +69% yoy), fulfilling 68% of forecast.

SG&A surged to VND48bn (-25% qoq, +70% yoy), slightly exceeding our VND44bn estimate and dragging NPAT down to VND1.3bn (unchanged yoy), completely off our expectation of VND26bn. We believe the high SG&A was due to LNG infrastructure investments at customer sites, which boosted selling expenses.

### Pros & cons: indirect but influential impacts from US tariffs

In 2Q25F, we see challenges ahead amid global turbulence and US tariff influences. We expect US tariff to mainly impact CNG Vietnam via:

- Pressures on global oil prices like Brent and FO, as tariff raises concerns regarding less transportation demand and slashed economic outlooks of major economies. Lower oil price could underline impacts on CNG's revenue and squeeze its profit margin.
- Export revenue of customers like tiles and steel producers will become sluggish as tariff reduce their competitiveness, causing the termination of foreign orders, production cuts, and thus, less demand for heating fuel.

For 2Q25F, the BOD plan to distribute 64mn Sm<sup>3</sup> of CNG, 4.6mn Sm<sup>3</sup> of LNG and 1,700 tonnes of LPG, adding up to a total of 72.4mn Sm<sup>3</sup> (+17% yoy). We think the target is feasible thanks to (1) the comeback of Tien Hai – Thai Binh gas field of the North will lead to better CNG consumption and (2) the recovery of domestic real estate and construction could partly compensate for the foreign declines.

### Action: HOLD

We maintain a HOLD rating for CNG stock despite a sound upside as we concern about the impacts of US tariff on production, and thus, fuel gas demand.

## Earnings Review

25 Apr 2025

12M rating **HOLD (Maintain)**

12M TP **N/A**

Up/Downside **N/A**

### Stock Data

VNIndex (23 Apr, pt)	1,211
Stock price (23 Apr, VND)	27,900
Market cap (USD mn)	38
Shares outstanding (mn)	35
52-Week high/low (VND)	37,894/26,000
6M avg. daily turnover (USD mn)	0.18
Free float / Foreign ownership (%)	44./2.4
Major shareholders (%)	
PV GAS	56.00
America LLC	4.80
Grantham Mayo Van Otteelloo & Co LLC	0.22
KB Asset Management	0.11

### Performance

	1M	6M	12M
Absolute	(9.9)	(13.9)	(2.7)
Relative	(1.5)	(9.6)	(7.4)

### Stock price trend



Source: Bloomberg

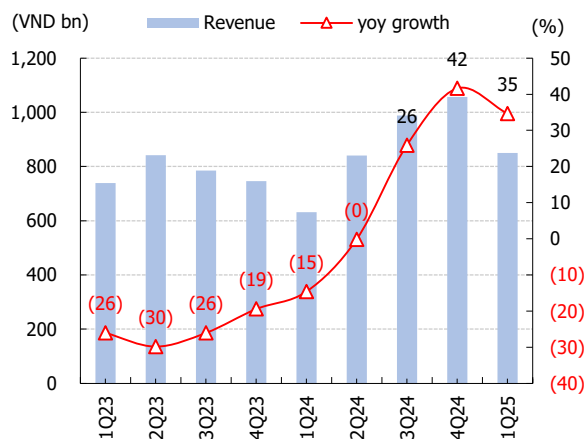
**Table 1. Quarterly earning snapshot**

(VND bn, %, %p)

	1Q24	2Q24	3Q24	4Q24	1Q25	QoQ	YoY
Sales	631	840	989	1,056	850	(19.5)	34.7
OP	1.9	55	34	22	1.9	(91.3)	0.1
OP margin	0.3	6.6	3.5	2.1	0.2	(1.9)	(0.1)
PBT	1.9	56	35	22	1.9	(91.2)	(0.0)
NPAT	1.3	45	27	17	1.3	(92.3)	0.3

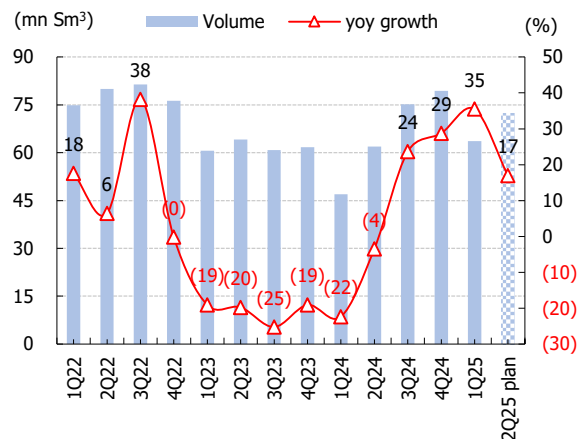
Source: Company data, KIS Research

**Figure 1. Revenue grew by 35% yoy ...**



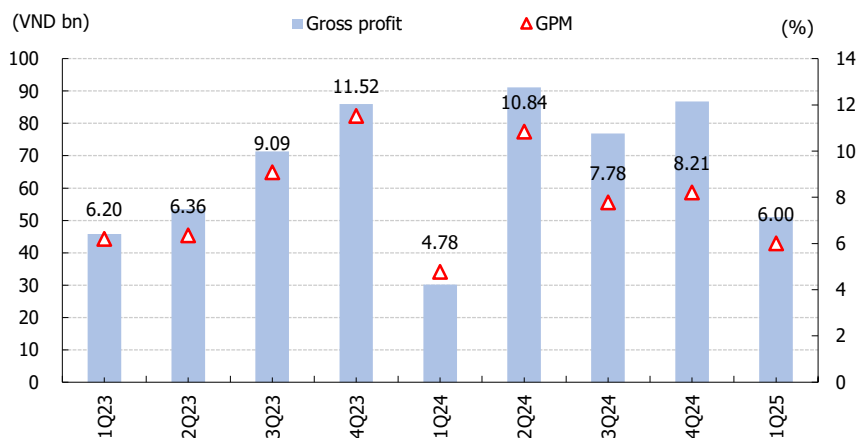
Source: Company data, KIS Research

**Figure 2. ... as volume upped by 35% yoy**



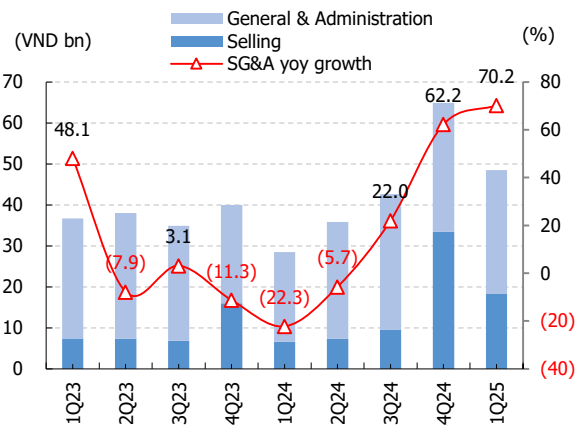
Source: Company data, KIS Research

**Figure 3. 1Q25 GPM was at a humble 6%, GP improved 69% yoy**



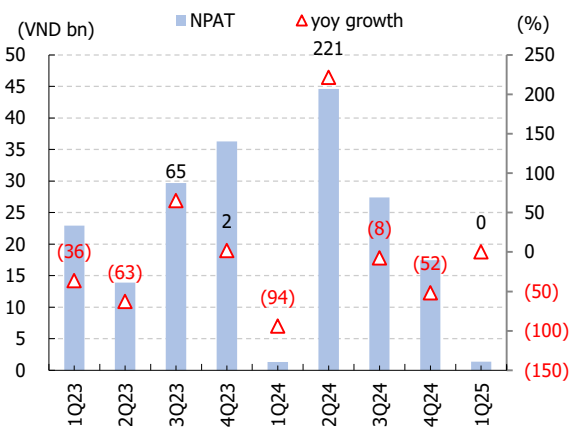
Source: Company data, KIS Research.

**Figure 4. Selling expenses surged on company's investment in LNG facilities at customer's sites**



Source: Company data, KIS Research

**Figure 5. NPAT was booked at near zero**



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	2024	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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