

PetroVietnam Gas (GAS)

Bad debt eased

- Natural gas segment boosted revenue and gross profit growth.
- SG&A calmed downed, and NPAT grew 9% yoy.
- Less bad debts and provision reversal potentials.

Facts: Natural gas drove revenue growth

GAS's 1Q25 revenue rose 10% yoy to VND25.7tn, fulfilling 95% of KIS's forecast. Gross profit (GP) reached VND4.09tn, slightly exceeding expectations at 103% of our forecast. Gross profit margin (GPM) remained stable at 15.9% (-0.3%p qoq, +0.1%p yoy).

- **Natural gas:** revenue rose 18% yoy, and GP grew 9.3% yoy, surpassing our forecast with fulfillment rates of 118.9% and 118.8%, respectively. We attribute this outperformance to (1) a 7% yoy increase in FO price, (2) potentially higher-than-expected LNG consumption, especially after GENCO3 generators began using LNG from 24-Mar, (3) *a robust growth of industrial customers*, which helped offset (4) low natural gas demand due to weak gas-fired generation (-23% yoy). Despite the FO price tailwind, GPM contracted 2.7%p yoy to 21.3%, as the introduction of LNG may have exerted downward pressure on margins.
- **LPG:** LPG revenue inched up to VND12.32tn (+2.4% yoy) and reached only 85% of our anticipation, mainly because lower than expected selling volume. Per company's sharing, 1Q25 LPG volume grew +9% yoy, compared to our expectation of +26% yoy. GP retreated by 7.5% yoy to VND1.0tn (71% of KIS forecast) as for a thinner GPM of 7.5% (-0.8%p yoy, vs our expectation of 9.0%).

Notably, GAS made no further provision for doubtful receivables in 1Q25, contrary to our forecast of a VND353bn provision. Thus, SG&A was lower than expected at VND918bn (-48% qoq, +14% yoy), fulfilling only 69% of our forecast.

1Q25 NPAT grew by 9% yoy to VND2.76tn, surpassing our forecast at 118%; however, excluding the impact of the provision misforecast, NPAT would have met 102% of our expectation.

Pros & cons: Provision reversal potentials

By end-1Q25, GAS's doubtful receivable balance dropped sharply by 52% YTD, from VND5.67tn to VND2.7tn, resulting in no additional provision booked during the quarter. The required provision also declined to VND1.01tn, creating a theoretical surplus of VND1.8tn that could potentially be reversed if no further unrecoverable amounts arise.

Looking ahead to 2Q25F, we expect dry gas volume to decline slightly yoy due to (1) deteriorating domestic gas sources, (2) better hydrology situation may lead to more use of hydropower. On the other hand, (3) increased LNG usage at GENCO3 plants and during Nhon Trach 3&4's test phase could support total natural gas volume. LPG volume growth is also projected to decelerate to 5% yoy, given a high base from last year.

Earnings Review

6 May 2025

12M rating **BUY (Maintain)**

12M TP **VND79,300**

Up/Downside +33%

Stock Data

VNIndex (06 May, pt)	1,242
Stock price (06 May, VND)	59,600
Market cap (USD mn)	5,376
Shares outstanding (mn)	2,343
52-Week high/low (VND)	77,353/50,800
6M avg. daily turnover (USD mn)	1.90
Free float / Foreign ownership (%)	4.2/1.7
Major shareholders (%)	
PVN	95.76

Performance

	1M	6M	12M
Absolute	1.5	(15.0)	(12.3)
Relative	(1.1)	(13.8)	(14.1)

Stock price trend



Source: Bloomberg

Research Dept

Researchdept@kisvn.vn

Action: BUY with the TP of VND79,300

We maintain a BUY rating (TP: VND79,300; +33% upside) for GAS stock for mid and long-term investment strategies. 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.

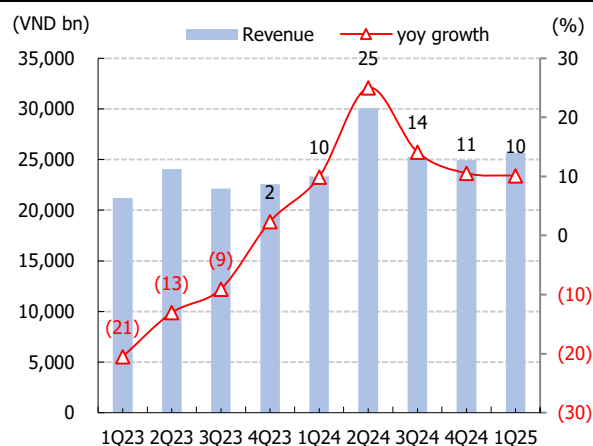
Table 1. Quarterly earning snapshot

(VND bn, %, %p)

	1Q24	2Q24	3Q24	4Q24	1Q25	QoQ	YoY
Sales	23,315	30,071	25,252	24,945	25,675	2.9	10.1
OP	3,169	4,239	3,178	2,569	3,412	32.8	7.6
OP margin	13.6	14.1	12.6	10.3	13.3	3.0	(0.3)
PBT	3,171	4,239	3,204	2,558	3,429	34.0	8.1
NPAT	2,544	3,416	2,578	2,052	2,763	34.6	8.6

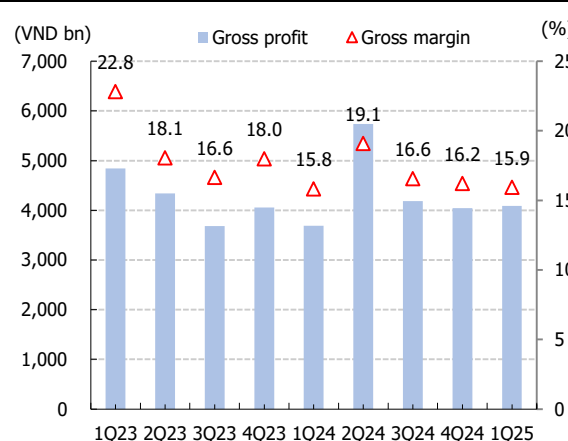
Source: Company data, KIS Research

Figure 1. 1Q25 revenue grew by 10% yoy



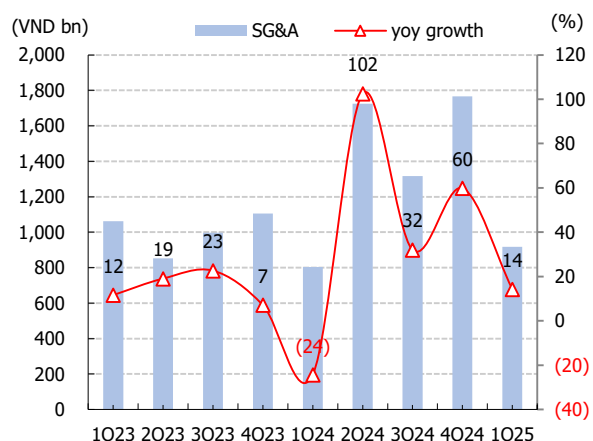
Source: Company data, KIS Research

Figure 2. 1Q25 GP flattened yoy, with a stable GPM



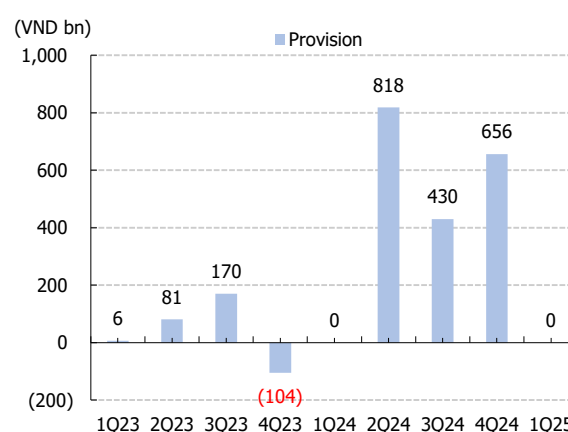
Source: Company data, KIS Research

Figure 3. 1Q25 SG&A eased vs the last 3 quarters ...



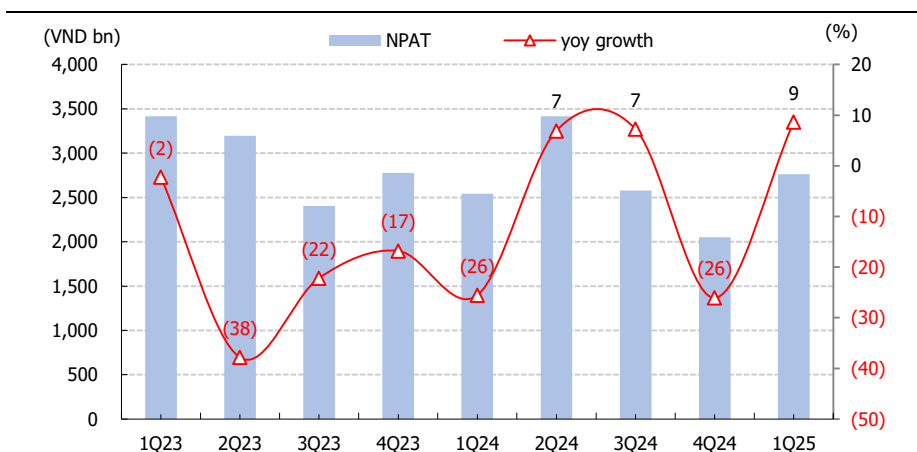
Source: Company data, KIS Research

Figure 4. ... as no further provision was booked in 1Q25



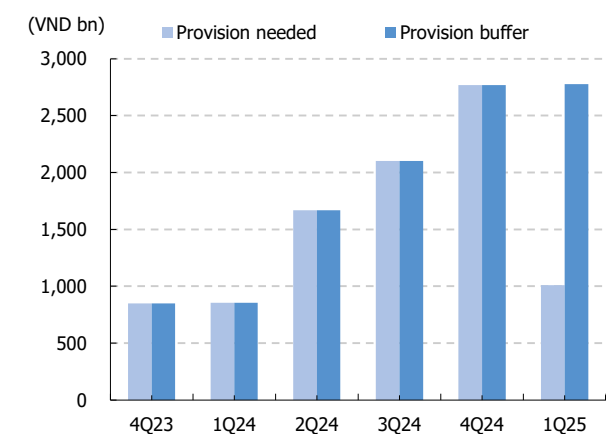
Source: Company data, KIS Research

Figure 5. Subsequently, 1Q25 NPAT grew 9% yoy



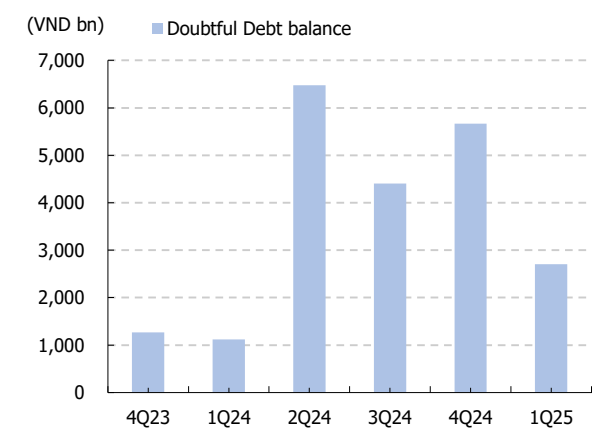
Source: Company data, KIS Research.

Figure 6. Provision buffer is now in surplus



Source: Company data, KIS Research

Figure 7. ... as doubtful debt balance reduced significantly



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	2024	2025F	2026F	2027F
Current assets	62,218	57,296	65,529	67,773	68,490
Cash & cash equivalents	5,669	5,649	7,445	7,834	7,915
Accounts & other receivables	16,865	19,104	21,574	22,705	22,923
Inventory	3,945	4,599	6,072	6,743	7,149
Non-current assets	56,549	51,646	58,083	59,939	60,575
Fixed assets	19,532	18,222	16,967	15,439	13,731
Investment assets	398	400	398	398	398
Others	5,607	5,976	6,390	12,562	18,549
Total assets	87,754	81,894	89,283	96,173	101,168
Advances from customers	119	271	152	160	161
Unearned revenue	1,036	2,241	-	-	-
Trade payables	7,138	6,096	9,089	9,564	9,663
Others	5,074	5,039	6,461	6,799	6,869
ST debt & due bonds	1,605	935	1,806	1,918	1,954
LT debt & bonds	4,271	2,290	2,562	5,820	8,050
Total liabilities	22,456	20,323	24,137	28,539	31,021
Controlling interest	64,049	60,248	64,241	69,019	73,126
Capital stock	22,967	23,427	22,967	22,967	22,967
Capital surplus	0	0	0	0	0
Other reserves	24,201	27,268	24,201	24,201	24,201
Retained earnings	16,880	9,553	17,072	21,850	25,957
Minority interest	1,250	1,323	1,597	1,790	1,973
Shareholders' equity	65,299	61,571	65,838	70,810	75,099

Cash flow

(VND bn)

FY-ending Dec.	2023A	2024	2025F	2026F	2027F
C/F from operations	13,827	8,705	10,560	12,047	12,061
Net profit	14,640	13,172	13,843	15,173	14,301
Dep'n & Amort'n	3,027	2,863	2,804	2,932	3,054
Net incr. in W/C	16,396	16,875	15,482	16,917	16,423
C/F from investing	(11,249)	7,979	199	(5,661)	(5,582)
Capex	(1,841)	(1,822)	(1,265)	(7,269)	(7,207)
Incr. in investment	(9,407)	9,800	1,464	1,608	1,625
C/F from financing	(7,463)	(16,711)	(7,564)	(3,520)	(4,625)
Incr. in equity	-	-	-	-	-
Incr. in debt	(344)	(2,740)	181	112	36
Dividends	(7,120)	(13,971)	(6,890)	(6,890)	(6,890)
C/F from others	5	8	-	-	-
Increase in cash	(4,880)	(19)	3,195	2,866	1,855

Income statement

(VND bn)

FY-ending Dec.	2023A	2024	2025F	2026F	2027F
Sales	89,954	103,564	114,541	120,522	121,770
COGS	73,029	85,910	96,362	102,556	104,379
Gross profit	16,925	17,654	18,179	17,966	17,392
SG&A expenses	4,019	5,612	5,528	4,008	4,050
Operating profit	12,906	12,042	12,651	13,958	13,342
Financial income	2,273	1,737	1,600	1,744	1,762
Interest income	2,027	1,466	1,638	1,723	1,741
Financial expenses	587	660	435	555	830
Interest expenses	340	319	299	419	694
Other non-operating profit	20	16	-	-	-
Gains (Losses) in associates, subsidiaries and JV	27	38	27	27	27
Earnings before tax	14,640	13,172	13,843	15,173	14,301
Income taxes	2,846	2,582	2,692	2,950	2,781
Net profit	11,793	10,590	11,151	12,223	11,520
Net profit of controlling interest	11,606	10,398	10,974	12,029	11,337
EBITDA	18,006	16,354	16,946	18,524	18,048

Key financial data

FY-ending Dec.	2023A	2024	2025F	2026F	2027F
Per-share data (VND, adj.)					
EPS	5,053	4,527	4,778	5,237	4,936
BPS	27,887	26,232	27,971	30,051	31,839
DPS	5,843	6,000	3,000	3,000	3,000
Growth (%)					
Sales growth	(10.7)	15.1	10.1	5.2	1.0
OP growth	(27.5)	(6.7)	4.2	10.3	(4.4)
NP growth	(21.7)	(10.2)	4.2	9.6	(5.8)
EPS growth	(21.6)	(10.4)	4.2	9.6	(5.8)
EBITDA growth	(27.5)	(6.7)	4.2	10.3	(4.4)
Profitability (%)					
OP margin	14.3	11.6	11.0	11.6	11.0
NP margin	13.1	10.2	9.7	10.1	9.5
EBITDA margin	14.3	11.6	11.0	11.6	11.0
ROA	13.8	12.5	12.7	13.2	11.7
ROE	18.7	16.7	17.6	18.1	16.0
Dividend yield	4.0	8.4	4.1	4.1	4.1
Dividend payout ratio	58	132	62	56	60
Stability					
Net debt (VND bn)	206	(2,425)	(3,077)	(95)	2,089
Net debt/equity (%)	0	(4)	(5)	(0)	3
Valuation (x)					
PE	14.7	15.7	14.9	13.6	14.4
PB	2.7	2.8	2.6	2.4	2.3
EV/EBITDA	10.9	10.5	10.0	9.0	9.5

■ **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**

- 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.

■ **Guide to KIS Vietnam Securities Corp. sector ratings for the next 12 months**

- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
- Underweight: Recommend reducing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.

■ **Analyst Certification**

I/We, as the research analyst/analysts who prepared this report, do hereby certify that the views expressed in this research report accurately reflect my/our personal views about the subject securities and issuers discussed in this report. I/We do hereby also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report.

■ **Important compliance notice**

As of the end of the month immediately preceding the date of publication of the research report or the public appearance (or the end of the second most recent month if the publication date is less than 10 calendar days after the end of the most recent month), KIS Vietnam Securities Corp. or its affiliates does not own 1% or more of any class of common equity securities of the companies mentioned in this report.

There is no actual, material conflict of interest of the research analyst or KIS Vietnam Securities Corp. or its affiliates known at the time of publication of the research report or at the time of the public appearance.

KIS Vietnam Securities Corp. or its affiliates has not managed or co-managed a public offering of securities for the companies mentioned in this report in the past 12 months;

KIS Vietnam Securities Corp. or its affiliates has not received compensation for investment banking services from the companies mentioned in this report in the past 12 months; KIS Vietnam Securities Corp. or its affiliates does not expect to receive or intend to seek compensation for investment banking services from the companies mentioned in this report in the next 3 months.

KIS Vietnam Securities Corp. or its affiliates was not making a market in securities of the companies mentioned in this report at the time that the research report was published.

KIS Vietnam Securities Corp. does not own over 1% of shares of the companies mentioned in this report as of 6 May 2025.

KIS Vietnam Securities Corp. has not provided this report to various third parties.

Neither the analyst/analysts who prepared this report nor their associates own any shares of the company/companies mentioned in this report as of 6 May 2025.

KIS Vietnam Securities Corp. has not issued CW with underlying stocks of PetroVietnam Gas (GAS) and is the not liquidity provider.

Prepared by: Research Dept

Global Disclaimer

■ General

This research report and marketing materials for Vietnamese securities are originally prepared and issued by the Research Center of KIS Vietnam Securities Corp., an organization licensed with the State Securities Commission of Vietnam. The analyst(s) who participated in preparing and issuing this research report and marketing materials is/are licensed and regulated by the State Securities Commission of Vietnam in Vietnam only. This report and marketing materials are copyrighted and may not be copied, redistributed, forwarded or altered in any way without the consent of KIS Vietnam Securities Corp..

This research report and marketing materials are for information purposes only. They are not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This research report and marketing materials do not provide individually tailored investment advice. This research report and marketing materials do not take into account individual investor circumstances, objectives or needs, and are not intended as recommendations of particular securities, financial instruments or strategies to any particular investor. The securities and other financial instruments discussed in this research report and marketing materials may not be suitable for all investors. The recipient of this research report and marketing materials must make their own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser. KIS Vietnam Securities Corp. does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. KIS Vietnam Securities Corp., its affiliates, or their affiliates and directors, officers, employees or agents of each of them disclaim any and all responsibility or liability whatsoever for any loss (director consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or KIS Vietnam Securities Corp. The final investment decision is based on the client's judgment, and this research report and marketing materials cannot be used as evidence in any legal dispute related to investment decisions.

■ Country-specific disclaimer

United States: This report is distributed in the U.S. by Korea Investment & Securities America, Inc., a member of FINRA/SIPC, and is only intended for major U.S. institutional investors as defined in Rule 15a-6(a)(2) under the U.S. Securities Exchange Act of 1934. All U.S. persons that receive this document by their acceptance thereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Korea Investment & Securities, Co., Ltd. or its affiliates. Pursuant to Rule 15a-6(a)(3), any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Korea Investment & Securities America, Inc., which accepts responsibility for the contents of this report in the U.S. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. person absent registration or an applicable exemption from the registration requirement.

United Kingdom: This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

Hong Kong: This research report and marketing materials may be distributed in Hong Kong to institutional clients by Korea Investment & Securities Asia Limited (KISA), a Hong Kong representative subsidiary of Korea Investment & Securities Co., Ltd., and may not otherwise be distributed to any other party. KISA provides equity sales service to institutional clients in Hong Kong for Korean securities under its sole discretion, and is thus solely responsible for provision of the aforementioned equity selling activities in Hong Kong. All requests by and correspondence with Hong Kong investors involving securities discussed in this report and marketing materials must be effected through KISA, which is registered with The Securities & Futures Commission (SFC) of Hong Kong. Korea Investment & Securities Co., Ltd. is not a registered financial institution under Hong Kong's SFC.

Singapore: This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Korea Investment & Securities Co., Ltd. has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person. Please contact Korea Investment & Securities Singapore Pte Ltd in respect of any matters arising from, or in connection with, the analysis or report (Contact Number: 65 6501 5600).

Copyright © 2025 KIS Vietnam Securities Corp.. All rights reserved. No part of this report may be reproduced or distributed in any manner without permission of KIS Vietnam Securities Corp..