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PV Gas (GAS)

Performance until May running ahead of target

Special disclosure reveals performance until May ahead of management's full-year target

— Pretax earnings were VND4,500 billion for the first five months of the year or 54% of management's full-year objective for VND8,204 billion (no net profit figure was released). Although the company does not release regular monthly performance, management stated that performance until May was 134% of its own internal objective for year-to-date results. Revenue was VND27,600 billion or 42% of the company's annual guidance and 106% of its internal year-to-date target. In terms of production metrics, output was 3.8 billion cubic metres for gas (42% of guidance and 101% of internal year-to-date target); 720 thousand tons for LPG (55% of guidance and 141% of internal year-to-date target); and 26 thousand tons of condensate (47% of guidance and 110% of internal year-to-date target). Despite performance until May being ahead of the full-year objective, management is well known for its conservative guidance. Nonetheless, pretax profits during this period are currently running ahead of expectations at 45% of 2020E's consensus for pretax profit of VND9,992 billion even after factoring in seasonality.

Management admits still struggling with the coronavirus & technical issues at *Block 11.2*

— This year's performance is still struggling from: 1) low product pricing as Brent oil and high sulfur fuel oil (HSFO) remain at depressed levels; and 2) March 8's technical issues that led to a sharp drop in output at *Block 11.2*. Average HSFO prices (the commodity that GAS product prices are linked to) are down 49% since the start of the year, while average Brent prices are down 42%. Moreover, technical issues have reduced daily output at *Block 11.2* by 1.5 million cubic metres for the past three months and management has not given any clear indication of when this issue will be resolved. During normal operations, *Block 11.2* can generate around 0.9 billion cubic metres of natural gas a year (or 14% of the *Nam Con Son* field and 9% of Vietnam's total annual dry gas output). Management also admitted that the coronavirus delayed entry of foreign technicians needed to start up the *Nam Con Son 2 - phase 2* during the nationwide lockdown.

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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