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Oil & Gas

Exxon Mobil eager to make downstream investments

Exxon Mobil eager to invest in Vietnam's downstream oil & gas industry

— The president of Exxon Mobil (XOM US) communicated the company's eagerness to invest in Vietnam's downstream oil & gas industry in a meeting with the Prime Minister on June 11. Specifically, the US global energy company wants invest in LNG terminals, refineries and LNG-fired power plants between 2025E and 2030E. The company proposed building two LNG complexes in *Hai Phong* and *Long An* – with prospective capacity of 4,000 megawatts or 5.3 billion cubic meters of gas at the former and 3,000 megawatts or 3.5 billion cubic meters at the latter location – for gas supplied from US companies. The proposed *Hai Phong* complex could satisfy about 22% of Vietnam's future energy demand, while the *Long An* complex could meet about 15% of this demand. PV GAS (GAS) is likely to benefit most from this plan due to its status and Vietnam's sole domestic LNG importer.

US LNG prices relatively low compared to Vietnam's wellhead prices

— Prices for US LNG exports currently trade at around USD5.00 per million British thermal units (MMBtu) or comparatively lower than estimated wellhead prices from Vietnam's major upcoming projects. Wellhead prices are estimated at USD8.50 per MMBtu for *Block B*, USD9.00 per MMBtu for *Blue Whale* and USD8.00 per MMBtu for *Sao Vang Dai Nguyet*. Build out of large-scale infrastructure will likely provide PV GAS with ample supplies of cheaper imported LNG that will appeal to power plants that have not only relied heavily on pricier locally-sourced gas but also faced shortages due to insufficient capacity at LNG terminals. Currently, the only LNG processing & storage facility under construction is the *Thi Vai* terminal that is scheduled for completion in 2021E but will only meet about 11% of Vietnam's gas demand.

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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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