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Petrolimex (PLX)

FY21 AGM Update

Business performance in 1Q22 fell short of expectations due to disrupted supplies

— In 1Q22, National Petroleum Group (PLX) posted NPAT of VND337 billion (–60% YoY) on revenue of VND67,020 billion (+75% YoY). Gross profit margin dropped sharply to 4.14% from 8.87% in 1Q21. The BOD explained that the reduced capacity of the Nghi Son Refinery prompted PLX to import gasoline from other sources at higher prices, pushing up the cost of capital. PLX expects this figure to increase in the next quarters as it has been more proactive about supplies. For the whole year of 2022, PLX targets 12.2 million tons of sales volume (–2% YoY), equivalent to PBT of VND3,060 billion (–19% YoY) and total revenue of VND186,000 billion (+10% YoY).

Petroleum supplies for PLX would remain volatile in the coming time

— As shared by the BOD, in 5M22, PLX's sales volume reached about 5.9 million m³ (delivering 48.5% of the full-year target), and NPAT was VND1,340 billion (fulfilling 44% of the full-year target). Before 2021, petroleum imports of the business accounted for 30%, and the other 70% came from two domestic oil refineries, Binh Son and Nghi Son. However, PLX estimates that imports would amount to 46% in 1H22 due to the reduced capacity of the Nghi Son Refinery (NSR). In 2H22, PLX would maintain imports to meet domestic demand since NSR could only ensure stable supply until the end of June 2022.

PLX would divest from PGBank and reduce state ownership

- PLX's BOD disclosed that the state ownership would be reduced to 51%–65% as required by the Prime Minister, and PLX is developing a plan to submit to the competent authorities. The BOD expects the Committee for Management of State Capital to divest between 2021 and 2025 shortly after the approval.
- PLX was approved to divest from PGBank (PGB) and would conduct a public auction for the divestment in 4Q22 after receiving approval from the State Securities Commission of Vietnam.

Further information:

- PLX added the activity of leasing real property to its business license, allowing the group to lease out the headquarters building at No. 1 Kham Thien.
- On June 3, 2022, PLX and VinFast signed a Business Cooperation Agreement for installing electric vehicle charging stations at PLX's petrol stations, which is in line with the development orientation of gradually transforming into an environmentally friendly energy group. VinGroup (VIC) will support PLX in developing petrol stations on landbanks owned by VIC in return.
- At the AGM, the BOD approved the resolution to pay cash dividends at 12% for FY21, and this figure should be no less than 12% for FY22.

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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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