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Binh Son Refinery (BSR)

Cautious view from management

No management guidance for 2020E

— Management opted to leave out 2020E guidance for the Annual General Shareholders' meeting due to the devastating fall in refined product prices. Prior to the coronavirus pandemic, management initially considered setting 2020E annual targets for earnings at VND1.3 trillion on revenue of VND80.3 trillion and total refined output of 5.56 million tons. The sharp drop in ex-factory prices during 1Q forced the company to book operating losses and heavy provisions that led to VND2.3 trillion in net losses for the quarter. The shareholders' meeting is scheduled for May 26.

Eager to relist on HNX or HOSE in 2020E

— Management is likely to quickly turn its attention to relist on one of Vietnam's main bourses after this year's annual general shareholders' meeting. This is management's primary goal for 2020E and will be needed to better facilitate the sell down of a 49% stake of Vietnam Oil & Gas Group's (PVN) 92.1% ownership. The company has met criteria to list on the HNX as of March 20 and will work to meeting listing requirements for the HOSE in 2020E. HOSE requires two consecutive years of audited earnings as a joint-stock company. BSR became a joint-stock company in July 2018 and will likely need to book audited earnings this year to meet the listing requirements for HOSE.

Likely to suspend 2019 dividend & reallocate capital to facility upgrades

— Management also left out a cash dividend proposal for 2019 results despite announcing the goal of providing a VND300 per-share cash dividend at last year's annual shareholders' meeting. Capital will likely be better utilized on facility upgrades and suspension of the dividend frees up VND3.8 trillion in resources. BSR only completed 17% of upgrades for the Dung Quat Refinery project due to the coronavirus and will soon enter a two-month maintenance period for its three-year facility overhaul.

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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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