



PetroVietnam GAS (GAS: HoSE)



Business prospects until 2019 are uncertain

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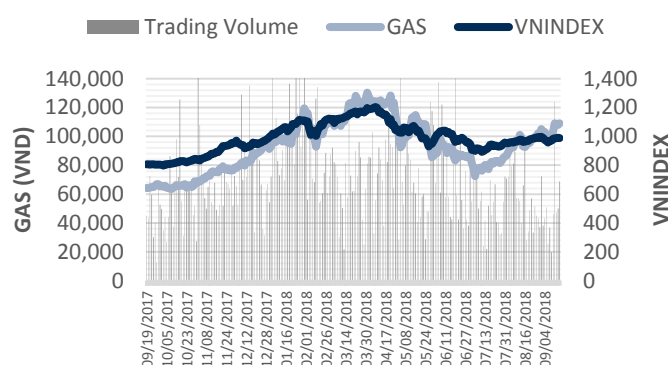
September 19th, 2018 (UPDATE)

RECOMMENDATION: HOLD		TRADING DATA		PERFORMANCE				
Target Price	VND120,000	Outstanding shares	1,913,950,000	(%)	1T	3T	6T	12T
Upside/Downside	+7.0%	Avg Daily Vol (3M, shares)	567,508	GAS	4.9	6.5	-7.6	67.5
Current Price (19-09-2018)	VND112,100	Foreign Ownership	3.5%	VN-Index	1.7	-5.2	-12.5	23.5
Market Cap (Bn.)	VND214,554	Major shareholders	PVN – 95.76%					

Source: GAS, KBSV Research

Income Statements	2017A	2018F	2019F
Revenue (VND Bn.)	64,830	75,679	88,384
COGS (VND Bn.)	49,360	59,041	
Gross Profit (VND Bn.)	15,471	16,638	
GPM (%)	24%	22%	
Net Profit (VND Bn.)	9,938	11,221	13,098
Growth (%)	38%	13%	17%
Shares (Mil.)	1,914	1,914	1,914
EPS (VND)	4,994	5,723	6,681

Price History & Volume



Products & Services

The major business activities and functions of PVGas are the collection, storage, transportation and distribution of gas through its subsidiaries. In Vietnam, PVGas is the only unit assigned by *Vietnam National Oil and Gas Group (PetroVietnam)* to carry out the above activities.

The main products of PVGas are dry gas, LPG, condensate, auxiliary activities for gas businesses such as gas & condensate transportation, gasoline and oil, office leasing, pipe production. steel and pipe coating.

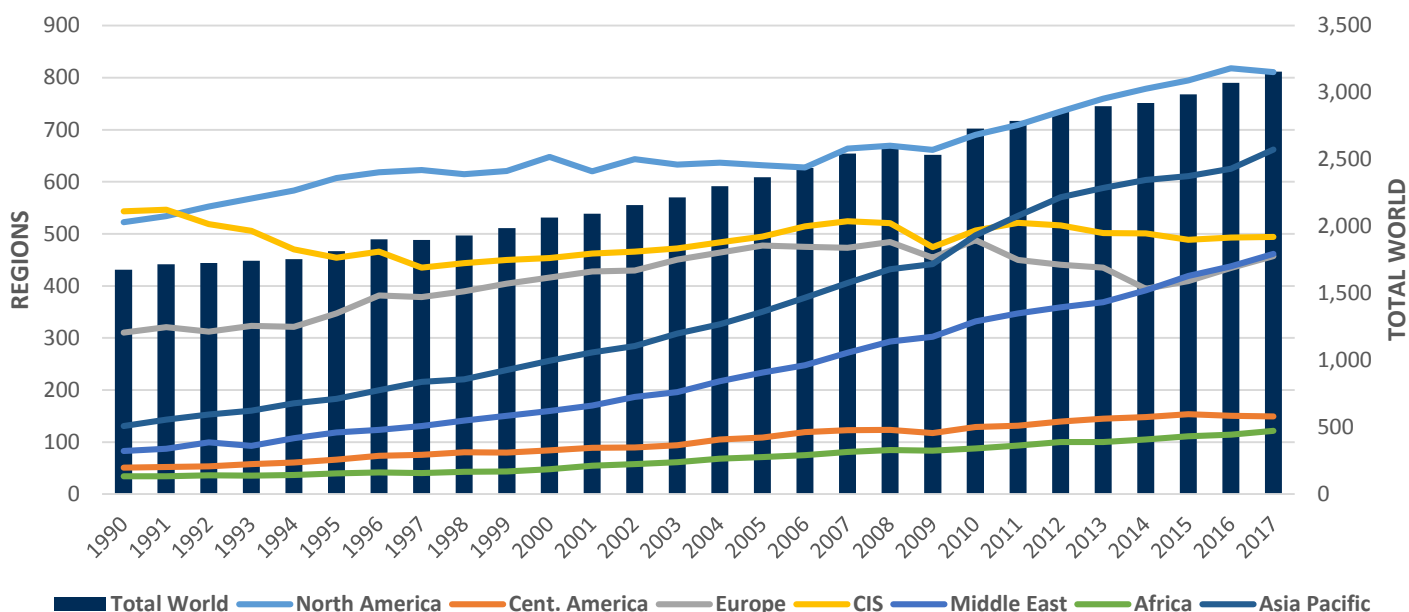
Crude gas after being collected from the gas fields will be transported to Gas Processing Plants to extract condensate and water and then treated with acid to separate sulfur and hydrocarbons such as Ethane, LPGs (Propane and Butane). After being processed, dry gas is mainly Methane. Dry gas can be liquefied (LNG) for transportation or compression (CNG) and delivered to the point of sale through high pressure piping. LPG is mainly used in civil use (12kg gas cylinders for civil use and 45kg large industrial gas cylinders).

Gas consumption market in Vietnam & World

In general, gas consumption in Vietnam as well as the world is affected by economic growth with global growth at an average of 2.5% per year. In Vietnam and Asia, growth is more than 6% per year. According to EIA, natural gas supply will also grow steadily at 2% per year until 2040.

NATURAL GAS CONSUMPTION 1990 - 2017

(Million tonnes oil equivalent)



Source: BP Energy, KBSV Research

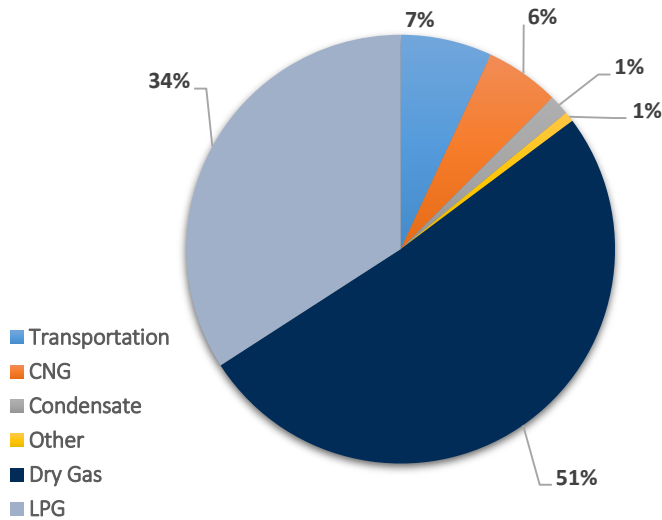
Product & Revenue structure of PetroVietnam Gas

- **DRY GAS** accounts for a large proportion of PVGas revenue. Dry gas is collected from natural moist gas or associated gas after filtering water and impurities. The main ingredient in dry gas is Methane. Dried gas is used as fuel for power plants, fertilizer production, petrochemical processing (Polypropylene, Polyethylene, Methanol ...) and for industrial customers. Currently, dry gas is used to produce nearly 35% of electricity production and 70% of the country's nitrogenous fertilizer production. Dry air is a clean and environmentally friendly fuel. Compared to oil and coal, dry gas, when burned, emits less CO₂ and NO_x - which are major contributors to global warming and acid rain.

- **LPG** is a mixture of hydrocarbon gas with the main components are Propane (C₃H₈) and Butane (C₄H₁₀). Typically, this mixture is referred to as liquefied petroleum gas (LPG), derived from crude oil refining or natural gas processing. Currently, domestic LPG is produced from Dinh Co Gas Plant (PVGas), Dung Quat (Binh Son) and more than 60% imported by PVGas. In June, 2016, GPP Ca Mau completed construction and put into operation, supplies about 600 tons of LPG per day, equivalent to 200,000 tons of LPG per year.

- **CONDENSATE** accounts for a small proportion of PVGas's revenue structure. The composition of the condensate is primarily saturated hydrocarbons, including Pentane and heavier hydrocarbons (C₅+) derived from the treatment of associated gas or natural gas. Condensate is produced from Dinh Co Gas Processing Plant, Nam Con Son, Ca Mau and Tien Hai Gas Distribution Center (GDC Tien Hai). From Dinh Co and Nam Con Son gas processing plants, condensate is transported by pipeline to Thi Vai depot and then distributed to customers; From Tien Hai and Ca Mau: condensate is transported by tanker and ship to customers.

PVGas Revenue components
1H.2018



Source: PVGas, KBSV Research

PVGas' customers & partners

PV Gas' Products are provided to different customers with their own particular usages.

Customers of Dry Gas: Power plants are the main consumers, accounting for 90% of total gas output, followed by 6% for Phu My Fertilizer Plant, and the rest is for industrial manufacturers via Phu My - My Xuan - Go Dau - Nhon Trach (Dong Nai) and Hiep Phuoc (Ho Chi Minh City).

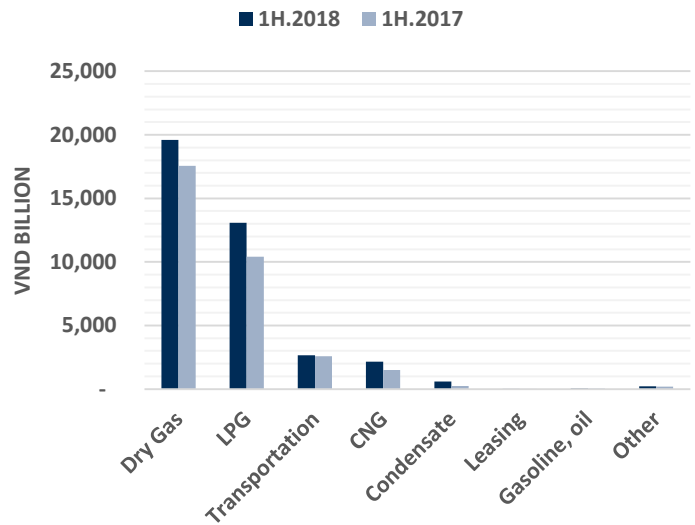
Customers of LPG: PVGas is wholeselling LPG mainly through its controlled subsidiary, PV Gas Trading Company (60% of domestic market share). The wholesale customers of PV Gas Trading are domestic LPG trading and distributing companies. LPG retailing business was transferred to their affiliates, PV Gas North and PV Gas South. Retailed LPG is sold in 12kg and 45kg gas cylinders to households and commercial consumers. Besides, PV Gas has aimed at the LPG market for multistoried apartment buildings (PVGas City).

Customers of CNG: manufacturers of ceramic tiles, steel and porcelain... located far from PV Gas' pipeline. In the future, CNG will aim to the northern market (Thai Binh...), central market (Da Nang...) on the basis of in-place gas resources. Currently, two affiliates in charge of CNG distribution and trading are Vietnam CNG JSC and PV Gas South Company. In addition, CNG is also used in transportation industry to replace conventional fuels such as gasoline and oil. CNG is clean, environment - friendly fuel and is widely used in the world.

Customers of LNG: because the price of the LNG is much higher than the current domestic gas prices, target customers are power plants and industrial customers in the South East (Hiep Phuoc, HCM) and Binh Thuan (Son My Plant).

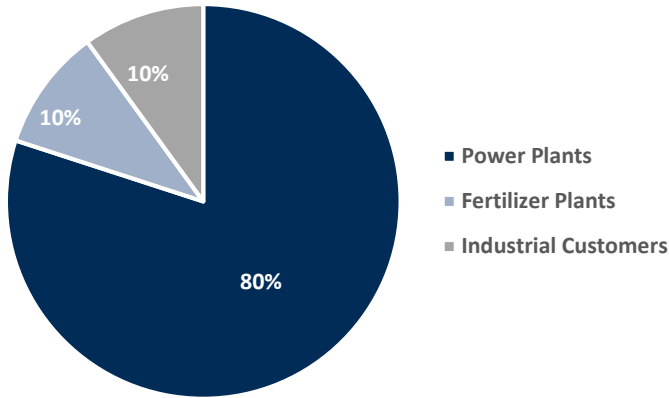
Customers of condensate: Used primarily for the processing of finished gasoline (from Cuu Long basin) under a business co-operation contract between PV Gas and PV Oil. It partially contributes to ensuring stable supply to the domestic gasoline market.

PVGas Revenue Components



Source: PVGas, KBSV Research

TYPE OF DRY GAS CUSTOMERS (2017)

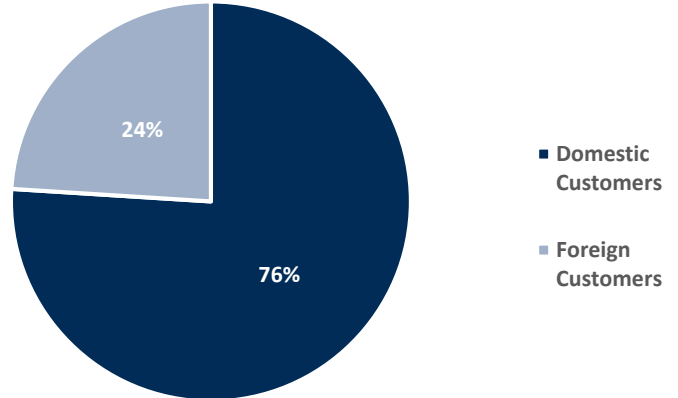


Source: PVGas, KBSV Research

PVGas pipeline system

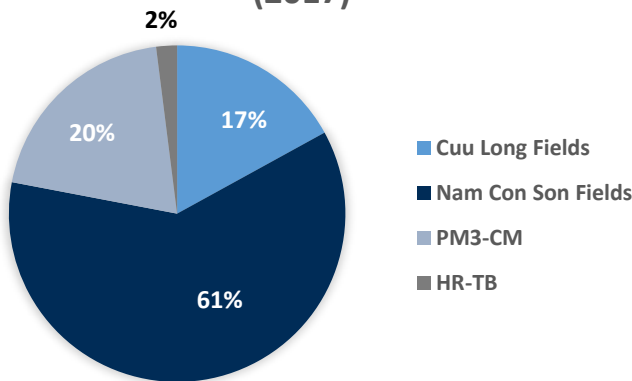
PVGas is managing and operating four gas pipeline systems with total length over 1,100km, including Cuu Long, Nam Con Son, PM3 - Ca Mau, Ham Rong - Thai Binh; LPG storage system with the total capacity of over 92 thousand tons throughout Vietnam, accounting for 60% of the national storage capacity; low pressure gas distribution system and CNG for more than 200 industrial customers; supply gas for fuel to produce about 30% of the national electricity output, 70% of the fertilizer market share and to maintain over 70% of the LPG market share.

STRUCTURE OF DRY GAS CUSTOMERS (2017)



Source: PVGas, KBSV Research

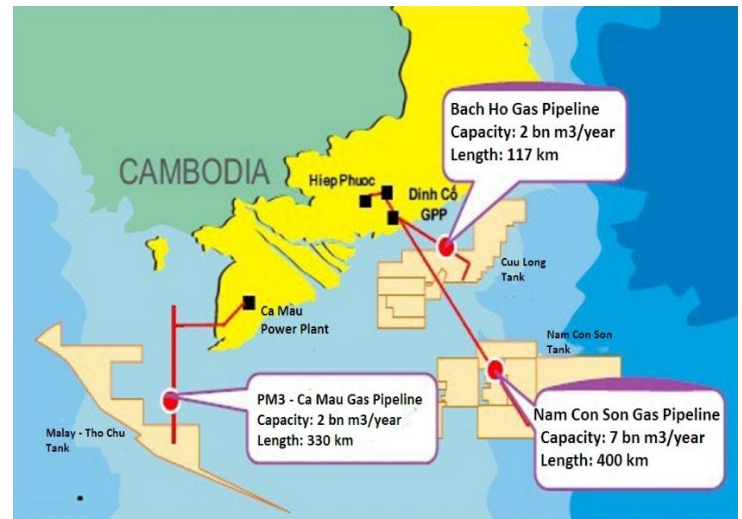
STRUCTURE OF GAS RESOURCES (2017)



Source: PVGas, KBSV Research

PVGas pipeline system

- Crude gas transported from Bach Ho pipeline (Cuu Long basin) and Nam Con Son 1 pipeline (Nam Con Son basin) will be put into Dinh Co gas processing plant (Ba Ria - Vung Tau) to produce dry gas, LPG and Condensate, Ba Ria Power Plant and Phu My Power Center is 40 km away from Vung Tau. The exploiter is Vietsopetro.
- Gas from PM-3/CAA fields (Vietnam-Malaysia Joint Operating Area, in which Vietnam receives 50% of total product exploited) through PM3-Ca Mau pipeline system is sent to the Ca Mau gas processing plant and gas distribution stations. From there, along the gas on-shore pipelines, is transported to the Gas-Power-Fertilizer Complex in Ca Mau.

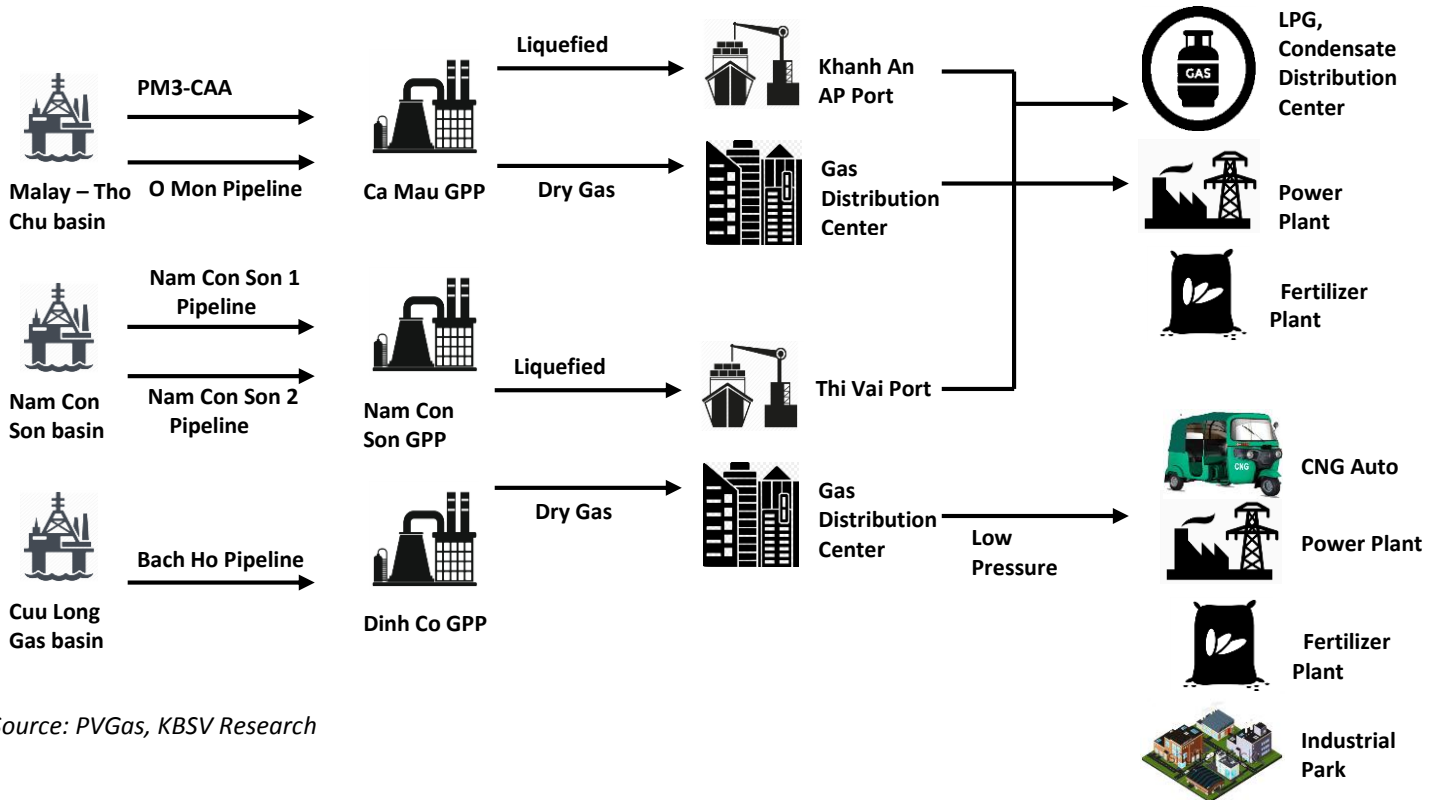


Source: PVGas, KBSV Research

PVGas pipeline system

▪ Gas from **Song Hong basin** is transported through Ham Rong - Thai Binh dry gas pipeline (Blocks 102 & 106) to gas distribution center invested by PVGas D in Tien Hai Industrial Zone - Thai Binh and from then, gas is distributed to consumers through low pressure gas pipeline system.

▪ At present, the sediment basins with large oil and gas potential in Vietnam are mainly concentrated in the Vietnam Southern Continental Shelf. Therefore, the collection and transportation of gas is concentrated mainly in the South Area. The collection, transportation and processing of natural gas in Vietnam is mainly carried out by PVGas with total capacity of about 11 billion m³ per year, while the capacity of the gas pipeline in the North is 206 million m³/year.



Source: PVGas, KBSV Research

Gas purchase mechanism

Currently, PVGas buys gas from three main sources: Cuu Long Basin, Nam Con Son Basin, Malay - Tho Chu Basin. The policy of buying and selling gas in 3 basins is different.

Basins	Fields
Nam Con Son	Lan Tay/Lan Do, Rong Doi, Hai Thach - Moc Tinh, Chim Sao, Dai Hung.
Malay-Tho Chu	PM3-CAA, 46-Cai Nuoc
Cuu Long	Bach Ho, Rong Doi/Doi Tay, Su Tu Trang/Vang/Den, Rang Dong, Ca Ngu Vang, Te Giac Trang....

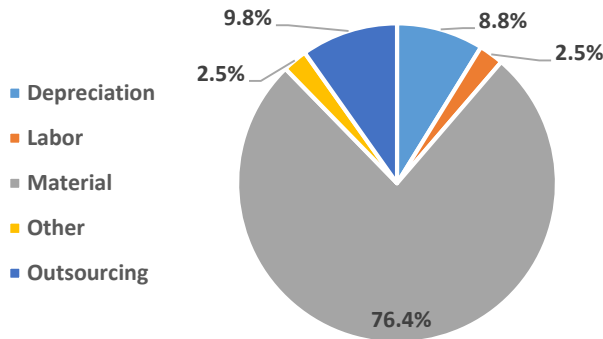
▪ Cuu Long and Song Hong basins: PVGas purchases gas from PVN at a fixed price set by PVN annually. By the end of 2015, the purchase price of gas at the bank of Cuu Long basin will be around USD3-3.5 / MMBtu.

▪ Nam Con Son Basin: Gas purchase prices are determined by long-term contract price with mining owners such as PVN, ONGC Videsh Ltd., and BP Exploration Operating Company Ltd., - now TNK, Gazprom and Korea National Oil Corporation.

Gas purchase mechanism

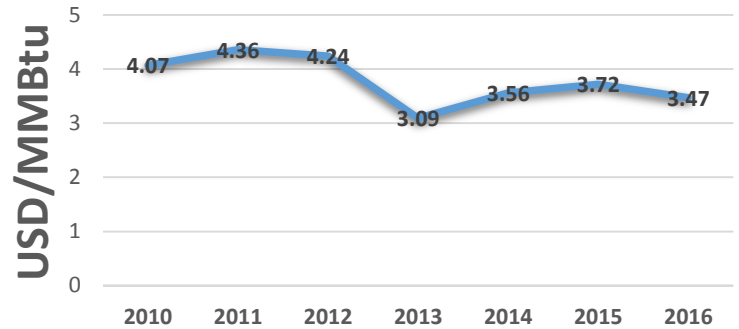
- Malay-Tho Chu Basin: gas price of PM3-CAA & 46-Cai Nuoc fields are fluctuating according to DO and FO oil prices in the Singapore market according to the method specified in the contract with the miners (PVN and Talisman VN Limited).

GAS COST STRUCTURE



Source: PVGas, KBSV Research

GAS INPUT PRICE



Source: PVGas, KBSV Research

Gas selling mechanism

- **For thermal power plants:** price complies with the roadmap prescribed in Official Dispatch No. 2175/VPCP-KTTH as of April 2, 2014 of the Government Office.

** Gas from Cuu Long and Nam Con Son basins: Selling prices are divided into two parts: Take or Pay (ToP) increased 2% per year and After Take or Pay (AToP). Particularly for the volume of gas sold for electricity production, it is currently agreed upon in specific gas purchase and sale contracts with the total output of about 3.55 billion m³ per year. Specific prices are determined by each year to 2023. For prices above the level, the formula are shown in the table below:*

Source: PVGas, KBSV Research

PERIODS	FORMULA
From April 1, 2014	0.7*Market price + transportation, distribution costs
From July 1, 2014	0.8*Market price + transportation, distribution costs
From January 1, 2015	1.0*Market price + transportation, distribution costs

Market Price = 0.46*MFO (MFO is the average monthly fuel oil price in Singapore according to Platt's Magazine) + Tax

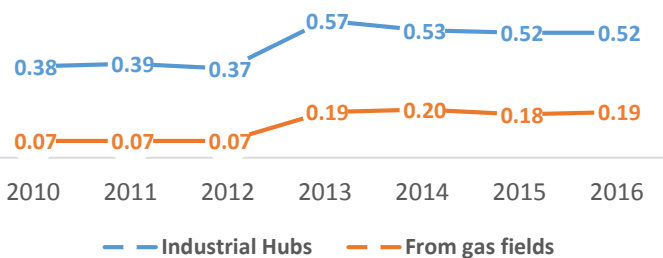
PVN' proposals

- According to the new proposal of PVN (not approved), the gas transportation & collection fees of Cuu Long basins for the period 2017-2020 as follows: transportation & collection fees from mouth of the well to the central compressor platform (CCP) of Bach Ho field, in 2017 is USD3.77/MMBtu; 2018 is USD3.84/MMBtu; 2019 is USD3.92/MMBtu; in 2020 is USD4.0/MMBtu.

However, with the above formula, when the price of MFO falls sharply, the price of PVGas' products sold to thermal power plants will be lower than the cost that PVGas purchased at the well. In this case, PVGas will incur a loss. Therefore, from January, 2016, a new price mechanism - the floor price, is applied to the output of gas above the "ToP" level. Specifically, the price of gas sold to thermal power plants should not be less than the purchase price of PVGas from the mine owner plus the cost of transportation.

Source: PVGas, KBSV Research

COST OF TRANSPORTING GAS BY PIPELINE



Gas selling mechanism

Gas from PM3-CAA fields: 100% owned by PVGas, transportation cost is included in gas price.

- **For nitrogenous fertilizer plants:** Gas price applied for fertilizer plants is approved Government over years. From January 1st, 2016 to December 31th, 2016, the gas price applied to DPM is calculated using the gas price formula at the point of delivery.

* **Phu My Fertilizer Plants:** selling price is calculated according to the formula:

$0.46 * MFO + \text{freight}$. With MFO is the average fuel oil price in Singapore market and freight charges will be adjusted increasing gradually according to the schedule as follows:

Year	2016	2017	2018	2019
Trans fees (USD/MMBtu)	0.94	0.96	0.98	1.00

Source: PVGas, KBSV Research

* **Ca Mau Fertilizer Plants:** PVGas charges transportation fees - about USD 0.98/MMBtu.

- The remaining gas will be sold to industrial customers through **Low Pressure Gas Joint Stock Company (PVGas D)** at market price.

- From August 1st, 2018, the ToP mechanism will be suspended. Instead, the offer price for all power plants will be market price ($0.46 * MFO + \text{Tax}$) and will be higher than the ToP price. However, PVGas will not benefit from this policy change, as the increased revenue will be remitted directly to the State budget.

PVGas' 1st Half Business Results Summary FY2018

In the first six months of 2018, PetroVietnam Gas announced consolidated revenue of VND38.2 trillion (+18%/year) and consolidated net profit of VND5.87 trillion (+42.8%/year). Main reasons were crude oil price increased to USD70.57 per barrel, up USD18.8 /barrel (+36%) over the same period last year, has pushed up price of PVGas' products increased accordingly, so profits increased sharply. Along with that, consumption strongly increased.

Revenue and profit grew strongly thanks to rising gas prices and output

PVGas has produced and supplied 5,151 million m³ of gas in the first half of this year, exceeding 5% of the 1st half year plan and fulfilling 56% of the whole year plan. Condensate output reached 49,775 tons, exceeding 1st 6-month plan and 80% of the whole year plan. LPG reached 710,072 tonnes, surpassing 26% of the plan for 1st 6-months.

CNG production

Total volume of CNG supplied to customers is 172 million m³, equal to 124% of 1st 6-month plan and 58% of the whole year plan (PV GAS South alone reaches 61 million m³, PVGAS North reaches 24 million m³ and PV GAS D reaches over 10 million m³). In particular, CNG Vietnam has supplied over 78 million m³, equaling 137% of 6-month plan and 59% of the whole year plan (up 17% compared with the same period of 2017).

LPG production

LPG trading subsidiaries have also implemented the LPG retail trading strategy. In the short time, these units have implemented 4 component strategies: brand development, competitive strategy, distribution channel strategy, marketing strategy. In the first 6 months, retail LPG output reached over 127,000 tons (retail market share accounted for 24.3%), equal to 46% of the whole year plan, up 13% over the same period of 2017; Industrial LPG output is 129,000 tons, equal to 55% of the annual plan, equivalent to the same period of 2017.

Low pressure gas production

Total output of PVGAS D' low pressure gas supplied to customers is 464 million m³ of gas, equaling 113% of 6-month plan (up 6% compared with the same period of 2017) and equal to 54% of the whole year plan.

Pipe production

In the first 6 months of the year, PV Pipe produced 324 tons of pipes (for Kurihara Viet Nam, Nhat Tinh Environmental Technology JSC, An Hoang Phat, Mitsui Vietnam), bringing revenue of VND7.3 billion. It is expected that PV Pipe will have new opportunities in future projects such as Lot B, Nam Con Son 2 gas pipeline project - phase 2, upgrading and expansion project of Dung Quat oil refinery plant; Some petroleum projects and civil projects on water treatment and wind power.

Pipe-coating activity

PV Coating also has new moves. In the past, PV Coating finished coating and handing coated-pipe system for Vietsovpetro's Ca Tam project, coated-pipe system for Tan Nhat Minh Company, constructing & repairing pipe system for Nam Con Son basin. In the 1st 6-months of 2018, total revenue reached VND139 billion, equal to 104% of 6-month plan; Profit before tax reached over VND34 billion, equal to 145% of 6-month plan and 97% of the whole year plan.

Depreciation cost reduced

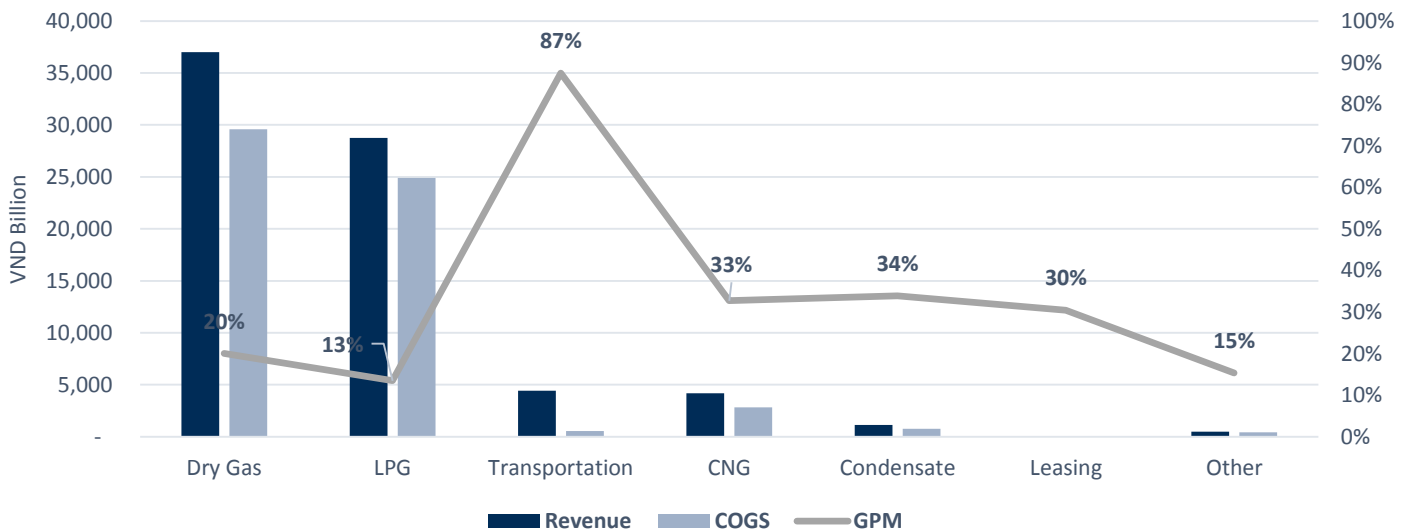
Accrued depreciation expenses decreased by 11.2% YoY. The depreciation expense is reduced to VND1,282 billion (-12% YoY), mainly due to the full depreciation of the PM3-CCA pipeline system. However, the company generated a new depreciation expenses as GPP Ca Mau (approximately VND5,246 billion) came into operation by the end of 2017.

2018 business result forecast

KBSV forecasts PVGas will exceed its business plan for 2018. Specifically, total dry gas consumption was 9.722 million m³ (+5%/plan), LPG consumption reached 1,239 thousand tons (+10.2%/plan), condensate consumption reached 71 thousand tons (+13%/plan and CNG consumption reached 335 million m³ (+13%/plan).

Therefore, revenue from these segments will be as follows: Revenue from sales of dry gas will be VND36,991 billion, LPG will be VND28,760 billion, CNG will be VND4,189 billion, condensate will be VND1,137 billion, gas transportation will be VND4,415 billion. Other activities such as office leasing and oil are estimated at VND524 billion.

2018 Revenue Forecast

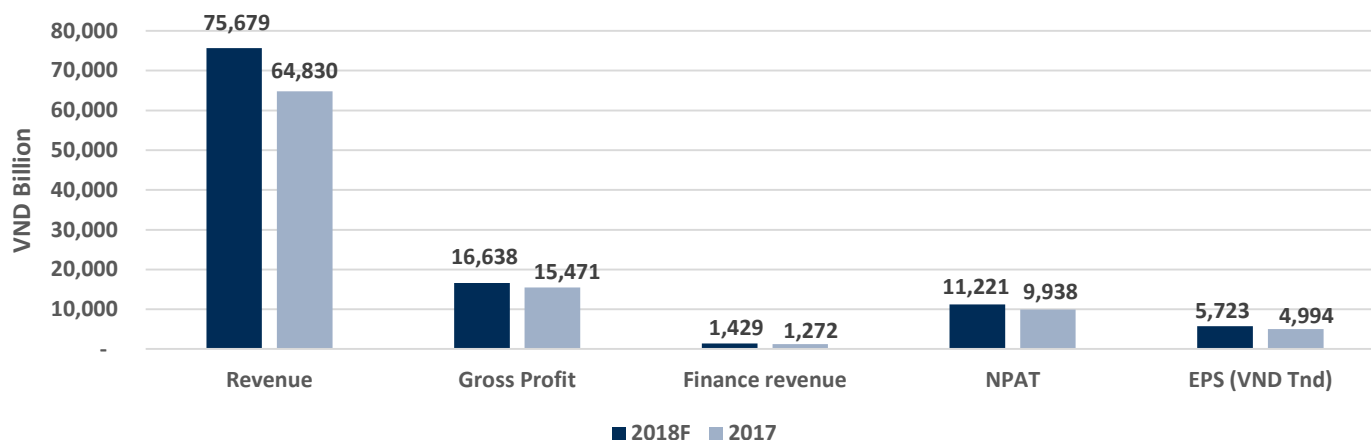


Source: PVGas, KBSV Research

PVN' proposals

Estimated gas input prices of dry gas suggested by PVN from (1) Cuu Long basin is USD3.26/MMBtu (up 1%), (2) Nam Con Son basin is USD4.43/MMBtu (up 3%). (3) Ham Rong - Thai Binh is USD7.24/MMBtu (up 1%). Due to Block 11.2 – with a capacity of approximately 1,000 million m³/year, currently accounts for about 8% of GAS production, the higher input costs from this Block will inevitably lead to higher GAS costs. However, there has been no final decision from the Ministry of Industry and Trade on the proposal to increase input prices for dry gas from Block 11.2, so KBSV does not include this factor in the forecast for 2018.

PVGAS' INCOME STATEMENTS 2018F



Source: PVGas, KBSV Research

Dividend payment plan 2018

PVGas planned to pay cash dividends for 2018 at 40% of par value, 33% higher than the proposed level for 2017. The dividend payout ratio is forecast at 63.3% with the EPS forecast for 2018 of VND5,723.

2019 business result forecast

Oil prices will remain steady

According to HSBC' forecast for 2019, oil prices may remain steady thanks to increased output from OPEC and shale oil production in the United States, meeting demand growth especially for Asian markets, balancing interruptions in Iran and elsewhere. Brent crude oil price is expected to remain at USD70 - 80 per barrel, FO fuel oil price will remain at average level as in 2018.

Phong Lan Dai & Ca Voi Xanh gas mines

Phong Lan Dai gas mine belongs to Lot 06.1 – Nam Con Son basin is being drilled by Rosneft and is scheduled to start exploitation in early 2019. According to Exxon Mobil, the Ca Voi Xanh gas mine will be put into operation by 2019 with support of PVN. The project will generate USD30 billion in revenue from gas collection, USD30 billion from power production and a contribution of USD20 billion to the State budget with a total capital expenditure of USD4.6 billion.

Potentially higher input price from Nam Con Son Basin

Currently, the output from Block 11.2 (Nam Con Son Basin) is estimated at 800 million m³, equivalent to about 8% of PV Gas's output, but decreases 100-200 million m³ per year. PVN has proposed to the Ministry of Industry and Trade to increase input prices for dry gas from Block 11.2. It is estimated that in 2019, PVGas net profit will decrease compared to previous estimates of about VND700 billion.

Retrospective profit from EVN

In addition, the transportation fees from Bach Ho CPP to gas distribution center for 2017 will be USD1.22/MMBtu and the price will increase by 2% until 2020. If this proposal is approved, PVGas will record a retrospective profit from 2017 of Vietnam Power Group (EVN). However, the increase above is quite high and possibly a lower price level maybe applied.

GPP Ca Mau will generate higher profit in 2019

In the first six months of 2018, GPP Ca Mau exported nearly 79,000 tonnes of LPG (142% of the 1st 6-month plan) and more than 3,600 tonnes of condensate (115% of the 1st 6-month plan). It is estimated that GPP will generate about USD60 million in profit for PVGas in 2019, offsetting the increasing input prices of Lot 11.2 - Nam Con Son Basin.

Developing Nam Con Son 2 pipeline system

Currently, PVGas' pipeline system is operating at 90% capacity with an annual output of 9.8 billion m³ of gas. In order to meet the increasing gas demand, PVGas tries to accelerate its investment in important gas collection projects such as Nam Con Son 2 pipeline system. When projects are completed, PVGas' capacity is expected to be more than double in the next four years.

Investing in storage system

In addition, the company has also invested more LNG depots in Thi Vai and Son My to provide more gas resources to power plants in neighboring areas.

2019 Earnings forecast

In 2019, parent company's net profit is forecast to increase by 13% - KBSV forecasts PVGas will achieve consolidated revenue of VND88.344 billion (+16% YoY) and consolidated net profit of VND13,098 billion equivalent to growth of 13% in 2019.

Divestment plan

PVN may postpone divestment of PVGas to 2020

Under a government-approved roadmap, PVN will reduce its stake in PVGas from 95.8% to 65%. Vietnam Oil and Gas Group has recently sent an official letter to the Ministry of Industry and Trade to revoke the divestment plan of PetroVietnam Gas Corporation. The Group will consider again the timing of divestment to ensure optimal performance and may last beyond 2020.

Instead, PVN will reduce its ownership of state capital in other subsidiaries such as Petrovietnam Drilling & Well Services JSC (PVD), PetroVietnam Services JSC, PetroVietnam Engineering JSC (PVE), PetroVietnam Drilling Mud JSC (PVC).

Strategic partners are expected to be one of PVGas' current partners, namely Shell, Tokyo Gas and Total – the French oil and gas company. These companies have had years of cooperation with PVGas and have expressed their intention to be strategic partners of PVGas. Also, Tokyo Gas purchased a 24.9% stake in PGD (a subsidiary of PVGas) in 2017.

Recommendation

KBSV proposes our 1-year target price at VND120,000 per share with target PER of 21x and EV/EBITDA ratio of 11.3x. PVGas' stock price has risen sharply by 20% since the beginning 2018. We are seeing a limited upside potential from the current price and thus lower our **BUY** rating to **HOLD**.

Peer Company (As of Sep 19, 2018)	Market Cap (VND Bn.)	P/E	EV/EBITDA	EV/Revenue	P/Book Value
PetroVietnam Gas (Vietnam)	214,554	18.9	10.8	2.5	4.9
Petronas Gas (Malaysia)	208,502	19.3	10.6	7.0	2.9
Gas Berhad (Malaysia)	20,937	19.3	11.7	0.6	3.8
Bestsun Energy (China)	44,831	11.9	7.8	2.5	3.3
Petronet LNG (India)	114,177	19.9	9.7	0.7	3.6
Aegis Group (India)	22,541	36.3	17.2	1.1	5.8
Mean (Including PVGas)	93,148	20.9	11.3	2.4	4.1
Median		19.3	10.7	1.8	3.7

Source: Bloomberg, KBSV Research

BALANCE SHEET (VND Bn.)	2015	2016	2017	1H.2018	INCOME STATEMENTS (VND Bn.)	2015	2016	2017	1H.2018
CURRENT ASSETS	33,815	33,203	38,257	45,451	Net revenue	64,300	59,209	64,522	38,188
Cash and cash equivalents	17,748	13,538	13,502	9,787	Cost of goods sold	50,904	47,593	49,360	29,411
Short-term investments	6,099	5,898	13,577	20,629	Gross Profit	13,397	11,616	15,163	8,776
Current receivables	8,210	11,878	9,175	12,407	Finance income	1,099	1,139	1,272	568
Inventories	1,212	1,291	1,645	2,215	Finance expenses	644	497	430	309
Other current assets	545	597	357	414	<i>In wich: Interest expenses</i>	193	358	280	234
NON-CURRENT ASSETS	22,900	23,551	23,632	22,552	Shares of profit from associates	0	0	-1	-1
Non-Current receivables	23	135	189	198	Selling expenses	1,729	2,134	2,426	1,281
Fixed assets	14,870	17,203	15,396	19,778	G&A expenses	1,003	939	1,109	542
Tangible fixed assets	14,445	16,746	14,925	19,314	Operating profit	11,119	9,185	12,469	7,210
Fixed assets of finance leasing	67	57	37	25	Other profit	80	50	119	8
Intangible fixed assets	358	400	434	439	NPBT	11,199	9,235	12,588	7,218
Investment properties	0	25	25	24	<i>CIT</i>	2,367	1,997	2,650	1,401
Long term assets in progress	6,598	4,739	6,572	1,075	<i>NCI</i>	298	162	253	138
Long-term investments	86	144	93	65	NPAT	8,534	7,075	9,685	5,679
Investments in joint-venture, associates	76	132	57	55	EPS (VND)	4,400	3,548	4,994	2,930
Other long-term investments	85	87	111	85	INDIRECT CASH FLOWS STATEMENTS (VND Bn.)	2015	2016	2017	1H.2018
Provision for long-term investments	-75	-75	-75	-75	Net profit before tax	11,199	9,152	12,588	7,218
Other long-term assets	1,323	1,306	1,359	1,412	Adjustments:	2,618	2,698	1,844	1,186
Long-term prepaid expenses	883	950	1,077	1,152	Operating income before changes in working capital	13,816	11,849	14,432	8,404
Deferred tax assets	47	50	46	60	Decrease/(increase) in receivables	-2,944	-4,247	2,712	-3,209
Goodwill	393	305	235	200	Change in inventories	632	-75	-358	-591
TOTAL ASSETS	56,715	56,754	61,889	68,003	Increase in payables	1,457	-527	951	4,331
LIABILITIES	13,826	15,910	18,618	23,010	Change in other payables	-2,377	-2,585	-2,400	2,268
Current liabilities	9,002	9,183	10,912	15,967	CASH FLOWS FROM OPERATING ACTIVITIES	9,127	4,942	14,386	6,872
Trade payables	1,873	2,444	2,324	3,914	Acquisition and construction of long-term assets	-4,737	-3,230	-2,180	-545
Advances from customers	72	86	204	213	Lending, buying debt instruments	-4,986	-2,582	15,004	-8,241
Statutory obligations	380	832	1,121	884	Proceeds from lending, selling debt instruments	227	2,783	7,325	1,121
Payables to employees	191	167	175	216	Other cash flows from investing activities	200	26	42	26
Accrued expenses	3,950	3,388	4,429	6,824	Interest earned, dividendends received	1,037	1,089	1,125	482
Other short-term payables	946	1,085	921	2,257	CASH FLOWS FROM INVESTING ACTIVITIES	-8,259	-1,913	-8,691	-7,157
Short-term loan and payable for finance leasing	1,590	1,180	1,738	1,660	Proceeds from issuance of ordinary shares	0	379	0	61
Non-current liabilities	4,823	6,727	7,706	7,043	Capital withdrawals, buy-back of issued shares	-40	0	0	0
Other long-term liabilities	319	362	394	444	Proceeds from borrowings	4,123	7,529	10,466	1,204
Long-term loans and debts	4,504	6,366	7,312	6,599	Repayment of borrowings	-5,724	-6,102	-8,911	-2,056
OWNERS' EQUITY	42,889	40,844	43,272	44,994	Repayment of obligations under finance leases	-39	-47	-20	-8
Common shares	18,950	19,140	19,140	19,140	Dividends & profit paid	-5,520	-9,000	-7,265	-2,700
Fund for Development & Investment	11,513	13,405	14,850	14,862	CASH FLOWS FROM FINANCING ACTIVITIES	-7,200	-7,240	-5,729	-3,500
Other fund of owners' equity	347	412	411	473	Net cash increase/(decrease)	-6,331	-4,211	-35	-3,785
Retaining Earnings	10,251	6,158	7,089	8,707	Beginning cash and cash equivalents	24,080	17,748	13,538	13,502
Non-controlling interests	1,827	1,730	1,782	1,812	Impact of exchange rate fluctuation	0	1	-1	2
TOTAL RESOURCES	56,715	56,754	61,889	68,003	Ending cash and cash equivalents	17,748	13,538	13,502	9,718

Investment Rating for Company**Buy:** +15% or beyond**Hold:** between +15% and -15%**Sell:** -15% or beyond**DISCLAIMER**

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