

# PV Gas (GAS)

## Recovering benchmark HSFO prices & gas output

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### Preliminary 2020 earnings down 23% YoY and small miss to full-year expectations

Preliminary 2020 earnings after minorities of VND7,812 billion were down by 23% YoY and missed our full-year forecast by 3%, while sales of VND64,150 billion decreased by 14% YoY and in line with our expectation and consensus. We believe the earnings tumble may be attributable to lower wet natural gas output and oil price shocks in 2020. The General Statistics Office of Vietnam estimated 2020 wet natural gas output at 9.03 billion cubic meters or down 11% YoY. High Sulfur Fuel Oil (HSFO) prices fell by 33% YoY on average to USD243 per ton that are used to price the company's gas selling prices.

### Increase 2021E earnings by 5.3% on stronger than expected HSFO price recovery

We continue to believe HSFO (High Sulphur Fuel Oil) prices bottomed in 2Q20 and better HSFO pricing should allow GAS to post sequential earnings improvements. We increased our 2021E earnings by 5.3% to VND 12,169 billion or VND6,358 per share to reflect our view for stronger recovery in HSFO prices amid faster-than-expected Brent crude oil price recovery to pre-pandemic levels.

### Maintain BUY and raise our 12-month target price to VND100,400 from VND89,200

We maintain BUY on GAS and revised our 12-month target price up from VND89,200 to VND100,400. PV Gas will likely benefit the most from Vietnam's growing natural gas demand and should also perform well alongside our expectations for a faster recovery in oil prices in 1Q21E. Recovery in natural gas volumes is already underway, with successful startups of the Nam Con Son 2 pipeline project and the Sao Vang field. We expect GAS to benefit from any additional production output as Vietnam's sole distributor of natural gas.

**Buy** maintain

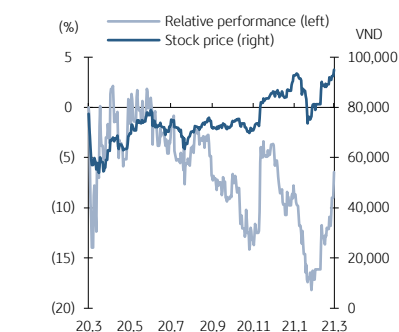
|                            |                   |
|----------------------------|-------------------|
| <b>Target Price</b>        | <b>VND100,400</b> |
| Total return (%)           | 15.3%             |
| Current price (Mar 10)     | VND92,000         |
| Consensus target price     | VND89,900         |
| Mkt capitalization (USDmn) | USD7,614mn        |

|                        |                      |
|------------------------|----------------------|
| <b>Trading data</b>    |                      |
| Free float (%)         | 4.2%                 |
| Avg trading value (3M) | USD4.30mn            |
| Foreign available (%)  | 46.1%                |
| Major shareholders (%) | PetroVietnam (95.8%) |

|                                |      |      |      |      |
|--------------------------------|------|------|------|------|
| <b>Share price performance</b> |      |      |      |      |
| (%)                            | 1M   | 3M   | 6M   | 12M  |
| Absolute                       | 20.3 | 10.3 | 31.9 | 31.8 |
| Relative                       | 11.5 | -2.8 | 0.5  | -5.8 |

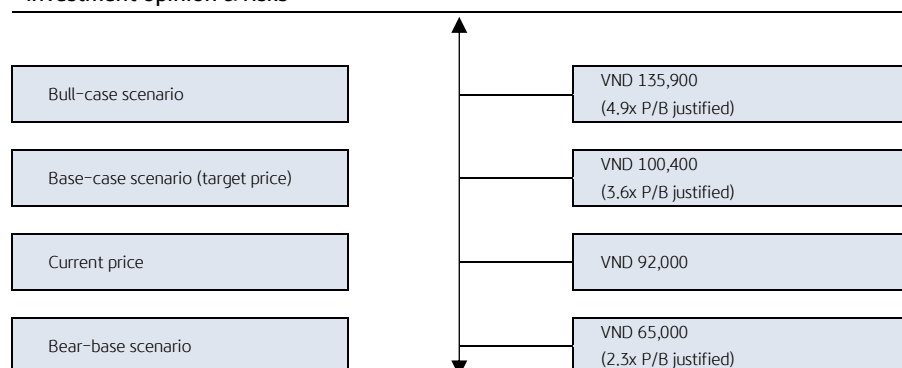
#### Forecast earnings & valuation

| Fiscal year-end           | 2020A  | 2021E  | 2022E  | 2023E   |
|---------------------------|--------|--------|--------|---------|
| Revenue (VNDbn)           | 64,150 | 85,642 | 95,172 | 103,159 |
| EBIT                      | 8,645  | 14,400 | 16,405 | 16,574  |
| NP attributable to parent | 7,812  | 12,169 | 13,732 | 13,884  |
| EPS (VND)                 | 4,081  | 6,358  | 7,175  | 7,254   |
| EPS growth (%)            | (34.4) | 55.8   | 12.8   | 1.1     |
| P/E (x)                   | 22.5   | 14.5   | 12.8   | 12.7    |
| EV/EBITDA (x)             | 14.3   | 9.1    | 8.1    | 8.3     |
| P/B (x)                   | 3.6    | 3.3    | 3.1    | 3.0     |
| ROE (%)                   | 15.8   | 23.7   | 25.0   | 23.9    |
| Div yield (%)             | 3.9    | 4.8    | 6.2    | 6.4     |



Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## Base-case scenario: catalysts

- 1) Brent prices above USD55 in 2021E
- 2) LNG terminal construction underway
- 3) HSFO continued recovery

## Bull-case scenario: upside risk

- 1) Brent prices above USD55 in 2021E
- 2) New mega gas field approvals
- 3) LNG terminal ahead of schedule

## Bear-case scenario: downside risk

- 1) Coronavirus fourth wave
- 2) Delays on new LNG terminal
- 3) Further delays on new gas fields

## Revised earnings estimates

| (VNDbn, %)  | Revised |        | Previous |        | Change |       |
|-------------|---------|--------|----------|--------|--------|-------|
|             | 2021E   | 2022E  | 2021E    | 2022E  | 2021E  | 2022E |
| Revenue     | 85,642  | 95,172 | 74,820   | 89,785 | 14.5   | 6.0   |
| EBIT        | 14,400  | 16,405 | 14,114   | 16,786 | 2.0    | (2.3) |
| OP          | 15,543  | 17,540 | 14,885   | 17,673 | 4.4    | (0.8) |
| NP after MI | 12,169  | 13,732 | 11,560   | 13,726 | 5.3    | 0.0   |

Source: Bloomberg, KB Securities Vietnam

## KBSV estimate vs consensus

| (VNDbn, %)  | KBSV estimates |        | Consensus |        | Difference |       |
|-------------|----------------|--------|-----------|--------|------------|-------|
|             | 2021E          | 2022E  | 2021E     | 2022E  | 2021E      | 2022E |
| Revenue     | 85,642         | 95,172 | 74,295    | 80,640 | 15.3       | 18.0  |
| EBIT        | 14,400         | 16,405 | 12,572    | 13,271 | 14.5       | 23.6  |
| OP          | 15,543         | 17,540 | 12,027    | 12,442 | 29.2       | 41.0  |
| NP after MI | 12,169         | 13,732 | 10,050    | 10,608 | 21.1       | 29.5  |

Source: Bloomberg, KB Securities Vietnam

## Valuation &amp; target price

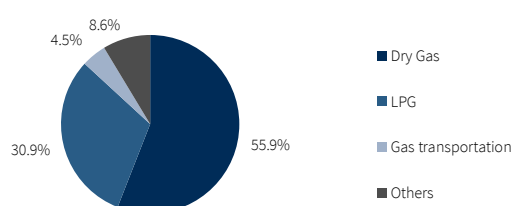
- 1) Valuation method:  
3-stage dividend discount model

- 2) Target price calculation  
Sustainable ROE 20.0%  
Cost of equity 8.6%

- 3) Target price range:  
VND65,000 – VND135,900

- 4) Valuation at target price  
15.8x P/E  
3.6x P/B

## Revenue composition (2019)



Source: Company reports, KB Securities Vietnam

## Peer group comparison

| (USDbn, x, %) | Mkt | 12m fwd | 3y EPS | 12m fwd | 12m fwd |
|---------------|-----|---------|--------|---------|---------|
|               | Cap | P/E     | CAGR   | ROE     | P/B     |
| GAS VN        | 7.9 | 18.1    | -3.5   | 19.9    | 3.6     |
| PGAS IJ       | 2.4 | 18.4    | -33.0  | 4.5     | 0.9     |
| GAIL IN       | 9.6 | 9.8     | 5.7    | 12.6    | 1.3     |
| PLNG IN       | 5.0 | 12.0    | 14.2   | 25.0    | 2.7     |
| 9531 JP       | 9.4 | 15.3    | -6.6   | 5.6     | 0.8     |
| 9532 JP       | 7.6 | 12.6    | 24.7   | 5.8     | 0.8     |

Source: Bloomberg, KB Securities Vietnam

### Preliminary 4Q earnings down 43% YoY and small miss to full-year expectations

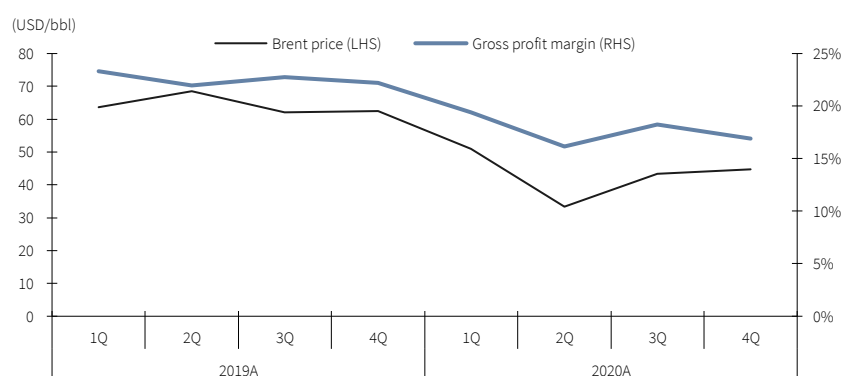
Preliminary 4Q20 earnings after minorities for GAS tumbled by 43% YoY to VND1,682 billion on net revenue of VND15,525 billion or down 9% YoY. Topline sales came roughly inline with our expectation while 4Q earnings missed our forecast by 14% amid a shortfall in wet natural gas output. The General Statistics Office of Vietnam estimated that wet natural gas output fell by 20% YoY in 4Q20. Still weak Brent oil prices during 2H further depressed gross profit margin. On an annual basis, preliminary earnings after minorities of VND7,812 billion were down by 23% YoY and missed our 2020 forecast by 3%, while sales of VND64,150 billion decreased by 14% YoY and in line with our forecast and consensus. Full-year performance exceeded the company's annual target by 18% but the company is well-known for beating guidance by 40%–50%.

Table 1. PV Gas (GAS) – 4Q results & KBSV estimates, 2020 (VND billion, %)

| (VND bn, %) | 4Q19   | 3Q20   | 4Q20   |           | Difference |       |       |           |           |
|-------------|--------|--------|--------|-----------|------------|-------|-------|-----------|-----------|
|             |        |        | Actual | KBSV est. | Consensus  | YoY   | QoQ   | KBSV est. | Consensus |
| Sales       | 16,975 | 15,937 | 15,525 | 15,617    | na         | -8.5  | -2.6  | -0.6      | na        |
| GP          | 3,769  | 2,906  | 2,620  | 3,179     | na         | -30.5 | -9.9  | -17.6     | na        |
| EBIT        | 3,276  | 2,239  | 1,818  | 2,332     | na         | -44.5 | -18.8 | -22.0     | na        |
| OP          | 3,756  | 2,605  | 2,079  | 2,526     | na         | -44.6 | -20.2 | -17.7     | na        |
| EBITDA      | 4,877  | 3,231  | 3,320  | 3,535     | na         | -31.9 | 2.8   | -6.1      | na        |
| NP after MI | 2,969  | 2,023  | 1,682  | 1,963     | na         | -43.3 | -16.9 | -14.3     | na        |
| GPM         | 22.2   | 18.2   | 16.9   | 20.4      | na         |       |       |           |           |
| EBIT margin | 19.3   | 14.0   | 11.7   | 14.9      | na         |       |       |           |           |
| OPM         | 22.1   | 16.3   | 13.4   | 16.2      | na         |       |       |           |           |
| NPM         | 17.5   | 12.7   | 10.8   | 12.6      | na         |       |       |           |           |

Source: Company reports, KB Securities Vietnam

Fig 1. PV Gas (GAS) – Gross profit margin & Brent oil prices, 2019–2020 (% , USD per barrel)



Source: Company reports, Bloomberg

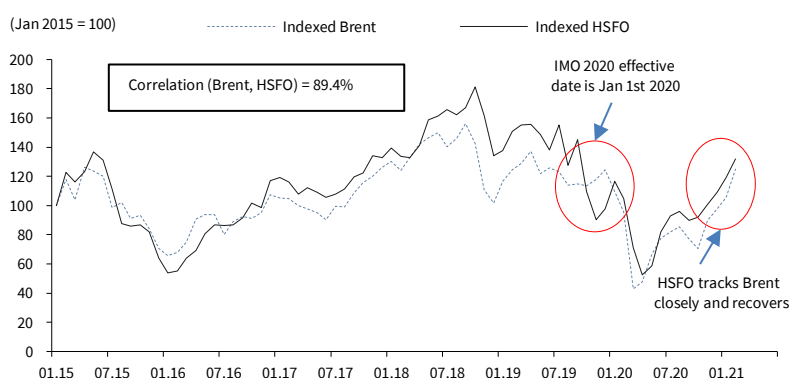
### Increase 2021E earnings by 5.3% to reflect stronger HSFO prices

We continue to believe HSFO (High Sulphur Fuel Oil) prices bottomed in 2Q20 and better HSFO pricing should allow GAS to post sequential earnings improvements. We increased our 2021E earnings by 5.3% to VND 12,169 billion or VND6,358 per share to reflect our view for stronger recovery in HSFO prices amid higher-than-expected Brent crude oil prices. Crude futures have soared to pre-pandemic levels after OPEC+ production cuts extending and the mass rollout of Covid-19 vaccines in many countries. Curtailed oil supply and expected economic recovery should continue to support oil prices and consequently HSFO prices. With gas selling prices indexed to HSFO prices, we believe GAS is now set to deliver sequential earnings improvement.

### Target price revised up to VND100,400 on underway increase in natural gas volumes and faster recovery in oil prices

We reiterate our BUY recommendation on GAS after upgrading our 12-month target price to VND100,400 from VND89,200. PV Gas remains our top pick for the oil & gas sector as the main beneficiary of growing natural gas demand and should also perform well alongside our expectations for a faster recovery in oil prices. Vietnam is shifting to natural gas as the country's principal energy source for power generation. Recovery in natural gas volumes is already underway, with the Nam Con Son 2 pipeline project entering full operations in December following November's startup of the Sao Vang field. Moreover, phase one of GAS's Thi Vai LNG (Liquefied Natural Gas) terminal is ahead of schedule and should begin commercial operations by 2022E.

Fig 2. PV Gas (GAS) – Brent & HSFO price index, Jan 2015 –Mar 2021



HSFO = High Sulphur Fuel Oil  
Source: Bloomberg, KB Securities Vietnam

Table 2. PV Gas (GAS) –Quarterly earnings estimates, 1Q21E–4Q21E (VND billion, %)

| (VND bn, %) | 1Q21E  | 2Q20E  | 3Q20E  | 4Q20E  |
|-------------|--------|--------|--------|--------|
| Sales       | 21,960 | 21,176 | 21,237 | 21,269 |
| GP          | 4,664  | 4,572  | 4,588  | 4,288  |
| EBIT        | 3,722  | 3,663  | 3,684  | 3,330  |
| OP          | 4,009  | 3,947  | 3,970  | 3,617  |
| EBITDA      | 4,795  | 4,701  | 4,688  | 4,598  |
| NP after MI | 3,139  | 3,090  | 3,108  | 2,832  |
| GPM         | 21.2   | 21.6   | 21.6   | 20.2   |
| EBIT margin | 16.9   | 17.3   | 17.3   | 15.7   |
| OPM         | 18.3   | 18.6   | 18.7   | 17.0   |
| NPM         | 21.8   | 22.2   | 22.1   | 21.6   |

Source: Company reports, KB Securities Vietnam

Table 3. PV Gas (GAS) – Earnings revised &amp; previous estimates, 2021E–2022E (VND billion, %)

| (VNDbn, %)  | Revised |        | Previous |        | Change |       |
|-------------|---------|--------|----------|--------|--------|-------|
|             | 2021E   | 2022E  | 2021E    | 2022E  | 2021E  | 2022E |
| Revenue     | 85,642  | 95,172 | 74,820   | 89,785 | 14.5   | 6.0   |
| EBIT        | 14,400  | 16,405 | 14,114   | 16,786 | 2.0    | (2.3) |
| OP          | 15,543  | 17,540 | 14,885   | 17,673 | 4.4    | (0.8) |
| NP after MI | 12,169  | 13,732 | 11,560   | 13,726 | 5.3    | 0.0   |

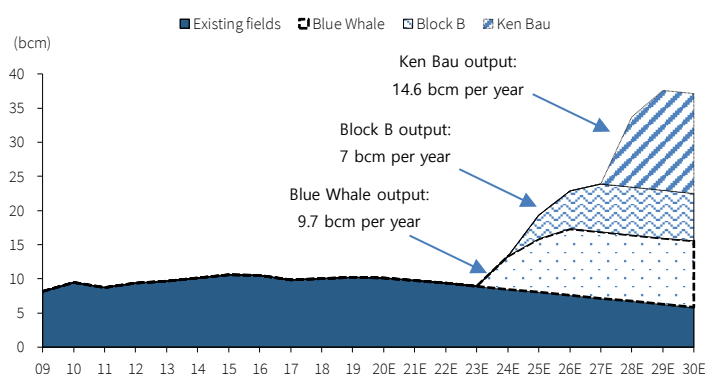
Source: Company reports, KB Securities Vietnam

Table 4. PV Gas (GAS) – Earnings versus consensus estimates, 2021E–2022E (VND billion, %)

| (VNDbn, %)  | KBSV estimates |        | Consensus |        | Difference |       |
|-------------|----------------|--------|-----------|--------|------------|-------|
|             | 2021E          | 2022E  | 2021E     | 2022E  | 2021E      | 2022E |
| Revenue     | 85,642         | 95,172 | 74,295    | 80,640 | 15.3       | 18.0  |
| EBIT        | 14,400         | 16,405 | 12,572    | 13,271 | 14.5       | 23.6  |
| OP          | 15,543         | 17,540 | 12,027    | 12,442 | 29.2       | 41.0  |
| NP after MI | 12,169         | 13,732 | 10,050    | 10,608 | 21.1       | 29.4  |

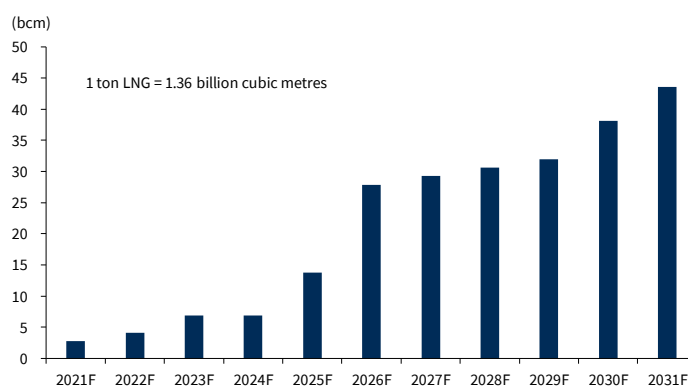
Source: Company reports, KB Securities Vietnam

Fig 3. Vietnam oil &amp; gas – Natural gas production by basin for existing fields &amp; potential output from new mega projects, 2019–2030E (billions of cubic metres)



Source: PV Gas, KB Securities Vietnam

Fig 4. Vietnam oil &amp; gas – LNG output from new LNG terminals, 2021E–2031E (billion cubic metres)



Source: Vietnam Gas Master Plan, KB Securities Vietnam

## PV Gas (GAS) – Three-stage dividend discount model

| 3-STAGE DDM                     |                    |                        |         |         |         |         |                                     |           |           |        |         |  |  |
|---------------------------------|--------------------|------------------------|---------|---------|---------|---------|-------------------------------------|-----------|-----------|--------|---------|--|--|
| PV OF DIVIDENDS                 |                    |                        |         |         |         |         |                                     |           |           |        |         |  |  |
| Cost of Equity                  | Sustainable growth |                        |         |         |         |         |                                     |           |           |        |         |  |  |
|                                 | 2.6%               | 3.1%                   | 3.6%    | 4.1%    | 4.6%    | 5.1%    | 5.6%                                |           |           |        |         |  |  |
|                                 | 7.1%               | 286,031                | 312,708 | 347,008 | 392,740 | 456,766 | 552,804                             | 712,868   |           |        |         |  |  |
|                                 | 7.6%               | 256,563                | 277,081 | 302,729 | 335,704 | 379,671 | 441,225                             | 533,557   |           |        |         |  |  |
|                                 | 8.1%               | 232,576                | 248,713 | 268,435 | 293,089 | 324,786 | 367,048                             | 426,216   |           |        |         |  |  |
|                                 | 8.6%               | 212,695                | 225,619 | 241,127 | 260,082 | 283,775 | 314,238                             | 354,854   |           |        |         |  |  |
|                                 | 9.1%               | 195,971                | 206,478 | 218,896 | 233,797 | 252,010 | 274,776                             | 304,047   |           |        |         |  |  |
|                                 | 9.6%               | 181,722                | 190,375 | 200,469 | 212,398 | 226,714 | 244,210                             | 266,081   |           |        |         |  |  |
|                                 | 10.1%              | 169,453                | 176,655 | 184,965 | 194,660 | 206,118 | 219,868                             | 236,673   |           |        |         |  |  |
| PV OF EQUITY PER SHARE          |                    |                        |         |         |         |         |                                     |           |           |        |         |  |  |
| Cost of Equity                  | Sustainable growth |                        |         |         |         |         |                                     | Ex-growth |           |        |         |  |  |
|                                 | 2.6%               | 3.1%                   | 3.6%    | 4.1%    | 4.6%    | 5.1%    | 5.6%                                |           |           |        |         |  |  |
|                                 | 7.1%               | 149,400                | 163,400 | 181,300 | 205,200 | 238,700 | 288,800                             | 372,500   | 2.3x      |        |         |  |  |
|                                 | 7.6%               | 134,000                | 144,800 | 158,200 | 175,400 | 198,400 | 230,500                             | 278,800   | 65,000    |        |         |  |  |
|                                 | 8.1%               | 121,500                | 129,900 | 140,300 | 153,100 | 169,700 | 191,800                             | 222,700   | -29.3%    |        |         |  |  |
|                                 | 8.6%               | 111,100                | 117,900 | 126,000 | 135,900 | 148,300 | 164,200                             | 185,400   | Mid-cycle |        |         |  |  |
|                                 | 9.1%               | 102,400                | 107,900 | 114,400 | 122,200 | 131,700 | 143,600                             | 158,900   | 3.6x      |        |         |  |  |
|                                 | 9.6%               | 94,900                 | 99,500  | 104,700 | 111,000 | 118,500 | 127,600                             | 139,000   | 100,400   |        |         |  |  |
|                                 | 10.1%              | 88,500                 | 92,300  | 96,600  | 101,700 | 107,700 | 114,900                             | 123,700   | 9.1%      |        |         |  |  |
| Projected Distributions (VNDbn) |                    |                        |         |         |         |         |                                     |           |           |        |         |  |  |
|                                 | 2015A              | 2016A                  | 2017A   | 2018A   | 2019A   | 2020A   | 2021E                               | 2022E     | 2023E     | 2024E  | 2025E   |  |  |
| Net income                      | 8,534              | 7,020                  | 9,685   | 11,454  | 11,902  | 7,812   | 12,169                              | 13,732    | 13,884    | 13,101 | 12,459  |  |  |
| Preferred dividend paid – cash  | 0                  | 0                      | 0       | 0       | 0       | 0       | 0                                   | 0         | 0         | 0      | 0       |  |  |
| Preferred dividend per share    | 0                  | 0                      | 0       | 0       | 0       | 0       | 0                                   | 0         | 0         | 0      | 0       |  |  |
| % of par value                  | 0.0%               | 0.0%                   | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%                                | 0.0%      | 0.0%      | 0.0%   | 0.0%    |  |  |
| Internally-generated capital    | 8,534              | 7,020                  | 9,685   | 11,454  | 11,902  | 7,812   | 12,169                              | 13,732    | 13,884    | 13,101 | 12,459  |  |  |
| Less: capital @ 5% D/E          | -74                | 73                     | 75      | -208    | -104    | 9       | -10                                 | -3        | -7        | -7     | -7      |  |  |
| Cash for dividends/buybacks     | 8,608              | 6,948                  | 9,610   | 11,662  | 12,007  | 7,803   | 12,179                              | 13,736    | 13,891    | 13,108 | 12,466  |  |  |
| Common dividend paid – cash     | 5,520              | 9,000                  | 7,265   | 7,844   | 8,382   | 6,814   | 8,416                               | 10,941    | 11,247    | 10,711 | 11,017  |  |  |
| Common dividend per share       | 2,914              | 4,704                  | 3,797   | 4,101   | 4,382   | 3,563   | 4,400                               | 5,720     | 5,880     | 5,600  | 5,760   |  |  |
| % of par value                  | 29.1%              | 47.0%                  | 38.0%   | 41.0%   | 43.8%   | 35.6%   | 44.0%                               | 57.2%     | 58.8%     | 56.0%  | 57.6%   |  |  |
| Payout ratio                    | 64.7%              | 128.2%                 | 75.0%   | 68.5%   | 70.4%   | 87.2%   | 69.2%                               | 79.7%     | 81.0%     | 81.8%  | 88.4%   |  |  |
| Net share buybacks              | 1                  | 0                      | 0       | 0       | 0       | 0       | 0                                   | 0         | 0         | 0      | 0       |  |  |
| Total distributions             | 5,520              | 9,000                  | 7,265   | 7,844   | 8,382   | 6,814   | 8,416                               | 10,941    | 11,247    | 10,711 | 11,017  |  |  |
| Net distribution ratio (%)      | 64.7%              | 128.2%                 | 75.0%   | 68.5%   | 70.4%   | 87.2%   | 69.2%                               | 79.7%     | 81.0%     | 81.8%  | 88.4%   |  |  |
| Discount factor                 | 0.00               | 0.00                   | 0.00    | 0.00    | 0.00    | 0.00    | 1.08                                | 1.17      | 1.27      | 1.38   | 1.50    |  |  |
| Present value                   | 0                  | 0                      | 0       | 0       | 0       | 0       | 7,813                               | 9,352     | 8,853     | 7,762  | 7,351   |  |  |
| Terminal Assumptions            |                    |                        |         |         |         |         |                                     |           |           |        |         |  |  |
| Cost of equity                  |                    | Terminal Assumptions   |         |         |         |         | Share Information                   |           |           |        |         |  |  |
| Risk free rate                  | 3.0%               | Sustainable ROE        |         |         |         | 20%     | PV of future dividend flows (VNDbn) |           |           |        | 41,131  |  |  |
| Equity risk premium             | 8.9%               | Dividend payout ratio  |         |         |         | 80%     | PV of terminal value (VNDbn)        |           |           |        | 218,951 |  |  |
| Unlevered beta                  | 0.600              | Sustainable growth     |         |         |         | 4.1%    | Terminal value as % of firm value   |           |           |        | 84.2%   |  |  |
| Re-levered beta                 | 0.624              | Forecast period growth |         |         |         | 10.1%   | Current shares outstanding (mn)     |           |           |        | 1,914.0 |  |  |
| Cost of equity                  | 8.6%               | Target gearing         |         |         |         | 5.0%    | Statutory corporate tax rate        |           |           |        | 20.0%   |  |  |
| Forecast period                 | 5 Yrs              | Transition period      |         |         |         | 10 Yrs  |                                     |           |           |        |         |  |  |
| Memorandum (VNDbn)              |                    |                        |         |         |         |         |                                     |           |           |        |         |  |  |
|                                 | 2015A              | 2016A                  | 2017A   | 2018A   | 2019A   | 2020A   | 2021E                               | 2022E     | 2023E     | 2024E  | 2025E   |  |  |
| Reported common equity          | 42,889             | 40,844                 | 43,272  | 46,867  | 49,615  | 49,408  | 53,470                              | 56,609    | 59,598    | 62,320 | 64,078  |  |  |
| Debt/equity ratio               | 14.2%              | 18.5%                  | 20.9%   | 10.4%   | 5.6%    | 6.0%    | 5.2%                                | 4.8%      | 4.3%      | 3.9%   | 3.6%    |  |  |
| Debt                            | 6,093              | 7,546                  | 9,050   | 4,886   | 2,796   | 2,981   | 2,779                               | 2,716     | 2,577     | 2,441  | 2,310   |  |  |
| YoY % Change                    | -19.6%             | 23.8%                  | 19.9%   | -46.0%  | -42.8%  | 6.6%    | -6.8%                               | -2.3%     | -5.1%     | -5.3%  | -5.3%   |  |  |

Source: Company reports, KB Securities Vietnam

## PV Gas (GAS) – Summarized financials &amp; forecasts, 2020A–2023E

| Income statement<br>(VNDbn)     |        |        |        |         | Balance sheet<br>(VNDbn)     |        |        |        |        |
|---------------------------------|--------|--------|--------|---------|------------------------------|--------|--------|--------|--------|
|                                 | 2020A  | 2021E  | 2022E  | 2023E   |                              | 2020A  | 2021E  | 2022E  | 2023E  |
| Net sales                       | 64,150 | 85,642 | 95,172 | 103,159 | Total assets                 | 63,090 | 69,691 | 74,656 | 78,779 |
| Cost of sales                   | 52,793 | 67,530 | 74,824 | 82,675  | Current assets               | 39,354 | 45,140 | 50,796 | 55,413 |
| Gross Profit                    | 11,357 | 18,112 | 20,348 | 20,484  | Cash & equivalents           | 5,335  | 7,052  | 9,424  | 8,096  |
| Financial income                | 1,451  | 1,291  | 1,273  | 1,289   | ST investments               | 21,515 | 21,973 | 22,925 | 27,303 |
| Financial expenses              | 161    | 144    | 133    | 130     | Accounts receivable          | 10,149 | 13,409 | 15,351 | 16,654 |
| of which: interest expenses     | 102    | 139    | 129    | 125     | Inventory                    | 1,663  | 2,034  | 2,329  | 2,527  |
| Gain/(loss) from joint ventures | (11)   | (4)    | (4)    | (4)     | Other current assets         | 693    | 670    | 768    | 833    |
| Selling expenses                | 1,943  | 2,836  | 3,046  | 3,095   | Long-term assets             | 23,735 | 24,551 | 23,859 | 23,366 |
| General & admin expenses        | 769    | 876    | 898    | 815     | LT trade receivables         | 162    | 155    | 177    | 192    |
| Operating profit/(loss)         | 9,924  | 15,543 | 17,540 | 17,729  | Fixed assets                 | 19,774 | 21,800 | 18,806 | 18,120 |
| Other income                    | 50     | 105    | 117    | 127     | Investment properties        | 22     | 22     | 21     | 20     |
| Other expense                   | 37     | 51     | 57     | 61      | LT incomplete assets         | 2,303  | 889    | 2,966  | 3,023  |
| Net other income/(expenses)     | 14     | 54     | 60     | 65      | LT investments               | 380    | 346    | 356    | 347    |
| Pretax profit/(loss)            | 9,937  | 15,597 | 17,601 | 17,794  | Goodwill                     | 22     | 0      | 0      | 0      |
| Income tax                      | 2,009  | 3,119  | 3,520  | 3,559   | Other LT assets              | 1,072  | 1,340  | 1,534  | 1,664  |
| Net profit/(loss)               | 7,928  | 12,478 | 14,080 | 14,235  | Liabilities                  | 13,682 | 16,221 | 18,047 | 19,181 |
| Minority interests              | 116    | 308    | 348    | 352     | Current liabilities          | 9,675  | 13,921 | 15,880 | 17,200 |
| Net profit after MI             | 7,812  | 12,169 | 13,732 | 13,884  | Trade accounts payable       | 6,929  | 10,265 | 11,751 | 12,749 |
|                                 |        |        |        |         | Advances from customers      | 228    | 191    | 219    | 238    |
|                                 |        |        |        |         | ST borrowings                | 1,017  | 1,575  | 1,804  | 1,957  |
|                                 |        |        |        |         | Special reserves             | 479    | 493    | 507    | 522    |
|                                 |        |        |        |         | Other current liabilities    | 1,021  | 1,396  | 1,599  | 1,734  |
|                                 |        |        |        |         | Long-term liabilities        | 4,007  | 2,300  | 2,167  | 1,981  |
|                                 |        |        |        |         | LT payables                  | 22     | 33     | 38     | 41     |
|                                 |        |        |        |         | LT borrowings                | 1,964  | 1,204  | 912    | 620    |
|                                 |        |        |        |         | Other LT liabilities         | 2,021  | 1,063  | 1,217  | 1,321  |
|                                 |        |        |        |         | Shareholders' equity         | 49,408 | 53,470 | 56,609 | 59,598 |
|                                 |        |        |        |         | Paid-in capital              | 19,140 | 19,140 | 19,140 | 19,140 |
|                                 |        |        |        |         | Share premium                | 211    | 211    | 211    | 211    |
|                                 |        |        |        |         | Treasury stock               | 0      | 0      | 0      | 0      |
|                                 |        |        |        |         | Undistributed earnings       | 9,959  | 14,020 | 17,160 | 20,148 |
|                                 |        |        |        |         | Reserve & others             | 18,860 | 18,860 | 18,860 | 18,860 |
|                                 |        |        |        |         | Minority interests           | 1,043  | 1,043  | 1,043  | 1,043  |
|                                 |        |        |        |         | Total liabilities & equity   | 63,090 | 69,691 | 74,656 | 78,779 |
|                                 |        |        |        |         |                              |        |        |        |        |
| Operating ratios<br>(%)         |        |        |        |         | Key ratios<br>(x, %, VND)    |        |        |        |        |
|                                 | 2020A  | 2021E  | 2022E  | 2023E   |                              | 2020A  | 2021E  | 2022E  | 2023E  |
| Revenue growth                  | (14.5) | 33.5   | 11.1   | 8.4     | Valuations                   |        |        |        |        |
| EBIT growth                     | (36.7) | 66.6   | 13.9   | 1.0     | P/E                          | 22.5   | 14.5   | 12.8   | 12.7   |
| EBITDA growth                   | (29.3) | 54.6   | 11.3   | (1.2)   | P/E diluted                  | 22.5   | 14.5   | 12.8   | 12.7   |
| NP after MI growth              | (34.4) | 55.8   | 12.8   | 1.1     | P/B                          | 3.6    | 3.3    | 3.1    | 3.0    |
| Gross profit margin             | 17.7   | 21.1   | 21.4   | 19.9    | P/S                          | 2.7    | 2.1    | 1.9    | 1.7    |
| EBITDA margin                   | 18.9   | 21.9   | 22.0   | 20.0    | EV/EBITDA                    | 14.5   | 9.4    | 8.4    | 8.5    |
| EBIT margin                     | 13.5   | 16.8   | 17.2   | 16.1    | EV/EBIT                      | 20.4   | 12.2   | 10.7   | 10.6   |
| Pre-tax profit margin           | 15.5   | 18.2   | 18.5   | 17.2    | Dividend yield, ordinary (%) | 3.9    | 4.8    | 6.2    | 6.4    |
| Net profit margin               | 12.2   | 14.2   | 14.4   | 13.5    | EPS                          | 4,081  | 6,358  | 7,175  | 7,254  |
|                                 |        |        |        |         | BVPS                         | 25,815 | 27,937 | 29,577 | 31,139 |
|                                 |        |        |        |         | SPS                          | 33,517 | 44,746 | 49,725 | 53,898 |
|                                 |        |        |        |         | DPS (annual, ordinary)       | 3,563  | 4,400  | 5,720  | 5,880  |
|                                 |        |        |        |         | Dividend payout ratio (%)    | 87.2   | 69.2   | 79.7   | 81.0   |
|                                 |        |        |        |         | Operating performance        |        |        |        |        |
|                                 |        |        |        |         | ROE                          | 15.8   | 23.7   | 25.0   | 23.9   |
|                                 |        |        |        |         | ROA                          | 12.5   | 18.3   | 19.0   | 18.1   |
|                                 |        |        |        |         | ROIC                         | 14.4   | 23.8   | 26.8   | 25.8   |
|                                 |        |        |        |         | Financial structure          |        |        |        |        |
|                                 |        |        |        |         | Total liab/equity            | 27.7   | 30.3   | 31.9   | 32.2   |
|                                 |        |        |        |         | Net debt/equity              | (4.8)  | (8.0)  | (11.9) | (9.3)  |
|                                 |        |        |        |         | Current ratio (x)            | 4.1    | 3.2    | 3.2    | 3.2    |
|                                 |        |        |        |         | Interest coverage (x)        | 84.6   | 103.5  | 127.2  | 132.4  |
|                                 |        |        |        |         | Activity ratios              |        |        |        |        |
|                                 |        |        |        |         | Asset turnover               | 1.0    | 1.3    | 1.3    | 1.3    |
|                                 |        |        |        |         | Receivables turnover         | 6.3    | 7.3    | 6.6    | 6.4    |
|                                 |        |        |        |         | Inventory turnover           | 39.6   | 46.3   | 43.6   | 42.5   |
|                                 |        |        |        |         | Payables turnover            | 9.0    | 9.7    | 8.5    | 8.3    |

Source: Company reports, KB Securities Vietnam

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## Investment ratings & definitions

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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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