

# Petro Vietnam GAS (GAS)

## High long-term growth expectation

### The most important player in the industry

GAS is the monopoly company of natural gas transporting & trading in Vietnam. It provides input fuel for gas thermal power plants, fertilizer factories, and industrial parks in Vietnam. Besides, GAS is a leader in the LPG market and plans to supply liquefied natural gas (LNG). PV GAS currently manages the infrastructure of Vietnam's gas industry, which consists of 5 gas systems (up to 1,500km of gas pipelines), and 3 gas processing plants (with a total capacity of over 10 bn m3/year).

### Short-term peak profits but long-term growth

In 2023-25F, we believe that recovering gas demand from power plants and high volume from the industrial parks will partially offset the decrease in output prices following F0 prices. Accordingly, we forecast the revenue to decrease 8.1% in 2023F yoy and grow by 9.0%/12.5% yoy in 2024-25F, respectively. We expect the net profit to decrease -8.1/-4.5%/+1.1% yoy in 2023-25F, respectively. We assume that revenue and net profit will grow strongly from 2026F when GAS has the first gas from Block B and boosts LNG's imported volume.

### Initiate coverage with a BUY recommendation

We initiate our coverage on PV GAS (GAS VN) with a BUY rating and target price of VND117,700 implying a 18.8% upside by using a DCF (70%) and PE (30%) methodology. In DCF method, we calculate the fair value of VND122,500/share with implied long-term growth of 4.0%, and WACC of 11.5%. With PE method, our target price is based on an average 2023-25F P/E of 18x. GAS is our top pick in oil & gas sector thanks to strong growth potential based on the high demand for natural gas and LNG in Vietnam. The risks of GAS comprise a drop of oil prices and delaying projects.

	2021A	2022F	2023F	2024F	2025F
Sales (VND bn)	78,992	100,724	92,531	100,860	113,493
OP (VND bn)	10,374	17,799	15,110	14,829	15,328
EBT (VND bn)	11,205	18,802	16,526	15,775	15,950
NP (VND bn)	8,673	14,794	12,989	12,398	12,536
EBITDA (VND bn)	13,612	20,904	18,440	18,405	19,167
Net debt (VND bn)	(22,105)	(28,193)	(34,288)	(37,342)	(40,198)
OP margin (%)	13.1	17.7	16.3	14.7	13.5
ROE (%)	17.4	26.5	20.5	17.7	16.5
Dividend yield (%)	3.1	3.1	3.4	3.2	3.3
EPS (VND, adj.)	3,336	7,826	6,074	5,798	5,862
chg. (% YoY)	(18.1)	134.6	(22.4)	(4.5)	1.1
BPS (VND, adj.)	27,270	32,037	35,517	38,840	42,199
DPS (VND, adj.)	3,064	3,073	3,393	3,239	3,275
PE (x)	30.0	12.8	16.5	17.2	17.1
PB (x)	3.7	3.1	2.8	2.6	2.4
EV/EBITDA (x)	12.6	7.9	8.6	8.5	8.0

Note: Net profit, EPS and ROE attributed to controlling interest

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## Company

### In-depth

### Oil & Gas

14 Apr 2023

12M rating **BUY**

12M TP **117,700**

Up/Downside **+18.8%** (incl 30% cash dividend)

#### Stock data

VNIndex (14 Apr, pt)	1,061
Stock price (14 Apr, VND)	99,500
Market cap (USD mn)	8,122
Shares outstanding (mn)	1,914
52-Week high/low (VND)	130,443/92,478
6M avg. daily turnover (USD mn)	1.25
Free float / Foreign ownership (%)	4.2/3.0
Major shareholders (%)	
Vietnam Oil and Gas Group	95.76

#### Performance

	1M	6M	12M
Absolute (%)	(7.6)	(9.4)	(8.4)
Relative to VNIndex (%p)	(9.7)	(9.9)	18.3

#### Stock price



Source: Bloomberg

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## Company Overview

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## What is the report about?

- The most important player with a monopoly supply of natural gas
- High earnings growth in long-term
- BUY on a strong balance sheet and a high ROE

# I. The most important player in the industry

## 1. Natural gas and Gas pricing mechanism

**Natural gas is the most important segment**

The natural gas segment mainly contributed to GAS's business results, accounting for nearly 50% of revenue and 60% of gross profit. PV GAS currently manages the infrastructure of Vietnam's gas industry, which consists of 5 gas systems (1,500km of gas pipelines), 3 gas processing plants (with a total capacity of over 10bn m<sup>3</sup>/year), supply the raw materials and fuel that produces up to 15% of annual electricity output, 70% of the country's fertilizer volume, and meets the fuel requirements for numerous industrial parks; occupying 100% of the dry gas market share.

**Complicated natural gas pricing mechanism:**

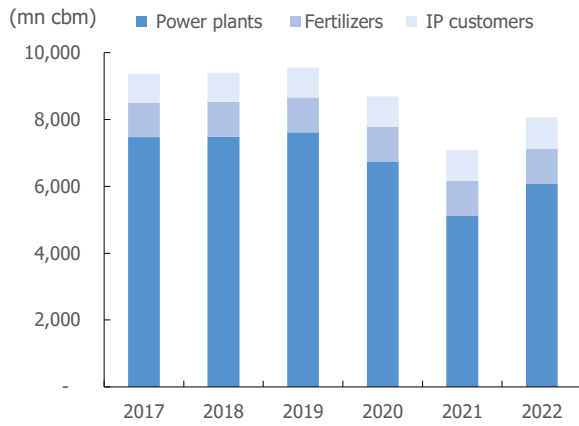
Input prices of 4 basins: *Nam Con Son (80% fixed price, 20% floating FO prices), Cuu Long (fixed price), Ham Rong Thai Binh (fixed price), Malay Tho Chu (floating price).*

- Fixed Input price formula: **Natural gas input price = Wellhead price + 2% increase/year**
- Floating Input price formula: **Natural gas input price = Max (46% MFO, wellhead prices)**

General Output price formula: **Natural gas selling price = Max (46% MFO, wellhead prices) + transportation tariffs**

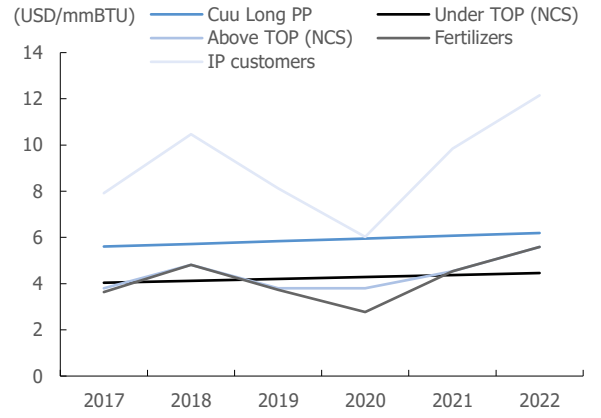
- *Output gas price for power plants which is under ToP (Take or pay) segment is fixed and increases by 2% per year.*
- *Output gas price for power plants in the above ToP segment is 46% MFO prices.*
- *Output gas price for fertilizer producers: Based on 46% MFO.*
- *Output gas price for industrial parks is based on about 80-100% of FO prices*

**Figure 1. Dry gas consumption volume by segments**



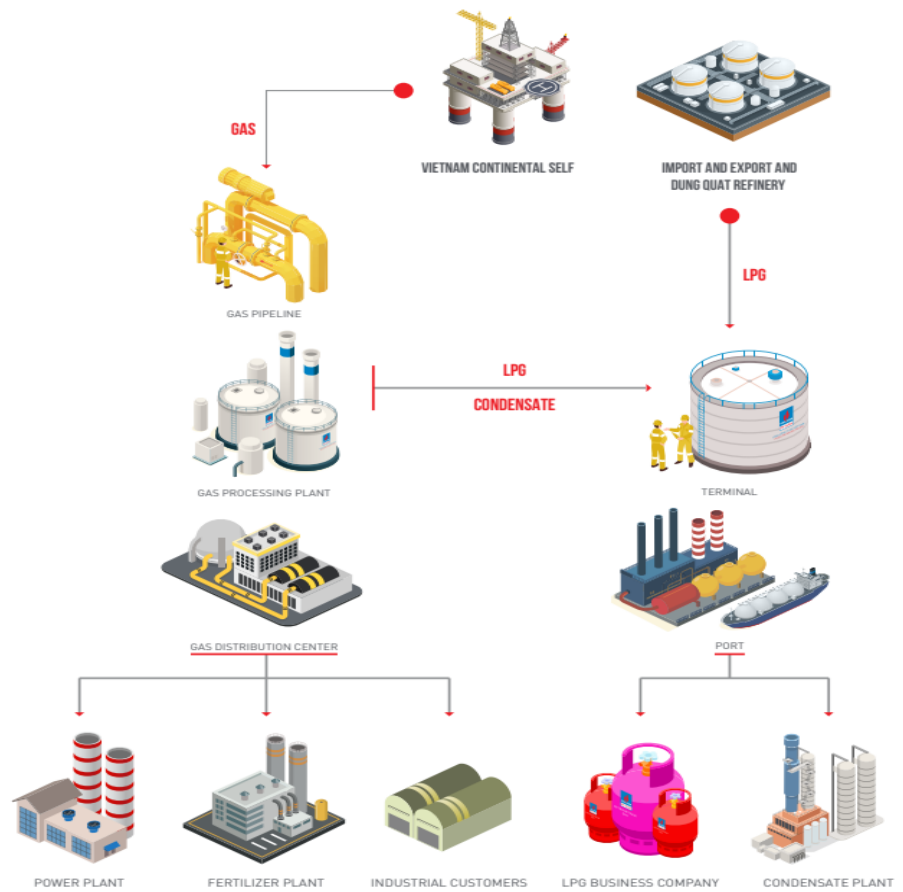
Source: GAS, KIS VN estimate

**Figure 2. Dry gas ASPs by segments**



Source: GAS, KIS VN estimate

**Figure 3. Supply chain diagram of GAS**



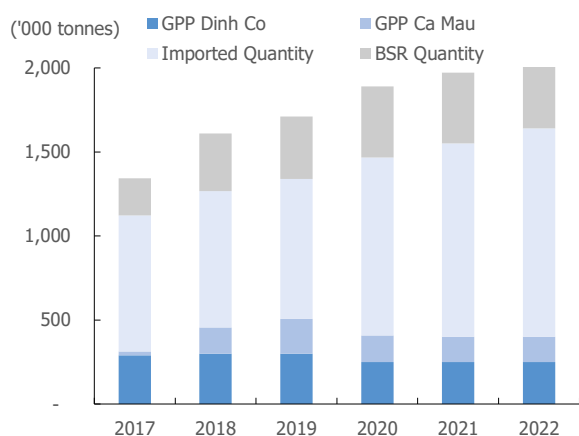
Source: PVN, KISVN

**LPG is the second important segment**

## 2. LPG is the second important segment

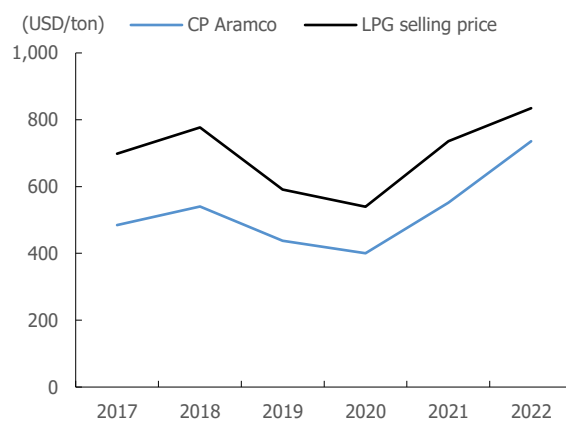
GAS supplies approximately 2mn LPG tonnes/year, equivalent to 70% of the wholesale market share, and about 12% of the domestic LPG retail market share contributed by 14 LPG storage facilities with a capacity of 150,000 tonnes and a nationwide gas products distribution system. LPG is supplied from 3 sources: LPG that is generated in the Dinh Co and Ca Mau gas processing plant using natural gas from Cuu Long and Malay Tho Chu basins; LPG purchased from Dung Quat refinery; and LPG imported from the Middle East and neighboring countries such as Malaysia, Indonesia, ... Output of wholesale LPG, in tank trucks and ships, is transported to customers' warehouses. Meanwhile, retail LPG is formed of 12kg and 45kg cylinders for residential and commercial customers, the nationwide retail LPG business network is assigned to PV GAS subsidiaries, these units use agents to form a retail distribution network that develops the PetroVietnam Gas brand. The LPG selling prices of GAS are floated and have a premium with Aramco LPG prices, however, the premium has been narrowed in recent years.

**Figure 4. LPG volume by production and trading**



Source: GAS, KIS VN

**Figure 5. Correlation between LPG selling prices off GAS and CP Aramco LPG prices**



Source: GAS, KIS VN

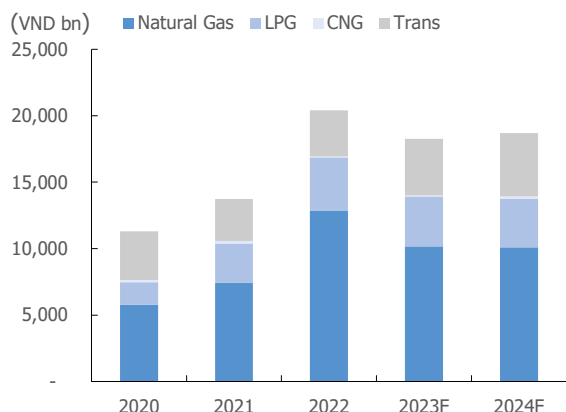
## II. Short-term peak profits but long-term growth

**2022 bountiful season of GAS and tepid 2023 outlook**

### 1. In the short-term, stable oil prices, and flat earnings

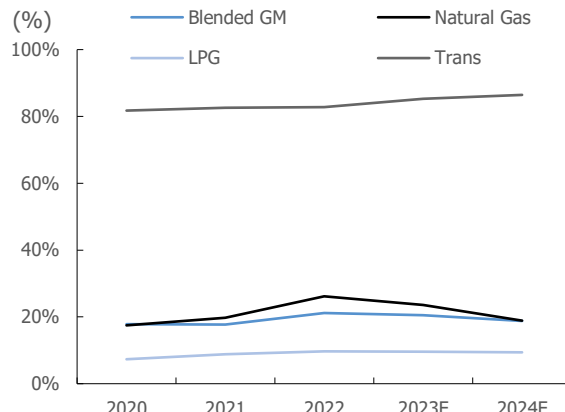
In 2022, GAS recorded revenue of VND100.7tn (+28% yoy) and NPAT of VND14.8tn (+71% yoy) that were driven by rocket output gas prices following FO prices and recovery of gas output from a low base. In terms of gas prices, the average FO price jumped 26% yoy and the average liquefied petroleum gas (LPG) price increased 15% yoy in 2022. Besides, we estimate output gas volume increased 8% yoy to 7,700 mn cbm. In which, the recovery demand for power plants/fertilizer/industrial parks are 10%/5%/2% yoy respectively.

**Figure 6. Gross earnings got a peak in short term**



Source: GAS, KIS VN

**Figure 7. Gross margins by segments**

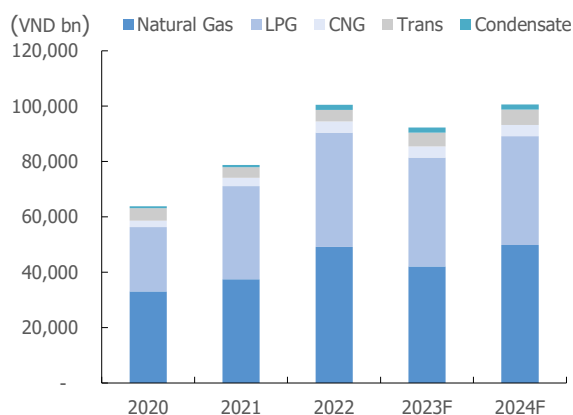


Source: GAS, KIS VN

**In short-term, stable oil prices, and flat earnings**

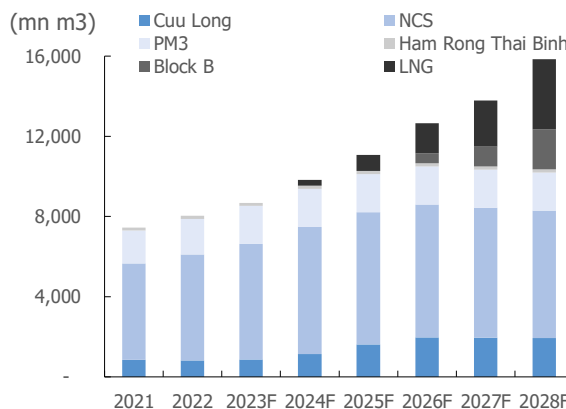
GAS benefits directly from the high oil prices in 2021 – 2022 as the majority of its output selling prices are benchmarked to Singapore’s fuel oil prices correlated by crude oil prices. However, Brent oil and Fuel Oil prices decreased more than 40% from the peak in 2Q22, for every USD5/barrel decrease in Brent oil price, GAS would drop by VND500bn in net profit. We expect Fuel Oil prices to go sideways followed by stable Brent oil prices in 2023-24F because we see the balance of supply and demand, along price cap to restrain oil prices.

**Figure 8. Revenue by segments in 2023F – 2024F**



Source: GAS, KIS VN

**Figure 9. Gross earnings got a peak in short-term**



Source: GAS, KIS VN

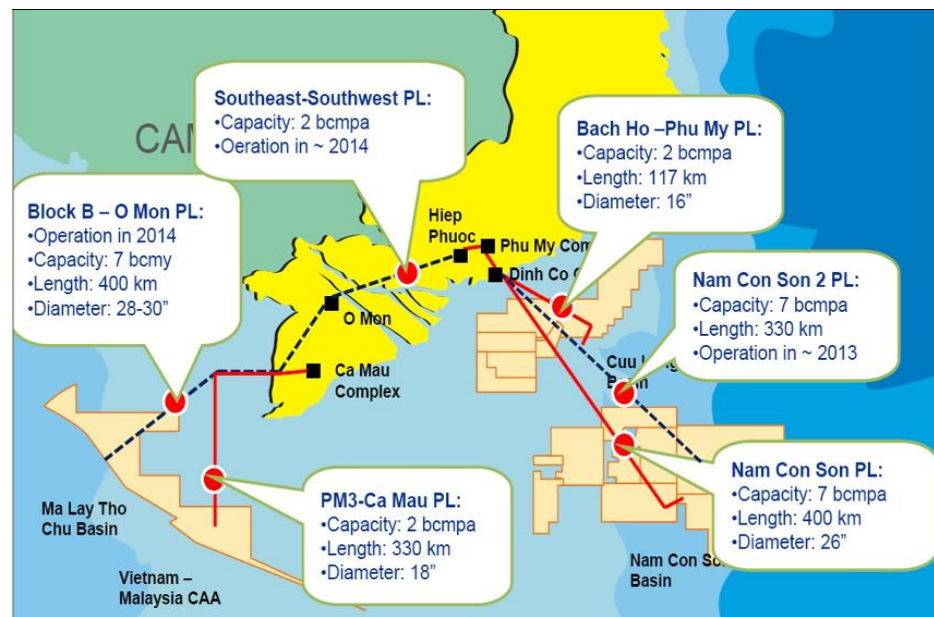
## 2. Block B - O Mon project expected to lead the growth in the middle term

**Block B - O Mon project expected to lead the growth in the middle term**

Block B – O Mon is one of the largest Oil & gas projects in Vietnam, with about USD5bn investment from upstream to downstream companies. PV GAS plans to contribute capital at the rate of 51% to the Block B - O Mon gas pipeline project, PV Gas will be the main beneficiary owing to the additional gas source from Block B and the gas transportation charge. Block B – O Mon gas pipeline project has a total investment of USD 1.2 bn. It is invested by PVN/ PVGas/ MOECO (Japan) and PTTEP (Thailand) in the form of a Joint Operation. The project is planned to be put into operation in 2026F. The Block B - O Mon gas-electricity project chain is expected to have the first gas flow around 2026F to serve four gas power plants including O Mon 1 (660 MW), O Mon 2,3, 4 (3x1050 MW). This will be a big growth driver for GAS in the middle term.

The pipelines have a total length of 431km with a design capacity of 20.3 mn m<sup>3</sup>, of which the sea pipeline has a length of approximately 295 km, transporting gas from Block B to the landfall station in An Minh - Kien Giang province; the branch pipeline has the length of 37 km, connecting from KP209 to Mui Tram landfall station to supplement gas for PM3 - Ca Mau pipeline; the shore pipeline has the length of 102 km, running through Kien Giang and Can Tho provinces, supplying gas to power plants at Kien Giang and O Mon Power Centers in Can Tho province.

**Figure 10. Some natural gas pipelines of GAS in the South region**



Source: PVN, KISVN

### 3. Importing LNG will drive long-term growth

#### **Importing LNG will drive long-term growth**

In 2021, GAS closed 8 Master Sale & Purchase Agreement (MSPA) deals with suppliers from North America, Australia, The Middle East, Europe, and Asia-Pacific. However, current high international LNG prices challenge importing LNG. We expect LNG prices will cool from currently USD18/MMBTU to USD12/MMBTU from 2024F due to the stability of suppliers, which are competitive with the prices of domestic gas fields, thus we expect GAS to import LNG from 2024F.

PV GAS is continuously preparing LNG sources for the trial phase of Thi Vai LNG Terminal, the main supplier for Nhon Trach 3 & 4 which is expected to start in 2023F and officially commercialize in 2024-2027. Thi Vai LNG terminal - Phase 1 (1 MMTPA) is nearly completed and in 2022 and is ready to operate in 2023F. GAS is preparing to build the Thi Vai LNG terminal - Phase 2 (3 MMTPA) following feasibility study approval of the Ministry of Industry and Trade and expects to complete it in 2024F. After that, GAS will build Son My (3-6 MMTPA) LNG terminal, which approved its investment registration in 2022.



**Table 1. Capex plan of GAS in 2023-2030F**

Project name	Start year	Capacity (MTPA)	Capex (USD mn)
Thi Vai (Ba Ria Vung Tau)	2023 (phase 1)	1 MT (phase 1)	600
	2023-2024 (phase 2)	3-6 MT (phase 2)	
Son My (Binh Thuan)	2025 – 2026 (phase 1)	3.6 MT (phase 1)	1,300
	NA	6 MT (phase 2)	
Nam Con Son 2 gas pipeline - Phase 2	2019-2024	7 bcm p.a.	900
Block B – O Mon gas pipeline	2024-2026	7 bcm p.a.	600

Source: GAS, KIS Research

#### 4. 2023F-25F earnings forecast

In 2023-25F, we believe that recovering gas demand from power plants and high volume from the industrial parks will partially offset the decrease in output prices following F0 prices. We expect dry gas volume from gas-fired power plants and industrial parks to recover in 2023-25F. The dry gas segment mainly contributed to GAS's profit, with nearly 60% of gross profit. While the selling prices of this segment are expected to decrease slightly due to the flat oil price outlook, the input natural gas prices will be affected by a decrease in the cheap domestic supply. Accordingly, we forecast the revenue to decrease 8.1% in 2023F yoy and grow by 9.0%/12.5% yoy in 2024-25F, respectively. We expect the net profit to decrease -8.1/-4.5%/+1.1% yoy in 2023-25F, respectively. We assume that revenue and net profit will grow strongly from 2026F when GAS has the first gas from Block B and boosts LNG's imported volume.

**Earnings are forecasted to decrease slightly in 2023-25F**

**2023F: Revenue vs NPATMI to decrease to VND92.5tn (-8.1% yoy), VND13.0tn (-12.2% yoy)**

We forecast GAS's revenue and NPATMI to decrease to VND92.5tn (-8.1% yoy) and VND13.0tn (-12.2% yoy) based on following consumptions:

- We project the 2023 average Brent oil to decrease to USD83/bbl but dry gas volume to increase by 8.0%.
- Gross margin drops slightly to 20.5%, -0.7%p yoy in 2023F
- SGA to sales stays unchanged at 4.2% in 2023F
- Financial income picks up to VND2.1tn, driven by a healthy interest income of VND1.9tn, +58% yoy.

**2024F: Revenue could swell to VND100.9tn (+9.0% yoy) but NPATMI drop slightly to VND12.4tn (-4.5% yoy)**

GAS's revenue could swell to VND100.9tn (+9.0% yoy) but NPATMI drop slightly to VND12.4tn (-4.5% yoy) backed by the below expectation

- We project the 2024 average Brent oil to decrease to USD76/bbl but dry gas volume to increase by 13.5%.
- Gross margin narrows by +1.9%p yoy to 18.9% in 2024F
- SGA to sales stays unchanged at 4.2% in 2024F
- Financial income decreases to VND1.6tn.

**2025F: Revenue and NPATMI increases to VND113.5tn (+12.5% yoy) and VND12.5tn (+1.1% yoy),**

GAS's revenue and NPATMI growth take a breath in 2025F pegged at VND113.5tn (+12.5% yoy) and VND12.5tn (+1.1% yoy),

- We project the 2023 average Brent oil to decrease to USD73/bbl but dry gas volume to increase 12.8%.
- Gross margin could be resilient at 17.7% in 2025F
- SGA to sales stays unchanged at 4.2% in 2024F
- Financial income drops slightly to VND1.5tn



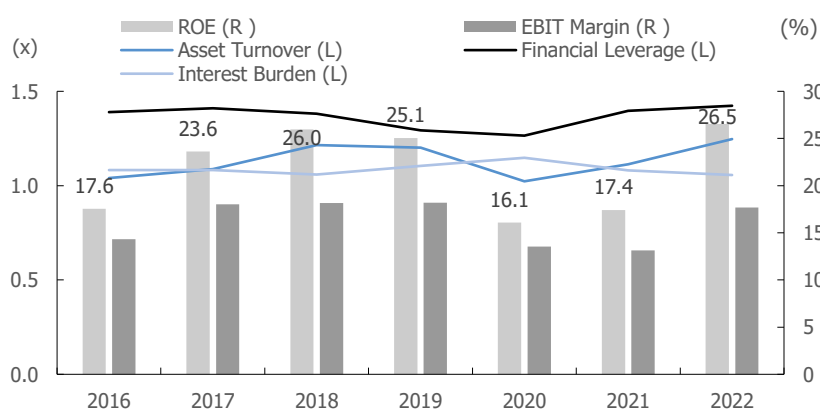
**Table 2. GAS's business results from 2022-27F**

	2022	2023F	2024F	2025F	2026F	2027F
Revenue (VND bn)	100,724	92,531	100,860	113,493	136,069	156,762
<i>Natural Gas</i>	49,176	42,081	49,880	60,923	80,564	98,193
<i>LPG</i>	41,298	39,288	39,247	40,427	43,057	45,901
<i>Trans</i>	4,186	4,977	5,467	5,794	6,015	6,150
COGS	(79,409)	(73,569)	(81,832)	(93,441)	(111,165)	(127,211)
Gross Profit	21,315	18,962	19,028	20,052	24,904	29,552
SG&A expense	(3,515)	(3,852)	(4,198)	(4,724)	(5,664)	(6,525)
Financial income	1,568	2,091	1,784	1,638	1,655	1,673
Financial expense	(671)	(696)	(859)	(1,037)	(1,288)	(1,539)
<i>Interest expenses</i>	(337)	(560)	(716)	(887)	(1,130)	(1,374)
Profit before tax	18,802	16,526	15,775	15,950	19,628	23,180
Profit after tax	15,062	13,221	12,620	12,760	15,703	18,544
NPAT-MI	14,794	12,989	12,398	12,536	15,427	18,218

Source: GAS, KISVN

## 5. Strong balance sheet and high ROE

ROE of GAS remained at a high level and has improved significantly in 2022 but cannot be as high as in 2014. GAS has increased its EBIT margin from 2021 to 2022 from 13.1% to 17.7%. Meanwhile, asset turnover was low due to the huge CAPEX on the gas pipeline. GAS has had strong financial strength with a stable low-leverage capital structure and the total loan/total asset was around just 10%. Thus, interest burdens were higher than 1.0 for many years. Hence, the return on equity was dependent on oil price volatility but it was usually above 20%. In short, the improvement in ROE is likely the result of a better profit margin due to enjoying high oil prices.

**Figure 11. Dupont analysis**

Source: GAS, KISVN

### III. Ratings and recommendation

**BUY rating with TP of VND117,700 (upside +18.8%)**

We initiate our coverage on PV GAS (GAS VN) with a BUY rating and target price of VND115,200, implying a 15.2% upside by using a DCF (70%) and PE (30%) methodology. In DCF method, we calculate the fair value of VND117,700/share with implied long-term growth of 4.0%, and WACC of 11.5%, in which, cost of equity of 13.5% (beta of 1.0, risk-free yield of 5.5%, and market risk premium of 8.0%). With PE method, our target price is based on an average 2023-25F P/E of 18x, which is also the average PE of GAS in the last 7 years. GAS is our top pick in Vietnam's oil & gas thanks to strong growth potential based on the rising demand for natural gas and LNG in Vietnam. The risks of GAS comprise falling oil prices and delaying projects.

**Table 3. Cost of equity**

Item	%
Beta	1
Risk free rate	5.5
Equity risk premium	8.0
Cost of equity	13.5

Source: KIS Research

**Table 4. WACC calculation**

Item	%
Cost of debt	5.5
Target debt to capital	21.6
Tax rate	20
<b>WACC</b>	<b>11.5</b>

Source: KIS Research

**Table 5. DCF Valuation**

	(VNDbn)				
FCFF	FY23F	FY24F	FY25F	FY26F	FY27F
EBIT(1-tax)	11,805	11,675	12,138	15,315	18,390
<i>add: depreciation</i>	3,330	3,575	3,839	4,124	4,388
<i>less: capex</i>	(5,642)	(6,132)	(6,593)	(7,122)	(6,616)
<i>(increase) / decrease in NWC</i>	1,625	(767)	(899)	(2,505)	(1,880)
<b>Unlevered free cash flow</b>	12,782	9,802	9,514	11,348	16,374
PV of FCF	12,782	8,788	7,647	8,178	10,580
<i>Cumulative sum PV of FCF</i>	25,128	33,917	41,564	49,742	60,322
<i>PV of Terminal value</i>					162,710

Source: KIS Research

**Table 6. DCF Valuation**

	FY23F
<b>Total PV of Operations</b>	<b>234,823</b>
Discount factor	11.5%
Plus: Cash	34,276
Less: Debt	(6,086)
Less: Minority Interest	(1,458)
Equity Value	234,464
Shares Outstanding, Million	1,914
<b>Target price</b>	<b>122,502</b>

Source: KIS Research

**Table 7. Blended Valuation**

Metrics	Implied price	Weight	Weight value
P/EPS, 3-yr forward FY23F-25F	106,485	30%	31,920
DCF	122,502	85,752	85,752
<b>GAS's target share price</b>			<b>117,672</b>

Source: KIS Research

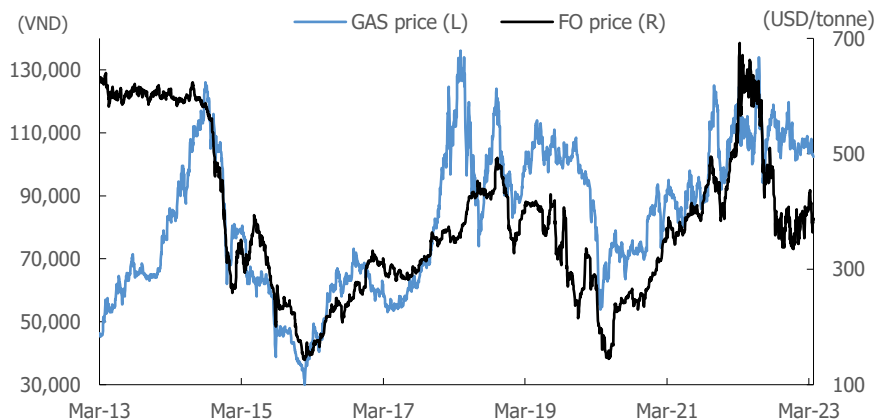
**Table 8. Sensitivity analysis**

		WACC				
		9.5%	10.5%	11.5%	12.5%	13.5%
Long- term growth rate	2.0%	121,056	112,417	105,589	100,057	95,484
	3.0%	133,173	121,779	113,055	106,160	100,574
	4.0%	149,666	134,007	<b>122,502</b>	113,693	106,732
	5.0%	173,430	150,651	134,840	123,226	114,332
	6.0%	210,630	174,631	151,635	135,674	123,949

Source: KIS Research

**Table 9. Overseas peer valuations**

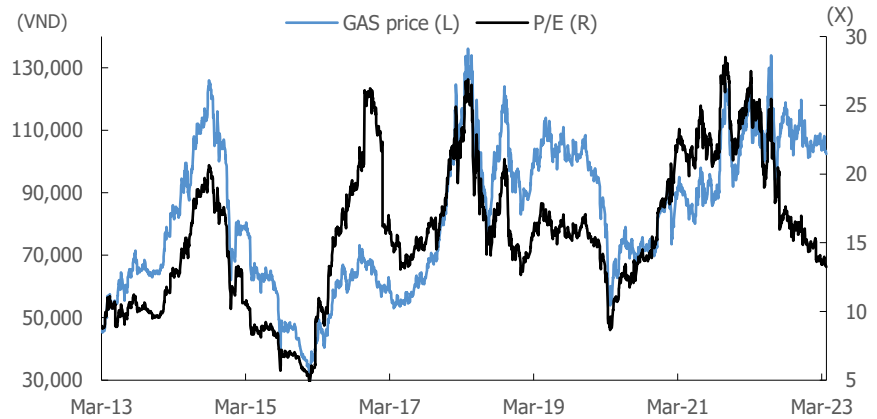
	PE (x)			EV/EBITDA (x)			PB (x)			Dividend yield (%)		
	TTM	2023F	2024F	TTM	2023F	2024F	TTM	2023F	2024F	TTM	2023F	2024F
Petronas Gas Bhd	19.6	17.4	17.1	10.3	9.3	9.2	2.5	2.4	2.4	5.0	5.0	4.9
Gas Malaysia Bhd	10.7	11.1	11.7	6.0	6.5	6.9	3.3	3.2	3.0	7.4	7.4	7.1
Gail India Ltd	5.4	9.4	7.7	5.0	9.1	7.2	1.0	1.0	1.0	3.9	3.9	4.8
China Gas Holdin	9.1	8.3	7.3	8.5	8.6	8.1	1.1	0.8	0.8	4.4	4.4	5.0
Perusahaan Gas N	7.5	5.2	6.3	4.2	4.0	4.1	0.9	0.8	0.8	6.4	6.4	5.3
China Res Gas	16.2	9.5	8.7	7.9	6.2	5.6	2.0	1.3	1.2	5.1	5.1	5.6
Shenzhen Gas -A	20.3	15.6	11.9	-	8.9	7.2	1.6	1.5	1.4	2.4	2.4	3.1
Oil & Natural Ga	4.3	4.0	4.0	4.3	3.6	3.2	0.8	0.7	0.6	10.1	10.1	9.2
Petronet Lng Ltd	9.6	11.7	11.3	5.2	-	-	2.4	-	-	5.0	5.0	5.0
<b>Overseas dairy avg.</b>	<b>11.4</b>	<b>10.3</b>	<b>9.6</b>	<b>6.4</b>	<b>7.0</b>	<b>6.4</b>	<b>1.7</b>	<b>1.5</b>	<b>1.4</b>	<b>5.5</b>	<b>5.5</b>	<b>5.6</b>

**Figure 12. A high correlation between stock price and FO prices over 10 years**

Source: Bloomberg, KISVN

Over the last ten years, the GAS stock price was highly correlated with FO price fluctuations due to earnings growth depended FO prices. Meanwhile, the PE of GAS also fluctuated wildly between 4x and 27x following FO price expectations. GAS's P/E dropped to 4x in 2016 due to Brent oil prices at USD30/bbl and output gas prices linked to oil prices without a floor prices mechanism without a floor. However, GAS's P/E surged strongly after the Government approved a floor prices mechanism in early 2016. After that, GAS often was traded around PE of 20x and averaged 18x in the last 7 years.

**Figure 13. PE of GAS stock was very volatile in 2013-2022**



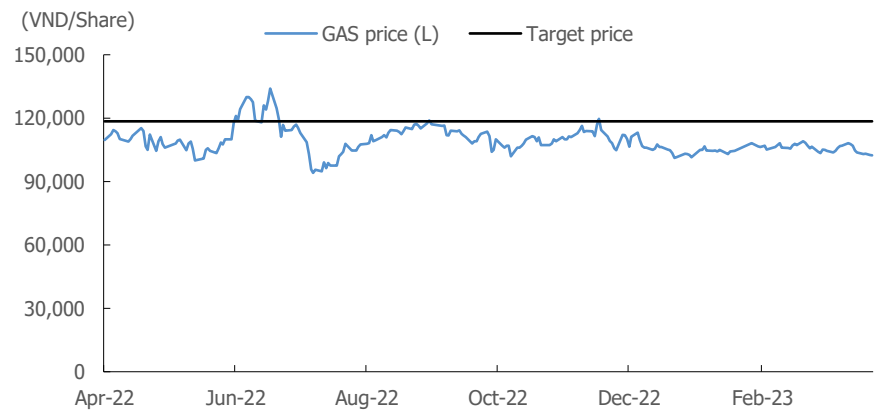
Source: Bloomberg, KISVN

### ■ Company Overview

GAS is the monopoly company of natural gas transporting & trading in Vietnam. It provides input fuel for gas thermal power plants, fertilizer factories, and industrial parks in Vietnam. Besides, GAS is a leader in the LPG market and plans to supply liquefied natural gas (LNG).

### Changes to the recommendation and target price

Company (code)	Date	Recommendation	Target price	% vs. avg. price	% vs. high (low)
Petro Vietnam GAS (GAS)	14-04-23	BUY	VND117,700	+19.3	-15.0/23.1



**Balance sheet**

(VND bn)

FY-ending Dec.	2021A	2022P	2023F	2024F	2025F
Current assets	51,395	55,652	62,964	71,361	80,173
Cash & cash equivalents	30,100	34,276	44,192	51,312	58,465
Accounts & other receivables	16,920	16,191	14,706	15,522	16,633
Inventory	3,241	4,102	2,946	3,277	3,741
Non-current assets	27,373	27,155	29,894	32,925	36,201
Fixed assets	18,098	16,370	18,682	21,239	23,993
Investment assets	5,293	6,564	6,569	6,579	6,589
Others	4,927	5,135	5,578	6,154	6,728
Total assets	78,768	82,806	92,858	104,286	116,374
Advances from customers	105	128	190	156	184
Unearned revenue	2,608	362	362	362	362
Trade payables	6,631	6,652	5,801	6,452	7,367
Others	9,236	8,264	8,623	9,009	9,427
ST debt & due bonds	485	45	1,045	2,045	3,045
LT debt & bonds	7,510	6,038	8,859	11,925	15,222
Total liabilities	26,575	21,489	24,879	29,949	35,607
Controlling interest	51,094	59,859	66,288	72,426	78,631
Capital stock	19,140	19,140	19,140	19,140	19,140
Capital surplus	0	0	0	0	0
Other reserves	21,257	21,266	22,565	23,805	25,058
Retained earnings	10,487	19,243	24,373	29,271	34,222
Minority interest	1,098	1,458	1,690	1,912	2,136
Shareholders' equity	52,193	61,317	67,979	74,337	80,766

**Income statement**

(VND bn)

FY-ending Dec.	2021A	2022P	2023F	2024F	2025F
Sales	78,992	100,724	92,531	100,860	113,493
COGS	65,007	79,409	73,569	81,832	93,441
Gross profit	13,986	21,315	18,962	19,028	20,052
SG&A expenses	3,612	3,515	3,852	4,198	4,724
Operating profit	10,374	17,799	15,110	14,829	15,328
Financial income	1,187	1,568	2,091	1,784	1,638
Interest income	941	1,214	1,943	1,629	1,475
Financial expenses	403	671	696	859	1,037
Interest expenses	304	337	560	716	887
Other non-operating profit	32	78	10	10	10
Gains (Losses) in associates, subsidiaries and JV	15	28	10	10	10
Earnings before tax	11,205	18,802	16,526	15,775	15,950
Income taxes	2,353	3,740	3,305	3,155	3,190
Net profit	8,852	15,062	13,221	12,620	12,760
Net profit of controlling interest	8,673	14,794	12,989	12,398	12,536
EBITDA	13,612	20,904	18,440	18,405	19,167

**Cash flow**

(VND bn)

FY-ending Dec.	2021A	2022P	2023F	2024F	2025F
C/F from operations	7,595	12,440	16,293	13,765	14,253
Net profit	8,852	15,062	13,221	12,620	12,760
Dep'n & Amort'n	3,073	3,105	3,330	3,575	3,839
Net incr. in W/C	(4,330)	(5,727)	(257)	(2,430)	(2,346)
C/F from investing	(6,755)	43	(3,704)	(4,512)	(5,128)
Capex	(4,747)	(2,006)	(5,647)	(6,142)	(6,603)
Incr. in investment	(2,008)	2,049	1,943	1,629	1,475
C/F from financing	(774)	(7,769)	(2,673)	(2,133)	(1,971)
Incr. in equity	0	159	0	0	0
Incr. in debt	5,091	(2,045)	3,821	4,066	4,297
Dividends	(5,865)	(5,882)	(6,494)	(6,199)	(6,268)
C/F from others	0	0	0	0	0
Increase in cash	66	4,715	9,916	7,119	7,153

**Key financial data**

FY-ending Dec.	2021A	2022P	2023F	2024F	2025F
Per-share data (VND, adj.)					
EPS	3,336	7,826	6,074	5,798	5,862
BPS	27,270	32,037	35,517	38,840	42,199
DPS	3,064	3,073	3,393	3,239	3,275
Growth (%)					
Sales growth	23.2	27.5	(8.1)	9.0	12.5
OP growth	19.3	71.6	(15.1)	(1.9)	3.4
NP growth	10.4	70.6	(12.2)	(4.5)	1.1
EPS growth	(18.1)	134.6	(22.4)	(4.5)	1.1
EBITDA growth	19.6	55.5	(11.8)	(0.2)	4.1
Profitability (%)					
OP margin	13.1	17.7	16.3	14.7	13.5
NP margin	11.2	15.0	14.3	12.5	11.2
EBITDA margin	17.0	20.8	19.9	18.2	16.9
ROA	12.5	18.6	15.1	12.8	11.6
ROE	17.4	26.5	20.5	17.7	16.5
Dividend yield	3.1	3.1	3.4	3.2	3.3
Dividend payout ratio	91.9	39.3	55.9	55.9	55.9
Stability					
Net debt (VND bn)	(22,105)	(28,193)	(34,288)	(37,342)	(40,198)
Net debt/equity (%)	(42.4)	(46.0)	(50.4)	(50.2)	(49.8)
Valuation (x)					
PE	30.0	12.8	16.5	17.2	17.1
PB	3.7	3.1	2.8	2.6	2.4
EV/EBITDA	12.6	7.9	8.6	8.5	8.0

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