



# **GAS Flash note – NEUTRAL**

**May 16, 2024**

---



## Mr. Hung Phan

(+84 8) 3823 4159 - Ext: 354

[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

## Earnings Flash note

Recommendation

Neutral

HSX: GAS

Natural Gas Distribution

Target price (VND) 79,200

Market price (VND) 75,200

Expected share price return 5.3%

Expected dividend yield 3.9%

Expected total return 9.2%

## Stock performance (%)

	YTD	1M	3M	12M
Absolute	-0.8	-5.6	-0.7	1.1
Relative	-12.0	-3.1	-4.6	-17.4

Source: Bloomberg



## Ownership

PVN 95.76%

## Stock Statistics 14-May-24

Bloomberg code GAS VN

52-week range (VND) 73,000 - 93,250

Shares O/S (m) 2,297

Mkt cap (VND bn) 172,026

Mkt cap (USD m) 6,751

Foreign room left (%) 46.7

Est. free float (m) 4.2

3m avg daily vol (shrs) 1,140,559

VND/USD 25,482

Index: VNIIndex / HNX 1252.90/238.38

## PetroVietnam Gas Joint Stock Corporation (GAS VN)

**GAS announced Q1/2024 business results with net profit of VND2,511 billion (-25% YoY), quite similar to our expectations. With this result, GAS completed 43.8% of 2024 plan and 24.8% of our forecast.**

GAS recorded Q1/2024 revenue reaching VND23,314 (+9.9% YoY) and VND2,511 billion of net profit (-25% YoY). The increase in revenue is thanks to the 63.8% YoY growth in LPG segment's output which usually contributes about 42% of GAS's revenue. LPG growth driver is from export & international trading, despite the LPG selling price dropped 11% compared to the same period high, triggered by the demand shortage due to the LPG factories' maintenance in the Middle East.

However, the dry gas segment - the main contributor to GAS's revenue and profit - declined, in which:

- Dry gas consumption decreased by 14% YoY due to the fall in demand from electricity customers (-18.7% YoY) while demand from fertilizer and industrial customers remained stable. This is due to the Decision 3110 issued by the Ministry of Industry and Trade (MoIT), which approved the natural gas supply in 2024 for electricity production of 4.19 - 4.47 billion m3 (down 11% - 17% YoY compared to GAS's actual output for electricity production in 2023) while increasing mobilization from coal thermal power sources.
- Along with the estimated increase in gas input costs of 3% YoY, gross profit margin in gas sales and transportation decreased to 15.7% from 22.7% in the same period last year.

Regarding LNG business activities, the deployment of current and upcoming LNG terminals (increasing Thi Vai LNG capacity and constructing Son My LNG) will actively support GAS's business activities in the long term when power plants using LNG come into operation (typically NT3 and NT4 are expected to operate from mid-2025). However, for 2024, the LNG segment will not contribute to GAS's PAT, due to the low operating capacity.

National electricity consumption demand in 4M2024 increased sharply by 12.4% YoY. With prolonged hot weather, electricity demand will continue to increase and is expected to help improve GAS's business output in the coming quarters. As a result, the MoIT has just issued Decision No. 924/QD-BCT to increase the total electricity production plan of power plants in 2024 by 1.4% vs the previous decision.

**Quick comment:** As a results, we reduce our forecast for 2024 business results by 9.6% compared to the most recent forecast, with expected revenue reaches VND85,938 billion (-4.5% YoY) and net profit VND10,070 billion (-13.2% YoY). Our target price for GAS in 12 months is 79,200 VND/share, equivalent to a total profit margin of 9.2%.

	2022	2023	2024F	2025F	2026F
Net Sales (VNDbn)	100,724	89,954	85,938	89,668	93,324
Growth (%)	28%	-11%	-4%	4%	4%
EBITDA (VNDbn)	20,822	16,166	14,744	15,164	14,921
EBITDA margin (%)	21%	18%	17%	17%	16%
Net Profit (VNDbn)	14,798	11,606	10,071	10,364	10,285
Growth (%)	71%	-22%	-13.2%	2.9%	-0.8%
EPS (bonus-adjusted, VND)	6,271	4,919	4,268	4,392	4,359
Growth (%)	71%	-22%	-13%	3%	-1%
ROE	27%	19%	15%	15%	14%
ROIC	18%	12%	10%	10%	9%
Net debt/EBITDA (times)	-1.4	-2.1	-2.5	-2.3	-2.2
PER (times)	10.0	15.3	17.6	17.1	17.3
EV/EBITDA (times)	6.1	7.8	8.6	8.3	8.5
PBR (times)	2.4	2.6	2.5	2.4	2.3
DPS (VND)	3,000	3,000	3,000	3,000	3,000
Dividend yield (%)	4%	4%	4%	4%	4%

## CONTACTS

### Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City  
Tel: (+84 28) 7300 7000  
Fax: (+84 28) 7300 3751

### Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi  
Tel: (+84 4) 3942 9395  
Fax: (+84 4)3942 9407

## RESEARCH DEPARTMENT

### Acting Head of Research

#### Trang Do

(+84 28) 7300 7000 (x1041)  
[trangdm@acbs.com.vn](mailto:trangdm@acbs.com.vn)

#### Manager – Properties Truc Pham

(+84 28) 7300 7000 (x1043)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

#### Manager – Financials Hung Cao, CFA

(+84 28) 7300 7000 (x1049)  
[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

#### Manager – Consumer- related, Technology

**Chi Luong**  
(+84 28) 7300 7000 (x1042)  
[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

#### Associate – Oil & Gas Hung Phan

(+84 28) 7300 7000 (x1044)  
[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

#### Associate – Industrials Trung Tran

(+84 28) 7300 7000 (x1045)  
[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

#### Analyst – Utilities Toan Pham

(+84 28) 7300 7000 (x1051)  
[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

#### Associate – Macro & Money Market

**Minh Trinh Viet**  
(+84 28) 7300 7000 (x1046)  
[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

#### Associate - Logistic Hung Nguyen

(+84 28) 7300 7000 (x1047)  
[hungnt@acbs.com.vn](mailto:hungnt@acbs.com.vn)

#### Analyst – Technical Huu Vo

(+84 28) 7300 7000 (x1052)  
[huvvp@acbs.com.vn](mailto:huvvp@acbs.com.vn)

#### Analyst – Market data Anh Mai

(+84 28) 7300 7000 (x1110)  
[anhmd@acbs.com.vn](mailto:anhmd@acbs.com.vn)

## INSTITUTIONAL CLIENT DIVISION

### Director

#### Huong Chu

(+84 28) 7300 7000 (x1083)  
[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)  
[groupis@acbs.com.vn](mailto:groupis@acbs.com.vn)

#### Associate Huynh Nguyen

(+84 28) 7300 6879 (x1088)  
[huynhntn@acbs.com.vn](mailto:huynhntn@acbs.com.vn)

#### Associate Thanh Tran

(+84 28) 7300 6879 (x1120)  
[thanhtt@acbs.com.vn](mailto:thanhtt@acbs.com.vn)

## DISCLAIMER

### Our Recommendation System

**BUY:** Expected prospective total return (including dividends) in VND will be 20% or more within 12 months

**OUTPERFORM:** Expected prospective total return (including dividends) in VND will be from 10% to 20% within 12 months

**NEUTRAL:** Expected prospective total return (including dividends) in VND will be from -10% to 10% within 12 months

**UNDERPERFORM:** Expected prospective total return (including dividends) in VND will be from -20% to -10% within 12 months

**SELL:** Expected prospective total return (including dividends) in VND will be less than -20% within 12 months

### Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

### Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

### Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

**Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.**

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

**This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).**

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2024). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.