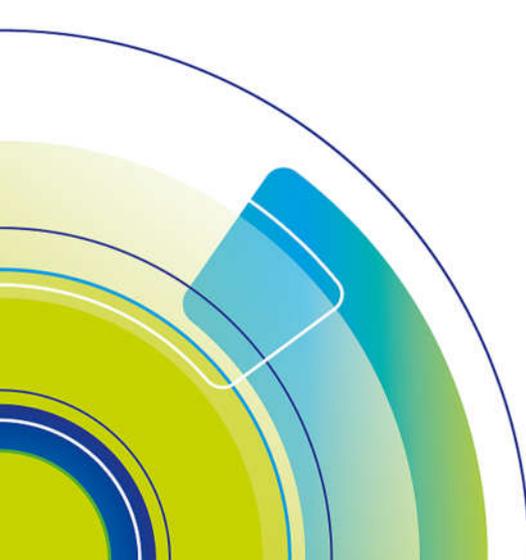




GAS Flash note – OUTPERFORM

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Flash note

Recommendation

OUTPERFORM

HOSE: GAS

Natural Gas Distribution

Target price (VND)	76,200
Market price (VND)	70,100
Expected share price return	8.7%
Expected dividend yield	4.3%
Expected total return	13.0%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	2.2	-4.2	-5.4	-2.0
Relative	-9.9	-1.3	-8.2	-17.6

Source: Bloomberg



Ownership

PVN 95.76%

Stock Statistics

12-Nov-24

	GAS VN
Bloomberg code	GAS VN
52-week range (VND)	69,400 - 84,412
Shares O/S (m)	2,343
Mkt cap (VND bn)	164,221
Mkt cap (USD m)	6,441
Foreign room left (%)	47.2
Est. free float (m)	4.2
3m avg daily vol (shrs)	1,027,114
VND/USD	25,497
Index: VNIIndex / HNX	1245.89/226.69

PETROVIETNAM GAS JSC (GAS VN)

GAS announced its Q3/2024 business results with NPAT of VND2,578 billion (+7.2% YoY), which is in line with our expectations. Accumulated in 9M2024, GAS's NPAT decreased by 5.3% to VND8,538 billion, completing 147% of its full-year target and 83% of our forecast. Recommendation OUTPERFORM.

GAS recorded revenue of VND25,252 billion (+14.1% YoY) and NPAT of VND2,578 billion (+7.2% YoY) in Q3/2024. Revenue growth was primarily driven by the LPG business with LPG output increasing by 22% YoY and LPG selling price increasing by 24.4% YoY. Meanwhile, revenue from the dry gas segment is estimated to decline due to a 7.8% decrease in Brent oil price and a 1% decrease in dry gas output. This decrease in consumption was due to 15-day maintenance of the Ca Mau fertilizer plant in late August. G&A expenses also surged by 108.5% YoY to VND700.8 billion, mainly due to provisions for receivables related to the Phu My - HCM gas pipeline.

In 9M2024, GAS recorded revenue of VND78,619 billion (+16.7% YoY) and NPAT of VND8,538 billion (-5.3% YoY). Revenue growth was driven by the LPG segment and the first contribution from the LNG segment, which had not been recorded in the same period last year. However, NPAT decreased due to (1) a 96.4% YoY increase in G&A expenses to VND2,099 billion and (2) a 28.4% YoY decline in interest income from deposits.

Looking ahead to 2025, GAS's business results are expected to improve significantly due to the following factors:

- Gas output (including LNG) supplied to electricity generation customers is expected to increase thanks to the participation of two new power plants NT3, NT4 in the coming time. Additionally, electricity production mobilized from gas-fired power plants is expected to recover after a decrease this year, driven by a projected 12-13% increase in electricity demand in 2025 (according to reports from relevant government ministries).
- Lower provision costs and potential for provision reversals in the future.

Quick comment: We forecast 2024 business results with revenue of VND100,503 billion (+11.7% YoY) and NPAT of VND10,523 billion (-10.8% YoY). For 2025, NPAT is expected to increase by 4.2% to VND10,970 billion. Our target price for GAS at the end of 2025 is VND76,200/share, equivalent to a total return of 13%.

	2022	2023	2024F	2025F	2026F
Net Sales (VNDbn)	100,724	89,954	100,503	103,783	105,812
Growth (%)	28%	-11%	12%	3%	2%
EBITDA (VNDbn)	20,822	16,166	15,092	16,041	15,430
EBITDA margin (%)	21%	18%	15%	15%	15%
NPAT-MI (VNDbn)	14,798	11,606	10,345	10,784	10,431
Growth (%)	71%	-22%	-10.9%	4.2%	-3.3%
EPS (bonus-adjusted, VND)	6,271	4,919	4,384	4,570	4,420
Growth (%)	71%	-22%	-11%	4%	-3%
ROE	27%	19%	16%	17%	16%
ROIC	18%	12%	11%	11%	10%
Net debt/EBITDA (times)	-1.4	-2.1	-1.9	-1.7	-1.7
PER (times)	10.0	15.3	17.2	16.5	17.0
EV/EBITDA (times)	6.1	7.8	8.4	7.9	8.2
PBR (times)	2.4	2.6	2.8	2.6	2.5
DPS (VND)	3,000	3,000	6,000	3,000	3,000
Dividend yield (%)	4%	4%	8%	4%	4%

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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

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