



PLX Flash Note – BUY

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Flash Note

Recommendation

BUY

HSX: PLX

Petroleum distribution

Target price (VND) **45,700**

Market price (VND) **37,700**

Expected share price return 21.2%

Expected dividend yield 2.6%

Expected total return **23.8%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	14.7	-10.4	-21.6	17.5
Relative	5.0	-5.6	-21.8	6.8

Source: Bloomberg



Ownership

State	77.3%
ENEOS	13.3%

Stock Statistics 18-Nov-24

Bloomberg code	PLX VN
52-week range (VND)	33,000 - 51,700
Shares O/S (m)	1,271
Mkt cap (VND bn)	48,346
Mkt cap (USD m)	1,932
Foreign room left (%)	2.4
Est. free float (m)	4.2
3m avg daily vol (shrs)	1,256,303
VND/USD	25,030
Index: VNIndex / HNX	1219.50/221.79

VIETNAM NATIONAL PETROLEUM GROUP (PLX VN)

PLX announced Q3/2024 NPAT dropping by 82% YoY and 90% QoQ, lower than our expectations. We revised down our 2024 NPAT forecast for PLX by 11% to VND3,712bn (+21.7% YoY). However, recovering fuel prices and amendment of Decree 80/2023 support the company's outlook in Q4/2024 and 2025. Our target price for PLX by the end of 2025 is VND45,700/shr (-3.7% from our previous forecast), equivalent to a total return of 23.8%. Recommend **BUY**.

PLX recorded Q3/2024 revenue of VND64,324bn (-11.2% YoY) and NPAT of VND131bn (-82% YoY). This decline in revenue and profit was because:

- Domestic sales volume decreased by 1.3% YoY, to 2.54 million tons.
- The estimated average selling price of petroleum products fell by approximately 8% YoY.
- Financial revenue declined by 58.3% YoY to VND495bn primarily due to a gain from divestment of PG Bank in the same period last year.

Q3/2024 NPAT fell sharply by 90% QoQ, mainly due to a drop in gross profit margin to 5.3% from 6.2% in Q2/2024. This was driven by a decrease in Brent oil price from USD85.31/barrel on average in July 2024 to USD74.33/barrel in Sept 2024 which caused the previous inventories to have high input costs.

The adjustment of Regulated costs helps the company prevent a loss. The Regulated costs applied in the petrol price formula were revised upward from July 4, with RON95 increasing by 5.6% and diesel by 13.6% compared to the previous adjustment in July 2023.

In 9M2024, PLX recorded revenue of VND212,990bn (+3.6% YoY) and NPAT of VND2,551bn (+11.5% YoY), completing 110.3% of its annual target and 58% of our previous forecast. This growth mainly comes from two increases in the Regulated costs in the petrol price formula (in July 2023 and July 2024). PLX's NPAT growth would have been significantly higher if excluding the extraordinary profit of VND645bn from divestment in PG Bank in the same period last year.

The positive development of petroleum selling prices in Oct 2024, compared to two months ago, is expected to support the company's outlook in the near term. Additionally, the draft amendment to Decree 80/2023 also contains favorable provisions for key petroleum enterprises such as PLX. However, there remains a risk of falling oil prices, as OPEC may increase production starting in Dec 2024.

Conclusion: We revised down our 2024 NPAT forecast for PLX by 11% to VND3,712bn (+21.7% YoY). For 2025, we forecast NPAT may reach VND4,096bn (+10.3% YoY).

	2022	2023	2024F	2025F	2026F
Net Sales (VNDbn)	304,064	274,253	294,863	289,782	293,282
Growth (%)	80%	-10%	8%	-2%	1%
EBITDA (VNDbn)	2,433	4,355	5,403	5,927	6,147
EBITDA margin (%)	1%	2%	2%	2%	2%
Net Profit (VNDbn)	1,450	2,812	3,415	3,768	3,960
Growth (%)	-49%	94%	21%	10%	5%
EPS (bonus-adjusted, VND)	913	1,771	2,150	2,373	2,493
Growth (%)	-54%	94%	21%	10%	5%
ROE	7%	11%	12%	13%	13%
ROIC	2%	4%	4%	4%	4%
Net debt/EBITDA (times)	-1.8	-2.3	-2.2	-2.4	-2.8
PER (times)	46.3	23.9	19.7	17.8	17.0
EV/EBITDA (times)	20.8	11.6	9.4	8.5	8.2
PBR (times)	1.9	1.8	1.7	1.6	1.5
DPS (VND)	1,200	700	1,500	1,000	1,000
Dividend yield (%)	3%	1%	4%	2%	2%

PLX business results	Q3/2024	Q3/2023	YoY	9T2024	9T2023	YoY
Domestic selling volume (thousand m ³)	2,541	2,574	-1.3%	7,840	7,847	-0.1%
Revenue (billion VND)	64,324	72,414	-11.2%	212,990	205,596	3.6%
Gross profit margin (%)	5.3%	5.2%		6.0%	5.5%	
SG&A	3,587	3,325	7.9%	10,392	9,517	9.2%
NPAT (billion VND)	130	729	-82.0%	2,551	2,287	12.0%

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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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