

Vietnam National Petroleum Group (HOSE: PLX)

- In 2Q24, PLX's net profit (NP) increased by 47.5% yoy despite flat volume yoy, thanks to improved gross profit margin. For 1H24, PLX recorded NP growth of 58.6% yoy, better than our expectation and fulfilling 68.9% of our FY24F forecast.
- We forecast PLX's FY24-25F NP to grow by 39.2%/15.4% yoy, respectively, thanks to benefits from adjustments in the standard business cost parameters in the base price formula and changes in the regulatory framework for petroleum business.
- We downgrade our recommendation to HOLD with a target price of VND53,500 per share as we believe PLX's recent surge in price may have almost fully reflected the bright outlook of the company.

2Q24 earnings continues to show positive growth

In Q2/24, PLX's estimated sales volume remained flat yoy, but revenue increased by 12.3% yoy as average Brent oil price rose by 9.4% yoy. PLX's gross profit margin in 2Q24 increased by 0.3% pts yoy, supported by a lower proportion of imported volume and stabilizing actual costs. 2Q24 net profit also increased by 47.5% yoy and 11.8% qoq. For 1H24, PLX's gross profit margin was up by 0.6% pts yoy, and net profit saw a strong growth of 58.6% yoy, achieving the company's annual target for FY24F. 1H24 net profit was better than expected and represents 68.9% of our previous FY24F forecast.

Net profit in FY24-25F is expected to grow by 39.2% and 15.4% yoy, respectively

We expect the pressure from inventory markdowns to be minimal, but ongoing fluctuations may cause PLX's gross margin to be negatively impacted by the adjustment periods. Despite this, we anticipate that PLX could benefit from adjustments in the benchmark business cost in the base price formula for petroleum starting July 2024, given its large market share and strong cost control capabilities. We expect this to be more fully reflected in PLX's profits starting in FY25F. Accordingly, we forecast PLX's gross profit margins for FY24-25F to reach 6.1%/6.5%, respectively, with net profit growth of 39.2%/15.4% yoy. We also expect the third draft of the Decree on Petroleum Business to provide a more favorable regulatory framework for wholesale and distributing petroleum traders with strong cost control capabilities, such as PLX.

Downgrade to HOLD with target price of VND53,500/share

The new target price based on equal weighting of FCFE and P/E methods, is 22.1% higher than the previous one as: (1) We roll forward our valuation base from the end of 2024 to mid-2025, and (2) We increase FY24-25F EPS by 19.5%/39.2%, respectively, compared to previous projections, due to anticipated improvements in gross profit margins from positive legal supports. However, as PLX price has surged 48% ytd and 36% since our previous report in May 2024, we believe that PLX current price have almost reflected bright outlook in one year ahead, since then we downgrade our recommendation to HOLD as we believe current upside is limited.

Financial indicators	2023	2024F	2025F	2026F
Net revenue	273,979	292,898	287,249	283,502
Net profit after tax & minority interest	2,834	3,944	4,552	4,446
Net revenue growth	-9.9%	6.9%	-1.9%	-1.3%
NPATMI growth	95.5%	39.2%	15.4%	-2.3%
Gross profit margin	5.6%	6.1%	6.5%	6.4%
EBITDA margin	1.6%	2.0%	2.6%	2.4%
ROAE	11.2%	14.6%	15.6%	14.3%
ROAA	3.7%	4.9%	5.5%	5.3%
EPS (VND/share)	2,190	3,048	3,518	3,437
BVPS (VND/share)	20,048	21,742	23,272	24,735

Source: PLX, MBS Research's projection

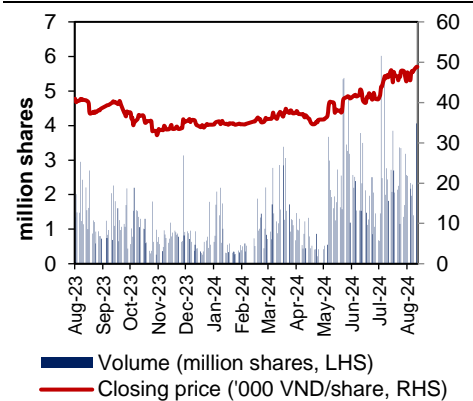
HOLD
Target price
VND 53,500

Upside (including dividend yield)

11.7%

Major changes:

Increase the EPS forecast for 2024 and 2025 by 19.5% and 39.2%, respectively, compared to the previous forecast.

Stock information


Source: FiinPro, MBS Research

Market price (VND)	49,200
High 52w (VND)	49,200
Low 52w (VND)	30,700
Market cap (VND bn)	62,513
P/E (TTM)	17.0
P/B	2.2
Dividend yield (%)	2.0%
Foreign ownership ratio (%)	18.2%

Source: <https://s24.mbs.com.vn/>

Ownership structure

Commission for the Management of State Capital at Enterprises (CMSC)	75.9%
ENEOS Vietnam	13.1%
JX Nippon Oil & Energy Corporation	8.0%
Others	3.05%

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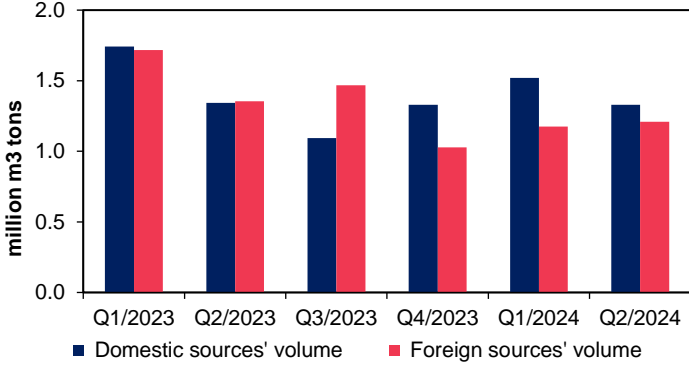
Net profit in 1H24 exceeded expectations and surpassed the full-year plan

Figure 1: Q2/2024 and 1H24 business results (Units: VND bn)

	Q2/2024	yoy (%)	qoq (%)	1H24	yoy (%)	% previous FY24F forecast	Comments
Estimated sales volume (million m3 ton)	2.65	0.0%	0.9%	5.27	1.0%		
Average Brent crude oil price (USD/bbl)	85.0	9.4%	4.0%	83.4	4.3%		Global crude oil prices in 2Q24 increased qoq due to escalating geopolitical tensions. However, since the end of July, there have been signs of a decline in oil price due to rising concerns about the economy.
Average domestic RON95-III sale price (VND/litre)	23,598	5.2%	0.7%	23,520	3.7%		
Revenue	73,837	12.3%	-1.7%	148,943	11.8%	51.0%	
Gross profit	4,621	17.6%	-1.0%	9,291	24.0%	55.7%	
Gross profit margin	6.3%	0.3% pts	0% pts	6.2%	0.6% pts	0.5% pts	Gross margin remained equivalent to the last quarter and higher yoy, which could be attributed to: (1) The maintenance of Dung Quat Refinery has been planned and ensured a reasonable offset of production without the need for a significant increase in import volumes; and (2) Global oil prices did not experience excessive fluctuations or have a significantly negative impact on the profitability of distribution companies after the price adjustment lag.
SG&A expenses	3,462	9.0%	0.8%	6,898	11.4%	50.8%	
% SG&A expenses/Revenue	4.7%	-0.1% pts	0.1% pts	4.6%	0% pts	0% pts	
Net financial profit	57	-26.1%	-24.4%	132	-36.7%	20.9%	
Profit from associates & JVs	166	-14.3%	49.6%	277	-19.5%	48.4%	No longer recognize contributions from PGBank.
Profit before tax	1,503	41.3%	4.3%	2,944	54.8%	64.1%	Higher than expected primarily due to better-than-expected gross profit margins. PLX's profit for the first half of 2024 has also achieved the company's full-year target.
Profit after tax	1,275	42.9%	12.5%	2,407	54.5%	67.2%	
Net profit after tax and minority interest (NPATMI)	1,199	47.5%	11.8%	2,272	58.6%	68.9%	

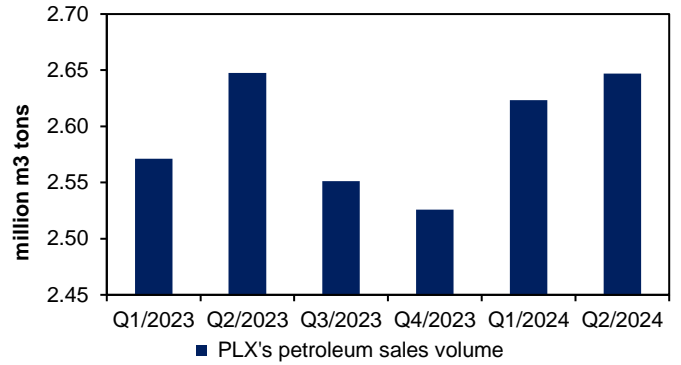
Source: PLX, MBS Research

Figure 2: In 2Q24, the proportion of imported petroleum products in PLX's total import volume increased qoq due to the maintenance of Dung Quat Refinery, but was still lower yoy



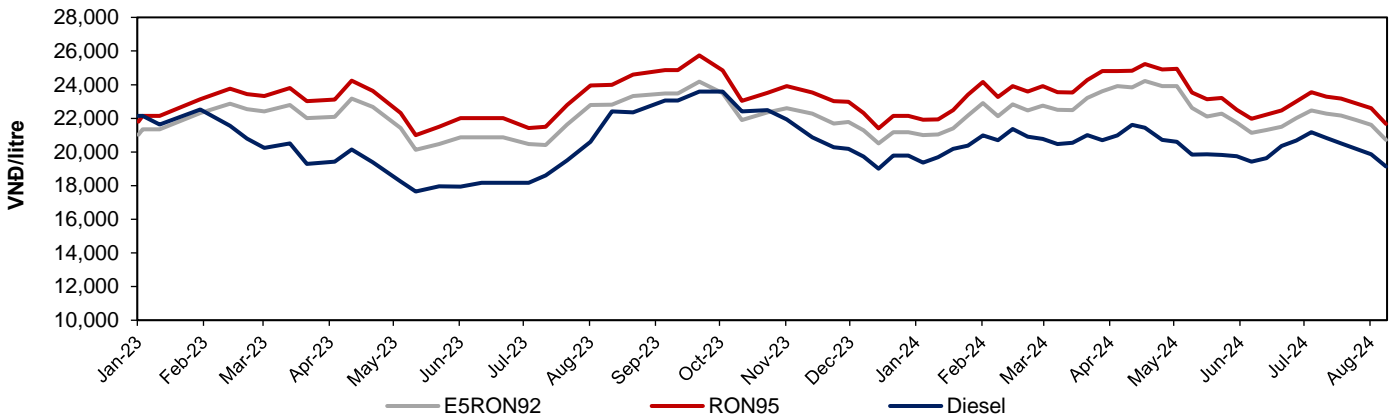
Source: PLX, MBS Research

Figure 3: PLX's petroleum products sales volume in 2Q24 increased slightly qoq and was equivalent to the same period last year



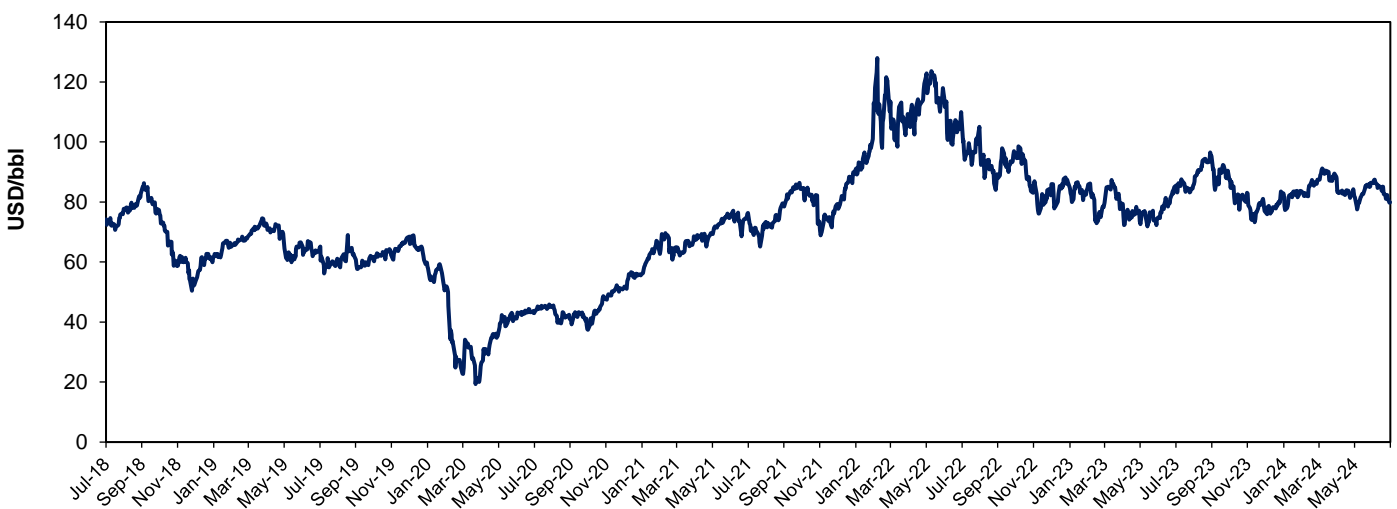
Source: PLX, MBS Research

Figure 4: In 1H24, retail prices for petroleum products in domestic Region 1 experienced smaller fluctuations compared to the previous year and showed a slight downward trend from mid-July, which is in line with global crude oil price movements.



Source: Ministry of Industry and Trade, MBS Research

Figure 5: Brent crude oil price in 1H24 did not experience significant fluctuations compared to the last 2 years



Source: Bloomberg, MBS Research

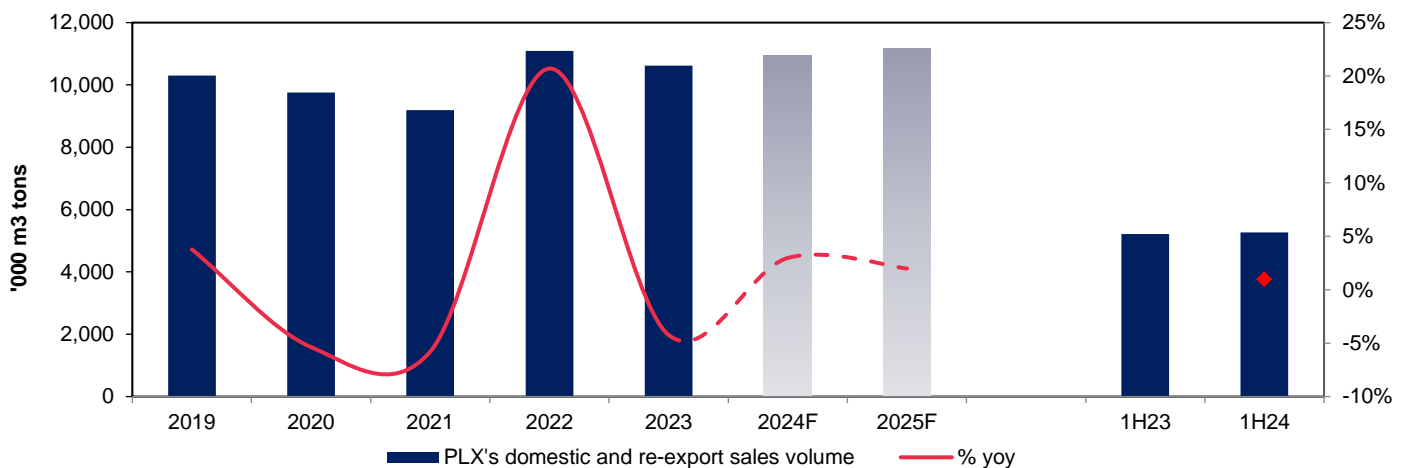
Fy24-25F outlook remains positive but stock price has approached a reasonable level

Sales volume is expected to continue experiencing moderate growth

As mentioned in the previous report, we believe that the revocation of licenses for some wholesale traders will be a positive sign for PLX. This is because the company has the potential to capture market share due to its leading position in the industry and its relatively good control over the activities of distribution traders. In addition to the entities that had their licenses revoked earlier, such as Hải Hà Petro and Xuyên Việt Oil, the Ministry of Industry and Trade (MOIT)) has also directed penalties for 3 wholesale traders and inspected 20 distribution traders showing signs of violations during the first 7 months of 2024.

Although we maintain a positive outlook on PLX's domestic fuel market share, we have greater concerns about the overall demand for domestic fuel in 2025. This is due to the fact that domestic industrial production has not yet recovered as quickly as anticipated. We revise our growth forecasts for PLX's domestic fuel production in 2024-2025 down to 3.0% and 2.0% respectively (previous forecast: 3.2% and 2.5%). Accordingly, PLX's domestic fuel volume is expected to reach 10.94 million m3 tons in 2024 and 11.15 million m3 tons in 2025 (In 1H24, PLX's fuel sales volume is estimated at 5.27 million m3 tons, which aligns reasonably with our 2024 projection). Additionally, we have lowered our forecast for PLX's fuel export growth to 0.0% (down from the previous 3.5%) due to expectations that key export markets will not increase their fuel import demand while the global economy remains relatively sluggish. This leads to a revised forecast for PLX's total volume growth for the 2024-2025 period of 3.3% and 1.8% yoy (down from the previous forecasts of 4.1% and 2.6% yoy).

Figure 6: Projection for PLX's domestic fuel production and re-exports for the 2024-2025 period



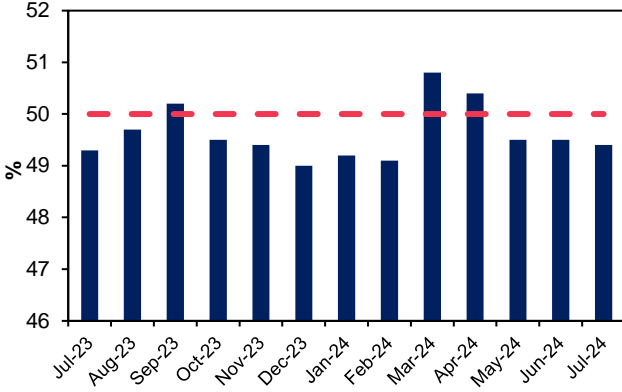
Source: PLX, MBS Research's projection

The pressure of provisions for inventory write-downs is not too significant

The trend of global oil prices in the second half of 2024 is unclear due to conflicting signals. On the supply side, OPEC+ has decided to maintain production cuts at least until the end of 24Q3 with gradual easing starting from 24Q4, and geopolitical conflicts are raising concerns about global crude oil supply cuts. However, China's crude oil demand recovery is not as strong as expected, production from non-OPEC countries is increasing more than

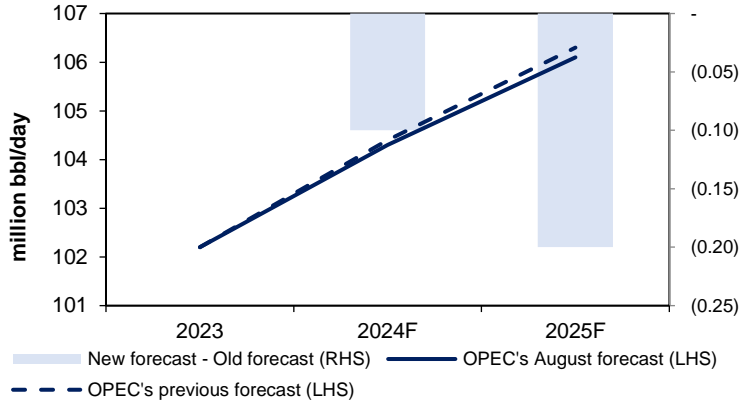
anticipated, and the high-interest-rate environment in many countries worldwide could exert downward pressure on crude oil prices. We believe that weak demand factors may overshadow supply issues, leading to a downward revision of our oil price forecasts for 2024-2025 to 83 USD/bbl and 78 USD/bbl, respectively (previous forecasts: 85 USD/bbl and 80 USD/bbl).

Figure 7: China's seasonally adjusted PMI has remained below 50 for the past three months.



Source: National Bureau of Statistics of China, MBS Research

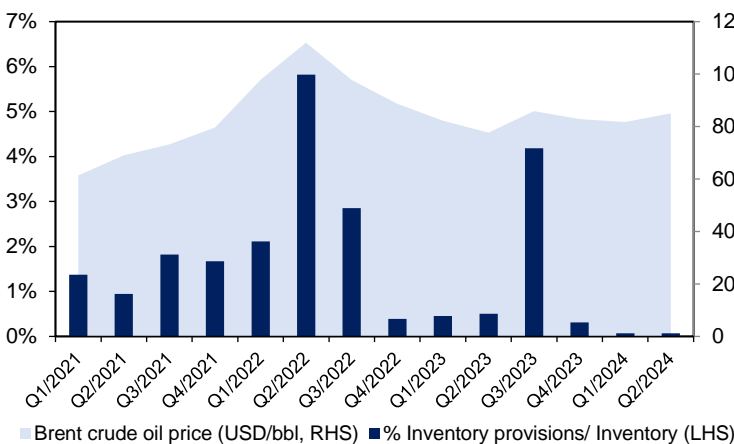
Figure 8: OPEC+'s forecast for global crude oil demand



Source: OPEC (August 2024), MBS Research

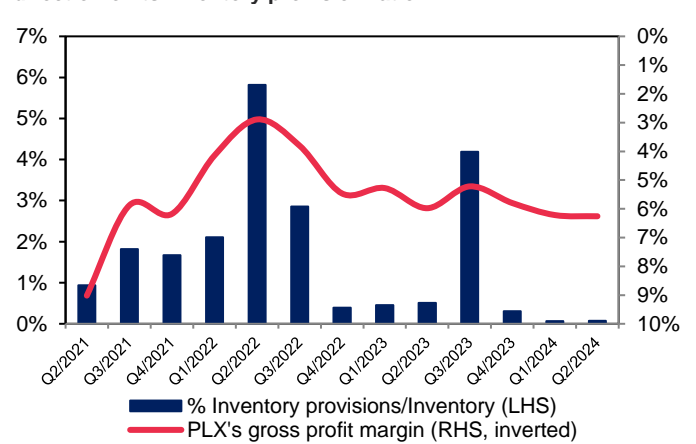
In the first 2 quarters of 2024, PLX maintained a minimal inventory provision ratio, which remained almost unchanged compared to 23Q4, and its gross profit margin also remained relatively stable. In 23Q4, when the value of inventory provision significantly decreased to over VND 45 bn (from VND 856 bn in 23Q3), PLX's gross profit margin increased by 0.6% pts qoq, reaching 5.8%. We believe this increase was partly supported by PLX's reversal of inventory provisions. Crude oil prices are expected not to experience sharp decline in the 2nd half of 2024, which should not exert substantial pressure on PLX's inventory provisions; and consequently, the gross profit margin is expected to remain relatively unaffected by this factor.

Figure 9: Crude oil price trends and PLX's inventory write-down provisions



Source: PLX, MBS Research

Figure 10: PLX's gross profit margin tends to move in the opposite direction of its inventory provision ratio



Source: PLX, MBS Research

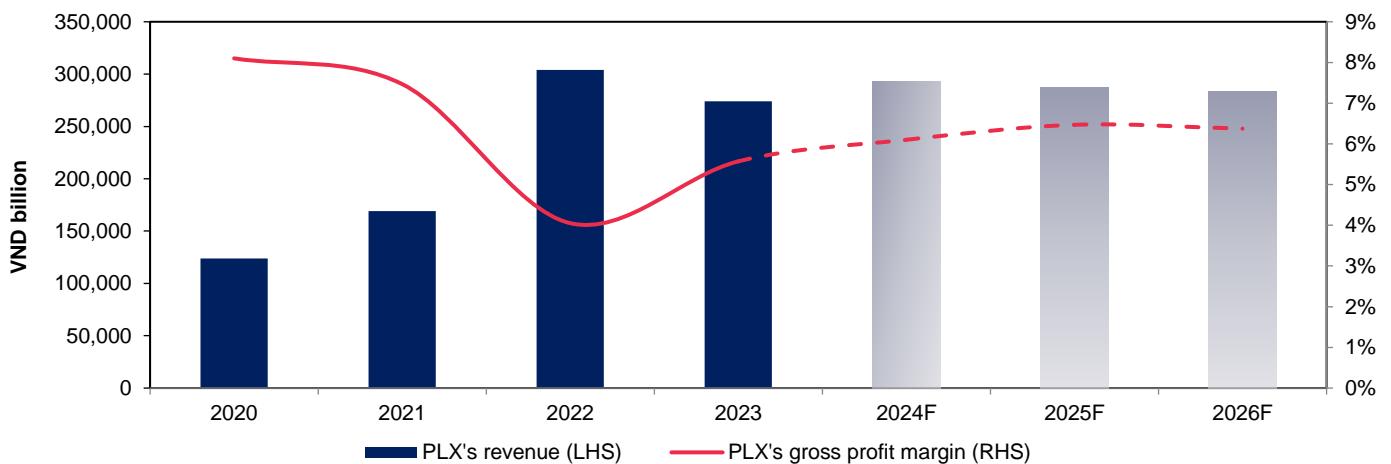
Positive support from legal framework, along with effective cost control, is expected to help improve the gross profit margin starting from 2025

On July 4, 2024, MOIT issued a document regarding the management of gasoline and oil business to wholesale and distribution traders, based on Document No. 6808/BTC-QLG (which announced several benchmark items in

the base price of gasoline and oil), rather than Document No. 6800/BTC-QLG previously. The new document increased the benchmark business costs in the base price formula for gasoline and oil, which could benefit companies with effective actual cost control. We observed that the actual transportation costs for refined oil products in 1H24 did not increase significantly compared to the same period last year. Therefore, we believe that if PLX continues to maintain its input cost control, the company will benefit from the increased benchmark costs in this base price formula.

Based on the expectation that PLX’s actual costs will remain relatively stable in the second half of 2024 and throughout 2025, while benchmark costs in the pricing formula increase, we raise our gross profit margin forecasts for the company to 6.1% and 6.5% for 2024 and 2025, respectively (up from the previous forecasts of 5.7% and 5.7%). This increase in benchmark business costs will only be applicable starting from mid-2024, so we expect the 2025 gross profit margin to more fully reflect the benefits to the company. We also anticipate that in the 2nd half of 2024, while there won’t be a drastic decrease, oil price will be more fluctuating than in the 1st half due to geopolitical conflicts and key interest rate decisions. This may lead to a slight impact on PLX from the 7-day price adjustment lag. Therefore, despite the support from increased benchmark business costs, we cautiously forecast PLX’s gross profit margin in 2H24 at 6.0%, slightly lower than the 1H24’s gross profit margin of 6.2%.

Figure 11: Our projection for PLX’s revenue and gross profit margin in 2024-2026



Source: PLX, MBS Research's projection

In addition, the 3rd draft of the Decrees on Petroleum Business (recently finalized by the MOIT and submitted for review to the Ministry of Justice at the end of June) is expected to create better conditions for wholesale oil traders like PLX in setting selling prices. Notable changes in the draft include: (1) modifications to the maximum oil and gas selling price formula and (2) adjustments to the benchmark business cost calculation method (based on the Consumer Price Index (CPI), reviewed every three years or in cases of unusual fluctuations). We believe that if this draft is approved, it will more accurately reflect the actual business costs of oil and gas companies, thereby supporting more stable profit margins for these businesses even amid fluctuations in oil prices or related transportation, handling, and loss costs. A detailed assessment report of this draft was provided in [July 2024](#).

FY24-25F earnings revision

Figure 12: Our revision for PLX's FY24-25F business results (Units: VND bn)

	2023	2024F	yoy (%)	% previous forecast	2025F	yoy (%)	% previous forecast	Comments
Total sales volume (million m3 ton)	14.40	14.87	3.3%	-0.8%	15.13	1.8%	-1.6%	We have lowered our forecast for total sales volume compared to the previous projection due to domestic industrial activities not recovering as quickly as expected. Additionally, we have reduced our forecast for export production growth.
Revenue	273,979	292,898	6.9%	0.2%	287,249	-1.9%	-3.6%	The impact of lowering the volume forecast and reducing the average crude oil price forecast for 2024-2025 to 83 USD/bbl and 78 USD/bbl (previous forecast: 85 USD/bbl and 80 USD/bbl)
Gross profit	15,264	17,870	17.1%	7.0%	18,582	4.0%	10.5%	
Gross profit margin	5.6%	6.1%	0.5% pts	0.4% pts	6.5%	0.4% pts	0.8% pts	Increasing the gross profit margin compared to previous forecasts as benchmark costs used in the base price formula for gasoline have risen, while expecting PLX to effectively control actual costs and potentially benefit from this change. The gross margin in 2H24 may be lower than in 1H24, as oil price fluctuations could become more frequent (although not drastic). This could lead to PLX being affected by the lag in the base gasoline price adjustment periods.
SG&A expenses	3,089	13,610	4.0%	0.2%	13,290	-2.4%	-4.0%	
% SG&A expenses/ Sales	4.8%	4.6%	-0.1% pts	0% pts	4.6%	0% pts	0% pts	
Net financial profit	1,019	311	-69.5%	-50.7%	115	-63.1%	-81.8%	In 2024, PLX will not record financial revenue from the liquidation of investments as in 2023, leading to a significant decrease in financial revenue yoy. The forecasted net financial profit has been reduced compared to previous forecasts due to adjustments in exchange rate differences.
Profit from associates & JVs	624	556	-10.8%	-2.6%	549	-1.2%	-4.5%	No more contribution from PGBank.
Profit before tax	3,947	5,353	35.6%	16.6%	6,178	15.4%	35.8%	
Tax	870	1,071	23.0%	6.0%	1,236	15.4%	23.4%	
Profit after tax	3,077	4,282	39.2%	19.5%	4,943	15.4%	39.2%	
Net profit after tax & minority interest	2,834	3,944	39.2%	19.5%	4,552	15.4%	39.2%	The adjustment to net profit has been increased compared to previous forecasts, primarily due to the anticipated positive impact from gross profit being better than expected.
EPS (VND/share)	2,190	3,048	39.2%	19.5%	3,518	15.4%	39.2%	

Source: MBS Research's projection

Investment thesis & Recommendation

Investment thesis

- PLX's sales volume is expected to remain stable at a high level, supported by increased market share from wholesale traders whose licenses have been revoked, despite the fact that overall domestic fuel consumption may not increase significantly if the economic recovery is slower than anticipated. We forecast that PLX's fuel sales volume will grow by 3.3% and 1.8% yoy for the 2024-2025 period, respectively.
- The gross profit margin may improve starting in 2025 as benchmark business costs in the base gasoline price formula increase from July 2024. We expect PLX's gross profit margin for the 2024-2025 period to reach 6.1% (+0.5% yoy) and 6.5% (+0.4% yoy), respectively.
- Legal framework changes are expected to allow oil and gas wholesale traders like PLX to have greater control over setting selling prices, thereby supporting to maintain a better profit margin even in the event of significant fluctuations in actual business costs.

Valuation & Recommendation

We use two methods, FCFE and P/E, to determine the rounded fair value of PLX stock at one year from the recommendation date, which is 53,500 VND/share (implying an 8.7% upside potential compared to the closing price on August 14, 2024). We also expect the dividend yield to increase to 3.0% (from 2.0% previously) due to PLX's growing net cash, bringing the total potential return to 11.7%. This new target price is 22.1% higher than the previous one, primarily due to: (1) We roll forward the valuation base to mid-2025 instead of ending 2024, and (2) We increase our EPS forecasts for 2024-2025 by 19.5% and 39.2%, respectively, due to expectations of improved gross profit margins supported by positive legal developments.

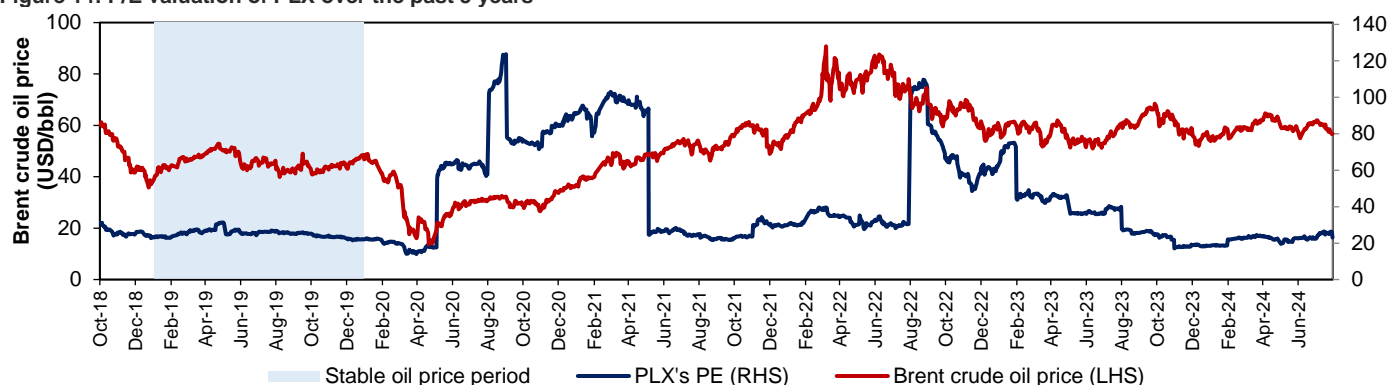
We continue to use the target P/E ratio of 17.0x, consistent with previous forecasts, due to a 5% discount from the P/E ratio observed in the 2019 period (when oil prices were relatively stable). Despite lowering our crude oil price forecasts for 2024-2025 to 83 USD/bbl and 78 USD/bbl (from 85 USD/bbl and 80 USD/bbl previously), we believe this adjustment is not significant and that a more favorable legal framework could support PLX's valuation. Although PLX's business outlook remains positive for the 2024-2025 period, we consider the current stock price to be very close to its fair value and downgrade our recommendation to **HOLD**.

Figure 13: Valuation summary

Method	Weight	Price (VND/share)
Forward P/E (target P/E 2024-2025= 17x)	50%	55,800
FCFE	50%	51,100
Target price		53,500
Current price (closing price at August 14, 2024)		49,200
Upside potential		8.7%
Dividend yield		3.0%
Potential return		11.7%

Source: MBS Research

Figure 14: P/E valuation of PLX over the past 5 years



Source: FiiProX, MBS Research

Figure 15: Projected FCFF

	2024	2025	2026	2027	2028
Profit after tax	4,282	4,943	4,833	4,499	4,130
Non-cash charges	1,703	2,123	2,170	2,218	2,272
Interest expenses after tax	739	656	622	524	497
Working capital investment	(60)	(296)	(162)	54	(625)
Fixed asset investment	(1,251)	(1,298)	(1,346)	(1,359)	(1,409)
FCFF	5,413	6,128	6,117	5,936	4,864

Figure 16: FCFF valuation

(+) PV of FCFF for the period 2024-2028	tỷ đồng	21,684
(+) PV of terminal value	tỷ đồng	34,169
(+) Cash & equivalents	tỷ đồng	32,383
(-) Debt	tỷ đồng	18,724
(-) Minority interest	tỷ đồng	3,358
Enterprise value	tỷ đồng	66,155
Number of shares outstanding	triệu cp	1,294
Share price	VNĐ/cp	51,100

Cost of equity

Risk-free rate	3.0%
Beta	1.0
Equity risk premium	9.0%
Cost of equity	11.9%

WACC and long-term growth rate

Cost of debt	4.5%
Tax rate	20.0%
WACC	10.0%
Long term growth	1.0%

Upside risk:

- Oil prices remain stable at higher-than-expected levels, leading to lower-than-expected provisions and higher-than-expected gross profit margins.
- Production growth is stronger than expected.

Downside risk:

- Actual cost control is not as effective as expected, resulting in limited benefits from adjustments in benchmark business costs and lower-than-expected gross profit per liter.
- Production is significantly lower than expected.

Figure 17: Peer comparison

Company	Country	Ticker	Market cap USD mn	P/E (x)		P/B (x)		ROA%		ROE (%)	
				2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
S-Oil Corp	Korea	010950 KS Equity	5,502	10.5	7.0	0.8	0.8	3.3	4.6	8.4	12.5
Eneos Holdings Inc	Japan	5020 JP Equity	14,944	8.2	7.1	0.6	0.6	3.2	3.3	7.9	8.4
Thai Oil PCL	Thailand	TOP TB Equity	3,238	7.1	5.6	0.7	0.6	4.0	5.1	9.1	11.0
Trung binh				8.6	6.5	0.7	0.6	3.5	4.3	8.5	10.6
Petrolimex	Vietnam	PLX VN Equity	2,578	16.1	14.0	2.3	2.1	4.9%	5.5%	14.6%	15.6%

Source: Bloomberg, MBS Research

Figure 18: Some points related to the adjustment of gasoline and oil prices outlined in the 3rd draft of the Decree on Petroleum Business

STT	Article	Current regulation	The 2 nd Draft of the Decree	The 3 rd Draft of the Decree	Comments
1	Article 33: Principles for adjusting the Selling Price of Gasoline and Oil	The base price is determined based on a comprehensive set of factors including domestic and imported fuel sources. It serves as the basis for government agencies to set regulatory prices and for determining retail fuel prices within the country (with the exception of fuel oil, which is based on wholesale prices).	Wholesale fuel traders and distribution traders have the authority to set wholesale prices. Based on the actual conditions within their businesses, these traders determine the retail prices of gasoline and oil (except for fuel oil, which is sold at wholesale prices) within their distribution networks, ensuring that the prices reflect the actual costs incurred and do not exceed the maximum allowable retail prices as regulated.	Wholesale and retail prices of gasoline and oil, both within and outside the distribution system, set by wholesale fuel traders and distribution traders , must not exceed the prices determined by the formula specified in Article 34 of this Decree. (...) The purchase and sale prices of aviation fuel are negotiated between traders and their partners according to market mechanisms. These transactions are not subject to the provisions in Sections 1, 2, 3, and 4 of this Article, nor to Articles 34 and 35 of this Decree.	(1) Assist traders in having more control over retail fuel pricing and make it easier to adjust prices in response to actual cost changes. (2) The term "base price" is no longer mentioned. Traders are allowed to sell gasoline and oil at prices lower than the maximum selling price determined by the specified formula. (3) Reduce the time, process, and frequency for calculating and publishing traders' costs. (4) A separate mechanism for aviation fuel pricing — entirely dependent on supply and demand and negotiations between parties.
2	Article 34: Formula for the Selling Price of Gasoline and Oil	<p>Base price = Import source price * Import source proportion + Domestic source price * Domestic source proportion.</p> <p><i>In which:</i></p> <p><i>Price from import sources = World price + Transportation costs (from foreign port to Vietnamese port ± premium) + Benchmark business costs + Price stabilization fund + Standard profit margin + Other taxes and fees;</i></p> <p><i>Price from domestic sources = World price ± premium + Transportation costs (from refinery to port) + Benchmark business costs + Price stabilization fund + Standard profit margin + Other taxes and fees</i></p>	<p>Maximum selling price of gasoline and oil = World oil price * Exchange rate + Import duty + Special consumption tax + Environmental protection tax + Value-added tax + Benchmark business costs + Standard profit margin of the company</p>	<p>Maximum selling price of gasoline and oil = Cost of sourcing + Benchmark business costs + Standard profit margin + Value-added tax</p> <p>Where: Cost of sourcing = (World gasoline and oil product price ± premium) * Exchange rate + Transportation, insurance, loss, and handling costs + Tax costs (import duty, special consumption tax, environmental protection tax).</p>	<p>(1) The distinction between the price from import sources and the price from domestic sources is no longer made;</p> <p>(2) The price stabilization fund is no longer included in the formula for the maximum selling price of gasoline and oil.</p> <p>(3) Draft 3 reintroduces the premium into the price calculation formula, whereas Draft 2 effectively excluded it. Draft 3 aligns more closely with actual prices, as the premium is consistently positive and relatively high.</p>
3	Section 2: Benchmark Business Costs; Article 34: Formula for the Selling Price of Gasoline and Oil**	Benchmark business costs for gasoline and oil are determined based on the actual expense reports of wholesale fuel traders.	<p>Benchmark business costs and standard profit margins for the company are calculated according to the following maximum levels:</p> <p>(1) Option 1: Benchmark business costs and standard profit margins are specified as absolute values, ranging from 1,800 to 2,500 VND per liter or kilogram of gasoline and oil, depending on the type.</p> <p>(2) Option 2: Benchmark business costs and standard profit margins vary as a percentage based on fluctuations in global gasoline and oil prices..</p>	<p>The annual benchmark business costs are adjusted up or down according to the average Consumer Price Index (CPI) of the previous year, as published by the General Statistics Office.</p> <p>Every three years, the Ministry of Industry and Trade, in coordination with relevant ministries and agencies, reviews and announces the benchmark business costs to be used as the basis, ensuring they align with actual conditions for traders to implement</p>	Supports domestic companies in reflecting changes in key business costs more quickly into retail prices, while avoiding excessive effort in reviewing all expense items.

Source: MBS Research

FINANCIAL STATEMENTS

Income Statement	2023	2024F	2025F	2026F	Cash Flow Statement	2023	2024F	2025F	2026F
Net revenue	273,979	292,898	287,249	283,502	Profit before tax	3,947	5,353	6,178	6,041
Cost of goods sold	(258,715)	(275,028)	(268,667)	(265,430)	Depreciation and amortization	2,185	1,708	2,129	2,176
Gross profit	15,264	17,870	18,582	18,072	Taxes paid	(433)	(1,071)	(1,236)	(1,208)
Administrative expenses	(949)	(1,015)	(995)	(982)	Other adjustments	(351)	(662)	(1,076)	(1,431)
Selling expenses	(12,140)	(12,595)	(12,294)	(12,332)	Changes in working capital	(74)	(1,505)	(1,824)	(1,572)
Profit from operation	2,175	4,260	5,293	4,758	Cash flow from operations	5,274	3,823	4,171	4,006
Net EBITDA	4,360	5,963	7,416	6,928	Investment in PPE	1,652	(1,192)	(1,256)	(1,310)
Pre-tax & interest income	2,175	4,260	5,293	4,758	Proceeds from sales of PPE	33	15	15	15
Interest income	2,743	1,882	1,509	1,687	Other items	(5,456)	406	(857)	(834)
Financial expenses	(1,723)	(1,571)	(1,394)	(1,166)	Cash flow from investment	(7,075)	(771)	(2,098)	(2,129)
Other net income	129	226	221	219	Share issuance & contributions from shareholders	-	-	-	-
Income from associates & JVs	624	556	549	545	Net cash from borrowings	5,344	(1,058)	(991)	(923)
Pre-tax profit	3,947	5,353	6,178	6,041	Other cash flow from financing activities	-	-	-	-
Corporate incomem tax	(870)	(1,071)	(1,236)	(1,208)	Dividends, profit paid to shareholders	(1,100)	(1,294)	(1,941)	(1,941)
Net profit after tax	3,077	4,282	4,943	4,833	Cash flow from financing	4,245	(2,352)	(2,932)	(2,864)
Minority interests	(243)	(339)	(391)	(387)	Beginning cash & equivalents	11,606	14,048	14,749	13,890
Net profit	2,834	3,944	4,552	4,446	Net cash flow over the year	2,443	700	(859)	(986)
Dividend payment	(1,100)	(1,294)	(1,941)	(1,941)	Ending cash & equivalents	14,048	14,749	13,890	12,904
Retained earnings	1,734	2,650	2,611	2,506					
Balance Sheet	2023	2024F	2025F	2026F	Financial ratios	2023	2024F	2025F	2026F
Cash and cash equivalents	14,048	14,749	13,890	12,904	Net revenue growth	-10%	6.9%	-1.9%	-1.3%
Short-term investments	16,496	17,635	20,107	22,680	EBITDA growth	38%	37%	24%	-7%
Accounts receivable	10,022	10,673	11,018	10,874	Operating profit growth	118%	96%	24%	-10%
Inventory	14,640	15,442	15,084	14,933	Pre-tax profit growth	74%	35.6%	15.4%	-2.2%
Other current assets	2,101	2,154	2,165	2,134	Net profit growth	95%	39.2%	15.4%	-2.3%
Total current assets	57,307	60,652	62,265	63,525	EPS growth	95%	39.2%	15.4%	-2.3%
Fixed assets	11,310	10,860	10,036	9,214					
Intangible assets	2,344	2,343	2,341	2,340	Gross profit margin	5.6%	6.1%	6.5%	6.4%
Construction in progress	920	861	819	783	EBITDA margin	1.6%	2.0%	2.6%	2.4%
Investment in subsidiaries	-	-	-	-	Net profit margin	1.0%	1.3%	1.6%	1.6%
Income from associates and joint ventures	1,387	1,442	1,497	1,552	ROAE	11.2%	14.6%	15.6%	14.3%
Other long-term investments	3,425	3,148	3,148	3,148	ROAA	3.7%	4.9%	5.5%	5.3%
Other long-term assets	2,866	3,099	3,040	3,000	ROIC	5.8%	7.9%	8.9%	8.5%
Total long-term assets	22,369	21,864	20,987	20,135					
Total assets	79,676	82,516	83,251	83,660	Asset turnover	355.5%	361.2%	346.6%	339.7%
					Dividend payout ratio	38.8%	32.8%	42.6%	43.6%
Short-term debts	19,135	18,169	17,261	16,398	Debt to equity	67.7%	59.5%	52.9%	47.5%
Account payables	22,157	22,681	22,053	21,801	Net debt to equity	19.6%	12.6%	11.5%	11.0%
Other short-term liabilities	8,368	9,290	9,620	9,383	Net debt to total assets	7.2%	4.8%	4.6%	4.7%
Total short-term liabilities	49,661	50,139	48,934	47,582	Interest coverage	2.4	4.6	6.5	6.1
Long-term debts	647	555	472	412					
Other long-term liabilities	166	333	324	256	Days of sales outstanding	13	13	14	14
Total long-term liabilities	813	887	796	668	Days of inventory	21	20	20	21
Total liabilities	50,474	51,027	49,730	48,250	Days of payables outstanding	31	30	30	30
Share capital	12,939	12,939	12,939	12,939	Liquidity ratio	1.2	1.2	1.3	1.3
Additional paid-in capital	7,359	7,359	7,359	7,359	Quick ratio	0.9	0.9	1.0	1.0
Treasury stock	(233)	(233)	(233)	(233)	Cash ratio	0.6	0.6	0.7	0.7
Retained earnings	4,195	6,253	8,181	10,020					
Reserve funds	1,854	1,891	1,929	1,967					
Effects of changes in foreign exchange rates	139	236	250	265	Valuation				
Shareholders' equity	25,940	28,131	30,111	32,004	EPS (VND/share)	2,190	3,048	3,518	3,437
Minority interests	3,263	3,358	3,410	3,406	BVPS (VND/share)	20,048	21,742	23,272	24,735
Total shareholders' equity	29,202	31,489	33,521	35,410	P/E (x)	22.5	16.1	14.0	14.3
Total shareholders' equity	79,676	82,516	83,251	83,660	P/B (lần)	2.5	2.3	2.1	2.0

Source: PLX, MBS Research's projection

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ADD	The stock can generate a profitability of 15% or more
HOLD	The stock can generate a profitability of between -15% and 15%
REDUCE	The stock can generate a loss of 15% or more

Sector rating

POSITIVE	Industry stocks have Add recommendations on a weighted market capitalization basis
HOLD	Industry stocks have Hold recommendations on a weighted market capitalization basis
NEGATIVE	Industry stocks have Reduce recommendations on a weighted market capitalization basis

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