

PetroVietnam Transportation Corporation (HSX: PVT)

Wind in the sails

- In 3Q24, PVT has liquidated an oil/chemical tanker with expected profit of VND 150 bn. The company has also received an LPG carrier and a bulk carrier, which bring the number of vessels in PVT's fleet to 54.
- We expect net profit of PVT to increase 14.3% yoy and 4.9% yoy in 2024-25F, respectively, thanks to the better assumption of fleet expansion speed.
- Reiterate **ADD** rating with target price of 33,400 VND/share.

1H24 recap and 3Q24 preliminary update

PVT's net profit in 2Q24 increased by 24.8% qoq but declines 6.7% yoy due to the other expenses of Nord Hakata and Pacific Hope's accounting policy changes. In 1H24, PVT's net profit grew by 5.7% yoy, and relatively in line with our previous forecast. In 3Q24, PVT has liquidated 1 chemical tanker (PVT Synergy) with estimated other income of VND 150 bn. For fleet expansion, PVT also received 1 LPG carrier (Hai Phong Gas) and 1 bulk carrier (PVT Topaz) in 3Q24, which helps the company's vessel fleet reached 54 vessels at the end of 3Q24. Relatively firm time charter rates with re-contribution from bulk carrier segment (vessels were on docking in 2023), along with one-off profit from vessel liquidation, are believed to support PVT's earning growth in 3Q24.

Better vessel expansion speed will be the key growth driver, as time charter rates may show a weaker trend in 2025-26F

In the context of more balanced demand-supply tanker market, we expect time charter rates to remain stable (crude tanker, bulk carrier) or slightly decrease (product tanker, LPG carrier) in all transportation segment. The earnings growth driver for PVT in the coming years mainly comes from fleet expansion, as the company has a solid financial position and flexible expansion plan. As crude tanker prices keep reaching a new high level, the company has changed their plan to expansion of oil/chemical tanker and bulk carrier. We expect net profit of PVT to increase 14.3%/4.9%/4.3% in FY24-26F thanks to this reason. It is noted that the other profit from vessel liquidation may support PVT's earning growth in 2024.

Reiterate **ADD** rating with a higher target price of 33,400 VND/share

Our target price (TP) for PVT is VND 33,400, implying a 18.4% upside from the closing price on October 17, 2024. New TP is 10.9% higher than previous one as we roll forward our valuation to mid-2025 and raise our FY24-25F EPS forecast by 1.7%/9.4%, respectively, thanks to better assumption of fleet expansion coupled with relatively stable time charter rates. The stock is trading at trailing EV/EBITDA of 4.85x, which are lower than historical 3-year average (5.25x) and 5-year average (5.00x), and may imply a favorable timing to invest in the stock.

Financial indicators	2023	2024F	2025F	2026F
Net revenue	9,566	10,850	11,499	12,032
Net profit after tax & minority interest	972	1,111	1,166	1,215
Net revenue growth	5.6%	13.5%	6.0%	4.6%
NPATMI growth	13.4%	14.3%	4.9%	4.3%
Gross profit margin	19.2%	22.1%	21.8%	21.1%
EBITDA margin	29.0%	33.4%	33.4%	33.5%
ROAE	15.2%	15.0%	13.6%	12.5%
ROAA	6.1%	6.0%	5.8%	5.6%
EPS (VND/share)	3,005	3,433	3,601	3,755
BVPS (VND/share)	21,044	24,656	28,180	31,898

Source: PVT, MBS Research's projection

ADD

Target price

VND 33,400

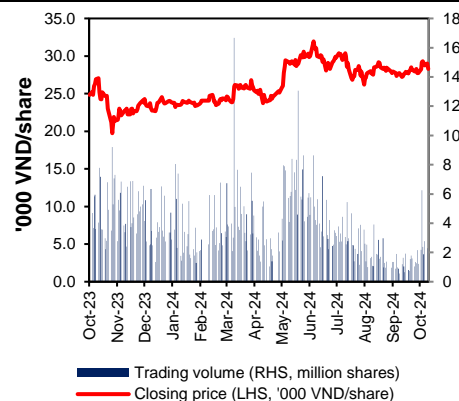
Upside

18.4%

Major changes:

Adjust the EPS forecast for 2024 and 2025 by 1.7% and 9.4%, respectively, compared to the previous forecast.

Stock information



Source: FiinPro, MBS Research

Market price (VND)	28,300
High 52w (VND)	31,953
Low 52w (VND)	19,758
Market cap (VND bn)	10,075
P/E (TTM)	9.3
P/B	1.1
Dividend yield (%)	1.1%
Foreign ownership ratio (%)	13.3%

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

Ownership structure

PetroVietnam	51.0%
Others	49.0%

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

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PetroVietnam Transportation Corporation (PVT)

Investment thesis & Recommendation

Investment thesis

- Increasing long-haul Atlantic-Asia trade and global oil demand may support the crude tanker time charter rate to remain stable at a firm level in the 2024-2025 period. This may help PVT's gross profit margin for crude tanker segment in 24F-26F to reach 35.2%, 34.9%, and 33.7%, respectively.
- PVT's bulk carrier segment is likely to make a turning point in 2024 thanks to stable time charter rates and vessels are no longer on docking. We expect full-year gross profit for PVT's bulk carrier segment to reach VND 115 bn in 2024 (2023: loss of VND 67 bn), and increase 16.9%/4.6% in 25F-26F.
- Fleet expansion speed is anticipated to be better in 2024-2025 thanks to stable prices of oil/chemical tanker and bulk carrier. If current favourable environment is here to stay, PVT's fleet may expand to 70 vessels in 2029, with main contribution from oil/chemical tanker.
- The stock is currently trading at trailing EV/EBITDA of 4.85x, which are both lower than historical 3-year average (5.25x) and 5-year average (5.00x). Relatively low valuation and firm business outlook in FY24F-FY25F may imply a favorable timing to invest in the stock.

Valuation & Recommendation

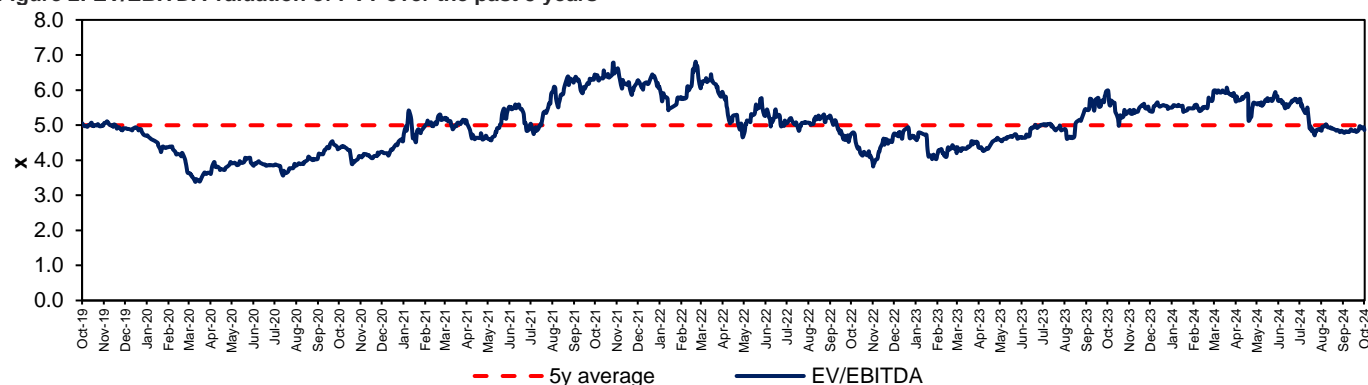
The 1-year target price for PVT is VND 33,400, which is derived from two methods: FCFF and EV/EBITDA, implying a 18.4% upside from the closing price on October 17, 2024. We roll forward our valuation to mid-year 2025 base and increase our EPS projection for 24F-25F by 1.7% and 9.4%, respectively, thanks to better assumption of fleet expansion coupled with relatively stable time charter rates of all transportation segments.

Target EV/EBITDA ratio used in our valuation is 3.5x, which is 2 std lower than the average 5-year EV/EBITDA, as we believe the expectation for fleet expansion speed of the company has been partly reflected in the market price of PVT. Thanks to growing vessel fleets in the coming years, the company is likely to improve its earnings and EBITDA outlook.

Figure 1: Valuation Summary

Method	Weight	Price (VND/share)
FCFF	50%	32,300
EV/EBITDA (target EV/EBITDA ratio for 2024 - 2025 = 3.5x)	50%	34,500
Target price		33,400
Current price (closing price on October 17, 2024)		28,200
Upside potential		18.4%

Figure 2: EV/EBITDA valuation of PVT over the past 5 years



Source: FiinProX, MBS Research

Figure 3: Projected FCFF

	2024	2025	2026	2027	2028
Profit after tax	1,396	1,464	1,527	1,491	1,473
Non-cash charges	1,641	1,774	1,953	2,100	2,181
Interest expenses after tax	353	341	308	288	275
Working capital investment	-118	-174	-119	-52	-206
Fixed asset investment	(2,361)	(1,806)	(2,447)	(1,531)	(1,882)
FCFF	911	1,599	1,222	2,296	1,841

Figure 4: FCFF valuation

(+) PV of FCFF for the period 2024-2028	VND bn	5,428
(+) PV of terminal value	VND bn	9,311
(+) Cash & equivalents	VND bn	5,279
(-) Debt	VND bn	6,073
(-) Minority interest	VND bn	2,456
Enterprise value	VND bn	11,488
Number of shares outstanding	million shares	356
Share price	VND/share	32,270

Cost of equity

Risk-free rate	3.0%
Beta	1.5
Equity risk premium	9.0%
Cost of equity	16.5%

WACC and long-term growth rate

Cost of debt	6.2%
Tax rate	20.0%
WACC	12.2%
Long term growth	1.0%

Downside risk:

- Time charter rates fall below expectation as global supply growth outpaces tonne-mile demand growth.

- PVT's fleet expansion speed does not meet expectation if oil/chemical tanker prices reach a new high level.

Figure 5: Peer comparison

Company	Ticker	Market cap	Unit	EV/EBITDA adjusted (x)		ROA%		ROE (%)	
				TTM	Current	2024F	2025F	2024F	2025F
Vietnam Tanker JSC	VTO VN Equity	39	USD bn	1.4	0.9	7.0	n/a	10.2	n/a
Nanjing Tanker Corp	601975 CH Equity	2,137	USD bn	5.4	1.5	17.0	15.5	20.2	17.4
Yinson Holdings Bhd	YNS MK Equity	1,854	USD bn	6.7	1.1	4.1	3.7	10.5	10.3
Shipping Corp of India Ltd	SCI IN Equity	1,328	USD bn	8.0	1.6	5.5	n/a	9.2	n/a
Frontline Ltd	FRO US Equity	4,902	USD bn	9.3	2.0	12.6	13.1	29.0	38.1
Average				6.1	1.4	9.2	10.7	15.8	21.9
PVTTrans	PVT VN Equity	397	USD bn	3.8	1.4	6.0	5.8	15.0	13.6

Source: Bloomberg, MBS Research

Business results update: 1H24 recap and preliminary update on 3Q24

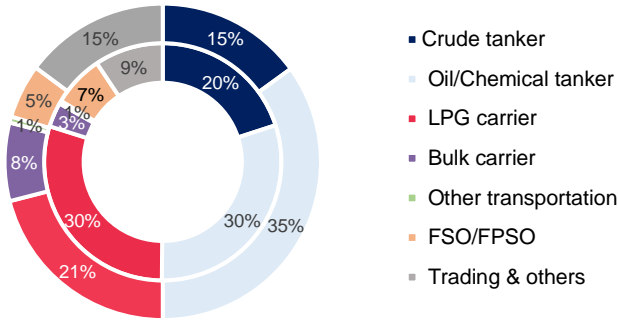
2Q24 and 1H24 recap: Gross profit margin remained strong at firm level, bulk carrier segment came back to contribution

Figure 6: 2Q24 and 1H24 business results (Units: VND bn)

Business results	2Q24	% yoy	% qoq	1H24	% yoy	% prev. FY forecast	Comments
Revenue	2,988	41.3%	17.8%	5,524	32.9%	56.9%	
- Transportation	2,296	26.8%	9.2%	4,399	26.5%	55.9%	Expanding vessel fleet (2Q24: 53 vessels vs. 2Q23: 47 vessels), along with relatively stable tanker time charter rates, contributes to better revenue growth yoy.
- FSO/FPSO	155	7.8%	2.9%	306	4.7%	56.5%	
- Trading & others	537	233.1%	90.3%	820	110.3%	62.9%	
Gross profit	711	44.9%	35.1%	1,236	51.4%	60.5%	
Gross profit margin	23.8%	0.6% pts	3% pts	22.4%	2.7% pts	1.3% pts	
- Transportation	27.5%	4% pts	6.1% pts	24.5%	4.8% pts	1.8% pts	Higher gross profit margin in 2Q24 of all segments including: crude oil transportation +2.3% pts yoy, oil/chemical transportation +1.0% pts yoy, LPG transportation +4.1% pts yoy. This may come from better operating efficiency and cost reduction, as we see little change in time charter rates of these segments. The bulk carrier segment started to recognize positive gross profit in 1H24 as the bulk carrier fleet is expanding and no longer recognize cost from vessels on docking.
- FSO/FPSO	44.0%	9.6% pts	5.4% pts	41.4%	8.7% pts	3.5% pts	Lower crude oil base may support FSO segment's operating efficiency.
- Trading & others	2.2%	-7.5% pts	-4.5% pts	3.8%	-5.3% pts	-0.2% pts	
SG&A expenses	103	-1%	29%	183	11.7%	42%	
% SG&A expenses/ Revenue	3.4%	-1.5% pts	0.3% pts	3.3%	-0.6% pts	-1.1% pts	
Financial income	74	-25.5%	19.8%	135	-28%	42%	
Financial expenses	161	84.1%	16.3%	300	77%	66%	Higher foreign exchange loss of VND 80.6 bn in 1H24 (1H23: VND 9.6 bn) as USD/VND exchange rate rose. If the USD/VND rise by 3%, PVT's profit before tax will decline by VND 26.5 bn.
Net other income	(63)	-175.0%	-550.2%	(49)	-148%	-24%	Recognize an <i>expense</i> of VND 75.5 bn, as Nhat Viet Trans – a subsidiary – changed their accounting method for the operating efficiency of Pacific Hope and Nord Hakata. Earlier in 2023, PVT recognized the same amount of <i>income</i> , as a major shareholder of NVTrans agreed to cover costs to ensure the operating efficiency. However, in 2024, the company changed the accounting method of these 2 vessels from annual settlement to settlement upon contract completion (2027 and 2029). This expense incurred due to this reason.
Profit before tax	466	-4.6%	20.9%	852	7.9%	50%	
Profit after tax	373	-4.5%	21.7%	679	7.7%	50%	
Net profit after tax and minority interest (NPATMI)	288	-6.7%	24.8%	519	5.7%	48%	This is in line with our previous full-year forecast. However, the other expense of NV Trans was not yet included in our previous model, and the gross profit margin of transportation segment is higher our expectation.

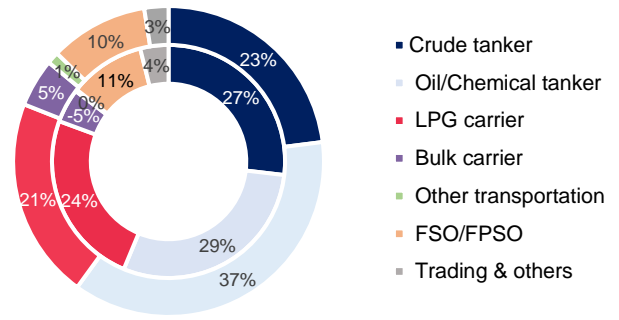
Source: PVT, MBS Research

Figure 7: PVT's revenue contribution by segment in 1H23 and 1H24



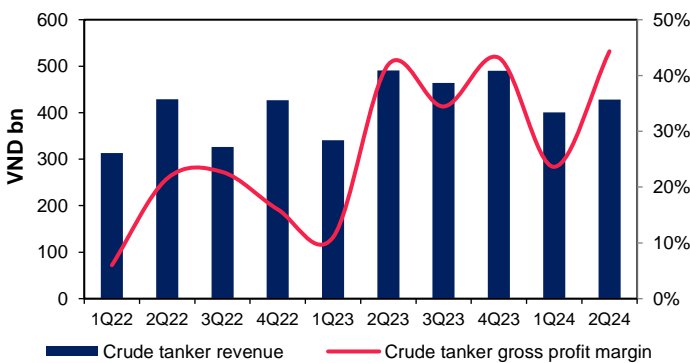
(*) Inner: 1H23, Outer: 1H24
Source: PVT, MBS Research

Figure 8: PVT's gross profit contribution by segment in 1H23 and 1H24



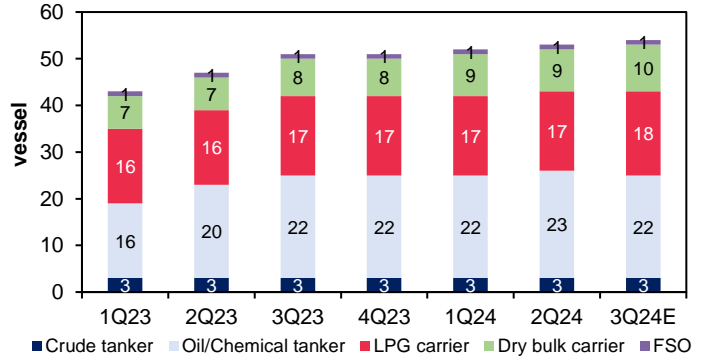
(*) Inner: 1H23, Outer: 1H24
Source: PVT, MBS Research

Figure 9: Crude tanker's revenue and gross profit margin by quarter



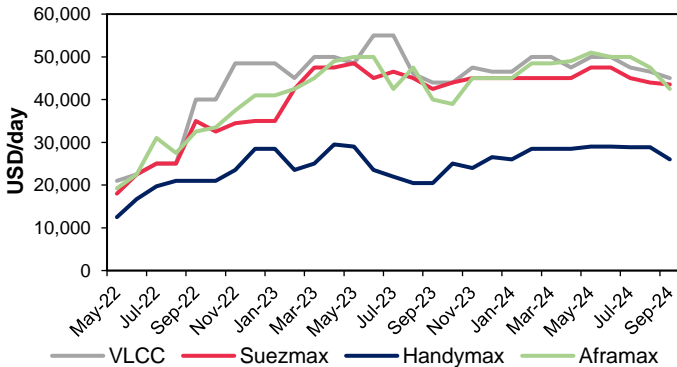
Source: PVT, MBS Research

Figure 10: PVT's vessel fleet is expanding rapidly, especially with oil/chemical tanker and dry bulk carrier



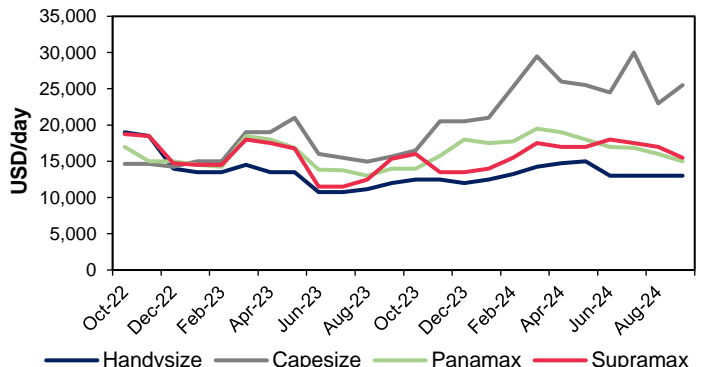
Source: PVT, MBS Research

Figure 11: 1-year time charter rate (TC rate) of tankers



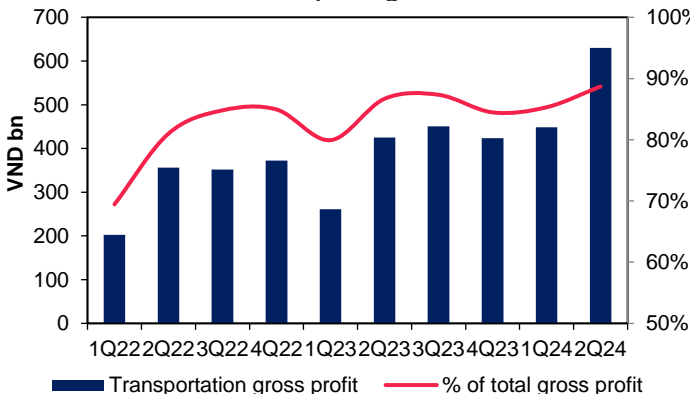
Source: Alibra Shipping, MBS Research

Figure 12: 1-year time charter rate (TC rate) of bulk carriers



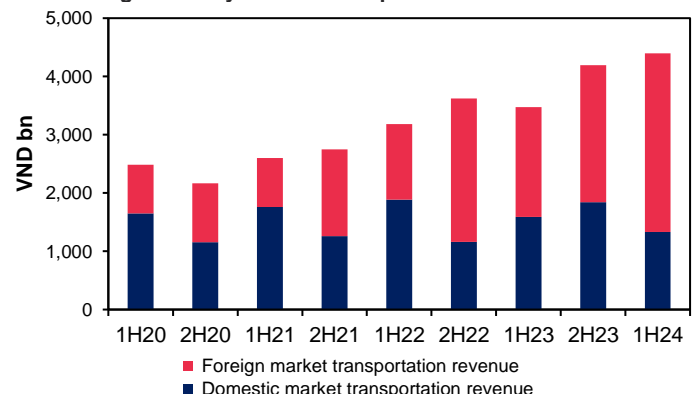
Source: Alibra Shipping, MBS Research

Figure 13: Improving gross profit in transportation segment thanks to stable time charter rate and expanding vessel fleet



Source: PVT, MBS Research

Figure 14: Better results in foreign market as Dung Quat Refinery went through a 50-day maintenance period in 1H24



Source: PVT, MBS Research

3Q24 preliminary update

In 3Q24, PVT has liquidated 1 chemical tanker (PVT Synergy) with estimated other income of VND 150 bn. For fleet expansion, PVT also received 1 LPG carrier (Hai Phong Gas) and 1 bulk carrier (PVT Topaz) in 3Q24, which helps the company's vessel fleet reached 54 vessels at the end of 3Q24. Relatively firm time charter rates with re-contribution from bulk carrier segment (vessels were on docking in 2023), along with one-off profit from vessel liquidation, are believed to support PVT's earning growth in 3Q24. Moreover, in 3Q24, weaker USD/VND exchange rate is expected to support the company's earnings, as 2H24 sensitivity analysis showed that PVT's profit before tax is negatively affected (VND -26.5 bn) if USD/VND exchange rate rises (3%).

Firm and flexible fleet expansion plan in an environment of high vessel prices

Flexible expansion in the context of highest vessel price levels since 2011

Rising demand for oil transportation, while the global vessel fleet grows at a slow pace, drives the tanker vessel price to reach its highest level over the last 13 years. High prices of very large crude carriers – VLCC (over USD 80 mn for a 10-year-old vessel) and Aframax tanker (over USD 55 mn for a 10-year-old vessel) have prevented PVT from expanding their crude tanker fleets as planned before. Instead, the company has changed its direction to the expansion of other transportation segments, with a net increase of 6 oil/chemical tankers, 2 LPG carriers, and 3 bulk carriers since 1Q23.

Figure 15: VLCC and Aframax vessel prices have reached their highest level since 2011, while Handysize and Supramax prices have remained stable at a high base since 2022

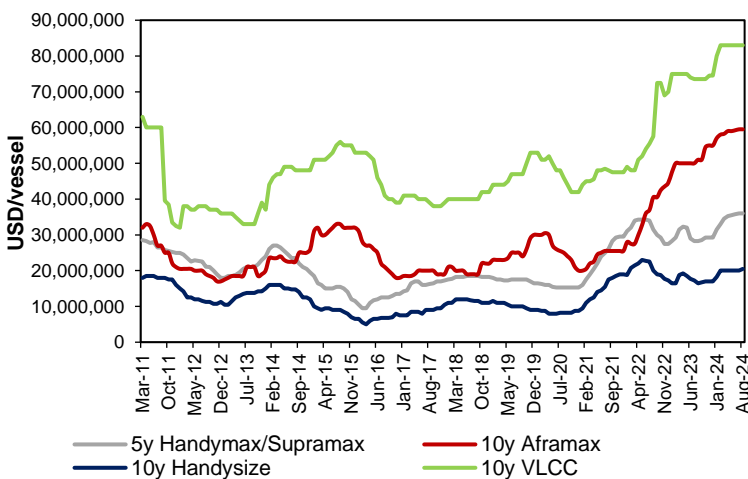
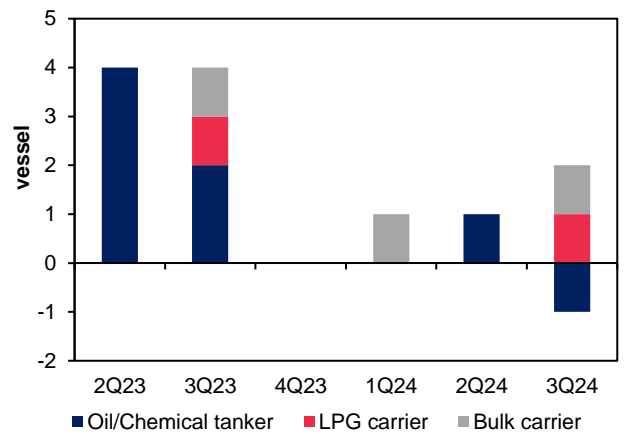


Figure 16: PVT's expansion of fleet over the last 1 year – High price of crude tanker prevented PVT from expanding their crude tanker fleet (*)

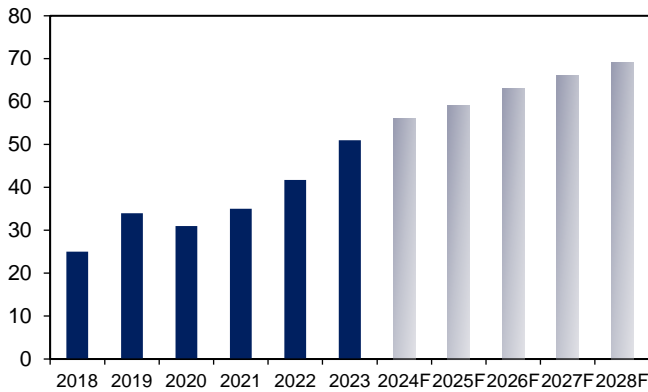


A firm fleet expansion and rejuvenation plan in the upcoming years

We expect the price level for crude tanker to remain at a high base in the next 3 years, especially for VLCC, due to the slow speed of building and delivery. In our base case, PVT will not further expand their crude tanker fleet in the near term and, instead, focus on the oil/chemical tanker and bulk carrier vessel fleet. A more favourable environment of interest rate and exchange rate will support the company's execution of vessel expansion plan. PVT's relatively solid financial position and the potential profit from liquidating aging vessels will

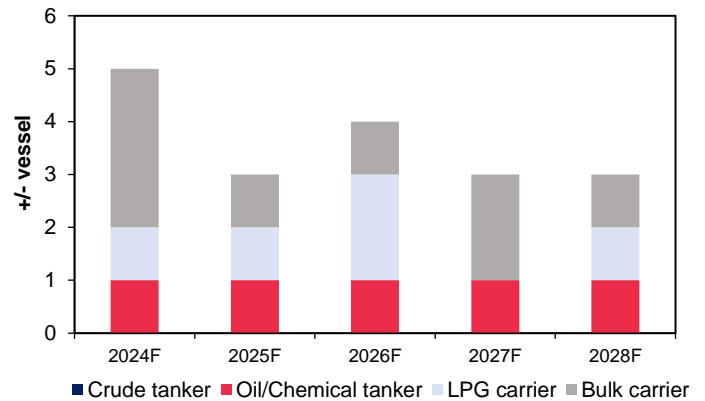
enable the company to either make direct purchases or engage in bareboat hire-purchase (BBHP) contracts of new ones.

Figure 17: PVT's number of vessels included in our model



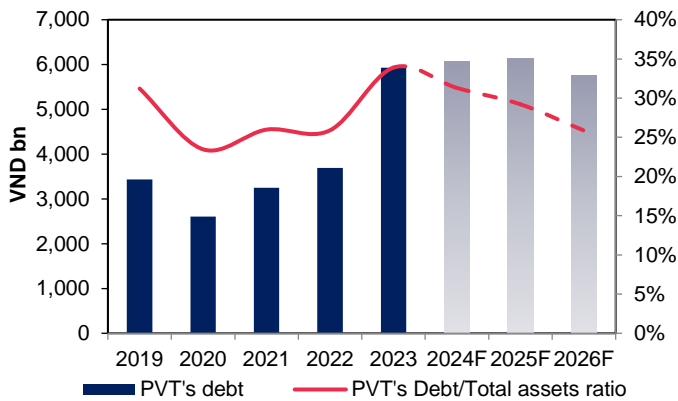
Source: PVT, MBS Research's projection

Figure 18: Details assumption on PVT's fleet expansion



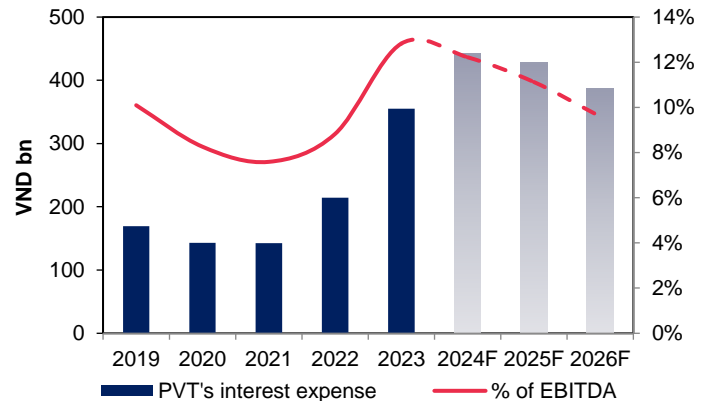
Source: MBS Research's projection

Figure 19: PVT's debt is expected to remain stable over the expanding period, as we expect the expansion plan to be supported by PVT's retained earnings and more vessels are acquired via BBHP



Source: PVT, MBS Research's projection

Figure 20: PVT's interest expenses and % of EBITDA - projection



Source: PVT, MBS Research's projection

FY25F-FY26F outlook: A more balanced supply-demand scenario may lead to a slightly weaker trend of time charter rates

Crude tanker: Key supporting factors are here to stay

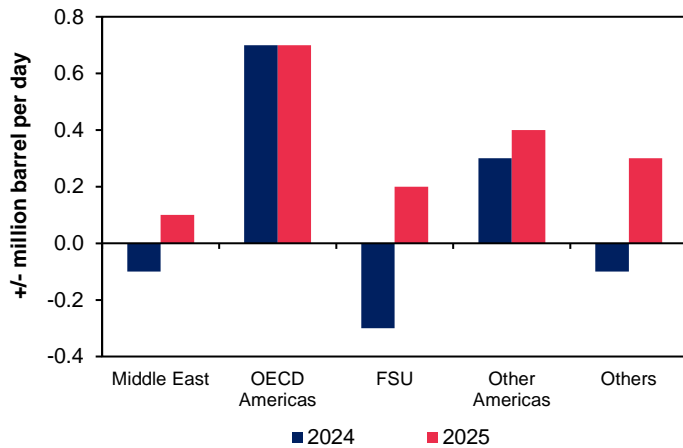
Our view indicates that time charter rates for crude tankers will remain high in 2025. This is due to our assumption that the international reshaping of oil trade flow is a structural change and may be sustained in mid-terms. As Europe is likely to continue its sanctions on Russia and increase crude imports from the Middle East, tanker demand is supported by growth in increasing long-haul Atlantic-Asia trade and global oil demand. Moreover, as the oil supply is increasing in the Americas while refinery volumes are increasing in Asia, the demand for crude oil transportation may rise accordingly thanks to this imbalance.

In our previous report (2024 Mid-year strategy report), we used to expect the geographical crisis in Israel and Gaza to find its solution in early 2025, thereby reducing global tonne-mile demand and crude tanker charter rate. However, according to current ongoing hostilities, the Middle East crisis may find it hard to come to an end in the near term. Therefore, we expect crude tanker time charter

rates to remain high in 2025 as fleet growth and tonne-mile growth are quite balanced, which may help PVT maintain their relatively high gross profit margin for crude oil transportation.

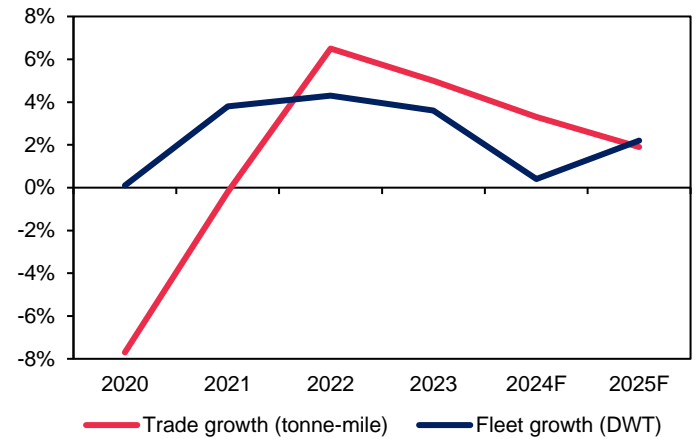
Our assumption that no crude tanker will be added to PVT’s vessel fleet in the next 3 years, along with stable time charter rates, will keep PVT’s revenue constant in 24F-26F with growth of -4.7%/1.3%/-0.2% yoy, relatively. The gross profit margins of PVT’s crude tankers in 24F-26F are forecasted to reach 35.2%, 34.9%, and 33.7%, respectively.

Figure 21: Crude tanker demand growth forecast



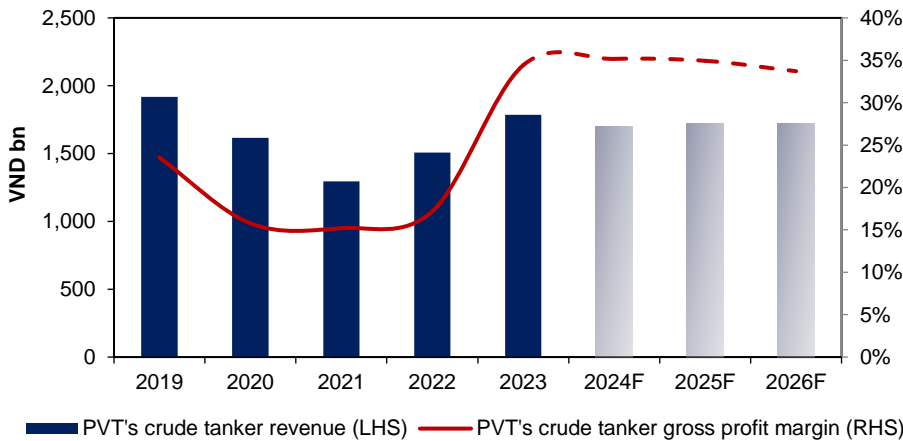
Source: BIMCO, MBS Research

Figure 22: Crude tanker supply – demand forecast



Source: Clarkson, MBS Research

Figure 23: PVT’s revenue and gross profit margin of the crude tanker segment, assuming no changes in the crude tanker fleet over the next 5 years



Source: MBS Research's projection

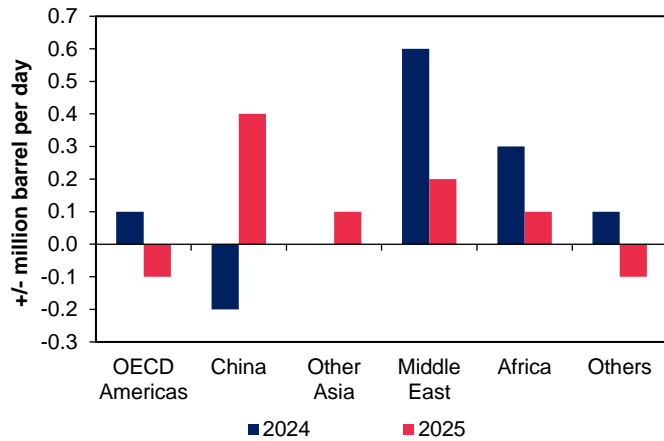
Oil/Chemical tanker: Better fleet growth amid lower time charter rates

On the supply side, the strong market of oil/chemical tankers coupled with an aging fleet has encouraged more investments in new buildings. The fleet growth is expected to be more rapid in 2025 thanks to the due-to-delivery date of the current orderbook. On the demand side, we expect the oil/chemical tanker not to benefit from the increasing imbalance between the Atlantic and Pacific in the same way as crude tankers do. Both refinery volumes and final demand are increasing mainly in Asia, which does not create an imbalance that leads to an increase in sailing distances.

To sum up, we assume the time charter rate for oil/chemical tankers may decline slightly in 2025 due to more balancing supply-demand but still remain high at a

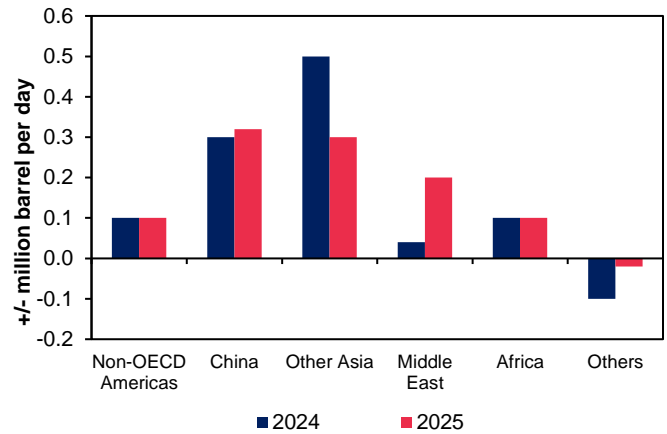
firm level. The oil/chemical vessel fleet of PVT is expected to gradually reach 25 vessels in 2026F, thereby supporting revenue growth to reach 46.9%/7.6%/5.5% yoy in FY24F-FY26F, respectively. We also anticipate better operating efficiency in 1H24 to maintain in 2H24 and 2025 thanks to relatively low crude oil prices, which will support PVT's gross profit margin of the oil/chemical tanker segment. The gross profit margins of PVT's oil/chemical tankers in 24F-26F are forecasted to reach 23.6%, 23.0%, and 22.4%, respectively.

Figure 24: Refinery capacity in 2025 is forecasted to increase mainly in Asia...



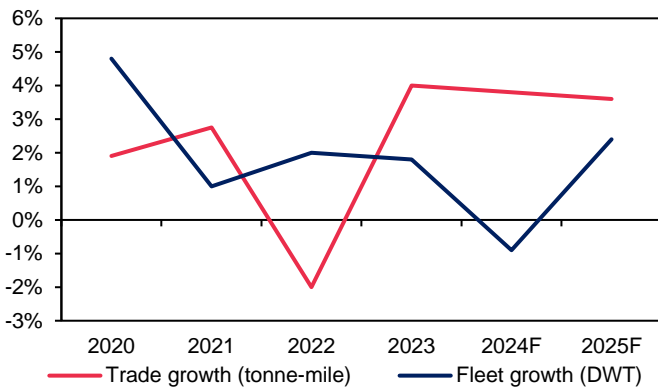
Source: BIMCO, MBS Research

Figure 25: ... and so does final oil demand, which will not lead to an increase in sailing distances



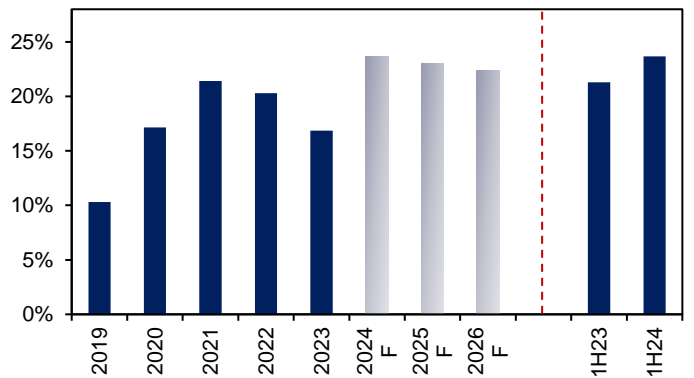
Source: BIMCO, MBS Research

Figure 26: Forecast on global oil/chemical supply-demand balance



Source: Clarkson, MBS Research

Figure 27: PVT's gross profit margin of oil/chemical tanker, assuming slight decrease in time charter rates



Source: PVT, MBS Research's projection

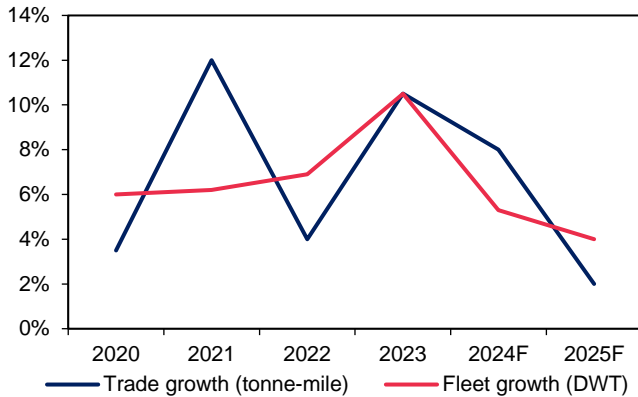
LPG carriers: Overcapacity is building

Currently, the freight rates for LPG carriers are supported by temporary cargo supply disruptions and geopolitical tensions. However, we see an apparent pressure for these rates in 2025 as (1) temporary factors eased and (2) overcapacity is building. In 2024, global LPG carrier fleet is expected to increase by 6.1%, with a large orderbook for VLGC (very large gas carrier), while global demand for seaborne LPG is estimated to rise modestly by 2.8% (distance adjusted: 5.7%), according to Danish Ship Finance. Additionally, in 3Q24, increased transit through the Panama Canal may imply a reduction in disruptions, which may lead to lower rates for LPG carriers in the near term.

Based on these assumptions, we expect the gross profit margin of PVT's LPG carrier segment to slightly decrease throughout 2024F-2026F. However, the fleet expansion is expected to partially offset the negative effect of lower time

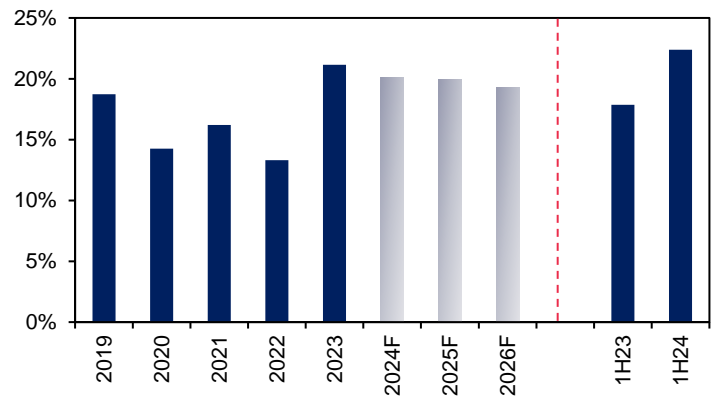
charter rates. We expect PVT's LPG vessel fleet to reach 18 vessels in 2024, 19 vessels in 2025 and 21 vessels in 2026, thereby support revenue growth of LPG transportation to reach -6.6%/8.5%/7.4% yoy in FY24F-FY26F, respectively. Although the gross profit margin of PVT's LPG carrier segment in 1H24 showed a positive result compared to the same period last year, we still forecast the full-year gross profit margin to decrease, as the impact of easing disruptions started in early 3Q24. The gross profit margins of PVT's LPG carrier in 24F-26F are forecasted to reach 20.1%, 20%, and 19.2%, respectively.

Figure 28: LPG carrier supply-demand forecast



Source: Clarkson, MBS Research's projection

Figure 29: Our projection for LPG carrier segment's gross profit margin



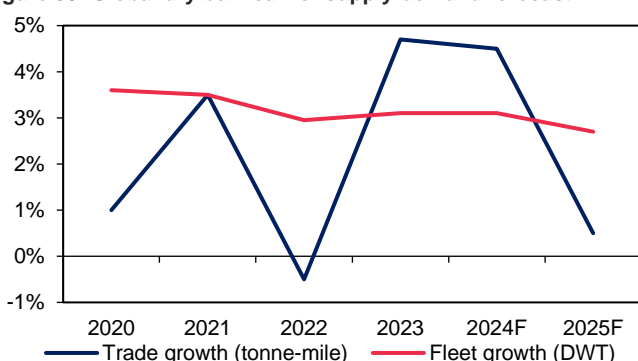
Source: MBS Research's projection

Bulk carrier: Stable outlook in 2025 from the high base of demand in 2024

In 9M24, the dry bulk carrier rates have been positive due to growing demand in Atlantic coupled with positive impacts from Red Sea and Panama Canal disruption. As mentioned before, we expect the Panama Canal disruption will reduce its impact on freight rates in late 2024 and the full year 2025, thereby putting pressure on dry bulk tonne-mile demand from a high growth base of 2023 and 2024. However, as the new orderbook for bulk carriers remains stable and low, implying a limited supply, we expect the rates for dry bulk to remain relatively stable in the near term.

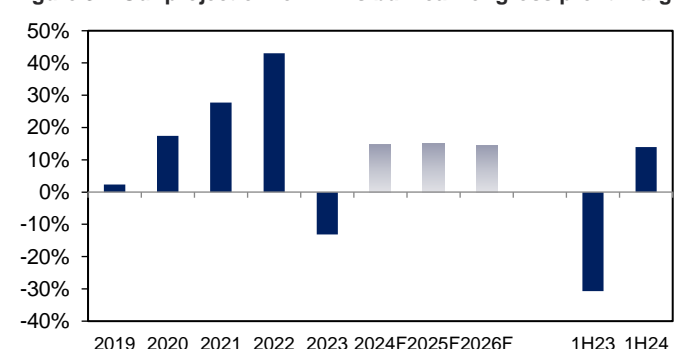
The bulk carrier segment is forecasted to re-contribute to PVT's gross profit since 2024, as bulk carrier rates remain stable, while no vessels are subjected to be on docking. PVT's bulk carrier fleet is expected to reach 11 vessels in 2024 and 13 vessels in 2026, thereby support the revenue growth of this segment to reach 53.8%/12.9%/10.0% yoy in FY24F-FY26F, respectively. We also anticipate the bulk carrier gross profit margin to reach 14.7%, 15.2%, and 14.4% throughout 2024F-2026F, respectively.

Figure 30: Global dry bulk carrier supply-demand forecast



Source: Clarkson, MBS Research

Figure 31: Our projection for PVT's bulk carrier gross profit margin



Source: MBS Research's projection

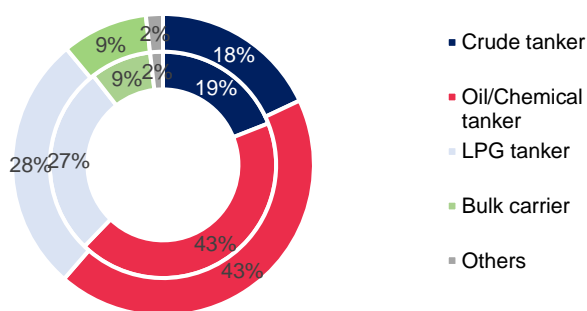
FY24-26F earnings revision

Figure 32: Our revision for PVT's FY24-26F business results (Units: VND bn)

Business results	2024F	% yoy	Δ prev. forecast	2025F	% yoy	Δ prev. forecast	2026F	% yoy	Comments
Revenue	10,850	14%	12%	11,499	6%	14%	12,032	5%	
- Transportation	8,941	17%	14%	9,574	7%	16%	10,093	5%	Contribution from new vessels in the coming years. High base of 2H23 may lead to a lower growth in 2H24.
- FSO/FPSO	606	1%	12%	609	0%	18%	611	0%	
- Trading & others	1,302	1%	0%	1,316	1%	0%	1,329	1%	
Gross profit	2,403	31%	18%	2,512	5%	27%	2,540	1%	
Gross profit margin	22.1%	2.9% pts	1.1% pts	21.8%	-0.3% pts	2.2% pts	21.1%	-0.7% pts	
- Transportation	23.7%	3.3% pts	1% pts	23.2%	-0.5% pts	2.2% pts	22.3%	-0.9% pts	The geographical crisis in Middle East may continue until the end of 2024 and partially support time charter rates for tankers, but fleet growth in 2025 and 2026 may offset this factor.
- FSO/FPSO	38.5%	0.6% pts	0.6% pts	38.6%	0.1% pts	0.7% pts	38.7%	0.1% pts	Assuming better operating efficiency based on 1H24 better results.
- Trading & others	4.0%	0% pts	0% pts	4.0%	0% pts	0% pts	4.0%	0% pts	
SG&A expenses	417	-2%	-4%	442	6%	-2%	462	5%	
% SG&A expenses/ Revenue	3.8%	-0.6% pts	-0.6% pts	3.8%	0% pts	-0.6% pts	3.8%	0% pts	
Financial income	277	-25%	-13%	273	-2%	-18%	285	5%	Adjust for 1H24 results: cash and equivalents slightly increased, but financial income decrease, which may due to lower interest rates.
Financial expenses	643	38%	41%	577	-10%	30%	522	-10%	Long term debt in 2Q24 is 38% higher yoy, leading to an increase in financial expenses.
Net other income	101	-50%	-51%	40	-60%	-81%	42	5%	
Profit before tax	1,751	13%	3%	1,837	5%	10%	1,916	4%	Assuming no vessel liquidation in 2025 and 2026, leading to lower net profit from other activities. This may partially offset the increase in gross profit.
Profit after tax	1,396	14%	2%	1,464	5%	10%	1,527	4%	
Net profit after tax and minority interest (NPATMI)	1,111	14%	1.7%	1,166	5%	9.4%	1,215	4%	Slightly higher than our previous forecast due to better assumption of vessel expansion speed.

Source: MBS Research's projection

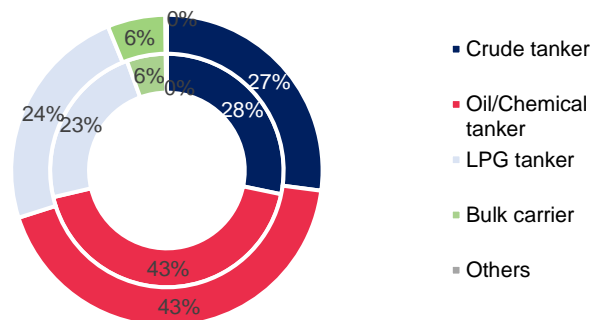
Figure 33: PVT's transportation revenue by segment



(* Inner: 2024F, Outer: 2025F)

Source: MBS Research's projection

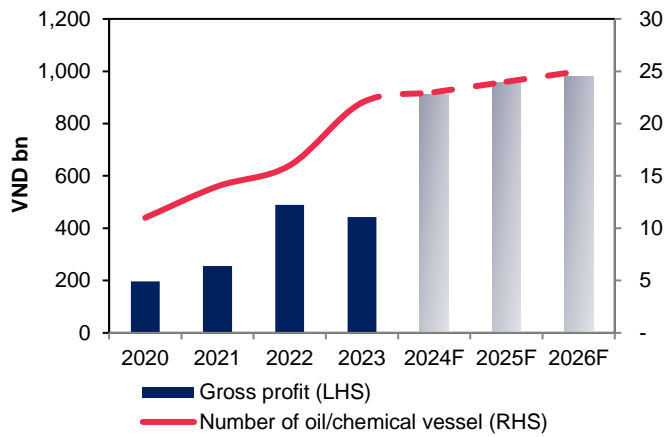
Figure 34: PVT's transportation gross profit by segment



(* Inner: 2024F, Outer: 2025F)

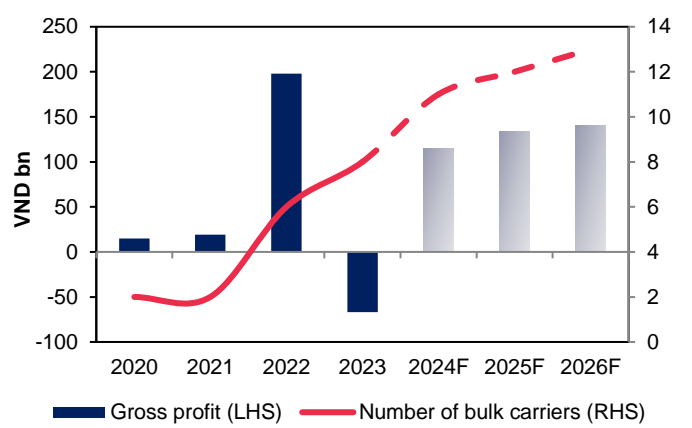
Source: MBS Research's projection

Figure 35: Oil/chemical tanker – Fleets and gross profit



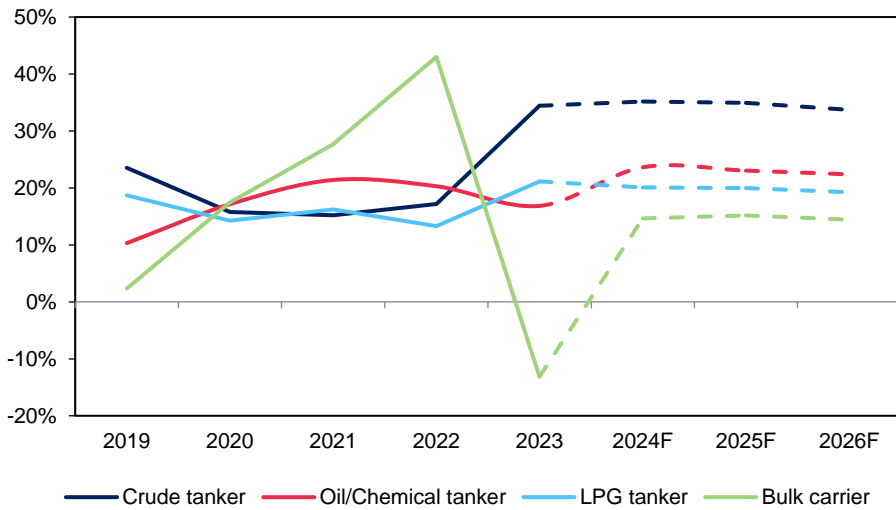
Source: PVT, MBS Research's projection

Figure 36: Bulk carrier – Fleets and gross profit



Source: PVT, MBS Research's projection

Figure 37: PVT's gross profit margin of transportation segment



Source: MBS Research's projection

FINANCIAL STATEMENTS

Income Statement	2023	2024F	2025F	2026F	Cash Flow Statement	2023	2024F	2025F	2026F
Net revenue	9,556	10,850	11,499	12,032	Profit before tax	1,549	1,751	1,837	1,916
Cost of goods sold	(7,717)	(8,447)	(8,987)	(9,493)	Depreciation and amortization	1,354	1,641	1,774	1,953
Gross profit	1,838	2,403	2,512	2,540	Tax paid	(342)	(356)	(373)	(389)
Administrative expenses	(410)	(401)	(425)	(445)	Other adjustments	41	-	-	-
Selling expenses	(13)	(15)	(16)	(17)	Changes in working capital	-	(118)	(174)	(119)
Profit from operation	1,415	1,986	2,070	2,078	Cash flow from operations	2,602	2,919	3,064	3,361
Net EBITDA	2,769	3,627	3,844	4,030	Investment in PPE	(4,186)	(2,361)	(1,806)	(2,447)
Pre-tax & interest income	1,415	1,986	2,070	2,078	Proceeds from sales of PPE	74	-	-	-
Interest income	371	277	273	285	Other items	(488)	(136)	28	64
Financial expenses	(466)	(643)	(577)	(522)	Cash flow from investment	(4,600)	(2,497)	(1,778)	(2,383)
Other net income	202	101	40	42	Share issuance & contributions from shareholders	58	-	-	-
Income from associates & JVs	26	30	32	33	Net cash from borrowings	2,196	145	71	(388)
Pre-tax profit	1,549	1,751	1,837	1,916	Other cash flow from financing activities	-	-	-	-
Corporate income tax	(327)	(356)	(373)	(389)	Dividends, profit paid to shareholders	(172)	(227)	(324)	(324)
Net profit after tax	1,222	1,396	1,464	1,527	Cash flow from financing	2,082	(81)	(252)	(712)
Minority interests	(249)	(285)	(299)	(311)	Beginning cash & equivalents	1,794	979	1,320	2,354
Net profit	972	1,111	1,166	1,215	Net cash flow over the year	84	341	1,034	266
Dividend payment	(172)	(227)	(324)	(324)	Ending cash & equivalents	1,882	1,320	2,354	2,620
Retained earnings	801	885	842	892					
Balance Sheet	2023	2024F	2025F	2026F	Financial ratios	2023	2024F	2025F	2026F
Cash and cash equivalents	979	1,320	2,354	2,620	Net revenue growth	5.6%	13.5%	6.0%	4.6%
Short-term investments	3,486	3,958	4,195	4,390	EBITDA growth	14.0%	31.0%	6.0%	4.9%
Accounts receivable	944	1,072	1,260	1,385	Operating profit growth	14.6%	40.3%	4.2%	0.4%
Inventory	233	255	271	286	Pre-tax profit growth	6.3%	13.1%	4.9%	4.3%
Other current assets	655	854	924	997	Net profit growth	13.4%	14.3%	4.9%	4.3%
Total current assets	6,297	7,459	9,005	9,678	EPS growth	13.4%	14.3%	4.9%	4.3%
Fixed assets	10,086	10,807	10,840	11,335					
Intangible assets	2	1	0	(0)	Gross profit margin	19.2%	22.1%	21.8%	21.1%
Construction in progress	5	-	-	-	EBITDA margin	29.0%	33.4%	33.4%	33.5%
Investment in subsidiaries	-	-	-	-	Net profit margin	10.2%	10.2%	10.1%	10.1%
Income from associates and joint ventures	155	161	167	174	ROAE	15.2%	15.0%	13.6%	12.5%
Other long-term investments	46	46	46	46	ROAA	6.1%	6.0%	5.8%	5.6%
Other long-term assets	899	931	978	1,026	ROIC	6.5%	6.7%	6.5%	6.4%
Total long-term assets	11,192	11,946	12,032	12,581					
Total assets	17,490	19,405	21,037	22,259	Asset turnover	60.2%	58.8%	56.9%	55.6%
					Dividend payout ratio	17.7%	20.4%	27.8%	26.6%
Short-term debts	1,388	1,189	976	754	Debt to equity	65.6%	58.2%	52.0%	43.3%
Account payables	794	859	888	938	Net debt to equity	54.8%	45.5%	32.1%	23.6%
Other short-term liabilities	1,210	1,377	1,448	1,491	Net debt to total assets	28.3%	24.5%	18.0%	14.1%
Total short-term liabilities	3,392	3,425	3,312	3,183	Interest coverage	4.0	4.5	4.8	5.4
Long-term debts	4,540	4,885	5,169	5,003					
Other long-term liabilities	527	660	731	787	Days of sales outstanding	36	36	40	42
Total long-term liabilities	5,067	5,545	5,900	5,790	Days of inventory	11	11	11	11
Total liabilities	8,460	8,969	9,212	8,973	Days of payables outstanding	38	37	36	36
Share capital	3,237	3,237	3,237	3,237	Liquidity ratio	1.9	2.2	2.7	3.0
Additional paid-in capital	-	-	-	-	Quick ratio	1.8	2.1	2.6	3.0
Treasury stock	-	-	-	-	Cash ratio	1.3	1.5	2.0	2.2
Retained earnings	1,837	2,704	3,664	4,668					
Reserve funds	1,507	1,809	1,990	2,189	Valuation				
Effects of changes in foreign exchange rates	-	-	-	-	EPS (VND/share)	3,005	3,433	3,601	3,755
Shareholders' equity	6,811	7,980	9,121	10,324	BVPS (VND/share)	21,044	24,656	28,180	31,898
Minority interests	2,220	2,456	2,704	2,962	P/E (x)	9.4	8.2	7.9	7.5
Total shareholders' equity	9,030	10,436	11,825	13,286	P/B (lần)	1.3	1.1	1.0	0.9
Total shareholders' equity	17,490	19,405	21,037	22,259					

Source: PVT, 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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