



OIL & GAS

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VIET NAM OIL AND GAS INDUSTRY

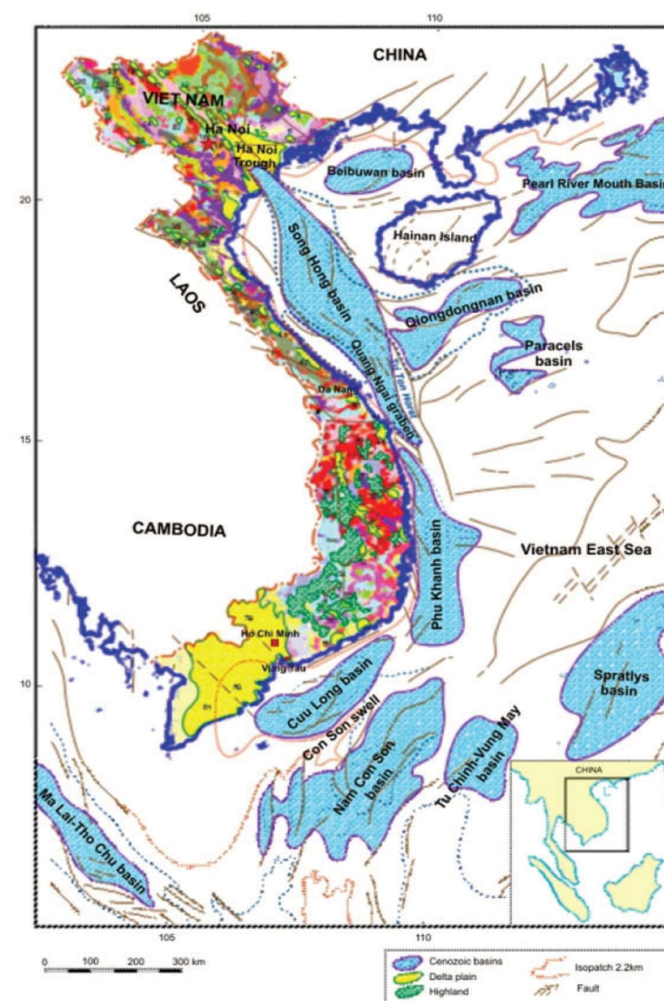
Part I: Vietnam's Oil and Gas Industry Situation

I. Potential of Vietnamese Oil and Gas industry

This industry has enormous potential in Vietnam. According to data from the oil and gas industry, Vietnam has the second-largest crude oil reserves in East Asia, at 4.4 billion barrels, just behind China. Natural gas reserves is 720 billion m3.

From the North to the South, Vietnamese petroleum potential is distributed among the following sedimentary basins: Song Hong - Phu Khanh - Cuu Long - Nam Con Son - Malai Tho Chu - Tu Chinh Vung May - Truong Sa. While the Cuu Long basins are explored and exploited for oil products, accounting for 80% of domestic production, the other basins produce mainly gaseous products.

Criteria	Unit	2015A	2016A	2017A	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F
Oil reserves	mbbl	4,400	4,400	4,400	4,400	4,400	4,323	4,249	4,177	4,107	4,039	3,974
Reserves growth	%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.8%	-1.7%	-1.7%	-1.7%	-1.7%	-1.6%
Oil production	tbpd	352	317	284	257	236	207	208.6	202.5	198.8	192.8	185.5
Reserve/Production	year	34	38	43	50	53	55	56	57	57	57	59
Natural gas reserves	bcm	710	720	720	720	720	708	699.2	682.5	670.5	647.6	630.7
Reserves growth	%	0%	1.4%	0.0%	0.0%	0.0%	-1.7%	-1.2%	-2.4%	-1.8%	-3.4%	-2.6%
Gas production	bcm	10.7	10.6	9.9	10.0	10.2	9.2	9.2	9.9	12.8	16.1	17.7
Reserve/Production	year	67	68	73	72	71	77	76	69	52	40	36



Source: MOIT, GSO, PVN, BP, FitchSolutions, MBS Research

VIET NAM OIL AND GAS INDUSTRY



Part I: Vietnam's Oil and Gas Industry Situation

II. Exploitation – Consumption situation

Upstream

Crude oil production has declined recently, due to the decrease in reserves in exploited mines. Besides, difficulties in capital have slowed down exploration and exploitation investment.

The development potential of the gas industry becomes more promising as the demand for clean fuel increases. Investments in developing gas exploitation projects achieved great outcomes with Block B and Ca Voi Xanh projects and the discovery of Ken Bau gas in 2020.

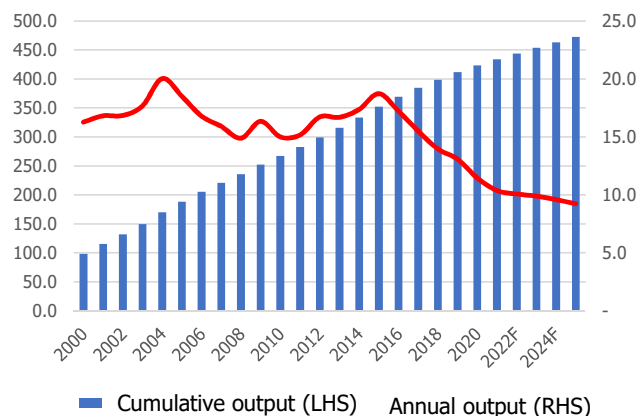
Vietnam has been imported crude oil since 2016. When the Nghi Son Refinery and Petrochemical came into operation in 2018, the volume of imported crude oil increased rapidly, outstripping the export volume.

Middle and Downstream

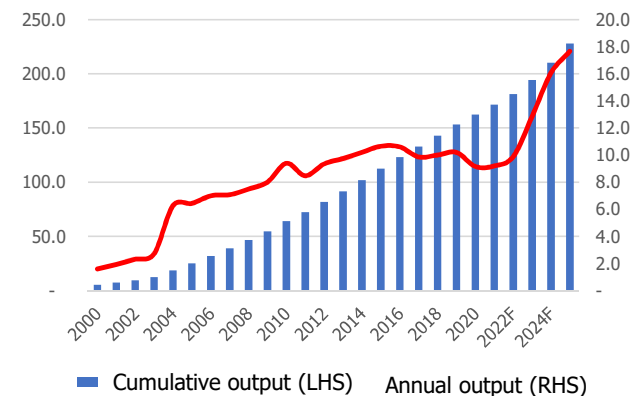
Vietnam's oil refining activities have been carried out since 2010 after the construction Dung Quat oil refinery, the first factory with a capacity of 6.5 million tons/year.

Long Son Petrochemical Plant is being invested and will put into operation by the end of 2022, with a capacity of 3 million tons of petrochemical products.

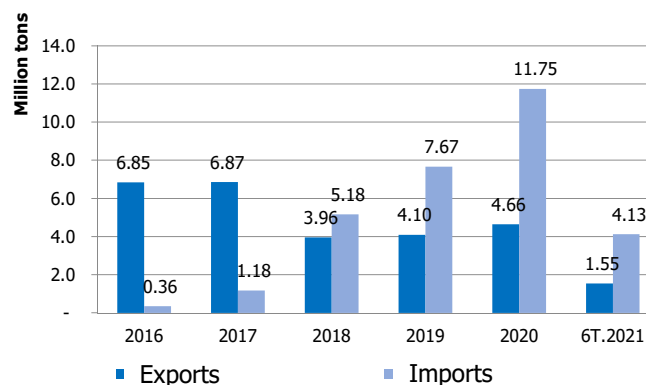
Crude oil exploitation of Vietnam (million tons)



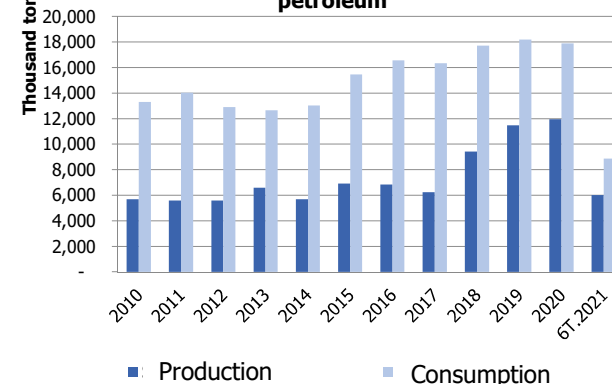
Natural gas exploitation of Vietnam (billion m3)



Import and export crude oil output of Vietnam



Domestic production and consumption of petroleum



Source: MOIT, GSO, PVN, FitchSolutions, MBS Research

VIET NAM OIL AND GAS INDUSTRY



Part I: Vietnam’s Oil and Gas Industry Situation

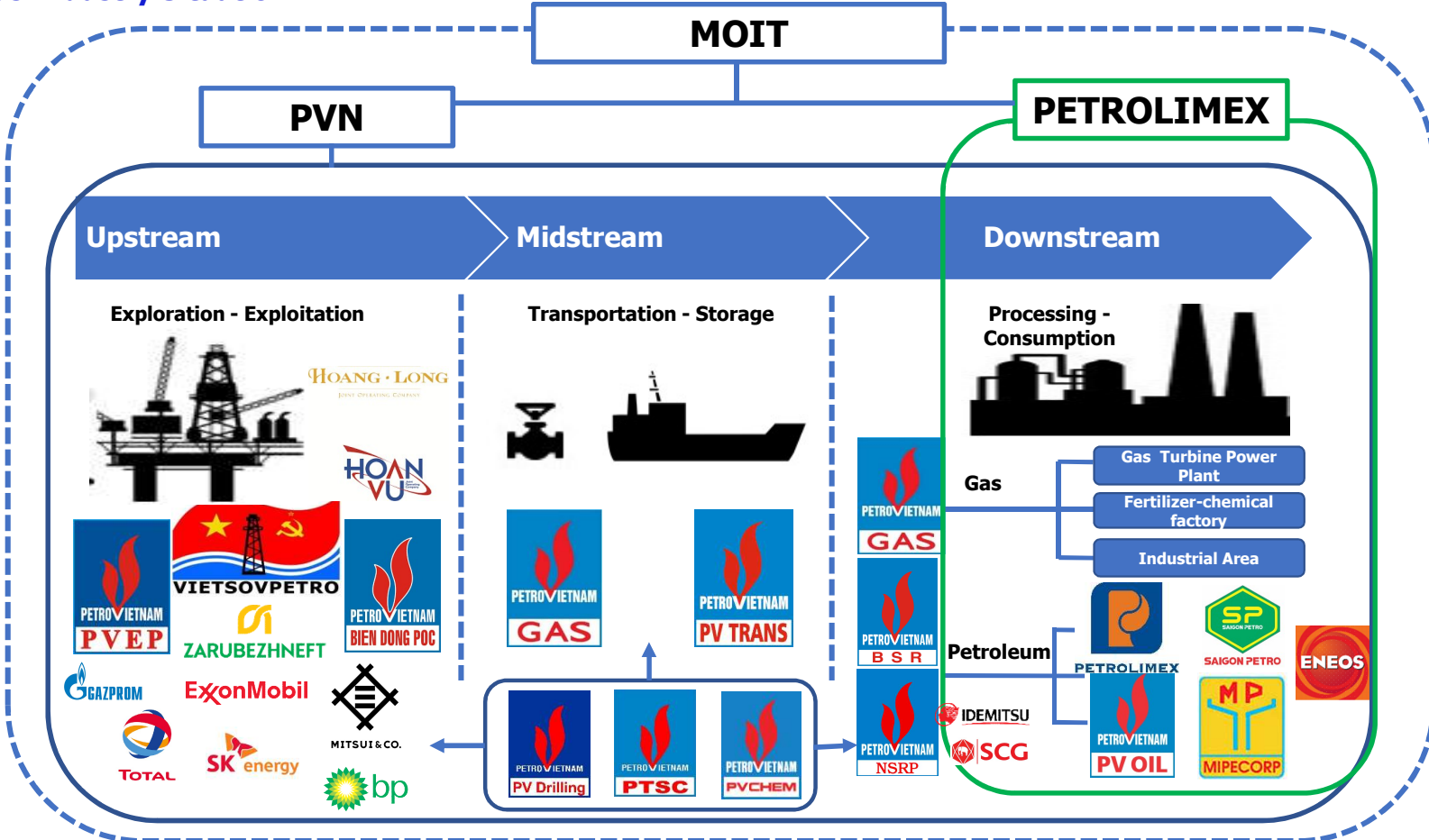
III. Organizational structure

MOIT manages Vietnam’s Oil & Gas industry through major units, including Vietnam Oil & Gas Group – PVN and Vietnam National Petroleum Group - PETROLIMEX

PVN operates directly and indirectly through subsidiaries and associates at all Upstream - Midstream - Downstream value chain stages.

PETROLIMEX is primarily involved in the downstream stage, including import - export, distribution and retailing of refined and petrochemical products such as gasoline, jet fuel, and other petrochemical products.

Foreign oil contractors participate in the oil and gas value chain, especially in exploration and production through Joint Venture Company (JOC), Product Sharing Contract (PSC)



Source: MOIT, PVN, PETROLIMEX, MBS Research

Part I: Vietnam's Oil and Gas Industry Situation

IV. Industry Legal

The following documents govern the legal framework for the oil and gas industry's activities:

- Vietnam Oil and Gas Law (1993); Law amending and supplementing several articles of the Law on Petroleum (2008);
- Circular 32/2009/TT-BTC dated February 19, 2009 guiding the implementation of tax regulations for organizations and individuals conducting oil and gas exploration and exploitation activities following the Law Oil and Gas;
- Decree No. 95/2015/ND-CP dated October 16, 2015 detailing several articles of the Petroleum Law;
- Decree 84/2009/ND-CP dated October 15, 2009 of the Government on petrol and oil commerce in Vietnam;
- Decision No 1748/QD-TTg, October 14, 2015 of the Prime Minister approving the Strategy on Development of the Oil and Gas Industry of Vietnam to 2025 and orientation to 2035;
- Decision No 1749/QD-TTg October 14, 2015 of the Prime Minister approving the development strategy of the Vietnam Oil and Gas Group to 2025 and orientation to 2035;
- Decision 12119/QD-BCT in 2015 approving the Restructuring Project of Vietnam's Oil and Gas Industry to serve the industrialization, modernization and sustainable development in the period to 2020, with a vision to 2030, promulgated by the Minister of Industry and Trade;
- Decision No. 60/QD-TTg dated January 16, 2017 of the Prime Minister approving the development strategy of Vietnam's gas industry to 2025, with orientation to 2035;



Source: MBS Research

VIET NAM OIL AND GAS INDUSTRY



Part I: Vietnam's Oil and Gas Industry Situation

V. Business results of PVN

Criteria	Unit	2017	2018	2019	2020	2021		
						Target	6M completion	% Target
Increase oil reserves	Million tons	4.00	12.00	13.38	15	15	na	na
Extracted oil output	Million tons	15.50	14.00	13.11	11.47	9.72	5.52	56.8%
Exploited gas output	Billion m3	9.90	10.00	10.21	9.16	9.76	4.22	43.2%
Petroleum output	Million tons	6.80	11.80	11.49	11.87	6.37	3.66	57.5%
Power output	Billion kwh	20.58	21.00	22.60	19.17	22.71	9.84	43.3%
Protein output	Million tons	1.65	1.63	1.58	1.80	1.62	0.79	48.7%
Revenue	Trillion VND	267.2	320.9	396.9	566.0	490.7	299.3	61.0%
PBT	Trillion VND	46.9	50.6	43.8	17.5	Na	21.3	Na
PAT	Trillion VND	37.2	38.6	35.2	Na	Na	Na	Na
Budget submission	Trillion VND	97.5	121.3	108.0	83.0	Na	45.2	

*: - PVN built the 2021 target based on the scenario of Brent oil price of USD 45 /barrel, the USD/VND exchange rate of VND23,500.

- 2017-2019's revenue is taken according to the consolidated financial statements

Source: PVN, MBS Research

VIET NAM OIL AND GAS INDUSTRY



Part II: Growth prospect

I. International Oil and Gas outlook

PRICE FLUCTUATION

Oil prices have rebounded and increased strongly since the beginning of the year, thanks to the surging potential for oil demand as North America and Europe reopened their economies, while OPEC+ continued to control oil supply tightly.

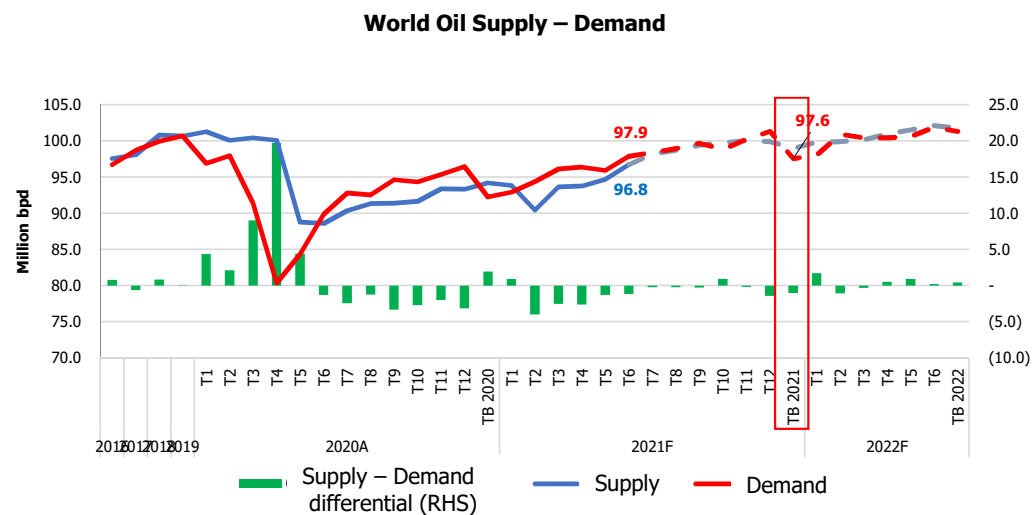
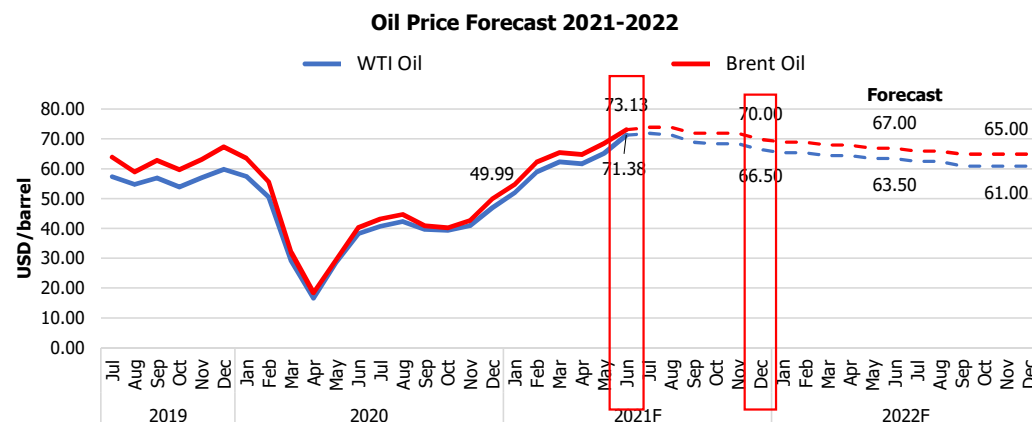
Oil prices are expected to gradually decrease in 2022, but remain at USD 65-70/ barrel with Brent oil.

DEMAND

Global oil consumption demand continues to rise enormously as the US and European countries promote Covid19 vaccination campaigns. In June, oil consumption reached 97.9 million bpd. According to EIA, demand will continue to increase through the 2H2021, reaching 101.4 million bpd in December 2021, bringing the full-year average to 97.61 million bpd, up 5.3 million bpd (5.7%) from the 2020 average. 2022's demand is expected to add about 3.6 million bpd (3.8%) compared to 2021.

SUPPLY

Supply was well controlled in 1H2021, oil production in June reached 96.75 million bpd. Supply is expected to increase in 2H2021 and 2022 after the OPEC+ agreed to raise oil output by 0.4 million bpd from August 2021 to September 2022.



Source: Bloomberg, EIA, MBS Research

Part II: Growth prospect

II. Vietnam's Oil and Gas industry development strategy

Oil and Gas industry development strategy

According to The development strategy of Vietnam's oil and gas industry to 2025 and orientation to 2035, issued together with Decision No. 1748/QĐ-TTg dated October 14, 2015 of the Prime Minister:

- About oil and gas exploration and exploitation: Promote domestic activities to increase reserves, efficiently exploit and promptly invest in existing mines; expand oil and gas exploration and production activities internationally.
- About oil and gas production: Focusing on processing to fully meet the domestic demand and developing the petrochemical sector;

No	Planned targets	Unit	Period	
			2016-2020	2021-2030
I	Increase reserves		33-40	30-39
	- Domestic	Tons of oil equivalent/year	25-30	20-28
	- Foreign		8-10	10-11
	Total reserves increase		33-40	30-39
II	Exploiting			
	Oil and condensate	Million tons	11-14	5-12
	Gas	Billion m3	11-14	15-21
	Total domestic exploitation	Million tons	22-28	20-33
	Total abroad exploitation	Million tons	3-7	7-8
	Total exploitation	Million tons/year	25-35	27-41
III	Oil refinery			
	Petroleum products			60-70% demand
	Petrochemical products			>50% demand

Gas industry development plan

The overall plan on developing Vietnam's gas industry to achieve the industry targets in the Strategy on Development of the Oil and Gas Industry in Vietnam to 2025 and orientation to 2035 has been approved by the Prime Minister.

No	Criteria	Unit	Period									
			2016-2020					2021-2025				
			2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
I	Exploiting- Importing gas											
	Exploited output	Billion m3	10-11					13-19				
	Imported output	Billion m3						1-4				
	Actual output	Billion m3	10,7	9,8	10,0	10,2	9,2					
	Forecasted output	Billion m3						9,2	9,9	12,8	16,1	17,7
II	Gas consumption											
	Planned output	Billion m3	11-15					13-27				
	Actual output	Billion m3	10,7	9,8	10,0	10,2	9,2					
	Forecasted output	Billion m3						9,0	10,1	15,1	19,4	21,9
III	Investment capital (for collecting gas pipeline system, LNG warehouse and gas treatment plants)											
	North	Billion usd						0,43				
	Middle	Billion usd						0,54				
	South East	Billion usd						6,12				
	Southwest	Billion usd						3,48				
	Total	Billion usd						10,57				

Source: MOIT, PVN, MBS Research

VIET NAM OIL AND GAS INDUSTRY

Part II: Growth prospect

III . Demand for oil and gas

Demand for petroleum and petrochemicals

Petroleum products

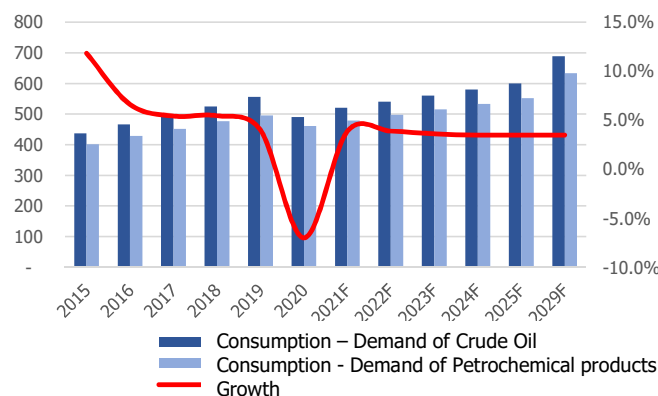
Vietnam's demand for petroleum in recent years has grown about 5-6%, reaching 19-20 million tons/year.

The 2020 – 2025 period is expected to grow at 4%-5% and continue to rise at 3.5% - 4% in 2025-2030

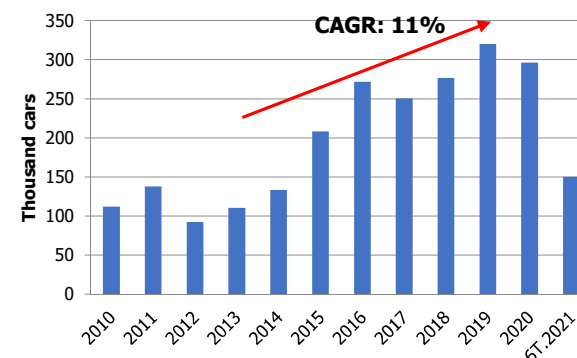
Petrochemicals products

With the plastic industry, Vietnam's yearly demand for plastic resins is 8.6-9.1 million tons. Meanwhile, domestically produced raw materials can only cover 20% - 25% of demand, leading to a huge amount of primary plastic materials importation from 5.5-6 million tons each year.

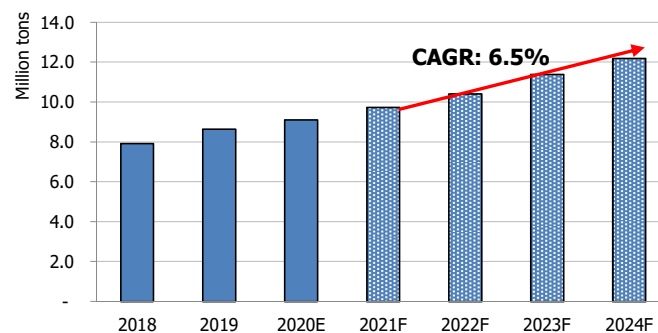
**Petrochemical products demand in Vietnam
(thousand barrels/day)**



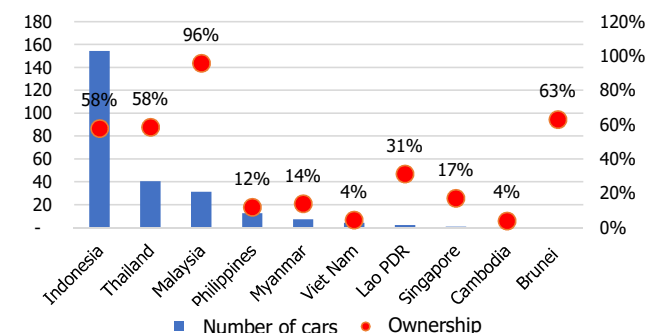
Car sales in Vietnam market



Plastic products demand in Vietnam



Number of cars and ownership rate in ASEAN



Source: MOIT, MOT, VAMA, DataAseanstate, MBS research

VIET NAM OIL AND GAS INDUSTRY



Part II: Growth prospect

III . Demand for oil and gas

Gas demand

▪The gas demand in Vietnam is being boosted with the rise in electricity demand to satisfy economic growth and the trend of clean energy, reducing CO2 emission.

▪According to the Draft Power Plan 8, the total capacity of gas-fired power plants will reach 45 GW by 2030, 67 GW by 2045, accounting for 21% and 24% of the total system capacity.

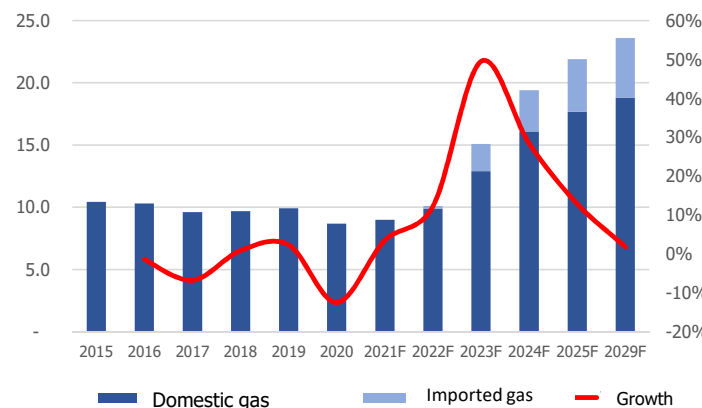
Imported LNG gas project

▪PVGAS is investing in the LNG Thi Vai terminal cluster project with the scale of phase 1 reaching 1 million tons/year, expected to be completed in 2Q2022. Phase 2 will have its capacity increased to 3 million tons/year by 2025.

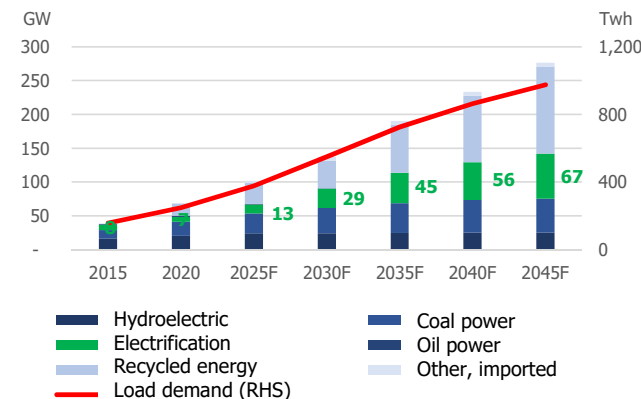
▪Son My LNG project, which has a Phase 1 capacity of 3.6 million tons per year and a total investment value of around USD 1.3 billion, is now preparing legal documentation. It is expected to be implemented in 2023-2026.

▪The tendency toward using clean energy sources for long-term development: 14 thermal power projects using liquefied natural gas (LNG) are applying for investment policy in 2020-2030 with a total capacity of 47,650 MW.

Consumption And Demand Of Natural Gas



Total Capacity And Power Output Based On Draft Power Plan VIII



Power - liquefied gas complex projects

No	Project	Investor	Electric Factory	Capacity (MW)
1	LNG Thi Vai Project	PVGAS-PVPOWER	NT3, 4 Power Plant: 1.500 MW	1,500
			Son My 1 Power Plant (3x750MW)	2,250
2	LNG Son My project	PVGAS-AES	Son My 2 Power Plant (3x750MW)	2,250
3	LNG Long An project	PVGAS-Vinacapital	LA1, LA2	3,000
4	LNG Hai Phong project	ExxonMobil	Tien Lang Industrial Zone, Hai Phong	4,500
			LNG Cap Trap, Hai Phong	1,600
5	LNG Quang Ninh Project	PVPOWER- TokyoGas-Marubeni		1,500
6	LNG Vung Ang project	PVPOWER- CTCP TTG- Quantum Infrastructure Capital LLC (USA)		3,000
7	LNG Cai Mep Ha project	T&T Group và GEN X Energy		6,000
8	LNG Van Phong	Petrolimex- JX Energy		1,500
9	LNG Long Son project	EVN-GENCO3		4,500
10	Long Son Power Plant project	Marubeni (Japan)	Long Son Power Plant	4,800
11	Ba Ria 2 Power Plant project	BaRia Thermal Power Joint Stock Company	Ba Ria 2 Power Plant	1,200
12	Phu My 3.1 Project	BOT Phu My 3		850
13	LNG Ca Na Project	Gulf Energy Development	Ca Na – Binh Thuan Power Plant	6,000
14	LNG Bac Lieu	Delta Offshore Energy (Singapore)	Bac Lieu Power Plant	3,200
15	LNG Long An project			47,650

Source: Moit, EVN, FitchSolutions, MBS Research

VIET NAM OIL AND GAS INDUSTRY



Part III: Investment opportunities

I. Oil and Gas enterprises – business results

Ticker	Unit	Financial Situation as of 6.2021			2021 Plan		Actual 6M.2021		Compared to 2020		2021 Forecast		2H2021 Outlook		
		Asset	Equity	Capitalization 23.8.2021	Revenue	PBT	Revenue	PBT	Revenue	PBT	Revenue	PBT	Mid-term - 6M	Basic valuation	Cash flow – technical valuation
GAS	VND bn	74,826	47,845	167,470	70,169	8,795	40,272	5,570	123%	106%	79,282	12,408	Positive	99	110-115
PLX	VND bn	68,380	27,444	60,701	135,200	3,360	84,836	2,742	130%	na	172,511	5,179	Positive	61	70-72
BSR	VND bn	63,852	34,586	55,190	70,898	871	48,908	3,590	154%	na	100,326	5,390	Neutral	18	21-22
PVS	VND bn	26,279	20,180	11,232	10,000	700	5,677	428	65%	71%	16,569	920	Positive	26	28-30
PVD	VND bn	20,856	14,042	7,707	4,400	25	1,790	-95	57%	-101%	4,250	60	Neutral	20	25-26
PVT	VND bn	12,452	6,276	6,910	6,000	500	3,581	559	105%	142%	8,092	1,050	Positive	23	24-25
OIL	VND bn	25,057	10,986	14,040	55,750	400	25,189	534	86%	na	58,000	750	Neutral	14	18-20
PVC	VND bn	1,725	787	423	2,000	22	960	12	111%	80%	2,100	40	Neutral	10	15-16
PVP	VND bn	2,350	1,436	1,565	1,100	210	612	119	88%	183%	1,250	220	Positive	20	22-23

Source: Financial statements, MBS research

VIETNAM NATIONAL PETROLEUM GROUP (HSX: PLX)



CORPORATION INFORMATION

VIETNAMESE NAME	TẬP ĐOÀN XĂNG DẦU VIỆT NAM -CTCP
FOREIGN NAME	VIETNAM NATIONAL PETROLEUM GROUP
ABBR NAME	PETROLIMEX
HEAD QUARTER	No.1 Kham Thien Street, Kham Thien Ward Dong Da Ha Noi
TEL	(024) 38512603
FAX	(024) 38519203
WEBSITE	http://www.petrolimex.com.vn
AUTHORIZED CAPITAL	VND 12,938.78 billion



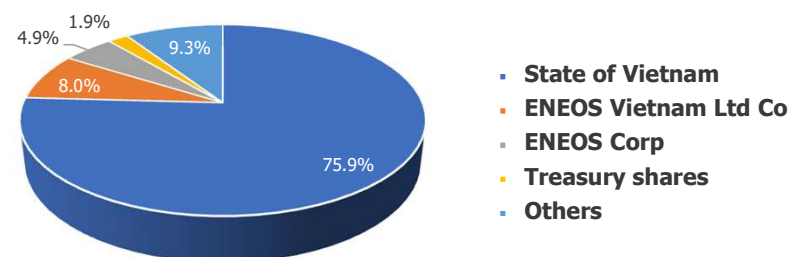
Shareholder structure in August 2021

According to the equitization plan, the FOL in Petrolimex is 20%.

Strategic shareholder is Japan's No. 1 oil and gas company

PLX currently has the participation of strategic shareholders, which is a group of shareholders of ENEOS Corp from Japan. Currently, JX NOE owns more than 166 million shares of PLX, equivalent to a rate of 12.9%.

Shareholder structure in August 2021



VIETNAM NATIONAL PETROLEUM GROUP (HSX: PLX)



BUY - 12M Target price: VND 60,800

As the number one petroleum distributor and trader in Vietnam, the company's operations are entering a vital recovery phase after the Covid19 epidemic is under control. With high economic growth in the coming years, domestic demand for petroleum is forecasted to continue to increase, we highly recommend the opportunity to invest in PLX in the medium and long term. We evaluate the stock at VND 60,800 and recommend BUY.

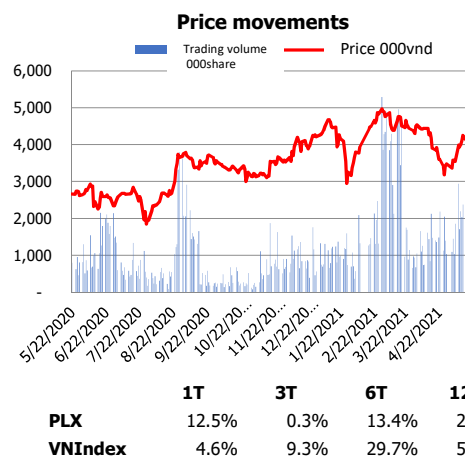
Investment points:

- As the No. 1 petroleum distribution company in Vietnam with a market share of 50%:** Petrolimex is the nation's biggest petroleum company, with yearly sales of 12 million tons of various petroleum products. In 63 cities and regions across the country, the business has built a complete infrastructure system that includes storage, transportation, distribution, and retail distribution.
- Outstanding performance:** based on a system of 2,700 direct retail stores (COCOs) and exceptional sales results. In the coming years, the company continues its strategy of developing 80-100 new stores/year and expanding its product and service offerings at retail locations.
- Healthy financial situation, outstanding business performance, attractive cash dividend policy with dividend/equity ratio of 80-85%.**
- Vietnam's consumption demand continues to increase:** It is expected to grow at a rate of over 4% each year between 2025 and 2030, owing to economic development and rising income.
- Expanding into LNG investment in 2025-2030:** The company and its partners have developed and submitted an investment plan for the LNG import terminal project in Van Phong-Khanh Hoa. The project is in the process of reviewing and approving the investment policy.

Updated information

6M.2021 business results

- Following the recovery momentum in the second half of 2H2020, in 1H2021, the corporation's revenue reached VND 84,836 billion, up 30% yoy, completing 63% of the year plan. Notably, gross profit reached VND 7,548 billion, equal to 2.4x on average, gross profit margin reached 8.9%, rose by 82% yoy.
- Financial expenses decreased by 35%, selling and administrative expenses increased slowly (20%, 15%) compared to the growth rate of revenue, leading to a sharp increase in operating profit, reaching VND 2,713 billion, compared to a loss of VND 1,021 billion in the same period in 2020. PBT was VND 2,742 billion, PAT was VND 2,251 billion, completing 82% of the year plan.
- The company continued to successfully sell 50 million treasury shares during the period, bringing a surplus of VND 2,297 billion to supplement business capital. Currently, the company continues to register to sell 8 million shares/25 million remaining treasury shares.



Current price (20/8/2021)	VND 49.600
Target price	VND 60.800
Upside	22.6%
Bloomberg	PLX VN
Market capitalization	VND 60.068 billion
52-week price movement (000 VND)	40.8-59.0
Average trading volume (000cp)	1.189
Average trading value (billion VND)	62.3
FOL (%)	20.00%
Current FOL ratio (%)	17.26%

Criteria	Unit	2020	2021F	2022F	2023F	2024F
Net revenue	VND billion	123,919	172,511	197,431	220,403	244,480
Growth	%	-34.6%	39.2%	14.4%	11.6%	10.9%
Gross profit	VND billion	2,115	5,929	7,075	8,565	9,020
EBIT	VND billion	1,409	5,179	6,349	7,840	8,295
PBT	VND billion	1,252	4,246	5,207	6,429	6,802
PAT	VND billion	-73.2%	239.2%	22.6%	23.5%	5.8%
Growth	%	988	3,843	4,712	5,818	6,156
Net profit	VND billion	791	3,059	3,642	4,497	4,758
EPS	VND	-74.7%	286.8%	19.1%	23.5%	5.8%
Growth	%	1,200	1,500	2,500	2,500	2,500
Cash dividend	VND/share	2.1%	2.6%	4.3%	4.3%	4.3%
Dividend yield	%	72.70	18.80	15.79	12.79	12.09
PE	x	3.15	2.74	2.56	2.30	2.07
PB	x	17.77	12.55	10.52	8.69	8.25
EV/EBITDA	x	5.2%	14.1%	16.2%	18.2%	17.5%
ROE	%	2.0%	6.8%	7.7%	8.8%	8.6%

Source: PLX, MBS Research

VIETNAM NATIONAL PETROLEUM GROUP (HSX: PLX)

Vietnam's 1st rank in petrol seller

Subsidiaries in the petroleum business:

- 43 Petrol and Gas One Member Limited Liability Company spread all over the country
- 01 One Member Limited Company in Singapore
- 01 One Member Limited Company in Laos
- 01 Representative Office in Cambodia
- 01 aviation petroleum trading unit: Petrolimex Aviation Fuel Joint Stock Company- Petrolimex Aviation (PA), owns 59%

Companies Petrochemicals, LNG business:

- 01 petrochemical products commercial unit (lubricants, asphalt, chemicals): Petrolimex Petrochemical Corporation-PLC (79.07%)
- 01 LPG products commercial unit: Petrolimex - PGC GAS Corporation (52.37) %

Port capacity of import and export warehouses:

- 22 seaports receive ships of 1,000-150,000 DWT; 20 river ports receive ships of 250-5,000 DWT
- Bonded warehouses receive 150,000 DWT transport ships
- Warehouse system with a capacity of 2,245 million m3

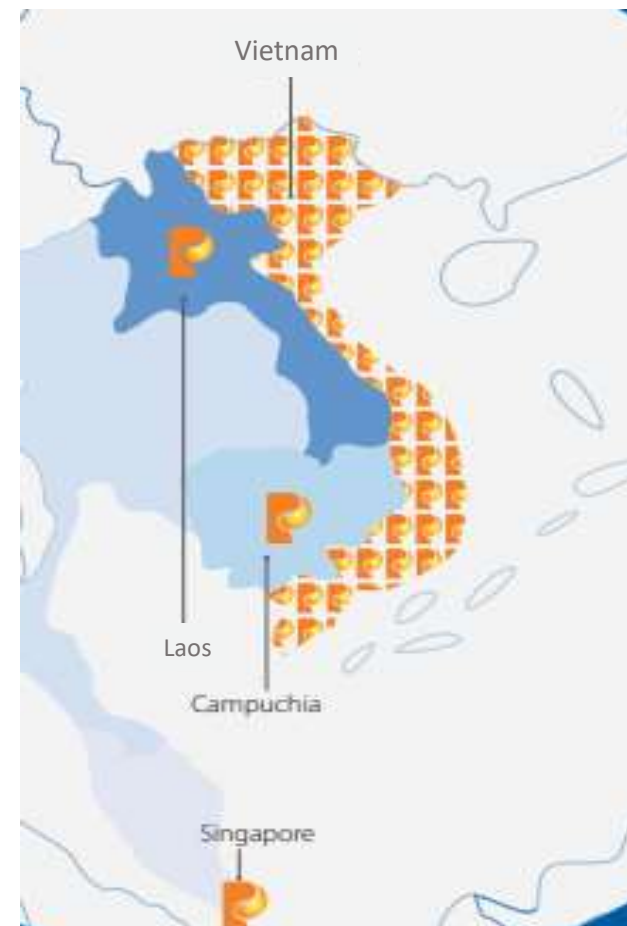
Transport capacity:

- 01 Petrolimex Water Transport Corporation-Company One Member Limited Liability Company
- 01 Petrolimex Transport Service Corporation (100%)
- 01 Petrochemical Transport Joint Stock Company (57.6%)
- The fleet capacity is 150,000 DWT.
- Transport pipeline system over 570km
- Tank truck system with about 1,000 trucks, with a total capacity of about 200,000 m3.

Number of petrol stations	PLX	PVOIL	Thanh Le	SaiGon Petro	Mipec
COCOs	2700	550	900	1000	700
DODOs	2800	2450			

COCOs: business-owned stores
DODOs: dealer-owned stores

Operation markets



Source: PLX, PVOIL, MBS Research

VIETNAM NATIONAL PETROLEUM GROUP (HSX: PLX)



Sales volume rebounded strongly in 1H2021

- Petroleum sales volume in 1Q2021 reached 3.3 million m3, up 11.5% yoy. In April, output continued to increase sharply, up 28% yoy, on the one hand, due to the low volume last year, on the other hand, because of increasing customer's beliefs on the brand and product quality from the Petrolimex system.

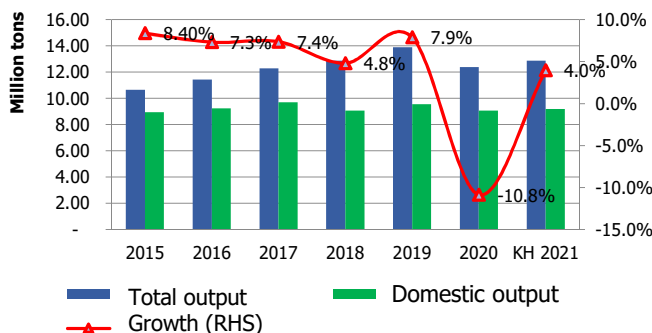
The field of jet fuel, petrochemical, LNG still maintains their leading positions

- Petrochemical business continues to lead the domestic market, in which the asphalt field grows well thanks to the policy of infrastructure investment in 2020-2025.
- LNG business maintains the No. 3 position with an output of 150 thousand tons, accounting for about 7% of the domestic market share.
- The jet fuel sector continues to face difficulties due to limited flights. The company hopes to recover quickly when the Covid epidemic is contained, the vaccine is widely distributed, and domestic and international flights are restored.

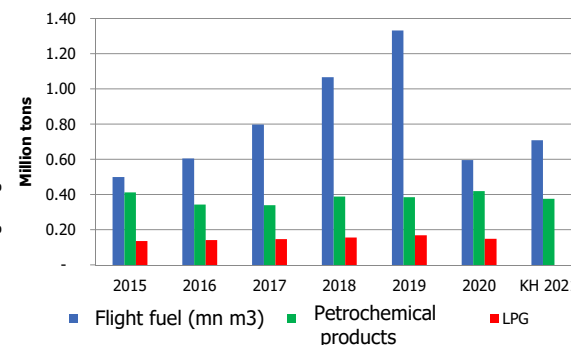
Business results are continuing to recover impressively

- In 1H2021, the corporation revenue reached VND 84,836 billion, up 30% yoy, completing 63% of the year plan.
- Especially, gross profit was VND 7,548 billion, up 2.4 times yoy, gross profit margin reached 8.9%.
- Profit before tax reached VND 2,742 billion, profit after tax reached VND 2,251 billion, a sharp increase compared to the loss of 1H2020 and completed 82% of the year plan.
- In 2021, we expect the company's revenue will achieve VND 172,511 billion, profit before and after-tax will be VND 5,180 billion and VND 4,250 billion, respectively.

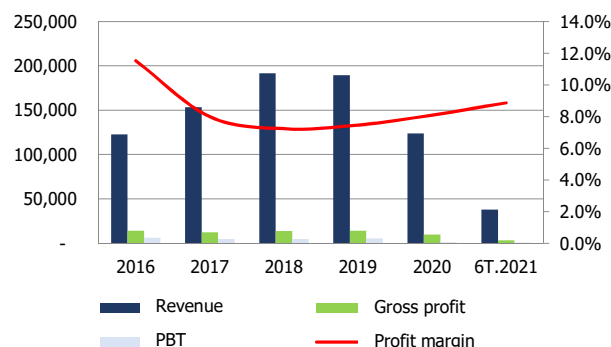
Petroleum business output



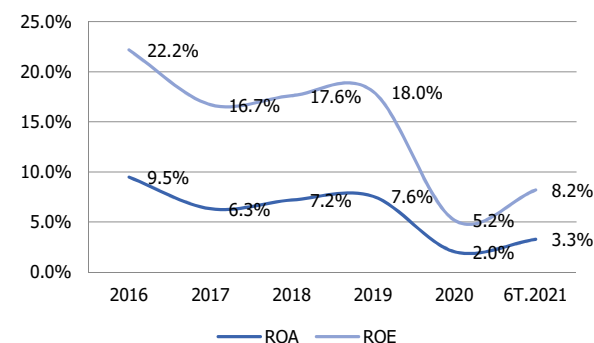
Member unit sales volume



Revenue and Profit



ROA-ROE



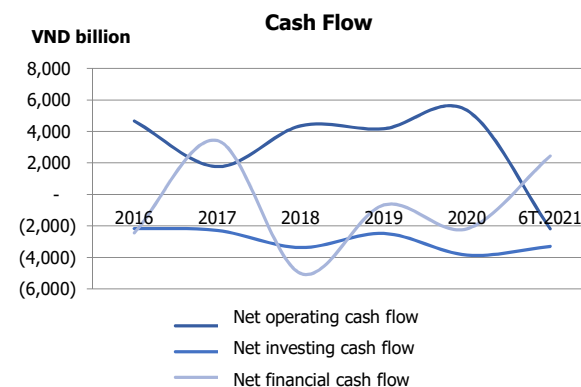
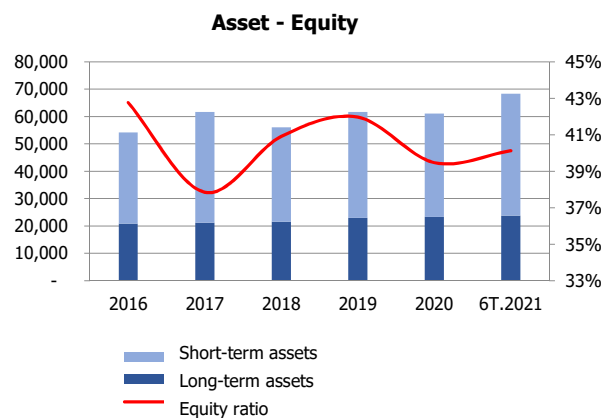
Source: PLX, MBS Research

VIETNAM NATIONAL PETROLEUM GROUP (HSX: PLX)



Strong financial resources - Attractive cash dividend policy

- Cash, cash equivalents and short-term financial investments are always valuable, accounting for 27-31% of total assets. With a substantial source of money, in 6M 2021, the company implemented a policy of expanding business, increasing customer resources and inventory.
- In 2021, the company will continue to sell all 75 million treasury shares, providing abundant financial resources to support business operations.
- Substantial financial resources and well-controlled cash flow allow the company to execute a cash dividend policy at an attractive rate. In 2020, despite the decrease in business profit due to the Covid19 epidemic, the company still implemented a 12% cash dividend, which is larger than the year's profit.



Source: PLX, MBS Research

VIETNAM NATIONAL PETROLEUM GROUP (HSX: PLX)



Business results 2021F-2026F forecast

Forecast of 2021 business results and stock valuation

- In 2021, the Corporation plans to have a total business output of 12.22 million m3, approximately the volume of 2020, with total revenue of VND 135,200 billion and pre-tax profit of VND 3,360 billion.
- We forecast that the business output in 2021 could reach 12.28 million m3, approximately the level of 2020, due to the resumption of Covid-19 epidemic with complicated situations in Ho Chi Minh City, Hanoi and southern provinces, reducing gasoline demand in 3Q202
- We also forecast full-year revenue of VND 172,510 trillion, based on assumed Brent crude oil price averaged at USD 68/barrel. Profit before and after-tax are VND 5,180 billion and VND 4,246 billion, respectively.
- In the long term, with the company's scale, position and business capacity, along with the country's economic development, which will continue to recover after the Covid-19 epidemic is under control, we expect PLX's development prospects are positive and bright.

Stock valuation

Based on the business results forecast, combining basic valuation methods (DCF, PE, PB, EV/EBITDA comparison) we evaluate PLX at VND 60,800/share.

Valuation results	Value (vnd/share)
- DCF_FCFE	71.275
- PB	54.325
- PE	56.540
- EV/EBITDA	60.244
The average value	60.800

Business results	Unit	2020	2021E	2022E	2023E	2024E	2025E	2026E
Sales of petroleum	Million m3	12,389	12,285	13,722	14,298	14,870	15,465	16,084
Net revenue	VND billion	123,919	172,511	197,431	220,403	244,480	254,350	264,568
Growth	%	-34.6%	39.2%	14.4%	11.6%	10.9%	4.0%	4.0%
Cost of goods sold	VND billion	-113,879	-158,932	-181,770	-202,346	-224,867	-233,938	-243,335
Gross profit	VND billion	10,040	13,578	15,661	18,057	19,613	20,412	21,232
Financial income	VND billion	917	1,769	927	945	964	983	1,003
Financial expenses	VND billion	-952	-1,070	-1,045	-1,045	-1,045	-1,045	-1,045
Selling expenses	VND billion	-8,591	-8,971	-9,082	-10,139	-11,246	-11,700	-12,170
General and Administrative expenses	VND billion	-820	-863	-987	-1,102	-1,222	-1,272	-1,323
Operating income	VND billion	1,191	5,079	6,299	7,790	8,245	8,678	9,126
PBT	VND billion	1,409	5,179	6,349	7,840	8,295	8,728	9,176
PAT	VND billion	1,252	4,246	5,207	6,429	6,802	7,157	7,524
Net income	VND billion	988	3,843	4,712	5,818	6,156	6,477	6,879

Valuation by DCF

Criteria	Unit	Value
Cost of equity	%	11.93%
Terminal growth rate after 2027	%	2.00%
Present value of net cash flow in 2021-2027	VND billion	21,386
Present value of cash flow after 2027	VND billion	54,154
Cash and cash equivalents, current short-term financial investment	VND billion	10,789
Enterprise Value	VND billion	86,330
Current long-term debt	VND billion	1,580
Equity value	VND billion	84,750
Number of shares	Million shares	1,294
Value per share	VND	71.275

PE-PB-EV/EBITDA ratio

Company	Nation	Market capitalization (millions USD)	P/B	P/E	EV/EBITDA
PETROVIETNAM GAS	Vietnam	6,710	3.1	20.5	11.9
HUNAN HESHUN PETROL CO -A	China	941	3.7	32.7	20.1
INDRAPRASTHA GAS LTD	India	4,817	6.6	28.2	21.7
THAI OIL PCL	Thailand	3,740	1.0	8.3	9.4
ENEOS HOLDINGS INC	Japan	13,641	0.6	12.9	7.8
S-OIL CORP	South Korea	9,651	1.8	25.8	13.4
PETRONET LNG LTD	India	4,856	3.2	13.1	8.7
HINDUSTAN PETROLEUM CORP	India	5,175	1.0	3.8	4.7
YANTAI JEREH OILFIELD-A	China	5,789	3.3	21.2	
DIALOG GROUP BHD	Malaysia	3,966	3.3	29.2	27.4
IRPC PCL	Thailand	2,567	1.0	9.7	7.0
BINH SON REFINING AND PETROC	Vietnam	1,955	1.5	32.6	3.4
PETROVIETNAM OIL	Vietnam	564	1.4	28.5	9.4
CHINA AVIATION OILSINGAPORE	Singapore	679	0.8	12.1	9.9
PTG ENERGY PCL	Thailand	1,006	3.7	14.2	8.9
PETROLIMEX HOLDING	Vietnam	3,208	3.46	18.8	12.8
Average			2.88	19.37	11.14

Source: PLX, Bloomberg, MBS Research

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