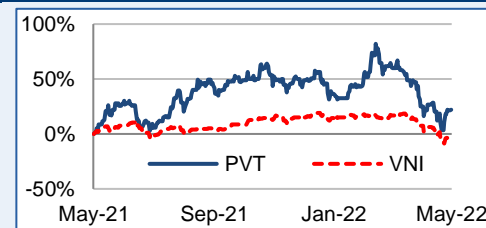


PetroVietnam Transportation (PVT) [BUY +45.1%]

Update Report

Industry:	Oil & Gas		2021	2022F	2023F	2024F
Report Date:	May 24, 2022	Rev Growth	-0.2%	12.5%	8.8%	7.9%
Current Price:	VND19,300	EPS Growth ⁽¹⁾	3.6%	23.3%	9.2%	18.5%
Target Price (TP):	VND27,000	EPS Growth ⁽²⁾	-0.6%	24.2%	-1.5%	18.1%
Last TP:	VND26,700	NPAT (VND bn) ⁽²⁾	666	827	814	962
Upside to TP:	+39.9%	EV/EBITDA	4.3x	3.9x	3.7x	2.8x
Dividend Yield:	5.2%	P/E ⁽¹⁾	11.1x	9.0x	8.3x	7.0x
TSR:	+45.1%	P/E ⁽²⁾	9.9x	8.0x	8.1x	6.9x



Market Cap:	USD271.6mn		PVT	Peers ⁽³⁾	VNI
Foreign Room:	USD102.8mn	P/E (ttm) ⁽²⁾	9.7x	4.7x	13.5x
ADTV30D:	USD2.9mn	EV/EBITDA	4.2x	7.3x	N/A
State Ownership:	51.0%	Net D/E	5.9%	56.5%	N/A
Outstanding Shares:	323.7 mn	ROE	12.7%	9.3%	15.8%
Fully Diluted Shares:	323.7 mn	ROA	5.3%	4.6%	2.6%
3-year PEG:	0.5	(1) recurring; (2) reported; (3) regional peer median			

Company Overview

PVT owns the largest liquid tanker fleet in Vietnam and holds a dominant market share for the crude oil transportation of Binh Son Refinery (BSR) (420,000 DWT), 30% for oil products (160,000 DWT), 100% for liquefied petroleum gas (42,500 DWT), 10% for coal transportation (83,000 DWT) and 10% for floating oil storage (FSO).

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Fleet expansion to accelerate

- We upgrade our rating from OUTPERFORM to BUY and reiterate our optimistic long-term outlook for PVT that stems from rising crude, LPG and chemical transportation demand. PVT's valuation has entered attractive territory after a 22% share price correction over the past three months.
- We nudge up our TP by 1% mainly because we roll it forward to mid-2023. Meanwhile, we keep our 2022-2026F NPAT-MI nearly unchanged.
- We do not factor a cash dividend for 2021 as the company plans for a stock dividend instead. However, we expect PVT will resume paying a cash dividend from 2022; as such, we maintain our cash dividend forecast of VND1,000/share in 2022-2026F (5% yield).
- We forecast 2022F recurring EPS growth of 23.3% YoY thanks to 1) full-year contributions from a new very large gas carrier (VLGC) and chemical tankers as well as 2) a 5% recovery of tanker rates. We expect 2022F reported EPS to be supported by VND100bn (USD4.3mn) of profit from the Athena crude tanker liquidation.
- We forecast a 2021-2026F EPS CAGR of 15.1% that is driven by rising transportation demand from overseas crude, chemical and LPG transportation and Nghi Son Refinery (NSR) contracts.
- PVT has strong financial capacity with VND3.2tn (USD139mn) of cash on hand at end-Q1 2022.
- PVT is trading at a 2022F EV/EBITDA of 3.9x — 47.5% lower vs its regional peer median.
- Potential upside: Faster-than-expected fleet expansion progress.
- Downside risk: Slower-than-expected tanker rate recovery.

We expect a further volume and tanker rate recovery in future quarters. In Q1 2022, transportation demand rebounded with LPG, oil product/chemical and crude oil transportation volume increasing 34.0% YoY, 5.0% YoY and 3.0% YoY, respectively. We expect volume to continue to recover in future quarters along with the recovery of petroleum demand. Meanwhile, PVT's tanker rates for some international contracts remained low in Q1 2022 because they were signed in late 2021. However, tanker rates for crude, oil product/chemical and bulk tankers surged in March 2022 due to the Russia-Ukraine conflict. As such, we expect PVT could raise international crude/oil product/chemical tanker rates in Q2 2022 in accordance with international freight rates.

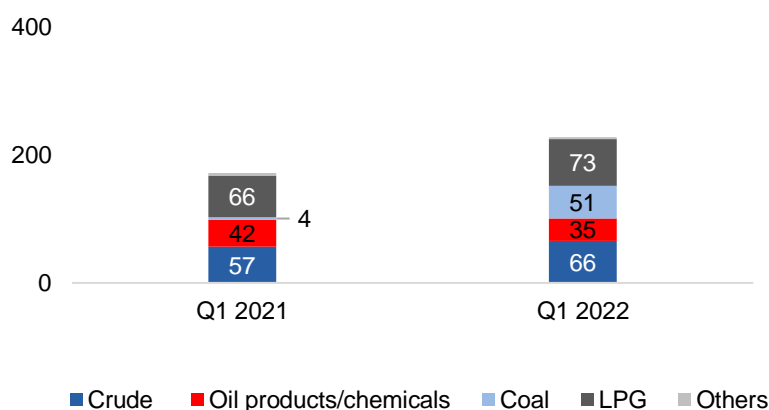
We expect PVT's fleet expansion to accelerate moving forward. In Q1 2022, PVT invested in two new chemical tankers with capex of VND361bn (USD16mn), completing 16.9% of our full-year forecast. In its AGM documents, PVT included an aggressive capex plan of VND3.3tn (USD143mn) for six new tankers. We expect PVT will accelerate its fleet expansion in future quarters with a focus on chemical/oil product and bulk tankers (for coal transport) in 2022 instead of crude tankers, which bolsters our 2022F and 2023F recurring earnings growth of 23.3% YoY and 9.2% YoY, respectively.

Q1 2022 Recap: Contribution of new tankers drives profit, as expected

Figure 1: Q1 2022 recap

VND bn	Q1 2021	Q1 2022	YoY growth %	% of VCSC's old 2022F	Explanation (a) For YoY growth (b) % of forecast
Revenue	1,717	2,022	17.8%	24.4%	(a) Driven by the transportation segment — especially from LPG and oil product/chemical transportation.
Transportation	1,200	1,475	22.9%	23.9%	(a) Profit recovery in the crude, coal and LPG segments.
Floating oil storage (FSO), trading & others	516	547	5.9%	26.0%	
Gross profit	258	291	13.1%	20.6%	(a) Increased profit from the transportation and floating storage segments.
Transportation	172	202	17.6%	18.6%	(a) Driven by 1) contributions from new tankers acquired in H2 2021 and 2) a recovery of transportation demand — particularly profit recoveries in the crude, coal and LPG segments (see Figures 2 & 3). (b) Transportation profit was in line with our expectation.
FSO, trading & others	86	89	4.1%	27.0%	
Sales & marketing exp	-3	-2	-30.0%	17.0%	
General admin exp	-53	-52	-2.1%	21.2%	
Operating profit (EBIT)	201	237	17.8%	20.5%	
Financial income	39	37	-4.5%	27.1%	
Financial expenses	-46	-50	9.3%	30.5%	
In which, interest expense	-41	-43	4.9%	26.4%	
Share profit/loss from associates	0	0	N.M.	0.0%	
Net other income/loss	39	15	-62.9%	11.6%	
PBT	234	239	2.2%	18.6%	
Income tax expense	-60	-45	-25.2%	17.6%	
NPAT	174	194	11.7%	18.9%	
Minority interest (MI)	-37	-42	11.4%	21.0%	
Reported NPAT-MI	136	153	11.8%	18.4%	
Recurring NPAT-MI	117	136	16.5%	18.6%	(a) Driven by 1) contributions from new tankers acquired in H2 2021 and 2) a recovery of transportation demand (b) Q1 2022 net profit was within our expectations. We expect higher profit in future quarters as 1) net profit is typically low in Q1 when the company books maintenance expenses in advance and 2) as we expect PVT could raise crude oil/chemical tanker rates for several international transportation contracts in Q2 2022.
			ppts change		
Gross profit margin %	15.0%	14.4%	-0.6 ppts		
Transportation	14.3%	13.7%	-0.6 ppts		
FSO, trading & others	16.6%	16.3%	-0.3 ppts		
Sales exp. % sales	0.2%	0.1%	-0.1 ppts		
GA exp. % sales	3.1%	2.6%	-0.5 ppts		

Source: VCSC estimates. (*) Recurring NPAT = Operating profit + Interest income – Interest expense + Income from JVs (not accounting for FX gain/loss and profit from asset disposal).

Figure 2: Transportation gross profit breakdown (VND bn)


Source: PVT, VCSC

Figure 3: Transportation performance in Q1 2022

	Q1 2022 gross profit YoY growth %	Q1 2022 GPM %	YoY change in GPM (ppts)	Explanation
Crude	16.2%	20.5%	1.5 ppts	Crude oil transportation demand recovered on the back of solid tanker rates for international contracts. In Q1 2022, PVT transported 1.4 million tonnes of crude oil for BSR (+3.0% YoY).
Oil products/chemicals	-17.4%	8.4%	-3.8 ppts	The domestic segment was stable, but spot contracts in the international segment were hit by surging fuel costs. PVT transported 575,000 cbm of oil products for BSR and NSR (+5.0% YoY).
Coal	1,217.9%	48.0%	29.9 ppts	Favorable bulk tanker rates on the international market.
LPG	11.9%	14.7%	1.4 ppts	Thanks to 1) the profit contribution from a new VGLC and 2) strong LPG transportation volume (34.0% YoY).
Others	-35.9%	3.9%	-4.8 ppts	
Transportation segment	13.1%	14.4%	-0.6 ppts	

Source: PVT, VCSC

2022 Outlook: Expecting tanker rates to recover; new VLGC, chemical tankers to drive earnings growth

Figure 4: 2022 forecasts

VND bn	2021	2022F New	2022F growth %	2022F New vs Previous	Explanation (a) For YoY growth (b) Forecast changes
Revenue	7,368	8,287	12.5%	0.0%	(a) Thanks to 1) full-year contributions of the new VLGC and chemical tankers acquired in H2 2021 and early 2022, respectively, and 2) a 5.0% YoY recovery of tanker rates for the crude oil and oil products segments.
Transportation	5,235	6,181	18.1%	0.0%	
Floating oil storage (FSO), trading & others	2,106	2,106	0.0%	0.0%	
Gross profit	1,240	1,417	14.2%	0.0%	(a) We expect the transportation segment to rebound thanks to 1) full-year contributions from new VLGC/chemical tankers, 2) a 5.0% YoY recovery of tanker rates for the crude oil and oil products segments and 3) declining operating costs as we assume reduced COVID-19 disruptions in 2022.
Transportation	910	1,087	19.4%	0.0%	
Floating oil storage (FSO), trading & others	330	330	0.0%	0.0%	
Sales & marketing exp	-10	-14	34.3%	0.0%	
General admin exp	-277	-244	-11.8%	0.0%	
Operating profit (EBIT)	963	1,158	20.3%	0.0%	
Financial income	181	138	-23.3%	0.0%	
Financial expenses	-157	-166	6.0%	1.1%	
In which, interest expense	-147	-166	13.0%	1.1%	
Share profit/loss from associates	25	25	0.0%	0.0%	
Net other income/loss	38	126	229.3%	0.0%	(a) We expect non-operating profit of VND100bn (USD4.3mn) from the liquidation of the Athena crude tanker.
PBT	1,050	1,281	22.1%	-0.1%	
Income tax expense	-212	-256	21.1%	-0.1%	
NPAT	838	1,025	22.3%	-0.1%	
Minority interest (MI)	-172	-199	15.1%	0.0%	
Reported NPAT-MI	666	827	24.2%	-0.2%	(a) We forecast nonoperating profit of VND100bn (USD4.3mn) from the liquidation of the Athena crude tanker (expected in Q2 2022).
Recurring NPAT-MI	592	731	23.3%	-0.2%	(a) We expect the transportation segment to recover further thanks to 1) full-year contributions from the new VLGC and chemical tankers, 2) a recovery of tanker rates and 3) declining operating costs as we assume reduced disruptions from COVID-19 in 2022 (b) Q1 2022 results were within our expectation.
			ppts change	ppts change	
Gross profit margin %	16.8%	17.1%	0.3 ppts	0.0 ppts	
Transportation	17.4%	17.6%	0.2 ppts	0.0 ppts	
Floating oil storage (FSO), trading & others	15.7%	15.7%	0.0 ppts	0.0 ppts	
Sales exp. % sales	0.1%	0.2%	0.0 ppts	0.0 ppts	
GA exp. % sales	3.8%	3.0%	-0.8 ppts	0.0 ppts	

Source: VCSC estimates. (*) Recurring NPAT = Operating profit + Interest income – Interest expense + Income from JVs (not accounting for FX gain/loss and profit from asset disposal).

Figure 5: NPAT-MI forecast changes

VND bn	2022F	2023F	2024F	2025F	2026F
Reported NPAT-MI					
New forecast	827	814	962	1,097	1,211
Old forecast	828	814	964	1,102	1,214
% forecast change	-0.2%	0.0%	-0.3%	-0.4%	-0.2%
Recurring NPAT-MI					
New forecast	731	798	946	1,081	1,195
Old forecast	732	798	948	1,086	1,198
% forecast change	-0.2%	0.0%	-0.3%	-0.4%	-0.2%

Source: VCSC estimates

Valuation

In this Update Report, we continue to use a 100%-discounted cash flow (DCF) valuation model as we believe the DCF approach is the most suitable method to reflect the intrinsic value of PVT. We continue to apply a 15% 'transparency discount' as the company is no longer releasing a quarterly bulletin like it previously did. Additionally, we believe the State's divestment progress is pending.

We nudge up our target price by 1.1% as we roll it forward to mid-2023. Meanwhile, we keep 2022-2026F NPAT-MI nearly unchanged.

Figure 6: Target price derivation

Method	DCF valuation
Fair value (VND/share)	31,800
Transparency discount	15.0%
Target price (VND/share)	27,000
TTM recurring P/E at TP	15.1x
2022/23F recurring P/E at TP	12.6x/11.6x
2022/23F EV/EBITDA at TP	5.1x/4.7x

Source: VCSC forecast

Discounted cash flow

Figure 7: DCF valuation summary, VND bn (unless stated)

Cost of Capital	Previous Report	Revised	FCFF (Five Year)	
Beta	1.2	1.2	PV of Free Cash Flows	3,407
Market Risk Premium %	7.0%	7.0%	PV of Terminal Val (1.0% g)	10,789
Risk Free Rate %	5.5%	5.5%	PV of FCF and TV	14,196
Cost of Equity %	13.9%	13.9%	add Cash & ST investments	2,678
Cost of Debt %	11.0%	11.0%	less Short & Long-term debt	3,265
Debt %	35.0%	35.0%	less Minority Interest	3,322
Equity %	65.0%	65.0%	Equity Value	10,288
Corporate Tax Rate %	20.0%	20.0%	Shares (million)	324
WACC %	12.1%	12.1%	Value per share, VND	31,800

Source: VCSC forecast

Figure 8: PVT's free cash flow, VND bn

Discounted Cash Flow (VND bn)	2022F	2023F	2024F	2025F	2026F
EBIT	1,158	1,270	1,498	1,600	1,681
less Tax	-232	-254	-300	-320	-336
add Depreciation	1,069	1,212	1,330	1,375	1,410
less Capex	-2,149	-1,780	-693	-532	-532
less Working cap increase	-329	-211	-253	-204	-234
Free Cash Flow	-482	237	1,582	1,919	1,988
Present Value of FCF	-456	200	1,188	1,286	1,188
Cumulative PV of FCF	-456	-256	932	2,219	3,407

Source: VCSC's forecast

Figure 9: Sensitivity analysis of our target price for PVT in relation to DCF's WACC and terminal growth rate, ceteris paribus

PVT target price (VND)	WACC					
		11.2%	11.7%	12.1%	12.6%	13.0%
Terminal growth (g)	0.0%	27,600	26,300	25,100	23,900	22,900
	0.5%	28,700	27,300	26,000	24,700	23,600
	1.0%	30,000	28,500	27,000	25,700	24,500
	1.5%	31,400	29,700	28,100	26,700	25,400
	2.0%	32,900	31,000	29,400	27,800	26,400

Source: VCSC forecast

In this Update Report, we make a slight change to our 2022 capex projection. Based on the company's guidance, we assume PVT will focus on the chemical segment more than crude segment in 2022; as a result, we expect PVT will invest in an additional chemical tanker (large size) to increase its number of new chemical tankers from two to three while reducing its crude oil tanker investments from two to one in 2022. Overall, we keep our total capex forecast for 2022 nearly unchanged.

Figure 10: VCSC's estimates on capex for PVT's fleet expansion in 2022-2026F

	PVT's ownership	2022F*	2023F	2024F	2025F	2026F
Crude oil tankers - VLCC	65%		1 VLCC 300,000 DWT (USD47mn)			
Crude oil tankers - Aframax	100%	1 Aframax 105,000 DWT (USD25mn)				
LPG vessels	51%-68%					
Oil products/Chemical tankers	68%-100%	3 chemical tankers 70,000DWT (USD54mn)				
Vessels for bulk transport (coal)	51%-100%	Vessels & barges for coal 40,000 DWT (USD14mn)	Vessels & barges for coal 60,000 DWT (USD30mn)	Vessels & barges for coal 60,000 DWT (USD30mn)	Vessels & barges for coal 60,000 DWT (USD23mn)	Vessels & barges for coal 60,000 DWT (USD23mn)
Total capex (USD mn)		93	77	30	23	23
Total capex (VND bn)		2,139	1,770	683	522	522
Changes vs previous forecast		0.0%	0.0%	0.0%	0.0%	0.0%

Source: VCSC estimates. Note: Changes are in bold.

Peer multiples

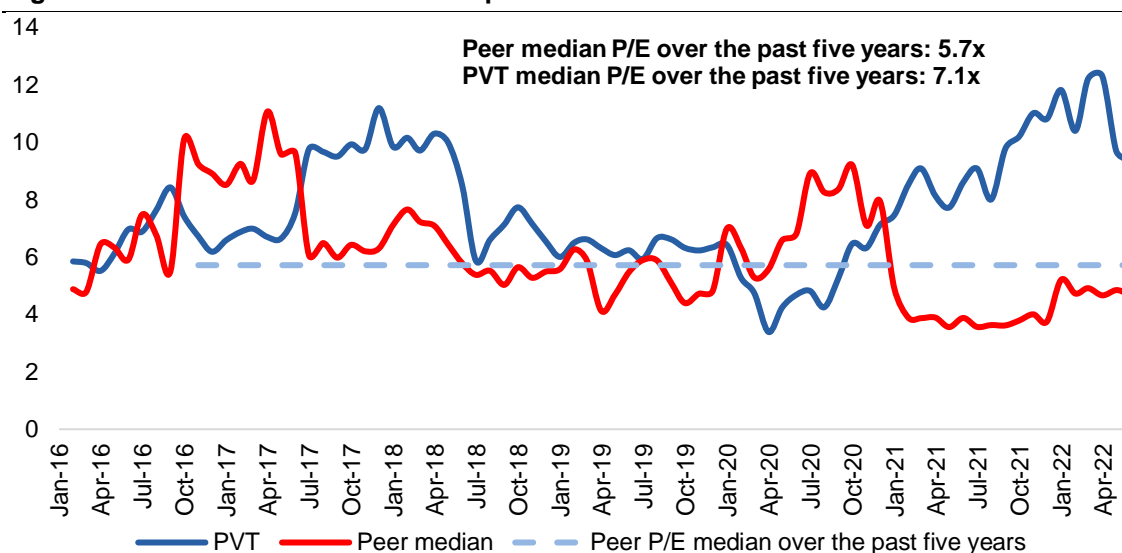
P/E multiples

PVT's peers are not perfectly comparable as they are very different from PVT in the composition between spot and time charter contracts. Historically, most of PVT's peers have incurred losses due to low spot charter rates, whereas PVT has delivered decent profit thanks to its stable long-term contract with BSR as well as its floating storage and overseas time charter contracts given its solid control in opex. PVT outperforms its peers in terms of ROE and has lower leverage along with solid long-term potential from capacity expansion and rising transportation demand from NSR.

Figure 11: Regional peers

(USD mn) Company	Country	Mkt cap	TTM Net Sales	Y-o-Y %	TTM NPAT	Y-o-Y %	GPM %	Net D/E %	ROE %	TTM div yield %	TTM P/E	LQ P/B	TTM EV/EBITDA
Mercator Ltd	India	7	50	(41.5)	(45)	64.1	N.M.	N.M.	N.M.	N/A	N.M.	N.M.	44.5
Essar Shipping Ltd	India	21	64	(64.8)	(84)	63.1	N.M.	N.M.	N.M.	N/A	N.M.	N.M.	N.M.
Trada Maritime Tbk PT	Indonesia	N/A	N/A	N/A	N/A	N/A	N/A	120.9	N/A	N/A	N/A	N/A	8.2
Soechi Lines Tbk PT	Indonesia	90	129	(0.9)	5	(80.1)	27.8	56.5	1.5	N/A	15.8	0.2	6.3
Malaysian Bulk Carriers Bhd	Malaysia	115	50	17.6	47	N.M.	N.M.	(14.3)	52.5	N/A	2.6	1.1	3.4
Pakistan National Shipping Corp	Pakistan	33	116	40.3	21	55.2	23.3	(4.1)	9.3	6.0	1.9	0.2	1.4
KSS LINE Ltd	South Korea	215	306	56.3	47	131.4	22.3	296.1	18.3	3.0	4.9	0.8	10.9
Ensu Holdings Co Ltd	South Korea	122	466	50.0	24	(66.8)	16.1	(47.1)	8.7	6.7	4.6	0.5	1.9
Heung-A Shipping Co Ltd	South Korea	568	77	11.0	16	N.M.	9.0	76.3	N.M.	N/A	76.0	6.8	24.1
Average		146	157	8.5	4	27.8	19.7	69.2	18.1	5.2	17.6	1.6	12.6
Median		103	96	14.3	18	59.2	22.3	56.5	9.3	6.0	4.7	0.6	7.3
PVT	Vietnam	272	334	2.0	30	(7.7)	14.4	5.9	12.7	0.0	9.7	1.2	4.2

Source: Bloomberg; VCSC estimates. Note: N/A: Figures are not available; N.M.: Not meaningful due to negative earnings (peer figures are as of May 23, 2022).

Figure 12: PVT's historical ttm P/E vs peer median


Source: Bloomberg, VCSC (data to May 23, 2022)

Local peers are not precisely comparable with PVT as they only have oil product transportation businesses. While the majority of PVT's profits come from crude oil transportation, the company also has FSO/FPSO segments.

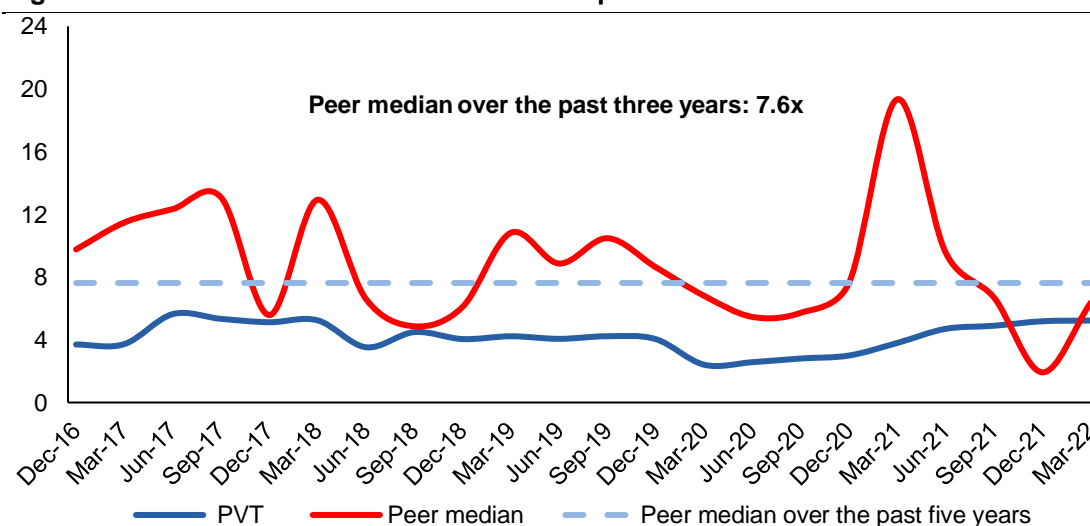
Figure 13: Local peers

(USD mn) Company (Ticker)	Mkt cap	TTM Net Sales	Y-o-Y %	TTM NPAT	Y-o-Y %	Gross margin %	Debt/Equity %	ROE %	TTM div yield %	TTM P/E	LQ P/B	EV/EBITDA
Vietnam Tanker JSC (VTO)	36	41	(12.7)	4	14.0	11.2	(19.4)	9.0	7.7	8.0	0.7	2.6
Vietnam Petroleum Transport JSC (VIP)	22	31	26.8	(0)	N.M.	3.6	(30.8)	(1.0)	6.7	N.M.	0.5	2.4
Average	29	36	7.1	2	14.0	7.4	(25.1)	4.0	7.2	8.0	0.6	2.5
PVT	272	334	2.0	30	(7.7)	14.4	5.9	12.7	0.0	9.7	1.2	4.2

Source: Bloomberg, VCSC estimates (peer figures are as of May 23, 2022)

EV/EBITDA multiples

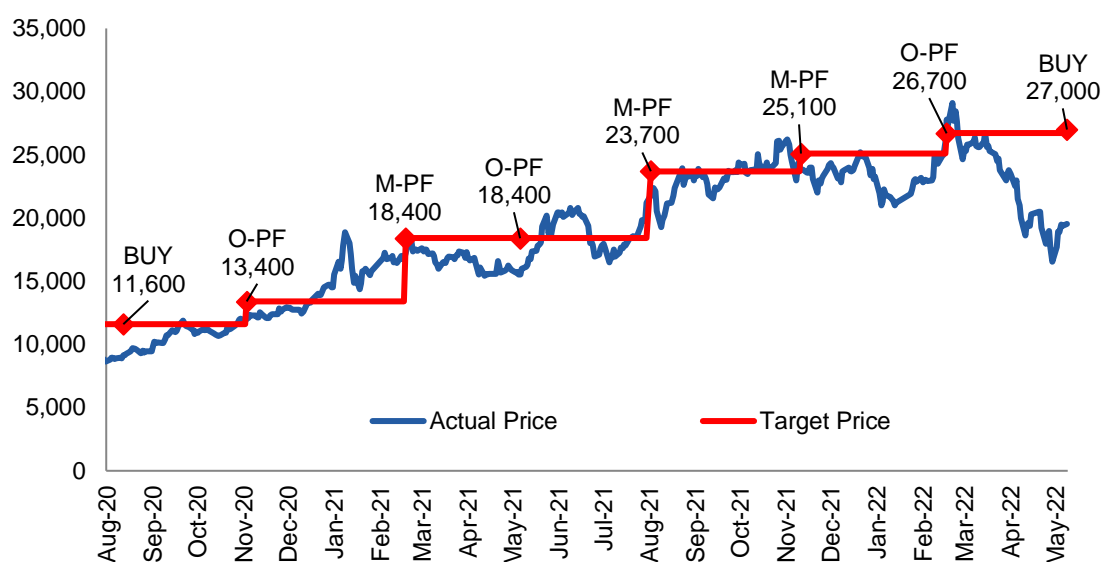
As shown in **Figure 14**, PVT did not consistently trade at a discount or premium to its peers in 2014-2015. However, it traded at a 25%-60% discount for most of 2015-2021, which we attribute to its limited investor relations activities and Vietnamese banks being risk averse regarding the shipping industry in previous years.

Figure 14: PVT's historical TTM EV/EBITDA vs peer median


Source: Bloomberg, VCSC (peer EBITDA data is available through Q1 2022)

Recommendation History

Figure 15: Historical VCSC target price vs share price (VND/share)



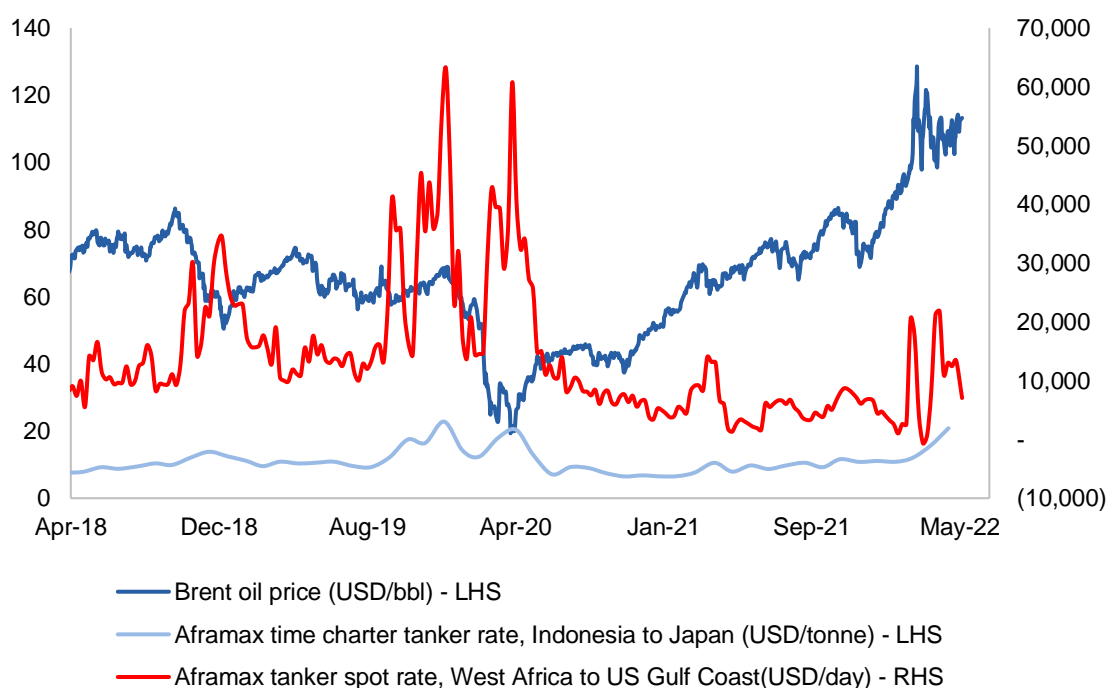
Source: Bloomberg, VCSC

Appendices

1. Most tanker rates started to recover at the beginning of 2022

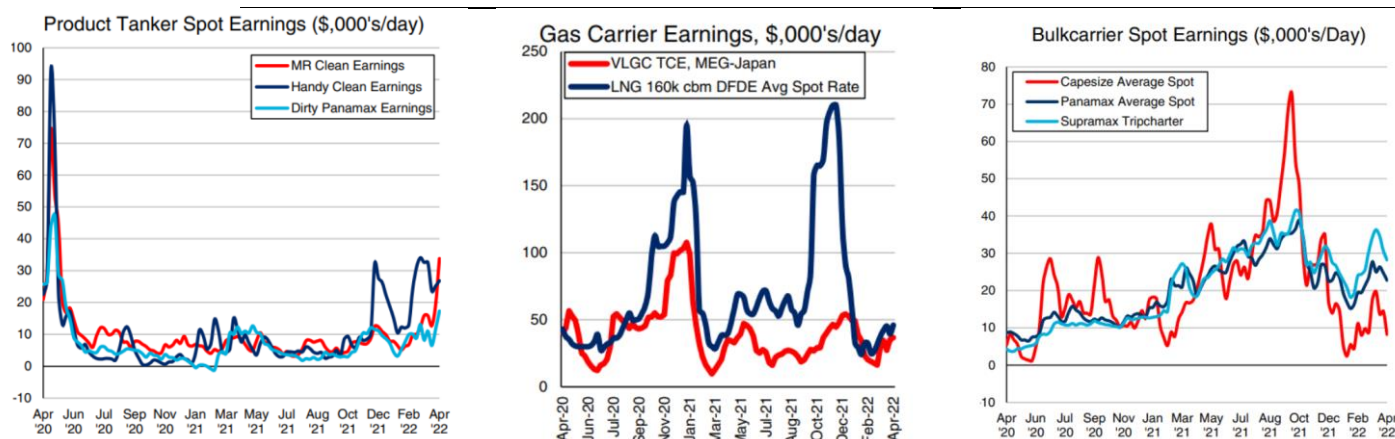
As shown in the figures below, spot tanker rates for crude, oil products and chemicals soared in February - April 2022 due to the Russia-Ukraine conflict that caused shipowners to ask large for premiums due to the risk of potential sanctions for transporting for Russian companies. Subsequently, tanker rates cooled off in May 2022. There is a great deal of uncertainty surrounding the impact of the Russia-Ukraine conflict on the tanker market; as such, we maintain our current assumption for just a 5% YoY recovery of tanker rates in 2022.

Figure 16: Brent oil price and Aframax (100,000 DWT) crude tanker rates



Source: Bloomberg, VCSC

Figure 17: Oil product/chemical, LPG and bulk tanker rates



Source: Clarksons Research, PVT

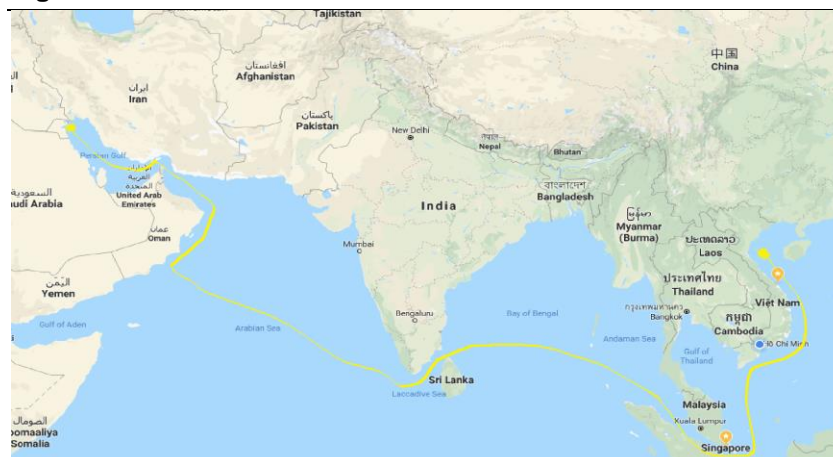
2. Ramp up of NSR bodes well for oil transportation

Crude oil transportation segment

PVT is negotiating with NSR for a long-term VLCC transportation contract

NSR's total refining capacity is 10 million tonnes of crude oil per year. This amount requires a total of four VLCCs taking turns to transport the crude. Given that PVT holds a 25% stake in NSR, PVT is negotiating with partners and expects to get a contract for one VLCC (implying roughly 25% of total crude oil volume or ~2.5 million tonnes) from Kuwait to Vietnam. Another three VLCCs could be operated by a Kuwaiti partner. Specifically, crude oil would be transported more than 8,300 km for 18 days from Kuwait to Thanh Hoa Province, with another three days for handling. We expect it will take roughly 40-45 days for a round trip, including handling time, which translates into nine to 10 trips per year for PVT if the plant operates at 100% capacity.

Figure 18: Sea distance from Kuwait to Thanh Hoa Province



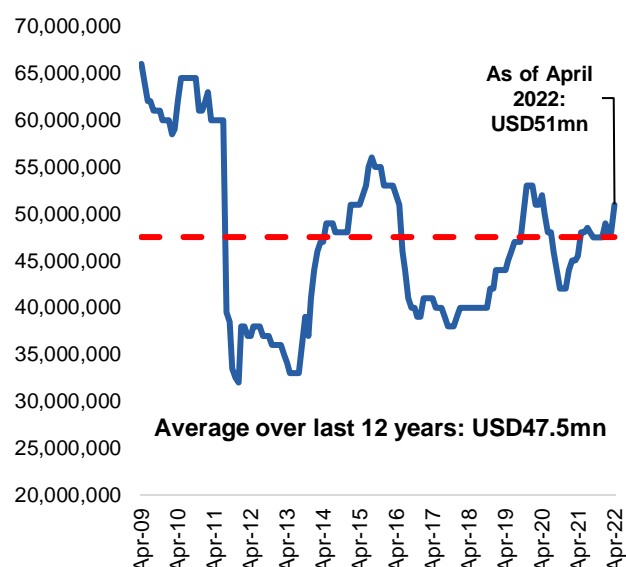
Sea distance
~8,300 km

Source: VCSC compilation

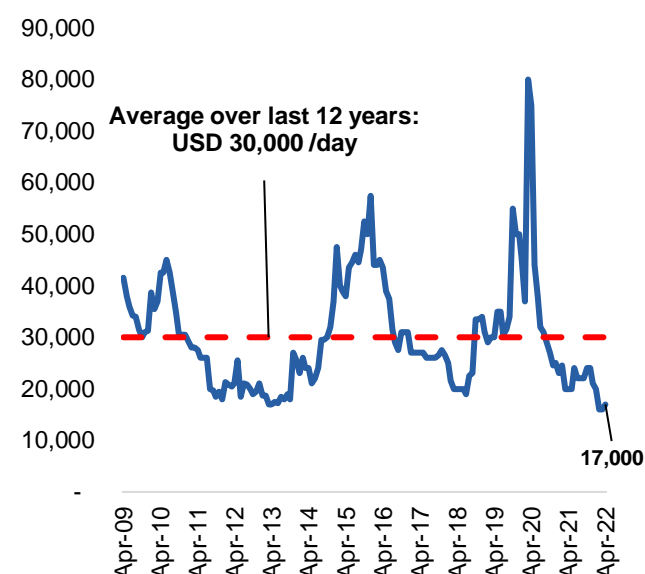
Figure 19: VCSC's assumptions

Assumptions	
Investment capital (USD mn)	47
Interest rate %	5.5%
SG&A as of sales %	1.0%
Nghi Son capacity (million tonnes)	10.8
PVT's ownership %	64.9%
Depreciation time (years)	12
Charter rate (USD)	USD34,000
IRR %	13.1%

Source: VCSC estimates

Figure 20: 10-year-old VLCC tanker value over the past 12 years (USD)


Source: Bloomberg, Simpson Spence Young, VCSC (data is from April 30, 2009 to April 30, 2022)

Figure 21: One-year time charter rate for a 300,000 DWT VLCC tanker (USD/day)


Source: Bloomberg, Simpson Spence Young, VCSC (data is from April 30, 2009 to April 30, 2022)

We forecast net profit from NSR to contribute ~10% p.a. on average beginning in 2024F when a new VLCC starts to contribute

In the our March 1, 2022 [Update Report](#), we revised our VLCC investment to be delayed an additional year to late 2023 due to NSR's reducing its utilization rate in January - February 2022, which negatively affected long-term contract negotiations between NSR and PVT. The latest information regarding this issue is that NSR has increased its utilization in April – May 2022 and has committed to a supply of 1.8 million cbm of petroleum (~80%-85% utilization) in Q2 2022. In this Update Report, we maintain our forecasts for the VLCC and expect NSR transportation will fully contribute beginning in 2024 with NPAT of VND100bn of profit on average (USD5mn — ~10% of PVT's NPAT) in 2024-2026F.

Figure 22: VCSC's forecast of revenue and net profit from NSR (crude oil and oil product transportation)

	2022F	2023F	2024F	2025F	2026F
Crude oil volume (million tonnes)	2.2	2.7	2.7	2.3	2.7
Oil product volume (million tonnes)	1.4	2.1	3.4	3.0	3.4
Revenue (VND bn)	723	1,043	1,438	1,238	1,438
Revenue growth %	71.4%	44.3%	37.9%	-13.9%	16.1%
Revenue contribution %	8.7%	11.6%	14.8%	12.6%	14.0%
NPAT-MI (VND bn)	34	49	113	90	116
NPAT-MI growth %	73.5%	44.0%	130.7%	-20.5%	29.9%
% to PVT's total NPAT-MI	4.1%	6.0%	11.7%	8.1%	9.6%

Source: VCSC's forecast

Financial Statements

P&L (VND bn)	2021	2022F	2023F	2024F	B/S (VND bn)	2021	2022F	2023F	2024F
Revenue	7,368	8,287	9,018	9,731	Cash & equivalents	1,349	1,298	858	1,673
COGS	-6,118	-6,870	-7,476	-7,954	ST investment	1,726	1,381	1,105	884
Gross Profit	1,250	1,417	1,542	1,777	Accounts receivables	1,117	1,135	1,235	1,333
Sales & Marketing exp	-10	-14	-15	-17	Inventories	142	151	164	174
General & Admin exp	-277	-244	-257	-263	Other current assets	464	464	464	464
Operating Profit	963	1,158	1,270	1,498	Total Current assets	4,798	4,428	3,825	4,528
Financial income	181	138	121	88	Fix assets, gross	12,303	14,453	16,233	16,926
Financial expenses	-157	-166	-151	-115	- Depreciation	-5,329	-6,398	-7,610	-8,940
- o/w interest expense	-147	-166	-151	-115	Fix assets, net	6,975	8,055	8,623	7,986
Associates	25	25	25	25	LT investment	46	46	46	46
Net other income/(loss)	38	126	26	26	LT assets other	618	618	618	618
Profit before Tax	1,050	1,281	1,290	1,522	Total LT assets	7,639	8,719	9,287	8,650
Income Tax	-212	-256	-258	-304	Total Assets	12,437	13,147	13,112	13,178
NPAT before MI	838	1,025	1,032	1,217					
Minority Interest	-172	-199	-218	-256	Accounts payable	617	659	676	676
NPAT - MI, reported	666	827	814	962	Short-term debt	777	771	802	833
NPAT - MI, adjusted ⁽¹⁾	592	731	798	946	Other ST liabilities	1,090	746	631	487
					Total current liabilities	2,483	2,175	2,110	1,995
EBITDA	1,893	2,227	2,482	2,828	Long term debt	2,465	2,494	1,862	1,347
EPS reported, VND	1,949	2,420	2,384	2,815	Other LT liabilities	534	534	534	534
EPS adjusted ⁽¹⁾ , VND	1,734	2,139	2,337	2,769	Total Liabilities	5,483	5,204	4,506	3,876
EPS fully diluted, VND	1,734	2,139	2,337	2,769					
DPS, VND	0	1,000	1,000	1,000	Preferred Equity	0	0	0	0
DPS/EPS (%)	0.0%	41.3%	42.0%	35.5%	Paid in capital	3,237	3,237	3,237	3,237
(1) Excluding one-off profit					Share premium	0	0	0	0
RATIOS	2021	2022F	2023F	2024F	Retained earnings	1,941	2,768	3,258	3,896
Growth					Other equity	0	0	0	0
Revenue growth	-0.2%	12.5%	8.8%	7.9%	Minority interest	1,777	1,939	2,111	2,169
Op profit (EBIT) growth	12.8%	20.3%	9.7%	17.9%	Total equity	6,954	7,943	8,606	9,302
EPS growth, reported	-0.6%	24.2%	-1.5%	18.1%	Liabilities & equity	12,437	13,147	13,112	13,178
EPS growth, adjusted	3.6%	23.3%	9.2%	18.5%					
					Y/E shares out, mn	324	324	324	324
Profitability									
Gross Profit Margin	17.0%	17.1%	17.1%	18.3%	CASH FLOW (VND bn)	2021	2022F	2023F	2024F
Op Profit, (EBIT) Margin	13.1%	14.0%	14.1%	15.4%	Beginning Cash Balance	1,473	1,350	1,298	858
EBITDA Margin	25.7%	26.9%	27.5%	29.1%	Net Income	666	827	814	962
NPAT-MI Margin, adj	9.0%	10.0%	9.0%	9.9%	Dep, & amortization	930	1,069	1,212	1,330
ROE	13.2%	14.8%	13.0%	14.1%	Change in Working Cap	624	-329	-211	-253
ROA	5.7%	6.5%	6.2%	7.3%	Other adjustments	-452	0	0	0
					Cash from Operations	1,767	1,567	1,815	2,038
Efficiency									
Days Inventory On Hand	7.6	8.0	8.0	8.0	Capital Expenditures, net	-2,003	-2,149	-1,780	-693
Days Accts, Receivable	49.7	50.0	50.0	50.0	Investments, net	-350	507	448	279
Days Accts, Payable	40.6	35.0	33.0	31.0	Cash from Investments	-2,353	-1,642	-1,332	-414
Cash Conversion Days	16.7	23.0	25.0	27.0					
					Dividends Paid	-373	0	-324	-324
Liquidity					Δ in Share Capital	0	0	0	0
Current Ratio x	1.9	2.0	1.8	2.3	Δ in ST debt	161	-6	32	31
Quick Ratio x	1.9	2.0	1.7	2.2	Δ in LT debt	477	29	-632	-515
Cash Ratio x	0.5	0.6	0.4	0.8	Other financing C/F	195	0	0	0
Debt / Assets	26.1%	24.8%	20.3%	16.5%	Cash from Financing	460	23	-924	-808
Debt / Capital	31.8%	29.1%	23.6%	19.0%					
Net Debt / Equity	3.2%	9.8%	10.8%	-5.3%	Net Change in Cash	-123	-52	-440	815
Interest Coverage x	6.6	7.0	8.4	13.0	Ending Cash Balance	1,350	1,298	858	1,673

Source: Company data, VCSC

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Stock ratings are set based on projected total shareholder return (TSR), defined as (target price – current price)/current price + dividend yield, and are not related to market performance.

Equity rating key	Definition
BUY	If the projected TSR is 20% or higher
OUTPERFORM	If the projected TSR is between 10% and 20%
MARKET PERFORM	If the projected TSR is between -10% and 10%
UNDERPERFORM	If the projected TSR is between -10% and -20%
SELL	If the projected TSR is -20% or lower
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Unless otherwise specified, these performance parameters are set with a 12-month horizon. Movement in share prices may cause a temporary mismatch between the latest published rating and projected TSR for a stock based on its market price and the latest published target price.

Target prices are generally based on the analyst's assessment of the stock's fair value over a 12-month horizon. However, the target price may differ from the analyst's fair value if the analyst believes that the market will not price the stock in line with assessed fair value over the specified time horizon.

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