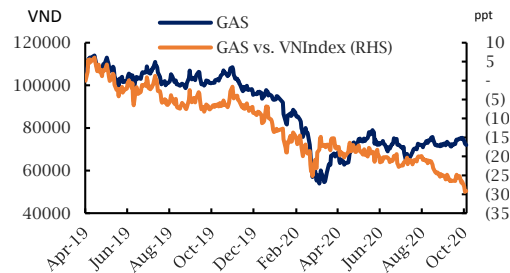


Not rated
Close 21 Oct 2020

Price VND 72,000
 12M Target N/A
 Upside N/A

Share price performance relative to VNINDEX


Market cap (USD mn)	5.946
6M ADT (USD mn)	2.2
Outstanding shares (mn)	1,914
Free float (%)	4
FINI ownership (%)	3.1
FOL Room (%)	46.36
Major shareholders (%)	95.76
Debt/equity (%)	4.0%
BVPS (VND)	27.378
TTM P/E (x)	13.6
TTM P/B (x)	2.7
TTM EV/EBITDA (x)	9.42

Financial outlook

Year to Dec	2016A	2017A	2018A	2019A
Sales (VND bn)	59,076	64,522	75,612	75,005
EPS (VND)	3,558	4,936	5,984	6,077
ROE (%)	16.8	23.0	25.4	24.7
Div. yield (%)	5.5	5.5	7.3	6.2

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PV GAS (GAS VN)
Likely to exceed 2020 guidance
Event

We attended GAS's 3Q20 analyst meeting on Sep 21. Management expects to exceed its 2020E profit target, offered guidance for 2021, and discussed the pending start-up of the new gas field.

Key highlights

3Q20 revenue slid by -16.3% YoY to VND 15.9tn, mostly due to falling prices and volumes. Gross margin (GM) fell -4.5ppt YoY to 18.2% in 3Q20, and 3Q20 PATMI fell by -29.8% YoY to VND 2.0tn. 9M20 revenue fell -16.2% YoY on decreased volumes. Specifically, dry gas output fell by -11% YoY and condensate output fell by -18% YoY. By contrast, LPG volume increased +11% YoY. GM in 9M20 fell by -4.7ppt YoY to 18.0%, and 9M20 PAT fell -31% YoY to VND 6.2tn.

GAS has met 73% of its revenue and 92% of PATMI guidance for 2020. Management expects to exceed 2020 profit guidance and now expects 2020 PAT of VND 8.0tn (21% above the original target). However, GAS now expects to achieve VND 63tn in revenue, which would fulfill just 95% of revenue guidance. For 2021, management guides for revenue of VND69tn (+9.5%) and PAT of VND8tn (-15.5%).

New gas field to come online soon. GAS is exceeding its schedule for the Sao Vang Dai Nguyet (SVDN) field and hopes to begin operations in November, sooner than our assumption of 1Q21. The project should supply 5 mn m3 of gas per day and thus stabilize gas supply for electricity generation in the South.

Long-term project pipeline. GAS plans to invest US\$285mn in a 1mn MT LNG storage facility to provide LNG for thermal power plants NT3 and NT4 and other industrial users in the South. Management expects to launch this facility in 3Q22. Longer term, GAS also plans to develop a 3.6mn MT LNG storage facility in Binh Thuan province for the Son My 1 & 2 thermal power plants and a 1-3mn MT LNG storage facility in Hai Phong to provide LNG for thermal power and other industrial users there.

Our view: We don't cover the stock, but GAS appears very likely to exceed its profit guidance in 2020. The new gas field should help to ease the supply constraints facing thermal power producers, such as POW (BUY) and NT2 (BUY). GAS is currently trading at 13.6x trailing PER, which is still below the Index of ~ 15x.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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Under Review: We actively follow the company, although our estimates, rating and target price are under review.

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