

Vietnam

HOLD (no change)

Consensus ratings*: Buy 1 Hold 8 Sell 0

Current price:	VND86,000
Target price:	VND95,700
Previous target:	VND105,700
Up/downside:	11.3%
CGS-CIMB / Consensus:	-1.1%
Reuters:	GAS.HM
Bloomberg:	GAS VN
Market cap:	US\$7,085m
	VND164,599,696m
Average daily turnover:	US\$1.05m
	VND24,346m
Current shares o/s:	1,914m
Free float:	4.2%

*Source: Bloomberg

Key changes in this note

- FY20F EPS decreased by 17.0%.
- FY21F EPS decreased by 2.6%.
- FY22F EPS forecast introduced in this report.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-7.7	-20.7	-11.5
Relative (%)	-2.5	-13.2	-8

Major shareholders	% held
PetroVietnam Group	95.8
Others	4.2

Analyst(s)



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PetroVietnam Gas JSC

Dimmer outlook due to weak oil price

- FY19 net profit beat our forecast by 7.4% due to higher-than-expected interest income and lower interest expense.
- We lower our FY20-21F EPS by 17.0-2.6% as we cut our base-case oil price assumption to US\$62-65/bbl.
- Reiterate Hold with a lower target price of VND95,700.

FY19 net profit beat our forecast by 7.4%

4Q19 net profit declined 6.7% yoy mainly due to the sharp fall of 38.9% yoy in Singapore Fuel Oil (FO) price, which outweighed the profit increase from higher take-or-pay (TOP) gas price applied to GENCO 3's (PGV VN, Not rated) power plants. For FY19, the impact of lower benchmark oil price (-13.3% yoy) was offset by higher sales volume of dry gas (+2.5% yoy) and LPG (+16.6% yoy) and increased revenue from the change in TOP gas price policy (c.VND1,150bn in our estimation). FY19 net profit rose 4.3% yoy, exceeding our forecast by 7.4% due to higher-than-expected interest income and lower-than-expected interest expense on quicker repayment of long-term debt (-57.1% yoy).

FY20F outlook dented by lower oil price forecast

We lower our forecast for Brent crude oil price to US\$62/bbl (-3.7% yoy) and Singapore FO price to US\$355/tonne (-3.7% yoy) in FY20F, on the back of lower oil demand caused by the outbreak of the covid-19 epidemic amid ample supply. We estimate this would lead to a 4-5% decrease in the average selling price (ASP) of gas and gas-related products, such as LPG, low-pressure gas, etc. As the company's COGS remains at a high level due to the addition of higher-cost gas supply, we expect GAS's blended margin to contract by 4.1% pts in FY20F.

Lower FY20-21F EPS by 17.0-2.6%

We revise down our FY20F net profit by 17.0% to VND10,543bn (-11.7% yoy) and FY21F net profit by 2.6%, on the back of (1) lower ASP of gas and gas-related products following lower oil price assumption, (2) a change in gas price formula applied to Ca Mau 1&2 power plants from 46% FO + tariff to 90% FO + tariff, and (3) higher financial income and lower financial expense (details in Figure 4) due to a higher cash balance and lower debt level in FY19.

Reiterate Hold with a lower target price of VND95,700

We lower our target price to VND95,700 due to the downward revision in our FY20-21F forecasts. Our TP is based on an equal weighting of DCF valuation and target FY20-22F P/E of 18.0x. We reiterate our Hold recommendation as the company's near-term outlook would be affected by the low oil price, which barely compensates for the rising cost of new gas supply. Upside risks include a potential change in reference oil price in the gas price formula and a higher oil price than expected. Downside risks include lower-than-expected oil price and delays in signing important gas contracts with partners.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	75,612	75,348	81,369	87,359	91,090
Operating EBITDA (VNDb)	16,553	16,395	15,684	18,897	18,478
Net Profit (VNDb)	11,454	11,941	10,543	12,410	11,955
Core EPS (VND)	5,984	6,239	5,508	6,484	6,246
Core EPS Growth	18.3%	4.3%	(11.7%)	17.7%	(3.7%)
FD Core P/E (x)	14.37	13.78	15.61	13.26	13.77
DPS (VND)	4,000	4,383	4,000	4,000	4,000
Dividend Yield	4.65%	5.10%	4.65%	4.65%	4.65%
EV/EBITDA (x)	8.63	8.46	9.13	7.72	7.88
P/FCFE (x)	203.2	25.9	13.7	8.2	23.2
Net Gearing	(50.0%)	(53.5%)	(46.2%)	(40.2%)	(41.2%)
P/BV (x)	3.65	3.39	3.54	3.55	3.60
ROE	26.5%	25.5%	22.2%	26.7%	25.9%
% Change In Core EPS Estimates			(17.0%)	(2.6%)	
CGS-CIMB/Consensus EPS (x)			0.92	1.00	1.03

SOURCES: VND RESEARCH, COMPANY REPORTS

Dimmer outlook due to weak oil price

FY19 results within expectations

Figure 1: 4Q19 and FY19 results review

FYE Dec (VNDbn)	4Q18	4Q19	% yoy	FY18	FY19	% yoy	vs. FY19 forecast	Comments
Net revenue	19,014	17,318	-8.9%	75,612	75,348	-0.3%	98.2%	In FY19, the impact of lower benchmark oil price (-13.3% yoy) was offset by higher sales volume of dry gas (+2.5% yoy) and LPG (+16.6% yoy). GAS has yet to sign the gas price appendix for the changes in under TOP price applied to BOT power plants and therefore has not booked the respective profit increase.
Gross profit	4,734	3,841	-18.9%	17,491	16,991	-2.9%	99.5%	4Q19 COGS increased due to the booking of c.VND400bn of decommissioning expense and the effect of lower oil price. For FY19, the company booked a total of c.VND800bn of decommissioning expense.
Gross profit margin	24.9%	22.2%	-2.7% pts	23.1%	22.5%	-0.6% pts		
Selling expenses	693	453	-34.7%	2,639	2,394	-9.3%	89.5%	
G&A expenses	298	40	-86.6%	1,128	875	-22.4%	76.3%	
Operating profit	3,743	3,348	-10.5%	13,725	13,721	0.0%	103.5%	
Financial income	458	537	17.4%	1,477	1,666	12.9%	120.7%	Higher financial income than expected due to higher interest income and FX gain
Financial expenses	79	60	-24.4%	617	243	-60.6%	55.3%	Lower-than-expected interest expense due to quick long-term debt repayment
Pre-tax profit	4,074	3,824	-6.1%	14,540	15,141	4.1%	105.7%	
Net profit	3,223	3,007	-6.7%	11,454	11,941	4.3%	107.4%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Dimmer FY20F outlook due to low oil price forecast

Global oil price affected by covid-19 epidemic ►

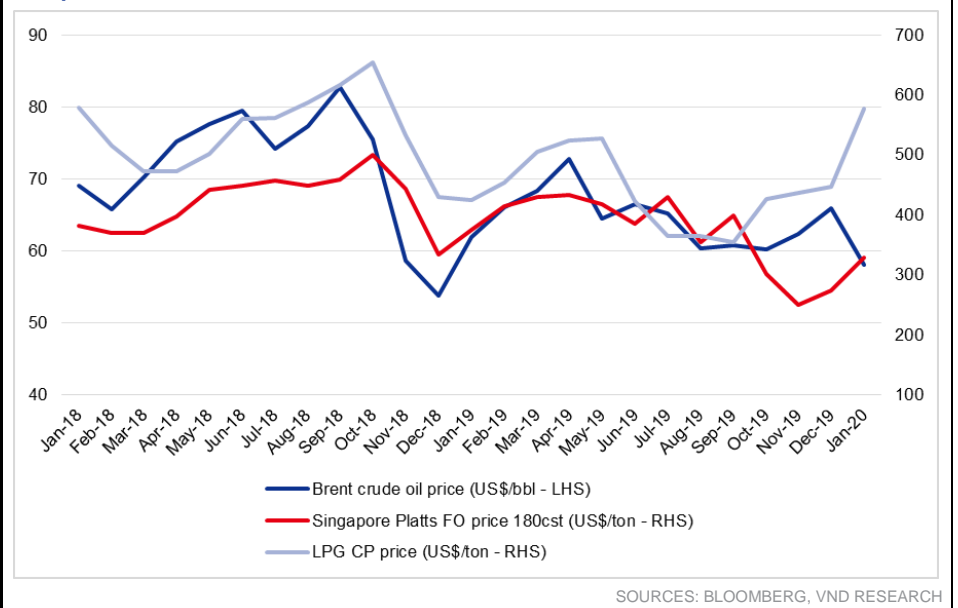
Brent crude oil price has declined 13.7% YTD and 17.0% from the recent peak in Jan (US\$68.9/bbl), mainly due to the concerns over an expected steep decline in demand and disruptions in global supply chain caused by the outbreak of covid-19 epidemic. Supporting factors such as OPEC technical committee's recommendation to cut the group's oil production by a further 600,000 bpd and China's economy stimulating measures lent some support to the oil price.

We maintain our view that OPEC+ would be the balancing factor to keep oil price at a favourable level, i.e. the group would deepen the production cut as suggested by its technical committee in the March meeting. However, whether this is enough to lift the oil price depends on the development of the epidemic, which remains uncertain; hence, we believe it is still early to gauge the effect of the outbreak on demand.

We reduce our Brent oil price forecast from US\$68/bbl to US\$62/bbl in FY20F and from US\$70/bbl to US\$65/bbl in FY21F, and also reduce GAS's benchmark oil price (Singapore Platts Fuel Oil (FO) price) forecast from US\$400/tonne to US\$355/tonne in FY20F and from US\$411/tonne to US\$372/tonne in FY21F. A lower oil price environment should affect both the dry gas, LPG and condensate segments, as the prices of such products are correlated with oil prices to some extent.

FO price diverged from Brent crude oil price in 4Q19 in anticipation of the implementation of IMO 2020, which requires the use of low sulfur fuel oil (LSFO) for ocean-going vessels instead of the high-sulfur alternative (HSFO). This would reduce the demand for HSFO and consequently the HSFO price. Since GAS's benchmark oil price to calculate ASP belongs to the HSFO classification, weak Singapore FO price implies weak ASP outlook for GAS.

Figure 2: Singapore Platts FO price is usually highly correlated with Brent crude price, except for 4Q19



Compressed FY20F gross margin on higher gas input cost ➤

We expect the company's sales volume to decline 3.6% yoy to 9.5mcm in FY20F and another 1.3% yoy in FY21F before increasing in FY22F, as the addition of new gas fields (details in Figure 3) partially offset the quick gas depletion in Cuu Long basin (particularly Bach Ho field) and Nam Con Son basin (Block 6.1 and 11.2) in FY20-21F. We expect the LNG Thi Vai terminal to start operation on schedule by 4Q22F, hence relieving the gas supply deterioration issue from 2022F. In addition, GAS is preparing to sign a Heads of Agreement (HOA) with the owners of Tuna field in Indonesia to import gas. Although this has not been incorporated in our model due to lack of information, this could present an upside to our forecast.

Figure 3: New gas supply additions expected to partially offset the gas supply shortage

Gas source	2018A	2019F	2020F	2021F	2022F	Comments	
Old gas fields	Cuu Long	1,377	1,339	1,223	1,141	1,083	Quick depletion at Bach Ho gas field
	PM3 - Ca Mau	2,057	2,077	1,999	1,999	1,999	
	Ham Rong Thai Binh	160	154	157	157	156	
	Nam Con Son	6,408	6,640	6,157	5,396	4,636	Quick depletion at Block 6.1 and 11.2
	Sao Vang Dai Nguyet			300	750	1,250	First gas expected in 4Q20F
New gas supply	Su Tu Trang 2			300	500		First gas of Phase 2A expected by Dec 20 (400-600mcm p.a), first gas of Phase 2B expected by 4Q23F (1.25-1.5bcm p.a)
	LNG Thi Vai					250	First gas expected in 4Q22F. First gas of Phase 2 expected by end-2024F
Total gas volume (wet gas)	10,001	10,210	9,836	9,742	9,875		
Sales volume (dry gas)	9,695	9,900	9,546	9,424	9,538		
% yoy	0.9%	2.1%	-3.6%	-1.3%	1.2%		

SOURCES: VND RESEARCH, COMPANY REPORTS

We are more concerned on the expected increase in the input cost of the new gas supply instead of the gas shortage risk. We expect the gas segment's gross profit margin to shrink 3.6% pts in FY20F, mainly due to:

- The contribution of Sao Vang field from 4Q20F with a higher gas input price of US\$6.5/mmbtu (compared to est. average cost of Nam Con Son basin at US\$4.47/mmbtu in FY19F).
- The company needs to purchase additional gas from Petronas (PTG MK, Hold, TP: RM17.5) from Lot PM3-CAA (overlapping area between Vietnam and Malaysia) from end-2019 onwards; as per the contract, the company has finished receiving the amount of gas that Petronas received on behalf of GAS during the rainy season. The additional gas purchase accounts for over 50%

of the current gas volume from PM3-CAA pipeline, equivalent to 900-1,000 mcm p.a. We estimate a purchasing price of US\$6.5/mmbtu, leading to an additional VND5,500bn expense to GAS's COGS.

- Weak oil price outlook that could not offset the cost increase.

Earnings revision ►

We revise down FY20F net profit by 17.0% to VND10,502bn mainly due to lower oil price forecast that leads to lower revenue from dry gas and LPG segments, while COGS remains relatively unchanged.

Figure 4: Forecast revision

Unit: VNDbn, otherwise noted	2020F			2021F			2022F	Comments
	Old	New	% change	Old	New	% change	New	
Brent crude oil price (US\$/bbl)	68	62	-8.8%	70	65	-7.1%	65	
Singapore FO price (US\$/ton)	400	355	-11.3%	411	372	-9.5%	372	
Total gas volume (mcm)	9,546	9,546	0.0%	9,838	9,424	-4.2%	9,538	Lower volume in 2021F to reflect quicker than expected depletion of gas supply at Cuu Long and Nam Con Son basin
Net revenue	85,562	81,369	-4.9%	91,060	87,359	-4.1%	91,090	Lower dry gas/LPG price due to lower FO price forecast. This is partly offset by an upward revision in the gas price formula applied to Ca Mau 1 and 2 power plants (demand of 1.4-1.5bcm p.a.) from 46% FO + tariff to 90% FO + tariff.
COGS	65,530	65,686	0.2%	69,979	68,729	-1.8%	72,831	
Gross profit	20,031	15,683	-21.7%	21,081	15,683	-25.6%	18,259	
Gross margin (%)	23.4%	19.3%	-4.1 pts	23.2%	18.0%	-5.2 pts	20.0%	
SG&A expenses	2,986	2,586	-13.4%	3,178	2,776	-12.6%	2,895	Lower-than-expected SG&A expense in FY19 prompt us to reduce the SG&A forecast as a % of revenue
Financial income	1,112	1,518	36.5%	728	1,350	85.3%	1,312	We increase interest income forecast to reflect higher-than-expected cash balance at end-2019
Financial expenses	669	335	-49.9%	1,009	488	-51.6%	497	We reduce interest expense forecast to reflect lower debt balance in FY19 due to a quick repayment of long-term debt
Pre-tax profit	16,363	13,369	-18.3%	16,425	15,736	-4.2%	15,159	
Net profit	12,697	10,543	-17.0%	12,745	12,410	-2.6%	11,955	We adjust FY20-21F effective tax rate assumption similar to FY19 level
Core EPS (VND)	6,634	5,508	-17.0%	6,659	6,484	-2.6%	6,246	

SOURCES: VND RESEARCH

Reiterate Hold with lower target price of VND95,700

We cut our target price to VND95,700 on lower EPS forecasts for FY20-21F. Our target price is based on a 50:50 combination of DCF valuation and unchanged target FY20-22F average P/E of 18.0x.

Figure 5: DCF valuation – summary of free cash flow (FCF)

VNDbn	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F	Dec-25F	Dec-30F	Dec-35F	CAGR 20-35
Net revenue	75,612	75,348	81,369	87,359	91,090	126,250	151,284	168,474	5.0%
% growth y-o-y	17.2%	-0.3%	8.0%	7.4%	4.3%	5.0%	3.0%	1.7%	
COGS & OPEX	(61,887)	(61,627)	(69,217)	(72,520)	(76,783)	(112,994)	(135,399)	(150,784)	
Unlevered profit / EBIT	13,725	13,721	12,152	14,838	14,306	13,256	15,885	17,690	2.5%
Operating margin	18.2%	18.2%	14.9%	17.0%	15.7%	10.5%	10.5%	10.5%	
Effective tax rate	-19.5%	-19.7%	-19.7%	-19.7%	-19.7%	-19.7%	-19.7%	-19.7%	
EBIT * (1-Tax) or NOPAT	16,397	16,424	14,546	17,761	17,124	15,868	19,014	21,174	2.5%
+ D&A	2,829	2,674	3,532	4,059	4,172	5,759	6,903	7,686	
% of revenue	3.7%	3.5%	4.3%	4.6%	4.6%	4.6%	4.6%	4.6%	
- CapEx	(692)	(2,664)	(6,509)	(6,989)	(3,644)	(2,525)	(3,026)	(3,369)	
% of revenue	-0.9%	-3.5%	-8.0%	-8.0%	-4.0%	-2.0%	-2.0%	-2.0%	
+ Δ WC	(170)	(1,095)	66	(66)	(497)	(418)	(432)	(479)	
% of revenue	-0.2%	-1.5%	0.1%	-0.1%	-0.5%	-0.3%	-0.3%	-0.3%	
Interest and other financial activities, net	815	1,420	1,217	898	852	1,316	1,601	1,785	
% of revenue	1.1%	1.9%	1.5%	1.0%	0.9%	1.0%	1.1%	1.1%	
UFCF	19,179	16,759	12,851	15,663	18,008	20,000	24,060	26,797	
% growth y-o-y	2.4%	-12.6%	-23.3%	21.9%	15.0%	4.5%	2.9%	1.7%	

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 6: Cost of equity

Cost of equity	
Risk Free Rate	4.0%
Beta	1.40
Risk Premium	10.1%
Cost of Equity	18.1%

SOURCES: VND RESEARCH

Figure 7: WACC and terminal growth

VNDbn	
Equity Value	179,337
Debt	2,796
Cost of Debt	8.2%
Tax Rate	20.0%
WACC	18.0%
Perpetual Growth Rate	1.7%

SOURCES: VND RESEARCH

Figure 8: Blended target price

Method	Implied share price (VND)	Weight (50%)	Weighted share price (VND)
DCF	81,980	50%	40,990
FY20-22F target P/E of 18.0x	109,431	50%	54,715
Blended value			95,705
Target price			95,700

SOURCES: VND RESEARCH

Figure 9: Gas distributor peer comparison

Company	Bloomberg Ticker	Recom.	Share Price (local curr)	Target Price (local curr)	Market Cap (US\$ m)	P/E (x)			3-year EPS (%)	P/BV (x)			ROE (%)			ROA (%)		
						TTM	FY20F	FY21F		TTM	FY20F	FY21F	TTM	FY20F	FY21F	TTM	FY20F	FY21F
						PV GAS	GAS VN	HOLD		86,000	95,700	7,085	14.1	15.6	13.3	0.0%	3.4	3.5
PTT PLC	PTT TB	HOLD	42.8	46.5	39,146	13.0	10.9	10.6	-2.3%	1.4	1.2	1.1	11.1%	11.2%	10.8%	4.0%	4.5%	4.5%
China Gas Holdings	384 HK	NOT RATED	29.7	NA	19,913	17.2	16.0	13.4	15.5%	4.3	3.6	2.9	27.2%	24.0%	23.8%	8.7%	8.4%	8.8%
Petronas Gas Bhd	PTG MK	HOLD	16.4	17.5	7,802	16.8	18.5	18.4	-1.8%	2.5	2.5	2.4	14.8%	13.5%	13.2%	10.2%	9.2%	9.0%
Indraprastha Gas	IGL IN	NOT RATED	471	NA	4,606	39.2	27.3	24.3	22.2%	7.6	6.3	5.2	21.2%	23.9%	23.0%	14.9%	16.8%	16.1%
Toho Gas Ltd	9533 JP	NOT RATED	4,130	NA	3,964	16.3	26.2	23.8	8.7%	1.3	1.3	1.2	8.2%	4.6%	5.1%	4.8%	2.8%	3.2%
Average (all)					13,753	19.4	19.1	17.3	7.0%	3.4	3.0	2.7	18.0%	16.5%	17.0%	10.3%	9.7%	10.1%
Average (excluding PV GAS)					15,086	20.5	19.8	18.1	8.5%	3.4	3.0	2.6	16.5%	15.4%	15.2%	8.5%	8.3%	8.3%

SOURCES: CGS-CIMB RESEARCH, VND RESEARCH, BLOOMBERG (DATA AS OF 19 FEB)

Risks

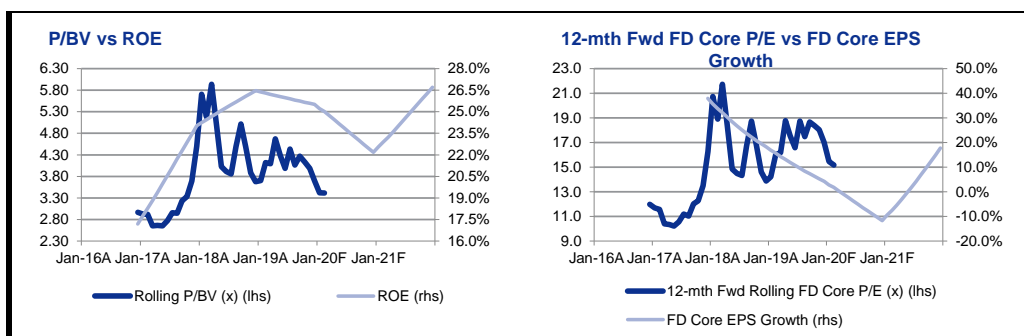
Upside risks to our forecasts include:

- A retrospective pretax profit of c.VND1,300bn, in our estimation, from the gas price revision applied to take-or-pay volumes sold to PM2 and PM3.3 power plants from 20 Mar 2019 until end-2019.
- Higher oil price than expected, probably due to deep production cuts by OPEC+, geopolitical tensions in the Middle East and faster containment of the coronavirus outbreak than expected.
- Change of benchmark oil price in gas price formula.

Downside risks include:

- Delays in key projects such as LNG Thi Vai terminal, Block B – O Mon could worsen the gas supply shortage issue.
- Delays in signing important gas price contracts with partners, e.g. fertiliser clients, BOT plants, Petronas Gas.
- Cheap gas supply could be depleted faster than expected and further increase GAS's input cost.
- Further decline in global oil price.

BY THE NUMBERS



Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	75,612	75,348	81,369	87,359	91,090
Gross Profit	17,491	16,991	15,683	18,629	18,259
Operating EBITDA	16,553	16,395	15,684	18,897	18,478
Depreciation And Amortisation	(2,829)	(2,674)	(3,532)	(4,059)	(4,172)
Operating EBIT	13,725	13,721	12,152	14,838	14,306
Financial Income/(Expense)	860	1,424	1,183	862	815
Pretax Income/(Loss) from Assoc.	(4)	(1)	(1)	(1)	(1)
Non-Operating Income/(Expense)	(41)	(3)	34	37	38
Profit Before Tax (pre-EI)	14,540	15,141	13,369	15,736	15,159
Exceptional Items					
Pre-tax Profit	14,540	15,141	13,369	15,736	15,159
Taxation	(2,831)	(2,983)	(2,633)	(3,100)	(2,986)
Exceptional Income - post-tax					
Profit After Tax	11,709	12,159	10,735	12,636	12,173
Minority Interests	(255)	(218)	(192)	(226)	(218)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	11,454	11,941	10,543	12,410	11,955
Recurring Net Profit	11,454	11,941	10,543	12,410	11,955
Fully Diluted Recurring Net Profit	11,454	11,941	10,543	12,410	11,955

Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	16,553	16,395	15,684	18,897	18,478
Cash Flow from Inv. & Assoc.	(1,401)	(1,753)	(1,259)	(1,342)	(1,396)
Change In Working Capital	(170)	(1,095)	66	(66)	82
(Incr)/Decr in Total Provisions	24	837	0	0	0
Other Non-Cash (Income)/Expense	(2,013)	(1,254)	(2,316)	(3,161)	(3,320)
Other Operating Cashflow	2,989	2,834	10,892	18,006	3,454
Net Interest (Paid)/Received	(447)	(276)	(335)	(488)	(497)
Tax Paid	(3,113)	(2,855)	(2,633)	(3,100)	(2,986)
Cashflow From Operations	12,422	12,833	20,099	28,746	13,815
Capex	(692)	(2,664)	(6,509)	(6,989)	(3,644)
Disposals Of FAs/subsidiaries	19	2	10	12	11
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(6,641)	(1,870)	(3,116)	(3,116)	(3,116)
Cash Flow From Investing	(7,315)	(4,531)	(9,616)	(10,093)	(6,749)
Debt Raised/(repaid)	(4,297)	(1,950)	1,513	1,404	20
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(7,656)	(8,389)	(7,656)	(7,656)	(7,656)
Preferred Dividends					
Other Financing Cashflow	48	(8)	(8)	(8)	(8)
Cash Flow From Financing	(11,905)	(10,348)	(6,151)	(6,259)	(7,644)
Total Cash Generated	(6,798)	(2,046)	4,333	12,394	(578)
Free Cashflow To Equity	810	6,351	11,996	20,057	7,086
Free Cashflow To Firm	5,555	8,578	10,818	19,141	7,563

SOURCES: VND RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	28,308	29,391	26,249	24,690	24,810
Total Debtors	10,214	10,562	11,218	12,044	12,558
Inventories	1,948	1,592	1,992	2,085	2,209
Total Other Current Assets	462	489	492	495	498
Total Current Assets	40,932	42,034	39,951	39,314	40,075
Fixed Assets	18,609	15,850	18,827	21,757	21,229
Total Investments	280	533	533	533	533
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	2,793	3,837	3,837	3,837	3,837
Total Non-current Assets	21,682	20,220	23,198	26,127	25,599
Short-term Debt	1,490	1,341	1,337	1,385	1,323
Current Portion of Long-Term Debt					
Total Creditors	2,901	2,116	2,683	2,880	3,003
Other Current Liabilities	7,455	6,503	7,065	7,674	8,337
Total Current Liabilities	11,847	9,960	11,085	11,940	12,663
Total Long-term Debt	3,396	1,456	2,972	4,329	4,410
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	505	1,154	1,615	2,019	2,322
Total Non-current Liabilities	3,901	2,610	4,587	6,348	6,732
Total Provisions	0	0	0	0	0
Total Liabilities	15,747	12,570	15,672	18,288	19,396
Shareholders' Equity	45,073	48,544	46,528	46,431	45,774
Minority Interests	1,794	1,141	948	722	504
Total Equity	46,867	49,684	47,477	47,153	46,278

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	17.2%	(0.3%)	8.0%	7.4%	4.3%
Operating EBITDA Growth	15.4%	(1.0%)	(4.3%)	20.5%	(2.2%)
Operating EBITDA Margin	21.9%	21.8%	19.3%	21.6%	20.3%
Net Cash Per Share (VND)	12,238	13,895	11,463	9,915	9,967
BVPS (VND)	23,550	25,363	24,310	24,259	23,916
Gross Interest Cover	31.19	68.93	49.79	41.74	39.51
Effective Tax Rate	19.5%	19.7%	19.7%	19.7%	19.7%
Net Dividend Payout Ratio	66.8%	70.3%	72.6%	61.7%	64.0%
Accounts Receivables Days	46.80	50.32	48.98	48.60	49.29
Inventory Days	11.28	11.07	9.99	10.83	10.76
Accounts Payables Days	15.66	14.36	12.28	13.65	13.62
ROIC (%)	43.3%	46.4%	41.0%	44.6%	38.6%
ROCE (%)	29.2%	29.5%	26.2%	30.9%	29.8%
Return On Average Assets	17.7%	17.7%	15.6%	18.6%	17.6%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Oil Price (US\$/bbl)	71.2	64.4	62.0	65.0	65.0
Volume Growth (%)	0.9%	2.1%	-3.6%	-1.3%	1.2%
Ratio Of Up To Downstream (x)	N/A	N/A	N/A	N/A	N/A
Operating Cash Cost (US\$/bbl)	N/A	N/A	N/A	N/A	N/A
Ratio Of High To Low Margin (x)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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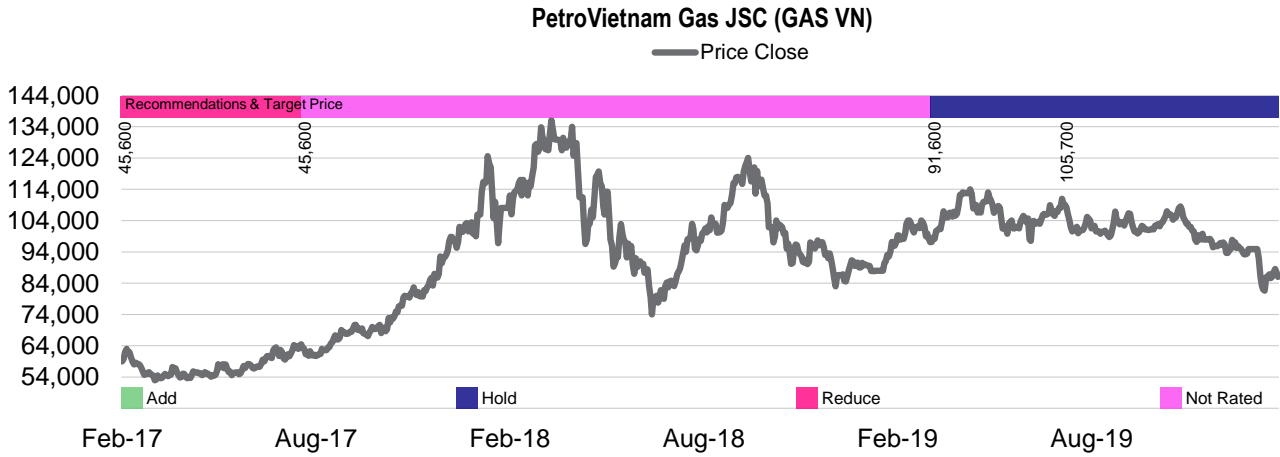
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2019		
798 companies under coverage for quarter ended on 31 December 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.4%	0.0%
Hold	25.2%	0.0%
Reduce	13.4%	0.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** - Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TNR** – Very Good, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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