

**VIETNAM NATIONAL PETROLEUM GROUP (PLX)**

**ADD (Maintained)**

**OIL & GAS**

Current Price	VND40,900
52Wk High/Low	VND43,200/VND30,700
Target Price	VND47,100
Previous TP	VND44,300
TP vs Consensus	10.7%
Upside	15.3%
Dividend Yield	3.7%
Total stock return	19.0%

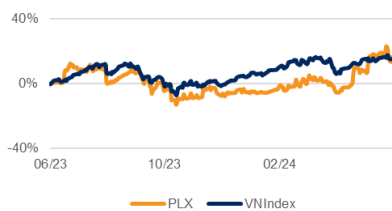
Growth rating	Positive
Value rating	Positive
ST Technical Analysis	<a href="#">Positive</a>

Market Cap	USD2,046.7mn
3m Avg daily value	USD2.7mn
Avail Foreign Room	USD50.3mn
Outstanding Shares	1,270.6mn
Fully diluted O/S	1,270.6mn

	<u>PLX</u>	<u>Peers</u>	<u>VNI</u>
P/E TTM	16.1x	18.3x	14.4x
P/B Current	1.9x	1.6x	1.8x
ROA	4.4%	4.3%	2.0%
ROE	12.6%	10.0%	12.1%

\*as of 6/26/2024

**Share Price performance**



Performances (%)	1M	3M	12M
PLX	8.0%	16.7%	16.5%
VNI Index	0.5%	2.9%	14.7%

**Ownership**

Commission for the Management of State Capital	75.9%
ENEOS Vietnam	13.1%
Others	11.0%

**Business Description**

Petrolimex (PLX) is a dominant petroleum distributor in Vietnam with nationwide network of more than 5,500 petroleum stations, occupying around 50% of total market share, far ahead the second largest distributor. PLX also possesses the largest technical infrastructure amongst the petroleum key traders in Vietnam.

**Analyst(s):**



**Hang Nguyen**

Hang.nguyen@vndirect.com.vn

**Positive outlook on new petrol business decree**

- We retain our ADD rating with 15.3% upside and a 3.7% dividend yield. We raise our target price by 7% while the share price has increased by 10% since our last report.
- Our higher TP is due to higher FY24-25 EPS forecasts, thanks to expanded GM, and a lower WACC assumption.
- P/E TTM of 16.1x is below regional peer average P/E (18.3x) and undervalues the company's earnings growth prospects.

**Financial Highlights**

- 1Q24 net profit surged 73% YoY to VND1.07tn (USD43.7mn) due to higher petrol sales volume and GM expansion.
- Despite an 11.4% increase in 1Q24 net revenue, 1Q24 gross profit surged 31% YoY, translating into a 0.9% pts increase in GM to 6.2% in 1Q24, which supported NP to grow stronger-than-expected.
- We forecast FY24/25 NP to grow 27.0%/14.9%. Although our revenue growth forecasts are lower, we expect margins to improve as selling expenses/GP declines from 80% in FY23 to 72%/69% in FY24/25.

**Investment Thesis**

**Strong domestic demand sustains petroleum volume growth**

We project PLX's domestic sales volume to grow at a FY24-25 CAGR of 7.1%, up from 5.2% in our previous report. We expect PLX's petroleum sales volume will continue to grow in 2H24 due to high domestic demand for petroleum products thanks to an improved economy. According to GSO, the goods transportation volume by road and air cargo have increased by 11.5%/47.5% YoY in 5M24, respectively. The Ministry of Industry and Trade (MOIT) also estimated that the total petroleum supply source for 2024 is 28.42 million m3.tonne (+9.2% YoY).

**Market share expanding as expected**

We estimate PLX's petroleum sales volume in 1Q24 increased by over 10% YoY and was 18% above the average quarterly sales volume over the past five years. The significant rise in sales volume suggested that, as anticipated, PLX gained market share from other smaller distributors, especially from certain petroleum traders and distributors whose operating licenses were revoked.

**New Petrol Business Decree supports GM expansion**

The MOIT has submitted a new Petroleum Decree for a second time. We see material changes in the decree that can benefit PLX due to its leading position and unique competitive advantages. Newly proposed mechanisms for determining retail selling prices and fixed trading costs will allow distributors to: 1) set their own retail price based on actual market conditions; and 2) promptly adjust fixed trading costs and fixed profit (the main drivers of PLX's gross profit) during periods of significant volatility in the global oil price. Therefore, we expect the decree might come into effect in late 2024 and will support PLX's GM to expand 0.5% pts to 6.1%.

	2023A	2024E	2025F	2026F
Revenue growth	(9.8%)	9.0%	(2.8%)	(0.2%)
EPS growth	94.0%	27.0%	14.9%	(2.9%)
Gross margin	5.6%	5.6%	6.1%	6.1%
Net profit margin	1.0%	1.2%	1.4%	1.4%
P/E (x)	18.8	14.8	12.9	13.3
Rolling P/B (x)	1.7			
ROAE	11.2%	13.5%	14.9%	14.0%
Net debt to equity	(35.0%)	(33.2%)	(36.6%)	(37.8%)

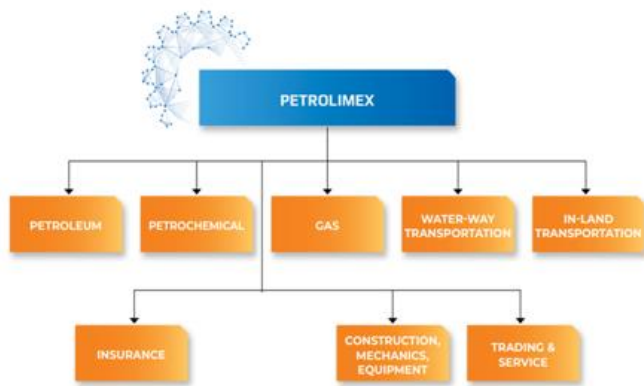
Source: VNDIRECT RESEARCH

## Company Profile

### Vietnam's petroleum distribution and retail giant

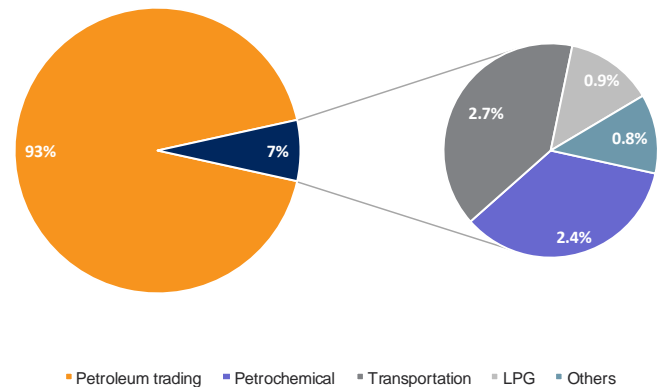
Petrolimex (PLX) operates in the fields of importing, exporting and trading petroleum, refining, petrochemical products and other related services. 65 years since its establishment, the company currently accounts for around 50% of the market share of petroleum distribution with a nationwide network of more than 5,500 stations. PLX is also the top distributor of lubricants and asphalt. Petroleum trading made up 93% of the company's FY23 revenue.

Figure 1: PLX's business structure



Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: PLX's revenue breakdown by segment in 2023, in our estimate



Source: VNDIRECT RESEARCH, COMPANY REPORTS

Since its inception as a large state-owned enterprise, PLX was well-supported to develop the largest network and facilities vs rivals, including: over 2.2 million cbm capacity of terminals and storage; more than 570 km of petroleum pipeline; over 5,500 petroleum stations and the largest domestic clean tanker fleet with total capacity of 500,000 DWT. This storage system stretches across the country, helping PLX to ensure petroleum reserves, and sufficiently and promptly meet the demands of domestic customers.

Figure 3: PLX's station network and facilities outperform its key competitor PVOil (OIL)

	PLX	OIL
Station network	2,700 COCO and 2,800 DODO	700 COCO and 1,500 DODO
Terminal and storage systems	Total capacity of 2,215,550 cbm	Total capacity of 964,000 cbm
Petroleum pipeline	>570 km	N/A
Transportation	The largest tanker fleet with total capacity of 500,000 DWT 1,200 tank trucks with total capacity of over 9,000 cbm	4 barges with total capacity of 3,500 cbm 135 tank trucks with total capacity of 2,000 cbm

Source: VNDIRECT RESEARCH, COMPANY REPORTS

## Results Recap: Strong earnings thanks to GM expansion

**Figure 4: 1Q24 results review**

VNDbn	1Q24	1Q23	%yoy	FY24F	vs. full-year forecasts
Net sales	75,106	67,432	11.4%	294,184	25.5%
Gross profit	4,669	3,559	31.2%	16,053	29.1%
SG&A	3,436	3,013	14.0%	12,507	27.5%
Operating income	1,419	826	71.8%	4,367	32.5%
Net financial income	76	131	-42.0%	211	36.0%
PBT	1,441	838	72.0%	4,569	31.5%
NPAT-MI	1,072	619	73.2%	3,359	31.9%
GPM	6.2%	5.3%	0.9% pts	5.5%	
NPM	1.4%	0.9%	0.5% pts	1.1%	

Source: VNDIRECT RESEARCH, COMPANY REPORTS

### 1Q24 net revenue increased due to strong growth in petrol sales volume

1Q24 net revenue increased 11.4% YoY to VND75.1tn (USD3.1bn) mainly due to higher total petrol sales volume and a slightly lower average selling price (-1.0% YoY, per our estimates). The strong growth of petrol sales volume in 1Q24 was likely due to: 1) an improved economic situation leading to increased demand for petroleum products; and 2) PLX likely captured market share from some petrol traders/distributors whose petroleum trading licenses were revoked after inspections by authorities.

### 1Q24 gross margin improved thanks to better control of other costs

Despite an 11.4% increase in 4Q23 net revenue, 1Q24 gross profit surged 31% YoY to VND4.67tn (USD127mn) as the company only recorded VND19bn (USD77,000) of other excess costs included in COGS compared to VND679bn (USD27.7mn) in 1Q23. Gross profit was also supported by an increase in fixed trading cost (one of the components in base petrol price which regulates the retail price) that has taken effect since July 2023. As a result, PLX's GM improved 0.9% pts to 6.2% in 1Q24.

### Lower non-core business income slightly dragged down 1Q24 earnings

1Q24 net financial income dropped 42% YoY to VND76bn (USD3.1mn) as PLX recognized a net FX loss of VND5bn (USD200,000) compared to an FX gain of VND137bn (USD5.6mn) in 1Q23, which overwhelmed higher net interest income (+16% YoY to VND261bn/USD10.6mn). 1Q24 affiliates' income also decreased by 26% YoY to VND110bn (USD4.5mn) due to a lack of contribution from PGBank after a divestment in 3Q23. Consequently, 1Q24 net profit increased 73.2% YoY to VND1.07tn (USD43.7mn).

### Healthy balance sheet with large cash and cash equivalent balance

PLX's cash and cash equivalents has surged from 2Q23 with a balance of VND22.6tn (USD925m) at end-1Q24 thanks to the divestment from PGBank and strong operating cash flow. We also expect PLX to pay a higher dividend in the upcoming years thanks to this abundant cash balance. In fact, PLX plans to pay a 2023 cash dividend of 15% (10% higher than 2023 guidance).

**Figure 5: Balance sheet analysis**

VNDbn	1Q24	4Q23	3Q23	2Q23	1Q23
Cash and cash equivalent	22,653	26,864	23,708	23,969	14,389
A/R Days	14	15	15	16	15
Inventory Days	20	24	23	22	22
A/P Days	30	33	32	30	30
Capex	283	813	108	395	158
Depreciation	512	518	487	569	530
Fixed Assets	13,420	13,655	13,359	13,627	13,914
Net Debt / Equity	-19.9%	-24.1%	-23.3%	-21.0%	-0.2%

*\*Price stabilization fund has been excluded from cash and cash equivalent*

Source: VNDIRECT RESEARCH, COMPANY REPORTS

## FY24-25 outlook: Better outlook on new petrol business decree

Figure 6: FY24-25F earnings forecasts revision

VNDbn	Actual	Old		New				Comments
	FY23	FY24F	FY25F	FY24F	% Δ	FY25F	% Δ	
Brent crude oil price (USD/bbl)	82	85	80	85	0.0%	80	0.0%	
Total petroleum sales volume ('000 m3.tonne)	14,341	14,845	15,459	15,056	1.4%	15,642	1.2%	
Domestic sales volume ('000 m3.tonne)	10,300	10,918	11,409	11,073	1.4%	11,626	1.9%	We increase FY24-25F domestic sales volume as we believe PLX gained more small pieces of market share from some players in the market
<b>Net revenue</b>	<b>274,253</b>	<b>294,184</b>	<b>288,296</b>	<b>298,904</b>	<b>1.6%</b>	<b>290,681</b>	<b>0.8%</b>	FY24-25F revenue changed by 1.6%/0.8% due to higher petroleum sales volume
<b>% YoY</b>	-	-	-	<b>9.0%</b>		<b>-2.8%</b>		
<b>Gross profit</b>	<b>15,252</b>	<b>16,054</b>	<b>16,834</b>	<b>16,751</b>	<b>4.3%</b>	<b>17,654</b>	<b>4.9%</b>	We increase FY24-25F gross profit forecasts by 4.3%/5.9% as we revise up domestic petroleum sales volume assumption by 1.4%/1.2% and gross profit per liter by 4.3%/4.9% in the same period
Gross margin (%)	5.6%	5.5%	5.8%	5.6%	0.1% pts	6.1%	0.2% pts	
Selling expenses	12,128	11,654	11,886	11,960	2.6%	12,130	2.1%	
G&A expenses	941	853	836	927	8.6%	930	11.3%	
Operating profit	2,183	3,546	4,112	3,865	9.0%	4,593	11.7%	
Net financial income (expenses)	1,019	211	254	223	5.5%	208	-18.3%	Adjusted as higher-than-expected net financial income in 1Q24
Gain/loss from investment in JVs	600	609	635	617	1.3%	639	0.7%	
Pre-tax profit	3,932	4,569	5,195	4,858	6.3%	5,586	7.5%	
<b>Net profit</b>	<b>2,812</b>	<b>3,360</b>	<b>3,820</b>	<b>3,571</b>	<b>6.3%</b>	<b>4,105</b>	<b>7.5%</b>	
<b>% YoY</b>				<b>27.0%</b>		<b>14.9%</b>		
EPS (VND)	2,173	2,597	2,953	2,760	6.3%	3,173	7.5%	

Source: VNDIRECT RESEARCH

### We forecast PLX's NP to grow 27.0%/14.9% YoY in FY24-25

Assuming the domestic petroleum distribution market remains stable in coming years while the market share of PLX expands, we forecast PLX's NP to grow 27.0%/14.9% YoY in FY24-25, respectively, driven by: 1) domestic petroleum sales volume CAGR of 7.1% in FY24-25; and 2) 9.1%/2.7% YoY growth in FY24-25 gross profit per liter thanks to the full-year effect of a fixed trading cost adjustment (+~3% from July 3, 2023) and the positive effect of a new petrol business decree which is expected to come into effect in late-2024.

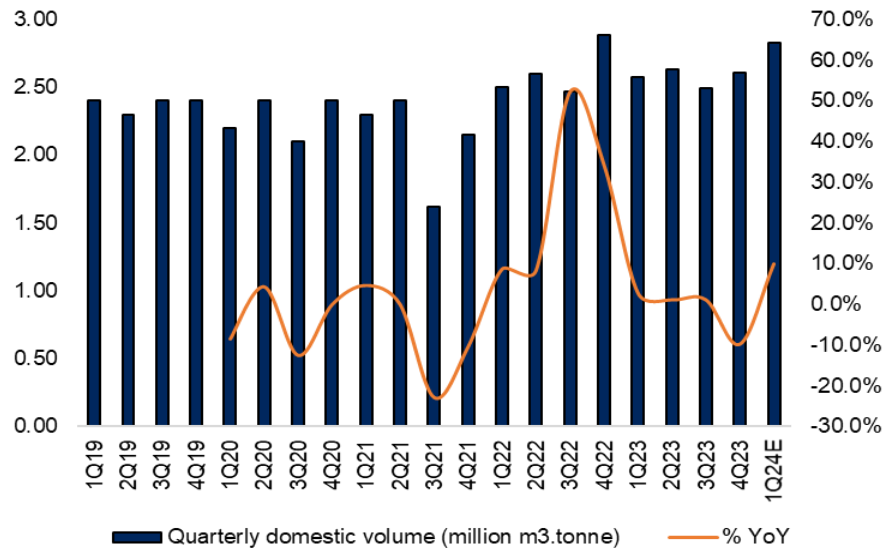
### Market share expanded in 1Q24 as expected

Following the revocation of operating licenses for certain petroleum traders, such as Xuyen Viet Oil and Hai Ha Petro, we anticipated that PLX would likely have captured additional market share from these traders and distributors. During the AGM, PLX indicated this situation has had a positive impact as PLX's dominant market position has been advantageous, attracting more Dealer-Owned Dealer-Operated (DODO) stations seeking reliable distributors.

According to our estimation, PLX's 1Q24 petroleum sales volume increased by over 10% YoY, and was 18% higher than the average quarterly sales volume over the past five years. The significant rise in sales volume suggested that, as anticipated, PLX gained market share from other smaller distributors.

As a result, we expect PLX to hold over 52% of total market share in 2024, up from the current ~51%.

**Figure 7: PLX's quarterly domestic volume (unit: million m3.tonne)**

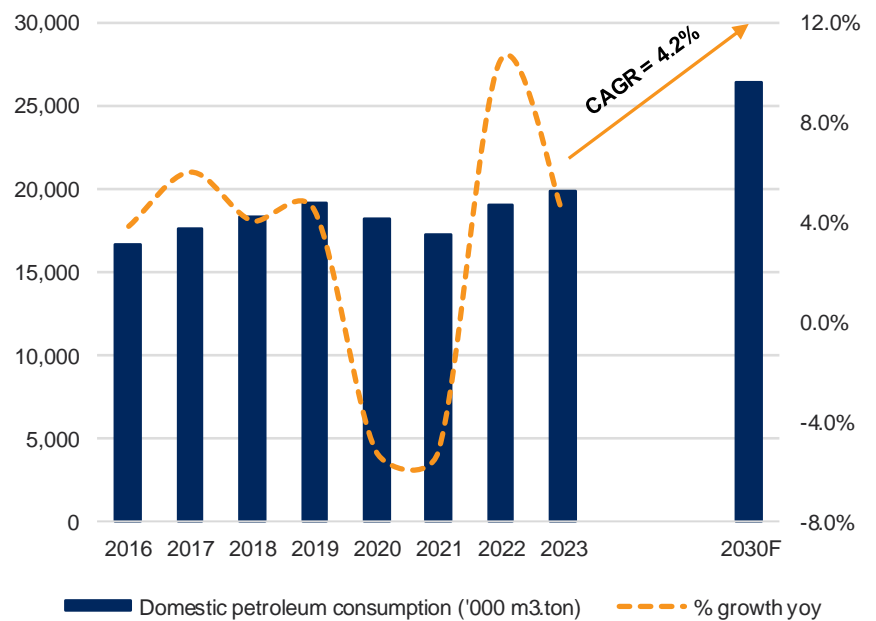


Source: PLX, VNDIRECT RESEARCH

**Sustaining petroleum volume growth**

We anticipate that PLX's domestic petroleum sales volume will continue its growth trajectory in 2H24 and 2025, driven by 1) improved economic conditions leading to higher petroleum products consumption, 2) Vietnam's growing petroleum demand at a projected CAGR of 4.2% in FY23-30 and 3) an expanding market share, as detailed above. The Ministry of Industry and Trade (MOIT) also estimated that the total minimum petroleum source for 2024 is 28.42 million m3/tonne (+9.2% YoY).

**Figure 8: Vietnam's petroleum consumption is projected to grow at a CAGR of 4.2% in FY23-30**



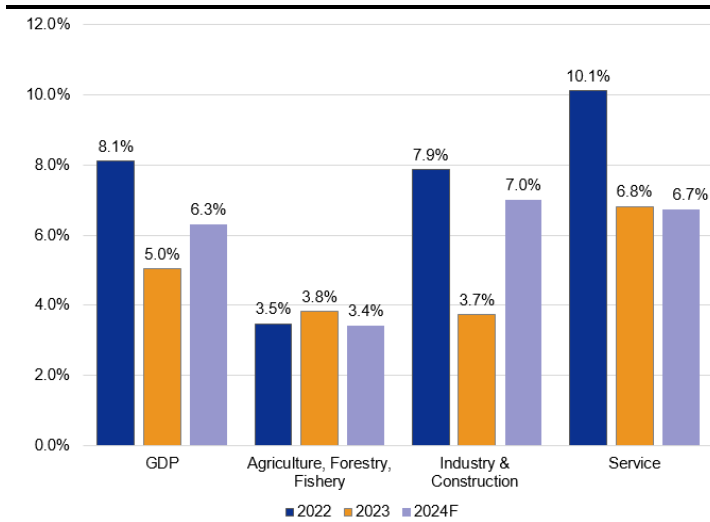
Source: MOIT, VNDIRECT RESEARCH

We expect Vietnam's economic recovery to accelerate in the coming quarters, driven by the following catalysts: 1) major central banks have begun a cycle of interest rate cuts that will help ease the global credit environment; 2)

manufacturing and export activities will maintain recovery momentum from low levels in 2023; 3) domestic consumer demand will improve further thanks to the implementation of the Government's wage reform policy from July 1 and other fiscal measures; and 4) the Government plans to accelerate the process of bringing the amended Land Law into effect, thereby speeding up the recovery process of the real estate sector.

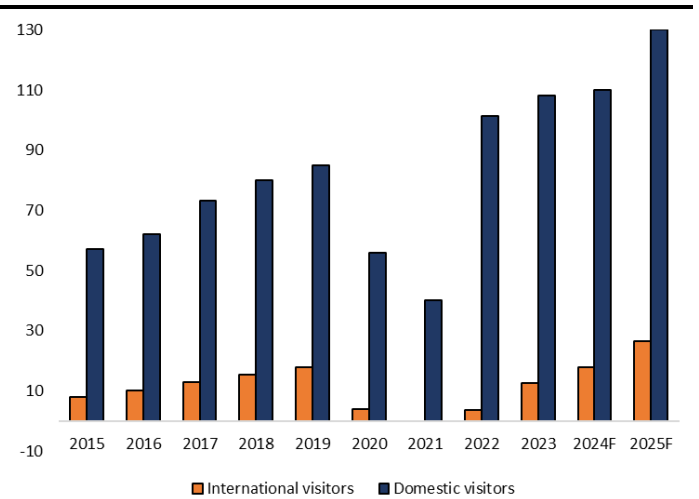
According to the GSO, goods transportation volume by road and air have increased by 11.5%/47.5% YoY in 5M24, respectively. The tourism industry is also expected to strongly recover in FY24-25, which would support petroleum product demand.

**Figure 9: GDP growth by sector (+/- % YoY)**



Source: GSO, VNDIRECT RESEARCH

**Figure 10: Visitor arrivals are forecast to strongly recover in FY24/25 (unit: thousand visitors)**



Source: VNAT, VNDIRECT RESEARCH

Consequently, we project PLX's domestic sales volume to grow at a CAGR of 7.1% in FY24-25, up from 5.2% in our previous report.

### New petrol business decree spurs positive outlook

The MOIT has submitted a new Petroleum Decree draft to replace Decree 80/2023 for a second time recently. We see that there are material changes in this new decree that would support distributors. We expect these changes could benefit petroleum distributors when they have a more flexible mechanism to determine retail selling prices, fixed trading costs and fixed profits.

For the price mechanism, the latest Petrol business decree stated that the MOIT and MOF will not directly set the base price to determine the retail price as this process has two problems. First, the procedure to calculate the base price is quite complicated and time-consuming. Second, the components in the base price are calculated on quarterly data, making the base price not fully reflective of actual market conditions.

Instead, the authorities will only announce the average global price on a seven-day or 15-day basis. Distributors will calculate the retail price in their systems based on the components stated in the new decree. Additionally, retail prices are not allowed to exceed the maximum price determined under the new decree's formula (the selling price could exceed 2% of the maximum regulated price only in remote areas).



**Figure 11: Some major changes in the new petrol business decree draft**

No.	Criteria	The new draft Decree	Comment
1	Price mechanism (proposed petrol distributors to set their own prices).	Based on the actual company's situation, petroleum trading distributors will decide on the retail prices of gasoline and oil (except for mazut, which is sold wholesale) within their distribution systems, ensuring they align with actual incurred costs at the time and do not exceed the maximum retail price of gasoline and oil as regulated.  The selling price may exceed 2% of the maximum regulated gasoline and oil price for remote areas.	(1) Allow distributors to set their own retail price depending on actual market conditions.  (2) Reduce the time and complexity involved in calculating costs for distributors.
2	Fixed trading cost and fixed trading profit	Fixed trading cost and fixed trading profit of enterprises are calculated based on the following maximum levels:  Option 1: Fixed trading cost and fixed trading profit are specified as absolute values. Currently, this ranges from VND1,800 to 2,500 per liter for petroleum products, depending on the type. Option 2: Fixed trading cost and fixed trading profit vary as a percentage based on fluctuations in world gasoline and oil prices (specific figure stated)	(3) Allow distributors to promptly adjust the fixed trading costs and fixed profit during periods of significant volatility in the global oil price.
3	Regulations on total petroleum resources of new distributors participating in the petroleum market	New petroleum distributors entering the market must be responsible for providing a total petroleum source of at least 100,000 m3 tonnes of petroleum product/year. Regulations on the total minimum source of petroleum are calculated on the amount of imported petroleum and purchased from domestic oil refineries; Petroleum traded between key petroleum distributors is not included in the total minimum petroleum source.	Tighter regulation to enhance the barriers for new, unqualified players in the market, which benefits existing distributors.

Source: MOIT, VNDIRECT RESEARCH

We see that the formula of the base price in Decree No.80/2023/ND-CP and the maximum retail price in the new decree draft are the same, except for the second option to calculate fixed trading costs and fixed trading profit, as these factors are determined based on the actual fluctuation of global oil prices rather than a fixed amount.

**Figure 12: According to Decree No.80/2023/ND-CP, the retail fuel price is governed by the base price calculated on a seven-day basis**

Fuel base price includes:
- (CIF price + Import tax + Special consumption tax) * Fx rate
- Fixed trading cost
- Fixed profit
- Environmental protection tax
- Contribution to Price valorization fund
- VAT
- Other taxes, charges, and deductions

Source: MOIT, VNDIRECT RESEARCH

**Figure 13: Details of some components in the base price in Decree No.80/2023/ND-CP (Unit: VND)**

	Fixed trading cost	Fixed profit	Cost of import	Total
<b>RON95</b>	1,280	300	820	2,400
<b>E5RON92</b>	1,080	300	730	2,110
<b>Diesel</b>	1,030	300	520	1,850

Source: MOIT, VNDIRECT RESEARCH

Generally, we believe that PLX can benefit from this new decree thanks to its large scale and leading position in the industry.

- PLX usually has the lowest CIF price in the industry as the company can gain higher discounts on input materials (from both domestic and imported sources) in comparison to other traders.
- We believe the larger the scale of the player, the greater the ability to reduce actual operating costs and gain higher margins than other competitors. In Vietnam, the petroleum distributors only earn profit from



the regulatory fixed profit and the difference between the regulatory fixed trading costs and actual operating costs.

- PLX's tanker fleet could also help it to optimize transportation costs.

These advantages allow PLX to lower costs, allowing it to provide more attractive and flexible pricing policies to consumers, thereby improving profit margins and expanding market share.

## Valuation

### Reiterate ADD with a higher TP of VND47,100

We increased our DCF-based TP by 7% to VND47,100 due to the mixed impact of: 1) higher FY24-25 EPS forecasts by 6.3%/7.5%; and 2) a lower WACC to 8.5% from 8.7% given a lower risk-free rate of 2.63% and lower cost of debt of 5.5% with the ERP of 9.0% (based on Damodaran updating [ERP](#)).

PLX trades at a TTM P/E of 16x.1, below the regional peer average P/E of 18.3x. This valuation looks attractive given the company's dominant position in Vietnam's petroleum distribution sector and the company's earnings growth prospects.

**Figure 14: DCF-based target price**

DCF method	
Total present value of FCF (VNDbn)	23,166
Present value of Terminal Value (VNDbn)	30,971
Total present value of Operations (VNDbn)	54,136
Plus: Cash and Short-term investment (VNDbn)	29,916
Less: Debt (VNDbn)	(19,833)
Less: Minority Interest (VNDbn)	(3,260)
Equity Value (VNDbn)	60,958
Shares Outstanding (m)	1,294
Equity Value per share (VND)	47,113
<b>Target price (VND)</b>	<b>47,100</b>
Implied FY24F target P/E	17.1x
Implied FY24F target P/B	2.3x

Source: VNDIRECT RESEARCH

**Figure 15: DCF Valuation – Summary of free cash flow (FCF)**

VNDbn	FY23A	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F
<b>Total revenue</b>	<b>274,253</b>	<b>298,904</b>	<b>290,681</b>	<b>289,987</b>	<b>301,593</b>	<b>297,069</b>	<b>301,228</b>	<b>305,867</b>
<i>% growth yoy</i>	-9.8%	9.0%	-2.8%	-0.2%	4.0%	-1.5%	1.4%	1.5%
COGS & OPEX	(272,069)	(295,039)	(286,088)	(285,741)	(297,331)	(292,871)	(296,971)	(301,631)
Unlevered profit / EBIT	2,183	3,865	4,593	4,245	4,262	4,198	4,257	4,236
<i>Operating margin</i>	0.8%	1.3%	1.6%	1.5%	1.4%	1.4%	1.4%	1.4%
<i>Tax rate (%)</i>	23.8%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
EBIT * (1-Tax) or NOPAT	1,663	3,092	3,674	3,396	3,410	3,358	3,405	3,389
+ D&A	2,105	2,255	2,279	2,287	2,320	2,079	2,003	1,932
<i>% of revenue</i>	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.6%
- CapEx	(1,474)	(1,756)	(1,708)	(1,703)	(1,772)	(1,658)	(1,597)	(1,459)
<i>% of revenue</i>	-0.5%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.5%	-0.5%
+ Δ WC	2,063	(878)	231	175	(59)	(594)	(602)	(642)
<i>% of revenue</i>	0.8%	-0.3%	0.1%	0.1%	0.0%	-0.2%	-0.2%	-0.2%
Financial and other income / expense, net	1,749	993	993	1,067	1,046	824	836	849
<i>% of revenue</i>	0.6%	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%
UFCF	6,105	3,706	5,470	5,222	4,945	4,010	4,045	4,068

Source: VNDIRECT RESEARCH

**Figure 16: Cost of equity**

Cost of equity	
Risk Free Rate	2.63%
Beta	1.0
Risk Premium	9.0%
<b>Cost of Equity</b>	<b>11.6%</b>

Source: VNDIRECT RESEARCH

**Figure 17: WACC and long-term growth rate**

VNDbn	
Equity	25,925
Debt	19,833
Cost of Debt	5.5%
Tax Rate	20.0%
<b>WACC</b>	<b>8.5%</b>
<b>Perpetual growth rate</b>	<b>1.0%</b>

Source: VNDIRECT RESEARCH

**Figure 18: Sensitivity analysis for DCF valuation**

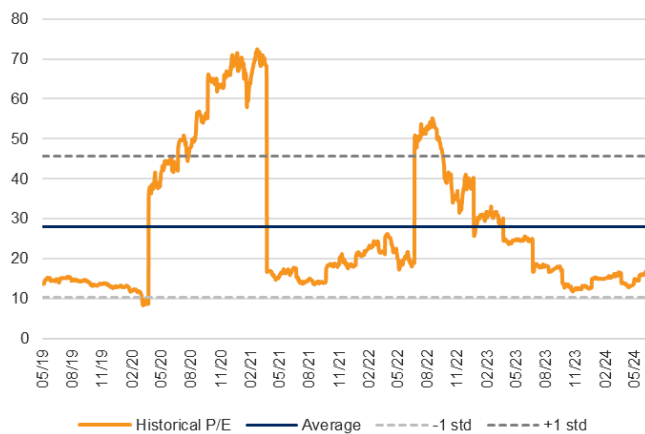
		Cost of equity (%)				
		10.5%	11.1%	<b>11.7%</b>	12.3%	13.5%
Long-term growth rate (%)	0.6%	46,403	44,718	43,168	41,739	39,073
	0.8%	47,107	45,350	43,739	42,256	39,496
	<b>1.0%</b>	47,850	46,016	<b>47,113</b>	42,798	39,939
	1.2%	48,637	46,720	44,971	43,368	40,403
	1.4%	49,471	47,464	45,637	43,968	40,889

Source: VNDIRECT RESEARCH

**Re-rating catalysts and downside risks:**

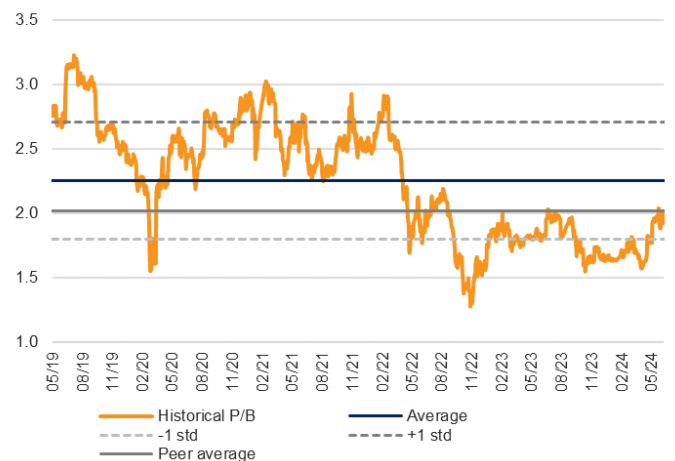
- A re-rating catalyst would be higher petroleum sales volume.
- Downside risks are higher-than-expected petroleum trading costs and a drop in oil price, which could cause inventories to a devaluation provision.

**Figure 19: PLX's historical P/E since 2019**



Source: BLOOMBERG, VNDIRECT RESEARCH

**Figure 20: PLX's historical P/B since 2019**



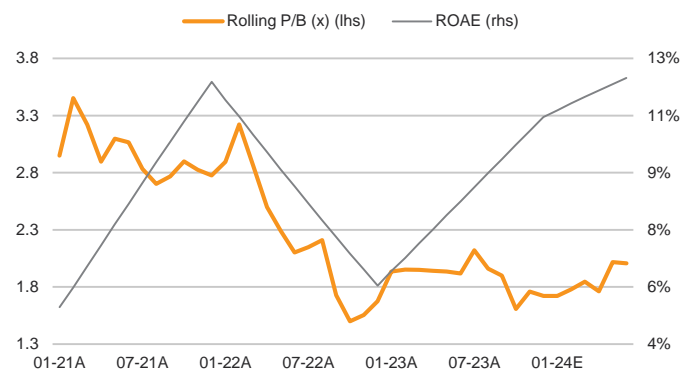
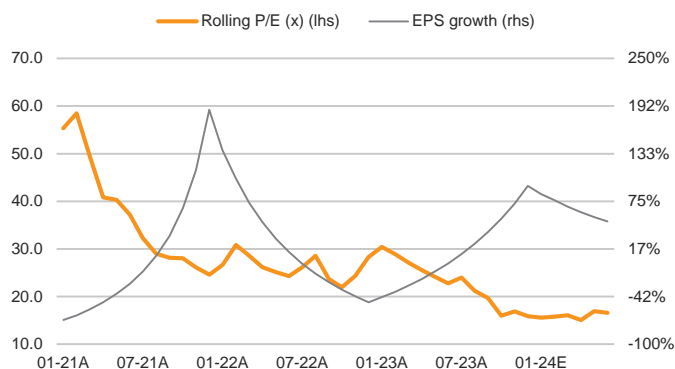
Source: BLOOMBERG, VNDIRECT RESEARCH

**Figure 21: Petroleum distribution sector comparison**

Company	Ticker	Price (LC\$)	Mkt Cap (US\$m)	Revenue growth (%)		EPS growth (%)		P/E (x)		P/B (x)		ROE (%)		ROA (%)	
				FY24F	FY25F	FY24F	FY25F	TTM	FY24F	Current	FY25F	TTM	FY24F	TTM	FY24F
PVOil	OIL VN	13,000	528	N/A	N/A	N/A	N/A	31.0	N/A	1.3	N/A	4.2%	N/A	1.7%	N/A
Pilipinas Shell Petroleum	SHLPH PM	10.22	280	N/A	N/A	N/A	N/A	5.7	N/A	0.5	N/A	9.6%	N/A	2.4%	N/A
PTT Oil & Retail	OR TB	16.50	5,384	-0.4%	2.1%	14.7%	6.5%	16.7	14.6	1.7	1.5	10.7%	10.7%	5.4%	5.9%
Petronas Dagangan Bhd	PETD MK	17.12	3,611	6.4%	1.6%	9.4%	2.6%	19.6	17.3	3.0	2.9	15.3%	16.9%	7.7%	9.9%
<i>Average</i>								18.3	15.3	1.6	2.2	10.0%	13.8%	4.3%	7.9%
<b>Petrolimex</b>	<b>PLX VN</b>	<b>41,200</b>	<b>2,056</b>	<b>11.7%</b>	<b>-3.1%</b>	<b>36.4%</b>	<b>8.4%</b>	<b>16.1</b>	<b>12.3</b>	<b>1.9</b>	<b>1.9</b>	<b>12.6%</b>	<b>13.6%</b>	<b>4.4%</b>	<b>4.6%</b>

Source: BLOOMBERG, VNDIRECT RESEARCH (DATA AS AT 26 JUNE)

**Valuation**



**Income statement**

(VNDbn)	12-23A	12-24E	12-25E
Net revenue	274,253	298,904	290,681
Cost of sales	(259,001)	(282,153)	(273,028)
Gen & admin expenses	(941)	(927)	(930)
Selling expenses	(12,128)	(11,960)	(12,130)
<b>Operating profit</b>	<b>2,183</b>	<b>3,865</b>	<b>4,593</b>
Operating EBITDA	4,288	6,119	6,873
<b>Depreciation and amortisation</b>	<b>(2,105)</b>	<b>(2,255)</b>	<b>(2,279)</b>
<b>Operating EBIT</b>	<b>2,183</b>	<b>3,865</b>	<b>4,593</b>
Interest income	2,741	1,681	1,572
Financial expense	(1,722)	(1,458)	(1,364)
Net other income	130	153	146
Income from associates & JVs	600	617	639
<b>Pre-tax profit</b>	<b>3,932</b>	<b>4,858</b>	<b>5,586</b>
Tax expense	(880)	(933)	(1,075)
Minority interest	(240)	(353)	(406)
<b>Net profit</b>	<b>2,812</b>	<b>3,571</b>	<b>4,105</b>
Adj. net profit to ordinary	2,812	3,571	4,105
Ordinary dividends	(689)	(1,941)	(1,941)
<b>Retained earnings</b>	<b>2,123</b>	<b>1,631</b>	<b>2,164</b>

**Balance sheet**

(VNDbn)	12-23A	12-24E	12-25E
Cash and equivalents	13,379	9,271	13,136
Short term investments	16,537	15,710	14,925
Accounts receivables	10,973	11,425	11,821
Inventories	14,634	16,028	16,153
Other current assets	1,144	839	615
<b>Total current assets</b>	<b>56,667</b>	<b>53,273</b>	<b>56,649</b>
Fixed assets	13,655	13,156	12,584
Total investments	4,826	5,068	5,323
Other long-term assets	3,814	4,196	4,615
<b>Total assets</b>	<b>78,962</b>	<b>75,693</b>	<b>79,172</b>
Short-term debt	19,186	14,169	15,622
Accounts payable	21,478	22,307	22,956
Other current liabilities	8,316	8,149	8,029
<b>Total current liabilities</b>	<b>48,980</b>	<b>44,626</b>	<b>46,607</b>
Total long-term debt	647	850	937
Other liabilities	150	165	181
Share capital	12,939	12,939	12,939
Retained earnings reserve	4,186	5,082	6,505
<b>Shareholders' equity</b>	<b>25,925</b>	<b>26,821</b>	<b>28,244</b>
Minority interest	3,260	3,231	3,202
<b>Total liabilities &amp; equity</b>	<b>78,962</b>	<b>75,693</b>	<b>79,172</b>

**Cash flow statement**

(VNDbn)	12-23A	12-24E	12-25E
<b>Pretax profit</b>	<b>3,932</b>	<b>4,858</b>	<b>5,586</b>
Depreciation & amortisation	2,105	2,255	2,279
Tax paid	(436)	(933)	(1,075)
Other adjustments	(1,792)	(2,671)	(2,767)
<b>Change in working capital</b>	<b>2,063</b>	<b>(878)</b>	<b>231</b>
<b>Cash flow from operations</b>	<b>5,872</b>	<b>2,631</b>	<b>4,254</b>
Capex	(1,474)	(1,756)	(1,708)
Proceeds from assets sales	18	0	0
Others	(7,374)	1,772	1,718
Other non-current assets changes			
<b>Cash flow from investing activities</b>	<b>(8,830)</b>	<b>16</b>	<b>11</b>
New share issuance	0	0	0
Shares buyback			
Net borrowings	5,420	(4,814)	1,540
Other financing cash flow			
Dividends paid	(689)	(1,941)	(1,941)
<b>Cash flow from financing activities</b>	<b>4,731</b>	<b>(6,755)</b>	<b>(401)</b>
Cash and equivalents at beginning of period	11,606	13,379	9,271
<b>Total cash generated</b>	<b>1,773</b>	<b>(4,108)</b>	<b>3,864</b>
Cash and equivalents at the end of period	13,379	9,271	13,136

**Key ratios**

	12-23A	12-24E	12-25E
<b>Dupont</b>			
Net profit margin	1.0%	1.2%	1.4%
Asset turnover	3.57	3.87	3.75
ROAA	3.7%	4.6%	5.3%
Avg assets/avg equity	3.04	2.93	2.81
ROAE	11.2%	13.5%	14.9%
<b>Efficiency</b>			
Days account receivable	14.6	14.0	14.8
Days inventory	20.6	20.8	21.6
Days creditor	30.3	28.9	30.7
Fixed asset turnover	19.63	22.30	22.59
ROIC	5.7%	7.9%	8.6%
<b>Liquidity</b>			
Current ratio	1.2	1.2	1.2
Quick ratio	0.9	0.8	0.9
Cash ratio	0.6	0.6	0.6
Cash cycle	5.0	5.8	5.7
<b>Growth rate (yoy)</b>			
Revenue growth	(9.8%)	9.0%	(2.8%)
Operating profit growth	119.0%	77.0%	18.9%
Net profit growth	94.0%	27.0%	14.9%
EPS growth	94.0%	27.0%	14.9%

Source: VND RESEARCH

## DISCLAIMER

This report has been written and distributed by Research Department, VNDIRECT Securities Corporation. The information contained in this report is prepared from data believed to be correct and reliable at the time of issuance of this report. Unless otherwise stated, this report is based upon sources that VNDIRECT considers to be reliable. These sources may include but are not limited to data from the stock exchange or market where the subject security is listed, or, where appropriate, any other market. Information on the company(ies) are based on published statements, information disclosure and announcements of the company(ies), and information resulting from our research. VNDIRECT has no responsibility for the accuracy, adequacy or completeness of such information.

All estimates, projections, forecasts and expression of opinions contained in this report reflect the personal views and opinions of the analyst(s) responsible for the production of this report. These opinions may not represent the views and position of VNDIRECT and may change without notice.

This report has been prepared for information purposes only. The information and opinions in this report should not be considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments. VNDIRECT takes no responsibility for any consequences arising from using the content of this report in any form.

This report and all of its content belongs to VNDIRECT. No part of this report may be copied or reproduced in any form or redistributed in whole or in part, for any purpose without the prior written consent of VNDIRECT.

## 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.*

### Growth Ratings Definition:

Positive	We forecast the company to have stronger earnings growth than peers over the investment horizon.
Neutral	We forecast the company's earnings growth to be in line with peers over the investment horizon.
Negative	We forecast the company to have weaker earnings growth than peers over the investment horizon.

### Value Ratings Definition:

Positive	The current share price is lower than peers on the basis of historical P/E, P/B or another ratio specified.
Neutral	The current share price is in-line with peers on the basis of historical P/E, P/B or another ratio specified.
Negative	The current share price is higher than peers on the basis of historical P/E, P/B or another ratio specified.

### Sector Ratings Definition:

Overweight	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

## Barry Weisblatt – Head of Research

Email: [barry.weisblatt@vndirect.com.vn](mailto:barry.weisblatt@vndirect.com.vn)

## Hai Nguyen Ngoc – Manager

Email: [hai.nguyennhoc2@vndirect.com.vn](mailto:hai.nguyennhoc2@vndirect.com.vn)

## Hang Nguyen – Analyst

Email: [hang.nguyenthanh3@vndirect.com.vn](mailto:hang.nguyenthanh3@vndirect.com.vn)

## VNDIRECT Securities Corporation

1 Nguyen Thuong Hien Str – Hai Ba Trung Dist – Ha Noi

Tel: +84 2439724568

Email: [research@vndirect.com.vn](mailto:research@vndirect.com.vn)

Website: <https://vndirect.com.vn>