

PETROVIETNAM TECHNICAL SERVICES CORP (PVS)
ADD (from HOLD)
OIL & GAS

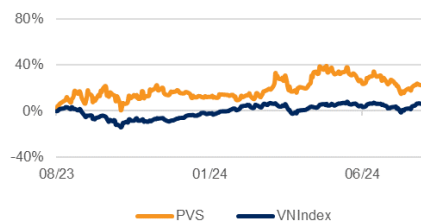
Current Price	VND40,200
52Wk High/Low	VND45,800/VND33,000
Target Price	VND49,100
Previous TP	VND47,100
TP vs Consensus	-1.2%
Upside	22.1%
Dividend Yield	1.7%
Total stock return	23.9%

Growth rating	Positive
Value rating	Positive
ST Technical Analysis	Positive

Market Cap	USD772.2mn
3m Avg daily value	USD5.8mn
Avail Foreign Room	USD206.9mn
Outstanding Shares	478mn
Fully diluted O/S	478mn

	<u>PVS</u>	<u>Peers</u>	<u>VNI</u>
P/E TTM	17.7x	10.6x	14.0x
P/B Current	1.4x	0.8x	1.7x
ROA	4.0%	-1.5%	2.0%
ROE	8.4%	-3.0%	12.4%

*as of 8/28/2024

Share Price performance


Performance (%)	1M	3M	12M
PVS	-3.8	-11.3	22.3
VNIndex	3.2	0.0	6.6

Ownership

PetroVietnam Group	51.4%
Others	48.6%

Business Description

PetroVietnam Technical Services Corp. (PVS) holds the leading position in O&G offshore facilities construction as well as O&G technical services in Vietnam. Furthermore, PVS is also gradually becoming a well-known player in the global offshore wind value chain with many offshore wind EPC contracts in the international market.

Analyst(s):

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Promising prospects for core businesses

- We upgrade our rating from HOLD to ADD with 22.1% upside and a 1.7% dividend yield. We raise our target price (TP) by 4.2% while the share price has decreased 9% since our last report.
- Our higher TP is due to the mixed impact of lower FY24-25 EPS forecasts and a lower WACC assumption.
- TTM P/E of 17.7x is slightly above the historical five-year average P/E of 15.9x but undervalues our FY24-26 21.6% NP CAGR forecast.

Financial Highlights

- 2Q24 net profit (NP) decreased 13% YoY to VND196bn (USD7.8mn) mainly due to surging SG&A expenses and lower net financial income.
- PVS's FSO/FPSO joint ventures helped bolster affiliate income by 34% YoY to VND236bn (USD9.5mn), equivalent to 121% of PVS's 2Q24 NP.
- We forecast NP to grow 14.0%/19.8% in FY24-25, cushioned by strong M&C business prospects and solid contribution from FSO/FPSO JVs.

Investment Thesis
Vibrant domestic E&P activities to lift M&C business

Many upstream projects in Vietnam, such as Kinh Ngu Trang, Lac Da Vang and particularly Block B, have been entering execution phases, which should propel the performance of contractors in coming years. We believe PVS will be a key beneficiary of this trend as the company has won most key EPCI contracts of the Block B and Lac Da Vang projects. The backlog from these projects will be the fuel for M&C revenue CAGR of 42.6% in FY24-25.

New FSO/FPSO contract is looming

According to industry's sources, Murphy Oil has selected an offshore services contractor to provide an FSO vessel for the Lac Da Vang project, and PVS has emerged as the winner for this package. With an estimated investment value of USD240mn, we expect Lac Da Vang FSO to contribute to PVS's key profit-making segment, FSO/FPSO, from late-2026 onward. Furthermore, we believe PVS to be also a tier-1 choice for providing services for another upcoming FSO vessel – Block B FSO.

Offshore wind field still a long-term business path

PVS is participating in other offshore wind projects, bidding for both offshore substation EPC contracts and foundation manufacturing. We will update when there is clear information, but we currently consider new offshore wind projects to be an upside catalyst for PVS's share price. Following the global transition toward green energy, we see offshore wind-to-power as the most promising field for PVS in the long term.

Valuation looks attractive given the company's earnings prospects

PVS's share price has declined 13% since June, bringing the valuation into favorable territory for investment. A TTM P/E of 17.7x appears attractive given the company's positive earnings outlook with NP CAGR of 21.2% in FY24-26.

	12-23A	12-24E	12-25F	12-26F
Revenue growth	18.4%	15.1%	39.9%	21.0%
Net profit growth	3.7%	14.0%	19.8%	30.4%
Gross margin	5.4%	5.0%	4.6%	5.0%
Net profit margin	5.3%	5.2%	4.5%	4.8%
P/E (x)	17.7	16.4	13.7	10.5
Rolling P/B (x)	1.4			
ROAE	8.2%	9.0%	10.4%	13.1%
Net debt to equity	(61.6%)	(64.1%)	(64.9%)	(69.9%)

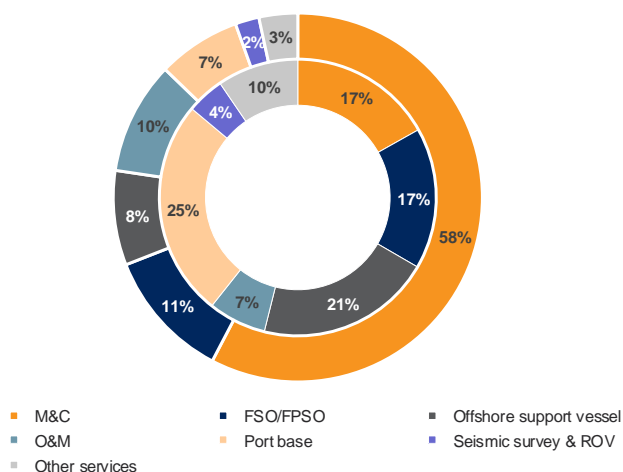
Source: VNDIRECT RESEARCH

Company Profile: Leader in O&G offshore facility construction, technical services

PTSC, a member of PetroVietnam Group (PVN), was established from the merger of Petroleum Services Company (PSC) and Geophysical and Petroleum Technical Services Company (GPTS) in 1993. In 2006, PTSC successfully equitized and launched an IPO, and the company's shares were officially listed on HNX with the stock code PVS in 2007.

PTSC's core businesses are to provide technical services for the oil & gas, energy and industrial sectors, including high-tech solutions, and high-quality, professional international standards for: EPCIC for offshore facilities; EPC for industrial plants; FSO/FPSO; Offshore supply vessels; Geological survey; Installation, operation and maintenance of offshore facilities; Port & Supply Bases and Technical manpower supply.

Figure 1: Proportion of revenue and gross profit by segment in 2023

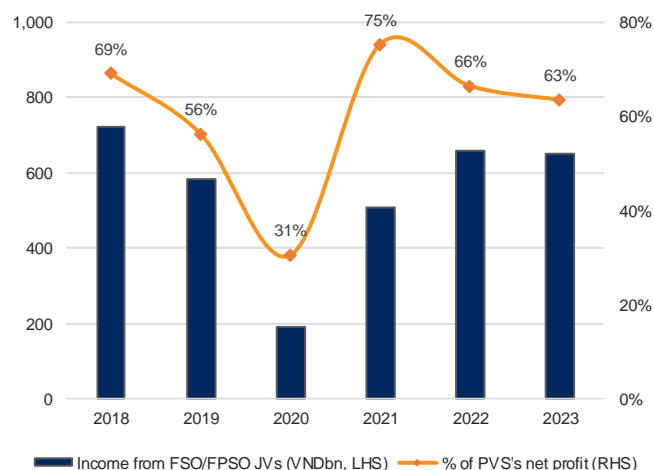


* **outer circle: Revenue**

* **inner circle: Gross profit**

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 2: Income from FSO/FPSO joint ventures (JVs) plays a vital role in PVS's bottom line



Source: VNDIRECT RESEARCH, COMPANY REPORTS

Currently, PTSC holds the leading position in O&G offshore facility construction as well as O&G technical services provided in Vietnam and has also become a well-known player in the international market with many EPCI contracts in Southeast Asia and Qatar. PTSC started to participate in the offshore wind-to-power field from 2022 with an EPCI contract for Hai Long windfarm project in Taiwan, which opened a new long-term business path for the company.

Results Recap: SG&A expenses weigh on 2Q24 earnings

Figure 3: 2Q24 and 1H24 results review

VNDbn	2Q24	%YoY	1H24	%YoY	1H24/FY24
Net sales	5,571	18.2%	9,281	10.3%	39.9%
- M&C segment	3,095	9.2%	4,898	-1.4%	32.7%
- FSO/FPSO	563	7.7%	1,111	14.4%	60.6%
- Offshore support vessel	632	62.1%	1,054	45.1%	62.4%
- Port base	377	2.8%	712	7.5%	47.1%
- O&M segment	586	62.4%	983	32.0%	48.9%
- Seismic survey	121	189.7%	226	235.0%	53.1%
- Others	198	1.3%	299	7.3%	38.0%
Gross profit	240	28.2%	499	27.5%	43.0%
SG&A	332	33.2%	559	27.4%	55.3%
Net financial income	96	-32.3%	233	-2.0%	59.5%
Affiliates income	236	34.0%	434	29.8%	60.7%
PBT	282	-3.1%	650	16.5%	44.1%
NPAT-MI	196	-12.7%	496	13.1%	42.0%
GPM	4.3%	0.3% pts	5.4%	0.7% pts	
NPM	3.5%	-1.2% pts	5.3%	0.1% pts	

Source: VNDIRECT RESEARCH

Stronger 2Q24 revenue driven by Offshore Vessel and O&M segments

2Q24 revenue grew 18.2% YoY to VND5.57tn (USD223mn) due to a combination of:

- The key business, the M&C segment, increased 9.2% YoY to VND3.1tn (USD24mn) due to the contribution from new signed M&C projects in both O&G and offshore wind fields.
- Other technical services segments recorded impressive top-line growth in 2Q24. O&M ramped up 62.4% YoY while Offshore support vessel revenue jumped 62.1% YoY thanks to an expanded fleet coupled with high rates in overseas markets. Seismic survey surged 190% YoY as PVS conducted seismic surveys for its offshore wind and Block B projects in 2Q24.

2Q24 gross profit increased 28.2% YoY to VND240bn (USD9.5mn), also supported by enhanced O&M and seismic survey segment profitability.

While affiliate income continued accelerating in 2Q24...

PVS's FSO/FPSO joint ventures in 2Q24 helped bolster affiliate income by 34% YoY to VND236bn (USD9.5mn), equivalent to 121% of PVS's 2Q24 NP. This impressive result likely came from a higher charter rate for an FSO/FPSO renewal contract this year.

... higher SG&A expenses and lower financial income dragged on earnings

2Q24 SG&A expenses rose 33.2% YoY to VND332bn (USD13.3mn) due to surging staff expenses (+44% YoY). Meanwhile, net financial income declined 32.3% YoY to VND96bn (USD3.8mn) as 2Q24 deposit income dropped 59.1% YoY to VND50bn (USD2.0mn) due to a lower interest rate environment. The impact of higher SG&A expenses and lower financial income put pressure on PVS's bottom line, resulting in a 12.7% YoY decrease in 2Q24 NP to VND196bn (USD7.8mn).

For 1H24, PVS's NP increased 13.1% YoY to VND496bn (USD19.8mn), in line with expectation at 42% of our full-year forecast as PVS tends to record stronger results in 2H.

Strong financial position bolsters long-term business expansion

Figure 4: Balance Sheet Analysis

VNDbn	2Q23	3Q23	4Q23	1Q24	2Q24
Cash & Short-term investment	10,748	10,064	10,087	9,396	9,939
Total debt	1,394	1,356	1,394	1,740	1,502
Fixed Assets	3,065	3,074	3,011	3,391	3,412
Long-term investments in JVs	4,721	4,935	4,945	5,037	4,969
A/R Days	99	138	76	95	67
Inventory Days	20	29	21	38	25
A/P Days	96	131	73	87	56
Affiliates income	177	178	140	197	236
Depreciation	121	123	145	142	149
Net Debt / Equity	-71.2%	-65.0%	-64.2%	-54.9%	-60.5%

Source: VNDIRECT RESEARCH

PVS has a strong financial position with a net cash balance of over VND8.4tn (USD337mn) and a net gearing ratio of -60.5% at end-2Q23. This solid financial position plays a vital role for PVS's business expansion in the future with a large portfolio of projects within many fields (O&G services and offshore windfarm) in the pipeline. Furthermore, a strong cash position also significantly contributes to PVS's bottom line through financial income.

FY24/25 outlook: Promising outlook for the company's core businesses

Figure 5: FY24-26 earnings forecast revision

VNDbn	Old			New			%Δ			Comments
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	
Net revenue	23,238	32,033	34,343	22,308	31,207	37,747	-4.0%	-2.6%	9.9%	Our FY24-26 revenue forecasts are changed mainly as we delay the progress of Block B project due to slower-than-expected FID milestone
% yoy growth				15.1%	39.9%	21.0%				
Gross profit	1,159	1,555	1,925	1,112	1,426	1,904	-4.0%	-8.3%	-1.1%	
Gross margin (%)	5.0%	4.9%	5.6%	5.0%	4.6%	5.0%	0.0% pts	-0.3% pts	-0.6% pts	
Selling expenses	81	103	110	78	100	121	-4.0%	-2.6%	9.9%	
G&A expenses	930	865	893	948	905	906	2.0%	4.6%	1.5%	
Operating profit	148	588	922	86	422	877	-41.9%	-28.3%	-4.9%	
Net financial income (expenses)	391	347	368	447	399	394	14.4%	15.0%	7.1%	Adjusted in line with 1H24 number
Gain/loss from investment in JVs	714	702	708	761	749	747	6.6%	6.6%	5.5%	Adjusted in line with 1H24 number
Net other income	221	273	362	168	235	322	-24.2%	-14.0%	-11.0%	
Pre-tax profit	1,474	1,910	2,359	1,462	1,804	2,340	-0.8%	-5.6%	-0.8%	
Net profit	1,180	1,485	1,843	1,171	1,402	1,828	-0.8%	-5.6%	-0.8%	
% yoy growth				14.0%	19.8%	30.4%				

Source: : VNDIRECT RESEARCH

M&C bolstered by vibrant domestic E&P, offshore wind field

Delay in Block B's FID milestone does not impact project's outlook

Due to time-consuming bottlenecks regarding ODA allocation, investor approval procedures and PPA finalization, we see potential risk of further delays for FID milestones for the project until late-2024, but the project's outlook remains unchanged. Awarded EPCI contracts are still being executed and some key remaining contracts (offshore pipeline, FSO) are expected to be released going forward, fuelling more potential backlog for upstream service providers. We expect PVS to recognize significant revenue from Block B from 2025 onward.

Figure 6: Major domestic upstream O&G projects in the pipeline. Many projects, such as Kinh Ngu Trang, Block B and Lac Da Vang, have seen significant movement over the past year

Project	Basin	Operator	Capex (USDmn)	Timeline					
				2022	2023	2024	2025	2026	2027
Bach Ho expansion	Cuu Long	Vietso Petro	90						
Dai Hung Phase 3	Nam Con Son	PVEP POC	112						
Kinh Ngu Trang	Cuu Long	Vietso Petro	650						
Lac Da Vang	Cuu Long	Murphy	693						
Su Tu Trang 2B	Cuu Long	Cuu Long JOC	1,100						
Nam Du - U Minh	PM3 - Ca Mau	Jadestone	N/A						
Thien Nga - Hai Au	Nam Con Son	Zarubezhneft	349						
Block B - O Mon	PM3 - Ca Mau	Phu Quoc POC	6,700						

 Being implemented  Expect to be implemented

Source: PVN, VNDIRECT RESEARCH

Vibrant domestic E&P activity to lift M&C business

In general, many upstream projects in Vietnam, such as Kinh Ngu Trang, Lac Da Vang and particularly Block B, have seen significant movement over the past year, signaling vibrant upstream activity in Vietnam in coming years. In June 2024, Murphy Oil's Lac Da Vang oilfield project announced its choice for contractor of the EPCI contract and PTSC M&C – a PVS subsidiary – was chosen. Under the contract, PVS will provide all services related to project management, detailed engineering, procurement, construction, transportation, installation, hook-up and commissioning for the central platform, LDV-A, with an estimated contract value of USD245mn.

The projects listed below have been entering execution phases, which should transform total O&G contract backlog of over USD1.6bn to actual revenue for PVS in coming years.

Figure 7: PVS's M&C projects that are incorporated into our model

No.	Project	Est. contract value attributed to PVS (USDmn)	Est. revenue in FY24 (USDmn)	Est. backlog by end-FY24 (USDmn)	Expected project span
Awarded projects					
1	Gallaf Batch 3	360	18	-	3Q21-2024F
2	Hai Long windfarm	90	18	-	3Q22-1Q24F
3	Great Changhua windfarm	300	180	60	2Q23-2025F
4	Baltica 2 offshore winfarm	200	60	100	2023-2026F
5	Fengmiao offshore wind project	200	60	140	2023-2026F
6	Block B upstream - EPC#1	493	49	444	2024-2027F
7	Block B upstream - EPC#2	300	30	270	2024 - 2027F
8	Block B - O Mon onshore pipeline	257	28	229	2024 - 2027F
9	Lac Da Vang	245	49	196	2024-2026F
Potential projects					
1	Block B - O Mon offshore pipeline	350	21	329	2024-2027F
2	Su Tu Trang Phase 2B	250	25	225	2024-2026F
3	Nam Du - U Minh	150	15	135	2024-2026F

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Combined with signed contracts in offshore wind fields, we expect M&C revenue to surge at a CAGR of 36.7%% in FY24-26, becoming the key driver for PVS in the next couple of years. The M&C segment will also contribute 24%/41.3%/52.9% of PVS's total gross profit in FY24-26, respectively, in our estimate.

New FSO contract fuels prospects for most profitable segment

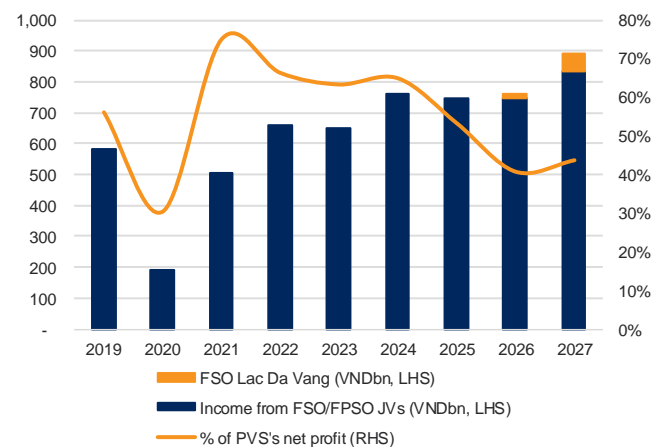
Following the awarding of the EPCI contract, Murphy Oil has recently selected an offshore services contractor to provide an FSO vessel for the Lac Da Vang project with storage capacity of at least 500,000 barrels of oil and a firm 10-year charter, according to an industry's source, with PVS emerging as the winner for this package.

Figure 8: PVS's FSO/FPSO Joint Ventures

No.	FSO/FPSO	Join Venture	% share of PVS	Field/Basin
1	FSO MV12	Rong Doi MV12 Limited	33%	Rong Doi
2	FSO Orkid	Malaysia Vietnam Offshore Terminal Limited (MVOT)	49%	PM3 - CAA
3	FSO Golden Star	Malaysia Vietnam Offshore Terminal Limited (MVOT)	49%	Sao Vang - Dai Nguyet
4	FSO Bien Dong 01	PTSC South East Asia Private Limited (PTSC SEA)	51%	Hai Thach - Moc Tinh
5	FPSO Lam Son	PTSC Asia Pacific Private Limited (PTSC AP)	51%	Thang Long - Dong Do
6	FPSO Ruby II	Vietnam Offshore Floating Terminal Limited (VOFT)	60%	Ruby
7	FSO Lac Da Vang *	PVS's JV	51%	Lac Da Vang

* our projection

Source: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 9: FSO Lac Da Vang will significantly contribute to affiliate income from 2027


Source: VNDIRECT RESEARCH, COMPANY REPORTS

With an estimated investment value of USD240mn, we expect Lac Da Vang FSO to significantly contribute to PVS's key profit-making segment, FSO/FPSO, from 2027, contributing 7% of PVS's total affiliate income in FY27. Furthermore, we believe PVS to also be a tier-1 choice for a FSO providing contract for the Block B project, which could be announced in late-2024 thanks to its proven competence in this segment. We, thus, consider FSO Block B as a potential upside catalyst for PVS.

We forecast PVS's NP to achieve a CAGR of 21.2% in FY24-26

We anticipate PVS to attain NP CAGR of 16.9% YoY in FY24-25, driven by an improving M&C business and solid contributions of FSO/FPSO joint ventures. For 2026, we project PVS's NP to surge 30.4% YoY as some major projects such as Block B and Lac Da Vang will enter their final stages, which usually brings higher margins for contractors.

Valuation: Upgrade to ADD with a higher TP of VND49,100

We raise our TP by 4.2% to VND49,100, still based on an equal weighting of DCF valuation and an FY24 target P/E of 18.7x (+0.5 std vs five-year average P/E). Our TP is impacted by: 1) FY24-26 EPS forecast revisions; 2) a lower WACC assumption from 13.1% to 11.8% as we raise the risk free rate from 2.63% to 2.79% (based on the 10-year bond yield as of July 30, 2024), but reduce our equity risk premium from 9.0% to 7.78% (based on Damodaran updating the [ERP's](#) in July 2024).

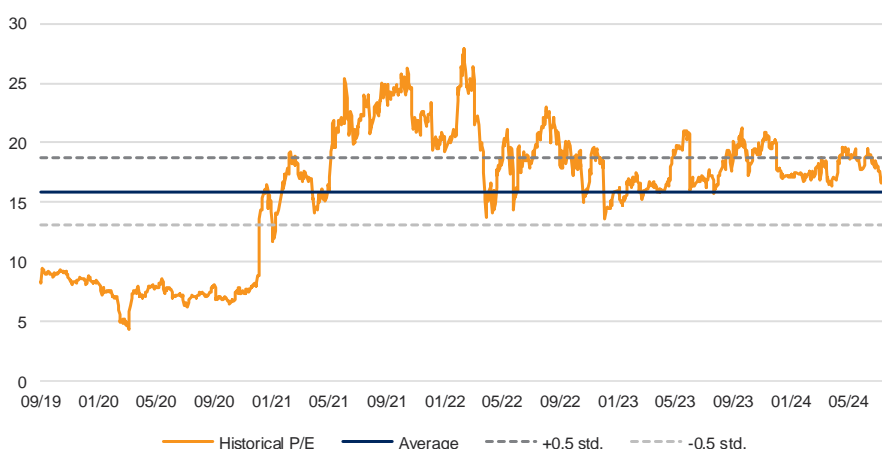
Figure 10: Target price

	Implied share price (VND)	Weight (%)	Weighted share price (VND)
DCF	52,387	50%	26,193
FY24F target P/E of 18.7x	45,797	50%	22,899
Blended value			49,092
Target price			49,100

Source: VNDIRECT RESEARCH

Given the company's positive outlook with NP CAGR of 21.2% in FY24-26 cushioned by vibrant domestic E&P activity, a promising offshore wind field and an expected high oil price environment, we see that a TTM P/E of 17.7x (just slightly higher than the five-year average P/E of 15.9x) undervalues PVS's optimistic prospects. We, thus, upgrade our rating from HOLD to ADD.

Figure 11: PVS's historical P/E



Source: BLOOMBERG, VNDIRECT RESEARCH

Figure 12: Cost of equity

Cost of equity	
Risk Free Rate	2.8%
Beta	1.3
Risk Premium	7.8%
Cost of Equity	12.9%

Source: : VNDIRECT RESEARCH

Figure 13: WACC and long-term growth rate

VNDbn	
Equity Value	12,834
Debt	1,740
Cost of Debt	5.0%
Tax Rate	20.0%
WACC	11.8%
Long-term Growth Rate	1.2%

Source: : VNDIRECT RESEARCH

Figure 14: DCF Valuation – Summary of free cash flow (FCF)

VNDbn	FY24F	FY25F	FY26F	FY27F	FY28F
Net profit	2,313	1,449	1,874	1,944	1,750
+ Depreciation and amortisation	544	545	548	534	507
% of revenue	2.4%	1.7%	1.5%	1.8%	1.9%
- Capex	(892)	(553)	(566)	(444)	(373)
% of revenue	-4.0%	-1.8%	-1.5%	-1.5%	-1.4%
+ Change in working capital	12	(609)	(259)	586	293
% of revenue	0.1%	-2.0%	-0.7%	2.0%	1.1%
+ Interest expenses * (1-Tax)	41	58	51	48	49
% of revenue	0.2%	0.2%	0.1%	0.2%	0.2%
Unlevered free cash flow (UFCF)	2,017	890	1,647	2,668	2,225

Source : VNDIRECT RESEARCH

Figure 15: Sensitivity analysis table for DCF valuation

		Cost of equity (%)					
Long-term growth rate (%)	Our case	Our case					
		11.9%	12.4%	12.9%	13.4%	13.9%	
		0.8%	54,815	53,031	51,392	49,880	48,481
		1.0%	55,411	53,570	51,880	50,324	48,886
		1.2%	56,031	54,129	52,387	50,784	49,306
		1.4%	56,678	54,711	52,913	51,261	49,740
		1.6%	57,352	55,317	53,459	51,756	50,190
Source: VNDIRECT RESEARCH							

Re-rating catalysts and downside risks:

- Re-rating catalysts are a higher backlog for the M&C segment and a new FSO leasing contract.
- Downside risks include further delays in major projects and lower oil prices.

Figure 16: Oil & Gas services sector comparison

Company	Ticker	Mkt Cap (US\$m)	Net debt to equity	Revenue growth (%)		EPS growth (%)		P/E (x)		P/B (x)		ROE (%)		ROA (%)	
				FY24F	FY25F	FY24F	FY25F	TTM	FY24F	Current	FY24F	FY24F	FY25F	FY24F	FY25F
Malaysia Marine Eng	MMHE MK	169	-14%	14.5%	1.2%	120.2%	-7.4%	N/A	8.8	0.5	0.5	6.4%	4.6%	2.5%	2.0%
Yinson Holdings	YNS MK	1,963	167%	-47.0%	-15.0%	-9.2%	10.8%	10.3	11.0	1.1	1.1	11.0%	11.0%	3.7%	3.9%
Seatrium Ltd	STM SP	3,860	20%	21.2%	17.3%	107.4%	133.6%	N/A	14.8	0.8	0.7	2.4%	6.0%	1.1%	2.7%
Hyundai Engineering	000720 KS	2,738	-21%	11.9%	-5.1%	-20.1%	0.0%	6.7	7.0	0.4	0.4	6.4%	6.2%	2.5%	2.4%
Keppel Corp	KEP SP	8,502	87%	8.9%	2.6%	-77.1%	9.8%	14.9	11.6	1.1	1.0	7.9%	8.8%	3.3%	3.4%
Average				1.9%	0.2%	24.2%	29.3%	10.6	10.6	0.8	0.8	6.8%	7.3%	2.6%	2.9%
PTSC	PVS VN	773	-62%	15.1%	39.9%	14.0%	19.8%	17.7	16.5	1.4	1.4	9.0%	10.4%	4.4%	5.0%

Source: BLOOMBERG, VNDIRECT RESEARCH (DATA AS AT Aug 28, 2024)

Income statement

(VNDbn)	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Net revenue	16,789	20,180	14,260	16,366	19,374	23,897	32,756
Cost of sales	(15,655)	(19,402)	(13,393)	(15,353)	(18,335)	(22,720)	(31,176)
Gross Profit	1,134	778	867	1,014	1,039	1,178	1,580
Gen & admin expenses	(651)	(798)	(712)	(828)	(967)	(956)	(884)
Selling expenses	(108)	(119)	(89)	(79)	(85)	(84)	(105)
Operating profit	375	(138)	66	107	(13)	138	590
Operating EBITDA	846	401	557	578	480	690	1,146
Depreciation and amortisation	471	539	491	471	493	552	555
Operating EBIT	375	(138)	66	107	(13)	138	590
Interest income	318	400	278	489	790	569	544
Financial expense	(67)	(143)	(94)	(163)	(216)	(177)	(193)
Net other income	129	715	214	185	66	228	279
Income from associates & JVs	581	191	507	657	651	741	722
Pre-tax profit	1,336	1,025	969	1,276	1,277	1,500	1,942
Tax expense	(340)	(315)	(219)	(225)	(217)	(260)	(337)
Net profit	1,033	624	675	989	1,026	1,201	1,509
Adj. net profit to ordinary	1,033	624	675	989	1,026	1,201	1,509

Balance sheet

(VNDbn)	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Cash and equivalents	6,949	5,212	5,747	5,219	5,757	6,065	6,358
Short term investments	2,743	3,311	2,677	4,837	4,329	4,546	4,773
Accounts receivables	4,638	5,662	4,642	5,047	4,185	4,583	5,833
Inventories	1,510	2,111	2,103	1,090	1,470	1,432	1,794
Other current assets	391	306	226	276	548	358	491
Total current assets	16,230	16,603	15,395	16,470	16,290	16,984	19,250
Fixed assets	3,204	3,135	2,991	3,048	3,391	3,796	3,820
Total investments	5,208	4,961	4,841	4,918	4,945	4,945	4,945
Other long-term assets	1,645	1,580	1,644	1,488	1,790	1,656	1,603
Total assets	26,287	26,279	24,871	25,924	26,416	27,380	29,618
Short-term debt	771	735	711	752	1,176	1,205	1,232
Accounts payable	4,355	6,616	4,503	5,515	3,765	4,042	5,182
Other current liabilities	3,965	2,452	3,478	2,925	4,119	4,063	4,586
Total current liabilities	9,091	9,803	8,692	9,192	9,060	9,310	10,999
Total long-term debt	584	474	534	624	564	586	526
Other liabilities	3,641	3,119	3,037	3,054	3,248	3,689	3,641
Share capital	4,780	4,780	4,780	4,780	4,780	4,780	4,780
Retained earnings reserve	4,039	3,971	3,694	3,791	4,048	3,973	4,293
Shareholders' equity	12,253	12,146	11,880	12,324	12,834	13,046	13,606
Minority interest	718	739	728	730	710	749	846
Total liabilities & equity	26,287	26,279	24,871	25,924	26,416	27,380	29,618

Cash flow statement

(VNDbn)	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Pretax profit	1,336	1,025	969	1,276	1,277	1,500	1,942
Depreciation & amortisation	471	539	491	471	493	552	555
Tax paid	(320)	(221)	(155)	(286)	(172)	(262)	(339)
Other adjustments	(723)	(1,081)	(1,126)	(1,021)	(1,255)	(1,090)	(1,163)
Change in working capital	1,161	(940)	(317)	1,057	(627)	(140)	(588)
Cash flow from operations	1,925	(680)	(138)	1,498	(285)	560	408
Capex	(786)	(502)	(253)	(498)	(899)	(956)	(580)
Proceeds from assets sales	5	8	13	63	5	0	0
Others	(545)	86	1,401	(1,292)	1,712	987	977
Other non-current assets changes	0	9	0	0	0	0	0
Cash flow from investing activities	(1,325)	(398)	1,162	(1,727)	818	32	396
New share issuance	0	0	0	0	0	0	0
Shares buyback	0	0	0	0	0	0	0
Net borrowings	448	(147)	45	108	345	51	(33)
Other financing cash flow	0	0	0	0	0	0	0
Dividends paid	(397)	(526)	(554)	(430)	(378)	(335)	(478)
Cash flow from financing activities	52	(673)	(509)	(321)	(32)	(283)	(511)
Beginning cash and equivalents	6,311	6,949	5,212	5,747	5,219	5,757	6,065
Total cash generated	651	(1,750)	515	(551)	501	308	293
Ending cash and equivalents	6,949	5,212	5,747	5,219	5,757	6,065	6,358

Key ratios

Valuation Ratios	2019A	2020A	2021A	2022A	2023A	2024E	2025F
EPS (VND)	1,699	1,306	1,411	2,070	2,148	2,512	3,158
Price Earnings	6.9	12.5	18.4	10.1	17.7	16.4	13.7
1-yr PEG	(6.4)	(0.3)	3.8	0.2	2.4	0.7	0.6
EV to EBIT	2.0	2.2	100.7	21.3	97.0	75.1	16.7
EV to EBITDA	0.9	4.9	11.9	4.0	22.2	15.1	8.6
Price to Sales	0.4	0.4	0.9	0.6	0.9	0.8	0.6
Price to Book	0.6	0.6	1.0	0.8	1.4	1.5	1.4
Dividend Yield	5.5%	6.8%	4.5%	4.3%	2.1%	1.7%	2.5%
Dividend Pay out Ratio	38.4%	84.3%	82.1%	43.4%	36.8%	27.9%	31.7%
Growth Rates	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Net Revenue YoY	14.7%	20.2%	-29.3%	14.8%	18.4%	23.4%	37.1%
Gross Profit YoY	1.3%	-31.4%	11.5%	16.9%	2.5%	13.4%	34.1%
Net Profit YoY	-1.4%	-39.6%	8.1%	46.7%	3.7%	17.0%	25.7%
EPS YoY	-1.4%	-51.5%	7.7%	62.1%	9.9%	27.2%	25.7%
Profitability Ratios	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Gross Margin	6.8%	3.9%	6.1%	6.2%	5.4%	4.9%	4.8%
EBITDA Margin	5.0%	2.0%	3.9%	3.5%	2.5%	2.9%	3.5%
Operating Margin	2.2%	NM	0.5%	0.7%	NM	0.6%	1.8%
Net Profit Margin	6.2%	3.1%	4.7%	6.0%	5.3%	5.0%	4.6%
Return on Avg Assets	4.2%	2.4%	2.6%	3.9%	3.9%	4.5%	5.3%
Return on Avg Equity	8.6%	5.1%	5.6%	8.2%	8.2%	9.3%	11.3%
Leverage Ratios	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Interest Coverage Ratio (EBIT/I)	11.1	(2.5)	1.4	2.1	(0.2)	2.0	8.8
EBITDA / (I + Cap Ex)	0.5	(0.2)	0.2	0.2	(0.0)	0.1	0.9
Tot Debt/Capital	9.5%	8.6%	9.0%	9.5%	11.4%	11.5%	10.8%
Tot Debt/Equity	10.5%	9.4%	9.9%	10.5%	12.8%	13.0%	12.2%
Net Debt/Equity	-64.3%	-56.8%	-56.9%	-66.5%	-61.6%	-63.9%	-64.9%
Liquidity Ratios	2019A	2020A	2021A	2022A	2023A	2024E	2025F
Asset Turnover	0.7	0.8	0.6	0.6	0.7	0.9	1.1
Accounts Receivable Turnover	3.5	3.9	2.8	3.4	4.2	5.5	6.3
A/R DOH	105	93	132	108	87	67	58
Accounts Payable Turnover	4.3	3.8	2.6	3.2	4.2	6.3	7.3
A/P DOH	84	96	143	114	88	58	50
Inventory Turnover	15.6	10.7	6.4	9.6	14.3	15.7	19.3
Inv DOH	23	34	57	38	25	23	19
Current Ratio	1.8	1.7	1.8	1.8	1.8	1.8	1.8
Quick ratio	1.6	1.4	1.5	1.6	1.6	1.6	1.5

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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.

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