

PETROVIETNAM TRANSPORTATION CORP - PVT

ADD

Core earnings to maintain stable growth

Target price (12M)
VND26,300

INDUSTRIALS | Update

Consensus*: Add:12 Hold:0 Reduce:0

Target price / Consensus: 6.8%

Key changes in the report

➢ Increase FY23-25F EPS forecasts by 1.2%/0.6%/2.3%

| | |
|----------------------------|-----------|
| Previous rating | ADD |
| Previous TP | VND26,300 |
| Current price | VND19,800 |
| 52w high (VND) | 29,100 |
| 52w low (VND) | 14,500 |
| 3m Avg daily value (VNDmn) | 39,982 |
| Market cap (VNDbn) | 6,700 |
| Free float | 28% |
| Dividend yied | 5.0% |
| TTM P/E (x) | 7.69 |
| Current P/B (x) | 1.09 |

Price performance



Source: VNDIRECT RESEARCH

Ownership

| | |
|--------------------|-------|
| PetroVietnam Group | 51.0% |
| PVCom Bank | 5.0% |
| Others | 44.0% |

Source: VNDIRECT RESEARCH

Analyst(s):



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- 4Q22 net profit (NP) increased by 3.8% yoy to VND206.8bn, making FY22 NP to a record level of VND861bn, fulfilling 105.8% of our forecast.
- We expect PVT's core earnings to grow at CAGR of 9.7% in FY23-25F thanks to the fleet expansion and high tanker freight rates environment.
- Reiterate ADD at unchanged target price (TP) of VND26,300.

4Q22 earnings grew on solid core business performance

4Q22 revenue increased by 17.2% yoy to VND2,439bn thanks to stronger transportation segment (+25.1% yoy) coming from new tankers contribution (+17% yoy capacity in 2022) as well as higher charter rates. Riding on the rising tanker freight rates globally, PVT renewed charter contracts with higher rates, supporting 4Q22 gross margin (GM) to extend 2.2% pts yoy to 18%. However, 4Q22 NP slightly increased by 3.8% yoy to VND206.8bn due to: (1) 94% yoy increase in interest expense, and (2) 62% yoy rise in G&A expenses.

For the whole FY22, revenue grew 21.3% yoy to VND9,047.5bn and NP rose 30.6% yoy to VND861.2bn on the back of: (1) higher tanker freight rates, (2) the contribution of new acquired tankers (9 tankers/vessels), and (3) abnormal income from tankers liquidation.

Core earnings to maintain stable growth in FY23-25F

Due to actively rejuvenating tanker fleet over the past few years (15 new tankers/vessels in FY21-22), PVT has already gain benefits from the transportation demand recovery after the pandemic, particularly after Russia – Ukraine crisis which triggered the rising tanker rates globally. We believe this will be the pedestal for PVT's core business to keep growing in coming years with the core earnings CAGR of 9.7% in FY23-25F driven by: (1) the contribution of new acquired tankers (+c.6% CAGR in FY23-25F capacity), and (2) expectedly high tanker rates base as Russia – Ukraine crisis has calibrated the global energy trade flow. For reported earnings, due to lack of abnormal income from tanker liquidation like FY22, we expect PVT's NP to be flat yoy in FY23F (+0.9% yoy), then achieving a CAGR of 8.4% yoy in FY24-25F.

Reiterate ADD at unchanged TP of VND26,300

We maintain our ADD rating for PVT at unchanged DCF-based TP of VND26,300 due to the mixed impact of: (1) slight adjustments on FY23-25F EPS forecasts, (2) rolling our DCF model to 2023F, and (3) lifting risk free rate from 3% to 4%. Re-rating catalyst is rising tanker freight rates globally. Downside risks come from lower-than-expected tanker freight rates, and higher-than-expected interest rates.

| Financial summary (VND) | 12-21A | 12-22A | 12-23E | 12-24E |
|-------------------------|--------|--------|--------|--------|
| Net revenue (bn) | 7,460 | 9,048 | 9,390 | 9,866 |
| Revenue growth | 1.1% | 21.3% | 3.8% | 5.1% |
| Gross margin | 16.6% | 18.3% | 17.8% | 17.6% |
| EBITDA margin | 28.3% | 32.0% | 28.6% | 29.4% |
| Net profit (bn) | 660 | 861 | 869 | 957 |
| Net profit growth | (1.5%) | 30.6% | 0.9% | 10.1% |
| Recurring profit growth | (1.5%) | 30.6% | 0.9% | 10.1% |
| Basic EPS | 2,038 | 2,661 | 2,686 | 2,957 |
| Adjusted EPS | 2,038 | 2,661 | 2,686 | 2,957 |
| BVPS | 16,051 | 18,557 | 19,958 | 21,818 |
| ROAE | 13.1% | 15.4% | 14.0% | 14.2% |

Source: VNDIRECT RESEARCH

Core earnings to maintain stable growth

Reiterate ADD at unchanged TP of VND26,300

We like PVT as:

- PVT is the market leader in Vietnam's oil & gas transportation sector, not only occupying 100% market share of domestic crude oil and LPG transportation but also having high exposure on international market.
- Tanker freight rates are expected to stay high in coming times due to the recalibration of global energy trade flow triggered by Russia – Ukraine crisis, benefiting O&G transporters. Notably, most of PVT's clean tankers (in total 16 clean tankers with capacity of over 280,000 DWT) are operating in international voyages, which could earn higher tanker charter rates following the rising charter rates environment.
- Despite actively disbursing capital to rejuvenate its tanker fleet over the past few years, PVT possess a healthy balance sheet with a net cash position of VND821bn and low D/E ratio of 0.46x at end-4Q22.

Therefore, we maintain our ADD rating for PVT at unchanged TP of VND26,300 due to the mixed impact of: (1) 1.2%/0.6%/2.3% revise up in FY23-25F EPS forecasts, (2) rolling our DCF model to 2023F, and (3) lifting risk free rate from 3% to 4% to reflect high interest rates environment. Our TP is based on DCF valuation standalone instead of the combination of DCF method and P/E multiple as we believe that DCF valuation method could effectively reflect fundamental aspects of the company.

Re-rating catalysts and downside risks:

- Re-rating catalyst is rising tanker freight rates globally.
- Downside risks come from lower-than-expect tanker freight rates, and higher-than-expected interest rates.

Figure 1: DCF-based target price

| DCF method | |
|--|---------------|
| Total present value of FCF (VNDbn) | 7,916 |
| Present value of Terminal Value (VNDbn) | 1,772 |
| Total present value of Operations (VNDbn) | 9,688 |
| Plus: Cash and Short-term investment (VNDbn) | 4,505 |
| Less: Debt (VNDbn) | (3,685) |
| Less: Minority Interest (VNDbn) | (2,012) |
| Equity Value (VNDbn) | 8,497 |
| Shares Outstanding (m) | 324 |
| Equity Value per share (VND) | 26,253 |
| Target price (VND) | 26,300 |

Source: VNDIRECT RESEARCH

Figure 2: DCF Valuation – Summary of free cash flow (FCF)

| VNDbn | FY22 | FY23F | FY24F | FY25F | FY30F | FY35F | CAGR 22 - 35F |
|---|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Total revenue | 9,048 | 9,390 | 9,866 | 10,275 | 11,942 | 13,058 | 2.9% |
| % growth y-o-y | 21.3% | 3.8% | 5.1% | 4.1% | 2.4% | 1.4% | |
| COGS & OPEX | (7,820) | (8,078) | (8,480) | (8,830) | (10,403) | (11,375) | |
| Unlevered profit / EBIT | 1,227 | 1,312 | 1,386 | 1,445 | 1,539 | 1,683 | |
| Operating margin | 13.6% | 14.0% | 14.0% | 14.1% | 12.9% | 12.9% | |
| Effective tax rate | -20.6% | -19.6% | -19.6% | -19.6% | -20.0% | -20.0% | |
| EBIT * (1-Tax) or NOPAT | 975 | 1,055 | 1,114 | 1,162 | 1,231 | 1,346 | |
| + D&A | 1,196 | 1,110 | 1,202 | 1,187 | 1,245 | 1,053 | |
| % of revenue | 13.2% | 11.8% | 12.2% | 11.5% | 10.4% | 8.1% | |
| - CapEx | (1,780) | (939) | (987) | (616) | (1,021) | (909) | |
| % of revenue | -19.7% | -10.0% | -10.0% | -6.0% | -8.6% | -7.0% | |
| + Δ WC | (320) | (23) | (35) | (30) | (203) | (222) | |
| % of revenue | -3.5% | -0.2% | -0.4% | -0.3% | -1.7% | -1.7% | |
| Financial and other income / expense, net | 235 | 29 | 90 | 130 | 113 | 124 | |
| % of revenue | 2.6% | 0.3% | 0.9% | 1.3% | 1.0% | 1.0% | |
| UFCF | 305 | 1,232 | 1,385 | 1,833 | 1,366 | 1,392 | |

Source: VNDIRECT RESEARCH

Figure 3: Cost of equity

| | |
|-----------------------|--------------|
| Cost of equity | |
| Risk Free Rate | 4.0% |
| Beta | 1.3 |
| Risk Premium | 11.0% |
| Cost of Equity | 18.7% |

Source: VNDIRECT RESEARCH

Figure 4: WACC and Long-term growth rate

| | |
|---------------------------------------|--------------|
| WACC and Long-term growth rate | |
| Equity | 70% |
| Debt | 30% |
| Cost of Debt | 6.0% |
| Tax Rate | 20.0% |
| WACC | 14.6% |
| Perpetual Growth Rate | 1.0% |

Source: VNDIRECT RESEARCH

Figure 5: Oil & Gas transportation sector comparison

| Company | Ticker | Recom. | Price | | Mkt Cap | P/E (x) | | | 3-yr EPS CAGR (%) | P/B (x) | | | ROE (%) | | | ROA (%) | | |
|-------------------------|---------------|------------|---------------|---------------|------------|------------|------------|------------|-------------------|------------|------------|------------|--------------|--------------|--------------|-------------|-------------|-------------|
| | | | LC\$ | LC\$ | | US\$m | TTM | FY23F | | FY24F | Current | FY23F | FY24F | TTM | FY23F | FY24F | TTM | FY23F |
| Vietnam Petroleum Trans | VIP VN | NR | 10,750 | N/A | 31 | N/A | N/A | N/A | | 0.6 | N/A | N/A | 20.7% | N/A | N/A | 16.8% | N/A | N/A |
| Vietnam Tanker JSC | VTO VN | NR | 8,220 | N/A | 28 | 7.9 | N/A | N/A | | 0.6 | N/A | N/A | 7.3% | N/A | N/A | 4.8% | N/A | N/A |
| MISC Bhd | MISC MK | NR | 7.48 | N/A | 7,529 | 18.3 | 15.9 | 15.7 | | 0.9 | 0.9 | 0.9 | 5.1% | 0.9% | 0.9% | 3.0% | 4.4% | 4.4% |
| Thoresen Thai Agencies | TTA TB | NR | 7.90 | N/A | 417 | 2.9 | 4.3 | 6.0 | | 0.5 | 0.6 | 0.5 | 21.5% | 0.6% | 0.5% | 12.3% | 3.3% | 3.7% |
| Shipping Corp of India | SCI IN | NR | 115 | N/A | 648 | 6.2 | N/A | N/A | | 0.6 | N/A | N/A | 10.0% | N/A | N/A | 6.3% | N/A | N/A |
| Great Eastern Shipping | GESCO IN | NR | 570 | N/A | 982 | N/A | 4.1 | 6.1 | | 1.0 | 0.9 | 0.8 | 8.0% | 0.9% | 0.8% | 4.5% | 3.7% | 3.1% |
| Average | | | | | | 8.8 | 8.1 | 9.2 | | 0.7 | 0.8 | 0.7 | 12.1% | 0.8% | 0.7% | 7.9% | 3.8% | 3.7% |
| PVTrans | PVT VN | ADD | 19,800 | 26,300 | 270 | 7.7 | 7.4 | 6.7 | 5.8% | 1.1 | 1.0 | 0.9 | 15.4% | 14.0% | 14.2% | 6.4% | 5.9% | 6.2% |

Source: BLOOMBERG, VNDIRECT RESEARCH (DATA AS AT 22 FEB)

4Q22 earnings grew on solid core business performance

Figure 6: 4Q22 and FY22 results overview

| VNDbn | 4Q21 | 4Q22 | % yoy | FY21 | FY22 | % yoy | % vs FY22 forecasts | Comment |
|-------------------------|--------------|--------------|-----------------|----------------|----------------|-----------------|---------------------|---|
| Net revenue | 2,080.1 | 2,438.7 | 17.2% | 7,460.2 | 9,047.5 | 21.3% | 107.1% | 4Q22 revenue increased by 17.2% yoy mainly thanks to high contribution of the transportation revenue (+25.1% yoy) |
| Transportation | 1,431.4 | 1,791.0 | 25.1% | 5,279.4 | 6,778 | 28.4% | | Transportation segment rose 25.1% yoy thanks to: (1) higher tanker freight rates following the rising tanker freight rates globally, and (2) the contribution of new acquired tankers |
| FSO/FPSO | 217.7 | 172.2 | -20.9% | 939.9 | 938.3 | -0.2% | | |
| Trading & services | 431.4 | 475.5 | 10.2% | 1,151.6 | 1,331 | 15.6% | | |
| Gross profit | 328.3 | 438.4 | 33.5% | 1,238.0 | 1,657.0 | 33.8% | 115.8% | |
| Transportation | 264.0 | 372.3 | 41.0% | 922.9 | 1,267 | 37.3% | | |
| FSO/FPSO | 47.2 | 46.4 | -1.6% | 275.9 | 283.1 | 2.6% | | |
| Trading & services | 17.4 | 19.6 | 12.5% | 40.8 | 34 | -16.1% | | |
| Gross margin (%) | 15.8% | 18.0% | 2.2% pts | 16.6% | 18.3% | 1.7% pts | | 4Q22 blended GM ameliorated 2.2% pts yoy thanks to both transportation and FSO/FPSO gross margin extension |
| Transportation | 18.4% | 20.8% | 2.3% pts | 17.5% | 18.7% | 1.2% pts | | |
| FSO/FPSO | 21.7% | 27.0% | 5.3% pts | 29.4% | 30.2% | 0.8% pts | | |
| Trading & services | 4.0% | 4.1% | 0.1% pts | 3.5% | 2.6% | -1.0% pts | | |
| Selling expenses | 2.2 | 5.1 | 131.8% | 10.5 | 12.9 | 22.7% | 108.4% | |
| G&A expenses | 91.3 | 147.9 | 62.0% | 277.5 | 417 | 50.2% | 142.5% | 4Q22 G&A expenses jumped 62% yoy due to c.63% yoy increase in labor cost, in our estimate |
| Operating profit | 234.8 | 285.4 | 21.5% | 950.0 | 1,227.5 | 29.2% | | |
| Net financial income | 17.6 | 6.1 | -65.2% | 23.7 | (85) | -459.1% | | Despite surging interest rates, PVT still posted a net financial income of VND6.1bn in 4Q22 as dividend received from a subsidiary (VND62.3bn) eased pressure of higher interest expense (+94% yoy) |
| Net other income | 20.1 | 62.0 | 209.1% | 41.9 | 292.1 | 596.3% | | PVT recorded a net income of VND48bn from tanker liquidation (Song Hau Eagle clean tanker) |
| Pre-tax profit | 283.4 | 361.8 | 27.7% | 1,040.2 | 1,462 | 40.6% | 115.8% | |
| Net profit | 199.1 | 206.8 | 3.8% | 659.8 | 861.3 | 30.6% | 105.8% | In line with our expectation |

Source: VNDIRECT RESEARCH, COMPANY REPORTS

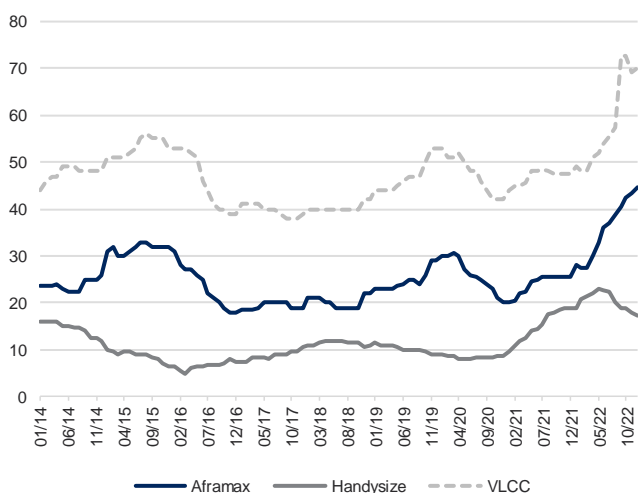
FY23-25F outlook: Bright outlook for PVT's transportation segment due to the calibration of global energy trade flow

Global tanker freight rates to remain high following the embargo of the EU on Russia's energy products

In response to Russia – Ukraine conflicts, the EU has adopted sanctions on Russian crude oil and oil products, leading to the sharp calibration of global energy trade flow. Russia now is shifting oil exports to Asian buyers like China and India, making the voyages longer and putting pressure on global tanker shipping market.

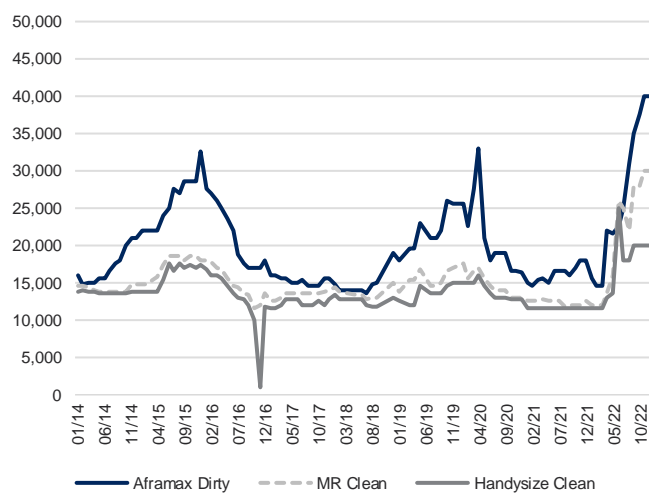
According to Clarksons Research, dirty tanker market conditions generally remain firm. With shifts in trade flow and improved Chinese demand, crude transportation demand is still projected to grow while new emissions regulations are expected to have a further moderating impact on active dirty tanker supply. Meanwhile, clean tanker market outlook seems to be more positive following the newest EU ban on imports from Russia on February amidst the tight tanker supply in 2023-24 due to small orderbook in recent years. Thus, we expect tanker freight rates to stay high this year, benefiting the O&G transporters like PVT.

Figure 7: Average prices of 10-year-old tankers strongly increased, which could hamper the fleet expansion of PVT (US\$m)



Source: BLOOMBERG, VNDIRECT RESEARCH

Figure 8: We expect tanker time charter rate to stay high as Ukraine crisis has calibrated the global energy trade flow (US\$/day)



Source: BLOOMBERG, VNDIRECT RESEARCH

Fleet rejuvenating pace to decelerate in coming years due to high-priced environment

PVT has disbursed a total of VND3,900bn to acquire 15 new tankers and LPG vessels (including 11 new acquired tankers and 4 new tankers in form of Bare Boat Hiring and Purchase) over the past two years, equivalent to 53% of the ambitious capex plan from 2021. This help PVT gain benefits from rising tanker freight rates triggered by Russia – Ukraine crisis. We suppose that the fleet expansion pace to be slowed this year due to the unfavorable market conditions, in which PVT will delay the VLCC investment at least to late-2025F as the recent surging price environment. For 2023F, we expect PVT to disburse around VND900bn to acquire 3 new tankers (1 clean tanker, 1 handysize bulk carrier and 1 LPG vessel). Notably, with a deceleration in fleet expansion, we believe PVT to be back to cash dividend payment in 2023F with a cash dividend of VND1,000/share, in our expectation.

We expect PVT’s NP to be flat yoy in FY23F due to lack of abnormal income, then back to growth trajectory in FY24-25F

We believe the younger and larger tanker fleet will be the pedestal for PVT to keep growing in coming years amidst the high-priced environment triggered by Russia – Ukraine crisis. For PVT’s core business (excluding abnormal income from tanker liquidation) we expect core earnings to attain a CAGR of 9.7% in FY23-25F, driven by: (1) the contribution of new acquired tankers, and (2) expectedly high tanker rates base as Russia – Ukraine crisis has calibrated the global energy trade flow. However, for reported earnings, we expect FY23F NP is forecasted to be flat yoy (+0.9% yoy) due to lack of abnormal income from tanker liquidation like FY22, then back to growth trajectory with a CAGR of 8.4% yoy in FY24-25F.

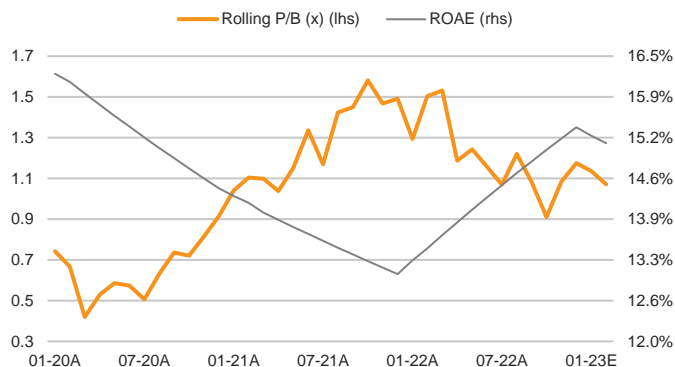
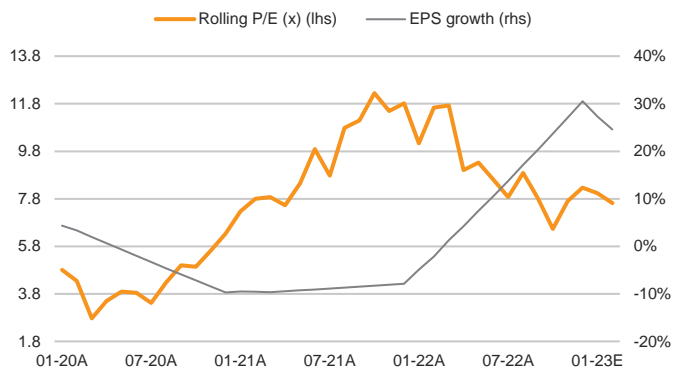
We slightly revise up FY23-25F EPS forecasts by 1.2%/0.6%/2.3% due to mixed impact of higher tanker freight rates and higher interest expenses

Figure 9: FY23-25F earnings forecasts revision

| Unit: VNDbn | FY22 | FY23F | | | FY24F | | | FY25F | | | Note |
|----------------------|--------------|--------------|--------------|-------------|--------------|--------------|-------------|---------------|---------------|-------------|--|
| | Actual | Old | New | %Δ | Old | New | %Δ | Old | New | %Δ | |
| Net revenue | 9,048 | 9,193 | 9,390 | 2.1% | 9,724 | 9,866 | 1.5% | 10,156 | 10,275 | 1.2% | |
| Transportation | 6,778 | 6,423 | 6,787 | 5.7% | 6,767 | 7,201 | 6.4% | 7,202 | 7,502 | 4.2% | We increase FY23-25F transportation revenue forecasts by 5.7%/6.4%/4.2% as higher oil refined transportation revenue (thanks to rising clean tanker freight rates) offsets to lower crude oil transportation revenue due to the delay in VLCC investment |
| FSO/FPSO | 938 | 1,216 | 1,160 | -4.6% | 1,244 | 1,187 | -4.6% | 1,273 | 1,216 | -4.5% | Adjusted in line with FY22 numbers |
| Trading & services | 1,331 | 1,554 | 1,443 | -7.1% | 1,713 | 1,478 | -13.7% | 1,888 | 1,557 | -17.5% | Adjusted in line with FY22 numbers |
| Gross profit | 1,657 | 1,574 | 1,675 | 6.4% | 1,701 | 1,735 | 2.0% | 1,760 | 1,802 | 2.4% | |
| <i>Gross margin</i> | 18.3% | 17.1% | 17.8% | 0.7% pts | 17.5% | 17.6% | 0.1% pts | 17.3% | 17.5% | 0.2% pts | We raise FY23-24F blended GM assumption as higher clean tanker rates assumption overwhelms the impact of the delay in VLCC investment |
| Transportation | 18.7% | 18.4% | 19.9% | 1.4% pts | 19.2% | 19.5% | 0.3% pts | 19.2% | 19.4% | 0.2% pts | |
| FSO/FPSO | 30.2% | 28.3% | 27.2% | -1.0% pts | 28.1% | 27.2% | -1.0% pts | 28.0% | 27.2% | -0.9% pts | |
| Trading & services | 2.6% | 2.5% | 2.5% | 0.0% pts | 2.5% | 2.5% | 0.0% pts | 2.5% | 2.5% | 0.0% pts | |
| Selling expenses | (13) | (13) | (13) | 3.3% | (14) | (14) | 2.6% | (15) | (15) | -0.9% | |
| G&A expenses | (417) | (313) | (349) | 11.7% | (331) | (335) | 1.3% | (352) | (342) | -3.0% | Adjusted in line with 2022 numbers |
| Operating profit | 1,227 | 1,248 | 1,312 | 5.1% | 1,357 | 1,386 | 2.2% | 1,429 | 1,445 | 1.1% | |
| Net financial income | (85) | 5 | (45) | -982.6% | 34 | 13 | -62.5% | 61 | 50 | -19.0% | We increase financial expenses to reflect high interest rate environment, leading to lower net financial income assumptions in FY23-25F. Currently, PVT has a debt balance of VND3,684bn (mainly based on USD), which could downward pressure on PVT's performance amid high USD interest rate environment |
| Net other income | 292 | 33 | 45 | 37.1% | 35 | 47 | 36.2% | 32 | 49 | 50.7% | |
| Pre-tax profit | 1,462 | 1,316 | 1,341 | 1.9% | 1,457 | 1,476 | 1.3% | 1,555 | 1,576 | 1.3% | |
| Net profit | 861 | 859 | 869 | 1.2% | 952 | 957 | 0.6% | 999 | 1,021 | 2.3% | |
| EPS (VND) | 2,661 | 2,655 | 2,686 | 1.2% | 2,940 | 2,957 | 0.6% | 3,086 | 3,155 | 2.3% | |

Source: VNDIRECT RESEARCH

Valuation



Income statement

| (VNDbn) | 12-22A | 12-23E | 12-24E |
|--------------------------------------|----------------|----------------|----------------|
| Net revenue | 9,048 | 9,390 | 9,866 |
| Cost of sales | (7,391) | (7,716) | (8,131) |
| Gen & admin expenses | (417) | (349) | (335) |
| Selling expenses | (13) | (13) | (14) |
| Operating profit | 1,227 | 1,312 | 1,386 |
| Operating EBITDA | 2,423 | 2,422 | 2,588 |
| Depreciation and amortisation | (1,196) | (1,110) | (1,202) |
| Operating EBIT | 1,227 | 1,312 | 1,386 |
| Interest income | 223 | 230 | 257 |
| Financial expense | (308) | (275) | (244) |
| Net other income | 292 | 45 | 47 |
| Income from associates & JVs | 28 | 29 | 30 |
| Pre-tax profit | 1,462 | 1,341 | 1,476 |
| Tax expense | (301) | (262) | (289) |
| Minority interest | (299) | (209) | (230) |
| Net profit | 861 | 869 | 957 |
| Adj. net profit to ordinary | 861 | 869 | 957 |
| Ordinary dividends | (94) | (324) | (324) |
| Retained earnings | 767 | 546 | 633 |

Balance sheet

| (VNDbn) | 12-22A | 12-23E | 12-24E |
|---------------------------------------|---------------|---------------|---------------|
| Cash and equivalents | 1,922 | 2,760 | 3,659 |
| Short term investments | 2,584 | 2,713 | 2,848 |
| Accounts receivables | 1,291 | 1,286 | 1,351 |
| Inventories | 179 | 168 | 177 |
| Other current assets | 227 | 236 | 248 |
| Total current assets | 6,203 | 7,163 | 8,284 |
| Fixed assets | 7,260 | 7,089 | 6,874 |
| Total investments | 294 | 299 | 304 |
| Other long-term assets | 490 | 441 | 450 |
| Total assets | 14,247 | 14,992 | 15,911 |
| Short-term debt | 887 | 917 | 842 |
| Accounts payable | 810 | 772 | 811 |
| Other current liabilities | 1,273 | 1,321 | 1,388 |
| Total current liabilities | 2,970 | 3,010 | 3,041 |
| Total long-term debt | 2,798 | 2,896 | 3,007 |
| Other liabilities | 461 | 461 | 461 |
| Share capital | 3,237 | 3,237 | 3,237 |
| Retained earnings reserve | 1,593 | 2,045 | 2,645 |
| Shareholders' equity | 6,006 | 6,459 | 7,061 |
| Minority interest | 2,012 | 2,166 | 2,341 |
| Total liabilities & equity | 14,247 | 14,992 | 15,911 |

Cash flow statement

| (VNDbn) | 12-22A | 12-23E | 12-24E |
|---|----------------|--------------|--------------|
| Pretax profit | 1,462 | 1,341 | 1,476 |
| Depreciation & amortisation | 1,196 | 1,110 | 1,202 |
| Tax paid | (258) | (262) | (289) |
| Other adjustments | 158 | (302) | (283) |
| Change in working capital | (320) | (23) | (35) |
| Cash flow from operations | 2,238 | 1,864 | 2,071 |
| Capex | (1,780) | (939) | (987) |
| Proceeds from assets sales | 389 | 0 | 0 |
| Others | (556) | 109 | 102 |
| Other non-current assets changes | | | |
| Cash flow from investing activities | (1,948) | (830) | (884) |
| New share issuance | 0 | 0 | 0 |
| Shares buyback | | | |
| Net borrowings | 438 | 129 | 36 |
| Other financing cash flow | | | |
| Dividends paid | (94) | (324) | (324) |
| Cash flow from financing activities | 344 | (195) | (288) |
| Cash and equivalents at beginning of period | 1,283 | 1,922 | 2,760 |
| Total cash generated | 635 | 839 | 899 |
| Cash and equivalents at the end of period | 1,918 | 2,760 | 3,659 |

Key ratios

| | 12-22A | 12-23E | 12-24E |
|--------------------------|--------|--------|--------|
| Dupont | | | |
| Net profit margin | 9.5% | 9.3% | 9.7% |
| Asset turnover | 0.68 | 0.64 | 0.64 |
| ROAA | 6.4% | 5.9% | 6.2% |
| Avg assets/avg equity | 2.39 | 2.35 | 2.29 |
| ROAE | 15.4% | 14.0% | 14.2% |
| Efficiency | | | |
| Days account receivable | 52.1 | 50.0 | 50.1 |
| Days inventory | 8.9 | 7.9 | 8.0 |
| Days creditor | 40.0 | 36.5 | 36.5 |
| Fixed asset turnover | 1.27 | 1.31 | 1.41 |
| ROIC | 7.4% | 7.0% | 7.2% |
| Liquidity | | | |
| Current ratio | 2.1 | 2.4 | 2.7 |
| Quick ratio | 2.0 | 2.3 | 2.7 |
| Cash ratio | 1.5 | 1.8 | 2.1 |
| Cash cycle | 20.9 | 21.4 | 21.6 |
| Growth rate (yoy) | | | |
| Revenue growth | 21.3% | 3.8% | 5.1% |
| Operating profit growth | 29.2% | 6.9% | 5.6% |
| Net profit growth | 30.6% | 0.9% | 10.1% |
| EPS growth | 30.6% | 0.9% | 10.1% |

Source: VND RESEARCH

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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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