

# Vietnam National Petroleum Group

(PLX VN)

## Revaluation from regulatory changes

**Buy**  
(Initiation)

TP: VND44,800

Upside: +26.7%

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### Overview

Vietnam National Petroleum Group (Petrolimex – PLX VN), a wholesaler, dominates Vietnam's domestic petroleum products market, accounting for more than 48% of local gasoline distribution. By end-2024, PLX owned a network of 4,730 stations out of a total of 17,000 fuel outlets nationwide, which is twice as many as the second-largest player.

### Investment highlights

**Unveiling prospects from new decree to be passed:** In August 2024, the Ministry of Industry and Trade (MoIT) released the fourth draft of the new petroleum decree, which amends and revises application Decrees 83/2014, 95/2021, and 80/2023. This new regulation is expected to be approved in mid-2025. We see the main proposals as an attempt to provide distributors greater price and expense flexibility, allowing them to respond more effectively to market conditions, while preserving government monitoring.

**Aggressive revocation of licenses for unqualified traders provides opportunity to fill empty market share:** According to official data, the number of participants leaving the industry has increased significantly. Specifically, we note that the major wholesalers that have revoked certifications account for over 15% of the empty market share. This implies that the gaps will be quickly filled by other players with strong financial capacity. We believe this is a favorable condition for PLX, as its industry leadership and ability to supervise its distributors' operations will enable it to grab market share from the aforementioned businesses. In 2024, PLX saw record expansion of retail channels, with 93 new stations put into operation, and plans to open 70–80 new stations in 2025. Historically, PLX increased its COCO (company-owned and company-operated) volume to 7.4mn tons in 2024 from 6.5mn tons in 2022, reaching a CAGR of 6.2% per annum. Meanwhile, during 2015–2019 (excluding the Covid-19 impact), the CAGR stood at only around 5.2% per annum.

### Projection and valuation

For FY25, we forecast a slight drop in revenue to VND278,024bn (-2.1% YoY). Nevertheless, we expect net profit to continue its upward trajectory for a third consecutive fiscal year, reaching VND3,153bn (+9.1% YoY). Looking ahead, we maintain a positive outlook for the FY25–30 period, projecting a CAGR of 5.2% for revenue and 13.5% for net profit. These projections reflect PLX's improving profitability profile and growing operational efficiency. Thus, we evaluate PLX using the DCF approach, based on the company's strong and consistent cashflow from its core businesses. We initiate PLX at a target price of VND44,800, implying 26.7% upside from the current trading price, and a Buy rating.

### Key data



### Share performance

(%)	1M	6M	12M
Absolute	-14.6	-17.5	-4.1
Relative	-6.8	-12.9	0.2

### Earning and valuation metrics

FY (December 31)	FY21	FY22	FY23	FY24	FY25F	FY26F
Revenue (VNDbn)	169,009	304,064	273,979	284,017	278,024	293,573
OP (VNDbn)	2,784	997	2,175	2,793	3,005	3,705
OP margin (%)	1.6	0.3	0.8	1.0	1.1	1.3
NPATMI (VNDbn)	2,839	1,450	2,834	2,890	3,153	3,726
EPS (VND)	2,198	1,122	2,190	2,233	2,437	2,879
ROE (%)	11.9	6.8	10.8	10.8	11.5	12.8
P/E (x)	22.2	26.7	15.2	14.8	13.6	11.5
P/B (x)	2.4	1.5	1.6	1.6	1.5	1.4
Dividend yield (%)	2.5	4.0	2.1	4.5	4.5	4.5

Notes: Non-GAAP; net profit refers to net profit attributable to controlling interests.

Source: Company data, MAS Vietnam Research estimates

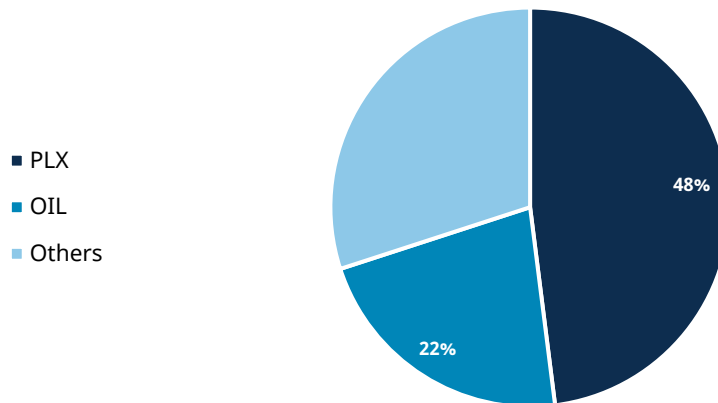
OVERVIEW

Leading state-owned enterprise (SOE) in petroleum segment

Vietnam National Petroleum Group (Petrolimex – PLX VN), a wholesaler, dominates Vietnam's domestic petroleum products market, accounting for more than 47% of local gasoline distribution – up 2% over 2023. By end-2024, PLX owned a network of 4,730 stations out of a total of 17,000 fuel outlets nationwide, which is twice as many as the second-largest player – OIL. This year also marked record expansion of its Company-Owned and Company-Operated (COCO) network, with 93 new stations put into operation, bringing the total number of Petrolimex-owned stations to a new high of 2,774 units, cementing PLX's position as the leading retailer. In addition, PLX also covers a comprehensive petroleum value chain, as it operates the transportation and storage system. These are the highlights of its competitive advantage over peers, as it could generate a higher profit per liter, thanks to well-managed operation costs. Currently, PLX has the most COCO stations, with a wide range of attached services that may support its “core” business distribution.

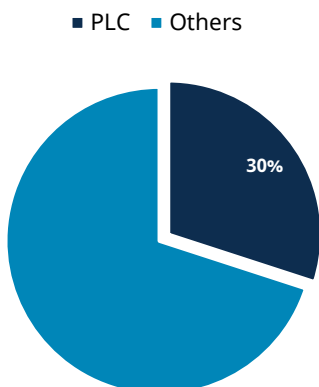
In addition, PLX also engages in other activities through capital contributions, holding an impressive position in these categories; however, they only contribute approximately 6.4% of revenue (VND17.4bn). Notably, PLX commands a 30% market share in the asphalt segment and 45% share in the lubricant market, through subsidiary PLC and affiliate Castrol BP Petco. Castrol BP Petco is a collaboration between Petrolimex and two of the world's major lubricant manufacturers, Castrol and BP. It was founded in 1992 and has a joint venture agreement until 2042. The joint venture's premium lubricant brand boasts the highest market share in Vietnam, accounting for 24% of the lubricant market. With a pre-tax profit of around VND1,500bn per year, Castrol BP Petco provided approximately VND400VND in net profit for PLX (which has a 35% stake). However, PLX focuses primarily on petroleum trading, which still accounts for up to 94% of turnover and over 85% of gross profit. Thus, this report will concentrate solely on analysing this segment.

Figure 1. Top players in Vietnam gasoline trading



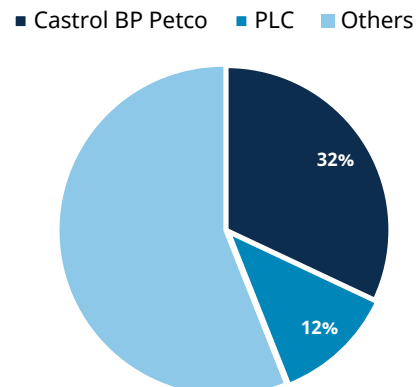
Source: FiinPro, Mirae Asset Vietnam Research

Figure 2. Asphalt market share via PLC

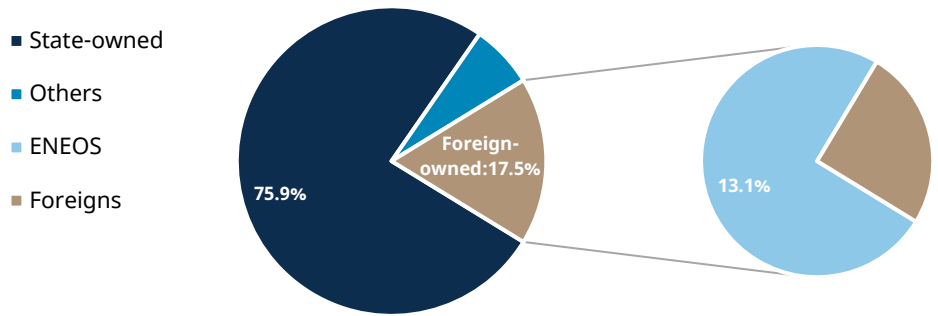


Source: PLX, Mirae Asset Vietnam Research

Figure 3. BP-Petro and PLC: Combined 44% lubricant market share



**Figure 4. PLX ownership structure**

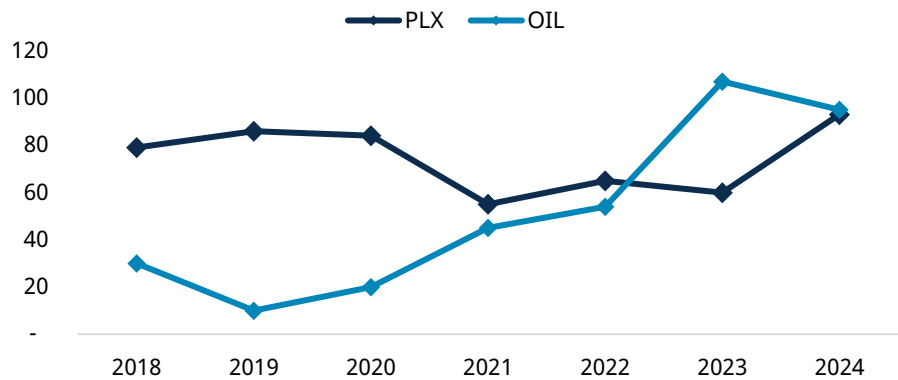


Source: FiiPro, Mirae Asset Vietnam Research

**Focus on high-added-value service per station**

We note that maintaining such a large market share limits PLX’s room for growth, due to Competition Law constraints (Law No. 23/2018/QH14 on Competition). The framework stipulates that enterprises with a monopoly position — i.e., more than 50% market share — will be subject to close supervision by the National Competition Commission. The restriction will significantly reduce the “soft power of supplier”, i.e., the ability to negotiate discounts with distributors or agencies, from which PLX benefits via dealer-owned, dealer-operated (DODO) channels. This could have a negative impact, especially in light of the new decree on petroleum trade, which allows enterprises to set retail prices. PLX’s strategy since 2020 has been to move away from collaborating with new DODOs and instead focus on expanding COCO channels, which offer higher profit per liter. Distribution through the DODO channel requires splitting a portion of the profit (in the form of discounts) with agents, to cover their operational costs. As a result, the profit per liter of gasoline for primary traders will be thin dramatically. According to PLX’s data, the number of DODO channels declined significantly to 1,956 stations in 2023; a 30% drop from the 2,800 stores recorded in 2020. Meanwhile, the share of COCO’s output has grown from about 60% in 2020 to 68% in 2024. Given the current regulations, we do not expect PLX to continue to enjoy such rapid organic growth in the petroleum trading segment, and that improvements in profit margins will become a key factor in driving earnings growth. “Antitrust rules” should be an invisible growth obstacle for PLX, as its market share has neared the 50% threshold.

**Figure 5. Number of new COCO stations opening of PLX and OIL**



Source: FiiPro, Mirae Asset Vietnam Research

In addition, thanks to the prime locations of its COCO network, PLX has leveraged its relationship with automaker VinFast to extend Vietnam’s electric vehicle (EV) charging station network to 500 stations (from 300) by end-2025, amid a massive rise in EV sales in Vietnam. VinFast accounted for around 18% of auto sales in 2024, doubling its penetration rate YoY. However, the cooperation is currently in the testing phase, without any performance disclosure.

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## INVESTMENT HIGHLIGHTS

### Unveiling prospects from new decree to be passed

In August 2024, the Ministry of Industry and Trade (MoIT) released the fourth draft of a new petroleum decree, which amends and revises Decrees 83/2014, 95/2021, and 80/2023. This regulation is expected to be approved by mid-2025. Notably, the modifications to Decree 80/2023, which applied from 2024, have had a significant impact on PLX's business results. Furthermore, revisions to the cost benchmark announced in early July boosted PLX's profit per liter of gasoline in the following months. Meanwhile, the fourth draft of the new decree revises the gasoline pricing mechanism, allowing PLX to control retail prices in accordance with its actual operational costs.

Overall, the key proposals aim to grant distributors greater pricing and cost flexibility, enabling them to respond more effectively to market conditions, while maintaining government oversight. In this decree draft, we identify two significant elements:

1. **Pricing flexibility mechanism:** The draft proposes two options to shift from the base price mechanism to:
  - A ceiling price mechanism, which allows the distributors to determine their own prices, but is lower than the regulated ceiling price, which is calculated based on predefined cost elements.
  - A market price mechanism, which enables traders to determine their selling prices based on supply and demand dynamics.

These initiatives give major competitive advantages and beneficiaries for the leader, PLX, as well as "soft power" in the price competition instead of waiting for authority's periodic adjustment.

2. **Allow rising operational costs based on CPI:** The draft suggests that wholesalers could by themselves update the regulated operating cost component, at least annually, in line with the CPI of the most recent year. This is a significant change from the current regulation (the Ministry of Finance reviews this annually). These costs had remained unchanged from 2015 to 2022 — managed by Decrees 83/2014 and 95/2021, at VND1,050 per liter — amid expense shocks, which lowered PLX's margins. We believe that the CPI-based adjustments will better reflect the actual costs incurred by PLX, allowing it to sustain margins via improved profit per liter. We note that the actual regulated costs on most petroleum products have lagged behind the CPI since 2022. In addition, according to Resolution 192/2025/QH15, target inflation for 2025 is revised upward to 4.5-5%, with GDP growth of at least 8%. To achieve a double-digit GDP growth rate in the 2026-30 period, the target inflation may be potentially delivered higher further. The data implies that, should the draft be officially being implemented, PLX's long-term profit margin could provide a buffer.

Historically, the previous decrees have explicitly allowed players to set their own prices. However, we note that most traders publish their retail pricing at the base price announced by the Ministry of Industry and Trade. This is because the cost elements in the base pricing formula are calculated as a weighted average of the traders' actual expenses, causing them to quote retail prices similar to the base price in order to remain profitable. In detail, according to new draft, the current regulated price formula includes three main components: 1) Sourcing cost, which relates to sourcing costs; 2) regulated operating cost; and 3) regulated fixed profit. In the new draft, the MoIT will set the ceiling element of (2) and (3) to the players, allowing them to determine their own selling price, instead of directly announcing the "ceiling". The MoIT has already prepared a draft circular to guide the implementation of this decree.

In March, the MoIT issued Circular No. 18/2025/TT-BCT, which marks significant changes in the management and regulation of the petroleum segment. The MoIT will have greater authority over price adjustments and managing supply stability, with the agency directly setting the periodic market price amid the abolition of the Interagency Pricing Steering Committee, which is operated by MoF and MoIT. The circular also stipulates new regulations on storage reporting and agency contracts.

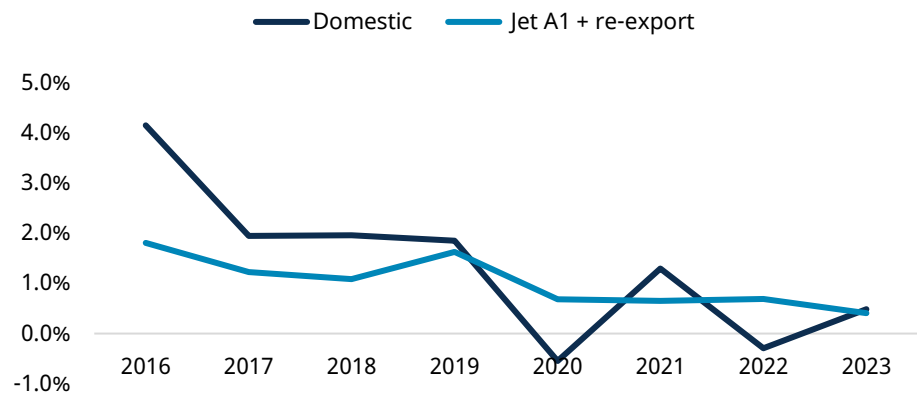
Figure 6. Draft decree no longer separates imported and domestic sources in the base price formula

	Decree 95/2021	Decree 80/2023	Draft
<b>Base price</b>	Imported petroleum price * Import proportion (+) Domestic petroleum price * Domestic proportion		
<b>Imported price</b>	Global petroleum price (+) Import premium (+) Cost of bringing petroleum to Vietnam (+) Direct tax ( <i>Import + Special consumption + Environmental protection</i> ) (+) Regulated operation costs (+) Regulated fixed profit <b>(+) Price stabilization fund contribution</b> (+) VAT (+) Other deductions		<p><b>Sourcing cost</b></p> <p>Global petroleum price (+) Premium (+) Transport, insurance, loss, and handling costs (+) Direct tax (+) VAT</p>
<b>Domestic price</b>	Global petroleum price (+) Domestic premium (+) Cost of bringing petroleum from refinery to port (+) Direct tax (+) Regulated operation costs (+) Regulated fixed profit <b>(+) Price stabilization fund contribution</b> (+) VAT (+) Other deductions		(+) Regulated operation costs (+) Regulated fixed profit

Source: MoIT, Mirae Asset Securities

\*Price stabilization fund contribution is managed directly by MoIT

Figure 7. Higher actual cost squeezes operating margin



Source: FiinPro, Mirae Asset Vietnam Research

Note: The latest available data is from 2023

Figure 8. Increase in regulated costs on petroleum products underperforms CPI

Period	E95	Diesel	Kerosene	FO	Avg. growth	CPI	Incurred cost PLX's growth
2020-2021	1,250	950	950	600			
2022	1,050	1,000	950	544	-4.7%	3.15%	15.5%
	-16.0%	5.3%	0.0%	-9.3%			
2023	1,080	1,030	950	360	1.9%	3.25%	-5.8%
	2.9%	3.0%	0.0%	-33.8%			
2024	1,140	1,170	1,180	430	12.3%	3.66%	14.0%
	5.6%	13.6%	24.2%	19.4%			
Avg. growth					2.9%	3.4%	7.5%
<b>Weight</b>	<b>34%</b>	<b>44%</b>	<b>16%</b>	<b>3%</b>			

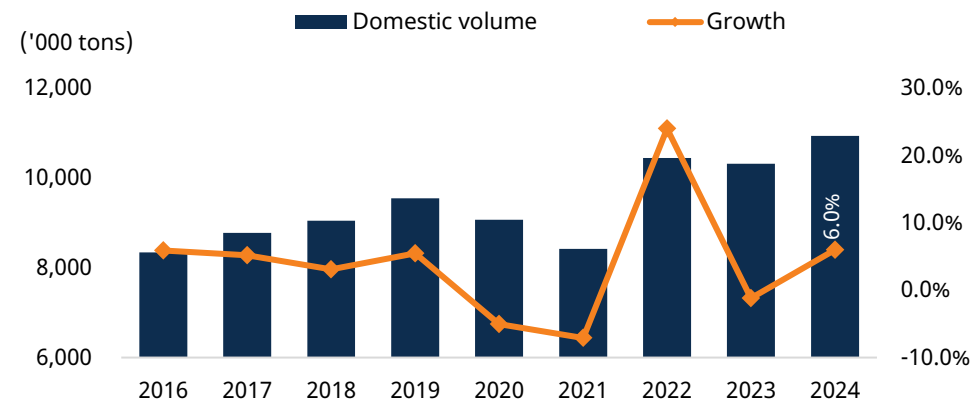
Source: MoIT, Mirae Asset Vietnam Research

\*The weight is assumed based on BSR's proportion output

**Aggressive revocation of licenses for unqualified traders provides opportunity to fill empty market share**

Since 2022, authorities have ramped up investigations into petroleum smuggling and taken decisive action against corruption and the mismanagement of price stabilization funds, reshaping the competitive landscape. According to official data, the number of participants leaving the industry has increased significantly. Specifically, we note that the major wholesalers that have revoked certifications — Xuyen Viet Oil, Hai Ha Petrol, and Nam Song Hau (PSH VN) — account for over 15% of the empty market share. Most of these violators operate in the South, where they have dominant market shares. This suggests that the vacated market share will quickly translate into an intense market share race, driven by two financially strong players — PLX and OIL. We believe that PLX, thanks to its industry leadership and ability to supervise its distributors' operations, will be able to capture market share from the aforementioned companies. In 2024, PLX achieved record expansion in retail channels, with 93 new stations put into operation, and plans to open 70–80 new stations in 2025. PLX increased its COCO volume to 7.4mn tons in 2024 from 6.5mn tons in 2022, reaching CAGR of 6.2% per annum. Meanwhile, during 2015–2019 (excluding the Covid-19 impact), the CAGR stood at approximately 5.2% per annum. In 2025, demand is expected to grow, as the MoIT forecasts total petroleum product consumption, including 27.5mn tons of ground fuels, at approximately 28.5mn tons (+8% YoY).

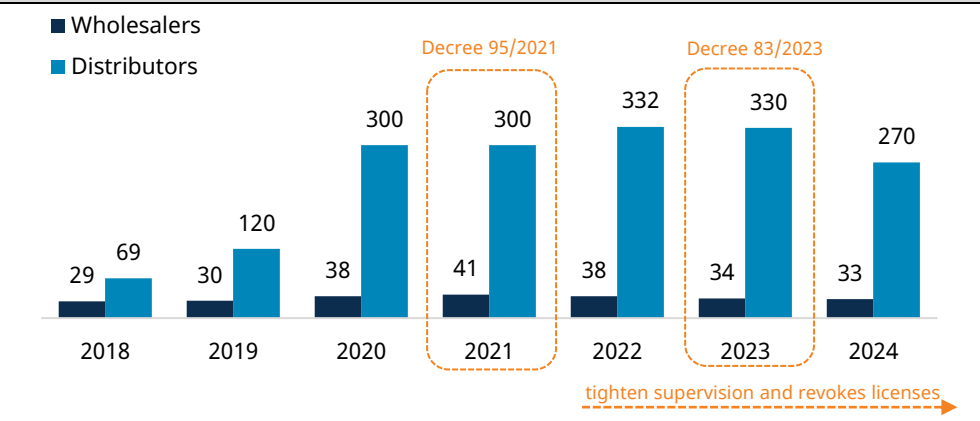
**Figure 9. COCO’s consumption growth outperformed 4% of nation’s rate**



Source: PLX, Mirae Asset Vietnam Research

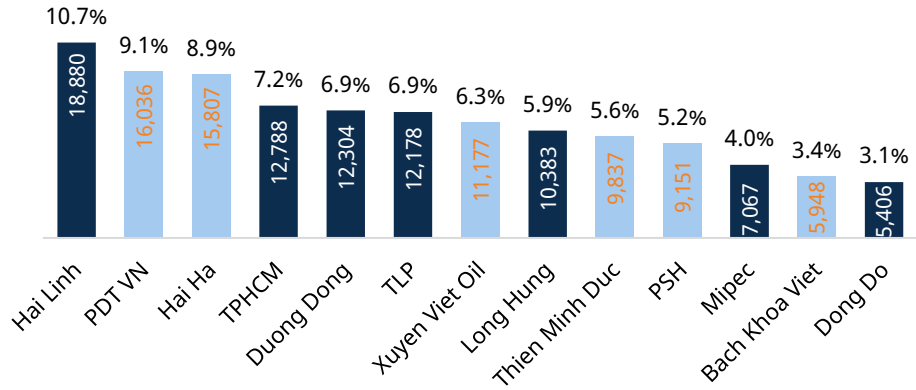
In our view, the trend is likely to persist, as the government continues to tighten supervision and revoke licenses. The shift toward 100% electronic invoicing creates a significant hurdle for illicit activities, while stricter regulations could streamline the market by reducing the number of wholesalers. Furthermore, the fourth draft decree introduces three additional conditions for wholesalers, making compliance more stringent: 1) Being a distributor for at least 36 consecutive months before applying for a license of eligibility to become a wholesaler; 2) establishing a network connection with the MoIT for monitoring inventory; and 3) maintaining a minimum total petroleum supply of at least 100,000m<sup>3</sup>/tons per year.

**Figure 10. Significant change in regulatory environment have rearranged the participants**



Source: MoIT, PLX, Public media, Mirae Asset Vietnam Research

**Figure 11. Gasoline revenue (>VND5,000bn) of major wholesalers compared with PLX in 2019, pre-pandemic baseline**



Source: PLX, Public media, Mirae Asset Vietnam Research  
 \*Light color: unqualified trader whose license has been revoked, accounts for 39% of PLX's revenue in 2019

**Growth of aviation industry to boost jet fuel consumption**

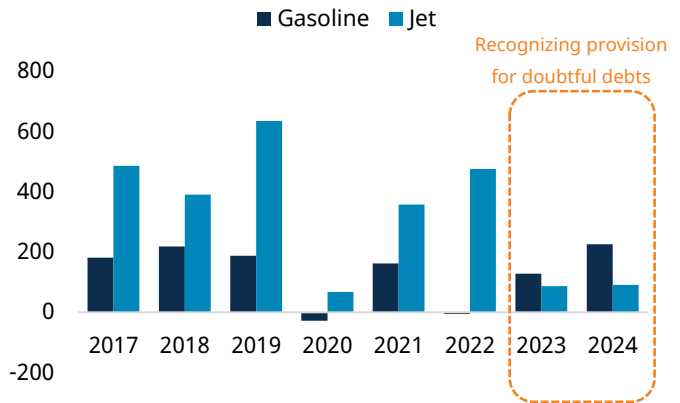
Currently, there are four main entities providing jet fuel in Vietnam, with PLX subsidiary Petrolimex Aviation Fuel JSC - PA holding about 30–35% of total market share. The entity provides fuel to most domestic airports and airlines. Notably, FY24 marked the first year that PLX had been a supplier to Vietnam Airlines (HVN VN). The key difference between PLX and other domestic fuel distributors lies in the aviation fuel segment. In the past, aviation generated higher profit per liter than general gasoline; however, the trend in the last two years has reversed. In this period, the segment has incurred the bulk of receivable provisions, due to slow payments from Vietjet (VJC VN) and Bamboo Airways (BAV, private).

**Figure 12. Jet fuel price (US\$ per barrel)**



Source: EIA, Mirae Asset Vietnam Research

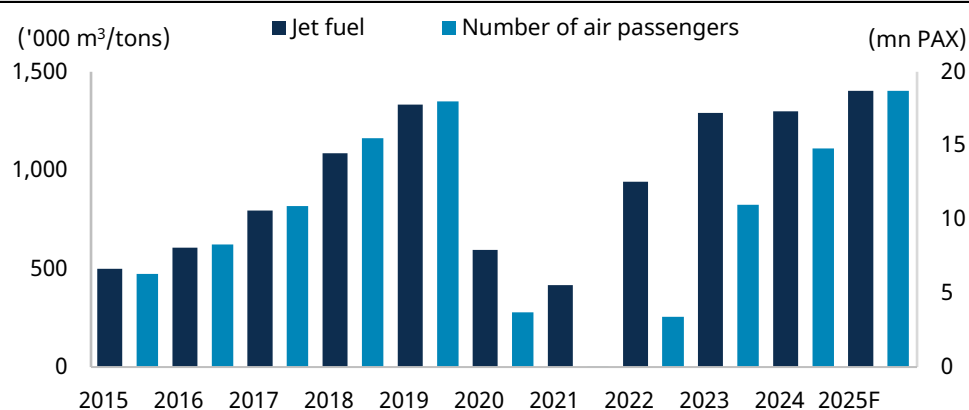
**Figure 13. EBT per liter (VND per liter)**



Source: PLX, Mirae Asset Vietnam Research

Vietnam's hospitality sector recovery accelerated in 2024, driving a strong rebound in aviation and travel demand. Accordingly, the Civil Aviation Authority of Vietnam (CAAV) reported that the total number of passengers transported by airlines in 2024 reached approximately 78.3mn (+7.7% YoY); meanwhile, international arrivals grew by 34.6% YoY to 14.8mn, representing 84% of Vietnam's inbound tourism. Looking ahead, the government's master plan forecasts full recovery to pre-pandemic levels, while hosting 22–23mn international and 120–130mn domestic passengers, with a CAGR of 8–9% per annum by 2030. We estimate that around 35% of domestic tourists and 85% of international tourists travel by air. This will be the main growth driver for the aviation industry, as well as PLX's aviation fuel segment, in the coming period. We expect the jet fuel output to reach a CAGR of 8% in 2025–30.

To summarize, we believe that the profitability of jet A1 (a type of kerosene-based aviation fuel) should gradually improve to an average of around VND400 per liter, thanks to the absence of provisioning. This improvement will translate into widening net profit margins for PLX.

**Figure 14. PLX's jet fuel output and international arrivals**

Source: GSO, PLX, Mirae Asset Vietnam Research

**Divesting subsidiaries to improve the efficiency of operation**

PLX is implementing a reorganization strategy by divesting certain subsidiaries to optimize operations, concentrate on core business sectors, and enhance overall efficiency. The divestment includes the following:

1. **Petrolimex Laos Ltd (100% stake):** Petrolimex Laos was established in 2011, after acquiring 100% of the shares of Chevron Laos Company. This company trades petroleum products with Vietnam and runs gasoline stations in the Laos market. Currently, PLX has approved the divestment of its full capital contribution in Petrolimex Laos. The transaction will take place through a public auction as a single package, with a starting price from VND168bn, in April 2025.
2. **Petrolimex Liquefied Petroleum Gas (PLC VN – 79.07% stake):** Established in 1994, PLC is now one of Vietnam's leading petrochemical companies, operating in three key segments: lubricants, asphalt, and chemicals & solvents. Notably, PLC dominates the asphalt business, with a one-third market share. In 2024, PLC reported VND6,900bn in revenue (-13% YoY) and VND43bn in net profit (-58% YoY), contributing to 2.5% and 1.5% to the group's performance, respectively. PLX plans to reduce its ownership in PLC by a maximum of 28% (from 79% to either 69% or 51%), aiming for completion in 2025. PLC's shares trade at around VND2,000bn (P/E: 46x and P/B: 1.6x).

Historically, in 2023, PLX also completed the divestment of 40% of its capital at PGBank, with an executed deal size of VND2,568bn, generating VND646bn in net profit. As a result, the extraordinary profit boosted PLX's 2023 profits sevenfold YoY, despite a decline in core business due to industry challenges.

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## PROJECTION & VALUATION

For FY25, we forecast a modest decline in revenue to VND278,024bn, marking a 2.1% YoY decrease. Despite the top-line moderation, net profit is expected to continue its upward trajectory for the third consecutive fiscal year, reaching VND3,153bn (+9.1% YoY). Looking ahead, we maintain a positive outlook for the FY25–30 period, projecting a CAGR of 5.2% for revenue and 13.5% for net profit. These projections reflect PLX's improving profitability profile and growing operational efficiency. These forecasts are mainly driven by the following:

- The gasoline trading segment continues to play a pivotal role as a key revenue contributor, generating VND261,083bn in revenue for FY25, representing a modest decline of 2.4% YoY. Despite this decrease, the segment remains dominant, accounting for approximately 94% of total sales. A notable highlight is domestic sales volume, which is projected to grow by 9% YoY, reaching 11.9mn m<sup>3</sup>/tons and bringing all petroleum sales to 16.7mn tons (+7.1% YoY). This growth is primarily driven by the ability to capture and absorb the vacant market share, as discussed earlier, exceeding the Ministry of Industry and Trade (MoIT)'s domestic target of 8%. However, the overall decline in revenue is largely attributed to the unfavorable movement in the average selling price, which is expected to decrease by approximately 10% YoY. This price weakness aligns with our forecast that Brent crude oil prices will stabilize at around US\$70/bbl throughout the year. Such an outlook aligns with our broader assessment, as detailed in our 2025 strategy report, where we expect subdued pricing trends to persist amid a more balanced global supply-demand environment. Although organic growth remains robust, the price-driven revenue contraction highlights the ongoing challenges in maintaining top-line performance amid external market pressures.
- The gross profit margin is expected to expand by an impressive 1.7%p YoY, primarily driven by the ongoing expansion of the COCO network and the absence of provisioning from the jet fuel segment, as mentioned above. In addition, the upward adjustment in regulated costs, ranging from 6% to 14% effective from July 2024, has positively contributed to profitability. These favorable changes have been reflected in the bottom line, translating into an improvement in the net profit margin.

As previously mentioned, the draft decree amending regulations on petroleum trading holds the potential to enhance PLX's gross profit per liter, particularly through mechanisms that may allow for more flexible pricing and cost pass-through. However, given that the draft is still under review and may undergo further revisions before official promulgation in the next time, we have adopted a conservative stance and have not incorporated any potential upside from this regulation into our current forecasts.

**Figure 15. Forecast summary**

Key items	2024A	2025F	2026F	2027F	2028F	2029F	2030F
Net sales (VNDbn)	284,956	278,024	293,573	309,171	325,316	341,924	358,902
<i>In which: Petroleum</i>	268,015	261,083	276,632	292,230	308,375	324,983	341,961
Gross profit	17,351	17,462	18,912	20,312	21,779	23,306	24,886
<i>In which: Petroleum</i>	13,746	15,727	17,178	18,578	20,045	21,572	23,152
EBIT	2,793	3,005	3,705	4,359	5,058	5,800	6,582
EBT	3,972	4,425	5,256	5,984	6,767	7,626	8,528
Net profit	2,890	3,153	3,726	4,236	4,763	5,335	5,939
All petrol volume (mn m3/tons)	15.6	16.7	17.7	18.7	19.7	20.8	21.8
Domestic sales	10.9	11.9	12.7	13.6	14.5	15.4	16.4
Jet A1	1.3	1.4	1.5	1.6	1.8	1.9	2.1
Temporary import for re-export	3.4	3.4	3.4	3.4	3.4	3.4	3.4
<b>YoY</b>							
Net sales	3.7%	-2.1%	5.6%	5.3%	5.2%	5.1%	5.0%
<i>In which: Petroleum</i>	4.3%	-2.6%	6.0%	5.6%	5.5%	5.4%	5.2%
Gross profit	13.7%	0.6%	8.3%	7.4%	7.2%	7.0%	6.8%
<i>In which: Petroleum</i>	18.6%	14.4%	9.2%	8.2%	7.9%	7.6%	7.3%
Net profit (excluding extraordinary income)	32.3%	9.1%	18.1%	13.7%	12.4%	12.0%	11.3%
All petrol volume	8.6%	6.5%	6.0%	5.7%	5.5%	5.4%	5.2%
Domestic sales (COCO + wholesale)	6.0%	8.4%	7.5%	6.9%	6.6%	6.4%	6.1%
Jet A1	0.7%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Temporary import for re-export	22.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Margin</b>							
Gross margin	6.1%	6.3%	6.4%	6.6%	6.7%	6.8%	6.9%
<i>In which: Petroleum</i>	5.1%	6.0%	6.2%	6.4%	6.5%	6.6%	6.8%
Net margin	1.0%	1.1%	1.3%	1.4%	1.5%	1.6%	1.7%

Source: PLX, Mirae Asset Vietnam Research

**Valuation:** We value PLX using the DCF approach, based on the company's strong and consistent cashflow from its core businesses. Consequently, our target price is VND44,800 per share, implying 26.7% upside from the current trading price.

**Figure 16. Cashflow projection (VNDbn)**

Item	2025F	2026F	2027F	2028F	2029F	2030F
<b>NOPAT</b>	<b>2,933</b>	<b>3,481</b>	<b>3,973</b>	<b>4,493</b>	<b>5,048</b>	<b>5,654</b>
Depreciation	2,017	2,031	2,091	2,152	2,215	2,280
Net change in WC	3,518	76	-401	-429	-460	-493
Unlevered CFO	8,469	5,588	5,664	6,216	6,803	7,441
CAPEX	-1,946	-2,055	-2,164	-2,277	-2,393	-2,512
<b>FCFF</b>	<b>6,522</b>	<b>3,533</b>	<b>3,500</b>	<b>3,939</b>	<b>4,409</b>	<b>4,929</b>
Interest*(1-Tax rate)	-324	-320	-332	-349	-351	-361
Net borrowing	-85	588	432	1,148	180	605
<b>FCFE</b>	<b>6,113</b>	<b>3,801</b>	<b>3,600</b>	<b>4,738</b>	<b>4,239</b>	<b>5,173</b>

Source: PLX, Mirae Asset Vietnam Research

**Figure 17. Valuation summary**

Cost of capital		DCF summary	FCFF	FCFE
<b>Cost of equity</b>	<b>13.4%</b>	Long-term growth rate		0.0%
Risk free rate	6.0%	Present value of terminal value	26,214	38,722
Beta	0.9	Present value of stage 1 cash flows	21,214	20,850
ERP	8.0%	Enterprise value (EV)	47,429	
<b>Cost of Debt</b>	<b>8%</b>	Plus: Cash & marketable securities	30,044	
Equity proportion (E/V)	68%	Less: Debt (ST+LT)	17,872	
Debt proportion (D/V)	32%	Less: Minority Interest	3,285	
<b>WACC</b>	<b>11.1%</b>	<b>Equity value</b>	56,316	59,571
		Share OS	1,293,878,081 shares	
		Equity value per share (VND)	43,525	46,041
		Weight allocation	50%	50%
		<b>DCF valuation (VND)</b>		<b>44,800</b>

Source: PLX, Mirae Asset Vietnam Research

**Downside risk:** A significant downside risk to our investment thesis lies in the possibility that Brent prices, which have recently come under intense focus due to trade tensions, may fall below our base-case assumption. In detail, falling oil prices also reduce the mark-to-market value of inventory at the periodic reporting dates. This weighs on reported earnings and may create short-term volatility in price performance. In contrast to the downside risks, there are several factors that could present upside potential to our current forecasts and recommendations with two key catalysts:

- Regulatory change to guide the profit margin expansion
- The absence of the majority of receivable provisions from the jet fuel segment

**Figure 18. Valuation summary**

Domestic petroleum gross margin	Brent price (US\$/bbl)							
		60	63	67	70	74	77	81
	<b>7.4%</b>	VND35,565	VND37,083	VND38,602	VND40,122	VND41,645	VND43,168	VND44,693
<b>7.5%</b>	VND36,857	VND38,461	VND40,067	VND41,675	VND43,285	VND44,896	VND46,509	
<b>7.6%</b>	VND38,149	VND39,840	VND41,534	VND43,229	VND44,926	VND46,625	VND48,325	
<b>7.7%</b>	VND39,441	VND41,219	VND43,000	<b>VND44,783</b>	VND46,567	VND48,354	VND50,143	
<b>7.8%</b>	VND40,733	VND42,599	VND44,467	VND46,338	VND48,210	VND50,084	VND51,961	
<b>7.9%</b>	VND42,026	VND43,980	VND45,935	VND47,893	VND49,853	VND51,815	VND53,780	
<b>8.0%</b>	VND43,320	VND45,360	VND47,403	VND49,449	VND51,497	VND53,547	VND55,600	

Source: PLX, Mirae Asset Vietnam Research

**Figure 19. FCFE valuation summary**

		Cost of equity				
		12.4%	12.9%	13.4%	13.9%	14.4%
g	2.0%	VND55,777	VND53,814	VND52,014	VND50,356	VND48,823
	1.5%	VND53,780	VND51,985	VND50,331	VND48,803	VND47,385
	1.0%	VND51,959	VND50,310	VND48,786	VND47,371	VND46,054
	0.5%	VND50,292	VND48,771	VND47,360	VND46,046	VND44,819
	0.0%	VND48,760	VND47,352	<b>VND46,041</b>	VND44,817	VND43,671

Source: PLX, Mirae Asset Vietnam Research

**Figure 20. FCFE valuation summary**

		Cost of equity				
		10.1%	10.6%	11.1%	11.6%	12.1%
g	2.0%	53,198 VND	50,695 VND	48,469 VND	46,477 VND	44,683 VND
	1.5%	51,340 VND	49,071 VND	47,040 VND	45,212 VND	43,558 VND
	1.0%	49,686 VND	47,616 VND	45,752 VND	44,066 VND	42,534 VND
	0.5%	48,204 VND	46,305 VND	44,586 VND	43,024 VND	41,598 VND
	0.0%	46,869 VND	45,117 VND	<b>43,525 VND</b>	42,071 VND	40,740 VND

Source: PLX, Mirae Asset Vietnam Research

## VIET NAM NATIONAL PETROLEUM GROUP (PLX VN)

## Comprehensive Income Statement (Summarized)

(VNDbn)	FY23	FY24	FY25F	FY26F
<b>Net sales</b>	273,979	284,017	278,024	293,573
Cost of goods sold	258,715	266,666	260,562	274,661
<b>Gross profit</b>	15,264	17,351	17,462	18,912
SG&A expenses	13,089	14,558	14,457	15,207
<b>Operating income</b>	2,175	2,793	3,005	3,705
Financial income	2,743	1,635	1,074	1,200
Financial expenses	1,723	1,196	416	411
Other income	129	212	234	234
Gain/(loss) from affiliates	624	528	528	528
<b>Pre-tax profit</b>	<b>3,947</b>	<b>3,972</b>	<b>4,425</b>	<b>5,256</b>
Taxes	870	811	970	1,163
<b>Net income</b>	<b>3,077</b>	<b>3,161</b>	<b>3,455</b>	<b>4,093</b>
Minority interest	243	271	302	367
<b>Attributable to parent company</b>	<b>2,834</b>	<b>2,890</b>	<b>3,153</b>	<b>3,726</b>

## Cash Flows (Summarized)

(VNDbn)	FY23	FY24	FY25F	FY26F
<b>Cash from operating activities</b>	<b>5,274</b>	<b>2,373</b>	<b>8,066</b>	<b>5,349</b>
Net income	3,514	3,064	3,153	3,726
Depreciation and amortization	2,185	2,177	2,017	2,031
Provisions	141	457	-95	44
Other adjustments	-1,740	-2,176	-623	-484
Change in Accounts receivable	2,148	-1,987	1,340	-609
Change in Inventory	2,624	-1,069	883	-804
Change in Other assets (inc. non-trade receivables)	-103	-322	-339	-48
Change in Accounts payable	-3,354	2,686	734	1,038
Change in Other liabilities	0	0	900	499
<b>Cash from investing activities</b>	<b>-7,075</b>	<b>2,551</b>	<b>-1,435</b>	<b>-1,544</b>
Net CAPEX	-1,619	-1,951	-1,946	-2,055
Net loan granted & purchases of debt instruments	4,020	1,340	511	511
Dividends from joint ventures	-9,475	3,163	0	0
<b>Cash from financing activities</b>	<b>4,243</b>	<b>-4,040</b>	<b>-1,725</b>	<b>-986</b>
Change in debt	5,344	-1,934	-85	588
Others	-1	2	302	367
Dividends paid	-1,100	-2,107	-1,941	-1,941
<b>Net change in cash during period</b>	<b>2,442</b>	<b>885</b>	<b>4,907</b>	<b>2,819</b>
Cash and cash equivalents - beginning balance	11,606	14,048	14,933	19,840
Cash and cash equivalents - ending balance	14,048	14,933	19,840	22,659

Source: PLX, Mirae Asset Vietnam Research

## Forecasts/Valuations (Summarized)

	FY23	FY24	FY25F	FY26F
P/E	15.2x	14.8x	13.6x	11.5x
EV/EBITDA	10.2x	8.6x	7.7x	6.5x
EV/EBIT	17.7x	13.9x	11.8x	9.5x
P/B	1.6x	1.6x	1.5x	1.4x
AR turnover	26.2x	27.2x	25.7x	28.1x
Inventory turnover	16.2x	17.6x	17.1x	18.1x
AP turnover	11.2x	11.3x	10.2x	10.4x
Assets turnover	3.6x	3.5x	3.4x	3.4x
ROE	10.8%	10.8%	11.5%	12.8%
ROA	3.7%	3.6%	3.8%	4.3%
BVPS growth	5.3%	0.2%	5.8%	7.7%
EBITDA growth	21.9%	11.7%	1.3%	12.3%
Net Debt/Total Capital	0.1x	0.0x	0.0x	0.0x
Interest Coverage	5.7x	10.0x	13.9x	15.8x
Net Debt/EBITDA	1.1x	0.5x	-0.4x	-0.7x
BVPS (VND)	20,758	20,807	22,010	23,707
EPS (VND)	2,190	2,233	2,437	2,879

## Balance Sheet (Summarized)

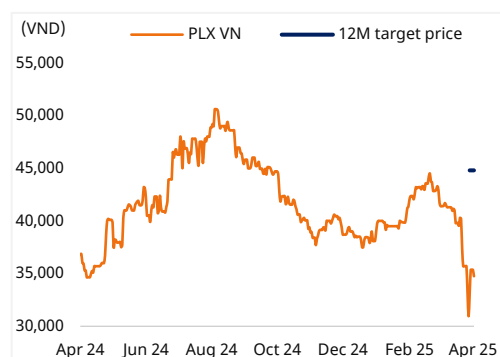
(VNDbn)	FY23	FY24	FY25F	FY26F
<b>Current assets</b>	<b>57,307</b>	<b>59,544</b>	<b>62,387</b>	<b>66,714</b>
Cash & ST investment	30,546	30,044	34,950	37,770
Accounts receivable	9,483	11,426	10,174	10,743
Inventory	14,640	15,673	14,794	15,595
Other current assets (inc. non-trade receivables)	2,640	2,402	2,468	2,606
<b>Non-current assets</b>	<b>22,369</b>	<b>21,731</b>	<b>21,950</b>	<b>21,901</b>
Property, plant & equipment	11,310	11,199	11,175	11,246
Intangible assets	2,344	2,387	2,344	2,301
Long-term investments	4,812	3,221	3,238	3,255
Construction in progress	920	1,446	1,446	1,446
Other non-current assets	2,982	3,479	3,747	3,653
<b>Total assets</b>	<b>79,676</b>	<b>81,275</b>	<b>84,337</b>	<b>88,615</b>
<b>Current liabilities</b>	<b>49,661</b>	<b>51,180</b>	<b>52,798</b>	<b>54,907</b>
Accounts payable	22,157	25,234	25,968	27,006
Short term borrowings	19,135	17,385	17,392	17,980
Other current liabilities	8,368	8,561	9,438	9,921
<b>Non-current liabilities</b>	<b>813</b>	<b>787</b>	<b>717</b>	<b>733</b>
Long term debt	647	487	394	394
Other non-current liabilities	166	300	323	339
<b>Total liabilities</b>	<b>50,474</b>	<b>51,967</b>	<b>53,515</b>	<b>55,640</b>
<b>Total equity</b>	<b>29,202</b>	<b>29,308</b>	<b>30,822</b>	<b>32,974</b>
Common stock	12,939	12,939	12,939	12,939
Retained earnings/accumulated deficit	4,195	3,929	5,141	6,926
Other equity account	12,069	12,440	12,742	13,109

## APPENDIX 1

### Important Disclosures & Disclaimers

#### 2-Year Rating and Target Price History

Company (Code)	Date	Rating	Target price
Vietnam National Petroleum Group (PLX)	04/14/2025	Buy	VN44,800



#### Stock Ratings

Buy	: Relative performance of 20% or greater
Trading Buy	: Relative performance of 10% or greater, but with volatility
Hold	: Relative performance of -10% and 10%
Sell	: Relative performance of -10%

#### Industry Ratings

Overweight	: Fundamentals are favorable or improving
Neutral	: Fundamentals are steady without any material changes
Underweight	: Fundamentals are unfavorable or worsening

Ratings and Target Price History (Share price (—), Target price (—), Not covered (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))

\* Our investment rating is a guide to the relative return of the stock versus the market over the next 12 months.

\* Although it is not part of the official ratings at Mirae Asset Co., Ltd., we may call a trading opportunity in case there is a technical or short-term material development.

\* The target price was determined by the research analyst through valuation methods discussed in this report, in part based on the analyst's estimate of future earnings.

\* The achievement of the target price may be affected by risks related to the subject securities and companies, as well as general market and economic conditions.

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	Buy	Trading Buy	Hold	Sell
Equity Ratings Distribution	74.13%	15.92%	9.95%	0.00%
Investment Banking Services	75.00%	11.11%	13.89%	0.00%

\* Based on recommendations in the last 12-months (as of March 31, 2016)

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