



CHỨNG KHOÁN GUOTAI JUNAN (VIỆT NAM)  
GUOTAI JUNAN SECURITIES (VIETNAM)

# VIETNAM OIL & GAS SECTOR REPORT

### GLOBAL OIL & GAS UPDATES

- **The supply increases slowly amid geopolitical tensions and recession risks**
- **Several factors affecting oil prices in the short and medium term:**
  - OPEC maintains its production cut plan
  - Conflict escalates in the Middle East
  - On the other hand, current oil prices remain low due to concerns over the risk of an economic recession in the United States, the world's largest oil consumer, and limited purchasing power from China, the world's largest crude oil importer

### VIETNAM OIL & GAS INDUSTRY

- Overview of Vietnam's Oil and Gas Industry
- **The period from 2024 to 2030 will be a golden growth phase for Vietnamese oil and gas companies**, closely following Vietnam's energy development planning related to gas power and the plan to exploit oil and gas fields.
- Key Project: Block B - Ô Môn and its Progress

### INVESTMENT STRATEGY

- **Recommended Stocks: PVS, PVD, GAS, PLX.**



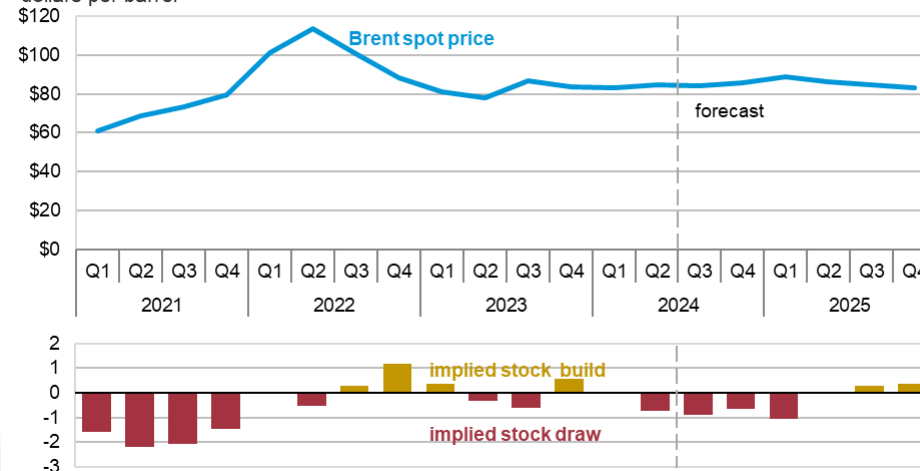


## Global oil and gas supply this year is expected to be cautious while balancing demand factors

According to the IEA's July update, global oil demand growth slowed in Q2 2024, reaching only 710,000 barrels per day, the lowest quarterly increase in over a year. Oil consumption in China, a long-standing driver of global oil demand growth, decreased in both April and May and is now slightly below last year's levels for Q2 2024. This contrasts sharply with the annual increase of 1.5 million barrels per day in 2023 and 740,000 barrels per day in Q1 2024. Demand for industrial fuels and petrochemical feedstocks is weak. Conversely, data on gasoil and naphtha distribution in Q2 for OECD economies was higher than expected, potentially signaling a nascent recovery in Europe's weakening manufacturing sector. The growth expectations for global oil demand in 2024 and 2025 remain largely unchanged at 970,000 barrels per day and 980,000 barrels per day, respectively.

At the same time, global oil supply is trending higher, with production in Q2 2024 increasing by 910,000 barrels per day compared to Q1 2024, led by the United States. Production is forecasted to rise by an additional 770,000 barrels per day in Q3 2024, with non-OPEC+ countries contributing 600,000 barrels per day to the increase. For the entire year of 2024, global oil supply growth is expected to average 770,000 barrels per day, pushing supply to a record high of 103 million barrels per day. Non-OPEC+ production is anticipated to increase by 1.5 million barrels per day, while OPEC+ production is forecasted to decrease by 740,000 barrels per day compared to the previous year if current voluntary cuts are maintained. Global supply growth in 2025 is predicted to reach 1.8 million barrels per day, with non-OPEC+ countries, mainly the United States, Canada, Guyana, and Brazil, leading the increase for the third consecutive year, adding 1.5 million barrels per day.

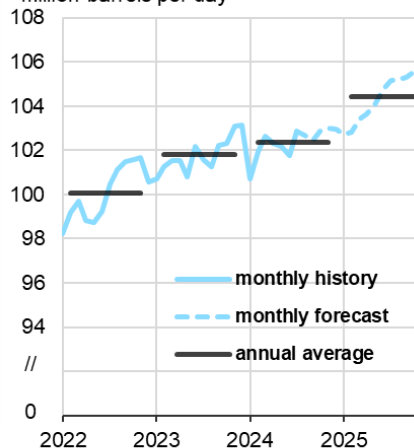
Brent crude oil price and global oil inventory change  
dollars per barrel



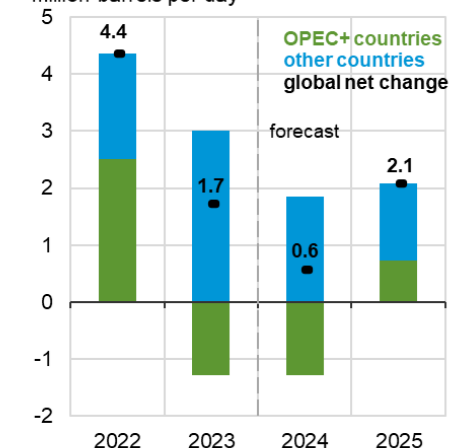
Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, August 2024



World crude oil and liquid fuels production  
million barrels per day



Components of annual change  
million barrels per day



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, August 2024



Source: IEA, GTJASVN Research

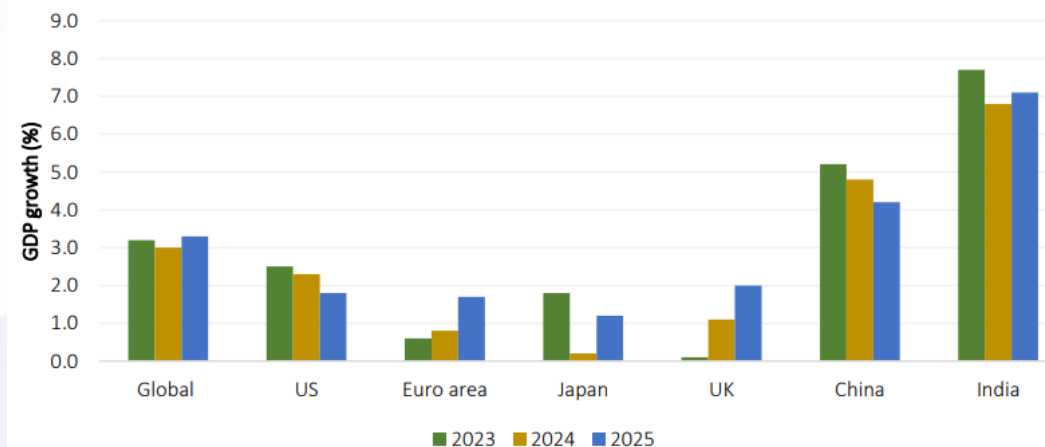
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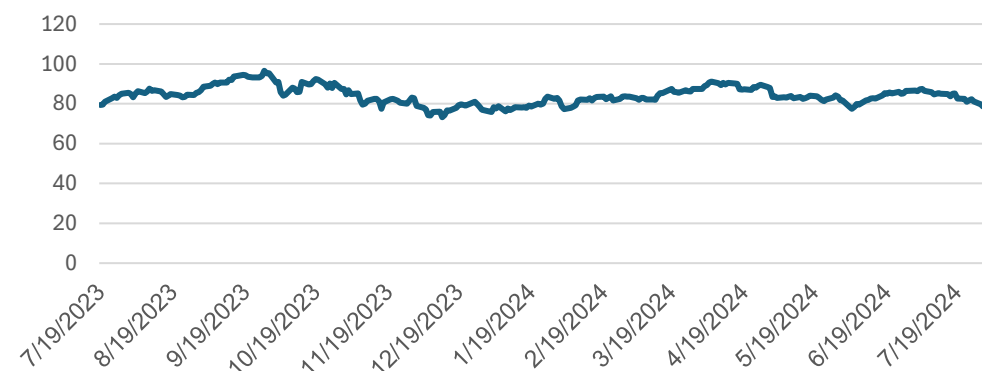
## Several factors affecting oil prices in the short and medium term:

- ❑ OPEC maintains its production cut plan. In June 2024, the OPEC+ ministerial meeting decided to extend the current production cut plan at least through Q3 of this year. Eight OPEC+ countries also announced at the meeting that they would extend the voluntary production cuts of 2.2 million barrels per day until the end of September 2024, with the cuts tapering off gradually each month until the end of September 2025.
- ❑ Conflict escalated in the Middle East in early August following the assassination of Hamas political leader Ismail Haniyeh in Tehran. The risk of war in the region is escalating, with a high likelihood that Iran and Hezbollah might attack Israel. This situation raises concerns about potential impacts on oil supply. Additionally, Iranian retaliatory actions could disrupt the flow of oil through the Strait of Hormuz, through which approximately 30% of the world's oil passes.
- ❑ Additionally, there are concerns about supply as the National Oil Corporation of Libya announced on August 6 that it would begin to gradually reduce production at the Sharara oil field.
- ❑ On the other hand, current oil prices remain low due to concerns about the risk of an economic recession in the U.S., the world's largest oil consumer, and limited purchasing power from China, the world's largest crude oil importer.

GDP growth forecast



Brent oil price (USD/br)



Source: Bloomberg, aecf, GTJASVN Research





## Global Oil and Gas Exploration and Supply

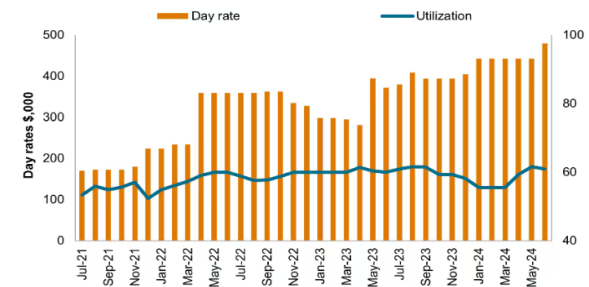
OPEC+ crude oil production<sup>1</sup>  
million barrels per day

	May 2024 Supply	Jun 2024 Supply	May Prod vs Target	Jun-2024 Implied Target <sup>1</sup>	Sustainable Capacity <sup>2</sup>	Eff Spare Cap vs Jun <sup>3</sup>
Algeria	0.9	0.91	0.0	0.91	0.99	0.08
Congo	0.26	0.26	-0.02	0.28	0.27	0.01
Equatorial Guinea	0.06	0.05	-0.02	0.07	0.06	0.01
Gabon	0.22	0.22	0.05	0.17	0.22	0.0
Iraq	4.3	4.26	0.26	4.0	4.87	0.61
Kuwait	2.49	2.48	0.07	2.41	2.88	0.4
Nigeria	1.28	1.32	-0.18	1.5	1.42	0.1
Saudi Arabia	9.03	8.85	-0.13	8.98	12.11	3.26
UAE	3.25	3.28	0.37	2.91	4.28	1.0
<b>Total OPEC-9<sup>4</sup></b>	<b>21.79</b>	<b>21.63</b>	<b>0.41</b>	<b>21.22</b>	<b>27.1</b>	<b>5.47</b>
Iran <sup>5</sup>	3.35	3.35			3.8	
Libya <sup>6</sup>	1.19	1.19			1.23	0.04
Venezuela <sup>6</sup>	0.88	0.89			0.87	-0.02
<b>Total OPEC</b>	<b>27.21</b>	<b>27.06</b>			<b>33.0</b>	<b>5.5</b>
Azerbaijan	0.46	0.49	-0.06	0.55	0.49	-0.0
Kazakhstan	1.49	1.57	0.11	1.47	1.62	0.05
Mexico <sup>6</sup>	1.56	1.58			1.6	0.02
Oman	0.76	0.76	0.0	0.76	0.85	0.09
Russia	9.24	9.22	0.24	8.98	9.76	
Others <sup>7</sup>	0.74	0.75	-0.12	0.87	0.86	0.1
<b>Total Non-OPEC</b>	<b>14.25</b>	<b>14.38</b>	<b>0.17</b>	<b>12.62</b>	<b>15.17</b>	<b>0.26</b>
<b>OPEC+ 18 in Nov 2022 deal<sup>8</sup></b>	<b>34.48</b>	<b>34.43</b>	<b>0.58</b>	<b>33.85</b>	<b>40.67</b>	<b>5.71</b>
<b>Total OPEC+</b>	<b>41.46</b>	<b>41.44</b>			<b>48.17</b>	<b>5.76</b>

1. Includes extra voluntary curbs where announced. 2. Capacity levels can be reached within 90 days and sustained for an extended period. 3. Excludes shut in Iranian, Russian crude. 4. Angola left OPEC effective 1 Jan 2024. 5. Iran, Libya, Venezuela exempt from cuts. 6. Mexico excluded from OPEC+ compliance. 7. Bahrain, Brunei, Malaysia, Sudan and South Sudan.

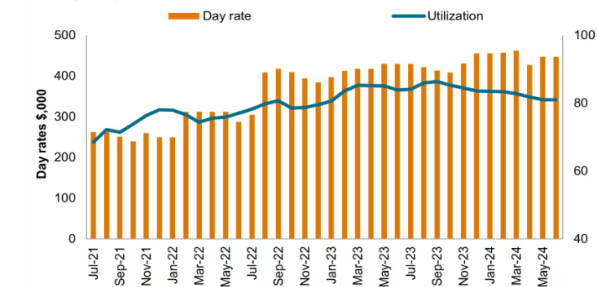
## The average day rates and utilization rates for jack-up rigs have surged in Southeast Asia due to the ongoing scarcity of new drilling rigs.

Worldwide Semisubmersibles >7,500 ft  
Average day rate v Total contracted utilization



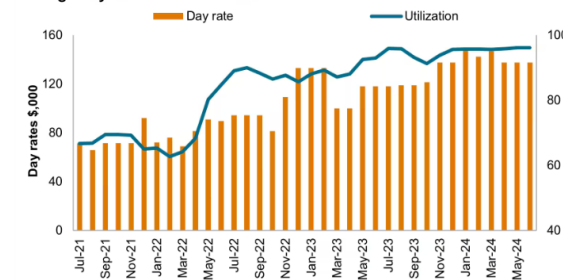
Data compiled July 15, 2024.  
Source: Petrodata Rigs, a product of S&P Global Commodity Insights.  
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Worldwide Drillships >7,500 ft  
Average day rate v Total contracted utilization



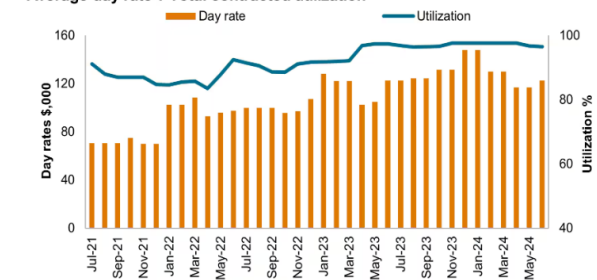
Data compiled July 15, 2024.  
Source: Petrodata Rigs, a product of S&P Global Commodity Insights.  
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Southeast Asia Jackups 361-400 IC  
Average day rate v Total contracted utilization



Data compiled July 15, 2024.  
Source: Petrodata Rigs, a product of S&P Global Commodity Insights.  
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Middle East Jackups 361-400 IC  
Average day rate v Total contracted utilization



Data compiled July 15, 2024.  
Source: Petrodata Rigs, a product of S&P Global Commodity Insights.  
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Nguồn: IEA.org, S&P Global, GTJASVN Research

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## OVERVIEW

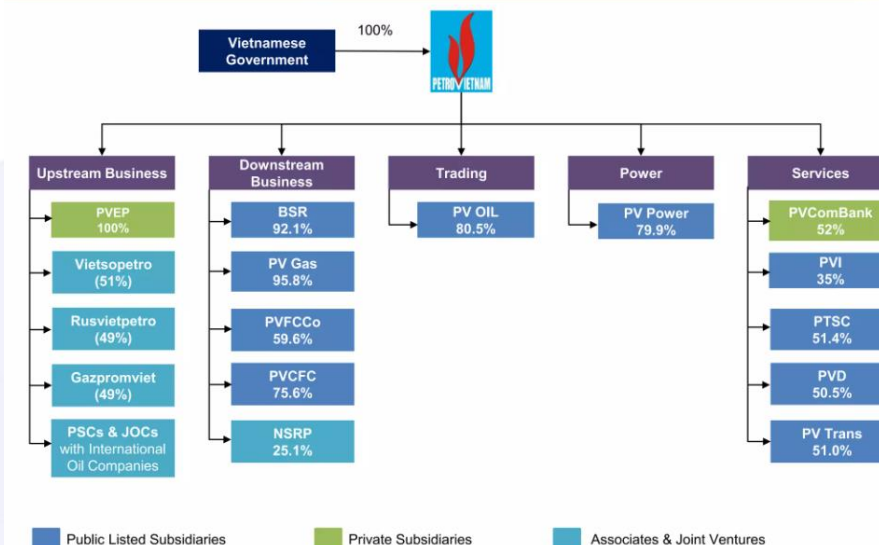
According to BP statistics, Vietnam ranks 28th out of 52 countries worldwide in terms of oil and gas resources. As of the end of 2013, Vietnam's proven crude oil reserves were approximately 4.4 billion barrels, the highest in Southeast Asia, while its proven gas reserves were around 0.6 trillion cubic meters, ranking third in Southeast Asia (after Indonesia and Malaysia). Since the first crude oil was extracted in 1986, Vietnam's oil and gas industry has produced approximately 430 million tons of domestic oil and around 180 billion cubic meters of gas.

As a sector closely tied to national energy security, Vietnam's oil and gas industry is directly managed by the Vietnam Oil and Gas Group (Petrovietnam - PVN) and supervised by the Ministry of Industry and Trade. PVN has established subsidiaries and affiliated companies operating in the oil and gas sector, organized under a parent-subsidary model, and participates in the entire value chain of the industry, from extraction to product distribution.

The oil and gas sector plays a crucial role in Vietnam's state budget revenue. Historically, PVN contributed an average of 25-30% of total state budget revenue before 2015. Currently, it contributes approximately 9%-11% of total state budget revenue and 10%-13% of GDP. Specifically, revenue from crude oil accounts for 5%-6% of total state budget revenue.

With five major gas pipeline systems, PVN annually supplies nearly 9-11 billion cubic meters of gas, which supports the production of 35% of the nation's electricity, 70% of urea output, and 70-80% of residential gas consumption across the country. PVN is also the second-largest electricity provider, with a total power generation capacity of 6,605 MW, accounting for about 15% of the nation's total electricity output. The Ca Mau and Phu My fertilizer plants of PVN produce over 15 million tons of urea annually, meeting approximately 70% of domestic fertilizer demand and helping to end the reliance on imported fertilizers. The Dung Quat Refinery, a landmark project and symbol of Vietnam's oil refining industry, has produced around 6 million tons of oil per year since it became operational, meeting about 30% of the domestic demand for gasoline and diesel. In addition to its economic significance, the oil and gas industry also plays a crucial role in affirming Vietnam's sovereignty, sovereign rights, and jurisdiction over the South China Sea.

## Petrovietnam – Group structure



Source: PVN, GTJASVN Research



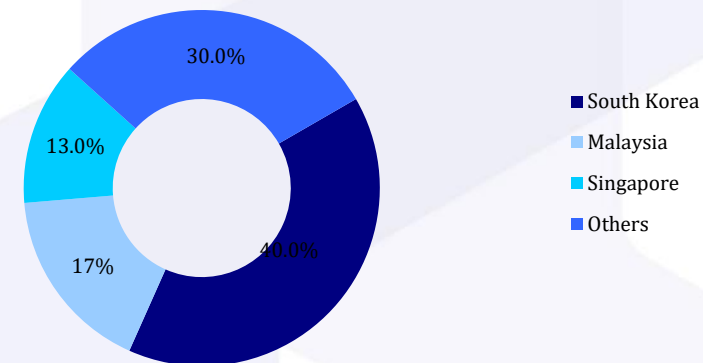


## Crude oil and petroleum product supplies come from both domestic sources and imports.

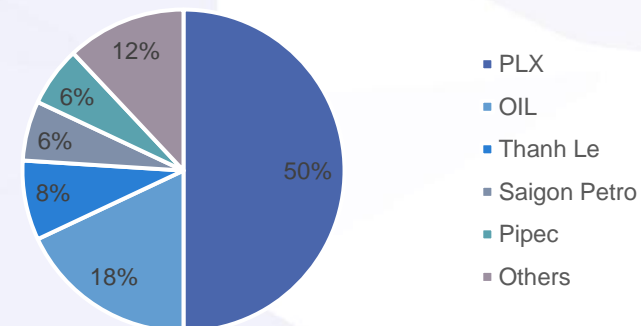
Vietnam still needs to import significant amounts of crude oil to meet the input requirements of its two domestic refineries, Dung Quat and Nghi Son. About 80% of the crude oil used by these refineries is imported. According to experts, despite being an oil producer and exporter, Vietnam imports crude oil for refining primarily to optimize the technical, economic, and operational efficiency of the refineries. Each refinery is designed to process different types of crude oil. The Nghi Son Refinery uses 100% imported crude oil from the Gulf region, including oil extracted from desert and shale sources. In contrast, the Dung Quat Refinery was designed to process crude oil from the Bach Ho field. However, in recent years, oil production from this field has been declining, and oil from other fields does not align well with the refinery's technology, necessitating the import of suitable crude oil for refining. Additionally, in many cases, importing crude oil can be more cost-effective compared to purchasing domestic crude oil.

The Dung Quat and Nghi Son refineries currently supply 10-13 million cubic meters or tons of gasoline and petroleum products annually, which meets approximately 70% of domestic demand. The remaining 30% of consumption is met through imports, primarily from Southeast Asian countries, South Korea, and other regions. These are markets where Vietnam can utilize import tax benefits from the signed free trade agreements. This dependence on imports makes the financial performance of oil and gas companies more vulnerable to fluctuations in international oil prices.

Top oil exporters to Vietnam



Petroleum wholesaler market share (2022)



Source: VESS, GTJASVN Research



## Oil and Gas Industry Value Chain

### Upstream

### Midstream

### Downstream



Exploration and Production of Crude Oil and Gas

Companies: PVS, PVD, PVC, PXS

Transportation of Oil and Gas  
Companies: PVT, PVS, PVX, PVB, GAS

Processing of Oil and Gas  
Products: LPG, LNG, CNG, gasoline, lubricants, etc., used as inputs for power plants, fertilizer production, industrial manufacturing, petrochemical refining, and distribution. Companies: PLX, BSR, PVS, GAS, OIL

Sources: PVN, GTJASVN Research

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## National Energy Master Plan for the Period 2021-2030, Vision to 2050

The Deputy Prime Minister has approved the implementation plan for the National Energy Master Plan for the period 2021-2030, with a vision to 2050. The objectives of the Plan are to effectively execute Decision No. 893/QĐ-TTg dated July 26, 2023, by the Prime Minister, which approves the National Energy Master Plan for the period 2021-2030, with a vision to 2050. This includes:

**1. National Energy Master Plan** The National Energy Master Plan includes various sub-sectors: oil and gas, coal, electricity, and new and renewable energy. It encompasses a range of tasks from basic investigation, exploration, and extraction to production, storage, distribution, utilization, and other related activities. The energy sector plans outlined in Government Resolution No. 110/NQ-CP dated December 2, 2019, are integrated into the National Energy Master Plan. These include Oil and Gas Development Plan; Gas Industry Development Plan; Coal Development Plan; Renewable Energy Development Plan. These plans will no longer be implemented separately as stipulated in point c, Clause 1, Article 59 of the Planning Law.

**2. Projected Land Use (Planning):** The land required for the development of energy infrastructure is projected to be approximately 93.54 – 97.24 thousand hectares for the period 2021-2030, and around 171.41 – 196.76 thousand hectares for the period 2031-2050. For offshore projects, the estimated marine area required is about 334,800 hectares by 2030 and approximately 1,302,000 – 1,701,900 hectares by 2050.

### 3. Determining Resources and Utilizing Them for Plan Implementation

All investment capital for energy sector projects will utilize sources other than public investment funds. The total investment capital required for the energy sector for the period 2021-2030 is approximately 4,133 – 4,808 trillion VND. The investment phases are as follows:

- Period 2021-2025: Approximately 1,640 – 1,887 trillion VND.
- Period 2026-2030: Approximately 2,493 – 2,921 trillion VND.



Source: GTJASVN Research



## Development Orientation for the Oil and Gas Industry According to the National Energy Development Strategy Until 2030, with a Vision to 2045

According to the national energy development strategy for the oil and gas sector, the objectives include increasing crude oil and gas production; developing the gas market and building infrastructure for gas distribution and imports; ensuring that petroleum product output meets at least 70% of domestic demand; maintaining a strategic petroleum reserve sufficient for at least 90 days of net imports; and achieving the capacity to import 12-15 billion cubic meters of liquefied natural gas (LNG) by 2030 and approximately 20 billion cubic meters by 2045. To achieve these goals, the Ministry of Industry and Trade has developed specific development orientations for each segment of the oil and gas industry, including exploration, drilling, and production; the gas industry and petroleum processing; as well as the transportation, storage, and distribution of petroleum products. Some specific plans include:

- **Oil and Gas Exploration and Production:** Focus on intensifying exploration efforts in the following basins: Cuu Long, Nam Con Son, Malay - Tho Chu, and Red River. Special emphasis will be placed on three specific areas: the Cuu Long Basin, Malay - Tho Chu Basin, the southern part of the Red River Basin, and the central part of the Nam Con Son Basin....
- **Oil and Gas Extraction:** Continue to advance the development and commissioning of oil and gas projects while also focusing on the exploration of gas projects in Block B, the Blue Whale gas field, the Southwest gas project fields, and the Bao Vang and Bao Trang fields. Concentrate resources on accelerating the progress of two major gas projects: the Block B&48/95 and 52/97 projects, and the Blue Whale project.
- **Gas Industry:** Complete and Integrated Development: Exploration and Extraction: Develop and optimize the exploration and extraction of natural gas (Block B and Blue Whale gas fields). LNG Infrastructure: Invest in and develop LNG storage facilities and infrastructure for importing natural gas.



Source: Decision No. 215/QĐ-TTg, GTJASVN Research





## National Energy Plan - Power Development Plan VIII

**Decision No. 500/QĐ-TTg by the Prime Minister dated May 15, 2023, on Approving the National Power Development Plan for the Period 2021 - 2030, with a Vision to 2050 (Power Development Plan VIII)** includes several key points:

Regarding resources and reserves potential, according to experts from the Vietnam Energy Magazine: The plan has reviewed and updated studies and evaluations of domestic energy resources' potential, reserves, and exploitation capabilities. This includes recognizing the growing challenge of Vietnam's increasing dependence on imported energy sources. Goals: The plan aims to reduce reliance on imported energy by enhancing self-sufficiency through the development of domestic renewable energy sources. Long-Term Vision: Renewable Energy Expansion: The plan significantly increases the scale of renewable energy sources, leveraging Vietnam's large potential, such as a technical potential of 600 GW for offshore wind power and over 960 GW for various types of solar power.

**The plan emphasizes the gradual transition from fossil fuel-based power sources to alternative energy sources. Key points include:**

- Coal-fired Power: Develop the remaining projects, and no new projects will be initiated after 2030.
- Gas-fired Power: Expand significantly until 2035, and no further development will occur thereafter.
- Renewable Energy (including hydropower, wind power, solar power, and biomass power): Increase deployment from now until 2050.

*With the goals outlined above, it is clear that the focus trend for the oil and gas sector is as follows: the period from now until 2030 will be the peak growth phase for oil and gas companies, driven by intensified exploration of gas fields to support the expansion of gas-fired power generation. We emphasize the critical foundational role of gas-fired power in the national energy strategy, wherein gas power will be steadily deployed according to the plan up to 2050, following an accelerated phase until 2035 (as outlined in Power Development Plan VIII).*

**Electricity Generation Shares According to Power Development Plan VIII**

	2020	2030	2050
<b>Coal-fired Power Generation</b>	29%	20.50%	4.50%
<b>Gas-fired Power</b>	10.20%	21.80%	7% (No further development after 2035)
<b>Renewable Energy (hydropower, solar power, wind power, biomass power)</b>	40%	50.30%	69.80%

Source: nangluongvietnam.vn, GTJASVN Research





## List of Important/Priority Projects in the Energy Sector

### Priority Investment Projects in the Energy Sector

Crude Oil Exploration and Production					
No.	Project	Basin	Stage		Note
			2021-2025	2026-2030	
1	Block 09-1	Cửu Long	X	X	Areas Explored and Under Exploration
2	Block 09-2/09 (Kinh Ngư Trắng- Kinh Ngư Trắng Nam)	Cửu Long	X		
3	Block 15-1/05 (Lạc Đà Vàng)	Cửu Long	X		
4	Block 05-1a (Đại Hùng Pha 3)	Nam Côn Sơn	X		

Gas and Condensate Extraction					
No.	Project	Basin	Stage		Note
			2021-2025	2026-2030	
1	Block B (48/95 & 52/97)	Mã Lai- Thổ Chu		X	First gas expected in December 2026
2	Block 118 (Cá Voi Xanh)	Sông Hồng		X	First gas expected in 2028

Offshore Gas Pipeline Project						
No.	Project	Capacity	Expected length	Stage		Note
		billion cubic meters/year	km	2021-2025	2026-2030	
1	Lô B Ô Môn Gas Pipeline	6.4	329		X	In line with the Block B Gas Field Development Project
2	Pipeline from Block 118 (Ca Voi Xanh Field) to Shore	7 to 11	90 to 110		X	In line with the Block 118 Gas Field Development Project

List of LNG Storage Projects Not Accompanied by LNG-Fueled Power Plants in the Power Development Plan VIII					
No.	Projects	Capacity	Stage	Location	Notes
		million tons/year			
1	Expand and Increase Capacity of Thi Vai LNG Storage	2	2021-2030	BRVT	Supply gas to Long An I and II Power Plants and gas consumers in the BRVT area

Source: National Energy Master Plan, GTJASVN Research



## List of Important/Priority Projects in the Energy Sector

### Key Potential Projects in the Energy Sector

#### For the Oil and Gas Sector

##### List of Oil and Gas Exploration Projects

No	Projects	Basin	Stage	Stage	Note
			2021-2025	2026-2030	
1	Open Blocks and Returned Areas	Cửu Long	X	X	Continue Implementation in the 2026-2030 Period
2	Open Blocks and Returned Areas	Nam Côn Sơn	X	X	Continue Implementation in the 2026-2030 Period
3	Open Blocks and Returned Areas	Sông Hồng	X	X	Continue Implementation in the 2026-2030 Period
4	Open Blocks and Returned Areas	Mã Lai-Thổ Chu	X	X	Continue Implementation in the 2026-2030 Period
5	Open Blocks and Returned Areas	Phú Khánh		X	

##### List of Crude Oil Extraction Projects

No	Projects	Basin	Stage	Stage	Note
			2021-2025	2026-2030	
1	Expand Development and Extraction of Previously Explored Blocks		X		
2	Oil and Gas Blocks with Exploration and Appraisal Results for the 2026 Period	Cuu Long and Other Basins		X	
3	Block 206 and 106/10 (Ham Rong, Ham Rong East, Ham Rong South)	Sông Hồng		X	After Signing the Oil and Gas Contract

### Key Potential Projects in the Energy Sector

#### Gas and Condensate Extraction Sector

No.	Project	Basin	Stage	Stage	Note
			2021-2025	2026-2030	
1	Block 12/11 (Thiên Nga-Hải Âu)	Nam Côn Sơn	X	X	Depends on gas consumption and project's progress
2	Block 46/7-51 (Nam Du- U Minh)	Mã Lai- Thổ Chu	X	X	Depends on gas consumption and project's progress
3	Block 15-1 (Sư Tử Trắng)	Cửu Long		X	Dependent on the extension or signing of new PSC
4	Block 06.1 (PLDCC)	Nam Côn Sơn		X	Dependent on the results of appraisal
5	Block 112-11-113 (Báo Vàng)	Sông Hồng		X	Dependent on the results of appraisal
6	Block 114-115-116 (Kèn Bầu)	Sông Hồng		X	Dependent on the results of appraisal
7	Block 103-107/4 (field cluster Kỳ Lân)	Sông Hồng		X	Dependent on the results of appraisal
8	Block 46-13 (Đầm Dơi, Khánh Mỹ)	Mã Lai- Thổ Chu		X	Depends on gas consumption and project's progress
9	Block 05-2, 05-3 (new structure)	Nam Côn Sơn		X	Dependent on the results of appraisal
10	Oil and gas blocks with exploration and appraisal results from before 2026	Nam Côn Sơn và các bể khác		X	
11	Qualified gas blocks	Tư Chính- Vũng Mây		X	

Source: National Energy Master Plan, GTJASVN Research



## Important/Priority Energy Projects List

### Important Potential Projects in the Energy Sector

#### Offshore Gas Pipeline Projects

No.	Project	Capacity	Estimated length	Stage	Stage
		Billion cube metres/year	km	2021-2025	2026-2030
1	Pipeline System from Thien Nga - Hai Au Field (Block 12/11) to Rong Doi - Rong Doi Tay Field (Block 11-2) or to Nam Con Son 1 Pipeline	1-1.5	30 to 90	X	X
2	Pipeline from Nam Du and U Minh Fields to PM3 - Ca Mau Pipeline	0.5	30 to 40	X	X
3	PM3 - Ca Mau Gas Replacement Pipeline	2.4	37		X
4	Gas Pipeline from Block 113 to Shore	1 to 3	150 to 300		X
5	Gas Pipeline from Blocks 114-115-116 (Ken Bau Field) to Shore	4 to 10	150 to 300		X
6	Gas Pipeline from Ham Rong/Ham Rong Dong/Ham Rong Nam to Thai Binh	0.5	50 to 60		X
7	Gas Collection Pipeline from Potential Fields (Phong Lan Dai, Lan Tay, etc.) in Block 06.1 to Nam Con Son	1.5	20 to 25		X
8	Expansion of the Nam Con Son 2 Offshore Pipeline System				X
9	Pipeline Connecting the Bạch Hổ-Nam Con Son 2 Central Compression Platform	1 to 7	14		X
10	Pipeline for Collecting Gas from the Sư Tử Trắng Field to the Nam Con Son 2 System	2 to 4	75 to 125		X
11	Pipeline for Transporting Gas from Potential Fields in Blocks 09-2/09 to Bạch Hổ		46	X	X
12	Pipeline for Collecting Gas from Potential Fields in Blocks 04-1 and 04-2 to the Nam Con Son 2 System	1.4	50		X
13	Pipeline for Transporting Gas from the Tuna Field to the Nam Con Son 1 Pipeline	1 to 4	80 to 250		X
14	Pipeline for Collecting Gas from Potential Fields in Blocks 103 & 107/4 to Thái Bình	2 to 4	80 to 100		X
15	Pipeline for Collecting Gas from Potential Fields in Block 46/13 to the Nam Du and U Minh Pipelines, Connecting to PM3-Cà Mau	2.2	40 to 60		X





## Outlook for the Oil and Gas Industry Alongside the Urgency of Developing Gas and Renewable Energy Power

According to Decision No. 500/QĐ-TTg, the total power capacity by 2030 is projected to reach 150,489 MW (excluding the current rooftop solar power sources). With the current total capacity in 2023 being approximately 80,000 MW, the required new capacity to be constructed and brought online is around 70,489 MW.

Also, within the scope of new power construction by 2030:

(i) The domestic gas-fired power projects are expected to bring in 6,900 MW, including the two gas-to-power chains Lô B - Ô Môn and Cá Voi Xanh. These include the gas-fired power plants Ô Môn 2, 3, 4 (3,150 MW), Central 1, 2, and Dung Quất 1, 2, 3 (3,750 MW).

(ii) LNG power projects, consisting of 13 projects, have a total scale of up to 22,400 MW.

Two types of new power sources—domestic gas power and imported LNG—will have a total capacity of up to 29,300 MW, accounting for 41.6% of the total newly built capacity. Meanwhile, in the planned new power sources, the total capacity of offshore wind power expected to be operational by 2030 is 6,000 MW, distributed across the Northern, Central, South Central Coastal, and Southern regions. Offshore wind power is projected to account for more than 8.5% of the total new capacity. Thus, the combined capacity of offshore wind and gas/LNG power plants is expected to make up 50.1% of the total new capacity by 2030. In other words, offshore wind and gas/LNG power sources will comprise half of the new power sources needed in the next seven years.

Despite their importance in Vietnam's energy planning, the progress of gas power projects as well as wind power projects in Vietnam is lagging behind schedule.

**In the past decade, not a single gas power project has been brought into operation. The two chains of gas power projects utilizing domestic gas resources are still facing delays:**

1. The gas and power project chain of Block B - O Mon has faced multiple delays, being 12 years behind the adjusted Power Master Plan VII. After many years of issues at upstream (gas fields), midstream (gas pipelines), and downstream (power plants), on October 30, 2023, PetroVietnam (PVN) held a signing ceremony for the relevant contracts and initiated the project chain, with an investment scale of \$12 billion. If all phases are implemented smoothly, the first gas is expected to be supplied to the power plants at O Mon Power Center by the end of 2026 or early 2027.

2. The gas and power project chain of Block Ca Voi Xanh - Chu Lai, Dung Quat, carried over from the adjusted Power Master Plan VII, has also not seen the initiation of any component projects.

**Offshore wind power projects are still at the initial planning stage:**

With the government incentives for renewable energy projects, by the end of 2020, Vietnam had integrated approximately 16,500 MW of various solar power and nearly 4,000 MW of onshore wind power into its electrical grid. However, there are currently no offshore wind power projects in Vietnam. According to experts, the implementation of an offshore wind power project typically takes 6 to 8 years from the start of site surveys, with some projects extending up to 11 years. This suggests that meeting the offshore wind power targets set for 2030 will be challenging if there are no clear actions taken immediately. Despite the difficulties in deployment, offshore wind power offers stable energy and significant untapped potential.



## Overview of the Block B - O Mon Project

The Block B - O Mon project is a domestic gas-to-power project chain, which includes the Block B gas development project (upstream), the Block B - O Mon gas pipeline project (midstream), and four O Mon gas-fired power plants (downstream) with a planned capacity of 3,800 MW, with a total investment value of approximately \$12 billion. The Block B - O Mon project is considered highly significant in Vietnam's energy development plan, with expectations to drive the growth of gas power and serve as a stepping stone in the green transition of Vietnam's energy sector. The project is set to officially commence, driven by the determination of PetroVietnam (PVN) and related entities, with plans to supply LNG to gas power plants in Vietnam.

### Details

<b>Upstream</b>	Block B Gas Development Project	The Block B Gas Project has a 20-year lifecycle and a total investment of USD 7 billion. The investment is shared by several parties, including Vietnam Oil and Gas Group (PVN), Vietnam Exploration and Production Corporation (PVEP), Japan's Mitsui Oil Exploration Company (MOECO), and Thailand's PTT Exploration and Production Company (PTTEP), under the Production Sharing Contract (PSC). Specifically, Vietnam Oil and Gas Group (Petrovietnam) is the Contract Operator with a total share in the two PSCs (Block B&48/95 and Block 52/97) of approximately 42.9%. Another Petrovietnam subsidiary, PVEP, holds a 27% stake. MOECO (Japan) and PTTEP (Thailand) hold stakes of 22.4% and 7.7%, respectively. The project's goal is to extract and collect gas from Block B with an expected recoverable reserve of 3.78 trillion cubic feet (approximately 107 billion cubic meters) and 12.65 million barrels of condensate. The gas production is expected to be about 5.06 billion cubic meters per year to supply gas to the 4 O Mon power plants and nearby gas-fired projects. The project is implemented by Phu Quoc Petroleum Operating Company (a PVN subsidiary) and includes the following packages: "Design, procurement, fabrication, and installation of the central processing platform, accommodation platform, and flare tower (EPCI#1)", "Design, procurement, fabrication, installation of the processing platform, wellhead platform, and in-field pipeline system (EPCI#2)", and "Provision and lease of the Floating Storage and Offloading unit (FSO)".
<b>Midstream</b>	Block B - O Mon Gas Pipeline Project	The Block B - O Mon Gas Pipeline Project has a total investment of USD 1.277 billion, with the goal of developing a pipeline system with a total length of 431 km. This includes a 329 km offshore pipeline and a 102 km onshore pipeline (along with shore facilities, gas distribution stations, and valve stations). The pipeline traverses the provinces of Ca Mau, Kien Giang, and Can Tho City. The project comprises the package: "Detailed design for the entire project, procurement, construction, installation of the onshore pipeline, associated stations, and commissioning for the entire project (EPC)." As of December 2023, SWPOC has completed the contractor selection process. The winning bidder, the consortium of PTSC and Lilama 18, will carry out the onshore EPC package for the Block B - O Mon gas pipeline project. In early July 2024, the Vietnam Oil and Gas Group - Southwest Pipeline Operating Company approved the adjusted Contractor Selection Plan for the Block B - O Mon Gas Pipeline Project. The total investment of the project is VND 28.788 billion. According to this plan, four packages will be implemented in Q3 2024, including: the "Supply and construction of the shallow water offshore pipeline (PC1)" package priced at VND 6.223 billion; the "Supply and construction of the deepwater offshore pipeline (PC2)" package priced at VND 8.078 billion; the "Bomb and mine clearance for the offshore pipeline section" package priced at VND 92 million; and the "Consulting for surveying, developing technical execution plans, cost estimation, and construction supervision, bomb and mine clearance for the offshore pipeline section" package priced at VND 6.14 billion.
<b>Downstream</b>	4 O Mon Gas-Fired Power Plants	The expected capacity is 3,800 MW



**It is anticipated that the entire project chain, when operational, will generate total government revenue of approximately \$30 billion, with around \$22 billion coming from upstream and midstream projects and \$8 billion from downstream projects. Vietnamese partners (Petrovietnam, PVEP, PV GAS) are expected to earn about \$11 billion from the upstream and midstream projects, while foreign partners are expected to earn about \$4 billion.**

Source: nangluongvietnam, GTJASVN Research

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**Gradually resolving obstacles and mechanisms at the Lô B Ô Môn project will lay the groundwork for similar projects.**

### **Negotiating power purchase agreements (PPA)**

Negotiating Power Purchase Agreements (PPAs) is a significant challenge for these gas projects. The new gas sources from Block B and Blue Whale have high production costs, leading to higher gas and electricity prices compared to existing fields. Meanwhile, electricity prices remain low while input costs for electricity at EVN are increasing, making it difficult to negotiate PPAs for gas/LNG power projects. In a recent effort, on May 27, 2024, the Ministry of Industry and Trade issued Decision No. 1260/QĐ-BCT approving the pricing framework for combined cycle gas turbine power plants using liquefied natural gas (LNG) for 2024. This decision has addressed one of the major bottlenecks in PPAs. However, the mechanism for converting gas prices to electricity prices remains a significant unresolved issue. We are hopeful that, given the importance and development goals for gas power in the coming years, as well as the commitment to gas power development by 2030, PPAs—at least for the strategic Block B - O Mon project—will be signed (potentially as a pilot case with adjustments).

**Recently, the Ministry of Industry and Trade has completed and is currently soliciting public feedback on the draft Decree from the Government that specifies the mechanism for the development of natural gas and LNG power projects.**

According to the draft Decree, for LNG power plants using imported LNG, organizations and individuals investing in LNG power projects must proactively implement projects listed in the Power Development Plan in accordance with regulations, ensuring efficiency. It also mandates that companies must independently negotiate, sign, and take responsibility for commercial contracts and agreements.

**The government has agreed in principle to the mechanism for converting the price of gas into the electricity price for gas-fired power plants.**

In the period up to 2030, the government stipulates that the share of electricity through long-term power purchase agreements (PPAs) must be at least 70% during the project's debt repayment period, but not exceeding 7 years. This regulation aims to ensure feasibility in attracting investment, minimize strong impacts on retail electricity prices, and maintain fair competition with other types of power sources in the electricity market.

**Meanwhile, for power plants using domestic natural gas, the government agrees with the principle of converting the price of gas to the electricity price for key oil and gas projects that play an important role in economic development, ensuring national energy security, national defense, and protecting Vietnam's sovereignty. Accordingly, the Ministry of Industry and Trade will guide the mechanism for consuming upstream gas from the Blue Whale field and Block B gas.**

*Source: Nangluongvietnam.vn, GTJASVN Research*





## Progress of the Block B - O Mon Project

After nearly 20 years of numerous obstacles, the government confirmed PVN as the investor starting in June 2023. In October 2023, important contracts were signed with partners to advance the project (including the framework agreement for Block B, the agreement on the sales contract for gas at O Mon 1, and the awarding of the EPC 1 contract), and trade agreements were signed.

*Although the project has not yet received the final investment decision (FID), construction and land clearance activities across the upstream, midstream, and downstream segments of the project have been and are being carried out to keep pace with the planned schedule. We expect the project to receive FID in the second half of 2024 or, at the latest, in the first half of 2025 to ensure the project stays on track and meets related commitments.*

Progress update										
Upstream					Awarding of the EPC contract	<b>FID</b>		Installation of wellhead platforms	Installation of the central processing platform	Commence gas production
					23-Oct	2H2024		Q3-25	Q3-26	26-Dec
Midstream					Awarding of the EPC contract	Commence installation of the onshore pipeline		Commence installation of the onshore pipeline		Launch pipeline
					23-Dec	Q4-24		Q4-25		Q4-26
Downstream	O Mon 1 Power plant		Approval of investment for upgrading the plant	Awarding of the consulting contract			Awarding of the EPC contract			Launch pipeline
			Q4-22	Q4-22		Q1-25			Q4-26	
	O Mon 4 Power plant	Approval of investment				Awarding of the EPC contract				Launch pipeline
			19-Sep			Q3-24				Q2-27
	O Mon 2 Power plant		Approval of investment			Awarding of the EPC contract				Launch pipeline
			Q2-22			Q4-24				Q3-27
O Mon 3 Power plant		Approval of investment	Approval of investment		Sign consultant contract	Awarding of the EPC contract				Launch pipeline
		Q4-22	Q4-22		Q3-24	Q1-25			Q4-27	

According to the most recent updates, most of the issues related to the project have been resolved. The first gas from Block B is expected to arrive in 2026, and the three thermal power plants, Ô Môn II, III, and IV, are planned to commence operation and start generating electricity during the 2026-2028 period.

Source: nangluongvietnam, GTJASVN Research



## OIL AND GAS STOCKS AND INVESTMENT CATALYSTS

	Ticker	Exchange	Revenue (bn VND)					PBT (bn VND)					Market cap (VND bn)
			2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	
Downstream	BSR	UPCoM	102,824	57,959	101,114	167,126	147,423	3,054	-2,852	6,941	15,586	9,639	72,576
	OIL	UPCoM	79,872	50,034	57,848	104,221	102,672	412	-111	928	912	798	15,927
	PLX	HOSE	189,656	124,001	169,106	304,172	274,082	5,648	1,410	3,789	2,270	3,947	62,068
Midstream	PVB	HNX	383	695	39	34	244	52	74	1	-10	4	600
	PVT	HOSE	7,758	7,383	7,460	9,047	9,556	1,016	1,039	1,040	1,457	1,549	10,075
Upstream	PVC	HNX	2,267	2,195	2,767	2,936	3,229	45	33	35	39	55	1,072
	PVD	HOSE	4,368	5,229	3,995	5,432	5,804	189	204	62	-139	658	14,925
	PVS	HNX	16,870	20,180	14,277	16,373	19,379	1,336	1,025	969	1,276	1,277	18,736
	PVX	UPCoM	1,998	1,565	2,063	1,783	1,190	-388	-170	45	3	-267	800
	PXS	UPCoM	405	1,137	1,082	554	412	-267	2	1	-65	-159	180

Sources: FiiiproX, GTJASVN Research

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## OIL AND GAS STOCKS AND INVESTMENT CATALYSTS

We classify the investment prospects of oil and gas stocks into 2 groups:

- ❖ Upstream and midstream enterprises benefit from domestic oil and gas exploitation projects, most specifically the Block B O Mon domestic gas and oil project (PVS, GAS) and the increasing demand for international drilling rig rental (PVD).



- ❖ Downstream businesses depend on supply and demand, and domestic petroleum distribution regulations. Adjustments to petroleum business policies provide investment opportunities in PLX stock.



Sources: PVN, PLX, GTJASVN Research





## Draft Decree on petroleum business (replacing Decree 83/2014/ND-CP)

Recently, the Ministry of Industry and Trade announced the draft Decree on petroleum trading according to the assigned tasks in Resolution 65/NQ-CP in 2024 with the following new points:

Proposal for petroleum wholesalers and petroleum distributors to decide on retail prices of petroleum. Specifically, in Article 33 of the Draft Decree, the Ministry of Industry and Trade proposes as follows: “The wholesale and retail prices of petroleum inside and outside the system decided by petroleum wholesalers and petroleum distributors shall not be higher than the selling price of petroleum according to the formula prescribed in Article 34 of the Decree on petroleum trading.” In addition, Clause 4, Article 17 of the Draft Decree also proposes the rights of petroleum wholesalers and petroleum distributors to: announce the retail price of petroleum (except for fuel oil, which is the wholesale price) in the distribution system not higher than the selling price of petroleum according to the formula prescribed in Article 34 of this Decree. Thus, if the proposal is approved, petroleum traders and petroleum distributors will be able to decide on the retail price of petroleum (except for fuel oil, which is the wholesale price) on the market, but it must not exceed the price calculated according to the prescribed formula.

Add a regulation that distributors can only buy gasoline from key enterprises and cannot buy gasoline from each other. This is to avoid cross-buying, creating intermediaries, adding costs in this stage, making it difficult to control supply.

### Comment:

1. Regarding the new gasoline price mechanism: According to the current mechanism, gasoline prices are managed through base prices. Although the gasoline industry has many enterprises, state-owned companies, and private enterprises, the selling price on the market must be based on the base price managed by the State, announced and adjusted every 7 days. The new gasoline price mechanism is closer to the market mechanism, according to which the draft stipulates that the State does not participate in the price management process but announces the price forming factors and lets businesses decide on their own prices. This creates competition among gasoline businesses as well as reduces administrative factors in the current gasoline price management.
2. Regulations on the authority of petroleum distributors: According to the Ministry of Industry and Trade, currently in the distribution system there are main traders (petrol trading hubs, petroleum production hubs), petroleum distributors (getting petroleum from many sources from main traders and other petroleum distributors), petroleum retail agents (getting petroleum from 1-3 sources), and traders receiving the right to retail petroleum (getting petroleum from 1 source). Allowing petroleum distributors to buy petroleum from each other creates intermediaries in the distribution stage (secondary market), increasing costs in this stage, making it difficult to control supply. Therefore, the draft decree stipulates that petroleum distributors are only allowed to buy petroleum from main petroleum traders, and are not allowed to buy and sell petroleum from each other. We believe that this mechanism will bring concentration and make it easier for authorities to manage the market. Meanwhile, with this change, current petroleum distribution enterprises will benefit when traders can only import goods from the enterprise, and also have an advantage in controlling the distribution channel and management.

*Nguồn: Bộ Công Thương, GTJASVN Research*



## PVS

Vietnam Oil and Gas Technical Services Corporation (PTSC) is a member of Vietnam Oil and Gas Group (PVN). The company's main field of operation is to provide technical services for the oil and gas, energy and industrial sectors. Some typical services of PVS are: EPCI for offshore works, EPC for industrial works; FSO/FPSO for crude oil storage, processing and export; oil and gas service vessels; seismic, geological and underground construction surveys; service ports; technical human resource supply services and services for renewable energy projects. PVS is therefore the most prominent enterprise in providing technical services related to oil and gas in Vietnam.

### BUSINESS STRATEGY AND INVESTMENT PROSPECTS

#### Development perspective for the period 2021-2025:

- Stable development, affirming the position as the leading provider of high-quality oil and gas technical services in Vietnam.
- Strengthen cooperation with capable domestic and foreign partners to enhance competitiveness, develop new types of services, proactively acquire new technologies to dominate the domestic market, and expand to Southeast Asia and the Middle East.

#### Business results 2023

Consolidated revenue in 2023 is VND 21,742 billion, up 27% compared to 2022 and up 47% compared to 2021; Consolidated profit before tax in 2023 is VND 1,277 billion, equivalent to 2022 and up 32% compared to 2021. Revenue of the parent company - PTSC in 2023 is VND 11,334 billion, up 65% compared to 2022 and up 71% compared to 2021; The parent company's pre-tax profit in 2023 is VND 1,287 billion, up 42% compared to 2022 and 2021.

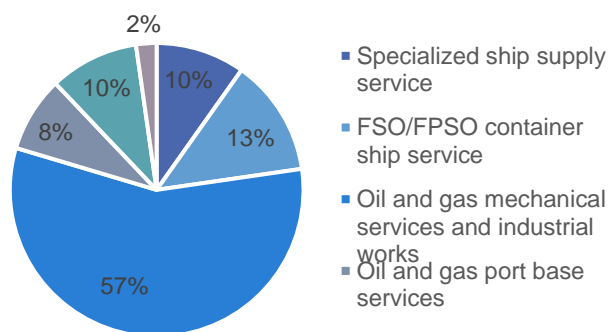
The proportion of revenue from providing services abroad in 2023 reached over 55% (40% in 2022), a significant increase compared to previous years, showing PTSC's efforts to shift its revenue structure to foreign markets. In particular, by participating in the offshore renewable energy sector, PTSC has opened a turning point in developing new services to ensure the continued development of PTSC in the coming time.

#### Business plan 2024:

In 2024, PVS plans to achieve VND 15.5 trillion in consolidated revenue for 2024, down 20% compared to the previous year; after-tax profit target of VND 660 billion, down 38% compared to the same period. We assess that PVS's business plan is quite cautious and in fact, the company's 2024 business results may exceed expectations based on the prospects of new projects and the potential PVS receives. Updating the business results for the first 6 months of 2024, PVS recorded revenue of VND 8,200 billion, reaching 132% of the plan for the first 6 months of 2024, equal to 53% of the plan for 2024, down 6% compared to the same period last year. Estimated consolidated pre-tax profit for the first 6 months of 2024 is VND 600 billion, reaching 174% of the plan for the first 6 months of 2024, equal to 70% of the plan for 2024, up 8% compared to the same period last year.



Revenue structure by services



Sources: FiiiproX, GTJASVN Research

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## PVS

Recommendation:

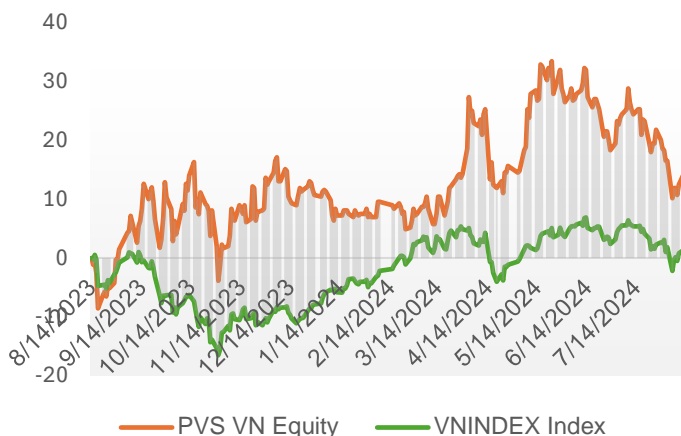
**BUY**

TP

**40,000**

Shares in issue (m) 477.97  
Market cap. (VND b) 18,162.72  
3 -month average vol. ('000) 4,426.51  
52 Weeks high/low (VND) 48000 / 30500

### 1-Y Price performance



### Broad growth prospects in the short, medium and long term:

- Revenue and profit expansion from expanding service provision to other Asian markets.
- Abundant workload from domestic gas exploitation and power construction projects. In particular, the Block B O Mon project will be a strong catalyst for PVS in the 2025-2026 period as well as the Block B O Mon project operation phases until the end of the project waiting period (2049).
- As stated in the previous section, the 2024-2030 period is the period when Vietnam promotes the mobilization of output from gas and electricity, this could be the golden period for Vietnamese oil and gas stocks, especially for PVS with its presence in almost the entire oil and gas exploitation value chain in Vietnam.
- Prospects for participating in the offshore wind power project chain - in the long term, there is currently no specific plan or strategy. However, PVS's advantages and experience allow it to penetrate deeply into this field.
- Port services, floating warehouses and service vessels bring stable profits and high profit margins.

### PVS winning bid packages belong to Block B O Mon project

STT	Package name	Value	Note
1	Design, procurement, construction and installation of central technology platform, housing platform and flare tower (EPCI#1) - Block B Gas Project	Total value 1,085 billion USD PVS realized value: 491.7 million USD (12.07 trillion)	PQPOC Customer
2	Design, procurement, fabrication, installation of gathering platform, oil well platform, infield pipeline system (EPCI#2) - Block B Gas Project	Total value: 300 million USD Value PVS M&C implemented 100%	PVS subsidiary performs; PQPOC customer
3	Supply and lease of condensate storage and export warehouse - Block B gas project	TBA	Received tender documents from PQPOC
4	Detailed design for the entire project, procurement, construction and installation of onshore pipelines, stations and commissioning for the entire EPC project - Block B O Mon Gas Pipeline Project	Total value: 7,622 trillion PVS realized value: 6,243 trillion	SWPOC Clients
5	Procurement, construction and installation of offshore pipeline (PC) - Block B O Mon gas pipeline project		In the process of clarifying bidding documents
6	Other related packages of Block B gas project: supply and lease of vessels to support drilling, operation and mine monitoring; ...		Implemented in 2024-2025

Sources: FiinproX, GTJASVN Research

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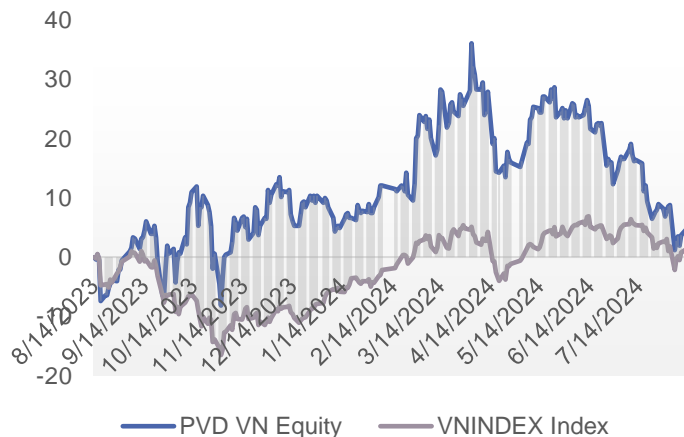


**PVD –PVDrilling** PVD operates in the field of providing drilling rigs and drilling technical services to serve domestic and foreign oil and gas search, exploration and exploitation activities. Owning 4 jack up rigs, 1 semi-submersible tender assist drilling rig (TAD) and 1 land rig, PVD currently holds about 70% of the drilling market share in Vietnam. In addition, PVD also participates in providing services abroad such as drilling manpower supply services, oil and gas equipment manufacturing and repair services, and labor export training.

Recommendation: **BUY**  
TP **33,000**

Shares in issue (m)	555.88
Market cap. (VND b)	14,536.26
3- month average vol. ('000)	4,143.35
52 Weeks high/low (VND)	34900 / 22800

### 1-Y Price performance



Nguồn: FiinproX, Bloomberg, GTJASVN Research

**2H24 business results update:** At the end of the first half of this year, PVD recorded consolidated revenue of 4,036 billion VND and profit after tax of 281 billion VND, up 53% and 34% respectively over the same period last year. Thereby, completing 65% of the revenue plan and 74% of the profit plan for this year.

The driving force for PV Drilling's revenue growth during the period mainly came from the drilling services segment (36% growth), driven by the average daily rental price of PV Drilling's owned rigs, which increased by 30% compared to with the first half of 2023, and the average efficiency of these rigs is up to 99.54%.

In addition, the corporation also recorded revenue contributions from the rental drilling rig Hakuryu-11; while the first half of 2023 does not have this revenue. At the same time, PV Drilling's revenue from well-related services in the first half of this year also increased by 33% compared to the same period in 2023.



## PVD – PVDrilling

Chỉ số tài chính	2021	2022	2023
P/E	625.09	-149.14	25.54
P/B	0.62	1.11	1.02
EPS cơ bản (VND)	31	-185	1,051
BVPS	32,243	24,895	26,354
Tỷ suất LN gộp	9.29%	10.63%	22.49%
Tỷ suất EBIT	-0.68%	1.23%	13.07%
Tỷ suất EBITDA	12.69%	15.65%	27.83%
Tỷ suất LN ròng	0.92%	-2.85%	9.41%
ROE	0.14%	-0.75%	4.10%
ROA	0.09%	-0.50%	2.76%
Tỷ suất thanh toán hiện thời	1.79	1.97	2.20
Tỷ suất thanh toán nhanh	1.01	1.48	1.45
Tổng nợ phải trả/ Tổng tài sản	0.33	0.32	0.31
Tổng nợ/ VCSH	0.50	0.47	0.45

### INVESTMENT CATALYSTS

**In the short term**, drilling activities in PVD rig rental markets are still very vibrant. We expect this trend to continue until at least mid-2025.

Scarcity of rig rental supply has caused rental prices to increase, helping PVD still benefit from rig rental prices increasing by 25% over the same period last year. We believe that rig rental prices will continue to stay at a high level with current drilling demand.

**In the medium and long term**, we expect PVD to benefit from the Block B O Mon project chain from 2025 with the expectation of the first gas flow in 2026 (first gas).

The Block B - O Mon project has made new progress with the signing of commercial contracts GPSA (gas purchase contract), GTA (gas transportation contract) on March 28, 2024, we expect There will be FID in Q2/2024. With the above progress, drilling campaigns at this project will take place in late 2025 - early 2026, PVD is expected to bring 1 - 2 owned jack-up drilling rigs to participate in this drilling campaign.

PVD's management recently announced that it would buy back a 10–15-year-old jack-up drilling rig for about 90 million USD (lower than previous estimates - about 130 million USD). We expect the rig acquisition to be completed in the period from the end of 2024 to the first half of 2025 in order to put it into operation in the drilling campaign at the Block B - O Mon project. PVD plans a rental price of about 120 thousand USD/day and expects a payback period of 3-4 years. Besides the above rig, PVD also plans to establish a joint venture with a foreign enterprise to invest in the next drilling rigs. Details of the joint venture content will be updated by PVD later.

Sources: FiinproX, GTJASVN Research



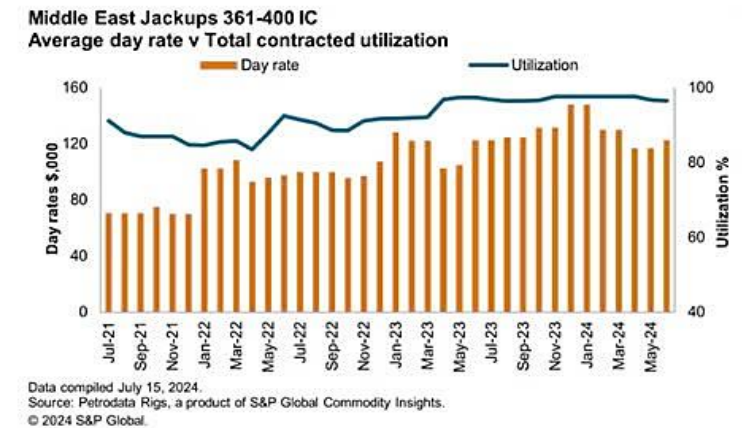
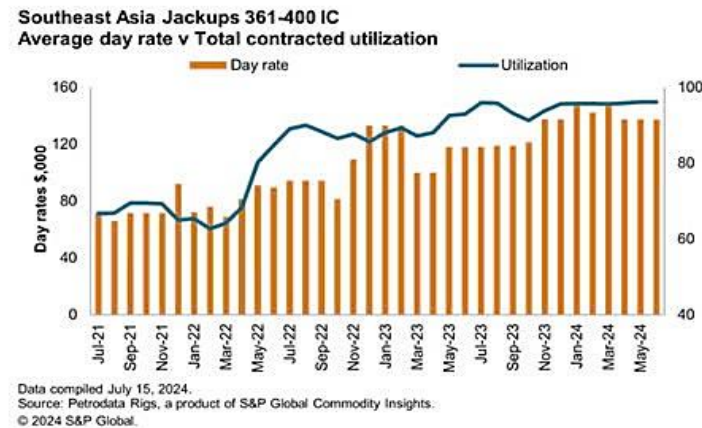
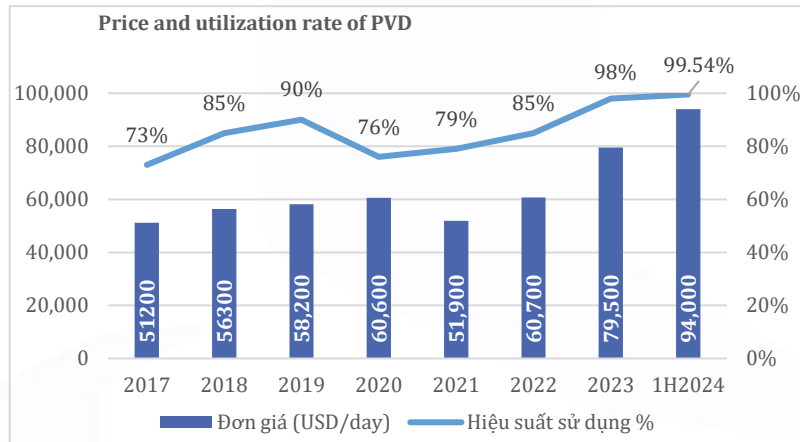
## Southeast Asia drilling market: Prices and performance continue to remain high

Currently, the average rig rental price has cooled down compared to the first 3 months of the year but still remains high at 130 - 135 thousand USD/day with efficiency reaching 95.8% in 1H/2024. With a number of high-end rigs in the area, the current rig rental price reaches over 150 thousand USD per day, approaching the peak in the period 2013 - 2015.

Drilling rig prices in the region increased thanks to: (1) Increased demand for drilling rigs to serve restarted exploration/exploitation campaigns when oil prices are at high levels (over 70 USD/barrel) and (2) Rig supply tightens when a number of rigs in Southeast Asia participate in long-term drilling campaigns in the Middle East and there are no new rigs built in the region.

We believe that jack-up rig rental prices and performance will continue to remain high thanks to the low number of jack-up rigs available on the market. With oil prices forecast to reach 85 USD/barrel in 2024 and decrease, PV Drilling's business activities in the coming time will likely grow positively with the expectation that jack-up rig rental rates will remain high in the future. The context of global rig supply scarcity and shortage may continue in the next few years.

**In the domestic market**, the demand for drilling rigs is also expected to grow positively in the period 2025 - 2027. Therefore, PV Drilling's rigs are expected to have a large working volume from both the domestic and foreign markets. internationally, helping to maintain stable profits for the drilling services segment in the coming years.



Sources: PVD IR, Annual report, S&P Global, GTJASVN Research





In 2024, 5/6 of PVD's drilling rigs (except PVD 11 rig) are guaranteed jobs until the end of the year, even until 2025. Unlike 2023 when PVD carried out a number of short contracts for customers Vietnamese goods, contracts in 2024 come from foreign markets: focusing on Malaysia and Indonesia markets. PVD shared that they are currently focusing on finding long-term business opportunities for 2026.

Rig	Partner/contract	Rental Price (USD/ day)
PVD I:	Participate in drilling campaign with PCSB - Malaysia in 2024 - 2025 (extended for 1 year with higher unit price)	
PVD II:	Participate in drilling campaign with Pertamina - Indonesia in 2024 - 2025 (extended for 1 more year with higher unit price)	
PVD III:	Participate in drilling campaign with Hibicus - Malaysia until the end of 2024 (contract extended with higher price in 2023); and participate in a 3-year drilling campaign with Pertamina - Indonesia in the period 2025 - 2027 with a 2-year extension option.	
PVD VI:	Participate in drilling campaign with PCSB - Malaysia similar to PVD I rig.	
TAD – PVD V rig	Enter into a 6-year drilling contract lasting until 2027, with an option to extend until 2029; with fixed rental price and 100% rental efficiency. (The current contract was signed in 2019 with a low unit price, mainly helping PVD maintain cash flow).	
PVD 11	Temporarily suspend operations in the second quarter of 2024 and wait for the signing of a new contract expected in September 2024	23,000 – 25,000
1 jack-up drilling rig for rent	Rent a jack-up drilling rig to serve the domestic exploration drilling campaign of customers Idemitsu and Murphy Oil (Exploratory drilling of Hai Su Vang and Lac Da Hong fields), starting in Q2/2024.	110,000

### PVD's rig rental schedule has been filled until 2026

Name	Type	Q1/24	Q2/24	Q3/24	Q4/24	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26	Q3/26	Q4/26
<b>PVD I</b>	Jack-up rig	PCSB – Malaysia (11/01-31/12/2024)								Extending option/Potential client			
<b>PVD II</b>		Pertamina – Indonesia (07/12/2022-15/09/2024) (26/09 – 21/12/2024)								Extending option/Potential client			
<b>PVD III</b>		Hibiscus – Malaysia (03/10/2023 – 31/12/2024)				Pertamina - Indonesia							
<b>PVD VI</b>		PCSB – Malaysia (09/12/2023 – 31/12/2025)								Extending option/Potential client			
<b>PVD V</b>	Deepwater drilling rig (TAD)	BSP – Brunei (27/01/2022 – 31/12/2027)											
<b>PVD 11</b>	Land rig (Landrig)	GBRS	R&M& Stack										
<b>1 giàn thuê</b>	Jack-up rig		Idemitsu - VN & Murphy Oil - VN										



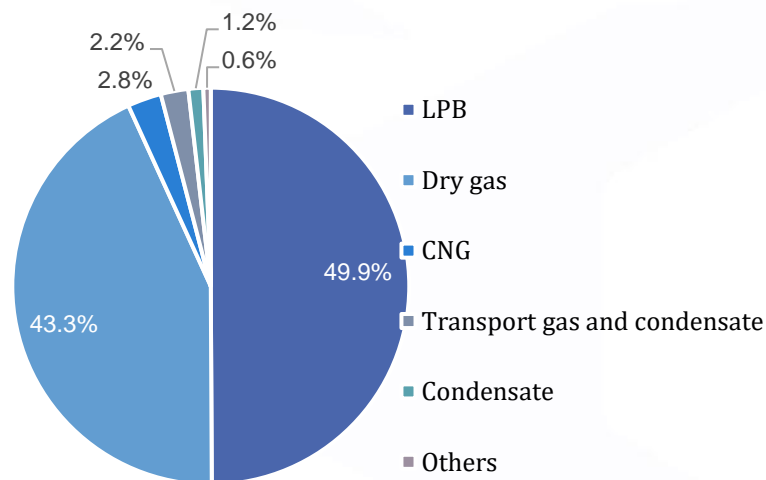
## GAS

Vietnam Gas Corporation-JSC (GAS) is a member unit of Vietnam National Oil and Gas Group. GAS is holding a key position in the gas industry nationwide, operating in the fields of collecting, transporting, storing, processing, exporting, importing, and trading gas and gas products. Each year, the company provides raw materials and fuel to produce nearly 15% of electricity output, 70% of the country's plowing needs and fuel for many industrial parks. The company currently operates 3 gas pipeline systems: Cuu Long, Nam Con Son in the Southeast region and PM3 in the Southwest region and 2 gas processing plants, Dinh Co and Nam Con Son in the Southeast region, and 2 gas processing plants, Dinh Co and Nam Con Son, in the Southeast region. LPG warehouse system nationwide. PV GAS has completed the 1-million-ton LNG Storage project in Thi Vai since July 2023 and is the only unit to date to be granted a Certificate of eligibility for LNG export and import traders in Vietnam. .

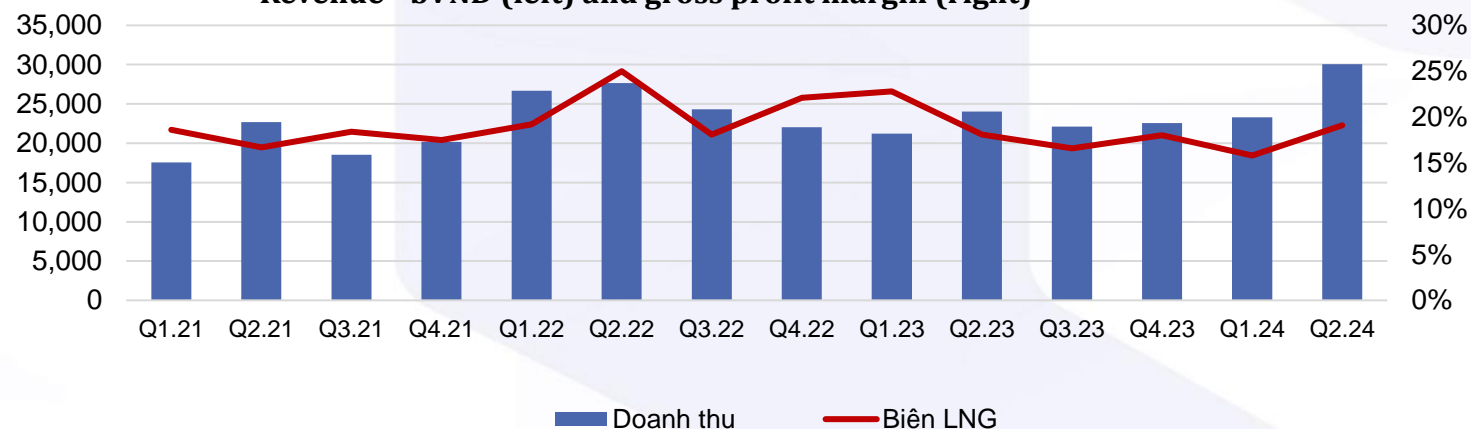
### BUSINESS RESULTS

In the first 6 months of 2024, PV GAS's LPG business output has reached the highest growth rate ever, reaching 1.5 million tons, an increase of 38% svck. Revenue from LPG business reached 26 trillion VND, an increase of 9 trillion VND in 2023. Total revenue reached 64.5 trillion VND, reaching 92% of the plan, growing 12% over the same period. Pre-tax profit reached over 3.4 trillion VND, equal to 58% of the plan. (2024 business plan is conservative: the company sets revenue and net profit plans at 70.2 trillion VND (-22% of sales) and 5.8 trillion VND (-51% of sales, respectively).

Revenue structure



Revenue - bVND (left) and gross profit margin (right)



Sources: FiinproX, GTJASVN Research

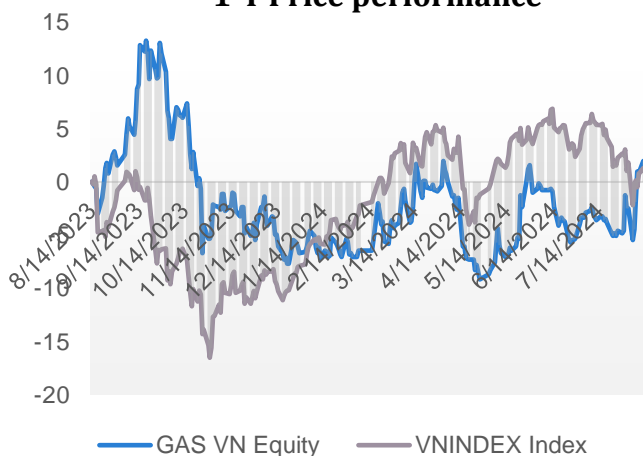


## GAS – Vietnam Gas Corporation

Recommendation: **Hold**  
TP **89,000**

Shares in issue (m) 2,296.74  
Market cap. (VND b) 187,643.65  
3 -month average vol. ('000) 1,307.36  
52 Weeks high/low (VND) 93250 / 73000

1-Y Price performance



## INVESTMENT CATALYSTS

- **Leading LPG supply:** GAS has production capacity of 450,000 - 500,000 tons of LPG/year, equivalent to 70% market share in Vietnam's LPG market. At the end of July, GAS put into operation 3 LPG tanks at PV GAS Vung Tau Warehouse with a capacity equivalent to 50% of the country's total LPG capacity, further consolidating its leading position in LPG supply.
- **Increasing LNG capacity Thi Vai:** LNG supply market share accounts for about 50%. In the near future, PV GAS will start construction on phase 2 of Thi Vai LNG Warehouse with capacity increased to 3 million tons/year, expected to operate in 2026.
- **Growth prospects thanks to participating in the Block B O Mon gas power project chain:** PV GAS currently participates in the Block B-O Mon gas pipeline project (total investment of 1.2 billion USD) with a BCC capital contribution ratio of 51%. It is expected that the project will bring in revenue of nearly 10 trillion VND per year (from 2027) for PV GAS through gas transportation activities. During two years of construction and installation, GAS is expected to earn nearly 4,000 billion VND in revenue each year and create jobs for about 400 employees. In case Block B starts operating at the end of 2026 as expected, Block B fields will provide an annual gas volume of about 5 billion m3, equivalent to 65% of PV GAS's dry gas consumption in 2022. recently and has become a major growth driver for businesses.
- **Expanding gas exploitation sources:** GAS has signed cooperation contracts with owners of new mines including Khanh My-Dam Doi (4.03 billion m3 of gas for the Southwest region), Nam Du-U Minh (5.6 billion m3 of gas for the Southwest region), Nam Du-U Minh (5.6 billion m3 of gas for the Southwest region), Thien Nga-Hai Au (7.43 billion m3 of gas for the Southeast region)
- **Record high dividend payment plan:** PV GAS Board of Directors has just approved the 2023 cash dividend payment plan, with an implementation rate of 60%, this is the highest dividend payment rate of the Company since its listing. today (equivalent to shareholders owning 01 share will receive 6,000 VND). PV GAS announced the payment start time from October 14 - November 29, 2024
- **INVESTMENT RISKS:** Dry gas consumption output is weaker than expected; Fuel prices were higher than expected.





## PLX

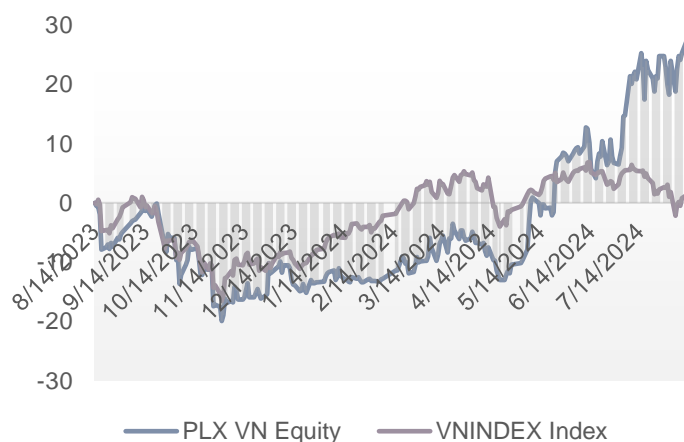
Vietnam Petroleum Group (PLX) has the predecessor of Vietnam Petroleum Corporation, established in 1995. Petrolimex's main business areas are import-export and trading of petroleum, refining - petrochemicals, and investment. private. With a distribution network of more than 5,500 Petrolimex retail stations and agents nationwide, Petrolimex is the largest supplier of all types of petroleum products in the domestic market. Besides, Petrolimex also operates in other business fields such as insurance, banking, and transportation with brands such as PLC, PGC, PG TANKER, PJJICO. PLX has been listed and traded on the Ho Chi Minh City Stock Exchange (HOSE) since April 2017.

Recommendation: **Neutral**

TP **45,000**

Shares in issue (m)	1,270.59
Market cap. (VND b)	60,416.66
3 -month average vol. ('000)	2,399.62
52 Weeks high/low (VND)	48700 / 31300

### 1-Y Price performance



### INVESTMENT STRATEGY

- Leading position in the industry, accounting for 47% of the domestic petroleum market share, far ahead of other key enterprises in the same industry with a system of retail stores and petroleum agents spread across the country
- Benefit from amending regulations related to gasoline distribution: (i) regulations on only buying gasoline from wholesale traders (PLX) bring advantages to businesses by cutting down on intermediary steps and costs incurred (ii) the price decision mechanism is decided by the business itself, helping to be more proactive in business activities.
- Business results in the first half of the year grew strongly: PLX Parent Company's EAT of shareholders in 6M/2024 reached 2,272 billion VND (+58.6% of turnover).
- Safe financial situation - abundant cash: receivables decreased while inventory increased, showing effectiveness in inventory management, compared to 2023, the debt D/E ratio decreased from 0.68 to 0.62 helps reduce interest costs, cash accounts for 32.6% of total assets, helping PLX be proactive in business activities and combat the effects of exchange rates when USD/VND exceeds 25,000.
- Attractive cash dividend payment history: with payment from 700 - 3,000 VND/share in the period 2019-2022. In 2023, the business plans to pay dividends at 1,500 VND/share. We expect that in 2024, the business will pay dividends at a rate of 10% of par value, equivalent to a dividend yield of about 2.7%.
- Expectation that LNG margin remains stable thanks to favorable oil price movements: (1) World gasoline prices fluctuate less than at the same time in 2023 and (2) Traders import and purchase gasoline in accordance with planning and ensuring efficiency.

Sources: FiinproX, GTJASVN Research

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## The remaining businesses in the industry

Enterprise	Main business activities	Business prospects	Business plan 2024	Comment
PVB	Cover oil and gas pipes	Expected to participate in the Block B O Mon oil and gas pipe coating project (340km long) with expected revenue of about 2,000 billion VND. In 2023, PVCoating won the bid and signed pipe coating service contracts with customer Vietsovpetro for projects RC8, R8.RC9, Dai Hung - Phase 3 and Kinh Ngu Trang with a total value of 348.5 billion VND (of which the Kinh Ngu Trang contract is 292 billion VND). The company has completed the pipe coating contracts RC8, R8.RC9, Dai Hung - Phase 3 and part of the contract volume of the Kinh Ngu Trang Project. In addition, the Company has also signed service contracts outside the industry for other customers with a total contract value of about 70 billion VND. In 2024, PVCoating will focus on completing the construction of signed pipe coating and service contracts and getting ready to execute pipe coating contracts for the Block B - O Mon project chain.	PVB targets revenue of 210 billion VND and profit after tax of 2.28 billion VND, down 14% and 32% respectively compared to 2023..	PVB's business activities are quite unique and growth prospects depend largely on the implementation/expansion of new oil and gas exploitation projects.
PVC	Oil and gas drilling fluids, chemical products, petrochemicals	N/A	Total revenue: 128 billion VND; Profit before tax: 46.5 billion VND	Specific business products, dependent on exploitation and exploration activities of oil and gas projects
PVX	Oil and gas construction	N/A	Revenue 1,700 billion, profit 3.7 billion VND.	Diverse workload, spread throughout the oil and gas industry value chain
PXS	Gas terminal construction, oil and gas wharf services, industrial and civil construction	In addition to projects under construction transitioning from 2023 such as: Dai Hung Phase 3, Orsted Wind Power, Extenal Platform Manufacturing,..., new projects are also in the unit's 2024 production and business plan such as: Block B - O Mon, DKI Project, Golden Camel project... Particularly for the Block B - O Mon project, PXS aims to join PetroCons Corporation and other partners in participating in projects by 2025. Downstream processes of the Block B - O Mon project chain such as onshore gas pipelines, valve stations, gas distribution stations and O Mon 4 Thermal Power Plant according to the implementation schedule of each project.	Revenue reached 547 billion VND, an increase of 31% and pre-tax profit reached 10.16 billion VND	Diverse workload, spread throughout the oil and gas industry value chain

Sources: FiinproX, GTJASVN Research



## The remaining businesses in the industry

Enterprise	Main business activities	Business prospects	Business plan 2024	Comment
PVT	Transporting oil, gas and chemicals	PVT continues to deploy new fleets to provide more supply to the market. Sharing about the outlook for 2024, Mr. Nguyen Duyen Hieu assessed that the prospect of the liquid cargo transport market, including crude oil and oil products, generally maintains a positive trend thanks to export output in the Atlantic region and high demand. Chinese consumption is stable as well as a wave of startups at oil refineries. In addition, Middle East tensions and the Russia-Ukraine conflict continue to be supporting factors as shipping distances and times are longer in the context of limited ship supply, contributing to the increase in ship freight prices.	PVTrans sets a revenue target of 8,800 billion VND, an increase of 29.4% compared to the 2023 plan; Profit after tax is 760 billion VND, an increase of 41.3% compared to the 2023 plan	Business operations depend on oil transportation demand, fleet size, routes, ship charter rates, and raw material costs.
OIL	Processing and distribution of petroleum products	Triển vọng kinh doanh cải thiện nhờ mở rộng mạng lưới phân phối. Trong 6 tháng đầu năm, PVOIL đã phát triển thêm 60 cửa hàng xăng dầu, nâng tổng số cửa hàng xăng dầu hiện có trong toàn hệ thống lên 807.	PVOIL targets a petroleum business output of 5 million m3/ton; consolidated revenue of VND83,000 billion (built according to the planned crude oil price of 70 USD/barrel) and consolidated pre-tax profit of VND740 billion.	Business results depend on supply and demand of petroleum products, petroleum price movements and related policies.
BSR	Petroleum processing	Theo báo cáo kinh doanh nửa đầu năm, Lợi hóa dầu Dung Quất ghi nhận 55,118 tỷ đồng doanh thu, giảm 19% so với cùng kỳ; lợi nhuận sau thuế 1,884 tỷ đồng, giảm 36% so với bán niên năm ngoái. Công ty đang có kế hoạch chuyển sàn sang HOSE trong giai đoạn cuối năm 2024-2025. Hiện các nút thắt liên quan đến việc chuyển sàn của BSR đã được gỡ bỏ, tạo tiền đề cho việc chuyển sàn sắp tới.	Total consolidated revenue was VND 95,274.4 billion, pre-tax profit was VND 1,291.3 billion and post-tax profit was VND 1,148.2 billion.	Business results depend on supply and demand of petroleum products, petroleum price movements and related policies.

Sources: FiiiproX, GTJASVN Research







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