

07 March 2024

## RECOMMENDATION BUY

Fair price	14,500 VND
Current price	11,850 VND
Upside/downside	22.3%

## STOCK INFORMATION

Outstanding shares (mil)	2,341.9
Free float (mil)	468.4
Market cap. (billion VND)	27,283
3m avg. volume (shares)	9.4 million
Foreign ownership (%)	5.3%
First listing date	01/07/2018

## SHAREHOLDER STRUCTURE

PetroVietnam	79.9%
Norges Bank	1.3%
Amersham Industries Ltd	0.7%
Others	18.1%

## KEY ATTRIBUTES

TTM EPS (VND)	459
BVPS (VND)	13,430
Debt/Equity (%)	37%
ROA (%)	1.9%
ROE (%)	3.9%
P/E	25.6
P/B	0.9
Dividend yield (%)	0%

## PRICE PERFORMANCE



## COMPANY PROFILE

PetroVietnam Power Corporation (POW) was established in 2007. The Corporation has its main business in the generation, transmission, trading, import, and export of electricity. The Corporation has been put into operation under the model of a joint-stock company since July 2018. PV Power manages and operates 07 power plants with a total capacity of 4,205 MW, including gas-fired, coal-fired, and hydropower plants.

## ANALYST(S)

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## Business performance would recover solidly

- In 2023, revenue was flat while NPAT fell sharply by 48% YoY, mainly due to a lack of gas supply for Nhon Trach 1&2 plants. In addition, major maintenance periods at Nhon Trach 2 and Ca Mau 1&2 also significantly reduced profits (due to fixed costs).
- The return of Vung Ang 1 (at full capacity) and Nhon Trach 2 plants will be the main driver for revenue and profit growth in 2024.
- We maintain our BUY recommendation with 22% potential upside.

## Forecast

We anticipate that the business results in 2024 will significantly improve after a challenging 2023. Net Revenue could reach VND30,942bn (+10.7% YoY) and NPAT could also recover to VND1,923bn (+44.7% YoY). This takes into account the continued disadvantage of hydropower due to El Nino in the 1H2024, also positive support for electricity prices (CGM), and the Vung Ang 1 coal-fired power plant returning to maximum capacity (reaching 1,200MW). However, we believe that the Gross Profit Margin (GPM) will continue to face a lot of pressure due to competition from cheap coal-fired power and the powerful return of hydropower from mid-2024. Therefore, we expect the GPM and NPM will recover slightly at 10% and 6%.

## Investment highlights

**(1) Revenue and profit can recover well in 2024**, owing to a surge in electricity output (+17% YoY), thanks to the Vung Ang 1 running at maximum capacity and the recovery of output from Nhon Trach 2. PHS forecasts that total output could reach 16,891 mn kWh in 2024.

**(2) The company is accelerating the construction of two new LNG (liquefied natural gas) power plants**, Nhon Trach 3&4, each with a total designed capacity of 750MW. We expect the project could generate an additional 6.5bn kWh in 2027F after completion and operation at maximum capacity, thereby positively supporting the company's long-term growth.

## Valuation & recommendation

Using DCF and Multiple method, we derive the fair price of VND14,500 per share. Thus, our recommendation is BUY with a potential upside of 22%. In the valuation, we do not take the Quang Ninh LNG-fired plant of 1,500MW into account due to the uncertainty and the lack of sufficient information.

## Investment risks

(1) The unfavorable fluctuation in feedstock prices; (2) The adverse changes in government's policies.

Financial Results	2020	2021	2022	2023	2024F
Sales volume (mn kWh)	19,166	14,699	14,191	14,431	16,891
Net Revenue (VNDbn)	29,732	24,561	28,224	27,945	30,942
Net Revenue growth (%)	-16%	-17%	15%	-1%	11%
Net Profit (VNDbn)	2,663	2,052	2,553	1,329	1,923
Net Profit growth (%)	-7%	-23%	24%	-48%	45%
Net Profit Margin (%)	9%	8%	9%	5%	6%
Book Value (VND)	12,186	12,229	13,031	13,430	14,113
Dividend (VND)	2,500	2,000	1,650	2,500	2,100