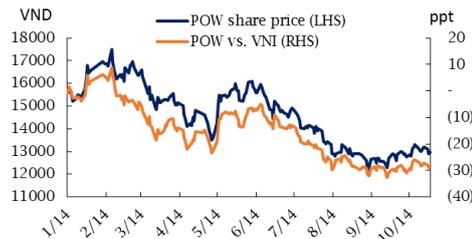


**BUY**
**TP upside (downside) +60.2%**
**Close 15 Jan 2020**

Price	10,900
12M Target	17,457
Previous target	17,457

**Share price performance relative to VNINDEX**


Market cap (USD bn)	1.1
6M ADT (USD mn)	0.85
Outstanding shares (mn)	2,342
Free float (%)	20.1
FINI ownership (%)	13.6
FOL Room (%)	6.5
Major shareholders (%)	79.9
2019E Net debt/equity (%)	30.7
2019E BVPS (VND)	12,309
2019E P/B (x)	0.9
2019E P/E (x)	10.1
2020E P/E (x)	7.9
2019E EV/EBITDA (x)	5.0

**Financial outlook**

Year to Dec	2018	2019E	2020E	2021E
Sales (VND bn)	32,662	34,453	36,815	37,769
EPS (VND)	820	1,076	1,372	1,585
ROE (%)	7.0	9.1	10.7	11.3
Div. yield (%)	-	2.8	2.8	2.8

Note: Fully diluted weighted average EPS is based on weighted average number of shares.

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## PV POWER (POW VN)

### FY2019 PRELIMINARY RESULTS

**Event**

POW released abridged FY2019 preliminary results. The company has not released its detailed quarterly financial reports yet. However, the numbers unveiled so far were largely in line with our [original forecast](#). The stock's poor performance is not justified by the fundamentals of the business, and we reiterate BUY.

**Our view**

FY2019 preliminary revenue was in line with our forecast at VND 34,259 bn (+4.9% YoY) on the back of 22.5 bn kWh in unit sales (+6.6% YoY). Last week, management guided FY2019 preliminary profit before tax to reach VND 3.121 bn (+25% YoY), slightly below our FY2019 forecast of 3,147bn.

**Thermal power leads the growth.** Revenue from the Vung Ang coal-fired plant accounted for 22% of total revenue, increasing by 17.5% YoY to VND 8,528bn. Revenue from gas-fired thermal power plants also recorded growth: Ca Mau 1&2 (+3.6% YoY), Nhon Trach 1 (+12.9% YoY), and Nhon Trach 2 (+5.9% YoY). Hydro revenue declined due to unfavorable weather cause by El Nino, as discussed in our initiation report.

**Noise regarding Nhon Trach 2 PPA renegotiation persists** but we believe that the market has overreacted to this news. In a recent meeting with POW, management said they do not expect a big discount to the current PPA price. Please see our [NT2 initiation report](#) for scenario analysis.

**We reiterate BUY** with target price of VND 17,457, implying 62% upside. Our target implies 2019E PE of 16.2x and 2020E PE of 12.7x, which we view as reasonable. POW is now trading at an attractive 0.9x 2019 PBV book value.

**The additional risks (that we have mentioned previously) do not justify the stock's recent underperformance.** These include 1) potential investment in an expensive Luang Prabang hydropower (which management does not expect to happen until 2027), 2) concerns over supply of input gas, which should be resolved by 2021 as GAS launches its LNG stations.

**ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.**

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**BUY:** We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

**HOLD–Outperform:** In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

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**SELL:** We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

**Under Review:** We actively follow the company, although our estimates, rating and target price are under review.

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