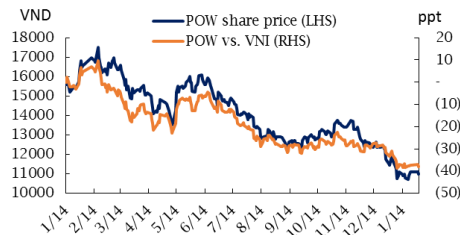


BUY
TP upside (downside) +66.3%
Close 31 Jan 2020

Price	10,500
12M Target	17,457
Previous target	17,457

Share price performance relative to VNINDEX


Market cap (USD bn)	1.1
6M ADT (USD mn)	0.88
Outstanding shares (mn)	2,342
Free float (%)	20.1
FINI ownership (%)	13.5
FOL Room (%)	35.5
Major shareholders (%)	79.9
2019 Net debt/equity (%)	40.8
2019 BVPS (VND)	11,837
2019 P/B (x)	0.9
2019 P/E (x)	9.9
2020 P/E (x)	7.7
2019 EV/EBITDA (x)	5.2

Financial outlook

Year to Dec	2018	2019E	2020E	2021E
Sales (VND bn)	32,662	34,259	36,815	37,769
EPS (VND)	820	1,064	1,372	1,585
ROE (%)	7.0	9.1	11.1	11.7
Div. yield (%)	-	2.9	2.9	2.9

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PV POWER (POW VN)
+30% YoY increase in profit despite receivables provisioning
Event

POW released their full FY2019 financial statements, which were largely in line with our [forecasts](#) and preliminary results. We maintain our view that the stock's poor performance is not justified by the fundamentals of the business, and we reiterate BUY.

Our view

PATMI rose by 29.6% YoY to VND 2,490 bn. This is mainly attributable to the 8.4% YoY increase in revenue to VND 35,421 bn, in line with our forecast. This impressive sales figure was driven by 22.5 bn kWh in unit sales (+6.6% YoY). 2019 gross margin expanded to 14.5%, up from 13.7% in 2018. In addition, net financial expenses decreased by 31% YoY to VND 877bn.

Operating expenses increased due to receivables provisioning. 2019 SG&A expenses increased by 52.1% YoY to VND 1.2tn. Thus, the SG&A/revenue ratio increased by 1ppt YoY to 3.4%, mainly because of the one-off VND 400 bn in receivables provisioning as Electricity Power Trading Company (EPTC/EVN) delayed payment for Ca Mau 1 & 2 and Vung Ang 1. According to POW, EPTC receivables for these projects reached VND 1,556 bn (equivalent to 17.8% of accounts receivable), of which VND 980bn was 6 months overdue as at 31 December 2019. We are waiting for further explanation on potential bad debts from EPTC.

FY2020 guidance. POW targets 2020 revenue at VND 35,449 bn, nearly unchanged compared YoY despite an expected 4% decrease in expected sales volume (21.6 bn kWh). POW guides for medium maintenance in two gas fired thermal power plants (Nhon Trach 1, Nhon Trach 2) plants and a hydropower plant (Dakrinh). FY2020 profit before tax guidance is targeted at VND 2,395 bn, 23.8% lower than that of 2019.

We reiterate BUY with target price of VND 17,457, implying 66.3% upside. Our target implies 2019E PE of 16.4x and 2020E PE of 12.7x, which we view as reasonable. POW is now trading at an attractive 0.9x 2019 PBV book value.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

Yuanta does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Appendix A: Important Disclosures

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Ratings Definitions

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.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less 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.

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.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

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