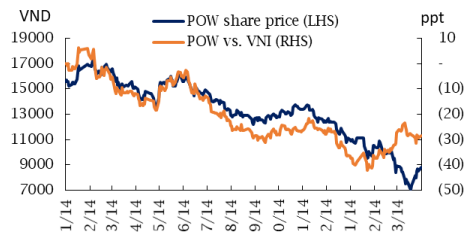


BUY
TP upside (downside) +98.4%
Close 13 April 2020

Price	8,800
12M Target	17,457
Previous target	17,457

Share price performance relative to VNINDEX


Market cap (USD bn)	0.870
6M ADT (USD mn)	1.1
Outstanding shares (mn)	2.342
Free float (%)	20.1
FINI ownership (%)	12.2
FOL Room (%)	36.8
Major shareholders (%)	79.9
2020 Net debt/equity (%)	37.0
2020 BVPS (VND)	12.641
2020 P/B (x)	0.7
2019 P/E (x)	8.3
2020 P/E (x)	6.4
2020 EV/EBITDA (x)	4.4

Financial outlook

Year to Dec	2019E	2020E	2021E	2022E
Sales (VND bn)	35,421	36,815	37,769	39,024
EPS (VND)	1,064	1,372	1,585	1,774
ROE (%)	8.8	10.6	11.3	7.1
Div. yield (%)	3.4	3.4	3.4	3.4

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Bloomberg code: YUTA

PV POWER (POW VN)

Coal power to offset gas fired power

Event

POW released its interim operating report for March and 1Q2020. The company only reported output volumes and corresponding revenue. Generally speaking, coal power revenue increased and offset falling revenue from drought-impacted hydropower and from gas-fired (which has been affected by gas supply issues).

Details

1Q20 revenue decreased by 7.6% YoY to VND7,796bn. Total output fell by 4.3%YoY to 5,267 mn kWh. Higher coal power revenue offset falling revenue from gas-fired and hydropower due to gas supply and drought. The Vung Ang coal-fired plant's revenue rose by 46% YoY to VND 2,718 bn. Output volume rose by 50% YoY to 1,850 mn kWh. POW appears to have resolved its coal input shortage.

Nhon Trach 1 gas fired power plant experienced input disruptions. NT1's revenue fell by 58% YoY to VND 543bn with output volume down 60% YoY to 339.8 mn kWh. POW states that NT1 experienced input disruption in Jan-Feb as GAS VN (Not rated) failed to supply sufficient input gas due to falling output from blocks 06.1 and 11.2. POW did not disclose whether this has been resolved yet.

Drought extended to 2020, affecting hydropower. El Nino impacted hydropower in 2019 and it seems that the drought's persistence into 1H20 is still affecting hydropower. Revenue from the Hua Na hydropower plant fell by 68% YoY to VND 51bn as output volume declined by 61% YoY to 51.5mn kWh. In addition, Dakdrinh hydropower plant revenue fell by 70% YoY to VND47bn as output volume fell by 58% YoY to 53.07 mn kWh.

FY2020 guidance revisit. POW targets 2020 revenue of VND 35,449 bn, nearly unchanged YoY despite an expected 4% decrease in expected sales volume (21.6 bn kWh). FY2020 profit before tax guidance is for VND 2,395 bn, 23.8% lower than that of 2019. POW plans medium maintenance for its NT1 and NT2 gas-fired power plants and Dakdrinh hydropower plant in 2020.

We reiterate BUY on POW. We make no change to our earnings or target price of VND17,457 in this note. However, we will revisit our model once POW issues its 1Q20 financial statements and/or the results of the PPA renegotiations (NT2, Ca Mau) are announced. POW's share price has fallen by 19% YTD and it is now trading at an attractive 0.66x 2020 PBV book value.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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.

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