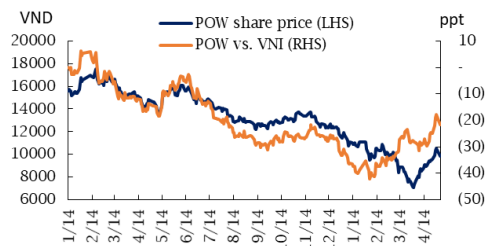


**BUY**
**TP upside (downside) +77.8%**
**Close 04 May 2020**

 Price **9,820**  
 12M Target **17,457**
**Share price performance relative to VNINDEX**


Market cap (USD mn)	981
6M ADT (USD mn)	1.3
Outstanding shares (mn)	2,342
Free float (%)	88
FINI ownership (%)	11.5
FOL Room (%)	37.5
Major shareholders (%)	79.9
2020 Net debt/equity (%)	37.0
2020 BVPS (VND)	13,368
2020 P/B (x)	0.73
2019 P/E (x)	9.2
2020 P/E (x)	7.2
2020 EV/EBITDA (x)	4.7

**Financial outlook**

Year to Dec	2019A	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	11.5
Div. yield (%)	3.1	3.1	3.1	3.1

Binh Truong

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Bloomberg code: YUTA

**PV POWER (POW VN)**
**Unrealized FX loss eroded 1Q20 profit**
**Event**

POW's 1Q20 PATMI fell by 49.5% YoY to reach VND444bn. The decline was mainly attributable to revenue and margin contraction and unrealized FX losses.

**Details**

1Q20 revenue decreased 5.5% YoY to VND7,975bn. Total output fell by 4.3% YoY to 5,267 mn kWh. According to the company's [report](#), coal power revenue increased, offsetting revenue declines from gas-fired (due to gas supply) and hydropower (due to ongoing draught conditions). Revenue at the Vung Ang coal-fired plant rose by 46% YoY to VND2,718 bn, accounting for 34.1% of total revenue; its output volume rose by 50% YoY to 1 850 mn kWh.

Gross profit margin fell to just 12.8%, down from 15.6% in 1Q19. Net financial expenses increased by 46% YoY to VND324bn, although interest expenses fell by 15.8% YoY to just VND244bn. This was mainly due to unrealized FX losses of VND1 36bn, up from nearly zero in the same period last year. Thus, 1Q20 PATMI declined by 49.5% YoY to reach VND444bn despite a 32.5% YoY fall in SG&A to VND82.3bn.

Significant de-gearing. POW has reduced its leverage significantly, with its net debt falling by 37% YoY to VND10,719bn. The company's net debt to equity ratio has thus fallen to 36% from 61% in 1Q19. Currently, POW has VND13,442bn in long-term debt, of which 64% (VND8,538bn) is denominated in USD and 5% (VND763bn) is denominated in euros.

FY2020 guidance revisit. POW fulfilled 22.5% of its 2020E revenue guidance of VND 35,449 bn and 25% of its 2020E profit before tax guidance of VND 2,395 bn, which is -23.8% YoY lower than PBT in 2019. POW plans medium maintenance at the NT1 and NT2 gas-fired power plants and the Dakdrinh hydropower plant in 2020.

**Our view**

We reiterate BUY with target price of 17,457. At today close, POW's share price has rebounded 11.3% since our last report and it is now trading at an attractive 0.7x 2020 book value. Our forecasts and target price are currently under review.

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

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