

**BUY**
**TP upside (downside) -2.0%**
**Close 15 April 2020**
**Price 13,400**  
**12M Target 13,137**
**Share price performance relative to VNINDEX**


<b>Market cap (USD mn)</b>	<b>1.365</b>
<b>6M ADT (USD mn)</b>	<b>6.73</b>
<b>Outstanding shares (mn)</b>	<b>2.342</b>
<b>Free float (%)</b>	<b>20.1</b>
<b>FINI ownership (%)</b>	<b>3.8</b>
<b>FOL Room (%)</b>	<b>45.2</b>
<b>Major shareholders (%)</b>	<b>79.9</b>
<b>2021 Net debt/equity (%)</b>	<b>23.1</b>
<b>2021 BVPS (VND)</b>	<b>13.888</b>
<b>2021 P/B (x)</b>	<b>1.0</b>
<b>2021 P/E (x)</b>	<b>13.9</b>
<b>2021 EV/EBITDA (x)</b>	<b>6.2</b>

**Financial outlook**

Year to Dec	2019A	2020A	2021E	2022E
Sales (VND bn)	35,374	29,712	33,869	35,702
EPS (VND)	1,028	911	962	1,035
ROE (%)	8.9	7.2	7.6	6.9
Div. yield (%)	-	2.2	2.2	2.2

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**PV POWER (POW VN)**
**1Q21 results fail to impress**
**Event**

POW reported a decrease of 2.7% in 1Q21 revenue but the PVM divestment drove a 35% YoY increase in PBT.

**Details**

**1Q21 revenue decreased -2.7% YoY to reach VND 7.8tn**, mainly on an -11.9% YoY fall in total output to 4.6bn kWh. However, the corresponding ASP increased by 8.6% YoY along with the gas price, which translated into an increase in the Qc (contract) price.

**Hydropower recovers due to favorable weather conditions...** POW reported impressive recoveries at its two hydropower plants with Dakdrinh producing 216 mn kWh (+216% YoY) and Hua Na generating 123mn kWh (+138.8% YoY).

**... but thermal power is struggling.** NT1 recorded a 97% YoY decline in output volume to only 10.1 mn kWh. Ca Mau 1 & 2 also experienced an 18% YoY plunge in the output to only 1.5bn kWh. NT2 (SELL) also recorded an 18.5% YoY fall in output volume to 954 mn kWh.

**Market price under pressure.** POW's competitive market operations indicate a 13.1% YoY decline in 1Q21 market price to VND1k per kWh.

**Excluding one-off divestment gains, 1Q21 PBT decreased by 25.1% YoY** to VND 460bn. POW divested 19.9 million PVM shares (or 51.58% of the company). POW did not disclose the total value of the deal, but we reckon it was close to VND 558bn based on the price of Mar 17, which we think was the date of the divestment. According to POW's parent-level financial statements, the cost base of the PVM investment was VND189bn, so the divestment gain should have reached c. VND 369bn.

**We are reviewing our forecasts and valuation.** POW has exceeded our target price of VND 13,137, which is now under review. As discussed in our recent downgrade of NT2 ([SELL](#), TP 19,318), thermal power is under pressure to reduce the Qc contract volume this year because the surge of renewable energy capacity last year may have caused a degree of electricity oversupply relative to demand.

**This shift away from Qc sales appears to be in line with the regulatory trend.** The Alpha Ratio (i.e., contract output volume / total output volume) of all thermal power is regulated by the Electricity Regulatory Authority of Vietnam (ERAV). ERAV reduced the Alpha Ratio to 80% for 2021, down from 85% in 2020, in its Decision 123/QĐ-ĐTĐL issued on 31 December 2020.

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