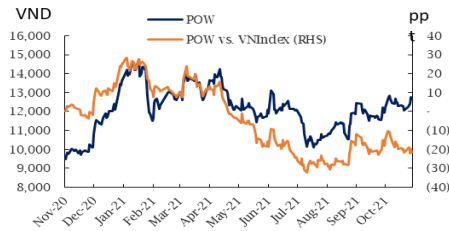


Vietnam: Industrials
2 November 2021
BUY
TP upside (downside) +0.3%
Close 1 Nov 2021
Price 13,100
12M Target 13,137
Share price performance relative to VNINDEX


Market cap (USD mn)	1.302
6M ADT (USD mn)	6.2
Outstanding shares (mn)	2,342
Free float (%)	20
FINI ownership (%)	2.9
FOL Room (%)	46.1
Major shareholders (%)	79.9
2021 Net debt/equity (%)	Net cash 2%
2021 BVPS (VND)	13,888
2021 P/B (x)	0.9
2021 P/E (x)	13.6
2021 EV/EBITDA (x)	6.0

Financial outlook

Year to Dec	2019A	2020E	2021E	2022E
Sales (VND bn)	35,374	33,177	33,869	35,702
EPS (VND)	1,028	843	962	1,035
ROE (%)	6.8	7.4	7.6	6.9
Div. yield (%)	-	2.3	2.3	2.3

Sources: VPPA, Bloomberg, Company data, Yuanta Vietnam

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Bloomberg code: YUTA
PV Power (POW VN)
Profit soared despite revenue fall
Event

POW posted strong net profit growth in 3Q21 despite sharp declines in output volume and revenues.

Details

3Q2021 revenue slid by 12.6% YoY to reach VND5.3tn, largely due to fall in output volume. Specifically, 3Q21 output tumbled 36% YoY to 2.7bn kWh. Ca Mau 1 & 2 recorded a substantial drop of 50% YoY in 3Q21 volume to 745mn kWh.

However, 3Q21 PATMI reached VND483bn, up 359% YoY. This is mainly attributable to expanding gross margin and reduced net financial expenses and operating expenses.

Gross profit margin expanded to 15.8%, up from 9.0% in 3Q20. POW attributes this to improved gross margin at subsidiary NT2 ([NT2 VN, SELL](#)), which also recorded a decline in output volume.

Net financial expenses declined by 80% YoY to VND17.6bn. POW has transitioned to a net cash position of VND494bn from net debt of VND 7.8tn in 3Q20.

Operating expenses declined by 43% YoY to VND 154bn as selling expenses from PV Machino are no longer consolidated; there was also no receivables provisioning in 3Q21, vs c.VND90bn in 3Q20. POW's SG&A to revenue ratio thus contracted by 1 ppt to 2.6%.

9M21 PATMI jumped by 41.4% YoY to reach VND1,481bn, fulfilling 138% of 2021E profit guidance and equivalent to 63% of our 2021 forecast. Investors should be aware that POW recorded a VND306bn one-off gain from divestment from 19.9 million PVM shares (or 51.6% of the company) in 1Q21.

Major maintenance of largest power plant. POW shut its coal-fired power plant at Vung Ang in 3Q21; this maintenance was scheduled for completion by 21 Oct, so presumably it is now complete. Vung Ang accounted for 38% of POW's total revenue in 9M2021, so its temporary shutdown may also dampen 4Q21 output volume and thus revenue.

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.

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.

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