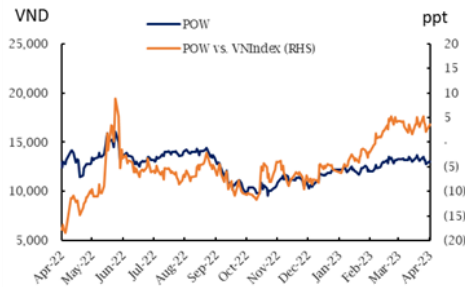


Vietnam: Energy
19 May 2023
BUY
TP upside (downside) +30.7%
Close 25 April 2023
Price 12,800
12M Target 16,724
Share price performance relative to VNINDEX


Market cap (USD mn)	US\$1.3bn
6M ADT (USD mn)	US\$4.2mn
Outstanding shares (mn)	2.342mn
Free float (%)	20%
FINI ownership (%)	7.6%
FOL Room (%)	41.4%
Major shareholders (%)	79.9bn
2023 Net debt/equity (%)	-11.7
2023 BVPS (VND)	15.207
2023 P/B (x)	0.9
2023 P/E (x)	12.1
2023 EV/EBITDA (x)	4.3

Financial outlook

Year to Dec	2022A	2023E	2024E	2025E
Sales (VND bn)	28,235	29,830	29,950	38,659
EPS (VND)	765	1,071	1,178	1,332
ROE (%)	7.6	7.8	8.2	7.2
Div. yield (%)	-	-	-	-

Sources: Bloomberg, Company data, Yuanta Vietnam

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PV Power (POW VN)
Vung Ang issues still unresolved
Event

POW held its AGM this morning. The company presented modest 2023 profit guidance and disclosed that the technical issues at the Vung Ang coal-fired power plant will not be resolved until August, in contrast to previous guidance that they would be fixed in March.

Details

Modest 2023 profit guidance. POW set a revenue target of VND 30.3 trillion, up +7% YoY. POW targets output volume of 15.6 bn kWh, up by +10% YoY. However, POW guides for profit after tax to decline by -56% YoY to VND 1,118 bn. Notably, POW typically sets low guidance and has often exceeded guidance in the past. For example, POW reported 2022 PAT of VND2,553bn, 3.4x its original guidance.

Estimated 1Q23 consolidated revenue reached VND 7,914 billion, up +10% YoY, while preliminary 1Q23 pre-tax profit reached VND 579 billion, down by -34% YoY. However, this was off a high base of 1Q22 that was boosted by VND276bn in one-off gains. Stripping out these one-offs, 1Q23 preliminary PBT slid by just -4% YoY. Additionally, 3M23 output volume reached 4.0 billion kwh, +9.2% YoY (25.6% of the company's full-year guidance).

Technical problems at Vung Ang have not been solved. Management admitted at the AGM that the company was not able to bring the plant back into normal operations in March 2023, as it had planned. Management now expects the issues to be resolved by August. In addition, major maintenance (meaning shutdowns of c.44 days, we think) will be conducted this year at the Ca Mau 1 and Nhon Trach 2 gas-fired thermal power plants.

Longer-term growth driver: 1,500MW gas-fired thermal power NT3 and NT4. POW is constructing 1,500 MW of designed LNG capacity at these two plants with a total investment of USD 1.4bn. We expect POW to launch NT3 in 2025 and NT4 in 2026, thereby expanding its designed capacity by +35%. Management states that its capital requirements for 2025 have already been secured.

Our current target price is VND 16,724 per share, equivalent to 2024F EV/EBITDA of 6.5x, which is 8% below the regional sector median valuation. The main risk to our model is potential further delays at Vung Ang. Given the lack of progress (and lack of official disclosure until the AGM), our confidence is weaker than it was when we [upgraded](#) the stock as a trading BUY on March 1.

Upside risk: Potential recognition of ~VND300bn in machine breakdown insurance claims could be recorded in 2023.

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.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

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