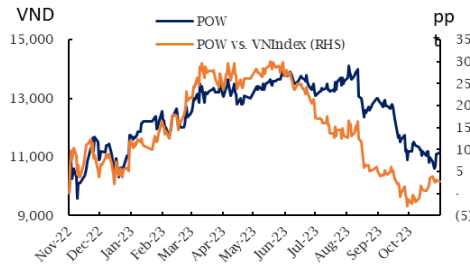


Vietnam: Energy

6 November 2023

BUY
TP upside +50.6%
Close 3 Nov 2023

 Price 11,100
 12M Target 16,724

Share price performance relative to VNINDEX


Market cap (USD mn)	US\$1.1bn
6M ADT (USD mn)	US\$4.3mn
Outstanding shares (mn)	2.342mn
Free float (%)	20%
FINI ownership (%)	4.6%
FOL Room (%)	44.4%
Major shareholders (%)	79.9%
2024 Net debt/equity (%)	Net cash
2024 BVPS (VND)	16.385
2024 P/B (x)	0.7
2024 P/E (x)	9.4
2024 EV/EBITDA (x)	4.2

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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Bloomberg code: YUTA
PV Power (POW VN)
Maintenance disrupted production
Event

3Q23 PATMI reached VND 82.7bn, up by +23.6% YoY (-34.4% QoQ). POW says it carried out major maintenance in three plants in 3Q23.

Details

3Q23 revenue slid by -6.0% YoY to reach VND5.7tn. This was mainly attributable to a -34.9% QoQ / -6.2% YoY fall in production output to 2.8bn kwh. POW carried out major maintenance at Ca Mau 1 & 2 and NT2. Notably, NT2's revenue dropped by -62% YoY to VND 816bn as it was in major maintenance for 47 days (Sep 7 to Oct 24). 3Q23 GPM contracted to 5.4%, down -0.2ppts QoQ / -6.2ppts YoY.

3Q23 PATMI fell -34.4% QoQ but rose by +23.6% YoY to reach VND 82.76bn, as net financial expenses dropped by -32.9% YoY to reach VND74.5bn and SG&A dropped by -50% YoY to VND149bn.

9M23 revenue reached VND 21,533bn (+4.7% YoY) attributable to 9.9% YoY increase in output volume to reach 11.2bn kWh. However, 9M23 PATMI dropped by -38.6% YoY to reach VND 743bn, as gross margin almost halved, falling by -6.1ppt YoY to reach just 6.8%.

Key matrix	3Q22	3Q23	9M22	9M23
Revenue (VND bn)	6,041.7	5,679.5	20,565.8	21,533.2
Revenue growth (%)		-6.0%		4.7%
Gross margin	11.6%	5.4%	12.9%	6.8%
Gain/Loss from JVs	0	0	25	13
PATMI	67	83	1,210	743
Profit growth (%)		23.6%		-38.6%

Source: Fiinpro, Yuanta Vietnam

POW fulfilled 71% of its full-year revenue and 77% of annual PAT guidance. POW's 2023 targets include revenue of VND 30.3trn (+7% YoY) and output volume of 15.6 bn kWh (+10% YoY). The company guides for PAT to decline by -56% YoY to VND 1,118 bn.

Update on 1500 MW NT3 and NT4 LNG power plants. The generator and gas turbine were installed at NT3 in October, which should boost confidence that scheduled launch of commercial power generation (COD) at NT3 in 4Q24 and at NT4 in 2Q25 is achievable. Thus, POW has completed 55% of these new power plants.

The worst is over? POW has 21% correction since August, which more than discounts the weak 3Q23 results. **Near-term upside catalysts** include substantially increased output starting from 4Q23 given that 1) according to management, POW has completed major maintenance at three of its thermal power plants (NT2, Ca Mau 1 & 2); and 2) the Vung Ang plant should be back online in October. **Main risk:** competition from increased hydropower supply across the country.

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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.

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