

**Power: Pioneering the green energy revolution**

- 2024 marks a pivotal year for finalizing key policies, supporting gas-fired and RE segments, thereby creating a more attractive investment environment.
- From 2025, high demand growth of 11-13% serving as the primary driver, favoring thermal power amid high risk of unfavorable hydrological conditions.
- We recommend PC1, NT2, and POW for power sector investment strategies, owing to reasonable valuations and strong growth narratives tied to the positive outlook of gas-fired and wind power segments.

**We observe numerous factors supporting the sector growth from 2025**

In 2025, the Ministry of Industry and Trade projects a baseline scenario for power consumption growth at a relatively high rate of 11-13%, exceeding the high-growth scenario of 9.8% outlined in PDP8. Meanwhile, capacity growth is expected to reach only ~5% and has consistently lagged behind demand growth for the past four years. Furthermore, the increase in EVN’s retail electricity prices is expected to improve the environment for mobilizing power plants, particularly creating greater room to deploy higher-cost power sources like gas-fired power from 2025. In 2024, the government actively rolled out and enacted critical policies for the sector, with the Electricity Law being the most prominent. We anticipate this will serve as a crucial foundation for accelerating the issuance of circulars and decrees targeting specific sub-sectors in 2025, fostering a more favorable investment environment, particularly for renewable energy and gas-fired power.

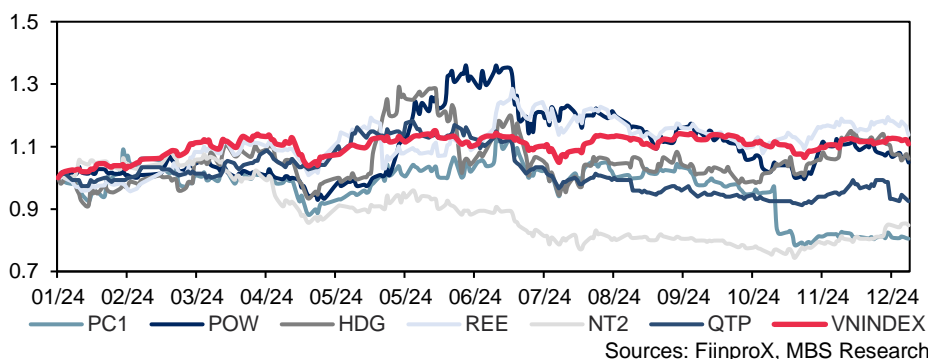
**We expect 2025 to mark a revival of the renewable energy sector, while thermal power plants stand to benefit from higher utilization rates**

From 2025, the RE sector is likely to benefit from key policies being expedited, including the DPPA mechanism and calculations of wind power price frameworks. Additionally, we expect final conclusions and resolutions regarding violations in the RE sector. These developments will bring an end to the stagnation experienced over the past three years, reigniting growth aligned with PDP8 objectives. For the gas-fired power segment, in addition to improved frameworks for LNG electricity pricing and support for new plant development, we anticipate a recovery in utilization following a challenging period of low mobilization in 2023-24. Meanwhile, coal-fired power is expected to maintain high mobilization levels to hedge against potential unfavorable hydrological conditions starting in 2Q25.

**Investment Strategy: PC1, POW, and NT2 as Key Picks in the Power Sector**

Our selection based on the following criteria: (1) Companies with attractive valuations and strong upside potential (2) Prominent representatives in the sector, possessing long-term growth stories aligned with the development of wind power and gas-fired power (3) A forecasted recovery in earnings growth from a low base, supported by an analysis of mobilization trends in 2025 favoring thermal power

Figure 1: YTD price performances of power stocks under MBS coverage



**Manager**

**Dung Nguyen Tien**

Dung1.NguyenTien@mbs.com.vn

**Analyst**

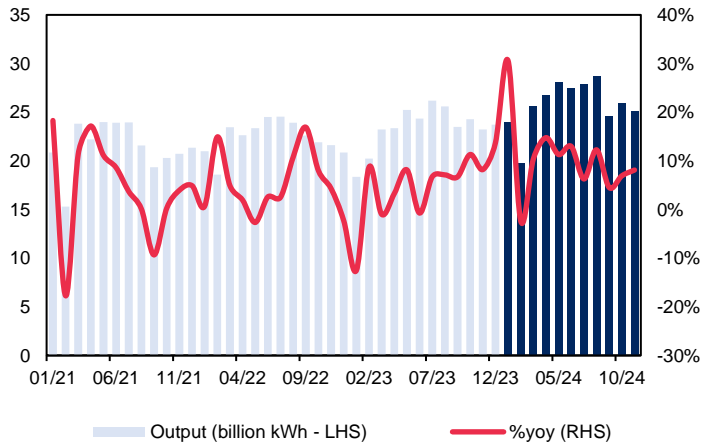
**Tung Nguyen**

Tung.NguyenHaDuc@mbs.com.vn

**Power sector 11M24 recap**

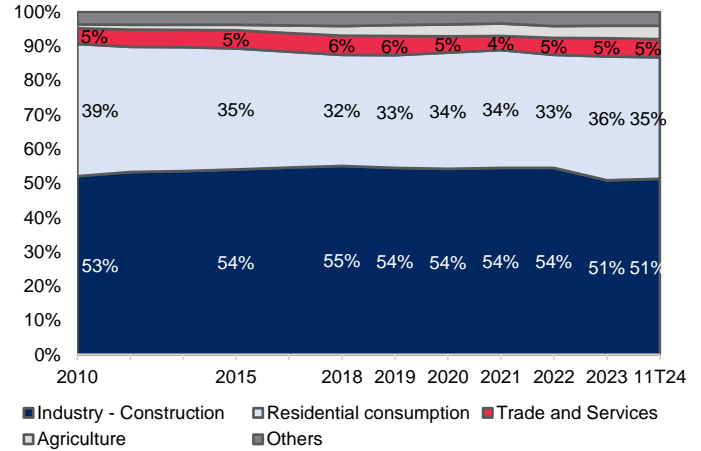
**Differentiated mobilization amid strong production recovery**

**Figure 2: 11M24 power consumption increased 10% yoy, surpassing the MOIT plan, driven by economic recovery from the low base of 2021–23**



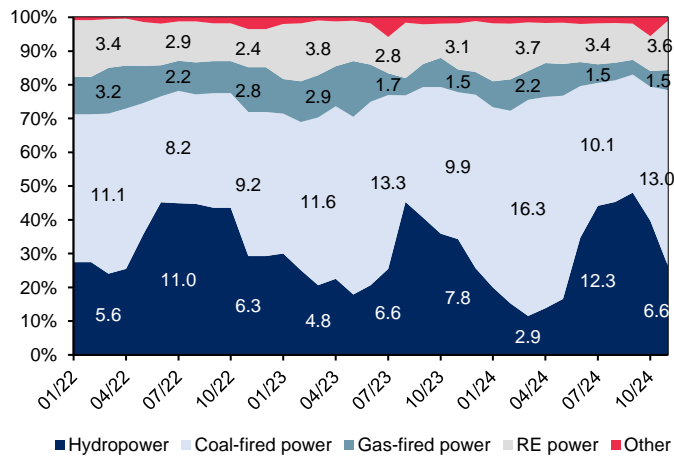
Sources: EVN, MBS Research

**Figure 3: Industrial and residential consumption remained key drivers of demand growth, accounting for 51% and 35%, respectively, of the national electricity consumption structure in 11M24**



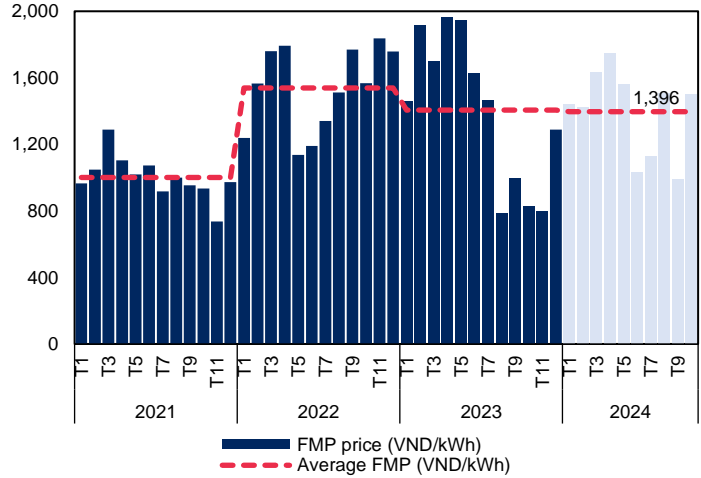
Sources: EVN, MBS Research

**Figure 4: Coal-fired power was the highlight in 1H24; Hydropower took the lead from 2H24, due to favorable hydrology; Gas-fired power output remained low due to gas shortages; RE power sustained stable output**



Sources: EVN, MBS Research

**Figure 5: 10M24 FMP reached VND1,396 VND/kWh (+1% yoy), a relatively low level. This limited the scope for thermal power mobilization, primarily due to NSMO's prioritization of hydropower in 2H24**



Sources: GENCO3, MBS Research

**2025-26 Outlook: Several positive signal, supporting sector from 2025**

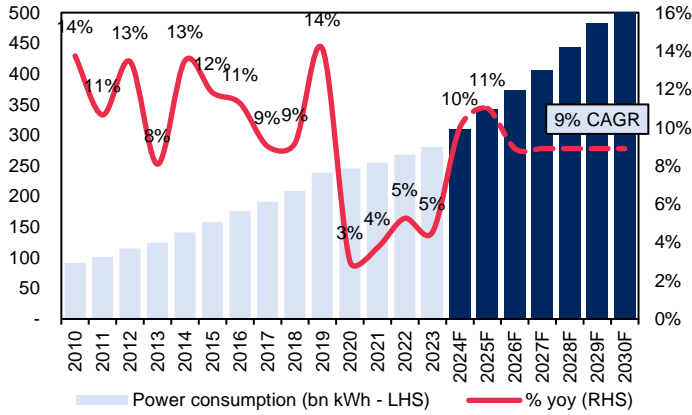
**Power consumption to grow 11% yoy in 2025, providing a solid foundation for mobilization especially when capacity growth decelerates**

In 2025, national economy is expected to continue its robust growth. Accordingly, the MOIT has set a baseline scenario for power consumption growth at a high level of 11–12%, surpassing even the high scenario in PDP8, which projects 9.8%. From 2025–30, demand growth is anticipated to maintain a high CAGR of ~9.1%.

Amid slowing power supply growth relative to demand growth, this presents both pressure and opportunity for power plants to benefit from more active mobilization trends. Notably, the Ministry of Industry and Trade is intensifying preparation efforts, determined to avoid electricity shortages akin to those of

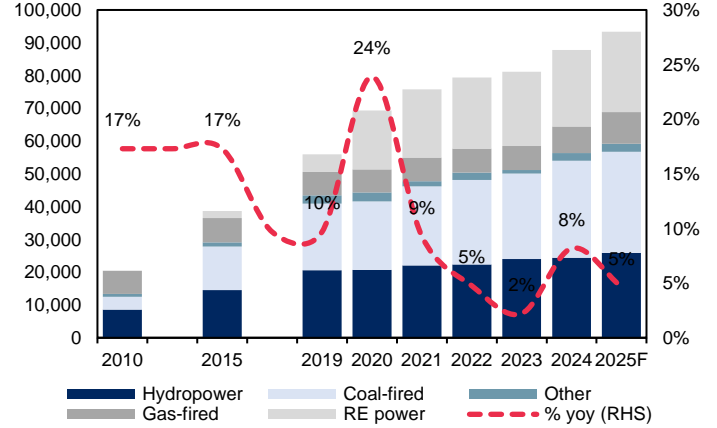
2023. With the commissioning of the 500kV Circuit 3, the surplus capacity in the southern region is expected to be absorbed, aided by enhanced inter-regional electricity distribution capabilities from South to North.

**Figure 6: 2024-30 power consumption grow at CAGR of 9.1%, marking a solid recovery from the low base of 2021-23**



Sources: MOIT, MBS Research

**Figure 7: The pace of power supply growth since 2021 has been lagging behind demand growth, we see continue pressure from 2025 onward (Unit: MW)**



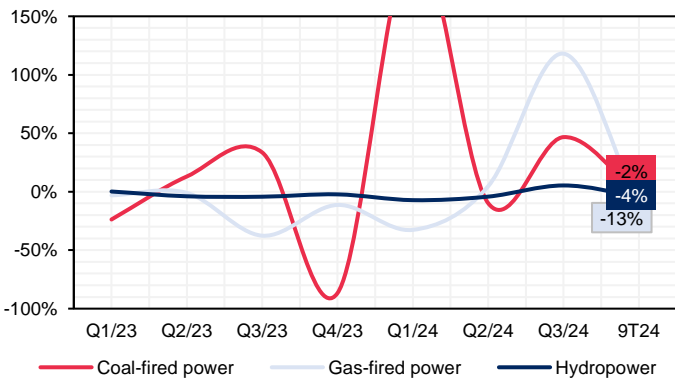
Sources: EVN, MOIT, MBS Research

### EVN's retail electricity price increase, a critical factor supporting power plant mobilization from 2025

In 2024, despite solid power consumption growth, the 9M24 financial results of power companies were lackluster, primarily due to challenging mobilization conditions amidst EVN's financial difficulties: 1) Hydropower experienced significantly low production in 6M24, with selling prices reduced as EVN lowered the Qm ratio from 10% to 2%, limiting the high-price mobilization potential for hydropower plants.; 2) Gas-fired power was not mobilized due to gas shortages and high selling prices; 3) Coal-fired power, while maintaining good production levels, saw a sharp decline in profit margins due to rising input costs and lower CGM price.

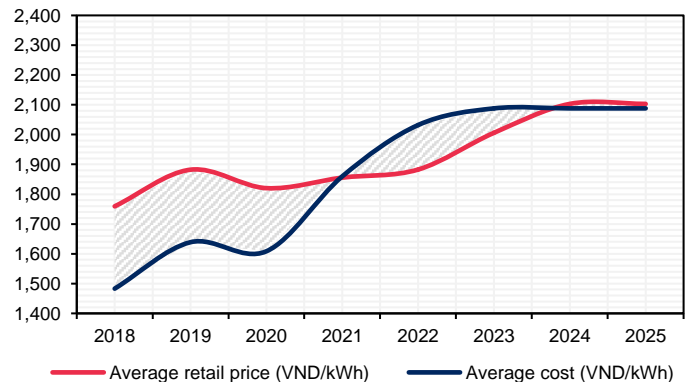
EVN's retail electricity price increase will improve the mobilization environment from 2025. Assuming a production cost of 2,088 VND/kWh, consistent with 2023 levels, the new retail price would enable EVN to achieve a profit of ~15 VND/kWh. Moreover, with strong contribution of hydropower, we expect the current profit margin could be higher in 2024.

**Figure 8: Listed power companies posted dismal financial results in 9M24, driven by the challenging mobilization environment across power sources**



Sources: FiinProX, MBS Research

**Figure 9: EVN increased the retail price 4.8%, reaching VND2,103/kWh from Oct 24, supporting its financial improvement from 2025 onward**



Sources: EVN, MBS Research

## A crucial period for finalizing Laws and Regulations in preparation for the green energy era

With only 6.5 years remaining to complete the tasks outlined in PDP8, 2024–25 will witness the issuance of critical policies laying the groundwork for power development from 2025 onward. Notably, the amended Electricity Law, approved in November 2024, serves as a comprehensive legal framework for the sector, covering key policies on power development planning, investment in power projects, and the growth of renewable and new energy sources.

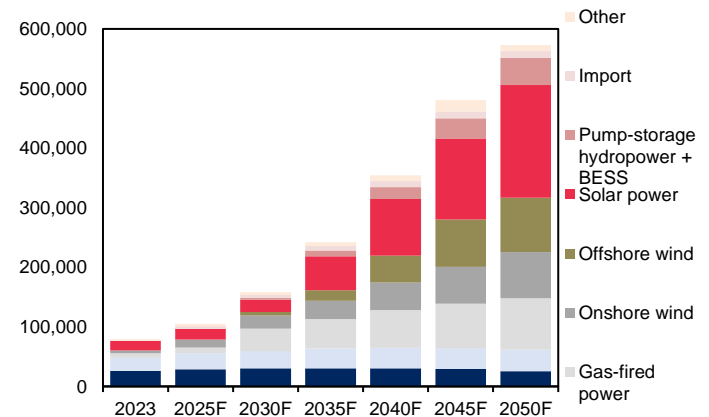
In addition to prominent changes like allowing nuclear power development and eliminating cross-subsidies in electricity pricing among consumer groups, the amended Electricity Law continues to emphasize the role of renewable energy and LNG power. It also mandates mechanisms to accelerate investment in these sources in the future.

**Figure 10: Multiple policies issued in 2024 provide a foundation for continuing the power sector’s development from 2025**

Policies/projects	Progress
<b>Completed</b>	
Power import price framework from Laos	- Approved price framework on Oct 24 - Hydropower: 6.78UScent/kWh; Wind power: 6.4UScent/kWh
LNG power price framework	- Approved 2025 LNG-to-power price in June 2024
DPPA mechanism	- Officially issued on July 03, 2024
Mechanism for developing self-consumed rooftop solar	- Issued Decree No. 135/2024/ND-CP on October 22, 2024
Electricity Law (amended)	- Passed by the National Assembly on Nov 30, 2024, effective from Feb 2025
<b>In progress</b>	
New price framework for RE	- EVN submitted new price to ERAV for further evaluation in Dec 2024
2-component retail electricity price	- EVN submitted to MOIT in Nov 24, expected to initially pilot on particular client group before expand nationwide application from 2025
Developing a mechanism for carbon credit market	- Building projects

Sources: MOIT, MBS Research

**Figure 11: The demand for power generation capacity remains substantial until 2030, focusing on wind and gas-fired power (Unit: MW)**



Sources: PDP8, MBS Research

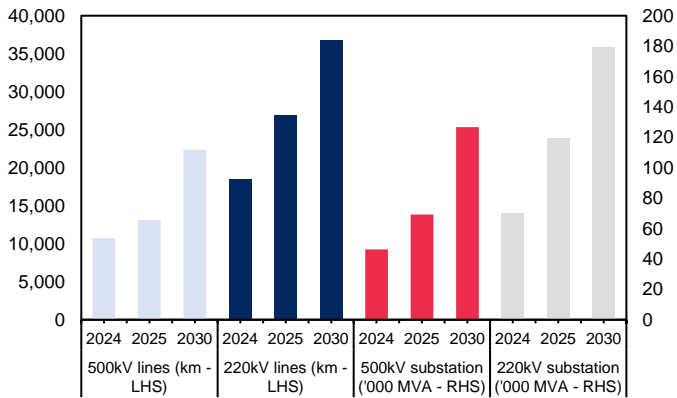
### 2024-26 Outlook by sub-sector

#### Power infrastructure construction: Including the transmission grid and power generation facilities, is pivotal in the green energy era

The need to expand the power grid to accommodate the high capacities share of RE and to enhance power transmission from the South to North remains critical. Consequently, power infrastructure to maintain a positive outlook through 2030, with annual project workloads averaging US\$1.6bn, as outlined in PDP8.

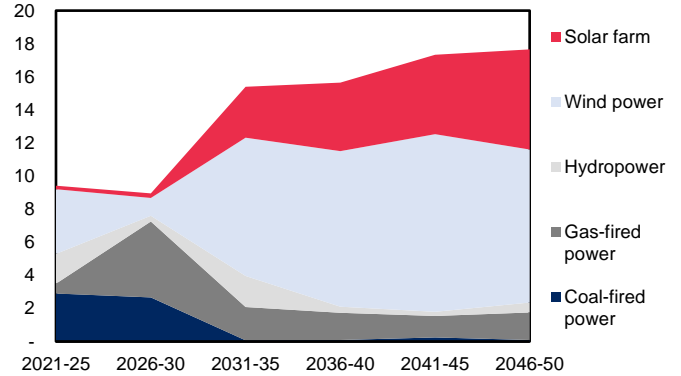
The focus on power generation investments, particularly in wind and LNG power, is well-defined. Leading contractors with expertise in RE power plant development, such as PC1, TV2, and PVS, are poised to benefit significantly from this trend through 2030. From 2025, we see critical DPPA and the issuance of new price framework for wind power to be the major catalyst, boosting RE power contracting activities in the upcoming years.

**Figure 12: Estimated workload for power transmission projects remains high from 2021–2050, with an annual value of ~US\$1.6bn**



Sources: PDP8, MBS Research

**Figure 13: Investment demand for power sources is substantial under PDP8, with a high allocation toward wind and LNG power (Unit: US\$ billion)**



Sources: PDP8, MBS Research

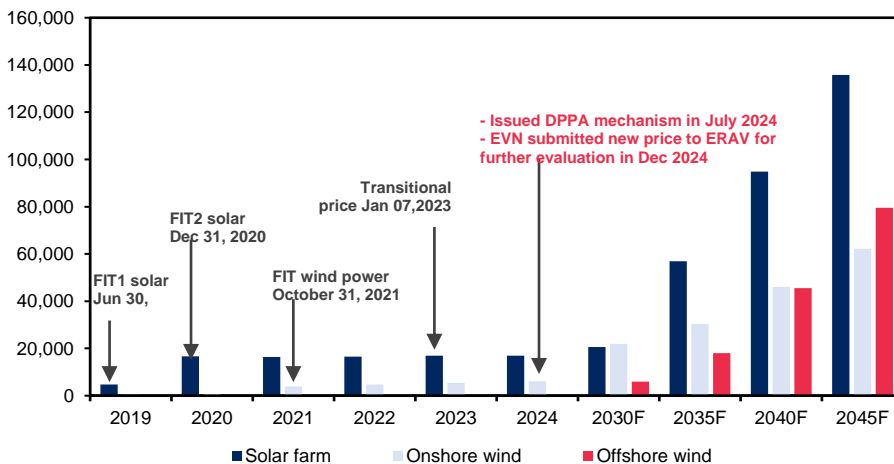
### Renewable Energy: Wind power as a key driver through 2030

During 2024–25, RE power plants are expected to sustain stable output growth due to reduced curtailment, supported by an upgraded electricity system capable of handling a high RE share in Vietnam's energy mix

The pricing framework for transitional projects, introduced after more than a year, has facilitated tariff negotiations for most projects. By the end of 2023, 29 plants (with a total capacity of 1,577 MW) had completed COD procedures and commenced commercial operations. However, these projects are currently mobilized at a temporary tariff (only 50% of the transitional cap), and the slow progress in finalizing official prices continues to strain cash flows and economic efficiency.

In 2024, the DPPA mechanism was officially introduced in July. Furthermore, in December, EVN submitted preliminary calculations for a new wind power tariff to ERAV for evaluation and approval. A finalized wind power tariff is anticipated in 2025 in our view.

**Figure 14: The immense demand for wind power development is projected to achieve a 30% CAGR over 2024-30, underpinned by mechanisms like DPPA and a new pricing framework, which serve as catalysts starting in 2025 (Unit: MW)**



Sources: PDP8, MBS Research

There are positive signs of a pricing framework issuance emerged after EVN's Dec 24 submission to ERAV

On December 4, 2024, EVN submitted a proposal for calculating the wind power price framework to ERAV for further evaluation and approval. We view this as a positive signal that will support businesses in advancing project development starting from 2025. The new wind power price framework is approximately 1-4% higher than the transitional price framework, a level expected to maintain the economic viability of RE projects.

Companies with strong capabilities and proven expertise in executing large-scale projects, particularly those operating power plants with efficient output, optimized investment costs, and access to low-cost financing, are poised to benefit in the upcoming phase. Notable beneficiaries include HDG, REE, GEG, and PC1.

Figure 15: Preliminary tariffs are 4% higher than the transitional tariff

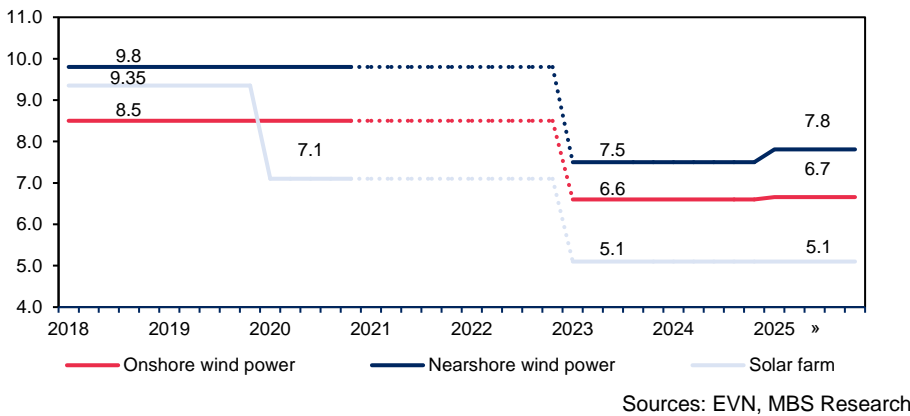


Figure 16: We run a sensitivity analysis of investment costs and output on wind power IRR, following the new price...

Investment cost (VNDbn)	2,700	2,800	2,900	3,000	3,100	3,200	3,300
28	11.8%	13.0%	14.3%	15.5%	16.7%	17.9%	19.2%
30	9.7%	10.8%	11.9%	13.0%	14.2%	15.3%	16.5%
32	7.8%	8.9%	9.9%	10.9%	12.0%	13.0%	14.1%
34	6.2%	7.2%	8.1%	9.1%	10.1%	11.1%	12.1%
36	4.7%	5.7%	6.6%	7.5%	8.4%	9.3%	10.2%
38	3.5%	4.3%	5.2%	6.0%	6.9%	7.8%	8.6%
40	2.3%	3.1%	3.9%	4.7%	5.6%	6.4%	7.2%

Sources: MBS Research

Figure 17: ... It is suggested a 2.8% increase in IRR for each unit reduction in investment costs, an output increase as per our evaluations

Investment cost (VNDbn)	2,900	3,000	3,100	3,200	3,300	3,400	3,500
34	13.7%	14.9%	16.1%	17.3%	18.5%	19.6%	20.9%
36	11.7%	12.9%	14.0%	15.1%	16.3%	17.4%	18.5%
38	10.1%	11.1%	12.2%	13.2%	14.3%	15.4%	16.4%
40	8.5%	9.5%	10.5%	11.5%	12.5%	13.5%	14.6%
42	7.2%	8.1%	9.1%	10.0%	11.0%	11.9%	12.9%
44	5.9%	6.8%	7.7%	8.6%	9.5%	10.4%	11.3%
46	4.8%	5.7%	6.5%	7.4%	8.2%	9.1%	10.0%

Sources: MBS Research

The DPPA mechanism is a step forward in promoting renewable energy adoption

DPPA not only enhances transparency and competition in the electricity market but also supports Vietnam in achieving sustainable development goals and reducing carbon emissions. This aligns with modern trends as Vietnam is expected to attract substantial green FDI, meeting higher environmental standards. Moreover, it elevates the competitiveness of domestic export businesses, enabling them to satisfy stringent international market requirements.

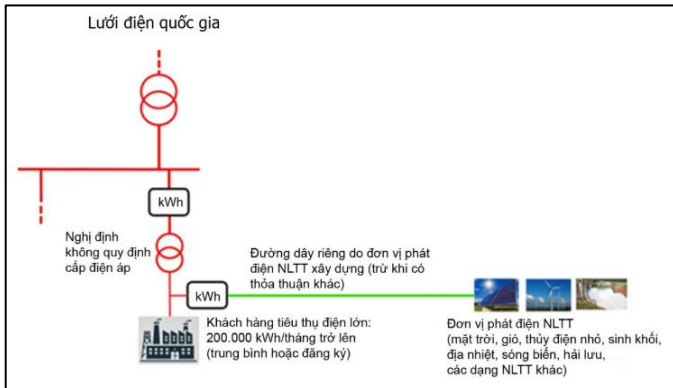
Currently, there are no detailed guidelines from the Ministry of Industry and Trade (MOIT) for implementing DPPA. Specifically, regulations regarding the



calculation of transmission, distribution, and retail electricity costs have not been issued, which is a crucial basis for stakeholders to estimate costs during price negotiations.

In our view, the demand for DPPA is significant, with many parties having signed MOUs to participate in this mechanism. DPPA electricity prices are expected to be higher than EVN's retail rates, primarily because buyers receive Renewable Energy Certificates (RECs). However, additional time and the operation of the first DPPA cases will be required to effectively evaluate the policy's impact.

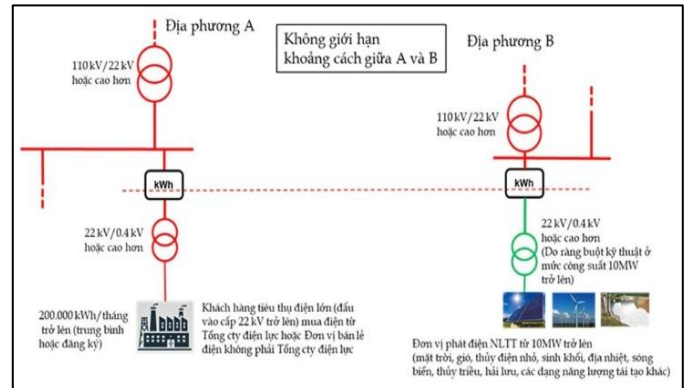
Figure 18: Option 1: DPPA via private transmission lines



- No specific voltage requirements for private connection lines
- No capacity or RE power plant type restrictions
- Suitable for customers and RE plants located in proximity, such as within the same industrial park or cluster

Sources: Vietnam Energy Magazine, MBS Research

Figure 19: Option 2: DPPA via the national grid



- Customers and RE plants must connect at 22kV voltage or higher
- Eligible RE plants must have a minimum capacity of 10MW
- Power generators and customers execute long-term Contracts for Difference (CfD), settling the difference between agreed price (Pc) and market price (FMP)
- Buyers pay additional DPPA-related costs, including system usage fees
- As a virtual DPPA contract, this option is not restricted by geographical distance

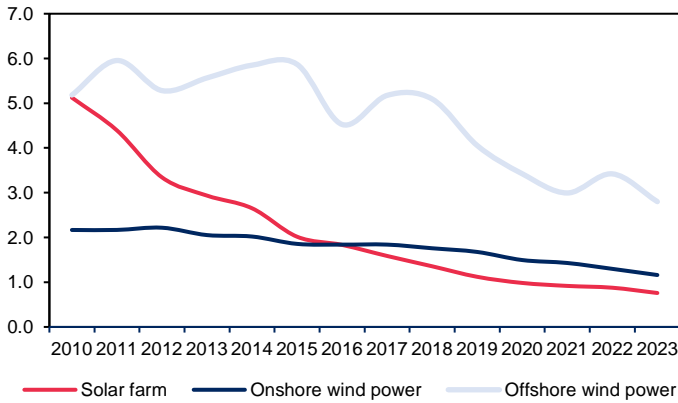
Sources: Vietnam Energy Magazine, MBS Research

*We see positive policy signals as a driving force for the renewable energy market from 2025*

With encouraging policy signals, including: 1) The issuance of the DPPA mechanism; 2) The implementation of the self-consumption rooftop solar policy; 3) Preliminary calculations for the wind power price framework in 2025, we believe that the renewable energy (RE) market will become more vibrant from 2025, with early beneficiaries being construction contractors such as PC1 and TV2.

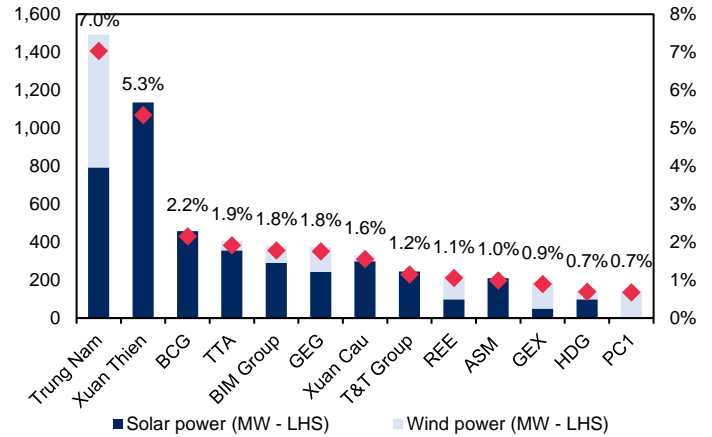
According to IRENA, declining installation costs and improved turbine efficiency are key factors supporting wind power investment. Companies with strong capabilities and experience in large-scale project implementation, efficient power plants, reasonable investment costs, and low-cost capital mobilization will benefit in the upcoming period, including HDG, REE, and PC1.

Figure 20: IRENA's latest report indicates that installation costs have sharply declined between 2010 and 2023 (Unit: Million USD/MW)



Sources: IRENA, MBS Research

Figure 21: Companies with expertise in wind power, such as REE, GEX, GEG, those with low-cost capital mobilization, such as PC1 and HDG, will have competitive advantages in the near future.



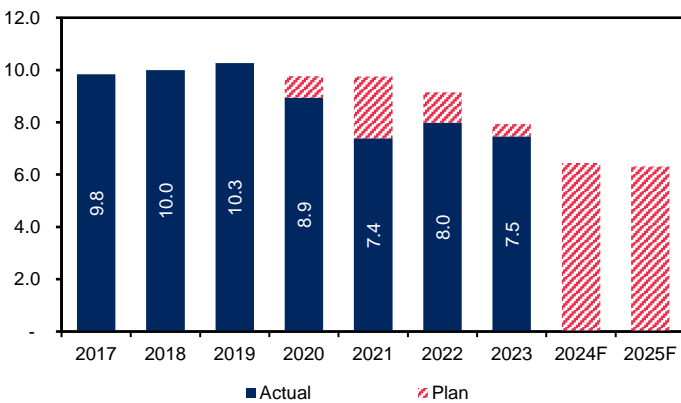
Sources: MBS Research

### Gas-fired power: LNG as an inevitable trend from 2025

In 2025, gas shortages will remain the primary factor affecting gas-fired power generation, particularly for plants relying on the Southern Gas. We see an existing risk as new gas field projects are only expected to come online as early as 2026-2027.

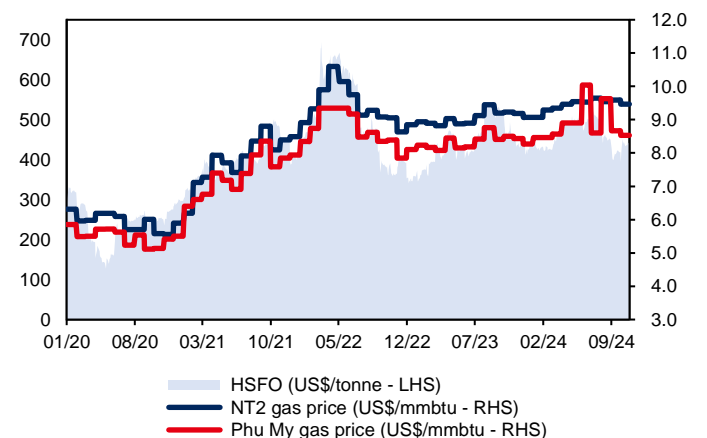
We believe that policies for LNG allocation to domestic plants need to be expedited. Amid declining gas supply, high extraction costs, and elevated domestic gas prices during 2022-2024, the competitiveness of gas-fired power has been adversely affected. However, the situation could improve as Vietnam's electricity demand continues to grow from 2025, and EVN's electricity price hike may create room for higher-priced power sources.

Figure 22: Gas output has consistently fallen short of annual targets since 2020. We project that total gas supply in 2024-2025 will continue to decline (Unit: billion m<sup>3</sup>)



Sources: GAS, MBS Research

Figure 23: Gas prices have remained high during 2022-2024 and are unlikely to reverse given the escalating costs of extracting new gas fields



Sources: Bloomberg, GENCO3, NT2, MBS Research



Figure 24: A list of ongoing gas field projects shows that additional gas supplies from new fields may only be feasible from late 2026

Project	Location	Capex (US\$m)	Reserves (m3 gas)	2023	2024	2025	2026	2027	2028	2029	2030
Block B	Malay - Tho Chu basin	6,700	107bn m3 gas		FID			First gas expectation			
White Lion - Phase 2b	Cuu Long basin	1,300	20bn m3 gas		FID	Sep 2025: Contract expires		First gas expectation			
Nam Du - U Minh	Malay - Tho Chu basin	n/a	171.3bn m3 gas		FDP setting			First gas expectation			
Blue Whale	Song Hong basin	4,600	150bn m3 gas		FDP setting						First gas expectation
Bao Vang - Bao Den	Song Hong basin	1,321	58bn m3 gas		Exploring						
Ken Bau	Song Hong basin	n/a	200-250bn m3 gas		Exploring						

Sources: MBS Research

The role of LNG is becoming increasingly critical amidst the decline in domestic gas supplies. Presently, imported gas are traded at fluctuating prices ranging from \$12 to \$14 per MMBtu—30-50% higher than prevailing domestic gas prices. These imports are primarily allocated for the trial operations of Nhon Trach 3 and 4, as well as serving as a contingency supply for the Phu My 3 thermal power plant during the peak demand periods of Q2 and Q3 of 2024.

In terms of project implementation, the recently established LNG power pricing mechanism is poised to facilitate the progress of PPA negotiations for initial plants currently under construction, such as Nhon Trach 3 and 4 and LNG Hiep Phuoc 1. Over the 2024–2035 period, we hold a favorable view of enterprises engaged across the LNG electricity value chain, notably infrastructure investors like GAS and power project developers such as POW and PGV.

Figure 25: List of outstanding power projects in the period 2024-35 according to the implementation plan of PDP8

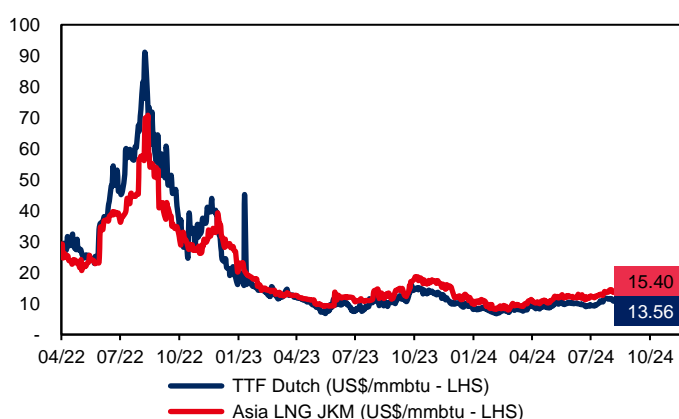
Power plant	Capacity (MW)	Timeline	Investor	Progress
<b>LNG-to-power</b>				
Nhon Trach 3&4	1,600	2025-26	PVPower	Under construction
LNG Hiep Phuoc 1	1,200	2025	Hai Linh Company Limited	Under construction
LNG Bac Lieu	2,400	2027-29	Delta Offshore Energy	Building FS
LNG Quang Ninh 1	1,500	2028-29	PVPower - Colavi - Tokyo Gas - Marubeni	Building FS
LNG Thai Binh	1,500	2029		Choosing investors
LNG Nghi Son	1,500	2029-30		Choosing investors
LNG Quynh Lap	1,500	2029-30		
LNG Quang Trach	1,500	2029-30	EVN	
LNG Hai Lang	1,500	2028-29	T&T Group - Hanwha - Kospo - Kogas	Building FS
LNG Ca Na	1,500	2029-30		Choosing investors
LNG Son My 2	2,250	2027-29	AES Group	Building FS
LNG Son My 1	2,250	2027-29	EDF - Sojitz - Kyushu - Pacific Group	Building FS
LNG Long Son	1,500	2031-35	PGV - TTC - TV2 - Mitsubishi - GE - GTPP	
LNG Long An 1	1,500	2021-30	VinaCapital - GE	Building FS
LNG Long An 2	1,500	2031-35	VinaCapital - GE	
<b>Domestic gas-fired power</b>				
O Mon III, IV (Block B)	2,100	2028-30	PVN	
O Mon II (Block B)	1,050	2027	Vietracimex - Marubeni	
Dung Quat 1,2,3 (CVX)	2,250	2028		
Mien Trung 1,2 (CVX)	1,500	2030	PVN	

Sources: PDP8, MBS Research

We observe that the declining trend in LNG prices is bolstering Vietnam’s significant demand for gas-fired power investment. Currently, LNG shipments are primarily sourced from Indonesia and Malaysia at an approximate price of \$12/MMBtu (inclusive of transportation and regasification costs). This price remains approximately 20% higher than that of domestic gas, exerting pressure on the viability of LNG-based power generation in the short to medium term.

From a policy perspective, we believe that the promulgation of the LNG pricing framework will serve as a catalyst for enterprises to advance the development of gas-fired power plants. This, in turn, will drive the medium- to long-term demand for LNG storage and port infrastructure, aligning with Vietnam’s increasing gas consumption needs.

**Figure 26: Bench-mark LNG price drop to be the main support for LNG gas-fired power investment in medium term**



Sources: Bloomberg, MBS Research

**Figure 27: List of LNG terminal projects are being invested in to meet the increasing gas demand from 2025**

LNG terminal	Capacity (million tonne)	Timeline	Investors
<b>Southern regions</b>			
Thi Vai Terminal phase 1	1.0	2023	PVPower
Hai Linh Terminal	1.2	2024	Hai Linh, AG&P
LNG Son My Terminal	3.6	2026-30	GAS, AES
FSRU Nam Du	1.0-3.0	2026-30	
<b>Central regions</b>			
LNG Khanh Hoa Terminal	2.0-3.0	2031-35	
<b>Northern regions</b>			
FSRU Hon Me	1.0	2025	
LNG Lach Huyen Terminal	3.0 - 4.0	2026-30	

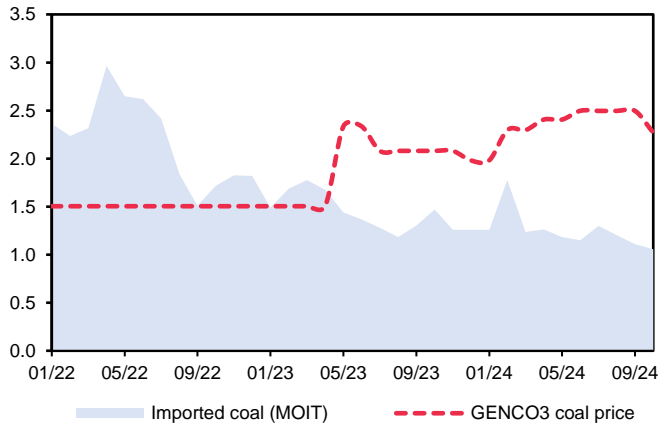
Sources: PDP8, MBS Research

### Coal-fired power: Positive mobilization outlook to remain in 2025

By 2025, we anticipate that the reliance on coal-fired power generation, particularly in Northern Vietnam, will persist due to two key factors: 1) Power demand growth in the North remains the highest nationwide, exerting significant pressure on supply, as the expansion of power generation capacity lags behind the demand growth; and 2) Hydropower output is expected to fall short of projections, further exacerbating the risk of nationwide power shortages. We foresee that QTP, HND, and PPC are positioned to benefit in 2025. However, given the resurgence in coal prices, we see rising risk for profit margin, as opportunities for dispatch optimization in the CGM will be constrained.

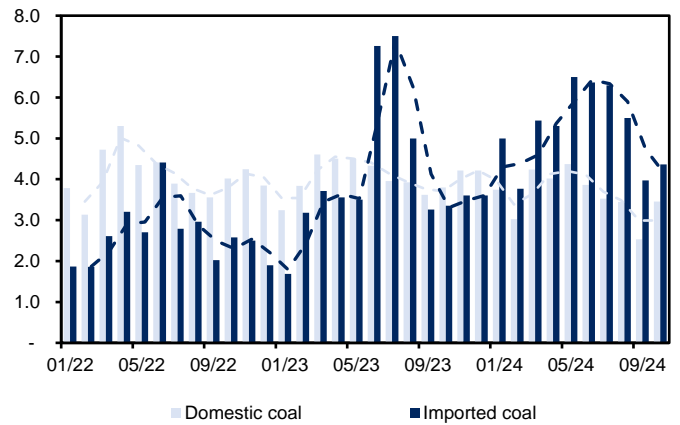
In the long term, coal-fired power is unlikely to remain a focal point for development due to its high emissions and challenges in securing financing. Between now and 2030, only six coal power projects are expected to proceed, primarily under the BOT. Among these, certain projects, such as Vung Ang 2 (1,200MW) BOT Quang Trach 1 (1,403 MW) and Na Duong 2 (110 MW), are already under construction and are anticipated to commence operations in the near future.

Figure 28: Coal prices have tended to increase again since the beginning of the year, affecting the ability to mobilize in the electricity market and the profit margin of enterprises (Unit: million/tonne)



Sources: GENCO3, MOIT, MBS Research

Figure 29: In the context of TKV continuing to increase coal imports, the prospect of mobilizing the coal-fired thermal power group will be guaranteed to serve the expected high growth in load demand from 2025 (Unit: million tonne)



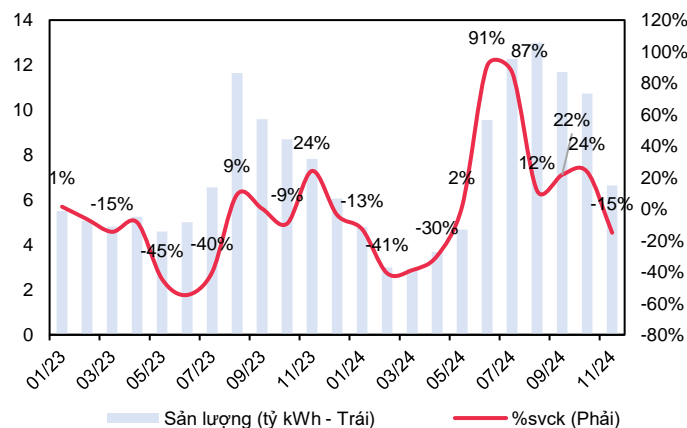
Sources: MOIT, MBS Research

**Hydropower: We see hydropower to enjoy solid output recovery over 4Q24 - 1H25 from low-base**

Hydropower output, after a less favorable performance in 1Q24, has shown signs of recovery starting from 2H24, supported by favorable hydrological conditions and prioritize mobilization. Looking ahead to 4Q24, the National Center for Hydro-Meteorological Forecasting projects that total rainfall in the Central, Central Highlands, and Southern regions will remain consistent with the multi-year average, while rainfall in the Central Coast region is anticipated to exceed the multi-year average by 5–15%. Consequently, enterprises with hydropower plants in these regions, such as HDG and REE, are likely to benefit. Meanwhile, we see hydropower mobilization among Northern plant to be hamper under modest rainfall and lower-than-expected hydrology.

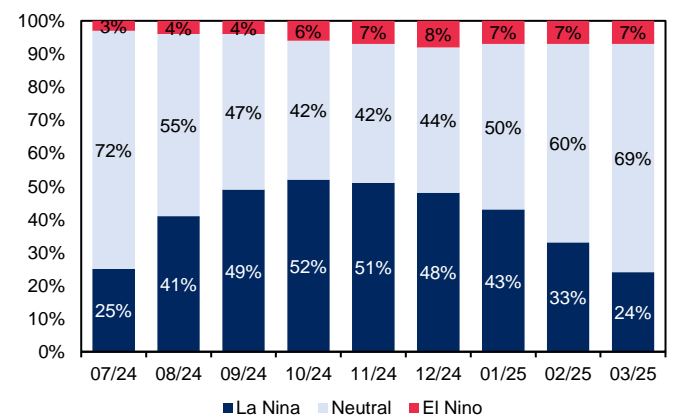
For 2025, the La Niña phase is expected to persist until 1Q25, transitioning back to a Neutral phase thereafter. While weather patterns for the upcoming year remain somewhat uncertain, we maintain a positive outlook for the first half of 2025, driven by a low comparative base from 1H24.

Figure 30: Hydropower output has shown gradual improvement since Q2/24, with a marked surge from June 2024 onwards (Unit: million kWh)



Sources: EVN, MBS Research

Figure 31: According to IRI, weather conditions are expected to transition to a Neutral phase starting from Q1/25, with no pronounced patterns anticipated for the following year



Sources: IRI, MBS Research

## Investment strategy: We chose PC1, NT2, and POW

Company	Rcm.	Target price (VND/share)	Investment thesis
PC1	ADD (+30%)	29,300	<ul style="list-style-type: none"> <li>Leading player in power construction with a strong track record in several key national projects. We see robust segment outlook for PC1 from 2025 driven by 1) Several RE policies were carried out to enhance RE development from 2025, including DPPA, and initial evaluation of new 2025 RE price framework; 2) High workload for grid development of averaging US\$1.5bn/year under PDP8. Following its ambition to approaching not only top tier project domestically but international market, PC1 has achieved initial successes thanks to win the EPC contract for a 58MW wind power plant in Philippines (total value ~VND1,200bn), further prove the company capability to gain valuable back-log in the future.</li> <li>PC1 continues to expand its power capacity, particularly in hydropower and wind power. The company plans to bring two small hydropower plants, Bao Lac A (30MW) and Thuong Ha (13MW), into operation in 2026-27 and is closely monitoring opportunities to invest in a wind power project in Quang Tri.</li> <li>2024-26 PC1's EPS robust growth will be driven by real estate segment. Particularly, the recent successful auction of Thap Vang and the ongoing legal processes for PC1 Gia Lam and Dinh Cong indicate a solid foundation for revenue generation in the residential sector over 2025-27. Moreover, PC1 is making gradual strides into the IP market through its investment in joint venture with ongoing projects like Western Pacific, as well as independently developing NHIZ IP Phase 2. We believe this positions them well for sustained profit growth through 2028..</li> </ul>
POW	ADD (+20%)	14,900	<ul style="list-style-type: none"> <li>POW stands to gain significantly from the Vietnamese government's long-term strategy to develop LNG-based power until 2035. particularly through major LNG power projects listed as national priorities, including Nhon Trach 3&amp;4 (1,600MW – 2024-25) and Quang Ninh LNG (1,500MW – 2029-30).</li> <li>Mid-term revenue growth driven by Nhon Trach 3&amp;4: Operations for Nhon Trach 3&amp;4 are scheduled to commence in 2025. The recent signing of the Power Purchase Agreement (PPA) in October 2024 marked a major milestone following decisive actions to resolve pricing mechanism issues, land clearance, and financing. We expect Nhon Trach 3&amp;4 to drive POW's growth from 2026-27.</li> <li>Improving utilization rates across power plants to support net profit growth of 25% CAGR over 2024-26 thanks to: 1) Strong power consumption growth is anticipated amidst recovering industrial demand; 2) EVN's improved financial position, following an electricity price rise, is expected to facilitate a higher mobilization level for gas-fired power.</li> <li>Attractive valuation: The current price level corresponds to a P/B of 0.8x, well below the industry average (~1.5x). POW's valuation is appealing, presenting a compelling opportunity for long-term investment, given its expected business recovery and potential capacity growth from 2025-30.</li> </ul>
NT2	ADD (+20%)	23,900	<ul style="list-style-type: none"> <li>Amid the continued decline in Southeastern gas supplies in 2025, NT2 is expected to receive a higher gas allocation due to two key factors: 1) Phu My 3 and 2.2 (1,400 MW) BOT contracts will expire and lose priority in dispatch; and 2) NT2 retains a gas offtake agreement with GAS valid until 2027. We believe this will significantly support NT2's business performance, following a period of very low dispatch in H1/24.</li> <li>National electricity demand is forecasted to grow by 11-13%, with improved transmission capacity from South to North after the commissioning of the 500kV Circuit 3. This will help absorb the surplus electricity supply in the Southern region, enhancing dispatch levels for gas-fired power plants.</li> <li>Upon completing its debt obligations, we expect the company to maintain a dividend payout of 1,500 VND per share, equivalent to a dividend yield of 7.8%, aligning with the defensive investment appeal of the sector.</li> </ul>
HDG	ADD (+16%)	33,600	<ul style="list-style-type: none"> <li>Leading power company, with proven capability in implementing and operating projects with low investment cost, averaging VND25bn/MW across total portfolio of 461MW. Looking ahead 2025-30, HDG set ambitious plans to double current power capacity, in which some of the outstanding projects include hydropower Son Linh (15MW), Son Nham (9MW), as well as wind power Phuoc Huu (50MW), Binh Gia (80MW).</li> <li>2025-26 robust NP growth of 25% CAGR mainly driven by Charm Villa Phase 3 (~130 units). Specifically, HDG has high chance to benefit from the issuance of the pilot implementation of commercial housing projects on non-residential land, which untie the biggest knot among the company prolonged delayed projects in term of convert land-used purpose. However, developer have to wait until April 1, 2025 when the policy officially takes effect. Until then, Government need to issue a guideline for the implementation of the new policy as well as a specific list of projects to be pilot.</li> <li>Robust financial health enable HDG to withstand market difficulties. The company bears minimal pressure from interest expenses due to owning effectively operating projects, and its proactive approach in negotiating new loans with lower interest rate, especially for their hydropower plants.</li> </ul>

QTP	ADD (+21%)	16,100	<ul style="list-style-type: none"> <li>In 2025, coal-fired power plants, particularly those in Northern Vietnam, are expected to maintain high output levels. This trend will be driven by increased electricity demand during the summer months and persistent risks of power shortages amid less favorable hydropower conditions.</li> <li>QTP may witness profit improvements as their plants become fully depreciated starting in 2025, with debt anticipated to be fully repaid by 2026. Additionally, input costs are expected to benefit from the declining trend in imported coal prices beginning in December 2024.</li> <li>The company hold the potential to distribute higher dividends (9-10% dividend yield at current price) in the coming years as they transition into a phase of debt repayment completion and depreciation, alongside stable medium-term dispatch prospects.</li> </ul>
REE	HOLD (+12%)	75,300	<ul style="list-style-type: none"> <li>In the latter half of 2024, growth momentum is expected to stem from the property segment, driven by the phase 1 launch of the low-rise residential project The Light Square and the opening of E.Town 6, a new office building.</li> <li>M&amp;E activities to enjoy robust NP recovery of 25% CAGR from 2025-26, backed by substantial back-log new signed from the Long Thanh Terminal as well as the comeback of HCMC property market.</li> <li>REE long-term growth trajectory is supported by planned investments, including the development of two RE projects: Tra Khuc 2 hydropower (30MW) and Duyen Hai wind power (48MW), both expected to commence operations in 2026. Furthermore, REE is pursuing the development of three additional wind power projects in Tra Vinh with a total capacity of 344MW, reinforcing its commitment to renewable energy expansion.</li> <li>REE presents a compelling investment case within the defensive sector, thanks to its solid financial position, superior profitability, and an expected EPS CAGR of 15% over 2025-26.</li> </ul>

Figure 32: Peer comparison

Company	Ticker	Price	Target price	Recom.	Mkt Cap	P/E (x)		P/BV (x)		ROA (%)		ROE (%)		EV/EBITDA (x)		D/E
						2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	
<b>Gas-fired power peer</b>																
PVPower	POW VN	12,450	14900	ADD	1,167.7	12.7	20.3	0.9	0.8	1.8	1.4	4.3	3.9	8.6	8.4	0.6
GENCO 3	PGV VN	22,000	NA	NR	852.4	9.2	1.5	1.2	(1.1)	na	(1.1)	(4.1)	13.3	7.8	5.9	2.1
Nhon Trach 2 JSC	NT2 VN	19,550	23,900	ADD	221.8	48.8	12.0	1.4	1.3	1.7	7.0	2.9	11.7	6.6	4.7	0.0
<i>Average</i>						35.5	13.8	1.2	0.3	1.2	1.2	0.7	8.2	7.7	6.3	0.9
<i>Median</i>						12.7	19.6	1.2	0.8	1.2	1.4	1.9	7.4	7.8	5.9	0.6
<b>Coal-fired power peer</b>																
HAI Phong Thermal Power JSC	HND VN	13,300	NA	NR	262.1	15.1	10.9	1.1	1.1	5.5	8.7	7.1	10.7	4.7	4.4	0.1
Quang Ninh Thermal Power JSC	QTP VN	14,000	16,100	ADD	260.7	9.1	7.9	1.2	1.1	7.9	12.5	10.6	14.9	4.3	4.2	0.1
Pha Lai Thermal Power JSC	PPC VN	11,500	NA	NR	145.3	10.8	5.8	0.8	na	6.1	12.3	6.9	7.7	41.2	15.2	-
<i>Average</i>						11.6	8.2	1.0	1.1	6.5	11.2	8.2	11.1	16.7	7.9	0.0
<i>Median</i>						10.8	7.9	1.1	1.1	6.1	12.3	7.1	10.7	4.7	4.4	0.1
<b>Hydropower peer</b>																
Vinh Son - Song Hinh Hydropower	VSH VN	50,000	NA	NR	465.6	31.3	na	2.5	na	4.1	na	7.6	na	10.9	na	0.7
Hua Na Hydropower JSC	HNA VN	24,850	NA	NR	230.4	22.9	na	1.8	na	7.1	na	7.9	na	9.8	na	0.0
Central Hydropower JSC	CHP VN	33500	NA	NR	194.0	15.9	na	2.7	na	11.1	na	16.8	na	8.8	na	0.4
<i>Average</i>						23.4	na	2.3	na	7.4	na	10.8	na	9.8	na	0.4
<i>Median</i>						22.9	na	2.5	na	7.1	na	7.9	na	9.8	na	0.4
<b>RE power peer</b>																
Gia Lai Electricity JSC	GEG VN	10,950	NA	NR	154.6	28.9	15.9	1.0	0.9	0.9	1.7	3.8	5.2	8.5	8.6	1.7
BGE	BGE VN	10,300	NA	NR	296.4	na	na	1.0	na	na	na	na	na	16.4	na	0.7
<b>Multi-segment peer</b>																
REE Corp	REE VN	67,400	75,300	HOLD	1,251.2	15.4	12.4	1.5	1.3	5.6	6.7	9.4	10.5	9.3	8.5	0.6
Ha Do Group JSC	HDG VN	30,650	33,600	ADD	406.3	15.1	8.4	1.6	1.4	4.8	7.8	11.5	16.1	8.2	6.6	0.7
PC1 Group JSC	PC1 VN	22,850	30,100	ADD	322.1	17.4	13.0	1.2	1.0	2.4	3.3	8.0	10.1	7.7	7.0	1.6
Bamboo Capital Group JSC	BCG VN	9,630	NA	NR	222.0	26.5	na	0.5	na	0.4	na	2.3	na	22.3	na	0.6
<i>Average</i>						18.4	12.2	1.3	1.4	3.3	4.8	9.6	14.7	11.9	7.4	0.8
<i>Median</i>						16.5	13.0	1.5	1.4	3.4	5.8	9.7	16.1	8.8	7.0	0.6

Sources: Bloomberg, MBS Research

Figure 33: FY24-26F key financial metrics of stock under our coverage

VNDbn	PC1			POW			REE			HDG			NT2			QTP		
	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
Revenue (VNDbn)	10,093	11,020	12,674	30,303	47,154	52,450	8,778	9,874	10,551	2,923	3,858	3,663	5,886	7,675	7,723	11,874	12,380	12,378
% growth	29.3%	9.2%	15.0%	8.4%	55.6%	11.2%	2.3%	12.5%	6.8%	1.4%	32.0%	-5.1%	-7.8%	30.4%	0.6%	-1.5%	4.3%	0.0%
Gross profit	2,006	2,226	2,612	2,226	4,451	5,303	3,298	3,816	3,984	1,765	2,403	2,250	79	591	900	890	1,023	951
Gross margin (%)	19.9%	20.2%	20.6%	7.3%	9.4%	10.1%	37.6%	38.7%	37.8%	60.4%	62.3%	61.4%	1.3%	7.7%	11.7%	7.5%	8.3%	7.7%
EBITDA	2,229	2,439	2,783	4,389	6,861	7,613	4,028	4,501	4,677	2,034	2,685	2,538	708	1,018	960	1,378	1,507	1,434
EBITDA margin (%)	22.1%	22.1%	22.0%	14.5%	14.5%	14.5%	45.9%	45.6%	44.3%	69.6%	69.6%	69.3%	12.0%	13.3%	12.4%	11.6%	12.2%	11.6%
Net profit (VNDbn)	522	773	1,139	1,172	1,470	1,945	2,013	2,504	2,668	721	1,293	1,215	118	476	760	684	832	764
% growth	282.0%	48.1%	47.4%	9.1%	25.4%	32.3%	-8.0%	24.3%	6.6%	1.3%	79.4%	-6.0%	-75.0%	303.1%	59.6%	11.8%	21.6%	-8.2%
EPS (VND/share)	1,459	2,161	3,186	501	628	830	4,284	5,327	5,677	1,989	3,559	3,329	410	1,655	2,642	1,444	1,756	1,613
BVPS (VND/share)	19,162	21,852	25,526	15,257	17,066	18,406	45,380	50,903	56,941	18,655	23,049	26,549	13,964	14,165	15,369	12,268	12,652	12,850
Net cash/share (VND/share)	(20,362)	(20,210)	(17,864)	(5,637)	(7,532)	(5,051)	(9,858)	(6,001)	(1,259)	(11,154)	(8,837)	(6,864)	7,273	7,928	9,619	(230)	67	30
D/E (x)	1.8	1.7	1.5	0.7	0.8	0.7	0.7	0.5	0.5	0.8	0.6	0.5	0.6	0.7	0.6	0.0	-	-
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	102.4%	202.4%	3.3%	3.3%	3.3%	7.9%	7.9%	7.9%	10.2%	10.0%	10.0%
ROAE (%)	7.6%	9.9%	12.5%	3.7%	4.4%	5.5%	9.4%	10.5%	10.0%	11.5%	16.7%	13.6%	2.9%	11.7%	17.2%	12.4%	14.6%	13.2%
ROAA (%)	2.4%	3.2%	4.4%	1.6%	1.6%	1.9%	5.6%	6.7%	6.8%	4.8%	7.8%	6.9%	1.7%	7.2%	10.9%	9.8%	11.7%	10.6%

Sources: MBS Research



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Address:

MB Building, 21 Cat Linh, Dong Da Dist., Hanoi

Tel: + 8424 7304 5688 - Fax: +8424 3726 2601

Website: [www.mbs.com.vn](http://www.mbs.com.vn)

## MBS RESEARCH TEAM

### Director, Head of Research

*Hien Tran Thi Khanh*

### Deputy Head of Equity Research

*Dzung Nguyen Tien*

### Macro & Market Strategy

*Hung Ngo Quoc*

*Ha Anh Dinh*

*Cuong Phu Nghiem*

*Vo Duc Anh*

### Banking – Financial Services

*Luyen Dinh Cong*

*Hao Nguyen Duc*

### Real Estate

*Duc Nguyen Minh*

*Thanh Le Hai*

### Industrials – Energy

*Tung Nguyen Ha Duc*

*Huyen Pham Thi Thanh*

### Consumer - Retail

*Ly Nguyen Quynh*