

PetroVietnam Power Corporation (HSX: POW)

Key takeaways from POW's AM & Site visit

- On November 15, 2024, PVPower hosted an analyst meeting coupled with a site visit to the Nhon Trach 3&4 power plants.
- Management indicated a strong likelihood of improved operational performance in 2025 compared to the challenges faced in 2024.
- The Nhon Trach 3&4 (CCGT) plants, equipped with GE's 9HA.02 gas turbines are positioned as key growth catalysts from 2025 onward.

Gas supply and mobilization outlook for the gas-fired power plant in 2025

- Southern gas supply:** Annual supply remains adequate; however, there is a misalignment between gas supply capabilities and peak daily demand, leading to occasional days where sufficient gas is unavailable to operate all four units simultaneously. Discussions are ongoing with gas suppliers to mitigate this issue.
- Southeastern gas shortage:** Gas supply in 2024 is expected to decrease by 1.3bn m3 yoy, with further reductions projected to approximately 2–2.5bn m3 in 2025. Despite this decline, NT2's gas allocation is anticipated to improve due to: 1) NT2's existing guaranteed GSA.; 2) Other power plants utilizing Southeastern gas, such as Phu My 3 & 2.2, lack contractual gas supply commitments and are set to conclude their BOT agreements in 2025, reducing dispatch priority.
- NT1 is expected to operate using DO fuel and LNG based on dispatch plans.
- The Ministry of Industry and Trade is currently deliberating operational plans, with a positive outlook on the mobilization of gas-fired power plants in 2025.

Hũa Na's acquisition of Nam Non hydropower plant

- In October 2024, Hua Na signed an agreement to acquire the 20 MW Nam Non hydropower plant located in Nghe An. Positioned within the same river basin as Hũa Na, this acquisition leverages synergies between the two plants, with projected output of approximately 90m kWh per year.

Compensation for Vung Ang 1

- The full cost of repairs for VA1 was expensed in 2023, and the company has received VND600bn out of the total VND1,000bn in compensation. The remaining VND400bn is expected to be recorded during 1Q25.
- Challenges persist in handling fly ash to meet environmental and safety standards. VA1's location limits the feasibility of transporting fly ash to cement plants, and regulatory hurdles impede its use in road construction. Upgrading VA1's port facilities is planned to address these issues.

Power sector outlook for 2025 per POW's views

- EVN increased electricity prices by 5% this year, significantly improving payment terms with power plants. Dispatch planning for 2025 is anticipated to ease compared to 2024 but will remain contingent on prevailing conditions.
- The transfer of A0 to the Ministry of Industry and Trade is expected to enhance transparency in mobilization.
- Approval of LNG supply mechanisms for power generation remains a critical policy objective, with potential implementation in 2025.

na

Target price

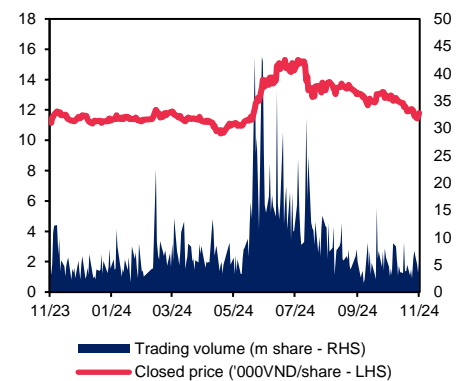
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Upside

na%

Key changes in the report

Price performance



Sources: FiiPro, MBS Research

Current price (VND)	11,750
52W High (VND)	15,300
52W Low (VND)	10,450
Market Cap (VNDbn)	27,049
P/E (TTM)	19.3
P/B	0.8
Dividend yield (%)	0.0%
Foreign ownership (%)	2.9%

Sources: <https://s24.mbs.com.vn/>

Ownership

PVN	79.9%
Others	20.1%

Sources: <https://s24.mbs.com.vn/>

Analyst(s)



Tung Nguyen

Tung.nguyenhaduc@mbs.com.vn

- POW's VND1,200bn overdue payment to GAS stems primarily from delayed payments by EVN, creating a cascading effect.

Charging Station Business Segment

- Two pilot charging stations located at PVN's headquarters at 6 Huynh Thuc Khang Street have shown promising results. The company plans to expand to approximately 1,000 stations over the next five years, although this initiative remains in the research phase.

Nhon Trach 3&4 LNG-to-power plants

- All major obstacles have been resolved, with EPC construction 95% complete. The 220 kV grid system was finalized in May 2024, and the 500 kV grid system is expected to be completed by November 2024.
- Nhơn Trạch 3 will undergo a six-month trial run and is expected to achieve COD by June 2025, followed by Nhơn Trạch 4.
- PPA and GSA terms are undisclosed due to confidentiality, but management indicates the fixed cost components for NT3&4 aligns with NT2.
- The minimum contracted volume (Qc) for 2025 is projected at 35%. Initial years may see operations below design capacity, depending on demand. However, management anticipates strong dispatch levels across NT1, NT3, and NT4, with no losses expected.

NT3&4 Technology and Efficiency

- Nhơn Trạch 3 & 4 utilize GE's 9HA.02 gas turbines, known for high efficiency and lower conversion costs. These turbines offer a combined cycle efficiency of approximately 63–64%, surpassing NT2's efficiency (~58%). This translates to reduced fuel consumption, lower maintenance requirements, and diminished CO2 emissions.

Figure 1: Heat Recovery Steam Generators



Sources: MBS Research

Figure 2: Turbine Area of Nhơn Trạch 3 & 4 Power Plants



Sources: MBS Research

Figure 3: Two main turbine systems that work together to maximize efficiency



Sources: MBS Research

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Add	The stock's total return is expected to reach 15% or higher over the next 12 months
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

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Positive	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
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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

MBS RESEARCH DEPARTMENT

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

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Ly Nguyen Quynh