

PetroVietnam Power Corporation (HSX: POW) Attractive value for long-term investment horizon

- 3Q24 NP rose 380% yoy, amid modest output growth, mainly due to strong exchange rate gains of ~VND330bn from its USD loans.
- 2024 NP will grow modestly, before rising at 25% CAGR over 2025-26, supported by solid output recovery from low base.
- Reiterate ADD with lower TP of VND14,900/share.

3Q24 results: Exchange rate gain to support earnings growth

In 3Q24, revenue increased by 7% yoy, primarily supported by a recovery in gas-fired power output from a low base of 44% yoy. However, coal-fired power output declined sharply due to unit 2 of Vung Ang 1 undergoing maintenance. The GPM remained low at 5%, amid high input costs, suboptimal plant utilization, and low market prices. Notably, financial income and expenses showed strong improvement, supported by FX gains from the revaluation of USD-denominated debt, driving a significant 380% yoy increase in 3Q24 net profit. Net profit for 9M24 thus reached VND1,066bn (+44% yoy), fulfilling 90% of our 2024 forecast.

Outlook 2024-26: Revenue scale growth driven by Nhon Trach 3&4

In 2024, we believe challenges in power mobilization, arising from EVN's financial pressures, may limit plant output recovery despite a low base in 2023. Accordingly, POW's revenue and net profit are expected to recover modestly, by 8% and 9% yoy, respectively, supported by a 9% yoy recovery in output.

Looking ahead to 2025-26, we expect a more favorable outlook for power dispatch driven by: 1) Strong growth in demand, supporting output mobilization; 2) EVN increasing electricity prices, potentially easing the stringent dispatch conditions for high-cost power sources as seen in 2024. Furthermore, NT3&4 will begin operations from 1Q25, driving revenue growth by 55% yoy in 2025 and 12% yoy in 2026. Although NT3&4 expected to record initial losses in their first two years, net profit growth projections of 25% and 32% yoy for 2025-26, respectively, offset by a recovery in gas-fired power from the exceptionally low base in 2024.

Reiterate ADD with lower TP of VND14,900/share

Our new TP reduced by 10% from the previous report due to downward adjustments in EPS growth forecasts for 2024/25/26 by 1.1%/8.0%/3.4%, based on more cautious gross margin projections. We believe POW stands to benefit significantly from the LNG power generation trend, with the current P/B valuation at 0.8x, notably lower than the industry average of 1.6x. Therefore, POW is a suitable choice given its attractive valuation, core operations gradually improving, and its downsides has somewhat reflected in the current price.

VNDbn	2023	2024F	2025F	2026F
Revenue	27,945	30,303	47,154	52,450
Net profit	1,075	1,172	1,470	1,945
Revenue growth	-1.0%	8.4%	55.6%	11.2%
Net profit growth	-47.8%	9.1%	25.4%	32.3%
Gross margin	7.8%	7.3%	9.4%	10.1%
EBITDA margin	15.1%	14.5%	14.5%	14.5%
ROAE (%)	3.6%	3.7%	4.4%	5.5%
ROAA (%)	1.7%	1.6%	1.6%	1.9%
EPS (VND/share)	459	501	628	830
BVPS (VND/share)	14,589	15,257	17,066	18,406

Sources: POW, MBS Research

ADD

Target price

VND 14,900

Upside

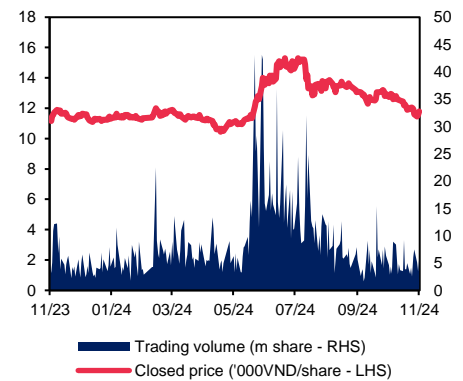
29%

Key changes in the report

Revised down 2024/25/26 EPS by 1.1%/8.0%/3.4%

Revised down TP by 10% versus previous report

Price performance



Sources: FiinPro, 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%

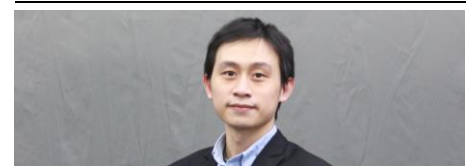
Sources: <https://s24.mbs.com.vn/>

Ownership

PVN	79.9%
Others	20.1%

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

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PetroVietnam Power Corporation (HSX: POW)

Investment Thesis and Recommendation

Investment Thesis

- Leading gas power company, benefiting from long-term government investment strategy: POW stands to gain significantly from the Vietnamese government's long-term strategy to develop LNG-based power until 2035. POW has favorable opportunities to strengthen its position, particularly through major LNG power projects listed as national priorities, including Nhon Trach 3&4 (1,600MW – 2024-25) and Quang Ninh LNG (1,500MW – 2029-30).
- Mid-term revenue growth driven by Nhon Trach 3&4: Operations for Nhon Trach 3&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&4 to drive POW's growth from 2026-27.
- 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.
- Attractive valuation: The current price level corresponds to a P/B of 0.8x, well below the industry average (~1.5x). We believe 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.

Reiterate ADD with lower TP of VND14,900/share

We maintain an ADD rating for POW with a revised target price of VND14,900 per share (-10% vs. our previous report), reflecting adjusted EPS forecasts for 2024/25/26 of -1.1%/-8.0%/-3.4%, based on a more conservative gross margin outlook. We believe now is a timely opportunity to reassess POW's outlook following significant progress in removing obstacles for Nhon Trach 3&4. The government's clear support for LNG-based power generation and anticipated policy backing will likely drive the sector's long-term growth. Consequently, we view POW as a leading player well-positioned to benefit from this trend. The target price of VND14,900/share implies a 2024-25F target P/B of 1.1x, lower than the industry average, in line with our cautious stance. The recent underperformance in earnings appears to be factored into the share price, and we expect 2025 to mark a turning point for POW's growth.

- **DCF Approach:** A 10-year DCF (WACC: 9.4%; COE: 12%; long-term growth: 1%) reflects a conservative view of POW's earnings growth.
- **Target P/B of 1.1x**, incorporating a cautious P/B approach relative to the 2024-25 industry average of 1.5x.

Figure 1: DCF valuation – Summary of FCF

VNDbn	2024F	2025F	2026F	2027F	//	2034F
EBITDA	4,389	6,861	7,613	8,186		6,420
(-) Depreciation and Amortisation	(2,810)	(3,666)	(3,636)	(3,637)		(1,936)
EBIT	1,580	3,195	3,976	4,549		4,484
(-) Tax	(174)	(355)	(501)	(516)		(897)
Tax rate (%)	11%	11%	13%	11%		20%
EBIAT	1,406	2,840	3,476	4,032		3,588
(+) Depreciation and Amortisation	2,810	3,666	3,636	3,637		1,936
(+) (Increase)/decrease in net working capital	(1,377)	1,705	117	(1,344)		73
(-) Capital Expenditure	(15,551)	(8,891)	(524)	(550)		(522)
Unleveraged Free cash flow (FCFF)	(12,712)	(680)	6,704	5,775		5,074
Terminal value						54,224

Sources: MBS Research

Figure 2: Cost of equity

Cost of equity	
Risk free rate	3.0%
Beta	1.0
Risk premium	9.0%
Cost of equity- ke	12.0%

Sources: MBS Research

Figure 3: WACC & Long-term growth rate

WACC & terminal growth	
Enterprise value	49,118
Debt	(24,079)
Cost of debt	6.8%
Tax rate	10.0%
WACC	9.4%
Perpetual growth rate	0.0%

Sources: MBS Research

Figure 4: Blended valuation

Methods	Target multiple	Implied share price	Weight	Weighted Value
		VND per share	%	VND per share
Average FY24-25 P/B	1.1x	15,586	50%	7,793
DCF, 10y		14,140	50%	7,070
Implied share price				14,863
Rounded share price				14,900

Sources: MBS Research

Figure 5: Peer comparison

Company	Ticker	Target price	Recom.	Mkt Cap	P/E(x)		P/BV(x)		ROA(%)		ROE (%)		EV/EBITDA (x)	
		Bloomberg			LC\$	US\$m	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
International peer														
Tata Power Co Ltd/The	TPWR IN	NA	NR	16,683.9	37.4	31.2	4.4	3.9	3.5	6.0	11.7	12.8	16.7	14.6
Malakoff Corp Bhd	MLK MK	NA	NR	808.8	14.4	13.2	0.9	0.8	1.5	1.8	5.2	5.7	4.6	4.5
Banpu power	BPP TB	NA	NR	1,061.8	10.2	9.1	0.7	0.7	4.1	4.4	7.4	7.7	10.9	10.1
Ratchaburi Elec	RATCH TB	NA	NR	1,613.2	8.6	7.3	0.6	0.5	3.6	4.2	6.8	7.9	12.3	10.6
Manila Electric	MER PM	NA	NR	6,904.4	11.2	10.9	2.7	2.5	6.5	6.1	26.0	23.7	7.5	7.2
Domestic peer														
GENCO3	PGV VN	NA	NR	880.0	9.5	8.6	1.5	1.2	-1.1	na	-4.1	na	7.9	5.8
Quang Ninh Thermal Power	QTP VN	NA	NR	242.8	10.1	7.4	1.1	1.0	10.6	12.5	13.2	14.9	4.0	4.0
Hai Phong Thermal Power	HND VN	NA	NR	263.9	15.2	11.0	1.1	1.1	7.8	8.7	9.9	10.7	4.8	4.5
Nhon Trach 2 Thermal Power	NT2 VN	NA	NR	214.3	24.7	21.5	1.3	1.3	2.5	3.5	5.4	7.1	6.4	4.7
Average					15.1	14.7	1.7	1.6	4.3	5.9	8.8	11.3	8.3	7.3
PVPower	POW VN	14,900	ADD	1,088.3	20.2	19.2	0.9	0.8	1.6	1.8	4.3	4.6	8.2	5.5

Sources: Bloomberg, MBS Research

Re-rating catalysts include:

- NT2 receivables related to 2019-20 exchange rate loss of ~VND150bn will be settled in 2024-25.
- Power demand surge at higher-than-expected rate, support gas-fired power mobilization rate to improve.
- Nhon Trach 3&4 operate better than expected

Downside risks include:

- EVN financial burden fails to resolve timely, causing disruption to POW's operating cash flow as well as risk of provisioning.
- The gas-supply risk in Southeast region to be more severe than expected.
- Nhon Trach 3&4 risks, relating to low output and early-year exchange rate loss from its foreign debt.

3Q24 business recap

Figure 6: Exchange rate gain to support earnings growth

VNDbn	3Q24	% yoy	% qoq	9M24	%yoy	% vs previous forecast	Comment
Total output (million kWh)	3,166	13%	-34%	11,536	4%	70%	3Q24 power output increased by 13% yoy, driven primarily by gas-fired power recovery
Gas-fired power	2,042	40%	-26%	6,436	-9%	70%	Gas-fired power output increased by 40% yoy, bolstered by NT2's recovery following last year's overhaul.
Coal-fired power	606	-41%	-67%	4,169	33%	71%	Coal power output decreased by 41% yoy, as Unit 2 underwent maintenance in 3Q24; additionally, demand growth in September was limited due to storms.
Hydropower	399	24%	97%	811	-3%	68%	Hydropower output strongly increased in 3Q24, aided by favorable weather conditions and EVN's prioritization of hydropower mobilization.
Average price (VND/kWh)	1,910	-5.7%	-0.5%	1,860	-6.7%		
Gas-fired power	2,152	-6%	3%	2,023	-3%	101%	Selling price has trended upward since 3Q24, partly supported by revenue compensation from EVN. Additionally, higher mixed coal prices supplied by TKV have increased coal-fired power ASP.
Coal-fired power	2,411	25%	30.4%	1,876	-7%	103%	Hydro power ASP decreased in 9M24 as Qm narrowed to 2%, impacting higher-priced power generation sources.
Hydropower	996	-12%	26%	1,025	-14%	93%	
Revenue	6,061	7%	-36%	21,686	1%	71%	
Gross profit	296	-3%	-59%	1,408	-3%	67%	
GPM (%)	5%	-0.5 d%	-2.8%pts	6%	-0.3 d%		3Q24 gross profit decreased by 3% YoY, with gross margins remaining at a low ~5%. A sharp drop in market prices, coupled with suboptimal plant dispatch levels, further compressed margins.
SG&A	169	14%	-6%	480	0%	70%	
Financial income	411	196%	214%	617	60%	108%	3Q24 financial income increased by 196% yoy, mainly due to FX gains of approximately VND 220bn related to new USD-denominated loans disbursed in late 2Q24.
Financial expenses	(3)	-102%	-104%	357	-27%	48%	Financial expenses decreased significantly due to a reversal of FX losses of around VND100bn from USD-denominated loans linked to Vung Ang 1.
Net other income	5	-389%	-38%				
PBT	547	568%	22%	1,267	25%	79%	
Tax	94	218%	na	152	19%	92%	
NPAT	216	-67%	-52%	1,329	-48%	95%	
Minority interest	57	na	na	45	-68%	16%	
Net profit	396	380%	-1%	1,066	44%	90%	As a result, Net profit for 3Q24 grew by 380% yoy, driven primarily by FX gains, contributing to a 44% yoy increase in net profit for 9M24, reaching 90% of our 2024 forecast.

Sources: POW, MBS Research

2024-26 Outlook: Revenue expand on the back of Nhon Trach 3&4

Gas-fired power: Recover from 2024 low base

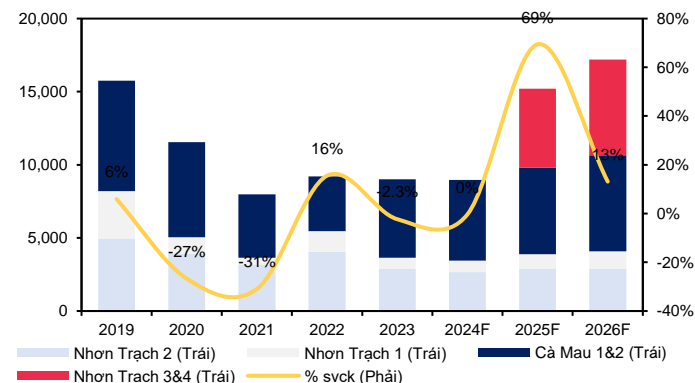
After a subdued 1Q24 in terms of gas power generation, Nhon Trach 2 and other plants recorded improvement in 2Q24, fueled by an 11% yoy increase in electricity demand over 9M24. However, gas-fired power mobilization remained low compared to prior years due to reduced domestic gas supply. Prolonged financial difficulties at EVN have significantly constrained dispatch plans, limiting the allocation for higher-cost gas-fired power sources. This challenging environment will likely persist in 2024, pressuring plants to operate at low margins to support EVN's financial constraints. For the full year 2024, we expect gas-fired power output to reach around 8.9bn kWh (+0.3% yoy), with contributions from Ca Mau 1&2 offsetting reductions at Nhon Trach 1&2. The average selling price is expected to remain high at VND2,010/kWh (-5% yoy), with revenue projected at VND18,023bn (-3.8% yoy).

Looking forward to 2025-26, we anticipate easing constraints on gas-fired power, supported by several factors:

- Average annual electricity demand is forecasted to grow by 9.1% over 2025-27, aligning with high-growth scenarios in PDP8, enhancing the outlook for mobilization amidst limited supply expansion.
- Phu My 3's BOT contract will end in 2024, and Phu My 2-2's contract will expire in Q1/25. These expirations will remove gas allocation and dispatch priority for these plants, directly benefiting Nhon Trach 1&2, which retains a gas supply contract with GAS.
- EVN's anticipated financial improvement is critical for supporting better mobilization for gas-fired power plants. The electricity prices rise in 2024 will likely provide room for higher-cost power sources.

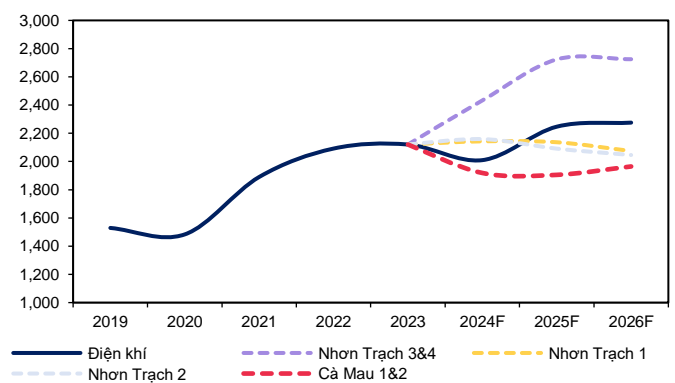
Thus, we project gas-fired power output to reach 15.2bn kWh in 2025 (+69% yoy) and 17.1bn kWh in 2026 (+13% yoy), with incremental contributions from Nhon Trach 3&4. ASP expected at VND2,247/kWh in 2025 (+11% yoy) and VND 2,276/kWh in 2026 (+1.3% yoy) as new plants utilize higher-cost imported LNG. Revenue is forecasted to grow by 89% yoy in 2025 and 15% yoy in 2026, reaching VND34,142bn and VND39,110bn, respectively.

Figure 7: Gas-fired power output will stay at low in 2024, before surging 69% yoy in 2025, thanks to additional contribution from Nhon Trach 3&4 (Unit: billion kWh)



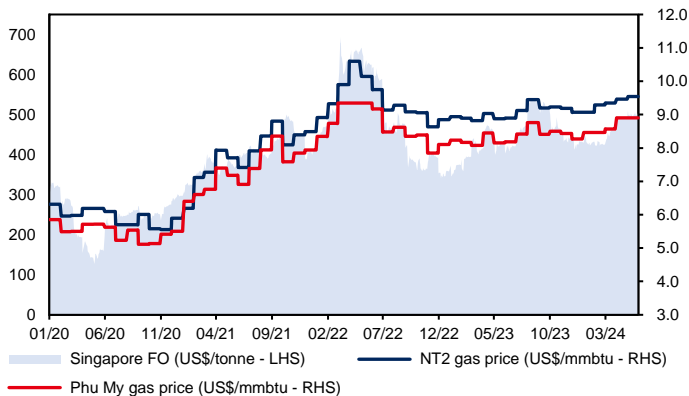
Sources: POW, MBS Research

Figure 8: Gas-fired power ASP to linger at high level in 2024-25 due to remained high domestic gas price and LNG-to-power plant to come online from 2025 (Unit: VND/kWh)



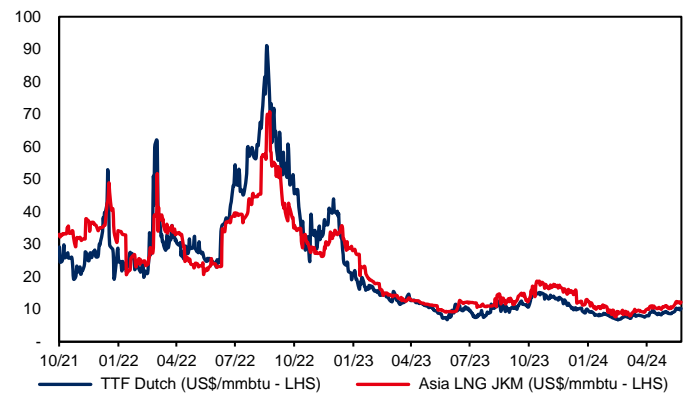
Sources: POW, MBS Research

Figure 9: Domestic gas prices to decline from 2022 peak, but remain high, anchoring on the HSFO price movement in 9M24



Sources: Bloomberg, NT2, GENCO3, MBS Research

Figure 10: We see the downtrend in benchmark LNG price will support Nhon Trach 3&4 mobilization



Sources: Bloomberg, MBS Research

Nhon Trach 3&4: Final stage for commercial operation starting in 2025

Construction progress: As of the end of October 2024, the overall EPC package for Nhon Trach 3&4 has reached 94% completion. Land lease issues with Tin Nghia Corporation have been resolved in agreement with POW.

Financing arrangements: POW successfully secured a non-restricted ECA loan of USD 200m with SMBC, backed by SACE. Notably, in October 2024, POW announced an additional ECA loan agreement valued at USD521.5m with Citibank and ING, ensuring full funding for the project.

PPA negotiation: Also in October 2024, POW officially signed a Power Purchase Agreement (PPA) with EPTC for Nhon Trach 3&4. Based on our perspective, the pricing and volume terms are expected to follow the 2024 LNG electricity price framework, with a projected volume (Qc) of approximately 65-75% of capacity. This PPA will provide a basis for POW to finalize GSA shortly.

Figure 11: Nhon Trach 3&4 2025-30 projections

	2025	2026	2027	2028	2029	2030
Output (m kWh)	5,406.0	6,544.1	7,113.1	7,397.6	7,966.7	7,966.7
%utilisation	48%	58%	63%	65%	70%	70%
ASP (VND/kWh)	2,723.8	2,725.2	2,726.6	2,728.1	2,729.6	2,731.2
LNG price (US\$/mmbtu)	13.5	13.5	13.5	13.5	13.5	13.5
Revenue	14,724.7	17,833.7	19,394.7	20,181.3	21,745.8	21,563.3
%yoy		21%	9%	4%	8%	-1%
COGS	13,372.5	16,280.5	17,420.8	17,991.9	19,132.3	19,138.2
Gross profit	1,352.2	1,553.2	1,973.8	2,189.4	2,613.5	2,425.1
%GPM	9%	9%	10%	11%	12%	11%
SG&A	294.5	356.7	387.9	403.6	434.9	431.3
EBITDA	1,869.9	2,496.3	2,885.7	3,085.5	3,478.3	3,293.6
%EBITDA margin	13%	14%	15%	15%	16%	15%
Interest expenses	1,574.7	1,443.4	1,312.2	1,181.0	1,049.8	918.6
Tax	-	-	-	-	56.4	53.8
%tax rate	0%	0%	0%	0%	5%	5%
NPAT	(516.9)	(246.9)	273.7	604.8	1,072.4	1,021.6
%NPAT margin	-4%	-1%	1%	3%	5%	5%

Sources: POW, MBS Research

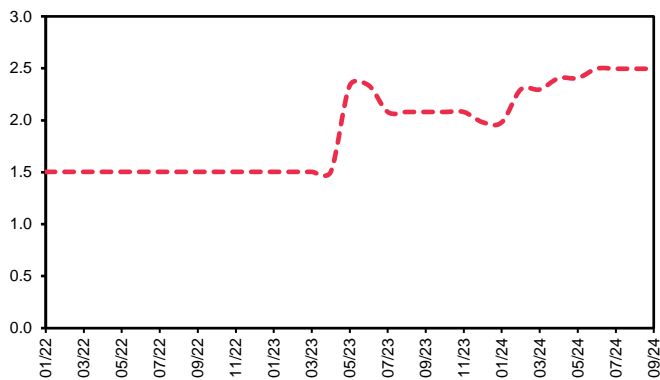
We assume an LNG price of around USD 13.5/mmbtu for Nhon Trach 3&4, estimating a selling price of approximately VND2,700/kWh. At this rate, mobilization pressure is expected to remain for EVN, given the current average retail electricity price of VND2,103/kWh. Nhon Trach 3&4 is anticipated to record

net losses during its first two years of operation due to high fixed costs and financial expenses. However, debt service obligations are expected to face limited pressure as EBITDA will cover interest payments, while POW maintains substantial cash flow from other operational plants. Starting from 2027, we project positive growth, with the two plants expected to contribute approximately 7.1bn kWh annually. Thus, we believe that securing the Qc volume at an average of 65-75% of design capacity could ensure an IRR of approximately 9-10%.

We also note exchange rate risk associated with the USD900m debt for NT3&4. For every 1% increase in the exchange rate, POW may incur a foreign exchange loss of around VND160-180bn in the initial years of operation.

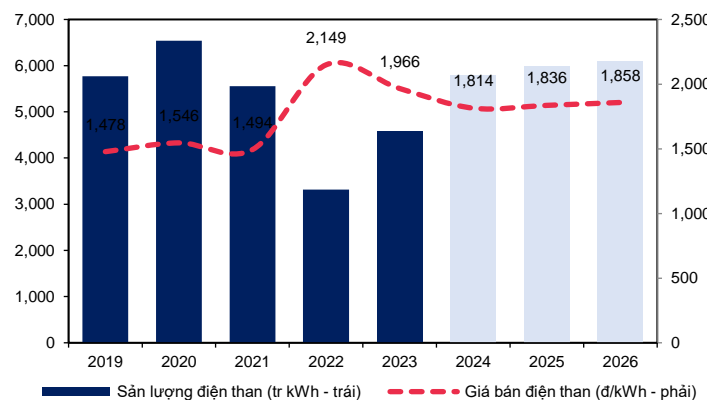
Coal-fired power: Mobilization outlook to remain over 2024-26 period

Figure 12: Mixed coal price recorded an uptrend from 2Q24, putting pressure on higher coal-fired power price (Unit: VNDm)



Sources: GENCO3, MBS Research

Figure 13: ASP to linger at high in 2024-25 while output maintain at optimal mobilization rate thanks to solid demand in the North



Sources: POW, MBS Research

In 2024, we expect Vung Ang 1's output to increase by 26% yoy, reaching 5.7bn kWh. ASP is anticipated to decrease by 8% yoy to VND1,814/kWh, supported by cooling input costs in the first half of the year, which should drive revenue recovery by 17% yoy to VND10,488bn. This growth is due to: (1) Unit 1 resuming operations from 3Q23, and (2) a surge in electricity demand in the first half of the year, especially in Northern Vietnam. Looking ahead to 2025-26, we anticipate Vung Ang 1 will sustain optimal capacity utilization given the strong national electricity consumption growth forecast at 9.1% CAGR for 2025-30. Notably, the Northern region continues to show the highest load growth (>10%) in the country, while new capacity development remains relatively slow. We forecast Vung Ang 1's output to reach 5.9bn kWh (+3.6% yoy) in 2025 and 6.1 bn kWh (+2% yoy) in 2026.

Hydropower: First half of 2025 expected to be a bright spot for generation

In 1H24, prolonged El Niño effects and A0's water storage plan for the peak season led to low hydropower generation, with a significant drop in March. By 2Q24, most reservoirs were at high levels, ready to operate per A0's generation plan. Consequently, output is expected to recover from late 2Q24, particularly as both Hua Na and Dakdrink enter the rainy season. We forecast hydropower

production to rebound by 12% yoy to 1,367m kWh. Additionally, the Qc ratio for hydropower has been raised from 90% in 2023 to 98% in 2024, which limits competitive market bidding to just 2% of output. We believe this will only slightly reduce POW's average selling price by 3% yoy, as initial Qc agreements were set relatively high. Consequently, revenue is expected to rise 10% yoy to VND1,517bn.

In 2025, hydropower output is projected to reach 1,400m kWh (+3% yoy), aided by the continued La Niña effect at least through Q1/25, while we forecast a cautious 2026 output of 1,331m kWh (-3% yoy), in line with the 3-year average. The selling price is expected to increase sustainably by 2% yoy per annum, supporting 2025-26 revenue growth to VND1,584bn (+4% yoy) and VND1,536bn (-3% yoy), respectively.

Figure 14: We expect positive output growth over 2024-25. And selling price to sustainably rise 2% per annum

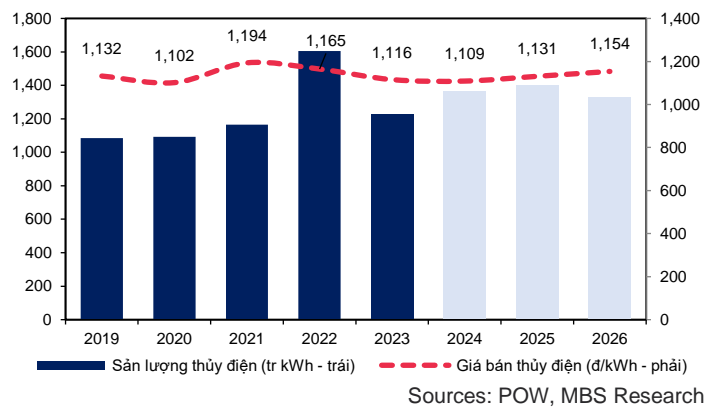
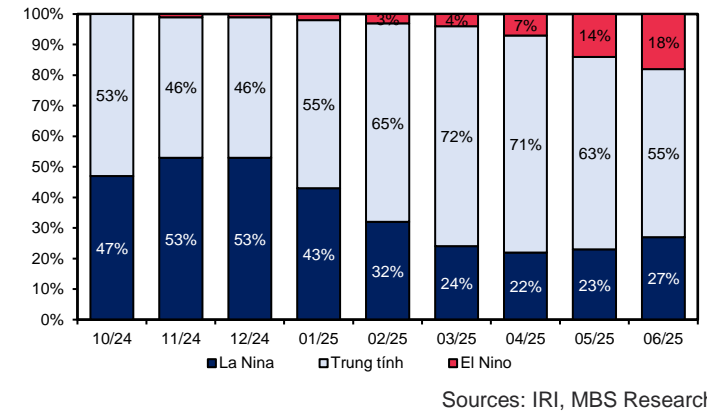


Figure 15: According to IRI, La Nina phase to last until 2Q25, before the Neutral phase to dominate for overall of 2025.



2024-26 POW earnings revisions

Figure 16: POW 2024-26 business results summary

VNDbn	2024F	% yoy	Δ%	2025F	% yoy	Δ%	2026F	% yoy	Δ%	Comment
Total output (m kWh)	16,116	8.9%	-3.5%	17,181	6.6%	-4.8%	18,072	5.2%	-1.1%	
Gas-fired power	8,968	-0.3%	-3.7%	15,195	69.4%	0.2%	17,187	13.1%	2.1%	
Hydropower	1,367	11.3%	6.1%	1,400	2.4%	-0.9%	1,331	-4.9%	-3.8%	
Coal-fired power	5,782	26.4%	-5.2%	5,992	3.6%	-5.0%	6,097	1.8%	-3.3%	
Selling price (VND/kWh)										
Gas-fired power	2,010	-5.2%	0.0%	2,247	11.8%	4.2%	2,276	1.3%	3.6%	
Hydropower	1,109	-0.6%	0.3%	1,131	2.0%	0.3%	1,154	2.0%	0.3%	
Coal-fired power	1,814	-7.7%	-0.1%	1,836	1.2%	0.0%	1,858	1.2%	-0.3%	
Total revenue (VNDbn)	30,029	7.7%	-4.7%	46,727	55.6%	0.9%	51,975	11.2%	2.4%	
Gas-fired power	18,023	-5.6%	-3.8%	34,142	89.4%	4.4%	39,110	14.6%	5.8%	
Hydropower	1,517	11.1%	6.6%	1,584	4.4%	-0.5%	1,536	-3.0%	-3.4%	
Coal-fired power	10,488	16.6%	-5.3%	11,001	4.9%	-5.0%	11,329	3.0%	-3.6%	
Gross profit	2,226	1.9%	-2.3%	4,451	100.0%	-5.4%	5,303	19.1%	-7.0%	We have reduced the gross margin forecast for 2025/26 to reflect a more cautious stance due to anticipated generation difficulties and lower-than-expected market electricity prices.
%GPM	7.3%	-0.5 đ%	0.1%pts	9.4%	2.1%	-0.7%pts	10.1%	0.7%pts	-1.1%pts	
SG&A	646	-17.1%	-3.8%	1,257	94.5%	1.8%	1,326	5.5%	3.3%	
EBIT	1,580	12.5%	-1.7%	3,195	102.2%	-2.3%	3,976	24.5%	-2.2%	
Financial income	570	3.7%	-0.4%	587	2.9%	-36.3%	717	22.2%	-2.1%	Financial income in 2025 has been revised downward by 36%, excluding Vung Ang 1's compensation until there is a concrete resolution plan.
Financial expenses	804	18.2%	-16.4%	1,818	126.2%	5.9%	2,024	11.3%	9.1%	Financial expenses for 2024 have been adjusted downward in line with the 9M24 business results.
Net profit	1,172	9.1%	-1.1%	1,470	25.4%	-8.0%	1,945	32.3%	-3.4%	Net profit for 2024/25/26 has been revised down by 1.1%, 8.0% and 3.4%, respectively, compared to previous reports.
										Despite expected losses at Nhon Trach 3&4, we still forecast net profit positive growth supported by: (1) Gas-fired power generation is projected to recover from the low base in 2024, (2) Improved margins due to a likely relaxation of generation restrictions as EVN's financial pressure eases, and (3) Steady debt repayment schedules contributing to a significant reduction in financial expenses.
EPS (VND/share)	501	9.1%	-1.1%	628	25.4%	-8.0%	830	32.3%	-3.4%	

Sources: POW, MBS Research

Financial statements

Income statement					Cash flow statement				
	2023	2024F	2025F	2026F		2023	2024F	2025F	2026F
Net revenue	27,945	30,303	47,154	52,450	Pre-tax profit	1,459	1,408	2,038	2,745
Cost of sales	(25,761)	(28,077)	(42,702)	(47,147)	Depreciation & amortization	2,809	2,810	3,666	3,636
Gross profit	2,183	2,226	4,451	5,303	Tax paid	(219)	(147)	(219)	(338)
Gen & admin expenses	(779)	(646)	(1,257)	(1,326)	Other adjustments	-	-	-	-
Selling expenses	-	-	-	-	Change in working capital	(1,103)	1,377	(1,705)	(117)
Operating profit	1,404	1,580	3,195	3,976	Cash flow from operations	3,257	3,289	1,623	5,091
Operating EBITDA	4,213	4,389	6,861	7,613	Capex	(6,179)	(15,551)	(8,891)	(524)
EBIT	1,404	1,580	3,195	3,976	Proceeds from assets sales	125	-	-	-
Interest income	550	570	587	717	Cash flow from investing activities	(6,258)	(15,021)	(8,592)	(2,140)
Financial expense	(680)	(804)	(1,818)	(2,024)	New share issuance	82	-	-	-
Net other income	147	24	32	36	Net borrowings	3,604	11,436	7,695	(2,710)
Income from associates	38	38	43	40	Other financing cash flow	-	344	2,456	772
Pre-tax profit	1,459	1,408	2,038	2,745	Dividends paid	(365)	-	-	-
Tax expense	(129)	(147)	(219)	(338)	Cash flow from financing activities	3,321	11,780	10,151	(1,938)
NPAT	1,329	1,261	1,820	2,407	Cash and equivalents at beginning of period	8,252	8,592	8,639	11,822
Minority interest	(254)	(88)	(349)	(462)	Total cash generated	319	47	3,182	1,014
Net profit	1,075	1,172	1,470	1,945	Cash and equivalents at the end of period	8,592	8,639	11,822	12,835
Ordinary dividends	(365)	-	-	-					
Retained earnings	710	1,172	1,470	1,945					
Balance sheet					Key ratios				
	2023	2024F	2025F	2026F		2023	2024F	2025F	2026F
Cash and equivalents	8,592	8,639	11,822	12,835	Net revenue growth	-1.0%	8.4%	55.6%	11.2%
Short term investments	2,239	2,239	2,486	4,778	EBITDA growth	-25.7%	4.2%	56.3%	11.0%
Accounts receivables	14,642	10,867	18,387	21,589	EBIT growth	-50.9%	12.5%	102.2%	24.5%
Inventories	2,168	2,280	3,471	3,851	Pre-tax profit growth	-48.1%	-3.5%	44.8%	34.7%
Other current assets	1,513	1,564	1,861	2,484	Net profit growth	-47.8%	9.1%	25.4%	32.3%
Total current assets	29,152	25,588	38,025	45,535	EPS growth	-47.8%	9.1%	25.4%	32.3%
Tangible fixed assets	26,362	35,646	46,198	49,780	Gross profit margin	7.8%	7.3%	9.4%	10.1%
Intangible fixed assets	39	39	39	39	EBITDA margin	15.1%	14.5%	14.5%	14.5%
Construction in progress	8,983	12,441	7,113	420	Net profit margin	3.8%	3.9%	3.1%	3.7%
Investments in subsidiaries	-	-	-	1	ROAE	3.6%	3.7%	4.4%	5.5%
Investments in associates	958	996	1,039	1,079	ROAA	1.7%	1.6%	1.6%	1.9%
Other long-term investments	-	-	-	-	ROIC	2.3%	2.0%	2.0%	0.0%
Other long-term assets	4,852	5,262	8,187	9,107	Asset turnover ratio	43.9%	40.3%	52.2%	50.8%
Total non-current assets	41,195	54,384	62,579	60,426	Dividend payout ratio	33.9%	0.0%	0.0%	0.0%
Total assets	70,347	79,972	100,604	105,961	D/E	37.1%	67.4%	79.9%	68.3%
Short-term borrowings	5,500	6,830	11,514	12,926	Net debt to total equity	12.0%	43.2%	50.4%	38.5%
Trade accounts payable	15,950	12,696	17,110	20,509	Net debt to asset	5.8%	19.3%	20.0%	15.7%
Other payables	4,811	5,831	8,719	9,408	Interest coverage ratio	2.8	1.9	1.9	2.2
Total current liabilities	26,261	25,356	37,343	42,843	Days account receivable	177	131	142	150
Long-term borrowings	7,179	17,249	20,432	16,515	Days inventory	30	30	30	30
Other long-term payables	2,741	1,637	2,862	3,498	Days account payable	165	165	146	159
Total long-term liabilities	9,920	18,885	23,294	20,013	Current ratio	1.1	1.0	1.0	1.1
Total liabilities	36,181	44,242	60,638	62,856	Quick ratio	1.0	0.9	0.9	1.0
Common shares	23,419	23,419	23,419	23,419	Cash ratio	0.4	0.4	0.4	0.4
Share premium	-	-	-	-					
Treasury shares	-	-	-	-	Valuation				
Undistributed earnings	3,959	5,092	6,522	8,426	EPS (VND/share)	459	501	628	830
Investment and development funds	4,073	4,417	6,874	7,646	BVPS (VND/share)	14,589	15,257	17,066	18,406
Foreign exchange differences	-	-	1	2	P/E (x)	25.1	23.0	18.3	13.8
Shareholders' equity	30,092	31,313	33,092	35,459	P/B (x)	0.9	0.8	0.7	0.7
Minority interest	2,714	2,803	3,152	3,614					
Total shareholders' equity	34,166	35,730	39,966	43,105					
Total liabilities & equity	70,347	79,972	100,604	105,961					

Sources: Company report, MBS Research

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MBS RECOMMENDATION FRAMEWORK

Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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.

Sector Ratings

Positive	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Negative	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

ABOUT MBS

Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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