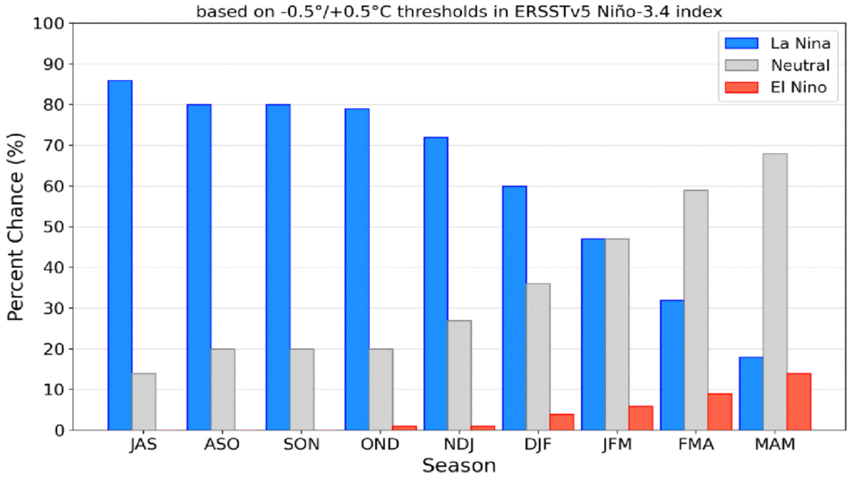
Highly potential of the 3rd time recorded of three successive years La Nina at Northern Hemisphere from 1950.

According to World Meterological Orgainization (WMO), from the latest discussions in Aug 2022, there is a strong likelihood that La Nina will continue through 2022, with a return to neutral conditions likely by spring 2023. As a result, this is a high probability that this will be the 3rd occurance in which there have been three sucessive years La Nina at Northern Hemisphere since 1950. The WMO has noted that this occurance is likely the result of climate change – global warming which is resulting in higher than average precipitation in the ASEAN region. Particularly, the Northern and Central regions in Vietnam will be more affected and have higher rainfall than the average of previous years. In addition, the temperture is also expected to be higher than the average from 0.5 to 1 degree Celsius.



Comment: We expect Hydropower will be the group to benefit the most from the unusual La Nina conditions in 2H2022 thanks to

- Higher precipitation leads to higher water levels at reservoirs and higher potential of electricity output.
- Hydroeclectricity is among the lowest cost of energy production group in comparison; thus; it will be priority to mobilize.
- The economy is returning to a normal state post COVID-19, which is resulting in greater energy demand. However, the thermal plants are facing concerns of lacking input such as coal and LPG, as well as facing price inflation of fossil fuels. As a result, hydropower output will be in a highly advantageous position, especially at the Northern.

The above conditions bode well for the outlook for hydropower sector which we believe will continue to post strong results in the second half of 2022.

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