PPC: Q4-2022 Earning Release.

PPC's Q4-2022 revenue reached 1,576 bn VND, **+202%** YoY, while the cost of goods sold (COGS) rose **+125%** YoY to 1,494 bn VND, achieving a gross profit of 82 bn VND, up 225 bn VND from the loss of 143 bn VND in Q4-2021. The company was able to reach beyond the break-even point thanks to:

1. An ascent in selling price and output volume. To be more specfic, the production output in Q4-2022 was 829 mil kWh, **+142%** YoY, compared to 342 mil kWh in Q4-2021.
2. A descent in other costs such as reparing and outsourcing from 543 bn VND to 361 bn VND, equivalent to **-34%** YoY.

As a result, the Q4-2022 EAT achieved 69 bn VND, compared to 7 bn VND in loss YoY.

Furthermore, in 2021, in spite of a loss of 234 bn VND in gross profit, PPC could still earn 213 bn VND net earning thanks to 452 bn VND in financial revenue, mostly from 382 bn VND dividends and 70 bn VND interest income. However, in 2022, the financial revenue declined by **-35%** YoY, to just 295 bn VND, due to:

1. A plunge in cash and short-term investment, which was the amount of money saved at the bank for interest profit; and
2. Lower dividends received are attributable to:
    a. PPC's chief profolio lying on other two coal-fired plants including Quang Ninh (QTP) and Hai Phong (HND);
    b. La Nina lasting longer than expected, which gave rise to more precipitation than many year average, resulting in beneficiary among hydropower but diminished thermal group's profit generally.

Notably, account receivables from customers in 2022 surged considerately to 1,851 bn VND from 597 bn VND – 2021, **+210%** YoY, equivalent to a decline of 1,254 bn VND. In contrast, the company's cash and short-term investment plummeted by 992 bn VND, **-87%** YoY.

Unit: bn VND	Q4-2021	Q4-2022	*YoY*	2021	2022	*YoY*
Revenue	522	1,576	*202%*	3,868	5,116	*32%*
Gross profit	**(143)**	**82**		**(234)**	**229**	
Gross profit margin		*5%*			*4%*	
Financial Revenue	94	32	*-66%*	452	295	*-35%*
EAT	**(7)**	**69**		**213**	**372**	***75%***
Net profit margin		*4%*		*6%*	*7%*	
Cash				527	60	*-89%*
Short-term investment				615	90	*-85%*
Receivables from customers				597	1,851	*210%*

Sources: PPC, ACBS

Comments:

Generally, thermal group posted colorless results in Q4-2022 due to the La Nina effect and high fossil fuel input prices, including coal, gas, and oil. However, according to the most recent weather news, La Nina will end rapidly in the beginning of 2023 and yield to El Nino, which will creates favorable conditions amid the thermal, but nevertheless, we are concerned the likelihood of prolonged high input prices will neutralize the weather preferences.

EVN has stated they would lose over 30,000 bn VND in 2022 and is almost the proprietary PPC's customer. We think this is the main reason making a rocket in PPC's receivables on the ground of reducing EVN's liquidity. We expect the whole circumstance would be less severe in condition, either through approval of EVN's increasing selling price propose or lower input prices.

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