

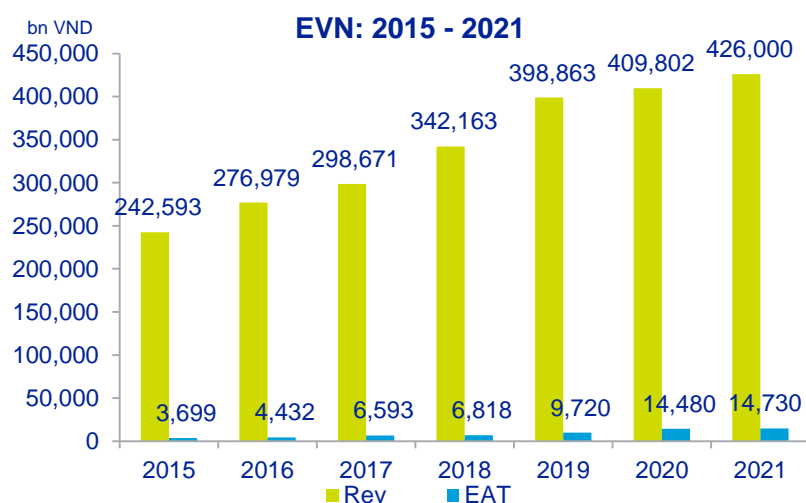
## EVN: The likelihood Of 93,800 Bn VND Loss in 2022-2023.

According to the latest report just sent to the Ministry of Industry and Trade (MoIT), EVN stated they (excluding subsidiaries) suffered a huge loss of 28,800 bn VND in 2022. Giving more explanation, the main underlying reasons were:

1. Rapid hike of fossil fuel prices, including gas, coal, and oil, which are chief input materials for thermal power, as a result of resonance effects between inflation on the ground of quantitative easing policies to cope with COVID-19 and Russia's invasion of Ukraine. To illustrate, the 2022 imported coal price surged by six (6) times to over 400 USD / ton compared to 2021 (around 70 USD / ton), resulting in an increase in the electricity production cost from imported coal of 3,500–4,000 VND / kWh, whereas the average retail price was retained at only 1,864 VND / kWh.
2. FIT incentive prices to encourage renewables development, which were higher than electricity selling prices, furthered the burden on EVN costs to the extent of high input prices strongly affecting the thermal group.

In spite of attempts to optimize operating expenses alongside the La Nina effect, which promotes hydropower mobilization output thanks to lower transfer costs and environmental protection; the loss still doubled 2021's net earning (14,700 bn VND). EVN further projected that in the same circumstances of high input prices, they would undergo a loss of 65,000 bn VND in 2023, to the extent that the El Nino cycle would return in 2023 and hinder favorable conditions amid hydropower mobilization.

As a result, the expected loss in two (2) years, 2022 and 2023, would be 93,800 bn VND, more than one and a half of EVN's cumulative seven (7) years of net earning from 2015 to 2021. To address this issue, EVN has repeatedly requested that the MoIT consider increasing the retail price of electricity or switching to an adjustable system in a manner similar to the gasoline scheme.



### Comments:

In generally, we believe the MoIT and the Government would prefer to determine inflation rate within target range in order to facilitate long-term sustainably economic development at the expense of remaining stable utility price levels; for instance, electricity because these factors have large influences on the economy overall. Nonetheless, the price has been maintained for three (3) years since 2019 owing to a variety of economic factors, such as the significant ascent in fossil fuel prices and the rapid development of renewables in the capacity mix as a result of FIT. Therefore, we anticipate the electricity price will be highly possibly modified in 2023 to address EVN's difficulty in the short-term; yet we project the rate would be around 3% to accomplish 2023's objectives including inflation rate and available destruction for the economy.

**Associate, Research Department**  
**Toan Pham**

[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

## CONTACTS

**Ho Chi Minh City Head Office**

117 Nguyen Dinh Chieu, Dist. 1, Ho Chi Minh City  
 Tel: (+84 28) 3823 4159  
 Fax: (+84 28) 3823 5060

**Hanoi Office**

10 Phan Chu Trinh, HoanKiem Dist., Ha Noi  
 Tel: (+84 24) 3942 9395  
 Fax: (+84 24) 3942 9407

## RESEARCH DEPARTMENT

**Director - Head of Research****Tyler Cheung**

(+84 28) 38 234 876  
[tyler@acbs.com.vn](mailto:tyler@acbs.com.vn)

**Associate Director****Gigi Nguyen Binh**

(+84 28) 3823 4159 (x250)  
[giaonbt@acbs.com.vn](mailto:giaonbt@acbs.com.vn)

**Manager- Property****Truc Pham**

(+84 28) 3823 4159 (x303)  
[trucptt@acbs.com.vn](mailto:trucptt@acbs.com.vn)

**Manager- Financials****Hung Cao**

(+84 28) 3823 4159 (x326)  
[hungcv@acbs.com.vn](mailto:hungcv@acbs.com.vn)

**Associate – Consumer-related, Technology****Chi Luong**

(+84 28) 3823 4159 (x327)  
[chiltk@acbs.com.vn](mailto:chiltk@acbs.com.vn)

**Associate- Oil & Gas****Hung Phan**

(+84 28) 3823 4159 (x354)  
[hungpv@acbs.com.vn](mailto:hungpv@acbs.com.vn)

**Associate – Consumer-related, Media****Trung Tran**

(+84 28) 3823 4159 (x351)  
[trungtn@acbs.com.vn](mailto:trungtn@acbs.com.vn)

**Associate – Construction materials****Huy Huynh**

(+84 28) 3823 4159 (x325)  
[huyha@acbs.com.vn](mailto:huyha@acbs.com.vn)

**Associate – Energy****Toan Pham**

(+84 28) 3823 4159 (x325)  
[toanpd@acbs.com.vn](mailto:toanpd@acbs.com.vn)

**Associate – Macro****Hoa Nguyen**

(+84 28) 3823 4159 (x352)  
[hoant@acbs.com.vn](mailto:hoant@acbs.com.vn)

**Associate – Macro****Minh Trinh**

(+84 28) 3823 4159 (x352)  
[minhtvh@acbs.com.vn](mailto:minhtvh@acbs.com.vn)

**Analyst – Technical****Phuoc Luong**

(+84 28) 3823 4159 (x354)  
[phuocld@acbs.com.vn](mailto:phuocld@acbs.com.vn)

**Analyst – Technical****Huu Vo**

(+84 28) 3823 4159 (x354)  
[huvvp@acbs.com.vn](mailto:huvvp@acbs.com.vn)

**Associate Director – Institutional sales****Huong Chu**

(+84 28) 3824 6679  
[huongctk@acbs.com.vn](mailto:huongctk@acbs.com.vn)

**Customer Support****Institutional Client****Thanh Le**

(+84 28) 3823 4798  
[thanhln@acbs.com.vn](mailto:thanhln@acbs.com.vn)

**Trader****Thanh Tran**

(+84 28) 3824 7677  
[thanhnt@acbs.com.vn](mailto:thanhnt@acbs.com.vn)

**Trader****Phuong Chu**

(+84 28) 3823 4159 (x357)  
[phuongctm@acbs.com.vn](mailto:phuongctm@acbs.com.vn)

**Trader****Dung Ly**

(+84 28) 3823 4159 (x313)  
[dungln.hso@acbs.com.vn](mailto:dungln.hso@acbs.com.vn)

**Trader****Nhi Nguyen**

(+84 28) 3823 4159 (x315)  
[nhinp@acbs.com.vn](mailto:nhinp@acbs.com.vn)

## DISCLAIMER

### Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

### Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

### Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

**Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.**

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

**This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).**

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

**© Copyright ACBS (2023). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.**