



QTP Flash News - BUY

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Flash News

Recommendation

BUY

HOSE: QTP

Thermal – Coal-fired

Target price (VND) 17,500

Current price (VND) 15,600

Expected share price return 12.2%

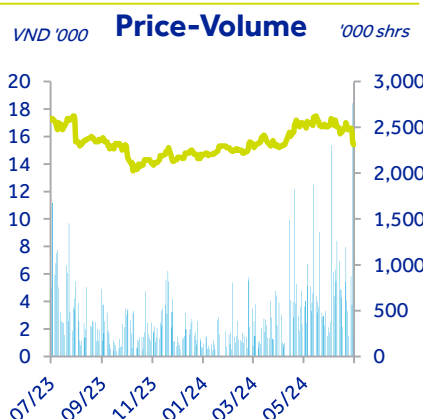
Expected dividend yield 10.9%

Expected total return 23.1%

Stock performance (%)

| | YTD | 1M | 3M | 12M |
|----------|------|------|------|------|
| Absolute | 6.1 | -6.6 | 1.3 | 3.8 |
| Relative | -7.6 | -6.3 | -5.8 | -6.5 |

Source: Bloomberg



Ownership

| | |
|-----------|-------|
| EVNGENCO1 | 42.0% |
| PPC | 16.4% |
| SCIC | 11.4% |

Stock Statistics

18-Jul-24

Bloomberg code

QTP VN

52-week range (VND) 13,300 - 17,700

Shares O/S (m) 450

Mkt cap (VND bn) 6,930

Mkt cap (USD m) 272

Foreign room left (%) 47.7

Est. free float (m) 88.4

3m avg daily vol (shrs) 685,825

VND/USD 25,482

Index: VNIndex / HNX 1,271.0/241.1

Quang Ninh Thermal Power JSC (Upcom: QTP)

QTP announced Q2/2024 business results with revenue reaching VND 3,628 bn, -2.2% YoY, gross profit reaching VND 211 bn, -29.7% YoY and NPAT reaching VND 160 bn, -35.5% YoY. Accumulated 6M2024, NPAT reached VND 387 bn, completing 73.4% of the 2024 plan and 47.1% of ACBS's forecast.

QTP's revenue in Q2/2024 was VND 3,628 bn, -2.2% YoY, but +20.5% QoQ. The second quarter is normal a good time for thermal power's performance in Vietnam with strongest result, coinciding with the peak of the annual hot season. This period usually leads to high competitive Full Electricity Market Prices (FMP), which in turn increase profit margins. However, this year, high input coal prices and lower FMP prices than last year's average, resulting in a decrease in profit margins of only 5.8%, compared to 8.1% in the same period last year.

Financial expense saw a significant decrease, reaching VND 7 bn in Q2/2024, -58.8% YoY. This decrease was primarily driven by a sharp decline in interest expense, which amounted to VND 5 bn, -68.8% YoY. Accumulated 6M2024, financial expense totaled VND 16 bn, -55.5% YoY, and interest expense reached VND 11 bn, -68.6% YoY.

Administrative expense remained relatively stable in Q2/2024, at VND 25 bn, (Q2/2023: VND 23 bn). However, accumulated 6M/2024, the cost showed a slight increase, reaching VND 48 bn, +9.1% YoY.

| Unit: bn VND | Q2/2023 | Q2/2024 | YoY | 1H2023 | 1H2024 | YoY |
|--------------------|---------|---------|--------|--------|--------|--------|
| Revenue | 3,709 | 3,628 | -2,2% | 6,704 | 6,638 | -1,0% |
| Gross profit | 300 | 211 | -29,7% | 478 | 495 | 3,6% |
| Gross margin | 8,1% | 5,8% | | 7,1% | 7,5% | |
| Financial income | 17 | 7 | -58,8% | 36 | 16 | -55,6% |
| Interest expense | 16 | 5 | -68,8% | 35 | 11 | -68,6% |
| Administrative exp | 23 | 25 | 8,7% | 44 | 48 | 9,1% |
| NPAT | 248 | 160 | -35,5% | 392 | 387 | -1,3% |
| NPAT's margin | 6,7% | 4,4% | | 5,8% | 5,8% | |

Quick conclusion: QTP's Q2/2024 NPAT reached 73.4% of its 2024 plan and 47.1% of our forecast. We are currently reviewing the negative factors impacting QTP, such as rising coal input prices and the impact of the El Nino-La Nina transition on hydropower generation, and might adjust the model for the 2024-2025 period in the next report.

| | 2021 | 2022 | 2023 | 2024F | 2025F |
|---------------------------|-------|--------|--------|--------|--------|
| Net Sales (VNDbn) | 8,571 | 10,417 | 12,058 | 12,503 | 12,409 |
| Growth | -7% | 22% | 16% | 13% | -1% |
| EBITDA (VNDbn) | 1,706 | 1,934 | 1,587 | 1,812 | 1,813 |
| EBITDA margin | 20% | 19% | 13% | 14% | 15% |
| NPAT (VNDbn) | 578 | 770 | 612 | 822 | 861 |
| Growth | -56% | 33% | -21% | 33% | 5% |
| EPS (bonus-adjusted, VND) | 1,284 | 1,711 | 1,360 | 1,826 | 1,913 |
| Growth | -56% | 33% | -21% | 33% | 5% |
| ROE | 9% | 12% | 12% | 14% | 15% |
| ROA | 6% | 10% | 8% | 12% | 13% |
| Net debt/EBITDA (x) | 1.1 | 0.6 | 0.1 | (0.7) | (1.4) |
| EV/EBITDA (x) | 2.7 | 2.9 | 4.1 | 4.3 | 5.1 |
| P/E (x) | 10.8 | 8.2 | 10.8 | 8.1 | 7.7 |
| P/B (x) | 1.0 | 1.0 | 1.3 | 1.1 | 1.1 |
| Dividend (VND) | 1,600 | 2,250 | 1,700 | 1,800 | 1,800 |
| Dividend yield | 10% | 14% | 11% | 11% | 11% |

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Our Recommendation System

BUY: prospective 12 month VND total return (including dividends) will be more than 20%.

OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.

NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.

UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.

SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

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