



POW Flash News - OUTPERFORM

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Flash News

Recommendation

OUTPERFORM
HoSe: POW
Thermal
Target price (VND) **13,900**
Current price (VND) **11,950**
Expected share price return 16.6%

Expected dividend yield 0.0%

Expected total return **16.6%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	6.2	-8.0	-10.1	11.1
Relative	-7.5	-5.8	-11.7	-12.1

Source: Bloomberg



Ownership

PVN	79.9%
Norges Bank	1.3%

Stock Statistics

31-Oct-24

Bloomberg code

POW VN

52-week range (VND)	10,400 – 15,900
Shares O/S (m)	2,342
Mkt cap (VND bn)	27,985
Mkt cap (USD bn)	1,118
Foreign room left (%)	45.3
Est. free float (%)	20.0
3m avg daily vol (shrs)	6,125,365
VND/USD	25,030
Index: VNIndex / HNX	1,264.5/226.4

PetroVietnam Power Corporation (HoSE: POW)

POW reported a +6.7% YoY in revenue to VND6,061 bn in Q3/2024, accompanied by a +764.8% YoY in NPAT to VND453 bn. For 9M2024, the company achieved VND1,111 bn in NPAT, +27.7% YoY primarily attributed to foreign exchange gains. These results surpassed the company's target by 20% and ACBS's forecast by 15%, prompting OUTPERFORM recommendation.

Q3/2024 revenue increased by 6.7% YoY, primarily driven by +8.7% YoY in output, reaching 3.0 bn kWh. Conversely, the average selling price declined by 5.6% YoY to VND1,908/kWh.

NPAT soared by 764.8% YoY to VND453 bn, primarily attributable to robust financial revenue despite a decline in gross profit margin. Gross profit was VND 296 bn, -3.6% YoY, hence gross profit margin contracted to 4.9% from 5.4% in the same period due to increased input costs from the gas turbines output growth. Specifically, CM1&2: 1.2 bn kWh, +17.1% YoY, NT1: 111.4 mil kWh, +51.2% YoY, and NT2: 743 mil kWh, +103.3% YoY.

Financial revenue was bolstered by a net foreign exchange gain of VND157 bn in Q3/2024, a significant reversal from the VND72 bn loss incurred in the corresponding period of 2023. Additionally, -28.1% YoY in interest expenses contributed to the NPAT growth as well.

For 9M2024, similar trends were observed. Generation output reached 11.4 bn kWh, +2.4% YoY, driving +0.7% YoY in revenue to VND21,533 bn. However, the average selling price declined by 3.5% YoY to VND 1,903/kWh, resulting in -3.2% YoY in gross profit to VND1,408 bn. Nevertheless, NPAT surged by 27.7% YoY to VND 1,111 bn, driven by a +59.9% YoY in financial income and -27% YoY in finance costs, amounting to VND616 bn and VND357 bn, respectively.

The disbursement progress of NT3&4 projects in Q3/2024 was hindered by adverse weather conditions, reaching VND17,516 bn by the end of the quarter.

Quick conclusion: Q3/2024 results enabled POW to surpass its 2024's plan by 20% and exceed our forecast by 15%. However, we maintain our forecast and valuation for POW due to concerns regarding a less favorable outlook for Q4/2024. The resurgence of upward pressure on the exchange rate coupled with the onset of the La Niña phase of the ENSO cycle increases the likelihood of reduced POW's gas power plants.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	24,561	28,224	28,329	26,563	37,639
Growth	-17.4%	14.9%	0.4%	-6.2%	41.7%
EBITDA (VNDbn)	5,218	5,668	4,245	3,943	6,048
Growth	-15.8%	8.6%	-25.1%	-7.1%	53.4%
NPAT (VNDbn)	2,053	2,552	1,283	963	813
Growth	-22.9%	24.3%	-49.7%	-25.0%	-15.5%
EPS (bonus-adjusted, VND)	687	802	378	333	264
Growth	-31.3%	16.8%	-52.9%	-12.0%	-20.6%
ROE	6.6%	7.7%	3.8%	2.8%	2.3%
ROA	3.9%	4.5%	1.8%	1.1%	1.0%
Net debt/EBITDA (x)	0.0	0.1	1.0	4.3	3.2
EV/EBITDA (x)	5.4	5.1	7.6	11.4	7.8
P/E (x)	15.8	17.8	21.8	29.1	34.4
P/B (x)	0.9	0.9	0.8	0.8	0.8
Dividend (VND)	-	-	-	-	-
Dividend yield	-	-	-	-	-

POW's financial performance Q3/2024

Unit: bn VND	Q3/2023	Q3/2024	YoY	9M2023	9M2024	YoY
Revenue	5,679	6,061	6.7%	21,533	21,686	0.7%
Gross profit	307	296	-3.6%	1,455	1,408	-3.2%
<i>Gross margin</i>	<i>5.4%</i>	<i>4.9%</i>		<i>6.8%</i>	<i>6.5%</i>	
Financial Revenue	139	411	195.5%	385	616	59.9%
Financial Expenses	213	-3		489	357	-27.0%
<i>Interest Expenses</i>	<i>134</i>	<i>96</i>	<i>-28.1%</i>	<i>391</i>	<i>264</i>	<i>-32.5%</i>
Administrative Expenses	149	169	13.6%	483	481	-0.3%
NPAT	52	453	764.8%	870	1,111	27.7%
<i>NPAT's margin</i>	<i>0.9%</i>	<i>7.5%</i>		<i>4.0%</i>	<i>5.1%</i>	

Sources : POW, ACBS

POW's plants output Q3/2024

Output: mil kWh	Q3/2023	Q3/2024	YoY	9M2023	9M2024	YoY
POW	2,806	3,049	8.7%	11,148	11,420	2.4%
CM1&2	1,015	1,188	17.1%	4,113	4,298	4.5%
NT1	74	111	51.2%	563	217	-64.4%
NT2	365	743	103.3%	2,494	1,921	-23.0%
HNA	192	266	38.3%	398,4	423	6.2%
DHC	130	133	2.8%	440	388	-11.8%
VA1	1,029	606	-41.1%	3,136	4,169	32.9%

Sources: POW, ACBS

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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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