NT2 Flash Note- NEUTRAL

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Earning Flash Note

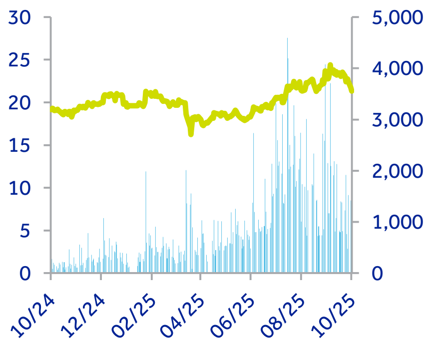
Recommendation	**NEUTRAL**
	HOSE: NT2
	Gas Thermal
Target price (VND)	**21,700**
Current price (VND)	**21,350**
Expected share price return	1.4%
Expected dividend yield	4.7%
Expected total return	**6.1%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	16.7	-7.0	7.0	19.8
Relative	-17.8	-7.6	-5.6	-12.5

Source: Bloomberg

Price-Volume



Ownership

POW	59.4%
Tech Development Co., Ltd.	8.3%

Stock Statistics	**21-Oct-2025**
Bloomberg code	**NT2**
52-week range (VND)	16,000 - 24,800
Shares O/S (m)	288
Mkt cap (VND bn)	6,549
Mkt cap (USD m)	262
Foreign room left (%)	37.5
Est. free float (m)	32.3
3m avg daily vol (shrs)	1,844,729
VND/USD	25,030
Index: VNIndex / HNX	1,678.5/268.7

Nhon Trach 2 Thermal Power JSC (HoSE: NT2)

NT2 announced positive Q3/2025 results, wiht VND1,928 bn in revenue, +12.6% YoY, VND204 bn in gross profit, +240% YoY, and VND214 bn in NPAT, 386% YoY. Cumulatively 9M 2025, NPAT reached VND577 bn, a 72-fold increase YoY. This result achieves 207% of the 2025 company target and 211% of ACBS's forecast. The positive performance was driven by strong YoY growth in both production volume and selling prices. We are revising our 2025 NPAT forecast upward by 179% compared to the previous projection; therefore, issuing new target price for NT2 to VND21,700/share by 2026, representing an expected total return of 6.1%, rating NEUTRAL.

Q3/2025 revenue increased by 12.6% YoY to VND1,928 bn, attributable to growth in both production volume and prices. Specifically, production volume reached 792 mil kWh, +6.6% YoY, and the average selling price (ASP) rose to VND2,434/kWh, +5.6% YoY. As a result, gross profit reached VND204 bn, +240% YoY, with the gross margin improving to 10.6% from 3.5% YoY. NPAT reached VND214 bn, a nearly 5-fold increase YoY, and NPAT's margin expanded from 2.6% to 11.1%.

This favorable performance was partially supported by the ENSO cycle, which transitioned to a brief La Niña phase early in the year before shifting to a Neutral phase that persisted through Q3/2025. This pattern limited output from hydropower plants, compelling EVN (Electricity of Vietnam) to increase dispatch from gas-fired power plants to compensate for the shortfall. Looking ahead, forecasts indicate a 56% probability of a weak La Niña phase emerging in Q4/2025, followed by a return to a Neutral phase. This outlook is expected to maintain a competitive advantage for thermal power producers, such as NT2, relative to hydropower facilities.

For 9M/2025, output reached 2.2 bn kWh, 12.2% YoY, and revenue totaled VND5,436 bn, +31% YoY. Gross profit stood at VND615 bn, a recovery from a loss of VND37 bn YoY. NPAT reached VND577 bn, a 72-fold increase YoY, and NPAT's margin expanded to 10.6% from 0.2% in 9M 2024.

Quick Conclusion: NT2 post strong business results in 9M/2025, fulfilling 207% of its plan and 211% of ACBS's 2025 forecast. After reassessing the factors influencing NT2's performance, we are issuing a new target price of VND21,700/share, rating NEUTRAL, based on the expectation that favorable business conditions for NT2 will persist through Q4/2025.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	8,788	6,386	5,944	6,582	6,267
Growth	42.9%	-27.3%	-6.9%	10.7%	-4.8%
EBITDA (VNDbn)	1,640	1,128	658	1,489	1,106
EBITDA margin	27.8%	-31.2%	-41.7%	126.3%	-25.7%
NPATMI (VNDbn)	883	473	83	763	581
Growth	65.7%	-46.4%	-82.5%	818.9%	-23.8%
EPS (bonus-adjusted, VND)	2,970	1,535	276	2,550	1,944
Growth	67.3%	-48.3%	-82.0%	822.5%	-23.8%
ROE	19.1%	10.9%	2.0%	17.3%	12.5%
ROA	11.9%	5.6%	1.0%	9.7%	6.9%
Net debt/EBITDA (x)	0.2	1.1	1.4	(0.3)	(1.4)
EV/EBITDA (x)	3.9	6.5	10.8	3.8	4.1
P/E (x)	7.0	13.0	74.1	8.1	10.6
P/B (x)	1.8	1.3	1.4	1.3	1.3
Dividend (VND)	2,500	1,500	700	1,000	700
Dividend yield	11.7%	7.0%	3.3%	4.7%	3.3%

Forecast

For 2025, we are revising our forecast for NT2 compared to our previous report as follows: We project NT2's electricity output to be approximately 2.6 bn kWh, remaining relatively flat YoY. We forecast revenue to reach VND6,568 bn, +10.7% YoY and NPAT to reach VND763 bn, a more than 9-fold increase YoY. Furthermore, we maintain our projection that the company will receive VND91 bn in forest environmental service fees, which are anticipated in Q4/2025. Excluding this item, core NPAT is projected at VND672 bn. In Q3/2025, the company reversed a VND24 bn provision related to this fee, which led to a 96% YoY reduction in administrative expenses, further contributing to the favorable business results.

For 2026, we maintain our expectation of negative output growth, projecting at 2.6 bn kWh, -2.4% YoY. This is based on the high probability of adverse weather patterns for thermal power, specifically the recurrence of La Niña or Neutral phases. Additionally, the entry of the new NT3&4 power plants, which will compete directly within the same region, is expected to constrain NT2's ability to increase production volume, thereby limiting revenue and profit growth. We forecast 2026 revenue to reach VND6,267 bn, -4.8% YoY and NPAT to reach VND581 bn, -23.8% YoY. This NPAT forecast includes the assumption of receiving VND177 bn in foreign exchange differential payments that were not realized in 2025.

Unit: bn VND	Old Forecast 2025F	New Forecast 2025F	% change	YoY	2026F	YoY
Output: bn kWh	2.9	2.6	-10,3%	-1.8%	2.6	-2.4%
Revenue	**6,309**	**6,582**	***4,3%***	***10.7%***	**6,267**	***-4.8%***
Gross profit	181	872	382%	1,577%	488	-44.0%
Gross margin	*2.9%*	*13.3%*			*7.8%*	
NPAT	**273**	**763**	***179%***	***819%***	**581**	***-23.5%***
NPAT's margin	*4.3%*	*11.6%*			*9.3%*	

Valuation

By FCFF method, we recommend a target price for NT2 at VND21.700/share, representing an expected total return of 6.1%, rating NEUTRAL.

FINANCIALS MODEL	Price: VND	21,350	Target: VND	21,700	Mkt cap VND bn	6,147

(VND bn except where stated)	2022	2023	2024	2025F	2026F
Total Net Sales	**8,788**	**6,386**	**5,944**	**6,582**	**6,267**
Growth	*42.9%*	*-27.3%*	*-6.9%*	*10.7%*	*-4.8%*
CoGS	7,706	5,876	5,892	5,710	5,780
EBITDA	**1,640**	**1,128**	**658**	**1,489**	**1,106**
EBITDA margin	*18.7%*	*17.7%*	*11.1%*	*22.6%*	*17.7%*
Depreciation	689	687	687	687	687
Operating profit	**957**	**514**	**32**	**953**	**727**
Operating profit margin	*10.9%*	*8.0%*	*0.5%*	*14.5%*	*11.6%*
Net interest expense	(6)	(65)	(60)	(60)	(130)
as % of avg net debt	*-2.4%*	*-5.4%*	*-6.4%*	*11.7%*	*8.1%*
Interest cover (x)	(158.5)	(6.8)	0.5	(13.4)	(3.2)
Tax	45	41	21	191	145
Tax rate	*4.8%*	*8.0%*	*20.2%*	*20.0%*	*20.0%*
NPAT	**883**	**473**	**83**	**763**	**581**
NPAT's margin	*10.0%*	*7.4%*	*1.4%*	*11.6%*	*9.3%*
Cash earning	1,572	1,160	770	1,450	1,268
Number of share: mil	**288**	**288**	**288**	**288**	**288**
EPS: VND	2,970	1,535	276	2,550	1,944
Bonus factor (x)	*1.0*	*1.0*	*1.0*	*1.0*	*1.0*
Adjusted EPS: VND	2,970	1,535	276	2,550	1,944
EPS growth	*67%*	*-48%*	*-82%*	*822%*	*-24%*

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	285	263	199	(336)	(139)
Capex	1	3	4	-	-
Change in investment in affiliates	-	-	-	-	-
Other cashflow items	(850)	(1,127)	(106)	100	(32)
Free cash flow	**436**	**(233)**	**461**	**1,886**	**1,376**
Share issues	-		-	-	-
Dividends paid	474	719	201	432	288
Increase in net debt	38	952	(260)	(1,453)	(1,088)
Net debt, end of year	**247**	**1,199**	**939**	**(514)**	**(1,602)**
Shareholders' equity	**4,614**	**4,336**	**4,190**	**4,397**	**4,638**
BVPS (VND)	16,026	15,061	14,554	15,273	16,110
Net debt / equity (%)	*5.4%*	*27.7%*	*22.4%*	*-11.7%*	*-34.5%*
Net debt / EBITDA (x)	*0.2*	*1.1*	*1.4*	*(0.3)*	*(1.4)*
Total assets	**7,446**	**8,452**	**8,697**	**7,900**	**8,479**

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
ROE	19.1%	10.9%	2.0%	17.3%	12.5%
ROA	11.9%	5.6%	1.0%	9.7%	6.9%
ROIC	18.1%	8.0%	-0.6%	15.4%	8.0%
WACC	11.8%	11.8%	11.8%	11.8%	11.8%
EVA	6.3%	-3.8%	-12.4%	3.6%	-3.8%
PER (x)	7.0	13.0	74.1	8.1	10.6
EV/EBITDA (x)	3.9	6.5	10.8	3.8	4.1
EV/FCF (x)	4.6	8.6	13.4	3.1	3.6
PBR (x)	1.8	1.3	1.4	1.3	1.3
PSR (x)	0.7	1.0	1.0	0.9	1.0
EV/sales (x)	0.7	1.2	1.2	0.9	0.7
Dividend yield	11.7%	7.0%	3.3%	4.7%	3.3%

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DISCLAIMER

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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