SHINHAN SECURITIES



December 05th, 2023

Going Green

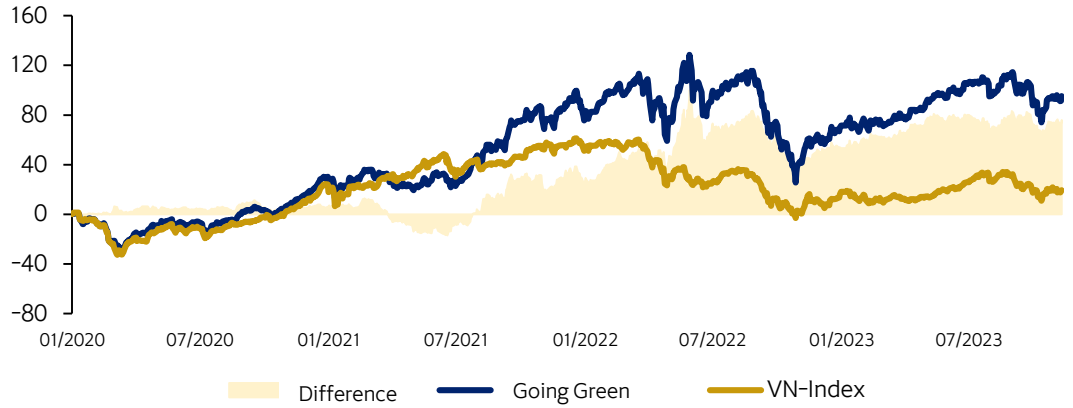
Return of portfolio	Return of VN-Index
-2.6% QoQ	-8.07% QoQ
+23.35% YTD	+13.03% YTD

"EVN has increased electricity selling prices"

- The Vietnamese stock market (VNINDEX) has reversed its upward trend after reaching the 1250 level and is currently consolidating at the 1100 point level. Globally, the Federal Reserve System (FED) has kept interest rates unchanged as the October inflation index shows signs of cooling. In Vietnam, GDP in Q3/2023 increased by 5.33% and is estimated to grow by 5% for the whole year 2023. The CPI index for 9M/2023 increased by 3.16% YoY, still below the government's target. Notably, EVN (Vietnam Electricity) decided on November 9, 2023 to increase the electricity selling price in 2023 to 2,006 VND/kWh (+4.5%); this will have a positive impact on the electricity value chain in general. In addition, the Power Development Plan VIII emphasizes the goal of focusing on the development of wind power and LNG power from 2023 to 2030.
- The Going Green portfolio has a rate of return of +23.35% YTD. Among them, the stocks with the strongest increase include: CNG (+57.9% YTD), TV2 (+67% YTD), and PC1 (+45.4% YTD). As of September 30, 2023, the total revenue and net profit of the Going Green investment portfolio decreased by -15% YoY and -35% YoY, respectively. For the first 9M/2023, total revenue decreased by -11% YoY and net profit decreased by -27% YoY. The reason is that hydropower production decline significantly due to unfavorable hydrological conditions. Meanwhile, the thermal power group faced challenges such as maintenance of many power plants, a sharp decline in the electricity price on the competitive electricity market, a severe gas shortage, and a decrease in the workload of the electrical construction group.
- In 2024, national electricity consumption is expected to continue to grow at 9%. The thermal power group (POW, NT2) is expected to generate more electricity as the gas shortage has been partially improved and many power plants have completed major maintenance. The output of the renewable energy group is also expected to improve as the transition price mechanism has and is supporting many power plants that started operating from 2H2023. In addition, the electrical construction group such as PC1 and TV2 will also benefit in 2024.

Performance disclosures:
The Portfolio's return and characteristics are calculated based on individual securities in the Portfolio as of the date of report. Securities in the Portfolio are subject to change, then past performance is not indicative of future return.
For Analyst Certification and Disclaimers, please refer to the Important Disclosures at the end of this report.

Performance of Going green portfolio and VNINDEX (%)



Portfolio analysis

	Portfolio	VN-Index
P/E(x)	11.05	11.77
P/B (x)	1.46	1.59
Dividend yield (%)	4.07	1.81
EPS growth (5Y) (%)	15.98	17.53
ROE (%)	11.34	11.76
ROA (%)	5.67	1.88
Beta	1.06	1.00
Return (annualized) (%)	43.9	15.2
Std (%)	21.24	18.58
Sharpe ratio	1.16	0.30

Data as of December 04th, 2023 Sources: SSV, Bloomberg

Strategy overview

Going Green portfolio is designed with companies operating in/related the green energy sector in Vietnam. We select tickers in the portfolio with the following criteria:

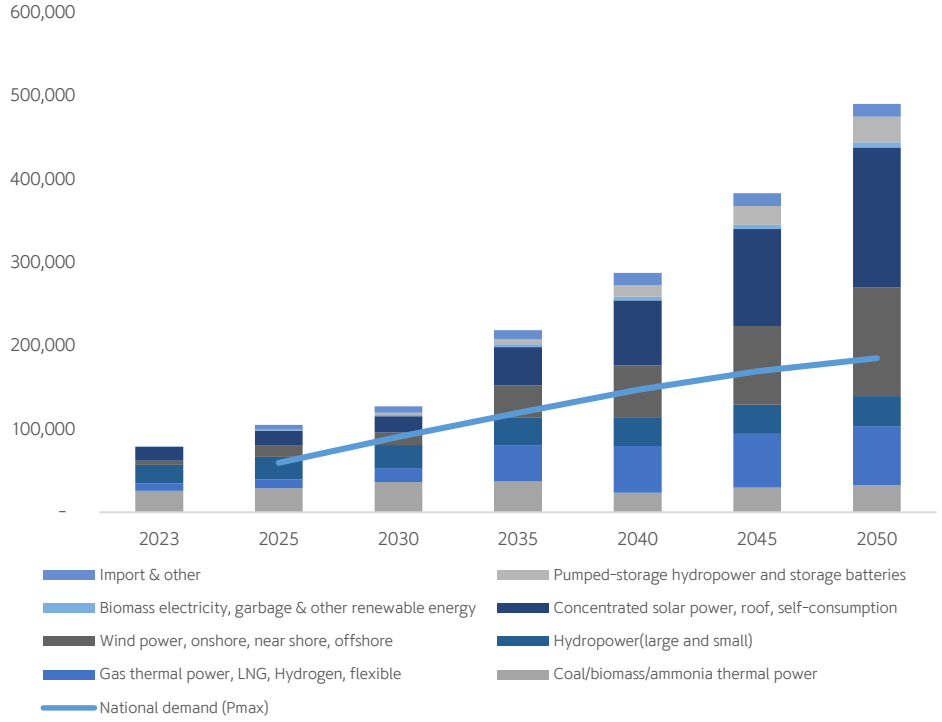
- Revenue from the ancillary industry, green energy production makes the main contribution to the revenue of the business.
- Strong fundamentals, businesses are managed effectively.
- Long term growth potential.

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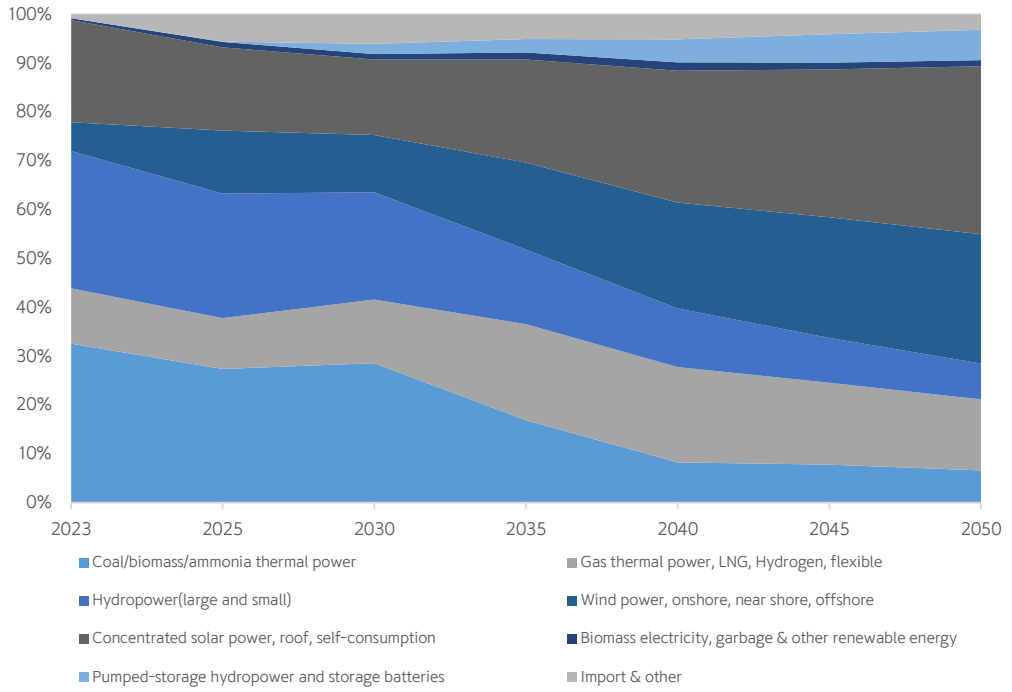
Future of energy sector in Vietnam

Capacity of power sources according to PDP VIII (MW)



Source: Power Development Plan VIII, Shinhan Securities Vietnam

Capacity of power sources according to PDP VIII (%)

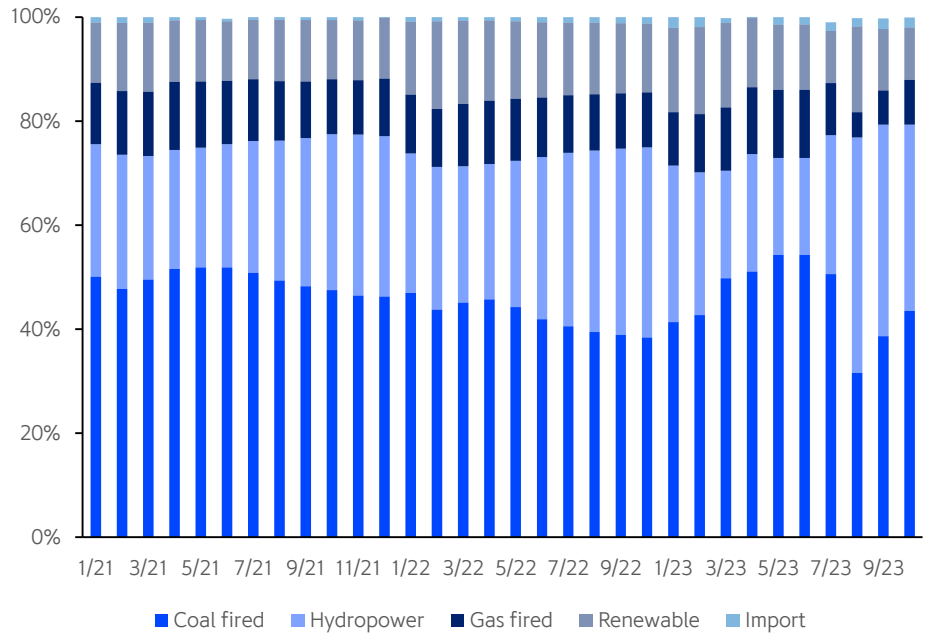


Source: Power Development Plan VIII, Shinhan Securities Vietnam

- At COP26, Vietnam committed to net zero emissions by 2050. To gain that achievement, Power Development Plan VIII promotes the capacity of more environmentally friendly power sources such as gas turbines and renewable energy. Specifically, in the period of 2020-2030, electricity from onshore and near-shore wind power and gas power using LNG will be promoted. After 2030, electricity from solar power will be prioritized for development.
- For hydropower and coal power, these two sources will not be prioritized for further development because 90% of the hydropower potential (over 30MW) has been exploited and coal power has large carbon footprint, which is not in line with the orientation of government.

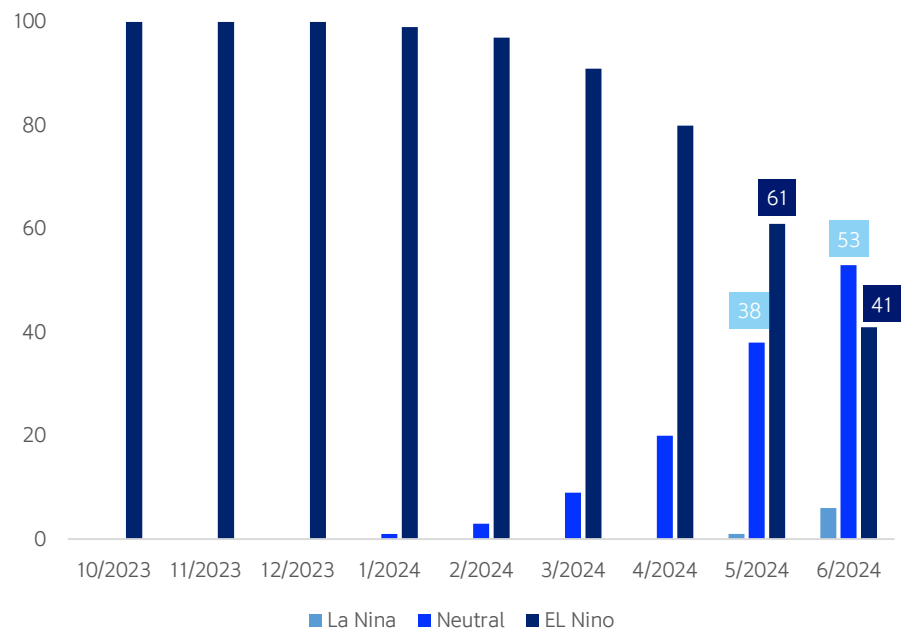
Future of energy sector in Vietnam

Proportion of electricity mobilization by sources from 01/2021 – 10/2023 (%)



Source: EVN, Shinhan Securities Vietnam

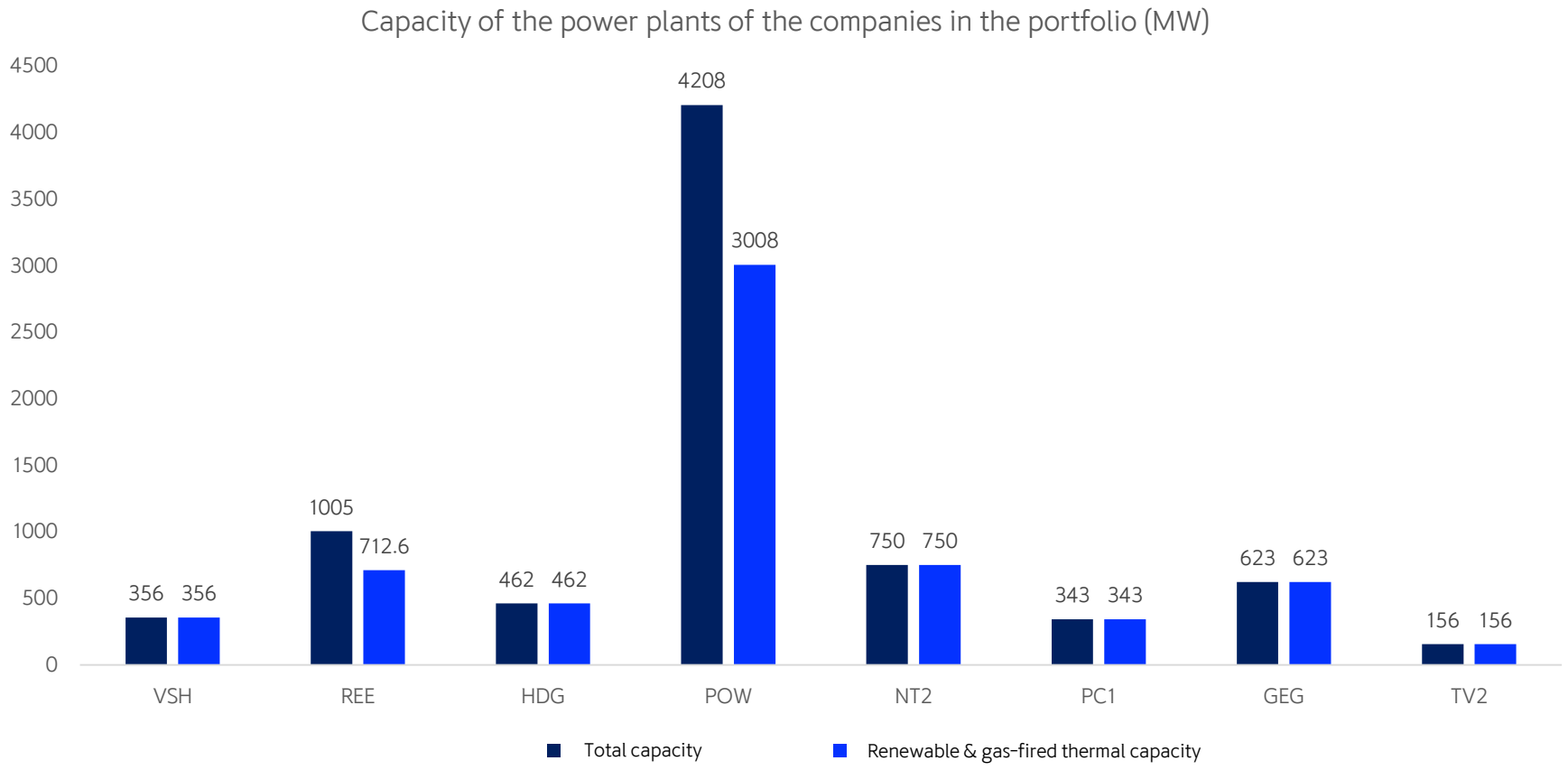
Probability of La Nina, Neutral and El Nino from 10/2023 to 06/2024 (%)



Source: IRI, Shinhan Securities Vietnam

- The mobilization rate of hydropower tends to improve from July 2023 due to the flood situation at the end of the year. Specifically, the mobilization rate of hydropower reached 20%-25% in February-July 2023, and unexpectedly surged to 41% in September.
- In Vietnam, the El Nino phenomenon occurred, causing low hydropower mobilization in 2023. However, according to IRI, the El Nino is expected to decrease and gradually switch to a neutral phase in 2024. It is hoped that hydropower production will slightly recover in 2024.

Capacity of the power plants of the companies in the portfolio



Source: Company report, SSV

Top Picks Universe

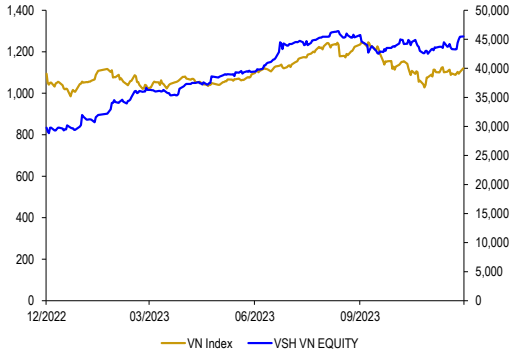
General info				Share price					Key financials(**)				Valuation 24F	
No.	Ticker	Company name	Mkt Cap (VND bn)	CP (VND)	TP* (VND)	Upside (%)	1M (%)	YTD (%)	GPM (%)	D/E (x)	ROA (%)	ROE (%)	P/B (x)	P/E (x)
1	VSH	Vinh Son - Song Hinh Hydropower JSC	10,749	45,500	47,650	4.7	7.1	44.0	64.11	0.88	11.69	22.21	1.7	9.7
2	REE	REE Corp.	23,705	58,000	72,100	24.3	9.4	(6.7)	43.24	0.69	7.01	14.89	1.1	7.9
3	HDG	Ha Do Group JSC	8,531	27,900	31,000	11.1	4.9	11.1	55.00	1.07	4.55	11.92	1.1	9.2
4	POW	PetroVietnam Power Corp.	27,049	11,550	16,250	40.7	4.1	8.5	8.78	0.89	2.38	4.62	0.7	10.2
5	NT2	PetroVietnam Power Nhon Trach 2 JSC	6,995	24,300	27,800	14.4	3.6	(15.8)	4.88	0.90	5.04	9.22	1.7	10.8
6	GAS	PetroVietnam Gas JSC	181,442	79,000	93,400	18.2	(0.1)	(6.6)	19.83	0.35	14.28	19.37	2.6	16.3
7	CNG	CNG Viet Nam JSC	983	28,000	34,000	21.4	4.1	52.3	7.80	1.13	8.48	18.05	1.2	4.6
8	PC1	PC1 Group JSC	8,708	28,000	32,150	14.8	21.5	59.4	21.66	1.78	1.24	4.97	1.2	11.9
9	GEG	Gia Lai Electricity JSC	4,624	13,550	17,000	25.5	5.9	(10.2)	52.09	1.88	0.64	2.44	1.1	16.4
10	TV2	Power Engineering Consulting JSC 2	2,701	40,000	44,400	11.0	26.2	79.4	18.86	1.20	2.55	5.56	1.8	12.9

* Target price (fair value) for the next 12 months
** Data for 12 months up to Q3/2023

Source: SSV Research, Bloomberg
Data as of December 04th, 2023

Vinh Son – Song Hinh Hydropower JSC (VSH VN)

TARGET PRICE (VND)			
47,650			
CURRENT PRICE (VND)		UP/DOWNSIDE	
45,500		4.7%	
VNINDEX			1,120
Market P/E (x)			11.8
Market Cap. (bn VND)			10,749
Outstanding Shares (mn)			236
Free Floating Shares (mn)			49
Free Floating (%)			20.7
52-Wk High (VND)			47,000
52-Wk Low (VND)			30,500
3M Avg. Trading Vol. (mn)			0.03
3M Avg. T/O (bn VND)			1
Beta (12M)			0.8
	3M	6M	12M
Absolute	0.3	15.5	45.4
Rel. to VNINDEX	9.6	13.4	42.9



Source: Bloomberg

Investment points:

_ VSH Hydro Power Joint Stock Company – Vinh Son Song Hinh is one of the companies that owns the largest hydropower plants in terms of design capacity (356 MW) listed on the Vietnam stock exchange. In the context of rising global commodity prices recently, hydropower groups have benefited the most due to their low production costs and environmentally friendly nature. Solar and wind power, on the other hand, are heavily dependent on weather conditions. Thermal power are facing difficulties as input fuel costs increase significantly.

_ Update business results of Q3/2023: VSH recorded a net revenue of VND 382 billion (-44% YoY), and a net profit of VND 26 billion (-88% YoY). During Q3/2023, the electricity production amounted to 372.2 million kWh (-38.84% YoY). The significant drop in revenue primarily comes from unfavorable hydrological conditions in the Central region in 2023, which contrasted with the conditions in the previous year. Specifically, based on in Q3/2023 rainfall data from the monitoring stations in Binh Dinh province at Vinh Son and Quy Nhon, the rainfall decline 27% YoY and 14% YoY, respectively. Additionally, the water levels in Vinh Son and Thuong Kon Tum reservoirs remained relatively low, ranging from 13-62% of the average over the years. Furthermore, the average electricity selling price decreased by 4% YoY, contributing to the sharp decline in revenue. As a result, the cumulative results for 9M/2023 indicate that VSH achieved a net revenue of VND 1,931 billion (-9% YoY), and a net profit of VND 765 billion (-13%YoY). These results completed 78% and 89% of the 2023 annual plan, respectively.

_ The parent company of VSH, REE said that the company is currently actively negotiating with EVN to renegotiate the PPA Price*. At REE's 2023 Annual General Meeting, REE said that it had completed all relevant documentation and is awaiting EVN's review. The current progress of the price negotiation has not been updated.

_ El Niño is expected to peak in September 2023, after which it will gradually decrease and transition to a neutral phase by mid-2024. Therefore, VSH's production is expected to improve from Q4/2023. We have projected that electricity production in 2023/2024 will reach 2.19 billion kWh (-15% YoY), and 2.3 billion kWh (+5% YoY). Revenue for 2023/2024 is expected to be VND2,676 billion and VND2,753 billion, respectively, corresponding to -13% YoY and +3% YoY.

Risks: (1) Earthquake risk near the Thuong Kon Tum hydropower plant(2) El Nino risk affecting electricity production; (3) Decrease in electricity selling price.

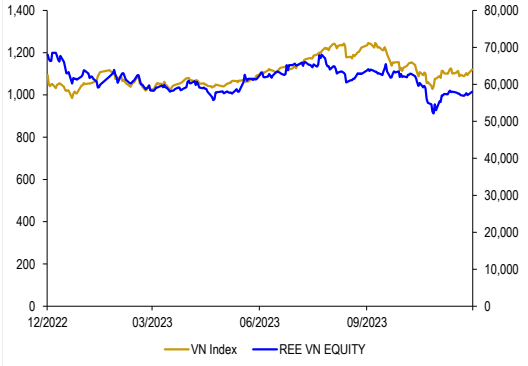
*PPA Price: Power Purchase Agreement price negotiated between EVN and the power plant, specified in the power purchase agreement (PPA).

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	341	1,611	3,085	2,676	2,753
OP (bn VND)	114	770	1,945	1,589	1,631
OP margin (%)	33.4	47.8	63.1	59.4	59.2
NPATMI (bn VND)	188	387	1,265	1,052	1,109
NP margin (%)	55.3	24.0	41.0	39.3	40.3
EPS (VND)	859	1,660	5,354	4,453	4,694
ROE (%)	5.8	10.6	28.0	20.0	18.0
P/E (x)	21	17	6	10.2	9.7
P/B (x)	1.2	1.7	1.5	2.0	1.7

Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

Refrigeration Electrical Engineering Corp. (REE VN)

TARGET PRICE (VND)			
72,100			
CURRENT PRICE (VND)		UP/DOWNSIDE	
58,000		24.3%	
VNINDEX			1,120
Market P/E (x)			11.8
Market Cap. (bn VND)			23,705
Outstanding Shares (mn)			409
Free Floating Shares (mn)			143
Free Floating (%)			35.0
52-Wk High (VND)			70,435
52-Wk Low (VND)			50,700
3M Avg. Trading Vol. (mn)			0.59
3M Avg. T/O (bn VND)			29
Beta (12M)			0.9
	3M	6M	12M
Absolute	-7.6	-5.5	-14.5
Rel. to VNINDEX	1.6	-7.6	-16.9



Source: Bloomberg

Investment points:

_REE is a company operating in three main areas: M&E (Mechanical and Electrical), Power, and Office Rental. In addition, REE also operates in the water and real estate (RE) sectors. In the energy sector, REE owns power plants with a designed capacity of up to 1005 MW. As of 9M/2023, the electricity segment accounted for 55.3% of total profit. In the real estate sector, REE is renting out nearly 150,000 square meters, accounted for 25% of total profit. In the traditional M&E business sector, REE is a leading M&E contractor and distributor of Reetech air conditioners.

_Update business results of Q3/2023: Net revenue reached VND1,962 billion (-12% YoY) and net profit reached VND465 billion (-44% YoY). The decline in revenue was due to a decrease in profit from the power and real estate segments, which fell by -48% YoY and -19% YoY, respectively. Specifically, the profit of the hydropower group members such as TMP, TBC, and VSH fell by -34% YoY, -78% YoY, and -88% YoY, respectively. In addition, the thermal power company PPC (REE owns 23.5%) also reported a decrease in Q3/2023 net profit of -45% YoY due to the fact that the electricity selling price increased more slowly than the price of raw materials. Cumulatively in the first 9M/2023, REE recorded revenue of VND6,505 billion (+3% YoY), and net profit of VND2,144 billion (-16% YoY), corresponding to 59% and 73%, respectively, of the company's revenue and profit targets.

_Mechanical & Electrical sector: New contract target for 2023: VND5,000 billion based on a number of projects that the company is following up, such as the Long Thanh International Airport project, the expansion of Noi Bai and Tan Son Nhat airports, with a total value of VND 10,000 billion. Expected growth in M&E segment revenue in 2023/2024: -5%/+6% YoY, based on the expectation of a recovery in the real estate segment in 2024.

_Real estate leasing sector: E-town 6 is expected to complete construction in 10/2023 and start commercial operation in late 2023 with a occupancy rate of approximately 30%. E-town 6 is expected to contribute revenue from Q4/2023. The expected rental price is expected to range from USD 24/m2 to USD 29/m2. Assuming a stable occupancy rate of approximately 90% in subsequent years, E-town 6 could contribute VND300-320 billion in revenue each year to REE. REE also announced that the first phase of the Bo Xuyen commercial and residential complex in Thai Binh province officially started construction in early July and is scheduled to be completed on December 31, 2023 (including 45 low-rise houses), current progress is 60%. REE expects to recognize revenue of approximately VND800 billion in 2024 due to concerns about the weak recovery of the real estate market in 2023.

_ Power segment: In Tra Vinh, TTVN Group and REE have partnered with Japanese investors (Kumagai Gumi, KANSAI Electric Power Company, and INPEX) to propose a project to develop 1,800 MW of offshore wind power. The project includes the first phase of the 800 MW Truong Thanh offshore wind power plant at location V4-2A, V4-2B and the 1,000 MW REE Tra Vinh offshore wind power plant. The projects have been included in the potential list of the approved Power Development Plan VIII.

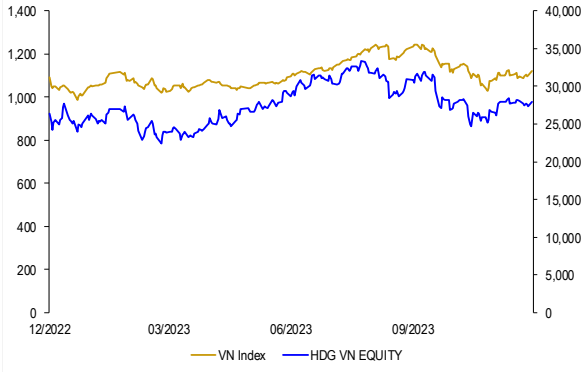
_ Risks: (1) Risk of land displacement near the hydroelectric power plants; (2) Risk of El Nino causing reduced hydroelectric output; (3) Slower recovery of revenue from the M&E sector than expected; (4) Real estate project progress slower than projected.

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	5,640	5,810	9,372	9,557	10,183
OP (bn VND)	1,239	1,854	3,663	3,457	3,865
OP margin (%)	22.0	31.9	39.1	36.2	38.0
NPATMI (bn VND)	1,628	1,855	2,693	2,478	3,409
NP margin (%)	28.9	31.9	28.7	25.9	33.5
EPS (VND)	3,971	4,539	6,588	6,043	7,345
ROE (%)	14.9	15.0	18.7	15.6	18.0
P/E (x)	9.3	11.5	9.4	9.6	7.9
P/B (x)	1.3	1.6	1.6	1.3	1.1

Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

Ha Do Group JSC (HDG VN)

TARGET PRICE (VND)			
31,000			
CURRENT PRICE (VND)		UP/DOWNSIDE	
27,900		11.1%	
VNINDEX			1,120
Market P/E (x)			11.8
Market Cap. (bn VND)			8,531
Outstanding Shares (mn)			306
Free Floating Shares (mn)			120
Free Floating (%)			39.2
52-Wk High (VND)			33,850
52-Wk Low (VND)			22,280
3M Avg. Trading Vol. (mn)			1.76
3M Avg. T/O (bn VND)			51
Beta (12M)			1.4
	3M	6M	12M
Absolute	-10.0	-4.3	5.7
Rel. to VNINDEX	-0.7	-6.4	3.2



Source: Bloomberg

Investment points:

_ HDG was formerly an enterprise under the Ministry of Defense that had a reputation in the real estate sector with a potential land bank. In recent years, HDG has expanded its business through renewable energy with a total installed capacity of 444 MW of plants. HDG is known as one of the highly efficient investors in the power industry. In 9M/2023, the proportion of gross profit from the energy and real estate sectors accounted for 75% and 10.7%, respectively, of the group's total gross profit.

_Update business results of Q3/2023 : HDG recorded revenue of VND460 billion (-45% YoY) and net profit of VND100 billion (-67% YoY) due to a decline in revenue and gross profit from the power sector of -33% YoY and -38% YoY, respectively. In addition, the real estate sector did not record any revenue (while in Q3/2022, the real estate sector recorded revenue of VND224 billion) as HDG has not yet launched Charm Villa Phase 3 as planned. Accumulated in 9M/2023, HDG recorded revenue of VND2,020 billion (-19% YoY) and net profit of VND533 billion (-49% YoY), respectively achieving 62.6% and 54.8% of the 2023 business plan.

_Real Estate Segment: For the Charm Villas project, after launching 240 units in two phases in December 2020 and January 2021, the third phase of the project has been continuously delayed. From the beginning of the year, HDG has only delivered 15 units from Charm Villas due to the unfavorable real estate market. It is expected that the project will be launched in Q1/2024 and the remaining units will be recognized as revenue in the period 2024-2025. Currently, 528 products of the project have been completed in terms of exterior, utilities and infrastructure.

_Power Segment: Revenue from the power sector in 9M/2023 reached VND1,295 billion (-11% YoY) due to unfavorable hydrological conditions for the hydropower group. It is expected that revenue from the hydropower segment will recover in 2024 when the El Niño phase will weaken. In addition, the Son Linh (7MW) and Son Nham (6.8 MW) hydropower projects in Quang Ngai are being completed in terms of legal procedures, feasibility studies, basic design, and other items. In 2025, HDG aims to double its power capacity. HDG will focus on developing 5 wind power projects that have been added to the Power Development Plan VIII, namely Ea H'leo (20 MW), Phuoc Huu (50 MW), Huong Phung (30 MW), Soc Trang (40MW) and the super project An Phong (300 MW).

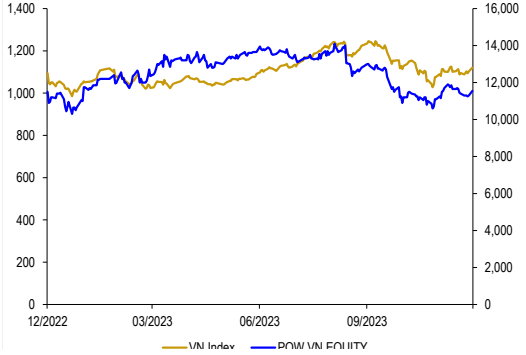
Risks: (1) Extended El Nino risk leading to reduced hydroelectric output; (2) Real estate market remaining frozen until the end of 2024, making the sale of Charm Villa challenging.

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	4,999	3,777	3,581	2,789	3,203
OP (bn VND)	1,870	1,980	2,244	2,244	2,244
OP margin (%)	37.4	52.4	62.7	80.5	70.1
NPATMI (bn VND)	979	1,096	1,121	1,121	1,121
NP margin (%)	19.6	29.0	31.3	40.2	35.0
EPS (VND)	3,421	3,742	3,606	2,289	3,046
ROE (%)	34.9	29.2	16.6	16.6	16.6
P/E (x)	6.3	11.8	7.0	12.2	9.2
P/B (x)	2.0	3.0	1.5	1.2	1.1

Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

PetroVietnam Power Corp. (POW VN)

TARGET PRICE (VND)			
16,250			
CURRENT PRICE (VND)		UP/DOWNSIDE	
11,550		40.7%	
VNINDEX			1,120
Market P/E (x)			11.8
Market Cap. (bn VND)			27,049
Outstanding Shares (mn)			2,342
Free Floating Shares (mn)			470
Free Floating (%)			20.0
52-Wk High (VND)			14,200
52-Wk Low (VND)			10,300
3M Avg. Trading Vol. (mn)			7.48
3M Avg. T/O (bn VND)			68
Beta (12M)			1.1
	3M	6M	12M
Absolute	-9.8	-15.4	-1.3
Rel. to VNINDEX	-0.5	-17.4	-3.7



Source: Bloomberg

Investment points:

_ POW is a power generation company with a total designed capacity of 4,208 MW, the second largest in Vietnam after EVN. Notably, POW's most prominent power plants are the Ca Mau & Nhon Trach 1&2 gas-fired power plants, with a combined capacity of 2,700 MW. Additionally, hydroelectric plants like Hua Na and DakDrinh contribute around 8% to POW's electricity output. In the energy sector, POW is one of the enterprises best aligned with the Power development plan VIII during the period of 2022-2030, especially in the field of LNG gas-fired power.

_Update business results of Q3/2023: POW recorded revenue of VND5,689 billion (-6% YoY) and net profit of VND52 billion (-74% YoY). Revenue in the third quarter decreased due to a decrease in both electricity production and average selling price. Specifically, (1) the production of the Hua Na and Dak Drinh hydropower plants decreased due to unfavorable weather conditions, and the production of the Nhon Trach 2 power plant decreased significantly due to a 100,000-hour overhaul. Although the production of the Vung Ang and Ca Mau power plants increased, it was still not enough to offset the decrease in the production of the other plants. (2) The average selling price on the competitive electricity market decreased significantly in August and September, by -48% and -43% YoY, respectively. However, the net profit of POW's parent company reached VND83 billion (+23.8% YoY) due to an improvement in financial revenue (+44% YoY), and the loss of VND123 billion from the NT2 power plant due to the overhaul resulted in a negative minority interest. As a result, POW's revenue for 9M/2023 reached VND21,500 billion (+5% YoY) and net profit reached VND743 billion (-39% YoY), achieving 70.9% and 79% of the target, respectively.

_ Accounts receivable from EVN: POW's accounts receivable from EVN is approximately VND6,000 billion. However, the pressure to collect debt from EVN has somewhat eased because of the recent increase in the average electricity selling price by EVN to VND2,006.7/kWh (+4.5%).

_ Natural gas-fired power: The production of electricity from NT2 is expected to recover by 7% in 2024 after the overhaul is completed. Currently, the gas supply in Southeast Vietnam is still declining gradually, but LNG in the long term will help to improve this situation. POW expects to start commercial operations of the Thi Vai LNG terminal - Phase 1 (1 million tons of LNG/year) in 2024.

_ Coal-fired power: Unit 1 of Vung Ang 1 (600MW) has returned to operation since August 12, 2023, after two years of repair. The projected production is expected to increase by 27% and 35% in 2023 and 2024. The electricity price for Vung Ang 1 is calculated based on the final cost of the plant. After the final cost is settled, the difference will be included in the electricity price. In addition, POW is re-estimating the repair costs for Vung Ang 1 and negotiating compensation. PVI has already compensated VND11.7 million USD.

_ In the future, the long-term growth driver for POW will come from the two NT3 and NT4 LNG-fired power plants with a capacity of 1,500 MW, which are scheduled to start commercial operations in 2024 and 2025. Progress update: About 51% of the progress has been completed (7.8% behind schedule). NT3 is expected to start operating in November 2024. The PPA contract with EVN is nearing completion (waiting for negotiations on *Qc and the price framework for LNG power plants). Regarding financial arrangements: POW has disbursed VND700/4,000 billion of the loan value from Vietcombank)

_Risks: (1) Shortage of input gas supply and high prices of gas and coal; (2) Difficulties with EVN, affecting POW's ability to receive payment for electricity sales; (3) Slow progress in NT3&4 implementation due to pending negotiations for PPA and GSA agreements.

*Qc: Electricity production according to the contract signed with EVN

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	29,732	24,561	28,224	31,633	36,571
OP (bn VND)	3,371	2,400	2,859	2,902	3,246
OP margin (%)	11.3	9.8	10.1	9.2	8.9
NPATMI (bn VND)	2,365	1,799	2,061	1,793	2,588
NP margin (%)	8.0	7.3	7.3	5.7	7.1
EPS (VND)	999	757	871	809	1,095
ROE (%)	8.4	6.2	6.9	7.0	7.8
P/E (x)	13.6	23.1	12.2	14.3	10.5
P/B (x)	1.1	1.4	0.8	0.9	0.8

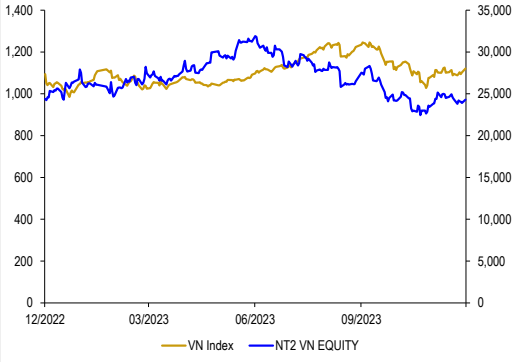
Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

PetroVietnam Power Nhon Trach 2 JSC (NT2 VN)

TARGET PRICE (VND)	
27,800	
CURRENT PRICE (VND)	UP/DOWNSIDE
24,300	14.4%

VNINDEX	1,120
Market P/E (x)	11.8
Market Cap. (bn VND)	6,995
Outstanding Shares (mn)	288
Free Floating Shares (mn)	93
Free Floating (%)	32.3
52-Wk High (VND)	34,000
52-Wk Low (VND)	22,350
3M Avg. Trading Vol. (mn)	0.64
3M Avg. T/O (bn VND)	16
Beta (12M)	0.9

	3M	6M	12M
Absolute	-12.9	-26.1	-9.5
Rel. to VNINDEX	-3.6	-28.2	-11.9



Source: Bloomberg

Investment points:

_ NT2 is a large scale companies operating in the field of gas-fired power with capacity of 750 MW, and applying the latest technologies in Vietnam. The power plant of NT2 is located in Nhon Trach, Dong Nai directly supplies power to the southern key economic region with stable demand. Noticeably, NT2 has solid financial status and an attractive dividend payout maintained for many years in a row.

_Update business results of Q3/2023: NT2 recorded net revenue of VND816 billion (-62% YoY) and a net loss of VND124 billion (same period profit of VND199 billion). The decrease in revenue was due to a sharp decline in production of 365 million kWh (-59% YoY), which was caused by the scheduled overhaul of the NT2 plant from September 7 to October 26, and the low Qc*. In addition, the competitive electricity market price fell sharply due to a sudden increase in hydropower mobilization in August and September. Meanwhile, the price of input gas remained high. This also led to NT2 not selling electricity on the competitive electricity market. Cumulatively in 9M/2023, NT2 recorded revenue and net profit of VND5,182 billion (-21% YoY) and VND256 billion (-65% YoY)and achieving 62% and 54% of the target, respectively.

_ Despite NT2 reporting a loss in Q3, the company had anticipated this from the beginning of the year due to the scheduled overhaul of the plant. It is expected that electricity production in Q4/2023 will recover, helping to reach a total electricity production of 4.1 billion kWh (1.5% YoY) in 2023 and 4.76 billion kWh (+15% YoY) in 2024. The growth drivers for NT2 in 2024 include: The shortage of gas will be significantly improved (supported by imported LNG through the Thi Vai LNG Terminal Phase 1), no overhaul as in 2023 will support production growth, the expectation of a recovery from the industrial sector, the continued power shortage in the North.

_ The dividend for 2022 was 25% and has already been paid out. NT2 plans to pay a dividend of 15% in 2023. In addition, NT2 has a relatively strong asset structure with short-term deposits of VND1,430 billion (28.8% of total assets) higher than short-term debt of VND926 billion.

_Risks: (1) Risk of gas shortage and high natural gas prices; (2) Extended risk of La Niña phenomenon; (3) Competition from other alternative energy sources.

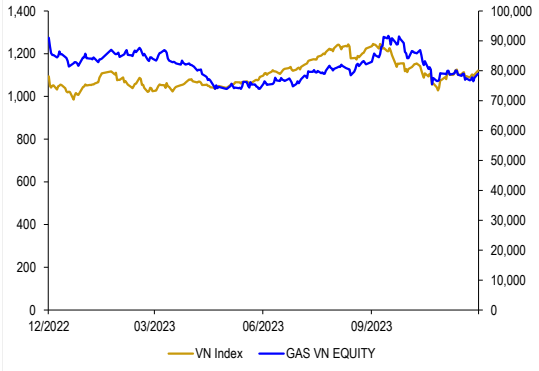
*Qc: Electricity production according to the contract signed with EVN

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	7,654	6,082	6,150	7,540	8,757
OP (bn VND)	888	810	593	392	686
OP margin (%)	11.6	13.3	9.6	5.2	7.8
NPATMI (bn VND)	754	625	534	368	645
NP margin (%)	9.9	10.3	8.7	4.9	7.4
EPS (VND)	2,540	2,095	1,778	1,278	2,240
ROE (%)	18.7	14.3	12.0	13.0	22.0
P/E (x)	8.5	11.7	14.8	19.0	10.8
P/B (x)	1.5	1.6	1.8	1.5	1.7

Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

PetroVietnam Gas JSC (GAS VN)

TARGET PRICE (VND)			
93,400			
CURRENT PRICE (VND)			UP/DOWNSIDE
79,000			18.2%
VNINDEX			1,120
Market P/E (x)			11.8
Market Cap. (bn VND)			181,442
Outstanding Shares (mn)			2,297
Free Floating Shares (mn)			97
Free Floating (%)			4.2
52-Wk High (VND)			94,667
52-Wk Low (VND)			75,500
3M Avg. Trading Vol. (mn)			0.61
3M Avg. T/O (bn VND)			49
Beta (12M)			0.8
	3M	6M	12M
Absolute	-3.9	3.0	-14.7
Rel. to VNINDEX	5.4	1.0	-17.2



Source: Bloomberg

Investment points:

_ Vietnam Gas Corporation (GAS) is the leading enterprise in the gas sector in Vietnam, holding a 100% market share in dry gas, over 70% in Liquefied Petroleum Gas (LPG), and 50% in Liquefied Natural Gas (LNG). Additionally, GAS owns 1,500 km of gas pipelines, 3 gas processing plants, and 14 LPG storage facilities. Currently, dry gas, LPG, and condensate are the three key business segments of GAS.

_GAS has significant growth potential as LNG gas plays a pivotal role in the national power system according to the Power Development Plan VIII. Presently, GAS is the largest LNG importer and supplier with the biggest market share in Vietnam. With the demand for natural gas/LNG expected to begin in 2024 as per the Power Development Plan VIII, GAS will greatly benefit and experience strong growth from 2024.

_Update business results of Q3/2023: GAS recorded net revenue of VND22,126 billion (-9.1% YoY) and net profit of VND2,377 billion (-21.5% YoY). The decline was due to the average oil price being lower than the same period -24% (USD88.76/barrel), and the sharp increase in G&A costs (+70% YoY). Cumulatively in 9M/2023, net revenue reached VND67,383 billion (-14% YoY) and net profit reached VND8,883 billion (-23% YoY). Thus, compared to the annual revenue and profit plan, GAS has completed 88% and 38%, respectively. In addition, in 2023, PV Gas set a target of 7.9 billion cubic meters of input gas, 7.7 billion cubic meters of dry gas produced and consumed, 1.76 million tons of LPG produced and traded, and 84,000 tons of Condensate produced and supplied.

_Update on Project Progress:

(1) The Su Tu Trang gas collection and transportation pipeline is expected to be approved for FS (feasibility study) 30 months before the Firstgas (first commercial gas stream) milestone and is expected to be completed in 2025/2026.

(2) The Thi Vai LNG Terminal Phase 1 with a capacity of 1 million tons/year was inaugurated on October 29, 2023, and is expected to generate revenue in 2024. It will then be expanded to 3 million tons/year in Phase 2, which has already completed FS and is being submitted to the Ministry of Industry and Trade for appraisal.

(3) The Son My - Binh Thuan LNG import warehouse project with a phase 1 capacity of 3.6 million tons/year is under construction.

(4) Regarding the Block B project, GAS will be the main investor and transporter of approximately 5-7 billion cubic meters of gas (equivalent to 65% of GAS's dry gas consumption in 2022) for 23 years. The project has officially started since October 2023 and is expected to start production in 2027.

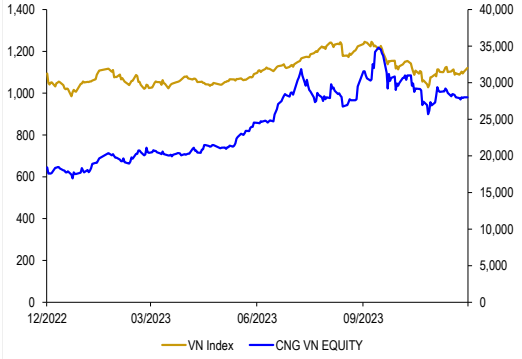
Risks: (1) Decrease in dry gas production; (2) Decline in average gas selling price; (3) Slower operation of the Block B Ô Môn project than anticipated.

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	64,135	78,992	100,724	89,471	99,526
OP (bn VND)	8,694	10,374	17,799	14,217	14,970
OP margin (%)	13.6	13.1	17.7	15.9	15.0
NPATMI (bn VND)	7,855	8,673	14,798	12,226	12,870
NP margin (%)	12.2	11.0	14.7	13.7	12.9
EPS (VND)	3,357	3,630	6,374	6,273	4,839
ROE (%)	15.9	16.8	26.4	19.0	18.1
P/E (x)	21.5	22.1	13.3	12.6	16.3
P/B (x)	3.4	3.6	3.2	2.9	2.6

Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

CNG Viet Nam JSC (CNG VN)

TARGET PRICE (VND)			
34,000			
CURRENT PRICE (VND)		UP/DOWNSIDE	
28,000		21.4%	
VNINDEX			1,120
Market P/E (x)			11.8
Market Cap. (bn VND)			983
Outstanding Shares (mn)			35
Free Floating Shares (mn)			15
Free Floating (%)			44.0
52-Wk High (VND)			36,600
52-Wk Low (VND)			17,769
3M Avg. Trading Vol. (mn)			0.18
3M Avg. T/O (bn VND)			7
Beta (12M)			1.2
	3M	6M	12M
Absolute	-5.1	8.7	43.6
Rel. to VNINDEX	4.2	6.6	41.1



Source: Bloomberg

Investment points:

_CNG is a subsidiary of PetroVietnam Gas Corporation (PV Gas), currently holding a 70% market share in Compressed Natural Gas (CNG) nationwide. CNG is an environmentally friendly energy derived from natural gas, which many producers are focusing on as an alternative to high carbon-emitting energy sources. The current compressed gas plant of CNG produces over 220 million Sm3/year in the South and 110 million Sm3 in the North.

_CNG is among the companies with an environmentally friendly business model, strong financial health, and an abundant dividend policy. Additionally, CNG is diversifying its business areas through the strategy of entering the LNG distribution market for PV Gas. Currently, CNG has supported PV Gas in operating the Thi Vai LNG station and commercial LNG storage.

_In Q4/2022, CNG built its first LNG refueling station with a capacity of 50 tons, expected to be completed in April 2023. This LNG station is anticipated to serve CNG's close customers such as Oechsler Motion, Petfood Evolution, Asia Steel, etc. According to CNG's direction, this refueling station will be expanded to supply customers in the Thuan Dao Industrial Zone. Furthermore, CNG stated that this is the first step in the company's plan to open an LNG project chain across Vietnam.

_Update business results of Q3/2023: CNG recorded net revenue of VND785.2 billion (-26% YoY) and net profit of VND30 billion (+66% YoY) in Q3/2023. Cumulatively in 9M/2023, net revenue reached VND2,366 billion (-27% YoY) and net profit reached VND66 billion (-27% YoY), due to the decline in production and fuel prices. At the 2023 Annual General Meeting of Shareholders (AGM), CNG set a production target of 290 million Sm3, revenue of VND3,463 billion (-18% YoY), and net profit of VND85 billion (-27% YoY). As such, CNG has completed 77.8% of its full-year 2023 plan.

_ With a market share of 70% nationwide in the supply of CNG, CNG can easily deliver LNG to its customers. In terms of development plans, CNG has completed preparations for the trial run of the LNG regasification terminal in Thuan Dao, Long An Province.

_During the 2022-2025 period, CNG aims to achieve a total output of 1,200 million Sm3 and total revenue of 13,800 billion VND. In the 2026-2030 period, CNG targets an output of over 2,700 million Sm3 and total revenue of VND 33,400 billion. In the 2031-2035 period, CNG's target output is 5,200 million Sm3 with total revenue exceeding VND 73,400 billion. The company's main business strategy will focus on CNG and LNG.

_Risks: (1) Oil price risk; (2) Natural gas price risk; (3) The CNG plant in the South approaching 100% of its designed capacity.

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	2,338	3,058	4,185	4,204	4,835
OP (bn VND)	52	105	300	216	290
OP margin (%)	2.2	3.4	7.2	5.1	6.0
NPATMI (bn VND)	51	82	118	153	164
NP margin (%)	2.2	2.7	2.8	3.6	3.4
EPS (VND)	1,028	2,060	3,035	5,663	6,088
ROE (%)	6.9	14.0	21.8	27.8	23.0
P/E (x)	15.1	11.3	6.1	4.9	4.6
P/B (x)	1.1	1.6	1.4	1.3	1.2

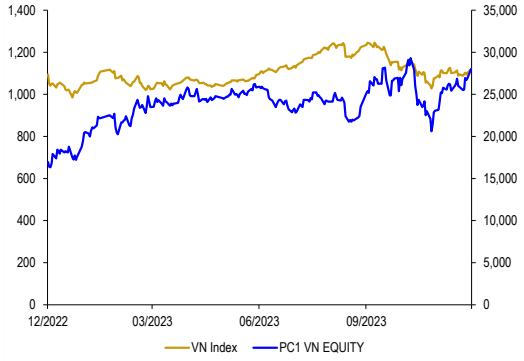
Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

PC1 Group JSC (PC1 VN)

TARGET PRICE (VND)	
32,150	
CURRENT PRICE (VND)	UP/DOWNSIDE
28,000	14.8%

VNINDEX	1,120
Market P/E (x)	11.8
Market Cap. (bn VND)	8,708
Outstanding Shares (mn)	311
Free Floating Shares (mn)	172
Free Floating (%)	55.3
52-Wk High (VND)	29,565
52-Wk Low (VND)	16,087
3M Avg. Trading Vol. (mn)	3.83
3M Avg. T/O (bn VND)	110
Beta (12M)	1.3

	3M	6M	12M
Absolute	19.0	8.4	62.6
Rel. to VNINDEX	28.3	6.4	60.2



Source: Bloomberg

Investment points:

_PC1 is one of the well-established construction companies in the power sector in Vietnam. Currently, PC1 is operating in three main business areas: construction, renewable energy investment, and industrial production.

_Update business results of Q3/2023: PC1 recorded net revenue of VND2,220 billion (-26% YoY) and net profit for the parent company of VND64 billion (-3% YoY) in Q3/2023. Cumulatively in the 9M/2023, revenue reached VND5,198 billion (-13% YoY), and net profit reached VND159 billion (-75% YoY), completing 55% of the revenue plan and 31% of the profit plan, respectively. The main reason for the decline in PC1's business results was due to the sharp decline in the construction of electricity segment (9M2023 down 56%, Q3/2023 down 80%) due to the lack of new investment projects. Hydropower production fell sharply due to unfavorable weather and high borrowing costs of VND219 billion (+36% YoY) and the fact that the plant of Tan Phat Mineral JSC has operated, so the time for capitalization of borrowing costs has ended. In addition, the industrial production, Nikken, and Nomura Industrial Park segments contributed to the business performance of this quarter (the previous quarter PC1 did not record this segment), but it was not enough to offset the decline of the other segments.

_Construction segment: Benefits in the medium term thanks to the Power Plan 8, when the demand for the construction of transmission lines and the operation of renewable power plants is high. PC1 said that the backlog value is still high at VND3,786 billion. It is estimated that the revenue of the EPC segment in 2023/2024 will be around VND2,500/3,000 billion.

_ Power segment: Hydropower production will decline in 2023 when the El Niño phase occurs in 2023, and production is expected to increase again in 2025 when the El Niño phase ends, while the wind power segment is expected to remain stable.

_ Mining segment: PC1 plans to export another 10,000 tons in December 2023. Estimated revenue for 2023 is around VND1,000 billion, with net profit at VND160 billion.

_ Industrial real estate segment: The company expects the Yen Phong IIA Bac Ninh project to be fully occupied within 4 years and start renting from the second half of 2023. The company expects revenue in 2023/2024 to be around VND500/600 billion, respectively. With the Yen Lệnh Port cluster in Ha Nam, the project has just been approved for the 1/500 urban planning and is preparing for land clearance, and is expected to generate revenue in 2024. With Nomura Industrial Park, the company expects to generate revenue of around VND650 billion each year.

_ Residential real estate segment: PC1 currently has 4 projects that have not completed legal procedures, with estimated revenue of VND2,500 billion and net profit of VND400 billion, to be handed over according to the schedule from 2023 to 2027. PC1 continues to complete procedures related to the Gia Lam and Bac Tu Liem projects, and plans to start the Gia Lam project in Q4/2023.

_Risks: (1) Legal risks of projects; (2) Diversification risks; (3) Slowdown in the construction segment due to the stagnation of renewable energy projects; (4) Higher-than-expected financial costs; (5) Nickel mining risk due to fluctuations in LME nickel prices.

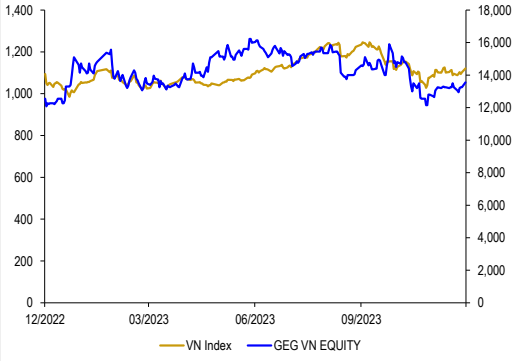
FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	6,679	9,828	8,358	9,601	10,626
OP (bn VND)	823	859	1,318	1,403	1,623
OP margin (%)	12.3	8.7	15.8	14.6	14.6
NPATMI (bn VND)	513	695	460	471	623
NP margin (%)	7.7	7.1	5.5	4.9	5.9
EPS (VND)	1,690	1,844	1,321	1,960	2,350
ROE (%)	13.8	14.9	8.4	8.4	11.4
P/E (x)	8.3	16.1	13.3	14.3	11.9
P/B (x)	1.1	2.0	1.1	1.3	1.2

Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

Gia Lai Electricity JSC (GEG VN)

TARGET PRICE (VND)	
17,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
13,550	25.5%
VNINDEX	1,120
Market P/E (x)	11.8
Market Cap. (bn VND)	4,624
Outstanding Shares (mn)	341
Free Floating Shares (mn)	78
Free Floating (%)	22.7
52-Wk High (VND)	16,745
52-Wk Low (VND)	11,604
3M Avg. Trading Vol. (mn)	1.00
3M Avg. T/O (bn VND)	12
Beta (12M)	1.1

	3M	6M	12M
Absolute	-5.2	-15.3	12.2
Rel. to VNINDEX	4.0	-17.3	9.8



Source: Bloomberg

Investment points:

_GEG began as a hydropower company and has gradually transformed into one of the largest companies in the electricity sector with the total capacity in renewable energy of 503 MW. This includes 81 MW from hydropower, 292 MW from solar farms and rooftop solar, and 130 MW from wind power. GEG's power plants are strategically located, well-suited for various types of renewable energy. The company benefits significantly from its focus on developing the renewable energy sector, particularly wind power, as outlined in Power Development Plan VIII.

_Update business results of Q3/2023: GEG recorded revenue of nearly VND566 billion (+9% YoY) and net profit of VND13 billion (-89% YoY) in Q3/2023. The decrease in net profit was primarily due to the sharp increase in financial costs, as interest rates remained high. The commissioning of the Tan Phu Dong 1 (TPD 1) wind farm also resulted in additional borrowing costs. In addition, operating income decreased by -93% due to the absence of revenue from the sale of shares in the same period last year. In 9M/2023, revenue reached VND1,595 billion (0% YoY) and net profit reached VND150 billion (-64% YoY). The commissioning of the TPD 1 wind farm (100MW) helped to increase electricity production, but the selling price was relatively low, at only 50% of the transitional selling price. We estimate that the TPD 1 plant is currently operating at a loss, which has had a significant impact on the company's overall net profit. As a result, GEG has achieved 55% of its revenue target and 72% of its profit target.

Updates on plant operations and new projects:

_The Tan Phu Dong 1 wind power plant (120 MW) and the Duc Hue 2 solar power project (50 MW) are expected to drive strong growth for GEG in late 2023 - 2024. The Tan Phu Dong 1 wind power plant is projected to have an average output of around 293 kWh/year. The Duc Hue 2 project (49 MW) is expected to start operating in early 2024 with an anticipated output of 73 kWh/year. GEG has almost completed important legal steps for this project.

_ In October 2023, GEG was granted a preliminary investment approval for the Tien Giang Hydrogen Production Plant (100MW) - Phase 1, which will use wind power to produce hydrogen. The plant is expected to produce 5,000 tons of hydrogen/year, 95,000 tons of oxygen/year, and 90,000 tons of ammonia/year. The total investment is over VND2,200 billion, and the plant is expected to be operational in 2028. In addition, GEG has completed a merger and acquisition (M&A) of a 8.6MW hydropower project in Dak Lak province. The project is currently in the process of completing legal procedures and is expected to start construction in early 2024.

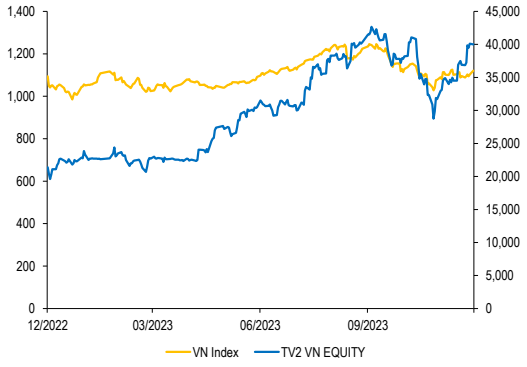
_Risks: (1) El Nino-related risks leading to reduced hydropower production; (2) Legal risks for incomplete projects; (3) Interest rate fluctuations that could lead to higher-than-expected financial costs; (4) Pricing mechanisms for renewable energy projects can be difficult to predict.

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	1,493	1,381	2,093	2,164	2,477
OP (bn VND)	645	653	851	780	830
OP margin (%)	43.2	47.3	40.6	36.0	33.5
NPATMI (bn VND)	257	283	316	171	288
NP margin (%)	17.2	20.5	15.1	7.9	11.6
EPS (VND)	858	807	830	491	826
ROE (%)	9.6	8.2	5.6	3.6	5.2
P/E (x)	19.2	25.9	18.2	27.6	16.4
P/B (x)	1.8	2.1	1.4	1.2	1.1

Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

Power Engineering Consulting JSC 2 (TV2 VN)

TARGET PRICE (VND)			
44,400			
CURRENT PRICE (VND)		UP/DOWNSIDE	
40,000		11.0%	
VNINDEX			1,120
Market P/E (x)			11.8
Market Cap. (bn VND)			2,701
Outstanding Shares (mn)			68
Free Floating Shares (mn)			31
Free Floating (%)			45.7
52-Wk High (VND)			43,400
52-Wk Low (VND)			19,450
3M Avg. Trading Vol. (mn)			0.43
3M Avg. T/O (bn VND)			16
Beta (12M)			1.1
	3M	6M	12M
Absolute	-0.7	31.1	87.8
Rel. to VNINDEX	8.5	29.1	85.3



Source: Bloomberg

Investment points:

_TV2 is a leading power consultancy company in Vietnam, operating in three main areas: (1) power plant consultancy and operation, (2) mechanical processing, and (3) power source investment. Among these, consultancy activities contribute the most to the company's revenue, accounting for 86% in 2022. Additionally, EVN is a major shareholder in TV2, giving TV2 a priority advantage in participating in various stages, from planning and surveying to consulting on projects of the parent company. Some notable projects include the Gio Thanh 1,2 solar power plant and the Tan Thuan wind power plant.

_Update business results of Q3/2023: TV2 recorded a net revenue of VND 211 billion (-47% YoY) and a net profit of VND 17 billion (+70% YoY). In the first 9M/2023, TV2 recorded a net revenue of VND 480 billion (-53% YoY) and a net profit of VND 39.5 billion (-5% YoY). The decline in revenue was due to the main business segment of consulting, as the backlog volume of this segment was low and the EPC contracts were still in the early stages of implementation. Net profit declined less than revenue due to the higher gross margin of the investigation and consulting segment than the EPC contracts, and the reduction in corporate management expenses of -37% YoY. Thus, TV2 achieved 35% of its revenue target and 76% of its pre-tax profit target.

_Update on Project Progress: TV2 is currently investing in and signing consultancy and EPC survey contracts with several major projects:

(1) Song Hau 2 Thermal Power Plant (capacity of 2012 MW, investment capital of VND 72,000 billion): Currently in the process of capital arrangement and facing issues related to compensation for land clearance. Expected revenue will be realized in the period 2024-2028.

(2) Hau Giang Biomass Thermal Power Project (capacity of 20 MW, investment capital of VND 875 billion, TV2 owns 10%): Commenced at the end of 2022, expected revenue will be realized in 2024.

(3) Tra Vinh Biomass Thermal Power Project (capacity of 25 MW, investment capital of VND 1,066 billion, TV2 owns 10%): In the feasibility report (FS) preparation stage and land clearance preparation. Expected revenue will be realized in 2024.

(4) Thac Ba 2 Hydroelectric Power Project (capacity of 18.9 MW, investment capital of VND 709 billion, TV2 owns 45%): Commenced in 10/2022, expected revenue recognition this year.

In addition, TV2 was appointed as the consultant for the design and supervision of the construction of the 500kV extension line (Quang Trach - Pho Noi). It is scheduled to operate in June 2024. The 500kV line will help to ensure the power supply for the North. In the future, TV2 is planning to participate in EPC and O&M of combined cycle gas turbine (CCGT) projects and LNG power projects. The Long Son LNG project has been delayed until 2030.

_Risks: (1) Legal risks of projects; (2) Policy risks regarding pricing for renewable energy projects which can be hard to predict; (3) Weather risks that can affect wind power projects; (4) Input material risks such as steel prices.

FY	2020	2021	2022	2023F	2024F
Revenue (bn VND)	3,346	3,629	1,322	1,364	3,050
OP (bn VND)	272	281	57	121	181
OP margin (%)	8.1	7.7	4.3	8.9	5.9
NPATMI (bn VND)	262	272	53	123	210
NP margin (%)	7.8	7.5	4.0	9.0	6.9
EPS (VND)	3,883	4,025	783	1,818	3,104
ROE (%)	25.0	21.4	3.9	9.4	13.5
P/E (x)	7.3	12.0	28.5	22.0	12.9
P/B (x)	1.6	2.4	1.1	2.1	1.8

Source: Bloomberg, Shinhan Securities, Data as of 04/12/23

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