August 29th, 2022



Vinh Son – Son Hinh Hyropower JSC

[Vietnam / Utilities]

Bloomberg Code (VSH VN) | Reuters Code (VSH.HM)

BUY

Initiation Coverage

Target price (12 months)	**VND47,200**
Current price (29/08/22)	VND38,950
Return	21.18%



[Analyst]

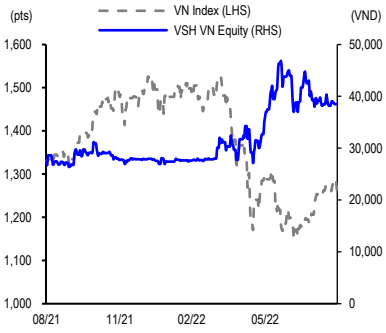
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VNINDEX	1,264
Market P/E (x)	12.0
Market Cap. (bn VND)	9,036
Outstanding Shares (mn)	236
Free Floating Shares (mn)	54
Free Floating (%)	22.9
52-Wk High/Low (VND)	48,000/26550
90-day avg. trading volume (1mn)	11
90-day avg. turnover(bn VND)	0.2
Foreign ownership (%)	11.52

Major shareholders (%)	REE	50.45
	PGV	30.55

Performance	3M	6M	12M
Absolute (%)	13.5	34.2	36.1
Relative (%)	15.2	49.4	39.9



Great flow from highland

Initiate coverage with BUY call, target price VND 47,200

Vinh Son - Song Hinh Hydropower JSC (HoSE: VSH) is one of the enterprises owning hydroelectric power plants with the largest capacity listed on HoSE. VSH is trading at an attractive valuation and its core business has growth potential. Therefore, we initiate coverage of VSH with BUY rating and a target price of VND47,200 based on two valuation methods FCFF and PE. We believe the revenue of VSH will skyrocket thanks to the significant growth in power output with the contribution of the new hydropower plant and the sustainable growth of demand for electricity in Vietnam. In the long term, the sustainable growth of Vietnam's electricity consumption demand is also an opportunity for VSH to develop expansion and upgrade projects.

Thuong Kon Tum hydropower plant - driven electricity output skyrocketed

The electricity output of VSH is expected to grow solidly in 2022. The impetus comes from the Thuong Kon Tum Hydropower Plant (TKT Power Plant) connected to the national grid in April 2021 after 11 years. In 2022, we expect VSH's power output to beat the historical record of 1,771 million Kwh.

Favorable weather and tough conditions for competitors

In the context of the world's commodity prices continuously climbing, the hydropower sector has benefit when it operates stable and this sector has low COGS. At the same time, the La Nina phenomenon is expected to continue until 2023, La Nina will bring enormous amounts of water to the power plants. While solar power and wind power are highly dependent on weather conditions. Gas electricity and thermal power plants are often encountered when costs soar sharply. Therefore, the power coming from hydropower plants is prioritized by EVN.

The electricity demand of Vietnam grows sustainably

According to draft power VIII of the Ministry of Industry and Trade, the electricity demand will grow at a compound growth rate (CAGR) of 8.52% in the period 2020-2030. So, VSH will conduct expansion projects to increase its designed capacity by 20% in the medium term.

Risks:

1. The amount of water will decrease due to the impact of El Nino.
2. The earthquake near the TKT Hydropower Plant.
3. The price of input materials of competitors cools down.

Year to Dec.	2020	2021	2022F	2023F	2024F
Revenue (bn VND)	**341**	**1,611**	**3,058**	**2,822**	**2,477**
OP (bn VND)	114	770	1,576	1,362	1,139
NP (bn VND)	**189**	**387**	**1,054**	**913**	**781**
EPS (VND)	913	1,660	4,881	3,865	3,307
BPS (VND)	16,149	16,977	20,411	23,247	25,525
OPM (%)	33	48	52	48	46
NPM (%)	55	24	34	32	32
ROE (%)	**6**	**10**	**22**	**17**	**13**
PER (x)	20.59	17.29	8.92	10.3	12.04
PBR (x)	1.16	1.69	1.95	1.71	1.56
EV/EBITDA (x)	48.68	9.49	9.45	9.52	9.72

Source: Company data, Shinhan Securities Vietnam

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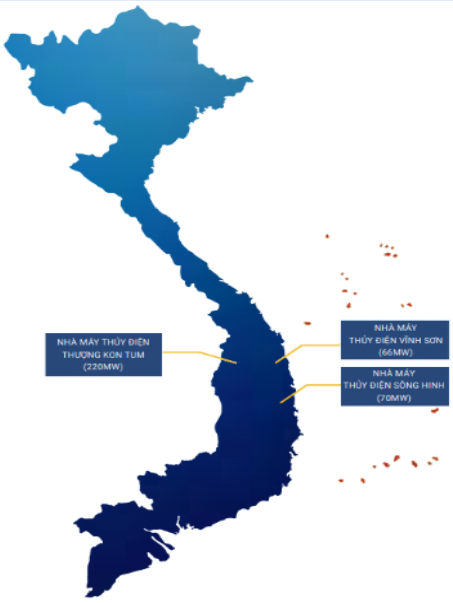
Company background

History of development

Vinh Son – Song Hinh Hydropower JSC (HoSE: VSH), formerly known as Vinh Son Hydropower Plant, was established in 1994. In 2004, Vinh Son Song Hinh Hydropower Plant was transformed into Vinh Son – Song Hinh Joint Stock Company. In 2006, Vinh Son – Song Hinh JSC was officially listed on the Ho Chi Minh City Stock Exchange under the ticker "VSH".

VSH's shareholder structure is quite concentrated when 90.88% of the outstanding shares are in the hands of three major shareholders. In May 2021, Refrigeration Engineering Corporation (HoSE: REE) became the parent company of VSH when REE Energy Co., Ltd (a subsidiary of REE) increased its ownership to 50.5%.

VSH's hydropower plants

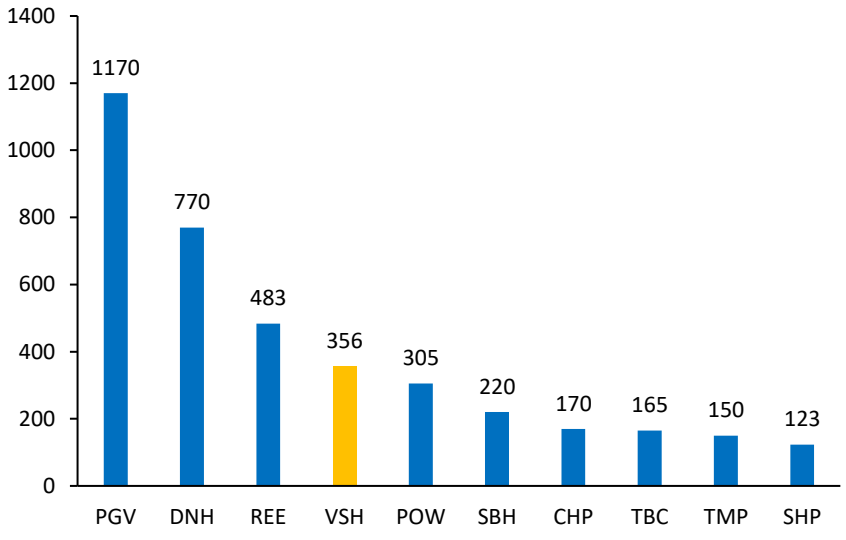


Vinh Son - Song Hinh Hydropower JSC owns and operates three hydropower plants with a total capacity of 356 MW, contributing 100% of revenue to the company. VSH's three factories include:

- Vinh Son Hydropower Plant with a capacity of 66 MW located in Binh Dinh province.
- Song Hinh Hydropower Plant with a capacity of 70 MW located in Phu Yen province.
- Thuong Kon Tum Hydropower Plant with a capacity of 220 MW located in Kon Tum province.

Source: Company data, Shinhan Securities Vietnam

Design capacity of hydropower plants of some listed companies (MW)



Source: Company data, Shinhan Securities Vietnam

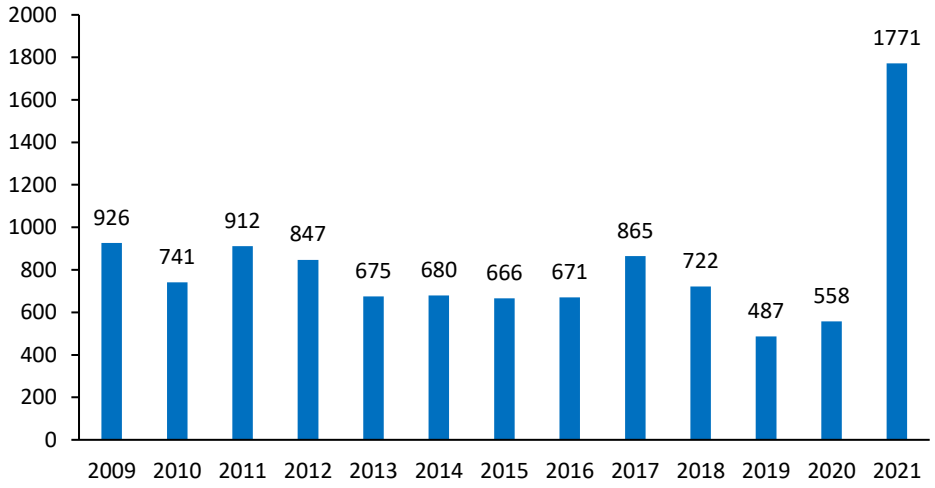
Investment Thesis

1. Power output skyrocketed thanks to TKT Power Plant

TKT Power Plant boosts the power output of VSH

The total electricity of VSH in 2022 is expected to increase significantly beat the historical record with the main driving force from TKT hydropower plant. In April 2021, this power plant was connected to the national grid. After only 9 months of operation, TKT hydropower plant contributed 971 million Kwh, helping VSH's total electricity output in 2021 reached 1,771 million Kwh, 30% higher than the plan.

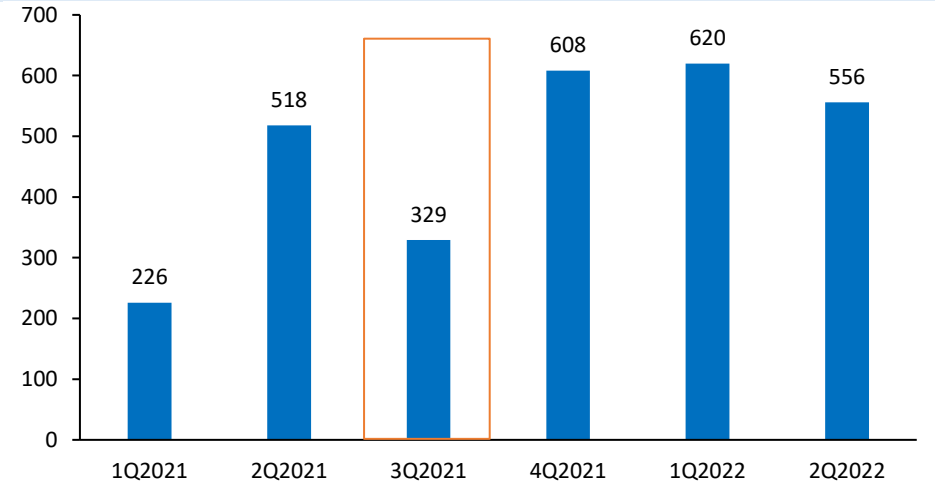
Electricity output of VSH in the period 2009-2021 (million Kwh)



Source: Company data, Shinhan Securities Vietnam

The capacity of TKT hydropower plant is nearly 1,110 million kWh/year, specialy, water column of TKT hydropower plant is 944m, helping to increase the efficiency of converting potential energy into electricity. In 2021, natural resource tax contributed 29% of VSH's cost of goods sold. This tax is calculated based on the amount of water VSH consumes to produce electricity. Thanks to high conversion efficiency, the TKT Power Plant can reduce costs and improve operational profitability. In addition, VSH has the third largest reservoir in Vietnam, allowing the power plant to store huge amounts of water to produce electricity in the dry season and regulate hydrology in the downstream area.

VSH's electricity power output from 1Q2021 to the 2Q2022 (million Kwh)



Source: Company data, Shinhan Securities Vietnam

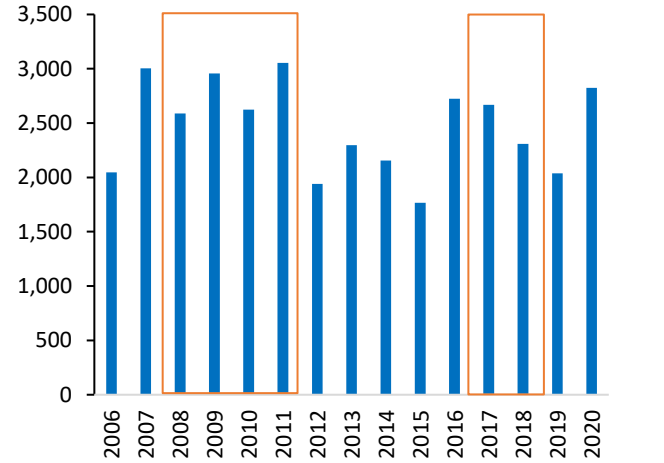
Notably, electricity consumption of Vietnam in the third quarter of 2021 plunged by 10.05% from 773.2 million Kwh/day to 691.8 million Kwh/day due to the impact of the Covid-19 pandemic. VSH was hit strongly by the slump in demand. In the third quarter of 2022, we expect VSH will have a significant growth quarter because of the low base of the previous year.

2. Favorable water and tough conditions of competitors

The La Nina is expected to continue until the end of 2022, bringing enormous amounts of water for hydropower.

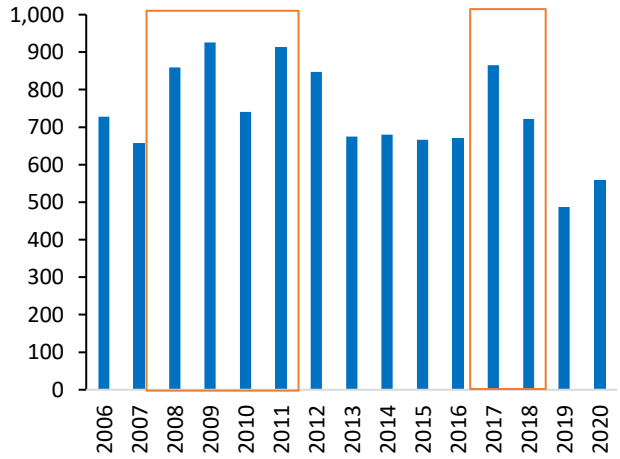
According to the General Statistics Office from 2006 to 2020, the total rainfall observed at monitoring stations from Vinh to Ca Mau in the years when La Nina phenomenon occurs is higher than the average of many years from 10% to 20%. A huge amount of rainfall helps power plants to store water in reservoirs for power generation in the peak season and to regulate hydrology in downstream areas.

Average rainfall of 4 monitoring stations: Hue, Da Nang, Qui Nhon, Plei Ku 2006-2020 (mm)



Source: Bloomberg, Company data, Shinhan Securities Vietnam

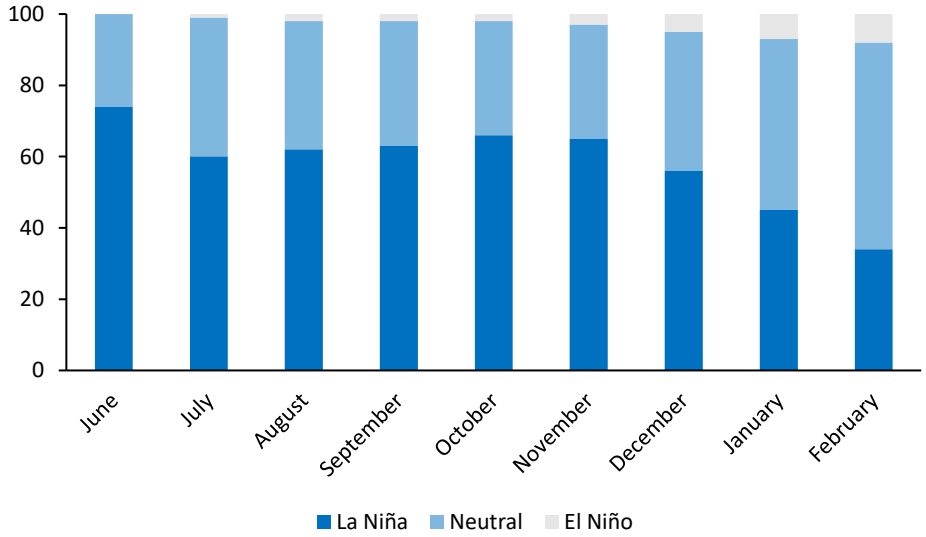
The commercial power output of VSH 2006-2020 (Kwh)



Source: Bloomberg, Company data, Shinhan Securities Vietnam

According to the International Research Institute for Climate and Society (IRI), the probability that La Nina will continue to remain for the rest of the year is greater than 60%. It is expected that in 2023, the probability of a neutral climate will dominate.

Probability of La Nina, Neutral and El Nino phenomenon from June 2022 to February 2023 (%)



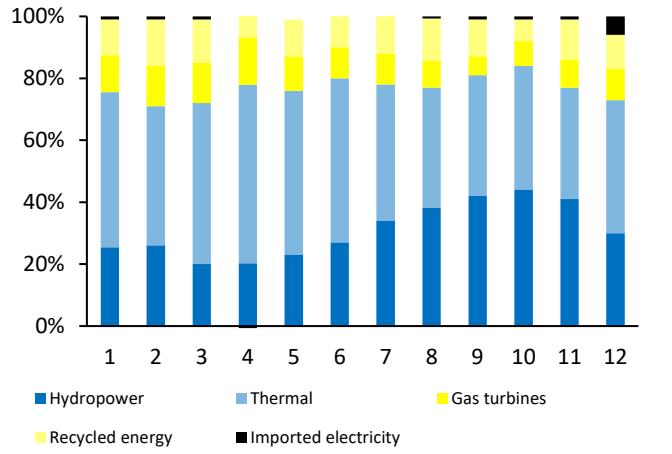
Source: IRI, Shinhan Securities Vietnam

Hydropower is prioritized for mobilization because of its low COGS

The proportion of mobilization from hydropower in the first 6 months of 2022 increased by 17% YoY thanks to the advantage of low COGS. As a result, the electricity output of VSH jumped by 58% YoY although the second quarter was not the peak season for hydropower.

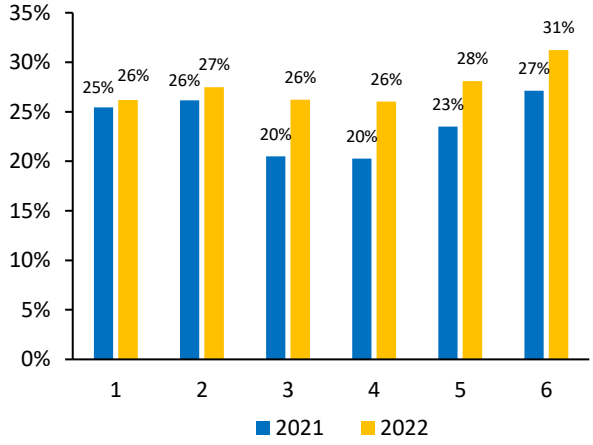
Meanwhile, the cost of input materials for other types of electricity has increased sharply. Specifically, the cost of coal and gas electricity sometimes reaches 1,600 VND/Kwh, price of renewable electricity fluctuates from 1,900 to 2,200 VND/Kwh. At the General Meeting of Shareholders of Refrigeration Electrical Engineeing Corporation (HoSE: REE), Chairwoman Nguyen Thi Mai Thanh said that the cost price of Thuong Kon Tum Power Plant was just at 900 VND/Kwh.

Proportion of electricity mobilization from sources in 2021 by month (%)



Source: EVN, Shinhan Securities Vietnam

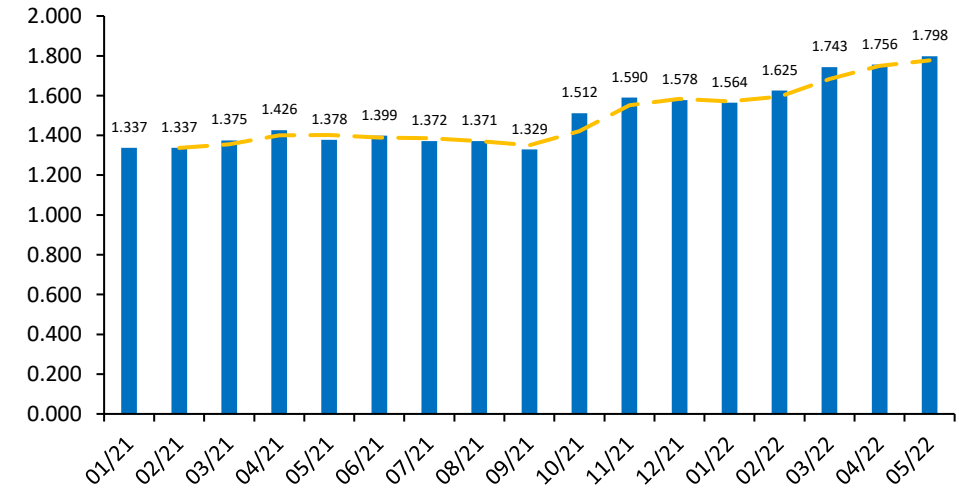
Proportion of mobilization from water resources in the first 6 months of 2021 (%)



Source: EVN, Shinhan Securities Vietnam

Besides that, the average selling price of electricity in the competitive generation market (CGM) in May 2022 reached 1,798 VND/Kwh, equivalent to an increase of 30% compared to the price range of 1,378 VND/Kwh in the same period last year. For the electricity industry in Vietnam, there are two forms of electricity sale: PPA and CGM. Sales through PPA, can be up to 80% for coal power plants and 90% for hydropower plants. Regarding CGM, the output in this market depends on the mobilization demand of EVN and the independent competitiveness of factories.

Average selling price of electricity on CGM market from January 2021 to May 2022 (kVND)



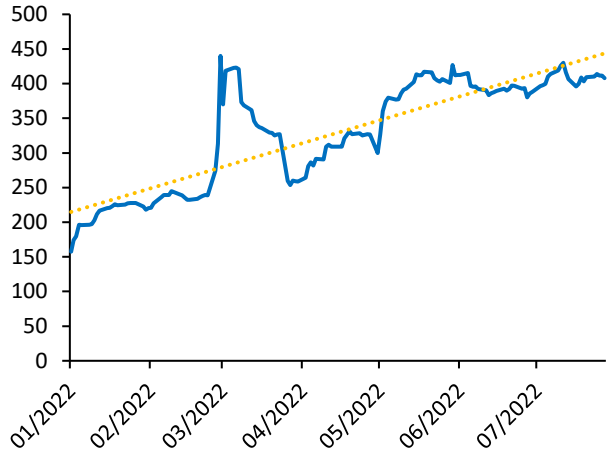
Source: Company data, Shinhan Securities Vietnam

The price of input materials for coal and gas power has skyrocketed, which is the main reason that COGS

soared sharply. This makes the competitive advantage in the CGM market of the two groups plunge deeply. As for coal, Vietnam is only self-sufficient in 70% of the raw materials needed for electricity production.

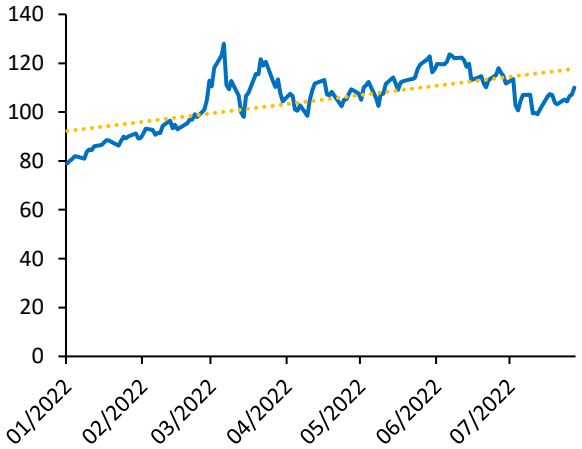
At the end of July 2022, the price of Newcastle coal (the price of coal commonly used as a reference for coal power plants in Vietnam) and Brent oil prices rallied by 159% and 39%, respectively, compared to the beginning of the year.

The price of Newcastle coal in 2022 (USD/ton)



Source: Bloomberg, Company data, Shinhan Securities Vietnam

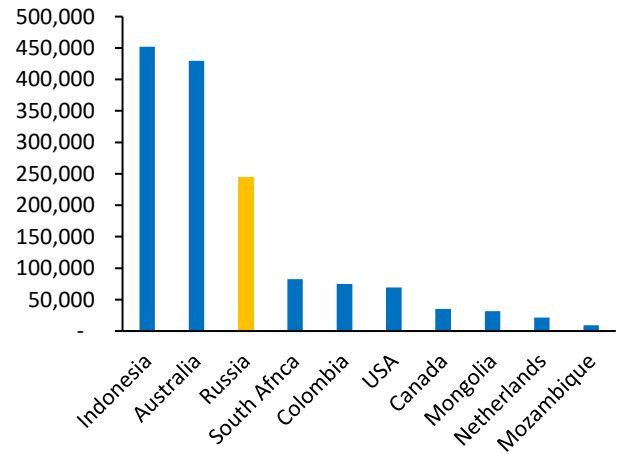
The price of Brent oil in 2022 (USD/barrel)



Source: Bloomberg, Company data, Shinhan Securities Vietnam

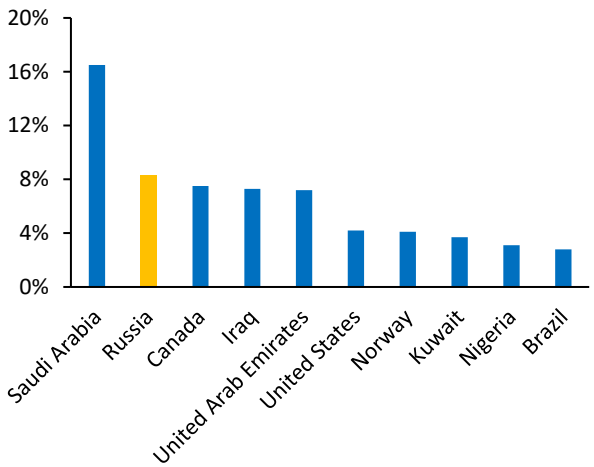
At the end of February, the price of Newcastle coal surged nearly 100% in a short-term when Russia conducted a special military operation directed at Ukraine. After that, U.S and European countries imposed a ban on coal and oil imports from Russia. Notably, Russia is the third largest coal exporter in the world after Indonesia and Australia. Furthermore, Russia is also the second largest exporter of oil and gas in the world, with 8.5% of total production.

Top 10 largest coal exporters in the world (million tons)



Source: EIA, Company data, Shinhan Securities Vietnam

Top 10 largest oil exporter in the world (%)

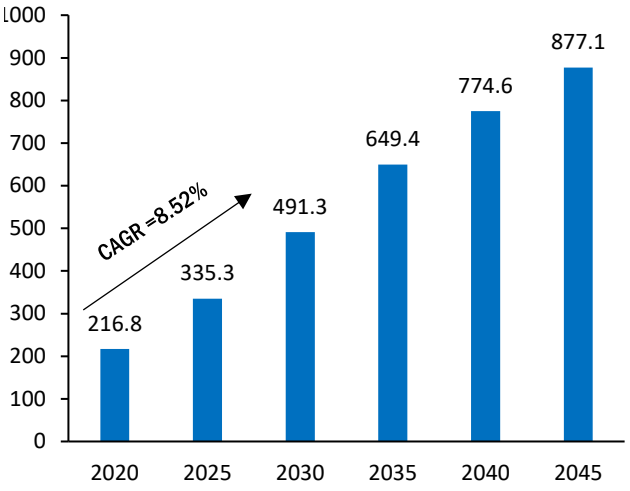


Source: EIA, Company data, Shinhan Securities Vietnam

3. Demand for electricity in Vietnam is growing steadily

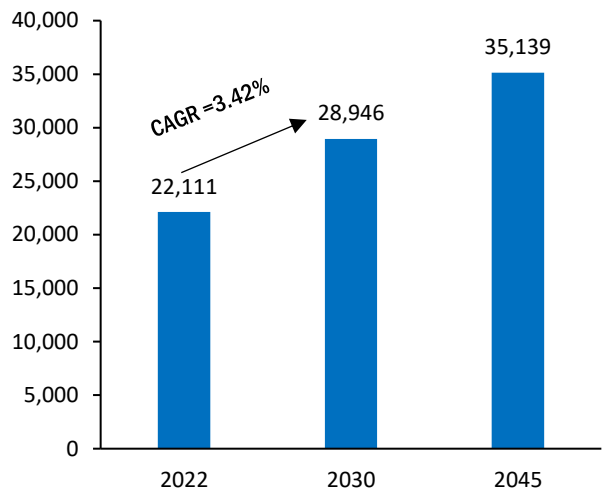
According to draft power VIII of the Ministry of Industry and Trade, our country's electricity consumption demand will grow at a compound growth rate (CAGR) of 8.52% in the period 2020-2030. For the hydropower industry, currently, 90% of medium and large hydropower potential has been exploited. For small hydropower plants under 30MW, the potential in Vietnam is 6,000MW, of which the Central Highlands has a potential of 1,000MW, and the Central Coast has 600MW.

Vietnam's electricity consumption demand according to the electricity draft VIII (billion Kwh)



Source: EVN, Shinhan Securities Vietnam

Projected design capacity of hydroelectricity 2022-2045



Source: EVN, Shinhan Securities Vietnam

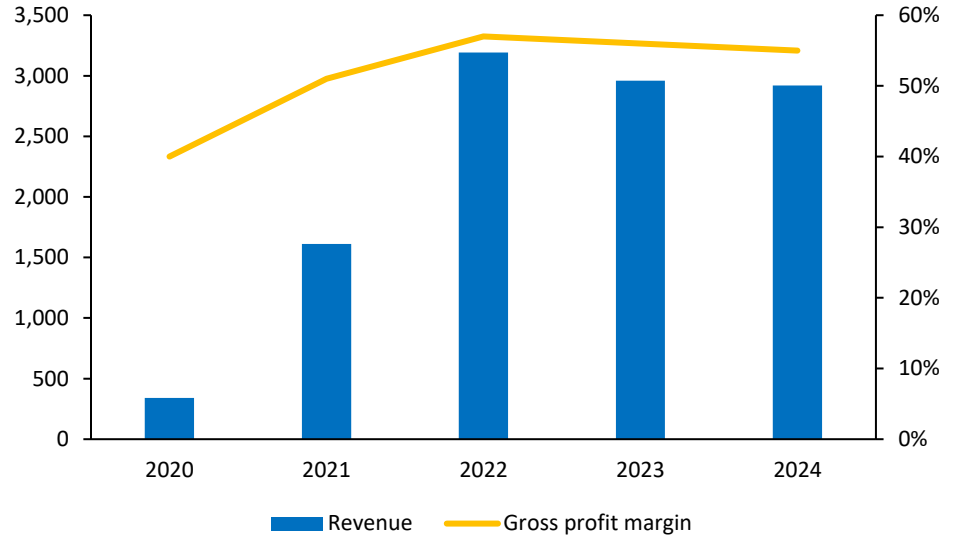
As a result, VSH announced that the company will implement Vinh Son 2 and 3 hydropower projects along with upgrading Lake B-C of Vinh Son hydropower plant and expanding Song Hinh Hydropower project. Currently, the designed output of the three power plants in operation is 1,412 million Kwh. When these projects are completed, the total designed capacity of VSH is expected to add by 306 million Kwh, equivalent to a jump of 20% compared to the present.

On the other hand, the installed capacity of wind power in Vietnam is currently at 3,980MW. However, the National Load Dispatch Center (A0) said that in April and May there are only 7 days when the electricity generated by the wind power group reaches over 50% of the installed capacity. Therefore, it needs a lot of time to evaluate performance of wind power. On the whole, hydropower is expected to play a critical role in the electricity system of Vietnam.

Earnings estimate

In 2022, we expect VSH to continue to maintain the upward trend in revenue and net income. In our model, we estimate revenue for VSH increased by 33% YoY and net profit jumped by 172% to VND 1,054 billion. Specifically, the growth of volume and selling price are the two main driving forces for VSH to achieve this number. Based on that assumption, gross profit margin of VSH will return to over 50% similar to average of previous years.

VSH revenue forecast and net profit margin



Source: Company data, Shinhan Securities Vietnam

Forecast revenue and net profit of VSH (2020-2024F)

(Unit: billion VND)	2020A	2021A	2022F	2023F	2024F
Net Revenue	341	1,611	3,058	2,876	2,686
Output (million Kwh)	*558*	*1,771*	*2,352*	*2,397*	*2,115*
Average selling price (VND)	*610*	*910*	*1300*	*1200*	*1270*
Gross profit	137	815	1,729	1,543	1,398
Operating profit	236	456	1240	1124	1071
Net profit	188	387	1,054	944	910
Profit margin (%)					
Gross profit margin	40%	51%	57%	54%	52%
Operating profit margin	69%	28%	41%	39%	40%
Net profit margin	55%	24%	34%	33%	34%
Growth (%YoY)					
Net Revenue	-15%	372%	90%	-6%	-7%
Quantity	*15%*	*217%*	*33%*	*2%*	*-12%*
Average selling price	*-26%*	*49%*	*43%*	*-8%*	*6%*
Operating profit	33%	93%	172%	-9%	-5%
Net profit	18%	106%	172%	-10%	-4%

Source: Company data, Shinhan Securities Vietnam

Valuation and recommendation

Recommended Buy with target price VND 47,200

We offer an initial for Vinh Son - Song Hinh Hydropower JSC with a buy recommendation and a target price of VND47,200, equivalent to a 21.18% increase from the current market price. From a long-term perspective, VSH is an investment that can be considered for the following reasonss:

1) Electricity output skyrocketed thanks to the TKT hydropower plant
2) Favorable weather and tough conditions for competitors
3) Demand for electricity in Vietnam is growing steadily.

Valuation method

We apply a combination of P/E and Discounted Cash Flow (DCF) valuation methods with the weights of 60% and 40%, respectively. In addition, the average selling price increased thanks to the PPA negotiation and the CGM surged due to tough conditions in other power sources.

Weighted Average Cost of Capital (WACC)	
WACC (%)	**8.26%**
Risk-free rate (%)	3.00%
Equity risk premium (%)	7.80%
Beta	0.77
Debt cost (%)	7.79%
The cost of equity(%)	9.03%
Debt-to-equity ratio	2.09
Total debt	10,583

Source: Company data, Shinhan Securities Vietnam

FCF valuation					
Unit: billion VND	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
Net profit	1,054	913	781	908	960
Plus: After-tax interest expense	326	292	258	233	192
Plus: Depreciation & Amortization	622	641	660	680	700
Minus: Change in working capital	91	-34	-47	20	53
Minus: CapEx	424	410	350	380	390
Free Cash Flow (FCF)	**1,487**	**1,470**	**1,396**	**1,421**	**1,409**
Discount rate	0.93	0.86	0.79	0.74	0.68
PV of FCF	1,458	1,370	1,312	1,167	1,067
Growth rate	0%				
Present value of long-term value	15,444				
Enterprise value	5,069				
Debt	91				
Cash and cash equivalents	10,466				
Number of shares outstanding (billion units)	0.24				
Target price (VND)	**43,600**				

Source: Company data, Shinhan Securities Vietnam

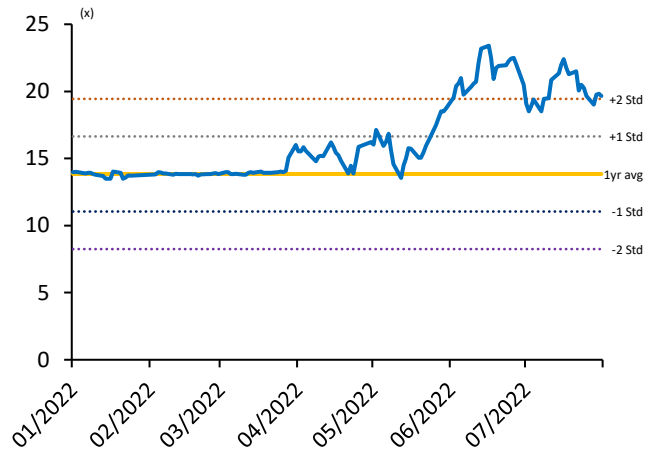
Based on the P/E method, we collect data from peers in the same industry that are similar in size to VSH and operating in Vietnam & Asia-Pacific region. The mean P/E of sector in the statistics (except VSH) is at 11.43x. Combined with a EPS forward of VND 4,881, we expect a 12-month target price of VSH at VND48,800.

Peer valuation

Tickers	PE	EV (mil USD)	EPS growth (%)	Revenue growth (%)	ROA %)	ROE (%)	NPM (%)	GPM (%)
VSH VN EQUITY	15.37	648	93	373	7	17	24	48
POW VN EQUITY	15.72	1,471	-24	-17	4	7	7	10
NT2 VN EQUITY	8.26	312	-15	1	12	21	9	10
389260 KS Equity	9	183	-23	-18	15	53	13	35
SPCG TB Equity	7.15	529	-8	-9	10	14	56	68
SUPER TB Equity	9.47	1,955	85	31	3	11	30	43
SSP TB Equity	10.42	586	28	20	5	17	33	49
Mean (exclude VSH)	10.00							
EPS forward	4,881							
Target price	**48,800**							

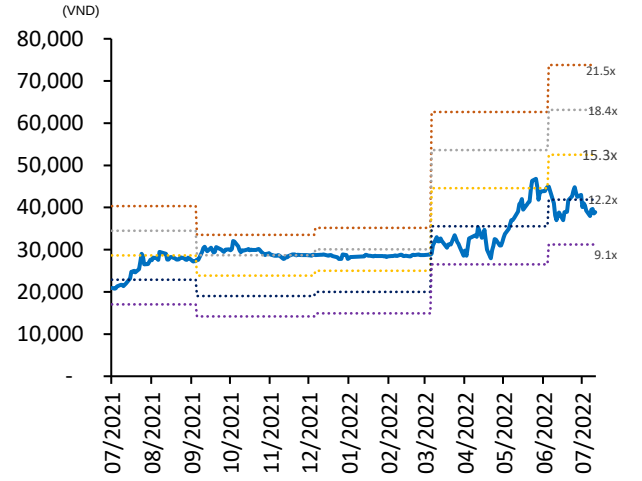
Source: Company data, Shinhan Securities Vietnam

VSH's PER from the beginning of 2022



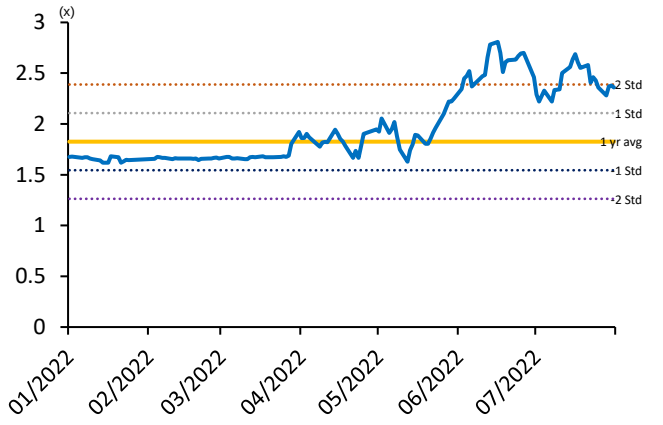
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band chart of VSH



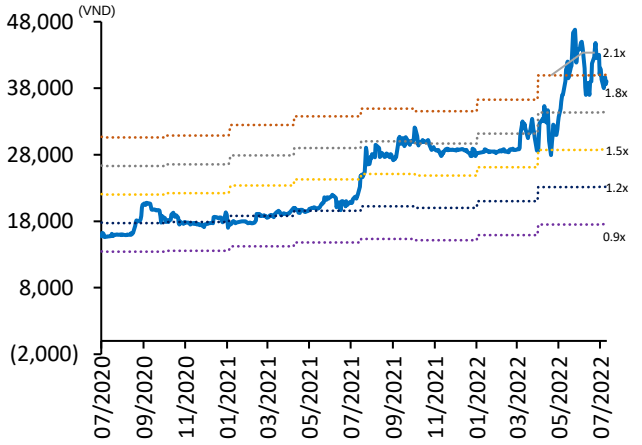
Source: Bloomberg, Company data, Shinhan Securities Vietnam

VSH's PBR from the beginning of 2022



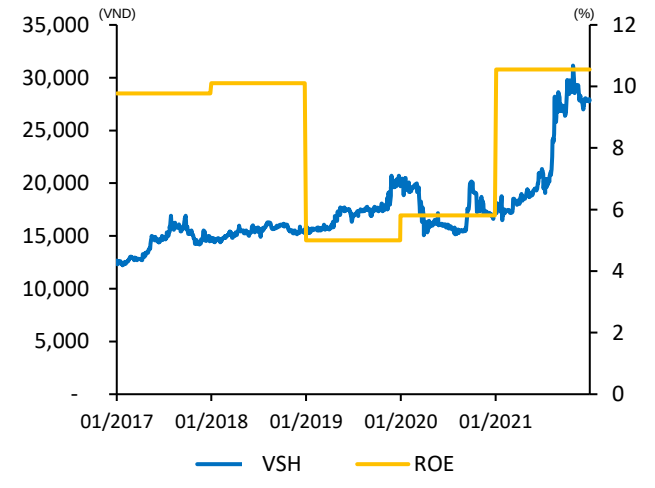
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band chart of VSH



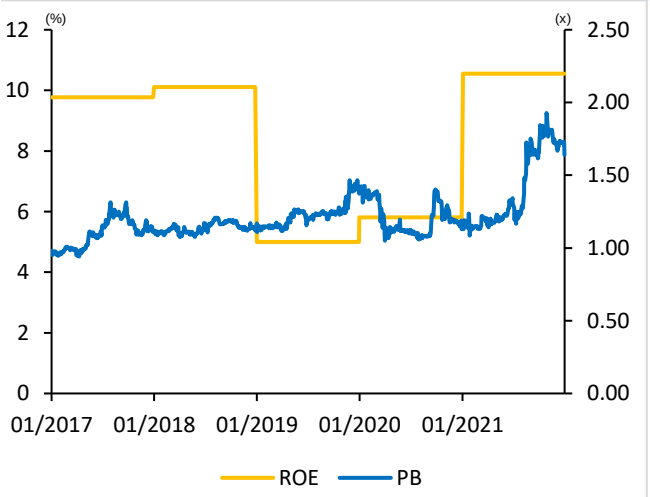
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation of price and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation of PBR and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of VSH



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Climate Change

Hydropower is affected significantly by weather conditions and rainfall. Simultaneously, hydropower plants must ensure a water source to fight drought and regulate hydrology in the downstream area.

Vietnam is one of the countries extremely affected by the El Nino/La Nina phenomenon. El Nino reduces rainfall and causes drought. This is the biggest risk that the amount of water will decrease, intensely impacting electricity production.

Earthquake near TKT hydropower plant

In 2022, Kon Tum province had many earthquakes continuously. Notably, there are two largest earthquakes in history, recorded over 100 years ago with magnitudes of 4.1 and 4.5 richter. The director of the Vietnam Institute of Geophysics said that there is a possibility that the water-storage TKT hydroelectricity can affect the earthquake similar to the case of the Song Tranh 2 hydropower plant. However, the director also said that it is necessary to have experts conduct it. The expert needs time to assess the water accumulation of reservoirs and dams according to international experience to give the final conclusions.

Prices of input materials for competitors

Due to geopolitical problems and war in the world, oil and coal prices skyrocketed in 2022. In the coming months, when the monetary policy of the US and other countries around the world begins to tighten to control inflation, the price of raw materials is expected to cool down. This will help reduce the competitive advantage of VSH, especially in the CGM market.

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Total assets	**9,676**	**10,017**	**11,095**	**11,142**	**11,013**
Current assets	363	691	2,045	2,323	2,504
Cash & equivalents	15	52	363	630	894
Short-term financial asset	35	39	765	847	867
Accounts receivable	211	497	734	677	594
Inventories	101	102	183	169	149
Non-current assets	9,314	9,326	9,050	8,819	8,509
Net fixed assets	510	9,136	8,938	8,707	8,397
Investment assets	8,791	176	98	98	98
Other long-term assets	12	14	14	14	14
Total liabilities	**6,346**	**6,006**	**6,274**	**5,651**	**4,984**
Current liabilities	1,350	877	1,836	1,731	1,581
Accounts payable	361	313	581	536	471
Short-term borrowings	772	142	490	490	490
Others	6	4	0	0	0
Non-current liabilities	4,996	5,129	4,438	3,920	3,403
Long-term borrowings	4,996	4,927	4,438	3,920	3,403
Other financial liabilities	0	202	0	0	0
Total shareholders' equity	**3,330**	**4,010**	**4,821**	**5,491**	**6,029**
Capital stock	2,062	2,362	2,362	2,362	2,362
Capital surplus	6	6	6	6	6
Other capital	28	28	28	28	28
Retained earnings	877	1,258	2,068	2,738	3,276
Non-controlling interest equity	0	0	0	0	0
*Total debt	5,768	5,069	4,928	4,410	3,893
*Net debt (cash)	5,718	4,978	3,800	2,933	2,132

Statement of comprehensive income

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Revenue	**341**	**1,611**	**3,058**	**2,822**	**2,477**
Growth (%)	-15%	372%	90%	-8%	-12%
COGS	**-204**	**-796**	**-1,329**	**-1,319**	**-1,239**
Gross profit	**137**	**815**	**1,729**	**1,503**	**1,238**
GPM (%)	40%	51%	57%	53%	50%
SG&A	**-23**	**-45**	**-153**	**-141**	**-99**
Operating profit	**114**	**770**	**1,576**	**1,362**	**1,139**
Growth (%)	-34%	575%	105%	-14%	-16%
OPM (%)	69%	28%	41%	39%	37%
Non-operating profit	**0**	**-5**	**0**	**0**	**0**
Financial income	123	11	48	69	83
Financial expense	-1	-324	-384	-344	-303
In which: interest expenses	-1	-323	-384	-344	-303
Net other non-operating profit	0	-5	0	0	0
Pre-tax profit	**236**	**451**	**1,240**	**1,087**	**919**
Income tax	-47	-64	-186	-174	-138
Net profit	**189**	**387**	**1,054**	**913**	**781**
Growth (%)	19%	105%	172%	-13%	-14%
NPM (%)	55%	24%	34%	32%	32%
Controlling interest	189	387	1,054	913	781
Non-controlling interest	0	0	0	0	0
EBIT	**235**	**128**	**856**	**743**	**616**
Growth (%)	33%	-46%	569%	-13%	-17%
EBIT Margin (%)	69%	8%	28%	26%	25%
EBITDA	**319**	**598**	**1,478**	**1,384**	**1,276**
Growth (%)	23%	87%	147%	-6%	-8%
EBITDA margin (%)	-94%	-37%	-48%	-49%	-52%

Statement of cash flow

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Cash flow from operations	**267**	**1,316**	**1,719**	**1,451**	**1,311**
Net profit	188	387	1,054	913	781
Depreciation expense	188	387	1,054	913	781
Amortization expense	0	1	2	3	4
(Gain) from investing activities	-122	-3	-48	-69	-83
Change in working capital	70	74	91	-34	-47
Others	-	-	-	-	-
Cash flow from investments	**-784**	**-481**	**-1,023**	**-423**	**-287**
Change in fixed assets	-799	-481	-346	-410	-350
Change in investment assets	12	-4	-726	-82	-20
Others	74	-389	49	69	83
Cash flow from financing	**461**	**-798**	**-385**	**-761**	**-760**
Change in equity	0	300	0	0	0
Net borrowing	397	-699	-141	-518	-517
Dividends	-7	-6	-244	-243	-243
Change in total cash	**-56**	**37**	**311**	**267**	**264**
Beginning cash	71	15	52	363	630
Change in FX rates	0	0	0	0	0
Ending cash	15	52	363	630	894

Source: Company data, Shinhan Securities Vietnam

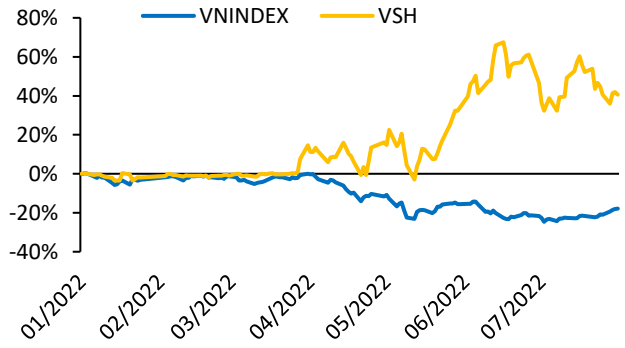
Key ratios

Year to Dec.	2020	2021	2022F	2023F	2024F
EPS (VND)	913	1,660	4,881	3,865	3,307
BPS (VND)	16,149	16,977	20,411	23,247	25,525
DPS (VND)	0	0	1000	1000	1000
PER (x)	20.59	17.29	8.92	10.30	12.04
PBR (x)	1.16	1.69	1.95	1.71	1.56
EV/EBITDA (x)	48.68	9.49	9.45	9.52	9.72
Dividend payout ratio (%)	0	0	10	10	10
Dividend yield (%)	0	0	3%	3%	3%
Profitability					
EBITDA margin (%)	94%	37%	48%	49%	52%
OPM (%)	33%	48%	52%	48%	46%
NPM (%)	55%	24%	34%	32%	32%
ROA (%)	2%	4%	9%	8%	7%
ROE (%)	6%	10%	22%	17%	13%
Stability					
Debt to equity ratio (%)	173%	126%	102%	80%	65%
Net debt ratio (%)	-75%	-40%	-16%	-17%	-18%
Cash ratio (%)	4%	10%	61%	85%	111%
Interest coverage ratio (x)	23500%	40%	223%	216%	203%
Activity (%)					
Working capital turnover (times)	21	89	86	108	106
Inventory turnover (days)	181	83	76	86	85
Receivable turnover (days)	226	77	79	91	90

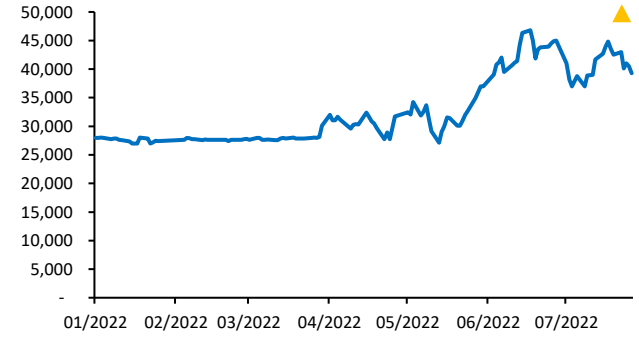
Source: Company data, Shinhan Securities Vietnam

Vinh Son Song Hinh Hydropower JSC (VSH VN)

Share performance



Target price



Date	Rating	Target price (VND)	Target price gap (%) Average	Average
29/8/2022 (Initiation)	BUY	47,200	9.3	0.8/22.15

Note: Calculation of target price gap based on past 12 months

Shinhan Securities Vietnam

Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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