November 11th, 2022



PetroVietnam Power Nhon Trach 2 JSC (NT2 VN)

[Vietnam / Utilities]

Bloomberg Code (NT2 VN) | Reuters Code (NT2.HM)

BUY

Initiation Coverage

Target price (12 months)	**VND 32,950**
Current price (11/11/22)	VND 22,950
Return	43.6%



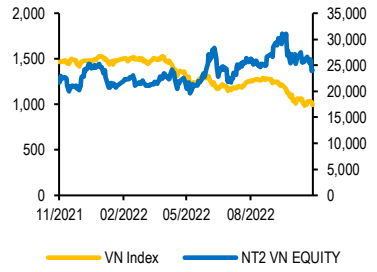
[Analyst]

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VNINDEX	955
Market P/E (x)	9.2
Market Cap. (bn VND)	6,607
Outstanding Shares (mn)	288
Free Floating Shares (mn)	93
52-Wk High/Low (VND)	32,600/20,000
90-day avg. trading volume (1mn)	1.7
90-day avg. turnover (bn VND)	46
Foreign ownership (%)	26.43
Major shareholders (%) POW	59.37
Others	40.63

Performance	3M	6M	12M
Absolute (%)	-8.7	6.9	3.9
Relative (%)	11.7	31.9	35.4



Shinhan Securities

Entering a new phase

Initiate coverage with BUY call, target price VND 32,950

Nhon Trach 2 Petroleum PowerJSC (HoSE: NT2) is one of the gas-fired thermal power enterprises with the largest installed capacity on the stock exchange. Currently, NT2 is trading at an attractive valuation with solid growth potential. Based on the FCFF and PE methods, we recommend buying NT2 at a valuation of VND 32,950. We believe the revenue and net profit of NT2 will grow strongly thanks to recovery after Covid-19 with outstanding operating efficiency and high selling prices. In 2023, when the adverse weather passes and debt obligations have been completed, NT2 will robust cash dividends to shareholders.

Power output recovery significant with steady demand

In 2022, the power output of NT2 is expected to reach 4.334 million Kwh (+136% YoY) equivalent to the period before the Covid-19 pandemic. The trend will maintain through 2023 when the economy has returned to normal. In addition, with the advantage of advanced technology and prime location, NT2 is expected to be prioritized in mobilizing to meet the power demand of the southern key economic region.

Abundant potential dividends and extraordinary profits

NT2 will pay dividends aggressively to shareholders after completing the debt obligation lasting more than 10 years. From 2022, the FCFE of NT2 is going to jump sharply because NT2 no longer spends more than 1,000 billion a year to repay the loan. Simultaneously, POW needs capital to finance two huge projects NT3 and NT4. Furthermore, NT2's management also said that in 2022, the company will record an exchange rate compensation of over VND 200 billion. This extraordinary profit will adorn NT2's 2022 financial statement.

The unfavorable weather passed and the selling price improved

The mobilizing rate from gas-fired thermal power enterprises will be higher after 3 consecutive years of being affected by the La Nina phenomenon. In 2023, neutral status is expected to dominate the weather. Moreover, the continuously increasing selling price on the CGM market also helped boost NT2's revenue.

Risks: (1) Price of materials; (2) La Nina longer than expected; (3) Shortage of gas supply; (4) Competition from other sources.

Year to Dec.	2020	2021	2022F	2023F	2024F
Revenue (bn VND)	**6,082**	**6,150**	**8,779**	**8,612**	**8,784**
OP (bn VND)	667	559	987	883	842
NP (bn VND)	**625**	**534**	**933**	**834**	**795**
EPS (VND)	2,095	1,778	3,241	2,896	2,763
BPS (VND)	14,928	14,707	14,631	16,061	16,433
OPM (%)	11%	9%	11%	10%	10%
NPM (%)	10%	9%	11%	10%	9%
ROE (%)	**15%**	**13%**	**20%**	**18%**	**17%**
PER (x)	11.7	14.8	7.1	7.9	8.3
PBR (x)	1.7	1.8	1.6	1.4	1.4
EV/EBITDA (x)	5.2	6.0	6.7	7.1	6.9

Source: Company data, Shinhan Securities Vietnam

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Contents

3 **Company background**

4 **Investment Thesis & Catalysts**

9 **Earnings estimates**

10 **Valuation and Recommendation**

14 **Risks**

15 **Appendix: Financial statements**

Company background

History of development

Nhon Trach 2 Petroleum Power JSC (HoSE: NT2) was established in 2007. Curently, the company owns the Nhon Trach 2 gas-fired thermal plant with a capacity of 750 MW. This power plant was started in 2009 and completed in 2011. Over 10 years, NT2 has shown stable performance, providing an average of 4.5 billion kWh/year directly to the national grid.

In 2015, NT2 was officially listed on the Ho Chi Minh Stock Exchange. The largest shareholder of NT2 is PetroVietnam Power Corporation (HoSE: POW) with 59.37% ownership.

Location of Nhon Trach 2 gas-fired thermal power plant



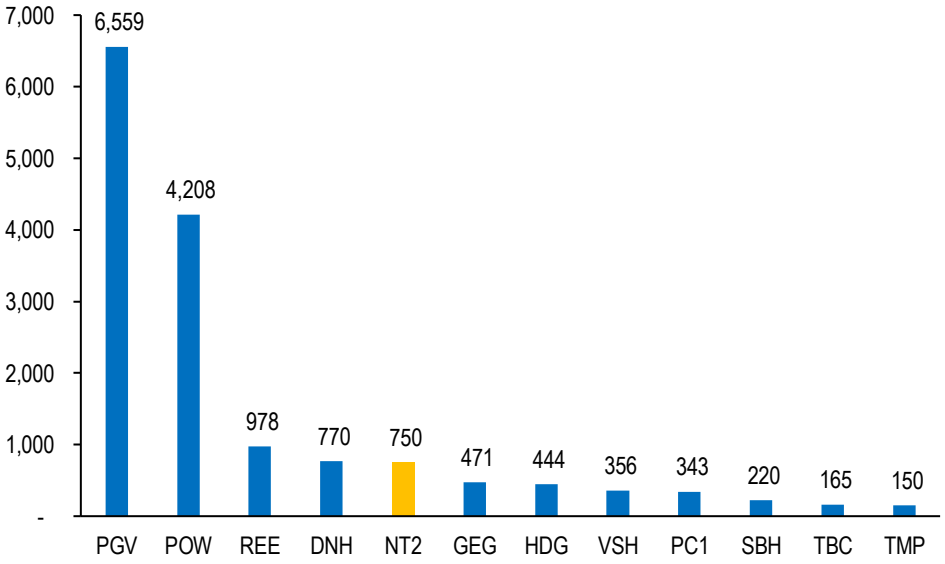
The power plant is located in Ong Keo Industrial Park, Dong Nai province in the economic triangle area of Ho Chi Minh City - Dong Nai - Ba Ria - Vung Tau. This is a primelocation because Nhon Trach is located right next to Ho Chi Minh City (about 20km) and is much closer than other power plants like Vinh Tan or Duyen Hai.

In addition, Nhon Trach is also close to the Nam Con Son gas field, helping the plant to optimize the use of raw materials. In 2020, Nhon Trach 2 signed a contract with GAS to use more gas from Sao Vang - Dai Nguyet field to help stabilize the gas flow.

Source: POW, Shinhan Securities Vietnam

According to the Institute of Energy, Vietnam has 14 gas-fired thermal power plants with a total capacity of 8,108 MW. NT2 contributed 9.25% of the total installed capacity of the gas-fired segment. However, the majority of the plants were built before 2010, only O Mon I Thermal Power Plant #2 was completed in 2015 with a capacity of 330 MW.

The total installed capacity of some listed companies (MW)



Source: Company data, Shinhan Securities Vietnam

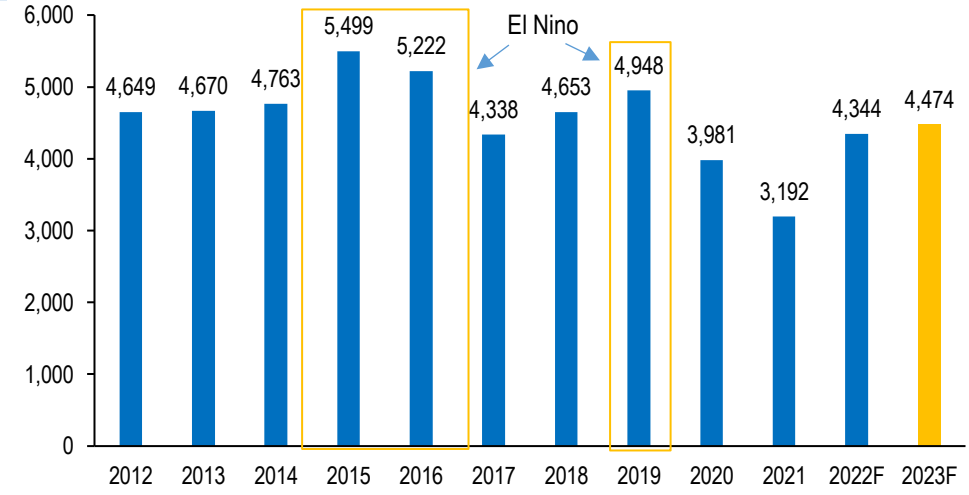
Investment Thesis

1. Volume recovers after the Covid-19 pandemic with outstanding performance

Power output recovery significant with steady demand

The commercial electricity output of NT2 in 2022 is expected to break through 4,334 million kWh (+136% YoY) thanks to the recovery of the economic. This trend will maintain to continue in 2023 when the economy has returned to the previous rhythm of life, bringing NT2's electricity production to the average of previous years.

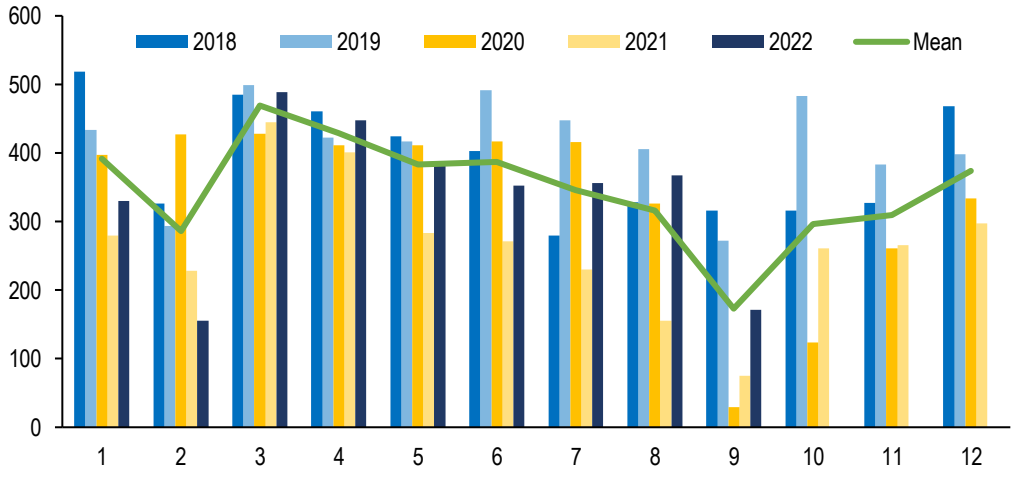
Electricity output of NT2 in the period 2009-2021 (Kwh million)



Source: Company data, Shinhan Securities Vietnam

The mobilized commercial power output of the Nhon Trach 2 plant is cyclical based on historical data. Gas-fired thermal power is the most mobilized in the dry season. Meanwhile, the rainy season of Vietnam lasts from April to November, bringing abundant water for hydropower plants. This source has the advantage of the low cost of goods sold, so it is preferred when mobilizing with large volumes. Therefore, March and April is usually the peak of NT2's volume and September & October every year is the low period when the rainfall play the main role.

NT2's monthly commercial power output in the period 2018-2022 (kWh million)



Source: Company data, Shinhan Securities Vietnam

As a consequence, the NT2 thermal power plant usually performs minor repairs and overhauls in September and October to reduce the impact on business activities. In 2023, the factory will undergo

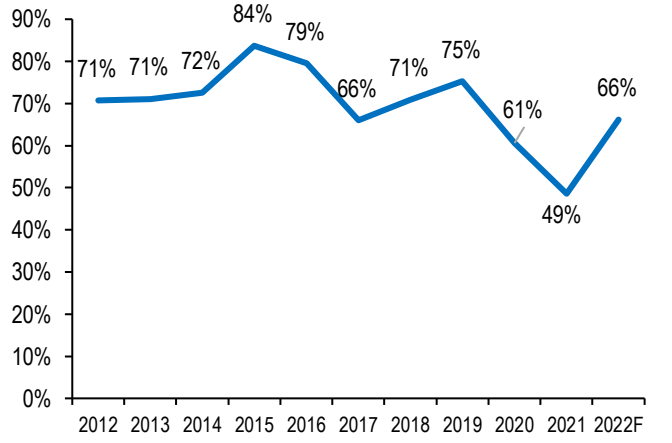
an overhaul (from 30 to 45 days) after 100,000 working hours in the low season. In September-October 2020, NT2 carried out a factory overhaul after 75,000 working hours, the maintenance and upgrading process lasted a total of 36 days. Previously, in September 2017, NT2 overhauled the factory after 50,000 working hours lasting a total of 32 days.

High efficiency and stable demand

Nhon Trach 2 thermal power plant is one of the gas-fired power plants using the latest technology in Vietnam with a combined cycle gas turbine (CCGT) generation F with the configuration 2-2-1 (two gas turbines with a capacity of 250 MW each, two heat recovery furnaces and a 250 MW steam turbine). The control system is SSPA-T3000 – an advanced automation control system developed by Siemens.

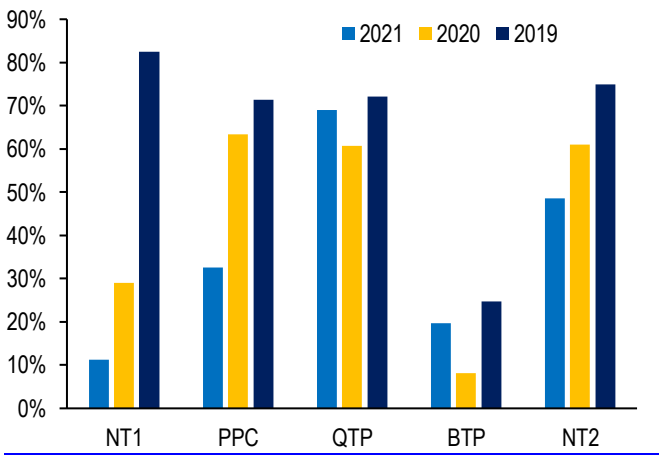
Along with technologies, prime position in the Southern region, NT2 is always the preferred thermal power plant to mobilize. This robust the plant's operating efficiency to above 60% (except in 2021 affected by Covid-19) despite La Nina phenomenon. In Vietnam, according to data from the Institute of Energy, the average efficiency of gas power plants using combined turbines is 48-53%.

The efficiency of NT2 from 2015 to 2022)



Source: Bloomberg, Company data, Shinhan Securities Vietnam

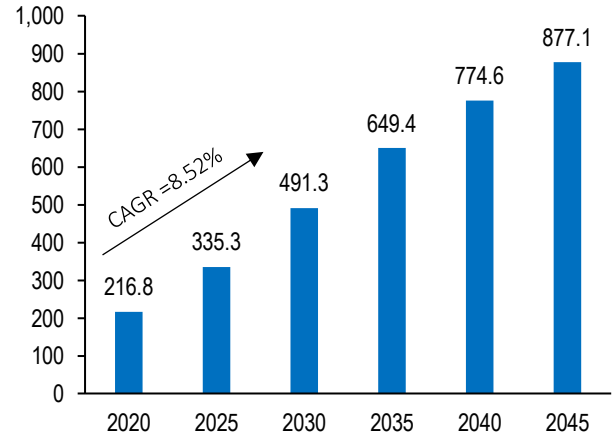
The efficiency of thermal power plants in Vietnam in 2021



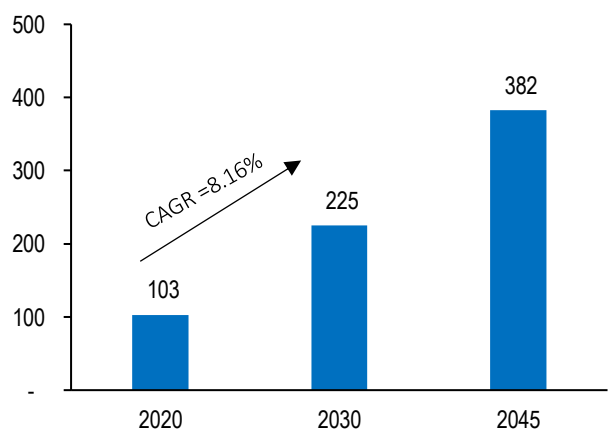
Source: Bloomberg, Company data, Shinhan Securities Vietnam

According to draft power VIII, the commercial electricity demand of the South will reach 225 GWh in 2030 (CAGR = 8.16%). However, the trend of electricity transmission in recent years has always been from the North to the Central and the Central to the South. According to the National Institute of Energy, the South will receive a net 45 billion Kwh from the Central Highlands and South Central. With the rate of electricity loss during transportation at about 6.49% (in 2019), we believe NT2 will be mobilized to the maximum possible capacity in order to avoid load loss.

Vietnam's electricity demand (kWh billion)



Electricity demand of the South (kWh billion)



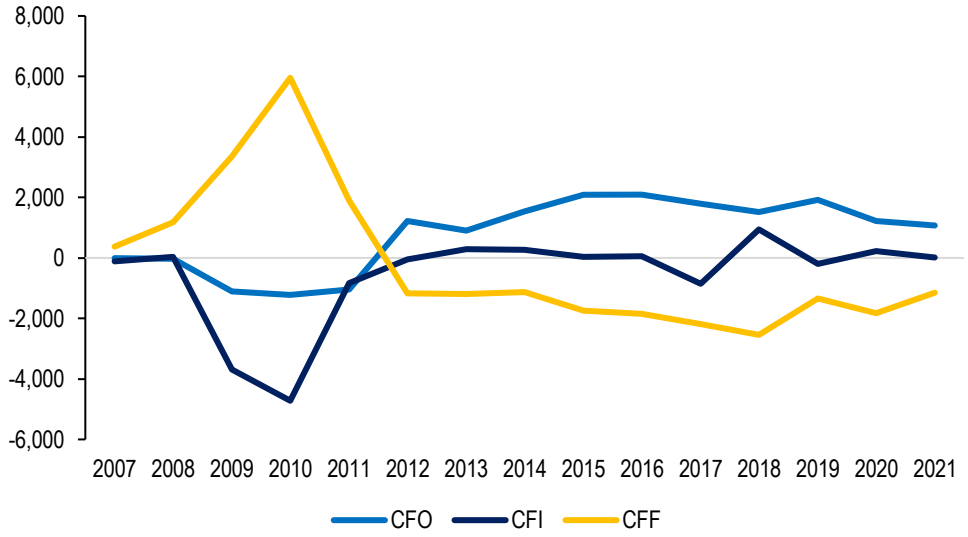
Source: Draft power VIII, Shinhan Securities Vietnam

Source: Draft power VIII, Shinhan Securities Vietnam

2. Potentially huge dividends and extraordinary profits from exchange rate compensation

In June 2021, NT2 has paid off the debt of more than VND 10,000 billion to finance the factory. Previously, this business had to spend more than 1,000 billion VND per year to pay debt and interest.

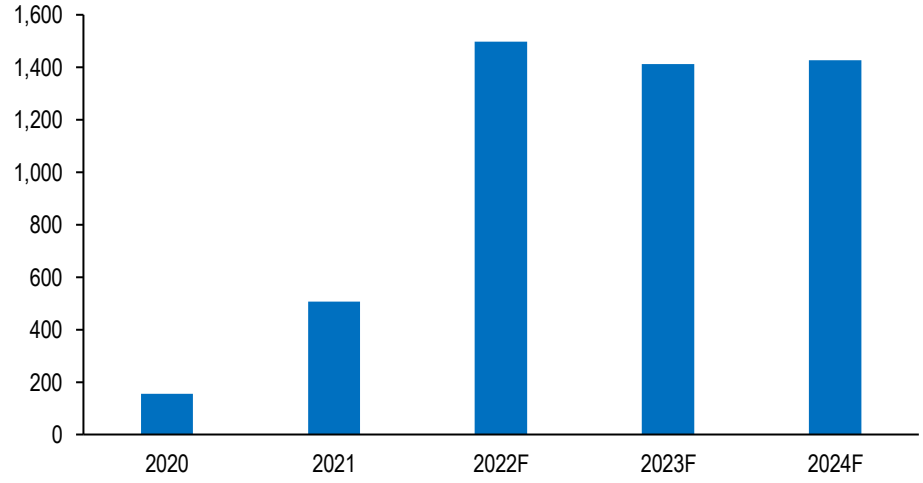
The cash flow of NT2 2007-2021 (VND billion)



Source: Company data, Shinhan Securities Vietnam

From 2022, the FCFE of NT2 will jump strongly because the debt burden of NT2 has been removed. As a result, NT2 can pay cash dividends more aggressively to shareholders. Indeed, NT2's parent company, POW is undertaking NT3 and NT4 gas-fired thermal projects, so we assess that NT2 will actively pay cash dividends to support POW in implementing two key projects.

Forecast FCFE of NT2 (VND billion)



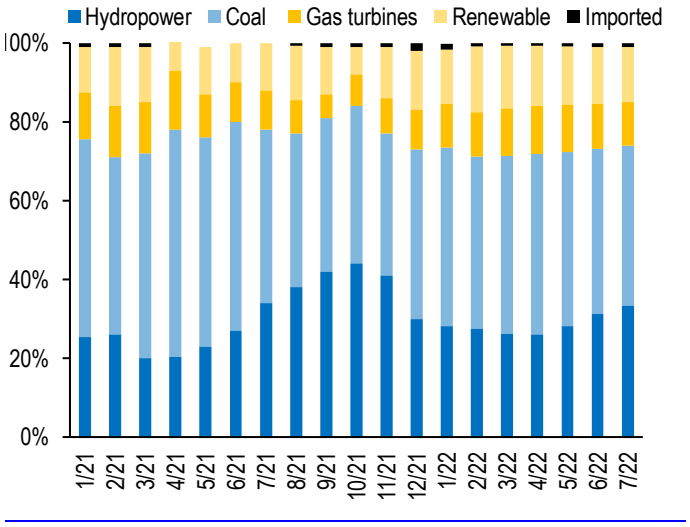
Source: Company data, Shinhan Securities Vietnam

In addition, at the Annual General Meeting of Shareholders in 2022, the management of NT2 also pronounce that they can receive exchange rate compensation of over VND 200 billion from EVN. This extraordinary profit will contribute to embellishing the financial statements of NT2.

3. The unfavorable weather gradually passed and the selling price improved

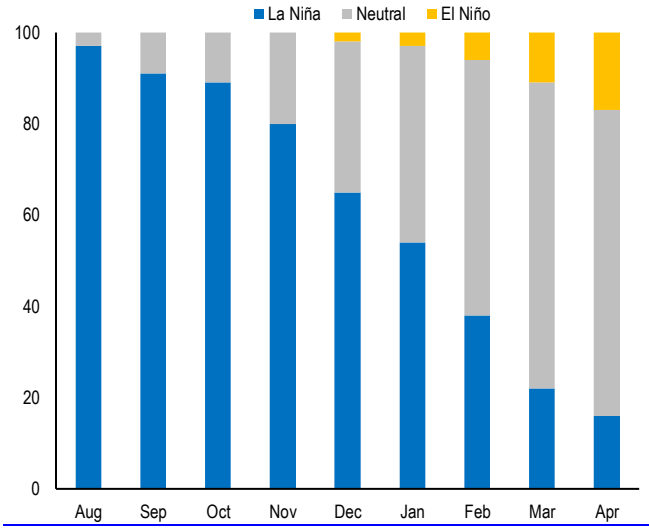
In 2022, La Nina has a serious effect on the weather. However, gas-fired thermal is mobilized with a high proportion (~11% from the beginning of 2022) because of the strong demand. According to IRI, 2023 will be the year of the neutral become mainstream. At the time, the proportion of mobilization from hydroelectricity will decrease and create room for thermal power enterprises to occupy. Especially gas-fired thermal power enterprises have a lower carbon footprint than coal-fired power enterprises. Notably, Nhon Trach 2 Power Plant has about 30% lower CO2 emissions when compared to a coal-fired power plant with similar capacity.

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



Source: EVN, Shinhan Securities Vietnam

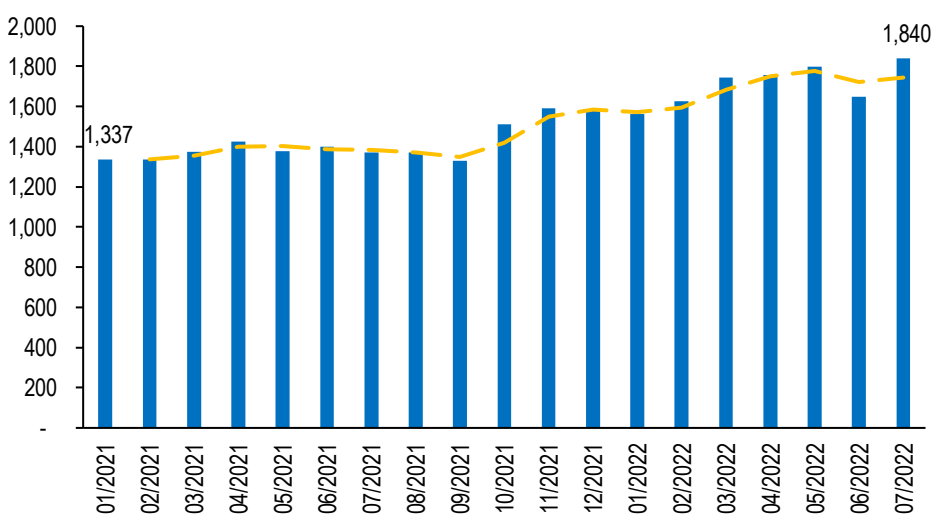
Probability of La Nina, El Nino and neutral phenomena



Source: EVN, Shinhan Securities Vietnam

For the competitive power generation market (CGM), NT2 is one of the most active enterprises when joining the market since the early days. Normally, the sales volume on the CGM market contributed around 20% of the total volume. In 2021, the electricity selling price on the CGM market is lower by 20% than the PPA contract price. In 2022, the electricity price in the current CGM market has increased by more than 30% YoY due to the sharp increase in the price of input materials (coal, gas) of thermal power due to the complicated geopolitical situation in the world.

Average selling price of electricity on CGM market from January 2021 to July 2022 (VND)

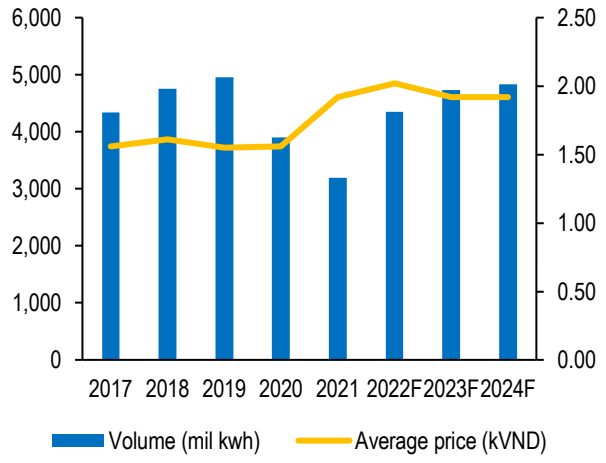


Source: Company data, Shinhan Securities Vietnam

Earnings estimates

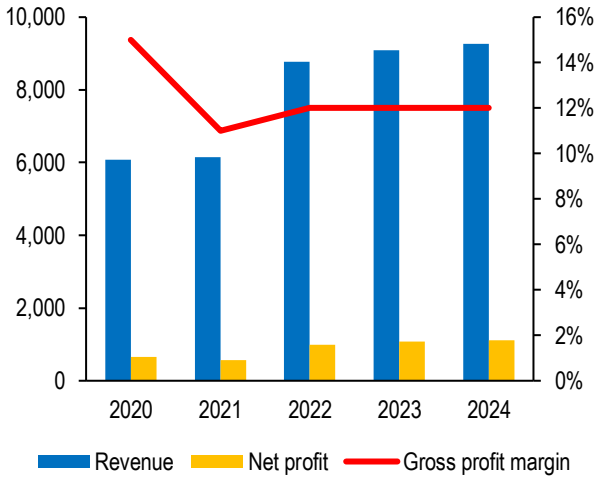
We expect NT2 to recover strongly this year, based on the above arguments, we forecast revenue of NT2 rallied by 43% YoY to VND 8,779 billion and net income soared by 75% YoY to VND 933 billion. Specifically, the recovery in output along with favorable selling prices is the main drivers of the company's profit. Due to the sharp increase in input material prices, we forecast NT2's gross profit margin will approach 12% and stay above 10% in the following years based on a cautious view.

Forecast volume and average selling price of NT2



Source: Company data, Shinhan Securities Vietnam

Forecast revenue & net profit and NPM of NT2



Source: Company data, Shinhan Securities Vietnam

Forecast revenue and net profit of NT2 (2020-2024F)

(Unit: VND billion)	2020A	2021A	2022F	2023F	2024F
Net Revenue	6,082	6,150	8,779	8,612	8,784
Output (Kwh million)	3,903	3,195	4,344	4,474	4,564
Average selling price (VND)	1.56	1.92	2.02	1.92	1.92
Gross profit	895	676	1,051	940	896
Operating profit	667	559	987	883	842
Net profit	625	534	933	834	795
Profit margin (%)					
Gross profit margin	15%	11%	12%	11%	10%
Operating profit margin	11%	9%	11%	10%	10%
Net profit margin	10%	9%	11%	10%	9%
Growth (%YoY)					
Net Revenue	-21%	1%	43%	-2%	2%
Quantity	-21%	-18%	36%	3%	2%
Average selling price	1%	24%	5%	-5%	0%
Operating profit	-13%	-16%	77%	-10%	-5%
Net profit	-17%	-15%	75%	-11%	-5%

Source: Company data, Shinhan Securities Vietnam

Valuation and recommendation

Recommended Buy with target price VND 32,950

We offer an initial valuation for Nhon Trach 2 Petroleum Power JSC with a buy recommendation and a target price of VND32,950 equivalent to a 37.3% upside. From a long-term view, NT2 is an investment that can be considered for the following reasons: The rebound in volume drives positive business results.

1) Volume recovers after the Covid-19 pandemic with outstanding performance;
2) Potentially huge dividends and extraordinary profits from exchange rate compensation;
3) The unfavorable weather gradually passed and the selling price improved.

Valuation method

We apply a combination of P/E and Discounted Cash Flow (DCF) valuation methods with the weights of 50% and 50%, respectively to value NT2. Based on the P/E method, we collect data from businesses in the same industry that are similar in size to NT2 operating in the country and in the Asia-Pacific region. The average P/E of businesses in the statistics (except NT2) is at 9.29x. Combined with our forward EPS of VND 3,241 we expect a 12-month NT2 price target of VND 30,109.

Peer valuation

Ticker	PE	Mkt Cap (USD mil)	EPS Growth (%)	ROA (%)	ROE (%)
NT2 VN Equity	8.38	314.63	-15.13	12.43	20.93
POW VN Equity	15.76	1,044.38	-24.22	2.77	5.34
PGV VM EQUITY	8.95	1,091.43	75.9	4.02	16.98
SPCG TB Equity	6.72	409.42	-8.4	9.63	13.87
SUPER TB Equity	11.74	504.67	84.49	2.02	8.23
SSP TB Equity	9.12	347.37	28.33	6.59	21.64
579 HK Equity	4.36	1,627.92	2.79	3.47	10.03
Mean (exclude NT2)	9.29				
EPS forward	3,241				
Target price	30,109				

Source: Company data, Shinhan Securities Vietnam

For the FCFF method, we assume that NT2's output will grow by 36% and the average selling price by 5% in 2022.

Weighted Average Cost of Capital (WACC)

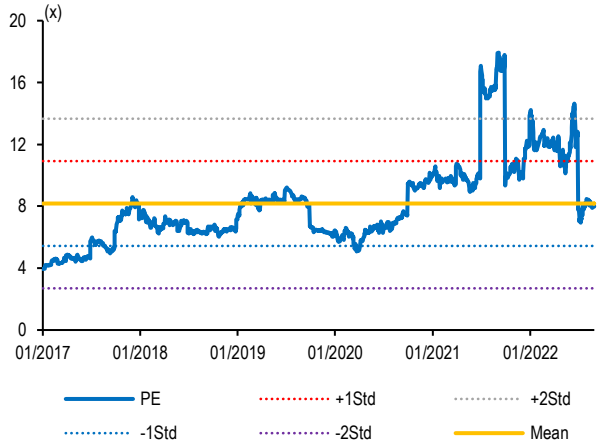
WACC (%)	**12.5%**
Risk-free rate (%)	5.0%
Equity risk premium (%)	7.8%
Beta	0.98
Debt cost (%)	7.0%
The cost of equity(%)	12.6%
Debt-to-equity ratio	0.02
Total debt	210

Source: Company data, Shinhan Securities Vietnam

FCF valuation					
Unit: billion VND	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
Net profit	933	834	795	1,068	1,067
Plus: After-tax interest expense	13	13	13	13	13
Plus: Depreciation & Amortization	712	733	755	241	264
Minus: Change in working capital	-59	-5	5	0	0
Minus: CapEx	140	155	155	155	155
Free Cash Flow (FCF)	**1,578**	**1,430**	**1,403**	**1,167**	**1,189**
Discount rate	0.89	0.79	0.70	0.62	0.55
PV of FCF	1,402	1,129	985	728	659
Growth rate	0%				
Present value of long-term value	5,272				
Enterprise value	10,177				
Debt	200				
Cash and cash equivalents	205				
Number of shares outstanding (billion units)	0.29				
Target price (VND)	**35,369**				

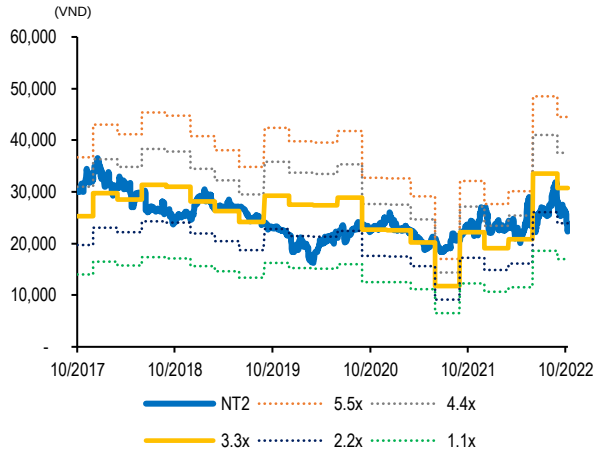
Source: Company data, Shinhan Securities Vietnam

NT2's PER from 2017



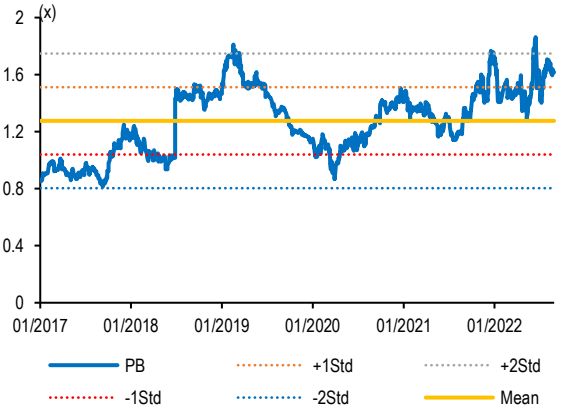
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band chart of NT2



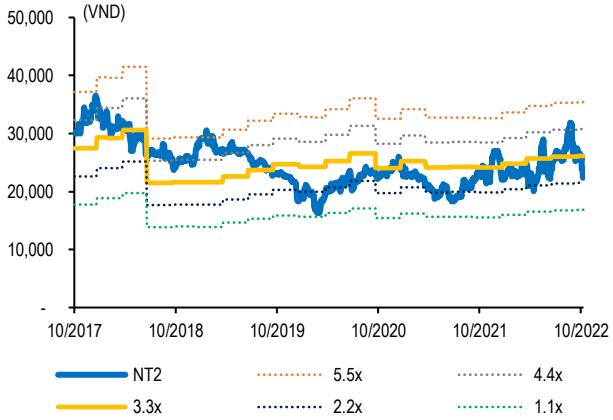
Source: Bloomberg, Company data, Shinhan Securities Vietnam

NT2's PBR from 2017



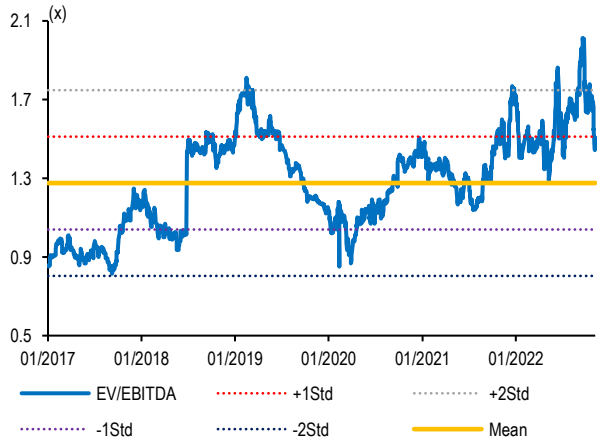
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band chart of NT2



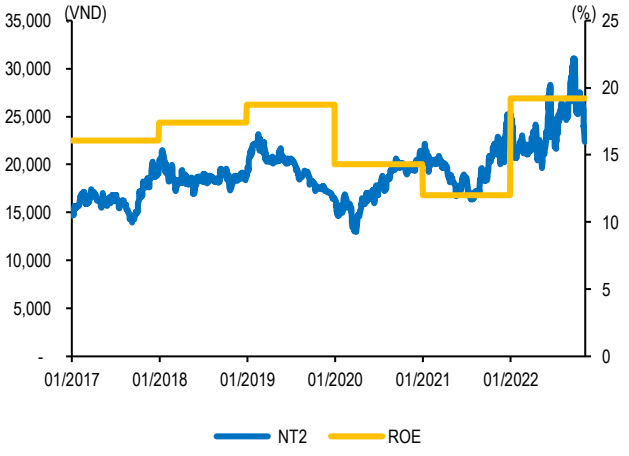
Source: Bloomberg, Company data, Shinhan Securities Vietnam

NT2' EV/EBITDA2 PBR from 2017



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation of PBR and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of NT2



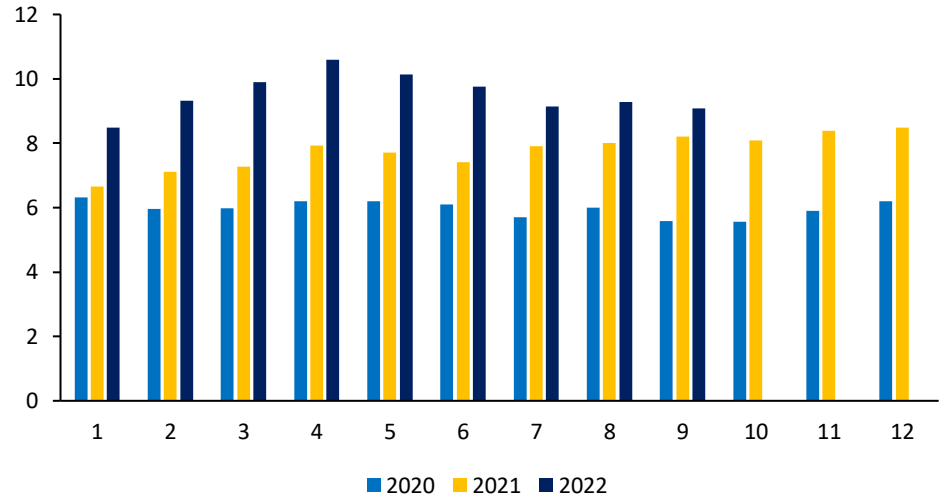
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Rising input material prices erode profits

The main material input of the Nhon Trach 2 power plant is natural gas, the backup fuel is DO oil. However, when using diesel fuel, the power plant will increase the cost of power generation by 7 times and reduce the life of the plant by 1.5 times. In the context of continuous escalation in gas prices due to geopolitical factors in the world, NT2's input material cost has increased higher, causing the profit margin to decrease.

Actual average gas price of NT2 from January 2020 to September 2022 (USD/Million BTU)



Source: Company data, Shinhan Securities Vietnam

Actual gas price is determined by the maximum price of 46% of MFO oil price + freight and wellhead gas price + freight. Since 2022, NT2 is less competitive in the CGM market due to the solid increase in the price of MFO oil. The actual average gas price of NT2 in 9M2022 has increased by 25% YoY.

La Nina phenomenon appears abnormal and exist longer

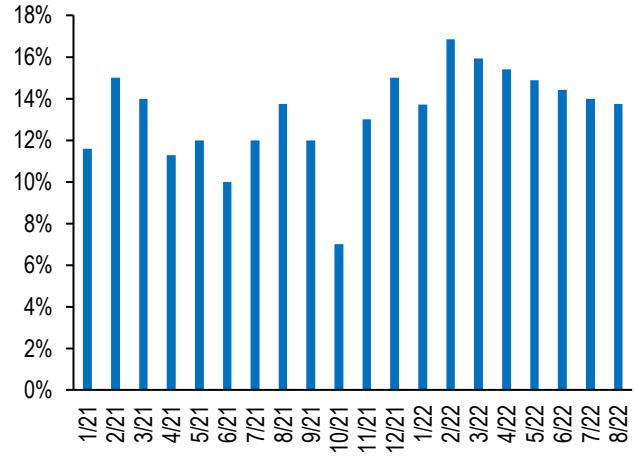
Due to the different price structures of power sources, hydropower enterprises will be given priority to generate electricity in the years of La Nina dominated owing to the primacy of COGS. Therefore, thermal power enterprises will often have less positive business results. Moreover, the La Nina phenomenon usually maintains from 6-18 months but has no clear cycle and can exist longer, specifically in the period 2020-2022 when La Nina continuously affects nearly 3 years.

Shortage of gas supply

The average demand for natural gas for the plant is about 3 million m3/day. In 2010, Vietnam Gas Corporation (HoSE: GAS) signed a contract to supply gas to the Nhon Trach 2 power plant with an annual gas volume of about 785 million m3 (equivalent to 2 million m3 of gas/day and night). In recent years, NT2 has used its source when it is exploited from Nam Con Son basin, including the Lan Tay - Lan Do gas field with an annual production output of 2.7 billion m3.

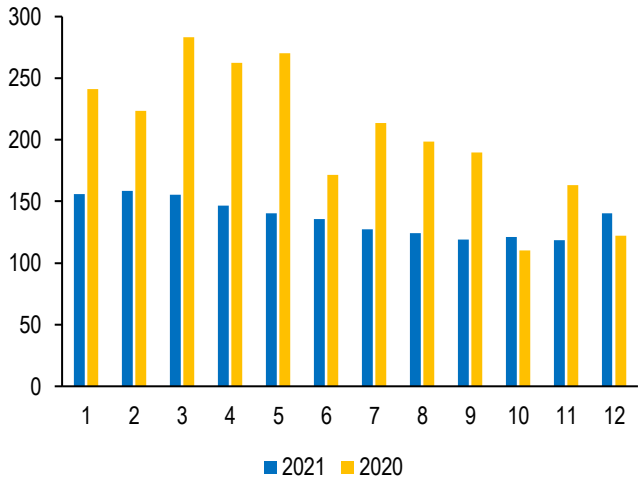
In 2020, GAS also signed a new contract with NT2 related to the consumption of gas flows from Sao Vang - Dai Nguyet field. This is a field with an expected output of about 1.5 billion m3/year and 2.8 million barrels of crude oil & condensate/year. Therefore, the possibility of a gas shortage of NT2 shortly is low.

Proportion of electricity mobilization from renewable energy in 2021 by



Source: EVN, Shinhan Securities Vietnam

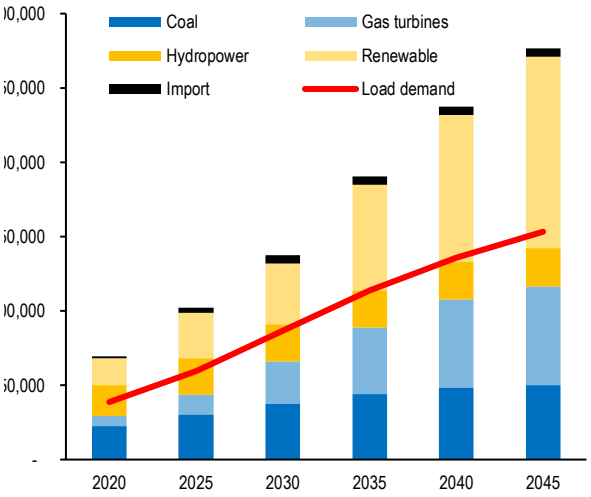
Average hours of sunshine in Nha Trang, Vung Tau, Ca Mau by month



Source: GSO, Shinhan Securities Vietnam

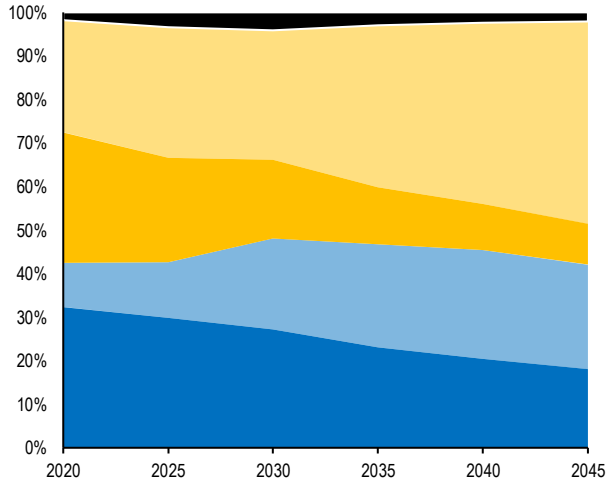
The government has promoted the development of renewable energy sources (wind and solar power). Solar power plants depend on the number of sunny hours in the year, so the dry season months from November to April next year are prioritized. For wind power plants in the southern region, the peak season is the windy season from late October to early April next year. Both types have the same peak season as thermal power.

Capacity of power sources according to draft power VIII (MW)



Source: Draft power VIII, Shinhan Securities Vietnam

The capacity of power sources according to draft power VIII (%)



Source: Draft power VIII, Shinhan Securities Vietnam

Based on the orientation of the government, solar power enterprises will be given priority to develop after 2030, and onshore and nearshore wind power enterprises will be promoted in the next phase. period 2020-2030. Therefore, NT2 faces the risk of competition from other sources.

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Total assets	**6,381**	**6,624**	**7,348**	**7,406**	**7,381**
Current assets	1,886	2,581	3,900	4,536	5,111
Cash & equivalents	62	1	169	445	939
Short-term financial asset	0	0	878	1,292	1,318
Accounts receivable	1,508	2,269	2,409	2,364	2,411
Inventories	315	311	444	435	444
Non-current assets	4,496	4,043	3,448	2,870	2,270
Net fixed assets	4,162	3,475	2,902	2,325	1,724
Investment assets	0	0	0	0	0
Other long-term assets	311	546	546	546	546
Total liabilities	**2,084**	**2,390**	**2,762**	**2,713**	**2,763**
Current liabilities	2,084	2,390	2,762	2,713	2,763
Accounts payable	1,297	2,170	2,541	2,493	2,542
Short-term borrowings	775	210	210	210	210
Others	12	11	11	11	11
Non-current liabilities	1	0	0	0	0
Long-term borrowings	0	0	0	0	0
Other financial liabilities	1	0	0	0	0
Total shareholders' equity	**4,298**	**4,234**	**4,645**	**4,752**	**4,677**
Capital stock	2,879	2,879	2,879	2,879	2,879
Capital surplus	0	0	0	0	0
Other capital	137	160	160	160	160
Retained earnings	1,282	1,196	1,607	1,714	1,639
Non-controlling interest equity	0	0	0	0	0
*Total debt	775	210	210	210	210
*Net debt (cash)	713	209	(836)	(1,526)	(2,046)

Statement of comprehensive income

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Revenue	**6,082**	**6,150**	**8,779**	**8,612**	**8,784**
Growth (%)	*-20.5*	*1.1*	*42.8*	*-1.9*	*2.0*
COGS	(5,187)	(5,474)	(7,728)	(7,672)	(7,889)
Gross profit	**895**	**676**	**1,051**	**940**	**896**
GPM (%)	*14.7*	*11.0*	*12.0*	*10.9*	*10.2*
SG&A	(85)	(83)	(100)	(120)	(123)
Operating profit	**810**	**593**	**952**	**819**	**773**
Growth (%)	*(0.1)*	*(0.2)*	*0.8*	*(0.1)*	*(0.0)*
OPM (%)	*13.3*	*9.6*	*10.8*	*9.5*	*8.8*
Non-operating profit	(146)	(27)	35	64	69
Financial income	18	18	49	78	83
Financial expense	(160)	(52)	(14)	(14)	(14)
In which: interest expenses	(38)	(20)	(14)	(14)	(14)
Net other non-operating profit	(4)	7	0	0	0
Pre-tax profit	**663**	**566**	**987**	**883**	**842**
Income tax	(38)	(32)	(53)	(50)	(47)
Net profit	**625**	**534**	**933**	**834**	**795**
Growth (%)	*(17.1)*	*(14.6)*	*74.8*	*(10.7)*	*(4.6)*
NPM (%)	*10.3*	*8.7*	*10.6*	*9.7*	*9.1*
Controlling interest	625	534	933	834	795
Non-controlling interest	0	0	0	0	0
EBIT	**702**	**586**	**1,000**	**897**	**856**
Growth (%)	*(20.7)*	*(16.4)*	*70.6*	*(10.3)*	*(4.6)*
EBIT Margin (%)	*11.5*	*9.5*	*11.4*	*10.4*	*9.7*
EBITDA	**1,393**	**1,276**	**1,713**	**1,630**	**1,611**
Growth (%)	*(11.4)*	*(8.4)*	*34.2*	*(4.8)*	*(1.1)*
EBITDA margin (%)	*22.9*	*20.7*	*19.5*	*18.9*	*18.3*

Statement of cash flow

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Cash flow from operations	**1,222**	**1,074**	**1,659**	**1,494**	**1,462**
Net profit	625	534	933	834	795
Depreciation expense	691	690	712	733	755
(Gain) from investing activities	(17)	(11)	(45)	(78)	(83)
Change in working capital	(304)	350	59	5	(5)
Others	227	(489)	-	0	0
Cash flow from investments	**218**	**9**	**(970)**	**(491)**	**(98)**
Change in fixed assets	(1)	(2)	(94)	(77)	(72)
Change in investment assets	200	-	(877)	(414)	(26)
Others	19	11	1	-	-
Cash flow from financing	**(1,830)**	**(1,143)**	**(521)**	**(727)**	**(871)**
Change in equity	-	-	-	-	-
Net borrowing	(1,375)	(523)	-	-	-
Dividends	(455)	(620)	(521)	(727)	(871)
Change in total cash	**(389)**	**(61)**	**168**	**276**	**494**
Beginning cash	451	62	1	169	445
Change in FX rates	-	-	-	-	-
Ending cash	62	1	169	445	939

Source: Company data, Shinhan Securities Vietnam

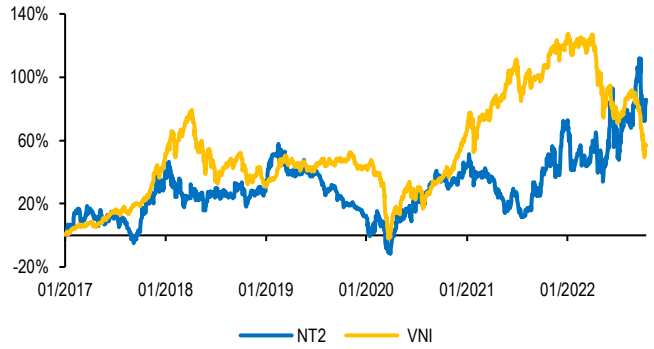
Key ratios

Year to Dec.	2020	2021	2022F	2023F	2024F
EPS (VND)	2,095	1,778	3,241	2,896	2,763
BPS (VND)	14,928	14,706	16,136	16,508	16,247
DPS (VND)	2,500	2,000	1,650	2,000	2,500
PER (x)	11.7	14.8	7.1	7.9	8.3
PBR (x)	1.7	1.8	1.6	1.4	1.4
EV/EBITDA (x)	5.2	6.0	6.7	7.1	6.9
Dividend payout ratio (%)	25.0	20.0	16.5	20.0	25.0
Dividend yield (%)	11.9	8.1	7.6	9.2	11.5
Profitability					
EBITDA margin (%)	22.9	20.7	19.5	18.9	18.3
OPM (%)	13.3	9.6	10.8	9.5	8.8
NPM (%)	10.3	8.7	10.6	9.7	9.1
ROA (%)	9.8	8.1	12.7	11.3	10.8
ROE (%)	14.5	12.6	20.1	17.5	17.0
Stability					
Debt to equity ratio (%)	18.0	5.0	4.5	4.4	4.5
Net debt ratio (%)	51.2	16.3	(48.8)	(93.7)	(127.0)
Cash ratio (%)	3.0	0.1	37.9	64.0	81.6
Interest coverage ratio (x)	18.3	28.8	73.0	65.5	62.5
Activity (%)					
Working capital turnover (times)	20.6	8.6	7.9	7.3	7.4
Inventory turnover (days)	16.8	17.5	20.5	17.5	17.9
Receivable turnover (days)	4.1	3.3	3.8	3.6	3.7

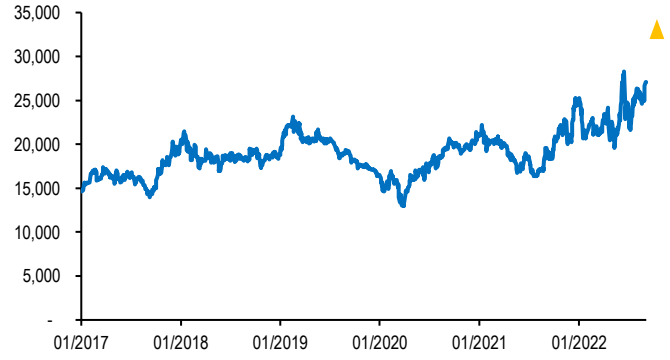
Source: Company data, Shinhan Securities Vietnam

PetroVietnam Power Nhon Trach 2 JSC (NT2 VN)

Share performance



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Average
11/11/2022 (Initiation)	BUY	32,950	38.4	6.1/68.1

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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