December 1st, 2022



PetroVietnam Power Corporation (POW VN)

[Vietnam / Utilities]

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

BUY

Initiation Coverage

Target price (12 months)	**VND 14,500**
Current price (01/12/22)	VND 11,650
Return	24.46%



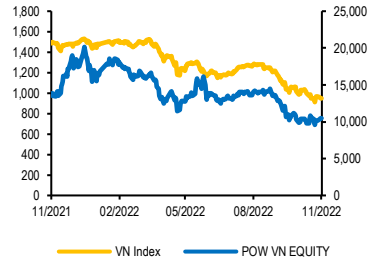
[Analyst]

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VNINDEX	1,000
Market P/E (x)	203
Market Cap. (bn VND)	25,995
Outstanding Shares (mn)	2,342
Free Floating Shares (mn)	470
52-Wk High/Low (VND)	20,800/8,910
90-day avg. trading volume (1mn)	12.1
90-day avg. turnover (bn VND)	146
Foreign ownership (%)	4.24
Major shareholders (%) PVN	79.94
Others	20.06

Performance	3M	6M	12M
Absolute (%)	-22.1	-16.9	-18.1
Relative (%)	-0.0	5.4	15.0



Shinhan Securities

Awakening of the colossus

Initiate coverage with BUY call, target price VND 14,500

PetroVietnam Power Corporation (HoSE: POW) is the leader in gas-fired thermal power with the largest installed capacity on the stock exchange. Presently, POW is trading at an attractive valuation with huge potential growth. Based on the FCFF and PB methods, we recommend buying POW at a valuation of VND 14,500. We believe the revenue and net profit of POW will jump strongly thanks to the recovery of volume and high selling prices. In the future, when Nhon Trach 3 & 4 come into operation, POW will affirm its leading position in the power industry.

Leading position in the gas-fired thermal segment

In 2023, the power output of POW is expected to exceed 18,000 million kWh nearly double by 2021 – the year impacted by the Covid-19 pandemic. Currently, POW is contributing over 33% installed capacity of the gas-fired segment of Vietnam. All power plants of POW is located in the South – the area consumption power largest in country (47.5%-2019)

The prominent expansion strategy

POW set the target that the company will occupy 8% of the total installed capacity of the whole system by 2025. To aim for this achievement, POW implemented 2 enormous projects Nhon Tach 3 &4. Those power plants will use the most modern technology of GE, utillize LNG material, and supply power directly to the key economic area of the South. As a consequence, the volume of POW is contemplated reach from 22 billion kWh to 24 billion kWh. The enlargement strategy of POW is fit with power consumption in the South around 8.16% per year from 2022 to 2030.

The unfavorable weather fly away and the selling price improved

After 3 consecutive years of being affected by the La Nina phenomenon, in 2023, neutral status is expected to dominate the weather. At this time, the mobilization from thermal power will improve. Moreover, the continuously increasing selling price on the CGM market because input material soared solidly, helping to boost the revenue of POW.

Year to Dec.	2020	2021	2022F	2023F	2024F
Revenue (bn VND)	**29,732**	**24,561**	**31,211**	**34,986**	**38,093**
OP (bn VND)	2,855	2,459	3,095	2,858	2,442
NP (bn VND)	**2,663**	**2,052**	**2,701**	**2,424**	**2,062**
EPS (VND)	999	757	1,018	910	775
BPS (VND)	12,186	12,229	13,246	14,378	14,932
OPM (%)	10%	10%	10%	8%	6%
NPM (%)	9%	8%	9%	7%	5%
ROE (%)	**11%**	**9%**	**12%**	**10%**	**9%**
PER (x)	11.7	14.8	9.7	10.9	12.8
PBR (x)	1.7	1.8	0.7	0.7	0.7
EV/EBITDA (x)	5.2	6.0	6.8	9.2	10.3

Source: Company data, Shinhan Securities Vietnam

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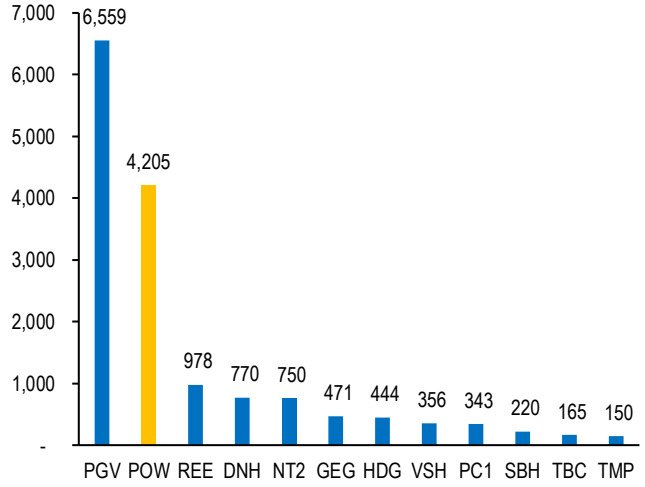
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Company background

History of development

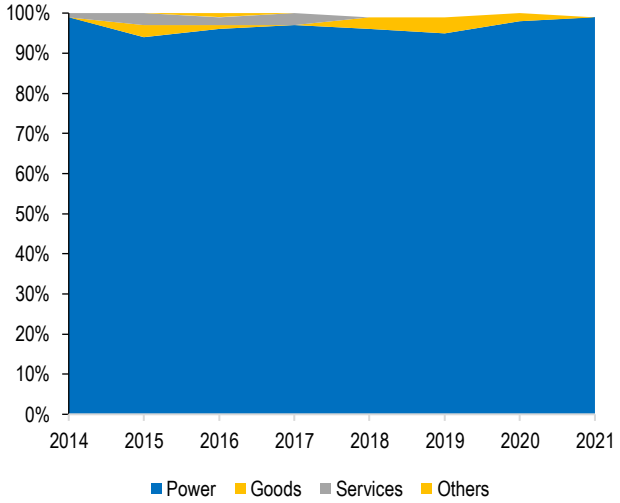
PetroVietnam Power Corporation (HoSE: POW) was established in 2007. Currently, the company owns 7 power plants with a capacity of 4,205 MW. In 2018, POW was officially listed on Ho Chi Minh Stock Exchange. The biggest shareholder of POW is PETROVIETNAM (PVN) with 79.94% stake.

The total installed capacity of some listed companies in 2022 (MW)



Source: EVN, Shinhan Securities Vietnam

POW's revenue breakdown

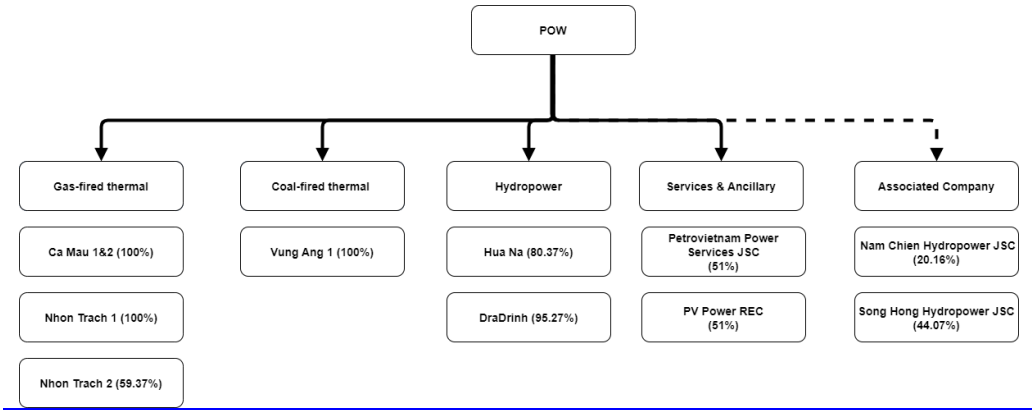


Source: Company data, Shinhan Securities Vietnam

Organization & Power plants of POW

POW operates in 2 main segments: the power & support industry, in which, the power contributed over 95% revenue of the company. POW is one of the biggest power producers in Vietnam with 4 gas-fired thermal plants, 2 hydropower plants and 1 coal-fired power plant.

Organization of POW



Source: Company data, 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. POW contributed 33.34% of the total installed capacity of the gas-fired thermal segment in Vietnam. Based on the strategy of POW, the total capacity of the company will reach 5,708 MW by 2025.

Power plant	Sub-segment	Capacity (MW)	Year in operation	Stake (%)	Capital/ MW (VNDbn)
Cà Mau 1	Gas-fired thermal	750	2008	100	9.3
Cà Mau 2	Gas-fired thermal	750	2009	100	9.0
Nhơn Trạch 1	Gas-fired thermal	450	2009	100	14.1
Nhơn Trạch 2	Gas-fired thermal	750	2011	59.37	14.9
Vũng Áng 1	Coal-fired thermal	1,200	2015	100	24.6
ĐakĐrinh	Hydropower	125	2014	95.27	47.4
Hủa Na	Hydropower	180	2015	80.37	39.4

Source: Company data, Shinhan Securities

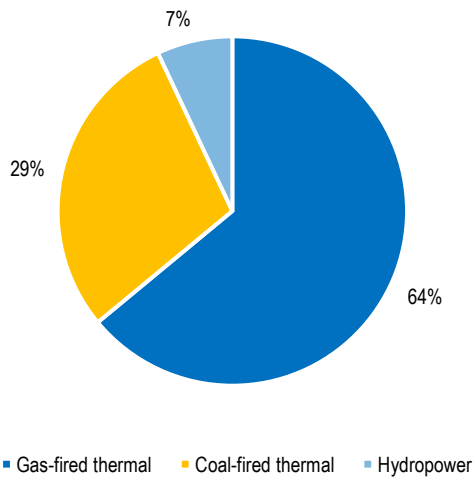
Location of POW' power plants



- Gas-fired thermal: 4 power plants have a total capacity of 2,700 MW. All of the plants use technology and machine from Siemens (Germany). Nhon Trach 1&2 Power plant located in Nhon Trach, Dong Nai province supplies directly to the key economic area of the South.
- Coal-fired thermal: Vung Ang 1 thermal plant located in Nghe An province. This plant uses coal spraying technology with high efficiency.
- Hydropower: 2 hydropower power plants are Hua Na and ĐakĐrinh located in Nghe An and Quang Ngai, respectively.

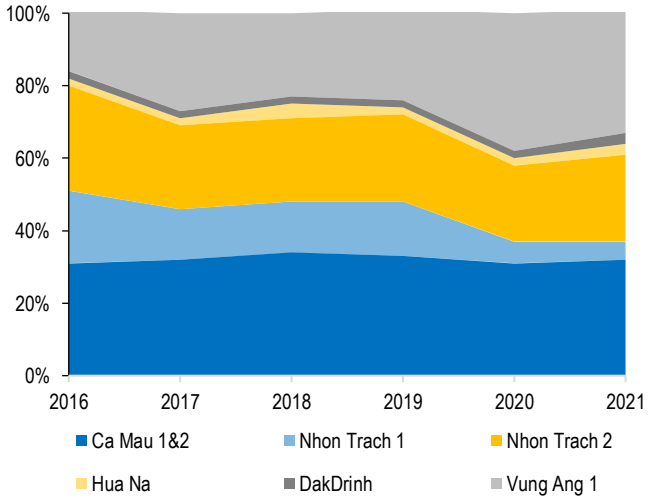
Source: Company data, Shinhan Securities Vietnam

Total capacity by sub-sector



Source: Company data, Shinhan Securities Vietnam

Structure of revenue in power segment



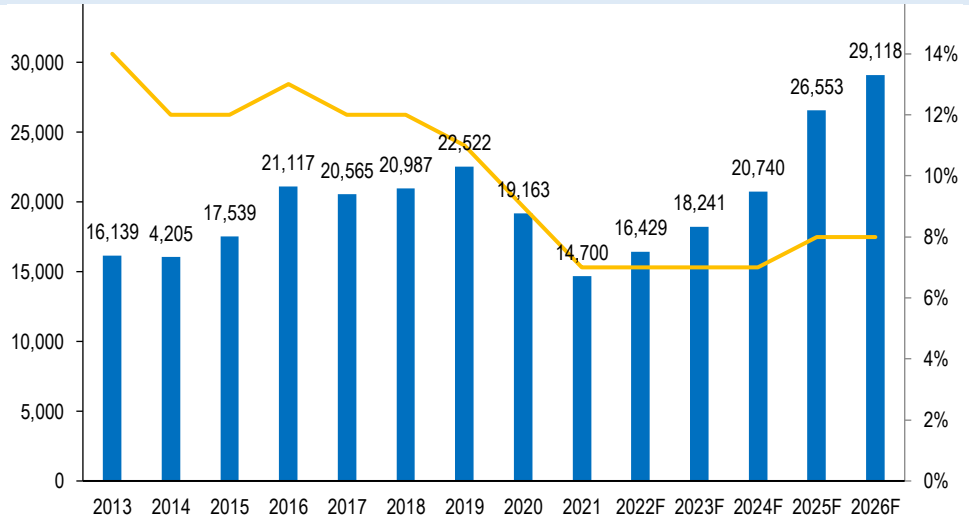
Source: Company data, Shinhan Securities Vietnam

Investment Thesis

1. Top leading entrepreneurs in the power industry and prominent expansion strategy

The commercial electricity output of POW in 2022 is expected to reach 16,429 million kWh (+11.76% YoY) In 2023, we believe the volume of POW continues to climb by the reason of the return of machine 1 of the Vung Ang 1 plant. In the long-term vision, the volume of POW will skyrocket over 25,000 million kWh in 2025 thanks to the contribution of the Nhon Trach 3&4 thermal plant. Based on the timeline of POW, Nhon Trach 3 will operate in Q4/2024 and Nhon Trach 4 will run in Q2/2025.

Electricity output & percent contributed to the national electricity product of POW in the period 2013-2026F (kWh

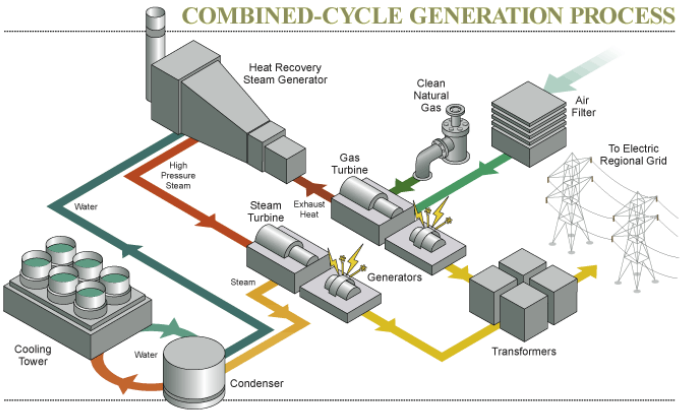


Source: Company data, Shinhan Securities Vietnam

Gas-fired power – The key investment thesis of POW

In the gas-fired segment, POW is the leading company with a total installed of 2,700 MW, followed by EVN GENCO 3 (HoSE: PGV) with 2,540 MW. Indeed, the gas-fired thermal power plant of POW has an average year in operation of 13.75 years. Meanwhile, the mean age of the gas-fired thermal power plant of PGV is nearly 20 years. All of 4 power plants of POW use the combined-cycle gas turbine (CCGT) and the machine comes from Siemens of Germany.

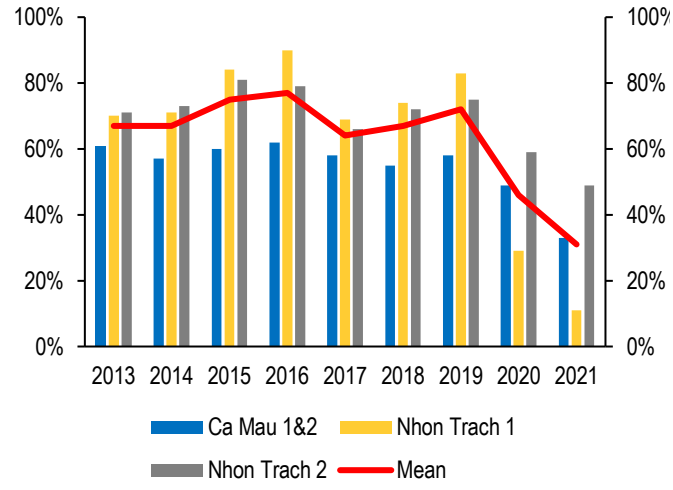
The combined-cycle generation process



The gas turbine used for power plants has 2 common technologies: single cycle and combined cycle. With CCGT technology, the efficiency of the whole process is higher than with a single cycle. Besides that, the capital requires initiation & time for building is lower. The power plant use CCGT the bigger the more efficient.

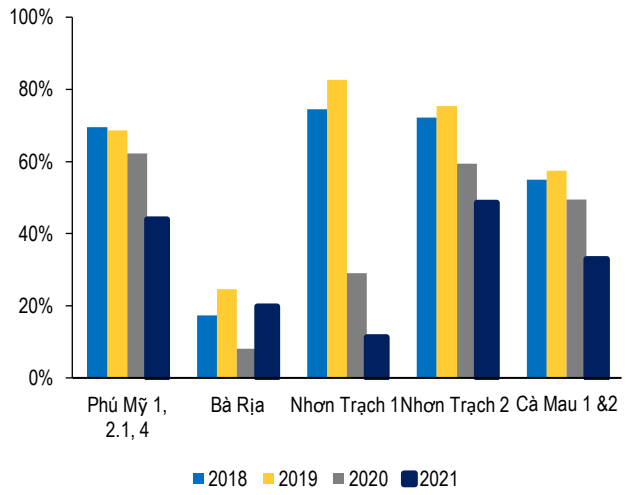
Source: Eastern Generation, Shinhan Securities Vietnam

The efficiency rate of gas-fired thermal plants of POW in 2013-2021



Source: Company data, Shinhan Securities Vietnam

The efficiency rate of gas-fired thermal of POW & PGV



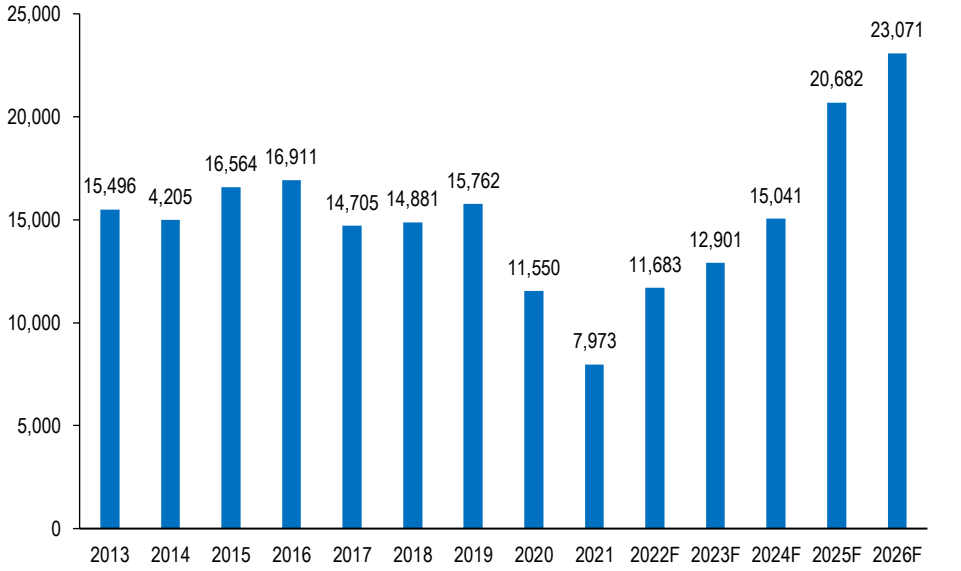
Source: Company data, Shinhan Securities Vietnam

Because of the young age of power plants, POW has an efficiency rate higher than average. However, Nhon Trach 1 and Ca Mau 1&2 power plants are facing with problem of a shortage of natutal gas. The material input of Nhon Trach 1&2 comes from Nam Con Son basin & Cuu Long basin. In 2022, Nhon Trach 2 signed a new contract with GAS to consume gas from Sao Vang – Dai Nguyet basin.

Meanwhile, the Ca Mau 1&2 power plant was supplied by the PM3-CAA gas system and bought more gas from Malaysia. In the future, when Sao Vang – Dai Nguyet is in operation, it is expected that Ca Mau 1&2 was supplied more gas.

In addition, Phu My 3 and Phu My 2.2 will be handover to Vietnam when the BOT contract ends in Q1/2024 and Q1/2025. At this time, 2 power plants will lose the priority of natural gas, helping Nhon Trach 1 can reach the material more easily.

The volume of gas-fired thermal segment of POW (kWh million)



Source: Company data, Shinhan Securities Vietnam

The volume comming from gas-fired thermal of POW is expected to reach 12,901 million kWh thanks to the recovery of the econmy. Nevertheless, the La Nina phenomenon strongly affected in 2020-2022 will pass. After that, the gas-fired thermal will be mobilization higher. In the past, volume in 2020 and 2021 plunged deeply because of Covid-19 quarantine in Vietnam. In 2023, the momentum of the volume's growth rate will cool down. The Nhon Trach 2 power plant will be overhauled in September

2023 at the mark of 100,000 working hours.

Forecast volume of POW's gas-fired segment (kWh million)

Power Plant	2018	2019	2020	2021	2022F	2023F	2024F	2025F	2026F
Ca Mau 1&2	7,210	7,556	6,498	4,334	4,224	5,069	5,829	6,004	6,184
Nhon Trach 1	2,934	3,254	1,148	445	3,115	3,271	3,435	3,607	3,715
Nhon Trach 2	4,737	4,952	3,904	3,194	4,344	4,561	4,652	5,071	5,172
Nhon Trach 3							1,125	4,000	4,000
Nhon Trach 4								2,000	4,000

Source: Company data, Shinhan Securities Vietnam

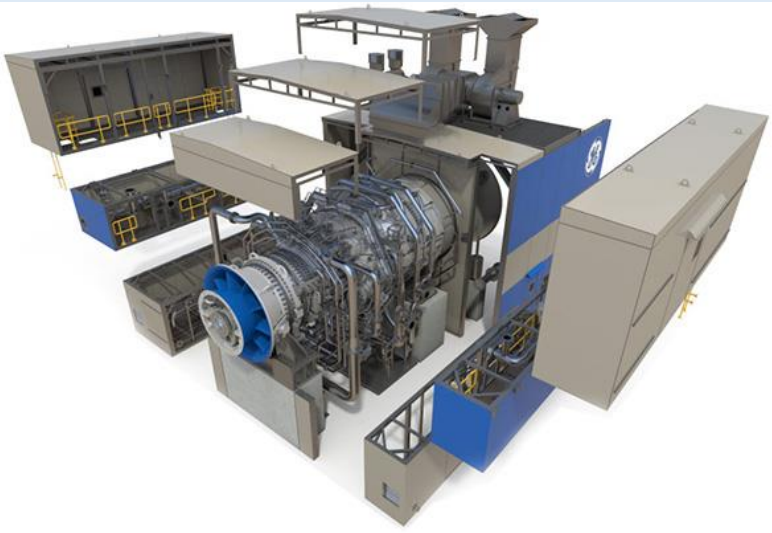
The prominent future with Nhon Trach 3&4 power plant

At present, POW is implementing 3 key projects including Nhon Trach 3&4, LNG Quang Ninh to robust volume to 22-24 kWh billion per year. This plan will bring the growth rate of the output power of POW to 7-9%/year.

The Board of Directors (BoD) of POW announced that the company will raise USD 1.4 billion with 75% from debt (USD 600 million from export credit, USD 300 million commercial loans from foreign institutions, VND 4,000 billion from domestic loans) and 25% from owner equity. Additionally, Fitch Rating rated the credit rating of POW at BB for 2 consecutive years, helping the enterprise can reach the loan less hard.

Regarding the project progress, POW just discuss with GAS about the contract LNG through the Thi Vai warehouse. BoD of POW contemplated that company will sign that contract with EVN successfully to sell around 80%-90% volume of the entire Nhon Trach 3&4 for EVN. Furthermore, POW wants to convert the fluctuation of material input price to EVN as well as the contract POW signed with EVN before. At the end of Q3/2022, POW signed with 17 per 18 packages, in which 9 package was completed. The main contractor of this project is a joint venture between Samsung C&T and Lilama. PECC2 and FICHTNER (Germany) were in charge of consulting for this project. The key equipment supplier of Nhon Trach 3&4 is GE (USA), the turbine used for 2 power plants is the latest technology of GE – 9HA.02

Gas turbine 9HA.02



Nguồn: GE, Shinhan Securities Vietnam

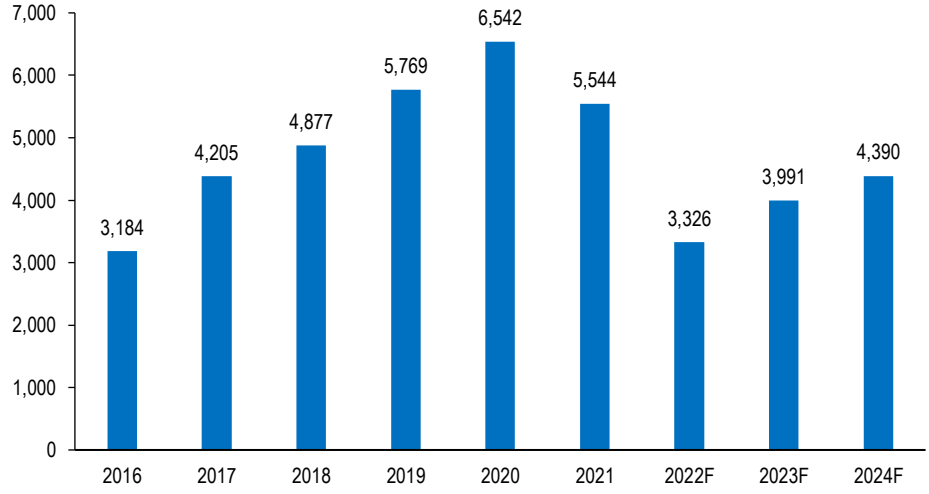
The LNG Quang Ninh gas-fired thermal has a capacity of 1,500 MW and the capital for this project is USD 2 billion. In July 2022, the Department of Planning and Investment of Quang Ninh province

provided the certificate to the investment for the joint venture. Based on the plan of the project, the construction progress will begin from Q2/2022 to Q2/2027. When LNG Quang Ninh comes into operation, it will supply around 9 kWh billion/year. POW contributed 30% of this project, and other investors are Tokyo Gas, Marubeni and Vietnam Mechanical and Erection JSC.

The return of Vung Ang 1 power plant

In September 2021, the gas turbine of the Vung Ang 1 power plant got an incident, affecting on business operations. BoD annouced that the companies brought the gas turbine to a foreign to repair. In the first quarter of 2023, Vung Ang 1 power plant will run normally. In addition, POW is working with the insurance company and related parties, we give credence to POW will be compensated VND 300 billion.

Forecast volume of Vung Ang 1 power plant (kWh million)



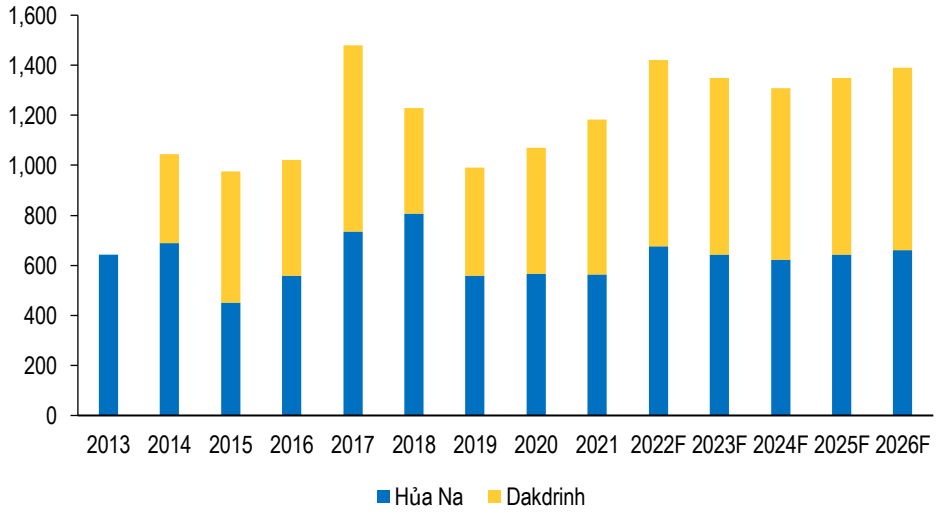
Source: Company data, Shinhan Securities Vietnam

In 2022, although one engine had an incident, the shortage of coal also affected the business activities of POW. So, POW has also actively sought coal from other countries such as Laos and Indonesia but could not import it because the price of imported coal was higher than the price of TKV coal. As a result, the shortage of coal still exists.

Previously, in 2021, the total amount of coal that POW received in the year was 2.4 million tons, equivalent to 75% of the year plan signed previously.

Hydropower bring unforeseen volume owing to favorable weather

Forecast volume of the hydropower segment of POW 2013-2026F (kWh million)



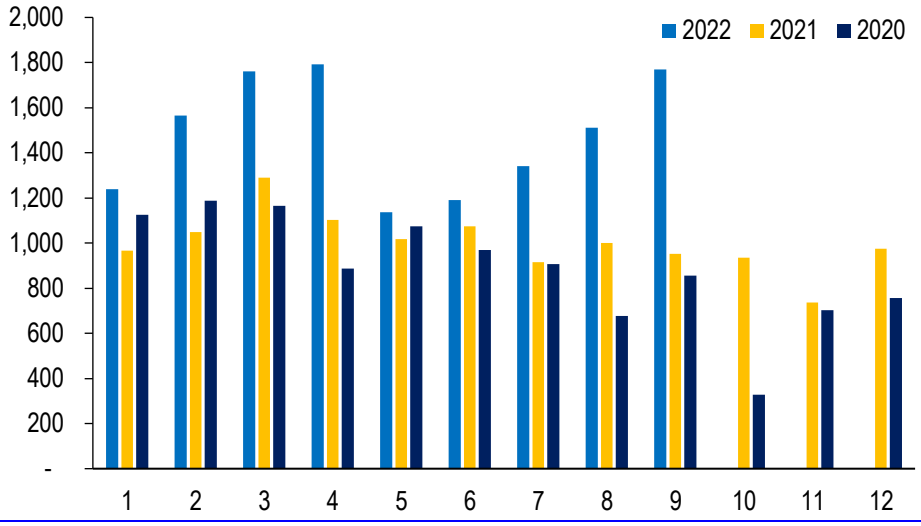
Source: Company data, Shinhan Securities Vietnam

POW own and runs 2 hydropower plants Hua Na (180MW) and Dakdrinh (125MW) contributing around 7% of the entire capacity of the enterprise. With low COGS, 2 hydropower always mobilizes priority in the year affected by La Nina. In 2022, we expected that the business result of hydropower will have solid growth but in 2023 the volume can decrease because the La Nina phenomenon passes over.

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

The selling price is anchored at a high level due to the escalation of oil raw material prices

FMP price in CGM market (VND/kWh)

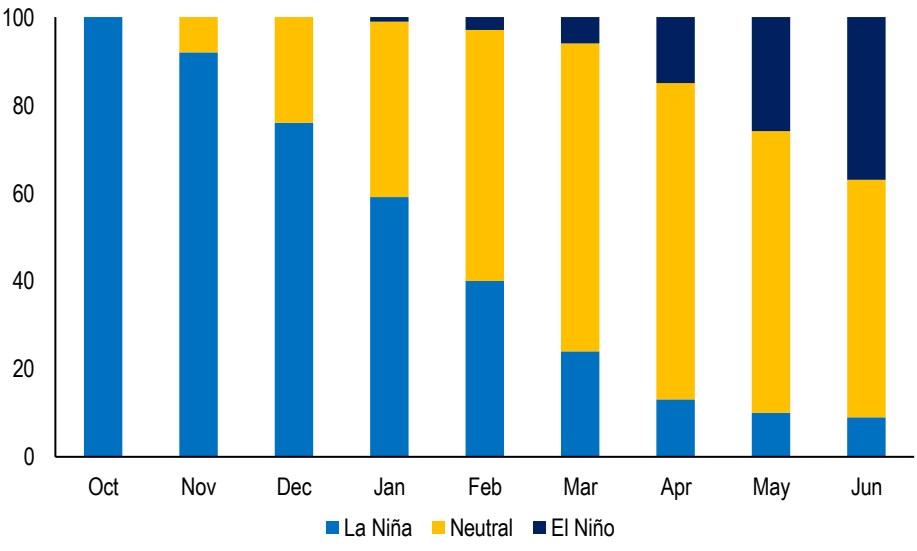


Source: EVNGENCO3, Shinhan Securities Vietnam

Because of the high price of material input, the FMP price in the competitive generation market soared significantly. For POW, the performance of material input does not affect too much on POW by the reason of the fluctuation transfers directly to the unit price when sold power to EVN. Meanwhile, the FMP price jumps solidly, helping the business result of the power plant participation in CGM market.

The unfavorable weather gradually passed and the selling price improved

Probability of La Nina, Neutral and El Nino from October 2022 to June 2023



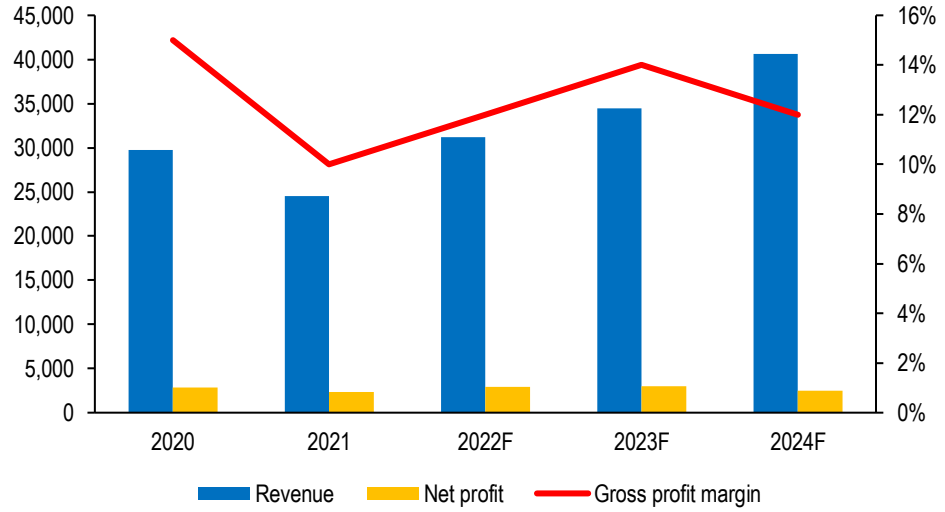
Source: IRI, Shinhan Securities Vietnam

The companies oprerating in the hydropower segment always have a mobilization rate higher when the La Nina phenomenon occurs. As a consequence, the volume of those companies in the gas-fired thermal segment plunged deeply pushing net income lower. At present, the La Nina phenomenon is dominating the weather but the neutral status will play the main role in 2023. We believe the volume of the gas-fired thermal segment will improve. Furthermore, in 2023, the probability of El Nino occuring is higher can boost the output power of POW.

Earning estimates

Based on the catalysts & investment theories, we forecast POW's revenue to grow 26% YoY to VND 31,211 billion and net profit to jump by 32% to VND 2,701 billion in 2022. In 2023, POW's revenue is forecast to reach VND 34,986 billion (+13% YoY). Favorable selling prices are the main driving force behind corporate revenue.

Forecasr the revenue, net income and gross profit margin of POW



Source: Company data, Shinhan Securities Vietnam

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

(Unit: billion VND)	2020A	2021A	2022F	2023F	2024F
Net Revenue	29,730	24,559	31,211	34,986	38,093
Power	29,119	24,399	30,826	34,713	37,764
Goods	504	118	311	215	263
Services	81	32	57	44	50
Others	26	10	18	14	16
Gross profit	4,580	2,540	3,586	4,335	4,658
Operating profit	2,855	2,459	3,095	2,858	2,442
Net profit	2,663	2,052	2,701	2,424	2,062
Profit margin (%)					
Gross profit margin	15%	10%	11%	12%	12%
Operating profit margin	10%	10%	10%	8%	6%
Net profit margin	9%	8%	9%	7%	5%
Growth (%YoY)					
Net Revenue	-14%	-16%	26%	13%	9%
Volume	-15%	-23%	12%	11%	14%
Average selling price	2%	9%	5%	0%	2%
Operating profit	-8%	-14%	26%	-8%	-15%
Net profit	-7%	-23%	32%	-10%	-15%

Source: Company data, Shinhan Securities Vietnam

Valuation and recommendation

Recommended Buy with target price VND 14,500

We offer an initial valuation for PetroVietnam Power with a buy recommendation and a target price of VND14,500 equivalent to a 24.46% upside. From a long-term view, POW is an investment that can be considered for the following reasons: The rebound in volume drives positive business results.

1) Leading position in gas-fired thermal segment with potential expansion strategy;
2) Electricity price is high and unfavorable weather is gradually over.

Valuation method

We apply a combination of P/B and Discounted Cash Flow (DCF) valuation methods with the weights of 50% and 50%, respectively to value POW. Based on the P/E method, we collect data from businesses in the same industry that are similar in size to POW operating in the country and in the Asia-Pacific region. The mean P/B of businesses in the statistics (except POW) is at 0.97x. Combined with our forward BVPS of VND 14,378, we expect a 12-month POW price target of VND 13,947.

Peer valuation

Tickers	PB	Mkt Cap (USD mil)	EPS Growth (%)	ROA (%)	ROE (%)
600780 CH Equity	1.16	1,055.71	(37.96)	9.89	14.80
POWR IJ Equity	0.96	695.95	21.28	6.09	11.80
MFCB MK Equity	1.20	681.46	38.27	12.88	20.39
MLK MK Equity	0.48	667.96	(9.04)	1.07	4.02
FGEN PM Equity	0.45	984.93	(4.11)	4.37	10.01
TPIPP TB Equity	0.88	771.35	(6.90)	7.56	11.90
PGV VN Equity	1.12	765.99	75.90	3.29	13.90
NT2 VN EQUITY	1.47	263.64	(15.13)	12.03	19.21
Mean	0.97				
BVPS forward	14,378				
Target price	13,947				

Source: Company data, Shinhan Securities Vietnam

For the FCFF method, we forecast the revenue of POW to jump 23% in 2022 and 11% in 2023. The Nhon Trach 3&4 power plants will be put into operation in 2024 and 2025, respectively will contribute to boosting the company's revenue. POW. Based on the FCFF method, we expect the target price of POW at VND 13,114.

Weighted Average Cost of Capital (WACC)

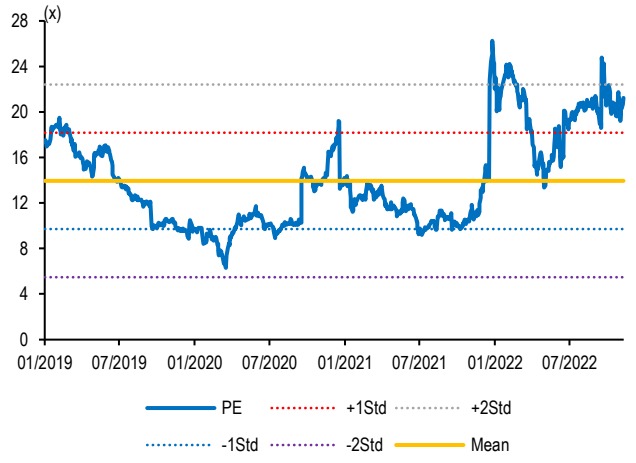
WACC (%)	**11.3%**
Risk-free rate (%)	5.0%
Equity risk premium (%)	7.8%
Beta	0.98
Debt cost (%)	9.0%
The cost of equity(%)	12.6%
Debt-to-equity ratio	0.4
Total debt (VND billion)	9,949

Source: Company data, Shinhan Securities Vietnam

FCF valuation					
Unit: billion VND	**2022F**	**2023F**	**2024F**	**2025F**	**2026F**
Net profit	2,701	2,424	2,062	1,860	2,067
Plus: After-tax interest expense	292	691	1,549	1,878	1,636
Plus: Depreciation & Amortization	2,894	2,981	3,469	5,556	6,449
Minus: Change in working capital	3,837	-615	-410	1,229	421
Minus: CapEx	1,070	1,100	18,630	18,670	1,210
Free Cash Flow (FCF)	980	5,612	-11,140	-10,605	8,521
Discount rate	0.90	0.81	0.73	0.65	0.59
PV of FCF	881	4,531	-8,083	-6,914	4,992
Growth rate	0%				
Present value of long-term value	44,233				
Enterprise value	39,640				
Debt	9,949				
Cash and cash equivalents	8,158				
Minority interest	2,488				
Number of shares outstanding (billion)	2.34				
Target price (VND)	**15,099**				

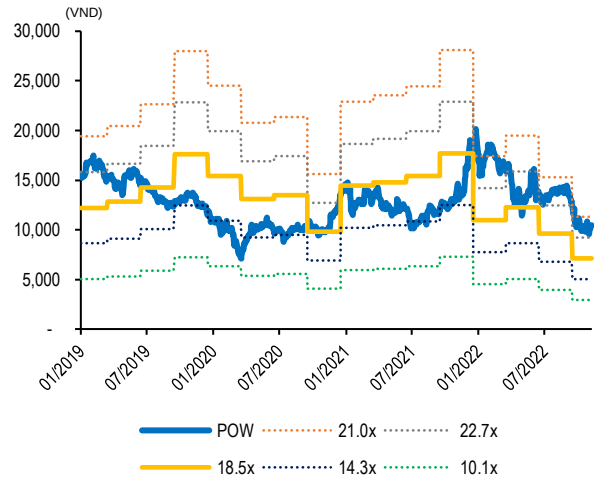
Source: Company data, Shinhan Securities Vietnam

POW's PER from 2019



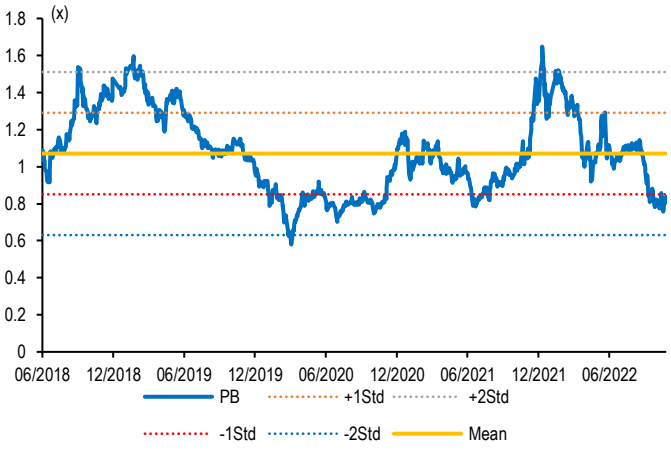
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band chart of POW



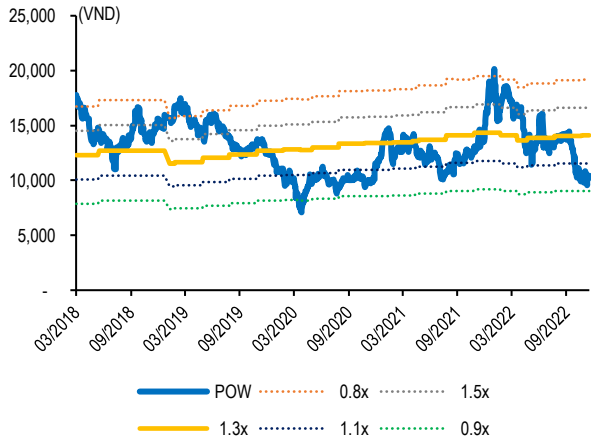
Source: Bloomberg, Company data, Shinhan Securities Vietnam

POW's PBR from 2018



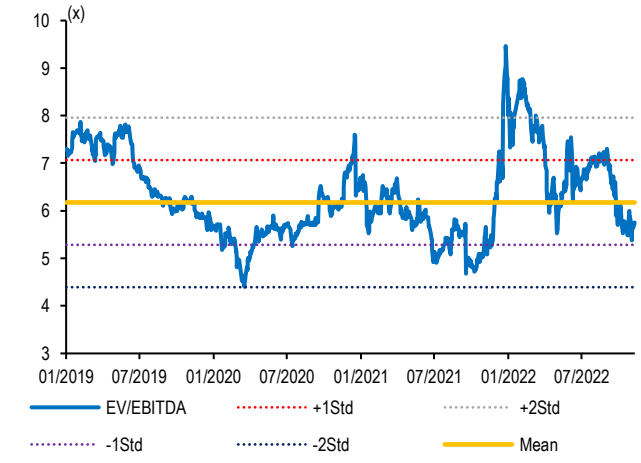
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band chart of POW



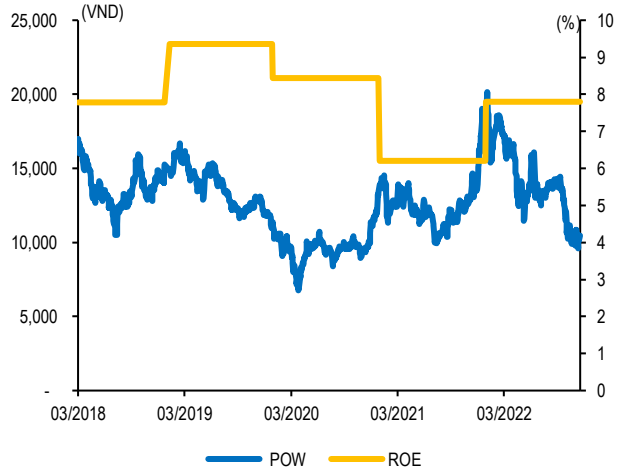
Source: Bloomberg, Company data, Shinhan Securities Vietnam

POW' EV/EBITDA2 PBR from 2019



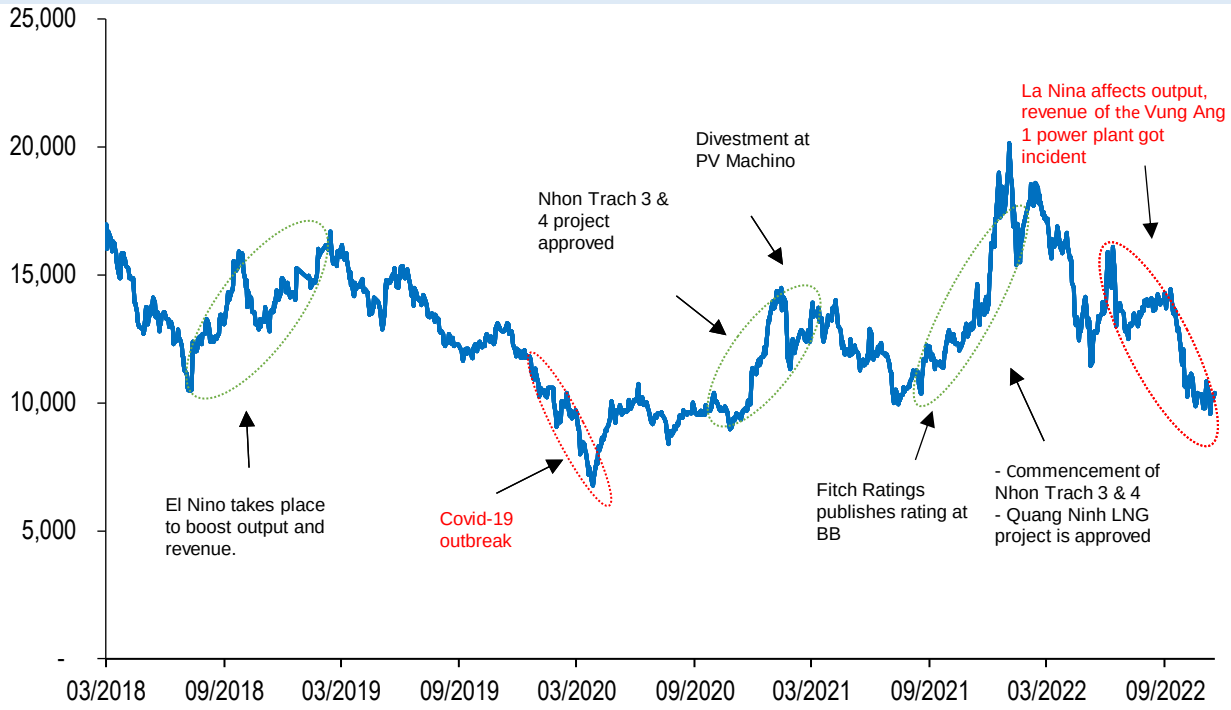
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation of PBR and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of POW



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Repair factory longer than expected

Engine 1 of Vung Ang 1 got an incident in September 2021, POW repaired this engine as soon as possible, and BoD of POW contemplated that engine 1 will be run normally in Q2/2023. Before that, POW was fail to bring engine 1 back on track in Q3/2022. In 2016, Vung Ang 1 Thermal Power Plant also had a rotor cracking problem, causing one engine to stop operating for more than 1 year, strongly affecting POW's 2016 business results.

La Nina phenomenon appears abnormal and exists 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.

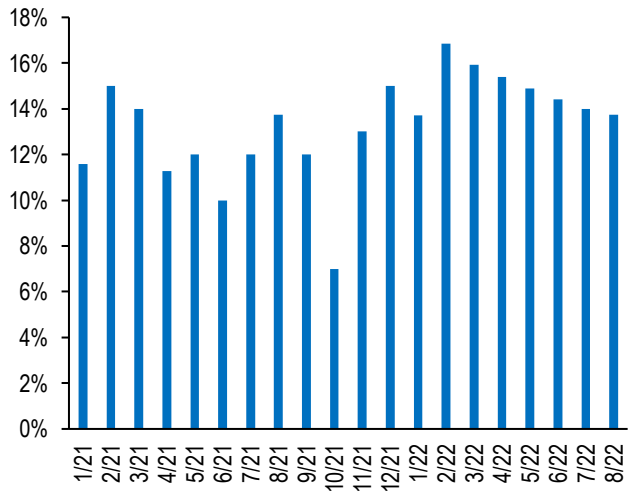
Shortage of gas supply

All POW gas-fired power plants are powered by GAS. In the Southeast region, NT1's production and business activities in the last two years have been solidly impacted because it is located at the end of the gas source and the amount of gas in this area is slumping day by day. It is expected that the gas flow from Sao Vang - Dai Nguyet basin will quench the thirst for gas of POW's power plants.

For Vung Ang 1 coal-fired power plant, the plant uses coal VINACOMIN. However, recently, the supply has decreased in the circumstances of increasingly difficult mining conditions, which has touched the operation of the plant.

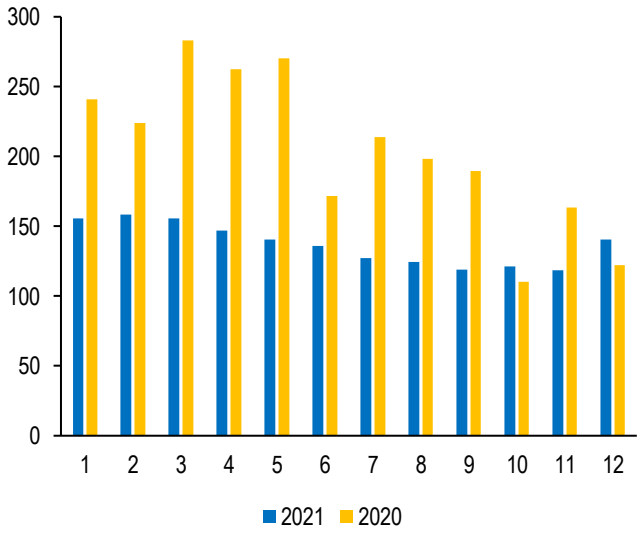
Competition from other suppliers

The proportion of electricity mobilization from renewable (%)



Source: EVN, Shinhan Securities Vietnam

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

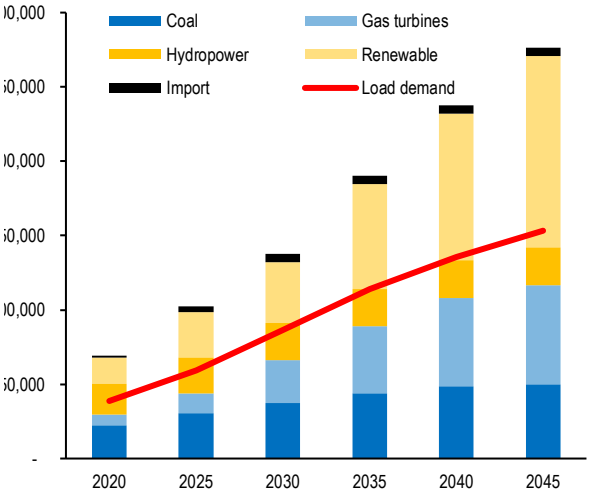


Source: GSO, Shinhan Securities Vietnam

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

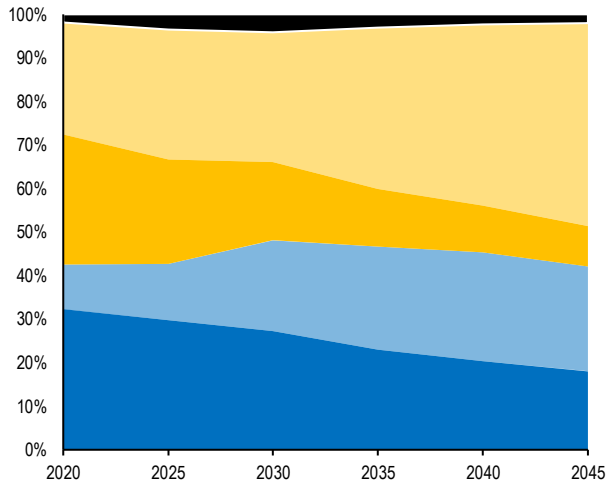
season as thermal power.

The 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 (%)



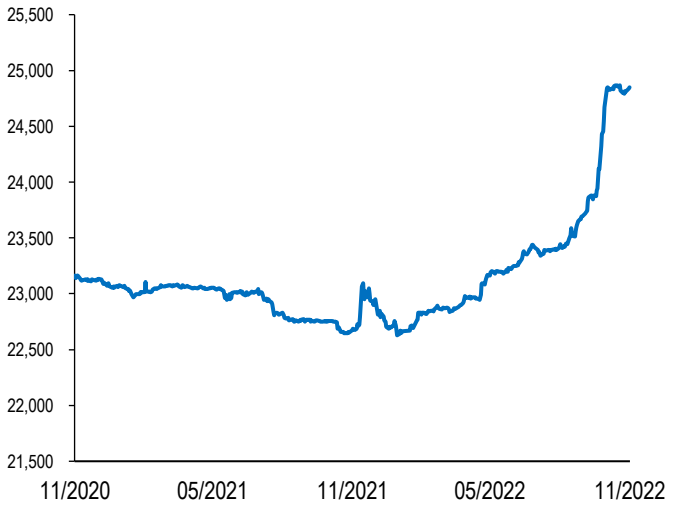
Source: Draft power VIII, Shinhan Securities Vietnam

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, POW faces the risk of competition from other sources.

Exchange rate risk

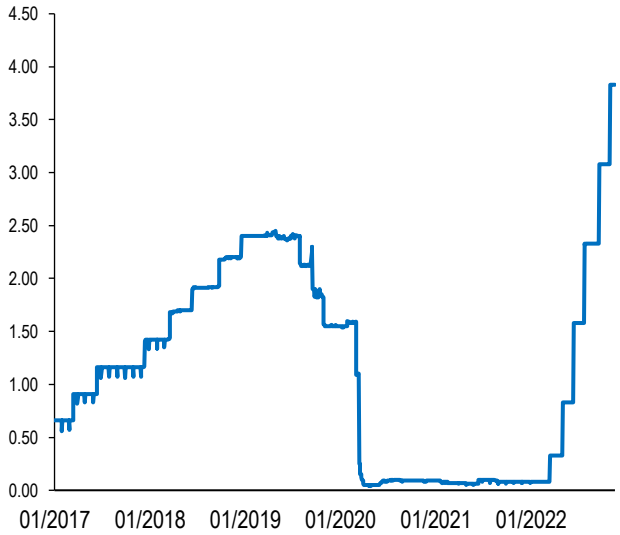
In Q3/2022, POW is borrowing more than VND 2,700 billion in USD, equivalent to 54% of the debt. In the circumstances of the value of the USD continuously increasing while the US Federal Reserve (Fed) hikes interest rates to tame inflation in this country, the interest burden of POW will increase even more. Besides, POW also plans to borrow more than USD 900 million to implement Nhon Trach 3&4, which will make POW's foreign currency loans continue to shoot up in the coming years.

Exchange rate USD/VND



Source: Bloomberg, Shinhan Securities Vietnam

Fed fund rate (%)



Source: Bloomberg, Shinhan Securities Vietnam

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Total assets	**54,050**	**52,977**	**52,667**	**60,533**	**73,599**
Current assets	16,897	18,420	18,122	13,534	14,921
Cash & equivalents	7,070	8,224	7,359	1,810	2,981
Short-term financial asset	789	531	694	821	855
Accounts receivable	7,196	5,799	7,733	8,285	8,616
Inventories	1,728	1,838	2,335	2,618	2,469
Non-current assets	37,153	34,557	34,546	46,999	58,678
Net fixed assets	34,548	31,835	30,011	28,130	43,291
Investment assets	1,028	828	861	889	920
Other long-term assets	1,578	1,894	3,674	17,980	14,467
Total liabilities	**22,784**	**21,852**	**18,841**	**24,282**	**35,287**
Current liabilities	16,480	16,811	14,368	14,621	15,029
Accounts payable	8,255	11,074	9,109	10,210	10,483
Short-term borrowings	7,019	4,769	4,290	3,443	3,577
Others	1,206	968	968	968	968
Non-current liabilities	6,304	5,040	4,474	9,661	20,259
Long-term borrowings	5,391	3,689	3,125	8,312	18,910
Other financial liabilities	913	1,351	1,349	1,349	1,349
Total shareholders' equity	**31,267**	**31,125**	**33,826**	**36,250**	**38,312**
Capital stock	23,419	23,419	23,419	23,419	23,419
Capital surplus	0	0	0	0	0
Other capital	817	2,209	2,209	2,209	2,209
Retained earnings	4,302	3,010	5,393	7,525	9,341
Non-controlling interest equity	2,729	2,488	2,805	3,098	3,343
*Total debt	12,410	8,458	7,415	11,755	22,487
*Net debt (cash)	4,552	(297)	(639)	9,124	18,651

Statement of comprehensive income

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Revenue	**29,732**	**24,561**	**31,211**	**34,986**	**38,093**
Growth (%)	*-16.0*	*-17.4*	*27.1*	*12.1*	*8.9*
COGS	(25,152)	(22,021)	(27,625)	(30,651)	(33,436)
Gross profit	**4,580**	**2,540**	**3,586**	**4,335**	**4,658**
GPM (%)	*15.4*	*10.3*	*11.5*	*12.4*	*12.2*
SG&A	(1,209)	(140)	(835)	(842)	(717)
Operating profit	**3,371**	**2,400**	**2,752**	**3,493**	**3,941**
Growth (%)	*(8.4)*	*(13.9)*	*25.9*	*(7.7)*	*(14.6)*
OPM (%)	*11.3*	*9.8*	*8.8*	*10.0*	*10.3*
Non-operating profit	(540)	(83)	260	(747)	(1,597)
Financial income	440	690	744	206	290
Financial expense	(999)	(653)	(433)	(868)	(1,819)
In which: interest expenses	(809)	(510)	(324)	(767)	(1,718)
Net other non-operating profit	20	(120)	(50)	(85)	(67)
Pre-tax profit	**2,875**	**2,339**	**2,995**	**2,689**	**2,307**
Income tax	(212)	(287)	(294)	(264)	(246)
Net profit	**2,663**	**2,052**	**2,701**	**2,424**	**2,062**
Growth (%)	*(6.7)*	*(22.9)*	*31.6*	*(10.2)*	*(15.0)*
NPM (%)	*9.0*	*8.4*	*8.7*	*6.9*	*5.4*
Controlling interest	2,365	1,799	2,383	2,132	1,816
Non-controlling interest	298	254	318	292	246
EBIT	**3,684**	**2,849**	**3,319**	**3,455**	**4,025**
Growth (%)	*(14.7)*	*(22.7)*	*16.5*	*4.1*	*16.5*
EBIT Margin (%)	*12.4*	*11.6*	*10.6*	*9.9*	*10.6*
EBITDA	**6,481**	**5,633**	**6,213**	**6,436**	**7,494**
Growth (%)	*(12.3)*	*(13.1)*	*10.3*	*3.6*	*16.4*
EBITDA margin (%)	*21.8*	*22.9*	*19.9*	*18.4*	*19.7*

Statement of cash flow

Year to Dec. (bn VND)	2020	2021	2022F	2023F	2024F
Cash flow from operations	**7,908**	**5,147**	**1,360**	**5,813**	**5,656**
Net profit	2,663	2,052	2,701	2,424	2,062
D&A expense	2,797	2,784	2,894	2,981	3,469
(Gain) from investing activities	(441)	(619)	(398)	(207)	(285)
Change in working capital	3,008	2,156	(3,837)	615	410
Others	(118)	(1,226)	-	-	-
Cash flow from investments	**149**	**563**	**(1,182)**	**(15,703)**	**(15,216)**
Change in fixed assets	(144)	(284)	(672)	(921)	(18,376)
Change in investment assets	(81)	69	(163)	(127)	(34)
Others	374	777	(347)	(14,655)	3,194
Cash flow from financing	**(6,072)**	**(4,555)**	**(1,043)**	**4,340**	**10,732**
Change in equity	-	-	-	-	-
Net borrowing	(6,072)	(4,555)	(1,043)	4,340	10,732
Dividends	-	-	-	-	-
Change in total cash	**1,986**	**1,154**	**(864)**	**(5,549)**	**1,171**
Beginning cash	5,083	7,070	8,224	7,359	1,810
Change in FX rates	-	-	-	-	-
Ending cash	7,070	8,224	7,359	1,810	2,981

Source: Company data, Shinhan Securities Vietnam

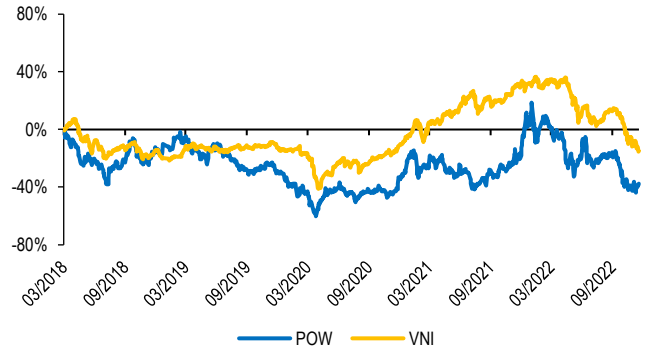
Key ratios

Year to Dec.	2020	2021	2022F	2023F	2024F
EPS (VND)	999	757	992	899	965
BPS (VND)	12,186	12,228	13,356	14,378	15,474
PER (x)	13.6	23.1	10.0	9.8	12.0
PBR (x)	1.7	1.8	0.7	0.7	0.6
EV/EBITDA (x)	35.4	28.7	27.6	26.4	24.1
Dividend payout ratio (%)	2.0	3.0	0.0	0.0	0.0
Dividend yield (%)	1.5	1.7	0.0	0.0	0.0
Profitability					
EBITDA margin (%)	21.8	22.9	19.9	18.4	19.7
OPM (%)	11.3	9.8	8.8	10.0	10.3
NPM (%)	9.0	8.4	8.7	6.9	5.4
ROA (%)	4.9	3.9	5.1	4.0	2.8
ROE (%)	8.5	6.6	7.99	6.7	5.4
Stability					
Debt to equity ratio (%)	39.7	27.2	21.9	32.4	58.7
Net debt ratio (%)	70.2	(5.3)	(10.3)	141.8	248.9
Cash ratio (%)	47.7	52.1	56.1	18.0	25.5
Interest coverage ratio (x)	4.6	5.6	10.3	4.5	2.3
Activity (%)					
Working capital turnover (times)	6.7	4.1	5.0	6.2	6.1
Inventory turnover (days)	15.9	12.4	13.2	12.4	13.1
Receivable turnover (days)	3.7	3.8	4.6	4.4	4.5

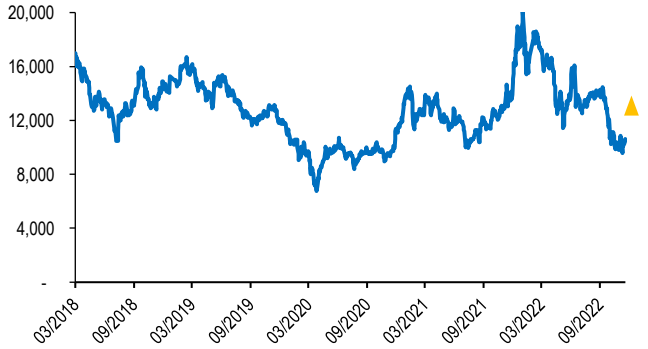
Source: Company data, Shinhan Securities Vietnam

PetroVietnam Power Corporation JSC (POW VN)

Share performance



Target price



Date	Rating	Target price (VND)	Target price gap (%) Average	Average
01/12/2022 (Initiation)	BUY	14,500	10.2	26.3/-55.0

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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