SHINHAN SECURITIES



January 5th, 2023

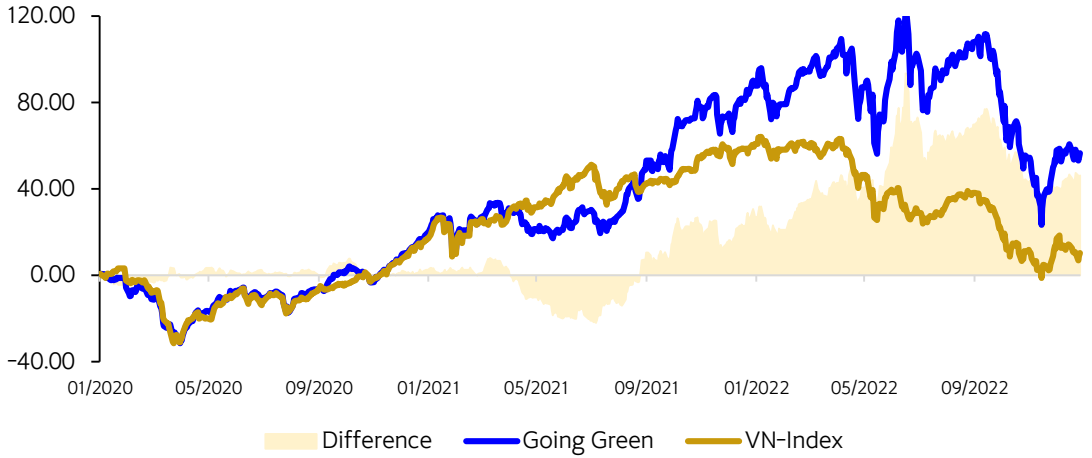
Going Green

Return of portfolio	Return of VN-Index
⬆ +1.33% MoM	⬇ -3.77% MoM
⬇ -16.98% YTD	⬇ -32.06% YTD

- The market continued to correct in December after a strong recovery in the second half of November. The US Federal Reserve (Fed) hiked interest rates according to the previous plan, causing the global stock market to fall sharply. Vietnam's GDP growth in 2022 reached a record high of 8.02% in the period 2011-2022 and inflation at 3.15% below the target set by the National Assembly. However, the growth rate showed signs of slowing down in the fourth quarter. In 2023, we forecast Vietnam's economic growth rate will slow down to 6% due to the increased risk of the recession of global economy.
- The Going Green portfolio has a return rate of +1.33% in December. The strongest gainers in the portfolio were: GEG (+25.51% MoM) recently, International Finance Corporation shareholder withdrew 44.2 million shares (13.74% of capital) to AVH Pte. Ltd, NT2 (+5.51% MoM) thanks to the time when the mobilization rate increases when the rainy season ends, PC1 (+4.21% MoM) benefiting from the USD/VND exchange cooled down. Meanwhile, POW (-9.87% MoM), and GAS (-6.91% MoM) are the stocks with the lowest performance.
- In 2023, national electricity consumption is expected to continue to grow above 6%. The gas-fired thermal power sector (POW, NT2) is expected to mobilize at a higher rate when the La Nina phenomenon is over. Besides, if the global economy falls into a recession, defensive stocks with abundant cash, low debt ratio, and a stable dividend will be the shelter of cash flow.

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

Performance of Going Green porfolio and VN Index (%)



Portfolio analysis

	Portfolio	VN-Index
P/E forward (x)	9.03	10.52
P/B (x)	1.40	1.61
Dividend yield (%)	4.20	3.17
EPS growth (5Y) (%)	16.37	15.67
ROE (%)	16.67	17.05
ROA (%)	7.88	2.48
Beta	1.27	1.00
Return (annualized) (%)	-17.98	-31.35
Std (%)	38.68	24.68
Sharpe ratio	-0.35	-1.26

Data as of Dec 30, 2022 Sources: SSV, Bloomberg

Strategy overview

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

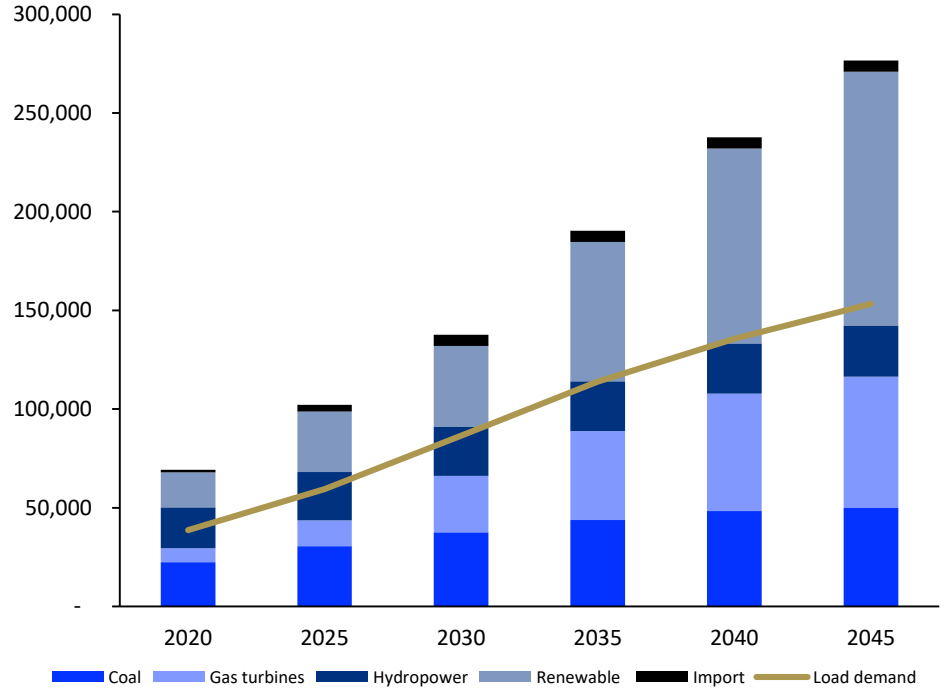
- Revenue from the ancillary industry, green energy production makes the main contribution to the revenue of the business.
- Strong fundamentals, businesses are managed effectively.
- Long term growth potential.

[Analyst]
Nhut Nguyen
☎ (84-28) 6299-7751
✉ nhut.nq@shinhan.com

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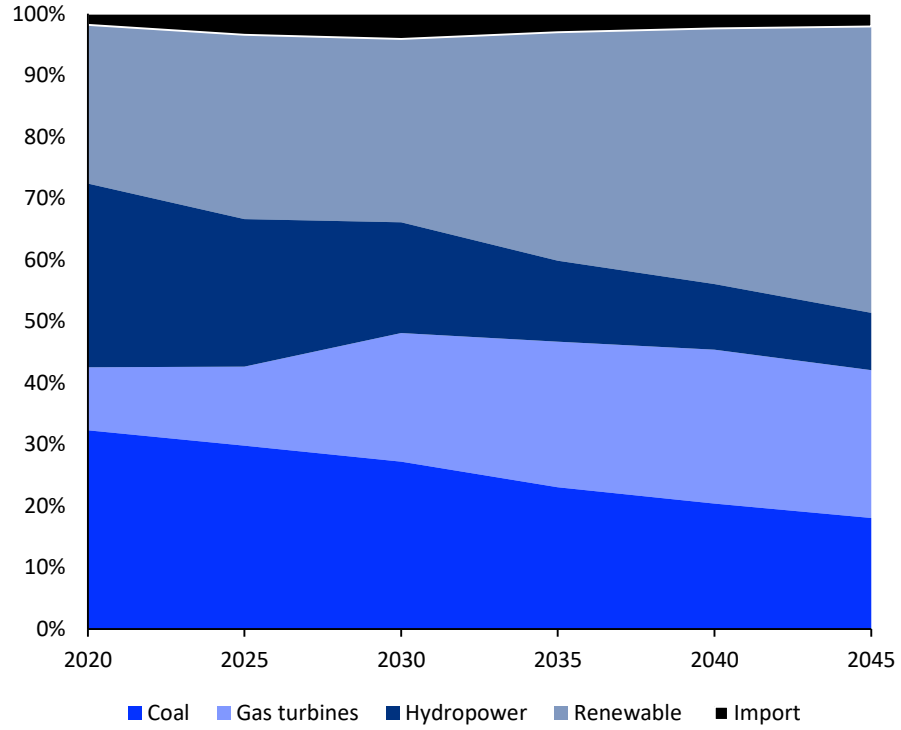
Future of energy sector in Vietnam

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



Source: Draft power VIII , Shinhan Securities Vietnam

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

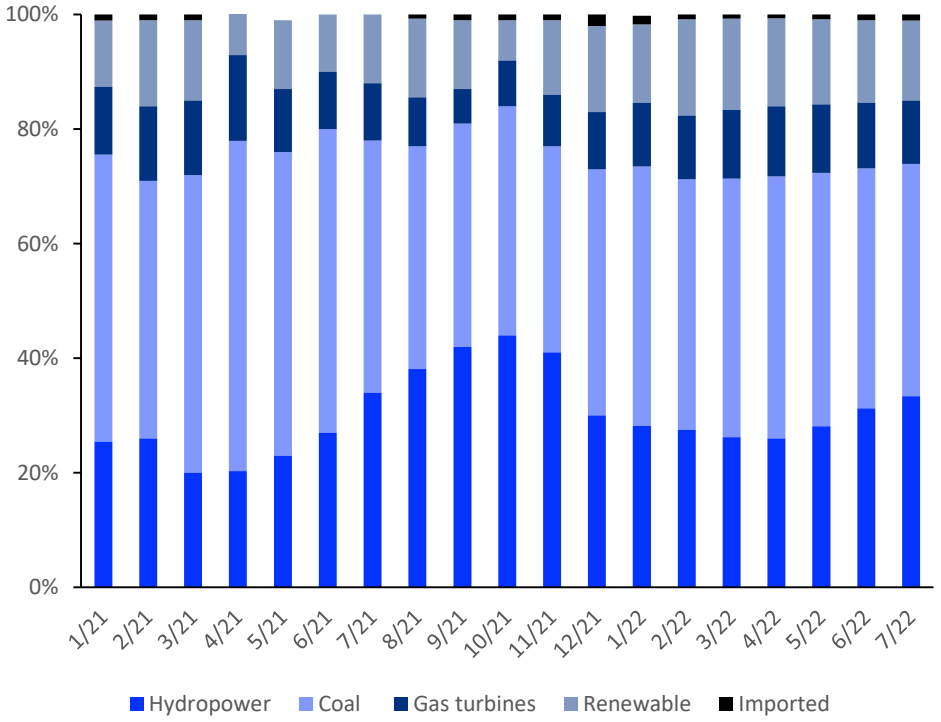


Source: Draft power VIII , Shinhan Securities Vietnam

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

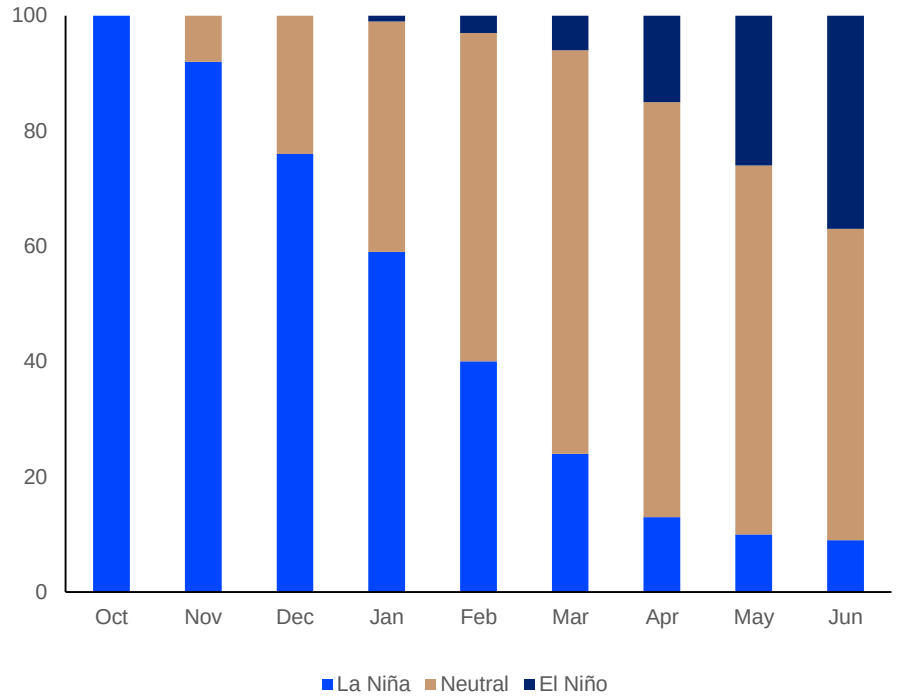
Future of energy sector in Vietnam

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



Source: EVN, Shinhan Securities Vietnam

Probability of La Nina, Neutral and El Nino phenomenon from 10/2022 to 6/2023 (%)



Source: IRI Shinhan Securities Vietnam

- The proportion of mobilization from power sources from January 2021 shows that hydropower is mobilized by EVN thanks to the priority of low COGS and favorable hydrology. Hydropower is cyclical based on the rainy season, the third and early fourth quarters are usually the time when hydropower is prioritized to mobilize the highest when the amount of water in the reservoirs is abundant.
- In Vietnam, the La Nina phenomenon has lasted from 2020 to 2022, however, according to the IRI forecast, La Nina will soon end in early 2023 and the neutral state will take the dominant role, and the water volume of hydropower reservoirs decreased compared to 2022.

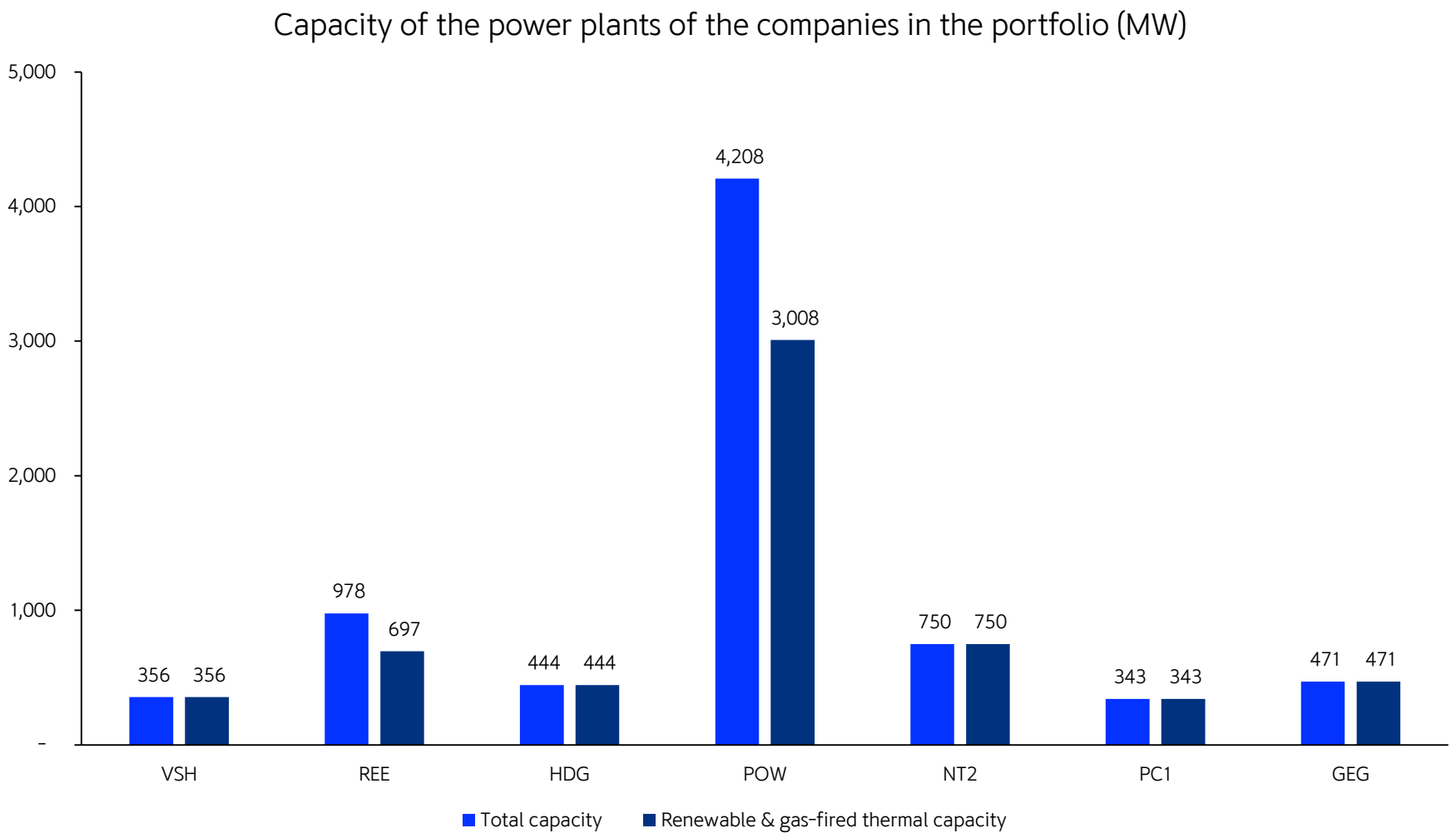
Top Picks Universe

General info				Share price					Key financials(**)				Valuation 23F	
No.	Ticker	Company name	Mkt Cap (VND bn)	CP (VND)	TP* (VND)	Upside (%)	1M (%)	YTD (%)	GPM (%)	D/E (x)	ROA (%)	ROE (%)	P/B (x)	P/E (x)
1	VSH	Vinh Son - Song Hinh Hydropower JSC	7,560	32,000	47,500	48.4	0.3	10.1	64.7	0.9	12.1	25.3	1.4	7.3
2	REE	REE Corp.	25,696	72,300	88,300	22.1	(3.8)	18.5	23.0	0.6	10.3	18.6	1.3	8.6
3	HDG	Ha Do Group JSC	7,766	31,750	42,900	35.1	(1.9)	(44.1)	64.7	1.0	10.8	21.4	1.3	7.1
4	POW	PetroVietnam Power Corp.	25,409	10,850	14,500	33.6	(9.0)	(39.4)	14.0	0.3	3.8	6.5	0.6	12.1
5	NT2	PetroVietnam Power Nhon Trach 2 JSC	8,348	29,000	32,950	13.6	6.4	10.1	14.1	0.1	13.1	21.6	1.3	8.8
6	GAS	PetroVietnam Gas JSC	197,520	103,200	137,857	33.6	(7.2)	6.3	13.3	0.2	18.3	26.9	3.1	14.4
7	CNG	CNG Viet Nam JSC	645	23,900	47,000	96.7	(2.8)	(20.7)	6.6	0.1	9.1	22.5	1.1	4.1
8	PC1	PC1 Group JSC	5,706	21,100	30,223	43.2	4.7	(41.8)	18.2	1.7	1.6	5.1	1.0	8.1
9	GEG	Gia Lai Electricity JSC	4,974	15,450	19,667	27.3	23.9	(30.8)	34.3	1.6	2.9	9.5	1.1	17.8

* Target price (fair value) for the next 12 months
** Data for 12 months up to Q3/2022

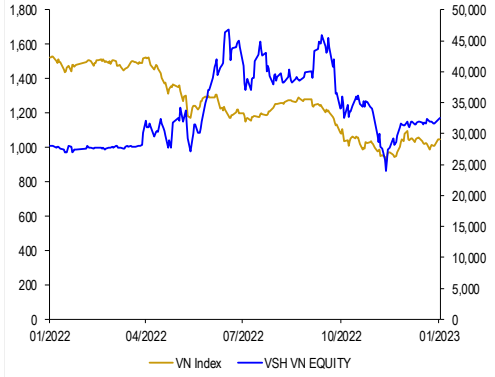
Source: SSV Research, Bloomberg
Data as of Dec 30, 2022

Capacity of the power plants of the companies in the portfolio



Vinh Son – Song Hinh Hydropower JSC (VSH VN)

TARGET PRICE (VND)			
47,500			
CURRENT PRICE (VND)			UP/DOWNSIDE
32,500			46.2%
VNINDEX			1,046
Market P/E (x)			9.8
Market Cap. (bn VND)			7,678
Outstanding Shares (mn)			236
Free Floating Shares (mn)			50
Free Floating (%)			21.2
52-Wk High (VND)			48,000
52-Wk Low (VND)			22,900
3M Avg. Trading Vol. (mn)			0.23
3M Avg. T/O (bn VND)			5
Beta (12M)			0.8
	3M	6M	12M
Absolute	-5.0	-20.7	12.8
Rel. to VNINDEX	-2.0	-8.3	44.3



Source: Bloomberg

Investment points

-Vinh Son - Song Hinh Hydropower JSC (HoSE: VSH) is one of the enterprises owning hydroelectric power plants with the largest capacity (356MW) listed on HoSE. VSH is trading at an attractive valuation and its core business has growth potential

- 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 9M2022, VSH's output reached 1,797 million kWh (+67% YoY) thanks to favorable weather. The revenue and net profit of VSH reached 2,121 billion (+ 117% YoY) and 881 billion (+354% YoY), respectively.
- In the landscape 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 turbine electricity and coal power plants are often encountered when costs soar sharply. Therefore, the power coming from hydropower plants is prioritized by EVN.
- Thank to impressive business results, CFO in 9M2022 exceeded VND 1,000 billion, helping businesses repay more than VND 700 billion.
- A parent company of VSH - REE said that the company is actively negotiating with EVN to recalculate the PPA* price. If successful, this is expected to be a new boost in VSH's revenue in 2023. Besides, in 2023, the La Nina phenomenon is forecast to end, reducing the mobilization rate from industry hydropower enterprises.

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.

FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	400	341	1,611	3,193	2,960
OP (bn VND)	174	114	770	1,833	1,645
OP margin (%)	43.6	33.4	47.8	57.4	55.6
NP (bn VND)	159	188	387	1,153	1,037
NP margin (%)	34.0	34.0	34.0	34.0	35.0
EPS (VND)	701	859	1,660	4,881	4,390
ROE (%)	5.0	5.8	10.6	22.0	18.1
P/E (x)	30	21	17	6.7	7.4
P/B (x)	1	1	2	1.4	1.4

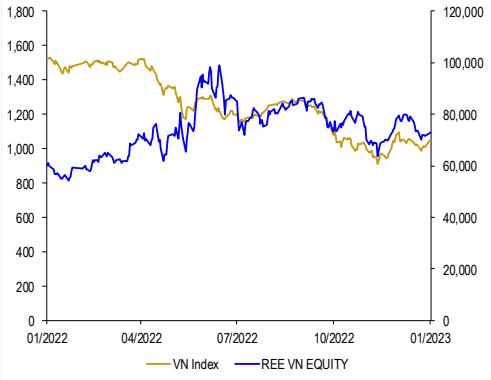
Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

*PPA: Power Purchase Agreement

Refrigeration Electrical Engineering Corp. (REE VN)

TARGET PRICE (VND)	
88,300	
CURRENT PRICE (VND)	UP/DOWNSIDE
73,100	20.8%
VNINDEX	1,046
Market P/E (x)	9.8
Market Cap. (bn VND)	25,980
Outstanding Shares (mn)	355
Free Floating Shares (mn)	142
Free Floating (%)	40.1
52-Wk High (VND)	100,000
52-Wk Low (VND)	54,435
3M Avg. Trading Vol. (mn)	0.58
3M Avg. T/O (bn VND)	35
Beta (12M)	0.9

	3M	6M	12M
Absolute	-0.5	-14.0	20.1
Rel. to VNINDEX	2.4	-1.5	51.5



Source: Bloomberg

Investment points

- REE is a company operating in three main segments: M&E (mechanical & electrical), Energy and office leasing. In addition, REE also operates in the water sector and real estate industry.
- In the energy segment, REE owns factories with installed capacity of 978 MW. Of which, renewable energy including: wind power, solar power and hydroelectricity contributed 697MW. This is the segment that contributes the largest revenue with 46%. The hydropower has grown significantly in the past year thanks to the consolidation financial statement of VSH. In addition, wind power projects of REE have been put into operation stably, helping power segment contributing 60% to the net profit of REE in 9M2022. According to the current orientation, REE is expected to continue to expand renewable power projects.
- In the real estate leasing segment, REE owns nearly 150,000 m2 of space for lease. The Etown6 project with 40,000 m2 floor space, expected to come into commercial operation by the end of 2023. It promises to boost office rental revenue when the occupancy rate of Etown projects is always above 90%.
- In 9M2022, the revenue and profit of REE reached 6,302 billion (+61.1% YoY), the net profit was 1,971 billion (+85.4% YoY). REE had impressive business results thanks to the strong breakthrough energy segment when revenue and profit increased by 105% YoY and 153% YoY. In which, the hydropower segment contributed the most as revenue increased by 212% to VND 999 billion. Meanwhile the profit of the wind power segment in Q3/2022 fell by 168% due to the decrease in wind speed and the sharp increase in the financial cost of loans in USD.
- In 2023, there is a high probability that the passing of La Nina will reduce the mobilization rate of REE's hydropower segment. Besides, REE is also actively negotiating with EVN to adjust the PPA price of Thuong Kon Tum hydropower plant. If the negotiation is successful, the PPA selling price of this factory may increase by over 20%.

Risks:
(1) Risk of earthquake near the TKT hydropower plant;
(2) El Nino risk causes the output of hydropower to decline;
(3) Revenue from M&E segment recovered slower than expected;
(4) Real estate project progress is slower than expected.

FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	4,890	5,640	5,810	8,513	9,553
OP (bn VND)	946	1,239	1,854	3,466	3,573
OP margin (%)	19.4	22.0	31.9	40.7	37.4
NP (bn VND)	1,639	1,628	1,855	3,115	3,207
NP margin (%)	33.5	28.9	31.9	36.6	33.6
EPS (VND)	4,597	4,566	5,220	9,142	9,203
ROE (%)	16.6	14.9	15.0	20.0	17.0
P/E (x)	6.9	9.3	11.5	8.6	8.6
P/B (x)	1.1	1.3	1.6	1.6	1.3

Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

Ha Do Group JSC (HDG VN)

TARGET PRICE (VND)	
42,900	
CURRENT PRICE (VND)	UP/DOWNSIDE
32,000	34.1%
VNINDEX	1,046
Market P/E (x)	9.8
Market Cap. (bn VND)	7,827
Outstanding Shares (mn)	245
Free Floating Shares (mn)	92
Free Floating (%)	37.6
52-Wk High (VND)	62,333
52-Wk Low (VND)	21,650
3M Avg. Trading Vol. (mn)	2.21
3M Avg. T/O (bn VND)	68
Beta (12M)	1.3

	3M	6M	12M
Absolute	-10.4	-24.9	-42.3
Rel. to VNINDEX	-7.4	-12.4	-10.8



Source: Bloomberg

Investment points

- HDG was formerly an enterprise under the Ministry of Defense which had a reputation in the real estate sector with a potential land bank. In recent years, HDG has expanded its business through renewable energy with a total installed capacity of 444 MW of plants. HDG is known as one of the highly efficient investors in the energy sector.
- In 2021, two new hydropower plants, Song Tranh 4 (50MW) and Dak Mi2 (147MW) are put into operation, nearly doubling the installed capacity of HDG. Meanwhile, the renewable energy group got a new boost from the 7A wind power plant (50MW) put into operation by the end of 2021. HDG's energy revenue contributed for 33% of revenue and 40% of net profit, respectively in 2021. In 9M2022, HDG's revenue increased slightly by 2.07% YoY, the energy segment (58% of total revenue) became the main driver of the group when revenue reached 1,463 billion (+109% YoY) replacing the real estate group when revenue fell 43% YoY to 796 billion due to unfavorable real estate market.
- In 2023, HDG will open for sale phase 3 of the Charm Villas project in Q2, Green Lane, and Hado Minh Long projects by the end of 2023. Regarding new real estate projects, HDG is expected to start construction of Dich Vong Complex, CC3 in 2024, the project at 62 Phan Dinh Giot, 30 Ta Quang Buu in Hanoi, and in 2025.
- With a long-term vision, HDG said that renewable energy will play a key role in the development orientation of enterprises in the energy segment. The company is waiting for approval of power plan VIII to implement the plan to double capacity by 2025. The Phuoc Huu (50MW) & EA H'Leo (20MW) wind power plant will be implemented immediately after power planning VIII is approved.

Risks:
(1) Risk of the earthquake in Tranh river area;
(2) El Nino risk causes the output of hydropower to decrease;
(3) Handover and sale of real estate projects are slower than expected;
(4) Home loan interest rates soar.

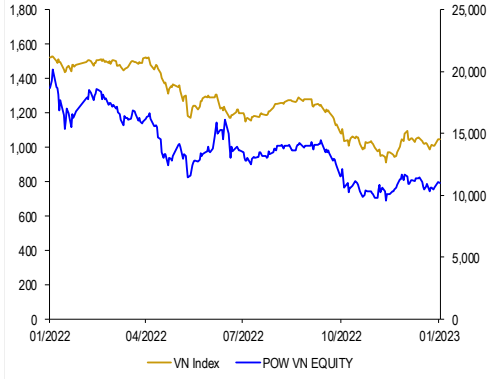
FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	4,307	4,999	3,777	3,591	3,511
OP (bn VND)	1,542	1,870	1,980	2,006	2,125
OP margin (%)	35.8	37.4	52.4	55.9	60.5
NP (bn VND)	924	979	1,096	1,136	1,137
NP margin (%)	21.5	19.6	29.0	31.6	32.4
EPS (VND)	4,058	4,276	4,779	4,663	4,497
ROE (%)	42.3	34.9	29.8	19.8	17.4
P/E (x)	3.9	6.3	11.6	6.9	7.1
P/B (x)	1.5	2.0	3.0	1.4	1.3

Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

PetroVietnam Power Corp. (POW VN)

TARGET PRICE (VND)	
14,500	
CURRENT PRICE (VND)	UP/DOWNSIDE
11,000	31.8%
VNINDEX	1,046
Market P/E (x)	9.8
Market Cap. (bn VND)	25,761
Outstanding Shares (mn)	2,342
Free Floating Shares (mn)	470
Free Floating (%)	20.0
52-Wk High (VND)	20,800
52-Wk Low (VND)	8,910
3M Avg. Trading Vol. (mn)	10.88
3M Avg. T/O (bn VND)	93
Beta (12M)	1.1

	3M	6M	12M
Absolute	-5.2	-18.5	-41.2
Rel. to VNINDEX	-2.2	-6.0	-9.8



Source: Bloomberg

Investment points

- POW is the second largest power generation company with a total designed capacity of 4,208 MW in Vietnam after EVN. The most prominent POWs are the Ca Mau & Nhon Trach 1 & 2 gas power plants (total 2,700 MW). Hydroelectric plants like Hua Na and DakDrinh also contribute significantly to POW's electricity output.
- In addition, in 2022, we believe that POW will receive about VND 300 billion in accident insurance at Vung Ang 1 Thermal Power Plant. In addition, POW will also divest two companies EIC and Viet Lao Power Joint Stock Company, bringing in over VND 300 billion, contributing to funding capital for the Nhon Trach 3 & 4 gas power plant project.
- In the future, the long-term growth driver of POW will come from two plants NT3 and NT4 with a total designed capacity of 1,500 MW, which is expected to come into commercial operation between 2024 and 2025. In the energy industry, POW is one of the enterprises with the most suitable development orientation in accordance with the power plan VIII in the period of 2022-2030 with turbine gas energy.
- In 9M2022, the output of POW decreased 17% YoY to 10,145 million kWh, POW revenue reached 20,768 billion (-1% YoY), net income increased 27% YoY to VND 1,591 billion. Nhon Trach 2 power plant contributes more than 32% of the company, followed by Ca Mau 1&2, Vung Ang 1 and Nhon Trach 1 power plants.
- In 2023, the gas-fired thermal (contributed 67% of capacity) is expected to be mobilized with a higher proportion because La Nina will pass and the return of Vung Ang 1 coal-fired thermal power plant, helping to bring POW's output to over 18,000 million kWh.

Risks:
(1) The risk of the price of input materials such as coal and gas continues to be high;
(2) Risks from repairing Vung Ang 1 factory;
(3) NT3 & NT4 rollout slower than expected.

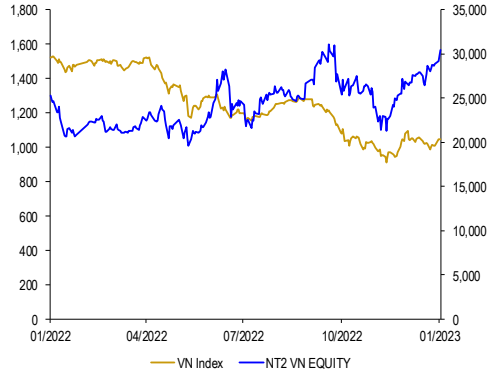
FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	35,376	29,732	24,561	31,183	34,480
OP (bn VND)	3,946	3,371	2,400	3,035	2,829
OP margin (%)	11.2	11.3	9.8	9.7	8.2
NP (bn VND)	2,532	2,365	1,799	2,640	2,393
NP margin (%)	7.2	8.0	7.3	8.5	6.9
EPS (VND)	1,027	999	757	992	899
ROE (%)	9.4	8.4	6.2	11.0	10.0
P/E (x)	11.1	13.6	23.1	11.1	12.2
P/B (x)	1.0	1.1	1.4	0.9	0.6

Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

PetroVietnam Power Nhon Trach 2 JSC (NT2 VN)

TARGET PRICE (VND)	
32,950	
CURRENT PRICE (VND)	UP/DOWNSIDE
30,450	8.2%
VNINDEX	1,046
Market P/E (x)	9.8
Market Cap. (bn VND)	8,766
Outstanding Shares (mn)	288
Free Floating Shares (mn)	93
Free Floating (%)	32.3
52-Wk High (VND)	32,600
52-Wk Low (VND)	20,000
3M Avg. Trading Vol. (mn)	1.39
3M Avg. T/O (bn VND)	25
Beta (12M)	0.8

	3M	6M	12M
Absolute	17.1	22.3	12.6
Rel. to VNINDEX	20.1	34.8	44.0



Source: Bloomberg

Investment points

- NT2 is one of the companies operating in the field of electricity and gas with a large scale and applying the best efficient technologies in Vietnam at present. The power plant of NT2 is located in Nhon Trach, Dong Nai directly supplies energy to the southern key economic region with stable demand.
- One of the most outstanding features of NT2 is its healthy financial health with an attractive dividend payout that the company maintains for many years in a row. Beside, in 2021, NT2 has fulfilled its obligations for long-term loans from the second quarter. As a result, NT2's business results are improved solidly when interest expenses are reduced. In the coming years, when the pressure of long-term debt is no longer, NT2 will actively pay cash dividends to support parent company POW to finance two big projects NT3 & NT4.
- In addition, NT2 is likely to be compensated by EVN for an exchange rate of about 236 billion VND shortly. It is expected that NT2 will account for this compensation in two years.
- In 9M2022, NT2 recorded revenue of VND 6,862 billion (+52% YoY), the net income jumped by 75% YoY to VND 723 billion. However, in Q3/2022, NT2 made provision for bad debts of more than VND 187 for receivables from the Electric Power Trading Company, causing the the net profit to decrease by 25% to VND 215 billion.
- - In 2023, we expect NT2 to do a factory overhaul in the off season (September, October). However, with a high probability that La Nina will pass, NT2 is expected to be mobilized with the highest possible capacity next year to meet the electricity demand of the southern key economic region.

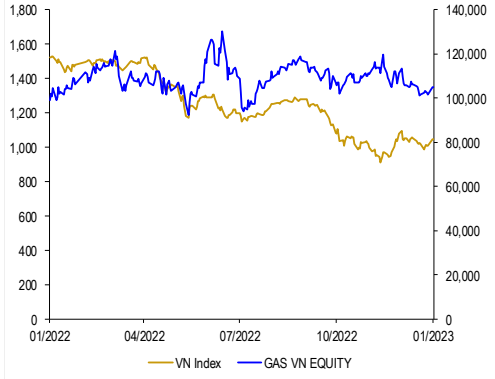
Risks:
(1) Risk of high anchor natural gas price;
(2) Risk of prolonged La Nina phenomenon;
(3) Output is fiercely competed by other forms of energy.

FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	7,654	6,082	6,150	9,068	9,908
OP (bn VND)	888	810	593	973	1,020
OP margin (%)	11.6	13.3	9.6	10.7	10.3
NP (bn VND)	754	625	534	850	966
NP margin (%)	9.9	10.3	8.7	9.4	9.7
EPS (VND)	2,540	2,095	1,778	2,900	3,297
ROE (%)	18.7	14.3	12.0	19.8	19.9
P/E (x)	8.5	11.7	14.8	10.5	9.2
P/B (x)	1.5	1.6	1.8	1.7	1.3

Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

PetroVietnam Gas JSC (GAS VN)

TARGET PRICE (VND)			
137,857			
CURRENT PRICE (VND)			UP/DOWNSIDE
105,000			31.3%
VNINDEX			1,046
Market P/E (x)			9.8
Market Cap. (bn VND)			200,965
Outstanding Shares (mn)			1,914
Free Floating Shares (mn)			81
Free Floating (%)			4.2
52-Wk High (VND)			134,000
52-Wk Low (VND)			92,600
3M Avg. Trading Vol. (mn)			0.38
3M Avg. T/O (bn VND)			38
Beta (12M)			0.9
	3M	6M	12M
Absolute	-0.9	-3.3	3.0
Rel. to VNINDEX	2.0	9.2	34.5



Source: Bloomberg

Investment points

- Gas Corporation of Vietnam (HoSE: GAS) is the leading group in the gas field in Vietnam with 100% market share of dry gas, more than 70% market share of LPG (Liquefied Petrolium Gas). In addition, GAS owns 1,500km of gas pipelines, 3 gas treatment plants, 14 LPG storages. Currently, dry gas, LPG and condensate are the three key business segments of GAS.
- GAS has great growth potential with LNG power playing a pivotal role in the national power system according to power plan VIII. In the period from 2022 to 2035, GAS will invest in 7 out of 9 LNG (Liquefied Natural Gas) ports in Vietnam. According to Wood Mackenzie, Vietnam's dry demand could increase by 100% by 2035 when large-scale gas-fired power plants such as NT3 & NT4 come into operation.
- Block B O Mon is started at the end of 2022, GAS is the main investor of the gas pipeline. Abundant gas resources from this project will come in from 2026. With reserves up to 107 billion m3, this gas source will ensure the growth potential of GAS
- In 9M2022, the revenue and profit of GAS increased by 34% YoY and 25%YoY respectively to VND 78,672 billion and VND 3,029 billion. Rising oil prices and improved dry gas consumption are the main drivers of GAS's revenue. Besides, GAS is one of the enterprises with the most abundant cash and term deposits on the stock market with more than VND 35,000 billion (Q3/2022).
- In 2023, we expect the La Nina phenomenon to end, pulling the mobilization rate of gas-fired thermal enterprises, thereby strengthening gas demand. In addition, with the conversion to LNG use by leading gas power companies such as NT2, POW is expected to become a loyal customer of GAS when the Thi Vai LNG warehouse is officially put into operation.

Risks:
(1) Reduced dry gas output;
(2) Average selling price of gas decreased;
(3) Block B O Mon came into operation later than expected.

FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	75,005	64,135	78,992	102,173	108,746
OP (bn VND)	13,649	8,694	10,374	17,579	17,092
OP margin (%)	18.2	13.6	13.1	17.2	15.7
NP (bn VND)	11,902	7,855	8,673	14,308	13,893
NP margin (%)	15.9	12.2	11.0	14.0	12.8
EPS (VND)	6,142	4,028	4,356	7,423	7,177
ROE (%)	25.1	15.9	16.8	25.3	22.1
P/E (x)	15.3	21.5	22.1	14.1	14.6
P/B (x)	3.7	3.4	3.6	3.1	3.1

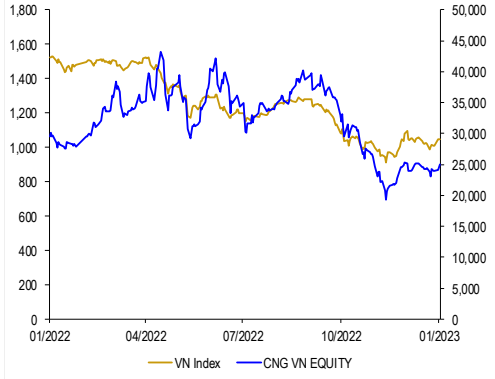
Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

CNG Viet Nam JSC (CNG VN)

TARGET PRICE (VND)	
47,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
25,000	88.0%

VNINDEX	1,046
Market P/E (x)	9.8
Market Cap. (bn VND)	675
Outstanding Shares (mn)	27
Free Floating Shares (mn)	12
Free Floating (%)	44.0
52-Wk High (VND)	49,100
52-Wk Low (VND)	18,100
3M Avg. Trading Vol. (mn)	0.20
3M Avg. T/O (bn VND)	3
Beta (12M)	1.1

	3M	6M	12M
Absolute	-21.9	-32.4	-20.3
Rel. to VNINDEX	-18.9	-20.0	11.2



Source: Bloomberg

Investment points

-CNG is a subsidiary of Vietnam Oil and Gas Joint Stock Company, currently CNG is occupying 70% of the nationwide CNG (Compressed Natural Gas) market share. CNG is an environmentally friendly form of energy extracted from natural gas that many manufacturers pay attention to when looking for an alternative energy source to high-carbon energy sources. Currently, CNG's compressed air plant reaches more than 220 million Sm3/year in the South and 110 million Sm3 in the North.
- CNG is one of the companies with an environmentally friendly business model, healthy financial health, and an abundant dividend policy.
- In addition, CNG also said that they are diversifying their business segments through the strategy of entering the LNG distribution market for GAS.
- In 9M2022, the revenue of CNG reached VND 3,259 billion (+50% YoY), the net income soared by 93% YoY to VND 91 billion, thanks to increased gas volume and selling price. The company continued to maintain debt is low (VND 75 billion) and paying cash dividend at the rate of 20% in this year.
- In Q4/2022, CNG built the first LNG supply station with a capacity of 50 tons, which is expected to be completed in April 2023. This LNG station is expected to supply CNG's loyal customers such as Oechsler Motion, Petfood Evolution, and Asia Steel. According to CNG's direction, this gas station will be expanded to supply customers in Thuan Dao Industrial Park. In addition, CNG also said that this is the first step in the company's plan to open a chain of LNG projects throughout Vietnam.
- From 2022 to 2025, CNG aims to achieve a total output of 1,200 million Sm3, total revenue of VND 13,800 billion. In the period 2026-2030, CNG targets an output of more than 2,700 Sm3 and total revenue of VND 33,400 billion. In the period 2031-2035, CNG's target output is at 5,200 million Sm3 with total revenue of VND 73,400 billion. The company's main products will be concentrated CNG and LNG.

Risks:
(1) Oil price risk;
(2) Natural gas price risk;
(3) CNG factory in the South approaches 100% of installed capacity.

FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	2,130	2,338	3,058	3,822	4,204
OP (bn VND)	91	52	105	189	216
OP margin (%)	4.3	2.2	3.4	4.9	5.1
NP (bn VND)	84	51	82	122	159
NP margin (%)	4.0	2.2	2.7	3.2	3.8
EPS (VND)	2,620	1,337	2,678	4,519	5,874
ROE (%)	13.1	6.9	14.0	22.6	28.8
P/E (x)	9.5	15.1	11.3	5.5	4.3
P/B (x)	1.2	1.1	1.6	1.3	1.1

Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

PC1 Group JSC (PC1 VN)

TARGET PRICE (VND)	
30,223	
CURRENT PRICE (VND)	UP/DOWNSIDE
22,350	35.2%
VNINDEX	1,046
Market P/E (x)	9.8
Market Cap. (bn VND)	6,044
Outstanding Shares (mn)	270
Free Floating Shares (mn)	200
Free Floating (%)	74.0
52-Wk High (VND)	43,391
52-Wk Low (VND)	11,800
3M Avg. Trading Vol. (mn)	2.05
3M Avg. T/O (bn VND)	37
Beta (12M)	1.1

	3M	6M	12M
Absolute	-15.5	-33.2	-36.3
Rel. to VNINDEX	-12.5	-20.8	-4.9



Source: Bloomberg

Investment points

- PC1 is one of the famous electrical construction companies in Vietnam. Currently, renewable energy is one of the three main segments of the company along with electrical construction and real estate & minerals.
- In the traditional business segment, with its reputation and quality proven through many different projects, PC1 continuously received high-value contracts. In the coming time, we believe that PC1 will continue to be the preferred name when the demand for renewable electricity construction and installation is still very huge.
- In the renewable energy segment, three power plants in Quang Tri with a total capacity of 144 MW come into stable operation from 4Q2021, bringing the total capacity of the renewable energy segment to 343 MW, boosting PC1's profit because the gross profit margin of the electricity segment is above 50%.
- In 9M2022, the revenue of PC1 decreased 22% YoY to VND 5,994 billion, the net income reached VND 251 billion (-57% YoY) due to the sharp increase in interest expenses and exchange rate losses. The main revenue still comes from electricity construction with 56%, electricity sales contributed 20% but the revenue increased strongly by 148% YoY thanks to the contribution of wind power projects. Regarding the structure of gross profit in Q3/2022, the gross profit from the electricity segment contributed up to 62% of the company's gross profit owing to its high gross profit margin.
- In the Real Estate & Minerals, the Copper - Nickel mine in Cao Bang, expected to be operated from 2023, will contribute a great deal to PC1's revenue when metal prices to increase sharply thank to demand for electric vehicles is jumping. In addition, the real estate project of Yen Phong II Industrial Park (indirectly owned by PC1 through its subsidiary) has completed legal procedures. In 2023, PC1 is expected to conduct sales of 3 real estate projects: PC1 Gia Lam, PC1 Dinh Cong and PC1 Vinh Hung.

Risks:
(1) Legal risks of projects;
(2) Risk of diversification;
(3) Electricity construction and installation decelerates when renewable power projects slow down;
(4) Interest expense are higher than expected.

FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	5,845	6,679	9,828	8,812	12,027
OP (bn VND)	594	823	859	1,235	1,797
OP margin (%)	10.2	12.3	8.7	14.0	14.9
NP (bn VND)	358	513	695	388	833
NP margin (%)	6.1	7.7	7.1	4.4	6.9
EPS (VND)	1,356	1,943	2,485	1,532	2,596
ROE (%)	10.9	13.8	15.1	6.0	12.7
P/E (x)	7.8	8.3	13.8	14.6	8.6
P/B (x)	0.8	1.1	2.0	1.2	1.1

Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

Gia Lai Electricity JSC (GEG VN)

TARGET PRICE (VND)	
19,667	
CURRENT PRICE (VND)	UP/DOWNSIDE
15,000	31.1%

VNINDEX	1,046
Market P/E (x)	9.8
Market Cap. (bn VND)	4,829
Outstanding Shares (mn)	322
Free Floating Shares (mn)	129
Free Floating (%)	40.0
52-Wk High (VND)	27,358
52-Wk Low (VND)	8,880
3M Avg. Trading Vol. (mn)	0.97
3M Avg. T/O (bn VND)	12
Beta (12M)	1.1

	3M	6M	12M
Absolute	-7.4	-35.1	-36.5
Rel. to VNINDEX	-4.5	-22.6	-5.1



Source: Bloomberg

Investment points

GEG started as a hydroelectric power company and has gradually transformed into one of the largest renewable power installed companies in the power industry. The power plants of GEG are located in prime locations suitable for renewable electricity. Currently, GEG has 260MW of solar power in stable operation along with 130MW of wind power. Not stopping there, the Tan Phu Dong wind power plant (100 MW) is expected to be completed by the end of 2022. It is expected that this new plant will benefit from the new pricing policy.

New projects such as VPL Ben Tre 2 (30MW) and Duc Hue 2 Solar Power (49MW) are being researched and implemented by GEG.

- In 9M2022, the revenue of GEG increased sharply by 70% YoY to VND 1,597 billion, and the net income reached 349 billion (+66% YoY). Revenue increased strongly thanks to wind power plants Ia Bang (50MW), Tan Phu Dong 2 (50MW), VPL (30MW) which were operated from October 2021. Besides, The revenue of GEG in Q3/2022 was even more polished thanks to VND 165 billion from the transfer of 99.9% shares of Renewable Energy JSC No. 1.
- Recently, International Finance Corporation (IFC) completed the transfer of all 44.2 million shares of GEG (13.74% common shares) in December to AVH Pte. Ltd. AVH's ownership ratio in Gia Lai Dien has increased to 35.1%, equivalent to holding approximately 113 million shares.
- In terms of development direction, in Q4/2021, GEG bought 25% of Truong Phu Hydropower Company, GEG said that it plans to acquire this hydropower business in the future when it can negotiate a price suitable to the market. wishes of both parties. In addition, GEG also said that other biomass and electricity projects are a potential business segment with the FIT price mechanism that businesses can participate in in the near future.

Risks:

(1) Risk of El Nino phenomenon causing hydropower to reduce output;

(2) Legal risks for unfinished projects;

(3) Fluctuations in interest rates may cause interest expense to rise higher than expected. Due to the fact that renewable energy projects need large capital initially, GEG has to step up borrowing, its D/E ratio is at 1.6x.

FY	2019	2020	2021	2022F	2023F
Revenue (bn VND)	1,159	1,493	1,381	2,209	2,944
OP (bn VND)	538	645	653	983	1,367
OP margin (%)	46.4	43.2	47.3	44.5	46.4
NP (bn VND)	251	257	283	390	292
NP margin (%)	21.6	17.2	20.5	17.6	9.9
EPS (VND)	800	910	855	1,160	867
ROE (%)	10.2	9.6	8.2	11.6	6.8
P/E (x)	23.6	19.2	25.9	12.9	17.3
P/B (x)	2.4	1.8	2.1	1.3	1.0

Source: Bloomberg, Shinhan Securities, Data as of 04/01/23

Shinhan Investment Network

SEOUL
Shinhan Securities Co., Ltd
Shinhan Investment Tower
70, Youido-dong, Yongdungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

NEW YORK
Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

HONG KONG
Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

INDONESIA
PT Shinhan Sekuritas Indonesia
30th Floor, IFC 2, Jl. Jend. Sudirman Kav.
22-23, Jakarta, Indonesia
Tel : (62-21) 5140-1133
Fax : (62-21) 5140-1599

SHANGHAI
Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Luijiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

HO CHI MINH
Shinhan Securities Vietnam Co., Ltd.
22nd Floor, Centec Tower, 72-74 Nguyen Thi Minh Khai Street,
District 3, Ho Chi Minh City, Vietnam
Tel : (84-8) 6299-8000
Fax : (84-8) 6299-4232

HA NOI
Shinhan Securities Vietnam Co., Ltd.
Hanoi Branch
2nd Floor, Leadvisors Building, No. 41A Ly Thai To,
Ly Thai To Ward, Hoan Kiem District,
Hanoi, Vietnam.
Tel : (84-8) 6299-8000

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