SHINHAN SECURITIES



February 3rd, 2023

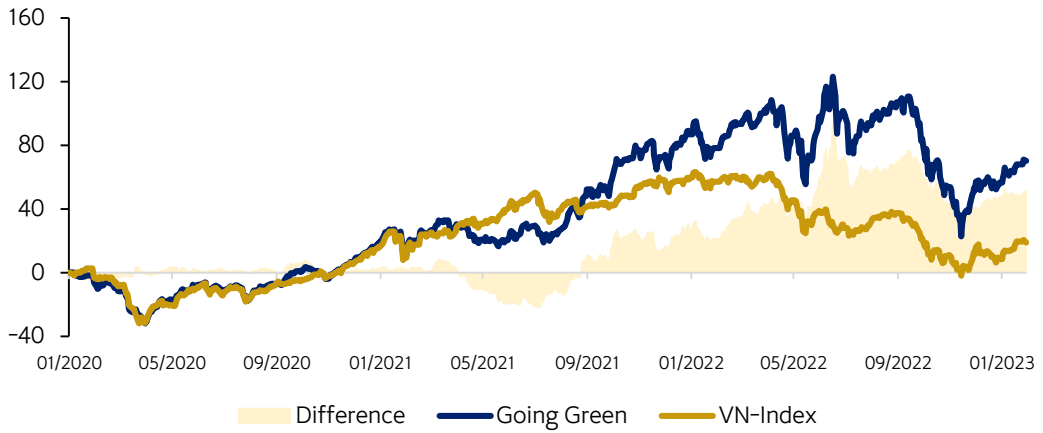
Going Green

Return of portfolio	Return of VN-Index
⬆ +10.79% MoM	⬆ +10.39% MoM
⬆ +10.79% YTD	⬆ +10.39% YTD

- The stock market had an impressive recovery in January 2023 after a deep correction in 2022. The momentum of the recovery came from better-than-expected economic data from the US, which helped strengthens the belief that the Fed will slow down the interest rate hike and soon end the monetary tightening period. Besides, business results in 2022 of companies listed are mixed, directly affecting the market movements. In 2023, we believe the economic growth rate will slow down to 6%, and for enterprises with a strong core will be a favorable time to break out.
- The Going Green portfolio has a rate of return of +10.79% in January. The strongest gainers in the portfolio were PC1 (+29.2% MoM) with expectations from the new mining segment and a depreciating USD, CNG (+15.5% MoM), and VSH (+15.8%) having impressive business results. Meanwhile, the last two strong gainers in the past month, NT2 (-0.2% MoM), and GEG (+3.1% MoM) slowed down.
- 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, a 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)	10.0	12.4
P/B (x)	1.6	1.8
Dividend yield (%)	2.8	2.0
EPS growth (5Y) (%)	16.4	15.6
ROE (%)	16.2	15.6
ROA (%)	7.9	2.5
Beta	1.1	1.0
Return (annualized) (%)	3.6	-29.4
Std (%)	37.9	24.5
Sharpe ratio	0.1	-1.0

Data as of Jan 31, 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:

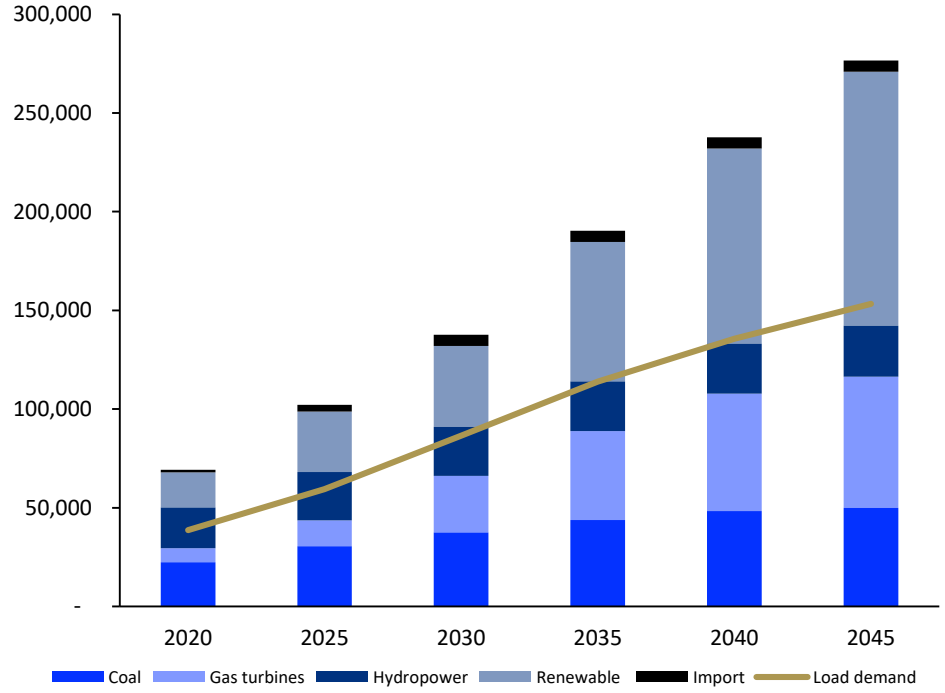
- Revenue from the ancillary industry, green energy production makes the main contribution to the revenue of the business.
- Strong fundamentals, businesses are managed effectively.
- Long term growth potential.

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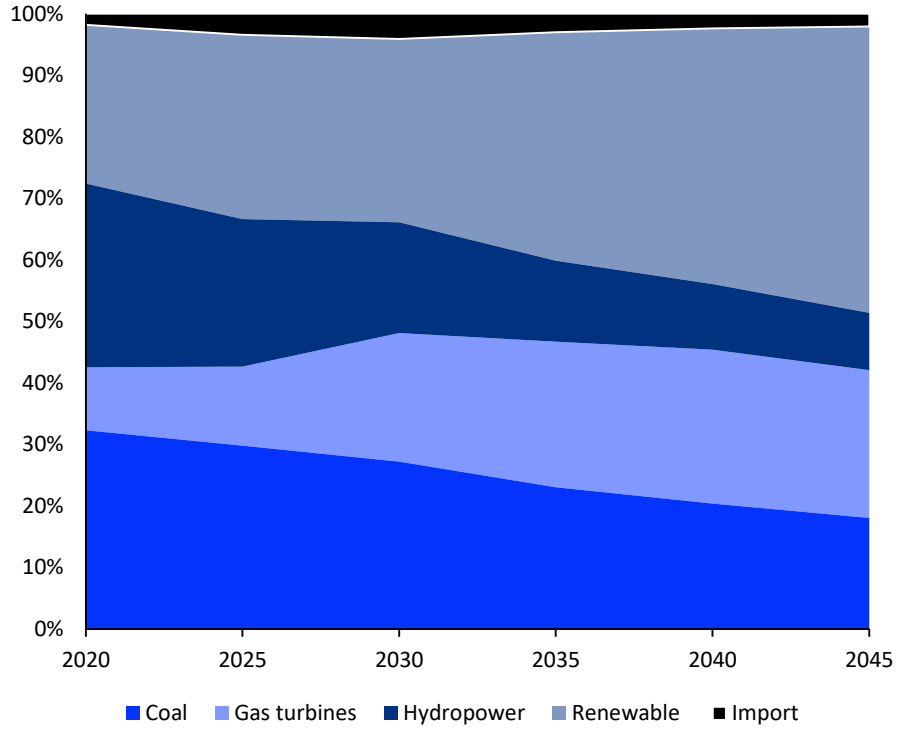
Future of energy sector in Vietnam

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 (%)

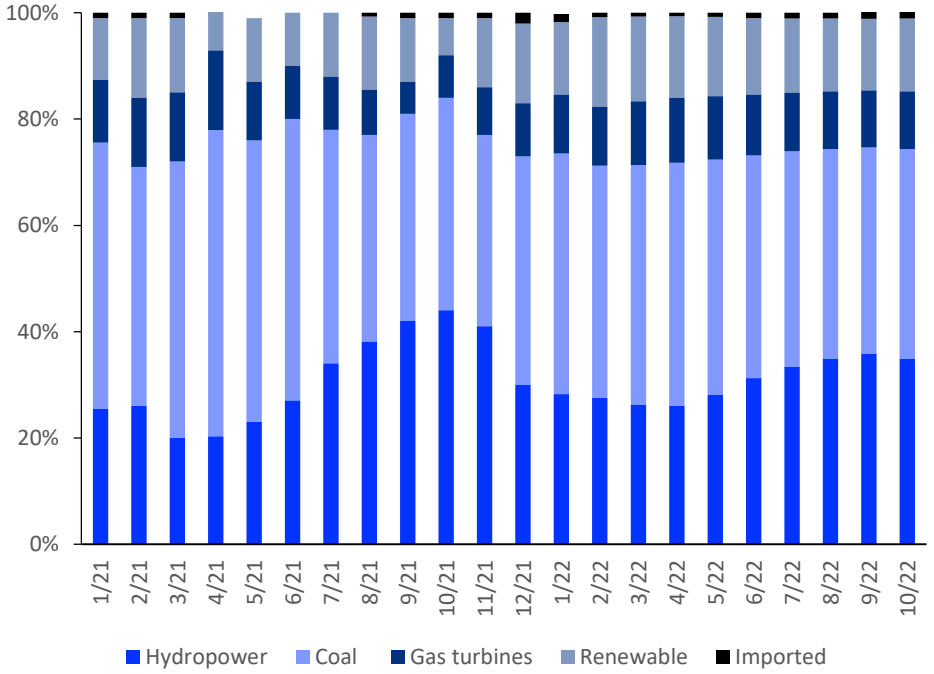


Source: Draft power VIII , Shinhan Securities Vietnam

- 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.

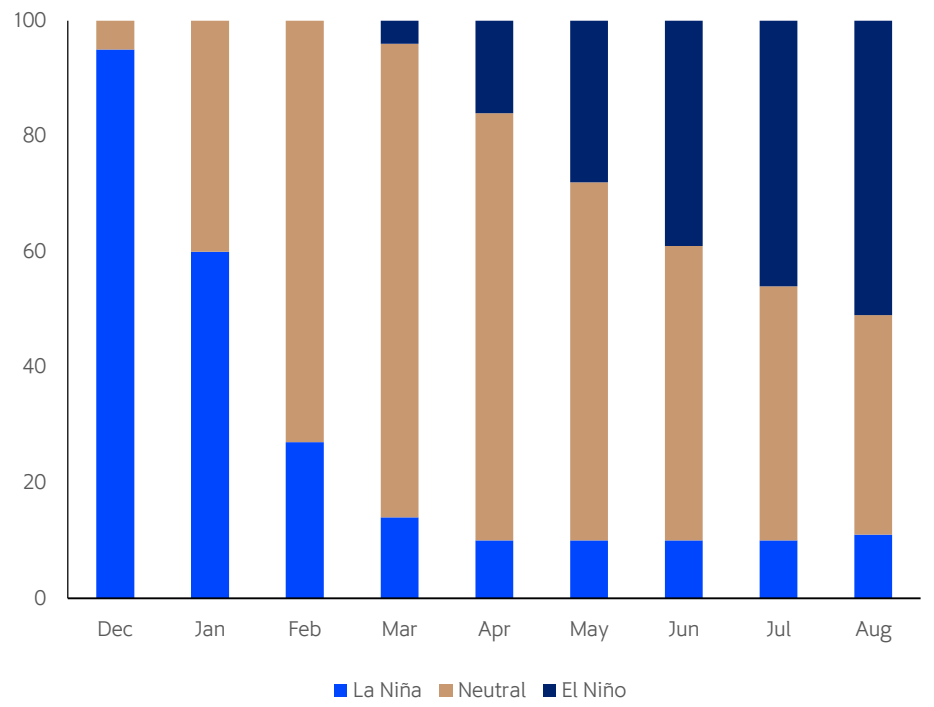
Future of energy sector in Vietnam

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



Source: EVN, Shinhan Securities Vietnam

Probability of La Nina, Neutral and El Nino phenomenon from 12/2022 to 8/2023 (%)



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.

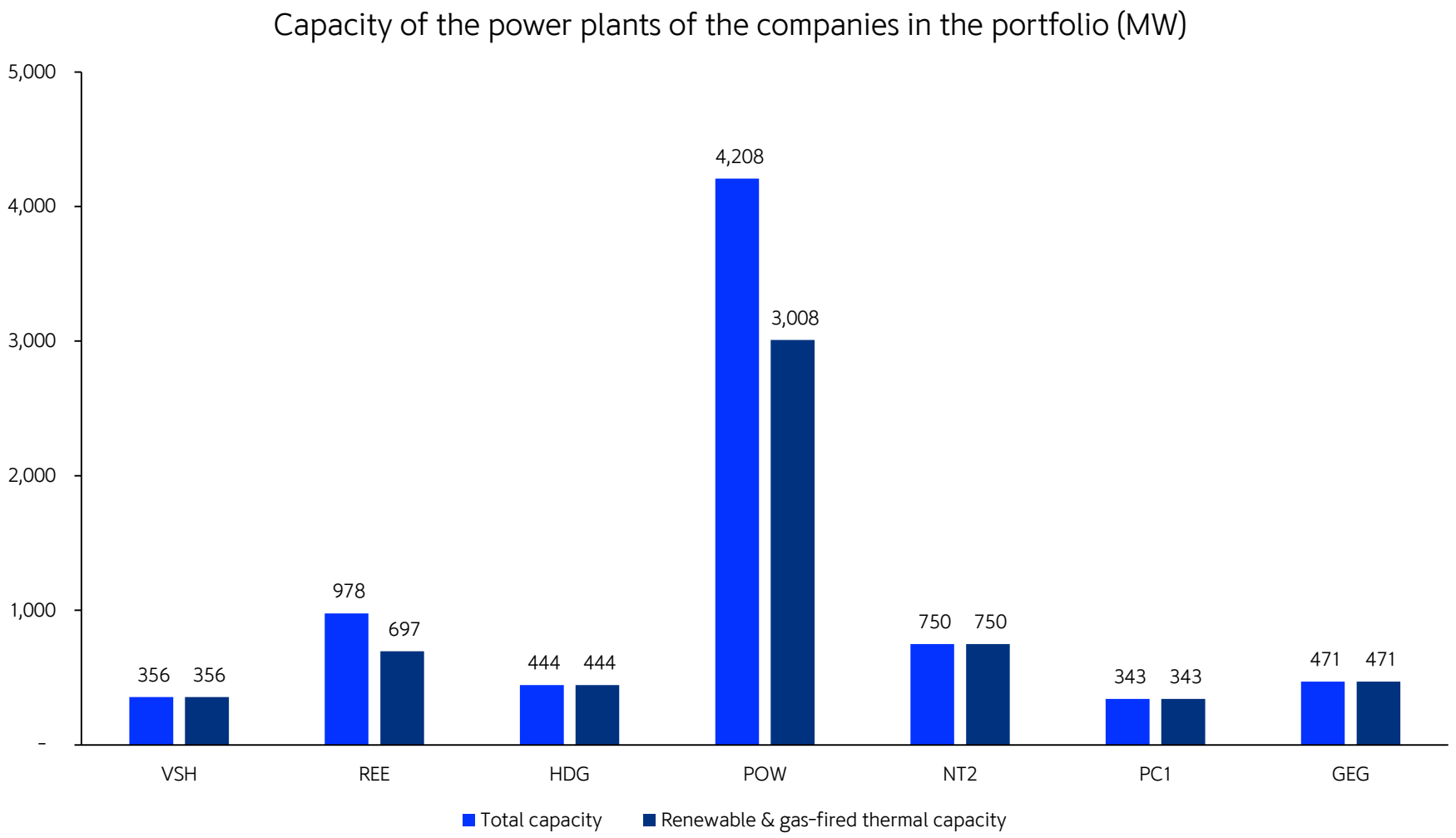
Top Picks Universe

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	8,646	36,600	47,500	29.8	15.8	15.8	65.6	0.8	17.3	33.5	1.6	8.3
2	REE	REE Corp.	26,513	74,600	88,300	18.4	4.3	4.3	46.0	0.6	13.8	24.4	1.3	8.1
3	HDG	Ha Do Group JSC	8,366	34,200	42,900	25.4	8.9	8.9	61.1	0.9	11.9	27.2	1.3	7.2
4	POW	PetroVietnam Power Corp.	29,039	12,400	14,500	16.9	16.4	16.4	8.9	0.3	5.5	9.4	0.6	13.8
5	NT2	PetroVietnam Power Nhon Trach 2 JSC	8,291	28,800	32,950	14.4	(0.2)	(0.2)	12.5	0.1	13.3	21.8	1.3	8.1
6	GAS	PetroVietnam Gas JSC	203,453	106,300	140,100	31.8	4.7	4.7	21.2	0.1	24.3	32.8	2.8	13.7
7	CNG	CNG Viet Nam JSC	745	27,600	47,000	70.3	15.5	15.5	7.2	0.1	13.1	29.2	1.2	3.6
8	PC1	PC1 Group JSC	7,058	26,100	29,304	12.3	29.2	29.2	19.2	1.7	3.3	10.0	1.1	10.8
9	GEG	Gia Lai Electricity JSC	5,312	16,500	17,700	7.3	3.1	3.1	48.3	1.8	2.9	8.8	1.1	15.0

* Target price (fair value) for the next 12 months
** Data for 12 months up to Q4/2022

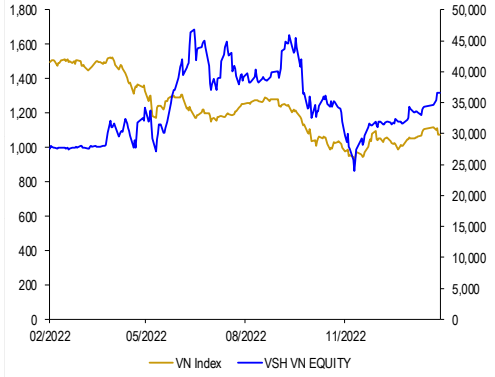
Source: SSV Research, Bloomberg
Data as of Jan 31, 2023

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
36,600			29.8%
VNINDEX			1,075
Market P/E (x)			9.9
Market Cap. (bn VND)			8,646
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)			0.16
3M Avg. T/O (bn VND)			3
Beta (12M)			0.8
	3M	6M	12M
Absolute	7.3	-7.3	29.6
Rel. to VNINDEX	2.2	6.0	56.8



Source: Bloomberg

Investment points

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

- In the situation of the world's commodity prices not cooling down, the hydropower sector benefits when it operates stable and environmentally friendliness & this sector have low COGS. While solar power and wind power are highly dependent on weather conditions. Gas-fired thermal plants and coal-fired thermal power plants are often encountered when costs soar sharply.
- In 2022, with the contribution of the Thuong Kon Tum Hydropower Plant and favorable weather, VSH's electricity output reached a record of 2,597 kWh (+47% YoY). The revenue of VSH jumped strongly by 91% YoY to VND 3,084 billion and the net profit skyrocketed by 226% to VND 1,263 billion (+226% YoY).
- A mother 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 the revenue of VSH. 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.

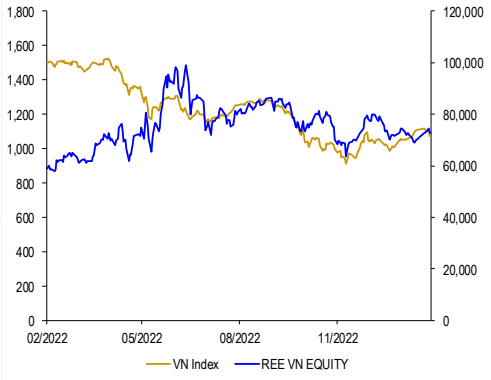
FY	2019	2020	2021	2022	2023F
Revenue (bn VND)	400	341	1,611	3,084	2,960
OP (bn VND)	174	114	770	2,022	1,645
OP margin (%)	43.6	33.4	47.8	65.6	55.6
NPATMI (bn VND)	159	188	387	1,263	1,037
NP margin (%)	39.7	55.3	24.0	41.0	35.0
EPS (VND)	701	859	1,660	5,349	4,390
ROE (%)	5.0	5.8	10.6	25.1	18.1
P/E (x)	30	21	17	6.8	8.3
P/B (x)	1.4	1.2	1.7	1.6	1.6

Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

Refrigeration Electrical Engineering Corp. (REE VN)

TARGET PRICE (VND)	
88,300	
CURRENT PRICE (VND)	UP/DOWNSIDE
72,800	21.3%
VNINDEX	1,075
Market P/E (x)	9.9
Market Cap. (bn VND)	25,873
Outstanding Shares (mn)	355
Free Floating Shares (mn)	142
Free Floating (%)	40.1
52-Wk High (VND)	100,000
52-Wk Low (VND)	58,261
3M Avg. Trading Vol. (mn)	0.49
3M Avg. T/O (bn VND)	34
Beta (12M)	0.8

	3M	6M	12M
Absolute	-3.1	-7.4	21.3
Rel. to VNINDEX	-8.2	6.0	48.6



Source: Bloomberg

Investment points

- REE is a company operating in three main segments: M&E (mechanical & electrical), power, and office leasing. In addition, REE also operates in the water sector and real estate industry.
- In the power segment, REE owns power plants with an installed capacity of 978 MW. The renewable segment including wind power, solar power, and hydropower contributed 697MW. the power segment contributes the largest revenue with 73% in Q4/2022. Which, hydropower has grown significantly in 2022 thanks to the consolidated financial statement of VSH and favorable weather. In addition, REE's wind power projects have been put into stable operation, creating a premise for REE to continue to expand renewable power projects in the coming time.
- 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, is 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 2022, REE's revenue and profit respectively reached 9,372 billion (+61% YoY), and net profit reached 3,513 billion (+65% YoY). In Q4/2022, the power segment continued to be the main driver when revenue and profit were 41% YoY and 34% YoY respectively. 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 the 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 the 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	2022	2023F
Revenue (bn VND)	4,890	5,640	5,810	9,372	9,553
OP (bn VND)	946	1,239	1,854	3,647	3,573
OP margin (%)	19.4	22.0	31.9	38.9	37.4
NPATMI (bn VND)	1,639	1,628	1,855	2,690	3,207
NP margin (%)	33.5	28.9	31.9	28.7	33.6
EPS (VND)	4,597	4,566	5,220	7,569	9,203
ROE (%)	16.6	14.9	15.0	18.7	17.0
P/E (x)	6.9	9.3	11.5	9.4	7.9
P/B (x)	1.1	1.3	1.6	1.6	1.3

Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

Ha Do Group JSC (HDG VN)

TARGET PRICE (VND)	
42,450	
CURRENT PRICE (VND)	UP/DOWNSIDE
32,600	30.2%
VNINDEX	1,075
Market P/E (x)	9.9
Market Cap. (bn VND)	7,974
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)	2.11
3M Avg. T/O (bn VND)	63
Beta (12M)	1.3

	3M	6M	12M
Absolute	8.3	-37.2	-35.9
Rel. to VNINDEX	3.2	-23.8	-8.6



Source: Bloomberg

Investment points

- HDG was formerly an enterprise under the Ministry of Defense that had a reputation in the real estate sector with a potential land bank. In recent years, HDG has expanded its business through renewable energy with a total installed capacity of 444 MW of plants. HDG is known as one of the highly efficient investors in the power industry.
- In 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. The new power plants help revenue from the power segment contribute to 59% of the group's total revenue in 2022, while the previous year only contributed 34% of revenue.
- In 2022, HDG's total revenue will reach 3,642 billion (-3% YoY), and net profit will increase slightly by 3% YoY to reach VND 1,377 billion. The decrease in revenue came from HDG's real estate segment when its revenue dropped by 42% YoY. Although revenue from the energy group had an outstanding growth of 69% YoY, it still made the group's total revenue flat.
- 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 the 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.

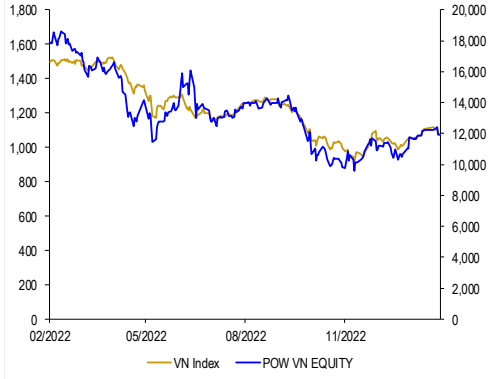
FY	2019	2020	2021	2022	2023F
Revenue (bn VND)	4,307	4,999	3,777	3,642	4,381
OP (bn VND)	1,542	1,870	1,980	2,244	2,546
OP margin (%)	35.8	37.4	52.4	61.6	58.1
NPATMI (bn VND)	924	979	1,096	1,121	1,202
NP margin (%)	21.5	19.6	29.0	30.8	27.4
EPS (VND)	4,058	4,276	4,779	4,583	4,756
ROE (%)	42.3	34.9	29.8	16.6	15.5
P/E (x)	3.9	6.3	11.6	6.9	6.9
P/B (x)	1.5	2.0	3.0	1.4	1.3

Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

PetroVietnam Power Corp. (POW VN)

TARGET PRICE (VND)	
14,500	
CURRENT PRICE (VND)	UP/DOWNSIDE
11,950	21.3%
VNINDEX	1,075
Market P/E (x)	9.9
Market Cap. (bn VND)	27,985
Outstanding Shares (mn)	2,342
Free Floating Shares (mn)	470
Free Floating (%)	20.0
52-Wk High (VND)	18,950
52-Wk Low (VND)	8,910
3M Avg. Trading Vol. (mn)	9.31
3M Avg. T/O (bn VND)	96
Beta (12M)	1.1

	3M	6M	12M
Absolute	17.2	-13.1	-28.9
Rel. to VNINDEX	12.1	0.3	-1.6



Source: Bloomberg

Investment points

- POW is the second largest power generation company with a total installed capacity of 4,208 MW in Vietnam after EVN. The most prominent POWs are the Ca Mau & Nhon Trach 1 & 2 gas-fired thermal power plants (total installed capacity of 2,700 MW). Hydropower plants like Hua Na and DakDrinh also contribute to POW's electricity output.
- In 2022, POW's output is estimated at 13.94 billion kWh, completing 100% of the year plan, POW revenue was 28,235 billion (+15% YoY), and the net profit increased by 13% YoY to VND 1,323 billion. Nhon Trach 2 power plant contributes more than 30% of the group's revenue, followed by Ca Mau 1&2, Vung Ang 1, and Nhon Trach 1 plants.
- In 2023, the gas-fired thermal (contributed 67% of total 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.
- In the future, the long-term growth driver of POW will come from two plants NT3 and NT4 with a total installed capacity of 1,500 MW, which is expected to come into commercial operation between 2024 and 2025. In the power industry, POW is one of the enterprises with the most suitable development orientation in accordance with power plan VIII in the period of 2022-2030 with the gas-fired thermal power segment.

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.

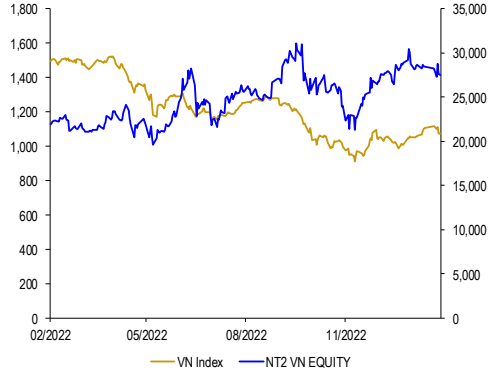
FY	2019	2020	2021	2022	2023F
Revenue (bn VND)	35,376	29,732	24,561	28,235	34,480
OP (bn VND)	3,946	3,371	2,400	2,643	2,829
OP margin (%)	11.2	11.3	9.8	9.4	8.2
NPATMI (bn VND)	2,532	2,365	1,799	1,894	2,393
NP margin (%)	7.2	8.0	7.3	6.7	6.9
EPS (VND)	1,027	999	757	809	899
ROE (%)	9.4	8.4	6.2	6.4	10.0
P/E (x)	11.1	13.6	23.1	13.2	13.3
P/B (x)	1.0	1.1	1.4	0.8	0.6

Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

PetroVietnam Power Nhon Trach 2 JSC (NT2 VN)

TARGET PRICE (VND)	
32,950	
CURRENT PRICE (VND)	UP/DOWNSIDE
27,500	19.8%
VNINDEX	1,075
Market P/E (x)	9.9
Market Cap. (bn VND)	7,917
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)	1.10
3M Avg. T/O (bn VND)	20
Beta (12M)	0.8

	3M	6M	12M
Absolute	7.0	1.9	23.0
Rel. to VNINDEX	1.9	15.2	50.3



Source: Bloomberg

Investment points

- NT2 is one of the companies operating in the field of gas-fired thermal power on 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 power 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. Besides, 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 mother company POW to finance two big projects NT3 & NT4.
- In 2022, NT2 recorded revenue of 8,786 billion (+42% YoY), and the net profit increased by 37% YoY to VND 729 billion. Besides, NT2 has made provision for bad debts of more than VND 239 billion for receivables from Power Trading Company. In Q4/2022, the net profit of NT2 dropped sharply by 96% YoY to VND 6 billion due to the significant increase in input material prices.
- 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	2022	2023F
Revenue (bn VND)	7,654	6,082	6,150	8,786	13,027
OP (bn VND)	888	810	593	772	1,050
OP margin (%)	11.6	13.3	9.6	8.8	8.1
NPATMI (bn VND)	754	625	534	729	1,058
NP margin (%)	9.9	10.3	8.7	8.3	8.1
EPS (VND)	2,540	2,095	1,778	2,457	3,544
ROE (%)	18.7	14.3	12.0	16.3	20.7
P/E (x)	8.5	11.7	14.8	11.7	7.8
P/B (x)	1.5	1.6	1.8	1.9	1.3

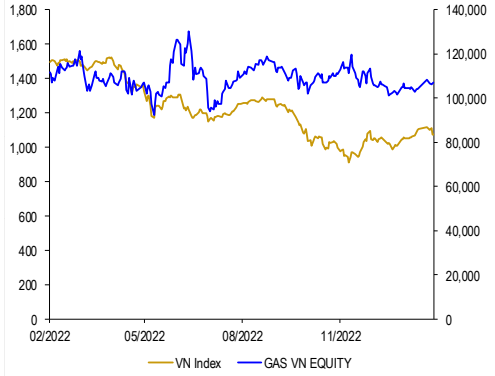
Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

PetroVietnam Gas JSC (GAS VN)

TARGET PRICE (VND)	
140,100	
CURRENT PRICE (VND)	UP/DOWNSIDE
107,100	30.8%

VNINDEX	1,075
Market P/E (x)	9.9
Market Cap. (bn VND)	204,984
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)	0.35
3M Avg. T/O (bn VND)	35
Beta (12M)	0.9

	3M	6M	12M
Absolute	-2.6	-1.0	-1.7
Rel. to VNINDEX	-7.7	12.4	25.5



Source: Bloomberg

Investment points

- Gas Corporation of Vietnam (HoSE: GAS) is the leading enterprise in the gas field in Vietnam with a 100% market share of dry gas, and more than 70% market share of LPG (Liquefied Petroleum Gas). In addition, GAS owns 1,500km of gas pipelines, 3 gas treatment plants, and 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.
- In addition, GAS is the main investor in the gas pipeline of the Block B O Mon Project. 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 2022, the revenue soared by 28% YoY to VND 100,724 billion, and the net profit of GAS jumped by 70% YoY to VND 15,062 billion. Rising oil prices and improved 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 33,000 billion (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	2022	2023F
Revenue (bn VND)	75,005	64,135	78,992	100,724	116,021
OP (bn VND)	13,649	8,694	10,374	17,799	18,136
OP margin (%)	18.2	13.6	13.1	17.7	15.6
NPATMI (bn VND)	11,902	7,855	8,673	14,794	14,977
NP margin (%)	15.9	12.2	11.0	14.7	12.9
EPS (VND)	6,142	4,028	4,356	7,647	7,770
ROE (%)	25.1	15.9	16.8	26.7	21.2
P/E (x)	15.3	21.5	22.1	13.3	13.8
P/B (x)	3.7	3.4	3.6	3.2	2.8

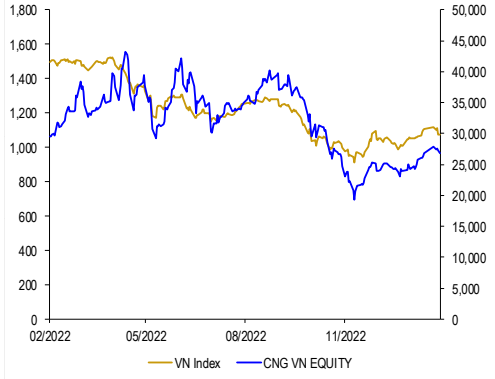
Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

CNG Viet Nam JSC (CNG VN)

TARGET PRICE (VND)	
47,000	
CURRENT PRICE (VND)	UP/DOWNSIDE
26,800	75.4%

VNINDEX	1,075
Market P/E (x)	9.9
Market Cap. (bn VND)	724
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)	0.13
3M Avg. T/O (bn VND)	3
Beta (12M)	1.2

	3M	6M	12M
Absolute	0.6	-23.2	-9.5
Rel. to VNINDEX	-4.5	-9.8	17.8



Source: Bloomberg

Investment points

-CNG is a subsidiary of Vietnam Oil and Gas JSC, currently, CNG is dominating 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 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.

- In 2022, CNG's revenue reached 4,186 billion (+37% YoY), profit after tax reached 127 billion (+84% YoY) thanks to increased gas output and selling price.

- 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.

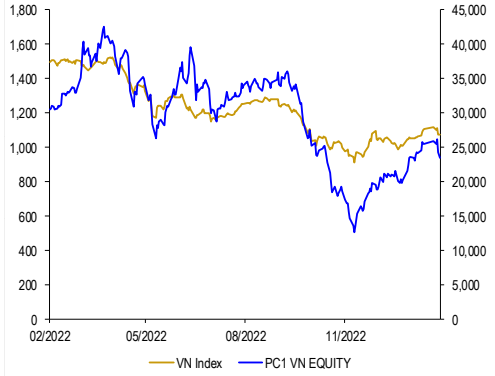
FY	2019	2020	2021	2022	2023F
Revenue (bn VND)	2,130	2,338	3,058	4,186	4,204
OP (bn VND)	91	52	105	300	216
OP margin (%)	4.3	2.2	3.4	7.2	5.1
NPATMI (bn VND)	84	51	82	127	165
NP margin (%)	4.0	2.2	2.7	3.0	3.9
EPS (VND)	2,620	1,337	2,678	4,697	6,106
ROE (%)	13.1	6.9	14.0	23.5	30.0
P/E (x)	9.5	15.1	11.3	5.1	4.4
P/B (x)	1.2	1.1	1.6	1.3	1.2

Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

PC1 Group JSC
(PC1 VN)

TARGET PRICE (VND)	
29,304	
CURRENT PRICE (VND)	UP/DOWNSIDE
23,500	24.7%
VNINDEX	1,075
Market P/E (x)	9.9
Market Cap. (bn VND)	6,355
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)	1.90
3M Avg. T/O (bn VND)	41
Beta (12M)	1.2

	3M	6M	12M
Absolute	25.0	-28.5	-20.0
Rel. to VNINDEX	19.9	-15.1	7.2



Source: Bloomberg

Investment points

- PC1 is one of the famous electrical construction companies in Vietnam. Currently, renewable power 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 power segment, three power plants in Quang Tri with a total capacity of 144 MW come into stable operation from Q4/2021, bringing the total capacity of the renewable energy segment to 313 MW, boosting PC1's profit because the gross profit margin of the power segment is above 50%.
- In 2022, PC1's revenue decreased 15% YoY to VND 8,333 billion, and the net profit reached VND 527 billion (-31% YoY) due to a sharp increase in interest expenses. Revenue from construction contributes to 57% of the group, but profit from production and business activities contributes only 32% due to the low-profit margin of this segment. Meanwhile, the energy segment contributed 21% of revenue but brought up 62% of operating profit due to a high-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 increase sharply thank the 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.

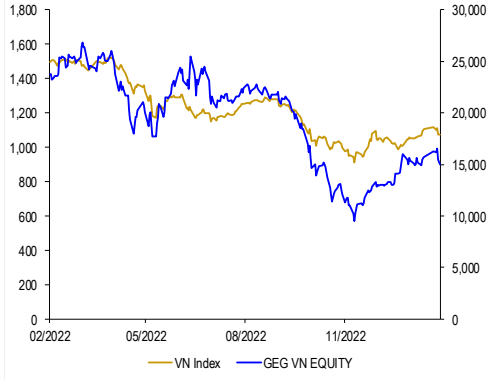
Risks:
(1) Legal risks of projects;
(2) Risk of diversification;
(3) Electricity construction and installation decelerates when renewable power projects slow down;
(4) Interest expenses are higher than expected.

FY	2019	2020	2021	2022	2023F
Revenue (bn VND)	5,845	6,679	9,828	8,333	12,455
OP (bn VND)	594	823	859	1,598	2,073
OP margin (%)	10.2	12.3	8.7	19.2	16.6
NPATMI (bn VND)	358	513	695	450	1,082
NP margin (%)	6.1	7.7	7.1	5.4	8.7
EPS (VND)	1,356	1,943	2,485	1,513	2,427
ROE (%)	10.9	13.8	15.1	15.5	14.6
P/E (x)	7.8	8.3	13.8	13.4	9.7
P/B (x)	0.8	1.1	2.0	1.3	1.0

Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

Gia Lai Electricity JSC (GEG VN)

TARGET PRICE (VND)			
17,700			
CURRENT PRICE (VND)		UP/DOWNSIDE	
15,000		18.0%	
VNINDEX			1,075
Market P/E (x)			9.9
Market Cap. (bn VND)			4,829
Outstanding Shares (mn)			322
Free Floating Shares (mn)			73
Free Floating (%)			22.7
52-Wk High (VND)			27,358
52-Wk Low (VND)			8,880
3M Avg. Trading Vol. (mn)			1.01
3M Avg. T/O (bn VND)			16
Beta (12M)			1.0
	3M	6M	12M
Absolute	14.5	-31.8	-32.8
Rel. to VNINDEX	9.4	-18.4	-5.5



Source: Bloomberg

Investment points

-'GEG started as a hydropower 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. Besides, new projects such as VPL Ben Tre 2 (30MW) and Duc Hue 2 Solar Power (49MW) are being researched and implemented by GEG. In addition, the Tan Phu Dong wind power plant (100 MW) is expected to apply a new price bracket for converted power projects just issued by the Ministry of Industry and Trade in early 2023.

- 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.

- In 2022, GEG's revenue increased sharply by 52% YoY to 2,093 billion, and profit after tax reached 370 billion (+14% YoY). Revenue increased sharply thanks to the wind power plants Ia Bang (50MW), Tan Phu Dong 2 (50MW), and VPL (30MW) which were operated from October 2021. Besides, GEG's 2022 revenue is also expected to increase. more polished thanks to 165 billion dong from the transfer of a 99.9% stake in Renewable Energy JSC No. 1. However, high-interest expense caused GEG's net profit margin to drop to 17.68% from 23.53% in the year 2021.

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 1.67x.

FY	2019	2020	2021	2022	2023F
Revenue (bn VND)	1,159	1,493	1,381	2,093	3,074
OP (bn VND)	538	645	653	1,011	1,422
OP margin (%)	46.4	43.2	47.3	48.3	46.3
NPATMI (bn VND)	251	257	283	316	428
NP margin (%)	21.6	17.2	20.5	15.1	13.9
EPS (VND)	800	910	855	929	1,101
ROE (%)	10.2	9.6	8.2	5.6	7.7
P/E (x)	23.6	19.2	25.9	17.2	13.6
P/B (x)	2.4	1.8	2.1	1.5	1.0

Source: Bloomberg, Shinhan Securities, Data as of 02/02/23

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