

## Vietnam

**ADD** (no change)

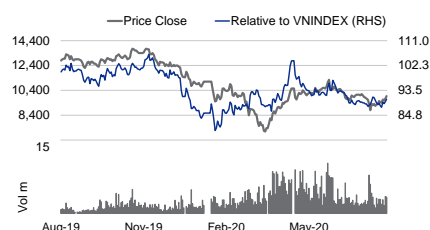
Consensus ratings\*: Buy 10 Hold 1 Sell 0

Current price:	VND9,940
Target price:	VND13,600
Previous target:	VND16,800
Up/downside:	36.8%
CGS-CIMB / Consensus:	-4.6%
Reuters:	POW.HM
Bloomberg:	POW VN
Market cap:	US\$1,005m
	VND23,278,204m
Average daily turnover:	US\$1.81m
	VND41,958m
Current shares o/s:	2,342m
Free float:	20.0%

\*Source: Bloomberg

**Key changes in this note**

- FY20F EPS decreased by 17.9%.
- FY21F EPS decreased by 3.6%.
- FY21F EPS raised by 1.0%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-1.1	-3.5	-23
Relative (%)	0.5	-6	-11.4

Major shareholders	% held
Vietnam Oil and Gas Group	79.9
Norges Bank	1.3
Amersham Industries Limited	0.7

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# PetroVietnam Power Corporation

## Brighter prospects from FY21F onwards

- 1H20 revenue fell 14.4% yoy to VND15,684bn, following a 5.4% yoy drop in sales volume and 9.5% yoy decline in electricity selling prices.
- We revise down our FY20-21F EPS forecasts by 3.6-17.9% while raise FY22F EPS by 1.0%.
- Reiterate Add with a lower target price of VND13,600.

### 2Q20 results hit by Covid-19 pandemic

PetroVietnam Power (POW) generated 5.6bn kWh (-6.4% yoy) of electricity in 2Q20 while its ASP fell 16.7% yoy as the social distancing measures in Apr limited economic activities and weakened power demand. Accordingly, 2Q20 revenue fell 22.0% yoy to VND7,708bn. However, 2Q net profit rose 7.7% yoy to VND842bn thanks to: (1) a 3.5% pts expansion in gross margin on top of a 20.1% yoy decrease in input material cost; (2) a 78.0% yoy surge in interest income; and (3) a 30.6% yoy drop in interest expenses.

### 1H20 results below our expectation

POW's 1H20 output totalled 10.9bn kWh (-5.4% yoy), or 49.3% of our full-year forecast. 1H20 revenue fell 14.4% yoy to VND15,684bn and net profit declined by 20.6% yoy to VND1,347bn, coming in at 39.9% and 46.2% of our full-year forecasts, respectively. The results were slightly below our expectations due to: (1) lower-than-expected utilisation rate at Nhon Trach 1 (NT1) plant due to prolonged gas supply issues; and (2) provisions worth VND220bn for EPTC's (unlisted) receivables in 2Q20.

### We cut FY20-21F EPS forecasts by 3.6-17.9%

We cut our assumption for NT1 plant's utilisation rate from 80% to 30% but raise that of Vung Ang 1 plant (VA1) from 56% to 70% in FY20F to be more in line with 1H20 results. In addition, we introduce a provision expense of VND400bn each in FY20-21F as we think the negotiations between POW and EPTC for the settlement of receivables worth VND1,537bn would take longer than management's expectations. Overall, our FY20-21F EPS forecasts are cut by 3.6-17.96%.

### Reiterate Add with lower target price of VND13,600

We cut our TP to VND13,600 due to lower FY20-21F EPS forecasts while maintain Add: 1) as we expect a rebound in FY21F net profit thanks to a recovery in gas-fired and hydropower segments; and 2) potential gas-fired capacity expansion (+55.0%) over the next five years. Our TP is based on an equal weighting of DCF and target FY20-21F EV/EBITDA of 5.5x. Re-rating catalysts: hydropower output recovery from 2H20F and gas-fired output recovery from FY21F. Downside risks: 1) unstable coal/gas supply; and 2) unexpected operational and/or technical issues.

**Financial Summary**

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	32,662	35,421	33,791	38,756	40,511
Operating EBITDA (VNDb)	7,604	7,048	6,626	7,420	7,717
Net Profit (VNDb)	1,921	2,491	2,393	3,072	3,388
Core EPS (VND)	820	1,064	1,022	1,312	1,447
Core EPS Growth	(20.0%)	29.6%	(3.9%)	28.4%	10.3%
FD Core P/E (x)	12.12	9.35	9.73	7.58	6.87
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	5.41	5.21	5.37	4.91	5.15
P/FCFE (x)	18.37	11.32	14.64	79.10	36.90
Net Gearing	61.5%	39.9%	32.7%	30.8%	35.2%
P/BV (x)	0.95	0.86	0.81	0.73	0.66
ROE	7.8%	9.7%	8.6%	10.2%	10.1%
% Change In Core EPS Estimates			(17.9%)	(3.6%)	1.0%
CGS-CIMB/Consensus EPS (x)			0.96	1.07	1.12

SOURCES: VND RESEARCH, COMPANY REPORTS

## Brighter prospects from FY21F onwards

### 1H20 results hurt by the Covid-19 pandemic

In 2Q20, POW generated 5.6bn kWh (-6.4% yoy) of electricity while revenue fell 22.0% yoy to VND7,708bn as social distancing measures weakened electricity demand and selling prices. Vietnam's total electricity consumption in 2Q20 grew only 2.2% yoy, far below the 9.9% yoy increase in 2Q19. Meanwhile, the 2Q20 electricity price in the competitive generation market (CGM) fell 22.5% yoy due to weaker demand and a much lower capacity add-on (CAN) price stipulated for FY20F (average VND63.5/kWh, down 55% from the VND140.9/kWh level in FY19).

However, 2Q20 net profit rose 7.7% yoy to VND842bn thanks to: (1) a 20.1% decline in input material costs (gas price, diesel oil, fuel oil price), which helped boost gross profit margin by 3.5% pts yoy; (2) a 126.9% yoy surge in financial income following a 78.0% yoy jump in 2Q20 interest income and a 77.0% yoy surge in FX gains; and (3) a 38.0% yoy decline in financial expenses as interest payments declined by 30.6% yoy. Note that POW made VND220bn in provisions for EPTC's (unlisted) bad debt in 2Q, following a VND403bn provision made for the same debt in 4Q19.

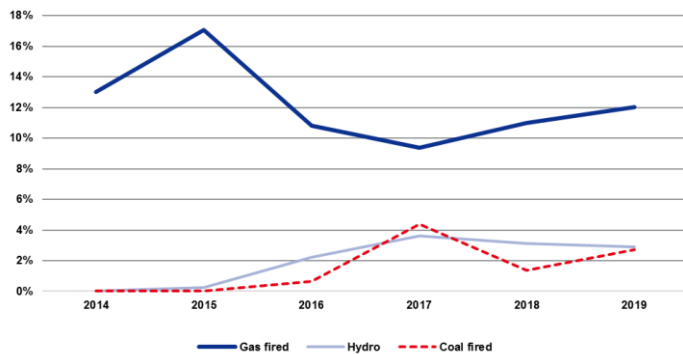
Figure 1: 2Q20 and 1H20 results comparison

FYE DEC (VNDbn)	2Q20	2Q19	yoy%	1H20	1H19	yoy%	% of our FY20 forecas	Comment
<b>Output (m kWh)</b>								
<b>POW</b>	<b>5,636</b>	<b>6,020</b>	<b>-6.4%</b>	<b>10,903</b>	<b>11,523</b>	<b>-5.4%</b>	<b>49.3%</b>	
Gas-fired	3,281	4,397	-25.4%	6,595	8,407	-21.6%	43.8%	Due to gas supply shortage from block 6.1 & 11.2
Hydropower	181	223	-19.0%	285	483	-40.9%	23.2%	The plants are refilling water to the prescribed water level. 1H is usually low season for POW's hydropower plants
Coal-fired	2,174	1,399	55.4%	4,023	2,633	52.8%	68.8%	Sufficient coal supply of 2.1m tons from Vinacomin & Dong Bac Group, complete 108% vs. the company's plan.
ASP, dong/kWh	1,368	1,641	-16.7%	1,438	1,589	-9.5%		Due to: 1) Lower contribution from Nhon Trach 1, which has highest ASP among POW's power plants, and 2) the average 2Q20 CGM price fell 22.5% yoy
Revenue	7,708	9,880	-22.0%	15,684	18,315	-14.4%	39.9%	
COGS	6,372	8,514	-25.2%	13,327	15,638	-14.8%	40.0%	Due to a 11.9% lower gas input price thanks to a significant fall yoy of Brent oil price in 1H20, average at US\$42.1/barrel (-36.3% yoy).
Gross profit	1,337	1,365	-2.1%	2,356	2,678	-12.0%	39.8%	Plummeting earnings from hydropower and NT1 plants outweighing a strong recovery from VA1
Gross profit margin (%)	17.3%	13.8%	+3.5pts	15.0%	14.6%	0.4pts		Due to: 20.1% yoy drop in input material cost (gas, diesel oil and fuel oil price)
SG&A expenses	434	229	89.3%	516	351	47.0%	43.8%	A VND220bn provision expense recorded in 2Q20, relating VND1,537bn of bad debt from EVN/EPTC
EBIT (VNDbn)	903	1,136	-20.5%	1,840	2,327	-20.9%	38.8%	
Financial income	274	121	126.9%	290	222	30.7%	167.1%	Due to: 78% yoy higher interest income, 77% yoy higher FX gain in 2Q20
Financial expenses	243	392	-38.0%	583	715	-18.4%	53.4%	Thanks to a 30.6% yoy reduction in interest payment
Net financial income/(expense)	31	(271)	-111.4%	(293)	(493)	-40.6%		
Pre-tax profit	923	866	6.6%	1,537	1,870	-17.8%	39.4%	
Pre-tax profit margin (%)	12.0%	8.8%	+3.2pts	9.8%	10.2%	-0.4pts		
Net profit	842	782	7.7%	1,347	1,698	-20.6%	46.2%	Net gain in financial income in 2Q20 outweighed the provision expenses of VND220bn
Net profit margin (%)	10.9%	7.9%	+3pts	8.6%	9.3%	-0.7pts		

SOURCES: VND RESEARCH, COMPANY REPORTS

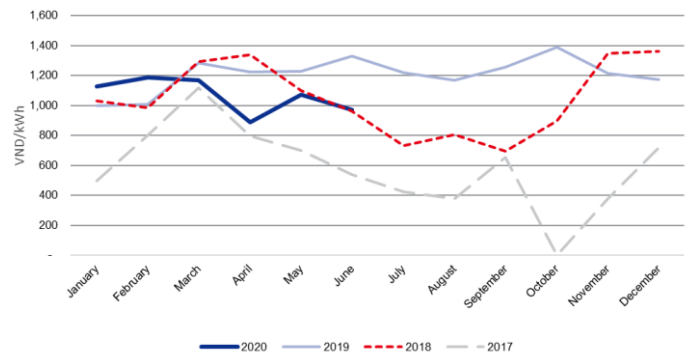
For 1H20, POW's revenue and net profit fell to VND15,684bn (-14.4% yoy) and VND1,347bn (-20.6% yoy), respectively, on the back of a slight contraction in electricity volume (-5.4% yoy), a 9.5% drop in selling prices, and the VND220bn provision expenses in 2Q. 1H net profit made up 46.2% of our full-year forecast, which we consider below expectations as we did not take into account the provision expenses in our valuation model.

Figure 7: POW's GPM margin breakdown



SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 8: A sharp fall in CGM price in 2Q20



SOURCES: VNDIRECT RESEARCH, GENCO3

## 2H20F outlook and earnings revision

### We expect coal-fired power to remain highly utilised in 2H20F



In 7M20, the system's coal-fired power generation recorded an increase of 14.5% yoy while gas-fired and hydropower volumes declined by 15.4% and 20.5% yoy respectively. In that context, Vung Ang 1's electricity volume jumped 53.4% yoy in 7M and completed 73.5% of the company's guidance on the back of stable coal supplies from Vinacomin. Meanwhile, POW's gas-fired and hydropower segments reported volume declines of 19.9% and 34.4% yoy, respectively.

We expect the Vung Ang 1 plant to remain highly utilised in 2H20F, as we think the gas supply shortage would not be fully resolved until the Sao Vang field comes into operation (expected in early-FY21F). In FY21F, the contribution of coal-fired power would likely fall as gas-fired utilisation returns to normal, while increasing chances of a La Nina towards end-2020F (est. 50-55% by the US's National Oceanic and Atmospheric Administration) could trigger a recovery in the hydropower segment.

To better reflect 1H20 results, we increase our FY20F forecast for Vung Ang 1's (VA1) utilisation rate by 14% pts to 70%, while trimming those for Nhon Trach 1 and hydropower plants to 30% and 31%, respectively. This already takes into account a recovery in Nhon Trach 1's utilisation rate in 2H20F, following higher contracted volume (Qc) set by Vietnam Electricity (EVN), and a rebound in the hydropower segment in 3Q (Hua Na) and 4Q (Dakdrinh) as the plants approach their peak (rainy) season.

For FY21-22F, we also revise VA1's average utilisation rate upwards to 60.0% as we think the plant could maintain a more stable performance after its first few years of operation (2015-2017) and as its coal supply would be more secure thanks to self-import activities in case the supplier Vinacomin fails to supply the material, as was the case in FY19.

### We lower our FY20-22F Brent crude price assumption by 30.8%-13.6% ➤

Following the oil price crash in Apr 2020, we lower our Brent oil price forecasts for FY20-22F by 30.8%-13.6% to US\$45-57/bbl. This leads to a downward revision in our FY20F average gas input prices by 17.0%. The lower gas input price only benefits POW to a certain extent, due to lower-than-average

contribution of gas-fired plants in POW's FY20F results while the adjustments in gas input price could also lead to a downward revision in selling prices, according to the power purchasing agreement (PPA) contracts.

From FY21F onwards, we expect the Sao Vang gas field would raise POW's average gas cost, as the wellhead price of this field (used as the floor price) is US\$6.99/mmbtu, much higher than the current gas input price of the plants (est. US\$3.69/mmbtu, excluding transportation tariff). By incorporating this into our model, the effect of the downward revision in FY21-22F gas input price is diminished.

### EPTC's bad debt collection could take time to materialise ►

In the 2020 Annual General Meeting, management was quite confident of reaching an agreement on EPTC's payment of its VND1,537bn receivables. However, we see no signs of this payment being made this year; therefore, we cautiously incorporate a VND400bn provision expense each in FY20F and FY21F general and administration expenses. By end-2Q20, POW had booked VND623bn of provision expenses for these receivables.

In addition, we also adjust our SG&A expense (excluding provision)/revenue ratio for FY20-22F down to 2.0%, taking into account the company's efforts to cut costs. 1H20 SG&A (excluding provision)/revenue ratio was only 1.9%.

### Earnings revision ►

Figure 5: Forecast revision summary

Output (m kWh)	2020F			2021F			2022F		
	Old	New	%change	Old	New	%change	Old	New	%change
POW	22,128	21,338	-3.6%	22,347	22,529	0.8%	21,615	22,597	4.5%
Gas-fired	15,051	13,140	-12.7%	15,348	14,992	-2.3%	14,890	15,060	1.1%
Utilisation rate (%)	64%	56%	-8.0pts	65%	63%	-1.5pts	63%	64%	+0.7pts
Hydropower	1,227	840	-31.6%	1,224	1,230	0.5%	1,224	1,230	0.5%
Utilisation rate (%)	45.9%	31.4%	-14.5pts	45.8%	46.0%	+0.2pts	45.8%	46.0%	+0.2pts
Coal-fired	5,850	7,358	25.8%	5,775	6,307	9.2%	5,500	6,307	14.7%
Utilisation rate (%)	56%	70%	+14.3pts	55%	60%	+5.1pts	52%	60%	+7.7pts
ASP, VND/kWh	1,721	1,536	-10.7%	1,782	1,669	-6.4%	1,816	1,739	-4.2%
Gas input price (US\$/mmbtu)	7.8	6.5	-17.0%	7.9	7.84	-0.8%	8.0	8.2	1.6%
Unit: VNDbn, other noted									
Revenue	39,260	33,791	-13.9%	41,050	38,756	-5.6%	40,460	40,511	0.1%
COGS	(33,335)	(28,743)	-13.8%	(34,993)	(32,815)	-6.2%	(34,357)	(34,273)	-0.2%
Gross profit	5,925	5,048	-14.8%	6,057	5,941	-1.9%	6,103	6,237	2.2%
Gross profit margin (%)	15.1%	14.9%	-0.2pts	14.8%	15.3%	+0.6pts	15.1%	15.4%	+0.3pts
SG&A	(1,178)	(1,076)	-8.7%	(1,171)	(1,175)	0.4%	(1,168)	(1,175)	0.6%
EBIT	4,747	3,972	-16.3%	4,887	4,766	-2.5%	4,936	5,063	2.6%
Pre-tax profit	3,905	3,203	-18.0%	4,260	4,108	-3.6%	4,524	4,567	1.0%
Net profit	2,916	2,393	-17.9%	3,185	3,072	-3.6%	3,356	3,388	1.0%
EPS (VND/share)	1,245	1,022	-17.9%	1,360	1,312	-3.6%	1,433	1,447	1.0%

SOURCES: VND RESEARCH, COMPANY REPORTS

### Short update on the progress of investment projects ►

- POW announced to approve the plan to establish a new subsidiary PetroVietnam Power Renewable Energy JSC (PVPower REC) on 12 Aug. The registered charter capital is VND60bn, in which POW will contribute 51%, equivalent to VND30.6bn. POW targets its renewable energy capacity to reach 55MW in 2025 (accounting for 1% POW's total capacity) and 855MW in 2035 (accounting for 9% POW's total capacity). Initially, some projects like floating solar system in Hua Na and Dakrinh's hydropower dams or rooftop solar in thermal power plants are under consideration. Given the small capacity of 55MW in the next five years, we think this is only a testing phase for POW and we expect no major contribution from the renewable segment to POW's total business results in the coming years.

- Nhon Trach 3 & 4 (1,300-1,760MW) – LNG-based power plant: On 14 Jul, POW and EVN signed an agreement on the connection of NT3 and NT4 plants to national load system. Currently, the company is preparing the plan to select the EPC contractor, arranging capital and negotiating the gas supply agreement (GSA) and PPA contracts.
- Ca Mau 3 (1,500MW) – gas-fired power plant: POW is working with the Ministry of Trade (MOIT), People's Committee of Kien Giang and Ca Mau provinces to add Ca Mau 3 project to the National Power Development Plan and LNG Nam Du Port Warehouse (1.2m tons LNG/year) to Vietnam Gas Industry Development plan.
- Quang Ninh gas-fired power plant: POW is working with related ministries and agencies to get comments on the project, at the same time coordinating with Colavi (the consulting company) to prepare explanations and finalise documents according to the opinions of the ministries.

## Reiterate Add with lower target price of VND13,600

We lower our target price to VND13,600 due to the downward revision in our FY20-21F EPS forecasts. Our target price is based on an equal weighting of DCF valuation and target FY20-21F EV/EBITDA of 5.5x. We maintain Add: 1) as we expect a rebound in FY21F net profit thanks to a recovery in gas-fired and hydropower segments (which command higher gross margins); and (2) the potential gas-fired capacity expansion (+55.0%) over the next five years. POW's share price is down 15.7% YTD, mainly due to the recent new Covid-19 cases in the country which caused a sell-off in the Vietnam stock market; we think it is a good opportunity for investors to accumulate the stock.

Figure 6: DCF valuation – summary of free cash flow (FCF)

	2019	2020F	2021F	2022F //	2030F
<b>EBITDA</b>	7,048	6,626	7,420	7,717	8,032
(-) Depreciation and Amortisation	(3,132)	(2,654)	(2,654)	(2,654)	(1,960)
<b>EBIT</b>	3,917	3,972	4,766	5,063	6,071
(-) Tax	(307)	(602)	(716)	(794)	(1,214)
Tax rate (%)	-	0	0	0	0
<b>EBIAT</b>	3,609	3,370	4,050	4,268	4,857
(+) Depreciation and Amortisation	3,132	2,654	2,654	2,654	1,960
(+) (Increase)/Decrease in net working capital	2,057	(94)	(290)	556	1
(-) Capital Expenditure	(349)	(338)	(388)	(405)	(465)
<b>Unleveraged Free cash flow (FCFF)</b>	<b>8,449</b>	<b>5,592</b>	<b>6,027</b>	<b>7,073</b>	<b>6,354</b>
<b>Terminal value</b>					<b>51,775</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

Figure 7: Cost of equity

Cost of equity	
Risk free rate	4.0%
Beta	1.03
Risk premium	11.0%
<b>Cost of equity</b>	<b>15.3%</b>

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Figure 8: WACC and terminal growth

WACC and terminal growth	
Equity value	49,904
Debt	(15,591)
Cost of debt	7.2%
Tax rate	20.0%
<b>WACC</b>	<b>14.5%</b>
<b>Perpetual Growth Rate</b>	<b>2.0%</b>

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS



**Figure 9: Blended valuation**
**Valuation Table**

Methods	Target multiples	Implied share price	Weight	Weight Value
		VND per share	%	VND per share
EV/EBITDA, 1-yr forward	5.50x	10,771	50%	5,386
DCF, 10y		16,519	50%	8,259
Implied share price				13,645
<b>Rounded share price</b>				<b>13,600</b>

SOURCES: VNDIRECT RESEARCH

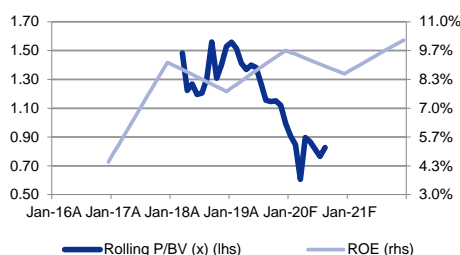
**Figure 10: Peer comparison**

Recom.	Price	Target price	Mkt Cap	PE (x)		3-yr EPS growth	P/BV (x)		EV/EBITDA (x)		ROE (x)		D/E	
	LC\$	LC\$	US\$ m	TTM	CY20F	TTM	CY20F	TTM	CY20F	TTM	CY20F	TTM	CY20F	(x)
<b>International peer</b>														
000543 CH Equity NR	4.2	NA	1,358.1	11.2	9.0	94.2	0.7	NA	NA	NA	6.2	NA	0.6	
FGEN PM Equity NR	23.5	NA	1,731.5	6.5	7.8	29.7	0.8	0.8	4.9	4.7	13.3	10.1	0.7	
SJVN IN Equity NR	22.1	NA	1,160.4	5.8	NA	2.1	0.7	NA	4.1	4.1	14.4	NA	0.2	
JSW IN Equity NR	52	NA	1,150.2	7.8	NA	251.3	0.7	NA	5.0	5.4	9.4	NA	0.7	
MLK MK Equity HOLD	0.9	1.05	1,107.5	14.4	15.6	(1.7)	0.7	0.8	5.2	5.2	5.4	5.1	1.9	
DSSA IJ Equity NR	20,400.0	NA	1,093.9	30.8	NA	6.7	0.8	NA	8.2	8.0	2.2	NA	0.8	
000966 CH Equity NR	4.0	NA	632.1	11.2	8.8	NA	1.0	0.9	NA	5.3	9.6	11.7	0.9	
<b>Average</b>			<b>1,176.2</b>	<b>12.5</b>			<b>0.8</b>		<b>5.5</b>		<b>8.7</b>		<b>0.8</b>	
<b>Domestic peer</b>														
PGV VN Equity NR	10,400	NA	480.1	13.1	NA	NA	1.0	NA	6.5	NA	7.9	NA	4.7	
HND VN Equity NR	17,700	18800	381.9	7.5	6.8	73.6	1.4	NA	4.0	4.0	19.7	19.2	0.9	
PPC VN Equity NR	23,250	29650	321.6	6.8	7.7	24.3	1.2	1.2	6.9	7.0	18.5	16.0	0.0	
GEG VN Equity NR	17,450	NA	153.5	16.7	14.8	14.8	1.5	1.4	8.1	NA	10.2	10.3	1.5	
PC1 VN Equity NR	18,900	NA	129.9	8.7	NA	5.5	0.8	NA	7.3	NA	9.9	NA	0.8	
BTP VN Equity NR	14,950	NA	39.0	4.4	NA	19.6	0.7	NA	3.2	NA	17.8	NA	0.3	
NBP VN Equity NR	13,200	NA	7.3	6.0	NA	(3.8)	0.7	NA	3.7	NA	11.1	NA	0.1	
<b>Average</b>			<b>216.2</b>	<b>9.0</b>			<b>1.0</b>		<b>5.7</b>		<b>13.6</b>		<b>1.2</b>	
<b>POW VN Equity NR</b>	<b>9,940</b>	<b>13,600</b>	<b>1,005.0</b>	<b>10.8</b>	<b>9.7</b>	<b>13.2</b>	<b>0.8</b>	<b>0.73</b>	<b>5.7</b>	<b>5.4</b>	<b>8.0</b>	<b>8.6</b>	<b>0.6</b>	

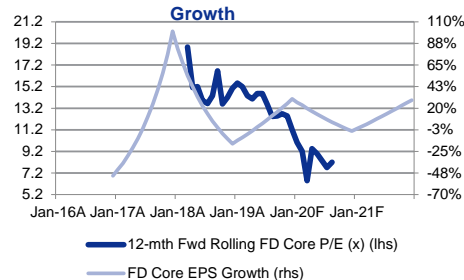
SOURCES: VND RESEARCH, COMPANY REPORTS (Bloomberg data as 13st Aug)

## BY THE NUMBERS

### P/BV vs ROE



### 12-mth Fwd FD Core P/E vs FD Core EPS Growth



### Profit & Loss

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>Total Net Revenues</b>	<b>32,662</b>	<b>35,421</b>	<b>33,791</b>	<b>38,756</b>	<b>40,511</b>
<b>Gross Profit</b>	<b>4,477</b>	<b>5,123</b>	<b>5,048</b>	<b>5,941</b>	<b>6,237</b>
<b>Operating EBITDA</b>	<b>7,604</b>	<b>7,048</b>	<b>6,626</b>	<b>7,420</b>	<b>7,717</b>
Depreciation And Amortisation	(3,920)	(3,132)	(2,654)	(2,654)	(2,654)
<b>Operating EBIT</b>	<b>3,683</b>	<b>3,917</b>	<b>3,972</b>	<b>4,766</b>	<b>5,063</b>
Financial Income/(Expense)	(1,264)	(877)	(842)	(734)	(577)
Pretax Income/(Loss) from Assoc.	50	57	60	60	60
Non-Operating Income/(Expense)	22	48	13	16	22
<b>Profit Before Tax (pre-EI)</b>	<b>2,492</b>	<b>3,145</b>	<b>3,203</b>	<b>4,108</b>	<b>4,567</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>2,492</b>	<b>3,145</b>	<b>3,203</b>	<b>4,108</b>	<b>4,567</b>
Taxation	(205)	(307)	(478)	(609)	(709)
Exceptional Income - post-tax	0	0	0	0	0
<b>Profit After Tax</b>	<b>2,287</b>	<b>2,837</b>	<b>2,725</b>	<b>3,499</b>	<b>3,859</b>
Minority Interests	(366)	(346)	(333)	(427)	(471)
Preferred Dividends	0	0	0	0	0
FX Gain/(Loss) - post tax	0	0	0	0	0
Other Adjustments - post-tax	0	0	0	0	0
<b>Net Profit</b>	<b>1,921</b>	<b>2,491</b>	<b>2,393</b>	<b>3,072</b>	<b>3,388</b>
Recurring Net Profit	1,921	2,491	2,393	3,072	3,388
<b>Fully Diluted Recurring Net Profit</b>	<b>1,921</b>	<b>2,491</b>	<b>2,393</b>	<b>3,072</b>	<b>3,388</b>

### Cash Flow

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
<b>EBITDA</b>	<b>7,604</b>	<b>7,048</b>	<b>6,626</b>	<b>7,420</b>	<b>7,717</b>
Cash Flow from Invt. & Assoc.	0	0	0	0	0
Change In Working Capital	(1,114)	(2,057)	94	290	(556)
(Incr)/Decr in Total Provisions	(69)	766	0	0	0
Other Non-Cash (Income)/Expense	22	48	13	16	22
Other Operating Cashflow	(45)	24	(86)	(134)	57
Net Interest (Paid)/Received	(1,307)	(1,152)	(1,020)	(931)	(814)
Tax Paid	(96)	(326)	(478)	(609)	(709)
<b>Cashflow From Operations</b>	<b>4,996</b>	<b>4,352</b>	<b>5,149</b>	<b>6,053</b>	<b>5,718</b>
Capex	(219)	(137)	(3,209)	(6,772)	(8,882)
Disposals Of FAs/subsidiaries	125	4	0	0	0
Acq. Of Subsidiaries/investments	891	(207)	(489)	(653)	(358)
Other Investing Cashflow	759	299	169	215	255
<b>Cash Flow From Investing</b>	<b>1,555</b>	<b>(42)</b>	<b>(3,529)</b>	<b>(7,210)</b>	<b>(8,985)</b>
Debt Raised/(repaid)	(5,284)	(2,254)	(30)	1,452	3,898
Proceeds From Issue Of Shares	0	2	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	(349)	(119)	(703)	0	0
Preferred Dividends	0	0	0	0	0
Other Financing Cashflow	0	0	36	40	14
<b>Cash Flow From Financing</b>	<b>(5,633)</b>	<b>(2,370)</b>	<b>(697)</b>	<b>1,492</b>	<b>3,912</b>
Total Cash Generated	919	1,940	922	334	645
<b>Free Cashflow To Equity</b>	<b>1,267</b>	<b>2,056</b>	<b>1,590</b>	<b>294</b>	<b>631</b>
<b>Free Cashflow To Firm</b>	<b>7,858</b>	<b>5,462</b>	<b>2,640</b>	<b>(227)</b>	<b>(2,453)</b>

SOURCES: VND RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(VNDb)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	3,361	5,741	7,153	8,140	9,142
Total Debtors	7,531	8,701	8,260	8,941	9,510
Inventories	4,187	3,912	3,922	4,452	4,636
Total Other Current Assets	172	192	195	210	223
<b>Total Current Assets</b>	<b>15,251</b>	<b>18,546</b>	<b>19,529</b>	<b>21,743</b>	<b>23,511</b>
Fixed Assets	40,113	37,250	35,454	36,721	41,261
Total Investments	1,314	1,205	3,615	6,526	8,274
Intangible Assets	64	71	71	71	71
Total Other Non-Current Assets	1,369	1,097	1,019	1,086	1,101
<b>Total Non-current Assets</b>	<b>42,860</b>	<b>39,623</b>	<b>40,159</b>	<b>44,404</b>	<b>50,707</b>
Short-term Debt	706	3,954	7,438	9,153	9,900
Current Portion of Long-Term Debt	5,848	5,195	4,000	2,000	1,330
Total Creditors	5,900	6,684	6,016	6,684	7,091
Other Current Liabilities	5,116	3,598	3,931	4,780	4,583
<b>Total Current Liabilities</b>	<b>17,571</b>	<b>19,431</b>	<b>21,385</b>	<b>22,617</b>	<b>22,905</b>
Total Long-term Debt	13,304	8,406	6,078	7,833	11,672
Hybrid Debt - Debt Component	0	0	0	0	0
Total Other Non-Current Liabilities	422	729	564	496	568
<b>Total Non-current Liabilities</b>	<b>13,725</b>	<b>9,135</b>	<b>6,642</b>	<b>8,329</b>	<b>12,240</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>31,296</b>	<b>28,565</b>	<b>28,027</b>	<b>30,946</b>	<b>35,145</b>
Shareholders' Equity	24,506	26,979	28,705	31,817	35,218
Minority Interests	2,309	2,624	2,957	3,384	3,855
<b>Total Equity</b>	<b>26,815</b>	<b>29,603</b>	<b>31,661</b>	<b>35,200</b>	<b>39,073</b>

### Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	9.9%	8.4%	(4.6%)	14.7%	4.5%
Operating EBITDA Growth	(9.7%)	(7.3%)	(6.0%)	12.0%	4.0%
Operating EBITDA Margin	23.3%	19.9%	19.6%	19.1%	19.0%
Net Cash Per Share (VND)	(7,044)	(5,045)	(4,425)	(4,631)	(5,876)
BVPS (VND)	10,464	11,520	12,257	13,586	15,038
Gross Interest Cover	2.82	3.40	3.89	5.12	6.22
Effective Tax Rate	8.2%	9.8%	14.9%	14.8%	15.5%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	79.76	83.63	91.85	81.00	83.12
Inventory Days	49.99	48.78	49.88	46.58	48.39
Accounts Payables Days	70.85	75.80	80.86	70.63	73.35
ROIC (%)	7.6%	9.2%	9.7%	12.2%	12.7%
ROCE (%)	N/A	N/A	N/A	N/A	N/A
Return On Average Assets	6.33%	6.92%	6.86%	7.70%	7.33%

### Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Power Despatched (GWh)	21,007.0	22,540.3	21,338.0	22,529.3	22,597.1
Capacity (MW)	4,208.2	4,208.2	4,205.0	4,205.0	4,205.0
Average Capacity Utilisation (%)	57.0%	61.1%	57.9%	61.2%	61.3%
Avg tariff/ASP per kwh (% chg)	8.0%	0.3%	1.1%	8.6%	4.2%
Fuel Cost Per Kwh (% Change)	16.9%	-3.4%	12.4%	11.4%	5.5%
Industry Reserve Margin (%)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS



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THAI, THANI, THG, TISCO, TKN, TMB, TOA, TOP, TPIPP, TQM, TRUE, TTW, TU, VGI, WHA, BEAUTY, JMART, LPN, SISB, WORK.

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<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
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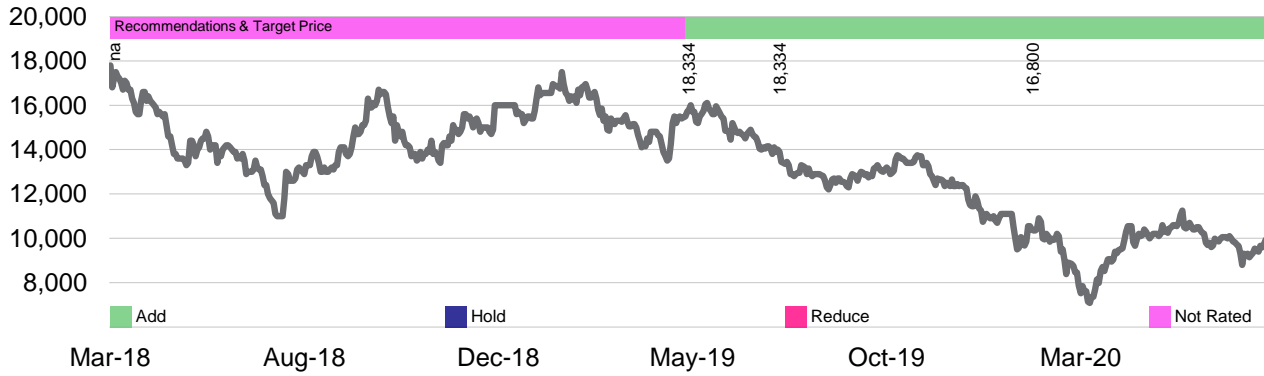
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2020		
800 companies under coverage for quarter ended on 30 June 2020		
	Rating Distribution (%)	Investment Banking clients (%)
Add	60.1%	0.4%
Hold	25.9%	0.1%
Reduce	14.0%	0.3%

**Spitzer Chart for stock being researched ( 2 year data )**

**PetroVietnam Power Corporation (POW VN)**

— Price Close





## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

**ADVANC** – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BPCG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENDEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI) .

### RECOMMENDATION FRAMEWORK

#### Stock Ratings

#### Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

*The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

#### Sector Ratings

#### Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

#### Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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