

Vietnam

**ADD** (no change)

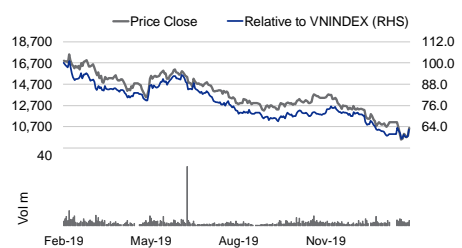
Consensus ratings\*: Buy 11 Hold 1 Sell 0

Current price:	VND10,550
Target price:	VND16,700
Previous target:	VND18,334
Up/downside:	59.2%
CGS-CIMB / Consensus:	0.8%
Reuters:	POW.HM
Bloomberg:	POW VN
Market cap:	US\$1,063m
	VND24,706,746m
Average daily turnover:	US\$0.81m
	VND19,087m
Current shares o/s:	2,342m
Free float:	20.0%

\*Source: Bloomberg

**Key changes in this note**

- FY20F EPS increased by 0.8%.
- FY21F EPS increased by 4.7%.
- FY22F EPS increased by 1.9%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-5	-21.3	-37.6
Relative (%)	-1.8	-13.4	-37.6

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

## FY19 results met our expectation

- POW's net profit rose 29.6% yoy to VND2,491bn in FY19, largely in line with expectations at 95.4% of our FY19 forecast.
- We expect POW to continue to benefit from the power shortage in Vietnam. We estimate net profit to increase by 17.0% yoy in FY20F.
- We reiterate our Add call with a lower target price of VND16,700.

### FY19 net profit rose 29.6% yoy, largely in line with our forecast

PetroVietnam Power Corporation's (POW) electricity output rose 23.1% yoy to 6.1bn kWh in 4Q19, boosting revenue to VND9,182bn (+16.6% yoy). This was driven by a strong recovery at Vung Ang 1 (VA 1) plant. However, 4Q19 net profit slipped 5.0% yoy to VND268bn as SG&A expenses nearly tripled due to VND401bn one-off provision booked for overdue accounts receivable from Vietnam Electricity (EVN). FY19 revenue and net profit increased to VND35,421bn (+8.4% yoy) and VND2,837bn (+24.1% yoy), respectively. Net profit was largely in line, at 95.4% of our FY19 forecast.

### Beneficiary of the persistent power shortage

We expect POW to continue benefiting from Vietnam's power shortage in FY20-21F with the high utilisation of thermal plants. This is due to the lasting effect of El Nino on hydropower plants' water reserves. We forecast POW to generate net revenue of VND39,260bn (+10.8% yoy) and net profit of VND2,916bn (+17.1% yoy) in FY20F, on the back of higher ASP (+13.2% yoy) as Ca Mau 1 & 2 (CM 1 & 2) plants join the competitive generation market. We also believe concerns over coal and gas supply could be eased by imported coal and the operation of new gas fields such as Sao Vang - Dai Nguyet from 4Q20F.

### We revise FY20-22F EPS forecasts to reflect lower FX loss

POW paid off 35.7% of its foreign currency debt, lowering it to VND9,306bn at end-2019, which was faster than we expected. Hence, we reduce our FY20-22F FX loss forecasts by 9.5-41.7%. So, we subsequently lift our FY20-22F EPS forecast by 0.8-4.7%.

### Reiterate Add with a lower target price of VND16,700

We lower our target price to VND16,700, based on an equal weighting of DCF and lower target EV/EBITDA of 5.5x (from 7.7x previously, using FY20F regional peer average EV/EBITDA). We believe the recent share price decline has priced in concerns over input supply and uncertainties around the renegotiation process of PPA contracts, in addition to weak overall market performance. We reiterate our Add call as we think the stock remains a strong play in the context of electricity shortage in Vietnam with capacity expansion of 35.7% over 2020-24F. Downside risks include 1) unstable coal and gas input supply, and 2) unexpected technical issues that could disrupt operations.

Financial Summary	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (VNDb)	32,662	35,421	39,260	41,050	40,460
Operating EBITDA (VNDb)	7,604	7,048	7,402	7,541	7,590
Net Profit (VNDb)	1,921	2,491	2,916	3,185	3,356
Core EPS (VND)	850	1,064	1,245	1,360	1,433
Core EPS Growth	(17.1%)	25.1%	17.1%	9.2%	5.4%
FD Core P/E (x)	12.41	9.92	8.47	7.76	7.36
DPS (VND)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	5.49	5.41	4.90	4.85	5.25
P/FCFE (x)	18.81	12.02	20.72	85.56	56.91
Net Gearing	61.5%	39.9%	29.0%	26.0%	30.5%
P/BV (x)	1.01	0.92	0.82	0.74	0.68
ROE	7.8%	9.7%	10.2%	10.1%	9.6%
% Change In Core EPS Estimates			0.84%	4.66%	1.87%
CGS-CIMB/Consensus EPS (x)			0.97	0.96	

SOURCES: VND RESEARCH, COMPANY REPORTS

## FY19 results met our expectation

### FY19 recap: In line with expectations ➤

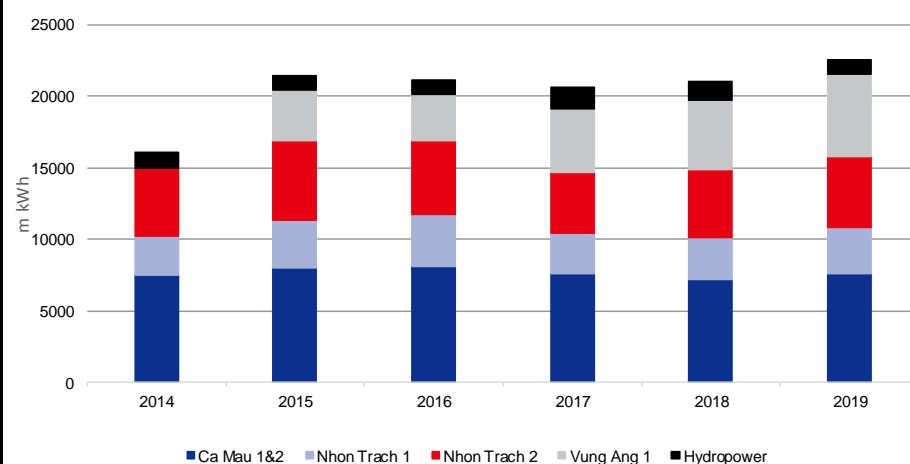
Figure 1: Results comparison

FYE Dec (VND bn)	4Q19	4Q18	yoy%	3Q19	qoq%	FY19	FY18	yoy%	vs. FY19
			chg		chg				forecast
Revenue	9,182	7,874	16.6%	7,924	15.9%	35,421	32,662	8.4%	105.6%
Gross profit	1,253	763	64.2%	1,193	5.0%	5,123	4,477	14.4%	96.6%
Gross profit margin (%)	13.6%	9.7%	4.0% pts	15.1%	-1.4% pts	14.5%	13.7%	0.8% pts	-1.4% pts
SG&A expenses	(678)	(233)	191.0%	(177)	282.7%	(1,206)	(793)	52.1%	152.2%
EBIT	575	530	8.5%	1,015	-43.4%	3,917	3,683	6.3%	97.7%
Financial income	87	111	-21.0%	138	-36.5%	447	516	-13.4%	101.0%
Financial expenses	(325)	(276)	17.9%	(284)	14.4%	(1,324)	(1,820)	-27.3%	76.4%
Pretax Profit	400	436	-8.3%	875	-54.3%	3,145	2,492	26.2%	95.5%
Pretax margin (%)	4.4%	5.5%	-1.2% pts	11.0%	-6.7% pts	8.9%	7.6%	1.2% pts	-0.9% pts
Net Profit	268	282	-5.0%	700	-61.7%	2,491	1,921	29.6%	95.4%

SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

In 4Q19, POW's electricity output rose 23.1% yoy to 6.1bn kWh, with sales volume from thermal plants increasing by 24.1% yoy due to high mobilisation from Vietnam Electricity (EVN) and no technical issues at the Vung Ang 1 plant as in 4Q18. Accordingly, 4Q net revenue increased 16.6% yoy to VND9,182bn. However, SG&A expenses jumped 191.0% yoy mainly due to a one-off provision booked for overdue accounts receivable from EVN. As a result, net profit in 4Q19 declined by 5.0% yoy to VND268bn.

Figure 2: Electricity output breakdown in FY14-19



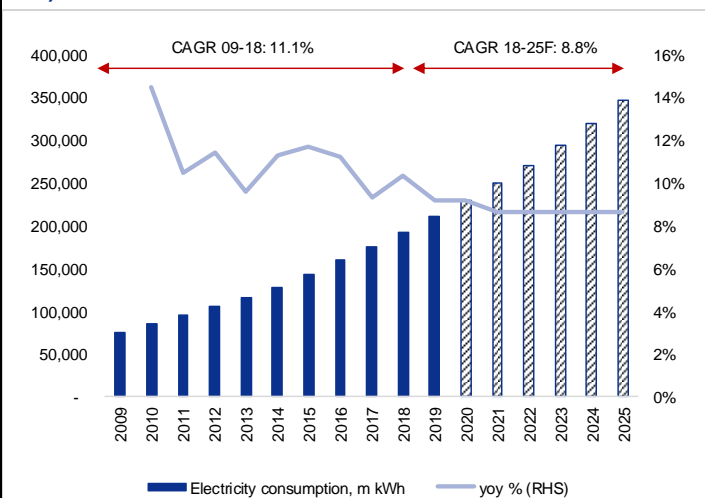
SOURCES: VNDIRECT RESEARCH, COMPANY REPORTS

Overall sales volume rose 7.5% yoy to 22.6bn kWh in FY19, thanks to a 9.0% yoy increase in thermal-based volume. This led to an 8.4% increase in revenue to VND35,421bn. Full-year net profit came in at VND2,491bn (+29.6% yoy) and was fairly in line at 95.4% of our FY19 forecast.

### Beneficiary of the persistent power shortage in FY20F ➤

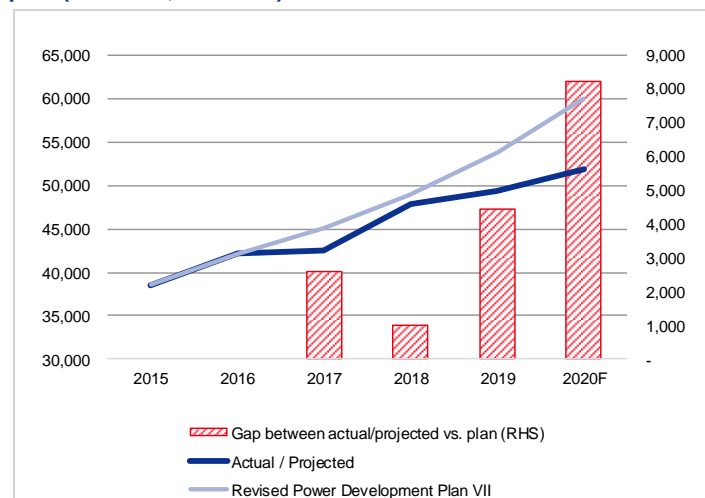
We expect the power shortage issue in Vietnam to persist in FY20-22F, with demand sustained at a CAGR of 8.8% yoy, while actual capacity investment could lag planned investment by 8.2GW in 2020F. This is worsened by an expected low supply from hydropower plants in 1H20F. We understand that the hydropower plants' water reserves need time to return to normal after having been impacted by the El Nino phenomenon in 2019.

**Figure 3: Rapid rise of electricity consumption in Vietnam (2009-25F)**



SOURCES: VND RESEARCH, GENERAL STATISTICS OFFICE, VIETNAM ENERGY INSTITUTE ESTIMATES

**Figure 4: Our estimation on power supply vs. the government's plan (Unit: MW, 2015-20F)**



SOURCES: VND RESEARCH, POWER DEVELOPMENT PLAN VII (Revised)

As a result, we expect Vietnam Electricity (EVN) to maintain its high utilisation rate in gas-fired and coal-fired power plants to offset the lower hydropower output, which is favourable for POW thanks to the company's heavy portfolio in thermal power (92.7% of total capacity). In addition, Ca Mau 1 & 2 plants are expected to join the competitive generation market (CGM) in 2020F and change its gas input price formula to 90%\*Singapore Platts Fuel Oil (FO) price + tariff from 46%\*FO price + tariff. The higher input costs could be fully transferred to the customer (EVN). Therefore, we expect the company to generate VND39,260bn in net revenue (+10.8% yoy) and VND2,916bn in net profit in FY20F, on the back of higher ASP (+13.2% yoy).

**Figure 5: Our projections for POW**

VND bn	2019A	2020F	2021F	2022F	Comments
<b>Revenue</b>	<b>35,421</b>	<b>39,260</b>	<b>41,050</b>	<b>40,460</b>	
% yoy		10.8%	4.6%	-1.4%	
<b>Ca Mau 1&amp;2</b>	<b>11,189</b>	<b>14,656</b>	<b>16,065</b>	<b>15,993</b>	Change of gas input price to 90% FO in FY20F
% yoy		31.0%	9.6%	-0.4%	
Utilisation rate	57.5%	54.8%	57.1%	56.4%	
<b>Nhon Trach 1</b>	<b>5,263</b>	<b>5,262</b>	<b>5,359</b>	<b>5,042</b>	Medium maintenance in FY20F
% yoy		0.0%	1.8%	-5.9%	
Utilisation rate	82.6%	79.5%	79.3%	72.3%	
<b>Nhon Trach 2</b>	<b>8,065</b>	<b>7,781</b>	<b>7,949</b>	<b>8,022</b>	Medium maintenance in FY20F
% yoy		-3.5%	2.2%	0.9%	
Utilisation rate	75.4%	70.8%	71.8%	71.9%	
<b>Vung Ang 1</b>	<b>8,528</b>	<b>9,077</b>	<b>9,140</b>	<b>8,878</b>	Higher utilisation rate due to stable coal supply in FY20F
% yoy		6.4%	0.7%	-2.9%	
Utilisation rate	54.9%	55.7%	54.9%	52.3%	
<b>Hydropower</b>	<b>1,215</b>	<b>1,309</b>	<b>1,309</b>	<b>1,312</b>	
% yoy		7.8%	0.0%	0.2%	
Utilisation rate	37.3%	45.9%	45.8%	45.8%	
<b>Gross Profit</b>	<b>5,123</b>	<b>5,925</b>	<b>6,057</b>	<b>6,103</b>	
GPM	14.5%	15.1%	14.8%	15.1%	
<b>Net profit</b>	<b>2,491</b>	<b>2,916</b>	<b>3,185</b>	<b>3,356</b>	
% yoy		17.1%	9.2%	5.4%	

SOURCES: VND RESEARCH ESTIMATES, COMPANY REPORTS

According to POW, the company is in the process of renegotiating the PPA contract for NT2 plant. Management suggests that the PPA price could be reduced as the actual investment cost for the plant is lower than the construction cost in the FS. Given limited information, we have not incorporated the potential PPA revision into our valuation model. Note that NT2 plant contributed c.18-19% to POW's gross profit in 2019, in our estimation, assuming 80% of volume is sold through PPA contract starting from FY20F.

## Supply issues addressed ►

Management guides for Vinacomin to supply 2.2m tonnes of domestic coal in FY20F and the remaining will be imported. Hence, we project the utilisation rate of Vung Ang 1 plant to further improve from 54.9% in FY19 to 55.7% in FY20F.

In terms of gas, Sao Vang - Dai Nguyet fields (1.6bcm p.a.) are expected to achieve first gas in 4Q20F, as scheduled by PVGas (GAS VN, Hold, TP: VND105,700). This could help relieve the concerns over the gas volume deterioration in Nam Con Son basin (inputs to NT 1 & 2 plants). According to POW, the purchasing price will be US\$6.99/mmbtu + tariff (US\$1-1.5/mmbtu in our estimation), which is higher than the current gas input price of average US\$7.1/mmbtu. However, the higher gas cost would be fully transferred to EVN.

## Earnings revisions ►

We reduce our FY20-22F FX loss forecasts by 9.5-41.7% as POW's foreign currency debt declined (-35.7% yoy) which is faster than we expected. As a result, we lift our FY20-22F EPS forecast by 0.8-4.7%.

Figure 6: Forecast revision

	2020F			2021F			2022F		
	Old	New	% change	Old	New	% change	Old	New	% change
Net revenue	39,444	39,260	-0.5%	41,221	41,050	-0.4%	40,581	40,460	-0.3%
Gross profit	5,930	5,925	-0.1%	6,060	6,057	0.0%	6,109	6,103	-0.1%
EBIT	4,407	4,747	7.7%	4,468	4,887	9.4%	4,468	4,936	10.5%
Net profit	2,891	2,916	0.8%	3,043	3,185	4.7%	3,294	3,356	1.9%
EPS (VND)	1,235	1,245	0.8%	1,300	1,360	4.7%	1,407	1,433	1.9%

SOURCES: VND RESEARCH ESTIMATES

## Reiterate Add with a lower target price of VND16,700 ►

Figure 7: FCF Forecast

VND bn	2020F	2021F	2022F	2023F	2024F	2025F
<b>EBITDA</b>	<b>7,402</b>	<b>7,541</b>	<b>7,590</b>	<b>7,567</b>	<b>7,788</b>	<b>7,666</b>
(-) Depreciation and Amortisation, ex NT 3&4	(2,654)	(2,654)	(2,654)	(2,654)	(2,654)	(2,654)
<b>EBIT</b>	<b>4,747</b>	<b>4,887</b>	<b>4,936</b>	<b>4,912</b>	<b>5,134</b>	<b>5,012</b>
(-) Tax	(720)	(734)	(774)	(751)	(834)	(803)
Tax rate (%)	0	0	0	0	0	0
<b>EBIAT</b>	<b>4,027</b>	<b>4,153</b>	<b>4,161</b>	<b>4,161</b>	<b>4,299</b>	<b>4,208</b>
(+) Depreciation and Amortisation	2,654	2,654	2,654	2,654	2,654	2,654
(+) (Increase)/decrease in net working capital	312	(618)	449	16	(41)	143
(-) Capital Expenditure, ex NT 3&4	(393)	(411)	(405)	(426)	(431)	(450)
<b>Unleveraged Free cash flow (FCFF)</b>	<b>6,601</b>	<b>5,778</b>	<b>6,860</b>	<b>6,405</b>	<b>6,481</b>	<b>6,556</b>

As POW has not provided specific guidance on the electricity pricing mechanism for NT3 & 4 yet, we await further details before incorporating these power plants into our DCF model.

SOURCES: VND RESEARCH

Figure 8: DCF Valuation

VND bn			
Risk-free rate	4.0%	Present value of FCF	38,541
Beta	0.95	Present value of Terminal Value	20,305
Equity risk premium (ERP)	10.5%	<b>Enterprise value</b>	<b>58,847</b>
<b>Cost of Equity - ke</b>	<b>14.0%</b>	(-) Debt (exclude NT 3 & 4)	(15,216)
		(+) Cash (exclude NT 3 & 4)	7,699
Cost of Debt - kd	9.0%	Equity value including Minority Interest	51,330
Tax	20.0%	(-) Minority Interest	(3,029)
<b>Cost of Debt - kd (after tax)</b>	<b>7.2%</b>	(-) Preferred share	-
Target debt to capital ratio	30.0%	Implied equity value	48,301
<b>WACC</b>	<b>11.9%</b>	Outstanding share (mn shares)	2,342
<b>Terminal growth rate</b>	<b>2.5%</b>	<b>Price per share (VND)</b>	<b>20,625</b>

SOURCES: VND RESEARCH ESTIMATES

We believe the recent share price decline has priced in concerns over input supply and uncertainties around the renegotiation process of PPA contracts, in addition to weak overall market performance. We reiterate our Add call as we

think the stock remains a strong play in the context of electricity shortage in Vietnam with capacity expansion of 35.7% in 2020-24F.

We lower our target price to VND16,700, based on an equal weighting of DCF and lower target EV/EBITDA of 5.5x (from 7.7x previously, using FY20F regional peer average EV/EBITDA).

**Figure 9: POW's target price based on two valuation methods**

Method	FY20	Target	Implied value	Weight	Weighted value
	EBITDA	multiple			
	VND bn	x	VND per share	%	VND per share
EV/EBITDA, 1-yr forward	7,402	5.5	12,880	50%	6,440
DCF, 10y			20,625	50%	10,312
<b>Fair Value</b>					<b>16,752</b>
<b>Target price (rounded)</b>					<b>16,700</b>

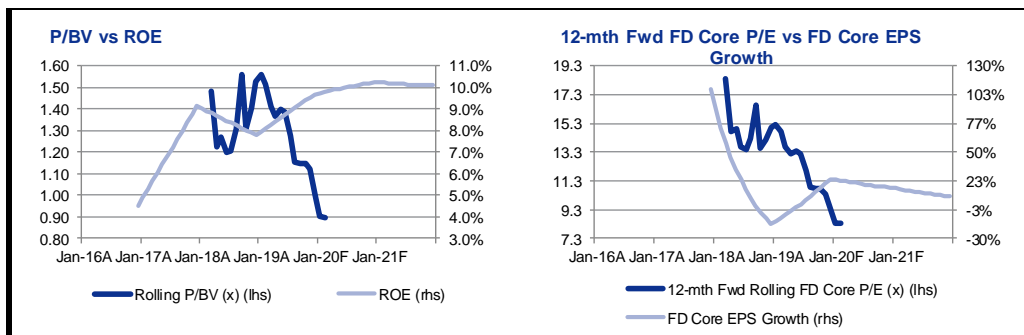
SOURCES: VND RESEARCH ESTIMATES

**Figure 10: Regional peer comparison**

Company	Ticker	Recom.	Price	TP	Mkt cap	P/E (x)		3-year EPS		P/BV (x)		EV/EBITDA (x)		ROE (%)		D/E
						CY20F	CY21F	CAGR (%)	CY20F	CY21F	CY20F	CY21F	CY20F	CY21F		
			LC\$	LC\$	US\$ m											
<b>International peers</b>																
First Gen Corp	FGEN PM	NR	20.9	na	1,486.1	5.3	5.8	24.7	0.8	0.6	4.1	4.0	15.3	11.2	0.7	
JSW Energy Ltd	JSW IN	NR	64.4	na	1,484.0	15.2	10.3	213.0	0.9	na	5.8	5.6	6.1	7.7	0.7	
SJVN Ltd	SJVN IN	NR	25.1	na	1,383.9	7.2	na	2.0	0.9	na	na	na	12.4	na	na	
An Hui Wenergy Co Ltd	000543 CH	NR	4.1	na	1,322.7	8.2	7.5	77.9	0.7	5.9	7.0	6.2	8.4	9.1	0.7	
Malakoff Corp Bhd	MLK MK	HOLD	0.9	0.95	1,022.2	15.8	13.8	na	0.7	0.7	5.4	5.1	4.5	5.2	1.5	
Dian Swastatika Sentosa Tbk PT	DSSA IJ	NR	15,500	na	870.1	59.1	na	na	0.6	na	na	na	1.0	na	0.6	
Guodian Changyuan Electric Pow	000966 CH	NR	4.1	na	651.5	8.0	6.3	na	1.1	4.0	5.6	4.9	14.4	16.4	1.3	
<b>Average</b>					<b>1,174.4</b>	<b>17.0</b>	<b>8.8</b>	<b>79.4</b>	<b>0.8</b>	<b>2.8</b>	<b>5.6</b>	<b>5.2</b>	<b>8.9</b>	<b>9.9</b>	<b>0.9</b>	
<b>Domestic peers</b>																
Power Generation Corp 3 Co Ltd	PGV VN	NR	10,500	na	940.0	na	na	na	1.2	na	na	na	-6.3	na	0.2	
Pha Lai Thermal Power JSC	PPC VN	NR	26,300	29,650	362.8	6.7	8.9	24.5	1.4	na	7.0	8.1	17.2	16.6	na	
HAI Phong Thermal Power JSC	HND VN	NR	16,400	18,800	352.8	19.3	9.7	6.2	1.4	na	na	na	7.8	7.9	1.2	
PetroVietnam Nhon Trach 2 Powe	NT2 VN	NR	20,900	27,224	258.9	8.1	7.5	-11.2	1.5	na	4.5	4.4	19.1	19.7	0.3	
<b>Average</b>					<b>478.6</b>	<b>11.4</b>	<b>8.7</b>	<b>6.5</b>	<b>1.4</b>	<b>na</b>	<b>5.7</b>	<b>6.3</b>	<b>9.5</b>	<b>14.7</b>	<b>0.5</b>	
<b>PetroVietnam Power Corp</b>	<b>POW VN</b>	<b>ADD</b>	<b>10,550</b>	<b>16,700</b>	<b>1,063.0</b>	<b>8.5</b>	<b>7.8</b>	<b>6.9</b>	<b>0.8</b>	<b>0.7</b>	<b>4.9</b>	<b>4.9</b>	<b>10.2</b>	<b>10.1</b>	<b>0.3</b>	

SOURCES: CGS-CIMB RESEARCH, VNDIRECT RESEARCH, BLOOMBERG (Data as of 12 Feb)

## BY THE NUMBERS



### 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>39,260</b>	<b>41,050</b>	<b>40,460</b>
<b>Gross Profit</b>	<b>4,477</b>	<b>5,123</b>	<b>5,925</b>	<b>6,057</b>	<b>6,103</b>
<b>Operating EBITDA</b>	<b>7,604</b>	<b>7,048</b>	<b>7,402</b>	<b>7,541</b>	<b>7,590</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>4,747</b>	<b>4,887</b>	<b>4,936</b>
Financial Income/(Expense)	-1,264	-877	-917	-704	-493
Pretax Income/(Loss) from Assoc.	50	57	60	60	60
Non-Operating Income/(Expense)	22	48	15	17	22
<b>Profit Before Tax (pre-EI)</b>	<b>2,492</b>	<b>3,145</b>	<b>3,905</b>	<b>4,260</b>	<b>4,524</b>
Exceptional Items	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>2,492</b>	<b>3,145</b>	<b>3,905</b>	<b>4,260</b>	<b>4,524</b>
Taxation	-205	-307	-584	-632	-702
Exceptional Income - post-tax	0	0	0	0	0
<b>Profit After Tax</b>	<b>2,287</b>	<b>2,837</b>	<b>3,321</b>	<b>3,628</b>	<b>3,822</b>
Minority Interests	-366	-346	-406	-443	-467
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>2,916</b>	<b>3,185</b>	<b>3,356</b>
Recurring Net Profit	1,921	2,491	2,916	3,185	3,356
<b>Fully Diluted Recurring Net Profit</b>	<b>1,921</b>	<b>2,491</b>	<b>2,916</b>	<b>3,185</b>	<b>3,356</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>7,402</b>	<b>7,541</b>	<b>7,590</b>
Cash Flow from Inv. & Assoc.	0	0	0	0	0
Change In Working Capital	-1,114	-2,057	-312	618	-449
(Incr)/Decr in Total Provisions	-69	766	0	0	0
Other Non-Cash (Income)/Expense	22	48	15	17	22
Other Operating Cashflow	-45	24	-160	-96	92
Net Interest (Paid)/Received	-1,307	-1,152	-1,007	-890	-750
Tax Paid	-96	-326	-584	-632	-702
<b>Cashflow From Operations</b>	<b>4,996</b>	<b>4,352</b>	<b>5,354</b>	<b>6,558</b>	<b>5,803</b>
Capex	-219	-137	-3,264	-6,741	-8,859
Disposals Of FAs/subsidiaries	125	4	0	0	0
Acq. Of Subsidiaries/investments	891	-207	-606	-760	-420
Other Investing Cashflow	759	299	174	228	276
<b>Cash Flow From Investing</b>	<b>1,555</b>	<b>-42</b>	<b>-3,696</b>	<b>-7,273</b>	<b>-9,003</b>
Debt Raised/(repaid)	-5,284	-2,254	-466	1,003	3,635
Proceeds From Issue Of Shares	0	2	0	0	0
Shares Repurchased	0	0	0	0	0
Dividends Paid	-349	-119	0	0	0
Preferred Dividends	0	0	0	0	0
Other Financing Cashflow	0	0	79	14	-5
<b>Cash Flow From Financing</b>	<b>-5,633</b>	<b>-2,370</b>	<b>-386</b>	<b>1,017</b>	<b>3,630</b>
Total Cash Generated	919	1,940	1,272	303	429
<b>Free Cashflow To Equity</b>	<b>1,267</b>	<b>2,056</b>	<b>1,192</b>	<b>289</b>	<b>434</b>
<b>Free Cashflow To Firm</b>	<b>7,858</b>	<b>5,462</b>	<b>2,665</b>	<b>176</b>	<b>-2,450</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	7,619	8,682	9,532
Total Debtors	7,531	8,701	9,597	9,470	9,498
Inventories	4,187	3,912	4,549	4,748	4,647
Total Other Current Assets	172	192	226	224	224
<b>Total Current Assets</b>	<b>15,251</b>	<b>18,546</b>	<b>21,990</b>	<b>23,125</b>	<b>23,901</b>
Fixed Assets	40,113	37,250	35,465	36,769	41,279
Total Investments	1,314	1,205	3,659	6,501	8,255
Intangible Assets	64	71	71	71	71
Total Other Non-Current Assets	1,369	1,097	1,184	1,150	1,099
<b>Total Non-current Assets</b>	<b>42,860</b>	<b>39,623</b>	<b>40,379</b>	<b>44,491</b>	<b>50,705</b>
Short-term Debt	706	3,954	7,028	8,367	8,896
Current Portion of Long-Term Debt	5,848	5,195	4,000	2,000	1,330
Total Creditors	5,900	6,684	6,977	7,128	7,108
Other Current Liabilities	5,116	3,598	4,559	5,098	4,595
<b>Total Current Liabilities</b>	<b>17,571</b>	<b>19,431</b>	<b>22,565</b>	<b>22,592</b>	<b>21,929</b>
Total Long-term Debt	13,304	8,406	6,146	7,852	11,645
Hybrid Debt - Debt Component	0	0	0	0	0
Total Other Non-Current Liabilities	422	729	656	526	568
<b>Total Non-current Liabilities</b>	<b>13,725</b>	<b>9,135</b>	<b>6,801</b>	<b>8,377</b>	<b>12,212</b>
Total Provisions	0	0	0	0	0
<b>Total Liabilities</b>	<b>31,296</b>	<b>28,565</b>	<b>29,366</b>	<b>30,970</b>	<b>34,142</b>
Shareholders' Equity	24,506	26,979	29,974	33,174	36,525
Minority Interests	2,309	2,624	3,029	3,472	3,939
<b>Total Equity</b>	<b>26,815</b>	<b>29,603</b>	<b>33,004</b>	<b>36,646</b>	<b>40,464</b>

### Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	9.9%	8.4%	10.8%	4.6%	(1.4%)
Operating EBITDA Growth	(9.73%)	(7.31%)	5.01%	1.88%	0.65%
Operating EBITDA Margin	23.3%	19.9%	18.9%	18.4%	18.8%
Net Cash Per Share (VND)	-7,044	-5,045	-4,080	-4,072	-5,269
BVPS (VND)	10,464	11,520	12,799	14,165	15,596
Gross Interest Cover	2.82	3.40	4.71	5.49	6.58
Effective Tax Rate	8.2%	9.8%	15.0%	14.8%	15.5%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	79.76	83.63	85.29	84.77	85.56
Inventory Days	49.99	48.78	46.45	48.49	49.91
Accounts Payables Days	70.85	75.80	74.99	73.56	75.62
ROIC (%)	7.6%	9.2%	11.6%	12.4%	12.3%
ROCE (%)	8.5%	9.0%	10.1%	9.7%	8.9%
Return On Average Assets	6.33%	6.92%	8.00%	7.64%	7.06%

### Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Power Despatched (GWh)	21,007.0	22,540.3	22,128.0	22,346.7	21,614.6
Capacity (MW)	4,208.2	4,208.2	4,205.0	4,205.0	4,205.0
Average Capacity Utilisation (%)	57.0%	61.1%	60.1%	60.7%	58.7%
Avg tariff/ASP per kwh (% chg)	8.0%	0.3%	13.2%	3.5%	1.9%
Fuel Cost Per Kwh (% Change)	16.9%	-3.4%	29.4%	5.8%	1.3%
Industry Reserve Margin (%)	N/A	N/A	N/A	N/A	N/A

SOURCES: VND RESEARCH, COMPANY REPORTS

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CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, DELTA, DTAC, EA, EGCO, EPG, ERW, ESSO, GFPT, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, INTUCH, IRPC, IVL, JAS, JMT, KBANK, KCE, KKP, KTB, KTC, LH, MAJOR, MBK, MEGA, MINT, MTC, ORI, OSP, PLANB, PRM, PSH, PSL, PTG, PTT, PTTEP, PTTGC, QH, RATCH, RS, SAWAD, SCB, SCC, SGP, SPALI, SPRC, STA, STEC, STPI, SUPER, TASCO, TCAP, THAI, THANI, THG, TISCO, TKN, TMB, TOA, TOP, TPIPP, TQM, TRUE, TTW, TU, VGI, WHA, BEAUTY, JMART, LPN, SISB, WORK.

#### Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association (“IOD”) regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

<b>Score Range:</b>	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
<b>Description:</b>	Excellent	Very Good	Good	N/A	

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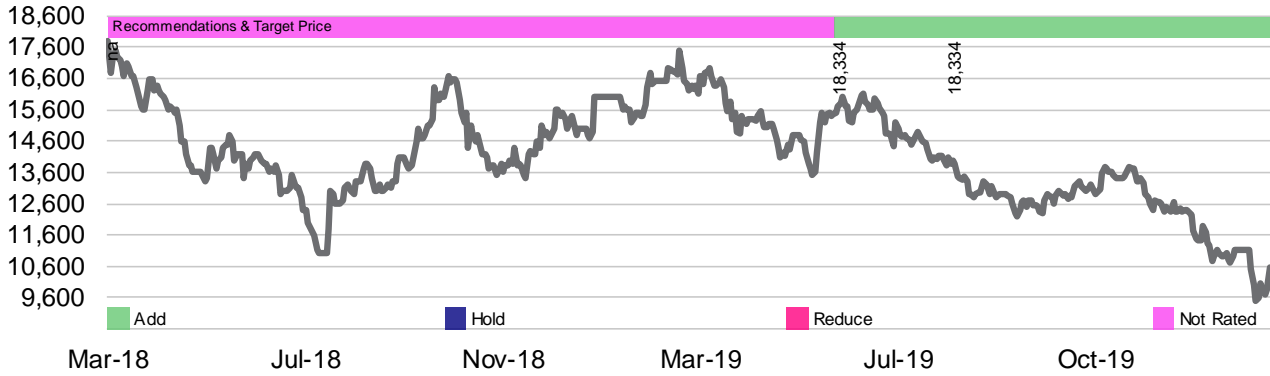
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2019		
798 companies under coverage for quarter ended on 31 December 2019		
	Rating Distribution (%)	Investment Banking clients (%)
Add	61.4%	0.0%
Hold	25.2%	0.0%
Reduce	13.4%	0.0%

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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