

Vinh Son Song Hinh (VSH)

2Q22 operational updates

Growth was accelerated in 2Q22

- VSH posted its 2Q22 business results with revenue of VND661bn (+33% yoy) and PAT of VND257bn (+90% yoy), mainly bolstered by the increase of ASP (+23.4% yoy) and output (+7.5% yoy) when it surged to 557mn kWh.
- This implies that 1H22's revenue and PAT was VND1,470bn (+113% yoy) and VND661bn (+179% yoy), respectively and completed 72%/ 126% of full year guidance.
- The gross margin reached 62% in 2Q22, up nearly 9%p yoy, when the ASP expanded 23% yoy to VND1,186/kWh. In particular, the average competitive market price (CGM price) in 2Q22 soared up +29% yoy to VND1,373/kWh amid rising input material prices (gas, coal).
- The average CGM price reached its all-time high at VND1,792/kWh in Apr before reversing to VND1,136/kWh in May due to unexpectedly high level of rainfall, especially in the hot season.
- VSH is trading at 11.7x TTM PE, much lower than the 2-year average of 16.4x.

Hydropower will be the beneficiary in 2H22F

- According to IRI, the probability of La Nina effect will wane in Jul but will rebound during Aug – Oct 2022 with moderate probability (68%), continuing into boreal fall and early winter with 63-70% likelihood.
- The National Centre for Hydro – Meteorological Forecasting (NCHMF) also predicted that there will be 10-12 typhoons and tropical depressions in this year. The precipitation in 2H22 in the South Central region is forecasted to be 20% - 45% higher than the average of previous years.
- We believe that VSH will be the beneficiary when EVN increases the mobilization of hydropower in 2H22F thanks to the abundant rainfall.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	527	564	400	341	1,611
chg. (% YoY)		7.0	(29.0)	(14.9)	373.1
Operating profit (VND bn)	287	324	174	114	770
Net profit (VND bn)	284	306	159	188	387
EPS (VND)	1,359	1,485	745	887	1,639
chg. (% YoY)		9.3	(49.8)	19.1	84.8
EBITDA (VND bn)	367	405	257	197	1,240
PE (x)	24.6	22.5	44.9	37.7	20.4
EV/EBITDA (x)	28.1	28.1	47.5	64.1	10.4
PB (x)	2.4	2.3	2.2	2.1	2.0
ROE (%)	9.9	10.4	5.2	5.8	10.6
Dividend yield (%)	3.0	3.0	0.0	0.0	0.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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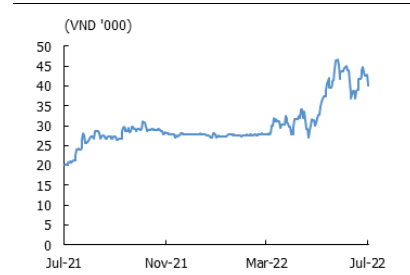
Stock Data

VNIndex (26 Jul, pt)	1,185
Stock price (26 Jul, VND)	40,100
Market cap (USD mn)	405
Shares outstanding (mn)	236
52-Week high/low (VND)	46,800/20,135
6M avg. daily turnover (USD mn)	0.26
Free float / Foreign ownership (%)	22.9/11.6
Major shareholders (%)	
REE	50.45
EVNGENCO 3	30.55
Samarang	9.81

Performance

	1M	6M	12M
Absolute (%)	(8.4)	47.3	97.4
Relative to VNIndex (%p)	(8.8)	66.6	102.8

Stock price trend



Source: Bloomberg

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