

# Hai Phong Thermal Power (HND)

## 3Q22 operational updates

### Favorable business results in 3Q22

- HND posted its 3Q22 business results with revenue of VND3,070bn (+40% yoy) and PAT of VND41bn (+559% yoy) from the tepid base in 3Q21.
- This implies that 9M22's revenue and PAT were VND8,273bn (+22% yoy) and VND578bn (+216% yoy), respectively and completed 78%/ 102% of full year guidance
- The gross margin expanded to 3.5% in 3Q22, up nearly 1.9%p yoy due to the better cost management and higher selling price. In particular, the average competitive market price (CGM price) in 3Q22 soared up +61% yoy to VND1,541/kWh amid rising input material prices (gas, coal).
- According to Vinacomin, in 1H22, the mixed coal price supplied to domestic power plants had increased 30-35% yoy due to political tensions.
- HND is trading at 8.6x TTM PE and 1.1x TTM PB, much lower than the 2-year average of 10.7x and 1.4x, respectively.

### Thermal power will be the beneficiary in 2023F

- Faced with gas shortages, several EU members announced the reopening of coal-fired power plants which pushed global coal prices up.
- Newcastle and Indonesian HBA coal prices peaked at an all-time high in Sep when they averaged USD437/tonne (+138% yoy) and USD319/tonne (+113% yoy), respectively.
- According to IRI, La Nina is predicted to continue into early winter with 63-70% likelihood and wane since early 2023.
- We believe HND will be the beneficiary when EVN mobilizes thermal power as alternative for shrinking hydropower output in 2023F.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	9,095	9,527	11,301	10,900	9,026
chg. (% YoY)	(0.7)	4.7	18.6	(3.5)	(17.2)
Operating profit (VND bn)	1,548	1,423	1,603	1,792	545
Net profit (VND bn)	396	425	1,173	1,470	443
EPS (VND)	708	769	2,256	2,759	886
chg. (% YoY)		8.6	193.4	22.3	(67.9)
EBITDA (VND bn)	3,420	3,279	3,391	3,570	1,845
PE (x)	11.3	8.4	4.5	5.5	19.7
EV/EBITDA (x)	5.48	4.95	4.21	3.26	5.99
PB (x)	0.9	0.6	0.9	1.2	1.4
ROE (%)	8.0	7.8	19.7	22.4	6.7
Dividend yield (%)	6.7	4.9	7.0	8.4	8.0

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

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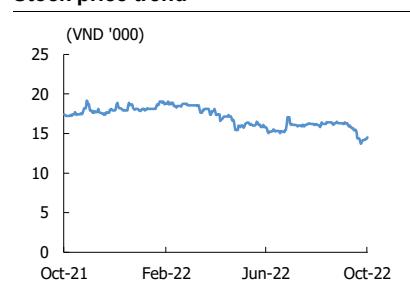
### Stock Data

VNIndex (19 Oct, pt)	1,058
Stock price (19 Oct, VND)	14,500
Market cap (USD mn)	296
Shares outstanding (mn)	500
52-Week high/low (VND)	19,149/13,700
6M avg. daily turnover (USD mn)	0.02
Free float / Foreign ownership (%)	99.9/0
Major shareholders (%)	
EVNGENCO2	51
Pha Lai Thermal Power	25.97

### Performance

	1M	6M	12M
Absolute (%)	(11.0)	(18.2)	(16.9)
Relative to VNIndex (%p)	1.1	5.8	6.3

### Stock price trend



Source: Bloomberg

**Thuy Nguyen**

Thuy.nt@kisvn.vn

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Prepared by: Thuy Nguyen

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