

Quang Ninh Thermal Power (UPCoM: QTP)

In smooth water

Decent business results in 3Q22

- QTP posted its decent 3Q22 business results with revenue of VND3,141bn (+59% yoy) and gross profit of VND235bn (+94% yoy) thanks to increasing output.
- QTP's financial income dropped 82% yoy to VND6bn while its financial expense surged to VND63bn (+37% yoy), mostly attributable to exchange loss in the context of the rising USD/VND exchange rate. This implies that 3Q22's PAT was VND147bn (+72% yoy).
- Overall, 9M22's revenue and PAT were VND8,155bn (+31% yoy) and VND745bn (+88% yoy), respectively and completed 85%/ 171% of full-year guidance.
- The gross margin expanded to 7.5% in 3Q22, up nearly 1.4%p yoy thanks to higher selling prices. In particular, the average competitive market price (CGM price) in 3Q22 went up to VND1,541/kWh (+61% yoy) amid rising input material prices (gas, coal).
- QTP is trading at 8.0x TTM PE and 1.1x TTM PB, considerably lower than the 2-year average of 9.8x and 1.2x, respectively.

Shrinking hydropower output is beneficial to QTP in 2023F

- According to IRI, La Nina is predicted to wane since early 2023.
- Thermal coal prices are projected to remain high till 2023 due to long-lasting geopolitical conflicts.
- Despite the rising coal prices, we believe QTP will be the beneficiary when EVN mobilizes thermal power as an alternative for shrinking hydropower output in 2023F.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	8,210	9,018	10,127	9,182	8,571
chg. (% YoY)	(6.0)	9.8	12.3	(9.3)	(6.7)
Operating profit (VND bn)	1,406	1,131	1,200	1,729	734
Net profit (VND bn)	709	275	651	1,306	578
EPS (VND)	1,575	612	1,398	2,800	1,169
chg. (% YoY)	93.3	(61.1)	128.4	100.3	(58.3)
EBITDA (VND bn)	3,363	3,090	3,106	2,879	1,705
PE (x)	9.3	24.0	10.1	5.1	11.4
EV/EBITDA (x)	4.71	4.40	3.72	3.30	5.01
PB (x)	1.8	1.6	1.4	1.1	1.1
ROE (%)	21.5	7.0	14.5	23.8	9.4
Dividend yield (%)	0.0	0.0	1.4	6.8	10.9

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

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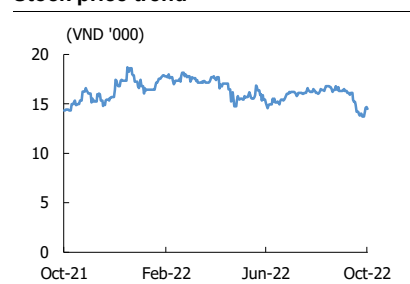
Stock Data

VNIndex (20 Oct, pt)	1,052
Stock price (20 Oct, VND)	14,500
Market cap (USD mn)	266
Shares outstanding (mn)	450
52-Week high/low (VND)	18,708/13,700
6M avg. daily turnover (USD mn)	0.33
Free float / Foreign ownership (%)	88.4/1.0
Major shareholders (%)	
EVNGENCO1	42.0
Pha Lai Thermal Power	16.4

Performance

	1M	6M	12M
Absolute (%)	(11.0)	(17.3)	1.1
Relative to VNIndex (%p)	2.5	6.0	24.5

Stock price trend

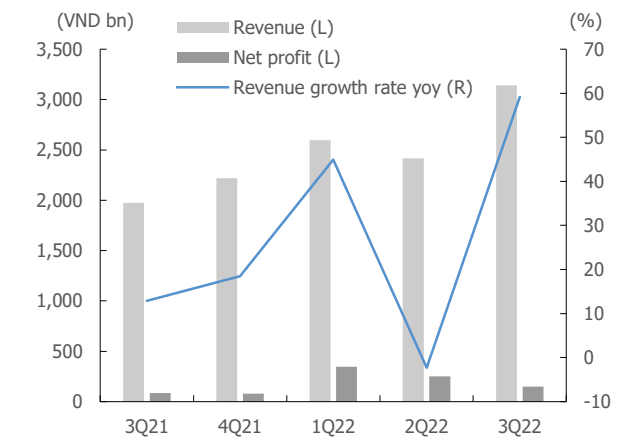


Source: Bloomberg

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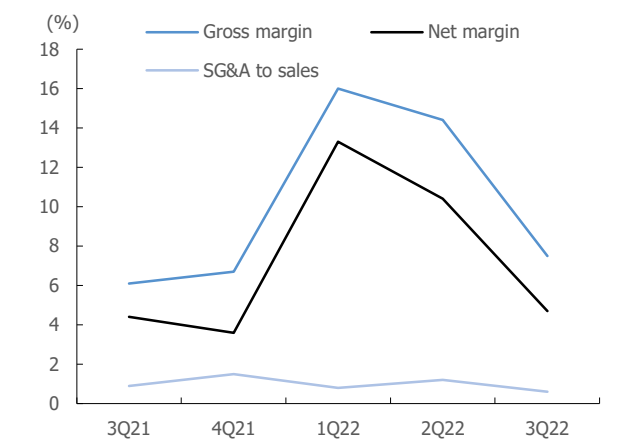
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Figure 1. Revenue and revenue growth rate yoy



Source: Company data, KIS

Figure 2. Gross margin and Net margin by quarters



Source: Company data, KIS

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