

25 Oct 2023

PETROVIETNAM POWER (POW)

AM briefing: NT3-4's PPA is still waiting for LNG price mechanism

3Q23 analyst meeting briefing

On October 24, POW organized the analyst meeting, in which notable information was:

- *In 9M23, revenue and NPAT was VND21,119bn and VND861bn, respectively. In 3Q23, NPAT was +VND30bn, increased by VND77bn compared to VND-47bn, which the company announced before.*
- *The volume in 9MQ23 was 11,149mn kWh (+10% yoy), which fulfilled 71.5% of the 2023 plan. In which, volume in 3Q22 was 2.7bn kWh (-11.7% yoy, -40% qoq)*
- *NT3-4 projects: Up to now, have fulfilled 51% of the construction plan. In addition to BOD is negotiating PPA's terms with EVN. According to BOD, the contract is waiting for approval on the LNG price range by MOIT to complete the negotiation. BOD shared that the long-term capacity factor could reach 80%; this is a high number compared to other PPAs.*
- *On divestment of hydroelectric plants: Currently, the plants are operating effectively. So, BOD is considering not divesting the plant or keeping at least 51% of the shares at the plant.*
- *Funding on NT3-NT4 projects is funded by three main sources of lending. In which, POW has reached the agreement by SMBC (March-23, USD200mn, SOFR+1.75%) and VCB (Sep 23, VND4,000bn, first year 7%, then: 12-month deposit rate + 2%) and negotiating with Citibank (USD500mn, SOFR + ~1%).*

4Q23 business results are forecasted to be more positive than 3Q23

In 4Q23, we estimate revenue and NPAT to be VND7,390bn (+40% qoq, -4% yoy) and VND235bn (+684% qoq, -68% yoy), respectively. It's more positive than 3Q23 but down compared to the high base in 4Q22. The qoq-improvement mainly comes from (1) being less affected by the overhaul; (2) Vung Ang 1 - unit 2 operates full time in 4Q (it operated only 1 month in 3Q23), and (3) hydroelectric plants operate more effectively in favorable hydrological situations.

12M rating **Non-rated**

12M TP

Up/Downside

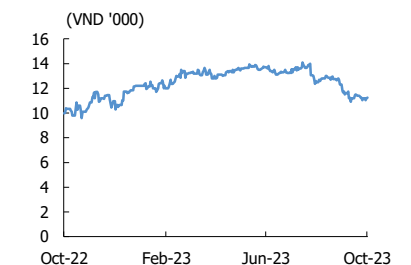
Stock Data

VNIndex (24 Oct, pt)	1,106
Stock price (24 Oct, VND)	11,200
Market cap (USD mn)	1,072
Shares outstanding (mn)	2,342
52-Week high/low (VND)	14,100/9,580
6M avg. daily turnover (USD mn)	4.33
Free float / Foreign ownership (%)	20.0/4.7
Major shareholders (%)	
PVN	79.74

Performance

	1M	6M	12M
Absolute (%)	(4.7)	(12.1)	12.8
Relative to VNIndex (%p)	(0.6)	(20.0)	0.1

Stock price trend



Source: Bloomberg

Research Department

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Prepared by: Research Department

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