



# **PETRO VIETNAM POWER**

**Waiting for somethings new**



# Petro Vietnam Power (POW)

## Waiting for somethings new

### 2024 – The recovery, however, is not yet comprehensive

In 2024, we project POW's revenue and PAT will be VND29,004bn (+0% yoy) and VND1,741 bn (+76% yoy). The drive for improvement comes from the fact that the Vung Ang 1 plant will be fully operational in 2024, and the Nhon Trach 2 will perform better once it is no longer being hampered by overhaul. It is expected that the hydrological conditions will be better in 2024, which will help the Hua Na and Dak Drinh hydropower plants work more efficiently. However, this will also slightly lower the output of the Ca Mau and Nhon Trach 1 plants. We also think that the lack of gas sources in the Southeast will have an effect on the capacity rate of the Nhon Trach 1 and Nhon Trach 2 plants in 2024 and 2025.

### Growth prospects beyond 2025

In the meantime, we expect the big jump in expected profit growth will take place in 2026 because: (a) EVN's average retail price rises to a level that can cover the high costs of getting power from LNG sources, (b) NT3 and NT4 start running in 2025, and (c) Nhon Trach 1 and Nhon Plants Trach 2 could increase their capacity factor thanks to the addition of LNG gas sources and and get benefits from the power system's lack of active supply

### Recommendation and Ratings: BUY

We recommend **BUY** for POW stock with a target price of **16,600 VND** per share for **mid and long-term investment strategy** (upside +42.6% compared to closing price 17 Nov 2023).

- We especially emphasize that in 2024–25, POW's earnings may still not achieve strong sustainable growth compared to the past, which could create strong incentives to improve valuation in the short term. The main reason for this is that the capacity factor of Nhon Trach 1 and Nhon Trach 2 plants is increasingly narrowed due to (1) the increase in wind power capacity. In addition to (2) the drop in gas availability in the Southeast.
- At the same time, as mentioned above, we think that 2026 will be the year that marks the turning point in POW's long-term growth and is also the time to better reflect the value of the business.

## Company

### In-depth

## Petro Vietnam Power (POW)

17 Nov 2023

12M rating **BUY**  
12M TP **16,600**  
Up/Downside **+42.6% (included dividend)**

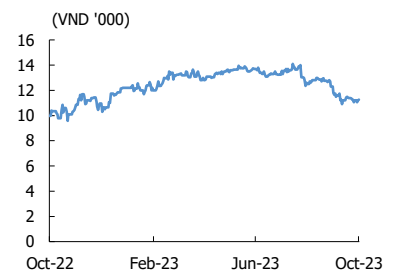
### Stock data

VNIndex (17 Nov, pt)	1,101
Stock price (17 Nov, VND)	11,700
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



Source: Bloomberg

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## What is the report about?

- Summary of 9M2023 business results and ongoing trends
- Prospects, risks and forecast of business results in the period 2023-28F
- Valuation & recommendation

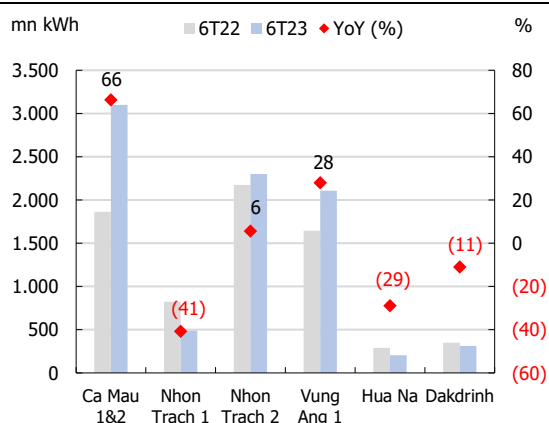
## I. 2024 – The recovery, however, is not yet comprehensive

### 1H23 – Electricity output benefited positively by El-Nino

During 1H23, the country experienced long periods of hot weather, which was partly caused by a strong El-Nino phase at the time. Because of this, the national power system has had a lot of problems because the output from hydropower plants has dropped a lot. In particular, when water levels in hydroelectric reservoirs got close to the "dead storage" level at the end of May to the beginning of June, hydroelectric plants's the average of mobilized capacity factor only reached below 10%. However, this has notably benefited the electricity output of thermal power plants nationwide in general, and specifically for POW.

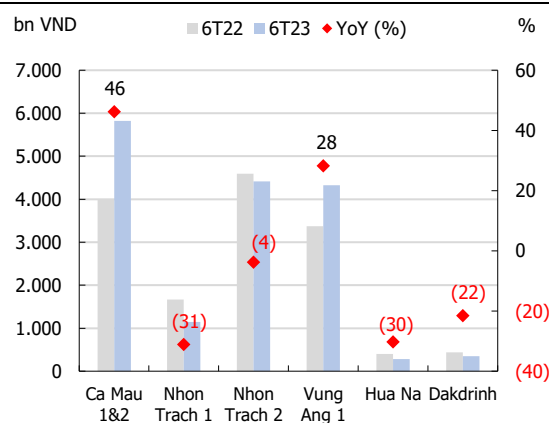
Cumulatively for 6M23, POW's total revenue reached VND15,854bn, +9.2% yoy, with an accumulated output of 8.5 billion kWh, +19% yoy. Specifically, thermal power plants of Ca Mau gas-fired (+66% yoy), NT2 (output +6% yoy) and Vung Ang coal-fired (+28% yoy) all recorded significant growth in 6M23. On the other hand, hydroelectric plants Hua Na (-29% yoy) and Dakdrinh (-11% yoy) had bad effects as a result of bad water conditions (Figure 1,2).

**Figure 1. The output of POW's thermal power plants showed significant growth in 6M23**



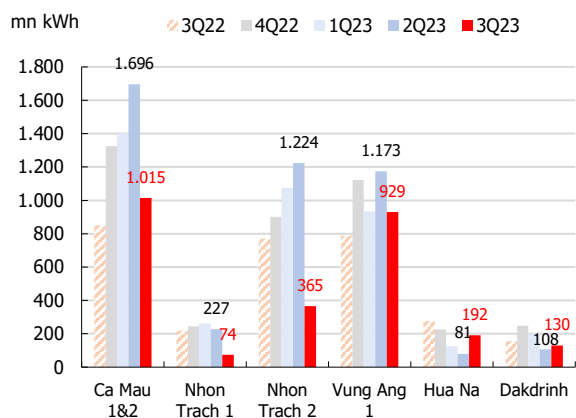
Source: POW, KISVN

**Figure 2. The revenue of POW's plants in 6M23**



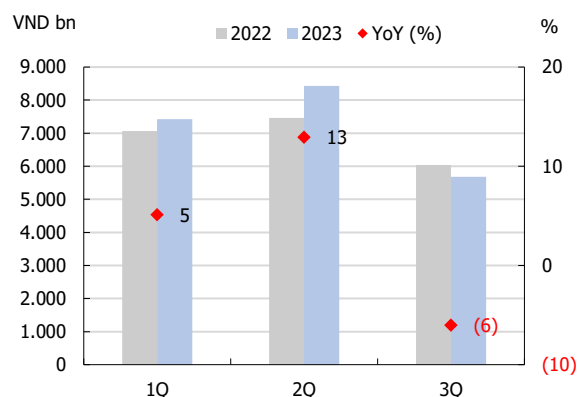
Source: EVN, KISVN

**Figure 3. ...however, electricity output began to reverse in 3Q23 as hydrological conditions became favorable**



Source: POW, KISVN

**Figure 4. 3Q23 revenue also showed a decrease compared to the same period or the first two quarters of 2023**



Source: POW, KISVN

### 3Q23 – The wind has shifted

In July, the hydrological situation in the whole country significantly improved thanks to the minor flood season. This improvement notably enhanced the operation of hydroelectric plants. Alongside this, the wind power capacity of the system continuously expanded from transitional projects (as of September 30, wind power capacity increased by an additional 486 MW compared to the beginning of the year, an 72% increase at the end of 2Q23). These are the two main reasons for the reduction of output from high-priced gas turbine sources. In 3Q23, the output share of gas turbine sources decreased rapidly to only 7%, compared to 13% in 2Q23 or 12% in 1Q23.

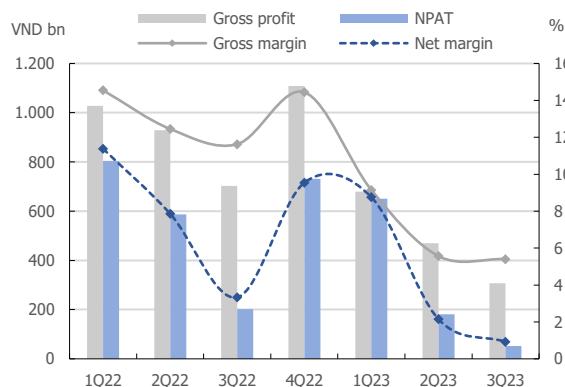
Accounting for up to 34% of the nationwide gas-fired electricity generation capacity, in 2Q23, POW's business performance was in line with the general trend. The total revenue reached VND5,679bn, -6% yoy or 33% qoq. The electricity output was 2.7 billion kWh, -6% yoy and -40% qoq (Figure 3 and 4).

- The three main power plants, Nhon Trach 1, Nhon Trach 2, and Ca Mau, make up 64% of POW's total capacity. Their mobilized output recorded significant declines of -40% qoq, -68% qoq, and -70% qoq, respectively. As a result, this put huge pressure on the overall business results of the company in 3Q23.
- On positive aspects, although its output dropped 21% quarter over quarter, which was the trend for thermal power plants across the country, the Vŭng Áng Thermal Power Plant reported positive growth in 3Q23 compared to the same time last year. This was because Unit 1 started working again on August 12, 2023, after 2 years of the overhaul. The revenue recorded was VND1,973bn, +30% qoq.
- Additionally, thanks to favorable hydrological conditions, the electricity output of the Hua Na (+138% yoy) and Dak Drinh (+21% yoy) hydroelectric plants also began to positively improve in 3Q23.

### Gross profit and NPAT decreased in all the three first quarters of 2023

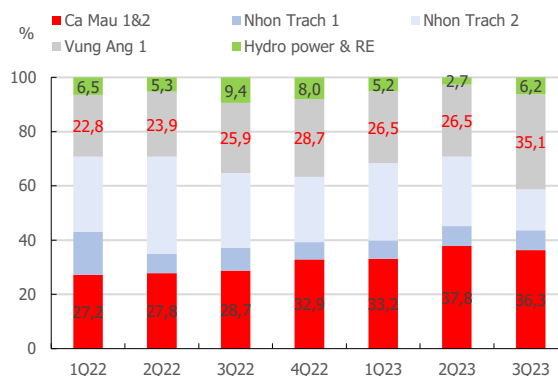
Despite overall revenue growth in 1Q and 2Q and cumulatively, both gross profit and gross margin in the first three quarters of 2023 for POW have significantly decreased compared to the same period (Figure 5). According to our analysis, the main impacts come from:

**Figure 5. Gross profit and gross profit margin show a decreasing trend despite the positive trend of revenue**



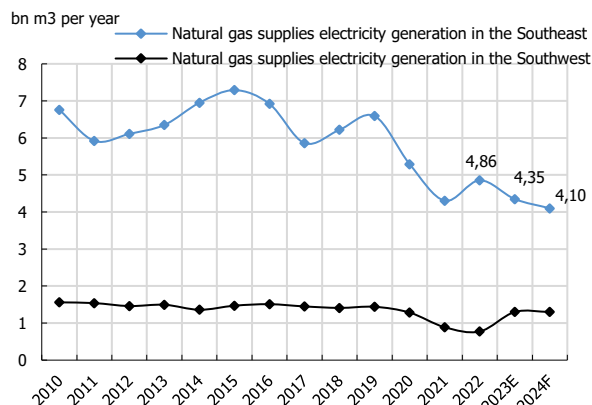
Source: POW, KISVN

**Figure 6. Partly attributed by the decrease in the revenue NT2 and hydropower plants's share of revenue, which inherently have higher gross margin compared to the others**



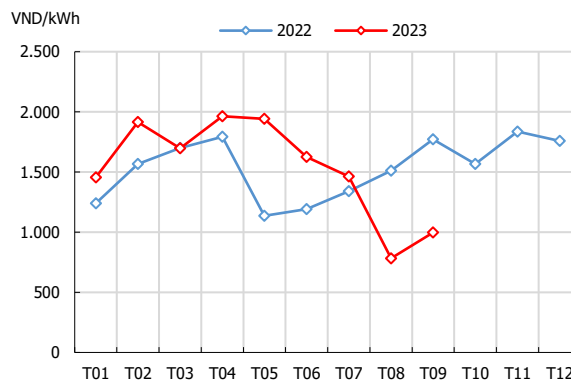
Source: POW, KISVN

**Figure 7. The decline in gas supply in the Southeast in 2023 has partially affected the NT1 and NT2's manufacturing activities**



Source: POW, KISVN

**Figure 8. The Full market (FTP) rapidly decreased in 3Q23 as hydroelectric plants operated actively**



Source: POW, KISVN

- (1) *The drop in gas supplies from the Cuu Long and Nam Con Son basins:* out of all of POW's thermal power units, NT2 has the highest gross. In 9M23, the NT2's share of revenue was only 22.9%, a decrease of 7.6% compared to the same period. Notably, despite the electricity shortage period in 2Q, the NT2's electricity output did not rise much, causing the NT2's revenue share to be only 25.7%, a 10% decrease compared to 35.7% in 2Q22. In 3Q23, it dropped even more to only 15%, a significant decrease of 12.6% compared to 27.6% in 3Q22 when hydrological conditions were better (Figure 6). The main reason for the decline comes from the weak gas supply for the plant. In 2023, the gas supply for the plant is only 2 m3 per day, a decrease of about 15% compared to 2022 when gas

reserves in the Cuu Long and Nam Con Son basins were reduced and extraction activities became more difficult (Figure 7). Additionally, the reduction in gas supply also puts pressure on the less efficient operation of the NT1 plant, which operates at a very low capacity factor of 19%. This also partially affects the overall gross margin.

- (2) As above analyzed, *the capacity factor of thermal power plants was diminished in 3Q23* as a result of the prioritization of mobilizing low-cost electricity sources in response to the improvement in hydrological conditions. Overall, the company's gross profit margin has been impacted by (a) the leverage effect of operations, which occurs when thermal power facilities have high fixed costs, and (b) a decrease in selling prices in the competitive electricity market (Figure 8).

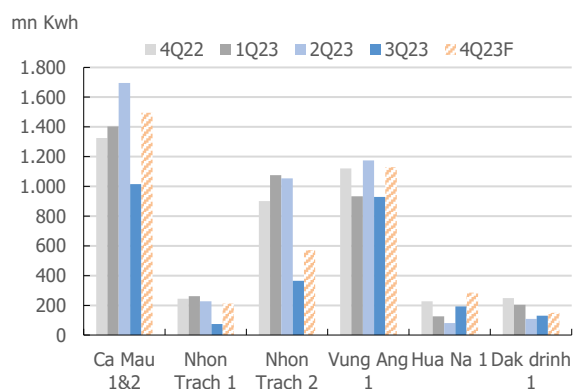
Cumulatively for 9M2023, the POW's gross profit and NPAT recorded VND1,107bn (-45% yoy) and VND884bn (-44% yoy).

#### 4Q23F, NPAT is expected to rise from 3Q23, but still remain below 4Q22

In 4Q23, we project the POW's revenue and net profit to be approximately VND7,708bn (-3% yoy or +31% qoq, figure 12) and VND187bn (-75% yoy or +256% qoq), based on the following considerations:

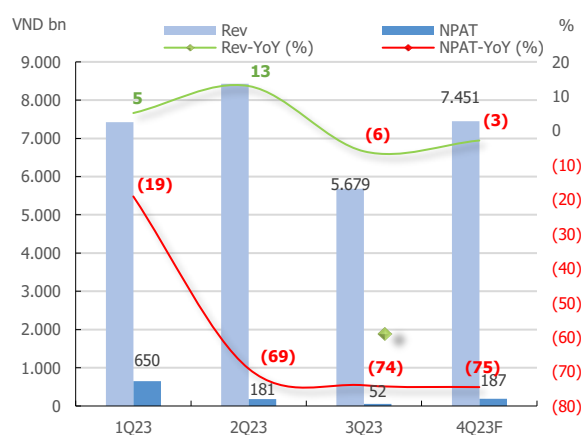
- (1) The share of whole system gas-fired thermal power in 4Q23 is forecast to improve compared to 3Q23 but is still expected to be lower than the same period last year.
- a. In the first 45 days of 4Q23, actual data from A0 indicates that the mobilization volume of gas-fired power sources was 3.2 billion kWh, with an average daily output of 68 mn kWh per day, an increase of 17% qoq. From a low point of 5% in August, the proportion of electricity generated through gas-fired means rose to 7% in October and 9% in the first 15 days of November. However, it remains below the 4Q22 average of 12%.

**Figure 11. The output of POW's power plants in 4Q23 is expected to improve compared to 3Q23 but decrease compared to 4Q22**



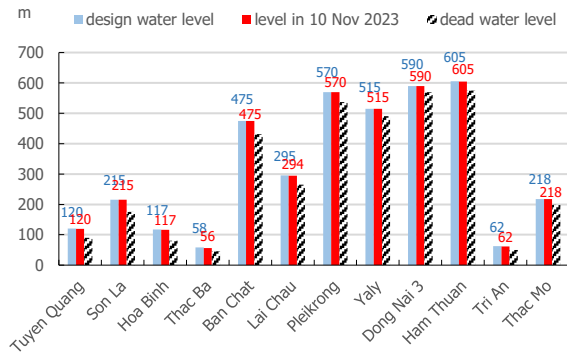
Source: POW, KISVN

**Figure 12. Forecast of 4Q23 revenue and NPAT**



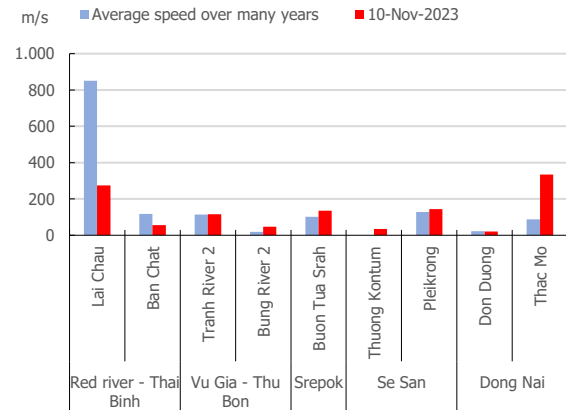
Source: POW, KISVN

**Figure 13. Water levels at large hydroelectric reservoirs are currently high**



Source: EVN, KISVN

**Figure 14. Water flow at upstream hydropower plants is at a high level**



Source: EVN, KISVN

b. As of mid-November, water levels in the annual regulation reservoirs and water flow in the main basins are showing favorable trends (Figures 13, 14), allowing the Operations Center (A0) to maintain the share of hydroelectric source mobilization as of the current time. There is currently no need to increase the deployment of thermal power for the overall system load.

(2) Actual figures for POW's electricity output in October recorded 1.1 bn kWh, +13% yoy, or 22% qoq. The main driver of growth came from the Vŭng Áng Thermal Power Plant after Unit 1 resumed operations, which covered the drop in NT2's output due to prolonged overhaul operations. Additionally, we estimate that the commercial electricity production for the last two months of 2023 could increase to the range of 1.3–1.4 billion kWh due to (a) the stable operation of Nhon Trach 1 and Vung Ang power plants at their current capacity, (b) improved mobilization output from Nhon Trach 2 in November–December after maintenance, and (c) an expected increase in mobilization output from the Hua Na and Dak Drinh hydroelectric plants due to the rainy season.

**2024F – The recovery, however, is not yet comprehensive**

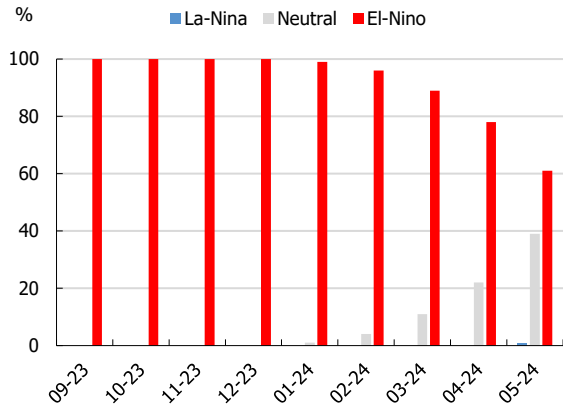
In 2024, we project the revenue and net profit of the company to be VND29,044bn (+0% yoy) and VND1,741bn (+63% yoy). The total output estimates to be 16.2 bn kWh, +10% yoy (Figure 18), specifically:

- Ca Mau 1-2, Nhon Trach 1 are forecast to decrease by about 5-10%. While Nhon Trach 2 will no longer have major overhaul operations in 2024, output is expected to only increase slightly by 7% due to the influence of the following factors:

(1) *Forecasted transition of El-Nino phase to neutral phase:* According to NOAA's forecast, El-Nino is expected to peak in November 2023, gradually weakening and possibly transitioning to a neutral phase from 2H23 (Figures 15-16). This premise is expected to create a favorable environment for the operation of hydroelectric power plants while reducing the mobilization coefficient of POW's gas-fired thermal power plants.

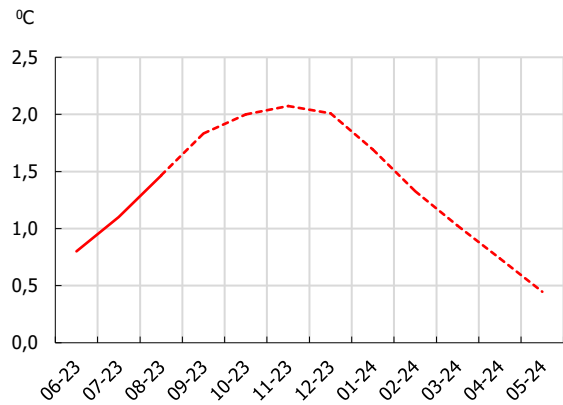


**Figure 15. El-nino probability decreases in 2024**



Source: NOAA, KISVN

**Figure 16. Temperature in zone 3.4 is forecast to peak in Nov 2023 and decrease to neutral levels by the end of 2Q24**



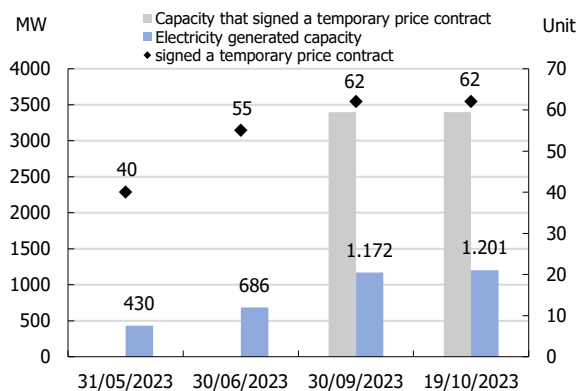
Source: NOAA, KISVN

(2) Increase in wind power mobilization (Figure 17).

(3) The natural gas supply for power plants in the Southeast is likely to decrease in 2024. The estimated volume of natural gas supplied to power facilities in the Southeast in 2023 is between 4.2 and 4.5 million cubic meters. This amount is anticipated to fall within the range of 4.0-4.2 million m3 in 2024, representing a 5.7% year-on-year decline. As a consequence, the gas supply limitation will have a partial impact on the production operations of NT1 and NT2.

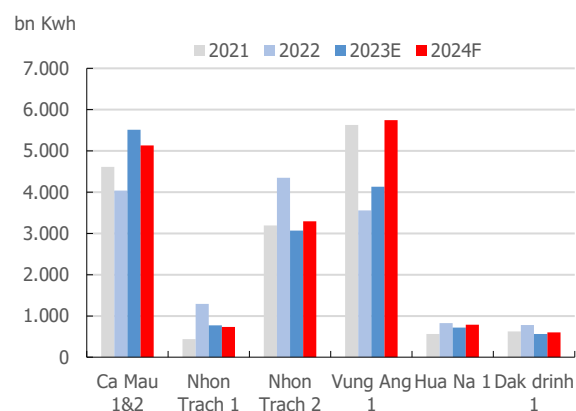
- On the other hand, hydroelectric plants Hua Na (+9% yoy) and Dak Drinh (+7% yoy) are expected to benefit from the neutral phase.
- The Vung Ang Thermal Power Plant is anticipated to generate 5.7 bn kWh in 2024, +39% yoy, as Unit 01 may operate for a full year, instead of to just five months in 2023.

**Figure 17. Installed capacity of wind power is forecasted to increase in 2024 after the government pushes for the signing of temporary price contracts from 3Q23**



Source: EVN, KISVN

**Figure 18. POW's electricity output is forecasted to increase slightly in 2024**



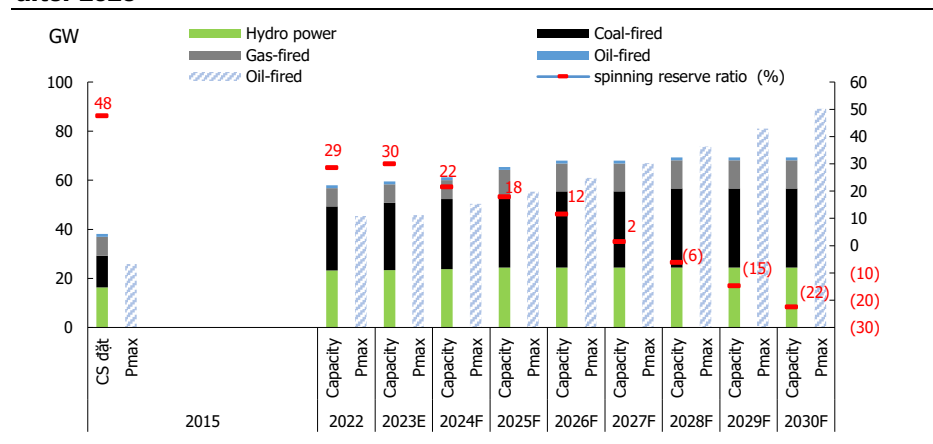
Source: POW, KISVN

## II. Growth prospects beyond 2025

### 1. Benefits from the power system 's electricity shortage

In the medium and long term, Vietnam's GDP is likely to continue growing quickly, driven by positive prospects from both domestic and export markets. This will make it possible for the production of power to keep growing over the next few years. According to estimates from EVN, Vietnam's energy production could grow quickly by 11.4% from 2023 to 2025 and by 7.8% from 2025 to 2030 in the base case. But based on how things stand right now, it looks like the country's progress in building up its power grid and electricity sources is not keeping up with its economic growth. If you look at the spinning reserve ratio from 2023 to 2030, you can see that from 2026 onwards, the chances of not having enough active supply sources are very high.

**Figure 19. The spinning reserve ratio is forecasted to decrease to risky level after 2025**



Source: EVN, Power Master Plan 8, KISVN

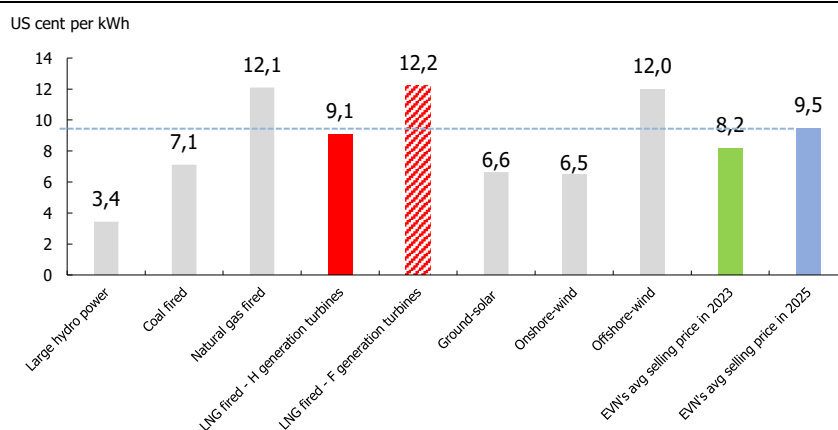
- In the 2024-25 period, the Vietnamese power system may not face significant risks of power shortages, as new capacity has been added with the commissioning of two coal-fired power plants, Van Phong (1,320MW) and Thai Binh 2 (1,200MW), in the second half of 2023. Additionally, an extra 3,900MW of the Nhon Trach 3-4, Vung Ang 2, and Quang Trach 1 plants are expected in 2025. These power plants have helped maintain the system's spinning reserve ratio at a relatively safe level of over 20% during this period.
- However, in the 2026-30 period, with no new active power sources scheduled to be added to the Vietnamese power system, and electricity demand projected to continue growing at 8-10% per year, the spinning reserve ratio is anticipated to decrease to only 12% from 2026 onward. This raises significant concerns about the risk of power shortages during this period (Figure 19).
- In this context, the government is beginning to outline several solutions, including (1) developing the pumped storage hydropower plants and (2) importing LNG to enhance the power generation capacity of gas-fired power plants.

Therefore, from this perspective, from 2026 onwards, gas power companies in general and POW in particular will benefit significantly from two aspects:

- (1) Increased electricity output due to additional LNG supply.  
Given that natural gas supplies in the Southeast are currently

decreasing, this gives a chance for Nhon Trach 1 and Nhon Trach 2 power plants to greatly increase their capacity factors. But in the short run, the high price of LNG imports right now—about 13.8 US cents per mmBTU—makes it expensive to send LNG to power plants. Since the system should have enough electricity in 2024–25 and EVN's retail electricity price is only about 8.3 cents per kWh, which is much less than the cost of LNG power generation at 9.1-12.2 US cents per kWh, we don't think EVN has an incentive to buy LNG-generated electricity right now (Figure 20). However, given a possible lack of supply in 2026 and the potential that the retail price of electricity could rise by 5–10% per year, we think EVN will have additional motives to mobilize LNG power to keep the power system stable.

**Figure 20. From late 2025 on, the EVN's selling price should be able to cover the high cost of gas turbine power plants.**

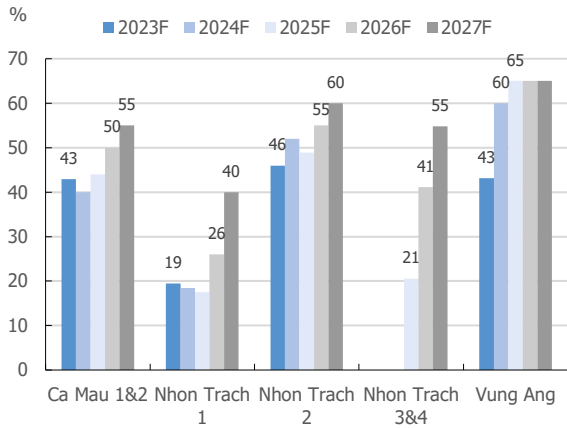


Source: KISVN

(2) *The average electricity selling price on the competitive electricity market is likely to increase.* Due to a lack of supply, the power system relies heavily on the pumped storage hydropower and LNG gas-fired power plants to keep things in balance. However, these two sources of electricity production are quite expensive, costing more than 10 UScents per kWh. Because of this, other power sources are likely to bid at or near the ceiling price, even though they are limited by rules that keep them below that price. In real life, this happened in 2Q23, when the local El-Nino peak made it much harder to use hydropower sources. In this case, even though the prices of coal and gas used as inputs were going down, the prices of energy on the competitive market stayed high.

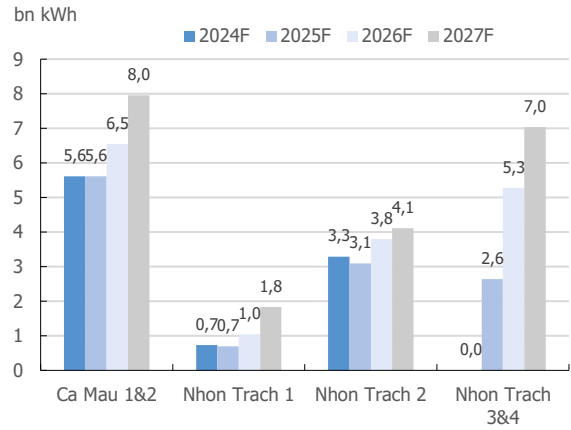
Based on these two assumptions, in 2027, our view is that the NT1, NT2, and Ca Mau thermal power plants's capacity factors could improve 15–20% compared to the current. In addition, the Vung Ang 1 coal-fired power plant's output factor should rise to 65% at that time (Figure 21, 22).

**Figure 21. The capacity factor of POW's gas thermal power plants should get a lot better after 2025, when LNG sources start coming online and supplies run out**



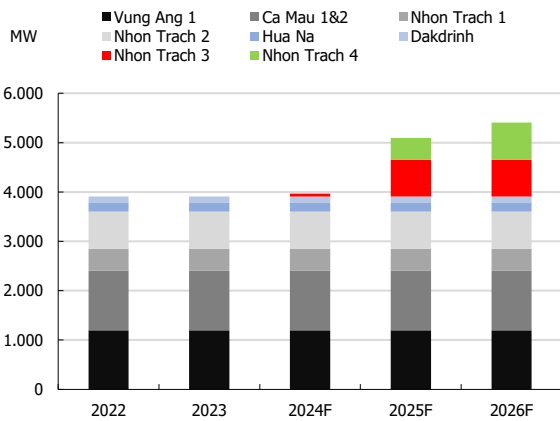
Source: KISVN

**Figure 22. ...This leads to the growth of the plants's electricity output**



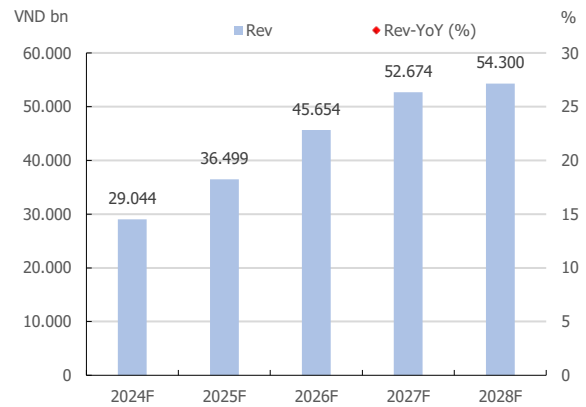
Source: KISVN

**Figure 23. Nhon Trach 3-4 will add 1,500 MW of installed capacity from 2025**



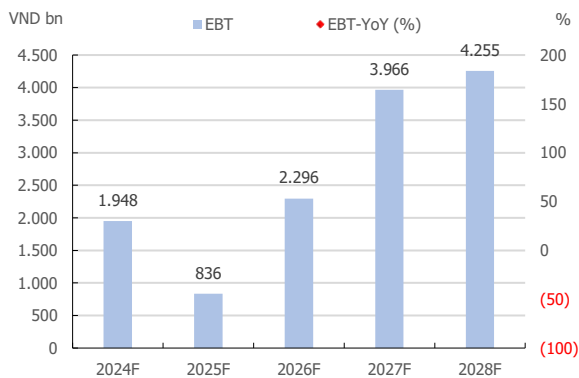
Source: NOAA, KISVN

**Figure 24. The revenue is projected to growth robustly by 2025**



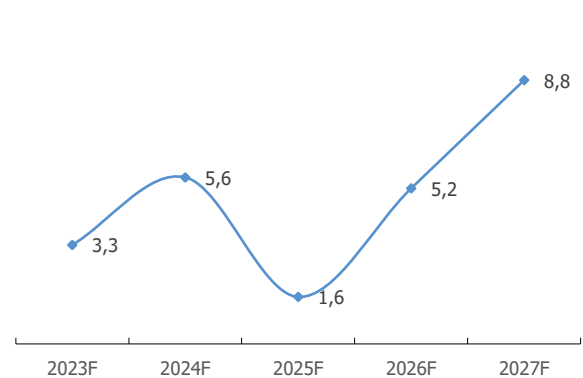
Source: NOAA, KISVN

**Figure 25. ...but the NPAT is forecasted to growth by 2026**



Source: KISVN

**Figure 26. Forecast of ROE (%), 2024-2028F**



Source: KISVN

## 2. Capacity Expansion by NT3 & 4 Power Plants

The Nhon Trach 3–4 gas thermal power project has finished 58% of its building plan as of right now. According to the schedule, Nhon Trach 3 to begin commercial service in November 2024 and for Nhon Trach 4 to begin commercial service in May 2025. So, when this time is up, POW's total installed capacity will go up by another 1,500 MW, which is 35.6% of its current installed capacity (Figure 23).

However, in the first year of operation-2025, we believe that the capacity factor of NT3 & NT4 plants will be low, around 20%, as retail electricity prices and the EVN's finance situation remain significant barriers to mobilizing high-cost power sources. Nevertheless, this factor will improve significantly in the subsequent years due to benefiting from the shortage of active supply in the system and the considerable improvement in EVN's retail electricity prices, as analyzed earlier. At the same time, we also anticipate that 2026 will be a notable turning point, marking a strong growth milestone in POW's overall net profit when Nhon Trach 3 and 4 power plants can contribute positive profits to the company's overall net profit.

## III. Risks to consider

*In the short term-2024*, (1) the business operations of power companies in general, including POW, are significantly affected by hydrological conditions. However, weather forecasting is always a challenging issue even in the short term. Therefore, this remains a crucial top risk that needs continuous monitoring for more accurate predictions regarding POW's short-term operational outcomes. Additionally, (2) the risk of fluctuations in the prices of gas and coal is another important factor to consider in the short term, as it negatively impacts the profitability of the business.

In the middle and long term, important factors include: (3) Related policies on retail selling prices are very important for POW's growth chances; these policies are directly linked to EVN's ability to expand to mobilize the LNG power sources (Nhon Trach 1-2-3-4). In addition, (4) although prolonging PPA negotiations for the Nhon Trach 3–4 power plants might not impact much on the company's valuation, it may lead to significant stock price volatility in the short run as a result of investor expectations being misaligned.

## IV. Valuation & Recommendation

We recommend **BUY** for **POW** stock with a target price of **16,600 VND** per share for **mid and long-term investment strategy** (upside +42.6% compared to closing price 17 Nov 2023).

- We especially emphasize that in 2024–25, POW's earnings may still not achieve strong sustainable growth compared to the past, which could create strong incentives to improve valuation in the short term. The main reason for this is that the capacity factor of Nhon Trach 1 and Nhon Trach 2 plants is increasingly narrowed due to (1) the increase in wind power capacity. In addition to (2) the drop in gas availability in the Southeast.

- At the same time, as mentioned above, we think that 2026 will be the year that marks the turning point in POW's long-term growth and is also the time to better reflect the value of the business (Figure 25, 26).

## Company overview

Founded in 2007, Nhon Trach 2 Thermal Power (HSX: NT2) is a leading firm in power generation. NT2 owns the Nhon Trach 2 gas thermal power with total capacity of 750MW, which has used the advanced F-generation gas turbine combined cycle. On Jun 12, 2015, NT2 officially traded on Ho Chi Minh City Stock Exchange (HOSE).

Cost of equity assumption		%	WACC assumption		%
<b>Item</b>			<b>Item</b>		
Beta		1.2	Cost of debt		9.00%
Risk free rate		4.20%	Target debt to capital		25.00%
Equity risk premium		9.6%	Tax rate		10.00%
<b>Cost of equity</b>		<b>15.70%</b>	<b>WACC</b>		<b>14.00%</b>

Source: KISVN

Source: KISVN

## SOTP valuation

Plant	Method	WACC (%)	Stake (%)	Eff. NAV	Item	VND bn
<b>Gas fired plans</b>				<b>16,642</b>		
Ca Mau 1&2	DCF	14.0	100	8,673	Cash & cash equivalents	7,080
Nhon Trach 1	DCF	14.0	100	1,209	Short-term investment	75
Nhon Trach 2	DCF	11.1	59	5,464	Long-term investment	722
Nhon Trach 3&4	DCF	8.3	100	1,297	Revaluation assets	37,413
<b>Coal fired plan</b>				<b>5,995</b>	Debts	(6,375)
Vung Ang 1	DCF	14.0	100	12,653	<b>NAV</b>	<b>39,285</b>
<b>Hydro power</b>				<b>8,101</b>	Number of Outstanding shares	2,342
Hua Na	DCF	14.0	85	4,192	<b>Fair value per stock</b>	<b>VND16,600</b>
Dakdrinh	DCF	14.0	55	3,909		
<b>Sum</b>				<b>37,413</b>		

Source: KISVN

## Relative valuation

	P/E			P/B			EV/EBITDA		
	TTM	2023F	2024F	TTM	2023F	2024F	TTM	2023F	2024F
NT2	17.3	27.6	11.0	1.7	1.5	1.5	7.3	7.7	5.3
QTP	14.9	10.3	12.3	1.2	1.0	1.0	4.8	3.8	4.1
HND	13.4			1.1			5.0		
PGV	13.4			1.5			6.7		
PPC	12.2			0.8			55.3		
BTP	18.6			0.7			21.0		
GEG	49.2	23.2	14.3	1.2	1.0	1.0	9.9	2.5	2.3
REE	9.9			1.4			7.8		
Mean	18.6	20.4	12.5	1.2	1.2	1.2	14.7	4.7	3.9
Median	14.1	23.2	12.3	1.2	1.0	1.0	7.6	3.8	4.1
<b>POW</b>	<b>19.5</b>	<b>25.5</b>	<b>15.7</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>	<b>7.2</b>	<b>5.1</b>	<b>4.7</b>

Source: KISVN

**Balance sheet** VND bn

FY-ending Dec.	2022A	2023F	2024F	2025F	2026F
Current assets (Adj.)	24,925	31,174	27,062	31,072	35,160
Cash & cash equivalent	8,252	8,474	8,491	10,671	13,946
Non-current assets (Adj.)	16,673	22,700	18,571	20,401	21,214
Fixed Asset	29,155	26,437	23,619	53,729	49,549
Investment assets	878	933	933	933	933
Others	1,885	8,911	30,425	4,889	5,259
<b>Total assets</b>	<b>56,843</b>	<b>67,455</b>	<b>82,039</b>	<b>90,624</b>	<b>90,902</b>
Advances from customers	4	4	4	5	6
Unearned revenue	0	-	-	-	-
Trade payables	7,346	7,545	7,560	9,500	11,883
Others	5,340	5,271	5,282	6,638	8,303
ST debt & bond	5,635	15,075	10,415	10,467	7,550
LT debt & bond	3,382	3,335	20,536	24,538	21,048
<b>Total liabilities</b>	<b>18,326</b>	<b>27,894</b>	<b>23,261</b>	<b>26,610</b>	<b>27,742</b>
Controlling interest	30,516	31,516	33,271	33,783	35,537
Capital stock	23,419	23,419	23,419	23,419	23,419
Capital surplus	(0)	(0)	(0)	(0)	(0)
Other Reserves	3,678	3,678	3,678	3,678	3,678
Retained earnings	3,420	4,419	6,175	6,687	8,441
Shareholders' equity	30,516	31,516	33,271	33,783	35,537

**Cash flow** VND bn

FY-ending Dec.	2022A	2023F	2024F	2025F	2026F
C/F from operations	3,156	(3,012)	8,781	6,423	9,510
Net profit	2,809	1,244	1,948	836	2,296
Depreciation	2,809	2,818	2,818	4,190	4,190
Net incr. in W/C	5,456	4,110	5,381	5,837	7,858
C/F from investing	(3,374)	(6,159)	(21,630)	(8,297)	172
Capex	(2,600)	(6,970)	(21,512)	(8,514)	(72)
Incr. in investment	(774)	811	(118)	217	244
C/F from financing	245	9,393	12,542	4,053	(6,407)
Incr. in equity	-	-	-	-	-
Incr. in debts	-	9,439	(4,659)	52	(2,917)
Dividends	(199)	-	-	-	-
C/F from others	(0)	-	-	-	-
<b>Increase in cash</b>	<b>28</b>	<b>223</b>	<b>(307)</b>	<b>2,180</b>	<b>3,275</b>

**Income statement** VND bn

FY-ending Dec.	2022A	2023F	2024F	2025F	2026F
Net sales	28,224	28,986	29,044	36,499	45,654
COGS	24,498	27,028	25,855	34,052	40,972
Gross profit	3,726	1,958	3,189	2,447	4,682
SG&A	868	678	679	854	1,068
<b>Operating profit</b>	<b>2,859</b>	<b>1,280</b>	<b>2,509</b>	<b>1,593</b>	<b>3,614</b>
Financial income	445	524	206	217	244
Interest income	319	147	137	148	176
Financial expenses	592	702	820	1,028	1,616
Interest expenses	438	562	496	1,028	1,616
Other non-operating profit	44	130	-	-	-
Gains (Losses) in associates, subsidiaries and JV	53	53	53	53	53
<b>Earnings before tax</b>	<b>2,809</b>	<b>1,244</b>	<b>1,948</b>	<b>836</b>	<b>2,296</b>
Income taxes	256	174	207	76	209
<b>Net profit</b>	<b>2,553</b>	<b>1,070</b>	<b>1,741</b>	<b>759</b>	<b>2,086</b>
<b>Net profit of controlling interest</b>	<b>2,553</b>	<b>1,070</b>	<b>1,741</b>	<b>759</b>	<b>2,086</b>
<b>EBITDA</b>	<b>5,668</b>	<b>4,098</b>	<b>5,327</b>	<b>5,784</b>	<b>7,805</b>

**Key financial data**

FY-ending Dec.	2022A	2023F	2024F	2025F	2026F
per share data (VND, adj.)					
EPS	824	427	749	219	749
BPS	13,031	13,457	14,207	14,426	15,175
DPS	-	-	-	-	-
Growth (%)					
Sales growth	14.9	2.7	0.2	25.7	25.1
OP growth	19.1	(55.2)	96.1	(36.5)	126.8
NP growth	24.4	(58.1)	62.8	(56.4)	174.7
EPS growth	14.6	(50.1)	75.7	(70.8)	242.1
EBITDA growth	8.6	(27.7)	30.0	8.6	34.9
Profitability (%)					
OP margin	10.1	4.4	8.6	4.4	7.9
NP margin	9.0	3.7	6.0	2.1	4.6
EBITDA margin	20.1	14.1	18.3	15.8	17.1
ROA	4.5	1.6	2.1	0.8	2.3
ROE (excl MI)	7.0	3.3	5.6	1.6	5.2
Dividend yield	-	-	-	-	-
Dividend payout ratio	-	-	-	-	-
Stability					
Net debt (VND bn)	765	9,936	22,460	24,334	14,652
Net debt/equity (%)	3	32	68	72	41
Valuation (X)					
PE	9.8	25.5	15.7	35.9	13.1
PB	0.8	0.9	0.8	0.8	0.8
EV/EBITDA	5.0	6.7	5.1	4.7	3.5



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