

## AGM 2023: The recovery retains its momentum

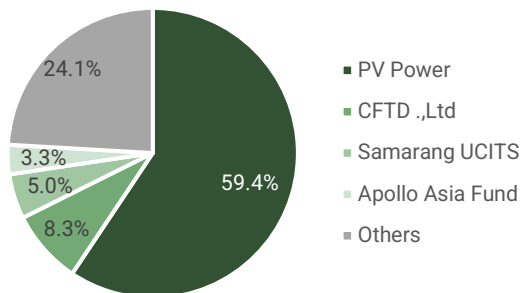
### BUY [+13%]

Fair price 33,300 VND  
Current price 29,600 VND

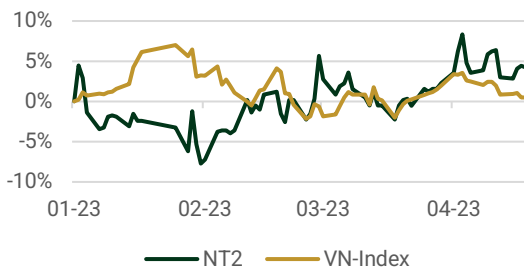
### STOCK INFORMATION

Outstanding shares (mil) 287.9  
Free float (mil) 87.4  
Market cap. (billion VND) 8,849.2  
3m avg. volume (shares) 0.6 million  
Foreign ownership (%) 15.2%  
First listing date 12/06/2015

### MAJOR SHAREHOLDERS



### PRICE MOVEMENT COMPARED TO THE INDEX



### HISTORICAL VALUATION



Updated: 21/04/2023

### Main attractions:

**Business plan:** In 2023, Net revenue and NPAT are expected to be VND8,299 bn and VND473 bn, respectively. This plan is based on the assumption that power output can reach 4.1 billion kWh this year, and this NPAT is considerably lower than our forecast (Net revenue is VND8,012 bn and NPAT is VND732 bn). In the current situation, we consider this plan to be relatively conservative as the company can absolutely maintain its sideways momentum this year thanks to thermal power gradually regaining its advantage over hydropower. Not to mention that, NT2's performance is among the best in the industry, since it can quickly supply electricity at times of high demand and electricity prices (in the wholesale market).

**Factory overhaul in September and October 2023:** NT2 is expected to carry out a factory overhaul in 2023 on the occasion of 100,000 operating hours. The management plans to implement in 44 days from September to October 2023, which are usually the 2 low months of the year. And it may cost more than 400 billion VND to complete the process, this amount will be allocated to expenses in 3 years.

We estimate NT2's output would be flat (instead of growing) this year compared to 2022 due to the impact of this overhaul.

**Dividend plan:** In 2023, the company plans to pay out cash dividend at the rate of 25% on charter capital (VND2,500/share). The company already determined the shareholders entitled to receive the first dividend of 1,000 VND/share on March 23, 2023.

**Investment highlights:** (1) Profits can maintain flat growth in 2023F despite the long shutdown of the factory to carry out an overhaul. That is thanks to the bright prospect of thermal power, as the La Nina phenomenon may pass from the beginning of 2023 and take away the favorable advantages of hydropower. Accordingly, we anticipate that the total output could reach around 4,078 million kWh in 2023F, equivalent to the realised amount in 2022.

(2) The company is accelerating its deleveraging and maintaining the robust performance in the rising interest rate environment. This could enable the company to secure its bottom line and high dividend payout ratio looking forward.

**Valuation & recommendation:** Using DCF and Multiple method, we derive the fair price of VND33,300 per share. Thus, our recommendation is BUY with a potential upside of 13%. This valuation takes into account NT2's factory overhaul in 2023, which is expected to last 44 days, resulting in output reaching the equivalent of 2022 instead of a growth as we previously forecasted.

**Investment risks:** (1) The unfavorable fluctuation in natural gas prices; (2) The adverse changes in government's policies; (3) The recession risks come to forefront; (4) Insufficient cashflow due to late payment by EVN

Financial Indicators	2018A	2019A	2020A	2021A	2022A	2023F
Net revenue (billion VND)	7,670	7,654	6,082	6,150	8,788	8,012
Net Profit (billion VND)	782	754	625	534	883	732
EPS (VND)	2,717	2,620	2,172	1,854	3,069	2,543
EPS Growth (%)	-3.49%	-3.58%	-17.10%	-14.63%	65.50%	-17.14%
Book Value (VND)	12,795	14,336	14,928	14,706	16,027	16,070
P/E	29.46	17.75	23.17	23.44	9.92	13.48
P/B	2.06	1.83	1.76	1.79	1.83	2.13
Cash dividend (VND)	7,192	-	2,500	2,000	1,650	2,500