

06 February 2024

RECOMMENDATION BUY

Fair price	32,300 VND
Current price	25,400 VND
Upside/downside	27.2%

STOCK INFORMATION

Outstanding shares (mil)	287.9
Free float (mil)	86.4
Market cap. (billion VND)	7,355.2
3m avg. volume (shares)	0.73 million
Foreign ownership (%)	15.2%
First listing date	12/06/2015

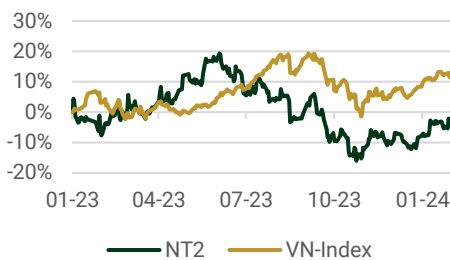
SHAREHOLDER STRUCTURE

PV Power	59.4%
CFTD .Ltd	8.3%
Samarang UCITS	5.0%
Apollo Asia Fund	3.3%
Others	24.1%

KEY ATTRIBUTES

TTM EPS (VND)	1,722
BVPS (VND)	15,140
Debt/Equity (%)	28%
ROA (%)	6.2%
ROE (%)	11.1%
P/E	14.9
P/B	1.7
Dividend yield (%)	9.8%

PRICE PERFORMANCE



COMPANY PROFILE

PetroVietnam Power Nhon Trach 2 Joint Stock Company (NT2) was established in 2007 to implement the investment and construction of Nhon Trach 2 Thermal Power Plant in Ong Keo Industrial Park, Dong Nai Province. Nhon Trach 2 Power Plant with a designed capacity of 750 MW has come into operation since 2011.

ANALYST(S)

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Business performance would recover solidly

- In 2023, Net revenue and NPAT decreased sharply by 27.4% YoY and 43.9% YoY, respectively, mainly due to a decrease in electricity sales volume (-29% YoY) as the company underwent a major maintenance period lasting 2 months and rivalry from coal-fired power and hydropower.
- Cash flow from operations is always maintained at a high and stable level, allowing NT2 to continue the reducing loans and paying high dividends in the future.
- We maintain our BUY recommendation with potential upside of 27%.

Forecast: We anticipate that business results in 2024 will significantly improve after a challenging 2023. Accordingly, Net revenue could grow again and reach VND 7,665 billion (+21% YoY) and NPAT could also recover to VND 640 billion (+29% YoY). However, NT2's gross profit margin will continue to face pressure due to competition from cheap coal-fired power (thanks to sharply reduced input costs) and the mighty return of hydropower from mid-2024, when the El Nino phase is expected to end and neutral phase comes. However, considering that hydroelectric power will continue to be disadvantaged due to El Nino in the first half of 2024, which will positively support electricity prices (CGM), we expect the Gross Profit Margin and Net Profit Margin to slightly recover and stabilize at 11% and 8% for the whole year ended 2024.

Investment highlights: (1) Revenue and Profit can recover well in 2024 thanks to a significant recovery in sales volume (+21% YoY) compared to the low level of 2023, while the average electricity selling price for the year could decrease slightly (-1% YoY). Accordingly, we forecast that the total volume will be roughly 3,501 million kWh in 2024.

(2) NT2 has a persistently high cash flow from operations, allowing the company to continue reducing loans and maintain high payout ratio in the future.

Valuation & recommendation: Using DCF and Multiple method, we derive the fair price of VND32,300 per share. Thus, our recommendation is BUY with a potential upside of 27%.

Investment risks: (1) The unfavorable fluctuation in natural gas prices; (2) The adverse changes in Government's policies.

Financial Results	2020	2021	2022	2023	2024F
Sales volume (mn kWh)	3,903	3,195	4,065	2,889	3,501
Net Revenue (VNDbn)	6,082	6,150	8,788	6,383	7,665
Net Revenue growth (%)	-21%	1%	43%	-27%	20%
Gross Profit (VNDbn)	895	676	1,082	509	813
Net Profit (VNDbn)	625	534	883	496	640
Net Profit growth (%)	-17%	-15%	65%	-44%	29%
Net Profit Margin (%)	10.28%	8.68%	10.05%	7.77%	8.35%
Book Value (VND)	14,928	14,706	16,027	15,140	15,298
Dividend (VND)	2,500	2,000	1,650	2,500	2,100