

PVPOWER CORP (POW) – UPDATE

Market Price	Target Price	Dividend Yield	Rating	Sector
VND18,200	VND19,200	1.7%	Hold	UTILITIES

16 February 2022

Outlook – Short term: **Neutral**
Outlook – Long term: **Positive**
Valuation: **Neutral**

Consensus*: Add:6 Hold:0 Reduce:1

Target price / Consensus: 10.6%

Key changes in the report

- Increase price by 28%
- EPS FY22/23/24F adjusted by -37.1%/-12.3%/+29.6%

Price performance



Source: VND RESEARCH

Key statistics

52w high (VND)	20,150
52w low (VND)	10,100
3m Avg daily value (VNDmn)	391,451
Market cap (VND bn)	42,856
Free float (%)	65
TTM P/E (x)	23.3
Current P/B (x)	1.40

Ownership

PVN	79.9%
Others	20.1%

Source: VND RESEARCH

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Strong outlook has already priced in

- 4Q revenue/net profit dropped 17%/25% yoy, due to 38% yoy drop in power output. FY21 net profit dropped 25% yoy to VND1,778.8bn
- We expect FY22F output to drop modestly (-2.3% yoy) then rebound 26.8%/31.2% yoy in FY23/24F thanks to the new NT3 thermal plant.
- Downgrade to Hold with a higher target price of VND19,200.

FY21 result: week performance due to solid thermal output loss

In 4Q21, POW's power output dropped 38% yoy to 2,522m kWh due to low-electric load in the South, leading to insufficient Qc assigned. Average selling price (ASP) softened 16% yoy as lower contribution from thermal power. 4Q21 revenue dropped 55% yoy to VN D3,598bn and the company recorded a loss in gross profit of VND326bn as gas price surge eroded profit margin. SG&A dropped 184% yoy thanks to VND742bn payment from EVN, financial income surged 28x thanks to subsidiaries cash dividend. As a result, POW recorded net loss of VND62.7bn (-106% yoy).

For FY21, revenue dropped 17% yoy to VND24,565bn as thermal power segment was underperformed, leading to a 25% yoy slump in net profit of VND1,778.8bn, fulfilling 76% of our forecast.

Too conservative FY22 guidance, in our view

According to Management, POW set target of 900bn (-49% yoy) for FY22F net profit as they concern about low power demand. We expect VND1,764bn for FY22F net profit (96% higher than guidance; -1% yoy) as we believe a stronger recovery in Vietnam power consumption to lift gas-fired output by 22% yoy and gross profit margin to widen 2%pts yoy. Our forecasts are based on the assumption of 14,9bn kWh FY22F output expected to drop 2.3% yoy due to Vung Ang 1 operation halt and 18.5% yoy drop in hydropower output at the end of La Nina phenomenon.

For FY23/24F, output will bounce back sharply 26.8%/31.2% yoy thanks to fast pace of power demand growth and the contribution from Nhon Trach 3 in FY24F, leading to a revenue surge of VND32,218bn and VND44,280bn (+26.1% yoy and +37.4% yoy, respectively). Overall, POW net profit will increase 44.0% yoy and 44.5% yoy in FY23/24F, respectively.

Downgrade to Hold with a higher target price of VND19,200

We revise up our TP for POW by 28% versus our previous report as (1) We roll forward our DCF valuation to FY22F, (2) we adjusted FY22/23/24F EPS by -37.8%/-11.4%/+29.6%, respectively. Re-rating catalyst is higher oil price. Downside risk are longer-than expected Nhon Trach 3&4 completion time.

Financial summary (VND)	12-20A	12-21A	12-22E	12-23E
Net revenue (bn)	29,732	24,565	25,550	32,218
Revenue growth	(16.1%)	(17.4%)	4.0%	26.1%
Gross margin	15.4%	10.4%	12.2%	13.5%
EBITDA margin	21.9%	23.0%	21.8%	20.7%
Net profit (bn)	2,365	1,779	1,764	2,543
Net profit growth	(5.0%)	(24.8%)	(0.8%)	44.1%
Recurring profit growth				
Basic EPS	1,010	760	753	1,086
Adjusted EPS	1,010	760	753	1,086
BVPS	12,186	12,659	13,226	14,344
ROAE	8.5%	6.1%	5.8%	7.9%

Source: VND RESEARCH

STRONG OUTLOOK HAS ALREADY PRICED IN

4Q21 results: Poor performance among thermal power plants

Figure 2: POW's 4Q21- FY21 results

Unit: VNDbn	4Q21	4Q20	% yoy	FY21	FY20	%yoy	Vs previous forecas	Comment
Total volume (million kWh)	2,522.1	4,062.6	-38%	14,701.0	19,170.0	-23%	78%	4Q21 power output slumped 38% yoy to around 2,522m kWh.
Gas-fired	1,503.3	2,321.8	-35%	7,960.0	11,555.1	-31%	74%	Gas-fired power plant continued to suffer from low Qc assigned in 4Q21, its power output dropped 35% yoy to 1,503m kWh. Low electric load in the South due to Covid-19 and the longer-than-expected rising trend of Brent crude oil price have affected the gas-fired power competitiveness. EVN prioritized mobilizing from hydropower with ideal weather conditions while the addition of RE power capacity in 2020-21 period was the resonance factor for the excess capacity in the South.
Coal-fired	598.0	1,254.3	-52%	5,554.0	6,542.3	-15%	84%	Vung Ang 1 engine unit 2 went through a large overhaul from August to October 2021, while engine unit 1 has stopped due to a technical problem since November. Hence, its output fell 52% yoy to 598m kWh in 4Q21. For FY21, the thermal power plant output decreased 15% yoy and fail to meet our expectation (84%) due to unexpected issues.
Hydropower	420.3	486.5	-14%	1,185.0	1,072.8	10%	78%	Hua Na hydropower was assigned low Qc in 4Q21, while the Dakdrinh hydropower plant has been in a flooding season. Hence, its high Qc assigned helped offset the output loss of 14% yoy in 4Q21.
ASP (VND/kWh)	1,426.8	1,700.5	-16.1%	1,671.0	1,551.0	8%		Average selling price (ASP) dropped 16.1% yoy in 4Q21 due to significant lower thermal output weight.
ASP Gas-fired	2,368.0	1,667.5	42%	1,806.4	1,482.5	22%		Gas-fired ASP increased sharply 42% yoy in 4Q21, contributing to a 22% yoy rise in FY21 due to the strong rising trend of Brent oil price from 4Q20.
ASP Coal-fired	1,639.2	2,506.7	-35%	1,511.7	1,520.5	-1%		4Q21 Vung Ang 1's ASP dropped 35% yoy to 1,639.2VND/kWh due to one-off exchange rate revenue of VND1,028bn recorded in 4Q20. The actual ASP in 4Q20 was 1,687.2VND/kWh, 3% higher than 4Q21 ASP.
ASP Hydro	1,059.9	957.0	11%	1,094.1	1,035.5	6%		Hydropower's ASP increased 11% yoy in 4Q21.
Net revenue	3,598.4	7,936.5	-55%	24,565.4	29,731.7	-17%	81%	FY21 revenue fails to meet our expectations (fulfilling 81% of the full-year forecast). Thermal power plants, the spearhead of POW business performed poorly with 4Q21 revenue slumped 55% yoy to VND3,598bn.
Gross profit	(326.3)	1,686.9	-119%	2,542.8	4,580.1	-44%	62%	
Gross margin	-9%	21%	-30.3% pts	10%	15%	-5.1% pts		High gas prices and fixed costs eroded gross margin (GPM). The company recorded a loss of VND326bn in 4Q21.
SG&A	396.99	-421.2	-194%	-138.42	-1,199.5	-88%	16%	SG&A dropped 194% yoy thanks to the sharp reduction in 4Q21 provision as POW recorded a VND732bn return of bad recievable debt from EPTC/EVN.
Financial Income	106.92	3.59	2879%	697.1	439.9	58%	115%	FY21 financial income increased 28.9x yoy in 4Q21 thanks to dividend payment from its subsidiaries
Financial expense	165.9	181.5	-9%	671.0	999.4	-33%	80%	
Minority Interest	61.6	113.3	-46%	253.5	297.7	-15%	100%	
Net profit	-62.7	1,062.3	-106%	1,778.8	2,365.0	-25%	76%	Hence, 4Q21 Net profit recorded a loss of VND62.7 bn, leading to FY21 Net profit decreased 25% yoy to VND1,778bn, fulfilling 76% our forecast.

Source: VNDIRECT RESEARCH, COMPANY REPORT

For FY21: Total volume dropped 23% yoy to 14,701bn kWh, mainly affected by weak thermal power segment performance. ASP rose 8% yoy thanks to a higher gas price, leading to 17% yoy decline in total revenue. SG&A dropped 88% yoy thanks to EPTC/EVN's bad debt return in 4Q21. Financial income rose 80% yoy thanks to dividend payment. Overall, net profit decreased 25% yoy to VND1,778bn, fulfilling 76% of our forecast.

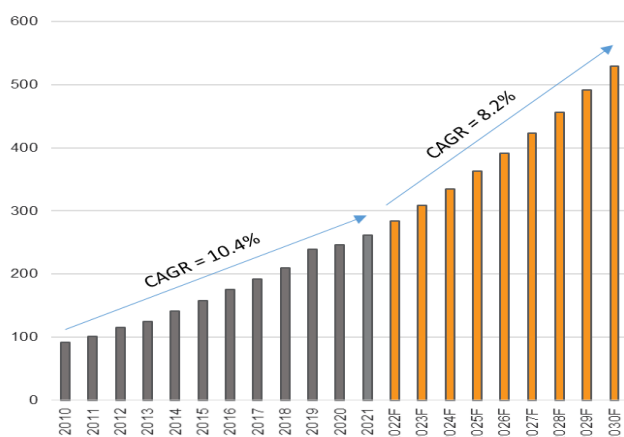
FY22-24F outlook: FY22 is a stepping stone for a breakthrough from FY23F

Output and ASP in the CGM to be gradually improved

We believe POW's power output will gradually recover from FY22F onward when Vietnam experienced 2 modest growth years of power consumption FY20/21F (2.9%/3.8% yoy), far lower than the forecasted level in the Power Development Plan 8 draft (PDP8 draft). We expected POW's power output would be benefited from a substantial recovery of power consumption from FY22F onward with estimated CAGR electricity demand of 8.2% in FY22-30F period when Vietnam economy return to its growth state post-pandemic.

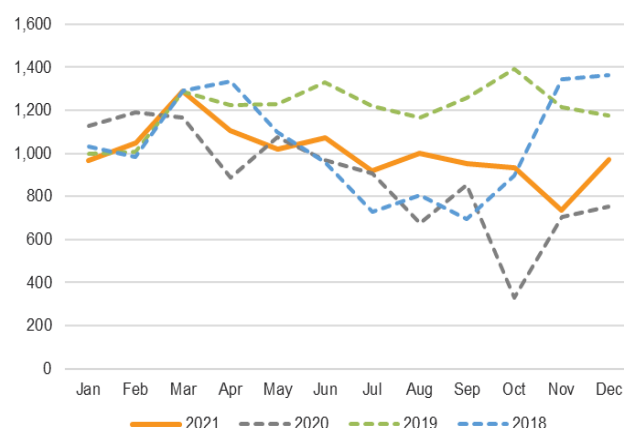
Besides, average selling price (ASP) in the Vietnam competitive generation market (VCGM) recorded a downward trend from March as hydropower was preferred to mobilize. ASP in the VCGM market also expected to rise when hydropower steps out of its ideal condition from March 2022. Hence, thermal power plants are expected to take over the role to serve as the background sources in the following years.

Figure 3: Electricity consumption CAGR was estimated to reach 8.2% in the 2022-30F period (Unit: billion kWh)



Source: VNDIRECT RESEARCH, PDP8 draft

Figure 4: ASP in VCGM recorded a downtrend from March 2021 and bounce back to 980VND/kWh in December. (Unit: VND/kWh)



Source: VNDIRECT RESEARCH, GENCO3

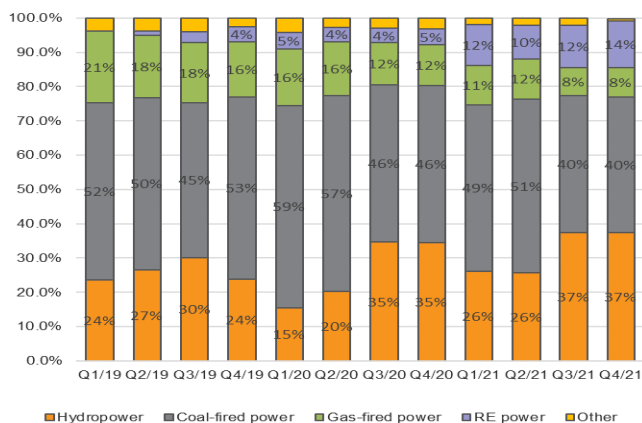
POW gas-fired segment will gradually bounce back from FY22F

We believe FY21 to be the low-base for gas-fired output, thanks to the promising future of this energy segment. Under the PDP8 draft, gas-fired power capacity will grow at 9.1% CAGR and account for 24% of total capacity in FY20-45F. Hence, we see a vast potential for gas-fired power to be mobilized at a higher rate in the following years, thanks to the intense power demand growth and favorable government orientation. Besides:

- Nhon Trach 2 has fulfilled its debt obligation since mid-21, we expect a review down of its fixed selling price in FY22F, creating advantage for the company to be mobilized at higher output.
- Ca Mau 1&2 has completed new PPA with EPTC/EVN in 4Q21, in which the plants will participate in the VCGM in FY22. Having lower gas price and low depreciation costs will improve the plants' competitiveness due to more attractive offering prices when joining the generation market.
- Nhon Trach 3&4 progression update: At the moment, the Samsung C&T and LILLAMA consortium contractor has won the bidding of EPC package for Nhon Trach 3 & 4 Power Plants. The total value of the package is estimated at more than VND24,147bn (equivalents to US\$1,044bn). However, the consortium wins the EPC package at US\$942.9m (equivalents to VND21,421bn), with higher capacity of

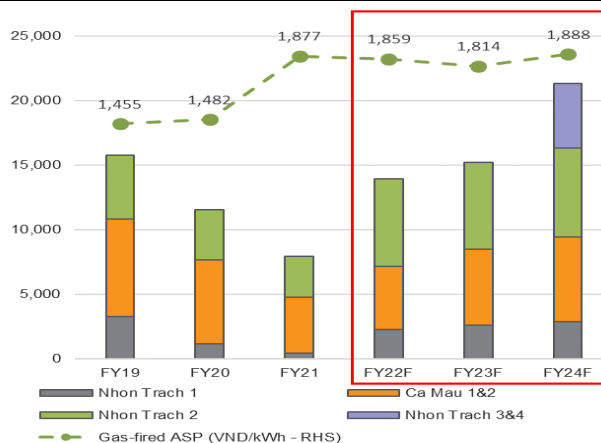
1,624MW (812MW/plants from 750MW in previous plan). The construction time is estimated at 36 months, and we expect Nhon Trach 3 & 4 operation time might delay to 1Q24F and 4Q24F due to the delay of previous process since FY21.

Figure 5: Total country gas-fired power output gradually narrowed down in FY21. (Unit: %)



Source: VNDIRECT RESEARCH, EVN

Figure 6: POW's gas-fired output will recover while ASP remain high in FY22-24F (Unit: million kWh)



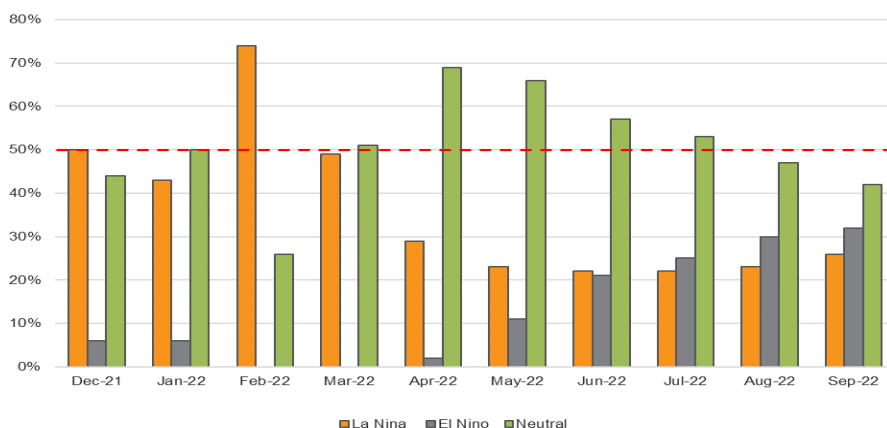
Source: VNDIRECT RESEARCH, Company report

For FY22/23F, POW gas-fired power output will increase 22.1%/16.4% yoy to 9.7/11.3bn kWh, respectively. FY22/23F ASP remained high of 1,828/1,814VND/kWh due to high forecasted Brent oil price of around US\$83/75 per barrel in FY22/23F. In FY24F, we include the additional output of 4.6bn kWh from Nhon Trach 3 gas-fired power plants, leading to total gas-fired power output of 17.1bn kWh (+50.9% yoy). ASP also rise 4.1% yoy to 1,888VND/kWh in FY24F. Hence, total gas-fired revenue for FY22/23/24F will grow 18.9%/15.5%/57.0% yoy to VND17,770/20,524/32,220bn, respectively.

Hydropower will step out of its peak from 2Q22

We believe hydropower output will drop due to the end of La Nina phase in 1Q22F, while an increasing possibility for neutral phase to occur will rise from March 2022. Hence, we forecast POW's hydropower output will slump 18.5% yoy in FY22F, bounce back 16.3% yoy in FY23F then decrease -7.0% yoy in FY24F. Overall, FY22/23/24F hydropower revenue will shift -10.0%/+16.0%/-6.3% yoy, respectively.

Figure 7: La Nina phase will step out of its peak from March 2022 (Unit: %)



Source: VNDIRECT RESEARCH, IRI

Coal-fired power output will slump in FY22F due to Vung Ang 1 halt

According to longer-than-expected technical issue of Vung Ang 1 engine unit 1, it will affect greatly on POW coal-fired volume until 3Q22F. Hence, we forecast Vung Ang 1 thermal power plant's output will slump 33.8% yoy to 3.6bn kWh in FY22F before recover 57.1% yoy in FY23F when 2 engine unit fully come back to operation. In FY24F, we forecast Vung Ang 1 output will remain stable and reach around 5,7bn kWh. We assume ASP will rise at 2%/year, leading to total FY22/23/24F revenue of VND5,849bn/9,375bn/9,562bn, adjusting -30.3%/60.3%/2.0% yoy, respectively.

Figure 8: FY22-24F revenue projection

	2021	2022F	% yoy	2023F	% yoy	2024F	% yoy
Total output (million kWh)	14,701	14,369	-2.3%	18,219	26.8%	23,894	31.2%
Gas-fired	7,960	9,724	22.2%	11,314	16.4%	17,068	50.9%
Hydropower	1,185	966	-18.5%	1,123	16.3%	1,045	-7.0%
Coal-fired	5,556	3,679	-33.8%	5,782	57.1%	5,782	0.0%
Average selling price (VND/kWh)	1,671	1,778	6.4%	1,768	-0.6%	1,857	5.0%
Gas-fired	1,877	1,828	-2.6%	1,814	-0.7%	1,888	4.1%
Hydro	1,094	1,208	10.4%	1,206	-0.2%	1,215	0.7%
Coal-fired	1,511	1,590	5.2%	1,621	2.0%	1,654	2.0%
Total Revenue (VNDbn)	24,565	25,551	4.0%	32,218	26.1%	44,380	37.7%
Gas-fired	14,941	17,770	18.9%	20,524	15.5%	32,220	57.0%
Hydropower	1,297	1,167	-10.0%	1,355	16.1%	1,269	-6.3%
Coal-fired	8,396	5,849	-30.3%	9,375	60.3%	9,562	2.0%

Source: VNDIRECT RESEARCH, COMPANY REPORT

FY22-24F earnings revision

Considering POW's outlook in FY22-24F, we adjust our forecasted FY22/23/24F EPS by -37.1%/-12.3%/+29.6% as:

- We see the excess capacity situation in the South due to the strong emergence of additional RE power in FY20-21F, and it could hinder the recovery speed of POW's gas-fired power in FY22-24F. Gas price will remain high due to forecasted Brent oil price at at 83 US\$/barrel for FY22F, US\$75/barrel for FY23F, and US\$72/barrel for FY24F. Besides, we included the longer-than-expected technical issue of Vung Ang 1 and the end of the La Nina phase, which will affect the coal-fired and hydropower segment, respectively. Hence, we adjusted down revenue for FY22/23/24F by 28.3%/14.8%/7.1%, respectively.
- Gross profit may reduce by 35.1%/9.7% in FY22/23F due to sharp drop in revenue. However, gross profit may increase by 27.4% in FY24F thanks to Nhon Trach 3's contribution with higher gross profit margin from the new LNG gas-fired power.
- We revise down SG&A and financial income due to updating FY21 financial results.
- We revise down FY22/23/24F financial expenses by 51.7%/49.2%/32.1% respectively, to reflect sufficient company debt obligation payback in FY21F.
- As a result, our FY22/23F EPS forecast may reduce 37.1%/12.3% but increase by 29.6% in FY24F regarding the above adjustments.

Figure 9: 2021-23F earnings revision (Unit: VNDbn)

	2021	2022F			2023F			2024F		
		Old	New	%chg	Old	New	%chg	Old	New	%chg
Revenue	24,565	35,642	25,551	-28.3%	37,796	32,218	-14.8%	47,795	44,380	-7.1%
Gas-fired	14,941	23,112	17,770	-23.1%	26,040	20,524	-21.2%	36,168	32,220	-10.9%
Hydropower	1,297	1,393	1,167	-16.2%	1,373	1,355	-1.3%	1,378	1,269	-7.9%
Coal-fired	8,396	11,137	5,849	-47.5%	10,383	9,375	-9.7%	10,249	9,562	-6.7%
COGS	22,023	30,849	22,442	-27.3%	32,992	27,879	-15.5%	42,939	38,196	-11.0%
Gross profit	2,543	4,793	3,109	-35.1%	4,804	4,339	-9.7%	4,855	6,184	27.4%
Gross profit margin (%)	10%	13.4%	12.2%		12.7%	13.5%		10.2%	13.9%	
SG&A	138	906	677	-25.3%	952	851	-10.5%	1,185	1,165	-1.7%
EBIT	2,404	3,888	2,432	-37.4%	3,852	3,488	-9.5%	3,670	5,019	36.7%
Financial income	697	666	512	-23.1%	724	532	-26.5%	767	532	-30.6%
Financial expense	671	1,169	565	-51.7%	1,174	596	-49.2%	1,152	782	-32.1%
Net profit	1,779	2,804	1,764	-37.1%	2,898	2,543	-12.3%	2,837	3,676	29.6%
EPS (VND/share)	760	1,197	753	-37.1%	1,238	1,086	-12.3%	1,211	1,570	29.6%

Source: VNDIRECT RESEARCH, COMPANY REPORT

Downgrade to Hold with a higher target price of VND19,600

We revise up our TP for POW by 28% versus our previous report as (1) we roll forward our DCF valuation to FY22F, (2) we adjusted FY22/23/24F EPS by -37.1%/-12.3%/+29.6% respectively. However, recent share price rally has already factored the outlook. Thus, we downgrade to Hold as the upside is limited. Our 1-year target price is based on equal combination of DCF and EV/EBITDA multiple:

- 10-year DCF valuation (WACC: 11.8% COE: 15.1%, LTG: 1.0%) to reflect our conservative view on POW's growth.
- Targeted EV/EBITDA multiple of 9.5x (from 7.1x in our previous forecast) to reflect the average FY22F EV/EBITDA of power sector

Downside risks

- Fuels (coal, LNG...) supply shortage might dent the output volume.
- Longer-than-expected Nhon Trach 3&4 completion time.

Potential upside risks

- Higher-than-expected power output.

Figure 10: DCF valuation – Summary of free cash flow (FCF)

	2021A	2022F	2023F	2024F	//	2031F
EBITDA	5,222	5,086	6,142	8,345		12,429
(-) Depreciation and Amortisation	(2,654)	(2,654)	(2,654)	(3,326)		(3,373)
EBIT	2,568	2,432	3,488	5,019		9,055
(-) Tax	(184)	(382)	(533)	(754)		(1,811)
Tax rate (%)	7.2%	15.7%	15.3%	15%		20.0%
EBIAT	2,384	2,051	2,954	4,265		7,244
(+) Depreciation and Amortisation	2,654	2,654	2,654	3,326		3,373
(+) (Increase)/decrease in net working capital	(1,778)	3,185	(358)	(87)		(15)
(-) Capital Expenditure	(274)	(5,751)	(10,553)	(12,232)		(24)
Unleveraged Free cash flow (FCFF)	2,986	2,139	(5,303)	(4,727)		10,579
Terminal value						90,203

Source: VNDIRECT RESEARCH

Figure 11: Cost of equity

Cost of equity	
Risk free rate	3.0%
Beta	1.1
Risk premium	11.0%
Cost of equity- ke	15.1%

Source: VNDIRECT RESEARCH

Figure 12: WACC & terminal growth

WACC & terminal growth	
Enterprise value	55,578
Debt	(11,666)
Cost of debt	4.3%
Tax rate	15.0%
WACC	11.8%
Perpetual growth rate	1.0%

Source: VNDIRECT RESEARCH

Figure 13: Blended valuation

Methods	Target multiple	Implied share price	Weight	Weighted Value
		VND per share	%	VND per share
Average FY21-22F EV/EBITDA	9.5x	18,680	50%	9,340
DCF, 10y		19,638	50%	9,819
				-
Implied share price				19,159
Rounded share price				19,200

Source: VNDIRECT RESEARCH

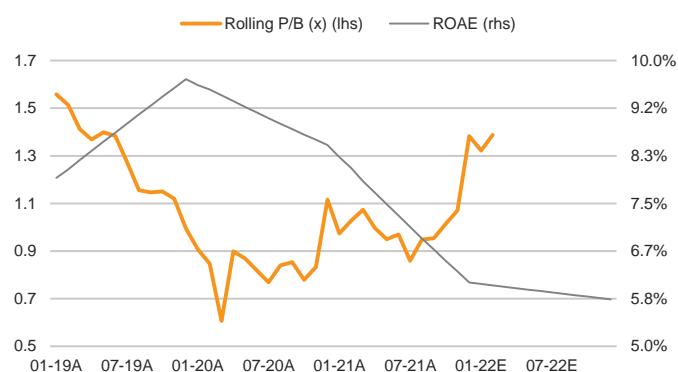
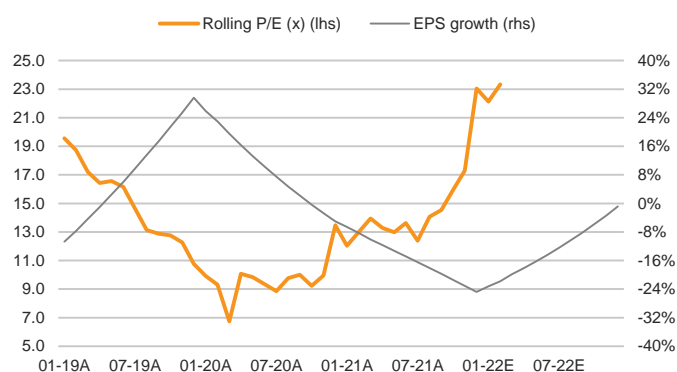
Figure 14: Peer comparison

Company	Bloomberg Ticker	Recom.	Price	Target price	Market cap	P/E (x)		P/BV (x)		EV/EBITDA (x)		ROE (%)	
			LC\$	LC\$	US\$m	TTM	FY22F	TTM	FY22F	TTM	FY22F	TTM	FY22F
International peer													
An Hui Wenergy Co Ltd	000543 CH Equity	NR	4.4	NA	1,575.9	NA	8.2	0.8	0.7	NA	NA	(2.2)	(4.4)
First Gen Corp	FGEN PM Equity	NR	27.2	NA	1,908.3	5.2	6.8	0.8	0.7	4.3	4.0	12.3	10.7
Dian Swastatika Sentosa Tbk PT	DSSA IJ Equity	NR	NA	NA	2,470.8	NA	NA	1.5	NA	7.7	NA	(3.2)	NA
SJVN Ltd	SJVN IN Equity	NR	31.8	NA	1,667.1	7.6	10.3	1.0	1.0	7.8	NA	13.2	10.0
Malakoff Corp Bhd	MLK MK Equity	NR	0.72	NA	840.9	12.3	11.1	0.6	0.6	5.0	3.4	4.6	5.6
JSW Energy Ltd	JSW IN Equity	NR	324	NA	7,105.8	66.9	50.2	3.7	3.5	20.8	19.8	6.1	7.3
	Average				2,594.8	23.0	17.3	1.4	1.3	9.1	9.1	5.1	5.8
Domestic peer													
Power Generation Corp 3 Co Ltd	PGV VN Equity	NR	42,200	NA	2,088.9	NA	NA	2.9	NA	NA	NA	NA	NA
Gia Lai Electricity JSC	GEG VN Equity	NR	24,950	NA	333.9	27.2	19.7	2.2	2.3	13.8	8.7	8.4	10.7
Pha Lai Thermal Power JSC	PPC VN Equity	NR	22,700	NA	320.7	25.3	14.2	1.5	1.4	0.0	11.2	5.0	10.3
	Average				851.0	25.6	18.3	1.7	1.7	11.3	9.5	6.5	9.2
PetroVietnam Power Corp	POW VN Equity	Hold	18,400	19,200	1,899	24.2	21.0	1.5	1.3	8.7	8.5	6.1	6.5

Data as of 15 Feb 2021

Source: Bloomberg, VNDIRECT RESEARCH

Valuation



Income statement

(VNDbn)	12-21A	12-22E	12-23E
Net revenue	24,565	25,550	32,218
Cost of sales	(22,023)	(22,442)	(27,879)
Gen & admin expenses	(129)	(659)	(829)
Selling expenses	(9)	(17)	(22)
Operating profit	2,404	2,432	3,488
Operating EBITDA	5,222	5,086	6,142
Depreciation and amortisation	(2,818)	(2,654)	(2,654)
Operating EBIT	2,404	2,432	3,488
Interest income	334	456	476
Financial expense	(308)	(508)	(540)
Net other income	(120)	(12)	(17)
Income from associates & JVs	9	9	9
Pre-tax profit	2,319	2,377	3,416
Tax expense	(287)	(361)	(510)
Minority interest	(254)	(251)	(362)
Net profit	1,779	1,764	2,543
Adj. net profit to ordinary	1,779	1,764	2,543
Ordinary dividends			
Retained earnings	1,779	1,764	2,543

Balance sheet

(VNDbn)	12-21A	12-22E	12-23E
Cash and equivalents	8,224	4,816	7,969
Short term investments	531	1,611	1,611
Accounts receivables	5,802	6,481	8,436
Inventories	1,838	2,444	2,806
Other current assets	502	252	359
Total current assets	16,897	15,605	21,181
Fixed assets	32,264	35,360	43,259
Total investments	809	818	827
Other long-term assets	2,980	3,101	3,918
Total assets	52,950	54,884	69,185
Short-term debt	5,702	6,897	10,137
Accounts payable	7,228	5,256	6,776
Other current liabilities	3,783	3,604	4,866
Total current liabilities	16,712	15,757	21,779
Total long-term debt	2,756	4,769	9,783
Other liabilities	1,349	645	930
Share capital	23,419	23,419	23,419
Retained earnings reserve	4,018	5,258	7,277
Shareholders' equity	29,645	30,974	33,592
Minority interest	2,487	2,739	3,101
Total liabilities & equity	52,950	54,884	69,185

Cash flow statement

(VNDbn)	12-21A	12-22E	12-23E
Pretax profit	2,319	2,377	3,416
Depreciation & amortisation	2,818	2,654	2,654
Tax paid	(340)	(361)	(510)
Other adjustments	(1,186)	(1,318)	(1,073)
Change in working capital	1,391	(2,935)	252
Cash flow from operations	5,002	416	4,738
Capex	(274)	(5,751)	(10,553)
Proceeds from assets sales	339	0	0
Others	305	456	476
Other non-current assets changes	338	(1,330)	107
Cash flow from investing activities	707	(6,625)	(9,970)
New share issuance	0	0	0
Shares buyback			
Net borrowings	(3,845)	3,181	8,253
Other financing cash flow	0	89	599
Dividends paid	(710)	(468)	(468)
Cash flow from financing activities	(4,555)	2,801	8,385
Cash and equivalents at beginning of period	7,070	8,224	4,816
Total cash generated	1,154	(3,407)	3,152
Cash and equivalents at the end of period	8,224	4,816	7,969

Key ratios

	12-21A	12-22E	12-23E
Dupont			
Net profit margin	7.2%	6.9%	7.9%
Asset turnover	0.46	0.47	0.52
ROAA	3.3%	3.3%	4.1%
Avg assets/avg equity	1.84	1.78	1.92
ROAE	6.1%	5.8%	7.9%
Efficiency			
Days account receivable	86.2	92.6	95.6
Days inventory	30.5	39.8	36.7
Days creditor	119.8	85.5	88.7
Fixed asset turnover	0.73	0.76	0.82
ROIC	4.4%	3.9%	4.5%
Liquidity			
Current ratio	1.0	1.0	1.0
Quick ratio	0.9	0.8	0.8
Cash ratio	0.5	0.4	0.4
Cash cycle	(3.1)	46.9	43.6
Growth rate (yoy)			
Revenue growth	(17.4%)	4.0%	26.1%
Operating profit growth	(28.7%)	1.2%	43.4%
Net profit growth	(24.8%)	(0.8%)	44.1%
EPS growth	(24.8%)	(0.8%)	44.1%

Source: VND RESEARCH

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RECOMMENDATION FRAMEWORK

Stock Ratings

Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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