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PV POWER (POW)

1Q earnings drop 47% due to unfavorable weather

1Q earnings sharply down 47% mainly due to unfavorable weather.

— 1Q earnings down 47% YoY to VND444 billion due to: 1) large losses from the *Dakdrink Hydro Power* and *Hua Na Hydro Power* stations due to unfavorable weather; and 2) VND136 billion in foreign-exchange losses from overseas debt. Revenue fell by 5.5% to VND7,975 billion after electricity production dropped by 4.3% YoY to 5,267 million kWh, with output from *Nhon Trach 1* (lack of fuel), *Hua Na* and *DakDrink* (low water levels) down 60% YoY. POW made up for lost output by boosting generation from *Vung Ang 1* by 50% YoY during the quarter.

Constraints in the Southeast region reduced LNG supply to 15.0–15.5 million sm³ per day

— Fuel shortages for the Southeast region will likely continue for the foreseeable future, with gas capacity reduced to 15.0–15.5 million sm³ per day from 18 million sm³ per day at the end of 2019. Gas supply from the *Cuu Long* basin continued to suffer from system problems at the *Rong Doi* rig between Dec 12, 2019 and Jan 10, 2020 and problems at *Block 11.2* from March 8, 2020. Problems at *Block 11.2* could take as long as four months to repair.

Management only released 2Q pretax earnings guidance of VND840 billion for now

— Full-year 2020E guidance has been delayed with the push back in the annual general shareholders' to June 12 due to the coronavirus. So far, management has only released a 2Q pretax earnings target of VND840 billion (–3% YoY) on revenue of VND9,658 billion (–2% YoY) and electricity output of 5,717 million kWh (–5% YoY). The *Nhon Trach 3* and *Nhon Trach 4* projects remain on schedule and management are finalizing the feasibility report, negotiating the PPA electricity price contract with EVN and preparing the LNG supply contract with PV Gas. Moreover, the company has also begun working with local and foreign credit institutions to arrange capital for the projects.

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute price gains over the next 6 months)

Buy:	Hold:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(based on expectations for absolute price gains over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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