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# Nov electricity output (POW)

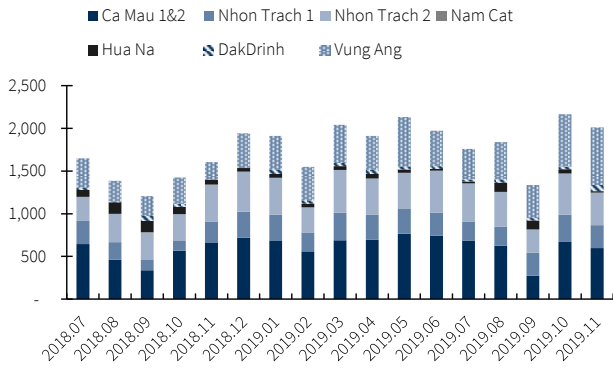
## Output likely to surpass 2019 target

**PVPower's (POW:HOSE) November electricity output reached 2,014 million kWh or 103% of the monthly target and pushed total output for 11 months to 20,642 million or 96% of the full-year target**

- Accordingly, accumulated revenue gained in the first 11 months hit VND31,405 billion, equal to 105% of November's plan and 96% of 2019's full-year target.
- Unfavorable environmental conditions led to difficulties in generating and regulating hydroelectric power sources in November. Unlike the abundant water sources in the South and Central Highlands, many reservoirs in the North and Central Vietnam have witnessed water levels below those seen in 2018 and even below the multi-year average. As a result, thermal power plants, including plants at PVPower, had to operate at higher efficiency to compensate for the electricity shortage. Specifically, the electricity output was 597 million kWh (or 102% of the target) in Ca Mau Thermal Power Plants 1 & 2, and 675 million kWh (131% of the target) at the Vung Ang TM Plant. However, due to gas shortages, Nhon Trach 1 & Nhon Trach 2 Plants only completed 91% and 87% of their respective targets.
- Moreover, PECC2 completed its feasibility report for the Nhon Trach 3 & 4 plants and submitted this to PVPower in December. POW is currently working with financial institutions to prepare financing, while EVN EVN EPTC & PVGas are negotiating electricity & gas purchase contracts for this project.
- According to our forecast, POW's electricity output in 2019 should exceed 22.6 billion kWh and reach 105% of the plan for the entire year. Full-year revenue at the parent company should be over VND34,200 billion (+4.7% YoY) or 104% of plan for earnings of VND3,000 billion (+56% YoY) or 132% of plan. In particular, 4Q19 parent earnings are likely to be VND750 billion or 2.7 times higher than 4Q18, due to the: 1) 20% YoY surge in electricity output; 2) decrease in depreciation expense by VND165 billion; and 3) drop in interest expense by VND60 billion.

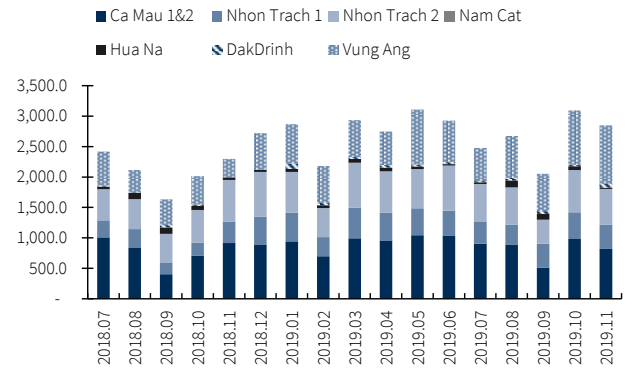


**Fig 1. Monthly electricity output generated by POW**



Source: POW, KB Securities Vietnam – Research

**Fig 2. Estimated monthly revenue of POW**



Source: POW, KB Securities Vietnam – Research

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### 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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