

PV Power (POW)

NT3&4 should benefit from new policies

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1Q results recovered positively

In 1Q25, PV Power (POW) posted VND445 billion (+ 60% YoY/+ 139% QoQ) in NPAT on revenue of VND8,150 billion (+ 31% YoY/-4% QoQ) mainly thanks to PV Power Nhon Trach 2 (NT2) generating power again. The core business, Vung Ang coal-fired power, has maintained a large operating capacity with 1,760 million kWh (+ 3% YoY), earning VND3,144 billion in revenue (7.2% YoY).

Gas-fired power recovers, expected to contribute VND25,227 billion in revenue this year

The corporation generated 2,175 million kWh in gas-fired power in 1Q25, which is a strong growth (+39% YoY) compared to the 1Q24 low base. It is expected that in 2025, the decrease in hydropower capacity due to unfavorable weather will help increase Qc output of gas-fired power. 2025F gas-fired power revenue/output (excluding Nhon Trach 3&4 - NT3&4) are VND20,770 billion (+15% YoY)/10,097 million kWh (+12% YoY).

A 28% increase in LNG electricity price should help NT3&4 operate more stably

The announced specific regulations on price framework and minimum Qc output will help NT3&4 project to be put into operation as planned and ensure long-term profit. In the conservative scenario, we estimate the plant's revenue and gas-fired power output in 2025 at VND4,666 billion and 1,576 million kWh, with the base assumption for the electricity price being at VND3,000/kWh.

Valuation: NEUTRAL rating - Target price VND14,800/share

Based on SOTP and EV/EBITDA valuation, business prospects, and possible risks, we recommend NEUTRAL for POW shares with a price target price of VND14,800 apiece.

Neutral maintain

Target price VND14,800

Upside	13%
Current price (Jun 9, 2025)	VND13,100
Consensus target price	VND14,000
Market cap (VNDtn/USDbn)	31.5/1.2

Forecast earnings & valuation

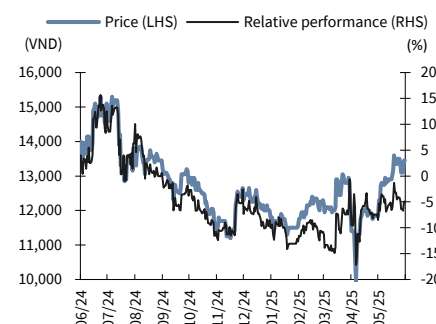
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	28,329	30,180	37,196	51,604
Operating income/loss (VNDbn)	1,436	1,074	1,149	1,804
NPAT-MI (VNDbn)	1,038	1,252	315	588
EPS (VND)	443	535	135	251
EPS growth (%)	-49.0	0.0	-67.0	86.0
P/E (x)	33.4	27.7	109.6	59.0
P/B (x)	1.0	1.0	1.0	1.0
ROE (%)	3.8	3.9	1.1	1.9
Dividend yield (%)	0.0	0.0	0.0	0.0

Trading data

Free float	20.0%
3M avg trading value (VNDbn/USDmn)	132.9/5.1
Foreign ownership	3.5%
Major shareholder	PetroVietnam (PVN, 79.9%)

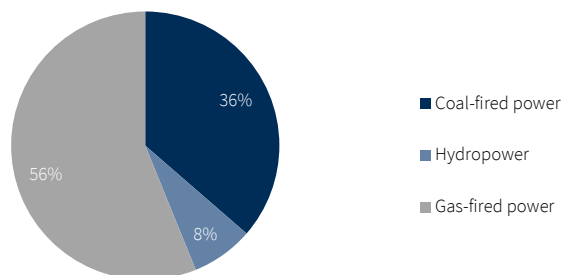
Share price performance

(%)	1M	3M	6M	12M
Absolute	13.5	9.3	6.3	0.0
Relative	4.5	7.3	-0.6	-4.4



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: PV Power, KB Securities Vietnam

Business operation

PetroVietnam Power Corporation (POW) is the fourth-largest electricity producer in Vietnam, with a total installed capacity of 4.2 GW, representing 10% of the country's total capacity. POW's gas-fired power plants (Ca Mau 1,500 MW, Nhon Trach 1 450 MW, and NT2 750 MW) account for 64% of power capacity nationwide. The remaining capacity comes from coal-fired plants, such as Vung Ang 1,200 MW, and hydropower plants including Hua Na 180 MW and Dakrinh 125 MW.

Investment Catalysts

NT2 will benefit from domestic gas sources after GPAs of BOT power plants expire. The plant will be given priority to generate electricity at a lower price thanks to the use of domestic gas, which may raise its 2025F revenue to VND7,018 billion (+19% YoY) or 19% of POW's consolidated revenue.

NT3&4 will strengthen POW's growth momentum. The pioneer project for signing long-term PPAs and GPAs should be prioritized for mobilization. 2025/2026F revenue is VND4,702/19,457 billion, accounting for 13%/38% of consolidated revenue.

Vung Ang thermal power plant should maintain power generation capacity. It will continue to be mobilized and maintain a high capacity thanks to demand growth. The plant may achieve VND10,408 billion in 2025F revenue (-4% YoY), accounting for 28% of total revenue generated by POW.

Notes

Please see more details below

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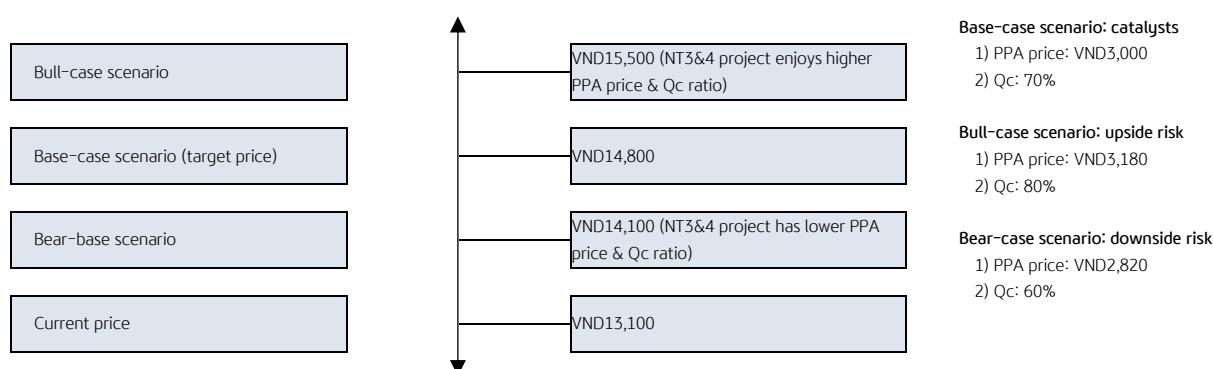
Please find more details in [4Q24 update report](#)

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	37,232	51,689	1%	3%	40,973	48,143	-9%	7%
EBIT	1,703	2,193	28%	29%	3,880	4,327	-56%	-41%
NP after MI	704	853	60%	78%	1,334	1,970	-47%	-57%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

1Q25 earnings & revenue strongly rebounded by 60% & 31% YoY

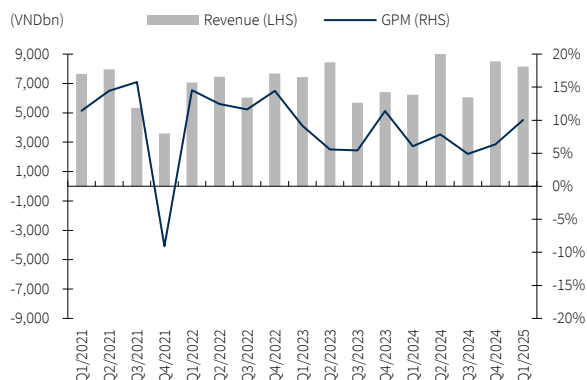
In 1Q25, POW posted VND445 billion (+ 60% YoY/+ 139% QoQ) in NPAT on revenue of VND8,150 billion (+ 31% YoY/-4% QoQ). The contribution from hydropower was modest as the rainy season ended in 4Q last year, so gas-fired power has been mobilized more. Thanks to the advantage of abundant fuel supply compared to plants in the Southeast region, Ca Mau gas-fired power plant plays a pivotal role in generating electricity, with a total output of 1.465 million kWh (+ 4% YoY). Vung Ang coal-fired power was mobilized at maximum capacity to offset low hydropower output, generating 1.760 million kWh (3% YoY).

Table 1. POW – 1Q25 updated results

(VNDbn, %)	1Q24	1Q25	+/-%YoY	Notes
Revenue	6,243	8,150	30.5%	
Gas-fired power	2,951	4,450	50.8%	
Coal-fired power	2,932	3,144	7.2%	
Hydropower	256	323	26.2%	
Sales volume	3,481	4,245	21.9%	
Gas-fired power	1,563	2,175	39.2%	The gas supply in the Southeastern region improved, ensuring the capacity for NT2 from 2H24, helping 1Q25 output reach 593 million kWh (+292% YoY). Ca Mau output increased slightly by 4% YoY.
Coal-fired power	1,708	1,760	3.0%	
Hydropower	210	310	47.6%	
Average PPA price	1,793	1,920	7.1%	
Gas-fired power	1,953	1,944	-0.5%	
Coal-fired power	2,218	2,135	-3.7%	
Hydropower	1,223	1,184	-3.2%	The full market price (FMP) was 13% lower than the same period last year.
Gross profit	377	816	116.4%	
Gross profit margin	6.0%	10.0%	4.0 ppts	GPM increased thanks to higher power output.
Financial income	101	208	105.9%	The higher income mainly came from an increase of VND63 billion in deposit interests and VND40 billion in distributed profit dividends.
Financial expenses	-154	-176	14.3%	
Profits from affiliates	0	1		
SG&A	-116	-338	191.4%	Expenses skyrocketed as the company made provision for VND411 billion in receivables from PVI related to the insurance of the Vung Ang thermal power plant.
Operating income/loss	207	511	146.9%	
Other income	71	-3	-104.2%	
Profit before taxes (PBT)	278	510	83.5%	
Profit after taxes (NPAT)	216	472	118.5%	
NP after MI	278	445	60.1%	
NPAT margin	3.5%	5.8%	2.3 ppts	

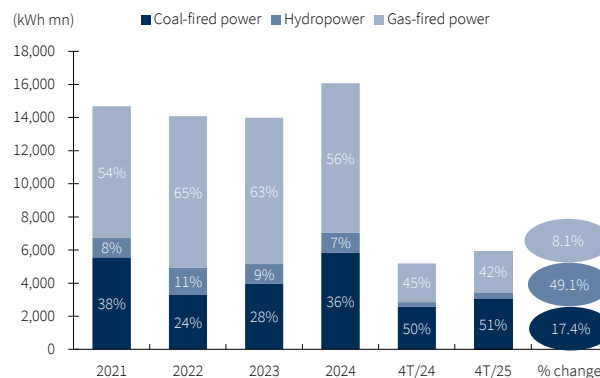
Source: PV Power, KB Securities Vietnam

Fig 2. POW – Revenue & GPM (VNDbn, %)



Source: PetroVietnam Power, KB Securities Vietnam

Fig 3. POW – Sales output in 2021–2024 (million kWh)



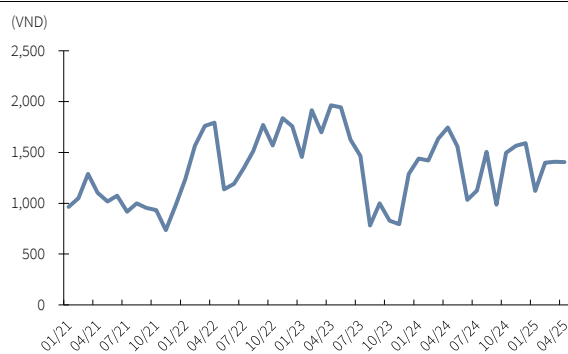
Source: PetroVietnam Power, KB Securities Vietnam

Hydropower output benefited from favorable weather

La Nina facilitated the output of hydropower plants in 1Q. The rainfall in Nghe An started to decline from October 2024 to February 2025 and then recovered to 234mm in May, equivalent to the rainfall recorded in the same period a year earlier. The rainfall in Quang Ngai peaked in November at 356mm and then dropped until May 2025. As the rainy season began in 3Q, Qc ratio at plants should be lower than the same period in 2024 due to the end of La Nina. KBSV forecasts hydropower sales and output may hit VND1,350 billion and 1,325 million kWh this year.

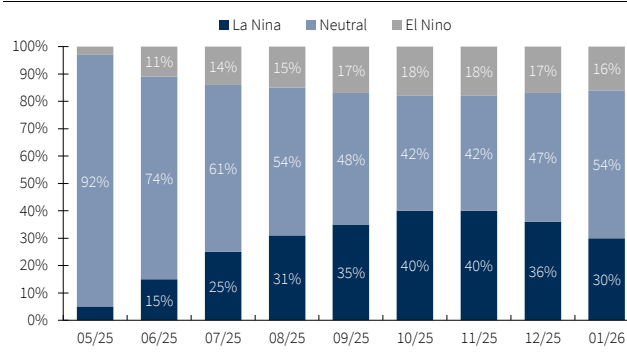
In 2026, the probability of El Nino increases, which may squeeze the operating capacity of hydropower plants. Therefore, hydropower lakes will limit power generation to store water early from the beginning of the year and operate mainly during peak electricity consumption months in the summer. The average CGM price is expected to improve, so the revenue and output of the hydropower segment in 2026 are estimated at VND1,253 billion (-2% YoY) and 1,217 million kWh (-10% YoY).

Fig 4. Vietnam – Full market price (VND/kWh)



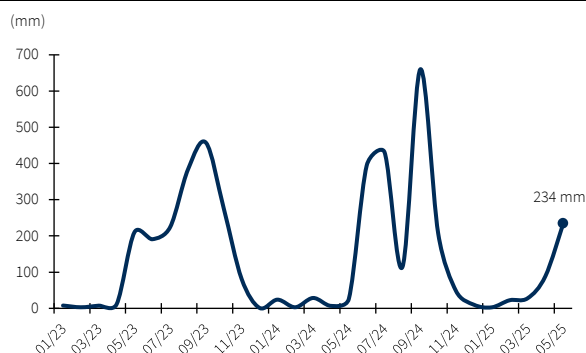
Source: Genco 3, KB Securities Vietnam

Fig 5. Global – Weather pattern forecast (%)



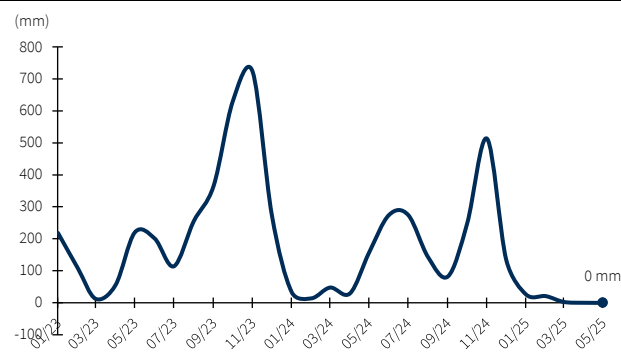
Source: International Research Institute, KB Securities Vietnam

Fig 6. Vietnam – Rainfall in Nghe An (mm)



Source: Vrain, KB Securities Vietnam

Fig 7. Vietnam – Rainfall in Quang Ngai (mm)



Source: Vrain, KB Securities Vietnam

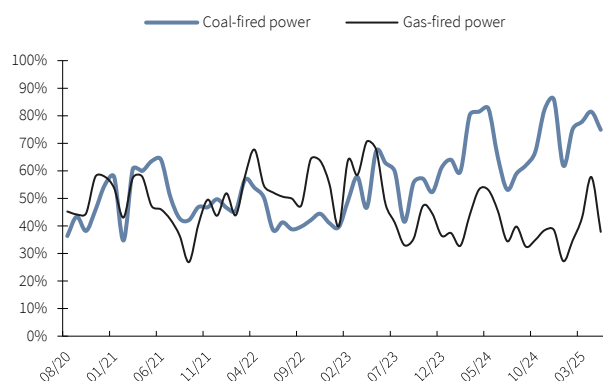
Gas-fired power generation demand should be met by domestic gas in the short term

In the first four months of 2025, NT2's output touched 851 million kWh (+56% YoY). At the AGM, the Management also expects the Southeast gas supply will meet the plant's demand until the end of 2026 thanks to the expiration of the GPAs for Phu My 2.2 and 3 power plants, thereby consolidating the competitive advantage in production costs and helping the plant optimize its capacity. For 2025/2026, we maintain our forecast of electricity generation output reaching 3,324/3,474 million kWh (+21%/5% YoY), bringing in VND7,018/7,577 billion in revenue (+19%/8% YoY) for the plant.

A number of new effective documents brighten the outlook for LNG power plants

For Ca Mau 1&2 thermal power plants, we assess that the 20-year extension of the GPA between Malaysia's Petronas Group and PVN will ensure the stable operation for the plants, reassuring concerns about the termination of the oil and gas production sharing agreement. Current production capacity is about 20,000 barrels of oil and about 200 million cubic meters of gas per day. We believe in the sustainable growth prospects for output and revenue in 2025/2026, respectively estimated at 6 billion kWh (+7% YoY) and VND12,484 billion (+9% YoY) based on: (i) The role of the exclusive distribution of gas power in the Southwest region will not be replaced until the Block B gas field is exploited in 2027. (ii) Power plants using domestic fuel sources are prioritized to increase self-efficiency and national energy security. Decree 100, replacing Decree 58, stipulates that the minimum Qc output between the power plant and EVN is 65% of the average annual output (~ 68% of the plant's design capacity) and lasts no more than 10 years during the debt repayment period. Regarding the PPA price, the Ministry of Industry and Trade has approved the LNG electricity selling price in 2025 at VND 3,327/kWh (28% higher than the price frame in 2024). In the conservative scenario, we forecast that NT3&4's 2025/2026 Qc power output will reach 65%/70% of the average annual output with a PPA price of VND3,000/kWh (9% lower than the ceiling price), thereby bringing in VND4,702 billion/VND19,058 billion in 2025/2026 revenue and – VND407 billion/–VND348 billion in profit.

Fig 8. POW – Maximum output/ designed capacity %)

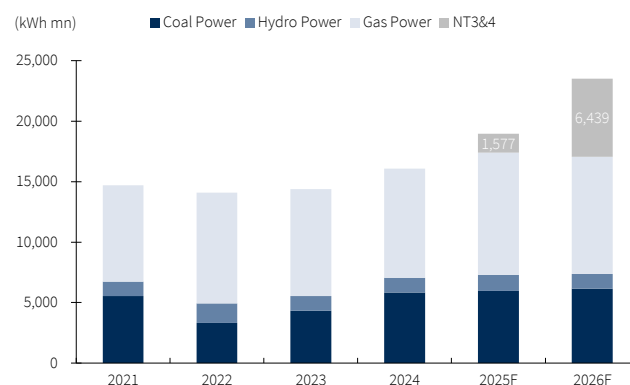


Source: NSMO, KB Securities Vietnam

NT2 expects to earn from forest environmental service fees and foreign exchange gains

In 2025, NT2's management expects to earn profits from revaluation of exchange rate differences and revenue from forest environmental service fees in 2019–2024 with a total value reaching up to VND268 billion. In the conservative case, we expect the extraordinary income to be recorded twice in 2025/2026 with values of VND120/148 billion, respectively.

Fig 9. POW – Gas power output when NT3&4 operate (million kWh)



Source: PV Power, KB Securities Vietnam

Forecast & valuation

Table 10. POW – 2023A–2025F business performance

(VNDbn, %)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	30,180	37,232	23%	51,689	39%	
Gas-fired power	17,983	25,474	42%	39,632	56%	
Coal-fired power	10,794	10,409	-4%	10,804	4%	
Hydropower	1,185	1,350	14%	1,253	-7%	
Sales volume	16,072	18,961	18%	23,500	24%	
Gas-fired power	9,024	11,674	29%	16,123	38%	Output increases sharply thanks to NT3&4 units operating at 65%/70% capacity in 2025/2026F.
Coal-fired power	5,846	5,962	2%	6,160	3%	
Hydropower	1,202	1,325	10%	1,217	-8%	
Average PPA price	1,878	1,964	5%	2,200	12%	
Gas-fired power	1,993	2,182	9%	2,458	13%	
Coal-fired power	1,846	1,746	-5%	1,754	0%	
Hydropower	986	1,019	3%	1,030	1%	
Gross profit	1,948	2,623	35%	3,504	34%	GPM forecast was raised mainly because NT3&4 PPA prices were increased to VND3,000.
<i>Gross profit margin</i>	<i>6.5%</i>	<i>7.0%</i>	<i>0.5 pts</i>	<i>6.8%</i>	<i>-0.2 pts</i>	
Financial income	616	711	15%	722	2%	
Financial expenses	667	1,497	124%	1,804	21%	
Profits from affiliates	40	40	0%	40	0%	
SG&A	874	1,080	24%	1,499	39%	
Operating income/loss	1,074	1,543	44%	2,005	30%	
Other income	493	120	-76%	148	23%	POW expects extraordinary income from subsidiary NT2 with VND120/148 billion in 2025/2026 respectively.
Profit before taxes (PBT)	1,517	917	-40%	1,111	21%	
Profit after taxes (NPAT)	1,346	816	-39%	989	21%	
NP after MI	1,252	704	-44%	853	21%	
<i>NPAT margin</i>	<i>4.1%</i>	<i>1.9%</i>	<i>-2.2 pts</i>	<i>1.7%</i>	<i>-0.2 pts</i>	2025 & 2026: Profit margin will improve 0.6/0.6ppts respectively compared to previous forecast thanks to higher PPA price of NT3&4.

Source: PV Power, KB Securities Vietnam

**We reiterated our NEUTRAL rating
with a target price of VND14,800**

We used the SOTP and the EV/EBITDA method, weighing 50/50, to value POW shares. As a result, we maintained our NEUTRAL recommendation on POW shares with a target price of VND14,800/share, equivalent to an upside of 13% compared to the closing price on June 9, 2025. For the multiple method, we use the average EBITDA level of 2025F–2027F to accurately reflect the profitability of the project after stable operation and apply the target EV/EBITDA coefficient at 8x, +1Std compared to the five-year average in 2019–2024 to reflect the advantage of the pioneering enterprise in LNG power plants.

Table 11. POW – EV/EBITDA valuation

(VNDbn)	Value
EBITDA 2024F	5,638
Target EV/EBITDA	8
Total value	45,104
(+) Cash & Short-term investments	16,442
(-) Net debt	-22,659
(-) Minority interest	-2,696
Owner's equity	36,191
Number of shares outstanding (million shares)	2,342
Value per share	15,453

Source: KB Securities Vietnam

Table 12. POW – SOTP valuation

(VNDbn)	Valuation method	Contribution to POW
Ca Mau 1&2	DCF	4,976
Nhon Trach 1	DCF	973
Nhon Trach 2	DCF	2,846
Hua Na	DCF	3,594
Dakdrinh	DCF	3,372
Vung Ang 1	DCF	10,934
Nhon Trach 3	DCF	7,613
Nhon Trach 4	DCF	7,748
Total value		42,056
(+) Cash & short-term investments		16,442
(-) Net debt		-22,659
(-) Minority interest		-2,696
Owner's equity		33,143
Number of shares outstanding (million shares)		2,341.90
Value per share		14,152

Source: KB Securities Vietnam

Table 13. POW – Final valuation results

Valuation method	Forecast price	Weighting	Weighted price
SOTP	14,152	50%	7,076
EV/EBITDA (8x)	15,453	50%	7,727
Target price (rounded)			14,800
Current price (Dec 11, 2024)			13,100
Upside			13.0%

Source: KB Securities Vietnam

Fig 14. POW – EV/EBITDA (x)



Source: Bloomberg, KB Securities Vietnam

Table 15. POW – Correlation between PPA price & Qc ratio

		Qc ratio				
		60%	65%	70%	75%	80%
+/-% PPA price (Base price: VND3,000/kWh)	-20%	-25.2%	-25.2%	-24.4%	-24.4%	-23.7%
	-15%	-8.4%	-6.9%	-5.3%	-4.6%	-3.8%
	-10%	8.4%	10.7%	13.0%	15.3%	16.8%
	-5%	26.0%	28.2%	32.1%	35.1%	37.4%
	0%	42.8%	45.8%	51.2%	54.2%	58.0%

Source: PV Power, KB Securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

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

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

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

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