

PV Power (POW)

Short-term challenges to business performance

Analyst Nguyen Viet Anh

anhnv3@kbsec.com.vn

(+84) 24-7303-5333

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4Q revenue recovered, while net profit declined

In 4Q24, POW recorded VND8,493 billion (+33% YoY/+40% QoQ) and VND234 billion (-47% YoY/-48% QoQ) in revenue & NPAT, respectively. Lower average PPA price and higher interest rates are the main reasons for less profit. The core business, Vung Ang coal-fired power plant, returned to operation after an overhaul, pushing coal-fired power output up by 39% YoY to 1.7 billion kWh.

Gas-fired power recovered, expected to contribute VND25,227 billion in revenue in 2025

Gas-fired power output was 2,588 million kWh in 4Q, bouncing back 55% YoY from the low base in 3Q23. In 2025, the decline in hydropower capacity due to unfavorable weather will help gas-fired power to raise contracted output (Qc). 2025F revenue and gas-fired power output (excluding NT3&4) are estimated at VND20,258 billion (+13% YoY) and 10,097 million kWh (+12% YoY).

Nhon Trach 3&4 completed legal procedures, ready to for trial operation and electricity sale from 3Q25

As of 4Q23, the problems of Nhon Trach 3&4 (NT3&4) gas-fired power plants related to negotiations on power and gas purchase agreements (PPAs & GPAs) and land lease handover procedures have all been resolved. We estimate the plant's revenue and gas-fired power output in 2025 at VND4,968 billion and 1,971 million kWh, with the base assumption for PPA price of VND2,436/kWh.

Valuation: NEUTRAL rating – Target price VND14,600

Based on SOTP and EV/EBITDA valuations, business prospects as well as considering potential risks, we recommend NEUTRAL for POW shares with at target price of VND14,600/share.

Neutral change

Target price	VND14,600
Upside	14%
Current price (Mar 18, 2025)	VND12,900
Consensus target price	VND13,600
Market cap (VNDtn/USDbn)	28.1/1.1

Forecast earnings & valuation

FY-end	2023A	2024A	2025F	2026F
Net revenue (VNDbn)	28,329	30,180	36,984	50,284
Operating income/loss (VNDbn)	1,436	1,073	1,292	1,658
NPAT-MI (VNDbn)	1,038	1,252	441	479
EPS (VND)	443	535	188	205
EPS growth (%)	-49.0	0.0	-54.0	9.0
P/E (x)	29.6	31.8	69.7	63.9
P/B (x)	0.9	0.9	0.9	0.9
ROE (%)	3.8	3.0	1.5	1.6
Dividend yield (%)	0.0	0.0	0.0	0.0

Trading data

Free float	20.0%
3M avg trading value (VNDbn/USDmn)	57.5/2.3
Foreign ownership	3.8%
Major shareholder	PetroVietnam (PVN, (79.94%)

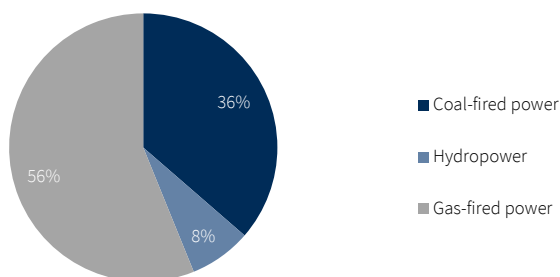
Share price performance

(%)	1M	3M	6M	12M
Absolute	-1.2	-2.0	-6.3	4.8
Relative	-5.2	-7.1	-12.2	-0.1



Source: Bloomberg, KB Securities Vietnam

Revenue composition (2024)



Source: PetroVietnam Power, KB Securities Vietnam

Business operation

PetroVietnam Power (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 Vietnam's total power capacity. 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

Less intense competition for domestic gas sources after BOT plants ending their gas purchase contracts will drive NT2's growth. The plant will be given priority to generate electricity at a lower price as it uses domestic gas sources, raising 2025F Qc output to 3.3 billion kWh.

Growth momentum is contributed by Nhon Trach 3&4. This is the pioneer project with long-term PPAs and GPAs, so it would be prioritized. The projected gas-fired electricity output is 12.068 million kWh.

Vung Ang coal-fired power plant maintains power generation capacity. Amid increasing power generation demand, the plant will continue to be mobilized and maintain a high capacity (5.962 million kWh).

Notes

Please find more details below

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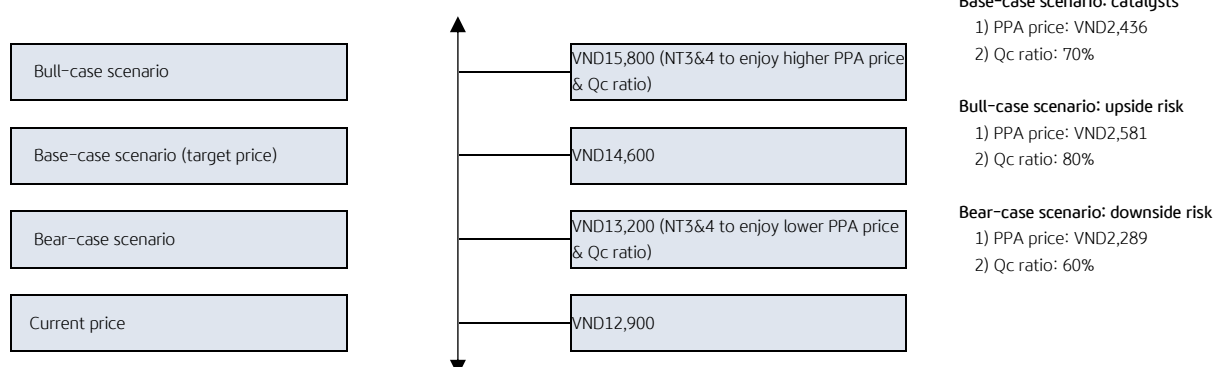
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Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	36,984	50,284	-2%	-3%	41,612	52,491	-11%	-4%
EBIT	1,332	1,698	-45%	-29%	2,051	3,686	-35%	-54%
NP after MI	441	479	-61%	-55%	1,395	2,000	-68%	-76%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

4Q revenue strongly rebounded by 33%, while net profit plummeted 47% YoY

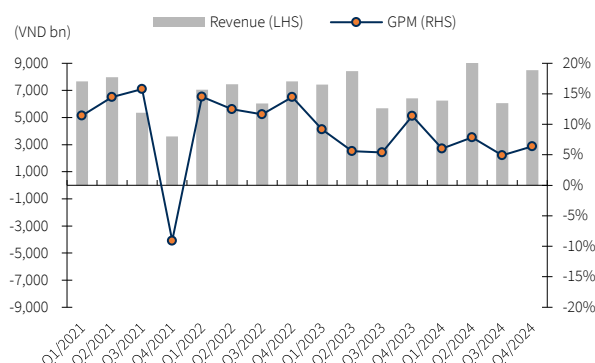
POW posted VND234 billion (–47% YoY/–48% QoQ) in 4Q24 NPAT on revenue of VND8,493 billion (+32% YoY/+40% QoQ). Since 4Q, thermal power plants have been operated to compensate for the reduced capacity of hydropower during water storage period. As a result, the gas-fired thermal power segment remained as the main contributor to POW's electricity output with 2.6 billion kWh (+27% QoQ/+55% YoY). After the overhaul, the Vung Ang unit resumed operations and generated 1.7 billion kWh in the quarter (+39% YoY/+178% QoQ). In contrast, the hydropower segment was limited to serve water storage in 4Q, so its output grew by a mere of 4% YoY.

Table 1. POW – 4Q & 2024 business performance

(VNDbn)	4Q23	4Q24	+/-% YoY	2023	2024	+/-% YoY	Notes
Revenue	6,412	8,493	32%	29,104	30,075	3%	
Gas-fired power	3,845	4,962	29%	18,480	17,982	–3%	
Coal-fired power	2,288	2,972	30%	9,338	10,794	16%	
Hydropower	349	356	2%	1,278	1,186	–7%	
Sales volume	3,244	4,656	44%	14,390	16,073	12%	
Gas-fired power	1,666	2,588	55%	8,836	9,025	2%	The Southeast gas supply improved, benefiting the capacity of Nhon Trach 2 Plant (NT2) from 2H24. 2024 output reached 2.7 billion kWh (–6% YoY). Ca Mau power output gained 15% YoY to 6 billion kWh.
Coal-fired power	1,201	1,677	40%	4,339	5,846	35%	Vung Ang Thermal Power Plant completed maintenance earlier than expected, boosting 4Q output. The plant generated 5.8 billion kWh for the whole year (+34% YoY). The whole year's electricity output decreased slightly compared to the same period in 2023 as reservoir operations in 2024 limited Qc in 1Q and 4Q.
Hydropower	377	391	4%	1,215	1,202	–1%	
Average PPA price	1,977	1,824	–8%	2,023	1,871	–8%	
Gas-fired power	2,308	1,917	–17%	2,091	1,992	–5%	Average price dropped as gas-fired power plants were directed to increase generation in the competitive electricity generation market (CGM).
Coal-fired power	1,905	1,772	–7%	2,152	1,846	–14%	Average price dropped as coal-fired power plants were directed to increase generation on the CGM.
Hydropower	926	910	–2%	1,052	987	–6%	Average price decreased owing to lower contribution of power generation on the CGM.
Gross profit	728	540	–26%	2,183	1,948	–11%	GPM fell alongside lower PPA prices.
Gross profit margin	11.4%	6.4%	–5.0 ppts	7.5%	6.5%	–1.0 ppts	
Financial income	164	0	–100%	550	616	12%	There was an increase of VND10 billion in dividends distributed and VND44 billion in unrealized exchange gain.
Financial expenses	191	310	62%	680	667	–2%	Interest expense spiked in 4Q due to a difference in the timing of recording interest.
Profits from affiliates	25	0	–100%	38	1	–97%	
SG&A	297	394	33%	779	874	12%	
Operating income/loss	431	146	–66%	1,403	1,073	–24%	
Other income	18	414	2,200%	147	493	235%	POW recorded VND1,000 billion in insurance compensation collection.
Profit before taxes (PBT)	448	250	–44%	1,459	1,517	4%	
Profit after taxes (NPAT)	446	235	–47%	1,329	1,345	1%	
NP after MI	332	186	–44%	1,075	1,252	16%	
NPAT margin	7.0%	2.8%	–4.2 ppts	4.6%	4.5%	–0.1 ppts	

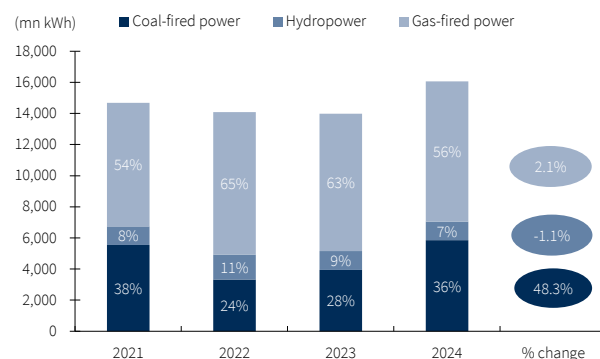
Source: PV Power, KB Securities Vietnam

Fig 2. POW – Revenue & GPM (VNDbn, %)



Source: PetroVietnam Power, KB Securities Vietnam

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



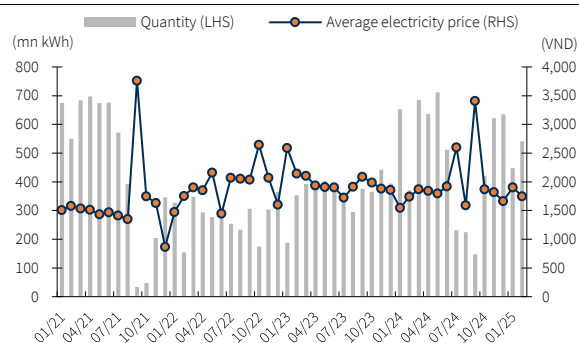
Source: PetroVietnam Power, KB Securities Vietnam

Coal-fired thermal power should maintain high capacity in 2025 and 2026

After completing maintenance of Unit 2 two weeks earlier than planned, Vung Ang 1's power output in 4Q24 soared 40% YoY to 1.7 billion kWh. Actual rainfall in 4Q was lower than that in 4Q23 and the multi-year average, which was unfavorable for hydropower plants, so coal-fired power plants had to raise capacity to meet electricity demand. In 2025, we believe that hydropower will maintain a low capacity or flat YoY due to unfavorable weather conditions, thereby facilitating coal-fired power generation. We expect POW's thermal power revenue and output in 2025 to reach VND10,406 billion (-3.6% YoY) and 5,962 million kWh (+2% YoY), respectively.

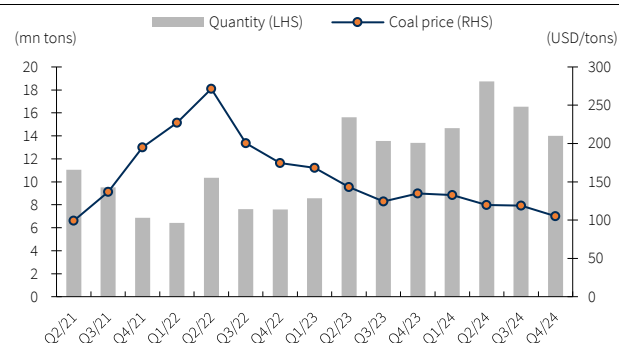
In 2026, we believe that coal and hydropower will continue to be the mainstay power sources to ensure high electricity demand (expected growth of 10%). Imported coal prices may remain low due to the decline in global demand, which, according to the World Bank, will increase the competitiveness of coal power production compared to gas power, which is the driving force for increased power generation of this group. For 2026, we forecast Vung Ang 1 plant's Qc output to reach 6,160 million kWh (+3% YoY) and recorded revenue of VND10,802 billion (+4% YoY).

Fig 4. POW – Sales volume & average PPA price for Vung Ang 1&2 (million kWh, VND/kWh)



Source: PV Power, KB Securities Vietnam

Fig 5. Vietnam – Exported coal volume & price (million tons, USD/ton)



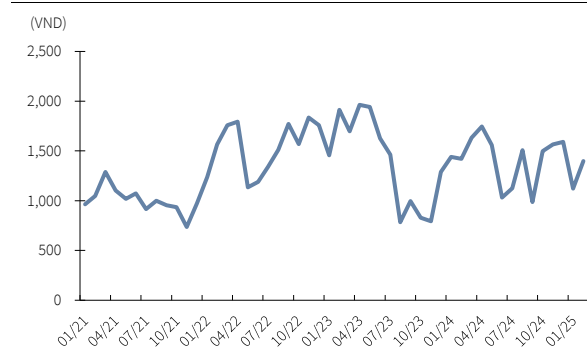
Source: General Department of Vietnam Customs, KB Securities Vietnam

Hydropower output is not optimistic due to unfavorable weather

In 2024, the Qc output from POW's hydropower plants saw a slight contraction of 1% YoY, touching 1,202 million kWh due to lower-than-expected water flow to the reservoirs and EVN's direction to store water early in large hydropower reservoirs from November 2024. In Nghe An, rainfall peaked in October and then declined in the last two months of the year and the preparation for early water storage affected the output of Hua Na hydropower plant (~20% QoQ). In Quang Ngai, rainfall peaked in November at 356 mm, despite being 30% lower than the previous year's peak, causing output to reach only 178 million kWh (~5% YoY). In 2025, the end of Lanina will dent the rainfall, but the additional 20 MW of capacity from Nam Non hydropower may help hydropower revenue and output reach VND1,350 billion (+14% YoY) and 1,325 million kWh (+10% YoY).

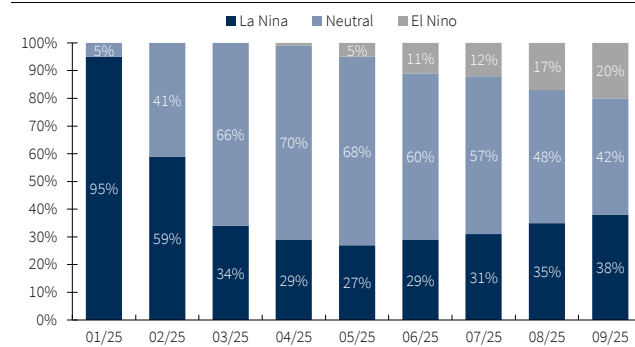
In 2026, the probability of El Nino increases, boding ill for the operating capacity of hydropower plants. In that case, hydropower reservoirs will limit power generation to store water early from the beginning of the year and operate mainly during peak electricity consumption months in the summer. The average CGM PPA price should improve, so hydropower revenue and output in 2026 are anticipated to hit VND1,252 billion (~2% YoY) and VND1,217 (~10% YoY).

Fig 6. Vietnam – Full market price (VND/kWh)



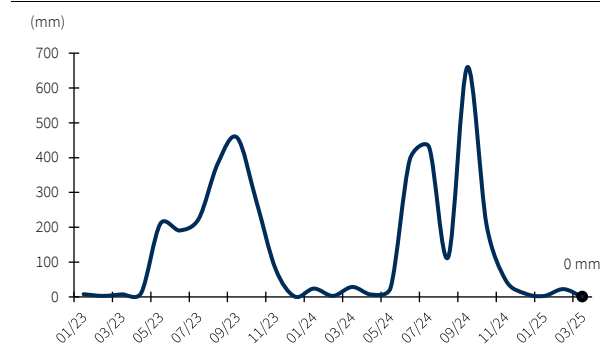
Source: Genco 3, KB Securities Vietnam

Fig 7. Global – Weather pattern forecast (%)



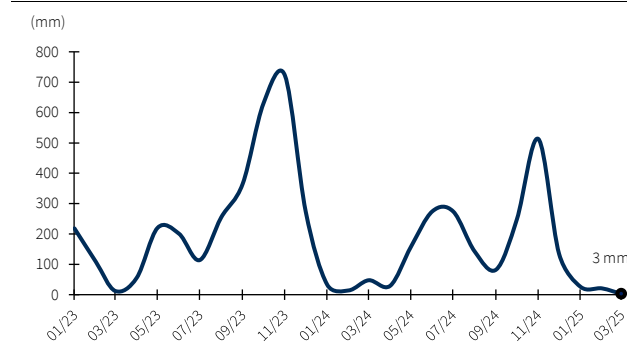
Source: International Research Institute, KB Securities Vietnam

Fig 8. Vietnam – Rainfall in Nghe An (mm)



Source: Vrain, KB Securities Vietnam

Fig 9. Vietnam – Rainfall in Quang Ngai (mm)



Source: Vrain, KB Securities Vietnam

Long-term outlook for gas-fired power strengthened despite short-term headwinds

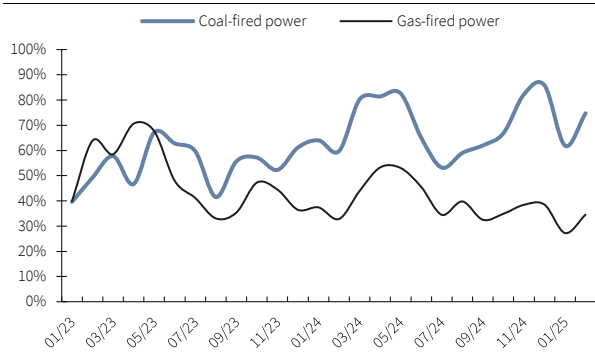
In the first two months of 2025, the electricity output of NT2 plant reached 296 million kWh, 270 million kWh higher than that of 2M24. After the expiration of PPAs for Phu My 2.2 and 3 plants, Phu My 1 and NT2 plants were allocated more domestic gas in the Southeast region, which directly supported the power generation output. We believe that the cheap domestic gas source for NT2 will remain abundant in 2025, so the power output and revenue of the plant are estimated at 3,324 million kWh (+21% YoY) and VND7,074 billion (+19.4% YoY). For Ca Mau 1&2 thermal power plants, we expect annual output and revenue will reach 6 billion kWh (+7% YoY) and VND12,484 billion (+9% YoY) thanks to (i) the average electricity demand growth of 10%/year, and (ii) abundant gas supply in the Southwest region that ensures Qc capacity. In the long term, gas supply for the plant may decline due to concerns about Malaysia cutting gas supply to Vietnam in 2028 as the country's gas consumption increases in the coming years. We are monitoring the progress of PVN's GPA negotiations and have not yet included the impact of gas supply cuts in our projection.

On February 5, 2025, NT3 power plant successfully connected to the national grid with a capacity of 50MW. Management expects the commercial operation date of the plant to be in July 2025, which is in line with our previous forecast. Based on the expected Qc ratio in 2025 of 70% and the assumption of average PPA price at VND2,436/kWh, we estimate full-year gas-fired power revenue and output at VND25,126 billion and 11,309 million kWh.

The effects of new documents will bring growth potential to LNG power plants

The recent Decree 58 stipulates that the minimum Qc ratio between power plants and EVN is 70% and lasts no longer than 12 years during the debt repayment period. We believe that this regulation will ensure the plant's operational output and improve its financial capacity in the future. Regarding PPA price, the Institute of Energy has recently announced that the price of LNG electricity is likely to be adjusted up to VND3,327/kWh in 2025 (28% higher than that in 2024), based on its calculation. The new calculation results fully supplement the costs incurred in the operation of LNG power plants, including LNG transportation – distribution costs, capacity reduction rate and higher exchange rate for LNG imports. If the above price frame is approved, the potential for price adjustment for NT3&4 gas power project will bring positive prospects, helping to increase revenue and profit. We have not yet adjusted the future PPA price of the project to wait for official documents.

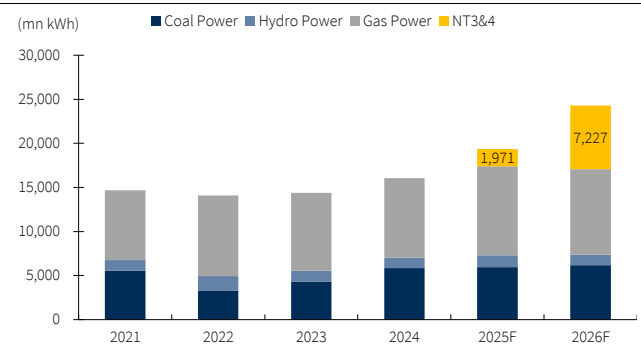
Fig 10. Vietnam – Pmax/P (%)



Source: NSMO, KB Securities Vietnam

Pmax/P refers to the ratio of maximum power output (Pmax) to actual power generation (P).

Fig 11. POW – Production capacity when NT3&4 become operational (million kWh)



Source: PV Power, KB Securities Vietnam

Forecast & valuation

Table 12. POW – 2023A–2025F business performance

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	30,180	36,984	23%	50,284	36%	
Gas-fired power	17,983	25,228	40%	38,229	52%	
Coal-fired power	10,794	10,407	-4%	10,802	4%	
Hydropower	1,185	1,350	14%	1,253	-7%	
Sales volume	16,072	19,355	20%	24,288	25%	
						2025: Output surges when NT3 unit becomes operational in 3Q with 70% capacity.
Gas-fired power	9,024	12,068	34%	16,911	40%	2026: Output increases sharply thanks to NT3 operating all year and NT4 becoming operational on schedule in 2026.
Coal-fired power	5,846	5,962	2%	6,160	3%	Coal power is forecast to maintain operating capacity of 59–60%
Hydropower	1,202	1,325	10%	1,217	-8%	2025: Power generation output is supplemented by the Nam Non hydropower project (20MW). 2026: Unfavorable water conditions will reduce hydropower output.
Average PPA price	1,878	1,911	2%	2,070	8%	Average PPA price increases thanks to the higher contribution of gas-fired power group and high FMPs.
Gas-fired power	1,993	2,090	5%	2,261	8%	
Coal-fired power	1,846	1,746	-5%	1,754	0%	
Hydropower	986	1,019	3%	1,030	1%	
Gross profit	1,948	2,402	23%	3,167	32%	NT3&4 is the growth driver.
Gross profit margin	6.5%	6.5%	0.0 ppts	6.3%	-0.2 ppts	GPM forecast is lower compared to the previous report due to lower-than-expected PPA prices in 2024–2025.
Financial income	616	711	15%	711	0%	
Financial expenses	667	1,493	124%	1,796	20%	NT3&4 coming into operation caused interest expense to be recorded in the business results.
Profits from affiliates	40	40	0%	40	0%	
SG&A	874	1,110	27%	1,509	36%	2025: Operating expenses increase sharply due to NT3&4 coming into operation.
Operating income/loss	1,074	1,292	20%	1,658	28%	
Other income	493	0	-100%	0	0%	POW will no longer record VND1,000 billion in insurance compensation as in the previous year.
Profit before taxes (PBT)	1,517	550	-64%	624	13%	
Profit after taxes (NPAT)	1,346	489	-64%	555	13%	
NP after MI	1,252	422	-66%	479	14%	
NPAT margin	4.5%	1.3%	-3.2 ppts	1.1%	-0.2 ppts	2025/2026F profit margin falls as NT3&4 are expected to record net loss.

Source: PV Power, KB Securities Vietnam

Valuation: NEUTRAL rating –
Target price VND14,600

We used the SOTP and the EV/EBITDA method, weighing 50/50, to value POW shares. As a result, we gave POW a NEUTRAL recommendation with a target price of VND14,600/share, equivalent to an upside of 14% compared to the closing price on March 18, 2025. With 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 of the period 2019–2024 to reflect the advantage of the enterprise in pioneering the operation of LNG power plants.

Table 13. POW – EV/EBITDA valuation

(VNDbn)	Value
EBITDA 2024F	5,938
Target EV/EBITDA	8
Total value	47,504
(+) Cash & Short-term investments	16,442
(-) Net debt	–
(-) Minority interest	–
Owner's equity	38,591
Number of shares outstanding (million shares)	2,342
Value per share	16,478

Source: KB Securities Vietnam

Table 14. POW – SOTP valuation

(VNDbn)	Valuation method	Contribution to POW
Ca Mau 1&2	DCF	5,793
Nhon Trach 1	DCF	1,111
Nhon Trach 2	DCF	2,775
Hua Na	DCF	3,510
Dakdrinh	DCF	3,281
Vung Ang 1	DCF	10,684
Nhon Trach 3	DCF	5,890
Nhon Trach 4	DCF	5,841
Total value		38,885
(+) Cash & Short-term investments		16,442
(-) Net debt		-22,659
(-) Minority interest		-2,696
Owner's equity		29,972
Number of shares outstanding (million shares)		2,341.90
Value per share		12,798

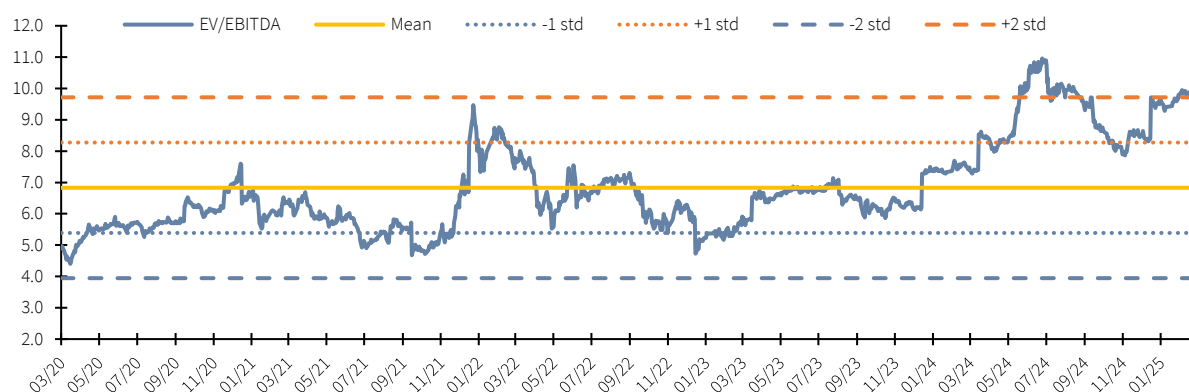
Source: KB Securities Vietnam

Table 15. POW – Valuation results

Valuation method	Forecast price	Weighting	Weighted price
SOTP	12,798	50%	6,399
EV/EBITDA (8x)	16,478	50%	8,239
Target price (rounded)			14,600
Current price (Dec 11, 2024)			12,900
Upside			14.0%

Source: KB Securities Vietnam

Fig 16. POW – EV/EBITDA in 2020–2025



Source: Bloomberg, KB Securities Vietnam

Table 17. POW – Correlation between PPA price & Qc ratio

		Qc ratio				
		60%	65%	70%	75%	80%
+/-% PPA price (Base price: VND2,436/kWh)	-6%	2.3%	3.9%	6.2%	7.0%	8.5%
	-3%	7.8%	9.3%	11.6%	14.0%	15.5%
	0%	9.3%	11.6%	14.0%	16.3%	17.8%
	3%	10.1%	12.4%	14.7%	17.1%	18.6%
	6%	10.9%	13.2%	15.5%	17.8%	19.4%

Source: PV Power, KB Securities Vietnam

KB SECURITIES VIETNAM RESEARCH

Research Division

research@kbsec.com.vn

Nguyen Xuan Binh – Head of research

binhnx@kbsec.com.vn

Financials**Nguyen Anh Tung – Manager**

tungna@kbsec.com.vn

Pham Phuong Linh – Analyst

linhpp@kbsec.com.vn

Consumer**Nguyen Duc Quan – Analyst**

quannd@kbsec.com.vn

Nguyen Hoang Duy Anh – Analyst

anhnhd@kbsec.com.vn

Real Estate**Pham Hoang Bao Nga – Manager**

ngaphb@kbsec.com.vn

Nguyen Thi Trang – Analyst

trangnt6@kbsec.com.vn

Industrials & Materials**Nguyen Thi Ngoc Anh – Analyst**

anhntn@kbsec.com.vn

Nguyen Duong Nguyen – Senior Analyst

nguyennd1@kbsec.com.vn

Macro & Strategy**Tran Duc Anh – Head of macro & strategy**

anhtd@kbsec.com.vn

Nghiem Sy Tien – Analyst

tienns@kbsec.com.vn

Nguyen Dinh Thuan – Analyst

thuannd@kbsec.com.vn

Energy, Utilities & IT**Pham Minh Hieu – Analyst**

hieupm@kbsec.com.vn

Nguyen Viet Anh – Analyst

anhnv3@kbsec.com.vn

Support Team**Nguyen Cam Tho – Assistant**

thonc@kbsec.com.vn

Nguyen Thi Huong – Assistant

huongnt3@kbsec.com.vn

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1, VP Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 2, TNR Tower Nguyen Cong Tru, 180–192 Nguyen Cong Tru Street, District 1, HCMC, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, HCMC, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Institutional Client Center: (+84) 28 7303 5333 – Ext: 2656

Private Customer Care Center: (+84) 24 7303 5333 – Ext: 2276

Email: ccc@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute 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 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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