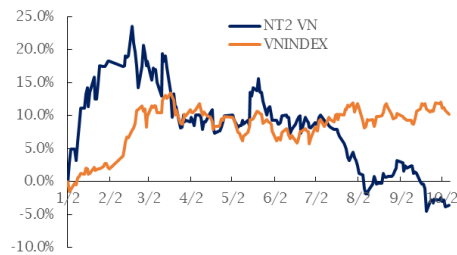


HOLD (OPF)
TP upside (downside) +25.3%
Close 18 Oct 2019

Price	VND 23,300
12M Target	VND 29,195
Previous target	VND 29,195

Share price performance relative to VNINDEX


Source: Bloomberg

Market cap (USD bn)	0.29
6M ADT (USD mn)	0.24
Outstanding shares (mn)	288
Free float (%)	32
FINI ownership (%)	19.8
Major shareholders (%)	32
Net debt/equity (x)	0.4
BVPS (VND)	13,298
P/B (x)	1.8
P/E (x)	9.2
EV/EBITDA (x)	5.8
Foreign ownership limit	29.1

Source: Bloomberg

Financial outlook

Year to Dec	2018	2019E	2020E	2021E
Sales (VND bn)	7,670	7,892	8,369	8,607
EPS (VND)	2,638	2,501	2,598	2,792
ROE (%)	18.0	19.6	19.9	21.0
Div. yield (%)	30.3	8.4	10.5	10.5

Source: NT2, YSVN

Binh Truong

O&G Analyst / Deputy Head of Research

Binh.Truong@yuanta.com.vn
<http://research.yuanta.com>

Bloomberg code: YUTA

PV Nhon Trach 2 (NT2 VN)
3Q19 results underpinned by FX gain
Event

NT2 just released its 3Q19 financial results. 3Q19 revenue increased by 7.6% YoY to VND 1,745 bn, while PAT reached VND 170bn, 6.4 times that of last year.

Our view

3Q19 revenue increased by 7.6% YoY to reach VND 1,745 bn. However, 3Q19 sales volume growth was stronger at 22% YoY to reach 1.1 bn kWh. This translates to an ASP of VND 1,548 per kWh, or a decline of -12% YoY.

PAT reached VND 170bn, 6.4 times that of last year. 3Q19 gross margin expanded to 10.3%, from 8.2% in 3Q18, mainly attributable to an 8.8% reduction in the average gas price in 3Q19. In addition, net financial income reached 16.1bn vs. a net financial loss of VND 87 bn in 3Q18. The company explained that this was due to a one-off FX gain of VND 49.6 bn in 3Q19 vs. an FX loss of VND 49.2bn in 3Q18.

9M19 net profit slightly rose by 3.8% YoY to VND 548.5bn. 9M19 revenue increased by 1.9% YoY to VND 5,760 bn. However, YTD gross margin contracted to 11.8%, down from 13.4% in 9M18. In addition, net financial expenses fell by 46% YoY to VND 67.8bn, which was partly attributable to the 3Q19 FX gain.

Persistent input constraint risk. NT2 has been unable to run at full capacity due to upstream maintenance at the Cuu Long gas fields affecting the gas input, especially in 2Q19. As mentioned in our [initiation report](#) of October 7, gas issues will only be resolved in 2021 after Sao Vang Dai Nguyet delivers its first gas.

We reiterate our HOLD–Outperform rating. Our target price of VND 29,195 is based on a three-part fair valuation approach with weightings of 40% for DDM, 40% for EV/EBITDA, and 10% for the FCFF methodology.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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Ratings Definitions

BUY: We have a positive outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors add to their position.

HOLD–Outperform: In our view, the stock's fundamentals are relatively more attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

HOLD–Underperform: In our view, the stock's fundamentals are relatively less attractive than peers at the current price. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile.

SELL: We have a negative outlook on the stock based on our expected absolute or relative return over the investment period. Our thesis is based on our analysis of the company's outlook, financial performance, catalysts, valuation and risk profile. We recommend investors reduce their position.

Under Review: We actively follow the company, although our estimates, rating and target price are under review.

Restricted: The rating and target price have been suspended temporarily to comply with applicable regulations and/or Yuanta policies.

Note: Yuanta research coverage with a Target Price is based on an investment period of 12 months. Greater China Discovery Series coverage does not have a formal 12 month Target Price and the recommendation is based on an investment period specified by the analyst in the report.

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Taiwan persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities Investment Consulting
4F, 225,
Section 3 Nanking East Road, Taipei 104
Taiwan

Hong Kong persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
Yuanta Securities (Hong Kong) Co. Ltd
23/F, Tower 1, Admiralty Centre
18 Harcourt Road,
Hong Kong

Korean persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Head Office
Yuanta Securities Building
Euljiro 76 Jung-gu
Seoul, Korea 100-845
Tel: +822 3770 3454

Indonesia persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Attn: Research
PT YUANTA SECURITIES INDONESIA
(A member of the Yuanta Group)
Equity Tower, 10th Floor Unit EFGH
SCBD Lot 9
Jl. Jend. Sudirman Kav. 52-53
Tel: (6221) - 5153608 (General)

Thailand persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Thailand)
127 Gaysorn Tower, 16th floor
Ratchadamri Road, Pathumwan
Bangkok 10330

Vietnam persons wishing to obtain further information on any of the securities mentioned in this publication should contact:

Research department
Yuanta Securities (Vietnam)
4th Floor, Saigon Centre
Tower 1, 65 Le Loi Boulevard,
Ben Nghe Ward, District 1,
HCMC, Vietnam

YUANTA SECURITIES NETWORK



YUANTA SECURITIES VIETNAM OFFICE

Head office: 4th Floor, Saigon Centre, Tower 1, 65 Le Loi Boulevard, Ben Nghe Ward, District 1, HCMC, Vietnam

Institutional Research

Matthew Smith, CFA

Head of Research

Tel: +84 28 3622 6868 (ext. 3815)

matthew.smith@yuanta.com.vn

Quang Vo

Analyst (Consumer)

Tel: +84 28 3622 6868 (ext. 3872)

quang.vo@yuanta.com.vn

Tam Nguyen

Analyst (Property)

Tel: +84 28 3622 6868 (ext. 3874)

tam.nguyen@yuanta.com.vn

Binh Truong

Deputy Head of Research (O&G, Energy)

Tel: +84 28 3622 6868 (3845)

binh.truong@yuanta.com.vn

Tanh Tran

Analyst (Banks)

Tel: +84 28 3622 6868 (3874)

tanh.tran@yuanta.com.vn

Institutional Sales

Huy Nguyen

Head of Institutional sales

Tel: +84 28 3622 6868 (3808)

Huy.nguyen@yuanta.com.vn

Duyen Nguyen

Sales Trader

Tel: +84 28 3622 6868 (ext. 3890)

duyen.nguyen@yuanta.com.vn