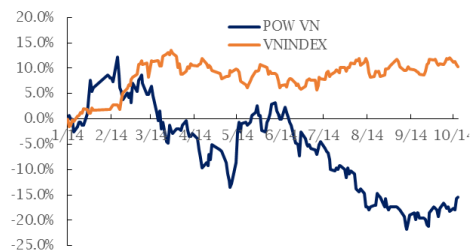


BUY
TP upside (downside) +32.3%
Close 17 Oct 2019

Price	13,200
12 M Target	17,457
Previous target	17,457

Share price performance relative to VNINDEX


Market cap (USD bn)	1.3
6M ADT (USD mn)	1.1
Outstanding shares (mn)	2,342
Free float (%)	5.8
FINI ownership (%)	14.3
Major shareholders (%)	79.9
Net debt/equity (x)	2.2
BVPS (VND)	12,309
P/B (x)	1.1
P/E (x)	12.1
EV/EBITDA (x)	5.8

Financial outlook

Year to Dec	2018	2019E	2020E	2021E
Sales (VND bn)	32,662	34,453	36,815	37,769
EPS (VND)	820	1,076	1,372	1,585
ROE (%)	7.0	9.1	10.7	11.3
Div. yield (%)	-	2.3	2.3	2.3

Note: Fully diluted weighted average EPS is based on weighted average number of shares.

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PV POWER (POW VN)
STRONG 9M2019 PRELIMINARY RESULTS
Event

POW just released its 9M2019 preliminary results which shows 39.6% YoY increase in profit after tax. The company has not released its detailed quarterly financial reports yet.

Our view

9M2019 profit after tax jumped by 39.6% YoY to VND 2,549bn.

This is partly attributed to 8% YoY increase in revenue to VND 26,852bn which was underpinned by 7.3% YoY rise in the average selling price to VND 1,532 per kWh. In addition, volume grew by 2.6% YoY to 16.5 bn kWh.

Ca Mau 1 & 2 lead growth. Ca Mau 1&2 gas fired plants, account for 34% of the power generation revenue, increased by 10% YoY to VND 8,651 bn. Meanwhile, Vung Ang coal fired plant, account for 24.4% of the revenue, slightly declined by 0.7% YoY to VND 5,836bn. Nhon Trach 2 gas fired plant (HOSE: NT2, HOLD) revenue, account for 23.2% of the revenue, also slid by 0.8% YoY to VND 5,789bn.

Hydropower performance fell due to low water levels. Hydropower revenue decreased by 8.6% YoY to VND 930 bn mainly attributed to lower volume. Hydropower volume fell by 22.4% YoY to 816.4 mn kWh due to long lasting dry season this year. Especially Hua Na, 180 MW capacity hydropower plant, has reported 7M19 water levels are only equivalent to 59% of the multiyear average.

Input constraint remains at NT2. POW reported that Vung Ang input issues have been slightly eased as the main supplier (TKV) has committed to supply sufficient coal. In contrast, NT2 could not run at full capacity due to upstream maintenance at the Cuu Long gas fields affecting the gas input. As mentioned in our NT2 initiation report, gas issues will only be resolved in 2021 after Sao Vang Dai Nguyet delivers its first gas.

We reiterate BUY with target price of VND 17,457. Our target implies 2019E PE of 16.2x and 2020E PE of 12.7x, which we view as reasonable.

ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ARE LOCATED IN APPENDIX A.

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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.

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