



NT2 Update- OUTPERFORM

May 29, 2025



Pham Duc Toan

(+84 28) 7300 7000 (x1051)

toanpd@acbs.com.vn

Company Update

Recommendation **OUTPERFORM**

HOSE: NT2

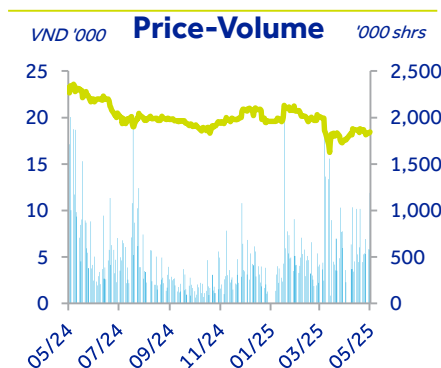
Gas-turbines

Target price (VND)	19,700
Current price (VND)	18,450
Expected share price return	6.9%
Expected dividend yield	5.4%
Expected total return	12.3%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	-8.1	4.5	-10.9	-17.3
Relative	-14.4	-5.4	-14.2	-23.9

Source: Bloomberg



Ownership

POW	59.4%
Technology Development LLC	8.3%

Stock Statistics 28-May-2025

Bloomberg code **NT2**

52-week range (VND) 16,000 – 24,000

Shares O/S (m) 288

Mkt cap (VND bn) 5,326

Mkt cap (USD m) 213

Foreign room left (%) 36.3

Est. free float (m) 32.3

3m avg daily vol (shrs) 584,107

VND/USD 25,030

Index: VNIIndex / HNX 1,338.3/223.7

Nhon Trach 2 Thermal Power JSC (HOSE: NT2)

On May 28th, 2025, NT2 held its Annual General Meeting (AGM), with the 2025's plan of VND8,212 bn in revenue, +38.2% YoY, and VND279 bn in NPAT, +236.1% YoY. ACBS forecasts NT2's NPAT at VND273 bn, +228.9% YoY. In Q1/2025, NT2 reported VND1,427 bn in revenue, more than a five-fold YoY, and VND37 bn in NPAT (Q1/2024: -VND159 bn), completing 13.3% of the company's plan and 13.6% of ACBS's 2025 forecast. Based on these favorable developments, we achieve the target price of VND19,700/share for NT2, rating **OUTPERFORM**, representing a total expected return of 12.3%.

Investment Thesis: We note that NT2's results are gradually becoming more positive compared to the extremely difficult year of 2024 as:

1. Q1/2025 output reached 588.0 mil kWh, nearly 4 times higher YoY. Accordingly, revenue reached VND1,427 bn, more than 5 times higher YoY, the company no longer recorded operating below cost as in 2024, with VND45 bn in gross profit (Q1/2024: -VND226 bn).
2. The La Niña cycle in 2025-2026 quickly ended, replaced by a Neutral phase. This will be more favorable for the business results of thermal power plants as average annual rainfall is unlikely to increase significantly compared to the El Niño phase of 2023-2024.
3. National electricity output increased by 10.1% YoY, and is forecast to maintain a CAGR of 10% from now until 2030 according to the revised Power Plan 8 (PP8).
4. NT2 has not yet recognized VND177 bn in foreign exchange differential, and VND91 bn in environmental service fees as announced in the 2024 AGM.

However, NT2's business operations also carry potential risks related to:

1. Direct competition from NT3&4 in the same operating area.
2. Average input gas prices continue to rise due to dwindling domestic gas sources.
3. The average full market price (FMP) for electricity in 2025 might be lower than in 2024 due to lower mobilization prices from hydropower companies post El Niño cycle.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	8,788	6,386	5,944	6,309	6,207
Growth	42.9%	-27.3%	-6.9%	6.1%	-1.6%
EBITDA (VNDbn)	1,640	1,128	658	791	847
EBITDA margin	27.8%	-31.2%	-41.7%	20.2%	7.1%
NPATMI (VNDbn)	883	473	83	273	228
Growth	65.7%	-46.4%	-82.5%	228.8%	-16.6%
EPS (bonus-adjusted, VND)	2,970	1,535	276	913	761
Growth	67.3%	-48.3%	-82.0%	230.1%	-16.6%
ROE	19.1%	10.9%	2.0%	6.9%	5.9%
ROA	11.9%	5.6%	1.0%	3.8%	3.0%
Net debt/EBITDA (x)	0.2	1.1	1.4	(0.5)	(1.1)
EV/EBITDA (x)	3.4	5.8	9.6	6.3	5.3
P/E (x)	6.1	11.4	64.9	19.7	23.7
P/B (x)	1.8	1.1	1.2	1.3	1.3
Dividend (VND)	2,500	1,500	700	1,000	700
Dividend yield	13.4%	8.0%	3.8%	5.4%	3.8%

NT2: Q1/2025's PERFORMANCE

In 2024, EVN faced significant financial constraints, leading to a reduction in the dispatch of high-cost power generation sources, such as gas-turbines. Concurrently, EVN prioritized the mobilization of cleaner energy sources, including wind, solar, and hydropower. Consequently, NT2's Qc was substantially lower from the beginning of the year, at only 1.05 bn kWh compared to 3.5 bn kWh in 2023, which adversely impacted NT2's business. Furthermore, due to its high production costs per kWh, NT2 struggled to compete effectively with other power plants in the Vietnam Competitive Generation Market (VCGM). As a result, NT2 experienced a severe decline in output, with only 151.8 mil kWh produced in Q1/2024, -85.9% YoY.

In Q1/2025, NT2 produced 588.0 mil kWh, +287.4% YoY. This led to a significant surge in revenue, reaching VND1,427 bn, +444.7% YoY. Moreover, NT2 recorded a NPAT of VND37 bn, a considerable turnaround from the VND159 bn in Q1/2024, achieving a net margin of 2.6%.

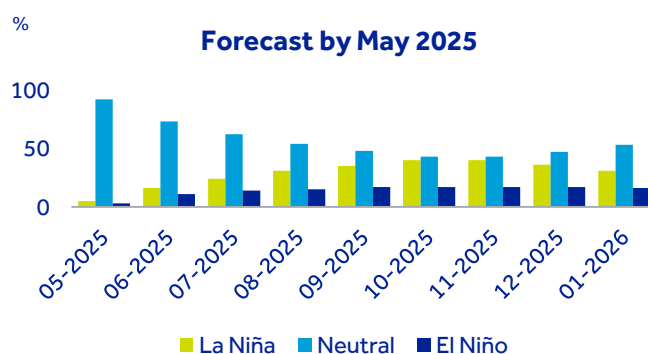
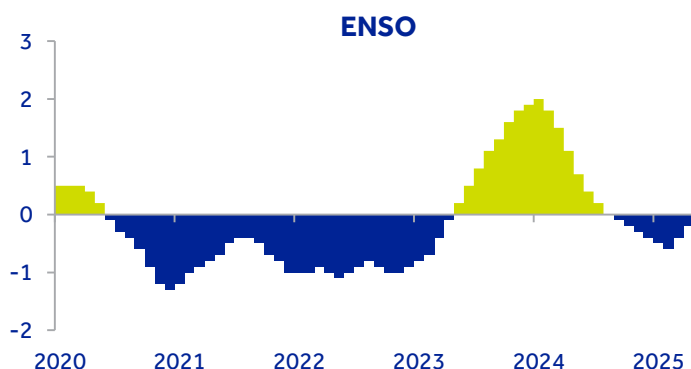
Unit: bn VND	Q1/2024	Q1/2025	YoY	2024	2025	YoY
Revenue	262	1,427	444.7%	262	1,427	444.7%
Gross profit	-226	45		-226	45	
<i>Gross margin</i>		3.2%			3.2%	
Financial Revenue	8	14	75.0%	8	14	75.0%
<i>Financial Expenses</i>	5	12	140.0%	5	12	140.0%
Administrative Expenses	15	19	26.7%	15	19	26.7%
NPAT	-159	37		-159	37	
<i>NPAT's margin</i>		2.6%			2.6%	

Sources: NT2, ACBS

2025 BUSINESS PROSPECTS

NT2 is expected to post an improvement business result thanks to:

According to NOAA, the La Niña cycle for 2025–2026 concluded abruptly, lasting only for the first 2-months of 2025. Model in May 2025 indicate the highest probability of a Neutral phase persisting until early 2026. Consequently, the mobilized output from hydropower is forecast to exhibit only a modest increase compared to 2024 (below 5.0% YoY). Conversely, the nationwide mobilized electricity output is expected to maintain a growth rate exceeding 10.0% for 2025. This scenario is thus expected to lead to an improvement in the mobilized output from thermal power sources in general, gas-turbines specifically.



Sources: NOAA, ACBS

Furthermore, NT2's management anticipates the collection of VND268 bn, comprising VND177 bn attributed to foreign exchange differential from the 2019–2021 period, and VND91 bn from environmental service fees between 2019 and 2023.

CURTAILMENT RISK FROM NT 3&4 OPERATION

NT2 faces significant competitive pressure within due to the commission of NT 3&4 in Q3/2025 and Q4/2025. We anticipate that these newer facilities, leveraging more advanced and environmentally friendly technology, will likely receive dispatch priority. Furthermore, their operation will be crucial for NT 3&4 to generate the necessary cash flow to finance their debt and operational expenditures.

An additional risk confronting NT2 is the escalation of input gas prices amidst a decline in average FMP. Specifically, Q1/2025 average gas price reached \$9.6/MMBtu, +3.0% YoY. This increase is largely attributable to higher transportation as being situated at the end of the pipeline compared to Phu My. Concurrently, Q1/2025 average FMP was recorded at VND1,249/kWh, -16.7% YoY.

2025-2026F EARNINGS FORECAST

For 2025, we project NT2's output to reach 2.9 bn kWh, +7.4% YoY. This is expected to translate into revenue of VND6,309 bn, +6.1% YoY, and NPAT of VND273 bn, +228.8% YoY, which incorporates the anticipated recognition of VND177 bn from foreign exchange differential and VND91 bn from environmental service fees.

For 2026, we anticipate a slight moderation in performance. Output is projected at 2.7 bn kWh, +6.9% YoY. Revenue is expected to be VND6,207 bn, -1.6% YoY, with NPAT reaching VND228 bn, -16.6% YoY. This forecast is primarily attributed to the high probability of a prevailing Neutral phase.

Regarding shareholder returns, NT2 approved a dividend payout of VND700/share for 2024, yielding a dividend yield of 3.8%. For 2025, we project a cash dividend of VND1,000/share based on the year's anticipated performance, which would correspond to a dividend yield of 5.4%.

Unit: bn VND	2024	2025F	YoY	2026F	YoY
Output: bn kWh	2,7	2,9	+7,4%	2,7	-6,9%
Revenue	5.944	6.309	+6,1%	6.207	-1,6%
Gross profit	52	181	248,1%	232	28,2%
Gross margin	0,9%	2,9%		3,7%	
NPAT	83	273	228,8%	228	-16,6%
NPAT's margin	1,4%	4,3%		3,7%	
Sources: NT2, ACBS					

VALUATION

Based on FCFF method, we recommend a target price of 19.700 dong/share for NT2, representing a total expected return of 12.3%, rating OUTPERFORM.

FINANCIALS MODEL	Price: VND	18,450	Target: VND	19,700	Mkt cap VND bn	5,326
(VND bn except where stated)	2022	2023	2024	2025F	2026F	
Total Net Sales	8,788	6,386	5,944	6,309	6,207	
<i>Growth</i>	<i>42.9%</i>	<i>-27.3%</i>	<i>-6.9%</i>	<i>6.1%</i>	<i>-1.6%</i>	
CoGS	7,706	5,876	5,892	6,128	5,975	
EBITDA	1,640	1,128	658	791	847	
<i>EBITDA margin</i>	<i>18.7%</i>	<i>17.7%</i>	<i>11.1%</i>	<i>12.5%</i>	<i>13.7%</i>	
Depreciation	689	687	687	687	687	
Operating profit	957	514	32	341	284	
Operating profit margin	10.9%	8.0%	0.5%	5.4%	4.6%	
Net interest expense	(6)	(65)	(60)	(60)	(124)	
<i>as % of avg net debt</i>	<i>-2.4%</i>	<i>-5.4%</i>	<i>-6.4%</i>	<i>15.7%</i>	<i>13.5%</i>	
Interest cover (x)	(158.5)	(6.8)	0.5	(1.7)	(1.3)	
Tax	45	41	21	68	57	
<i>Tax rate</i>	<i>4.8%</i>	<i>8.0%</i>	<i>20.2%</i>	<i>20.0%</i>	<i>20.0%</i>	
NPAT	883	473	83	273	228	
<i>NPATMI's margin</i>	<i>65.7%</i>	<i>-46.4%</i>	<i>-82.5%</i>	<i>228.8%</i>	<i>-16.6%</i>	
Cash earning	1,572	1,160	770	960	915	
Number of share: mil	288	288	288	288	288	
EPS: VND	2,970	1,535	276	913	761	
<i>Bonus factor (x)</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	<i>1.0</i>	
Adjusted EPS: VND	2,970	1,535	276	913	761	
EPS growth	67%	-48%	-82%	230%	-17%	

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	285	263	199	(903)	144
Capex	1	3	4	-	-
Change in investment in affiliates	-	-	-	-	-
Other cashflow items	(850)	(1,127)	(106)	(109)	57
Free cash flow	436	(233)	461	1,754	827
Share issues	-	-	-	-	-
Dividends paid	474	719	201	432	288
Increase in net debt	38	952	(260)	(1,321)	(539)
Net debt, end of year	247	1,199	939	(382)	(922)
Shareholders' equity	4,614	4,336	4,190	3,952	3,871
BVPS (VND)	16,026	15,061	14,554	13,725	13,444
<i>Net debt / equity (%)</i>	5.4%	27.7%	22.4%	-9.7%	-23.8%
<i>Net debt / EBITDA (x)</i>	0.2	1.1	1.4	(0.5)	(1.1)
Total assets	7,446	8,452	8,697	7,131	7,487

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
ROE	19.1%	10.9%	2.0%	6.9%	5.9%
ROA	11.9%	5.6%	1.0%	3.8%	3.0%
ROIC	18.1%	8.0%	-0.6%	2.2%	3.6%
WACC	11.7%	11.7%	11.7%	11.7%	11.7%
EVA	6.5%	-3.7%	-12.2%	-9.5%	-8.1%
PER (x)	6.1	11.4	64.9	19.7	23.7
EV/EBITDA (x)	3.4	5.8	9.6	6.3	5.3
EV/FCF (x)	4.1	7.7	12.0	3.0	6.3
PBR (x)	1.8	1.1	1.2	1.3	1.3
PSR (x)	0.6	0.8	0.9	0.9	0.9
EV/sales (x)	0.6	1.0	1.1	0.8	0.7
Dividend yield	13.4%	8.0%	3.8%	5.4%	3.8%

CONTACTS

Ho Chi Minh City Head Office

117 Nguyen Dinh Chieu, Dist. 3, Ho Chi Minh City
Tel: (+84 28) 7300 7000
Fax: (+84 28) 7300 3751

Hanoi Office

10 Phan Chu Trinh, Hoan Kiem Dist., Ha Noi
Tel: (+84 4) 3942 9395
Fax: (+84 4)3942 9407

RESEARCH DEPARTMENT

Head of Research

Trang Do

(+84 28) 7300 7000 (x1041)
trangdm@acbs.com.vn

Manager – Properties

Truc Pham
(+84 28) 7300 7000 (x1043)
trucptt@acbs.com.vn

Manager – Financials

Hung Cao
(+84 28) 7300 7000 (x1049)
hungcv@acbs.com.vn

Manager – Retail, Technology

Chi Luong
(+84 28) 7300 7000 (x1042)
chiltk@acbs.com.vn

Associate – Oil & Gas

Hung Phan
(+84 28) 7300 7000 (x1044)
hungpv@acbs.com.vn

Associate – Industrials

Trung Tran
(+84 28) 7300 7000 (x1045)
trungtn@acbs.com.vn

Associate – Macro & Money

Market
Minh Trinh Viet
(+84 28) 7300 7000 (x1046)
minhtvh@acbs.com.vn

Associate - Logistic

Hung Nguyen
(+84 28) 7300 7000 (x1047)
hungnt@acbs.com.vn

Associate – Utilities

Toan Pham
(+84 28) 7300 7000 (x1051)
toanpd@acbs.com.vn

Analyst – Technical

Huu Vo
(+84 28) 7300 7000 (x1052)
huvvp@acbs.com.vn

Analyst – Market data

Anh Mai
(+84 28) 7300 7000 (x1110)
anhmd@acbs.com.vn

Associate – Construction

Dat Do
(+84 28) 7300 7000 (x1048)
datdt@acbs.com.vn

INSTITUTIONAL CLIENT DIVISION

Director

Huong Chu

(+84 28) 7300 7000 (x1083)
huongctk@acbs.com.vn
groupis@acbs.com.vn

Associate

Huynh Nguyen

(+84 28) 7300 7000 (x1088)
huynhntn@acbs.com.vn

DISCLAIMER

Our Recommendation System

BUY: prospective 12 month VND total return (including dividends) will be more than 20%.

OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.

NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.

UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.

SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

Analyst Certification(s)

We, the author(s) of this report, hereby certify (1) that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this research report and (2) no part of our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

ACBS and/or an affiliate thereof (hereby collectively called ACBS) did or may seek to do business with companies covered in this report as its routine business. ACBS's proprietary trading accounts may have a position in such companies' securities. As a result, the investor should be aware that ACBS may have a conflict of interest from time to time.

ACBS produces a variety of research products including, but not limited to, fundamental analysis, equity-linked analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research products, whether as a result of differing time horizons, methodologies, or otherwise.

Disclaimer

This report is provided for information purposes only. ACBS makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to any data included in this report. ACBS will not treat unauthorized recipients of this report as its clients. Prices shown (if any) are indicative and ACBS is not offering to buy or sell or soliciting offers to buy or sell any financial instrument. **Without limiting any of the foregoing and to the extent permitted by law, in no event shall ACBS, nor any affiliate, nor any of their respective officers, directors, partners, or employees have any liability for (a) any special, punitive, indirect, or consequential damages; or (b) any lost profits, lost revenue, loss of anticipated savings or loss of opportunity or other financial loss, even if notified of the possibility of such damages, arising from any use of this report or its contents.** Other than disclosures relating to ACBS, the information contained in this report has been obtained from sources that ACBS believes to be reliable, but ACBS does not represent or warrant that it is accurate or complete. The views in this report are subject to change, and ACBS has no obligation to update its opinions or the information in this report.

Some parts of this report reflect the assumptions, views and analytical methods of the analysts who prepared them, and ACBS is not responsible for any error of their works and assumptions. ACBS may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report.

The analyst recommendations in this report reflect solely and exclusively those of the author(s), and such opinions were prepared independently of any other interests, including those of ACBS. This report does not constitute personal investment advice or take into account the individual financial circumstances or objectives of the investors who receive it. The securities discussed herein may not be suitable for all investors. ACBS recommends that investors independently evaluate each issuer, securities or instrument discussed herein and consult any independent advisors they believe necessary. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including changes in market liquidity). The information herein is not intended to predict actual results, which may differ substantially from those reflected. Past performance is not necessarily indicative of future results.

This report may not be distributed to the public media or used by the public media without prior written consent of ACBS. Otherwise it will be considered as illegal. The breacher shall compensate fully to ACBS any loss or damage which arises from such breach (if any).

In the event that the distribution and/or receipt of this report is prohibited by the investor's jurisdiction, the investor shall dismiss this report immediately otherwise it will be at his/her own risks.

ACBS does not provide tax advice and nothing contained herein should be construed to be tax advice. Accordingly, the investors should seek advice based on their particular circumstances from an independent tax advisor. This report may contain links to third-party websites. ACBS is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by ACBS. Access to any third-party website is at the investor's own risks, and the investor should always review the terms and privacy policies at third-party websites before submitting any personal information to them. ACBS is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

© Copyright ACBS (2025). All rights reserved. No part of this report may be reproduced in any manner without the prior written permission of ACBS.