



POW Update- OUTPERFORM

June 11, 2025



Pham Duc Toan

(+84 28) 7300 7000 (x1051)

toanpd@acbs.com.vn

Company Update

Recommendation **OUTPERFORM**
HOSE: POW

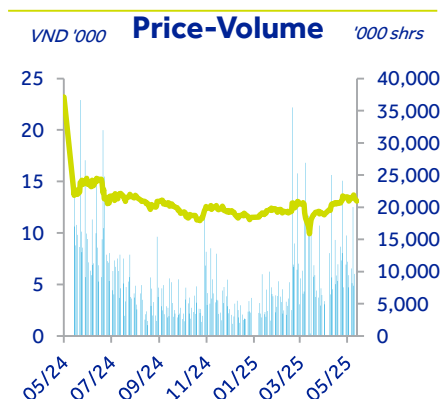
Thermal

Target price (VND)	15,200
Current price (VND)	13,050
Expected share price return	16.5%
Expected dividend yield	0.0%
Expected total return	16.5%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	9.2	9.8	10.7	-1.1
Relative	5.0	2.2	9.3	-6.6

Source: Bloomberg



Ownership

PVN	79.9%
Norges Bank	1.3%

Stock Statistics

10-Jun-2025

Bloomberg code	POW
52-week range (VND)	9,920 – 15,900
Shares O/S (m)	2,342
Mkt cap (VND bn)	30,679
Mkt cap (USD m)	1,226
Foreign room left (%)	45.4
Est. free float (m)	20.1
3m avg daily vol (shrs)	10,782,370
VND/USD	25,030
Index: VNIndex / HNX	1,310.6/226.5

PetroVietnam Power Corporation (POW VN)

POW plans to generate of 18.9 bn kWh, resulting in VND38,185 bn in revenue, +26.0% yoy, and VND439 bn in NPAT, -60.5% yoy in 2025. In Q1/2025, POW reported VND8,150 bn in revenue, +30.5% yoy, and VND 472 bn in NPAT, +118.5% yoy, completing 108% of the plan and 38% of ACBS forecast. We give a target price of VND15,200/share for POW, rating **OUTPERFORM** by the end of 2025, representing a total expected return of 16.5%.

Investment points:

- The existing facilities, including Nhon Trach (NT) 1&2, are anticipated to resume stable operations, contributing to enhance 2025 financial results compared to 2024.
- The La Niña cycle in 2025-2026 is projected to conclude swiftly, transitioning into a Neutral phase. Consequently, the average annual precipitation in 2025–2026 is not forecasted to significantly increase from 2024 levels, which has implications for hydropower generation.
- NT 3&4, Vietnam's first imported LNG gas-turbines power plants invested by POW, are scheduled for official operation in Q3/2025 and early 2026, respectively. While these projects may not contribute to profits in short term, they are poised to lay the groundwork for the future development of other gas-fired power projects and drive the company's long-term growth trajectory.

Risks:

- POW faces the challenge of optimizing electricity dispatch among its power plants located within the same region, such as NT 1, 2, 3, and 4, to maximize overall efficiency and profitability.
- The average cost of input gas is projected to continue increasing due to the depletion of cheaper domestic gas sources and the high dependency of LNG prices on global oil market fluctuations. This could squeeze profit margins.
- The average Full Market Price (FMP) in 2025 might be lower than in 2024. This is attributed to potentially reduced dispatch prices from hydropower as the El Niño cycle concludes, leading to more favorable conditions for hydro plants.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	28,224	28,329	30,306	38,170	43,430
Growth	14.9%	0.4%	7.0%	25.9%	13.8%
EBITDA (VNDbn)	5,668	4,245	3,938	6,140	8,101
EBITDA margin	8.6%	-25.1%	-7.2%	55.9%	31.9%
NPATMI (VNDbn)	2,552	1,283	1,211	1,234	2,143
Growth	24.3%	-49.7%	-5.6%	1.9%	73.7%
EPS (bonus-adjusted, VND)	802	378	474	410	763
Growth	16.8%	-52.9%	25.5%	-13.6%	86.1%
ROE	7.7%	3.8%	3.5%	3.4%	5.6%
ROA	4.5%	1.8%	1.5%	1.3%	2.2%
Net debt/EBITDA (x)	(0.2)	0.4	1.8	2.0	1.3
EV/EBITDA (x)	5.3	7.7	9.6	7.0	5.1
P/E (x)	17.8	23.9	25.3	24.9	14.3
P/B (x)	0.9	0.9	0.9	0.8	0.8
Dividend (VND)	-	-	-	-	-
Dividend yield	-	-	-	-	-

Improved output drove Q1/2025 performance

In 2024, EVN encountered financial difficulties, leading to a reduction in the mobilization of high-cost power sources, such as gas-fired plants. Concurrently, EVN prioritized the dispatch of clean energy sources, including wind power, solar, and hydropower. These led significantly low allocation of the Quantity Control (Qc) to NT 1&2 (NT2's Qc was merely 1.05 bn kWh, -70% yoy; NT1 received no Qc) from early 2024. Furthermore, POW's 2024 performance was also weighed by adverse impacts from the 2023–2024 El Niño cycle on the output of POW's two hydropower plants, Dakdrinh (DHC) and Hua Na (HNA).

Entering Q1/2025, the electricity output mobilized from POW's plants witnessed a notable improvement. Specifically, NT1's output reached 116 mil kWh, +3,415% yoy, and NT2's output reached 592 mil kWh, +290% yoy. Additionally, the swift conclusion of the La Niña cycle in Q1/2025 contributed to a substantial increase in output from both hydropower plants: HNA generated 127 mil kWh, +68.9% yoy, and DHC produced 192 mil kWh, +42.6%yoy. These factors collectively drove POW's Q1 2025 revenue to VND8,150 bn, +30.5% yoy, and NPAT to VND472 bn, +118.5% yoy. NPAT margin expanded to 5.8% from 3.5% in Q1/2024.

Unit: bn VND	Q1/2024	Q1/2025	yoy
Output: mil kWh	3,545	4,250	19.9%
<i>CM1&2</i>	<i>1,471</i>	<i>1,465</i>	<i>-0.4%</i>
<i>NT1</i>	<i>3,3</i>	<i>116</i>	<i>3,415%</i>
<i>NT2</i>	<i>152</i>	<i>592</i>	<i>290.2%</i>
<i>HNA</i>	<i>75</i>	<i>127</i>	<i>68.9%</i>
<i>DHC</i>	<i>135</i>	<i>192</i>	<i>42.6%</i>
<i>VA1</i>	<i>1,708</i>	<i>1,757</i>	<i>2.8%</i>
Revenue	6,243	8,150	30.5%
Gross profit	377	816	116.4%
Gross margin	6.0%	10.0%	
Financial expenses	154	176	14.3%
<i>Interest expenses</i>	<i>81</i>	<i>119</i>	<i>46.9%</i>
Administrative expenses	116	338	191.4%
NPAT	216	472	118.5%
<i>NPAT's margin</i>	<i>3.5%</i>	<i>5.8%</i>	

Sources: POW, ACBS

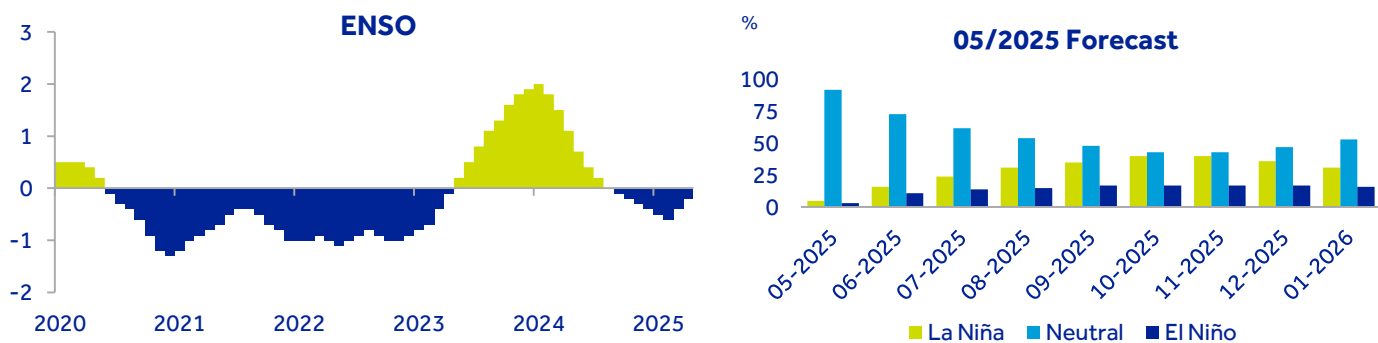
The new plant may not make profit in the first years of operation

Given that all four gas-fired plants NT1, 2, 3, & 4 are situated within the same region, it is highly probable that POW will need to curtail output from its older plants NT 1&2 to switch to NT3&4 and adjust its operation plan across the plants to ensure stable operation for NT 3&4 in the context that demand may not keep pace with increase capacity. We share the management's estimate that the NT 3&4 projects are likely to incur losses during their initial two years of operation. This is primarily attributable to a sharp increase in costs, notably interest expenses and depreciation, while its electricity output has yet to stabilize.

2025-2026 Forecast

According to NOAA, the 2025–2026 La Niña cycle concluded rapidly after the first two months of 2025. The latest forecast in 2025 indicates the highest probability for a Neutral phase persisting until early 2026. Consequently, the output from hydropower plants is projected to increase marginally compared to 2024, while the nationwide electricity dispatch is expected to maintain growth above 10.0% for 2025. Accordingly, we anticipate an improvement in the mobilization of thermal power sources in general, and gas-fired specifically.

However, the average gas price for gas-fired power plants, particularly NT 1&2, is expected to remain high. This is due to their downstream location relative to plants in the Phu My area and a general gas shortage in Vietnam. Concurrently, 2025 FMP is forecasted to be lower than in 2024, given the predominant Neutral phase, which facilitates higher hydropower mobilization. Specifically, the Q1/2025 FMP reached VND1,247/kWh, -16.8% yoy, while the average gas price for NT2 in Q1/2025 was USD 9.6/MMBtu, +3.0% yoy.



In summary, **for 2025**, we project POW's output to reach 18.0 bn kWh, +12.1% yoy (in which, NT 3&4 contributing 2.4 bn kWh). Revenue is forecasted at VND38,170 bn, +25.9% yoy, and NPAT is projected to be VND1,234 bn, +1.9% yoy, which includes VND411 bn from PVI insurance related to the VA1 incident and VND123 bn from reversal of provisions for this insurance claim. Excluding these two items, core NPAT is estimated at VND807 bn, -33.4% yoy.

For 2026, we expect the output to reach 18.9 bn kWh, +4.7% yoy (in which, NT 3&4 contributing 4.4 bn kWh, +83.4% yoy). Revenue is projected at VND43,430 bn, +13.8% yoy, and NPAT is expected at VND2,143 bn, +73.7% yoy. This positive outlook is premised on the high probability of a dominant Neutral phase and stable operation of NT 3&4.

Unit: bn VND	2024	2025F	yoy	2026F	yoy
Output: bn kWh	16.1	18.0	12.1%	18.9	4.7%
CM1&2	6.0	5.4	-10.2%	4.7	-12.2%
NT1	0.3	0.6	122.1%	0.6	-6.3%
NT2	2.7	3.0	7.8%	2.8	-6.7%
HNA	0.6	0.7	6.2%	0.7	5.5%
DHC	0.6	0.5	-12.9%	0.6	22.2%
VA1	5.8	5.5	-6.5%	5.0	-7.7%
NT3&4	-	2.4	-	4.4	83.4%
Revenue	30,306	38,170	25.9%	43,430	13.8%
Gross profit	1,998	2,635	31.9%	4,566	73.3%
Gross margin	6.6%	6.9%		10.5%	
NPAT	1,211	1,234	1.9%	2,143	73.7%
NPAT's margin	4.0%	3.3%		4.9%	

Sources: POW, ACBS

Valuation

Based on FCFF method, we give a target price of VND15.200/share to POW by the end of 2025, equivalent a total expected return of 15,8%.

FINANCIALS MODEL	Price: VND	13,050	Target: VND	15,200	Mkt cap VND bn	30,679
(VND bn except where stated)	2022	2023	2024	2025F	2026F	
Total Net Sales	28,224	28,329	30,306	38,170	43,430	
<i>Growth</i>	<i>14.9%</i>	<i>0.4%</i>	<i>7.0%</i>	<i>25.9%</i>	<i>13.8%</i>	
CoGS	24,498	25,625	28,308	35,535	38,864	
EBITDA	5,668	4,245	3,938	6,140	8,101	
<i>EBITDA margin</i>	<i>20.1%</i>	<i>15.0%</i>	<i>13.0%</i>	<i>16.1%</i>	<i>18.7%</i>	
Depreciation	2,809	2,809	2,818	4,442	4,442	
Operating profit	2,765	1,290	883	1,452	2,522	
Operating profit margin	9.8%	4.6%	2.9%	3.8%	5.8%	
Net interest expense	119	112	(80)	541	898	
<i>as % of avg net debt</i>	<i>-13.4%</i>	<i>6.1%</i>	<i>-1.1%</i>	<i>4.3%</i>	<i>8.3%</i>	
Interest cover (x)	24.0	12.8	(14.0)	3.1	4.1	
Tax	241	235	171	218	378	
<i>Tax rate</i>	<i>8.6%</i>	<i>16.3%</i>	<i>12.4%</i>	<i>15.0%</i>	<i>15.0%</i>	
NPAT	2,060	1,038	1,111	1,066	1,984	
<i>NPATMI's margin</i>	<i>7.3%</i>	<i>3.7%</i>	<i>3.7%</i>	<i>2.8%</i>	<i>4.6%</i>	
Cash earning	4,869	3,847	3,929	5,508	6,426	
Number of share: mil	2,342	2,342	2,342	2,342	2,342	
EPS: VND	802	378	474	410	763	
<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	802	378	474	410	763	
EPS growth	16.8%	-52.9%	25.5%	-13.6%	86.1%	

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	2,300	2,137	(61)	1,454	2,030
Capex	-	-	9,791	10,000	3,778
Change in investment in affiliates	17	30	-	-	-
Other cashflow items	(1,764)	(4,049)	799	569	1,176
Free cash flow	788	(2,369)	(5,002)	(5,377)	1,794
Share issues	-	-	-	-	-
Dividends paid	199	365	132	176	117
Increase in net debt	(589)	2,734	5,134	5,552	(1,677)
Net debt, end of year	(886)	1,848	6,982	12,534	10,857
Shareholders' equity	33,283	34,120	34,681	36,517	38,303
BVPS (VND)	14,212	14,569	14,809	15,593	16,356
Net debt / equity (%)	-2.7%	5.4%	20.1%	34.3%	28.3%
Net debt / EBITDA (x)	(0.2)	0.4	1.8	2.0	1.3
Total assets	56,843	70,360	79,913	95,530	98,999

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
ROE	7.7%	3.8%	3.5%	3.4%	5.6%
ROA	4.5%	1.8%	1.5%	1.3%	2.2%
ROIC	6.8%	3.1%	2.0%	2.3%	5.1%
WACC	9.3%	9.3%	9.3%	9.3%	9.3%
EVA	-2.5%	-6.2%	-7.3%	-6.9%	-4.2%
PER (x)	17.8	23.9	25.3	24.9	14.3
EV/EBITDA (x)	5.3	7.7	9.6	7.0	5.1
EV/FCF (x)	37.8	(13.7)	(7.5)	(8.0)	23.1
PBR (x)	0.9	0.9	0.9	0.8	0.8
PSR (x)	1.1	1.1	1.0	0.8	0.7
EV/sales (x)	1.1	1.1	1.2	1.1	1.0
Dividend yield	-	-	-	-	-

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.