true friend KIS Viet Nam Securities Corporation

Earnings Review

6 Aug 2026

PV POWER (POW)

NPAT recorded strong growth

· 2Q26 – Earnings impressed
· 3Q26F – Profitability faces headwinds
· Maintain the HOLD recommendation

Facts: Earnings significantly exceeded expectations

In 2Q26, revenue and gross profit reached VND20,308bn (+116% yoy, ~95% of KIS's forecast, figure 1) and VND4,721bn (+309% yoy, figure 3), respectively, with the gross margin improving to 23.2% (+10.8%p yoy, figure 3). Total power production increased 53% yoy, mainly driven by the gas-fired power segment. Segment performance was as follows:

- **Hydropower:** Production reached 300mn kWh (-2% yoy, figure 2), as reservoir inflows across the country declined 15% yoy. However, the improvement in the average FMP (+40% yoy, figure 7; accounting for approximately 2% of revenue) largely offset the decline in production. Accordingly, revenue reached VND372bn (+5% yoy, figure 1).
- **Gas-fired power:** Revenue reached VND13,453bn (+148% yoy, figure 1), mainly driven by (i) the commercial operation of Nhon Trach 3 & 4 and (ii) higher production from Ca Mau 1 & 2 and NT2. Total gas-fired power production increased 85% yoy, as A0 increased dispatch from gas-fired power plants to offset the capacity shortfall from two BOT power plants, together with the low base in 2Q25. In addition, the recovery in the average FMP further supported the segment's earnings during the quarter.
- **Vung Ang coal-fired power:** Revenue reached VND4,580bn (+30% yoy, figure 1), supported by production of 2,318mn kWh (+20% yoy, figure 2), amid 13% yoy growth in nationwide electricity demand during 2Q26 and higher dispatch to compensate for weaker hydropower generation.

As a result, NPAT reached VND3,705bn (+389% yoy, ~166% of KIS's forecast, figure 4), mainly driven by (i) an improvement in gross margin; (ii) the low base in 2Q25; (iii) financial income increasing to VND366bn (+77% yoy, up VND160bn yoy), mainly supported by higher interest income from deposits and loans; despite (iv) administrative expenses rising to VND422bn (+154% yoy, up VND255bn yoy).

Table 1. Quarterly earnings snapshot in 2Q26 (VND bn, %, %p)

	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	9,399	7,855	8,902	12,327	20,308	64.7	116.1
OP	809	1,006	907	1,409	4,150	194.6	412.9
OP margin (%)	8.6	12.8	10.2	11.4	20.4	9.0	11.8
EBT	810	1,012	902	1,408	4,152	195.0	412.7
NPAT	761	948	825	1,300	3,708	185.2	387.0

Source: FiinPro-X, Company data, KISVN

12M rating	HOLD (Maintain)
12M TP	
Up/Downside	

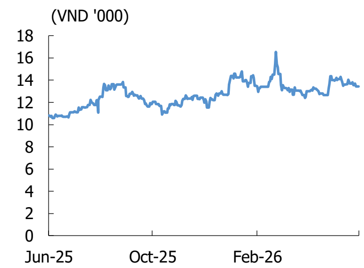
Stock data

VNIndex (06 Aug, pt)	1,772
Stock price (06 Aug, VND)	13,550
Market cap (USD mn)	1,584
Shares outstanding (mn)	3,068
52-Week high/low (VND)	16,550/10,911
6M avg. daily turnover (USD mn)	7.17
Free float / Foreign ownership (%)	27.4/4.5
Major shareholders (%)	
PVN	79.94
Norges Bank	1.27

Performance

	1M	6M	12M
Absolute (%)	(8.4)	0.4	11.1
Relative to VNIndex (%p)	(4.9)	(1.8)	(3.8)

Stock price



Source: Bloomberg

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Pros & cons: 3Q26F – Weaker earnings outlook

In 3Q26F, we expect POW's earnings under pressure, mainly due to weaker profitability across its key operating segments.

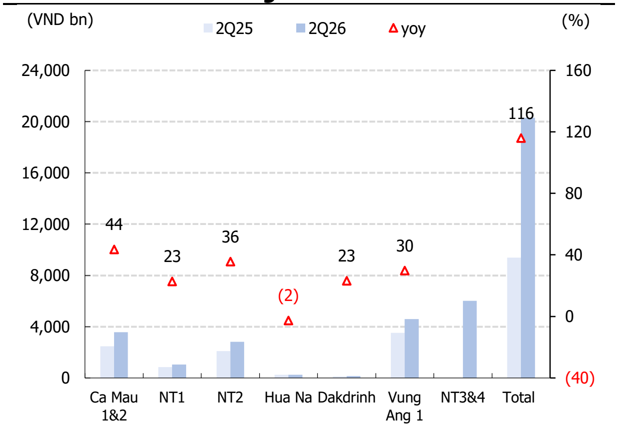
Details are as follows:

- **Hydropower:** Based on historical NOAA data, we expect the hydropower capacity factor (CF) to decline by 4-6% yoy during the transition from neutral to El-Nino conditions (figure 5). As a result, production is likely to weaken despite the average FMP (accounting for approximately 2% of revenue) being projected to increase by 40% yoy. Accordingly, we expect both gross margin and earnings from the hydropower segment to decline in 3Q26F.
- **Gas-fired power:** We expect revenue from this segment to continue growing, supported by (i) the commercial operation of Nhon Trach 3 & 4 in 2026 and (ii) higher production from NT2. However, we believe gross margin and earnings could come under significant pressure as Nhon Trach 3 & 4 continue operating with only 65% of contracted output (Qc) guaranteed, weighing on the segment's overall profitability.
- **Vung Ang coal-fired power:** We expect the plant to deliver solid revenue growth, supported by an estimated 56% yoy increase in production amid resilient nationwide electricity demand. However, we expect gross margin and earnings to remain under pressure, as persistently high coal prices and a sharp yoy decline in the average selling price are likely to weigh on profitability.

Action: Maintain the HOLD recommendation

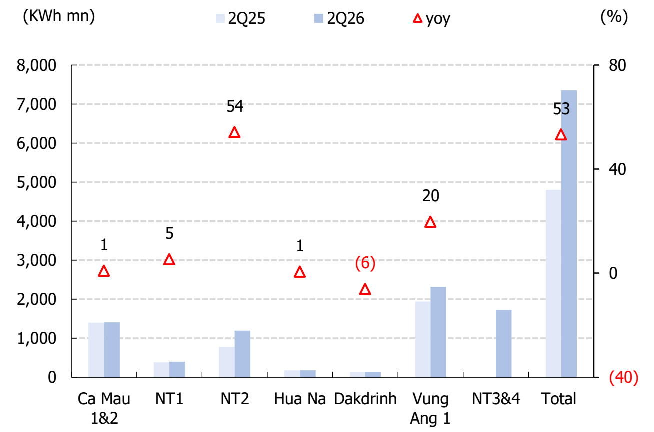
We believe POW will show more positive developments over the medium to long term, particularly as the LNG Nhon Trach 3 & 4 project plays an important role in stabilizing the power system once operational. However, in the short term, we believe the current market price largely reflects POW’s intrinsic value. Therefore, we maintain a **HOLD** recommendation on POW for 2026.

Figure 1. Revenue reached VND20,308bn, driven by the real estate and Nickel segments in 2Q26



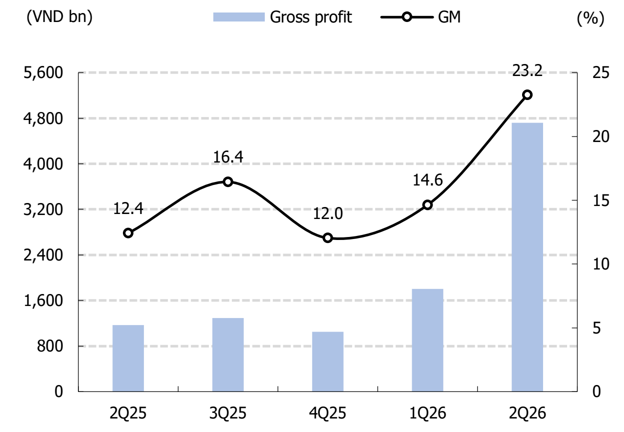
Source: Company data, FiinPro-X, KIS Research

Figure 2. The main growth contributors were Nhon Trach 3 & 4 and NT2 in 2Q26



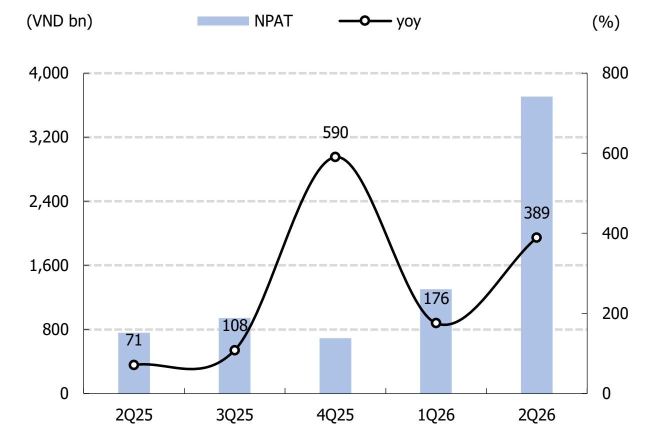
Source: Company data, FiinPro-X, KIS Research

Figure 3. GM improved to 23.2%, up 10.8%p yoy in 2Q26



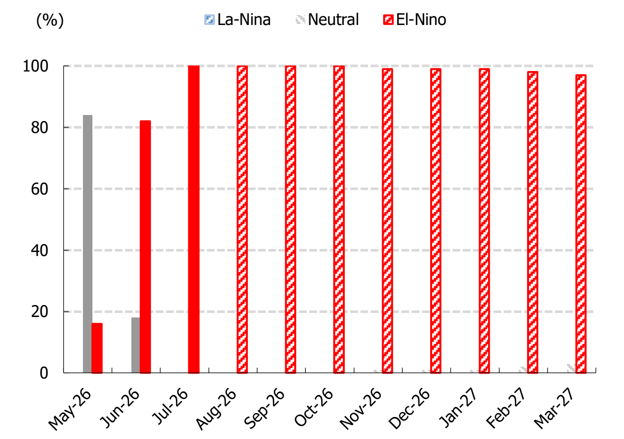
Source: Company data, FiinPro-X, KIS Research

Figure 4. NPAT surged to VND3,708bn (+389% yoy)



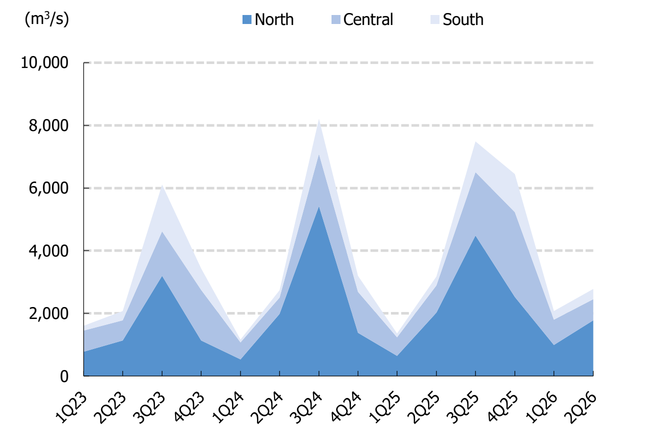
Source: Company data, FiinPro-X, KIS Research

Figure 5. According to NOAA, strong El Niño conditions are expected to persist through early 2027



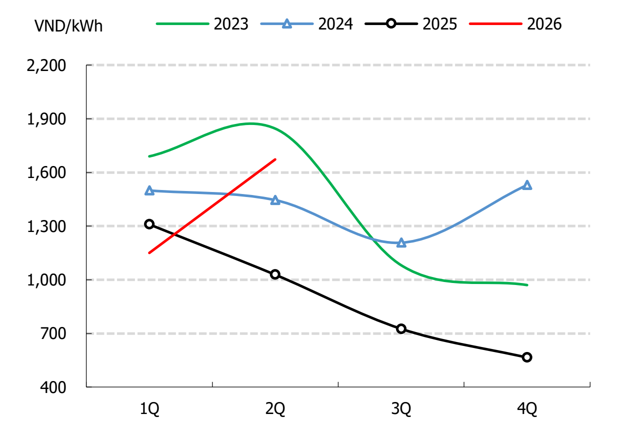
Source: EVN, KIS Research

Figure 6. Reservoir inflow declined by 15% yoy in 2Q26



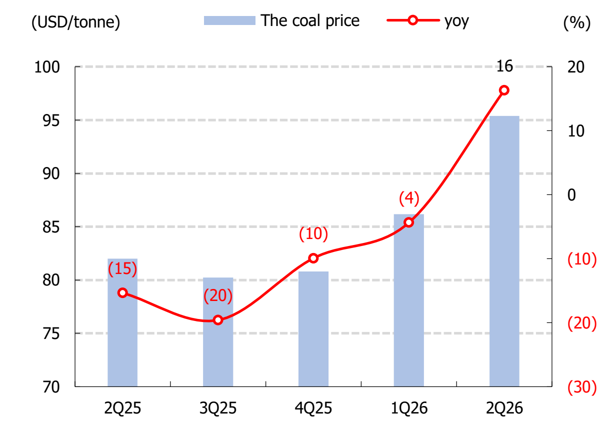
Source: NOAA, KIS Research

Figure 7. FMP is expected to recover in 2026, supported by a significant improvement in the CAN price



Source: EVN, KIS Research

Figure 8. Coal prices recorded an increase compared with the same period last year in 2Q26



Source: PGV, KIS Research

■ Company overview

PetroVietNam Power Corporation (PV Power) was established in 2007 under Decision No.1468/QĐ-DKVN issued by Vietnam Oil and Gas Group. The Corporation has its main business in the generation, transmission, trading, import, and export of electricity. The Corporation has been put into operation under the model of a joint-stock company since July 2018.

Balance sheet (VND bn)

FY-ending Dec.	2024	2025	2026F	2027F	2028F
Current assets	30,171	37,008	55,122	49,310	49,387
Cash & cash equivalents	11,720	6,738	12,803	11,254	10,179
Accounts & other receivables	11,941	14,578	24,415	21,055	21,975
Inventory	1,795	2,174	3,963	3,671	3,850
Non-current assets (Adj.)	18,451	30,270	42,319	38,056	39,207
Fixed assets	24,321	45,789	60,004	45,866	39,015
Investment assets	766	848	848	848	848
Others	26,023	4,968	(7,564)	(805)	9,018
Total assets	81,281	88,612	111,276	97,369	99,677
Advances from customers	3	20	34	30	31
Unearned revenue	-	5	-	-	-
Trade payables	17,159	14,880	25,589	22,068	23,031
Others	4,464	5,458	9,386	8,095	8,448
ST debt & due bonds	13,508	11,250	12,562	8,227	12,938
LT debt & bonds	9,151	17,637	20,389	17,791	15,194
Total liabilities	46,675	51,396	71,482	58,571	62,130
Controlling interest	31,911	34,215	36,793	35,797	34,546
Capital stock	23,419	27,868	27,868	27,868	27,868
Capital surplus	(0)	(0)	(0)	(0)	(0)
Other reserves	4,460	1,345	1,345	1,345	1,345
Retained earnings	4,032	5,002	7,581	6,584	5,333
Minority interest	2,696	3,001	3,001	3,001	3,001
Shareholders' equity	34,607	37,216	39,794	38,798	37,547

Income statement (VND bn)

FY-ending Dec.	2024	2025	2026F	2027F	2028F
Sales	30,180	34,306	58,997	50,879	53,101
COGS	28,232	29,828	54,357	50,354	52,810
Gross profit	1,948	4,479	4,640	525	290
SG&A expenses	874	1,247	2,145	1,850	1,931
Operating profit	1,073	3,231	2,495	(1,324)	(1,640)
Financial income	616	1,032	1,225	1,341	1,274
Interest income	460	799	1,142	1,257	1,190
Financial expenses	667	1,034	1,779	1,563	1,556
Interest expenses	382	655	1,779	1,563	1,556
Other non-operating profit	1,684	0	-	-	-
Gains (Losses) in associates, subsidiaries and JV	1	5	5	5	5
Earnings before tax	1,517	4,037	3,803	(1,460)	(1,821)
Income taxes	171	234	761	(292)	(364)
Net profit	1,346	3,803	3,042	(1,168)	(1,457)

Cash flow (VND bn)

FY-ending Dec.	2024	2025	2026F	2027F	2028F
C/F from operations	4,398	2,897	7,900	1,731	(7,326)
Net profit	1,517	4,037	3,803	(1,460)	(1,821)
Dep'n & Amort'n	2,818	2,859	4,570	4,171	(5,491)
Net incr. in W/C	4,231	7,593	9,552	3,564	(6,261)
C/F from investing	(22,280)	(12,739)	(6,530)	3,555	4,026
Capex	(20,685)	(5,176)	(4,233)	2,247	2,783
Incr. in investment	(1,594)	(7,563)	1,225	1,341	1,274
C/F from financing	19,635	5,825	3,794	(6,836)	2,226
Incr. in equity	9,770	-	-	-	-
Incr. in debt	27,050	6,054	1,312	(4,335)	4,711
Dividends	-	(230)	(269)	97	113
C/F from others	0	(6)	-	-	-
Increase in cash	1,754	(4,024)	5,164	(1,549)	(1,074)

Key financial data

FY-ending Dec.	2024	2025	2026F	2027F	2028F
per share data (VND, adj.)					
EPS	500	970	1,216	(467)	(582)
BPS	13,626	14,610	15,711	15,286	14,752
DPS	-	98	115	(41)	(48)
Growth (%)					
Sales growth	8.0	13.7	72.0	(13.8)	4.4
OP growth	(23.5)	201.0	(22.8)	(153.1)	23.8
NP growth	1.2	182.6	(17.1)	(138.4)	24.8
EPS growth	16.5	93.8	25.4	(138.4)	24.8
EBITDA growth	(23.5)	201.0	(22.8)	(153.1)	23.8
Profitability (%)					
OP margin	3.6	9.4	4.2	(2.6)	(3.1)
NP margin	4.5	11.1	5.2	(2.4)	(2.8)
EBITDA margin	3.6	9.4	4.2	(2.6)	(3.1)
ROA	1.8	4.5	3.0	(1.1)	(1.5)
ROE (excl MI)	4.0	7.3	8.6	(3.2)	(4.1)
Dividend yield	-	0.6	0.7	(0.2)	(0.3)
Dividend payout ratio	-	-	-	-	9
Stability					
Net debt (VND bn)	10,939	22,149	20,148	14,765	17,952
Net debt/equity (%)	32	60	51	38	48
Valuation (X)					
PE	20.9	10.2	12.9	(33.6)	(26.9)
PB	0.9	1.1	1.1	1.1	1.1

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- BUY: Expected total return will be 15% or more
- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
- KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

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- Overweight: Recommend increasing the sector's weighting in the portfolio compared to its respective weighting in the VNIndex based on market capitalization.
- Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
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