

5 Aug 2024

## Quang Ninh Thermal Power (QTP)

### 2Q24 NPAT a decline significantly to 35% yoy

- Gross profit and NPAT decline significantly
- 3Q24 pressure from the coal prices trend rising
- Maintain a BUY recommendation

#### Facts: Gross profit and NPAT decline significantly

In 2Q24, QTP recorded revenue of VND3,628bn (-2% yoy, figure 1). The main reason comes from the output's QTP in 2Q24, which is estimated to decrease slightly by 2,034mn kWh (-2% yoy, figure 2).

In addition, NPAT recorded a decline of significantly to 35% yoy, reaching VND160bn due to the average input coal price in 2Q24 rising to 10% compared to the same period (Figure 3, 4). Therefore, caused the gross margin to drop to 6% in 2Q24, a decrease of 2% pt yoy. Overall, in 2Q24, gross profit and NPAT strongly decreased to VND211bn (-29% yoy) and VND160.38 (-35% yoy, figure 5).

**Table 1. Quarterly earnings snapshot in 2Q24**

(VND bn, %, %p)

	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Sales	3,708	2,507	2,847	3,009	3,628	21	(2)
OP	262	14	223	253	179	(29)	(32)
OP margin (%)	7.1	0.5	7.8	8.4	4.9	(41.2)	(30.1)
LNTT	261.4	12.2	221.7	251.7	178.2	(29)	(32)

Source: Company data, KISVN

#### Pros & cons: 3Q24 pressure from the coal price trend rising

In 3Q24, we think QTP's earnings could experience negative results since the beginning of 2024. The main effect of the GM decline is that the current coal price is likely to increase by 9% compared to the same period. In contrast, the estimated FMP price in 3Q24 predicts a decrease due to the neutral phase (Figure 4), which will officially return in early July. In addition, interest expenses are down VND30bn per quarter as QTP repays its debts (Figure 6). However, this positive effect could not offset the sharp decline in 3Q24's GM.

#### Action: Maintain BUY rating

We strongly believe that QTP has a positive in the mid, and long term. In addition, QTP plays an important role in maintaining system stability. On this basis, we maintain a BUY-rating for QTP (TP: 23,400VND, +59.2%) in 2H24F. However, QTP's negative earnings results in 3Q24F could impact the stock price in the short-term.

12M rating **BUY**

12M TP **23.400**

Up/Downside **(59.2%) (included dividend)**

#### Stock data

VNIndex (05 Aug, pt)	1,212
Stock price (05 Aug, VND)	14,700
Market cap (USD mn)	263
Shares outstanding (mn)	450
52-Week high/low (VND)	17,500/12,590
6M avg. daily turnover (USD mn)	0.32
Free float / Foreign ownership (%)	88.4/1.3
Major shareholders (%)	
GENCO1	42
PPC	16.35

#### Valuation

	2022A	2023A	2024F
PE (x)	11.1	10.9	10.1
PB (x)	1.3	1.3	1.4
ROE (%)	12.4	10.7	14.2
DY (%)	159.0	62.0	116.8
EV/EBITDA (x)	6.3	9.7	9.0
EPS (VND)	1,405	1,125	1,371
BPS (VND)	13,694	11,761	11,632

#### Performance

	1M	6M	12M
Absolute (%)	(10.4)	(1.3)	1.9
Relative to VNIndex (%p)	(5.0)	(4.5)	1.2

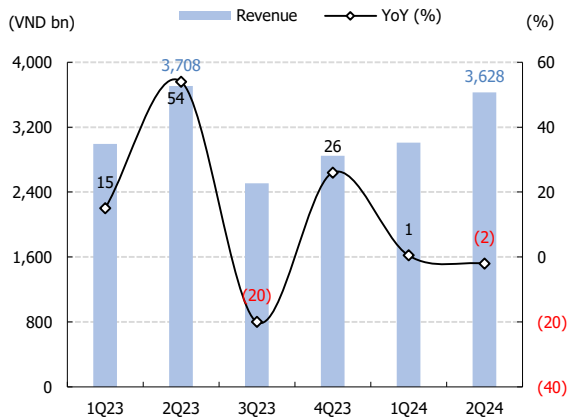
#### Stock price



#### Research Dept

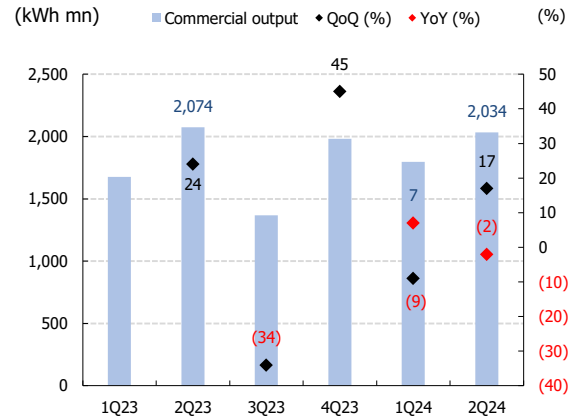
researchdept@kisvn.vn

**Figure 1. Revenue had a slight decrease of VND3,628bn, -2% yoy**



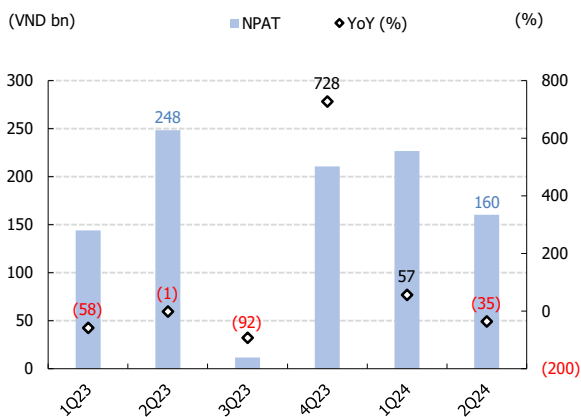
Source: QTP, KISVN

**Figure 2. Commercial output in 2Q24 decreased by 2% yoy, and could continue the negative trend in 3Q24**



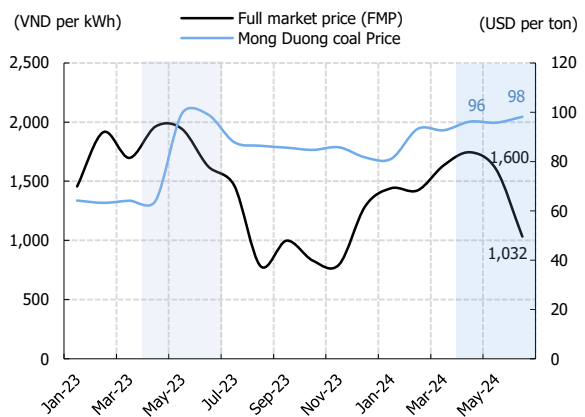
Source: QTP, EVN, KISVN

**Figure 3. NPAT recorded strongly decrease in VND160bn, -35% yoy**



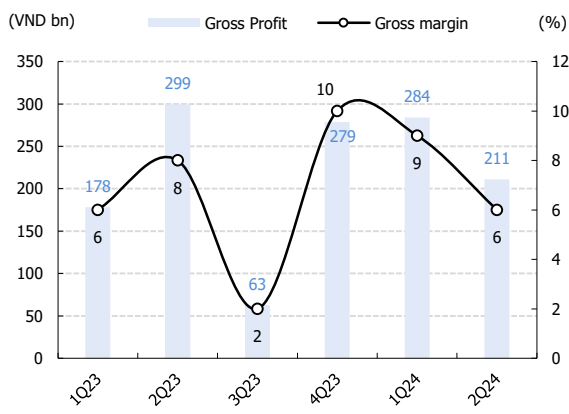
Source: QTP, KISVN

**Figure 4. The current coal price has rase slowly compared to the estimated FMP price in 2Q24**



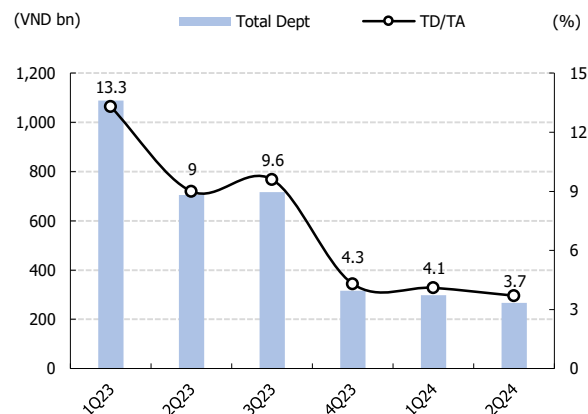
Source: QTP, KISVN

**Figure 5. Gross margin decline of 6% compared to 8% recorded in 2Q23**



Source: QTP, KISVN

**Figure 6. In 2Q24, total debts recorded VND266bn, a decrease of 62% compared to the same period.**



Source: QTP, KISVN

**Company overview**

Quang Ninh Thermal Power Joint Stock Company (QTP) was established in 2002 with founding shareholders, including Vietnam Electricity Corporation (EVN), Vietnam Coal and Minerals Corporation (TKV), Construction Machinery Corporation (COMA), Vietnam Construction and Import-Export Corporation (VINACONEX) and Vietnam Machinery Installation Corporation (LILAMA).

**Balance sheet** VND bn

FY-ending Dec.	2021A	2022A	2023A	2024F	2025F
Current assets (Adj.)	3,639	3,732	3,944	4,582	5,152
Cash & cash equivalent	206	24	158	644	1,298
Non-current assets (Adj.)	3,433	3,709	3,787	3,938	3,854
Fixed Asset	5,195	4,242	3,367	2,407	1,451
Investment assets	-	-	-	-	-
Others	75	76	69	73	72
<b>Total assets</b>	<b>8,910</b>	<b>8,051</b>	<b>7,380</b>	<b>7,061</b>	<b>6,675</b>
Advances from customers	0	-	1	1	1
Unearned revenue	-	-	-	-	-
Trade payables	437	607	1,159	1,220	1,191
Others	143	184	607	317	310
ST debt & bond	750	776	98	102	100
LT debt & bond	1,405	316	218	190	126
<b>Total liabilities</b>	<b>2,739</b>	<b>1,888</b>	<b>2,087</b>	<b>1,827</b>	<b>1,721</b>
Controlling interest	6,171	6,162	5,292	5,234	4,954
Capital stock	4,500	4,500	4,500	4,500	4,500
Capital surplus	231	231	231	231	231
Other Reserves	274	274	145	145	145
Retained earnings	1,166	1,158	416	358	78
Shareholders' equity	6,171	6,162	5,292	5,234	4,954

**Cash flow** VND bn

FY-ending Dec.	2021A	2022A	2023A	2024F	2025F
C/F from operations	1,802	1,438	1,149	1,168	1,355
Net profit	617	805	644	785	502
Depreciation	972	960	884	960	960
Net incr. in W/C	1,877	1,896	1,568	1,754	1,439
C/F from investing	(407)	217	787	11	40
Capex	(5)	(4)	(10)	(8)	(4)
Incr. in investment	(403)	221	798	19	45
C/F from financing	(2,025)	(1,836)	(1,802)	(699)	(740)
Incr. in equity	-	-	-	-	-
Incr. in debts	-	-	(791)	4	(2)
Dividends	(449)	(719)	(1,011)	(675)	(675)
C/F from others	-	-	-	-	-
<b>Increase in cash</b>	<b>(631)</b>	<b>(182)</b>	<b>134</b>	<b>480</b>	<b>655</b>

**Income statement** VND bn

FY-ending Dec.	2021A	2022A	2023A	2024F	2025F
Net sales	8,571	10,417	12,058	12,698	12,395
COGS	7,581	9,336	11,241	11,834	11,847
Gross profit	990	1,081	817	864	549
SG&A	256	113	114	114	111
<b>Operating profit</b>	<b>734</b>	<b>968</b>	<b>703</b>	<b>751</b>	<b>438</b>
Financial income	82	34	23	19	45
Interest income	52	33	21	19	45
Financial expenses	195	193	78	27	22
Interest expenses	195	133	57	27	22
Other non-operating profit	(4)	(4)	(4)	-	-
Gains (Losses) in associates, subsidiaries and JV	-	-	-	-	-
<b>Earnings before tax</b>	<b>617</b>	<b>805</b>	<b>644</b>	<b>785</b>	<b>502</b>
Income taxes	39	41	32	40	25
<b>Net profit</b>	<b>578</b>	<b>764</b>	<b>612</b>	<b>746</b>	<b>477</b>
<b>Net profit of controlling interest</b>	<b>578</b>	<b>764</b>	<b>612</b>	<b>746</b>	<b>477</b>
<b>EBITDA</b>	<b>1,784</b>	<b>1,898</b>	<b>1,586</b>	<b>1,773</b>	<b>1,484</b>

**Key financial data**

FY-ending Dec.	2021A	2022A	2023A	2024F	2025F
per share data (VND, adj.)					
EPS	1,168	1,405	1,125	1,371	876
BPS	13,712	13,694	11,761	11,632	11,008
DPS	1,500	1,500	1,500	1,500	1,500
Growth (%)					
Sales growth	(6.7)	21.5	15.8	5.3	(2.4)
OP growth	(57.6)	32.0	(27.4)	6.7	(41.7)
NP growth	(55.7)	32.2	(19.9)	21.8	(36.1)
EPS growth	(55.7)	32.2	(19.9)	21.8	(36.1)
EBITDA growth	(57.6)	32.0	(27.4)	6.7	(41.7)
Profitability (%)					
OP margin	8.6	9.3	5.8	5.9	3.5
NP margin	6.7	7.3	5.1	5.9	3.9
EBITDA margin	8.6	9.3	5.8	5.9	3.5
ROA	6.0	9.0	7.9	10.3	6.9
ROE (excl MI)	9.4	12.4	10.7	14.2	9.4
Dividend yield	7.9	11.5	10.1	10.2	10.2
Dividend payout ratio	343	159	62	117	88
Stability					
Net debt (VND bn)	1,949	1,069	159	(352)	(1,071)
Net debt/equity (%)	32	17	3	(7)	(22)
Valuation (X)					
PE	6.4	11.1	10.9	10.1	15.8
PB	1.2	1.3	1.3	1.4	1.5
EV/EBITDA	13.0	6.3	9.7	9.0	15.5

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Prepared by: Research Dept

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