

Power

3Q24F Preview: The comeback of Hydropower

3Q24E - Hydropower is boosted robustly

According to EVN, production electricity consumption in 3Q24E is estimated to reach 81bn kWh (+9% yoy). Overall, growth momentum is driven by economic recovery, which is shown through the PMI and ex-import value.

In 3Q24E, we estimate production of the hydropower plants to reach 37bn kWh, accounting for 45% of production in the system (+22% yoy). The capacity factor (CF) predicts of 75%, an increase of 47% yoy compared to the 51% recorded in 3Q24E. These are because the La-Niña phase gets stronger and the effect of the Yagi storm.

Furthermore, the production from renewable energy groups is on the positive trend, with at 10bn kWh (+13% yoy), accounting for ~12% of the system.

Conversely, coal-fired power plants experienced a decrease of 29 bn kWh (-7% yoy). Even worse, the capacity of gas-fired power plants dropped to 4.1 bn kWh (-29% yoy).

DPPA - New path for the renewable projects

The mechanism for the Direct Power Purchase Agreement (DPPA) - Decree 80/2024/ND-CP, was effective from July 3, 2024, between renewable energy generators and large electricity consumers. The new points of the decree provide incentives for investors to develop new renewable projects.

- (1) There should be a more robust marketization process between buyers and sellers, rather than relying solely on EVN as a single buyer.
- (2) Sellers and buyers can independently negotiate the fixed output and sale price. This ensures efficiency and minimizes risks for new projects.

In the short-term, we believe that projects located near industrial parks could yield the greatest benefits, as they have minimal impact on transmission lines. And investors who have good relationships with industrial parks are also taking large advantages. However, in long-term, we see that there are still many issues that need to be improved for renewable energy to develop more sustainably.

Recommendation

We still recommend a **BUY**-rating for QTP (23,400VND, +64%) in mid & long-term. However, we assume the market price could move in the opposite direction in the short-term due to negative earnings in 3Q24F.

In addition, we still recommend **HOLD** for **POW** and **NT2**. And, we also appreciate REE's performance in 3Q24F as (1) the hydropower segment benefiting from the El-Niño phase to the La-Niña phase and (2) recordings from the Etown 6 office and the Bo Xuyen housing project will support NPAT growth in 2H24F.

Neutral

Company	Rating	TP (VND)
QTP	BUY	23,400
REE	Non-rated	
POW	HOLD	
NT2	HOLD	

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Table 1. Coverage valuation

Recommendation & TP				Earning & Valuation									
Company				Sales (VND bn)	OP (VND bn)	NP (VND bn)	EPS (VND)	BPS (VND)	ROE (%)	ROA (%)	PE (x)	PB (x)	EV/EBITDA (x)
Quang Ninh Thermal Power (QTP)	Recommendation	BUY	2022A	10,417	968	764	1,405	13,694	12.4	9.0	11.1	1.3	6.3
	TP	23,400	2023A	12,058	703	612	1,125	11,761	10.7	7.9	10.9	1.3	9.7
	Price	14,100	2024F	11,889	294	242	444	10,705	4.8	3.5	26.5	1.3	22.2
	Market cap	7,065	2025F	11,741	737	661	1,215	10,420	13.9	10.5	9.7	1.4	8.9
	(VND bn)		2026F	11,741	864	788	1,449	10,370	16.8	13.0	8.1	1.4	7.6
REE Corporation (REE)	Recommendation	N/A	2022A	9,372	3,663	3,515	7,527	43,507	18.7	10.7	11.1	1.3	10.3
	TP	N/A	2023A	8,570	2,954	2,787	5,322	42,269	13.3	8.1	8.3	1.3	11.3
	Price	67,400	2024F	10,542	2,577	2,608	5,516	39,762	14.5	7.5	12.0	1.7	15.5
	Market cap	23,215	2025F	9,362	3,232	3,068	6,490	43,298	15.7	9.1	10.2	1.5	12.4
	(VND bn)		2026F	9,191	3,020	2,898	6,130	46,649	13.7	8.8	10.8	1.4	13.2
Petro Vietnam Power (POW)	Recommendation	HOLD	2022A	28,224	2,859	2,553	824	13,031	7.0	4.6	11.1	1.3	9.4
	TP	15,100	2023A	27,945	1,404	1,329	430	13,430	3.5	2.1	19.8	0.8	22.0
	Price	13,150	2024F	32,092	3,279	2,834	1,133	14,563	8.6	3.4	10.9	0.9	12.6
	Market cap	30,795	2025F	28,140	1,123	306	122	14,685	0.9	0.3	101.0	0.9	37.0
	(VND bn)		2026F	27,559	457	(320)	(128)	14,557	(0.9)	(0.4)	(96.5)	0.9	90.9
Nhon Trach 2 Power (NT2)	Recommendation	HOLD	2022A	8,788	950	883	2,961	16,027	20.0	12.6	11.1	1.3	8.0
	TP	19,900	2023A	6,386	441	473	1,586	15,062	10.6	6.0	14.9	1.6	13.9
	Price	19,800	2024F	5,939	(266)	(167)	(561)	13,000	(4.1)	(2.1)	(34.1)	1.5	(18.7)
	Market cap	5,699	2025F	3,738	(97)	6	20	11,520	0.2	0.1	947.9	1.7	(51.4)
	(VND bn)		2026F	4,486	97	198	665	10,686	6.2	3.7	28.8	1.9	51.2

Table 2: 3Q24F business results forecast, KIS's coverage

(VNDbn, %)

	Revenue			NPAT		
	3Q24F	yoy	qoq	3Q24F	yoy	qoq
QTP	2,411	(4)	(34)	(78)	(774)	(149)
REE	3,245	65	49	866	86	114
POW	6,902	22	(27)	548	947	22
NT2	1,753	115	(19)	(68)	(25)	(143)
KIS coverage list	14,311	31	(18)	1,268	213	12

Source: Company data, KISVN estimate

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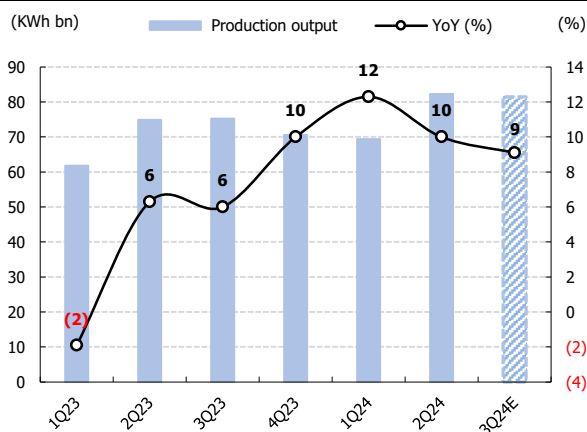
I. 3Q24E - Hydropower is boosted robustly

3Q24E – Electricity consumption keeps going up

According to EVN, production electricity consumption in 3Q24F is estimated to reach 81bn kWh (+9% yoy, Figure 1). Overall, growth momentum is driven by economic recovery, which is shown through the PMI (Figure 3) and ex-import value (Figure 4).

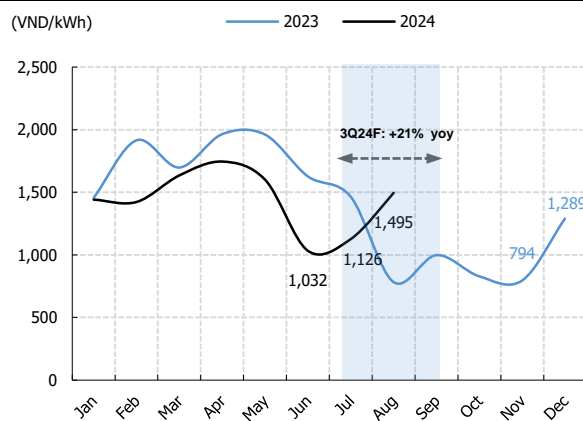
Although the share of electricity output from coal-fired power plants decreased to 36% in 3Q24F, a decrease of 15% yoy, the full market price (FMP) increased by 21% yoy or -10% qoq in 3Q24F (Figure 2). The main reason comes from (1) national electricity consumption in 3Q24F continuing to grow by 9% yoy, and (2) coal (+15% yoy) and natural gas prices (+3% yoy) rising. These factors are the main drivers behind the sharp rise in FMP in 3Q24F.

Figure 1. Production electricity consumption in 3Q24F estimated to reach 81bn kWh (+9% yoy)



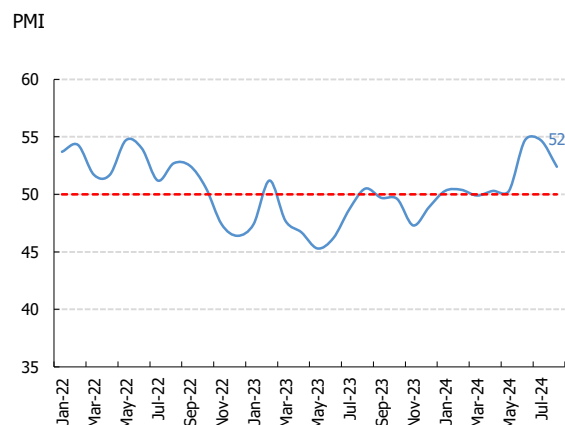
Source: EVN, KISVN

Figure 2. The FMP increase significantly recorded 1,311 VND/kWh (+21% yoy)



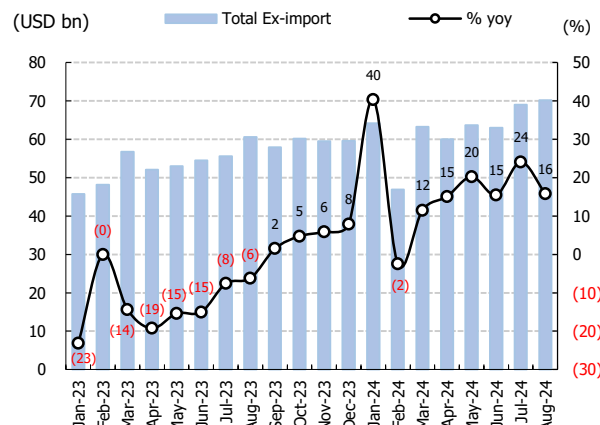
Source: POW, KISVN

Figure 3. The 3Q24E PMI continues its recovery trend



Source: EVN, KISVN
Note: PMI (Purchasing Managers Index)

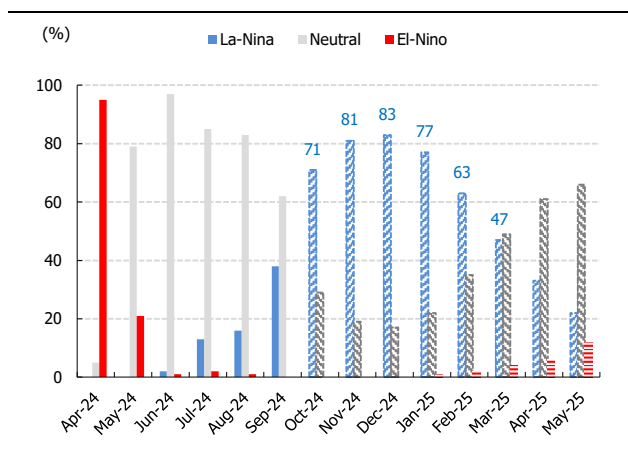
Figure 4. In August Ex-import value recorded double-digit growth



Source: GSO, KISVN

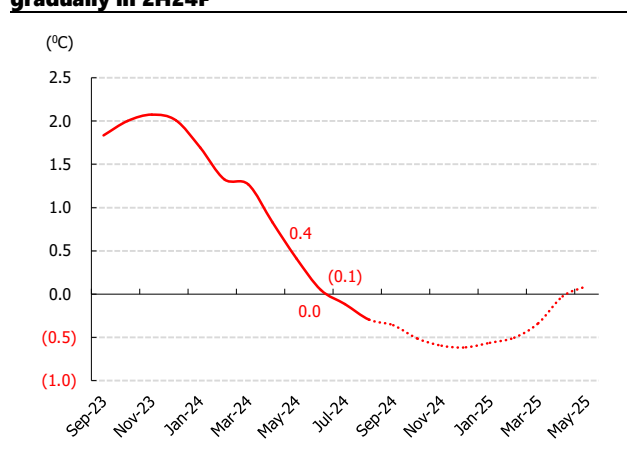
Hydropower benefits as La-Niña phase

Figure 5. La-Niña phase is likely to last in the end of 2025



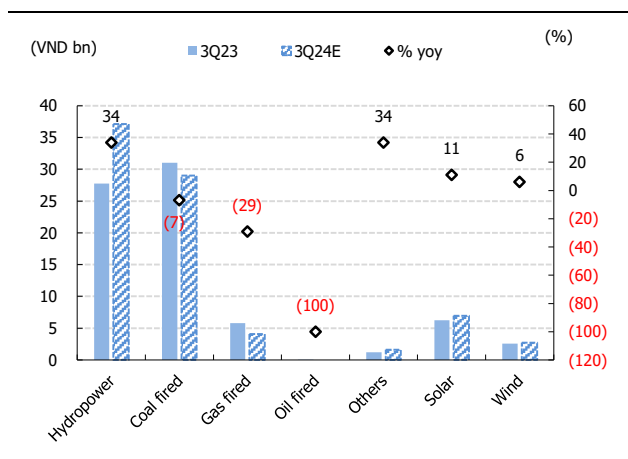
Source: NOAA, KISVN

Figure 6. The temperature in zone 3.4 tends to decrease gradually in 2H24F



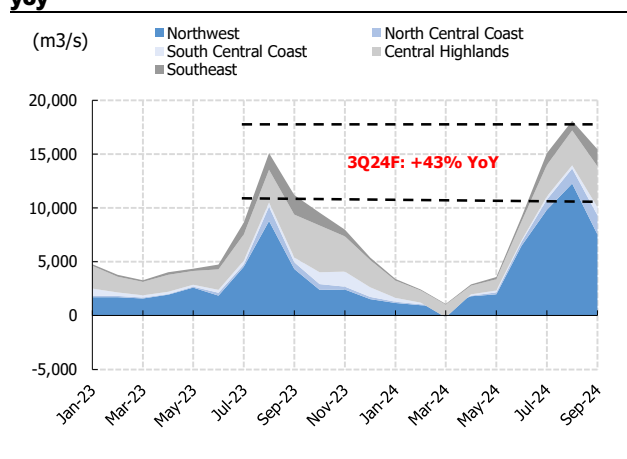
Source: NOAA, KISVN

Figure 7. Hydropower output improved significantly in 3Q24F, reaching 37mn kWh (+30% yoy)



Source: EVN, KISVN

Figure 8. The water flow reservoirs across regions nationwide in 3Q24E show improves significantly at 43% yoy



Source: EVN, KISVN

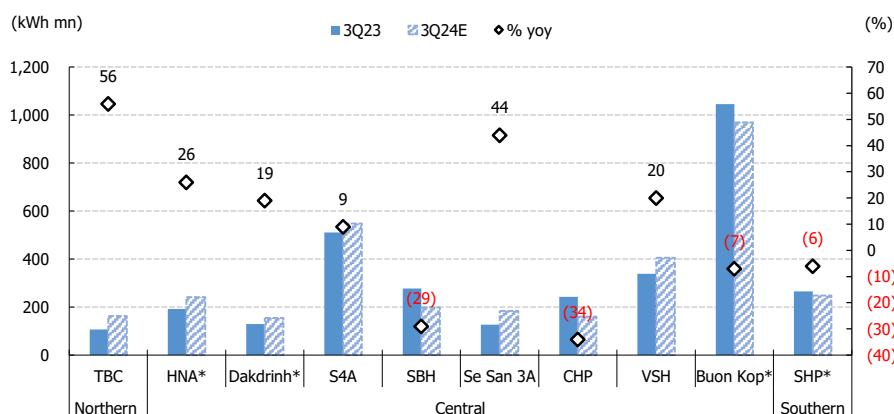
- Hydropower:** In 3Q24E, we estimated production of the hydropower plants to reach 37bn kWh (Figure 7), accounting for 45% of production in the system (+34% yoy, figure 10). The capacity factor (CF) predicts of 75%, an increase of 47% yoy compared to the 51% recorded in 3Q24E. These are because the La-Niña phase get stronger (Figure 5, 6) and effect of the Yagi storm.

According to EVN data, we estimated a 43% increase in the average water flow reservoirs across regions nationwide in 3Q24E (Figure 8). The data also show that the average water flow of the reservoirs in 3Q24E increased significantly in the Northwest (68%) and the North Central Coast regions (91%). Therefore, we anticipate a positive mobilization for the hydropower plants in the region. By contrast, the Southeast appears to be an experiencing a negative trend, in the average water as the water flow in to reservoirs dropping to only 1,177

cubic meters per second (-21% yoy, figure 8). As a result, some hydropower plants in this region are likely to operate inefficiently.

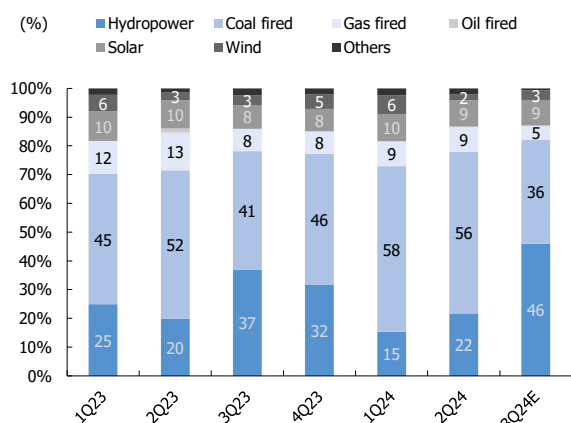
Data on production volume at some hydropower plants also support above view, specifically: TBC (+56% yoy), HNA (+26% yoy), Dak Drinh (+19% yoy), S3A (+44% yoy) and SHP (-6% yoy) (Figure 9). In addition to so we expect the improvement of hydropower plants' volume and the gross margin through the end of 2024, as La-Niña phase abilities will last to the end of 2025 with a probability of ~ 60 – 80% (Figure 5, 6).

Figure 9. Production recorded in 3Q24F at the reservoirs across region nationwide also recorded optimistic compared to 2023



Notes:
 HNA, Dakdrinh*, Buon Kop*, SHP** show plants electricity recorded data in 3Q24, in which we estimated data in September by data in August. Buon Kop JSC includes Buon Tua Srah, Srepok 3, Buon Kop
 CHP data recorded from both A Luoi Hydropower and Cu Jut Solar energy
 Source: EVN, TBC, S4A, SBH, S3A, CHP, SHP, POW, PGV, KISVN

Figure 10. Proportion production in hydropower groups growth strongly in 3Q24F, while the coal-fired power plants decrease to 36%



Source: EVN, KISVN

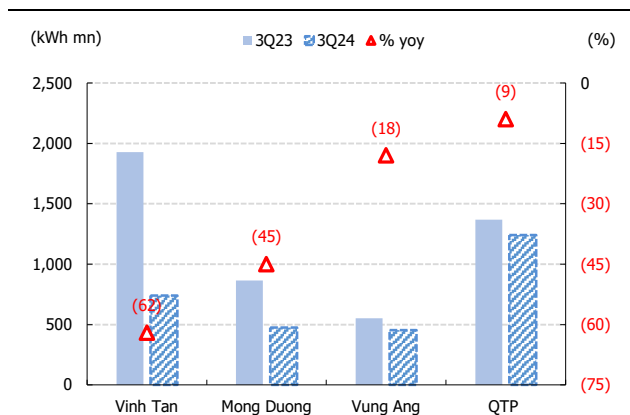
Figure 11. Capacity factor of the coal-fired power plants dropped to 42% in September 2024

	Hydropower	Coal fired	Gas + DO	Oil fired	Solar	Wind
1Q23	31%	50%	45%	0%	34%	32%
2Q23	29%	68%	59%	7%	38%	17%
3Q23	51%	54%	34%	2%	31%	22%
4Q23	43%	57%	34%	0%	27%	29%
1Q24	21%	65%	38%	0%	33%	36%
2Q24	36%	74%	42%	6%	38%	14%
3Q24E	75%	48%	24%	0%	35%	24%

Source: EVN, KISVN

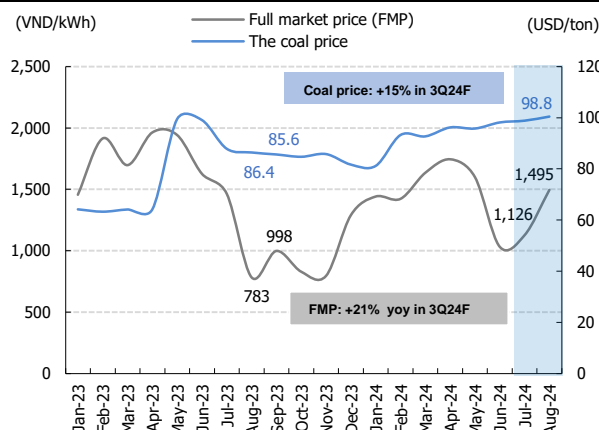
- **Coal-fired power:** Group 's production of this group reached a decrease of 29bn kWh (-7% yoy, figure 7). The CF declined to 48% (-11%, figure 11) as A0 is focusing on using the cheap hydropower sources.

Figure 12. Production of the coal-fired power plants dropped in 3Q24F



Source: EVN, KISVN
 Note: Data only recorded for July – August
 QTP: Estimated 3Q24E output from EVN's mobilization data

Figure 13. The coal price in 3Q24F benefits as the FMP, rose 21% yoy from growth consumption electricity demand country

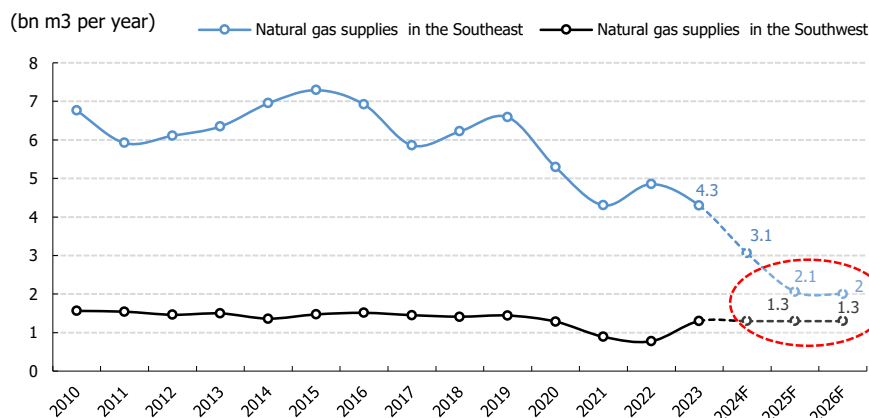


Source: PGV, POW, KISVN

Evidence shows that production of the coal-fired power plants decreased, such as Vinh Tan (-62% yoy), Mong Duong (-45% yoy), Vung Ang (-18% yoy), and QTP (-9% yoy) in 3Q24F (Figure 12). Ability is likely to continue a decline in 4Q24F.

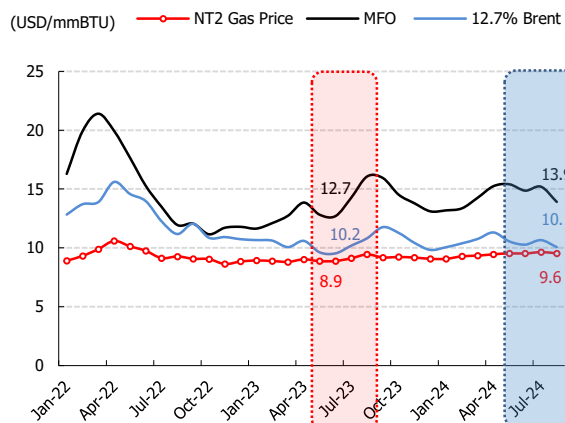
Besides, pressure from the trend of the input coal price (coal price of TKV: 99 USD/ton, +15% yoy or +3% qoq (Figure 13)). Therefore, we believe that the gross margin of the coal-fired power plants in 3Q24F is optimistic compared to the same period. However, thanks to the effect of the La-Niña phases strongly in 3Q24F, this led to the proportional mobilization of coal-fired power, which seemed to fare worse than in 3Q23F.

Figure 14. The natural gas supply in the Southeast is increasingly declining



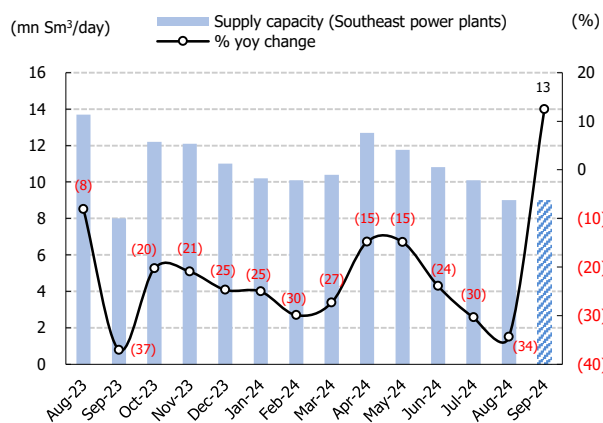
Source: EVN, KISVN

Figure 15. Estimates for 3Q24 indicate a 3% increase in gas prices yoy, while MFO and Brent oil prices decreased



Source: PGV, KISVN

Figure 16. Declining gas supply leads to mobilization of expensive gas sources like Sao Vang Dai Nguyet

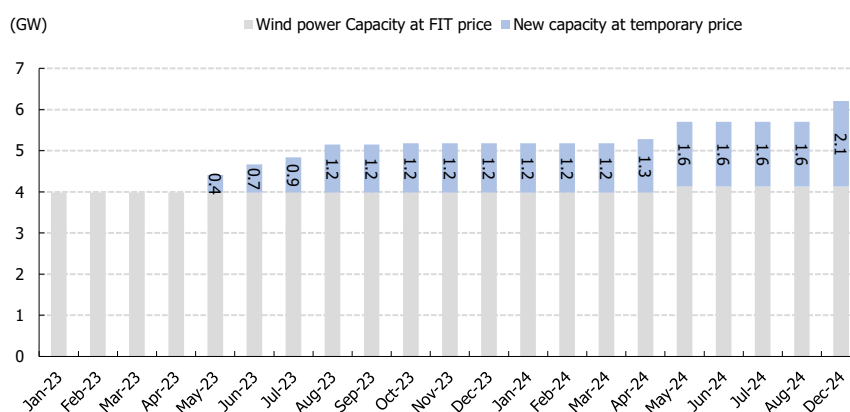


Source: PGV, POW, KISVN

- Gas-fired power:** According to our analyst, in 3Q24F the gas-fired power plants ability to decrease, while the production of electricity reaches 4.1bn kWh (-29% yoy or -42% qoq, figure 7). As a result, we predict the CF of these groups in 3Q24F, reach ~ 24% (-29% yoy or -42% qoq) (Figure 11).

Besides, The gas price in 3Q24F ability increased slightly (+3% yoy or +1% qoq) (Figure 15), which contradict with FO price that plunged by 15% yoy in Aug. Due to supply constraints in August, which only reached 9 Sm³/day (-34% yoy, figure 16), leading to more expensive gas sources such as Sao Vang - Dai Nguyet had to be mobilized. However, FMP increases +21% yoy in 3Q24F, which is expected to improve slightly the gross margin of the gas-fired power plants in 3Q24F compared to the same period.

Figure 17. There was 0.5GW (+73% yoy) of wind power capacity added to the national system in 2H24F



Source: EVN, KISVN

- Renewable energy:** In 3Q24F, the production electricity of renewable energy was estimated at 10bn kWh (+9% yoy, figure 7), accounting for ~12% of the system (Figure 10). The positive growth comes from (1) consumption of electricity in 3Q24E predicted rase recorded of 9% yoy (Figure 1), and (2) expect to add 0.5GW (+73% yoy, figure 16) from the transitional wind power projects.

From there, we expect the CF of solar and wind power to reach 35% (+11% yoy) and 24% (+12% yoy), respectively, accounting for 9% (+4% yoy) và 4% (+2% yoy) in the system (Figure 10, 11).

II. DPPA – New path for the renewable projects

The mechanism for the Direct Power Purchase Agreement (DPPA) - Decree 80/2024/ND-CP, effective from July 3, 2024, between renewable energy generators and large electricity consumers, will be implemented in two forms: (1) DPPA via private wires, and (2) DPPA through the national grid and the Vietnam Wholesale Electricity Market (VWEM).

- Seller: Renewable energy power generation units from wind and solar power with a capacity of 10MW or more.
- Buyer: Customers who consume 200,000 kWh/month or more on average in the last 12 months, applicable to both customers purchasing via private lines or purchasing from the grid.

The new points of the decree provide incentives for investors to develop new renewable projects.

- (1) There should be a more robust marketization process between buyers and sellers, rather than relying solely on EVN as a single buyer.
- (2) Sellers and buyers can independently negotiate the fixed output and sale price. This ensures efficiency and minimizes risks for new projects.

In the short term, we believe that projects located near industrial parks could yield the greatest benefits, as they have minimal impact on transmission lines. And investors who have good relationships with industrial parks are also taking large advantages.

However, in the long-term, we must propose solutions to several issues, specifically: (a) Since renewable energy sources lack stability, A0 needs to implement appropriate dispatch policies to consistently maintain system balance and stability. Additionally, (b) encouraging direct power purchase agreements means EVN will have to increase the use of high-cost electricity sources, posing financial challenges for EVN. Furthermore (c), Vietnam has not yet applied a two-part electricity pricing mechanism, so the preparation and readiness to supply capacity for DPPA customers is quite costly. There is no capacity fee for traditional power sources, creating an unequal business environment.

III. Risks to be considered

In the short term, weather conditions are always a difficult problem, and the driving force to improve the CF of the hydropower plants. Therefore, this is the top key risk that needs to be monitored regularly to provide more accurate updates on the operations of power enterprises. In addition, ensuring the stability of the gas supply is also an essential decisive factor in the operations of gas-fired power plant enterprises.

IV. 3Q24F business results of listed enterprises

QTP – Waiting for new cycle

Table 3. QTP 3Q24F earnings forecast

(VNDbn, %)

	3Q23A	2Q24A	3Q24F		2024F		Consensus		
			yoy	qoq	yoy	3Q24F	2024F		
Revenue	2,507	3,628	2,411	(4)	(34)	11,889	(1)	N/A	11,622
GP	63	211	(49)	(179)	(123)	406	(50)	N/A	922
SG&A costs	23	25	22	(4)	(11)	112	(1)	-	-
OP	39	186	(72)	(282)	(139)	294	(58)	-	-
Non-operating P/L	(27)	(8)	(7)	(75)	(11)	(18)	(67)	-	-
EBT	12	178	(78)	(738)	(144)	276	(57)	-	-
NP	12	160	(78)	(774)	(149)	248	(59)	N/A	612
Controlling-int. NP	12	160	(78)	(774)	(149)	248	(59)	N/A	612

Source: Company data, Bloomberg, KISVN estimate

Forecast: In 3Q24F, we estimated forecast business results could be decrease slight when revenue of VND2,411bn (-4% yoy), the main reason comes from:

- We forecast that QTP's production electricity in 3Q24F could reach 1,432mn kWh (+10% yoy) according to EVN's plan for 2H24F.
- Besides, this is the period for maintenance and repair of the Mong Duong 1 plant, so we predict that this will also be a positive factor increasing the mobilized output of QTP.
- However, the alpha coefficient in the contract output of thermal power plants in 2024 has decreased to 70% (compared to 80% in 2023). This has negatively impacted the plant's outlook for 3Q24F.

Additionally, we predict QTP's NPAT to reach -VND78bn, a decline of 774% compared to the same period due to risks from shrinking the gross margin, as coal prices are likely to increase by 15% yoy. The only bright spot comes from estimated interest expenses of ~VND30bn per quarter in the coming quarters. However, this positive factor is unlikely to offset the sharp decline in the gross margins in 3Q24.

Recommendation: In the long run, we strongly believe that QTP has a positive outlook, as it plays an important role in maintaining the system. On this basis, we still recommend a **BUY**-rating for QTP (23,400VND, +64%) in mid & long-term. However, we assume the market price could move in the opposite direction in the short-term due to negative earnings in 3Q24F.

REE - Power segment is expected to boost the growth

Table 4. REE 3Q24F earnings forecast

(VNDbn, %)

	3Q23A	2Q24A	3Q24F		2024F		Consensus		
			yoy	qoq		yoy	3Q24F	2024F	
Revenue	1,962	2,181	3,245	65	49	10,542	23	N/A	9,864
Energy & water	927	919	1,434	55	56	4,673	(4)	-	-
M&E	711	935	1,348	90	44	4,222	59	-	-
Real estate	267	360	463	73	29	1,647	54	-	-
GP	654	680	1,188	82	75	6,909	42	N/A	3,963
SG&A costs	97	174	161	66	(7)	1,057	40	-	-
OP	557	506	1,027	84	103	5,852	43	-	-
Non-operating P/L	(9)	3	(9)	0	(362)	283	178	-	-
EBT	526	474	980	86	107	2,860	(6)	-	-
NP	465	404	866	86	114	2,608	(6)	N/A	2,476

Source: Company data, Bloomberg, KISVN estimate

Forecast: We forecast REE's revenue and NPAT to reach VND3,245bn (+65% yoy) and VND866bn (+86% yoy), respectively. The strong growth is driven by the efficient performance of the company's segments, specifically:

- **Power:** Revenue and gross profit are estimated to reach VND1,350bn (+51% yoy) and VND740bn (+134% yoy). Growth is primarily driven by (1) the hydropower group benefiting significantly from the transition to La-Niña. This can be seen through the water flow data at reservoirs, which increased by 43% yoy as of September. Additionally, (2) 3Q24F is expected to have the strongest wind speeds, leading to an improvement in wind power generation compared to the same period.
- **M&E:** According to our estimates, revenue and gross profit are predicted to reach VND1,348bn (+75% yoy) and VND175bn (+8% yoy), driven by the expected increase in air conditioner sales (+56% yoy) as Q3 coincides with the summer vacation period. Additionally, there is a positive factor from the new air conditioning contract value signed in 1H24.
- **Real estate:** Revenue is expected to reach VND463bn (+73% yoy), likely achieving a positive outlook thanks to the recognition of sales revenue and profit from the Light Square and Etown 6 projects. Therefore, we forecast gross profit to record VND318bn (+51% yoy).

POW - Growth from low base

Table 5. POW 3Q24F earnings forecast

(VNDbn, %)

	3Q23A	2Q24A	3Q24F		2024F		Consensus		
			yoy	qoq	yoy	yoy	3Q24F	2024F	
Revenue	5,679	9,407	6,902	22	(27)	31,831	14	N/A	31,529
GP	307	724	837	173	16	4,119	89	N/A	2,574
SG&A costs	149	181	124	(16)	(31)	888	14	-	-
OP	158	543	712	350	31	3,231	130	-	-
Non-operating P/L	(76)	(92)	(135)	77	47	(208)	(217)	-	-
EBT	82	451	577	605	28	3,062	110	-	-
NP	52	450	548	947	22	2,790	110	N/A	1,297

Source: Company data, Bloomberg, KISVN estimate

Forecast: We forecast POW's revenue and gross profit to reach VND6,902bn (+22% yoy) and VND548bn (+947% yoy), respectively. The growth driver comes from a recorded production volume of 3,557mn kWh (+32% yoy), primarily due to the improved capacity of Ca Mau and Nhon Trach 2, details of plant operations:

- *Hydrower groups:* Estimated production is expected to reach 385mn kWh, up 19% yoy, thanks to the extended La-Niña phase lasting until early 2025. This has positively impacted the capacity factor (CF) of hydropower plants like Dak Đrinh and Hua Na in 3Q24F.
- *Coal-fired power groups:* We predict commercial electricity production in 3Q24 to reach 800mn kWh (-14% yoy) as A0 prioritizes the mobilization of cheaper electricity sources like hydropower due to the 45% yoy increase in water flow at reservoirs nationwide. However, support from the faster increase in FMP (+21% yoy) compared to coal prices (TKV: USD 99.6/ton, +15% yoy) in 3Q24F creates a favorable environment that helps mitigate a significant reduction in the capacity factor of coal-fired power.
- *Gas-fired power plants:* In 3Q24F, production is estimated to reach 2,372mn kWh (+63% yoy), thanks to (1) A0 increasing the mobilization of gas-fired plants to ensure stability for the power system as the BOT contract for the Phu My 3 has expired contract and the Phu My 2.2 begins its overhaul. Additionally, (2) positive support from a 21% increase in electricity selling prices in 3Q24F is also a favorable factor impacting revenue for the gas-fired power plants. However, gas prices in 3Q24F have slightly increased yoy, and this factor also impacts the gross margin of gas-fired power plants in 3Q24F.

Recommendation: From the above analysis, we also believe that POW will experience many positive changes in the short, medium, and long term as its plants play an important role in stabilizing the power system. Furthermore, the operation of the NT3 & 4 plants from 2025 adds to this. However, in the short term, we believe that POW's market price has almost reflected its intrinsic value. Therefore, we maintain a **HOLD** recommendation for **POW** in 3Q24F.

NT2 - NPAT is projected to decline significantly

Table 6. NT2's 3Q24F earnings forecast

(VNDbn, %)

	3Q23A	2Q24A	3Q24F			2024F		Consensus	
				yoy	qoq		yoy	3Q24F	2024F
Revenue	816	2,186	1,766	116	(19)	5,939	(7)	N/A	5,640
GP	(132)	130	(41)	(69)	(132)	(243)	(148)	N/A	104
SG&A costs	(16)	(18)	28	(272)	(257)	23	(66)	-	-
OP	(116)	148	(69)	(40)	(147)	(266)	(160)	-	-
Non-operating P/L	25	11	4	(82)	(60)	84	13	-	-
EBT	(91)	159	(65)	(28)	(141)	(182)	(135)	-	-
NP	(124)	122	(68)	(45)	(156)	(167)	(135)	N/A	28
Controlling-int. NP	(124)	122	(68)	(45)	(156)	(167)	(135)	N/A	28

Source: Company data, Bloomberg, KISVN estimate

Forecast: We forecast NT2's revenue to reach VND 1,766bn (+116% yoy), primarily driven by (1) an improvement in the average selling price (FMP) in 3Q24F, estimated at VND 1,311/kWh (+21% yoy), along with (2) significant production volume growth, as A0 prioritized mobilization to compensate for the capacity of two BOT plants – Phu My 3, which expired, and Phu My 2.2, which underwent maintenance.

In terms of profit, the average gas price in 3Q24F is expected to remain high compared to the same period last year, reaching 9.5 USD/mm BTU (+2% yoy) due to continued gas supply declines in Southeast Vietnam, estimated at 0.7bn m³ (-13% yoy). Additionally, financial costs are projected to rise by 70% yoy in 3Q24F. These factors have pressured NT2's gross profit margin in 3Q24F. Therefore, we estimate NT2's NPAT for 3Q24F to be -VND68bn (-45% yoy).

Recommendation: We strongly believe in a positive outlook for NT2 in the long term, as it plays an important role in maintaining system stability. However, in 2H24, NT2 may continue to experience negative results as the gas price seems to be still high and the expansion of renewable energy capacity. On this basis, we maintain a **HOLD**-rating for **NT2** in 2H24F.

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