

10 Feb 2025

Quang Ninh Thermal Power (QTP)

The high coal price harmed earnings

- 4Q24 NPAT downed 12% yoy
- 1Q25F – The earnings are expected to move sideways
- Maintain a BUY recommendation

Facts: The coal price pressure persists

In 4Q24, QTP recorded revenue of VND2,884bn, +1.2% yoy, (figure 1). Of which:

- The output's QTP in 4Q24, which is estimated to be decrease of 12% yoy (figure 2).
- The full market price (FMP) in 4Q24 increased by 49% yoy, reaching 1,500 VND per kWh.

Notably, in 4Q24, both gross profit and NPAT declined by VND248bn (-11% yoy, figure 3) and VND185bn (-12% yoy, figure 4), respectively, mainly due to the coal prices surged by 22% yoy, putting pressure on QTP's gross margin, which dropped to 8.6% (-1.2%p yoy).

Table 1. Quarterly earnings snapshot in 4Q24

(VND bn, %, %p)

	4Q23	1Q24	2Q24	3Q24	4Q24	QoQ	YoY
Sales	2,847	3,010	3,628	2,386	2,884	20.8	1.2
OP	223	253	181	85	206	140.7	(7.5)
OP margin (%)	7.8	8.4	5.0	3.6	7.1	99.2	(8.7)
EBIT	222	252	180	85	206	143.6	(7.0)
NPAT	211	227	162	76	185	143.4	(11.9)

Source: Company data, FiinPro-X, KIS Research

Pros & cons: 1Q25F – The profit remains growth

In 1Q25F, we estimated output 's QTP could record growth by (1) expectations of nationwide electricity consumption growth of 11% yoy. Additionally, (2) support positively from the alpha coefficient increasing from 70% to 80% (figure 7) of contracted output for thermal power plants, indicate that most the output could be sold at the contract price, which is significantly higher than the full market price (FMP). Despite of (3) the FMP is estimated to decrease by 6% yoy in 2025F.

In contrast, NPAT is forecasted could to be sideways, of which our estimates:

- In 1Q25F, QTP's depreciation expenses are expected to decrease to ~VND128bn, down 16% yoy.

12M rating **BUY (Maintain)**

12M TP **18,900**

Up/Downside **(36%) (included dividend)**

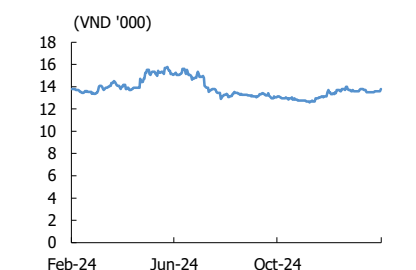
Stock data

VNIndex (10 Feb, pt)	1,265
Stock price (10 Feb, VND)	13,800
Market cap (USD mn)	245
Shares outstanding (mn)	450
52-Week high/low (VND)	15,787/12,576
6M avg. daily turnover (USD mn)	0.11
Free float / Foreign ownership (%)	47.4/9
Major shareholders (%)	
GENCO1	42
PPC	16.35

Performance

	1M	6M	12M
Absolute (%)	1.5	4.0	(0.1)
Relative to VNIndex (%p)	(1.3)	(0.3)	(7.5)

Stock price



Source: Bloomberg

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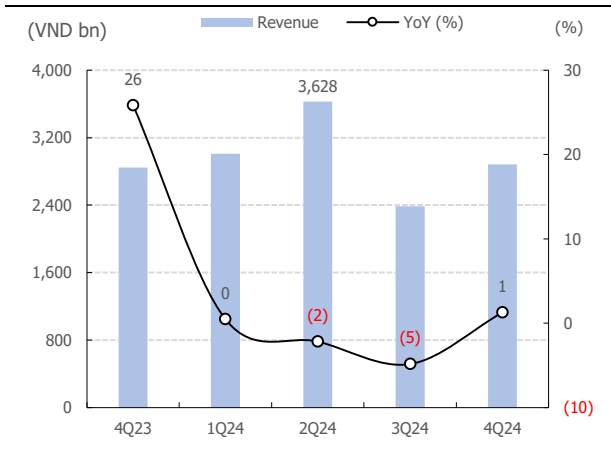
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- Besides, total debt is expected to decrease by VND30-40bn.
- Conversely, in 1Q25F we estimated coal price rise by 10 – 15% yoy due to TKV increasing the proportion of blended coal usage.
- According to EVN, the CAN price in 1Q25F is estimated to be 45 VND/kWh (-85% yoy), which may impact QTP's profit in the SMP market (figure 8).
- However, we believed that the positive factors mentioned above could offset the profit caused by increases in CAN and coal prices.

Action: Maintain BUY rating

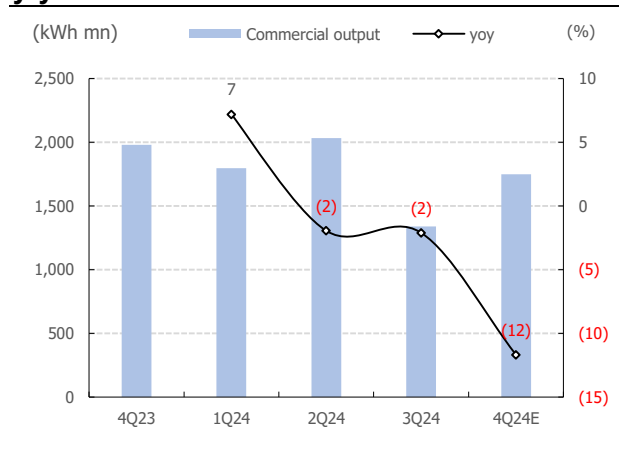
We strongly believe that QTP has a positive in the mid, and long term. In addition, QTP plays an important role in maintaining system stability. On this basic, we maintain a **BUY**-rating for **QTP** (TP: 18,900VND; Upside: +36%) in 2025F.

Figure 1. Revenue recorded at VND2,884bn, +1.2% yoy



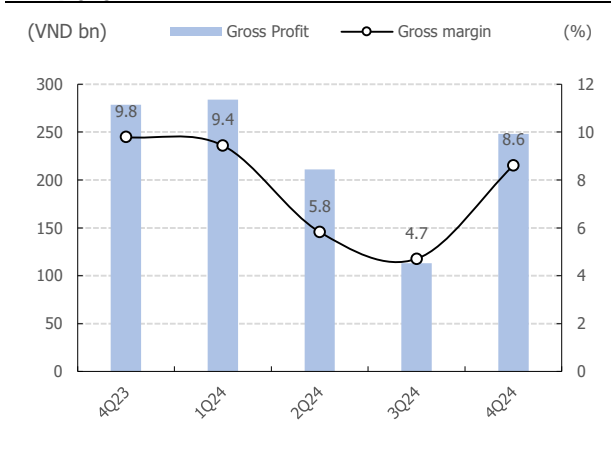
Source: QTP, FiiPro-X, KIS Research

Figure 2. Commercial output in 4Q24 decreased by 12% yoy



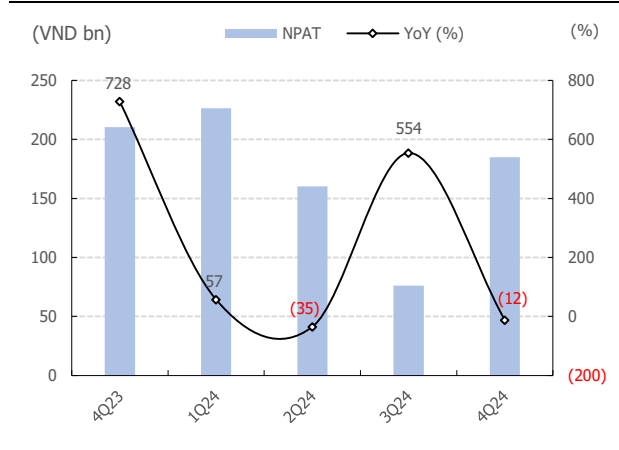
Source: QTP, FiiPro-X, EVN, KIS Research
Note: Data for 4Q24E is estimated.

Figure 3. 4Q24's gross margin down to 8.6%, decline by 1.2%p yoy



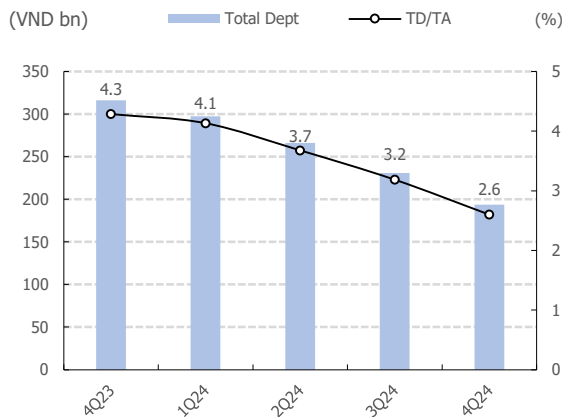
Source: QTP, FiiPro-X, KIS Research

Figure 4. NPAT experience result negative of 12% yoy



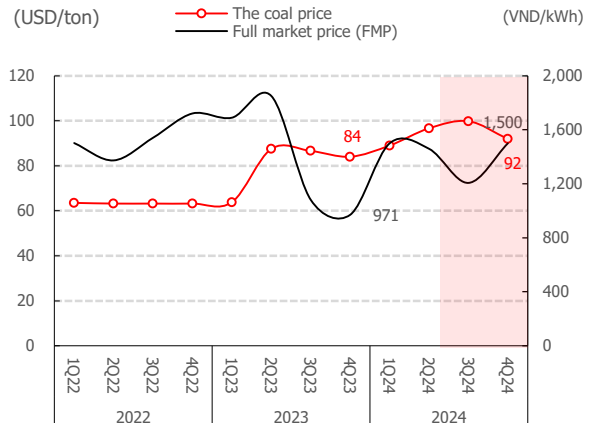
Source: QTP, FiiPro-X, KIS Research

Figure 5. In 4Q24, total debts recorded VND193bn, a decrease of 39% compared to the same period



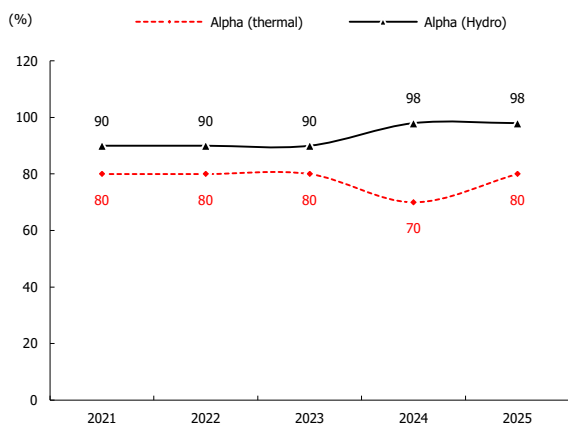
Source: QTP, FiiPro-X, KIS Research

Figure 6. The coal price is still high level at 93 USD/ton, +8% yoy



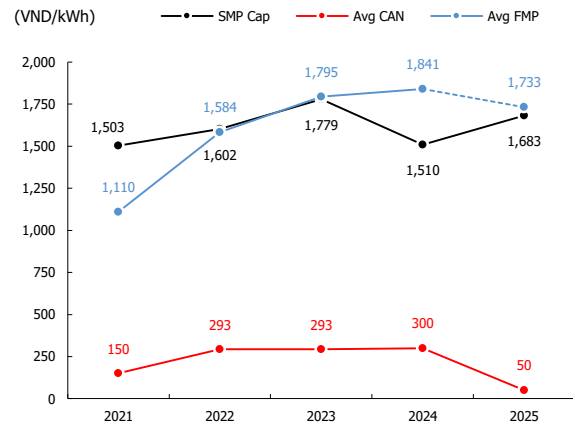
Source: PGV, KIS Research

Figure 7. Alpha coefficient in contract output of sources in 2025



Source: EVN, KIS Research

Figure 8. CAN price drops sharply in 2025 (-85% yoy), significantly affecting FMP price



Source: EVN, KIS Research

■ **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	2024A	2025F
Current assets (Adj.)	3,639	3,732	3,944	4,549	4,951
Cash & cash equivalent	206	24	158	36	108
Non-current assets (Adj.)	3,433	3,709	3,787	2,964	3,200
Fixed Asset	5,195	4,242	3,367	882	962
Investment assets	-	-	-	4,514	4,843
Others	75	76	69	2,811	2,414
Total assets	8,910	8,051	7,380	-	-
Advances from customers	0	-	1	96	101
Unearned revenue	-	-	-	7,456	7,466
Trade payables	437	607	1,159	-	-
Others	143	184	607	-	-
ST debt & bond	750	776	98	1,435	1,555
LT debt & bond	1,405	316	218	738	800
Total liabilities	2,739	1,888	2,087	75	72
Controlling interest	6,171	6,162	5,292	118	126
Capital stock	4,500	4,500	4,500	2,370	2,559
Capital surplus	231	231	231	5,086	4,907
Other Reserves	274	274	145	4,500	4,500
Retained earnings	1,166	1,158	416	231	231
Shareholders' equity	6,171	6,162	5,292	145	145

Cash flow VND bn

FY-ending Dec.	2021A	2022A	2023A	2024A	2025F
C/F from operations	1,802	1,438	1,149	1,203	687
Net profit	617	805	644	726	788
Depreciation	972	960	884	570	313
Net incr. in W/C	1,877	1,896	1,568	1,313	1,058
C/F from investing	(407)	217	787	(1,049)	54
Capex	(5)	(4)	(10)	(529)	(7)
Incr. in investment	(403)	221	798	(520)	62
C/F from financing	(2,025)	(1,836)	(1,802)	(922)	(759)
Incr. in equity	-	-	-	(799)	-
Incr. in debts	-	-	(791)	-	(3)
Dividends	(449)	(719)	(1,011)	-	(765)
C/F from others	-	-	-	-	-
Increase in cash	(631)	(182)	134	(768)	(18)

Income statement VND bn

FY-ending Dec.	2021A	2022A	2023A	2024A	2025F
Net sales	8,571	10,417	12,058	11,908	12,908
COGS	7,581	9,336	11,241	11,051	12,053
Gross profit	990	1,081	817	858	855
SG&A	256	113	114	115	110
Operating profit	734	968	703	743	745
Financial income	82	34	23	7	36
Interest income	52	33	21	-	-
Financial expenses	195	193	78	25	(7)
Interest expenses	195	133	57	21	20
Other non-operating profit	(4)	(4)	(4)	1	-
Gains (Losses) in associates, subsidiaries and JV	-	-	-	-	-
Earnings before tax	617	805	644	726	788
Income taxes	39	41	32	-	79
Net profit	578	764	612	726	709
Net profit of controlling interest	578	764	612	650	709
EBITDA	1,784	1,898	1,586	1,273	1,120

Key financial data

FY-ending Dec.	2021A	2022A	2023A	2024A	2025F
per share data (VND, adj.)					
EPS	1,168	1,405	1,125	1,195	1,303
BPS	13,712	13,694	11,761	11,302	10,905
DPS	1,600	2,250	1,036	-	1,700
Growth (%)					
Sales growth	(6.7)	21.5	15.8	(1.2)	8.4
OP growth	(57.6)	32.0	(27.4)	5.6	0.3
NP growth	(55.7)	32.2	(19.9)	18.7	(2.4)
EPS growth	(55.7)	32.2	(19.9)	6.2	9.1
EBITDA growth	(57.6)	32.0	(27.4)	5.6	0.3
Profitability (%)					
OP margin	8.6	9.3	5.8	6.2	5.8
NP margin	6.7	7.3	5.1	6.1	5.5
EBITDA margin	8.6	9.3	5.8	6.2	5.8
ROA	6.0	9.0	7.9	9.8	9.5
ROE (excl MI)	9.4	12.4	10.7	12.5	14.2
Dividend yield	8.4	17.3	7.0	-	11.8
Dividend payout ratio	343	159	34	125	133
Stability					
Net debt (VND bn)	1,949	1,069	159	157	90
Net debt/equity (%)	32	17	3	3	2
Valuation (X)					
PE	6.4	11.1	10.9	8.9	9.1
PB	1.2	1.3	1.3	1.3	1.3
EV/EBITDA	13.0	6.3	9.7	8.9	8.9

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