

25 Apr 2025

## NHON TRACH 2 (NT2)

### Profit recovery from low base

- NPAT turns positive
- Production boosted significantly of 293% yoy
- Maintain a HOLD recommendation

### Facts: Revenue and profit rebound

In 1Q25, NT2's revenue was recorded at VND1,426bn, up 444% yoy (figure 1). Due to the production record of 628mn kWh, skyrocketed by 483x yoy, figure 2). The strong performance was mainly attributed to:

- A low base in 1Q24 (VND262bn).
- The increase in production came from Phu My 1, which underwent maintenance in Jan-25, and from the expiration of BOT contracts at Phu My 2.2 and Phu My 3.
- The average electricity price is estimated to be up 41% yoy in 1Q25 as EVN raised the alpha coefficient in the contract from 70% to 80% in 2025, although the FMP is down to 13% in 1Q25.

Additionally, the average gas price in 1Q25 remained high at USD9.53/mmBTU (+4% yoy, figure 4). However, the sharp increase in electricity output boosted NT2, driving the gross margin up to 3.1%, compared to -86.1% in 1Q24. As a result, the gross profit of VND44bn (1Q24: -VND225bn, figure 5) and NPAT of VND37bn (1Q24: -VND158bn, figure 6), respectively.

**Table 1. Quarterly earnings snapshot in 1Q25**

(VND bn, %, %p)

	1Q24	2Q24	3Q24	4Q24	1Q25	QoQ	YoY
Sales	262	2,186	1,711	1,792	1,426	(20)	444
OP	(229)	122	49	89	44	(49)	
OP margin (%)	(87)	6	3	5	3	(2)	
EBT	(158)	122	50	75	45	(40)	
NPAT	(158)	122	44	63	38	(39)	

Source: Company data, FiinPro-X KISVN

### Pros & cons: Gross margin contraction expected

In 2Q25F, we anticipated that NT2's production could continue to be strong growth according to EVN's plan for 2025F. The main reason is driven by (1) Phu My 2.2 and Phu My 3 ending BOT contracts and (2) EVN increasing the alpha in the output's contract (Qc) to 80% in 2025 (2024: 70%).

Besides, We forecast that NT2's NPAT could record an unfavorable result in 2Q25F. The main reasons are: (a) The plant's heat rate remains at a high level (+5% yoy), and (b) the average gas price in 2Q25F is still high (+1% yoy). Therefore, we anticipate that NT2's performance in 2Q25F may remain under pressure.

12M rating **HOLD (Maintain)**

12M TP

Up/Downside

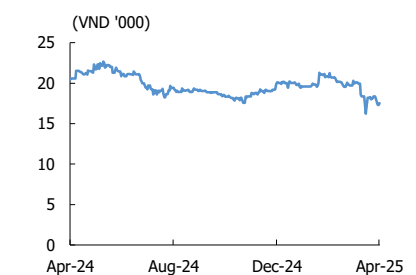
### Stock data

VNIndex (25 Apr, pt)	1,225
Stock price (25 Apr, VND)	17,550
Market cap (USD mn)	194
Shares outstanding (mn)	288
52-Week high/low (VND)	22,691/16,250
6M avg. daily turnover (USD mn)	0.32
Free float / Foreign ownership (%)	32.3/13.3
Major shareholders (%)	
PV Power	59.37
CFTD	8.27

### Performance

	1M	6M	12M
Absolute (%)	(13.5)	(4.2)	(14.3)
Relative to VNIndex (%p)	(5.6)	(2.4)	(17.8)

### Stock price



Source: Bloomberg

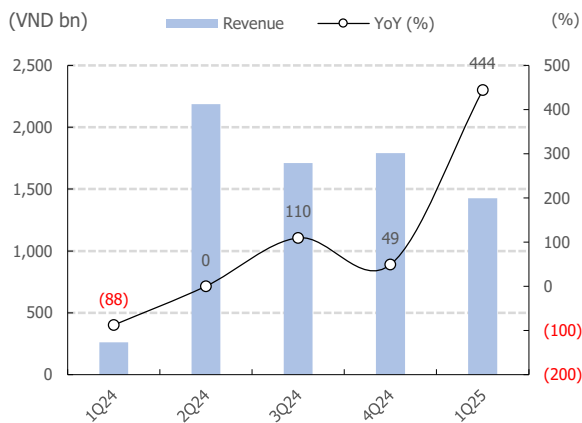
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### Action: Maintain HOLD rating

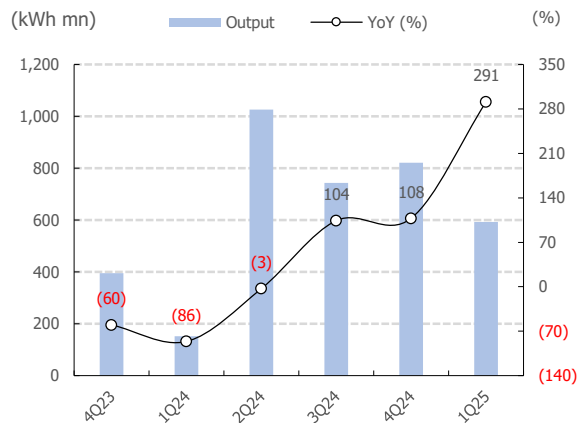
We strongly believe in a positive outlook for NT2 in the long term, as it plays an important role in maintaining system stability. However, in the short term, we believe that NT2's market price has almost reflected its intrinsic value. Therefore, we maintain a **HOLD** recommendation for **NT2** in 1Q25F.

**Figure 1. Revenue increased strongly, recording VND1,426bn (+444% yoy)**



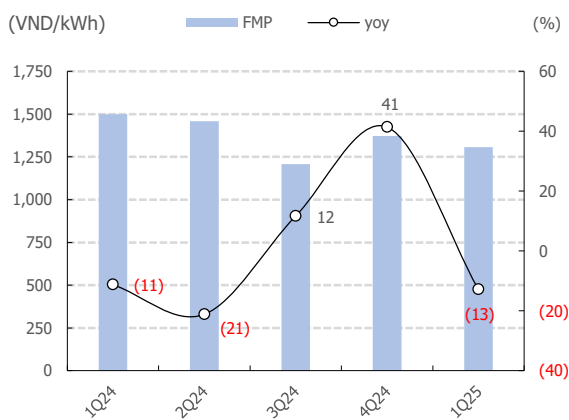
Source: NT2, KIS Vietnam

**Figure 2. Output growth is 291% yoy as the low base in 1Q24, reached 593mn kWh**



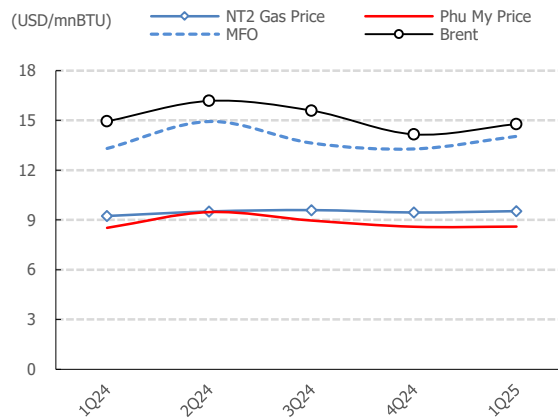
Source: NT2, KIS Vietnam

**Figure 3. The average FMP in 1Q25 is estimated down to 13% as the CAN price decreased to 80% yoy**



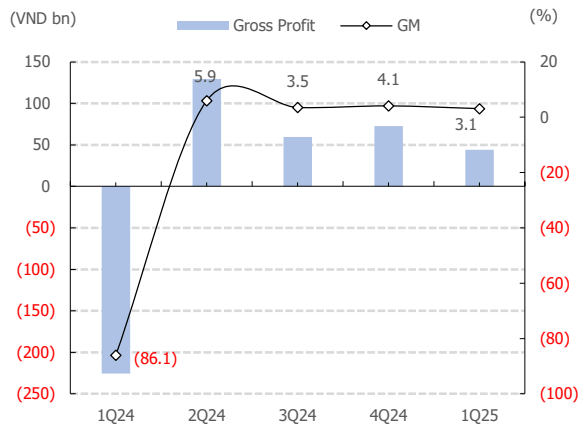
Source: POW, KIS Vietnam

**Figure 4. The gas price continues to be at high level at 9.53 USD/mnBTU in 1Q25, +4% yoy**



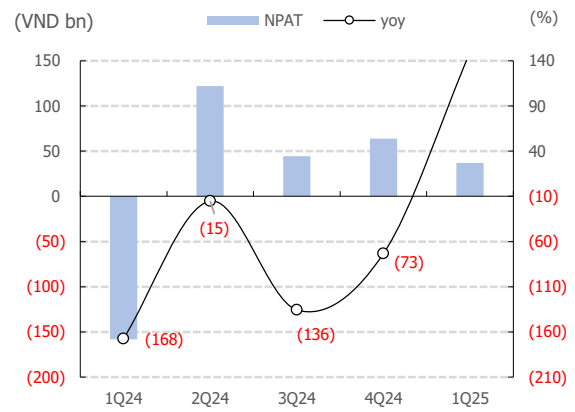
Source: Bloomberg, NT2, KIS Vietnam

**Figure 5. ... and gross profit and GM improve**



Source: NT2, KIS Vietnam

**Figure 6. NPAT rebound significantly recorded VND37bn (1Q24: -VND158bn)**



Source: NT2, KIS Vietnam

**■ Company overview**

Founded in 2007, Nhon Trach 2 Thermal Power (HSX: NT2) is a leading firm in power generation. NT2 owns the Nhon Trach 2 gas thermal power with total capacity of 750MW, which has used the advanced F-generation gas turbine combined cycle. On Jun 12, 2015, NT2 officially traded on Ho Chi Minh City Stock Exchange (HOSE).

**Balance sheet** VND bn

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
Current assets (Adj.)	4,557	4,770	5,912	6,317	6,043
Cash & cash equivalent	384	1	57	64	60
Non-current assets (Adj.)	4,173	4,769	5,855	6,253	5,983
Fixed Asset	2,809	2,125	1,442	809	117
Investment assets	-	-	-	-	-
Others	79	1,556	2,661	3,008	2,793
<b>Total assets</b>	<b>7,445</b>	<b>8,451</b>	<b>10,015</b>	<b>10,135</b>	<b>8,953</b>
Advances from customers	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Trade payables	770	1,680	3,687	4,168	3,869
Others	1,431	1,235	1,153	1,304	1,210
ST debt & bond	631	1,200	996	808	549
LT debt & bond	-	-	-	-	-
<b>Total liabilities</b>	<b>2,831</b>	<b>4,115</b>	<b>5,836</b>	<b>6,280</b>	<b>5,629</b>
Controlling interest	4,614	4,336	4,179	3,856	3,324
Capital stock	2,879	2,879	2,879	2,879	2,879
Capital surplus	(0)	(0)	(0)	(0)	(0)
Other Reserves	182	226	226	226	226
Retained earnings	1,554	1,231	1,074	751	220
Shareholders' equity	4,614	4,336	4,179	3,856	3,324

**Cash flow** VND bn

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
C/F from operations	1,383	857	528	588	586
Net profit	943	514	91	142	(129)
Depreciation	689	687	687	693	692
Net incr. in W/C	1,668	1,119	715	765	488
C/F from investing	(946)	(2,245)	(67)	26	100
Capex	(1)	(1,094)	(3)	(73)	-
Incr. in investment	(945)	(1,151)	(63)	100	100
C/F from financing	(54)	420	(405)	(620)	(691)
Incr. in equity	-	(150)	-	-	-
Incr. in debts	-	1,551	(204)	(188)	(259)
Dividends	(474)	-	(201)	(432)	(432)
C/F from others	-	-	-	-	-
Increase in cash	383	(968)	56	(6)	(5)

**Income statement** VND bn

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
Net sales	8,788	6,386	5,952	6,728	6,246
COGS	7,706	5,876	5,915	6,566	6,367
Gross profit	1,082	510	37	162	(121)
SG&A	131	69	79	90	83
<b>Operating profit</b>	<b>950</b>	<b>441</b>	<b>(43)</b>	<b>227</b>	<b>(205)</b>
Financial income	24	107	100	100	100
Interest income	21	99	95	100	100
Financial expenses	18	34	39	31	25
Interest expenses	15	34	35	31	25
Other non-operating profit	(14)	(0)	72	-	-
Gains (Losses) in associates, subsidiaries and JV	-	-	-	-	-
<b>Earnings before tax</b>	<b>943</b>	<b>514</b>	<b>91</b>	<b>227</b>	<b>(129)</b>
Income taxes	60	41	18	29	(26)
<b>Net profit</b>	<b>883</b>	<b>473</b>	<b>72</b>	<b>219</b>	<b>(103)</b>
<b>Net profit of controlling interest</b>	<b>883</b>	<b>473</b>	<b>72</b>	<b>113</b>	<b>(103)</b>
<b>EBITDA</b>	<b>1,647</b>	<b>1,234</b>	<b>813</b>	<b>865</b>	<b>587</b>

**Key financial data**

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
per share data (VND, adj.)					
EPS	2,961	1,586	242	378	(345)
BPS	16,027	15,062	14,515	13,393	11,548
DPS	2,500	700	700	1,500	1,500
Growth (%)					
Sales growth	42.9	(27.3)	(6.8)	13.1	(7.2)
OP growth	60.2	(53.6)	(109.7)	(269.2)	(382.2)
NP growth	65.5	(46.4)	(84.7)	55.9	(191.4)
EPS growth	65.5	(46.4)	(84.7)	55.9	(191.4)
EBITDA growth	60.2	(53.6)	(109.7)	(269.2)	(382.2)
Profitability (%)					
OP margin	10.8	6.9	(0.7)	1.1	(3.3)
NP margin	10.1	7.4	1.2	1.7	(1.6)
EBITDA margin	10.8	6.9	(0.7)	1.1	(3.3)
ROA	12.6	6.0	0.8	1.1	(1.1)
ROE (excl MI)	20.0	10.6	1.7	2.8	(2.9)
Dividend yield	8.7	2.9	4.0	8.5	8.5
Dividend payout ratio	95	92	89	81	43
Stability					
Net debt (VND bn)	246	1,199	939	744	490
Net debt/equity (%)	5	28	22	19	15
Valuation (X)					
PE	11.1	14.9	69.8	50.4	(55.2)
PB	1.3	1.6	1.2	1.5	1.7
EV/EBITDA	8.0	13.9	(95.3)	56.3	(20.0)

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- Hold: Expected total return will be between -5% and 15%
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Prepared by: Research Dept

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