

Quang Ninh Thermal Power (QTP)

Profit shrinks as fuel price pressure

- Coal price pressure intensifies
- The corporate tax expenses rose sharply
- Maintain a BUY recommendation

Facts: Coal price burden deepens

In 1Q25, QTP recorded revenue of VND2,912bn, down 3% yoy, (figure 1). The main reason is driven by the production's QTP in 1Q25, which stayed flat compared to the same period last year (figure 2), as the electricity demand nationwide in 1Q25 only grew 4.5% yoy (figure 3). In contrast, the full market price (FMP) dropped by 13% yoy to 1,307 VND/kWh in 1Q25 (figure 4).

Besides, (a) the depreciation expense of QTP, recorded at VND136bn (-10% yoy), was insufficient to offset (b) the increase in coal prices (+4% yoy), which remained elevated (figure 4). This led to a decline in gross margin to 8.6%, down 0.8%p yoy in 1Q25 (figure 5). Thus, gross profit dropped to VND173bn (-24% yoy, figure 8).

Next, (c) the financial expenses fell to VND4.06bn, a decrease of 53% yoy as total debts in 1Q25 decreased to VND92bn, down 44% yoy (figure 7). However, (d) due to a strong impact from the corporate tax expenses in 1Q25. Therefore, NPAT experience results deepen to VND240bn (-16% yoy, figure 5).

Table 1. Quarterly earnings snapshot in 1Q25

(VND bn, %, %p)

	1Q24	2Q24	3Q24	4Q24	1Q25	QoQ	YoY
Sales	3,010	3,628	2,386	2,884	2,912	1	(3)
OP	253	181	85	172	216	26	(15)
OP margin (%)	8.4	5.0	3.6	6.0	7.4	1.4	(1.0)
EBIT	252	180	85	172	216	25	(14)
NPAT	227	162	76	155	173	12	(24)

Source: Company data, FiinPro-X, KIS Research

Pros & cons: 2Q25F – The profit could optimistic

In 2Q25F, we estimated QTP' revenue could slightly decline due to (1) the production estimated to decline as signs of a slowdown in the electricity consumption demand nationwide compared to the same period. And (2) the average FMP is estimated to decrease by 4% yoy in 2Q25F.

12M rating **BUY (Maintain)**

12M TP **18,900**

Up/Downside **(37%) (included dividend)**

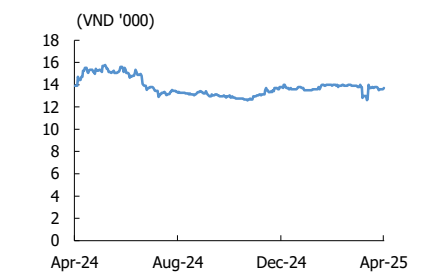
Stock data

VNIndex (28 Apr, pt)	1,227
Stock price (28 Apr, VND)	13,700
Market cap (USD mn)	237
Shares outstanding (mn)	450
52-Week high/low (VND)	15,787/12,576
6M avg. daily turnover (USD mn)	0.19
Free float / Foreign ownership (%)	47.4/1.4
Major shareholders (%)	
GENCO1	42
PPC	16.35

Performance

	1M	6M	12M
Absolute (%)	(0.7)	4.9	(1.5)
Relative to VNIndex (%p)	6.1	6.8	(4.7)

Stock price



Source: Bloomberg

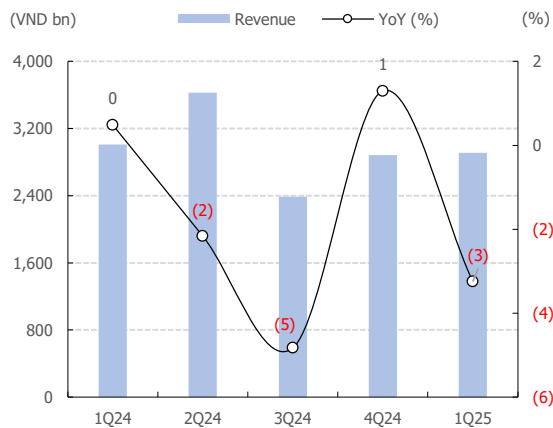
In contrast, we expect QTP's NPAT to post a positive outlook based on expectations:

- (i) We estimated that the gross margin could improve in 2Q25F. This comes from average of selling price decreasing much more than the variable cost.
- (ii) Besides, a positive factor from the projected 49% yoy drop in financial expenses, equal to ~ VND3bn compared to the same period.
- (iii) Therefore, we believe that the aboved positive drivers could offset the impact of the higher corporate tax expenses, which could rise to 20% in 2Q25F (2Q24: 10%).

Action: Maintain BUY rating

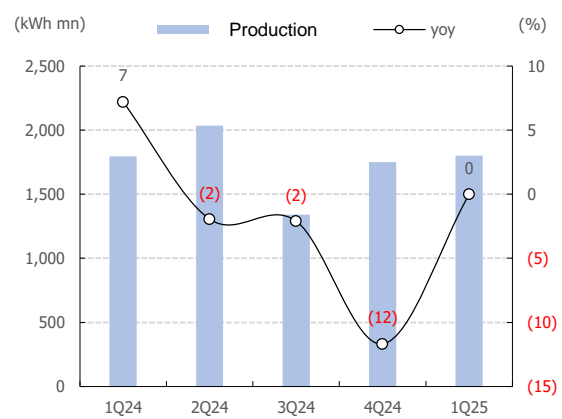
We strongly believe that QTP has a positive outlook in the mid, and long term. In addition, QTP plays an important role in maintaining system stability. On this basic, we maintain a **BUY**-rating for **QTP** (TP: 18,900VND; Upside: +37%) in 2025F.

Figure 1. Revenue recorded a slightly decrease at VND2,912bn, down 3% yoy



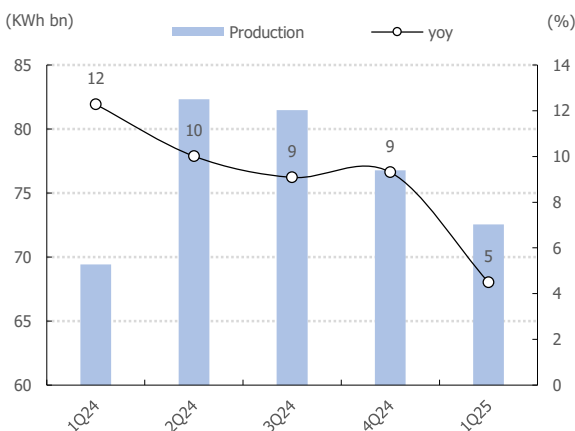
Source: QTP, FiiPro-X, KIS Research

Figure 2. The production in 1Q25 remain flat compared to the same period last year



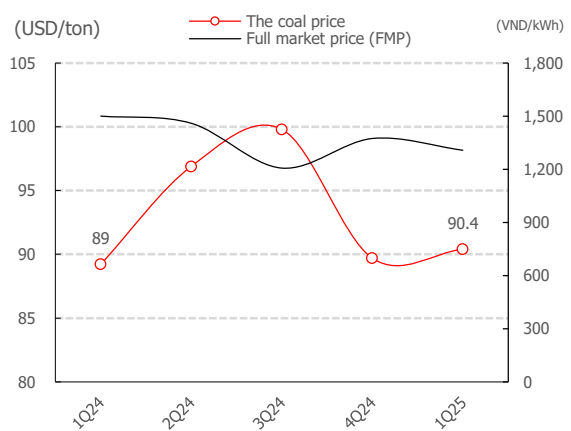
Source: QTP, FiiPro-X, EVN, KIS Research
Note: Data for 1Q25E is estimated.

Figure 3. The electricity demand nationwide in 1Q25 shows signs of slowing down



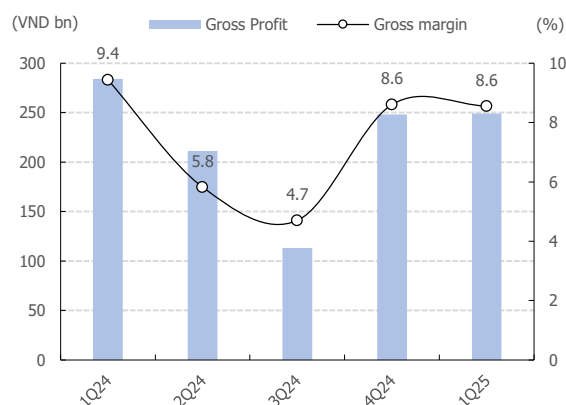
Source: QTP, FiiPro-X, KIS Research

Figure 4. The coal price is still at a high level



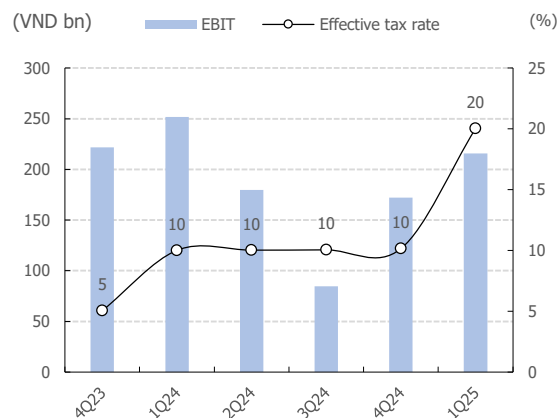
Source: QTP, PGV

Figure 5. The gross margin down to 8.6%, fell 0.8%p yoy in 1Q25



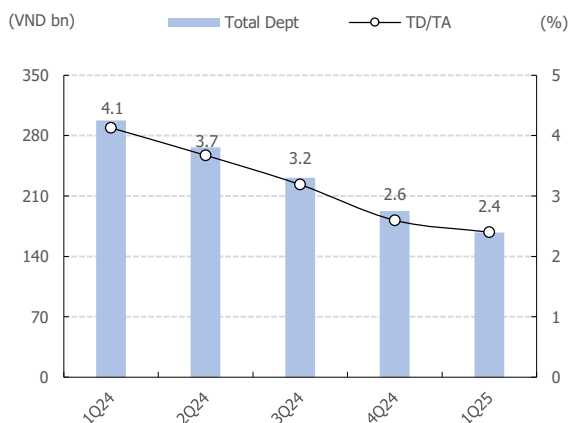
Source: QTP, FiinPro-X, KIS Research

Figure 6. Higher tax rate amplified net profit decline



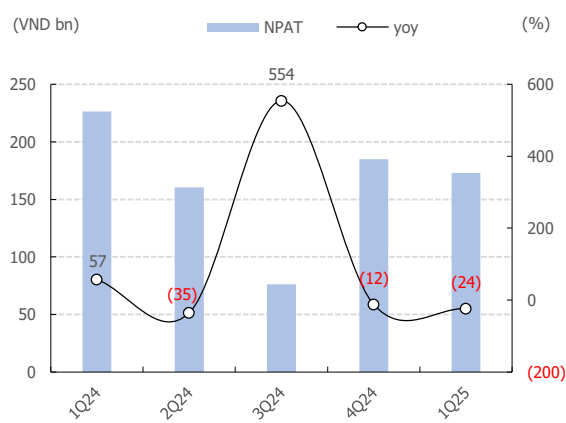
Source: QTP, FiinPro-X, KIS Research

Figure 7. In 1Q25, total debts recorded VND167bn, a decrease of 44% yoy



Source: QTP, FiinPro-X, KIS Research

Figure 8. NPAT experienced a negative result of 24% yoy in 1Q25



Source: QTP, FiinPro-X, 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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