POW – Business results Q2/2026: Retroactive revenue pushes profit margins up

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- In Q2/2026, PV Power's revenue increased by 116% YoY and net profit after tax – minority interest (NPAT-MI) increased by 484% YoY. The main growth driver came from (1) the mobilization growth of thermal power plants due to the impact of the El Niño phase, and (2) POW recorded VND 2,475 billion in retroactive revenue from EVN.
- POW's Qm increased by 54% YoY, of which NT3&4 contributed 23% to the total output, reaching 1.7 kWh. NT2's Qm increased by 54% YoY, Ca Mau 1&2's output was flat (+1% YoY) due to fuel supply constraints. Contracted output (Qc) increased by 29% YoY with the company-wide average Qc/Qm ratio reaching 82% (-12% YoY), with NT3 &4 remaining high (98%) and traditional thermal power plants adhering to the minimum Qc/Qm ratio (81%).
- POW's Q1/2026 business results were more positive than analysts' expectations, completing 164%/293% of the revenue and profit forecasts. Therefore, we are considering adjusting the forecast of the company's 2026 business results and will update it in the latest report. Currently, we maintain a **BUY** recommendation on POW stock with a target price of **16,600 VND/share.** Currently, POW's P/E and EV/EBITDA ratios are at 6.6x and 6.7x, which is lower than the 5-year average (19.5x and 8.5x). The low valuation of the market creates a good opportunity for the stock.

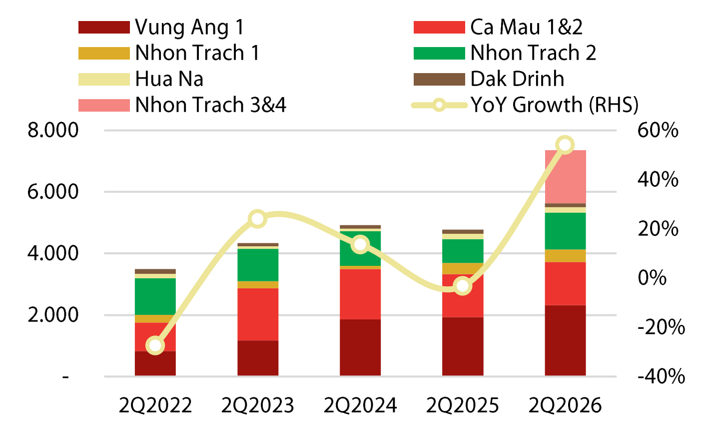
Q2/2026 Business Results Update: Thermal power output rose under El Nino influence

In Q2/2026, PV Power's net revenue reached VND 20,308 billion, up +116% YoY (+65% QoQ). Revenue growth was led by (1) improvement in total actual power output (Qm) and (2) the company recorded billions of VND in retroactive revenue from EVN.

During the quarter, Qm's total power generation grew by 54% YoY, reaching 7.4 billion kWh, specifically by groups:

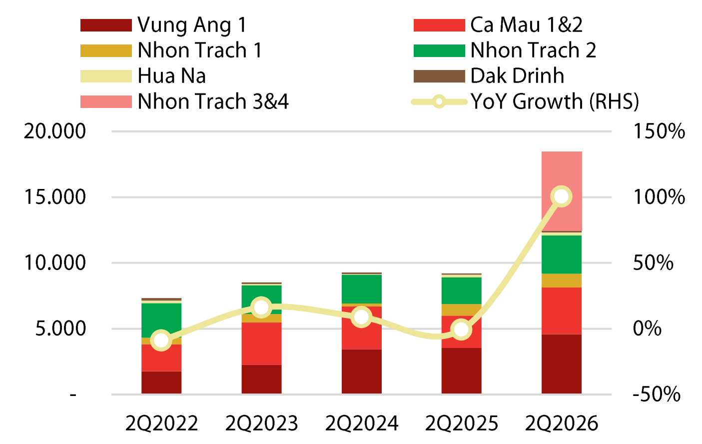
- **Gas power group:** reached 4.7 billion kWh. The main driver came from the commercial operation of Nhon Trach 3 & 4 plants (contributing 1.7 billion kWh, ~23% of total gas power output), excluding Nhon Trach 3&4 output, the output of traditional gas power plants increased by 18% YoY. Nhon Trach 2 also benefited from the hydrological conditions created by the El Niño phase, which helped the plant's output increase by 54% YoY. However, the output of the Ca Mau 1&2 plant increased only 1% YoY, due to limited gas fuel supply in the Southwest region.
- **Coal-fired power group:** Vung Ang 1 output reached 2.3 billion kWh, an improvement compared to the high level in Q2/2025. Similar to the Nhon Trach 2 plant, VA1 benefits from the El Niño phase, which helps to grow thermal power output.
- **Hydropower group: production** of Hua Na plant was flat (+1% YoY), and Dak Drinh plant decreased by 6% YoY, due to drier hydrological conditions under the influence of El Niño.

Figure 1: Q1 power generation from POW's plants (million kWh) and YoY growth (%), 2022-2026



Source: POW, RongViet Securities

Figure 2: Q1 revenue from POW's plants (billion VND) and YoY growth (%), 2022-2026



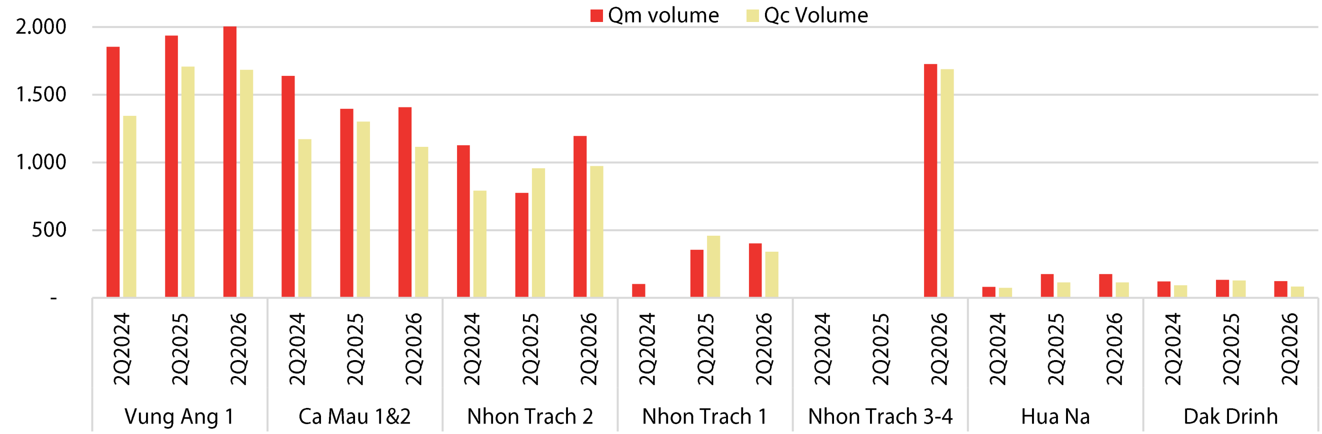
Source: POW, RongViet Securities

Contracted Output (Qc): The company's Qc output reached **6 billion kWh** (+29% YoY), equivalent to 82% of Qm production (-12 % YoY). Qc growth was led by Nhon Trach 3-4, with 1.7 billion kWh, equivalent to the factory's Qc/Qm ratio of 98%. The average Qc/Qm ratio of traditional gas power plants (NT1, NT2, CM1-2) reached 81% (-27 percentage points YoY), when the actual mobilization situation closely followed NSMO's mobilization plan.

The Qc/Qm ratio of the VA1 coal power plant decreased to 73% (-16 pps compared to the plan) when the mobilization demand exceeded the estimated level. A lower than default Qc/Qm ratio (80%) implies ~27% of the plant's output is sold at the full market price (FMP). However, we believe that the gross profit margin of the factory has not been affected much. Thanks to the high demand for electricity consumption throughout the system, the average FMP price in the quarter increased to 1,734 VND/kWh, approaching the Qc price of coal-fired power plants.

*Thermal power plants sell electricity at 2 prices: the **contracted price (Pc),** including production costs and a certain level of profit, and **the full market price (FMP),** which is usually lower than the Pc price and the electricity production price of thermal power plants. Alpha is the **contracted output allocation (Qc) rate,** with a minimum alpha rate at 80% of the plant's planned output. Depending on the actual needs of the system, **the actual mobilized output (Qm)** may differ from the planned level, causing the actual Qc/Qm ratio to differ from the Alpha rate. In the case of Qc > Qm, the production difference between Qc and Qm will be paid in full, based on the terms of the contract for difference (CfD).*

Figure 3: Qm and Qc output (million kWh) of power plants in Q2, 2024-2026



Source: POW, RongViet Securities

Retroactive income, the company recorded a total of about VND 2,475.6 billion, including:

- VND 1,103 billion of exchange rate difference of Vung Ang 1 Power Plant in the period of 2019-2021;
- VND 991 billion from the settlement of the difference in electricity bills and gas prices at Ca Mau 1 & 2 plant;
- VND 381 billion is related to the reduction of O&M cost provisions at these power plants.

Fuel costs remain high, yet gross profit margin has not been affected

In Q2/2026, average fuel costs per kWh are estimated to increase by 36% YoY and 21% QoQ, coming from (1) NT3 & 4 participating in power generation, liquefied natural gas (LNG) power plants currently have the highest production costs in POW's plant portfolio, and (2) prices of other fuels (domestic gas, LNG, coal) also remained at a high level, due to the negative impact of the conflict in the Middle East.

- NT2's average gas purchase price in Q2 increased by 7.3% YoY, to ~$10.30/million BTU. Gas prices are anchored at a high level as US/Israel-Iran tensions show no signs of cooling down, leading to a 5.1% YoY increase in the reference FMO oil price.
- The average spot LNG price in Q2/2026 reached $17.1/million BTU, up 40% YoY and 21% QoQ. Prices soared when LNG exporter Qatar was affected by the war, causing gas exports to be hampered.
- Average coal import prices from Indonesia in the quarter increased by 42% YoY (+22% QoQ). Similarly, the average domestic coal price increased by 18% YoY (+9% YoY), under pressure from international coal sources.

Gross profit: During the quarter, POW's gross profit increased sharply, reaching VND4.7 trillion (+304% YoY), with a gross profit margin of 23.2% (+11% YoY). If retroactive revenue is excluded, core gross profit margin is estimated at 12.6%. This margin was flat compared to the same period last year, despite POW no longer recording the same CfD differential revenue as in Q2/2025. The core operation maintained stable profit margins mainly due to NT3 & 4 continuing to maintain a high Qc/Qm ratio.

Rising fuel prices have not put significant pressure on the Company's gross profit margin, thanks to the high Qc/Qm ratio, especially at the NT3&4 plant, where fuel prices have risen the most. The high Qc/Qm ratio has helped POW shift the increased cost pressure to power buyers (EVNs) and maintain the Company's profit margins.

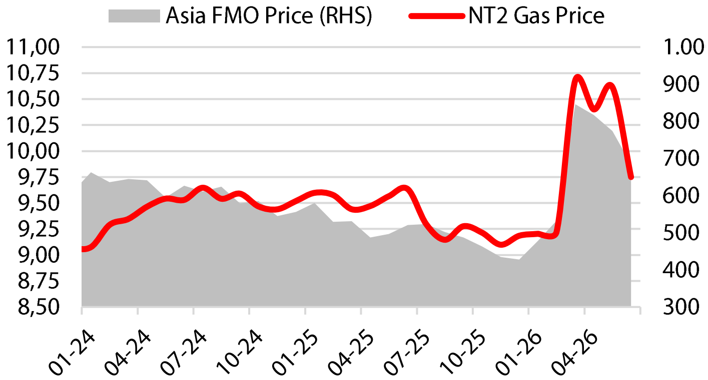
Administrative expenses and finance expenses increased by 154% YoY and 275% YoY, respectively. Costs increased after Nhon Trach 3 and 4 were put into commercial operation.

Financial revenues increased by 77% YoY as the Company's short-term investments increased by 114% YoY.

Net profit after tax – minority interest in Q2/2026 reached VND 484 billion (+484% YoY), equivalent to a net profit margin of 17% (+11 pps YoY). Excluding profit from retroactive revenue, the company's net profit margin is estimated at 6% (-0.6 pps YoY). EPS for the quarter reached VND1,147 (+346% YoY).

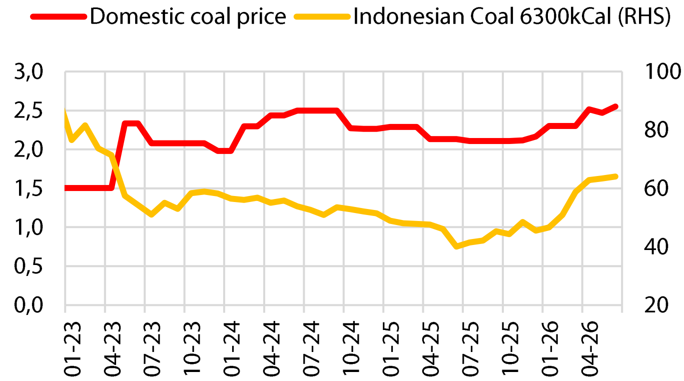
POW's business performance in Q2/2026 exceeded analysts' expectations with Revenue/NPAT-MI results equivalent to 164%/293% of analysts' forecasts. By the end of 1H2026, POW has completed 65% of the revenue plan and 418% of the full-year profit plan for the whole year of 2026.

Figure 4: Gas purchase price at NT2 plant (USD/million BTU) and reference FMO oil price (USD/Ton)



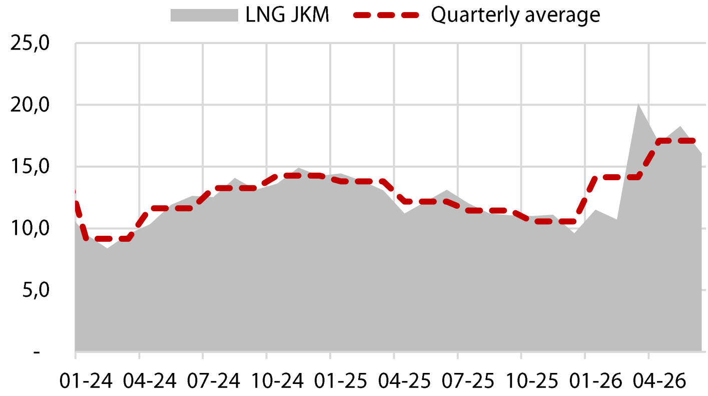
Source: NT2, Bloomberg, RongViet Securities

Figure 5: Domestic coal price (million VND/ton) and coal imported from Indonesia (USD/ton)



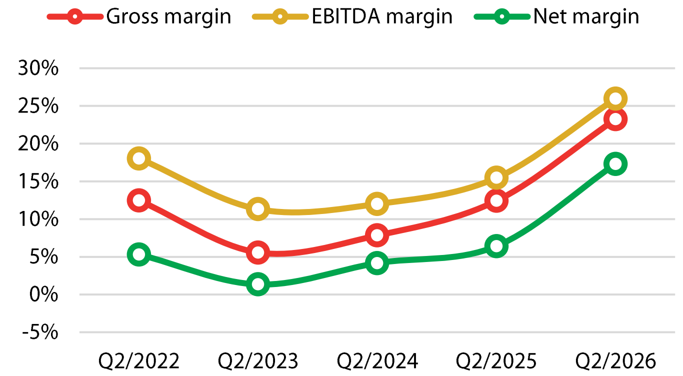
Source: EVNGENCO3, Bloomberg, RongViet Securities

Figure 6: LNG spot price in the Asian market (USD/million BTU)



Source: Bloomberg, RongViet Securities

Figure 7: EBITDA margin, gross profit margin and net profit margin over years (%)



Source: POW, RongViet Securities

Table 1: Q1/2026 business results compared to previous quarters

	Q2/2026	Q1/2026	+-QoQ	Q2/2025	+-YoY	Compared to the 2026 Plan
Total revenue (Billion VND)	**20,308**	**12,327**	**65%**	**9,399**	**116%**	***164%***
Ca Mau 1-2	3,561	2,450	*45%*	2,478	*44%*	
Nhon Trach 1	1,050	724	*45%*	855	*23%*	
Nhon Trach 2	2,903	2,052	*41%*	2,052	*41%*	
Vung Ang 1	6,017	3300	*82%*	0	N.A	
Hua Na	4,580	3,060	*50%*	3,527	*30%*	
Dak Drin	229	174	*32%*	193	*19%*	
Nhon Trach 3	133	150	*-11%*	108	*23%*	
Total output (Million kWh)	**7,352**	**5,649**	**30%**	**4,771**	**54%**	***60%***
Ca Mau 1-2	1,409	1,325	*6%*	1,397	*1%*	
Nhon Trach 1	402	297	*35%*	355	*13%*	
Nhon Trach 2	1,196	945	*27%*	776	*54%*	
Vung Ang 1	1,727	874	98%	0	N.A	
Hua Na	2,318	1,866	*24%*	1,936	*20%*	
Dak Drin	176	167	*5%*	175	*1%*	
Nhon Trach 3	124	175	*-29%*	132	*-6%*	
Average selling price	**2,694**	**2,108**	**28%**	**1,931**	**40%**	
Gas-fired power	4,500	3,321	*35%*	2,018	*123%*	
Coal-fired power	1,976	1,640	*20%*	1,822	*8%*	
Hydropower	1,207	947	*27%*	980	*23%*	
Gross Profit	**4,721**	**1,804**	**162%**	**1,168**	**304%**	
Gross profit margin	*23,2%*	*14,6%*	*13,2%*	*12,42%*	*10,8%*	
Sales and Management Expenses	422	236	*79%*	166	*154%*	
Financial income	366	299	*23%*	206	*77%*	
Interest expense	518	414	*25%*	138	*276%*	
Other Net Income	1	(1)	*-201%*	1	*129%*	
NPAT	**3,518**	**1,204**	**192%**	**603**	**483%**	**293%**
EBITDA	5,274	2,489	112%	1,454	263%	

Source: POW, RongViet Securities

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