

19 May 2025

## GIA LAI POWER (GEG)

### Profit takes off, wind power surging

- NPAT surge by 385% yoy in 1Q25
- The Tan Phu Dong 1 greatly contribute to NPAT
- Maintain a HOLD recommendation

#### Facts: Wind power drove profit growth

GEG's 1Q25 revenue grew to VND1,113bn, up 50% yoy (figure 1), as growth was driven by wind power group (figure 1), especially:

- **Hydropower plants:** Revenue rose 7% yoy to VND61bn (figure 1), as production, up 19% yoy, reached 32mn kWh (figure 2) as the average water flow at the reservoir across the nation was up 16% yoy in 1Q25 (figure 5), despite a drop in the electricity price compared to the same period last year.
- **Solar power plants:** In 1Q25F, the production fell by 67% yoy to 92mn kWh (figure 2) due to the intense nationwide heatwave easing. Hence, revenue declined 53% yoy to VND210bn (figure 1).
- **Wind power plants:** Production surged 104% yoy to 206mn kWh (figure 2), thanks to (1) A0's decision to mobilize the wind group to offset capacity shortage from gas-fired power; (2) performance improve due to impact from the neutral in 1Q25 and (3) estimated reversal of VND397bn from the Tan Phu Dong 1 project. Therefore, revenue boosted sharply to VND822bn (+267% yoy, figure 1).

The gross profit reached VND826bn, up 98% yoy (figure 3), leading to the gross margin up to 74%, up 17% in 1Q25 (figure 3). Besides, the financial expenses were down 24% yoy, equivalent to a decrease of VND58bn in 1Q25 and the corporate tax was recorded at -VND8bn (1Q24: VND10bn). As a result, NPAT skyrocketed 385% yoy to VND613bn in 1Q25 (figure 4).

#### Pros & cons: Profit surge expected

In 2Q25F, we anticipated that the outlook's GEG could continue to grow positively as:

- **Hydropower plants:** We forecast the hydropower group's production to rise 19% yoy to 32mn kWh, driven by expectations of improved water inflows at hydropower reservoirs, which estimated data in May 2025 shows an 11% yoy growth.

12M rating **HOLD (Maintain)**

12M TP

Up/Downside

#### Stock data

VNIndex (19 May, pt)	1,303
Stock price (19 May, VND)	15,800
Market cap (USD mn)	218
Shares outstanding (mn)	358
52-Week high/low (VND)	16,050/10,052
6M avg. daily turnover (USD mn)	0.58
Major shareholders (%)	
DEG	15.83
Thanh Cong investment JSC	14.24
Thanh Cong Bien Hoa JSC	9.25

#### Performance

	1M	6M	12M
Absolute (%)	11.7	56.0	33.8
Relative to VNIndex (%p)	4.3	47.1	29.3

#### Stock price



Source: Bloomberg

#### Research Dept

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- *Wind power plants:* We believe the group's production could continue to improve positively, supported by the favorable impact of the neutral phase, which is estimated to last until June 2025.
- Profit is expected to improve, driven by the Tan Phu Dong 1 project securing a new electricity selling price estimated at 1,813 VND/kWh (+45% yoy) in 2025F.
- The profit base was low, recorded VND1bn in 2Q24.
- According to BOD, GEG is expected to complete the divestment of its in Truong Phu in 2Q25F, with an estimated gain of around VND200bn. Therefore, we estimated that profit could be boosted by this one – off positive factor.

### Action: Maintain HOLD rating

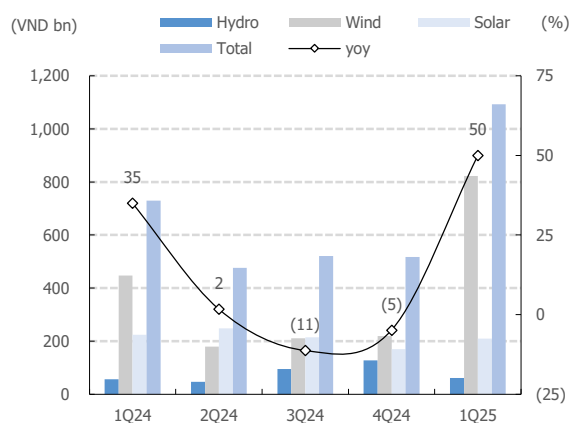
From the above analysis, we also believe that GEG could experience many positive changes in the short, medium and long-term as its plants play an important role in stabilizing the power system. However, in the short term, we anticipate that GEG's market price has almost reflected its intrinsic value. Therefore, we maintain a **HOLD** recommendation for GEG in 2025F.

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

	1Q24	2Q24	3Q24	4Q24	1Q25	QoQ	YoY
Sales	739	488	543	555	1,113	100	51
OP	137	21	(21)	42	605	1,340	340
OP margin (%)	18.6	4.4	(3.8)	7.6	54.4	46.8	35.8
EBT	137	21	(20)	43	605	1,292	343
NPAT	126	1	(47)	12	612	4,854	385

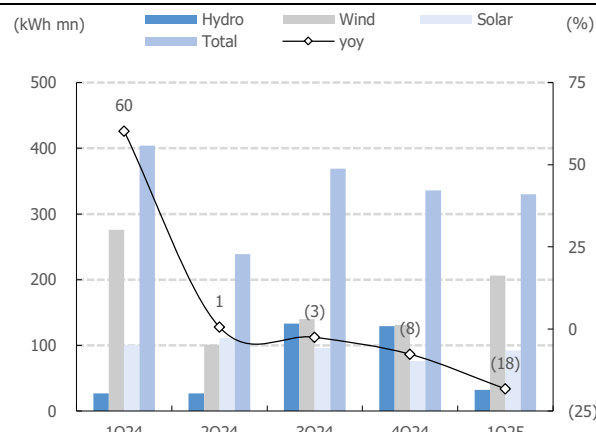
Source: FiinPro-X, Company data, KISVN

**Figure 1. Revenue improve as revenue reversal the Tan Phu Dong 1 project in 1Q25**

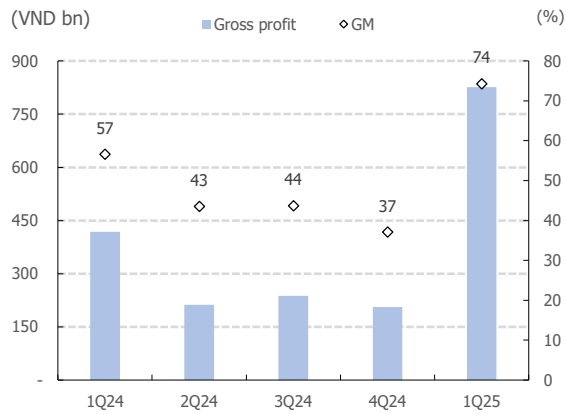


Source: Company data, FiinPro-X, KIS Research

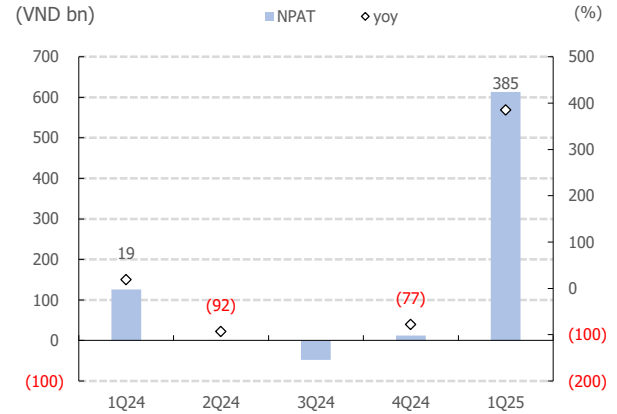
**Figure 2. Total production recorded of 18% yoy to 330mn kWh**



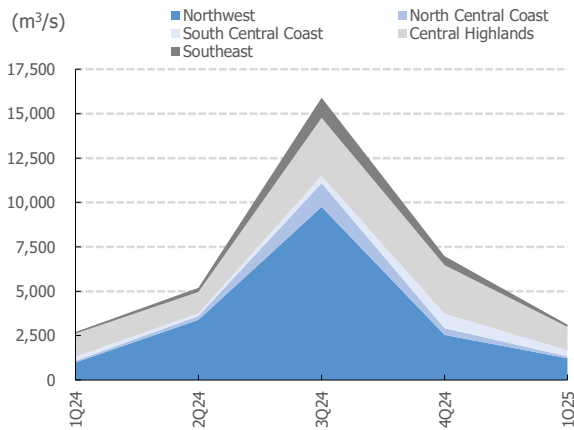
Source: Company data, FiinPro-X, KIS Research

**Figure 3. GM up to 74% in 1Q25, up 17%p yoy**

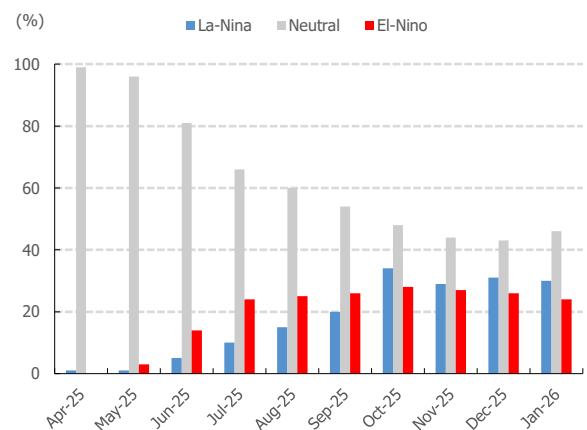
Source: Company data, FiinPro-X, KIS Research

**Figure 4. NPAT surged to 385% yoy, reached VND826bn**

Source: Company data, FiinPro-X, KIS Research

**Figure 5. The average water inflow at the reservoirs still remain improve 16% in 1Q25**

Source: EVN, KIS Research

**Figure 6. Neutral is expected to last until the Jun 2025, support positive to the outlook's hydropower groups**

Source: NOAA, KIS Research

**■ Company overview**

Founded in 2007, Gia Lai Power (HSX: GEG) is a leading firm in renewable power. GEG owns 13 hydro power plants, 7 solar power plants and 4 wind power plants. The total capacity is up to nearly 500MW. On March 01, 2017, GEG 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.)	2,118	1,458	1,382	3,511	1,282
Cash & cash equivalent	334	229	164	2,344	185
Non-current assets (Adj.)	1,785	1,229	1,218	1,167	1,096
Fixed Asset	9,965	14,068	13,295	12,392	13,324
Investment assets	113	168	174	175	176
Others	4,921	438	322	336	190
Total assets	17,118	16,132	15,172	16,413	14,971
Advances from customers	2	2	1	2	2
Unearned revenue	0	0	0	-	-
Trade payables	1,225	75	32	41	37
Others	180	188	154	195	175
ST debt & bond	663	1,415	597	490	723
LT debt & bond	9,264	8,682	8,596	7,717	5,310
Total liabilities	11,488	10,365	9,409	9,670	7,344
Controlling interest	4,278	4,350	4,424	5,404	6,288
Capital stock	3,861	4,054	4,225	4,225	4,225
Capital surplus	26	21	21	26	26
Other Reserves	98	96	96	96	96
Retained earnings	292	179	82	1,057	1,941
Shareholders' equity	5,630	5,767	5,763	6,743	7,627

**Cash flow**

VND bn

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
C/F from operations	496	1,068	885	3,011	(246)
Net profit	407	200	187	1,267	1,173
Depreciation	652	697	804	903	(904)
Net incr. in W/C	1,481	1,655	1,775	2,522	542
C/F from investing	(8,823)	(2,752)	58	150	262
Capex	(9,004)	(2,943)	(83)	-	111
Incr. in investment	181	191	141	150	151
C/F from financing	8,043	474	(1,890)	(981)	(2,174)
Incr. in equity	5,225	309	(983)	5	-
Incr. in debts	-	2,366	1,079	(107)	233
Dividends	(4)	(4)	(16)	-	-
C/F from others	(0)	0	0	-	-
Increase in cash	(283)	(1,210)	(948)	2,180	(2,158)

**Income statement**

VND bn

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
Net sales	2,093	2,163	2,325	2,940	2,634
COGS	1,082	1,043	1,252	1,208	1,088
Gross profit	1,011	1,121	1,073	1,732	1,546
SG&A	161	159	136	119	106
Operating profit	851	961	938	1,613	1,440
Financial income	214	101	38	151	152
Interest income	31	41	38	131	132
Financial expenses	657	871	801	503	424
Interest expenses	592	842	786	503	424
Other non-operating profit	(13)	4	7	-	-
Gains (Losses) in associates, subsidiaries and JV	13	5	5	5	5
Earnings before tax	407	200	187	1,267	1,173
Income taxes	(5)	5	34	231	235
Net profit	412	195	153	1,035	939
Net profit of controlling interest	316	137	115	1,035	939
EBITDA	1,649	1,738	1,777	2,673	694

**Key financial data**

FY-ending Dec.	2022A	2023F	2024A	2025F	2026F
per share data (VND, adj.)					
EPS	928	379	302	2,721	2,467
BPS	13,287	12,747	12,346	15,082	17,549
DPS	-	-	-	-	-
Growth (%)					
Sales growth	51.6	3.4	7.5	26.4	(10.4)
OP growth	30.3	13.0	(2.5)	72.0	(10.7)
NP growth	(10.6)	(52.6)	(21.9)	578.3	(9.3)
EPS growth	11.6	(56.5)	(16.3)	801.7	(9.3)
EBITDA growth	30.3	13.0	(2.5)	72.0	(10.7)
Profitability (%)					
OP margin	40.6	44.4	40.3	54.9	54.7
NP margin	19.7	9.0	6.6	35.2	35.6
EBITDA margin	40.6	44.4	40.3	54.9	54.7
ROA	2.8	1.2	1.0	6.6	6.0
ROE (excl MI)	8.2	3.2	2.6	21.1	16.1
Dividend yield	-	-	-	-	-
Dividend payout ratio	-	32	-	-	-
Stability					
Net debt (VND bn)	9,593	9,867	9,029	5,863	5,847
Net debt/equity (%)	170	171	157	87	77
Valuation (X)					
PE	11.1	22.4	36.5	5.4	5.9
PB	1.3	1.0	1.3	1.0	0.9
EV/EBITDA	19.1	16.7	17.5	10.2	11.4

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