true friend KIS Viet Nam Securities Corporation

Company Note

10 Nov 2025

Gia Lai Electricity JSC (GEG)

Outlook remains stable

3Q25 - 4Q25F – Recovery from low base

In 3Q25, revenue and NPAT recorded at VND671bn (+24% yoy) and VND80bn (3Q24: -VND48bn), mainly driven by the wind power segment (+47% yoy). In addition, support from (i) a higher gross margin (GP) at 48% (+4.3%p yoy) and (ii) the low base in 3Q24.

In 4Q25F, revenue is estimated at VND686bn (+24% yoy). The key growth drivers are expected to come from the wind and solar segments, with total production projected at 359mn kWh (+7% yoy). In addition, GP is estimated at VND318bn (+55% yoy), leading to the GM of 46.3%, up 9.2%p yoy. As a result, NPAT is forecast to reach VND87bn (up 7x yoy). In which:

- Solar segment: We forecast revenue and GP at VND197bn (+16% yoy) and VND84bn (+15% yoy), respectively as we expect an (i) improvement in the average selling price and (ii) production estimated at around 80mn kWh (ranging from ± 5% yoy) based on historical CF data.
- Wind segment: We is estimated revenue and GP at VND308bn (+81% yoy) and VND167bn (+57% yoy), respectively, with the production of 140mn kWh (+7% yoy). The main contributor is a significant improvement in the selling price of the Tan Phu Dong 1 project.

2026F – Sustaining solid profitability

For 2026F, we project GEG's revenue and GP at VND2,784bn (-10% yoy) and VND1,631bn (-6% yoy), respectively. Growth will primarily be driven by the hydropower and solar segments, with total production projected at 1,404mn kWh (+4% yoy).

As a result, NPAT is projected at VND921bn (-1% yoy), mainly due to (i) the factors mentioned below; (ii) GEG no longer records extraordinary profits from the Tan Phu Dong 1 project. (iii) Although GP improved from 56.2% to 58.5% (up 2.3% yoy).

Risk to consider

We identify hydrological fluctuations as a key risk factor to monitor, given their significant impact on the utilization rate of GEG's hydropower plants. Futhermore, GEG is currently involved I a regulatory issue, as five of its renewable energy projects are listed among 173 projects that violated regulations, regarding commissioning ceftification (CCA) prior to completing operation (COD).

Yr to Dec	Sales (VND bn)	OP (VND bn)	NP (VND bn)	EPS (VND)	% chg (YoY)	EBITDA (VND bn)	PE (x)	EV/EBITDA (x)	PB (x)	ROE (%)
2022A	2,093	420	371	818	(8.3)	1,502	16.1	10.7	1.4	8.2
2023A	2,163	197	143	338	(58.6)	1,659	33.8	9.6	1.2	3.2
2024A	2,325	180	92	262	(22.5)	1,742	57.2	9.6	1.6	2.6
2025F	3,095	1,583	932	2,462	840	2,630	5.4	10.0	1.0	19.2
2026F	2,784	1,490	921	2,428	(7)	2,128	5.5	10.6	0.8	16.0

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

12M rating **HOLD (Maintain)**

12M TP **18,100**

Up/Downside

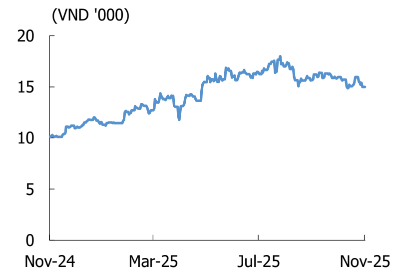
Stock Data

VNIndex (10 Nov, pt)	1,581
Stock price (10 Nov, VND)	15,000
Market cap (USD mn)	204
Shares outstanding (mn)	358
52-Week high/low (VND)	18,000/10,099
6M avg. daily turnover (USD mn)	1.16
Free float / Foreign ownership (%)	35.5/46.3
Major shareholders (%)	
Jera Asia Vietnam Holdings	35.1
DEG – Deutsche Investitions	15.83
Thanh Thanh Cong Investment JSC	16.79
Thanh Thanh Cong JSC	10.99

Performance

	1M	6M	12M
Absolute (%)	(6.0)	(2.9)	48.1
Relative to VNIndex (%p)	3.4	(29.3)	19.6

Stock price trend



Source: Bloomberg

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3Q25 – Debt burden pressures earnings

Revenue stood VND671bn (+24% yoy, figure 1), mainly driven by the wind power segment (+47% yoy), with total production increasing 6% yoy (figure 2). Breakdown by segment:

- *Hydropower:* Revenue reached VND96bn (+1% yoy, figure 1) as the average selling price slightly declined, despite a solid production of 148mn kWh (+12% yoy, figure 2), as hydrological condition was favorable in 3Q25.
- *Solar power:* Revenue recorded VND220bn (+2% yoy, figure 1), supported by a higher selling price due to a sustained high exchange rate, while production dropped to 94mn kWh (-2% yoy, figure 2) because of the neutral phase impact.
- *Wind power:* Revenue came in at VND317bn (+47% yoy, figure 1), driven by (a) a 6% yoy increase in production to 149mn kWh (figure 2); (b) improved selling prices at Tan Phu Dong 1 project and the other project.

As a result, GP and NPAT reached VND322bn (+36% yoy, figure 3) and VND80bn (3Q24: -VND48bn, figure 4), respectively. The improvement mainly stemmed from: (i) a higher GM at 48% (+4.3%p yoy); (ii) a 16% yoy decline in financial expenses, equivalent to a reduction of VND36bn in 3Q25; and (iii) the low base in 3Q24.

4Q25F – Growth due to a low base

In 4Q25, revenue is estimated at VND686bn (+24% yoy). The key growth drivers are expected to come from the wind and solar segments, with total production projected at 359mn kWh (+7% yoy).

In addition, GP is estimated at VND318bn (+55% yoy), leading to the GM of 46.3%, up 9.2%p yoy. As a result, NPAT is forecast to reach VND87bn (up 7x yoy), details:

- *Hydropower group:* We estimated revenue and GP at VND108bn (-16% yoy) and VND67bn (-16% yoy) respectively. We anticipate a decrease in the average selling price, although the production is projected at 139mn kWh (+8% yoy).
- *Solar group:* We project revenue of VND197bn (+16% yoy) and GP of VND84bn (+15% yoy), driven by (i) a likely improvement in the average selling price amid a persistently high exchange rate that may further strengthen toward year-end, and (ii) production estimated at around 80mn kWh (ranging from ± 5% yoy) based on historical CF data.
- *Wind group:* We estimate revenue and GP at VND308bn (+81% yoy) and VND167bn (+57% yoy), respectively, with the production of 140mn kWh (+7% yoy). The main contributor is a significant improvement in the selling price of the Tan Phu Dong 1 project.

2026F – Awaiting new project contributors

For 2026F, we project GEG's revenue and GP at VND2,784bn (-10% yoy) and VND1,631bn (-6% yoy), respectively. Growth will primarily be driven by the hydropower and solar segments, with total production projected at 1,404mn kWh (+4% yoy). By business segment:

- Hydropower: Revenue and GP are expected at VND374bn (+10% yoy) and VND234bn (+49% yoy), respectively, with total power production estimated at 348mn kWh (-3% yoy). The assumptions include:
  - Based on historical NOAA data, during transition periods from La Niña to neutral conditions, the capacity factor (CF) of hydropower plants tends to decline by 4–6%. NOAA forecasts suggest that the neutral phase is likely to persist until September 2026. Accordingly, we expect GEG's hydropower CF in 2026F to fall by over 4% yoy, implying a possible drop in power production.
  - In terms of selling prices, we expect rates for small hydropower plants to remain stable in 2026F, as these operate under the avoided cost tariff mechanism.
  - Additionally, we estimate that the Dak Pi Hao 2 and H'Chan hydropower plants have fully depreciated, which is a positive factor supporting an improvement in the GM.
  - Based on these assumptions, we project the GM of the hydropower segment to reach 62.5%, up 16.5%p yoy.
- Solar power: We project revenue and GP at VND970bn (+11% yoy) and VND523bn (+25% yoy), respectively, with total production estimated at 433mn kWh (+16% yoy). The key driver is the commissioning of the Duc Hue 2 solar plant (49MW), which will lift total installed capacity of the segment to 385MW (+15% yoy). Selling prices are also expected to improve, supported by the factors mentioned earlier.
- Wind power: Historical data indicate that under neutral weather conditions, the CF of wind farms typically rises by 1%. Consequently, we estimate wind production in 2026F at 622mn kWh (flat yoy). Despite potential improvements in selling prices, revenue and GP are forecast at VND1,361bn (-21% yoy) and VND844bn (-27% yoy), respectively, due to a high base in 2025E when GEG recorded one-off gains from the Tan Phu Dong 1 wind project.

As a result, NPAT is projected at VND921bn (-1% yoy), mainly due to (i) the factors mentioned above; (ii) GEG no longer records extraordinary profits from the Tan Phu Dong 1 project. (iii) Although GP improved from 56.2% to 58.5% (up 2.3% yoy).

GEG's Project development progress

Ea-Tih hydropower plant (8.6MW): The project has a total investment of approximately VND300bn, with an estimated annual electricity output of around 24mn kWh. According to GEG, construction commenced in September 2025, and the project is expected to achieve COD in 2027F (table 1).

Duc Hue 2 solar power plant (49MWp): With a total investment of VND947bn, the project will share the existing 110kV transmission line with Duc Hue 1 Solar Power Plant. It is expected to generate around 70mn kWh per year. Based on GEG's guidance, COD is targeted for 1H26F (table 1).

VPL wind power phase 2 (30MW): According to GEG, the project has signed an EPC contract, completed turbine procurement, and is currently negotiating the

PPA. Construction is scheduled to begin in 2026, with an estimated annual generation of 92mn kWh (table 1).

Tan Thanh wind power plant (100MW): The project received investment approval in June 2025, with a total investment of approximately VND4,700bn and an expected annual output of around 264mn kWh. According to GEG, the project will utilize the existing site and infrastructure from Tan Phu Dong 1 & 2 projects, thereby optimizing both investment costs and connection time. Construction is planned to start in September 2026, with COD expected during 2028–2030 (table 1).

Risk to consider

We identify hydrological fluctuations as a key risk factor to monitor, given their significant impact on the utilization rate of GEG's hydropower plants. In addition, the company's long-term debt of nearly VND8,300bn, primarily incurred from renewable energy projects, poses a potential risk of eroding profitability.

Furthermore, GEG is currently involved in a regulatory issue, as five of its renewable energy projects (Ia Bang 1; Phong Dien; Krong Pa; Duc Hue 1; Ham Phu 2; Truc Son) are listed among 173 projects that violated regulations regarding commissioning certification (CCA) before completing operation (COD) (table 2). However, according to EVN's latest draft released in August 2025, these projects have completed their CCA documentation, albeit later than the stipulated deadline. They may be required to refund part of their profits. We estimate that only GEG's Truc Son solar power project may have to repay a small portion of illegitimate profit (~ VND10bn).

Therefore, these projects are likely to continue generating electricity at the contracted tariff under their existing PPA. This matter remains under discussion among the relevant parties.

Action: Maintain HOLD rating

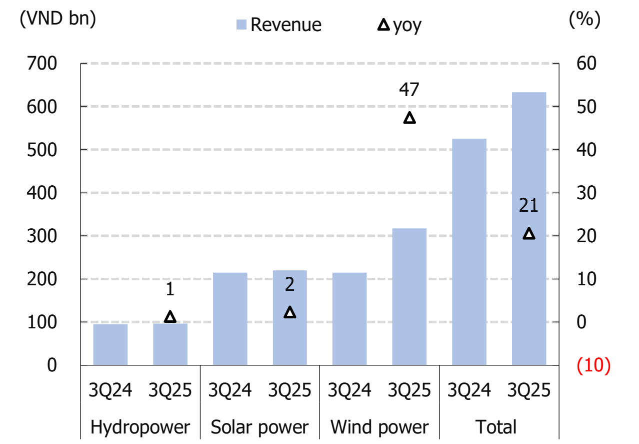
We maintain a positive view on GEG's long-term outlook. However, at the current stage, we believe there is a lack of strong catalysts to drive the stock price upward, despite its still-attractive valuation. Therefore, we reiterate our **HOLD** recommendation for **GEG.**

Table 1. Progress of GEG projects in 2026F – 2030F

Project	Source	MW	Location	Total investment (VND bn)	Average production (mn kWh/year)	COD	Progress
Ea-Tih	Hydropower	8.6	Dak Lak	300	24	2027F	Under construction
Duc Hue 2	Solar power	49	Long An	947	70	1H26F	Under construction
VPL GĐ2	Solar power	30	Ben Tre	1,452	92	2030F	In PPA negotiation stage, expected to start construction in 2026F
Tan Thanh	Wind power	100	Tien Giang	4,700	264	2030F	Undergoing documentation and legal procedures

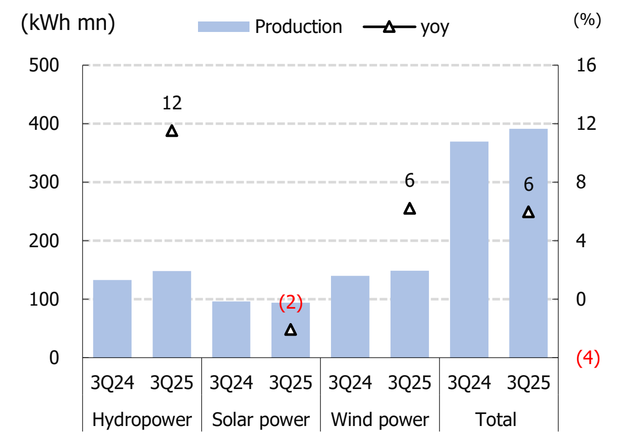
Source: EVN, KISVN
Note: For the total investment capital of the VPL Phase 2 project, it is the total capital for both phase 1 and phase 2.

Figure 1. Revenue sharply increased by 21% yoy; the momentum driver comes from the wind power



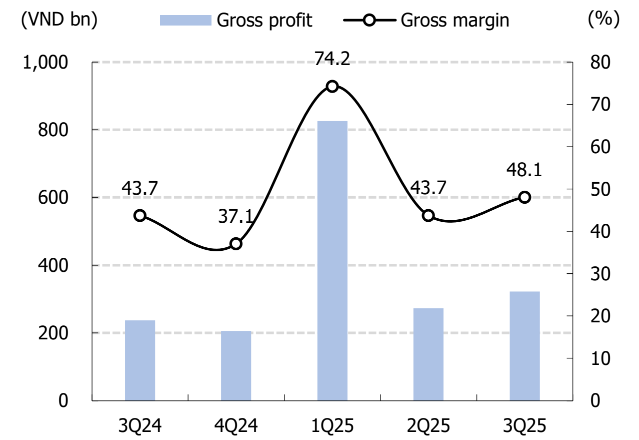
Source: GEG, KIS Research

Figure 2. The production growth is at 6% yoy, as the hydropower rises to 12% yoy



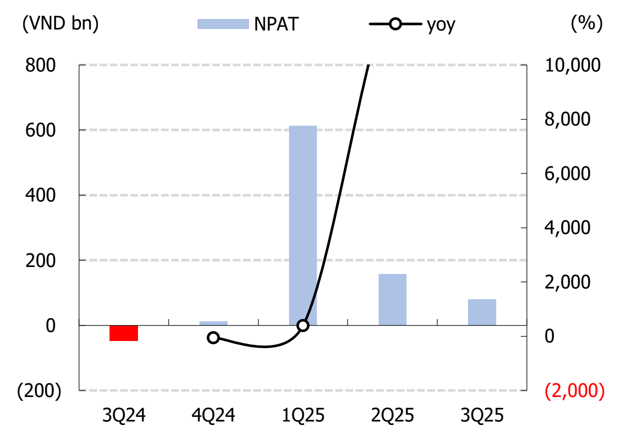
Source: GEG, KIS Research

Figure 3. GP was recorded at VND323bn, up 4.4% yoy in 3Q25



Source: GEG, KIS Research

Figure 4. NPAT recovery reached VND80bn, a strong increase compared to the same period



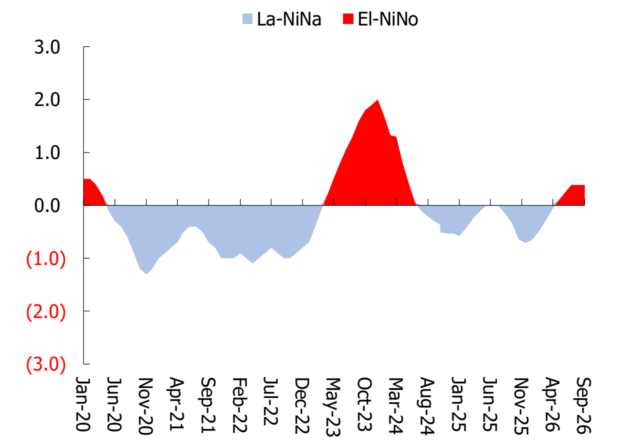
Source: GEG, KIS Research

Table 2. List of projects included in 173 projects violating CCA

Project	Source	MW	CCA Issuance date	PPA	Impact on selling price
Ia Bang 1	Wind	50	29/10/2021	8.5	No change
Phong Dien	Solar	48	10/1/2019	9.35	No change
Krong Pa	Solar	69	26/6/2019	9.35	No change
Duc Hue 1	Solar	49	26/6/2019	9.35	No change
Ham phu 2	Solar	49	26/6/2019	9.35	No change
Truc Son	Solar	45	26/08/2019 (2-month delay)	9.35	Profit refund required

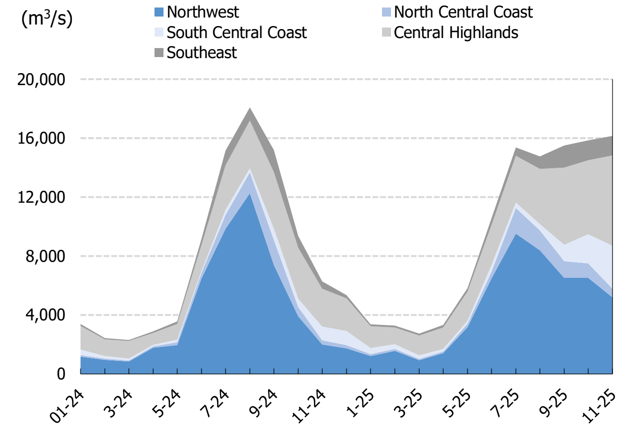
Source: EVN, GEG, KIS Research
Note: According to the draft from EVN in August 2025, the refunded profit will be calculated by the difference in selling price between the price in PPA and the price after COD multiplied by the plant's output from COD implementation to CCA completion.

Figure 5. According to NOAA, the neutral phase expect last to the September - 2025



Source: NOAA, KIS Research

Figure 6. The water flow shows a positive trend as support from the neutral phase, expect last to the September 2025



Source: EVN, KIS Research

Table 3. CF of GEG's hydropower plants in 2026F

(CF)	2023	2024	2025	2026
Ia Drang 2	55	57	67	63
Ia Đrang 1	57	59	39	37
Ia Đrang 3	53	55	52	49
Ia Meun 3	41	43	52	49
Dak Pi Hao 2	43	41	52	49
Ia Puch 3	45	45	52	49
Đa Khai	58	54	52	49
Ayun Thuong	54	51	52	49
Dak Pi Hao 1	44	46	52	49
H'Chan	57	54	52	49
H Mun	53	49	52	49
Thuong Lo	33	33	52	49

Source: EVN, KIS Research

Table 4. CF of GEG's renewable energy plants in 2026F

(CF)	2023	2024	2025	2026
Phong Dien	19	19	20	20
Krong Pa	18	20	20	20
Duc Hue 1	22	22	20	20
Ham Phu 2	22	23	20	20
Truc Sơn	18	20	20	20
Duc Hue 2	n.a	n.a	n.a	20
Ia Bang 1	31	30	31	31
Tan Phu Đong 2	32	31	31	31
VPL 1	31	31	31	31
Tan Phu Đong 1	18	33	31	31

Source: EVN, KISVN

■ Company overview

Gia Lai Electricity JSC (HOSE: GEG) is a power producer, with electricity generation contributing about 90% of total revenue. The company owns the second-largest renewable energy portfolio among listed firms, totaling 610MW, mainly in wind and solar power. The remaining 10% of revenue comes from EPC services for rooftop solar systems, O&M services, and trading of electrical equipment (solar panels, cleaning robots, inverters, etc.). Established in 1989 as Gia Lai–Kon Tum Hydropower Co., GEG became a joint-stock company in 2010.

Balance sheet

(VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
Current assets	2,118	1,458	1,382	3,718	2,594
Cash & cash equivalents	334	229	164	2,516	1,458
Accounts & other receivables	750	829	823	795	739
Inventory	155	127	119	129	109
Non-current assets	1,785	1,229	1,218	1,201	1,137
Fixed assets	9,965	14,068	13,295	12,490	12,126
Investment assets	113	168	174	175	176
Others	4,921	438	322	70	(81)
Total assets	17,118	16,132	15,172	16,453	14,815
Advances from customers	2	2	1	2	2
Unearned revenue	0	0	0	-	-
Trade payables	1,225	75	32	43	39
Others	180	188	154	205	185
ST debt & due bonds	663	1,415	597	508	393
LT debt & bonds	9,264	8,682	8,596	7,717	5,310
Total liabilities	11,488	10,365	9,409	9,744	7,101
Controlling interest	4,278	4,350	4,424	5,311	6,181
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	964	1,834
Minority interest	1,352	1,417	1,339	1,339	1,339
Shareholders' equity	5,630	5,767	5,763	6,651	7,520

Income statement

(VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
Sales	2,093	2,163	2,325	3,095	2,784
COGS	1,082	1,043	1,252	1,355	1,154
Gross profit	1,011	1,121	1,073	1,740	1,631
SG&A expenses	161	159	136	157	141
Operating profit	851	961	938	1,583	1,490
Financial income	214	101	38	142	222
Interest income	31	41	38	138	195
Financial expenses	657	871	801	745	746
Interest expenses	592	842	786	504	407
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	979	966
Income taxes	(5)	5	34	47	46
Net profit	412	195	153	932	919
Net profit of controlling interest	316	137	115	932	919
EBITDA	1,649	1,738	1,777	2,630	2,128

Cash flow

(VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
C/F from operations	496	1,068	885	2,994	1,133
Net profit	407	200	187	979	966
Dep'n & Amort'n	652	697	804	910	394
Net incr. in W/C	1,481	1,655	1,775	2,471	1,913
C/F from investing	(8,823)	(2,752)	58	321	331
Capex	(9,004)	(2,943)	(83)	163	115
Incr. in investment	181	191	141	141	214
C/F from financing	8,043	474	(1,890)	(963)	(2,522)
Incr. in equity	5,225	309	(983)	5	-
Incr. in debt	-	2,366	1,079	(88)	(115)
Dividends	(4)	(4)	(16)	-	-
C/F from others	(0)	0	0	-	-
Increase in cash	(283)	(1,210)	(948)	2,352	(1,058)

Key financial data

FY-ending Dec.	2022A	2023A	2024A	2025F	2026F
Per-share data (VND, adj.)					
EPS	928	381	303	2,462	2,428
BPS	13,287	12,747	12,346	14,823	17,250
DPS	-	-	-	-	-
Growth (%)					
Sales growth	51.6	3.4	7.5	33.1	(10.0)
OP growth	30.3	13.0	(2.5)	68.8	(5.9)
NP growth	(10.6)	(52.6)	(21.9)	510.7	(1.4)
EPS growth	11.6	(56.5)	(16.3)	711.9	(1.4)
EBITDA growth	30.3	13.0	(2.5)	68.8	(5.9)
Profitability (%)					
OP margin	40.6	44.4	40.3	51.1	53.5
NP margin	19.7	9.0	6.6	30.1	33.0
EBITDA margin	40.6	44.4	40.3	51.1	53.5
ROA	2.8	1.2	1.0	6.3	6.8
ROE	8.2	3.2	2.6	19.2	16.0
Dividend yield	-	-	-	-	-
Dividend payout ratio	-	32	-	-	-
Stability					
Net debt (VND bn)	9,593	9,867	9,029	5,709	4,245
Net debt/equity (%)	170	171	157	85	55
Valuation (x)					
PE	11.1	22.4	33.1	5.4	5.5
PB	1.3	1.0	1.1	1.0	0.8
EV/EBITDA	19.1	16.7	16.9	10.0	10.6

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  - KIS Vietnam Securities Corp. does not offer target prices for stocks with Hold or Sell ratings.

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  - Neutral: Recommend maintaining the sector's weighting in the portfolio in line with its respective weighting in the VNIndex based on market capitalization.
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