

27 May 2026

GIA LAI ELECTRICITY JSC (GEG)

1Q26 - Profit remains subdued

- 1Q26 - NPAT declined 57% yoy
- 2Q26F - The outlook remains bleak
- Maintain a HOLD recommendation

Facts: 1Q26 – Profit declined by 57% yoy

Revenue reached VND767bn (-30% yoy, figure 1), mainly weighed down by the wind power segment despite strong growth from hydropower (+46% yoy, figure 1). Total production amounted to 380mn kWh (+15% yoy, figure 2). Segment details are as follows:

- **Hydropower:** Revenue reached VND89bn (+46% yoy, figure 1), supported by production rising to 51mn kWh (+59% yoy, figure 2), driven by stable water inflows alongside improving average selling prices.
- **Solar power:** Revenue reached VND236bn (+12% yoy, figure 1), mainly thanks to a 30% yoy increase in production to 120mn kWh (figure 2), while average selling prices improved amid elevated exchange rate volatility.
- **Wind power:** Revenue reached VND440bn (-46% yoy, figure 1) as GEG no longer recorded extraordinary revenue contributions from the Tan Phu Dong 1 wind power project during the quarter. Nevertheless, both average selling prices and production (+1% yoy, figure 2) remained broadly stable in 1Q26.

As a result, gross profit and NPAT came in at VND487bn (-41% yoy, figure 5) and VND264bn (-57% yoy, figure 6), respectively, mainly due to the absence of extraordinary income during the quarter.

Table 1. Quarterly earnings snapshot in 1Q26

(VND bn, %, %p)

	1Q25	2Q25	3Q25	4Q25	1Q26	QoQ	YoY
Sales	1,113	624	671	590	767	29.9	(30.0)
OP	605.1	183.5	98.4	91.1	285.2	213.2	(52.8)
OP margin (%)	54.4	29.4	14.7	15.4	37.2	21.8	(17.2)
EBT	605.3	184.1	98.7	90.6	286.4	216.3	(52.7)
NPAT	612.9	157.7	80.1	96.1	263.7	174.4	(56.9)

Source: Company data, FiinPro-X KISVN

12M rating **HOLD (Maintain)**

12M TP

Up/Downside

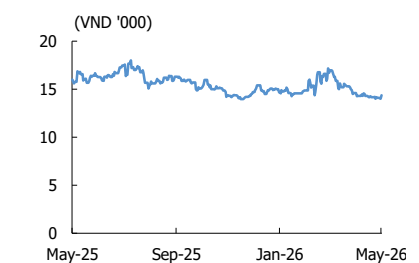
Stock data

VNIndex (27 May, pt)	1,874
Stock price (27 May, VND)	14,350
Market cap (USD mn)	195
Shares outstanding (mn)	358
52-Week high/low (VND)	18,000/13,950
6M avg. daily turnover (USD mn)	0.57
Free float / Foreign ownership (%)	35.5/45.2
Major shareholders (%)	
AVH Pte. Ltd	29.7
Thanh Thanh Cong Investment JSC	14.4

Performance

	1M	6M	12M
Absolute (%)	(1.7)	0.0	(10.3)
Relative to VNIndex (%p)	(3.2)	(11.9)	(52.4)

Stock price



Source: Bloomberg

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Pros & cons: 2Q26F - The outlook remains bleak

In 2Q26, we expect GEG's operating performance to decline slightly, mainly due to the impact from the hydropower segment.

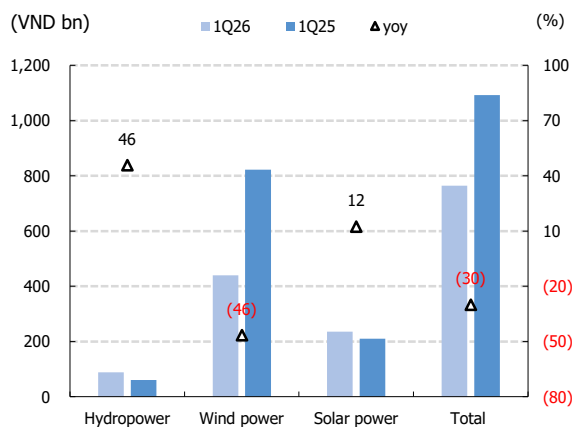
Specifically, by segment:

- **Hydropower:** We expect the hydropower segment to decline slightly in 2Q26, as the capacity factor could decrease by 4%–6% due to the strong impact of the El Niño phenomenon, which may persist until the end of 2026. Meanwhile, electricity prices for small hydropower plants are expected to remain stable in 2026 under the avoided cost tariff mechanism.
- **Solar power:** We estimate that the solar power segment will remain stable, supported by (i) expectations that Đuc Hue 2 will officially achieve COD and (ii) a slight improvement in electricity prices compared to the same period last year, as exchange rate fluctuations are expected to remain elevated.
- **Wind power:** We forecast this segment to remain stable in 2Q26, supported by expectations that the average selling price will continue to improve based on the analysis above.

Action: Maintain HOLD rating

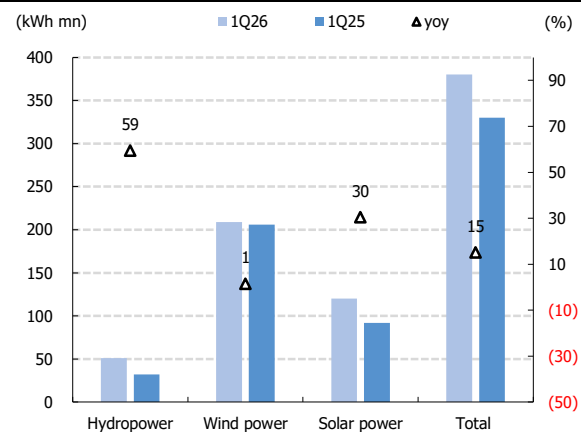
We maintain a positive view on GEG's long-term outlook. However, at the current stage, we believe there remains a lack of strong catalysts to drive the share price higher, despite its still-attractive valuation. In addition, we are cautious that weaker-than-expected earnings performance in 2Q26 may weigh on the stock price. Accordingly, we reiterate our HOLD recommendation on GEG.

Figure 1. Revenue declined by 30% yoy due to weaker contributions from the wind power segment in 1Q26



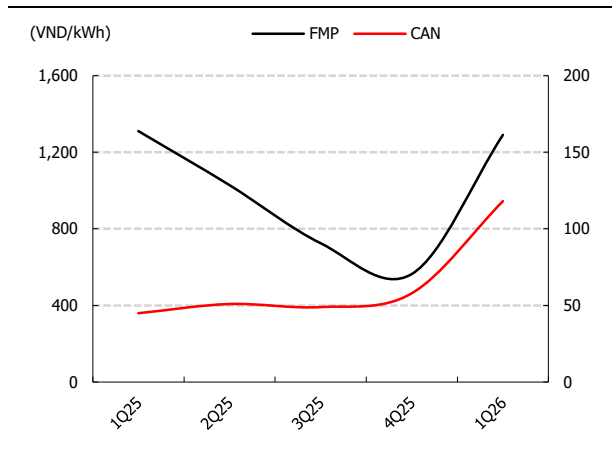
Source: GEG, KIS Research

Figure 2. Hydropower production increased by 59% yoy, driving total production growth of 15% yoy in 1Q26



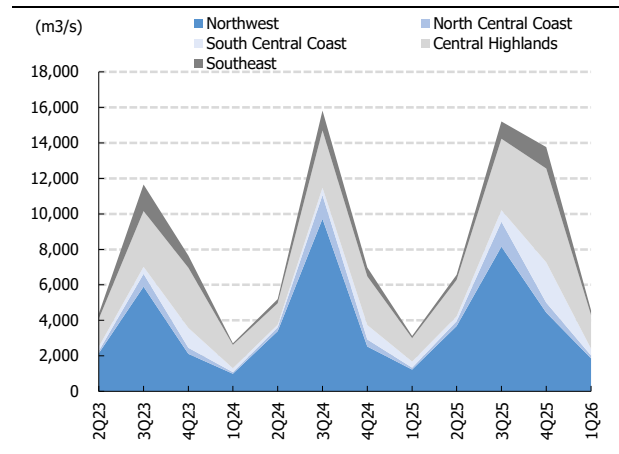
Source: GEG, KIS Research

Figure 3. FMP is expected to improve in 1Q26, driven by the recovery in CAN prices



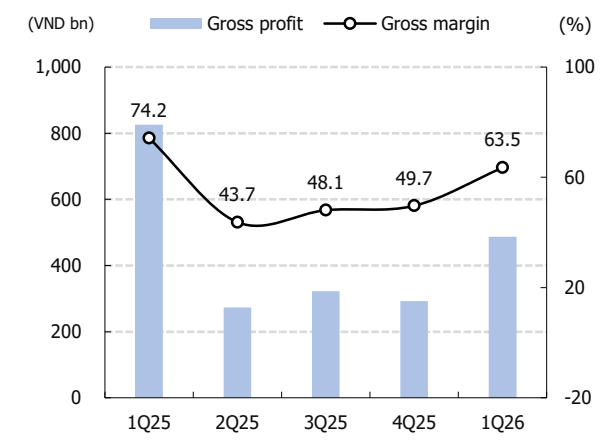
Source: POW, KIS Research

Figure 4. Water inflows in 1Q26 remained stable



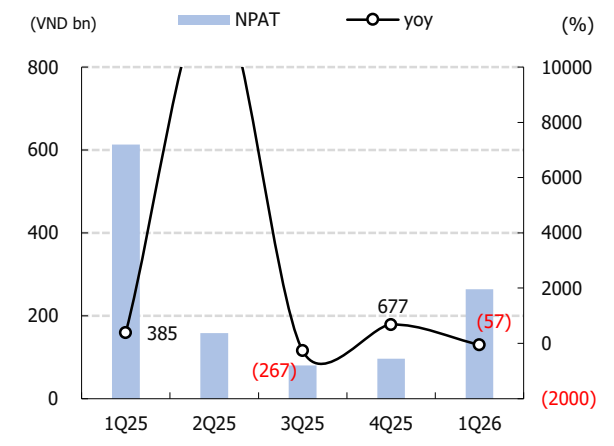
Source: Bloomberg, GEG, KIS Research

Figure 5. Gross margin declined to 63.5%, down 10.7% yoy in 1Q26



Source: GEG, KIS Research

Figure 6. NPAT declined by 57% yoy in 1Q26



Source: GEG, KIS Research

■ Company overview

Gia Lai Electricity Joint Stock Company (GEC) was formerly known as Gia Lai – Kon Tum Hydropower Company, under the Gia Lai – Kon Tum Provincial People’s Committee. With 33 years of formation and development, GEC currently owns and operates 12 small and medium-sized hydropower plants, five solar power plants, 34 rooftop solar systems, and three wind power plants, with a total installed capacity of 545MWp. With a target of exceeding 1,700MWp in total capacity by 2025, GEC aims to further expand into new segments, including waste-to-energy and biomass power.

Balance sheet (VND bn)

FY-ending Dec.	2021A	2022A	2023A	2024A	2025A
Current assets	1,316	2,118	1,458	1,382	3,630
Cash & cash equivalents	250	334	229	164	2,427
Accounts & other receivables	772	750	829	823	777
Inventory	146	155	127	119	122
Non-current assets (Adj.)	1,066	1,785	1,229	1,218	1,202
Fixed assets	10,495	9,965	14,068	13,295	12,490
Investment assets	100	113	168	174	175
Others	562	4,921	438	322	71
Total assets	12,473	17,118	16,132	15,172	16,365
Advances from customers	3	2	2	1	2
Unearned revenue	0	0	0	0	-
Trade payables	315	1,225	75	32	42
Others	152	180	188	154	199
ST debt & due bonds	408	663	1,415	597	509
LT debt & bonds	6,695	9,264	8,682	8,596	7,717
Total liabilities	8,735	11,488	10,365	9,409	9,745
Controlling interest	3,378	4,278	4,350	4,424	5,319
Capital stock	3,037	3,861	4,054	4,225	4,225
Capital surplus	38	26	21	21	26
Other reserves	94	98	96	96	96
Retained earnings	208	292	179	82	972
Minority interest	360	1,352	1,417	1,339	1,339
Shareholders' equity	3,738	5,630	5,767	5,763	6,659

Cash flow (VND bn)

FY-ending Dec.	2021A	2022A	2023A	2024A	2025A
C/F from operations	2,633	496	1,068	885	2,922
Net profit	460	407	200	187	973
Dep'n & Amort'n	414	652	697	804	910
Net incr. in W/C	1,166	1,481	1,655	1,775	2,216
C/F from investing	(11,779)	(8,823)	(2,752)	58	304
Capex	(11,744)	(9,004)	(2,943)	(83)	163
Incr. in investment	(35)	181	191	141	141
C/F from financing	7,051	8,043	474	(1,890)	(962)
Incr. in equity	3,768	5,225	309	(983)	5
Incr. in debt	-	-	2,366	1,079	(88)
Dividends	(4)	(4)	(4)	(16)	-
C/F from others	0	(0)	0	0	-
Increase in cash	(2,094)	(283)	(1,210)	(948)	2,264

Income statement (VND bn)

FY-ending Dec.	2021A	2022A	2023A	2024A	2025A
Sales	1,381	2,093	2,163	2,325	2,998
COGS	614	1,082	1,043	1,252	1,284
Gross profit	767	1,011	1,121	1,073	1,714
SG&A expenses	114	161	159	136	200
Operating profit	653	851	961	938	1,514
Financial income	37	214	101	38	142
Interest income	26	31	41	38	134
Financial expenses	409	657	871	801	683
Interest expenses	384	592	842	786	504
Other non-operating profit	172	(13)	4	7	-
Gains (Losses) in associates, subsidiaries and JV	6	13	5	5	5
Earnings before tax	460	407	200	187	973
Income taxes	(1)	(5)	5	34	32
Net profit	461	412	195	153	941
Net profit of controlling interest	283	316	137	115	941
EBITDA	1,256	1,649	1,738	1,777	2,358

Key financial data

FY-ending Dec.	2021A	2022A	2023A	2024A	2025A
per share data (VND, adj.)					
EPS	895	928	381	303	2,484
BPS	11,121	13,287	12,747	12,346	14,845
DPS	-	-	-	-	-
Growth (%)					
Sales growth	(7.5)	51.6	3.4	7.5	28.9
OP growth	1.3	30.3	13.0	(2.5)	61.5
NP growth	46.4	(10.6)	(52.6)	(21.9)	516.2
EPS growth	9.9	11.6	(56.5)	(16.3)	719.3
EBITDA growth	1.3	30.3	13.0	(2.5)	61.5
Profitability (%)					
OP margin	47.3	40.6	44.4	40.3	50.5
NP margin	33.4	19.7	9.0	6.6	31.4
EBITDA margin	47.3	40.6	44.4	40.3	50.5
ROA	4.6	2.8	1.2	1.0	5.7
ROE (excl MI)	8.8	8.2	3.2	2.6	19.3
Dividend yield	-	-	-	-	-
Dividend payout ratio	47	-	32	-	-
Stability					
Net debt (VND bn)	6,853	9,593	9,867	9,029	5,798
Net debt/equity (%)	183	170	171	157	88
Valuation (X)					
PE	6.4	11.1	22.4	35.6	5.8
PB	1.2	1.3	1.0	1.2	1.0
EV/EBITDA	21.9	19.1	16.7	16.5	10.2

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