

# Gia Lai Electricity (GEG)

## Laying the groundwork for capacity expansion

June 13, 2025

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**GEG closed 1Q2025 with 320% YoY growth in net profit and 51% YoY growth in revenue**

GEG wrapped up 1Q2025 with NPAT of VND378 billion (+320% YoY / +1,119% QoQ) on revenue of VND1,113 billion (+51% YoY / +100% QoQ). Revenue growth was primarily fueled by the wind and solar power segments, which contributed VND822 billion (+83% YoY) and VND210 billion (-6% YoY), respectively.

**Improved hydropower generation partially offset the decline in wind and solar output**

1Q2025 electricity output totaled 330 million kWh (-18% YoY / -1.7% QoQ), given underperformance in wind and solar generation, which produced 206 million kWh (-24% YoY / +57% QoQ) and 92 million kWh (-9% YoY / +30% QoQ), respectively. However, the overall decline was partially offset by improved hydropower output, which rose to 32 million kWh (+19% YoY) thanks to favorable, unseasonal rainfall.

**GEG announced plans to divest a 25% stake in Truong Phu Hydropower JSC**

From 2025 onward, renewable energy projects will be subject to competitive investor selection through bidding, favoring experienced developers and operators, giving GEG a competitive edge. The company is currently participating in bids for two wind power projects in Tra Vinh province: Wind Power Plant V1-1 Tra Vinh Phase 2 (48 MW) and Wind Power Plants V1-5 & V1-6 Tra Vinh Phase 2 (80 MW).

**Renewable bidding process favors experienced players like GEG**

At its 2025 AGM, GEG announced plans to divest a 25% stake in Truong Phu Hydropower JSC. The expected minimum price of VND36 billion per MW could generate over VND200 billion in proceeds, contributing ~VND76 billion in profit.

**We recommend NEUTRAL for GEG with a target price of VND16,300/share**

Taking into account valuation results, business prospects, and potential risks, we recommend NEUTRAL for GEG with a target price of VND16,300 per share, offering a 1.3% upside from the market price on June 12, 2025.

**Neutral** maintain

<b>Target price</b>	<b>VND16,300</b>
Upside	1.3%
Current price (Jun 12, 2025)	VND16,100
Consensus target price	VND18,260
Market cap (VNDtn/USDbn)	5.8/0.2

### Forecast earnings & valuation

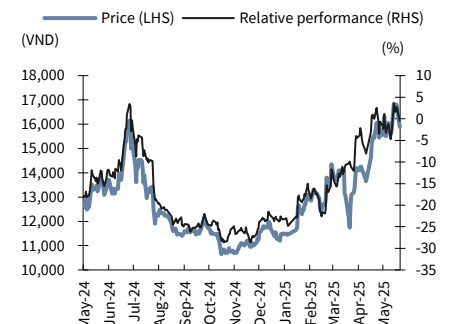
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	2,163	2,325	3,116	2,697
Operating income/loss (VNDbn)	962	938	1,726	1,345
NPAT-MI (VNDbn)	137	115	767	613
EPS (VND)	214	171	1,772	1,347
EPS growth (%)	-75.7	-20.1	456.0	-24.0
P/E (x)	79.4	95.3	8.8	11.0
P/B (x)	1.7	1.6	1.4	1.3
ROE (%)	2.5	1.6	14.7	10.4
Dividend yield (%)	0.7	0.7	3.3	3.5

### Trading data

Free float	40.8%
3M avg trading value (VNDbn/USDmn)	10.3/0.4
Foreign ownership	46.01%
Major shareholder	AVH Pte. Ltd (29.8%)

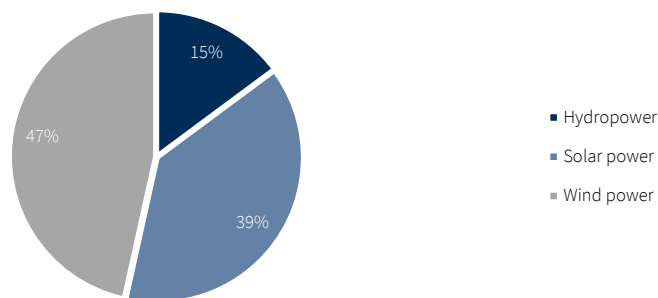
### Share price performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	7.7	15.4	13.4	33.8
<b>Relative</b>	8.0	6.7	12.7	29.9



Source: Bloomberg, KB Securities Vietnam

## Revenue composition (2024)



## Business operation

Gia Lai Electricity JSC (GEG) is a prominent player in the renewable energy sector, ranking third in installed capacity among listed companies. Initially focused on hydropower projects in Gia Lai, Hue, and Lam Dong, the company has since expanded into solar and wind power, with total capacities of 291 MW and 230 MW, respectively.

Source: Gia Lai Electricity, KB Securities Vietnam

## Investment Catalysts

## Notes

The successful price negotiation for Tan Phu Dong 1, which secured a higher electricity selling price, is set to drive revenue and earnings, with wind power revenue in 2025 estimated at VND1,857 billion (+87% YoY).

Please find more details below

New regulatory approvals, including the revised Power Development Plan VIII and pricing framework, combined with GEG's proven expertise, position the company to secure new projects.

Please find more details below

The planned 25% divestment of Truong Phu Hydropower JSC is expected to add VND76 billion to profit, equivalent to 7% of pre-tax earnings.

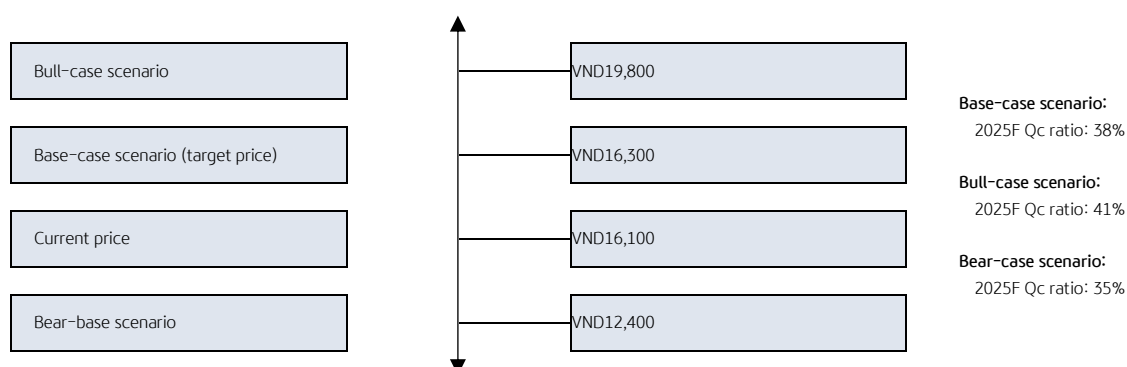
Please find more details below

## Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	3,116	2,697	-1%	0%	3,205	2,793	-3%	-3%
EBIT	1,726	1,345	28%	0%	1,514	1,195	14%	13%
NP after MI	767	613	6%	6%	712	511	8%	20%

Source: Bloomberg, KB Securities Vietnam

## Investment opinion &amp; risks



## Business performance

**GEG closed 1Q2025 with 320% YoY growth in net profit and 51% YoY growth in revenue**

GEG wrapped up 1Q2025 with NPAT of VND378 billion (+320% YoY / +1,119% QoQ) on revenue of VND1,113 billion (+51% YoY / +100% QoQ), primarily fueled by the wind and solar power segments. Notably, wind power revenue saw a significant boost, largely due to a retroactive payment resulting from a successful price negotiation for the Tan Phu Dong 1 project.

**1Q2025 electricity output totaled 330 million kWh (-18% YoY / -1.7% QoQ)**

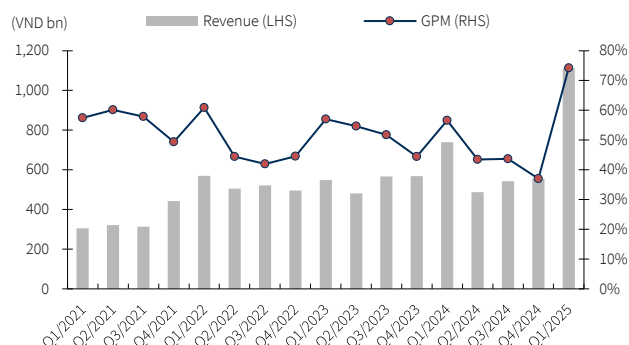
1Q2025 electricity output totaled 330 million kWh (-18% YoY / -1.7% QoQ), given underperformance in wind and solar generation, which produced 206 million kWh (-24% YoY / +57% QoQ) and 92 million kWh (-9% YoY / +30% QoQ). However, the overall decline was offset by improved hydropower output, which rose to 32 million kWh (+19% YoY) thanks to favorable, unseasonal rainfall.

**Table 1. GEG – 1Q2025 financial results**

(VNDbn)	1Q2024	1Q2025	+/-%YoY	Notes
<b>Revenue</b>	<b>739</b>	<b>1,113</b>	<b>51%</b>	
Hydropower	57	61	7%	
Solar power	224	210	-6%	
Wind power	448	822	83%	Driven by the recognition of a VND400 billion retroactive payment for electricity sales from the Tan Phu Dong 1 wind power project.
Sales volume (million kWh)	400	330	-18%	
Hydropower	27	32	19%	Output improved thanks to favorable weather conditions.
Solar power	101	92	-9%	
Wind power	272	206	-24%	
<b>Gross profit</b>	<b>418</b>	<b>826</b>	<b>98%</b>	
Gross profit margin (GPM)	57%	74%	17 ppts	
Financial income	9	8	-11%	
Financial expenses	-246	-187	-24%	Driven by a reduction in short-term borrowings.
Profits from associates	-1	3	n/a	
SG&A	-44	-45	2%	
<b>Operating income/loss</b>	<b>137</b>	<b>605</b>	<b>342%</b>	
Other income	-1	0	n/a	
Profit before taxes (PBT)	137	605	342%	
<b>Profit after taxes (NPAT)</b>	<b>126</b>	<b>613</b>	<b>387%</b>	
<b>NPAT-MI</b>	<b>90</b>	<b>378</b>	<b>320%</b>	
NPAT margin	17%	55%	38 ppts	

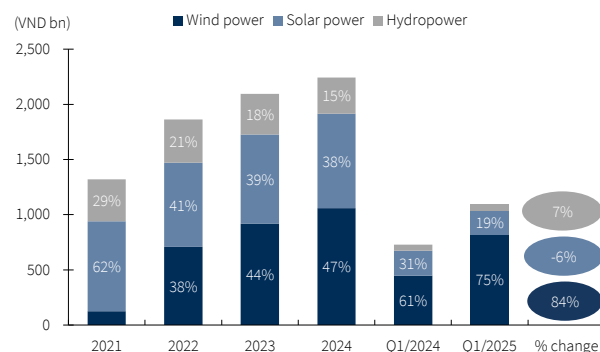
Source: Gia Lai Electricity, KB Securities Vietnam

Fig 2. GEG – Revenue, GPM in 2021–2025 (VNDbn, %)



Source: Gia Lai Electricity, KB Securities Vietnam

Fig 3. GEG – Revenue breakdown (VNDbn, %)



Source: Gia Lai Electricity, KB Securities Vietnam

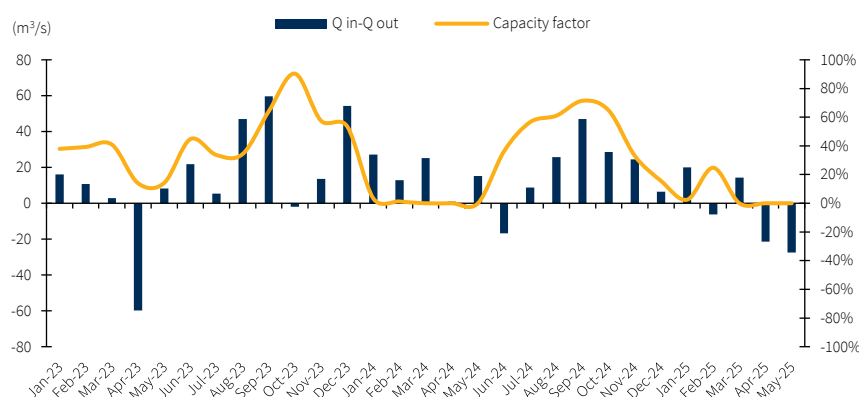
### 2H2025 hydropower output is expected to improve, supported by stable rainfall under a neutral ENSO phase

GEG currently owns 65 MW of small and medium-sized hydropower capacity across the Central Highlands and South Central Coast. Since March 2025, rainfall frequency has declined nationwide due to the weakening La Nina phase. Total rainfall ranged from 10–80 mm, 10–20% below the long-term average (LTA). While precipitation is expected to increase with the onset of the rainy season, its intensity is expected to remain at or slightly above the LTA, driven by a rising probability of a neutral ENSO phase. We project hydropower output to reach 61 million kWh in 1H2025 (+13% YoY) and rise to 283 million kWh in 2H2025 (+8% YoY), equivalent to 17% and 81% of designed capacity, respectively. Selling prices are expected to edged up 1% YoY, benefiting from higher generation during the early dry season. As a result, hydropower revenue in 2025 is forecast to reach VND365 billion (+10% YoY).

Looking ahead to 2026, the increasing probability of an El Nino phase is likely to pose challenges for hydropower output. Annual production is projected to decline to 330 million kWh (–4% YoY), as major reservoirs may prolong water storage, thereby limiting downstream flow available for smaller hydropower plants. As a result, hydropower revenue is expected to decrease slightly to VND350 billion (–4% YoY).

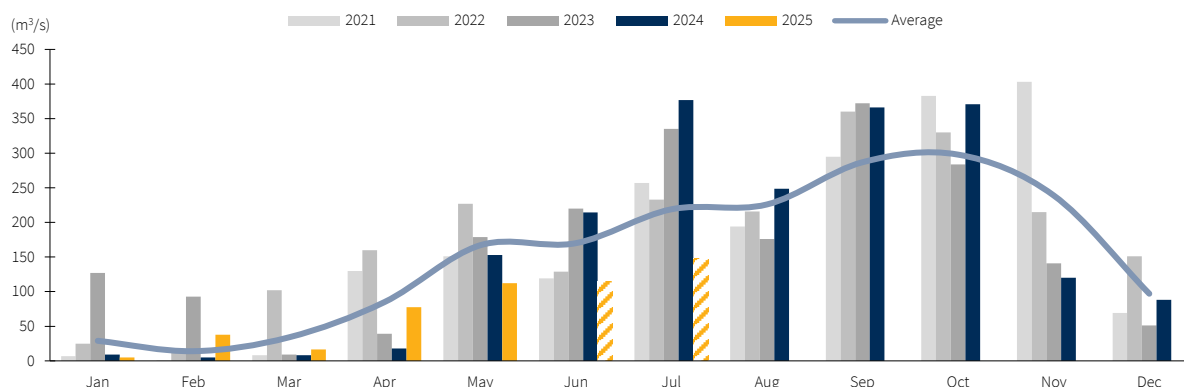
In 1Q2025, river branches in the Gia Lai region saw a notable rise in inflow, primarily driven by improved rainfall. The Se San River, the region's main waterway, effectively retained water to support dry-season operations and resumed generation in April 2025. Favorable weather conditions are expected to continue through 2Q2025, before tapering off from 3Q2025 onward. As a result, GEG's hydropower output in 2025 is projected to increase slightly YoY.

Fig 4. Se San – Average net inflow (Qve–Qx) and power generation capacity



Source: Vietnam Electricity Group, KB Securities Vietnam

Average net inflow (Qve–Qx), with Qve = average inflow and Qx = average outflow

Fig 5. Vietnam – 2025 rainfall forecast for Central Highlands and South Central Coast (m<sup>3</sup>/s)

Source: IMHEN, KB Securities Vietnam

### GEG announced plans to divest a 25% stake in Truong Phu Hydropower JSC

At its 2025 AGM, GEG announced plans to divest a 25% stake in Truong Phu Hydropower JSC. The expected minimum price of VND36 billion per MW could generate over VND200 billion in proceeds, contributing ~VND76 billion in profit. The buyer is expected to be a major player in the energy and real estate sectors, with the transaction anticipated to close in 2Q2025.

### Renewable energy: Retrospective payment for Tan Phu Dong 1 wind power and rollout of Duc Hue 2 solar project will boost power revenue

In 1Q2025, wind power output remained flat, but revenue surged to VND822 billion, up 83% YoY, mainly thanks to a retrospective payment of over VND400 billion. This amount is expected to be disbursed by Vietnam Electricity Group (EVN) in eight installments over two years. As for the Duc Hue 2 solar project, the power development plan has approved an additional 49 MWp, enabling construction to resume after nearly two years of delay. Unlike the previous regulation that required the project to operate under a self-consumption model, the new framework allows the developer to negotiate a selling price with EVN, based on a revised price cap (VND1,012/kWh applicable to the Duc Hue project in Long An). To date, ~20% of the project's infrastructure has been procured, with the remaining 80% to be sourced from leading suppliers. The project is expected to commence operation in 3Q2026, contributing VND70 billion in annual revenue and generating 68 million kWh per year.

### GEG's proven expertise in renewable energy strengthens its competitiveness in securing new project bids

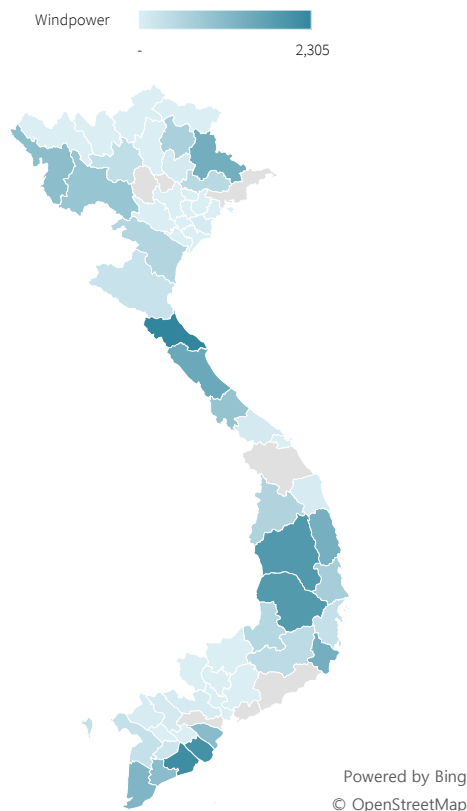
From 2025 onward, renewable energy projects will be subject to competitive investor selection through bidding, favoring experienced developers and operators, giving GEG a competitive edge. The company is currently participating in bids for two wind power projects in Tra Vinh province: Wind Power Plant V1-1 Tra Vinh Phase 2 (48 MW) and Wind Power Plants V1-5 & V1-6 Tra Vinh Phase 2 (80 MW), with estimated values of VND2,546 billion and VND3,864 billion, respectively. As bidding results have not yet been disclosed, we have not factored these projects into our valuation model. However, we see strong long-term growth potential for GEG, driven by: (i) the recent bidding launch by Tra Vinh's People's Committee, which may set a precedent for other provinces to attract renewable energy investors; and (ii) GEG's proven track record in developing and operating large-scale renewable projects, which enhances its competitiveness in the bidding process.

Table 6. Vietnam – List of bidders for wind power projects in Tra Vinh

Project	Capacity	Investment cost	Consortium	Company
Wind Power Plant V1-1 Tra Vinh (Phase 2)	48 MW	VND2,546 bn	REE Corporation – Trung Nam Tra Vinh 1 Wind Power JSC	REE Corporation (REE)
			Tra Vinh 1 – REV2	Trung Nam Tra Vinh Wind Power JSC Tra Vinh Wind Power 1 JSC REV NO.2 PTE, LTD
			Vien An Ca Mau Energy Co., Ltd – Bac Phuong Energy JSC	Vien An Ca Mau Energy Co., Ltd Bac Phuong Energy JSC
			Tien Giang Wind Power JSC – TTC Duc Hue Long An Power JSC – VPL Energy JSC	Tien Giang Wind Power Energy JSC
				TTC Duc Hue Long An Electricity JSC VPL Energy JSC REE Corporation (REE)
Wind Power Plants V1-5 and V1-6 Tra Vinh (Phase 2)	80 MW	VND3,864 bn	REE Corporation	
			Phuoc Minh – Ming Yang	Adani Phuoc Minh Wind Power JSC Minh Duong Smart Energy JSC Adani Phuoc Minh Solar Power JSC
			Tien Giang Wind Power JSC – TTC Duc Hue Long An Power JSC – VPL Energy JSC	Tien Giang Wind Power Energy JSC
			Tra Vinh 1 – REV2	TTC Duc Hue Long An Electricity JSC VPL Energy JSC Tra Vinh Wind Power 1 JSC REV NO.2 PTE, LTD REV NO.1 PTE, LTD

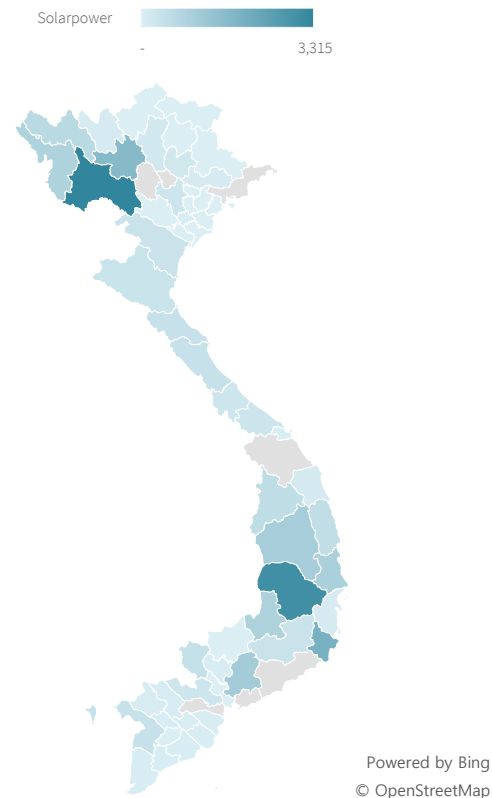
Source: Vietnam National e-Procurement System, KB Securities Vietnam

Fig 7. Vietnam – Additional wind power capacity by 2030 (MW)



Source: Revised Power Plan VIII, KB Securities Vietnam

Fig 8. Vietnam – Additional solar power capacity by 2030 (MW)



Source: Revised Power Plan VIII, KB Securities Vietnam

## Forecast & Valuation

Table 9. GEG – 2024A–2026F financial results

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Notes
Revenue	2,325	3,116	34%	2,697	-13%	2025 revenue is expected to rise, supported by the successful price negotiation in 1Q2025 and the recognition of a nearly VND400 billion retrospective payment.
Hydropower	333	366	10%	386	5%	
Solar power	884	893	1%	980	10%	2026: Solar power revenue is expected to grow due to the transition to an El Nino phase, which will increase sunshine hours.
Wind power	1,059	1,857	75%	1,433	-23%	2025: Revenue from the Tan Phu Dong project is projected to surge following the successful renegotiation for a higher selling price.
Sales volume (million kWh)	1,064	1,111	4%	1,186	7%	
Hydropower	276	298	8%	319	7%	2025: Output is expected to increase, supported by favorable conditions for power generation due to the prolonged La Nina phase through 2Q2025.
Solar power	367	359	-2%	427	19%	
Wind power	421	454	8%	440	-3%	
Gross profit	1,073	1,900	77%	1,526	-20%	
Gross profit margin (GPM)	46%	61%	15 ppts	57%	-4 ppts	2025: Gross margin is expected to improve, driven by higher selling prices at the Tan Phu Dong project, helping to offset depreciation costs.
Financial income	38	116	205%	102	-12%	2025: VND76 billion in profit will be recorded from the divestment of Truong Phu Hydropower JSC.
Financial expenses	801	734	-8%	613	-16%	Financial expenses are expected to decline following the restructuring of long-term loans.
Profits from associates	5	13	160%	13	0%	
SG&A	135	174	29%	181	4%	
Operating income/loss	938	1,726	84%	1,345	-22%	
Other income	2	0	-100%	0	0%	
Profit before taxes (PBT)	182	1,121	516%	847	-24%	
Profit after taxes (NPAT)	92	953	936%	720	-24%	
NPAT-MI	115	767	567%	613	-20%	
NPAT margin	4%	31%	7 ppts	27%	-4 ppts	

Source: Gia Lai Electricity, KB Securities Vietnam

**We reiterate NEUTRAL for GEG with a target price of VND16,300/share**

GEG's share price recently exceeded its July 2024 peak, reflecting investor optimism following the successful electricity price negotiation for the Tan Phu Dong project. In addition, the planned divestment of Truong Phu Hydropower JSC and the resumption of the Duc Hue 2 project are expected to provide a moderate boost to GEG's earnings. However, we believe the current stock price has already cautiously priced in much of the company's business outlook, particularly given that newly approved projects under PDP8 will require at least 1.5 to 2 years for bidding, investment, and commencement of operations.

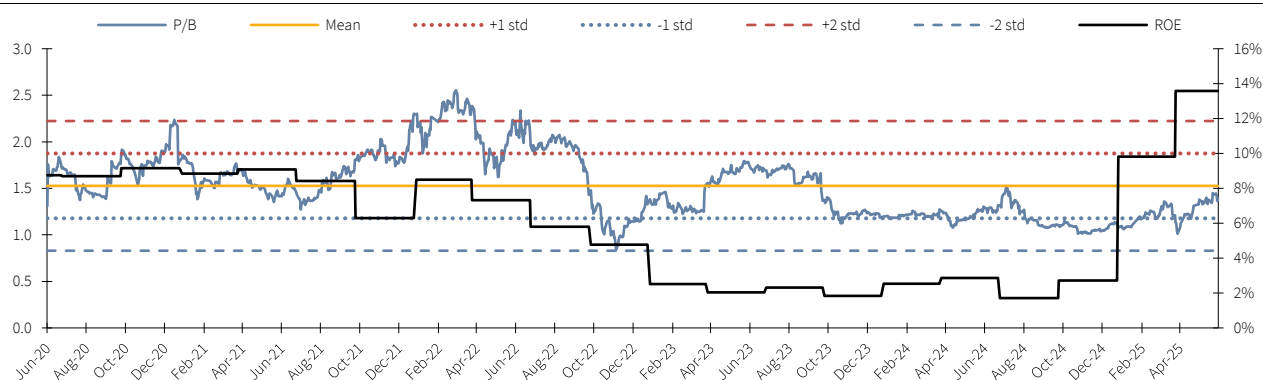
We apply the sum-of-the-parts (SOTP) valuation method and maintain our NEUTRAL rating on GEG, with a target price of VND16,300/share, representing 1.3% upside from the closing price on June 12, 2025. Compared to our previous valuation, we have adjusted the USD/VND exchange rate for 2025 to 25,200 VND (assuming 2% annual depreciation) and revised upward the valuation of Truong Phu Hydropower JSC. This target price implies a 2025/2026 forward P/B of 1.4x/1.3x, slightly below the 5-year historical average of 1.5x.

Table 10. GEG – SOTP valuation results

(VNDbn)	Project	Capacity	Valuation method	Net PV
Gia Lai Hydropower JSC (GHC)	H'Chan hydropower	10.0	DCF	1,629
	H'Mun hydropower	16.2	DCF	
	Ham Phu solar power	49.0	DCF	
	Rooftop solar power (2.9 MWp)	2.9	DCF	
Ayun Thuong 1A project	Ayun Thuong 1A hydropower	12.0	DCF	256.77
Hydropower complex		40.9	DCF	778.17
Chu Prong	IA Drang 1-3, Ia Muer 3, Ia Puch 3	11.8	DCF	
Dak Pi Hao	Dak Pi Hao 1-2	15.0	DCF	
Hue	Thuong Lo	6.0	DCF	
Lam Dong	Da Khai	8.1	DCF	
TTC Duc Hue – Long An Electricity JSC	Duc Hue 1 solar power	49.0	DCF	1,437
	Rooftop solar power (10 MWp)	10.0	DCF	
Solar power complex		117.0	DCF	1,646
Phong Dien	Phong Dien solar power	48.0	DCF	
Krong Pa	Krong Pa solar power	69.0	DCF	
Truc Son	Truc Son solar power	45.0	DCF	904.87
	Rooftop solar power (13 MWp)	13.0	DCF	
In association with VIJA	Rooftop solar power (6 MWp)	6.0	DCF	241.55
IA Bang Wind Power JSC (IBE)	IA Bang 1 wind power	50.0	DCF	1,569
Tien Giang Wind Power JSC (TGE)	Tan Phu Dong 1-2 wind power	150.0	DCF	4,954
VPL Energy JSC (VPL)	VPL 1 wind power	30.0	DCF	1,089
Truong Phu Hydropower JSC			Book value	242
<b>Total</b>				<b>14,747</b>
(-) Net debt				-7,696
(-) Minority interest				-1,489
(-) Preferred stock				-642
<b>Equity value</b>				<b>5,562</b>
Number of shares outstanding (million shares)				341.25
<b>Target price</b>				<b>16,300</b>
Current price (Jun 12, 2025)				16,100
<b>Upside</b>				<b>1.3%</b>

Source: KB Securities Vietnam

Fig 11. GEG – P/B, ROE in 2020–2025



Source: Bloomberg, KB Securities Vietnam





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**Investment ratings & definitions**

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**Investment Ratings for Stocks**

**(Based on the expectation of price gains over the next 6 months)**

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

**Investment Ratings for Sectors**

**(Based on the assessment of sector prospects over the next 6 months)**

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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