

Gia Lai Electricity (GEG)

Successful price negotiation for TPD1

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4Q24 revenue dropped 2.4% YoY while profit gained 2.3% YoY due to less positive performance of wind power segment

Hydropower recorded lower-than-expected results due to La Nina's late arrival

PPA price for TPD1 wind power project reached 99% of ceiling price

Valuation: NEUTRAL rating – Target price VND14,600

In 4Q24, Gia Lai Electricity (GEG) recorded VND555 billion in revenue (-2.4% YoY/+2.3% QoQ) and VND12.4 billion in NPAT (-61.3% YoY), mainly supported by wind and solar power. The wind and solar power segments recorded revenue of VND213 billion and VND168 billion, -14% YoY and +7% YoY, respectively.

GEG's electricity output in 2024 reached 1.35 billion kWh (+9.2% YoY) with higher contribution from wind power. Wind power output recorded 647 million kWh, increasing 27% YoY thanks to the operation of Tan Phu Dong wind power project. In 4Q24, the average rainfall was lower YoY due to weak La Nina impacts, forcing large hydropower plants to store water early and bringing GEG's hydropower Qc output in the downstream plants down to 134 million kWh (-4% YoY).

On March 17, 2025, GEG announced it had completed the signing of the general minutes and component minutes for the Tan Phu Dong 1 Wind Power Project (TPD1). The PPA price was set at VND1,813/kWh, reaching over 99% of the transitional price ceiling for nearshore wind power projects. The profit of about VND400 billion should be reversed in 2025. Recording sufficient revenue from the project will support GEG to invest in renewable energy projects in the future.

Based on SOTP valuation, considering the business outlook as well as potential risks, we recommend NEUTRAL for GEG stock. The target price is VND14,600/share, 4.3% higher than the price on March 20, 2025.

Neutral change

Target price	VND14,600
Upside	4.3%
Current price (Mar 20, 2025)	VND14,000
Consensus target price	VND15,200
Market cap (VNDtn/USDbn)	5.0/0.2

Forecast earnings & valuation

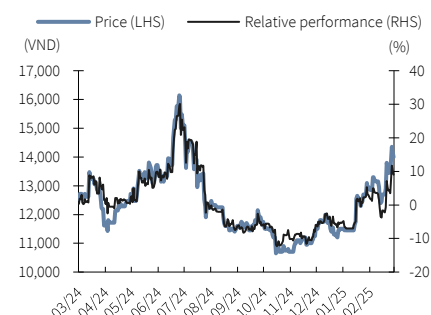
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	2,163	2,325	2,719	2,697
Operating income/loss (VNDbn)	962	938	1,351	1,345
NPAT-MI (VNDbn)	137	115	724	576
EPS (VND)	214	171	1,672	1,264
EPS growth (%)	-75.7	-20.1	425.0	-24.0
P/E (x)	71.1	85.4	8.3	10.5
P/B (x)	1.5	1.4	1.3	1.2
ROE (%)	2.5	1.6	14.1	10.0
Dividend yield (%)	0.8	0.7	3.7	3.9

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 (29.76%)

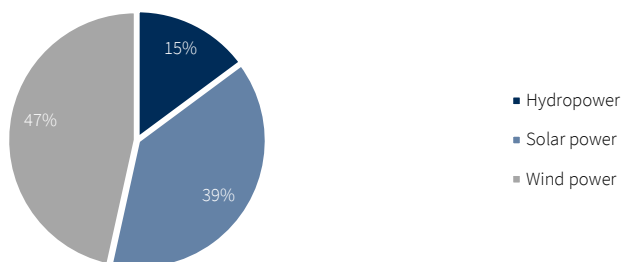
Share price performance

(%)	1M	3M	6M	12M
Absolute	9.7	23.0	22.0	13.9
Relative	7.2	17.7	17.8	8.7



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

La Nina will last until 1Q25 and help improve flow for the whole year of 2025. More water to reservoirs from the beginning of 2025 should bring GEG's hydropower output to 298 million kWh (+8% YoY).

Please find more details below

The completion of price negotiations for Tan Phu Dong 1 will benefit GEG's revenue and profit. Higher wind power prices for the project helps improve revenue. In addition, the power plant expects to receive VND400 billion in retroactive payment.

Please see more details below

Power planning strengthens long-term growth momentum. This should accelerate renewable energy projects and help GEG raise capacity.

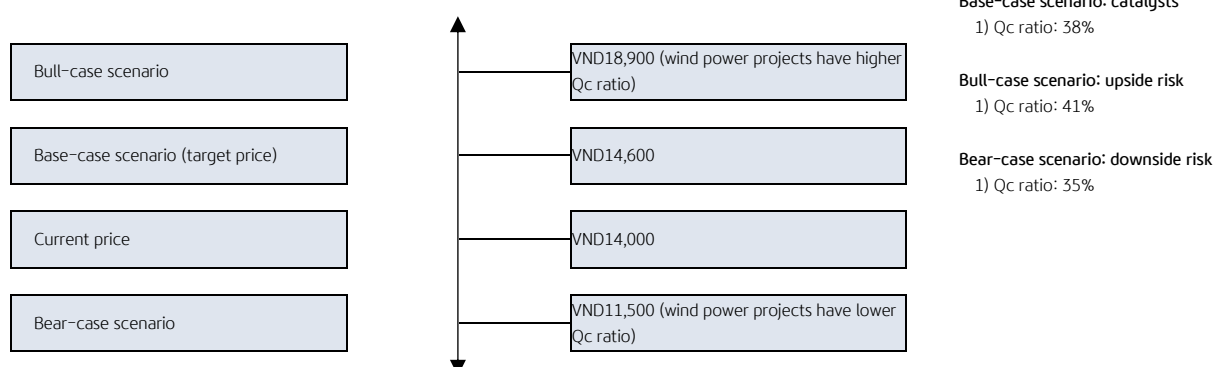
Please see more details below

Revised earnings estimates

(VNDbn)	KBSV estimates		Change vs previous estimates		Consensus*		Difference	
	2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
Revenue	2,719	2,697	-8%	4%	2,422	2,572	12%	5%
EBIT	1,351	1,345	-18%	0%	1,040	1,071	30%	26%
NP after MI	724	576	-1%	23%	247	386	193%	49%

Source: Bloomberg, KB Securities Vietnam

Investment opinion & risks



Business performance

Revenue and profit respectively fell 2.4% YoY and 61.3% YoY in 4Q

In 4Q24, GEG recorded VND555 billion in revenue (–2.4% YoY/+2.3% QoQ) and VND12.4 billion in NPAT (–61.3% YoY), mainly supported by wind and solar power. Revenue from wind power recorded disappointing results due to decreased output during the low wind season, reaching VND213 billion (+2% YoY/–14% QoQ) in 4Q and VND1,058 billion (+15.4% YoY) for the whole year. Solar power segment also recorded less positive revenue during the low season, reaching VND168 billion (+7% YoY/–23% QoQ) due to less sunshine hours and more frequent rains.

Total electricity output in 4Q24 dropped 8% YoY to 336 million kWh

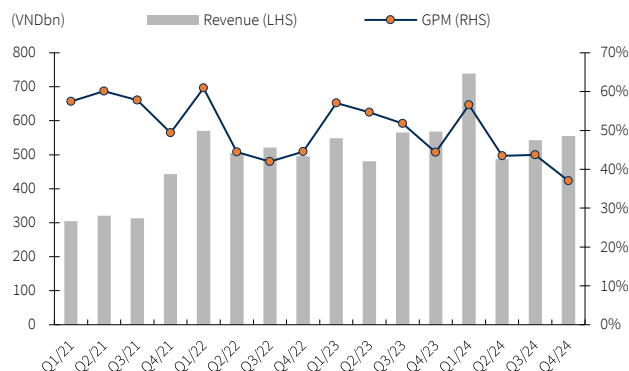
4Q total electricity output of REE touched 336 million kWh (–8% YoY/6% QoQ), mostly contributed by hydropower with 134 million kWh (–4% YoY/+5% QoQ). The delayed rainy season resulted in little improvement in rainfall. Despite entering the windy season in the region, wind power output only increased slightly compared to the previous quarter and decreased sharply compared to the same period last year, reaching 131 million kWh (–13% YoY/+1% QoQ). Similarly, solar power output also decreased to 134 million kWh (–4% YoY).

Table 1. GEG – 4Q & 2024 business performance

(VNDbn, %)	4Q23	4Q24	+/-%YoY	2023	2024	+/-%YoY	Notes
Revenue	569	555	–2%	2,163	2,325	7%	
Hydropower	137	137	0%	370	327	–12%	
Solar power	157	168	7%	809	858	6%	
Wind power	249	213	–14%	917	1,058	15%	
Sales volume	365	336	–8%	1,233	1,347	9%	
Hydropower	139	134	–4%	356	316	–11%	2024 output is lower than the same period in 2023 as the late arrival of La Nina caused hydropower Qc output not to record significant improvement.
Solar power	73	71	–3%	368	384	4%	
Wind power	153	131	–14%	509	647	27%	Negative growth in 4Q24 due to lower wind speed. However, the segment recorded positive growth for the whole year thanks to Tan Phu Dong 1 project operating throughout 2024.
Gross profit	253	206	–19%	1,121	1,073	–4%	
Gross profit margin	44%	37%	–7 ppts	52%	46%	–6 ppts	
Financial income	63	9	–86%	101	37	–63%	
Financial expenses	–226	–156	–31%	–871	–802	–8%	Financial expenses slightly reduced thanks to the restructuring of high-interest loans.
Profits from affiliates	11	13	18%	5	5	0%	
SG&A	–48	–30	–38%	–159	–136	–14%	
Operating income/loss	205	176	–14%	961	937	–2%	
Other income	2	1	–50%	–1	1	n/a	
Profit before taxes (PBT)	44	31	–30%	190	176	–7%	
Profit after taxes (NPAT)	32	12	–63%	143	91	–36%	Net profit plummeted due to loss recorded in 3Q24.
NP after MI	51	31	–39%	138	115	–17%	
NPAT margin	6%	2%	–4 ppts	7%	4%	–3 ppts	

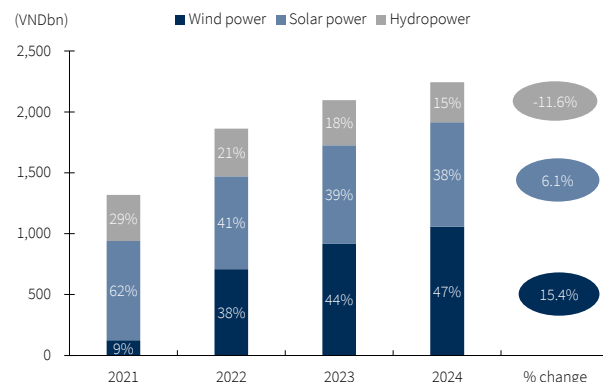
Source: Gia Lai Electricity, KB Securities Vietnam

Fig 2. GEG – Revenue & GPM in 2021–2024 (VNDbn, %)



Source: Gia Lai Electricity, KB Securities Vietnam

Fig 3. GEG – Revenue components



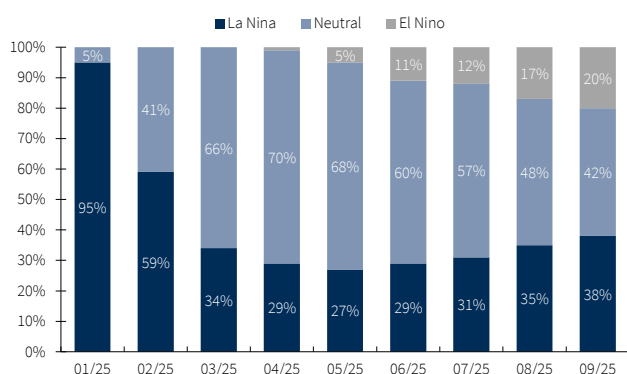
Source: Gia Lai Electricity, KB Securities Vietnam

Hydropower continues to overcome favorable weather conditions, maintaining low generation capacity

GEG currently owns 65MW of small and medium-sized hydropower plants in the Central Highlands and South Central regions. In the first two months of 2025, unseasonal rains in the Central Highlands and South Central regions appeared as La Nina continues. Total rainfall was generally 15–30 mm higher, especially in some places 30–70 mm higher than the average of many years. This is forecast to last until early April, helping to improve the flow of downstream rivers and streams in the context of large hydropower reservoirs accumulating water. We forecast the output of the hydropower segment to reach 61 million kWh in 1H25 (+13% YoY) and 283 million kWh in 2H25 (+8% YoY), reaching 17% and 81% of designed capacity, respectively. A slight 1% improvement in PPA prices due to increased generation capacity in the early dry season will help hydropower revenue in 2025 achieve VND365 billion (+10% YoY).

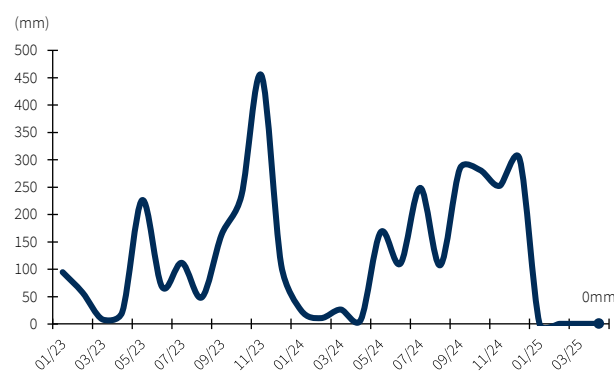
In 2026, higher probability of El Nino weather phase will make the Qc output of hydropower more unfavorable. The operating output of the hydropower segment in 2026 may decline to 330 million kWh (–4% YoY) as large hydropower reservoirs are likely to extend the water storage time, reducing the flow serving the operation of small hydropower plants. Revenue from this segment is expected to reach VND350 billion (–4% YoY).

Fig 4. Global – Probability of weather phases in 2025 (%)



Source: IRI, KB Securities Vietnam

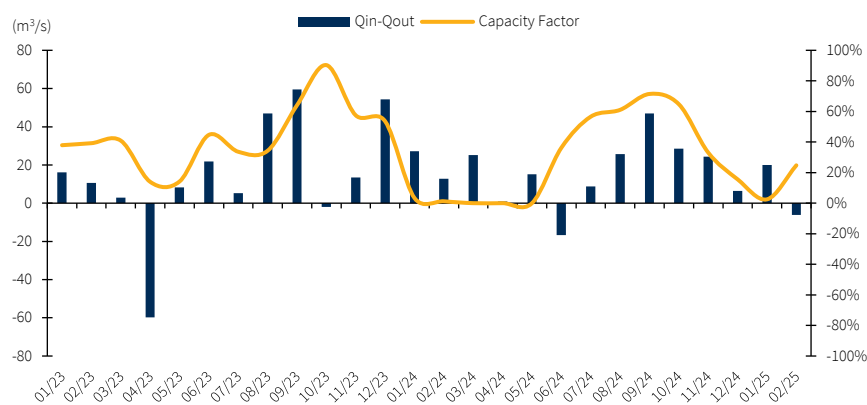
Fig 5. Vietnam – Observed rainfall in An Khe, Gia Lai (mm)



Source: Vrain, KB Securities Vietnam

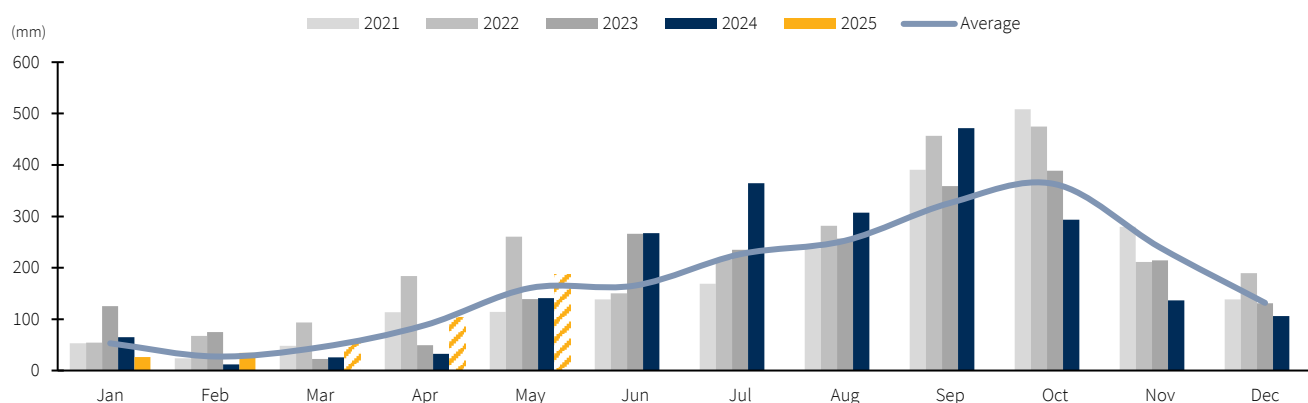
Fig 6. Vietnam – Average volumetric flow rate at Se San Lake and load factor (m³/s, %)

GEG's hydropower capacity accounts for a large proportion in Gia Lai with the water flow for power generation depending on the water discharge situation of major rivers. In Gia Lai, the Se San River plays an important role in supplying water to downstream areas, so strong water discharge flow that began from 3Q24 and prolonged water storage until November have brought more water to downstream rivers and streams. By 1Q25, the high frequency of unseasonal rains under the impact of La Nina will help water accumulation end earlier and improve GEG's capacity.



Source: EVN, KB Securities Vietnam

Fig 7. Vietnam – Rainfall forecast for Central Highlands and Southern region 2025 (mm)



Source: IMHEN, KB Securities Vietnam

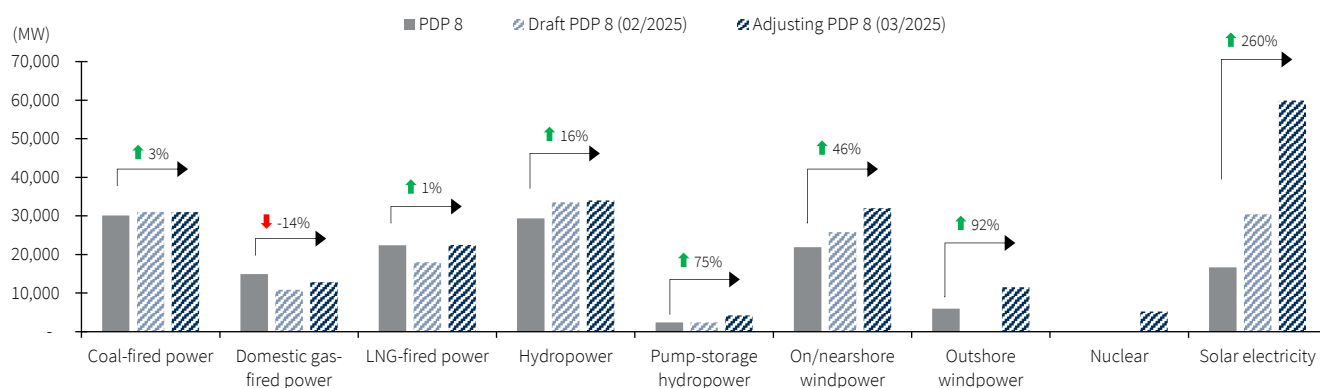
Renewable energy: TPD1 project recorded successful price negotiation

On March 17, 2025, GEG announced it had completed the signing of the general minutes and component minutes for the Tan Phu Dong 1 Wind Power Project (TPD1) on output according to designed capacity, transmission & distribution loss, total investment, and feasible financial ratios. The PPA price was set at VND1,813/kWh, reaching over 99% of the transitional price frame for nearshore wind power projects. The profit of about VND400 billion should be retroactive in 2025. The successful negotiation for higher PPA price will improve the project's profits and operating cash flow, creating favorable conditions for GEG to invest in future projects.

Draft National Power Development Plan 8 (NPDP8) gives more opportunities to renewable energy projects

With an average 10% annual growth in electricity demand until 2030, Vietnam has adjusted its power master plan to focus on investing in clean energy sources, especially expanding renewable energy capacity. The draft targets a capacity of 46,000–73,000 MW of solar power and 26,000–38,000 MW of onshore/nearshore wind power, with CAGRs of 13%–24% and 6%–9%, respectively. We believe that the master plan adjustment will increase new renewable energy projects, facilitating experienced businesses such as GEG to increase their power generation capacity. Regarding PPA prices, the Institute of Energy is currently proposing a PPA price framework for renewable energy projects in 2025. Accordingly, the prices will be adjusted according to geographical location and region to fully reflect costs and attract investors.

Fig 8. Vietnam – Power source structure to 2030 in the Revised NPDP8



Source: Ministry of Industry and Trade, KB Securities Vietnam

Forecast & valuation

Table 9. GEG – 2025–2026F business performance

(VNDbn)	2024	2025F	+/-%YoY	2026F	+/-%YoY	Assumptions
Revenue	2,325	2,719	17%	2,697	-1%	2025: Revenue increases thanks to the completion of the official PPA price negotiation in 1Q25.
Hydropower	333	366	10%	351	-4%	
Solar power	884	893	1%	894	0%	
Wind power	1,059	1,460	38%	1,447	-1%	2025: Revenue is attributable to TPD1 surging in revenue with higher PPA prices.
Sales volume	1,064	1,111	4%	1,092	-2%	
Hydropower	276	298	8%	286	-4%	2025: Output is larger thanks to La Nina extending to 2Q25, supporting power generation.
Solar power	367	359	-2%	359	0%	
Wind power	421	454	8%	447	-2%	Wind power output declines 1.5%/year due to wind turbine efficiency deficit.
Gross profit	1,073	1,503	40%	1,526	2%	
Gross profit margin	46%	55%	9 ppts	57%	2 ppts	2025: Gross profit margin increases thanks to the higher official PPA price of TPD1, helping to offset depreciation costs.
Financial income	38	44	16%	59	34%	
Financial expenses	-801	-734	-8%	-613	-16%	Financial expenses decrease thanks to the restructuring of long-term loans.
Profits from affiliates	5	13	160%	13	0%	
SG&A	-135	-152	13%	-181	19%	
Operating income/loss	938	1,351	44%	1,345	0%	
Other income	2	397	19,750%	0	-100%	2025: Retroactive income from the power generation phase at the provisional price of TPD1 1 project.
Profit before taxes (PBT)	182	1,071	488%	804	-25%	
Profit after taxes (NPAT)	92	910	889%	683	-25%	
NP after MI	115	724	530%	576	-20%	
NPAT margin	4%	33%	7 ppts	25%	-8 ppts	

Source: Gia Lai Electricity, KB Securities Vietnam

We gave a NEUTRAL rating with a target price of VND14,600

Since January 2025, GEG shares have increased sharply by 25% from VND11,500 to VND14,000/share, reflecting expectations that successful negotiations on wind power project prices will positively change business results.

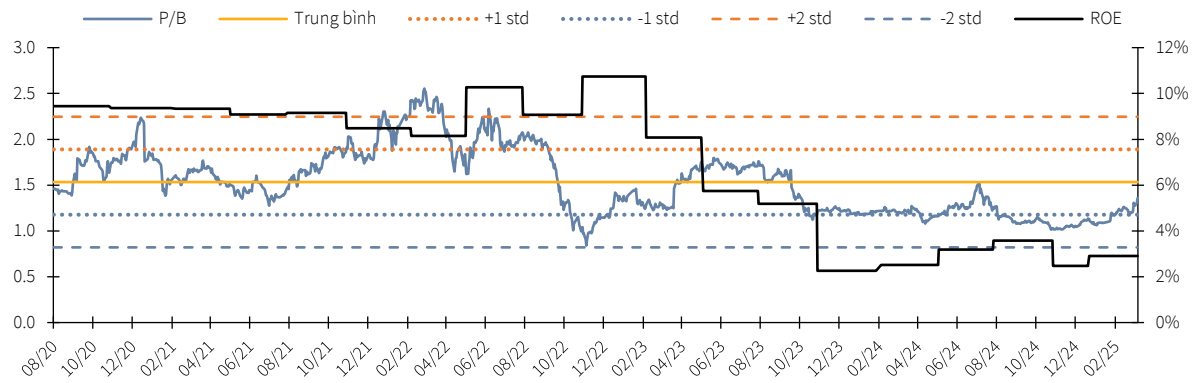
We use SOTP to value GEG shares and give a NEUTRAL recommendation with a target price of VND14,600/share, corresponding to a price increase of 4.3% compared to the closing price on March 20, 2025. The above target price corresponds to a projected P/B valuation for 2025/2026 of 1.3x/1.2x, respectively, lower than the five-year average of 1.6x.

Table 10. GEG – SOTP results

	Project	Capacity	Valuation method	Net PV
Gia Lai Hydropower JSC (GHC)	H'Chan hydropower	10.0	DCF	1,587
	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	250
Hydropower complex		40.9	DCF	757.5
<i>Chu Prong</i>	IA Drang 1–3, Ia Muer 3, Ia Puch 3	11.8	DCF	
<i>Dak Pi Hao</i>	Dak Pi Hao 1–2	15.0	DCF	
<i>Hue</i>	Thuong Lo	6.0	DCF	
<i>Lam Dong</i>	Da Khai	8.1	DCF	
TTC Duc Hue – Long An Electricity JSC	Duc Hue 1 solar power	49.0	DCF	1,318
	Rooftop solar power (10 MWp)	10.0	DCF	
Solar power complex		117.0	DCF	1,606
<i>Phong Dien</i>	Phong Dien solar power	48.0	DCF	
<i>Krong Pa</i>	Krong Pa solar power	69.0	DCF	
Truc Son	Truc Son solar power	45.0	DCF	885.3
	Rooftop solar power (13 MWp)	13.0	DCF	
In cooperation with VIJA	Rooftop solar power (6 MWp)	6.0	DCF	236.3
IA Bang Wind Power JSC (IBE)	IA Bang 1 wind power	50.0	DCF	1,533
Tien Giang Wind Power JSC (TGE)	Tan Phu Dong 1–2 wind power	150.0	DCF	4,845
VPL Energy JSC (VPL)	VPL 1 wind power	30.0	DCF	1,065
Truong Phu Hydropower JSC			Book value	166
Total				14,249
(-) Net debt				-7,784
(-) Minority interest				-1,489
(-) Preferred stock				-642
Equity value				4,976
Number of shares outstanding (million shares)				341.3
Target price				14,600
Current price (March 20, 2025)				14,000
Upside				4.3%

Source: KB Securities Vietnam

Fig 11. GEG - P/B & ROE (x, %)



Source: Bloomberg, KB securities Vietnam

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Investment ratings & definitions

Investment Ratings for Stocks

(based on expectations for absolute 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 expectations for absolute price gains over the next 6 months)

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

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