



GEG Flash News - NEUTRAL

July 31, 2024



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Flash News

Recommendation

NEUTRAL

HOSE: GEG

Renewable Energy

Target price (VND) 14,600

Current price (VND) 15,200

Expected share price return -3.9%

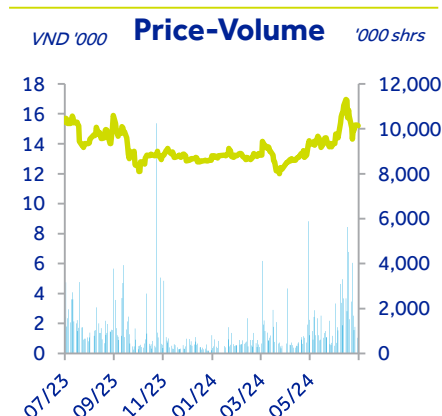
Expected dividend yield 0.0%

Expected total return -3.9%

Stock performance (%)

	YTD	1M	3M	12M
Absolute	+12.0	+7.2	+20.7	-26.5
Relative	+1.1	+6.7	+17.3	-30.4

Source: Bloomberg



Ownership

AVH Pte. Ltd	29.5%
DEG	16.6%
TTC	14.1%

Stock Statistics

31-Jul-24

Bloomberg code

GEG VN

52-week range (VND) 17,200 – 11,900

Shares O/S (m) 341.2

Mkt cap (VND bn) 5,102

Mkt cap (USD m) 200.2

Foreign room left (%) 2.9

Est. free float (m) 9.3

3m avg daily vol (shrs) 1,171,755

VND/USD 25,482

Index: VNIndex / HNX 1,245.0/235.9

Gia Lai Electricity JSC (HoSE: GEG)

GEG announced Q2/2024 results with revenue increasing slightly by 1.9% YoY to VND488 bn, but gross profit and NPAT plummeted by 18.8% YoY and 83.8% YoY to VND212 bn and VND 1 bn, respectively. Accumulated 6M2024, NPAT was VND127 bn, +15.6% YoY, completing 47% of GEG's 2024 plan and 48.3% of ACBS forecast.

Q2/2024 revenue increased by 1.9% YoY, but decreased by 34.0% QoQ, reaching VND488 bn. Gross profit reached VND 212 bn, -18.8% YoY due to several factors including (1) the El Nino cycle causing a decrease of 38.6% YoY in hydropower output, (2) the second quarter is typically the weakest period for wind activity, resulting in a 60.1% decrease in wind power output compared to Q1/2024, and (3) the temporary selling price of the Tan Phu Dong 1 project is only 50% of the ceiling price under the wind generation framework (Decision No. 21/QD-BCT dated January 7, 2023).

Financial expenses decreased to VND169 bn in Q2/2024, -20.7% YoY, with interest expense decreasing to VND163 bn, -20.9% YoY. Accumulated 6M2024, financial expenses was reported at VND415 bn, + 3.0% YoY, and interest expense was VND405 bn, +5.5% YoY.

Administrative expenses in Q2/2024 decreased to VND28 bn, -28.2% YoY. Accumulated 6M2024, administrative expense remained unchanged YoY at VND72 bn.

Unit: bn VND	Q2/2023	Q2/2024	YoY	1H2023	1H2024	YoY
Rev	479	488	1,9%	1.027	1.227	19,5%
Gross profit	261	212	-18,8%	573	630	9,9%
Gross margin	54,5%	43,4%		55,8%	51,3%	
Financial expense	213	169	-20,7%	403	415	3,0%
Interest expenses	206	163	-20,9%	384	405	5,5%
Administrative expense	39	28	-28,2%	72	72	0,0%
NPAT	7	1	-83,8%	110	127	15,6%
NPAT's margin	1,5%	0,2%		10,7%	10,4%	

Quick conclusion: Q2/2024 performance was not quite strong due to the typical seasonal factors in the second quarter: sunny season and less wind, which negatively impacted hydro and wind power generation, accounting for 48.8% of the company's renewable energy mix. However, wind energy still recorded a positive growth of 27.9% YoY thanks to the operation of the Tan Phu Dong 1 project. We expect GEG to negotiate a higher selling price for wind power, exceeding the current 50% ceiling, and to recover the revenue from the time the project was officially put into operation.

	2021	2022	2023	2024F	2025F
Net Sales (VNDbn)	1,381	2,093	2,163	2,483	2,604
Growth	-8%	52%	3%	15%	5%
EBITDA (VNDbn)	1,067	1,503	1,658	1,951	2,038
EBITDA margin	77%	72%	77%	79%	78%
NPAT (VNDbn)	326	371	143	263	300
Growth	10%	14%	-61%	84%	14%
EPS (bonus-adjusted, VND)	775	840	370	659	753
Growth	11%	8%	-56%	78%	14%
ROE	9%	7%	2%	4%	5%
ROA	3%	2%	1%	2%	2%
Net debt/EBITDA (x)	6.4	6.1	5.8	4.9	4.2
EV/EBITDA (x)	11.2	9.5	8.9	7.5	6.7
P/E (x)	18.1	20.7	35.9	19.6	17.1
P/B (x)	1.5	1.5	0.9	0.9	0.8
Dividend (VND)	-	-	-	-	-
Dividend yield	-	-	-	-	-

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Our Recommendation System

BUY: prospective 12 month VND total return (including dividends) will be more than 20%.

OUTPERFORM: prospective 12 month VND total return (including dividends) will be 10% to 20%.

NEUTRAL: prospective 12 month VND total return (including dividends) will be -10% to 10%.

UNDERPERFORM: prospective 12 month VND total return (including dividends) will be will be -20% to -10%.

SELL: prospective 12 month VND total return (including dividends) will be lower than -20%.

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