GEG Update - OUTPERFORM

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Update

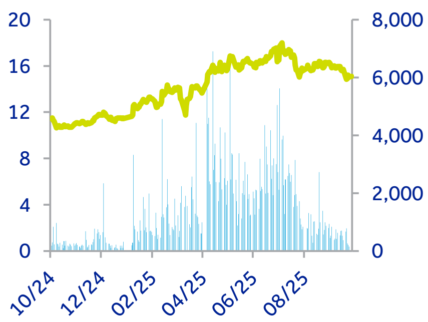
Recommendation	**OUTPERFORM**
	HoSE: GEG
	Renewable Energy (RE)
Target price (VND)	**18,400**
Current price (VND)	**15,500**
Expected share price return	18.7%
Expected dividend yield	0.0%
Expected total return	**18.7%**

Stock performance (%)

	YTD	1M	3M	12M
Absolute	25.8	-5.6	-12.8	38.2
Relative	-8.1	-7.6	-24.0	2.0

Source: Bloomberg

VND '000 **Price-Volume** *'000 shrs*



Ownership

AVH Pte. Ltd	30%
DEG	17%
CTCP Đầu tư TTC	14%
SBT	9%

Stock Statistics	**03-Nov-2025**
Bloomberg code	**GEG**
52-week range (VND)	10,450 – 18,450
Shares O/S (m)	358
Mkt cap (VND bn)	5,715
Mkt cap (USD m)	216
Foreign room left (%)	3.7
Est. free float (m)	35.5
3m avg daily vol (shrs)	1,456,037
VND/USD	25,030
Index: VNIndex / HNX	1,617/259

Gia Lai Electricity JSC (HoSE: GEG)

GEG reported Q3/2025 results with VND671 bn in revenue, +24% YoY, and VND80 bn in NPAT, (Q3/2024: -VND48 bn). Accumulated 9M2025, NPAT achieved VND850 bn, more than 10-fold YoY, fulfilling 124% of the company's target and 110% of ACBS's previous 2025 forecast. The strong Q3/2025 results were driven by increases in both output and the average selling price (ASP), leading to improved revenue and enhanced profit margins. We revised up our target price for GEG from VND17,700/share to VND18,400/share, representing a total expected return of 18.7%, rating OUTPERFORM.

Q3/2025 revenue increased by 24% YoY to VND671 bn, driven by growth in both volume and ASP. Output reached 391 mil kWh, +9% YoY and ASP reached VND1,716/kWh, +14% YoY. The ASP increase was primarily attributed to the Tan Phu Dong 1 project, which recognized an official selling price of VND1,813/kWh. This official price is 113% higher than the provisional price recorded in Q3/2024. Therefore, gross profit reached VND322 bn, +36% YoY, and the gross margin expanded to 48% from 44% YoY. Furthermore, attributed to the low general interest rate environment, financial expenses (predominantly interest expenses) decreased by nearly 14% YoY to VND193 bn. This cost reduction contributed significantly to the NPAT of VND80 bn, (Q3/2024: -VND48 bn), achieving NPAT's margin of 12%.

In 9M2025, output reached nearly 1 bn kWh, -2% YoY. However, revenue achieved VND2,408 bn, +36% YoY, gross profit reached VND1,421 bn, +64% YoY, and NPAT reached VND850 bn, +961% YoY. This substantial NPAT growth was driven by the Tan Phu Dong 1 project's official electricity price which is 2 times higher than the previous provisional price. The surge in 9M2025 results was driven by the retroactive recognition of the revenue differential in Q1/2025.

Quick Conclusion: GEG achieved strong 9M2025 results, completing 124% of its target and 110% of ACBS's previous 2025 forecast. We see potential to raise our forecasts and valuation for GEG, expecting continued favorable performance in the coming quarters. This optimism is based on: A gradual reduction in debt, steady improvements in the company's financial health, and the supportive backdrop of the Government's policy to promote RE development. Therefore, we raise our target price to VND 18,400/share, rating OUTPERFORM.

	2022	2023	2024	2025F	2026F
Net Sales (VNDbn)	10,417	12,058	11,908	11,273	10,498
Growth	21.5%	15.8%	-1.2%	-5.3%	-6.9%
EBITDA (VNDbn)	1,934	1,587	1,278	1,069	1,064
EBITDA margin	13.4%	-17.9%	-19.5%	-16.4%	-0.5%
NPATMI (VNDbn)	770	612	619	442	458
Growth	33.2%	-20.5%	1.1%	-28.5%	3.5%
EPS (bonus-adjusted, VND)	1,418	1,207	1,231	880	911
Growth	21.3%	-14.9%	2.0%	-28.5%	3.5%
ROE	12.5%	11.6%	12.2%	8.2%	8.6%
ROA	9.6%	8.3%	8.3%	6.0%	6.3%
Net debt/EBITDA (x)	0.6	0.1	0.1	(1.1)	(2.1)
EV/EBITDA (x)	2.4	3.6	4.4	6.5	7.5
P/E (x)	8.2	9.5	9.4	13.1	12.7
P/B (x)	1.0	1.1	1.1	1.1	1.1
Dividend (VND)	2,250	1,500	1,200	1,000	1,000
Dividend yield	17.4%	11.6%	9.3%	7.8%	7.8%

GEG's RESULT: Q3/2025 & 9M2025

Unit: bn VND	Q3/2024	Q3/2025	*YoY*	9M2024	9M2025	*YoY*
Output: mil kWh	**360**	**391**	***9%***	**1,012**	**997**	***-2%***
Hydro	*133*	*144*	*8%*	*187*	*221*	*18%*
Wind	*131*	*152*	*16%*	*517*	*482*	*-7%*
Solar	*96*	*95*	*-1%*	*308*	*294*	*-5%*
Revenue	**543**	**671**	***24%***	**1,770**	**2,408**	***36%***
Gross profit	237	322	*36%*	867	1,421	*64%*
Gross margin	*44%*	*48%*		*49%*	*59%*	
Financial revenue	230	194	*-16%*	645	554	*-14%*
Interest expenses	224	193	*-14%*	629	535	*-15%*
Administrative expenses	33	38	*15%*	105	120	*14%*
NPAT	**-48**	**80**		**80**	**850**	***961%***
NPAT's margin		*12%*		*5%*	*35%*	

Source: GEG, ACBS

FORECAST

For 2025, we forecast output will reach 1.3 bn kWh, +1% YoY, bring in VND3,205 bn, +38% YoY in revenue, and VND1,743 bn in gross profit, +62% YoY. The gross margin would expand to 54% from 46% in 2024. This margin improvement is primarily driven by the official selling price for GEG's largest wind project, Tan Phu Dong 1 (100 MW), being recognized at VND 1,813/kWh— 2 times higher thanthe previous provisional price. Furthermore, interest expenses are expected to decline amid a lower interest rate environment, and VND106 bn gain from the divestment of Truong Phu Hydropower JSC will also contribute to NPAT of VND902 bn, nearly 10 times YoY.

For 2026, we expect output would slightly increase 2% YoY, mainly from hydropower assets benefiting from favorable La Niña weather conditions, bring in VND2,915 bn in revenue, -9% YoY. This decline is anticipated due to the non-recurrence of the retroactive price differential recognition from the Tan Phu Dong 1 project, which served as a high base in 2025. Gross profit would be VND1,439 bn, -17% YoY and the NPAT would be VND502 bn, -44% YoY.

Unit: bn VND	2024	Old Forecast 2025F	New Forecast 2025F	% Change	*YoY*	2026F	*YoY*
Output: bn kWh	1.3	1.3	1.3	*0%*	*1%*	1.3	*2%*
Revenue	**2,325**	**3,369**	**3,205**	***-5%***		**2,915**	
Gross profit	1,073	1,971	1,743	*-12%*	*62%*	1,439	*-17%*
Gross margin	*46%*	*59%*	*54%*			*49%*	
NPAT	**92**	**776**	***902***	***16%***		**502**	
NPAT's margin	*4%*	*23%*	*28%*			*17%*	

Source: ACBS

VALUATION

Based on FCFF method, we recommend a target price for GEG at VND18,400/share, representing to a total expected return of 12,5%, rating OUTPERFORM.

FINANCIALS MODEL	Price: VND	15,500	Target: VND	18,400	Mkt cap VND bn	5,715

(VND bn except where stated)	2022	2023	2024	2025F	2026F
Total Net Sales	**2,093**	**2,163**	**2,325**	**3,205**	**2,915**
Growth	*51.6%*	*3.3%*	*7.5%*	*37.9%*	*-9.1%*
CoGS	1,082	1,043	1,252	1,462	1,476
EBITDA	**1,503**	**1,658**	**1,742**	**2,398**	**2,077**
EBITDA margin	*71.8%*	*76.7%*	*74.9%*	*74.8%*	*71.3%*
Depreciation	652	697	804	804	804
Operating profit	**421**	**196**	**180**	**959**	**568**
Operating profit margin	*20.1%*	*9.1%*	*7.7%*	*29.9%*	*19.5%*
Net interest expense	561	801	748	732	697
as % of avg net debt	*5.8%*	*8.1%*	*8.3%*	*9.1%*	*9.8%*
Interest cover (x)	1.5	1.2	1.3	2.2	1.8
Tax	41	47	55	107	75
Tax rate	*10.0%*	*24.1%*	*30.4%*	*11.0%*	*13.0%*
NPAT	**371**	**143**	**92**	**902**	**502**
NPAT's margin	*17.7%*	*6.6%*	*4.0%*	*28.1%*	*17.2%*
Cash earning	1,023	840	896	1,706	1,306
Number of share: mil	**321.9**	**341.2**	**358.3**	**358.3**	**358.3**
EPS: VND	882	328	321	2,342	1,304
Bonus factor (x)	*0.9*	*1.0*	*1.0*	*1.0*	*1.0*
Adjusted EPS: VND	**793**	**313**	**321**	**2,342**	**1,304**
EPS growth	*8.4%*	*-60.6%*	*2.7%*	*629.6%*	*-44.3%*

KEY CASHFLOW AND BS ITEMS	2022	2023	2024	2025F	2026F
Increase in working capital	985	587	889	1,385	1,151
Capex	4,532	1,578	82	-	-
Change in investment in affiliates	(566)	85			
Other cashflow items	13	1,106	990	714	792
Free cash flow	**(3,915)**	**(304)**	**915**	**1,035**	**948**
Share issues	1,232	114	-	-	-
Dividends paid	57	85	76	45	45
Increase in net debt	2,740	275	(839)	(991)	(903)
Net debt, end of year	**9,593**	**9,868**	**9,029**	**8,038**	**7,135**
Shareholders' equity	**5,629**	**5,767**	**5,763**	**6,680**	**7,147**
BVPS (VND)	17,487	16,902	16,084	18,644	19,948
Net debt / equity (%)	*170.4%*	*171.1%*	*156.7%*	*120.3%*	*99.8%*
Net debt / EBITDA (x)	*6.4*	*6.0*	*5.2*	*3.4*	*3.4*
Total assets	**17,117**	**16,132**	**15,171**	**15,513**	**15,159**

KEY RETURN AND VALUATION RATIOS	2022	2023	2024	2025F	2026F
ROE	6.6%	2.5%	1.6%	13.5%	7.0%
ROA	2.2%	0.9%	0.6%	5.8%	3.3%
ROIC	5.5%	6.1%	6.3%	10.4%	8.5%
WACC	9.5%	9.5%	9.5%	9.5%	9.5%
EVA	-4.0%	-3.5%	-3.2%	0.9%	-1.0%
PER (x)	20.7	40.0	62.1	6.3	11.4
EV/EBITDA (x)	10.2	9.4	8.5	5.7	6.2
EV/FCF (x)	(3.9)	(51.3)	16.1	13.3	13.6
PBR (x)	1.5	1.0	1.0	0.9	0.8
PSR (x)	2.7	2.6	2.5	1.8	2.0
EV/sales (x)	7.3	7.2	6.3	4.3	4.4
Dividend yield	-	-	-	-	-

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DISCLAIMER

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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