

## Gia Lai Electricity JSC (HSX: GEG)

### Establishing a new profit base from 2025

- 2Q25 net profit surged 675% yoy, driven by a significant increase in the selling price of Tan Phu Dong 1 (VND 1,813/kWh –double the temporary price in 2024), along with gains from the divestment of Truong Phu Hydropower.
- 2025 marks a turning point in profitability, thanks to the official selling price of TPD1. NP is projected to increase by 514% yoy. For 2026–27, new profit base is set at VND500–550bn, a solid leap from the modest ~VND150bn level in 2021-24.
- Recommendation: **ADD**, with a target price of 19,800VND/share

### Impressive profit growth sustained in 2Q25

2Q25 revenue increased 28% yoy, driven by a strong rise in selling prices despite stable power output. This was supported by TPD1 recognizing its official price of VND1,813/kWh, double the provisional price. As a result, gross profit rose 29% yoy, with the gross margin remaining flat at 43%. A notable highlight was a 12-fold surge in financial income, due to a VND112bn gain from the divestment of Truong Phu Hydropower JSC. Financial expenses were stable, as lower interest expenses were offset by the divestment service costs. Overall, 2Q25 NP jumped 685% yoy, helping 1H25 NP rise 390% yoy, achieving 102% of the full-year target.

### 2025 set a pivotal year, establishing a higher profit base

2025 marks a turning point for GEG as it exits a challenging phase and establishes a new level of profitability, driven by: 1) Successful pricing negotiations for TPD1, boosting revenue and cash flow; 2) A low-interest-rate environment, favorable for GEG given its high leverage. Thus, net profit is expected to soar 514% yoy in 2025, while core net profit from operations is projected to rise 227% yoy. Looking to 2026, net profit may decline 22% yoy due to the absence of non-recurring gains. However, core operating profit is expected to continue growing, with increases of 43% and 3% yoy in 2026 and 2027, respectively.

GEG is currently developing four new power projects with a combined capacity of ~190MW, scheduled to come online between 2026 and 2028. The company is also pursuing an ambitious goal of reaching ~3,000MW in total capacity by 2030. Backed by its strong track record and execution capability, GEG is well-positioned to maintain a leading role in the renewable energy sector.

### Recommend ADD with a target price of 19,800VND/share

We recommend an ADD with a target price of VND 19,800/share (22% upside), based on an equal-weighted DCF and EV/EBITDA valuation. We favor GEG for its strong profit growth potential and strategic alignment with the sector's renewable energy focus. In terms of valuation, GEG is trading at an attractive 2025–26 EV/EBITDA multiple of 6.6x, significantly below the sector average of 8.5x, making it a compelling investment choice for 2H25 to early 2026.

VNDbn	2024	2025F	2026F	2027F
Revenue	2,325	2,941	2,801	2,955
Net profit	115	705	562	590
Revenue growth	7.5%	26.5%	-4.8%	5.5%
Net profit growth	-16.3%	514.2%	-20.3%	5.0%
Gross margin	46.2%	54.4%	52.4%	52.2%
EBITDA margin	74.9%	77.8%	78.1%	78.1%
ROAE (%)	2.0%	11.4%	8.1%	7.8%
ROAA (%)	0.7%	4.6%	3.6%	3.7%
EPS (VND/share)	320	1,968	1,569	1,648
BVPS (VND/share)	15,762	18,049	19,791	21,666

Sources: GEG, MBS Research

**ADD**

**Target price**

**VND19,800**

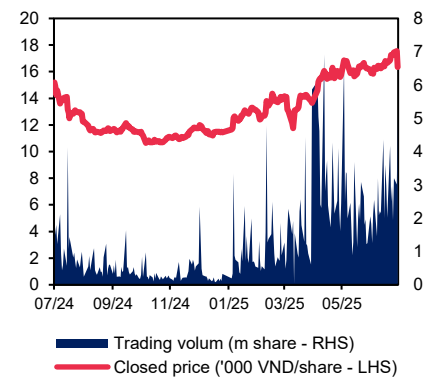
Upside

22%

### Key changes in the report

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### Price performance



Sources: FiinPro, MBS Research

Current price (VND)	16,350
52W High (VND)	17,550
52W Low (VND)	10,650
Market Cap (VNDbn)	6,288
P/E (TTM)	15.6
P/B	1.3
Dividend yield (%)	0.6
Foreign ownership (%)	46.4

Sources: <https://s24.mbs.com.vn/>

### Ownership

JERA ASIA	35.1%
TTC Group	16.8%
SBT	11.0%
Ben Tre Import Export JSC	6.3%
Bien Hoa Consumer JSC	5.3%
Others	25.5%

Sources: <https://s24.mbs.com.vn/>

### Analyst(s)



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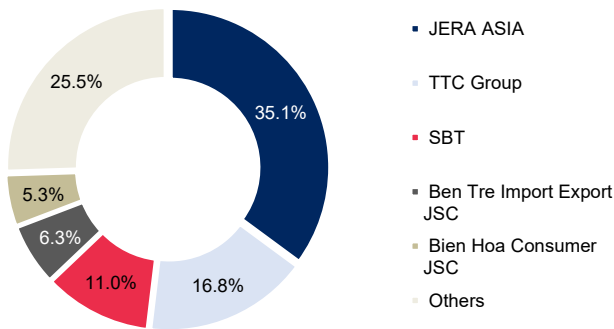
# Gia Lai Electricity JSC (HSX: GEG)

## Investment thesis and Recommendation

### Investment thesis

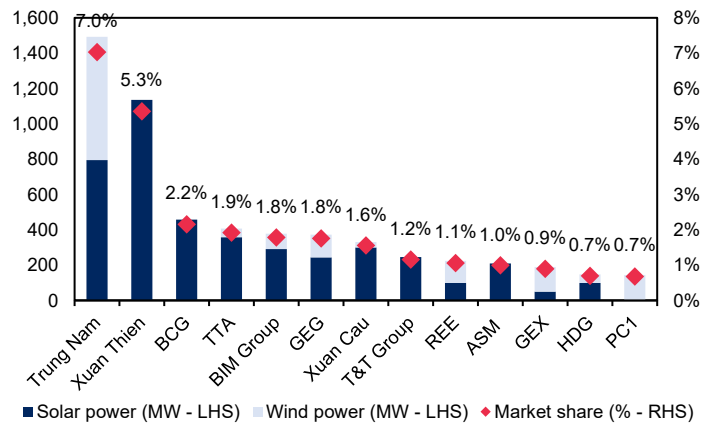
- GEG is a pioneer in the renewable energy (RE) sector, operating a portfolio of 21 power plants and 35 rooftop solar systems with a total installed capacity of 672 MWp, accounting for approximately 1.9% of Vietnam’s total RE capacity. It ranks among the top 3 listed renewable energy companies in Vietnam by capacity. The portfolio includes: 1) 82 MW of small hydropower; 2) 310 MW of solar power (both ground-mounted and rooftop), 3) 230 MW of wind power, comprising one onshore and three nearshore wind farms.
- GEG stands to benefit from Vietnam’s clean energy transition, particularly under the revised PDP8, which significantly raises the target capacity for wind power (up by 15–40% vs. the original PDP8) and nearly doubles solar capacity targets by 2030. After years of policy stagnation, the first half of 2025 marked a turning point, with key developments including the issuance of PDP8 implementation plans and RE pricing frameworks—laying the groundwork for a new growth cycle in the sector. Seizing this opportunity, GEG is actively developing three new projects: Duc Hue 2 solar (49 MW); V.P.L 2 Ben Tre nearshore wind farm (30 MW); Ea Tih small hydropower (8.6 MW). Besides, the company also won a 100 MW Tan Thanh wind power project and is bidding for additional projects in Tra Vinh, reinforcing its ambition to expand total RE capacity to ~2,500–3,000 MW by 2030.
- GEG’s earnings are set for a major inflection point in 2025, driven by: 1) Official tariff approval for the Tan Phu Dong 1 (100 MW) at VND1,813/kWh; 2) Lower interest expenses, which are especially impactful given GEG’s high leverage and sensitivity to financing costs. As a result, 2025 NP is forecast to surge 514% yoy, establishing a higher earnings base to be sustained through 2026 and beyond.

Figure 1: GEG is part of the Thanh Thanh Cong Group ecosystem, accompanied by foreign investors such as JERA and DEG



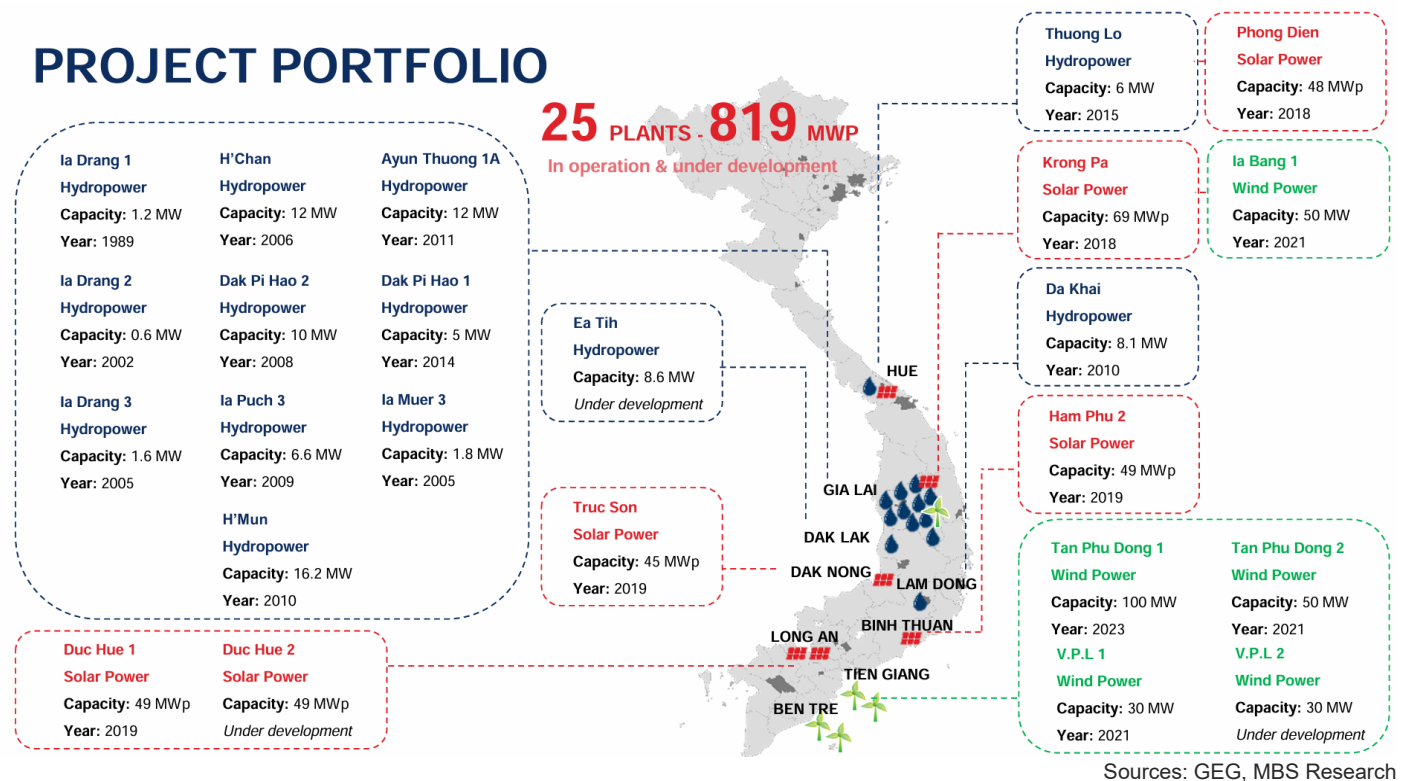
Sources: GEG, MBS Research

Figure 2: The company is among the leaders in term of capacity and ranks in the top 3 among listed companies in Vietnam.



Sources: Company reports, MBS Research

Figure 3: List of GEG's power plants



## Valuation

We recommend an ADD rating with a target price of VND 19,800/share (upside potential of 22%). We favor the company for its strong earnings growth potential, aligned with the sector's core investment theme of accelerating renewable energy development. In terms of valuation, GEG is trading at an attractive 2025–26 EV/EBITDA multiple of 6.6x, lower than the sector average of 8.5x. The valuation is based on an equal weighting of two methods:

- 10-year DCF method (WACC: 10.6%; COE: 14.7%; LTG: 1%)
- Target EV/EBITDA multiple of 8.5x, reflecting the sector average under a conservative approach.

Figure 4: DCF valuation – Summary of FCF

VNDbn	2025	2026	2027	2028	//	2035
EBITDA	1,982	1,999	2,014	2,043		2,185
(-) Depreciation and Amortisation	(799)	(795)	(787)	(787)		(779)
EBIT	1,183	1,204	1,227	1,256		1,406
(-) Tax	(75)	(88)	(102)	(108)		(277)
Tax rate (%)	11%	11%	12%	11%		20%
EBIAT	1,108	1,116	1,126	1,148		1,129
(+) Depreciation and Amortisation	799	795	787	787		779
(+) (Increase)/decrease in net working capital	(167)	40	(36)	(15)		(3)
(-) Capital Expenditure	(50)	(650)	(1,370)	(50)		(50)
Unleveraged Free cash flow (FCFF)	1,690	1,301	507	1,870		1,855
Terminal value						19,449

Sources: MBS Research

Figure 5: Cost of equity

Cost of equity	
Risk free rate	3.0%
Beta	1.3
Risk premium	9.0%
Cost of equity- ke	14.7%

Sources: MBS Research

Figure 6: WACC &amp; Long-term growth rate

WACC & terminal growth	
Enterprise value	17,638
Debt	(8,595)
Cost of debt	9.5%
Tax rate	20.0%
WACC	10.6%
Perpetual growth rate	1.0%

Sources: MBS Research

Figure 7: Blended valuation

Methods	Target multiple	Implied share price	Weight	Weighted Value
		VND per share	%	VND per share
Average FY25-26 EV/EBITDA	8.5x	18,664	50%	9,332
DCF, 10y		20,872	50%	10,436

Implied share price	19,768
<b>Rounded share price</b>	<b>19,800</b>

Sources: MBS Research

Figure 8: Peer comparison

Company	Ticker	Price	Target price	Recom.	Mkt Cap	P/E (x)		P/BV (x)		ROA (%)		ROE (%)		EV/EBITDA (x)		D/E
						TTM	2025	Current	2025	TTM	2025	TTM	2025	TTM	2025	
	Bloomberg	LC\$	LC\$		US\$m	TTM	2025	Current	2025	TTM	2025	TTM	2025	TTM	2025	Current
Vinh Son - Song Hinh Hydropower	VSH VN	48,900	NA	NR	440.6	16.2	na	2.4	na	8.0	na	15.1	na	8.8	na	67%
Hua Na Hydropower JSC	HNA VN	24,400	NA	NR	218.9	18.3	na	1.7	na	8.6	na	9.7	na	9.3	na	15%
Central Hydropower JSC	CHP VN	34,300	NA	NR	192.2	10.8	na	2.5	na	11.1	na	16.0	na	8.9	na	30%
REE Corp	REE VN	66,800	75,700	ADD	1,380.1	17.0	14.7	1.9	1.6	5.9	7.1	11.5	12.1	10.9	9.1	44%
Hado Group JSC	HDG VN	27,000	31,200	ADD	381.0	35.4	11.2	1.6	1.4	2.0	6.5	4.6	14.0	9.2	6.6	63%
PC1 Group JSC	PC1 VN	24,400	28,500	ADD	332.8	21.7	19.4	1.6	1.3	2.1	2.4	7.4	7.6	7.6	7.3	143%
Truong Thanh Development	TTA VN	11,300	NA	NR	73.3	9.4	na	0.9	na	5.6	na	9.6	na	6.0	na	82%
Average						18.4	15.1	1.8	1.4	6.2	5.3	10.5	11.2	8.7	7.7	0.6
Median						17.7	14.9	1.7	1.4	6.0	5.9	10.1	11.7	8.9	7.5	0.6
Gia Lai Electricity JSC	GEG VN	16,350	19,800	ADD	223.4	14.9	8.3	1.4	0.9	2.5	4.6	9.8	11.3	7.7	6.6	142%

Gia Lai Electricity JSC	GEG VN	16,350	19,800	ADD	223.4	14.9	8.3	1.4	0.9	2.5	4.6	9.8	11.3	7.7	6.6	142%
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Sources: Bloomberg, MBS Research

## Investment Risks

- Risk of retrospective policy adjustments for solar power projects.
- Risks related to RE project bidding, including: 1) Delays in bidding timelines amid ongoing provincial mergers by the government; 2) High competition, posing the risk of unsuccessful bids.
- Financial leverage risks that may affect the company's earnings growth and cash flow.

## 2Q25 Business recap

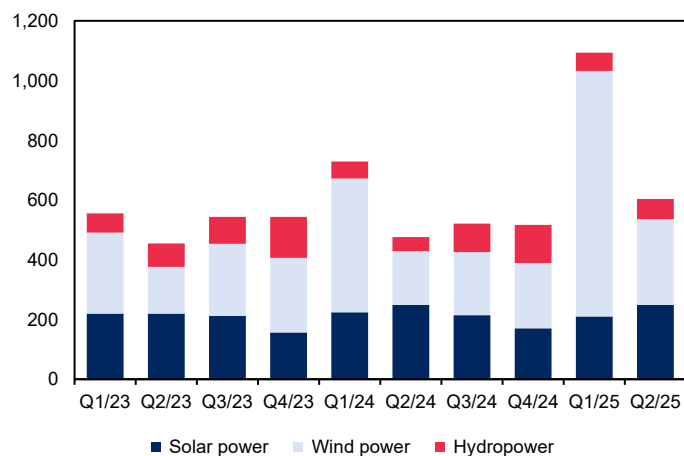
### Robust growth, support by new price for Tan Phu Dong 1

Figure 9: 2Q25 business summary

VNDbn	2Q25	%yoy	1H25	%yoy	Comment
<b>Total output (m kWh)</b>	<b>253</b>	<b>2%</b>	<b>581</b>	<b>-11%</b>	<b>Stable 2Q25 output, with hydropower and wind output increasing, offsetting a slight yoy decline in solar power output.</b>
Hydropower	45	65%	77	42%	Hydropower output rose 65% yoy, mainly thanks to more favorable hydrological conditions.
Solar power	107	-4%	199	-6%	
Wind power	124	8%	330	-15%	
<b>Average selling price (VND/kWh)</b>	<b>2,471</b>	<b>26%</b>	<b>2,990</b>	<b>59%</b>	<b>Average selling price increased 26% yoy, primarily driven by a sharp rise in wind power prices.</b>
Hydropower	1,524	-12%	1,684	-13%	
Solar power	2,327	4%	2,307	3%	
Wind power	2,315	48%	3,330	105%	Wind power price jumped 48% yoy as Tan Phu Dong 1 began recognizing official tariffs of VND1,813/kWh, double the temporary price in 2024.
<b>Revenue</b>	<b>624</b>	<b>28%</b>	<b>1,737</b>	<b>41.6%</b>	<b>Revenue grew 28% YoY, largely due to the higher wind power tariff.</b>
Hydropower	68	45%	129	24%	
Solar power	249	0%	459	-3%	
Wind power	287	59%	1,109	77%	
<b>Gross profit</b>	<b>273</b>	<b>29%</b>	<b>1,099</b>	<b>0%</b>	<b>Gross profit rose 29% yoy, in line with revenue growth.</b>
%GPM	44%	0.2%pts	63%	11.9%pts	
SG&A	37	30%	82	13%	SG&A expenses increased proportionally with revenue.
Financial income	119	1212%	127	591.3%	In 2Q25, the company recorded a VND112bn gain from the divestment of Truong Phu Hydropower JSC, boosting financial income 12x yoy.
Financial expenses	172	2%	360	-13%	Financial expenses remained flat, as service fees from the divestment offset a slight decrease in interest expenses.
Net other income	1	-384%	1	-188%	
<b>PBT</b>	<b>184</b>	<b>764%</b>	<b>789</b>	<b>400%</b>	<b>1H25 profit before tax surged 400% yoy to VND789bn, exceeding the full-year target of VND777bn.</b>
Tax expenses	26	33%	19	-38%	
NPAT	158	12763%	771	504%	
Minority interest	(8)	-60%	227	1290%	
<b>Net profit</b>	<b>166</b>	<b>675%</b>	<b>544</b>	<b>390%</b>	<b>2Q25 net profit rose 675% yoy, lifting 1H25 net profit to VND544bn, up 390% yoy.</b>

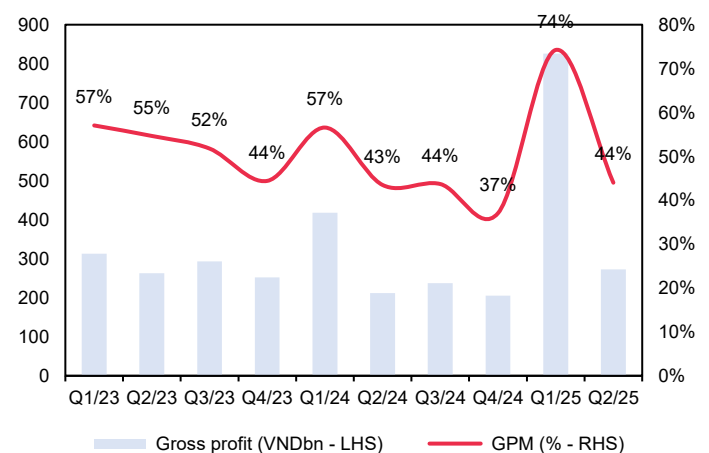
Sources: GEG, MBS Research

Figure 10: Revenue is notably higher contribution in Q1 due to the peak wind season, while tends to stabilize in subsequent quarters



Sources: GEG, MBS Research

Figure 11: Quarterly gross profit and gross margin:



Sources: GEG, MBS Research

## 2025–27 Outlook: A pioneer entering a new growth cycle

### 2025-27 earnings forecast

In 2025, the company targets a 43% yoy increase in revenue to VND3,400bn, and a 4-fold increase in pre-tax profit to VND777bn, driven primarily by the Tan Phu Dong 1 wind power project, which has secured its official selling price. This allows for both retrospective revenue recognition and a doubling of the selling price compared to 2024. In addition, early redemption of certain bonds and the declining trend in interest rates are expected to significantly ease financial cost pressures, providing an additional boost to net profit growth. In fact, 6M2025 pre-tax profit has already achieved 102% of the full-year target, suggesting that actual full-year profit will likely far exceed the initial plan.

Figure 12: 2025-27 earnings forecast

Unit: VNDbn	2025	%yoy	2026	%yoy	2027	%yoy	Comment
<b>Output (million kWh)</b>	<b>1,365</b>	<b>1%</b>	<b>1,439</b>	<b>5%</b>	<b>1,508</b>	<b>5%</b>	
Hydropower	344	9%	339	-1%	333	-2%	A slight recovery in 2025 from the low base in 2024, then stabilizes under a 3-year average assumption.
Solar power	379	-3%	455	20%	453	-1%	2026 output expected to rise 20% yoy as the Duc Hue 2 solar project comes online early in the year.
Wind power	642	-1%	645	0%	722	12%	2027 output projected to grow 12% yoy assuming V.P.L 2 Ben Tre wind project is commissioned.
<b>ASP (VND/kWh)</b>							
Hydropower	1,216	2%	1,240	2%	1,265	2%	
Solar power	2,348	6%	2,159	-8%	2,178	1%	Modest increase in 2025, mainly due to expected VND depreciation. 2026 selling price forecast to decline 8% yoy as the Duc Hue 2 project, which has a lower tariff, begins operations.
Wind power	2,122	30%	2,136	1%	2,112	-1%	Average wind power price in 2025 surges 30% yoy thanks to the official price adjustment for Tan Phu Dong 1 from VND902/kWh to 1,813/kWh. From 2026 onward, the wind price stabilizes around VND2,136/kWh, then decreases from 2027 due to the addition of V.P.L 2 Ben Tre at a lower tariff.
<b>Revenue</b>	<b>2,941</b>	<b>26%</b>	<b>2,801</b>	<b>-5%</b>	<b>2,955</b>	<b>5%</b>	<b>2025 revenue growth mainly driven by price hikes.</b>
Hydropower	418	11%	421	1%	422	0%	
Solar power	889	3%	983	11%	986	0%	
Wind power	1,613	52%	1,377	-15%	1,524	11%	Wind power revenue in 2025 up 52% yoy, boosted by retrospective adjustments and the price hike. Excluding the VND397bn retrospective gain, core operating revenue is expected to rise ~15% yoy.
Others	18	-18%	17	-2%	19	9%	
COGS	1,340	-207%	1,335	0%	1,411	6%	
<b>Gross profit</b>	<b>1,602</b>	<b>49%</b>	<b>1,466</b>	<b>-8%</b>	<b>1,543</b>	<b>5%</b>	Gross profit in 2025 expected to increase 49% yoy, led by TPD1 pricing upside, improving gross margin.
%GPM	54%		52%		52%		
SG&A	172	-227%	164	-5%	173	5%	
<b>EBIT</b>	<b>1,429</b>	<b>52%</b>	<b>1,303</b>	<b>-9%</b>	<b>1,371</b>	<b>5%</b>	
Financial income	140	268%	28	-80%	42	50%	Financial income in 2025 up 268% yoy, primarily from the divestment of a 25% stake in Truong Phu Hydropower JSC, resulting in a VND120bn gain in 2Q25.
Financial expenses	630	-179%	608	-3%	629	4%	Financial expenses down 21% yoy in 2025, aided by lower interest rates and improved debt repayment. From 2026–2027, slight increase in financial expenses expected, due to new investment needs.
<b>PBT</b>	<b>947</b>	<b>422%</b>	<b>730</b>	<b>-23%</b>	<b>791</b>	<b>8%</b>	
Tax expenses	89	-199%	67	-24%	80	19%	
<b>NPAT</b>	<b>858</b>	<b>832%</b>	<b>663</b>	<b>-23%</b>	<b>710</b>	<b>7%</b>	
Minority interest	153	572%	101	-34%	120	19%	
<b>Net profit</b>	<b>705</b>	<b>514%</b>	<b>562</b>	<b>-20%</b>	<b>590</b>	<b>5%</b>	GEG has overcome the challenges of 2021–24, resolved project-related bottlenecks, and is entering a new growth cycle aligned with its 2030 ambitions.  In 2025, net profit is projected to jump 514% yoy to VND705bn, forming a new earnings base. Due to this high base, 2026 net profit is expected to decline 20% yoy. However, core profit in 2025 marks a turning point, driven by the finalized pricing of TPD1. From 2026 onward, net profit is expected to remain above VND500bn, a significant improvement from the ~VND150bn/year level during 2021–24.
Core net profit*	376	227%	562	50%	590	5%	

\*Core net profit: Net profit subtract post-tax non-recurring income

Sources: GEG, MBS Research



### New pricing mechanism for Renewable energy unlocks major expansion opportunities for GEG starting 2025

We expect 2025 to mark the beginning of a new development cycle for the RE sector, as the first half of the year witnessed a wave of key policy issuances, including the Revised PDP8 and its Implementation Plan. These documents reflect a clear commitment to accelerating RE capacity growth through 2030, with wind and solar as the core focus areas. In addition, the official pricing framework for various types of RE projects, released continuously during April–May 2025, has effectively removed investment bottlenecks after a prolonged period of policy stagnation.

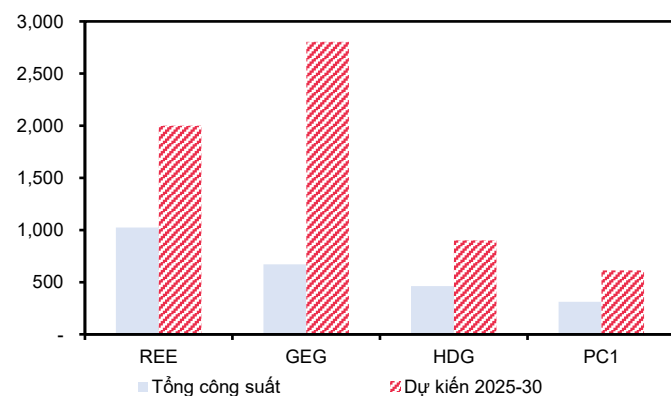
For GEG, the company is currently investing in three new power projects: Ea Tih small hydropower (8.6 MW); VPL2 Ben Tre nearshore wind (30 MW); Duc Hue 2 solar power (49 MW), expected to commence operation during 2026–27. Moreover, in June 2025, GEG announced it had won the bid for the 100 MW Tan Thanh wind project in Tien Giang, with groundbreaking expected by mid-2026 and COD targeted for 2028. GEG is also participating in bids for several projects in Tra Vinh province, totaling approximately 130 MW, while actively preparing a pipeline portfolio with the ambition to scale up its total capacity to 2,500–3,000 MW by 2030. With its strong track record and proven execution capabilities, we remain confident in GEG's ability to maintain a leading position in Vietnam's renewable energy landscape over the coming years.

Figure 13: The new price framework opens opportunities for renewable energy companies after years of policy stagnation.

Unit: US\$/kWh		Region	FIT1	FIT2	Transitional price	2025 price framework (US\$)	2025 price framework (VND)	% versus transitional price
Solar power without BESS	Floating solar	North				6.6	1685.8	<div><div></div></div> 42%
		South central	9.35	7.69	4.6	5.2	1336.1	<div><div></div></div> 13%
		South				4.8	1228.2	<div><div></div></div> 4%
	Solar farm	North				5.4	1382.7	<div><div></div></div> 17%
		South central	9.35	7.09	4.6	4.3	1107.1	<div><div></div></div> -7%
		South				3.9	1012.0	<div><div></div></div> -15%
Solar power with BESS	Floating solar	North				7.3	1876.6	<div><div></div></div> na
		South central	9.35	7.69	4.6	5.8	1487.2	<div><div></div></div> na
		South				5.3	1367.1	<div><div></div></div> na
	Solar farm	North				6.1	1572.0	<div><div></div></div> na
		South central	9.35	7.09	4.6	4.9	1257.1	<div><div></div></div> na
		South				4.5	1149.9	<div><div></div></div> na
Onshore wind	North				7.6	1959.4	<div><div></div></div> 23%	
	South central	8.5		6.2	7.0	1807.4	<div><div></div></div> 14%	
	South				7.2	1840.3	<div><div></div></div> 16%	
Nearshore wind			9.8		7.1	7.7	1987.4	<div><div></div></div> 9%

Sources: MOIT, MBS Research

Figure 14: GEG sets ambitious capacity expansion goals toward 2030, reinforcing its position as a leading renewable energy developer



Sources: GEG, MBS Research

Figure 15: Several localities have opened bidding rounds for RE projects, and GEG is among the few proactive developers

Project	Capacity (MW)	Investment (VNDbn)	List of investors
Quang Tri Win 1	48	1,759	1) Thuan Binh Wind Power JSC (REE); 2) AIT Joint venture; 3) Win Quang Tri - Wind Intl Joint venture; 4) ASM
Quang Tri Win 2	48	1,609	1) Thuan Binh Wind Power JSC (REE); 2) AIT Joint venture; 3) Win Quang Tri - Wind Intl Joint venture
Quang Tri Win 3	48	1,689	1) Nam Binh Wind Power JSC; 2) WinQT-Win Power JVs
Tra Vinh V1-5, 1-6	80	3,864	1) REE; 2) Phuoc Minh-Minhhyang JV; 3) GEG; 4) Tra Vinh 1-Rev 1&2 Joint Venture (Singapore)
Tra Vinh V1-1 phase 2	48	2,546	1) REE + Trung Nam Joint venture; 2) Tra Vinh 1-Rev 2 Joint venture; 3) GEG; 4) Bac Phuong-Vien An Joint Venture
Tra Vinh V1-2 expand	48	2,393	1) Phuoc Minh - Minhhyang Joint venture; 2) TTVN; 3) Tra Vinh 1-Rev 2 Joint venture
Tra Vinh V1-3 phase 2	48	2,257	1) REE; 2) Phuoc Minh - Minhhyang Joint Venture; 3) Tra Vinh Wind Power 1 and Rev2 JV
Dong Hai 3 (V3-3)	48	2,771	1) Phuoc Minh - Minhhyang Joint Venture; 2) Tra Vinh Wind Power 1 and Rev1&2 JV; 3) TTVN

Sources: Company reports, MBS Research

Figure 16: List of GEG's power plant

No	Project	Location	Capacity (MW)	COD year	Operation hour (hour/year)	2024 ASP (VND/kWh)	Investment cost (VNDbn/MW)
<b>Hydropower</b>			<b>89.7</b>			<b>VND/kWh</b>	
1	Ia Drang 2	Gia Lai	1.2	1989	5,416	943	25
2	Ia Drang 1	Gia Lai	0.6	2002	5,500	852	25
3	Ia Drang 3	Gia Lai	1.6	2005	5,800	887	25
4	Ia Meur 3	Gia Lai	1.8	2005	4,333	871	25
5	H'Chan	Gia Lai	12.0	2006	4,700	1,178	14
6	Dak Pi Hao 2	Gia Lai	10.0	2008	4,161	1,238	17
7	Ia Puch 3	Gia Lai	6.6	2009	4,638	973	25
8	H'Mun	Gia Lai	16.2	2010	4,100	1,250	19
9	Da Khai	Lam Dong	8.1	2010	4,568	1,161	25
10	Ayun Thuong	Gia Lai	12.0	2011	4,200	1,285	25
11	Dak Pi Hao 1	Gia Lai	5.0	2014	4,200	1,219	25
12	Thuong Lo	Huế	6.0	2015	3,000	1,350	25
13	Ea Tih*	Dak Lak	8.6	2027*	na	na	na
<b>Solar power</b>			<b>359</b>			<b>UScent/kWh</b>	
1	Phong Dien	Hue	60	2018	1,000	9.35	16
2	Krong Pa	Gia Lai	69	2018	1,493	9.35	20
3	Duc Hue 1	Long An	49	2019	1,490	9.35	20
4	Ham Phu 2	Binh Thuan	49	2019	1,571	9.35	21
5	Truc Son	Dak Nong	44	2019	1,545	9.35	19
6	Rooftop	na	39	2019	1,205	8.38	17
7	Duc Hue 2*	Long An	49	2026*	1,531	3.97*	13*
<b>Wind power</b>			<b>360</b>			<b>UScent/kWh</b>	
1	Ia Bang 1	Gia Lai	50	2021	3,260	8.5	37
2	Tan Phu Dong 2	Tien Giang	50	2021	3,220	9.8	47
3	V.P.L 1	Ben Tre	30	2021	3,067	9.8	46
4	Tan Phu Dong 1	Tien Giang	100	2023	3,070	7.3	47
5	V.P.L 2*	Ben Tre	30	2027*	3,067	7.3*	47*
6	Tan Thanh*	Tien Giang	100	2028*	2,640	na	na

Sources: GEG, MBS Research



## Financial statements

Income statement	2024	2025	2026	2027	Cash flow statement	2024	2025	2026	2027
Net revenue	2,325	2,941	2,801	2,955	Pre-tax profit	182	947	730	791
Cost of sales	(1,252)	(1,340)	(1,335)	(1,411)	Depreciation & amortization	804	860	886	937
Gross profit	1,073	1,602	1,466	1,543	Tax paid	(61)	(89)	(67)	(80)
Gen & admin expenses	(135)	(171)	(163)	(172)	Other adjustments	785	461	555	560
Selling expenses	(0)	(1)	(1)	(0)	Change in working capital	7	(167)	40	(36)
Operating profit	938	1,429	1,303	1,371	<b>Cash flow from operations</b>	<b>913</b>	<b>1,371</b>	<b>1,564</b>	<b>1,555</b>
Operating EBITDA	1,742	2,289	2,189	2,308	Capex	(102)	(50)	(650)	(1,370)
<b>EBIT</b>	<b>938</b>	<b>1,429</b>	<b>1,303</b>	<b>1,371</b>	Proceeds from assets sales	40	-	-	-
Interest income	38	140	28	42	<b>Cash flow from investing activities</b>	<b>12</b>	<b>(675)</b>	<b>(1,278)</b>	<b>(271)</b>
Financial expense	(801)	(630)	(608)	(629)	New share issuance	0	-	-	-
Net other income	2	(0)	1	0	Net borrowings	(906)	(598)	1	(1,066)
Income from associates	5	7	7	7	Other financing cash flow	(8)	-	-	-
<b>Pre-tax profit</b>	<b>182</b>	<b>947</b>	<b>730</b>	<b>791</b>	Dividends paid	(76)	(39)	(39)	(39)
Tax expense	(89)	(89)	(67)	(80)	<b>Cash flow from financing activities</b>	<b>(990)</b>	<b>(600)</b>	<b>(48)</b>	<b>(1,095)</b>
NPAT	92	858	663	710	Cash and equivalents at beginning of period	229	164	260	498
Minority interest	23	(153)	(101)	(120)	Total cash generated	(65)	96	238	189
<b>Net profit</b>	<b>115</b>	<b>705</b>	<b>562</b>	<b>590</b>	<b>Cash and equivalents at the end of period</b>	<b>164</b>	<b>260</b>	<b>498</b>	<b>687</b>
Ordinary dividends	-	(39)	(39)	(39)					
Retained earnings	115	667	524	552					
Balance sheet	2024	2025	2026	2027	Key ratios	2024	2025	2026	2027
Cash and equivalents	164	260	498	687	Net revenue growth	7.5%	26.5%	-4.8%	5.5%
Short term investments	239	310	572	753	EBITDA growth	5.0%	31.4%	-4.4%	5.4%
Accounts receivables	823	1,059	1,002	1,061	EBIT growth	-2.5%	52.5%	-8.9%	5.2%
Inventories	119	123	121	122	Pre-tax profit growth	-6.9%	421.5%	-22.9%	8.3%
Other current assets	36	38	37	38	Net profit growth	-16.3%	514.2%	-20.3%	5.0%
<b>Total current assets</b>	<b>1,382</b>	<b>1,790</b>	<b>2,231</b>	<b>2,660</b>	EPS growth	-16.3%	514.2%	-20.3%	5.0%
Tangible fixed assets	13,209	12,399	12,163	12,596					
Intangible fixed assets	21	21	21	21	Gross profit margin	46.2%	54.4%	52.4%	52.2%
Construction in progress	268	962	1,356	118	EBITDA margin	74.9%	77.8%	78.1%	78.1%
Investments in subsidiaries	-	-	-	-	Net profit margin	4.9%	24.0%	20.1%	20.0%
Investments in associates	174	180	187	194	ROAE	2.0%	11.4%	8.1%	7.8%
Other long-term investments	-	-	-	-	ROAA	0.7%	4.6%	3.6%	3.7%
Other long-term assets	91	99	102	103	ROIC				
<b>Total non-current assets</b>	<b>13,792</b>	<b>13,709</b>	<b>13,869</b>	<b>13,077</b>					
<b>Total assets</b>	<b>15,174</b>	<b>15,499</b>	<b>16,100</b>	<b>15,737</b>	Asset turnover ratio	14.9%	19.2%	17.7%	18.6%
					Dividend payout ratio	0.0%	5.5%	6.9%	6.5%
Short-term borrowings	597	499	1,566	1,535	D/E	163.2%	134.1%	122.5%	98.8%
Trade accounts payable	32	57	57	60	Net debt to total equity	152.5%	121.2%	104.0%	76.9%
Other payables	156	205	185	206	Net debt to asset	57.9%	51.8%	46.7%	38.7%
<b>Total current liabilities</b>	<b>785</b>	<b>762</b>	<b>1,808</b>	<b>1,802</b>	Interest coverage ratio	1.2	2.4	2.2	2.3
Long-term borrowings	8,596	8,096	7,030	5,995					
Other long-term payables	28	20	26	24	Days account receivable	130	131	131	131
<b>Total long-term liabilities</b>	<b>8,624</b>	<b>8,116</b>	<b>7,057</b>	<b>6,019</b>	Days inventory	36	36	36	36
<b>Total liabilities</b>	<b>9,409</b>	<b>8,878</b>	<b>8,865</b>	<b>7,821</b>	Days account payable	16	16	16	16
Common shares	3,583	3,583	3,583	3,583	Current ratio	1.8	2.3	1.2	1.5
Share premium	-	-	-	-	Quick ratio	1.6	2.1	1.1	1.4
Treasury shares	642	642	642	642	Cash ratio	0.5	0.7	0.6	0.8
Undistributed earnings	83	750	1,273	1,825					
Investment and development funds	-	-	-	-					
Foreign exchange differences	-	-	-	-	<b>Valuation</b>				
Shareholders' equity	5,648	6,467	7,091	7,763	EPS (VND/share)	320	1,968	1,569	1,648
Minority interest	1,339	1,492	1,593	1,713	BVPS (VND/share)	15,762	18,049	19,791	21,666
Total shareholders' equity	5,764	6,621	7,235	7,916	P/E (x)	51.0	8.3	10.4	9.9
<b>Total liabilities &amp; equity</b>	<b>15,174</b>	<b>15,499</b>	<b>16,100</b>	<b>15,737</b>	P/B (x)	1.0	0.9	0.8	0.8

Sources: GEG, MBS Research

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## MBS RECOMMENDATION FRAMEWORK

### Stock Ratings

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Add	The stock's total return is expected to reach 15% or higher over the next 12 months
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

### Sector Ratings

Positive	Stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
Neutral	Stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Negative	Stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Founded in May 2000 by the Military Commercial Joint Stock Bank (MB), MB Securities Joint Stock Company (MBS) is one of the first six securities companies in Vietnam. After years of development, MBS has grown into one of the premier brokerage houses in the country. In two consecutive years between 2009 and 2010, MBS leads the brokerage house in terms of market share on both Hanoi Stock Exchange (HNX) and HCMC Stock Exchange (HOSE) and continuously ranked among the Top 5 of market share at both stock exchanges.

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