July, 03rd , 2025

Shinhan Securities



Gia Lai Electricity JSC

[Vietnam / Utilities]

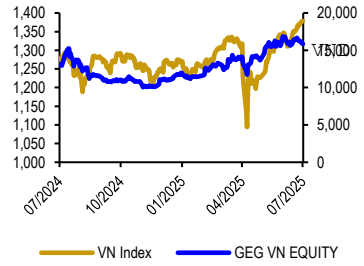
Bloomberg Code (GEG VN) | Reuters Code (GEG.HM)

BUY

Initiation Coverage

Target price (12 months)	**VND 18,300**
Current price (07/03/25)	VND 15,900
Return	15%

VNINDEX			1,382
P/E market			11.1
Market Cap (bn VND)			5,679
Outstanding shares (mn)			358
Free-Floating (mn)			127
52-Wk High/Low (VND)			17,450/10,450
90-day avg. trading volume (mn)			2.0
90-day avg. turnover (bn VND)			37
Foreign ownership (%)			53.53
Major shareholders (%)	TTC		16.79
	Jera		35.1
Performance	**3M**	**6M**	**12M**
Absolute (%)	20.5	35.5	13.6
Relative to VN-Index (%)	8.2	25.3	5.4



Source: Bloomberg

Riding the "green" wave

Initial valuation with a BUY recommendation, target price of VND 18,300

Gia Lai Electricity JSC (HoSE: GEG) operates in the generation and supply of electricity from renewable energy sources such as hydropower, wind power, and solar power. The company has strategic plans and directions to expand its business in alignment with the government's renewable energy development trend in the future. Based on the SOTP and EV/EBITDA methods, we issue a BUY recommendation for GEG with a target price of VND 18,300 per share. GEG's revenue and profit are expected to grow strongly in the coming period thanks to: (1) Benefiting from the renewable energy development orientation aligned with the revised Power Development Plan VIII; (2) Owning a portfolio of power plants with solid competitive advantages; (3) Having a promising renewable energy development pipeline.

Benefiting from the renewable energy development orientation aligned with the revised PDP VIII

GEG is among the leading renewable energy companies with a total capacity of 672 MWp and 21 operational power plants, including: 87 MW of small hydropower, 292 MWp of ground-mounted and rooftop solar, and 230 MW of wind power. According to the implementation plan of PDP VIII, from now to 2030, the government will focus on developing renewable power sources, especially prioritizing onshore and offshore wind power. As a top-tier renewable energy investor, GEG still has significant potential for future development.

GEG owns a "portfolio" of power plants with strong competitive advantages

With extensive experience and high expertise, each type of power source GEG invests in holds strong competitive advantages. Specifically, for hydropower, the plants are all small-scale and enjoy guaranteed selling prices, generating stable cash flows of around VND 300 billion for the company. For solar power, the plants secured FIT pricing mechanisms in time, offering many superior benefits. In wind power, GEG is one of the pioneering leaders in the field; notably, the Tan Phu Dong 1 wind power plant (100 MW) has achieved an official selling price nearly double the average, elevating GEG's profit base from 2025 onward.

Potential renewable energy development plan and pipeline for the future

In the short term, the company is seeking M&A opportunities for small hydropower projects, such as the Ea Tih project (8.6 MW), expected to be commissioned in Q4/2025, and continues progressing with two projects: Duc Hue 2 solar power and V.P.L 2 wind power. By 2030, GEG plans to develop around 3,000 MW of renewable energy projects under the revised PDP8, including various sources such as wind, solar, hydropower, and other types of power generation.

Risks: (1) General risks in the power sector; (2) Weather-related risks; (3) Interest rate and financial structure.

Year to Dec.	2022	2023	2024	2025F	2026F
Net revenue (bn VND)	**2,093**	**2,163**	**2,325**	**3,190**	**2,760**
OP (bn VND)	420	197	180	1,147	854
NP (bn VND)	**371**	**143**	**92**	**572**	**420**
EPS (VND)	880	214	174	767	564
BPS (VND)	13,290	12,749	12,350	12,957	13,150
OPM (%)	20.1	9.1	7.7	36.0	30.9
NPM (%)	17.7	6.6	4.0	17.9	15.2
ROE (%)	6.6	2.5	1.6	9.0	6.2
PER (x)	18	39.1	105.1	23.9	32.4
PBR (x)	1.4	1.2	1.5	1.4	1.4
EV/EBITDA (x)	10.8	9.8	8.3	3.3	3.2

Source: Company data, Shinhan Securities Company

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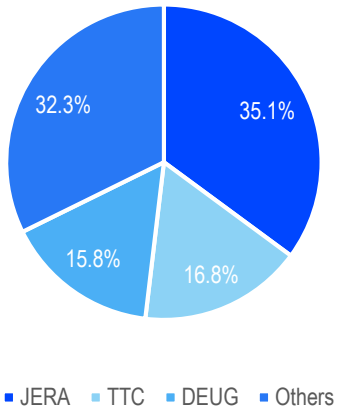
Company overview

1. History of Formation and Development of GEG

GEG is a company primarily engaged in the generation and supply of electricity from renewable energy (RE) sources and has been listed on the Ho Chi Minh City Stock Exchange (HOSE) since September 2019. The company achieved notable milestones in 2024, supplying a total of nearly 1.4 billion kWh of electricity to the national grid, a +9.3% YoY increase.

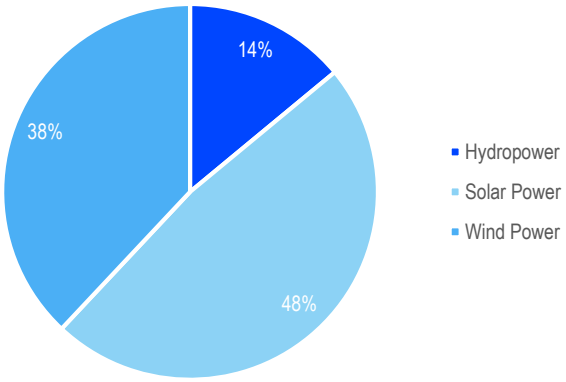
Previously, GEG was a 100% state-owned power producer established in 1989 in Gia Lai Province. However, the company has since transformed into a prominent renewable energy producer, operating a portfolio that includes 12 small hydropower plants, 5 solar farms, 35 rooftop solar systems, and 4 wind farms with a total installed capacity of 672 MW. GEG has also participated in developing transmission infrastructure, public lighting systems, and the installation of electrical equipment and machinery for power plants. Since its transformation into a joint-stock company in September 2010 and official listing on HOSE in September 2019, GEG has experienced robust growth and has been a member of the Thanh Thanh Cong (TTC) Group since 2013.

GEG's shareholder structure



Source: Company data, Shinhan Securities Vietnam, update on 03/31/2025

GEG's Installed Capacity Structure



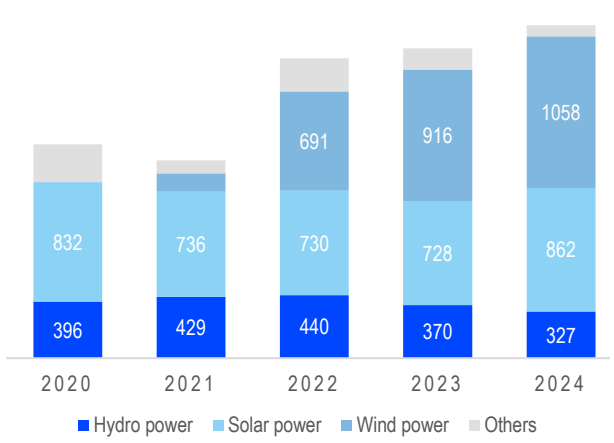
Source: Company data, Shinhan Securities Vietnam, update on 12/31/2024

GEG initially operated in the hydropower sector and began aggressively expanding into solar power in 2018, following the government's policy encouraging solar power development in Vietnam. GEG's solar power plants qualified for the Feed-in Tariff (FIT) mechanism for projects commissioned before December 31, 2020, with a selling price of 9.35 US cents/kWh for ground-mounted systems and 8.38 US cents/kWh for rooftop solar. As a result, the revenue contribution from solar power increased from 9% in 2018 to 57%–59% in the following years and remained stable.

By 2021, the company began focusing on wind power development in line with government direction, utilizing a FIT mechanism similar to that previously applied to solar power. Projects that entered commercial operation before December 2021 were eligible for the FIT scheme, which offered high internal rate of return (IRR). Leveraging its solar power development experience, GEG successfully brought three wind power projects into commercial operation in time to qualify for FIT rates ranging from 8.5 to 9.8 US cents/kWh, contributing to revenue starting in 2021.

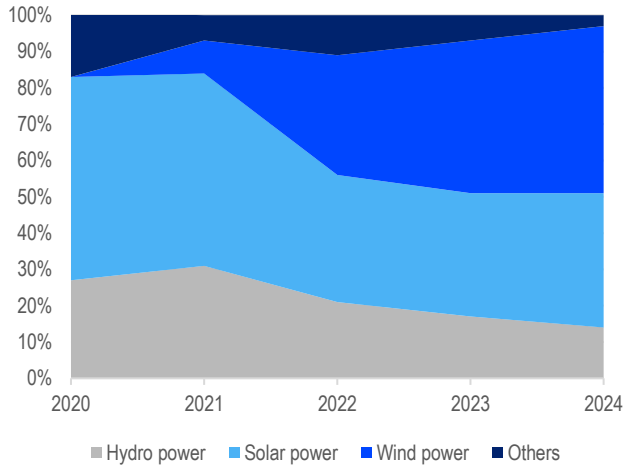
From 2022 onward, wind power revenue surpassed that of hydropower, accounting for 46% of GEG's total revenue in 2024. Meanwhile, the revenue share from solar power and hydropower declined to 37% and 14%, respectively, in 2024.

Revenue structure of GEG (VND bn)



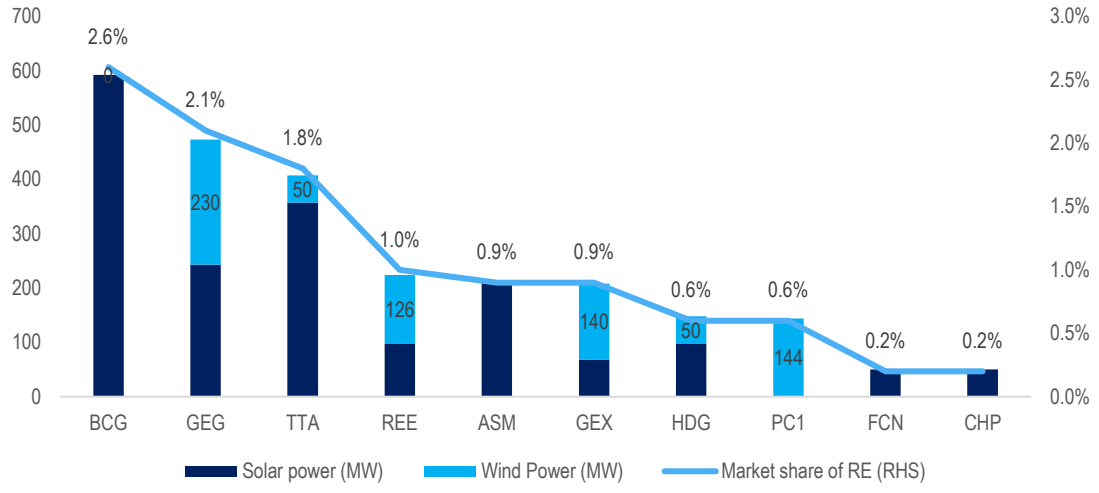
Source: Company data, Shinhan Securities Vietnam

Revenue composition of GEG over the years



Source: Company data, Shinhan Securities Vietnam

Updated renewable energy capacity of listed companies (MW)



Source: Company data, Shinhan Securities Vietnam, updated on 12/31/2024

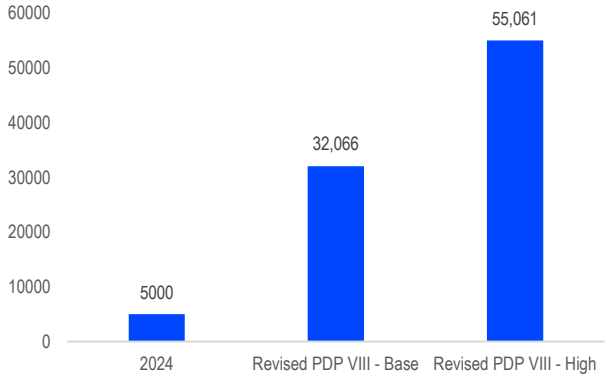
Investment thesis

1. Development orientation aligned with the Revised PDP VIII

The revised Power Development Plan VIII (PDP VIII) was approved on April 15, 2025, and its implementation plan was swiftly ratified in June 2025, with a focus on accelerating the development of renewable energy sources such as wind power, solar power, and other technologies like battery storage, pumped-storage hydropower, biomass power, and flexible power sources. Under the two main scenarios (base and high), the targeted installed capacity for wind and solar power by 2030 is 32,066–55,061 MW and 46,459–73,416 MW, respectively, corresponding to a compound annual growth rate (CAGR) of 41% and 25%.

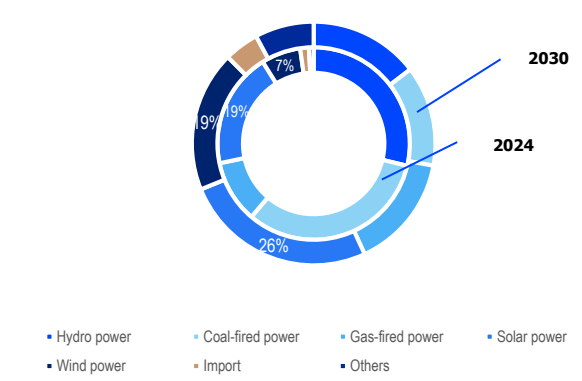
As one of the companies oriented toward renewable energy development, and with plans to deploy multiple renewable power projects in the coming years, GEG is expected to benefit over the medium to long term, with strong revenue and profit growth in the years ahead.

Onshore and offshore wind power capacity in 2024 and 2030 under two scenarios (MW)



Source: Revised PDP VIII, Shinhan Securities Vietnam

Power generation by source from 2024 -2030



Source: Revised PDP VIII, Shinhan Securities Vietnam

Numerous policies have been issued to resolve bottlenecks – notably, Tan Phu Dong 1 Wind Power Plant successfully negotiated a new electricity selling price nearly twice as high as the previous rate.

Following the phase of attractive FIT pricing, many solar and wind power projects were rapidly implemented. However, those that did not commence commercial operations in time to qualify for FIT pricing are now subject to the transitional tariff framework, which came into effect on July 1, 2023. This new tariff is 21%–29% lower than the previous FIT rates, making investments in renewable energy projects less appealing.

We believe that in order to achieve the Net Zero 2050 target, the government must act swiftly to enable the development of these "green" power sources. Recently, we have observed a number of new policies being introduced that lay the foundation not only for more attractive pricing mechanisms but also for resolving various legal and regulatory hurdles, thereby encouraging more investors to participate in green power development.

Notably, GEG's Tan Phu Dong 1 Wind Power Plant became the first project to successfully negotiate a new selling price of VND 1,813/kWh, nearly double the current prevailing rate. **This marks an important step indicating a clear transition in the power industry, reflecting both the government's determination to resolve long-standing challenges and GEG's pioneering role in renewable energy.**

Table: Selected key policies with positive impacts on the renewable energy sector

	Date	Summary	Impacts
Direct Power Purchase Agreement (DPPA) Mechanism	03/07/2024	Regulation on the mechanism for direct electricity purchase between renewable energy generators and large consumers. The DPPA includes two main models: through the power grid or via direct connection lines.	Creates opportunities for renewable power producers to seek customers and negotiate suitable prices, enhancing market competitiveness. A stepping stone for Vietnam's transition toward a competitive retail electricity market.
Circular 07/2024/TT-BCT	12/4/2024	Regulation on the method to determine the base electricity tariff, applicable to both conventional and renewable energy.	Provides guidance for setting base tariffs, covering both traditional and renewable power producers.
Decision 988/QĐ-BCT	4/10/2025	The electricity generation price bracket for ground-mounted solar power has been officially issued.	Provides clarity for investors in planning and decision-making. Encourages investment in utility-scale solar projects.
Decision 599/QĐ-EVN	10/5/2025	EVN sets the average retail electricity price at 2,204.07 VND/kWh (+4.8% compared to the current level, equivalent to the level in October 2024).	Improves EVN's business outlook and creates investment conditions in generation and transmission infrastructure. Supports future issuance of appropriate feed-in tariff (FIT) frameworks.
Decision 1508/QĐ-BCT	05/30/2025	The wind power tariff ceiling framework has been officially issued. For onshore wind power, the maximum tariff rates (excluding VAT) under the 2025 electricity tariff framework are set as follows: 1,959.4 VND/kWh for the Northern region, 1,807.4 VND/kWh for the Central region, and 1,840.3 VND/kWh for the Southern region.	Provides price signals and guidance for project developers. Facilitates investment in wind powe projects

Source: MOIT, EVN, Shinhan Securities Vietnam

2. GEG owns a "portfolio" of power plants with strong competitive advantages

a. Hydropower segment: Small hydropower plants with guaranteed selling prices provide stable cash flows for GEG

GEG operates a total of 12 small hydropower plants with a combined installed capacity of 81 MW, each with a capacity below 30 MW. The plants are primarily located in Gia Lai Province, within the Ba River basin. Due to the region's topography—characterized by short, steep, and narrow terrain—these plants harness high flow velocity for generation rather than using large reservoirs. As a result, their power output is highly dependent on hydrological conditions.

Table: List of GEG's hydropower plants

Year	Power plant	Location	Capacity (MW)	Average output (mn kWh)
1989	Ia Drang 2	Gia Lai	1.2	6.4
2002	Ia Dang 1	Gia Lai	0.6	3.3
2005	Ia Drang 3	Gia Lai	1.6	8.2

2005	Ia Muer 3	Gia Lai	1.8	7.2
2006	H'Chan	Gia Lai	12	59.3
2008	Dak Pi Hao 2	Gia Lai	10	36.8
2009	Ia Puch 3	Gia Lai	6.6	27.1
2010	H'Mun	Gia Lai	16.2	71.2
2010	Da Khai	Lâm Đồng	8.1	55.3
2011	Ayun Thuong	Gia Lai	12	21.4
2014	Dak Pi Hao 1	Gia Lai	5	42.9
2015	Thuong Lo 2	Huế	6	19

Source: Company data, Shinhan Securities Vietnam

In terms of pricing, these are small hydropower plants with capacities under 30 MW, so they are eligible for the avoided cost tariff, which is pre-determined and fixed throughout the year, allowing GEG to achieve higher electricity selling prices compared to many large-scale hydropower plants. Specifically, the average selling price of GEG's hydropower plants over the past five years was VND 1,263/kWh, while other hydropower plants averaged only VND 800–1,200/kWh. Additionally, small hydropower plants are guaranteed by EVN (Vietnam Electricity) to have their entire output purchased and are not required to participate in the competitive generation market, which means they face lower competitive pressure compared to other power sources.

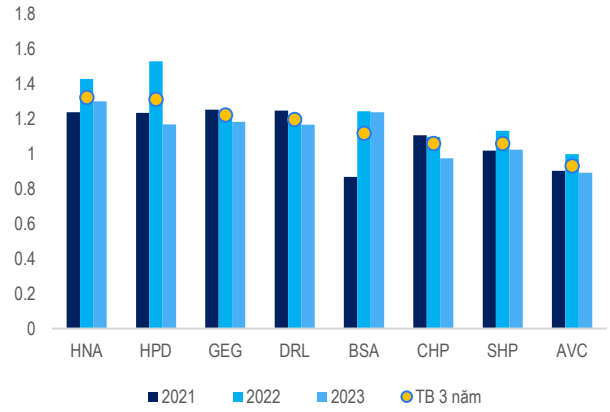
At the AGM 2025, GEG shared that some of GEG's small hydropower plants that have reached the end of their 20-year power purchase agreements will temporarily apply a new selling price of VND 749/kWh (approximately 20% lower than the avoided cost tariff). However, this is only a provisional rate, similar to the case of Tan Phu Dong 1 Wind Power Plant. The company expects to negotiate a higher rate in the future.

Table: Avoidable cost tariffs 2025

	Dry season		**Rainy season**				
	Peak Hours	Normal Hours	Off-Peak Hours	Peak Hours	Normal Hours	Off-Peak Hours	Surplus electricity price
Electricity Price (VND/kWh)							
North	726	726	725	703	704	702	351
Central	729	729	729	707	708	709	353
South	749	749	748	727	727	726	363
Capacity Price (All Regions) (VND/kWh)	1,932						

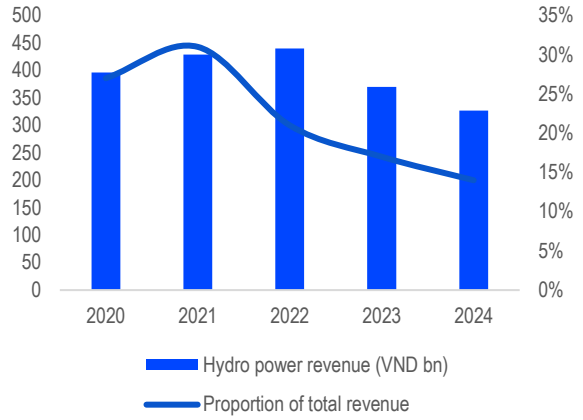
Source: EVN, Shinhan Securities Vietnam

Average hydropower selling price of GEG (thousand



Source: EVN, Shinhan Securities Vietnam

Hydropower revenue and proportion (2020–2024)



Source: Company data, Shinhan Securities Vietnam

The cost structure of hydropower is mainly composed of depreciation and interest expenses. In the coming years, some of GEG's hydropower plants will complete their depreciation period, which will help improve the profitability of this segment. The cash flow from GEG's hydropower operations remains stable at around VND 300 billion per year. However, in the future, GEG plans to reduce the contribution ratio of hydropower as it shifts focus to developing other renewable energy sources such as wind power, hydrogen, and waste-to-energy projects.

b. Solar Power: Investment Efficiency Driven by a Closed Value Chain

Currently, GEG owns 5 solar power plants with a total capacity of 260 MWp and rooftop solar systems with a capacity of 32 MWp. Total revenue from solar in 2024 reached VND 862 billion, accounting for 37% of total revenue. Since entering the solar power sector in 2018, GEG's 5 solar plants have all benefited from the attractive FiT (Feed-in Tariff) rate of 9.35 US cents/kWh for 20 years, with an internal rate of return (IRR) of 13–14%.

GEG's solar plants offer several competitive advantages

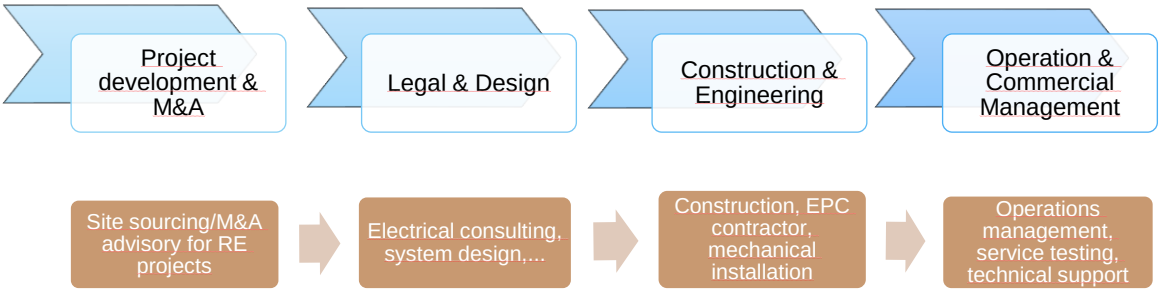
When investing in solar power, two crucial factors to determine performance are investment rate and favorable location. A low investment rate leads to lower depreciation costs—often the largest component in the cost structure. A favorable location helps plants maintain high and stable output.

GEG's solar projects have an investment rate of VND 18–20 billion per MW, while other solar plants typically require around VND 22 billion per MW. Thanks to this low investment rate, GEG's depreciation costs—which account for about 80% of solar power's cost of goods sold—remain low, helping maintain a high gross margin. This advantage is attributed to GEG's closed value chain in the solar segment. Leveraging the experience and expertise of its management team and staff, GEG controls the entire value chain—from site scouting, M&A consulting, to construction and operations management.

In terms of location, GEG's solar power plants are situated in areas with high and stable solar radiation, ranging from 4.6 to 5.3 kWh/m²/day—above Vietnam's national average of 4.6 kWh/m²/day. Notably, the Hàm Phú 2 plant in Bình Thuận and Trúc Sơn plant in Đắk Nông are located in areas with some of the highest radiation levels in the country.

Moreover, during the period of rapid solar power development driven by the government's favorable FiT policy—and given the low entry barriers to the solar market—Vietnam's power grid infrastructure has not kept pace. This has led to grid congestion and overload in some regions like Bình Thuận. However, since GEG has deployed its plants across various locations, the risk of capacity curtailment is low.

Solar power's value chain



Source: Company data, Shinhan Securities Vietnam

Table: GEG's operational solar power plants

	Location	Capacity (MWp)	COD	Total Investment (VND billion)	Investment rate (VND billion/MW)	Irradiance (kWh/m²/day)	Selling Price (Uscent/kWh)	Average Output (mn kWh)
Phong Dien	Hue	48	2018	902	18.8	4.6	9.35	63
Krong Pa	Gia Lai	69	2018	1,301	18.9	5.2	9.35	91
Duc Hue 1	Long An	49	2019	936	19.1	4.9	9.35	64
Ham Phu 2	Binh Thuan	49	2019	979	20.0	5.3	9.35	64
Truc Son	Đak Nong	44	2019	825	18.8	5.1	9.35	59
Rooftop Solar		34	2019	612	18.0	5.2	8.38	42
Total		**292**						**383**

Source: Company data, Shinhan Securities Vietnam

c. Wind Power: One of the leading pioneering enterprises in the wind energy segment

GEG is currently operating 4 wind power projects with a total capacity of 230 MW, of which 3 projects were commissioned before October 2021 and thus are eligible for the FIT* tariff. GEG's wind farms use Vestas V150-4.2 MW turbines, which are suitable for regions with commonly low wind speeds like in Vietnam (6 – 7.5 m/s).

Similar to solar power, wind power is also weather-dependent, but annual generation output generally remains stable.

Table: GEG's Operational Wind Power Plants

	Location	Capacity (MW)	COD	Total investment (VND bn)	Investment rate (VNDbn/MW)	Wind power (m/s)	Selling price (Uscent/kWh)
Tan Phu Dong 2	Tien Giang	50	T10/2021	2,250	45	6.7	9.8
VPL 1	Ben Tre	30	T10/2021	1,320	44	6.8	9.8
Ia bang 1	Gia Lai	50	T10/2021	2,050	41	6.7	8.5
Tan Phu Dong 1	Tien Giang	100	Q2/2023	4,500	45	6.7	1,813 VND/kWh

Source: Source: Company data, Shinhan Securities Vietnam

As of December 2024, GEG has the largest wind power capacity among all listed companies. Some of the key advantages that have helped GEG achieve significant success in wind power include:

1) A leadership team and workforce with deep experience and technical expertise: Benefiting from the fast-tracked development of solar power projects to meet FIT policy deadlines, GEG continued to succeed by bringing three wind farms—Tan Phu Dong 2, VPL 1, and Ia Bang 1—into operation before the final FIT cut-off date for wind power.

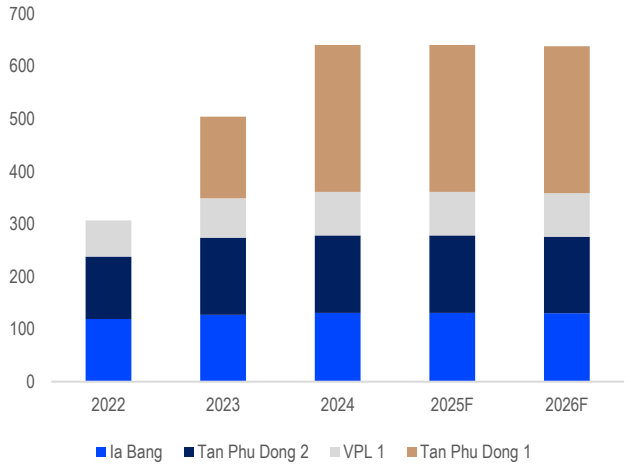
2) Wind power has lower competition compared to solar due to higher entry barriers. Wind farms require significantly higher upfront capital than solar. The investment cost of wind power ranges from VND 40–50 billion/MW, while solar is only about VND 20 billion/MW. Specifically, as each wind turbine typically has a large capacity ranging from 3–5 MW, wind projects usually exceed 30 MW in size, whereas solar farms consist of identical modules with small capacities (100–500W). It's clear that wind power is a much more technically demanding field than solar, so not every company can easily develop projects in this segment.

3) Ability to access low-cost capital: The nature of the energy sector requires substantial capital investment for project development. Most current solar and wind projects carry a debt ratio of around 60%–70%. Wind power projects even require more investment than solar. Therefore, access to low-cost capital (green financing) represents a major competitive edge for any enterprise.

New selling price nearly doubled Tan Phu Dong 1 Wind Power Plant's revenue

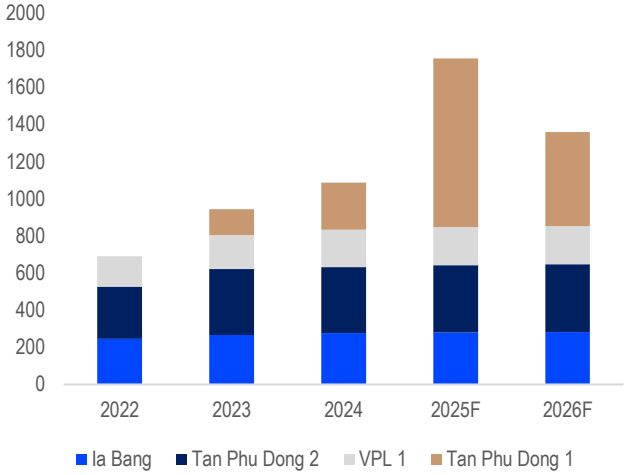
In April 2024, GEG announced an agreement with EVN on the electricity selling price for Tan Phu Dong 1 at VND 1,813/kWh — nearly double the current transitional rate — and received a retroactive payment of nearly VND 400 billion for two years of generation. At this new rate, the plant's annual revenue will increase from about VND 250 billion to over VND 500 billion in coming years, excluding the retroactive amount already recorded in 2025, helping total company revenue rise by more than 10%.

Estimated wind power generation by plant (million kWh)



Sourcen: Company data, Shinhan Securities Vietnam

Estimated wind power revenue by plant (VND billion)



Source: Company data, Shinhan Securities Vietnam

Update Q1/2025 and Forecast 2025F- 2026F

Criteria	Q1/2025	Q1/2024	% YOY	Reasons
Electricity output (million kWh)	**330**	**404**	**-18%**	Mainly due to weaker nearshore wind conditions in early this year compared to the same period last year
Hydropower	32	27	19%	
Solar power	92	101	-9%	
Wind power	206	276	-25%	
Revenue (VND bn)	**1113**	**739**	**51%**	Primarily driven by the wind power segment, with Tan Phu Dong 1 (TPD 1) recording an 83% increase in revenue. Specifically, this came from a VND 400 billion retroactive payment and the official electricity selling price of VND 1,813/kWh (nearly double the previous rate)
Hydropower	61	57	7%	
Solar power	210	224	-6%	
Wind power	822	448	83%	
Others	20	10	100%	
Gross profit (VND bn)	826	418	98%	Mainly due to the retroactive payment, higher official electricity selling price of TPD 1, and a reduction in interest expenses of approximately VND 58 billion
Operating profit (VND bn)	24.5	5.1	380%	
NPAT after MI (VND bn)	**378**	**90**	**320%**	

GEG business forecast for 2025F–2026F

	2022	2023	2024	2025F	2026F

Electricity output (billion kWh)	**1,013**	**1,193**	**1,352**	**1,370**	**1,367**
Wind power	319	509	647	640.9	638.8
Solar power	336	328	389	383	382
Hydropower	358	356	316	346	346
Revenue (VND bn)	**2,093**	**2,163**	**2,325**	**3,190**	**2,760**
Wind power	691	916	1058	1756	1359
Solar power	730	728	862	891	894
Hydropower	440	370	327	394	375
Others	232	149	78	149	132
Gross profit (VND bn)	1,011	1,120	1,073	2,013	1,592
Operating profit (VND bn)	851	961	938	1,758	1,394
NPAT – parent company (VND bn)	316	137	115	507	373
Gross profit (%)					
Gross profit margin	48.3	51.8	46.2	63.1	57.7
Operating profit margin	40.7	44.4	40.3	55.1	50.5
Net profit margin	17.7	6.6	4	17.9	15.2
Growth (%YoY)					
Revenue	*51.6*	*3.3*	*7.5*	*37.2*	*-13.5*
Wind power	457	33	16	66	-23
Solar power	-1	0	18	3	0
Hydropower	3	-16	-12	20	-5
Others	153	-36	-48	91	-11
Operating profit	*30.3*	*12.9*	*-2.4*	*87.4*	*-20.7*
NPAT – parent company	*11.7*	*-56.6*	*-16.1*	*340.9*	*-26.4*

Recommendation and Valuation

Initiate coverage with BUY and Target Price of VND 18,300

We initiate coverage on Gia Lai Electricity JSC with a BUY recommendation and a target price of VND 18,300 per share, equivalent to a 15% upside from the current market price. For long-term investors, GEG is a potential investment for the following reasons:

1) GEG is a leading renewable energy developer aligned with government direction, possessing a development pipeline of around 3,000 MW of capacity (hydropower, wind power, and solar power) by 2030, along with other energy segments.

2) Efficiently operated power plants under the FIT scheme, generating stable cash flows.

Valuation method

We apply a blended valuation method combining EV/EBITDA and SOTP, with respective weightings of 50% and 50% to determine GEG's fair value. Under the SOTP method, we value each individual project using the Discounted Cash Flow (DCF) approach. For the EV/EBITDA method, we collected data from peer companies of comparable size and business model operating in Vietnam and the Asia-Pacific region. The average EV/EBITDA multiple of the peer group (excluding GEG) is 7.32x. Based on an average forward EBITDA of VND 2,496 billion for 2025F–2026F, we arrive at a 12-month target price for GEG of VND 20,025 per share.

Weighted average cost of capital (WACC)	
WACC (%)	**11.0**
Risk-free rate (%)	3.1
Equity risk premium (%)	8.4
Beta	1.3
Cost of debt (%)	10.0
Cost of equity (%)	14.0
Debt-to-equity ratio	1.6
Total debt (VND billion)	9,067

GEG SOTP Model	
Project	**Project value (VND billion)**
Hydropower	**1,874**
Solar power	**5,930**
Phong Dien	956
Krong Pa	1,390
Duc Hue 1	971
Ham Phu 2	974
Truc Son	902

Rooftop	569
Duc Hue 2	168
Wind power	**8,970**
Ia Bang	1,816
Tan Phu Dong 2	2,425
VPL 1	1,361
Tan Phu Dong 1	3,368
Joint venture company	**176**
Total	**16,950**
(-) Debt (VND billion)	9,067
(+) Cash and cash equivalents (VND billion)	175
(-) Minority interest (VND billion)	1,482
(-) Preferred shares (VND billion)	642
Equity value (VND billion)	5,934
Shares outstanding (billion)	0.3583
Target price (VND)	**16,562**

Peer comparison

Ticker	EV/EBITDA	Market cap (mn USD)	EPS Growth	ROE (%)	ROA (%)
GEG VN EQUITY	7.78	224.05	(11.50)	2.53	9.83
HDG VN EQUITY	8.94	365.76	(47.62)	2.01	4.55
POWR IJ Equity	4.13	676.18	(2.04)	4.90	10.26
VSH VN EQUITY	8.54	426.46	(54.64)	8.00	15.18
GEX VN Equity	7.66	1,294.2	491.31	3.18	13.08
Average (Not include GEG)	**7.32**				
EBITDA 25F-26F (VND bn)	2,496				
Equity value (VND bn)	7,169				
Target Price (VND)	**20,025**				

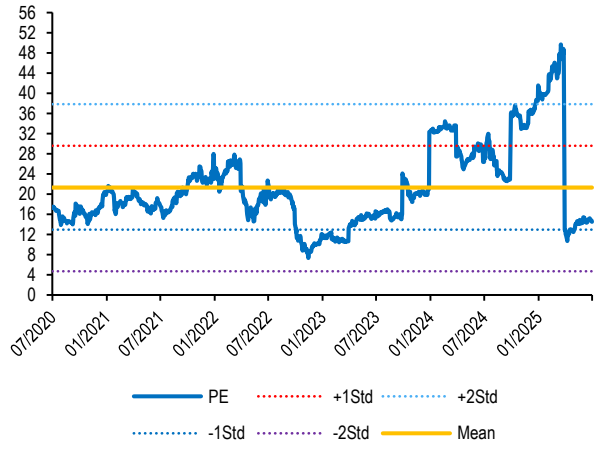
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Summary valuaton

Method	Weight	Target Price (VND)
EV/EBITDA	50%	20,025
SOTP	50%	16,562
Total (round-up)	**100%**	**18,300**

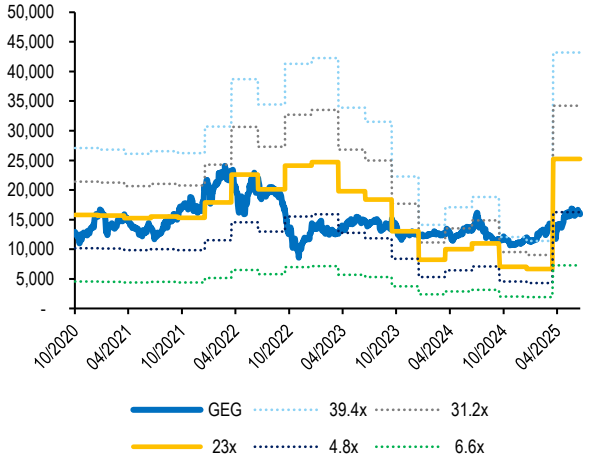
Source: Shinhan Securities Vietnam

PER of GEG



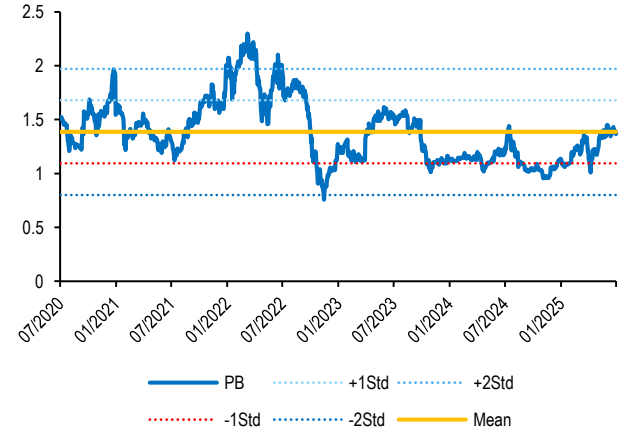
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PER band of GEG



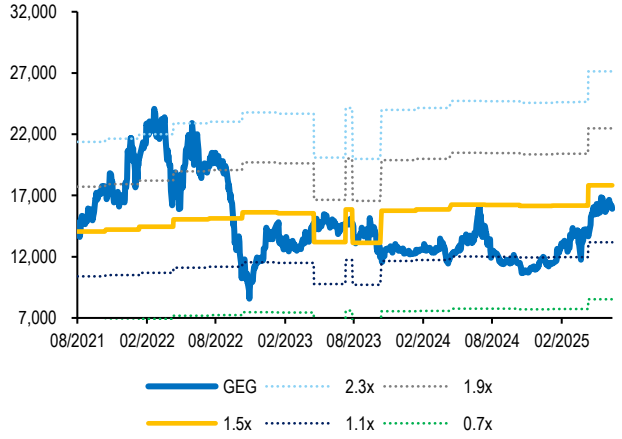
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR of GEG



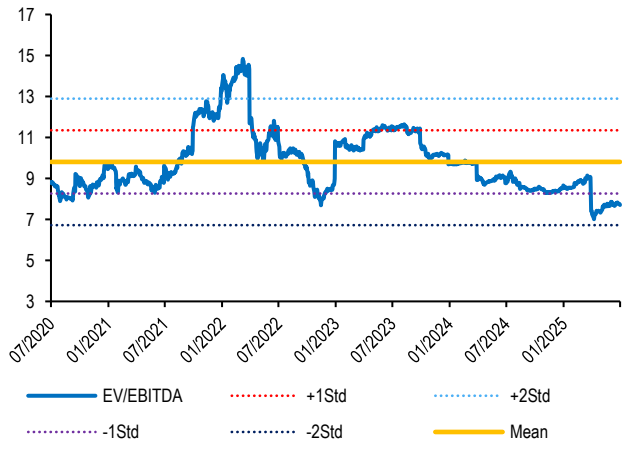
Source: Bloomberg, Company data, Shinhan Securities Vietnam

PBR band of GEG



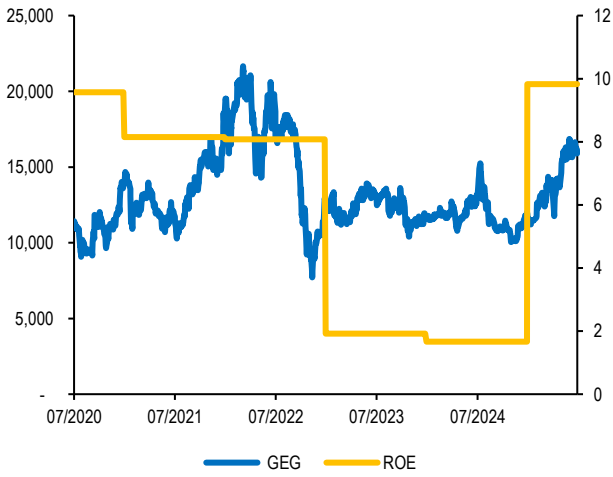
Source: Bloomberg, Company data, Shinhan Securities Vietnam

EV/EBITDA of GEG



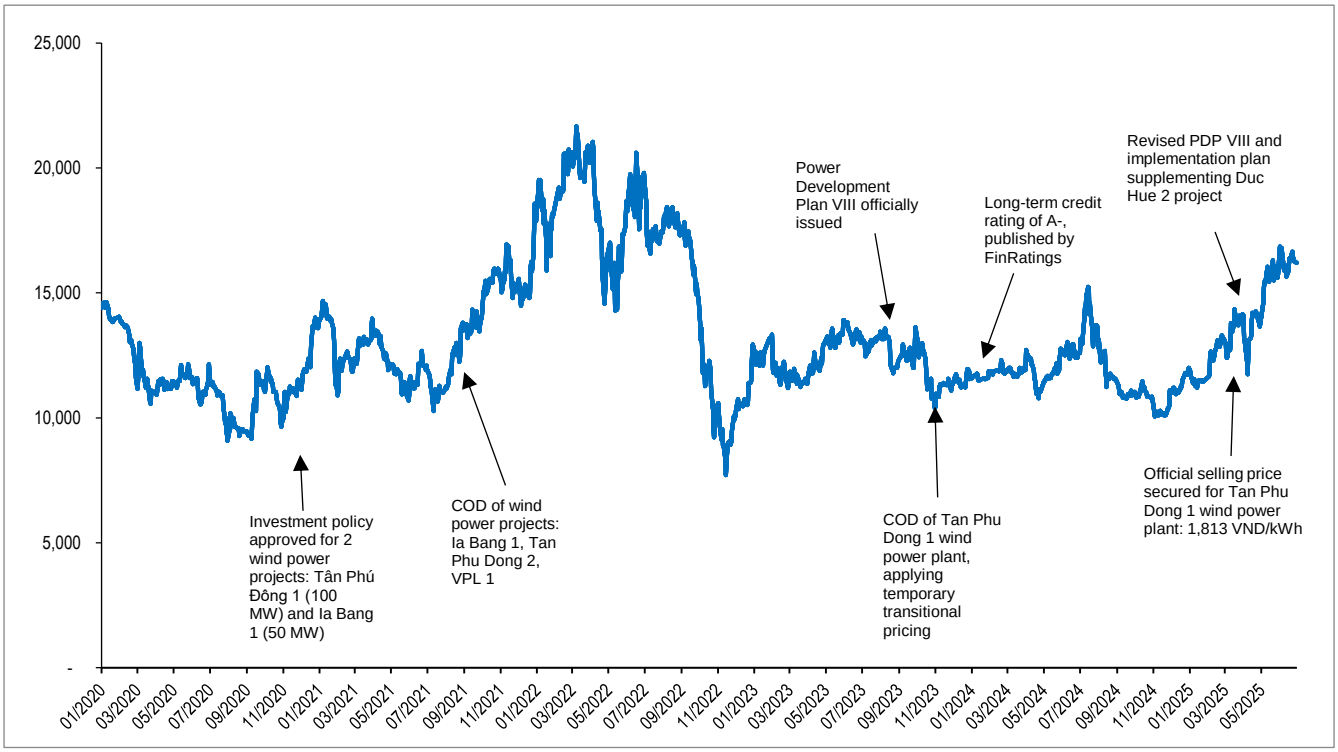
Source: Bloomberg, Company data, Shinhan Securities Vietnam

Correlation of GEG and ROE



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Key events chart of GEG



Source: Bloomberg, Company data, Shinhan Securities Vietnam

Risks

Common Risks in the Power Sector

Although many policies have already been issued, the power sector still requires numerous guiding circulars to enable practical implementation. The delays and lack of such guidance may lead to postponed commissioning of new power sources.

In addition, power plants face risks of violations during the investment and construction phases (with a low probability for GEG's plants), which could impact the electricity selling prices and make new investors more cautious when approaching projects—ultimately contributing to further delays in deploying new power sources.

There is also a risk of low negotiated selling prices for hydropower plants after their power purchase agreements expire.

Adverse Weather Risk

Hydropower plants are prioritized for dispatch when water inflows into reservoirs are abundant due to heavy rainfall. In years influenced by La Niña, these companies typically achieve higher output compared to neutral or El Niño years.

Interest Rate and Financial Balance Risk

Power project development inherently requires substantial capital, especially offshore wind projects, which typically follow a debt-to-equity ratio of 70:30. To reach its target of expanding renewable power capacity by up to 3,000MW, GEG is highly dependent on bank financing, which puts pressure on its debt repayment ability. Nonetheless, GEG has maintained a debt service capacity with an EBIT-to-interest expense ratio of 1.2 by the end of 2024. We expect this ratio to improve significantly to 2.0 starting this year, thanks to the Tan Phu Dong 1 plant securing a higher official selling price.

Appendix: Financial Statements

Statement of financial position

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Total assets	**17,119**	**16,132**	**15,173**	**15,299**	**14,977**
Current assets	2,118	1,458	1,382	1,884	2,213
Cash & equivalents	334	229	164	34	473
Short-term financial asset	491	233	239	479	552
Accounts receivable	750	829	823	1,116	967
Inventories	155	127	119	191	165
Others	389	40	36	64	56
Non-current assets	15,000	14,674	13,792	13,415	12,764
Net fixed assets	9,912	14,019	13,209	12,750	12,106
Long-term incomplete assets	113	168	174	174	174
Others	5,088	655	583	665	658
Total liabilities	**11,489**	**10,365**	**9,409**	**8,974**	**8,232**
Current liabilities	2,071	1,679	785	1,148	1,189
Accounts payable	1,225	75	32	32	28
Short-term borrowings	663	1,415	597	892	968
Others	183	190	155	224	193
Non-current liabilities	9,418	8,686	8,624	7,826	7,043
Long-term borrowings	9,264	8,682	8,596	7,798	7,015
Others	154	4	28	28	28
Total equity	**5,630**	**5,767**	**5,764**	**6,325**	**6,745**
Capital stock	3,861	4,054	4,225	4,440	4,668
Capital surplus	26	21	21	21	21
Other capital	391	275	179	460	605
Retained earnings	292	179	83	357	487
Non-controlling interest equity	1,352	1,417	1,339	1,404	1,451
* Total debt	9,927	10,097	9,193	8,690	7,983
* Net debt (cash)	9,102	9,635	8,790	8,177	6,958

Statement of comprehensive income

Year to Dec. (bn VND)	2022	2023	2024F	2025F	2026F
Net revenue	**2,093**	**2,163**	**2,325**	**3,190**	**2,760**
Growth (%)	*51.6*	*3.3*	*7.5*	*37.2*	*-13.5*
COGS	-1,082	-1,043	-1,252	-1,177	-1,168
Gross profit	**1,011**	**1,120**	**1,073**	**2,013**	**1,592**
GPM (%)	*48.3*	*51.8*	*46.2*	*63.1*	*57.7*
SG&A	(160)	(159)	(135)	(255)	(198)
Operating profit	**851**	**961**	**938**	**1,758**	**1,394**
Growth (%)	*30.3*	*12.9*	*(2.4)*	*87.4*	*(20.7)*
OPM (%)	*40.7*	*44.4*	*40.3*	*55.1*	*50.5*
Non-operating profit	(444)	(767)	(756)	(616)	(539)
Financial income (FI)	214	101	38	99	133
Financial expense (FE)	(657)	(871)	(801)	(715)	(678)
In which: interest expenses	(592)	(842)	(786)	(692)	(653)
Net other non-operating profit	(1)	3	7	0	6
Pre-tax profit	**407**	**194**	**182**	**1,142**	**855**
Income tax	(36)	(52)	(89)	(570)	(435)
Net profit	**371**	**143**	**92**	**572**	**420**
Growth (%)	*14.2*	*(61.5)*	*(35.7)*	*521.7*	*(26.6)*
NPM (%)	*17.7*	*6.6*	*4.0*	*17.9*	*15.2*
Controlling interest	316	137	115	507	373
Non-controlling interest	55	6	(23)	65	47
EBIT	**999**	**1,037**	**968**	**1,834**	**1,508**
Growth (%)	*32.7*	*3.8*	*(6.7)*	*89.5*	*(17.8)*
EBIT Margin (%)	*47.7*	*47.9*	*41.6*	*57.5*	*54.6*
EBITDA	**1,651**	**1,734**	**1,772**	**2,662**	**2,330**
Growth (%)	*41.5*	*5.0*	*2.2*	*50.2*	*(12.5)*
EBITDA margin (%)	*78.9*	*80.2*	*76.2*	*83.4*	*84.4*

Statement of cash flow

Year to Dec. (bn VND)	2022	2023	2024	2025F	2026F
Cash flow from operations	496	1,063	913	971	1,252
Net profit	371	143	92	572	420
D&A expenses	652	697	804	828	822
(Gain)/loss from investing	(227)	(106)	(43)	(104)	(138)
Change in working capital	699	(887)	(63)	(325)	148
Others	(999)	1,216	123	-	-
Cash flow from investments	3,993	195	(990)	(503)	(707)
Change in fixed assets	(4,486)	(261)	118	(450)	(171)
Change in investment assets	(485)	258	(6)	(240)	(73)
Others	8,964	198	(1,102)	187	(463)
Cash flow from financing	**3993**	**195**	**-990**	**-503**	**-707**
Change in equity	1,232	114	-	-	-
Net borrowings	2,761	81	(990)	(503)	(707)
Dividends	-	-	-	-	-
Change in total cash	**84**	**(105)**	**(65)**	**(118)**	**439**
Beginning cash	250	334	229	164	34
Change in FX rates	-	-	-	-	-
Ending cash	334	229	164	46	473

Source: Company data, Shinhan Securities Company

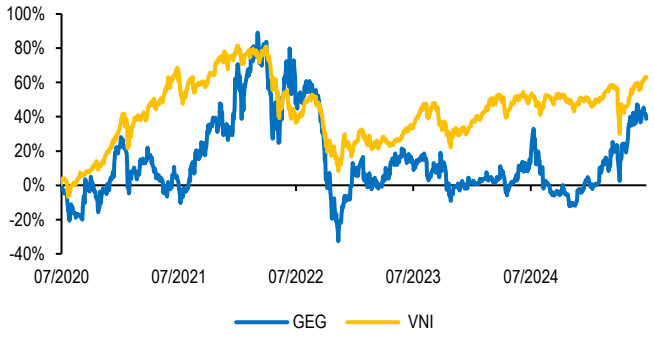
Key ratios

Year to Dec.	2022	2023	2024	2025F	2026F
EPS (VND)	880	214	174	767	564
BPS (VND)	13,290	12,749	12,350	12,957	13,150
PER (x)	14.9	19.7	104.9	23.9	32.4
PBR (x)	1.1	1.1	1.5	1.4	1.4
EV/EBITDA (x)	9.1	8.7	8.5	3.3	3.2
Dividend payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Profitability					
EBITDA margin (%)	78.9	80.2	76.2	83.4	84.4
OPM (%)	40.7	44.4	40.3	55.1	50.5
NPM (%)	17.7	6.6	4.0	17.9	15.2
ROA (%)	2.2	0.9	0.6	3.7	2.8
ROE (%)	6.6	2.5	1.6	9.0	6.2
Stability					
Debt to equity ratio (x)	176.3	175.1	159.5	137.4	118.4
Net debt ratio (x)	551.3	555.7	496.0	307.2	298.6
Cash ratio	39.8	27.5	51.3	44.7	86.2
Interest coverage ratio (x)	1.7	1.2	1.2	2.7	2.3
Activity (%)					
Payable turnover (days)	2.7	3.3	43.5	99.7	92.0
Inventory turnover (days)	7.2	7.4	10.2	7.6	6.6
Receivable turnover (days)	2.8	2.7	2.8	3.3	2.7

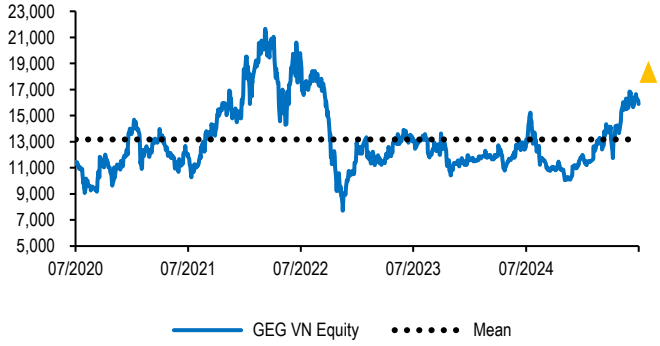
Source: Company data, Shinhan Securities Company

Ha Do Group JSC (HDG VN)

Stock price



Target price



Date	Rating	Target price (VND)	Target price gap (%)	
			Average	Max/ Min
Jul 03RD, 2025 (Initial report)	BUY	18,300	30.4	7.9/45.1

Note: Calculation of target price gap based on past 12 months

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Stock	Sector
◆ **BUY:** Expected 12-month gain of 15% or more ◆ **HOLD:** Expected 12-month loss of 15% to gain of 15% ◆ **SELL:** Expected 12-month loss of 15% or more	◆ **OVERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ **NEUTRAL:** Based on market cap, largest share of sector stocks under coverage is rated HOLD ◆ **UNDERWEIGHT:** Based on market cap, largest share of sector stocks under coverage is rated SELL

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