GIA LAI ELECTRICITY JOINT STOCK COMPANY (HSX: GEG)

Growth potential comes from expanding renewable energy capacity

BUY **+36%**

Market price (VND)	14,350
Target price (VND)	19,600

Using a blended valuation approach combining Sum-of-the-Parts (SOTP) and EV/EBITDA multiple comparison at a 50:50 weighting, we estimate GEG's fair value over the next 12 months at VND 19,600 per share, implying an upside potential of **36%**. Accordingly, we maintain a **BUY** recommendation on GEG.

In 2025F, GEG's key growth driver will come from the adjustment in wind power selling prices. We forecast revenue to reach VND 3,094 billion (+33% YoY) and net profit after tax – minority interest (NPAT-MI) at VND 590 billion (+413% YoY). Earnings growth will be primarily supported by: (1) Tan Phu Dong 1 wind farm receiving an official selling price, twice as high as the provisional rate; (2) one-off income from the price differential settlement of Tan Phu Dong 1; and (3) financial gains from the divestment of Truong Phu hydropower project.

For 2026F, **GEG's power output is expected to remain flat (-1% YoY)**, higher solar output (+8% YoY) but likely be offset by a 10% decline in hydropower generation following the La Niña cycle. As a result, revenue is projected to fall 11% YoY to VND 2.8 trillion, and NPAT-MI to decline 71% YoY to VND 173 billion, mainly due to the absence of non-recurring gains recorded in 2025F.

Capacity expansion with new project development. During 2025–2029F, GEG plans to develop four new power plants, adding a total of 179 MW to its installed capacity — the key driver for long-term revenue growth. To finance these projects, the company is expected to raise approximately VND 4.9 trillion in new borrowings, which will add pressure to financial expenses in the short term.

Overall, we expect 2025–2027 to mark the beginning of a new capacity expansion cycle, supporting both revenue and output growth for GEG. However, net profit margins will likely remain subdued due to higher interest expenses. From 2028 onward, as Tan Thanh Wind Farm comes online, GEG's net margin is expected to improve gradually.

Risks

- *Unexpected changes in power purchase pricing policies could have negative affect the company's profitability.*
- *High leverage level in the short to medium term makes the company vulnerable to interest rate fluctuations.*

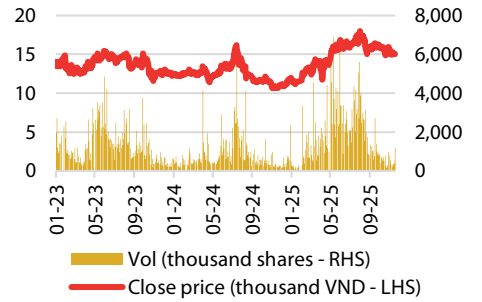
Key financial ratios

(Billion VND)	2022	2023	2024	2025F	2026F	2027F
Revenue	**2,093**	**2,163**	**2,325**	**3,094**	**2,749**	**2,980**
% growth	51.6%	3.4%	7.5%	*33.1%*	*-11.2%*	*8.4%*
EBITDA	1,440	1,633	1,730	2,271	1,940	2,146
NPAT-MI	**316**	**137**	**115**	**590**	**173**	**237**
% growth	11.6%	-56.5%	-16.3%	413.4%	-70.7%	37.4%
ROA (%)	15.1%	6.3%	4.9%	19.1%	6.3%	8.0%
ROE (%)	1.8%	0.9%	0.8%	3.6%	1.1%	1.3%
Basic EPS (VND)	5.6%	2.4%	2.0%	9.7%	3.0%	3.9%
BVPS (VND)	17,487	16,901	16,088	16,994	16,183	17,048
Cash dividend	177	247	213	134	689	202
P/E (x)	21.3	37.5	40.1	7.3	34.2	29.7
P/B (x)	1.2	0.9	0.8	0.7	1.0	1.2

Sources: GEG, RongViet Securities. Based on the closing price on November 26th, 2025.

Stock Info

Sector	Energy Ultilities
Market Cap (VND mn)	5,393
Current Shares O/S (mn shares)	358
3M Avg. Volume (K)	657
3M Avg. Trading Value (VND Bn)	10
Remaining foreign room (%)	4,36
52-week range ('000 VND)	10,700 – 18,000



Performance (%)

	3M	1Y	2Y
GEG	-2.3	40.7	19.3
VN30 Index	2.6	50.7	71.9
VN-Index	-0.7	37.4	50.4

Shareholders structure (%)

Jera Asia Vietnam Holding	35.1
Thanh Thanh Cong Investment JSC	16.8
Thanh Thanh Cong – Ben Tre JSC	11
Remaining foreign investor ownership limit (%)	37.1

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VALUATION

LONG-TERM VALUATION USING SOTP METHOD

We apply the Sum-of-the-Parts (SoTP) approach to value GEG's shares. Under this method, the company's net asset value is aggregated from GEG's ownership stakes in its operating power plants, cash flows, financial investments, and debt. Each plant is valued using a 10-year DCF projection*, applying a discount rate (GEG's WACC) of 10.7% and an exit EV/EBITDA multiple of 7.7x.

Table 1: Fair value estimated using the SoTP method

Project	Valuation Method	Discount Rate (WACC)	NPV	Ownership (%)	Equity Value
H'Chan	DCF	14.4%	175	63%	110
H'Mun	DCF	14.4%	317	63%	198
Other Factories	DCF	14.4%	19	100%	19
Ea-tih	DCF	14.4%	1,865	100%	1,865
Hydropower Group					**2,192**
Phong Dien	DCF	14.4%	1,087	100%	1,087
Krong Pa	DCF	14.4%	1,540	100%	1,540
Duc Hue 1	DCF	14.4%	1,183	100%	1,181
Ham Phu 2	DCF	14.4%	1,080	63%	675
Truc Son	DCF	14.4%	1,028	100%	1,028
Attic	DCF	14.4%	738	100%	738
Duc Hue 2	DCF	14.4%	79	100%	79
Solar Power Group					**6,328**
Ia Bang	DCF	14.4%	2,193	85%	1,858
VPL1	DCF	14.4%	1,408	89%	1,251
Tan Phu Dong 2	DCF	14.4%	2,231	55%	1,225
Tan Phu Dong 1	DCF	14.4%	4,150	55%	2,279
VPL2	DCF	14.4%	269	89%	239
Tan Thanh	DCF	14.4%	817	96%	786
Wind Power Group					**7,638**
Enterprise Value					**16,158**
(+) Cash & cash equivalents at valuation date					532
(-) Debt					9,185
Equity Value					**7,485**
Outstanding shares (mn shares)					358
Equity Value per Share (VND)					**21,890**

Sources: GEG, RongViet Securities estimates

(*): We apply a 15-year forecast horizon for the Ea-tih, Duc Hue 2, VPL2, and Tan Thanh projects to better capture the long-term value of these plants.

SHORT-TERM VALUATION USING EV/EBITDA MULTIPLES

We apply the EV/EBITDA comparable approach to estimate the fair value of GEG shares as shown in the table below.

Table 2: Estimated target price of GEG based on EV/EBITDA method

			EV/EBITDA				
			5.7	6.7	7.7	8.7	9.7
EBITDA	2025	2,271	11,446	17,786	24,125	30,464	36,803
	2026	1,940	6,738	12,153	17,568	22,984	28,399
Valuation			7,379	12,920	**18,461**	24,002	29,543

Sources: RongViet Securities.

Combining the two methods with a 50:50 weighting, we arrive at a one-year target price for GEG of VND 19,600/share, implying a forward EV/EBITDA for 2025 of 7.7x. This valuation suggests an expected return of 30% relative to the closing price on November 26th , 2025.

Table 3: GEG Consolidated Valuation

Method	Weight	Target Price (VND/share)
SOTP (10-year DCF, WACC: 14.3%, Exit EV/EBITDA: 7.7x)	50%	9,200
EV/EBITDA (7.7x, blended 2025F–2026F EBITDA)	50%	10,400
Total	**100%**	**19,600**

Sources: RongViet Securities.

We would like to note that our analysis is based on the assumption that GEG's new power plant projects will be implemented on schedule with total investment equal to the Company's announced figures. If this key assumption deviates from our expectations, GEG's operating performance could be materially affected in the medium to long term.

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FINANCIAL ANALYSIS

Gia Lai Electricity JSC (GEG: HSX) is a company specializing in power generation and electricity trading, operating a portfolio of hydro, solar, and wind power plants. GEG is part of the Thanh Thanh Cong Group ecosystem, with an estimated 39.4% ownership through affiliated companies. As one of Vietnam's leading renewable energy players, GEG has attracted investment from major international institutions, including JERA Asia and Germany's Investment Group.

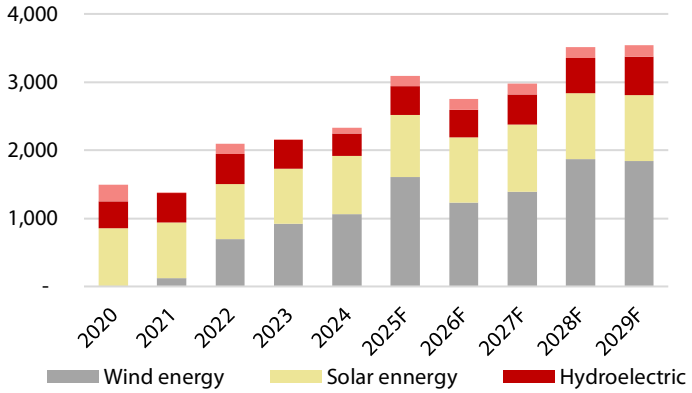
Revenue

We forecast GEG's revenue to rise from VND 2,325 billion in 2024 to VND 3,553 billion in 2029F, equivalent to a 5-year CAGR of 8.9% for 2025F–2029F, driven primarily by new power plants under development.

Specifically, **during the 2025F–2029F period**, GEG plans to add 179 MW of capacity, raising total installed capacity from 1,351 MW to 1,640 MW. Key projects include Duc Hue 2 solar farm (49 MW), Ea-Tih hydropower plant (8.6 MW), VPL Ben Tre 2 wind farm (30 MW), and Tan Thanh wind farm (100 MW). Once completed, GEG's electricity output is expected to increase from 1.3 billion kWh in 2024 to 1.7 billion kWh in 2029F, corresponding to a 5-year CAGR of 4.7% during 2025–2029F.

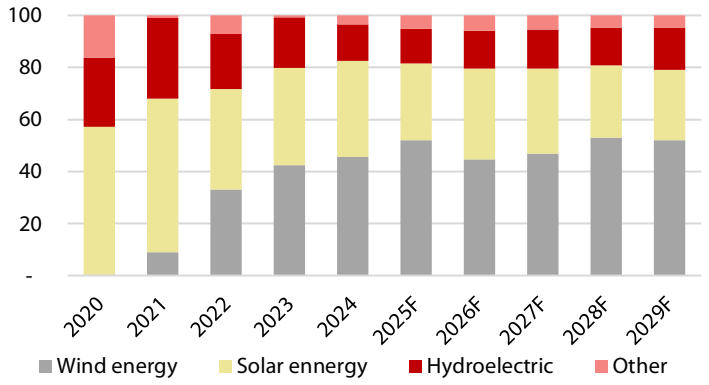
For 2025F, we project revenue of VND 3,094 billion, up 33% YoY. The growth drivers include: (1) Tan Phu Dong 1 (TPD1) wind farm receiving an official feed-in tariff, double the provisional price; (2) one-off income from the difference between the provisional and official tariff of TPD1; and (3) hydropower revenue expected to increase 28% YoY due to favorable hydrological conditions brought by the La Niña weather cycle.

Figure 1: GEG Net Revenue (VND bn)



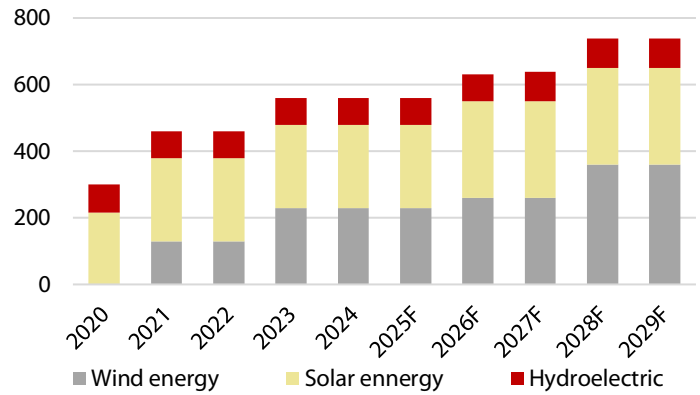
Sources: GEG, RongViet Securities estimates.

Figure 2: Revenue contribution by GEG segment (%)



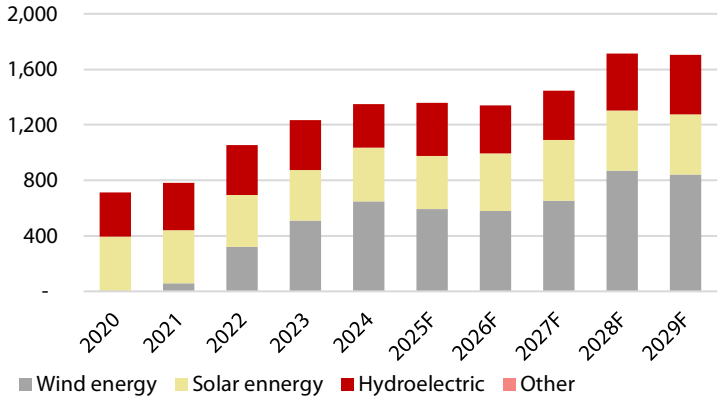
Sources: GEG, RongViet Securities estimates.

Figure 3: GEG Installed Capacity (MW)



Sources: GEG, RongViet Securities estimates.

Figure 4: GEG Annual Electricity Generation (mn kWh)



Sources: GEG, RongViet Securities estimates.

In 2026F, GEG's electricity output is expected to remain largely flat (-1% YoY), as an 8% YoY increase in solar output following the commercial operation of Duc Hue 2 could be offset by a 10% YoY decline in

hydropower after the La Niña cycle. Revenue is projected to fall 10% YoY to VND 2.75 trillion, due to the absence of one-off gains like those in 2025F, resulting in net profit attributable to shareholders (NPAT) of VND 176 billion (-71% YoY).

a) Wind Power Segment

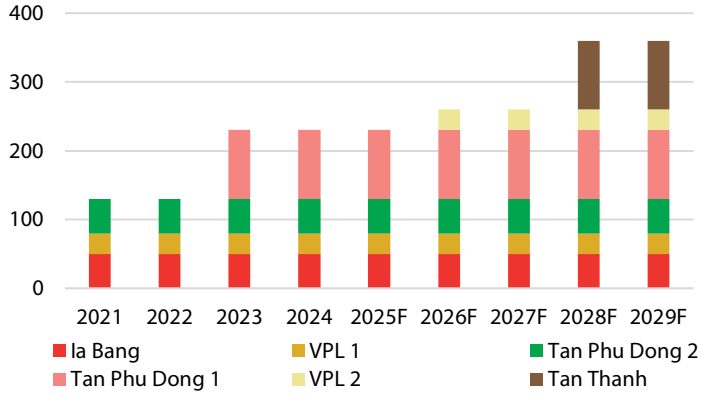
Wind power is a relatively new segment for GEG but has rapidly become a core part of the Company's business mix. GEG only commissioned its first wind farm in 2021; by 2024, wind power accounted for 43% of total installed capacity, contributing 48% of total generation and 45% of revenue.

By the end of 2024, GEG was operating four wind farms with a total capacity of 230 MW: Ia Bang (50 MW), VPL Ben Tre 1 (30 MW), Tan Phu Dong 2 (TPD2, 50 MW), and TPD1 (100 MW). The Company plans further expansion with the VPL2 (30 MW) and Tan Thanh (100 MW) projects. From 2028, once all projects are fully operational, total wind generation is expected to reach approximately 860 million kWh/year, corresponding to around VND 2 trillion in revenue, or nearly 60% of GEG's total revenue.

2021–2024: This period marked the initial commercial operations of GEG's wind farms. Ia Bang, VPL1, and TPD2 began commercial operations (COD) at the end of 2021, while TPD1 started in 2023. With new plants coming online consecutively, wind generation grew rapidly, posting a CAGR of 82%/year and reaching 646 million kWh in 2024. Ia Bang, VPL1, and TPD2 benefit from the preferential FIT1 tariff of 9.8 US cents/kWh (equivalent to VND 2,223/kWh, **APPENDIX 3**). Beyond the preferential tariff, EVN guarantees full off-take of all output from these plants, subject to system dispatch schedules.

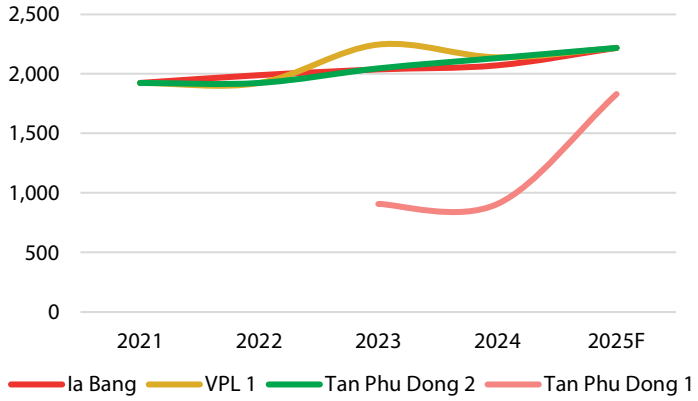
For TPD1, which began operations in 2023 during the transition from the FIT mechanism to the new pricing scheme, electricity was initially sold at a provisional rate of approximately VND 908/kWh (*), roughly half of the transitional tariff, as the plant had not yet finalized its power purchase agreement (PPA) with EVN. In Q1/2025, TPD1 signed its PPA at the official rate of VND 1,816/kWh. The revenue difference between the official and provisional rates has been recognized as additional wind segment revenue during the period. Under this PPA, 100% of TPD1's output is committed to off-take, ensuring guaranteed sales.

Figure 5: Installed capacity of GEG's Wind power segment (MW)



Sources: GEG, RongViet Securities estimates.

Figure 6: Electricity tariffs (VND/kWh) of GEG's Wind farms



Sources: GEG, RongViet Securities estimates.

(*): This is the estimated selling price by the analyst; the official provisional tariff has not been disclosed by GEG.

In 2025F, we project GEG's wind power output to reach 594 million kWh (-8% YoY), impacted by the La Niña cycle which reduced wind speeds compared to the high levels in 2024. Despite the decline in output, wind power revenue is expected to rise sharply to VND 1,607 billion (+52% YoY), driven by (1) the official selling price of TPD1 being twice the provisional price, significantly boosting revenue, and (2) one-off income from the difference between the provisional and official tariff for TPD1, paid during the year. Excluding the one-off income from TPD1, we estimate wind power revenue would still reach around VND 1,217 billion (+15% YoY), supported by the higher official tariff.

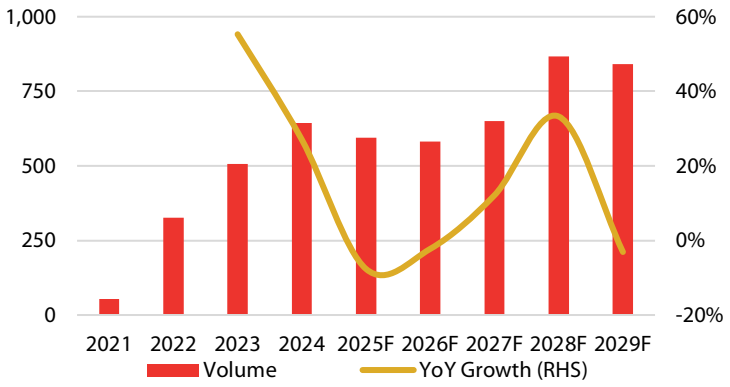
In 2026F: The segment's revenue is projected to decline 24% YoY, as it could no longer benefit from one-off income items, similar to 2025F.

For 2025F–2029F, we expect the wind segment to remain the largest contributor to GEG's total output and revenue, with a projected CAGR of 12% for revenue over this period. This growth might be driven by new wind projects expected to enter commercial operation:

- **VPL 2 Ben Tre Wind Farm (30 MW):** According to the Company, the project is currently underway and is expected to commence commercial operation in 2026. The plant will share transmission infrastructure with VPL1, reducing grid connection time and saving on transmission investment. Once completed, VPL2 is expected to add approximately 91 million kWh/year.
- **Tan Thanh Wind Farm (100 MW):** In June 2025, the project received investment approval and is expected to start construction in September 2026, with commercial operation planned for July 2028. Located in Dong Thap province, it will share the site and transmission infrastructure with TPD2 and TPD1, optimizing investment costs and reducing grid connection time. Upon completion, Tan Thanh is expected to contribute an additional 302 million kWh/year, significantly increasing GEG's total wind power output.

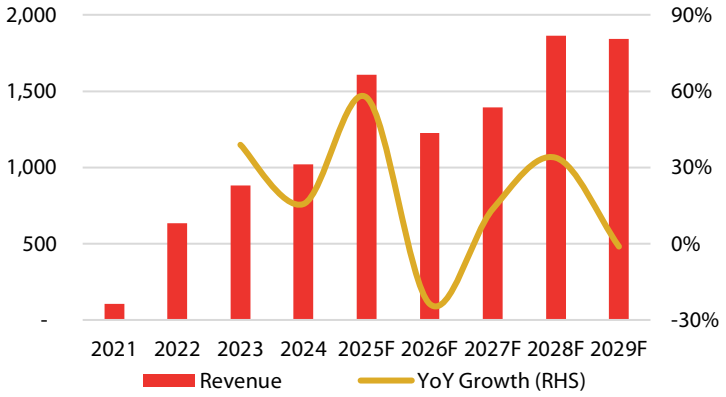
Although VPL2 and Tan Thanh have not yet negotiated PPAs or secured off-take agreements, we believe the plants' output could remain high (efficiency above 90%) due to (1) the increasing share of renewable energy in national electricity consumption expected in 2025–2035 under the Revised Power Development Plan VIII (**APPENDIX 1**), and (2) a high likelihood of signing direct power purchase agreements with private customers, ensuring full utilization of produced output (**APPENDIX 4**).

Figure 7: Electricity generation of the wind segment (mn kWh) and YoY growth rate (%)



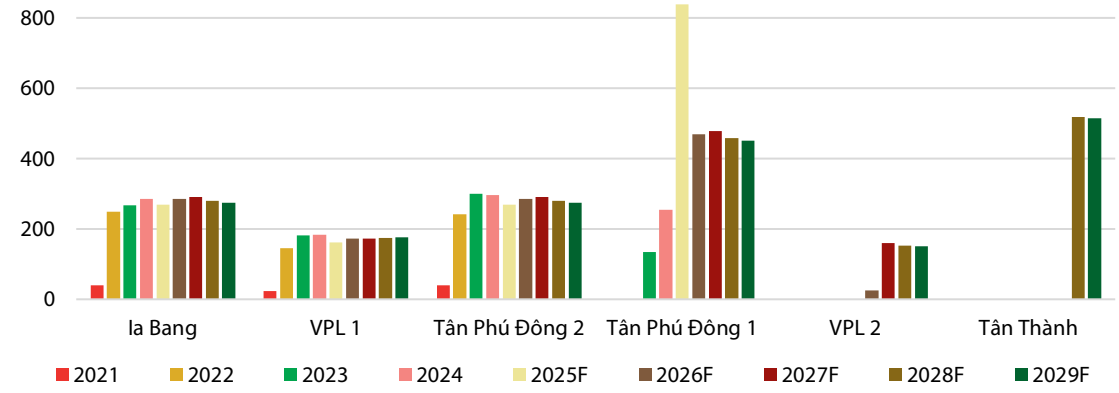
Sources: GEG, RongViet Securities estimates.

Figure 8: Revenue from the wind segment (VND bn) and YoY growth rate (%)



Sources: GEG, RongViet Securities estimates.

Figure 9: Forecasted revenue from GEG's wind power plants (VND bn)



Sources: GEG, GHC, RongViet Securities estimates.

b) Solar Power Segment

The solar power (SP) segment is currently GEG's second-largest generation segment, with a total installed capacity of 298 MWp (equivalent to 249 MW*), accounting for 44% of the Company's total capacity. Although the installed capacity is comparable to the wind segment, in 2024, solar output accounted for only 29% of total generation, significantly lower than wind's 48%. The operational efficiency of solar plants reached only around 18% of capacity, compared with 34% for wind.

GEG currently operates five utility-scale solar farms: Phong Dieu (48 MWp), Krong Pa (69 MWp), Duc Hue 1 (49 MWp), Ham Phu 2 (49 MWp), and Truc Son (44 MWp), along with multiple rooftop solar systems totaling 32 MWp. These projects were commissioned between 2018 and 2019, allowing most of the output to be sold at preferential tariffs under the FIT1 and FIT2 schemes (**APPENDIX 3**).

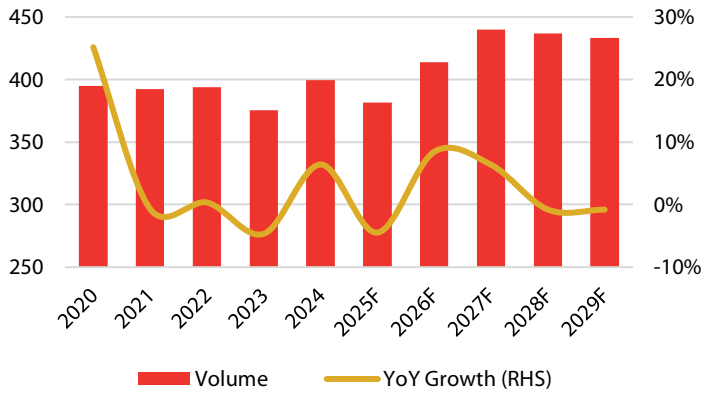
The FIT policy was introduced to promote development and the addition of new renewable capacity. In addition to a tariff designed to ensure investor profitability**, EVN also commits to purchasing the full output of solar plants benefiting from FIT rates.**

During 2020–2024, the solar segment produced an average of approximately 381 million kWh/year, generating average revenue of VND 830 billion/year. Its revenue contribution decreased from 57% in 2020 to 37% in 2024 (a 20 pps drop), highlighting the rapid rise of wind power in GEG's business mix.

2025F–2029F: We expect the solar power segment's output and revenue to grow at a CAGR of around 2.1% per year, mainly driven by the commissioning of the Duc Hue 2 plant in Q2/2026, which will add 49 MWp to the solar portfolio, bringing total installed capacity to 347 MWp. According to management, the project will sell power directly to FDI corporate buyers under a Direct Power Purchase Agreement (DPPA, **APPENDIX 4**) instead of selling to the national grid. GEG also plans to install a Battery Energy Storage System (BESS) for the project, which has pushed the selling price close to the price cap for solar projects with storage (~1,130 VND/kWh or roughly 4 US cents/kWh). These adjustments have raised the project's total investment capital to approximately VND 758 billion.

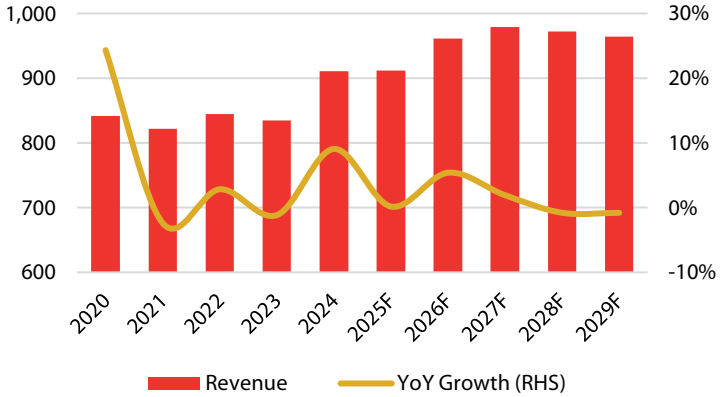
2025F–2026F outlook: We projects the segment's revenue to remain flat in 2025F (+0.2% YoY) at VND 912 billion, with a slight drop in output due to the La Niña weather phase. In 2026F, once Duc Hue 2 becomes operational in Q2/2026, output is expected to increase by 8% YoY, while revenue is projected to grow by 5% YoY.

Figure 10: Electricity output of the solar power segment (mn kWh) and YoY growth (%)



Sources: GEG, RongViet Securities estimates.

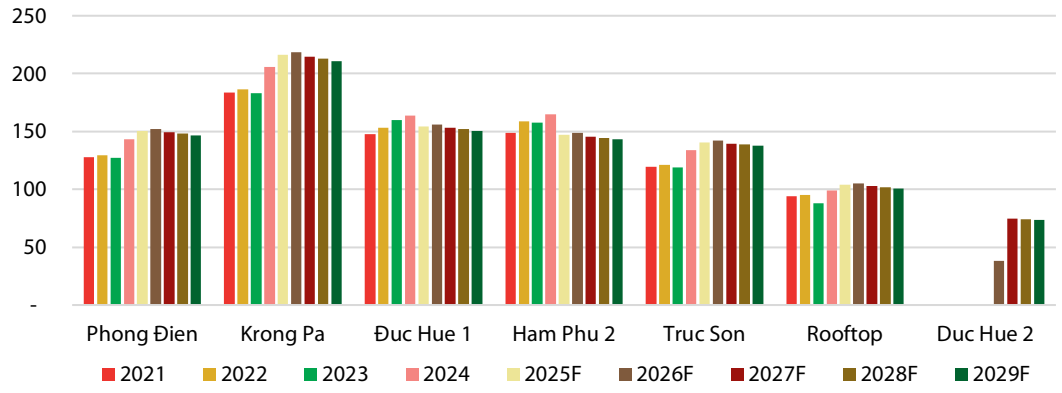
Figure 11: Revenue from the solar power segment (VND bn) and YoY growth (%)



Sources: GEG, RongViet Securities estimates.

(*): Solar plants report installed capacity at peak output (MWp). For ease of comparison, we convert the installed capacity into MW using a factor of 1 MW = 1.2 MWp.

Figure 12: Forecasted revenue from GEG's solar power plants (VND bn)



Sources: GEG, GHC RongViet Securities estimates.

c) Hydropower segment

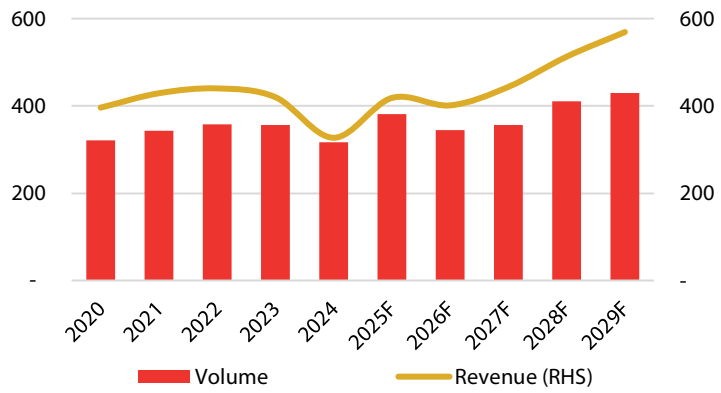
Hydropower remains GEG's traditional generation segment but represents the smallest share of the Company's portfolio, with a total installed capacity of 81.1 MW, equivalent to 14.6% of the Company's total generation capacity. The hydropower portfolio consists of 12 small-to-medium plants, mainly located in Gia Lai province and the central region of Vietnam.

2020–2024: On average, the hydropower segment contributed 339 million kWh per year, generating average revenue of VND 402 billion. In 2024, hydropower accounted for 14% of the Company's total revenue. Unlike the solar and wind segments, hydropower output is highly dependent on hydrological conditions such as rainfall and reservoir water levels. In 2024, due to the El-Nino weather cycle reducing rainfall, GEG's hydropower output fell by 11%. Coupled with a 12% YoY decline in the segment's average selling price due to adjustments in the alpha increase rate*, this led to an 11% YoY decrease in hydropower revenue.

2025F–2029F: We forecast the hydropower segment to generate an average output of 385 million kWh per year and revenue of VND 469 billion per year (up 13.5%/16% versus the 2020–2024 average). This growth is primarily driven by the Ea-Tih plant (8.6 MW), scheduled to begin operations in 2027F, which will add 34 million kWh to the segment's average output (a 9% increase versus the previous period).

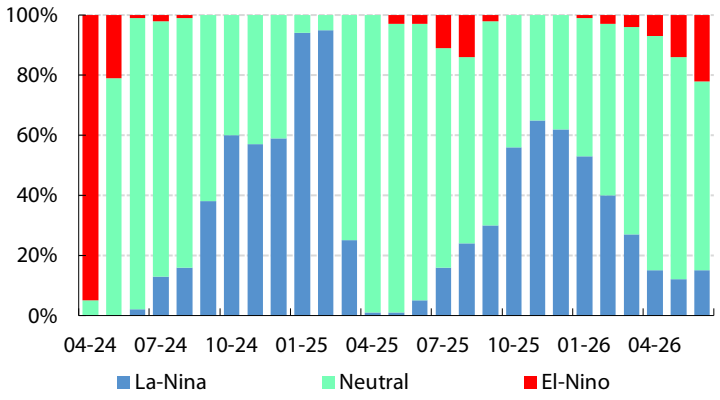
For 2025F: We project hydropower output and revenue at 381 million kWh (+21% YoY) and VND 418 billion (+28% YoY), respectively. The increase is supported by favorable hydrological conditions as the ENSO cycle transitions from the El-Nino phase to a neutral phase, boosting rainfall and reservoir inflows.

Figure 13: Hydropower segment – Generation (mn kWh) and revenue (VND bn)



Sources: GEG, RongViet Securities estimates.

Figure 14: ENSO Weather Cycle



Sources: IRI, RongViet Securities estimates.
Note: Data updated as of October 2025.

(*): The alpha ratio is defined as the proportion of electricity sold under the contract (Qc) to actual electricity generated (Qm), with the alpha ratio set annually by the Ministry of Industry and Trade. Qc includes production costs plus a certain profit margin. Since hydropower plants have low production costs, their Qc price is usually lower than Qm price. From 2024, the alpha ratio for hydropower plants has been set at 98%.

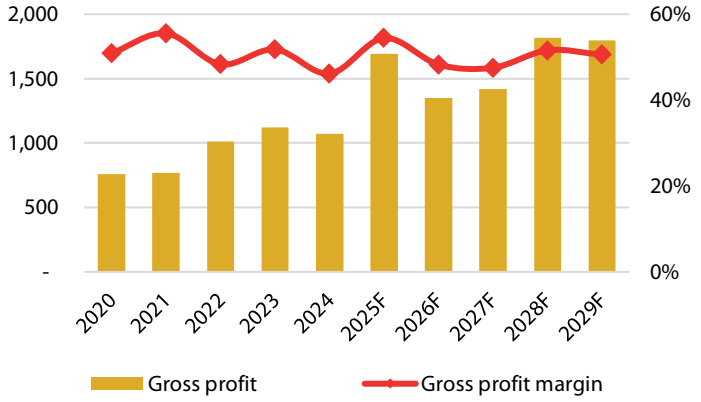
PROFITABILITY

Although GEG's gross profit is expected to remain high during 2025F–2029F, we expect net profit attributable to parent shareholders (NPAT) to face significant pressure from interest expenses and selling & administrative costs. These factors could materially compress NPAT margins, particularly during peak investment periods for capacity expansion.

a) Gross profit:

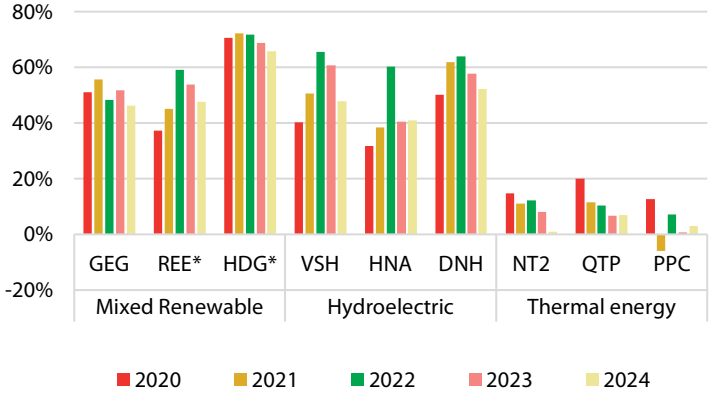
During 2020–2024, GEG's gross profit margin (GPM) ranged between 46–56%, with an average margin of around 51%. This high GPM reflects the characteristics of renewable energy (RE) projects, which do not incur fuel costs, with production costs mainly stemming from fixed expenses such as depreciation, operations, and maintenance. This profitability pattern is also observed among other companies operating RE plants in Vietnam.

Figure 15: GEG's gross profit (VND bn) and projected gross profit margin (%)



Sources: GEG, RongViet Securities estimates.

Figure 16: Comparison of GEG's gross profit margin (%) with peers



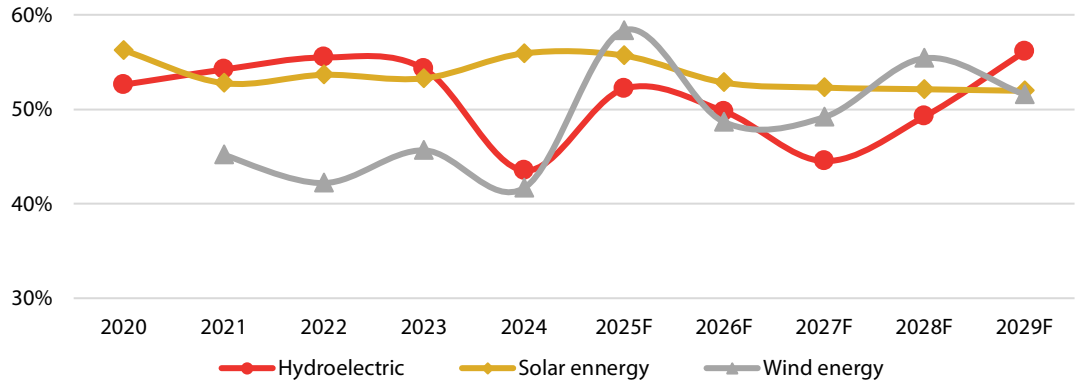
Sources: GEG, Fiinpro, RongViet Securities estimates.
(*): This refers to the gross profit margin specifically for the power generation segments of REE and HDG

In 2024, GEG recorded a gross profit of VND 1,073 billion (-4.3% YoY), equivalent to a gross margin of 46.2% (-5.7 ppts YoY). The margin contraction was mainly attributed to the TPD1 plant, which recognized electricity sales under a temporary transitional tariff. This pricing mechanism weighed on both the plant's revenue and the company's overall gross profitability.

In 2025F, we forecast GEG's gross profit to increase 56% YoY to VND 1,680 billion, with the gross margin improving to 54.3% (+8.2 ppts YoY). The recovery could be primarily driven by two key factors: (1) the completion of tariff negotiations for TPD1, with the finalized selling price expected to double the provisional rate; and (2) compensation for the pricing differential accumulated during the transitional period. Excluding this one-off income, we estimate gross profit would still rise 24% YoY to approximately VND 1.3 trillion, translating to a gross margin of 49%.

For 2026F–2029F, we expect GEG's gross margin to remain stable at around 50%, fluctuating within a 48–52% range. The stability reflects: (1) relatively unchanged production costs; and (2) a more predictable electricity pricing environment compared with 2020–2024. Vietnam's renewable energy policy framework has entered a more mature phase, providing greater clarity and consistency in both pricing and offtake volume. This regulatory stability underpins GEG's long-term margin sustainability. Nevertheless, unexpected policy shifts in electricity pricing mechanisms remain a key risk that could materially impact the company's profitability (**APPENDIX 4**).

Figure 17: Estimated gross margin by power segment of GEG (%)



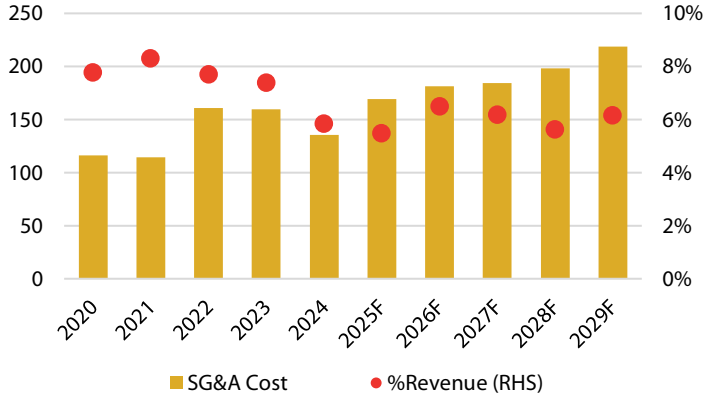
Sources: RongViet Securities estimates.

b) Selling and Administrative Expenses

2020–2024: GEG's selling and administrative (S&A) expenses remained stable at around 7.4% of total revenue. Selling expenses were minimal, averaging only 0.04% of revenue, as the company sells electricity directly to the national grid. On average, total S&A expenses amounted to VND 137 billion per year, equivalent to VND 302 million per installed MW.

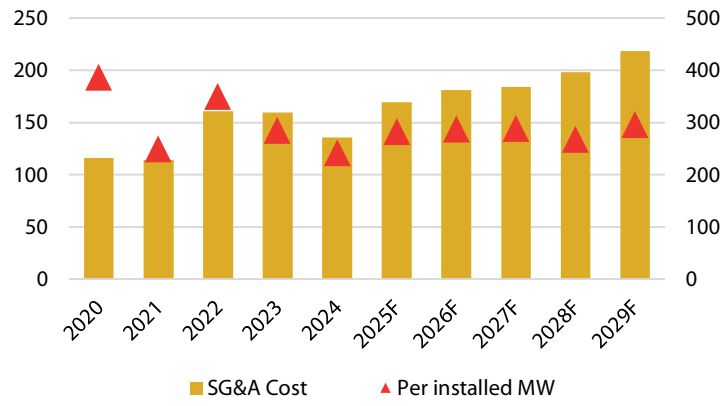
2025F–2029F: We expect GEG's S&A activities to become increasingly efficient, enabling better cost optimization across its power plants. Accordingly, we forecast S&A expenses to remain stable at around 6% of revenue (a 1.4 ppts decrease from the 2020–2024 average), equivalent to VND 284 million per installed MW (down 6% compared with 2020–2024).

Figure 18: GEG's Selling and Administrative Expenses (VND bn) and S&A-to-Revenue Ratio (%)



Sources: GEG, RongViet Securities estimates.

Figure 19: GEG's Selling and Administrative Expenses (VND bn) and S&A Cost per Installed Capacity (VND mn/MW)



Sources: GEG, RongViet Securities estimates.

c) Financial Income and Expenses

Financial Income: During 2020–2024, GEG generated an average of VND 32 billion per year in interest income, equivalent to approximately 1.7% of total revenue, providing a stable source of earnings that we expect to persist. For 2025F–2029F, we estimate this income to increase to around VND 43 billion per year, or 1.4% of net revenue.

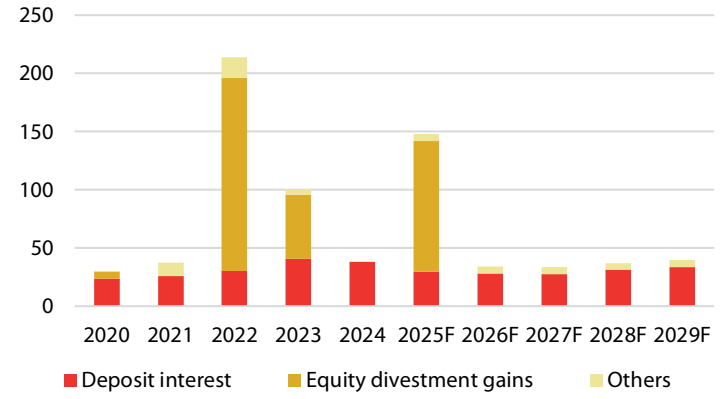
In addition, the company records financial income from share divestments. In 2Q25F, GEG is expected to recognize VND 112 billion in profit from the divestment of its stake in Truong Phu Hydropower JSC.

Financial Expenses: To finance new power projects, GEG has adopted a capital structure of 30% equity and 70% debt, leading to a rapid increase in long-term borrowings and interest expenses in recent years. Between 2020 and 2024, long-term debt grew at a CAGR of 22%, reaching VND 8,596 billion in 2024,

primarily to fund renewable energy projects that came into operation during the period. Correspondingly, interest expenses rose by an average of 17% per year, reaching VND 786 billion in 2024.

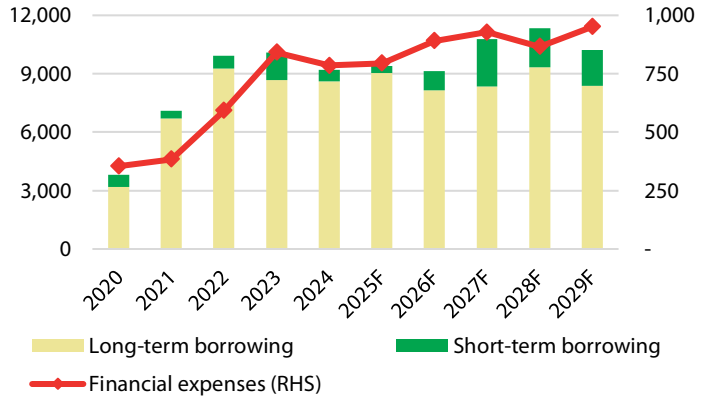
For 2025F–2029F, we expect GEG's long-term debt to remain in the range of VND 8.5–9 trillion, as the company continues to take on new loans to support ongoing renewable projects. Consequently, average annual financial expenses are projected to fluctuate between VND 800–1,000 billion. However, GEG's high leverage ratio could make the company particularly sensitive to interest rate volatility.

Figure 20: GEG's Financial Income (VND bn)



Sources: GEG, RongViet Securities estimates.

Figure 21: GEG's short-term and long-term borrowings (VND bn) and Financial Expenses (VND bn)

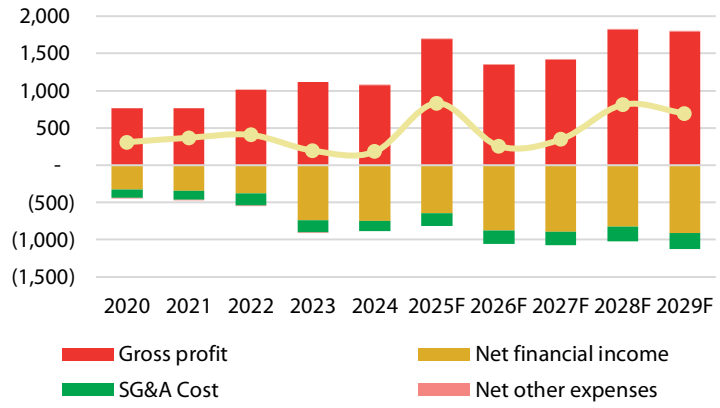


Sources: GEG, RongViet Securities estimates.

d) Corporate Income Tax (CIT)

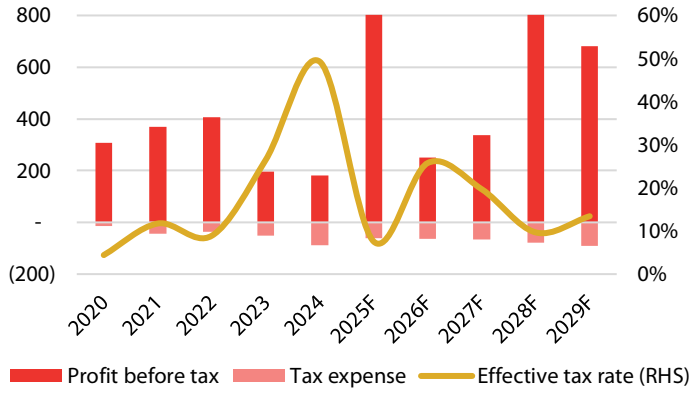
Most of GEG's power plants fall under the renewable energy sector and benefit from preferential tax policies. Specifically, projects are subject to a 10% annual tax rate, with a 4-year tax holiday followed by a 50% reduction for the next 9 years. Based on aggregated tax expenses across its plants, we estimate GEG's average annual CIT obligation for 2025F–2029F to range between VND 61–94 billion.

Figure 22: GEG's pre-tax profit and components (VND bn)



Sources: GEG, RongViet Securities estimates.

Figure 23: GEG's corporate income tax expense (VND bn) and effective tax rate (%)



Sources: GEG, RongViet Securities estimates.

e) Net profit after – minority interest

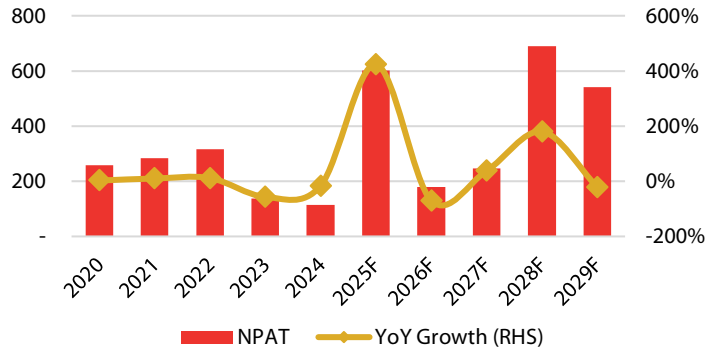
2020–2024: During this period, although GEG maintained strong growth in both generation output and revenue, Net profit after – minority interest (NPAT-MI) declined at an average rate of 15% per year, reaching only VND 115 billion in 2024. The NPAT-MI margin also contracted sharply from 17% in 2020 to 5% in 2024. This deterioration mainly resulted from the rising financial expenses and higher SG&A costs following the commissioning of several new power plants. The impact was most evident in 2023–2024, when the TPD1 plant began operation and temporarily recorded electricity sales at the transitional tariff, dragging NPAT margins down to 6.3% and 4.9%, respectively—11.3 and 12.7 ppts lower than the 2020–2022 average.

2025F: We forecast NPAT-MI to surge 372% YoY to VND 541 billion, equivalent to an NPAT-MI margin of 17.5% (+12.6 ppts YoY). The sharp rebound might be driven by (1) the official selling price of TPD1, which is expected to be twice as high as the provisional rate; and (2) two one-off income items, including (a) retrospective revenue adjustment from the TPD1 price differential and (b) financial gains from the divestment of Truong Phu Hydropower.

2026F–2027F: Following the exceptional profit level in 2025F, we expect the NPAT-MI margin to normalize to 5.6% in 2026 and 6.1% in 2027. This moderation reflects (1) modest improvement in solar and wind power output and revenue offset by higher financial costs associated with these projects; and (2) the El Niño phase, which is likely to adversely affect hydropower generation.

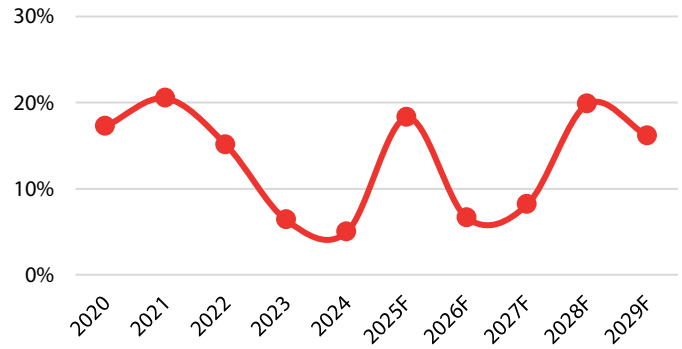
2028F–2029F: The Tan Thanh project coming into operation in 2028F, coupled with the La Niña weather pattern, is expected to support a recovery in profitability, helping GEG's NPAT-MI margin improve to 14.3% in 2028F and 10.1% in 2029F.

Figure 24: GEG's NPAT-MI (VND bn) and YoY Growth (%)



Sources: GEG, RongViet Securities estimates.

Figure 25: GEG's Net Profit Margin–Parent (%)



Sources: GEG, RongViet Securities estimates.

ASSET HIGHLIGHTS

The company is preparing to enter a new phase of capacity expansion, which will lead to a significant increase in both tangible fixed assets and long-term debt in the coming years. Thanks to its efficient management of working capital, the company has sufficient flexibility to expand its receivables and payables without putting significant pressure on operating cash flows.

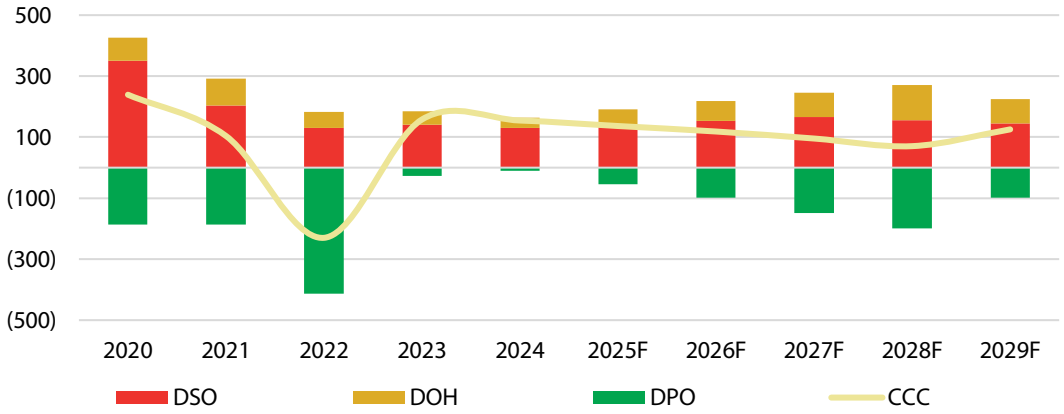
a) Working Capital

Receivables: The average collection period in 2023–2024 was 140 and 129 days, respectively, in line with the industry average (124 days) and significantly lower than in 2020–2021, when receivables increased due to advances to contractors and renewable energy project consultants. Once the projects became operational, this figure returned to a reasonable level. For 2025F–2029F, we project the average collection period may increase to 152 days (+23 days vs. 2024) due to advances for new projects. Receivables from core business activities primarily come from retail and electricity distribution units, accounting for 17–22% of revenue in 2020–2024, reflecting the company's stable debt recovery capability.

Inventory: The average inventory days in 2023–2024 stood at 40 days, down 41 days from 2020–2021 and only half the industry average (80 days). We project that average inventory days in 2025F–2029F might rise to approximately 59 days (+19 days) to support the implementation schedule of new projects.

Payables: Between 2020–2022, GEG's average payable days increased significantly due to payments to contractors during plant construction, reaching 262 days. In 2023–2024, this figure dropped sharply to 18 days (-93% vs. the previous period), well below the industry average (141 days). For 2025F–2029F, we project average payable days could increase to around 120 days, enabling the company to better manage cash flows amid investment expansion.

Figure 26: GEG's Inventory, receivables, payables, and cash conversion cycle (days)



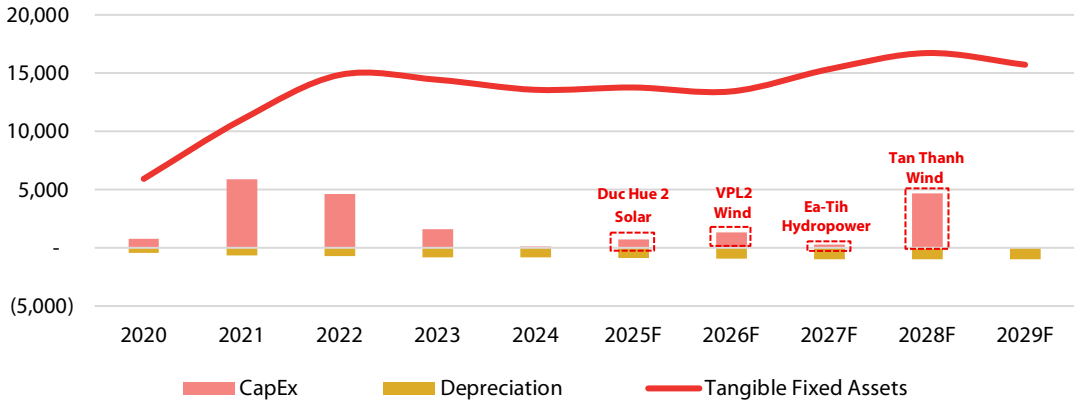
Sources: GEG, RongViet Securities estimates.

b) Capital Expenditures

Tangible Fixed Assets account for the largest portion of GEG's asset base, representing an average of 87% of total assets during 2020–2024 and posting a CAGR of 18%, reaching VND 13,565 billion in 2024. This strong growth was driven by the construction of the company's new renewable energy plants.

For 2025F–2029F, with the company adding a new plant each year, we expect total capital expenditures (CapEx) during this period to reach VND 7,059 billion. As a result, the company's tangible fixed assets are projected to continue growing at an average rate of 2.9% per year, peaking at VND 16,800 billion in 2028 after the Tan Thanh wind power project becomes operational.

Figure 27: GEG's CapEx, depreciation, and tangible fixed assets (VND Bn)



Sources: GEG, RongViet Securities estimates.

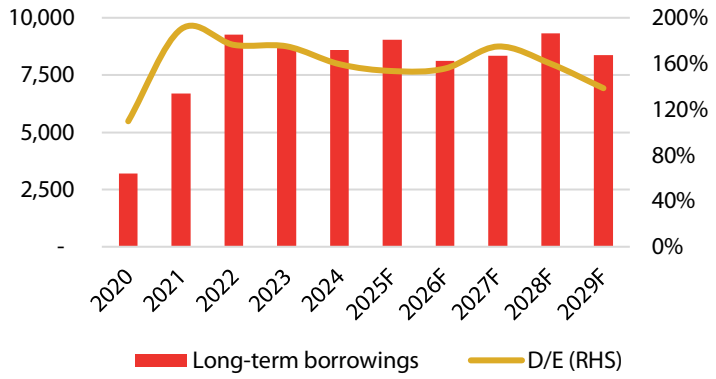
c) Debt

To finance new projects, GEG typically maintains a capital structure of 70% bank debt and 30% equity. As a result, the company's long-term debt has grown in line with fixed assets, posting an average annual increase of 21% during 2020–2024 and reaching VND 8,600 billion in 2024. The expansion strategy has kept GEG's average debt-to-equity ratio high at around 1.62x, roughly double the industry average (0.77x). Despite the high financial leverage, stable cash flows from the renewable energy segment allow GEG to service its debt and access financing for new projects. However, substantial interest expenses increase the financial burden and constrain the company's net profit margin, as discussed in the profitability section.

2025F–2029F: Assuming no new equity issuance, we project that GEG ,might need to borrow an additional VND 4,900 billion to fund upcoming projects. The combination of new borrowings and existing debt obligations is expected to keep the company's long-term debt at elevated levels, averaging around

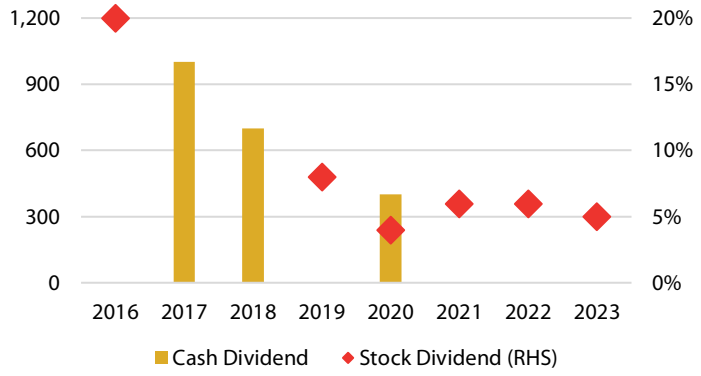
VND 8,700 billion during 2025F–2029F, up 21% compared with the 2020–2024 average. The debt-to-equity ratio is also expected to remain high, averaging approximately 160% over the coming years.

Figure 28: GEG's long-term borrowings (VND Bn) and Debt-to-Equity ratio (%)



Sources: GEG, RongViet Securities estimates.

Figure 29: GEG's dividend distribution history



Sources: GEG, RongViet Securities estimates.

d) Dividend Policy

From 2021 to 2023, the company maintained a stock dividend policy at 5–6% per year, with the last cash dividend paid in 2020 at VND 400 per share. For 2024, the company has no plans to distribute dividends. We believe this dividend policy allows the company to balance shareholder returns while retaining capital for new project investments.

In the forecast period, we expect GEG to continue a consistent stock dividend policy, at a ratio of 100:5–100:6. The company's focus on stock dividends in the coming years may not be suitable for investors seeking cash income.

Table 4: GEG Annual Income Statement

INCOME STATEMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Net Revenue	**1,381**	**2,093**	**2,163**	**2,325**	**3,094**	**2,749**	**2,980**	**3,515**	**3,546**
COGS	614	1,082	1,043	1,252	1,414	1,427	1,528	1,642	1,688
Gross Profit	**767**	**1,011**	**1,121**	**1,073**	**1,680**	**1,322**	**1,452**	**1,873**	**1,857**
SG&A	114	161	159	136	170	178	181	195	215
Operating Income	37	214	101	38	148	34	33	37	40
Finance Costs	384	592	842	786	795	891	927	866	951
Other Income	81	(14)	(2)	2	1	1	1	0	0
Profit/(Loss) from Associates & JVs	6	13	5	5	7	6	7	8	8
Profit Before Tax	**369**	**407**	**195**	**182**	**821**	**251**	**338**	**802**	**682**
Corporate Income Tax	43	36	52	89	62	65	66	78	92
Minority Interests	43	55	6	(23)	170	13	34	45	61
Net Profit	**283**	**316**	**137**	**115**	**590**	**173**	**237**	**679**	**530**
EBIT	628	785	932	922	1,461	1,100	1,224	1,622	1,585
EBITDA	1,045	1,440	1,633	1,730	2,271	1,940	2,146	2,596	2,596

Sources: GEG, RongViet Securities estimates.

Table 5: GEG Annual Balance Sheet

BALANCE SHEET	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Cash	250	334	229	164	329	292	317	374	377
Short-Term Financial Investments	6	491	233	239	237	211	228	269	272
Accounts Receivable	772	750	829	823	1,197	1,154	1,349	1,495	1,411
Inventory	146	155	127	119	192	253	333	516	368
Other Current Assets	142	389	40	36	224	199	215	254	256
Tangible Fixed Assets	10,994	14,842	14,427	13,565	13,793	13,475	15,384	16,765	15,759
Intangible Fixed Assets	21	29	25	21	17	13	9	4	(1)
Long-Term Financial Investments	100	113	168	174	174	174	174	174	174
Other Long-Term Assets	54	42	38	24	32	29	31	37	37
TOTAL ASSETS	**12,473**	**17,118**	**16,132**	**15,174**	**16,196**	**15,799**	**18,040**	**19,888**	**18,654**
Accounts Payable & Advances	315	1,225	75	32	211	389	625	897	460
Short-Term Borrowings & Debt	408	663	1,415	597	363	1,011	2,426	2,025	1,832
Long-Term Borrowings & Debt	6,695	9,264	8,682	8,596	9,049	8,138	8,361	9,323	8,390
Other Short-Term Liabilities	155	183	190	156	271	241	261	308	311
Bonus & Welfare Fund	0	0	0	0	0	0	0	0	0
Science & Technology Fund	0	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	**12,263**	**12,869**	**12,872**	**19,337**	**21,022**	**23,190**	**24,354**	**24,691**	**25,370**
Contributed Capital	3,037	3,219	3,412	3,583	3,583	3,583	3,583	3,583	3,583
Treasury Shares	0	0	0	0	0	0	0	0	0
Retained Earnings	208	292	179	83	566	492	657	1,237	1,482
Other Income	0	0	0	0	0	0	0	0	0
Development Investment Fund	94.24	98.02	96.35	96.18	96	96	96	96	96
TOTAL EQUITY	**11,880**	**12,324**	**12,834**	**13,569**	**14,330**	**15,000**	**15,738**	**16,552**	**17,386**
Minority Interests	728	730	710	1,171	1,029	1,208	1,407	1,629	1,857

Sources: GEG, RongViet Securities estimates.

Table 6: GEG Annual Cash Flow Statement

CASH FLOW STATEMENT	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Profit Before Tax	283	316	137	115	590	173	237	679	530
Depreciation	417	655	701	808	810	840	923	973	1,011
Other Adjustments	136	59	15	(14)	179	22	43	55	71
Changes in Working Capital	439	620	(741)	7	(507)	192	(60)	(106)	(208)
Net CF from Operating Activities	**2,429**	**649**	**(37)**	**949**	**1,076**	**1,222**	**1,140**	**1,599**	**1,399**
Capital Expenditures (CapEx)	(5,861)	(4,599)	(1,580)	(102)	(762)	(1,320)	(290)	(4,700)	-
Increase/(Decrease) in Other Inv	(6)	(485)	258	(6)	2	26	(18)	(41)	(2)
Interest & Dividends Received	(100)	(13)	(55)	(5)	-	-	-	-	-
Net CF from Investing Activities	**(5,876)**	**(5,096)**	**(1,373)**	**(109)**	**(755)**	**(1,288)**	**(303)**	**(4,736)**	**3**
Change in Capital Contributions	325	182	193	171	-	-	-	-	-
Increase/(Decrease) in Borrowings	3,301	2,824	169	(903)	219	(263)	1,638	561	(1,126)
Dividends Paid to Owners	(140)	(57)	(84)	(76)	(48)	(247)	(72)	(99)	(284)
Net CF from Financing Activities	**3,443**	**4,575**	**337**	**(887)**	**183**	**(713)**	**1,744**	**842**	**(1,330)**
Cash at Beginning of Period	135	250	334	229	164	329	292	317	374
Net Change in Cash	(4.2)	128.2	(1,073)	(46.4)	504	(779)	2,581	(2,295)	71
Cash at End of Period	**250**	**334**	**229**	**164**	**329**	**292**	**317**	**374**	**377**

Sources: GEG, RongViet Securities estimates.

THE COMPANY VALUE CHAIN (refer to page 4)

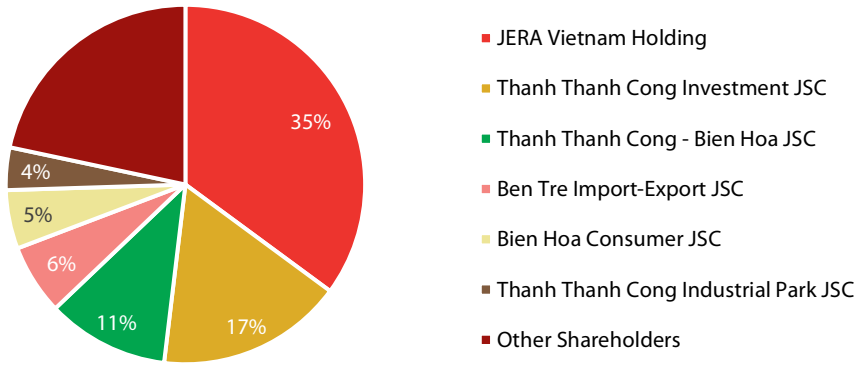
I. Company Overview

Gia Lai Electricity Joint Stock Company (GEG: HSX) was established in 1989 and became a member of Thanh Thanh Cong Group in 2013. The company has been listed on the Ho Chi Minh City Stock Exchange since September 2019.

GEG specializes in electricity generation and distribution, particularly in renewable energy projects. The company currently owns a diversified portfolio of power plants, including small- and medium-sized hydropower plants, utility-scale and rooftop solar farms, and wind farms. By 2024, GEG's total installed capacity reached 567 MW. In addition to its existing projects, GEG is exploring expansion through offshore wind power investments—an area prioritized under the revised Power Development Plan VIII.

As part of the Thanh Thanh Cong Group ecosystem, GEG is approximately 39.4% owned through the group's subsidiaries. As one of Vietnam's leading renewable energy companies, GEG has attracted investments from major domestic and international institutions, including JERA Asia (holding 35% of common shares) and DEG – German Investment Corporation (owning 100% of preferred shares).

Figure 30: GEG's shareholding structure (%)



Sources: GEG, RongViet Securities estimates.

Corporate Structure

GEG operates under a parent–subsidiary model, in which GEG serves as the parent company responsible for overseeing its subsidiaries. The subsidiaries are in charge of managing and operating individual projects or specific business segments. Currently, GEG manages 9 subsidiaries, 4 project development companies, and 2 associates.

Table 7: List of GEG's subsidiaries and joint ventures

No.	Company Name	Charter Capital (VNDbn)	Total Assets (VNDbn)	Ownership (%)	Managed Projects / Business Type
SUBSIDIARIES					
1	Gia Lai Hydropower JSC (GHC: UpCom)	477	1,493	62.5	Hydropower: H'Mun, H'Chan; Solar: Ham Phu 2, Rooftop
2	Thuong Lo Hydropower One member Co., Ltd	70	99	100	Hydropower: Thuong Lo
3	TTC Duc Hue Solar Power JSC (Long An)	935	1,313	99.9	Solar: Duc Hue 1, Duc Hue 2, Rooftop
4	Truc Son Solar Power Plant JSC	349	709	99.9	Solar: Truc Son, Rooftop
5	VIJA Renewable Energy Development Cooperation JSC	150	198	99	Rooftop solar power; EPC solar services
6	Tien Giang Wind Power Energy JSC	2,450	6,790	54.9	Wind power: Tan Phu Dong 1 & 2
7	VPL Energy JSC	841	1,896	88.8	Wind power: VPL Phase 1 & 2 (Under development)
8	Ia Bang Wind Power JSC	430	1,576	84.7	Wind power: Ia Bang 1
9	Gia Lai Energy Consulting and Development One Member Co., Ltd	1.5	3.1	100	Architectural and electrical engineering consulting services
SUBSIDIARIES					
10	Solwind Energy JSC	200	NA	49.9	Power generation and distribution
PROJECT DEVELOPMENT COMPANIES					
12	Tien Renewable Energy JSC	3.4	NA	99.7	

14	Ca Mau Green Energy JSC	2	NA	95	
15	Central Highlands Power Energy JSC	93	NA	99.9	Hydropower: Ea Tih
16	Tan Thanh Renewable Energy JSC	5	NA	96.1	

Sources: GEG, RongViet Securities.

II. Core Business Operations (refer to page 4)

Gia Lai Electricity JSC (GEG) primarily engages in power generation and trading, as well as the operation and maintenance of power plants, including hydropower, solar, and wind facilities. The company currently operates 23 power plants with a total installed capacity of 560 MW, and has 4 new projects under construction with a combined capacity of 179 MW.

- **Hydropower:** This is GEG's traditional business segment. The company operates a chain of small and medium-sized hydropower plants, mainly located in Gia Lai Province and Central Vietnam. Currently, GEG operates 81 MW of hydropower capacity, accounting for 14.6% of total capacity, with the Ea Tih hydropower plant (8.6 MW) expected to come into operation in 2027.
- **Solar Power:** GEG began operating its solar power plants in 2018, starting with the Phong Dien (48 MWp) and Krông Pa (69 MWp) projects. As of the end of 2024, the company operates five solar farms along with several rooftop solar systems, totaling 299 MWp of capacity. According to management, the Duc Hue 2 plant (49 MWp) is expected to start operations in Q4/2025, bringing the segment's total installed capacity to 348 MWp.
- **Wind Power:** Although this is GEG's newest business segment, it has gradually become the company's core growth driver. In 2024, the wind power segment accounted for 48% of total output and 47% of power generation revenue. GEG currently operates 230 MW of wind power capacity, with an additional 130 MW under construction and development.

All of GEG's power generation types belong to the renewable energy group, characterized by stable annual output and selling prices, especially when compared to traditional sources such as coal-fired and gas-fired power. For solar and wind plants, annual generation output shows minor fluctuations but tends to gradually decline over time due to equipment degradation (e.g., PV panels, turbines, and blades). In contrast, hydropower output is largely influenced by hydrological conditions and weather cycles.

Approximately 61% of GEG's total installed capacity comes from solar and wind plants that commenced operations during 2018–2021, the early development phase of Vietnam's renewable energy industry. Therefore, these projects benefit from preferential Feed-in Tariff (FIT) prices throughout their project lifetimes, ensuring long-term profitability. From 2025 onwards, after the FIT and transitional pricing programs expire, new projects will sell electricity at prices published by the Ministry of Industry and Trade (MOIT) applicable to the commissioning year of each plant (**APPENDIX 4**).

Table 8: List of GEG's Existing Power Plants

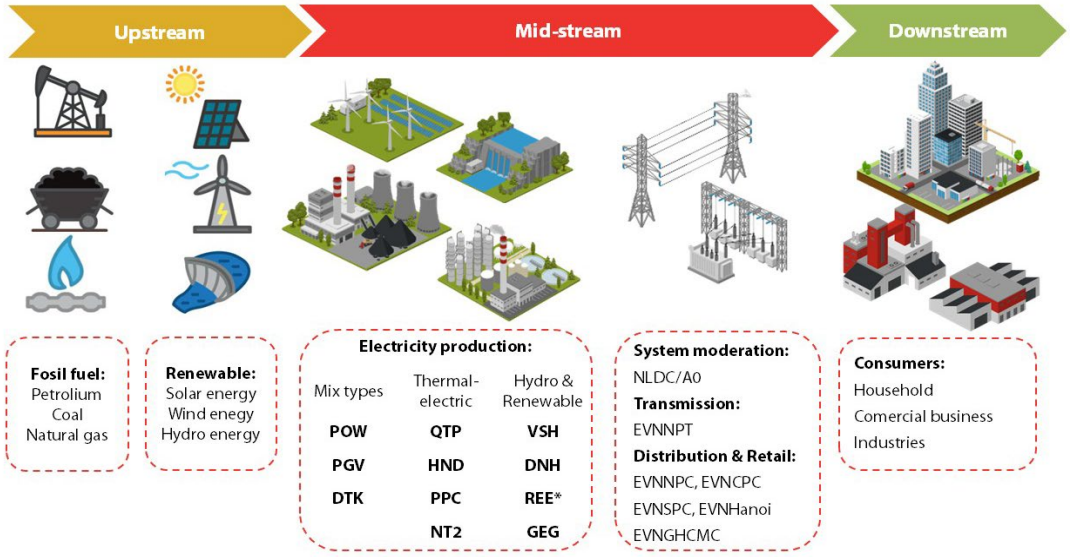
No.	Power Plant	Year of Operation	Location	Installed Capacity (MW)
	Hydropower		**Total**	**89.7**
1	Ia Drang 1	1989	Gia Lai	1.2
2	Ia Drang 2	2002	Gia Lai	0.6
3	Ia Drang 3	2005	Gia Lai	1.6
4	Ia Muer 3	2005	Gia Lai	1.8
5	H'Chan	2006	Gia Lai	12
6	Dak Pi Hao 2	2008	Gia Lai	10
7	Ia Puch 3	2009	Gia Lai	6.6
8	Da Khai	2010	Lam Dong	8.1
9	H'Mun	2010	Gia Lai	16.2
11	Ayun Thuong 1A	2011	Gia Lai	12
12	Dak Pi Hao 1	2014	Gia Lai	5
14	Thuong Lo	2015	Thua Thien – Hue	6
15	*Ea Tih*	*Under development*	*Dak Lak*	*8.6*
	Solar Power*		**Total**	**289.5**
16	Phong Dien	2018	Thua Thien – Hue	40
17	Krong Pa	2018	Gia Lai	57.5
18	Duc Hue 1	2019	Long An	40.8
19	Ham Phu 2	2019	Binh Thuan	40.8

20	Truc Son	2019	Dak Nong	37
21	Rooftop Solar	N.a	N.A	32.5
22	*Duc Hue 2*	*Under development*	*Long An*	*40.8*
	Wind Power		**Total**	**360**
23	Ia Bang 1	2021	Gia Lai	50
24	Tan Phu Dong 2	2021	Tien Giang	50
25	VPL 1	2021	Ben Tre	30
26	Tan Phu Dong 1	2023	Tien Giang	100
27	*VPL 2*	*Under development*	*Ben Tre*	*30*
28	*Tan Thanh*	*Under development*	*Tien Giang*	*100*
			Total installed capacity (operating)	**559.8**
			Total installed capacity (including under development)	**739.2**

Sources: GEG, Rong Viet Securities.;
(*): Solar power plants use MWp (peak capacity) as installed capacity. The company converts using the ratio 1 MWp = 1.2 MW.

III. Company Value Chain (refer to page 5)

Figure 31: Electricity Industry Value Chain



Sources: GEG, Rong Viet Securities.

1. Input Factors

All power generation types operated by GEG belong to the renewable energy group, relying on natural phenomena such as solar radiation, wind, and water flow to produce electricity. Renewable energy plants do not require fuel for generation; therefore, operating costs mainly focus on (1) Depreciation of plant facilities; (2) Operation and maintenance costs.

a. Hydropower: GEG's hydropower plants are of the dam type, mainly consisting of a water storage dam and a turbine house. Dams are constructed to block river flow, creating a reservoir to store water. Water is released through pipelines and turbines to generate electricity.

b. Solar Power: GEG's solar power plants use PV panels to absorb sunlight and generate electricity. The electricity produced by PV panels is direct current, which must be converted into alternating current via inverters before being fed into the grid.

c. Wind Power: Wind energy is converted into electricity through wind turbines, consisting of a tower, rotor blades, and turbine shaft. In Vietnam, wind power is classified into (1) onshore and nearshore wind; and (2) offshore wind, with offshore wind having higher capacity but facing greater challenges in installation and maintenance.

2. Electricity Output

Electricity is a basic commodity with high homogeneity, without differentiation by production source or unique characteristics. However, electricity cannot be stored on a large scale and must be balanced in real-time between supply and demand. This immediacy makes the electricity market highly volatile and

sensitive to changes in production or consumption. Furthermore, electricity must be transmitted through a physical grid, making its value dependent on the production location, reflected through nodal or zonal pricing mechanisms.

3. Transmission

Grid dispatch is conducted by regional control centers using semi-automated or centralized remote control models. Load allocation schedules and voltage adjustments are directed by the National Power System and Market Operator Company (A0/NSMO) and Regional Dispatch Centers (A1, A2, A3) to ensure load balance and grid stability during peak periods or in case of contingencies.

4. Distribution

Vietnam's electricity distribution network is primarily operated by five general corporations: EVN Hanoi, EVN HCMC, and EVN SPC/NCPC/CPC, according to geographic regions.

APPENDIX 1 – FINANCIAL ANALYSIS & FORECASTS FOR 2025–2029 (refer to page 4)

Table 9: Forecasted Revenue by Segment (VND bn); YoY growth (%) and total revenue make-up (%) of each segment

REVENUE	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Total Revenue	**1,381**	**2,093**	**2,163**	**2,325**	**3,094**	**2,749**	**2,980**	**3,515**	**3,546**
Hydropower	429	440	420	327	418	401	444	513	569
Solar Power	815	811	809	862	912	961	980	972	964
Wind Power	124	691	918	1,058	1,607	1,227	1,394	1,865	1,843
Others	13	151	16	78	157	160	163	166	170
YoY Growth (%)	**-8%**	**52%**	**3%**	**7%**	**33%**	**-11%**	**8%**	**18%**	**1%**
Hydropower	8%	3%	-5%	-22%	28%	-4%	11%	16%	11%
Solar Power	-5%	0%	0%	7%	6%	5%	2%	-1%	-1%
Wind Power	-	457%	33%	15%	52%	-24%	14%	34%	-1%
Others	-95%	1051%	-89%	376%	100%	2%	2%	2%	2%
% of Total Revenue	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Hydropower	31%	21%	19%	14%	14%	15%	15%	15%	16%
Solar Power	59%	39%	37%	37%	29%	35%	33%	28%	27%
Wind Power	9%	33%	42%	45%	52%	45%	47%	53%	52%
Others	1%	7%	1%	3%	5%	6%	5%	5%	5%

Sources: GEG, RongViet Securities estimates.

Table10: Forecasted gross profit (VND bn), gross margin (%) and total gross profit make-up (%) of each segment

Gross Profit	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Total Gross Profit	**767**	**1,011**	**1,121**	**1,073**	**1,680**	**1,322**	**1,412**	**1,808**	**1,787**
Hydropower	233	244	228	142	218	200	197	252	319
Solar Power	472	432	452	444	508	504	505	508	501
Wind Power	105	636	883	1,021	1,607	1,227	1,394	1,865	1,843
Others	-2.78	14	2	(31)	20	21	21	22	22
Gross Margin (%)	**56%**	**48%**	**52%**	**46%**	**54%**	**48%**	**47%**	**51%**	**50%**
Hydropower	54%	55%	54%	44%	52%	50%	45%	49%	56%
Solar Power	53%	54%	53%	56%	55%	53%	52%	52%	51%
Wind Power	45%	42%	46%	42%	58%	49%	49%	55%	52%
Others	-20%	11%	15%	-113%	13%	13%	13%	13%	13%
% of Total gross profit	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Hydropower	30%	24%	20%	13%	13%	15%	14%	14%	18%
Solar Power	62%	43%	40%	41%	30%	38%	36%	28%	28%
Wind Power	14%	63%	79%	95%	96%	93%	99%	103%	103%
Others	0%	1%	0%	-3%	1%	2%	1%	1%	1%

Sources: GEG, RongViet Securities estimates.
Note: Gross profit and gross margin for the power generation segments are our estimates and assumptions, and are not provided by GEG.

APPENDIX 2 – COMPANIES WITH BUSINESS MODELS SIMILAR TO GEG (refer to page 4)

In this report, we focus on 11 power generation companies, primarily those with portfolios in hydropower and renewable energy (RE).

REE Corporation (REE: HSX): REE is a multi-industry conglomerate with a focus on energy, real estate, and water infrastructure. REE is a major investor in hydropower, wind, and solar energy projects in Vietnam. Beyond energy, REE owns a significant portfolio of office real estate and large-scale water infrastructure assets.

Ha Do Group Joint Stock Company (HDG: HSX): HDG operates across three main business segments: real estate, energy, and construction. Renewable energy is a key focus area, with multiple hydropower and solar power projects. HDG has built a strong market reputation through a sustainable development strategy.

Da Nhim – Ham Thuan – Da Mi Hydropower Joint Stock Company (DNH: HSX): DNH operates several large hydropower plants in Central Vietnam and the Central Highlands. The company maintains stable power generation capacity, contributing significantly to the national grid. With abundant water resources, DNH typically achieves strong profits during the rainy season.

Vinh Son – Song Hinh Hydropower Joint Stock Company (VSH: HSX): VSH owns and operates multiple strategic hydropower projects in Central Vietnam. The company has a large installed capacity, ensuring stable electricity supply and supporting national energy security. VSH emphasizes hydrological risk management to maintain operational efficiency, providing consistent cash flows and regular dividends.

Hua Na Hydropower Joint Stock Company (HNA: HNX): HNA manages the Hua Na Hydropower Plant with over 180 MW capacity in Nghe An. The plant plays a critical role in supplying electricity to the North-Central region. HNA's operations are hydrology-dependent but maintain stable financial performance, while also focusing on sustainable development and local social welfare.

PC1 Corporation (PC1: HSX): A diversified company with key operations in energy and electrical construction. PC1 owns multiple hydropower, wind, and solar projects and has the capability to construct large-scale transmission infrastructure. The company pursues expansion in renewable energy, contributing to emission reduction goals, and is recognized as a reputable energy and infrastructure enterprise in Vietnam.

Central Hydropower Joint Stock Company (CHP: HSX): CHP is a mid-sized power generator operating mainly in Central Vietnam. The company manages multiple hydropower plants, ensuring stable supply to the national grid. CHP benefits from abundant water resources and efficient plant operation, consistently generating solid profits and contributing to shareholders and local communities.

SPCG Public Company Limited (SPCG TP): A pioneering solar energy developer in Thailand, SPCG operates multiple large-scale solar farms, playing a key role in the country's green energy transition. The company focuses on expansion into ASEAN countries, Japan, and other renewable energy sectors, establishing a long-term success story in regional solar power.

Sermsang Power Corporation (SSP TP): One of the fastest-growing renewable energy companies in Thailand. SSP's portfolio spans solar, wind, and biomass energy. The company is expanding across Asia, including Vietnam and Japan, and pursues a sustainable growth strategy to become a leading regional renewable energy group.

Yunnan Energy Investment Company (600163 CN): A listed energy company in China focused on power generation and energy exploitation. The company operates multiple hydropower and thermal power plants and is expanding into renewable energy. Based in Yunnan Province, an area with high hydropower potential, the company ensures stable energy supply and plays a key role in China's green energy development strategy.

Table 11: Average P/E and P/B ratios (x) of peer companies in the same industry

Ticker	Country	Market Cap (USDmn)	Revenue 2024 (USDmn)	EBITDA 2024 (USD mn)	Gross Margin (%)	EBITDA Margin (%)	P/E 2024 (x)	P/B 2024 (x)	EV/EBITDA 2023 (x)
GEG VN	Vietnam	214	92.8	69.5	46.2	74.9	69	1.1	8.7
REE VN	Vietnam	1,362	334.7	148.8	37.3	44.5	15.8	1.7	10.5
HDG VN	Vietnam	441	108.5	66.5	58.5	61.3	27.5	1.6	8.8
DNH VN	Vietnam	840	83.1	55.7	52.2	67.1	13.5	2.8	10.8
VSH VN	Vietnam	420	72.9	56.5	47.9	77.6	25.1	2.4	10.3
HNA VN	Vietnam	214	31.5	23	40.9	73.1	20.9	1.7	10.3
PC1 VN	Vietnam	356	402.8	96	20.7	23.8	19.5	1.5	7.4
CHP VN	Vietnam	181	32.5	24.1	51.8	74.2	14.8	2.3	8.8
SPCG TB	Thailand	274	58.2	43.2	49	74.3	11.4	0.4	5.6
SSP TB	Thailand	157	98.3	72.8	54.8	74	9.1	0.9	8
600163 CH	China	1,416	241.8	196.5	57.6	81.3	17.5	1.7	8.8
				3-year industry average (excl. GEG)			**12.6**	**1.5**	**7.7**

Sources: Bloomberg, RongViet Securities.

Table 12: Comparison of financial metrics of GEG and peer companies

Indicator	2019	2020	2021	2022	2023	2024	Industry Average
Weight	10%	15%	15%	20%	20%	20%	
Days Receivable (days)							
GEG	217	351	204	131	140	129	185
Average	91	88	103	108	154	170	124
Median	74	72	77	82	136	136	101
Days Payable (days)							
GEG	58	187	187	413	26	9	152
Average	321	248	138	92	81	81	141
Median	91	73	60	52	51	47	59
Days Inventory (days)							
GEG	225	76	87	52	44	35	73
Average	141	90	76	69	69	64	80
Median	80	49	28	26	27	30	36
Gross Margin (%)							
GEG	56	50.9	55.5	48.3	51.8	46.2	50.8
Average	48	46.4	51	56.8	50.7	47.1	50.3
Median	51.5	45.8	54.2	61.4	56.4	50.4	53.8
EBITDA Margin (%)							
GEG	69.9	65.9	75.7	68.8	75.5	74.4	72
Average	59.8	60.5	66.9	71	67.1	65.1	65.7
Median	73.4	71.2	75.5	78.3	72.1	73.5	74.1
ROE (%)							
GEG	10.2	9.6	8.2	8.1	1.9	1.7	6
Average	15	14.8	15.8	19.1	11.9	9.9	14.3
Median	13.6	14.5	15.2	19	11.6	9.6	13.9
ROA (%)							
GEG	4.5	3.5	2.8	2.1	0.8	0.7	2.1
Average	6.2	6.1	7.1	10	6.9	5.7	7.1
Median	5.7	6.2	6.7	9	6.4	5.3	6.6
P/E (x)							
GEG	20.7	16.9	23.3	16.4	58.7	69	36.9
Average	13.6	15.4	14.4	10.4	56.6	17.5	22.7
Median	7.9	9.4	13.2	9	11.9	16.7	11.7
P/B (x)							
GEG	2.1	1.5	1.9	1.3	1.1	1.1	1.4
Average	1.1	1.4	1.8	1.4	1.6	1.7	1.5
Median	1	1.2	1.7	1.4	1.4	1.7	1.4
EV/EBITDA (x)							
GEG	11.6	9.5	13.4	10.8	9.7	8.7	10.4
Average	11.7	13	10.2	6.4	7.7	8.9	9.3
Median	8.1	8.8	9.6	6.6	7	8.8	8.1
Total Debt/Equity (%)							
GEG	151.1	109.6	190	176.3	175.1	159.5	162.2
Average	102.6	99.1	91.6	70.4	62.1	61.3	77.6
Median	85.9	79.3	69.9	55.1	46.6	38.3	59.0

Sources: Bloomberg, RongViet Securities.

APPENDIX 3 – POWER DEVELOPMENT PLAN VIII REVISIONS & RENEWABLE ENERGY OPPORTUNITIES (refer to page 4)

Additional Momentum for Renewable Energy

The revised Power Development Plan VIII (PDP8-R), approved on April 15, 2025, under Decision No. 768/QD-TTg, reaffirms the Government's commitment to developing renewable energy (RE), with priority given to expanding wind and solar power capacity to accelerate the transition to green energy.

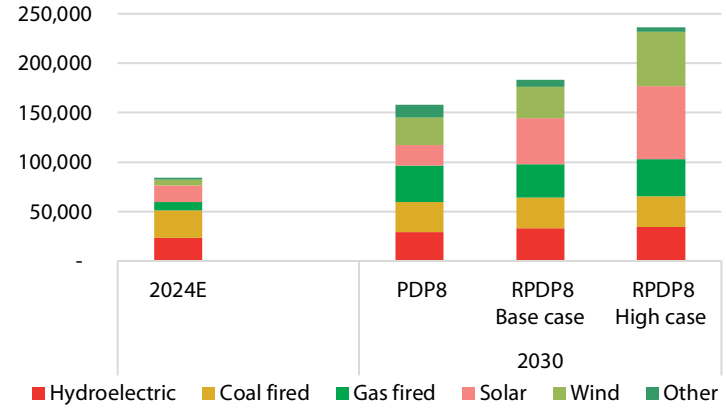
Change in Key Assumption - 10% CAGR for GDP: Unlike the original PDP8, which assumed an annual GDP growth of 7.5%, the revised PDP8 is designed to support a higher growth rate of 10% per year. Accordingly, under the adjusted plan, the total installed capacity of the power system is projected to increase by 16% in the base scenario and 55% in the high scenario. This provides a more ambitious foundation for ensuring energy security and long-term sustainable development.

Table 13: Power supply structure in 2030, per PDP8-R

Power Source	2024		PDP8 (2024)		Revised PDP8 (PDP8-R)	
	Installed Capacity (MW)	Share (%)	Installed Capacity (MW)	Share (%)	Installed Capacity (MW)	Share (%)
Total Installed Capacity in 2030	84,360		158,211		183,291 - 236,363	
Onshore and Nearshore Wind	6,072	7	21,880	14	26,066 – 38,029	14 - 16
Offshore Wind			6,000	4	6,000 – 17,032	3 - 7
Solar (Utility & Rooftop)	16,705	20	20,591	13	46,459 – 73,416	25 - 31
Hydropower	23,536	28	29,346	19	33,294 – 34,667	18 - 15
Total Installed Capacity in 2030	27,501	33	30,127	19	31,055	17 - 13
Onshore and Nearshore Wind	8,689	10	14,930	9	10,861 – 14,930	6 - 6
Offshore Wind			22,400	14	22,524	12 - 10
Solar (Utility & Rooftop)					4,000-6,400	2 - 3

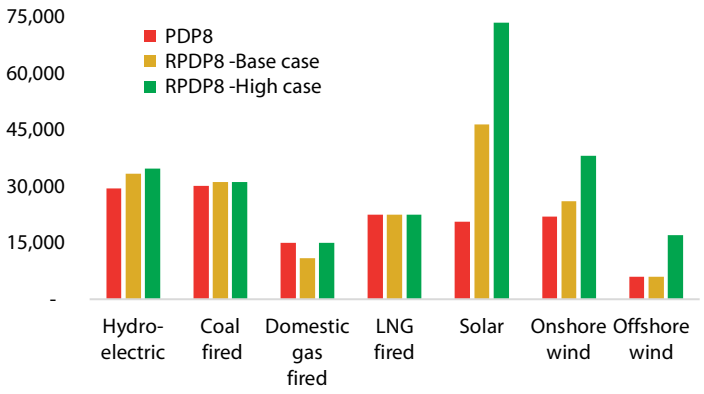
Sources: MOIT, RongViet Securities.

Figure 31: Total installed capacity (MW)



Sources: MOIT, RongViet Securities.

Figure 32: 2030 Capacity plan by power source ('000 MW)



Sources: MOIT, RongViet Securities.

Priority on Wind and Solar Power: The Revised Power Development Plan 8 (PDP8-R) sets a target to increase the share of renewable energy (RE) installed capacity to 42–54% of total system capacity, a more ambitious adjustment compared with the initial 31% target in the original PDP8. As of 2024, Vietnam's renewable energy sources account for 12.8% of total installed capacity, exceeding many other countries such as China (4.2%), the U.S. (3.2%), and Europe (5.2%). If successfully implemented, this target would position Vietnam among the leading countries globally in renewable energy's share of the power mix.

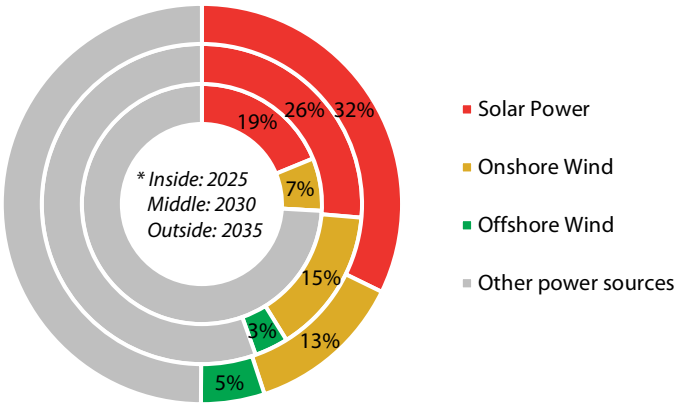
Solar Power: PDP8-R aims for a substantial increase in solar power capacity, 125–256% higher than the original PDP8 target, with solar expected to account for 26% of total installed capacity by 2030 and 32% by 2035. This represents the highest projected growth among all power sources in the plan. The adjustment is designed to meet growing demand from large industrial customers, who consume roughly 25% of the nation's total electricity.

A key driver for solar growth is the Direct Power Purchase Agreement (DPPA) mechanism, which allows renewable energy producers to sell electricity directly to private customers, thereby reducing reliance on traditional distribution systems. This approach reflects the government's expectation that market forces could drive renewable energy expansion, rather than relying solely on subsidies as before.

However, due to the variable nature of solar power, rapid deployment could put pressure on the grid. To mitigate this risk, PDP8-R requires that all new large-scale solar projects integrate battery storage systems with a minimum capacity of 2 hours, equivalent to 10% of installed capacity. This regulation aims to ensure system stability and enhance grid dispatchability.

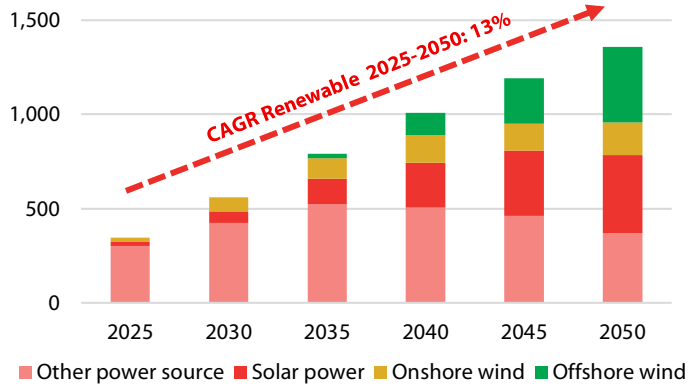
Wind Power: Wind power targets have also been significantly revised under PDP8-R. Compared with previous plans, onshore wind capacity is adjusted upward by 19–73%, while offshore wind increases by 0–183%. Depending on the scenario, wind is expected to account for 18% of total installed capacity. This adjustment prioritizes energy sources with shorter construction timelines, accelerating overall capacity expansion. Nevertheless, offshore wind faces significant uncertainties, reflected in the wide range between different planning scenarios.

Figure 33: Composition of Renewable Energy Sources in PDP8-R (%)



Sources: MOIT, EVN, RongViet Securities.

Figure 34: Planned National Renewable Energy Generation Demand (thousand GW)



Sources: MOIT, IE, RongViet Securities.
PDP8-R – Base Case Scenario

Green energy transition still faces significant barriers

The Revised Power Development Plan 8 (PDP8-R) sets ambitious growth targets for Vietnam's power system and plays a key role in the country's energy transition. However, achieving these targets could not be straightforward. The main challenges include high capital requirements, transmission infrastructure constraints, and technological limitations.

- **High capital demand:** PDP8-R requires substantial investment, estimated at USD 33 billion per year, an increase of USD 13.5 billion per year (+68%) compared with the original PDP8.
- **Transmission bottlenecks:** The FIT mechanism triggered a strong wave of renewable energy investments between 2017 and 2021. However, the rapid expansion of supply outpaced the transmission system's capacity, forcing many plants to curtail generation due to grid congestion. With PDP8-R's ambitious expansion targets, Vietnam will need large-scale grid upgrades to prevent similar bottlenecks. While these upgrades aim to enhance grid stability, technological limitations remain a significant challenge.

- **Technological limitations:** Vietnam's current technological capacity presents a major barrier to achieving PDP8-R goals, particularly for nuclear and offshore wind power. The Ministry of Industry and Trade targets 6,000–17,032 MW of offshore wind and 6,000 MW of nuclear power in the energy mix by 2030–2035. However, the country currently lacks trained personnel, an appropriate regulatory framework, and the necessary supply chain to implement these projects safely and on schedule.

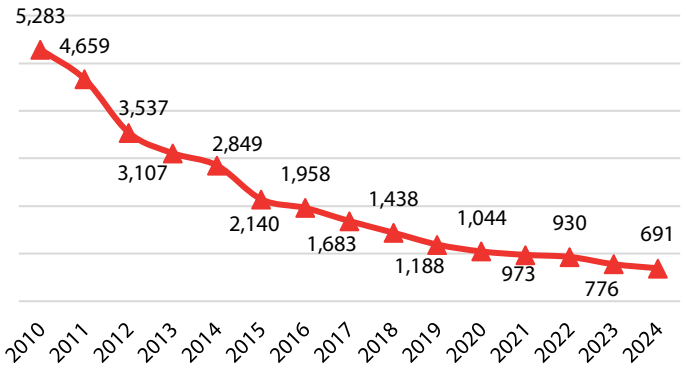
APPENDIX 4 – ADJUSTMENTS IN RENEWABLE ENERGY TARIFFS (refer to page 4)

Under the PDP8-R, solar power is positioned to become one of the main energy sources in Vietnam's national power system. Installed solar capacity is projected to account for 26% of total capacity by 2030 and 32% by 2050, reflecting the growing importance of this energy source. Correspondingly, solar power generation is expected to grow rapidly, with a CAGR of 18% between 2025–2035, slowing to 8% CAGR during 2035–2050, in line with the gradual development of storage and transmission infrastructure.

We see two main reasons why Vietnam is actively promoting solar power investment:

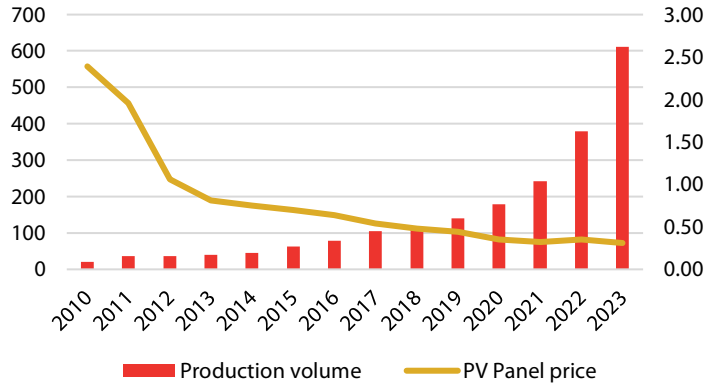
- **Net Zero Commitment by 2050:** At COP26, the Vietnamese government committed to achieving Net Zero emissions by 2050. The energy sector, as a major emitter of greenhouse gases, will need to shift toward cleaner energy sources. Solar power is particularly suitable due to its large potential and relative ease of deployment.
- **Declining investment costs, competitive with conventional power:**
  - **Solar Power:** According to IRENA, investment costs for large-scale solar projects fell on average 8.1% per year between 2019–2024, reaching USD 691/kW in 2024. The decline is mainly driven by falling PV module prices, which constitute the largest share of investment costs, due to technological improvements and economies of scale. Between 2010–2023, PV module prices decreased from USD 2.39/W to USD 0.31/W, averaging 14% annual decline, which in turn significantly reduced the levelized cost of electricity to USD 29–92/MWh, comparable to or lower than many conventional sources.
  - **Wind Power:** Global investment costs for wind projects have also decreased, from USD 2,324/kW in 2010 to USD 1,041/kW, representing a CAGR of -5.6%. Falling investment costs have reduced generation costs to around 3.4 US cents/kWh (CAGR -8.2% between 2010–2024). In Vietnam, wind generation costs currently stand at 4.8 US cents/kWh (~1,191 VND/kWh), about 40% higher than the global average.

Figure 35: Total investment cost of utility-scale solar (USD/kW), Global average, 2010–2024



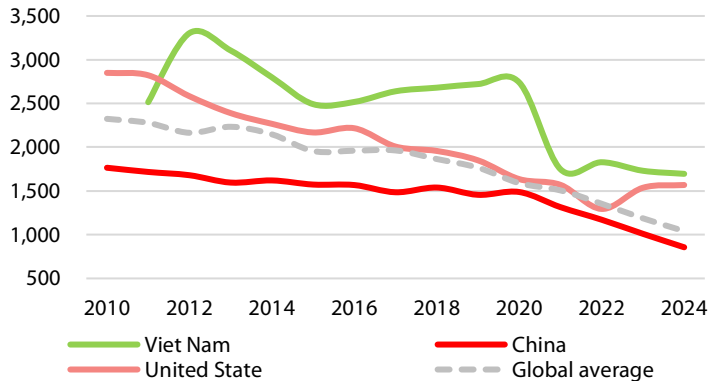
Sources: IRENA, RongViet Securities.

Figure 36: Global PV module production (GW) and PV module price (USD/Watt), 2010–2023



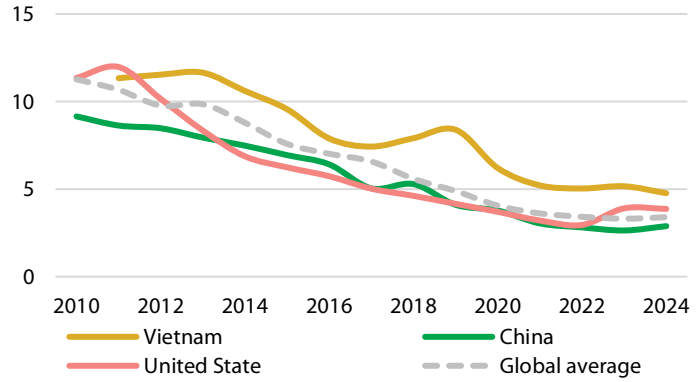
Sources: IRENA, Statista, RongViet Securities.

Figure 37: Onshore wind investment cost (USD/kW)



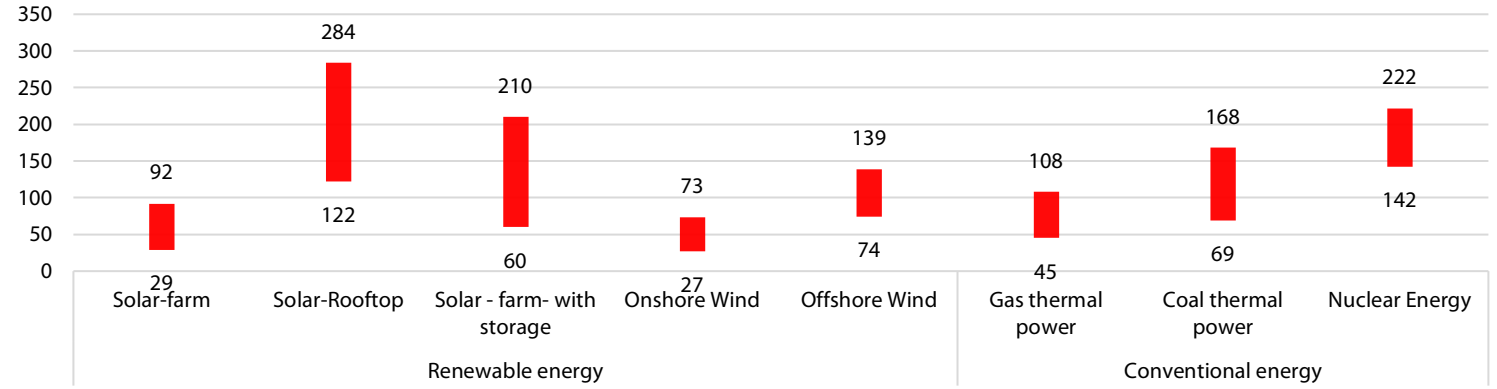
Sources: IRENA, RongViet Securities.

Figure 38: Onshore wind avg Generation cost (US cents/kWh)



Sources: IRENA, RongViet Securities.

Figure 39: Comparison of average generation costs (LCOE) by power source (USD/MWh), 2024



Sources: Lazard, RongViet Securities.

Renewable energy pricing policy gradually shifting from subsidies to market-based mechanisms

- **FIT Prices:** The government initially implemented the Feed-in Tariff (FIT) mechanism to attract private investment and encourage rapid project deployment. Purchase prices were fixed for 20 years from the commercial operation date, ranging from VND 1,644–2,086/kWh (7.09–9.35 US cents/kWh) for solar power and VND 1,821–2,223/kWh for wind power. This preferential policy led to the rapid commissioning of large-scale solar projects, especially in 2019–2020, significantly increasing installed capacity.
- **Transitional Prices:** The FIT scheme was later replaced by a transitional pricing mechanism to reflect declining investment costs in the sector. Transitional prices were 17–29% lower than FIT-2, equivalent to VND 1,184–1,503/kWh for solar and VND 1,587–1,816/kWh for wind. This policy signals the government's clear intention to reduce subsidy burdens on EVN while balancing investor returns and system operating costs.
- **From 2025:** The Ministry of Industry and Trade will implement a zonal pricing mechanism, distinguishing purchase prices based on three main factors: (1) Geographical region; (2) Technology type (ground-mounted solar, floating solar, onshore, nearshore, and offshore wind); and (3) Integration with battery energy storage systems (BESS). Prices will be set according to each region's solar radiation capacity and the need to balance national grid demand.

Table 14: Solar power selling prices (VND/kWh – US cents/kWh) across periods

	FIT 1	FIT 2			Transitional		Utility-Scale Solar		Floating Solar	
		Ground	Floating	Rooftop	Ground	Floating	With BESS	Without BESS	With BESS	Without BESS
Application Period	**7/2017 - 6/2019**	**7/2019 - 12/2020**			**2021-2024**		**2025**			
North	2,086	1,644	1,783	1,943	1,185	1,508	1,572	1,329	1,877	1,686
Central	(9.35)	(7.09)	(7.69)	(8.38)			1,257	1,107	1,487	1,336
South							1,150	1,012	1,367	1,228

Sources: MOIT, Government, Rong Viet Securities.

Table 15: Wind power selling prices (VND/kWh – US cents/kWh) across periods

	FIT 1	FIT 2		Transitional		Onshore Wind	Nearshore Wind	Offshore Wind
		Onshore Wind	Offshore Wind	Onshore Wind	Offshore Wind			
Application Period	**Pre-2018**	**11/2018 - 10/2022**		**2022-2024**		**2025**		
North	1,821*	1,928	2,223	1,587	1,816	1,959	1,987	3,975
Central	(8.8)	(8.5)	(9.8)			1,807	1,987	3,079
South						1,840	1,987	3,868

Sources: MOIT, Government, Rong Viet Securities.
(*): FIT-1 prices include support from the Vietnam Environmental Protection Fund

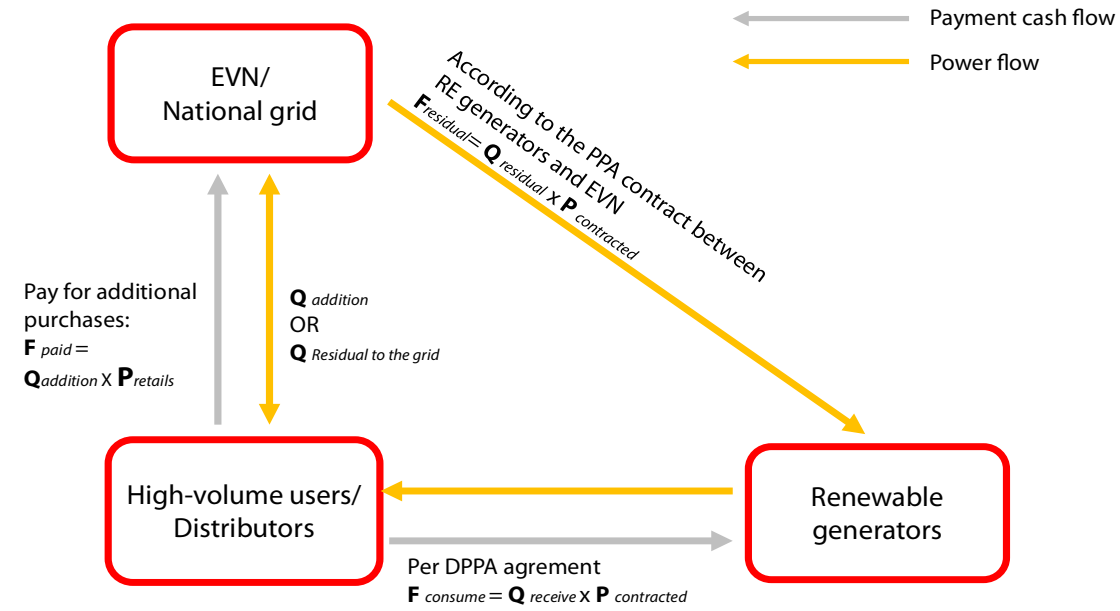
APPENDIX 5 – DIRECT POWER PURCHASE MECHANISM (DPPA) (refer to page 4)

The government has issued Decree 80/2024/ND-CP and Decree 57/2025/ND-CP on the Direct Power Purchase Agreement (DPPA) mechanism, allowing corporate customers to purchase electricity directly from renewable energy (RE) plants rather than through the national grid and EVN. Under the regulations, sellers are limited to solar and wind power plants with a minimum capacity of 10 MW, while buyers are large electricity consumers or distributors with an average monthly consumption of at least 200,000 kWh.

The DPPA mechanism is designed to achieve multiple objectives in Vietnam's Power Development Plan: (1) Encourage private sector investment in the development and construction of new RE sources; (2) Enhance transparency in electricity trading, moving toward a competitive electricity market; and (3) Reduce the investment burden of new RE projects on EVN. In terms of implementation, customers can purchase electricity directly from plants through two models:

1. **Direct grid-connected purchase:**
   the power producer and the customer invest in building a dedicated transmission line for electricity delivery and reception. The volume of electricity and the selling price are determined directly in the DPPA contract. If the customer's actual consumption exceeds the registered amount, they can purchase additional electricity from the national grid at retail prices. Conversely, unused surplus electricity can be fed back to the grid, and EVN will pay based on the pre-agreed price with the power producer. The advantage of this model is its simplicity, transparency, and ease of implementation. However, the biggest limitation lies in geographical distance: when the transmission line is too long, energy losses during transmission reduce economic efficiency. Therefore, this model is only suitable when the customer is located near the power plant.

Figure 40: Payment flow under the direct grid-connected DPPA model



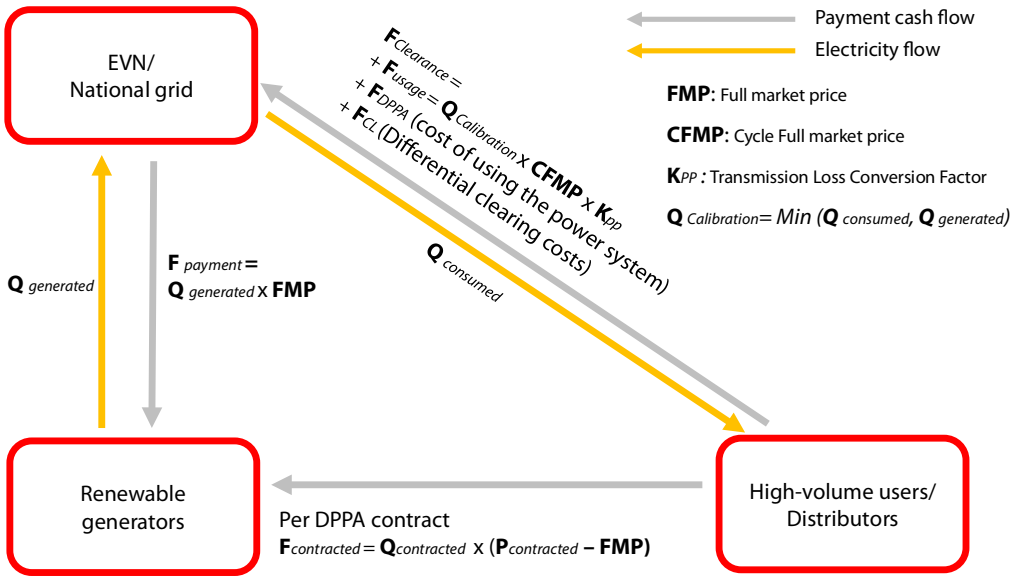
Sources: MOIT, Rong Viet Securities.

2. **Direct electricity trading via the national grid:** electricity delivery and reception involve three parties: the customer – EVN – RE power producer. The customer signs a purchase agreement with both EVN and the RE power producer, while the producer also signs a parallel contract with EVN. The payment mechanism works as follows:
   - **The power producer** receives two revenue streams: from EVN at the Full Market Price (FMP) and from the customer for the difference between the DPPA-agreed price and the FMP.
   - **The customer** draws electricity directly from the grid, but payment is based on adjusted consumption, defined as the lower of the customer's actual consumption and the RE producer's

actual generation after accounting for transmission losses. Additionally, the customer pays EVN for electricity at the market price, system service charges, and balancing costs.

This DPPA trading model provides clear advantages for large customers, allowing them to purchase electricity from distant RE plants without investing in dedicated transmission lines, thus saving infrastructure costs. However, to balance the interests of the three parties (customer – EVN – RE producer), the payment structure is more complex than the direct grid-connected model. In particular, customers still pay EVN for grid usage and energy balancing, which may result in total costs higher than initially expected.

Figure 41: Payment flow under the DPPA model via the national grid



Sources: MOIT, Rong Viet Securities.

Legal bottlenecks hindering widespread DPPA implementation:

Although the Ministry of Industry and Trade (MOIT) has issued guidance on DPPA operations, actual implementation has seen limited progress. The main obstacles stem from legal and technical issues, particularly for DPPAs via the national grid:

- **Pricing framework:** Guidance allows parties to negotiate prices freely, but the Electricity Law caps prices based on each power source type. Currently, only utility-scale solar and wind have established price caps, while rooftop solar lacks specific regulations for DPPA deployment.
- **Lack of clarity on operational costs:** The guidance mentions grid usage fees but does not specify how to calculate charges such as transmission, distribution, and system operation fees, making it difficult for parties to estimate costs accurately during contract negotiations.
- **Unclear balancing cost treatment:** In the DPPA via-grid model, customers must pay additional balancing costs related to BOT plants, strategic multi-purpose hydro, indirect market participants, ancillary services, and other cost differentials currently included in retail tariffs. However, recent updates indicate that MOIT requires EVN to remove these costs to reduce the burden on customers.

APPENDIX 6 – CHANGES IN RETAIL ELECTRICITY PRICING (refer to page 4)

2015–2025: Market-oriented retail electricity pricing

According to the Electricity Law, the Ministry of Industry and Trade (MOIT) is responsible for developing retail electricity pricing policies and determining the national average retail electricity price.

During the eight-year period from March 2015 to May 2023, MOIT increased electricity prices at an average rate of 2.6% per year. While this slow pace helped reduce cost pressures on consumers and manufacturing businesses, it failed to reflect the actual generation and power purchase costs faced by EVN, resulting in significant financial strain, particularly during the post-COVID period (2022–2023) when prices of key fuels such as coal and natural gas surged.

From March 2024, the Prime Minister issued Decision No. 05/2024/QD-TTg on the mechanism for adjusting retail electricity prices. This decision clarifies the method for determining the average retail electricity price and allows MOIT to adjust it up to three times per year. If each adjustment is below 5%, EVN may increase prices without prior MOIT approval.

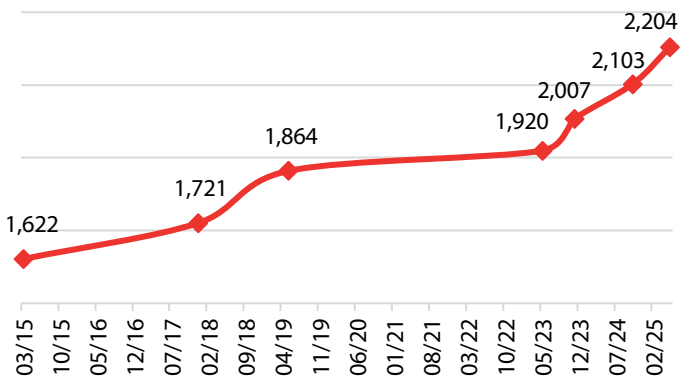
$$G_{Avg} = \frac{C_{Gen}}{A_{TP}} + \frac{C_{Aux} + C_{Trans} + C_{Dist-retail} + C_{G\&A} + C_{Disp}}{A_{TP}} + \frac{C_{Other}}{A_{TP}}$$

Where:

- **G_{Avg}**: Average generation cost
- **A_{TP}**: Total commercial electricity output
- **C_{Aux}**: Total ancillary service costs
- **C_{Trans}**: Total transmission service costs
- **$C_{Dist-retail}$**: Total distribution and retail service costs
- **$C_{G\&A}$**: Total administrative and management costs
- **C_{Disp}**: Total system operation (dispatch) service costs
- **C_{Oher}**: Total other costs

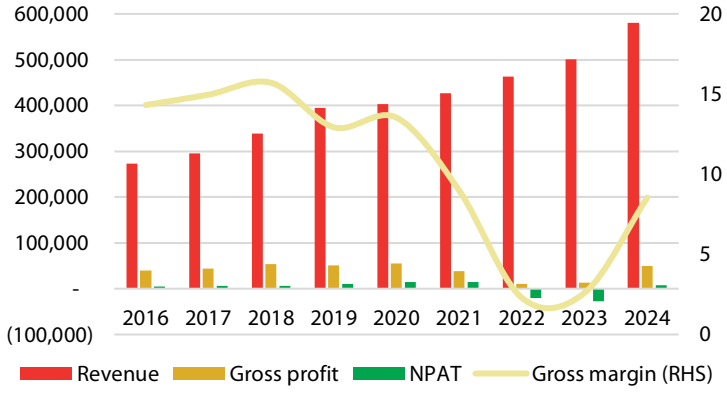
Since the Decision took effect, EVN has adjusted the average retail electricity price twice — in October 2024 (+4.8%) and May 2025 (+4.8%). These adjustments have helped improve EVN's financial position, with the Group's gross profit margin rising by 5.9 pps YoY, and its net profit returning to a positive VND 8.2 trillion after losses in 2022–2023.

Figure 42: EVN's average retail electricity price (VND/kWh)



Sources: MOIT, EVN, Rong Viet Securities.
Note: These represent average retail electricity prices; actual retail prices may vary depending on customer category and consumption volume.

Figure 43: EVN's revenue, gross profit, and net profit (trillion VND) and gross margin, net margin (%)



Sources: EVN, Rong Viet Securities.

Upcoming changes in the retail electricity price structure

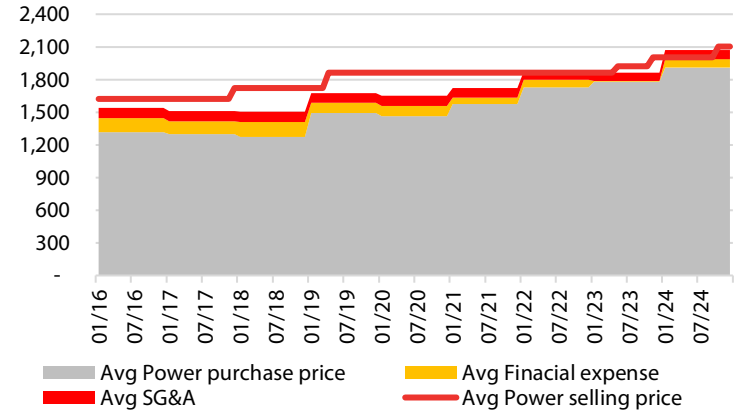
a. Allocation of accumulated losses into retail electricity prices

As mentioned above, during 2022–2023, EVN incurred cumulative post-tax losses of approximately VND 45 trillion, mainly because its average power purchase cost was nearly equal to its retail price. Specifically, the average purchase cost accounted for around 93% of the average retail tariff in both 2022 and 2023, due to the following factors:

- **Rising coal fuel prices in the post-Covid period.** In 2022 and 2023, coal-fired power contributed a large share to the generation mix, at 36% and 44%, respectively. During this time, coal prices experienced significant volatility, with imported coal prices rising 28% YoY in 2022 and domestic coal prices increasing 28% in 2023.
- **Limited hydropower generation in 2023** under the impact of the El Niño weather cycle. Hydropower output reached only 81.6 billion kWh (-16% YoY), representing 30% of the total generation mix (-7 pps YoY). The decline in low-cost hydropower output forced the system to depend more on coal- and gas-fired sources.

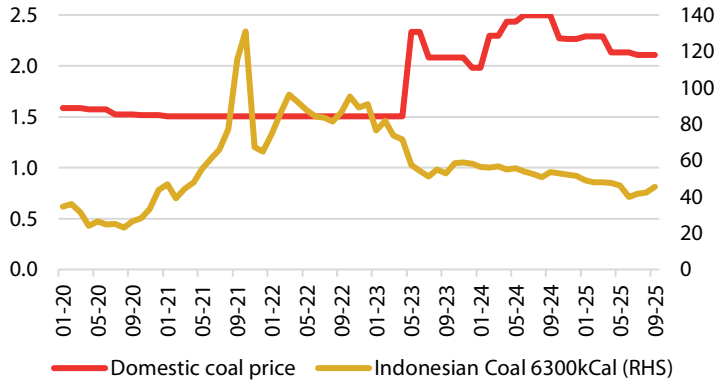
Although generation costs surged, the Ministry of Industry and Trade (MOIT) restricted EVN's ability to raise retail tariffs during 2022–2023 amid the economic challenges following the Covid pandemic. This placed substantial financial pressure on the Group, leading to cumulative losses of VND 45 trillion over the period. As of August 2025, EVN has proposed to allocate these accumulated losses into future retail electricity tariffs. However, the Group has not yet disclosed a specific allocation methodology or timeline for implementation.

Figure 44: EVN's average retail price vs. power purchase, financial, and SG&A costs (VND/kWh)



Sources: EVN, Rong Viet Securities.

Figure 45: Domestic coal price (VND million/ton) and imported coal price (USD/ton).



Sources: GENCO3, Bloomberg, Rong Viet Securities.

b. Two-part electricity pricing model

The 2024 Electricity Law assigns the Ministry of Industry and Trade (MOIT) the responsibility to restructure the electricity pricing mechanism into at least two components to enhance cost transparency. In MOIT's proposal, customer electricity bills will consist of two parts:

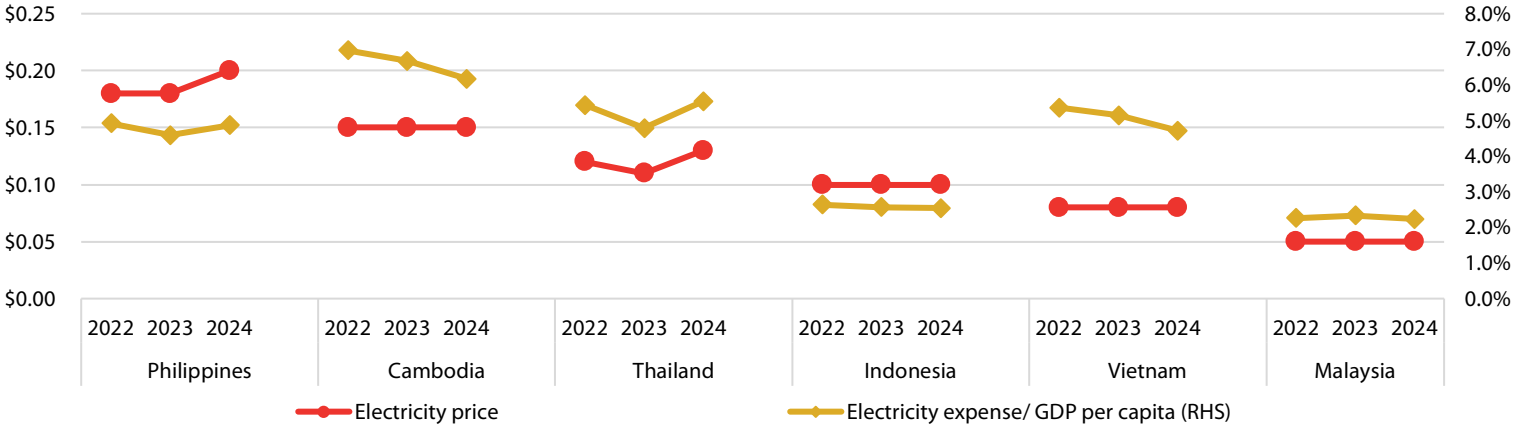
- **Energy consumption component:** Calculated based on the actual electricity consumed, multiplied by the retail tariff determined by EVN and MOIT. This is similar to the current single-part pricing mechanism.
- **Registered capacity component:** Calculated based on the maximum load (the highest level of power drawn from the grid at any time) that customers pre-register with the electricity retailer. This component reflects the cost of maintaining the infrastructure needed to meet peak demand. Customers exceeding their registered capacity will pay an additional surcharge for the excess amount.

The two-part pricing model ensures fair allocation of system maintenance costs (generation, grid, dispatch), so that industrial customers, who typically demand higher and more stable capacity, bear a proportionate share of system costs, instead of shifting the burden onto residential consumers. According to MOIT's proposal, the two-part pricing mechanism will be piloted from July 2026 to July 2027, before being officially expanded from August 2027 onward.

Impact: The proposed electricity tariff adjustments could increase electricity costs for all EVN customers. However, industrial users, who consume electricity at very high capacity, will be most affected as they will bear additional charges related to registered capacity.

The impact of higher electricity prices extends beyond the corporate sector to the broader economy. Rising electricity costs may raise overall production expenses, create inflationary pressure, and reduce Vietnam's competitiveness compared to regional peers. On the other hand, higher revenue will help EVN stabilize its financial position, improve gross margins, and strengthen capital for major investment projects. This is essential for EVN to implement key national initiatives such as expanding the 500kV transmission network, developing renewable energy infrastructure in Ninh Thuan, and enhancing long-term energy security.

Figure 46: Electricity prices (USD/kWh) and electricity cost-to-GDP per capita ratio (%) across Southeast Asian countries



Sources: World Population Review, World Bank, Ember, Rong Viet Securities.
Note: Electricity cost-to-GDP per capita ratio = (Electricity price × Average per capita electricity consumption) / GDP per capita

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Total Return including Dividends in 12-month horizon	>20%	5% to 20%	-20% to -5%	<-20%

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