

28 June 2024

**RECOMMENDATION BUY**

Fair price	18,300 VND
Current price	14,000 VND
Upside/downside	31%

**STOCK INFORMATION**

Outstanding shares (mil)	341,2
Free float (mil)	27.3
Market cap. (billion VND)	4,777.5
3m avg. volume (shares)	0.9 million
Foreign ownership (%)	45.9%
First listing date	21/03/2017

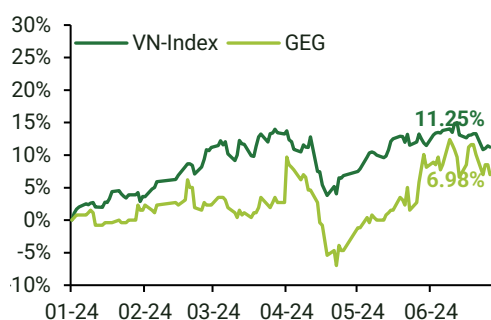
**SHAREHOLDER STRUCTURE**

AVH Pte. Ltd	29.5%
DEG	16.6%
TTC Investment	14.1%
TTC Sugar	9.3%
Global Mind VN	7.2%
Others	23.3%

**KEY ATTRIBUTES**

TTM EPS (VND)	401.2
BVPS (VND)	11,127.9
Debt/Equity (%)	169%
ROA (%)	1.0%
ROE (%)	3.7%
P/E	34.4
P/B	1.2
Dividend yield (%)	0%

**PRICE PERFORMANCE**



**COMPANY PROFILE**

Established in 1989, formerly known as Gia Lai - Kon Tum Hydropower Company. Throughout 33 years of development, GEG currently owns 12 small and medium hydro-power plants, 05 solar power plants and 34 rooftop solar systems, 03 wind power plants with a total capacity of 545 MWp. GEG aims to expand into new types of renewable energy, such as biomass,...

**ANALYST(S)**

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**Potential portfolio of renewable energy projects but must wait for new policies**

- In Q1/2024, GEG achieved net revenue and net profit after tax (NPAT) of VND 739 billion and VND 126 billion respectively, completing 32% and 97% of the set plan.
- At the AGM, a relatively optimistic business plan for 2024 was set thanks to the thorough operation of the Tan Phu Dong 1 plant. At the same time, a direction is set to develop additional hydropower capacity while waiting for new policies for wind, solar, biomass, and hydrogen energy.
- We maintain a BUY recommendation with a 31% potential upside.

**Business plan**

The General Meeting of Shareholders has approved the business results for 2024 based on the following assumptions: (1) The negotiation of prices at the transition power plants will be completed in 2024, recognized by the state agencies and fully legally recognized to record all revenue since the operation of the Tan Phu Dong 1 Wind Power Plant - 100MW (the transition project) and (2) the total electricity output would reach 1,363 mn kWh.

Accordingly, Net revenue and NPAT are expected to reach VND3,120bn and VND270bn, respectively, increasing by 44% and 88% compared to the actual figures of 2023. This planned NPAT level is considerably lower than PHS's forecast (Net revenue is expected to reach VND2,811bn and NPAT is VND395bn). We expect the company's electricity output this year to reach 1,420 mn kWh (+15% YoY), thanks to the Tan Phu Dong 1 plant operating at maximum capacity and selling electricity at the ceiling price (applied to transition projects). As a result, the company can see significantly increased operating cash flow, which could be used to repay debts, then reduce interest expenses (expected to decrease by 8% in 2024), support for NPAT and strong net profit margin recovery (possibly reaching 14% in 2024).

In fact, in Q1/2024, the company achieved Net revenue and NPAT of VND739bn and VND126bn, respectively, completing 28% and 32% of our forecasts.

**Near-term development plan**

While waiting for new policies for wind and solar power, or further for biomass power and hydrogen production, Gia Lai Electricity will focus resources on developing or M&A potential medium and small hydropower plants (under 30MW). The immediate plan is to put into operation the Ea Tih hydropower project with a capacity of 8.6MW in 2025, with a total investment of about VND290bn.

**Profit distribution plan**

In 2024, the company will issue stock dividends to ordinary shareholders holding at a rate of 5%, and at the same time, distribute cash dividends to preferred shareholder (DEG) at a rate of 6.12% on the issuance value (VND642bn), equivalent to around VND39.3bn.