trueFriend KIS Viet Nam Securities Corporation

Earnings Review

12 Aug 2026

GIA LAI ELECTRICITY JSC (GEG)

2Q26 - Finance costs pressured earnings

· 2Q26 - Finance costs pressured earnings
· 3Q26F - The outlook remains bleak
· Maintain a HOLD recommendation

Facts: 2Q26 – Finance costs weighed on earnings

Revenue and gross profit reached VND580bn (-7% yoy, ~90% of KIS's forecast, figure 1) and VND237bn (-13% yoy, ~89% of our forecast, figure 7), respectively, mainly supported by the solar power segment.

- **Hydropower:** Revenue came in at VND43bn (-43% yoy, figure 1), with production declining to 24mn kWh (-41% yoy, figure 2). Based on historical data during transitions to El Niño, hydropower capacity factor (CF) typically declines by approximately 3-4%p, although the average FMP (accounting for around 2% of revenue, figure 3) could improve by approximately 30% yoy.
- **Solar power:** Revenue reached VND268bn (+8% yoy, figure 1), supported by higher average selling prices as the exchange rate remained elevated compared with the same period last year, offsetting a decline in production to 99mn kWh (-8% yoy, figure 2). In addition, Duc Hue 2 commenced commercial operation in June 2026, providing a positive contribution to earnings.
- **Wind power:** Revenue reached VND238bn (-15% yoy, figure 1), mainly due to the high base in 2Q25, when the company recognized additional revenue from A7 turbine of the VPL wind farm for the 2023–2024 period. Meanwhile, production declined to 113mn kWh (-11% yoy, figure 2) due to the impact of El Niño.

As a result, NPAT came in at VND8bn (-95% yoy, figure 8), mainly due to (i) weaker earnings from the hydropower and wind power segments; (ii) a contraction in gross margin to 40.9% (-2.8%p yoy, figure 7) from 43.7% in 2Q26; (iii) finance costs increasing to VND183bn (+6% yoy, up approximately VND11bn yoy, figure 6); and (iv) the absence of one-off income from the divestment of a 25% stake in Truong Phu Hydropower, which was recognized in 2Q25.

Table 1. Quarterly earnings snapshot in 2Q26 (VND bn, %, %p)

	2Q25	3Q25	4Q25	1Q26	2Q26	QoQ	YoY
Sales	624.3	671.3	590.4	767.4	580.3	(24)	(7)
OP	183.5	98.4	91.1	285.2	18.7	(93)	(90)
OP margin (%)	29.5	14.7	15.3	37.3	3.2	(34.1)	(26.3)
EBT	184.1	98.7	90.6	286.4	18.6	(94)	(90)
NPAT	157.7	80.1	96.1	263.7	8.2	(97)	(95)

Source: Company data, FiinPro-X KISVN

12M rating	**HOLD (Maintain)**
12M TP	
Up/Downside	

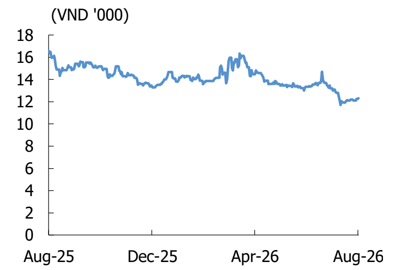
Stock data

VNIndex (12 Aug, pt)	1,791
Stock price (12 Aug, VND)	12,300
Market cap (USD mn)	177
Shares outstanding (mn)	376
52-Week high/low (VND)	16,477/11,700
6M avg. daily turnover (USD mn)	0.54
Free float / Foreign ownership (%)	35.5/44.9
Major shareholders (%)	
AVH Pte. Ltd	30.01
Thanh Thanh Cong Investment JSC	14.36

Performance

	1M	6M	12M
Absolute (%)	(6.8)	(10.6)	(25.8)
Relative to VNIndex (%p)	(5.1)	(10.6)	(39.5)

Stock price



Source: Bloomberg

Research Dept
researchdept@kisvn.vn

Pros & cons: 3Q26F - The outlook remains bleak

In 3Q26, we expect GEG's operating performance to decline slightly, mainly driven by the solar segment.

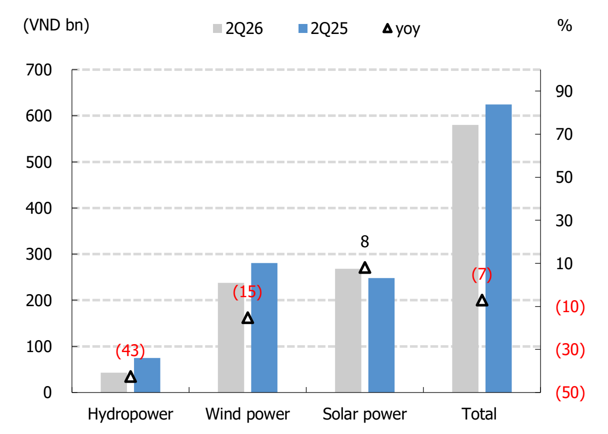
Specifically, by segment:

- **Hydropower:** We expect the hydropower segment to decline slightly in 3Q26F, as the CF could decrease by 4%–6% yoy due to the strong impact of El Niño conditions, which are expected to persist until early 2027, despite the average FMP being projected to improve by 30% yoy.
- **Solar power:** We estimate that the solar power segment will remain stable, supported by (i) expectations that Đuc Hue 2 will officially achieve COD 2Q26 and (ii) a slight improvement in electricity prices compared to the same period last year, as exchange rate fluctuations are expected to remain elevated.
- **Wind power:** We forecast this segment to remain stable in 3Q26, supported by expectations that the average selling price will continue to improve based on the analysis above.

Action: Maintain HOLD rating

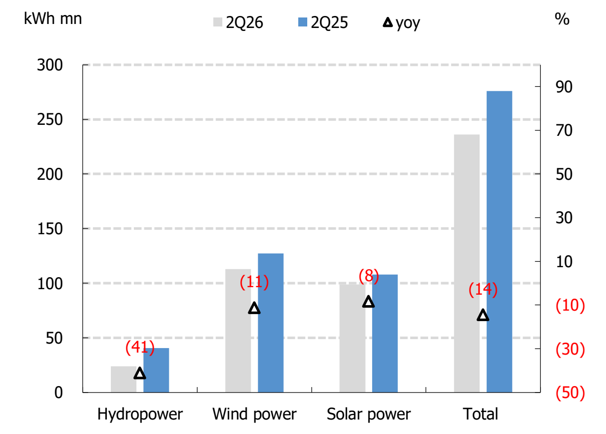
We maintain a positive view on GEG's long-term outlook. However, at the current stage, we believe there remains a lack of strong catalysts to drive the share price higher, despite its still-attractive valuation. In addition, we are cautious that weaker-than-expected earnings performance in 3Q26 may weigh on the stock price. Accordingly, we reiterate our HOLD recommendation on GEG.

Figure 1. Revenue declined slightly, mainly supported by the solar power segment in 2Q26



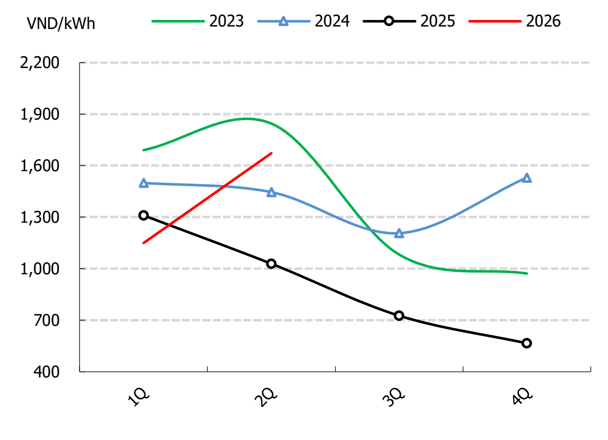
Source: GEG, KIS Research

Figure 2. ... GEG's power production declined 14% yoy



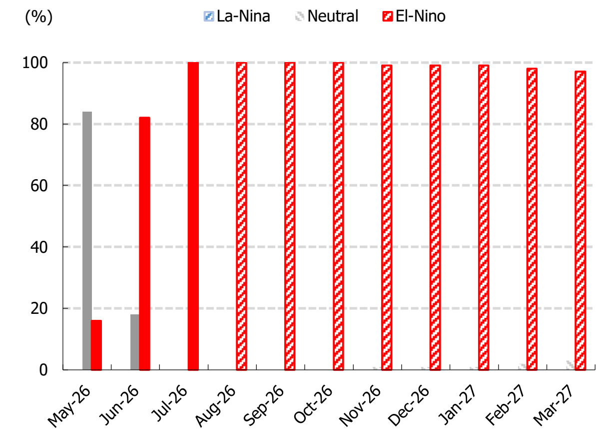
Source: GEG, KIS Research

Figure 3. 2027 FMP is expected to recover in 2026, supported by a significant improvement in the CAN price



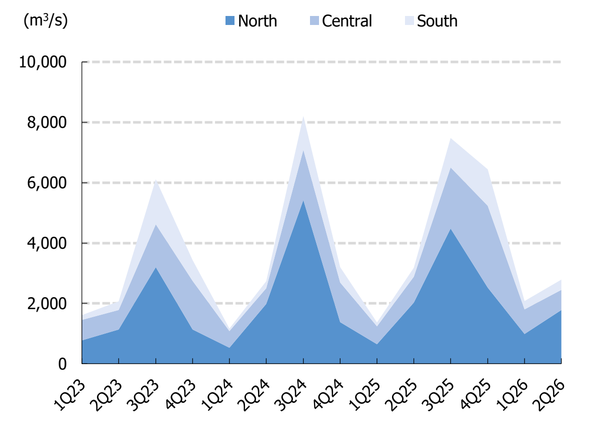
Source: GEG, KIS Research

Figure 4. According to NOAA, strong El Niño conditions are expected to persist through early 2027



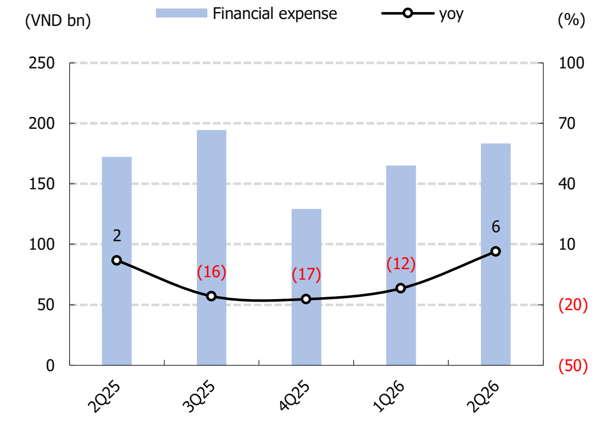
Source: Bloomberg, GEG, KIS Research

Figure 5. Reservoir inflow declined by 15% yoy in 2Q26



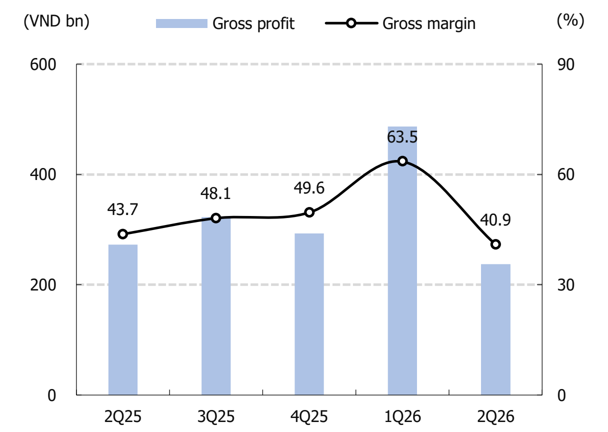
Source: GEG, KIS Research

Figure 6. Finance costs increased 6% yoy in 2Q26



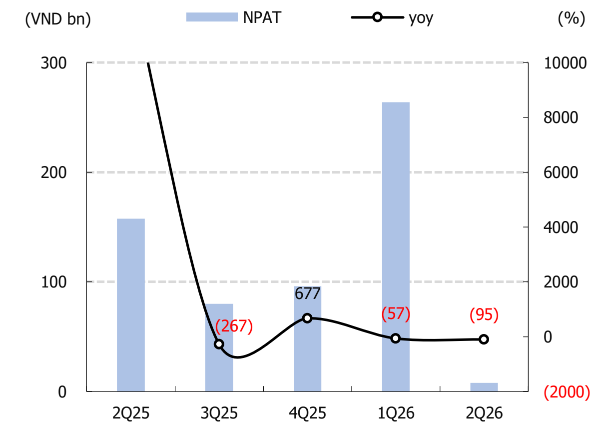
Source: Bloomberg, GEG, KIS Research

Figure 7. Gross margin declined to 40.9%, down 2.8%p yoy in 2Q26



Source: GEG, KIS Research

Figure 8. NPAT declined 95% yoy, pressured by higher financial expenses



Source: GEG, KIS Research

■ Company overview

Gia Lai Electricity Joint Stock Company (GEC) was formerly known as Gia Lai – Kon Tum Hydropower Company, under the Gia Lai – Kon Tum Provincial People's Committee. With 33 years of formation and development, GEC currently owns and operates 12 small and medium-sized hydropower plants, five solar power plants, 34 rooftop solar systems, and three wind power plants, with a total installed capacity of 545MWp. With a target of exceeding 1,700MWp in total capacity by 2025, GEC aims to further expand into new segments, including waste-to-energy and biomass power.

Balance sheet (VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025A	2026F
Current assets	2,118	1,458	1,382	1,793	1,910
Cash & cash equivalents	334	229	164	86	768
Accounts & other receivables	750	829	823	1,280	723
Inventory	155	127	119	46	46
Non-current assets (Adj.)	1,785	1,229	1,218	1,707	1,143
Fixed assets	9,965	14,068	13,295	12,506	11,640
Investment assets	113	168	174	58	60
Others	4,921	438	322	754	(28)
Total assets	17,118	16,132	15,172	15,111	13,582
Advances from customers	2	2	1	1	1
Unearned revenue	0	0	0	0	-
Trade payables	1,225	75	32	15	13
Others	180	188	154	251	213
ST debt & due bonds	663	1,415	597	616	303
LT debt & bonds	9,264	8,682	8,596	7,727	5,710
Total liabilities	11,488	10,365	9,409	8,613	6,903
Controlling interest	4,278	4,350	4,424	4,965	5,146
Capital stock	3,861	4,054	4,225	4,148	4,148
Capital surplus	26	21	21	14	26
Other reserves	98	96	96	96	96
Retained earnings	292	179	82	706	876
Minority interest	1,352	1,417	1,339	1,533	1,533
Shareholders' equity	5,630	5,767	5,763	6,498	6,679

Income statement (VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025A	2026F
Sales	2,093	2,163	2,325	2,999	2,542
COGS	1,082	1,043	1,252	1,284	1,282
Gross profit	1,011	1,121	1,073	1,714	1,261
SG&A expenses	161	159	136	200	198
Operating profit	851	961	938	1,514	1,063
Financial income	214	101	38	142	22
Interest income	31	41	38	29	59
Financial expenses	657	871	801	683	727
Interest expenses	592	842	786	665	504
Other non-operating profit	(13)	4	7	1	-
Gains (Losses) in associates, subsidiaries and JV	13	5	5	5	5
Earnings before tax	407	200	187	979	358
Income taxes	(5)	5	34	32	40
Net profit	412	195	153	947	318
Net profit of controlling interest	316	137	115	702	318
EBITDA	1,649	1,738	1,777	2,446	1,749

Cash flow (VND bn)

FY-ending Dec.	2022A	2023A	2024A	2025A	2026F
C/F from operations	496	1,068	885	933	2,455
Net profit	407	200	187	979	358
Dep'n & Amort'n	652	697	804	800	887
Net incr. in W/C	1,481	1,655	1,775	2,305	1,950
C/F from investing	(8,823)	(2,752)	58	2	(121)
Capex	(9,004)	(2,943)	(83)	(407)	82
Incr. in investment	181	191	141	409	(202)
C/F from financing	8,043	474	(1,890)	(1,012)	(2,319)
Incr. in equity	5,225	309	(983)	(83)	11
Incr. in debt	-	2,366	1,079	(839)	(313)
Dividends	(4)	(4)	(16)	(77)	-
C/F from others	(0)	0	0	0	-
Increase in cash	(283)	(1,210)	(948)	(77)	15

Key financial data

FY-ending Dec.	2022A	2023A	2024A	2025A	2026F
per share data (VND, adj.)					
EPS	523	214	171	1,045	
BPS	13,287	12,747	12,346	13,856	-
DPS	-	-	-	-	
Growth (%)					
Sales growth	51.6	3.4	7.5	29.0	(15.2)
OP growth	30.3	13.0	(2.5)	61.5	(29.8)
NP growth	(10.6)	(52.6)	(21.9)	520.2	(66.4)
EPS growth	11.6	(56.5)	(16.3)	511.5	(54.6)
EBITDA growth	30.3	13.0	(2.5)	61.5	(29.8)
Profitability (%)					
OP margin	40.6	44.4	40.3	50.5	41.8
NP margin	19.7	9.0	6.6	31.6	12.5
EBITDA margin	40.6	44.4	40.3	50.5	41.8
ROA	2.8	1.2	1.0	6.3	2.2
ROE (excl MI)	8.2	3.2	2.6	15.0	6.3
Dividend yield	-	-	-	-	-
Dividend payout ratio	-	32	-	-	-
Stability					
Net debt (VND bn)	9,593	9,867	9,029	8,257	5,245
Net debt/equity (%)	170	171	157	127	79
Valuation (X)					
PE	11.1	22.4	28.2	5.8	14.5
PB	1.3	1.0	1.0	1.1	0.9
EV/EBITDA	19.1	16.7	16.1	10.3	13.8

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