

Gia Lai Power (GEG)

AGM brief: Bright results for 2022F

On Apr 26, Gia Lai Power (GEG) held the Annual General Meeting. The company presented to us full-year 2021 results as well as the 2022F business plan.

Ride on the tailwinds in 2022F

- Thanks to the operation of new wind power plants including Ia Bang, Tan Phu Dong 2, V.P.L 1 in 4Q21, revenue from power segment edged up to VND1,367bn, +9.4% yoy in 2021. However, the total revenue was slightly down 8% yoy to VND1,381bn.
- The management targets a revenue growth of 37% yoy to VND2,073bn in 2022F, fueled by a VND1,927bn power revenue. Nonetheless, profit before tax is pegged at VND345bn, - 6.4% yoy due to the burden of interest expense and depreciation.
- GEG is going to pay 2021's stock dividend at 100:6 from undistributed earnings. It also targets to increase dividend payment either in the stock at 100:8 or in cash at par from the 2022F's undistributed earnings.
- In 1Q22, the company announced preliminary EBT of VND183bn which fulfilled 53% of annual guidance thanks to the favorable weather condition.
- Hydropower, solar power and wind power outputs are projected to reach 253mn kWh, 383mn kWh and 367mn kWh in 2022F, respectively.
- GEG will issue an additional 30.37mn shares to existing shareholders at 1000:94 and over 9mn ESOP shares with the selling price of VND11,000.
- AGM also allows AVH Pte. Ltd (AVH) to receive the stake transfer of 13.7% from International Finance Corporation and 0.6% from Ms. Tran Tieu Phung to raise AVH's ownership in GEG to 35.1%.
- Based on guidance of 2022F profit, 12MF PE is 19.2x and 12MF PB is 1.64x, slightly lower than the 1-year average of 20.8x and 1.83x, respectively.

	2017A	2018A	2019A	2020A	2021A
Sales (VND bn)	539	559	1,159	1,493	1,381
chg. (% YoY)		3.8	107.2	28.8	(7.5)
Operating profit (VND bn)	246	229	538	645	653
Net profit (VND bn)	209	187	291	295	325
EPS (VND)	1,584	705	1,091	904	893
chg. (% YoY)		(55.5)	54.7	(17.2)	(1.2)
EBITDA (VND bn)	367	405	257	197	1,240
PE (x)	12.1	27.1	17.5	21.1	21.4
EV/ EBITDA (x)	6.2	14.1	9.6	9.3	12.1
PB (x)	1.4	1.5	1.5	1.5	1.6
ROE (%)	15.9	10.1	11.6	9.8	9.0
Dividend yield (%)	20	10	7	8	8

Note: Net profit, EPS and ROE are based on figures attributed to controlling interest

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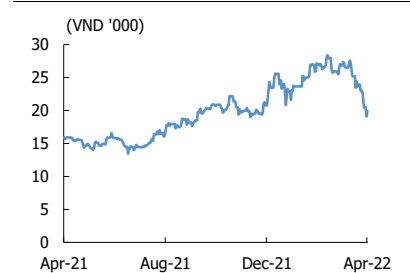
Stock Data

VNIndex (26 Apr, pt)	1,341
Stock price (26 Apr, VND)	19,900
Market cap (USD mn)	263
Shares outstanding (mn)	304
52-Week high/low (VND)	28,400/13,473
6M avg. daily turnover (USD mn)	1.67
Free float / Foreign ownership (%)	17.5/36.1
Major shareholders (%)	
AVH	20.76%
Thanh Thanh Cong	17.8%
IFC	13.74%

Performance

	1M	6M	12M
Absolute (%)	(25.9)	(4.1)	24.8
Relative to VNIndex (%p)	(15.4)	(0.9)	13.1

Stock price trend



Source: Bloomberg

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Accelerating investment in wind powers in 2022F-2025F

- The company asserted to focus on wind power projects in the 2022F-2025F and considered to proceed M&A deals to expand its wind power capacity.
- Tan Phu Dong 1 Power Plant could operate since 4Q22F and must go through bidding process. It could generate a revenue of VND600bn in 2023F based on the assumption that the bidding price could be 10% lower than the current FIT price, per management.
- IRR of Tan Phu Dong 1 could swing in range of 10%-11% and of the Tan Phu Dong 1&2 cluster could amount to 13%-14%.
- GEG intends to expand its presence in the Mekong Delta by investing in biomass power, waste-to-energy project and rice husk power in the provinces of Tien Giang, Ca Mau, Long An.
- GEG owns 25% of Truong Phu hydropower and is planning to increase its ownership in Truong Phu.

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