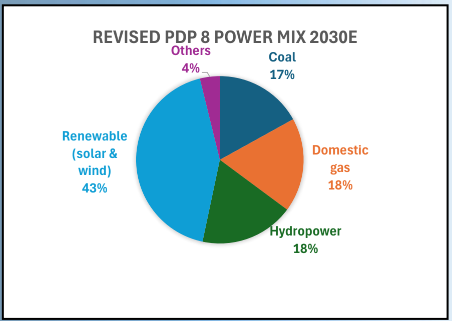
Vietnam: Energy Sector

3 July 2025



What's new?

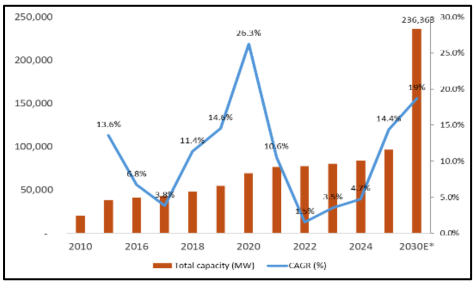
- Accommodative macro & development policies are powering up the energy sector.
- Revised PDP8 reflects targeted GDP growth of 10% CAGR in 2026-30.
- Decision 1509/QĐ-BCT reveals substantial capex plans for PDP VIII implementation.
- Decision 1508/QĐ-BCT (May 30) sets out higher prices for wind power.

Our view

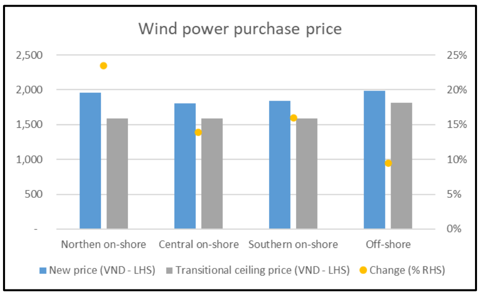
- Considerable investment in energy production capacity is required to power the ambitious official growth targets for the years ahead.
- New wind power ceiling purchase prices are 9-23% higher than the previous transitional rates.
- PC1 (BUY) is our top pick in the sector. Other ideas:
- 1) Green energy theme: GEG (Not Rated), REE (Not Rated), HDG (Not Rated);
- 2) Upstream O&G services: PVD (BUY), PVS (N/R).

Overview: Vietnam's total installed capacity increased by just +4.7% YoY to 84,360MW at end-2024. Meanwhile, electricity production reached 308.7 TWh (+9.9% YoY) in 2024. Given the energy-centric nature of Vietnam's economy, energy demand typically grows at 1.5x the rate of GDP growth.

Total installed capacity is set to growth by 18% CAGR in 2024-2030



New wind power prices are 9-23% higher than the previous transitional price



Yuanta Vietnam Energy & O&G Services Universe

Tickers	Recommen-dation	Target price (VND)	TTM PE (x)	Current PB (x)	ROE (%)
PC1	BUY	29,798	18.8	1.6	8.6%
POW	SELL	13,358	22.6	0.9	4.0%
GEG	Not rated	N/A	48.6	1.3	2.6%
HDG	Not rated	N/A	33.0	1.5	4.6%
REE	Not rated	N/A	17.2	1.9	11.4%
PVD	BUY	22,683	15.9	0.7	4.4%
PVS	Not rated	N/A	13.9	1.1	8.6%

Source: YSVN, MOIT, EVN

Energy: Beneficiary of gov't growth policy

Wind is cash

The revised PDP8 set out +12.4% electricity production capacity CAGR in 2024-30 to ensure sufficient power supply to enable +10% GDP CAGR targeted for the same period. We believe that energy construction companies and green power suppliers should be the main beneficiaries.

Substantial investment for energy development set out for 2026-2030. MOIT Decision No. 1509/QĐ-BCT sets out substantial planned investments for 2026-30, including US$118bn (US$23.6bn/year) for energy production and US$18bn (US$3.6bn/year) for the grid.

Catalyst for wind power: In a previous note, we discussed the potential positive changes from the wind power purchase price mechanism. MoIT later officially approved the electricity price framework for 2025 for onshore and nearshore wind power projects (Decision No. 1508/QĐ-BCT of May 30, 2025). This has solidified the government's commitment to green energy, as the newly mandated wind power purchase price is 9-23% higher than the previous transitional price.

We maintain our view that green energy players should benefit from the updated energy policies. Beneficiaries include energy construction firms (PC1 VN, BUY) and energy developers such as **REE (Not Rated), HDG (Not Rated),** and **GEG (Not Rated)**, which have wind farm projects under development that are included in the revised PDP8. GEG's 100MW offshore Tan Phu Dong 1 wind farm is now selling electricity at nearly double the previous price (as discussed in our earlier report).

PVD (BUY) and PVS (Not Rated) also stand to benefit from the revised PDP8. We expect the increased demand for gas inputs at power plants to drive greater exploration and production activity, boosting the need for technical service providers in the sector.

Vietnam's property market is key for most of the major players in this sector because most (but not all) of them have substantial real estate businesses. We remain positive on the property market upcycle in 2H25.

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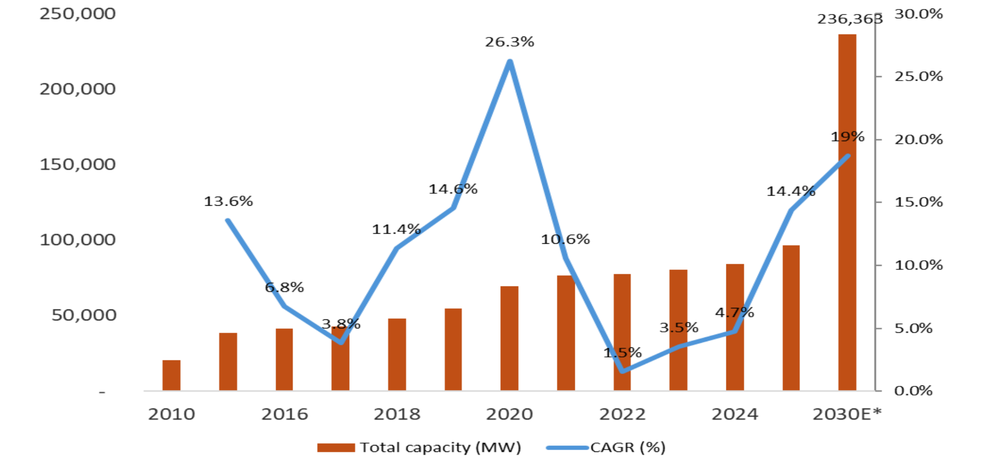
Bold policies to provide sufficient energy

Revised PDP8 targets substantial increase in national power capacity. The revised PDP8 was finally approved by Decision 768/QĐ-TTg on April 15 2025. The main goal of the revision is to provide sufficient energy for 10% GDP CAGR in 2026-2030.

The new version of PDP8 targets total installed capacity of 183k MW (base case) to 236k MW by 2030, equivalent to CAGR of +13.8-19.0% in 2024-2030. The revised version would add another 27.7k-80.8k (15.1-34.2%) of installed capacity compared to the original PDP8 that was approved in May 2023.

Fig. 1 Installed capacity is set to soar over the next 5 years

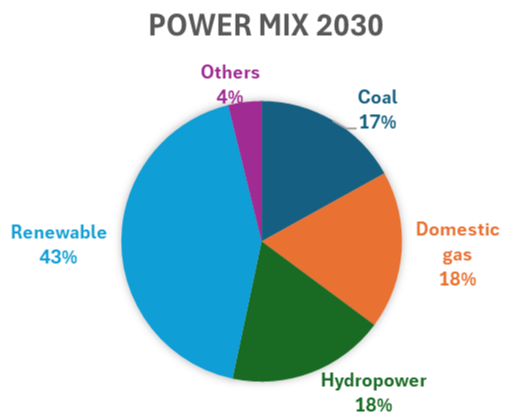


Source: MoIT, Revised PDP8, YSVN

Capacity mix: Greater emphasis on renewable energy. The revised PDP8 emphasizes the expansion of green energy in the nation's capacity mix. Specifically --

- Hydropower is set to reach 33,294-34,667 MW (accounting for 18.2 - 14.7% of total capacity), an increase of 4,560-5,275 MW compared to the previous version of PDP VIII, but down from 28% in 2024.
- Thus, renewable energy (including solar and wind) is set to account for 43% of nationwide capacity, up from 27% in 2024. The green energy target comprises a basket of solar and wind generation, as follows:
  - Solar power is set at 46,459 MW in 2030, when it should account for 25.3% total production capacity.
  - Wind power (onshore and offshore) is set at 26,066 MW, accounting for 17.2% of planned total installed capacity in 2030.
- By contrast, coal-fired power is set to account for just 13% of capacity, down from 32% in 2024.
- Notably in the revised PDP8, nuclear power is set to reach 4,000 MW to 4,600 MW by 2030-2035, which was not included in the previous versions.

Fig. 2: New 2030 power mix in PDP8 proposal



Source: MoIT, new proposal PDP8

Substantial investment for energy development set out for 2026-2030. The Ministry of Industry and Trade issued Decision No. [1509/QĐ-BCT](), which approves the plan for implementing PDP VIII. This document is the MOIT's roadmap for putting the revised PDP8 into action and to ensure sufficient energy for economic development.

The plan includes:

1. Various energy projects nationwide to be developed. The Decision should act as an approval mechanism for future power capacity development.
2. More importantly, the Decision presents the MOIT's aggressive investment plans in 2026-2030. This includes a total US$118bn (or US$23.6 bn per year) to develop energy production and US$18bn (US$3.6bn/year) for the transmission grid.

The revised plans call for an enormous amount of energy development going forward, which should benefit power suppliers and related construction firms. As the market leaders in power construction, **PC1 (BUY)** and **TV2 (not rated)** are clearly the winners of this theme, in our view.

The revised PDP8 also requires increased E&P activities at Vietnam's upstream gas projects, including Block B-Omon and Blue Whale. This is intended to maximize utilization of domestic gas supplies for gas-fired power plants, in addition to imported LNG.

This should drive greater exploration and production (E&P) activity, boosting the need for technical service providers in the sector. Increased demand for drilling and well-related services should be very positive for **PVD (BUY)**.

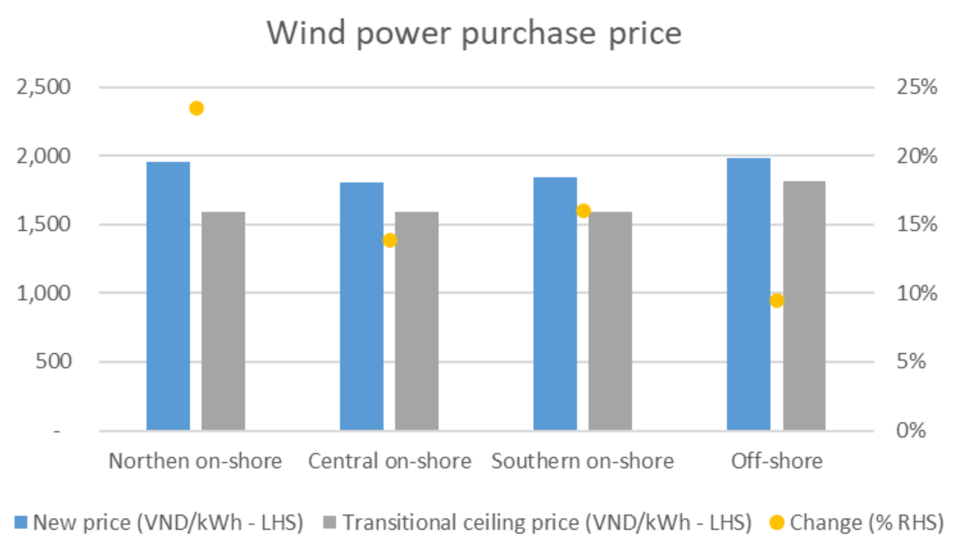
In the downstream, the revised PDP8 emphasizes the progress of gas-fired power projects including Omon II, III, and IV (3150MW); Mien Trung I and II; and Dung Quat I, II, and III (3.750MW). These projects should benefit M&C services providers, which could be a key positive catalyst for **PVS (not rated)**.

Catalyst for wind power: Our previous note discusses the potential implications of proposed (at the time) changes in regulations on wind farm electricity pricing. Since then, the new price mechanism was officially finalized on May 30 via the promulgation of Decision No. 1508/QĐ-BCT.

As per that Decision, the MoIT has officially approved the electricity price framework for 2025 for onshore and nearshore wind power projects, hence solidifying the government's commitment to green energy.

The new ceiling price is 9% to 23% higher than the ceiling price under the previous transitional plan, as depicted in the figure below.

Fig. 3: Ceiling price for wind power has been increased



Source: MoIT, new proposal PDP8

The new prices are +14-23% higher for onshore wind and +9% higher for nearshore wind in comparison to the previous transitional price framework.

Interestingly, the onshore price is higher in the Northern region than elsewhere. According to our discussions with industry executives, this is due to the more serious power shortage problem – which includes less wind power generation capacity – in the North vs. the rest of the country.

The new price framework should provide 12% IRR for most wind power developers, according to our understanding.

The new prices are applicable to wind farms that are still under development and to those that have completed construction. Wind projects that missed the COD deadlines and are now selling at transitional prices are also included in the revised PDP8.

We believe that the potential listed winners include **REE (not rated), HDG (not rated),** and **GEG (not rated)**, all of which have wind projects under development.

Fig. 4: Projects under development

Tickers	Project	Capacity (MW)	Status
HDG	7A extention	50	plan
HDG	Phuoc Huu	50	plan
HDG	Binh Gia	80	plan
HDG	Loc Binh	100	plan
REE	Tra Vinh V1-3	48	Plan
REE	Tra Vinh V1-4 (Duyen Hai)	49	Under construction
REE	V1-5 & V1-6	80	Plan
REE	Tra Khuc 2	30	Under construction
GEG	V.P.L Ben Tre - Phase 2 (offshore)	30	Plan

Source: FiinPro, Yuanta Vietnam (tra khuc 2 = hydropower)

REE: Expanding its renewable energy businesses

- Company description. REE is a conglomerate involved in energy (50.1% of total revenue in 2024), M&E (34.3%), real estate (13.7%), and water supply & others (1.3%).
- REE has shifted its investment focus from coal to renewable energy and is expanding its wind capacity in 2025.
- In 2024, REE acquired a 70% stake in Duyen Hai Wind Power JSC, which is developing the 49MW Duyen Hai Wind Farm (V1-4), expected to reach commercial operation by 4Q25.
- Additionally, REE plans to start commercial operations for three other onshore wind farms totaling 176MW by 2027. The specific project names have not been disclosed.
- In addition, REE is finalizing its investment procedure for 48MW Tra Vinh 1-3 (phase 2) wind farm and 80MW V1-5 & V1-6 projects (phase 2). These projects, along with the 30MW Tra Khuc 2 hydropower (COD in 1Q27E), should maintain REE as a key beneficiary of the long-term growth of the energy segment.
- Guidance: REE set 2025E revenue at VND10.2tn (+ 22% YoY) and 2025E PAT at VND2.4tn (+ %YoY)
- REE is trading at an attractive valuation of 1.9x current PB with low leverage (0.15x net debt to equity).

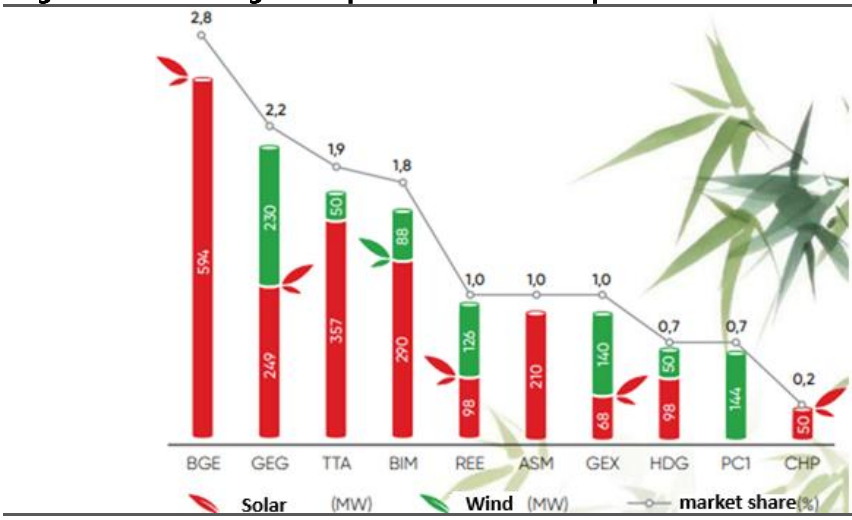
HDG: 250MW wind farm projects are under pipeline

- Company description. Energy accounts for 84% of HDG's total revenue in 1Q25, while property accounts for 19.4%. HDG possesses 8 power plants (471MW) operating in hydro (323MW), wind (50MW), and solar (98MW).
- Management plans to build out ~280MW of wind farms in 2026-2030. This should include several wind power projects: the 7A wind farm extension (50MW), Phuoc Huu (50MW), Binh Gia-Lang Son (80MW), and Loc Binh (100MW) wind farms (which are included in revised PDP8).
- However, we do not expect any of these projects to be completed in 2025.
- HDG set 2025E PBT to increase by 2.5x YoY off last year's low base, mostly attributable to the recovery of its property business, Hado Charm Villas.
- HDG is trading at 1.5x current PB.

GEG: Turnaround in business following successful negotiation with EVN

- Company description. GEG owns 21 power plants (and 34 rooftop solar systems) with total capacity of 665Mwp. GEG's diversified power sources include 11 hydropower plants (90MW), 6 solar power plants (309MWP), and 4 wind power plants (260MW).
- This positions GEG as a top-3 wind power and top-10 solar power generator. However, it's a very fragmented market, as GEG only accounts for 2.2% market share of solar & wind installed capacity despite its high rankings.

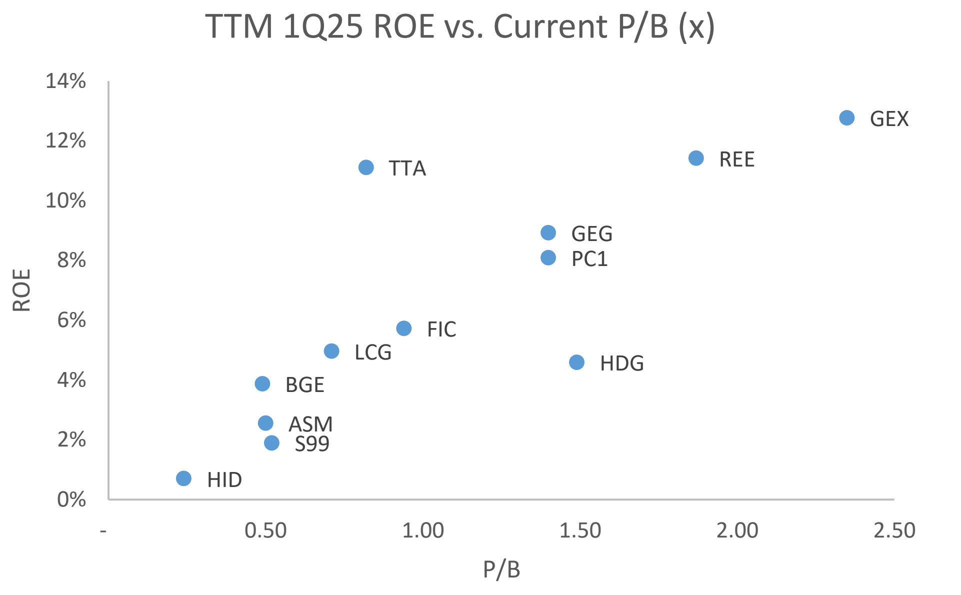
Fig. 5 GEG is among the top renewable developers



Source: GEG annual report

- Successful negotiation with EVN (as discussed in our previous note). GEG has reached an agreement with Vietnam Electricity (EVN) on the official electricity price for the Tan Phu Dong 1 (TPD1) wind farm. This was the first transitional renewable energy project to reach a pricing agreement with EVN.
- Specifically, GEG has agreed with EVN on an electricity selling price for TPD1 of 1,813 VND/kWh -- nearly double the transitional price and close to the ceiling price for offshore wind power (1,816 VND/kWh). The agreement also includes a retroactive payment of ~ VND397bn for the electricity generated by TPD1 and fed into the grid over the past two years.
- A turnaround in GEG's business performance is likely in 2025. GEG guides for 2025E PAT of VND 687bn, up by ~6.0x YoY. This news may have been reflected in the stock's +33% rally YTD.

Fig. 6: Listed companies with exposure to wind power



Source: FiinPro, Yuanta Vietnam

Property markets matter for most of these stocks! GEG, BGE, and TTA are pure energy developers, which makes them exceptional among listed energy stocks. Most of the major wind energy developers are also involved in property businesses, which complicates the investment decision. However, we continue to expect the property market upcycle to kick off in 2H25, which would be an additional catalyst for share prices in the energy sector.

Fig.7: Most wind project developers involved other businesses

#	Tickers	Listing	Market cap (VND	ROA %	ROE %	TTM P/E (x) 30/06/2025	TTM P/B (x) 30/06/2025	EV/ EBITDA TTM	Long-term incomplete	LT incomplete assets as %	NET DEBT/E (x)
1	REE	HOSE	36,454	5.91%	11.42%	17.16	1.87	11.37	1,470	3.99%	0.15
2	GEX	HOSE	33,659	3.25%	12.76%	19.09	2.35	8.49	7,972	14.11%	0.38
3	HDG	HOSE	9,305	2.03%	4.59%	32.99	1.49	9.25	903	6.51%	0.47
4	PC1	HOSE	7,832	2.08%	8.09%	17.71	1.4	7.66	434	2.02%	0.97
5	GEG	HOSE	5,823	2.56%	8.92%	17.02	1.4	7.57	269	1.72%	1.36
6	BGE	UPCoM	3,848	1.54%	3.87%	12.68	0.49	11.01	1,192	6.17%	0.56
7	ASM	HOSE	2,717	0.64%	2.55%	19.65	0.5	14.16	1,405	6.23%	1.19
8	LCG	HOSE	1,821	2.13%	4.96%	14.31	0.71	8.87	76	1.31%	0.39
9	TTA	HOSE	1,811	5.57%	11.11%	7.58	0.82	5.86	55	1.30%	0.81
10	FIC	UPCoM	1,506	3.36%	5.72%	16.64	0.94	20.47	20	0.79%	0.15
11	S99	HNX	724	0.59%	1.89%	27.54	0.52	7.68	11	0.22%	1.11
12	HID	HOSE	195	0.33%	0.70%	34.96	0.24	9.08	108	6.20%	0.67
	Median		3,282	2.1%	5.3%	17.4	0.9	9.0	352.0	3.0%	0.6

Source: FiinPro, Yuanta Vietnam

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