

Power

Driven by strengthening supply-demand dynamics

Analyst Nguyen Viet Anh
(+84) 24-7303-5333 anhnv3@kbsec.com.vn

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Power producers delivered mixed results in 9M25

Hydropower emerged as the main contributor to national electricity generation, supporting a favorable operating year for hydropower producers. In contrast, coal-fired power producers saw weaker results due to lower output and a halving of the average full market price (FMP) compared with the same period in 2024. Gas-fired power producers benefited from more favorable dispatch conditions, delivering strong revenue and profit growth.

Electricity sales volume is expected to rebound from a low base in 2025

We anticipate a return to strong electricity consumption growth, driven by: (1) industrial production supported by accelerated public investment and export recovery; (2) higher forecasted temperatures, which are likely to increase electricity demand for cooling appliances; and (3) the completion and commissioning of key power projects, ensuring adequate supply to meet rising demand.

Coal-fired power will likely become the dominant supply source, displacing hydropower

With electricity demand projected to grow strongly and reduced competition from hydropower, KBSV expects 2026 dispatch patterns to broadly mirror those of 2024, with coal-fired generation serving as the primary source of supply. Hydropower output is likely to remain stable in the first half but decline in the second half, while gas-fired plants—particularly Nhon Trach 3&4—are expected to contribute meaningfully to overall sector sales volume growth.

New energy projects are making solid progress

Key factors supporting investment and accelerating power infrastructure development include: (1) strengthened upstream oil and gas supply, underpinned by record investment exceeding VND25,000 billion (+125% YoY) in 2025–2026 to support domestic gas-fired plants; (2) the streamlining of legal and regulatory procedures for key energy projects; (3) improved financial conditions at EVN, facilitating greater investment in grid infrastructure; and (4) the deployment of substantial renewable energy capacity following competitive auctions..

We remain positive on the power sector in 2026 amid demand recovery and supportive policies

KBSV maintains a positive outlook for the power sector in 2026. Supported by a recovery in electricity demand and policies that encourage investment, sector earnings are expected to rebound, with select companies benefiting from new project opportunities that underpin long-term growth.

Positive maintain

Recommendations	
PV Power (POW)	NEUTRAL
Target price	VND16,400
REE Corporation (REE)	NEUTRAL
Target price	VND66,500

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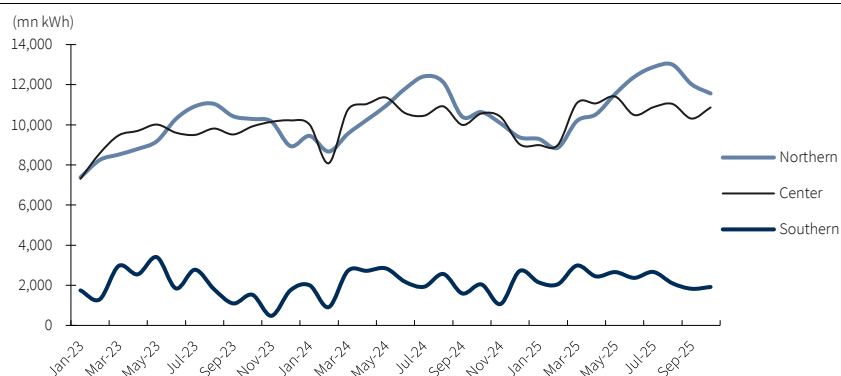
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I. 9M25 business performance

Electricity consumption rebounded in 2H25, driven by industrial production

In 10M25, household electricity demand for cooling appliances declined due to cooler temperatures, slowing electricity consumption growth to 268.7 billion kWh (+3.8% YoY) and achieving only 71% of the full-year 2025 forecast. Excluding the impact of temperature fluctuations, the recovery of industrial production in 2H25—reflected in the PMI above 50—was the main driver of nationwide electricity consumption growth of 5.8% YoY. Regionally, electricity consumption in the North continued to lead the country, reaching 112.3 billion kWh (+5.7% YoY), while the South, including Ho Chi Minh City, remained almost flat at 105 billion kWh (+1% YoY).

Fig 1. Vietnam – Power consumption by region (mn kWh)



Source: Vietnam Electricity, KB Securities Vietnam

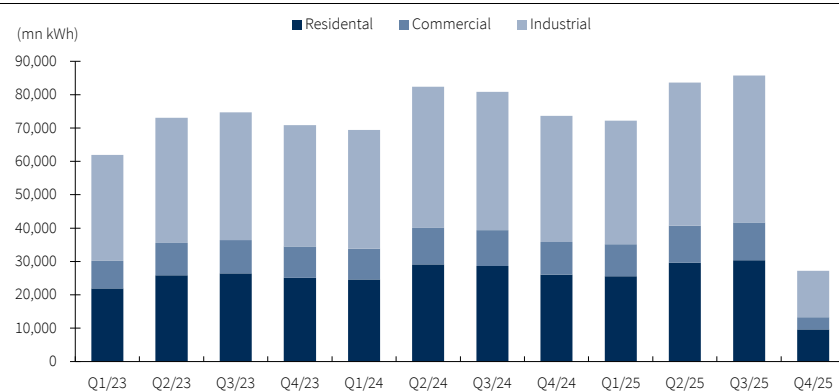
Coal and hydropower alternated as the largest contributors to total electricity sales volume

In 1H25, coal-fired power sales volume declined to 85 billion kWh (–2% YoY), reflecting modest nationwide electricity demand growth of 2.7% YoY. In 2H25, prolonged heavy rainfall created favorable hydrological conditions, lifting hydropower sales volume to 51.1 billion kWh (+7.1% YoY) and accounting for over 45% of total national electricity generation. By end-November 2025, most major reservoirs had reached full storage capacity, providing a solid foundation for power generation in 2026.

Gas-fired power outperformed amid slower demand growth, while coal-fired power remained under pressure

Despite electricity consumption growth in 10M25 slowing to 3.8% from 10% in 2024, the earnings outlook for gas-fired power producers (POW, NT2) improved, supported by a more favorable dispatch environment. Key drivers included higher contracted output (Qc) and the extension of Qc allocation horizons to 3–6 months (from monthly in 2024), enabling greater flexibility in fuel planning. In contrast, coal-fired power producers faced a challenging year as output declined from a high 2024 base. Meanwhile, increased hydropower supply in the competitive market contributed to a roughly 50% decline in average FMP in 3Q25 to around VND500–600/kWh.

Fig 2. Vietnam – Power consumption by end-user in 2023–10M25 (mn Kwh)



Source: Vietnam Electricity, KB Securities Vietnam

II. 2026 outlook

Electricity consumption is set to rebound strongly in 2026 from a low base, supported by balanced supply and demand

For 2026, the Ministry of Industry and Trade has outlined electricity demand scenarios, including a base case of 8.5% growth and two higher-growth cases of 10–12%, aligned with ambitious GDP targets. With GDP growth targeted at above 10%, we view the high-growth electricity demand assumption as conservative and readily achievable, supported by: (1) continued expansion in energy-intensive industries such as steel, cement, and chemicals, underpinned by public investment and recovering exports; (2) higher forecast temperatures in 2026, partly reflecting an increased probability of El Nino, which should lift cooling-related electricity demand; and (3) rising EV charging demand in Hanoi driven by the policy-led transition from internal combustion engine motorbikes to electric vehicles effective July 1, 2026. Under our base case, we forecast electricity consumption growth of 10%, implying an elasticity of 1.

On the supply side, supportive investment policies have translated into tangible capacity additions, with several large-scale power projects scheduled to come online from late 2025 through 2026. Key additions include Unit 1 of BOT Vung Ang 2 (665 MW) in 3Q25, Nhon Trach 3&4 (1,624 MW) from January 1, 2026, and Quang Trach 1 Thermal Power (1,403 MW), expected to commence commercial operations in May 2026.

Table 3. Vietnam – Update on the progress of key projects scheduled to commence operation in 2026–2028

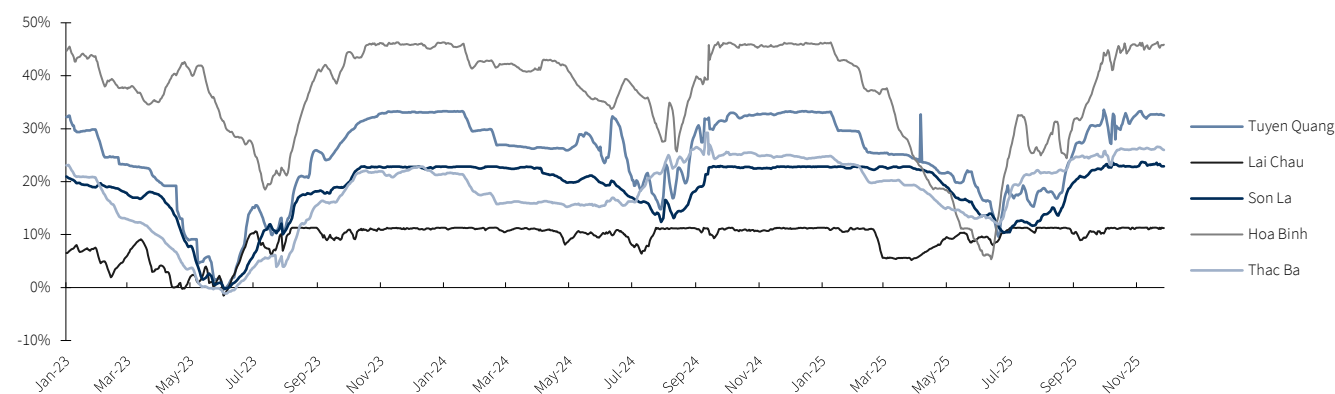
Project	Location	Capacity (MW)	Progress
Coal-fired power			
BOT Vung Ang 2	Ha Tinh	1,330	3Q25: Commissioning of Unit 1 3Q26: Plant expected to resume operation after coal storage facility repairs
Quang Trach 1 Thermal Power	Quang Binh	1,403	2Q26: Expected to commence operation
Long Phu Thermal Power	Soc Trang	1,200	2Q26: Boiler installation expected to be completed 3Q26: Expected electricity generation from Unit 1 4Q26: Expected electricity generation from Unit 2
Domestic gas-fired power			
O Mon 1	Can Tho	660	3Q25: Begin fuel conversion renovation for the plant 1Q27: Renovation expected to be completed and plant operational
O Mon 4	Can Tho	1,155	3Q25: Project construction started 2028: Expected commercial operation
LNG-fired power			
Nhon Trach 3&4	Dong Nai	1,624	1Q26: Project enters commercial operation

Source: KB Securities Vietnam

Weather dynamics are expected to drive stronger hydropower output in 1H26 and weaker generation in 2H26

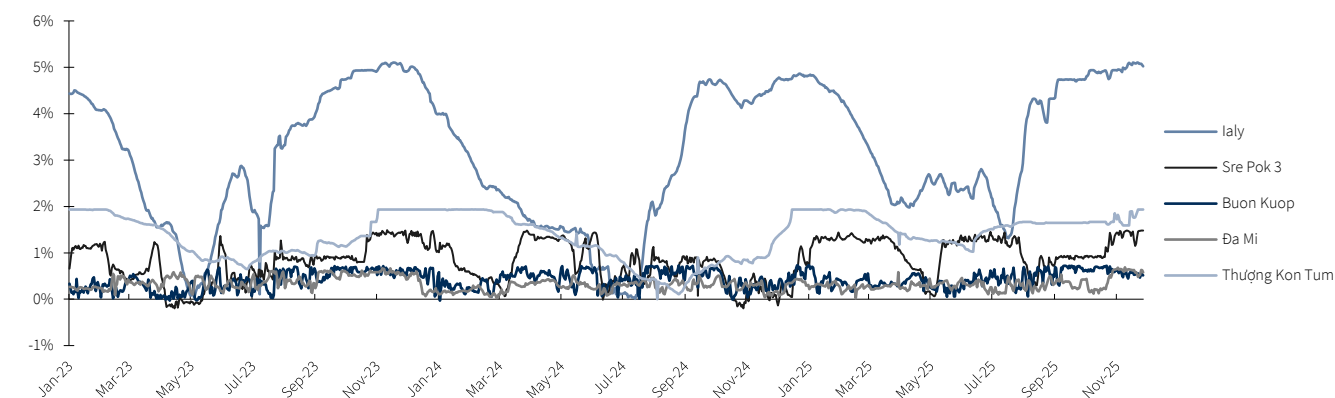
According to the National Center for Hydrometeorological Forecasting (NCHMF), neutral weather conditions are likely to persist in late 2025 and early 2026, with a 60–85% probability, before the likelihood of El Nino rises to 30–40% in 2H26. As a result, total rainfall in 2026 is expected to be lower than the 2025 average. KBSV expects hydropower output to improve in 1H26, supported by high reservoir levels following heavy rainfall in late 2025 and continued rainfall under neutral conditions. However, in 2H26, below-average rainfall during the rainy season is likely to weigh on hydropower generation.

Fig 4. Northern Vietnam – Water level at some reservoirs



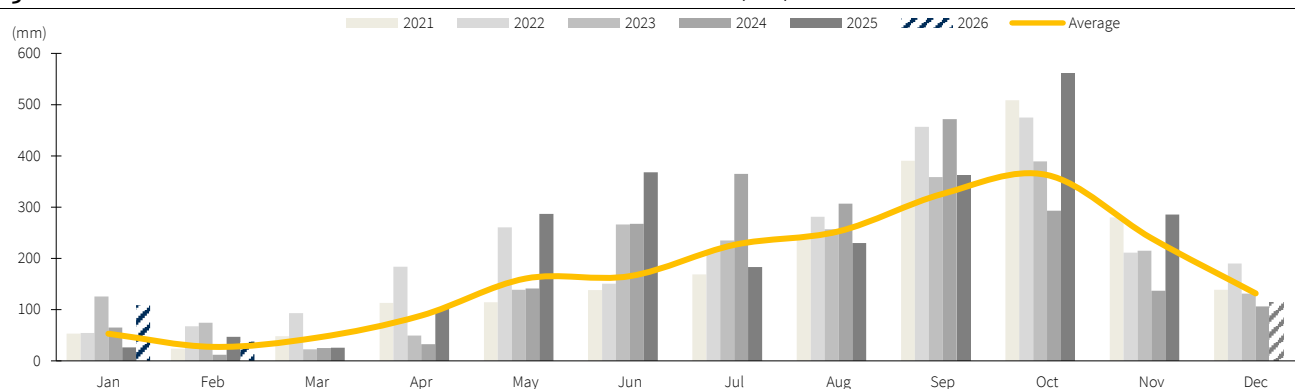
Source: Bloomberg, KB Securities Vietnam

Fig 5. Central Vietnam – Water level at some reservoirs



Source: Bloomberg, KB Securities Vietnam

Fig 6. Vietnam – Forecast of nationwide rainfall for Dec 2025–Feb 2026 (mm)

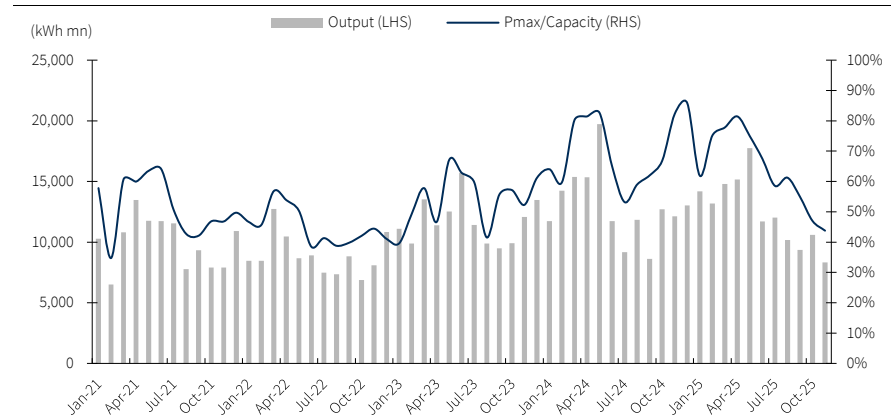


Source: Vietnam Institute of Meteorology, Hydrology and Climate Change, KB Securities Vietnam

Coal-fired power will likely become the dominant supply source, displacing hydropower

With electricity demand expected to rise strongly and hydropower competition easing, KBSV expects power dispatch in 2026 to mirror 2024, with coal-fired plants serving as the primary supply source. Coal generation is likely to be prioritized from early in the year and peak during the hottest months of 2Q26. As the rainy season in 3Q26 is projected to be weaker, coal-fired output should remain above the typical trough seen in the same period, before being adjusted to facilitate hydropower reservoir replenishment.

Fig 7. Vietnam – Coal-fired power generation, maximum-to-design capacity ratio (mn kWh, %)

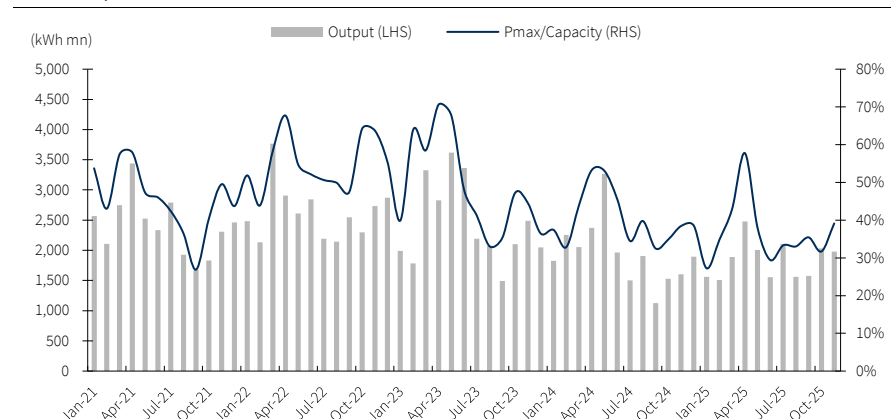


Source: National Electricity System and Market Operation, KB Securities Vietnam

The 1,624 MW Nhon Trach 3&4 LNG plant is set to lead the recovery of gas-fired power output in 2026

In 2026, Nhon Trach 3&4 is expected to commence operations with a minimum operating capacity of 65% under Decree 100/2025, with potential upside to at least 75% based on the Government's proposal, making it the key driver of growth in gas-fired power consumption. For other gas-fired plants in the Southeast, competition from Nhon Trach 3&4 poses a risk amid relatively weak regional demand. However, KBSV expects competitive pressure to ease after the 500kV transmission lines are completed in May 2026, significantly alleviating generation constraints in the region.

Fig 8. Vietnam – Gas-fired power generation, maximum-to-design capacity ratio (mn kWh, %)

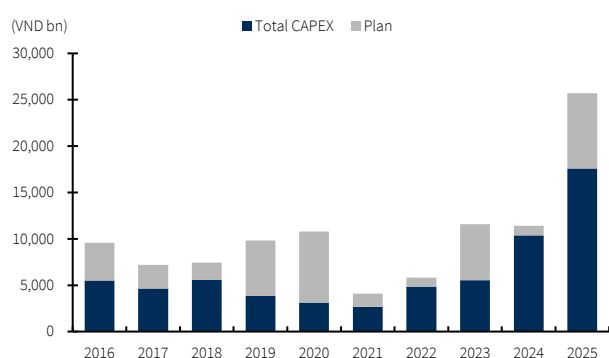


Source: National Electricity System and Market Operation, KB Securities Vietnam

Vietnam aims to boost gas-fired capacity to 2030 amid investment and supply constraints

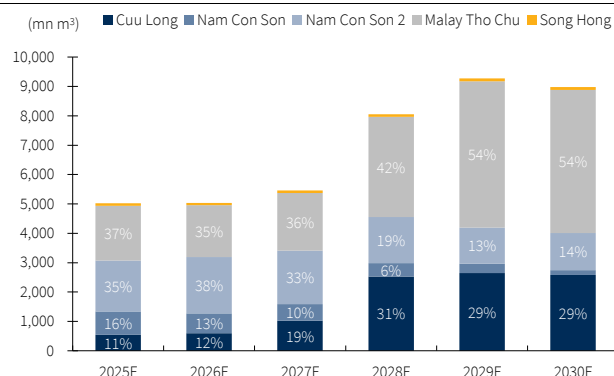
Vietnam aims to expand total gas-fired power capacity to 19,685 MW by 2030, comprising 10,861 MW from domestic gas (5.9% of total installed capacity) and 8,824 MW from LNG (4.8%). However, several challenges could delay these targets, including: (1) unclear and unattractive pricing and offtake mechanisms, discouraging investment in high-capital, long-payback projects; (2) prolonged construction timelines due to contractor selection issues, land clearance, and global supply constraints for critical materials; and (3) volatile global LNG prices and supply, raising operational risks. To address these obstacles, Vietnam has implemented key policies to position gas-fired power as a cornerstone of the energy system, focusing on: (1) boosting domestic fuel self-sufficiency with record upstream oil and gas investment in 2025 exceeding VND25,000 billion (+125% YoY); (2) accelerating downstream project progress by streamlining licensing, approvals, and land clearance; and (3) enabling existing gas-fired plants to switch to LNG through the establishment and early implementation of a pricing framework. KBSV expects 2026 to see the deployment of major projects scheduled to begin operations in 2027, significantly expanding gas-fired capacity within the national energy system.

Fig 9. PVEP – Actual vs. Planned investment (VNDbn)



Source: PetroVietnam Exploration Production Corporation, KB Securities Vietnam

Fig 10. Vietnam – 2025F–2030F domestic gas supply (mn m³)



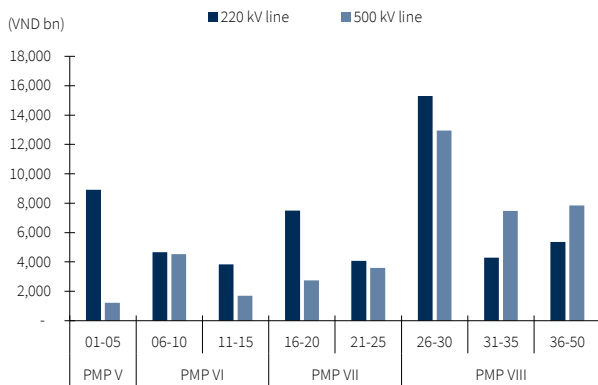
Source: PV Gas, KB Securities Vietnam

Investment plans for new power infrastructure projects

Amid the focus on renewable energy infrastructure under Power Plan VIII, Vietnam needs to build a power grid of sufficient scale to support a fair, stable, and sustainable electricity market. Specifically, PDP VIII sets targets of over 15,000 km of 220 kV transmission lines and nearly 13,000 km of 500 kV lines, aimed at relieving congestion, enhancing interconnection of large power sources, and increasing electricity imports.

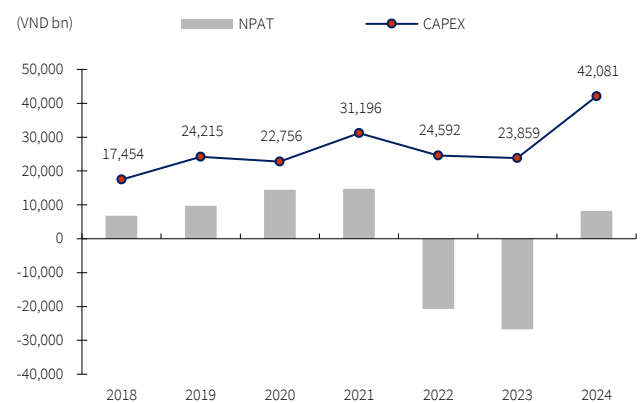
Given the substantial construction and material requirements, KBSV expects companies specializing in consulting, construction, and installation—such as PC1, TV2, and PVS—as well as electrical material suppliers like GEX, to benefit significantly due to their proven expertise and experience on similar large-scale projects.

Fig 11. Vietnam – Estimated total investment under power plans (VNDbn)



Source: Power Plans, KB Securities Vietnam

Fig 12. EVN – NPAT, CAPEX (VNDbn)



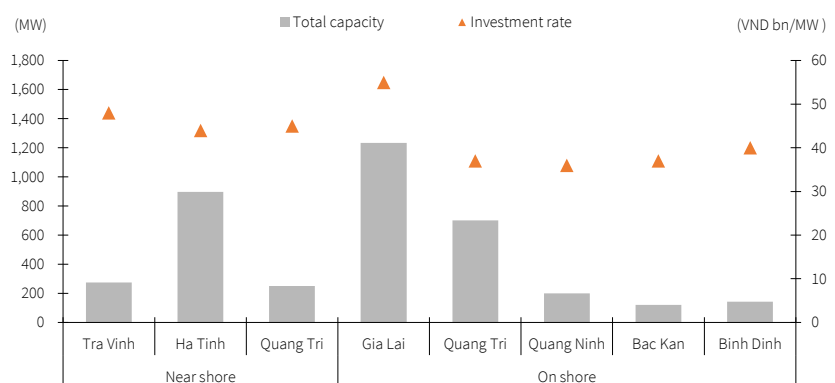
Source: Vietnam Electricity, KB Securities Vietnam

New green energy capacity additions were muted in 2025 but are expected to gradually recover in 2026-2027

In 2025, provincial authorities opened bids for 3,819 MW of wind power, mainly in Gia Lai, Ha Tinh, and Quang Tri, signaling a recovery in sector investment. This planned capacity represents roughly 56% of the country's current operational wind power. Managed by financially strong companies capable of executing multiple large projects, these farms are expected to come online in 2027-2028, supporting Vietnam's clean energy transition.

However, the bidding mechanism has primarily attracted large investors, as actual project costs exceed baseline price parameters, limiting participation by medium and small players. With annual adjustments to the negotiated wind power tariff framework to reflect rising costs, KBSV expects tariffs to increase in the coming years, drawing additional investment.

Fig 13. Vietnam – Latest allocation of capacity and investment costs for wind power by province (MW)



Source: KB Securities Vietnam

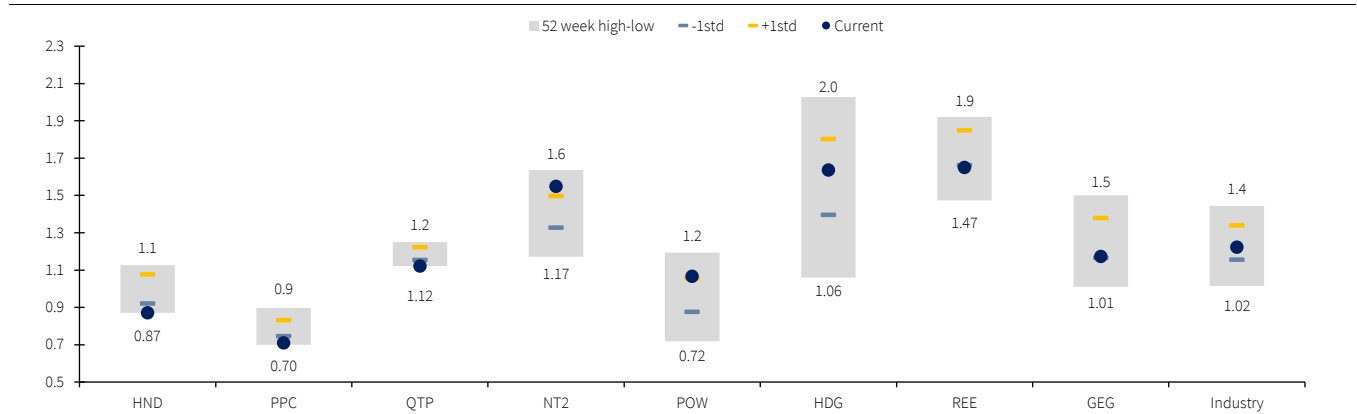
Power producers offer selective upside amid a broadly positive sector outlook

We maintain a positive outlook on the power sector, supported by recovering electricity demand and new legal frameworks enabling the implementation of Power Plan VIII. However, prospects will vary across subsectors, as discussed above.

Much of the sector has already priced in growth expectations. Hydropower stocks (REE, VCP, TTA) are retreating amid potential challenges from unfavorable 2026 weather, while gas-fired power stocks (POW, NT2, PGV) are performing well, reflecting anticipated industry output recovery. Promising opportunities remain in coal-fired power, renewables, and power construction, where stock prices have either absorbed past negative factors or have yet to fully reflect 2026 earnings potential. Our preferred picks include:

- 1) Coal-fired power: QTP and PPC, trading below one standard deviation of their 12-month average P/B, with well-positioned generation assets;
- 2) Renewables: HDG (around 12-month average P/B) and GEG (below one standard deviation of 12-month average P/B), currently undervalued relative to project returns under FIT pricing;
- 3) Power construction: PC1, benefiting from growth in transmission and renewable energy infrastructure.

Fig 14. Vietnam – P/B of selected power producers



Source: Bloomberg, KB Securities Vietnam

Top picks

PV Power (POW)
REE Corporation (REE)

PV Power (POW)

Favorable conditions for power generation

December 5, 2025

Analyst Nguyen Viet Anh

(+84) 24-7303-5333 anhnv3@kbsec.com.vn

Net profit & revenue of the parent company continued to grow in 3Q

In 3Q25, PV Power reported NP-MI of VND809 billion (+104% YoY/34.4% QoQ) on revenue of VND7,855 billion (+30% YoY/-16.4% QoQ). All power generation segments recorded positive growth, with the biggest revenue contributor gas-fired power posting VND5,008 billion (+14% YoY). Coal-fired power revenue achieved an impressive growth, reaching VND2,258 billion (+55% YoY) thanks to Vietnam Electricity's (EVN) increased mobilization.

The favorable operating environment of NT2 is expected to be maintained until 2026, helping power plants raise output

PPA prices are high thanks to the improved Qc ratio of PV Nhon Trach 2 (NT2), which may bring POW's gross profit to VND3,924 billion (+101% YoY) in 2025. In addition, the stable domestic gas source will help ensure high generation output for POW's gas power segment (excluding Nhon Trach 3 & 4 - NT3&4), reaching 10,239 million kWh (+3% YoY).

The mechanism for renegotiating PPA prices for gas-fired power projects using LNG as an alternative fuel will support POW's growth prospects from 2027

The newly issued Circular 54/2025/TT-BCT will accelerate the negotiation of new PPA prices for gas thermal power projects and facilitate the shift towards LNG ahead of declining gas supply nationwide from 2027. In the context of LNG power plants facing risks of slow progress, Nhon Trach power plants of POW will be mobilized with additional LNG gas sources.

Valuation: NEUTRAL – Target price VND16,400/share

Based on SOTP and EV/EBITDA valuation, business outlook, and potential risks, we recommend NEUTRAL on POW stock with a target price of VND16,400.

Neutral maintain

Target price	VND16,400
Upside	9.0%
Current price (Dec 4, 2025)	VND15,050
Consensus target price	VND16,520
Market cap (VNDtn/USDtn)	34.9/1.3

Forecast earnings & valuation

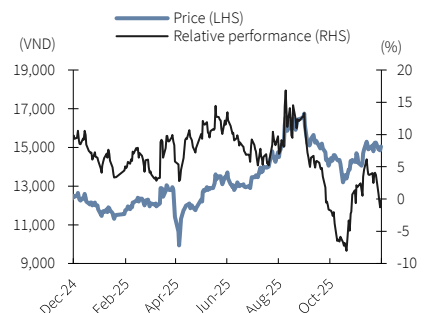
FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	28,329	30,180	33,468	53,001
Operating income/loss (VNDbn)	1,436	1,074	2,953	3,065
NPAT-MI (VNDbn)	1,038	1,252	2,319	2,012
EPS (VND)	443	535	857	656
EPS growth (%)	-49.0	0.0	58.0	-23.0
P/E (x)	37.0	30.7	14.6	19.1
P/B (x)	1.1	1.1	0.9	0.9
ROE (%)	3.8	3.9	6.6	5.5
Dividend yield (%)	0.0	0.0	2.4	0.8

Trading data

Free float	20.1%
3M avg trading value (VNDbn/USDmn)	166.4/6.7
Foreign ownership	7.4%
Major shareholder	

Share price performance

(%)	1M	3M	6M	12M
Absolute	6.3	10.4	12.1	9.5
Relative	3.17	-10.4	-15.1	-19.5



Source: Bloomberg, KB Securities Vietnam

REE Corporation (REE)

Advancing capacity expansion ambition

December 5, 2025

Analyst Nguyen Viet Anh
(+84) 24-7303-5333 anhnv3@kbsec.com.vn

In 3Q2025, revenue and NPAT-MI expanded by 26% and 40% YoY

In 3Q2025, REE recorded revenue of VND2,555 billion (+26% YoY / +1.5% QoQ) and NPAT-MI of VND674 billion (+40% YoY / +8.2% QoQ). The energy segment remained the key contributor, generating revenue of VND1,065 billion (+27% YoY / +13.4% QoQ).

Electricity output increased sharply in 3Q2025, driven by hydropower and wind power

During the quarter, electricity output from the parent company, subsidiaries, and associates totaled 3.2 billion kWh (+18% YoY), supported by improved reservoir inflows. In renewable energy, stronger performance at the Thuan Binh wind farm, which delivered 80 million kWh (+19% YoY), drove segment output to 149 million kWh (+9% YoY).

REE marks a major milestone in the Duyen Hai offshore wind project, signaling renewed momentum in capacity expansion

According to the EPC contractor of the 48MW Duyen Hai offshore wind project, REE has completed the installation of 10 offshore wind turbine towers—marking the company's return to capacity expansion after years of limited new development. We expect the project to secure a tariff near the maximum level of VND1,815/kWh, thereby contributing an estimated VND127 billion in revenue and 70 million kWh of electricity output in 2026.

We reiterate NEUTRAL on REE with a target price of VND66,500/share

Based on valuation results, business outlook, and potential risks, we maintain our NEUTRAL rating on REE with a target price of VND66,500 per share, 4.1% higher than the closing price on December 4, 2025.

Neutral maintain

Target price	VND 66,500
Upside	4.1%
Current price (Dec 4, 2025)	VND 63,900
Consensus target price	VND 77,600
Market cap (VNDtn/USDbn)	34.9/1.3

Trading data	
Free float	38.2%
3M avg trading value (VNDbn/USDmn)	50.4/2.0
Foreign ownership	49.0%
Major shareholder	Platinum Victory (41.7%)

Share price performance				
(%)	1M	3M	6M	12M
Absolute	-1.2	-3.8	5.5	14.7
Relative	-4.3	-24.6	-21.7	-14.3

Forecast earnings & valuation

FY-end	2023	2024	2025F	2026F
Net revenue (VNDbn)	8,570	8,384	9,528	10,262
Operating income/loss (VNDbn)	2,954	2,429	3,121	3,100
NPAT-MI (VNDbn)	2,188	1,994	2,565	2,529
EPS (VND)	5,354	4,234	5,064	4,667
EPS growth (%)	-29.3	-20.9	13.0	-8.0
P/E (x)	12.4	15.7	13.1	14.3
P/B (x)	1.6	1.7	1.7	1.6
ROE (%)	13.4	10.7	12.6	11.3
Dividend yield (%)	1.3	1.3	1.2	1.4



Source: Bloomberg, KB Securities Vietnam

KB SECURITIES VIETNAM (KBSV)

Head Office:

Levels 16&17, Tower 2, Capital Place, 29 Lieu Giai Street, Ngoc Ha, Hanoi, Vietnam

Tel: (+84) 24 7303 5333 – Fax: (+84) 24 3776 5928

Hanoi Branch:

Level 1&2, Office Building, 5 Dien Bien Phu Street, Ba Dinh, Hanoi, Vietnam

Tel: (+84) 24 7305 3335 – Fax: (+84) 24 3822 3131

Ho Chi Minh Branch:

Level 21, Vietinbank Tower, 93-95 Ham Nghi Street, Sai Gon, Ho Chi Minh City, Vietnam

Tel: (+84) 28 7303 5333 – Fax: (+84) 28 3914 1969

Saigon Branch:

Level 1, Saigon Trade Center, 37 Ton Duc Thang Street, Sai Gon, Ho Chi Minh City, Vietnam

Tel: (+84) 28 7306 3338 – Fax: (+84) 28 3910 1611

CONTACT INFORMATION

Hotline: 1900 1711

Email: info@kbsec.com.vn

Website: www.kbsec.com.vn

Investment ratings & definitions

Investment Ratings for Stocks

(Based on the expectation of price gains over the next 6 months)

Buy:	Neutral:	Sell:
+15% or more	+15% to -15%	-15% or more

Investment Ratings for Sectors

(Based on the assessment of sector prospects over the next 6 months)

Positive:	Neutral:	Negative:
Outperform the market	Perform in line with the market	Underperform the market

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